

Bank: JSC "PROGRESS BANK"

Date: 31-Mar-09

## Balance Sheet

in lari

N	ASSETS	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Cash	31,013	357,387	388,400	0	0	0
2	Due from NBG	19,877	40,978	60,855	65,834	0	65,834
3	Due from Banks	2,536,158	470,005	3,006,163	2,374,584	0	2,374,584
4	Dealing Securities	0	0	0	0	0	0
5	Investment Securities	0	0	0	8,701,611	0	8,701,611
6.1	Loans	4,948,443	1,007,010	5,955,453	0	0	0
6.2	Less: Loan Loss Reserves	(98,969)	(20,140)	(119,109)	0	0	0
6	Net Loans	4,849,474	986,870	5,836,344	0	0	0
7	Accrued Interest and Dividends Receivable	44,954	13,045	57,999	4,027	0	4,027
8	Other Real Estate Owned & Repossessed Assets	0	X	0	0	X	0
9	Equity Investments	0	0	0	0	0	0
10	Fixed Assets and Intangible Assets	3,050,953	X	3,050,953	616,679	X	616,679
11	Other Assets	194,763	6,192	200,955	444,162	0	444,162
12	<b>TOTAL ASSETS</b>	<b>10,727,192</b>	<b>1,874,477</b>	<b>12,601,669</b>	<b>12,206,897</b>	<b>0</b>	<b>12,206,897</b>
	<b>LIABILITIES</b>						
13	Due to Banks	0	0	0	0	0	0
14	Current (Accounts) Deposits	32,664	146,011	178,675	0	0	0
15	Demand Deposits	96,760	24,190	120,950	0	0	0
16	Time Deposits	0	18,937	18,937	0	0	0
17	Own Debt Securities			0	0	0	0
18	Borrowings	0	0	0	155,000	0	155,000
19	Accrued Interest and Dividends Payable	68,734	35	68,769	1,529	0	1,529
20	Other Liabilities	1,664	21,773	23,437	7,555	0	7,555
21	Subordinated Debentures	1,400,000	0	1,400,000	0	0	0
22	<b>Total Liabilities</b>	<b>1,599,822</b>	<b>210,946</b>	<b>1,810,768</b>	<b>164,084</b>	<b>0</b>	<b>164,084</b>
	<b>EQUITY CAPITAL</b>						
23	Common Stock	12,000,000	X	12,000,000	12,000,000	X	12,000,000
24	Preferred Stock	0	X	0	0	X	0
25	Less: Repurchased Shares	0	X	0	0	X	0
26	Share Premium	0	X	0	0	X	0
27	General Reserves	0	X	0	0	X	0
28	Retained Earnings	(1,209,099)	X	(1,209,099)	42,813	X	42,813
29	Asset Revaluation Reserves	0	X	0	0	X	0
30	<b>Total Equity Capital</b>	<b>10,790,901</b>	<b>X</b>	<b>10,790,901</b>	<b>12,042,813</b>	<b>X</b>	<b>12,042,813</b>
31	<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>	<b>12,390,723</b>	<b>210,946</b>	<b>12,601,669</b>	<b>12,206,897</b>	<b>0</b>	<b>12,206,897</b>

General Director

Chief Accountant

Bank: JSC "PROGRESS BANK"

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sheet N2

## Income Statement

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N		Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
	<b>Interest Income</b>						
1	Interest Income from Bank's "Nostro" and Deposit Accounts	157,444	7,328	164,772	10,944	0	10,944
2	Interest Income from Loans	157,392	47,212	204,604	0	0	0
2.1	from the Interbank Loans			0	0	0	0
2.2	from the Retail or Service Sector Loans	140,998	89	141,088	0	0	0
2.3	from the Energy Sector Loans			0	0	0	0
2.4	from the Agriculture and Forestry Sector Loans			0	0	0	0
2.5	from the Construction Sector Loans	12,913		12,913	0	0	0
2.6	from the Mining and Mineral Processing Sector Loans			0	0	0	0
2.7	from the Transportation or Communications Sector Loans			0	0	0	0
2.8	from Individuals Loans	3,480		3,480	0	0	0
2.9	from Other Sectors Loans		47,123	47,123	0	0	0
3	Interest and Discount Income from Securities			0	67,445	0	67,445
4	Other Interest Income	11,684	191	11,875	0	0	0
5	<b>Total Interest Income</b>	<b>326,520</b>	<b>54,731</b>	<b>381,251</b>	<b>78,389</b>	<b>0</b>	<b>78,389</b>
	<b>Interest Expense</b>						
6	Interest Paid on Demand Deposits	187	118	305	0	0	0
7	Interest Paid on Time Deposits		35	35	0	0	0
8	Interest Paid on Banks Deposits			0	0	0	0
9	Interest Paid on Own Debt Securities			0	0	0	0
10	Interest Paid on Other Borrowings	24,164		24,164	1,529	0	1,529
11	Other Interest Expenses			0	0	0	0
12	<b>Total Interest Expense</b>	<b>24,351</b>	<b>153</b>	<b>24,504</b>	<b>1,529</b>	<b>0</b>	<b>1,529</b>
13	<b>Net Interest Income</b>	<b>302,169</b>	<b>54,578</b>	<b>356,747</b>	<b>76,860</b>	<b>0</b>	<b>76,860</b>
	<b>Non-Interest Income</b>						
14	Net Fee and Commission Income	(101)	(884)	(985)	(4)	(327)	(331)
14.1	Fee and Commission Income	7,289	2,838	10,127	0	0	0
14.2	Fee and Commission Expense	7,390	3,722	11,112	4	327	331
15	Dividend Income			0	0	0	0
16	Gain (Loss) from Dealing Securities			0	0	0	0
17	Gain (Loss) from Investment Securities			0	0	0	0
18	Gain (Loss) from Foreign Exchange Trading	16,792		16,792	(340)	0	(340)
19	Gain (Loss) from Foreign Exchange Translation	(15,506)		(15,506)	(12)	0	(12)
20	Gain (Loss) on Sales of Fixed Assets			0	0	0	0
21	Non-Interest Income from other Banking Operations	7,682		7,682	0	0	0
22	Other Non-Interest Income	6,619		6,619	0	0	0
23	<b>Total Non-Interest Income</b>	<b>15,486</b>	<b>(884)</b>	<b>14,602</b>	<b>(356)</b>	<b>(327)</b>	<b>(683)</b>
	<b>Non-Interest Expenses</b>						
24	Non-Interest Expenses from other Banking Operations	4,792		4,792	0	0	0
25	Bank Development, Consultation and Marketing Expenses	6,772	2,065	8,837	153	0	153
26	Personnel Expenses	245,734		245,734	25,320	0	25,320
27	Operating Costs of Fixed Assets			0	0	0	0
28	Depreciation Expense	69,975		69,975	336	0	336
29	Other Non-Interest Expenses	105,456		105,456	0	0	0
30	<b>Total Non-Interest Expenses</b>	<b>432,729</b>	<b>2,065</b>	<b>434,794</b>	<b>25,809</b>	<b>0</b>	<b>25,809</b>
31	<b>Net Non-Interest Income</b>	<b>(417,243)</b>	<b>(2,949)</b>	<b>(420,192)</b>	<b>(26,165)</b>	<b>(327)</b>	<b>(26,492)</b>
32	<b>Net Income before Provisions</b>	<b>(115,074)</b>	<b>51,629</b>	<b>(63,445)</b>	<b>50,695</b>	<b>(327)</b>	<b>50,368</b>
33	Loan Loss Reserve	61,085	X	61,085	0	X	0
34	Provision for Possible Losses on Investments and Securities		X	0	0	X	0
35	Provision for Possible Losses on Other Assets	(7,921)	X	(7,921)	0	X	0
36	<b>Total Provisions for Possible Losses</b>	<b>53,164</b>	<b>0</b>	<b>53,164</b>	<b>0</b>	<b>0</b>	<b>0</b>
37	<b>Net Income before Taxes and Extraordinary Items</b>	<b>(168,238)</b>	<b>51,629</b>	<b>(116,609)</b>	<b>50,695</b>	<b>(327)</b>	<b>50,368</b>
38	Taxation			0	7,555	0	7,555
39	<b>Net Income after Taxation</b>	<b>(168,238)</b>	<b>51,629</b>	<b>(116,609)</b>	<b>43,140</b>	<b>(327)</b>	<b>42,813</b>
40	Extraordinary Items			0	0	0	0
41	<b>Net Income</b>	<b>(168,238)</b>	<b>51,629</b>	<b>(116,609)</b>	<b>43,140</b>	<b>(327)</b>	<b>42,813</b>

General Director

Chief Accountant

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## Off Balance Sheet Items

in lari

N		Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	<b>Conditional Obligations</b>	7,230,640	83,011,787	90,242,427	0	0	0
1.1	Acceptances and Endorsements			0	0	0	0
1.2	Guarantees Given	8,400	96,674	105,074	0	0	0
1.3	Guarantees Received	5,097,040	70,235,190	75,332,230	0	0	0
1.4	Pledged Assets Given			0	0	0	0
1.5	Pledged Assets Received	2,125,200	12,679,923	14,805,123	0	0	0
1.6	Other Contingent Liabilities			0	0	0	0
2	<b>Legally Binding Obligations</b>	867,733	0	867,733	0	0	0
2.1	Funding Commitments of the Bank	867,733		867,733	0	0	0
2.2	Funding Commitments of other Parties			0	0	0	0
2.3	Commitments to Purchase Investment Securities			0	0	0	0
2.4	Commitments to Sell Investment Securities			0	0	0	0
2.5	Foreign Exchange Operations			0	0	0	0
2.6	Forward Foreign Exchange Contracts			0	0	0	0
2.7	Other Commitments			0	0	0	0
3	<b>Other Liabilities</b>	8,400	96,674	105,074	0	0	0
3.1	Obligation Of the Issuer (endorser) to the Bank			0	0	0	0
3.2	Clients' Liabilities	8,400	96,674	105,074	0	0	0
3.3	Third Parties' Clients' Liability to the Bank			0	0	0	0
4	<b>Items to be Held in Safekeeping</b>	0	0	0	0	0	0
4.1	Precious Metals			0	0	0	0
4.2	Securities			0	0	0	0
4.3	Other Items			0	0	0	0
5	<b>Interest Rate Contracts</b>	0	0	0	0	0	0
5.1	Notional Value of Interest Rate Swaps			0	0	0	0
5.2	Forward Contracts on Financial Instruments			0	0	0	0
5.3	Futures Contracts on Financial Instruments			0	0	0	0
5.4	Options			0	0	0	0
6	<b>Contracts on Commodities and Shareholders Capital</b>	0	0	0	0	0	0
6.1	Notional Value of Swaps			0	0	0	0
6.2	Forward Contracts			0	0	0	0
6.3	Futures Contracts			0	0	0	0
6.4	Options			0	0	0	0
7	<b>Unsettled Documents</b>	107,179	0	107,179	0	0	0
7.1	Accounting Documents not Paid in due Time by Reason of Client	107,179		107,179	0	0	0
7.2	Accounting Documents not Paid in due Time by Reason of Bank			0	0	0	0
7.3	Unissued Capital			0	0	0	0
8	<b>Written Off Loans</b>	436	0	436	0	0	0
8.1	Unpaid Interest on Loans up to 31.12.2000			0	0	0	0
8.2	Unpaid Interest on Loans from to 01.01.2001	436		436	0	0	0
8.3	Problem Loans Written off up to 31.12.2000			0	0	0	0
8.4	Problem Loans Written off up to 01.01.2001			0	0	0	0
8.5	Other Written Off Assets			0	0	0	0
9	<b>Other Valuables and Documents</b>	1,568	3,283	4,851	0	0	0
9.1	Undistributed value parcels			0	0	0	0
9.2	Small value inventory	141		141	0	0	0
9.3	Strict reporting forms	1,427	3,283	4,710	0	0	0
9.4	Payment of Special Lottery			0	0	0	0
10	<b>Total</b>	8,215,956	83,111,744	91,327,700	0	0	0

General Director

Chief Accountant

Date: 31-Mar-09

**Economic Ratios**

		Reporting Period	Respective period of the previous year
	<b>CAPITAL</b>		
1	Tier 1 Capital Ratio $\geq$ 8%	67.72%	532.82%
2	Regulatory Capital Ratio $\geq$ 12%	76.56%	534.72%
3	Risk Weighted Assets/Total Assets	125.92%	18.45%
4	Cash Dividend/Net Income	0%	0%
	<b>Income</b>		
5	Total Interest Income /Average Annual Assets	11.94%	2.60%
6	Total Interest Expense / Average Annual Assets	0.77%	0.05%
7	Earnings from Operations / Average Annual Assets	-1.50%	1.67%
8	Net Interest Margin	11.17%	2.55%
9	Return on Average Assets (ROA)	-3.65%	1.42%
10	Return on Average Equity (ROE)	-4.32%	1.43%
	<b>ASSET QUALITY</b>		
11	Non Performed Loans / Total Loans	0.00%	0.00%
12	LLR/Total Loans	2.00%	0.00%
13	FX Loans/Total Loans	16.91%	0.00%
14	FX Assets/Total Assets	14.87%	0.00%
15	Loan Growth-YTD	105.28%	0.00%
	<b>LIQUIDITY</b>		
16	Liquid Assets/Total Assets	27.41%	20.00%
17	FX Liabilities/Total Liabilities	11.65%	0.00%
18	Current & Demand Deposits/Total Assets	2.38%	0.00%

General Director

Chief Accountant

Bank: JSC "PROGRESS BANK"

Date: 31-Mar-09

**Information about Supervisory Council, Directorate and Shareholders**

<b>Members of Supervisory Council</b>		
1	Stuart Spenc Murdoch	
2	Jonathan New	
3	Kakha Kaladze	
<b>Members of Board of Directors</b>		
1	Konstantine Sulamanidze	
2	Ilia Kechakmadze	
3	Lasha Amaghlobeli	
<b>List of Shareholders owning 1% and more of issued capital, indicating Shares</b>		
	name	share
1	LTD "KALA CAPITAL"	100%
<b>List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares</b>		
	name	share
1	Kakha Kaladze	100%

General Director

Chief Accountant