ბანკი ქართუ
CARTU BANK

წლიური ანგარიში
ANNUAL REPORT
2011

ძლიერი ბანკი
ძლიერი საქართველოსთვის

STRONG BANK FOR
STRONGER GEORGIA

ბანკი ქართუ
CARTU BANK

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სამეთვალყურეო საბჭოს თავმჯდომარისა და გენერალური დირექტორის მიმართვა

ძვირფასო ბატონებო და ქალბატონებო!

გასული წელი, უფრო ზუსტად, მისი IV კვარტალი, უპრეცედენტო იყო ჩვენი ბანკისა და საქართველოს საბანკო სისტემისათვის. ცივილიზებული მსოფლიოს ეკონომიკის ისტორიაში ძნელად მოიძებნება ხელისუფლების მხრიდან კონკრეტულ კომერციულ ბანკზე პოლიტიკურად მოტივირებული ზეწოლის ანალოგი.

ბატონი ბიძინა ივანიშვილის მიერ 2011 წლის 7 ოქტომბერს საკუთარი, აბსოლუტურად კანონიერი და საფუძვლიანი პოლიტიკური ამბიციების საზოგადოებისათვის გამჟღავნების დღიდან ბანკი იძულებული გახდა, საკუთარი სურვილის საწინააღმდეგოდ, გადასულიყო თვითგადარჩენისათვის ბრძოლის რეჟიმზე. მდგომარეობას ართულებს ის გარემოება, რომ ბანკის წინააღმდეგ მომართული და ამოქმედებულია მთელი სახელისუფლებო მანქანა.

ADDRESS OF THE CHAIRMAN OF THE SUPERVISORY BOARD AND THE DIRECTOR GENERAL

Ladies and Gentlemen!

Last year, more precisely put – the fourth quarter of 2011, was unprecedented for our Bank and for the overall banking system of Georgia, as such politically motivated government pressure on a commercial bank can hardly be found throughout the history of World Economics.

Since the 7th of October 2011, when Mr. Bidzina Ivanishvili made public his legitimate and well-grounded political ambitions, the Bank had to start a struggle for survival. Cartu Bank JSC found the entire State mechanism operating against it.

It was not the deterioration of the Bank's financial standing or the quality of its service, but government pressure that brought about a mass migration of its clientele to other banks, resulting in the outflow of 45 million GEL in

სხვა ბანკებში კლიენტურის მასობრივი მიგრაცია, რამაც მხოლოდ ოქტომბრის მეორე ნახევარში 45 მილიონი ლარის გადინება გამოიწვია, სახელფასო თუ სხვა პროექტების შეწყვეტა, სხვა ქართული კომერციული ბანკების მხრიდან სს „ბანკი ქართუ“–სთან თანამშრომლობის შესუსტება თუ, საერთოდ, გაწყვეტა, მხოლოდ ხელისუფლების მხრიდან ზეწოლითაა განპირობებული და არა ბანკის ფინანსური მდგომარეობის გაუარესებით ან მომსახურების ხარისხის დაცემით, რაც თვალნათლივ დაადასტურა ქართული საზოგადოების წიაღში ოქტომბერ-ნოემბერში მხარდაჭერის სტიქიურად აღმოცენებულმა უპრეცედენტო აქციამ, როდესაც დროის ხანმოკლე პერიოდში 23 ათასმა მოქალაქემ ბანკში გახსნა სიმბოლური ანაბარი, რომლის საერთო თანხამ თითქმის 3 მილიონი ლარი შეადგინა.

რთულია, კეთილგონიერების მარცვალი იპოვო 18 ოქტომბერს ბანკის წინააღმდეგ საზოგადოებისთვის საშიში ფორმით განხორციელებულ სპეცოპერაციაში, როდესაც ჩვენს მოლარეებსა და ინკასატორებს საქართველოს ბანკის შენობაში ყაჩაღურად წაართვეს 2 მილიონი აშშ დოლარი, 1 მილიონი ევრო და საინკასაციო მანქანა ფულის გათეთრების აბსოლუტურად აბსურდული ბრალდებით.

the second half of October; the termination of salary or other projects; and the dwindling or ceasing of collaboration by the other Georgian commercial banks. A spontaneous public support campaign in October and November, when 23 thousand Georgian citizens opened symbolic accounts with the Bank – amounting to three million GEL – in such a short period of time, is just another piece of evidence to this end.

A special operation against the Bank, on the 18th of October, 2011 defies reason: on an absurd charge of money laundering, 2 million USD and 1 million EUR, along with an armored collection van, were taken away from our tellers and cash collectors on the Bank of Georgia premises.

At the end of October, the top legislative body joined the anti-Cartu campaign. On the 28th of October, 2011, the Georgian Parliament made changes to the law "On Enforcement Proceedings" and the Tax Code, which were non-civilized and were detrimental to the Georgian economy and the country's international image. The result of the selective and unjust application thereof was that, in less than 2 months, and while no other bank was affected by

ოქტომბრის ბოლოს ბანკის საწინააღმდეგო ქმედებებში ჩაერთო ქვეყნის უმაღლესი საკანონმდებლო ორგანო, რომელმაც 28 ოქტომბერს მიიღო მეტად არაცივილიზებული, ქართული ეკონომიკისა და სახელმწიფოს საერთაშორისო იმიჯის შემლახავი ცვლილებები „სააღსრულებო საქმეთა წარმოების შესახებ“ კანონსა და საგადასახადო კოდექსში, რომელთა შერჩევითი და არამართლზომიერი გამოყენებით მხოლოდ ორ არასრულ თვეში და მხოლოდ სს „ბანკი ქართუ“–მ დაკარგა 104 მილიონი აშშ დოლარის ოდენობის თანხის გირაოში ჩადებული ქონება, რის გამოც არაუზრუნველყოფილი და, შესაბამისად, უპერსპექტივო გახდა 63 მილიონი ლარის მოცულობის კრედიტები.

ასეთ ვითარებაში აბსოლუტურად არაკონსტრუქციული პოზიცია დაიკავა საქართველოს ეროვნულმა ბანკმა, რომელმაც ნაცვლად იმისა, რომ მხარი დაეჭირა უსამართლოდ დაჩაგრული ბანკისათვის, თავად მოექცა აღნიშნული, პოლიტიკურად ანგაჟირებული, ზეწოლის ეპიცენტრში. ამართლებდა რა ხელისუფლების უკანონო თუ უსამართლო ქმედებებს, ქვეყნის ცენტრალური ბანკი თავადაც აქტიურად ჩაერთო კომერციული ბანკის საწინააღმდეგოდ მიმართულ პროცესში, მათ შორის, ჯერ კიდევ ოქტომბრის შუა რიცხვებში დაწყებული, ეგრეთ წოდებული, შემოწმებით, რომელიც, ფაქტობრივად, დროებითი ადმინისტრაციის რეჟიმის განხორციელებაა, რაც პირდაპირ ეწინააღმდეგება როგორც ქართულ საბანკო კანონმდებლობას, ასევე ცივილიზებულ საბანკო პრაქტიკას.

ყოველივე ზემოთქმულმა უზარმაზარი დარტყმა მიაყენა ბანკის ფინანსურ მდგომარეობას – ფაქტობრივად, წყალში ჩაყარა ცხრა თვის ნაღვაწი და ნაცვლად 17-18 მილიონი ლარის მოგებისა, წელი ჩავამთავრეთ 68 მილიონი ლარის ზარალით, აქტივებისა და საკრედიტო პორტფელის დრამატული შემცირებით.

the legislative and tax changes, Cartu Bank JSC lost pledged assets worth 104 million USD, leaving 63 million lari's worth of loans unsecured.

In the above scenario, the National Bank of Georgia took an unconstructive stance and, instead of supporting the unjustly harassed commercial Bank, it took center stage in the politically motivated pressure campaign. Justifying the illegitimate and unfair deeds of the Government, the central bank of the country became actively involved in the process against the commercial bank: in mid-October, it started an "inspection" – actually nothing short of a temporary administration, which contradicts both Georgian banking legislation and international banking practice.

All the aforesaid caused huge damage to the Bank's financial position: all our efforts of the previous nine months were wasted and, instead of an anticipated 17-18 million GEL profit, we ended 2011 with a loss of 68 million GEL and a dramatic reduction in our assets and credit portfolio.

2012 is going to be marked by a struggle for survival. We view it as our duty to not only preserve the Bank but to also make it more efficient and stable.

I believe that, for the time being, international publicity is the only way forward. We should wage an active information campaign so that not a single international financial institution remains indifferent towards the voluntarism against us.

It is also a part of our strategy to broaden the range of our bank products and services. It will make JSC Cartu Bank

2012 წელი თვითგადარჩენისათვის ბრძოლის წელი იქნება და ჩვენი ვალია, მაღალკვალიფიციური და თავდადებული საქმიანობით არა მარტო შევინარჩუნოთ ბანკი, არამედ უფრო სრულყოფილი და მდგრადი გავხადოთ იგი.

ამ უსამართლობასთან ბრძოლაში სწორ, გამართლებულ გზად ამ ეტაპზე მესახება ჩვენი პრობლემების ინტერნაციონალიზაცია – უნდა ვაწარმოოთ ისეთი აქტიური საინფორმაციო კამპანია, რომ ვერც ერთმა საერთაშორისო საფინანსო ინსტიტუტმა ვერ შეძლოს შორიდან მშვიდად უყუროს ვოლუნტარიზმს, რომელსაც ჩვენს წინააღმდეგ ავლენენ. მეორე მხრივ, უნდა გავამრავალფეროვნოთ საბანკო პროდუქტები, გავაფართოვოთ მომსახურების არეალი, რაც ნაკლებად მოწყვლადს გახდის ბანკს და მოგვცემს შესაძლებლობას, აღვადგინოთ საკრედიტო პორტფელის ადეკვატური მოცულობა, შესაბამისი ფინანსური შედეგებით.

დღეს, აგერ უკვე თხუთმეტწლიანი მოღვაწეობის შედეგად, ჩვენ უთუოდ ხელგვეწიფება ორივე მიმართულების რეალიზაცია, მით უფრო, რომ კრიტიკულმა სიტუაციამ უფრო მტკიცედ შეადუღაბა ბანკის კოლექტივი, ბენეფიციარი დამფუძნებლის ფინანსურმა ინექციებმა და, რაც მთავარია, მტკიცე განზრახვამ, ნებისმიერი კანონიერი გზით შეენარჩუნებინა ბანკი, გააძლიერა რწმენა, რომ ჩვენ ძალგვიძს წინ აღვუდგეთ უსამართლობას, ამასთან უკვე გვაქვს არც თუ უმნიშვნელო პოზიტიური შედეგები: ბანკს დაუბრუნდა ფულის გათეთრების მოტივით უკანონოდ ჩამორთმეული თანხები და საინკასაციო ავტომანქანა, შევქმენით ახალი პროდუქტი – ინტერნეტული ტრანზაქციების უსაფრთხოების სერვისი და, რაც მთავარია, ბანკი დღესაც ინარჩუნებს ქართულ საბანკო სივრცეში ლიკვიდობის ყველაზე მაღალ მაჩვენებელს და ყველა პრუდენციულ მოთხოვნას ასრულებს მნიშვნელოვანი რეზერვით, რაც მომავალი წარმატებების მყარი საფუძველია. ■

less vulnerable and restore the volume of it's credit portfolio and adequate financial results.

We believe that the Bank's positive record of 15 years makes both tasks feasible. The hard times have made the staff a more intensely bonded team, and this, as well as financial injections from the shareholder, along with his resolve to preserve the Bank, convinces us that we will be able to resist the injustice. Our efforts have yielded some positive results: the sums appropriated on the money laundering charges, and the collection van, have been returned to us; we have created a new banking product: Internet Transaction Security Service; and, most importantly, the Bank still retains the highest liquidity index in the Georgian banking sector, meeting all the prudential requirements with a large reserve; a sure safeguard to future success. ■

ნოდარ ჯავახიშვილი
სამეთვალყურეო საბჭოს თავმჯდომარე
და გენერალური დირექტორი

Nodar Javakhishvili
Chairman of the Supervisory Board
And Director General

ბანკის მისია

ჩვენი მისიაა, უმაღლესი ხარისხის ექსკლუზიური საფინანსო მომსახურების გზით, განსაკუთრებული წვლილი შევიტანოთ ქვეყნის მნიშვნელოვანი დარგების განვითარებაში.

BANK'S MISSION

Our mission is to make a significant contribution to the development of the country's various economic sectors by providing the highest quality of exclusive financial services.

ჩვენი ბანკის ძირითადი ფასეულობები:

- მაღალი ხარისხის მომსახურება და თითოეული კლიენტისადმი ლოიალური დამოკიდებულება;
- საბანკო პროდუქტების სრულყოფილი და მრავალფეროვანი პაკეტი;
- მომხმარებელზე მორგებული თანამედროვე და ინოვაციური ფინანსური გადაწყვეტილებები;
- პროფესიონალი კადრები.

CORE VALUES OF THE BANK:

- Providing the highest quality of service and loyalty to every client;
- Offering streamlined and diverse packages of banking products;
- Ensuring "client-centric" and innovative financial solutions;
- Maintaining experienced and innovative staff.

სამეთვალყურეო საბჭო

ნოდარ ჯავახიშვილი
სამეთვალყურეო საბჭოს თავმჯდომარე

მზია თოდუა
სამეთვალყურეო საბჭოს წევრი

ირაკლი ღარიბაშვილი
სამეთვალყურეო საბჭოს წევრი

SUPERVISORY BOARD

Mr. Nodar Javakhishvili
Chairman of the Supervisory Board

Ms. Mzia Todua
Supervisory Board Member

Mr. Irakli Garibashvili
Supervisory Board Member

აღმასრულებელი მენეჯმენტი

ნოდარ ჯავახიშვილი
გენერალური დირექტორი

ნატო ხაინდრავა
გენერალური დირექტორის პირველი მოადგილე

დავით გალუაშვილი
გენერალური დირექტორის მოადგილე

EXECUTIVE MANAGEMENT

Mr. Nodar Javakhishvili
Director General

Ms. Nato Khaindrava
First Deputy Director General

Mr. David Galuashvili
Deputy Director General

მოკლე ფინანსური მიმოხილვა
BRIEF FINANCIAL OVERVIEW

GEL'000

	2008	2009	2010	2011
მთლიანი აქტივები Total Assets	636 863	503 575	571 287	388,252
წმინდა სესხები Net Loan Portfolio	**370 926**	**366 898**	**408 089**	**256,152**
მთლიანი ვალდებულებები Total Liabilities	513 094	367 318	399 501	232,788
სადეპოზიტო პორტფელი Total Deposits	255 378	110 449	84 770	77,306
სააქციო კაპიტალი Equity	123 769	136 257	171 786	155,464
სულ, შემოსავლები Total Revenues	**65 531**	**77 708**	**83 867**	**77,398**
სულ, ხარჯები Total Expenses	**50 827**	**65 924**	**48 338**	**141,199**
წმინდა მოგება/ზარალი Net Profit/loss	14 704	11 784	35 529	-63,801
თანამშრომელთა რაოდენობა Number of Employees	274	275	299	296
საშუალო წლიური კაპიტალი Average Capital	**115 178**	**111 175**	**123 589**	**146,085**
საშუალო წლიური აქტივები Average Annual Assets	**446 779**	**491 391**	**497 743**	**515,138**

2011 წლის შედეგები

საკრედიტო დაბანდება

2011 წლის ცხრა თვის განმავლობაში ბანკი სტაბილურად ვითარდებოდა. მნიშვნელოვანი ნაბიჯები გადაიდგა მომსახურების ხარისხის გაუმჯობესებისა და კორპორაციული კლიენტების ბაზის გაფართოების თვალსაზრისით. გამოიკვეთა მსესხებელთა რაოდენობის ზრდის ტენდენცია.

2011 წლის შემოდგომაზე განვითარებული პოლიტიკური მოვლენების ფონზე, ქვეყანაში განხორციელდა საკანონმდებლო ცვლილებები საქართველოს საგადასახადო კოდექსსა და საქართველოს კანონში სააღსრულებო წარმოებათა შესახებ. ხელისუფლების მიერ სს "ბანკი ქართუ"–ს წინააღმდეგ ჩატარებულ სპეცოპერაციაში მონაწილეობა მიიღო ბანკის 13-მა მსესხებელმა ბიზნესჯგუფმა (სულ, 30 კლიენტი). ჩატარებულ 92 საჯარო აუქციონზე გავიდა სს "ბანკი ქართუ"-ს სასარგებლოდ იპოთეკით/გირავნობით დატვირთული 195 ერთეული უძრავ-მოძრავი ქონება, ჯამური ღირებულებით 190 მლნ ლარი, რომლის 100% სახელმწიფომ უფლებრივად უნაკლო სახით დაისაკუთრა. შედეგად, 2012 წლის I კვარტალის მდგომარეობით, ბანკს არაუზრუნველყოფილი დარჩა 125 მლნ ლარის მოცულობის საკრედიტო ვალდებულებები, რის შედეგადაც საბალანსო ანგარიშებიდან ჩამოწერა საკრედიტო პორტფელის 28,5%.

2011 წლის IV კვარტალში დაფიქსირდა კლიენტების ნაწილის მიგრაცია სხვა კომერციულ ბანკებში.

ნეგატიური შედეგების პრევენციის მიზნით, დაიფარა ინსაიდერი კლიენტების საკრედიტო ვალდებულებების უდიდესი ნაწილი (სულ, 40 მლნ ლარი).

2011 წლის ბოლოს მთლიანი სესხების მოცულობამ 366 მლნ ლარი, ხოლო წმინდა სესხების მოცულობამ – 256 მლნ ლარი შეადგინა. მთლიანი სესხების ოდენობა, წინა წელთან შედარებით, 15%-ით, ხოლო წმინდა სესხების ოდენობა – 37%-ით შემცირდა, რაც ბანკის არსებობის თხუთმეტწლიანი ისტორიის მანძილზე პირველი შემთხვევაა. წმინდა სესხების მაჩვენებელი, როგორც მთლიანი სესხების, ასევე, ბანკის წმინდა აქტივების 66%-ს გაუტოლდა.

2011 RESULTS

Credit Investment

The nine months of 2011 were marked by the sustainable development of the bank. Significant steps were made to improve the quality of services and broaden the basis of corporate clients. The number of borrowers increased gradually.

Changes to the Tax Code and the law of Georgia "On Enforcement Proceedings" were made in connection with the political developments in autumn 2011. The government's special operation against Cartu Bank JSC affected the bank's 13 borrower business groups (30 clients in all). 195 movable-real properties worth 190 million GEL, pledged/mortgaged with the bank, were put out to 92 public auctions and appropriated by the State-faultless in terms of existent rights. As a result, in the first (I) quarter of 2012, 125m GEL in credit liabilities of the bank remained unsecured and 28,5% of the credit portfolio had to be written off the balance.

In the fourth (IV) quarter of 2011 some of the bank's clients migrated to other commercial banks.

In order to prevent negative results, most of the credit liabilities (40 million GEL) were paid to insider clients.

By the end of 2011, the total loans amounted to 366 million GEL and net loans to 256 million GEL. Compared with the previous year, the volume of total loans had diminished by 15% and net loans by 37%, which was an unprecedented incident in the 15 years of the bank's operation. The net loans equaled 66% of the total loans, as well as of the bank's net assets.

The bank's slogan **"Strong Bank for Stronger Georgia"** is integrated into the bank's credit policy. The slogan remained true even during the financial crisis, during the outflow of the clients and during the government's punitive operations against the bank. Regardless of the negative developments, in the reporting period the bank still managed to meet the NBG credit standards as well as continuing to maintain the top liquidity ratio in the Georgian banking sector.

ბანკის სლოგანი **"ძლიერი ბანკი ძლიერი საქართველოსთვის"** აისახება ბანკის საკრედიტო პოლიტიკაშიც. სლოგანის ჭეშმარიტება ფინანსური კრიზისის, კლიენტების გადინების და სახელმწიფოს მიერ განხორციელებული სპეცოპერაციების შედეგებმაც ნათლად დაადასტურა. მიუხედავად ნეგატიური პროცესებისა, ბანკმა საანგარიშგებო პერიოდი საქართველოს ეროვნული ბანკის მიერ დადგენილი საკრედიტო ნორმატივების სრული დაცვით დაასრულა. ამასთან, ბანკი ინარჩუნებს ლიკვიდობის ყველაზე მაღალ მაჩვენებელს ქართულ საბანკო სივრცეში.

სს "ბანკ ქართუ"-ში დანერგილია საკრედიტო საქმიანობის ცენტრალიზებული სისტემა, რომელსაც ხელმძღვანელობს საკრედიტო დეპარტამენტი. იგი შედგება ბანკის სათავო ოფისში მოქმედი ოთხი განყოფილებისა და საფილიალო ქსელში არსებული საკრედიტო განყოფილებებისგან.

2012 წელს დაგეგმილია საკრედიტო აქტივობის მნიშვნელოვანი გაზრდა, თბილისსა და რეგიონებში საშუალო და მსხვილი ბიზნესის დაფინანსება და, ასევე, ზემოთ აღნიშნული რისკებისგან თავისუფალი მცირე ბიზნესის, სოფლის მეურნეობის და ფიზიკური პირების დაკრედიტების სეგმენტზე, შესაბამისად, კლიენტურის რაოდენობის შემდგომი მატება.

დაკრედიტების პროცესის სრულყოფის, ინფორმაციის სისტემატიზაციის, ახალი საფინანსო ინსტრუმენტების ათვისების გზით, ბანკი 2012 წლის განმავლობაში მიზნად ისახავს არსებული და პოტენციური კლიენტების ბიზნესისთვის სასურველი პირობების შექმნის ხელშეწყობას.

ბანკის დაკრედიტების პოლიტიკა საიმედო და გადახდისუნარიან კლიენტებთან გრძელვადიან თანამშრომლობას ემყარება.

მიმდინარე ეტაპზე საქართველოში დიდი მნიშვნელობა ენიჭება იმპორტშემცვლელი და ექსპორტზე ორიენტირებული წარმოების მხარდაჭერას, სუსტად განვითარებული საშუალო ბიზნესის და სოფლის მეურნეობის განვითარებას, რადგან ქვეყნის პრიორიტეტი სამრეწველო პოტენციალის ამოქმედება და მისი შემდგომი განვითარებაა. ■

The Credit Department of Cartu Bank JSC – made up of four divisions at the Head Office and credit divisions at its branches – is in charge of centralized credit activities.

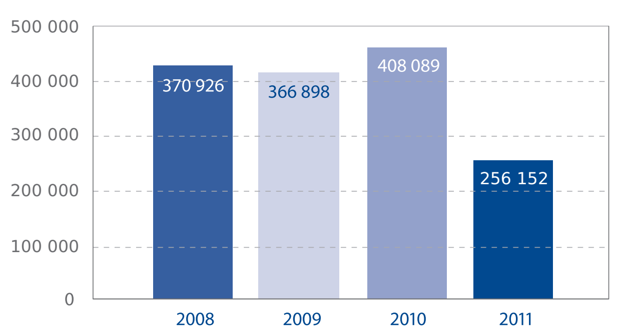
In 2012, the bank plans to intensify its credit activities, which implies funding small and medium businesses in Tbilisi and the regions; crediting small businesses, the agricultural sector and natural persons free of risks and, ultimately, increase its clientele.

By means of streamlining crediting, classification of information and introducing new financial instruments, in 2012, the bank plans to offer its actual and prospective clients terms favorable to their businesses.

The bank's crediting policy relies on long-term relationships with its reliable and solvent clients.

While the revitalization and development of Georgia's industrial potential is a priority for our country, support to the export-designed production, to as-yet under-developed medium-size businesses, and to the agricultural sector, is, the call of the day. ■

წმინდა სესხები • Net Loan Portfolio
(GEL'000)



საქართველოს პარლამენტის ილია ჭავჭავაძის სახელობის ეროვნული ბიბლიოთეკა

ILIA CHAVCHAVADZE NATIONAL PARLIAMENTARY LIBRARY OF GEORGIA

საქართველოს პარლამენტის ილია ჭავჭავაძის სახელობის ეროვნული ბიბლიოთეკა, იგივე, თბილისის საჯარო ბიბლიოთეკა, დაარსდა 1846 წელს თბილისში მთავარმართებლის კანცელარიის ბიბლიოთეკის ბაზაზე, როგორც „ტფილისის საჯარო ბიბლიოთეკა“. ის პირველი ბიბლიოთეკა იყო საქართველოში, რომელიც ხელმისაწვდომი გახდა მოსახლეობის ყველა ფენისთვის.

Ilia Chavchavadze National Parliamentary Library of Georgia, also known as the Tbilisi Public Library, was founded on the basis of the library at the office of the Russian Tsarist Governor-General in 1846 and was the first public library in Georgia.

2005-2010 წლებში შენობას რესტავრაცია ჩაუტარა საერთაშორისო საქველმოქმედო ფონდმა “ქართუ”.
In 2005-2010, the building was renovated by International Charity Fund “Cartu”.

რისკების მართვა

2011 წელს სს “ბანკი ქართუ”-ს გარშემო განვითარებული მოვლენების შემდეგ რისკების მართვის სწორი პოლიტიკის გატარება კიდევ უფრო მნიშვნელოვანი გახდა, ვიდრე ოდესმე ბანკის არსებობის ისტორიაში. ხელისუფლების მხრიდან განხორციელებულმა უპრეცედენტო საკანონმდებლო ცვლილებებმა და ბანკსა და მის კლიენტებზე ზეწოლამ გამოიწვია საკრედიტო პორტფელის მნიშვნელოვანი ნაწილის გაუფასურება და დიდი ოდენობით ფულადი სახსრების გადინება. აღნიშნულის გამო უზრუნველყოფის გარეშე დარჩა 125 მილიონი ლარის ოდენობის სესხები, ბანკის ზარალმა კი 63,8 მილიონი ლარი შეადგინა. ასეთ ვითარებაში განსაკუთრებული დატვირთვა მიიღო ლიკვიდურობისა და საკრედიტო რისკების მართვამ, გაიზარდა ბანკის რეპუტაციის რისკიც. თუმცა, მიუხედავად ხსენებული მოვლენებისა, ბანკმა, აქციონერისა და მოსახლეობის მხარდაჭერით და მენეჯმენტის ძალისხმევით მოახერხა შეენარჩუნებინა კაპიტალის ადეკვატურობისა და ლიკვიდურობის ყველა ნორმა და კლიენტების შეუფერხებლი მომსახურება.

აგრეთვე, პოზიტიური ნაბიჯები გადაიდგა საოპერაციო რისკების მართვის სისტემის განსავითარებლად. საერთაშორისო საფინანსო კორპორაციის – International Finance Corporation – კონსულტაციისა და თანამშრომლობის შედეგად ბანკმა დაასრულა პროექტი, რომელიც გათვალისწინებულია საოპერაციო რისკებისა და ბიზნესის უწყვეტობის მართვის გასაუმჯობესებლად. IFC-ის აქტიური მონაწილეობის შედეგად სს “ბანკი ქართუ”-მ მიაღწია რისკების მართვის მთლიანი სისტემის მაღალ დონეს და ბანკის საქმიანობაში საოპერაციო რისკების მართვის პრინციპები კიდევ უფრო გაამკაცრა.

საბანკო საქმიანობის მენეჯმენტი ითვალისწინებს ნებისმიერი გადადგმული ნაბიჯის რისკშემცველობის წინასწარ გაშუქებას და შეფასებას. რისკების მართვა ხორციელდება საქართველოს ეროვნული ბანკის მიერ დამტკიცებული ნორმატიული აქტების და საერთაშორისო პრაქტიკის გათვალისწინებით.

სს “ბანკ ქართუ”-ში რისკების მართვის უმაღლეს კოლეგიალურ ორგანოს წარმოადგენს რისკების მართვის კომიტეტი. ბანკის საქმიანობაში რისკების მართვის შესახებ გადაწყვეტილებების მიღებისას და მათი კონტროლისას კომიტეტი ხელმძღვანელობს სამეთვალყურეო საბჭოს მიერ დელეგირებული უფლებამოსილებებით.

რისკების მართვის კომიტეტის ფუნქციებია:
- ბანკის რისკების მართვის ზოგადი სტრატეგიების განსაზღვრა;
- სხვადასხვა რისკების მიმართ ბანკის ტოლერანტობის განსაზღვრა;
- რისკების ლიმიტების დამტკიცება;
- რისკების მართვის პროცესის რეგულარული კონტროლი, რაც გულისხმობს, მინიმუმ, ყოველკვარტალურად შესაბამისი განყოფილებების მიერ ბანკის რისკების პოზიციების ანალიზსა და დასკვნებს საჭირო ქმედებების შესახებ გადაწყვეტილების მისაღებად.

ბანკში ამჟამად დანერგილია რისკების მართვის ცენტრალიზებული სისტემა, რომელსაც ხელმძღვანელობს რისკების მართვის დეპარტამენტი. დეპარტამენტი შედგება ორი განყოფილებისაგან. ესენია:

1) ფინანსური რისკების მართვის განყოფილება – კურირებს საკრედიტო, ლიკვიდურობის, სავალუტო, საპროცენტო და საბაზრო რისკებს. აღნიშნულ რისკებთან დაკავშირებით ფინანსური რისკების მართვის განყოფილება ადგენს პოზიციების ლიმიტებს და რისკების მართვის კომიტეტს წარუდგენს ანალიზსა და დასკვნებს კონკრეტული რისკის სამართავად საჭირო მოქმედებების შესახებ;
2) საოპერაციო რისკების მართვის განყოფილება – კურირებს ყველა სახის საოპერაციო რისკებს და აქტიურად მონაწილეობს ბანკის ინსტიტუციონალურ განვითარებაში, პროცედურებსა და ბიზნესპროცესებში რისკების ოპტიმიზაციის კუთხით. საოპერაციო რისკების მართვის განყოფილება ადგენს საოპერაციო რისკის ლიმიტებს და რისკების მართვის კომიტეტს წარუდგენს პერიოდულ დასკვნებს ბანკში საოპერაციო რისკების მდგომარეობისა და მის სამართავად საჭირო მოქმედებების შესახებ.

ისეთ სპეციფიკურ რისკებს, როგორებიცაა რეპუტაციის, სტრატეგიული, სამართლებრივი და შესაბამისობის რისკები, კურირებს ცალკე – ოპერაციების განმახორციელებელი ერთეულებისაგან დამოუკიდებელი განყოფილებები.

RISK MANAGEMENT

In 2011 risk management became more important to Cartu Bank than ever before, mainly because of the events that took place around the Bank at the end of the year. The unprecedented legal changes and pressure on the bank and its clients by the government of Georgia caused substantial losses on loans and funds drain. The bank received a total loss of 63,8 million GEL, with 125 million GEL worth of loans becoming uncollateralized. Consequently, credit and liquidity management functions were most stressed and loaded. The bank's reputational risk also increased. But despite all the above, with the support of the owner, management and citizens of Georgia, Cartu Bank managed to maintain sound capital adequacy and liquidity levels, as well as a high quality service of its clients.

Additionally significant steps have been taken towards improving operational risk management. As a result of IFC's (International Finance Corporation) consulting and advisory services Cartu Bank has fulfilled operational risk and business continuity management refinement project. Thanks to the active collaboration with IFC, the bank has achieved higher level of general risk management and deeper penetration of operational risk management principles in everyday business activities.

The superior collegial body for risk management in Cartu Bank is the Risk Management Committee. The Committee is authorized by the Supervisory Board to make decisions regarding risk management and to control the Bank's activity.

Below are the functions of the Risk Management Committee:
- Determination of the general risk management strategy of the bank;
- Determination of tolerance of the bank to various risks;
- Approval of risk limits;
- Regular control of the risk management process, which implies at least a quarterly consideration of conclusions and analyses on positions of the bank's risks provided by relevant departments – in order to make decisions about required measures to be taken.

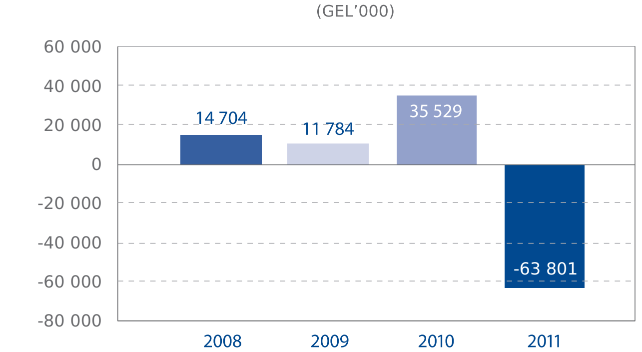
At present a centralized system of risk management is developed in Cartu Bank and it is managed by Risk Management Department. The department consists of two divisions:
1) The Financial Risk Management Division – in charge of credit, liquidity, currency, interest rates and market risk management. It determines the position limits for specific risks and submits the analysis and conclusion to the Risk Management Committee;
2) The Operational Risk Management Division – in charge of managing all types of operational risks and permanently participating in the institutional development of procedures and business-processes of the bank regarding the optimization of risks. The Operational Risk Management Division determines the limits for operational risks and submits to the Risk Management Committee periodical conclusions about the risk positions of the bank and required measures to be taken for their management.

The specific risks, such as reputation, strategic, legal and compliance risks are managed by separate departments which are independent of the operation conducting units.

CREDIT RISK

Credit risk is the risk caused by non-fulfillment of obligations or by bankruptcy by the counteragent partner. The bank may be exposed to credit risk as a result of various activities with its customers, such as granting of credits, treasury and investment activities and funding of commerce. Before submission to the Credit Committee, credit applications are examined, evaluated and risk-rated by the Financial Risk Management Division which determines the diversification level of the whole portfolio, permanently updates credit ratings on the basis of monitoring and evaluation of effectiveness of whole portfolio taking into consideration the proportion of risk and profitability.

წმინდა მოგება • Net Profit
(GEL'000)

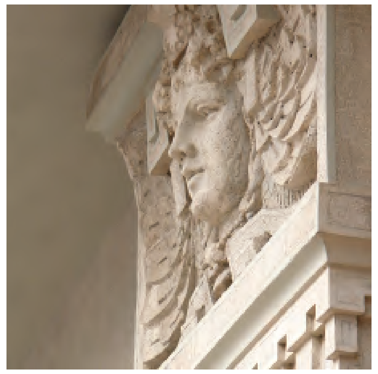


ჯანსუღ კახიძის სახელობის თბილისის მუსიკალურ-კულტურული ცენტრი

DJANSUG KAKHIDZE TBILISI CENTER FOR MUSIC & CULTURE

თბილისის მუსიკალურ-კულტურული ცენტრი დაარსდა 1989 წელს. იგი არის წამყვანი საკონცერტო ორგანიზაცია, რომელიც ქვეყნის მდიდარი მუსიკალური ტრადიციების შენარჩუნებასა და განვითარებას ემსახურება. 2002 წელს მას მიენიჭა მისი დამაარსებლისა და ყოფილი პრეზიდენტის, ცნობილი ქართველი დირიჟორის ჯანსუღ კახიძის სახელი.

Djansug Kakhidze Tbilisi Center for Music & Culture, founded in 1989, aims at the preservation and furthering of the country’s long-standing musical traditions. In 2002, it was named after Maestro Djansug Kakhidze, its founder and first president.



2005-2011 წლებში შენობას რესტავრაცია ჩაუტარა საერთაშორისო საქველმოქმედო ფონდმა “ქართუ”.
In 2005-2011, the building was renovated by International Charity Fund “Cartu”.

საკრედიტო რისკი

საკრედიტო რისკი არის კონტრაგენტი პარტნიორის მიერ ვალდებულების შეუსრულებლობით ან გაკოტრებით გამოწვეული რისკი. საკრედიტო რისკის წარმოშობის მიზეზი შესაძლოა იყოს საკუთარ კლიენტებთან სხვადასხვა სახის საქმიანობა, როგორებიცაა, მაგალითად, კრედიტების გაცემა, სახაზინო და საინვესტიციო საქმიანობა და ვაჭრობის დაფინანსება. საკრედიტო კომიტეტისთვის წარდგენამდე საკრედიტო განაცხადს განიხილავს, აფასებს და რისკის რეიტინგს ანიჭებს ფინანსური რისკების მართვის განყოფილება. აღნიშნული განყოფილება, ასევე, ადგენს მთლიანი პორტფელის დივერსიფიკაციის დონეს, მონიტორინგების საფუძველზე მუდმივად ანახლებს რეიტინგებს და აფასებს მთლიანი პორტფელის ეფექტიანობას რისკიანობის და შემოსავლიანობის თანაფარდობის გათვალისწინებით.

ლიკვიდურობის რისკი

ლიკვიდურობის რისკი არის ბანკის რისკი გაისტუმროს ვალდებულებები დათქმულ ვადაში. ლიკვიდურობის რისკი იყოფა შემდეგ კატეგორიებად:

- საბაზრო ლიკვიდურობის რისკი – სუსტი საბაზრო ლიკვიდურობის ან ბაზარზე შექმნილი პრობლემების გამო საბაზრო ფასებით გარკვეული პოზიციების დაუბალანსებლობის რისკი;
- დაფინანსების ლიკვიდურობის რისკი – რისკი იმისა, რომ ბანკმა ვერ უზრუნველყოს აქტივების ფულად ფორმაში გადაყვანა ან სხვა წყაროებიდან სახსრების მოზიდვა.

ფინანსური რისკების მართვის განყოფილება მუდმივად აკონტროლებს ბანკის ლიკვიდურობის პოზიციებს. სტატისტიკურ მოდელებზე დაყრდნობით, ხდება ბანკის აქტივების და ვალდებულებების ფულადი ნაკადების პროგნოზირება, რისი მეშვეობითაც მიიღწევა ფულადი სახსრების ეფექტიანი დაბანდება, კლიენტებისა და კრედიტორების მიმართ არსებული ვალდებულებების დროულ და შეუფერხებელ მომსახურებასთან ერთად.

საოპერაციო რისკი

საოპერაციო რისკს, სხვა ფაქტორებთან ერთად, იწვევს შიდა პროცესების არაადეკვატურობა, ოპერატორის შეცდომები, სისტემის მწყობრიდან გამოსვლა ან გარე პრობლემები, რომლებიც გავლენას ახდენენ ბანკის მუშაობაზე. ბიზნესის უწყვეტობის პოლიტიკაზე დაყრდნობით, საოპერაციო რისკების მართვის განყოფილება მუდმივად აკონტროლებს ბანკის ბიზნეს პროცესების შეუფერხებელ მუშაობას. პროცესები ფასდება რისკებისა და კლიენტთა მომსახურების სტანდარტებზე დაყრდნობით, რათა თითოეული მათგანი იყოს მაქსიმალურად სტაბილური და საიმედო, როგორც ბანკის, ასევე კლიენტისთვის. სტატისტიკურ მონაცემებსა და რისკების საკვანძო ინდიკატორებზე დაყრდნობით, წარმოებს განსაკუთრებით საყურადღებო პროცედურების იდენტიფიცირება და მათი რისკების ოპტიმიზაცია.

სავალუტო რისკი

სავალუტო რისკი არის ბანკის უცხოურ ვალუტაში ფორმირებული აქტივების გაუფასურების რისკი, რომელიც გამოწვეულია უცხოური ვალუტის გაცვლითი კურსის ცვლილებით. ფინანსური რისკების მართვის განყოფილება მუდმივად აკონტროლებს ბანკის სავალუტო პოზიციას, განიხილავს რისკების ჰეჯირების სტრატეგიებს, ახდენს სავალუტო რისკის ოპტიმიზაციას და ადგენს ლიმიტებს, რათა გაზარდოს სავალუტო ოპერაციებიდან ბანკის მოგების მაჩვენებელი.

საპროცენტო რისკი

საპროცენტო რისკი გულისხმობს საპროცენტო შემოსავლის მომტანი აქტივებისა და საპროცენტო ხარჯის მქონე ვალდებულებების, სხვადასხვა ვადიანობის გამო, საპროცენტო განაკვეთის ცვლილებით წარმოშობილ რისკს. აქტივებისა და ვალდებულებების ვადიანობის გეპებს განიხილავს ფინანსური რისკების მართვის განყოფილება. საბაზრო მონაცემებსა და ეკონომიკურ ინდიკატორებზე მუდმივი მეთვალყურეობით ხდება საპროცენტო განაკვეთების პროგნოზირება, რომლის მეშვეობითაც განისაზღვრება აქტივების და ვალდებულებების ძირითადი სტრუქტურა.

საბაზრო რისკი

საბაზრო რისკი არის ბაზარზე ფასების მერყეობის შედეგად ბანკის შიდა და გარესაბალანსო პოზიციებზე ზარალის მიღების რისკი. საბაზრო რისკი შეიძლება წარმოიშვას ბანკის ისეთი საქმიანობის შედეგად, როგორიც არის ინვესტიციების განხორციელება ფიქსირებულ შემოსავლიან ფასიან ქაღალდებსა და ფულადი ბაზრის ინსტრუ-

LIQUIDITY RISK

Liquidity risk is the risk of a failure by the bank to repay its liabilities within a specified term. The liquidity risk is divided into the following categories:

- Market liquidity risk –risk that the Bank may not provide balancing of specified positions with market prices due to weak market liquidity position or problems created on the market;
- Funding liquidity risk – risk that the Bank may not provide conversion of assets into money or may not be able to attract funds from other sources.

The Financial Risk Management Division permanently monitors the bank's liquidity positions. The cash flows of the bank's assets and liabilities are forecasted based on statistical models. As a result, the bank achieves effective investment of liquid funds along with on-time and reliable service of liabilities against the customers and creditors.

OPERATIONAL RISK

Operational risk is the risk, which together with other factors, is caused by an inadequacy of internal processes, operators' errors, system failures or external problems affecting the operation of the bank. On the basis of a business continuity policy, the Operational Risk Management Division permanently monitors the unimpeded operations of the bank's business processes. Evaluation of processes is carried out on the basis of standards specified for risks and customer service to make each process stable and reliable for the Bank as well as for customers. On the basis of statistical data and key risk indicators especially risk sensitive procedures are determined for identification and optimization of their risks level.

CURRENCY RISK

Currency risk is the risk of a depreciation of the bank's foreign currency assets caused by a variation in the foreign currency exchange rate. The Financial Risk Management Department permanently monitors the currency position of the Bank, considers the risk-hedging strategies, and carries out the optimization of currency risk and determination of limits to increase the Bank's profitability from currency transactions.

INTEREST RATE RISK

Interest rate risk results from changes in the interest rates of different maturity interest-bearing assets and liabilities. Maturity gaps of assets and liabilities are examined by the Financial Risk Management Division. On the basis of permanent monitoring over market data and economical indices, a forecast of interest rates is made and the main structure of assets and liabilities is defined.

MARKET RISK

Market risk is the risk of loss regarding the bank's balance sheet and off-balance sheet positions, due to a variation of prices on the market. Market risk may arise from activities such as: investment in securities with fixed income and money market instruments; share participation in the capital of companies; investment in the shares of public companies; money investment in derivative securities; and changes in the prices of assets disclosed in off-balance accounts. The evaluation of the investment portfolios of long and short-term public securities of the bank is made by the Financial Risk Management Division, which monitors diversification level and Value at Risk of the portfolios, and keeps the risk positions within the limits.

Before submission of private equity investment projects of the Bank to the Investment Committee, the financial Risk Management Division carries out their analysis and evaluation.

LEGAL RISK

Legal risk is the risk caused by the legal weaknesses, which together with other factors are caused by legal actions, absence of supporting provisions in laws and statutory acts or inadequacy of legally mandatory requirements such as non-compliance of contracts with legal requirements, as well as failure to analyze documents specified under the law or internal statutory acts of the bank before the conclusion of a contract. Legal risks are managed by the Legal Department, which permanently monitors the orderliness of the Bank's documents and submits analysis and conclusion regarding the profile of legal risks, of the bank, to the Risk Management Committee.

შოთა რუსთაველის სახელობის აკადემიური თეატრი

SHOTA RUSTAVELI STATE ACADEMIC THEATHRE

შოთა რუსთაველის სახელობის აკადემიური თეატრის შენობა 1898-1901 წლებში საარტისტო საზოგადოებისთვის აშენდა. 1921 წელს მას შოთა რუსთაველის სახელი მიენიჭა. თეატრთან დაკავშირებულია სახელგანთქმული რეჟისორების – კოტე მარჯანიშვილის, სანდრო ახმეტელის, მიხეილ თუმანიშვილის, თემურ ჩხეიძისა და რობერტ სტურუას შემოქმედებაც.

The building, which now houses the Shota Rustaveli State Aacademic Theatre, was built for the Artistic Society in 1898-1901 to be given its present name in 1921. Some of the most distinguished Georgian directors, such as Messrs: Kote Marjanishvili, Sandro Akhmeteli, Mikheil Tumanishvili, Temur Chkheidze and Robert Sturua put on plays there at various times.

2002-2005 წლებში შენობას რესტავრაცია ჩაუტარა საერთაშორისო საქველმოქმედო ფონდმა “ქართუ”.
In 2002-2005, the building was renovated by International Charity Fund “Cartu”.

მენტებში, კომპანიათა კაპიტალში წილობრივი მონაწილეობა, საჯარო საწილო კაპიტალის აქციებში ინვესტირება, წარმოებულ ფასიან ქაღალდებში თანხების დაბანდება და არასაბალანსო ანგარიშებზე წარმოდგენილი აქტივების ფასების ცვლილება. ბანკის გრძელი და მოკლევადიანი საჯარო ფასიანი ქაღალდების საინვესტიციო პორტფელს განიხილავს და აფასებს ფინანსური რისკების მართვის განყოფილება, რომელიც აკონტროლებს პორტფელების საინვესტიციო სტრატეგიის რისკებს, დივერსიფიკაციის დონეს და რისკის ქვეშ არსებული ღირებულების ლიმიტების ფარგლებში მოქცევას. ფინანსური რისკების მართვის განყოფილება ბანკის კერძო კაპიტალის საინვესტიციო პროექტების საინვესტიციო კომიტეტისთვის წარდგენამდე გააანალიზებს და შეაფასებს მათ.

სამართლებრივი რისკი

სამართლებრივი რისკი გამოწვეულია სამართლებრივი სისუსტეების შედეგად, რომელიც, სხვა ფაქტორებთან ერთად, ჩნდება სამართლებრივი მოქმედებების, კანონებსა და ნორმატიულ აქტებში დამხმარე დებულებების უქონლობისა ან სამართლებრივად სავალდებულო მოთხოვნების სისუსტის გამო. ასეთი ფაქტორი შესაძლოა იყოს, მაგალითად, ხელშეკრულებების შეუსაბამობა სამართლებრივ მოთხოვნებთან, ხელშეკრულებების გაფორმებამდე კანონმდებლობით დადგენილი ან ბანკის შიდა ნორმატიული აქტებით განსაზღვრული დოკუმენტების გაუანალიზებლობა. სამართლებრივი რისკისგან დაცვას კურირებს იურიდიული დეპარტამენტი, რომელიც მუდმივად აკონტროლებს ბანკის დოკუმენტაციის მოწესრიგებულობას და რისკის მართვის კომიტეტს წარუდგენს ანალიზსა და დასკვნებს ბანკის სამართლებრივი რისკის პროფილის შესახებ.

სტრატეგიული რისკი

სტრატეგიული რისკი განპირობებულია ბანკის სტრატეგიის სუსტი დაგეგმვისა და დაგეგმილი სტრატეგიის

STRATEGIC RISK

Strategic risk is the risk caused by inadequate planning of the bank's strategy and absence of control over execution of the planned strategy, as well as inappropriate business-solutions of the Bank and non-responsiveness to external changes. Strategic risk is controlled by the Planning and Control Department, which monitors the execution of plans by each structural unit and investigates the reasons for failure to execute a plan. The Planning and Control Department submits analysis and conclusion regarding the profile of strategic risks of the bank to the Risk Management Committee.

REPUTATION RISK

Reputation risk is the risk, which together with other factors is caused by making of negative public declarations regarding the bank's operations or negative representation of the bank. Any activity in which the bank becomes known to any outside the bank via public statements, relations with clients and advertising campaigns is subjected to reputation risk control. Reputation risk managed by Quality Control Department, which carries out control over the norms and standards of public relations and submits analysis and conclusion regarding the profile of reputation risk of the bank to the Risk Management Committee.

COMPLIANCE RISK

Compliance risk is the risk of financial losses, which may be caused by the non-fulfillment of norms, regulations and standards established under legislation or by the non-fulfillment of the bank's internal policies. Compliance risk is monitored by the Economical Analysis Department, which submits analysis and conclusion regarding the profile of compliance risk of the bank to the Risk Management Committee. ■

განხორციელების უკონტროლობით, აგრეთვე, ბანკის სუსტი ბიზნეს-გადაწყვეტილებებით ან გარე ფაქტორებისადმი ინერტულობით. სტრატეგიული რისკის თავიდან აცილების საკითხებზე მუშაობს დაგეგმვისა და კონტროლის განყოფილება, რომელიც თვალს ადევნებს თითოეული სტრუქტურული ერთეულის გეგმების შესრულებას და იკვლევს მათი შეუსრულებლობის მიზეზებს. დაგეგმვისა და კონტროლის განყოფილება რისკის მართვის კომიტეტს წარუდგენს ანალიზსა და დასკვნებს ბანკის სტრატეგიული რისკის პროფილის შესახებ.

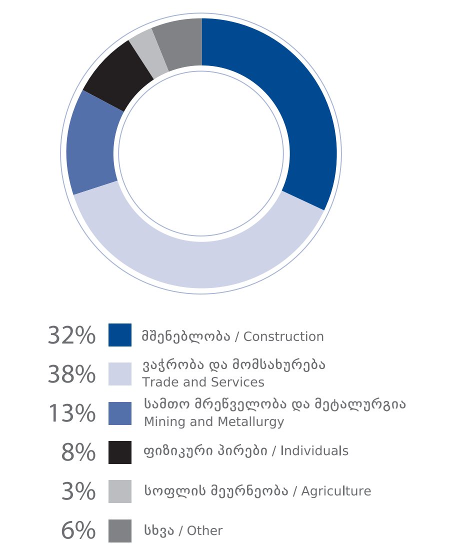
რეპუტაციის რისკი

რეპუტაციის რისკს, სხვა ფაქტორებთან ერთად, იწვევს ბანკის საქმიანობასთან დაკავშირებული უარყოფითი საჯარო განცხადებები და ბანკის უარყოფითად წარმოჩენა. რეპუტაციის რისკის კონტროლს ექვემდებარება ბანკის ნებისმიერი ქმედება, რომელიც ხმაურდება ბანკის გარეთ, საჯარო განცხადებების, კლიენტებსა და საზოგადოებასთან ურთიერთობის და სარეკლამო კამპანიის გზით. რეპუტაციის რისკისგან დაცვას კურირებს ხარისხის მართვის განყოფილება, რომელიც აკონტროლებს საზოგადოებასთან ურთიერთობის ნორმებს და სტანდარტებს და რისკის მართვის კომიტეტს წარუდგენს ანალიზსა და დასკვნებს ბანკის რეპუტაციის რისკის პროფილის შესახებ.

შესაბამისობის რისკი

შესაბამისობის რისკი ფინანსური დანაკარგების რისკია, რომელიც შესაძლოა კანონმდებლობის, წესების, სტანდარტების და ბანკის შიდა პოლიტიკით დადგენილი ნორმატივების შეუსრულებლობამ გამოიწვიოს. შესაბამისობის რისკის კონტროლს კურირებს ეკონომიკური ანალიზის დეპარტამენტი, რომელიც რისკის მართვის კომიტეტს წარუდგენს ანალიზსა და დასკვნებს ბანკის შესაბამისობის რისკის პროფილის შესახებ. ■

საკრედიტო პორტფელის დარგობრივი სტრუქტურა 2011
Structure of the Credit Portfolio 2011



კოტე მარჯანიშვილის სახელობის სახელმწიფო დრამატული თეატრი

KOTE MARJANISHVILI STATE ACADEMIC THEATHRE

კოტე მარჯანიშვილის სახელობის სახელმწიფო აკადემიური დრამატული თეატრი 1928 წელს კოტე მარჯანიშვილმა ქ. ქუთაისში დააარსა. თეატრი 1930 წელს თბილისში გადმოვიდა, როგორც მეორე ქართული სახელმწიფო დრამის თეატრი და დაიკავა ძმები ზუბალაშვილების სახალხო სახლის შენობა, რომელიც აგებული იყო 1907 წელს. 1933 წელს, მარჯანიშვილის გარდაცვალების შემდეგ, თეატრს მისი სახელი მიენიჭა, 1966 წელს კი მას აკადემიურის სტატუსიც უბოძეს.

In 1928, the Kote Marjanishvili State Drama Theatre was founded by Kote Marjanishvili, a prominent Georgian theatre director who, in 1930, moved from the city of Kutaisi into the Zubalashvili Brothers' Popular House (built in 1907) in the capital Tbilisi. In 1933, three years after Kote Marjanishvili's death, it was named after him, and in 1966, it became an Academic Theatre.

2005-2008 წლებში შენობას რესტავრაცია ჩაუტარა საერთაშორისო საქველმოქმედო ფონდმა "ქართუ".
In 2005-2008, the building was renovated by International Charity Fund "Cartu".

ფინანსური ანგარიშები
FINANCIAL STATEMENT

	12/31/2008		12/31/2009		12/31/2010		12/31/2011 GEL'000	
აქტივები / Assets								
ფული და ფულადი სახსრები საქართველოს ეროვნულ ბანკში Cash and Balances with the National Bank of Georgia	36,414	6%	36,153	7%	22,555	4%	26,789	7%
ბანკებზე გაცემული სესხები და ავანსები, შესაძლო გაუფასურების დანაკარგების რეზერვის გამოკლებით Due from Banks less possible impairment losses	210,123	33%	63,752	13%	89,278	16%	27,601	7%
კლიენტებზე გაცემული სესხები, შესაძლო გაუფასურების დანაკარგების რეზერვის გამოკლებით Loans to customers less possible impairment losses	370,926	58%	366,898	73%	408,089	71%	256,152	66%
ინვესტიციები Investments	145	0%	245	0%	245	0%	322	0%
საინვესტიციო ფასიანი ქაღალდები Investment securities	-	0%	5,968	1%	18,147	3%	6,414	2%
ძირითადი საშუალებები და არამატერიალური აქტივები, დაგროვილი ცვეთის გამოკლებით Fixed assets and non-tangible assets, less accumulated depreciation	13,975	2%	13,768	3%	13,541	2%	12,961	3%
სხვა აქტივები, შესაძლო გაუფასურების დანაკარგების რეზერვის გამოკლებით Other assets less possible impairment losses	5,280	1%	16,791	3%	19,432	3%	58,013	15%
სულ / Total	**636,863**	100%	**503,575**	100%	**571,287**	100%	**388,252**	100%

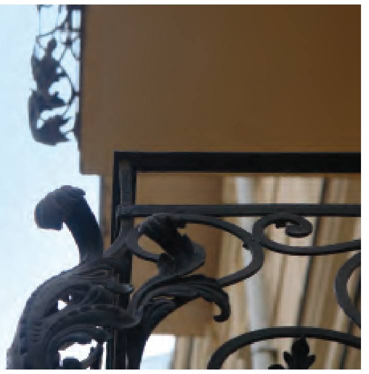
	12/31/2008		12/31/2009		12/31/2010		12/31/2011 GEL'000	
ვალდებულებები / Liabilities								
ბანკებიდან მიღებული სესხები და ავანსები Due to Banks	25,275	5%	22,874	6%	66,646	17%	25,998	11%
კლიენტთა ანგარიშები Customer accounts	255,378	50%	110,449	30%	84,770	21%	77,306	33%
სხვა ვალდებულებები Other liabilities	4,402	1%	3,385	1%	5,573	1%	2,514	1%
სუბორდინირებული ვალი Subordinated debt	228,039	44%	230,610	63%	242,512	61%	126,970	55%
სულ / Total	**513,094**	100%	**367,318**	100%	**399,501**	100%	**232,788**	100%
სააქციო კაპიტალი / Equity								
საწესდებო კაპიტალი / Share Capital	54,716	44%	54,716	40%	54,716	32%	81,196	52%
რეზერვები და გაუნაწილებელი მოგება Reserves and retained earnings	69,053	56%	81,541	60%	117,070	68%	74,268	48%
სულ, სააქციო კაპიტალი Total Equity	**123,769**	100%	**136,257**	100%	**171,786**	100%	**155,464**	100%
შემოსავლები / Income								
პროცენტული შემოსავლები Interest income	50,941	78%	61,892	80%	63,342	76%	65,165	84%
მომსახურებით მიღებული საკომისიოები და შემოსავლები Fee and Commission income	4,183	6%	4,900	6%	4,187	5%	4,496	6%
წმინდა მოგება სავალუტო ოპერაციებიდან Net gain on foreign exchange operations	7,192	11%	7,059	9%	11,672	14%	2,897	4%
სხვა შემოსავლები / Other income	3,215	5%	3,857	5%	4,666	6%	4,840	6%
სულ / Total	**65,531**	100%	**77,708**	100%	**83,867**	100%	**77,398**	100%
ხარჯები / Expenses								
პროცენტული ხარჯები / Interest Expense	19,460	38%	24,608	37%	27,223	56%	25,803	18%
გადახდილი საკომისიოები და მომსახურების ხარჯები Fee and Commission Expense	3,176	6%	2,365	4%	2,125	4%	2,750	2%
საოპერაციო ხარჯები / Operating expenses	19,805	39%	14,535	22%	17,051	35%	17,838	13%
საპროცენტო სარგებლის მომტან აქტივებზე შესაძლო გაუფასურების დანაკარგების რეზერვის ფორმირება Provision for impairment losses on interest bearing assets	8,876	17%	22,393	34%	(4,267)	-9%	106,249	75%
სხვა ხარჯები / Other expenses	-490	-1%	2,023	3%	6,206	13%	-11,441	-8%
სულ / Total	**50,827**	100%	**65,924**	100%	**48,338**	100%	**141,199**	100%
წმინდა მოგება / Net profit	**14,704**		**11,784**		**35,529**		**-63,801**	

ვანო სარაჯიშვილის სახელობის თბილისის სახელმწიფო კონსერვატორია

VANO SARAJISHVILI TBILISI STATE CONSERVATOIRE

ვანო სარაჯიშვილის სახელობის თბილისის სახელმწიფო კონსერვატორია საქართველოში პირველი უმაღლესი სამუსიკო სასწავლებელია. წლების მანძილზე იგი იყო ამიერკავკასიაში ევროპული ყაიდის ერთადერთი სამუსიკო სასწავლებელი. ყოფილი მუსიკალური სასწავლებლის შენობა აშენდა 1901-1904 წლებში. კონსერვატორიის დაბადების თარიღია 1917 წლის 1 მაისი. 1924 წელს მას მიენიჭა სახელმწი - ფო კონსერვატორიის სტატუსი. 1947 წლიდან იგი ქართველი მომღერლის – ვანო სარაჯიშვილის სახელს ატარებს.

The Vano Sarajishvili Tbilisi State Conservatoire was the first higher education school of music in Georgia. For years it was the only European style music school in the South Caucasus. The building of the former music school was constructed from 1901-1904. The Conservatoire opened on 1 May 1917. In 1924, it became the State Conservatoire, while in 1947, it was given the name of Vano Sarajishvili, after the distinguished Georgian Opera singer.



2005-2008 წლებში შენობას რესტავრაცია ჩაუტარა საერთაშორისო საქველმოქმედო ფონდმა “ქართუ”.
In 2005-2008, the building was renovated by International Charity Fund “Cartu”.

საკანონმდებლო ცვლილებები

2011 წელს საქართველოს კანონმდებლობაში (კერძოდ, საგადასახადო კოდექსი და კანონი "სააღსრულებო წარმოებათა შესახებ") მოხდა ცვლილებების შეტანა, რამაც უარყოფითი გავლენა იქონია სს "ბანკი ქართუ"-ს ფინანსურ მდგომარეობაზე. ქვემოთ განხილულია ეს საკანონმდებლო ცვლილებები:

1) 28/10/2011 წ. – საქართველოს კანონში "სააღსრულებო წარმოებათა შესახებ" შევიდა ცვლილება, რომლის თანახმადაც, იმ შემთხვევაში, როდესაც საგადასახადო გირავნობის/იპოთეკის წარმოშობის საფუძვლები მიეკუთვნება კომერციული ბანკის გირავნობის/იპოთეკის რეგისტრაციამდე პერიოდს, პირველ რიგში, დაკმაყოფილდება საგადასახადო გირავნობით/იპოთეკით უზრუნველყოფილი მოთხოვნა, ხოლო შემდეგ კომერციული ბანკების მოთხოვნა. უნდა აღინიშნოს, რომ ცვლილებამდე არსებული რედაქციის (რომელიც თავის დროზე შემუშავდა საბანკო ასოციაციის და შემოსავლების სამსახურის შეთანხმების შესაბამისად) მიხედვით, პირველ რიგში, კმაყოფილდებოდა საგადასახადო გირავნობის/იპოთეკის რეგისტრაციამდე ბანკების მიმართ არსებული ვალდებულებები, ხოლო შემდგომ – საგადასახადო გირავნობით/იპოთეკით უზრუნველყოფილი მოთხოვნა, ანუ ბანკს საშუალება ჰქონდა კრედიტის გაცემამდე შეემოწმებინა, კლიენტის ქონება დატვირთული იყო თუ არა საგადასახადო გირავნობით/იპოთეკით და, შესაბამისად, გადაეწყვიტა კრედიტის გაცემა/არგაცემის საკითხი. როდესაც არსებულ რედაქციას დაემატა ზემოაღნიშნული წინადადება, პრაქტიკულად, შეუძლებელი გახდა იმის გათვალისწინება, თუ რა შემთხვევაში მიენიჭება საგადასახადო სამსახურის მოთხოვნას ბანკის მოთხოვნასთან შედარებით უპირატესობა. ანალოგიური ცვლილება განხორციელდა საგადასახადო კოდექსის 239-ე მუხლში. ამავე კანონის 50-ე მუხლის მე-10 პუნქტში განხორციელებული ცვლილების შესაბამისად, იმ შემთხვევაში, თუ სააღსრულებო წარმოება მიმდინარეობს სახელმწიფოს სასარგებლოდ და პირველ აუქციონზე არ გამოვლინდა გამარჯვებული პირი ან თუ აუქციონში გამარჯვებულმა პირმა ქონების საფასური არ გადაიხადა ამ კანონით დადგენილ ვადებში, აღსრულების ეროვნული ბიურო უფლებამოსილია, აუქციონის დასრულებიდან 15 დღის ვადაში გამოსცეს განკარგულება სახელმწიფოს საკუთრებაში ქონების ნატურით გადაცემის შესახებ. საქართველოს კანონის "სააღსრულებო წარმოებათა შესახებ" ცვლილებამდე არსებული რედაქციის შესაბამისად, პირველი აუქციონის ჩაშლის შემთხვევაში ინიშნებოდა განმეორებითი აუქციონი. ახალი რედაქციის შესაბამისად კი, ქონების რეალიზაციის დროში სწრაფად განხორციელების თვალსაზრისით, პირველი აუქციონის ჩაშლის შემთხვევაშივე შესაძლებელია, ქონება ნატურით გადაეცეს სახელომწიფოს.
2) 11/11/2011 წ. – "სააღსრულებო წარმოებათა შესახებ" საქართველოს კანონში შევიდა ცვლილება (მუხლი 77-1, პუნქტი 7). აღნიშნული ცვლილების შესაბამისად, თუ იძულებითი აუქციონი ხორციელდება ამ კანონის მე-2 მუხლის "მ" ქვეპუნქტით გათვალისწინებული გადაწყვეტილების (მოვალის საგადასახადო გირავნობით/იპოთეკით დატვირთული ქონების რეალიზაცია) აღსრულების მიზნით, საკუთრებაში ქონების ნატურით გადასვლის შედეგად უქმდება ყველა სანივთო უფლება, რომლებიც რეგისტრირებულია იმ ვალდებულების წარმოშობის შემდეგ, რომლის საფუძველზეც ქონებაზე გავრცელდა საგადასახადო გირავნობის/იპოთეკის უფლება. კანონის ძველი რედაქციის მიხედვით, ქონების გადაცემის შემდეგ უქმდებოდა საგადასახადო გირავნობა/იპოთეკის რეგისტრაციის შემდეგ დარეგისტრირებული ყველა უფლება, ანუ კრედიტორმა (ბანკმა) ზუსტად იცოდა, რომ მისი გირავნობა/იპოთეკა არ გაუქმდებოდა, თუ იგი უსწრებდა საგადასახადო გირავნობა/იპოთეკის რეგისტრაციის თარიღს. კანონის ახალი რედაქციის შესაბამისად, კრედიტორისთვის გაურკვეველია იპოთეკის გაუქმების დრო, რადგან იმ ვალდებულების წარმოშობის თარიღი, რომლის საფუძველზეც ქონებას დაედება საგადასახადო გირავნობა/იპოთეკა, ცნობილი გახდება მხოლოდ მას შემდეგ, რაც საჯარო რეესტრში დარეგისტრირდება საგადასახადო გირავნობა/იპოთეკა და დაინიშნება საჯარო აუქციონი, აღმასრულებლის აუქციონის დანიშვნის განცხადებაში კი არ აღინიშნება, რომ ქონება, რომელიც სარეალიზაციოდ გადის აუქციონზე, დატვირთულია ბანკის სასარგებლოდ.
3) 28/12/2012 წ. – "სააღსრულებო წარმოებათა შესახებ" საქართველოს კანონში შევიდა ცვლილება (მუხლი 69, პუნქტი 1) რომლის მიხედვითაც, აღსრულების ეროვნულ ბიუროს იძულებითი აუქციონის ჩატარების უფლება ყადაღის დადებიდან ერთი თვის განმავლობაში აქვს, ხოლო იმ შემთხვევაში, თუ სარეალიზაციო ქონება შეფასებულია სააღსრულებო წარმოების დაწყებამდე ერთი წლის განმავლობაში, აღსრულების ეროვნული ბიურო იძულებით აუქციონს ჩაატარებს ყადაღის დადებიდან ორი კვირის განმავლობაში. კანონის ცვლილებამდე არსებული რედაქციის შესაბამისად, იძულებითი აუქციონი ტარდებოდა აღსრულების დაწყებიდან ორი თვის განმავლობაში, ანუ, პრაქტიკულად, აღსრულების ვადა ბიუჯეტის სასარგებლოდ არსებულ სააღსრულებო საქმეებზე ორი თვიდან ორ კვირამდე შემცირდა, რამდენადაც სარეალიზაციო ქონება შესაძლებელია შეფასდეს ძველი თარიღით, რაც, ამ მუხლის ახალი რედაქციის შესაბამისად, იძულებითი აუქციონის ჩატარების საშუალებას იძლევა. ■

LEGISLATIVE CHANGES

The changes made to the Georgian Legislation (to be exact, the Tax Code and the Law "On Enforcement Proceedings") in 2011 had a negative effect on the financial situation of Cartu Bank JSC. The legislative changes were as follows:

1) 28/10/2011 – a change made in the Law "On Enforcement Proceedings" states that if the grounds for the creation of a tax-related pledge/mortgage belong to the time prior to the registration of a commercial bank pledge/mortgage, a claim secured by a tax-related pledge/mortgage must be deemed preemptive to that of the commercial bank.
   While, according to the previous edition of the Law- approved by the Association of the Bank and Revenue Service – liabilities to the banks created prior to the registration of the tax-related pledge/mortgage were prioritized against the claim secured by the tax-related pledge/mortgage, i.e. in its decision-making regarding the issuance of a loan, a bank was previously been given the opportunity to inspect whether a client's assets had been encumbered with a tax-related pledge/mortgage. However, the 2011 change makes it unclear in which case a Revenue Service claim supersedes that of a bank.
   A similar change was made in article 239 of the Tax Code. According to a change made in article 50(10) of the Law "On Enforcement Proceedings", if the enforcement proceedings are in favor of the State and no winning bidder emerges as a result of the first auction, or if the winner fails to pay the price of the assets within the term set by the Law, the National Bureau of Enforcement has the right to issue an order regarding the nationalization of the assets within 15 days upon completion of the auction.
   Under the previous edition of the Law "On Enforcement Proceedings", if the first auction failed, second was to be arranged. The new legislative change makes it possible to nationalize assets immediately upon failure of the first auction.

2) 11/11/2011 – according to a change made in article 77-1(7) of the Law of Georgia "On Enforcement Proceedings", if a coercive auction is designed for the fulfillment of the decision under article 2("I") (the sale of the borrower's assets pledged/mortgaged for the reason of taxes) upon the transfer in kind thereof, all the rights of property registered after the creation of the liability, underlying the tax-pledge/mortgage of the assets, are annulled.
   According to the previous edition of the Law, upon the transfer of the assets, all the rights registered upon the registration of a tax-related pledge/mortgage were cancelled, which means that a creditor (bank) was sure that its pledge/mortgage would not be lifted if it preceded the registration date of the tax-related pledge/mortgage. Contrary to this, the new edition makes it unclear for the creditor when the mortgage may be lifted, since the date of the liability underlying the tax-related pledge/mortgage is made known only upon registration in the Public Registry of the tax-related pledge/mortgage and the arrangement of a public auction. Moreover, the executor is not obliged to specify on the auction application that the assets for sale were encumbered in favor of the bank.

3) 28/12/2011 – a change made in the Law "On Enforcement Proceedings" (article 69(1)) states that the National Bureau of Enforcement may arrange a coercive auction within one month of the seizure of assets, while if the assets for sale were evaluated within a year prior to the enforcement proceedings, the National Bureau of Enforcement can stage the coercive auction within two weeks of the seizure thereof.
   Under the previous edition of the Law, the coercive auction was staged within two months of the commencement of the enforcement, which means that the enforcement term in cases related to the National Budget were reduced from two months to two weeks. Under the new edition of the Law, a coercive auction can be staged since the assets for sale may be evaluated by the retroactive date. ■

ფულის გათეთრებისა და ტერორიზმის დაფინანსების აღმკვეთი საქმიანობა

გასული, 2011 წლის განმავლობაში ბანკში ფულის გათეთრებისა და ტერორიზმის დაფინანსების პრევენციის და აღკვეთის, ანუ ფინანსური მონიტორინგის განხორციელების მთავარი სტრუქტურული ერთეული **AML/CTF (Anti-Money Laundering/Combating Terrorism Financing)** დეპარტამენტი იყო. **AML/CTF** დეპარტამენტი, კერძოდ, მისი ორი სტრუქტურული ქვედანაყოფი (ფინანსური მონიტორინგისა და ანგარიშგების განყოფილება; მონაცემთა მოკვლევისა და ანალიზის განყოფილება) უკვე მრავალი წლის წინ დანერგილი და აპრობირებული ორდონიანი ფინანსური მონიტორინგის მართვის პროცესს აკონტროლებდა.

ფინანსური მონიტორინგის პროცესის მიზანმიმართულად და ეფექტიანად წარმართვის ხელშეწყობის მიზნით, **AML/CTF** დეპარტამენტმა, საკუთარი ინიციატივითა და ბანკის ხელმძღვანელობის მხარდაჭერით, შეცვალა საინფორმაციო-ანალიტიკური კვლევის საერთაშორისო პროვაიდერი. კერძოდ, 2009 წელს მოხმარებული **WORLD-CHECK**-ის კომპიუტერული საცნობარო სისტემის ნაცვლად ბანკმა შეიძინა **ACCUITY**-ის ალტერნატიული, სპეციალური საინფორმაციო-ანალიტიკური პროგრამული უზრუნველყოფა. ეს უკანასკნელი შეიცავს შედარებით ფართომასშტაბიან საინფორმაციო ბაზებს. აღსანიშნავია ის გარემოებაც, რომ ამავე პერიოდში ცნობილი გახდა ამ კომპანიის არანაკლებ კომპეტენტურ კომპანიასთან – **BANKERS ALMANAC**-თან შერწყმის ფაქტი, რამაც ერთიორად გაზარდა ასეთი კონგლომერატის მიერ შემოთავაზებული პროგრამული უზრუნველყოფის აქტუალურობა და ეფექტიანობა.

საერთაშორისო საინფორმაციო-საცნობარო ანალიტიკური პროგრამული უზრუნველყოფის შეძენასთან ერთად ბანკის ინფორმაციული ტექნოლოგიების დეპარტამენტმაც გააგრძელა ადეკვატური პროგრამული უზრუნველყოფების შექმნაზე მუშაობა, რომლის დახმარებითაც ერთობლიობაში ყალიბდება ფინანსური მონიტორინგის განხორციელების ქმედითი და გადაულახავი ზღუდე.

2011 წლის განმავლობაში გაგრძელდა ფინანსური მონიტორინგის თანმხლები ისეთი აუცილებელი პროცედურები, როგორიცაა სპეციალური ანგარიშგებებისა და დამატებითი მოკვლევისათვის საჭირო წერილების მომზადება და საქართველოს ფინანსური მონიტორინგის სამსახურისთვის, როგორც ცენტრალური მარეგულირებელი ორგანოსათვის წარდგენის პროცესი.

ბანკში ფულის რეცხვისა და ტერორიზმის დაფინანსების აღმკვეთი ღონისძიებების უზრუნველსაყოფად საანგარიშო პერიოდში ბანკთან მოთანამშრომლე მოკორესპონდენტო საერთაშორისო და ადგილობრივმა საფინანსო ინსტიტუტებმა კვლავ გააგრძელეს დეტალური და მიზნობრივი ტესტირებების ტრადიცია. საფინანსო ინსტიტუტებს ანალოგიური ტესტირებები, თავის მხრივ, ჩვენმა ბანკმაც ჩაუტარა, რათა დაგვედგინა მათი ადეკვატურობის დონე ფინანსური მონიტორინგის მიზნებთან. ჩამოთვლილი ყველა ღონისძიება მიზნად ისახავდა ბანკის შიდა პოლიტიკის **KYCB (Know Your Correspondent Bank** – იცნობდე შენს კორესპონდენტ ბანკს) მოთხოვნათა გათვალისწინებას, რომლის უმთავრესი მიზანიც ფიქტიურ ბანკებთან ("შელ ბანკი" – ბანკი, რომელიც არ ექვემდებარება ლიცენზიის გამცემი ქვეყნის ზედამხედველობას) ნებისმიერი საქმიანი ურთიერთობისგან თავდაცვა იყო.

ამავე პერიოდში ბანკში დაინერგა და განხორციელდა ახალი საკანონმდებლო მოთხოვნების, კერძოდ, იურიდიული პირების (კომპანიების) ბენეფიციარი მესაკუთრე ფიზიკური და, ასევე, პოლიტიკურად აქტიური პირების შესახებ ამომწურავი საიდენტიფიკაციო ინფორმაციის მოპოვებისა და დაფიქსირების ღონისძიებები.

კვლავ გაგრძელდა ფინანსური მონიტორინგის პროცესში პირდაპირ და არაპირდაპირ ჩართული ბანკის სტრუქტურული ერთეულების თანამშრომელთა სწავლების პროცესი. აღნიშნული პროცესი, წინა წლებთან შედარებით, გაგრძელდა ელექტრონული მეთოდით, ანუ ბანკის შიდაელექტრონული ფოსტის გამოყენებით. აღსანიშნავია, რომ საანგარიშო პერიოდში სწავლების განახლებულმა პროცესმა მოიცვა, მთელი ბანკი, როგორც თავად ფინანსური მონიტორინგის პროცესში ჩართული სტრუქტურული ერთეულის თანამშრომლები, ასევე, ყველა სხვა დაინტერესებული თანამშრომელი, ვინც არაპირდაპირ მონაწილეობს კლიენტთა მომსახურების პროცესში. ამ ტრეინინგის დროს ამ უკანასკნელთ მიეცათ საშუალება გაეღრმავებინათ ფულის გათეთრებისა და ტერორიზმის დაფინანსების აღმკვეთი ღონისძიებების შიდასაბანკო და საერთაშორისო მოთხოვნების ცოდნა. სულ საანგარიშო პერიოდში ოთხი სასწავლო-სატრეინინგო სესია ჩატარდა.

ბანკმა შეისწავლა შვილობილი კომპანიების მიერ ფულის გათეთრებისა და ტერორიზმის დაფინანსების აღმკვეთი ღონისძიებებისა და ადეკვატურობის ხარისხი. აღნიშნულმა პროცესმა დაგვანახა, რომ შვილობილ კომპანიებში სწორად აღიქვამენ ფინანსური მონიტორინგის ღონისძიებების თანამედროვე საკანონმდებლო და საერთაშორისო კომპეტენტური ორგანოების მოთხოვნებს.

AML/CTF დეპარტამენტმა, ბიზნესის განვითარების და რისკების დეპარტამენტებთან ერთად, დაასრულა ბიზნესპროცესების ფორმირება, რომლის შედეგადაც დაწვრილებით გაიწერა **AML/CTF** დეპარტამენტის სტრუქტურულ ერთეულებში გასატარებელი ღონისძიებები და შედგა სამუშაო გრაფიკები.

საანგარიშო პერიოდშივე განხორციელდა ცვლილებები საქართველოს იმ საკანონმდებლო სივრცეში, რომელიც არეგულირებს საყურადღებო და არაკოოპერირებადი (არამოთანამშრომლე) ქვეყნების ნუსხის დადგენის და დამტკიცების წესს. კერძოდ, ასეთი ნუსხის დამტკიცების უფლებამოსილება გადაეცა საქართველოს ეროვნულ ბანკს (სებ). შესაბამისად, სებ-მა საყურადღებო ზონის ქვეყნების ნუსხას, რომელიც ბოლო პერიოდამდე 41 ქვეყანას მოიცავდა, დაამატა ერთი ქვეყანა (კორეის სახალხო დემოკრატიული რესპუბლიკა (ჩრდილოეთ კორეა) და საანგარიშო პერიოდის ბოლოს აღნიშნულ ჩამონათვალში ქვეყნების რაოდენობამ 42 შეადგინა.

საინტერესო და ნიშანდობლივია ის გარემოება, რომ ქვეყანა, რომელიც სებ-მა ჩამონათვალს დაამატა, ბანკის მიერ მანამდეც იყო შემჩნეული ფულის გათეთრებისა და ტერორიზმის დაფინანსების აღკვეთის ღონისძიებათა სისუსტეში (წყარო: ფინანსური ქმედების განმახორციელებელი ჯგუფის **(FATF)** მიერ ჩატარებული ქვეყნების მიმოხილვა) და შესაბამისად ბანკის მიერ შეყვანილ იქნა საეჭვო ქვეყნების ნუსხაში. აღნიშნული გარემოება კიდევ ერთხელ ადასტურებს, რომ **AML/CTF** დეპარტამენტი სისტემატურად ეცნობა საერთაშორისო კომპეტენტური ორგანოების მიერ გამოცემულ მარეგულირებელ ნორმატიულ დოკუმენტებს და მუდამ ცდილობს იყოს ფულის გათეთრებისა და ტერორიზმის დაფინანსების აღკვეთის ქმედით დონეზე. ■

PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING

In 2011, the Cartu Bank's **AML/CTF Department (Anti-Money Laundering/Combating Terrorism Financing Department)** was in charge of the prevention of money laundering and terrorism financing. Two of its structural sub-units – the Financial Monitoring and Reporting Division and the Data Search and Analysis Division -controlled a long-standing two-layer financial monitoring management process.

For purposeful and efficient financial monitoring, the **AML/CTF** Department initiated a Management-approved replacement of the international information-analysis provider. Namely, instead of the **WORLD-CHECK** search software used in 2009, the bank acquired **ACCUITY**; alternative information-analysis software containing relatively large-scale databases. At the same time, the bank became aware of the **ACCUITY** merger with **BANKERS ALMANAC** – another high-profile company, which made their software even more important and efficient. Alongside the acquisition of the international information search and analysis software, the Bank's IT Department continued development of software relevant to efficient financial monitoring.

In 2011, the necessary procedures accompanying the financial monitoring-such as the preparation of special reports and letters relevant to an extra inquest for submission to the Financial Monitoring service of Georgia, the key regulatory body, continued.

For the purpose of the prevention of money laundering and terrorism financing, the correspondent international and local financial institutions, collaborating with the bank, continued detailed and targeted testing. For its part, the bank similarly tested the financial institutions in order to determine their compliance with the purposes of the financial monitoring. In the aforementioned testing, due heed was paid to the **KYCB (Know Your Correspondent Bank)** internal policy of the bank, designed for the prevention of fictitious business relationships "shell banks", which are beyond the control of a licensor country.

At the same time, in line with new statutory requirements, steps were taken in order to ensure the obtainment and recording of detailed identification information regarding the beneficiary owners (natural persons) of legal entities (companies) and, also, politically exposed persons.

The training of bank employees directly and indirectly involved in the financial monitoring continued. In comparison with previous years, the training was implemented electronically, i.e. via the internal email of the bank. Note that in the reporting period, not only the staff of the departments involved in the financial monitoring but all interested employees rendering indirect services to the clients were engaged in the resumed training. The training secured provision of comprehensive information on intra-bank and international requirements relevant to the prevention of money laundering and terrorism financing. Four training sessions were staged in the reporting period.

The bank investigated the adequacy of measures taken by its subsidiaries for the purpose of prevention of money laundering and terrorism financing. The investigation made evident due understanding of the international legal requirements regarding financial monitoring.

Jointly with the Risk Assessment and Business Development Department, the **AML/CTF** Department completed formation of the business processes, resulting in a detailed list of measures applicable to its structural units and work schedules.

Additionally, during the reporting period, changes were made to Georgian Legislation governing the elaboration and approval of the list of the Attention and Non-cooperative **(Non-Collaborating)** Countries. The National Bank of Georgia (NBG) was vested with the right to approve the above mentioned list and, at the end of the reporting period, it added the People's Democratic Republic of Korea- or North Korea – as the 42nd country on the list.

Cartu Bank had regarded North Korea's anti-money laundering and terrorism financing measures as insufficient (source: **Financial Action Task Force – (FATF)** survey of the countries) and therefore it placed the country on the list of suspicious countries. This fact testifies to the **AML/CTF** Department's regular familiarization with the normative documents published by international competent authorities to secure the efficient prevention of money laundering and terrorism financing. ■

VBV უსაფრთხოების სერვისი

2011 წელს სს "ბანკი ქართუ"-ს პლასტიკური ბარათების მომსახურებისა და პროცესინგის დეპარტამენტმა თავის მომხმარებელს შესთავაზა პლასტიკური ბარათის სრულიად ახალი პროდუქტი – VBV უსაფრთხოების უნიკალური სერვისი, რომლის ანალოგიაც ქართულ საბანკო სივრცეში არ მოიპოვება.

პლასტიკური ბარათის ახალი პროდუქტი უზრუნველყოფს უსაფრთხო ინტერნეტვაჭრობას მსოფლიოს მასშტაბით. ამისათვის საკმარისია, მომხმარებელი იყოს სს "ბანკი ქართუ"-ს ნებისმიერი რანგის მოქმედი ვიზა ბარათის მფლობელი და ჰქონდეს მობილური ტელეფონი სისტემაში დარეგისტრირებული აქტიური ნომრით.

ვინაიდან ბოლო წლებში ძალზე პოპულარული გახდა ინტერნეტში პლასტიკური ბარათებით ვაჭრობა და სხვადასხვა სახეობის მომსახურების მიღება, VBV უსაფრთხოების სერვისის დანერგვა დღეს განსაკუთრებით აქტუალურია. მსოფლიოს მასშტაბით ხელმისაწვდომია მილიონობით ინტერნეტმაღაზია და მომსახურების საიტი, რაც მსოფლიოს ნებისმიერი წერტილიდან ტრანზაქციის განხორციელების საშუალებას იძლევა. ამდენად, გასაგებია, რაოდენ მნიშვნელოვანია ვირტუალურ სამყაროში პლასტიკური ბარათების უსაფრთხო გამოყენებისა და საბარათო მონაცემთა დაცვის უზრუნველყოფა.

ზრუნავს რა თავისი კლიენტების მაღალი დონის მომსახურებასა და საბარათო ბიზნესის უსაფრთხო წარმართვაზე, სს "ბანკი ქართუ"-მ აღნიშნული სერვისის დანერგვის შესახებ გადაწყვეტილება ჯერ კიდევ 2011 წლის ზაფხულში მიიღო. პროექტის განხორციელებაში აქტიურად მონაწილეობდა VISA საერთაშორისო საგადახდო სისტემა. პროექტი ინერგებოდა მისი ფინანსური და ტექნიკური მხარდაჭერით და მან თავად გაუწია რეკომენდაცია საერთაშორისო კომპანია "მოდირუმს", რომელიც უზრუნველყოფს ამ სერვისის ტექნიკურ მომსახურებას.

სულ რამდენიმე თვეში – 2011 წლის 27 დეკემბერს პროექტი ამოქმედდა. აღსანიშნავია, რომ ამ სქემით (კომპანია "მოდირუმის" მონაწილეობით და დინამიკური, ერთჯერადი პაროლის გამოყენებით) VBV უსაფრთხოების სერვისი საქართველოსა და პოსტსაბჭოთა სივრცეში პირველად დაინერგა და მისი ფართომასშტაბიანი პრეზენტაცია 2011 წლის 17 ოქტომბერს VISA-ს რეგიონალურ ოფისში მოეწყო. VBV უსაფრთხოების სერვისი პლასტიკური ბარათის ვირტუალური პროდუქტია და გამოიყენება სავაჭრო და მომსახურების ონლაინსივრცეში პლასტიკური ბარათის, როგორც საგადახდო საშუალების გამოყენებისას. მისი მეშვეობით ონლაინტრანზაქციის დროს მოწმდება ვებგვერდზე შეყვანილი ბარათის მონაცემთა და მისი მფლობელის იდენტურობა.

VBV უსაფრთხოების სერვისის მისაღებად დარეგისტრირება უმნიშვნელოვანესია, ვინაიდან, მიუხედავად იმისა, ბარათის მფლობელი იყენებს თუ არა მას ინტერნეტში, მისი მეშვეობით ბარათი ვირტუალურ სამყაროში დაცული იქნება ნებისმიერი არასანქცირებული გამოყენებისგან. ■

VBV SECURITY SERVICE

In 2011, the Cartu Bank JSC Plastic Card Services and Processing Department began to offer its customers an up-to-date plastic card product to the Georgian banking sector – the unique VBV Security Service.

The new virtual card product gives the possibility of performing online transactions in conditions of maximum security. For this, a customer should be the holder of a valid Cartu Bank JSC Visa Card and have an activated mobile phone number registered in the system.

Online shopping done and other services used via the plastic cards, which have increased in popularity in recent years, have made the VBV Security Service especially relevant. Millions of internet shops and online services are now available, making it possible to perform transactions from around the world. So it is understandable that secure usage of plastic cards and protection of card data is extremely important.

In order to maintain a high-quality service for its clients and a secure card business, in the summer of 2011, Cartu Bank JSC decided to introduce the above-mentioned service. The Visa International Payments System was closely engaged in the implementation of the project by way of financial and technical support. Visa recommended the project to international company, Modirum, which provided the relevant technical support.

Within just a few months, on 27 December 2011, the project was launched. And it is worthy of note that this was the first time that the VBV Security Service had been introduced in Georgia and the entire post-Soviet area, owing to the involvement of Modirum and the use of a dynamic one-time password.

A live presentation of the project was given at Visa's regional office on 17 October 2011.

The VBV Security Service is a virtual product used in plastic card payments in e-commerce and online services in which card data and the cardholders are fully authenticated during online transactions.

In order to eliminate any possibility of fraudulent card transactions on the Internet, Cartu Bank offers free enrolment in the VBV Security Service for all its Visa card clients; to this purpose, clients need to register for the service only once. ■

ფილიალების ქსელი
NETWORK OF BRANCHES

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საკორესპონდენტო ბანკები და ანგარიშები
CORRESPONDENT BANKS AND ACCOUNTS

Bank	SWIFT	Account №
GBP: Commerzbank AG, Frankfurt am Main	COBA DE FF	400886618800GBP
CHF: Commerzbank AG, Frankfurt am Main	COBA DE FF	400886618800CHF
EUR: Unicredito Italiano SPA, Milano	UNCR IT MM	0995 4256
Bank of Cyprus, Nicosia	BCYP CY 2N	CY23002001430000005000272448
Deutsche Bank AG, Frankfurt am Main	DEUT DE FF	947490910
Commerzbank AG, Frankfurt am Main	COBA DE FF	400886618800EUR
Standard Chartered Bank GmbH, Frankfurt am Main	SCBL DE FX	018163805
Société Générale, Paris	SOGE FR PP	001013708320
BNP Paribas S.A., Paris	BNPA FR PP	FR7630004008970000760068026
Raiffeisen Bank Austria, Moscow Branch	RZBM RU MM	30111978200000000010
RUR: Raiffeisen Bank Austria, Moscow Branch	RZBM RU MM	30231810400000000007
USD: Deutsche Bank Trust Company Americas, New York	BKTR US 33	04417110
Standard Chartered Bank, New York	SCBL US 33	3582021741001
Bank of Cyprus, Nicosia	BCYP CY 2N	CY07002001430000005000225206
Deutsche Bank AG, Frankfurt am Main	DEUT DE FF	947490900
Commerzbank AG, Frankfurt am Main	COBA DE FF	400886618800USD
Unicredito Italiano SPA, Milano	UNCR IT MM	0995 4258
Raiffeisen Bank Austria, Moscow Branch	RZBM RU MM	30111840400000000016
Areximbank, Yerevan	RKAS AM 22	100530102

გამოყენებული ფოტოები:
• ირინა აბჟანდაძე
Photos by:
• Irina Abzhandadze

Design: PASSPORT Ltd. (Sandro Chkhaidze)

CARTU BANK GROUP

Consolidated Financial Statement

For the Year Ended December 31, 2011

CARTU BANK GROUP

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Closed Joint Stock Company Cartu Bank (the "Bank") and its subsidiaries (the "Group") as at December 31, 2011, the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with Georgian legislation and accounting standards of Georgia;
- Taking such steps that are reasonably available to them to safeguard the assets of the Group; and Preventing and detecting fraud and other irregularities.

The consolidated financial statements for the year ended December 31, 2011 were authorised for issue on May 7, 2012 by the Management Board of the Group.

On behalf of the Management Board:

General Director	Chief Accountant
Nodar Javakhishvili	**Manana Nadiradze**
May 7, 2012	*May 7, 2012*

Deloitte & Touche LLC
35 a Lado Asatiani Street
Tbilisi, 0105
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Joint Stock Company Cartu Bank:

Report on the Financial Statements

We have audited the accompanying financial statements of JSC Cartu Bank (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2011, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

May 7, 2012
Tbilisi, Georgia

CARTU BANK GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011
(in thousands of Georgian Lari)

	Notes	Year ended December 31 2011	Year ended December 31 2010
Interest income	4, 25	63,342	63,342
Interest expense	4, 25	(25,803)	(27,223)
NET INTEREST INCOME BEFORE RECOVERY OF PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING FINANCIAL ASSETS		39,362	36,119
(Provision)/recovery of provision for impairment losses on interest bearing assets	5, 24, 25	(106,249)	1,572
Recovery of assets previously written off		-	2,695
NET INTEREST INCOME		(66,887)	40,386
Net gain/(loss) on financial assets at fair value through profit or loss	6	1,543	(42)
Net gain on foreign exchange operations	7	2,897	11,672
Fee and commission income	8,25	4,496	4,187
Fee and commission expense	8	(2,750)	(2,125)
Provision for guarantees and other operations	5	727	(243)
Other income	9,25	2,570	4,951
NET NON-INTEREST INCOME		9,483	18,400
OPERATING (LOSS)/INCOME		(57,404)	58,786
OPERATING EXPENSES	10,25	(17,838)	(17,051)
(LOSS)/PROFIT BEFORE INCOME TAX		(75,242)	41,735
Income tax benefit/(expense)	11	11,441	(6,206)
TOTAL COMPREHENSIVE (LOSS)/INCOME		(63,801)	35,529
Attributable to:			
Owners of the parent		(64,191)	35,355
Minority interest		390	174
		(63,801)	35,529

On behalf of the Management Board:

General Director
Nodar Javakhishvili

Chief Accountant
Manana Nadiradze

May 7, 2012, Tbilisi, Georgia

May 7, 2012, Tbilisi, Georgia

The notes on pages 9-56 form an integral part of these consolidated financial statements.

CARTU BANK GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011
(in thousands of Georgian Lari)

	Notes	December 31 2011	December 31 2010
ASSETS:			
Cash and balances with the National Bank of Georgia	12	26,789	22,555
Financial assets at fair value through profit or loss	13	15,479	2,901
Due from banks	14	27,601	89,278
Loans to customers	15, 25	256,152	408,089
Investments available-for-sale		322	245
Investments held to maturity	16	6,414	18,147
Property and equipment	17	12,961	13,541
Current income tax assets	11	620	132
Deferred income tax assets	11	11,767	-
Other assets	18	30,147	16,399
TOTAL ASSETS		388,252	571,287
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	19	25,998	66,646
Customer accounts	20, 25	77,306	84,770
Provisions	5, 25	384	1,184
Deferred income tax liabilities	11	-	2,439
Other liabilities	21	2,130	1,950
Subordinated debt	22, 25	126,970	242,512
Total liabilities		232,788	399,501
EQUITY:			
Equity attributable to owners of the parent:			
Share capital	23	81,196	54,716
Additional paid in capital		24,816	3,817
Retained earnings		48,014	112,578
Total equity attributable to owners of the parent		154,026	170,736
Non-controlling interest		1,438	1,048
Total equity		155,646	171,786
TOTAL LIABILITIES AND EQUITY		388,252	571,287

On behalf of the Management Board:

General Director
Nodar Javakhishvili

Chief Accountant
Manana Nadiradze

May 7, 2012, Tbilisi, Georgia

May 7, 2012, Tbilisi, Georgia

The notes on pages 9-56 form an integral part of these consolidated financial statements.

CARTU BANK GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

(in thousands of Georgian Lari)

	Notes	Share capital	Additional paid in capital	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2009		**54,716**	**3,817**	**77,223**	**135,756**	**501**	**136,257**
Total comprehensive income for the year		-	-	35,355	35,355	174	35,529
December 31, 2010		**54,716**	**3,817**	**112,578**	**171,111**	**675**	**171,786**
Issue of share	23	26,480	-	-	26,480	-	26,480
Initial recognition effect of subordinated debt issued	22	-	20,999	-	20,999	-	20,999
Total comprehensive loss for the year		-	-	(64,191)	(64,191)	390	(63,801)
December 31, 2011		**81,196**	**24,816**	**48,014**	**154,026**	**1,438**	**155,464**

On behalf of the Management Board:

General Director
Nodar Javakhishvili

May 7, 2012, Tbilisi, Georgia

Chief Accountant
Manana Nadiradze

May 7, 2012, Tbilisi, Georgia

The notes on pages 9-56 form an integral part of these consolidated financial statements.

CARTU BANK GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

(in thousands of Georgian Lari)

	Notes	Year ended December 31 2011	Year ended December 31 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		(75,242)	41,735
Adjustments for:			
(Recovery of provision)/provision for impairment losses on interest bearing assets		106,249	(1,572)
Provision for guarantees and other operations		(727)	243
(Gain)/loss on foreign exchange operations		2,068	(942)
Depreciation and amortization expense		1,479	1,438
Change in interest accruals, net		(6,268)	(3,351)
Net loss/(gain) on operations with financial assets designated at fair value through profit or loss		(1,543)	42
Cash inflow from operating activities before changes in operating assets and liabilities		26,016	37,593
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Minimum reserve deposit with the National Bank of Georgia			(6,285)
(1,161)			
Due from banks		32	3,633
Loans to customers		51,639	(38,724)
Other assets		(1,760)	(842)
Increase/(decrease) in operating liabilities:			
Due to banks		(40,705)	43,639
Customer accounts		(7,415)	(25,813)
Other liabilities		484	392
Cash inflow from operating activities before taxation		22,006	18,717
Income tax recovered/(paid)		(3,253)	(4,172)
Net cash (outflow)/inflow from operating activities		18,753	14,545
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property and equipment, and intangible assets		(1,424)	(1,263)
Proceeds on disposal of property and equipment and intangible assets		395	83
Proceeds on investments at fair value through profit or loss		26,445	16,841
Payments for investments at fair value through profit or loss		(39,023)	(15,501)
Purchase of repossessed assets		(11,858)	-
Purchase of investments available-for-sale		(77)	-
Purchase of investments held to maturity		-	(12,179)
Proceeds on disposal of investments held to maturity		11,733	-
Net cash outflow from investing activities		(13,809)	(12,019)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
(in thousands of Georgian Lari)

	Notes	Year ended December 31 2011	Year ended December 31 2010
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of share		26,480	-
Proceeds from subordinated debt		71,828	11,877
Repayment of subordinated debt		(165,995)	-
Net cash (outflow)/inflow from financing activities		(67,687)	11,877
Effect of exchange rate changes on the balance of cash held in foreign currencies		(902)	(3)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(62,743)	14,403
CASH AND CASH EQUIVALENTS, beginning of the year	12	107,155	92,755
CASH AND CASH EQUIVALENTS, end of the year	12	43,510	107,155

Interest paid and received by the Group during the year ended December 31, 2011 amounted to GEL 26,171 thousand and GEL 59,265 thousand, respectively.

Interest paid and received by the Group during the year ended December 31, 2010 amounted to GEL 26,931 thousand and GEL 59,699 thousand, respectively.

On behalf of the Management Board:

General Director
Nodar Javakhishvili

Chief Accountant
Manana Nadiradze

May 7, 2012, Tbilisi, Georgia *May 7, 2012, Tbilisi, Georgia*

The notes on pages 9-56 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(in thousands of Georgian Lari)

1. ORGANIZATION

Closed Joint Stock Company Cartu Bank (the “Bank”) is a joint-stock bank, which was incorporated in Georgia in 1996. The Bank is regulated by the National Bank of Georgia (the “NBG”) and conducts its business under general license number 229. The Bank’s primary business consists of commercial activities, originating loans and guarantees, trading with securities, foreign currencies and taking deposits.

The registered office of the Bank is located on 39a Chavchavadze Avenue, Tbilisi, Georgia.

As at December 31, 2011 the Bank has two branches and six service centers operating in Tbilisi, one service center in Gori, one service center in Telavi, one service center in Sachkhere and branches in Kutaisi and Batumi.

The Bank is a parent company of a banking group (the “Group”), which consists of the following enterprises consolidated in the financial statements:

Name	Country of operation	Ownership interest (%) 2011	2010	Type of operation
Insurance Company Cartu LLC	Georgia	69%	69%	Insurance

Insurance Company Cartu LLC was formed as a limited liability company under the laws of Georgia on September 13, 2001. The company’s principal activity is insurance, which is mainly health insurance.

As at December 31, 2011 and 2010 JSC Cartu Group (Georgia) owned 100% of the Bank’s shares.

Ultimate shareholder having control over the Groups operations is Bidzina Ivanishvili.

These consolidated financial statements were authorized for issue on May 7, 2012 by the Management Board of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Other basis of presentation criteria

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations for the foreseeable future. The management and shareholders have the intention to further develop the business of the Group in Georgia both in corporate and retail segments. The Group’s management believes that the going concern assumption is appropriate for the Group due to its sufficient capital adequacy ratio and based on historical experience that short-term obligations will be refinanced in the normal course of business.

These consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated. These consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments, and the measurement at revalued amounts of repossessed assets as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the consolidated statement of financial position date (non–current) is presented in Note 28.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entity controlled by the Bank (its subsidiary) made up to December 31 each year. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank.

Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on

CARTU BANK GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
(in thousands of Georgian Lari)

points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Recognition of fee and commission income and expense

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with
the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in profit or loss over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in profit or loss on expiry.

All other commissions are recognized when services are provided.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts and advances to banks with original maturities within 90 days, except for margin deposits for operations with plastic cards, which may be converted to cash within a short period of time and thus are considered liquid. For purposes of determining cash flows, the minimum reserve deposit required by the National Bank of Georgia is not included as a cash equivalent due to restrictions on its availability.

Financial instruments

The Group recognizes financial assets and liabilities in its consolidated statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ('FVTPL'), investments 'held to maturity', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Investments held-to-maturity are measured at amortized cost using the effective interest method less any impairment.

If the Group were to sell or reclassify more than an insignificant amount of investments held-to-maturity before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Group would be prohibited from classifying any financial asset as held to maturity during the following two years.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (2) investments held-to-maturity or (c) financial assets at fair value through profit or loss.

The Group has investment in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets.

AFS equity investment that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost less any identified impairment losses at the end of each reporting period. Where the investment is disposed off or is determined to be impaired the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Receivables, loans, and and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For unlisted equity investment classified as AFS, a significant or prolonged decline in the fair value of the security below its cost would be considered to be objective evidence of its impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

If an available-for-sale asset is impaired, a total amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of comprehensive income is transferred from equity to the consolidated statement of comprehensive income.

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Write off of loans and receivables

Loans and receivables are written off against the allowance for impairment losses when deemed uncollectible. Loans and receivables are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of comprehensive income in the period of recovery.

Derecognition of financial assets

A financial asset (or, where applicable a part of the financial asset or part of a group of similar financial assets) is derecognized where:

- Rights to receive cash flows from the asset has expired;
- The Group has transferred its rights to receive cash flows from the asset or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer required that the Group either (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to receive the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and

rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the balance sheet. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether of not it has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Group retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

Financial liabilities and equity instruments issued

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Compound instruments

The components parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement. At the date of issue, the fair value of the liability component is estimated using prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Financial liabilities

Financial liabilities are classified as due to banks, customer accounts, subordinated debt and other financial liabilities.

Financial liabilities, including due to banks and customer accounts, subordinated debt and other liabilities, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Property and equipment

Initial cost of property and equipment is assessed based on actual expenses for their acquisition that comprise purchase price, including non-refundable purchase taxes and any directly attributed costs of bringing the assets to its working condition and location for intended use. Subsequent to initial recognition property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and construction in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis at the following annual rates:

Buildings and other real estate	2%
Furniture and office fixtures	20%
Computer and office equipment	20%
Other	14%-17%
Intangible assets	10%

Freehold land is not depreciated.

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property and equipment are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount; impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is

adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives from one to five years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Assets classified as held for sale

The Group classifies a non-current assets (or disposal group) as held for sale if its carrying amount will be recovered principally trough a sale of transaction rather than though continuing use. For this to be the case the non-current assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale must be highly probable.

The sale qualifies are highly probable if the Group's management is committed to a plan to sell the non-current assets (or disposal group) and an active program to locate a buyer and complete the plan must have been initiated. Further, the non-current assets (or disposal group) must have been actively marketed for a sale at price that is reasonable in relation to its current fair value and in addition the sale should be expected to qualify for recognition as a complete sale within one year form the date of classification of the non-current assets (or disposal group) as held for sale.

The Group measures an asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less cost to sell. The Group recognizes an impairment loss for the any initial or subsequent write-down of the asset (or disposal group) to fair value less cost to sell if the events or changes in circumstance indicate that their carrying amount may be impaired.

Impairment of non-financial assets other than goodwill

On an ongoing basis, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated property and equipment, due from banks, loans to customers, provisions, other assets and other liabilities except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will

CARTU BANK GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
(in thousands of Georgian Lari)

not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with other assets and liabilities are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Operating taxes

Georgia also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated statement of comprehensive income.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

(in thousands of Georgian Lari)

Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

•Exchange differences on foreign currency borrowings relating to construction in progress for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

The exchange rates used by the Group in the preparation of the consolidated financial statements as at year-end are as follows:

	December 31, 2011	December 31, 2010
GEL/1 US Dollar	1,6703	1,7728
GEL/1 Euro	2,1614	2,3500

Collateral

The Group obtains collateral in respect of customer liabilities where it is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future customer liabilities.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Financial assets held to maturity

The directors have reviewed the Group's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. As at December 31, 2011 and 2010 the carrying amounts of the financial assets held to maturity are GEL 6,414 and GEL 18,147 thousand, respectively. Details of these assets are set out in Note 16.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loans and receivables

The Group regularly reviews its loans and receivables to assess for impairment. The Group's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Group considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its financial statements in future periods.

The Group uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on past performance, past customer behavior, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Group uses management's judgment to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in Georgia and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

As at December 31, 2011 and 2010 the gross loans to customers totaled GEL 388,899 thousand and GEL 445,157 thousand, respectively, and allowance for impairment losses amounted to GEL 132,747 thousand and GEL 37,068 thousand, respectively.

Valuation of financial instruments

As described in Note 26, the Group uses valuation techniques that include inputs that are not based on observable market date to estimate the fair value of certain types of financial instruments. Note 26 provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Repossessed assets

Repossessed assets representing land and buildings are measured at revalued amounts. The date of the latest appraisal was December 31, 2011. The carrying value of revalued repossessed assets amounted to GEL 25,166 thousand and GEL 13,308 thousand as at December 31, 2011 and 2010, respectively.

Useful lives of property and equipment

Items of property and equipment are stated at historical cost less accumulated depreciation and less any accumulated impairment losses. The estimation of the useful life of an item of property and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, the management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any one of these conditions or estimates may result in adjustments to future depreciation rates.

Recoverability of deferred tax assets

The management of the Bank is confident that no valuation allowance against deferred tax assets at the reporting date is considered necessary, because it is more likely that the deferred tax asset will be fully realized. The carrying value of deferred tax assets amounted to GEL 11,767 thousand and nil as at December 31, 2011 and 2010, respectively.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The Group has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the IFRIC) which became effective for the Group's annual consolidated financial statement for the year ended 31 December 2011:

- IFRS 3(2008) "Business Combinations" / IAS 27 "Consolidated and Separate Financial Statements" – amendments resulting from May 2010 Annual Improvements to IFRSs: 1) transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS; 2) clarification on measurement of non-controlling interests;
- IFRS 7 "Financial Instruments: Disclosures" – amendments resulting from May 2010 Annual Improvements to IFRSs: clarification of disclosures and release of requirement for disclosure regarding restructured loans;
- IAS 24 "Related Party Disclosures" – (as revised in 2010) modifies the definition of a related party and simplifies disclosures for government-related entities.

The adoption of the new or revised standards did not have any effect on the financial position or performance of the Group, [except as following: evaluate for each particular case], and all have been retrospectively applied in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", unless otherwise noted below.

CARTU BANK GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)
(in thousands of Georgian Lari)

Amendments to IAS 24 – The disclosure exemptions introduced in IAS 24 (as revised in 2010) do not affect the Group because the Group is not a government-related entity.

3.1 New and revised IFRSs in issue but not yet effective

At the date of authorization of this financial information, the following new standards and interpretations were in issue, but not yet effective, and which the Group has not early adopted:

- IFRS 7 "Financial Instruments: Disclosures" – amendments enhancing disclosures about transfers of financial assets [1];
- IFRS 9 "Financial Instruments" [2];
- IFRS 10 "Consolidated Financial Statements" [3];
- IFRS 11 "Joint Arrangements" [3];
- IFRS 12 "Disclosure of Interest in Other Entities" [3];
- IFRS 13 "Fair Value Measurement" [2];
- IAS 1 "Presentation of Financial Statements" – amendments to revise the way other comprehensive income is presented [4];
- IAS 12 "Income Taxes" – Limited scope amendment (recovery of underlying assets) [5];
- IAS 27 – reissued as IAS 27 "Separate Financial Statements" (as amended in May 2011) [3];
- IAS 28 – reissued as IAS 28 "Investments in Associates and Joint Ventures" (as amended in May 2011) [3].

1 Effective for annual periods beginning on or after 1 July 2011, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

3 Each of the five standards becomes effective for annual periods beginning on or after 1 January 2013, with earlier application permitted if all the other standards in the 'package of five' are also early applied (except for IFRS 12 that can be applied earlier on its own).
4 Effective for annual periods beginning on or after 1 July 2012, with early adoption permitted.
5 Effective for annual periods beginning on or after 1 January 2012, with earlier application permitted.

Amendments to IFRS 7 – The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Retrospective application is required in accordance with IAS 8 with the exception that in the first year of application, an entity need not provide comparative information for the disclosures required by the amendments for periods beginning before July 1, 2011. The Group does not expect this amendment to have a material effect on its financial position or results of operations.

IFRS 9 – was issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognized in profit or loss.

The Group management anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 10 Consolidated Financial Statements – replaces all of the guidance on control and consolidation in IAS 27 and SIC-12 by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, the single definition of control, accompanied by extensive application guidance, is based on whether an investor has:
- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint Arrangements – replaces IAS 31 with new accounting requirements for joint arrangements by classifying them as either joint operations or joint ventures (the 'jointly controlled assets' classification exists no more).
- In recognizing their rights and obligations arising from the arrangement, the parties should no longer focus on the legal structure of the joint arrangement, but rather on how rights and obligations are shared by them.
- A joint operation gives parties to the arrangement direct rights to the assets and obligations for the liabilities. Thus, a joint operator recognizes its interest based on its involvement in the joint operation (i.e. based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement. A party to a 'joint operation' recognizes assets, liabilities, revenues and expenses arising from the arrangement.
- A joint venture gives the parties rights to the net assets or outcome (profit or loss) of the arrangement. Joint ventures are accounted for using the equity method in accordance with IAS 28 "Investments in Associates". Entities can no longer account for an interest in a joint venture using the proportionate consolidation method. A party to a 'joint venture' recognizes an investment.

IFRS 12 Disclosure of Interests in Other Entities – requires enhanced disclosures about both consolidated and unconsolidated entities in which an entity has involvement, so that financial statement users are able to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates,

joint arrangements and unconsolidated structured entities. Thus, IFRS 12 sets out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11 and replaces the disclosure requirements currently found in IAS 28.

IAS 27 (2011) Separate Financial Statements – includes the provisions on separate financial statements that are left almost unchanged after the control provisions of IAS 27 have been replaced with the new IFRS 10.

IAS 28 (2011) Investments in Associates and Joint Ventures – now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

IFRS 13 Fair Value Measurement – aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements to use across IFRSs. The Standard:
- defines fair value;
- sets out in a single IFRS a framework for measuring fair value;
- requires disclosures about fair value measurements.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for share-based payment transactions within the scope of IFRS 2 "Share-based Payment", leasing transactions within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements – revise the way other comprehensive income is presented.

The amendments to IAS 1:
- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' – rather than requiring a single continuous statement as was proposed in the exposure draft;
- Require entities to group items presented in OCI based on whether they are potentially classifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified;
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

The Group does not expect this amendment to have a material effect on its financial position or results of operations.

Amendment to IAS 12 Income Taxes – provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale.

Retrospective application is required in accordance with IAS 8. The Group is considering the impact of the amendment on the consolidated financial statements and the timing of its application.

(in thousands of Georgian Lari)

4. NET INTEREST INCOME

	Year ended December 31 2011	Year ended December 31 2010
Interest income		
Interest income on financial assets recorded at amortized cost:		
Interest income on impaired financial assets	33,117	29,037
Interest income on unimpaired financial assets	32,048	34,305
Total interest income	**65,165**	**63,342**
Interest income on financial assets recorded at amortized cost comprises:		
Interest on loans to customers	61,016	61,073
Interest on balances due from banks	2,825	1,551
Interest on investments held-to-maturity	1,324	718
Total interest income on financial assets recorded at amortised cost	65,165	63,342
Interest expense		
Interest expense on financial liabilities recorded at amortised cost comprise:		
Interest on subordinated debt	(19,773)	(21,902)
Interest on customer accounts	(3,027)	(3,520)
Interest on deposits from banks	(3,003)	(1,801)
Total interest expense on financial liabilities recorded at amortised cost	(25,803)	(27,223)
Net interest income before recovery of provision/(provision) for impairment losses on interest bearing financial assets	**39,362**	**36,119**

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans to customers
December 31, 2009	**38,640**
Recovery of provisions	(1,572)
December 31, 2010	**37,068**
Additional provisions recognized	106,249
Write-off of assets	(10,570)
December 31, 2011	**132,747**

The movements in other provisions were as follows:

	Other assets	Guarantees	Total
December 31, 2009	-	962	962
Additional provisions recognized	21	222	243
Write-off of assets	(18)	-	(18)
December 31, 2010	3	1,184	1,187
Additional provisions recognized/ (recovery of provisions)/	73	(800)	(727)
Write-off of assets	(76)	-	(76)
December 31, 2011	**-**	**384**	**384**

6. NET GAIN/LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets at fair value through profit or loss comprises:

	Year ended December 31, 2011	Year ended December 31, 2010
Net gain/(loss) on operations with financial assets initially recognized at fair value through profit and loss comprise:		
Realized gain on trading operations	23,403	5,542
Realized loss on trading operations	(21,860)	(5,584)
Total net gain/(loss) on operations with financial assets designated at fair value through profit or loss	**1,543**	**(42)**

7. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Year ended December 31, 2011	Year ended December 31, 2010
Dealing, net	4,965	10,730
Translation differences, net	(2,068)	942
Total net gain on foreign exchange operations	**2,897**	**11,672**

(in thousands of Georgian Lari)

8. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense comprise:

	Year ended December 31, 2011	Year ended December 31, 2010
Fee and commission income:		
Plastic cards operations	1,789	1,375
Settlements	1,095	1,233
Documentary operations	920	841
Cash operations	519	515
Foreign exchange operations	2	10
Other	171	213
Total fee and commission income	**4,496**	**4,187**
Fee and commission expense:		
Plastic cards services	(1,994)	(1,496)
Documentary operations	(365)	(290)
Settlements	(264)	(250)
Cash operations	(14)	(3)
Other	(113)	(86)
Total fee and commission expense	**(2,750)**	**(2,125)**

9. OTHER INCOME

Other income comprises:

	Year ended December 31, 2011	Year ended December 31, 2010
Insurance premiums	1,885	987
Legal income	165	78
Fines and penalties received	11	3,643
Recovery of assets written-off	-	68
Other	509	175
Total other income	**2,570**	**4,951**

10. OPERATING EXPENSES

Operating expenses comprise:

	Year ended December 31, 2011	Year ended December 31, 2010
Staff costs	7,567	8,201
Charity and sponsorship	1,907	1,773
Operating leases	1,713	1,824
Depreciation and amortization	1,479	1,438
Professional services	1,015	317
Communication expenses	746	717
Security expenses	579	514
Postal expenses	361	363
Utilities	217	194
Taxes, other than income tax	171	177
Property and equipment maintenance	157	242
Representative expenses	68	99
Advertising expenses	62	83
Business trip expenses	42	48
Training	19	38
Other expenses	1,735	1,023
Total operating expenses	**17,838**	**17,051**

11. INCOME TAXES

The Group provides for income taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of Georgia, which differs from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at December 31, 2011 and 2010 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 15% payable by corporate entities in Georgia on taxable profits under tax law in that jurisdiction.

(in thousands of Georgian Lari)

Temporary differences as at December 31, 2011 and 2010 comprise:

	December 31, 2011	December 31, 2010
Property and equipment	(5,742)	(3,607)
Other assets	(558)	(581)
Other liabilities	(15)	6
Loans to customers	84,032	(13,435)
Provisions for guarantees and other operations	631	1,358
Subordinated debt	100	-
Net deferred tax (liability)/asset at the statutory tax rate (15%)	11,767	(2,439)
Loss carry forward	-	-
Net deferred tax asset/(liability)	**11,767**	**(2,439)**

Relationships between tax expenses and accounting profit for the years ended December 31, 2011 and 2010 are explained as follows:

	Year ended December 31, 2011	Year ended December 31, 2010
(Loss)/Profit before income tax	(75,242)	41,735
Tax at the statutory tax rate (15%)	(11,286)	6,260
Permanent differences	(155)	(54)
Income tax (benefit)/expense	**(11,441)**	**6,206**
Current income tax expense	2,765	3,175
Deferred tax (benefit)/expense recognized in the current year	(14,206)	3,031
Income tax (benefit)/expense	**(11,441)**	**6,206**
Deferred income tax (liabilities)/asset	**2011**	**2010**
As at January 1 – deferred tax (liabilities)/assets	**(2,439)**	**592**
Change in deferred income tax balances recognized in consolidated profit or loss	14,206	(3,031)
As at December 31- deferred tax assets/(liabilities)	**11,767**	**(2,439)**

12. CASH AND BALANCES WITH THE NATIONAL BANK OF GEORGIA (THE “NBG”)

	December 31, 2011	December 31, 2010
Cash	10,327	11,631
Balances with the NBG	16,462	10,924
Total cash and balances with the NBG	**26,789**	**22,555**

The obligatory minimum reserve deposits with the NBG included in the balances with the NBG are restricted balances of GEL 10,629 thousand and GEL 4,344 thousand, respectively, as at December 31, 2011 and 2010. The Group is required to maintain minimum reserve deposits at the NBG at all times.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows comprise the following:

	December 31, 2011	December 31, 2010
Cash and balances with the NBG	26,789	22,555
Due from banks (Note 28)	27,350	88,944
Less minimum reserve deposits with the NBG	(10,629)	(4,344)
Total cash and cash equivalents	**43,510**	**107,155**

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	December 31, 2011	December 31, 2010
Financial assets held for trading:		
Equity securities	15,479	2,901
Total financial assets at fair value through profit or loss	**15,479**	**2,901**

The Group estimates changes in fair value due to credit risk, by estimating the amount of change in the fair value that is not due to changes in market conditions that give rise to market risks.

14. DUE FROM BANKS

Due from banks comprise:

	December 31, 2011	December 31, 2010
Time deposits	9,197	67,631
Correspondent accounts	18,404	21,647
Total due from banks	**27,601**	**89,278**

(in thousands of Georgian Lari)

Included in due from banks is accrued interest in the amount of GEL 3 thousand and GEL 54 thousand as at December 31, 2011 and 2010, respectively.

As at December 31, 2011 and 2010 the Group had balances due from one and two banks, respectively, with individual exposure exceeding 10% of the Group's equity.

As at December 31, 2011 and 2010 included in balances due from banks are guarantee deposits placed by the Group for its operations with plastic cards totaling GEL 251 thousand and GEL 334 thousand, respectively.

As at December 31, 2011 and 2010 the maximum credit risk exposure on due from banks amounted to GEL 27,601 thousand and GEL 89,278 thousand, respectively.

15. LOANS TO CUSTOMERS

Loans to customers comprise:

	December 31, 2011	December 31, 2010
Originated loans to customers	365,951	428,160
Accrued interest	22,948	16,997
	388,899	445,157
Less allowance for impairment losses	(132,747)	(37,068)
Total loans to customers	**256,152**	**408,089**

Movements in the allowance for impairment losses for the years ended December 31, 2011 and 2010 are disclosed in Note 5.

The table below summarizes carrying value of loans to customers analyzed by type of collateral obtained by the Group:

	December 31, 2011	December 31, 2010
Loans collateralized by pledge of real estate, equipment and inventories	240,078	373,064
Loans collateralized by pledge of cash	3,403	22,682
Other collateral	6,836	6,185
Unsecured loans	5,835	6,158
Total loans to customers	**256,152**	**408,089**

	December 31, 2011	December 31, 2010
Analysis by sector:		
Construction	81,564	107,646
Trade and services	97,971	159,632
Manufacturing	33,501	59,937
Individuals	19,690	48,106
Agriculture	7,064	14,128
Transport and communication	527	3,033
Energy	242	2,870
Other	15,593	12,737
Total loans to customers	**256,152**	**408,089**

During the years ended December 31, 2011 and 2010 the Group received financial and non-financial assets by taking possession of collateral it held as security. As at December 31, 2011 and 2010 such assets in amount of GEL 25,166 thousand and GEL 13,308 thousand, respectively, are included in other assets of the Group.

Loans to individuals comprise the following products:

	December 31, 2011	December 31, 2010
Consumer loans	5,163	21,342
Mortgage loans	14,467	9,886
Other	60	16,878
Total loans to individuals	**19,690**	**48,106**

As at December 31, 2011 and 2010 allowance for impairment losses to individuals amounted to GEL 6,957 thousand and GEL 2,367 thousand, respectively.

As at December 31, 2011 and 2010 the Group granted loans to seven and two customers, totaling GEL 117,268 thousand and GEL 35,438 thousand, respectively, which individually exceeded 10% of the Group's equity.

As at December 31, 2011 and 2010 a maximum credit risk exposure on loans to customers amounted to GEL 256,152 thousand and GEL 408,089 thousand, respectively.

As at December 31, 2011 and 2010 all loans were granted to companies operating in Georgia, which represents a significant geographical concentration.

As at December 31, 2011 and 2010 loans to customers included loans totaling GEL 136,340 thousand and GEL 187,704 thousand, respectively, whose terms were renegotiated. Otherwise these loans would be past due or impaired.

(in thousands of Georgian Lari)

16. INVESTMENTS HELD TO MATURITY

	December 31, 2011		December 31, 2010	
	Nominal annual interest rate	Amount	Nominal annual interest rate	Amount
Deposit certificates of the Ministry of Finance of Georgia	7.70%-8.50%	6,500	9.00%-9.80%	18,367
Less discount		(86)		(220)
Total investments held to maturity		**6,414**		**18,147**

17. PROPERTY AND EQUIPMENT

Property and equipment comprise:

	Buildings and other real estate	Furniture and fixtures	Computer and office equipment	Leasehold improvements and other	Construction in progress	Total
At cost						
December 31, 2009	4,945	4,409	2,745	1,734	3,953	17,786
Additions	-	304	272	42	509	1,127
Transfers	1,513	284	7	317	(2,153)	(32)
Disposals	-	(58)	(167)	(18)	-	(243)
December 31, 2010	6,458	4,939	2,857	2,075	2,309	18,638
Additions	-	61	285	19	732	1,097
Transfers	2,558	180	70	31	(2,839)	-
Disposals	(103)	(116)	(260)	(513)	(27)	(1,019)
December 31, 2011	8,913	5,064	2,952	1,612	175	18,716
Accumulated depreciation						
December 31, 2009	430	1,664	1,420	504	-	4,018
Depreciation charge	160	534	346	199	-	1,239
Eliminated on disposals	-	(10)	(138)	(12)	-	(160)
December 31, 2010	590	2,188	1,628	691	-	5,097
Depreciation charge	206	532	343	204	-	1,285
Eliminated on disposals	(103)	(91)	(255)	(178)	-	(627)
December 31, 2011	693	2,629	1,716	717	-	5,755
Net book value						
As at December 31, 2011	**8,220**	**2,435**	**1,236**	**895**	**175**	**12,961**
As at December 31, 2010	**5,868**	**2,751**	**1,229**	**1,384**	**2,309**	**13,541**

As at December 31, 2011 and 2010 included in property and equipment were fully depreciated assets totaling GEL 1,128 thousand and GEL 952 thousand, respectively.

18. OTHER ASSETS

Other assets comprise:

	December 31, 2011	December 31, 2010
Other financial assets:		
Accounts receivable	928	746
Less allowance for impairment of other financial assets	-	(3)
Total other financial assets	**928**	**743**
Other non-financial assets:		
Repossessed assets	25,166	13,308
Intangible assets	1,629	1,499
Tax settlements, other than income tax	1,275	77
Advances paid		
725	346	
Inventory	407	396
Other	17	30
Total other assets	**30,147**	**16,399**

Movements in the allowance for impairment losses on other assets for the years ended December 31, 2011 and 2010 are disclosed in Note 5.

Repossessed assets as at December 31, 2011 and 2010 include land and buildings in the amount of GEL 25,166 thousand and GEL 13,308 thousand, respectively, which are measured lower of its carrying amount and fair value less cost to sell. The repossessed assets have been revalued by independent appraiser as at December 31, 2011 and 2010. The following methods were used for the estimation of their fair value: discounted cash flow method (income approach), direct sales comparison method (comparative approach). For the estimation of the final value, following weights were assigned to the results obtained using different approaches: discounted cash flow method –30-40% and direct sales comparison approach – 60%-70%, depending on the degree to which the estimates met the following characteristics: reliability and completeness of the information, specifics of the estimated property, and other.

(in thousands of Georgian Lari)

	Intangible assets
At cost	
December 31, 2009	2,359
Additions	136
Disposals	(210)
December 31, 2010	2,285
Additions	327
Disposals	(59)
December 31, 2011	2,553
Accumulated amortization	
December 31, 2009	797
Charge for the year	199
Eliminated on disposals	(210)
December 31, 2010	786
Charge for the year	194
Eliminated on disposals	(56)
December 31, 2011	924
Net book value	
December 31, 2011	**1,629**
December 31, 2010	**1,499**

19. DUE TO BANKS

Due to banks comprise:

	December 31, 2011	December 31, 2010
Correspondent accounts of other banks	97	37,184
European Bank of Reconstruction and Development (the "EBRD")	14,302	20,257
Black Sea Trade and Development Bank (the "BSTDB)	11,599	9,205
Total due to banks	**25,998**	**66,646**

As at December 31, 2011 and 2010 accrued interest expenses included in due to banks amounted to GEL 923 thousand and GEL 866 thousand, respectively.

The Group is obligated to comply with financial covenants in relation to certain due to banks disclosed above. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios. During the year ended December 31, 2011 the Group has breached the following ratio set by the EBRD – Ratio of 20 largest Exposure. The Group has obtained a waiver from EBRD for this financial covenant as at February 27, 2012 for the year ending December 31, 2011. As at December 31, 2011 balances due to EBRD amounted to GEL 14,302 thousand.

20. CUSTOMER ACCOUNTS

Customer accounts comprise:

	December 31, 2011	December 31, 2010
Time deposits	19,871	28,656
Repayable on demand	57,435	56,114
Total customer accounts	**77,306**	**84,770**

As at December 31, 2011 and 2010 accrued interest expenses included in customer accounts amounted to GEL 383 thousand and GEL 432 thousand, respectively.
As at December 31, 2011 and 2010 customer accounts totaling GEL 241 thousand and GEL 7,017 thousand, respectively, were held as security against guarantees issued by the Group.
As at December 31, 2011 and 2010 customer accounts totaling GEL 33,306 thousand and GEL 24,013 thousand (43% and 28% of total customer accounts), respectively, were due ten and nine customers, which represents a significant concentration.

	December 31, 2011	December 31, 2010
Analysis by economic sector/customer type:		
Individuals	31,072	34,407
Trade and services	19,343	39,129
Construction	5,950	1,469
Transport and communication	1,835	2,686
Manufacturing	1,733	1,853
Agriculture	351	649
Energy	139	489
Other	16,883	4,088
Total customer accounts	**77,306**	**84,770**

21. OTHER LIABILITIES

Other liabilities comprise:

	December 31, 2011	December 31, 2010
Other financial liabilities:		
Accounts payable	32	432
Other non-financial liabilities:		
Taxes payable, other than income tax	172	23
Insurance reserves	1,045	1,349
Other	881	146
Total other liabilities	**2,130**	**1,950**

(in thousands of Georgian Lari)

22. SUBORDINATED DEBT

Subordinated debt comprises:

	Currency	Maturity date	Interest rate %	December 31, 2011	December 31, 2010
FinService-XXI LTD	USD	28-Dec-21	5%	5,016	-
FinService-XXI LTD	USD	31-Mar-26	2%	34,506	-
FinService-XXI LTD	USD	31-Mar-26	2%	11,381	-
FinService-XXI LTD	USD	9-Feb-12	9%	-	17,824
FinService-XXI LTD	USD	13-Dec-11	9%	-	17,807
FinService-XXI LTD	USD	22-Jun-14	5%	16,721	17,741
FinService-XXI LTD	USD	1-Nov-14	9%	-	8,930
FinService-XXI LTD	USD	11-May-12	9%	-	8,908
FinService-XXI LTD	USD	12-Jul-14	9%	-	8,906
FinService-XXI LTD	USD	17-Jul-14	9%	-	8,895
FinService-XXI LTD	USD	25-Oct-11	9%	-	8,877
FinService-XXI LTD	USD	27-Nov-11	9%	-	8,877
FinService-XXI LTD	USD	26-Jun-15	9%	-	8,875
FinService-XXI LTD	USD	26-Apr-12	9%	-	8,875
FinService-XXI LTD	USD	28-Jun-14	9%	-	8,871
FinService-XXI LTD	USD	2-Oct-14	9%	-	8,871
FinService-XXI LTD	USD	26-Sep-14	9%	-	7,987
FinService-XXI LTD	USD	24-Aug-14	9%	-	7,103
FinService-XXI LTD	USD	31-Jan-15	9%	-	7,091
FinService-XXI LTD	USD	24-Dec-14	9%	-	5,328
FinService-XXI LTD	USD	28-Dec-11	9%	-	5,322
FinService-XXI LTD	USD	20-Sep-14	9%	-	4,444
				67,624	179,532
Inter Consulting Plus LTD	USD	22-Jun-14	5%	16,717	17,741
Inter Consulting Plus LTD	USD	17-Oct-25	5%	11,701	12,419
Inter Consulting Plus LTD	USD	2-Oct-14	5%	8,364	8,871
				36,782	39,031
Georgian Holding LTD	USD	22-Jun-14	5%	16,714	17,741
Christa Enterprises LTD	USD	28-Feb-17	5%	5,850	6,208
				22,564	23,949
Total subordinated debt				**126,970**	**242,512**

As at December 31, 2011 and 2010 accrued interest expense included in subordinated debt amounted to GEL 148 thousand and GEL 524 thousand, respectively.
In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.
On 31 March and 13 December 2011 the Group signed subordinated loan agreement with Finservice- XXI LTD both maturing on March 31, 2026. According to the agreement the loan is convertible to equity at maturity. The interest is payable annually in arrears at a nominal annual interest rate of 2 per cent. When the loan was taken, the prevailing market interest rate for similar loan without conversion options was 5 per cent.

23. SHARE CAPITAL

As at December 31, 2011 and 2010 share capital consisted of 81,196 and 54,716 ordinary shares with par value of GEL 1 each.
The Group's share capital comprises of the following number of shares:

	Share capital Pcs'000
Ordinary shares	
December 31, 2009	54,716
December 31, 2010	54,716
Issue of shares	26,480
December 31, 2010	**81,196**

24. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated statement of financial position.
The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.
Provision for losses on contingent liabilities totaled GEL 384 thousand and GEL 1,184 thousand as at December 31, 2011 and 2010, respectively.

As at December 31, 2011 and 2010 contingent liabilities comprise:

	December 31, 2011	December 31, 2010
Contingent liabilities and credit commitments		
Guarantees issued and similar commitments	20,174	66,449
Letters of credit and other transaction related contingent obligations	8,241	988
Commitments on loans and unused credit lines	2,950	26,597
Total contingent liabilities and credit commitments	**31,365**	**94,034**

Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and depends on borrowers' financial performance, debt service and other conditions. As at December 31, 2011 and 2010 such unused credit lines come to GEL 2,950 thousand and GEL 26,597 thousand, respectively.

Capital commitments – The Group had no material commitments for capital expenditures outstanding as at December 31, 2011 and 2010.

Operating lease commitments – No material rental commitments were outstanding as at December 31, 2011 and 2010.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxation – Commercial legislation of Georgia, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

On October 28, 2011 Georgian Parliament adopted amendments to Article 239 of the Tax Code and Article 82 of the Law on Enforcement Proceedings of Georgia. Pursuant to these amendments tax authorities have received priority over secured claims of financial institution regarding any borrower in case the grounds of origin of the tax claim secured by a tax pledge or mortgage belong to the period prior to the registration date of the pledge/mortgage of such financial institution.

In the beginning of 2012 the amendment to the Georgian law, mentioned above, was cancelled and the priority of mortgages was returned to the financial institutions. By the time of issuance of these financial statements Tax Code determines the priority of mortgages/pledges according to the time of their creation. The rights of creditors of prior rank are protected by ensuring that in case of enforcement of a tax pledge/mortgage their claims are satisfied before those of the state.

Operating environment – The Group's principal business activities are within Georgia. Laws and regulations affecting the business environment in Georgia are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

Pensions and retirement plans – Employees receive pension benefits from the Government of Georgia in accordance with the laws and regulations of the country. As at December 31, 2011 and 2010, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating Environment – Emerging markets such as Georgia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Georgia and the Georgia's economy in general.

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Laws and regulations affecting businesses in Georgia continue to change rapidly. Tax, currency and customs legislation within Georgia are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Georgia. The future economic direction of Georgia is largely dependent upon economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

The global financial turmoil that has negatively affected Georgia's financial and capital markets in 2009 and 2010 has receded and Georgia's economy returned to growth in 2011. However significant economic uncertainties remain. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment could slow or disrupt Georgia's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

25. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	December 31, 2011		December 31, 2010	
	Related party balances	Total category as per the consolidated financial statements caption	Related party balances	Total category as per the consolidated financial statements caption
Loans to customers	16,414	388,899	37,623	445,157
- other related parties	16,414		37,623	
Allowance for impairment losses on loans to customers	(502)	(132,747)	(854)	(37,068)
- other related parties	(502)		(854)	
Customer accounts	30,582	77,306	6,873	84,770
- shareholders	11,891		842	
- key management personnel	-		62	
- other related parties	18,691		5,969	
Subordinated debt	126,970	126,970	242,512	242,512
- shareholders	126,970		242,512	
Provisions	4	384	12	1,184
- other related parties	4		12	
Letters of credit and other transaction related contingent obligations	-	8,241	889	988
- other related parties			889	
Guarantees issued and similar commitments	-	20,174	552	66,449
- other related parties			552	

The remuneration of directors and other members of key management was as follows:

	December 31, 2011		December 31, 2010	
	Related party transaction	Total category as per the consolidated financial statements caption	Related party transaction	Total category as per the consolidated financial statements caption
Key management personnel compensation:				
- short-term employee benefits	774	7,567	722	8,201

Included in the consolidated statement of comprehensive income for the years ended December 31, 2011 and 2010 are the following amounts which were recognized in transactions with related parties:

	Year ended December 31, 2011		Year ended December 31, 2010	
	Related party transaction	Total category as per the consolidated financial statements caption	Related party transaction	Total category as per the consolidated financial statements caption
Interest income	5,614	65,165	4,865	63,342
- other related parties	5,614		4,865	
Interest expense	(19,318)	(25,803)	(21,972)	(27,223)
- shareholders	-		-	
- other related parties	(19,318)		(21,972)	
Provision for impairment losses on interest bearing assets	(301)	(106,249)	(256)	1,572
- other related parties			(256)	
Fee and commission income	196	4,496	297	4,187
- shareholders	7		3	
- key management	1		1	
- other related parties	188		293	

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26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale.

Assets for which fair value approximates carrying value

For financial assets and liabilities that have a short term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a maturity.

Loans and advances to banks

The fair value of loans and advances to banks has been estimated using the same valuation technique for financial instruments accounted for at fair value as described in the valuation techniques below.

Loans and advances to customers

Loans and advances to personal customers are made both at variable and at fixed rates. As there is no active secondary market in Georgia for such loans and advances, there is no reliable market value available for this portfolio.

(a) Variable rate – Management believes that carrying rate may be assumed to be fair value.
(b)Fixed rate – Certain of the loans secured are at a fixed rate. Fair value has been estimated by reference to the market rates available at the balance sheet date for similar loans of maturity equal to the remaining fixed period.

Financial investments – available for sale

Available-for-sale financial assets valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities.

These assets are valued using models that use both observable and unobservable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Except as detailed below, management of the Group considers that the fair value of financial assets and liabilities approximates their carrying value:

(in thousands of Georgian Lari)

	December 31, 2011		December 31, 2010	
	Carrying value	Fair value	Carrying value	Fair value
Cash and balances with the NBG	26,789	26,789	22,555	22,555
Due from banks	27,601	27,595	89,278	88,916
Loans to customers	256,152	255,100	408,089	407,212
Investments available-for-sale	322	322	245	245
Investments held to maturity	6,414	6,414	18,147	18,147
Other financial assets	928	928	743	743
Due to banks	25,998	25,738	66,646	66,429
Customer accounts	77,306	77,249	84,770	84,091
Other financial liabilities	32	32	432	432
Subordinated debt	126,970	126,970	242,512	240,777

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the NBG in supervising the Group.

During the past year, the Group had complied in full with all its externally imposed capital requirements.

The capital structure of the Group consists of debt, which includes subordinated debt disclosed in Note 22, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in consolidated statement of changes in equity.

The Management Board reviews the capital structure on a semi-annual basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group balances its overall capital structure through payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall capital risk management policy remains unchanged from 2010.

The following table analyzes the Group's regulatory capital resources for capital adequacy purposes in accordance with the principles employed by the Basel Committee:

	Year ended December 31, 2011	Year ended December 31, 2010
Movement in tier 1 capital:		
At January 1	171,786	136,257
Net profit	(64,191)	35,355
Issue of share	26,480	-
Additional paid in capital	20,999	-
Non-controlling interest	390	174
At December 31	**155,464**	**171,786**

	Year ended December 31, 2011	Year ended December 31, 2010
Composition of regulatory capital:		
Tier 1 capital:		
Share capital	81,196	54,716
Additional paid in capital	24,816	3,817
Retained earnings	48,014	112,205
Non-controlling interest	1,438	1,048
Total qualifying tier 1 capital	155,464	171,786
Subordinated debt (restricted to 50% of Tier 1 capital)	77,732	85,893
Less investments to companies engaged in financial activities	(250)	(216)
Total regulatory capital	**232,946**	**257,463**
Capital ratios:		
Tier 1 capital	37,14%	32,84%
Total capital	55,64%	49,22%

Quantitative measures established by regulation to ensure capital adequacy require the Group to maintain minimum amounts and ratios of total (8%) and tier 1 capital (4%) to risk weighted assets.

As at December 31, 2011 and 2010, the Group included in the computation of Total Capital for capital adequacy purposes the subordinated debt received, limited to 50% of Tier 1 capital. In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group's liabilities to all other creditors.

(in thousands of Georgian Lari)

28. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to:

- Credit risk
- Liquidity risk
- Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority. These processed are performed by the Credit Committees and the Group's Management Board. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the branch risk-manager or the Risk Management Department. Daily risk management is performed by the Heads of Credit Departments and Branch Credit Divisions.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Limits on the level of credit risk by a borrower, industry sector are approved quarterly by the Management Board. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored on a regular basis.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guarantees. However, some portion of loans is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions.

With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Maximum exposure of credit risk

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. The Group's maximum exposure to credit risk under contingent liabilities and commitments to extend credit, in the event of non performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

	Maximum exposure	
	December 31, 2011	December 31, 2010
Financial assets at fair value through profit or loss	15,479	2,901
Due from banks	27,601	89,278
Loans to customers	256,152	408,089
Investments available-for-sale	322	245
Investments held to maturity	6,414	18,147
Other financial assets	928	743
Guarantees issued and similar commitments	20,174	66,449
Commitments on loans and unused credit lines	2,950	26,597

Off – balance sheet risk

The Group applies fundamentally the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, customers and counterparties will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Credit quality by classes of financial assets

As at December 31, 2011:

	Neither past due nor individually impaired	Past due but not individually impaired	Individually impaired	Collectively impaired	(Impairment allowance)	Total
Balances with the NBG	16,462	-	-	-	-	16,462
Due from banks	27,601	-	-	-	-	27,601
Loans to customers	132,759	8,298	233,189	14,653	(132,747)	256,152
Investments available-for-sale	322	-	-	-	-	322
Investments held to maturity	6,414	-	-	-	-	6,414
Other financial assets	928	-	-	-	-	928

As at December 31, 2010:

	Neither past due nor individually impaired	Past due but not individually impaired	Individually impaired	Collectively impaired	(Impairment allowance)	Total
Balances with the NBG	10,924	-	-	-	-	10,924
Due from banks	89,278	-	-	-	-	89,278
Loans to customers	180,318	8,747	166,474	89,618	(37,068)	408,089
Investments available-for-sale	245	-	-	-	-	245
Investments held to maturity	18,147	-	-	-	-	18,147
Other financial assets	743	-	-	-	-	743

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency such as Fitch. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade. As at December 31, 2011 and 2010 the balances with the NBG amounted to GEL 16,462 thousand and GEL 10,924 thousand, respectively. The credit rating of Georgia according to the international rating agencies corresponded to investment level <BBB.

The following table details credit ratings of financial assets held by the Group as at December 31, 2011:

	AAA	AA	A	BBB	<BBB	Not rated	Total at December 31, 2010
Balances with the NBG	-	-	-	-	16,462	-	16,462
Financial assets at fair value through profit or loss	-	-	862	-	-	14,617	15,479
Due from banks	-	1,141	13,472	-	9,848	3,140	27,601
Loans to customers	-	-	-	-	-	256,152	256,152
Investments available-for-sale	-	-	-	-	-	322	322
Investments held to maturity	-	-	-	-	6,414	-	6,414
Other financial assets	-	-	-	-	-	928	928

As at December 31, 2010:

	AAA	AA	A	BBB	<BBB	Not rated	Total at December 31, 2009
Balances with the NBG	-	-	-	10,924	-	-	10,924
Financial assets at fair value through profit or loss	-	-	820	90	-	1,991	2,901
Due from banks	-	16,527	6,301	460	65,990	-	89,278
Loans to customers	-	-	-	-	-	408,089	408,089
Investments available-for-sale	-	-	-	-	-	245	245
Investments held to maturity	-	-	-	18,147	-	-	18,147
Other financial assets	-	-	-	-	-	743	743

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The banking industry is generally exposed to credit risk through its loans to customers and inter bank deposits. With regard to the loans to customers this risk exposure is concentrated within Georgia.
The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Group's risk management policy are not breached.

Geographical concentration

The Assets and Liabilities Committee ("ALCO") exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Group's activity. This approach allows the Group to minimize potential losses from the investment climate fluctuations in Georgia.

The geographical concentration of assets and liabilities is set out below:

	Georgia	Other non-OECD countries	OECD countries	December 31 2011 Total
FINANCIAL ASSETS				
Cash and balances with the NBG	26,789	-	-	26,789
Financial assets at fair value through profit or loss	-	106	15,373	15,479
Due from banks	11,909	14,192	1,500	27,601
Loans to customers	256,152	-	-	256,152
Investments available-for-sale	322	-	-	322
Investments held to maturity	6,414	-	-	6,414
Other financial assets	928	-	-	928
TOTAL FINANCIAL ASSETS	302,514	14,298	16,873	333,685
FINANCIAL LIABILITIES				
Due to banks	95	-	25,903	25,998
Customer accounts	74,911	1,525	870	77,306
Other financial liabilities	32	-	-	32
Subordinated debt	121,106	5,864	-	126,970
TOTAL FINANCIAL LIABILITIES	196,144	7,389	26,773	230,306
NET POSITION	106,370	6,909	(9,900)	

	Georgia	Other non-OECD countries	OECD countries	December 31 2010 Total
FINANCIAL ASSETS				
Cash and balances with the NBG	22,555	-	-	22,555
Financial assets at fair value through profit or loss	-	265	2,636	2,901
Due from banks	65,986	891	22,401	89,278
Loans to customers	407,612	-	477	408,089
Investments available-for-sale	245	-	-	245
Investments held to maturity	18,147	-	-	18,147
Other financial assets	743	-	-	743
TOTAL FINANCIAL ASSETS	515,288	1,156	25,514	541,958
FINANCIAL LIABILITIES				
Due to banks	37,183	1	29,462	66,646
Customer accounts	84,046	185	539	84,770
Other financial liabilities	432	-	-	432
Subordinated debt	236,303	6,209	-	242,512
TOTAL FINANCIAL LIABILITIES	357,964	6,395	30,001	394,360
NET POSITION	157,324	(5,239)	(4,487)	

Liquidity risk

Liquidity risk management

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The ALCO controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimization.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process.

The Management Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Further is analysis of liquidity and interest rate risks:

(a) term to maturity of financial liabilities, that are not derivatives, calculated for non-discounted cash flows on financial liabilities (main debt and interests) on the earliest date, when the Group will be liable to redeem the liability;

(b) term to maturity of financial liabilities, that are derivatives, calculated for non-discounted cash flows on financial liabilities on the earliest date, when the Group will be liable to redeem the liability; and

(c) estimated term till maturity of financial assets, that are not derivatives, calculated for non-discounted cash flows on financial assets (including interests), which will be received on these assets based on contractual terms of maturity, except the cases when the Group expects that cash flows will be received in the different time.

An analysis of the liquidity by classes of financial assets and financial liabilities, and interest rate risks is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the Group.

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	Up to 1 month	1 month to 3 month to	3 months 1 year	1 year to 5 years	Over 5 years	December 31 2011 Total
FINANCIAL ASSETS						
Due from banks	9,197	-	-	-	-	9,197
Loans to customers	27,828	1,008	28,653	95,996	102,667	256,152
Investments held to maturity	1,000	4,000	1,414	-	-	6,414
Total interest bearing financial assets	38,025	5,008	30,067	95,996	102,667	271,763
Cash and balances with the NBG	26,789	-	-	-	-	26,789
Financial assets at fair value through profit or loss	15,479	-	-	-	-	15,479
Due from banks	18,404	-	-	-	-	18,404
Investments available-for-sale	-	-	-	322	-	322
Other financial assets	928	-	-	-	-	928
Total financial assets	99,625	5,008	30,067	96,318	102,667	333,685
FINANCIAL LIABILITIES						
Due to banks	-	-	10,893	13,648	1,361	25,902
Customer accounts	7,597	4,902	10,488	2,142	12	25,141
Subordinated debt	147	-	-	41,758	85,065	126,970
Total interest bearing financial liabilities	7,744	4,902	21,381	57,548	86,438	178,013
Due to banks	96	-	-	-	-	96
Customer accounts	52,165	-	-	-	-	52,165
Other financial liabilities	32	-	-	-	-	32
Total financial liabilities	60,037	4,902	21,381	57,548	86,438	230,306
Interest sensitivity gap	30,281	106	8,686	38,448	16,229	
Cumulative interest sensitivity gap	30,281	30,387	39,073	77,521	93,750	
Liquidity gap	39,588	106	8,686	38,770	16,229	
Cumulative liquidity gap	39,588	39,694	48,380	87,150	103,379	

	Up to 1 month	1 month to 3 month to	3 months 1 year	1 year to 5 years	Over 5 years	December 31 2010 Total
FINANCIAL ASSETS						
Due from banks	64,541	2,352	266	-	-	67,159
Loans to customers	17,263	11,395	22,243	65,214	291,974	408,089
Investments held to maturity	6,343	10,338	1,466	-	-	18,147
Total interest bearing financial assets	88,147	24,085	23,975	65,214	291,974	493,395
Cash and balances with the NBG	22,555	-	-	-	-	22,555
Financial assets at fair value through profit or loss	2,901	-	-	-	-	2,901
Due from banks	22,119	-	-	-	-	22,119
Investments available-for-sale	-	-	-	245	-	245
Other financial assets	743	-	-	-	-	743
Total financial assets	136,465	24,085	23,975	65,459	291,974	541,958
FINANCIAL LIABILITIES						
Due to banks	57,317	-	9,205	-	-	66,522
Customer accounts	23,086	4,047	17,933	2,984	283	48,333
Subordinated debt	**-**	**-**	**40,884**	**183,000**	**18,628**	**242,512**
Total interest bearing financial liabilities	80,403	4,047	68,022	185,984	18,911	357,367
Due to banks	124	-	-	-	-	124
Customer accounts	35,268	151	693	325	-	36,437
Other financial liabilities	432	-	-	-	-	432
Total financial liabilities	116,227	4,198	68,715	186,309	18,911	394,360
Interest sensitivity gap	7,744	20,038	(44,047)	(120,770)	273,063	
Cumulative interest sensitivity gap	**7,744**	**27,782**	**(16,265)**	**(137,035)**	**136,028**	
Liquidity gap	20,238	19,887	(44,740)	(120,850)	273,063	
Cumulative liquidity gap	**20,238**	**40,125**	**(4,615)**	**(125,465)**	**147,598**	

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An analysis of liquidity and interest rate risk is presented in the following table. The presentation below is based upon the information provided internally to key management personnel of the Group. The amounts disclosed in these tables do not correspond to the amounts recorded in the consolidated statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the consolidated statement of financial position under the effective interest rate method.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 month to	3 months 1 year	1 year to 5 years	Over 5 years	December 31 2011 Total
FINANCIAL LIABILITIES							
Due to banks	2,35%	1,089	2,171	9,772	14,271	725	28,028
Customer accounts	7,70%	8,746	4,867	10,129	3,115	12	26,869
Subordinated Debt	5,00%	242	439	1,953	55,517	68,819	126,970
Total interest bearing financial liabilities		10,007	7,477	21,854	72,903	69,556	181,867
Due to banks		96	-	-	-	-	96
Customer accounts		53,824	35	630	389	28	54,906
Other financial liabilities		32	-	-	-	-	32
TOTAL FINANCIAL LIABILITIES		**63,959**	**7,512**	**22,484**	**73,292**	**69,584**	**263,901**

	Weighted average effective interest rate	Up to 1 month	1 month to 3 month to	3 months 1 year	1 year to 5 years	Over 5 years	December 31 2010 Total
FINANCIAL LIABILITIES							
Due to banks	1,34%	58,203	98	9,500	-	-	67,801
Customer accounts	9,10%	23,452	4,621	19,379	3,875	412	51,739
Subordinated debt	9,00%	1,667	5,001	55,886	231,970	27,011	321,535
Total interest bearing financial liabilities		83,322	9,720	84,765	235,845	27,423	441,075
Due to banks		124	-	-	-	-	124
Customer accounts		35,268	151	693	325	-	36,437
Other financial liabilities		432	-	-	-	-	432
TOTAL FINANCIAL LIABILITIES		**119,146**	**9,871**	**85,458**	**236,170**	**27,423**	**478,068**

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Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed.

The Group is exposed to interest rate risks as the Group borrows funds at both fixed and floating rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The ALCO also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Department of Financial Supervision conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

Interest rate sensitivity

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Supervision conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in fair value interest rates and its influence on the Group's profitability.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The level of these changes is determined by management and is contained within the risk reports provided to key management personnel.

Impact on profit before tax based on asset values as at December 31, 2011 and 2010:

	December 31, 2011		December 31, 2010	
	Interest rate +2%	Interest rate -2%	Interest rate +2%	Interest rate -2%
Financial assets:				
Due from banks	184	(184)	1,417	(1,417)
Loans to customers	5,123	(5,123)	8,450	(8,450)
Investments held to maturity	128	(128)	204	(204)
Financial liabilities:				
Due to banks	(518)	518	(704)	704
Customer accounts	(503)	503	(1,788)	1,788
Subordinated debt	(2,539)	2,539	(4,869)	4,869
Net impact on profit before tax	1,875	(1,875)	2,745	(2,745)

Impact on equity:

	December 31, 2011		December 31, 2010	
	Interest rate +2%	Interest rate -2%	Interest rate +2%	Interest rate -2%
Financial assets:				
Due from banks	156	(156)	1,205	(1,205)
Loans to customers	4,355	(4,355)	7,183	(7,183)
Investments held to maturity	109	(109)	173	(173)
Financial liabilities:				
Due to banks	(440)	440	(599)	599
Customer accounts	(428)	428	(1,520)	1,520
Subordinated debt	(2,158)	2,158	(4,139)	4,139
Net impact on equity	1,594	(1,594)	2,303	(2,303)

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.
The ALCO controls currency risk by management of the open currency position on the estimated basis of Georgian Lari devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position with the aim to match the requirements of the National Bank of Georgia.
The Group's open positions by the major currencies in which it holds the assets and liabilities are presented below:

	GEL	USD USD 1 = GEL1.6703	EUR EUR 1 = GEL 2.1614	Other currency	December 31, 2011 Total
FINANCIAL ASSETS					
Cash and balances with the NBG	12,228	12,099	2,348	114	26,789
Financial assets at fair value through profit or loss	-	15,312	-	167	15,479
Due from banks	11,616	15,514	342	129	27,601
Loans to customers	114,383	134,369	7,400	-	256,152
Investments available-for-sale	322	-	-	-	322
Investments held to maturity	6,414	-	-	-	6,414
Other financial assets	393	354	103	78	928
TOTAL FINANCIAL ASSETS	146,356	177,648	10,193	488	333,685
FINANCIAL LIABILITIES					
Due to banks	55	25,942	1	-	25,998
Customer accounts	17,414	53,748	6,094	50	77,306
Other financial liabilities	18	14	-	-	32
Subordinated debt	-	126,970	-	-	126,970
TOTAL FINANCIAL LIABILITIES	17,487	206,674	6,095	50	230,306
OPEN BALANCE SHEET POSITION	127,869	(29,026)	4,098	438	

	GEL	USD USD 1 = GEL1.7728	EUR EUR 1 = GEL 2.3500	Other currency	December 31, 2010 Total
FINANCIAL ASSETS					
Cash and balances with the NBG	13,347	7,703	1,418	87	22,555
Financial assets at fair value through profit or loss	-	2,696	-	205	2,901
Due from banks	65,792	11,084	12,243	159	89,278
Loans to customers	81,561	316,951	9,577	-	408,089
Investments available-for-sale	245	-	-	-	245
Investments held to maturity	18,147	-	-	-	18,147
Other financial assets	743	-	-	-	743
TOTAL FINANCIAL ASSETS	179,835	338,434	23,238	451	541,958
FINANCIAL LIABILITIES					
Due to banks	55	52,470	14,121	-	66,646
Customer accounts	26,831	47,786	9,842	311	84,770
Other financial liabilities	432	-	-	-	432
Subordinated debt	-	242,512	-	-	242,512
TOTAL FINANCIAL LIABILITIES	27,318	342,768	23,963	311	394,360
OPEN BALANCE SHEET POSITION	152,517	(4,334)	(725)	140	

Currency risk sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in the USD against the GEL. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Impact on net profit and equity based on asset values as at December 31, 2011 and 2010:

	December 31, 2011		December 31, 2010	
	GEL/USD +5%	GEL/USD -5%	GEL/USD +5%	GEL/USD -5%
Impact on profit or loss before tax	1,410	(1,410)	216	(216)
Impact on equity	1,199	(1,199)	184	(184)

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Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value in the consolidated statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Group manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margins and collateral requirements. With respect to undrawn loan commitments the Group is potentially exposed to a loss of an amount equal to the total amount of such commitments. However, the likely amount of a loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

29. SUBSEQUENT EVENTS

Subsequent to the year end, the group converted subordinated loan from related party, FinService-XXI LTD, in the amount of GEL 11,701 thousand to share capital.