

JSC VTB Bank (Georgia)
Summarized Consolidated Financial
Statements

Year ended 31 December 2009
Together with Independent Auditors' Report



Ernst & Young LLC
Kole Abkhazi Street, 44
Tbilisi, 0105, Georgia
Tel: +995 (32) 43 9375
Fax: +995 (32) 43 9376
www.ey.com/georgia

შპს ერნსტ ენდ იანგი
საქართველო, 0105 თბილისი
კოლე აბხაზის ქუჩა 44
ტელ: +995 (32) 438 375
ფაქს: +995 (32) 438 376

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of JSC VTB Bank (Georgia) –

We have audited the consolidated financial statements of JSC VTB Bank Georgia and subsidiaries as of 31 December 2009 and for the year then ended, from which the accompanying summarized consolidated financial statements were derived, in accordance with International Standards on Auditing. In our report dated 26 April 2010 we expressed an unqualified opinion on the consolidated financial statements from which the summarized consolidated financial statements were derived.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

For a better understanding of the JSC VTB Bank Georgia's financial position and the results of its operations for the year and of the scope of our audit, the summarized consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarized consolidated financial statements were derived and our audit report thereon.

ERNST & YOUNG LLC

26 April 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As of 31 December 2009***(Thousands of Georgian Lari)*

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	60,972	46,730
Amounts due from credit institutions	5,557	7,207
Loans to customers	255,431	325,770
Investment securities:		
Available-for-sale	113	1,389
Held-to-maturity	9,445	-
Property and equipment	30,043	31,645
Intangible assets	509	256
Investment property	13,925	1,540
Current income tax assets	286	603
Deferred income tax assets	6,139	4,771
Other assets	1,191	623
Total assets	<u>383,611</u>	<u>420,534</u>
Liabilities		
Amounts due to credit institutions	87,555	114,595
Amounts due to customers	153,052	153,263
Other borrowed funds	81,338	99,084
Subordinated loan	20,494	20,254
Deferred income tax liabilities	2	-
Other liabilities	5,409	5,292
Total liabilities	<u>347,850</u>	<u>392,488</u>
Equity		
Share capital	104,543	86,356
Property revaluation reserve	1,969	5,692
Accumulated losses	(70,751)	(64,002)
Total equity	<u>35,761</u>	<u>28,046</u>
Total liabilities and equity	<u>383,611</u>	<u>420,534</u>

Signed and authorised for release on behalf of the Management Board of the Bank



 Archil Kotselidze
 General Director

Irakli Chakhnashvili

 Deputy Chief Accountant

26 April 2010

*(Thousands of Georgian Lari)***CONSOLIDATED INCOME STATEMENT****For the year ended 31 December 2009***(Thousands of Georgian Lari)*

	2009	2008
Interest income		
Loans to customers	57,312	57,640
Cash and cash equivalents	147	2,718
Amounts due from credit institutions	104	151
Investment securities available for sale	32	823
	57,595	61,332
Interest expense		
Amounts due to credit institutions	(20,800)	(20,921)
Amounts due to customers	(11,232)	(12,843)
Amounts due to the National Bank of Georgia	(6)	(24)
	(32,038)	(33,788)
Net interest income	25,557	27,544
Loan impairment charge	(13,290)	(72,748)
Net interest income/ (expense) after loan impairment charge	12,267	(45,204)
Net fee and commission income	2,691	3,482
Net gains/ (losses) from foreign currencies:		
- dealing	3,637	4,356
- translation differences	(23)	776
Gain arising from sale of investment securities available-for-sale	14	-
Impairment of investment securities available-for-sale	(1,076)	-
Gain arising from sale of financial assets at fair value through profit or loss	-	38,342
Other income	3,303	1,652
Non-interest income	8,546	48,608
Personnel expenses	(16,711)	(17,108)
Depreciation and amortisation	(2,357)	(2,514)
Other operating expenses	(9,154)	(10,708)
Other impairment and provisions	(745)	(3,326)
Non-interest expenses/losses	(28,967)	(33,656)
Loss before income tax expense	(8,154)	(30,252)
Income tax benefit	815	1,825
Loss for the year	(7,339)	(28,427)