London, 1 November 2012

Bank of Georgia Holdings plc announces Q3 2012 and nine months ended 30 September 2012 results

Bank of Georgia Holdings plc (LSE: BGEO LN) (the "Bank"), the holding company of JSC Bank of Georgia and its subsidiaries, Georgia's leading bank, announced today the consolidated results for Q3 2012 and nine months ended 30 September 2012 (IFRS based, derived from management accounts). The Q3 2012 profit for the period was GEL 46.6 million, (US$ 28.1 million/GBP 17.4 million) or GEL 1.35 per share (US$ 0.81 per share/GBP 0.50 per share).

The Bank reported nine months ended 30 September 2012 profit of GEL 132.7 million (US$ 80.0 million/GBP 49.4 million), or GEL 3.94 per share (US$2.37 per share/GBP1.46 per share). Unless otherwise mentioned, all comparisons are with the nine months ended 30 September 2011.

Strong performance trends continued in the third quarter of 2012

- **Positive operating leverage maintained with strong profitability**
  - Net interest margin of 7.8% in the first nine months of 2012, compared to 7.9% in 2011;
    - Q3 NIM declined, as expected, to 7.3% in Q3 2012, largely reflecting the impact of the Eurobond issued in July 2012.
  - Revenue increased by GEL 51.7 million, or 16.2%, y-o-y, to GEL 370.0 million; excluding the benefit of last year's one-off currency hedge gains, revenue increased by 24.3%;
    - Q3 2012 revenue grew 24.9% y-o-y to GEL 131.0 million.
  - Positive operating leverage maintained, as operating expenses increased at a lower rate than revenue, up 7.0% y-o-y to GEL 167.2 million; excluding last year's one-off gains, operating leverage was 17.3%;
    - Q3 2012 operating expenses down 1.1% q-o-q to GEL 58.1 million.
  - Cost to Income ratio improved to 45.2% from 49.1% in the first nine months of 2012, 44.4% in Q3 2012.
  - Profit before tax from continuing operations of GEL 158.7 million, up by GEL 29.8 million, or 23.1%.
  - Profit for the period increased by GEL 31.3 million, or 30.9%, to GEL 132.7 million.
  - Earnings per share (basic) increased by 17.1% to GEL 3.94.
  - Return on Average Assets (ROAA) increased to 3.6%, compared to 3.3%.
  - Return on Average Equity (ROAE) increased to 19.4%, from 18.9%.
- **Strong balance sheet and capital position maintained**
  - Cost of Funding declined to 7.5% in the nine months of 2012 compared to 7.8% in the same period last year.
    - Q3 2012 Cost of Funding of 7.1%, down from 7.5% in Q2 2012 and 7.8% in Q3 2011.
  - Net loan book increased by 19.6% y-o-y (17.1% year-to-date), while client deposits increased 24.4% y-o-y (5.3% year-to-date).
    - In US$ terms net loan book increased by 19.8% (17.9% year-to-date), reflecting the stable currency position.
  - Cost of Risk increased to 1.2% in the first nine months of 2012 from 0.9% for the same period last year. In absolute terms, cost of credit risk increased by GEL 15.2 million to GEL 28.6 million, largely reflecting the absence of last year's net releases and recoveries and higher retail provisions in the third quarter of 2012.
  - Non-performing loans (NPLs) decreased 5.7% to GEL 102.7 million. NPLs accounted for 3.2% of gross loan book at 30 September 2012, compared to 4.1% at 30 September 2011 and 3.7% on 31 December 2011.
  - High provisions coverage of non-performing loans maintained at 105.2%.
  - Strong funding and liquidity position with a Net Loans to Customer Funds ratio of 109.6%, down from 110.2% twelve months ago. NBG liquidity ratio of 42.0%, compared to 31.2% a year ago and to 30% minimum requirement by the NBG.
  - BIS Tier 1 capital adequacy ratio improved significantly to 20.3%.
  - Book Value per Share increased by 14.5% y-o-y to GEL 28.81 (US$17.36/GBP10.72).
  - Balance Sheet leverage stable at 4.5 times as of 30 September 2012, compared to 4.6 times at 30 September 2011 and 4.2 times at 30 June 2012.

- **Business highlights**
    - Strong performances from each of the Bank's businesses in Georgia – Corporate Banking and Retail Banking reported continued loan growth and improving efficiencies.
    - Retail Banking continues to deliver strong franchise growth, supported by the opening of 25 Express branches in the first nine months of 2012.
    - Corporate Banking has delivered strong, well-diversified balance sheet growth over the last 12 months; customer lending grew 23.3% and customer deposits grew 19.3%.
    - Wealth Management continued to expand its client franchise with deposits increasing by 65.8% to GEL 595.3 million over the last 12 months.
    - Excellent progress in developing the Bank's synergistic businesses: Insurance and Healthcare business expansion through acquisition of Imedi L International, the third largest insurance company in Georgia; Affordable Housing completed its pilot project of an 123 apartment building; a second 522 apartment building project is in progress.

"I am very pleased that our third quarter performance has reinforced the strong results of the preceding two quarters of the year. This reflects a solid performance by each of our businesses. Despite the combination of a seasonally quiet quarter and the pre-election period, we experienced growing demand for credit, as reflected in the 4.8% q-o-q growth of our loan book, and have further improved our efficiency by bringing the Cost to Income ratio down by a further 1.1 percentage points to 44.4%. The effects of our recently issued Eurobond, are as expected: the Q3 2012 NIM declined to 7.3%, from 9.0% in Q2 2012 as a result of the additional interest expense. Balance sheet leverage increased to 4.5 times from 4.2 times at the end of previous quarter.

In the first nine months of 2012 we have delivered strong net profit growth of 30.9% to GEL 132.7 million on the back of double digit revenue growth, improved efficiency, as reflected in positive operating leverage, a reduced cost of funding and healthy growth rates of our loan book and deposit balances. The cost of credit risk in the third quarter of 2012 increased to GEL 14.6 million, compared to GEL 6.6 million in the preceding quarter. This increase largely reflected the impact of a number of job reductions made in a large payroll client during the first half of the year and lower level of recoveries in the third quarter. Corporate banking provisions were at a low level in the first nine months of 2012.

In September 2012, Bank of Georgia Holdings hosted its inaugural Investor Day in Tbilisi. It was gratifying for the entire Bank of Georgia management team to see the interest and enthusiasm in the Bank of Georgia story as demonstrated by the attendance of nearly fifty investors and analysts who traveled to attend our event from different parts of the world.

We have also recently announced management changes that reflect the evolving needs of our growing company. Following his success in the transformation of Aldagi BCI into the country's leading insurance and healthcare company, Nikoloz Gamkrelidze has a new important role to play in the further development of the group in his new role of Group CFO. Murtaz Kikoria, a seasoned banker and manager who has spent 4 years with the Bank of Georgia group, brings invaluable experience as the new CEO of Aldagi BCI in its next stage of development.

The macroeconomic environment in Georgia remained robust with GDP growth reaching 7.5% in the first half of 2012. Foreign direct investment (FDI) and net remittances have remained strong, and Georgia continues to benefit from a substantial increase in tourist revenues, with visitor numbers increasing by 56% in the first nine months of the year to 3.2 million.

Following the parliamentary elections in early October, Georgia is currently in the process of what has been a smooth transition to a new Government. This has not changed the business priorities and strategies of Bank of Georgia and business trends in October have been consistent with our year-to-date performance.

With the parliamentary elections behind us, an enhanced management team and strong business fundamentals in place we look to continuing to deliver value to our shareholders," commented ***Irakli Gilauri*****,** Chief Executive Officer of Bank of Georgia Holdings PLC and JSC Bank of Georgia.

1.6593 GEL/US$ 30 September 2012
1.6451 GEL/US$ 30 June 2012
1.6610 GEL/US$ 30 September 2011
2.6881 GEL/GBP 30 September 2012
2.5677 GEL/GBP 30 June 2012
2.5990 GEL/GBP 30 September 2011

FINANCIAL SUMMARY

BGH (Consolidated, Unaudited, IFRS-based) **Income Statement Summary** *GEL thousands, unless otherwise noted*	**Nine months ended** **30 Sep 12**	 **30 Sep 11**	**Change** **Y-O-Y**[1]
Revenue[2]	369,967	318,304	16.2%
Operating expenses	167,187	156,305	7.0%
Operating income before cost of credit risk	202,781	161,998	25.2%
Cost of credit risk[4]	28,593	13,427	112.9%
Net operating income	174,188	148,571	17.2%
Net non-operating expenses, including goodwill impairment	15,445	19,630	-21.3%
Profit for the period from continuing operations	132,677	113,605	16.8%
EPS (Basic)	3.94	3.36	17.1%

BGH (Consolidated, Unaudited, IFRS-based) **Balance Sheet Summary**	**30 Sep 12**	**30 Sep 11**	**Change** **Y-O-Y**[1]
Total assets	5,530,517	4,359,408	26.9%
Net loans[5]	3,063,390	2,560,696	19.6%
Customer funds[6]	2,795,794	2,322,935	20.4%
Tier I Capital Adequacy Ratio (BIS)[7]	20.3%	17.9%	13.4%
Total Capital Adequacy Ratio (BIS)[7]	25.8%	26.1%	-1.2%
NBG Tier I Capital Adequacy Ratio[8]	13.4%	10.8%	24.6%
NBG Total Capital Adequacy Ratio[8]	15.9%	15.0%	5.8%
Leverage[9]	4.5	4.6	-2.9%

BGH (Consolidated, Unaudited, IFRS-based) **Income Statement Summary**	**Q3 2012**	**Q3 2011**	**Change** **Y-O-Y**[1]	**Q2 2012**	**Change** **Q-O-Q**[10]
Revenue[2]	130,981	104,896	24.9%	129,142	1.4%
Operating expenses[3]	58,114	52,780	10.1%	58,754	-1.1%
Operating income before cost of credit risk	72,867	52,115	39.8%	70,388	3.5%
Cost of credit risk[4]	14,645	5,165	183.5%	6,568	123.0%
Net operating income	58,222	46,950	24.0%	63,820	-8.8%
Net non-operating expenses, including goodwill impairment	3,051	927	NMF	7,994	-61.8%
Profit for the period	46,643	37,613	24.0%	46,331	0.7%
EPS (Basic)	1.35	1.23	9.6%	1.33	1.3%

These management accounts are neither audited nor reviewed by auditors.

[1] Compared to the respective period in 2011; growth calculations based on GEL values
[2] Revenue includes net interest income, net fee and commission income, net insurance revenue, net healthcare revenue and other operating non-interest income
[3] Operating expenses equal other operating non-interest expenses
[4] Cost of credit risk includes impairment charge (reversal of impairment) on: loans to customers, finance lease receivables and other assets
[5] Net loans equal to net loans to customers and finance lease receivables
[6] Customer funds equal amounts due to customers
[7] BIS Tier I Capital Adequacy Ratio equals consolidated Tier I capital as of the period end divided by Total consolidated risk weighted assets as of the same date. BIS total capital equals total consolidated capital as of the period divided by total consolidated risk weighted assets. Both ratios calculated in accordance with the requirements of Basel Accord I
[8] NBG Tier I Capital and Total Capital Adequacy ratios calculated in accordance with the requirements of the National Bank of Georgia (NBG)
[9] Leverage (Times) equals Total Liabilities divided by Total Equity
[10] Compared to the previous quarter

DISCUSSION OF RESULTS

This summary compares the financial results for the nine months ended 30 September 2012 with the comparable period in 2011.

Revenue

GEL thousands, unless otherwise noted	Nine months ended 30 Sep 12	30 Sep 11	*Change Y-O-Y*
Loans to customers	374,888	323,173	*16.0%*
Investment securities: available-for-sale[11]	25,931	27,919	*-7.1%*
Amounts due from credit institutions	13,672	13,385	*2.1%*
Finance lease and receivables	6,374	3,466	*83.9%*
Interest income	**420,866**	**367,943**	***14.4%***
Amounts due to customers	156,199	117,575	*32.9%*
Amounts due to credit institutions	55,550	76,227	*-27.1%*
Interest expense	**211,749**	**193,802**	***9.3%***
Net interest income before net (losses) gains from derivative financial instruments	**209,116**	**174,141**	***20.1%***
Net (losses) gains from derivative financial instruments	(1,539)	5,076	*NMF*
Net interest income	**207,578**	**179,217**	***15.8%***
Fee and commission income	81,251	67,353	*20.6%*
Fee and commission expense	15,886	14,118	*12.5%*
Net fee and commission income	**65,365**	**53,235**	***22.8%***
Net insurance premiums earned	58,220	34,881	*66.9%*
Net insurance claims incurred	36,341	20,721	*75.4%*
Net insurance revenue	**21,880**	**14,160**	***54.5%***
Healthcare revenue	38,625	2,070	*NMF*
Cost of healthcare services	22,405	924	*NMF*
Net healthcare revenue	**16,221**	**1,146**	***NMF***
Net gains from securities	2,235	532	*NMF*
Net gains from foreign currencies	38,694	34,865	*11.0%*
Other operating income	17,996	14,464	*24.4%*
Revenue adjusted for gains or losses from BYR hedge	**369,967**	**297,619**	***24.3%***
Gains (losses) from BYR hedge	-	20,685	*NMF*
Revenue	**369,967**	**318,304**	***16.2%***

The Bank's revenue increased to GEL 370.0 million in the nine months ended 30 September 2012, or 16.2% growth year-on-year, driven by strong growth of all revenue items. Net interest income for the period reached GEL 207.7 million, a 15.8% increase year-on-year, despite net losses of GEL 1.5 million from derivative financial instruments that compare to the net gains from derivative financial instruments of GEL 5.1 million during the same period last year. Net interest income before net gains from financial instruments grew 20.1% to GEL 209.1 million, as interest expense growth of 9.3% y-o-y significantly lagged behind the 14.4% y-o-y growth of interest income, which was driven by strong customer lending growth during the period.

The 16.8% y-o-y growth in net non-interest income[12] to GEL 162.4 million, mostly benefited from the increases in net insurance revenue by GEL 7.7 million to GEL 21.9 million, net healthcare revenue by GEL 15.1 million to GEL 16.2 million, and net fee and commission income from GEL 53.2 million to GEL 65.4 million. Net non-interest income accounted for 43.9% of revenue, compared to 43.7% last year. Adjusted for the impact of last year's one-off currency (Belarusian Ruble) hedge gains, total revenue increased by 24.3% y-o-y.

Net Interest Margin

GEL thousands, unless otherwise noted	Nine months ended 30 Sep 12	30 Sep 11	*Change Y-O-Y*
Net interest income	207,578	179,217	*15.8%*
Net Interest Margin	**7.8%**	**7.9%**	***-1.0%***
Average[13] interest earning assets	3,534,866	3,024,805	*16.9%*
Average[13] interest bearing liabilities	3,795,788	3,240,265	*17.1%*

[11] Investment securities available-for-sale primarily consist of Georgian government treasury bills and bonds and National Bank of Georgia's Certificates of deposit

[12] Net non-interest income equals sum of net fee and commission income, net insurance revenue, net healthcare revenue, net gains from securities, net gains from foreign currencies and other operating income

[13] Monthly averages are used for calculation of average interest earning assets and average interest bearing liabilities

The slight decline in Net Interest Margin over the last twelve months, was attributable to the carrying cost of the Bank's US$ 250 million Eurobond issued in Q3 2012, which more than offset the effects of decreased deposit rates in the first half of the year and a slight increase in loan yield from 17.5% in the nine months 2011 to 17.6% in the nine months to 2012. The 16.9% y-o-y growth of average interest earning assets to GEL 3,534.9 was attributed to a 19.6% y-o-y increase in the net loan book and the increase in the lower-yielding liquid assets as a result of the Eurobond that have not yet been deployed to support customer lending.

In the nine months of 2012 the Bank's cost of funding decreased to 7.5% from 7.8% in the same period last year, the decline reflecting a significant reduction in the cost of deposits in the second quarter of 2012.

The currency-blended deposit costs of the Bank were 7.5% and 7.3% in the first nine months of 2012 and 2011 respectively, while the currency-blended loan yields totalled 17.6% and 17.5% during the respective periods.

Net fee and commission income

	Nine months ended		***Change***
GEL thousands, unless otherwise noted	**30 Sep 12**	**30 Sep 11**	***Y-O-Y***
Fee and commission income	81,251	67,353	*20.6%*
Fee and commission expense	15,886	14,118	*12.5%*
Net fee and commission income	**65,365**	**53,235**	***22.8%***

Strong growth of the Bank's fee and commission income, in line with increased business activity, drove the 22.8% y-o-y increase in net fee and commission income to GEL 65.4 million. This increase was driven by healthy growth in the Bank's settlement operations, the Bank's card business, guarantees and letters of credit, and cash operations businesses that benefited from the overall improvement of the economic environment in Georgia and the increased foreign trade turnover of Georgian businesses.

Net insurance revenue and net healthcare revenue

	Nine months ended		***Change***
GEL thousands, unless otherwise noted	**30 Sep 12**	**30 Sep 11**	***Y-O-Y***
Net insurance premiums earned	58,220	34,881	*66.9%*
Net insurance claims incurred	36,341	20,721	*75.4%*
Net insurance revenue	**21,880**	**14,160**	***54.5%***
Healthcare revenue	38,625	2,070	*NMF*
Cost of healthcare services, of which:	22,405	924	*NMF*
Salaries and other employee benefits	*18,172*	*803*	*NMF*
Other Operating expenses	*4,233*	*121*	*NMF*
Net healthcare revenue	**16,221**	**1,146**	***NMF***

Net insurance revenue increased by GEL 7.7 million, or 54.5% to GEL 21.9 million, with the organic growth of Aldagi BCI supported by the acquisition of Georgia's third largest insurance company, Imedi L International (Imedi L). Net insurance revenue growth was driven by 66.9% y-o-y growth in net insurance premiums earned to GEL 58.2 million. The growth in net insurance premiums earned was due to an increase in the size of the insurance policies portfolio which reflected overall growth in both the life and non-life insurance businesses. The growth also reflects the inclusion of Imedi L results for Q3 2012. The increase in net insurance claims incurred mostly reflected the acquisition of Imedi L.

The growth of the healthcare business, following the expansion of the healthcare operations by Aldagi BCI as a result of recent acquisitions, resulted in net healthcare revenue of GEL 16.2 million in the first nine months of 2012, an increase of 14 times from the same period last year. The integration of the business was completed in July 2012, while legal integration is expected to be completed by the year-end 2012.

Other operating non-interest income

GEL thousands, unless otherwise noted	Nine months ended 30 Sep 12	Nine months ended 30 Sep 11	*Change Y-O-Y*
Net gains from trading securities and investment securities available-for-sale	2,235	532	*NMF*
Net gains from foreign currencies	38,694	35,865	*11.0%*
Dealing	23,987	33,702	*-28.8%*
Translation differences	14,706	1,163	*NMF*
Other operating income	17,996	14,464	*24.4%*
Other operating non-interest income adjusted for gains or losses from BYR hedge	**58,924**	**49,861**	***18.2%***
Gains (losses) from BYR hedge	-	20,685	*-100.0%*
Other operating non-interest income	**58,924**	**70,546**	***-16.5%***

Other operating non-interest income, adjusted for one-off gains from the BYR currency hedge, in the first nine months of 2012 grew 18.2% to GEL 58.9 million, reflecting the growth of foreign currency translation differences, net gains from securities and an increase in other operating income, predominantly due to growth from income from the Bank's non-core subsidiaries. Affordable Housing contributed GEL 3.0 million gross profit to the other operating income in Q3 2012. Overall, other operating non-interest income declined by 16.5% y-o-y, due to the one-off gain of GEL 20.7 million on the BYR currency hedge in 2011.

Net operating income, cost of credit risk, profit for the period

GEL thousands, unless otherwise noted	Nine months ended 30 Sep 12	Nine months ended 30 Sep 11	*Change Y-O-Y*
Salaries and other employee benefits	90,173	86,266	*4.5%*
Selling and administrative expenses	51,763	45,773	*13.1%*
Depreciation and amortisation	21,303	19,519	*9.1%*
Other operating expenses	3,948	4,748	*-16.8%*
Other operating non-interest expenses	**167,187**	**156,305**	***7.0%***
Operating income before cost of credit risk	**202,781**	**161,998**	***25.2%***
Cost of credit risk	28,593	13,427	*112.9%*
Net operating income	**174,188**	**148,571**	***17.2%***
Net non-operating expenses	15,445	19,630	*-21.3%*
Profit before income tax expense from continuing operations	**158,743**	**128,942**	***23.1%***
Income tax expense	26,066	15,336	*70.0%*
Profit for the period from continuing operations	**132,677**	**113,605**	***16.8%***
Net loss from discontinued operations	-	12,247	*-100.0%*
Profit for the period	**132,677**	**101,358**	***30.9%***

The Bank's other operating non-interest expenses increased by GEL 10.9 million, or 7.0% y-o-y, to GEL 167.2 million. This is less than half the rate of revenue growth over the same period and reflects the Bank's focus on delivering positive operating leverage on an ongoing basis. Adjusted for the one-off currency hedge gain in 2011, operating leverage was 17.3 percentage points. The increase in expenses primarily reflected a 4.5% increase in salaries and other employee benefits as the Bank's headcount increased to reflect the growth of Bank of Georgia's and its subsidiaries' businesses over the last twelve months. Selling and administrative expenses for the reporting period grew by 13.1% to GEL 51.8 million, reflecting new branch openings and sales force increases. The Cost to Income ratio improved to 45.2% in the nine months ended 30 September 2012, from 49.1% in the same period last year, benefiting from ongoing cost efficiency measures undertaken by the Bank. When adjusted for the one-off revenue gains in 2011, the Cost to Income ratio improved substantially from 52.5% in the first nine months of 2011, reflecting underlying significant cost efficiency improvements.

The Bank's operating income before the cost of credit risk increased by GEL 40.8 million, or 25.2%, to GEL 202.8 million.

The cost of credit risk increased by GEL 15.2 million to GEL 28.6 million in the first nine months of 2012, largely reflecting the absence of last year's releases and recoveries and higher retail provision in the third quarter, reflecting a number of job reductions made in a large payroll client during the first half of the year. This represents an annualised cost of risk of 1.2%, up from 0.9% in the same period last year. The allowance for loan impairment was GEL 108.1 million or 3.4% of total gross loans as of 30 September 2012, compared to 4.6% as of 30 September 2011.

The Bank's non-performing loans (NPLs), defined as the principal and interest on loans overdue for more than 90 days and additional potential losses estimated by management, decreased to GEL 102.7 million as of 30 September 2012 from GEL 108.9 million a year earlier. The Bank's NPLs to total gross loans ratio improved to 3.2% as of 30 September 2012 from 4.1% a year ago. The Bank maintained a conservative NPL Coverage ratio at 105.2%, which compares to 112.2% as of 30 September 2011 and 114.7% as of 31 December 2011.

The Bank's net operating income totalled GEL 174.2 million, up GEL 25.6 million, or 17.2% year-on-year. Adjusted for the one-off gain in 2011, the net operating income in the first nine- months of 2012 was up 36.2% y-o-y. In the first nine months of 2012, the Bank's net non-operating expense declined to GEL 15.4 million from GEL 19.6 million in the first nine months of 2011. The non-operating expenses in the first nine months of 2012 were largely incurred for the purposes of tender offer and premium listing.

As a result of the foregoing, profit before income tax from continuing operations in the first nine months of 2012 totalled GEL 158.7 million, an increase of GEL 29.8 million, or 23.1% y-o-y. After income tax expense of GEL 26.1 million, the Bank's profit for the period stood at GEL 132.7 million, up by GEL 19.1 million, or 16.8% compared to the same period last year, while profit for the period adjusted for the net loss from discontinued operations in 2011, grew 30.9% y-o-y, or by GEL 31.3 million.

Balance Sheet highlights

As of 30 September 2012, the Bank's total assets stood at GEL 5,530.5 million, an increase of 18.5% since 31 December 2011 and an increase of 26.9% compared to 30 September 2011. Total liabilities amounted to GEL 4,522.6 million, up 17.4% year-to-date and 26.2% y-o-y, while shareholders' equity reached GEL 1,007.9 million, a 24.0% increase since the beginning of the year and 29.9% increase from the same period last year. The year-to-date changes reflect 19.6% y-o-y growth of the Bank's loan book and the changes in the funding structure on the back of strong growth of client deposits that grew 24.4% y-o-y. As of 30 September 2012, customer funds accounted for 61.8% of the Bank's total liabilities.

On a quarterly basis, the Bank's total assets growth of 12.1% q-o-q was largely driven by the 4.8% q-o-q increase of the loan book to GEL 3,063.4 million and the 35.2% increase in liquid assets as a result of the US$250 million Eurobond that was issued by the Bank in the beginning of Q3 2012. Both retail banking and corporate banking contributed to the net loan book growth. Retail banking lending increased by GEL 157.6 million, or 13.6%, over the last twelve months to GEL 1,317.5 million by 30 September 2012 and corporate banking lending grew by GEL 322.4 million, or 23.3% year-on-year, to GEL 1,709.1 million. Loans denominated in foreign currencies (primarily in US$) accounted for 68.8% of the Bank's net loan book as of 30 September 2012, compared to 68.9% as of 30 September 2011 and to 67.9% as of 30 June 2012.

The Bank's liquid assets, mostly comprised of cash and cash equivalents, National Bank CDs, Georgian government treasury bills and bonds and interbank deposits, grew by 33.4% y-o-y to GEL 1,530.8 million as of 30 September 2012. The growth was largely driven by the GEL 398.3 million, or 35.2%, increase in liquid assets during Q3 2012, attributed to the Eurobonds issued by the Bank.

GEL thousands, unless otherwise noted	**30 Sep 12**	**30 Sep 11**	***Change Y-O-Y***	**30 Jun 12**	***Change Q-O-Q***
Amounts due to credit institutions, of which:	1,454,045	1,099,722	*32.2%*	875,928	*66.0%*
Borrowed funds	*1,091,314*	*799,530*	*36.5%*	*667,693*	*63.4%*
Inter-bank loans and deposits	*362,730*	*300,192*	*20.8%*	*208,235*	*74.2%*
Customer Funds	2,795,794	2,322,935	*20.4%*	2,846,263	*-1.8%*
Client deposits	*2,688,540*	*2,161,094*	*24.4%*	*2,742,601*	*-2.0%*
Promissory notes	*107,254*	*161,841*	*-33.7%*	*103,662*	*3.5%*
Net Loans / Customer Funds	109.6%	110.2%		102.7%	
Liquid assets	**1,530,830**	**1,147,577**	***33.4%***	**1,132,509**	***35.2%***
Liquid assets as percent of total assets	27.7%	26.3%		22.9%	
Liquid assets as percent of total liabilities	33.8%	32.0%		28.5%	
NBG liquidity ratio	42.0%	31.2%		35.2%	

The customer lending growth was sufficiently funded by a GEL 527.4 million growth of client deposits on a year-on-year basis. Compared to the prior quarter, client deposits decreased by 2.0% to GEL 2,688.5 million, reflecting more aggressive liability management after the Eurobond issuance. Since the beginning of the year client deposits are up 5.3% and client funds, comprising client deposits and promissory notes, reached GEL 2,795.8 million, an increase of 2.2% year-to-date.

In line with its efforts to improve its funding costs, the pricing of the Eurobond issued by the Bank enabled it to partially repay more expensive outstanding debt, thus decreasing Cost of Funding from 7.5% in Q2 2012 to 7.1% in Q3 2012. In the first nine months of 2012, the Cost of Funding decreased to 7.5%, from 7.8% for the same period last year. As a result of the Eurobond placement, amounts due to credit institutions grew to GEL 1,454.0 million from GEL 1,099.7 million as of 30 September 2011 and from GEL 875.9 million as of 30 June 2012.

As a result of the foregoing, in Q3 2012 the Bank's Net Loans to Customer Funds ratio increased to 109.6% from 102.7% in Q2 2012 and was down from 110.2% in Q3 2011, reflecting the increased levels of customer account balances during the year. Client deposits denominated in foreign currencies accounted for 70.0% of the Bank's client deposits as of 30 September 2012, compared to 66.1% as of 30 September 2011.

The growth in shareholders' equity over the last twelve months predominantly reflects the inclusion of the current year's profit and the conversion of loan notes by EBRD and IFC into shareholders' equity in February 2012.

The Bank continues to maintain a strong liquidity position, considerably in excess of conservative regulatory requirements. The liquidity ratio, as per NBG requirements, stood at 42.0% against the required minimum of 30%, while liquid assets accounted to 27.7% of total assets and 33.8% of total liabilities as of the end of September 2012.

The Bank's Book Value per share on 30 September 2012 stood at GEL 28.81/(US$17.36/GBP10.72) compared to GEL 25.16 (US$15.15/GBP9.68) as of 30 September 2011 and GEL 25.98 (US$15.56/GBP10.08) as of 31 December 2011.

DISCUSSION OF RESULTS – QUARTERLY ANALYSIS

Revenue

GEL thousands, unless otherwise noted	Q3 2012	Q3 2011	*Change Y-O-Y*	Q2 2012	*Change Q-O-Q*
Loans to customers	129,923	111,707	*16.3%*	126,541	*2.7%*
Investment securities: available-for-sale[14]	8,125	9,567	*-15.1%*	7,983	*1.8%*
Amounts due from credit institutions	4,049	5,716	*-29.2%*	5,411	*-25.2%*
Finance lease and receivables	2,241	1,744	*28.5%*	2,121	*5.7%*
Interest income	**144,338**	**128,734**	***12.1%***	**142,055**	***1.6%***
Amounts due to customers	52,435	41,947	*25.0%*	49,931	*5.0%*
Amounts due to credit institutions	21,502	26,012	*-17.3%*	15,339	*40.2%*
Interest expense	**73,937**	**67,959**	***8.8%***	**65,269**	***13.3%***
Net interest income before net (losses) gains from derivative financial instruments	**70,401**	**60,775**	***15.8%***	**76,786**	***-8.3%***
Net (losses) gains from derivative financial instruments	(485)	2,584	*NMF*	(285)	*70.2%*
Net interest income	**69,916**	**63,359**	***10.3%***	**76,501**	***-8.6%***
Fee and commission income	29,773	23,717	*25.5%*	27,355	*8.8%*
Fee and commission expense	5,942	4,452	*33.5%*	5,538	*7.3%*
Net fee and commission income	**23,831**	**19,265**	***23.7%***	**21,818**	***9.2%***
Net insurance premiums earned	25,837	11,758	*119.7%*	19,896	*29.9%*
Net insurance claims incurred	15,915	6,694	*137.7%*	12,613	*26.2%*
Net insurance revenue	**9,922**	**5,064**	***95.9%***	**7,283**	***36.2%***
Healthcare revenue	16,038	547	*NMF*	12,327	*30.1%*
Cost of healthcare services	9,014	391	*NMF*	7,909	*14.0%*
Net healthcare revenue	**7,025**	**156**	***NMF***	**4,419**	***59.0%***
Net gains from securities	1,282	(200)	*NMF*	157	*NMF*
Net gains from foreign currencies	12,502	11,507	*8.6%*	11,833	*5.7%*
Other operating income	6,503	5,113	*27.2%*	7,132	*-8.8%*
Revenue adjusted for gains or losses from BYR hedge	**130,981**	**104,264**	***25.6%***	**129,142**	***1.4%***
Gains (losses) from BYR hedge	-	631	*-100.0%*	-	*NMF*
Revenue	**130,981**	**104,896**	***24.9%***	**129,142**	***1.4%***

[14]primarily consist of Georgian government treasury bills and bonds and National Bank of Georgia's Certificates of deposits

The Bank's Q3 2012 revenue of GEL 131.0 million grew 1.4% q-o-q and 24.9% y-o-y. On a year-on-year basis, the growth was driven by a 10.3% increase in net interest income and healthy growth in non-interest income items, strongly benefiting from 23.7% y-o-y increase in net fee and commission income, 95.9% rise in net insurance revenue and the strong net healthcare revenue growth from GEL 0.2 million in Q3 2011 to GEL 7.0 million in Q3 2012. In Q3 2012, net interest income before net gains from derivative financial instruments grew by 15.8% compared to Q3 2011, when net gains from derivative financial instruments amounted to GEL 2.6 million compared to net losses of GEL 0.5 million in Q3 2012. The growth of net interest income reflects the strong growth of interest income on the back of customer lending growth and the slower growth rate of interest expense, reflecting the reduced cost of funding over the past twelve months.

On a quarterly basis, the Bank's revenue growth was affected by the carrying cost of the Eurobond issued in Q3 2012 that raised the interest expense on amounts due to credit institutions by 40.2% q-o-q, more than offsetting the 1.6% q-o-q growth of interest income, resulting in the 8.6% decline of net interest income to GEL 69.9 million. The strong performance of our insurance and healthcare business largely drove the increase in revenue in Q3 2012 compared to the prior quarter.

Net Interest Margin

GEL thousands, unless otherwise noted	**Q3 2012**	**Q3 2011**	***Change Y-O-Y***	**Q2 2012**	***Change Q-O-Q***
Net interest income	69,916	63,359	*10.3%*	76,501	*-8.6%*
Net Interest Margin	**7.3%**	**7.9%**	***-8.0%***	**9.0%**	***-18.9%***
Average[15] interest earning assets	3,815,503	3,172,043	*20.3%*	3,422,197	*11.5%*
Average[15] interest bearing liabilities	4,196,393	3,315,122	26.6%	3,524,065	*19.1%*

The Q3 2012 Net Interest Margin was largely affected by the carrying cost of the US$250 million Eurobond, which led to the decline of NIM to 7.3% in Q3 2012 from 9.0% in Q2 2012, when the NIM peaked as a result of substantial deposit rate cuts and increased loan yields. The q-o-q decline of NIM also reflects the 19.1% q-o-q growth rate of average interest bearing liabilities outpacing the 11.5% q-o-q growth of average interest earning assets. Compared to the same period in 2011, NIM declined 63 basis points from 7.9%, reflecting the higher interest expense in Q3 2012 and 26.6% y-o-y increase of average interest bearing liabilities compared to a 20.3% y-o-y increase of average interest earning assets. In Q3 2012, the loan yield amounted to 17.0%, compared to 17.2% in Q3 2011 and 18.0% in Q2 2012, which benefited from strong loan origination commission income generated on a number of corporate loans in the first half of the year.

Net insurance revenue and net healthcare revenue

GEL thousands, unless otherwise noted	**Q3 2012**	**Q3 2011**	***Change Y-O-Y***	**Q2 2012**	***Change Q-O-Q***
Net insurance premiums earned	25,837	11,758	*119.7%*	19,896	*29.9%*
Net insurance claims incurred	15,915	6,694	*137.7%*	12,613	*26.2%*
Net insurance revenue	**9,922**	**5,064**	***95.9%***	**7,283**	***36.2%***
Healthcare revenue	16,038	547	*NMF*	12,327	*30.1%*
Cost of healthcare services, of which:	9,014	391	*NMF*	7,909	*14.0%*
Salaries and other employee benefits	5,921	385	*NMF*	6,769	*-12.5%*
Other costs	3,093	6	*NMF*	1,140	*171.3%*
Net healthcare revenue	**7,025**	**156**	***NMF***	**4,419**	***59.0%***

The net insurance and healthcare business posted strong results in Q3 2012, with net insurance revenue of GEL 9.9 million for the quarter increasing by 95.9% y-o-y and by 36.2% q-o-q. Reflecting the growth of the healthcare business, largely attributed to benefits from the integration from the recently acquired Imedi L, Q3 2012 net healthcare revenue grew 59.0% q-o-q to GEL 7.1 million, driven by 30.1% q-o-q growth of healthcare revenue and 12.5% decline in costs of associated with salaries and other employee benefits.

[15]monthly averages are used for calculation of average interest earning assets and average interest bearing liabilities

Net operating income, cost of credit risk, profit for the period

GEL thousands, unless otherwise noted	Q3 2012	Q3 2011	*Change Y-O-Y*	Q2 2012	*Change Q-O-Q*
Salaries and other employee benefits	32,340	30,030	*7.7%*	32,000	*1.1%*
General and administrative expenses	18,002	15,191	*18.5%*	17,997	*0.0%*
Depreciation and amortisation	7,384	6,578	*12.2%*	7,155	*3.2%*
Other operating expenses	390	981	*-60.3%*	1,602	*-75.7%*
Other operating non-interest expenses	**58,114**	**52,780**	***10.1%***	**58,754**	***-1.1%***
Operating income before cost of credit risk	**72,867**	**52,115**	***39.8%***	**70,388**	***3.5%***
Cost of credit risk	14,645	5,165	*NMF*	6,568	*NMF*
Net operating income	**58,222**	**46,950**	***24.0%***	**63,820**	***-8.8%***
Net non-operating expenses	3,051	927	*NMF*	7,994	*-61.8%*
Profit before income tax expense from continuing operations	**55,171**	**46,024**	***19.9%***	**55,826**	***-1.2%***
Income tax expense	8,528	8,410	*1.4%*	9,495	*-10.2%*
Profit for the period from continuing operations	**46,643**	**37,613**	***24.0%***	**46,331**	***0.7%***
Net loss from discontinued operations	-	-	*NMF*	54	*-100.0%*
Profit for the period	**46,643**	**37,613**	***24.0%***	**46,276**	***0.8%***

On a year-on-year basis, in Q3 2012 the Bank maintained positive operating leverage as operating non-interest expenses grew at 10.1%, or less than a half the rate of the revenue growth over the same period, driving the operating income before the cost of credit risk growth of 39.8% y-o-y to GEL 72.9 million. Benefiting from the 1.1% decline in operating expenses quarter-on-quarter, the Q3 2012 operating income before cost of credit risk grew by 3.5% q-o-q, reflecting the lower quarterly growth rates of revenue as a result of the negative carry cost of Eurobonds during the quarter, as discussed above.

The cost of credit risk increased to GEL 14.6 million, up from GEL 5.2 million in Q3 2011 and GEL 6.6 million in Q2 2012, reflecting the decline in reversals and recoveries that are characteristic to summer months as well as the pre-election considerations. The increase in provisions during the quarter was also associated with consumer and credit card lending.

As a result of the foregoing, in Q3 2012, the Bank's net operating income totalled GEL 58.2 million, up GEL 11.3 million, or 24.0% year-on-year. The Bank's net non-operating expenses for the period declined to GEL 3.1 million from GEL 8.0 million in Q2 2012, and included the write-offs of certain overhead project costs associated with IT related projects. Profit before income tax from continuing operations in the third quarter of 2012 therefore totalled GEL 55.2 million, an increase of GEL 9.1 million, or 19.9%. After income tax expense of GEL 8.5 million, the Bank's Q3 2012 profit for the period stood at GEL 46.6 million, compared to GEL 37.6 million in the third quarter of 2011 and GEL 46.3 million in the second quarter of 2012.

SEGMENT RESULTS

Strategic Businesses Segment Result Discussion

Segment result discussion is presented for the Bank of Georgia's retail banking (RB), corporate banking (CB) and wealth management (WM) operations in Georgia, excluding inter-company eliminations.

Retail banking

GEL thousands, unless otherwise noted	Nine months ended 30 Sep 12	 30 Sep 11	*Change* *Y-O-Y*
Net interest income	126,679	105,772	*19.8%*
Net fees and commission income	39,175	35,893	*9.1%*
Net gains from foreign currencies	10,954	9,532	*14.9%*
Other operating non-interest income	3,367	1,921	*NMF*
Operating income from other segments	2,195	1,244	*76.4%*
Revenue	**182,369**	**154,362**	***18.1%***
Other operating non-interest expenses	82,028	80,885	*1.4%*
Operating income before cost of credit risk	**100,341**	**73,477**	***36.6%***
Cost of credit risk	23,257	(2,680)	*NMF*
Net non-operating expenses (income)	5,120	(4,923)	*NMF*
Profit before income tax expense	**71,964**	**81,080**	***-11.2%***
Net loans, standalone	1,317,506	1,159,861	*13.6%*
Client deposits, standalone	745,109	685,935	*8.6%*
Loan yield	21.3%	21.3%	
Cost of deposits	6.2%	6.7%	
Cost / income ratio	45.0%	52.4%	

Retail banking provides consumer loans, mortgage loans, overdrafts, credit card facilities and other credit facilities as well as funds transfer and settlement services and handling customer deposits for both individuals and legal entities, encompassing the mass affluent segment, retail mass markets, SME and micro businesses.

In the first nine months of 2012 retail banking revenue grew 18.1% y-o-y to GEL 182.4 million, with growth driven by a 19.8% increase in net interest income to GEL 126.7 million reflecting the strong growth of the retail net loan book by GEL 157.6 million, or 13.6% y-o-y, to GEL 1,317.5 million as of 30 September 2012 and a reduction in the cost of deposits from 6.7% in the nine months of 2011 to 6.2% in the nine months of 2012. Net fees and commission income increased 9.1% y-o-y to GEL 39.2 million, benefiting from the growth of the Bank's card operations, while net gains from foreign currencies were up 14.9% y-o-y to GEL 11.0 million.

The strong performance of retail banking revenue and the modest growth of retail banking expenses (up 1.4% y-o-y) resulted in a 36.6% y-o-y growth in operating income before cost of credit risk during the period. Retail banking profit before income tax expense amounted to GEL 72.0 million, a decrease of 11.2% y-o-y. The decrease was largely due to a cost of credit risk of GEL 23.3 million, reflecting the impact of a number of job reductions by a large payroll client in the first half of the year. The growth of retail banking cost of risk was attributed to the consumer and credit card portfolio, while this year's retail non-operating expenses grew as a result of the allocation of BGH IPO costs to business segments.

Deposits from retail clients increased by GEL 59.2 million, or 8.6% y-o-y, to GEL 745.1 million as of 30 September 2012. On a quarter-on-quarter basis, deposits from retail clients grew by 1.4%, despite interest rate reductions that led to the decrease in the cost of retail deposits from 6.2% in Q2 2012 to 5.9% in Q3 2012. The cost of retail deposits has decreased by 33 basis points since 30 September 2011.

Highlights

- Under its express banking strategy, launched contactless Express cards for the first time in Georgia. Express cards also serve as a metro and bus transport payment card and offer loyalty programs to clients. Since the launch on 5 September 2012, approximately 124,200 Express cards have been issued as of the date of this report.
- Increased its branch network, adding 25 Express branches since 31 December 2011 bringing the total Express branches and Metro branches to 58 (of which 24 Metro branches).

- Increased number of Self Service Terminals from 85 to 155 as of 30 September 2012. Self Service Terminals are used for bank transactions such as credit card and consumer loan payments, cash deposits, utility bill payments and mobile telephone top-ups.
- Issued 196,779 debit cards, including Express cards, in Q3 2012 bringing the total debit cards outstanding to 766,132 up 49.6% y-o-y (up 43.1% year-to-date).
- Issued 17,490 credit cards of which 14,419 were American Express cards in Q3 2012. A total of 138,039 American Express cards have been issued since the launch in November 2009. The total number of credit cards outstanding amounted to 130,102 (of which 99,217 were American Express Cards), up 11.6% since September 2011 and up 1.8% year-to-date.
- Outstanding number of Retail Banking clients exceeded 979,700 up 14.9% y-o-y and 10.2% year-to-date.
- Acquired 322 new clients in the Solo business line, the Bank's mass affluent sub-brand in Q3 2012. As of 30 September 2012, the number of Solo clients reached 4,610.
- Increased Point of Sales (POS) footprint: as of 30 September 2012, 221 desks at 434 contracted merchants, up from 156 desks and 303 merchants as of 30 September 2011. GEL 36.0 million POS loans were issued in the first nine months of 2012, compared to GEL 22.5 million POS loans issued in during the same period last year. POS loans outstanding amounted to GEL 23.2 million, up from GEL 15.5 million as of 30 September 2011.
- POS terminals outstanding reached 3,528, up 27.4% y-o-y. The volume of transactions through the Bank's POS terminals grew 38.8% y-o-y to GEL 237.4 million, while number of POS transactions increased to 3.1 million in the first nine months of 2012 from 2.1 million during the same period last year.
- Consumer loan originations of GEL 322.3 million resulted in consumer loans outstanding totalling of GEL 343.8 million as of 30 September 2012, up 28.2% y-o-y and up 19.3% year-to-date.
- Micro loan originations of GEL 254.8 million resulted in micro loans outstanding totalling GEL 260.3 million as of 30 September 2012, up 8.0% y-o-y and up 6.5% year-to-date.
- SME loan originations of GEL 108.5 million resulted in SME loans outstanding totalling GEL 98.2 million as of 30 September 2012, up 59.7% y-o-y and up 32.7% year-to-date.
- Mortgage loans originations of GEL 99.9 million resulted in mortgage loans outstanding of GEL 393.2 million as of 30 September 2012, up 6.8% y-o-y and up 4.8% year-to-date.
- RB loan yield amounted to 21.7% in Q3 2012 (20.6% in Q3 2011) and RB deposit cost declined to 5.9% in Q3 2012 (6.3% in Q3 2011).

Corporate banking

GEL thousands, unless otherwise noted	**Nine months ended** **30 Sep 12**	 **30 Sep 11**	***Change*** ***Y-O-Y***
Net interest income	61,524	58,766	*4.7%*
Net fees and commission income	23,298	14,220	*63.8%*
Net gains from foreign currencies	23,464	20,699	*13.4%*
Other operating non-interest income	2,403	2,810	*-14.5%*
Operating income from other segments	4,427	6,852	*-35.4%*
Revenue	**115,116**	**103,347**	***11.4%***
Other operating non-interest expenses	38,932	39,763	*-2.1%*
Operating income before cost of credit risk	**76,184**	**63,584**	***19.8%***
Cost of credit risk	3,035	19,658	*-84.6%*
Net non-operating expenses (income)	6,196	(3,273)	*NMF*
Profit before income tax expense	**66,953**	**47,199**	***41.9%***
Net loans, standalone	1,709,096	1,386,649	*23.3%*
Client deposits, standalone	1,327,008	1,112,743	*19.3%*
Loan yield	14.2%	14.5%	
Cost of deposits	7.4%	6.9%	
Cost / income ratio	33.8%	38.5%	

Corporate banking business in Georgia comprises of loans and other credit facilities to the country's large corporate clients as well as other legal entities, excluding SME and micro businesses. The services include fund transfers and settlements services, currency conversion operations, trade finance services and documentary operations as well as handling savings and term deposits for corporate and institutional customers. Corporate banking business also includes finance lease facility provided by the Bank's leasing operations (Georgian Leasing Company).

The 11.4% y-o-y growth of corporate banking revenue in the nine months of 2012 was driven by a 4.7% y-o-y growth in net interest income to GEL 61.5 million and strong growth of net fees and commission income, up by 63.8% y-o-y to GEL 23.3

million, in line with the Bank's focus on further developing its fee generating business for corporate clients. Net gains from foreign currencies rose to GEL 23.5 million, or 13.4% y-o-y, reflecting the increase in volumes of foreign currency conversions by the Bank's corporate clients. Further improvements in operating efficiency resulted in a 2.1% decline in corporate banking operating costs to GEL 38.9 million, translating into an improved corporate banking Cost to Income ratio of 33.8%, down from 38.5% in the first nine months of 2011.

The improved credit quality of corporate clients and higher provision reversals and recoveries during the period, resulted in a significant decline of the corporate banking cost of credit risk to GEL 3.0 million in the nine months of 2012, from GEL 19.7 million in the same period last year, reflecting the improving credit quality of the Bank's corporate clients.

As a result, corporate banking posted profit before income tax expense of GEL 67.0 million, an increase of 41.9% from the same period last year.

Corporate banking net loans increased by GEL 322.4 million, or 23.3% y-o-y, to GEL 1,709.1 million during the period, while corporate banking client deposits increased by 19.3% y-o-y to GEL 1,327.0 million.

Highlights

- CB loan yield amounted to 14.2% in the nine months of 2012 (14.5% in the first nine months of 2011) and CB deposit cost amounted to 7.4% (6.9% in the nine months of 2011). The increase in corporate banking deposit cost is attributed to the strong inflow of costly GEL denominated deposits in Q4 2011 and Q1 2012. The subsequent reduction of the deposit rates have been partially reflected in Q3 2012 corporate banking deposit costs, which came down from 8.3% in Q1 2012 to 7.3% in Q2 2012 and 6.8% in Q3 2012.
- Increased the number of corporate clients using the Bank's payroll services from 2,196 as of 30 September 2011 to 3,332 as of 30 September 2012. As of 30 September 2012, the number of individual clients serviced through the corporate payroll programs administered by the Bank amounted to 203,427.
- Since its launch in June 2012, Bank of Georgia Research has initated research coverage of Georgian Electricity Sector, Georgian Oil and Gas Corporation, Georgian Railway. The Bank of Georgia research platform is aimed at supporting the growth of CB's fee generating business.
- Substantially increased the aggregate trade finance limits from international partner credit intitutions by more than US$144.0 million equivalent to US$279.2 million equivalent in various currencies (US$, EUR, CHF). The number of partner credit institutions that opened trade finance lines with the Bank increased from 10 to 13.

Asset and Wealth Management

GEL thousands, unless otherwise noted	**Nine months ended 30 Sep 12**	**30 Sep 11**	**Change Y-O-Y**
Net interest income	10,943	3,969	175.7%
Net fees and commission income	362	475	-23.9%
Net gains from foreign currencies	550	228	141.2%
Other operating non-interest income	68	71	-4.7%
Operating income from other segments	-	-	NMF
Revenue	**11,922**	**4,743**	**151.4%**
Other operating non-interest expenses	3,585	3,074	16.6%
Operating income before cost of credit risk	**8,337**	**1,669**	**NMF**
Cost of credit risk	254	(1,002)	NMF
Net non-operating expenses (income)	175	(365)	NMF
Profit before income tax expense	**7,909**	**3,036**	**160.5%**
Net loans, standalone	53,387	26,579	100.9%
Client deposits, standalone	595,285	359,090	65.8%
Loan yield	11.1%	12.9%	
Cost of deposits	9.0%	10.1%	
Cost / income ratio	30.1%	64.8%	

The Bank's wealth management business provides private banking services to resident and non-resident clients by ensuring an individual approach and exclusivity in providing banking services such as holding the clients' savings and term deposits, fund transfers, currency exchange and settlement operations. In addition, wealth management involves providing wealth and asset management services to its clients through a wide range investment opportunities and specifically designed investment products.

In the first nine months of 2012, wealth management revenue grew by 151.4% y-o-y to GEL 11.9 million, a result of the 175.7% y-o-y growth of the net interest income to GEL 10.9 million. Profit of the wealth management business grew from GEL 3.0 million in the first nine months of 2011 to GEL 7.9 million, reflecting strong revenue growth substantially in excess of the 16.6% increase in operating costs to GEL 3.6 million. Client deposits of the wealth management business grew by GEL 236.2 million, or 65.8% y-o-y, to GEL 595.3 million.

- Expanded the representative office network by opening its third representative office, for Eastern Europe, in Budapest in September 2012.
- The Asset and Wealth Management (AWM) business currently serves over 1,200 clients from more than 50 countries. Client funds attracted by AWM have grown more than three times since the end of 2009 to GEL 618.5 million as of 30 September 2012, of which approximately GEL 40 million has been attracted from clients in Hungary.

Synergistic Businesses

Insurance and Healthcare (Aldagi BCI)

	Nine months ended 30 Sep 2012				Nine months ended 30 Sep 2011				Change Y-O-Y		
GEL thousands, unless otherwise noted	**Insurance**	**Healthcare**	**Elimination**	**Total**	**Insurance**	**Healthcare**	**Elimination**	**Total**	**Insurance**	**Healthcare**	**Total**
Gross premiums written	**105,169**	**-**	**-**	**105,169**	**49,445**	**-**	**-**	**49,445**	**112.7%**	**NMF**	**112.7%**
Net insurance revenue	21,880	-	-	21,880	14,160	-	-	14,160	54.5%	NMF	54.5%
Net healthcare revenue	-	16,221	-	16,221	-	1,146	-	1,146	NMF	NMF	NMF
Net interest income	(170)	(22)	-	(192)	831	235	-	1,066	NMF	NMF	NMF
Net fees and commission income	85	-	-	85	-	-	-	-	NMF	NMF	NMF
Net (losses) gains from foreign currencies	350	(978)	-	(629)	(532)	-	-	(532)	NMF	NMF	18.2%
Other operating non-interest income	377	(865)	-	(488)	448	579	-	1,027	-15.9%	NMF	NMF
Operating income from other segments	(2,232)	1,631	(327)	(928)	(885)	1,685	(1,522)	(722)	152.3%	-3.2%	28.5%
Revenue	**20,290**	**15,987**	**(327)**	**35,949**	**14,022**	**3,645**	**(1,522)**	**16,145**	**44.7%**	**NMF**	**122.7%**
Other operating non-interest expenses	12,237	12,299	-	24,536	9,104	2,807	(95)	11,816	34.4%	NMF	107.7%
Operating income before cost of credit risk	**8,052**	**3,688**	**(327)**	**11,413**	**4,918**	**838**	**(1,427)**	**4,329**	**63.7%**	**NMF**	**163.6%**
Cost of credit risk	1,097	-	-	1,097	460	-	-	460	138.4%	NMF	138.4%
Profit before income tax expense	**6,956**	**3,688**	**-**	**10,644**	**4,458**	**838**	**-**	**5,296**	**56.0%**	**NMF**	**101.0%**

Aldagi BCI, the Bank's wholly-owned subsidiary, provides life and non-life insurance and healthcare products and services in Georgia. A leader in the Georgian life and non-life insurance markets, with a market share of 33.3% based on gross insurance premium written, Aldagi BCI cross-sells its insurance products with the Bank's retail banking, corporate banking and wealth management products. Aldagi BCI's healthcare business consists of My Family Clinic, Georgia's leading healthcare provider, operating a chain of healthcare centers in Georgia, in line with the Bank's strategy of vertically integrating its insurance and healthcare businesses.

In the nine months of 2012, insurance and healthcare revenue increased to GEL 35.9 million from GEL 16.1 million in the same period last year, reflecting the growth of both the insurance and healthcare businesses through organic growth as well as through recent acquisitions, mainly Imedi L in May 2012. The Bank's insurance operations performance benefited from triple digit growth in gross premiums written during the period and improvements in insurance claims management as a result of the successful integration with Imedi L. Insurance operating costs growth of 34.4% y-o-y compares to the 44.7% y-o-y growth of revenue, which resulted in a strong increase of 63.7% y-o-y in operating income before cost of credit risk of the insurance operation. Net healthcare revenue grew from GEL 1.1 million in the nine months of 2011 to GEL 16.2 million in nine months 2012, driving the growth of operating income in the healthcare business from GEL 0.8 million in the first nine months of last year to GEL 3.7 million this year.

As a result, Aldagi BCI posted nine month revenue of GEL 35.9 million, up 122.7% y-o-y, and profit before tax of GEL 10.6 million, up 101% y-o-y.

Highlights

- Completed the integration of business with Imedi within three months of its acquisition.
- Increased market share by GPW to 33.3% as of 30 June 2012 from 18.6% at the YE 2011.
- Increased number of insurance clients from 227,000 as of end of September 2011 to 620,000 as of 30 September 2012.
- As of Q3 2012, Aldagi BCI operated 23 hospitals with a total of 931 beds. Expected to open additional 6 hospitals with 295 beds by the YE 2012.
- In October 2012, Murtaz Kikoria replaced Nikoloz Gamkrelidze as Chief Executive Officer of Aldagi BCI. Prior to this appointment, Murtaz Kikoria served as Deputy CEO, Finance at JSC Bank of Georgia.

Affordable Housing

	Nine months ended						***Change***		
	30 September 12			**30 September 11**			***Y-O-Y,***		
	SBRE	**Mortgages**	**Total**	**SBRE**	**Mortgages**	**Total**	***SBRE***	***Mortgages***	***Total***
Net interest income	(1)	222	221	-	13	13	*NMF*	*NMF*	*NMF*
Net fees and commission income	140	-	140	-	-	-	*NMF*	*NMF*	*NMF*
Net (losses) gains from foreign currencies	(24)	-	(24)	27	-	27	*NMF*	*NMF*	*NMF*
Other operating non-interest income	3,820	-	3,820	1,014	-	1,014	*NMF*	*NMF*	*NMF*
Intersegment operating income (expense)	98	-	98	599	-	599	*-83.6%*	*NMF*	*-83.6%*
Revenue	**4,034**	**222**	**4,255**	**1,640**	**13**	**1,653**	***145.9%***	***NMF***	***157.4%***
Other operating non-interest expenses	2,478	-	2,478	1,575	-	1,575	*57.3%*	*NMF*	*57.3%*
Operating income before cost of credit risk	**1,556**	**222**	**1,777**	**65**	**13**	78	***NMF***	***NMF***	***NMF***
Cost of credit risk	-	157	157	-	22	22	*NMF*	*NMF*	*NMF*
Net non-operating expenses (income)	2	-	2	-	-	-	*NMF*	*NMF*	*NMF*
Profit before income tax expense	**1,554**	**65**	**1,619**	**65**	**(9)**	56	***NMF***	***NMF***	***NMF***

The Affordable Housing business consists of the Bank's wholly-owned subsidiary SBRE, which holds investment properties repossessed by the Bank from defaulted borrowers. With the aim to improve liquidity of these repossessed real estate assets and stimulate the Bank's mortgage lending business capitalising on the market opportunity in the affordable housing segment in Georgia, the Bank develops and leases such real estate assets through SBRE. SBRE outsources the construction and architecture works and focuses on project management and sales of apartments and mortgages through its well-established branch network and sales force, thus representing a synergistic business for the Bank's mortgage business.

In Q3 2012, SBRE completed its pilot apartment project, recognising accumulated profit of GEL 3.0 million, which compares to a net loss of GEL 1.3 million in Q2 2012.

Highlights

- Pilot project of 123 apartment building with a total buildable area of 15,015 square meters completed; 115 of the units pre-sold. The total sales from the pilot project amounted to US$8.4 million. Project IRR estimated at 43%.
- Total mortgage loans extended under pilot project of the Affordable Housing amounted to GEL equivalent of US$3.5 million. Number of mortgages sold 70.
- Construction of a second project of 522 apartment building with a total buildable area of 63,247 square meters in progress. 190 already pre-sold. The total sales from this project amounted to US$14.9 million. Number of mortgages sold 106.
- Total mortgage loans extended under the second Affordable Housing project amounted to US$6.8 million.
- Drew down the second tranche in the amount of US$5 million of the US$20 million financing raised from FMO.
- Cash balance of SBRE as of 30 September 2012 amounted to GEL 28.5 million.

Non-Core Businesses

The Bank's non-core businesses that accounted for 4.0% of total assets and 6.6% of total revenue in the first nine months of 2012, comprise BNB, our Belarus banking operation, and Liberty Consumer, a Georgia focused investment company in which the Bank holds a 67% stake. In order for the Bank to focus on its strategic businesses, the Bank has announced its intention to exit from its non-core operations. In line with its intention of exiting from its non-core operations, the Bank continued to sell and/or liquidate non-performing assets held by Liberty Consumer. As of 30 September 2012, the Bank still held Teliani Valley, a Georgian wine producer, through Liberty Consumer. The Bank intends to sell this remaining asset in due course. The Bank's 2011 consolidated results include the results of the operation of BG Bank, Ukraine for two months ended 28 February 2011. The Bank sold, its 80% equity interest in BG Bank in February 2011.

BNB

GEL thousands, unless otherwise noted	**Nine months ended**		***Change***
	30 Sep 12	**30 Sep 11**	***Y-O-Y***
Net interest income	8,590	10,480	*-18.0%*
Net fees and commission income	2,601	888	*193.0%*
Other operating non-interest income	4,665	25,953	*-82.0%*
Revenue	**15,856**	**37,321**	***-57.5%***
Other operating non-interest expenses	7,430	10,559	*-29.6%*
Operating income before cost of credit risk	**8,426**	**26,762**	***-68.5%***
Cost of credit risk	1,386	1,341	*3.3%*
Net non-operating expenses	303	15,360	*-98.0%*
Profit before income tax expense	**6,737**	**10,061**	***-33.0%***

Through BNB, the Bank provides retail banking and corporate banking services in Belarus. BNB reported strong results and continued to be profitable in the first nine months of 2012, despite the substantially weakened economic environment compared to the prior year. BNB's performance in the nine months ended 30 September 2012 resulted in a return on average equity invested in the business of 16.4%, up from 4.1% as of year-end 2010 but down 35.4% from as of year-end 2011 being affected by hyperinflation. As of 30 September 2012, BNB's total assets stood at GEL 158.6 million, loan book at GEL 87.5 million, client deposits at GEL 93.0 million and equity at GEL 43.3 million, representing 2.9%, 2.9% and 3.5% of the Bank's total assets, loan book and client deposits, respectively.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

GEL thousands, unless otherwise noted	Sep-12 YTD *Unaudited*	Sep-11 YTD *Unaudited*	Change Y-O-Y
Loans to customers	374,888	323,173	16.0%
Investment securities: available-for-sale	25,931	27,919	-7.1%
Amounts due from credit institutions	13,672	13,385	2.1%
Finance lease receivables	6,375	3,466	83.9%
Interest income	**420,866**	**367,943**	**14.4%**
Amounts due to customers	(156,199)	(117,575)	32.9%
Amounts due to credit institutions	(55,550)	(76,227)	-27.1%
Interest expense	**(211,749)**	**(193,802)**	**9.3%**
Net interest income before interest rate derivative financial instruments	**209,116**	**174,141**	**20.1%**
Net (losses) gains from interest rate derivative financial instruments	(1,538)	5,076	NMF
Net interest income	**207,578**	**179,217**	**15.8%**
Fee and commission income	81,251	67,353	20.6%
Fee and commission expense	(15,886)	(14,118)	12.5%
Net fee and commission income	**65,365**	**53,235**	**22.8%**
Net insurance premiums earned	58,220	34,881	66.9%
Net insurance claims incurred	(36,340)	(20,721)	75.4%
Net insurance revenue	**21,880**	**14,160**	**54.5%**
Healthcare revenue	38,625	2,070	NMF
Cost of healthcare services	(22,405)	(924)	NMF
Net healthcare revenue	**16,221**	**1,146**	**NMF**
Net gains from trading securities and investment securities	2,235	532	NMF
Net gains from foreign currencies, of which:	38,694	55,550	-30.3%
– dealing	23,987	33,702	-28.8%
– translation differences	14,706	21,848	-32.7%
Other operating income	17,995	14,464	24.4%
Other operating non-interest income	**58,923**	**70,546**	**-16.5%**
Revenue	**369,967**	**318,304**	**16.2%**
Salaries and other employee benefits	(90,173)	(86,266)	4.5%
General and administrative expenses	(51,763)	(45,773)	13.1%
Depreciation and amortization	(21,303)	(19,519)	9.1%
Other operating expenses	(3,947)	(4,748)	-16.8%
Other operating non-interest expenses	**(167,186)**	**(156,306)**	**7.0%**
Operating income before cost of credit risk	**202,781**	**161,998**	**25.2%**
Impairment charge on loans to customers	(25,289)	(17,022)	48.6%
Impairment charge of impairment on finance lease receivables	(209)	(122)	71.3%
Impairment (charge) reversal on other assets and provisions	(3,095)	3,717	NMF
Cost of credit risk	**(28,593)**	**(13,427)**	**112.9%**
Net operating income	**174,188**	**148,571**	**17.2%**
Net non-operating expense	**(15,445)**	**(19,629)**	**-21.3%**
Profit before income tax expense from continuing operations	**158,743**	**128,942**	**23.1%**
Income tax expense	(26,066)	(15,337)	70.0%
Profit for the period from continuing operations	**132,677**	**113,605**	**16.8%**
Net loss from discontinued operations	-	(12,247)	-100.0%
Profit for the period	**132,677**	**101,358**	**30.9%**
Attributable to:			
– shareholders of the Group	129,209	100,559	28.5%
– non-controlling interests	3,468	799	NMF
Earnings per share (basic)	**3.94**	**3.36**	**17.1%**
Earnings per share (diluted)	**3.92**	**3.18**	**23.1%**

CONSOLIDATED INCOME STATEMENT

GEL thousands, unless otherwise noted	**Q3 2012 Quarter**	**Q3 2011 Quarter**	**Change Y-O-Y**	**Q2 2012 Quarter**	**Change Q-O-Q**
	Unaudited	***Unaudited***		***Unaudited***	
Loans to customers	129,923	111,707	16.3%	126,541	2.7%
Investment securities: available-for-sale	8,125	9,567	-15.1%	7,983	1.8%
Amounts due from credit institutions	4,049	5,716	-29.2%	5,411	-25.2%
Finance lease receivables	2,241	1,744	28.5%	2,120	5.7%
Interest income	**144,338**	**128,734**	**12.1%**	**142,055**	**1.6%**
Amounts due to customers	(52,435)	(41,947)	25.0%	(49,931)	5.0%
Amounts due to credit institutions	(21,502)	(26,012)	-17.3%	(15,338)	40.2%
Interest expense	**(73,937)**	**(67,959)**	**8.8%**	**(65,269)**	**13.3%**
Net interest income before interest rate derivative financial instruments	**70,401**	**60,775**	**15.8%**	**76,786**	**-8.3%**
Net gains (losses) from interest rate derivative financial instruments	(485)	2,584	NMF	(285)	70.2%
Net interest income	**69,916**	**63,359**	**10.3%**	**76,501**	**-8.6%**
Fee and commission income	29,773	23,717	25.5%	27,355	8.8%
Fee and commission expense	(5,942)	(4,452)	33.5%	(5,537)	7.3%
Net fee and commission income	**23,831**	**19,265**	**23.7%**	**21,818**	**9.2%**
Net insurance premiums earned	25,837	11,758	119.7%	19,896	29.9%
Net insurance claims incurred	(15,915)	(6,694)	137.7%	(12,613)	26.2%
Net insurance revenue	**9,922**	**5,064**	**95.9%**	**7,283**	**36.2%**
Healthcare revenue	16,038	547	NMF	12,327	30.1%
Cost of healthcare services	(9,013)	(391)	NMF	(7,908)	14.0%
Net healthcare revenue	**7,025**	**156**	**NMF**	**4,419**	**59.0%**
Net gains (losses) from trading securities and investment securities	1,282	(200)	NMF	157	NMF
Net gains (losses) from foreign currencies, of which:	12,502	12,139	3.0%	11,833	5.7%
– dealing	6,801	12,590	-46.0%	7,343	-7.4%
– translation differences	5,701	(451)	NMF	4,490	27.0%
Other operating income	6,503	5,112	27.2%	7,132	-8.8%
Other operating non-interest income	**20,287**	**17,052**	**19.0%**	**19,121**	**6.1%**
Revenue	**130,981**	**104,896**	**24.9%**	**129,142**	**1.4%**
Salaries and other employee benefits:	(32,340)	(30,030)	7.7%	(32,000)	1.1%
Selling and administrative expenses	(18,002)	(15,191)	18.5%	(17,997)	0.0%
Depreciation and amortization	(7,384)	(6,578)	12.2%	(7,155)	3.2%
Other operating expenses	(388)	(982)	-60.3%	(1,602)	-75.7%
Other operating non-interest expenses	**(58,114)**	**(52,781)**	**10.1%**	**(58,754)**	**-1.1%**
Operating income before cost of credit risk	**72,867**	**52,115**	**39.8%**	**70,388**	**3.5%**
Impairment charge on loans to customers	(12,287)	(5,691)	115.9%	(6,142)	100.1%
Impairment (charge) reversal of impairment on finance lease receivables	32	49	-34.9%	(131)	NMF
Impairment (charge) reversal on other assets and provisions	(2,390)	477	NMF	(295)	NMF
Cost of credit risk	**(14,645)**	**(5,165)**	**183.5%**	**(6,568)**	**123.0%**
Net operating income	**58,222**	**46,950**	**24.0%**	**63,820**	**-8.8%**
Net non-operating expense	**(3,051)**	**(926)**	**NMF**	**(7,994)**	**-61.8%**
Profit before income tax expense from continuing operations	**55,171**	**46,024**	**19.9%**	**55,826**	**-1.2%**
Income tax expense	(8,528)	(8,411)	1.4%	(9,495)	-10.2%
Profit for the period from continuing operations	**46,643**	**37,613**	**24.0%**	**46,331**	**0.7%**
Net loss (from discontinued operations	-	-	NMF	(55)	-100.0%
Profit for the period	**46,643**	**37,613**	**24.0%**	**46,276**	**0.8%**
Attributable to:					
– shareholders of the Group	44,994	36,914	21.9%	45,072	-0.2%
– non-controlling interests	1,649	699	135.9%	1,204	36.9%
Earnings per share (basic)	**1.35**	**1.23**	**9.6%**	**1.33**	**1.3%**
Earnings per share (diluted)	**1.35**	**1.16**	**16.0%**	**1.33**	**1.3%**

CONSOLIDATED BALANCE SHEET

GEL thousands, unless otherwise noted	**Sep-12** ***Unaudited***	**Sep-11** ***Unaudited***	**Change Y-O-Y**	**Jun-12** ***Unaudited***	**Change Q-O-Q**
Cash and cash equivalents	666,896	492,452	35.4%	374,995	77.8%
Amounts due from credit institutions	487,275	268,338	81.6%	342,145	42.4%
Investment securities	375,853	385,582	-2.5%	414,584	-9.3%
Loans to customers and finance lease receivables	3,063,390	2,560,696	19.6%	2,923,140	4.8%
Investments in associates	3,020	3,938	-23.3%	2,865	5.4%
Investment property	149,904	104,669	43.2%	138,639	8.1%
Property and equipment	412,487	296,066	39.3%	407,428	1.2%
Goodwill	45,463	56,212	-19.1%	45,291	0.4%
Other intangible assets	20,667	20,980	-1.5%	20,313	1.7%
Current income tax assets	7,974	7,632	4.5%	7,996	-0.3%
Deferred income tax assets	15,909	13,870	14.7%	15,893	0.1%
Prepayments	47,748	26,841	77.9%	36,321	31.5%
Other assets	233,931	122,132	91.5%	205,404	13.9%
Total assets	**5,530,517**	**4,359,408**	**26.9%**	**4,935,014**	**12.1%**
Amounts due to customers, of which:	2,795,794	2,322,935	20.4%	2,846,263	-1.8%
Client deposits	*2,688,540*	*2,161,094*	*24.4%*	*2,742,601*	*-2.0%*
Prommissory notes and CDs issued	*107,254*	*161,841*	*-33.7%*	*103,662*	*3.5%*
Amounts due to credit institutions	1,454,045	1,099,722	32.2%	875,928	66.0%
Current income tax liabilities	1,376	246	NMF	910	51.2%
Deferred income tax liabilities	60,270	31,083	93.9%	54,853	9.9%
Provisions	603	320	88.3%	460	31.0%
Other liabilities	210,481	129,433	62.6%	199,206	5.7%
Total liabilities	**4,522,569**	**3,583,739**	**26.2%**	**3,977,620**	**13.7%**
Share capital	965	31,368	-96.9%	922	4.7%
Additional paid-in capital	-	474,665	-100.0%	-	NMF
Treasury shares	(68)	(1,602)	-95.8%	(66)	2.4%
Other reserves	15,979	26,117	-38.8%	11,511	38.8%
Retained earnings	945,007	218,337	NMF	899,934	5.0%
Total equity attributable to shareholders of the Group	**961,883**	**748,885**	**28.4%**	**912,301**	**5.4%**
Non-controlling interests	46,065	26,784	72.0%	45,093	2.2%
Total equity	**1,007,948**	**775,669**	**29.9%**	**957,394**	**5.3%**
Total liabilities and equity	**5,530,517**	**4,359,408**	**26.9%**	**4,935,014**	**12.1%**
Book value per share (basic)	**28.81**	**25.16**	**14.5%**	**27.37**	**5.3%**

CONSOLIDATED INCOME STATEMENT

GEL thousands, unless otherwise noted	Sep 12 YTD *Unaudited*	USD Sep 11 YTD *Unaudited*	Change Y-O-Y	Sep 12 YTD *Unaudited*	GBP Sep 11 YTD *Unaudited*	Change Y-O-Y
Loans to customers	225,932	194,565	16.1%	139,462	124,345	12.2%
Investment securities: available-for-sale	15,628	16,809	-7.0%	9,647	10,742	-10.2%
Amounts due from credit institutions	8,240	8,058	2.2%	5,086	5,150	-1.2%
Finance lease receivables	3,841	2,087	84.1%	2,371	1,334	77.8%
Interest income	**253,641**	**221,519**	**14.5%**	**156,566**	**141,571**	**10.6%**
Amounts due to customers	(94,136)	(70,786)	33.0%	(58,108)	(45,239)	28.4%
Amounts due to credit institutions	(33,478)	(45,892)	-27.1%	(20,665)	(29,329)	-29.5%
Interest expense	**(127,614)**	**(116,678)**	**9.4%**	**(78,773)**	**(74,568)**	**5.6%**
Net interest income before interest rate derivative financial instruments	**126,027**	**104,841**	**20.2%**	**77,793**	**67,003**	**16.1%**
Net (losses) gains from interest rate derivative financial instruments	(927)	3,056	NMF	(572)	1,953	NMF
Net interest income	**125,100**	**107,897**	**15.9%**	**77,221**	**68,956**	**12.0%**
Fee and commission income	48,967	40,550	20.8%	30,226	25,915	16.6%
Fee and commission expense	(9,574)	(8,500)	12.6%	(5,910)	(5,432)	8.8%
Net fee and commission income	**39,393**	**32,050**	**22.9%**	**24,316**	**20,483**	**18.7%**
Net insurance premiums earned	35,087	21,000	67.1%	21,659	13,421	61.4%
Net insurance claims incurred	(21,901)	(12,475)	75.6%	(13,520)	(7,973)	69.6%
Net insurance revenue	**13,186**	**8,525**	**54.7%**	**8,139**	**5,448**	**49.4%**
Healthcare revenue	23,278	1,246	NMF	14,369	796	NMF
Cost of healthcare services	(13,502)	(556)	NMF	(8,335)	(355)	NMF
Net healthcare revenue	**9,776**	**690**	**NMF**	**6,034**	**441**	**NMF**
Net gains from trading securities and investment securities	1,347	320	NMF	831	205	NMF
Net gains from foreign currencies, of which:	23,319	33,444	-30.3%	14,394	21,373	-32.7%
– dealing	14,456	20,290	-28.8%	8,924	12,967	-31.2%
– translation differences	8,863	13,153	-32.6%	5,471	8,406	-34.9%
Other operating income	10,845	8,708	24.5%	6,695	5,565	20.3%
Other operating non-interest income	**35,511**	**42,472**	**-16.4%**	**21,921**	**27,144**	**-19.2%**
Revenue	**222,966**	**191,634**	**16.4%**	**137,631**	**122,472**	**12.4%**
Salaries and other employee benefits	(54,344)	(51,936)	4.6%	(33,545)	(33,192)	1.1%
General and administrative expenses	(31,196)	(27,557)	13.2%	(19,256)	(17,612)	9.3%
Depreciation and amortization	(12,839)	(11,751)	9.3%	(7,925)	(7,510)	5.5%
Other operating expenses	(2,379)	(2,859)	-16.8%	(1,469)	(1,827)	-19.6%
Other operating non-interest expenses	**(100,758)**	**(94,103)**	**7.1%**	**(62,195)**	**(60,141)**	**3.4%**
Operating income before cost of credit risk	**122,208**	**97,531**	**25.3%**	**75,436**	**62,331**	**21.0%**
Impairment charge on loans to customers	(15,241)	(10,248)	48.7%	(9,408)	(6,549)	43.6%
Impairment charge of impairment on finance lease receivables	(126)	(73)	71.5%	(78)	(47)	65.6%
Impairment (charge) reversal on other assets and provisions	(1,864)	2,237	NMF	(1,150)	1,430	NMF
Cost of credit risk	**(17,231)**	**(8,084)**	**113.2%**	**(10,636)**	**(5,166)**	**105.9%**
Net operating income	**104,977**	**89,447**	**17.4%**	**64,800**	**57,165**	**13.4%**
Net non-operating expense	**(9,308)**	**(11,818)**	**-21.2%**	**(5,746)**	**(7,553)**	**-23.9%**
Profit before income tax expense from continuing operations	**95,669**	**77,629**	**23.2%**	**59,054**	**49,612**	**19.0%**
Income tax expense	(15,709)	(9,233)	70.1%	(9,697)	(5,901)	64.3%
Profit for the period from continuing operations	**79,960**	**68,396**	**16.9%**	**49,357**	**43,711**	**12.9%**
Net loss from discontinued operations	-	(7,373)	-100.0%	-	(4,712)	-100.0%
Profit for the period	**79,960**	**61,023**	**31.0%**	**49,357**	**38,999**	**26.6%**
Attributable to:						
– shareholders of the Group	77,870	60,541	28.6%	48,067	38,692	24.2%
– non-controlling interests	2,090	482	NMF	1,290	307	NMF
Earnings per share (basic)	**2.37**	**2.02**	**17.2%**	**1.46**	**1.29**	**13.2%**
Earnings per share (diluted)	**2.36**	**1.92**	**23.3%**	**1.46**	**1.22**	**19.1%**

CONSOLIDATED INCOME STATEMENT

			USD					GBP		
	Q3 2012	**Q3 2011**	**Change**	**Q2 2012**	**Change**	**Q3 2012**	**Q3 2011**	**Change**	**Q2 2012**	**Change**
GEL thousands, unless otherwise noted	**Quarter** *Unaudited*	**Quarter** *Unaudited*	**Y-O-Y**	**Quarter** *Unaudited*	**Q-O-Q**	**Quarter** *Unaudited*	**Quarter** *Unaudited*	**Y-O-Y**	**Quarter** *Unaudited*	**Q-O-Q**
Loans to customers	78,300	67,253	16.4%	76,920	1.8%	48,333	42,981	12.5%	49,282	-1.9%
Investment securities: available-for-sale	4,897	5,760	-15.0%	4,852	0.9%	3,023	3,681	-17.9%	3,109	-2.8%
Amounts due from credit institutions	2,440	3,441	-29.1%	3,289	-25.8%	1,506	2,199	-31.5%	2,107	-28.5%
Finance lease receivables	1,350	1,050	28.7%	1,289	4.8%	835	671	24.3%	826	1.0%
Interest income	**86,987**	**77,504**	**12.2%**	**86,350**	**0.7%**	**53,695**	**49,532**	**8.4%**	**55,324**	**-2.9%**
Amounts due to customers	(31,600)	(25,254)	25.1%	(30,351)	4.1%	(19,506)	(16,140)	20.9%	(19,446)	0.3%
Amounts due to credit institutions	(12,959)	(15,661)	-17.3%	(9,324)	39.0%	(7,999)	(10,008)	-20.1%	(5,973)	33.9%
Interest expense	**(44,559)**	**(40,915)**	**8.9%**	**(39,675)**	**12.3%**	**(27,505)**	**(26,148)**	**5.2%**	**(25,419)**	**8.2%**
Net interest income before interest rate derivative financial instruments	**42,428**	**36,589**	**16.0%**	**46,675**	**-9.1%**	**26,190**	**23,384**	**12.0%**	**29,904**	**-12.4%**
Net (losses) gains from interest rate derivative financial instruments	(292)	1,556	NMF	(173)	68.7%	(181)	994	NMF	(111)	62.6%
Net interest income	**42,136**	**38,145**	**10.5%**	**46,502**	**-9.4%**	**26,009**	**24,378**	**6.7%**	**29,793**	**-12.7%**
Fee and commission income	17,943	14,279	25.7%	16,628	7.9%	11,076	9,125	21.4%	10,654	4.0%
Fee and commission expense	(3,581)	(2,681)	33.6%	(3,366)	6.4%	(2,211)	(1,713)	29.0%	(2,157)	2.5%
Net fee and commission income	**14,362**	**11,598**	**23.8%**	**13,262**	**8.3%**	**8,865**	**7,412**	**19.6%**	**8,497**	**4.3%**
Net insurance premiums earned	15,571	7,079	120.0%	12,094	28.8%	9,612	4,524	112.5%	7,748	24.0%
Net insurance claims incurred	(9,591)	(4,030)	138.0%	(7,667)	25.1%	(5,921)	(2,576)	129.9%	(4,912)	20.5%
Net insurance revenue	**5,980**	**3,049**	**96.1%**	**4,427**	**35.1%**	**3,691**	**1,948**	**89.4%**	**2,836**	**30.1%**
Healthcare revenue	9,666	329	NMF	7,493	29.0%	5,966	211	NMF	4,801	24.3%
Cost of healthcare services	(5,432)	(235)	NMF	(4,807)	13.0%	(3,353)	(151)	NMF	(3,080)	8.9%
Net healthcare revenue	**4,234**	**94**	**NMF**	**2,686**	**57.6%**	**2,613**	**60**	**NMF**	**1,721**	**51.9%**
Net gains from trading securities and investment securities	773	(120)	NMF	95	NMF	477	(77)	NMF	61	NMF
Net gains (losses) from foreign currencies, of which:	7,535	7,308	3.1%	7,193	4.7%	4,651	4,671	-0.4%	4,608	0.9%
– dealing	4,099	7,580	-45.9%	4,464	-8.2%	2,530	4,844	-47.8%	2,860	-11.5%
– translation differences	3,436	(272)	NMF	2,729	25.9%	2,121	(174)	NMF	1,749	21.3%
Other operating income	3,918	3,078	27.3%	4,335	-9.6%	2,420	1,968	23.0%	2,779	-12.9%
Other operating non-interest income	**12,226**	**10,266**	**19.1%**	**11,624**	**5.2%**	**7,548**	**6,562**	**15.0%**	**7,448**	**1.3%**
Revenue	**78,938**	**63,152**	**25.0%**	**78,501**	**0.6%**	**48,726**	**40,360**	**20.7%**	**50,295**	**-3.1%**
Salaries and other employee benefits:	(19,490)	(18,080)	7.8%	(19,452)	0.2%	(12,031)	(11,554)	4.1%	(12,463)	-3.5%
Selling and administrative expenses	(10,849)	(9,146)	18.6%	(10,940)	-0.8%	(6,697)	(5,845)	14.6%	(7,009)	-4.5%
Depreciation and amortization	(4,450)	(3,960)	12.4%	(4,349)	2.3%	(2,747)	(2,531)	8.5%	(2,787)	-1.4%
Other operating expenses	(235)	(590)	-60.3%	(974)	-75.9%	(144)	(378)	-61.6%	(623)	-76.8%
Other operating non-interest expenses	**(35,024)**	**(31,776)**	**10.2%**	**(35,715)**	**-1.9%**	**(21,619)**	**(20,308)**	**6.5%**	**(22,882)**	**-5.5%**
Operating income before cost of credit risk	**43,914**	**31,376**	**40.0%**	**42,786**	**2.6%**	**27,107**	**20,052**	**35.2%**	**27,413**	**-1.1%**
Impairment charge on loans to customers	(7,405)	(3,426)	116.1%	(3,733)	98.3%	(4,571)	(2,190)	108.8%	(2,392)	91.1%
Impairment (charge) reversal of impairment on finance lease receivables	19	30	-34.8%	(79)	NMF	12	19	-37.0%	(51)	NMF
Impairment (charge) reversal on other assets and provisions	(1,440)	286	NMF	(179)	NMF	(889)	184	NMF	(115)	NMF
Cost of credit risk	**(8,826)**	**(3,110)**	**183.8%**	**(3,992)**	**121.1%**	**(5,448)**	**(1,987)**	**174.1%**	**(2,558)**	**113.0%**
Net operating income (loss)	**35,088**	**28,266**	**24.1%**	**38,794**	**-9.6%**	**21,659**	**18,065**	**19.9%**	**24,855**	**-12.9%**
Net non-operating expense (income)	**(1,838)**	**(558)**	**NMF**	**(4,859)**	**-62.2%**	**(1,135)**	**(357)**	**NMF**	**(3,113)**	**-63.5%**
Profit (before income tax expense from continuing operations	**33,250**	**27,708**	**20.0%**	**33,935**	**-2.0%**	**20,524**	**17,708**	**15.9%**	**21,742**	**-5.6%**
Income tax expense	(5,140)	(5,063)	1.5%	(5,772)	-11.0%	(3,172)	(3,236)	-2.0%	(3,698)	-14.2%
Profit for the period from continuing operations	**28,110**	**22,645**	**24.1%**	**28,163**	**-0.2%**	**17,352**	**14,472**	**19.9%**	**18,044**	**-3.8%**
Net loss (gain) from discontinued operations	-	-	NMF	(33)	-100.0%	-	-	NMF	(22)	-100.0%
Profit for the period	**28,110**	**22,645**	**24.1%**	**28,130**	**-0.1%**	**17,352**	**14,472**	**19.9%**	**18,022**	**-3.7%**
Attributable to:										
– shareholders of the Group	27,116	22,224	22.0%	27,398	-1.0%	16,738	14,203	17.8%	17,553	-4.6%
– non-controlling interests	994	421	136.2%	732	35.7%	614	269	128.1%	469	30.8%
Earnings per share (basic)	**0.81**	**0.74**	**16.2%**	**0.81**	**0.4%**	**0.50**	**0.47**	**5.9%**	**0.52**	**-3.3%**
Earnings per share (diluted)	**0.81**	**0.70**	**20.3%**	**0.81**	**2.9%**	**0.50**	**0.45**	**12.2%**	**0.52**	**-3.3%**

CONSOLIDATED BALANCE SHEET

	USD					GBP				
GEL thousands, unless otherwise noted	**Sep 12**	**Sep 11**	**Change Y-O-Y**	**Jun 12**	**Change Q-O-Q**	**Sep 12**	**Sep 11**	**Change Y-O-Y**	**Jun 12**	**Change Q-O-Q**
	Unaudited	***Unaudited***		***Unaudited***		***Unaudited***	***Unaudited***		***Unaudited***	
Cash and cash equivalents	401,914	296,479	35.6%	227,947	76.3%	248,092	189,477	30.9%	146,043	69.9%
Amounts due from credit institutions	293,663	161,552	81.8%	207,978	41.2%	181,271	103,247	75.6%	133,250	36.0%
Investment securities	226,513	232,138	-2.4%	252,012	-10.1%	139,821	148,358	-5.8%	161,461	-13.4%
Loans to customers and finance lease receivables	1,846,194	1,541,659	19.8%	1,776,877	3.9%	1,139,612	985,262	15.7%	1,138,428	0.1%
Investments in associates	1,820	2,371	-23.2%	1,742	4.5%	1,123	1,515	-25.9%	1,116	0.7%
Investment property	90,342	63,016	43.4%	84,274	7.2%	55,766	40,273	38.5%	53,993	3.3%
Property and equipment	248,591	178,246	39.5%	247,662	0.4%	153,449	113,915	34.7%	158,674	-3.3%
Goodwill	27,399	33,842	-19.0%	27,531	-0.5%	16,913	21,628	-21.8%	17,639	-4.1%
Other intangible assets	12,455	12,631	-1.4%	12,347	0.9%	7,688	8,072	-4.8%	7,911	-2.8%
Current income tax assets	4,806	4,595	4.6%	4,860	-1.1%	2,966	2,937	1.0%	3,114	-4.7%
Deferred income tax assets	9,588	8,350	14.8%	9,661	-0.8%	5,918	5,337	10.9%	6,190	-4.4%
Prepayments	28,776	16,160	78.1%	22,078	30.3%	17,763	10,327	72.0%	14,145	25.6%
Other assets	140,982	73,529	91.7%	124,857	12.9%	87,026	46,993	85.2%	79,995	8.8%
Total assets	**3,333,043**	**2,624,568**	**27.0%**	**2,999,826**	**11.1%**	**2,057,408**	**1,677,341**	**22.7%**	**1,921,959**	**7.0%**
Amounts due to customers, of which:	1,684,924	1,398,516	20.5%	1,730,146	-2.6%	1,040,063	893,780	16.4%	1,108,488	-6.2%
Client deposits	*1,620,286*	*1,301,080*	*24.5%*	*1,667,134*	*-2.8%*	*1,000,163*	*831,510*	*20.3%*	*1,068,116*	*-6.4%*
Prommissory notes and CDs issued	*64,638*	*97,436*	*-33.7%*	*63,013*	*2.6%*	*39,900*	*62,270*	*-35.9%*	*40,372*	*-1.2%*
Amounts due to credit institutions	876,300	662,084	32.4%	532,447	64.6%	540,919	423,133	27.8%	341,133	58.6%
Current income tax liabilities	829	148	NMF	553	50.0%	512	95	NMF	354	44.5%
Deferred income tax liabilities	36,323	18,713	94.1%	33,343	8.9%	22,421	11,960	87.5%	21,363	5.0%
Provisions	363	193	88.5%	280	29.9%	224	123	82.1%	179	25.2%
Other liabilities	126,850	77,925	62.8%	121,090	4.8%	78,302	49,800	57.2%	77,581	0.9%
Total liabilities	**2,725,589**	**2,157,579**	**26.3%**	**2,417,858**	**12.7%**	**1,682,441**	**1,378,891**	**22.0%**	**1,549,098**	**8.6%**
Share capital	582	18,885	-96.9%	560	3.8%	359	12,069	-97.0%	359	0.0%
Additional paid-in capital	-	285,771	-100.0%	-	NMF	-	182,634	-100.0%	-	NMF
Treasury shares	(41)	(964)	-95.8%	(40)	1.5%	(25)	(616)	-95.9%	(26)	-2.2%
Other reserves	9,630	15,724	-38.8%	6,997	37.6%	5,944	10,049	-40.8%	4,483	32.6%
Retained earnings	569,521	131,448	NMF	547,039	4.1%	351,552	84,008	NMF	350,483	0.3%
Total equity attributable to shareholders of the Group	**579,692**	**450,864**	**28.6%**	**554,557**	**4.5%**	**357,830**	**288,144**	**24.2%**	**355,299**	**0.7%**
Non-controlling interests	27,762	16,125	72.2%	27,411	1.3%	17,137	10,306	66.3%	17,562	-2.4%
Total equity	**607,454**	**466,989**	**30.1%**	**581,968**	**4.4%**	**374,967**	**298,450**	**25.6%**	**372,861**	**0.6%**
Total liabilities and equity	**3,333,043**	**2,624,568**	**27.0%**	**2,999,826**	**11.1%**	**2,057,408**	**1,677,341**	**22.7%**	**1,921,959**	**7.0%**
Book value per share (basic)	**17.36**	**15.15**	**14.6%**	**16.64**	**4.4%**	**10.72**	**9.68**	**10.7%**	**10.66**	**0.5%**

KEY RATIOS YTD	Sep-12	Sep-11
Profitability		
ROAA, Annualised[1]	3.6%	3.3%
ROAE, Annualised[2]	19.4%	18.9%
Net Interest Margin, Annualised[3]	7.8%	7.9%
Loan Yield, Annualised[4]	17.6%	17.5%
Cost of Funds, Annualised[5]	7.5%	7.8%
Cost of Client Deposits, Annualised	7.5%	7.3%
Cost of Amounts Due to Credit Institutions, Annualised	7.6%	8.7%
Operating Leverage, Y-O-Y[6]	9.3%	25.6%
Efficiency		
Cost / Income[7]	45.2%	49.1%
Liquidity		
NBG Liquidity Ratio[8]	42.0%	31.2%
Liquid Assets To Total Liabilities[9]	33.8%	32.0%
Net Loans To Customer Funds	109.6%	110.2%
Leverage (Times)[10]	4.5	4.6
Asset Quality:		
NPLs (in GEL)	102,719	108,884
NPLs To Gross Loans To Clients	3.2%	4.1%
NPL Coverage Ratio[11]	105.2%	112.2%
Cost of Risk, Annualised[12]	1.2%	0.9%
Capital Adequacy:		
BIS Tier I Capital Adequacy Ratio, Consolidated[13]	20.3%	17.9%
BIS Total Capital Adequacy Ratio, Consolidated[14]	25.8%	26.1%
NBG Tier I Capital Adequacy Ratio[15]	13.4%	10.8%
NBG Total Capital Adequacy Ratio[16]	15.9%	15.0%
Per Share Values:		
Basic EPS (GEL)[17]	**3.94**	**3.36**
Diluted EPS (GEL)	**3.92**	**3.18**
Book Value Per Share (GEL), Basic[18]	**28.81**	**25.16**
Ordinary Shares Outstanding - Weighted Average, Basic[19]	32,830,379	29,918,693
Ordinary Shares Outstanding - Weighted Average, Diluted[20]	33,241,639	33,393,307
Ordinary Shares Outstanding - Period End, Basic	33,388,904	29,765,803
Treasury Shares Outstanding - Period End	(2,520,479)	(1,602,317)
Selected Operating Data:		
Full Time Employees, Group, Of Which:	10,537	5,392
- Full Time Employees, BOG Stand-Alone	*3,635*	*3,288*
- Full Time Employees, Aldagi BCI Insurance	*509*	*330*
- Full Time Employees, Aldagi BCI Healthcare	*5,514*	*749*
- Full Time Employees, BNB	*306*	*269*
- Full Time Employees, Other	*573*	*756*
Total Assets Per FTE, BOG Stand-Alone (in GEL thousands)	1,521	1,326
Number Of Active Branches, Of Which:	187	147
- Flagship Branches	*34*	*34*
- Standard Branches	*95*	*89*
- Express Branches (including Metro)	*58*	*24*
Number Of ATMs	468	410
Number Of Cards Outstanding, Of Which:	896,234	628,497
- Debit cards	*766,132*	*511,952*
- Credit cards	*130,102*	*116,545*
Number Of POS Terminals	3,528	2,769

OTHER RATIOS YTD	Sep 12	Sep 11
Profitability Ratios:		
ROE, Annualised,	17.9%	18.0%
Interest Income / Average Int. Earning Assets, Annualised[21]	15.9%	16.3%
Net F&C Inc. To Av. Int. Earn. Ass., Annualised	2.2%	2.1%
Net Fee And Commission Income To Revenue	17.7%	16.7%
Revenue to Total Assets, Annualised	8.9%	9.8%
Recurring Earning Power, Annualised[22]	5.5%	5.3%
Profit To Revenue	35.9%	31.8%
Efficiency Ratios:		
Operating Cost to Av. Total Ass., Annualised[23]	4.5%	5.1%
Cost to Average Total Assets, Annualised	4.9%	5.9%
Personne Cost to Revenue	24.4%	27.1%
Personnel Cost to Operating Cost	53.9%	55.2%
Personnel Cost to Average Total Assets, Annualised	2.4%	2.8%
Liquidity Ratios:		
Liquid Assets To Total Assets	27.7%	26.3%
Net Loans to Total Assets	55.4%	58.7%
Average Net Loans to Average Total Assets	56.4%	57.3%
Interest Earning Assets to Total Assets	77.1%	81.4%
Avererage Interest Earning Assets/Average Total Assets	79.8%	81.4%
Net Loans to Client Deposits	113.9%	118.5%
Average Net Loans to Av. Client Deposits	105.3%	115.9%
Net Loans to Total Deposits	100.4%	104.0%
Net Loans to (Total Deposits + Equity)	75.5%	79.1%
Net Loans to Total Liabilities	67.7%	71.5%
Total Deposits to Total Liabilities	67.5%	68.7%
Client Deposits to Total Deposits	88.1%	87.8%
Client Deposits to Total Liabilties	59.4%	60.3%
Total Deposits to Total Assets	55.2%	56.5%
Client Deposits to Total Assets	48.6%	49.6%
Client Deposits to Total Equity (Times)	2.7	2.8
Total Equity to Net Loans	32.9%	30.3%
Asset Quality:		
Reserve For Loan Losses to Gross Loans to Clients[24]	3.4%	4.6%
% of Loans to Clients collateralised	85.0%	87.9%
Equity to Average Net Loans to Clients	32.9%	30.3%

KEY RATIOS QUARTERLY	Q3 2012	Q3-2011	Q2-2012
Profitability			
ROAA, Annualised[1]	3.4%	3.5%	4.0%
ROAE, Annualised[2]	19.2%	20.0%	20.0%
Net Interest Margin, Annualised[3]	7.3%	7.9%	9.0%
Loan Yield, Annualised[4]	17.0%	17.2%	18.0%
Cost of Funds, Annualised[5]	7.1%	7.8%	7.5%
Cost of Client Deposits, Annualised	7.1%	7.4%	7.4%
Cost of Amounts Due to Credit Institutions, Annualised	6.7%	9.6%	7.7%
Operating Leverage, Y-O-Y[6]	14.8%	25.3%	-3.6%
Efficiency			
Cost / Income[7]	44.4%	50.3%	45.5%
Liquidity			
NBG Liquidity Ratio[8]	42.0%	31.2%	35.2%
Liquid Assets To Total Liabilities[9]	33.8%	32.0%	28.5%
Net Loans To Customer Funds	109.6%	110.2%	102.7%
Leverage (Times)[10]	4.5	4.6	4.2
Asset Quality:			
NPLs (in GEL)	102,719	108,884	100,121
NPLs To Gross Loans To Clients	3.2%	4.1%	3.3%
NPL Coverage Ratio[11]	105.2%	112.2%	115.2%
Cost of Risk, Annualised[12]	1.6%	0.9%	0.9%
Capital Adequacy:			
BIS Tier I Capital Adequacy Ratio, Consolidated[13]	20.3%	17.9%	21.9%
BIS Total Capital Adequacy Ratio, Consolidated[14]	25.8%	26.1%	28.1%
NBG Tier I Capital Adequacy Ratio[15]	13.4%	10.8%	15.0%
NBG Total Capital Adequacy Ratio[16]	15.9%	15.0%	17.8%
Per Share Values:			
Basic EPS (GEL)[17]	**1.35**	**1.23**	**1.33**
Diluted EPS (GEL)	**1.35**	**1.16**	**1.33**
Book Value Per Share (GEL), Basic[18]	**28.81**	**22.53**	**27.37**
Ordinary Shares Outstanding - Weighted Average, Basic[19]	33,350,984	29,982,199	33,829,260
Ordinary Shares Outstanding - Weighted Average, Diluted[20]	33,350,984	33,456,812	33,829,260
Ordinary Shares Outstanding - Period End, Basic	33,388,904	29,765,803	33,332,636
Treasury Shares Outstanding - Period End	(2,520,479)	(1,602,317)	(2,576,747)
Selected Operating Data:			
Full Time Employees, Group, Of Which:	10,537	5,392	10,538
- Full Time Employees, BOG Stand-Alone	*3,635*	*3,288*	*3,533*
- Full Time Employees, Aldagi BCI Insurance	*509*	*330*	*654*
- Full Time Employees, Aldagi BCI Healthcare	*5,514*	*749*	*5,491*
- Full Time Employees, BNB	*306*	*269*	*277*
- Full Time Employees, Other	*573*	*756*	*583*
Total Assets Per FTE, BOG Stand-Alone (in GEL thousands)	1,521	1,326	1,397
Number Of Active Branches, Of Which:	187	147	179
- Flagship Branches	*34*	*34*	*34*
- Standard Branches	*95*	*89*	*95*
- Express Branches (including Metro)	*58*	*24*	*50*
Number Of ATMs	468	410	459
Number Of Cards Outstanding, Of Which:	896,234	628,497	745,295
- Debit cards	*766,132*	*511,952*	*600,431*
- Credit cards	*130,102*	*116,545*	*144,864*
Number Of POS Terminals	3,528	2,769	3,233

OTHER RATIOS QUARTERLY	Q3 2012	Q3 2011	Q2 2012
Profitability Ratios:			
ROE, Annualised,	18.6%	19.6%	19.9%
Interest Income / Average Int. Earning Assets, Annualised[21]	15.0%	16.1%	16.7%
Net F&C Inc. To Av. Int. Earn. Ass., Annualised	2.2%	2.2%	2.3%
Net Fee And Commission Income To Revenue	18.2%	18.4%	16.9%
Operating Leverage, Q-O-Q	2.5%	-12.2%	0.8%
Revenue to Total Assets, Annualised	9.4%	9.5%	10.5%
Recurring Earning Power, Annualised[22]	5.3%	4.9%	6.0%
Profit To Revenue	35.6%	35.9%	35.8%
Efficiency Ratios:			
Operating Cost to Av. Total Ass., Annualised[23]	4.3%	5.0%	5.0%
Cost to Average Total Assets, Annualised	4.5%	5.1%	5.7%
Personne Cost to Revenue	24.7%	28.6%	24.8%
Personnel Cost to Operating Cost	55.6%	56.9%	54.5%
Personnel Cost to Average Total Assets, Annualised	2.4%	2.8%	2.7%
Liquidity Ratios:			
Liquid Assets To Total Assets	27.7%	26.3%	22.9%
Net Loans to Total Assets	55.4%	58.7%	59.2%
Average Net Loans to Average Total Assets	55.0%	59.0%	58.9%
Interest Earning Assets to Total Assets	77.1%	81.4%	79.8%
Avererage Interest Earning Assets/Average Total Assets	79.2%	82.0%	79.8%
Net Loans to Client Deposits	113.9%	118.5%	106.6%
Average Net Loans to Av. Client Deposits	106.0%	119.0%	107.2%
Net Loans to Total Deposits	100.4%	104.0%	99.1%
Net Loans to (Total Deposits + Equity)	75.5%	79.1%	74.8%
Net Loans to Total Liabilities	67.7%	71.5%	73.5%
Total Deposits to Total Liabilities	67.5%	68.7%	74.2%
Client Deposits to Total Deposits	88.1%	87.8%	92.9%
Client Deposits to Total Liabilties	59.4%	60.3%	69.0%
Total Deposits to Total Assets	55.2%	56.5%	59.8%
Client Deposits to Total Assets	48.6%	49.6%	55.6%
Client Deposits to Total Equity (Times)	2.7	2.8	2.9
Total Equity to Net Loans	32.9%	30.3%	32.8%
Asset Quality:			
Reserve For Loan Losses to Gross Loans to Clients[24]	3.5%	4.7%	3.9%
% of Loans to Clients collateralised	85.0%	87.9%	86.9%
Equity to Average Net Loans to Clients	32.9%	30.3%	32.8%

NOTES TO KEY RATIOS

1 Return On Average Total Assets (ROAA) equals Profit for the period from continuing operations divided by monthly Average Total Assets for the same period;
2 Return On Average Total Equity (ROAE) equals Profit for the period from continuing operations attributable to shareholders of the Bank divided by monthly Average Equity attributable to shareholders of the Bank for the same period;
3 Net Interest Margin equals Net Interest Income of the period (adjusted for the gains or losses from revaluation of interest rate derivatives) divided by monthly Average Interest Earning Assets Including Cash for the same period; Interest Earning Assets Including Cash include: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares and other equity instruments) and Loans To Customers And Finance Lease Receivables;
4 Loan Yield equals Interest Income From Loans To Customers And Finance Lease Receivables divided by monthly Average Gross Loans To Customers And Finance Lease Receivables;
5 Cost Of Funds equals Interest Expense of the period (adjusted for the gains or losses from revaluation of interest rate derivatives) divided by monthly Average Interest Bearing Liabilities; Interest Bearing Liabilities Include: Amounts Due To Credit Institutions and Amounts Due To Customers;
6 Operating Leverage equals percentage change in Revenue less percentage change in Other Operating Non-Interest Expenses;
7 Cost / Income Ratio equals Other Operating Non-Interest Expenses divided by Revenue;
8 Average liquid assets during the month (as defined by NBG) divided by selected average liabilities and selected average off-balance sheet commitments (both as defined by NBG);
9 Liquid Assets include: Cash And Cash Equivalents, Amounts Due From Credit Institutions and Investment Securities;
10 Leverage (Times) equals Total Liabilities divided by Total Equity;
11 NPL Coverage Ratio equals Allowance For Impairment Of Loans And Finance Lease Receivables divided by NPLs;
12 Cost Of Risk equals Impairment Charge for Loans To Customers And Finance Lease Receivables for the period divided by monthly average Gross Loans To Customers And Finance Lease Receivables over the same period;
13 BIS Tier I Capital Adequacy Ratio equals Tier I Capital divided by Total Risk Weighted Assets, both calculated in accordance with the requirements of Basel Accord I;
14 BIS Total Capital Adequacy Ratio equals Total Capital divided by Total Risk Weighted Assets, both calculated in accordance with the requirements of Basel Accord I;
15 NBG Tier I Capital Adequacy Ratio equals Tier I Capital a divided by Total Risk Weighted Assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
16 NBG Total Capital Adequacy Ratio equals Total Capital divided by Total Risk Weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
17 Basic EPS equals Profit for the period from continuing operations attributable to shareholders of the Bank divided by the weighted average number of outstanding ordinary shares over the same period;
18 Book Value Per Share equals Total Equity attributable to shareholders of the Bank divided by Net Ordinary Shares Outstanding at period end; Net Ordinary Shares Outstanding equals total number of Ordinary Shares Outstanding at period end less number of Treasury Shares at period end;
19 Weighted average number of ordinary shares equal average of daily outstanding number of shares less daily outstanding number of treasury shares;
20 Weighted average diluted number of ordinary shares equals weighted average number of ordinary shares plus weighted average dilutive number of shares known to the management during the same period;
21 Average Interest Earning Assets are calculated on a monthly basis; Interest Earning Assets Excluding Cash include: Investment Securities (but excluding corporate shares and other equity instruments) and Loans To Customers And Finance Lease Receivables;
22 Recurring Earning Power equals Operating Income Before Cost of Credit Risk for the period divided by monthly average Total Assets of the same period;
23 Operating Cost equals Other Operating Non-Interest Expenses;
24 Reserve For Loan Losses To Gross Loans equals Allowance For Impairment Of Loans And Finance Lease Receivables divided by Gross Loans And Finance Lease Receivables.