

1.84	GEL/US\$ 30 June 2010
1.76	GEL/US\$ 1 H 2010 average
1.80	GEL/US\$ Q2 2010 average
1.75	GEL/US\$ 31 March 2010
1.72	GEL/US\$ Q1 2010 average
1.66	GEL/US\$ 30 June 2009
1.66	GEL/US\$ 1 H 2009 average
1.66	GEL/US\$ Q2 2009 average

**JSC BANK OF GEORGIA REPORTS Q2 2010 AND 1H 2010 RESULTS**

<i>Millions, unless otherwise noted</i>		<b>Q2 2010</b>		<b>Growth q-o-q<sup>1</sup></b>
		<b>US\$</b>	<b>GEL</b>	
<b>Bank of Georgia (Consolidated, Unaudited, IFRS-based)</b>				
<b>Total Operating Income (Revenue)<sup>3</sup></b>		44.9	82.8	9.1%
<b>Recurring Operating Costs</b>		25.9	47.8	3.3%
<b>Normalised Net Operating Income<sup>4</sup></b>		19.0	35.0	18.1%
<b>Net Non-Recurring Income / (Costs)</b>		1.0	1.9	NMF
<b>Profit/(Loss) Before Provisions</b>		20.0	36.8	39.8%
<b>Net Provision Expense</b>		7.1	13.1	77.6%
<b>Net Income/(Loss)</b>		10.6	19.5	16.3%
		<b>1H 2010</b>		<b>Growth y-o-y<sup>2</sup></b>
		<b>US\$</b>	<b>GEL</b>	
<b>Total Operating Income (Revenue)<sup>3</sup></b>		86.0	158.6	-2.2%
<b>Recurring Operating Costs</b>		51.0	94.1	3.4%
<b>Normalised Net Operating Income(NNOI)<sup>4</sup></b>		35.0	64.6	-9.4%
<b>Net Non-Recurring Income / (Costs)</b>		(0.8)	(1.4)	NMF
<b>Profit/(Loss) Before Provision</b>		34.3	63.2	-10.7%
<b>Net Provision Expenses</b>		11.1	20.4	-71.9%
<b>Net Income/(Loss)</b>		19.7	36.2	NMF
<b>Total Assets</b>	1,882.6		3,471.9	19.4%
<b>Loans To Clients, Net</b>	1,070.1		1,973.5	12.8%
<b>Client Deposits</b>	812.6		1,498.5	46.2%
<b>Tier I Capital Adequacy Ratio (BIS)<sup>5</sup></b>			19.6%	
<b>Total Capital Adequacy Ratio (BIS)<sup>6</sup></b>			32.5%	
<b>Tier I Capital Adequacy Ratio (NBG)</b>			15.8%	
<b>Total Capital Adequacy Ratio (NBG)</b>			14.5%	

<sup>1</sup> Compared to Q1 2010; growth calculations based on GEL values.

<sup>2</sup> Compared to the respective period in 2009

<sup>3</sup> Revenue includes Net Interest Income and Net Non-Interest Income.

<sup>4</sup> Normalised for Net Non-Recurring Costs.

<sup>5</sup> BIS Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I.

<sup>6</sup> BIS Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I

**About Bank of Georgia**

Bank of Georgia is the leading Georgian bank offering a broad range of corporate banking, retail banking, wealth management, brokerage and insurance services to its clients in Georgia, Ukraine and Belarus. Bank of Georgia is the largest bank in Georgia by assets, loans, deposits and equity, with 35.1% market share by total assets (all data according to the NBG as of 30 June 2010). The bank has 137 branches and more than one million retail and 164,818 corporate current accounts.

Bank of Georgia has, as of the date hereof, the following credit ratings:

Standard & Poor's	'B/B'
FitchRatings	'B+/B'
Moody's	'B3/NP' (FC) & 'Ba3/NP' (LC)

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The financial information as of Q2 2009, Q1 2010 and Q2 2010 contained in this news report is unaudited, unreviewed, derived from IFRS-based management reports and reflects the best estimates of management. The Bank's actual results may differ from the amounts reflected herein as a result of various factors

Bank of Georgia (LSE: BGEO, GSE: GEB) (the “Bank”), Georgia’s leading bank, announced today its Q2 2010 and 1H 2010 consolidated results (IFRS based, derived from management accounts), reporting a Q2 2010 Net Income of GEL 19.5 million and 1H 2010 Net Income of GEL 36.2 million.

### Q2 2010 highlights

- Consolidated Net Normalised Operating Income (NNOI) increased 18.1% q-o-q to GEL 35.0 million, up 2.1% y-o-y and Consolidated Profit Before Provisions increased 39.8% q-o-q to GEL 36.8 million, up 8.5% y-o-y
- Net Interest Margin (NIM) improved from 8.0% in Q1 2010 to 8.3% in Q2 2010 as Cost of Funds declined from 8.6% in Q1 2010 to 8.3% in Q2 2010, as a result of decline in the Interest Expense growth rate due to interest rate cuts on deposits
- Positive consolidated operating leverage achieved as Revenue grew 9.1% q-o-q and Total Recurring Operating Cost lagged with 3.3% q-o-q growth. As a result, consolidated Cost/Income ratio declined to 55.5% in Q2 2010 from 65.3% in Q1 2010
- Positive standalone operating leverage in Q2 2010 reached 8.4% q-o-q and Standalone Cost/Income ratio declined to 49.9% in Q2 2010 from 53.9% in Q1 2010
- Consolidated gross loan portfolio grew 10.9% q-o-q to GEL 2,163.3 million, up 17.2% YTD and up 14.0% y-o-y
- Consolidated Client Deposits grew 7.5% q-o-q to GEL 1,498.5 million, up 17.8% YTD and up 46.2% y-o-y
- Extended approximately GEL 501.1 million, (up 149.4% y-o-y and up 40.5% q-o-q), in new loans to an estimated 21,500 clients (through credit cards, mortgages, consumer and other loans) and to small-and-medium sized companies and corporate clients
- Bank of Georgia standalone NPLs declined 5.6% q-o-q to GEL 129.2 million, while BG Bank’ (Ukraine) NPLs grew 45.6% q-o-q to GEL 41.9 million. Consolidated NPL coverage ratio stood at 109.3% in Q2 2010 compared to 102.6% in Q1 2010
- The Balance Sheet growth since the beginning of the year in 1H 2010 resulted in 2.1% market share gain by assets, 1.1% market share gain by gross loans and 2.5% market share gain by client deposits<sup>7</sup>.

“Bank’s Q2 2010 results reflect the solid balance sheet growth during the quarter. Bank’s loan portfolio grew by 10.9%, while Client Deposits grew by 7.5% on quarterly basis. Consequently, the Interest Income grew by 9.6% during the quarter. At the same time Interest Expense growth rate was significantly lower at 5.4% q-o-q. The q-o-q growth rate of Interest Expense slowed down because of interest rate cuts on deposits during the past nine months, which led to the decrease of Cost of Funds from 8.6% in Q1 2010 to 8.3% in Q2 2010. This also contributed to the improvement of NIM from 8.0% in Q1 2010 to 8.3% in Q2 2010 and a 9.1% quarterly growth of consolidated Revenue to GEL 82.8 million. The Recurring Operating Cost grew by only 3.3% q-o-q despite the headcount increase and 9.7% growth in personnel costs, resulting in the positive operating leverage for the quarter. This translated into 18.1% q-o-q growth on NNOI to GEL 35.0 million, and to 16.3% q-o-q growth of consolidated Net Income to GEL 19.5 million. Last but not least, the Bank’s consolidated ROAE increased to 12.5% in Q2 from 11.1% in Q1 2010”, commented *Giorgi Chiladze*, Deputy Chief Executive Officer, Finance.

### Q2 2010 summary of the Bank’s consolidated results

In Q2 2010 the Bank’s Total Operating Income (Revenue) increased 9.1% q-o-q to GEL 82.8 million, (up 2.7% y-o-y), due to 14.2% q-o-q growth of Net Interest Income to GEL 51.7 million (up 4.5% y-o-y), and 1.6% q-o-q growth of Net Non-Interest Income to GEL 31.1 million (down 0.1% y-o-y). The Net Interest Income growth rate was driven by the 9.6% q-o-q growth of Interest Income (GEL 104.1 million), which more than offset the 5.4% q-o-q increase in Interest Expense (GEL 52.4 million) that was affected by several rounds of deposit rate cuts in Georgia during previous quarters. NIM of 8.3% for the quarter strengthened compared to the NIM of 8.0% in Q1 2010. On a year-on-year basis, Interest Income grew by 10.1%, while Interest Expense increased by 16.3% y-o-y in Q2 2010 compared to Q2 2009, when the Bank’s Client Deposits were down by 46.2% from the current level. In Q2 2010, the Bank’s Net Non-Interest Income remained essentially flat compared to the same period last year and grew 1.6% to GEL 31.1 million compared to Q1 2010. The quarterly growth of Net Non-Interest Income in Q2 2010 was largely driven by the 20.5% q-o-q growth of Net Foreign Currency Related Income to GEL 8.8 million, a result of high FX volumes during the quarter and the 5.2% q-o-q growth of Net Fee and Commission Income to GEL 10.9 million, in line with the

<sup>7</sup> Market share data are derived from the information published by the National Bank of Georgia ([www.nbg.gov.ge](http://www.nbg.gov.ge)) and represent an aggregation of standalone financial information (non-IFRS, based on National Bank of Georgia requirements) filed by Georgian banks.

increased lending activity. Net Other Non-Interest Income decreased by 14.3% q-o-q, a result of the decline in Net Investment Gains by GEL 1.8 million in Q2 2010. The Bank's insurance operations grew during the quarter, posting Net Insurance Income of GEL 4.2 million, up 1.0% q-o-q.

Total Consolidated Recurring Operating Costs for the quarter increased by 3.3% q-o-q to GEL 47.8 million, (up 3.2% y-o-y), a result of 9.7% q-o-q increase in Personnel Costs due to the increase in headcount and 3.2% q-o-q decline in non-personnel expenses. NNOI for the quarter increased 18.1% q-o-q to GEL 35.0 million, while Cost/Income ratio decreased to 55.5% in Q2 2010 from 65.3% in Q1 2010.

The Bank's Consolidated Net Provision Expense for the quarter was GEL 13.1 million, up from Net Provision Expense of GEL 7.4 million in Q1 2010, with the increase largely attributed to the devaluation effect of Lari against US\$ of GEL 5.0 million and the Georgian loan book growth effect of GEL 3.9 million. The increase of Net Provision Expense of BG Bank by GEL 3.5 million q-o-q to GEL 2.0 million also contributed to the increase of Consolidated Net Provision Expense during the quarter. Bank of Georgia's Q2 2010 standalone Net Provision Expense of GEL 6.2 million declined 49.8% q-o-q, due to the loan repayments by subsidiaries. Cost of Risk for the quarter grew to 2.5% from 1.6% in Q1 2010, respectively.

Net Provision Expense <i>GEL thousands</i>	Consolidated			Standalone		
	Q2 2010	Q1 2010	Q-O-Q	Q2 2010	Q1 2010	Q-O-Q
Effect of Lari devaluation against US\$	5,002	3,778	1,224	5,002	3,778	1,224
Effect of loan book growth in Georgia	3,944	4,237	(294)	3,944	4,237	(294)
Effect of subsidiary loan repayments	-	-	-	(3,988)	-	(3,988)
Ukraine (BG Bank) expense / (reversal)	1,956	(1,563)	3,519	-	-	-
Belarus (BNB) expense / (reversal)	234	421	(187)	-	-	-
Remaining expense / (reversal)	1,933	486	1,447	1,224	4,293	(3,069)
<b>Net Provision Expense</b>	<b>13,069</b>	<b>7,360</b>	<b>5,709</b>	<b>6,181</b>	<b>12,309</b>	<b>(6,127)</b>

On 30 June 2010 the Bank's Consolidated Total Assets stood at GEL 3,471.9 million, up 11.1% from 31 March 2010 and up 19.2% from 31 December 2009. As a result of the increase in lending activity in Q2 2010, the gross loan book increased by 10.9% q-o-q to GEL 2,163.3 million as of the end of the second quarter, up 14% y-o-y and up 17.2% YTD.

In Q2 2010 Loan Loss Reserves amounted to GEL 189.8 million or 8.8% of consolidated gross loan book, largely flat compared to 8.9% in Q1 2010. Consolidated Net Loans increased by 11.0% q-o-q (up 12.8% y-o-y and up 17.6% YTD) to GEL 1,973.5 million. Consolidated NPLs of GEL 173.7 million grew by 2.9% q-o-q, representing 8.0% of the consolidated gross loans as of 30 June 2010, down from the same ratio of 8.7% in Q1 2010. In Q2 2010, Bank of Georgia NPLs on a standalone basis amounted to GEL 129.2 million, down 5.6% q-o-q, NPLs of BG Bank stood at GEL 41.9 million, up 45.6% q-o-q and NPLs of BNB amounted to GEL 2.6 million, down 19.3% q-o-q.

Client Deposits continued to grow during the quarter, resulting in the 7.5% q-o-q growth of the Bank's Total Client Deposits to GEL 1,498.5 million as of 30 June 2010, a 17.8% increase from 31 December 2009 and a 46.2% increase since 30 June 2009. As of 30 June 2010, the Bank's consolidated Net Loans/Client Deposits ratio stood at 131.7%, down from 170.6% same period last year.

The Bank's Borrowed funds stood at GEL 945.6 million. As of 31 July 2010, the outstanding Eurobonds maturing in February 2012 amounted to US\$149 million, out of original US\$ 200 million, following the gradual buy-backs by the Bank. The Bank is aiming to raise up to US\$ 150 million of long-term wholesale funding from IFIs. In the context of wholesale funding strategy the Bank already signed agreements for US\$ 50 million 5-year credit facilities with EBRD, as announced in August 2010.

### 1H 2010 summary of the Bank's consolidated results

The Bank reported the Net Income of GEL 36.2 million for 1H 2010. In the 1H 2010, the Bank's Total Operating Income (Revenue) decreased 2.2% y-o-y to GEL 158.6 million, largely attributable to 4.9% y-o-y decrease in Net Interest Income to GEL 96.9 million. The decline is a result of lower average loan book in 1H 2010 compared to the average loan book in 1H 2009, higher average client deposits in 1H 2010 compared to the average client deposits in 1H 2009 and higher liquidity level in 1H 2010. Net

Non-Interest Income of GEL 61.7 million increased by 2.2% y-o-y, mainly as a result of 12.3% growth of Net Other Non-Interest Income to GEL 20.0 million. In 1H 2010, Net Foreign Currency Related Income increased by 2.2% y-o-y to GEL 16.2 million, predominantly due to the high FX volumes in Georgia. The Bank's Net Fees and Commission Income decreased 6.8% y-o-y to GEL 21.2 million, while Net Income from Documentary Operations grew by 7.8% y-o-y to GEL 4.3 million.

The Bank's Net Provision Expense declined from GEL 72.8 million in 1H 2009 to GEL 20.4 million in 1H 2010. The Bank had Net Provision Expense of GEL 18.5 million in Georgia and GEL 0.4 million in Ukraine. The Bank reported the Net Income of GEL 36.2 million for 1H 2010 compared to the Net Income of GEL 0.8 million in 1H 2009.

The Bank's consolidated Book Value per Share on 30 June 2010 stood at GEL 20.73 (US\$ 11.24), compared to GEL 19.53 (US\$ 11.17) as at 31 March 2010 and GEL 19.12 (US\$ 11.34) as of 31 December 2009.

### **JSC Bank of Georgia (standalone) results**

Bank of Georgia on a standalone basis reported Q2 2010 Net Income of GEL 24.0 million, which compares to the standalone Net Income of GEL 12.8 million in Q1 2010 and GEL 0.9 million in Q2 2009. The increase in Net Income for the quarter reflects the healthy growth of the Bank's standalone Revenue and the decline in standalone Net Provision Expenses both on a quarter-on-quarter and year-on-year basis.

In Q2 2010, Total Operating Income amounted to GEL 68.7 million, up 15.7 % q-o-q (up 10.3% y-o-y). Net Interest Income grew 12.5% q-o-q to GEL 47.9 million, driven by 9.3 % q-o-q increase of Interest Income to GEL 95.6 million, outpacing the 6.2 % q-o-q growth of Interest Expense to GEL 47.6 million. Interest Income growth during the quarter was driven by the healthy loan book growth of the past two quarters, while interest expense growth rate slowed down compared to the previous quarters, benefiting from the interest rate cuts on deposits in Georgia. On a year-on-year basis, the 5.4% increase of Net Interest Income was predominantly related to the increase in loan book since the beginning of 2010. In Q2 2010 Net Non-Interest Income amounted to GEL 20.8 million, up 23.9% q-o-q and up 23.6 % y-o-y, with the growth mainly attributed to the 39.3 % q-o-q increase of the Net Foreign Currency Related Income to GEL 7.8 million and the 18.2% q-o-q growth of Net Fees and Commission Income to GEL 10.0 million, a result of increased FX income due to increase in volumes and increase in lending activity, respectively. On a standalone basis, Bank of Georgia's Total Recurring Operating Costs increased 5.6% q-o-q to GEL 32.5 million (up 9.4% y-o-y), mostly due to the increase of the Personnel Costs driven by the headcount increase to GEL 17.2 million, up 11.3% q-o-q (up 16.1% y-o-y), which more than offset a 0.2% q-o-q decrease of non-personnel costs on a standalone basis to GEL 15.3 million. On a standalone basis, Bank of Georgia achieved positive operating leverage of 8.4% on a consecutive q-o-q basis and 1.8% on a y-o-y basis.

The Bank's Net Provision Expense on a standalone basis declined from GEL 12.3 million in Q1 2010 to GEL 6.2 million in Q1 2010. Net Provision Expense was attributed mostly to the Bank's Retail Banking loans.

Bank of Georgia's 1H 2010 standalone Total Operating Income on a standalone basis stood at GEL 128.1 million, almost flat compared to the Total Operating Income of GEL 128.9 million in 1H 2009. In 1H 2010 Interest Income (GEL 183.0 million) grew 3.7% y-o-y, compared to the 14.6% y-o-y growth rate of Interest Expense (GEL 92.5 million), as the Bank's average loan book was lower in 1H 2010 compared to 1H 2009, and the Bank maintained higher average client deposits and higher liquidity in 1H 2010 compared the same period last year. As a result, Net Interest Income in the 1H 2010 declined by 5.5% y-o-y to GEL 90.5 million. Net Non-Interest Income increased by 13.5% y-o-y to GEL 37.5 million, with the increase driven by 12.4% y-o-y increase of Net Foreign Currency Related Income to GEL 13.5 million and 14.2% y-o-y increase in Net Fees and Commission Income to GEL 18.5 million. Net Income from Documentary Operations reached GEL 4.2 million, up 4.7% y-o-y. The Total Recurring Cost of Bank of Georgia on a standalone basis increased by 8.1% y-o-y, driven by a 10.7% increase of Personnel Costs on a y-o-y basis, a result of increased headcount in line with the increase in lending activity during the period. Net Provision Expense in 1H 2010 reached GEL 18.5 million, compared to GEL 53.6 million Net Provision Expense in the 1H 2009, resulting in 1H 2010 Standalone Net Income of GEL 36.8 million, up 201.9% y-o-y.

As of 30 June 2010, Bank of Georgia's Total Assets on a standalone basis stood at GEL 3.4 billion, up 11.5 % q-o-q, up 25.9% y-o-y and up 19.0% YTD. Gross loans increased 7.9 % q-o-q (up 15.5 % y-o-y and up 14.3% YTD) to GEL 2.0 billion driven by 7.0 % q-o-q increase of the corporate gross loan book to GEL 1,017.4 million and 9.8% q-o-q growth of retail gross book to GEL

929.6 million. NPLs stood at GEL 129.2 million and represented 6.5 % of the total gross loan book, a decrease from the same ratio of 7.4 % in Q1 2010, when the NPLs amounted to GEL 136.8 million on a standalone basis.

In Q2 2010, the Bank's Client Deposits in Georgia stood at GEL 1,346.6 million as compared to GEL 1,251.5 million in Q1 2010, GEL 1,126.8 million as of 31 December 2009 and GEL 909.3 million as of 30 June 2009. The growth of Client Deposits during the period was mostly driven by the increase of Wealth Management client deposits that reached GEL 212.3 million as of 30 June 2010, up 96.9 % y-o-y, up 17.5 % q-o-q and up 30.2% YTD. Retail Banking client deposits amounted to GEL 450.8 million, up 59.3 % y-o-y, up 8.7% q-o-q and up 15.2% YTD. Corporate Banking client deposits stood at GEL 683.5 million, up 31.8% y-o-y, up 4.2 % q-o-q and up 16.3% YTD.

As of 30 June 2010 Bank of Georgia on a standalone basis held market share of 35%, 33%, and 30% by total assets, gross loans, and client deposits, respectively in Georgia. Since the year-end 2009, the Bank gained market shares of 2.1% by assets, 1.1% by gross loans and 2.5% by client deposits<sup>7</sup>.

### IT projects implementation report

The Bank has made the following progress in implementing the IT projects launched in line with its goal to further improve efficiency through technological enhancements.

- Completed the first phase of implementation of CRIF loan origination and credit scoring system, launched in Q2 2010. The first phase entailed the migration of retail overdraft product underwriting into the system that results in improvements in operational efficiency and speed of service.
- Started to deploy Softscape, fully automated talent management system acquired in October 2009. Renewed 360° Employee Evaluation System has been launched in 1H 2010, with approximately 1,500 employees participating in this process as raters 130 key employees were assessed. Employee Administration module, which centralizes, consolidates and integrates all HR information, is scheduled go live in October 2010.
- Deployed SafeWatch, AML (Anti-Money Laundering) screening software, in line with AML regulations. SafeWatch further improves the Bank's capability to filter banking transactions and customer database against the official watch lists.
- Temenos T-24, core-banking system to replace existing system, launched in Q4 2009. Completed the following key stages:
  - The initial build of the system was completed by Temenos team in Chennai in Q1 2010;
  - The analysis of key business processes against T24 model bank functionality has been completed and key gaps have been identified;
  - Initial analysis of the main interfaces undertaken to scope the integration efforts for implementation of T24 core system

However, due unsatisfactory and slow progress on subsequent phases of the project, Bank of Georgia has suspended its relationship with Temenos integration partner Foranx and is now in direct commercial and legal negotiation with Temenos with respect to the next steps. The project is currently on hold pending the completion of these discussions.

*The business segment discussion set forth below is derived from IFRS-based management reports. Business segment results of RB, CB and WM represent Bank of Georgia's standalone performance and do not include intercompany eliminations.*

*In 2010 the Bank introduced new model for standalone segment reporting. The comparative numbers for Q2 2009 business segment reporting have been adjusted respectively.*

### Retail Banking (RB)

<i>GEL millions, unless otherwise noted</i>	Q2 2010	Q1 2010	Q2 2009	Change Q-O-Q	Change Y-O-Y
Total operating income (Revenue)	37.2	32.8	39.8	13.3%	-6.6%
Total recurring operating costs	21.0	20.2	20.2	3.9%	3.9%
Net income / (Loss)	1.9	2.1	(8.6)	-7.4%	NMF
Loans to clients, gross	929.6	846.6	860.7	9.8%	8.0%
Loans to clients, net	849.0	772.5	788.0	9.9%	7.7%
Client deposits	450.8	414.7	283.1	8.7%	59.3%

*Discussion of results*

RB Revenues increased 13.3 % q-o-q (down 6.6% y-o-y) to GEL 37.2 million, a result of the growth of all RB revenue items in Q2 2010. RB Net Interest Income increased by 11.6% q-o-q (down 11.3% y-o-y) to GEL 26.3 million, as RB Interest Income growth of 8.3% q-o-q outpaced the 4.7% q-o-q growth rate of RB Interest Expense. RB Net Non-Interest Income during the quarter increased by 17.6 % q-o-q (up 7.3% y-o-y) to GEL 10.8 million, mostly driven by 16.3% q-o-q increase of RB Net Fee and Commission Income to GEL 8.4 million (up 17.6% - y-o-y). RB Recurring Operating Costs increased by 3.9% q-o-q to GEL 21.0 million (up 3.9 % y-o-y), translating into a positive operating leverage for the quarter. RB Net Provision Expense amounted to GEL 12.6 million in Q2 2010 an increase from GEL 9.4 million, or 33.4%, compared to Q1 2010, the growth mostly attributable to the mortgage and credit card portfolios and the effect of 5.4% devaluation of Lari against US\$ during the quarter. On a year-on-year basis, the Q2 2010 RB Net Provision Expense improved by 55.9%, reflecting the upturn of the operating environment. Net Income for Q2 2010 amounted to GEL 1.9 million, contributing 8.1 % to the standalone Net Income and 9.9% to the consolidated Net Income.

On a YTD basis, RB Revenues decreased 16.5% y-o-y to GEL 69.9 million, driven predominantly by the 22.0% y-o-y decrease in RB Net Interest Income to GEL 49.9 million and 11.6% y-o-y growth of Net Fee and Commission income to GEL 15.7 million. 1H 2010, RB Recurring Operating Costs grew by 2.9% y-o-y to GEL 41.2 million, leading to the 36.9% y-o-y decrease of RB Profit Before Provisions. The Net Provision Expense for RB in 1H 2010 reached GEL 22.0 million, down 60.4% from 1H 2009.

RB gross loans increased 9.8% q-o-q to GEL 929.6 million (up 8.0 % y-o-y and up 15.2% YTD), as a result of a pick-up in the retail lending activity during 1H 2010. RB Client Deposits grew 19.9% YTD and 59.3 % y-o-y to GEL 450.8 million, driven primarily by the growth of time deposits.

*Highlights*

- § Launched new pilot branch concept with reduced back-office operations with a view to increase sales, branch effectiveness and speed of service.
- § Launched the American Express Blue Credit Card on the Georgian market on an exclusive basis in July 2010. AmEx Blue Credit Card is the third AmEx card launched by the Bank.
- § Issued 68,462 debit cards in Q2 2010 bringing the total debit cards outstanding to 459,408.
- § Issued 14,312 credit cards of which 7,046 American Express cards in Q2 2010. A total of 19,600 American Express cards were issued since the launch in November 2009. The total number of credit cards outstanding amounted to 74,510 as of 30 June 2010.
- § Outstanding number of RB clients reached 714,484, up 2.8 y-o-y%.
- § Acquired 643 new clients in Solo business line, Bank of Georgia's mass affluent sub-brand. As of 30 June, the number of Solo clients reached 1,043.
- § Stepped up mortgage loan originations to GEL 45.9 million in Q2 2010 (up 77.9 % q-o-q) resulting in mortgage loans outstanding by 30 June 2010 of GEL 378.3 million, up 1.2% y-o-y and up 10.8% YTD.
- § Consumer loan originations of GEL 64.3 million (up 33.9% q-o-q and up 69.4% y-o-y) resulted in consumer loans outstanding in the amount of GEL 130.9 million as of 30 June 2010, down 9.3% y-o-y and up 14.8% YTD.
- § Micro loan originations of GEL 71.7 million (up 38.9 % q-o-q and up 327.2% y-o-y) resulted in micro loans outstanding in the amount of GEL 156.8 million as of 30 June 2010, up 54.8% y-o-y and up 58.6% YTD.
- § Car loan originations of GEL 5.0 million (up 80.7% q-o-q and up 49.0% y-o-y) resulted in car loans outstanding in the amount of GEL 52.5 million as of 30 June 2010, down 28.1% y-o-y and down 7.2% YTD.

**Corporate Banking (CB)**

<i>GEL millions, unless otherwise noted</i>	<b>Q2 2010</b>	<b>Q1 2010</b>	<b>Q2 2009</b>	<b>Change Q-O-Q</b>	<b>Change Y-O-Y</b>
Total operating income (Revenue)	30.8	25.3	21.4	21.8%	44.2%
Total recurring operating costs	10.6	9.5	8.4	11.2%	26.4%
Net income	22.2	8.4	9.8	164.9%	126.0%
Loans to clients, gross	1,017.4	951.0	806.4	7.0%	26.2%
Loans to clients, net	963.0	890.0	767.0	8.2%	25.6%
Client deposits	683.5	656.1	518.4	4.2%	31.8%

*Discussion of results*

CB Revenues increased 21.8 % q-o-q to GEL 30.8 million (up 44.2% y-o-y). CB Net Interest Income increased by 18.0% q-o-q (up 41.6% y-o-y) to GEL 21.3 million, as CB Interest Expense (GEL 23.3 million) growth of 8.1% q-o-q lagged behind the 12.6% q-o-q growth of CB Interest Income (GEL 44.6 million) in Q2 1010. Net Non-Interest Income during the quarter increased by 31.2 % q-o-q (up 50.5% y-o-y) to GEL 9.5 million, mostly driven by 27.0% q-o-q increase of CB Net Fee and Commission Income to GEL 1.5 million (up 52.4% y-o-y), reflecting the growth of CB loan book. CB Recurring Operating Costs increased by 11.2% q-o-q to GEL 10.6 million (up 26.4 % y-o-y), resulting in a positive operating leverage for the quarter. Reflecting the improved CB loan portfolio quality, CB Net Provision Reversal for the quarter amounted to GEL 6.4 as compared to the CB Net Provision Expense in Q1 2010 which amounted to GEL 5.4 million. Net Income for Q2 2010 amounted to GEL 22.2 million, contributing 92.6% to the standalone Net Income for the quarter.

On a YTD basis, CB Revenues increased 29.9% y-o-y to GEL 56.1 million, driven predominantly by the 28.7% y-o-y increase in CB Net Interest Income to GEL 39.3 million and 47.6% y-o-y growth of Net Foreign Currency Related Income to GEL 9.3 million. 1H 2010 CB Recurring Operating Costs grew by 23.2% y-o-y to GEL 20.1 million, resulting in a 35.3% y-o-y increase of CB Profit Before Provisions. The Net Provision Recovery for CB in 1H 2010 reached GEL 1.0 million as compared to GEL 3.4 million in 1H 2009.

CB gross loans increased 7.0% q-o-q to GEL 1,017.4 million (up 26.2 % y-o-y and 15.6% YTD), while CB Client Deposits grew 16.3% YTD and 31.8 % y-o-y to GEL 683.5 million.

*Highlights*

- § Major new corporate client acquisitions include Saqkabeli, electric cable producer and Karvasla, largest shopping mall, among others.
- § Increased the number of corporate clients using the Bank's payroll services from 1,475 as of Q1 2010 to 1,567 in Q2 2010. By 30 June 2010, the number of individual clients serviced through the corporate payroll programs administered by the Bank increased from approximately 164,931 as of 30 June 2009 to over 167,499 as of 30 June 2010.
- § More than 5,000 new corporate accounts opened at the Bank in Q2 2010, bringing the total to over 164,800.
- § The recently restructured SME Unit grew its portfolio from GEL 59.7 million in Q1 2010 to GEL 82.0 million in Q2 2010.
- § Intensified lending in the regions with a view of capturing growing potential in Adjara, Poti and other larger cities of Georgia. In 1H 2010, the regional portfolio increased by 60% since the beginning of the year.

**Wealth Management (WM)**

<i>GEL millions, unless otherwise noted</i>	<b>Q2 2010</b>	<b>Q1 2010</b>	<b>Q2 2009</b>	<b>Change Q-O-Q</b>	<b>Change Y-O-Y</b>
Total operating income (Revenue)	0.8	1.3	1.2	-41.6%	-35.8%
Total recurring operating costs	0.9	1.0	1.1	-14.3%	-18.8%
Net income / (Loss)	(0.2)	2.3	(0.4)	NMF	NMF
Loans to clients, gross	36.3	40.6	49.7	-10.5%	-27.0%
Loans to clients, net	33.7	37.9	47.0	-11.0%	-28.3%
Client deposits	212.3	180.7	107.8	17.5%	96.9%

*Discussion of results*

In line with the Bank's WM strategy of deposit attraction, WM Client deposits grew to GEL 212.3 million, up 17.5% q-o-q, while WM Loan book decreased 10.5% q-o-q to GEL 36.3 million. As a result of the surge of the Client Deposit during the quarter, Interest Expense growth of 15.7% q-o-q to GEL 5.6 million outpaced the 1.9% q-o-q growth of Interest income to GEL 6.0 million, driving down the WM Revenues by 41.6% q-o-q (down 35.8% y-o-y) to GEL 755 thousand. The WM Net Non-Interest Income during the quarter increased by 41.4% q-o-q (up 8.9% y-o-y) to GEL 0.4 million, mostly driven by 61.3% q-o-q increase of Net WM Fee and Commission Income to GEL 122 thousand (up 47.3% y-o-y) and 64.3% q-o-q increase in Net Foreign Currency Related Income to GEL 275 thousand (up 41.5% y-o-y). WM Total Recurring Operating Costs decreased by 14.3% q-o-q to GEL 898 thousand (down 18.8 % y-o-y). WM Net Provision Expense amounted to GEL 30 thousand in Q2 2010 compared to Q1 2010 Net Provision Reversal of GEL 2.5 million. Net Loss for Q2 2010 amounted to GEL 157 thousand compared to the Net Income of GEL 2.3 million in Q1 2010.

On a YTD basis, WM Revenues increased by 1.6% y-o-y to GEL 2.0 million, driven predominantly by the 7.3% y-o-y increase in WM Net Non Interest Income to GEL 676 thousand that more than offset the 1.0% y-o-y decline of Net Interest Income. 1H 2010 WM Recurring Operating Costs declined by 7.6% y-o-y to GEL 1.9 million, leading to the WM Profit Before Provisions of GEL 99 thousand compared to the WM Pre-Provision Loss of GEL 148 thousand in 1H 2009. The Net Provision Reversal for WM in 1H 2010 reached GEL 2.5 million compared to the Net Provision Expense of GEL 1.4 million in 1H 2009.

*Highlights*

- § WM Assets under management reached GEL 235.7 million as of 30 June 2010, up from GEL 205.6 million as of 31 March 2010, or 14.6% q-o-q.
- § The number of WM clients amounted to 1,423 clients, of which 460 were non-resident WM clients, up from 341 non-resident WM clients as of 30 June 2009.

**BG Bank (Ukraine)**

<i>GEL millions, unless otherwise noted</i>	<b>Q2 2010</b>	<b>Q1 2010</b>	<b>Q2 2009</b>	<b>Change Q-O-Q</b>	<b>Change Y-O-Y</b>
Total operating income (Revenue)	4.1	3.1	5.6	33.5%	-26.7%
Total recurring operating costs	4.2	4.0	4.6	7.1%	-7.5%
Net income / (Loss)	(1.7)	0.3	(10.8)	NMF	NMF
Loans to clients, gross	201.0	190.8	190.3	5.4%	5.6%
Loans to clients, net	143.4	131.9	151.3	8.7%	-5.2%
Client deposits	142.0	122.3	114.8	16.1%	23.6%

*Discussion of results*

In Q2 2010 BG Bank's Revenue amounted to GEL 4.1 million, up by 33.5% q-o-q (down 26.7% y-o-y). Recurring Costs stood at GEL 4.2 million, compared to GEL 4.0 million in Q1 2010 and down 7.5% y-o-y, a result of the cost-control measures that have been implemented by BG Bank in 2009. BG Bank's Net Provision Expense for the quarter amounted to GEL 2.0 million as compared to Net Provision Reversal of GEL 1.6 million in Q1 2010. In Q2 2010 BG Bank recorded Net Loss of GEL 1.7 million that compares to the Net Loss of GEL 10.8 million for the same period last year.

On a YTD basis, BG Bank reported a Net Loss of GEL 1.4 million, compared to the Net Loss of GEL 18.1 million in 1H 2009.

BG Bank's Total Assets increased by 12.8% q-o-q to GEL 215.2 million (up 4.7% y-o-y). In Q2 2010 gross loans to clients increased 5.4% q-o-q to GEL 201.0 million (up 5.6% y-o-y) and Loan Loss Reserves declined 2.1% q-o-q to GEL 57.6 million or 28.7% of BG Bank's gross loan book. As at 30 June 2010, BG Bank's NPLs stood at GEL 41.9 million, or 20.2% of BG Bank's gross loan book. The NPL coverage ratio stood at 137.3% as of 30 June 2010.

BG Bank's Client Deposits increased by 16.1% q-o-q to GEL 141.9 million, up 23.6% y-o-y. BG Bank's Total Liabilities stood at GEL 182.1 million in Q2 2010, up 16.0% y-o-y and up by 15.0% q-o-q.



*Highlights*

- § Continued the restructuring of BG Bank, reducing the headcount by further 115 full-time employees (FTEs) employees bringing the total number of FTEs to 278 as of 31 July 2010
- § Closed down one outlet bringing the total to 9 outlets

**Belaruskiy Narodniy Bank, Belarus (BNB)**

<i>GEL millions, unless otherwise noted</i>	<b>Q2 2010</b>	<b>Q1 2010</b>	<b>Q2 2009</b>	<b>Change Q-O-Q</b>	<b>Change Y-O-Y</b>
Total operating income (Revenue)	3.0	2.9	1.7	1.6%	73.3%
Total recurring operating costs	2.0	1.8	1.5	12.1%	36.7%
Net income	0.6	0.5	0.2	5.9%	190.1%
Loans to clients gross	41.8	33.1	27.3	24.3%	50.2%
Loans to clients, net	39.7	31.1	26.2	28.0%	51.9%
Client deposits	15.7	11.6	16.2	35.9%	-3.2%

*Discussion of results*

In Q2 2010 BNB's Total Operating Income increased to GEL 3.0 million, up 1.6% q-o-q, mostly driven by the 1.8% q-o-q growth of Net Interest Income to GEL 2.3 million (up 146.5% y-o-y), a result of the growth of the BNB's loan book to GEL 41.8 million (up 24.3% q-o-q) in Q2 2010. BNB's Net Non-Interest Income increased by 1.0% q-o-q to GEL 624 thousand, as the 70.6% q-o-q growth of Net Fee and Commission Income to GEL 394 thousand more than offset the 50.0% decline in Net Foreign Currency Related Income for the quarter. In Q2 2010, BNB's Recurring Costs increased 12.1% q-o-q to GEL 2.0 million. BNB's Net Provision Expense for the quarter amounted to GEL 234.0 thousand as compared to GEL 421.0 thousand in Q1 2010. BNB posted Net Income of GEL 571.0 thousand as compared to Net Income of GEL 539.0 thousand in Q1 2010 and Net Income of GEL 196.8 thousand in Q2 2009.

On 30 June 2010 BNB's Total Assets stood at GEL 90.4 million, up 74.3% y-o-y. Client Deposits amounted to GEL 15.7 million, up 35.9% q-o-q. Total Liabilities of BNB stood at GEL 28.3 million, up 36.6% q-o-q.

*Highlights*

- § Increased the number of corporate clients by 6% to 1,256 as of 30 June 2010.
- § Increased the number of corporate clients using the BNB's payroll services by 40.5% to 177 as of 30 June 2010.
- § In July 2010, IFC became a minority shareholder by purchasing 19.99% equity interest in BNB. In addition, IFC extended a US\$ 5 million loan to BNB that will support the loan book growth in 2H 2010.

**Insurance**

<i>GEL millions, unless otherwise noted</i>	<b>Q2 2010</b>	<b>Q1 2010</b>	<b>Q2 2009</b>	<b>Change Q-O-Q</b>	<b>Change Y-O-Y</b>
Total operating income (Revenue)	4.8	4.6	6.3	4.4%	-23.9%
Total recurring operating costs	3.6	3.1	4.0	13.9%	-9.9%
Net income	0.9	1.1	1.7	-16.6%	-47.9%
Gross premiums written	16.8	19.0	15.6	-11.7%	7.4%

*Discussion of results*

Standalone Revenue of Aldagi BCI (ABCI), the Bank's wholly-owned insurance subsidiary, increased by 4.4% q-o-q to GEL 4.8 million, impacted by the growth in both corporate and consumer lines of business, with standalone Gross Premiums Written up

7.4% y-o-y to GEL 16.8 million. Standalone Operating Costs were GEL 3.6 million, down 9.9% y-o-y. Total Insurance Assets amounted to GEL 84.7 million, while Total Insurance Liabilities reached GEL 65.4 million as at 30 June 2010.

#### *Highlights*

- § Number of retail clients exceeded 211,800 as of the end of the quarter.
- § Launched Agency Network, for the first time in Georgia, responsible for selling ABCI retail insurance products.
- § Completed business process description project, conducted by Ernst & Young and launched a tender to acquire fully-integrated insurance software.
- § In line with the health insurance strategy to vertically integrate the business, ABCI launched a tender to build six healthcare facilities in the Western Georgia, where ABCI has the largest concentration of the insured under its healthcare plan. As of 30 June 2010, ABCI operates four outpatient clinics and one mid-sized hospital.

#### **BG Capital**

In Q2 2009 BG Capital posted Revenue of GEL 1.1 million, that compares to GEL 0.9 million in Q2 2009. Recurring Operating Costs of BG Capital were up 16.1% q-o-q to GEL 2.3 million, up 216.3 % y-o-y. Net Loss for the quarter reached GEL 1.0 million, compared to the Net Income of GEL 0.7 million in Q1 2010 and Net Income of GEL 0.2 million in Q2 2009

BG Capital enjoyed another solid quarter, successfully navigating a volatile period in CIS markets. In line with market trends, the company reduced its exposure to equity markets during the quarter. It also continued the development of its frontier brokerage franchise – Euromoney named BG Capital the Best Frontier Markets Investment Bank in Central and Eastern Europe, and its analysts took two of the top three spots in Thomson Extel’s survey of the best analysts in Ukraine. BG Capital’s corporate finance team continued its growth, signing two new financing mandates during the period.

On 23-24 September 2010, BG Capital will hold its first international investor conference “Catching the B.U.G” Ukraine and Beyond in Kyiv. The conference will offer one-on-one meetings with companies from Belarus, Ukraine and Georgia and will include site visits in Ukraine and Georgia.

#### **Comment:**

“I am pleased that the second quarter continued the growth trend set from the beginning of the year and the bank and most of its subsidiaries show improved performance. The growth was achieved on the back of the Georgian economy growth and market share gains, as Bank of Georgia reached 35% market share by assets, the record high point in the Bank’s history.

2010 is the year of turnaround. In the first half we have achieved strong growth and profitability but much remains to be done in terms of further improvement of efficiency and the reduction of cost of risk of retail business in Georgia. I am looking forward to the continuation of the profitable growth in the second half of the year,” commented **Irakli Gilauri**, Chief Executive Officer.

## STANDALONE Q2 2010 SEGMENT INCOME STATEMENT DATA

<i>GEL millions, unless otherwise noted</i>	CB		RB		WM		CC/ Eliminations		Total	
	Q2 '10	Q2 '09	Q2 '10	Q2 '09	Q2 '10	Q2 '09	Q2 '10	Q2 '09	Q2 '10	Q2 '09
Interest Income	44.6	34.2	49.5	49.4	6.0	3.3	(4.5)	(1.3)	95.6	85.6
Interest Expense	23.3	19.2	23.2	19.7	5.6	2.5	(4.5)	(1.3)	47.6	40.1
Net Interest Income	21.3	15.0	26.3	29.7	0.4	0.8	0.0	0.0	47.9	45.5
Net Non-Interest Income	9.5	6.3	10.8	10.1	0.4	0.4	0.0	0.0	20.8	16.8
Total Operating Income (Revenue)	30.8	21.4	37.2	39.8	0.8	1.2	0.0	0.0	68.7	62.3
Total Recurring Operating Costs	10.6	8.4	21.0	20.2	0.9	1.1	0.0	0.0	32.5	29.7
Normalized Net Operating Income / (Loss)	20.2	13.0	16.1	19.5	(0.1)	0.1	0.0	0.0	36.2	32.6
Net Non-Recurring Income / (Costs)	(0.5)	(0.8)	(1.4)	(1.0)	0.0	(0.1)	0.0	0.0	(1.8)	(1.9)
Net Provision Expense / (Reversal)	(6.4)	0.6	12.6	28.6	0.0	0.4	0.0	0.0	6.2	29.6
Net Income / (Loss)	22.2	9.8	1.9	(8.6)	(0.2)	(0.4)	0.0	0.0	24.0	0.9

## STANDALONE Q2 2010 SEGMENT BALANCE SHEET DATA

<i>GEL millions, unless otherwise noted</i>	CB		RB		WM		CC/ Eliminations		Total	
	Q2 '10	Q2 '09	Q2 '10	Q2 '09	Q2 '10	Q2 '09	Q2 '10	Q2 '09	Q2 '10	Q2 '09
Loans To Clients, Gross	1,017.4	806.4	929.6	860.7	36.3	49.7	0.0	0.0	1,983.4	1,716.8
Loans To Clients, Net	963.0	767.0	849.0	788.0	33.7	47.0	0.0	0.0	1,845.8	1,602.0
Total Assets	1,468.7	1,033.8	1,537.8	1,284.4	42.0	53.5	332.6	314.5	3,381.1	2,686.2
Client Deposits	683.5	518.4	450.8	283.1	212.3	107.8	0.0	0.0	1,346.6	909.3
Total Liabilities	1,271.9	930.1	1,100.7	938.0	212.3	107.8	0.0	0.0	2,584.9	1,975.9
Total Shareholders Equity	243.2	202.0	210.7	183.7	9.7	10.1	332.6	314.5	796.1	710.3
Total Liabilities And Shareholders' Equity	1,515.1	1,132.1	1,311.4	1,121.7	221.9	117.9	332.6	314.5	3,381.1	2,686.2

## CONSOLIDATED Q2 2010 INCOME STATEMENT

Period ended	Q2 2010		Q1 2010		Q2 2009		Change <sup>4</sup> Q-O-Q	Change <sup>4</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	US\$ <sup>3</sup>	GEL		
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>			
Consolidated, IFRS-based								
Interest Income	56,454	104,113	54,320	95,027	57,028	94,547	9.6%	10.1%
Interest Expense	28,439	52,448	28,454	49,777	27,201	45,097	5.4%	16.3%
<b>Net Interest Income</b>	<b>28,015</b>	<b>51,665</b>	<b>25,866</b>	<b>45,250</b>	<b>29,827</b>	<b>49,451</b>	<b>14.2%</b>	<b>4.5%</b>
Fees & Commission Income	7,473	13,782	7,554	13,215	8,494	14,082	4.3%	-2.1%
Fees & Commission Expense	1,585	2,923	1,656	2,897	1,502	2,490	0.9%	17.4%
<b>Net Fees &amp; Commission Income</b>	<b>5,888</b>	<b>10,859</b>	<b>5,898</b>	<b>10,318</b>	<b>6,992</b>	<b>11,592</b>	<b>5.2%</b>	<b>-6.3%</b>
Income From Documentary Operations	1,427	2,632	1,519	2,657	1,434	2,377	-0.9%	10.7%
Expense On Documentary Operations	260	480	274	480	363	601	0.0%	-20.2%
<b>Net Income From Documentary Operations</b>	<b>1,167</b>	<b>2,152</b>	<b>1,244</b>	<b>2,177</b>	<b>1,071</b>	<b>1,776</b>	<b>-1.1%</b>	<b>21.2%</b>
<b>Net Foreign Currency Related Income</b>	<b>4,796</b>	<b>8,844</b>	<b>4,196</b>	<b>7,340</b>	<b>4,261</b>	<b>7,064</b>	<b>20.5%</b>	<b>25.2%</b>
Net Insurance Income / (Loss)	2,278	4,202	2,377	4,159	3,047	5,052	1.0%	-16.8%
Brokerage And Investments Banking Income	134	247	124	217	813	1,348	13.8%	-81.7%
Asset Management Income	29	53	24	42	155	256	26.2%	-79.3%
Net Investment Gains / (Losses)	93	172	1,126	1,969	185	306	-91.3%	-43.8%
Other	2,482	4,577	2,517	4,404	2,255	3,739	3.9%	22.4%
<b>Net Other Non-Interest Income</b>	<b>5,016</b>	<b>9,251</b>	<b>6,168</b>	<b>10,791</b>	<b>6,455</b>	<b>10,701</b>	<b>-14.3%</b>	<b>-13.6%</b>
<b>Net Non-Interest Income</b>	<b>16,867</b>	<b>31,106</b>	<b>17,507</b>	<b>30,626</b>	<b>18,778</b>	<b>31,133</b>	<b>1.6%</b>	<b>-0.1%</b>
<b>Total Operating Income (Revenue)</b>	<b>44,882</b>	<b>82,771</b>	<b>43,373</b>	<b>75,876</b>	<b>48,606</b>	<b>80,583</b>	<b>9.1%</b>	<b>2.7%</b>
Personnel Costs	13,905	25,643	13,365	23,381	13,989	23,193	9.7%	10.6%
Selling, General & Administrative Expenses	5,010	9,240	5,604	9,803	6,017	9,976	-5.7%	-7.4%
Procurement & Operations Support Expenses	1,793	3,306	2,005	3,507	2,345	3,888	-5.7%	-15.0%
Depreciation And Amortization	3,550	6,547	3,802	6,651	3,967	6,576	-1.6%	-0.4%
Other Operating Expenses	1,659	3,060	1,667	2,917	1,623	2,691	4.9%	13.7%
<b>Total Recurring Operating Costs</b>	<b>25,917</b>	<b>47,796</b>	<b>26,443</b>	<b>46,259</b>	<b>27,941</b>	<b>46,324</b>	<b>3.3%</b>	<b>3.2%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>18,965</b>	<b>34,975</b>	<b>16,930</b>	<b>29,617</b>	<b>20,664</b>	<b>34,260</b>	<b>18.1%</b>	<b>2.1%</b>
Net Non-Recurring Income / (Costs)	1,016	1,873	(1,867)	(3,266)	(175)	(290)	-157.3%	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>19,980</b>	<b>36,848</b>	<b>15,063</b>	<b>26,351</b>	<b>20,490</b>	<b>33,970</b>	<b>39.8%</b>	<b>8.5%</b>
Net Provision Expense	7,087	13,069	4,207	7,360	24,543	40,690	77.6%	-67.9%
<b>Pre-Tax Income / (Loss)</b>	<b>12,894</b>	<b>23,779</b>	<b>10,856</b>	<b>18,991</b>	<b>(4,053)</b>	<b>(6,720)</b>	<b>25.2%</b>	<b>NMF</b>
Income Tax Expense / (Benefit)	2,325	4,287	1,278	2,236	(1,445)	(2,395)	91.7%	NMF
<b>Net Income / (Loss)</b>	<b>10,569</b>	<b>19,492</b>	<b>9,578</b>	<b>16,755</b>	<b>(2,609)</b>	<b>(4,325)</b>	<b>16.3%</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7494 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 March 2010

<sup>3</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>4</sup> Change calculations based on GEL values

## CONSOLIDATED 1H INCOME STATEMENT

Period ended	1H 2010		1H 2009		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Interest Income	107,982	199,140	118,451	196,380	1.4%
Interest Expense	55,431	102,225	57,003	94,506	8.2%
<b>Net Interest Income</b>	<b>52,551</b>	<b>96,915</b>	<b>61,448</b>	<b>101,874</b>	<b>-4.9%</b>
Fees & Commission Income	14,639	26,997	16,709	27,702	-2.5%
Fees & Commission Expense	3,156	5,820	3,001	4,976	17.0%
<b>Net Fees &amp; Commission Income</b>	<b>11,483</b>	<b>21,177</b>	<b>13,708</b>	<b>22,726</b>	<b>-6.8%</b>
Income From Documentary Operations	2,868	5,289	3,059	5,072	4.3%
Expense On Documentary Operations	521	960	638	1,058	-9.3%
<b>Net Income From Documentary Operations</b>	<b>2,347</b>	<b>4,329</b>	<b>2,421</b>	<b>4,014</b>	<b>7.8%</b>
<b>Net Foreign Currency Related Income</b>	<b>8,776</b>	<b>16,184</b>	<b>9,555</b>	<b>15,842</b>	<b>2.2%</b>
Net Insurance Income / (Loss)	4,534	8,361	4,882	8,094	3.3%
Brokerage And Investments Banking Income	252	464	1,016	1,685	-72.5%
Asset Management Income	52	95	252	418	-77.3%
Net Investment Gains / (Losses)	1,161	2,141	183	303	606.6%
Other	4,870	8,981	4,427	7,340	22.4%
<b>Net Other Non-Interest Income</b>	<b>10,868</b>	<b>20,042</b>	<b>10,761</b>	<b>17,840</b>	<b>12.3%</b>
<b>Net Non-Interest Income</b>	<b>33,474</b>	<b>61,732</b>	<b>36,445</b>	<b>60,422</b>	<b>2.2%</b>
<b>Total Operating Income (Revenue)</b>	<b>86,025</b>	<b>158,647</b>	<b>97,893</b>	<b>162,296</b>	<b>-2.2%</b>
Personnel Costs	26,583	49,024	27,250	45,178	8.5%
Selling, General & Administrative Expenses	10,326	19,043	13,067	21,664	-12.1%
Procurement & Operations Support Expenses	3,694	6,813	4,129	6,845	-0.5%
Depreciation And Amortization	7,156	13,198	7,094	11,761	12.2%
Other Operating Expenses	3,241	5,977	3,330	5,521	8.3%
<b>Total Recurring Operating Costs</b>	<b>51,000</b>	<b>94,055</b>	<b>54,870</b>	<b>90,969</b>	<b>3.4%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>35,024</b>	<b>64,592</b>	<b>43,022</b>	<b>71,327</b>	<b>-9.4%</b>
Net Non-Recurring Income / (Costs)	(755)	(1,393)	(312)	(518)	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>34,269</b>	<b>63,199</b>	<b>42,710</b>	<b>70,809</b>	<b>-10.7%</b>
Net Provision Expense	11,077	20,429	43,881	72,751	-71.9%
<b>Pre-Tax Income / (Loss)</b>	<b>23,192</b>	<b>42,770</b>	<b>(1,171)</b>	<b>(1,942)</b>	<b>NMF</b>
Income Tax Expense / (Benefit)	3,537	6,523	(1,627)	(2,697)	NMF
<b>Net Income / (Loss)</b>	<b>19,655</b>	<b>36,247</b>	<b>455</b>	<b>755</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>3</sup> Change calculations based on GEL values

## CONSOLIDATED Q2 2010 BALANCE SHEET

Period ended	Q2 2010		Q1 2010		Q2 2009		Change <sup>4</sup> Q-O-Q	Change <sup>4</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	US\$ <sup>3</sup>	GEL		
<b>Consolidated, IFRS-based</b>								
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>				<i>(Unaudited)</i>			
Cash And Cash Equivalents	84,152	155,194	101,688	177,893	85,886	142,390	-12.8%	9.0%
Loans And Advances To Credit Institutions	231,660	427,227	184,193	322,227	187,879	311,484	32.6%	37.2%
Investment Securities: AFS & Trading Securities	9,106	16,794	10,146	17,750	17,128	28,396	-5.4%	-40.9%
Investment Securities: HTM, Treasuries	156,042	287,773	142,451	249,203	-	-	15.5%	-
Investment Securities: HTM, Other	-	-	-	-	35,651	59,105	-	-100.0%
Loans To Clients, Gross	1,173,026	2,163,295	1,115,014	1,950,605	1,144,392	1,897,287	10.9%	14.0%
Less: Reserve For Loan Losses	(102,937)	(189,837)	(99,071)	(173,314)	(89,078)	(147,683)	9.5%	28.5%
Loans To Clients, Net	1,070,089	1,973,458	1,015,943	1,777,291	1,055,313	1,749,604	11.0%	12.8%
Insurance Related Assets	19,577	36,104	18,641	32,610	28,569	47,365	10.7%	-23.8%
Investment Property	53,904	99,409	54,522	95,381	31,152	51,647	4.2%	92.5%
Investments In Other Business Entities, Net	2,829	5,217	4,484	7,844	17,635	29,237	-33.5%	-82.2%
Property And Equipment Owned, Net	159,069	293,355	158,054	276,499	171,397	284,159	6.1%	3.2%
Intangible Assets Owned, Net	12,665	23,357	12,662	22,151	7,195	11,928	5.4%	95.8%
Goodwill	37,525	69,204	39,344	68,828	81,604	135,291	0.5%	-48.8%
Tax Assets, Current And Deferred	13,289	24,507	13,616	23,820	4,996	8,283	2.9%	195.9%
Prepayments And Other Assets	32,702	60,309	30,063	52,592	29,515	48,933	14.7%	23.2%
<b>Total Assets</b>	<b>1,882,609</b>	<b>3,471,908</b>	<b>1,785,806</b>	<b>3,124,089</b>	<b>1,753,919</b>	<b>2,907,822</b>	<b>11.1%</b>	<b>19.4%</b>
Client Deposits	812,553	1,498,510	797,096	1,394,439	618,424	1,025,285	7.5%	46.2%
Deposits And Loans From Banks	135,205	249,345	44,725	78,242	24,805	41,124	NMF	NMF
Borrowed Funds	512,737	945,589	521,304	911,970	610,037	1,011,380	3.7%	-6.5%
Issued Fixed Income Securities	1,980	3,651	0	-	119	198	-	NMF
Insurance Related Liabilities	24,352	44,910	24,415	42,712	35,987	59,663	5.1%	-24.7%
Tax Liabilities, Current And Deferred	17,029	31,404	15,602	27,295	11,679	19,362	15.1%	62.2%
Accruals And Other Liabilities	26,703	49,247	33,015	57,757	24,675	40,908	-14.7%	20.4%
<b>Total Liabilities</b>	<b>1,530,558</b>	<b>2,822,656</b>	<b>1,436,158</b>	<b>2,512,415</b>	<b>1,325,725</b>	<b>2,197,920</b>	<b>12.3%</b>	<b>28.4%</b>
Share Capital - Ordinary Shares	16,985	31,324	17,901	31,316	18,862	31,272	0.0%	0.2%
Share Premium	260,387	480,206	274,190	479,668	277,125	459,446	0.1%	4.5%
Treasury Shares	(754)	(1,390)	(913)	(1,597)	(1,081)	(1,793)	-13.0%	-22.5%
Revaluation And Other Reserves	26,905	49,619	11,874	20,773	28,653	47,504	138.9%	4.5%
Retained Earnings	19,595	36,138	27,095	47,400	73,081	121,161	-23.8%	-70.2%
Net Income / (Loss) For The Period	19,655	36,247	9,578	16,755	455	755	116.3%	NMF
<b>Shareholders' Equity Excluding Minority</b>	<b>342,774</b>	<b>632,144</b>	<b>339,725</b>	<b>594,315</b>	<b>397,096</b>	<b>658,345</b>	<b>6.4%</b>	<b>-4.0%</b>
Minority Interest	9,277	17,108	9,923	17,359	31,098	51,557	-1.4%	-66.8%
<b>Total Shareholders' Equity</b>	<b>352,051</b>	<b>649,252</b>	<b>349,648</b>	<b>611,674</b>	<b>428,194</b>	<b>709,902</b>	<b>6.1%</b>	<b>-8.5%</b>
<b>Total Liabilities And Shareholders Equity</b>	<b>1,882,609</b>	<b>3,471,908</b>	<b>1,785,806</b>	<b>3,124,089</b>	<b>1,753,919</b>	<b>2,907,822</b>	<b>11.1%</b>	<b>19.4%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7494 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 March 2010

<sup>3</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>4</sup> Change calculations based on GEL values

## STANDALONE Q2 2010 INCOME STATEMENT

Period ended	Q2 2010		Q1 2010		Q2 2009		Change <sup>4</sup> Q-O-Q	Change <sup>4</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	US\$ <sup>3</sup>	GEL		
Standalone, IFRS-based								
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>			
Interest Income	51,816	95,560	49,997	87,465	51,621	85,582	9.3%	11.7%
Interest Expense	25,820	47,618	25,642	44,859	24,179	40,087	6.2%	18.8%
<b>Net Interest Income</b>	<b>25,996</b>	<b>47,942</b>	<b>24,355</b>	<b>42,607</b>	<b>27,441</b>	<b>45,495</b>	<b>12.5%</b>	<b>5.4%</b>
Fees & Commission Income	7,078	13,052	6,349	11,106	6,298	10,442	17.5%	25.0%
Fees & Commission Expense	1,633	3,012	1,491	2,608	1,334	2,212	15.5%	36.2%
<b>Net Fees &amp; Commission Income</b>	<b>5,444</b>	<b>10,040</b>	<b>4,858</b>	<b>8,498</b>	<b>4,964</b>	<b>8,230</b>	<b>18.2%</b>	<b>22.0%</b>
Income From Documentary Operations	1,401	2,584	1,472	2,576	1,433	2,376	0.3%	8.7%
Expense On Documentary Operations	260	480	274	480	363	601	0.0%	-20.1%
<b>Net Income From Documentary Operations</b>	<b>1,141</b>	<b>2,104</b>	<b>1,198</b>	<b>2,096</b>	<b>1,071</b>	<b>1,775</b>	<b>0.4%</b>	<b>18.5%</b>
<b>Net Foreign Currency Related Income</b>	<b>4,248</b>	<b>7,835</b>	<b>3,215</b>	<b>5,624</b>	<b>3,856</b>	<b>6,392</b>	<b>39.3%</b>	<b>22.6%</b>
<b>Net Other Non-Interest Income</b>	<b>431</b>	<b>795</b>	<b>314</b>	<b>549</b>	<b>244</b>	<b>404</b>	<b>44.9%</b>	<b>96.9%</b>
<b>Net Non-Interest Income</b>	<b>11,265</b>	<b>20,774</b>	<b>9,584</b>	<b>16,766</b>	<b>10,134</b>	<b>16,801</b>	<b>23.9%</b>	<b>23.6%</b>
<b>Total Operating Income (Revenue)</b>	<b>37,261</b>	<b>68,716</b>	<b>33,939</b>	<b>59,373</b>	<b>37,576</b>	<b>62,297</b>	<b>15.7%</b>	<b>10.3%</b>
Personnel Costs	9,337	17,219	8,847	15,476	8,949	14,836	11.3%	16.1%
Selling, General & Administrative Expenses	3,059	5,642	3,459	6,051	3,603	5,974	-6.8%	-5.6%
Procurement & Operations Support Expenses	1,417	2,614	1,629	2,849	1,551	2,571	-8.3%	1.7%
Depreciation And Amortization	3,004	5,540	3,141	5,495	3,154	5,229	0.8%	6.0%
Other Operating Expenses	793	1,462	510	892	652	1,082	63.9%	35.1%
<b>Total Recurring Operating Costs</b>	<b>17,610</b>	<b>32,477</b>	<b>17,586</b>	<b>30,764</b>	<b>17,909</b>	<b>29,692</b>	<b>5.6%</b>	<b>9.4%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>19,650</b>	<b>36,239</b>	<b>16,354</b>	<b>28,609</b>	<b>19,666</b>	<b>32,605</b>	<b>26.7%</b>	<b>11.1%</b>
Net Non-Recurring Income / (Costs)	(998)	(1,840)	(697)	(1,220)	(1,169)	(1,938)	50.8%	-5.1%
<b>Profit / (Loss) Before Provisions</b>	<b>18,653</b>	<b>34,400</b>	<b>15,656</b>	<b>27,389</b>	<b>18,497</b>	<b>30,666</b>	<b>25.6%</b>	<b>12.2%</b>
Net Provision Expense	3,352	6,181	7,036	12,309	17,852	29,598	-49.8%	-79.1%
<b>Pre-Tax Income / (Loss)</b>	<b>15,301</b>	<b>28,218</b>	<b>8,620</b>	<b>15,080</b>	<b>645</b>	<b>1,069</b>	<b>87.1%</b>	<b>NMF</b>
Income Tax Expense / (Benefit)	2,295	4,233	1,293	2,262	97	160	87.1%	NMF
<b>Net Income / (Loss)</b>	<b>13,006</b>	<b>23,985</b>	<b>7,327</b>	<b>12,818</b>	<b>548</b>	<b>908</b>	<b>87.1%</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7494 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 March 2010

<sup>3</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>4</sup> Change calculations based on GEL values

## STANDALONE 1H INCOME STATEMENT

Period ended	1H 2010		1H 2009		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
Standalone, IFRS-based					
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Interest Income	99,244	183,025	106,499	176,564	3.7%
Interest Expense	50,144	92,476	48,680	80,706	14.6%
<b>Net Interest Income</b>	<b>49,099</b>	<b>90,549</b>	<b>57,819</b>	<b>95,858</b>	<b>-5.5%</b>
Fees & Commission Income	13,100	24,159	12,469	20,673	16.9%
Fees & Commission Expense	3,048	5,620	2,680	4,443	26.5%
<b>Net Fees &amp; Commission Income</b>	<b>10,052</b>	<b>18,538</b>	<b>9,790</b>	<b>16,230</b>	<b>14.2%</b>
Income From Documentary Operations	2,798	5,160	3,057	5,068	1.8%
Expense On Documentary Operations	521	960	637	1,057	-9.2%
<b>Net Income From Documentary Operations</b>	<b>2,277</b>	<b>4,200</b>	<b>2,420</b>	<b>4,012</b>	<b>4.7%</b>
<b>Net Foreign Currency Related Income</b>	<b>7,298</b>	<b>13,459</b>	<b>7,223</b>	<b>11,975</b>	<b>12.4%</b>
<b>Net Other Non-Interest Income</b>	<b>728</b>	<b>1,343</b>	<b>515</b>	<b>854</b>	<b>57.3%</b>
<b>Net Non-Interest Income</b>	<b>20,356</b>	<b>37,541</b>	<b>19,948</b>	<b>33,071</b>	<b>13.5%</b>
<b>Total Operating Income (Revenue)</b>	<b>69,455</b>	<b>128,090</b>	<b>77,766</b>	<b>128,929</b>	<b>-0.7%</b>
Personnel Costs	17,729	32,695	17,812	29,531	10.7%
Selling, General & Administrative Expenses	6,340	11,693	7,418	12,299	-4.9%
Procurement & Operations Support Expenses	2,962	5,463	3,194	5,296	3.2%
Depreciation And Amortization	5,984	11,036	5,625	9,326	18.3%
Other Operating Expenses	1,276	2,354	1,222	2,026	16.1%
<b>Total Recurring Operating Costs</b>	<b>34,292</b>	<b>63,241</b>	<b>35,273</b>	<b>58,479</b>	<b>8.1%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>35,164</b>	<b>64,849</b>	<b>42,493</b>	<b>70,450</b>	<b>-8.0%</b>
Net Non-Recurring Income / (Costs)	(1,659)	(3,060)	(1,493)	(2,476)	23.6%
<b>Profit / (Loss) Before Provisions</b>	<b>33,504</b>	<b>61,789</b>	<b>41,000</b>	<b>67,974</b>	<b>-9.1%</b>
Net Provision Expense	10,026	18,490	32,348	53,630	-65.5%
<b>Pre-Tax Income / (Loss)</b>	<b>23,478</b>	<b>43,299</b>	<b>8,652</b>	<b>14,344</b>	<b>201.9%</b>
Income Tax Expense / (Benefit)	3,522	6,495	1,298	2,152	201.9%
<b>Net Income / (Loss)</b>	<b>19,957</b>	<b>36,804</b>	<b>7,354</b>	<b>12,192</b>	<b>201.9%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>3</sup> Change calculations based on GEL values



## STANDALONE Q2 2010 BALANCE SHEET

Period ended	Q2 2010		Q1 2010		Q2 2009		Change <sup>4</sup> Q-O-Q	Change <sup>4</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	US\$ <sup>3</sup>	GEL		
<i>Standalone, IFRS-based</i>								
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>			
Cash And Cash Equivalents	62,198	114,706	72,796	127,350	66,203	109,758	-9.9%	4.5%
Loans And Advances To Credit Institutions	241,278	444,965	179,742	314,441	193,733	321,190	41.5%	38.5%
Investment Securities: HTM, Treasuries	145,449	268,238	142,451	249,203	-	-	7.6%	-
Investment Securities: HTM, Other	-	-	-	-	34,537	57,259	-	-100.0%
Loans To Clients, Gross	1,075,465	1,983,373	1,050,756	1,838,192	1,035,549	1,716,837	7.9%	15.5%
Less: Reserve For Loan Losses	(74,604)	(137,585)	(78,727)	(137,725)	(69,257)	(114,821)	-0.1%	19.8%
Loans To Clients, Net	1,000,861	1,845,788	972,029	1,700,468	966,292	1,602,016	8.5%	15.2%
Investment Property	34,125	62,932	21,633	37,844	-	-	66.3%	-
Investments In Other Business Entities, Net	180,333	332,570	181,931	318,270	189,709	314,518	4.5%	5.7%
Property And Equipment Owned, Net	125,472	231,396	123,457	215,976	135,255	224,240	7.1%	3.2%
Intangible Assets Owned, Net	9,873	18,208	9,653	16,887	4,379	7,260	7.8%	150.8%
Goodwill	12,335	22,748	13,003	22,748	13,742	22,783	0.0%	-0.2%
Tax Assets, Current And Deferred	3,306	6,097	3,485	6,097	-	-	0.0%	-
Prepayments And Other Assets	18,114	33,406	13,636	23,856	16,379	27,155	40.0%	23.0%
<b>Total Assets</b>	<b>1,833,345</b>	<b>3,381,054</b>	<b>1,733,817</b>	<b>3,033,139</b>	<b>1,620,230</b>	<b>2,686,180</b>	<b>11.5%</b>	<b>25.9%</b>
Client Deposits	730,169	1,346,579	715,416	1,251,549	548,436	909,252	7.6%	48.1%
Deposits And Loans From Banks	127,461	235,063	33,702	58,958	9,811	16,265	298.7%	NMF
Borrowed Funds	512,737	945,589	521,304	911,970	609,036	1,009,720	3.7%	-6.4%
Issued Fixed Income Securities	1,980	3,651	-	-	-	-	-	-
Insurance Related Liabilities	-	-	-	-	-	-	-	-
Tax Liabilities, Current And Deferred	16,184	29,846	14,651	25,631	10,274	17,033	16.4%	75.2%
Accruals And Other Liabilities	13,119	24,195	18,949	33,150	14,245	23,620	-27.0%	2.4%
<b>Total Liabilities</b>	<b>1,401,650</b>	<b>2,584,923</b>	<b>1,304,023</b>	<b>2,281,258</b>	<b>1,191,802</b>	<b>1,975,889</b>	<b>13.3%</b>	<b>30.8%</b>
Share Capital - Ordinary Shares	16,985	31,324	17,901	31,316	18,862	31,272	0.0%	0.2%
Share Premium	260,537	480,482	273,609	478,651	283,702	470,349	0.4%	2.2%
Treasury Shares	(642)	(1,184)	(817)	(1,430)	(677)	(1,123)	-17.2%	5.4%
Revaluation And Other Reserves	35,831	66,079	21,890	38,294	35,750	59,269	72.6%	11.5%
Retained Earnings	99,028	182,627	109,885	192,232	83,438	138,332	-5.0%	32.0%
Net Income / (Loss) For The Period	19,957	36,804	7,327	12,818	7,354	12,192	187.1%	201.9%
<b>Total Shareholders' Equity</b>	<b>431,695</b>	<b>796,131</b>	<b>429,794</b>	<b>751,881</b>	<b>428,428</b>	<b>710,291</b>	<b>5.9%</b>	<b>12.1%</b>
<b>Total Liabilities And Shareholders Equity</b>	<b>1,833,345</b>	<b>3,381,054</b>	<b>1,733,817</b>	<b>3,033,139</b>	<b>1,620,230</b>	<b>2,686,180</b>	<b>11.5%</b>	<b>25.9%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7494 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 March 2010

<sup>3</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>4</sup> Change calculations based on GEL values

## BG BANK (UKRAINE) Q2 2010 INCOME STATEMENT

Period ended	Q2 2010		Q2 2009		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
<i>Standalone, IFRS-based</i>					
<i>000s Unless otherwise noted</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Interest Income	4,415	8,143	5,518	9,148	-11.0%
Interest Expense	2,481	4,576	2,902	4,812	-4.9%
<b>Net Interest Income</b>	<b>1,934</b>	<b>3,567</b>	<b>2,615</b>	<b>4,336</b>	<b>-17.7%</b>
Fees & Commission Income	248	458	649	1,077	-57.5%
Fees & Commission Expense	37	68	134	221	-69.5%
<b>Net Fees &amp; Commission Income</b>	<b>212</b>	<b>390</b>	<b>516</b>	<b>855</b>	<b>-54.4%</b>
Income From Documentary Operations	12	22	-	-	-
Expense On Documentary Operations	-	-	-	-	-
<b>Net Income From Documentary Operations</b>	<b>12</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Foreign Currency Related Income</b>	<b>53</b>	<b>98</b>	<b>235</b>	<b>390</b>	<b>-74.9%</b>
<b>Net Other Non-Interest Income</b>	<b>8</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Non-Interest Income</b>	<b>284</b>	<b>524</b>	<b>751</b>	<b>1,245</b>	<b>-57.9%</b>
<b>Total Operating Income (Revenue)</b>	<b>2,219</b>	<b>4,092</b>	<b>3,366</b>	<b>5,581</b>	<b>-26.7%</b>
Personnel Costs	1,386	2,556	1,952	3,236	-21.0%
Selling, General & Administrative Expenses	379	699	277	459	52.4%
Procurement & Operations Support Expenses	233	430	653	1,082	-60.3%
Depreciation And Amortization	82	151	167	278	-45.4%
Other Operating Expenses	219	404	(284)	(470)	-185.9%
<b>Total Recurring Operating Costs</b>	<b>2,300</b>	<b>4,241</b>	<b>2,765</b>	<b>4,584</b>	<b>-7.5%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>(81)</b>	<b>(150)</b>	<b>601</b>	<b>997</b>	<b>-115.0%</b>
Net Non-Recurring Income / (Costs)	(64)	(118)	(314)	(521)	-77.3%
<b>Profit / (Loss) Before Provisions</b>	<b>(145)</b>	<b>(268)</b>	<b>287</b>	<b>476</b>	<b>NMF</b>
Net Provision Expense	1,061	1,956	6,649	11,023	-82.3%
<b>Pre-Tax Income / (Loss)</b>	<b>(1,206)</b>	<b>(2,224)</b>	<b>(6,362)</b>	<b>(10,547)</b>	<b>-78.9%</b>
Income Tax Expense / (Benefit)	(296)	(546)	147	243	NMF
<b>Net Income / (Loss)</b>	<b>(910)</b>	<b>(1,678)</b>	<b>(6,508)</b>	<b>(10,790)</b>	<b>-84.4%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>3</sup> Change calculations based on GEL values

## BG BANK (UKRAINE) 1H INCOME STATEMENT

Period ended	1H 2010		1H 2009		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
Standalone, IFRS-based					
000s Unless otherwise noted	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Interest Income	8,281	15,271	12,215	20,251	-24.6%
Interest Expense	4,865	8,972	7,873	13,053	-31.3%
<b>Net Interest Income</b>	<b>3,415</b>	<b>6,299</b>	<b>4,342</b>	<b>7,198</b>	<b>-12.5%</b>
Fees & Commission Income	485	894	1,145	1,899	-52.9%
Fees & Commission Expense	151	278	257	426	-34.7%
<b>Net Fees &amp; Commission Income</b>	<b>334</b>	<b>615</b>	<b>888</b>	<b>1,473</b>	<b>-58.2%</b>
Income From Documentary Operations	55	102	-	-	-
Expense On Documentary Operations	-	-	-	-	-
<b>Net Income From Documentary Operations</b>	<b>55</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Foreign Currency Related Income</b>	<b>66</b>	<b>121</b>	<b>1,436</b>	<b>2,381</b>	<b>-94.9%</b>
<b>Net Other Non-Interest Income</b>	<b>10</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Non-Interest Income</b>	<b>465</b>	<b>857</b>	<b>2,324</b>	<b>3,854</b>	<b>-77.8%</b>
<b>Total Operating Income (Revenue)</b>	<b>3,880</b>	<b>7,155</b>	<b>6,666</b>	<b>11,052</b>	<b>-35.3%</b>
Personnel Costs	2,766	5,101	3,904	6,472	-21.2%
Selling, General & Administrative Expenses	704	1,298	1,079	1,788	-27.4%
Procurement & Operations Support Expenses	451	832	653	1,082	-23.1%
Depreciation And Amortization	194	358	294	487	-26.3%
Other Operating Expenses	332	611	249	412	48.3%
<b>Total Recurring Operating Costs</b>	<b>4,447</b>	<b>8,201</b>	<b>6,177</b>	<b>10,241</b>	<b>-19.9%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>(567)</b>	<b>(1,046)</b>	<b>489</b>	<b>811</b>	<b>NMF</b>
Net Non-Recurring Income / (Costs)	(251)	(462)	(206)	(342)	35.1%
<b>Profit / (Loss) Before Provisions</b>	<b>(818)</b>	<b>(1,508)</b>	<b>283</b>	<b>469</b>	<b>NMF</b>
Net Provision Expense	214	394	12,309	20,407	-98.1%
<b>Pre-Tax Income / (Loss)</b>	<b>(1,031)</b>	<b>(1,902)</b>	<b>(12,026)</b>	<b>(19,938)</b>	<b>-90.5%</b>
Income Tax Expense / (Benefit)	(258)	(475)	(1,099)	(1,823)	-73.9%
<b>Net Income / (Loss)</b>	<b>(773)</b>	<b>(1,426)</b>	<b>(10,927)</b>	<b>(18,116)</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>3</sup> Change calculations based on GEL values

## BNB (BELARUS) Q2 2010 INCOME STATEMENT

Period ended Standalone, IFRS-based <i>000s Unless otherwise noted</i>	Q2 2010		Q2 2009		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Interest Income	1,379	2,543	862	1,428	78.0%
Interest Expense	109	201	288	478	-58.0%
<b>Net Interest Income</b>	<b>1,270</b>	<b>2,342</b>	<b>573</b>	<b>950</b>	<b>146.5%</b>
Fees & Commission Income	260	480	241	400	20.0%
Fees & Commission Expense	47	86	35	57	50.2%
<b>Net Fees &amp; Commission Income</b>	<b>214</b>	<b>394</b>	<b>207</b>	<b>343</b>	<b>14.9%</b>
Income From Documentary Operations	14	26	0	1	NMF
Expense On Documentary Operations	-	-	(0)	(0)	NMF
<b>Net Income From Documentary Operations</b>	<b>14</b>	<b>26</b>	<b>0</b>	<b>1</b>	<b>NMF</b>
<b>Net Foreign Currency Related Income</b>	<b>99</b>	<b>183</b>	<b>172</b>	<b>284</b>	<b>-35.6%</b>
<b>Net Other Non-Interest Income</b>	<b>11</b>	<b>21</b>	<b>81</b>	<b>134</b>	<b>-84.3%</b>
<b>Net Non-Interest Income</b>	<b>338</b>	<b>624</b>	<b>459</b>	<b>762</b>	<b>-18.1%</b>
<b>Total Operating Income (Revenue)</b>	<b>1,608</b>	<b>2,966</b>	<b>1,033</b>	<b>1,712</b>	<b>73.3%</b>
Personnel Costs	614	1,133	463	768	47.5%
Selling, General & Administrative Expenses	140	259	94	156	66.4%
Procurement & Operations Support Expenses	142	262	142	235	11.7%
Depreciation And Amortization	75	138	83	138	-0.1%
Other Operating Expenses	108	200	97	161	24.4%
<b>Total Recurring Operating Costs</b>	<b>1,080</b>	<b>1,992</b>	<b>879</b>	<b>1,457</b>	<b>36.7%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>528</b>	<b>974</b>	<b>153</b>	<b>254</b>	<b>282.8%</b>
Net Non-Recurring Income / (Costs)	(11)	(21)	6	9	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>517</b>	<b>953</b>	<b>159</b>	<b>264</b>	<b>261.5%</b>
Net Provision Expense	127	234	(17)	(28)	NMF
<b>Pre-Tax Income / (Loss)</b>	<b>390</b>	<b>719</b>	<b>176</b>	<b>292</b>	<b>146.4%</b>
Income Tax Expense / (Benefit)	80	148	57	95	55.8%
<b>Net Income / (Loss)</b>	<b>310</b>	<b>571</b>	<b>119</b>	<b>197</b>	<b>190.1%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>3</sup> Change calculations based on GEL values

## BNB (BELARUS) 1H INCOME STATEMENT

Period ended	1H 2010		1H 2009		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
<i>Standalone, IFRS-based</i>					
<i>000s Unless otherwise noted</i>					
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Interest Income	2,790	5,145	1,839	3,049	68.7%
Interest Expense	273	503	666	1,104	-54.4%
<b>Net Interest Income</b>	<b>2,517</b>	<b>4,642</b>	<b>1,174</b>	<b>1,946</b>	<b>138.6%</b>
Fees & Commission Income	416	767	447	741	3.5%
Fees & Commission Expense	77	142	65	107	32.6%
<b>Net Fees &amp; Commission Income</b>	<b>339</b>	<b>625</b>	<b>383</b>	<b>634</b>	<b>-1.5%</b>
Income From Documentary Operations	15	27	2	3	NMF
Expense On Documentary Operations	-	-	1	1	-100.0%
<b>Net Income From Documentary Operations</b>	<b>15</b>	<b>27</b>	<b>1</b>	<b>2</b>	<b>NMF</b>
<b>Net Foreign Currency Related Income</b>	<b>298</b>	<b>549</b>	<b>880</b>	<b>1,459</b>	<b>-62.4%</b>
<b>Net Other Non-Interest Income</b>	<b>22</b>	<b>41</b>	<b>62</b>	<b>102</b>	<b>-59.8%</b>
<b>Net Non-Interest Income</b>	<b>673</b>	<b>1,242</b>	<b>1,326</b>	<b>2,198</b>	<b>-43.5%</b>
<b>Total Operating Income (Revenue)</b>	<b>3,191</b>	<b>5,884</b>	<b>2,499</b>	<b>4,143</b>	<b>42.0%</b>
Personnel Costs	1,165	2,149	922	1,528	40.6%
Selling, General & Administrative Expenses	244	450	190	314	43.1%
Procurement & Operations Support Expenses	280	517	282	467	10.6%
Depreciation And Amortization	144	265	183	304	-12.9%
Other Operating Expenses	210	388	211	349	11.1%
<b>Total Recurring Operating Costs</b>	<b>2,044</b>	<b>3,769</b>	<b>1,787</b>	<b>2,963</b>	<b>27.2%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>1,147</b>	<b>2,115</b>	<b>712</b>	<b>1,180</b>	<b>79.3%</b>
Net Non-Recurring Income / (Costs)	(7)	(13)	12	19	-168.1%
<b>Profit / (Loss) Before Provisions</b>	<b>1,140</b>	<b>2,102</b>	<b>723</b>	<b>1,199</b>	<b>75.3%</b>
Net Provision Expense	355	655	1	1	NMF
<b>Pre-Tax Income / (Loss)</b>	<b>785</b>	<b>1,447</b>	<b>723</b>	<b>1,198</b>	<b>20.8%</b>
Income Tax Expense / (Benefit)	183	337	205	340	-1.0%
<b>Net Income / (Loss)</b>	<b>602</b>	<b>1,110</b>	<b>517</b>	<b>858</b>	<b>29.4%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.8442 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6579 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2009

<sup>3</sup> Change calculations based on GEL values

## KEY RATIOS

Profitability Ratios	Q2 2010	Q1 2010	Q2 2009
ROAA <sup>1</sup> , Annualised	2.4%	2.2%	-0.6%
ROAE <sup>2</sup> , Annualised	12.5%	11.1%	-2.4%
Interest Income / Average Interest Earning Assets, Annualised <sup>3</sup>	16.6%	16.8%	17.3%
Cost Of Funds <sup>4</sup> , Annualised	8.3%	8.6%	8.3%
Net Spread, Annualised <sup>5</sup>	8.3%	8.1%	8.9%
Net Interest Margin <sup>6</sup> , Annualised	8.3%	8.0%	9.0%
Loan Yield Excluding Provisions <sup>7</sup> , Annualised	20.2%	20.2%	19.4%
Loan Yield Including Provisions <sup>7</sup> , Annualised	17.7%	18.6%	11.1%
Interest Expense To Interest Income	50.4%	52.4%	47.7%
Net Non-Interest Income To Average Total Assets, Annualised	3.8%	4.0%	4.1%
Net Non-Interest Income To Revenue <sup>8</sup>	37.6%	40.4%	38.6%
Net Fee And Commission Income To Average Interest Earning Assets <sup>9</sup> , Annualised	1.7%	1.8%	2.1%
Net Fee And Commission Income To Revenue	13.1%	13.6%	14.4%
Operating Leverage, Y-O-Y <sup>10</sup>	4.2%	-17.5%	-8.5%
Operating Leverage, Consecutive Q-O-Q <sup>10</sup>	16.4%	65.8%	-5.3%
Total Operating Income (Revenue) To Total Assets, Annualised	9.5%	9.7%	11.1%
Recurring Earning Power <sup>11</sup> , Annualised	4.5%	3.5%	4.5%
Net Income To Revenue	23.5%	22.1%	-5.4%
<b>Efficiency Ratios</b>			
Operating Cost To Average Total Assets <sup>12</sup> , Annualised	5.8%	6.1%	6.2%
Cost To Average Total Assets <sup>13</sup> , Annualised	5.6%	6.5%	6.2%
Cost / Income <sup>14</sup>	55.5%	65.3%	57.8%
Cost / Income, Normalized <sup>15</sup>	57.7%	61.0%	57.5%
Cash Cost / Income	43.8%	45.9%	38.3%
Total Employee Compensation Expense To Revenue <sup>16</sup>	31.0%	30.8%	28.8%
Total Employee Compensation Expense To Cost	55.8%	47.2%	49.8%
Total Employee Compensation Expense To Average Total Assets, Annualised	3.1%	3.1%	3.1%
<b>Liquidity Ratios</b>			
Net Loans To Total Assets <sup>17</sup>	56.8%	56.9%	60.2%
Average Net Loans To Average Total Assets	57.3%	56.6%	60.3%
Interest Earning Assets To Total Assets	77.4%	75.2%	72.9%
Average Interest Earning Assets To Average Total Assets	76.5%	74.9%	73.0%
Liquid Assets To Total Assets <sup>18</sup>	25.5%	24.6%	18.6%
Liquid Assets To Total Short-Term Liabilities, NBG Stand-Alone	34.8%	38.8%	38.0%
Liquid Assets To Total Liabilities, IFRS Consolidated	31.4%	30.5%	24.6%
Net Loans To Client Deposits	131.7%	127.5%	170.6%
Average Net Loans To Average Client Deposits	130.7%	128.4%	174.8%
Net Loans To Total Deposits <sup>19</sup>	112.9%	120.7%	164.1%
Net Loans To (Total Deposits + Equity)	82.3%	85.3%	98.5%
Net Loans To Total Liabilities	69.9%	70.7%	79.6%
Total Deposits To Total Liabilities	61.9%	58.6%	48.5%
Client Deposits To Total Deposits	85.7%	94.7%	96.1%
Client Deposits To Total Liabilities	53.1%	55.5%	46.6%
Current Account Balances To Client Deposits	44.4%	44.1%	42.4%
Demand Deposits To Client Deposits	9.0%	9.0%	9.8%
Time Deposits To Client Deposits	46.6%	46.9%	47.8%
Total Deposits To Total Assets	50.3%	47.1%	36.7%
Client Deposits To Total Assets	43.2%	44.6%	35.3%

**KEY RATIOS CONT'D****Liquidity Ratios cont'd**

Client Deposits To Total Equity (Times) <sup>20</sup>	2.31	2.28	1.44
Due From Banks / Due To Banks <sup>21</sup>	171.3%	411.8%	757.4%
Total Equity To Net Loans	32.9%	34.4%	40.6%
Leverage (Times) <sup>22</sup>	4.3	4.1	3.1

**Asset Quality**

NPLs (in GEL) <sup>23</sup>	173,743	168,892	148,767
NPLs To Gross Loans To Clients <sup>24</sup>	8.0%	8.7%	7.8%
NPL Coverage Ratio <sup>25</sup>	109.3%	102.6%	99.3%
Cost of Risk <sup>26</sup> , Annualised	2.5%	1.6%	8.4%
Reserve For Loan Losses To Gross Loans To Clients <sup>27</sup>	8.8%	8.9%	7.8%
% Of Loans To Clients Collateralized	92.1%	93.8%	89.7%
Equity To Average Net Loans To Clients	36.1%	35.7%	53.3%

**Capital Adequacy:**

Equity To Total Assets	18.7%	19.6%	24.4%
BIS Tier I Capital Adequacy Ratio, Consolidated <sup>28</sup>	19.6%	21.4%	23.4%
BIS Total Capital Adequacy Ratio, Consolidated <sup>29</sup>	32.5%	33.8%	35.6%
BIS Tier I Capital Adequacy Ratio, Stand-alone <sup>28</sup>	24.6%	26.7%	25.5%
BIS Total Capital Adequacy Ratio, Stand-alone <sup>29</sup>	31.5%	32.6%	32.0%
NBG Tier I Capital Adequacy Ratio <sup>30</sup>	15.8%	17.7%	17.8%
NBG Total Capital Adequacy Ratio <sup>31</sup>	14.5%	15.9%	18.4%

**Per Share Values:**

Basic EPS (GEL) <sup>32</sup>	0.62	0.54	(0.14)
Basic EPS (US\$)	\$0.22	\$0.13	\$0.14
Fully Diluted EPS (GEL) <sup>33</sup>	0.56	0.48	(0.12)
Fully Diluted EPS (US\$)	\$0.19	\$0.12	\$0.13
Book Value Per Share (GEL) <sup>34</sup>	20.73	19.53	22.70
Book Value Per Share (US\$)	\$11.24	\$11.17	\$13.69
Ordinary Shares Outstanding - Weighted Average, Basic	31,321,662	31,315,960	31,271,525
Ordinary Shares Outstanding - Period End	31,324,466	31,315,960	31,271,525
Ordinary Shares Outstanding - Fully Diluted	34,796,276	34,790,574	34,746,139

**Selected Operating Data:**

Full Time Employees, Group	5,118	5,048	4,914
Full Time Employees, BOG Stand-Alone	2,963	2,825	2,660
Total Assets Per FTE <sup>35</sup> (thousands)	678	619	592
Total Assets Per FTE, BOG Stand-Alone (thousands)	1,141	1,074	1,010
Number Of Active Branches	137	140	140
Number Of ATMs	387	379	394
Number Of Cards Outstanding	551,741	570,637	594,617
Number Of POS Terminals	2,225	2,067	1,861

## NOTES TO KEY RATIOS

- 1 Return On Average Total Assets (ROAA) equals Net Income of the period divided by quarterly Average Total Assets for the same period;
- 2 Return On Average Total Equity (ROAE) equals Net Income of the period divided by quarterly Average Total Equity for the same period;
- 3 Average Interest Earning Assets are calculated on a quarterly basis; Interest Earning Assets include: Loans And Advances To Credit Institutions, Treasuries And Equivalents, Other Fixed Income Instruments and Net Loans to Clients;
- 4 Cost Of Funds equals Interest Expense of the period divided by quarterly Average Interest Bearing Liabilities; Interest Bearing Liabilities Include: Client Deposits, Deposits And Loans From Banks, Borrowed Funds and Issued Fixed Income Securities;
- 5 Net Spread equals Interest Income To Average Interest Earning Assets less Cost Of Funds;
- 6 Net Interest Margin equals Net Interest Income of the period divided by quarterly Average Interest Earning Assets of the same period;
- 7 Loan Yield equals Interest Income, less Net Provision Expense, divided by quarterly Average Gross Loans To Clients;
- 8 Revenue equals Total Operating Income;
- 9 Net Fee And Commission Income includes Net Income From Documentary Operations of the period ;
- 10 Operating Leverage equals percentage change in Revenue less percentage change in Total Costs;
- 11 Recurring Earning Power equals Profit Before Provisions of the period divided by average Total Assets of the same period;
- 12 Operating Cost equals Total Recurring Operating Costs;
- 13 Cost includes Total Recurring Operating Costs and Net Non-Recurring Costs (Income);
- 14 Cost/Income Ratio equals Costs of the period divided by Total Operating Income (Revenue);
- 15 Cost/Income Normalized equals Total Recurring Operating cost (excludes net non-recurring costs) divided by total operating income.
- 16 Total Employee Compensation Expense includes Personnel Costs;
- 17 Net Loans equal Net Loans To Clients;
- 18 Liquid Assets include: Cash And Cash Equivalents, Other Accounts With NBG, Balances With And Loans To Other Banks, Treasuries And Equivalents and Other Fixed Income Securities as of the period end and are divided by Total Assets as of the same date;
- 19 Total Deposits include Client Deposits and Deposits And Loans from Banks;
- 20 Total Equity equals Total Shareholders' Equity;
- 21 Due From Banks/ Due To Banks equals Loans And Advances To Credit Institutions divided by Deposits And Loans From Banks;
- 22 Leverage (Times) equals Total Liabilities as of the period end divided by Total Equity as of the same date;
- 23 Operating Cost equals Total Recurring Operating Costs;
- 24 Cost includes Total Recurring Operating Costs and Net Non-Recurring Costs (Income);
- 25 Cost/Income Ratio equals Costs of the period divided by Total Operating Income (Revenue);
- 26 Cost/Income Normalized equals Total Recurring Operating cost (excludes net non-recurring costs) divided by total operating income.
- 27 Reserve For Loan Losses To Gross Loans To Clients equals reserve for loan losses as of the period end divided by gross loans to clients as of the same date;
- 28 BIS Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I;
- 29 BIS Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I;
- 30 NBG Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements the National Bank of Georgia;
- 31 NBG Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of the National Bank of Georgia;
- 32 Basic EPS equals Net Income of the period divided by the weighted average number of outstanding ordinary shares over the same period;
- 33 Fully Diluted EPS equals net income of the period divided by the number of outstanding ordinary shares as of the period end plus number of ordinary shares in contingent liabilities;
- 34 Book Value Per Share equals Equity as of the period end, plus Treasury Shares, divided by the total number of Outstanding Ordinary shares as of the same date
- 35 Equals total consolidated assets divided by total number of full-time employees