JSC TBC Bank Q3 2012 Results

Consolidated Unaudited IFRS Figures

"We are pleased to deliver another successful quarter of strong financial performance, which has contributed to our solid net profit of GEL 24.5 million, up 3.1% Q-o-Q and 1.9% Y-o-Y with the ROAE standing at 18.4% during the third quarter of 2012. The financial results of the third quarter contributed to the Bank's 9M YTD sustainable financial performance, delivering the ROAE of 19.3% with the net income of GEL 73.4 million, which was further supported by an increase in the gross loan portfolio by 14.3% YTD to GEL 2,476.8 million and improved BIS Tier 1 and Total Capital ratios on a both Q-o-Q and YTD basis.

Our Financial results reflect our conservative policy for loan book growth and liquidity position in H2 2012. Looking ahead, we are well-positioned to reap the benefits of the developing banking sector and the economy at large."

Vakhtang Butskhrikidze, Chief Executive Officer

Financial Highlights

- ✓ Net income for the first nine months of 2012 reached GEL 73.4 million, up 2.1% Y-o-Y, delivering return on average equity of 19.3%.
- ✓ Total operating income in the first nine months of 2012 was GEL 240.2 million, up GEL 46.9 million, or 24.3%, versus GEL 193.2 million achieved in the comparative period of 2011.
- ✓ Noninterest income was GEL 63.4 million, up GEL 19.8 million, or 45.5%, compared to the first nine months of 2011.
- ✓ Pre-provision return on average equity was 26.8%, up 0.3 percentage points, compared to 26.5% delivered during the first nine months of 2011.
- ✓ Total assets were up GEL 523.6 million YTD to GEL 3,823.6 million as of September 30, 2012
- ✓ Gross loans and advances to customers reached GEL 2,476.8 million, up GEL 309.4, or 14.3% YTD.
- ✓ Total equity was GEL 544.6, up GEL 75.8 million YTD, while BIS tier 1 capital reached GEL 508.5 million, up GEL 76.2 million, resulting in the improved tier 1 and total capital ratios of 18.8% and 24.5% respectively.

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. TBC Bank has a wide presence within Georgia and an expanding network in the region. 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 64% of TBC Bank shares.

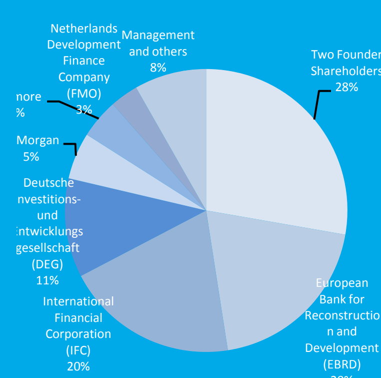
Key Facts (at June 30, 2012)

- No. 1 by Retail Deposits – 33.7% of the market share
- A leading bank in the country with 26.3% and 30.9% of the market shares of total customer loans and total customer deposits respectively as of June 30, 2012
- Loan book composition: Corporate (46%), Retail (36%), SME (11%), Micro (7%)
- 57 branches, 226 ATMs, 2,752 POS's across Georgia
- Number of employees 2,807
- Number of Accounts 848,985 (SME: 52,812, Retail: 791,302, Corporate: 4,871)

Ratings

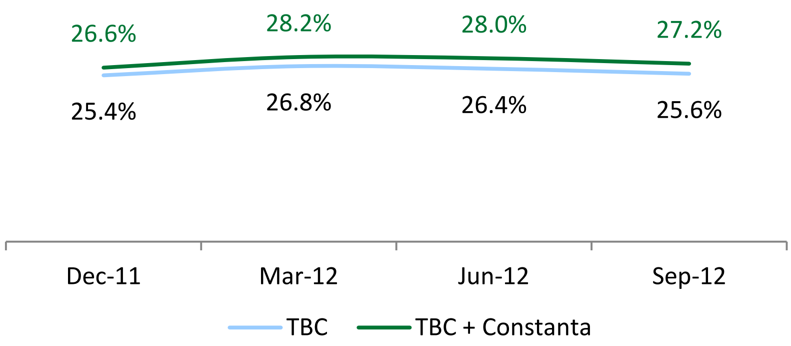
- Fitch: BB- (Long Term IDR)/B (Short Term IDR) upgraded in June 2012
- Moody's: B1 (FC)/Ba3 (LC) affirmed in October 2012

Shareholder Structure, September 30, 2012



Market Shares[1]

Asset Market Shares



Source: NBG (National Bank of Georgia, central bank of the country)

Aligned with the Bank's conservative policy for loan book growth and liquidity position in H2 2012, TBC Bank's market share in total assets decreased by 0.7 percentage points Q-o-Q and increased by 0.2 percentage points YTD amounting to 25.6% as of September 30, 2012.

TBC Bank's market share, including Bank Constanta, reached 27.2% as of September 30, 2012, a decrease of 0.8 percentage points Q-o-Q and an increase of 0.6 percentage points YTD.

Georgia at a Glance

GDP

GDP YE 2011: USD 14.5 bln; GDP Per Capita: USD 3,215; Real GDP Growth Rate: 7.2%[1]

Country ratings

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

Recent country achievement

Sovereign ratings upgraded in 2011 by Fitch and S&P from B+ to BB-
Successfully placed 10 year Sovereign Eurobond with historically lowest coupon of 6.875 %, oversubscribed by 5.3x
The World's Number 1 Reformer 2005-2010, the World Bank & IFC Doing Business Report
4th Friendliest Tax Regime Globally, the Forbes Tax Misery & Reform Index
No 9 globally in Ease of Doing Business (Doing Business Report 2012)

Georgian Banking Sector

Market assets, loans and deposits

During 2012:

- Total Market Assets increased by 10.9% (11.3% without exchange rate effect) and equaled GEL 14,056 million.
- Total Market Loans increased by 11.1% (11.6% without exchange rate effect) and equaled GEL 8,597 million.
- Total Market Deposits increased by 11.0% (11.4% without exchange rate effect) and equaled GEL 7,484 million.

Market profitability (NBG Based)

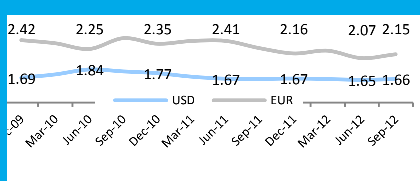
During 2012:

- Net Interest Margin on Total Assets: 6.0% (a decrease of 0.4 percentage points from YE 2011)
- Cost/Income ratio: 54.9% (the reduction of 5.3 percentage points from YE 2011)

Currency rate trends

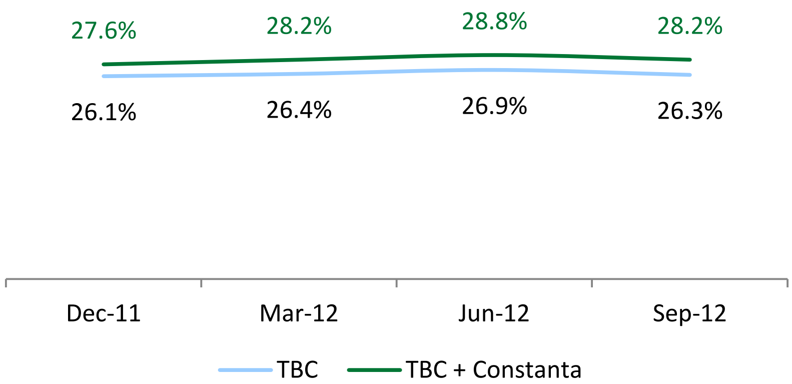
As at September 30, 2012, USD/GEL exchange rate was 1.66, a decrease of 0.7% compared to the YE 2011 rate. Euro/GEL exchange rate was 2.15, 0.7% lower than the YE 2011 rate.

Exchange Rates



[1] Market shares are calculated by the NBG and applies to TBC Bank on a stand-alone basis, for Group market shares we used the aggregated market shares of TBC Bank and Bank Constanta

Loan Market Shares

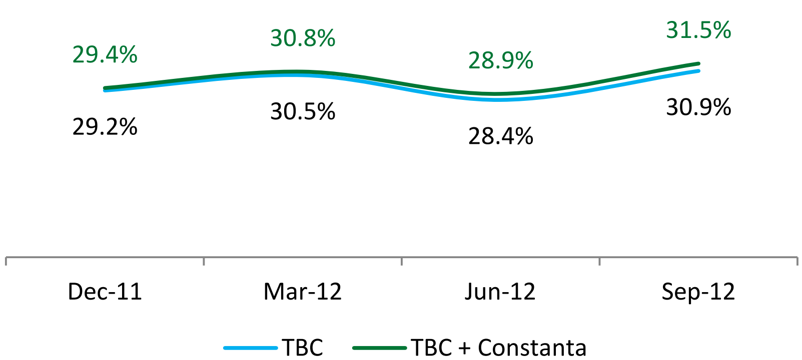


Source: NBG

TBC Bank's market share in total loans was 26.3%, down 0.6 percentage points Q-o-Q and up 0.2 percentage points YTD as of September 30, 2012.

The aggregate market shares of TBC Bank and Bank Constanta decreased by 0.6% Q-o-Q and increased by 0.6% YTD, reaching 28.2% as of September 30, 2012. This reflects the Bank's conservative policy for loan book growth and the high liquidity in H2 2012.

Deposit Market Shares



Source: NBG

The market share in total customer deposits increased by 2.5 percentage points Q-o-Q and 1.7 percentage points YTD, reaching 30.9% as of September 30, 2012.

The combined market shares of TBC Bank and Bank Constanta increased by 2.5 percentage points Q-o-Q and 2.1 percentage points YTD, reaching 31.5% as of September 30, 2012.

The increase in the market share of total deposits was a result of the Management's decision to increase the deposit portfolio to further increase the Bank's liquidity position for the H2 2012.

Results of Operations

Income Statement Discussion

	2012 9M		2011 9M		Y-o-Y	2012 Q3		2012 Q2		Y-o-Y
In millions	GEL	USD	GEL	USD	%	GEL	USD	GEL	USD	%
Interest income	337.7	204.9	253.4	149.5	33.2%	116.6	70.6	114.9	70.4	1.5%
Interest expense	160.9	97.6	103.8	61.2	55.1%	57.5	34.8	51.0	31.2	12.8%
Net interest income	**176.8**	**107.3**	**149.7**	**88.3**	**18.1%**	**59**	**35.7**	**63.9**	**39.1**	**-7.6%**
Provision for loan impairment	25.5	15.5	6.5	3.8	291.8%	6.9	4.2	19.4	11.9	-64.5%
Net interest income after provision for loan impairment	**151.3**	**91.8**	**143.2**	**84.5**	**5.6%**	**52.1**	**31.6**	**44.5**	**27.2**	**17.2%**
Net fee and commission income	28.5	17.3	19.4	11.4	47.0%	10.5	6.3	9.5	5.8	10.6%
Other operating income	34.9	21.2	24.2	14.3	44.4%	11.1	6.7	15.0	9.2	-25.9%
Other provision for impairment charges	2.6	1.6	2.5	1.5	5.1%	0.6	0.4	-2.2	-1.3	-129.8%
Administrative and other operating expenses	127.9	77.6	99.8	58.9	28.2%	44.0	26.6	44.3	27.2	-0.8%
Profit before tax	**84.2**	**51.1**	**84.5**	**49.8**	**-0.4%**	**29.0**	**17.6**	**26.8**	**16.4**	**8.5%**
Income tax expense	10.7	6.5	12.6	7.4	-14.5%	4.5	2.7	3.0	1.8	51.2%
Profit for the period	**73.4**	**44.5**	**71.9**	**42.4**	**2.1%**	**24.5**	**14.9**	**23.8**	**14.6**	**3.1%**

Profit for the period

2012 to 2011 Nine Months Comparison

Profit for the first nine months of 2012 was GEL 73.4 million, up GEL 1.5 million, or 2.1%, compared to GEL 71.9 million achieved in the comparative period of 2011. The bank reached a ROAE of 19.3% during the first nine months of 2012, compared to 23.6% achieved during the respective period of 2011, reflecting a significant 24.2% increase in average total equity to GEL 506.9, compared to GEL 408.1 as of September 30, 2012.

Q3 2012 and Q2 2012 Comparison

In the third quarter of 2012, the profit for the period was GEL 24.6 million, up GEL 0.8 million, or 3.3%, compared to GEL 23.8 million in the second quarter of 2012. The 3.3% increase in net profit and 4.8% increase in average total equity drove the Bank's ROAE to 18.4% during the period, down 0.5 percentage points, compared to 18.9% achieved in the previous quarter.

Net Interest Income

In GEL million	2012 9M	2011 9M	Change in %	2012 Q3	2012 Q2	Change in %
Interest income						
Loans and advances to customers	305.3	227.2	34.4%	106.4	103.9	2.4%
Investment securities available for sale	19.9	10.9	82.5%	7.1	6.7	5.3%
Due from other banks	6.0	3.9	54.5%	1.1	2.0	-47.6%
Investments in leases	4.3	2.2	92.0%	1.5	1.5	4.2%
Investment securities held to maturity	2.2	9.0	-75.8%	0.7	0.7	-2.0%
Other	0.02	0.24	-93.8%	-0.14	0.08	-266.1%
Total interest income	**337.7**	**253.4**	**33.2%**	**116.6**	**114.9**	**1.5%**
Interest expense						
Due to other banks	4.1	3.0	37.4%	0.9	0.5	84.6%
Customer accounts	114.7	71.7	59.9%	41.0	35.9	14.4%
Other borrowed funds	31.9	18.2	75.4%	12.3	11.5	7.5%
Subordinated debt	10.2	10.9	-5.7%	3.3	3.2	3.2%
Total interest expense	**160.9**	**103.8**	**55.1%**	**57.5**	**51.0**	**12.8%**
Net interest income	**176.8**	**149.7**	**18.1%**	**59.0**	**63.9**	**-7.6%**
NIM	**7.2%**	**8.2%**		**6.9%**	**7.8%**	

2012 to 2011 Nine Months Comparison

For the first nine months of 2012, the net interest income was GEL 176.8 million, up GEL 27.1 million, or 18.1%, compared to the comparative period of 2011. The increase was a result of 33.2% growth in interest income to GEL 333.7 million from GEL 253.4 million that fell behind the 55.1% growth in interest expense to GEL 160.9 million from GEL 103.8 million.

The growth in interest income was primarily due to the increase in interest income from loans and advances to customers to GEL 305.3 million, up GEL 78.2 million, or 34.4%, compared to GEL 227.2 million in the respective period of 2011. Gross loans and advances to customers increased by 20.4% y-o-y as of September 30, 2012. During the first nine months of 2012, loan yields were 17.5%, up 0.3 percentage point, compared to 17.2% in the comparative period of the previous year. Despite the increase in loan yields, the interest yield on average interest earning assets was 13.8%, down 0.1 percentage point, versus 13.9% in the comparative period of 2011, which was attributable to the increase in low yielding investment securities and reduced shares of gross loan book in average interest earning assets to 75.9%, compared to 84.6% in the comparative period of 2011.

The increase in interest expense reflected the strong y-o-y growth in customer deposit portfolio by 34.1% as of September 30, 2012. In the first nine months of 2012, the interest expense on total customer deposits was GEL 114.7 million, up GEL 42.9 million, or 59.9%, compared to GEL 71.7 million in the same period of 2011. For the first nine months of 2012, deposit rates increased to 7.1% from 6.2%, up 0.9 percentage point, mainly driven by the significant 54.4% y-o-y increase in legal entity deposits. The increase in deposit rates drove our cost of funding to 7.2%, up 0.9 percentage point, compared to the cost of funding of 6.3% in the respective period of 2011.

The above mentioned reasons as well as increased liquidity and general market trend of declining NIMs in the country during the first nine months of 2012, drove the Bank's NIM to 7.2%, down 1.0 percentage point, compared to 8.2% in the respective period of the previous year.

Q3 2012 and Q2 2012 Comparison

The net interest income for the third quarter of 2012 was GEL 59.0 million, down GEL 4.9 million, or 7.6%, compared to GEL 63.9 million achieved in the second quarter of 2012, resulting from a 1.5% q-o-q growth in interest income and a comparatively high 12.8% q-o-q growth in interest expense.

In the third quarter of 2012, the interest income increased slightly and amounted to GEL 116.6 million, up GEL 1.7 million, or 1.5%, compared to the second quarter of 2012, reflecting the management's conservative approach to the loan book growth and its intentions to increase liquidity by the end of the year, which led to the essentially unchanged gross loan book portfolio, up only 1.0%, compared to the previous quarter. Interest income from loans was GEL 106.4 million, up GEL 2.5 million, or 2.4%, compared to the prior quarter. Loan yields were 17.2%, down 0.6 percentage point, versus 17.8% in the previous quarter. The latter and the bank's comparatively high liquidity position contributed to the decrease in the interest yield on average interest earning assets, which was 13.6%, down 0.5 percentage point, compared to 14.1% in the prior quarter.

In comparison, in the third quarter of 2012, the interest expense was GEL 57.5 million, up GEL 6.5 million, or 12.8%, compared to GEL 51.0 million in the previous quarter. The increase was primarily due to the strong increase in customer deposit portfolio by 14.3% primarily driven by legal entity deposits during the third quarter of 2012, which was reflected on the increase in interest expense on customer deposits to GEL 41.0 million, up GEL 5.2 million, or 14.4%. In the third quarter of 2012, the interest rate on average customer deposits was 7.3%, up 0.4 percentage point, compared to 6.9% in the prior quarter. The increase in deposits rates contributed to an increase in the cost of funding ratio to 7.3%, up 0.4 percentage points compared to the previous quarter.

In the third quarter 2012, net interest margin was 6.9%, down 0.9 percentage points, compared to 7.8% in the prior quarter, which, along with the above mentioned, resulted from the increased liquidity levels and 3.7% q-o-q increase in average interest earning assets.

Provision & impairment charges

In GEL million	2012 9M	2011 9M	Change in %	2012 Q3	2012 Q2	Change in %
Total provision & impairment charges	**28.2**	**9.0**	**212.3%**	**7.5**	**17.2**	**-56.3%**
Out of which:						
Provision for loan impairment	*25.5*	*6.5*	*291.8%*	*6.9*	*19.4*	*-64.5%*

2012 to 2011 Nine Months Comparison

In the first nine months of 2012, the bank's provision and impairment charges equaled GEL 28.2 million, up GEL 19.1 million, compared to GEL 9.0 million in the first nine months of 2011. The growth was mainly due to an increase in the provision for loan impairment by GEL 19.0 million reaching GEL 25.5 million as of September 30, 2012, out of which Standalone TBC Bank accounted for 83.1% of the total loan impairment charges amounting to GEL 21.2 million as of September 30 2012.

The lower loan provision charges during the first nine months of 2011 were attributable to the improvement in the loan book quality due to related improvements in the banking sector and the economy at large following the crisis period, which resulted in the reduced level of provisions as of September 30, 2011. This improvement consequently offset the loan book related growth in provisions for the same period. In comparison, during the first nine months of 2012, the improvement in the loan book quality persisted with the stabilised economy and therefore, the increase in provisioning charges were primarily due to the loan book growth.

An increase in the provision for loan impairment drove the Bank's cost of risk ratio to 1.5%, compared to 0.5% in the first nine months of 2011.

Q3 2012 and Q2 2012 Comparison

In the third quarter of 2012, the Bank's provision and impairment charges equaled GEL 7.5 million, down GEL 9.7 million, compared to GEL 17.2 million in the previous quarter. The decrease was mainly due to the reduction in the provision for loan impairment by GEL 4.3 million to GEL 6.9 million in the third quarter of 2012.

TBC Bank standalone held a significant portion in loan provision charges and the decrease was mainly driven by the reduction in net write-offs by GEL 5.8 million on a standalone basis. The remaining portion of the reduced loan provision charges is attributable to the reduced loan book growth rate to 0.6% Q-o-Q on a standalone basis.

The decrease in provision for loan impairment drove the Bank's cost of risk ratio to 1.1%, down 2.2 percentage points, compared to 3.3% in the second quarter of 2012.

Fee and Commission Income

In millions of GEL	**2012 9M**	**2011 9M**	**Change in %**	**2012 Q3**	**2012 Q2**	**Change in %**
Fee and commission income						
- Plastic card operations	18.8	13.0	44.5%	6.8	6.4	6.9%
- Settlement transactions	7.2	5.5	32.3%	2.6	2.5	4.6%
- Guarantees issued	7.2	5.8	24.3%	2.6	2.3	12.1%
- Cash transactions	3.0	3.0	-2.6%	1.1	1.0	13.1%
- Issuance of letters of credit	1.9	0.6	209.9%	0.8	0.6	28.1%
- Foreign exchange operations	1.2	0.9	34.2%	0.5	0.3	89.5%
- Other	2.5	1.6	61.1%	1.1	0.8	45.2%
Total fee and commission income	**41.8**	**30.4**	**37.7%**	**15.5**	**13.8**	**12.5%**
Fee and commission expense						
- Plastic card operations	6.5	4.5	42.9%	2.5	2.2	16.2%
- Guarantees received	2.8	3.7	-24.3%	0.8	1.0	-20.8%
- Cash transactions	0.7	0.4	78.1%	0.3	0.3	-2.8%
- Settlement transactions	1.1	1.1	6.7%	0.7	-0.1	NMF
- Foreign exchange operations	0.05	0.04	4.6%	0.03	0.01	213.1%
- Other	2.2	1.2	73.1%	0.8	1.0	-20.5%
Total fee and commission expense	**13.3**	**11.0**	**21.2%**	**5.1**	**4.4**	**16.8%**
Net Fee and Commission Income	**28.5**	**19.4**	**47.0%**	**10.5**	**9.5**	**10.6%**

2012 to 2011 Nine Months Comparison

During the first nine months of 2012, the net fee and commission income was GEL 28.5 million, up GEL 9.1 million, or 47.0%, compared to the comparative period of 2011. The increase was a result of the growth in the net fee and commission income from card operations of 45.4%, settlement transactions of 38.5%, guarantees issued of 111.3%, and foreign exchange operations of 35.7%.

Q3 2012 and Q2 2012 Comparison

The net fee and commission income in the third quarter of 2012 was GEL 10.5 million, up GEL 1.0 million, or 10.6%, compared to the second quarter of 2012. The increase is mainly attributable to the increase in the net fee and commission income earned from card operations by 2.0%, guarantees issued by 35.9%, foreign exchange operations by 85.3% and cash transactions by 19.0%, which offset the 26.2% q-o-q decrease in settlement transactions.

Other operating/noninterest income

In millions of GEL	2012 9M	2011 9M	Change in %	2012 Q3	2012 Q2	Change in %
Other noninterest income						
Gains less losses from trading in foreign currencies	17.0	20.4	-16.9%	3.7	5.7	-35.1%
Net losses from derivative financial instruments	-2.5	0.0	NMF	-1.0	0.4	NMF
Foreign exchange translation gains less losses /(losses less gains)	7.3	-2.7	NMF	4.6	2.7	71.2%
Other operating income	13.1	6.5	102.9%	3.8	6.2	-38.7%
Total other non-interest income	**34.9**	**24.2**	**44.4%**	**11.1**	**15.0**	**-25.9%**

2012 to 2011 Nine Months Comparison

The total other operating income for the first nine months of 2012 was GEL 34.9 million, up GEL 10.7 million, or 44.4%, versus the comparative period of the previous year. The increase was mainly driven by the income from foreign exchange operations reaching GEL 24.3, up GEL 6.6 million, or 37.1%, compared to GEL 17.7 million in the respective period of the previous year.

Q3 2012 and Q2 2012 Comparison

Total other operating income in the third quarter of 2012 was GEL 11.1 million, down GEL 3.9 million, or 25.9%, compared to the previous quarter, reflecting the decrease in foreign exchange operations to GEL 8.3 million, down 1.4%, compared to GEL 8.4 million in the previous quarter. Other operating income in the third quarter was GEL 3.8 million, down GEL 2.4 million, or 38.7%, compared to the previous quarter, due to the loss on sale of repossessed assets and other inventory.

Non-interest Expenses

In millions of GEL	2012 9M	2011 9M	Change in %	2012 Q3	2012 Q2	Change in %
Staff costs	69.2	55.3	25.3%	25.1	22.4	12.0%
Depreciation and amortisation	13.3	11.0	20.6%	4.5	4.5	1.6%
Administrative and other operating expenses	45.4	33.5	35.5%	14.3	17.4	-17.8%
Non-interest Expenses	**127.9**	**99.8**	**28.2%**	**44.0**	**44.3**	**-0.8%**
Profit before tax	**84.2**	**84.5**	**-0.4%**	**29.0**	**26.8**	**8.5%**
Income tax expense	10.7	12.6	-14.5%	4.5	3.0	51.2%
Profit for the period	**73.4**	**71.9**	**2.1%**	**24.5**	**23.8**	**3.1%**

2012 to 2011 Nine Months Comparison

Non-interest expenses during the first nine months of 2012 was GEL 127.9 million, up GEL 28.1 million, or 28.2%, compared to GEL 99.8 million in the respective period of 2011. Out of this increase, 11.2% is attributable to the acquisition of Bank Constanta in May 2011. Non-interest expenses for the first nine months of 2011 only include five months or 59.9% of Bank Constanta's total non-interest expenses, while in the same period of 2012 the bank's full period costs are consolidated.

Without Bank Constanta's effect, total non-interest expenses increased by 16.9%, out of which staff costs increased by 15.0% to GEL 59.2 million from GEL 51.5 million broadly aligned with a growing scale of business and new branch openings and corresponding increases in salaries and the number of staff on a y-o-y basis. In the same way, administrative and other operating expenses increased by 21.8% to GEL 36.9 million compared to GEL 30.3 million during the first nine months of 2011, which was largely due to the increased investment in regulatory and compliance infrastructure as well as additional expenses associated with higher advertising and marketing costs, which grew by 20.4% Y-o-Y as a result of intensified marketing and advertising activities associated with the 20th anniversary of TBC Bank.

Q3 2012 and Q2 2012 Comparison

Non-interest expenses for the third quarter of 2012 was GEL 44.0 million, down GEL 0.3 million, or 0.8%, compared to GEL 44.3 million in the second quarter of 2012. The decrease in non-interest expenses was mainly driven by the decrease in administrative and other operating expenses during the third quarter 2012 to GEL 14.3 million, down GEL 3.1 million, or 17.8%, compared to GEL 17.4 million in the previous quarter, whereby the second quarter 2012 included a non-recurring cost for the strategy consultancy of the bank. The decrease in administrative and other operating expenses offset the increase in staff costs and depreciation and amortisation costs by 12.0% and 1.6% respectively during the same period.

Balance Sheet Discussion

	30-Sep-12		30-Jun-12		31-Dec-11		Q-o-Q	YTD
In millions	GEL	USD	GEL	USD	GEL	USD	%	%
Assets								
Cash and due from banks	734.7	442.8	563.3	342.4	665.2	398.2	30.4%	10.5%
Loans and advances to customers (Net)	2,300.6	1,386.5	2,279.1	1,385.4	2,008.7	1,202.6	0.9%	14.5%
Financial securities	422.0	254.3	416.7	253.3	295.4	176.8	1.3%	42.9%
Fixed and intangible assets & investment property	225.9	136.1	221.4	134.6	201.0	120.4	2.0%	12.4%
Other assets	140.4	84.6	135.3	82.2	129.7	77.6	3.8%	8.3%
Total Assets	**3,823.6**	**2,304.4**	**3,615.7**	**2,197.9**	**3,300.0**	**1,975.7**	**5.8%**	**15.9%**
Liabilities								
Due to other banks	60.6	36.5	167.8	102.0	110.4	66.1	-63.9%	-45.1%
Customer accounts	2,388.8	1,439.6	2,090.1	1,270.5	1,999.3	1,196.9	14.3%	19.5%
Borrowed funds and subordinated debt	765.3	461.2	783.8	476.4	660.3	395.3	-2.4%	15.9%
Other liabilities	64.3	38.8	55.5	33.7	61.4	36.7	15.9%	4.8%
Total Liabilities	**3,279.0**	**1,976.1**	**3,097.1**	**1,882.6**	**2,831.2**	**1,695.0**	**5.9%**	**15.8%**
Total equity	**544.6**	**328.2**	**518.6**	**315.2**	**468.8**	**280.7**	**5.0%**	**16.2%**

Assets

As of September 30, 2012, the total assets were GEL 3,823.6 million, up GEL 207.9 million and GEL 523.6 million, compared to June 30, 2012 and December 31, 2011 respectively.

The increase was mainly driven by an increase in cash and due to banks in the third quarter of 2012, in response to the management's decision to increase the bank's liquidity levels, reaching GEL 734.7 million, compared to GEL 563.3 million as of June 30, 2012 and GEL 665.2 million as of December 31, 2011. Gross loans and advances to customers moderately increased by GEL 25.4 million, or 1.0%, on a quarterly basis and by GEL 309.4 million, or 14.3%, on a year-to-date basis, reaching GEL 2,476.8 million as of September 30, 2012. NPL ratio, defined as loans overdue more than 90 days over gross loan portfolio, was standing at 1.1%.
The bank's liquidity ratio defined by the National Bank of Georgia (NBG) improved to 36.0% as of September 30, 2012, compared to 32.0% and 33.5% as of June 30, 2012 and December 31, 2011 respectively. The increase of liquidity is aligned with banks conservative policy for growth and high liquidity in the H2 2012.

Liabilities

Total liabilities were up by GEL 3,279.0 million, up by 5.9% QoQ and 15.8% YTD. The increase was mainly driven by an increase in customer deposits by GEL 298.7 million, or 14.3% on a quarterly basis and GEL 389.5 million, or 19.5% on a year to date basis, reaching GEL 2,388.8 million. As of September 30, 2012, total customer deposits accounted for 72.9% of total liabilities, compared to 67.5% and 70.6% as of June 30, 2012 and December 31, 2011 respectively. The increase in customer deposits largely resulted from the increase in the corporate deposit portfolio.

As of September 30, 2012, borrowed funds and subordinated debt were GEL 765.3 million, down 2.4% and up 15.9% on a quarterly and year-to-date basis respectively. The reduction in borrowed funds and subordinated debt in the third quarter was mainly a result of repayment of subordinated debt that matured in Q3 2012.

Total Equity

Total equity was GEL 544.6 million, up 5.0% and 16.2% on a quarterly and year-to-date basis respectively. The main factors contributing to this development was net income attributable to the bank's shareholders of GEL 72.5 million.

Regulatory Capital

As of September 30, 2012, the bank had an improved NBG tier 1 and total capital ratios of 10.7% and 13.6% respectively, compared to 9.3% and 12.8% as of the comparative period of the previous year.

The bank's BIS tier 1 capital ratio was 18.8%, up from 18.7% and 17.9% on June 30, 2012 and December 31, 2011 respectively. The tier 1 capital ratio was positively impacted by the increase in tier 1 capital, which as of September 30, 2012 was GEL 508.5 million, GEL 24.8 million and GEL 76.2 million higher than on June 30, 2012 and December 31, 2011 respectively. Risk weighted assets were GEL 2,698.3 million as of September 30 2012, up 4.3% and 8.6% compared to June 30, 2012 and December 31, 2011 respectively.

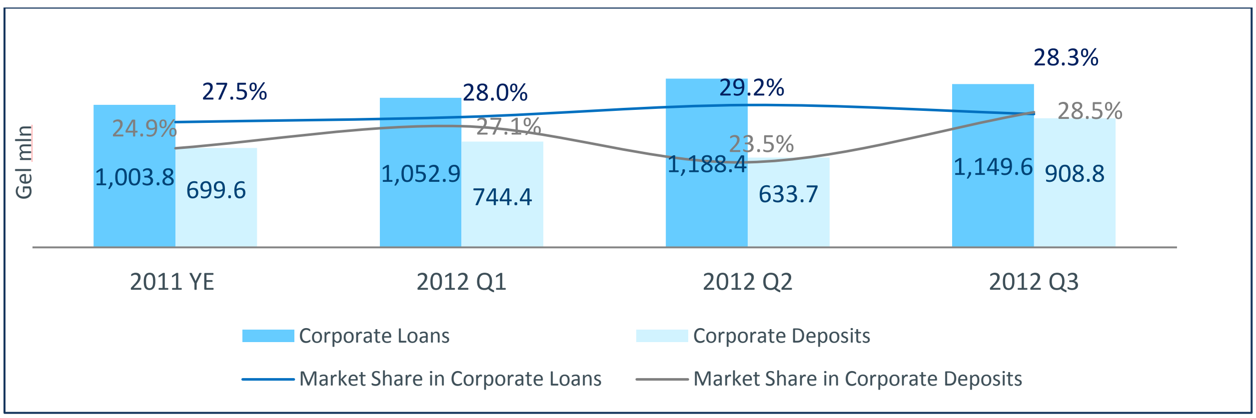
Results by Segments and Subsidiaries

Corporate Banking

As of September 30, 2012, TBC Bank was the second largest bank in terms of corporate loans and corporate deposits in the Georgian banking sector, accounting for the market share of 28.3% and 28.5% respectively.

The corporate segment represented the bank's largest segment in total loan portfolio, accounting for 46.4% of TBC bank's total loan portfolio as of September 2012. In terms of customer deposits, corporate segment remained the bank's second largest segment, accounting for 38.0% of the total customer deposits portfolio. The corporate segment served 4,871 accounts and 1,569 customers, offering a wide range of products, including balance sheet finance, trade finance, asset finance, project finance, working capital, and syndicated loans.

	30-Sep-12		30-Jun-12		31-Dec-11		Q-o-Q	YTD
In millions of GEL	GEL	USD	GEL	USD	GEL	USD	%	%
Portfolios								
Corporate loans	1,149.6	692.8	1,188.4	722.4	1,003.8	601.0	-3.3%	14.5%
Corporate deposits	908.8	547.7	633.7	385.2	699.6	418.8	43.4%	29.9%
Market shares								
Corporate loans	28.3%		29.2%		27.5%		- 0.9 pp	0.8 pp
Corporate deposits	28.5%		23.5%		24.9%		5.0 pp	3.6 pp



Corporate loans and advances to customers

As of September 2012, corporate loans amounted to GEL 1,149.6 million, down 3.3% on a q-o-q basis and up 14.5% YTD. Respectively, market share in total loans decreased by 0.9 percentage points q-o-q while increasing 0.8 percentage points YTD to 28.3% on September 30, 2012.

Corporate customer deposits

As of September 2012, corporate deposits increased to GEL 908.8 million, up 43.4% on a q-o-q basis and up 29.9% YTD. The market share in total loans increased by 5.0 percentage points q-o-q and increased 3.6 percentage points YTD to 28.5% on September 30, 2012.

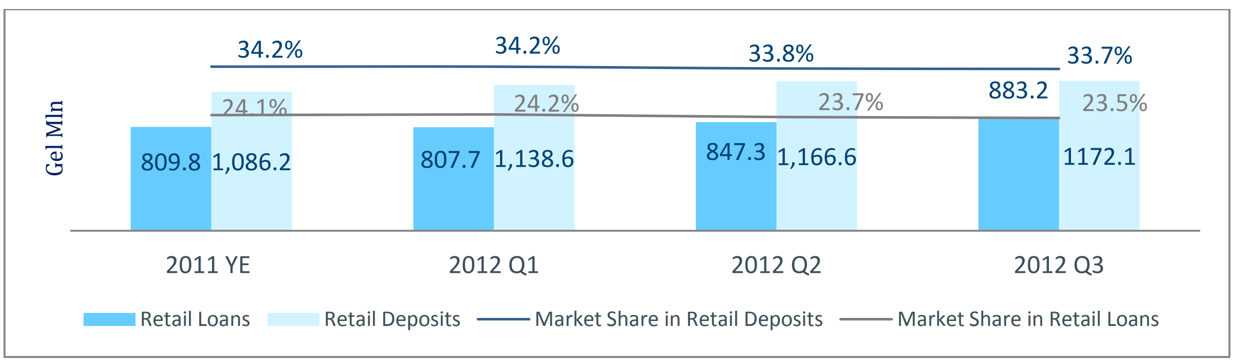
Retail Banking

As of September 30, 2012, TBC Bank was the largest bank in the country in terms of retail deposits and the second largest bank in terms of corporate deposits, accounting for the market share of 33.7% and 23.5% respectively.

The retail segment represented the bank's largest segment in total deposit portfolio, accounting for 49.1% of TBC bank's total deposit portfolio as of September 2012. In terms of total customer loans, the retail segment remained the bank's second largest segment, accounting for 35.7% of the total customer deposits portfolio. The retail segment served 791,302 accounts and 723,267 customers, offering its clients a wide range of products, including consumer loans, mortgages loans, credit cards, installment loans, child deposits, term plus, my safe, golden deposit and others. As of September 30, 2012, number of outstanding cards was around 743k, out of which credit cards accounted for 37% of the total number of cards. The latter increased by 5.8% during the third quarter of 2012.

	30-Sep-12		30-Jun-12		31-Dec-11		Q-o-Q	YTD
In millions	GEL	USD	GEL	USD	GEL	USD	%	%
Portfolios								
Retail loans	883.2	532.3	847.3	515.0	809.8	484.8	4.20%	9.10%
Retail deposits	1,172.10	706.4	1,166.60	709.1	1086.2	650.3	0.50%	7.90%
Market shares								
Retail loans	23.5%		23.7%		24.1%		- 0.2 pp	- 0.6 pp
Retail deposits	33.7%		33.8%		34.2%		- 0.1 pp	- 0.5 pp

Source: Market shares are based on NBG



Retail loans and advances to customers

As of September 2012, retail loans increased to GEL 883.2 million, up 4.2% on a q-o-q basis and 9.1% YTD. TBC Bank's market share in retail loans was 23.5% on September 30, 2012.

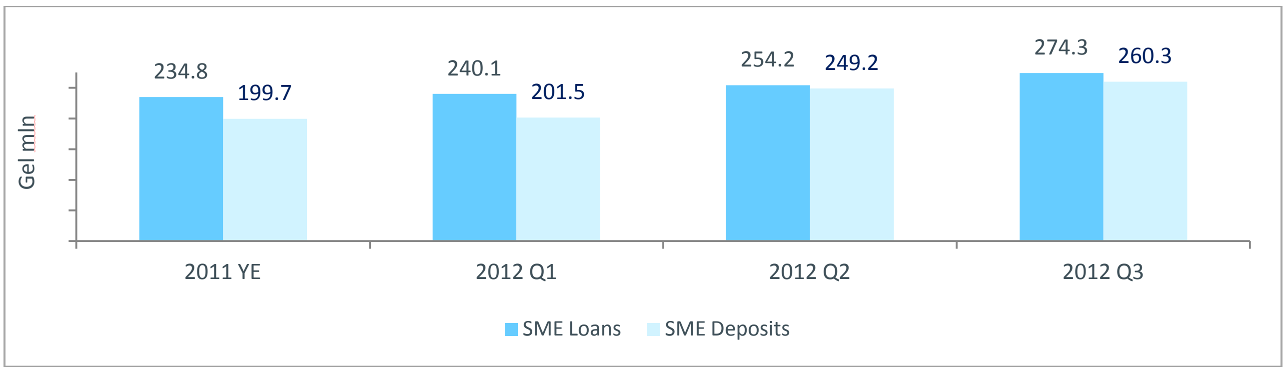
Retail customer deposits

As of September 30, 2012, retail deposits increased to GEL 1,172.1 million, up 0.5% on a q-o-q basis and 7.9% YTD. TBC Bank's market share in retail loans was 33.7% on September 30, 2012.

SME Banking[2]

As of September 30, 2012, SME segment accounted for 11.1% and 10.9% of the bank's total loan portfolio and total customer deposits respectively. The segment offers various types of loan and deposit products to its clients including trade finance, assets finance, project finance, and working capital loans. As of September 30, 2012, through SME business line TBC bank served 52,812 accounts, 30,905 customers and had 1,927 SME outstanding loans. Transactions performed by SME customers via e-channels accounted for 82.2% of the total non-cash transactions.

	30-Sep-12		30-Jun-12		31-Dec-11		Q-o-Q	YTD
In millions	GEL	USD	GEL	USD	GEL	USD	%	%
Portfolios								
SME loans	274.3	165.3	254.2	154.5	234.8	140.6	7.9%	16.8%
SME deposits	260.3	156.9	249.2	151.5	199.7	119.6	4.4%	30.4%



SME loans and advances to customers

As of September 2012, SME loans increased to GEL 274.3 million, up 7.9% on a q-o-q basis and 16.8% YTD. Despite the absence of SME market information, the Management believes that TBC Bank is one of the leading banks in the market, demonstrated by its large number of loyal customers with a continuously growing trend.

SME customer deposits

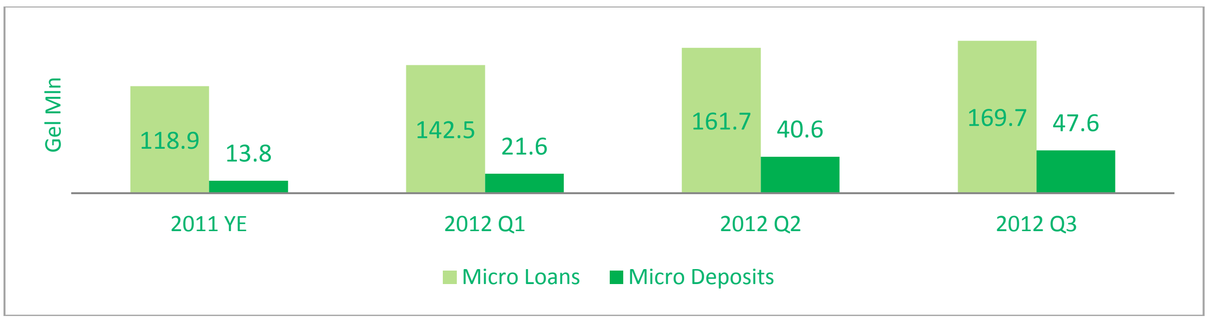
As of September 2012, SME deposits increased to GEL 260.3 million, up 4.4% on a q-o-q basis and 30.4% YTD. In regards to SME deposits, the Management also believes that TBC Bank has one of the largest shares on the market, demonstrated by its strong customer base.

[2] Due to the fact that NBG does not produce market data comparisons for the SME segment, it is impossible to calculate SME market shares

Micro Banking/ Bank Constanta

Since the acquisition of Bank Constanta in May 2011, the Group classifies its micro customers as all customers of Bank Constanta. The Micro segment is the smallest, but the fastest growing segment of TBC Bank, accounting for 6.9% and 2.0% of the total loans and advances to customers and total customer deposits portfolios respectively. The Micro segment offers various types of loan and deposit products tailored to its client needs. As of September 30, 2012, through micro segment TBC bank served 38,776 depositors and had 46,760 outstanding loans.

	30-Sep-12		30-Jun-12		31-Dec-11		Q-o-Q	YTD
In millions	GEL	USD	GEL	USD	GEL	USD	%	%
Portfolios								
Micro loans	169.7	102.3	161.7	98.3	118.9	71.2	5.0%	42.7%
Micro deposits	47.6	28.7	40.6	24.7	13.8	8.3	17.3%	244.7%



Micro loans and advances to customers

Micro loans and advances to customers reached GEL 169.7 million as of September 30, 2012, with the growth rate of 5.0% on a quarterly basis and 42.7% on a year-to-date basis. Despite the absence of the 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 customer deposits

Micro customer deposits grew by 17.3% Q-o-Q and 244.7% YTD, amounting to GEL 47.6 million as of September 30, 2012. Bank Constanta received a license for attracting deposits in August 2011 which explains the significant growth rates in customer deposits in both q-o-q and YTD basis.

TBC Kredit

TBC Kredit, which is 75% owned by TBC Group, is a non-banking credit organization operating in the micro-finance market in Azerbaijan. TBC Kredit's core business activity is dealing with different types of loans, including micro, SME, consumer and mortgage loans. TBC Kredit has its headquarters and four branches in Azerbaijan.

Portfolios	30-Sep-12		30-Jun-12		31-Dec-11		Q-o-Q	YTD
In millions	GEL	USD	GEL	USD	GEL	USD	%	%
Total assets	57.3	34.5	53.2	32.3	50.9	30.5	7.7%	12.6%

Net loans	55.4	33.4	50.5	30.7	45.2	27.1	9.7%	22.7%
Total liabilities	37.1	22.4	33.8	20.5	31.9	19.1	9.7%	16.5%
Borrowed funds	23.9	14.4	23.3	14.2	25.4	15.2	2.8%	-5.9%
Total equity	20.2	12.2	19.4	11.8	19.1	11.4	4.2%	6.0%

Assets

TBC Kredit's total assets reached GEL 57.3 million as of September 30, 2012, up 7.7% Q-o-Q and 12.6% YTD, which was primarily due to increases in the loan portfolio during the period, which offset the decrease in cash and cash equivalents to GEL 0.6 million, compared to GEL 1.5 million as of June 30, 2012.

Liabilities

In line with total assets, TBC Kredit's total liabilities grew by 9.7% Q-o-Q and 16.5% YTD, amounting to GEL 37.1 million as of September 30, 2012. The increase was primarily due to an increase in due to other banks to GEL 12.5 million, up 28.4% and 111.1%, compared to June 30, 2012 and December 31, 2011 respectively, which offset the decrease in other borrowed funds from foreign banks and financial institutions by 5.9% YTD.

Capital

TBC Kredit's total equity increased by GEL 0.8 million or 4.2% Q-o-Q and by GEL 1.2 million or 6.0% YTD to GEL 20.2 million as of September 30, 2012 and was primarily driven by growth in net profit generated in H1 2012 and Q3 2012.

Annexes

Consolidated Income Statement

In millions	30-Sep-12	30-Sep-11	Q3 2012	Q2 2012
Loans and advances to customers	305.3	227.2	106.4	103.9
Investment securities available for sale	16.5	10.9	3.7	6.7
Due from other banks	6.0	3.9	1.1	2.0
Investments in leases	4.3	2.2	1.5	1.5
Investment securities held to maturity	5.6	9.0	4.1	0.7
Other	0.0	0.2	-0.1	0.1
Interest income	**337.7**	**253.4**	**116.6**	**114.9**
Due to other banks	-4.1	-3.0	-0.9	-0.5
Customer accounts	-114.7	-71.7	-41.0	-35.9
Other borrowed funds	-31.9	-18.2	-12.3	-11.5
Subordinated debt	-10.2	-10.9	-3.3	-3.2
Interest expense	**-160.9**	**-103.8**	**-57.5**	**-51.0**
Net interest income	**176.8**	**149.7**	**59.0**	**63.9**
Provision for loan impairment	-25.5	-6.5	-6.9	-19.4
Net interest income after provision for loan impairment	**151.3**	**143.2**	**52.1**	**44.5**
Fee and commission income	41.8	30.4	15.5	13.8
Fee and commission expense	-13.3	-11.0	-5.1	-4.4
Gains less losses from trading in foreign currencies	17.0	20.4	3.7	5.7
Net losses from derivative financial instruments	-2.5		-1.0	0.4
Foreign exchange translation gains less losses /(losses less gains)	7.3	-2.7	4.6	2.7
Impairment of investment securities available for sale	-0.01	0.00	0.00	-0.01
Gains from disposals of investment securities available for sale	0.0	0.0	0.0	0.0
Provision for liabilities and charges	-1.1	-1.6	0.6	2.2
(Provision for) / recovery of impairment of investments in finance lease	-0.1	0.1	0.0	0.0
Provision for impairment of other financial assets	-1.5	-1.0	-1.2	0.0
Other operating income	13.1	6.5	3.8	6.2
Staff costs	-69.2	-55.3	-25.1	-22.4
Depreciation and amortisation	-13.3	-11.0	-4.5	-4.5
Administrative and other operating expenses	-45.4	-33.5	-14.3	-17.9
Profit before tax	**84.2**	**84.5**	**29.1**	**26.8**
Income tax expense	-10.7	-12.6	-4.5	-3.0
Profit for the period	**73.4**	**71.9**	**24.6**	**23.8**
Profit is attributable to:				
- Owners of the Bank	72.5	71.5	24.4	23.4
- Non-controlling interest	0.9	0.4	0.2	0.4
Profit for the period	**73.4**	**71.9**	**24.6**	**23.8**

Consolidated Balance Sheet

In millions	30-Sep-12	30-Jun-12	31-Dec-11
Cash and cash equivalents	425.1	258.7	374.2
Due from other banks	309.6	304.6	291.0
Loans and advances to customers (Net)	2,300.6	2,279.1	2,008.7
Investment securities available for sale	405.2	396.1	266.4
Investment securities held to maturity	16.8	20.6	29.0
Investments in finance leases	26.0	21.9	22.0
Investment properties	25.5	28.5	27.1
Goodwill	2.7	2.7	2.7
Intangible assets	13.6	12.8	10.1
Premises and equipment	186.8	180.1	163.9
Other financial assets	13.3	16.4	11.3
Other assets	93.7	94.3	93.7
Current income tax prepayment	4.8	0.0	0.0
TOTAL ASSETS	**3,823.6**	**3,615.7**	**3,300.0**
LIABILITIES			
Due to other banks	60.6	167.8	110.4
Total customer account	2,388.8	2,090.1	1,999.3
Other borrowed funds	639.4	643.8	517.8
Current income tax liability	0.0	1.7	14.2
Deferred income tax liability	13.4	9.7	8.0
Provisions for liabilities and charges	9.5	10.1	8.4
Other financial liabilities	16.8	14.0	11.3
Other liabilities	24.7	20.0	19.4
Subordinated debt	125.9	140.0	142.5
Foreign exchange position	0.0		
TOTAL LIABILITIES	**3,279.0**	**3,097.1**	**2,831.2**
EQUITY	0.0		
Share capital	15.3	15.2	15.2
Share premium	207.9	203.3	203.3
Retained earnings	202.4	202.4	110.9
Other Reserves	36.0	39.1	39.3
Net Income	72.5	48.1	90.9
TOTAL EQUITY	**534.1**	**508.1**	**459.6**
Non-controlling interest	10.6	10.5	9.1
TOTAL EQUITY	**544.6**	**518.6**	**468.8**
TOTAL LIABILITIES AND EQUITY	**3,823.6**	**3,615.7**	**3,300.0**

Key Ratios

Performance ratios	30-Sep-12	30-Sep-11
ROAE, Annualised[1]	19.3%	23.6%
ROAA, Annualised[2]	2.8%	3.6%
Pre-provision ROAE, Annualised[1]	26.8%	26.5%
Cost: Income[3]	53.2%	51.6%
Cost of Risk, Annualised[4]	1.5%	0.5%
NIM, Annualised[5]	7.2%	8.2%
Loan yields, Annualised[6]	17.5%	17.2%
Deposit rates, Annualised[7]	7.1%	6.2%
Interest rate earned on interest earning assets, Annualised[8]	*13.8%*	*13.9%*
Cost of Funding, Annualised[9]	*7.2%*	*6.3%*
Spread[10]	6.6%	7.6%

Balance and Capital Ratios	30-Sep-12	30-Jun-12	31-Dec-11
NPL/Gross Loans[11]	1.1%	0.9%	0.6%
NPL+Restructured loans coverage ratio	174.3%	166.3%	161.2%
Gross Loans to Deposits ratio	103.7%	117.3%	108.4%
Total Customer Deposits to Total Liabilities	72.9%	67.5%	70.6%
BIS Tier I Capital Adequacy Ratio[12]	18.8%	18.7%	17.9%
BIS Total Capital Adequacy Ratio[13]	24.5%	24.4%	23.8%
NBG Tier I Capital Adequacy Ratio[14]	10.7%	11.0%	8.5%
NBG Total Capital Adequacy Ratio[15]	13.6%	13.2%	13.1%

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.
2. Return on average total assets (ROAA) equals net income of the period divided by quarterly average total assets for the same period;
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 average loans and advances to customers (before provision for loan impairment);
5. Net interest margin is net interest income (before provision for loan impairment), divided by average interest-earning assets;
6. Loan yields equal interest income on loans and advances to customers divided by quarterly average gross loans and advances to customers;
7. Deposit rates equal interest expense on customer accounts divided by quarterly average total customer deposits.
8. Interest rate earned on interest earning assets equals total interest income divided by quarterly average interest earning assets
9. Cost of funding equals total interest expense divided by quarterly average interest bearing liabilities.
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. BIS Tier I capital adequacy ratio is in accordance to Basel I standards and is calculated by dividing the end of period Tier I capital on end of period risk weighted assets;
13. BIS total regulatory capital adequacy ratio is calculated by dividing the end of period total regulatory capital on end of period total risk-weighted assets;
14. NBG Tier I Capital Adequacy Ratio equals Tier I Capital divided by Total Risk Weighted Assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
15. 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;

Categorisation of Segments

Corporate: legal entities which have annual revenue of GEL 8.0 million or more or have been granted a loan in an amount of USD 1,500,000 or more. On a discretionary basis, other significant customers, which are legal entities, may also be assigned the status of a corporate customer; for example, if they are regarded as attractive clients by the Bank by reason of having strong growth potential.

SME: legal entities which are not included either in the corporate or micro-finance segments. Typically, such customers have been granted loans in an amount ranging from USD 150,000 to USD 1,500,000 or have annual revenue of less than GEL 8.0 million.

Retail: all individual customers (i.e., not legal entities), other than customers of Bank Constanta.

Micro-finance: since the acquisition of Bank Constanta, the Group classifies its micro-finance customers as all customers of Bank Constanta. The maximum loan amount for these customers is USD 150,000. Although the Group had micro-finance customers prior to the acquisition of Bank Constanta, they did not comprise a significant portion of the Group's business and were re-designated as SME customers upon the acquisition of Bank Constanta.

Exchange Rates

Certain financial information in this document is presented in U.S. Dollars solely for the convenience of the reader. For balance sheets items, we used the end-of-period official exchange rate as reported by the NBG as of September 30, 2012, June 30, 2012 and December 31, 2011, respectively. In the case of income statement items, we used the average of the daily rates reported by the NBG for the periods ending September 30, 2012, June 30, 2012 and September 30, 2011.