

Bank: HSBC Bank Georgia

Date: 31-Mar-10

Balance Sheet

GEL

N	ASSETS	Accounting period			Corresponding Period of Last year		
		LCY	RCY	Total	LCY	RCY	Total
1	Cash	330,457	4,301,300	4,631,757	544,402.00	1,193,869.00	1,738,271.00
2	Due from NBG	2,592,121	1,911,974	4,504,095	1,110,786	3,834,309	4,945,095
3	Due from Banks	106,476	7,018,653	7,125,129	1,191,608	24,231,351	25,422,959
4	Dealing Securities	-	-	-	-	-	-
5	Investment Securities	9,698,785	-	9,698,785	6,039,041	-	6,039,041
6.1	Loans	2,038,825	79,629,169	81,667,994	672,291.00	52,045,112	52,717,403
6.2	Less: Loan Loss Reserves	-64,955	-5,055,258	-5,120,213	- 13,446.00	-1,049,267	-1,062,713
6	Net Loans	1,973,870	74,573,911	76,547,781	658,845.00	50,995,845	51,654,690
7	Accrued Interest and Dividends Receivable	11,475	824,326	835,801	3,712.00	834,558	838,270
8	Other Real Estate Owned & Repossessed Assets	-	X	-	-	X	-
9	Equity Investments	54,000	-	54,000	54,000.00	-	54,000.00
10	Fixed Assets and Intangible Assets	11,324,317	X	11,324,317	12,931,872	X	12,931,872
11	Other Assets	590,017	42,341	632,358	1,556,334	78,449.00	1,634,783
12	TOTAL ASSETS	26,681,518	88,672,504	115,354,022	24,090,601	81,168,380	105,258,981
	LIABILITIES						
13	Due to Banks	6,928.00	8,895,699	8,902,627	-	5,010,000.00	5,010,000.00
14	Current (Accounts) Deposits	2,302,570	7,977,291	10,279,861	3,121,150.00	9,926,160	13,047,310
15	Demand Deposits	315,342	3,960,144	4,275,486	309,452.00	7,153,652.00	7,463,104.00
16	Time Deposits	74,000	10,647,842	10,721,842	33,024.00	10,449,366	10,482,390
17	Own Debt Securities			-	-	-	-
18	Borrowings	-	61,874,783	61,874,783	-	43,420,000.00	43,420,000.00
19	Accrued Interest and Dividends Payable	163	302,050	302,213	144.00	76,416	76,561
20	Other Liabilities	445,128	1,350,320	1,795,448	613,253	2,641,208	3,254,461
21	Subordinated Debentures	-	-	-	-	-	-
22	Total Liabilities	3,144,130	95,008,130	98,152,260	4,077,024	78,676,803	82,753,826
	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	-15,071,118	X	-15,071,118	-9,767,725	X	-9,767,725
29	Asset Revaluation Reserves	-	X	-	-	X	-
30	Total Equity Capital	17,201,762	X	17,201,762	22,505,155	X	22,505,155
31	TOTAL LIABILITIES AND EQUITY CAPITAL	20,345,893	95,008,130	115,354,022	26,582,179	78,676,803	105,258,981

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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	749	6,887	7,636	395,219	34,437	429,657
2	Interest Income from Loans	67,166	2,971,952	3,039,119	16,509	1,727,219	1,743,728
2.1	from the Interbank Loans			-	-	-	-
2.2	from the Retail or Service Sector Loans	37,618.11	1,389,429	1,427,047	-	964,989.00	964,989.00
2.3	from the Energy Sector Loans		126,684.90	126,684.90	-	-	-
2.4	from the Agriculture and Forestry Sector Loans			-	-	-	-
2.5	from the Construction Sector Loans			-	-	-	-
2.6	from the Mining and Mineral Processing Sector Loans		303,415	303,415	-	117,017.00	117,017.00
2.7	from the Transportation or Communications Sector Loans		223,037	223,037	-	15,851.00	15,851.00
2.8	from Individuals Loans	29,548	922,782	952,330	16,509.00	625,089	641,597
2.9	from Other Sectors Loans		6,604	6,604	-	4,274.00	4,274.00
3	Interest and Discount Income from Securities	101,629	-	101,629	104,834	-	104,834
4	Other Interest Income	9,484.70	102,603.80	112,089	-	-	-
5	Total Interest Income	179,029	3,081,443	3,260,472	516,562	1,761,656	2,278,219
	Interest Expense						
6	Interest Paid on Demand Deposits	8,465	22,056	30,520	4,276.00	62,874.00	67,150.00
7	Interest Paid on Time Deposits	0	154,792	154,792	55.00	989,719	989,774
8	Interest Paid on Banks Deposits	-	41,553	41,553	-	5,520.00	5,520.00
9	Interest Paid on Own Debt Securities	-	-	-	-	-	-
10	Interest Paid on Other Borrowings	0	76,673	76,673	3.00	1,062.00	1,064.00
11	Other Interest Expenses		366,037.84	366,037.84	-	-	-
12	Total Interest Expense	8,465	661,111	669,575	4,333.00	1,059,174	1,063,508
13	Net Interest Income	170,564	2,420,332	2,590,897	512,229	702,482	1,214,711
	Non-Interest Income						
14	Net Fee and Commission Income	178,807	-4,914	173,893	57,930	163,873	221,803
14.1	Fee and Commission Income	193,494	67,256	260,750	83,072.00	208,610.00	291,682.00
14.2	Fee and Commission Expense	14,687	72,170	86,857	25,141	44,737	69,879
15	Dividend Income	-	-	-	-	-	-
16	Gain (Loss) from Dealing Securities	-	-	-	-	-	-
17	Gain (Loss) from Investment Securities	-	-	-	-	-	-
18	Gain (Loss) from Foreign Exchange Trading	267,279		267,279	239,073	-	239,073
19	Gain (Loss) from Foreign Exchange Translation	-77,467		-77,467	-46,481	-	-46,481
20	Gain (Loss) on Sales of Fixed Assets	1,398.42	-	1,398.42	-	-	-
21	Non-Interest Income from other Banking Operations	67,145.83	290.48	67,436.31	-	-	-
22	Other Non-Interest Income	10	-	10	550.00	-	550.00
23	Total Non-Interest Income	437,173	-4,623	432,549	251,073	163,873	414,946
	Non-Interest Expenses						
24	Non-Interest Expenses from other Banking Operations		-	-	-	-	-
25	Bank Development, Consultation and Marketing Expenses	103,637	0	103,637	175,463	31,211.00	206,674
26	Personnel Expenses	1,129,127		1,129,127	1,353,566	-	1,353,566
27	Operating Costs of Fixed Assets	2,201		2,201	605.00	-	605.00
28	Depreciation Expense	475,461		475,461	389,171	-	389,171
29	Other Non-Interest Expenses	1,168,926	129.75	1,169,056	898,413	-	898,413
30	Total Non-Interest Expenses	2,879,353	130	2,879,483	2,817,218	31,211	2,848,430
31	Net Non-Interest Income	-2,442,180	-4,753	-2,446,933	-2,566,145	132,662	-2,433,484
32	Net Income before Provisions	-2,271,616	2,415,579	143,963	-2,053,916	835,144	-1,218,773
33	Loan Loss Reserve	1,183,263	X	1,183,263	274,516	X	274,516
34	Provision for Possible Losses on Investments and Securities	-	X	-	-	X	-
35	Provision for Possible Losses on Other Assets	-93,143	X	-93,143	67,261.00	X	67,261.00
36	Total Provisions for Possible Losses	1,090,120	-	1,090,120	341,777	-	341,777
37	Net Income before Taxes and Extraordinary Items	-3,361,736	2,415,579	-946,157	-2,395,693	835,144	-1,560,550
38	Taxation			-	-	-	-
39	Net Income after Taxation	-3,361,736	2,415,579	-946,157	-2,395,693	835,144	-1,560,550
40	Extraordinary Items			-	-	-	-
41	Net Income	-3,361,736	2,415,579	-946,157	-2,395,693	835,144	-1,560,550

Date: 31-Mar-10

Off Balance Sheet Items

Gel

N		Accounting period			Corresponding Period of Last year		
		LCY	RCY	Total	LCY	RCY	Total
1	Conditional Obligations	2,690,061	273,032,291	275,722,352	225,776.00	91,598,117	91,823,893
1.1	Acceptances and Endorsements		3,567,083	3,567,083	-	174,671.00	174,671.00
1.2	Guarantees Given	2,576,061	13,000,771	15,576,832	93,276.00	4,676,000.00	4,769,276.00
1.3	Guarantees Received		89,075,128	89,075,128	-	167,000	167,000
1.4	Pledged Assets Given			-	-	-	-
1.5	Pledged Assets Received	114,000	167,389,308	167,503,308	132,500.00	86,580,446.00	86,712,946.00
1.6	Other Contingent Liabilities			-	-	-	-
2	Legally Binding Obligations	352,905	11,700,491	12,053,395	20,475.00	1,646,991.00	1,667,466.00
2.1	Funding Commitments of the Bank	352,905	11,700,491	12,053,395	20,475.00	1,646,991.00	1,667,466.00
2.2	Funding Commitments of other Parties			-	-	-	-
2.3	Commitments to Purchase Investment Securities			-	-	-	-
2.4	Commitments to Sell Investment Securities			-	-	-	-
2.5	Foreign Exchange Operations			-	-	-	-
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	-	-	-	-	52,495.00	52,495.00
4.1	Precious Metals			-	-	-	-
4.2	Securities			-	-	-	-
4.3	Other Items			-	-	52,495.00	52,495.00
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	1,423,269.20	-	1,423,269.20	-	-	-
7.1	Accounting Documents not Paid in due Time by Reason of Client	1,423,269.20		1,423,269.20	-	-	-
7.2	Accounting Documents not Paid in due Time by Reason of Bank			-	-	-	-
7.3	Unissued Capital			-	-	-	-
8	Written Off Loans	2,837.20	271,725	274,562	-	6,280.00	6,280.00
8.1	Unpaid Interest on Loans up to 31.12.2000			-	-	-	-
8.2	Unpaid Interest on Loans from to 01.01.2001	614.96	254,760.87	255,375.83	-	-	-
8.3	Problem Loans Written off up to 31.12.2000			-	-	-	-
8.4	Problem Loans Written off up to 01.01.2001	2,222.24	10,708	12,930	-	24.00	24.00
8.5	Other Written Off Assets		6,256	6,256	-	6,256.00	6,256.00
9	Other Valuables and Documents	8,562	-	8,562	10,766.00	-	10,766.00
9.1	Undistributed value parcels			-	-	-	-
9.2	Small value inventory	7,657		7,657	9,671.00	-	9,671.00
9.3	Strict reporting forms	905		905	1,095.00	-	1,095.00
9.4	Payment of Special Lottery			-	-	-	-
10	Total	4,477,634	285,004,506	289,482,140	257,017.00	93,303,883	93,560,900

General Director

Chief Accountant

Bank: HSBC Bank Georgia
Date: 31-Mar-10

Economic Indicators

		Accounting Period	Corresponding Period of Last year
	Capital		
1	Coefficient of Primary capital \geq 8%	11.41%	19.10%
2	Coefficient of supervisory capital \geq 12%	12.05%	18.76%
3	Weighted Assets according to risk / total assets	127.06%	461.22%
4	cash dividends / net income	N/A	N/A
	net income		
5	Total interest revenues / average annual assets	10.81%	9.15%
6	total interest expenses / average annual assets	2.22%	4.27%
7	operating outcome / average annual assets	0.73%	-4.71%
8	Net operating Margin	8.59%	4.88%
9	Return on Assets (ROA)	-3.14%	-6.27%
10	Return on Equity (ROE)	-21.89%	-35.76%
	Quality of Assets		
11	Non-Performing Loans/ Total Loans	7.01%	0.00%
12	LLR / Total Loans	6.27%	2.02%
13	Loans with foreign currency / total loans	97.50%	98.72%
14	Assets with foreign currency /Total Assets	76.87%	77.11%
15	Annually growing rate of total loans	4.48%	33.77%
	Liquidity		
16	Liquid Assets / Total Assets	22.50%	36.24%
17	Liabilities with foreign currency / Total liabilities	96.80%	95.07%
18	current and call deposits/ Total assets	12.62%	19.49%

General Directors
Chief Accountant

Bank: HSBC Bank Georgia

Date: 31-Mar-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
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