

Bank: JSC "PROGRESS BANK"

Date: 30-Jun-10

Balance Sheet

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| N | ASSETS | Reporting Period | | | Respective period of the previous year | | |
|-----|--|-------------------|------------------|-------------------|--|------------------|-------------------|
| | | GEL | FX | Total | GEL | FX | Total |
| 1 | Cash | 136,484 | 694,151 | 830,635 | 198,291 | 695,094 | 893,385 |
| 2 | Due from NBG | 79,565 | 31,729 | 111,294 | 34,216 | 40,951 | 75,167 |
| 3 | Due from Banks | 108,357 | 304,212 | 412,569 | 2,603,048 | 859,566 | 3,462,614 |
| 4 | Dealing Securities | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Investment Securities | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.1 | Loans | 8,727,659 | 124,039 | 8,851,697 | 4,777,744 | 116,053 | 4,893,797 |
| 6.2 | Less: Loan Loss Reserves | (375,070) | (2,481) | (377,551) | (163,555) | (2,321) | (165,876) |
| 6 | Net Loans | 8,352,589 | 121,558 | 8,474,147 | 4,614,189 | 113,732 | 4,727,921 |
| 7 | Accrued Interest and Dividends Receivable | 79,104 | 707 | 79,811 | 30,899 | 469 | 31,368 |
| 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 | 3,179,538 | X | 3,179,538 | 3,473,252 | X | 3,473,252 |
| 11 | Other Assets | 195,747 | 4,429 | 200,176 | 351,371 | 6,831 | 358,202 |
| 12 | TOTAL ASSETS | 12,131,384 | 1,156,786 | 13,288,170 | 11,305,266 | 1,716,643 | 13,021,909 |
| | LIABILITIES | | | | | | |
| 13 | Due to Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | Current (Accounts) Deposits | 260,823 | 171,372 | 432,195 | 109,852 | 77,849 | 187,701 |
| 15 | Demand Deposits | 130,727 | 83,719 | 214,446 | 1,641 | 62,077 | 63,718 |
| 16 | Time Deposits | 3,000 | 6,115 | 9,115 | 0 | 18,809 | 18,809 |
| 17 | Own Debt Securities | | | 0 | | | 0 |
| 18 | Borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | Accrued Interest and Dividends Payable | 191,327 | 111 | 191,438 | 93,167 | 247 | 93,414 |
| 20 | Other Liabilities | 18,577 | 0 | 18,577 | 8,791 | 4,922 | 13,713 |
| 21 | Subordinated Debentures | 1,400,000 | 0 | 1,400,000 | 1,400,000 | 0 | 1,400,000 |
| 22 | Total Liabilities | 2,004,454 | 261,317 | 2,265,771 | 1,613,451 | 163,904 | 1,777,355 |
| | EQUITY CAPITAL | | | | | | |
| 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 | (977,601) | X | (977,601) | (755,446) | X | (755,446) |
| 29 | Asset Revaluation Reserves | 0 | X | 0 | 0 | X | 0 |
| 30 | Total Equity Capital | 11,022,399 | X | 11,022,399 | 11,244,554 | X | 11,244,554 |
| 31 | TOTAL LIABILITIES AND EQUITY CAPITAL | 13,026,853 | 261,317 | 13,288,170 | 12,858,005 | 163,904 | 13,021,909 |

General Director

Chief Accountant

Bank: JSC "PROGRESS BANK"

Date: 30-Jun-10

sheet N2

Income Statement

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| N | | Reporting Period | | | Respective period of the previous year | | |
|------|---|------------------|-----------------|----------------|--|-----------------|----------------|
| | | GEL | FX | Total | GEL | FX | Total |
| | Interest Income | | | | | | |
| 1 | Interest Income from Bank's "Nostro" and Deposit Accounts | 4,533 | 333 | 4,866 | 210,657 | 9,725 | 220,382 |
| 2 | Interest Income from Loans | 839,382 | 10,707 | 850,089 | 426,646 | 90,119 | 516,765 |
| 2.1 | from the Interbank Loans | | | 0 | | | 0 |
| 2.2 | from the Retail or Service Sector Loans | 472,328 | 4,979 | 477,307 | 381,145 | 156 | 381,301 |
| 2.3 | from the Energy Sector Loans | | | 0 | | | 0 |
| 2.4 | from the Agriculture and Forestry Sector Loans | 4,852 | | 4,852 | | | 0 |
| 2.5 | from the Construction Sector Loans | 16,481 | | 16,481 | 15,378 | | 15,378 |
| 2.6 | from the Mining and Mineral Processing Sector Loans | | | 0 | | | 0 |
| 2.7 | from the Transportation or Communications Sector Loans | | | 0 | | | 0 |
| 2.8 | from Individuals Loans | 265,296 | 5,728 | 271,024 | 30,123 | | 30,123 |
| 2.9 | from Other Sectors Loans | 80,425 | | 80,425 | | 89,963 | 89,963 |
| 3 | Interest and Discount Income from Securities | | | 0 | | | 0 |
| 4 | Other Interest Income | 6,930 | 1,613 | 8,543 | 11,830 | 1,695 | 13,525 |
| 5 | Total Interest Income | 850,845 | 12,653 | 863,497 | 649,133 | 101,539 | 750,672 |
| | Interest Expense | | | | | | |
| 6 | Interest Paid on Demand Deposits | 2,818 | 2,410 | 5,228 | 372 | 438 | 810 |
| 7 | Interest Paid on Time Deposits | 160 | 1,971 | 2,131 | | 361 | 361 |
| 8 | Interest Paid on Banks Deposits | | | 0 | | | 0 |
| 9 | Interest Paid on Own Debt Securities | | | 0 | | | 0 |
| 10 | Interest Paid on Other Borrowings | 48,597 | | 48,597 | 48,597 | | 48,597 |
| 11 | Other Interest Expenses | | | 0 | | | 0 |
| 12 | Total Interest Expense | 51,575 | 4,381 | 55,956 | 48,969 | 799 | 49,768 |
| 13 | Net Interest Income | 799,270 | 8,272 | 807,541 | 600,164 | 100,740 | 700,904 |
| | Non-Interest Income | | | | | | |
| 14 | Net Fee and Commission Income | (10,805) | (16,753) | (27,558) | (12,129) | (16,752) | (28,881) |
| 14.1 | Fee and Commission Income | 18,281 | 23,424 | 41,705 | 10,569 | 4,972 | 15,541 |
| 14.2 | Fee and Commission Expense | 29,086 | 40,177 | 69,263 | 22,698 | 21,724 | 44,422 |
| 15 | Dividend Income | | | 0 | | | 0 |
| 16 | Gain (Loss) from Dealing Securities | | | 0 | | | 0 |
| 17 | Gain (Loss) from Investment Securities | | | 0 | | | 0 |
| 18 | Gain (Loss) from Foreign Exchange Trading | 69,821 | | 69,821 | 49,881 | | 49,881 |
| 19 | Gain (Loss) from Foreign Exchange Translation | (90,462) | | (90,462) | (51,244) | | (51,244) |
| 20 | Gain (Loss) on Sales of Fixed Assets | | | 0 | | | 0 |
| 21 | Non-Interest Income from other Banking Operations | 258,165 | | 258,165 | 11,473 | | 11,473 |
| 22 | Other Non-Interest Income | 55,963 | | 55,963 | 19,195 | | 19,195 |
| 23 | Total Non-Interest Income | 282,682 | (16,753) | 265,929 | 17,176 | (16,752) | 424 |
| | Non-Interest Expenses | | | | | | |

Annex to Transparency Regulation about Financial Condition of a Commercial Bank

| N | | Reporting Period | | | Respective period of the previous year | | |
|----|---|------------------|-----------------|------------------|--|-----------------|------------------|
| | | GEL | FX | Total | GEL | FX | Total |
| 24 | Non-Interest Expenses from other Banking Operations | | | 0 | 4,792 | | 4,792 |
| 25 | Bank Development, Consultation and Marketing Expenses | 58,002 | 12,148 | 70,150 | 14,982 | 2,065 | 17,047 |
| 26 | Personnel Expenses | 522,620 | 24 | 522,644 | 563,267 | | 563,267 |
| 27 | Operating Costs of Fixed Assets | 2,400 | | 2,400 | | | 0 |
| 28 | Depreciation Expense | 162,290 | | 162,290 | 156,372 | | 156,372 |
| 29 | Other Non-Interest Expenses | 92,938 | | 92,938 | 166,608 | 6,764 | 173,372 |
| 30 | Total Non-Interest Expenses | 838,250 | 12,172 | 850,422 | 906,021 | 8,829 | 914,850 |
| 31 | Net Non-Interest Income | (555,568) | (28,925) | (584,493) | (888,845) | (25,581) | (914,426) |
| 32 | Net Income before Provisions | 243,702 | (20,653) | 223,048 | (288,681) | 75,159 | (213,522) |
| 33 | Loan Loss Reserve | 161,523 | X | 161,523 | 107,852 | X | 107,852 |
| 34 | Provision for Possible Losses on Investments and Securities | | X | 0 | | X | 0 |
| 35 | Provision for Possible Losses on Other Assets | 15,808 | X | 15,808 | (4,770) | X | (4,770) |
| 36 | Total Provisions for Possible Losses | 177,331 | 0 | 177,331 | 103,082 | 0 | 103,082 |
| 37 | Net Income before Taxes and Extraordinary Items | 66,371 | (20,653) | 45,717 | (391,763) | 75,159 | (316,604) |
| 38 | Taxation | 6,857 | | 6,857 | (47,528) | | (47,528) |
| 39 | Net Income after Taxation | 59,514 | (20,653) | 38,860 | (344,235) | 75,159 | (269,076) |
| 40 | Extraordinary Items | | | 0 | (250) | | (250) |
| 41 | Net Income | 59,514 | (20,653) | 38,860 | (344,485) | 75,159 | (269,326) |

General Director

Chief Accountant

Bank: JSC "PROGRESS BANK"

Date: 30-Jun-10

Off Balance Sheet Items

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| N | | Reporting Period | | | Respective period of the previous year | | |
|-----|---|------------------|------------|------------|--|------------|------------|
| | | GEL | FX | Total | GEL | FX | Total |
| 1 | Conditional Obligations | 2,198,468 | 61,053,927 | 63,252,395 | 8,222,240 | 84,671,371 | 92,893,611 |
| 1.1 | Acceptances and Endorsements | | | 0 | | | 0 |
| 1.2 | Guarantees Given | 876,928 | | 876,928 | 16,540 | 49,224 | 65,764 |
| 1.3 | Guarantees Received | 953,600 | 41,995,208 | 42,948,808 | 6,006,800 | 69,726,300 | 75,733,100 |
| 1.4 | Pledged Assets Given | | | 0 | | | 0 |
| 1.5 | Pledged Assets Received | 367,940 | 19,058,719 | 19,426,659 | 2,198,900 | 14,895,847 | 17,094,747 |
| 1.6 | Other Contingent Liabilities | | | 0 | | | 0 |
| 2 | Legally Binding Obligations | 1,025,080 | 0 | 1,025,080 | 772,852 | 878,687 | 1,651,539 |
| 2.1 | Funding Commitments of the Bank | 1,025,080 | | 1,025,080 | 772,852 | 878,687 | 1,651,539 |
| 2.2 | Funding Commitments of other Parties | | | 0 | | | 0 |
| 2.3 | Commitments to Purchase Investment Securities | | | 0 | | | 0 |
| 2.4 | Commitments to Sell Investment Securities | | | 0 | | | 0 |
| 2.5 | Foreign Exchange Operations | | | 0 | | | 0 |
| 2.6 | Forward Foreign Exchange Contracts | | | 0 | | | 0 |
| 2.7 | Other Commitments | | | 0 | | | 0 |
| 3 | Other Liabilities | 876,928 | 0 | 876,928 | 16,540 | 49,224 | 65,764 |
| 3.1 | Obligation Of the Issuer (endorser) to the Bank | | | 0 | | | 0 |
| 3.2 | Clients' Liabilities | 876,928 | | 876,928 | 16,540 | 49,224 | 65,764 |
| 3.3 | Third Parties' Clients' Liability to the Bank | | | 0 | | | 0 |
| 4 | Items to be Held in Safekeeping | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.1 | Precious Metals | | | 0 | | | 0 |
| 4.2 | Securities | | | 0 | | | 0 |
| 4.3 | Other Items | | | 0 | | | 0 |
| 5 | Interest Rate Contracts | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.1 | Notional Value of Interest Rate Swaps | | | 0 | | | 0 |
| 5.2 | Forward Contracts on Financial Instruments | | | 0 | | | 0 |
| 5.3 | Futures Contracts on Financial Instruments | | | 0 | | | 0 |
| 5.4 | Options | | | 0 | | | 0 |
| 6 | Contracts on Commodities and Shareholders Capital | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.1 | Notional Value of Swaps | | | 0 | | | 0 |
| 6.2 | Forward Contracts | | | 0 | | | 0 |
| 6.3 | Futures Contracts | | | 0 | | | 0 |
| 6.4 | Options | | | 0 | | | 0 |
| 7 | Unsettled Documents | 620,337 | 0 | 620,337 | 47,437 | 0 | 47,437 |
| 7.1 | Accounting Documents not Paid in due Time by Reason of Client | 620,337 | | 620,337 | 47,437 | | 47,437 |
| 7.2 | Accounting Documents not Paid in due Time by Reason of Bank | | | 0 | | | 0 |
| 7.3 | Unissued Capital | | | 0 | | | 0 |
| 8 | Written Off Loans | 23,850 | 0 | 23,850 | 27 | 0 | 27 |
| 8.1 | Unpaid Interest on Loans up to 31.12.2000 | | | 0 | | | 0 |
| 8.2 | Unpaid Interest on Loans from to 01.01.2001 | 23,850 | | 23,850 | 27 | | 27 |
| 8.3 | Problem Loans Written off up to 31.12.2000 | | | 0 | | | 0 |
| 8.4 | Problem Loans Written off up to 01.01.2001 | | | 0 | | | 0 |
| 8.5 | Other Written Off Assets | | | 0 | | | 0 |
| 9 | Other Valuables and Documents | 1,258 | 7,969 | 9,227 | 1,435 | 17,161 | 18,596 |
| 9.1 | Undistributed value parcels | | | 0 | | | 0 |
| 9.2 | Small value inventory | 224 | | 224 | 141 | | 141 |
| 9.3 | Strict reporting forms | 1,034 | 7,969 | 9,003 | 1,294 | 17,161 | 18,455 |
| 9.4 | Payment of Special Lottery | | | 0 | | | 0 |
| 10 | Total | 4,745,921 | 61,061,896 | 65,807,817 | 9,060,531 | 85,616,443 | 94,676,974 |

General Director

Chief Accountant

Date: 30-Jun-10

Economic Ratios

| | | Reporting Period | Respective period of the previous year |
|----|--|------------------|--|
| | CAPITAL | | |
| 1 | Tier 1 Capital Ratio \geq 8% | 66.00% | 72.80% |
| 2 | Regulatory Capital Ratio \geq 12% | 75.68% | 80.59% |
| 3 | Risk Weighted Assets/Total Assets | 123.19% | 119.53% |
| 4 | Cash Dividend/Net Income | 0.00% | 0% |
| | Income | | |
| 5 | Total Interest Income /Average Annual Assets | 13.30% | 11.73% |
| 6 | Total Interest Expense / Average Annual Assets | 0.86% | 0.78% |
| 7 | Earnings from Operations / Average Annual Assets | 4.83% | -2.54% |
| 8 | Net Interest Margin | 12.44% | 10.95% |
| 9 | Return on Average Assets (ROA) | 0.60% | -4.21% |
| 10 | Return on Average Equity (ROE) | 0.71% | -4.92% |
| | ASSET QUALITY | | |
| 11 | Non Performed Loans / Total Loans | 4.27% | 0.00% |
| 12 | LLR/Total Loans | 4.27% | 3.39% |
| 13 | FX Loans/Total Loans | 1.40% | 2.37% |
| 14 | FX Assets/Total Assets | 8.71% | 13.18% |
| 15 | Loan Growth-YTD | 45.81% | 68.68% |
| | LIQUIDITY | | |
| 16 | Liquid Assets/Total Assets | 10.13% | 33.98% |
| 17 | FX Liabilities/Total Liabilities | 11.53% | 9.22% |
| 18 | Current & Demand Deposits/Total Assets | 4.87% | 1.93% |

General Director

Chief Accountant

Bank: JSC "PROGRESS BANK"

Date: 30-Jun-10

Information about Supervisory Council, Directorate and Shareholders

| Members of Supervisory Council | | |
|--|-------------------------|-------|
| 1 | Lorenzo Cipriani | |
| 2 | Ilia Kechakmadze | |
| 3 | Kakha Kaladze | |
| Members of Board of Directors | | |
| 1 | Konstantine Sulamanidze | |
| 2 | Ilia Kechakmadze | |
| 3 | Akaki Kordzadze | |
| List of Shareholders owning 1% and more of issued capital, indicating Shares | | |
| | name | share |
| 1 | LTD "KALA CAPITAL" | 100% |
| List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares | | |
| | name | share |
| 1 | Kakha Kaladze | 100% |

General Director

Chief Accountant