JSC TBC Bank Q4 2011 and 12 months 2011 Results

Consolidated Unaudited IFRS Figures

"I am pleased with the performance we have continued to deliver in the 4th quarter of 2011 with profit before tax exceeding GEL 22 million and contributing to the growth of annual profit before tax which reached GEL 107 million, up by 91% Y-o-Y.

As a result, 4th quarter and overall performance in 2011 was another significant step forward to achieving our long terms goals and a good precondition to continue delivering better performance in the future.

Furthermore, our efforts to improve cost efficiency were proved to be successful, with annual cost to income ratio falling to 54.1% in 2011 from 55.8% in 2010.

Ultimately, we believe that the 4th quarter and 2011 as a whole, was another success in terms of increasing our shareholders' value and delivering against our long term goals."

Vakhtang Butskhrikidze, Chief Executive Officer

Financial Highlights

- TBC Group operating income was GEL 268.5 million as of 31 December 2011, up by 26% Y-o-Y. (Q-o-Q growth was GEL 75.3 million or 39%)
- TBC Group net income was GEL 91.6 million as of 31 December 2011 having increased by 85% Y-o-Y. (Q-o-Q growth was GEL 19.7 million or 27%)
- TBC Group net loans and advances to customer portfolio stood at GEL 2,008.7 million as of yearend 2011, up by GEL 627.8 million or 45% Y-o-Y. (Q-o-Q growth was GEL 115.2 million or 6%)
- TBC Group customer deposit portfolio reached GEL 1,999.3 million as of yearend 2011, comprising an increase of GEL 633.9 million or 46% Y-o-Y. (Q-o-Q growth was GEL 218.0 million or 12%)
- TBC Group total shareholders' equity reached GEL 468.8 million as of 31 December 2011, having increased by GEL 91.5 million or 24% Y-o-Y. (Q-o-Q growth was GEL 27.9 million or 6%)
- The Group's increased profitability reflected on the ROaE ratio, which improved to 21.8% as of yearend 2011, from 13.8% in 2010.
- The Group's continuous focus on operational efficiency reflected on the cost to income ratio, which stood at 54.1% as of yearend 2011, down from 55.8% in 2010.

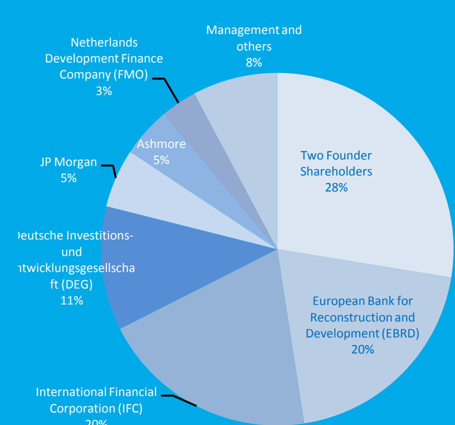
TBC at a Glance

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 Georgia 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

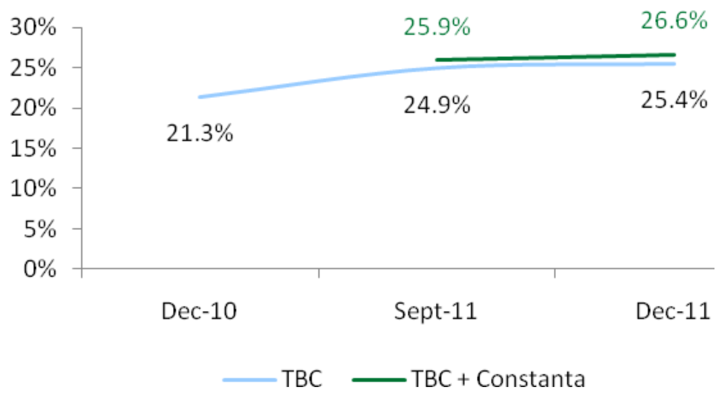
- No 1 by Retail Deposits – 34.2% of the market share as of 31 December 2011
- A leading bank in the country with 26.1% and 29.2% of the market shares of total customer loans and total customer deposits respectively as of 31 December 2011
- 50 branches, 203 ATMs, 2,288 POS across Georgia
- No of employees c. 2,644
- No of Accounts c. 696,710 (SME – 46,732; Retail – c. 645,568; Corporate – c. 4,410)
- TBC Bank is assigned B+ (Long Term IDR)/B (Short Term IDR) rating from Fitch and B1 (FC)/Ba3 (LC) from Moody's.

Shareholder Structure



Market Shares[1]

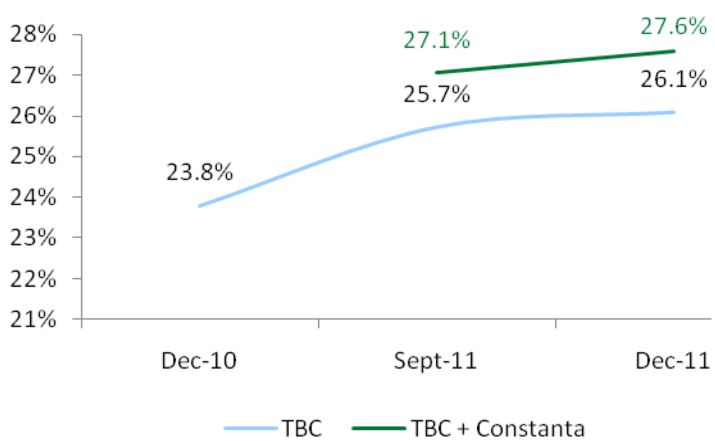
Asset Market Shares



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

TBC Bank increased its market share in total assets by 4.1% during 2011 and reached 25.4% of the market share. Due to the acquisition of Bank Constanta, TBC Group's aggregated market share, including TBC and Constanta shares, reached 26.6% as of yearend 2011.

Loan Market Shares



Source: NBG

TBC's loan portfolio showed sustainable growth in 2011. This growth was reflected in TBC Bank's market share in total loans which increased by 2.3% to 26.1%. From the Group's perspective, the aggregated market share of TBC and Constanta reached 27.6% as of yearend 2011.

Georgian economy

GDP
GDP: USD 14.1 billion; GDP per Capita: USD 3,131; Real GDP growth: 6% (Estimated 2011);

Country ratings
Fitch Rating B+/Stable
Standard & Poor's: B+/Stable
Moody's rating: Ba3/Stable

Recent country achievement
No 1 "reformer" named by IFC/World Bank (Doing Business Report 2011)
No 4 in TI 2010 Global Corruption Barometer together with Iceland and
Portugal (TI 2010 Global Corruption Barometer)
No 12 globally in Ease of Doing Business in 2010 (Doing Business Report 2011)

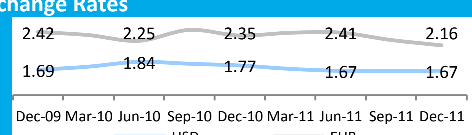
Georgian Banking Sector

Market assets, loans and deposits
During 2011:
- Total Market Assets increased by 20.0% (24.1% without exchange rate effect) and equaled GEL 12,679 million
- Total Market Loans increased by 23.6% (28.8% without exchange rate effect) and equaled GEL 7,739 million.
- Total Market Deposits increased by 22.9% (27.4% without exchange rate effect) and equaled GEL 6,745 million
- Annualised Loans to GDP ratio reached 32.8% and deposits to GDP ratio reached 28.6%

Market profitability (NBG Based)
During 2011:
- Net Interest Margin on Total Assets: 6.4% (an increase of 0.1% points from YE 2010)
- Cost/Income ratio 58.6% (the reduction amounted to 3.3% points from Y2010)
- ROE reached 17.3% (an increase of 7.6% points from YE 2010)

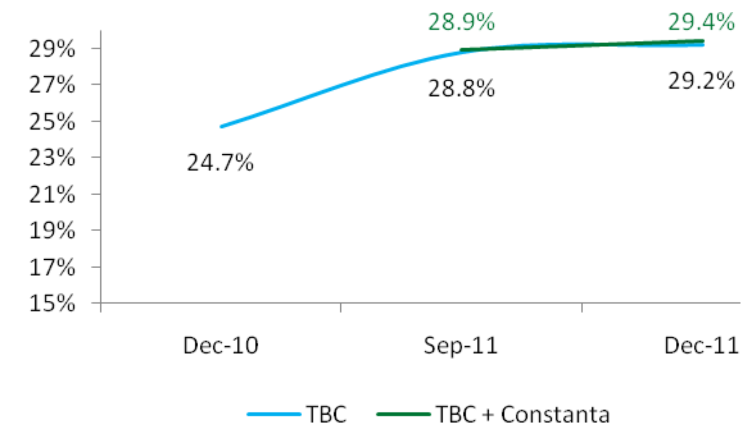
Currency rate trends
As of 31 December 2011, USD/GEL exchange rate was 1.67 which, compared to YE 2010, decreased by 5.8%. Meanwhile, Euro/GEL exchange rate was 2.16, which was 8.0% less than 2010 YE rate.

Exchange Rates



[1] Market shares are calculated by the NBG and apply to TBC bank on a stand-alone basis; for Group market shares we have used aggregated market shares of TBC bank and Constanta

Deposit Market Shares



Source: NBG

The market share in customer deposits also grew in 2011 with TBC's market share increasing by 4.5% to 29.2% as of yearend 2011. With aggregated market shares of TBC and Constanta, the market share equaled 29.4% as of 31 December 2011.

Group Results

Income Statement Items

Group Results by Quarter	**Q4 11**		**Q3 11**		**Q2 11**		**Q1 11**	
In Millions	GEL	USD	GEL	USD	GEL	USD	GEL	USD
Interest income	106.8	64.3	92.7	55.9	84.4	50.7	76.3	43.4
Interest expense	47.4	28.5	39.6	23.9	34.5	20.7	29.7	16.8
Net interest income	59.4	35.8	53.1	32.0	49.9	30.0	46.7	26.5
Provision\Impairment	7.2	4.3	3.5	2.1	1.3	0.8	4.3	2.4
Net Fee and Commission Income	9.9	6.0	7.4	4.4	6.5	3.9	4.9	2.8
Other Income	6.0	3.6	9.2	5.5	7.5	4.5	8.1	4.6
Non-interest expense	45.5	27.4	38.0	22.9	33.0	19.8	28.8	16.3
Profit (loss) before tax	22.6	13.6	28.2	17.0	29.7	17.8	26.6	15.1
Net Income	19.7	11.9	24.1	14.5	25.5	15.3	22.3	12.7

Note: based on unaudited consolidated accounts of the Group prepared in accordance with IFRS

Group Results Y-o-Y	**31-Dec-11**		**31-Dec-10**		**Y-o-Y**
In Millions	GEL	USD	GEL	USD	%
Interest income	360.2	213.6	271.8	152.5	33%
Interest expense	151.1	89.6	109.0	61.1	39%
Net interest income	209.1	124.0	162.8	91.3	28%
Provision\Impairment charges	16.2	9.6	37.7	21.2	-57%
Net Fee and Commission Income	28.7	17.0	19.1	10.7	51%
Other Income	30.7	18.2	30.6	17.2	0%
Non-interest expense	145.3	86.2	118.6	66.5	22%
Profit (loss) before tax	107.1	63.5	56.2	31.5	91%
Net Income	91.6	54.3	49.4	27.7	85%

Note: based on audited consolidated accounts of the Group prepared in accordance with IFRS

Interest income

The Group's interest income was GEL 360.2 million as of 31 December 2011 having increased by GEL 88.4 million, or 32.5%, from the same period of the previous year.

Increase in interest income was mainly driven by the interest income from loans and advances to customers, which, as of 31 December 2011, reached GEL 323.5 million, up by GEL 76.2 million or 30.8% Y-o-Y. Increased interest income from loans was a reflection of a larger loan portfolio which grew significantly during 2011.

In terms of margins, the Group's average interest yield on average interest earning assets was down to 14.1% for the twelve months of 2011 from 14.7% for the corresponding period in 2010. This was due to the reduced share of loan portfolio in total interest earning assets by 3.8% Y-o-Y to 71.6% and the decline in average interest rates on loans and advances to customers to 17.5% in 2011 compared to 17.9% in 2010. The reason for the falling interest rates on loans and advances to customers was the impact of the market trend, which also experienced decline during the same period.

Interest expense

The Group's interest expense was also up GEL 42.1 million or 38.7% Y-o-Y, reaching GEL 151.1 million as of year end 2011. The increase in interest expense was primarily due to the growth in interest expense on customer deposits which, as of 31 December 2011, reached GEL 105.4 million, up by GEL 27.9 million or 35.9% Y-o-Y and was the result of an increase in the customer deposits portfolio. Interest expense on borrowed funds also grew by GEL 14.1 million Y-o-Y and was due to the large increase in borrowed funds by GEL 236.9 million Y-o-Y.

Despite the growth in interest expense, the Group's average cost of fund remained 6.6% for the twelve months of 2011, the same as in the previous year.

Net interest income

For the foregoing reasons, net interest income increased by GEL 46.3 million, or 28.4%, to GEL 209.1 million as of yearend 2011 from GEL 162.8 million for the corresponding period in 2010, and was due to the increase in interest income of GEL 88.4 million rather than the interest expense of 42.1 million.

Although, the Group's spread was slightly down to 7.6% in 2011 from 8.1% in 2010, the Group continued leveraging from the increased scale, resulting in an increased net interest income. With the declining country risk and healthier economic environment, Management forecasts a further decrease of the spread and NIM in the short to medium term which will be compensated by the increased scale, efficiency and effectiveness of the Group's operations, as well as by the acceptable level of cost of risk.

Provision & impairment charges

For the twelve months ending 31 December 2011, provision expenses fell by GEL 21.5 million or 57.1% to GEL 16.2 million compared to GEL 37.7 million for the corresponding period in 2010. The fall in provisions was primarily due to the decreased loan impairment cost by GEL 15.3 million, which in turn was a reflection of the improved credit quality of the Group's loan portfolio, a decrease in the amount of loans written-off during the period and certain recoveries of previously written-off loans.

Lower loan impairment charges over this period reflected on the Group's cost of risk which fell to 0.9% in 2011 from 2.3% in 2010.

Net fee and commission income

Increased loan portfolio, along with the increased business activities in the country, drove the Group's fee and commission income to rise by GEL 13.1 million, or 42.9%, to GEL 43.8 million as of yearend 2011 from GEL 30.7 million for the corresponding period in 2010. This was primarily due to revenue from card operations, guarantees issued and settlement transactions rising by GEL 7.9 million, GEL 1.5 million and GEL 1.5 million respectively, Y-o-Y.

Similarly, fee and commission expense increased by GEL 3.5 million, or 30.1% Y-o-Y to GEL 15.1 million as of 31 December 2011, and was mainly driven by increases in card operation and settlement transaction expenses of GEL 2.8 million and GEL 0.6 million respectively, Y-o-Y.

As a result, net fee and commission income increased by GEL 9.7 million, or 50.7% to GEL 28.7 million, as of 31 December 2011 from GEL 19.1 million for the corresponding period in 2010.

Other non-interest income

Other non-interest income increased by GEL 0.1 million, or 0.3%, to GEL 30.7 million as of 31 December 2011 from the same period in 2010.

Non-interest expense

Non-interest expenses increased by GEL 26.7 million, or 22.5%, Y-o-Y to GEL 145.3 million as of 31 December 2011. The increase was primarily due to a rise in staff costs by GEL 21.3 million or 37.2% from the same period in 2010 and was equally attributable to the growth in staff numbers and an increase in salaries and bonuses driven by the expanded scale and improved performance of the business.

Another major contributing factor to the higher non-interest expense was administration costs, which were up by GEL 4.5 million or 9.5% Y-o-Y to GEL 51.7 million as of 31 December 2011. The increase of GEL 4.5 million in administration costs was primarily due to advertising and market costs rising by GEL 5.2 million during 2011 as a consequence of various marketing campaigns which the Group launched during the year and which directly reflected in the growth of loan and deposit portfolios.

On the other hand there was a decline in the cost of revaluation of repossessed assets to fair value which stood at GEL 1.3 million as of 2011 against GEL 9.4 million in 2010 and a fall in premises and equipment maintenance costs by GEL 0.8 million Y-o-Y.

Management believes that the increase in non-interest expense, including that of salary and marketing costs, was necessary to create a firm basis for continued profitability and sustainable growth of the Group.

The Group's higher non-interest expenses were outperformed by higher revenues which were reflected in the improved cost to income ratio that fell by 1.7% Y-o-Y from 55.8% in 2010 to 54.1% in 2011.

Income tax

The Group's income tax expense increased by GEL 8.7 million or 128.2% to GEL 15.5 million as of yearend 2011 and was primarily due to the increase in the Group's taxable profit for the period by Gel 50.9 million.

Profit for the period

For the foregoing reasons, the Group's profit after tax increased by GEL 42.2 million, or 85.3%, to GEL 91.6 million for the twelve months ending 31 December 2011, compared to GEL 49.4 million for the corresponding period in 2010.

Balance Sheet Items

Balance Sheet	**31-Dec-11**		**30-Sep-11**		**31-Dec-10**		**Q-o-Q**	**Y-o-Y**
In Millions	GEL	USD	GEL	USD	GEL	USD	%	%
Assets	**3,300.0**	**1,975.7**	**3,091.9**	**1,861.5**	**2,267.8**	**1,279.2**	**7%**	**46%**
Cash and due from banks	665.2	398.2	555.1	334.2	350.2	197.5	20%	90%
Financial securities	295.4	176.8	328.8	198.0	245.3	138.4	-10%	20%
Net loans and advances to customers	2,008.7	1,202.6	1,893.5	1,140.0	1,381.0	779.0	6%	45%
Fixed and intangible assets	201.0	120.4	188.0	113.2	175.7	99.1	7%	14%
Other assets	129.7	77.6	126.4	76.1	115.6	65.2	3%	12%
Liabilities	**2,831.2**	**1,695.0**	**2,651.1**	**1,596.1**	**1,890.5**	**1,066.4**	**7%**	**50%**
Due to other banks	110.4	66.1	174.1	104.8	47.8	26.9	-37%	131%
Deposits	1,999.3	1,196.9	1,781.3	1,072.4	1,365.4	770.2	12%	46%
Borrowed funds (inc sub loans)	660.3	395.3	638.7	384.6	439.3	247.8	3%	50%
Other liabilities	61.4	36.7	57.0	34.3	38.1	21.5	8%	61%
Total Equity	**468.8**	**280.7**	**440.9**	**265.4**	**377.3**	**212.8**	**6%**	**24%**

Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS
30 September 2011 is based on un-audited consolidated accounts of the Group prepared in accordance with IFRS

Assets

The Group's total assets increased by GEL 208.1 million, or 6.7% Q-o-Q, and reached GEL 3,300.0 million as of 31 December 2011. This growth in assets was mainly driven by the growth in net loans and advances to customers which within a quarter increased by GEL 115.2 million or 6.1% to GEL 2,008.7 million as of yearend 2011. Cash and cash equivalent was another major driver that increased by GEL 88.4 million or 30.9% Q-o-Q, accounting for the second largest contribution in the growth of total assets.

On annual terms, total assets grew by GEL 1,032.2 million or 45.5% and was primarily due to the increase in net loans and advances to customers of GEL 627.8 million or 45.5% Y-o-Y, increase in cash and cash equivalent and due from banks of GEL 98.7 million or 35.8% and GEL 216.3 million or 289.4% respectively, Y-o-Y.

Liabilities

The Group's total liabilities increased by GEL 180.2 million or 6.8% Q-o-Q and equaled GEL 2,831.2 as of 31 December 2011. This growth of GEL 180.2 million was mainly attributable to the increase in customer deposits of GEL 218.0 million or 12.2% to GEL 1,999.3 million as of yearend 2011. The second major driver of this increase was attributable to the borrowed funds which grew by GEL 24.2 million or 4.9% Q-o-Q and reached GEL 517.8 million as of yearend 2011.

In terms of the whole year, total liabilities increased by GEL 940.7 million or 49.8% Y-o-Y from GEL 1,890.5 million as of 31 December 2010. This growth was largely due to the increase in customer deposits of GEL 633.9 million or 46.4% Y-o-Y and the increase in borrowed funds and due to other banks of GEL 236.9 million or 84.3% and GEL 62.6 million or 131.1% respectively, Y-o-Y.

Shareholders' equity

The Group's total equity grew by GEL 27.9 million or 6.3% Q-o-Q and reached GEL 468.8 million as of yearend 2011. The growth of GEL 27.9 million was primarily attributable to the increase in net income and in other reserves of GEL 19.7 million or 27.4% and GEL 7.9 million or 25.1% Q-o-Q, respectively.

The growth in shareholders' equity during 2011 reached GEL 91.5 million or 24.3% and was driven by the higher net income of GEL 42.1 million or 85.3% Y-o-Y, respectively.

Ratios*

	31-Dec-11	31-Dec-10
ROaE	21.8%	13.8%
ROaA	3.3%	2.4%
Cost to Income	54.1%	55.8%
NIM	8.2%	8.8%
Spread	7.6%	8.1%
Cost of risk	0.9%	2.3%
NPLs	0.6%	1.6%
BIS Tier I Capital	17.9%	21.4%
BIS Total Capital	23.8%	31.3%

ROaE[1] as of 31 December 2011 stood at 21.8%, up by 8.0% from 13.8% for the corresponding period in 2010.

ROaA[2] as of 31 December 2011 equaled 3.3%, up by 0.8% from 2.5% for the corresponding period in 2010.

Cost to income[3] **(before provisions)** ratio as of 31 December 2011 reached 54.1%, down by 1.7% from 55.8% in the same period of the previous year.

NIM[4] in 2011 experienced a slight decline to 8.2% from 8.8% for the twelve months of 2010.

Spread[5] also fell slightly in 2011 to 7.6%, having decreased by 0.5% from 8.1% in 2010.

Cost of risk[6] was down to 0.9% for the twelve months of 2011 compared to 2.3% for the same period of the previous year.

NPL[7] ratio stood at 0.6% as of 31 December 2011 compared to 1.6% as of 31 December 2010.

BIS Tier I Capital[8] ratio equaled 17.9% as of yearend 2011, down from 21.4% for the same period in 2010.

BIS Total Capital[9] ratio stood at 23.8% as of yearend 2011, having decreased from 31.3% for the corresponding period in 2010.

* Ratio definitions are given in Appendices

Business Segment Results

Retail Banking

Retail banking at a glance

The retail segment is the largest segment in terms of its share in the total customer deposits portfolio of 54.3% and is the second largest segment in terms of its share in the total loans and advances to customers portfolio holding 37.4%. The retail segment offers a diversified product range to its retail clients such as: consumer loans, mortgage loans, credit cards, installment loans and other various types of loan products. The Group also offers to its retail clients deposit products which are specifically designed for customers' specific needs, such as child deposits, term plus, my safe, golden deposit and others. As of 31 December 2011, the retail segment had c. 645 thousand customer deposit accounts.

Portfolios and market shares	**31-Dec-11**		**30-Sep-11**		**31-Dec-10**		**Q-o-Q**	**Y-o-Y**
In Millions	GEL	USD	GEL	USD	GEL	USD	%	%
Market share in retail Loans	24.1%		24.0%		23.2%		0.1%	0.9%
Retail loan portfolio	809.8	484.8	750.3	451.7	583.9	329.4	7.9%	38.7%
Market share in retail deposits	34.2%		33.7%		31.8%		0.5%	2.4%
Retail deposit portfolio	1,086.2	650.3	1,003.1	603.9	852.0	480.6	8.3%	27.5%

Source: NBG for Market shares
Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS
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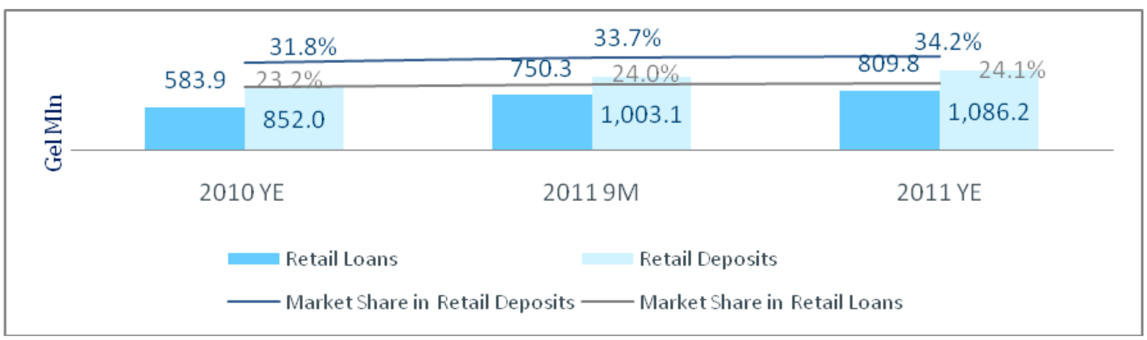

Retail loans and advances to customers

Retail loans and advances to customers increased by GEL 59.5 million, or 7.9% Q-o-Q, to GEL 809.8 million as of 31 December 2011. The same item grew by GEL 225.9 million, or 38.7% Y-o-Y, from GEL 583.9 million as of 31 December 2010.

The increase in retail loans and advances to customers portfolio had a direct impact on the retail loan market share, which as of 31 December 2011 reached 24.1% and increased by 0.1% Q-o-Q and by 0.9% Y-o-Y from 23.2% as of 31 December 2010. With 24.1% of the market share, the Group maintained second place on the market.

Retail customer deposits

Retail customer deposits increased by GEL 83.1 million, or 8.3% Q-o-Q, to GEL 1,086.2 million as of 31 December 2011, and maintained the largest portfolio on the market. The results of the twelve months ending 31 December 2011 show retail customer deposits growing by GEL 234.2 million or 27.5% from GEL 852.0 million as of 31 December 2010.

The increase in the retail loan portfolio directly reflected on the growth of the retail loan market share where the Group outperformed market growth and further strengthened its position as the leader in retail deposits by reaching 34.2% of the market share as of 31 December 2011, having increased by 0.5% Q-o-Q and by 2.4% Y-o-Y, respectively.

Corporate Banking

Corporate banking at a glance

The corporate segment is the largest segment by loans and advances to customers portfolio, holding a 46.3% share in the total portfolio, and is the second largest segment in terms of share in the total customers' deposits portfolio holding 35.0% of the total portfolio. The corporate segment offers a diversified product range to its clients, including balance sheet finance, trade finance, asset finance, project finance, working capital, and syndicated loans. As of 31 December 2011, the corporate segment had c. 1.5 thousand clients, c. 4.4 thousand customer deposit accounts and c. 600 outstanding loans.

Portfolios and market shares	**31-Dec-11**		**30-Sep-11**		**31-Dec-10**		**Q-o-Q**	**Y-o-Y**
In Millions	GEL	USD	GEL	USD	GEL	USD	%	%
Market Share in corporate loans[3]	27.5%		26.9%		24.2%		0.6%	3.3%
Corporate loan portfolio	1,003.8	601.0	987.7	594.6	811.6	457.8	1.6%	23.7%
Market share in corporate deposits[3]	24.9%		24.1%		18.1%		0.8%	6.8%
Corporate deposit portfolio	699.6	418.8	587.9	354.0	377.1	212.7	19.0%	85.5%

Source: NBG for Market shares.
Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS
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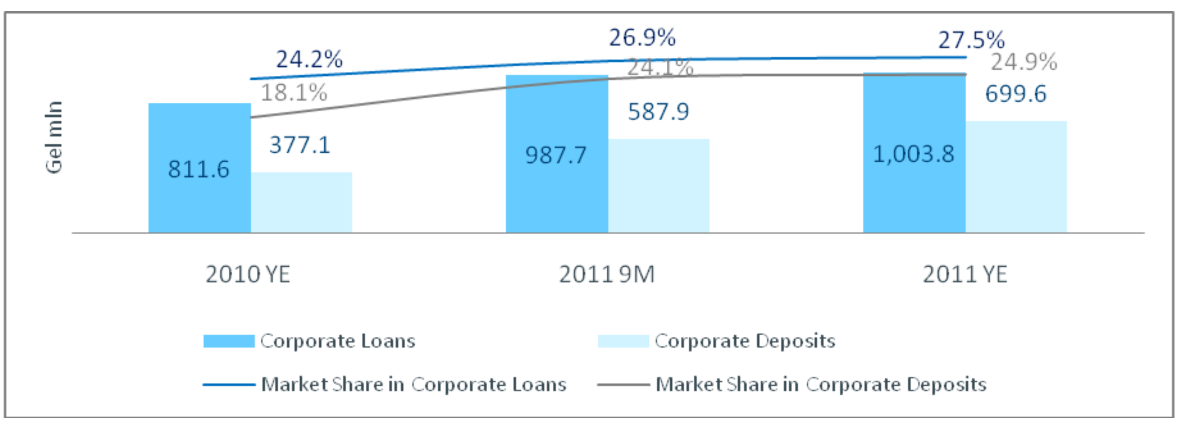


[3] Due to the fact that NBG consolidates Corporate and SME portfolios, Corporate loan and deposit market share calculations include SME loan and deposit portfolios

Corporate loans and advances to customers

Corporate loans and advances to customers increased by GEL 16.1 million, or 1.6% Q-o-Q, to GEL 1,003.8 million as of 31 December 2011. Y-o-Y growth comprised GEL 192.2 million or 23.7% from GEL 811.6 million as of 31 December 2010.

With these growths, the Group outperformed the market and increased its corporate loan market share by 0.6% Q-o-Q and by 3.3% Y-o-Y respectively to 27.5% as of year end 2011. With the annual growth of 3.3%, the Group largely outperformed its competitors' growth in the market shares, with the maximum increase being 1.3% on the market.

Corporate customer deposits

In corporate customer deposits, the Group grew by GEL 111.7 million or 19.0% Q-o-Q to GEL 699.6 million as of 31 December 2011. Growth on an annual basis was even greater, where the corporate customer deposits portfolio was up by GEL 322.5 million, or 85.5% from GEL 377.1 million as of year end 2010. Despite the growing competition on the deposits market, such significant corporate customer deposit attraction was the confirmation of the Group's high loyalty among corporate businesses.

Due to the high growth rates in corporate customer deposits portfolio, the Group further solidified its position on the market by reaching 24.9% of the market share as of year end 2011, having increased by 0.8% Q-o-Q and by 6.8% Y-o-Y from 18.1% as of 31 December 2010. The annual growth of 6.8% in the market share was the largest growth rate on the market during the year.

SME Banking

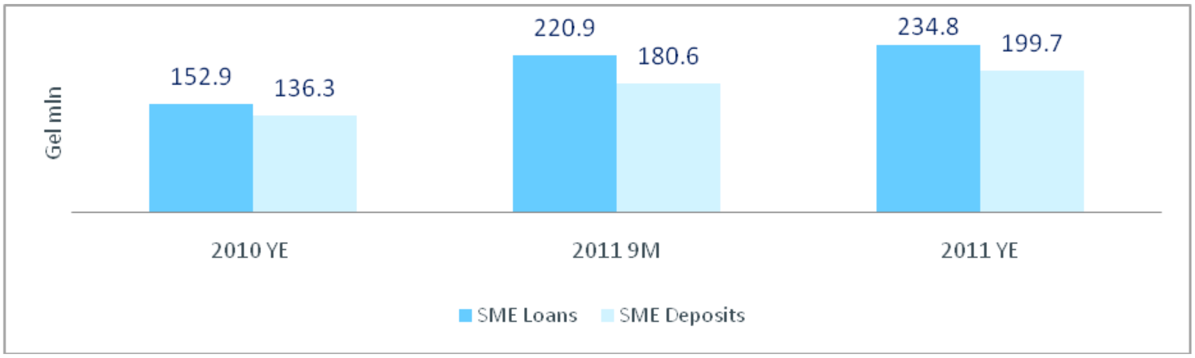
SME banking at a glance

The SME segment is the third largest segment of the Group holding 10.8% and 10.0% shares in total loans and advances to customers and customer deposits portfolios, respectively. The SME segment offers various types of loan and deposit products to its clients including trade finance and FX operation services. As of 31 December 2011, the SME segment had c. 29 thousand clients, c. 47 thousand customer deposit accounts and c. 1.5 thousand outstanding loans.

Portfolios [4]	**31-Dec-11**		**30-Sep-11**		**31-Dec-10**		**Q-o-Q**	**Y-o-Y**
In Millions	GEL	USD	GEL	USD	GEL	USD	%	%
SME loan portfolio	234.8	140.6	220.9	133.0	152.9	86.3	6.3%	53.5%
SME deposit portfolio	199.7	119.6	180.6	108.8	136.3	76.9	10.5%	46.5%

Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS
30 September 2011 is based on un-audited consolidated accounts of the Group prepared in accordance with IFRS

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



SME loans and advances to customers

SME loans and advances to customers increased by GEL 13.9 million, or 6.3%, Q-o-Q to GEL 234.8 million as of yearend 2011. Growth comprised GEL 81.9 million or 53.5% Y-o-Y from GEL 152.9 million as of 31 December 2010.

SME customer deposits

SME customer deposits were up by GEL 19.1 million, or 10.5% Q-o-Q to GEL 199.7 million as of 31 December 2011. On an annual basis, SME customer deposits grew by GEL 63.4 million or 46.5% from GEL 136.3 million as of 31 December 2010.

Micro Banking

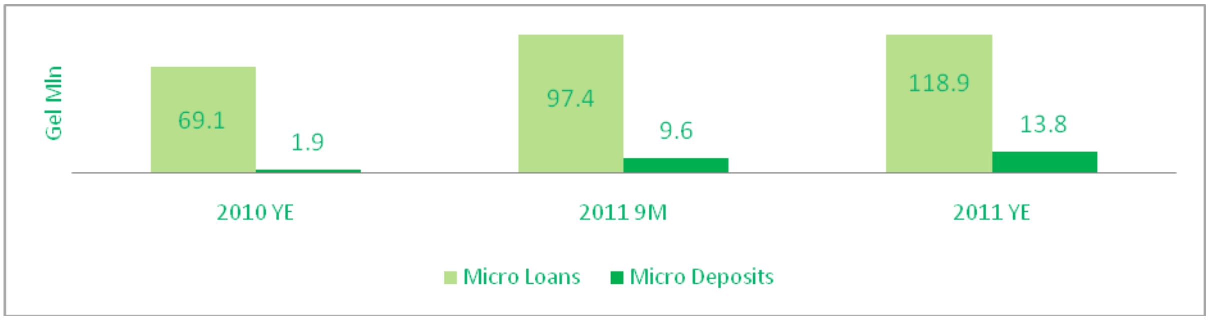
Micro banking at a glance

Since the acquisition of Bank Constanta in May 2011, the Group classifies its micro-finance customers as all customers of Bank Constanta. The micro segment is the smallest but fastest growing segment of the Group, holding a 5.5% share in total loans and advances to customers portfolio and 0.7% in the total customer deposits portfolio. The micro segment offers various types of loan and deposit products tailored to its clients needs. As of 31 December 2011, the micro segment had c. 28 thousand customer deposit accounts and c. 32 thousand outstanding loans.

Portfolios [5]	**31-Dec-11**		**30-Sep-11**		**31-Dec-10**		**Q-o-Q**	**Y-o-Y**
In Millions	GEL	USD	GEL	USD	GEL	USD	%	%
Micro loan portfolio	118.9	71.2	97.4	58.7	69.1	39.0	22.0%	72.1%
Micro deposit portfolio	13.8	8.3	9.6	5.8	1.9	1.1	43.5%	626.3%

Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS
30 September 2011 is based on un-audited consolidated accounts of the Group prepared in accordance with IFRS

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



Micro loans and advances to customers

Micro loans and advances to customers increased by GEL 21.5 million, or 22.0% Q-o-Q to GEL 118.9 million as of 31 December 2011. Annual growth reached GEL 49.8 million or 72.1% from GEL 69.1 million as of 31 December 2010.

Micro customer deposits

Micro customer deposits increased by GEL 4.2 million, or 43.5% Q-o-Q to GEL 13.8 million as of 31 December 2011. Within the twelve months of 2011, micro customer deposits grew by GEL 11.9 million or 626.3% from GEL 1.9 million as of 31 December 2010.

The historical small size of Bank Constanta's customer deposits portfolio was primarily due to the absence of a NBG license for attracting deposits in Bank Constanta. This limitation was lifted in August 2011 and, therefore, the Group intends to intensify its efforts in increasing the micro customer deposits portfolio.

TBC Kredit

TBC Kredit at a glance

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 various types of loans including micro, SME, consumer and mortgage loans. TBC Kredit has its headquarters and four branches in Azerbaijan.

Balance Sheet	**31-Dec-11**		**30-Sep-11**		**31-Dec-10**		**Q-o-Q**	**Y-o-Y**
In Millions	GEL	USD	GEL	USD	GEL	USD	%	%
Assets	**50.9**	**30.5**	**46.7**	**28.1**	**38.0**	**21.4**	**9.2%**	**34.0%**
Loans (net)	45.2	27.1	43.0	25.9	33.8	19.0	5.2%	33.8%
Liabilities	**31.9**	**19.1**	**27.5**	**16.6**	**18.4**	**10.4**	**15.8%**	**72.8%**
Borrowed funds	25.4	15.2	22.8	13.7	18.0	10.1	11.6%	41.3%
Capital	**19.1**	**11.4**	**19.1**	**11.5**	**19.6**	**11.0**	**-0.3%**	**-2.5%**

Note: 31 December 2011 and 2010 are based on audited accounts of the credit institution prepared in accordance with IFRS
30 September 2011 is based on un-audited accounts of the credit institution prepared in accordance with IFRS

Assets

TBC Kredit's total assets were up by GEL 4.3 million or 9.2% Q-o-Q to GEL 50.9 million as of 31 December 2011. Similarly, growth for the twelve months of 2011 reached GEL 12.9 million, or 34.0% from GEL 38.0 million. The growth in assets was mainly driven by the growth in net loans and advances to customers, which increased by GEL 2.2 million or 5.2% Q-o-Q and by GEL 11.4 million or 33.8% Y-o-Y to GEL 45.2 million as of 31 December 2011.

Liabilities

TBC Kredit's total liabilities grew by GEL 4.3 million or 15.8% Q-o-Q and by GEL 13.4 million or 72.8% Y-o-Y to GEL 31.9 million as of yearend 2011. The growth was mainly attributable to the increase in borrowed funds which grew by GEL 2.6 million or 11.6% Q-o-Q and by GEL 7.4 million or 41.3% Y-o-Y to GEL 25.4 million as of yearend 2011.

Capital

TBC Kredit's capital decreased by GEL 0.1 million or 0.3% Q-o-Q to GEL 19.1 million as of 31 December 2011. The decrease in capital was primarily due to the net loss of GEL 0.2 million in the 4th quarter.

Appendices

Consolidated Financial Statements

Consolidated YE 2011, Q3 2011 and YE 2010 Balance Sheet, IFRS-based

In millions of GEL	**31-Dec-2011**	**30-Sep-2011**	**31-Dec-2010**
Assets			
Cash and cash equivalents	374.2	285.8	275.4
Due from other banks	291.0	269.4	74.7
Net loans and advances to customers	2,008.7	1,893.5	1,381.0
Investment securities available for sale	266.4	260.4	216.3
Investment securities held to maturity	29.0	68.4	29.0
Other financial assets	11.3	6.4	5.9
Investments in finance leases	22.0	16.9	9.7
Other assets	93.7	99.6	93.1
Premises and equipment	163.9	154.8	144.4
Intangible assets	10.1	6.6	3.6
Investment properties	27.1	26.6	27.7
Goodwill	2.7	2.0	1.3
Assets of disposal group classified as held for sale	0.0	0.0	3.1
Current and deferred income tax	0.0	1.4	2.5
TOTAL ASSETS	3,300.0	3,091.9	2,267.8
Liabilities			
Due to other banks	110.4	174.1	47.8
Customer accounts	1,999.3	1,781.3	1,365.4
Deferred income tax liability	8.0	15.4	7.3
Current income tax liability	14.2	4.3	-
Provisions for liabilities and charges	8.4	8.5	6.9
Other financial liabilities	11.3	7.8	3.9
Other liabilities	19.4	21.0	19.7
Other borrowed funds	517.8	493.6	280.9
Subordinated debt	142.5	145.2	158.4
Liabilities of disposal group classified as held for sale	-	-	0.3
TOTAL LIABILITIES	2,831.2	2,651.1	1,890.5
Equity			
Share capital	15.2	15.2	15.1
Share premium	203.3	203.1	201.7
Retained earnings	110.9	110.9	74.0
Other reserves	39.3	31.4	31.8
Net Income	90.9	71.5	49.4
Net assets attributable to the Bank's equity holders	459.6	432.2	372.1
Non-controlling interest	9.1	8.7	5.2
TOTAL EQUITY	468.8	440.9	377.3
Total Liabilities and Equity	3,300.0	3,091.9	2,267.8

Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS
30 September 2011 is based on un-audited consolidated accounts of the Group prepared in accordance with IFRS

Consolidated 2011 and 2010 Income Statement

In millions of GEL	**2011**	**2010**
Interest income	360.2	271.8
Interest expense	-151.1	-109.0
Net interest income	209.1	162.8
Provision for loan impairment	-16.0	-31.3
Net interest income after provision for loan impairment	193.0	131.5
Fee and commission income	43.8	30.7
Fee and commission expense	-15.1	-11.6
Gains less losses from trading in foreign currencies	25.4	22.8
Net losses from derivative financial instruments	-5.0	-0.3
Foreign exchange translation (losses less gains)/gains less losses	0.4	-0.7
Losses on initial recognition of assets at rates below market	-	-
Impairment of investment securities available for sale	0.1	-0.2
Gains from disposal of investment securities available for sale	-	-0.2
(Provision for) / recovery of liabilities, charges and credit related commitments	-1.6	-3.1
(Provision for) / recovery of impairment of investments in finance lease	0.2	-0.9
Provision for impairment of other financial assets	-0.4	-0.7
Impairment of investment in subsidiary	1.5	-1.5
Other operating income	9.9	9.0
Administrative and other operating expenses	-145.3	-118.6
Profit before tax from continuing operations	107.1	56.2
Income tax expense	-15.5	-6.8
Profit for the year	91.6	49.4
Profit is attributable to:	0.0	0.0
- Owners of the Bank	90.9	49.4
- Non-controlling interest	0.7	0.1
Profit for the year	91.6	49.4

Note: 31 December 2011 and 2010 are based on audited consolidated accounts of the Group prepared in accordance with IFRS

Ratio Definitions

1. Return on average total equity (ROaE) equals net income of the period divided by average[6] total shareholders' equity for the same period;

2. Return on average total assets (ROaA) equals net income of the period divided by 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. Net interest margin is net interest income (before provision for loan impairment), divided by average interest-earning assets;

5. Interest spread is the difference between average interest rate earned on interest-earning assets and average interest rate paid on interest-bearing liabilities;

6. Cost of risk equals provision for loan impairment divided by average loans and advances to customers (before provision for loan impairment);

7. 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;

8. BIS Tier I capital adequacy ratio is in accordance to Basel I standards and is calculated by dividing end of period Tier I capital on end of period risk weighted assets;

9. BIS total regulatory capital adequacy ratio is calculated by dividing end of period total regulatory capital on end of period total risk-weighted assets;

Categorization 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 U.S.$1,500,000 or more. Some other significant customers which are legal entities may also be assigned the status of corporate customer, on a discretionary basis; 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 of between U.S.$1,500,000 and U.S.$150,000 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 U.S.$150,000. Although the Group had micro-finance customers prior to the acquisition of Bank Constanta, these did not comprise a significant portion of the Group's business and those customers were re-designated as SME customers upon the acquisition of Bank Constanta.

[6] Average numbers are calculated on a quarterly period averages

Exchange Rates

Solely for the convenience of the reader, certain financial information in this document is presented in U.S. Dollars. For balance sheets items, we have used end-of-period official exchange rates as reported by the NBG as of 31 December 2011, as of 30 September 2011 or as of 31 December 2010 respectively. In the case of income statement items, we have used the average of the daily rates reported by the NBG for the periods ending 31 December 2011 and 31 December 2010.