

Bank: HSBC Bank Georgia

Date: 30-Jun-10

Balance Sheet

GEL

N	ASSETS	Accounting period			Corresponding Period of Last year		
		LCY	RCY	Total	LCY	RCY	Total
1	Cash	609,294	1,500,683	2,109,977	921,101	1,246,677	2,167,778
2	Due from NBG	612,513	1,220,958	1,833,471	2,454,436	1,460,354	3,914,790
3	Due from Banks	5,054,545	12,009,345	17,063,889	1,074,814	6,899,291	7,974,105
4	Dealing Securities	0	0	0	0	0	0
5	Investment Securities	4,308,637	0	4,308,637	6,941,241	0	6,941,241
6.1	Loans	13,055,316	83,407,039	96,462,356	765,751	65,203,946	65,969,696
6.2	Less: Loan Loss Reserves	-287,338	-5,907,924	-6,195,262	-15,315	-1,630,849	-1,646,164
6	Net Loans	12,767,979	77,499,115	90,267,094	750,436	63,573,097	64,323,533
7	Accrued Interest and Dividends Receivable	61,446	603,946	665,392	8,995	581,302	590,298
8	Other Real Estate Owned & Repossessed Assets	-	X	-	-	X	-
9	Equity Investments	54,000	-	54,000	54,000	-	54,000
10	Fixed Assets and Intangible Assets	11,115,246	X	11,115,246	13,718,421	X	13,718,421
11	Other Assets	572,619	17,188	589,807	877,807	26,201	904,008
12	TOTAL ASSETS	35,156,279	92,851,234	128,007,513	26,801,251	73,786,923	100,588,174
	LIABILITIES						
13	Due to Banks	6,000,000	0	6,000,000	6,921	0	6,921
14	Current (Accounts) Deposits	4,330,503	6,554,412	10,884,915	4,317,644	10,721,927	15,039,571
15	Demand Deposits	135,795	2,109,792	2,245,587	381,220	6,120,174	6,501,395
16	Time Deposits	74,200	9,486,201	9,560,401	52,351	10,555,689	10,608,041
17	Own Debt Securities			-	-	-	-
18	Borrowings	2,000,000	78,378,500	80,378,500	-	44,763,300	44,763,300
19	Accrued Interest and Dividends Payable	4,459	166,660	171,120	448	114,120	114,568
20	Other Liabilities	512,876	1,760,310	2,273,186	618,412	1,665,698	2,284,110
21	Subordinated Debentures	-	-	-	-	-	-
22	Total Liabilities	13,057,833	98,455,875	111,513,708	5,376,996	73,940,908	79,317,905
	EQUITY CAPITAL						
23	Common Stock	32,272,880	X	32,272,880	32,272,880	X	32,272,880
24	Preferred Stock	-	X	-	-	X	-
25	Less: Repurchased Shares	-	X	-	-	X	-
26	Share Premium	-	X	-	-	X	-
27	General Reserves	-	X	-	-	X	-
28	Retained Earnings	-15,779,075	X	-15,779,075	-11,002,611	X	-11,002,611
29	Asset Revaluation Reserves	-	X	-	-	X	-
30	Total Equity Capital	16,493,805	X	16,493,805	21,270,269	X	21,270,269
31	TOTAL LIABILITIES AND EQUITY CAPITAL	29,551,638	98,455,875	128,007,513	26,647,266	73,940,908	100,588,174

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Income Statement

GEL

N		Accounting period			Corresponding Period of Last year		
		LCY	RCY	Total	LCY	RCY	Total
	Interest Income						
1	Interest Income from Bank's "Nostro" and Deposit Accounts	31,033	11,308	42,341	14,356	545,434	559,789
2	Interest Income from Loans	285,034	5,535,669	5,820,703	51,541	3,953,862	4,005,403
2.1	from the Interbank Loans			-	0	-	0
2.2	from the Retail or Service Sector Loans	179,895.72	2,465,026	2,644,922	8,269	1,965,995	1,974,264.20
2.3	from the Energy Sector Loans	45,325.00	452,325.00	497,650.00	0	0	-
2.4	from the Agriculture and Forestry Sector Loans			-	0	0	-
2.5	from the Construction Sector Loans			-	0	0	-
2.6	from the Mining and Mineral Processing Sector Loans	4,326.00	583,362	587,688	0	301,590	301,590.40
2.7	from the Transportation or Communications Sector Loans		375,495	375,495	0	252,418	252,418.31
2.8	from Individuals Loans	55,487	1,607,303	1,662,790	43,272	1,422,604	1,465,877
2.9	from Other Sectors Loans		52,158	52,158	0	11,254	11,254.00
3	Interest and Discount Income from Securities	179,885	-	179,885	257,819	0	257,819
4	Other Interest Income	13,539.05	264,467.73	278,007		23,100	23,100.07
5	Total Interest Income	509,491	5,811,445	6,320,936	323,716	4,522,396	4,846,112
	Interest Expense						
6	Interest Paid on Demand Deposits	12,814	38,555	51,370	10,528.57	118,291.62	128,820.19
7	Interest Paid on Time Deposits	0	315,929	315,929	845,805.52	296,275	1,142,081
8	Interest Paid on Banks Deposits	-	43,653	43,653	-	34,698.62	34,698.62
9	Interest Paid on Own Debt Securities	-	-	-	-	-	-
10	Interest Paid on Other Borrowings	22,918	165,372	188,290	8.50	86,187.33	86,195.83
11	Other Interest Expenses	936,072.84		936,072.84	-	-	-
12	Total Interest Expense	971,805	563,510	1,535,315	856,342.59	535,453	1,391,795
13	Net Interest Income	-462,314	5,247,935	4,785,621	-532,627	3,986,943	3,454,317
	Non-Interest Income						
14	Net Fee and Commission Income	387,454	-12,246	375,209	136,655	367,748	504,404
14.1	Fee and Commission Income	421,138	131,524	552,663	173,632.03	468,060.37	641,692.40
14.2	Fee and Commission Expense	33,684	143,770	177,454	36,977	100,312	137,289
15	Dividend Income	-	-	-	-	-	-
16	Gain (Loss) from Dealing Securities	-	-	-	-	-	-
17	Gain (Loss) from Investment Securities	-	-	-	-	-	-
18	Gain (Loss) from Foreign Exchange Trading	870,290		870,290	495,201	-	495,201
19	Gain (Loss) from Foreign Exchange Translation	-219,213		-219,213	-65,590	-	-65,590
20	Gain (Loss) on Sales of Fixed Assets	11,147.76	-	11,147.76	-	-	-
21	Non-Interest Income from other Banking Operations	84,620.28	409.77	85,030.05	-	-	-
22	Other Non-Interest Income	2,013	-	2,013	355.71	-	355.71
23	Total Non-Interest Income	1,136,312	-11,836	1,124,476	566,622	367,748	934,370
	Non-Interest Expenses						
24	Non-Interest Expenses from other Banking Operations			-	-	-	-
25	Bank Development, Consultation and Marketing Expenses	220,313	0	220,313	597,088	74,443.82	671,531
26	Personnel Expenses	1,999,580		1,999,580	2,620,029	-	2,620,029
27	Operating Costs of Fixed Assets	8,793		8,793	4,826.15	-	4,826.15
28	Depreciation Expense	948,194		948,194	804,734	-	804,734
29	Other Non-Interest Expenses	2,220,128	305.85	2,220,434	2,138,439	3,357	2,141,797
30	Total Non-Interest Expenses	5,397,009	306	5,397,314	6,165,116	77,801	6,242,917
31	Net Non-Interest Income	-4,260,697	-12,142	-4,272,839	-5,598,494	289,947	-5,308,547
32	Net Income before Provisions	-4,723,011	5,235,793	512,782	-6,131,121	4,276,891	-1,854,230
33	Loan Loss Reserve	2,293,149	X	2,293,149	794,206	X	794,206
34	Provision for Possible Losses on Investments and Securities	-	X	-	-	X	-
35	Provision for Possible Losses on Other Assets	-126,253	X	-126,253	146,999.49	X	146,999.49
36	Total Provisions for Possible Losses	2,166,896	-	2,166,896	941,205	-	941,205
37	Net Income before Taxes and Extraordinary Items	-6,889,907	5,235,793	-1,654,114	-7,072,326	4,276,891	-2,795,435
38	Taxation			-	-	-	-
39	Net Income after Taxation	-6,889,907	5,235,793	-1,654,114	-7,072,326	4,276,891	-2,795,435
40	Extraordinary Items			-	-	-	-
41	Net Income	-6,889,907	5,235,793	-1,654,114	-7,072,326	4,276,891	-2,795,435

Date: 30-Jun-10

Off Balance Sheet Items

Gel

N		Accounting period			Corresponding Period of Last year		
		LCY	RCY	Total	LCY	RCY	Total
1	Conditional Obligations	503,091	292,826,387	293,329,478	259,794.00	118,635,995	118,895,789
1.1	Acceptances and Endorsements	8,000.00	1,297,179	1,305,179			0
1.2	Guarantees Given	331,091	11,596,330	11,927,421	127,294	5,345,906	5,473,200
1.3	Guarantees Received		99,786,661	99,786,661			0
1.4	Pledged Assets Given			-			0
1.5	Pledged Assets Received	164,000	180,146,217	180,310,217	132,500	113,290,090	113,422,590
1.6	Other Contingent Liabilities			-			0
2	Legally Binding Obligations	1,122,253	15,556,549	16,678,803	224,801	1,712,004	1,936,805
2.1	Funding Commitments of the Bank	752,653	15,556,549	16,309,203	224,801	1,712,004	1,936,805
2.2	Funding Commitments of other Parties			-	-	-	0
2.3	Commitments to Purchase Investment Securities			-	-	-	-
2.4	Commitments to Sell Investment Securities			-	-	-	-
2.5	Foreign Exchange Operations	369,600		369,600	-	-	-
2.6	Forward Foreign Exchange Contracts			-	-	-	-
2.7	Other Commitments			-	-	-	-
3	Other Liabilities	-	-	-	-	-	-
3.1	Obligation Of the Issuer (endorser) to the Bank			-	-	-	-
3.2	Clients' Liabilities			-	-	-	-
3.3	Third Parties' Clients' Liability to the Bank			-	-	-	-
4	Items to be Held in Safekeeping	-	0	0	-	-	-
4.1	Precious Metals			-	-	-	-
4.2	Securities			-	-	-	-
4.3	Other Items			0	-	-	-
5	Interest Rate Contracts	-	-	-	-	-	-
5.1	Notional Value of Interest Rate Swaps			-	-	-	-
5.2	Forward Contracts on Financial Instruments			-	-	-	-
5.3	Futures Contracts on Financial Instruments			-	-	-	-
5.4	Options			-	-	-	-
6	Contracts on Commodities and Shareholders Capital	-	-	-	-	-	-
6.1	Notional Value of Swaps			-	-	-	-
6.2	Forward Contracts			-	-	-	-
6.3	Futures Contracts			-	-	-	-
6.4	Options			-	-	-	-
7	Unsettled Documents	1,880,058.58	-	1,880,058.58	-	-	-
7.1	Accounting Documents not Paid in due Time by Reason of Client	1,880,059		1,880,059	-	-	-
7.2	Accounting Documents not Paid in due Time by Reason of Bank			-	-	-	-
7.3	Unissued Capital			-	-	-	-
8	Written Off Loans	3,692.24	622,442	626,134	-	43,288	43,288
8.1	Unpaid Interest on Loans up to 31.12.2000			-	-	-	0
8.2	Unpaid Interest on Loans from to 01.01.2001	1,967	574,707	576,673	-	37,009	37,009
8.3	Problem Loans Written off up to 31.12.2000			-	-	-	0
8.4	Problem Loans Written off up to 01.01.2001	1,726	47,736	49,461	-	24	24
8.5	Other Written Off Assets			-	-	6,256	6,256
9	Other Valuables and Documents	856	-	856	6,090.00	-	6,090
9.1	Undistributed value parcels			-	-	-	0
9.2	Small value inventory	50		50	5,170	-	5,170
9.3	Strict reporting forms	806		806	920	-	920
9.4	Payment of Special Lottery			-	-	-	0
10	Total	3,509,951	309,005,379	312,515,330	490,684.61	120,391,288	120,881,973

General Director

Chief Accountant

Bank: HSBC Bank Georgia
Date: 30-Jun-10

Economic Indicators

		Accounting Period	Corresponding Period of Last year
	Capital		
1	Coefficient of Primary capital \geq 8%	14.18%	16.71%
2	Coefficient of supervisory capital \geq 12%	14.07%	15.64%
3	Weighted Assets according to risk / total assets	91.31%	126.58%
4	cash dividends / net income	N/A	N/A
	net income		
5	Total interest revenues / average annual assets	10.40%	9.75%
6	total interest expenses / average annual assets	2.53%	2.80%
7	operating outcome / average annual assets	1.19%	-3.60%
8	Net operating Margin	7.88%	6.95%
9	Return on Assets (ROA)	-2.72%	-5.63%
10	Return on Equity (ROE)	-19.31%	-28.62%
	Quality of Assets		
11	Non-Performing Loans / Total Loans	8.19%	0.96%
12	LLR / Total Loans	6.42%	2.50%
13	Loans with foreign currency / total loans	86.47%	98.84%
14	Assets with foreign currency / Total Assets	72.54%	73.36%
15	Annually growing rate of total loans	23.40%	67.39%
	Liquidity		
16	Liquid Assets / Total Assets	18.13%	20.88%
17	Liabilities with foreign currency / Total liabilities	88.29%	93.22%
18	current and call deposits/ Total assets	10.26%	21.42%

General Directors
Chief Accountant

Bank: HSBC Bank Georgia

Date: 30-Jun-10

Information about Supervisory Board, Board of Directors and Shareholders of the bank

	Members of Supervisory Board
1	Anthony Michael Mahoney
2	Watche Agiche Manoukian
3	David Charles Budd
4	Steven Ross Sainfield Press
5	Ranjit Prakash Gokarn
6	Guy Steven David Lewis
7	Ara Alexanian
8	Stuart Kennedy Nivison
9	Astrit Babette Clifford
	Members of Board of Directors
1	Guy Steven David Lewis
2	Vladimer Robakidze
3	Ruzanna Shahinyan
	List of Shareholders holding more than 1% of share
1	HSBC EUROPE (Netherlands) B.V. – 70%
2	WINGS ESTABLISHMENT – 30%
	List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares
1	HSBC Bank plc - (70%)
	HSBC Holdings plc - (70%)
2	Watche Agiche Manoukian- (30%)