

1.67 GEL/US\$ 30 June 2011  
1.71 GEL/US\$ 31 March 2011  
1.77 GEL/US\$ 31 December 2010  
1.84 GEL/US\$ 30 June 2010

**JSC BANK OF GEORGIA ANNOUNCES Q2 AND 1H 2011 RESULTS,  
REPORTS Q2 2011 ROAE<sup>1</sup> OF 26.1%**

Bank of Georgia (LSE: BGEO, GSE: GEB) (the “Bank”), Georgia’s leading bank, announced today its Q2 2011 and 1H 2011 consolidated results (IFRS based, derived from management accounts), reporting a Q2 2011 Net Income of GEL 46.9 million, or GEL 1.50 per share and 1H 2011 Net Income of GEL 77.5 million before Loss from Discontinued Operations (Extraordinary Item in Q1 2011), or GEL 2.47 per share.

**Q2 2011 and 1H 2011 highlights**

**Financial Highlights**

- Record high quarterly Net Income of GEL 46.9, increase of 53.4% q-o-q and 139.1% y-o-y
- 1H 2011 consolidated Return on Average Equity (ROAE) increased substantially to 22.0%<sup>1</sup>, up from 12.2% in 1H 2010, as the Bank benefited from the high growth rates of the Georgian economy
  - Q2 2011 consolidated ROAE increased to 26.1%, up from 17.7% and 12.2% in Q1 2011 and in Q2 2010, respectively
- Q2 2011 standalone Profit Before Provisions grew 57.2% y-o-y to GEL 54.7 million, up 28.6% q-o-q
- Both Net Loan Book and Client Deposits continued to increase strongly as the growth of the economy created greater demand for financial services among both corporate and retail clients
  - Net Loan Book, standalone, increased by 10.2% q-o-q to GEL 2,441.9 million, up 32.4% y-o-y and up 11.0% YTD. In nominal terms<sup>2</sup>, standalone Net Loan Book grew 15.3% q-o-q, up 16.1% YTD
  - Client Deposits, standalone, increased by 5.3% q-o-q to GEL 2,070.4 million, up 54.2% y-o-y, up 14.8% YTD. In nominal terms, standalone Client Deposits increased 9.4% q-o-q, up 19.4% YTD
- Complementing the growth in the Bank’s business, rigorous financial management and cost control resulted in improved efficiency
  - Cost/Income Ratio, consolidated, declined to 49.9% in Q2 2011 from 54.4% in Q1 2011, while in 1H 2011, consolidated Cost/Income Ratio declined to 52.0% in 1H 2011 from 60.2% in 1H 2010
  - Q2 2011 consolidated operating leverage amounted to 12.5% on a y-o-y basis, while standalone operating leverage stood at 32.6% on a y-o-y basis during the same period.

“I am pleased that on the back of significant monetary and fiscal tightening in the first half of 2011 and 6.4% Lari appreciation against U.S.\$, we observed year-to-date 11% net loan book growth in Georgia and significant asset quality improvements. These two factors played the critical role in achieving triple digit net profit growth in first half 2011 compared to first half 2010, translating into 22%<sup>1</sup> return on average equity in first half 2011 - our main target.

Georgian economy showed a 5.8% estimated real GDP growth while FDI reached U.S.\$ 174 million in first quarter of 2011. By June 2011, the number of visitors to Georgia increased by 45% compared to the same period in 2010, one of the contributor to the appreciation of Lari against U.S.\$ and the growth of the NBG FX reserves by 25% to U.S.\$2.5 million in first half of 2011. Inflation growth rate, the only concern since the beginning of the year, slowed down significantly after peaking at 14.3% in May 2011 to 8.5% in July 2011 and we started to observe loosening of monetary policy as the National Bank decreased the refinancing rate by 25 bps to 7.75% in July 2011 and reduced the minimum reserve requirement for commercial banks from 15% to 0% on international borrowings with the remaining maturities of more than two years in August 2011. At the same time, we expect significant stimulus from the Ministry of Finance in second half of 2011 as it needs to achieve budget deficit of circa GEL 454 million from budget surplus of GEL 48 million in first half 2011. This increased spending will enable the sovereign to achieve circa 3% budget deficit for 2011.

Solid first half results and positive macro outlook as outlined above gives us good ground for strong second half performance in terms of balance sheet growth and profitability” commented **Irakli Gilauri**, Chief Executive Officer.

<sup>1</sup> ROAE excluding minority interest

<sup>2</sup> Nominal terms applied GEL/US\$ as of 31 December 2010 to the 30 June 2011

## Financial Summary

<i>Millions, unless otherwise noted</i>	Q2 2011 <sup>3</sup>		Growth q-o-q <sup>3</sup>	Growth y-o-y <sup>4</sup>
	US\$	GEL		
<b>Bank of Georgia (Consolidated, Unaudited, IFRS-based)</b>				
<b>Total Operating Income (Revenue)<sup>5</sup></b>	61.1	101.8	11.7%	25.2%
<b>Recurring Operating Costs</b>	29.8	49.6	5.0%	6.7%
<b>Normalised Net Operating Income<sup>6</sup></b>	31.3	52.1	18.9%	50.0%
<b>Profit/(Loss) before provisions</b>	30.6	51.0	22.8%	40.7%
<b>Net Provision Expenses</b>	1.3	2.1	-59.4%	-83.4%
<b>Net Income/(Loss)</b>	28.1	46.9	53.5%	139.4%
<b>EPS (Basic)</b>	0.90	1.50	53.4%	139.1%
<i>Millions, unless otherwise noted</i>				
	1H 2011		Growth y-o-y <sup>4</sup>	
	US\$	GEL		
<b>Bank of Georgia (Consolidated, Unaudited, IFRS-based)</b>				
<b>Total Operating Income (Revenue)<sup>5</sup></b>	115.7	192.8	22.7%	
<b>Recurring Operating Costs</b>	58.2	96.9	4.4%	
<b>Normalised Net Operating Income<sup>6</sup></b>	57.6	95.9	49.1%	
<b>Profit/(Loss) before provisions</b>	55.5	92.5	47.8%	
<b>Net Provision Expenses</b>	4.3	7.2	-63.7%	
<b>Net Income/(Loss)<sup>7</sup></b>	46.5	77.5	113.1%	
<b>EPS (Basic)</b>	1.48	2.47	112.8%	
<b>Total Assets</b>	2,474.2	4,123.3	20.4%	
<b>Net Loans</b>	1,464.1	2,439.9	23.1%	
<b>Client Deposits</b>	1,247.8	2,079.4	39.8%	
<b>Tier I Capital Adequacy Ratio (BIS)<sup>8</sup></b>		18.0%		
<b>Total Capital Adequacy Ratio (BIS)<sup>9</sup></b>		27.2%		
<b>NBG Tier I Capital Adequacy Ratio</b>		11.5%		
<b>NBG Total Capital Adequacy Ratio</b>		15.1%		
<b>Book Value Per share</b>	US\$ 14.4	GEL 24.0	15.6%	

<sup>3</sup> Compared to Q1 2011; growth calculations based on GEL values.

<sup>4</sup> Compared to the respective period in 2010

<sup>5</sup> Revenue includes Net Interest Income and Net Non-Interest Income.

<sup>6</sup> Normalized for Net Non-Recurring Income/(Costs).

<sup>7</sup> Net income/(Loss) excludes Extraordinary Item in Q1 2011.

<sup>8</sup> BIS Tier I Capital Adequacy Ratio equals Consolidated Tier I Capital as of the period end divided by Total Consolidated Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I.

<sup>9</sup> BIS Total Capital Adequacy Ratio equals Total Consolidated Capital as of the period end divided by Total Consolidated 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. Bank of Georgia is the largest bank in Georgia by assets, loans, deposits and equity, with 36% market share by total assets (all data according to the NBG as of 30 June 2011). The Bank has 143 branches and more than one million retail and 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	'B1/NP' (FC) & 'Ba3/NP' (LC)

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The financial information as of Q2 2010, 1H 2010, Q2 2011 and 1H 2011 contained in this news report is unaudited, 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.

**Q2 2011 summary of the Bank's consolidated results**

In Q2 2011, the Bank's Total Operating Income (Revenue) increased 11.7% q-o-q and 25.2% y-o-y to GEL 101.8 million. This was driven by 16.1% y-o-y growth of Net Interest Income (reaching GEL 60.0 million, up 5.4% q-o-q) and 41.1% y-o-y growth of Net Non-Interest Income (GEL 41.8 million up 22.2% q-o-q). On a quarterly basis, the growth of Net Interest income benefited from the growth of the net loan book, which increased by 8.8% q-o-q on a consolidated and 10.2% on a standalone basis outpacing the 5.2% q-o-q growth of consolidated and 5.3% q-o-q standalone client deposits, respectively. As a result, Net Interest Margin (NIM) for the quarter increased to 7.3%, up from the NIM of 7.0% in Q1 2011. Increase in overall business activity drove the growth of all other Non-Interest Income items. Net Foreign Currency Related Income, grew by 40.5% q-o-q to GEL 13.4 million and Net Fee and Commission Income increased by 25.2% to GEL 15.0 million.

On a year-on-year basis, in Q2 2011, Net Interest Income grew 16.1% y-o-y, despite the 39.8% y-o-y growth in Client Deposits compared to the 23.1% increase of the loan book year-on-year. The Bank's 41.1% y-o-y growth of Q2 2011 Net Non-Interest Income was driven by the growth of all Non-Interest Income items compared to the same period last year. Net Fees and Commission Income grew 38.2% y-o-y to GEL 15.0 million, Net Income from Documentary Operations grew by 59.7% y-o-y to GEL 3.4 million and Net Foreign Currency Related Income increased 51.8% y-o-y to GEL 13.4 million. Net Other Non-Interest Income amounted to GEL 9.9 million, up 27.9% y-o-y, with the growth mostly attributed to the increase in Brokerage and Investment Banking Fees to GEL 1.3 million in Q2 2011 compared to GEL 20 thousand in Q2 2010. As result of the healthy growth of all Non-Interest Income items, the Q2 2011 Net-Non Interest Income accounted for 41.1% of the Bank's revenue, up from 37.5% in Q1 2011 and from 36.4% in Q2 2010.

Total consolidated Recurring Operating Costs for the quarter increased by 5.0% q-o-q to GEL 49.6 million (up 6.7% y-o-y). The main driver of cost growth during the quarter was the increase in Personnel Costs, which grew 6.1% on a year-on year and 7.2% on a quarter on quarter basis to GEL 27.5 million, in line with the growth of the Bank's banking operations in Georgia. In Q2 2011, Personnel Costs as percent of Revenue continued to decline reaching 27.1% of the Bank's Revenue, down from 31.9% in Q2 2010 and from 28.2% in Q1 2011. Normalised Net Operating Income of GEL 52.1 million was up 50.0% y-o-y (up 18.9% q-o-q), resulting in the improved consolidated Normalised Cost/Income Ratio of 48.8% compared to the Normalised Cost/Income ratio of 51.9% in Q1 2011 and 57.3% in Q2 2010.

Net Non-Recurring Income (Costs) for the quarter amounted to GEL 1.1 million and consisted of the following items:

<b>Net Non-Recurring Income / (Costs)</b>	<b>Q2 2011</b>
<i>Amounts in GEL '000</i>	<b>Quarter</b>
Gain from BYR/U.S.\$ Hedge	20,054
BNB Goodwill Impairment	(13,000)
Loss from the Eurobond Buyback	(5,452)
Loss from Disposal of Liberty Consumer Associate, InfoGeorgia	(1,371)
Gain from Sale of Properties	864
One-off Tax Adjustment	(2,906)
Other Net Non-Recurring	694
<b>Total</b>	<b>(1,117)</b>

Due to the Belarusian Ruble (BYR) devaluation against the U.S.\$ the Bank recorded GEL 20.1 million non-recurring income on its BYR/US\$ hedge. Also as a result of BYR devaluation the Bank made a GEL 13.0 million goodwill write-down on its BNB investment and as of 30 June 2011, the total goodwill related to BNB amounted to GEL 10.4 million. The non-recurring cost of GEL 5.5 million was recorded due to the Eurobond buy-back in Q2 2011. The Bank made a negative adjustment on tax in the amount of GEL 2.9 million under the non-recurring items, which is related to tax benefit of GEL 3.3 million, recorded under the corporate profit tax item.

The Bank's consolidated Net Provision Expense for the quarter declined to GEL 2.1 million, down from Net Provision Expense of GEL 5.2 million and GEL 12.6 million in Q1 2011 and Q2 2010, respectively. Net Provision Expense in Q2 2011 was largely a result of the Net Provision Expense for BNB in the amount of GEL 3.4 million due to the 40.1% devaluation of the BYR against GEL during the period, which more than offset GEL 1.9 million reversal of provision charges at the Bank of Georgia standalone level. Consolidated Cost of Risk for the quarter stood at 0.35% a decrease from 2.44% in Q2 2010.

On 30 June 2011, the Bank's consolidated Total Assets stood at GEL 4,123.3 million, up 20.4% y-o-y and up 3.0% from 31 December 2010. The Bank's consolidated Net Loan Book was up by 8.8% q-o-q to GEL 2,439.9 million, up 23.1% y-o-y, while consolidated Client Deposits of GEL 2,079.4 million were 3.7% higher than at 31 December 2010, and 39.8% higher than consolidated Client Deposits on 30 June 2010. The increases in the loan book and client deposits were attributed to the growth of Bank of Georgia's Georgian loan book (up 11.0% YTD and up 32.4% y-o-y) and client deposits (up 14.8% YTD and up 54.2% y-o-y) in 1H 2011, while the equivalent comparisons on a consolidated basis are impacted by the inclusion of BG Bank loans and deposits in the 2010 financials. In Q2 2011, the consolidated Loan Loss Reserves of GEL 122.5 million declined to 4.8% of the consolidated Gross Loan Book from 5.1% in Q1 2011, reflecting the improved operating environment in Georgia while consolidated NPLs of GEL 100.9 million declined from GEL 173.7 million in Q2 2010, up from GEL 90.8 million in Q1 2011. As of 30 June 2011, consolidated NPLs represented 3.9% of the consolidated gross Loan Book, remaining largely flat compared to the same ratio of 3.8% in Q1 2011. The consolidated NPL Coverage ratio for the quarter stood at 121.4%.

The Bank's consolidated Book Value per Share on 30 June 2011 stood at GEL 23.97 (US\$ 14.38), compared to GEL 23.52 (U.S.\$ 13.79) as of 31 March 2011, GEL 22.12 (U.S.\$12.48) as of 31 December 2010 and GEL 20.74 (U.S.\$ 11.25) as of 30 June 2010.

### 1H 2011 summary of the Bank's consolidated results

*The 1H 2011 results include the loss from Discontinued Operations (Extraordinary Item) of GEL 13.7 million related to the disposal of BG Bank Ukraine in Q1 2011. The accounting treatment of the one-off Extraordinary Item related to BG Bank disposal in Q1 2011 carries limited economic value for the Bank, therefore Q1 2011 consolidated results and the discussion of the results in this report exclude the Extraordinary Item.*

***For the discussion of results on a comparable basis please refer to the Bank of Georgia standalone results, which do not include BG Bank's results for all the periods discussed***

The Bank reported 1H 2011 consolidated Net Income<sup>10</sup> of GEL 77.5 million. In the 1H 2011, the Bank's Total Operating Income (Revenue) increased 22.7% y-o-y to GEL 192.8 million, driven by a 20.6% y-o-y increase in Net Interest Income to GEL 116.9 million and by 26.1% y-o-y growth of Net Non-Interest Income to GEL 76.0 million. Net Interest Income of GEL 116.9 million grew 20.6% y-o-y as Interest Income (GEL 238.4 million) growth of 19.6% achieved on the back of 23.1% y-o-y growth of the net loan book outpaced the 18.6% increase in interest expense (GEL 121.5 million, driven mostly by 39.8% y-o-y growth of the Client Deposits. In line with the increased lending and overall business activity, the Bank's Net Non-Interest Income in 1H 2011 rose by 26.1% y-o-y to GEL 76.0 million. This was a result of the 27.5% y-o-y increase in Net Fees and Commission Income to GEL 27.0 million, the 60.3% y-o-y growth Net Income from Documentary Operations to GEL 6.9 million, the 42.0% y-o-y increase in Net Foreign Currency Related Income to GEL 23.0 million, while Net Other Non-Interest Income grew by 2.8% y-o-y to GEL 19.1 million.

Reflecting the improved efficiency across the Bank's businesses as well as the exclusion of BG Bank results from the 2011 consolidated results, the total Recurring Operating Costs of GEL 96.9 million were up by 4.4% y-o-y which, when set alongside the 22.7% y-o-y growth of the Revenue to GEL 192.8 million translates into Operating Leverage of 16.6% on a year-on-year basis.

The Bank's Net Provision Expense declined from GEL 20.0 million in 1H 2010 to GEL 7.2 million in 1H 2011 reflecting the improved loan quality of Bank of Georgia on a standalone basis and the improved operating environment in Georgia. The Bank reported triple digit Net Income growth with 1H 2011 Net Income<sup>10</sup> of GEL 77.5 million compared to the Net Income of GEL 36.3 million in 1H 2010.

### JSC Bank of Georgia standalone results

Bank of Georgia on a standalone basis reported Q2 2011 Net Income of GEL 56.2 million, an increase of GEL 31.5 million, or 130.2%, compared to the standalone Net Income of GEL 24.4 million in Q2 2010. Q2 2011 Net Income grew by GEL 24.7 million, or 78.5%, compared to the Q1 2011 standalone Net Income. Reflecting the strong growth combined with the improved

<sup>10</sup> Before Discontinued Operations

asset quality in Q2 2011, the Bank's 1H 2011 standalone Net Income of GEL 87.7 million is a significant increase compared to the GEL 37.3 million standalone Net Income for the same period in 2010.

On a year-on-year basis, Q2 2011 Net Income growth was driven by 25.1% year-on-year growth of the standalone Total Operating Income (Revenue) to GEL 86.4 million, a result of 19.9% y-o-y increase of Net Interest Income to GEL 58.0 million, attributable mostly to the standalone loan book (net) growth of 32.4% y-o-y, which more than offset the 54.2% growth of Client Deposits, and 37.1% growth of Net Non-Interest Income to GEL 28.5 million, due to the y-o-y growth of most of the non-interest income items, as the Bank's superior franchise allowed it to benefit from economic growth in Georgia. On a quarterly basis, standalone Net Interest Income grew by 4.9% to GEL 58.0 million and Net Non-Interest Income increased by 24.0% to GEL 28.5 million, resulting in the 10.5% q-o-q growth of standalone Revenue. The rise in interest income during the quarter was a result of healthy q-o-q growth of the standalone Net Loan Book, which grew 10.2%-q-o-q outpacing the 5.3% q-o-q growth rate of standalone Client Deposits. Standalone NIM at 7.1% was slightly better than the standalone NIM of 7.0% in Q1 2011.

Bank of Georgia's standalone Q2 2011 Recurring Operating Costs of GEL 37.2 million grew 8.7% q-o-q (up 14.6% y-o-y) translating into Normalised Net Operating Income (NNOI) for the quarter of GEL 49.2 million, up by GEL 12.6 million, or 34.4% y-o-y.

The improved efficiency and Revenue growth on a yearly basis translated into the standalone positive operating leverage of 32.6% y-o-y. Bank of Georgia's standalone Cost/Income ratio stood at 36.7% in Q2 2011 compared to 45.6% in Q1 2011 and 49.6% in Q2 2010. The combination of Loan Book growth and improved operating performance resulted in the 57.2% growth of Profit Before Provisions to GEL 54.7 million, up 28.6% q-o-q. Reflecting the improved asset quality, the Bank's Net Provision Reversal on a standalone basis amounted to GEL 1.9 million in Q2 2011 compared to the Net Provision Expense of GEL 5.6 million in Q1 2011 and GEL 6.5 million in Q2 2010.

Bank of Georgia's 1H 2011 standalone Total Operating Income stood at GEL 164.6 million, up by GEL 36.2 million or 28.1% compared to the Total Operating Income of GEL 128.5 million in 1H 2010. Net Interest Income in the 1H 2011 grew by 24.5% y-o-y to GEL 113.2 million as Interest Income growth of 26.6% y-o-y to (GEL 232.2 million) more than offset the 28.7% y-o-y growth rate of Interest Expense to GEL 119.0 million, as the Bank maintained higher average client deposits and higher liquidity in 1H 2011 compared the same period last year. Net Non-Interest Income increased by 37.0% y-o-y to GEL 51.4 million, with the increase being driven by a 22.7% y-o-y increase in Net Fees and Commission Income to GEL 22.7 million, a 53.6% y-o-y increase of Net Foreign Currency Related Income to GEL 20.7 million, and a 62.6% y-o-y increase in Net Income from Documentary Operations to GEL 6.8 million.

The Total Recurring Costs of Bank of Georgia on a standalone basis increased by 13.0% y-o-y to GEL 71.4 million, driven by a 21.3% 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. Despite the growth in Personnel Cost in the first half of 2011, Personnel Costs represented 24.1% of the Revenue, a decrease from 25.4% in 1H 2010. The continuous improvement of the Bank's asset quality on a standalone basis for the past three quarters, resulted in an improved Net Provision Expense, which in 1H 2011 amounted to GEL 3.6 million, compared to a GEL 18.8 million Net Provision Expense in the 1H 2010, resulting in 1H 2011 Standalone Net Income of GEL 87.7 million, up 135.5% y-o-y.

As of 30 June 2011, Bank of Georgia's standalone Total Assets stood at GEL 4.0 billion, up 20.4% y-o-y, 2.0% q-o-q and up 4.0% YTD. Bank of Georgia's standalone Net Loan Book increased by 32.4% y-o-y to GEL 2,441.9 million (up 11.0% YTD) driven by 41.1% y-o-y increase of the Corporate Net Loan Book to GEL 1,356.6 million (up 13.7% YTD) and 25.0% y-o-y growth of Retail Net Loan Book to GEL 1,061.2 million (up 9.4% YTD). On a quarterly basis, the standalone Net Loan Book increased by 10.2% q-o-q, up 11.0% YTD. Standalone NPLs stood at GEL 99.1 million and represented 3.9% of the total gross loan book, largely flat compared to the same ratio of 3.8% in Q1 2011, when the NPLs amounted to GEL 87.6 million on a standalone basis.

As of the Q2 2011, the standalone Client Deposits amounted to GEL 2,070.4 million, representing an increase of GEL 103.9 million, or 5.3% during Q2 2011, up GEL 728.0 million, or 54.2% y-o-y (up 14.8% YTD). The growth was primarily driven by the Retail and CB Client Deposits, which grew 9.9% q-o-q, 49.4% y-o-y, 2.8% q-o-q and 60.6% y-o-y, respectively. Wealth Management Client Deposits were up 4.7% q-o-q and 44.1% y-o-y.

As of 30 June 2011 Bank of Georgia on a standalone basis held market shares in Georgia of 36.1%, 36.0%, and 34.6% by total assets, gross loans, and client deposits, respectively. Since 30 June 2010, the Bank gained market shares of 1.0% by assets, 3.0% by gross loans and 4.9% by client deposits <sup>11</sup>. The market shares grew 3.1% by assets, 4.1% by loans and 6.3% by client deposits, since 31 December 2009.

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

### Retail Banking (RB)

<i>GEL millions, unless otherwise noted</i>	Q2 2011	Q1 2011	Q2 2010	Change Q-O-Q	Change Y-O-Y	1H 2011	1H 2010	Change Y-O-Y
Total operating income (Revenue)	51.4	42.5	37.2	20.9%	38.4%	94.0	69.9	34.3%
Total recurring operating costs	23.7	21.9	21.0	8.3%	12.6%	45.5	41.2	10.4%
Net income / (Loss)	29.4	21.3	2.0	37.8%	NMF	50.7	4.1	NMF
Loans to clients, gross	1,100.2	1,008.9	929.6	9.1%	18.3%			
Loans to clients, net	1,061.2	969.6	849.0	9.4%	25.0%			
Client deposits	670.1	609.5	448.6	9.9%	49.4%			

### Discussion of results

In Q2 2011, RB Revenues increased 20.9% q-o-q (up 38.4% y-o-y) to GEL 51.4 million, driven predominantly by the 17.5% q-o-q increase in RB Net Interest Income to GEL 36.9 million (up 40.3% y-o-y). RB Interest Expense declined by 1.8% q-o-q to GEL 27.6 million, while RB Interest Income increased 8.4% q-o-q to GEL 64.5 million. RB Loan Yield Excluding Provisions grew from 21.2% in Q1 2011 to 21.6% in Q2 2011. RB Net Non-Interest Income during the quarter increased by 30.7% q-o-q (up 33.9% y-o-y) to GEL 14.5 million, mostly driven by 29.6% q-o-q increase of RB Net Fee and Commission Income to GEL 11.0 million, up 31.0% y-o-y. RB Recurring Operating Costs increased by 8.3% q-o-q to GEL 23.7 million (up 12.6% y-o-y). RB Net Provision Reversal in Q2 2011 amounted to GEL 50 thousand, compared to the Net Provision Reversal of GEL 4.4 million in Q1 2011. RB Net Income for Q2 2011 amounted to GEL 29.4 million, contributing 52.3% to the standalone Net Income.

On a YTD basis, RB Revenues increased 34.3% y-o-y to GEL 94.0 million, driven predominantly by the 37.0% y-o-y increase in RB Net Interest Income to GEL 68.4 million and 24.8% y-o-y growth of Net Fee and Commission income to GEL 19.6 million. In 1H 2011, RB Recurring Operating Costs grew by 10.4% y-o-y to GEL 45.5 million, leading to the 86.5% y-o-y increase of RB Profit Before Provisions. The Net Provision Reversal for RB in 1H 2011 reached GEL 4.4 million, compared to the Net Provision Expense of GEL 22.0 million in 1H 2010.

RB Net Loans of GEL 1,061.2 million, increased by 9.4% q-o-q up 25.0% y-o-y and up 9.4% YTD. RB Client Deposits grew 9.9% q-o-q and 49.4% y-o-y to GEL 670.1 million, driven primarily by the growth of time deposits.

### Highlights

- Issued 71,646 debit cards, up 69.3% q-o-q, in Q2 2011 bringing the total debit cards outstanding to 500,993
- Issued 15,504 credit cards in Q2 2011 of which 9,897 were American Express cards. A total of 78,024 American Express cards were issued since the launch in November 2009. The total number of credit cards outstanding amounted to 109,706 as of 30 June 2011.
- Outstanding number of RB clients reached 862,369, up 2.0% q-o-q and up 8.7% y-o-y.
- Acquired 484 new clients in the Solo business line, mass affluent sub-brand, in Q2 2011, of which 150 new clients joined in Q2 2011. As of 30 June 2011, the number of the Solo clients reached 3,094. Introduced Premium Deposit for Solo Clients.
- Number of SMS Loans available for the payroll clients through ATMs, launched in Q4 2010, amounted to 11,586 and aggregate SMS loans outstanding reached GEL 36.7 million as of 30 June 2011.
- Increased Point of Sales (POS) footprint: As of 30 June 2011, 135 desks at 242 contracted merchants, up from 99 desks and 99 merchants at the end of Q4 2010 when the Bank re-entered POS market. POS loans outstanding reached GEL 10.5 million.

<sup>11</sup> All data according to the NBS as of 30 June 2011

- Increased acquiring business footprint, as Point-of-sales terminals reached 2,630 at 1,212 merchants, up from 2,330 and 1,112, respectively in 31 December 2010.
- RB Loan Yield Excluding Provisions amounted to 21.6% in Q2 2011 (21.2% in Q1 2011) and RB Deposit Yield amounted to 6.5% in Q2 2011 (7.2% in Q1 2011).
- Consumer loan originations of GEL 164.0 million (up 150.9% q-o-q and up 155.0% y-o-y) resulted in consumer loans outstanding in the amount of GEL 238.5 million as of 30 June 2011, up 82.2% y-o-y, up 41.2% q-o-q.
- Micro loan originations of GEL 114.1 million (up 22.1% q-o-q and up 59.2% y-o-y) resulted in micro loans outstanding in the amount of GEL 274.0 million as of 30 June 2011, up 74.6% y-o-y, up 10.1% q-o-q
- Mortgage loan originations of GEL 43.0 million (up 54.7% q-o-q and down 6.4% y-o-y) resulted in mortgage loans outstanding in the amount of GEL 340.4 million as of 30 June 2011, down 10.0% y-o-y and down 1.9% q-o-q.
- SME loan originations of GEL 19.6 million (up 18.8% q-o-q and up 5.4% YTD) resulted in SME loans outstanding in the amount of GEL 44.0 million as of 30 June 2011, up 40.6% YTD and up 22.2% q-o-q.

### Corporate Banking (CB)

<i>GEL millions, unless otherwise noted</i>	Q2 2011	Q1 2011	Q2 2010	Change Q-O-Q	Change Y-O-Y	1H 2011	1H 2010	Change Y-O-Y
Total operating income (Revenue)	33.6	33.8	31.2	-0.6%	7.7%	67.4	56.5	19.3%
Total recurring operating costs	12.7	11.4	10.6	11.4%	19.9%	24.0	20.1	19.8%
Net income	25.8	9.2	22.6	180.5%	14.0%	35.0	31.0	12.8%
Loans to clients, gross	1,436.4	1,286.9	1,015.5	11.6%	41.4%			
Loans to clients, net	1,356.6	1,209.5	961.2	12.2%	41.1%			
Client deposits	1,095.9	1,066.2	682.5	2.8%	60.6%			

### Discussion of results

CB Revenues decreased 0.6% q-o-q to GEL 33.6 million (up 7.7% y-o-y), driven by the 9.8% q-o-q decrease of Net Interest Income to GEL 20.0 million (down 7.7% y-o-y). CB Interest Expense grew 9.7% q-o-q to GEL 33.5 million (up 43.8% y-o-y) as both CB deposits and CB deposit yields rose during the period. CB Interest Income grew 1.5% q-o-q to GEL 53.5 million, up 18.9% y-o-y. CB Net Non-Interest income increased 17.0% q-o-q (up 42.8% y-o-y) a result of the 23.1% q-o-q increase in CB Net Fee and Commission Income to GEL 1.6 million (up 9.8% y-o-y) and 29.6% q-o-q increase in CB Net Foreign Currency related income to GEL 8.4 million (up 53.1% y-o-y). CB Income from Documentary Operations decreased by 8.2% q-o-q to GEL 3.0 million (up 42.4% y-o-y). CB Recurring Operating Costs amounted to GEL 12.7 million, a 11.4% increase q-o-q and 19.9% increase y-o-y. CB Net Provision Reversal for the quarter amounted to GEL 1.5 million, a decrease compared to the Net Provision Expense of GEL 10.2 million in Q1 2011. CB Net Income for Q2 2011 amounted to GEL 25.8 million, contributing 45.9% to the standalone Net Income for the quarter.

On a YTD basis, CB Revenues increased 19.3% y-o-y to GEL 67.4 million, driven predominantly by the 6.2% y-o-y increase in CB Net Interest Income to GEL 42.2 million and 61.0% y-o-y growth of Net Foreign Currency Related Income to GEL 14.9 million. 1H 2011 CB Recurring Operating Costs grew by 19.8% y-o-y to GEL 24.0 million and CB Profit Before Provisions increased by 30.2% y-o-y. The Net Provision Expense for CB in 1H 2010 reached GEL 8.8 million as compared to Net Provision Reversal of GEL 0.7 million in 1H 2010.

CB net loans increased 12.2% q-o-q to GEL 1,356.6 million (up 41.1% y-o-y and up 13.7% YTD), while CB Client Deposits grew 60.6% y-o-y to GEL 1,095.9 million, up 2.8% q-o-q and up 8.9% YTD.

### Highlights

- CB Loan Yield Excluding Provisions amounted to 14.1% in Q2 2011 (vs. 16.8% in Q2 2010). CB Deposit Yield increased to 7.1% in Q2 2011 up from 6.1% in Q1 2011, as the share of higher yielding GEL denominated CB deposits in total CB client deposit portfolio increase from 46.9% to 56.3% during the quarter.
- The number of corporate clients using the Bank's payroll services increased from 1,890 as of Q1 2011 to 2,044 in Q2 2011. As of 30 June 2011, the number of individual clients serviced through the corporate payroll programs administered by the Bank amounted to 169,169.

**Wealth Management (WM)**

<i>GEL millions, unless otherwise noted</i>	Q2 2011	Q1 2011	Q2 2010	Change Q-O-Q	Change Y-O-Y
Total operating income (Revenue)	1.4	1.9	0.8	-26.0%	83.5%
Total recurring operating costs	0.9	1.0	0.9	-14.3%	-3.5%
Net income / (Loss)	1.0	1.0	(0.2)	7.6%	NMF
Loans to clients, gross	25.5	37.7	36.3	-32.5%	-29.9%
Loans to clients, net	24.1	36.1	33.7	-33.1%	-28.5%
Client deposits	304.4	290.8	211.2	4.7%	44.1%

*Discussion of results*

WM Client Deposits continued to grow reaching GEL 304.4 million, up 4.7% q-o-q, up 44.1% y-o-y and up 16.3% YTD, while WM Net Loan Book decreased 33.1% q-o-q to GEL 24.1 million. WM Client Deposits from non-resident clients continued to grow during the quarter, reaching GEL 202.8 million by Q2 2011, (up 2.6% q-o-q). Client Deposits from non-resident clients accounted for 66.6% of Total WM Client Deposits as of 30 June 2011 and accounted for 9.8% of total Client Deposits.

On a YTD basis, WM Revenues increased by 59.1% y-o-y to GEL 3.3 million, driven predominantly by the 97.2% y-o-y increase in WM Net Interest Income to GEL 2.7 million that more than offset the 18.3% y-o-y decline of Net Non-Interest Income. 1H 2011 WM Recurring Operating Costs declined by 3.5% y-o-y to GEL 1.9 million, leading to the WM Profit Before Provisions of GEL 1.4 million compared to the WM Pre-Provision Profit of GEL 99 thousand in 1H 2010. The Net Provision Reversal for WM in 1H 2011 reached GEL 732 thousand compared to the Net Provision Reversal of GEL 2.5 million in 1H 2010.

**Insurance & Healthcare**

<i>GEL millions, unless otherwise noted</i>	Q2 2011	Q1 2011	Q2 2010	Change Q-O-Q	Change Y-O-Y
Total operating income (Revenue)	4.0	4.9	4.8	-18.3%	-15.3%
Total recurring operating costs	3.2	3.3	3.6	-2.5%	-10.5%
Net income	1.2	1.2	0.9	-	35.8%
Gross premiums written	17.8	18.7	16.8	-5.0%	6.0%

*Discussion of results*

Standalone Revenue of Aldagi BCI (ABCI), the Bank's wholly-owned insurance subsidiary, declined 15.3% y-o-y to GEL 4.0 million, (down 18.3% q-o-q), largely due to the increase in claims costs in Q2 2011. ABCI standalone Gross Premiums Written were down 5.0% q-o-q to GEL 17.8 million, up 6.0% y-o-y. Standalone Operating Costs of GEL 3.2 million were down 2.5% q-o-q (down 10.5% y-o-y). ABCI's Combined Ratio, increased from 89.7% in Q2 2010 to 92.8% in Q2 2011. ABCI's Q2 2011 Net Income of GEL 1.2 million was flat q-o-q, up 35.8% y-o-y.

Total Assets amounted to GEL 94.9 million, while Total Liabilities reached GEL 70.4 million as at 30 June 2011.

*Highlights*

- ROAE<sup>1</sup> for the quarter amounted to 20.9% in Q2 2011, compared to the 19.7% ROAE<sup>1</sup> of the same period last year.
- Launched flagship health insurance product, MediCard that has been integrated with ABCI's outpatient clinic network. Since the launch in May 2011, outstanding MediCards have amounted to 5,647.

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

<i>GEL millions, unless otherwise noted</i>	Q2 2011	Q1 2011	Q2 2010	Change Q-O-Q	Change Y-O-Y
Total operating income (Revenue)	5.7	4.2	3.0	37.7%	92.5%
Total recurring operating costs	3.4	3.1	2.0	9.9%	71.0%
Net income	4.1	0.8	0.6	NMF	NMF
Loans to clients gross	59.3	84.1	41.8	-29.5%	41.8%
Loans to clients, net	56.6	83.2	39.7	-32.0%	42.3%
Client deposits	36.3	37.1	15.7	-2.2%	131.3%



*Discussion of results*

The Q2 2011 results of BNB reflect the impact of 40.1% BYR devaluation against GEL during the quarter. Q2 2011 BNB's Total Operating Income increased to GEL 5.7 million, up 37.7% q-o-q (up 92.5% y-o-y). This was mainly driven by the 67.9% q-o-q increase in Net Non-Interest Income to GEL 2.4 million a result of the 79.6% q-o-q increase in Net Foreign Currency Related income to GEL 1.6 million, (mainly related to the devaluation of currency in Q2 2011), and 49.2% q-o-q increase in Net Fee and Commission Income to GEL 704 thousand. BNB's Net Income from Documentary Operation grew by 3.2% q-o-q to GEL 52 thousand (up 101.7% y-o-y). BNB's Net Interest Income increased 21.4% q-o-q to GEL 3.3 million (up 39.6% y-o-y) as Interest Income increased by 34.2% q-o-q to GEL 4.3 million and Interest Expense increased by 104.4% to GEL 1.0 million. In Q2 2011, BNB's Recurring Costs increased 9.9% q-o-q to GEL 3.4 million. BNB's Net Provision Expense for the quarter amounted to GEL 3.4 million as compared to the Net Provision Expense of GEL 71 thousand in Q1 2011. BNB posted Net Income of GEL 4.1 million as compared to Net Income of GEL 753 thousand in Q1 2011 and Net Income of GEL 571 thousand in Q2 2010.

In Q2 2011 BNB's Gross Loans decreased by 29.5% q-o-q to GEL 59.3 million, up 41.8% y-o-y. On 30 June 2011, Total Assets stood at GEL 137.3 million, up 15.1% q-o-q and up 51.8% y-o-y. Client Deposits amounted to GEL 36.3 million, down 2.2% q-o-q. The decline in Balance Sheet items was due to the devaluation of BYR against GEL.

*Highlights*

- Increased the number of SME and corporate clients by 46.7% y-o-y to 1,843 as of 30 June 2011.
- Increased the number of corporate clients using the BNB's payroll services by 14.7% q-o-q to 297 as of 30 June 2011.

**Comment:**

“We are delighted to report strong Q2 2011 results that benefited from the healthy growth of the Bank's loan book, the continued inflow of client deposits, overall growth in business activity, low cost of risk and improved efficiency. The healthy growth of nearly all Revenue items and the controlled growth of operating costs enabled us maintain strong operating leverage. The Bank's consolidated operating leverage, one of the key metrics followed by the management, amounted to 12.5% in Q2 2011 and 16.6% in 1H 2011 on a year-on-year basis. As demand picked up from both corporate and retail clients, the loan growth accelerated in Q2, with consolidated net loan book reaching GEL 2,439.9, or 11.0% year-to-date increase, while loan yield increased from 17.4% in Q1 2011 to 17.6% in Q2 2011. The Bank's Net Interest Margin grew to 7.3% in Q2 2011 compared to the NIM of 7.0% in Q1 2011, mostly a result of increased loan demand. Cost of risk improved on lower provisions and continued strong recovery, as net provisions charges declined to GEL 2.1 million in Q2 2011 from GEL 5.2 million in Q1 2011. In addition, the changes in the tax treatment of certain items resulted in a one-off net tax benefit of approximately GEL 5.3 million. All this translated into record high quarterly Net Income of GEL 46.9 million, increase of 53.5% q-o-q and 139.4% y-o-y.

Continued inflows of clients' funds and the Bank's excess liquidity during the quarter enabled us to further decrease our outstanding 2012 US\$200 million Eurobonds through buy-backs. As a result, as of 30 June 2011, the Bank's Eurobonds outstanding stood at U.S.\$70.1 million”, commented *Giorgi Chiladze*, Deputy Chief Executive Officer, Finance.

## STANDALONE Q2 2011 SEGMENT INCOME STATEMENT DATA

<i>GEL millions, unless otherwise noted</i>	CB		RB		WM		CC/ Eliminations		Total	
	Q2 '11	Q2 '10	Q2 '11	Q2 '10	Q2 '11	Q2 '10	Q2 '11	Q2 '10	Q2 '11	Q2 '10
Interest Income	53.5	45.0	64.5	49.5	8.6	6.0	(7.8)	(4.5)	118.8	96.0
Interest Expense	33.5	23.3	27.6	23.2	7.6	5.6	(7.8)	(4.5)	60.8	47.6
Net Interest Income	20.0	21.7	36.9	26.3	1.0	0.4	-	-	58.0	48.4
Net Non-Interest Income	13.6	9.5	14.5	10.8	0.3	0.4	-	-	28.5	20.8
Total Operating Income (Revenue)	33.6	31.2	51.4	37.2	1.4	0.8	-	-	86.4	69.1
Total Recurring Operating Costs	12.7	10.6	23.7	21.0	0.9	0.9	-	-	37.2	32.5
Normalized Net Operating Income / (Loss)	21.0	20.7	27.8	16.1	0.5	(0.1)	-	-	49.2	36.6
Net Non-Recurring Income / (Costs)	3.5	(0.5)	2.0	(1.4)	0.0	0.0	-	-	5.5	(1.8)
Net Provision Expense / (Reversal)	(1.5)	(6.1)	(0.1)	12.6	(0.4)	0.0	-	-	(1.9)	6.5
Net Income / (Loss)	25.8	22.6	29.4	2.0	1.0	(0.2)	-	-	56.2	24.4

## STANDALONE 1H 2011 SEGMENT INCOME STATEMENT DATA

<i>GEL millions, unless otherwise noted</i>	CB		RB		WM		CC/ Eliminations		Total	
	1H '11	1H '10	1H '11	1H '10	1H '11	1H '10	1H '11	1H '10	1H '11	1H '10
Interest Income	106.2	84.5	124.0	95.3	17.0	11.9	(15.0)	(8.3)	232.2	183.4
Interest Expense	64.0	44.8	55.7	45.4	14.3	10.5	(15.0)	(8.3)	119.0	92.5
Net Interest Income	42.2	39.7	68.4	49.9	2.7	1.4	-	-	113.2	91.0
Net Non-Interest Income	25.3	16.8	25.6	20.1	0.6	0.7	-	-	51.4	37.5
Total Operating Income (Revenue)	67.4	56.5	94.0	69.9	3.3	2.0	-	-	164.6	128.5
Total Recurring Operating Costs	24.0	20.1	45.5	41.2	1.9	1.9	-	-	71.4	63.2
Normalized Net Operating Income / (Loss)	43.4	36.4	48.4	28.7	1.4	0.1	-	-	93.2	65.3
Net Non-Recurring Income / (Costs)	2.7	(1.0)	1.3	(2.0)	0.0	(0.0)	-	-	4.1	(3.1)
Net Provision Expense / (Reversal)	8.8	(0.7)	(4.4)	22.0	(0.7)	(2.5)	-	-	3.6	18.8
Net Income / (Loss)	35.0	31.0	50.7	4.1	2.0	2.2	-	-	87.7	37.2

## STANDALONE Q2 2011 SEGMENT BALANCE SHEET DATA

<i>GEL millions, unless otherwise noted</i>	CB		RB		WM		CC/ Eliminations		Total	
	Q2 '11	Q2 '10	Q2 '11	Q2 '10	Q2 '11	Q2 '10	Q2 '11	Q2 '10	Q2 '11	Q2 '10
Loans To Clients, Gross	1,436	1,016	1,100	930	26	36	-	-	2,562	1,982
Loans To Clients, Net	1,357	961	1,061	849	24	34	-	-	2,442	1,844
Total Assets	1,976	1,445	1,847	1,513	28	42	162	333	4,013	3,333
Client Deposits	1,096	683	670	449	304	211	-	-	2,070	1,342
Total Liabilities	1,635	1,250	1,296	1,075	304	211	-	-	3,235	2,536
Total Shareholders' Equity	345	244	265	211	6	10	162	333	778	797
Total Liabilities And Shareholders' Equity	1,980	1,493	1,560	1,286	311	221	162	333	4,013	3,333

## CONSOLIDATED Q2 2011 INCOME STATEMENT

Period ended	Q2 2011		Q1 2011		Q2 2010		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>Consolidated, IFRS - based</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>			
<i>000s Unless otherwise noted</i>								
Interest Income	72,531	120,873	68,891	117,521	56,565	104,317	2.9%	15.9%
Interest Expense	36,544	60,900	35,540	60,628	28,557	52,664	0.4%	15.6%
<b>Net Interest Income</b>	<b>35,987</b>	<b>59,973</b>	<b>33,351</b>	<b>56,893</b>	<b>28,008</b>	<b>51,653</b>	<b>5.4%</b>	<b>16.1%</b>
Fees & Commission Income	10,841	18,066	9,384	16,009	7,473	13,782	12.8%	31.1%
Fees & Commission Expense	1,835	3,058	2,357	4,020	1,585	2,923	-23.9%	4.6%
<b>Net Fees &amp; Commission Income</b>	<b>9,006</b>	<b>15,008</b>	<b>7,028</b>	<b>11,989</b>	<b>5,888</b>	<b>10,859</b>	<b>25.2%</b>	<b>38.2%</b>
Income From Documentary Operations	2,266	3,777	2,253	3,844	1,427	2,632	-1.7%	43.5%
Expense On Documentary Operations	205	341	200	341	260	480	0.0%	-29.0%
<b>Net Income From Documentary Operations</b>	<b>2,062</b>	<b>3,436</b>	<b>2,053</b>	<b>3,503</b>	<b>1,167</b>	<b>2,152</b>	<b>-1.9%</b>	<b>59.7%</b>
<b>Net Foreign Currency Related Income</b>	<b>8,056</b>	<b>13,426</b>	<b>5,601</b>	<b>9,554</b>	<b>4,797</b>	<b>8,846</b>	<b>40.5%</b>	<b>51.8%</b>
Net Insurance Income / (Loss)	2,207	3,678	2,731	4,659	1,704	3,142	-21.1%	17.1%
Brokerage And Investments Banking Income	768	1,280	206	351	11	20	NMF	NMF
Asset Management Income	35	58	35	60	29	53	-3.3%	9.4%
Net Investment Gains / (Losses)	- 53	(88)	71	121	88	162	NMF	NMF
Other Operating Income	2,992	4,986	2,323	3,962	2,373	4,377	25.8%	13.9%
<b>Net Other Non-Interest Income</b>	<b>5,949</b>	<b>9,914</b>	<b>5,365</b>	<b>9,153</b>	<b>4,205</b>	<b>7,754</b>	<b>8.3%</b>	<b>27.9%</b>
<b>Net Non-Interest Income</b>	<b>25,073</b>	<b>41,784</b>	<b>20,047</b>	<b>34,199</b>	<b>16,056</b>	<b>29,611</b>	<b>22.2%</b>	<b>41.1%</b>
<b>Total Operating Income (Revenue)</b>	<b>61,060</b>	<b>101,757</b>	<b>53,398</b>	<b>91,092</b>	<b>44,065</b>	<b>81,264</b>	<b>11.7%</b>	<b>25.2%</b>
Personnel Costs	16,521	27,533	15,058	25,688	14,068	25,945	7.2%	6.1%
Selling, General & Administrative Expenses	5,552	9,253	5,564	9,491	4,822	8,892	-2.5%	4.1%
Procurement & Operations Support Expenses	2,376	3,959	2,001	3,413	1,793	3,306	16.0%	19.8%
Depreciation And Amortization	3,981	6,635	3,581	6,109	3,547	6,542	8.6%	1.4%
Other Operating Expenses	1,354	2,257	1,508	2,572	997	1,839	-12.2%	22.7%
<b>Total Recurring Operating Costs</b>	<b>29,785</b>	<b>49,637</b>	<b>27,711</b>	<b>47,273</b>	<b>25,227</b>	<b>46,524</b>	<b>5.0%</b>	<b>6.7%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>31,275</b>	<b>52,120</b>	<b>25,687</b>	<b>43,819</b>	<b>18,837</b>	<b>34,740</b>	<b>18.9%</b>	<b>50.0%</b>
Net Non-Recurring Income / (Costs)	(670)	(1,117)	(1,341)	(2,287)	812	1,498	NMF	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>30,605</b>	<b>51,003</b>	<b>24,346</b>	<b>41,532</b>	<b>19,650</b>	<b>36,238</b>	<b>22.8%</b>	<b>40.7%</b>
Net Provision Expense	1,254	2,089	3,020	5,151	6,830	12,595	-59.4%	-83.4%
<b>Pre-Tax Income / (Loss)</b>	<b>29,351</b>	<b>48,914</b>	<b>21,327</b>	<b>36,381</b>	<b>12,820</b>	<b>23,643</b>	<b>34.4%</b>	<b>106.9%</b>
Income Tax Expense / (Benefit)	1,210	2,017	3,415	5,826	2,198	4,053	-65.4%	-50.2%
<b>Net Income / (Loss) from Continuing Operations</b>	<b>28,141</b>	<b>46,897</b>	<b>17,911</b>	<b>30,555</b>	<b>10,622</b>	<b>19,590</b>	<b>53.5%</b>	<b>139.4%</b>
Net Loss from Discontinued Operations	-	-	(8,033)	(13,704)	-	-	-100.0%	NMF
<b>Net Income / (Loss)</b>	<b>-</b>	<b>-</b>	<b>9,878</b>	<b>16,851</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7059 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 2011

<sup>3</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 Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

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

## CONSOLIDATED 1H INCOME STATEMENT

Period ended	1H 2011		1H 2010		Change <sup>4</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>3</sup>	GEL	
<b>Consolidated, IFRS - based</b>					
<i>000s Unless otherwise noted</i>					
		(Unaudited)		(Unaudited)	
Interest Income	143,051	238,394	108,092	199,344	19.6%
Interest Expense	72,924	121,528	55,548	102,441	18.6%
<b>Net Interest Income</b>	<b>70,127</b>	<b>116,866</b>	<b>52,545</b>	<b>96,903</b>	<b>20.6%</b>
Fees & Commission Income	20,447	34,075	14,639	26,997	26.2%
Fees & Commission Expense	4,247	7,078	3,156	5,820	21.6%
<b>Net Fees &amp; Commission Income</b>	<b>16,200</b>	<b>26,997</b>	<b>11,483</b>	<b>21,177</b>	<b>27.5%</b>
Income From Documentary Operations	4,573	7,621	2,868	5,289	44.1%
Expense On Documentary Operations	409	682	521	960	-29.0%
<b>Net Income From Documentary Operations</b>	<b>4,164</b>	<b>6,939</b>	<b>2,347</b>	<b>4,329</b>	<b>60.3%</b>
<b>Net Foreign Currency Related Income</b>	<b>13,789</b>	<b>22,980</b>	<b>8,777</b>	<b>16,186</b>	<b>42.0%</b>
Net Insurance Income / (Loss)	5,003	8,337	3,959	7,301	14.2%
Brokerage And Investments Banking Income	979	1,631	129	237	NMF
Asset Management Income	71	118	52	95	24.2%
Net Investment Gains / (Losses)	20	33	1,156	2,131	-98.5%
Other Operating Income	5,369	8,948	4,761	8,781	1.9%
<b>Net Other Non-Interest Income</b>	<b>11,441</b>	<b>19,067</b>	<b>10,056</b>	<b>18,545</b>	<b>2.8%</b>
<b>Net Non-Interest Income</b>	<b>45,594</b>	<b>75,983</b>	<b>32,663</b>	<b>60,237</b>	<b>26.1%</b>
<b>Total Operating Income (Revenue)</b>	<b>115,721</b>	<b>192,849</b>	<b>85,208</b>	<b>157,140</b>	<b>22.7%</b>
Personnel Costs	31,936	53,221	26,747	49,326	7.9%
Selling, General & Administrative Expenses	11,248	18,744	10,137	18,695	0.3%
Procurement & Operations Support Expenses	4,424	7,372	3,694	6,813	8.2%
Depreciation And Amortization	7,647	12,744	7,154	13,193	-3.4%
Other Operating Expenses	2,898	4,829	2,579	4,756	1.5%
<b>Total Recurring Operating Costs</b>	<b>58,152</b>	<b>96,910</b>	<b>50,311</b>	<b>92,783</b>	<b>4.4%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>57,569</b>	<b>95,939</b>	<b>34,897</b>	<b>64,357</b>	<b>49.1%</b>
Net Non-Recurring Income / (Costs)	(2,043)	(3,404)	(959)	(1,768)	92.5%
<b>Profit / (Loss) Before Provisions</b>	<b>55,527</b>	<b>92,535</b>	<b>33,938</b>	<b>62,589</b>	<b>47.8%</b>
Net Provision Expense	4,344	7,240	10,820	19,955	-63.7%
<b>Pre-Tax Income / (Loss)</b>	<b>51,182</b>	<b>85,295</b>	<b>23,118</b>	<b>42,634</b>	<b>100.1%</b>
Income Tax Expense / (Benefit)	4,706	7,843	3,410	6,289	24.7%
<b>Net Income / (Loss) from Continuing Operations</b>	<b>46,476</b>	<b>77,452</b>	<b>19,708</b>	<b>36,345</b>	<b>113.1%</b>
Net Loss from Discontinued Operations	(8,033)	(13,704)	-	-	NMF
<b>Net Income / (Loss)</b>	<b>38,443</b>	<b>63,748</b>	<b>-</b>	<b>-</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</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>3</sup> Change calculations based on GEL values

## CONSOLIDATED Q2 2011 BALANCE SHEET

Period ended	Q2 2011		Q1 2011		Q2 2010		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>		<i>(Unaudited)</i>			
Cash And Cash Equivalents	71,867	119,767	91,443	155,992	80,078	147,679	-23.2%	-18.9%
Loans And Advances To Credit Institutions	316,056	526,708	394,975	673,788	206,672	381,144	-21.8%	38.2%
Mandatory Reserves With NBG / NBU / NBRB	172,550	287,554	170,592	291,013	27,333	50,408	-1.2%	NMF
Other Accounts With NBG / NBU / NBRB	47,945	79,900	22,232	37,925	3,248	5,990	110.7%	NMF
Balances With And Loans To Other Banks	95,562	159,254	202,151	344,850	176,090	324,746	-53.8%	-51.0%
Investment Securities: AFS & Trading Securities	243,131	405,177	213,055	363,450	19,239	35,480	11.5%	NMF
Investment Securities: HTM, Treasuries	-	-	-	-	145,450	268,238	-	-100.0%
Loans To Clients, Gross	1,537,632	2,562,464	1,384,180	2,361,272	1,181,929	2,179,714	8.5%	17.6%
Less: Reserve For Loan Losses	(73,528)	(122,534)	(69,959)	(119,343)	(106,945)	(197,228)	2.7%	-37.9%
Loans To Clients, Net	1,464,104	2,439,930	1,314,221	2,241,929	1,074,984	1,982,486	8.8%	23.1%
Insurance Related Assets	20,072	33,450	20,404	34,807	18,668	34,427	-3.9%	-2.8%
Investment Property	59,618	99,353	59,396	101,324	53,931	99,459	-1.9%	-0.1%
Investments In Other Business Entities, Net	2,364	3,939	3,942	6,725	2,916	5,378	-41.4%	-26.8%
Property And Equipment Owned, Net	167,074	278,429	165,887	282,986	158,860	292,969	-1.6%	-5.0%
Intangible Assets Owned, Net	13,026	21,708	13,526	23,074	12,669	23,365	-5.9%	-7.1%
Goodwill	33,752	56,248	40,593	69,248	37,496	69,151	-18.8%	-18.7%
Tax Assets, Current And Deferred	12,444	20,738	13,520	23,064	13,489	24,877	-10.1%	-16.6%
Prepayments And Other Assets	70,733	117,877	42,712	72,862	31,959	58,939	61.8%	100.0%
<b>Total Assets</b>	<b>2,474,242</b>	<b>4,123,324</b>	<b>2,373,673</b>	<b>4,049,249</b>	<b>1,856,410</b>	<b>3,423,592</b>	<b>1.8%</b>	<b>20.4%</b>
Client Deposits	1,247,789	2,079,441	1,158,853	1,976,887	806,420	1,487,200	5.2%	39.8%
Deposits And Loans From Banks	103,941	173,218	79,905	136,310	118,411	218,373	27.1%	-20.7%
Borrowed Funds	488,073	813,374	566,135	965,769	512,737	945,589	-15.8%	-14.0%
Issued Fixed Income Securities	89,447	149,063	56,573	96,508	1,980	3,651	54.5%	NMF
Insurance Related Liabilities	27,296	45,488	25,281	43,127	24,076	44,401	5.5%	2.4%
Tax Liabilities, Current And Deferred	14,479	24,130	14,429	24,615	17,264	31,839	-2.0%	-24.2%
Accruals And Other Liabilities	52,114	86,848	40,131	68,459	23,197	42,780	26.9%	103.0%
<b>Total Liabilities</b>	<b>2,023,140</b>	<b>3,371,562</b>	<b>1,941,307</b>	<b>3,311,675</b>	<b>1,504,085</b>	<b>2,773,833</b>	<b>1.8%</b>	<b>21.5%</b>
Share Capital – Ordinary Shares	18,818	31,360	18,010	30,723	16,985	31,324	2.1%	0.1%
Share Premium	287,162	478,556	280,702	478,850	260,397	480,225	-0.1%	-0.3%
Treasury Shares	-857	(1,428)	-828	(1,413)	-754	(1,391)	1.1%	2.7%
Revaluation And Other Reserves	16,839	28,063	35,926	61,287	27,075	49,931	-54.2%	-43.8%
Retained Earnings	76,272	127,107	71,867	122,598	19,624	36,190	3.7%	NMF
Net Income / (Loss) For The Period	38,251	63,745	9,878	16,851	19,708	36,345	NMF	75.4%
Shareholders' Equity Excluding Minority	436,485	727,403	415,555	708,896	343,034	632,624	2.6%	15.0%
Minority Interest	14,617	24,359	16,811	28,678	9,291	17,135	-15.1%	42.2%
<b>Total Shareholders' Equity</b>	<b>451,102</b>	<b>751,762</b>	<b>432,366</b>	<b>737,574</b>	<b>352,325</b>	<b>649,759</b>	<b>1.9%</b>	<b>15.7%</b>
<b>Total Liabilities And Shareholders' Equity</b>	<b>2,474,242</b>	<b>4,123,324</b>	<b>2,373,673</b>	<b>4,049,249</b>	<b>1,856,410</b>	<b>3,423,592</b>	<b>1.8%</b>	<b>20.4%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7059 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 2011

<sup>3</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 Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

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

## STANDALONE Q2 2011 INCOME STATEMENT

Period ended	Q2 2011		Q1 2011		Q2 2010		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>			
Interest Income	71,273	118,776	66,491	113,427	52,034	95,962	4.7%	23.8%
Interest Expense	36,489	60,808	34,106	58,182	25,820	47,618	4.5%	27.7%
<b>Net Interest Income</b>	<b>34,784</b>	<b>57,968</b>	<b>32,385</b>	<b>55,245</b>	<b>26,214</b>	<b>48,344</b>	<b>4.9%</b>	<b>19.9%</b>
Fees & Commission Income	9,932	16,551	8,195	13,980	7,078	13,052	18.4%	26.8%
Fees & Commission Expense	2,259	3,764	2,361	4,028	1,633	3,012	-6.6%	25.0%
<b>Net Fees &amp; Commission Income</b>	<b>7,673</b>	<b>12,787</b>	<b>5,834</b>	<b>9,952</b>	<b>5,444</b>	<b>10,040</b>	<b>28.5%</b>	<b>27.4%</b>
Income From Documentary Operations	2,216	3,692	2,198	3,749	1,401	2,584	-1.5%	42.9%
Expense On Documentary Operations	186	309	178	304	260	480	1.6%	-35.6%
<b>Net Income From Documentary Operations</b>	<b>2,030</b>	<b>3,383</b>	<b>2,019</b>	<b>3,445</b>	<b>1,141</b>	<b>2,104</b>	<b>-1.8%</b>	<b>60.8%</b>
<b>Net Foreign Currency Related Income</b>	<b>6,999</b>	<b>11,665</b>	<b>5,280</b>	<b>9,007</b>	<b>4,248</b>	<b>7,835</b>	<b>29.5%</b>	<b>48.9%</b>
<b>Net Other Non-Interest Income</b>	<b>384</b>	<b>639</b>	<b>326</b>	<b>557</b>	<b>431</b>	<b>795</b>	<b>14.7%</b>	<b>-19.6%</b>
<b>Net Non-Interest Income</b>	<b>17,086</b>	<b>28,474</b>	<b>13,460</b>	<b>22,961</b>	<b>11,265</b>	<b>20,774</b>	<b>24.0%</b>	<b>37.1%</b>
<b>Total Operating Income (Revenue)</b>	<b>51,870</b>	<b>86,442</b>	<b>45,844</b>	<b>78,206</b>	<b>37,479</b>	<b>69,119</b>	<b>10.5%</b>	<b>25.1%</b>
Personnel Costs	12,610	21,015	10,928	18,642	9,337	17,219	12.7%	22.0%
Selling, General & Administrative Expenses	3,629	6,048	3,883	6,623	3,059	5,642	-8.7%	7.2%
Procurement & Operations Support Expenses	2,060	3,433	1,685	2,874	1,417	2,614	19.5%	31.3%
Depreciation And Amortization	3,444	5,739	2,935	5,006	3,004	5,540	14.6%	3.6%
Other Operating Expenses	581	967	639	1,090	793	1,462	-11.3%	-33.9%
<b>Total Recurring Operating Costs</b>	<b>22,324</b>	<b>37,203</b>	<b>20,069</b>	<b>34,236</b>	<b>17,610</b>	<b>32,477</b>	<b>8.7%</b>	<b>14.6%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>29,546</b>	<b>49,239</b>	<b>25,775</b>	<b>43,969</b>	<b>19,869</b>	<b>36,642</b>	<b>12.0%</b>	<b>34.4%</b>
Net Non-Recurring Income / (Costs)	3,291	5,484	(833)	(1,421)	(998)	(1,840)	NMF	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>32,837</b>	<b>54,723</b>	<b>24,942</b>	<b>42,548</b>	<b>18,871</b>	<b>34,802</b>	<b>28.6%</b>	<b>57.2%</b>
Net Provision Expense	(1,164)	(1,940)	3,267	5,573	3,546	6,540	NMF	NMF
<b>Pre-Tax Income / (Loss)</b>	<b>34,001</b>	<b>56,663</b>	<b>21,675</b>	<b>36,975</b>	<b>15,325</b>	<b>28,262</b>	<b>53.2%</b>	<b>100.5%</b>
Income Tax Expense / (Benefit)	256	426	3,211	5,478	2,077	3,831	-92.2%	-88.9%
<b>Net Income / (Loss) from Continuing Operations</b>	<b>33,745</b>	<b>56,237</b>	<b>18,464</b>	<b>31,497</b>	<b>13,248</b>	<b>24,431</b>	<b>78.5%</b>	<b>130.2%</b>
Net Loss from Discontinued Operations	-	-	(8,033)	(13,704)	-	-	-100.0%	NMF
<b>Net Income / (Loss)</b>	<b>-</b>	<b>-</b>	<b>10,431</b>	<b>17,793</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7059 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 2011

<sup>3</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 Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

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

## STANDALONE 1H INCOME STATEMENT

Period ended	1H 2011		1H 2010		Change <sup>4</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>3</sup>	GEL	
<b>Consolidated, IFRS – based</b>					
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Interest Income	139,336	232,203	99,462	183,428	26.6%
Interest Expense	71,401	118,990	50,144	92,476	28.7%
<b>Net Interest Income</b>	<b>67,934</b>	<b>113,213</b>	<b>49,317</b>	<b>90,951</b>	<b>24.5%</b>
Fees & Commission Income	18,320	30,531	13,100	24,159	26.4%
Fees & Commission Expense	4,676	7,792	3,048	5,620	38.6%
<b>Net Fees &amp; Commission Income</b>	<b>13,645</b>	<b>22,739</b>	<b>10,052</b>	<b>18,538</b>	<b>22.7%</b>
Income From Documentary Operations	4,466	7,442	2,798	5,160	44.2%
Expense On Documentary Operations	368	614	521	960	-36.0%
<b>Net Income From Documentary Operations</b>	<b>4,097</b>	<b>6,828</b>	<b>2,277</b>	<b>4,200</b>	<b>62.6%</b>
<b>Net Foreign Currency Related Income</b>	<b>12,404</b>	<b>20,672</b>	<b>7,298</b>	<b>13,459</b>	<b>53.6%</b>
<b>Net Other Non-Interest Income</b>	<b>718</b>	<b>1,196</b>	<b>728</b>	<b>1,343</b>	<b>-10.9%</b>
<b>Net Non-Interest Income</b>	<b>30,864</b>	<b>51,435</b>	<b>20,356</b>	<b>37,541</b>	<b>37.0%</b>
<b>Total Operating Income (Revenue)</b>	<b>98,798</b>	<b>164,648</b>	<b>69,674</b>	<b>128,492</b>	<b>28.1%</b>
Personnel Costs	23,797	39,657	17,729	32,695	21.3%
Selling, General & Administrative Expenses	7,603	12,671	6,340	11,693	8.4%
Procurement & Operations Support Expenses	3,785	6,308	2,962	5,463	15.5%
Depreciation And Amortization	6,448	10,746	5,984	11,036	-2.6%
Other Operating Expenses	1,235	2,057	1,276	2,354	-12.6%
<b>Total Recurring Operating Costs</b>	<b>42,868</b>	<b>71,439</b>	<b>34,292</b>	<b>63,241</b>	<b>13.0%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>55,931</b>	<b>93,208</b>	<b>35,382</b>	<b>65,251</b>	<b>42.8%</b>
Net Non-Recurring Income / (Costs)	2,438	4,063	(1,659)	(3,060)	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>58,369</b>	<b>97,271</b>	<b>33,723</b>	<b>62,191</b>	<b>56.4%</b>
Net Provision Expense	2,180	3,633	10,220	18,848	-80.7%
<b>Pre-Tax Income / (Loss)</b>	<b>56,188</b>	<b>93,638</b>	<b>23,502</b>	<b>43,343</b>	<b>116.0%</b>
Income Tax Expense / (Benefit)	3,543	5,904	3,304	6,093	-3.1%
<b>Net Income / (Loss) from Continuing Operations</b>	<b>52,646</b>	<b>87,734</b>	<b>20,198</b>	<b>37,250</b>	<b>135.5%</b>
Net Loss from Discontinued Operations	(8,033)	(13,704)	-	-	NMF
<b>Net Income / (Loss)</b>	<b>44,613</b>	<b>74,030</b>	<b>-</b>	<b>-</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</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>3</sup> Change calculations based on GEL values

## STANDALONE Q2 2011 BALANCE SHEET

Period ended	Q2 2011		Q1 2011		Q4 2010		Q2 2010		Change <sup>5</sup> Q-O-Q	Change <sup>5</sup> YTD	Change <sup>5</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	US\$ <sup>3</sup>	GEL	US\$ <sup>4</sup>	GEL			
<b>Standalone, IFRS-based</b>											
<i>000s Unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>				<i>(Unaudited)</i>				
Cash And Cash Equivalents	59,071	98,442	79,908	136,315	86,021	152,499	62,198	114,706	-27.8%	-35.4%	-14.2%
Loans And Advances To Credit Institutions	302,028	503,330	391,767	668,315	287,306	509,335	216,326	398,949	-24.7%	-1.2%	26.2%
Mandatory Reserves With NBG / NBU / NBRB	172,408	287,319	170,437	290,748	48,886	86,665	24,524	45,228	-1.2%	NMF	NMF
Other Accounts With NBG / NBU / NBRB	46,775	77,951	17,756	30,291	30,997	54,951	423	781	157.3%	41.9%	NMF
Balances With And Loans To Other Banks	82,845	138,061	203,574	347,276	207,423	367,719	191,379	352,940	-60.2%	-62.5%	-60.9%
Investment Securities: AFS & Trading Securities	237,728	396,173	206,040	351,483	158,743	281,420	-	-	12.7%	40.8%	-
Investment Securities: HTM, Treasuries	-	-	-	-	-	-	145,449	268,238	-	-	-100.0%
Loans To Clients, Gross	1,537,379	2,562,042	1,367,891	2,333,485	1,308,820	2,320,276	1,074,458	1,981,515	9.8%	10.4%	29.3%
Less: Reserve For Loan Losses	(72,080)	(120,122)	(69,405)	(118,399)	(67,869)	(120,318)	(74,604)	(137,585)	1.5%	-0.2%	-12.7%
Loans To Clients, Net	1,465,299	2,441,920	1,298,485	2,215,086	1,240,951	2,199,957	999,853	1,843,930	10.2%	11.0%	32.4%
Investment Property	48,609	81,007	47,181	80,485	44,717	79,274	34,125	62,932	0.6%	2.2%	28.7%
Investments In Other Business Entities, Net	97,175	161,942	95,098	162,227	190,588	337,875	180,333	332,570	-0.2%	-52.1%	-51.3%
Property And Equipment Owned, Net	133,826	223,021	133,916	228,448	126,154	223,646	125,472	231,396	-2.4%	-0.3%	-3.6%
Intangible Assets Owned, Net	11,566	19,275	11,972	20,423	9,613	17,043	9,873	18,208	-5.6%	13.1%	5.9%
Goodwill	13,650	22,748	13,335	22,748	12,832	22,748	12,335	22,748	0.0%	0.0%	0.0%
Tax Assets, Current And Deferred	3,569	5,947	7,971	13,597	-	-	3,591	6,622	-56.3%	-	-10.2%
Prepayments And Other Assets	35,326	58,871	21,012	35,844	18,743	33,228	17,591	32,442	64.2%	77.2%	81.5%
<b>Total Assets</b>	<b>2,407,848</b>	<b>4,012,678</b>	<b>2,306,684</b>	<b>3,934,972</b>	<b>2,175,668</b>	<b>3,857,025</b>	<b>1,807,147</b>	<b>3,332,741</b>	<b>2.0%</b>	<b>4.0%</b>	<b>20.4%</b>
Client Deposits	1,242,350	2,070,377	1,152,770	1,966,511	1,017,007	1,802,950	727,870	1,342,338	5.3%	14.8%	54.2%
Deposits And Loans From Banks	85,897	143,148	71,057	121,216	70,988	125,847	104,771	193,219	18.1%	13.7%	-25.9%
Borrowed Funds	479,735	799,478	557,624	951,250	566,069	1,003,527	512,737	945,589	-16.0%	-20.3%	-15.5%
Issued Fixed Income Securities	89,447	149,063	56,573	96,508	12,027	21,321	1,980	3,651	54.5%	NMF	NMF
Tax Liabilities, Current And Deferred	11,796	19,657	12,986	22,152	18,544	32,874	16,251	29,969	-11.3%	-40.2%	-34.4%
Accruals And Other Liabilities	31,786	52,972	23,931	40,824	19,168	33,980	11,602	21,397	29.8%	55.9%	147.6%
<b>Total Liabilities</b>	<b>1,941,011</b>	<b>3,234,695</b>	<b>1,874,941</b>	<b>3,198,462</b>	<b>1,703,801</b>	<b>3,020,499</b>	<b>1,375,211</b>	<b>2,536,164</b>	<b>1.1%</b>	<b>7.1%</b>	<b>27.5%</b>
Share Capital - Ordinary Shares	18,818	31,360	18,379	31,353	17,681	31,345	16,985	31,324	0.0%	0.0%	0.1%
Share Premium	286,642	477,688	280,477	478,465	268,876	476,664	260,537	480,482	-0.2%	0.2%	-0.6%
Treasury Shares	(781)	(1,302)	(746)	(1,272)	(776)	(1,375)	(642)	(1,184)	2.4%	-5.3%	10.0%
Revaluation And Other Reserves	22,752	37,917	29,927	51,052	29,688	52,631	35,591	65,637	-25.7%	-28.0%	-42.2%
Retained Earnings	94,985	158,292	93,275	159,118	104,128	184,597	99,267	183,068	-0.5%	-14.3%	-13.5%
Net Income / (Loss) For The Period	44,421	74,028	10,430	17,793	52,270	92,665	20,198	37,250	NMF	-20.1%	98.7%
<b>Total Shareholders' Equity</b>	<b>466,836</b>	<b>777,983</b>	<b>431,743</b>	<b>736,510</b>	<b>471,867</b>	<b>836,526</b>	<b>431,936</b>	<b>796,577</b>	<b>5.6%</b>	<b>-7.0%</b>	<b>-2.3%</b>
<b>Total Liabilities And Shareholders' Equity</b>	<b>2,407,848</b>	<b>4,012,678</b>	<b>2,306,684</b>	<b>3,934,972</b>	<b>2,175,668</b>	<b>3,857,025</b>	<b>1,807,147</b>	<b>3,332,741</b>	<b>2.0%</b>	<b>4.0%</b>	<b>20.4%</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7059 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 2011

<sup>3</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7728 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 December 2011

<sup>4</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 Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 June 2010

<sup>5</sup> Change calculations based on GEL values



## BNB (BELARUS) 1H 2011 INCOME STATEMENT

Period ended	1H 2011		1H 2010		Change <sup>3</sup> Y-O-Y
	US\$ <sup>1</sup>	GEL	US\$ <sup>2</sup>	GEL	
<b>Standalone, IFRS-based</b>					
<i>000s Unless otherwise noted</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Interest Income	4,480	7,466	2,790	5,146	45.1%
Interest Expense	900	1,500	273	503	198.2%
<b>Net Interest Income</b>	<b>3,580</b>	<b>5,966</b>	<b>2,518</b>	<b>4,643</b>	<b>28.5%</b>
Fees & Commission Income	1,315	2,192	414	764	186.9%
Fees & Commission Expense	609	1,015	75	138	NMF
<b>Net Fees &amp; Commission Income</b>	<b>706</b>	<b>1,177</b>	<b>339</b>	<b>626</b>	<b>88.0%</b>
Income From Documentary Operations	103	172	15	27	NMF
Expense On Documentary Operations	41	68	-	-	-
<b>Net Income From Documentary Operations</b>	<b>62</b>	<b>103</b>	<b>15</b>	<b>27</b>	<b>NMF</b>
<b>Net Foreign Currency Related Income</b>	<b>1,524</b>	<b>2,540</b>	<b>298</b>	<b>550</b>	<b>NMF</b>
<b>Net Other Non-Interest Income</b>	<b>49</b>	<b>81</b>	<b>22</b>	<b>41</b>	<b>97.6%</b>
<b>Net Non-Interest Income</b>	<b>2,341</b>	<b>3,901</b>	<b>675</b>	<b>1,244</b>	<b>NMF</b>
<b>Total Operating Income (Revenue)</b>	<b>5,921</b>	<b>9,867</b>	<b>3,192</b>	<b>5,887</b>	<b>67.6%</b>
Personnel Costs	2,377	3,961	1,165	2,149	84.3%
Selling, General & Administrative Expenses	556	926	245	451	105.3%
Procurement & Operations Support Expenses	588	979	280	517	89.4%
Depreciation And Amortization	196	327	144	265	23.4%
Other Operating Expenses	192	320	211	389	-17.7%
<b>Total Recurring Operating Costs</b>	<b>3,909</b>	<b>6,514</b>	<b>2,045</b>	<b>3,771</b>	<b>72.7%</b>
<b>Normalized Net Operating Income / (Loss)</b>	<b>2,012</b>	<b>3,353</b>	<b>1,147</b>	<b>2,116</b>	<b>58.5%</b>
Net Non-Recurring Income / (Costs)	4,036	6,727	(7)	(12)	NMF
<b>Profit / (Loss) Before Provisions</b>	<b>6,048</b>	<b>10,080</b>	<b>1,141</b>	<b>2,104</b>	<b>NMF</b>
Net Provision Expense	2,072	3,453	356	657	NMF
<b>Pre-Tax Income / (Loss)</b>	<b>3,976</b>	<b>6,627</b>	<b>785</b>	<b>1,447</b>	<b>NMF</b>
Income Tax Expense / (Benefit)	1,042	1,736	183	337	NMF
<b>Net Income / (Loss)</b>	<b>2,935</b>	<b>4,891</b>	<b>602</b>	<b>1,110</b>	<b>NMF</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6665 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 2011

<sup>2</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>3</sup> Change calculations based on GEL values

**KEY RATIOS**

Ratios presented on a consolidated basis, unless otherwise noted

	1H 2011	1H 2010
<b>Profitability Ratios</b>		
ROAA <sup>1</sup> , Annualised	3.8%	2.3%
ROAE <sup>2</sup> , Annualised	21.2%	11.8%
ROAE <sup>2</sup> , Annualised, excluding minority interest	22.0%	12.2%
ROA, Annualised	3.8%	2.1%
ROE, Annualised	20.6%	11.2%
ROE, Annualised, excluding minority interest	21.3%	11.5%
Interest Income / Average Int. Earning Assets Excl. Cash, Annualised <sup>3</sup>	18.0%	19.4%
Interest Income / Average Int. Earning Assets Incl. Cash, Annualised <sup>3</sup>	14.6%	16.7%
Cost Of Funds <sup>4</sup> , Annualised	7.6%	8.5%
Net Spread Excl. Cash, Annualised <sup>5</sup>	10.4%	10.9%
Net Spread Incl. Cash, Annualised <sup>5</sup>	7.0%	8.2%
Net Interest Margin <sup>6</sup> , Annualised	7.1%	8.1%
Loan Yield Excl. Provisions <sup>7</sup> , Annualised	17.4%	18.7%
Loan Yield Incl. Provisions <sup>7</sup> , Annualised	16.5%	16.4%
Deposit Yield, Annualised	7.3%	8.0%
Interest Expense To Interest Income	51.0%	51.4%
Net Non-Interest Income To Average Total Assets, Annualised	3.7%	3.8%
Net Non-Interest Income To Revenue <sup>8</sup>	39.4%	38.3%
Net Fee And Commission Income To Average Interest Earning Assets <sup>9</sup> , Annualised	1.3%	1.3%
Net Fee And Commission Income To Revenue	14.0%	13.5%
Operating Leverage, Y-O-Y <sup>10</sup>	16.6%	-6.5%
Operating Leverage, Y-O-Y, Normalized <sup>10</sup>	18.3%	-5.2%
Total Operating Income (Revenue) To Total Assets, Annualised	9.4%	9.2%
Recurring Earning Power <sup>11</sup> , Annualised	4.6%	4.0%
Net Income To Revenue	40.2%	23.1%
<b>Efficiency Ratios</b>		
Operating Cost To Average Total Assets <sup>12</sup> , Annualised	4.8%	5.9%
Cost To Average Total Assets <sup>13</sup> , Annualised	4.9%	6.0%
Cost / Income <sup>14</sup>	52.0%	60.2%
Cost / Income, Normalized <sup>15</sup>	50.3%	59.0%
Cash Cost / Income	36.1%	44.4%
Total Employee Compensation Expense To Revenue <sup>16</sup>	27.6%	31.4%
Total Employee Compensation Expense To Cost	53.1%	52.2%
Total Employee Compensation Expense To Average Total Assets, Annualised	2.6%	3.1%
<b>Liquidity Ratios</b>		
Net Loans To Total Assets <sup>17</sup>	59.2%	57.9%
Average Net Loans To Average Total Assets	56.5%	57.1%
Interest Earning Assets To Total Assets	81.6%	76.9%
Average Interest Earning Assets To Average Total Assets	80.6%	75.7%
Liquid Assets To Total Assets <sup>18</sup>	25.5%	24.3%
Liquid Assets To Total Short-Term Liabilities, NBG Stand-Alone	37.9%	34.8%
Liquid Assets To Total Liabilities, IFRS Consolidated	31.2%	30.0%
Net Loans To Client Deposits	117.3%	133.3%
Average Net Loans To Average Client Deposits	114.3%	130.1%
Net Loans To Total Deposits <sup>19</sup>	108.3%	116.2%
Net Loans To (Total Deposits + Equity)	81.2%	84.2%
Net Loans To Total Liabilities	72.4%	71.5%
Total Deposits To Total Liabilities	66.8%	61.5%
Client Deposits To Total Deposits	92.3%	87.2%
Client Deposits To Total Liabilities	61.7%	53.6%
Current Account Balances To Client Deposits	42.0%	44.2%
Demand Deposits To Client Deposits	13.7%	9.0%
Time Deposits To Client Deposits	44.3%	46.7%
Total Deposits To Total Assets	54.6%	49.8%

	1H 2011	1H 2010
Client Deposits To Total Assets	50.4%	43.4%
Client Deposits To Total Equity (Times) <sup>20</sup>	2.8	2.3
Due From Banks / Due To Banks <sup>21</sup>	304.1%	174.5%
Total Equity To Net Loans	30.8%	32.8%
Leverage (Times) <sup>22</sup>	4.5	4.3
<b>Asset Quality</b>		
NPLs (in GEL) <sup>23</sup>	100,911	173,743
NPLs To Gross Loans To Clients <sup>24</sup>	3.9%	8.0%
NPL Coverage Ratio <sup>27</sup>	121.4%	113.5%
Cost of Risk <sup>25</sup> , Annualised	0.6%	2.0%
Reserve For Loan Losses To Gross Loans To Clients <sup>26</sup>	4.8%	9.0%
% Of Loans To Clients Collateralized	88.3%	91.0%
Equity To Average Net Loans To Clients	32.7%	36.1%
<b>Capital Adequacy:</b>		
Equity To Total Assets	18.2%	19.0%
BIS Tier I Capital Adequacy Ratio, Consolidated <sup>28</sup>	18.0%	20.3%
BIS Total Capital Adequacy Ratio, Consolidated <sup>29</sup>	27.2%	32.7%
BIS Tier I Capital Adequacy Ratio, Stand-alone <sup>28</sup>	19.2%	25.2%
BIS Total Capital Adequacy Ratio, Stand-alone <sup>29</sup>	27.7%	32.3%
NBG Tier I Capital Adequacy Ratio <sup>30</sup>	11.5%	15.8%
NBG Total Capital Adequacy Ratio <sup>31</sup>	15.1%	14.5%
<b>Per Share Values:</b>		
Basic EPS (GEL) <sup>32</sup>	2.47	1.16
Basic EPS (US\$)	\$1.48	\$0.63
Fully Diluted EPS (GEL) <sup>33</sup>	2.33	1.16
Fully Diluted EPS (US\$)	\$1.40	\$0.63
Book Value Per Share (GEL) <sup>34</sup>	23.97	20.74
Book Value Per Share (US\$)	\$14.38	\$11.25
Ordinary Shares Outstanding – Weighted Average, Basic	31,356,855	31,318,827
Ordinary Shares Outstanding – Period End	31,360,322	31,324,466
Ordinary Shares Outstanding – Fully Diluted	34,831,469	34,793,441
<b>Selected Operating Data:</b>		
Full Time Employees, Group	4,844	4,651
Full Time Employees, Group (including temporary contracts)	5,315	5,118
Full Time Employees, BOG Stand-Alone	3,216	2,963
Total Assets Per FTE <sup>35</sup>	851,220	736,100
Total Assets Per FTE, BOG Stand-Alone	1,247,720	1,124,790
Number Of Active Branches	143	137
Number Of ATMs	408	387
Number Of Cards Outstanding	610,299	551,741
Number Of POS Terminals	2,630	2,225

**KEY RATIOS**

Ratios presented on a consolidated basis, unless otherwise noted

<b>Profitability Ratios</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Q2 2010</b>
ROAA <sup>1</sup> , Annualised	4.6%	3.0%	2.4%
ROAE <sup>2</sup> , Annualised	25.1%	17.1%	12.5%
ROAE <sup>2</sup> , Annualised, excluding minority interest	26.1%	17.7%	12.2%
ROA, Annualised	4.5%	3.0%	2.3%
ROE, Annualised	25.0%	16.6%	12.1%
ROE, Annualised, excluding minority interest	25.9%	17.2%	11.7%
Interest Income / Average Int. Earning Assets Excl. Cash, Annualised <sup>3</sup>	18.2%	17.9%	19.5%
Interest Income / Average Int. Earning Assets Incl. Cash, Annualised <sup>3</sup>	14.7%	14.5%	16.8%
Cost Of Funds <sup>4</sup> , Annualised	7.7%	7.6%	8.4%
Net Spread Excl. Cash, Annualised <sup>5</sup>	10.5%	10.4%	11.1%
Net Spread Incl. Cash, Annualised <sup>5</sup>	7.0%	6.9%	8.4%
Net Interest Margin <sup>6</sup> , Annualised	7.3%	7.0%	8.3%
Loan Yield Excl. Provisions <sup>7</sup> , Annualised	17.6%	17.4%	18.7%
Loan Yield Incl. Provisions <sup>7</sup> , Annualised	16.4%	16.7%	15.7%
Loan Yield Excl. Provisions, Including Interest Income from liquid assets	20.1%	19.3%	20.2%
Deposit Yield, Annualised	7.5%	7.0%	8.1%
Interest Expense To Interest Income	50.4%	51.6%	50.5%
Net Non-Interest Income To Average Total Assets, Annualised	4.1%	3.4%	3.6%
Net Non-Interest Income To Revenue <sup>8</sup>	41.1%	37.5%	36.4%
Net Fee And Commission Income To Average Interest Earning Assets <sup>9</sup> , Annualised	1.8%	1.5%	1.7%
Net Fee And Commission Income To Revenue	14.7%	13.2%	13.4%
Operating Leverage, Y-O-Y <sup>10</sup>	12.5%	20.0%	4.2%
Operating Leverage, Y-O-Y, Normalized <sup>10</sup>	18.5%	17.9%	0.4%
Operating Leverage, Consecutive Q-O-Q <sup>10</sup>	9.3%	1.1%	16.2%
Operating Leverage, Consecutive Q-O-Q, Normalized <sup>10</sup>	6.7%	4.4%	6.5%
Total Operating Income (Revenue) To Total Assets, Annualised	9.9%	9.0%	9.5%
Recurring Earning Power <sup>11</sup> , Annualised	5.0%	4.1%	4.4%
Net Income To Revenue	46.1%	33.5%	24.1%
<b>Efficiency Ratios</b>			
Operating Cost To Average Total Assets <sup>12</sup> , Annualised	4.9%	4.7%	5.7%
Cost To Average Total Assets <sup>13</sup> , Annualised	5.0%	4.9%	5.5%
Cost / Income <sup>14</sup>	49.9%	54.4%	55.4%
Cost / Income, Normalized <sup>15</sup>	48.8%	51.9%	57.3%
Cash Cost / Income	34.4%	38.0%	43.0%
Total Employee Compensation Expense To Revenue <sup>16</sup>	27.1%	28.2%	31.9%
Total Employee Compensation Expense To Cost	54.2%	51.8%	57.6%
Total Employee Compensation Expense To Average Total Assets, Annualised	2.7%	2.5%	3.2%
<b>Liquidity Ratios</b>			
Net Loans To Total Assets <sup>17</sup>	59.2%	55.4%	57.9%
Average Net Loans To Average Total Assets	56.4%	56.3%	57.6%
Interest Earning Assets To Total Assets	81.6%	80.6%	76.9%
Average Interest Earning Assets To Average Total Assets	81.1%	80.0%	76.3%
Liquid Assets To Total Assets <sup>18</sup>	25.5%	29.5%	24.3%
Liquid Assets To Total Short-Term Liabilities, NBG Stand-Alone	37.9%	44.5%	34.8%
Liquid Assets To Total Liabilities, IFRS Consolidated	31.2%	36.0%	30.0%
Net Loans To Client Deposits	117.3%	113.4%	133.3%
Average Net Loans To Average Client Deposits	113.3%	115.1%	131.1%
Net Loans To Total Deposits <sup>19</sup>	108.3%	106.1%	116.2%

	Q2 2011	Q1 2011	Q2 2010
Net Loans To (Total Deposits + Equity)	81.2%	78.6%	84.2%
Net Loans To Total Liabilities	72.4%	67.7%	71.5%
Total Deposits To Total Liabilities	66.8%	63.8%	61.5%
Client Deposits To Total Deposits	92.3%	93.5%	87.2%
Client Deposits To Total Liabilities	61.7%	59.7%	53.6%
Current Account Balances To Client Deposits	42.0%	44.3%	44.2%
Demand Deposits To Client Deposits	13.7%	11.2%	9.0%
Time Deposits To Client Deposits	44.3%	44.5%	46.7%
Total Deposits To Total Assets	54.6%	52.2%	49.8%
Client Deposits To Total Assets	50.4%	48.8%	43.4%
Client Deposits To Total Equity (Times) <sup>20</sup>	2.77	2.68	2.29
Due From Banks / Due To Banks <sup>21</sup>	304.1%	494.3%	174.5%
Total Equity To Net Loans	30.8%	32.9%	32.8%
Leverage (Times) <sup>22</sup>	4.5	4.5	4.3
<b>Asset Quality</b>			
NPLs (in GEL) <sup>23</sup>	100,911	90,795	173,743
NPLs To Gross Loans To Clients <sup>24</sup>	3.9%	3.8%	8.0%
NPL Coverage Ratio <sup>27</sup>	121.4%	131.4%	113.5%
Cost of Risk <sup>25</sup> , Annualised	0.35%	0.8%	2.4%
Reserve For Loan Losses To Gross Loans To Clients <sup>26</sup>	4.8%	5.1%	9.0%
% Of Loans To Clients Collateralized	88.3%	90.1%	91.0%
Equity To Average Net Loans To Clients	32.7%	32.2%	36.1%
<b>Capital Adequacy:</b>			
Equity To Total Assets	18.2%	18.2%	19.0%
BIS Tier I Capital Adequacy Ratio, Consolidated <sup>28</sup>	18.0%	18.0%	20.3%
BIS Total Capital Adequacy Ratio, Consolidated <sup>29</sup>	27.2%	28.8%	32.7%
BIS Tier I Capital Adequacy Ratio, Stand-alone <sup>28</sup>	19.2%	19.3%	25.2%
BIS Total Capital Adequacy Ratio, Stand-alone <sup>29</sup>	27.7%	29.0%	32.3%
NBG Tier I Capital Adequacy Ratio <sup>30</sup>	11.5%	12.7%	15.8%
NBG Total Capital Adequacy Ratio <sup>31</sup>	15.1%	15.6%	14.5%
<b>Per Share Values:</b>			
Basic EPS (GEL) <sup>32</sup>	1.50	0.97	0.63
Basic EPS (US\$)	\$0.90	\$0.57	\$0.34
Fully Diluted EPS (GEL) <sup>33</sup>	1.40	0.93	0.62
Fully Diluted EPS (US\$)	\$0.84	\$0.55	\$0.34
Book Value Per Share (GEL) <sup>34</sup>	23.97	23.52	20.74
Book Value Per Share (US\$)	\$14.38	\$13.79	\$11.25
Ordinary Shares Outstanding – Weighted Average, Basic	31,360,322	31,353,349	31,321,662
Ordinary Shares Outstanding – Period End	31,360,322	31,353,349	31,324,466
Ordinary Shares Outstanding – Fully Diluted	34,834,936	34,827,963	34,796,276
<b>Selected Operating Data:</b>			
Full Time Employees, Group, including temporary contracts	5,315	5,226	5,118
Full Time Employees, BOG Stand-Alone	3,216	3,150	2,963
Total Assets Per FTE (including temporary contracts) <sup>35</sup>	775,790	774,830	668,930
Total Assets Per FTE, BOG Stand-Alone	1,247,720	1,249,200	1,124,790
Number Of Active Branches	143	143	137
Number Of ATMs	408	408	387
Number Of Cards Outstanding	610,299	614,990	551,741
Number Of POS Terminals	2,630	2,404	2,225

**KEY RATIOS**

Ratios presented on a Standalone basis

<b>Profitability Ratios</b>	<b>1H 2011</b>	<b>1H 2010</b>
ROAA <sup>1</sup> , Annualised	4.4%	2.4%
ROAE <sup>2</sup> , Annualised	22.6%	9.9%
ROA, Annualised	4.4%	2.2%
ROE, Annualised	22.6%	9.4%
Interest Income / Average Int. Earning Assets Excl. Cash, Annualised <sup>3</sup>	17.9%	18.6%
Interest Income / Average Int. Earning Assets Incl. Cash, Annualised <sup>3</sup>	14.5%	16.0%
Cost Of Funds <sup>4</sup> , Annualised	7.7%	8.2%
Net Spread Excl. Cash, Annualised <sup>5</sup>	10.3%	10.4%
Net Spread Incl. Cash, Annualised <sup>5</sup>	6.8%	7.8%
Net Interest Margin <sup>6</sup> , Annualised	7.1%	7.9%
Loan Yield Excl. Provisions <sup>7</sup> , Annualised	17.6%	18.9%
Loan Yield Incl. Provisions <sup>7</sup> , Annualised	16.9%	16.5%
Deposit Yield, Annualised	7.2%	7.5%
Interest Expense To Interest Income	51.2%	50.4%
Net Non-Interest Income To Average Total Assets, Annualised	2.6%	2.5%
Net Non-Interest Income To Revenue <sup>8</sup>	31.2%	29.2%
Net Fee And Commission Income To Average Interest Earning Assets <sup>9</sup> , Annualised	1.2%	1.2%
Net Fee And Commission Income To Revenue	13.8%	14.4%
Operating Leverage, Y-O-Y <sup>10</sup>	26.5%	-9.1%
Operating Leverage, Y-O-Y, Normalized <sup>10</sup>	15.2%	-8.5%
Total Operating Income (Revenue) To Total Assets, Annualised	8.2%	7.7%
Recurring Earning Power <sup>11</sup> , Annualised	4.9%	4.1%
Net Income To Revenue	53.3%	29.0%
<b>Efficiency Ratios</b>		
Operating Cost To Average Total Assets <sup>12</sup> , Annualised	3.6%	4.1%
Cost To Average Total Assets <sup>13</sup> , Annualised	3.4%	4.3%
Cost / Income <sup>14</sup>	40.9%	51.6%
Cost / Income, Normalized <sup>15</sup>	43.4%	49.2%
Cash Cost / Income	29.2%	34.4%
Total Employee Compensation Expense To Revenue <sup>16</sup>	24.1%	25.4%
Total Employee Compensation Expense To Cost	58.9%	49.3%
Total Employee Compensation Expense To Average Total Assets, Annualised	2.0%	2.1%
<b>Liquidity Ratios</b>		
Net Loans To Total Assets <sup>17</sup>	60.9%	55.3%
Average Net Loans To Average Total Assets	56.8%	56.0%
Interest Earning Assets To Total Assets	83.2%	75.3%
Average Interest Earning Assets To Average Total Assets	81.2%	74.9%
Liquid Assets To Total Assets <sup>18</sup>	24.9%	23.5%
Liquid Assets To Total Short-Term Liabilities, NBG Stand-Alone	37.9%	34.8%
Liquid Assets To Total Liabilities, IFRS Stand-Alone	30.9%	30.8%
Net Loans To Client Deposits	117.9%	137.4%
Average Net Loans To Average Client Deposits	115.2%	138.7%
Net Loans To Total Deposits <sup>19</sup>	110.3%	120.1%
Net Loans To (Total Deposits + Equity)	81.6%	79.1%
Net Loans To Total Liabilities	75.5%	72.7%
Total Deposits To Total Liabilities	68.4%	60.5%
Client Deposits To Total Deposits	93.5%	87.4%
Client Deposits To Total Liabilities	64.0%	52.9%
Current Account Balances To Client Deposits	42.7%	45.8%
Demand Deposits To Client Deposits	13.7%	10.0%
Time Deposits To Client Deposits	51.6%	65.6%
Total Deposits To Total Assets	55.2%	46.1%
Client Deposits To Total Assets	51.6%	40.3%
Client Deposits To Total Equity (Times) <sup>20</sup>	2.7	1.7
Due From Banks / Due To Banks <sup>21</sup>	351.6%	206.5%

	1H 2011	1H 2010
Total Equity To Net Loans	31.9%	43.2%
Leverage (Times) <sup>22</sup>	4.2	3.2
<b>Asset Quality</b>		
NPLs (in GEL) <sup>23</sup>	99,058	129,164
NPLs To Gross Loans To Clients <sup>24</sup>	3.9%	6.5%
NPL Coverage Ratio <sup>27</sup>	121.3%	106.5%
Cost of Risk <sup>25</sup> , Annualised	0.3%	2.0%
Reserve For Loan Losses To Gross Loans To Clients <sup>26</sup>	4.7%	6.9%
% Of Loans To Clients Collateralized	53.4%	48.9%
Equity To Average Net Loans To Clients	34.7%	46.5%
<b>Capital Adequacy:</b>		
Equity To Total Assets	19.4%	23.9%
BIS Tier I Capital Adequacy Ratio, Stand-alone <sup>28</sup>	19.2%	25.2%
BIS Total Capital Adequacy Ratio, Stand-alone <sup>29</sup>	27.7%	32.3%
NBG Tier I Capital Adequacy Ratio <sup>30</sup>	11.5%	15.8%
NBG Total Capital Adequacy Ratio <sup>31</sup>	15.1%	14.5%
<b>Per Share Values:</b>		
Basic EPS (GEL) <sup>32</sup>	2.80	1.19
Basic EPS (US\$)	\$1.68	\$0.64
Fully Diluted EPS (GEL) <sup>33</sup>	2.63	1.19
Fully Diluted EPS (US\$)	\$1.58	\$0.64
Book Value Per Share (GEL) <sup>34</sup>	24.81	25.43
Book Value Per Share (US\$)	\$14.89	\$13.79
Ordinary Shares Outstanding - Weighted Average, Basic	31,356,855	31,318,827
Ordinary Shares Outstanding - Period End	31,360,322	31,324,466
Ordinary Shares Outstanding - Fully Diluted	34,831,469	34,793,441
<b>Selected Operating Data:</b>		
Full Time Employees, BOG Stand-Alone	3,216	2,963
Total Assets Per FTE, BOG Stand-Alone	1,247,720	1,124,790
Number Of Active Branches	143	137
Number Of ATMs	408	387
Number Of Cards Outstanding	610,299	551,741
Number Of POS Terminals	2,630	2,225

**KEY RATIOS**

Ratios presented on a Standalone basis

	Q2 2011	Q1 2011	Q2 2010
<b>Profitability Ratios</b>			
ROAA <sup>1</sup> , Annualised	5.7%	3.2%	3.1%
ROAE <sup>2</sup> , Annualised	29.6%	16.0%	12.8%
ROA, Annualised	5.6%	3.2%	2.9%
ROE, Annualised	28.9%	17.1%	12.3%
Interest Income / Average Int. Earning Assets Excl. Cash, Annualised <sup>3</sup>	18.0%	18.0%	18.8%
Interest Income / Average Int. Earning Assets Incl. Cash, Annualised <sup>3</sup>	14.5%	14.4%	16.0%
Cost Of Funds <sup>4</sup> , Annualised	7.8%	7.6%	8.1%
Net Spread Excl. Cash, Annualised <sup>5</sup>	10.2%	10.4%	10.7%
Net Spread Incl. Cash, Annualised <sup>5</sup>	6.8%	6.8%	7.9%
Net Interest Margin <sup>6</sup> , Annualised	7.1%	7.0%	8.1%
Loan Yield Excl. Provisions <sup>7</sup> , Annualised	17.6%	17.7%	18.9%
Loan Yield Incl. Provisions <sup>7</sup> , Annualised	17.0%	16.9%	16.9%
Loan Yield Excl. Provisions, Including Interest Income from liquid assets	19.8%	19.6%	20.0%
Deposit Yield, Annualised	7.4%	6.9%	7.3%
Interest Expense To Interest Income	51.2%	51.3%	49.6%
Net Non-Interest Income To Average Total Assets, Annualised	2.9%	2.3%	2.6%
Net Non-Interest Income To Revenue <sup>8</sup>	32.9%	29.4%	30.1%
Net Fee And Commission Income To Average Interest Earning Assets <sup>9</sup> , Annualised	1.6%	1.3%	1.7%
Net Fee And Commission Income To Revenue	14.8%	12.7%	14.5%
Operating Leverage, Y-O-Y <sup>10</sup>	32.6%	20.2%	2.5%
Operating Leverage, Y-O-Y, Normalized <sup>10</sup>	10.5%	20.4%	1.6%
Operating Leverage, Consecutive Q-O-Q <sup>10</sup>	21.6%	-12.4%	9.1%
Operating Leverage, Consecutive Q-O-Q, Normalized <sup>10</sup>	1.9%	0.2%	10.8%
Total Operating Income (Revenue) To Total Assets, Annualised	8.6%	7.9%	8.3%
Recurring Earning Power <sup>11</sup> , Annualised	5.5%	4.3%	4.4%
Net Income To Revenue	65.1%	40.3%	35.3%
<b>Efficiency Ratios</b>			
Operating Cost To Average Total Assets <sup>12</sup> , Annualised	3.8%	3.5%	4.1%
Cost To Average Total Assets <sup>13</sup> , Annualised	3.2%	3.6%	4.3%
Cost / Income <sup>14</sup>	36.7%	45.6%	49.6%
Cost / Income, Normalized <sup>15</sup>	43.0%	43.8%	47.0%
Cash Cost / Income	28.3%	30.2%	33.2%
Total Employee Compensation Expense To Revenue <sup>16</sup>	24.3%	23.8%	24.9%
Total Employee Compensation Expense To Cost	66.3%	52.3%	50.2%
Total Employee Compensation Expense To Average Total Assets, Annualised	2.1%	1.9%	2.2%
<b>Liquidity Ratios</b>			
Net Loans To Total Assets <sup>17</sup>	60.9%	56.3%	55.3%
Average Net Loans To Average Total Assets	57.6%	55.9%	56.1%
Interest Earning Assets To Total Assets	83.2%	82.1%	75.3%
Average Interest Earning Assets To Average Total Assets	82.5%	80.1%	75.6%
Liquid Assets To Total Assets <sup>18</sup>	24.9%	29.4%	23.5%
Liquid Assets To Total Short-Term Liabilities, NBG Stand-Alone	37.9%	44.5%	34.8%
Liquid Assets To Total Liabilities, IFRS Stand-Alone	30.9%	36.1%	30.8%
Net Loans To Client Deposits	117.9%	112.6%	137.4%
Average Net Loans To Average Client Deposits	113.3%	116.5%	138.2%
Net Loans To Total Deposits <sup>19</sup>	110.3%	106.1%	120.1%
Net Loans To (Total Deposits + Equity)	81.6%	78.4%	79.1%
Net Loans To Total Liabilities	75.5%	69.3%	72.7%
Total Deposits To Total Liabilities	68.4%	65.3%	60.5%
Client Deposits To Total Deposits	93.5%	94.2%	87.4%
Client Deposits To Total Liabilities	64.0%	61.5%	52.9%
Current Account Balances To Client Deposits	42.7%	45.1%	45.8%
Demand Deposits To Client Deposits	13.7%	11.2%	10.0%
Time Deposits To Client Deposits	51.6%	53.5%	65.6%
Total Deposits To Total Assets	55.2%	53.1%	46.1%



	Q2 2011	Q1 2011	Q2 2010
Client Deposits To Total Assets	51.6%	50.0%	40.3%
Client Deposits To Total Equity (Times) <sup>20</sup>	266.1%	267.0%	168.5%
Due From Banks / Due To Banks <sup>21</sup>	351.6%	551.3%	206.5%
Total Equity To Net Loans	31.9%	33.2%	43.2%
Leverage (Times) <sup>22</sup>	4.2	4.3	3.2
<b>Asset Quality</b>			
NPLs (in GEL) <sup>23</sup>	99,058	87,593	129,164
NPLs To Gross Loans To Clients <sup>24</sup>	3.9%	3.8%	6.5%
NPL Coverage Ratio <sup>27</sup>	121.3%	135.2%	106.5%
Cost of Risk <sup>25</sup> , Annualised	0.5%	0.8%	2.0%
Reserve For Loan Losses To Gross Loans To Clients <sup>26</sup>	4.7%	5.1%	6.9%
% Of Loans To Clients Collateralized	53.4%	51.9%	48.9%
Equity To Average Net Loans To Clients	34.7%	33.5%	46.5%
<b>Capital Adequacy:</b>			
Equity To Total Assets	19.4%	18.7%	23.9%
BIS Tier I Capital Adequacy Ratio, Stand-alone <sup>28</sup>	19.2%	19.3%	25.2%
BIS Total Capital Adequacy Ratio, Stand-alone <sup>29</sup>	27.7%	29.0%	32.3%
NBG Tier I Capital Adequacy Ratio <sup>30</sup>	11.5%	12.7%	15.8%
NBG Total Capital Adequacy Ratio <sup>31</sup>	15.1%	15.6%	14.5%
<b>Per Share Values:</b>			
Basic EPS (GEL) <sup>32</sup>	1.79	1.00	0.78
Basic EPS (US\$)	\$1.08	\$0.59	\$0.42
Fully Diluted EPS (GEL) <sup>33</sup>	1.67	0.96	0.76
Fully Diluted EPS (US\$)	\$1.00	\$0.56	\$0.41
Book Value Per Share (GEL) <sup>34</sup>	24.81	23.49	25.43
Book Value Per Share (US\$)	\$14.89	\$13.77	\$13.79
Ordinary Shares Outstanding - Weighted Average, Basic	31,360,322	31,353,349	31,321,662
Ordinary Shares Outstanding - Period End	31,360,322	31,353,349	31,324,466
Ordinary Shares Outstanding - Fully Diluted	34,834,936	34,827,963	34,796,276
<b>Selected Operating Data:</b>			
Full Time Employees, BOG Stand-Alone	3,216	3,150	2,963
Total Assets Per FTE, BOG Stand-Alone <sup>35</sup>	1,247,720	1,249,200	1,124,790
Number Of Active Branches	143	143	137
Number Of ATMs	408	408	387
Number Of Cards Outstanding	610,299	614,990	551,741
Number Of POS Terminals	2,443	2,404	2,225

## 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; ROAE Excluding Minority Interests equals Net Income Excluding Minority Interest(s) of the period divided by quarterly Average Total Equity Excluding Minority Interest 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 NPLs (in GEL) equals total gross non-performing loans as of the period end; non-performing loans are loans that have debts in arrears for more than 90 calendar days
- 24 Gross Loans equals Gross Loans To Clients;
- 25 NPL Coverage Ratio equals Reserve For Loan losses as of the period end divided by NPLs as of the same date;
- 26 Cost Of Risk equals Net Provision For Loan Losses of the period, plus provisions for (less recovery of) other assets, divided by quarterly average Gross Loans To Clients over the same period;
- 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