



საქართველოს ბანკი
BANK OF GEORGIA

GROWTH AT THE RIGHT PRICE
LSE: BGEO / GSE: GEB

JSC Bank of Georgia investor presentation

Unicredit 7th Annual Emerging Europe Conference

September 13-14, 2010, London

September 2010

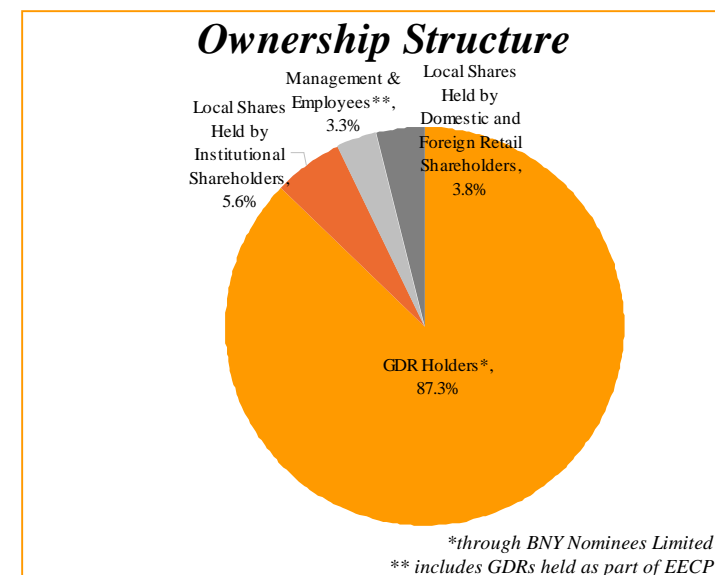
Introduction to Bank of Georgia

The leading universal bank in Georgia

- ☑ No.1 by assets (35%), ⁽¹⁾ gross loans (33%), ⁽¹⁾ client deposits (30%) ⁽¹⁾ and equity (40%) ⁽¹⁾
- ☑ Assets of GEL 3.5 bn (USD 1.9 bn), Net Loans of GEL 2.0 bn (USD 1.1 bn), Client Deposits of GEL 1.5 bn (USD 0.8) and Equity of GEL 649.3 million (USD 352.1 bn)
- ☑ Leading retail banking, with top brand, best distribution network and broadest range of services of any bank in Georgia

	June 2010	March 2010	June 2009
☑ Number of Retail Clients	714,400+	732,900+	695,000++
☑ Retail Accounts	953,000+	996,500+	935,000+
☑ Cards Outstanding	551,000+	570,000+	590,000+
☑ Branches	137	140	140
☑ ATMs	387	379	394

- ☑ Leading corporate bank with approximately 88,100+ legal entities and over 164,800+ current accounts
- ☑ Leading card-processing, leasing, insurance, wealth management and brokerage services provider
- ☑ Banking operations in Ukraine and Belarus, with BG Bank (Ukraine) and BNB (Belarus) accounting for less than 10% of BoG's consolidated total assets
- ☑ The only Georgian entity with credit ratings from all three global rating agencies
 - ☑ S&P: 'B/B' – at the sovereign ceiling
 - ☑ Fitch Ratings: 'B+/B'
 - ☑ Moody's: 'B3/NP (FC)' & 'Ba3/NP (LC)'
- ☑ Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
 - ☑ Market Cap (LSE) US\$ 383 mln as of 10 September 2010
 - ☑ Approximately 95% free float
- ☑ Issue of the first ever Eurobonds in Georgia
 - ☑ Bloomberg: BKGEO; 5 year, 9%, US\$200 mln
 - ☑ B/Ba2/B (composite B+)



⁽¹⁾ All data according to the NBG as of 30 June 2010



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The Georgian Economy

September 2010

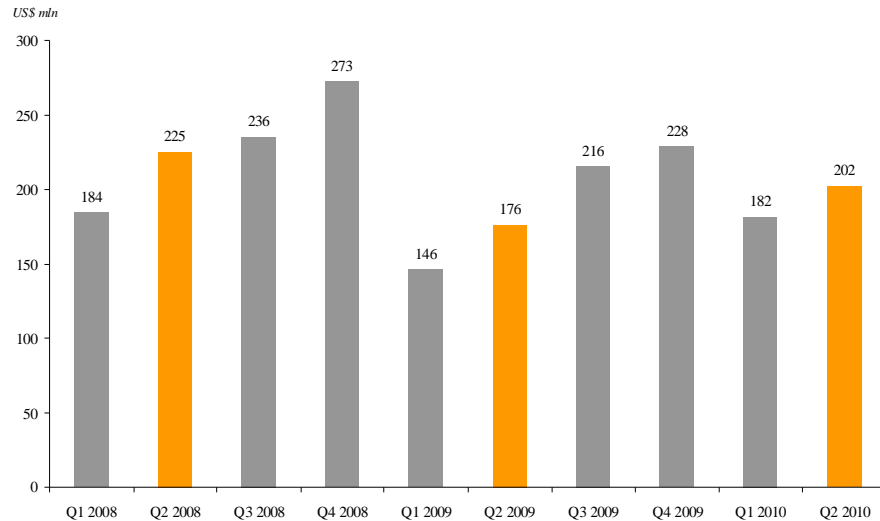
Georgia's Economy – Basic Facts

- 🏠 Area: 69,700 sq km
- 🏠 Population: 4.4 million (as of January 1, 2009)
- 🏠 Life expectancy: 76.5 years
- 🏠 Official language: Georgian
- 🏠 Literacy: 100%
- 🏠 Capital: Tbilisi
- 🏠 Currency (code): Lari (GEL)
- 🏠 GDP (2009A): US\$10.7 billion
- 🏠 GDP real growth rate 2009A: - 3.9%
- 🏠 GDP real growth rate 2010F: 4.5%
- 🏠 GDP per capita 2009A (market): US\$ 2,450
- 🏠 GDP per capita 2009E (PPP): US\$ 4,747
- 🏠 Current account deficit 2009: US\$ 1.3bn, 11.9% of GDP
- 🏠 Current account deficit 2010F : US\$ 1.5bn, 13.6% of GDP
- 🏠 Budget Deficit 2009E: 9.3% of GDP
- 🏠 Budget Deficit 2010F: 6.3 % of GDP
- 🏠 Inflation rate 2010F: 6.0%
- 🏠 External public debt / GDP 2009A: 31.8%
- 🏠 Sovereign ratings:
 - 🏠 Fitch B+/Stable
 - 🏠 S&P B+/Stable/B+

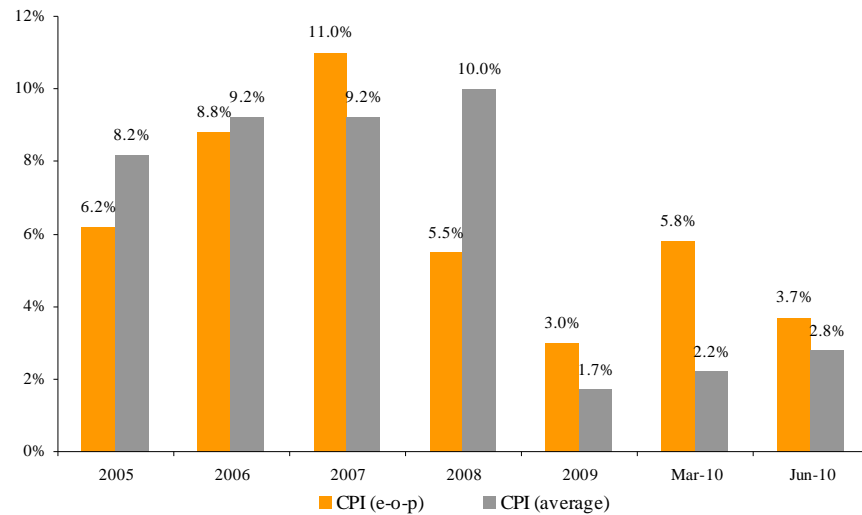


Selected macro economic data

Quarterly net remittances



CPI

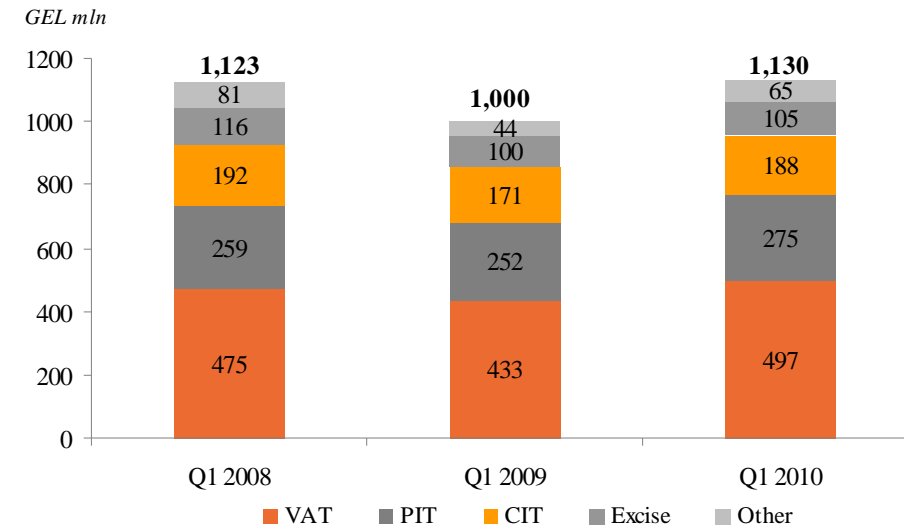


Source: National Statistics Office of Georgia, Government of Georgia

Highlights

- 🏠 Q2 2010 Net remittances increased by 14.6% y-o-y
- 🏠 GDP real growth rate: 7-7.5% y-o-y Q2 2010F; 4.5% 2010F; growth mainly driven by donor money inflows and credit growth in 1H 2010
- 🏠 VAT collection up by 20%+ y-o-y in recent months, 1H 2010 trade turnover up by 18% y-o-y to GEL 2.9 bln
 - 🏠 1H 2010 Exports up by 40%
 - 🏠 1H 2010 Imports up by 13%
- 🏠 NBG reserves still on high level at around USD 2 bln, exceeding M2 by 1.5 times

Quarterly tax revenue by categories



Key drivers of economic growth

Export-led growth with sufficient diversity

- ☞ Agricultural products, ferroalloy, aircraft, rail car, vessels and vehicles, fertilizers, machinery
- ☞ **Oil and gas pipelines** - Russia-Georgia-Armenia pipeline; Shah-Deniz (BTE) gas pipeline; Iran-Azerbaijan-Georgia (IAG) gas pipeline; Baku-Supsa oil pipeline; Baku-Tbilisi-Ceyhan (BTC) oil pipeline; NABUCCO Project is to finish by 2014
- ☞ **Grow potential revenue**, tourism sector – c.US\$1.4 bn donor money earmarked for investments in infrastructure
- ☞ **Baku-Akhalkalaki-Kars railway line** - sanctioned in 2007 building railway to link Asia and Europe;
- ☞ **Huge untapped hydro-power resources** – only 18% of Georgia's hydro potential is being utilized; current export capacity of c. 150 MW

Increasing domestic consumption

- ☞ Consumer spending in 2008 - US\$3.8bn
 - ☞ estimated average household size of 3.5, far higher than in most CEE/CIS peers
 - ☞ less than 18,000 households (out of the estimated total of 1.3 million) have mortgages
- ☞ Consumer debt per capita stood at US\$92 as of YE 2009
- ☞ Debt /GDP under 30%; Retail loans/GDP under 10%

Libertarian policies kick-start modernization

- ☞ **Tax and Tax rates slashed**: Only six taxes, down from 21
 - ☞ Flat personal income tax of 20% (15% by 2013)
 - ☞ Corporate income tax 15%
 - ☞ By 2012 no taxes on dividends, interest income or worldwide income
- ☞ **“Liberty Act”**
 - ☞ Referendum is required for an increase in tax rates
 - ☞ Budget expenditure capped at 30% of GDP (effective FY2012)
 - ☞ Budget deficit capped at 3%, effective FY2012
 - ☞ Public debt capped at 60% of GDP, effective FY2012
- ☞ **Red tape and import duties cut**
 - ☞ Customs code harmonized with EU; Capital controls abolished since 1990s
 - ☞ Corruption significantly reduced
 - ☞ Georgia 11th out of 183 in the WB's Ease of Doing Business
 - ☞ 98% of Georgians didn't have to pay bribe in past year, according to International Republican Institute

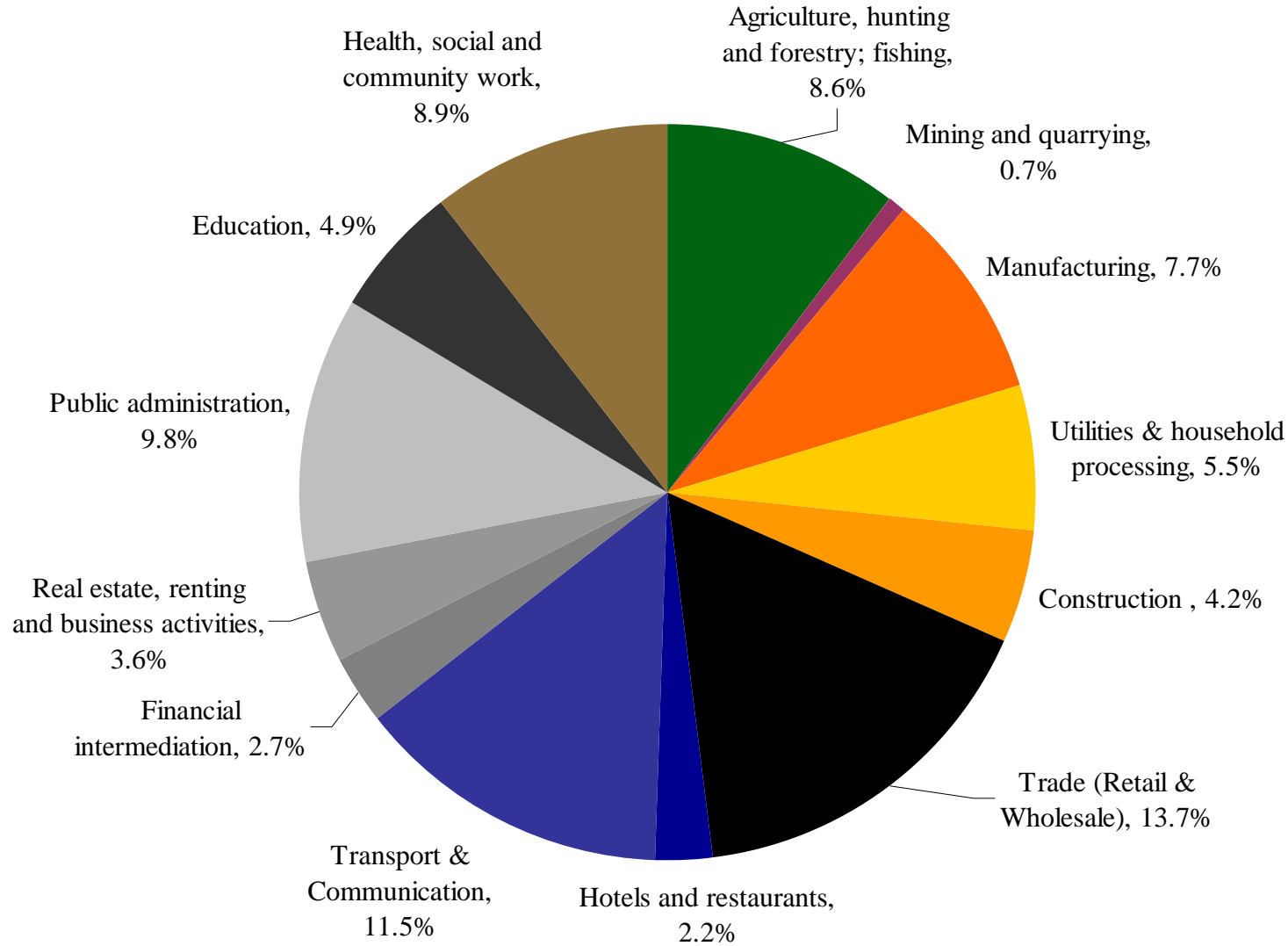
Economic growth is supported by

- ☞ Free industrial zones created around Poti (port), Kutaisi (second largest city) etc. (Tax rates in zones largely 0%)
- ☞ Poti Sea Port privatized in December 2008 by Rakeen Group (UAE) to build infrastructure for operating Free Industrial Zone
- ☞ Net transfers from abroad
- ☞ Increasing consumer spending
- ☞ Sustained government spending

Source: Ministry of Economic Development, Ministry of Finance, State Statistics Department

GDP breakdown: trade, logistics, services

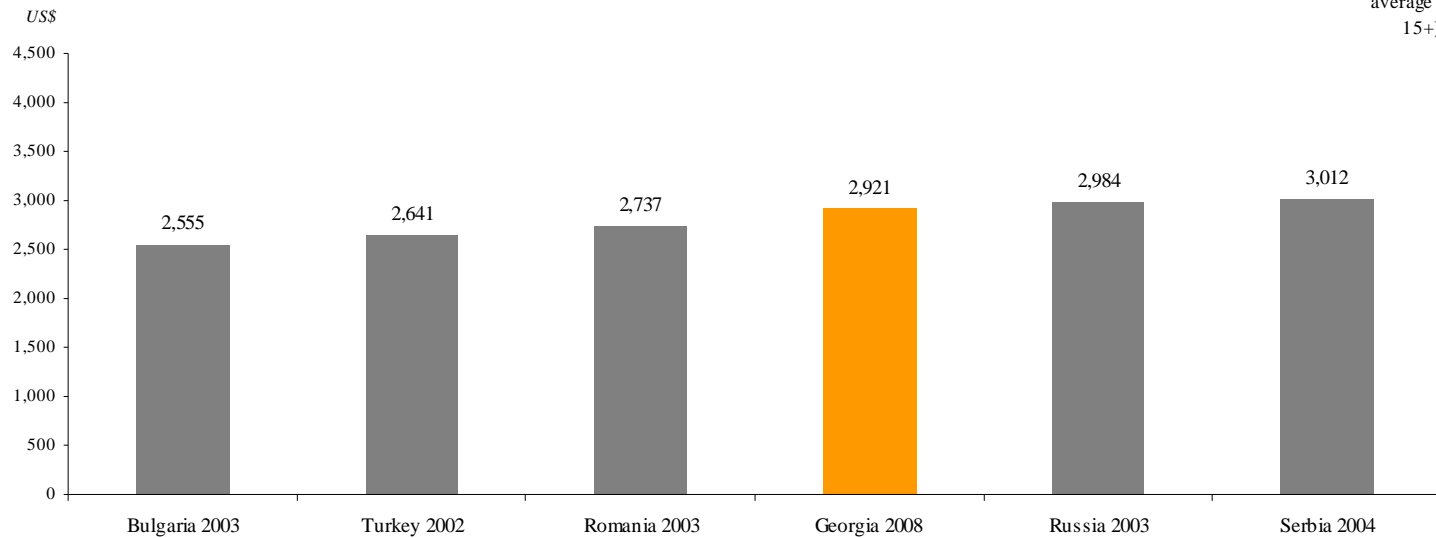
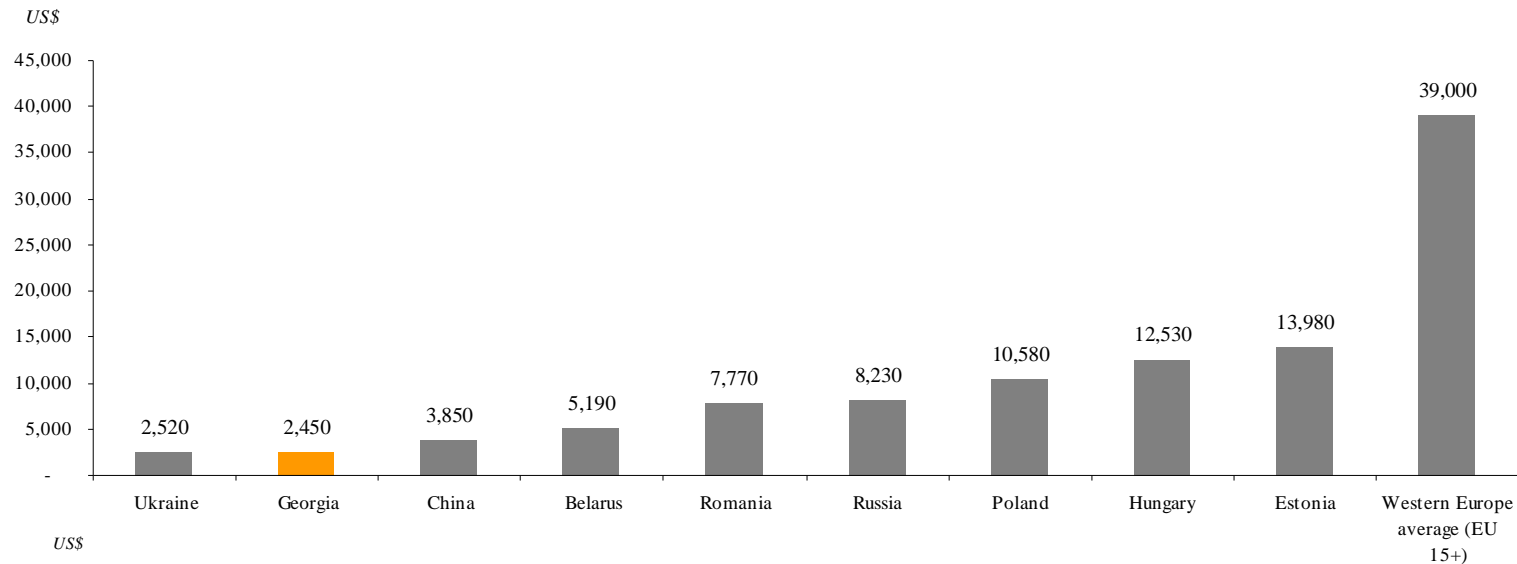
GDP Breakdown, Q1 2010



Source: National Bank of Georgia

GDP per capita is low, leaving much room to climb

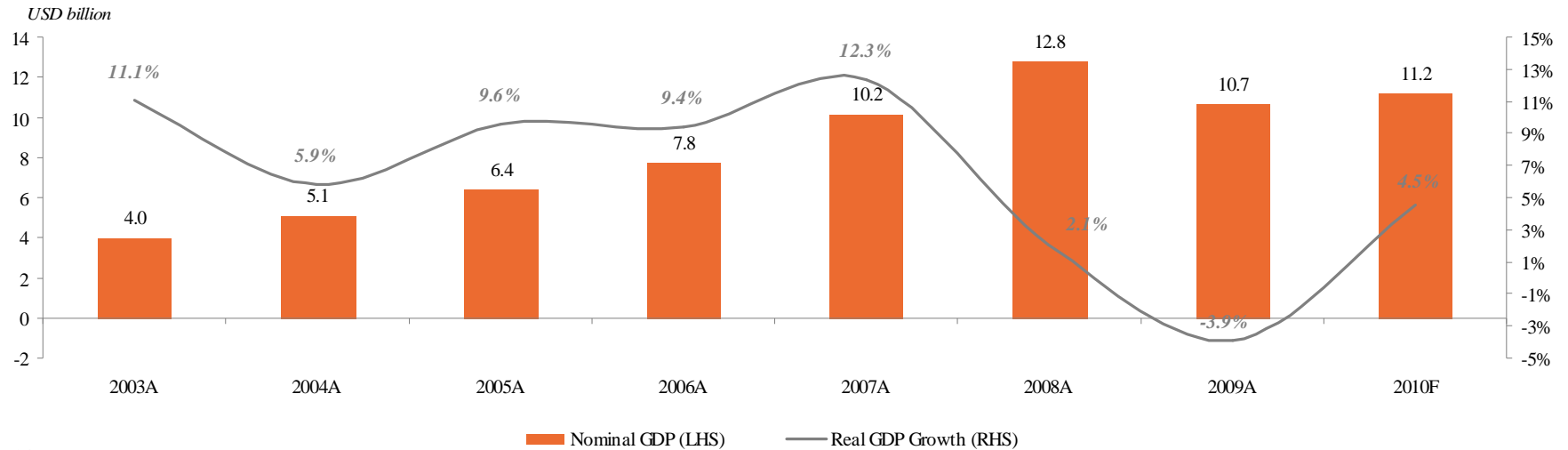
GDP per capita across countries



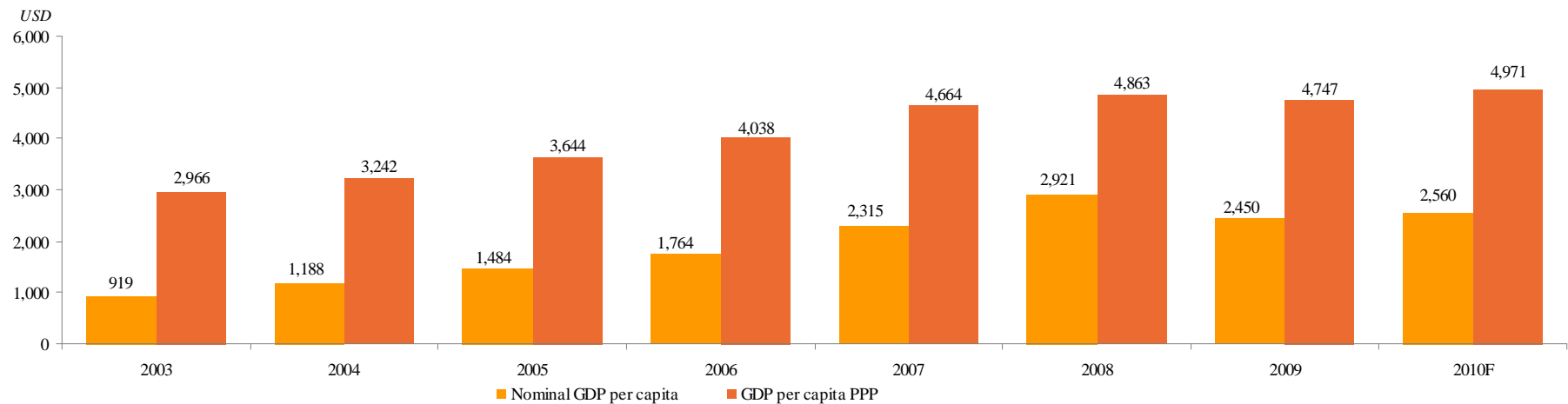
Source: IMF, National Bank of Georgia

Strong economic growth before crisis ... starting again?

Gross domestic product (GDP)



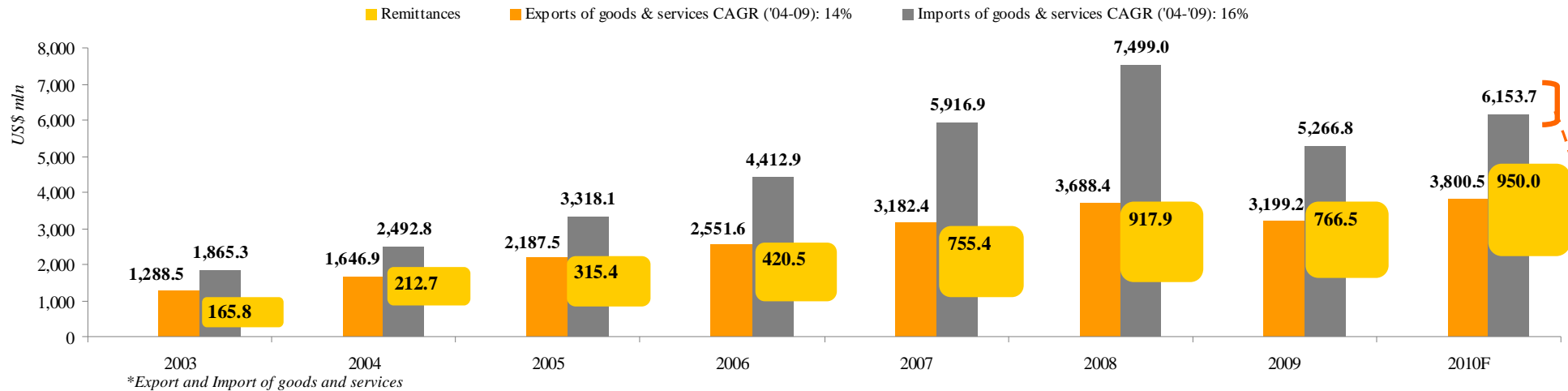
GDP per capita



Source: National Statistics Office of Georgia

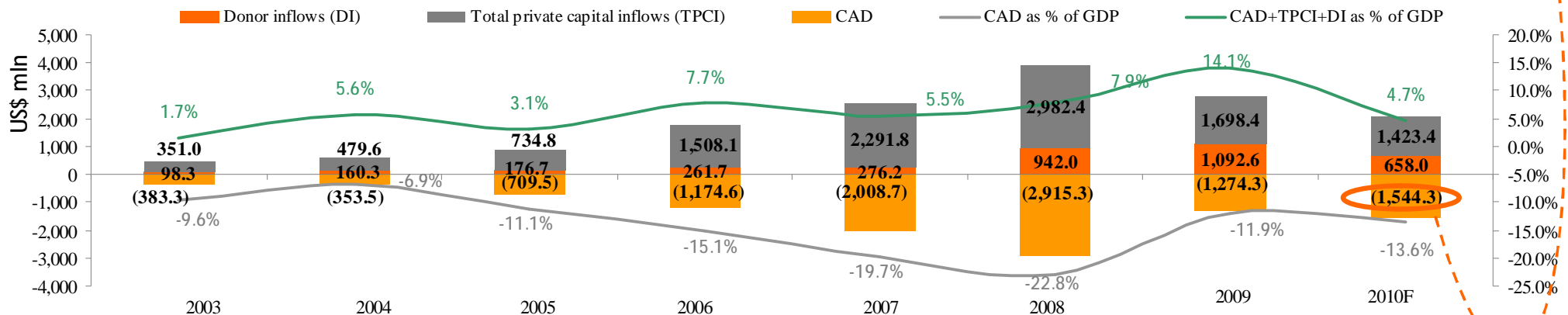
Current Account Deficit

Exports and Imports*



Source: Central Bank of Georgia

Current Account Deficit

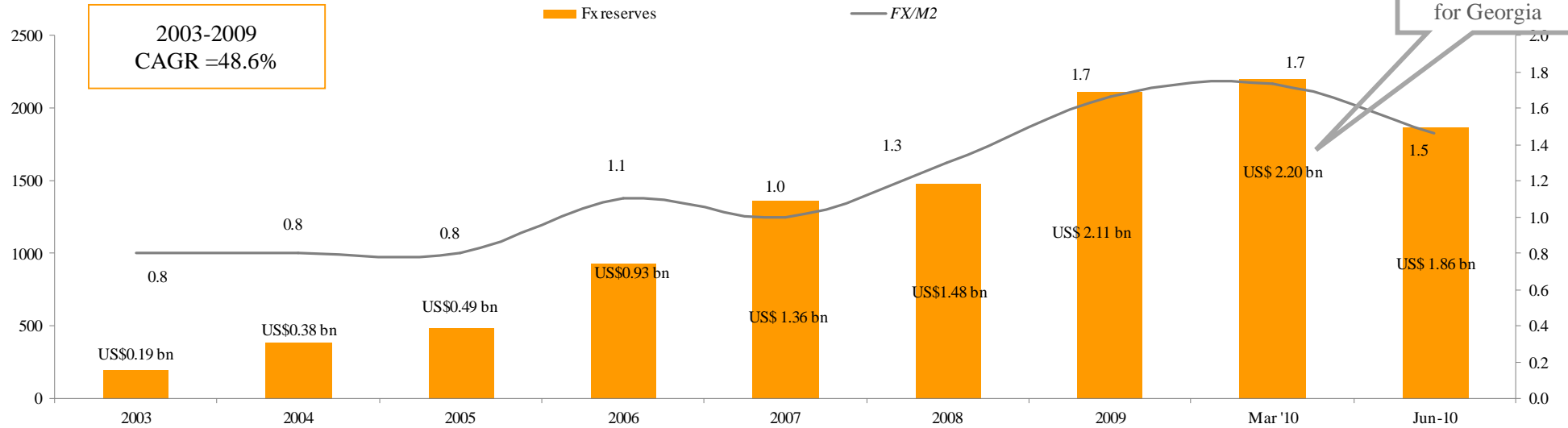


Donor Inflows include both public and private sectors. Donor inflows in 2009 adjusted according to the banking sector foreign debt outflows

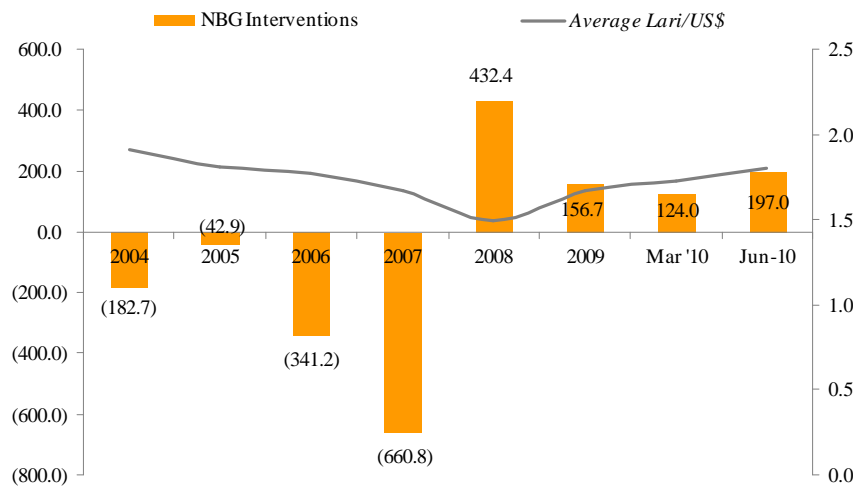
Source: Central Bank of Georgia, Minister of Finance of Georgia

...so FX reserves rose, while inflows funded investment

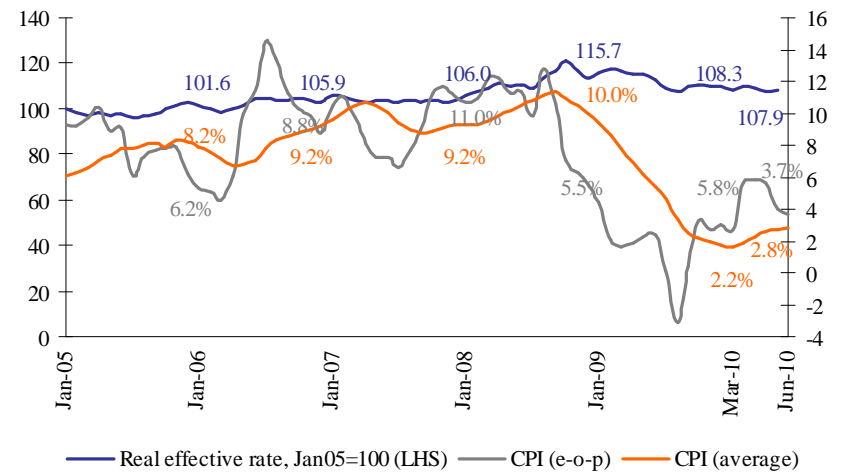
FX reserves, \$ mln



NBG Interventions



Inflation



Source: National Bank of Georgia, Ministry of Finance of Georgia

FDI and Net remittances

Cumulative net FDI breakdown by origin, 2004 – Q2 2010

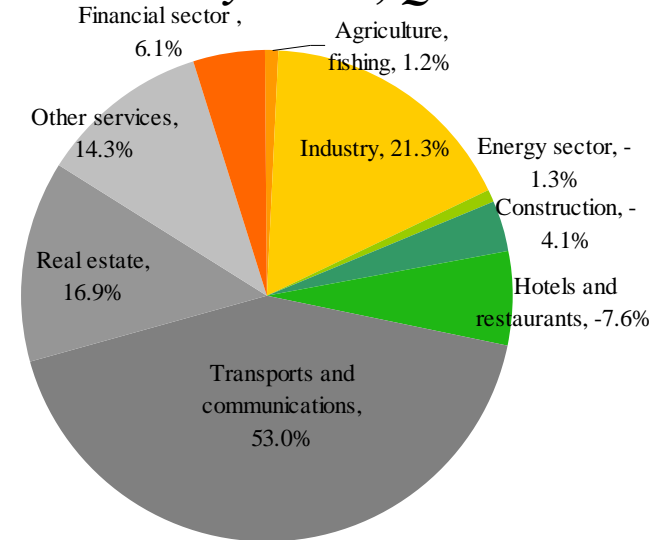
Country	US\$ '000s	% of total
UK	770,488	11.6%
UAE	613,245	9.2%
Turkey	565,356	8.5%
Netherlands	571,968	8.6%
British Virgin Islands	472,830	7.1%
Kazakhstan	258,077	3.9%
Azerbaijan	330,016	5.0%
Czech Republic	341,867	5.1%
Cyprus	275,657	4.1%
Subtotal	4,199,503	63.2%
Other countries	2,449,570	36.8%
Total	6,649,073	100.0%

Cumulative net remittances, 2007 – Q2 2010

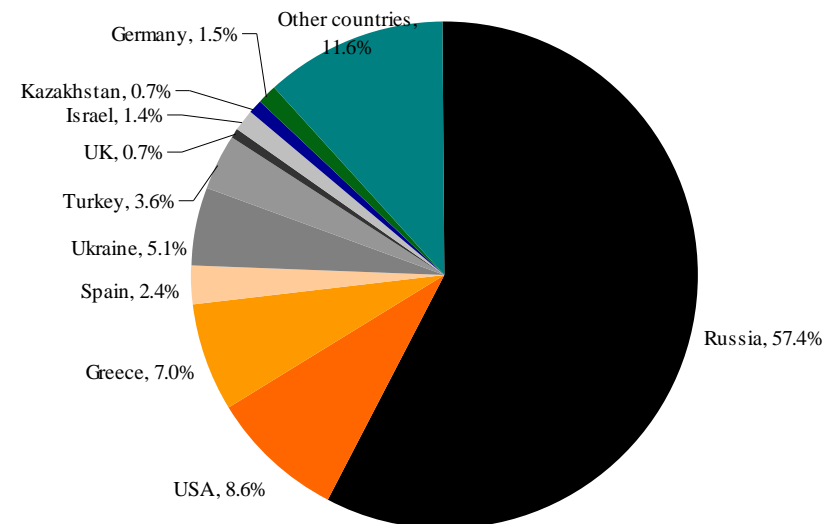
Country	US\$ '000s	% of total
Russia	1,717,761	60.8%
USA	272,138	9.6%
Greece	157,725	5.6%
Spain	78,011	2.8%
Ukraine	137,785	4.9%
Turkey	62,096	2.2%
UK	22,738	0.8%
Israel	26,879	1.0%
Kazakhstan	28,465	1.0%
Germany	21,451	0.8%
Other countries	298,575	10.6%
Total	2,823,623	100.0%

Source: National Bank of Georgia, National Statistics Office of Georgia

FDI breakdown by sectors, Q2 2010



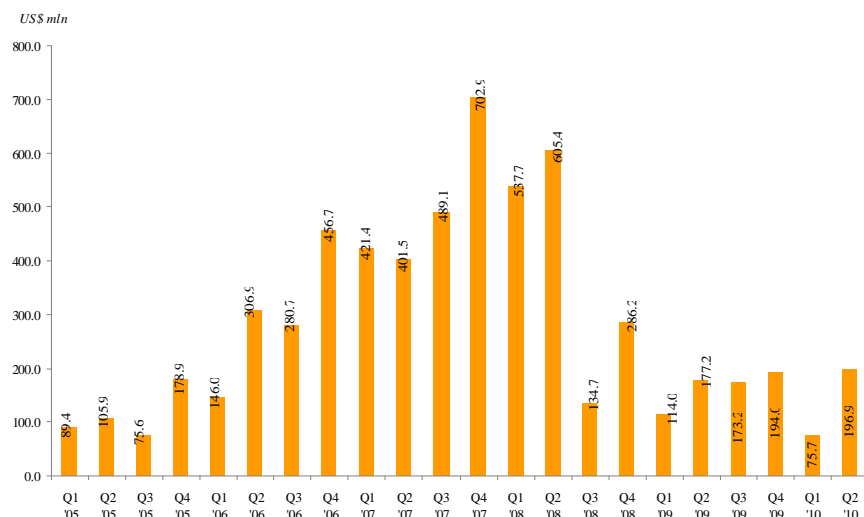
Net remittances by countries, Q2 2010



More money to flow...

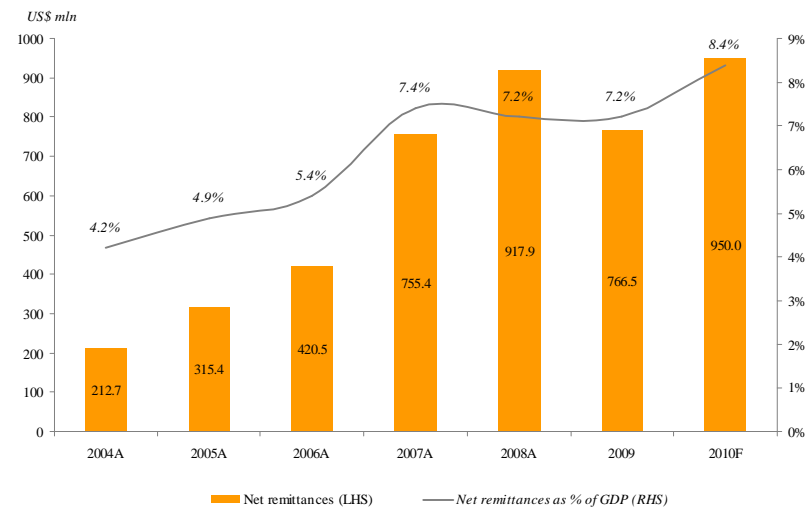
- ✘ Unequivocal support from the West and IFIs with total financial pledge through 2011 of US\$4.5 bln (42% of 2009 GDP). Approximately one third of the package is earmarked for financial sector. By end of FY 2010, cumulative donor commitment to Georgia under the Brussels pledge will total circa US\$4.2 billion, with possibility of further upward adjustment. As of YE 2009, US\$ 1.4 billion was disbursed
- ✘ In addition:
 - ✘ Approved access to US\$1.2 bln under SBA by IMF until 2011
 - ✘ U.S. Committed US\$ 124 mln investment in energy infrastructure development (February 2010)
 - ✘ US\$70 million from ADB for infrastructure repairs
- ✘ Liberal regulatory environment for foreign businesses, resulting in FDI averaging at 16% of GDP during past three years, with cumulative FDI (2004 – 2009) in country reaching 60.5% of GDP as of YE 2009.

Quarterly FDI inflows

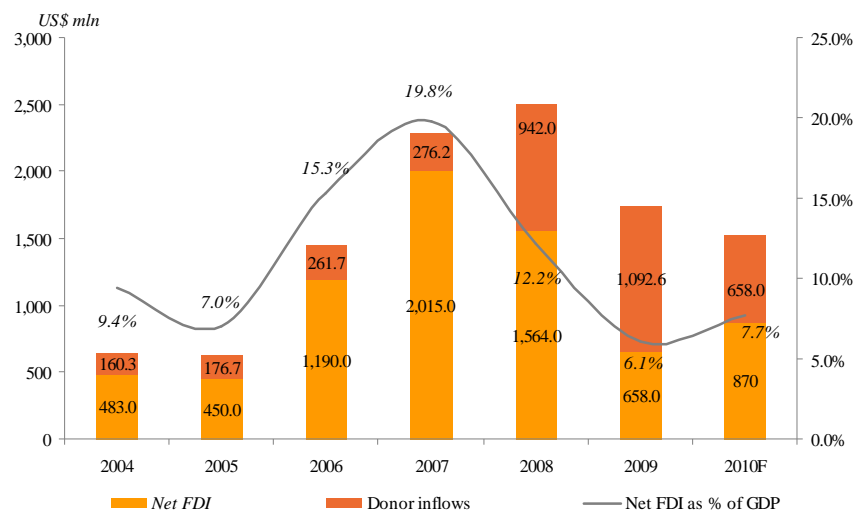


Source: National Statistics Office of Georgia

Net remittances



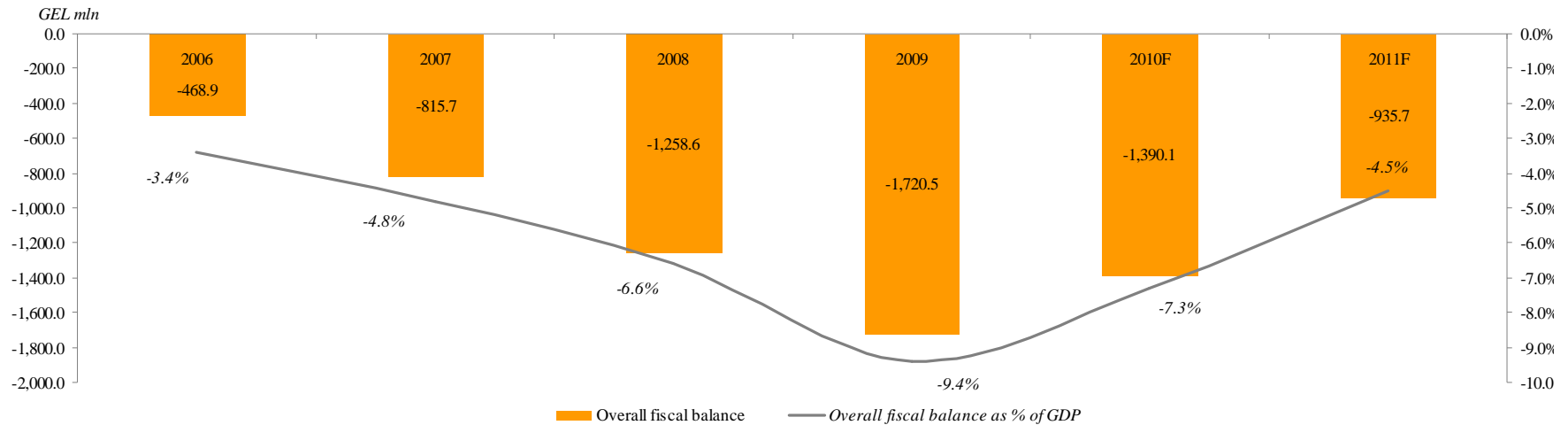
FDI Inflows



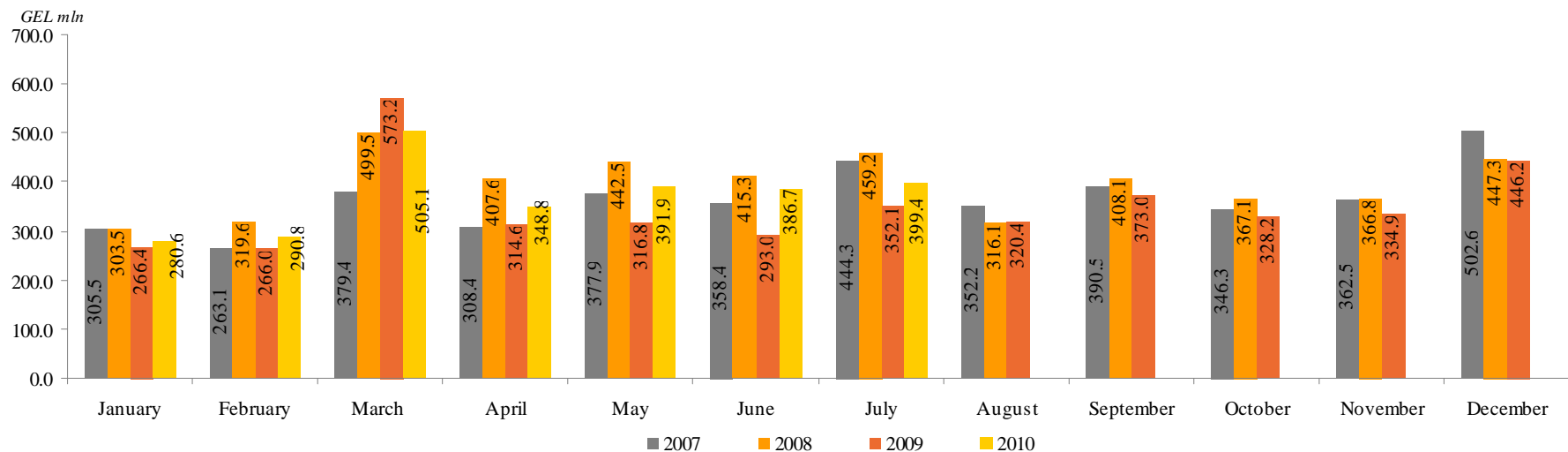
Source: Government of Georgia presentation

Fiscal indicators: The worst seems past

Overall fiscal balance of the state budget, 2004-2009F



Fiscal revenue performance

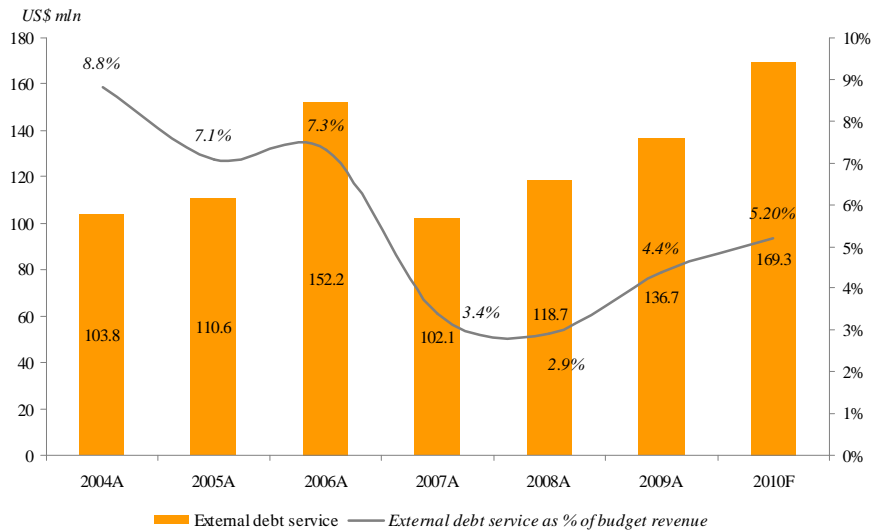


Source: National Bank of Georgia, National Statistics Office of Georgia

Public debt

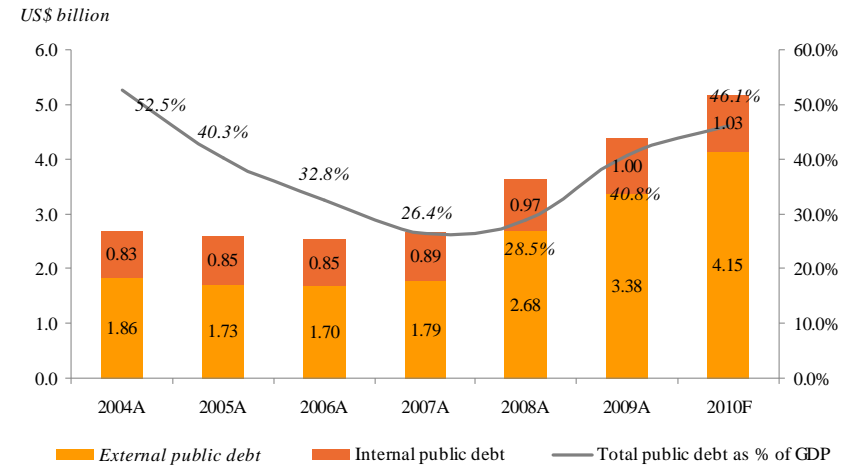
- ✦ Georgia's economy is quite unleveraged compared to other emerging market economies
- ✦ Georgia's public debt is 40.8% of GDP in 2009 down from 58.0% in 2003
- ✦ Paris club rescheduling in 2001 and 2004
- ✦ The external debt is all multilateral or bilateral and significant share is highly concessional
- ✦ This explains why the government debt service burden is low
- ✦ Eurobonds debut issuance of US\$500 mln in April 2008, maturity date 2013

External public debt service



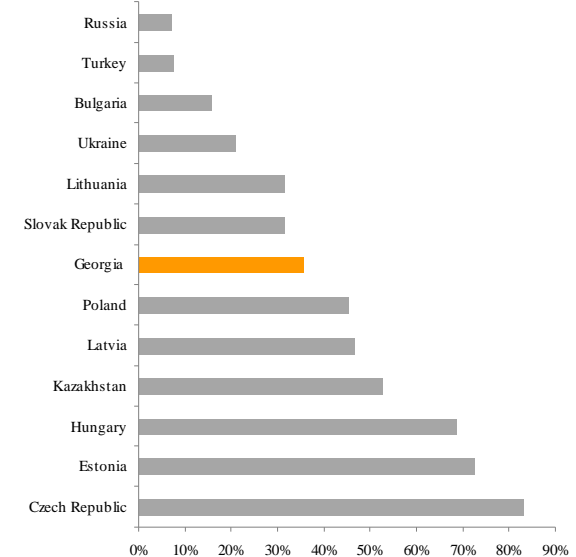
Source: "The Georgian Economy Overview", Government of Georgia Presentation, June 2009.

Breakdown of public debt



Source: "The Georgian Economy Overview", Government of Georgia Presentation,

Public debt as % of GDP, 2009

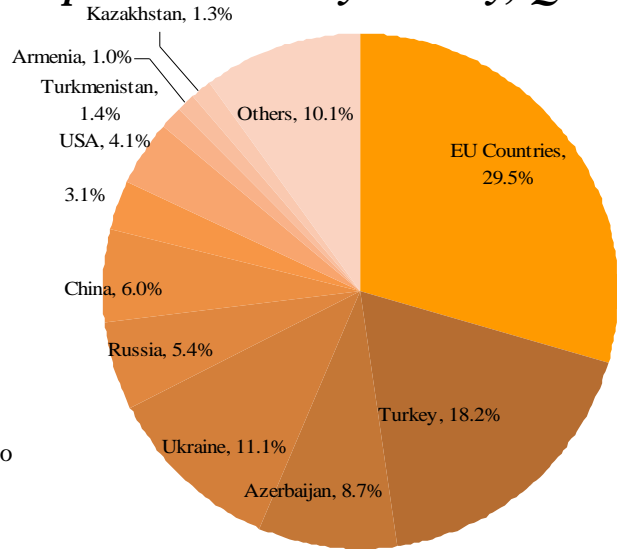


Source: World Bank, International Monetary Fund

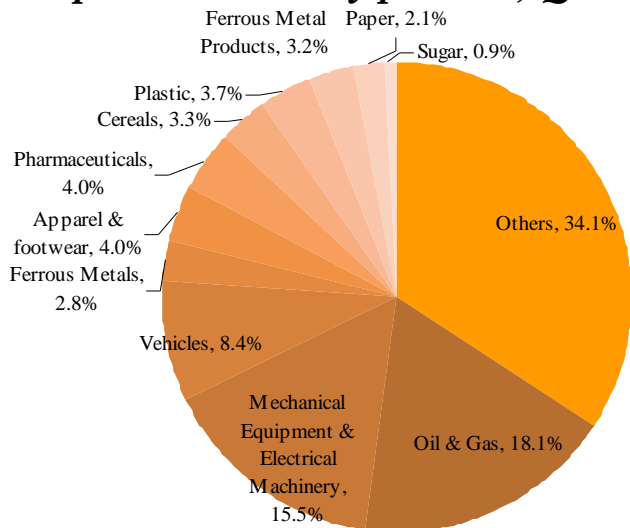
Trade structure

- WTO member since 2000
- No quantitative restrictions on trade
- Simplified customs regime since August 2006, new customs code becomes effective in January 2007
- One of the two beneficiaries of the EU GSP+ Scheme in the CIS since 2006, granting local companies the right to export 7,200 categories of goods duty-free
- As of November 2007 Georgia has entered into a free trade agreement with Turkey
- US-Georgia charter on strategic partnership envisions an update of Bilateral Investment Treaty, expansion of Georgian access to the General System of Preferences and the possibility of entry into Free Trade Agreement

Import structure by country, Q2 2010

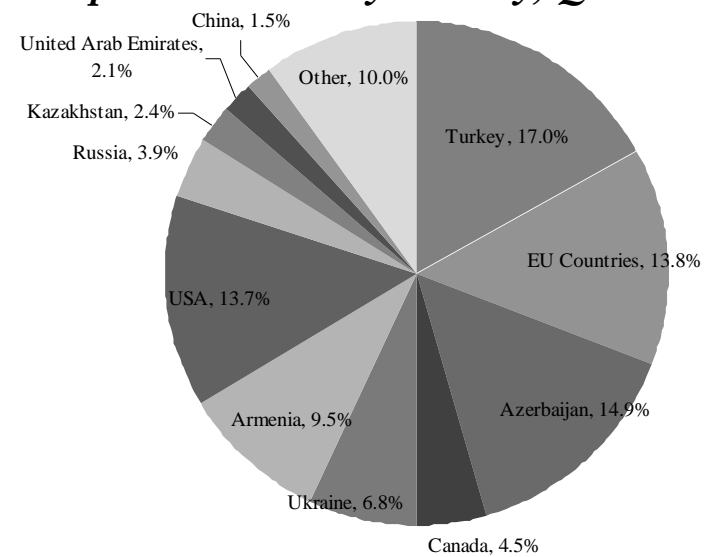


Import structure by product, Q2 2010

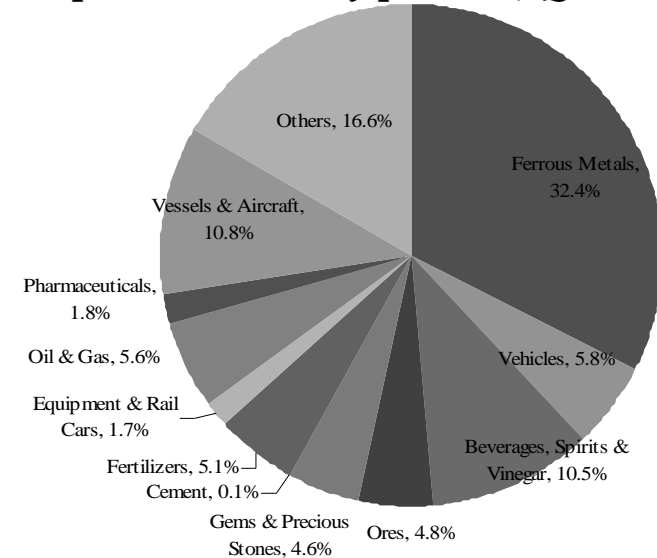


Source: National Statistics Office of Georgia

Export structure by country, Q2 2010



Export structure by product, Q2 2010





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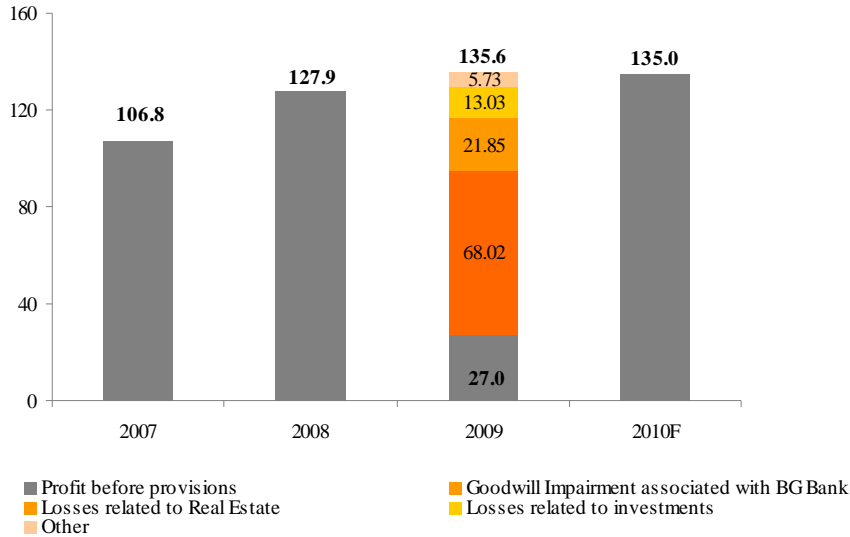
Management target for 2010

September 2010





Targeted financial performance 2010

Target pre-provision profit for 2010

GEL mln

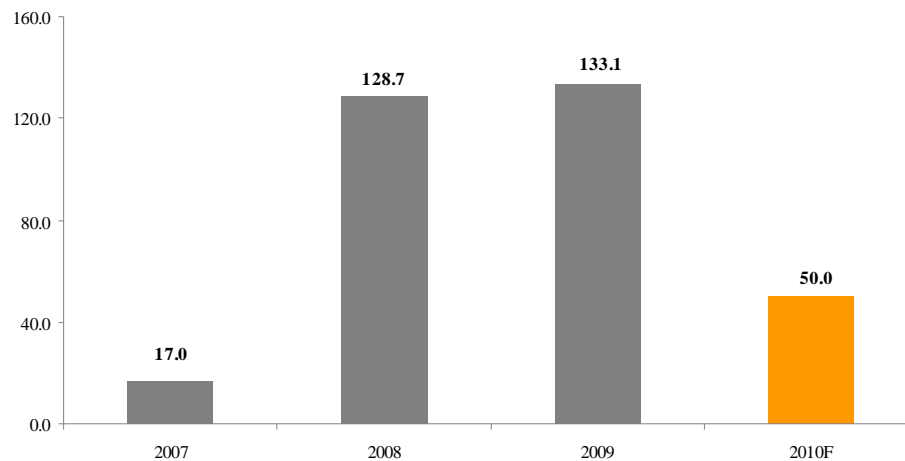


Assumptions

-  2010 real GDP growth of 2%* in Georgia
-  2010 inflation rate of 3.2%* in Georgia
-  The GEL/US\$ exchange rate remains stable during 2010
-  Geo-political stability is sustained in the region

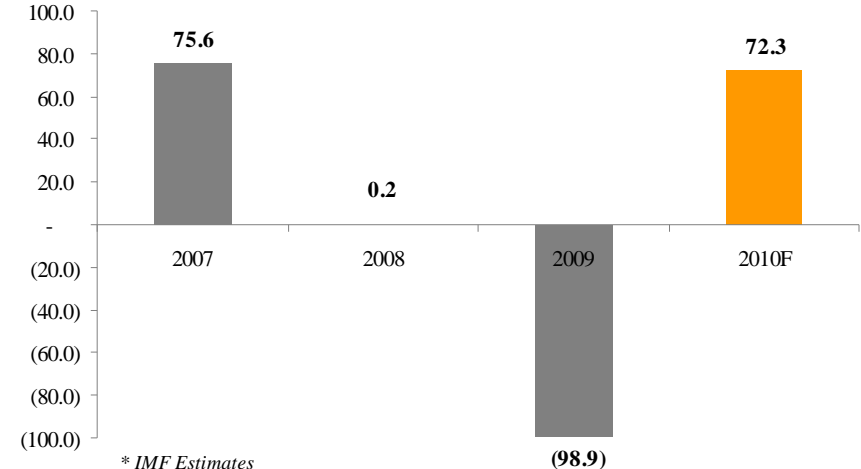
Target net provision expense for 2010

GEL mln



Target net income for 2010

GEL mln





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Strategy

September 2010

Strategic objectives: grow at the right price

More efficient

- Enhance operational efficiency through technological improvements:
 - Temenos T24*, core banking software, acquired in October '09 is in the process of implementation; Deployment of *Softscape*, talent management solution, and *CRIF*, credit scoring solution, is under way

Deposit funding

- Wealth Management services launched in Israel, Ukraine and London
- Deposits from international clients reach GEL 100 mln in '09, c. 8% of total deposits
- Premier Banking launched for the affluent client base supported by the exclusivity of Amex Card issuing and acquiring business in Georgia

Lending machine

- Despite high rate of bank debt growth in '05-'09, ample room for growth with total loans/GDP under 30%; retail loans/GDP under 10%
- Lending rates decreased from 16-18% to 14.5-16.5% as both corporate and retail lending stepped up in Georgia
- Emphasis on micro loans, SMEs, consumer loans and mortgages in Georgia

Focus on International operations, Divesting of non-core assets

- Scale down operations of BG Bank; leverage on corporate banking and brokerage to build trade finance business in Ukraine to capture growing (c.U\$1 bn) trade between Georgia and Ukraine
- Focus on high margin, unattended SME sector in Belarus; explore the possibility of third party investor, such as IFIs, in BNB
- First stage of restructuring of equity investment business completed
 - Controlling stake in investment management company sold

Strategic objectives for 2010: Cost control combined with Loan book growth



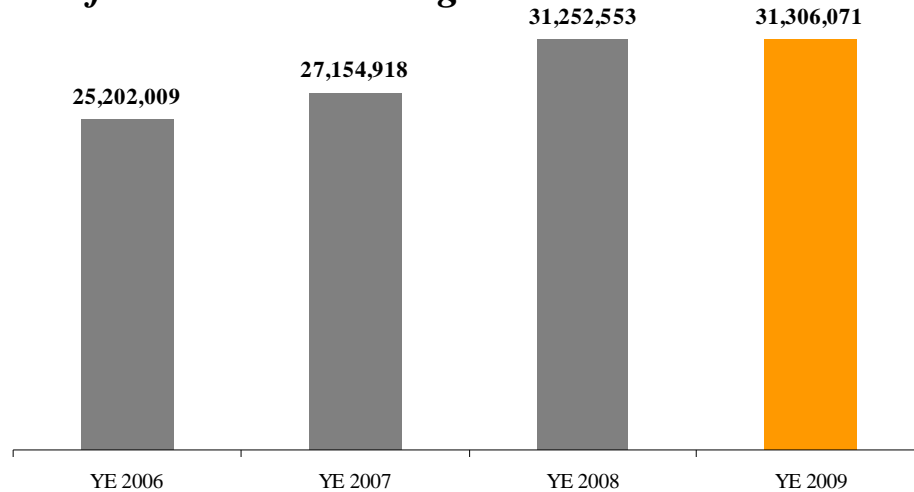
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Intention to pay dividends

September 2010

Intention to pay dividends for 2010

of Shares outstanding



- ☞ The new dividend policy will serve to further increase capital management discipline as we consider investing in our growth going forward
- ☞ Estimated dividend payout for 2010 performance - GEL 9.4 million

- ☞ The Bank intends to propose the establishment of a progressive dividend policy at the 2010 AGM
- ☞ The intention is to recommend GEL 0.30 dividend per share in 2011 in respect of 2010 financial year performance
- ☞ Dividend payment is subject to management achieving 2010 financial targets outlined above
- ☞ The Bank anticipates increasing the dividend payment in the future

The new dividend policy is to set dividend payments while taking into consideration the need to maintain proper balance between the ability to finance growth and preserving progressive dividend



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Governance

September 2010

A move to classical two-tier board structure

Supervisory Board

- 7 non-executive SB members; non-executive Chairman

SB members

- **Neil Janin, Independent Director**
experience: Director at McKinsey & Company in Paris; Co-chairman of the commission of the French Institute of Directors (IFA); Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; Procter & Gamble in Toronto.
- **Ian Hague, Firebird Management LLC**
- **Allan Hirst, Independent Director**
experience: 25 years at Citibank, including CEO of Citibank, Russia; various senior capacities at Citibank
- **Kaha Kiknavelidze, Independent Director**
currently managing partner of Rioni Capital, London based investment fund; previously Executive Director of Oil and Gas research team for UBS
- **Jyrki Talvitie, East Capital**
- **David Morrison, Independent Director**
experience: senior partner at Sullivan & Cromwell LLP prior to retirement
- **Al Breach, Independent Director**
experience: Head of Research, Strategist & Economist at UBS; Russia and CIS economist at Goldman Sachs

Management Board

- Chief Executive Officer and 9 Executive members of Management Board

MB members

- **Irakli Gilauri, CEO;** *formerly EBRD banker in Tbilisi and London, MS from CASS Business School, London*
- **Giorgi Chiladze, Finance;** *formerly CEO of BTA Bank (Georgia); Program Trading Desk at Bear Sterns, NYC*
- **Archil Gachechiladze, Corporate Banking;** *formerly Deputy CEO of TBC Bank, Georgia; Lehman Brothers Private Equity, London; MBA from Cornell University*
- **Avto Namicheishvili, Legal;** *previously partner at Begiashvili & Co, law firm in Georgia. LLM from CEU, Hungary*
- **Irakli Burdiladze, COO;** *previously CFO at GMT Group, Georgian real estate developer. Masters degree from Johns Hopkins University*
- **Sulkhan Gvalia, Risk;** *founder of TUB, Georgian bank acquired by BOG in 2004*
- **Murtaz Kikoria, acting CEO of BG Bank;** *formerly senior banker at EBRD; Head of Banking Supervision at the National Bank of Georgia.*
- **Mikheil Gomarteli, Retail Banking;** *10 years work experience at BOG*
- **Nick Shurgaia, International Business;** *previously CEO of VTB Georgia, Senior Banker at EBRD, London; MBA from LBS*
- **Vasil Revishvili, Head of Wealth Management;** *previously Head of the Investment Risk Unit and Senior Investment Manager at Pictet Asset Management in London and Geneva. MS in Finance from London Business School*



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Q2 2010 results highlights

September 2010

Assets

Gross loans grew 10.9% q-o-q, up 17.2% YTD and up 14.0% y-o-y

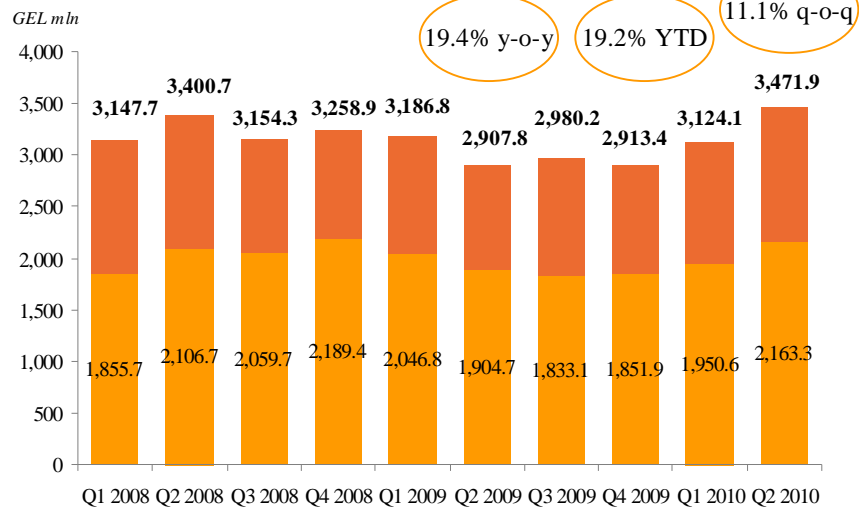
Standalone Gross loans grew 7.9% q-o-q, up 14.3% YTD and up 15.5% y-o-y

Retail gross loan book grew by 15.2% YTD and **Corporate gross loan book** grew by 15.6% YTD

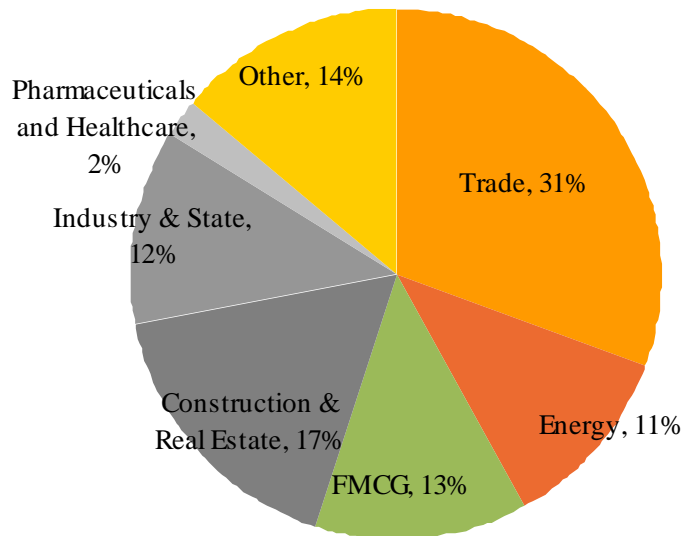
The Balance Sheet growth since the beginning of the year in 1H 2010 resulted in 2.1% **market share gain** by assets, 1.1% market share gain by gross loans and 2.5% market share gain by client deposits

35% market share by assets, record high level

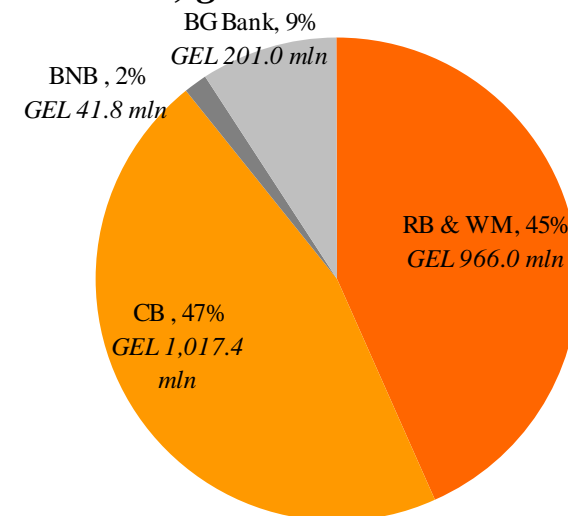
Total assets



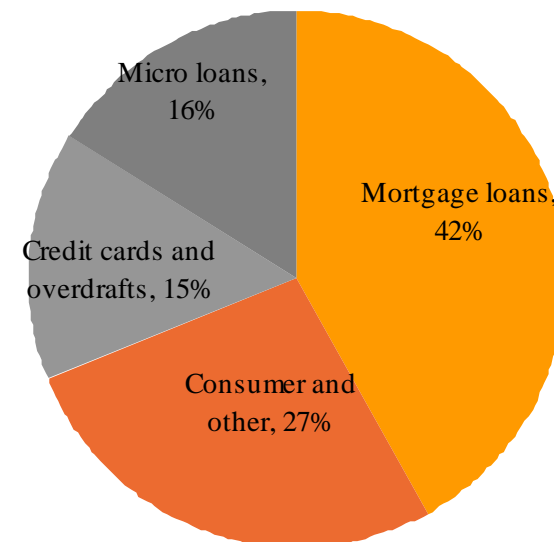
Corporate loan book breakdown, BoG Standalone



Loan book, gross







Retail loan book breakdown, BoG Standalone



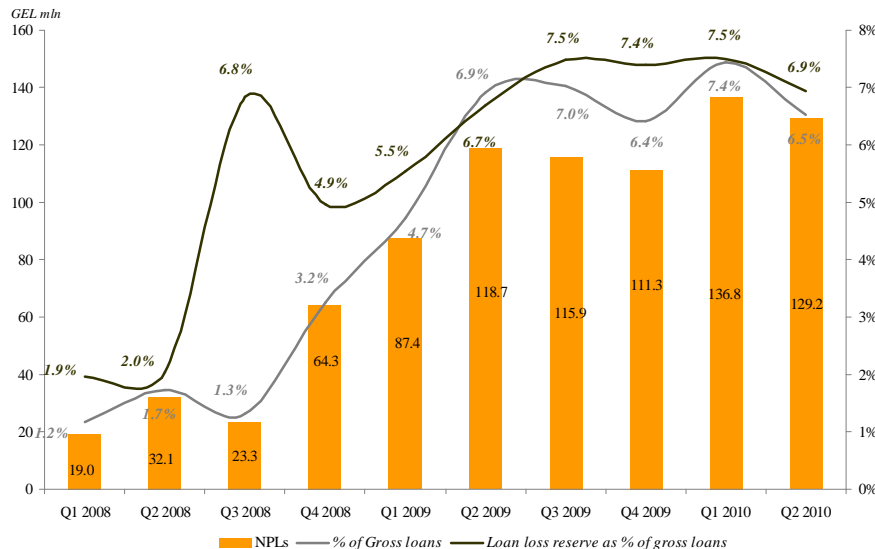
Loan portfolio quality

Loan quality under the following stress tests

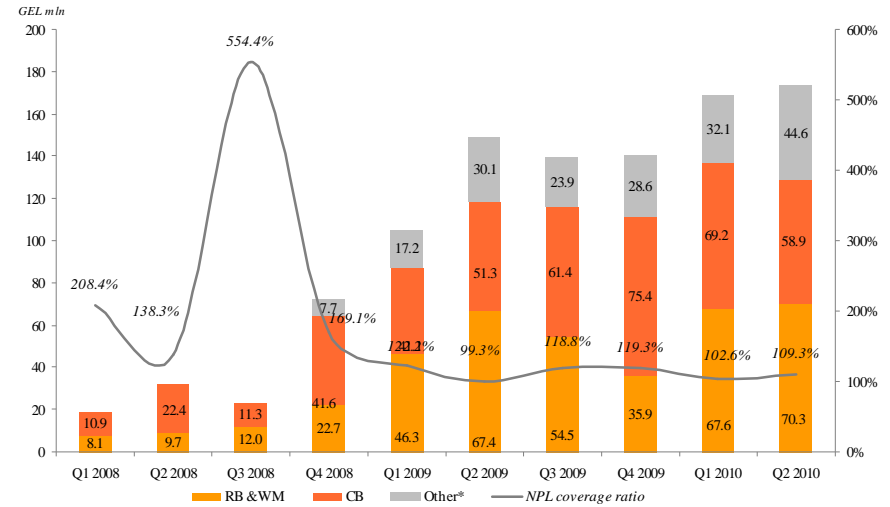
-  Armed conflict with Russia in August 2008
-  17% devaluation of Lari against US\$ in one day in November 2008
-  Political crisis in Georgia peak in Spring 2009

 Bank of Georgia standalone NPLs declined 5.6% q-o-q to GEL 129.2 million, while BG Bank' (Ukraine) NPLs grew 45.6% q-o-q to GEL 41.9 million

NPLs, BoG Standalone

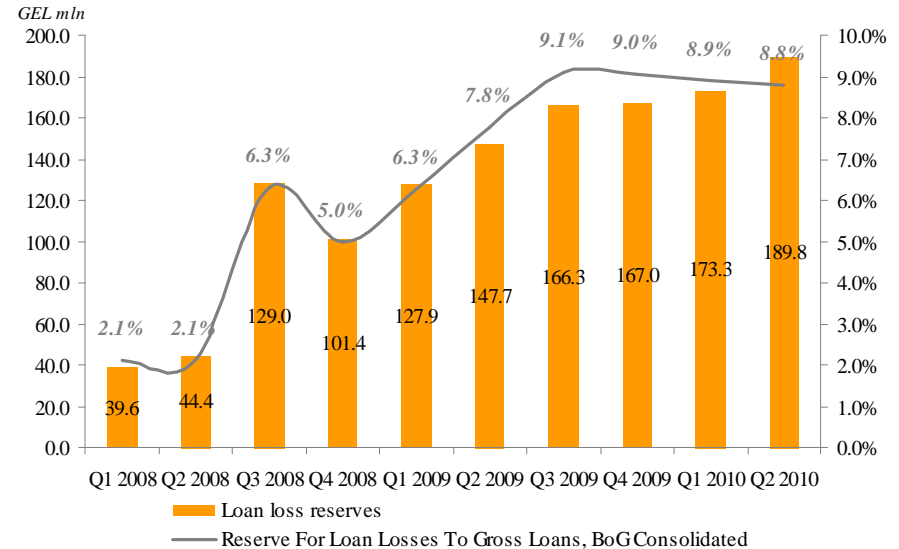


NPLs Consolidated



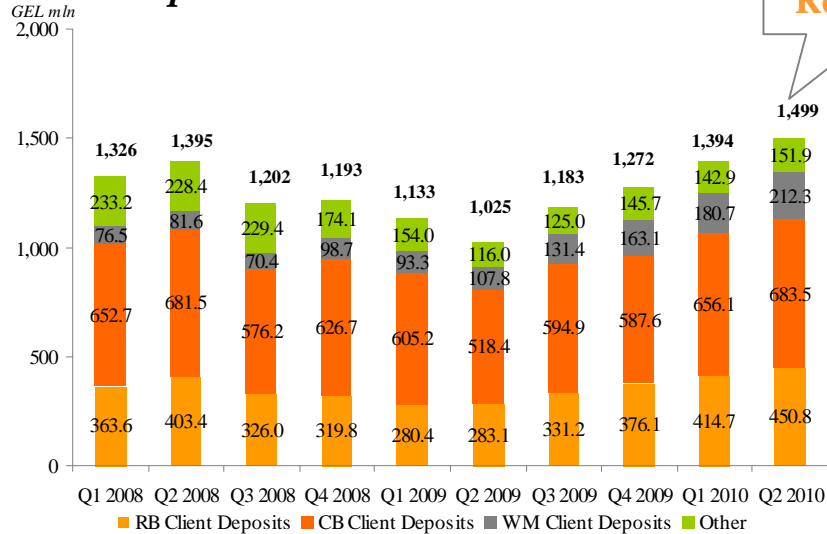
* Other NPLs include BNB and BG Bank

Loan loss reserve, Consolidated



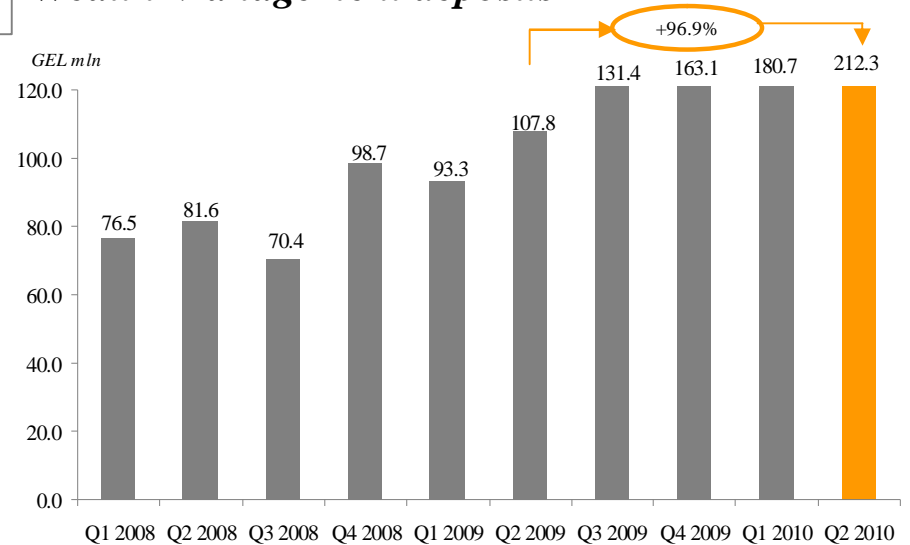
Liabilities

Client deposits

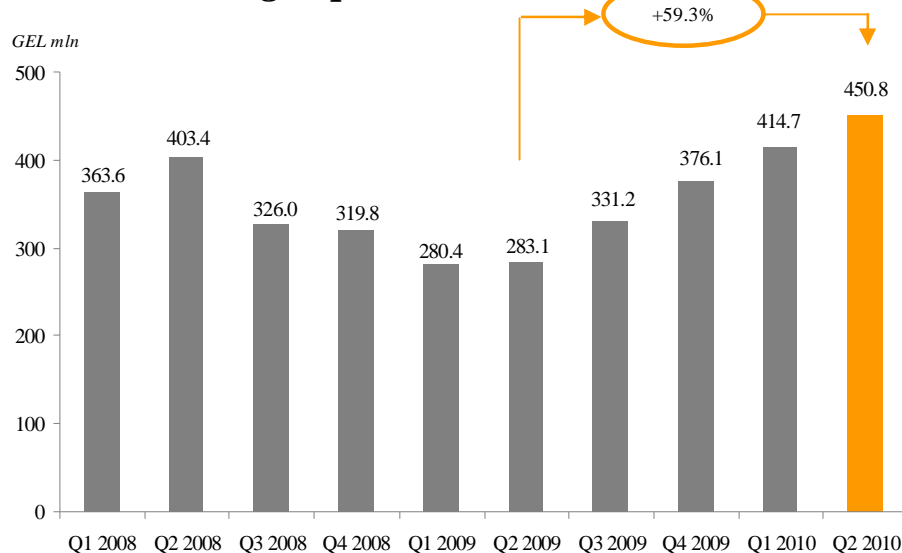


Record high

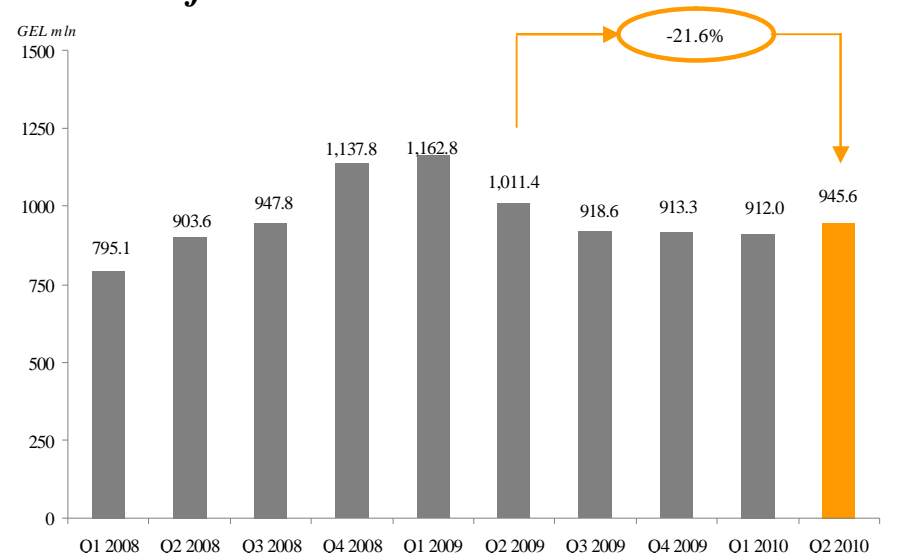
Wealth Management deposits



Retail banking deposits



Borrowed funds



Total Client deposits grew by 46.2% y-o-y in Q2 '10 (7.5% q-o-q)

WM client deposits grew 96.9% y-o-y (17.5% q-o-q) in Q2 '10

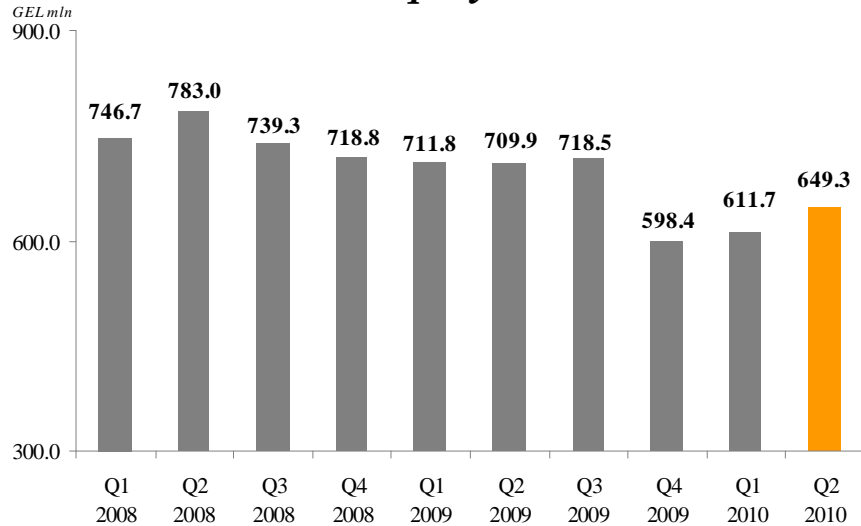
RB client deposits 59.3% y-o-y (8.7% q-o-q) in Q2 10

CB client deposits grew 31.8% y-o-y (4.2% q-o-q) in Q2 10

GEL 225 mln of **borrowed funds** repaid in 2009

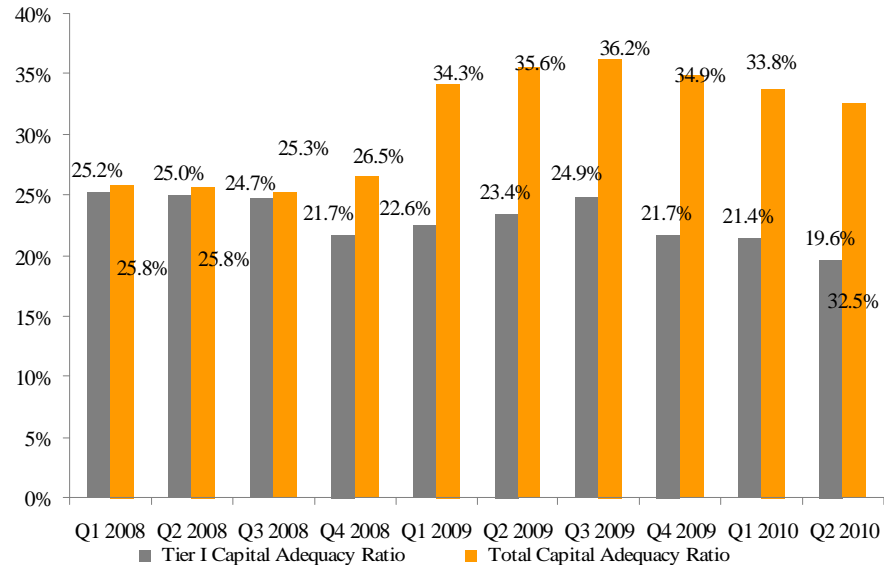
Equity & Capital adequacy

Total Shareholder's equity

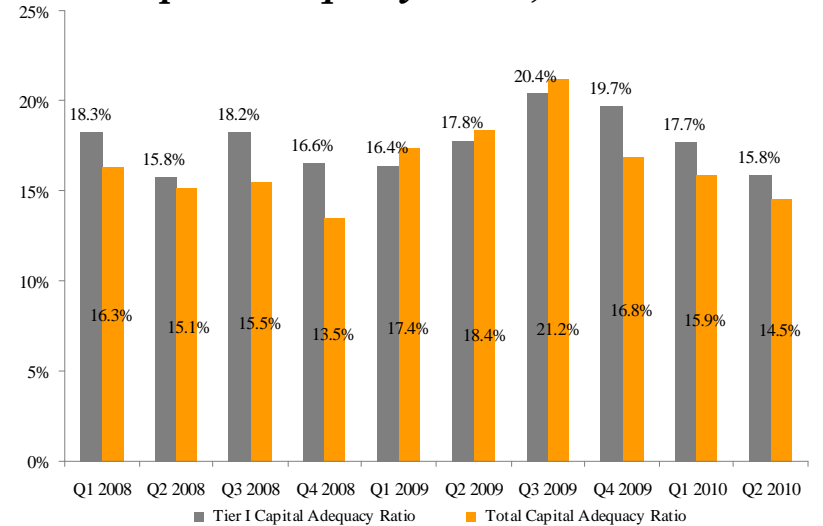


Risk weighting of FX denominated assets at 150% according to the National Bank of Georgia standards

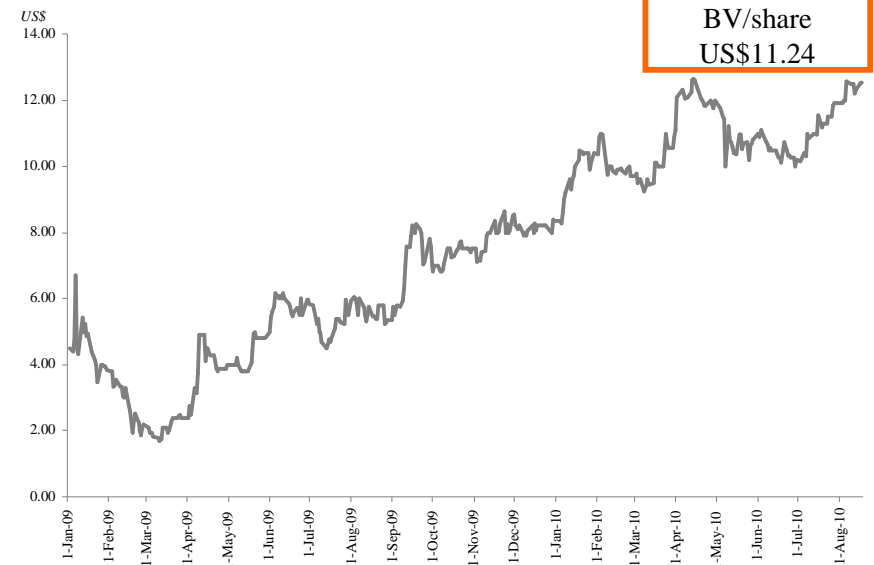
BIS capital adequacy ratios, BoG Consolidated



NBG capital adequacy ratios, BoG Standalone

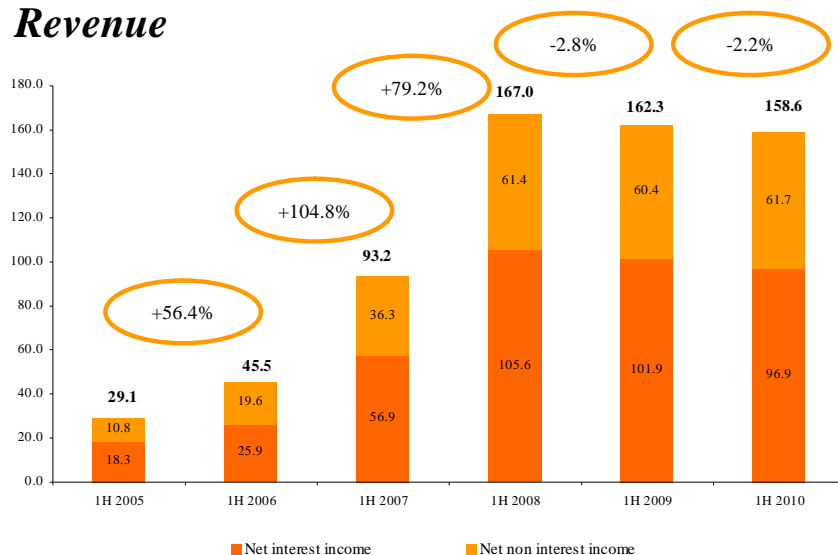


Share price performance

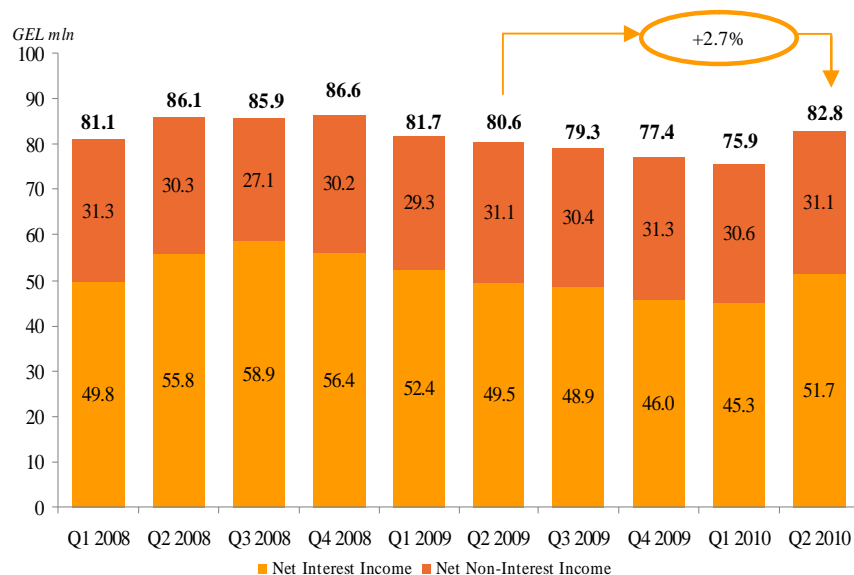


Revenue

Revenue



Revenue, quarterly

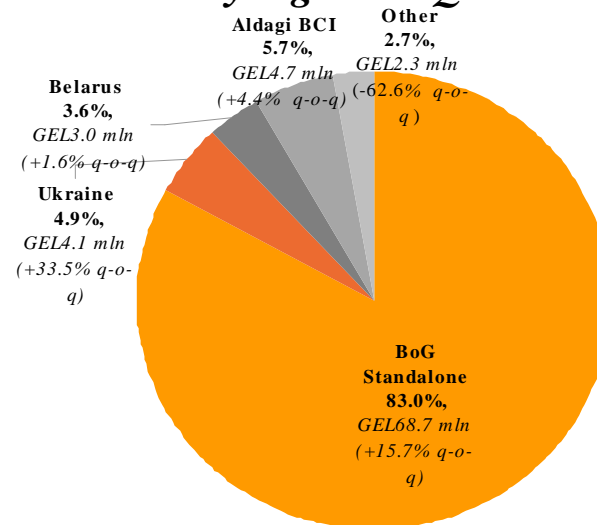


Georgia accounts for 83.0% of total consolidated revenues, BG Bank 4.9% and BNB 3.6%

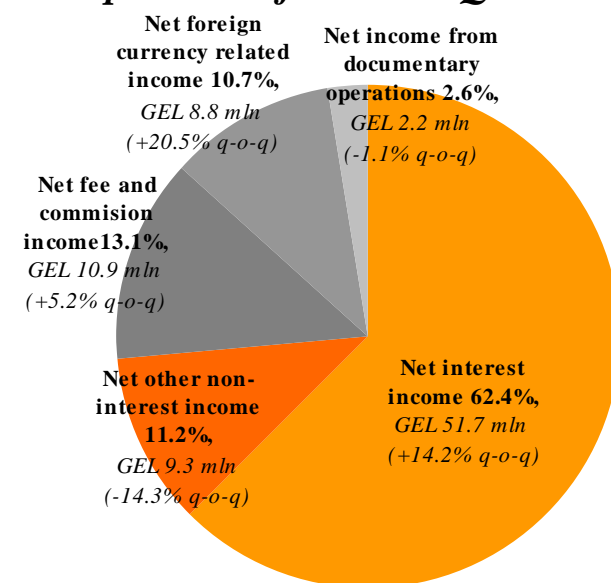
Positive consolidated operating leverage achieved (16.4% q-o-q basis and 4.2% y-o-y basis) as Revenue grew 9.1% q-o-q and Total Recurring Operating Costs lagged with 3.3% q-o-q growth.

Standalone Revenue grew 15.3% q-o-q while standalone Total Recurring Operating Costs grew by 5.6% q-o-q, achieving positive standalone operating leverage 8.4% on q-o-q and 1.8% on q-o-q basis

Revenue by segments Q2 2010

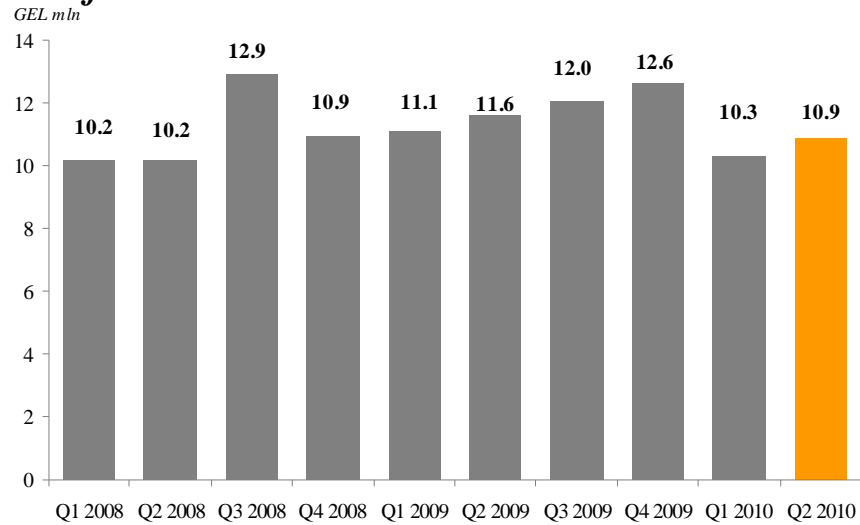


Composition of revenue Q2 2010

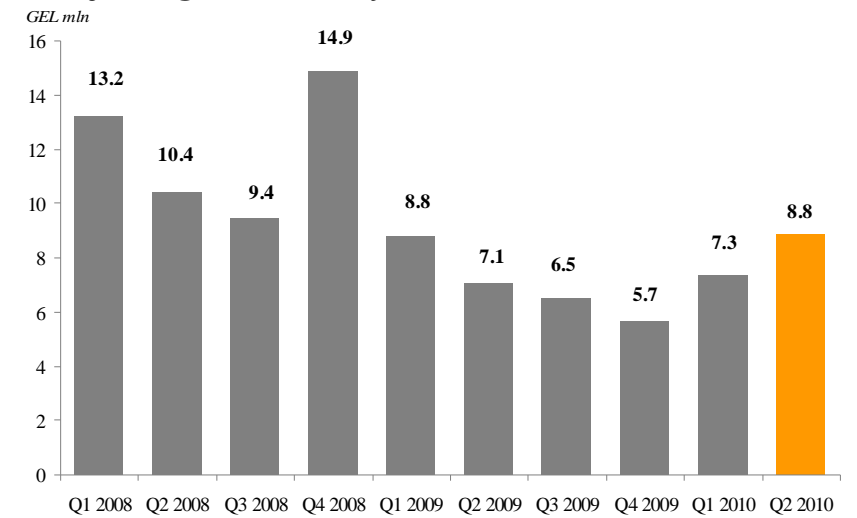


Revenue cont'd

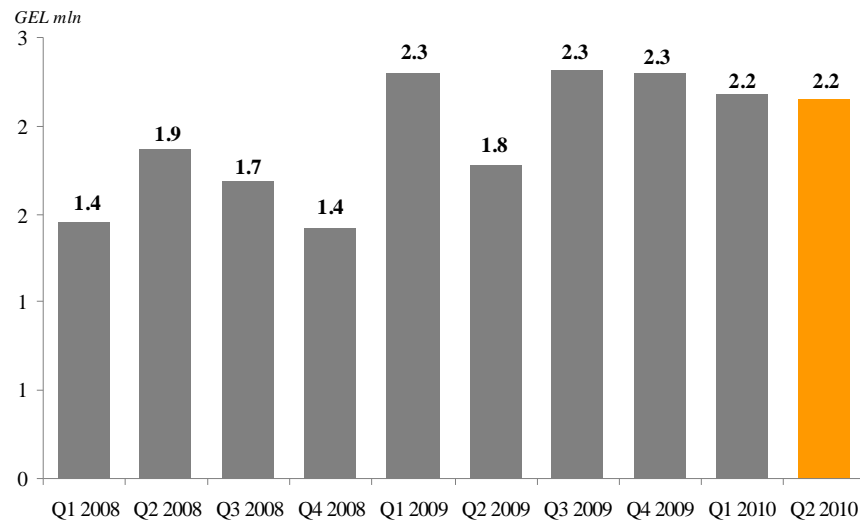
Net fee & commission income



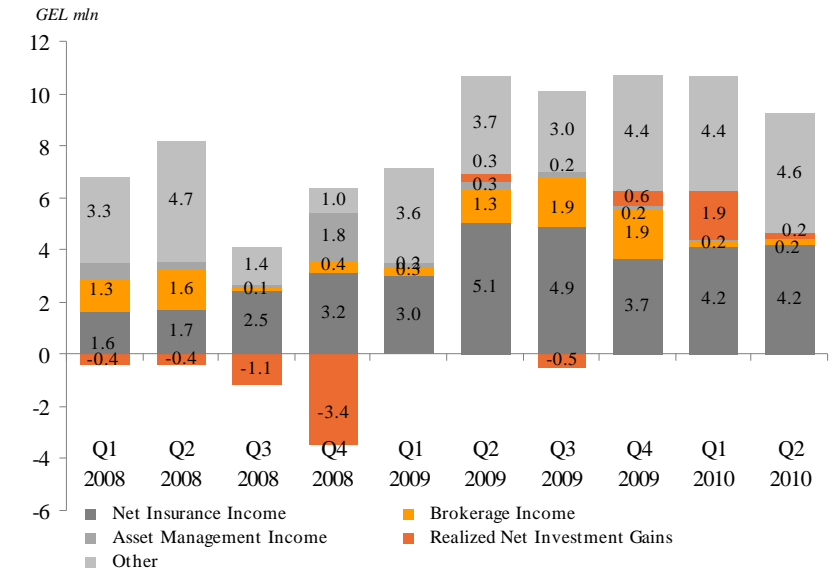
Net foreign currency related income



Income from documentary operations

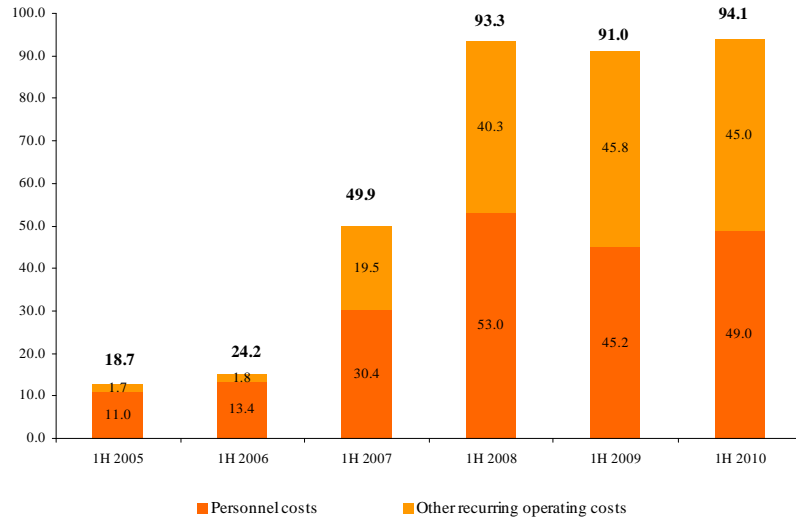


Other non-interest income

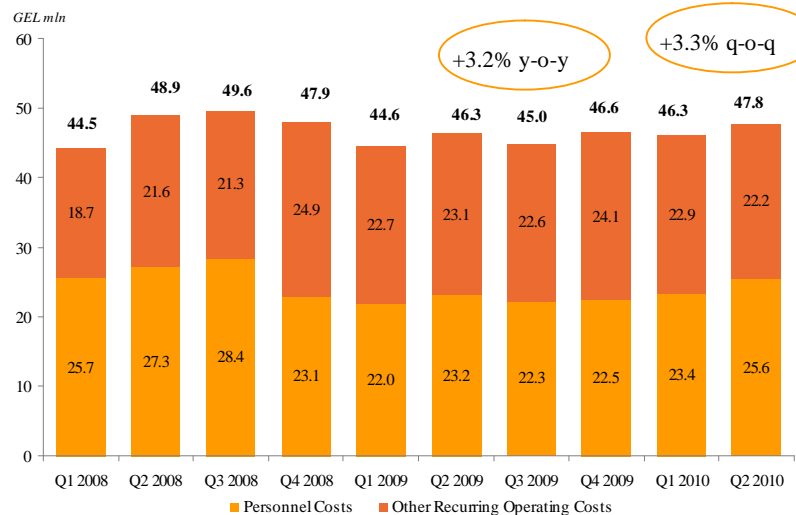


Costs

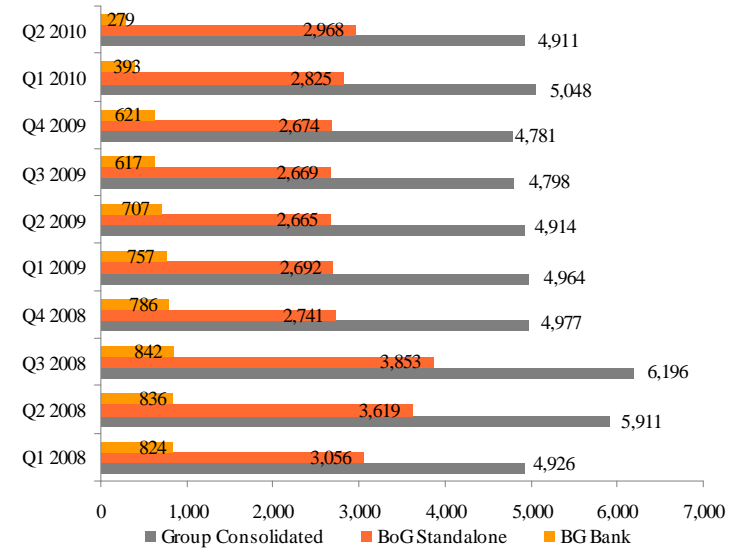
Recurring operating costs



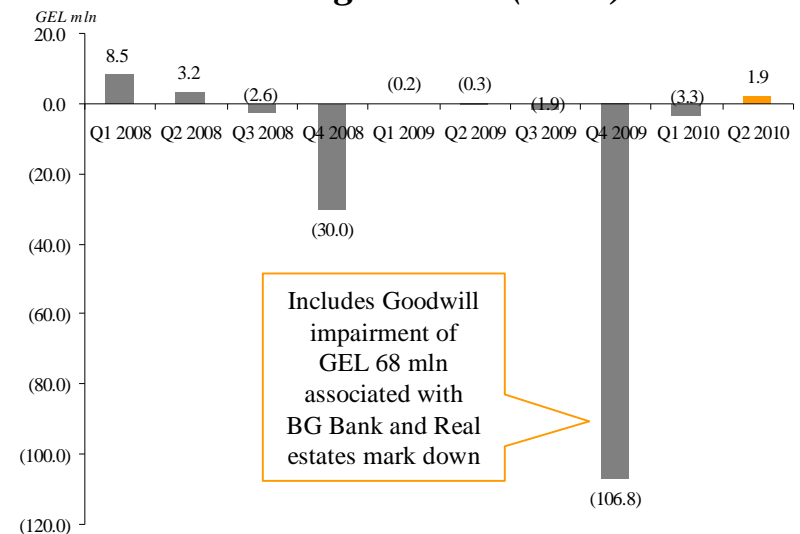
Recurring operating costs



Employees



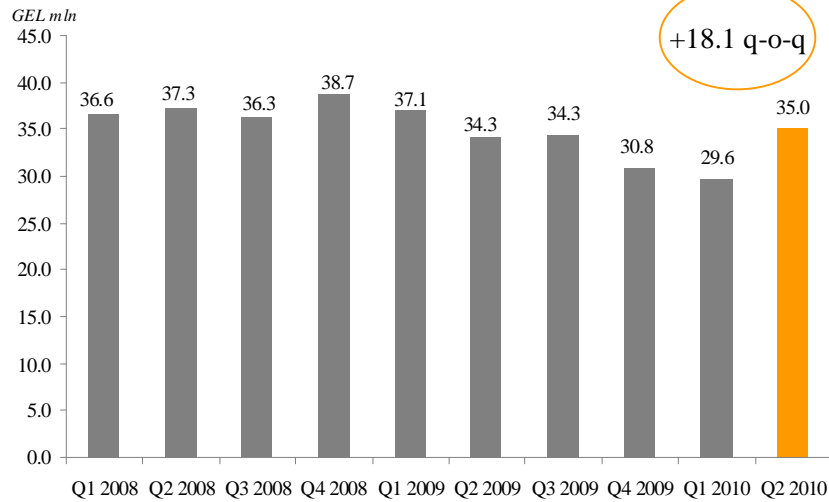
Net non-recurring income/(costs)



Operating profit, Provision expense

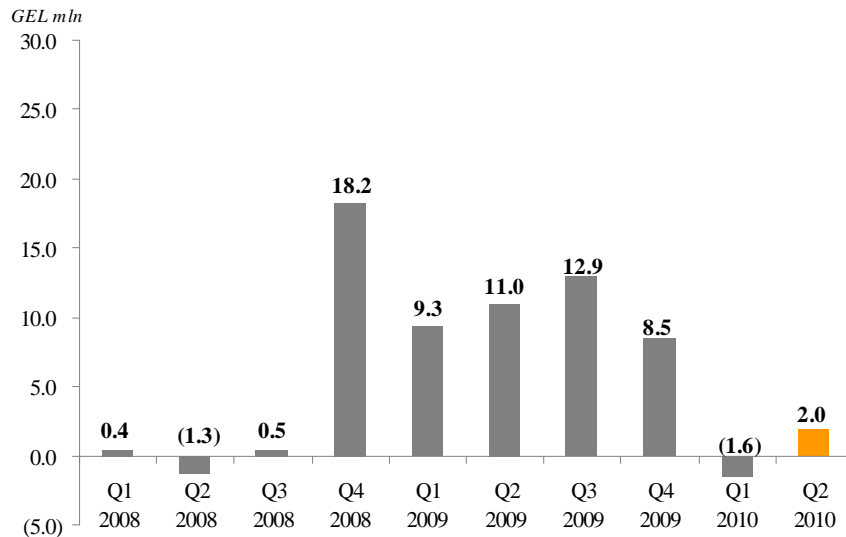
Consolidated Net Normalized Operating Income (NNOI) increased 18.1% q-o-q up 2.1% y-o-y

Normalized net operating income



Consolidated Net provision expenses of GEL 13.1 mln in Q2 2010, GEL 7.4 mln in Q1 2010 and GEL 40.7 mln in Q2 2010 improved by 67.9% y-o-y

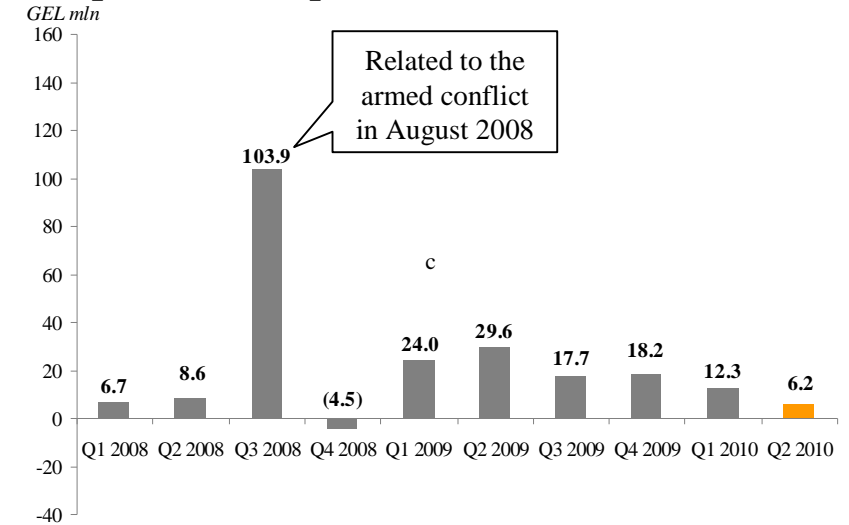
Net provision expense BG Bank Standalone



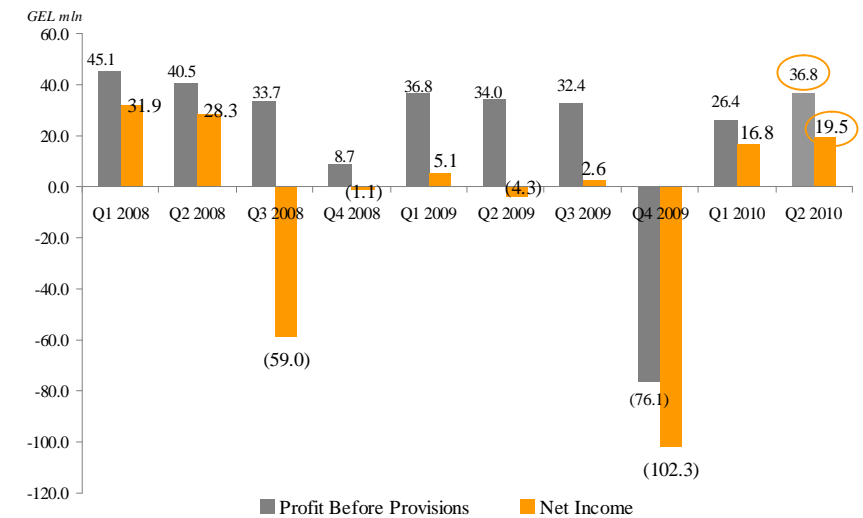
Bank of Georgia Standalone Net provision expenses declined by 79.1% y-o-y

Net Income for 1H 2010 was GEL 36.2 mln

Net provision expense BoG standalone



Profit (loss) before provisions/ NI

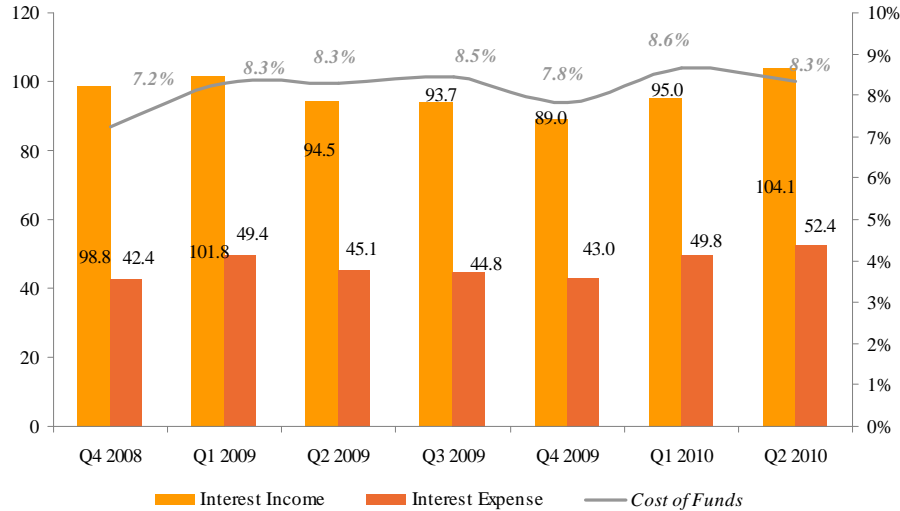


Profitability & selected ratios

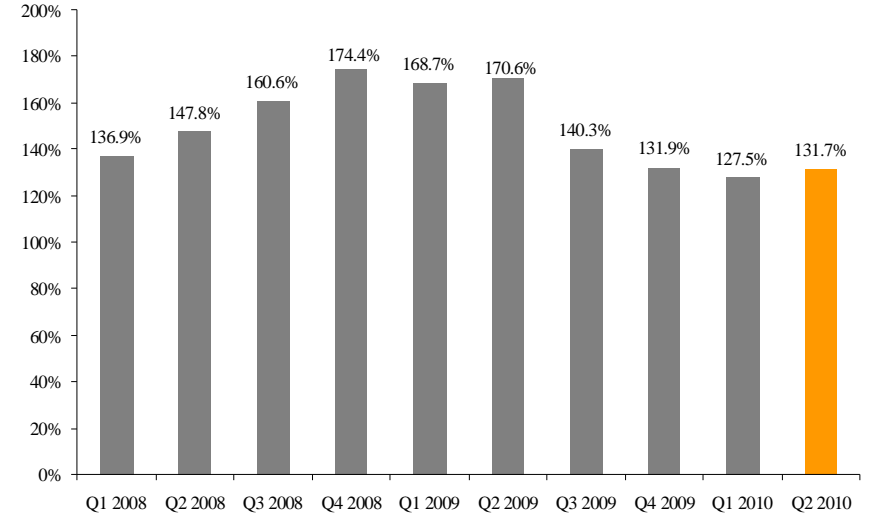
Net Interest Margin (NIM)

improved from 8.0% in Q1 2010 to 8.3% in Q2 2010 as Cost of Funds declined

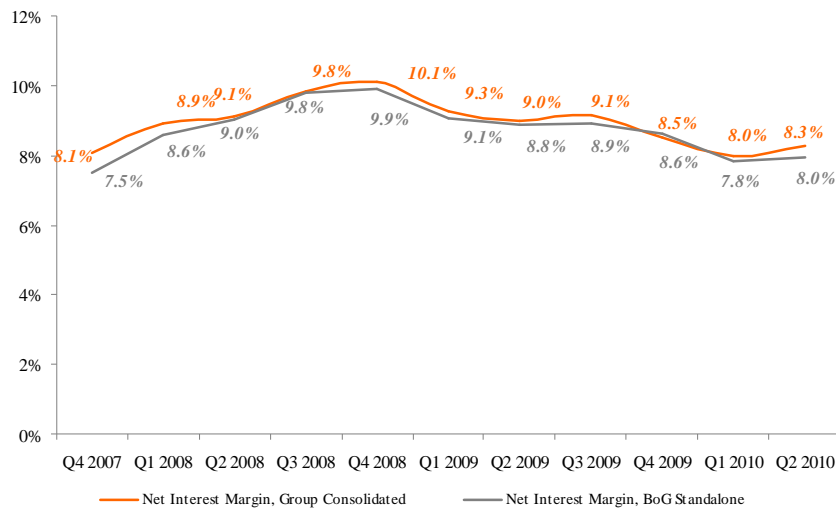
Cost of funds



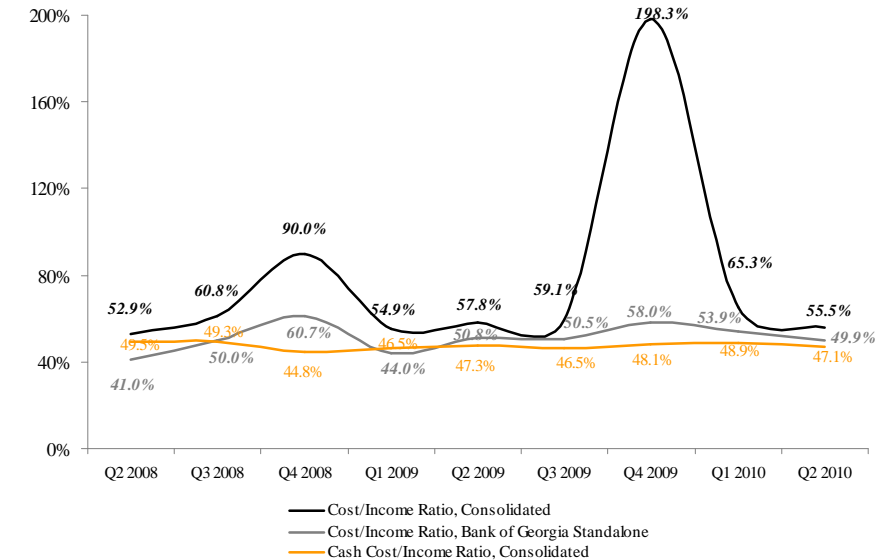
Net loans/Client deposits



Net interest margin (annualized)



Cost Income Ratio



Summary

- ✘ Operating environment in Georgia is improving and 2010 looks promising for Bank of Georgia:
 - ✘ Consumer confidence and economic activity is increasing with a 7.5% q-o-q and 46.2% y-o-y increase in client deposits in Q2 2010; Q2 2010 Net remittances increased by 14.6% y-o-y; GDP real growth rate: 7-7.5% y-o-y Q2 2010F; 4.5% 2010F; growth mainly driven by donor money inflows and credit growth in 1H 2010; VAT collection up by 20%+ y-o-y in recent months, 1H 2010 trade turnover up by 18% y-o-y to GEL 2.9 bln, NBG reserves still on high level at around USD 2 bln, exceeding M2 by 1.5 times
 - ✘ Strong operating leverage achieved 16.4% on q-o-q and 4.2% on y-o-y basis driven by:
 - ✘ Improvement in NIM from 8.0% to 8.3%, as our cost of funds decreased from 8.6% to 8.3%, as a result of deposit rate cuts
 - ✘ Solid growth of higher yielding retail loan book
 - ✘ Increase of Net Interest Income as lending activities picked up
 - ✘ Cost of Funds down from 8.6% in Q1 2010 to 8.3% in Q2 2010
- As a result Consolidated Cost/Income ratio decreased from 65.3% in Q1 to 55.5% in Q2 2010, standalone Cost/Income ratio decreased from 53.9% in Q1 2010 to 49.9% in Q2 2010
- ✘ As of 31 July 2010, the outstanding Eurobonds maturing in February 2012 amounted to US\$149 million, out of original US\$ 200 million, in August 2010 the Bank has signed agreements for US\$ 50 million 5-year credit facilities with EBRD
 - ✘ Loan book growth to be funded through deposit inflows locally and internationally. WM Representative Office opened in London

Management target for 2010

- The growth rate of balance sheet in Q3 lower than Q2 due to seasonality effect as business activities in July and August is usually low
 - Growth expected to resume in Q4
 - Higher yielding retail loan book expected to grow faster in 2nd half of the year
 - **Confident to deliver previously announced management target for 2010**
- ✘ We came out strong from the downturn and are well positioned to take advantage of our high liquidity and strong capital to achieve growth at the right price....
 - ✘by implementing our strategy to become more *efficient, deposit funded lending machine*

Caution Regarding Forward-Looking Statements

This presentation contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to the implementation of strategic initiatives and other statements relating to our business development and financial performance.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, (1) general market, macroeconomic, governmental, legislative and regulatory trends, (2) movements in local and international currency exchange rates, interest rates and securities markets, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties and developments in the markets in which they operate, (6) management changes and changes to our group structure and (7) other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports, including those filed with the NSCG.

We are under no obligation (and expressly disclaim any such obligations) to update or alter our forward-looking statements whether as a result of new information, future events, or otherwise.

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