TBC BANK

1Q 2014 Reviewed (Unaudited) Financial Results

Forward-Looking Statements

This document contains forward-looking statements; such forward-looking statements contain known and unknown risks, uncertainties and other important factors, which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements include, among others, the achievement of anticipated levels of profitability, growth, cost and recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Georgian economic, political and legal environment, financial risk management and the impact of general business and global economic conditions.

None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects are based are accurate or exhaustive or, in the case of the assumptions, entirely covered in the document. These forward-looking statements speak only as of the date they are made, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in the document to reflect actual results, changes in assumptions or changes in factors affecting those statements.

Results Overview 1Q 2014

Income Statement Highlights

	1Q 2014		1Q 2013		Change YoY	4Q 2013		Change QoQ
In millions	GEL	USD	GEL	USD		GEL	USD	
Total Operating Income	103.4	59.1	87.2	52.6	18.5%	104.3	61.9	-0.9%
Provisioning Charges	13.0	7.4	20.1	12.2	-35.4%	10.9	6.5	19.2%
Operating expenses	49.2	28.2	44.3	26.7	11.2%	55.8	33.1	-11.8%
Profit before tax	41.1	23.5	22.8	13.7	80.5%	37.6	22.3	9.5%
Profit for the period	35.9	20.5	19.7	11.9	82.0%	35.4	21.0	1.5%
ROAE	20.0%		13.0%		7.0pp	19.8%		0.2pp
ROAA	3.3%		2.1%		1.2pp	3.3%		-
Pre-provision ROAE	27.3%		26.3%		1.0pp	25.9%		1.3pp
Cost: Income	47.6%		50.8%		-3.1pp	53.5%		-5.9pp
Cost of Risk	2.0%		3.2%		-1.1pp	1.3%		0.7pp

Balance Sheet and Capital Highlights

	31-Mar-14		31-Mar-13		Change YoY	31-Dec-13		Change QoQ
In millions	GEL	USD	GEL	USD		GEL	USD	
Total Assets	4,437.9	2,539.3	3,717.8	2,242.8	*19.4%*	4,451.1	2,563.5	*-0.3%*
Gross Loans	2,921.1	1,671.4	2,528.5	1,525.3	*15.5%*	2,958.6	1,704.0	*-1.3%*
Customer Deposits	2,753.9	1,575.7	2,387.8	1,440.4	*15.3%*	2,886.9	1,662.7	*-4.6%*
Total equity	726.9	415.9	628.0	378.9	*15.7%*	729.3	420.0	*-0.3%*
BIS Tier 1 Capital	681.8	390.1	580.5	350.2	*17.4%*	675.7	389.2	*0.9%*
Risk weighted assets	3,189.1	1,824.7	2,726.8	1,644.9	*17.0%*	3,135.5	1,805.9	*1.7%*
NPL to Gross Loans	1.0%		1.3%		*-0.3pp*	1.1%		*-0.1pp*
BIS Tier 1 Capital Adequacy Ratio	21.4%		21.3%		*0.1pp*	21.6%		*-0.2pp*
BIS Total Capital Adequacy Ratio	28.1%		27.8%		*0.3pp*	28.6%		*-0.5pp*
Leverage (times)	6.1		5.9		*0.19*	6.1		-

Selected Operating Data

	31-Mar-14
Branches	**116**
TBC	*59*
Constanta	*57*
Cash-in Terminals (TBC Pay)	**2,608**
Employees	**4,122**
TBC	*2,887*
Constanta	*1,235*
ATMs	**316**
TBC	*262*
Constanta	*54*
POS Terminals	**2,836**
Long-term Ratings	
Fitch	BB-
Moody's	Ba3

Average Balances and Rates

Certain of the average balances included in this document, including total loan yields, deposits rates, interest rate earned on interest earning assets, cost of funding, spreads and cost of risk ratios are calculated as the average of the relevant monthly balances as at each month end during the quarters ending 31 March 2014, 31 December 2013, 31 March 2013. Other average balances included in this document, including return on average equity and return on average assets, are calculated as the average of the relevant quarterly balances during the quarters ending 31 March 2014, 31 December 2013, 31 March 2013.

Balances as at 31 December 2013 and 2012 have been extracted from the Audited Consolidated Financial Statements and balances as at 31 March 2014 have been extracted from Reviewed Consolidated Financial Statements. Balances as at the remaining month ends, in each case, have been derived from TBC's unaudited and consolidated management accounts prepared from TBC's accounting records and used by Management for monitoring and control purposes.

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Financial Highlights 1Q 2014

- Total operating income in 1Q 2014 was GEL 103.4 million, up GEL 16.1 million, or 18.5%, compared to GEL 87.2 million in 1Q 2013;
- Pre-provision income after tax increased by GEL 9.1 million, or 22.7% to GEL 48.9 million, compared to GEL 39.9 million in 1Q 2013, delivering a pre-provision return on average equity of 27.3%;
- Profit for the period was GEL 35.9 million, up GEL 16.2 million, or 82.0%, compared to GEL 19.7 million in 1Q 2013, delivering a return on average equity of 20.0%;
- Total assets reached GEL 4,437.9 million, up GEL 720.0 million, or 19.4% YoY (down 0.3% QoQ);
- Gross loans and advances to customers increased to GEL 2,921.1 million, up GEL 392.7 million, or 15.5% YoY (down 1.3% QoQ):
    - Retail gross loans reached GEL 1,248.6 million, up GEL 259.0 million, or 26.2% YoY (up 3.4% QoQ);
    - SME gross loan reached GEL 404.8 million, up GEL 108.1 million, or 36.5% YoY (up 3.1% QoQ);
    - Micro gross loans reached GEL 218.0 million, up GEL 53.1 million, or 32.2% YoY (up 8.3% QoQ);
    - Corporate gross loans reached GEL 1,049.8 million, down GEL 27.6 million, or 2.6% YoY (down 9.3% QoQ), compared to the end of 2013.
- Total customer deposits increased to GEL 2,753.9 million, up GEL 366.1 million, or 15.3% YoY (down 4.6% QoQ);
- Total equity was GEL 726.9 million, up GEL 98.9 million, or 15.7% YoY (down 0.3% QoQ).

Georgia at a Glance

GDP

GDP (2013): USD 16.1 billion; GDP per capita (2013): USD 3,597; Real GDP Growth (1Q 2014): 7.4% (initial estimate); Inflation (YoY, March 2014): 3.5%

Country ratings

Fitch Rating BB-/Stable
Standard & Poor's: BB-/Stable
Moody's rating: Ba3/Stable

Recent country achievement

- The World's No. 2 Reformer, *The World Bank & IFC Doing Business Report 2014*;
- No. 8 globally on the Ease of Doing Business, *Doing Business Report 2014*;
- Fourth Friendliest Tax Regime globally, *The Forbes Tax Misery & Reform Index 2009*;
- One of the least corrupt countries in the world, *Transparency International 2013*.

Georgian Banking Sector

Market assets, loans and deposits (NBG based)

During 1Q 2014:

- Total Market Assets increased by 1.8% (1.5% without exchange rate effect) and equaled GEL 17,586 million.
- Total Market Loans increased by 1.9% (1.5% without exchange rate effect) and equaled GEL 10,766 million.
- Total Market Deposits decreased by 0.2% (0.6% without exchange rate effect) and equaled GEL 9,622 million.

Market profitability (NBG Based)

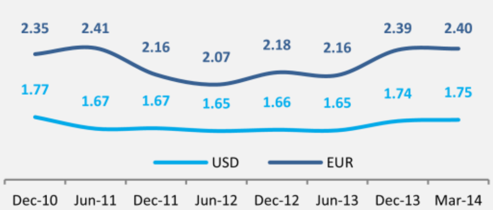
During Q1 2014:

- Net Interest Margin on Total Assets: 5.8% (compared to 5.7% as of the same period of 2013)
- Cost/Income ratio: 54.9% (a decrease of 0.8 percentage points compared to 1Q 2013)

Currency rate trends

As at 31 March 2014 2013 USD/GEL exchange rate was 1.75, 0.7% higher compared to YE 2013 rate and EUR/GEL exchange rate was 2.40, 0.5% higher compared to YE 2013 rate.

Exchange Rates



Letter from the Chief Executive Officer

The Georgian economy made a strong start to the year during 1Q 2014 and attained real GDP growth of 7.4%, following similarly strong economic growth in the fourth quarter of 7.1% based on preliminary figures. In the first quarter of 2014, exports and imports grew by 23.1% and 15.6% respectively. During the same period, the exchange rate remained broadly flat at GEL1.75-1.78 to the US$, with YoY inflation at 3.5% as of March 2014.

The second quarter of 2014 will mark a milestone for the country's further development. In June, we expect to sign the Association agreements with the EU along with the Deep and Comprehensive Free Trade Area Agreement. These agreements are expected to play a crucial role in the country's long term sustainable development.

Considering all this, the 2014 year forecast is quite positive with IMF and World Bank economic outlooks for real GDP growth of 5% and 6.3% respectively.

Georgian banking sector loans increased to GEL 10.8 billion, up 22.8% YoY (up 1.9% QoQ), resulting from the 31.1% YoY growth in total individual loans (up 4.5% QoQ) and a 16.4% YoY increase in total legal entity loans (down 0.3% QoQ). During the same period, total customer deposits increased to GEL 9.7 billion, up 21.2% YoY (down 0.2% QoQ) mainly due to the 22.0% YoY increase in individual deposits (up 2.5% QoQ) and 20.4% YoY increase in legal entity deposits (down 2.8% QoQ).

During 1Q 2014, we maintained a leading position in the Georgian banking sector with the largest market share in retail deposits of 33.0%[1]. Our market share in total assets and total loans stood at 24.7% and 26.4% respectively[2].

As at 31 March 2014, our gross loan portfolio reached GEL 2,921.1 million, up 15.5% YoY (down 1.3% QoQ), primarily as a result of a YoY increase in Retail and SME segments, while the QoQ decrease of our gross loan book resulted from the decrease in corporate portfolio mainly due to the repayment of two large loans.

As at the same period, total customer deposits reached GEL 2,753.9 million, up 15.3% YoY (down 4.6% QoQ). The 1Q 2014 decrease in total deposits is mainly attributable to the corporate segment, where the bank continued to release large corporate deposits aligned with its liquidity management and funding optimization strategies. In 1Q 2014, we successfully managed to further reduce our cost of funding to 4.8%, compared to 6.6% in the same quarter of the previous year.

In 1Q 2014, our Net Interest Margin (NIM) increased to 8.8% (8.6% without one-off interest income) from 8.3% in 1Q 2013, with the net

[1] Includes Bank Constanta; 31.8% on a standalone basis.
[2] Includes Bank Constanta; 23.2% and 24.5% respectively on a standalone basis

TBC at a Glance

TBC Bank is a leading Bank in Georgia, offering a broad range of products and services through its extensively developed retail, corporate, SME and micro banking business lines. The Bank is one of the largest financial institutions in the country in terms of retail deposits (#1), customer loans, deposits and assets (#2). Four prominent IFIs (EBRD, IFC, DEG and FMO) together with JP Morgan and Ashmore hold 65% of TBC Bank shares.

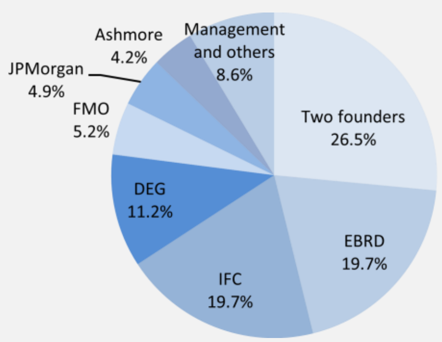
Key Facts (as of 31 March 2014)

- No 1 in Retail Deposits – 33% of market share;
- A leading Bank in the country with 26% and 25% market share of total loans and total assets respectively;
- Loan book composition: Retail (42.7%), Corporate (35.9%), SME (13.9%), Micro (7.5%)
- 316 ATMs (out of which 54 are Bank Constanta), 2,836 POSs across Georgia;
- Number of customers: over 1 million; Number of employees (Group): over 4,000;
- Entered microfinance segment in May 2011 through acquisition of Bank Constanta
- Presence in Azerbaijan through subsidiary TBC Kredit (non-banking credit organization)

Ratings

- Fitch: BB- (Long Term IDR)/B (Short Term IDR) upgraded in June 2013
- Moody's: B1 (FC)/Ba3 (LC) affirmed in April 2014

Shareholder Structure



Note: Market shares and operational data include Bank Constanta

interest income increasing by GEL 13.7 million, or 20.6% to GEL 80.4 million, compared to the same period in 2013.

Total operating income reached GEL 103.4 million, up GEL 16.1 million, or 18.5%, compared to 1Q 2013. Total operating expenses increased by GEL 5.0 million, or 11.2%, compared to the first quarter of 2013. As a result of the positive operating leverage achieved in 1Q 2014, our cost to income ratio further improved to 47.6%, compared to 50.8% in 1Q 2013.

Total provision expenses decreased by GEL 7.1 million to GEL 13.0 million, compared to GEL 20.1 million in 1Q 2013.

As a result, in 1Q 2014, we delivered solid profitability with net income of GEL 35.9 million, up GEL 16.2 million, or 82.0%, compared to 1Q 2013, delivering a return on average equity (ROAE) and return on average assets (ROAA) of 20.0% and 3.3%, respectively.

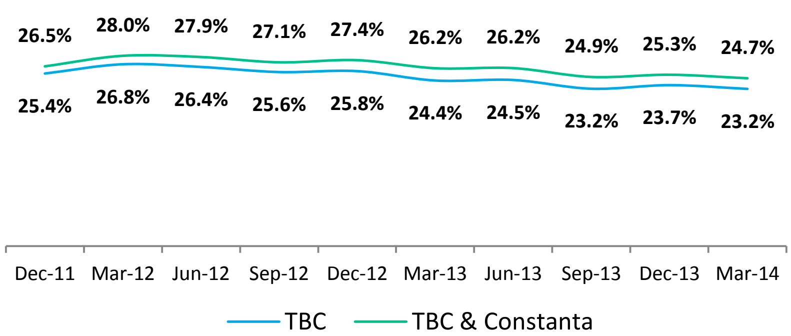
In 1Q 2014 we launched the Oracle's Siebel CRM system, which will take us to the next level in sales effectiveness and customer experience. In March 2014 alone, we already sold over 500 insurance products, which shows a good start to the enhancement of our fee generation capabilities. We began the sale of banking products through our advanced internet banking channel, where in the single month of March we managed to sell over 1,000 deposits.

As at 31 March 2014, TBC had 116 branches (out of which 57 are Bank Constanta), 316 ATMs (out of which 54 are Bank Constanta), 2,836 POS terminals and 2,608 cash-in terminals. Through our best in class multichannel platform, we have around 123,000 active internet banking customers and around 28,000 active mobile banking customers.

To sum up, the Georgian economy continued to deliver solid economic results throughout 1Q 2014 which lays a good foundation for further development both of the economy and the banking system. Our fundamentals are strong and we, as a leading player in the Georgian banking system, feel confident in our ability to continue sustainable growth and profitability throughout 2014 and beyond.

Market Shares[3]

Asset Market Shares

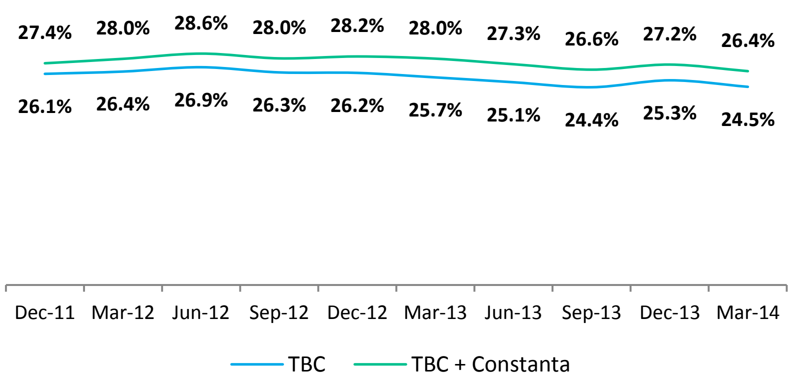


Source: NBG (National Bank of Georgia)

TBC Bank's market share in total assets decreased by 0.6 percentage points QoQ attaining 23.2% as at 31 March 2014.

TBC Bank's market share, including Bank Constanta, was 24.7% as at 31 March 2014, down 0.5 percentage points QoQ. The decrease in market share resulted from the decrease in market share in loans as described below and optimization of liquidity whereby the bank continued to release excess costly deposits.

Loan Market Shares



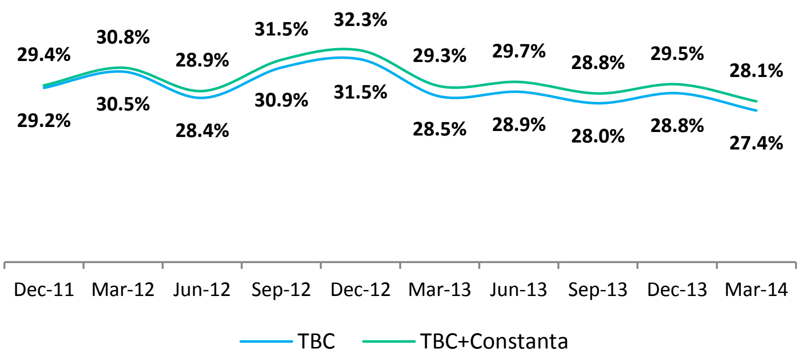
Source: NBG (National Bank of Georgia)

TBC Bank's market share in total loans was 24.5%, down 0.8 percentage points QoQ as at 31 March 2014.

[3] Market shares are based on National Bank of Georgia (NBG)

TBC Bank's market share in total loans, including Bank Constanta, was 26.4% as at the same date, down 0.8 percentage points QoQ. The decrease in total loans was mainly due to the reduction in legal entity loans market share which resulted from the repayment of two large corporate loans in 1Q 2014.

Deposit Market Shares



Source: NBG

The market share in total customer deposits decreased by 1.4 percentage points QoQ, reaching 27.4% as at 31 March 2014.

The combined market shares of TBC Bank and Bank Constanta decreased by 1.4 percentage points QoQ, reaching 28.1% as at 31 March 2014.

The decrease in the market share of total deposits in 1Q 2014 was a result of the Management's decision to optimize the Bank's cost of funding, through among other initiatives, continuing release of large corporate deposits, which are more expensive and less sticky than retail deposits.

Consolidated Results of Operations

Income Statement Discussion

in thousands GEL	1Q'14	1Q'13	*Change YoY*	4Q'13	*Change QoQ*
Interest income	122,767	118,150	*3.9%*	120,710	*1.7%*
Interest expense	(42,347)	(51,467)	*-17.7%*	(44,725)	*-5.3%*
Net interest income	**80,420**	**66,683**	***20.6%***	**75,985**	***5.8%***
Fee and commission income	15,809	14,906	*6.1%*	18,000	*-12.2%*
Fee and commission expense	(6,464)	(5,688)	*13.7%*	(5,045)	*28.1%*
Net Fee and Commission Income	**9,345**	**9,218**	***1.4%***	**12,956**	***-27.9%***
Other operating non-interest income	**13,596**	**11,313**	***20.2%***	**15,343**	***-11.4%***
Provisioning charges	**(13,008)**	**(20,146)**	***-35.4%***	**(10,912)**	***19.2%***
Operating income after provisions for impairment	**90,353**	**67,068**	***34.7%***	**93,372**	***-3.2%***
Staff costs	(26,984)	(25,748)	*4.8%*	(30,891)	*-12.6%*
Depreciation and amortization	(5,295)	(5,505)	*-3.8%*	(4,954)	*6.9%*
Provision for liabilities and charges	-	-	*NMF*	(1,315)	*-100.0%*
Administrative and other operating expenses	(16,970)	(13,041)	*30.1%*	(18,659)	*-9.1%*
Operating expenses	**(49,249)**	**(44,294)**	***11.2%***	**(55,819)**	***-11.8%***
Profit before tax	**41,104**	**22,774**	***80.5%***	**37,553**	***9.5%***
Income tax expense	(5,165)	(3,031)	*70.4%*	(2,147)	*140.6%*
Profit for the period	**35,939**	**19,743**	***82.0%***	**35,406**	***1.5%***

Net Interest Income

in thousands GEL	1Q'14	1Q'13	*Change YoY*	4Q'13	*Change QoQ*
Loans and advances to customers	112,012	107,895	*3.8%*	110,908	*1.0%*
Investment securities available for sale	7,263	7,385	*-1.6%*	7,118	*2.0%*
Due from other banks	1,411	1,213	*16.3%*	442	*219.4%*
Investments in leases	2,081	1,657	*25.6%*	2,242	*-7.2%*
Interest income	**122,767**	**118,150**	***3.9%***	**120,710**	***1.7%***
Customer accounts	27,345	38,337	*-28.7%*	30,838	*-11.3%*
Due to credit institutions	10,520	10,044	*4.7%*	10,692	*-1.6%*
Subordinated debt	4,322	3,059	*41.3%*	3,044	*42.0%*
Other	160	27	*487.8%*	152	*5.4%*
Interest expense	**42,347**	**51,467**	***-17.7%***	**44,725**	***-5.3%***
Net interest income	**80,420**	**66,683**	***20.6%***	**75,985**	***5.8%***
Net interest margin	**8.8%**	**8.3%**	***0.5pp***	**8.5%**	***0.3pp***

1Q 2014 to 1Q 2013 Comparison

In 1Q 2014, net interest income was GEL 80.4 million, up GEL 13.7 million, or 20.6%, compared to GEL 66.7 million in 1Q 2013. The increase was a result of 3.9% growth in interest income to GEL 122.8 million from GEL 118.1 million and 17.7% decrease in interest expense to GEL 42.3 million from GEL 51.5 million.

The total interest income increase of GEL 4.6 million, or 3.9%, to GEL 122.8 million in 1Q 2014 was mainly due to the increase in interest income from loans to customers, followed by an increase in interest income from investments in leases. Interest income from loans to customers increased by GEL 4.1 million, or 3.8%, to GEL 112.0 million for the three months ended 31 March 2014 from GEL 107.9 million for the three months ended 31 March 2013. This increase was primarily due to an increase in the average size of TBC's loan portfolio, which increased from GEL 2,517.5 million as at 31 March 2013 to GEL 2,902.7 million as at 31 March 2014, which more than offset a decrease in the average interest yields over the same period from 17.4% to 15.6% in 1Q 2014, aligned with the declining interest rates in the country. The second largest increase in interest income in absolute terms came from the interest income from investments in leases, which increased by GEL 0.4 million, or 25.6%, to GEL 2.1 million for the three months ended 31 March 2014, from GEL 1.7 million for the three months ended 31 March 2013. This increase was primarily due to the increase in the size of TBC's lease portfolio during the period, which more than offset the decrease in average yields on investments in leases from 25.2% in 1Q 2013 to 23.0% in 1Q 2014.

Total interest expense decreased by GEL 9.1 million, or 17.7%, to GEL 42.3 million for the three months ended 31 March 2014 from GEL 51.5 million for the three months ended 31 March 2013, mainly due to decreases in interest expense on customer accounts. Interest expense on customer accounts decreased by GEL 11.0 million, or 28.7%, to GEL 27.3 million for the three months ended 31 March 2014 from GEL 38.3 million for the three months ended 31 March 2013, mainly as a result of the reduction of cost of client deposits from 6.4% in 1Q 2013 to 4.0% in 1Q 2014, resulting from the management efforts to optimize cost of funding, which was broadly aligned with the general market trend of declining interest rates on deposits in Georgia. The decrease in interest expense on customer deposits was partially offset by the increase in interest expense on subordinated debt by GEL 1.3 million mainly due to the increase in the balance of subordinated debt on YoY basis.

As a result, NIM increased by 0.5 percentage points, from 8.3% in 1Q 2013 to 8.8% in 1Q 2014. Due to the recovery of one of the corporate loans, our interest income increased in 1Q 2014 by a one-off GEL 1.8 million. Without this one-off effect, our 1Q 2014 NIM would have been 8.6%.

1Q 2014 and 4Q 2013 Comparison

On a QoQ basis, net interest income increased by GEL 4.4 million, or 5.8% as a result of a GEL 2.1 million, or 1.7% increase in interest income and a 2.4 million, or 5.3% decrease in interest expense.

The GEL 2.1 million, or 1.7% QoQ increase in interest income mainly resulted from a GEL 1.1 million, or 1.0%, increase in interest income from loans, which in turn was due to the 5.7% QoQ increase in average gross loan portfolio and which was partially offset by 0.4 percentage points QoQ decrease in average loan yields. The increase in interest income was also driven by the increase in interest income from due from other banks by GEL 1.0 million, resulting from 1.6% QoQ increase in average portfolio of due from other banks as well as the increase in average yields on respective portfolios from 0.8% to 2.4%.

The GEL 2.4 million, or 5.3% QoQ decrease in interest expense was primarily attributable to the reduced interest expense on customer deposits by 3.5 million, or 11.3%, mainly resulting from the reduction in cost of deposits by 0.5 percentage points QoQ, aligned with the general deposit rate cuts in the market.

As a result, NIM increased by 0.3 percentage points, from 8.5% in 4Q 2013 to 8.8% in 1Q 2014.

Fee and Commission Income

in thousands GEL	1Q'14	1Q'13	*Change YoY*	4Q'13	*Change QoQ*
Card operations	7,005	7,530	*-7.0%*	8,760	*-20.0%*
Guarantees issued	1,670	1,423	*17.3%*	1,060	*57.5%*
Settlement transactions	3,050	2,582	*18.1%*	3,377	*-9.7%*
Cash transactions	1,167	1,032	*13.0%*	1,440	*-18.9%*
Foreign exchange operations	310	352	*-11.8%*	419	*-25.9%*
Issuance of letters of credit	1,644	1,030	*59.6%*	1,939	*-15.2%*
Other	963	956	*0.7%*	1,005	*-4.2%*
Fee and commission income	**15,809**	**14,906**	***6.1%***	**18,000**	***-12.2%***
Card operations	3,377	3,394	*-0.5%*	3,630	*-7.0%*
Guarantees received	1,029	697	*47.6%*	(729)	*-241.1%*
Settlement transactions	454	429	*5.9%*	593	*-23.4%*
Cash transactions	630	366	*72.2%*	463	*36.1%*
Foreign exchange operations	14	14	*-0.4%*	16	*-10.6%*
Other	960	788	*21.9%*	1,073	*-10.5%*
Fee and commission expense	**6,464**	**5,688**	***13.7%***	**5,045**	***28.1%***
Net fee and commission income	**9,345**	**9,218**	***1.4%***	**12,956**	***-27.9%***

1Q 2014 to 1Q 2013 Comparison

In 1Q 2014, the net fee and commission income reached GEL 9.3 million, up GEL 0.1 million, or 1.4%, compared to 1Q 2013, resulting from an increase in net fee and commission income from issuance of letters of credit by GEL

0.6 million and settlement transactions by GEL 0.4 million. These increases were partially offset by the decrease in net fee and commission income from card operations by GEL 0.5 million, which was due to the fact that starting from 2014, the Bank records fee income from Card operations on an accrual basis, as well as by the decrease in net fee and commission income from guarantees issued and cash transactions each by GEL 0.1 million. Without the effect of card fee deferral accrual in 2014, which was GEL 0.9 million in 1Q 2014, the net fee and commission income would have increased by GEL 1.0 million, or 11.3%, compared to the same period of the previous year.

1Q 2014 and 4Q 2013 Comparison

On a QoQ basis, the net fee and commission income decreased by GEL 3.6 million, or 27.9% compared to the previous quarter, resulting from the decrease in most of the items due to the seasonally low fee generating first quarter, , as well as effect of plastic card fee deferral mentioned above.

Other Operating Non-interest Income

in thousands GEL	1Q'14	1Q'13	*Change YoY*	4Q'13	*Change QoQ*
Gains less losses from trading in foreign currencies and foreign exchange translations	7.8	7.9	*-1.2%*	8.1	*-3.8%*
Gains less losses/(losses less gains) from derivative financial instruments	-0.2	-0.5	*-61.7%*	-0.1	*207.9%*
Other operating income	6.0	3.9	*53.7%*	7.3	*-18.0%*
Other operating non-interest income	**13.6**	**11.3**	***20.2%***	**15.3**	***-11.4%***

1Q 2014 to 1Q 2013 Comparison

Total other operating non-interest income increased by GEL 2.3 million, or 20.2%, to GEL 13.6 million for the three months ended 31 March 2014 from GEL 11.3 million for the three months ended 31 March 2013. This increase was due in part to an increase in revenues from operational leasing (rental income from investment property) by GEL 1.1 million and revenues from cash-in terminal services by GEL 0.5 million. Total other operating non-interest income was also increased by a relatively smaller loss (GEL 0.2 million) from the fair valuation of interest rate swap (reported under gains less losses from derivative financial instruments) entered for purposes of hedging interest rate increases in TBC's banking book, compared to a loss of GEL 0.5 million in the same period in 2013.

These increases were slightly offset by a decrease in the recorded gain from trading in foreign currencies and on foreign exchange translations by GEL 0.1 million to GEL 7.8 million, compared to GEL 7.9 million in 1Q 2013.

1Q 2014 and 4Q 2013 Comparison

On a QoQ basis, the other operating non-interest income decreased by GEL 1.7 million, or 11.4%, primarily reflecting the GEL 1.3 million, or 18.0% decrease in other operating income mainly resulting from the relatively lower gains on the sale of repossessed assets and investment property in 1Q 2014. The QoQ decrease in other operating non-interest income was also due to the reduction in the recorded gain from trading in foreign currencies and on foreign exchange translations by GEL 0.3 million, or 3.8%.

Provision for Impairment

in thousands GEL	**1Q'14**	**1Q'13**	***Change YoY***	**4Q'13**	***Change QoQ***
Provision for loan impairment	14,586	19,652	*-25.8%*	9,026	*61.6%*
Provision for impairment of investments in finance lease	9	24	*-62.5%*	27	*-66.9%*
Provision for/ (recovery of provision) performance guarantees and credit related commitments	-1,799	95	*NMF*	-679	*164.9%*
Provision for impairment of other financial assets	190	370	*-48.6%*	1,401	*-86.4%*
Impairment of investment securities available for sale	22	5	*340.0%*	1,137	*-98.1%*
Total provision for impairment	**13,008**	**20,146**	***-35.4%***	**10,912**	***19.2%***
Operating income after provisions for impairment	**90,353**	**67,068**	***34.7%***	**93,372**	***-3.2%***
Cost of risk	**2.0%**	**3.2%**	***-1.1pp***	**1.3%**	**0.7pp**

1Q 2014 to 1Q 2013 Comparison
In 1Q 2014, total provision charges decreased by GEL 7.1 million, or 35.4%, to GEL 13.0 million from GEL 20.1 million in 1Q 2013. The decrease in provision charges was primarily driven by the decrease in provision for loan impairment and provision for performance guarantees and credit related commitments.

Provision charges for loan impairment decreased by GEL 5.1 million, or 25.8%, to GEL 14.6 million for 1Q 2014 from GEL 19.7 million, primarily due to the increased one-off provision charge in 1Q 2013 attributable to one of our corporate customers, which more than offset the one off provision charge in 1Q 2014 as described below. The decrease in provision charge for performance guarantees and credit related commitments by GEL 1.9 million was attributable to the recoveries of provision in 1Q 2014, resulting from transfer of guarantees into loans and the reduction of provision levels on certain guarantees due to the improvement in their financial standing.

1Q 2014 and 4Q 2013 Comparison
On a q-o-q basis, total provision charge increased by GEL 2.1 million, or 19.2% compared to 4Q 2013. The increase in provision charges was primarily driven by the increased provision charges on loans, resulting from the increased cost of risk on corporate segment and mortgage loans. The increase in corporate segment provisioning charge was attributable to the restructuring of one of the corporate borrowers, as a result of which part of the exposure was written off (however it did not affect provision charges as the written off amount was fully provisioned in December 2013), another part of the exposure was reclassified to the available for sale securities and the provision level was increased on the remaining part of the exposure which resulted in the increase of corporate segment provisioning charge. The temporary increase of mortgage loan provisioning charges was related to the exceptionally good performance of the mortgage loan book at the end of 2013, which broadly normalized in 1Q 2014 resulting in provisioning level increase.

Operating Expenses

in thousands GEL	1Q'14	1Q'13	*Change YoY*	4Q'13	*Change QoQ*
Staff costs	26,984	25,748	*4.8%*	30,891	*-12.6%*
Depreciation and amortization	5,295	5,505	*-3.8%*	4,954	*6.9%*
Provision for liabilities and charges	-	-	*NMF*	1,315	*-100.0%*
Administrative and other operating expenses	16,970	13,041	*30.1%*	18,659	*-9.1%*
Operating expenses	**49,249**	**44,294**	***11.2%***	**55,819**	***-11.8%***
Profit before tax	**41,104**	**22,774**	***80.5%***	**37,553**	***9.5%***
Income tax expense	5,165	3,031	*70.4%*	2,147	*140.6%*
Profit for the period	**35,939**	**19,743**	***82.0%***	**35,406**	***1.5%***

Cost to income ratio	**47.6%**	**50.8%**	***-3.1pp***	**53.5%**	***-11.0pp***
ROAE	**20.0%**	**13.0%**	***7.1pp***	**19.8%**	***1.3pp***
ROAA	**3.3%**	**2.1%**	***1.2pp***	**3.3%**	***-1.2pp***

1Q 2014 to 1Q 2013 Comparison

Total operating expenses increased by GEL 5.0 million, or 11.2%, to GEL 49.2 million for the three months ended 31 March 2014 from GEL 44.3 million for the three months ended 31 March 2013. The increase was principally due to increases in administrative and other operating expenses and staff costs.

Administrative and other operating expenses increased by GEL 3.9 million, or 30.1%, to GEL 17.0 million for the three months ended 31 March 2014, from GEL 13.0 million for the three months ended 31 March 2013. This increase was mainly driven by an increase in professional services expenses by GEL 3.1 million, primarily relating to expenses paid to external legal and financial advisors in connection with the capital transaction and was also affected by an increase in advertising and marketing services by GEL 0.3 million broadly aligned with the increased business scale.

Staff costs increased by GEL 1.2 million, or 4.8%, to GEL 27.0 million for the three months ended 31 March 2014, from GEL 25.7 million for the three months ended 31 March 2013. Out of this increase, 67% is attributable to the increase in the number of employees of Bank Constanta on a YoY basis, in connection with the growth of Bank Constanta's business as well as the general increase in salaries and bonuses on a TBC Group level.

1Q 2014 and 4Q 2013 Comparison

On a QoQ basis, operating expenses decreased by GEL 6.6 million, or 11.8%, primarily reflecting the decrease in staff costs by GEL 3.9 million due to the higher costs in 4Q 2014 associated with year-end employee bonuses and cash incentives, as well as the reduced administrative and other operating expenses by GEL 1.7 million, or 9.1% primarily due to the other staff and HR management related expenses. The decrease in operating expenses on a QoQ basis was also attributable to the provision for liabilities and charges, which was recorded in 4Q 2013 due to the increased operational risk reserve.

Balance Sheet Discussion

In thousands of GEL	31-Mar-14	31-Dec-13	31-Mar-13	*Change QoQ*	*Change YoY*
Cash, due from banks and mandatory cash balances with NBG	627.2	687.5	516.1	*-8.8%*	*21.5%*
Loans and advances to customers (Net)	2,772.6	2,801.7	2,347.2	*-1.0%*	*18.1%*
Financial securities	568.9	500.7	468.8	*13.6%*	*21.3%*
Fixed and intangible assets & investment property	309.2	306.5	245.1	*0.9%*	*26.2%*
Other assets	160.0	154.7	140.707	*3.5%*	*13.7%*
Total assets	**4,437.9**	**4,451.1**	**3,717.8**	***-0.3%***	***19.4%***
Due to credit institutions	687.7	565.8	519.0	*21.5%*	*32.5%*
Customer accounts	2,753.9	2,886.9	2,387.8	*-4.6%*	*15.3%*
Debt Securities in issue	4.5	4.5	0.0	*1.0%*	*#DIV/0!*
Subordinated Debt	172.8	168.3	117.2	*2.7%*	*47.5%*
Other liabilities	92.0	96.3	65.8	*-4.5%*	*39.8%*
Total Liabilities	**3,711.0**	**3,721.8**	**3,089.8**	***-0.3%***	***20.1%***
Total equity	**726.9**	**729.3**	**628.0**	***-0.3%***	***15.7%***

Assets

As at 31 March 2014, TBC had total assets of GEL 4,437.9 million, up GEL 720.0 million, or 19.4% YoY. This increase in total assets was mainly due to the increase in net loans to customers by GEL 425.5 million, or 18.1%, primarily driven by the increase in retail and SME net portfolios by GEL 262.1 million, or 27.8% and GEL 108.8 million, or 37.4%, respectively. The YoY increase in total assets was also due to the increase in liquid assets by GEL 208.0 million, or 21.2%, compared to the three months ended 31 March 2013.

On a QoQ basis, total assets decreased by 0.3%, primarily due to the GEL 29.1 million (1.0%) decrease in net loans and advances to customers to GEL 2,772.6 million, compared to GEL 2,801.7 million as at 31 December 2013. This decrease in net loans and advances to customers was due to a reduction in the corporate net loan portfolio by GEL 93.9 million, mainly resulting from the prepayment of two large corporate customer loans, which more than offset the increase in retail, SME and micro net loan portfolios by GEL 36.7 million, GEL 11.7 million and 16.3 million, respectively. This decrease in net loans and advances to customers was partially offset by an increase in liquid assets (comprising cash and cash equivalents, due from other banks and mandatory cash balances and investment securities available for sale less corporate shares) by GEL 5.0 million, or 0.4%, to GEL 1,187.6, primarily resulting from a GEL 68.2 million increase in investment securities available for sale as a result of TBC's investment of its excess liquidity in investment securities, the purchase of corporate bonds issued by EBRD securities in March 2014, a transaction in which TBC Bank acted as an underwriter and the reclassification of the part of the one corporate customer’s loan under available for sale securities. This increase in investment securities available for sale largely offset a GEL 60.9 million decrease in cash and cash equivalents. As a result our liquid assets to liability ratio increased to 32.0%, compared to 31.8% as at 31 December 2013.

As at 31 March 2014, the gross loan portfolio reached 2,921.1 million, up 15.5% YoY and down 1.3% QoQ. As at the same period, the gross loans denominated in foreign currency accounted for 65.8% of total gross loans, compared to 73.9% as at 31 March 2013 and 69.3%, as at 31 December 2013, which reflects the decreasing trend in foreign currency denominated loans. NPL ratio, defined as loans overdue more than 90 days over gross loan portfolio, was standing at 1.0%, compared to 1.3% and 1.1% as at 31 March 2013 and 31 December 2013, respectively.

Liabilities
As at 31 March 2014, TBC had total liabilities of GEL 3,711.0 million as compared to total liabilities of GEL 3,089.8 million as at 31 March 2013 and GEL 3,721.8 million as at 31 December 2013.

On a YoY basis, the GEL 621.1 million, or 20.1% increase in total liabilities was primarily due to the increase in customer deposits by GEL 366.1 million, or 15.3%, primarily driven by the increase in retail and SME deposits, as well as the increase in amounts due to credit institutions by GEL 168.7 million, or 32.5%, as a result of increases in other borrowed funds by GEL 126.5 million and amounts due to other banks by GEL 42.2 million.

On a QoQ basis, the GEL 10.8 million, or 0.3% decrease in total liabilities was primarily due to the decrease in customer deposits by GEL 133.0 million, or 4.6%, mainly due to the reduction in corporate deposits resulting from the Management's decision to optimize cost of funding and release large costly corporate deposits. This decrease was largely offset by an increase in amounts due to credit institutions by GEL 121.9 million, or 21.5%, as a result of increases in other borrowed funds by GEL 74.5 million and amounts due to other banks by GEL 47.4 million.

Liquidity
The Bank's liquidity ratio defined by the National Bank of Georgia was 32.1%, compared to 36.6% and 34.0% as at 31 March 2013 and 31 December 2013, respectively.

Total Equity
As at 31 March 2014, TBC had total equity of GEL 726.9 million, as compared to total equity of GEL 628.0 million as at 31 March 2013 and GEL 729.3 million as at 31 December 2013.

The GEL 2.4 million (0.3%) QoQ decrease in total equity was primarily due to 2013 dividend payout in an amount of GEL 26.5 million, a reduction in other reserves by GEL 8.4 million, or 16.5%, primarily resulting from a decrease in revaluation reserves of investment securities available for sale, which together more than offset the increase in net income attributable to owners' equity in the amount of GEL 35.9 million.

Regulatory Capital

As of 31 December 2013, the Bank's NBG tier 1 and total capital ratios were 11.4% and 14.5% respectively, compared to 12.3% and 14.5% as at 31 March 2013 and 10.6% and 14.6% as at 31 December 2013. The minimum capital requirements set by NBG for tier 1 and total capital ratios are 8% and 12% respectively.

The Bank's BIS tier 1 capital ratio was 21.4%, compared to 21.3% and 21.6% as at 31 March 2013 and 31 December 2013 respectively. The tier 1 capital reached GEL 681.8 million, compared to 580.5 million and 675.7 million as at 31 March 2013 and 31 December 2013, respectively. Risk weighted assets were GEL 3,189.1 million as at 31 March 2014, up GEL 462.4 YoY and GEL 53.6 million.

Results by Segments and Subsidiaries

- **Retail** – all individual customers of the Group as well as customers that have been granted gold-pawn loans.
- **Corporate** – business customers which have annual revenue of GEL 8.0 million or more or have been granted a loan in an amount equivalent to USD 1.5 million or more. Some other significant legal entity customers may also be assigned the status of being a corporate customer, on a discretionary basis; for example, if they are regarded by the Group as having strong growth potential.
- **SME** – business customers that are not included either in the corporate or micro segments.
- **Micro** – all business customers of Bank Constanta, that have been granted loans by and/or have deposits with Bank Constanta, the amount of which in neither case exceeds USD 150 thousand.
- **Corporate Center and Other Operations** – comprise the Treasury, other support and back office functions, and non-banking subsidiaries of the Group.

The following table sets out information on the financial results of TBC's segments for the first quarter 2014:

In thousands GEL	Retail	Corporate	SME	Micro	Corporate center and other operations	Total
Three months ended 31 March 2014						
– Interest income	53,092	33,697	12,238	12,985	10,755	**122,767**
– interest expense	(19,701)	(5,600)	(1,987)	(57)	(15,002)	**(42,347)**
– Inter-segment interest income/(expense)	2,174	(12,884)	(780)	(4,340)	15,830	-
– **Net interest income**	**35,565**	**15,213**	**9,471**	**8,588**	**11,583**	**80,420**
– Fee and commission income	9,467	3,610	1,974	755	3	**15,809**
– Fee and commission expense	(5,512)	(474)	(222)	(214)	(42)	**(6,464)**
– **Net fee and commission income**	**3,955**	**3,136**	**1,752**	**541**	**(39)**	**9,345**
– Gains less losses from trading in foreign currencies	1,948	2,847	2,472	344	1,882	**9,493**
– Foreign exchange translation losses less gains	-	-	-	-	(1,701)	**(1,701)**
– Net gain from derivative financial instruments	-	-	-	-	(177)	**(177)**
– Other operating income	-	-	-	-	5,981	**5,981**
– **Other operating non-interest income**	**1,948**	**2,847**	**2,472**	**344**	**5,985**	**13,596**

– Provision for loan impairment	(7,031)	(5,652)	(603)	(1,300)	-	**(14,586)**
– Provision for performance guarantees and credit related commitments	-	1,972	(173)	-	-	**1,799**
– Provision for impairment of investments in finance lease	-	-	-	-	(9)	**(9)**
– Provision for impairment of other financial assets	-	-	-	-	(190)	**(190)**
– Impairment of investment securities available for sale	-	-	-	-	(22)	**(22)**
– **Operating income after provisions for impairment**	**34,437**	**17,516**	**12,919**	**8,173**	**17,308**	**90,353**
– Staff costs	(12,467)	(2,483)	(2,465)	(3,844)	(5,725)	**(26,984)**
– Depreciation and amortization	(2,942)	(185)	(456)	(594)	(1,118)	**(5,295)**
– Administrative and other operating expenses	(8,594)	(1,218)	(1,294)	(2,340)	(3,524)	**(16,970)**
– **Operating expenses**	**(24,003)**	**(3,886)**	**(4,215)**	**(6,778)**	**(10,367)**	**(49,249)**
– **Profit before tax**	**10,434**	**13,630**	**8,704**	**1,395**	**6,941**	**41,104**
– Income tax expense	(1,311)	(1,713)	(1,094)	(176)	(871)	**(5,165)**
– **Profit for the period**	**9,123**	**11,917**	**7,610**	**1,219**	**6,070**	**35,939**

31 March 2014						
– Total gross loans and advances to customers reported	1,248,578	1,049,789	404,761	218,011	-	**2,921,139**
– Total customer accounts reported	1,649,498	672,221	427,966	4,199	-	**2,753,884**
– Total credit related commitments and performance guarantees	776	323,598	38,308	109	-	**362,791**

Retail Banking

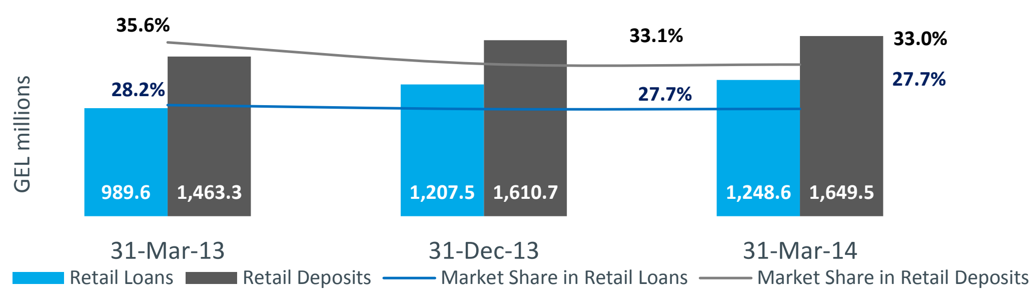
As at 31 March 2014, TBC Bank was the largest bank in the country in terms of retail deposits and the second largest bank in terms of retail loans, accounting for 33.0% and 27.7% of the market shares respectively.

The retail segment accounted for 42.7% and 59.9% of TBC's loan and deposit portfolios respectively, representing the largest segment of the Bank's portfolios. The retail segment served approximately 900k customers, offering its clients a wide range of products, including lending products (mortgage, consumer loan, auto loan, POS loan, student loan, credit card, gold pawn), accounts and deposit products (current account, savings account, term deposit, gold deposit, children savings account, certificates of deposit), debit cards (both Visa and Mastercard), and other products (cash operations, currency exchange, wire transfers, safe and deposit boxes).

Our highly productive and efficient distribution network enables us to reach out to retail clients with 116 branches (out of which 57 belong to Bank Constanta), 316 ATMs (out of which 54 belong to Bank Constanta) and 2,836 POS terminals (2,027 of which have contactless payment capabilities), and 2,608 cash-in terminals (TBC Pay) across the country.

The retail segment leverages its strength on our best in class multichannel platform with global award winning Internet banking[4] along with mobile, iPod, iPad and other type of e-banking applications. As at 31 March 2014, our customer base of internet and mobile banking was approximately 123k and 28k active users respectively. During 1Q 2014, the number of transactions performed by internet and mobile banking increased by 61% (from 231k to 143k) and its share in total transactions[5] increased from 25% to 31%, compared to 1Q 2013.

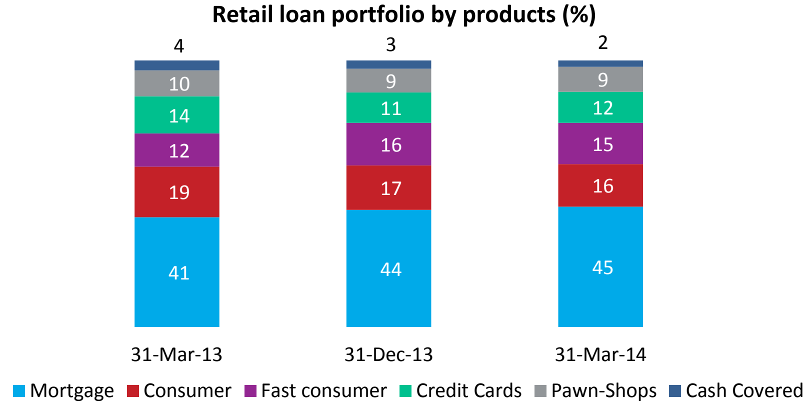
We have a market leading position in the credit card market in Georgia based on the outstanding number of credit cards (circa 229k) as at 31 March 2014. As at the same date, the number of issued debit cards reached approximately 400k. Our retail customers are also offered contactless credit and debit cards, allowing cardholding clients to make payments up to GEL 45 in a much faster way than with an ordinary card.



Retail Loans and Advances to Customers

As of 31 March 2014, retail loans increased to GEL 1,248.6 million, up GEL 259.0, or 26.2% YoY and up GEL 41.1 million, or 3.4% QoQ. As at the same period, TBC Bank's market share in individual loans was 27.7%.

Retail loan portfolio by products (%)



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[4] Global Finance Magazine named TBC Bank's internet banking in global nominations: "The Best Bill Payment & Presentment in the World" and "The Best Integrated Internet Bank Site in the World"
[5] Total transactions include transactions made in branches, through call center, internet banking, mobile banking, cash-in terminals, as well as direct debits and standing orders.
[6] *TBC Standalone IFRS figures*

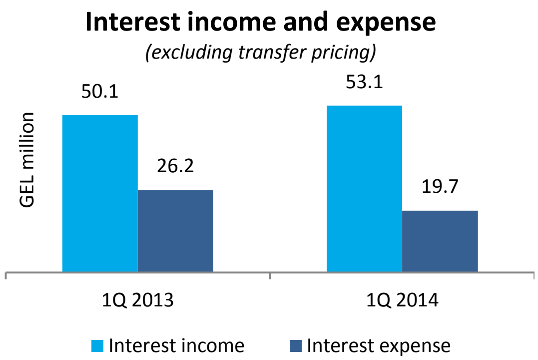
As at 31 March 2014, foreign currency loans represented 56.5% of total retail loan portfolio.

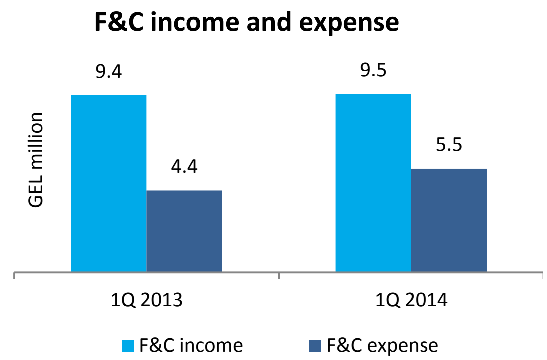
Retail Customer Deposits

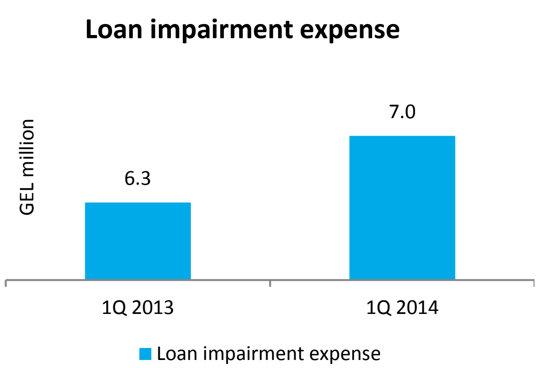
As at 31 March 2014, retail deposits increased to GEL 1,649.5 million, up GEL 186.2 million, or 12.7% YoY and up GEL 38.8 million, or 2.4% QoQ. TBC's market share in individual deposits was 33.0% as at the same date.

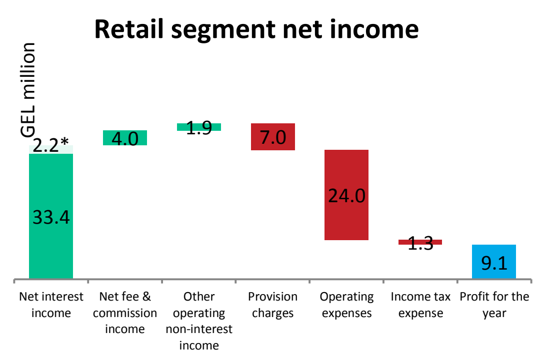
Term deposits represented 62.0% of the total retail deposit portfolio as at 31 March 2014. As for the retail deposits dollarization, foreign currency deposits represented 82.0% of total retail deposit portfolio.

Retail Segment Profitability









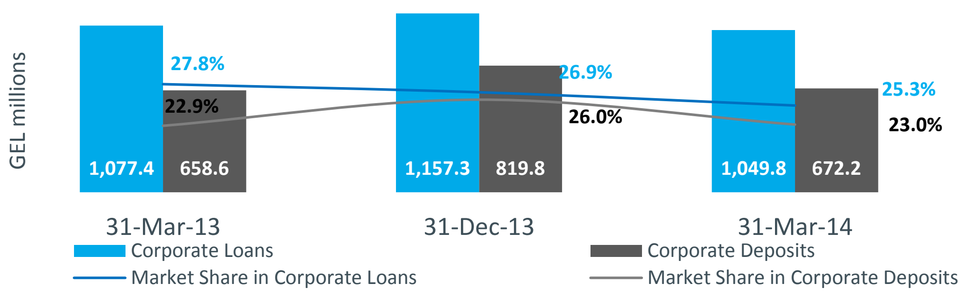
(*)Figure relating to transfer pricing; TBC began applying internal transfer pricing between its business segments and Corporate Center in early 2013

In 1Q 2014, retail loan yields and deposit rates stood at 17.5% and 4.9% respectively and the segment's cost of risk was 2.3% during the same period. The retail segment contributed 25.4%, or GEL 9.1 million to TBC's total net income in 1Q 2014.

Corporate Banking

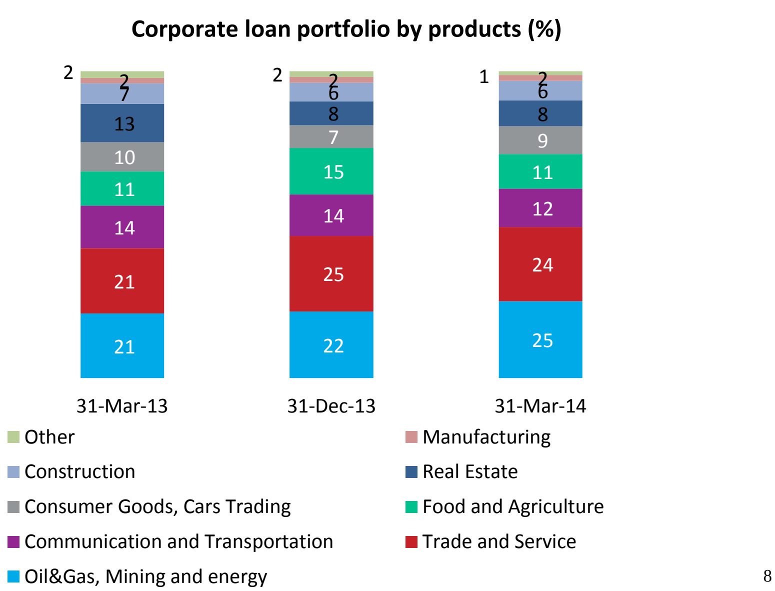
As of 31 March 2014, TBC Bank was the second largest bank in terms of corporate loans and corporate deposits in the Georgian banking sector. Corporate loans and deposits market share[7] stood at 25.3% and 23.0% as at the same period.

The corporate segment accounted for 35.9% and 24.4% of TBC's loan and deposit portfolios respectively, representing the second largest segment of the Bank's portfolios. The corporate segment served over 6,000 accounts and 1,300 customers, offering a wide range of products, including lending products (short-term working capital loans, credit line, overdraft, corporate cards, long term balance sheet finance, project finance, trade finance), treasury products (currency exchange operations, currency risk management, FX derivatives, fixed income products, mutual fund products), deposit & other products (term deposits, current/savings accounts, cash management, cash collections, internet banking) and documentary products (letters of credit, local and international guarantees).



Corporate Loans and Advances to Customers

As at 31 March 2014, corporate loans amounted to GEL 1,049.8 million, down GEL 27.6 million, or 2.6% YoY and down GEL 107.5 million, or 9.3% QoQ. As at the same date, the market share in legal entity loans reached 25.3%.



[7] *As per NBG, corporate segments market share comprises all legal entity loans and deposits, including corporate SME and Micro*

[8] Note to the chart:

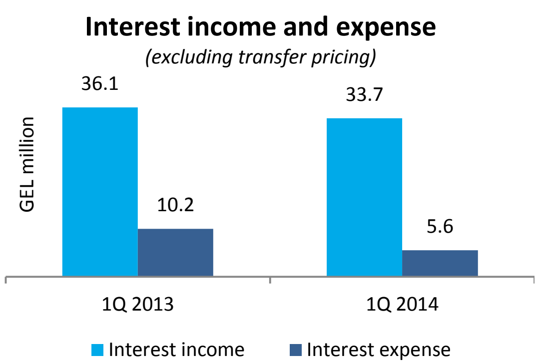
As of 31 March 2014, foreign currency loans represented 75.0% of the total corporate loan portfolio.

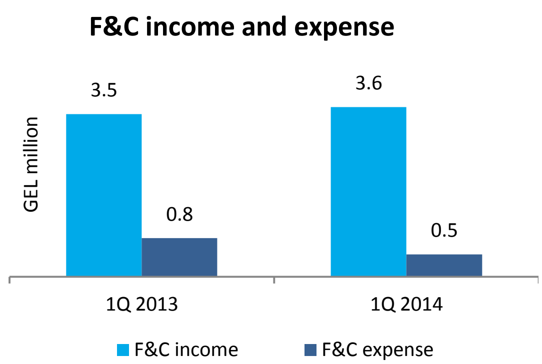
Corporate Customer Deposits

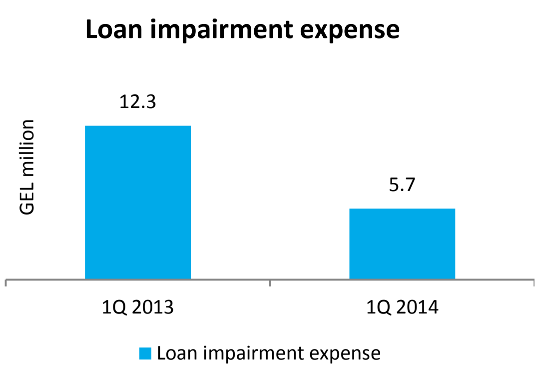
As at 31 March 2014, corporate deposits were GEL 672.2 million, up GEL 13.6 million or 2.1% YoY and down GEL 147.6 million, or 18.0% QoQ. As of the same date, the market share in legal entity deposits reached 23.0%.

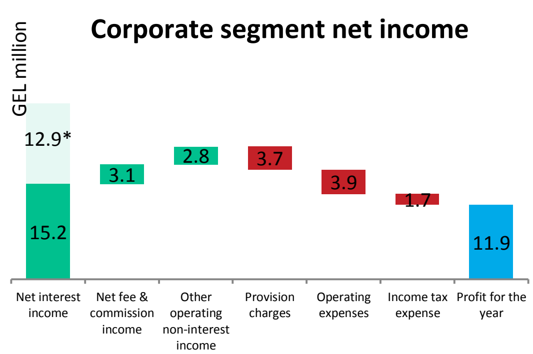
As at 31 March 2014, foreign currency corporate deposits represented 61.0% of total corporate deposit portfolio.

Corporate Segment Profitability









(*)Figure relating to transfer pricing.

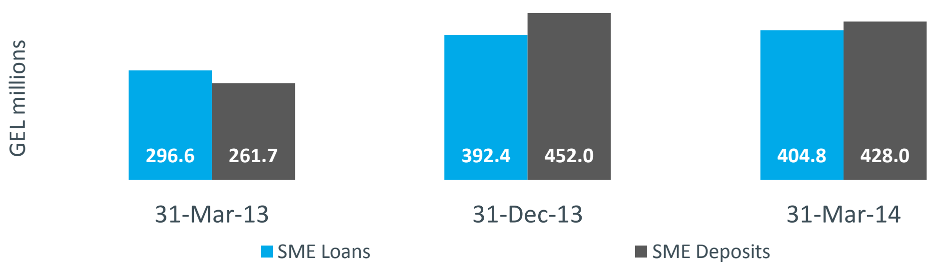
In 2013, corporate loan yields and deposit rates stood at 12.4% and 3.0% respectively. In the same period, cost of risk was 2.1%. In terms of profitability, corporate segment net profit reached GEL 11.9 million, or 33.2% of TBCs total net income.

Source: TBC Standalone IFRS figures

SME Banking

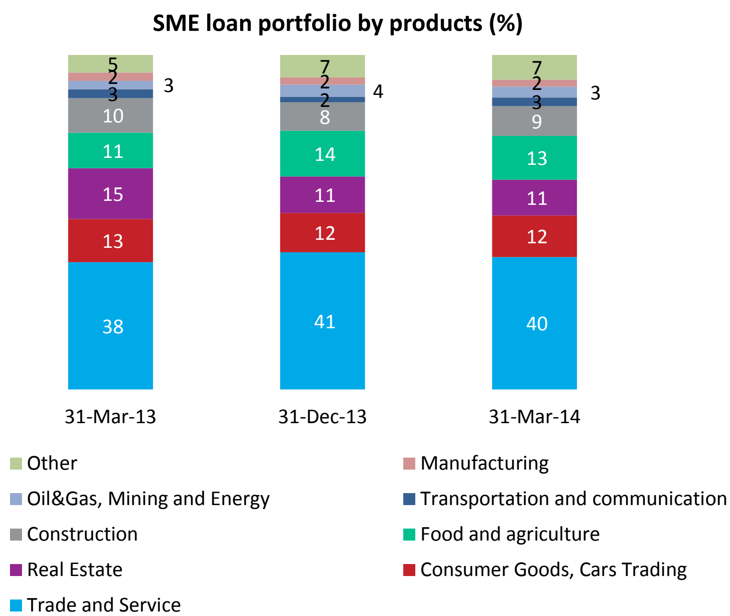
As of 31 December 2013, the SME segment accounted for 13.9% and 15.5% of TBC's total loans and deposits respectively. The segment offers various types of lending products (loans, credit lines, overdrafts, letters of credit, international bank guarantee, local bank guarantee), deposit products and payment solutions (current account, savings account, term deposit, wire transfer, business cards, payroll services, merchant solutions/POS terminals) and operational products (internet banking, SMS services, money market, derivatives, cash collection, escrow account, direct debit).

As of 31 March 2014, TBC Bank served around 49k customers through the SME business line and had over 5,100 outstanding SME loans.



SME Loans and Advances to Customers

As at 31 March 2014, SME loans increased to GEL 404.8 million, up GEL 108.1 million, or 36.5% YoY and up GEL 12.3 million, or 3.1% QoQ. Despite the absence of SME market information[9], the Management believes that TBC Bank is one of the leading banks in the market, demonstrated by its large and continuously-growing number of loyal customers.



[10]

As at 31 March 2014, foreign currency loans represented 83.1% of total SME portfolio.

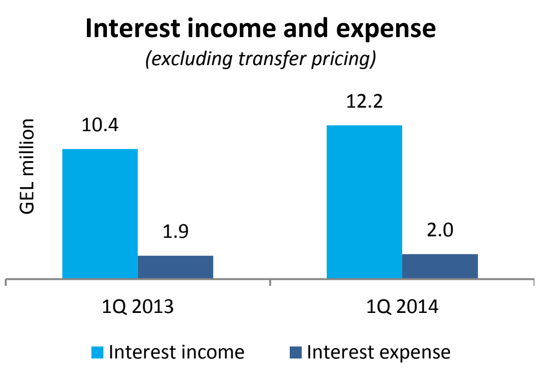
[9] Due to the fact that NBG does not produce market data comparisons for the SME segment, it is impossible to calculate SME market shares.
[10] TBC Standalone IFRS figures

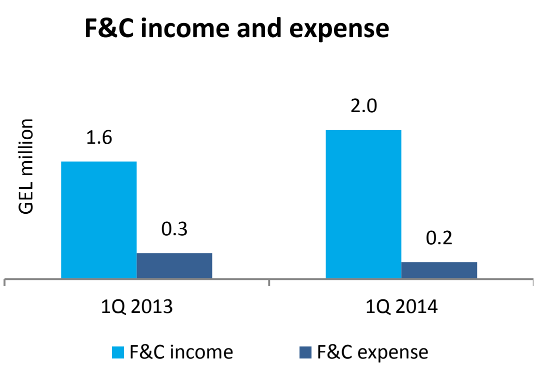
SME Customer Deposits

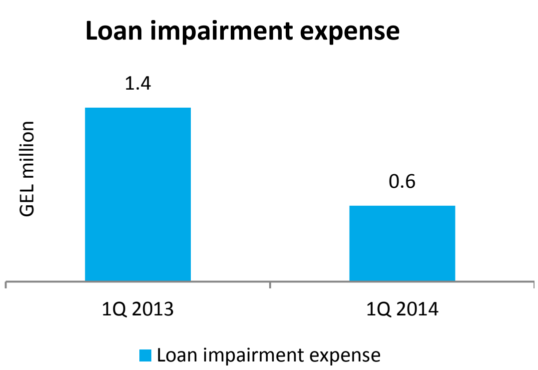
As of 31 March 2014, SME deposits were GEL 428.0 million, up GEL 166.3 million, or 63.5% YoY and down GEL 24.0 million, or 5.3% QoQ. In regard to SME deposits, the Management believes that TBC Bank has the largest shares on the market, as demonstrated by its strong customer base.

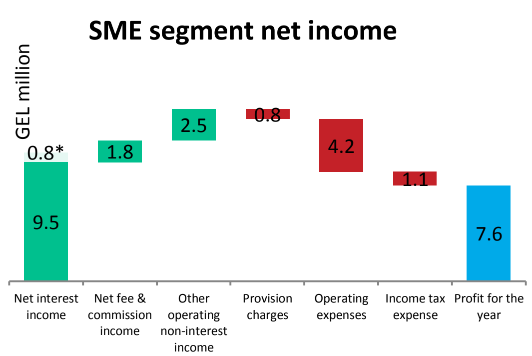
In regards to SME deposits dollarization, foreign currency SME deposits represented 51.8% of total SME deposit portfolio.

SME Segment Profitability









(*)Figure relating to transfer pricing.

In 1Q 2014, SME loan yields and deposit rates stood at 12.5% and 1.8% respectively. In the same period, cost of risk was 0.6%. In terms of profitability, SME segment net profit reached GEL 7.6 million, or 21.2% of TBC's total net income.

Micro Banking

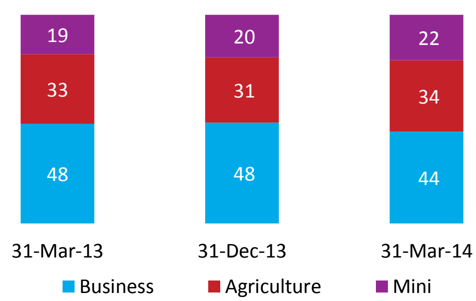
All micro customers of the Bank are served though our subsidiary Bank Constanta. The Micro segment is the smallest but fastest growing segment of TBC, accounting for 7.5% and 0.2% of the total loans and deposit portfolios respectively as at 31 March 2014. The Micro segment offers various types of loan and deposit products tailored to the needs of its clients including lending products (mini loans, business loans, agricultural loans, seasonal loans, international bank guarantees, local bank guarantees) and deposit products and payment solutions (current accounts, savings accounts, term deposits, wire transfers, payroll services, internet banking, kiosk banking).

As of 31 March 2014, TBC Bank served around 30k customers[11] through its Micro segment and had around 30k outstanding loans.

Micro Loans and Advances to Customers

Micro loans and advances to customers reached GEL 218.0 million as at 31 March 2014, up GEL 53.1 million, or 32.2% YoY and up GEL 16.7 million, or 8.3% QoQ. Despite the absence of Micro segment market share data, the Management believes that the Group is a very strong player in the Micro segment, due to Bank Constanta's long and established presence in the Micro market.

Micro loan portfolio by products (%)



As of 31 December 2013, foreign currency loans represented 43.7% of the total micro portfolio.

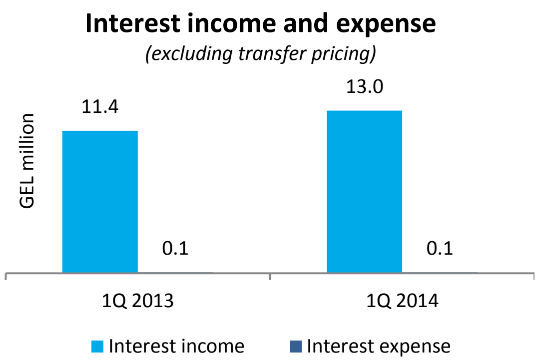
Micro Customer Deposits

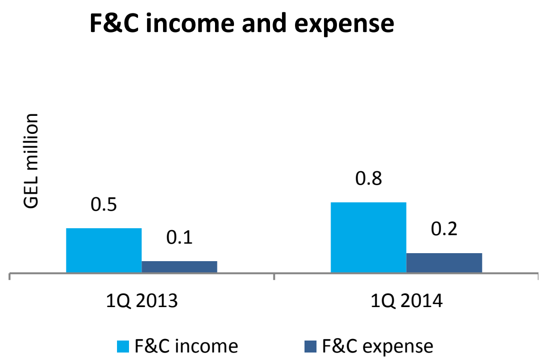
As at 31 March 2014, micro customer deposits were GEL 4.2 million, broadly stable on a YoY basis and down GEL 0.2 million QoQ.

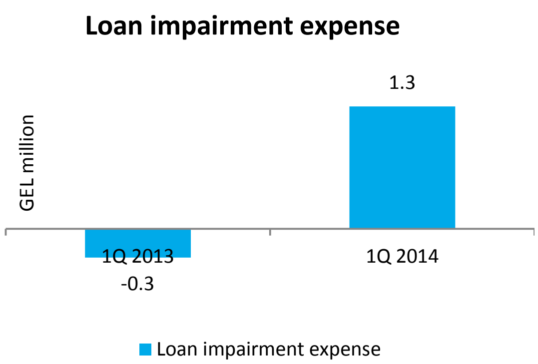
In terms of Micro deposits dollarization, foreign currency Micro deposits represented 32.1% of total Micro deposit portfolio.

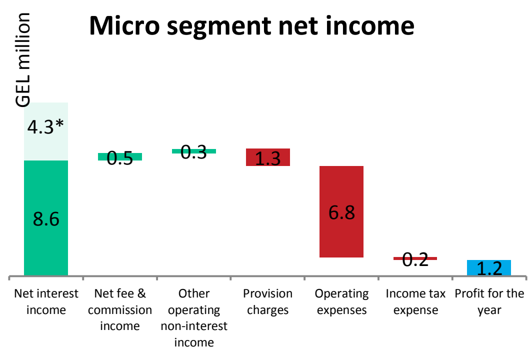
[11] *Micro segment customers are calculated as Bank Constanta's number of borrowers that fall under micro segment. The remaining micro borrowers of Bank Constanta are added to the relevant retail and SME segments.*

Micro Segment Profitability









(*)Figure relating to transfer pricing.

In 1Q 2014, Micro loan yields and deposit rates stood at 25.1% and 5.3% respectively. In the same period, the cost of risk was 2.5%. In terms of profitability, micro segment net profit reached GEL 1.2 million, or 3.4% of TBC's total net income.

TBC Kredit

TBC Kredit, which is 75% owned by TBC, is a non-banking credit organization that operates in the micro finance market in Azerbaijan. TBC Kredit's core business activity is SME, consumer and mortgage loans. TBC Kredit has its headquarters and four branches in Azerbaijan.

During 1Q 2014, TBC Kredit's gross loans increased by GEL 9.6 million, or 15.8% YoY and decreased by GEL 1.7 million, or 2.4% QoQ. In 1Q 2014, TBC Kredit's net income reached GEL 1.0 million, up GEL 0.2 million, or 23.2%, compared to net income of GEL 0.8 million in 1Q 2013, delivering an annualized ROAE of 16.0%. The following table sets out the selected balance sheet items of TBC Kredit as at 31 March 2014, 31 December 2013 and 31 March 2013.

In thousands GEL	**31-Mar-14**	**31-Dec-13**	**31-Mar-13**	***Change QoQ***	***Change YoY***
Net loans	68,382	70,224	59,639	*-2.6%*	*14.7%*
Total assets	**74,372**	**73,681**	**63,199**	***0.9%***	***17.7%***
Borrowed funds	41,663	42,452	36,268	*-1.9%*	*14.9%*
Debt securities in issue	4,517	4,474	0	*1.0%*	*NMF*
Total liabilities	**47,664**	**48,173**	**41,343**	***-1.1%***	***15.3%***
Total equity	**26,708**	**25,508**	**21,856**	***4.7%***	***22.2%***

Assets

TBC Kredit's total assets reached GEL 74.4 million as of 31 March 2014, up 0.9% QoQ and 17.7% YoY. The increase on a QoQ basis was primarily attributable to the increase in liquidity, while the increase on a YoY basis was primarily due the increase in net loans by 14.7%.

Liabilities

TBC Kredit's total liabilities decreased by 1.1% QoQ and increased 15.3% YoY, amounting to GEL 47.7 million as of 31 March 2014. On a QoQ basis the decrease was mainly attributable to the decrease in other borrowed funds by 1.9%, while a YoY increase in total liabilities was largely due to the increase in other borrowed funds by 14.9% and the bonds issued by TBC Kredit in 2Q 2013.

Equity

TBC Kredit's total equity increased by 4.7% QoQ and 22.2% YoY to GEL 26.7 million as at 31 March 2014. The increase was mainly due to the increase in net income attributable to total equity.

Annexes

Unaudited Consolidated Income Statement

In thousands GEL	Three months ended 31-Mar-14 (Reviewed)	31-Mar-13 (Unaudited)
Interest income	122,767	118,150
Interest expense	-42,347	-51,467
Net interest income	**80,420**	**66,683**
Fee and commission income	15,809	14,906
Fee and commission expense	-6,464	-5,688
Net fee and commission income	**9,345**	**9,218**
Gains less losses from trading in foreign currencies	9,493	4,890
Foreign exchange translation (losses less gains) / gains less losses	-1,701	2,993
Losses less gains from derivative financial instruments	-177	-462
Other operating income	5,981	3,892
Other operating non-interest income	**13,596**	**11,313**
Provision for loan impairment	-14,586	-19,652
Provision for impairment of investments in finance lease	-9	-24
Recovery of provision / (provision for) performance guarantees and credit related commitments	1,799	-95
Provision for impairment of other financial assets	-190	-370
Impairment of investment securities available for sale	-22	-5
Operating income after provisions for impairment	**90,353**	**67,068**
Staff costs	-26,984	-25,748
Depreciation and amortization	-5,295	-5,505
Administrative and other operating expenses	-16,970	-13,041
Operating expenses	**-49,249**	**-44,294**
Profit before tax	**41,104**	**22,774**
Income tax expense	-5,165	-3,031
Profit for the period	**35,939**	**19,743**

Audited Consolidated Balance Sheet

In thousands of GEL	31-Mar-14 (Unaudited)	31-Dec-13 (Audited)
ASSETS		
Cash and cash equivalents	329,568	390,465
Due from other banks	2,619	1,708
Mandatory cash balances with the National Bank of Georgia	294,990	295,332
Loans and advances to customers	2,772,629	2,801,712
Investment securities available for sale	568,865	500,651
Investments in finance leases	38,548	35,613
Investment properties	83,331	83,383
Current income tax prepayment	4,858	6,202
Goodwill	2,726	2,726
Intangible assets	26,672	23,491
Premises and equipment	199,171	199,668
Other financial assets	44,092	45,049
Other assets	69,822	65,075
TOTAL ASSETS	**4,437,891**	**4,451,075**
LIABILITIES		
Due to credit institutions	687,731	565,806
Customer accounts	2,753,884	2,886,883
Debt securities in issue	4,517	4,474
Deferred income tax liability	27,882	27,814
Provisions for liabilities and charges	10,581	12,380
Other financial liabilities	30,619	24,850
Other liabilities	22,955	31,305
Subordinated debt	172,787	168,274
TOTAL LIABILITIES	**3,710,956**	**3,721,786**
EQUITY		
Share capital	16,499	16,499
Share premium	241,231	242,624
Retained earnings	410,935	402,627
Share based payment reserve	2,658	2,032
Other reserves	42,426	50,840
Net assets attributable to the Bank's equity holders	**713,749**	**714,622**
Non-controlling interest	**13,186**	**14,667**
TOTAL EQUITY	**726,935**	**729,289**
TOTAL LIABILITIES AND EQUITY	**4,437,891**	**4,451,075**

Key Ratios

Ratios	1Q'14	1Q'13	4Q'13
ROAE[1]	20.0%	13.0%	19.8%
ROAA[2]	3.3%	2.1%	3.3%
Pre-provision ROAE	27.3%	26.3%	25.9%
Pre-provision ROAA	4.5%	4.2%	4.3%
Cost: Income[3]	47.6%	50.8%	53.5%
Cost of Risk[4]	2.0%	3.2%	1.3%
NIM[5]	8.8%	8.3%	8.5%
Loan yields[6]	15.6%	17.4%	16.0%
Deposit rates[7]	4.0%	6.4%	4.6%
Interest rate earned on average interest earning assets[8]	13.4%	14.7%	13.6%
Cost of Funding[9]	4.8%	6.6%	5.3%
Spread[10]	8.6%	8.1%	8.3%
NPL ratio[11]	1.0%	1.3%	1.1%
PAR 90+Restructured coverage ratio[12]	109.0%	154.0%	110.6%
Basel I Tier 1 CAR[13]	21.4%	21.3%	21.6%
Basel I Total CAR[14]	28.1%	27.8%	28.6%
NBG Tier 1 CAR[15]	11.4%	12.3%	10.6%
NBG Total CAR[16]	14.5%	14.5%	14.6%

Ratio definitions

1. Return on average total equity (ROAE) equals net income of the period divided by quarterly average total shareholders' equity for the same period; Pre-provision ROAE excludes all provision charges. Annualised where applicable.
2. Return on average total assets (ROAA) equals net income of the period divided by quarterly average total assets for the same period. Pre-provision ROAE excludes all provision charges. Annualised where applicable.
3. Cost to Income ratio equals administrative and other operating non-interest expenses of the period divided by the sum of net interest (before provisions for loan impairment) and net non-interest income of the same period.
4. Cost of risk equals provision for loan impairment divided by monthly average loans and advances to customers (before provision for loan impairment). Annualised where applicable.
5. Net interest margin is net interest income (before provision for loan impairment), divided by monthly average interest-earning assets. Annualised where applicable.
6. Loan yields equal interest income on loans and advances to customers divided by monthly average gross loans and advances to customers. Annualised where applicable.
7. Deposit rates equal interest expense on customer accounts divided by monthly average total customer deposits. Annualised where applicable.
8. Interest rate earned on interest earning assets equals total interest income divided by monthly average interest earning assets. Annualised where applicable.
9. Cost of funding equals total interest expense divided by monthly average interest bearing liabilities. Annualised where applicable.
10. Spread equals difference between interest rate earned on interest earning assets and cost of funding.
11. Non-performing loans (NPL) ratio equals loans for which principal or interest repayment is overdue for 90 days or more divided by the gross loan portfolio for the same period.
12. NPL & Restructured Loans Coverage equals loan loss provision over non-performing loans plus restructured loans and overdue by less than or equal to 90 days.
13. BIS Tier 1 capital adequacy ratio equals Basel Tier 1 capital over total risk weighted assets.
14. BIS total capital adequacy ratio equals total Basel capital over total risk weighted assets.
15. NBG Tier I Capital Adequacy Ratio equals Tier I Capital divided by Total Risk Weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions.
16. NBG Total Capital Adequacy Ratio equals Total Capital divided by Total Risk Weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions.

Exchange Rates

Certain financial information in this document is presented in U.S. Dollars solely for the convenience of the reader. For balance sheet items, we used the end-of-period official exchange rate as reported by the NBG as of 31 March 2014 and 31 December 2013. In the case of income statement items, we used the average of the daily rates reported by the NBG for the periods ending on 31 March 2014 and 31 March 2013.