

## Balance Sheet

GEL

N	ASSETS	Accounting period			Corresponding Period of Last year		
		GEL	FCY	TOTAL	GEL	FCY	TOTAL
1	Cash	662,631	2,334,858	2,997,489	82,143	1,588,158	1,670,302
2	Due from NBG	2,523,086	1,343,188	3,866,274	906,990	1,602,258	2,509,247
3	Due from Banks	91,208	5,143,959	5,235,168	2,971,487	83,354,530	86,326,017
4	Dealing Securities	-	-	-	-	-	-
5	Investment Securities	8,783,159	-	8,783,159	5,270,831	-	5,270,831
6.1	Loans	800,151	67,553,194	68,353,345	122,563	8,776,453	8,899,016
6.2	Less: Loan Loss Reserves	- 17,374	- 2,036,158	- 2,053,532	- 2,451	- 175,529	- 177,980
6	Net Loans	782,777	65,517,036	66,299,813	120,112	8,600,924	8,721,036
7	Accrued Interest and Dividends Receivable	4,279	719,048	723,327	402	674,993	675,395
8	Other Real Estate Owned & Repossessed Assets	-	X	-	-	X	-
9	Equity Investments	54,000	-	54,000	-	-	-
10	Fixed Assets and Intangible Assets	12,488,134	X	12,488,134	10,351,164	X	10,351,164
11	Other Assets	869,702	22,470	892,173	932,321	12,684	945,005
12	<b>TOTAL ASSETS</b>	26,258,977	75,080,559	101,339,537	20,635,449	95,833,547	116,468,996
	<b>LIABILITIES</b>						
13	Due to Banks	6,928	16,771,000	16,777,928	-	-	-
14	Current (Accounts) Deposits	4,059,360	14,989,640	19,049,000	444,783	49,459,149	49,903,932
15	Demand Deposits	405,086	4,302,170	4,707,256	362,651	3,390,647	3,753,298
16	Time Deposits	75,523	12,665,239	12,740,762	305,105	43,942,123	44,247,228
17	Own Debt Securities			-	-	-	-
18	Borrowings	-	26,833,600	26,833,600	-	-	-
19	Accrued Interest and Dividends Payable	336	206,131	206,467	1,359	352,577	353,936
20	Other Liabilities	635,664	783,294	1,418,958	524,146	53,532	577,678
21	Subordinated Debentures	-	-	-	-	-	-
22	<b>Total Liabilities</b>	5,182,898	76,551,074	81,733,972	1,638,044	97,198,028	98,836,071
	<b>EQUITY CAPITAL</b>						
23	Common Stock	32,272,880	X	32,272,880	23,907,880	X	23,907,880
24	Preferred Stock	-	X	-	-	X	-
25	Less: Repurchased Shares	-	X	-	-	X	-
26	Share Premium	-	X	-	-	X	-
27	General Reserves	-	X	-	-	X	-
28	Retained Earnings	- 12,667,315	X	- 12,667,315	- 6,274,955	X	- 6,274,955
29	Asset Revaluation Reserves	-	X	-	-	X	-
30	<b>Total Equity Capital</b>	19,605,565	X	19,605,565	17,632,925	X	17,632,925
31	<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>	24,788,462	76,551,074	101,339,537	19,270,968	97,198,028	116,468,996

General Director

Chief Accountant

## Income Statement

GEL

N		Accounting period			Corresponding Period of Last year		
		GEL	FCY	TOTAL	GEL	FCY	TOTAL
	<b>Interest Income</b>						
1	Interest Income from Bank's "Nostrro" and Deposit Accounts	14,560	574,557	589,118	152,515	736,215	888,730
2	Interest Income from Loans	89,234	6,650,128	6,739,363	9,371	153,689	163,060
2.1	from the Interbank Loans	0	0	0	7,836	0	7,836
2.2	from the Retail or Service Sector Loans	19,571	3,252,666	3,272,236	0	76,344	76,344
2.3	from the Energy Sector Loans		29,949	29,949	0	0	0
2.4	from the Agriculture and Forestry Sector Loans			0	0	0	0
2.5	from the Construction Sector Loans			0	0	0	0
2.6	from the Mining and Mineral Processing Sector Loans		566,567	566,567	0	23,771	23,771
2.7	from the Transportation or Communications Sector Loans		477,515	477,515	0	0	0
2.8	from Individuals Loans	69,664	2,301,939	2,371,603	1,535	53,574	55,109
2.9	from Other Sectors Loans		21,493	21,493	0	0	0
3	Interest and Discount Income from Securities	364,447	0	364,447	768,676	0	768,676
4	Other Interest Income	942	153,231	154,173	0	0	0
5	<b>Total Interest Income</b>	469,185	7,377,916	7,847,101	930,561	889,904	1,820,465
	<b>Interest Expense</b>						
6	Interest Paid on Demand Deposits	35,198	161,758	196,956	1,972	26,883	28,856
7	Interest Paid on Time Deposits	279	1,306,459	1,306,738	2,340	542,432	544,772
8	Interest Paid on Banks Deposits	0	82,135	82,135	0	0	0
9	Interest Paid on Own Debt Securities	0	0	0	0	0	0
10	Interest Paid on Other Borrowings	9	159,178	159,186	1	4,823	4,823
11	Other Interest Expenses	62,500	0	62,500	0	0	0
12	<b>Total Interest Expense</b>	97,986	1,709,530	1,807,516	4,313	574,138	578,451
13	<b>Net Interest Income</b>	371,199	5,668,387	6,039,585	926,248	315,766	1,242,014
	<b>Non-Interest Income</b>						
14	Net Fee and Commission Income	223,476	350,493	573,969	29,109	51,735	80,844
14.1	Fee and Commission Income	282,060	524,519	806,579	44,652	77,621	122,273
14.2	Fee and Commission Expense	58,584	174,026	232,610	15,543	25,886	41,429
15	Dividend Income	0	0	0	0	0	0
16	Gain (Loss) from Dealing Securities			0	0	0	0
17	Gain (Loss) from Investment Securities	0	0	0	0	0	0
18	Gain (Loss) from Foreign Exchange Trading	795,466		795,466	78,456	0	78,456
19	Gain (Loss) from Foreign Exchange Translation	-63,429		-63,429	5,594	0	5,594
20	Gain (Loss) on Sales of Fixed Assets	-16,300	0	-16,300	0	0	0
21	Non-Interest Income from other Banking Operations	0	0	0	0	0	0
22	Other Non-Interest Income	62	0	62	0	0	0
23	<b>Total Non-Interest Income</b>	939,276	350,493	1,289,769	113,159	51,735	164,894
	<b>Non-Interest Expenses</b>						
24	Non-Interest Expenses from other Banking Operations		0	804,654	0	0	0
25	Bank Development, Consultation and Marketing Expenses	704,934	99,720	3,564,020	238,720	11,512	250,232
26	Personnel Expenses	3,564,020		7,430	3,282,818	0	3,282,818
27	Operating Costs of Fixed Assets	7,430		1,961,940	1,360	0	1,360
28	Depreciation Expense	1,961,940		3,335,588	282,128	0	282,128
29	Other Non-Interest Expenses	3,332,013	3,574	0	1,265,876	0	1,265,876
30	<b>Total Non-Interest Expenses</b>	9,570,338	103,294	9,673,633	5,070,904	11,512	5,082,416
31	<b>Net Non-Interest Income</b>	-8,631,063	247,199	-8,383,864	-4,957,744	40,223	-4,917,522
32	<b>Net Income before Provisions</b>	-8,259,864	5,915,585	-2,344,279	-4,031,496	355,989	-3,675,507
33	Loan Loss Reserve	1,856,670	X	1,856,670	177,980	X	177,980
34	Provision for Possible Losses on Investments and Securities	0	X	0	0	X	0
35	Provision for Possible Losses on Other Assets	259,191	X	259,191	49,800	X	49,800
36	<b>Total Provisions for Possible Losses</b>	2,115,861	0	2,115,861	227,780	0	227,780
37	<b>Net Income before Taxes and Extraordinary Items</b>	-10,375,725	5,915,585	-4,460,140	-4,259,277	355,989	-3,903,288
38	Taxation	0	0	0	0	0	0
39	<b>Net Income after Taxation</b>	-10,375,725	5,915,585	-4,460,140	-4,259,277	355,989	-3,903,288
40	Extraordinary Items	0	0	0	0	0	0
41	<b>Net Income</b>	-10,375,725	5,915,585	-4,460,140	-4,259,277	355,989	-3,903,288

General Director

Chief Accountant

## Off Balance Sheet Items

GEL

N		Accounting period			Corresponding Period of Last year		
		GEL	FCY	TOTAL	GEL	FCY	TOTAL
1	<b>Conditional Obligations</b>	347,803	146,265,378	146,613,181	147,140	17,523,311	17,670,451
1.1	Acceptances and Endorsements			0	0	0	0
1.2	Guarantees Given	218,803	9,162,368	9,381,171	143,640	2,107,500	2,251,140
1.3	Guarantees Received			0	0	5,760,500	5,760,500
1.4	Pledged Assets Given			0	0	0	0
1.5	Pledged Assets Received	129,000	137,103,010	137,232,010	3,500	9,655,311	9,658,811
1.6	Other Contingent Liabilities			0	0	0	0
2	<b>Legally Binding Obligations</b>	300,000	5,960,432	6,260,432	0	238,850	238,850
2.1	Funding Commitments of the Bank	300,000	3,998,446	4,298,446	0	238,850	238,850
2.2	Funding Commitments of other Parties			0	0	0	0
2.3	Commitments to Purchase Investment Securities			0	0	0	0
2.4	Commitments to Sell Investment Securities			0	0	0	0
2.5	Foreign Exchange Operations		1,961,986	1,961,986	0	0	0
2.6	Forward Foreign Exchange Contracts			0	0	0	0
2.7	Other Commitments			0	0	0	0
3	<b>Other Liabilities</b>	0	0	0	0	0	0
3.1	Obligation Of the Issuer (endorser) to the Bank	0	0	0	0	0	0
3.2	Clients' Liabilities	0	0	0	0	0	0
3.3	Third Parties' Clients' Liability to the Bank	0	0	0	0	0	0
4	<b>Items to be Held in Safekeeping</b>	0	0	0	0	0	0
4.1	Precious Metals	0	0	0	0	0	0
4.2	Securities	0	0	0	0	0	0
4.3	Other Items	0	0	0	0	0	0
5	<b>Interest Rate Contracts</b>	0	0	0	0	0	0
5.1	Notional Value of Interest Rate Swaps	0	0	0	0	0	0
5.2	Forward Contracts on Financial Instruments	0	0	0	0	0	0
5.3	Futures Contracts on Financial Instruments	0	0	0	0	0	0
5.4	Options	0	0	0	0	0	0
6	<b>Contracts on Commodities and Shareholders Capital</b>	0	0	0	0	0	0
6.1	Notional Value of Swaps	0	0	0	0	0	0
6.2	Forward Contracts	0	0	0	0	0	0
6.3	Futures Contracts	0	0	0	0	0	0
6.4	Options	0	0	0	0	0	0
7	<b>Unsettled Documents</b>	0	0	0	0	0	0
7.1	Accounting Documents not Paid in due Time by Reason of C	0	0	0	0	0	0
7.2	Accounting Documents not Paid in due Time by Reason of H	0	0	0	0	0	0
7.3	Unissued Capital	0	0	0	0	0	0
8	<b>Written Off Loans</b>	93	875,998	876,092	0	0	0
8.1	Unpaid Interest on Loans up to 31.12.2000			0	0	0	0
8.2	Unpaid Interest on Loans from to 01.01.2001	93	231,362	231,456	0	0	0
8.3	Problem Loans Written off up to 31.12.2000			0	0	0	0
8.4	Problem Loans Written off up to 01.01.2001		638,380	638,380	0	0	0
8.5	Other Written Off Assets		6,256	6,256	0	0	0
9	<b>Other Valuables and Documents</b>	8,728	0	8,728	6,633	0	6,633
9.1	Undistributed value parcels			0	0	0	0
9.2	Small value inventory	7,789		7,789	5,365	0	5,365
9.3	Strict reporting forms	939		939	1,268	0	1,268
9.4	Payment of Special Lottery			0	0	0	0
10	<b>Total</b>	656,624	153,101,808	153,758,432	153,773	17,762,161	17,915,934

General Director

Chief Accountant

**Economic Indicators**

		Accounting Period	Corresponding Period of Last year
	<b>Capital</b>		
1	Coefficient of Primary capital $\geq$ 8%	18.66%	37.31%
2	Coefficient of supervisory capital $\geq$ 12%	16.16%	30.88%
3	Weighted Assets according to risk / total assets	117.15%	49.11%
4	cash dividends / net income	N/A	N/A
	<b>Net Income</b>		
5	Total interest revenues / average annual assets	10.33%	6.07%
6	total interest expenses / average annual assets	2.38%	1.93%
7	operating outcome / average annual assets	-2.98%	-12.53%
8	Net operating Margin	7.95%	4.14%
9	Return on Assets (ROA)	-5.87%	-13.01%
10	Return on Equity (ROE)	-30.27%	-30.33%
	<b>Quality of Assets</b>		
11	Non-Performing Loans / Total Loans	3.09%	N/A
12	LLR / Total Loans	3.00%	2.00%
13	Loans with foreign currency / total loans	98.83%	98.62%
14	Assets with foreign currency / Total Assets	74.09%	82.28%
15	Annually growing rate of total loans	73.44%	100.00%
	<b>Liquidity</b>		
16	Liquid Assets / Total Assets	20.61%	82.23%
17	Liabilities with foreign currency / Total liabilities	93.66%	98.34%
18	current and call deposits/ Total assets	23.44%	46.07%

General Director  
 Chief Accountant

Bank: HSBC Bank Georgia

Date: 30-Sep-09

Commercial Bank Transparency Rule

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

<b>Members of Supervisory Board</b>	
1	Anthony Michael Mahoney
2	Watche Agiche Manoukian
3	David Charles Budd
4	Steven Ross Sainfield Press
5	Antony Colin Turner
6	Timothy Rex Slater
7	Ara Alexanian
<b>Members of Board of Directors</b>	
1	Guy Steven David Lewis
2	Vladimer Robakidze
3	Ruzanna Shahinyan
<b>List of Shareholders holding more than 1% of share</b>	
1	HSBC EUROPE (Netherlands) B.V. – 70%
2	WINGS ESTABLISHMENT – 30%
<b>List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares</b>	
1	HSBC Bank plc - (65.66%)
	HSBC Holdings plc - (65.66%)
2	Watche Agiche Manoukian -(30%)