

# BGEO Group PLC

## 3rd quarter and 9 month 2015 Results

Holding company of BANK OF GEORGIA

**B** **GE** **O**



**GROUP**

# TABLE OF CONTENTS

|  |    |
|--|----|
| Results Overview                       | 3  |
| Chief Executive Officer's Statement    | 5  |
| Financial Summary of BGEO              | 7  |
| Discussion of Banking Business Results | 9  |
| Discussion of Segment Results          | 15 |
| Selected Financial Information         | 30 |
| Company Information                    | 35 |

## **FORWARD LOOKING STATEMENTS**

This document contains statements that constitute “forward-looking statements”, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to the following: (1) general market, macroeconomic, governmental, legislative and regulatory trends; (2) movements in local and international currency exchange rates; interest rates and securities markets; (3) competitive pressures; (4) technological developments; (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties and developments in the market in which they operate; (6) management changes and changes to our group structure; and (7) other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports, including those filed with the respective authorities.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events. Accordingly, we are under no obligations (and expressly disclaim such obligations) to update or alter our forward-looking statements whether as a result of new information, future events, or otherwise.

*As per our earlier announcement the board announced its intentions to rename **Bank of Georgia Holdings PLC**, UK registered holding company, into **BGEO Group PLC**. As of the date of this announcement the change of name has been completed.*

BGEО Group PLC (“**BGEО**” or the “**Group**” – LSE: **BGEО LN**), announces the Group’s 3Q15 and 9M15 consolidated results. Unless otherwise mentioned, figures are for 3Q15 and comparisons are with 3Q14. The results are based on IFRS, are unaudited and derived from management accounts.

### BGEО highlights

- 3Q15 profit was GEL 80.9mln (US\$ 34.0mln/GBP 22.4mln), up 29.8% y-o-y and 12.3% q-o-q
- 3Q15 earnings per share (“EPS”) were GEL 2.04 (US\$ 0.86 per share/GBP 0.56 per share), up 17.2% y-o-y and up 10.9% q-o-q
- 9M15 profit was GEL 215.3mln (US\$ 90.4mln/GBP 59.5mln), up 23.5% y-o-y
- 9M15 EPS was GEL 5.51 (US\$ 2.31 per share/GBP 1.52 per share), up 12.7% y-o-y
- Book value per share was GEL 43.60, up 17.9% y-o-y, with total equity attributable to shareholders of GEL 1,667.9mln, up 31.2% y-o-y
- Total assets increased to GEL 9,937.9mln, up 45.8% y-o-y and up 6.0% q-o-q
- Leverage stood at 4.7 times
- In addition to the capital in the regulated Banking Business (JSC Bank of Georgia), GEL 103.6mln cash is held at the holding company level as of the date of this report

### Banking Business highlights

#### 3Q15 performance

- Revenue was GEL 190.0mln (up 39.4% y-o-y and up 4.1% q-o-q)
- Net Interest Margin (“NIM”) was 7.6% (flat y-o-y and q-o-q)
- Loan Yield stood at 14.7% (+50 bps y-o-y and +10 bps q-o-q)
- Cost of Funds stood at 4.1% (flat y-o-y and down 30 bps q-o-q)
- Cost to Income ratio was 34.8% (35.7% in 2Q15 and 40.1% in 3Q14)
- Operating leverage was positive y-o-y at 18.5 percentage points and 2.7 percentage points q-o-q
- Cost of credit risk stood at GEL 34.8mln (up 133.8% y-o-y and down 14.7% q-o-q)
- Cost of Risk ratio was 2.5% (2.7% in 2Q15 and 1.6% in 3Q14)
- Profit increased to GEL 73.4mln (up 31.9% y-o-y and up 19.4% q-o-q)
- Return on Average Assets (“ROAA”) was 3.3% (2.9% in 2Q15 and 3.5% in 3Q14)
- Return on Average Equity (“ROAE”) was 23.3% (19.3% in 2Q15 and 21.0% in 3Q14)

#### 9M15 performance

- Revenue was GEL 550.2mln (up 43.2% y-o-y)
- NIM was 7.7% (+20 bps y-o-y)
- Loan Yield was 14.7% (+30 bps y-o-y)
- Cost of Funds was 4.3% (flat y-o-y)
- Cost to Income ratio improved to 35.7% (41.3% in 9M14)
- Operating leverage was positive at 19.1%
- Cost of credit risk stood at GEL 116.3mln (up 184.0% y-o-y)
- Cost of Risk ratio stood at 2.8% (1.2% in 9M14)
- Profit increased to GEL 193.7mln (up 24.5% y-o-y)
- ROAA was 3.1% (3.3% in 9M14)
- ROAE was 20.6% (19.8% in 9M14)

#### Balance sheet strength supported by solid capital and liquidity positions

- The net loan book reached a record GEL 5,367.3mln (up 37.7% y-o-y and up 4.4% q-o-q); growth on constant currency basis was 12.0% y-o-y
- Customer funds increased to GEL 4,649.6mln (up 47.9% y-o-y and up 10.4% q-o-q); growth on constant currency basis was 19.2% y-o-y
- Net Loans to Customer Funds and DFI ratio stood at 95.9% (102.4% at 30 June 2015 and 104.6% at 30 September 2014)
- Tier I and Total Capital Adequacy ratios (CAR) (Basel I) stood at 16.7% and 23.7%, respectively
- NBG (Basel 2/3) Tier I and Total CAR stood at 10.2% and 15.8%, respectively
- NBG Liquidity Ratio was 40.5%

## Resilient growth momentum sustained across all major business lines

- **Retail Banking continues to deliver strong franchise growth**, primarily supported by the Express Banking strategy and Privatbank acquisition. Retail Banking revenue reached GEL 111.2mln in 3Q15, up 47.7% y-o-y
- Retail Banking net loan book reached a record GEL 2,751.3mln, up 48.0% y-o-y; growth on constant currency basis was 27.7% y-o-y
- Retail Banking client deposits increased to GEL 1,805.8mln, up 51.3% y-o-y; growth on constant currency basis was 20.3% y-o-y
- **The Privatbank acquisition has enhanced our position in the significantly more profitable retail banking franchise.** Privatbank added c.400,000 clients to our business and increased our market share in retail loans by 4.3 percentage points and in retail deposits by 2.5ppts (market data as of 31 March 2015)
- **We launched Solo - a new strategy for our premium banking segment** - a fundamentally different approach to premium banking. We have already opened five new Solo lounges and our goal for the next three to four years is to significantly increase our market share in this segment, which stood below 13% at the beginning of 2015
- **Corporate Banking net loan book reached GEL 2,253.2mln, up 20.5% y-o-y and up 3.6% q-o-q**, growing at a lower rate in 9M 2015, compared to Retail Banking segment, as a result of slower economic activity in the country's corporate sector in 2015. Furthermore, strategically we want to grow slower in this segment
- **Investment Management's Assets Under Management ("AUM")<sup>1</sup> increased to GEL 1,347.0mln**, up 37.4% y-o-y, reflecting increased bond issuance activity

## Investment Business Highlights

- **Our healthcare business, Georgia Healthcare Group ("GHG") successfully completed its initial public offering ("IPO") of ordinary shares on the premium segment of London Stock exchange on 12 November 2015.** Based on the Offering Price of 170 pence per share, GHG's total market capitalisation at the commencement of conditional dealings was £218 million. The IPO comprised 38,681,820 shares equating to an offering size of approximately £66 million (US\$ 100 million), representing approximately 29% of GHG's share capital on admission, excluding the over-allotment option. Immediately following admission, the issued share capital of GHG is 131,681,820 Shares
- **As a result of GHG IPO, BGEО achieved 121% IRR on its investment in GHG**
- **GHG reported standalone profit of GEL 18.6mln in 9M15, up 50.7%** from GEL 12.3mln in 9M14. As at 30 September 2015, the healthcare services business had a 26.6% market share 5 times that of the GHG's nearest competitor in Georgia by number of beds (2,670 beds). The market share is expected to grow to c.30.0% as a result of the renovation of recently acquired hospital facilities, scheduled for completion in 2016 and 2017 (additional c.500 beds).
  - In 2015, GHG completed two major acquisitions, High Technology Medical Center University Clinic ("HTMC") and Deka LLC ("Deka"), adding a total of 530 beds and bringing market share in beds to 26.6% and 24.0%, nationwide and in Tbilisi, respectively
  - GHG's financial results partially reflect the results of operations of Deka and HTMC, as they were consolidated as of 30 June 2015 and 1 August 2015, respectively. HTMC revenue was GEL 38.4mln in 2014, and GEL 21.7mln in 6M15
  - In 3Q 2015, GHG launched 2 ambulatory clinics in Tbilisi, in line with its strategy to roll out 20 to 30 ambulatory clinics during the next 2-3 years, primarily in Tbilisi
- **Our real estate business, m<sup>2</sup> Real Estate ("m<sup>2</sup> Real Estate") recognised revenue of GEL 1.8mln in 9M15, with US\$ 70.6mln sales revenue yet to be recognised as revenue upon completion of on-going projects.** Since its establishment in 2010, m<sup>2</sup> Real Estate has generated total sales of US\$ 127.5mln, of which US\$ 56.9mln has already been recognised as revenue and the remaining will be recognized upon completion of the on-going constructions during 2015-2018
- **Profits in associates, which comprises profit from our water and utilities business – Georgian Global Utilities ("GGU") – recorded GEL 1.4mln profit in 3Q15** (reported in gain from associates), resulting in 2.1mln profit for 9M15

<sup>1</sup> Wealth Management client deposits, Galt & Taggart client assets, Aldagi Pension Fund and Wealth Management client assets at Bank of Georgia Custody

# CHIEF EXECUTIVE OFFICER'S STATEMENT

“I am pleased to report another set of strong quarterly results that reflect the ongoing excellent performance of our banking operations and the increasing impact from our non-banking businesses. This performance is particularly pleasing against the backdrop of volatile currency and economic conditions for many of Georgia’s trading partners, which contributed to the GEL devaluation of 26% against the US Dollar and 17% against the Euro over the last twelve months.

During the third quarter of 2015, the Group delivered revenue of GEL 216.6 million and profit of GEL 80.9 million, up 36.0% and 29.8%, respectively. Earnings per share increased by 17.2% to GEL 2.04. In the first nine months of 2015, revenues totalled GEL 615.0 million, profit was GEL 215.3 million and Earnings per share totalled GEL 5.51, up 37.0%, 23.5% and 12.7% respectively on the same period in 2014. This performance was driven by strong levels of balance sheet growth, partly reflecting the acquisition and rapid integration of Privatbank Georgia and the devaluation of the Lari, as well as positive operating leverage of 19.1 percentage points in the Banking Business. Asset quality continued to remain robust during the third quarter with a cost of risk ratio of 2.5% for the quarter and a 10 basis point improvement in the NPL/Gross Loans ratio to 4.0% at 30 September 2015, compared to 4.1% at 30 June 2015. We continue to expect a lower cost of risk ratio in the second half of 2015, compared to the first half, and the full year cost of risk ratio to be c.2.5%.

Within our Banking Business, revenue growth was 39.4% year on year, and 4.1% quarter on quarter. This reflected strong growth in net interest income, up 43.6% y-o-y, as a result of a 37.7% increase in customer lending over the last 12 months, as well as the acquisition and full integration of Privatbank. In addition, net fee and commission income grew by 11.7%, driven by a 28.9% increase in Retail Banking net fee and commission income, which largely reflects the continuing success of the Bank’s Express strategy. The net interest margin at 7.6% was stable against last year, as the beneficial impact of the acquisition of Privatbank and higher rates which led to a 50 basis point increase in the Loan Yield, was offset by the impact of higher liquidity and a 40 basis point increase in the Cost of Funds.

Excluding the impact of the Privatbank acquisition, customer lending increased by 31.4%, implying 5.7% growth on constant currency basis. Our client deposit balances increased by 47.9% despite decreasing interest rates on US dollar deposits from 5% to 4% in September. Excluding the impact of the Privatbank acquisition, client deposits increased by 39.4% and 11.1% on a constant currency basis.

Costs continue to remain extremely well controlled, and the Banking Business Cost/Income ratio improved further to 34.8% in the third quarter of 2015, compared to 40.1% in the third quarter of 2014, and 35.7% in the second quarter of 2015. Positive operating leverage at 18.5 percentage points reflected the impact of the integration of Privatbank and some additional targeted cost reduction initiatives in the first half of 2015.

Asset quality during the first nine months of the year has remained robust, with both retail arrears and the NPL ratio remaining low. This remains a good performance against the backdrop of the 26% Lari devaluation against the US dollar over the last twelve months, and reflects our conservative lending policy that takes into account, at the time of the initial lending decision, any potential currency mismatch. During the first quarter we offered retail clients affected by the devaluation the opportunity to re-profile their borrowings<sup>1</sup>, however the take-up of this offer has been limited with only 992 customers, with loans totaling US\$ 34.9 million, taking advantage of the offer. The currency devaluation itself has created an increased provision of GEL 17.9 million during the first nine months of the year, of which GEL 6.0 million was provided in the third quarter. The cost of credit risk ratio for the first nine months of the year was 2.8%, compared to 1.2% in the first nine months of 2014. The cost of credit risk ratio in the third quarter of 2015 of 2.5% was, as expected, an improvement on the first half of the year and we expect to see a further reduction in the cost of risk ratio in the fourth quarter of 2015.

<sup>1</sup> Re-profiling implies effectively increasing the tenor of the loan so that monthly payment in Lari stays at the same level it was prior to the recent devaluation of the Lari. When re-profiling, we do not change the interest rate of the loan. In Retail Banking, our clients with mortgage loans are most likely to apply for re-profiling, as in total we have 7,500 mortgage loans worth GEL 400mln which are US Dollar loans to Retail Banking clients with non-US Dollar income.

Within our Investment Businesses, GHG, our healthcare business, delivered another record performance for the first nine months of the year, with revenues totalling GEL 171.4 million, reflecting both good levels of organic growth and the impact of the benefits of last year's acquisitions starting to be captured. Healthcare Services revenue increased by 34.5% during the period, of which 22.0% was organic growth. As a result, GHG reported standalone profit of GEL 18.6 million in the first nine months of 2015, an increase of 50.7%. As at 30 September 2015, the healthcare services business had a 26.6% market share by number of beds (2,670 beds), and this market share is expected to grow to c.30.0% as a result of the renovation of 2 recently required hospital facilities, scheduled for completion in 2016 and 2017. During the third quarter, GHG also launched 2 new ambulatory clinics in Tbilisi, in line with its strategy to roll out 20 to 30 ambulatory clinics during the next 2-3 years, primarily in Tbilisi.

I was delighted to see GHG successfully complete its premium segment listing on the London Stock Exchange on 12 November 2015 – this was a significant achievement against a very challenging equity market backdrop, particularly for Emerging Market country IPOs. As part of the listing process, GHG raised gross proceeds of approximately US\$100 million through the issue of new shares, which will be used to renovate and develop 2 recently acquired hospitals, finance our planned roll-out of an ambulatory clinic network, reduce levels of debt within GHG, and pay the remaining purchase price for a further recent hospital acquisition. This listing has been a number of years in the planning, and is an important first step in the process of delivering the Group's strategy to exit from its non-banking businesses over time.

The Group's capital position remains strong, with capital being held both in the regulated Banking Business (JSC Bank of Georgia) and at the holding company level (BGEO Group Plc). Within the bank, the NBG (Basel 2/3) Tier 1 Capital Adequacy ratio was 10.2%, compared to a regulatory minimum requirement of 8.5%. In addition, cash totaling GEL 103.6 million was held at the Group level as of the date of this report.

In August, we completed our corporate legal restructuring that we announced in December 2014 and created a unique platform to extend our reach to different industries on the Georgian corporate market. The need for restructuring was created by our recently updated strategy as well as NBG's intention to regulate banks in Georgia on a standalone basis. The new structure is now clearly aligned to our strategy and will facilitate our continued commitment to growing Bank of Georgia's strong retail and corporate banking franchise and allows us to capture compelling investment opportunities in Georgia's corporate sector. As part of this restructuring, we renamed the UK registered holding company, Bank of Georgia Holdings Plc, as BGEO Group Plc.

From a macroeconomic perspective Georgia has performed very well in the light of the recent macroeconomic and currency pressures in many of Georgia's trading partners. Much of the currency volatility earlier in the year has now significantly reduced and the Lari has seen a period of generally greater stability over the last two quarters. As a result we believe that, in the absence of any major external shocks, the Lari will remain broadly stable at its current levels. GDP growth in Georgia during the first nine months of 2015 remained towards the top end of our earlier expectations with 2.7% y-o-y growth, and inflation remained well contained at 5.8% y-o-y in October 2015, partly as a result of the beneficial impact of lower oil prices on the Georgian economy. In addition, international arrivals (an important component of capital inflows for the country) continue to be strong, with overall growth of 6.8% in the first ten months of the year, and consolidated tax revenues increased by 10.9% to GEL 6.5 billion over the same period.

Against the challenging regional macroeconomic backdrop, the Group has continued to perform very well. We believe we remain well positioned to deliver a strong performance for the full year and beyond.

Irakli Gilauri,

Group CEO of BGEO Group PLC

# FINANCIAL SUMMARY

## QUARTERLY INCOME STATEMENT

GEL thousands

|   | BGE0 Consolidated |                |                 |                |                 | Banking Business* |                |                 |                |                 | Investment Business* |               |                 |               |                 |
|---|-------------------|----------------|-----------------|----------------|-----------------|-------------------|----------------|-----------------|----------------|-----------------|----------------------|---------------|-----------------|---------------|-----------------|
|   | 3Q15              | 3Q14           | Change<br>Y-O-Y | 2Q15           | Change<br>Q-O-Q | 3Q15              | 3Q14           | Change<br>Y-O-Y | 2Q15           | Change<br>Q-O-Q | 3Q15                 | 3Q14          | Change<br>Y-O-Y | 2Q15          | Change<br>Q-O-Q |
| Net banking interest income                                 | 126,178           | 88,377         | 42.8%           | 122,789        | 2.8%            | 129,249           | 89,977         | 43.6%           | 126,403        | 2.3%            | -                    | -             | -               | -             | -               |
| Net fee and commission income                               | 30,791            | 27,371         | 12.5%           | 29,121         | 5.7%            | 31,061            | 27,798         | 11.7%           | 30,172         | 2.9%            | -                    | -             | -               | -             | -               |
| Net banking foreign currency gain                           | 18,675            | 13,431         | 39.0%           | 19,765         | -5.5%           | 18,675            | 13,431         | 39.0%           | 19,765         | -5.5%           | -                    | -             | -               | -             | -               |
| Net other banking income                                    | 4,938             | 1,291          | NMF             | 2,481          | 99.0%           | 5,231             | 1,324          | 295.1%          | 2,810          | 86.2%           | -                    | -             | -               | -             | -               |
| Gross insurance profit                                      | 9,783             | 9,684          | 1.0%            | 5,817          | 68.2%           | 5,829             | 3,757          | 55.2%           | 3,473          | 67.8%           | 4,498                | 6,389         | -29.6%          | 2,799         | 60.7%           |
| Gross healthcare profit                                     | 22,118            | 14,237         | 55.4%           | 18,099         | 22.2%           | -                 | -              | -               | -              | -               | 22,118               | 14,237        | 55.4%           | 18,099        | 22.2%           |
| Gross real estate profit                                    | 751               | 1,254          | -40.1%          | (41)           | NMF             | -                 | -              | -               | -              | -               | 751                  | 1,254         | -40.1%          | (41)          | NMF             |
| Gross other investment profit                               | 3,373             | 3,577          | -5.7%           | 4,734          | -28.7%          | -                 | -              | -               | -              | -               | 3,229                | 3,580         | -9.8%           | 4,709         | -31.4%          |
| <b>Revenue</b>  | <b>216,607</b>    | <b>159,222</b> | <b>36.0%</b>    | <b>202,765</b> | <b>6.8%</b>     | <b>190,045</b>    | <b>136,287</b> | <b>39.4%</b>    | <b>182,623</b> | <b>4.1%</b>     | <b>30,596</b>        | <b>25,460</b> | <b>20.2%</b>    | <b>25,566</b> | <b>19.7%</b>    |
| Operating expenses  | (77,562)          | (65,563)       | 18.3%           | (76,848)       | 0.9%            | (66,167)          | (54,718)       | 20.9%           | (65,244)       | 1.4%            | (12,244)             | (11,484)      | 6.6%            | (12,381)      | -1.1%           |
| <b>Operating income before cost of credit risk / EBITDA</b> | <b>139,045</b>    | <b>93,659</b>  | <b>48.5%</b>    | <b>125,917</b> | <b>10.4%</b>    | <b>123,878</b>    | <b>81,569</b>  | <b>51.9%</b>    | <b>117,379</b> | <b>5.5%</b>     | <b>18,352</b>        | <b>13,976</b> | <b>31.3%</b>    | <b>13,185</b> | <b>39.2%</b>    |
| Profit from associates                                      | 1,444             | -              | -               | 1,979          | -27.0%          | -                 | -              | -               | -              | -               | 1,444                | -             | -               | 1,979         | -27.0%          |
| Depreciation and amortization of investment business        | (4,227)           | (2,352)        | 79.7%           | (2,579)        | 63.9%           | -                 | -              | -               | -              | -               | (4,227)              | (2,352)       | 79.7%           | (2,579)       | 63.9%           |
| Net foreign currency gain (loss) from investment business   | (2,311)           | (281)          | NMF             | 2,689          | NMF             | -                 | -              | -               | -              | -               | (2,311)              | (281)         | NMF             | 2,689         | NMF             |
| Interest income from investment business                    | 499               | 252            | 98.0%           | 622            | -19.8%          | -                 | -              | -               | -              | -               | 719                  | 406           | 77.1%           | 844           | -14.8%          |
| Interest expense from investment business                   | (2,080)           | (1,872)        | 11.1%           | (2,632)        | -21.0%          | -                 | -              | -               | -              | -               | (5,485)              | (3,912)       | 40.2%           | (7,501)       | -26.9%          |
| Operating income before cost of credit risk                 | 132,370           | 89,406         | 48.1%           | 125,996        | 5.1%            | -                 | -              | -               | -              | -               | 8,492                | 7,837         | 8.4%            | 8,617         | -1.5%           |
| Cost of credit risk   | (35,647)          | (15,305)       | 132.9%          | (41,867)       | -14.9%          | (34,752)          | (14,863)       | 133.8%          | (40,764)       | -14.7%          | (895)                | (442)         | 102.5%          | (1,103)       | -18.9%          |
| <b>Profit</b>   | <b>80,905</b>     | <b>62,308</b>  | <b>29.8%</b>    | <b>72,030</b>  | <b>12.3%</b>    | <b>73,402</b>     | <b>55,635</b>  | <b>31.9%</b>    | <b>61,453</b>  | <b>19.4%</b>    | <b>7,503</b>         | <b>6,673</b>  | <b>12.4%</b>    | <b>10,577</b> | <b>-29.1%</b>   |
| Earnings per share (basic)                                  | 2.04              | 1.74           | 17.2%           | 1.84           | 10.9%           | -                 | -              | -               | -              | -               | -                    | -             | -               | -             | -               |

## NINE-MONTH INCOME STATEMENT

GEL thousands

|   | BGE0 Consolidated |                |                 | Banking Business* |                |                 | Investment Business* |               |                 |
|---|-------------------|----------------|-----------------|-------------------|----------------|-----------------|----------------------|---------------|-----------------|
|   | 9M15              | 9M14           | Change<br>Y-O-Y | 9M15              | 9M14           | Change<br>Y-O-Y | 9M15                 | 9M14          | Change<br>Y-O-Y |
| Net banking interest income                                 | 369,956           | 251,825        | 46.9%           | 378,710           | 256,208        | 47.8%           | -                    | -             | -               |
| Net fee and commission income                               | 86,767            | 73,433         | 18.2%           | 89,324            | 75,090         | 19.0%           | -                    | -             | -               |
| Net banking foreign currency gain                           | 57,401            | 36,131         | 58.9%           | 57,401            | 36,131         | 58.9%           | -                    | -             | -               |
| Net other banking income                                    | 9,209             | 4,397          | 109.4%          | 10,137            | 4,743          | 113.7%          | -                    | -             | -               |
| Gross insurance profit                                      | 23,174            | 25,742         | -10.0%          | 14,606            | 11,948         | 22.2%           | 9,990                | 15,116        | -33.9%          |
| Gross healthcare profit                                     | 57,094            | 37,175         | 53.6%           | -                 | -              | -               | 57,094               | 37,175        | 53.6%           |
| Gross real estate profit                                    | 1,919             | 10,833         | -82.3%          | -                 | -              | -               | 1,919                | 10,913        | -82.4%          |
| Gross other investment profit                               | 9,506             | 9,439          | 0.7%            | -                 | -              | -               | 9,481                | 9,321         | 1.7%            |
| <b>Revenue</b>  | <b>615,026</b>    | <b>448,975</b> | <b>37.0%</b>    | <b>550,178</b>    | <b>384,120</b> | <b>43.2%</b>    | <b>78,484</b>        | <b>72,525</b> | <b>8.2%</b>     |
| Operating expenses  | (230,470)         | (187,766)      | 22.7%           | (196,687)         | (158,493)      | 24.1%           | (36,282)             | (31,219)      | 16.2%           |
| <b>Operating income before cost of credit risk / EBITDA</b> | <b>384,556</b>    | <b>261,209</b> | <b>47.2%</b>    | <b>353,491</b>    | <b>225,627</b> | <b>56.7%</b>    | <b>42,202</b>        | <b>41,306</b> | <b>2.2%</b>     |
| Profit from associates                                      | 2,112             | -              | -               | -                 | -              | -               | 2,112                | -             | -               |
| Depreciation and amortization of investment business        | (9,494)           | (6,837)        | 38.9%           | -                 | -              | -               | (9,494)              | (6,837)       | 38.9%           |
| Net foreign currency gain (loss) from investment business   | 4,067             | (2,130)        | NMF             | -                 | -              | -               | 4,067                | (2,130)       | NMF             |
| Interest income from investment business                    | 1,738             | 984            | 76.6%           | -                 | -              | -               | 2,381                | 1,386         | 71.8%           |
| Interest expense from investment business                   | (7,171)           | (5,621)        | 27.6%           | -                 | -              | -               | (18,951)             | (11,747)      | 61.3%           |
| Cost of credit risk   | (119,356)         | (42,468)       | 181.0%          | (116,287)         | (40,942)       | 184.0%          | (3,069)              | (1,526)       | 101.1%          |
| <b>Profit</b>   | <b>215,274</b>    | <b>174,289</b> | <b>23.5%</b>    | <b>193,666</b>    | <b>155,528</b> | <b>24.5%</b>    | <b>21,608</b>        | <b>18,761</b> | <b>15.2%</b>    |
| Earnings per share (basic)                                  | 5.51              | 4.89           | 12.7%           | -                 | -              | -               | -                    | -             | -               |

\* Banking Business and Investment Business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations are provided in annexes.

| BALANCE SHEET                                    | BGEO Consolidated |                  |                 |                  |                 | Banking Business |                  |                 |                  |                 | Investment Business |                |                 |                |                 |
|--|-------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|------------------|-----------------|---------------------|----------------|-----------------|----------------|-----------------|
|  | Sep-15            | Sep-14           | Change<br>Y-O-Y | Jun-15           | Change<br>Q-O-Q | Sep-15           | Sep-14           | Change<br>Y-O-Y | Jun-15           | Change<br>Q-O-Q | Sep-15              | Sep-14         | Change<br>Y-O-Y | Jun-15         | Change<br>Q-O-Q |
| Liquid Assets                                    | 2,924,784         | 1,749,381        | 67.2%           | 2,741,533        | 6.7%            | 2,913,651        | 1,728,730        | 68.5%           | 2,726,749        | 6.9%            | 186,812             | 75,514         | 147.4%          | 127,508        | 46.5%           |
| Loans to customers and finance lease receivables | 5,266,125         | 3,818,742        | 37.9%           | 5,052,752        | 4.2%            | 5,367,311        | 3,897,160        | 37.7%           | 5,142,221        | 4.4%            | -                   | -              | 0.0%            | -              | 0.0%            |
| <b>Total assets</b>                              | <b>9,937,889</b>  | <b>6,815,670</b> | <b>45.8%</b>    | <b>9,375,059</b> | <b>6.0%</b>     | <b>9,140,036</b> | <b>6,340,444</b> | <b>44.2%</b>    | <b>8,712,710</b> | <b>4.9%</b>     | <b>1,094,685</b>    | <b>611,191</b> | <b>79.1%</b>    | <b>883,373</b> | <b>23.9%</b>    |
| Client deposits and notes                        | 4,477,908         | 3,088,254        | 45.0%           | 4,104,417        | 9.1%            | 4,649,572        | 3,142,980        | 47.9%           | 4,212,822        | 10.4%           | -                   | -              | 0.0%            | -              | 0.0%            |
| Amounts due to credit institutions               | 2,115,859         | 1,264,299        | 67.4%           | 2,139,517        | -1.1%           | 2,011,801        | 1,167,556        | 72.3%           | 2,045,093        | -1.6%           | 209,898             | 175,299        | 19.7%           | 189,124        | 11.0%           |
| Debt securities issued                           | 1,076,137         | 794,951          | 35.4%           | 1,063,123        | 1.2%            | 999,959          | 768,315          | 30.1%           | 990,257          | 1.0%            | 83,549              | 27,023         | 209.2%          | 79,894         | 4.6%            |
| <b>Total liabilities</b>                         | <b>8,179,930</b>  | <b>5,487,439</b> | <b>49.1%</b>    | <b>7,719,116</b> | <b>6.0%</b>     | <b>7,891,998</b> | <b>5,255,808</b> | <b>50.2%</b>    | <b>7,463,969</b> | <b>5.7%</b>     | <b>584,764</b>      | <b>367,597</b> | <b>59.1%</b>    | <b>476,171</b> | <b>22.8%</b>    |
| Total equity                                     | 1,757,959         | 1,328,231        | 32.4%           | 1,655,943        | 6.2%            | 1,248,038        | 1,084,636        | 15.1%           | 1,248,741        | -0.1%           | 509,921             | 243,594        | 109.3%          | 407,202        | 25.2%           |

**Banking Business Ratios**

|   | 3Q15   | 3Q14   | 2Q15   | 9M15   | 9M14   |
|---|--------|--------|--------|--------|--------|
| ROAA  | 3.3%   | 3.5%   | 2.9%   | 3.1%   | 3.3%   |
| ROAE  | 23.3%  | 21.0%  | 19.3%  | 20.6%  | 19.8%  |
| Net Interest Margin   | 7.6%   | 7.6%   | 7.6%   | 7.7%   | 7.5%   |
| Loan Yield  | 14.7%  | 14.2%  | 14.6%  | 14.7%  | 14.4%  |
| Liquid assets yield   | 3.1%   | 2.6%   | 3.1%   | 3.2%   | 2.4%   |
| Cost of Funds   | 5.1%   | 4.7%   | 5.0%   | 5.1%   | 4.8%   |
| Cost of Client Deposits and Notes                               | 4.1%   | 4.1%   | 4.4%   | 4.3%   | 4.3%   |
| Cost of Amounts Due to Credit Institutions                      | 6.3%   | 4.8%   | 5.3%   | 5.7%   | 4.8%   |
| Cost of Debt Securities Issued                                  | 7.3%   | 7.1%   | 7.2%   | 7.3%   | 7.2%   |
| Cost / Income   | 34.8%  | 40.1%  | 35.7%  | 35.7%  | 41.3%  |
| NPLs To Gross Loans To Clients                                  | 4.0%   | 3.8%   | 4.1%   | 4.0%   | 3.8%   |
| NPL Coverage Ratio  | 82.0%  | 78.1%  | 82.2%  | 82.0%  | 78.1%  |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 121.9% | 112.1% | 115.1% | 121.9% | 112.1% |
| Cost of Risk  | 2.5%   | 1.6%   | 2.7%   | 2.8%   | 1.2%   |
| Tier I capital adequacy ratio (BIS)                             | 16.7%  | 22.7%  | 20.4%  | 16.7%  | 22.7%  |
| Total capital adequacy ratio (BIS)                              | 23.7%  | 26.4%  | 26.7%  | 23.7%  | 26.4%  |
| Tier I capital adequacy ratio (New NBG, Basel II)               | 10.2%  | 11.2%  | 10.4%  | 10.2%  | 11.2%  |
| Total capital adequacy ratio (New NBG, Basel II)                | 15.8%  | 17.2%  | 15.9%  | 15.8%  | 17.2%  |

\* Note: Banking Business and Investment Business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations are provided in annexes.

# DISCUSSION OF RESULTS

## Discussion of Banking Business Quarterly Results

The following discussion refers to the Banking Business only

### Revenue

| <i>GEL thousands, unless otherwise noted</i> | 3Q15           | 3Q14           | Change,<br>Y-o-Y | 2Q15           | Change,<br>Q-o-Q |
|--|----------------|----------------|------------------|----------------|------------------|
| Banking interest income                      | 223,800        | 150,084        | 49.1%            | 215,313        | 3.9%             |
| Banking interest expense                     | (94,551)       | (60,107)       | 57.3%            | (88,910)       | 6.3%             |
| <b>Net banking interest income</b>           | <b>129,249</b> | <b>89,977</b>  | <b>43.6%</b>     | <b>126,403</b> | <b>2.3%</b>      |
| Fee and commission income                    | 41,532         | 35,578         | 16.7%            | 40,160         | 3.4%             |
| Fee and commission expense                   | (10,471)       | (7,780)        | 34.6%            | (9,988)        | 4.8%             |
| <b>Net fee and commission income</b>         | <b>31,061</b>  | <b>27,798</b>  | <b>11.7%</b>     | <b>30,172</b>  | <b>2.9%</b>      |
| Net banking foreign currency gain            | 18,675         | 13,431         | 39.0%            | 19,765         | -5.5%            |
| Net other banking income                     | 5,231          | 1,324          | 295.1%           | 2,810          | 86.2%            |
| Net insurance premiums earned                | 10,332         | 7,349          | 40.6%            | 9,777          | 5.7%             |
| Net insurance claims incurred                | (4,503)        | (3,592)        | 25.4%            | (6,304)        | -28.6%           |
| <b>Gross insurance profit</b>                | <b>5,829</b>   | <b>3,757</b>   | <b>55.2%</b>     | <b>3,473</b>   | <b>67.8%</b>     |
| <b>Revenue</b>                               | <b>190,045</b> | <b>136,287</b> | <b>39.4%</b>     | <b>182,623</b> | <b>4.1%</b>      |
| Net Interest Margin                          | 7.6%           | 7.6%           | 0 bps            | 7.6%           | 0 bps            |
| Average interest earning assets              | 6,786,373      | 4,709,010      | 44.1%            | 6,638,429      | 2.2%             |
| Average interest bearing liabilities         | 7,378,228      | 5,072,011      | 45.5%            | 7,128,014      | 3.5%             |
| Average net loans, currency blended          | 5,240,930      | 3,758,775      | 39.4%            | 5,225,895      | 0.3%             |
| Average net loans, GEL                       | 1,558,868      | 1,176,121      | 32.5%            | 1,564,867      | -0.4%            |
| Average net loans, FC                        | 3,682,062      | 2,582,654      | 42.6%            | 3,661,028      | 0.6%             |
| Average client deposits, currency blended    | 4,437,639      | 3,158,807      | 40.5%            | 4,313,076      | 2.9%             |
| Average client deposits, GEL                 | 1,182,641      | 910,318        | 29.9%            | 1,216,653      | -2.8%            |
| Average client deposits, FC                  | 3,254,998      | 2,248,489      | 44.8%            | 3,096,423      | 5.1%             |
| Average liquid assets, currency blended      | 2,748,330      | 1,826,345      | 50.5%            | 2,588,219      | 6.2%             |
| Average liquid assets, GEL                   | 1,235,688      | 822,011        | 50.3%            | 1,173,577      | 5.3%             |
| Average liquid assets, FC                    | 1,512,642      | 1,004,334      | 50.6%            | 1,414,642      | 6.9%             |
| Excess liquidity (NBG)                       | 491,228        | 245,941        | 99.7%            | 219,562        | 123.7%           |
| <i>Liquid assets yield, currency blended</i> | 3.1%           | 2.6%           |                  | 3.1%           |                  |
| <i>Liquid assets yield, GEL</i>              | 6.7%           | 5.1%           |                  | 6.1%           |                  |
| <i>Liquid assets yield, FC</i>               | 0.3%           | 0.6%           |                  | 0.5%           |                  |
| <i>Loan yield, total</i>                     | 14.7%          | 14.2%          |                  | 14.6%          |                  |
| <i>Loan yield, GEL</i>                       | 22.8%          | 19.8%          |                  | 21.6%          |                  |
| <i>Loan yield, FC</i>                        | 11.2%          | 11.5%          |                  | 11.4%          |                  |
| <i>Cost of funding, total</i>                | 5.1%           | 4.7%           |                  | 5.0%           |                  |
| <i>Cost of funding, GEL</i>                  | 5.2%           | 4.0%           |                  | 4.8%           |                  |
| <i>Cost of funding, FC</i>                   | 5.0%           | 5.0%           |                  | 5.0%           |                  |

- **Our Banking Business delivered record quarterly revenue of GEL 190.0mln, up 39.4% y-o-y and up 4.1% q-o-q.** The y-o-y revenue growth was driven by:
  - **An increase in our net banking interest income to GEL 129.2mln, up 43.6%**, as a result of the flat NIM (see below) and strong y-o-y growth in average interest earning assets. The growth in interest earning assets was driven by a combination of the weakening GEL and the strong (12%) y-o-y growth in the net loan book on a constant currency basis. The loan book increased to GEL 5,367.3mln, up 37.7% in nominal terms.
  - Strong y-o-y growth in the net loan book to GEL 5,367.3mln, up 37.7% in nominal terms and up 12.0% on a constant currency basis
  - Our average interest bearing liabilities increased to GEL 7,378.2mln, up 45.5% y-o-y

- **Our net fee and commission income was GEL 31.1mln, up 11.7% y-o-y and 2.9% q-o-q;**
  - The robust growth of our net fee and commission income reflects the ongoing success of our Express Banking service, which has expanded substantially in 9M15 partially driven by the integration of Privatbank and the rebranding of its branches as Express branches. We have added 75,100 Express Banking customers y-o-y, which has triggered a significant increase in the volume of banking transactions. The growth of transactions was achieved largely through the more cost-effective remote channels.
  - **Net gain from foreign currencies increased to GEL 18.7mln, up 39.0% from GEL 13.4mln a year ago reflecting increased client activity as a result of the increased GEL volatility**
  - **Our P&C insurance business, Aldagi, posted strong results in 3Q15, with its gross insurance profit reaching GEL 5.8mln, up 55.2% y-o-y.** This increase was mainly driven by a 39% y-o-y increase in Motor insurance and a 68% y-o-y increase in Life & Disability insurance. Q-o-q growth of 67.8% in gross insurance profit was largely due to high base of claims in 2Q15, when Aldagi recognised approximately GEL 1.3 claims related to floods in Tbilisi. *For P&C insurance segment financials please see page 35*
- **Our NIM stood at 7.6% flat y-o-y and q-o-q, reflecting:**
- Loan yield of 14.7%, which increased by 50 bps y-o-y, largely due to the addition of Privatbank's high yielding Loan Portfolio. Privatbank's higher margin is primarily driven by its mono-product of an all-in-one debit and credit card
  - Cost of Funds of 5.1%, which increased 40 bps, due to a 150 bps y-o-y increase in Cost of Credit Institutions on the back of a significant rise in the cost of GEL denominated NBG loans and interbank loans. As of 1 September 2015, we decreased the interest rates on one-year dollar deposits from 5% to 4% in the retail segment, which is expected to drive our Cost of Funds down and decrease the dollarization of our balance sheet.
  - Liquid Assets Yield stood at 3.1%, which was up 50 bps y-o-y, largely reflecting higher yield on the Government issued securities
  - Our liquidity levels as a percentage of total assets increased to 31.9% in 3Q15 compared to 27.3% in 3Q14 and 31.3% in 2Q15 as a result of an increased liquidity pool

#### Operating income before non-recurring items; cost of credit risk; profit for the period

| <i>GEL thousands, unless otherwise noted</i>           | <b>3Q15</b>     | <b>3Q14</b>     | <b>Change<br/>y-o-y</b> | <b>2Q15</b>     | <b>Change<br/>q-o-q</b> |
|--|-----------------|-----------------|-------------------------|-----------------|-------------------------|
| Salaries and other employee benefits                   | (39,768)        | (33,630)        | 18.3%                   | (38,066)        | 4.5%                    |
| Administrative expenses                                | (17,320)        | (14,079)        | 23.0%                   | (17,899)        | -3.2%                   |
| Banking depreciation and amortisation                  | (8,505)         | (6,408)         | 32.7%                   | (8,338)         | 2.0%                    |
| Other operating expenses                               | (574)           | (601)           | -4.5%                   | (941)           | -39.0%                  |
| <b>Operating expenses</b>                              | <b>(66,167)</b> | <b>(54,718)</b> | <b>20.9%</b>            | <b>(65,244)</b> | <b>1.4%</b>             |
| <b>Operating income before cost of credit risk</b>     | <b>123,878</b>  | <b>81,569</b>   | <b>51.9%</b>            | <b>117,379</b>  | <b>5.5%</b>             |
| Impairment charge on loans to customers                | (34,857)        | (15,852)        | 119.9%                  | (35,105)        | -0.7%                   |
| Impairment charge on finance lease receivables         | 156             | 17              | NMF                     | (1,779)         | NMF                     |
| Impairment charge on other assets and provisions       | (51)            | 972             | NMF                     | (3,880)         | -98.7%                  |
| <b>Cost of credit risk</b>                             | <b>(34,752)</b> | <b>(14,863)</b> | <b>133.8%</b>           | <b>(40,764)</b> | <b>-14.7%</b>           |
| <b>Net operating income before non-recurring items</b> | <b>89,126</b>   | <b>66,706</b>   | <b>33.6%</b>            | <b>76,615</b>   | <b>16.3%</b>            |
| Net non-recurring items                                | (4,967)         | (718)           | NMF                     | (3,409)         | 45.7%                   |
| <b>Profit before income tax</b>                        | <b>84,159</b>   | <b>65,988</b>   | <b>27.5%</b>            | <b>73,206</b>   | <b>15.0%</b>            |
| Income tax (expense) benefit                           | (10,757)        | (10,353)        | 3.9%                    | (11,753)        | -8.5%                   |
| <b>Profit</b>  | <b>73,402</b>   | <b>55,635</b>   | <b>31.9%</b>            | <b>61,453</b>   | <b>19.4%</b>            |

- **Our efficiency further improved in 3Q15, with operating leverage at 18.5 percentage points y-o-y and Cost/Income ratio at 34.8% in 3Q15 compared to 40.1% in 3Q14.** Improved efficiency was a result of:
  - The integration of Privatbank and the subsequent synergies realised in 3Q15
  - Our ongoing efforts to keep a tight grip on costs
  
- **Operating expenses increased to GEL 66.2mln in 3Q15, up 20.9% y-o-y, reflecting:**
  - Salaries and employee benefits that increased to GEL 39.8mln, up GEL 6.1mln or 18.3% y-o-y, reflecting the increased revenue base and Privatbank acquisition
  - Administrative expenses increased to GEL 17.3mln, up GEL 3.2mln or 23.0%, largely driven by expenses on rent, predominantly due to the appreciation of the US\$, the listing currency of rentals in Georgia, in addition to an increase in the number of leased branches following the Privatbank acquisition, which also drove the increase in depreciation and amortization
  
- **On a q-o-q basis, our operating expenses increased 1.4%,** primarily as a result of a 4.5% increase in salaries and other employee benefits, reflecting the higher headcount supporting the growing revenue base and the Privatbank acquisition. This was partially offset by 3.2% decrease in administrative expenses
  
- **The Banking Business Cost of Risk ratio, including Privatbank and excluding GEL devaluation effect, was 2.1% in 3Q15 (2.7% in 2Q15 and 1.6% in 3Q14) and cost of credit risk was GEL 28.8mln in 3Q15 (GEL 40.8mln in 2Q15 and GEL 14.9mln in 3Q14).** Overall, Cost of Risk ratio was 2.5% and cost of credit risk was GEL 34.8mln (GEL 40.8mln and 2.7% in 2Q15). GEL devaluation added GEL 6.0mln to cost of credit risk and 40 bps to Cost of Risk. We also increased our provisioning levels generally on both corporate and retail books to account mainly for the increased post-devaluation risk.
  
- NPLs to gross loans decreased by 10 bps to 4.0% as of 30 September 2015, compared to 4.1% as of 30 June 2015 and increased 20 bps from 3.8% as of 30 September 2014
- NPLs increased to GEL 221.7mln, up 43.5% y-o-y, reflecting the inclusion of Privatbank's NPLs and overall 37.7% growth in net loan book. NPLs increased 1.1% q-o-q basis
- NPL coverage ratio adjusted for the discounted value of collateral improved to 121.9% as of 30 September 2015, compared to 115.1% as of 30 June 2015 and 112.1% as of 30 September 2014
- The NPL coverage ratio stood at 82.0% compared to 82.2% as of 30 June 2015 and 78.1% as of 30 September 2014
- Our 15 days past due rate for retail loans stood at 1.4% as of 30 September 2015 compared to 1.4% as of 30 June 2015 and 1.4% as of 30 September 2014
  
- Non-recurring items increased to GEL 5.0mln in 3Q15 from GEL 0.7mln in 3Q14 and GEL 3.4mln in 2Q15, largely driven by costs associated to Privatbank integration
  
- **As a result of the foregoing, the Banking Business profit increased to GEL 73.4mln, up 31.9% y-o-y and 19.4% q-o-q**
  - **The Banking Business profit was supported by its banking subsidiary in Belarus – BNB, which added GEL 7.7mln profit in 3Q15, up 116.5% y-o-y and up 358.4% q-o-q.** This is primarily driven by strong y-o-y growth in the BNB loan book to GEL 315.0mln, up 46% y-o-y, mostly consisting of an increase in SME loans. BNB client deposits increased 50.0% to GEL 270.5mln, reflecting BNB's strong franchise. **BNB is well capitalised**, with Capital Adequacy Ratios well above the requirements of its regulating Central Bank. For 3Q15, Total CAR was 17.8%, above 10% minimum requirement by the National Bank of the Republic of Belarus ("NBRB") and Tier I CAR was 9.3%, above 5% minimum requirement by NBRB. *For BNB standalone financials please see page 35*

**Banking Business Balance Sheet highlights**

| <i>GEL thousands, unless otherwise noted</i>  | <b>30 Sep 2015</b> | <b>30 Sep 2014</b> | <b>Change<br/>y-o-y</b> | <b>30 June 2015</b> | <b>Change<br/>q-o-q</b> |
|---|--------------------|--------------------|-------------------------|---------------------|-------------------------|
| Liquid assets                                 | 2,913,651          | 1,728,730          | 68.5%                   | 2,726,749           | 6.9%                    |
| Liquid assets, GEL                            | 1,323,793          | 851,780            | 55.4%                   | 1,257,220           | 5.3%                    |
| Liquid assets, FC                             | 1,589,858          | 876,950            | 81.3%                   | 1,469,529           | 8.2%                    |
| Net loans                                     | 5,367,311          | 3,897,160          | 37.7%                   | 5,142,221           | 4.4%                    |
| Net loans, GEL                                | 1,574,181          | 1,191,122          | 32.2%                   | 1,546,104           | 1.8%                    |
| Net loans, FC                                 | 3,793,130          | 2,706,038          | 40.2%                   | 3,596,117           | 5.5%                    |
| Client deposits and notes                     | 4,649,572          | 3,142,980          | 47.9%                   | 4,212,822           | 10.4%                   |
| Amounts due to credit institutions, of which: | 2,011,801          | 1,167,556          | 72.3%                   | 2,045,093           | -1.6%                   |
| Borrowings from DFIs                          | 949,915            | 582,858            | 63.0%                   | 807,809             | -100.0%                 |
| Short-term loans from central banks           | 620,846            | 284,663            | 118.1%                  | 674,701             | -8.0%                   |
| Loans and deposits from commercial banks      | 441,040            | 300,035            | 47.0%                   | 562,583             | -21.6%                  |
| Debt securities issued                        | 999,959            | 768,315            | 30.1%                   | 990,257             | 1.0%                    |
| <b>Liquidity &amp; CAR Ratios</b>             |                    |                    |                         |                     |                         |
| Net Loans / Customer Funds                    | 115.4%             | 124.0%             |                         | 122.1%              |                         |
| Net Loans / Customer Funds + DFIs             | 95.9%              | 104.6%             |                         | 102.4%              |                         |
| Liquid assets as percent of total assets      | 31.9%              | 27.3%              |                         | 31.3%               |                         |
| Liquid assets as percent of total liabilities | 36.9%              | 32.9%              |                         | 36.5%               |                         |
| NBG liquidity ratio                           | 40.5%              | 37.8%              |                         | 35.1%               |                         |
| Excess liquidity (NBG)                        | 491,228            | 245,941            | 99.7%                   | 219,562             | 123.7%                  |
| Tier I Capital Adequacy Ratio (NBG Basel 2/3) | 10.2%              | 11.2%              |                         | 10.4%               |                         |
| Total Capital Adequacy Ratio (NBG Basel 2/3 ) | 15.8%              | 14.2%              |                         | 15.9%               |                         |

**Our Banking Business balance sheet remained very liquid (NBG Liquidity ratio of 40.5%) and well-capitalised (Tier I Capital Adequacy Ratio, NBG Basel 2/3 of 10.2%) with a well-diversified funding base (Client Deposits to Liabilities of 58.9%).**

- The NBG liquidity ratio stood at 40.5% as of 30 September 2015 compared to 35.1% as of 30 June 2015, against a regulatory requirement of 30.0%
- Liquid assets increased to GEL 2,913.7mln, up 68.5%, reflecting the GEL devaluation as over half of liquid assets are held in US\$
- Additionally, liquid assets as a percentage of total assets increased to 31.9% y-o-y, up from 27.3% a year ago and liquid assets as a percentage of total liabilities also increased to 36.9% y-o-y, up from 32.9% a year ago
- As we further diversified our funding base, our share of amounts due to credit institutions to total liabilities increased y-o-y from 22.2% to 25.5%, with the share of client deposits and notes to total liabilities slightly declining y-o-y from 59.8% to 58.9%
- Net Loans to Customer Funds and DFIs ratio, a ratio closely observed by management, stood at 95.9%, down from 102.4% as of 30 June 2015 and 104.6% as of 30 September 2014. Decrease was mainly due to the slower growth in net loans and an increase in deposits

# Discussion of Banking Business 9M15 Results

The following discussion refers to the Banking Business only

## Revenue

| <i>GEL thousands, unless otherwise noted</i>           | 9M15             | 9M14             | Change,<br>Y-o-Y |
|--|------------------|------------------|------------------|
| Banking interest income                                | 641,466          | 437,095          | 46.8%            |
| Banking interest expense                               | (262,756)        | (180,887)        | 45.3%            |
| <b>Net banking interest income</b>                     | <b>378,710</b>   | <b>256,208</b>   | <b>47.8%</b>     |
| Fee and commission income                              | 119,036          | 99,623           | 19.5%            |
| Fee and commission expense                             | (29,712)         | (24,533)         | 21.1%            |
| <b>Net fee and commission income</b>                   | <b>89,324</b>    | <b>75,090</b>    | <b>19.0%</b>     |
| Net banking foreign currency gain                      | 57,401           | 36,131           | 58.9%            |
| Net other banking income                               | 10,137           | 4,743            | 113.7%           |
| Net insurance premiums earned                          | 29,351           | 20,383           | 44.0%            |
| Net insurance claims incurred                          | (14,745)         | (8,435)          | 74.8%            |
| <b>Gross insurance profit</b>                          | <b>14,606</b>    | <b>11,948</b>    | <b>22.2%</b>     |
| <b>Revenue</b>   | <b>550,178</b>   | <b>384,120</b>   | <b>43.2%</b>     |
| Salaries and other employee benefits                   | (116,440)        | (95,310)         | 22.2%            |
| Administrative expenses                                | (52,724)         | (42,026)         | 25.5%            |
| Banking depreciation and amortisation                  | (25,216)         | (18,930)         | 33.2%            |
| Other operating expenses                               | (2,307)          | (2,227)          | 3.6%             |
| <b>Operating expenses</b>                              | <b>(196,687)</b> | <b>(158,493)</b> | <b>24.1%</b>     |
| <b>Operating income before cost of credit risk</b>     | <b>353,491</b>   | <b>225,627</b>   | <b>56.7%</b>     |
| Impairment charge on loans to customers                | (108,890)        | (32,778)         | NMF              |
| Impairment charge on finance lease receivables         | (1,742)          | (340)            | NMF              |
| Impairment charge on other assets and provisions       | (5,655)          | (7,824)          | -27.7%           |
| <b>Cost of credit risk</b>                             | <b>(116,287)</b> | <b>(40,942)</b>  | <b>184.0%</b>    |
| <b>Net operating income before non-recurring items</b> | <b>237,204</b>   | <b>184,685</b>   | <b>28.4%</b>     |
| Net non-recurring items                                | (10,543)         | (10,320)         | 2.2%             |
| <b>Profit before income tax</b>                        | <b>226,661</b>   | <b>174,365</b>   | <b>30.0%</b>     |
| Income tax expense                                     | (32,995)         | (18,837)         | 75.2%            |
| <b>Profit</b>  | <b>193,666</b>   | <b>155,528</b>   | <b>24.5%</b>     |

## Ratios

| <i>GEL thousands, unless otherwise noted</i> | 9M15  | 9M14  |
|--|-------|-------|
| Net Interest Margin                          | 7.7%  | 7.5%  |
| <i>Liquid assets yield, currency blended</i> | 3.2%  | 2.4%  |
| <i>Liquid assets yield, GEL</i>              | 6.2%  | 4.9%  |
| <i>Liquid assets yield, FC</i>               | 0.5%  | 0.5%  |
| <i>Loan yield, total</i>                     | 14.7% | 14.4% |
| <i>Loan yield, GEL</i>                       | 22.3% | 20.0% |
| <i>Loan yield, FC</i>                        | 11.4% | 11.7% |
| <i>Cost of funding, total</i>                | 5.1%  | 4.8%  |
| <i>Cost of funding, GEL</i>                  | 5.0%  | 4.0%  |
| <i>Cost of funding, FC</i>                   | 5.0%  | 5.1%  |

- **Our Banking Business delivered another record nine-month revenue of GEL 550.2mln, up 43.2% y-o-y.** The revenue growth was diversified across all the revenue items and reflects in part the effect of the GEL devaluation and the Privatbank acquisition
- **Our NIM stood at 7.7%, up 20 bps y-o-y,** reflecting:
  - Loan Yield of 14.7%, up 30 bps y-o-y, partially offset by 30 bps increase in Cost of Funds to 5.1%
  - Liquid Assets Yield of 3.2%, up 80 bps y-o-y
- **Our efficiency improved in 9M15, with operating leverage at 19.1% y-o-y and Cost to Income at 35.7% in 9M15 compared to 41.3% in 9M14**

- **Operating expenses increased to GEL 196.7mln, up GEL 38.2mln or 24.1%**, compared to 43.2% increase in revenues, reflecting Privatbank acquisition and organic growth of business:
  - Salaries and employee benefits increase by GEL 21.1mln or 22.2%
  - Administrative expenses increase by GEL 10.7mln or 25.5%
  
- **The Banking Business Cost of Risk ratio, including Privatbank and excluding GEL devaluation effect, was 2.4% in 9M15** (2.5% in 1H15 and 1.2% in 9M14) **and cost of credit risk was GEL 98.4mln** (GEL 69.6mln in 1H15 and GEL 40.9mln in 9M14). Overall, for 9M15, Banking Business Cost of Risk ratio and cost of credit risk was 2.8% and GEL 116.3mln, respectively, which was driven by:
  - GEL devaluation that contributed 40bps to Cost of Risk and GEL 17.9mln to the cost of credit risk
  
- As a result of the foregoing, Banking Business 9M15 profit was GEL 193.7mln, up 24.5% y-o-y

# Discussion of Segment Results

The segment results discussion is presented for Retail Banking (RB), Corporate Banking (CB), Investment Management, Healthcare Business (GHG), Real Estate Business (m<sup>2</sup> Real Estate)

## Banking Business Segment Result Discussion

### Retail Banking (RB)

Retail Banking provides consumer loans, mortgage loans, overdrafts, credit card facilities and other credit facilities as well as funds transfer and settlement services and handling customer deposits for both individuals and legal entities, encompassing the mass affluent segment, retail mass markets, SME and micro businesses.

| <i>GEL thousands, unless otherwise noted</i>                       | 3Q15            | 3Q14            | Change<br>y-o-y | 2Q15            | Change<br>q-o-q | 9M15             | 9M14            | Change<br>y-o-y |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| <b>INCOME STATEMENT HIGHLIGHTS</b>                                 |                 |                 |                 |                 |                 |                  |                 |                 |
| Net banking interest income  | 83,141          | 54,533          | 52.5%           | 79,269          | 4.9%            | 237,560          | 155,478         | 52.8%           |
| Net fee and commission income                                      | 19,982          | 15,498          | 28.9%           | 18,406          | 8.6%            | 56,954           | 41,509          | 37.2%           |
| Net banking foreign currency gain                                  | 5,202           | 4,310           | 20.7%           | 4,305           | 20.8%           | 13,412           | 12,550          | 6.9%            |
| Net other banking income   | 2,861           | 928             | NMF             | 1,384           | 106.7%          | 5,209            | 2,754           | 89.1%           |
| <b>Revenue</b>   | <b>111,186</b>  | <b>75,269</b>   | <b>47.7%</b>    | <b>103,364</b>  | <b>7.6%</b>     | <b>313,135</b>   | <b>212,291</b>  | <b>47.5%</b>    |
| Salaries and other employee benefits                               | (22,466)        | (18,087)        | 24.2%           | (22,416)        | 0.2%            | (68,478)         | (51,580)        | 32.8%           |
| Administrative expenses  | (12,081)        | (9,218)         | 31.1%           | (11,632)        | 3.9%            | (35,953)         | (26,321)        | 36.6%           |
| Banking depreciation and amortisation                              | (6,806)         | (4,950)         | 37.5%           | (6,818)         | -0.2%           | (20,455)         | (14,375)        | 42.3%           |
| Other operating expenses   | (353)           | (298)           | 18.5%           | (496)           | -28.8%          | (1,312)          | (1,035)         | 26.8%           |
| <b>Operating expenses</b>  | <b>(41,706)</b> | <b>(32,553)</b> | <b>28.1%</b>    | <b>(41,362)</b> | <b>0.8%</b>     | <b>(126,198)</b> | <b>(93,311)</b> | <b>35.2%</b>    |
| <b>Operating income before cost of credit risk</b>                 | <b>69,480</b>   | <b>42,716</b>   | <b>62.7%</b>    | <b>62,002</b>   | <b>12.1%</b>    | <b>186,937</b>   | <b>118,980</b>  | <b>57.1%</b>    |
| Cost of credit risk  | (22,713)        | (6,587)         | NMF             | (20,662)        | 9.9%            | (60,035)         | (6,959)         | NMF             |
| Net non-recurring items  | (3,128)         | (284)           | NMF             | (2,875)         | 8.8%            | (6,451)          | (5,051)         | 27.7%           |
| <b>Profit before income tax</b>                                    | <b>43,639</b>   | <b>35,845</b>   | <b>21.7%</b>    | <b>38,465</b>   | <b>13.5%</b>    | <b>120,451</b>   | <b>106,970</b>  | <b>12.6%</b>    |
| Income tax expense   | (4,747)         | (5,621)         | -15.5%          | (5,900)         | -19.5%          | (16,386)         | (11,878)        | 38.0%           |
| <b>Profit</b>  | <b>38,892</b>   | <b>30,224</b>   | <b>28.7%</b>    | <b>32,565</b>   | <b>19.4%</b>    | <b>104,065</b>   | <b>95,092</b>   | <b>9.4%</b>     |
| <b>BALANCE SHEET HIGHLIGHTS</b>                                    |                 |                 |                 |                 |                 |                  |                 |                 |
| Net loans, standalone, Currency Blended                            | 2,751,290       | 1,858,726       | 48.0%           | 2,623,615       | 4.9%            | 2,751,290        | 1,858,726       | 48.0%           |
| Net loans, standalone, GEL   | 1,318,961       | 978,642         | 34.8%           | 1,285,013       | 2.6%            | 1,318,961        | 978,642         | 34.8%           |
| Net loans, standalone, FC  | 1,432,329       | 880,084         | 62.7%           | 1,338,602       | 7.0%            | 1,432,329        | 880,084         | 62.7%           |
| Client deposits, standalone, Currency Blended                      | 1,805,812       | 1,193,825       | 51.3%           | 1,736,508       | 4.0%            | 1,805,812        | 1,193,825       | 51.3%           |
| Client deposits, standalone, GEL                                   | 463,506         | 384,758         | 20.5%           | 491,104         | -5.6%           | 463,506          | 384,758         | 20.5%           |
| Client deposits, standalone, FC                                    | 1,342,306       | 809,067         | 65.9%           | 1,245,404       | 7.8%            | 1,342,306        | 809,067         | 65.9%           |
| Time deposits, standalone, Currency Blended                        | 1,105,050       | 708,167         | 56.0%           | 1,067,316       | 3.5%            | 1,105,050        | 708,167         | 56.0%           |
| Time deposits, standalone, GEL                                     | 191,113         | 172,696         | 10.7%           | 209,735         | -8.9%           | 191,113          | 172,696         | 10.7%           |
| Time deposits, standalone, FC                                      | 913,937         | 535,471         | 70.7%           | 857,581         | 6.6%            | 913,937          | 535,471         | 70.7%           |
| Current accounts and demand deposits, standalone, Currency Blended | 700,762         | 485,658         | 44.3%           | 669,192         | 4.7%            | 700,762          | 485,658         | 44.3%           |
| Current accounts and demand deposits, standalone, GEL              | 272,393         | 212,062         | 28.4%           | 281,369         | -3.2%           | 272,393          | 212,062         | 28.4%           |
| Current accounts and demand deposits, standalone, FC               | 428,369         | 273,596         | 56.6%           | 387,823         | 10.5%           | 428,369          | 273,596         | 56.6%           |
| <b>KEY RATIOS</b>  |                 |                 |                 |                 |                 |                  |                 |                 |
| Net interest margin, currency blended                              | 9.5%            | 9.7%            |                 | 9.5%            |                 | 9.6%             | 9.8%            |                 |
| Loan yield, currency blended                                       | 17.9%           | 17.2%           |                 | 17.3%           |                 | 17.5%            | 17.6%           |                 |
| Loan yield, GEL  | 24.7%           | 21.5%           |                 | 23.6%           |                 | 23.8%            | 21.5%           |                 |
| Loan yield, FC   | 11.4%           | 12.1%           |                 | 11.2%           |                 | 10.4%            | 12.6%           |                 |
| Cost of deposits, currency blended                                 | 3.7%            | 3.7%            |                 | 3.9%            |                 | 4.0%             | 3.9%            |                 |
| Cost of deposits, GEL  | 4.3%            | 4.0%            |                 | 4.6%            |                 | 4.8%             | 4.3%            |                 |
| Cost of deposits, FC   | 3.5%            | 3.5%            |                 | 3.6%            |                 | 3.6%             | 3.7%            |                 |
| Cost of time deposits, currency blended                            | 5.4%            | 5.5%            |                 | 5.7%            |                 | 5.7%             | 5.8%            |                 |
| Cost of time deposits, GEL   | 8.7%            | 7.9%            |                 | 7.9%            |                 | 8.7%             | 8.3%            |                 |
| Cost of time deposits, FC  | 4.6%            | 4.7%            |                 | 5.0%            |                 | 4.8%             | 5.0%            |                 |
| Current accounts and demand deposits, currency blended             | 1.0%            | 1.0%            |                 | 1.2%            |                 | 1.3%             | 1.0%            |                 |
| Current accounts and demand deposits, GEL                          | 1.1%            | 1.0%            |                 | 1.4%            |                 | 1.7%             | 1.0%            |                 |
| Current accounts and demand deposits, FC                           | 1.0%            | 1.0%            |                 | 1.1%            |                 | 1.0%             | 1.0%            |                 |
| Cost / income ratio  | 37.5%           | 43.2%           |                 | 40.0%           |                 | 40.3%            | 44.0%           |                 |

## Performance highlights

- **Retail Banking revenue increased to GEL 111.2mln in 3Q15, up 47.7% y-o-y from GEL 75.3mln a year ago:**

  - Net banking interest income was GEL 83.1mln, up 52.5%, mostly a result of Privatbank integration which was primarily a credit card business, and also the significant growth of the Retail Banking loan book, particularly the mortgage, micro & SME loan portfolios, and a fairly stable NIM (see below)
  - The Retail Banking net loan book reached a record GEL 2,751.3mln up 48.0% y-o-y; growth on constant currency basis was 27.7% y-o-y. The growth was a result of strong loan origination delivered across all segments in 3Q15, together with the Privatbank integration:
    - Consumer loan originations of GEL 189.3mln resulted in consumer loans outstanding totaling GEL 633.4mln as of 30 September 2015, up 29.6% y-o-y
    - Micro loan originations of GEL 141.5mln resulted in micro loans outstanding totaling GEL 545.9mln as of 30 September 2015, up 39.0% y-o-y
    - SME loan originations of GEL 82.0mln resulted in SME loans outstanding totaling GEL 336.0mln as of 30 September 2015, up 66.2% y-o-y
    - Mortgage loans originations of GEL 71.1mln resulted in mortgage loans outstanding of GEL 783.1mln as of 30 September 2015, 49.9% y-o-y
  - Retail Banking client deposits increased to GEL 1,805.8mln, up 51.3% y-o-y; growth on constant currency basis was 20.3% y-o-y. The growth of Client Deposits on a y-o-y basis was due to the increase in the number of Express Banking clients, who bring with them the cheapest source of deposits for the bank – current accounts and demand deposits
  - Our Retail Banking net fee and commission income increased to GEL 20.0mln up 28.9%. Net fee and commission income reflects our continued Express Banking franchise growth. Our Express Banking franchise has now attracted 414,116 previously unbanked emerging mass market customers since its launch 3 years ago as well as another c.400,000 customers as a result of the Privatbank acquisition. This has driven the number of client related foreign currency and other banking transactions substantially higher
- **The NIM was 9.5% in 3Q15, down 20bps y-o-y. NIM reflected:**

  - The Loan Yield at 17.9%; up 70 bps y-o-y, largely as a result of Privatbank's high yielding loan portfolio
  - Cost of Client Deposits at 3.7%; flat y-o-y and down 20bps q-o-q largely as a result of the GEL devaluation against the USD, which increased the share of low cost USD deposits
- **Operating expenses increased to GEL 41.7mln, up 28.1% y-o-y, resulting in a Cost to Income ratio of 37.5% and y-o-y operating leverage of 19.6 percentage points, which reflects:**

  - Salaries and other employee benefits of GEL 22.5mln, up GEL 4.4mln or 24.2% y-o-y, which was principally driven by the growing revenue base on a y-o-y basis, reflecting the growth in headcount and associated payroll, as well as the Privatbank integration
- Cost of credit risk was GEL 22.7mln in 3Q15 which is a result of 48.0% growth in the retail banking loan book
- Retail Banking Cost of Risk was 3.2% in 3Q15 compared to 1.4% in 3Q14 and 4.1% in 2Q15
- As a result, Retail Banking profit reached GEL 38.9mln, up 28.7% y-o-y
- **Our Express Banking continues to deliver strong growth as we follow our mass market retail banking strategy:**

  - **1,053,564 Express Cards have been issued** since their launch on 5 September 2012, in essence replacing pre-paid metro cards in circulation since July 2009
  - **Increased number of Express Pay terminals to 2,354 from 2,217 a year ago.** Express Pay terminals are an *alternative to tellers*, placed at bank branches as well as various other venues

(groceries, shopping malls, bus stops, etc.), and are used for bank transactions such as credit card and consumer loan payments, utility bill payments and mobile telephone top-ups

- **In 3Q15, utilisation of Express Pay terminals increased significantly**, with the number of transactions growing to 28.7mln
  - Increased Point of Sales (POS) footprint to 323 desks and 3,157 contracted merchants as of 30 September 2015, up from 310 desks and 1,033 merchants as of 30 September 2014
  - POS terminals outstanding reached 7,685 up 28.5% y-o-y, including 1,016 Privatbank operated POS terminals
  - The value of transactions through the Bank's POS terminals grew to GEL 189.3mln, up 21.6% y-o-y, while the number of POS transactions increased to GEL 5.4mln in 3Q15, a 50% increase on the GEL 3.6mln transactions in 3Q14
  - POS loans outstanding reached GEL 101.8mln as of 30 September 2015, up 51.9% y-o-y
- **Since we launched Solo Lifestyle – a fundamentally different approach to premium banking – in April 2015, number of Solo clients reached 10,328, up 37.5% y-o-y.** With Solo we are targeting the mass affluent retail segment and aim to build brand loyalty through exclusive experiences offered through the new Solo Lifestyle. As of 30 September 2015, the number of Solo clients reached 10,328, up 37.5% from 7,513 a year ago. Through Solo Lifestyle, our Solo clients are given access to exclusive products and the finest lounge-style environment at our newly designed Solo lounges and are provided with new lifestyle opportunities, such as exclusive events and handpicked lifestyle products. In our Solo lounges, Solo clients are offered, at cost, a selection of luxury products and accessories that are currently not available in the country. Solo clients enjoy tailor-made solutions including new financial products such as bonds, which pay a significantly higher yield compared to deposits, and other securities developed by Galt & Taggart, the Bank's Investment Banking arm
- The number of Retail Banking clients totalled 1,959,111, up 42.1% (580,638 clients) y-o-y and by 1.3% (25,751 clients) q-o-q. This includes Privatbank's c.400,000 clients
  - The total number of cards almost doubled to 1,940,627, up 75.9% y-o-y
  - The total number of debit cards outstanding increased to 1,210,914, up 22.8% y-o-y as a result of issuing 83,977 debit cards, including Express cards in 3Q15
  - We issued 79,913 credit cards of which 6,663 were American Express cards in 3Q15. A total of 247,709 American Express cards have been issued since the launch in November 2009. The total number of outstanding credit cards amounted to 729,713 (of which 102,085 were American Express Cards)
  - We have now added 2,354 Express Pay Terminals and 1,053,564 Express Cards since the launch of the Express Banking service in 2012
- **Retail Banking achieved ROAE of 25% as of 30 September 2015**

## Corporate Banking (CB)

The Corporate Banking business in Georgia comprises loans and other credit facilities to the country's large corporate clients as well as other legal entities, excluding SME and micro businesses. The services include fund transfers and settlements services, currency conversion operations, trade finance services and documentary operations as well as handling savings and term deposits for corporate and institutional customers. The Corporate Banking Business also includes finance lease facilities provided by the Bank's leasing operations (Georgian Leasing Company).

| <i>GEL thousands, unless otherwise noted</i>                       | <b>3Q15</b>     | <b>3Q14</b>     | <b>Change<br/>y-o-y</b> | <b>2Q15</b>     | <b>Change<br/>y-o-y</b> | <b>9M15</b>     | <b>9M14</b>     | <b>Change<br/>y-o-y</b> |
|--|-----------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-----------------|-------------------------|
| <b>INCOME STATEMENT HIGHLIGHTS</b>                                 |                 |                 |                         |                 |                         |                 |                 |                         |
| Net banking interest income  | 32,126          | 25,557          | 25.7%                   | 33,949          | -5.4%                   | 101,494         | 73,044          | 38.9%                   |
| Net fee and commission income                                      | 8,705           | 6,197           | 40.5%                   | 8,316           | 4.7%                    | 23,022          | 18,211          | 26.4%                   |
| Net banking foreign currency gain                                  | 7,272           | 6,561           | 10.8%                   | 9,769           | -25.6%                  | 24,875          | 17,572          | 41.6%                   |
| Net other banking income   | 2,288           | 806             | 183.9%                  | 1,819           | 25.8%                   | 5,177           | 2,498           | 107.2%                  |
| <b>Revenue</b>   | <b>50,391</b>   | <b>39,121</b>   | <b>28.8%</b>            | <b>53,853</b>   | <b>-6.4%</b>            | <b>154,568</b>  | <b>111,325</b>  | <b>38.8%</b>            |
| Salaries and other employee benefits                               | (9,392)         | (8,938)         | 5.1%                    | (8,853)         | 6.1%                    | (26,733)        | (24,634)        | 8.5%                    |
| Administrative expenses  | (3,000)         | (2,348)         | 27.8%                   | (3,773)         | -20.5%                  | (9,280)         | (8,109)         | 14.4%                   |
| Banking depreciation and amortisation                              | (1,065)         | (958)           | 11.2%                   | (957)           | 11.3%                   | (3,012)         | (2,847)         | 5.8%                    |
| Other operating expenses   | (107)           | (121)           | -11.6%                  | (188)           | -43.1%                  | (507)           | (692)           | -26.7%                  |
| <b>Operating expenses</b>  | <b>(13,564)</b> | <b>(12,365)</b> | <b>9.7%</b>             | <b>(13,771)</b> | <b>-1.5%</b>            | <b>(39,532)</b> | <b>(36,282)</b> | <b>9.0%</b>             |
| <b>Operating income before cost of credit risk</b>                 | <b>36,827</b>   | <b>26,756</b>   | <b>37.6%</b>            | <b>40,082</b>   | <b>-8.1%</b>            | <b>115,036</b>  | <b>75,043</b>   | <b>53.3%</b>            |
| Cost of credit risk  | (10,531)        | (7,659)         | 37.5%                   | (14,146)        | -25.6%                  | (44,057)        | (31,533)        | 39.7%                   |
| Net non-recurring items  | (1,401)         | (115)           | NMF                     | (199)           | NMF                     | (2,199)         | (2,568)         | -14.4%                  |
| <b>Profit before income tax</b>                                    | <b>24,895</b>   | <b>18,982</b>   | <b>31.2%</b>            | <b>25,737</b>   | <b>-3.3%</b>            | <b>68,780</b>   | <b>40,942</b>   | <b>68.0%</b>            |
| Income tax expense   | (2,698)         | (2,840)         | -5.0%                   | (4,119)         | -34.5%                  | (10,163)        | (5,193)         | 95.7%                   |
| <b>Profit</b>  | <b>22,197</b>   | <b>16,142</b>   | <b>37.5%</b>            | <b>21,618</b>   | <b>2.7%</b>             | <b>58,617</b>   | <b>35,749</b>   | <b>64.0%</b>            |
| <b>BALANCE SHEET HIGHLIGHTS</b>                                    |                 |                 |                         |                 |                         |                 |                 |                         |
| Letters of credit and guarantees, standalone <sup>1</sup>          | 476,652         | 509,434         | -6.4%                   | 542,463         | -12.1%                  | 476,652         | 509,434         | -6.4%                   |
| Net loans, standalone, currency blended                            | 2,253,160       | 1,870,102       | 20.5%                   | 2,174,111       | 3.6%                    | 2,253,160       | 1,870,102       | 20.5%                   |
| Net loans, standalone, GEL   | 248,504         | 253,734         | -2.1%                   | 254,234         | -2.3%                   | 248,504         | 253,734         | -2.1%                   |
| Net loans, standalone, FC  | 2,004,656       | 1,616,368       | 24.0%                   | 1,919,877       | 4.4%                    | 2,004,656       | 1,616,368       | 24.0%                   |
| Client deposits, standalone, currency blended                      | 1,607,673       | 1,002,892       | 60.3%                   | 1,371,927       | 17.2%                   | 1,607,673       | 1,002,892       | 60.3%                   |
| Client deposits, standalone, GEL                                   | 780,832         | 540,363         | 44.5%                   | 699,262         | 11.7%                   | 780,832         | 540,363         | 44.5%                   |
| Client deposits, standalone, FC                                    | 826,841         | 462,529         | 78.8%                   | 672,665         | 22.9%                   | 826,841         | 462,529         | 78.8%                   |
| Time deposits, standalone, currency blended                        | 432,766         | 275,429         | 57.1%                   | 521,031         | -16.9%                  | 432,766         | 275,429         | 57.1%                   |
| Time deposits, standalone, GEL                                     | 180,344         | 135,658         | 32.9%                   | 309,891         | -41.8%                  | 180,344         | 135,658         | 32.9%                   |
| Time deposits, standalone, FC                                      | 252,422         | 139,771         | 80.6%                   | 211,140         | 19.6%                   | 252,422         | 139,771         | 80.6%                   |
| Current accounts and demand deposits, standalone, currency blended | 1,174,907       | 727,463         | 61.5%                   | 850,896         | 38.1%                   | 1,174,907       | 727,463         | 61.5%                   |
| Current accounts and demand deposits, standalone, GEL              | 600,488         | 404,705         | 48.4%                   | 389,371         | 54.2%                   | 600,488         | 404,705         | 48.4%                   |
| Current accounts and demand deposits, standalone, FC               | 574,419         | 322,758         | 78.0%                   | 461,525         | 24.5%                   | 574,419         | 322,758         | 78.0%                   |
| <b>RATIOS</b>  |                 |                 |                         |                 |                         |                 |                 |                         |
| <i>Net interest margin, currency blended</i>                       | 4.1%            | 4.6%            |                         | 4.5%            |                         | 4.5%            | 4.4%            |                         |
| <i>Loan yield, currency blended</i>                                | 10.3%           | 10.6%           |                         | 10.7%           |                         | 10.6%           | 10.7%           |                         |
| <i>Loan yield, GEL</i>   | 13.2%           | 10.5%           |                         | 12.9%           |                         | 12.5%           | 10.6%           |                         |
| <i>Loan yield, FC</i>  | 10.0%           | 10.6%           |                         | 10.4%           |                         | 10.4%           | 10.7%           |                         |
| <i>Cost of deposits, currency blended</i>                          | 3.1%            | 2.8%            |                         | 3.0%            |                         | 3.0%            | 2.9%            |                         |
| <i>Cost of deposits, GEL</i>                                       | 4.4%            | 3.6%            |                         | 4.4%            |                         | 4.2%            | 3.3%            |                         |
| <i>Cost of deposits, FC</i>  | 1.9%            | 2.0%            |                         | 1.7%            |                         | 1.8%            | 2.6%            |                         |
| <i>Cost of time deposits, currency blended</i>                     | 6.5%            | 6.8%            |                         | 5.8%            |                         | 6.2%            | 6.5%            |                         |
| <i>Cost of time deposits, GEL</i>                                  | 8.0%            | 8.1%            |                         | 8.0%            |                         | 7.7%            | 8.1%            |                         |
| <i>Cost of time deposits, FC</i>                                   | 5.0%            | 5.7%            |                         | 3.9%            |                         | 4.7%            | 5.8%            |                         |
| <i>Current accounts and demand deposits, currency blended</i>      | 1.7%            | 1.4%            |                         | 1.2%            |                         | 1.3%            | 1.6%            |                         |
| <i>Current accounts and demand deposits, GEL</i>                   | 2.9%            | 2.1%            |                         | 2.4%            |                         | 2.3%            | 2.2%            |                         |
| <i>Current accounts and demand deposits, FC</i>                    | 0.6%            | 0.6%            |                         | 0.3%            |                         | 0.4%            | 0.8%            |                         |
| <i>Cost / income ratio</i>   | 26.9%           | 31.6%           |                         | 25.6%           |                         | 25.6%           | 32.6%           |                         |

<sup>1</sup>Off-balance sheet items

***Performance highlights***

- Revenue for the Corporate Banking segment increased by 28.8% y-o-y to GEL 50.4mln as a result of:
  - A 26.0% y-o-y increase of the Corporate Loan book to GEL 2,253.2mln, as a result of the GEL devaluation. On a constant currently basis, the corporate loan book declined by 7.8% y-o-y
  - The NIM of 4.1%, down 50 bps y-o-y
  - Loan yield stood at 10.3%, down 30 bps y-o-y on the back of slower loan issuance activity. Cost of Customer Funds increased marginally to 3.1%, up 30 bps y-o-y
  - Net fee and commission income increased 40.5% to GEL 8.7mln
- Corporate Banking cost of credit risk rose to GEL 10.5mln, up 37.5% y-o-y
  
- Corporate Banking achieved ROAE of 15% as of 30 September 2015

## Investment Management

Investment Management consists of Bank of Georgia Wealth Management and the brokerage arm of the Bank, Galt & Taggart. Bank of Georgia Wealth Management provides private banking services to high-net-worth individuals and offers investment management products internationally through representative offices in London, Budapest, Istanbul and Tel Aviv. Galt & Taggart brings under one brand corporate advisory, private equity and brokerage services.

### Investment Management financial highlights (includes Galt&Taggart)

| INCOME STATEMENT                                       | 3Q15           | 3Q14           | Change<br>Y-O-Y | 2Q15           | Change<br>Q-O-Q | 9M15           | 9M14           | Change<br>Y-O-Y |
|--|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| Net banking interest income                            | 5,657          | 4,376          | 29.3%           | 5,252          | 7.7%            | 14,992         | 10,428         | 43.8%           |
| Net fee and commission income                          | 357            | 3,894          | -90.8%          | 834            | -57.2%          | 2,532          | 8,557          | -70.4%          |
| Net banking foreign currency gain                      | 944            | 400            | 136.0%          | 335            | 181.8%          | 2,946          | 867            | NMF             |
| Net other banking income                               | 205            | 297            | -31.0%          | 73             | 180.8%          | 807            | 519            | 55.5%           |
| <b>Revenue</b>   | <b>7,163</b>   | <b>8,967</b>   | <b>-20.1%</b>   | <b>6,494</b>   | <b>10.3%</b>    | <b>21,277</b>  | <b>20,371</b>  | <b>4.4%</b>     |
| Salaries and other employee benefits                   | (2,750)        | (2,157)        | 27.5%           | (2,296)        | 19.8%           | (6,618)        | (6,155)        | 7.5%            |
| Administrative expenses                                | (100)          | (499)          | -80.0%          | (584)          | -82.9%          | (1,063)        | (1,245)        | -14.6%          |
| Banking depreciation and amortisation                  | (129)          | (91)           | 41.8%           | (112)          | 15.2%           | (358)          | (269)          | 33.1%           |
| Other operating expenses                               | (14)           | (28)           | -50.0%          | (39)           | -64.1%          | (88)           | (65)           | 35.4%           |
| <b>Operating expenses</b>                              | <b>(2,993)</b> | <b>(2,775)</b> | <b>7.9%</b>     | <b>(3,031)</b> | <b>-1.3%</b>    | <b>(8,127)</b> | <b>(7,734)</b> | <b>5.1%</b>     |
| <b>Operating income before cost of credit risk</b>     | <b>4,170</b>   | <b>6,192</b>   | <b>-32.7%</b>   | <b>3,463</b>   | <b>20.4%</b>    | <b>13,150</b>  | <b>12,637</b>  | <b>4.1%</b>     |
| <b>Cost of credit risk</b>                             | <b>(19)</b>    | <b>(32)</b>    | <b>-40.6%</b>   | <b>(101)</b>   | <b>-81.2%</b>   | <b>(110)</b>   | <b>62</b>      | <b>NMF</b>      |
| <b>Net operating income before non-recurring items</b> | <b>4,151</b>   | <b>6,160</b>   | <b>-32.6%</b>   | <b>3,362</b>   | <b>23.5%</b>    | <b>13,040</b>  | <b>12,699</b>  | <b>2.7%</b>     |
| Net non-recurring items                                | (115)          | (26)           | NMF             | (17)           | NMF             | (155)          | (292)          | -46.9%          |
| <b>Profit before income tax</b>                        | <b>4,036</b>   | <b>6,134</b>   | <b>-34.2%</b>   | <b>3,345</b>   | <b>20.7%</b>    | <b>12,885</b>  | <b>12,407</b>  | <b>3.9%</b>     |
| Income tax expense                                     | (463)          | (755)          | -38.7%          | (365)          | 26.8%           | (1,676)        | (1,612)        | 4.0%            |
| <b>Profit</b>  | <b>3,573</b>   | <b>5,379</b>   | <b>-33.6%</b>   | <b>2,980</b>   | <b>19.9%</b>    | <b>11,209</b>  | <b>10,795</b>  | <b>3.8%</b>     |

### Wealth Management financial highlights (excludes Galt&Taggart)

| GEL thousands, unless otherwise noted                           | 3Q15      | 3Q14    | Change<br>Y-O-Y | 2Q15      | Change<br>Q-O-Q | 9M15      | 9M14    | Change<br>y-o-y |
|---|-----------|---------|-----------------|-----------|-----------------|-----------|---------|-----------------|
| <b>BALANCE SHEET HIGHLIGHTS</b>                                 |           |         |                 |           |                 |           |         |                 |
| Client deposits, standalone, currency blended                   | 1,016,399 | 766,938 | 32.5%           | 904,775   | 12.3%           | 1,016,399 | 766,938 | 32.5%           |
| <i>Client deposits, standalone, GEL</i>                         | 20,109    | 24,779  | -18.8%          | 22,704    | -11.4%          | 20,109    | 24,779  | -18.8%          |
| <i>Client deposits, standalone, FC</i>                          | 996,290   | 742,159 | 34.2%           | 882,071   | 12.9%           | 996,290   | 742,159 | 34.2%           |
| Time deposits, standalone, currency blended                     | 701,960   | 558,849 | 25.6%           | 623,353   | 12.6%           | 701,960   | 558,849 | 25.6%           |
| <i>Time deposits, standalone, GEL</i>                           | 11,860    | 16,492  | -28.1%          | 12,046    | -1.5%           | 11,860    | 16,492  | -28.1%          |
| <i>Time deposits, standalone, FC</i>                            | 690,100   | 542,357 | 27.2%           | 611,307   | 12.9%           | 690,100   | 542,357 | 27.2%           |
| Current accounts& demand deposits, standalone, currency blended | 314,439   | 208,089 | 51.1%           | 281,422   | 11.7%           | 314,439   | 208,089 | 51.1%           |
| Current accounts and demand deposits, standalone, GEL           | 8,249     | 8,287   | -0.5%           | 10,658    | -22.6%          | 8,249     | 8,287   | -0.5%           |
| Current accounts and demand deposits, standalone, FC            | 306,190   | 199,802 | 53.2%           | 270,764   | 13.1%           | 306,190   | 199,802 | 53.2%           |
| Assets under management   | 1,346,965 | 980,106 | 37.4%           | 1,231,406 | 9.4%            | 1,346,965 | 980,106 | 37.4%           |
| <b>RATIOS</b>   |           |         |                 |           |                 |           |         |                 |
| <i>Cost of deposits, currency blended</i>                       | 5.0%      | 5.6%    |                 | 5.3%      |                 | 5.3%      | 6.2%    |                 |
| <i>Cost of deposits, GEL</i>                                    | 5.6%      | 6.0%    |                 | 5.5%      |                 | 5.7%      | 6.4%    |                 |
| <i>Cost of deposits, FC</i>                                     | 5.0%      | 5.6%    |                 | 5.3%      |                 | 5.3%      | 6.2%    |                 |
| <i>Cost of time deposits, currency blended</i>                  | 6.2%      | 7.0%    |                 | 6.5%      |                 | 6.4%      | 7.6%    |                 |
| <i>Cost of time deposits, GEL</i>                               | 8.7%      | 8.8%    |                 | 8.0%      |                 | 8.5%      | 9.1%    |                 |
| <i>Cost of time deposits, FC</i>                                | 6.2%      | 6.9%    |                 | 6.4%      |                 | 6.4%      | 7.6%    |                 |
| <i>Current accounts and demand deposits, currency blended</i>   | 2.3%      | 2.4%    |                 | 2.5%      |                 | 2.5%      | 2.4%    |                 |
| <i>Current accounts and demand deposits, GEL</i>                | 1.8%      | 1.3%    |                 | 1.5%      |                 | 1.6%      | 1.4%    |                 |
| <i>Current accounts and demand deposits, FC</i>                 | 2.3%      | 2.4%    |                 | 2.5%      |                 | 2.5%      | 2.5%    |                 |

### Performance highlights

- **The AUM of the Investment Management segment increased to GEL 1,347.0mln, up 37.4% y-o-y.** This includes Wealth Management clients' deposits and assets held at Bank of Georgia Custody, Galt & Taggart brokerage client assets and Aldagi pension scheme assets
- **Investment Management posted GEL 3.6mln profit.** Net fee and commission income decreased on y-o-y basis to GEL 0.4mln from GEL 3.9mln in 3Q14, as Galt & Taggart executed a sizable M&A deal in 9M14, which resulted in a high base last year

- **Wealth Management deposits increased to GEL 1,016.4mln, up 32.5% y-o-y.** On constant currency basis, deposits decreased by 1.8% on the back of a 60 bps decline in the Cost of Client deposits to 5.0% in 3Q15. The decrease was partially due to a number of bond issuances by Galt & Taggart, offered to Wealth Management clients, yielding higher rates than deposits
  - We served over 1,405 wealth management clients from 68 countries as of 30 September 2015. Client deposits have grown at a compound annual growth rate (CAGR) of 36.0% over the last five year period, to GEL 1,016.4mln as of 30 September 2015
- As of 30 September 2015, the amount of the Bank's Certificates of Deposits issued to Investment Management clients increased to GEL 527.5mln, up 40.2% compared to 30 September 2014
- **Galt & Taggart is succeeding in developing local capital markets,** and acted as a placement agent for:
  - GEL 25mln floating rate notes issued by the European Bank for Reconstruction and Development (EBRD) and GEL 30mln bonds issued by IFC. Both transactions were completed in February 2015
  - US\$ 20mln 2-year bonds for m2 Real Estate, the largest non-IFI issue to date. The transaction was met with considerable interest particularly from Wealth Management clients. The transaction was completed in March 2015
  - US\$ 15mln 2-year bonds for the Group's wholly-owned subsidiary Evex, the healthcare services company of healthcare business GHG. This was the first bond placement by our healthcare subsidiary. The proceeds from the transaction are intended to be used by the healthcare subsidiary to invest in organic growth opportunities. The transaction was completed in May 2015
  - Galt & Taggart acted as a Co-Leader Manager for the GBP 218mln IPO of Georgia Healthcare Group on the London Stock Exchange ("GHG LN") in November 2015. This marks a landmark transaction for G&T in helping Georgian companies raise equity financing from local and international investors
- Since its launch in June 2012, Galt & Taggart Research has initiated research coverage of the Georgian and Azeri economies, including a report analysing the impact of Russia-Ukraine standoff on the Georgian economy, the Georgian Retail Real Estate Market, the Georgian Wine Sector, Georgian Agricultural Sector, Georgian Electricity Sector, Georgian Oil and Gas Corporation, Georgian Railway, and has issued notes on the Georgian State Budget and the Tourism Sector. Galt & Taggart reports are available at [www.Galt&Taggart.ge](http://www.Galt&Taggart.ge)

## Investment Business Segment Result Discussion

### Healthcare business (Georgia Healthcare Group – GHG)

#### *Standalone results*

*For the purposes of the results discussion below, healthcare business refers to the Group's pure-play healthcare businesses, Georgia Healthcare Group (GHG), which includes healthcare services (Evex) and medical insurance (Imedi L). The results are based on management accounts and refer to standalone numbers.*

- **Our healthcare business, Georgia Healthcare Group (“GHG”) successfully completed its initial public offering (“IPO”) of ordinary shares at the premium segment of London Stock exchange on 12 November 2015.** IPO highlights:
  - The offering price was 170 pence per Share (the "Offering Price")
  - Based on the Offering Price, GHG's total market capitalisation at the commencement of conditional dealings was £218 million
  - The IPO comprised 38,681,820 Shares equating to an IPO size of approximately £66 million, representing approximately 29% of GHG's share capital on admission, excluding the over-allotment option
  - Immediately following Admission, the issued share capital of GHG is 131,681,820 shares
- GHG raised gross proceeds of approximately US\$100 million (£66 million) from the IPO through the issue of new shares, which will be used to:
  - Renovate and develop recently acquired Deka and Sunstone referral hospitals in Tbilisi, adding approximately 500 beds to the existing hospital capacity
  - Finance current expansion plans, especially the roll-out of GHG's planned ambulatory network, with approximately 30 ambulatory clinics expected to be launched within 2-3 years
  - Reduce the level of existing debt
  - Pay the remaining purchase price for GHG's acquisition in August 2015 of a 50% interest in GNC0, which owns 100% of HTMC
- Immediately following admission, BGH continues to hold 68% of the shares (assuming no exercise of the over-allotment option) and 65% of the Shares (assuming the over-allotment option is exercised in full)
- A group of over 20 members of the BGH and GHG boards, including the GHG Chairman, Irakli Gilauri, and management team, including the GHG CEO Nikoloz Gamkrelidze, and connected persons, participated in the IPO with a total value of approximately US\$4.5 million
- GHG, the Selling Shareholder (JSC BGE0 Investments, a subsidiary of BGE0 Group), Irakli Gilauri and Nikoloz Gamkrelidze are subject to a 180 day lock-up following admission. The lock-ups are subject to certain customary exemptions
- GHG is expecting to be eligible for inclusion in the FTSE All-Share Index in due course.

## Income Statement

|  | <u>Healthcare Services</u> |                |                 | <u>Medical Insurance</u> |               |                 | <u>Eliminations</u> |               | <u>GHG Consolidated</u> |                |                 |
|--|----------------------------|----------------|-----------------|--------------------------|---------------|-----------------|---------------------|---------------|-------------------------|----------------|-----------------|
|  | 9M15                       | 9M14           | Change<br>Y-o-Y | 9M15                     | 9M14          | Change<br>Y-o-Y | 9M15                | 9M14          | 9M15                    | 9M14           | Change<br>Y-o-Y |
| <i>GEL thousands, unless otherwise noted</i>           |                            |                |                 |                          |               |                 |                     |               |                         |                |                 |
| <b>Revenue</b>   | <b>137,028</b>             | <b>101,849</b> | <b>34.5%</b>    | <b>40,724</b>            | <b>59,171</b> | <b>-31.2%</b>   | <b>6,322</b>        | <b>18,309</b> | <b>171,430</b>          | <b>142,711</b> | <b>20.1%</b>    |
| <b>COGS, insurance claims expense</b>                  | <b>77,283</b>              | <b>59,444</b>  | <b>30.0%</b>    | <b>33,158</b>            | <b>50,271</b> | <b>-34.0%</b>   | <b>6,125</b>        | <b>18,090</b> | <b>104,317</b>          | <b>91,625</b>  | <b>13.9%</b>    |
| Direct salary  | 49,759                     | 38,420         | 29.5%           | -                        | -             |                 | 2,236               | 7,412         | 47,522                  | 31,008         | 53.3%           |
| Materials, including medicines and medical disposables | 20,226                     | 12,582         | 60.8%           | -                        | -             |                 | 909                 | 2,427         | 19,317                  | 10,155         | 90.2%           |
| Direct healthcare provider expenses                    | 1,830                      | 3,629          | -49.6%          | -                        | -             |                 | 82                  | 828           | 1,748                   | 2,801          | -37.6%          |
| Utilities and other expenses                           | 5,469                      | 4,813          | 13.6%           | -                        | -             |                 | 246                 | 923           | 5,223                   | 3,890          | 34.3%           |
| Medical insurance claims expense                       | -                          | -              |                 | 33,158                   | 50,271        | -34.0%          | 2,651               | 6,499         | 30,507                  | 43,772         | -30.3%          |
| <b>Gross profit</b>                                    | <b>59,745</b>              | <b>42,405</b>  | <b>40.9%</b>    | <b>7,566</b>             | <b>8,900</b>  | <b>-15.0%</b>   | <b>197</b>          | <b>219</b>    | <b>67,113</b>           | <b>51,086</b>  | <b>31.4%</b>    |
| Salaries and other employee benefits                   | 16,897                     | 11,122         | 51.9%           | 3,006                    | 3,575         | -15.9%          | 197                 | 219           | 19,706                  | 14,479         | 36.1%           |
| General and Administrative expenses                    | 5,641                      | 4,786          | 17.9%           | 1,821                    | 1,856         | -1.9%           | 2                   | -             | 7,460                   | 6,642          | 12.3%           |
| Impairment Charge                                      | 2,680                      | 1,321          | 103.0%          | 156                      | 352           | -55.8%          | -                   | -             | 2,836                   | 1,673          | 69.5%           |
| Other operating income                                 | 2,461                      | 1,318          | 86.7%           | 46                       | 117           | -60.3%          | 2                   | -             | 2,505                   | 1,435          | NMF             |
| <b>EBITDA</b>  | <b>36,987</b>              | <b>26,494</b>  | <b>39.6%</b>    | <b>2,630</b>             | <b>3,233</b>  | <b>-18.7%</b>   | <b>-</b>            | <b>-</b>      | <b>39,617</b>           | <b>29,727</b>  | <b>33.3%</b>    |
| <i>EBITDA margin*</i>                                  | <i>26.5%</i>               | <i>25.5%</i>   |                 | <i>6.5%</i>              | <i>5.5%</i>   |                 |                     |               |                         |                |                 |
| Depreciation   | (7,927)                    | (5,185)        | 52.9%           | (444)                    | (475)         | -6.6%           | -                   | -             | (8,371)                 | (5,660)        | 47.9%           |
| Net interest income (expense)                          | (14,817)                   | (9,505)        | 55.9%           | (87)                     | 261           | NMF             | -                   | -             | (14,904)                | (9,244)        | 61.2%           |
| (Losses) gains on currency exchange                    | 2,898                      | (2,654)        | NMF             | 792                      | 150           | 427.8%          | -                   | -             | 3,690                   | (2,504)        | NMF             |
| Net non-recurring items                                | (1,443)                    | 1,369          | NMF             | (46)                     | (31)          | NMF             | -                   | -             | (1,489)                 | 1,338          | NMF             |
| <b>Profit before income tax</b>                        | <b>15,697</b>              | <b>10,519</b>  | <b>49.2%</b>    | <b>2,845</b>             | <b>3,138</b>  | <b>-9.3%</b>    | <b>-</b>            | <b>-</b>      | <b>18,542</b>           | <b>13,657</b>  | <b>35.8%</b>    |
| Income tax benefit (expense)                           | 512                        | (855)          | NMF             | (491)                    | (482)         | 1.8%            | -                   | -             | 22                      | (1,337)        | NMF             |
| <b>Profit</b>  | <b>16,210</b>              | <b>9,664</b>   | <b>67.7%</b>    | <b>2,354</b>             | <b>2,656</b>  | <b>-11.4%</b>   | <b>-</b>            | <b>-</b>      | <b>18,564</b>           | <b>12,320</b>  | <b>50.7%</b>    |
| <i>Attributable to:</i>                                |                            |                |                 |                          |               |                 |                     |               |                         |                |                 |
| - shareholders of GHG                                  | 13,473                     | 7,444          | 81.0%           | 2,354                    | 2,656         | -11.4%          | -                   | -             | 15,827                  | 10,100         | 56.7%           |
| - minority interest                                    | 2,737                      | 2,220          | 23.3%           | -                        | -             | -               | -                   | -             | 2,737                   | 2,220          | 23.3%           |

Note: the table above does not include intercompany eliminations on the Group consolidated level.

\*EBITDA margin is calculated on gross revenue (excluding corrections & rebates)

**GHG is the largest, integrated healthcare and medical insurance provider in Georgia and is rapidly growing, with double digit revenue and EBITDA growth for the past 3 years.** Our healthcare business, a subsidiary Georgia Healthcare Group (GHG), is the single largest scale player in the fast-growing, predominantly privately-owned, Georgian healthcare services market. GHG primarily focuses on the mass market segment through a network of 42 healthcare facilities (35 hospitals and 7 ambulatory clinics). Organised in geographic clusters with ambulatory clinics, community hospitals and referral hospitals, GHG's network of healthcare facilities (under the "Evex" brand) captures patients along the treatment pathway and offers services ranging from basic outpatient and inpatient care to complex specialist services, positioned to complement each other and GHG's medical insurance business (under the "Imedi L" brand).

As at 30 September 2015, the healthcare services business had a 26.6% market share, 5 times that of the GHG's nearest competitor in Georgia, by number of beds as at 30 September 2015 (2,670 beds), which is expected to grow up to c.30% as a result of the renovation of recently acquired hospital facilities, scheduled for completion in 2016 and 2017 (an additional c.500 beds). We also have the widest geographic coverage network relative to our competitors, with facilities currently located in six regions covering 3/4<sup>th</sup> of the 4.5 million population of Georgia. We are also the largest provider of medical insurance in Georgia with c.270,000 persons insured as at 30 September 2015 and a 38.1% market share based on net insurance premium revenue, as at 30 June 2015.

Our integrated network of referral hospitals, community hospitals and ambulatory clinics provides substantial benefits derived from economies of scale. We have centralised certain functions across our healthcare services facilities and our medical insurance business and have focussed on implementing other efficient cost management practices.

GHG also stands out as a leader in the industry for its strong management team and corporate governance, exceptional in Georgia's healthcare sector. Our senior management team is comprised of individuals recruited from leading healthcare facilities and medical insurance providers in Georgia and internationally. They have been instrumental in delivering our organic growth strategy and identifying strategic acquisitions to grow the business and create its current market leadership position.

**In 9M15, GHG reported its strongest results yet. Our healthcare business delivered record 9 month revenue of GEL 171.4mln, which was primarily driven by the 34.5% growth in our healthcare services revenue, of which 22.0% was organic and 12.5% through acquisitions and other.** Our 9M15 healthcare business performance is a result of our strategy, and reinforced by external factors as described below:

- **Favorable government policy that increased spending on healthcare and improved access to the healthcare services in Georgia.** Following the introduction of the UHC by the government all Georgian citizens are eligible for the new Government-funded basic health coverage, with co-payment elements required for certain services. Since the full roll-out of the UHC in mid-2014, government expenditures on healthcare have increased over 65% from GEL 414.5mln in 2012 to GEL 768.3mln budgeted in 2015; are expected to be further increased to GEL 799.5mln in 2016, of which UHC is GEL 570mln according to the preliminary government budget for 2016.

#### Revenue from health care services by sources of payment

| <i>(GEL thousands, unless otherwise noted)</i> | <u>9M15</u>    | <u>9M14</u>    | <u>Change,<br/>Y-o-Y</u> |
|--|----------------|----------------|--------------------------|
| Government-funded healthcare programs          | 102,602        | 48,137         | 113.1%                   |
| Out-of-pocket payments by patients             | 25,990         | 23,757         | 9.4%                     |
| Private medical insurance companies, of which: | 8,437          | 29,955         | -71.8%                   |
| <i>Imedi L medical insurance</i>               | 6,125          | 18,090         | -66.1%                   |
| <b>Total</b>                                   | <b>137,028</b> | <b>101,849</b> | <b>34.5%</b>             |

- The growth in revenue from government-funded healthcare programs to GEL 102.6mln, up 113.1%, was primarily driven by the UHC and was more than offset by an anticipated decline in revenues from private medical insurance companies, which administered the SIPs that were superseded by the UHC, resulting in a 71.8% decrease in these revenues to GEL 8.4mln in 9M15. Our organic revenue growth of 22.0% was largely sourced from government-funded healthcare programs
- Notably, out-of-pocket payments by patients increased 9.4% to GEL 26.0mln. The UHC places coverage limits on medical treatments, co-payments and has certain exclusions. Any charges in excess of the limit and co-payments are covered by patients on an out-of-pocket basis
- As a result, 75% of our healthcare services revenue was sourced from the government (up from c.50% a year ago; notably UHC implementation was ongoing in 2014 and was fully implemented in September 2014), 19% was sourced from out-of-pocket payments (largely flat y-o-y) and slightly over 6% was sourced from private medical insurance companies (down from c.30% a year ago)
- **Increasing number of hospital beds, primarily in Tbilisi, the capital city of Georgia, where revenue per bed is significantly higher.** The implementation of the expansion strategy that resulted in the acquisition of nine hospitals with the total of 1,380 beds since the end of 2013 has brought the number of total healthcare facilities to 42 and hospital beds to 2,670 as of 30 September 2015, up from 38 and 2,140, respectively, in the previous year
  - Our footprint increased in Tbilisi, where our market share in beds grew from 14.1% as of 30 September 2014 to 24.0% as of 30 September 2015. Together with acquisition of operating beds, we acquired additional development capacities of c.500 beds that will become operational following renovations planned in 2016 and 2017, increasing our national and Tbilisi market share in beds up to c.30%
  - Although our market share by number of beds is close to our target of 1/3, we have significant room to catch up in terms of market share by hospital revenue, which currently stands at c.18%

- **Launch of ambulatory clinics, with plans to open 20-30 ambulatory clinics within 2-3 years.** Currently we are predominantly a hospital provider, with under 3% of our healthcare services revenue coming from ambulatory clinics. We aim to tap the highly fragmented and under-penetrated outpatient segment that represents c.40% of national spending on healthcare services, where no single player has more than 3% of the market. There is currently very low utilisation of outpatient services in the country (Georgia has the lowest average number of outpatient encounters per capita in the region – Georgia: 2.7, CIS: 8.9, EU: 7.7) and this, combined with higher margins make this sector even more attractive

  - In 3Q15 we launched largest multiprofile ambulatory clinic and one express clinic in Tbilisi district of Gldani (highest populated district in West Tbilisi). This cluster of ambulatory clinics will serve as referral point to Gldani district ambulatory cluster. Additional clusters are under renovation and will be opened during the second half of 2015
  - We believe that our medical insurance business will play a feeder role for the newly launched ambulatory clinics, providing stable a stream of revenue and increasing the number of ambulatory clinic claims retained within GHG (only 33.9% of Imedi L’s outpatient claims, amounting GEL 4mln were retained within GHG during 9 months in 2015)
  - In addition, a recent initiative of the Ministry of Health, Labour and Social Affairs (“MoLHSA”) extended the prescription requirement to over 50% of all medicines registered in Georgia with effect from 1 September 2014 (whereas no more than 2% of all medicines registered in Georgia required a prescription before this date). We believe this initiative has a favourable impact on revenues in 2015 and beyond as outpatient visits to clinics increase
- **We invest in medical technology, on the back of renovated infrastructure, enhancing our service mix and catering to unfulfilled demand,** as indicated by low incidence levels that lag far behind peer benchmarks. We have completed a number of such projects in 2014 and 2015. Yet, there are still significant shortages in equipment supply and service gaps, which leaves significant room for further growth
- **Healthcare services revenue, which includes revenue from hospitals and ambulatory clinics, increased to GEL 137.0mln, up 34.5% driven primarily by referral hospitals, that grew 39.9% y-o-y and represent c.90% of healthcare services revenue:**

#### Revenue from healthcare services by business lines

| <i>(GEL thousands, unless otherwise noted)</i> | <u>9M15</u>    | <u>9M14</u>    | <u>Change,<br/>Y-o-Y</u> |
|--|----------------|----------------|--------------------------|
| Referral and specialty hospitals               | 119,962        | 85,726         | 39.9%                    |
| Community hospitals                            | 13,332         | 9,797          | 36.1%                    |
| Ambulatory clinics                             | 3,734          | 3,463          | 7.8%                     |
| Ambulance and rural primary care               | -              | 2,862          | -100.0%                  |
| <b>Total</b>                                   | <b>137,028</b> | <b>101,849</b> | <b>34.5%</b>             |

- Revenue from referral hospitals grew to GEL 120.0mln, up 39.9% y-o-y, driven by strong organic growth and acquisitions. We expect a significant portion of the growth of our hospital revenue to come from referral hospitals, in line with our strategy to increase our market share to 1/3 across Georgia through further investments in renovation and expansion of existing facilities. Our organic revenue growth of 22.0% was largely sourced from referral hospitals
- 36.1% y-o-y growth of revenue from the community hospitals was the result of organic growth alone and was driven by the introduction of UHC, which made healthcare services, both outpatient and inpatient, more accessible and affordable for the population of Georgia
- 7.8% y-o-y growth of revenue from ambulatory clinics was the result of organic growth alone and was mainly driven by our ambulatory clinics in Tbilisi. We expect ambulatory clinics revenue to grow faster, in line with our strategy of launching an additional 20 to 30 ambulatory clinics in the next 2-3 years
- **Our private medical insurance has shown resilience and revenue from private medical insurance products grew by 30.3%, with approximately 270,000 people holding our medical insurance policies as at 30 September 2015.** The growth is a result of improved pricing, as well as an increase in the number of people insured:

### Revenue from medical insurance by sources of payment

| <i>(GEL thousands, unless otherwise noted)</i> | <u>9M15</u>   | <u>9M14</u>   | <u>Change,<br/>Y-o-Y</u> |
|--|---------------|---------------|--------------------------|
| Private medical insurance products             | 40,724        | 31,262        | 30.3%                    |
| Government funded medical insurance products   | -             | 27,909        | -100.0%                  |
| <b>Total</b>                                   | <b>40,724</b> | <b>59,171</b> | <b>-31.2%</b>            |

- High double-digit growth in our healthcare service revenues was partially offset by the anticipated decline in medical insurance revenues. As government spending on healthcare was consolidated under the UHC (the UHC facilitates direct payments to healthcare facilities by the government, compared to the previous programmes under which the government bought private medical insurance for targeted groups of the population) our revenue from our medical insurance business decreased to GEL 40.7mln, down 31.2%
- Within the changed private insurance landscape that resulted from the introduction of the UHC, our medical insurance business strengthened its market share and now accounts for 38.1% of the total medical insurance sector of Georgia based on net insurance premium revenue as of 30 June 2015, up from 36.8% as of 30 June 2014
- **We have improving margins with the increasing scale of our healthcare business as a result of our continuous focus on efficiency.** Margins improved, as a result of increasing utilisation and scale of our healthcare services business, as well as the on-going integration of recently acquired healthcare facilities, with the 30.0% increase in COGS lagging behind 34.5% revenue growth
  - In 9M15, the gross profit of our healthcare services business increased to GEL 59.7mln, up 40.9% y-o-y and supported by the 30.0% growth in COGS on the back of 34.5% increase in revenue during the same period
  - The headcount of our healthcare services business reached c.9,500 employees, up 18.0% y-o-y, as a result of new acquisitions in 9M15
- **As a result, our healthcare business EBITDA reached GEL 39.6mln in 9M15, mostly driven by healthcare services EBITDA, which was up 39.6% y-o-y.** EBITDA margin for our healthcare services in 9M15 was 26.5%, up 98 bps y-o-y toward our longer-term target of at least 30%. The improvement is mostly a result of extracting inefficiencies brought in through the acquisition of new hospitals in 2014 and 2015, notwithstanding the costs of the new governance structure that was put in place at the end of 2014 in preparation for the IPO in 2015
- We expect significant improvement in our EBITDA margin, as a result of:
  - The ongoing integration of acquired healthcare facilities, including the centralisation of some back-office functions and we expect significant further synergy gains in 2015 as management shifts its focus from acquisition to integration mode. Further cost synergies are expected mainly as a result of reducing inefficiencies in the acquired hospitals, as benchmarked against the previously managed healthcare facilities in the areas of procurement, process standardisation and payroll
  - The increased contribution from ambulatory clinics to our revenues, which have EBITDA margin above 30% and now represent only 3% of our healthcare services revenues
  - Our recently launched services, listed above, picking-up and reaching annual run-rates
- Net interest expense of the healthcare services business grew by 55.9% y-o-y as a result of a 59.1% increase in borrowed funds raised for financing acquisitions and growth projects
- The increase in depreciation costs by 52.9% was primarily driven by the acquisitions completed during the past year
- As a result, the net income of our healthcare business increased to GEL 18.6mln, up 50.7% y-o-y

- **Our healthcare business balance sheet increased substantially over the last year with assets growing to GEL 622.0mln, up 70.2% y-o-y.** The growth of total assets (up GEL 256.6mln y-o-y) was largely driven by a GEL 175.1mln, or a 70.2% increase in the premises and equipment of our healthcare business, reflecting the acquisition of new hospitals during 2014 and the first half of 2015

#### Healthcare business selected balance sheet items

| <i>(GEL thousands, unless otherwise noted)</i> | <u>9M15</u>    | <u>9M14</u>    | <u>Change,<br/>Y-o-Y</u> |
|--|----------------|----------------|--------------------------|
| <b>Total assets, of which:</b>                 | <b>622,021</b> | <b>365,441</b> | <b>70.2%</b>             |
| Premises and equipment, net                    | 424,304        | 249,229        | 70.2%                    |
| <b>Total liabilities, of which:</b>            | <b>372,791</b> | <b>222,808</b> | <b>67.3%</b>             |
| Borrowed Funds                                 | 223,339        | 140,413        | 59.1%                    |
| <b>Total shareholders' equity</b>              | <b>249,230</b> | <b>142,633</b> | <b>74.7%</b>             |

#### Project and development highlights for 9M15:

- As described above, GHG successfully completed its initial public offering of ordinary shares at London Stock Exchange
- GHG launched its largest multiprofile ambulatory clinic in Tbilisi district of Gldani. The clinic will serve as a referral point to Gldani district ambulatory cluster
- GHG acquired a 95% equity interest in Deka. Deka owns an 80 bed hospital located on 2.4 hectares of land in a prime location in Tbilisi, with an estimated additional development capacity of 270 beds that we aim to develop within 2016-2017
- GHG also acquired a 50.0% equity interest in GNCo, with effective control over the company. GNCo is a holding company that owns 100% of HTMC, a 450-bed major and well-established referral hospital in Tbilisi, which is also the single largest hospital in Georgia, providing a wide-range of in-patient and out-patient services, including the largest department of oncology radiotherapy in Georgia
- GHG launched a new training centre in Batumi to continue to support internal skills development and human resource capacity at our healthcare facilities. In total we operate three training centres, of which two were opened in 2014 and are located in Tbilisi and Kutaisi. Through these centres we provide regular training and education for all our medical personnel. We established our own nursing training curriculum, and we guarantee employment at our facilities to successful candidates
- GHG completed a paediatric cardiology department at the children's referral hospital in Tbilisi, which will become the second healthcare facility in Georgia to provide full scale cardiac services, including cardiac surgeries for children in Georgia
- GHG launched West-Georgia Oncology Center, which is equipped with the most up-to-date technology including the only linear accelerator in west Georgia and aims to become the major oncology center for the west-Georgia population
- Evex successfully completed a placement of US\$15 million of two-year bonds in May 2015. The bond was issued at par and carries a coupon rate of 9.5% payable semi-annually. The proceeds from the transaction are intended to be used by the healthcare subsidiary to invest in organic growth opportunities, primarily to accelerate the launch of ambulatory clinics, thus increasing our market share in the fast-growing, highly-fragmented and under-penetrated outpatient market through rapid launch of 20-30 ambulatory clinics, within the next 2-3 years

## Real estate business (m<sup>2</sup> Real Estate)

Our Real Estate business is operated through the Bank's wholly-owned subsidiary m<sup>2</sup> Real Estate, which develops residential property in Georgia. m<sup>2</sup> Real Estate outsources the construction and architecture works while itself focusing on project management and sales. The Bank's Real Estate business serves to meet the unsatisfied demand in Tbilisi for housing through its well-established branch network and sales force, while stimulating the Bank's mortgage lending business.

GEL thousands, unless otherwise noted

|  | 3Q15           | 3Q14           | Change<br>y-o-y | 2Q15           | Change<br>q-o-q | 9M15           | 9M14           | Change,<br>y-o-y |
|--|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|------------------|
| Real estate revenue                                    | 854            | 17,160         | -95.0%          | 1,595          | -46.5%          | 6,387          | 50,283         | -87.3%           |
| Cost of real estate                                    | (230)          | (15,906)       | -98.6%          | (1,757)        | -86.9%          | (4,852)        | (39,371)       | -87.7%           |
| <b>Gross real estate profit</b>                        | <b>624</b>     | <b>1,254</b>   | <b>-50.2%</b>   | <b>(162)</b>   | <b>NMF</b>      | <b>1,535</b>   | <b>10,912</b>  | <b>-85.9%</b>    |
| Gross other investment profit                          | 63             | 610            | -89.7%          | (57)           | NMF             | 225            | 664            | -66.1%           |
| <b>Revenue</b>   | <b>687</b>     | <b>1,864</b>   | <b>-63.1%</b>   | <b>(219)</b>   | <b>NMF</b>      | <b>1,760</b>   | <b>11,576</b>  | <b>-84.8%</b>    |
| Salaries and other employee benefits                   | (204)          | (248)          | -17.7%          | (269)          | -24.2%          | (794)          | (860)          | -7.7%            |
| Administrative expenses                                | (879)          | (978)          | -10.1%          | (1,275)        | -31.1%          | (3,195)        | (2,914)        | 9.6%             |
| <b>Operating expenses</b>                              | <b>(1,083)</b> | <b>(1,226)</b> | <b>-11.7%</b>   | <b>(1,544)</b> | <b>-29.9%</b>   | <b>(3,989)</b> | <b>(3,774)</b> | <b>5.7%</b>      |
| <b>EBITDA</b>  | <b>(396)</b>   | <b>638</b>     | <b>NMF</b>      | <b>(1,763)</b> | <b>-77.5%</b>   | <b>(2,229)</b> | <b>7,802</b>   | <b>NMF</b>       |
| Depreciation and amortization of investment business   | (51)           | (46)           | 10.9%           | (43)           | 18.6%           | (136)          | (272)          | -50.0%           |
| Net foreign currency gain from investment business     | (1,230)        | (500)          | 146.0%          | 903            | NMF             | (698)          | (428)          | 63.1%            |
| Interest income from investment business               | (6)            | 116            | NMF             | 221            | NMF             | 386            | 124            | NMF              |
| Interest expense from investment business              | (155)          | (61)           | 154.1%          | (227)          | -31.7%          | (1,393)        | (607)          | 129.5%           |
| <b>Net operating income before non-recurring items</b> | <b>(1,838)</b> | <b>81</b>      | <b>NMF</b>      | <b>(909)</b>   | <b>102.2%</b>   | <b>(4,070)</b> | <b>6,553</b>   | <b>NMF</b>       |
| Net non-recurring items                                | 10             | -              | -               | (67)           | NMF             | (130)          | 18             | NMF              |
| <b>Profit before income tax</b>                        | <b>(1,828)</b> | <b>81</b>      | <b>NMF</b>      | <b>(976)</b>   | <b>87.3%</b>    | <b>(4,200)</b> | <b>6,571</b>   | <b>NMF</b>       |
| Income tax (expense) benefit                           | 274            | (11)           | NMF             | 147            | 86.4%           | 630            | (985)          | NMF              |
| <b>Profit</b>  | <b>(1,554)</b> | <b>70</b>      | <b>NMF</b>      | <b>(829)</b>   | <b>87.5%</b>    | <b>(3,570)</b> | <b>5,586</b>   | <b>NMF</b>       |

### Performance highlights

- m<sup>2</sup> Real Estate has enjoyed strong demand for its apartments since its establishment in 2010 and has sold a total of 1,538 apartments to date, generating total sales of US\$ 127.5mln, of which US\$ 56.9mln has already been recognised as revenue and US\$ 70.6mln is expected to be recognised upon completion of the on-going projects during 2015-2018 years
- The decline in revenues from 2014 is due to the revenue recognition policy adopted by m<sup>2</sup> Real Estate, pursuant to which revenue is recognised at the full completion of the project instead of in line with the percentage of the construction that has been completed

### Project performance highlights

- **Project 1, "Chubinashvili street", construction completed** – 123 (100%) of 123 apartments sold by the end of 3Q15, with total sales of US\$ 9.9mln, which is fully recognised as revenue. The project was started in September 2010 and completed in August 2012. We unlocked the land value of US\$ 0.9mln and realised Internal Rate of Return ("IRR") of 47% from this project
- **Project 2, "Tamarashvili street", construction completed** – 519 (99%) of 522 apartments sold by the end of 3Q15, with total sales of US\$ 47.4mln, of which US\$ 46.9mln was recognised as revenue. The project was started in May 2012 and completed in June 2014, four months ahead of completion deadline. We unlocked the land value of US\$ 5.4mln and realised IRR of 46% from this project
- **Project 3, "Kazbegi Street", construction on-going** – 262 (89%) of 295 apartments sold by the end of 3Q15, with total sales of US\$ 23.9mln, which is not yet recognised as revenue. The project was started in December 2013, construction is 83% completed as of the date of this release and is expected to be fully completed in December 2015. Upon the completion of this project, we expect to unlock the land value of US\$ 3.6mln and realise IRR of 165% from this project

- **Project 4, “Nutsbidze Street”**, *construction completed* – 196 (89%) of 221 apartments sold by the end of 3Q15, with total sales of US\$ 15.7mln, which is not yet recognised as revenue. Revenue is expected to be recognised following the apartment acceptance by its owners. The project was started in December 2013 and completed in September 2015, one month ahead of completion deadline. Upon the sale of remaining units, we expect to unlock the land value of US\$ 2.2mln and realise IRR of 58% from this project
- **Project 5, “Tamarashvili Street II”**, *construction on-going* – 177 (66%) of 270 apartments sold by the end of 3Q15, with total sales of US\$ 16.4mln, which is not yet recognised as revenue. The project was started in July 2014, construction is 66% completed as of the date of this release and is expected to be fully completed in April 2016. Upon the completion of this project, we expect to unlock the land value of US\$ 2.7mln and realise IRR of 71% from this project
- **Project 6, “Moscow avenue”**, *construction on-going* – 126 (53%) of 238 apartments sold by the end of 3Q15, with total sales of US\$ 5.1mln, which is not yet recognised as revenue. This project was launched within m<sup>2</sup> Real Estate’s new low-cost apartment initiative and offers unprecedented affordable price of as low as US\$ 29,000 for refurbished 1 bedroom apartments. The project was started in September 2014, construction is 71% completed as of the date of this release and is expected to be fully completed in March 2016. Upon the completion of this project, we expect to unlock the land value of US\$ 1.6mln and realise IRR of 31% from this project
- **Project 7, “Kartozia Street”**, *construction started in Nov’15* – 135 (16%) of 819 apartments sold by the end of 3Q15, with total sales of US\$ 9.0mln, which is not yet recognised as revenue. The pre-sales started in July 2015, construction started in November 2015 and it is expected to be fully completed in September 2018. Upon the completion of this project, we expect to unlock the land value of US\$ 5.8mln and realise IRR of 31% from this project
- **In summary, m<sup>2</sup> Real Estate has started 7 projects since its establishment in 2010, of which three have already been completed, and construction of four is on-going. One of the projects is expected to be completed by end of 2015, two others are expected to be completed in 2016 and one more is expected to be completed in 2018. Currently, only 950 units are available for sale out of total of 2,448 apartments developed or being at different stages of development. We have unlocked total land value of US\$ 8.5mln from the three completed projects and additional US\$ 13.7mln in land value is expected to be unlocked from the four on-going projects**
- The number of apartments financed with our mortgages in all m<sup>2</sup> Real Estate projects as of the date of this announcement totalled 725, with an aggregate amount of GEL 76.9mln

# SELECTED FINANCIAL INFORMATION

| INCOME STATEMENT QUARTERLY                                  | B GEO Consolidated |                 |               |                 |               | Banking Business |                 |               |                 |               | Investment Business |                 |               |                 |               | Eliminations   |                |                |
|---|--------------------|-----------------|---------------|-----------------|---------------|------------------|-----------------|---------------|-----------------|---------------|---------------------|-----------------|---------------|-----------------|---------------|----------------|----------------|----------------|
|   | Q3 2015            | Q3 2014         | Change Y-O-Y  | Q2 2015         | Change Q-O-Q  | Q3 2015          | Q3 2014         | Change Y-O-Y  | Q2 2015         | Change Q-O-Q  | Q3 2015             | Q3 2014         | Change Y-O-Y  | Q2 2015         | Change Q-O-Q  | Q3 2015        | Q3 2014        | Q2 2015        |
| Banking interest income                                     | 219,999            | 148,330         | 48.3%         | 211,869         | 3.8%          | 223,800          | 150,084         | 49.1%         | 215,313         | 3.9%          | -                   | -               | -             | -               | -             | (3,801)        | (1,754)        | (3,444)        |
| Banking interest expense                                    | (93,821)           | (59,953)        | 56.5%         | (89,080)        | 5.3%          | (94,551)         | (60,107)        | 57.3%         | (88,910)        | 6.3%          | -                   | -               | -             | -               | -             | 730            | 154            | (170)          |
| <b>Net banking interest income</b>                          | <b>126,178</b>     | <b>88,377</b>   | <b>42.8%</b>  | <b>122,789</b>  | <b>2.8%</b>   | <b>129,249</b>   | <b>89,977</b>   | <b>43.6%</b>  | <b>126,403</b>  | <b>2.3%</b>   | -                   | -               | -             | -               | -             | <b>(3,071)</b> | <b>(1,600)</b> | <b>(3,614)</b> |
| Fee and commission income                                   | 41,114             | 35,151          | 17.0%         | 38,944          | 5.6%          | 41,532           | 35,578          | 16.7%         | 40,160          | 3.4%          | -                   | -               | -             | -               | -             | (418)          | (427)          | (1,216)        |
| Fee and commission expense                                  | (10,323)           | (7,780)         | 32.7%         | (9,823)         | 5.1%          | (10,471)         | (7,780)         | 34.6%         | (9,988)         | 4.8%          | -                   | -               | -             | -               | -             | 148            | -              | 165            |
| <b>Net fee and commission income</b>                        | <b>30,791</b>      | <b>27,371</b>   | <b>12.5%</b>  | <b>29,121</b>   | <b>5.7%</b>   | <b>31,061</b>    | <b>27,798</b>   | <b>11.7%</b>  | <b>30,172</b>   | <b>2.9%</b>   | -                   | -               | -             | -               | -             | <b>(270)</b>   | <b>(427)</b>   | <b>(1,051)</b> |
| Net banking foreign currency gain                           | 18,675             | 13,431          | 39.0%         | 19,765          | -5.5%         | 18,675           | 13,431          | 39.0%         | 19,765          | -5.5%         | -                   | -               | -             | -               | -             | -              | -              | -              |
| Net other banking income                                    | 4,938              | 1,291           | NMF           | 2,481           | 99.0%         | 5,231            | 1,324           | 295.1%        | 2,810           | 86.2%         | -                   | -               | -             | -               | -             | (293)          | (33)           | (329)          |
| Net insurance premiums earned                               | 24,151             | 23,331          | 3.5%          | 22,566          | 7.0%          | 10,332           | 7,349           | 40.6%         | 9,777           | 5.7%          | 14,363              | 16,444          | -12.7%        | 13,244          | 8.4%          | (544)          | (462)          | (455)          |
| Net insurance claims incurred                               | (14,368)           | (13,647)        | 5.3%          | (16,749)        | -14.2%        | (4,503)          | (3,592)         | 25.4%         | (6,304)         | -28.6%        | (9,865)             | (10,055)        | -1.9%         | (10,445)        | -5.6%         | -              | -              | -              |
| <b>Gross insurance profit</b>                               | <b>9,783</b>       | <b>9,684</b>    | <b>1.0%</b>   | <b>5,817</b>    | <b>68.2%</b>  | <b>5,829</b>     | <b>3,757</b>    | <b>55.2%</b>  | <b>3,473</b>    | <b>67.8%</b>  | <b>4,498</b>        | <b>6,389</b>    | <b>-29.6%</b> | <b>2,799</b>    | <b>60.7%</b>  | <b>(544)</b>   | <b>(462)</b>   | <b>(455)</b>   |
| Healthcare revenue  | 49,670             | 33,090          | 50.1%         | 41,217          | 20.5%         | -                | -               | -             | -               | -             | 49,670              | 33,090          | 50.1%         | 41,217          | 20.5%         | -              | -              | -              |
| Cost of healthcare services                                 | (27,552)           | (18,853)        | 46.1%         | (23,118)        | 19.2%         | -                | -               | -             | -               | -             | (27,552)            | (18,853)        | 46.1%         | (23,118)        | 19.2%         | -              | -              | -              |
| <b>Gross healthcare profit</b>                              | <b>22,118</b>      | <b>14,237</b>   | <b>55.4%</b>  | <b>18,099</b>   | <b>22.2%</b>  | -                | -               | -             | -               | -             | <b>22,118</b>       | <b>14,237</b>   | <b>55.4%</b>  | <b>18,099</b>   | <b>22.2%</b>  | -              | -              | -              |
| Real estate revenue   | 981                | 17,160          | -94.3%        | 1,716           | -42.8%        | -                | -               | -             | -               | -             | 981                 | 17,160          | -94.3%        | 1,716           | -42.8%        | -              | -              | -              |
| Cost of real estate   | (230)              | (15,906)        | -98.6%        | (1,757)         | -86.9%        | -                | -               | -             | -               | -             | (230)               | (15,906)        | -98.6%        | (1,757)         | -86.9%        | -              | -              | -              |
| <b>Gross real estate profit</b>                             | <b>751</b>         | <b>1,254</b>    | <b>-40.1%</b> | <b>(41)</b>     | <b>NMF</b>    | -                | -               | -             | -               | -             | <b>751</b>          | <b>1,254</b>    | <b>-40.1%</b> | <b>(41)</b>     | <b>NMF</b>    | -              | -              | -              |
| Gross other investment profit                               | 3,373              | 3,577           | -5.7%         | 4,734           | -28.7%        | -                | -               | -             | -               | -             | 3,229               | 3,580           | -9.8%         | 4,709           | -31.4%        | 144            | (3)            | 25             |
| <b>Revenue</b>  | <b>216,607</b>     | <b>159,222</b>  | <b>36.0%</b>  | <b>202,765</b>  | <b>6.8%</b>   | <b>190,045</b>   | <b>136,287</b>  | <b>39.4%</b>  | <b>182,623</b>  | <b>4.1%</b>   | <b>30,596</b>       | <b>25,460</b>   | <b>20.2%</b>  | <b>25,566</b>   | <b>19.7%</b>  | <b>(4,034)</b> | <b>(2,525)</b> | <b>(5,424)</b> |
| Salaries and other employee benefits                        | (47,385)           | (40,341)        | 17.5%         | (45,044)        | 5.2%          | (39,768)         | (33,630)        | 18.3%         | (38,066)        | 4.5%          | (8,143)             | (7,183)         | 13.4%         | (7,460)         | 9.2%          | 526            | 472            | 482            |
| Administrative expenses                                     | (21,044)           | (17,937)        | 17.3%         | (22,102)        | -4.8%         | (17,320)         | (14,079)        | 23.0%         | (17,899)        | -3.2%         | (4,047)             | (4,025)         | 0.5%          | (4,498)         | -10.0%        | 323            | 167            | 295            |
| Banking depreciation and amortisation                       | (8,505)            | (6,408)         | 32.7%         | (8,338)         | 2.0%          | (8,505)          | (6,408)         | 32.7%         | (8,338)         | 2.0%          | -                   | -               | -             | -               | -             | -              | -              | -              |
| Other operating expenses                                    | (628)              | (877)           | -28.4%        | (1,364)         | -54.0%        | (574)            | (601)           | -4.5%         | (941)           | -39.0%        | (54)                | (276)           | -80.4%        | (423)           | -87.2%        | -              | -              | -              |
| <b>Operating expenses</b>                                   | <b>(77,562)</b>    | <b>(65,563)</b> | <b>18.3%</b>  | <b>(76,848)</b> | <b>0.9%</b>   | <b>(66,167)</b>  | <b>(54,718)</b> | <b>20.9%</b>  | <b>(65,244)</b> | <b>1.4%</b>   | <b>(12,244)</b>     | <b>(11,484)</b> | <b>6.6%</b>   | <b>(12,381)</b> | <b>-1.1%</b>  | <b>849</b>     | <b>639</b>     | <b>777</b>     |
| <b>Operating income before cost of credit risk / EBITDA</b> | <b>139,045</b>     | <b>93,659</b>   | <b>48.5%</b>  | <b>125,917</b>  | <b>10.4%</b>  | <b>123,878</b>   | <b>81,569</b>   | <b>51.9%</b>  | <b>117,379</b>  | <b>5.5%</b>   | <b>18,352</b>       | <b>13,976</b>   | <b>31.3%</b>  | <b>13,185</b>   | <b>39.2%</b>  | <b>(3,185)</b> | <b>(1,886)</b> | <b>(4,647)</b> |
| Profit from associates                                      | 1,444              | -               | -             | 1,979           | -27.0%        | -                | -               | -             | -               | -             | 1,444               | -               | -             | 1,979           | -27.0%        | -              | -              | -              |
| Depreciation and amortization of investment business        | (4,227)            | (2,352)         | 79.7%         | (2,579)         | 63.9%         | -                | -               | -             | -               | -             | (4,227)             | (2,352)         | 79.7%         | (2,579)         | 63.9%         | -              | -              | -              |
| Net foreign currency gain from investment business          | (2,311)            | (281)           | NMF           | 2,689           | NMF           | -                | -               | -             | -               | -             | (2,311)             | (281)           | NMF           | 2,689           | NMF           | -              | -              | -              |
| Interest income from investment business                    | 499                | 252             | 98.0%         | 622             | -19.8%        | -                | -               | -             | -               | -             | 719                 | 406             | 77.1%         | 844             | -14.8%        | (220)          | (154)          | (222)          |
| Interest expense from investment business                   | (2,080)            | (1,872)         | 11.1%         | (2,632)         | -21.0%        | -                | -               | -             | -               | -             | (5,485)             | (3,912)         | 40.2%         | (7,501)         | -26.9%        | 3,405          | 2,040          | 4,869          |
| <b>Operating income before cost of credit risk</b>          | <b>132,370</b>     | <b>89,406</b>   | <b>48.1%</b>  | <b>125,996</b>  | <b>5.1%</b>   | <b>123,878</b>   | <b>81,569</b>   | <b>51.9%</b>  | <b>117,379</b>  | <b>5.5%</b>   | <b>8,492</b>        | <b>7,837</b>    | <b>8.4%</b>   | <b>8,617</b>    | <b>-1.5%</b>  | -              | -              | -              |
| Impairment charge on loans to customers                     | (34,857)           | (15,852)        | 119.9%        | (35,105)        | -0.7%         | (34,857)         | (15,852)        | 119.9%        | (35,105)        | -0.7%         | -                   | -               | -             | -               | -             | -              | -              | -              |
| Impairment charge on finance lease receivables              | 156                | 17              | NMF           | (1,779)         | NMF           | 156              | 17              | NMF           | (1,779)         | NMF           | -                   | -               | -             | -               | -             | -              | -              | -              |
| Impairment charge on other assets and provisions            | (946)              | 530             | NMF           | (4,983)         | -81.0%        | (51)             | 972             | NMF           | (3,880)         | -98.7%        | (895)               | (442)           | 102.5%        | (1,103)         | -18.9%        | -              | -              | -              |
| <b>Cost of credit risk</b>                                  | <b>(35,647)</b>    | <b>(15,305)</b> | <b>132.9%</b> | <b>(41,867)</b> | <b>-14.9%</b> | <b>(34,752)</b>  | <b>(14,863)</b> | <b>133.8%</b> | <b>(40,764)</b> | <b>-14.7%</b> | <b>(895)</b>        | <b>(442)</b>    | <b>102.5%</b> | <b>(1,103)</b>  | <b>-18.9%</b> | -              | -              | -              |
| <b>Net operating income before non-recurring items</b>      | <b>96,723</b>      | <b>74,101</b>   | <b>30.5%</b>  | <b>84,129</b>   | <b>15.0%</b>  | <b>89,126</b>    | <b>66,706</b>   | <b>33.6%</b>  | <b>76,615</b>   | <b>16.3%</b>  | <b>7,597</b>        | <b>7,395</b>    | <b>2.7%</b>   | <b>7,514</b>    | <b>1.1%</b>   | -              | -              | -              |
| Net non-recurring items                                     | (5,489)            | (727)           | NMF           | (413)           | NMF           | (4,967)          | (718)           | NMF           | (3,409)         | 45.7%         | (522)               | (9)             | NMF           | 2,996           | NMF           | -              | -              | -              |
| <b>Profit before income tax</b>                             | <b>91,234</b>      | <b>73,374</b>   | <b>24.3%</b>  | <b>83,716</b>   | <b>9.0%</b>   | <b>84,159</b>    | <b>65,988</b>   | <b>27.5%</b>  | <b>73,206</b>   | <b>15.0%</b>  | <b>7,075</b>        | <b>7,386</b>    | <b>-4.2%</b>  | <b>10,510</b>   | <b>-32.7%</b> | -              | -              | -              |
| Income tax expense  | (10,329)           | (11,066)        | -6.7%         | (11,686)        | -11.6%        | (10,757)         | (10,353)        | 3.9%          | (11,753)        | -8.5%         | 428                 | (713)           | NMF           | 67              | NMF           | -              | -              | -              |
| <b>Profit</b>   | <b>80,905</b>      | <b>62,308</b>   | <b>29.8%</b>  | <b>72,030</b>   | <b>12.3%</b>  | <b>73,402</b>    | <b>55,635</b>   | <b>31.9%</b>  | <b>61,453</b>   | <b>19.4%</b>  | <b>7,503</b>        | <b>6,673</b>    | <b>12.4%</b>  | <b>10,577</b>   | <b>-29.1%</b> | -              | -              | -              |
| <i>Attributable to:</i>                                     |                    |                 |               |                 |               |                  |                 |               |                 |               |                     |                 |               |                 |               |                |                |                |
| - shareholders of the Group                                 | 78,167             | 59,937          | 30.4%         | 70,601          | 10.7%         | 71,830           | 54,740          | 31.2%         | 60,963          | 17.8%         | 6,337               | 5,197           | 21.9%         | 9,638           | -34.2%        | -              | -              | -              |
| - non-controlling interests                                 | 2,738              | 2,371           | 15.5%         | 1,429           | 91.6%         | 1,572            | 895             | 75.6%         | 490             | NMF           | 1,166               | 1,476           | -21.0%        | 939             | 24.2%         | -              | -              | -              |
| <b>Earnings per share (basic)</b>                           | <b>2.04</b>        | <b>1.74</b>     | <b>17.2%</b>  | <b>1.84</b>     | <b>10.9%</b>  |                  |                 |               |                 |               |                     |                 |               |                 |               |                |                |                |

| INCOME STATEMENT NINE MONTH                                 | BGE0 Consolidated |                  |               | Banking Business |                  |               | Investment Business |                 |               | Eliminations    |                | Change Y-O-Y   |
|---|-------------------|------------------|---------------|------------------|------------------|---------------|---------------------|-----------------|---------------|-----------------|----------------|----------------|
|   | Sep-15            | Sep-14           | Change Y-O-Y  | Sep-15           | Sep-14           | Change Y-O-Y  | Sep-15              | Sep-14          | Change Y-O-Y  | Sep-15          | Sep-14         |                |
| Banking interest income                                     | 631,566           | 432,243          | 46.1%         | 641,466          | 437,095          | 46.8%         | -                   | -               | -             | (9,900)         | (4,852)        | 104.0%         |
| Banking interest expense                                    | (261,610)         | (180,418)        | 45.0%         | (262,756)        | (180,887)        | 45.3%         | -                   | -               | -             | 1,146           | 469            | 144.3%         |
| <b>Net banking interest income</b>                          | <b>369,956</b>    | <b>251,825</b>   | <b>46.9%</b>  | <b>378,710</b>   | <b>256,208</b>   | <b>47.8%</b>  | -                   | -               | -             | <b>(8,754)</b>  | <b>(4,383)</b> | <b>99.7%</b>   |
| Fee and commission income                                   | 116,049           | 97,966           | 18.5%         | 119,036          | 99,623           | 19.5%         | -                   | -               | -             | (2,987)         | (1,657)        | 80.3%          |
| Fee and commission expense                                  | (29,282)          | (24,533)         | 19.4%         | (29,712)         | (24,533)         | 21.1%         | -                   | -               | -             | 430             | -              | -              |
| <b>Net fee and commission income</b>                        | <b>86,767</b>     | <b>73,433</b>    | <b>18.2%</b>  | <b>89,324</b>    | <b>75,090</b>    | <b>19.0%</b>  | -                   | -               | -             | <b>(2,557)</b>  | <b>(1,657)</b> | <b>54.3%</b>   |
| Net banking foreign currency gain                           | 57,401            | 36,131           | 58.9%         | 57,401           | 36,131           | 58.9%         | -                   | -               | -             | -               | -              | -              |
| Net other banking income                                    | 9,209             | 4,397            | 109.4%        | 10,137           | 4,743            | 113.7%        | -                   | -               | -             | (928)           | (346)          | 168.2%         |
| Net insurance premiums earned                               | 68,426            | 77,950           | -12.2%        | 29,351           | 20,383           | 44.0%         | 40,497              | 58,889          | -31.2%        | (1,422)         | (1,322)        | 7.6%           |
| Net insurance claims incurred                               | (45,252)          | (52,208)         | -13.3%        | (14,745)         | (8,435)          | 74.8%         | (30,507)            | (43,773)        | -30.3%        | -               | -              | -              |
| <b>Gross insurance profit</b>                               | <b>23,174</b>     | <b>25,742</b>    | <b>-10.0%</b> | <b>14,606</b>    | <b>11,948</b>    | <b>22.2%</b>  | <b>9,990</b>        | <b>15,116</b>   | <b>-33.9%</b> | <b>(1,422)</b>  | <b>(1,322)</b> | <b>7.6%</b>    |
| Healthcare revenue  | 130,904           | 85,681           | 52.8%         | -                | -                | -             | 130,904             | 85,681          | 52.8%         | -               | -              | -              |
| Cost of healthcare services                                 | (73,810)          | (48,506)         | 52.2%         | -                | -                | -             | (73,810)            | (48,506)        | 52.2%         | -               | -              | -              |
| <b>Gross healthcare profit</b>                              | <b>57,094</b>     | <b>37,175</b>    | <b>53.6%</b>  | -                | -                | -             | <b>57,094</b>       | <b>37,175</b>   | <b>53.6%</b>  | -               | -              | -              |
| Real estate revenue   | 6,771             | 50,204           | -86.5%        | -                | -                | -             | 6,771               | 50,284          | -86.5%        | -               | (80)           | -100.0%        |
| Cost of real estate   | (4,852)           | (39,371)         | -87.7%        | -                | -                | -             | (4,852)             | (39,371)        | -87.7%        | -               | -              | -              |
| <b>Gross real estate profit</b>                             | <b>1,919</b>      | <b>10,833</b>    | <b>-82.3%</b> | -                | -                | -             | <b>1,919</b>        | <b>10,913</b>   | <b>-82.4%</b> | -               | <b>(80)</b>    | <b>-100.0%</b> |
| Gross other investment profit                               | 9,506             | 9,439            | 0.7%          | -                | -                | -             | 9,481               | 9,321           | 1.7%          | 25              | 118            | -78.8%         |
| <b>Revenue</b>  | <b>615,026</b>    | <b>448,975</b>   | <b>37.0%</b>  | <b>550,178</b>   | <b>384,120</b>   | <b>43.2%</b>  | <b>78,484</b>       | <b>72,525</b>   | <b>8.2%</b>   | <b>(13,636)</b> | <b>(7,670)</b> | <b>77.8%</b>   |
| Salaries and other employee benefits                        | (138,171)         | (113,488)        | 21.7%         | (116,440)        | (95,310)         | 22.2%         | (23,134)            | (19,269)        | 20.1%         | 1,403           | 1,091          | 28.6%          |
| Administrative expenses                                     | (64,203)          | (52,710)         | 21.8%         | (52,724)         | (42,026)         | 25.5%         | (12,575)            | (11,539)        | 9.0%          | 1,096           | 855            | 28.2%          |
| Banking depreciation and amortisation                       | (25,216)          | (18,930)         | 33.2%         | (25,216)         | (18,930)         | 33.2%         | -                   | -               | -             | -               | -              | -              |
| Other operating expenses                                    | (2,880)           | (2,638)          | 9.2%          | (2,307)          | (2,227)          | 3.6%          | (573)               | (411)           | 39.4%         | -               | -              | -              |
| <b>Operating expenses</b>                                   | <b>(230,470)</b>  | <b>(187,766)</b> | <b>22.7%</b>  | <b>(196,687)</b> | <b>(158,493)</b> | <b>24.1%</b>  | <b>(36,282)</b>     | <b>(31,219)</b> | <b>16.2%</b>  | <b>2,499</b>    | <b>1,946</b>   | <b>28.4%</b>   |
| <b>Operating income before cost of credit risk / EBITDA</b> | <b>384,556</b>    | <b>261,209</b>   | <b>47.2%</b>  | <b>353,491</b>   | <b>225,627</b>   | <b>56.7%</b>  | <b>42,202</b>       | <b>41,306</b>   | <b>2.2%</b>   | <b>(11,137)</b> | <b>(5,724)</b> | <b>94.6%</b>   |
| Profit from associates                                      | 2,112             | -                | -             | -                | -                | -             | 2,112               | -               | -             | -               | -              | -              |
| Depreciation and amortization of investment business        | (9,494)           | (6,837)          | 38.9%         | -                | -                | -             | (9,494)             | (6,837)         | 38.9%         | -               | -              | -              |
| Net foreign currency gain from investment business          | 4,067             | (2,130)          | NMF           | -                | -                | -             | 4,067               | (2,130)         | NMF           | -               | -              | -              |
| Interest income from investment business                    | 1,738             | 984              | 76.6%         | -                | -                | -             | 2,381               | 1,386           | 71.8%         | (643)           | (402)          | 60.0%          |
| Interest expense from investment business                   | (7,171)           | (5,621)          | 27.6%         | -                | -                | -             | (18,951)            | (11,747)        | 61.3%         | 11,780          | 6,126          | 92.3%          |
| <b>Operating income before cost of credit risk</b>          | <b>375,808</b>    | <b>247,605</b>   | <b>51.8%</b>  | <b>353,491</b>   | <b>225,627</b>   | <b>56.7%</b>  | <b>22,317</b>       | <b>21,978</b>   | <b>1.5%</b>   | -               | -              | -              |
| Impairment charge on loans to customers                     | (108,890)         | (32,778)         | NMF           | (108,890)        | (32,778)         | NMF           | -                   | -               | -             | -               | -              | -              |
| Impairment charge on finance lease receivables              | (1,742)           | (340)            | NMF           | (1,742)          | (340)            | NMF           | -                   | -               | -             | -               | -              | -              |
| Impairment charge on other assets and provisions            | (8,724)           | (9,350)          | -6.7%         | (5,655)          | (7,824)          | -27.7%        | (3,069)             | (1,526)         | 101.1%        | -               | -              | -              |
| <b>Cost of credit risk</b>                                  | <b>(119,356)</b>  | <b>(42,468)</b>  | <b>181.0%</b> | <b>(116,287)</b> | <b>(40,942)</b>  | <b>184.0%</b> | <b>(3,069)</b>      | <b>(1,526)</b>  | <b>101.1%</b> | -               | -              | -              |
| <b>Net operating income before non-recurring items</b>      | <b>256,452</b>    | <b>205,137</b>   | <b>25.0%</b>  | <b>237,204</b>   | <b>184,685</b>   | <b>28.4%</b>  | <b>19,248</b>       | <b>20,452</b>   | <b>-5.9%</b>  | -               | -              | -              |
| Net non-recurring items                                     | (8,349)           | (8,924)          | -6.4%         | (10,543)         | (10,320)         | 2.2%          | 2,194               | 1,396           | 57.2%         | -               | -              | -              |
| <b>Profit before income tax</b>                             | <b>248,103</b>    | <b>196,213</b>   | <b>26.4%</b>  | <b>226,661</b>   | <b>174,365</b>   | <b>30.0%</b>  | <b>21,442</b>       | <b>21,848</b>   | <b>-1.9%</b>  | -               | -              | -              |
| Income tax expense  | (32,829)          | (21,924)         | 49.7%         | (32,995)         | (18,837)         | 75.2%         | 166                 | (3,087)         | NMF           | -               | -              | -              |
| <b>Profit</b>   | <b>215,274</b>    | <b>174,289</b>   | <b>23.5%</b>  | <b>193,666</b>   | <b>155,528</b>   | <b>24.5%</b>  | <b>21,608</b>       | <b>18,761</b>   | <b>15.2%</b>  | -               | -              | -              |
| <i>Attributable to:</i>                                     |                   |                  |               |                  |                  |               |                     |                 |               |                 |                |                |
| – shareholders of the Group                                 | 211,408           | 168,284          | 25.6%         | 191,041          | 152,843          | 25.0%         | 20,367              | 15,441          | 31.9%         | -               | -              | -              |
| – non-controlling interests                                 | 3,866             | 6,005            | -35.6%        | 2,625            | 2,685            | -2.2%         | 1,241               | 3,320           | -62.6%        | -               | -              | -              |
| <b>Earnings per share (basic)</b>                           | <b>5.51</b>       | <b>4.89</b>      | <b>12.7%</b>  |                  |                  |               |                     |                 |               |                 |                |                |

| BALANCE SHEET   | BGE0 Consolidated |                  |              |                  |              | Banking Business |                  |              |                  |              | Investment Business |                |               |                |              | Eliminations     |                  |                  |
|---|-------------------|------------------|--------------|------------------|--------------|------------------|------------------|--------------|------------------|--------------|---------------------|----------------|---------------|----------------|--------------|------------------|------------------|------------------|
|   | Sep-15            | Sep-14           | Change Y-O-Y | Jun-15           | Change Q-O-Q | Sep-15           | Sep-14           | Change Y-O-Y | Jun-15           | Change Q-O-Q | Sep-15              | Sep-14         | Change Y-O-Y  | Jun-15         | Change Q-O-Q | Sep-15           | Sep-14           | Jun-15           |
| Cash and cash equivalents                                     | 1,320,319         | 759,639          | 73.8%        | 1,261,805        | 4.6%         | 1,314,696        | 756,397          | 73.8%        | 1,252,758        | 4.9%         | 166,031             | 50,821         | 226.7%        | 107,511        | 54.4%        | (160,408)        | (47,579)         | (98,464)         |
| Amounts due from credit institutions                          | 706,500           | 372,042          | 89.9%        | 583,888          | 21.0%        | 698,110          | 355,786          | 96.2%        | 575,534          | 21.3%        | 19,628              | 23,540         | -16.6%        | 18,844         | 4.2%         | (11,238)         | (7,284)          | (10,490)         |
| Investment securities   | 897,965           | 617,700          | 45.4%        | 895,840          | 0.2%         | 900,845          | 616,547          | 46.1%        | 898,457          | 0.3%         | 1,153               | 1,153          | 0.0%          | 1,153          | 0.0%         | (4,033)          | -                | (3,770)          |
| Loans to customers and finance lease receivables              | 5,266,125         | 3,818,742        | 37.9%        | 5,052,752        | 4.2%         | 5,367,311        | 3,897,160        | 37.7%        | 5,142,221        | 4.4%         | -                   | -              | -             | -              | -            | (101,186)        | (78,418)         | (89,469)         |
| Accounts receivable and other loans                           | 87,348            | 62,830           | 39.0%        | 77,866           | 12.2%        | 13,291           | 6,501            | 104.4%       | 15,474           | -14.1%       | 79,989              | 57,041         | 40.2%         | 70,343         | 13.7%        | (5,932)          | (712)            | (7,951)          |
| Insurance premiums receivable                                 | 55,700            | 36,555           | 52.4%        | 58,142           | -4.2%        | 28,413           | 14,961           | 89.9%        | 26,519           | 7.1%         | 29,165              | 22,636         | 28.8%         | 32,023         | -8.9%        | (1,878)          | (1,042)          | (400)            |
| Prepayments   | 40,330            | 34,945           | 15.4%        | 52,145           | -22.7%       | 21,374           | 19,928           | 7.3%         | 30,779           | -30.6%       | 18,956              | 15,017         | 26.2%         | 21,366         | -11.3%       | -                | -                | -                |
| Inventories   | 148,777           | 85,132           | 74.8%        | 131,534          | 13.1%        | 10,929           | 6,122            | 78.5%        | 10,379           | 5.3%         | 137,848             | 79,010         | 74.5%         | 121,155        | 13.8%        | -                | -                | -                |
| Investment property   | 224,028           | 185,316          | 20.9%        | 221,506          | 1.1%         | 143,469          | 121,359          | 18.2%        | 143,873          | -0.3%        | 80,559              | 63,957         | 26.0%         | 77,633         | 3.8%         | -                | -                | -                |
| Property and equipment  | 775,599           | 562,342          | 37.9%        | 669,153          | 15.9%        | 339,300          | 301,004          | 12.7%        | 338,858          | 0.1%         | 436,299             | 261,338        | 66.9%         | 330,295        | 32.1%        | -                | -                | -                |
| Goodwill  | 70,876            | 49,796           | 42.3%        | 60,056           | 18.0%        | 49,592           | 38,538           | 28.7%        | 48,092           | 3.1%         | 21,284              | 11,258         | 89.1%         | 11,964         | 77.9%        | -                | -                | -                |
| Intangible assets   | 38,438            | 30,019           | 28.0%        | 36,894           | 4.2%         | 34,390           | 27,732           | 24.0%        | 33,260           | 3.4%         | 4,048               | 2,287          | 77.0%         | 3,634          | 11.4%        | -                | -                | -                |
| Income tax assets   | 38,666            | 39,999           | -3.3%        | 29,080           | 33.0%        | 30,938           | 31,189           | -0.8%        | 21,686           | 42.7%        | 7,728               | 8,810          | -12.3%        | 7,394          | 4.5%         | -                | -                | -                |
| Other assets  | 267,218           | 160,613          | 66.4%        | 244,398          | 9.3%         | 187,378          | 147,220          | 27.3%        | 174,820          | 7.2%         | 91,997              | 14,323         | 542.3%        | 80,058         | 14.9%        | (12,157)         | (930)            | (10,480)         |
| <b>Total assets</b>   | <b>9,937,889</b>  | <b>6,815,670</b> | <b>45.8%</b> | <b>9,375,059</b> | <b>6.0%</b>  | <b>9,140,036</b> | <b>6,340,444</b> | <b>44.2%</b> | <b>8,712,710</b> | <b>4.9%</b>  | <b>1,094,685</b>    | <b>611,191</b> | <b>79.1%</b>  | <b>883,373</b> | <b>23.9%</b> | <b>(296,832)</b> | <b>(135,965)</b> | <b>(221,024)</b> |
| Client deposits and notes                                     | 4,477,908         | 3,088,254        | 45.0%        | 4,104,417        | 9.1%         | 4,649,572        | 3,142,980        | 47.9%        | 4,212,822        | 10.4%        | -                   | -              | -             | -              | -            | (171,664)        | (54,726)         | (108,405)        |
| Amounts due to credit institutions                            | 2,115,859         | 1,264,299        | 67.4%        | 2,139,517        | -1.1%        | 2,011,801        | 1,167,556        | 72.3%        | 2,045,093        | -1.6%        | 209,898             | 175,299        | 19.7%         | 189,124        | 11.0%        | (105,840)        | (78,556)         | (94,700)         |
| Debt securities issued  | 1,076,137         | 794,951          | 35.4%        | 1,063,123        | 1.2%         | 999,959          | 768,315          | 30.1%        | 990,257          | 1.0%         | 83,549              | 27,023         | 209.2%        | 79,894         | 4.6%         | (7,371)          | (387)            | (7,028)          |
| Accruals and deferred income                                  | 166,435           | 98,953           | 68.2%        | 132,832          | 25.3%        | 16,629           | 13,028           | 27.6%        | 14,369           | 15.7%        | 149,806             | 85,925         | 74.3%         | 118,463        | 26.5%        | -                | -                | -                |
| Insurance contracts liabilities                               | 66,608            | 57,637           | 15.6%        | 73,001           | -8.8%        | 40,369           | 35,099           | 15.0%        | 42,910           | -5.9%        | 26,239              | 22,538         | 16.4%         | 30,091         | -12.8%       | -                | -                | -                |
| Income tax liabilities  | 127,490           | 104,692          | 21.8%        | 111,387          | 14.5%        | 96,214           | 88,136           | 9.2%         | 87,392           | 10.1%        | 31,276              | 16,556         | 88.9%         | 23,995         | 30.3%        | -                | -                | -                |
| Other liabilities   | 149,493           | 78,653           | 90.1%        | 94,839           | 57.6%        | 77,454           | 40,694           | 90.3%        | 71,126           | 8.9%         | 83,996              | 40,256         | 108.7%        | 34,604         | 142.7%       | (11,957)         | (2,297)          | (10,891)         |
| <b>Total liabilities</b>                                      | <b>8,179,930</b>  | <b>5,487,439</b> | <b>49.1%</b> | <b>7,719,116</b> | <b>6.0%</b>  | <b>7,891,998</b> | <b>5,255,808</b> | <b>50.2%</b> | <b>7,463,969</b> | <b>5.7%</b>  | <b>584,764</b>      | <b>367,597</b> | <b>59.1%</b>  | <b>476,171</b> | <b>22.8%</b> | <b>(296,832)</b> | <b>(135,966)</b> | <b>(221,024)</b> |
| Share capital   | 1,154             | 1,024            | 12.7%        | 1,154            | 0.0%         | 1,154            | 1,024            | 12.7%        | 1,154            | 0.0%         | -                   | -              | -             | -              | -            | -                | -                | -                |
| Additional paid-in capital                                    | 252,090           | 40,909           | 516.2%       | 243,482          | 3.5%         | 40,622           | 37,470           | 8.4%         | 32,277           | 25.9%        | 211,468             | 3,439          | 6049.1%       | 211,205        | 0.1%         | -                | -                | -                |
| Treasury shares   | (36)              | (43)             | -16.3%       | (36)             | 0.0%         | (36)             | (43)             | -16.3%       | (36)             | 0.0%         | -                   | -              | -             | -              | -            | -                | -                | -                |
| Other reserves  | (74,266)          | (47,298)         | 57.0%        | (61,509)         | 20.7%        | (64,648)         | (33,760)         | 91.5%        | (51,917)         | 24.5%        | (9,618)             | (13,538)       | -29.0%        | (9,592)        | 0.3%         | -                | -                | -                |
| Retained earnings   | 1,488,963         | 1,276,801        | 16.6%        | 1,413,870        | 5.3%         | 1,252,178        | 1,061,747        | 17.9%        | 1,247,508        | 0.4%         | 236,785             | 215,054        | 10.1%         | 166,362        | 42.3%        | -                | -                | -                |
| <b>Total equity attributable to shareholders of the Group</b> | <b>1,667,905</b>  | <b>1,271,393</b> | <b>31.2%</b> | <b>1,596,961</b> | <b>4.4%</b>  | <b>1,229,270</b> | <b>1,066,438</b> | <b>15.3%</b> | <b>1,228,986</b> | <b>0.0%</b>  | <b>438,635</b>      | <b>204,955</b> | <b>114.0%</b> | <b>367,975</b> | <b>19.2%</b> | -                | -                | -                |
| Non-controlling interests                                     | 90,054            | 56,838           | 58.4%        | 58,982           | 52.7%        | 18,768           | 18,198           | 3.1%         | 19,755           | -5.0%        | 71,286              | 38,639         | 84.5%         | 39,227         | 81.7%        | -                | 1                | -                |
| <b>Total equity</b>   | <b>1,757,959</b>  | <b>1,328,231</b> | <b>32.4%</b> | <b>1,655,943</b> | <b>6.2%</b>  | <b>1,248,038</b> | <b>1,084,636</b> | <b>15.1%</b> | <b>1,248,741</b> | <b>-0.1%</b> | <b>509,921</b>      | <b>243,594</b> | <b>109.3%</b> | <b>407,202</b> | <b>25.2%</b> | -                | <b>1</b>         | -                |
| <b>Total liabilities and equity</b>                           | <b>9,937,889</b>  | <b>6,815,670</b> | <b>45.8%</b> | <b>9,375,059</b> | <b>6.0%</b>  | <b>9,140,036</b> | <b>6,340,444</b> | <b>44.2%</b> | <b>8,712,710</b> | <b>4.9%</b>  | <b>1,094,685</b>    | <b>611,191</b> | <b>79.1%</b>  | <b>883,373</b> | <b>23.9%</b> | <b>(296,832)</b> | <b>(135,965)</b> | <b>(221,024)</b> |
| Book value per share  | 43.60             | 36.97            | 17.9%        | 41.74            | 4.5%         |                  |                  |              |                  |              |                     |                |               |                |              |                  |                  |                  |

## P&C Insurance (Aldagi)

### INCOME STATEMENT

GEL thousands, unless otherwise stated

|  | 3Q15         | 3Q14         | Change<br>Y-O-Y | 2Q15         | Change<br>Q-O-Q | 9M15          | 9M14          | Change<br>Y-O-Y |
|--|--------------|--------------|-----------------|--------------|-----------------|---------------|---------------|-----------------|
| Net banking interest income                        | 628          | 113          | NMF             | 567          | 10.8%           | 1,741         | 248           | NMF             |
| Net fee and commission income                      | 80           | 87           | -8.0%           | 72           | 11.1%           | 223           | 241           | -7.5%           |
| Net banking foreign currency gain                  | (1,096)      | 6            | NMF             | 1,687        | NMF             | 1,119         | 60            | NMF             |
| Net other banking income                           | 254          | 108          | 135.2%          | 90           | 182.2%          | 641           | 398           | 61.1%           |
| Gross insurance profit                             | 6,297        | 4,076        | 54.5%           | 3,853        | 63.4%           | 15,757        | 12,840        | 22.7%           |
| <b>Revenue</b>                                     | <b>6,163</b> | <b>4,390</b> | <b>40.4%</b>    | <b>6,269</b> | <b>-1.7%</b>    | <b>19,481</b> | <b>13,787</b> | <b>41.3%</b>    |
| Operating expenses                                 | (2,959)      | (2,245)      | 31.8%           | (2,524)      | 17.2%           | (8,453)       | (6,412)       | 31.8%           |
| <b>Operating income before cost of credit risk</b> | <b>3,204</b> | <b>2,145</b> | <b>49.4%</b>    | <b>3,745</b> | <b>-14.4%</b>   | <b>11,028</b> | <b>7,375</b>  | <b>49.5%</b>    |
| Cost of credit risk                                | (199)        | (44)         | NMF             | (172)        | 15.7%           | (466)         | (371)         | 25.6%           |
| <b>Profit before income tax</b>                    | <b>3,005</b> | <b>2,101</b> | <b>43.0%</b>    | <b>3,573</b> | <b>-15.9%</b>   | <b>10,562</b> | <b>7,004</b>  | <b>50.8%</b>    |
| Income tax (expense) benefit                       | (503)        | (278)        | 80.9%           | (150)        | NMF             | (265)         | (1,101)       | -75.9%          |
| <b>Profit</b>                                      | <b>2,502</b> | <b>1,823</b> | <b>37.2%</b>    | <b>3,423</b> | <b>-26.9%</b>   | <b>10,297</b> | <b>5,903</b>  | <b>74.4%</b>    |

## Belarusky Narodny Bank (BNB)

### INCOME STATEMENT, HIGHLIGHTS

GEL thousands, unless otherwise stated

|  | 3Q15          | 3Q14         | Change<br>Y-O-Y | 2Q15          | Change<br>Q-O-Q | 9M15          | 9M14          | Change<br>Y-O-Y |
|--|---------------|--------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|
| Net banking interest income                        | 7,650         | 4,977        | 53.7%           | 6,638         | 15.2%           | 21,717        | 16,151        | 34.5%           |
| Net fee and commission income                      | 2,149         | 2,442        | -12.0%          | 2,699         | -20.4%          | 7,065         | 6,783         | 4.2%            |
| Net banking foreign currency gain                  | 6,340         | 2,153        | 194.5%          | 3,668         | 72.8%           | 15,025        | 5,081         | 195.7%          |
| Net other banking income                           | 190           | 91           | 108.8%          | 137           | 38.7%           | 424           | 364           | 16.5%           |
| <b>Revenue</b>                                     | <b>16,329</b> | <b>9,663</b> | <b>69.0%</b>    | <b>13,142</b> | <b>24.3%</b>    | <b>44,231</b> | <b>28,379</b> | <b>55.9%</b>    |
| Operating expenses                                 | (4,722)       | (4,435)      | 6.5%            | (4,687)       | 0.7%            | (13,664)      | (13,073)      | 4.5%            |
| <b>Operating income before cost of credit risk</b> | <b>11,607</b> | <b>5,228</b> | <b>122.0%</b>   | <b>8,455</b>  | <b>37.3%</b>    | <b>30,567</b> | <b>15,306</b> | <b>99.7%</b>    |
| Cost of credit risk                                | (1,292)       | (539)        | 139.7%          | (5,683)       | -77.3%          | (11,619)      | (2,141)       | NMF             |
| Net non-recurring items                            | (323)         | (293)        | 10.2%           | (318)         | 1.6%            | (1,739)       | (2,408)       | -27.8%          |
| <b>Profit before income tax</b>                    | <b>9,992</b>  | <b>4,396</b> | <b>127.3%</b>   | <b>2,454</b>  | <b>307.2%</b>   | <b>17,209</b> | <b>10,757</b> | <b>60.0%</b>    |
| Income tax (expense) benefit                       | (2,342)       | (862)        | 171.7%          | (785)         | 198.3%          | (4,554)       | 715           | NMF             |
| <b>Profit</b>                                      | <b>7,650</b>  | <b>3,534</b> | <b>116.5%</b>   | <b>1,669</b>  | <b>358.4%</b>   | <b>12,655</b> | <b>11,472</b> | <b>10.3%</b>    |

### BALANCE SHEET, HIGHLIGHTS

GEL thousands, unless otherwise stated

|   | 30-Sep-15      | 30-Sep-14      | Change<br>Y-O-Y | 30-Jun-15      | Change<br>Q-O-Q |
|---|----------------|----------------|-----------------|----------------|-----------------|
| Cash and cash equivalents                                     | 95,395         | 70,390         | 35.5%           | 67,632         | 41.1%           |
| Amounts due from credit institutions                          | 3,769          | 3,380          | 11.5%           | 3,636          | 3.7%            |
| Loans to customers and finance lease receivables              | 315,006        | 215,788        | 46.0%           | 305,816        | 3.0%            |
| <b>Total assets</b>   | <b>481,498</b> | <b>346,025</b> | <b>39.2%</b>    | <b>444,377</b> | <b>8.4%</b>     |
| Client deposits and notes, of which:                          | 270,548        | 180,328        | 50.0%           | 242,249        | 11.7%           |
| Amounts due to credit institutions, of which:                 | 120,115        | 77,976         | 54.0%           | 114,161        | 5.2%            |
| Debt securities issued  | -              | 5,640          | -100.0%         | -              | -               |
| <b>Total liabilities</b>                                      | <b>399,637</b> | <b>270,242</b> | <b>47.9%</b>    | <b>363,782</b> | <b>9.9%</b>     |
| <b>Total equity attributable to shareholders of the Group</b> | <b>67,989</b>  | <b>62,725</b>  | <b>8.4%</b>     | <b>66,953</b>  | <b>1.5%</b>     |
| Non-controlling interests                                     | 13,872         | 13,058         | 6.2%            | 13,642         | 1.7%            |
| <b>Total equity</b>   | <b>81,861</b>  | <b>75,783</b>  | <b>8.0%</b>     | <b>80,595</b>  | <b>1.6%</b>     |
| <b>Total liabilities and equity</b>                           | <b>481,498</b> | <b>346,025</b> | <b>39.2%</b>    | <b>444,377</b> | <b>8.4%</b>     |

## Banking Business Key Ratios

|   | 3Q15      | 3Q14      | 2Q15      | 9M15      | 9M14      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>Profitability</b>  |           |           |           |           |           |
| ROAA, Annualised  | 3.3%      | 3.5%      | 2.9%      | 3.1%      | 3.3%      |
| ROAE, Annualised  | 23.3%     | 21.0%     | 19.3%     | 20.6%     | 19.8%     |
| Net Interest Margin, Annualised                                 | 7.6%      | 7.6%      | 7.6%      | 7.7%      | 7.5%      |
| Loan Yield, Annualised  | 14.7%     | 14.2%     | 14.6%     | 14.7%     | 14.4%     |
| Liquid assets yield, Annualised                                 | 3.1%      | 2.6%      | 3.1%      | 3.2%      | 2.4%      |
| Cost of Funds, Annualised                                       | 5.1%      | 4.7%      | 5.0%      | 5.1%      | 4.8%      |
| Cost of Client Deposits and Notes, annualised                   | 4.1%      | 4.1%      | 4.4%      | 4.3%      | 4.3%      |
| Cost of Amounts Due to Credit Institutions, annualised          | 6.3%      | 4.8%      | 5.3%      | 5.7%      | 4.8%      |
| Cost of Debt Securities Issued                                  | 7.3%      | 7.1%      | 7.2%      | 7.3%      | 7.2%      |
| Operating Leverage, Y-O-Y                                       | 18.5%     | -3.4%     | 21.7%     | 19.1%     | -3.3%     |
| Operating Leverage, Q-O-Q                                       | 2.7%      | 5.1%      | 2.9%      | n/a       | n/a       |
| <b>Efficiency</b>   |           |           |           |           |           |
| Cost / Income   | 34.8%     | 40.1%     | 35.7%     | 35.7%     | 41.3%     |
| <b>Liquidity</b>  |           |           |           |           |           |
| NBG Liquidity Ratio   | 40.5%     | 37.8%     | 35.1%     | 40.5%     | 37.8%     |
| Liquid Assets To Total Liabilities                              | 36.9%     | 32.9%     | 36.5%     | 36.9%     | 32.9%     |
| Net Loans To Client Deposits and Notes                          | 115.4%    | 124.0%    | 122.1%    | 115.4%    | 124.0%    |
| Net Loans To Client Deposits and Notes + DFIs                   | 95.9%     | 104.6%    | 102.4%    | 95.9%     | 104.6%    |
| Leverage (Times)  | 6.3       | 4.8       | 6.0       | 6.3       | 4.8       |
| <b>Asset Quality:</b>   |           |           |           |           |           |
| NPLs (in GEL)   | 221,660   | 154,417   | 219,230   | 221,660   | 154,417   |
| NPLs To Gross Loans To Clients                                  | 4.0%      | 3.8%      | 4.1%      | 4.0%      | 3.8%      |
| NPL Coverage Ratio  | 82.0%     | 78.1%     | 82.2%     | 82.0%     | 78.1%     |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 121.9%    | 112.1%    | 115.1%    | 121.9%    | 112.1%    |
| Cost of Risk, Annualised  | 2.5%      | 1.6%      | 2.7%      | 2.8%      | 1.2%      |
| <b>Capital Adequacy:</b>  |           |           |           |           |           |
| BIS Tier I Capital Adequacy Ratio, Consolidated                 | 16.7%     | 22.7%     | 20.4%     | 16.7%     | 22.7%     |
| BIS Total Capital Adequacy Ratio, Consolidated                  | 23.7%     | 26.4%     | 26.7%     | 23.7%     | 26.4%     |
| New NBG (Basel II) Tier I Capital Adequacy Ratio                | 10.2%     | 11.2%     | 10.4%     | 10.2%     | 11.2%     |
| New NBG (Basel II) Total Capital Adequacy Ratio                 | 15.8%     | 14.2%     | 15.9%     | 15.8%     | 14.2%     |
| Old NBG Tier I Capital Adequacy Ratio                           | 9.2%      | 14.5%     | 13.9%     | 9.2%      | 14.5%     |
| Old NBG Total Capital Adequacy Ratio                            | 16.0%     | 14.1%     | 15.8%     | 16.0%     | 14.1%     |
| <b>Selected Operating Data:</b>                                 |           |           |           |           |           |
| Total Assets Per FTE, BOG Standalone                            | 2,060     | 1,738     | 1,995     | 2,060     | 1,738     |
| Number Of Active Branches, Of Which:                            | 260       | 217       | 246       | 260       | 217       |
| - Flagship Branches   | 35        | 34        | 35        | 35        | 34        |
| - Standard Branches   | 115       | 100       | 114       | 115       | 100       |
| - Express Branches (including Metro)                            | 110       | 83        | 97        | 110       | 83        |
| Number Of ATMs  | 703       | 521       | 685       | 703       | 521       |
| Number Of Cards Outstanding, Of Which:                          | 1,940,627 | 1,103,066 | 1,964,374 | 1,940,627 | 1,103,066 |
| - Debit cards   | 1,210,914 | 986,477   | 1,207,573 | 1,210,914 | 986,477   |
| - Credit cards  | 729,713   | 116,589   | 756,801   | 729,713   | 116,589   |
| Number Of POS Terminals   | 7,685     | 5,979     | 7,668     | 7,685     | 5,979     |

# COMPANY INFORMATION

## BGEO Group PLC

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www.BGEO.com

Registered under number 7811410 in England and Wales

Incorporation date: 14 October 2011

### **Stock Listing**

London Stock Exchange PLC's Main Market for listed securities

Ticker: "BGEO.LN"

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### **Share price information**

BGEO shareholders can access both the latest and historical prices via our website, [www.BGEO.com](http://www.BGEO.com)