



თბილისი ბანკი  
T B C B A N K

**TBC Bank Group**  
**Consolidated Statement of Changes in Equity**

Independent Auditor "Pricewaterhousecoopers" has audited the accompanying consolidated financial statements of TBC Bank Group and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as of 31 December 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

**Income Statement**

<i>In thousands of GEL</i>	Notes	2010	2009
Interest income	28	271,805	264,934
Interest expense	28	(108,991)	(102,692)
<b>Net interest income</b>		<b>162,814</b>	<b>162,242</b>
Provision for loan impairment	8	(31,320)	(94,055)
<b>Net interest income after provision for loan impairment</b>		<b>131,494</b>	<b>68,187</b>
Fee and commission income	29	29,832	25,979
Fee and commission expense	29	(11,060)	(9,027)
Gains less losses from trading in foreign currencies		22,842	17,733
Foreign exchange translation (losses less gains)/gains less losses		(964)	334
Losses on initial recognition of assets at rates below market		-	(3,365)
Impairment of investment securities available for sale	9	-	(257)
Gains from disposal of investment securities available for sale	9	-	7,920
(Provision for) / recovery of liabilities, charges and credit related commitments	20	(3,092)	35
(Provision for) / recovery of impairment of investments in finance lease	12	(900)	445
Provision for impairment of other financial assets	11	(713)	(179)
Other operating income	30	8,595	9,472
Administrative and other operating expenses	31	(116,396)	(111,569)
<b>Profit before tax from continuing operations</b>		<b>59,638</b>	<b>5,708</b>
Income tax expense	32	(6,922)	(981)
<b>Profit for the year from continuing operations</b>		<b>52,716</b>	<b>4,727</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	17	(3,281)	(1,767)
<b>Profit for the year</b>		<b>49,435</b>	<b>2,960</b>
<b>Other comprehensive income:</b>			
Available-for-sale investments:			
- Revaluation	9	(286)	1,072
- Reclassification adjustments for gains less losses included in profit or loss	9	-	(788)
Exchange differences on translation to presentation currency		1,062	(224)
Income tax recorded directly in other comprehensive income		41	(41)
<b>Other comprehensive income for the year</b>		<b>817</b>	<b>19</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>50,252</b>	<b>2,979</b>
<b>Profit is attributable to:</b>			
- Owners of the Bank		49,374	2,831
- Non-controlling interest		61	129

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<b>Profit for the year</b>	<b>49,435</b>	<b>2,960</b>
<b>Total comprehensive income is attributable to:</b>		
- Owners of the Bank	50,191	2,850
- Non-controlling interest	61	129
<b>Total comprehensive income for the year</b>	<b>50,252</b>	<b>2,979</b>

**Balance Sheet**

<i>In thousands of GEL</i>	Notes	31 December 2010	31 December 2009
<b>ASSETS</b>			
Cash and cash equivalents	6	275,425	332,848
Due from other banks	7	74,736	37,249
Loans and advances to customers	8	1,380,955	988,428
Investment securities available for sale	9	216,323	3,619
Current income tax prepayment		2,500	2,193
Investment securities held to maturity	10	28,986	115,496
Other financial assets	11	4,239	7,009
Investments in finance leases	12	9,681	14,090
Other assets	13	94,828	71,876
Premises and equipment	14	144,429	148,291
Intangible assets	14	3,560	5,178
Investment properties	15	27,742	9,785
Goodwill	16	1,262	1,958
Assets of disposal group classified as held for sale	17	3,115	-
<b>TOTAL ASSETS</b>		<b>2,267,781</b>	<b>1,738,020</b>
<b>LIABILITIES</b>			
Due to other banks	18	47,762	27,366
Customer accounts	19	1,365,352	991,172
Deferred income tax liability	32	7,294	1,369
Provisions for liabilities and charges	20	6,881	5,289
Other financial liabilities	21	3,932	5,725
Other liabilities	22	19,681	6,602
Other borrowed funds	23	280,906	223,401
Subordinated debt	24	158,401	150,353
Liabilities of disposal group classified as held for sale	17	300	-
<b>TOTAL LIABILITIES</b>		<b>1,890,509</b>	<b>1,411,277</b>
<b>EQUITY</b>			
Share capital	25	15,113	15,000
<b>TBC Bank Group</b>			
<b>Consolidated Statement of Changes in Equity</b>			
Share premium	25	201,723	201,723
Retained earnings		123,423	71,920
Other reserves	27	31,813	32,806
<b>Net assets attributable to the Bank's equity holders</b>		<b>372,072</b>	<b>321,449</b>
Non-controlling interest		5,200	5,294
<b>TOTAL EQUITY</b>		<b>377,272</b>	<b>326,743</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,267,781</b>	<b>1,738,020</b>

<i>In thousands of GEL</i>	Note	Attributable to equity holders of the Bank				Total	Non-controlling interest	Total equity
		Share capital	Share premium	Other reserves (note 27)	Retained earnings			
<b>Balance at 1 January 2009</b>		11,700	138,748	32,787	69,089	252,324	5,165	257,489
Total comprehensive income for 2009		-	-	19	2,831	2,850	129	2,979
Share issue	26	3,300	62,700	-	-	66,000	-	66,000
Share based payment	27	-	275	-	-	275	-	275
<b>Balance at 31 December 2009</b>		15,000	201,723	32,806	71,920	321,449	5,294	326,743
Total comprehensive income for 2010		-	-	817	49,374	50,191	61	50,252
Share issue	26	113	-	-	-	113	-	113
Transfer of revaluation surplus on premises to retained earnings		-	-	(1,810)	2,129	319	-	319
Disposal of non-controlling interest in subsidiaries		-	-	-	-	-	(155)	(155)
<b>Balance at 31 December 2010</b>		15,113	201,723	31,813	123,423	372,072	5,200	377,272