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# Capturing Growth Opportunities

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*Investor Presentation: 1Q16 Results*

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# Disclaimer

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## Forward Looking Statements

This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words similar meaning. Undue reliance should not be placed on any such statement because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and BGEO Group plc and its subsidiaries (the "BGEO Group")'s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are various factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, legal, business and social environment. The forward-looking statements in this presentation speak only as of the date of this presentation. The BGEO Group undertakes no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information , future events or otherwise.

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# BGEO Group structure

Investors

Regular dividends

Capital Returns



Cash buffer

Banking Business

Investment Business

BGEO  
Group



GALT & TAGGART  
CREATING OPPORTUNITIES



Retail  
Banking

Corporate  
Banking

Investment  
Management

Aldagi  
(P&C  
Insurance)

BNB  
(Bank in  
Belarus)



GEORGIA  
HEALTHCARE  
GROUP



საკონსტრუქციო კომპანია  
REAL ESTATE

GGU

Water utility and hydro



TELIANI VALLEY

GHG  
(Healthcare)

M2  
(Real  
Estate)

GGU  
(Utilities)

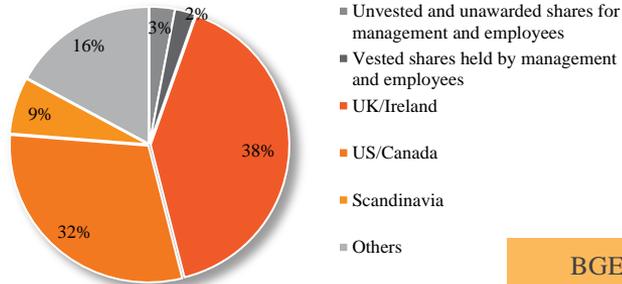
GRE  
(Renewable  
Energy)

Teliani  
Valley  
(Wine &  
Beer)

# BGEO – Shareholder structure and share price

## BGEO shareholder structure

As of 31 March 2016



## BGEO top shareholders

As of 31 March 2016

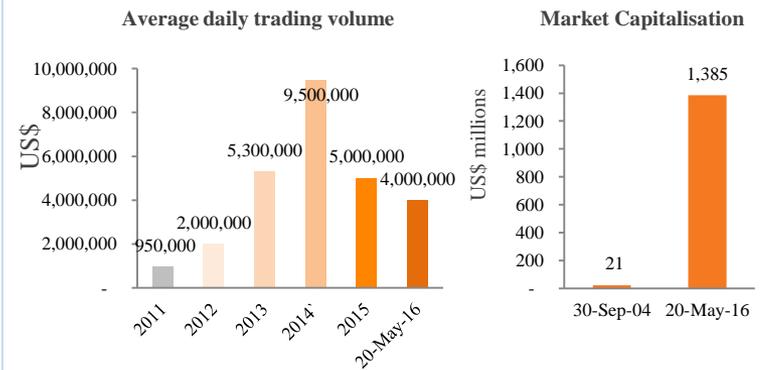
Rank	Shareholder name	Ownership %
1	Schroders Investment Management	9.63
2	Harding Loevner Management LP	9.19
3	Westwood International Advisors	4.25
4	Artemis Investment Management	3.56

BGEO has been included in the  
**FTSE 250** and  
**FTSE All-share Index Funds**  
since 18 June 2012

## BGEO share price performance



## X62 growth in market capitalisation<sup>2</sup>



# 4x20 strategy

## We are a Georgia Focused Banking Group with an Investment Arm

### Banking Business

1

ROE  
c.20%

ROAE of 21.2% in 1Q16  
RB ROAE of 24.3%  
CIB ROAE of 17.6%

2

Retail loan  
book growth  
c.20%

9.9% y-o-y growth in 1Q16

### Investment Business

3

Min. IRR  
of 20%

121% IRR from GHG IPO

65% IRR from m2 Real  
Estate projects

4

Profit up to  
20%

Profit of GEL 17.4mln or  
20.0% in 1Q16 of BGEO  
Group Profit

### Ongoing Dividends

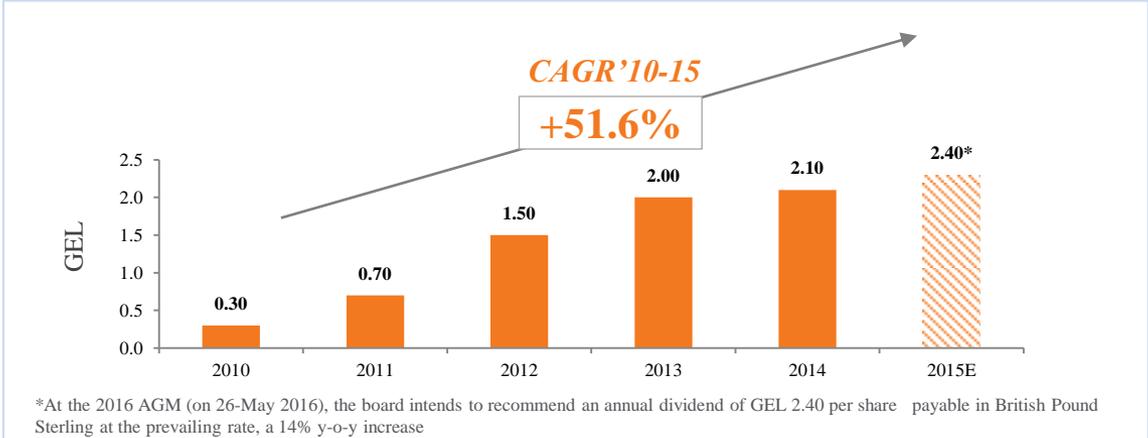
- **Ordinary dividends:** linked to recurring profit from banking business
- Aiming 25-40% dividend payout ratio
- Dividend growth CAGR '10-15 of 51.6%
- At the 2016 AGM (on 26-May 2016), the board intends to recommend an annual dividend of GEL 2.40 per share payable in British Pound Sterling at the prevailing rate, a 14% y-o-y increase

- **Capital Return:** Aiming for at least 3 capital returns within 5 years (2015-2019 period)
- Aiming for Capital Return to represent at least 50% of regular dividend paid from banking business within the same period
- **Completed share buy-back of GEL 25.8mln** in 2015-2016
- In 1Q16, instructed the administrators of the Group Employee Benefits Trust to purchase shares in the market totaling approximately US\$ 10mln, of which US\$ 7.6mln is the remaining amount to be repurchased

# Solid regular dividend payout from banking business

Payout ratio	10%	15%	30%	36%	33%	34%
	2010	2011	2012	2013	2014	2015

Dividend per share



Total dividends & capital return



# 3 forms of Capital Returns

Capital Return forms

## 3 forms of Capital Returns

1

Cash Dividends

2

Stock dividends

3

Share buy-back

Capital Return timeline

Strategy Announced

2014

5 years

3 capital returns during 2015-2019

2019

3 capital returns during 2020-2024

5 years

2024

# BGEO – Robust corporate governance compliant with UK Corporate Governance Code

## Board of Directors of BGEO Group PLC

8 non-executive Supervisory Board members; 8 Independent members, including the Chairman and Vice Chairman



**Neil Janin**, Chairman of the Supervisory Board, Independent Director.  
*experience: formerly director at McKinsey & Company in Paris; formerly co-chairman of the commission of the French Institute of Directors (IFA); formerly Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; Procter & Gamble in Toronto*



**Hanna Loikkanen**, Independent Director  
*experience: Currently advisor to East Capital Private Equity AB; previously: Senior executive at East Capital, FIM Group Russia, Nordea Finance, SEB*



**Irakli Gilauri**, BGEO Group PLC and JSC BGEO Group CEO  
*experience: formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*



**Kaha Kiknavelidze**, Independent Director  
*experience: currently managing partner of Rioni Capital, London based investment fund; previously Executive Director of Oil and Gas research team for UBS*



**David Morrison**, Chairman of the Audit Committee, Vice Chairman of the Supervisory Board, Independent Director  
*experience: senior partner at Sullivan & Cromwell LLP prior to retirement*



**Tamaz Georgadze**, Independent Director  
*experience: Partner at McKinsey & Company in Berlin, Founded SavingGlobal GmbH, aide to President of Georgia*



**Al Breach**, Chairman of the Remuneration Committee, Independent Director  
*experience: Head of Research, Strategist & Economist at UBS; Russia and CIS economist at Goldman Sachs*



**Bozidar Djelic**, Independent Director  
*experience: EBRD's 'Transition to Transition' senior advisory group, Deputy Prime Minister of Serbia, Governor of World Bank Group and Deputy Governor of EBRD, Director at Credit Agricole*



**Kim Bradley**, Chairman of Risk Committee, Independent Director  
*experience: Goldman Sachs AM, Senior Executive at GE Capital, President of Societa Gestione Crediti, Board Chairman at Archon Capital Deutschland*

# BGEO – Management Structure

Senior Executive Compensation Policy applies to top executives and envisages long-term deferred and discretionary awards of securities and no cash bonuses to be paid to such executives

## BGEO Group PLC



**Irakli Gilauri**, Group CEO. With the Group since 2004. Formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland



**Avto Namicheishvili**, Group Legal Counsel. With the Group since 2007. Previously partner at Begiashvili & Co, law firm in Georgia; LLM from CEU, Hungary



**Levan Kulijanishvili**, Deputy CEO and CFO at BOG, Group CFO. With the Group since 1997. Formerly Head of Security and Internal Audit at Bank of Georgia; Holds MBA from Grenoble School of Business, in Grenoble, France



**Ekaterina Shavgulidze** Head of Investor Relations and Funding at BGEO Group. With the Group since 2011. Previously Supervisory Board Member and Chief Executive Officer of healthcare services business. Before joining the Group she was an Associate Finance Director at AstraZeneca, UK. Holds MBA from Wharton Business School

## JSC Bank of Georgia



**Murtaz Kikoria**, CEO of Bank of Georgia. With the Group since 2008. Previously CEO of Group's healthcare business; c.20 years banking experience including various senior positions at Bank of Georgia Group, Senior Banker at EBRD and Head of Banking Supervision at the National Bank of Georgia

## Georgia Healthcare Group



**Nikoloz Gamkrelidze**, CEO, Georgia Healthcare Group. With the Group since 2005. Previously Group CFO, CEO of Aldagi BCI and JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School

## m2 Real Estate



**Irakli Burdiladze**, CEO, m2 Real Estate. With the Group since 2006. Previously CFO at GMT Group, Georgian real estate developer; Masters degree from Johns Hopkins University

## Teliani Valley



**Shota Kobelia**, CEO of Teliani Valley. With the Group since 2009. Previously Chief Commercial Officer in Pernod Ricard Georgia; Masters degree in international sales marketing from Bordeaux Business School, France.

# JSC Bank of Georgia – Management Structure

Senior Executive Compensation Policy applies to top executives and envisages long-term deferred and discretionary awards of securities and no cash bonuses to be paid to such executives



**Murtaz Kikoria**, CEO of Bank of Georgia. With the Group since 2008. *Previously CEO of Group's healthcare business; c.20 years banking experience including various senior positions at Bank of Georgia Group, Senior Banker at EBRD and Head of Banking Supervision at the National Bank of Georgia*



**Levan Kulijanishvili**, Deputy CEO, CFO. With the Group since 1997. *15 year of experience at BOG. Formerly Head of Security and Internal Audit at Bank of Georgia; Holds MBA from Grenoble School of Business, in Grenoble, France*



**Mikheil Gomarteli**, Deputy CEO, Retail Banking. With the Group since 1997. *15 years work experience at BOG, including co-head of retail banking, head of business development and head of strategy and planning; Undergraduate degree in economics from Tbilisi State University*



**Archil Gachechiladze**, Deputy CEO, Corporate Investment Banking. With the Group since 2009. *Formerly BGEO Group CFO, Deputy CEO of TBC Bank, Georgia; Lehman Brothers Private Equity, London; MBA from Cornell University*



**George Chiladze**, Deputy CEO, Chief Risk Officer. With the Group since 2008. *Formerly Deputy CEO in Finance, Deputy CEO at Partnership Fund, Programme trading desk at Bear Stearns NY, Ph.D. in physics from John Hopkins University in Baltimore*



**Tornike Gogichaishvili**, Deputy CEO, Chief Operating Officer. With the Group since 2006. *Previously CEO of Aldagi and CFO of BG Bank, Ukraine; Prior to joining the bank, CFO of UEDC PA consulting; Holds Executive Diploma from Said Business School, Oxford*



**Alexander Katsman**, Deputy CEO, HRM and Branding. With the Group since 2010. *Previously Head of Branding Department at the Bank. Before joining the bank he was a partner at Sarke, the largest communications' group in Georgia. Holds EMBA from the Berlin School of Creative Leadership*

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# BGEO – P&L results highlights

## Quarterly P&L

INCOME STATEMENT	BGEO Consolidated					Banking Business*					Investment Business*				
	1Q16	1Q15	Change Y-O-Y	4Q15	Change Q-O-Q	1Q16	1Q15	Change Y-O-Y	4Q15	Change Q-O-Q	1Q16	1Q15	Change Y-O-Y	4Q15	Change Q-O-Q
<i>GEL thousands unless otherwise noted</i>															
Net banking interest income	128,852	120,989	6.5%	131,434	-2.0%	130,219	123,058	5.8%	134,217	-3.0%	-	-	-	-	-
Net fee and commission income	27,814	26,854	3.6%	31,639	-12.1%	28,015	28,090	-0.3%	32,266	-13.2%	-	-	-	-	-
Net banking foreign currency gain	17,390	18,962	-8.3%	19,525	-10.9%	17,390	18,962	-8.3%	19,525	-10.9%	-	-	-	-	-
Net other banking income	2,867	1,790	60.2%	9,318	-69.2%	3,168	2,095	51.2%	9,699	-67.3%	-	-	-	-	-
Gross insurance profit	6,416	7,574	-15.3%	6,733	-4.7%	5,343	5,306	0.7%	5,441	-1.8%	1,723	2,691	-36.0%	2,126	-19.0%
Gross healthcare profit	26,291	16,877	55.8%	23,845	10.3%	-	-	-	-	-	26,291	16,877	55.8%	23,845	10.3%
Gross real estate profit	6,024	1,209	398.3%	12,769	-52.8%	-	-	-	-	-	6,024	1,209	398.3%	12,769	-52.8%
Gross other investment profit	3,606	1,398	157.9%	11,271	-68.0%	-	-	-	-	-	3,675	1,543	138.2%	11,157	-67.1%
<b>Revenue</b>	<b>219,260</b>	<b>195,653</b>	<b>12.1%</b>	<b>246,534</b>	<b>-11.1%</b>	<b>184,135</b>	<b>177,511</b>	<b>3.7%</b>	<b>201,148</b>	<b>-8.5%</b>	<b>37,713</b>	<b>22,320</b>	<b>69.0%</b>	<b>49,897</b>	<b>-24.4%</b>
<b>Operating expenses</b>	<b>(83,288)</b>	<b>(76,058)</b>	<b>9.5%</b>	<b>(84,262)</b>	<b>-1.2%</b>	<b>(69,863)</b>	<b>(65,277)</b>	<b>7.0%</b>	<b>(71,172)</b>	<b>-1.8%</b>	<b>(14,456)</b>	<b>(11,654)</b>	<b>24.0%</b>	<b>(14,580)</b>	<b>-0.9%</b>
<b>Operating income before cost of credit risk / EBITDA</b>	<b>135,972</b>	<b>119,595</b>	<b>13.7%</b>	<b>162,272</b>	<b>-16.2%</b>	<b>114,272</b>	<b>112,234</b>	<b>1.8%</b>	<b>129,976</b>	<b>-12.1%</b>	<b>23,257</b>	<b>10,666</b>	<b>118.0%</b>	<b>35,317</b>	<b>-34.1%</b>
Profit (loss) from associates	1,866	(1,310)	NMF	1,938	-3.7%	-	-	-	-	-	1,866	(1,310)	NMF	1,938	-3.7%
Depreciation and amortization of investment business	(4,910)	(2,688)	82.7%	(4,731)	3.8%	-	-	-	-	-	(4,910)	(2,688)	82.7%	(4,731)	3.8%
Net foreign currency gain (loss) from investment business	(766)	3,690	NMF	(3,416)	-77.6%	-	-	-	-	-	(766)	3,690	NMF	(3,416)	-77.6%
Interest income from investment business	956	617	54.9%	602	58.8%	-	-	-	-	-	964	818	17.8%	957	0.7%
Interest expense from investment business	(1,382)	(2,463)	-43.9%	(3,166)	-56.3%	-	-	-	-	-	(2,947)	(5,969)	-50.6%	(6,542)	-55.0%
<b>Operating income before cost of credit risk</b>	<b>131,736</b>	<b>117,441</b>	<b>12.2%</b>	<b>153,499</b>	<b>-14.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,464</b>	<b>5,207</b>	<b>235.4%</b>	<b>23,523</b>	<b>-25.8%</b>
Cost of credit risk	(36,143)	(41,841)	-13.6%	(36,022)	0.3%	(35,012)	(40,771)	-14.1%	(35,230)	-0.6%	(1,131)	(1,070)	5.7%	(792)	42.8%
<b>Profit</b>	<b>87,047</b>	<b>62,339</b>	<b>39.6%</b>	<b>95,672</b>	<b>-9.0%</b>	<b>69,663</b>	<b>58,810</b>	<b>18.5%</b>	<b>80,591</b>	<b>-13.6%</b>	<b>17,384</b>	<b>3,529</b>	<b>392.6%</b>	<b>15,081</b>	<b>15.3%</b>
Earnings per share (basic and diluted)	<b>2.10</b>	<b>1.63</b>	<b>28.8%</b>	<b>2.42</b>	<b>-13.2%</b>	-	-	-	-	-	-	-	-	-	-

# BGEO – Balance sheet highlights

## Balance Sheet

BALANCE SHEET	BGEO Consolidated					Banking Business*					Investment Business*				
	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q
GEL thousands unless otherwise noted															
Liquid assets	2,948,699	2,427,226	21.5%	3,068,166	-3.9%	2,876,357	2,402,308	19.7%	3,006,991	-4.3%	337,602	199,209	69.5%	307,459	9.8%
Loans to customers and finance lease receivables	5,359,718	5,156,386	3.9%	5,322,117	0.7%	5,394,565	5,248,559	2.8%	5,366,764	0.5%	-	-	0.0%	-	0.0%
<b>Total assets</b>	<b>10,077,589</b>	<b>9,030,053</b>	<b>11.6%</b>	<b>10,115,739</b>	<b>-0.4%</b>	<b>9,030,055</b>	<b>8,447,951</b>	<b>6.9%</b>	<b>9,171,437</b>	<b>-1.5%</b>	<b>1,353,961</b>	<b>864,053</b>	<b>56.7%</b>	<b>1,247,960</b>	<b>8.5%</b>
Client deposits and notes	4,698,558	4,099,029	14.6%	4,751,387	-1.1%	4,962,432	4,271,854	16.2%	4,993,681	-0.6%	-	-	0.0%	-	0.0%
Amounts due to credit institutions	1,719,920	1,780,636	-3.4%	1,789,062	-3.9%	1,630,299	1,694,668	-3.8%	1,692,557	-3.7%	124,468	181,773	-31.5%	144,534	-13.9%
Debt securities issued	1,033,758	1,026,689	0.7%	1,039,804	-0.6%	957,474	962,587	-0.5%	961,944	-0.5%	81,116	66,964	21.1%	84,474	-4.0%
<b>Total liabilities</b>	<b>7,926,740</b>	<b>7,329,905</b>	<b>8.1%</b>	<b>8,042,101</b>	<b>-1.4%</b>	<b>7,751,805</b>	<b>7,163,763</b>	<b>8.2%</b>	<b>7,856,146</b>	<b>-1.3%</b>	<b>481,362</b>	<b>448,093</b>	<b>7.4%</b>	<b>489,613</b>	<b>-1.7%</b>
<b>Total equity</b>	<b>2,150,849</b>	<b>1,700,148</b>	<b>26.5%</b>	<b>2,073,638</b>	<b>3.7%</b>	<b>1,278,250</b>	<b>1,284,188</b>	<b>-0.5%</b>	<b>1,315,291</b>	<b>-2.8%</b>	<b>872,599</b>	<b>415,960</b>	<b>109.8%</b>	<b>758,347</b>	<b>15.1%</b>

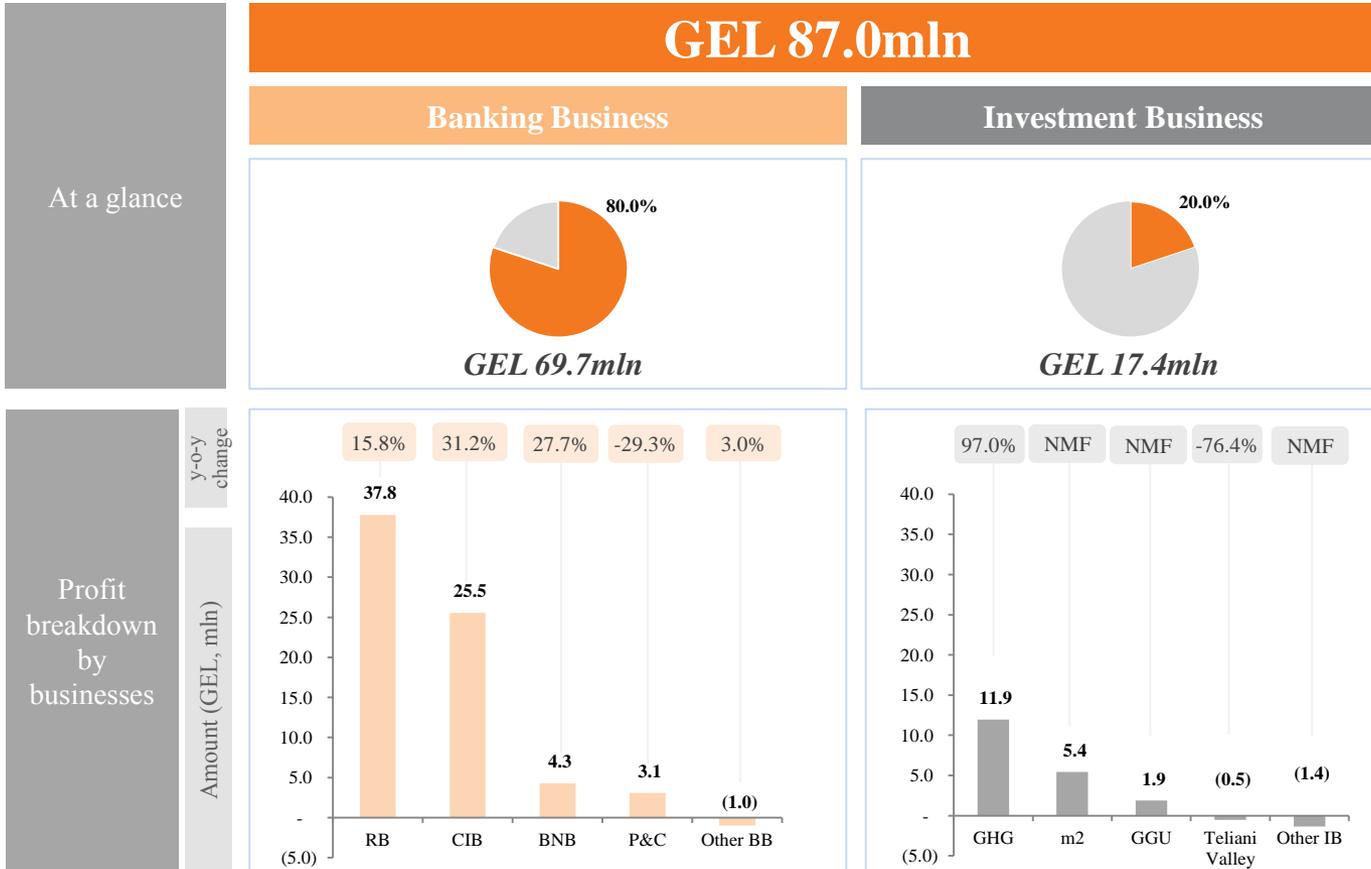
## Key Ratios

Banking Business Ratios	1Q16	1Q15	4Q15
ROAE	21.2%	19.1%	25.1%
ROAA	3.0%	3.0%	3.5%
Net Interest Margin	7.5%	7.8%	7.6%
Loan Yield	14.4%	14.6%	14.8%
Liquid assets yield	3.1%	3.2%	3.3%
Cost of Funds	5.0%	5.0%	5.1%
Cost of Client Deposits and Notes	4.3%	4.4%	4.4%
Cost of Amounts Due to Credit Institutions	6.0%	5.2%	5.9%
Cost of Debt Securities Issued	7.2%	7.1%	6.8%
Cost / Income	37.9%	36.8%	35.4%
NPLs To Gross Loans To Clients	4.5%	3.5%	4.3%
NPL Coverage Ratio	86.0%	73.2%	83.4%
NPL Coverage Ratio, Adjusted for discounted value of collateral	122.6%	112.2%	120.6%
Cost of Risk	2.3%	3.1%	2.4%
Tier I capital adequacy ratio (New NBG, Basel 2/3)	10.1%	9.8%	10.9%
Total capital adequacy ratio (New NBG, Basel 2/3)	15.8%	12.9%	16.7%

# BGEO – Profit contribution, 1Q 2016



Data as of 31 Mar, 2016  
unless otherwise stated



# BGEO – Capital allocation, 1Q 2016 | (Book value and GHG at market value)

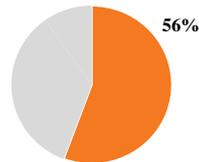


Data as of 31 Mar, 2016  
unless otherwise stated

**GEL 2,254mln**

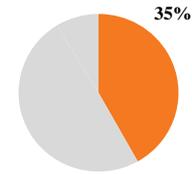
At a glance

Banking Business



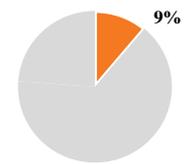
**GEL 1,255mln**

Investment Business



**GEL 778mln**

Unallocated Cash

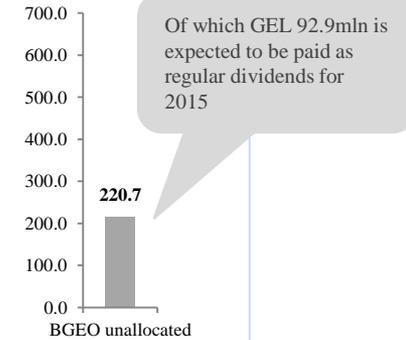
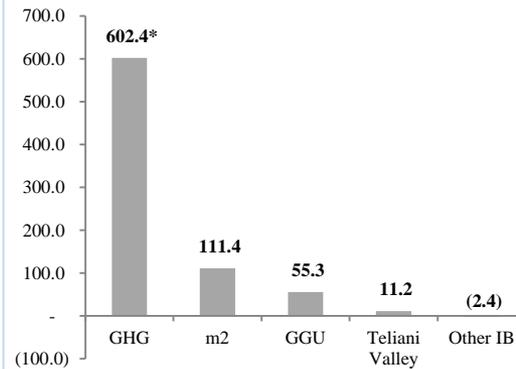
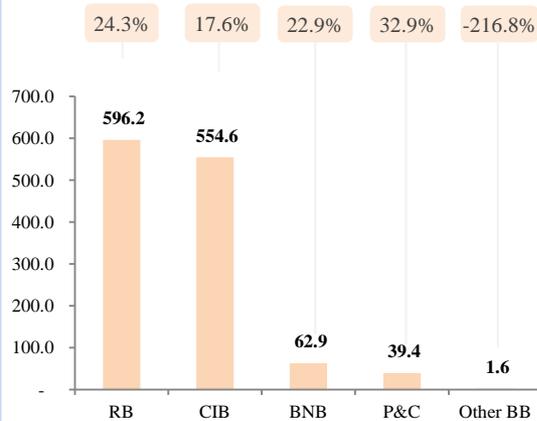


**GEL 221mln**

Capital allocation

ROAE

Amount (GEL, mln)



\* BGEO Group share in GHG market value as of 20 May 2016

# BGEO – Capital allocation, 1Q 2016 | (Book)

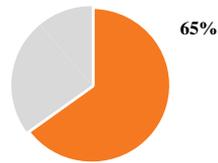


Data as of 31 Mar, 2016  
unless otherwise stated

## GEL 1,934mln

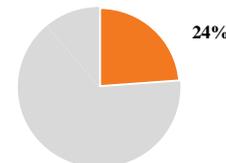
At a glance

Banking Business



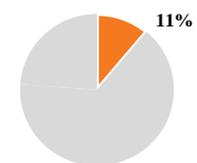
GEL 1,255mln

Investment Business



GEL 459mln

Unallocated Cash

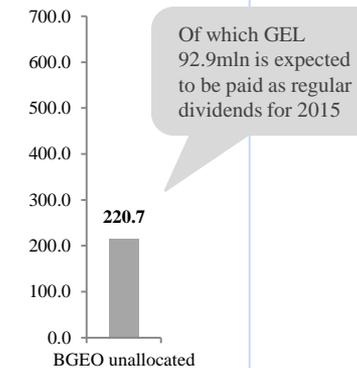
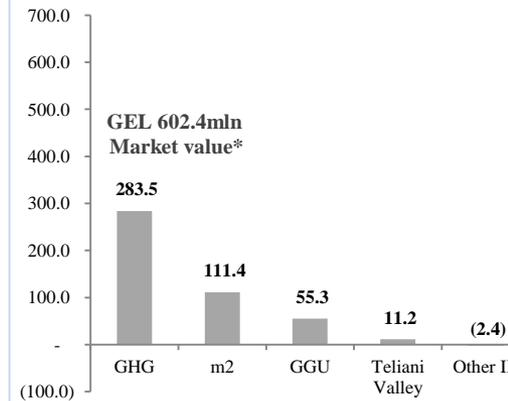
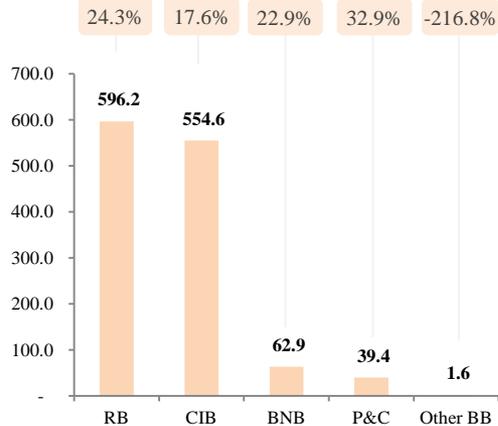


GEL 221mln

Capital allocation

ROAE

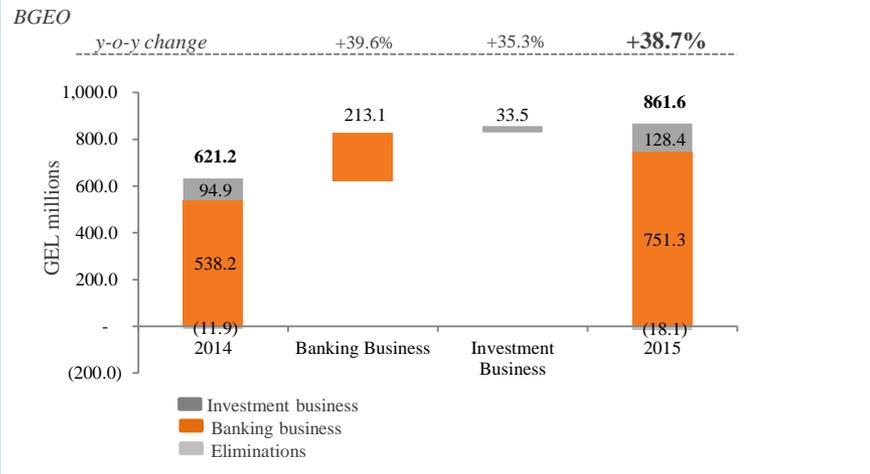
Amount (GEL, mln)



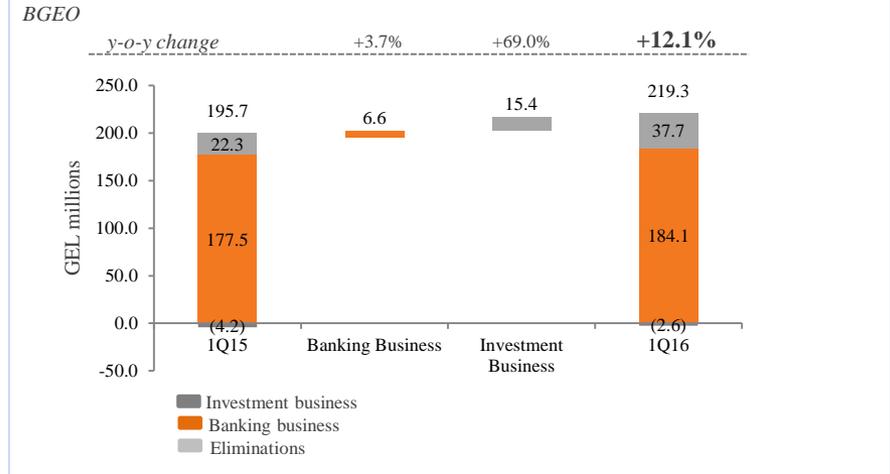
\* BGEO Group share in GHG market value as of 20 May 2016

# BGEO – Sound revenue growth, with positive operating leverage

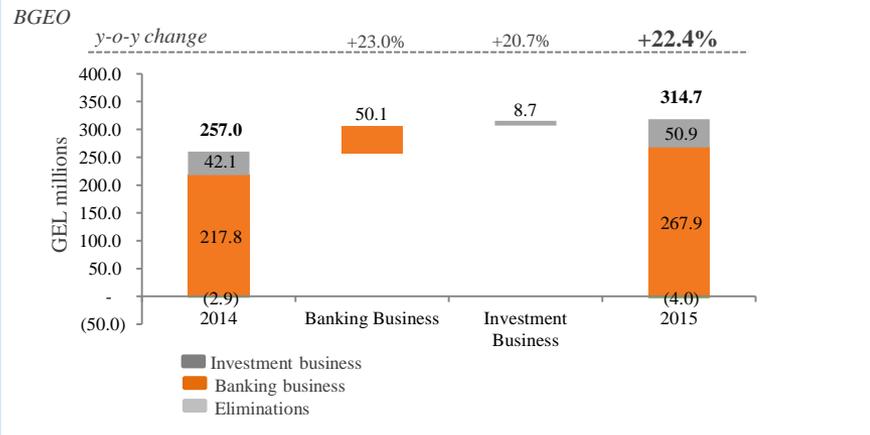
## Revenues, full year 2015



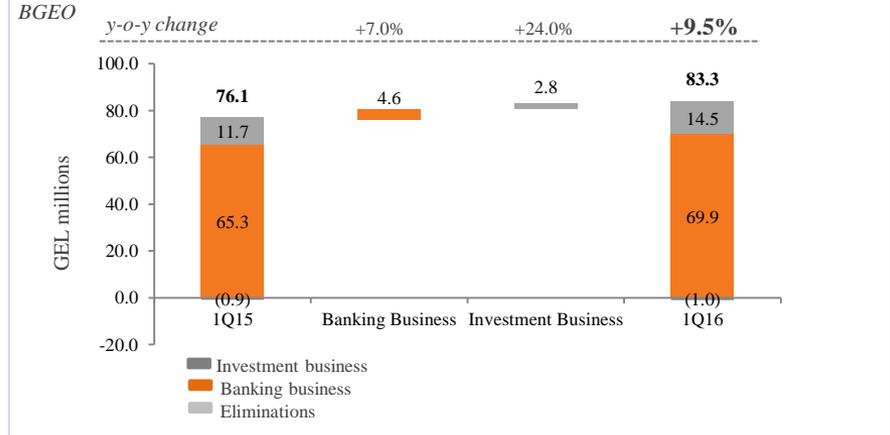
## Revenues | quarterly



## Operating expenses, full year 2015

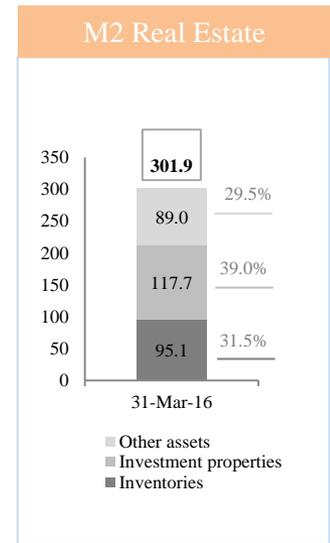
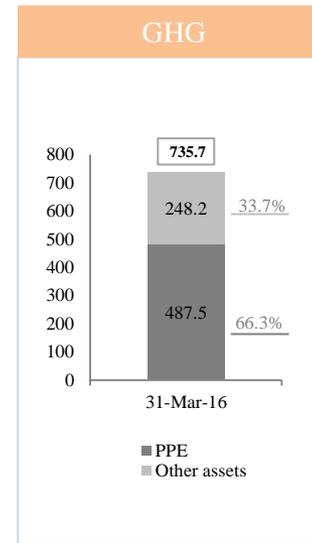
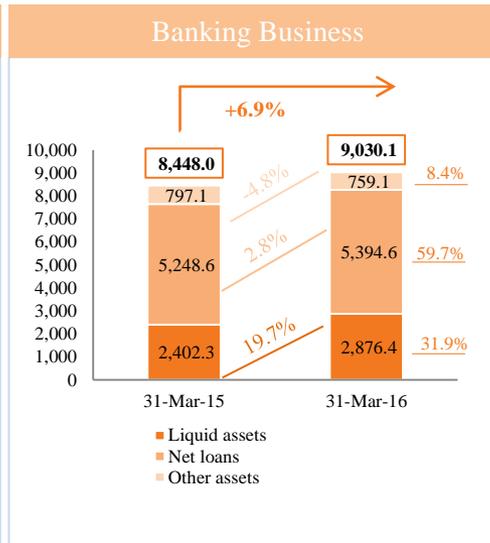
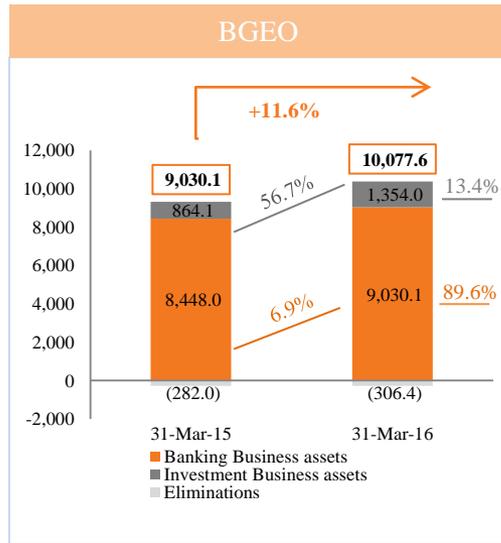


## Operating expenses | quarterly

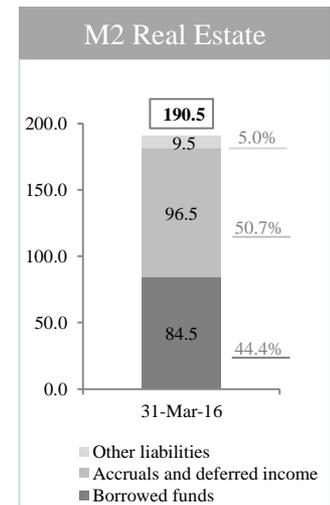
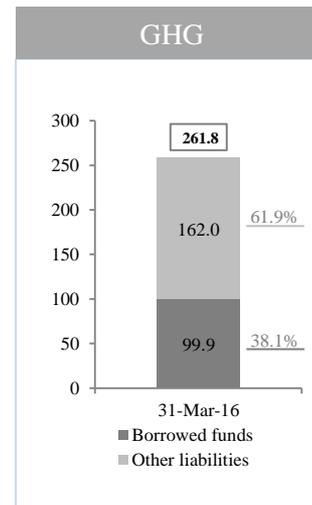
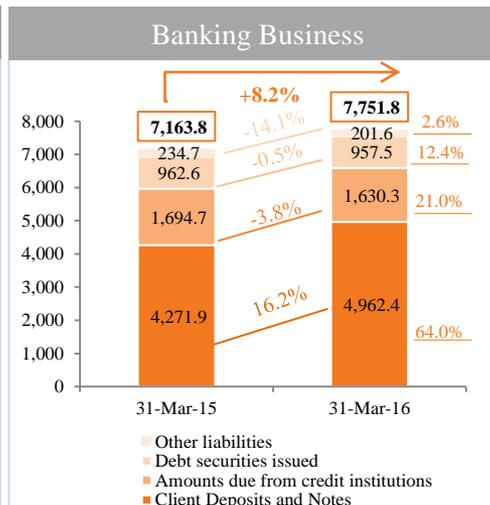
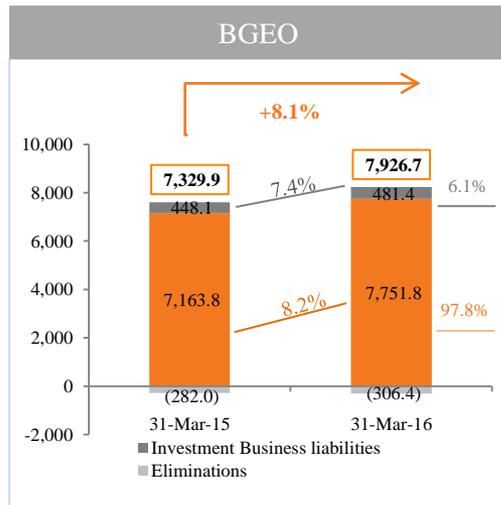


# BGEO – Balance Sheet, 31 March 2016

## Assets Gel Millions



## Liabilities Gel Millions



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# Contents

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BGEO Group PLC | Overview

Results Discussion | BGEO Group PLC

**Results Discussion | Banking Business**

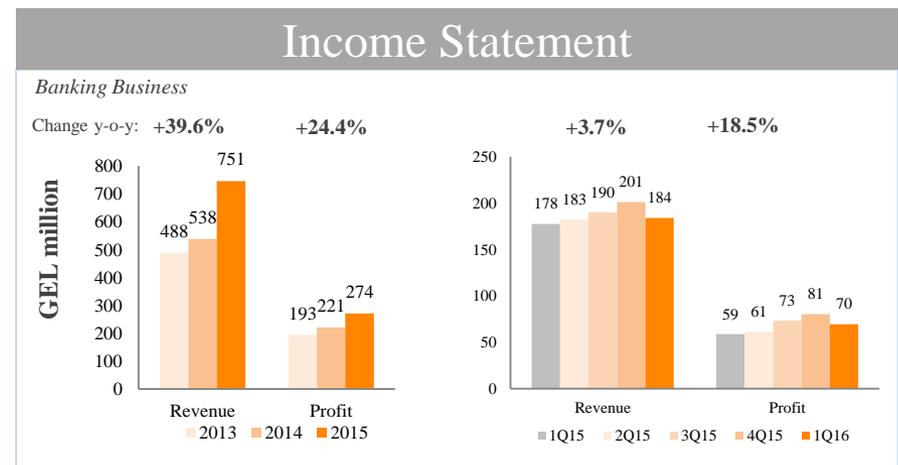
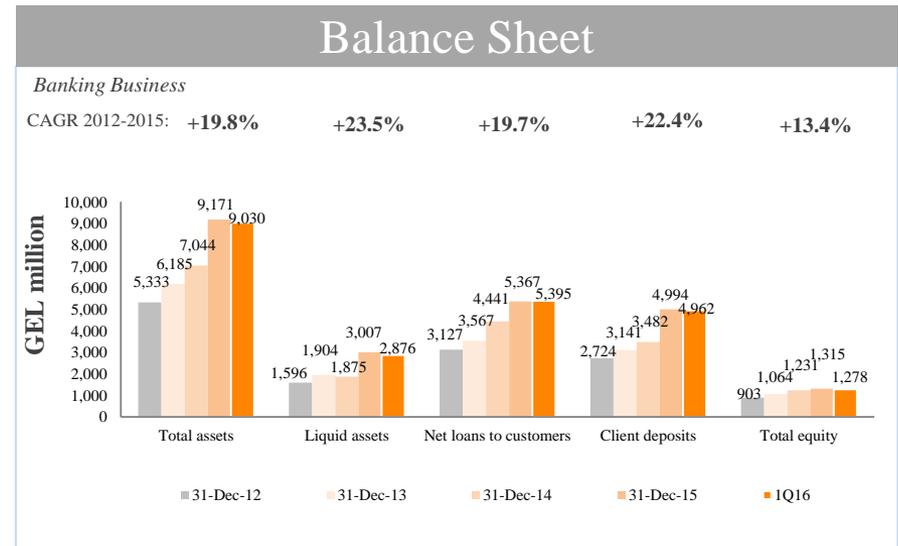
Results Discussion | Investment Business

Georgian Macro Overview

Appendices

# BOG – The leading bank in Georgia

- Leading market position: No. 1 bank** in Georgia by *assets* (33.5%), *loans* (32.3%), *client deposits* (33.2%) and *equity* (29.8%)<sup>1</sup>
- Underpenetrated market with stable growth perspectives:** Real GDP average growth rate of 5.1 % for 2005-2015. 2.8% Real GDP growth in 2015 from Geostat . Loans/GDP grew from 9% to 50% in the period of 2003-2015, still below regional average; Deposits/GDP grew from 8% to 40% over the period
- Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 266 branches, 753 ATMs, 2,627 Express Pay Terminals and c.2.0 million customers as of 31 March 2016
- The only Georgian company with credit ratings from all three global rating agencies:** S&P: ‘BB-’, Moody's: ‘B1/Ba3’ (foreign and local currency), Fitch Ratings: ‘BB-’; outlooks are ‘Stable’
- High standards of transparency and governance:** The only entity from Georgia to be listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006
- Only private entity to issue Eurobonds from the Caucasus:** c.US\$400 million Eurobonds outstanding including US\$150 raised through a tap issue in November 2013. The bonds are currently trading at a yield of c.3.8%<sup>2</sup>
- Sustainable growth combined with strong capital, liquidity and robust profitability**

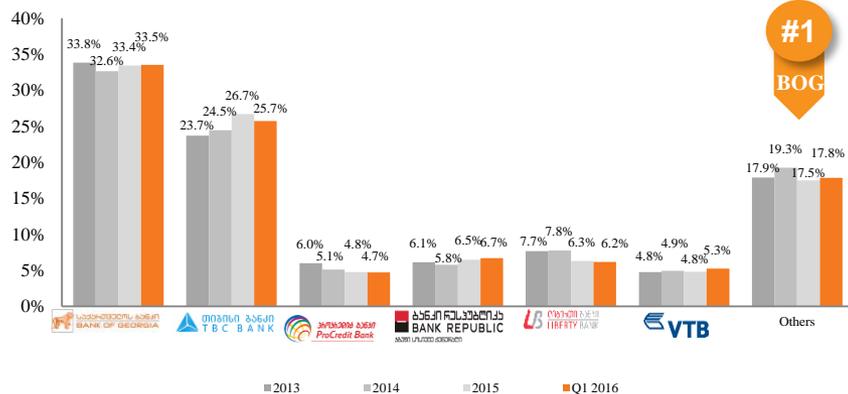


# Targets & priorities – Banking Business

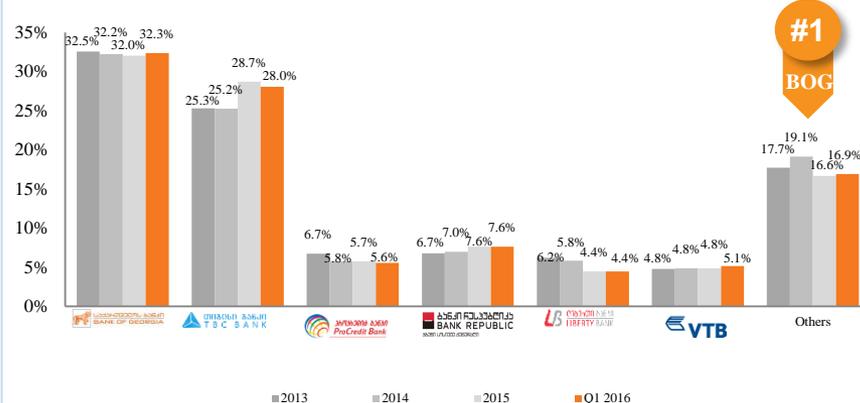
	3-year Targets	FY 2015	1Q16
1 ROAE	20%+	21.7%	21.2%
2 Retail Banking Growth	20%+	35.3% 19.0% on constant currency basis	9.9%
3 Grow Retail share in loan book	65%	55.0%	56.5%
4 Increase Product to Client Ratio	3.0	1.9	2.0
5 De-concentrate CIB Loan Book	Top 10 borrowers 10%	Top 10 borrowers 12.7%	Top 10 borrowers 12.1%
6 NIM	7.25% - 7.75%	7.7%	7.5%
7 Cost / Income	c. 35%	35.7%	37.9%
8 Cost of Risk	1.5 - 2%	2.7 %	2.3%

# BOG – Leading the competition across the board

## Peer group's market share in total assets

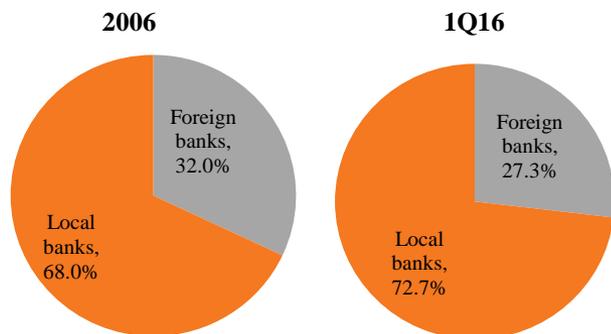


## Peer group's market share in gross loans

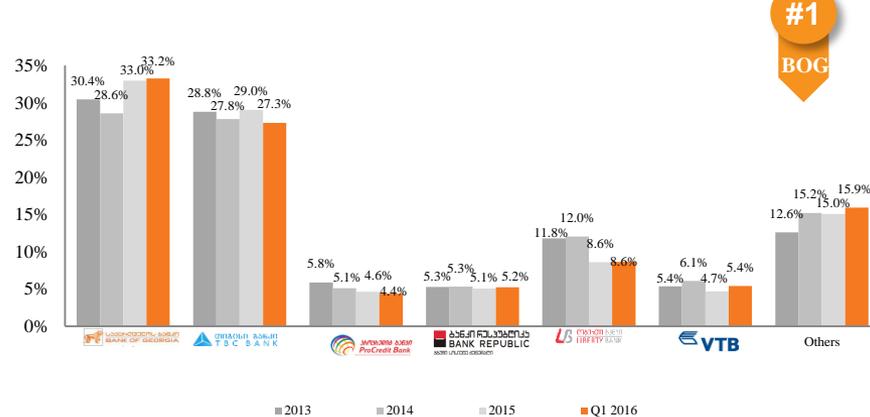


## Foreign banks market share by assets

No state ownership of commercial banks since 1994



## Peer group's market share in client deposits

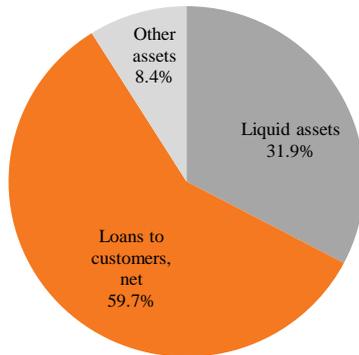


# Banking Business – Diversified asset structure

## Total asset structure | 31 March 2016

Banking Business

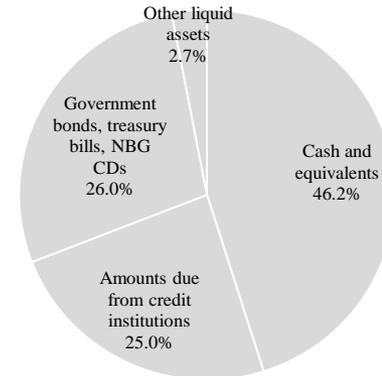
Total: GEL 9.0bln



## Liquid assets | 31 March 2016

Banking Business

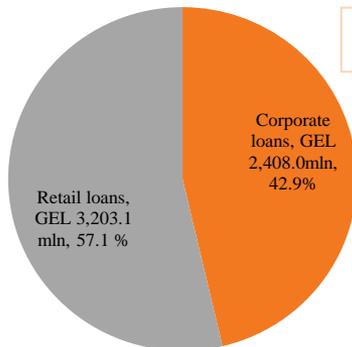
Total: GEL 2.9bln



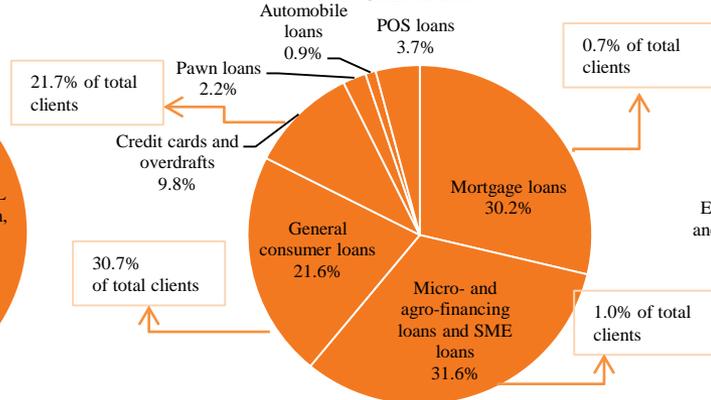
## Loans breakdown | 31 March 2016

Banking Business

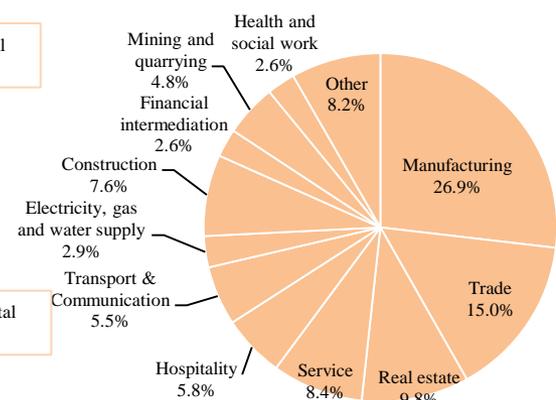
Total Loans  
breakdown by segments  
Total: GEL 5.6bln



Retail Banking Loans  
breakdown by product  
Total: GEL 2.9bln



Corporate Banking Loans  
breakdown by sectors  
Total: GEL 2.2bln



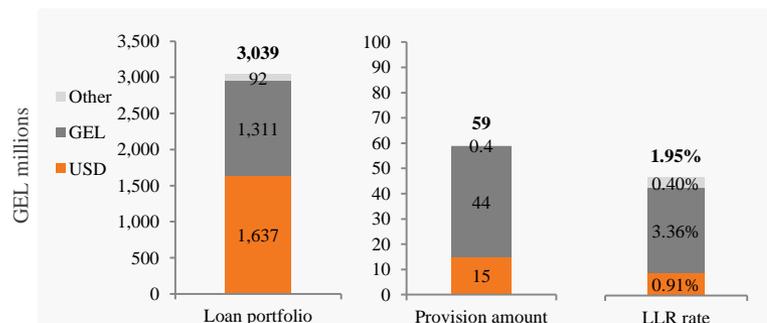
# Banking Business – US\$ loan portfolio breakdown

## Highlights

- **43.6% of Retail Banking Loans were denominated in USD loans with non-USD income\***
- We offered re-profiling in Feb-2015. Since, 1,071 loans (out of 18,964) were re-profiled, with total value of US\$34.1mln
- For RB: Loans 15 days past due were 1.1% at 31 March 2016, compared to 1.0% a year ago and 0.9% as of 31 December 2015
- **33.4% of Corporate Banking Loans denominated in USD loans with non-USD income**

## Retail Banking and Wealth Management | 31 Mar 2016

### Banking Business

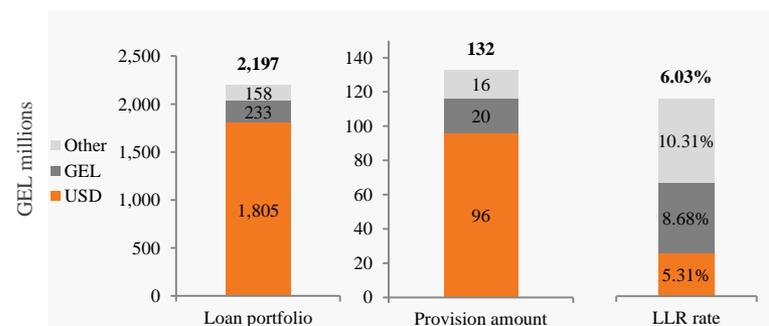


Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL and other currency loans*	1,402	46.1%	71	1,021	310
USD loans with USD income	311	10.2%	154	41	116
USD loans with non-USD income	1,326	43.6%	665	166	496
<b>Total</b>	<b>3,039</b>	<b>100.0%</b>	<b>890</b>	<b>1,228</b>	<b>922</b>

\* includes credit cards

## Corporate Banking | 31 Mar 2016

### Banking Business



Amounts in GEL millions	CB Loan portfolio	% of total CB loan portfolio
GEL and other currency loans*	392	17.8%
USD loans with USD income	1,072	48.8%
USD loans with non-USD income	734	33.4%
<b>Total</b>	<b>2,197</b>	<b>100.0%</b>

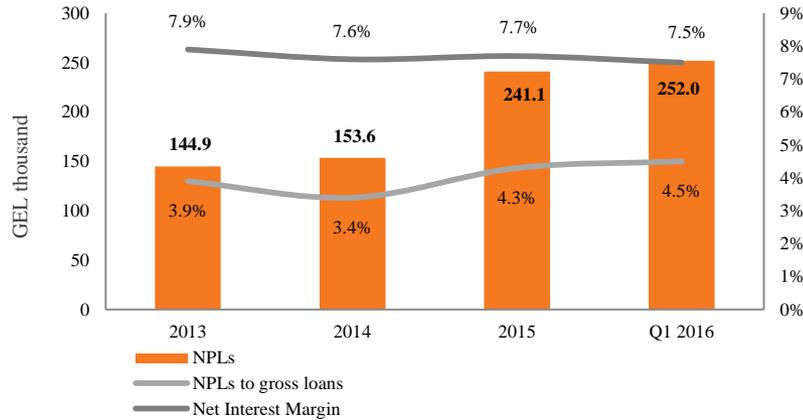
Note: standalone BOG figures from management accounts

# Banking Business – Resilient loan portfolio quality

(1/2)

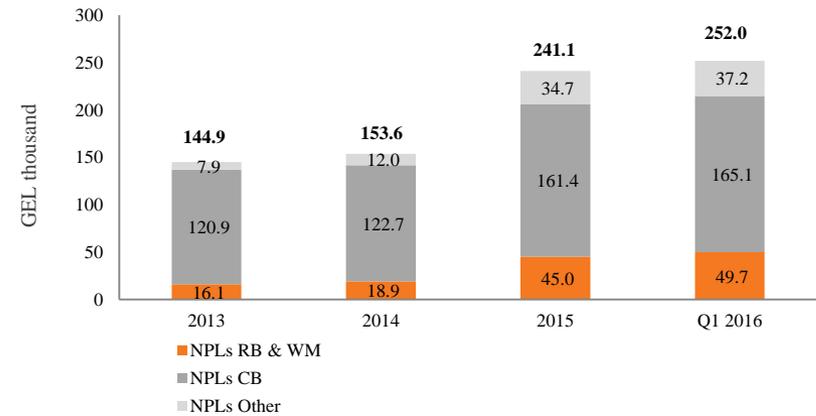
## NPLs and NIM

Banking Business



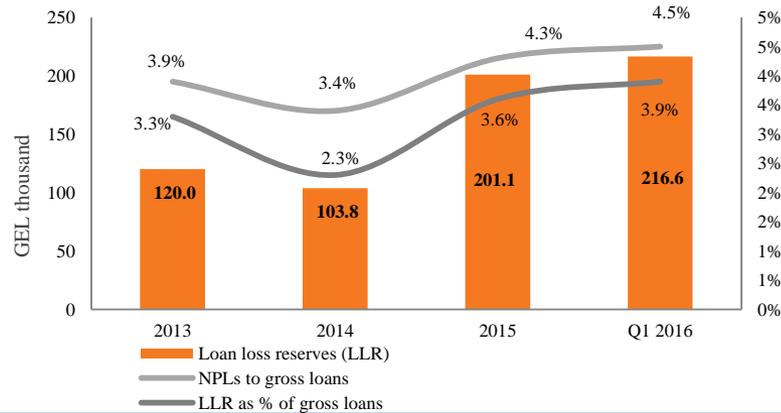
## NPL composition

Banking Business



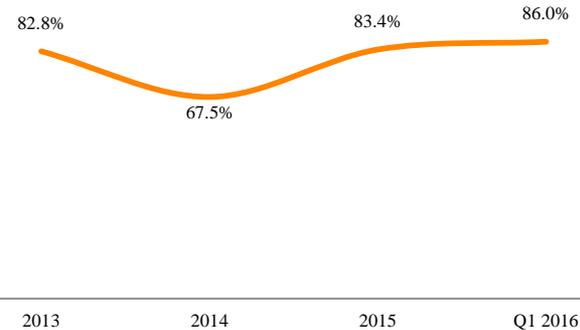
## Loan loss reserve

Banking Business



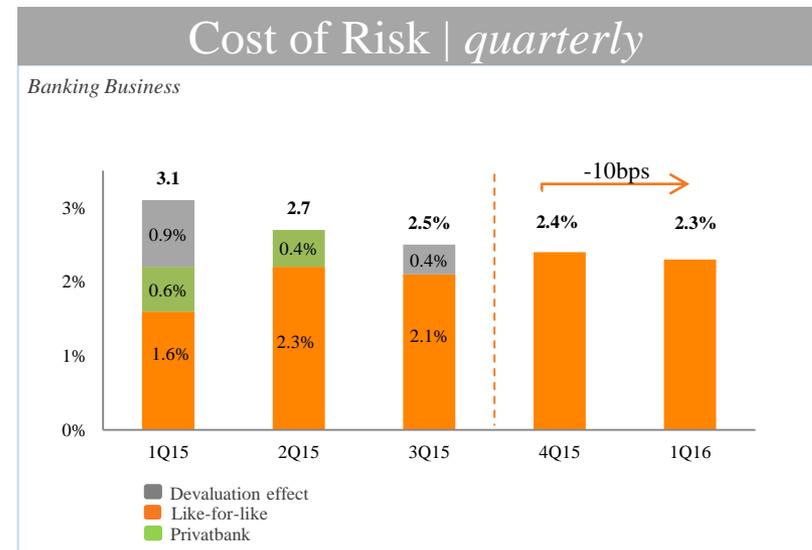
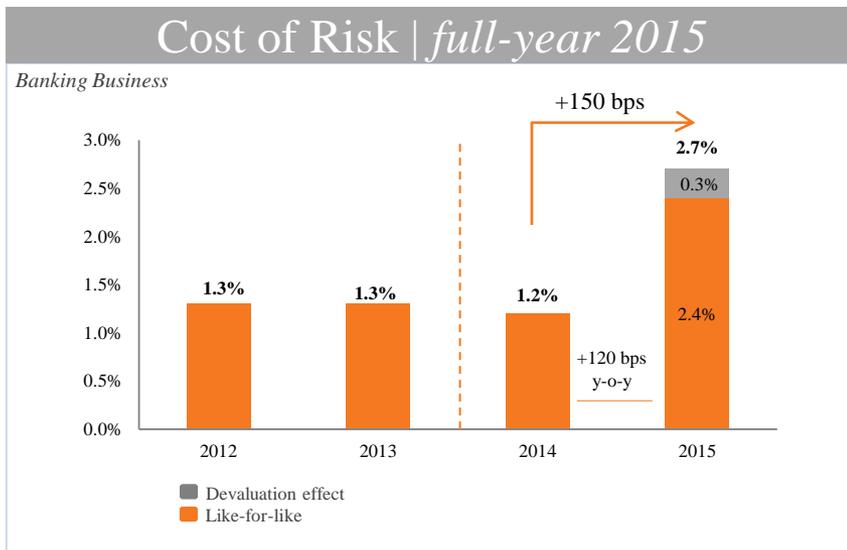
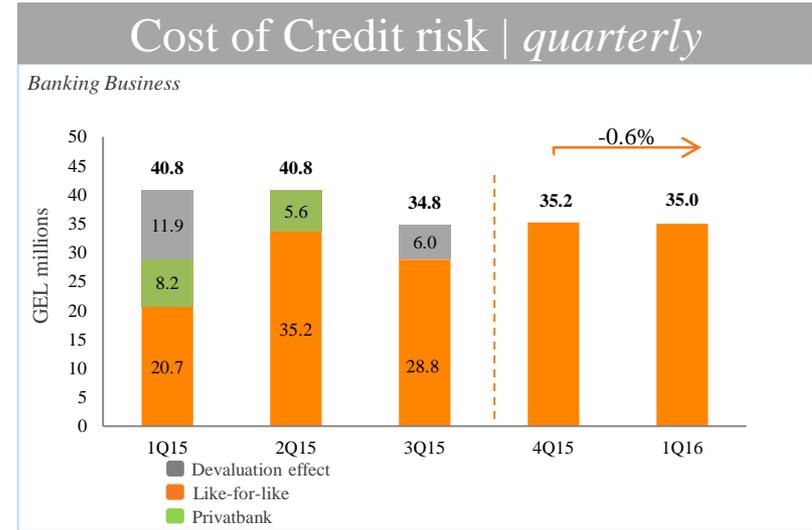
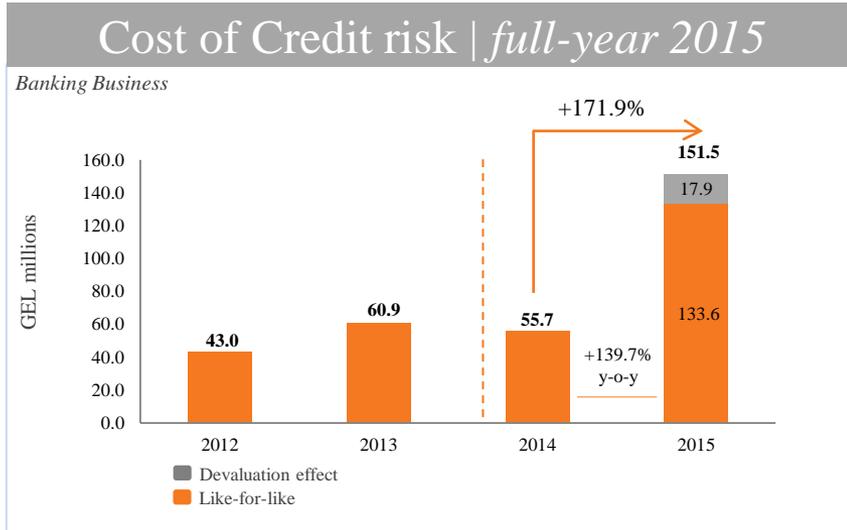
## NPL coverage ratio

Banking Business



# Banking Business – Resilient loan portfolio quality

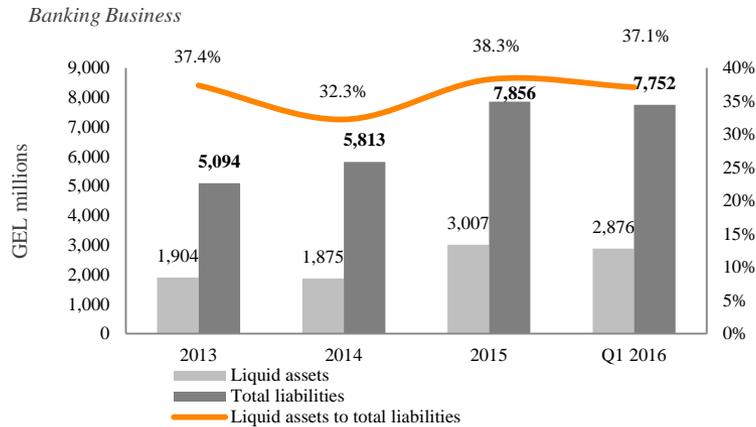
(2/2)



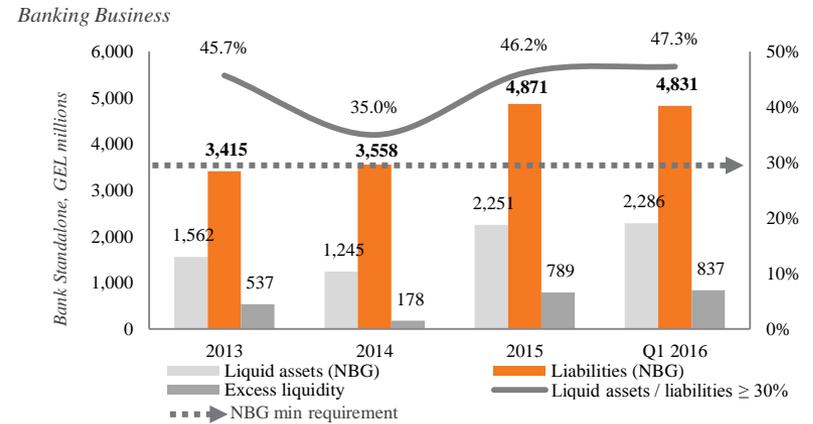
# Banking Business – Strong liquidity

(1/2)

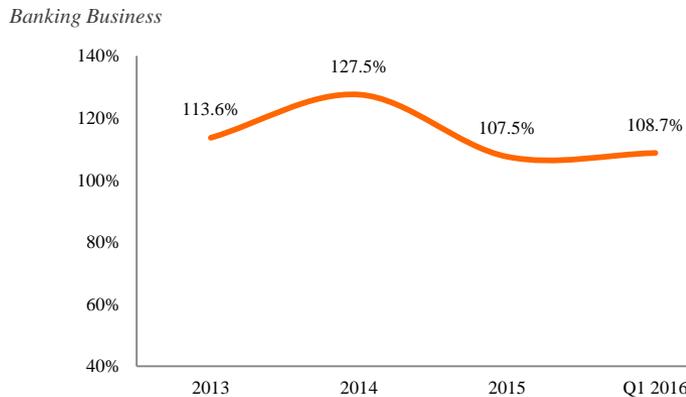
## Liquid assets to total liabilities



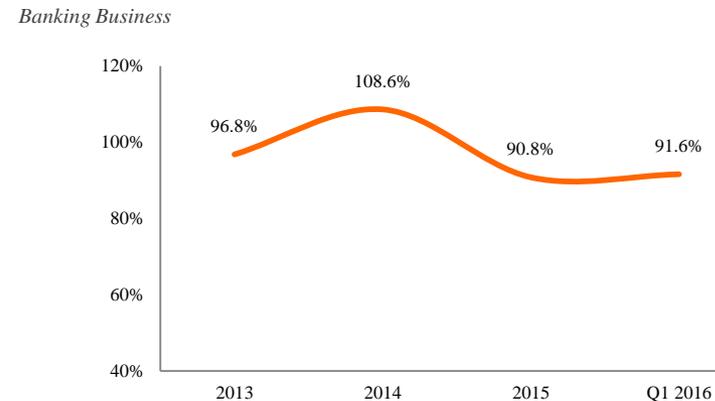
## NBG liquidity ratio



## Net loans to customer funds



## Net loans to customer funds & DFI

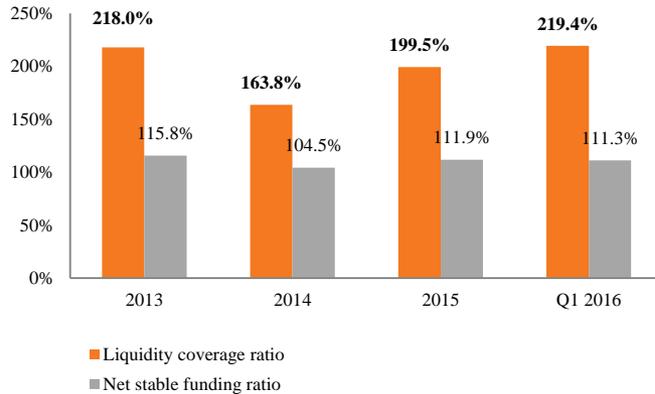


# Banking Business – Strong liquidity

(2/2)

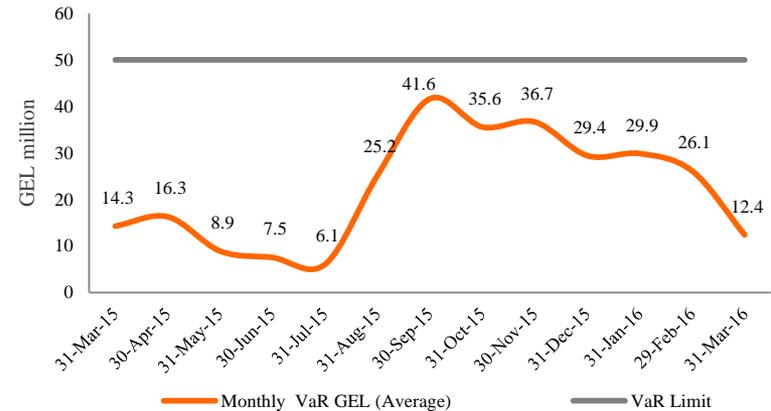
## Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



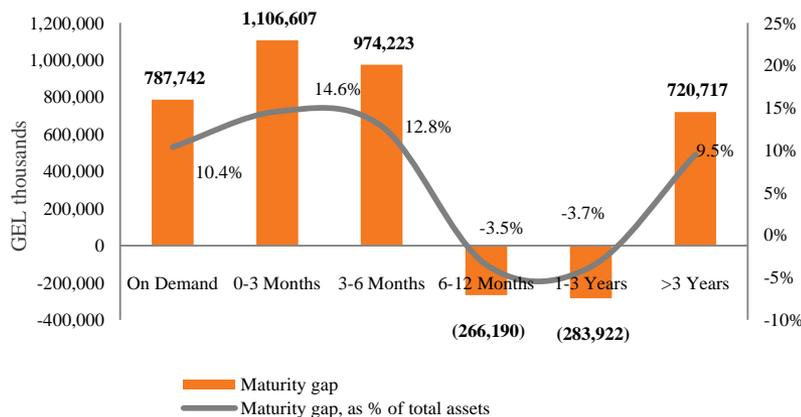
## Foreign currency VAR analysis\*

JSC Bank of Georgia standalone



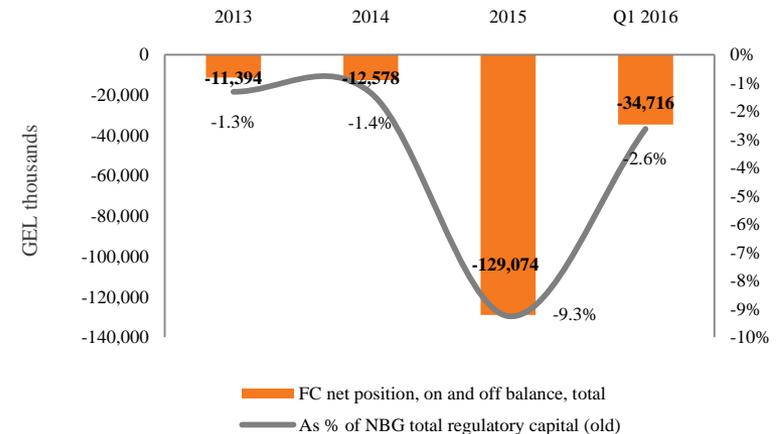
## Cumulative maturity gap, 31 March 2016

Banking Business



## Open currency position

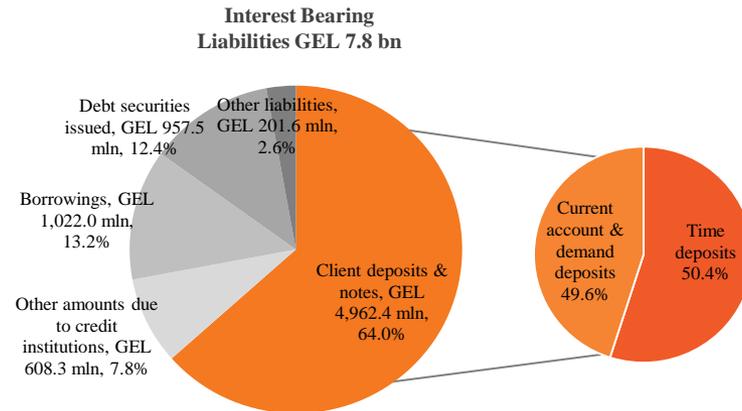
JSC Bank of Georgia standalone



# Banking Business – Funding structure is well established

## Interest Bearing Liability structure | 1Q16

Banking Business



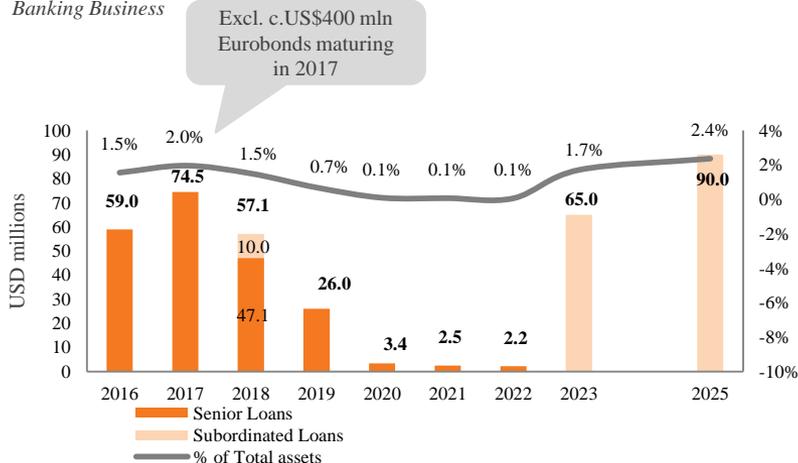
## Well diversified international borrowings | 1Q16

Banking Business



## Borrowed funds maturity breakdown\*

Banking Business



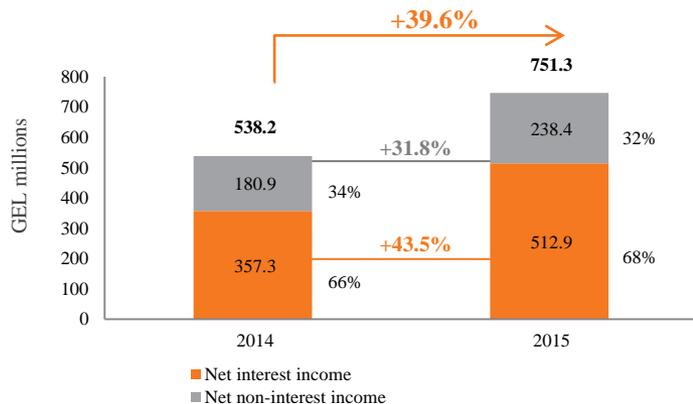
## Key takeaways

- **Banking Business has a well-balanced funding structure** with 64.0% of interest bearing liabilities coming from client deposits and notes, 11.9% from Developmental Financial Institutions (DFIs) and 11.3% from Eurobonds, as of 31 March 2016
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, DEG, Asian Development Bank, etc.
- As of 31 March 2016, US\$ 103.1 million undrawn facilities from DFIs with up to seven year maturity

# Banking Business – Revenue growth

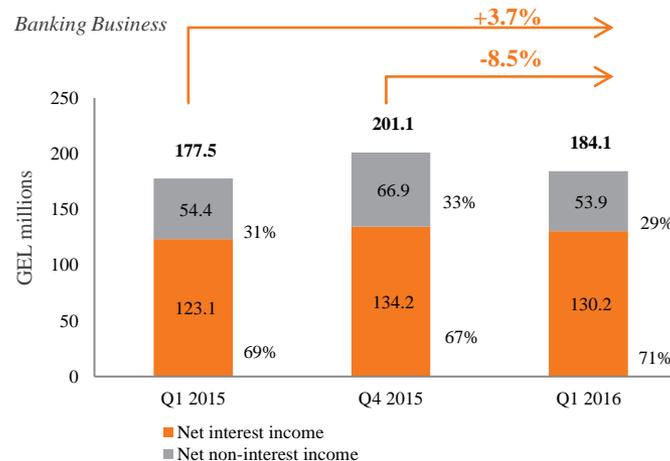
## Revenue growth | full-year 2015

Banking Business



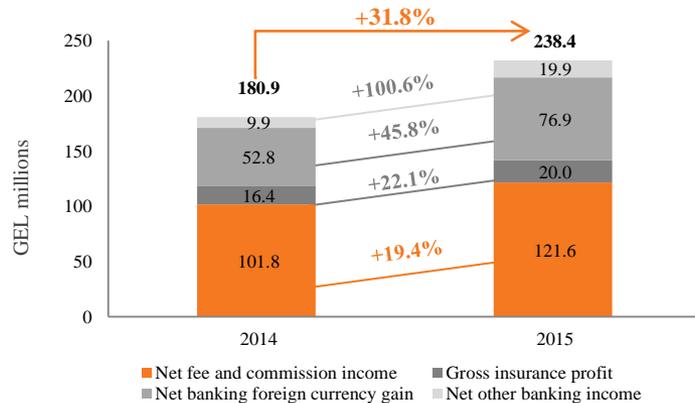
## Revenue growth | quarterly

Banking Business



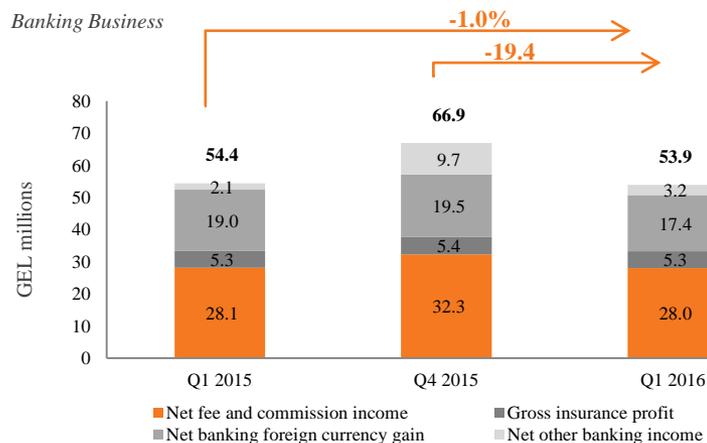
## Net non-interest income | full-year 2015

Banking Business



## Net non-interest income | quarterly

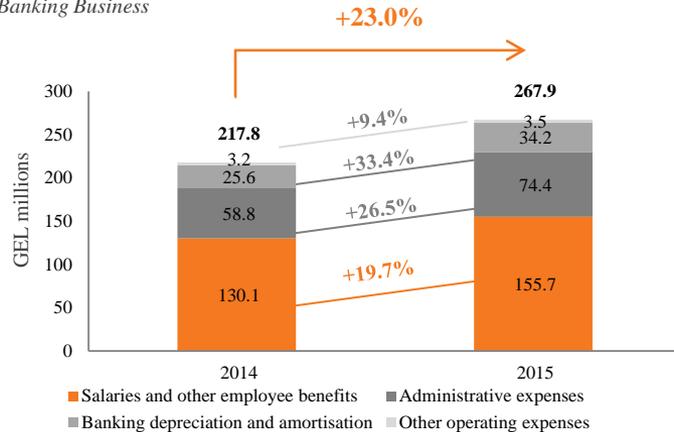
Banking Business



# Banking Business – Strong underlying performance

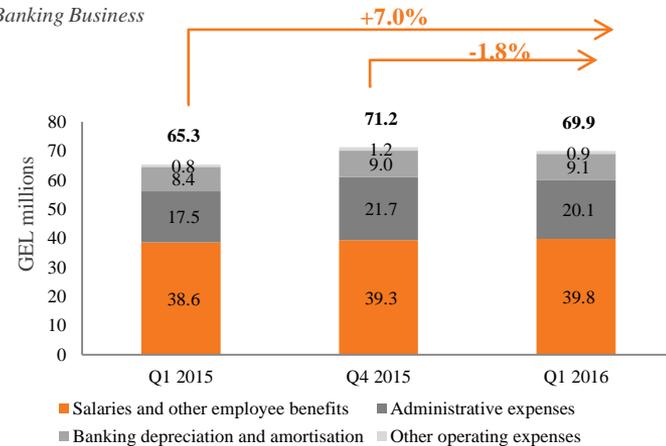
## Operating expenses | full-year 2015

Banking Business



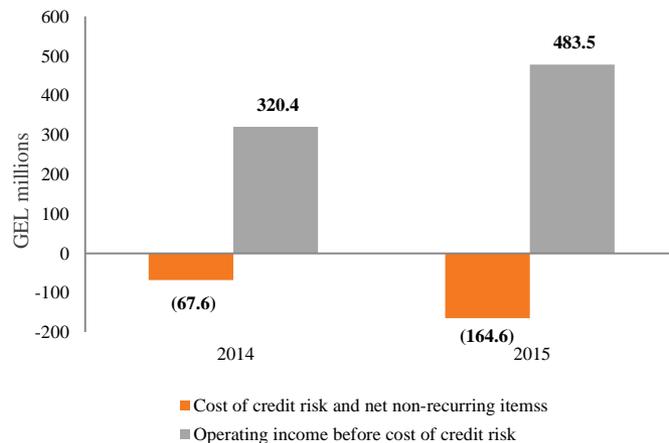
## Operating expenses | quarterly

Banking Business



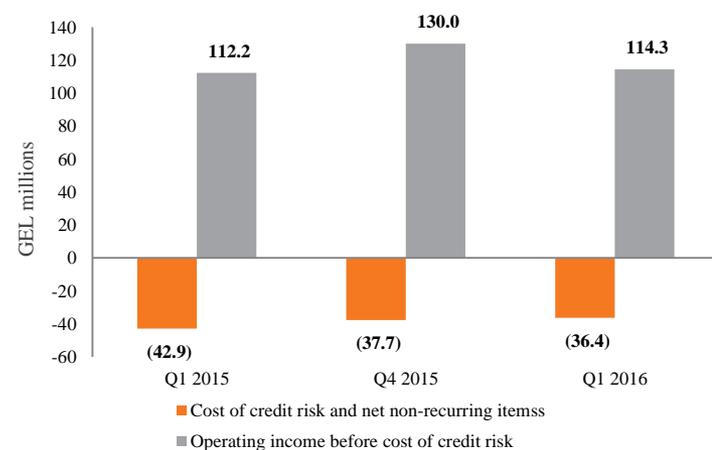
## Operating income before cost of credit risk | full-year 2015

Banking Business



## Operating income before cost of credit risk | quarterly

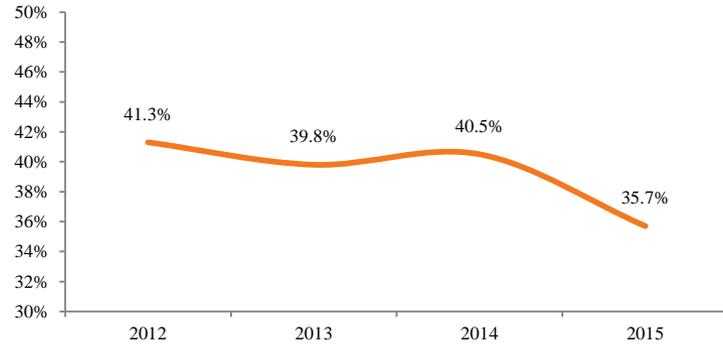
Banking Business



# Banking Business – Focus on efficiency

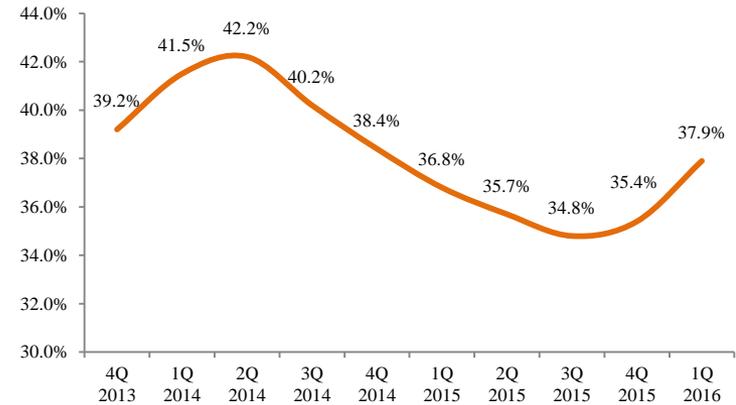
Cost / Income | *full-year 2015*

Banking Business



Cost / Income | *quarterly*

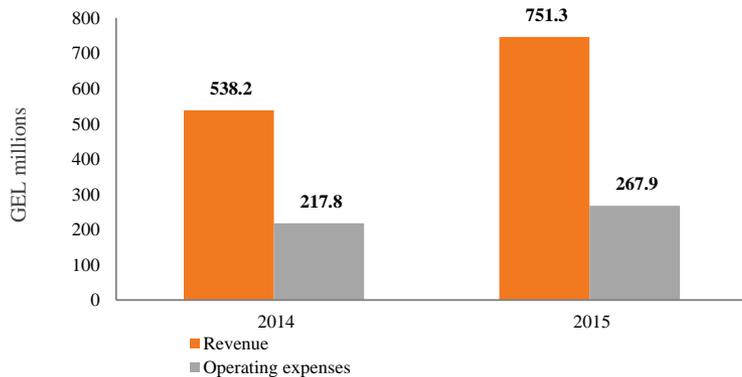
Banking Business



Revenue and operating expenses | *full-year 2015*

Banking Business

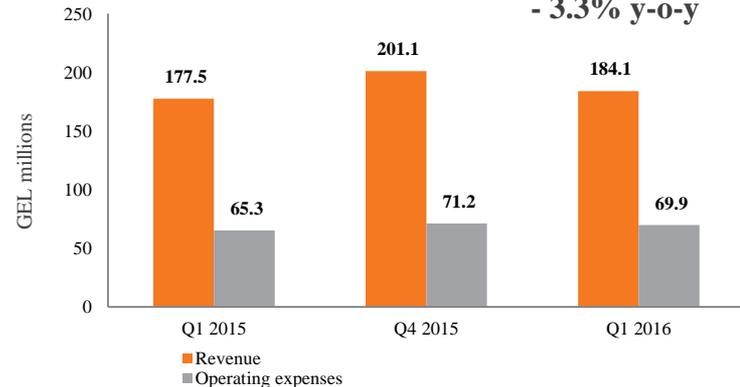
**Operating Leverage: +16.6% y-o-y**



Revenue and operating expenses | *quarterly*

Banking Business

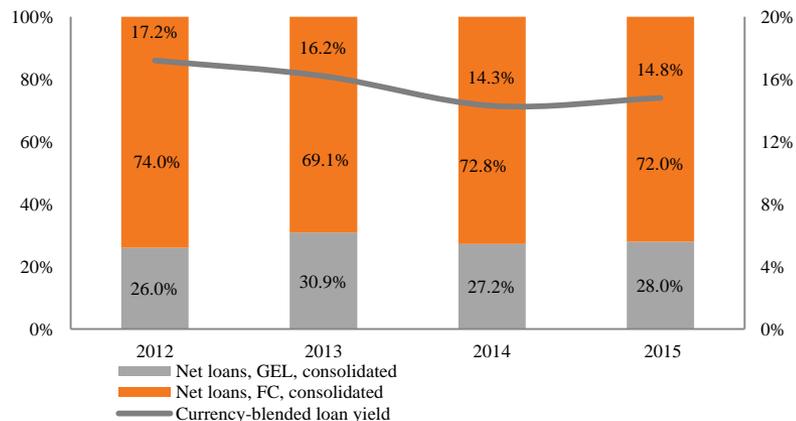
**Operating Leverage: - 6.6% q-o-q  
- 3.3% y-o-y**



# Banking Business – Growing income notwithstanding the pressure on yields

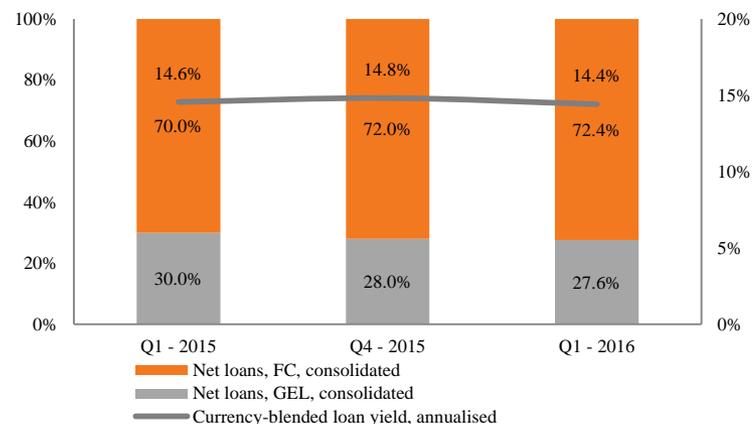
## Loan Yields | full-year 2015

Banking Business



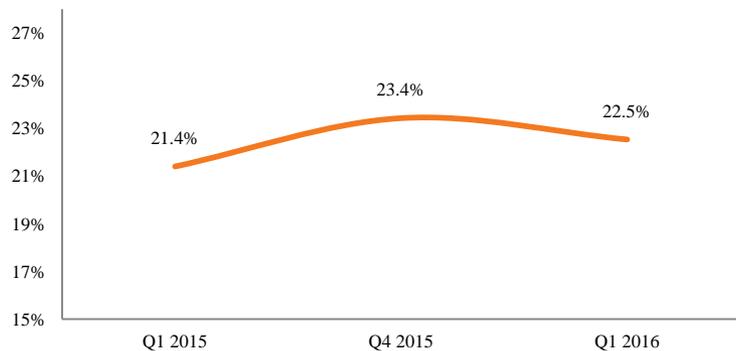
## Loan Yields | quarterly

Banking Business



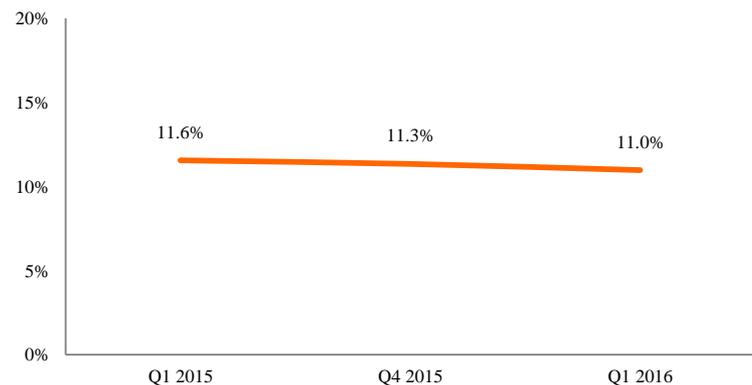
## Loan Yields, GEL | quarterly

Banking Business



## Loan Yields, Foreign currency | quarterly

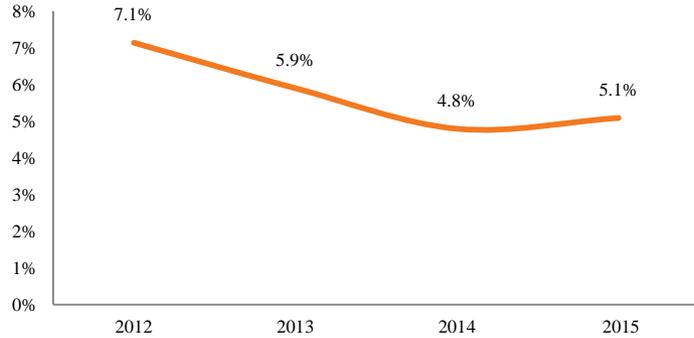
Banking Business



# Banking Business – Stable Cost of Funding

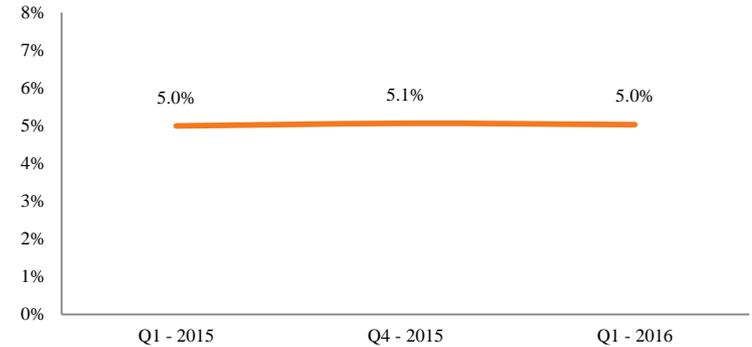
Cost of Funds | *full-year 2015*

Banking Business



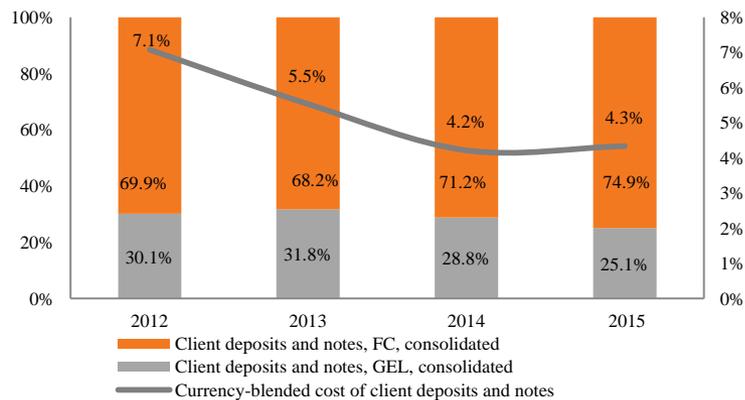
Cost of Funds | *quarterly*

Banking Business



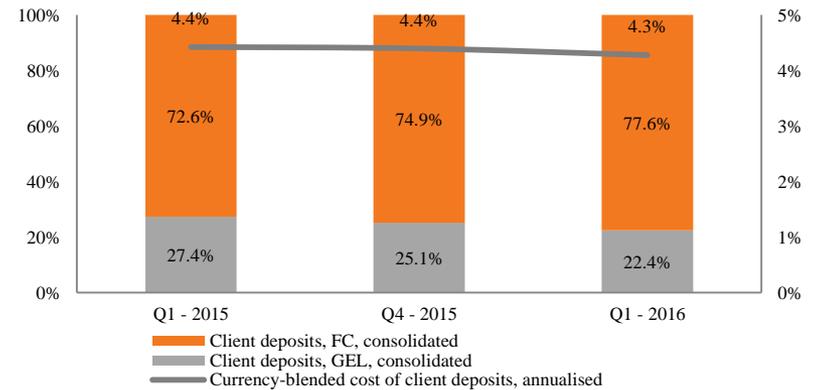
Cost of Customer Funds | *full-year 2015*

Banking Business



Cost of Customer Funds | *quarterly*

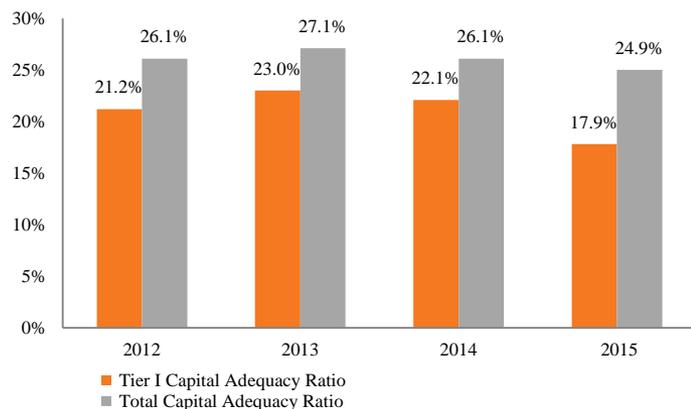
Banking Business



# Banking Business – Excellent capital adequacy position

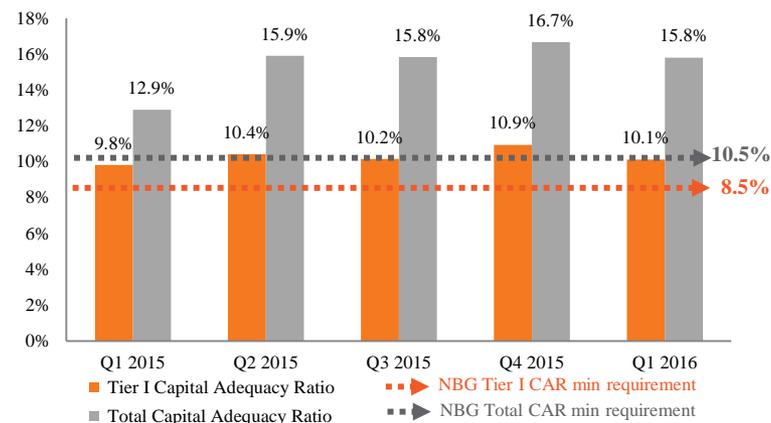
## Basel I capital adequacy ratios

JSC Bank of Georgia consolidated



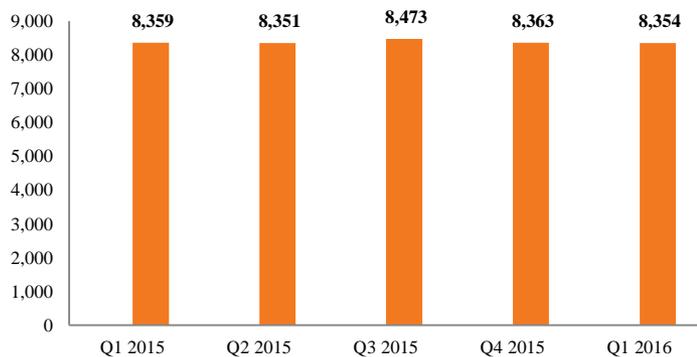
## NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



## Risk Weighted Assets NBG (Basel 2/3)

standalone (BIS 2/3)



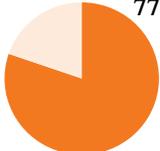
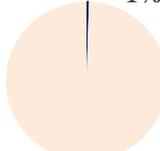
## NBG (Basel 2/3) Tier I Capital and Total Capital

JSC Bank of Georgia standalone

GEL '000	Mar 2016	Dec 2015	Sep 2015	Jun 2015	Mar 2015	Dec 2014
Tier I Capital (Core)	845.8	914.8	860.2	869.4	727.3	800.5
Tier 2 Capital (Supplementary)	474.5	479.2	482.1	458.7	252.0	217.1
<b>Total Capital</b>	<b>1,320.3</b>	<b>1,394.0</b>	<b>1,342.3</b>	<b>1,328.1</b>	<b>979.3</b>	<b>1,017.6</b>
<b>Risk weighted assets</b>	<b>8,353.8</b>	<b>8,363.4</b>	<b>8,473.1</b>	<b>8,350.5</b>	<b>7,951.9</b>	<b>7,204.1</b>
<b>Tier 1 Capital ratio</b>	<b>10.1%</b>	<b>10.9%</b>	<b>10.2%</b>	<b>10.4%</b>	<b>9.1%</b>	<b>11.1%</b>
<b>Total Capital ratio</b>	<b>15.8%</b>	<b>16.7%</b>	<b>15.8%</b>	<b>15.9%</b>	<b>12.3%</b>	<b>14.1%</b>

# Retail banking – Client-Centric, Multi-brand strategy

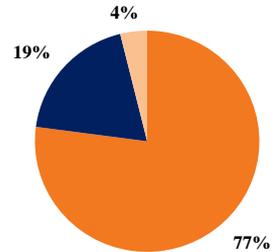
## Client-Centric, Multi-brand strategy

Brands & target segments	<b>1</b>  <b>Emerging Retail</b>	<b>2</b>  <b>Mass Retail and MSME</b>	<b>3</b>  <b>SOLO</b> <b>Mass Affluent</b>
Selected Operating Data (1Q16)	<p>Total No of Clients 2,022,202</p> <p>437,709 clients 22%</p>  <p>P/C ratio: <b>3.4</b> # of branches: <b>114</b> Profit / client: <b>GEL 22</b></p>	<p>1,571,209 clients 77%</p>  <p><b>1.6</b> <b>144</b> <b>GEL 15</b></p>	<p>13,284 clients 1%</p>  <p><b>7.4</b> <b>8</b> <b>GEL 268</b></p>
Strategic Focus	<b>Double number of transactions</b>	<b>Product/client ratio growth to 3.0</b>	<b>Client growth to 40,000</b>

# Retail Banking – Financial Data

## Balance sheet data

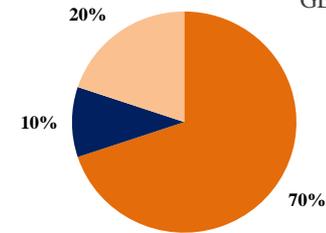
**Total Loans**  
GEL 2,960mln



■ Mass Retail & MSME - GEL 2,281.7mln  
 ■ Solo - GEL 563.7mln  
 ■ Express Bank - GEL 114.4mln

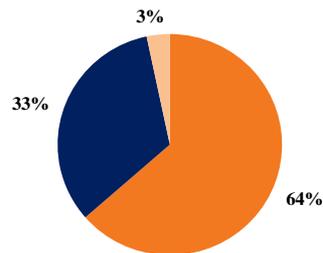
## Income statement data

**Net Interest Income**  
GEL 83mln



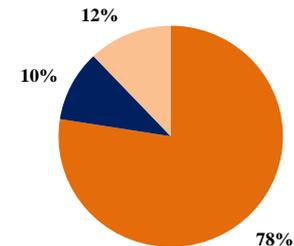
■ Mass Retail & MSME - GEL 59.3mln  
 ■ Solo - GEL 8.1mln  
 ■ Express Bank - GEL 15.7mln

**Total Deposits**  
GEL 1,902mln



■ Mass Retail & MSME - GEL 1,209.1mln  
 ■ Solo - GEL 629.7mln  
 ■ Express Bank - GEL 63.3mln

**Net Fee & Commission Income**  
GEL 19mln



■ Mass Retail & MSME - GEL 15.2mln  
 ■ Solo - GEL 1.6mln  
 ■ Express Bank - GEL 1.9mln

# Retail Banking (RB) – No. 1 retail bank in Georgia

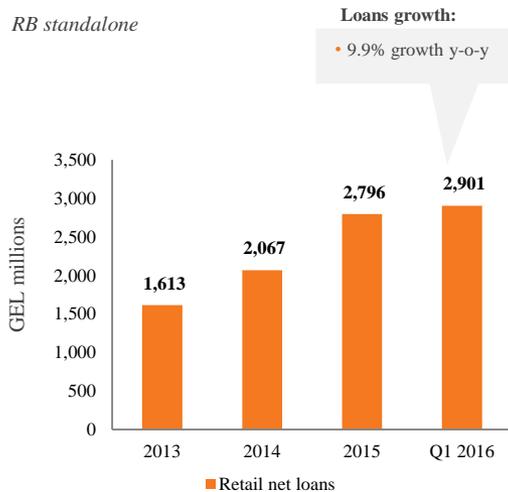
## Client Data

RB standalone

Operating Data, GEL mln	Q1 2016	% of clients	2015	2014	2013
<b>Number of total Retail clients, of which:</b>	<b>2,022,202</b>		<b>1,999,869</b>	<b>1,451,777</b>	<b>1,245,048</b>
Number of Solo clients ("Premier Banking™")	13,284	0.7%	11,869	7,971	6,810
<b>Consumer loans &amp; other outstanding, volume</b>	<b>851.6</b>		<b>835.6</b>	<b>691.8</b>	<b>560.2</b>
Consumer loans & other outstanding, number	621,376	30.7%	625,458	526,683	455,557
<b>Mortgage loans outstanding, volume</b>	<b>884.0</b>		<b>809.0</b>	<b>600.9</b>	<b>441.4</b>
Mortgage loans outstanding, number	13,594	0.7%	12,857	11,902	10,212
<b>Micro &amp; SME loans outstanding, volume</b>	<b>921.4</b>		<b>903.9</b>	<b>666.0</b>	<b>497.0</b>
Micro & SME loans outstanding, number	20,655	1.0%	19,045	16,246	13,317
<b>Credit cards and overdrafts outstanding, volume</b>	<b>302.7</b>		<b>305.7</b>	<b>135.0</b>	<b>142.4</b>
Active credit cards and overdrafts outstanding, number	438,271	21.7%	435,010	199,543	174,570
Total credit cards outstanding, number, of which:	771,721	38.2%	754,274	116,615	117,913
American Express cards	92,551	4.6%	100,515	110,362	108,608

## RB Loans

RB standalone



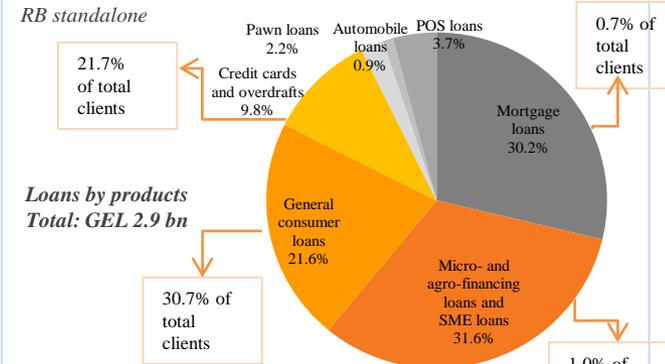
## RB Deposits

RB standalone

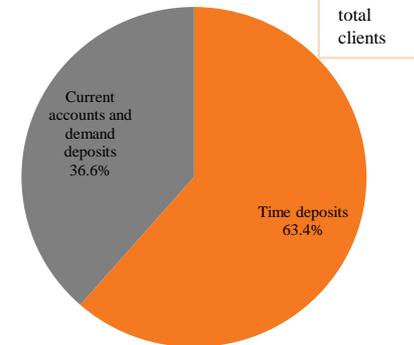


## Portfolio breakdown

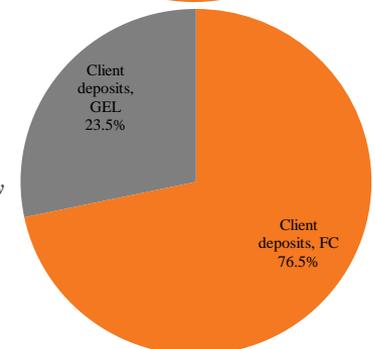
RB standalone



Deposits by category  
Total: GEL 1.9 bn



Deposits by currency  
Total: GEL 1.9 bn



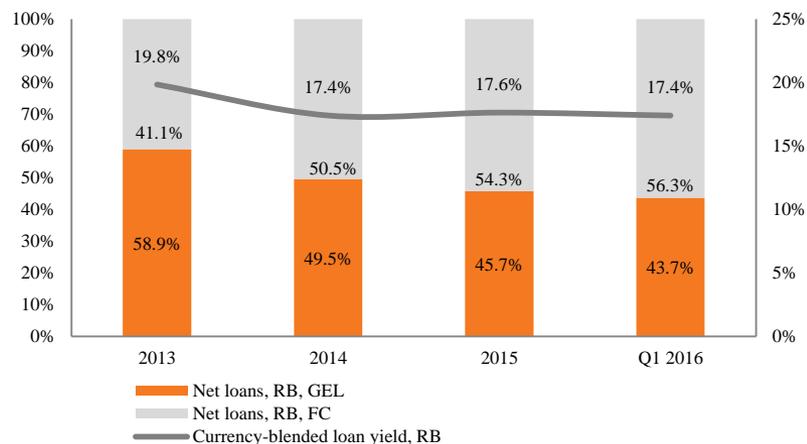
# Retail Banking (RB) – Loan book growth

## P&L | Retail Banking

<i>RB Consolidated</i>	<b>Income Statement Highlights</b>	<b>1Q16</b>	<b>1Q15</b>	<b>Change Y-O-Y</b>	<b>4Q15</b>	<b>Change Q-O-Q</b>
	<i>GEL thousands, unless otherwise noted</i>					
	Net banking interest income	82,832	75,150	10.2%	85,318	-2.9%
	Net fee and commission income	19,239	18,566	3.6%	21,264	-9.5%
	Net banking foreign currency gain	3,590	3,905	-8.1%	3,697	-2.9%
	Net other banking income	711	963	-26.2%	3,950	-82.0%
	<b>Revenue</b>	<b>106,372</b>	<b>98,584</b>	<b>7.9%</b>	<b>114,229</b>	<b>-6.9%</b>
	Salaries and other employee benefits	(23,607)	(23,596)	0.0%	(23,613)	0.0%
	Administrative expenses	(14,521)	(12,240)	18.6%	(14,445)	0.5%
	Banking depreciation and amortisation	(7,383)	(6,831)	8.1%	(7,259)	1.7%
	Other operating expenses	(496)	(462)	7.4%	(782)	-36.6%
	<b>Operating expenses</b>	<b>(46,007)</b>	<b>(43,129)</b>	<b>6.7%</b>	<b>(46,099)</b>	<b>-0.2%</b>
	<b>Operating income before cost of credit risk</b>	<b>60,365</b>	<b>55,455</b>	<b>8.9%</b>	<b>68,130</b>	<b>-11.4%</b>
	Cost of credit risk	(18,184)	(16,660)	9.1%	(15,371)	18.3%
	Net non-recurring items	(561)	(449)	24.9%	(2,494)	-77.5%
	<b>Profit before income tax</b>	<b>41,620</b>	<b>38,346</b>	<b>8.5%</b>	<b>50,265</b>	<b>-17.2%</b>
	Income tax expense	(3,844)	(5,738)	-33.0%	(7,608)	-49.5%
	<b>Profit</b>	<b>37,776</b>	<b>32,608</b>	<b>15.8%</b>	<b>42,657</b>	<b>-11.4%</b>

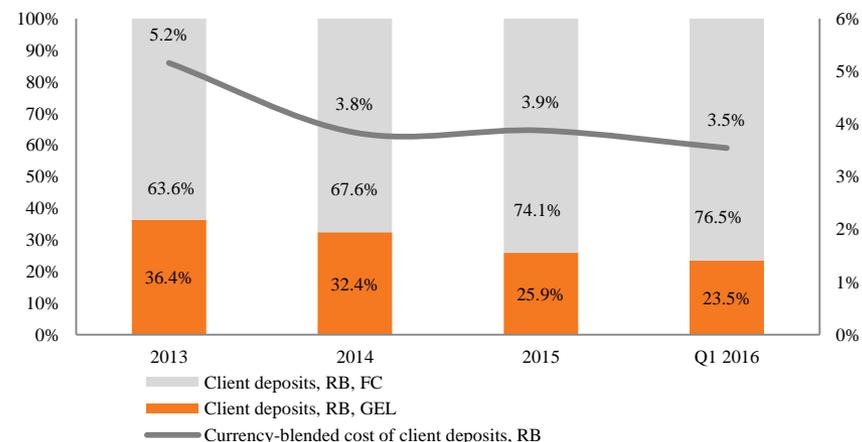
## Loan Yield | Retail Banking

*RB standalone*



## Deposit Cost | Retail Banking

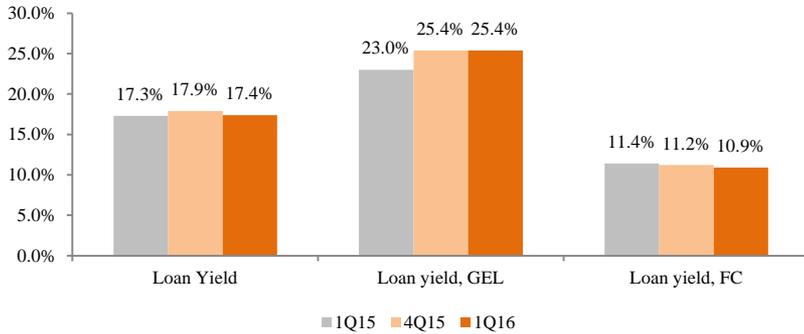
*RB standalone*



# Retail Banking – Loan book growth

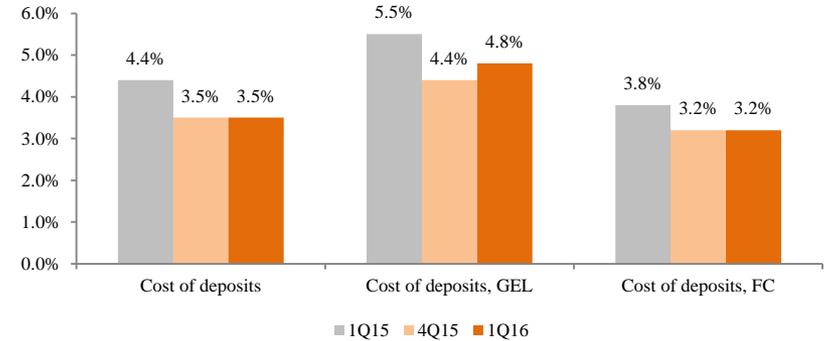
## RB Loan Yield | quarterly

RB standalone



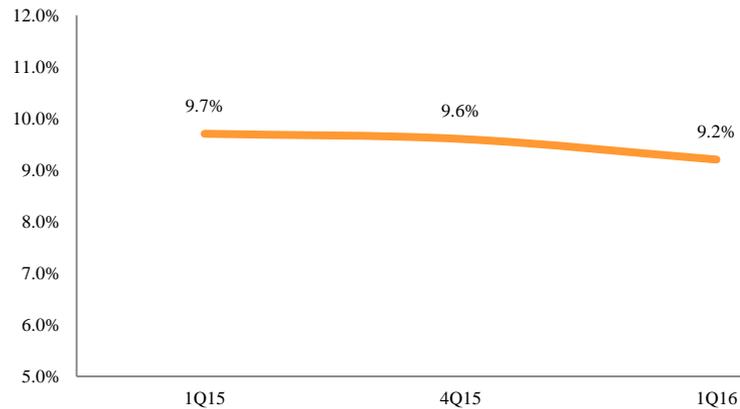
## RB Cost of Deposit | quarterly

RB standalone



## RB NIM | quarterly

RB standalone



# Corporate Investment Banking (CIB)

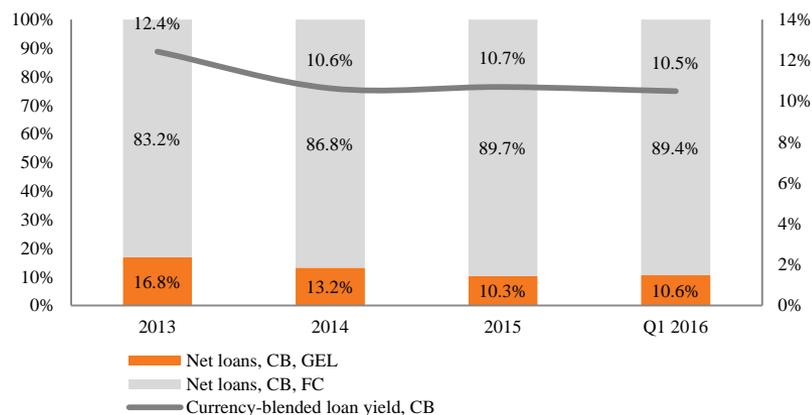
## P&L | Corporate Investment Banking

CIB Consolidated

Income Statement Highlights	1Q16	1Q15	Change Y-O-Y	4Q15	Change Q-O-Q
Gel thousands, unless otherwise notes					
Net banking interest income	38,250	39,592	-3.4%	39,381	-2.9%
Net fee and commission income	7,020	7,342	-4.4%	8,781	-20.1%
Net banking foreign currency gain	11,368	9,502	19.6%	13,942	-18.5%
Net other banking income	2,587	1,508	71.6%	4,328	-40.2%
<b>Revenue</b>	<b>59,225</b>	<b>57,944</b>	<b>2.2%</b>	<b>66,432</b>	<b>-10.8%</b>
Salaries and other employee benefits	(11,155)	(10,061)	10.9%	(9,982)	11.8%
Administrative expenses	(3,355)	(2,886)	16.3%	(4,231)	-20.7%
Banking depreciation and amortisation	(1,272)	(1,107)	14.9%	(1,242)	2.4%
Other operating expenses	(231)	(246)	-6.1%	(242)	-4.5%
<b>Operating expenses</b>	<b>(16,013)</b>	<b>(14,300)</b>	<b>12.0%</b>	<b>(15,697)</b>	<b>2.0%</b>
<b>Operating income before cost of credit risk</b>	<b>43,212</b>	<b>43,644</b>	<b>-1.0%</b>	<b>50,735</b>	<b>-14.8%</b>
Cost of credit risk	(14,138)	(19,371)	-27.0%	(11,991)	17.9%
Net non-recurring items	(856)	(621)	37.8%	(2,524)	-66.1%
<b>Profit before income tax</b>	<b>28,218</b>	<b>23,652</b>	<b>19.3%</b>	<b>36,220</b>	<b>-22.1%</b>
Income tax expense	(2,687)	(4,194)	-35.9%	(5,416)	-50.4%
<b>Profit</b>	<b>25,531</b>	<b>19,458</b>	<b>31.2%</b>	<b>30,804</b>	<b>-17.1%</b>

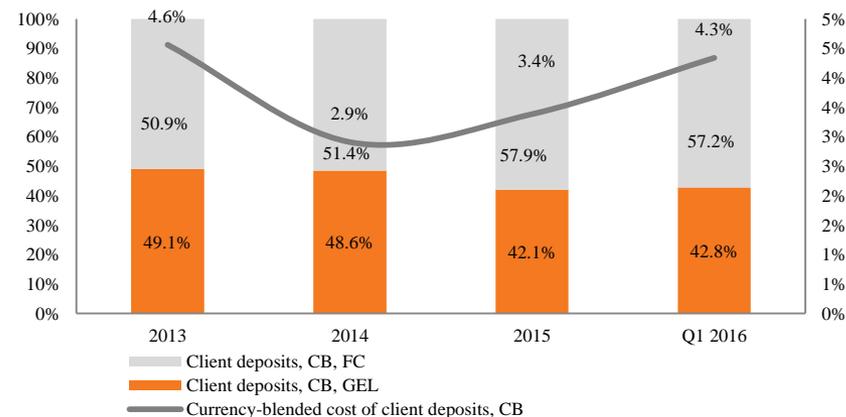
## Loan Yield | Corporate Banking, standalone

CB standalone



## Deposit Cost | Corporate Banking, standalone

CB standalone



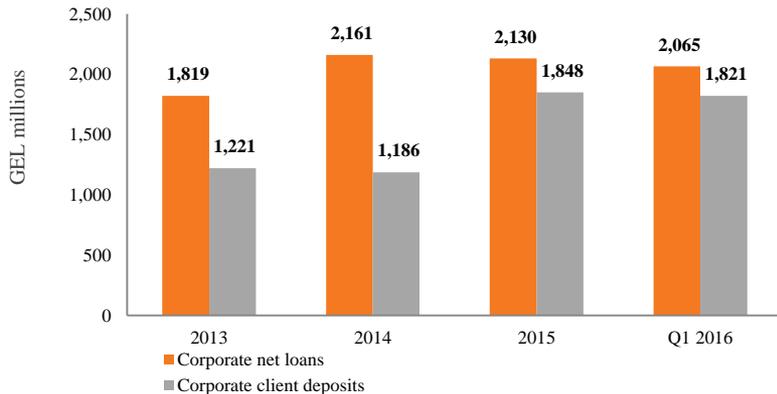
# Corporate Investment Banking (CIB)

## Highlights

- No.1 corporate bank in Georgia
- Integrated client coverage in key sectors
- c.5,000 clients served by dedicated relationship bankers

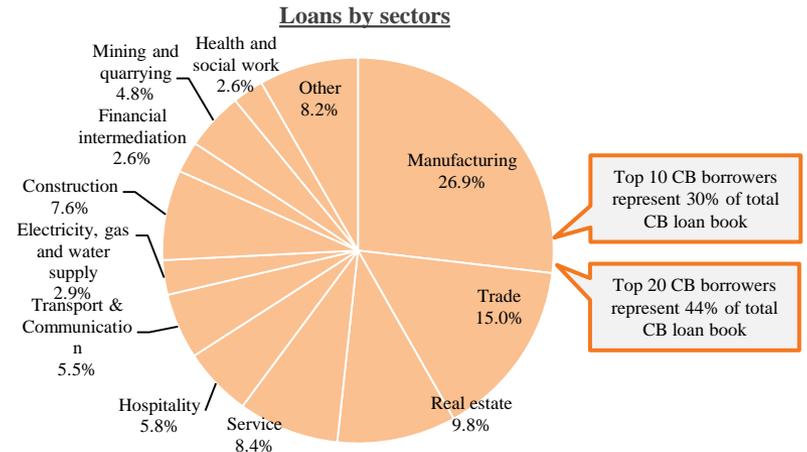
## Loans & Deposits

CB standalone

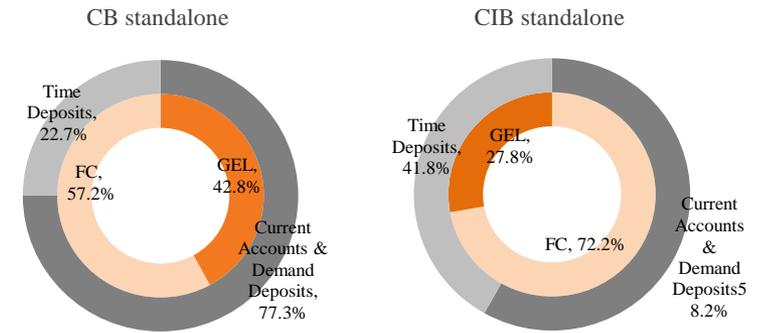


## Portfolio breakdown, 31 March 2016

CB standalone



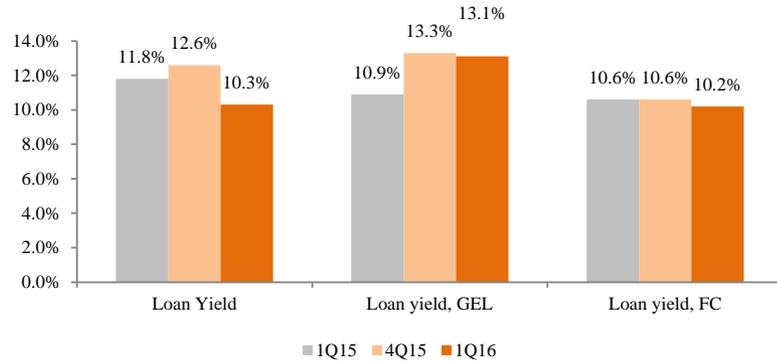
## Deposits by category



# Corporate Investment Banking (CIB)

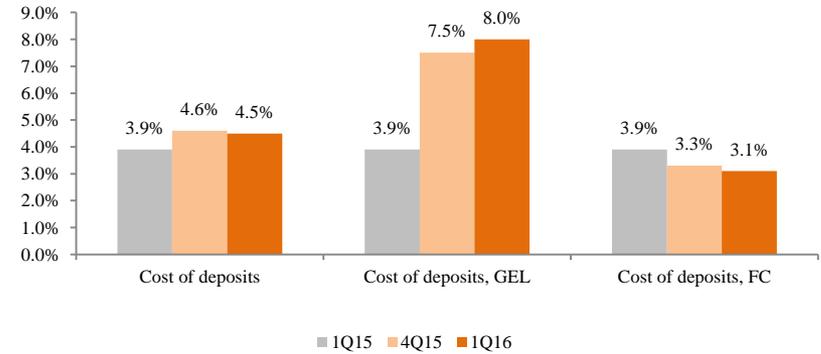
## CIB Loan Yield | *quarterly*

CIB standalone



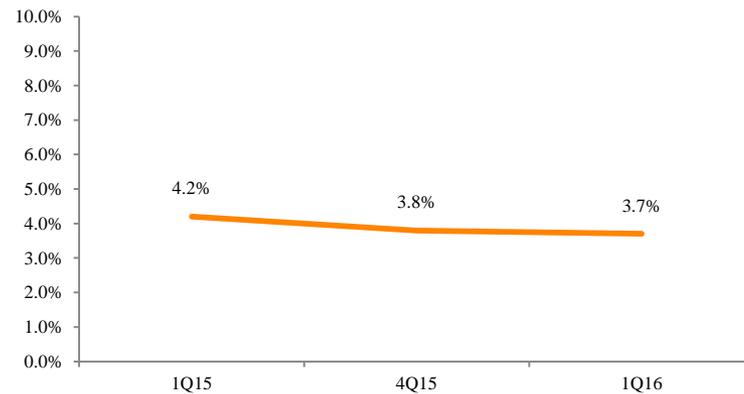
## CIB Cost of Deposit | *quarterly*

CIB standalone



## CIB NIM | *quarterly*

CIB standalone



# Investment Management– unrivalled platform for profitable growth

1

## Wealth Management

- **Strong international presence:** Israel (since 2008), UK (2010), Hungary (2012) and Turkey (2013). Planned expansion - Cyprus, Singapore, USA.
- **AUM of GEL 1,343 million**, up 11% y-o-y
- **Diversified funding sources:**
  - Georgia 44%
  - Israel 12%
  - UK 4%
  - Germany 3%
  - Other 35%

2

## Research

- **Sector, macro and fixed income coverage**
- **International distribution**



4

## Brokerage

- **Wide product coverage**



- **Exclusive partner of SAXO Bank** via While Label structure, that provides highly adaptive trading platform with professional tools, insights and world-class execution

3

## Corporate Advisory

- **Bond placement** In March 2016, G&T successfully placed a USD 5mn 2-year bond of a non-BGEO Group affiliated company, Nikora
- **Corporate advisory platform**
  - Team with sector expertise and international M&A experience
  - Proven track record of more than 15 completed transactions over the past 8 years with an accumulated transaction value of more than GEL 200 million

Investment Management

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**Results Discussion | Investment Business**

- Georgia Healthcare Group

Georgian Macro Overview

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# GHG – Income Statement Highlights

P&L															
Income Statement GEL thousands; unless otherwise noted	Healthcare services					Medical insurance					Total GHG				
	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
<b>Revenue, gross</b>	60,451	42,745	41.4%	55,481	9.0%	12,936	12,992	-0.4%	14,532	-11.0%	71,682	53,875	33.1%	68,720	4.3%
Corrections & rebates	(410)	(957)	-57.2%	(1,086)	-62.2%	-	-	-	-	-	(410)	(957)	-57.2%	(1,086)	-62.2%
<b>Revenue, net</b>	60,041	41,788	43.7%	54,395	10.4%	12,936	12,992	-0.4%	14,532	-11.0%	71,272	52,918	34.7%	67,634	5.4%
<b>Cost of services</b>	(32,998)	(24,273)	35.9%	(30,007)	10.0%	(11,953)	(10,837)	10.3%	(12,917)	-7.5%	(43,257)	(33,339)	29.7%	(41,618)	3.9%
<b>Gross profit</b>	27,043	17,515	54.4%	24,388	10.9%	983	2,155	-54.4%	1,615	-39.1%	28,015	19,579	43.1%	26,016	7.7%
Total operating expenses	(9,456)	(7,923)	19.3%	(8,857)	6.8%	(1,660)	(1,760)	-5.7%	(1,627)	2.0%	(11,105)	(9,592)	15.8%	(10,480)	6.0%
Other operating income	241	78	209.0%	1,008	-76.1%	(21)	47	NMF	(5)	320.0%	220	125	76.0%	986	-77.7%
<b>EBITDA</b>	17,828	9,670	84.4%	16,539	7.8%	(699)	442	NMF	(17)	NMF	17,129	10,112	69.4%	16,522	3.7%
<b>EBITDA margin</b>	29.5%	22.6%		29.8%		-5.4%	3.4%		-0.1%		23.9%	18.8%		24.0%	
Depreciation and amortisation	(4,261)	(2,186)	94.9%	(4,046)	5.3%	(204)	(136)	50.0%	(249)	-18.0%	(4,465)	(2,322)	92.3%	(4,295)	4.0%
Net interest (expense) / income	(2,259)	(4,073)	-44.5%	(5,535)	-59.2%	603	(28)	NMF	158	282.4%	(1,656)	(4,101)	-59.6%	(5,377)	-69.2%
Net (losses) / gains from foreign currencies	(411)	2,907	NMF	(1,586)	-74.1%	151	497	-69.6%	(6)	NMF	(260)	3,404	NMF	(1,592)	-83.7%
Net non-recurring (expense) / income	1,968	(211)	NMF	484	306.3%	-	-	-	(676)	NMF	1,968	(211)	NMF	(192)	NMF
<b>Profit before income tax expense</b>	12,865	6,107	110.7%	5,856	119.7%	(149)	775	NMF	(790)	-81.1%	12,716	6,882	84.8%	5,066	151.0%
Income tax (expense) / benefit	(712)	(491)	45.0%	(206)	245.1%	19	(116)	NMF	192	-90.1%	(693)	(607)	14.2%	(14)	NMF
<b>Profit for the period</b>	12,153	5,616	116.4%	5,650	115.1%	(130)	659	NMF	(598)	-78.3%	12,023	6,275	91.6%	5,052	138.0%
Attributable to:															
- shareholders of the Company	10,051	5,073	98.1%	4,421	127.3%	(130)	659	NMF	(598)	-78.3%	9,921	5,732	73.1%	3,823	159.5%
- non-controlling interests	2,102	543	287.1%	1,229	71.0%	-	-	-	-	-	2,102	543	287.1%	1,229	71.0%

# Georgia healthcare market & GHG market share evolution

## Hospitals

## Ambulatories

## Pharmaceuticals

GHG strategy

Maintain dominant market share in hospitals by capacity and revenue

GHG Replicating hospital consolidation experience in outpatient segment, with a first mover advantage

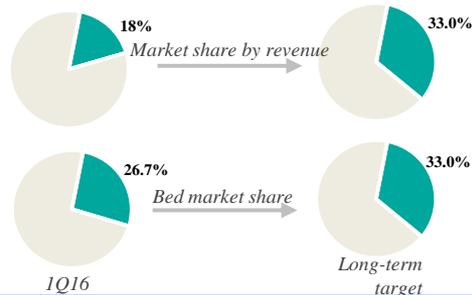
Redistribution of funds expected from pharmaceuticals to ambulatory services

GHG Market shares

Revenue

Capacity

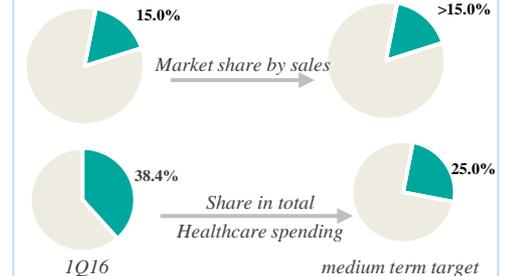
GEL 1.2bln<sup>(1)</sup>



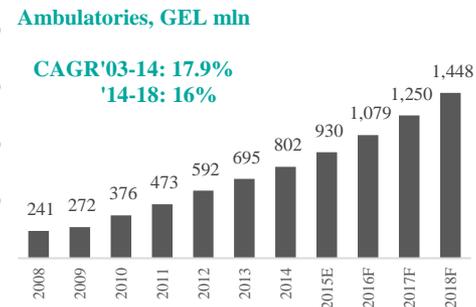
GEL 0.9bln<sup>(1)</sup>



GEL 1.3bln<sup>(1)</sup>



Market



GDP nominal, GEL bln



Growth drivers

- Low utilisation (50-60%)
- Low equipment penetration
- Fragmented market
- System inefficiency (low nurse-to-doctor ratio)
- **GHG:** accelerated revenue market share growth on the back of well-invested asset base

- Low outpatient encounters
- Fragmented market
- New prescription policy
- **GHG:** replicating hospital cluster model and consolidation experience in ambulatory sector

- new prescription policy introduced in 2014
- ambulatory market consolidation
- Weakening of existing pharma-duopoly

Spending on pharma Georgia's 38% vs 16-17% in Europe; decreasing trend in comparable countries

(1) Frost & Sullivan analysis, 2015

# GHG - Long-term, High-growth Story

2015-2018

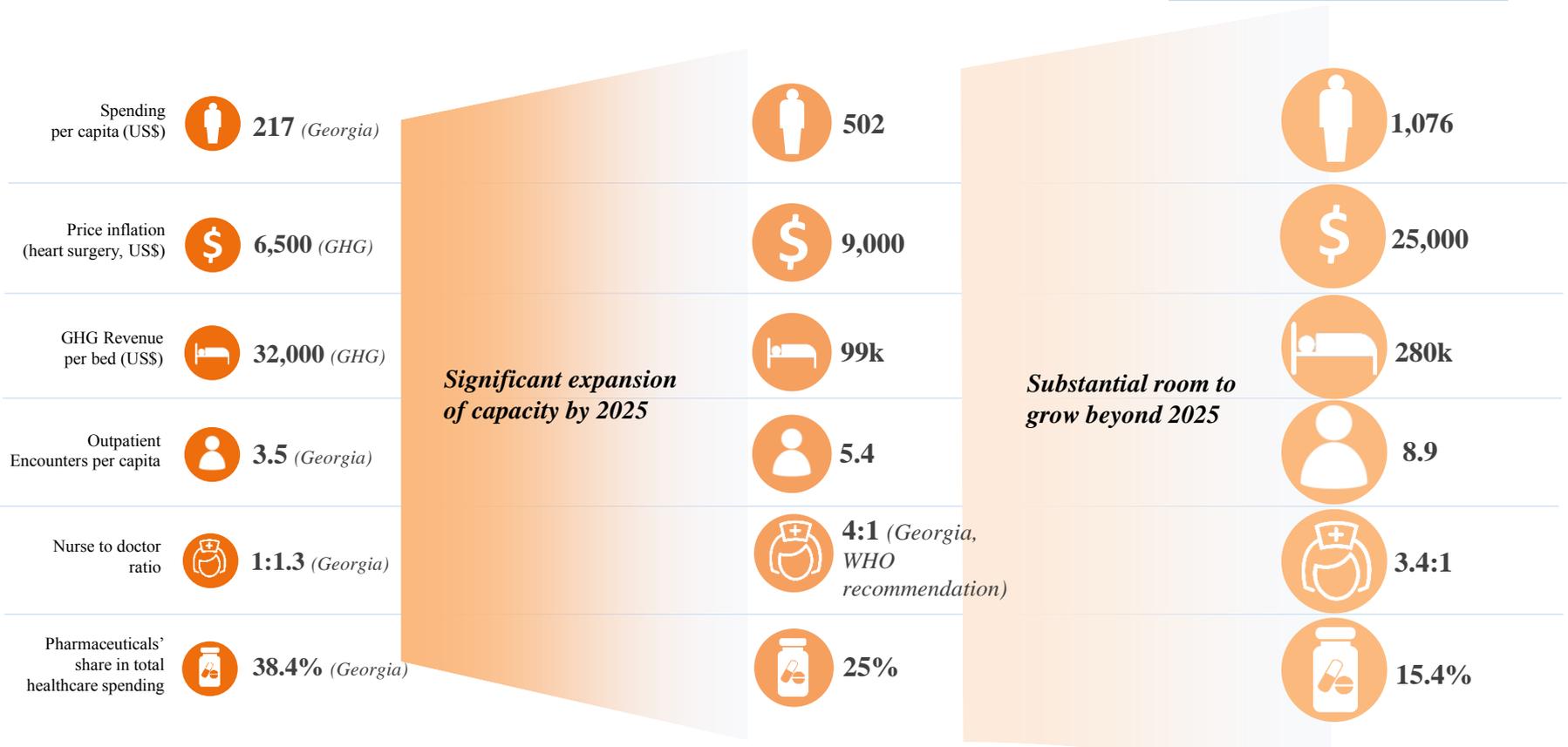
Medium-term Target  
(5-10 Year Horizon)

Long-term Target  
(Beyond 10 Year Horizon)

Georgia 2014 or most recent year<sup>(1)</sup>

Georgia medium-term<sup>(1)</sup>

EM 2014 or most recent year<sup>(2)</sup>



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**Results Discussion | Investment Business**

- m2 Real Estate

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## m2 – Financial Highlights

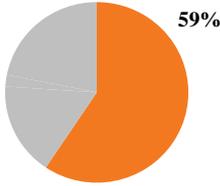
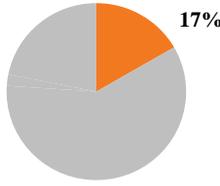
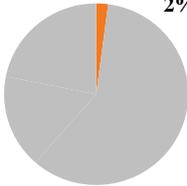
### P&L

Income Statement Highlights	1Q16	1Q15	Change Y-O-Y	4Q15	Change Q-O-Q
<i>Gel thousands, unless otherwise stated</i>					
Real estate revenue	28,592	3,938	626.1%	47,465	-39.8%
Cost of real estate	(22,740)	(2,865)	NMF	(34,869)	-34.8%
<b>Gross real estate profit</b>	<b>5,852</b>	<b>1,073</b>	<b>445.4%</b>	<b>12,596</b>	<b>-53.5%</b>
Gross other investment profit	1,816	219	NMF	7,277	-75.0%
<b>Revenue</b>	<b>7,668</b>	<b>1,292</b>	<b>493.5%</b>	<b>19,873</b>	<b>-61.4%</b>
Salaries and other employee benefits	(320)	(321)	-0.3%	(356)	-10.1%
Administrative expenses	(1,135)	(1,041)	9.0%	(1,515)	-25.1%
<b>Operating expenses</b>	<b>(1,455)</b>	<b>(1,362)</b>	<b>6.8%</b>	<b>(1,871)</b>	<b>-22.2%</b>
<b>EBITDA</b>	<b>6,213</b>	<b>(70)</b>	<b>NMF</b>	<b>18,002</b>	<b>-65.5%</b>
Depreciation and amortization of investment business	(53)	(42)	26.2%	(55)	-3.6%
Net foreign currency loss from investment business	386	(371)	NMF	(836)	NMF
Interest income from investment business	-	171	-100.0%	-	-
Interest expense from investment business	(125)	(1,011)	-87.6%	(173)	-27.7%
<b>Net operating income before non-recurring items</b>	<b>6,421</b>	<b>(1,323)</b>	<b>NMF</b>	<b>16,938</b>	<b>-62.1%</b>
Net non-recurring items	(23)	(73)	-68.5%	(7)	NMF
<b>Profit before income tax</b>	<b>6,398</b>	<b>(1,396)</b>	<b>NMF</b>	<b>16,931</b>	<b>-62.2%</b>
Income tax (expense) benefit	(960)	209	NMF	(2,604)	-63.1%
<b>Profit</b>	<b>5,438</b>	<b>(1,187)</b>	<b>NMF</b>	<b>14,327</b>	<b>-62.0%</b>

### Balance sheet

Balance Sheet	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q
<i>Gel thousands, unless otherwise stated</i>					
<b>Liquid assets</b>	<b>50,204</b>	<b>71,996</b>	<b>-30.3%</b>	<b>29,160</b>	<b>72.2%</b>
Loans to customers and finance lease receivables	-	-	-	-	-
Accounts receivable and other loans	1,007	1,167	-13.7%	757	33.0%
Insurance premiums receivable	-	-	-	-	-
Prepayments	23,551	8,770	168.5%	26,581	-11.4%
Inventories	95,139	86,165	10.4%	95,314	-0.2%
Investment property	117,722	65,109	80.8%	108,753	8.2%
Property and equipment	1,569	1,637	-4.2%	1,259	24.6%
<b>Total assets</b>	<b>301,870</b>	<b>244,377</b>	<b>23.5%</b>	<b>275,676</b>	<b>9.5%</b>
Client deposits and notes	-	-	-	-	-
Amounts due to credit institutions	37,118	4,268	769.7%	3,282	1030.9%
Debt securities issued	47,380	66,964	-29.2%	48,937	-3.2%
Accruals and deferred income	96,538	89,065	8.4%	109,024	-11.5%
<b>Total liabilities</b>	<b>190,492</b>	<b>164,541</b>	<b>15.8%</b>	<b>167,889</b>	<b>13.5%</b>
<b>Total equity</b>	<b>111,378</b>	<b>79,836</b>	<b>39.5%</b>	<b>107,787</b>	<b>3.3%</b>

# At a glance – Major player on Georgian real estate market

Key Segments & market size	<b>1 Residential Developments</b> Affordable housing <b>Market: US\$ 1.2bn<sup>1</sup></b> As a residential real estate developer, m <sup>2</sup> targets mass market customers by introducing high quality and comfortable living standards in Georgia and making them affordable. 	<b>2 Yielding Business</b> Commercial space (offices, industrial properties, high street retail) <b>Market: US\$ 2.5bn<sup>2</sup></b> As a property manager, m <sup>2</sup> makes opportunistic investments and manages a well diversified portfolio of yielding assets, primarily consisting of high street real estate assets, and also including industrial and office space real estate assets. 	Hotels <b>Market: US\$ 1.9bn<sup>3</sup></b> As a hotel developer and operator, m <sup>2</sup> targets 3-star, mixed use hotels (residential combined with hotel development). m <sup>2</sup> finances equity needs of the hotel from the profits and land value unlocked through sale of the apartments in the same development. 
	Asset base (as of 1Q16) <u>Includes:</u> <b>US\$ 55 million<sup>4</sup></b> 1. Inventory of residential real estate 2. Land bank 	<u>Includes:</u> <b>US\$ 17 million</b> 1. High street retail 2. Industrial properties: warehouses and logistics centers 3. Offices  <p><i>Dollar denominated, inflation hedged cash flow stream</i></p>	<u>Includes:</u> <b>US\$ 2 million</b> 1. Hotels (mixed use) 2. Land bank 
	Track record <ul style="list-style-type: none"> <li>- <b>Delivering average 65% IRR on residential projects</b></li> <li>- Started operations in 2010 and since:                         <ul style="list-style-type: none"> <li>- <b>Completed 6 projects – 1,669 apartments</b>, 87% sold with US\$ 123.4mln sales value, land value unlocked US\$ 16.4mln</li> <li>- <b>Ongoing 2 projects – 838 apartments</b>, 29% sold with US\$ 20.0mln sales value, land value to be unlocked US\$ 8.9mln</li> </ul> </li> <li>- <b>All completed projects were on budget and on schedule</b></li> <li>- <b>Land bank of value US\$ 43.4mln, with c.5200 apartments</b></li> </ul>	<ul style="list-style-type: none"> <li>- Generated annual yield of 9.7% in 2015 on portfolio rented out. Rent earning assets are with capital appreciation upside.</li> <li>- m<sup>2</sup> has developed its current yielding portfolio through:                         <ul style="list-style-type: none"> <li>- m<sup>2</sup> retains commercial space (ground floor) at its own residential developments. This constitutes up to 25% of total yielding portfolio</li> <li>- Acquired opportunistically the commercial space. This constitutes over 75% of total yielding portfolio</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• m<sup>2</sup> attained exclusive development agreement with Wyndham to develop Wyndham’s 3-star brand Ramada Encore exclusively in Georgia. Plan is to build at least 3 hotels within next 7 years with minimum 370 rooms in total.</li> <li>• 3 projects in the pipeline:                         <ol style="list-style-type: none"> <li>1) 2 hotels in Tbilisi – land acquired, project design stage</li> <li>2) 1 hotel in Kutaisi – searching for property</li> </ol> </li> </ul>

# Unmatched track record

All projects were completed on budget and on schedule

Project timeline



Project highlights

2,507 apartments in total: 1,669 apartments completed with **86%** sales and 838 apartments under construction with **38%** pre-sales

<p><b>1 Chubinishvili street</b></p> <ul style="list-style-type: none"> <li>123 apartments</li> <li><b>IRR: 47%</b></li> <li>Equity multiple: x1.8</li> <li>Apartments sold: 123/123, 100%</li> <li>Pre-sales<sup>1</sup> was: 92%</li> <li>Start date: Sep'2010</li> <li>Completion: Aug'2012</li> <li>Sales: US\$ 9.9mln</li> <li>Land value unlocked: US\$ 0.9mln</li> </ul>	<p><b>2 Tamarashvili street</b></p> <ul style="list-style-type: none"> <li>522 apartments</li> <li><b>IRR: 46%</b></li> <li>Equity multiple: x1.6</li> <li>Apartments sold: 522/522, 100%</li> <li>Pre-sales was: 94%</li> <li>Start date: May'2012</li> <li>Completion: Jun'2014</li> <li>Sales: US\$ 48.0mln</li> <li>Land value unlocked: US\$ 5.4mln</li> </ul>	<p><b>3 Nutsubidze street</b></p> <ul style="list-style-type: none"> <li>221 apartments</li> <li><b>IRR: 58%</b></li> <li>Equity multiple: x1.2</li> <li>Apartments sold: 203/221, 92%</li> <li>Pre-sales: 89%</li> <li>Start date: Dec'2013</li> <li>Completion: Sep'2015</li> <li>Sales: US\$ 16.2mln</li> <li>Land value unlocked: US\$ 2.2mln</li> </ul>	<p><b>4 Kazbegi Street</b></p> <ul style="list-style-type: none"> <li>295 apartments</li> <li><b>IRR: 165%</b></li> <li>Equity multiple: x2.2</li> <li>Apartments sold: 266/295, 90%</li> <li>Pre-sales: 90%</li> <li>Start date: Dec'2013</li> <li>Completion: Mar'2016</li> <li>Sales: US\$ 24.4mln</li> <li>Land value unlocked: US\$ 3.6mln</li> </ul>
<p><b>5 Tamarashvili Street II</b></p> <ul style="list-style-type: none"> <li>270 apartments</li> <li><b>IRR: 71%</b></li> <li>Equity multiple: x2.5</li> <li>Apartments sold: 194/270, 72%</li> <li>Pre-sales: 71%</li> <li>Start date: Jul'2014</li> <li>Completion: May'2016</li> <li>Sales: US\$ 18.0mln</li> <li>Land value unlocked: US\$ 2.7mln</li> </ul>	<p><b>6 Moscow avenue</b></p> <ul style="list-style-type: none"> <li>238 apartments</li> <li><b>IRR: 31%</b></li> <li>Equity multiple: x1.2</li> <li>Apartments sold: 147/238, 62%</li> <li>Pre-sales: 61%</li> <li>Start date: Sep'2014</li> <li>Completion: May'2016</li> <li>Sales: US\$ 6.9mln</li> <li>Land value unlocked: US\$ 1.6mln</li> </ul>	<p><b>7 Kartozia Street</b></p> <ul style="list-style-type: none"> <li>819 apartments</li> <li><b>IRR: 31%</b></li> <li>Equity multiple: x1.7</li> <li>Pre-sales: 231/819, 28%</li> <li>Pre-sales: US\$ 16.4mln</li> <li>Start date: Nov'2015</li> <li>Completion expected: Sep'2018</li> <li>Construction progress: 10% completed</li> <li>Land value to be unlocked: US\$ 5.8mln</li> </ul>	<p><b>8 Skyline</b></p> <ul style="list-style-type: none"> <li>19 apartments</li> <li><b>IRR: 329%</b></li> <li>Equity multiple: x1.1</li> <li>Pre-sales: 9/19, 47%</li> <li>Pre-sales: US\$ 3.7mln</li> <li>Start date: Dec'2015</li> <li>Completion expected: Dec'2016</li> <li>Construction progress: 5% completed</li> <li>Land value to be unlocked: US\$ 3.1mln</li> </ul>

# m<sup>2</sup> Real Estate – Strategy: accelerating growth

## GOAL

Accelerate growth, building on existing track record, to develop m<sup>2</sup> into a sizable player on Georgian real estate market

## Growth highlights

### Residential Developments

**Liquidating all land-plots by developing housing. Start development of third party lands.**

*Currently, own land bank of US\$ 43.4mln\*, with capacity of c.5200 apartments (in addition to 2,510 apartments in existing 8 projects, both completed and on-going)*

\*Excludes hotel lands

### Commercial space

**Grow portfolio of yielding assets by retaining investment property from own residential developments, and acquiring opportunistically and/or developing high street retail, commercial and office space, with capital gain upside and c.10-12% annual yield.**

*Investment policy:*

- Good location
- Good tenant
- Good lease terms
- 10-12% yield range

### Hotels

**Develop 3 hotels** (3-star, select service mixed-use hotels) **in next 7 years in Tbilisi and Kutaisi with minimum room-count of 370 in total, catering to budget travelers**

*Ramada Encore exclusivity for 7 years*

- *Investment per room – US\$ 70k*
- *Occupancy rate – 74% (after 3rd year stabilised)*
- *ADR – US\$ 110 (Tbilisi)  
US\$ 105 (Kutaisi)*

# Strong existing pipeline – US\$ 422.1mln total investment

## Accelerating the growth

Project timeline



Project highlights

## Existing land bank of US\$ 45.6mln value, with c.5200 apartments

**1 Kavtaradze street (economy/low cost development)**

- 544 apartments
- **IRR: 26%, expected**
- Expected sales: US\$ 26.0 mln
- Start: Apr-16
- Completion: Mar-18
- Total completion cost: US\$ 23.1mln
- Land value: US\$ 2.6mln
- Equity multiple: x1.5

**2 50 Chavchavadze avenue (upscale development)**

- 62 apartments
- **IRR: 99%, expected**
- Expected sales: US\$ 16.5 mln
- Start: May-16
- Completion: Sep-17
- Total completion cost: US\$ 12.1mln
- Land value: US\$ 3.3 mln
- Equity multiple: x1.8

**1 Ramada Encore (Kazbegi 15–mixed-use)**

- **Hotel:** 152 rooms, 7000 sqm (gross)
- Start: May-16; Completion: Nov-17
- Total completion cost: US\$ 13.2mln
- Profit stabilized year: US\$ 1.4mln
- ADR (stabilized year): US\$ 110
- **Residential:** 353 apartments
- **IRR: 45%**
- Expected sales: US\$ 47.1 mln
- Start: May-16; Completion: Nov-17
- Total completion cost: US\$ 37.0mln
- Equity multiple: x1.8

**2 Ramada Encore (Meliqishvili–mixed-use)**

- **Hotel:** 127 rooms, 5900 sqm (gross)
- Start: Aug-16; Completion: Feb-18
- Total completion cost: US\$ 11.9mln
- Profit stabilized year: US\$ 1.2mln
- ADR (stabilized year): US\$ 110
- **Residential:** 34 apartments
- **IRR: 329%**
- Expected sales: US\$ 6.2 mln
- Start: Aug-16; Completion: Feb-18
- Total completion cost: US\$ 4.3mln
- Equity multiple: x2.1

**3 Ramada Encore (Kutaisi – 3-star hotel)**

- **Hotel:** 127 rooms, 6000 sqm (gross)
- Start: Dec'16; Completion: Sep'18
- Total completion cost: US\$ 11.3mln
- Profit stabilized year: US\$ 1.2mln
- ADR (stabilized year): US\$ 105

**Dighomi development**

m<sup>2</sup> owns 13 hectare of land in close proximity to the city center. Plan is to develop a modern neighborhood with c.4,200 apartments, 30,000 sqm of retail, 20,000 sqm of offices, primary school, kindergarten, outpatient clinic, park and plaza. The project will be a novel development combining multi-family real estate for all types of customers: micro lofts for millennials, townhouses with private patios for larger families, high rise apartment blocks and small size units to meet the budget constraints of the clients. Retail will host hypermarket and plaza level shops, cafes and restaurants. Almost 4 hectares will be dedicated to park and greenery to provide the residents and the guests of the neighborhood with relaxing atmosphere.

Project highlights	Total	1	2	3
Expected sales, US\$ mln	387.8	59.9	119.8	208.1
Start date	Jan-17	Jan-17	Jan-19	Apr-21
Completion date	Apr-24	Mar-20	Jan-22	Apr-24
Total completion cost, US\$ mln	324.9	71.5	99.0	154.4
Land value, US\$ mln	27.0	6.0	9.6	11.4
Number of apartments	4,243	1,097	1,746	1,400
Commercial space	54,421	400	4,629	49,392
Equity multiple	1.9			

# m<sup>2</sup> Real Estate – Hotel strategy



## 3-star hotel opportunity in Tbilisi

Develop 3 hotels in next 7 years in Tbilisi catering to budget travelers



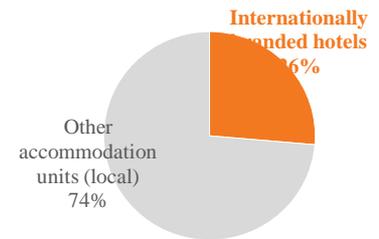
- Wyndham Ramada Anchor exclusivity for 7 years
- Equity investment US\$ 7 million
- Number of rooms – 370
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3<sup>rd</sup> year stabilised)
- ADR – US\$ 100
- ROE – 20%

Visitors in Georgia  
25% CAGR '03-15



Limited supply – last  
Branded hotel opening in Tbilisi in 2012

Distribution of rooms in Tbilisi  
by accommodation type, 2011



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# Renewable Energy opportunity

## Opportunities

1	Underpenetrated industry	Only 20-25% of Georgia's hydro resources utilised
2	Cheap to develop	US\$ 1.5mln for 1MW development in Georgia
3	Strategic partnership	 Strategic partnership with industry specialists – RP Global (Austria)
4	Small investment to date	Only US 1mln invested during first 1.5 years of due-diligence and planning
5	BGEO planned investment in ongoing projects	BGEO investment – US\$ 28mln Total investment – US\$ 43mln ( <i>partnership: 65% BGEO – 35% RP Global</i> ) Expected IRR – 25%+

# Renewable Energy – 5 year roadmap

Goal

**Establish renewable energy platform,  
targeting 100MW+ in 4 medium size hydro power plants by 2019**

Pipeline

## Development

### 2 ongoing projects – 105MW, 4 HPPs

Projects	Mestiachala 1 & 2	Zoti 1 & 2
Estimated Capacity 100 MW	50MW	55MW
Estimated Project Timeline <sup>2</sup>	2017-2018	2017-2019

*Note: Project timeline includes only construction period. In general construction period is preceded by a 1-2 year pre-construction period. On average 5% of total project cost is spent during this period on due diligence*

# Renewable Energy – 5 year roadmap

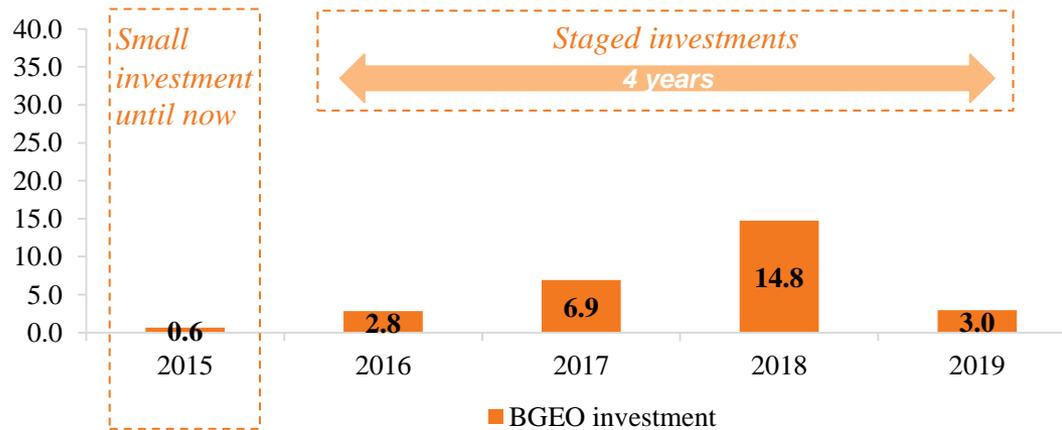
Goal

Establish renewable energy platform,  
targeting 100MW+ in 4 medium size hydro power plants by 2019

Pipeline

## Financing

BGEO contribution US\$ 28mln over next 4 years  
(estimated total equity US\$ 43mln)



# Renewable Energy – 5 year roadmap

Goal	Expected IRR 25%+	
Math	Total	BGEO share
EBITDA (run rate)	US\$ 15.9mln	US\$ 10.3mln
Equity contribution	US\$ 43mln	US\$ 28mln
Exit opportunities	① Sale in parts	
	② Scale up (2 <sup>nd</sup> stage) and public listing or strategic sale	

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# GGU – a privately-owned natural monopoly

GGU is the only profitable water-utilities player in Georgia with plenty of efficiency rooms

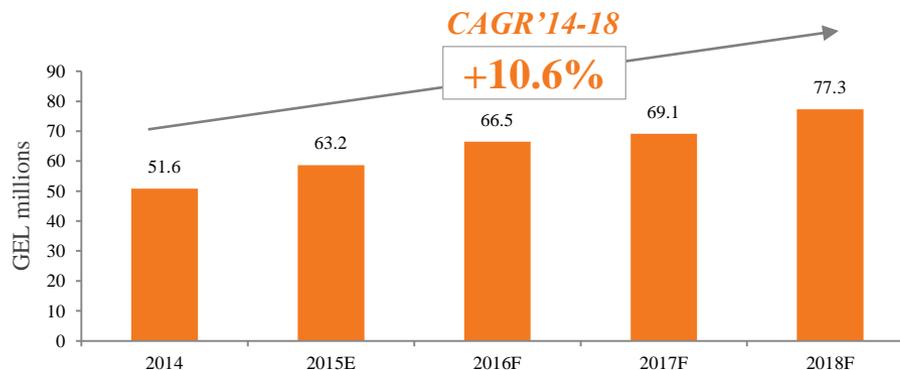
## GGU is the largest privately owned water utility company in Georgia

- 2 core activities:
  1. **Water supply** (including wastewater collection and processing) – Provides water to 1.4mln people (1/3 of Georgia) 2015A: 520M m<sup>3</sup>
  1. **Generation of electric power** – Owns and operates 3 HPPs with total installed capacity of 143MW. **Generated power is primarily used by GGU’s water business.** The excess amount of generated power is sold to the third party clients every year **Generation of electric power:**
- Revenue 2015A: GEL 117.7M
- EBITDA 2015A: GEL 61.5M

## Company has strong execution track record & financial strength

- Management team with extensive experience in utility business
- “BB-” rating assigned by Fitch Ratings to major subsidiary of GGU – Georgian Water and Power in 2015 (currently Georgia’s sovereign rating is “BB-” and the country ceiling is BB by Fitch)
- First bond placement by utility company in Georgia (GEL 8.6mln) through Georgian Water and Power in 2015
- Strong EBITDA growth in 2015 of 10% y-o-y
- Low leverage (2015A Debt/EBITDA: 1.2x)

## EBITDA (in GEL mln) & EBITDA margin (in %)



## EBITDA growth drivers:

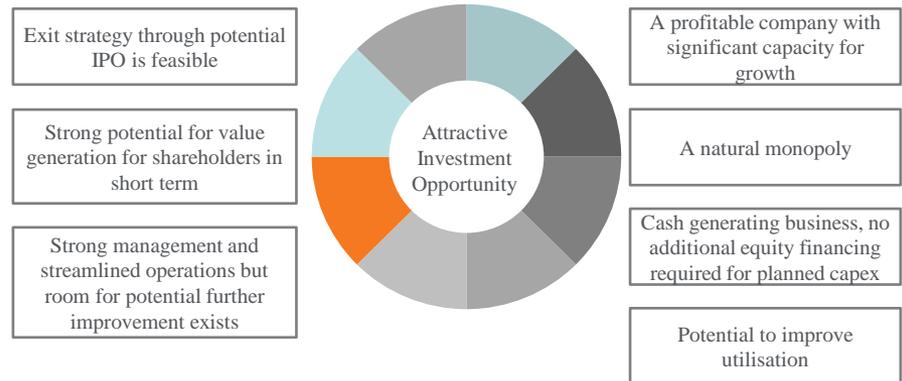
- Cost saving from reduction in water delivery losses to 40%, from current 50%
- Double effect from water delivery loss reduction – selling freed-up energy

# Acquisition of 75% interest in GGU – an Attractive Investment Opportunity

## Acquisition of 75% interest in GGU

- Acquisition of remaining 75% stake in GGU
- Consideration US\$ 70mln, all cash (no holdback), payable within 1month after signage of Sale and Purchase Agreement
- The transaction values GGU’s enterprise value at GEL 287.5 million, or 4.2x EV / EBITDA 2016E
- GGU will distribute dividends in the amount of GEL 13.0 million to the existing shareholders before the completion of the buy-out
- The transaction is expected to be both, P/E and B/V accretive from day one
- BGEO will fund the acquisition through a combination of the BGEO’s existing unallocated cash and additional debt
- GGU’s existing senior management team will continue to lead the business following the buy-out

## Transaction Rationale



## Overview of 25% acquisition in 2014

- Transaction was structured in several steps:
  - Acquisition of 25% shareholding for GEL47.6m (US\$26m)
  - Option to acquire an additional 24.9% within 10 months for GEL47.6m (US\$26m), plus 20% per annum accrued on the call option consideration over the period from closing date to exercise date less any dividends distributed through the call option period. Subsequently, BGEO did not exercise the call option
- Attractive valuation with GGU valued at EV / EBITDA 2014E deal multiple of 4.7x, while industry peers were trading at 8.5x average EV / EBITDA 2014E multiple<sup>(1)</sup>
- BGEO also provided a US\$25mn loan to GGU with proceeds paid as dividend to the selling shareholders
- The transaction was earnings accretive

## GGU’s strategy

**GGU is an established business, targeting further EBITDA growth as a result of its strategy, which implies strong cash flow generation post prudent capital expenditures.**

- **Stable cash collection rate.** Average collection rates at only 65% in major cities. And average collection rates from households in Georgia only 45%<sup>(2)</sup>. GGU’s collection rates are currently 96%.
- **Increase of the energy efficiency and water loss reduction.** Cost saving from reduction in water delivery losses to 40%, from current 50%. Existing high level of water losses is about 4-5 times higher than that in the Western Europe, creating an opportunity for efficiency gains. There is dual-effect from water delivery loss reduction, as freed-up energy can be sold to third parties.
- **Generation of additional income streams.** This implies utilizing GGU’s existing infrastructure and developing hydropower plants to increase electricity sales to third parties; installing turbinators to achieve more efficient water supply.

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# Teliani Valley – Business overview

Goal

Become leading beverages producer and distributor in Caucasus

Teliani  
Business

## Strong existing franchise

Leading wine producer



- 3 million bottles sold annually
- US\$ 8mln revenue in 2015
- US\$ 1.7mln EBITDA in 2015
- 60% of sales from export

With wide  
distribution platform



- 4,400 sales points
- Exporting to 26 countries, including all FSU, Poland, Sweden, Finland, USA, Canada, Brazil, China, Thailand, Singapore

## New business line

Launch beer production



- Launch beer production facility in Georgia
- 10 year exclusivity with Heineken to sell in Georgia, Armenia and Azerbaijan (17mln population)

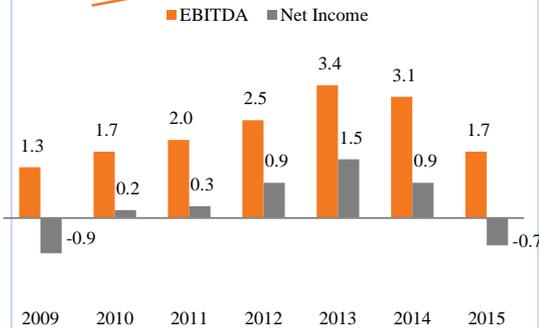
# Teliani Valley – Exclusive Heineken producer in Caucasus



## Exclusive Heineken producer in Caucasus

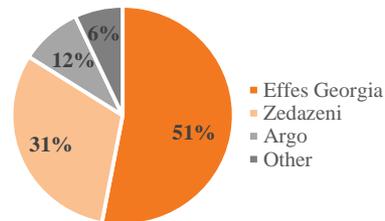
### Strong management with proven track record

Turned-around loss making business and increased EBITDA 3x in 5 years



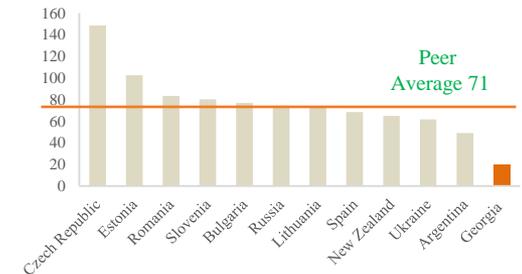
### Highly concentrated market

Domestic market segmentation (Q3 2015)



### Low consumption per capita compared to peers

Beer Consumption in Peer Countries 2014 (l/capita)



Investment Rationale

# Teliani Valley – Exclusive Heineken producer in Caucasus



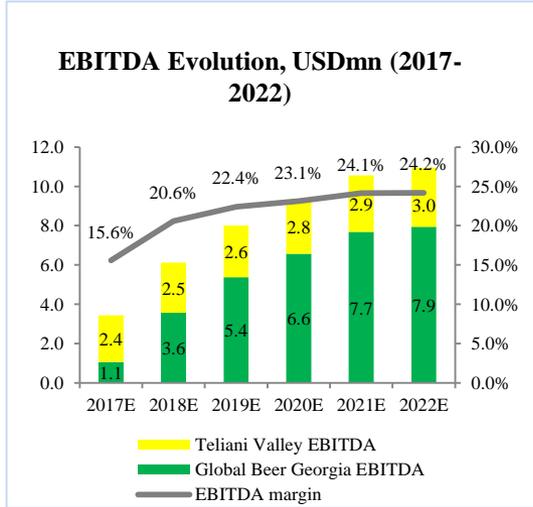
## Financials

## Exclusive Heineken producer in Caucasus

### Investment

- Total investment – USD 40.6mln, of which USD 15.3mln is equity
- BGEO to invest – USD 9.8mln in total, amounting to 64% of shares of Teliani

### EBITDA projection



### Exit options

- Trade sale

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# Georgia's key economic drivers

## Liberal economic policy

- **Top performer globally in WB Doing Business over the past 12 years**
- Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework:
  - Public expenditure/GDP capped at 30%; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%
- Business friendly environment and low tax regime (attested by favourable international rankings)

## Regional logistics and tourism hub

- **A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west**
- Access to a market of 900mn customers without customs duties: Free trade agreements with EU, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland, negotiations ongoing on Georgia-China free trade agreement
- Tourism revenues on the rise: tourism inflows stood at 13.9% of GDP in 2015 and arrivals reached 5.9mln visitors in 2015 (up 6.9% y-o-y)
- Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes

## Strong FDI

- **An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth**
- FDI at US\$1,351mln (9.7% of GDP) in 2015 (down 23.2% y-o-y)
- FDI averaged 10% of GDP in 2006-2015
- Productivity gains accounted for 66% of the annual average 5.6% growth over 1999-2012, according to the World Bank

## Support from international community

- **Georgia and the EU signed an Association Agreement and DCFTA in June 2014**
- Progress in achieving visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders are expected to start free entrance to the EU countries from 2H16
- Discussions commenced with the USA to drive inward investments and exports
- Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU

## Electricity transit hub potential

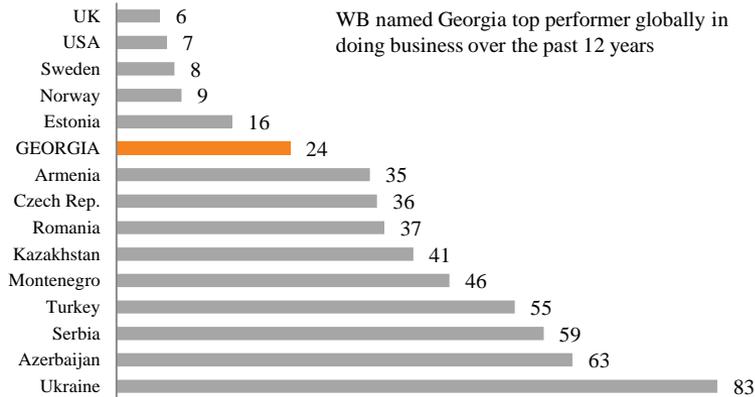
- **Developed, stable and competitively priced energy sector**
- Only 20% of hydropower capacity utilized; 88 hydropower plants are in various stages of construction or development
- Georgia imports natural gas mainly from Azerbaijan
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey built, other transmission lines to Armenia and Russia upgraded
- Additional 5,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe

## Political environment stabilised

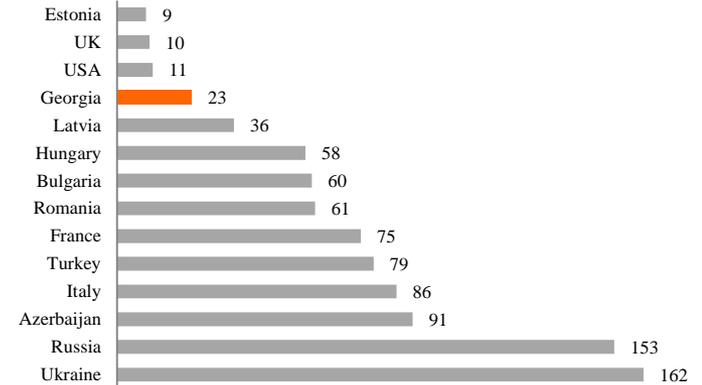
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU
- New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency
- Continued economic relationship with Russia, although economic dependence is relatively low
  - Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians -The Russian side recently announced to ease visa procedures for Georgians citizens effective December 23, 2015
  - Direct flights between the two countries resumed in January 2010
  - Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia
  - In 2015, Russia and Ukraine together accounted for 10.1% of Georgia's exports and 14.0% of imports; just 4.1% of cumulative FDI over 2004-2015

# Growth oriented reforms

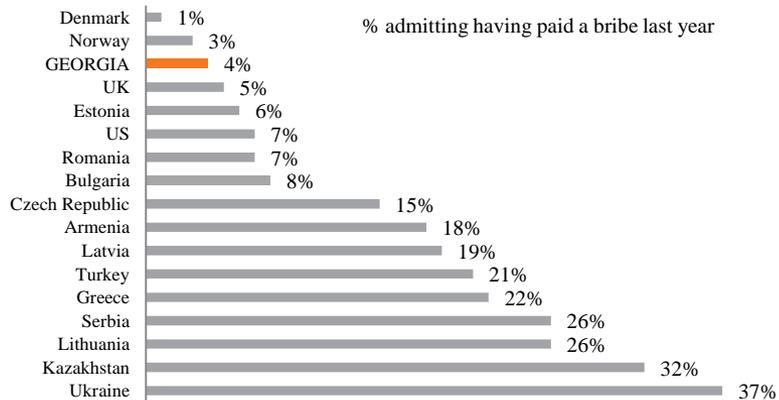
Ease of Doing Business | 2016 (WB-IFC Doing Business Report)



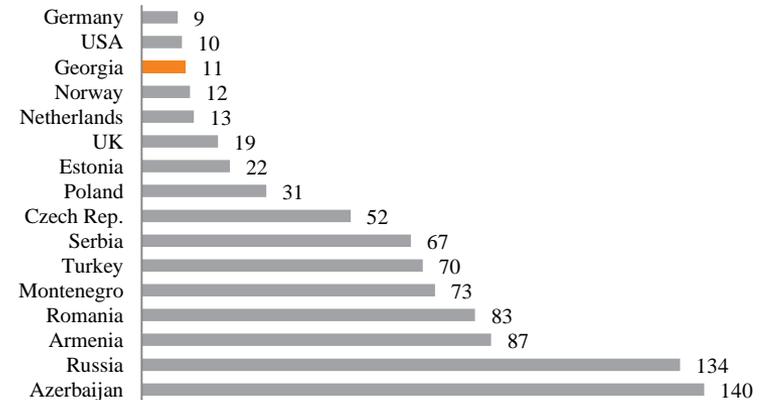
Economic Freedom Index | 2016 (Heritage Foundation)



Global Corruption Barometer | TI 2013



Business Bribery Risk, 2014 | Trace International



# Government 4-pillar of reform initiatives

## Structural Reforms

Tax Reform	<ul style="list-style-type: none"> <li>Corporate income tax reform</li> <li>Enhancing easiness of tax compliance</li> </ul>
Capital Market Reform	<ul style="list-style-type: none"> <li>Boosting stock exchange activities</li> <li>Developing of local bond market</li> </ul>
Pension Reform	<ul style="list-style-type: none"> <li>Introduction of private pension system</li> </ul>
PPP Reform	<ul style="list-style-type: none"> <li>Introduction of transparent and efficient PPP framework</li> </ul>
Public Investment Management Framework	<ul style="list-style-type: none"> <li>Improved efficiency of state projects</li> </ul>
Deposit Insurance	<ul style="list-style-type: none"> <li>Boosting private savings</li> <li>Enhancing trust to financial system</li> </ul>
Accounting Reform	<ul style="list-style-type: none"> <li>Increased transparency and financial accountability</li> <li>Enhanced protection of shareholder rights</li> </ul>
Association Agreement Agenda	

## Promoting Transit & Tourism Hub

Roads	<ul style="list-style-type: none"> <li>Plan to finish all spinal projects by 2020 – East-West Highway, other supporting infrastructure</li> </ul>
Rail	<ul style="list-style-type: none"> <li>Baku – Tbilisi Kars new railroad line</li> <li>Railway modernization project</li> </ul>
Air	<ul style="list-style-type: none"> <li>Tbilisi International Airport <ul style="list-style-type: none"> <li>2<sup>nd</sup> runway to be constructed</li> <li>International Cargo terminal</li> </ul> </li> </ul>
Maritime	<ul style="list-style-type: none"> <li>Anaklia deep water Black Sea port <ul style="list-style-type: none"> <li>Strategic location</li> <li>Capable of accommodating Panamax type cargo vessels</li> <li>High capacity – up to 100mln tons turnover annually</li> <li><b>Up to USD 1bln</b> for first phase (out of 9) in Georgia</li> </ul> </li> </ul>

## Promoting Open Governance

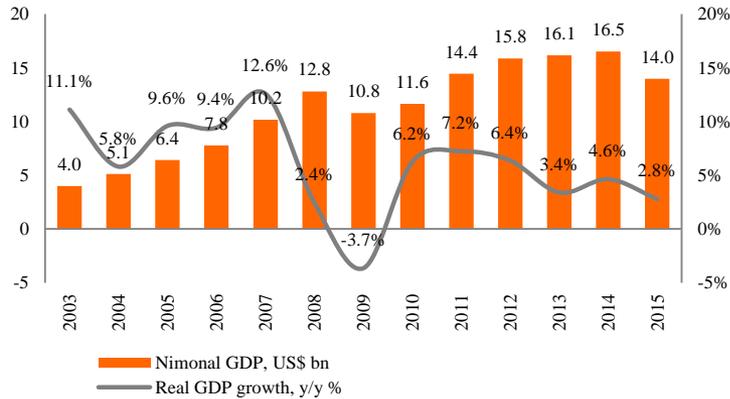
Improvement of public services offered to the private sector	<ul style="list-style-type: none"> <li>Creation of “Front Office”</li> <li>Application of “Single Window Principle”</li> </ul>
Involvement of the private sector in legislative process	<ul style="list-style-type: none"> <li>Discussion of draft legislation at an early stage</li> </ul>
Strict monitoring of implementation of government decisions	<ul style="list-style-type: none"> <li>Creation of a special unit for monitoring purposes</li> </ul>

## Education Reform

General Education Reform	<ul style="list-style-type: none"> <li>Maximising quality of teaching in secondary schools</li> </ul>
Fundamental Reform of Higher Education	<ul style="list-style-type: none"> <li>Based on the comprehensive research of the labor market needs</li> </ul>
Improvement of Vocational Education	<ul style="list-style-type: none"> <li>Increase involvement of the private sector in the professional education</li> </ul>

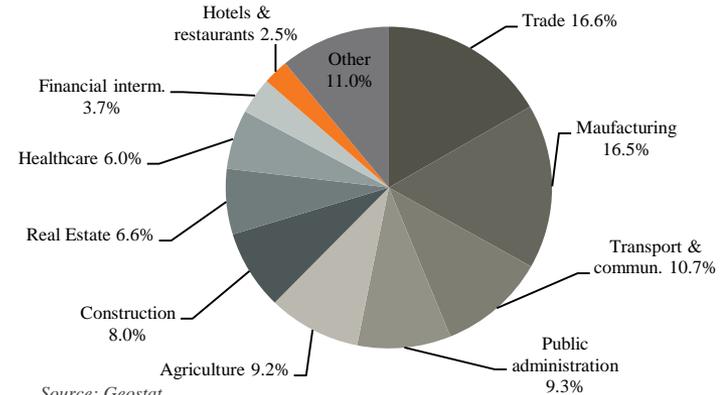
# Diversified resilient economy

Gross domestic product



Source: Geostat

Nominal GDP structure, 2015



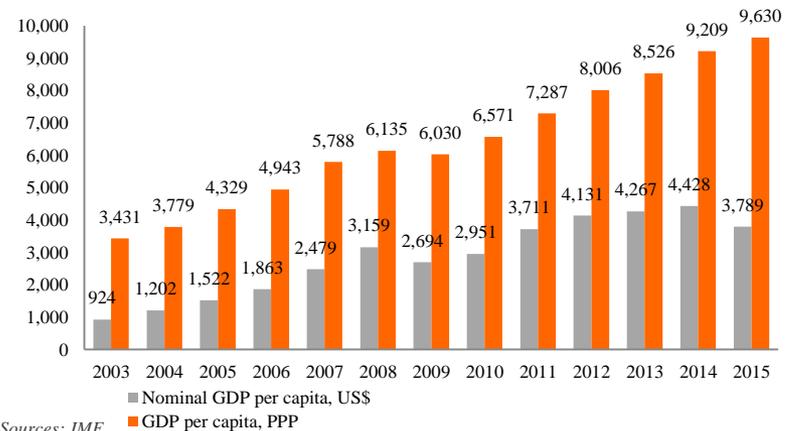
Source: Geostat

Comparative real GDP growth rates, % (2006-2015 average)



Sources: IMF, Geostat

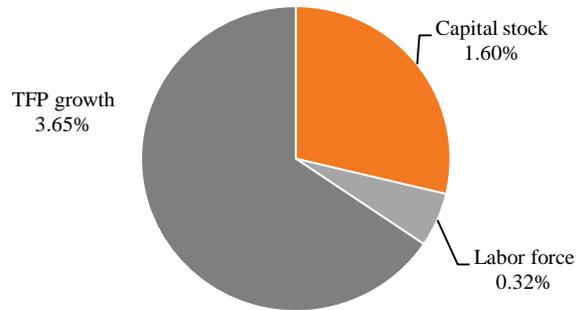
GDP per capita



Sources: IMF

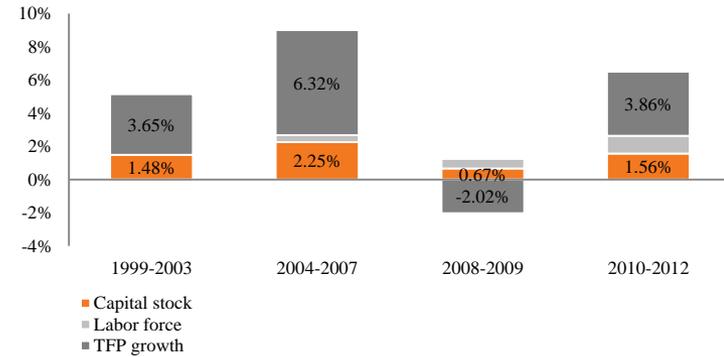
# Productivity gains have been the main engine of growth since 2004

Overall contribution of capital, labour, and Total Factor Productivity (TFP) to growth, 1999-2012



Source: Georgia Rising (2013), WB

Contributions of capital, labour, and TFP to growth during periods



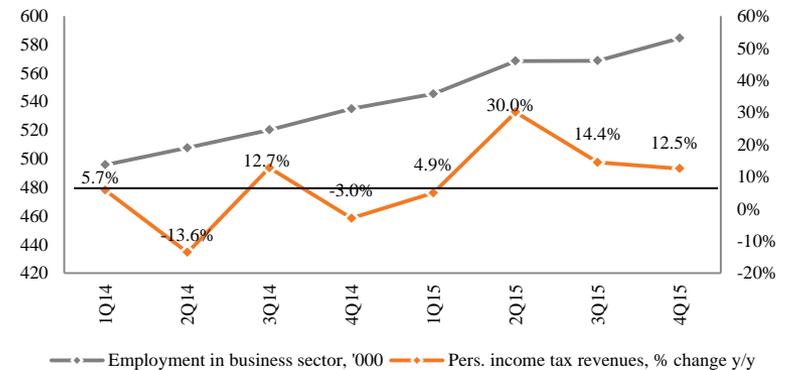
Source: Georgia Rising (2013), WB

Real GDP growth projection, 2016-2017



Sources: IMF, WEO April 2016

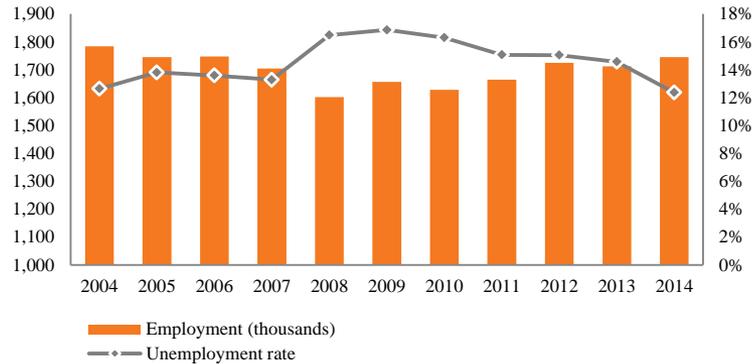
Employed persons in business sector



Source: GeoStat, MOF

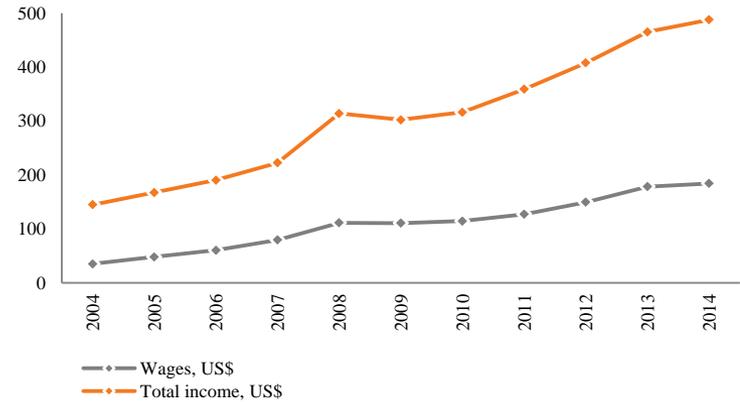
# Further job creation is achievable

## Unemployment rate down 2.2ppts y/y to 12.4% in 2014



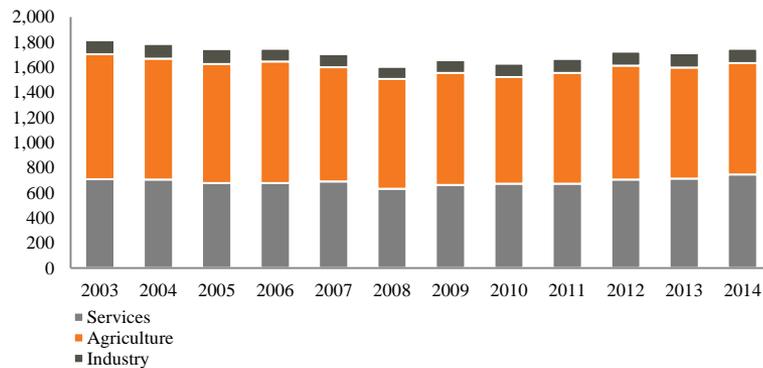
Sources: GeoStat

## Average monthly wages and income per household



Sources: GeoStat

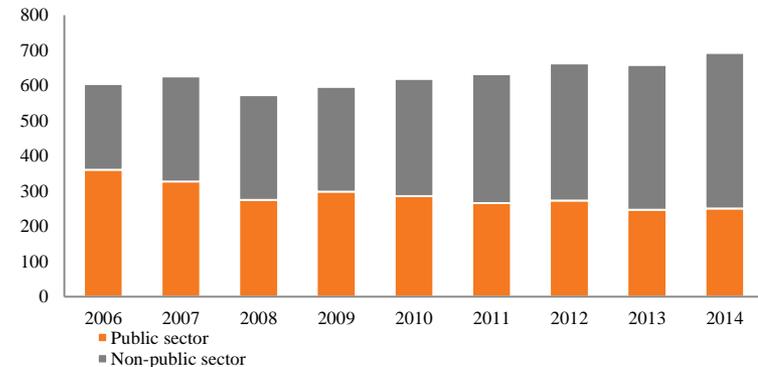
## Share of services in total employment has increased



Source: GeoStat

Note: services include construction

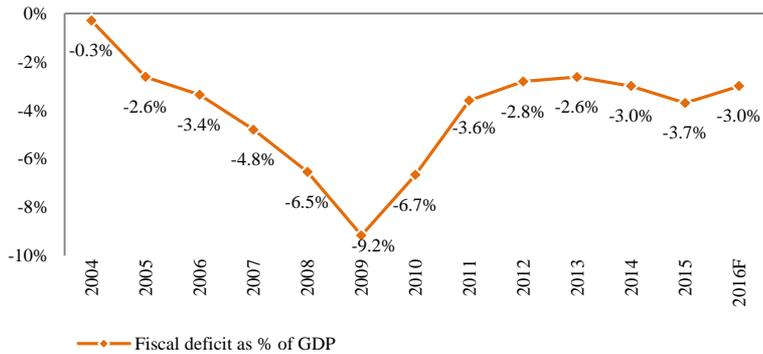
## Hired workers account for c.39.7% in total employment



Sources: GeoStat

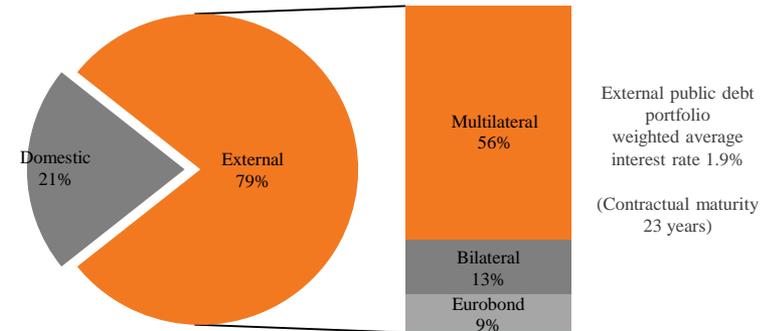
# Demonstrated fiscal discipline and low public debt

### Fiscal deficit as % of GDP



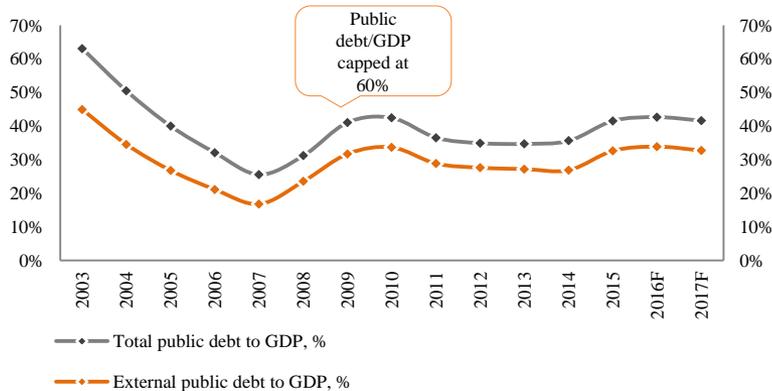
Source: Ministry of Finance of Georgia

### Breakdown of public debt



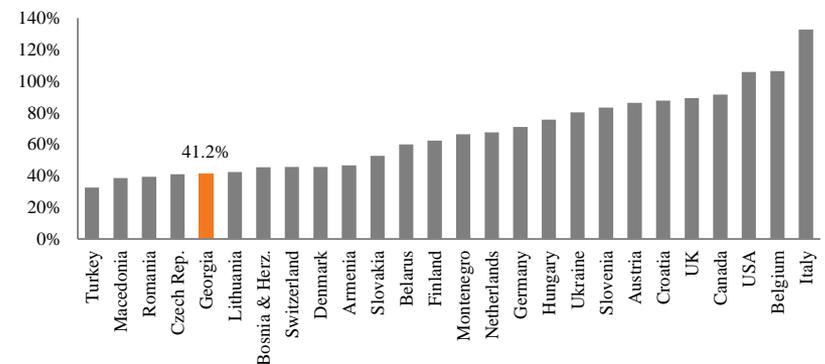
Source: Ministry of Finance of Georgia, as of end-2015

### Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

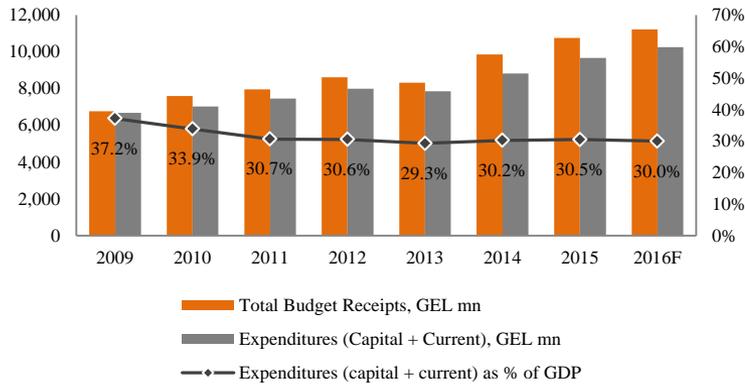
### Gross government debt/GDP, 2015



Source: IMF

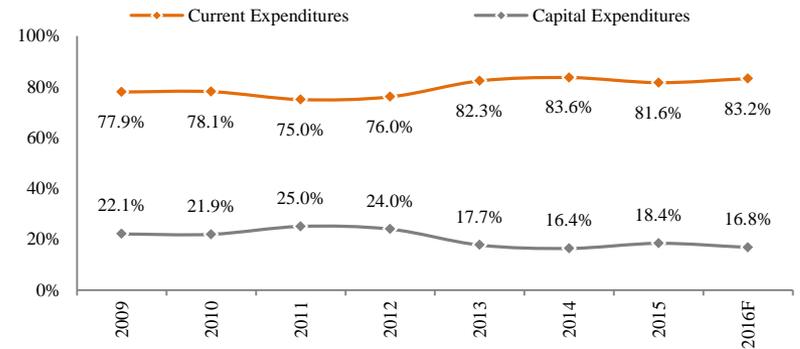
# Investing in infrastructure and spending low on social

## Revenues and expenditures



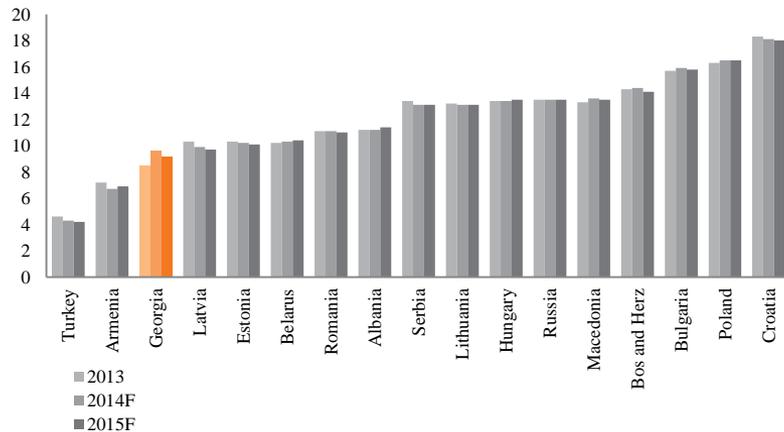
Source: Ministry of Finance, GeoStat

## Current and capital expenditure

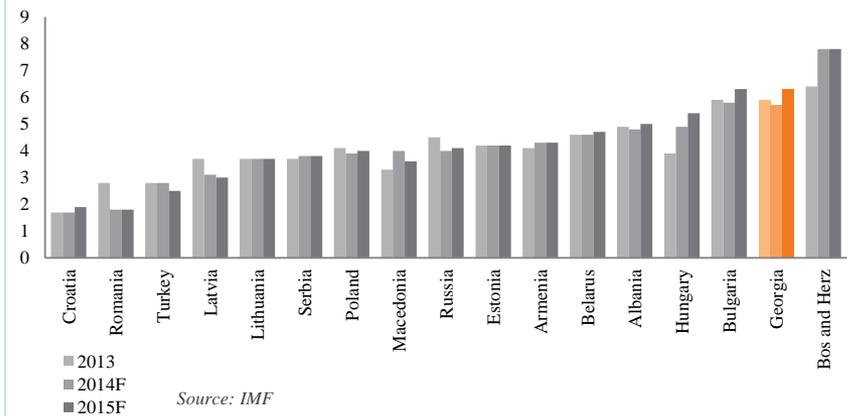


Sources: Ministry of Finance

## Government social expenditure as % of GDP



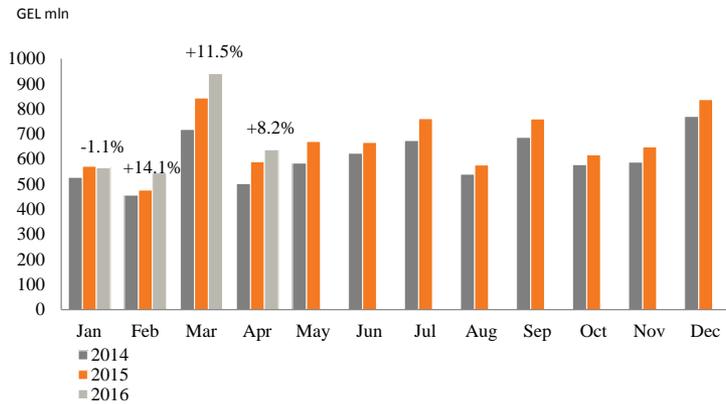
## Government capital expenditure as % of GDP



Source: IMF

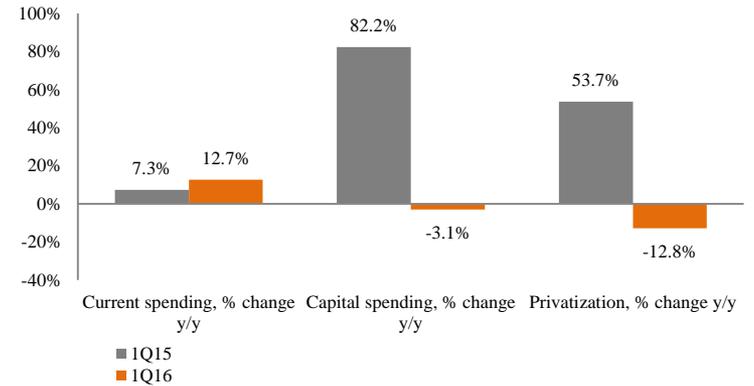
# Fiscal Performance

## Consolidated budget tax revenues



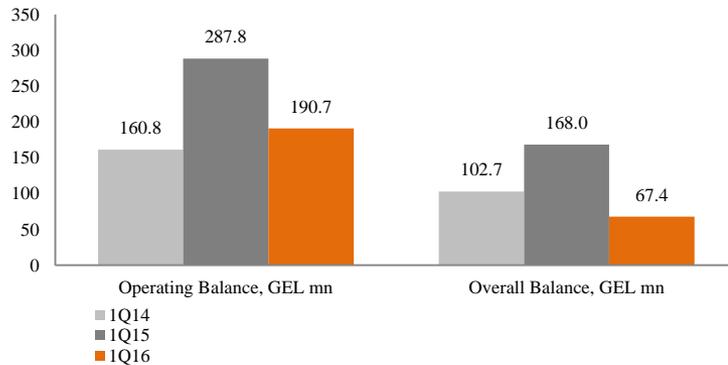
Source: Ministry of Finance

## Consolidated budget - expenditures and privatization



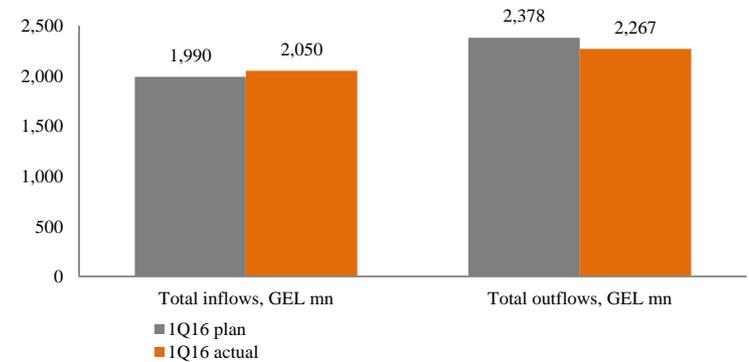
Sources: Ministry of Finance

## Consolidated budget balance



Source: Ministry of Finance

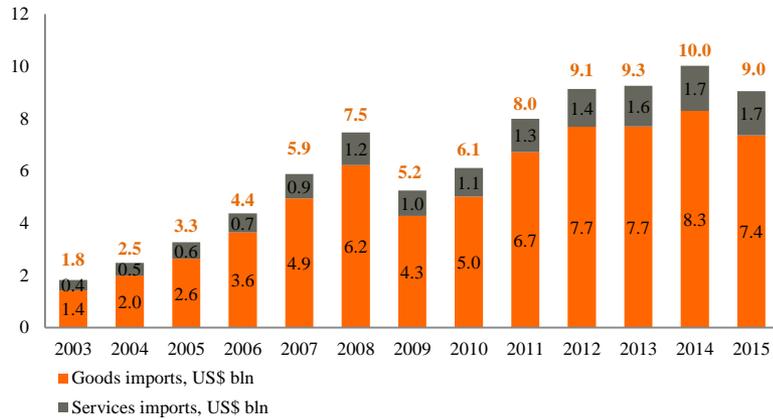
## State budget - revenues above plan in 1Q16



Source: Ministry of Finance

# Diversified foreign trade

## Imports of goods and services



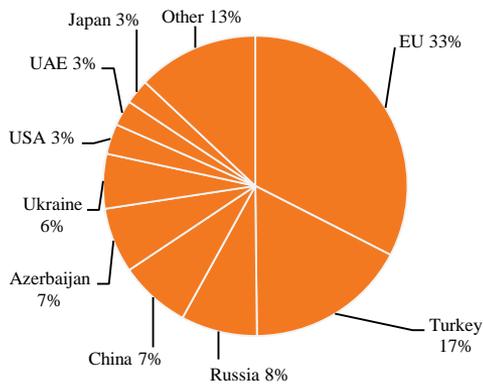
Source: NBG – BOP statistics

## Exports of goods and services



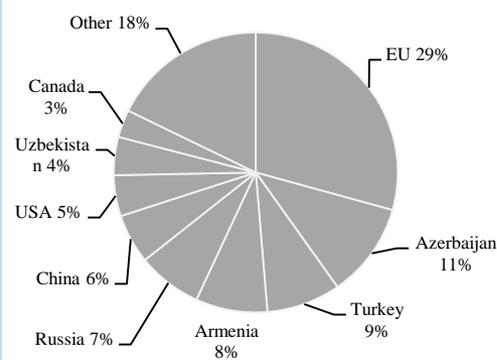
Source: NBG – BOP statistics

## Imports, 2015

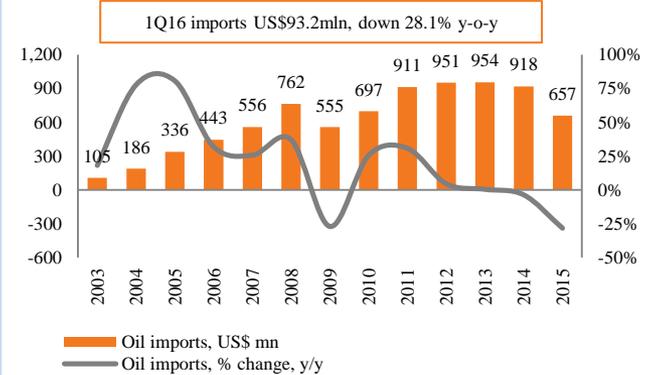


Sources: Geostat

## Exports, 2015



## Oil imports

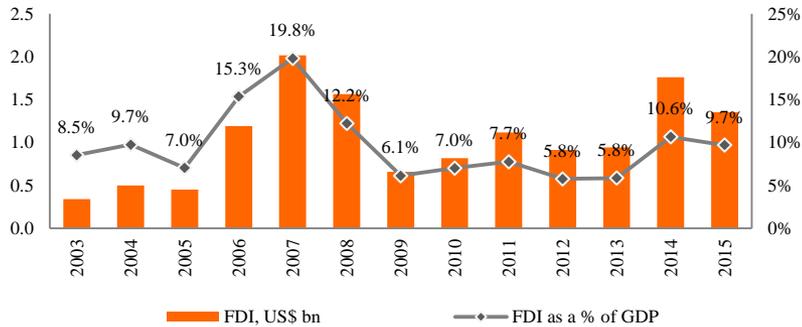


Sources: GeoStat

# Diversified sources of capital inflow

## Strong foreign investor interest

US\$1.35 bln in 2015, down 23.2%



Sources: Geostat

## Tourist arrivals and revenues on the rise

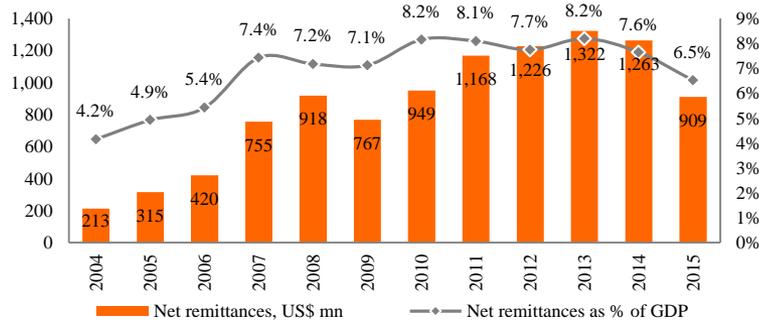
1.1mln visitors in 1Q16, up 15.0%



Sources: Georgian National Tourism Agency, National Bank of Georgia

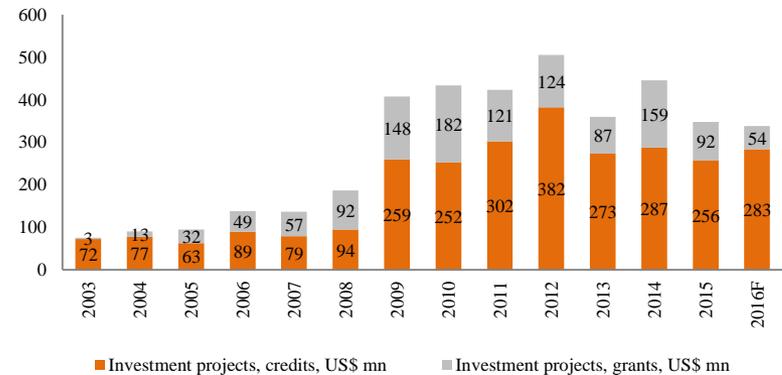
## Remittances - steady source of external funding

US\$237.1 mln in 1Q16, down 4.9%



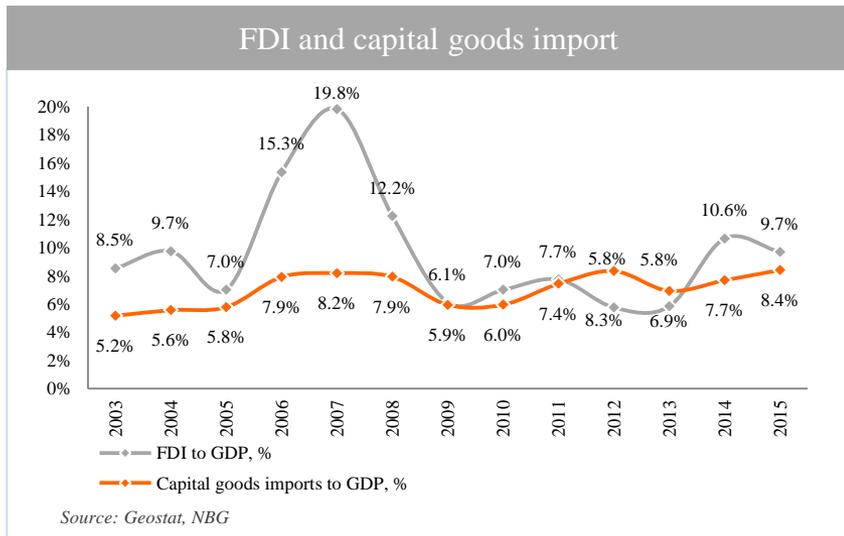
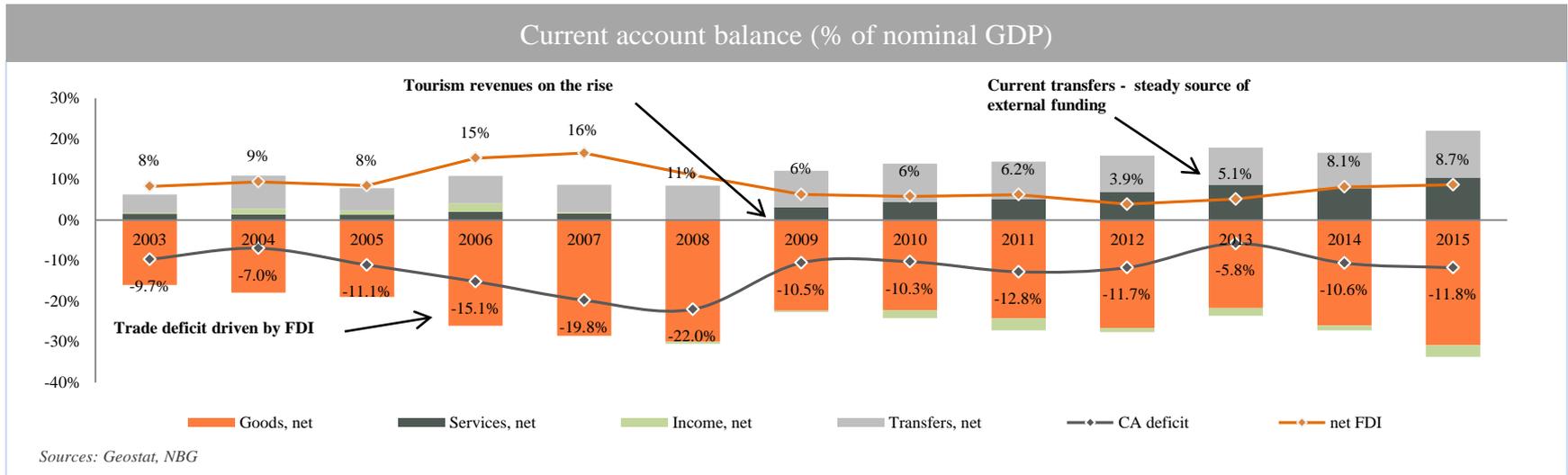
Source: National Bank of Georgia

## Donor funding for public infrastructure projects



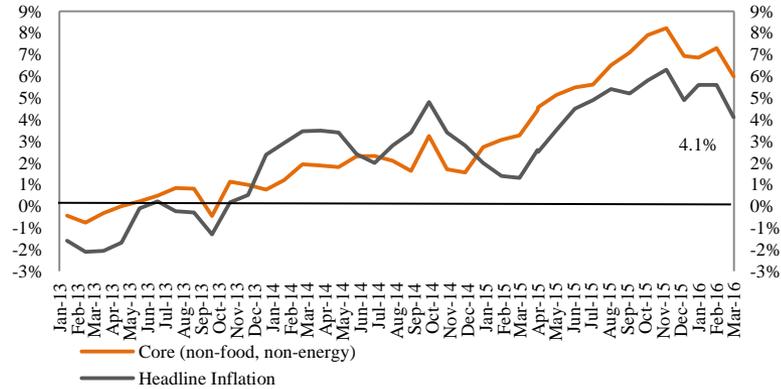
Source: Ministry of Finance of Georgia

# Current account deficit supported by FDI



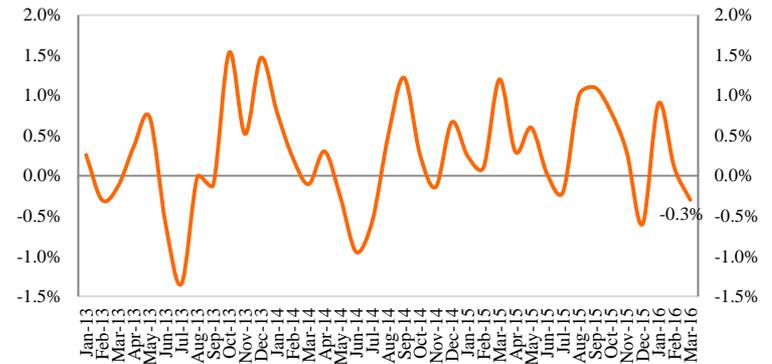
# Inflation target - 5% for 2016 and 4% for 2017

## Annual inflation



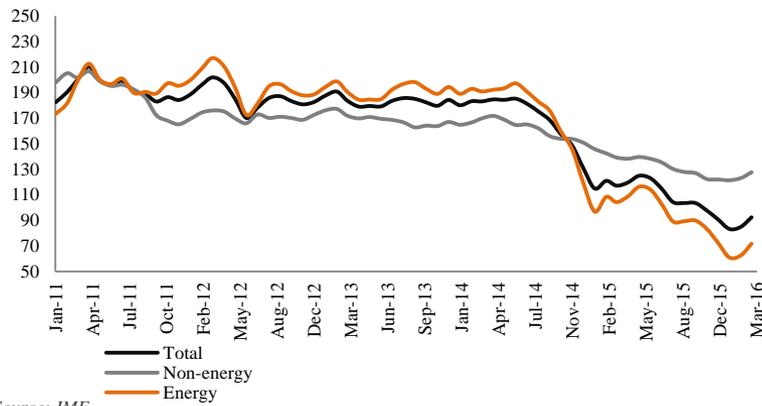
Sources: Geostat

## Monthly inflation rate



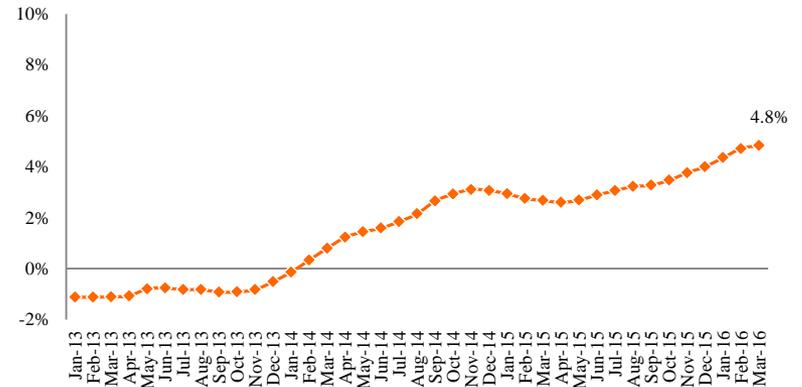
Sources: Geostat

## World commodity prices indices



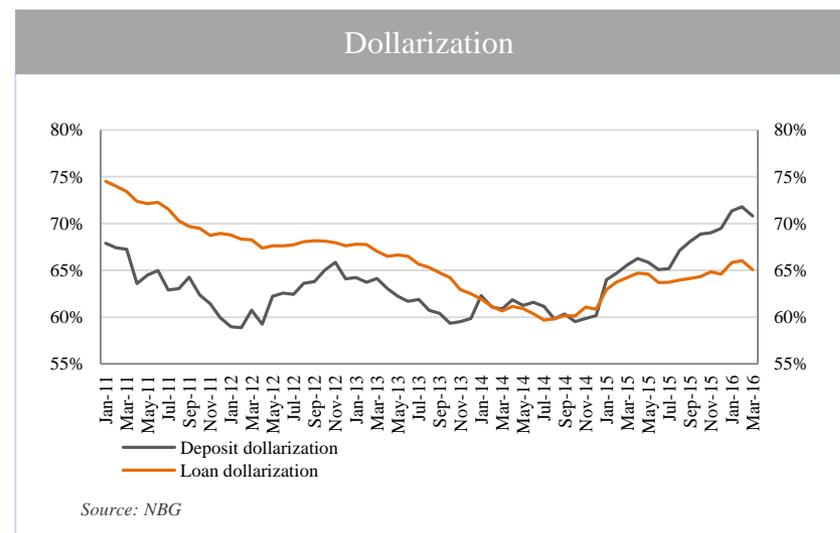
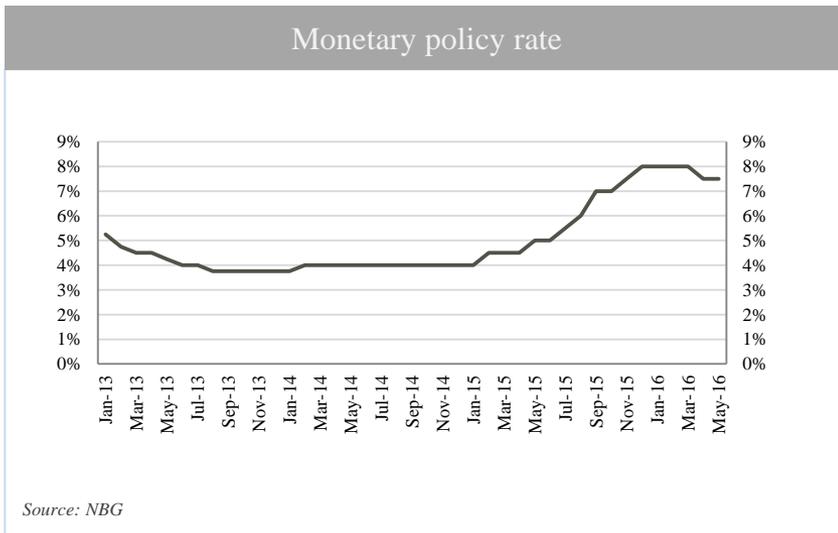
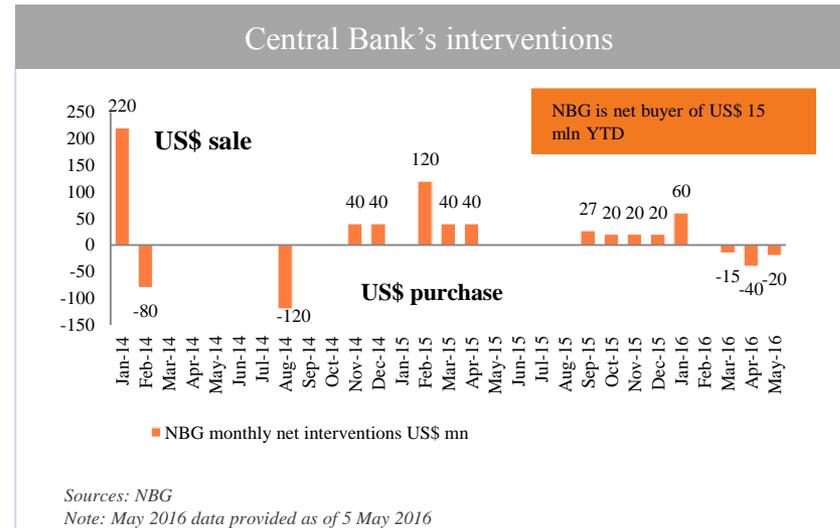
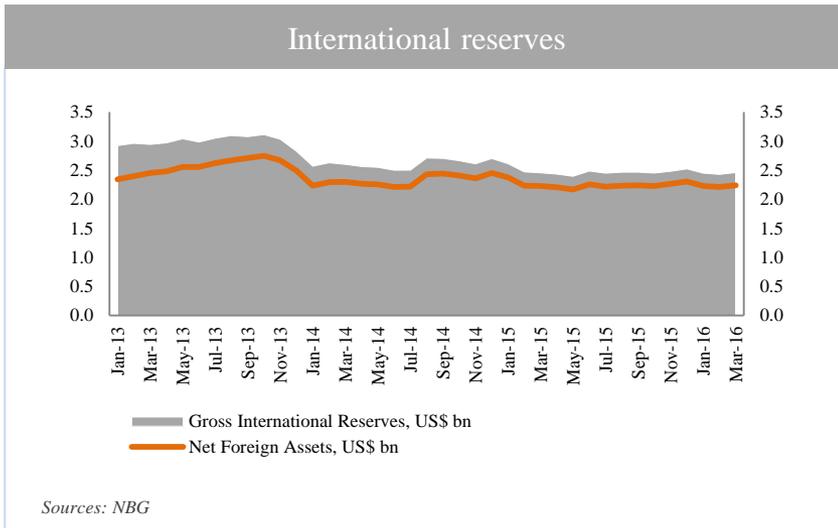
Source: IMF  
 Note: Jan2005=100

## Average inflation rate



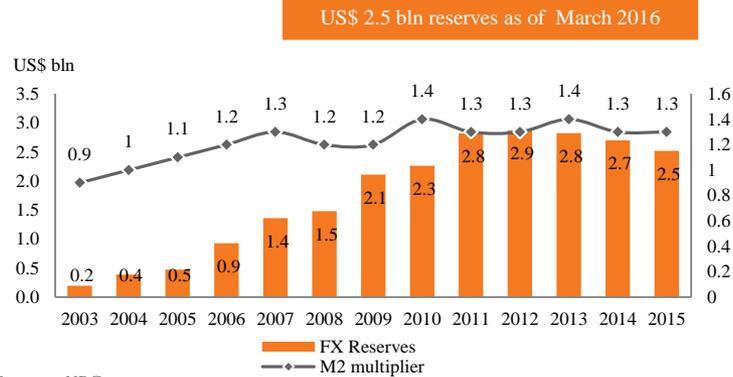
Source: GeoStat

# International reserves-sufficient to finance more than 3 months of imports

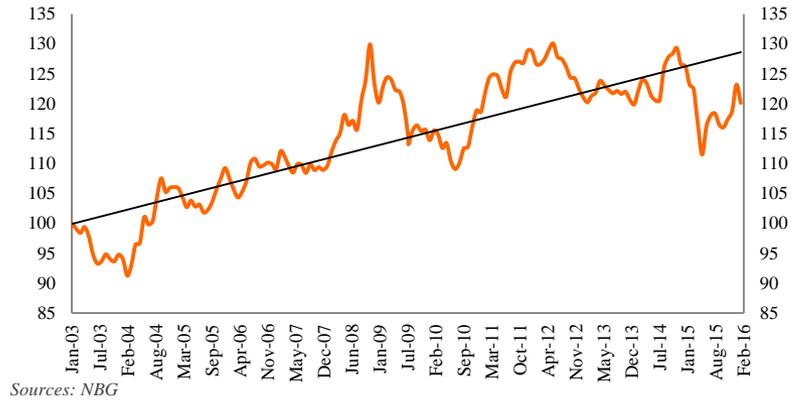


# Floating exchange rate - Policy priority

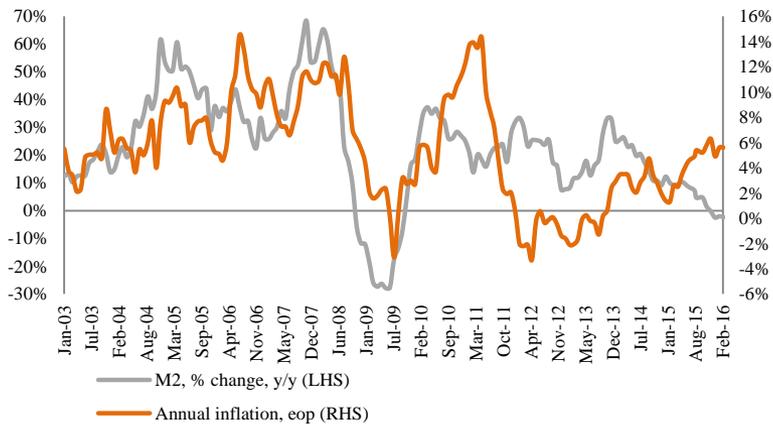
## FX reserves



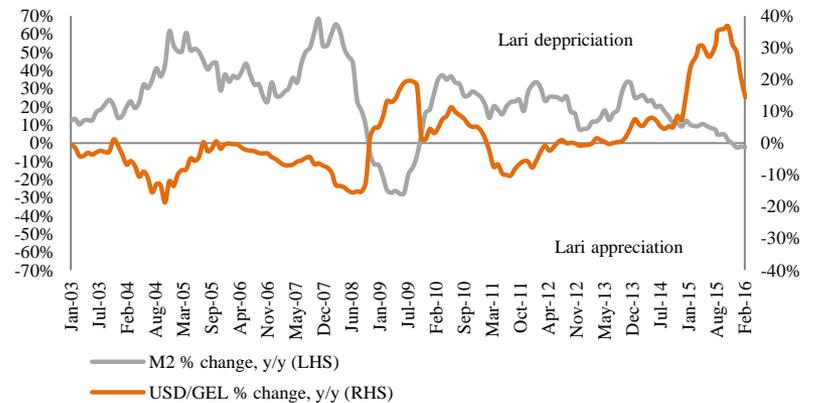
## Real effective exchange rate (REER)



## M2 and annual inflation



## M2 and USD/GEL



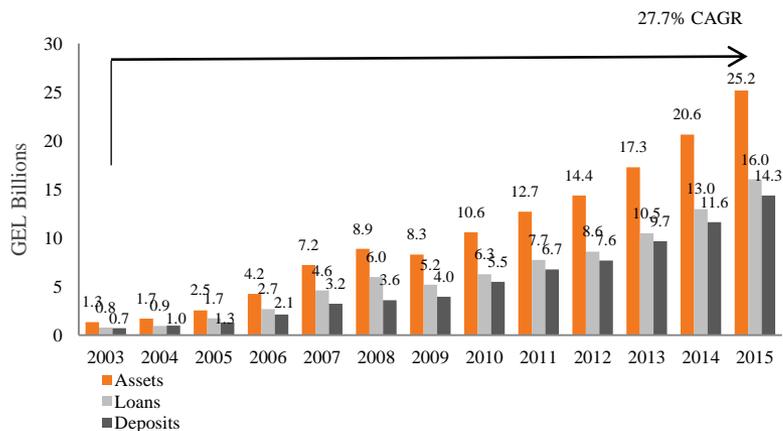
# Growing and well capitalised banking sector

## Summary

- **Prudent regulation ensuring financial stability**
  - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 41% as of Dec 2015
- **Resilient banking sector**
  - Demonstrated strong resilience towards both domestic and external shocks *without single bank going bankrupt*
  - *No nationalization* of the banks and no government ownership since 1994
  - *Very low leverage* with retail loans at 25% of GDP and total loans at 50% of GDP as of 2015 resulting in low number of defaults during the global crisis

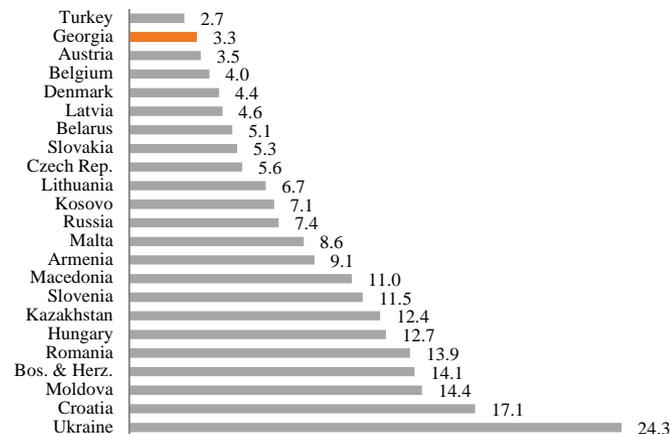
Source: National Bank of Georgia, Geostat

## Banking sector assets, loans and deposits



Source: NBG

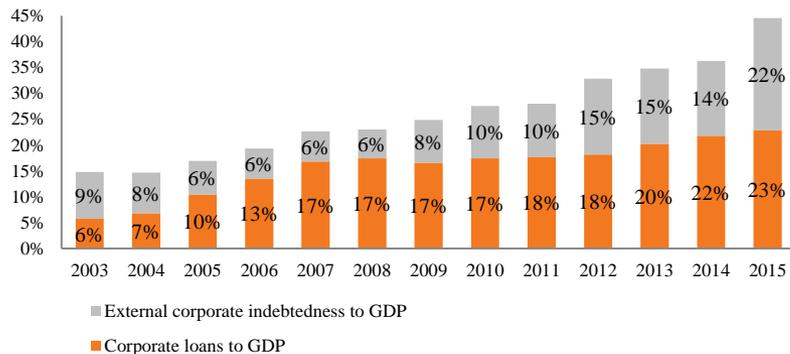
## NPLs to Gross loans (%), 2015



Source: WB

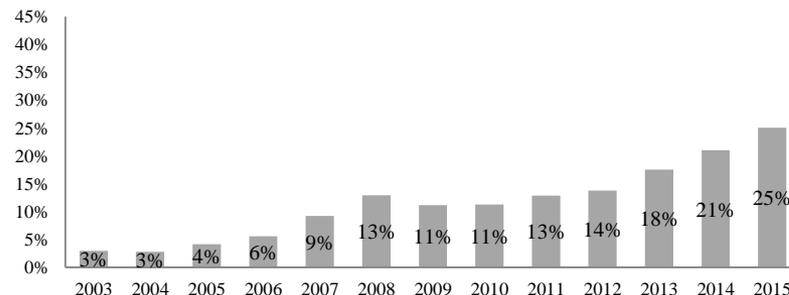
# Underpenetrated retail banking sector provides room for further growth

## Corporate loans to GDP



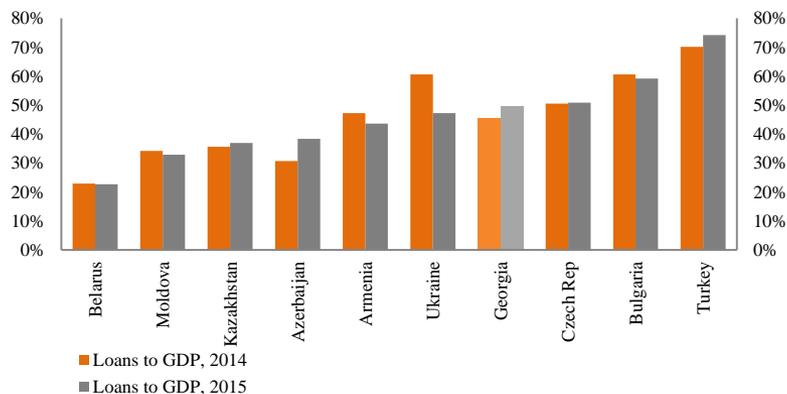
Source: NBG, GeoStat

## Households loans to GDP



Source: NBG, GeoStat

## Banking Sector loans to GDP



Source: IMF

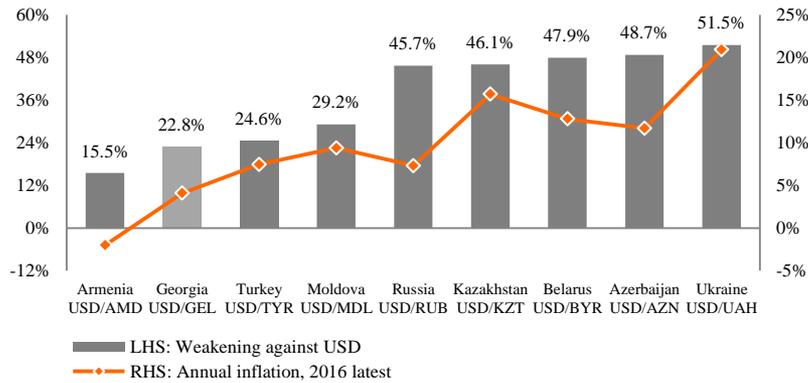
## Georgian banks better placed due to sound financials

Country	Fitch	Rating Outlook	Sector Outlook
Armenia	B	Negative	Negative
Azerbaijan	B	Stable	Negative
Belarus	B	Stable	Negative
Georgia	BB-	Stable	Stable
Kazakhstan	B	Stable	Negative
Russia	BB	Negative	Negative
Ukraine	CCC	None	Negative
Uzbekistan	B	Stable	Stable

Source: Fitch

# Flexible FX regime shielded reserves and supported to macro stability

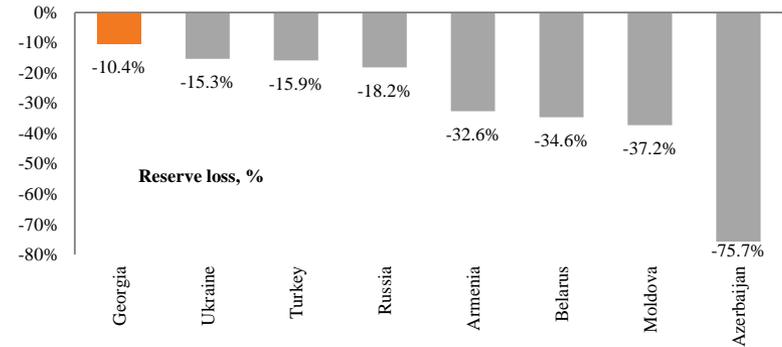
### Currency weakening vs US\$



Source: Bloomberg, National Statistics Offices

Note: US\$ per unit of national currency, period 1-Aug-2014 – 19-Apr-2016

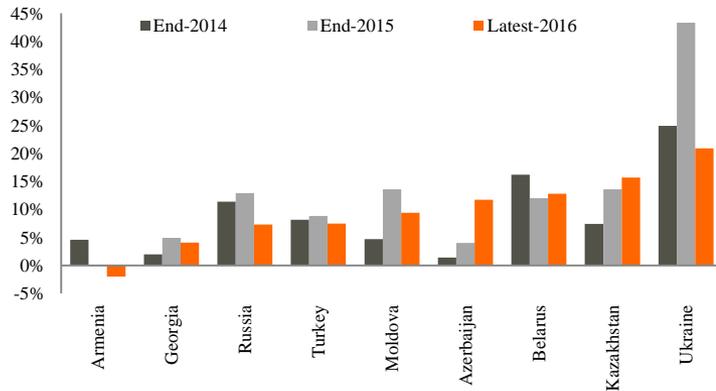
### Georgia used less reserves to support GEL



Source: IMF

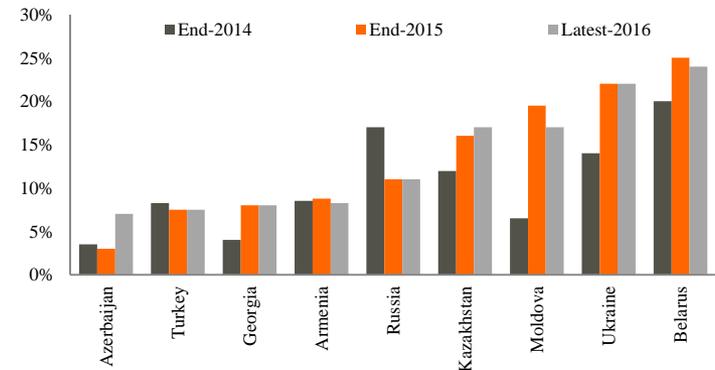
Note: Feb-2016 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

### Inflation remains modest in Georgia



Source: Central banks

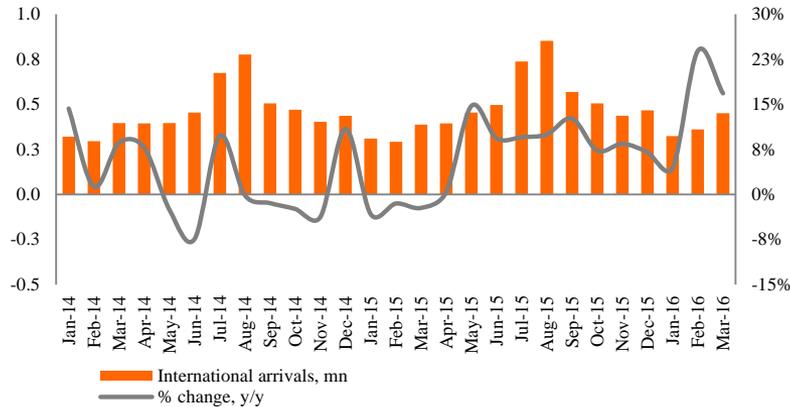
### Monetary policy rates



Source: Central banks

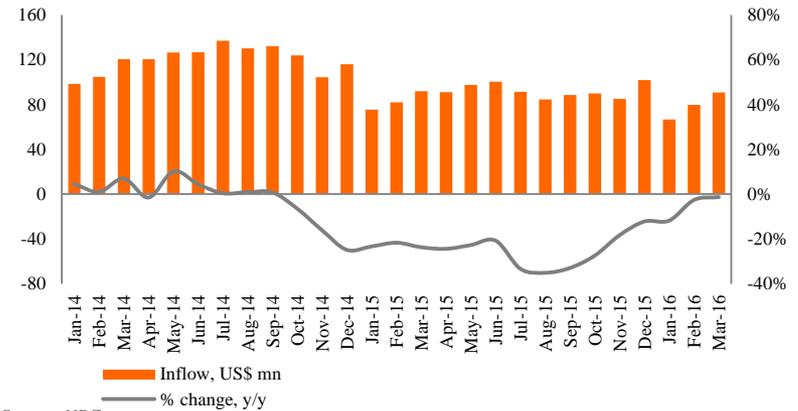
# Recent trends - Tourism on the rise, exports/remittances bottoming out

## Tourist arrivals growing robustly



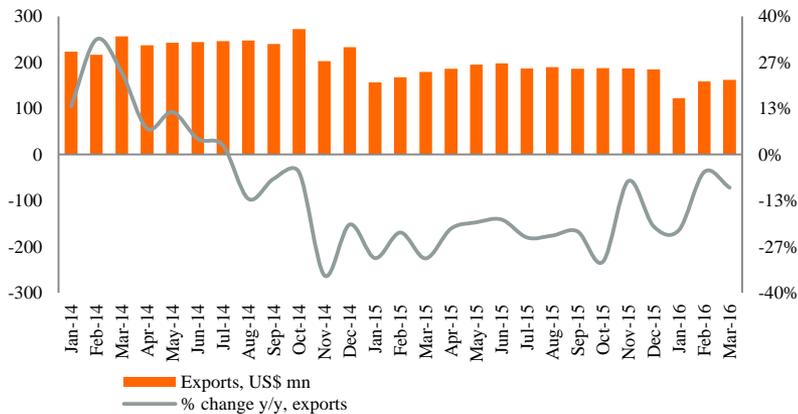
Source: GNTA

## Remittances down from Russia and Greece



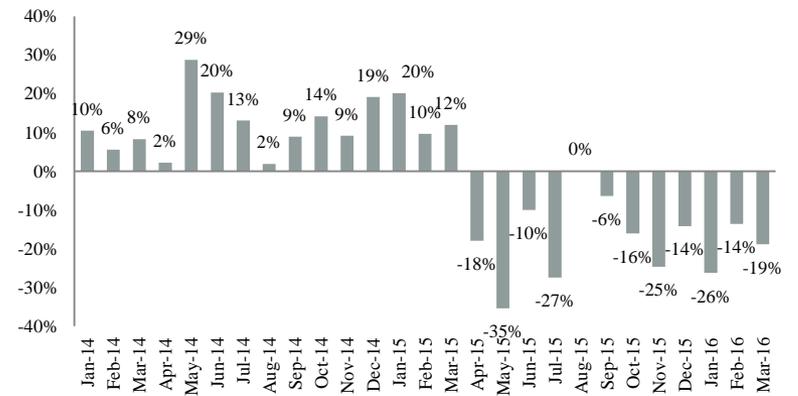
Source: NBG

## Exports suffered mainly due to lower re-exports



Source: GeoStat

## Trade deficit down as consumer goods imports fell



Source: GeoStat

Note: Excluding one-offs

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# Contents

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BGEO Group PLC | Overview

Results Discussion | BGEO Group PLC

Results Discussion | Banking Business

Results Discussion | Investment Business

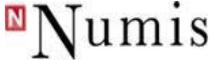
Georgian Macro Overview

Appendices

- Analyst Coverage
- Express Banking
- Solo Banking
- Financial Statements

# Analyst coverage – B GEO Group PLC

**Consensus Target Price: GBP 24.9**

	16.Feb.2016	GBP 22.25	GBP 18.00	14.Apr.2016	
	23.May.2016	GBP 24.00	GBP 21.50	07.Jun.2016	
	24.May.2016	GBP 28.36	GBP 28.00	07.Jun.2016	
	25.Feb.2015	GBP 22.66	GBP 26.00	16.Feb.2016	
	23.May.2016	GBP 27.90	GBP 26.19	21.Dec.2015	
	25.May.2016	GBP 29.50			

# Express | emerging retail banking – *How Express works*

1

## 114 Express Branches



- Opening accounts and deposits
- Issuing loans and credit cards
- Credit card and loan repayments
- Cash deposit into accounts
- Money transfers
- Utility and other payments

3

## 2,627 Express Pay Terminals



- Credit card repayments
- Loan repayments
- Cash deposit into accounts
- Loan activation
- Utility and other payments
- Mobile top-ups
- MetroMoney top-ups



2

## 1,304,734 Express Cards for Transport payments



- Acts as payments card in metro, buses and mini-buses

4

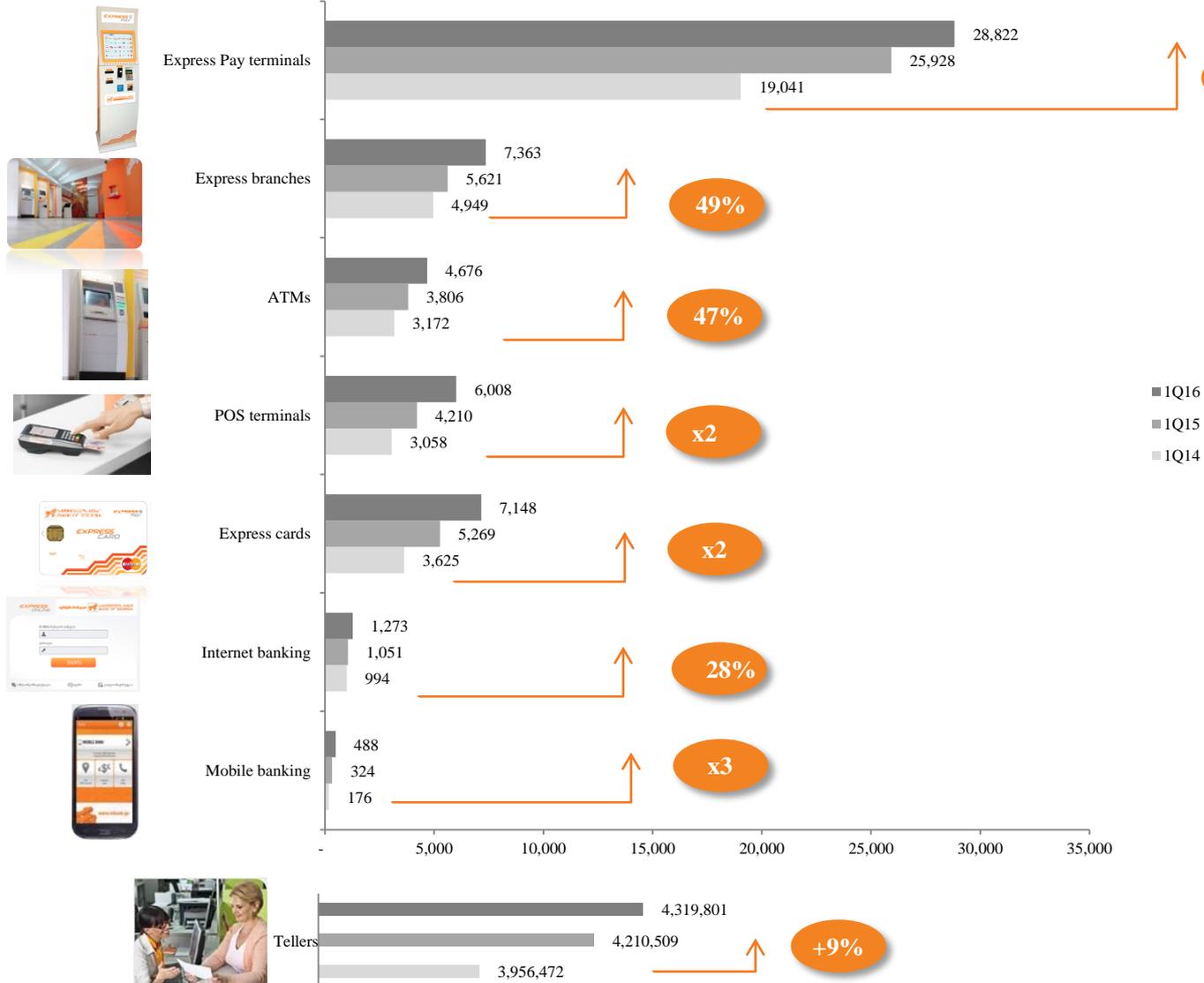
## 8,175 POS Terminals at 3,356 Merchants



- Payments via cards and Express points
- P2P transactions between merchant and supplier
- Credit limit with 0% interest rate

# Express Banking – Capturing Emerging Mass Market Customers

No. of transitions '000s



# Solo – a fundamentally different approach to premium banking

Through the recently launched Solo, we target to **attract new clients** (currently 13,284) to significantly **increase market share** in **premium banking** from c.13% at the beginning of 2015

## SOLO Lounges



### New Solo offers:

- Tailor made banking solutions
- New financial products such as bonds
- Concierge-style environment
- Access to exclusive products and events
- Lifestyle opportunities

3x higher new clients attracted per banker ratio, compared to same period last year

# GHG roadmap - *Creating single largest healthcare player*



Year	Milestone	EV/EBITDA Investment per bed	BGH Investment GEL mln	Facilities & beds
2011	<b>State infrastructure reform starts</b>			6  145
	Started investing in hospitals			
	Merged with Block Georgia ( <i>non-cash</i> )	3.1x, GEL 74k	0	9  530
2012	Imedi L acquisition	4.9x, GEL 47k	9.6	8  206
	Investment to support organic growth	GEL 56k	22.9	11  425
2013	<b>State Universal Healthcare Program starts</b>			
	Acquired Caraps	6.0x, GEL 142k	0	1  60
			<b>32.5</b>	
2014	Acquired Avante	3.7x, GEL 73k	82.4	4  578
	Acquired Sunstone	GEL 99k		1  152
	Acquired Traumatology	3.9x, GEL 134k		1  60
	Acquired Block minority			
2015	Acquired HTMC	6.4x, GEL 206k	27.5	1  450
	Acquired Deka	GEL 183k		1  80
	Launched ambulatory expansion strategy			3
	IPO-ed			
			<b>110.0</b>	
<b>Total (as of March 2016)</b>			<b>142.5</b>	46  2,686

# BoG Group achieved 121% IRR at GHG IPO



Achieved 3.9x money at IPO

# Income Statement – Quarterly

## Quarterly P&L

Income Statement quarterly	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	1Q16	1Q15	Change Y-O-Y %	4Q15	Change Q-O-Q %	1Q16	1Q15	Change Y-O-Y %	4Q15	Change Q-O-Q %	1Q16	1Q15	Change Y-O-Y %	4Q15	Change Q-O-Q %	1Q16	1Q15	4Q15
<i>GEL thousands, unless otherwise noted</i>																		
Banking interest income	224,810	199,698	12.6%	228,212	-1.5%	226,217	202,353	11.8%	230,833	-2.0%	-	-	-	-	-	(1,407)	(2,655)	(2,621)
Banking interest expense	(95,958)	(78,709)	21.9%	(96,778)	-0.8%	(95,998)	(79,295)	21.1%	(96,616)	-0.6%	-	-	-	-	-	40	586	(162)
<b>Net banking interest income</b>	<b>128,852</b>	<b>120,989</b>	<b>6.5%</b>	<b>131,434</b>	<b>-2.0%</b>	<b>130,219</b>	<b>123,058</b>	<b>5.8%</b>	<b>134,217</b>	<b>-3.0%</b>	-	-	-	-	-	<b>(1,367)</b>	<b>(2,069)</b>	<b>(2,783)</b>
Fee and commission income	38,149	35,991	6.0%	42,110	-9.4%	38,484	37,343	3.1%	42,856	-10.2%	-	-	-	-	-	(335)	(1,352)	(746)
Fee and commission expense	(10,335)	(9,137)	13.1%	(10,471)	-1.3%	(10,469)	(9,253)	13.1%	(10,590)	-1.1%	-	-	-	-	-	134	116	119
<b>Net fee and commission income</b>	<b>27,814</b>	<b>26,854</b>	<b>3.6%</b>	<b>31,639</b>	<b>-12.1%</b>	<b>28,015</b>	<b>28,090</b>	<b>-0.3%</b>	<b>32,266</b>	<b>-13.2%</b>	-	-	-	-	-	<b>(201)</b>	<b>(1,236)</b>	<b>(627)</b>
Net banking foreign currency gain	17,390	18,962	-8.3%	19,525	-10.9%	17,390	18,962	-8.3%	19,525	-10.9%	-	-	-	-	-	-	-	-
Net other banking income	2,867	1,790	60.2%	9,318	-69.2%	3,168	2,095	51.2%	9,699	-67.3%	-	-	-	-	-	(301)	(305)	(381)
Net insurance premiums earned	21,824	21,709	0.5%	24,476	-10.8%	9,550	9,242	3.3%	10,810	-11.7%	12,924	12,890	0.3%	14,500	-10.9%	(650)	(423)	(834)
Net insurance claims incurred	(15,408)	(14,135)	9.0%	(17,743)	-13.2%	(4,207)	(3,936)	6.9%	(5,369)	-21.6%	(11,201)	(10,199)	9.8%	(12,374)	-9.5%	-	-	-
<b>Gross insurance profit</b>	<b>6,416</b>	<b>7,574</b>	<b>-15.3%</b>	<b>6,733</b>	<b>-4.7%</b>	<b>5,343</b>	<b>5,306</b>	<b>0.7%</b>	<b>5,441</b>	<b>-1.8%</b>	<b>1,723</b>	<b>2,691</b>	<b>-36.0%</b>	<b>2,126</b>	<b>-19.0%</b>	<b>(650)</b>	<b>(423)</b>	<b>(834)</b>
Healthcare revenue	58,348	40,017	45.8%	53,089	9.9%	-	-	-	-	-	58,348	40,017	45.8%	53,089	9.9%	-	-	-
Cost of healthcare services	(32,057)	(23,140)	38.5%	(29,244)	9.6%	-	-	-	-	-	(32,057)	(23,140)	38.5%	(29,244)	9.6%	-	-	-
<b>Gross healthcare profit</b>	<b>26,291</b>	<b>16,877</b>	<b>55.8%</b>	<b>23,845</b>	<b>10.3%</b>	-	-	-	-	-	<b>26,291</b>	<b>16,877</b>	<b>55.8%</b>	<b>23,845</b>	<b>10.3%</b>	-	-	-
Real estate revenue	28,764	4,074	606.0%	47,638	-39.6%	-	-	-	-	-	28,764	4,074	606.0%	47,638	-39.6%	-	-	-
Cost of real estate	(22,740)	(2,865)	NMF	(34,869)	-34.8%	-	-	-	-	-	(22,740)	(2,865)	NMF	(34,869)	-34.8%	-	-	-
<b>Gross real estate profit</b>	<b>6,024</b>	<b>1,209</b>	<b>398.3%</b>	<b>12,769</b>	<b>-52.8%</b>	-	-	-	-	-	<b>6,024</b>	<b>1,209</b>	<b>398.3%</b>	<b>12,769</b>	<b>-52.8%</b>	-	-	-
Gross other investment profit	3,606	1,398	157.9%	11,271	-68.0%	-	-	-	-	-	3,675	1,543	138.2%	11,157	-67.1%	(69)	(145)	114
<b>Revenue</b>	<b>219,260</b>	<b>195,653</b>	<b>12.1%</b>	<b>246,534</b>	<b>-11.1%</b>	<b>184,135</b>	<b>177,511</b>	<b>3.7%</b>	<b>201,148</b>	<b>-8.5%</b>	<b>37,713</b>	<b>22,320</b>	<b>69.0%</b>	<b>49,897</b>	<b>-24.4%</b>	<b>(2,588)</b>	<b>(4,178)</b>	<b>(4,511)</b>
Salaries and other employee benefits	(47,413)	(45,742)	3.7%	(47,158)	0.5%	(39,806)	(38,606)	3.1%	(39,304)	1.3%	(8,250)	(7,531)	9.5%	(8,487)	-2.8%	643	395	633
Administrative expenses	(25,062)	(21,056)	19.0%	(26,716)	-6.2%	(20,058)	(17,506)	14.6%	(21,657)	-7.4%	(5,392)	(4,028)	33.9%	(5,916)	-8.9%	388	478	857
Banking depreciation and amortisation	(9,138)	(8,373)	9.1%	(8,982)	1.7%	(9,138)	(8,373)	9.1%	(8,982)	1.7%	-	-	-	-	-	-	-	-
Other operating expenses	(1,675)	(887)	88.8%	(1,406)	19.1%	(861)	(792)	8.7%	(1,229)	-29.9%	(814)	(95)	NMF	(177)	NMF	-	-	-
<b>Operating expenses</b>	<b>(83,288)</b>	<b>(76,058)</b>	<b>9.5%</b>	<b>(84,262)</b>	<b>-1.2%</b>	<b>(69,863)</b>	<b>(65,277)</b>	<b>7.0%</b>	<b>(71,172)</b>	<b>-1.8%</b>	<b>(14,456)</b>	<b>(11,654)</b>	<b>24.0%</b>	<b>(14,580)</b>	<b>-0.9%</b>	<b>1,031</b>	<b>873</b>	<b>1,490</b>
Operating income before cost of credit risk / EBITDA	135,972	119,595	13.7%	162,272	-16.2%	114,272	112,234	1.8%	129,976	-12.1%	23,257	10,666	118.0%	35,317	-34.1%	(1,557)	(3,305)	(3,021)
Profit from associates	1,866	(1,310)	NMF	1,938	-3.7%	-	-	-	-	-	1,866	(1,310)	NMF	1,938	-3.7%	-	-	-
Depreciation and amortization of investment business	(4,910)	(2,688)	82.7%	(4,731)	3.8%	-	-	-	-	-	(4,910)	(2,688)	82.7%	(4,731)	3.8%	-	-	-
Net foreign currency loss from investment business	(766)	3,690	NMF	(3,416)	-77.6%	-	-	-	-	-	(766)	3,690	NMF	(3,416)	-77.6%	-	-	-
Interest income from investment business	956	617	54.9%	602	58.8%	-	-	-	-	-	964	818	17.8%	957	0.7%	(8)	(201)	(355)
Interest expense from investment business	(1,382)	(2,463)	-43.9%	(3,166)	-56.3%	-	-	-	-	-	(2,947)	(5,969)	-50.6%	(6,542)	-55.0%	1,565	3,506	3,376
Operating income before cost of credit risk	131,736	117,441	12.2%	153,499	-14.2%	114,272	112,234	1.8%	129,976	-12.1%	17,464	5,207	235.4%	23,523	-25.8%	-	-	-
Impairment charge on loans to customers	(32,218)	(38,928)	-17.2%	(33,929)	-5.0%	(32,218)	(38,928)	-17.2%	(33,929)	-5.0%	-	-	-	-	-	-	-	-
Impairment charge on finance lease receivables	(513)	(119)	NMF	(215)	138.6%	(513)	(119)	NMF	(215)	138.6%	-	-	-	-	-	-	-	-
Impairment charge on other assets and provisions	(3,412)	(2,794)	22.1%	(1,878)	81.7%	(2,281)	(1,724)	32.3%	(1,086)	110.0%	(1,131)	(1,070)	5.7%	(792)	42.8%	-	-	-
<b>Cost of credit risk</b>	<b>(36,143)</b>	<b>(41,841)</b>	<b>-13.6%</b>	<b>(36,022)</b>	<b>0.3%</b>	<b>(35,012)</b>	<b>(40,771)</b>	<b>-14.1%</b>	<b>(35,230)</b>	<b>-0.6%</b>	<b>(1,131)</b>	<b>(1,070)</b>	<b>5.7%</b>	<b>(792)</b>	<b>42.8%</b>	-	-	-
Net operating income before non-recurring items	95,593	75,600	26.4%	117,477	-18.6%	79,260	71,463	10.9%	94,746	-16.3%	16,333	4,137	294.8%	22,731	-28.1%	-	-	-
Net non-recurring items	1,366	(2,447)	NMF	(6,227)	NMF	(1,419)	(2,167)	-34.5%	(2,502)	-43.3%	2,785	(280)	NMF	(3,725)	NMF	-	-	-
Profit before income tax	96,959	73,153	32.5%	111,250	-12.8%	77,841	69,296	12.3%	92,244	-15.6%	19,118	3,857	395.7%	19,006	0.6%	-	-	-
Income tax expense	(9,912)	(10,814)	-8.3%	(15,578)	-36.4%	(8,178)	(10,486)	-22.0%	(11,653)	-29.8%	(1,734)	(328)	NMF	(3,925)	-55.8%	-	-	-
<b>Profit</b>	<b>87,047</b>	<b>62,339</b>	<b>39.6%</b>	<b>95,672</b>	<b>-9.0%</b>	<b>69,663</b>	<b>58,810</b>	<b>18.5%</b>	<b>80,591</b>	<b>-13.6%</b>	<b>17,384</b>	<b>3,529</b>	<b>392.6%</b>	<b>15,081</b>	<b>15.3%</b>	-	-	-
Attributable to:																		
– shareholders of the Group	80,836	62,640	29.0%	92,287	-12.4%	68,620	58,247	17.8%	79,425	-13.6%	12,216	4,393	178.1%	12,862	-5.0%	-	-	-
– non-controlling interests	6,211	(301)	NMF	3,385	83.5%	1,043	563	85.3%	1,166	-10.5%	5,168	(864)	NMF	2,219	132.9%	-	-	-
Earnings per share (basic & diluted)	2.10	1.63	28.8%	2.42	-13.2%													

# Balance Sheet – 31 March 2016

## Balance sheet as of 31 March 2016

BALANCE SHEET <i>GEL thousands, unless otherwise noted</i>	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q	Mar-16	Mar-15	Change Y-O-Y	Dec-15	Change Q-O-Q	Mar-16	Mar-15	Dec-15
Cash and cash equivalents	1,359,219	1,000,713	35.8%	1,432,934	-5.1%	1,330,094	997,547	33.3%	1,378,459	-3.5%	288,512	110,578	160.9%	290,576	-0.7%	(259,387)	(107,412)	(236,101)
Amounts due from credit institutions	764,435	545,714	40.1%	731,365	4.5%	720,442	523,663	37.6%	721,802	-0.2%	47,936	87,478	-45.2%	15,730	204.7%	(3,943)	(65,427)	(6,167)
Investment securities	825,045	880,799	-6.3%	903,867	-8.7%	825,821	881,098	-6.3%	906,730	-8.9%	1,154	1,153	0.1%	1,153	0.1%	(1,930)	(1,452)	(4,016)
Loans to customers and finance lease receivables	5,359,718	5,156,386	3.9%	5,322,117	0.7%	5,394,565	5,248,559	2.8%	5,366,764	0.5%	-	-	-	-	-	(34,847)	(92,173)	(44,647)
Accounts receivable and other loans	84,715	73,315	15.5%	87,972	-3.7%	5,144	13,063	-60.6%	10,376	-50.4%	81,955	64,947	26.2%	82,354	-0.5%	(2,384)	(4,695)	(4,758)
Insurance premiums receivable	54,879	58,816	-6.7%	39,226	39.9%	16,567	22,337	-25.8%	19,829	-16.5%	39,347	37,205	5.8%	20,929	88.0%	(1,035)	(726)	(1,532)
Prepayments	67,633	42,748	58.2%	58,328	16.0%	24,649	24,969	-1.3%	21,033	17.2%	42,984	17,779	141.8%	37,295	15.3%	-	-	-
Inventories	125,466	113,322	10.7%	127,027	-1.2%	9,686	7,697	25.8%	9,439	2.6%	115,780	105,625	9.6%	117,588	-1.5%	-	-	-
Investment property	254,224	194,623	30.6%	246,398	3.2%	134,310	128,376	4.6%	135,453	-0.8%	119,914	66,247	81.0%	110,945	8.1%	-	-	-
Property and equipment	835,651	618,474	35.1%	794,682	5.2%	333,243	334,516	-0.4%	337,064	-1.1%	502,408	283,958	76.9%	457,618	9.8%	-	-	-
Goodwill	73,192	51,745	41.4%	72,984	0.3%	49,592	39,781	24.7%	49,592	0.0%	23,600	11,964	97.3%	23,392	0.9%	-	-	-
Intangible assets	43,074	33,443	28.8%	40,516	6.3%	37,609	31,761	18.4%	35,162	7.0%	5,465	1,682	224.9%	5,354	2.1%	-	-	-
Income tax assets	36,712	24,943	47.2%	21,550	70.4%	27,321	17,602	55.2%	16,003	70.7%	9,391	7,341	27.9%	5,547	69.3%	-	-	-
Other assets	193,626	235,012	-17.6%	236,773	-18.2%	121,012	176,982	-31.6%	163,731	-26.1%	75,515	68,096	10.9%	79,479	-5.0%	(2,901)	(10,066)	(6,437)
<b>Total assets</b>	<b>10,077,589</b>	<b>9,030,053</b>	<b>11.6%</b>	<b>10,115,739</b>	<b>-0.4%</b>	<b>9,030,055</b>	<b>8,447,951</b>	<b>6.9%</b>	<b>9,171,437</b>	<b>-1.5%</b>	<b>1,353,961</b>	<b>864,053</b>	<b>56.7%</b>	<b>1,247,960</b>	<b>8.5%</b>	<b>(306,427)</b>	<b>(281,951)</b>	<b>(303,658)</b>
Client deposits and notes	4,698,558	4,099,029	14.6%	4,751,387	-1.1%	4,962,432	4,271,854	16.2%	4,993,681	-0.6%	-	-	-	-	-	(263,874)	(172,825)	(242,294)
Amounts due to credit institutions	1,719,920	1,780,636	-3.4%	1,789,062	-3.9%	1,630,299	1,694,668	-3.8%	1,692,557	-3.7%	124,468	181,773	-31.5%	144,534	-13.9%	(34,847)	(95,805)	(48,029)
Debt securities issued	1,033,758	1,026,689	0.7%	1,039,804	-0.6%	957,474	962,587	-0.5%	961,944	-0.5%	81,116	66,964	21.1%	84,474	-4.0%	(4,832)	(2,862)	(6,614)
Accruals and deferred income	142,766	124,344	14.8%	146,852	-2.8%	25,685	20,949	22.6%	20,364	26.1%	117,081	103,395	13.2%	126,488	-7.4%	-	-	-
Insurance contracts liabilities	71,565	70,156	2.0%	55,845	28.1%	34,630	34,685	-0.2%	34,547	0.2%	36,935	35,471	4.1%	21,298	73.4%	-	-	-
Income tax liabilities	128,667	96,761	33.0%	124,395	3.4%	93,765	79,343	18.2%	89,980	4.2%	34,902	17,418	100.4%	34,415	1.4%	-	-	-
Other liabilities	131,506	132,290	-0.6%	134,756	-2.4%	47,520	99,677	-52.3%	63,073	-24.7%	86,860	43,072	101.7%	78,404	10.8%	(2,874)	(10,459)	(6,721)
<b>Total liabilities</b>	<b>7,926,740</b>	<b>7,329,905</b>	<b>8.1%</b>	<b>8,042,101</b>	<b>-1.4%</b>	<b>7,751,805</b>	<b>7,163,763</b>	<b>8.2%</b>	<b>7,856,146</b>	<b>-1.3%</b>	<b>481,362</b>	<b>448,093</b>	<b>7.4%</b>	<b>489,613</b>	<b>-1.7%</b>	<b>(306,427)</b>	<b>(281,951)</b>	<b>(303,658)</b>
Share capital	1,154	1,154	0.0%	1,154	0.0%	1,154	1,154	0.0%	1,154	0.0%	-	-	-	-	-	-	-	-
Additional paid-in capital	240,962	252,568	-4.6%	240,593	0.2%	101,467	94,886	6.9%	101,793	-0.3%	139,495	157,682	-11.5%	138,800	0.5%	-	-	-
Treasury shares	(29)	(34)	-14.7%	(44)	-34.1%	(29)	(34)	-14.7%	(44)	-34.1%	-	-	-	-	-	-	-	-
Other reserves	42,101	(30,568)	NMF	32,844	28.2%	(55,166)	(20,977)	163.0%	(63,958)	-13.7%	97,267	(9,591)	NMF	96,802	0.5%	-	-	-
Retained earnings	1,650,094	1,420,513	16.2%	1,577,050	4.6%	1,212,492	1,189,365	1.9%	1,257,415	-3.6%	437,602	231,148	89.3%	319,635	36.9%	-	-	-
Total equity attributable to shareholders of the Group	1,934,282	1,643,633	17.7%	1,851,597	4.5%	1,259,918	1,264,394	-0.4%	1,296,360	-2.8%	674,364	379,239	77.8%	555,237	21.5%	-	-	-
Non-controlling interests	216,567	56,515	283.2%	222,041	-2.5%	18,332	19,794	-7.4%	18,931	-3.2%	198,235	36,721	439.8%	203,110	-2.4%	-	-	-
<b>Total equity</b>	<b>2,150,849</b>	<b>1,700,148</b>	<b>26.5%</b>	<b>2,073,638</b>	<b>3.7%</b>	<b>1,278,250</b>	<b>1,284,188</b>	<b>-0.5%</b>	<b>1,315,291</b>	<b>-2.8%</b>	<b>872,599</b>	<b>415,960</b>	<b>109.8%</b>	<b>758,347</b>	<b>15.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and equity</b>	<b>10,077,589</b>	<b>9,030,053</b>	<b>11.6%</b>	<b>10,115,739</b>	<b>-0.4%</b>	<b>9,030,055</b>	<b>8,447,951</b>	<b>6.9%</b>	<b>9,171,437</b>	<b>-1.5%</b>	<b>1,353,961</b>	<b>864,053</b>	<b>56.7%</b>	<b>1,247,960</b>	<b>8.5%</b>	<b>(306,427)</b>	<b>(281,951)</b>	<b>(303,658)</b>
Book value per share	50.29	42.71	17.7%	48.75	3.2%													

# GHG - 1Q16 Financial Results

## Income Statement

Income Statement	Healthcare services					Medical insurance					Eliminations			Total				
	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q	1Q16	1Q15	4Q15	1Q16	1Q15	Change, Y-o-Y	4Q15	Change, Q-o-Q
GEL thousands; unless otherwise noted																		
<b>Revenue, gross</b>	<b>60,451</b>	<b>42,745</b>	<b>41.4%</b>	<b>55,481</b>	<b>9.0%</b>	<b>12,936</b>	<b>12,992</b>	<b>-0.4%</b>	<b>14,532</b>	<b>-11.0%</b>	<b>(1,705)</b>	<b>(1,862)</b>	<b>(1,293)</b>	<b>71,682</b>	<b>53,875</b>	<b>33.1%</b>	<b>68,720</b>	<b>4.3%</b>
Corrections & rebates	(410)	(957)	-57.2%	(1,086)	-62.2%	-	-	-	-	-	-	-	-	(410)	(957)	-57.2%	(1,086)	-62.2%
<b>Revenue, net</b>	<b>60,041</b>	<b>41,788</b>	<b>43.7%</b>	<b>54,395</b>	<b>10.4%</b>	<b>12,936</b>	<b>12,992</b>	<b>-0.4%</b>	<b>14,532</b>	<b>-11.0%</b>	<b>(1,705)</b>	<b>(1,862)</b>	<b>(1,293)</b>	<b>71,272</b>	<b>52,918</b>	<b>34.7%</b>	<b>67,634</b>	<b>5.4%</b>
<b>Cost of services</b>	<b>(32,998)</b>	<b>(24,273)</b>	<b>35.9%</b>	<b>(30,007)</b>	<b>10.0%</b>	<b>(11,953)</b>	<b>(10,837)</b>	<b>10.3%</b>	<b>(12,917)</b>	<b>-7.5%</b>	<b>1,694</b>	<b>1,771</b>	<b>1,306</b>	<b>(43,257)</b>	<b>(33,339)</b>	<b>29.7%</b>	<b>(41,618)</b>	<b>3.9%</b>
Cost of salaries and other employee benefits	(19,752)	(15,092)	30.9%	(18,256)	8.2%	-	-	-	-	-	565	675	449	(19,187)	(14,417)	33.1%	(17,807)	7.7%
Cost of materials and supplies	(9,613)	(6,482)	48.3%	(8,871)	8.4%	-	-	-	-	-	275	290	240	(9,338)	(6,192)	50.8%	(8,631)	8.2%
Cost of medical service providers	(428)	(468)	-8.5%	(593)	-27.9%	-	-	-	-	-	12	21	13	(416)	(447)	-6.9%	(580)	-28.3%
Cost of utilities and other	(3,205)	(2,231)	43.7%	(2,287)	40.1%	-	-	-	-	-	92	100	60	(3,113)	(2,131)	46.1%	(2,227)	39.8%
Net insurance claims incurred	-	-	-	-	-	(11,953)	(10,837)	10.3%	(12,917)	-7.5%	750	685	544	(11,203)	(10,152)	10.4%	(12,373)	-9.5%
<b>Gross profit</b>	<b>27,043</b>	<b>17,515</b>	<b>54.4%</b>	<b>24,388</b>	<b>10.9%</b>	<b>983</b>	<b>2,155</b>	<b>-54.4%</b>	<b>1,615</b>	<b>-39.1%</b>	<b>(11)</b>	<b>(91)</b>	<b>13</b>	<b>28,015</b>	<b>19,579</b>	<b>43.1%</b>	<b>26,016</b>	<b>7.7%</b>
Salaries and other employee benefits	(6,115)	(5,314)	15.1%	(6,178)	-1.0%	(819)	(1,036)	-20.9%	(636)	28.8%	11	91	4	(6,923)	(6,259)	10.6%	(6,810)	1.7%
General and administrative expenses	(2,483)	(1,778)	39.7%	(2,219)	11.9%	(719)	(621)	15.8%	(839)	-14.3%	-	-	-	(3,202)	(2,399)	33.5%	(3,058)	4.7%
Impairment of healthcare services, insurance premiums and other receivables	(858)	(831)	3.2%	(460)	86.5%	(122)	(103)	18.4%	(152)	-19.7%	-	-	-	(980)	(934)	4.9%	(612)	60.1%
Other operating income	241	78	209.0%	1,008	-76.1%	(21)	47	NMF	(5)	320.0%	-	-	(17)	220	125	76.0%	986	-77.7%
<b>EBITDA</b>	<b>17,828</b>	<b>9,670</b>	<b>84.4%</b>	<b>16,539</b>	<b>7.8%</b>	<b>(699)</b>	<b>442</b>	<b>NMF</b>	<b>(17)</b>	<b>NMF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,129</b>	<b>10,112</b>	<b>69.4%</b>	<b>16,522</b>	<b>3.7%</b>
<b>EBITDA margin</b>	<b>29.5%</b>	<b>22.6%</b>		<b>29.8%</b>		<b>-5.4%</b>	<b>3.4%</b>		<b>-0.1%</b>				<b>23.9%</b>	<b>18.8%</b>		<b>24.0%</b>		
Depreciation and amortisation	(4,261)	(2,186)	94.9%	(4,046)	5.3%	(204)	(136)	50.0%	(249)	-18.0%	-	-	-	(4,465)	(2,322)	92.3%	(4,295)	4.0%
Net interest (expense) / income	(2,259)	(4,073)	-44.5%	(5,535)	-59.2%	603	(28)	NMF	158	282.4%	-	-	-	(1,656)	(4,101)	-59.6%	(5,377)	-69.2%
Net (losses) / gains from foreign currencies	(411)	2,907	NMF	(1,586)	-74.1%	151	497	-69.6%	(6)	NMF	-	-	-	(260)	3,404	NMF	(1,592)	-83.7%
Net non-recurring (expense) / income	1,968	(211)	NMF	484	306.3%	-	-	-	(676)	NMF	-	-	-	1,968	(211)	NMF	(192)	NMF
<b>Profit before income tax expense</b>	<b>12,865</b>	<b>6,107</b>	<b>110.7%</b>	<b>5,856</b>	<b>119.7%</b>	<b>(149)</b>	<b>775</b>	<b>NMF</b>	<b>(790)</b>	<b>-81.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,716</b>	<b>6,882</b>	<b>84.8%</b>	<b>5,066</b>	<b>151.0%</b>
Income tax (expense) / benefit	(712)	(491)	45.0%	(206)	245.1%	19	(116)	NMF	192	-90.1%	-	-	-	(693)	(607)	14.2%	(14)	NMF
<b>Profit for the period</b>	<b>12,153</b>	<b>5,616</b>	<b>116.4%</b>	<b>5,650</b>	<b>115.1%</b>	<b>(130)</b>	<b>659</b>	<b>NMF</b>	<b>(598)</b>	<b>-78.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,023</b>	<b>6,275</b>	<b>91.6%</b>	<b>5,052</b>	<b>138.0%</b>
<b>Attributable to:</b>																		
- shareholders of the Company	10,051	5,073	98.1%	4,421	127.3%	(130)	659	NMF	(598)	-78.3%	-	-	-	9,921	5,732	73.1%	3,823	159.5%
- non-controlling interests	2,102	543	287.1%	1,229	71.0%	-	-	-	-	-	-	-	-	2,102	543	287.1%	1,229	71.0%

# BNB – 1Q16 financial information

## Belarusky Narodny Bank (BNB)

<b>Income Statement</b>	<b>1Q16</b>	<b>1Q15</b>	<b>Change Y-O-Y %</b>	<b>4Q15</b>	<b>Change Q-O-Q %</b>
<i>GEL thousands, unless otherwise stated</i>					
Net banking interest income	7,903	7,429	6.4%	7,590	4.1%
Net fee and commission income	1,862	2,217	-16.0%	2,133	-12.7%
Net banking foreign currency gain	2,481	5,017	-50.5%	2,011	23.4%
Net other banking income	167	97	72.2%	1,776	-90.6%
<b>Revenue</b>	<b>12,413</b>	<b>14,760</b>	<b>-15.9%</b>	<b>13,510</b>	<b>-8.1%</b>
<b>Operating expenses</b>	<b>(4,490)</b>	<b>(4,254)</b>	<b>5.5%</b>	<b>(6,068)</b>	<b>-26.0%</b>
Operating income before cost of credit risk	7,923	10,506	-24.6%	7,442	6.5%
<b>Cost of credit risk</b>	<b>(2,516)</b>	<b>(4,645)</b>	<b>-45.8%</b>	<b>(7,651)</b>	<b>-67.1%</b>
Net non-recurring items	(3)	(1,098)	-99.7%	3,217	NMF
Profit before income tax	5,404	4,763	13.5%	3,008	79.7%
Income tax (expense) benefit	(1,144)	(1,427)	-19.8%	1,801	NMF
<b>Profit</b>	<b>4,260</b>	<b>3,336</b>	<b>27.7%</b>	<b>4,809</b>	<b>-11.4%</b>

<b>Statement of Financial Position</b>	<b>Mar-16</b>	<b>Mar-15</b>	<b>Change %</b>	<b>Dec-15</b>	<b>Change %</b>
Cash and cash equivalents	93,904	64,043	46.6%	109,758	-14.4%
Amounts due from credit institutions	3,986	3,575	11.5%	3,906	2.0%
Loans to customers and finance lease receivables	319,740	297,803	7.4%	320,114	-0.1%
Other assets	49,825	68,017	-26.7%	41,705	19.5%
<b>Total assets</b>	<b>467,455</b>	<b>433,438</b>	<b>7.8%</b>	<b>475,483</b>	<b>-1.7%</b>
Client deposits and notes	230,848	233,658	-1.2%	277,642	-16.9%
Amounts due to credit institutions	139,801	110,730	26.3%	115,643	20.9%
Debt securities issued	15,906	-	-	-	-
Other liabilities	5,409	7,816	-30.8%	4,685	15.5%
<b>Total liabilities</b>	<b>391,964</b>	<b>352,204</b>	<b>11.3%</b>	<b>397,970</b>	<b>-1.5%</b>
Total equity attributable to shareholders of the Group	62,908	67,452	-6.7%	64,505	-2.5%
Non-controlling interests	12,583	13,782	-8.7%	13,008	-3.3%
<b>Total equity</b>	<b>75,491</b>	<b>81,234</b>	<b>-7.1%</b>	<b>77,513</b>	<b>-2.6%</b>
Total liabilities and equity	467,455	433,438	7.8%	475,483	-1.7%

# P&C Insurance (Aldagi) – 1Q16 financial information

## P&C Insurance (Aldagi)

Income statement	1Q16	1Q15	Change Y-O-Y %	4Q15	Change Q-O-Q %
Net banking interest income	725	546	32.8%	590	22.9%
Net fee and commission income	100	71	40.8%	87	14.9%
Net banking foreign currency gain (loss)	(47)	528	NMF	(126)	-62.7%
Net other banking income	131	297	-55.9%	351	-62.7%
Gross insurance profit	5,665	5,607	1.0%	5,423	4.5%
<b>Revenue</b>	<b>6,574</b>	<b>7,049</b>	<b>-6.7%</b>	<b>6,325</b>	<b>3.9%</b>
<b>Operating expenses</b>	<b>(2,767)</b>	<b>(2,970)</b>	<b>-6.8%</b>	<b>(2,746)</b>	<b>0.8%</b>
Operating income before cost of credit risk	3,807	4,079	-6.7%	3,579	6.4%
<b>Cost of credit risk</b>	<b>(173)</b>	<b>(95)</b>	<b>82.1%</b>	<b>(244)</b>	<b>-29.1%</b>
Net non-recurring items	-	-	-	(701)	-100.0%
Profit before income tax	3,634	3,984	-8.8%	2,634	38.0%
Income tax (expense) benefit	(545)	388	NMF	(467)	16.7%
<b>Profit</b>	<b>3,089</b>	<b>4,372</b>	<b>-29.3%</b>	<b>2,167</b>	<b>42.5%</b>

# Key ratios and operating data

## Banking Business Key ratios

	1Q16	1Q15	4Q15
<b>Profitability</b>			
ROAA, Annualised	3.0%	3.0%	3.5%
ROAE, Annualised	21.2%	19.1%	25.1%
RB ROAE	24.3%	21.7%	27.9%
CIB ROAE	17.6%	15.1%	21.3%
Net Interest Margin, Annualised	7.5%	7.8%	7.6%
RB NIM	9.2%	9.7%	9.6%
CIB NIM	3.7%	4.2%	3.8%
Loan Yield, Annualised	14.4%	14.6%	14.8%
RB Loan Yield	17.4%	17.3%	17.9%
CIB Loan Yield	10.3%	11.8%	12.6%
Liquid assets yield, Annualised	3.1%	3.2%	3.3%
Cost of Funds, Annualised	5.0%	5.0%	5.1%
Cost of Client Deposits and Notes, annualised	4.3%	4.4%	4.4%
RB Cost of Client Deposits and Notes	3.5%	4.4%	3.5%
CIB Cost of Client Deposits and Notes	4.5%	3.9%	4.6%
Cost of Amounts Due to Credit Institutions, annualised	6.0%	5.2%	5.9%
Cost of Debt Securities Issued	7.2%	7.1%	6.8%
Operating Leverage, Y-O-Y	-3.3%	17.1%	10.4%
Operating Leverage, Q-O-Q	-6.6%	5.0%	-1.7%
<b>Efficiency</b>			
Cost / Income	37.9%	36.8%	35.4%
RB Cost / Income	43.3%	43.7%	40.4%
CIB Cost / Income	27.0%	24.7%	23.6%
<b>Liquidity</b>			
NBG Liquidity Ratio	47.3%	34.7%	46.2%
Liquid Assets To Total Liabilities	37.1%	33.5%	38.3%
Net Loans To Client Deposits and Notes	108.7%	122.9%	107.5%
Net Loans To Client Deposits and Notes + DFIs	91.6%	105.2%	90.8%
Leverage (Times)	6.1	5.6	6.0
<b>Asset Quality:</b>			
NPLs (in GEL)	251,959	187,129	241,142
NPLs To Gross Loans To Clients	4.5%	3.5%	4.3%
NPL Coverage Ratio	86.0%	73.2%	83.4%
NPL Coverage Ratio, Adjusted for discounted value of collateral	122.6%	112.2%	120.6%
Cost of Risk, Annualised	2.3%	3.1%	2.4%
RB Cost of Risk	2.5%	2.4%	2.1%
CIB Cost of Risk	2.1%	3.4%	1.8%
<b>Capital Adequacy:</b>			
New NBG (Basel 2/3) Tier 1 Capital Adequacy Ratio	10.1%	9.8%	10.9%
New NBG (Basel 2/3) Total Capital Adequacy Ratio	15.8%	12.9%	16.7%
Old NBG Tier 1 Capital Adequacy Ratio	10.7%	14.2%	9.3%
Old NBG Total Capital Adequacy Ratio	16.3%	12.9%	16.9%
<b>Selected Operating Data:</b>			
Total Assets Per FTE, BOG Standalone	1,972	2,224	2,028
Number Of Active Branches, Of Which:	266	219	266
- Express Branches (including Metro)	114	84	114
- Bank of Georgia Branches	144	135	144
- Solo Lounges	8	-	8
Number Of ATMs	753	554	746
<b>Number Of Cards Outstanding, Of Which:</b>	1,943,175	1,204,662	1,958,377
- Debit cards	1,171,454	1,088,878	1,204,103
- Credit cards	771,721	115,784	754,274
Number Of POS Terminals	8,175	6,537	8,102

## Selected Operating Data:

	1Q16	1Q15	4Q15
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- Credit cards	771,721	115,784	754,274
Number Of POS Terminals	8,175	6,537	8,102

## Group Employee Data

	1Q16	1Q15	4Q15
Full Time Employees, Group, Of Which:	16,086	14,737	15,955
- Full Time Employees, BOG Standalone	4,580	3,799	4,523
- Full Time Employees, Georgia Healthcare Group	9,675	8,177	9,649
- Full Time Employees, m2	59	57	58
- Full Time Employees, Aldagi	259	262	251
- Full Time Employees, BNB	562	480	540
- Full Time Employees, Other	951	1,962	934

## Shares Outstanding

	1Q16	1Q15	4Q15
Ordinary Shares Outstanding	38,523,409	38,479,900	37,978,568
Treasury Shares Outstanding	976,911	1,020,420	1,521,752

## Risk Weighted Assets breakdown

	Risk Weighted Assets			Change	
	31-Mar-16	31-Dec-15	31-Mar-15	Y-O-Y, %	Q-O-Q, %
GEL thousands					
Credit risk weighting	5,843,131	5,938,257	5,517,105	5.9%	-1.6%
FX induced credit risk (market risk)	1,711,883	1,800,287	1,810,010	-5.4%	-4.9%
Operational risk weighting	739,547	624,825	624,825	18.4%	18.4%
Total RWA under NBG Basel 2/3	8,294,561	8,363,369	7,951,940	4.3%	-0.8%

# Notes to key ratios

- 1 Return on average total assets (ROAA) equals Profit for the period divided by monthly average total assets for the same period;
- 2 Return on average total equity (ROAE) equals Profit for the period attributable to shareholders of BGEO divided by monthly average equity attributable to shareholders of BGEO for the same period;
- 3 Net Interest Margin equals Net Banking Interest Income of the period divided by monthly Average Interest Earning Assets Excluding Cash for the same period; Interest Earning Assets Excluding Cash comprise: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares) and net Loans To Customers And Finance Lease Receivables;
- 4 Loan Yield equals Banking Interest Income From Loans To Customers And Finance Lease Receivables divided by monthly Average Gross Loans To Customers And Finance Lease Receivables;
- 5 Cost of Funds equals banking interest expense of the period divided by monthly average interest bearing liabilities; interest bearing liabilities include: amounts due to credit institutions, client deposits and notes and debt securities issued;
- 6 Operating Leverage equals percentage change in revenue less percentage change in operating expenses;
- 7 Cost / Income Ratio equals operating expenses divided by revenue;
- 8 Daily average liquid assets (as defined by NBG) during the month divided by daily average liabilities (as defined by NBG) during the month;
- 9 Liquid assets include: cash and cash equivalents, amounts due from credit institutions and investment securities;
- 10 Leverage (Times) equals total liabilities divided by total equity;
- 11 NPL Coverage Ratio equals allowance for impairment of loans and finance lease receivables divided by NPLs;
- 12 NPL Coverage Ratio adjusted for discounted value of collateral equals allowance for impairment of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for impairment)
- 13 Cost of Risk equals impairment charge for loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period;
- 14 New NBG (Basel 2/3) Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 15 New NBG (Basel 2/3) Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 16 Old NBG Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 17 Old NBG Total Capital Adequacy ratio equals total capital divided by total risk weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 18 NMF – Not meaningful
- 19 Constant currency basis – changes assuming constant exchange rate

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# BGEO Group – *Company information*

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## **Registered Address**

84 Brook Street  
London W1K 5EH  
United Kingdom  
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"

## **Contact Information**

BGEO Group Investor Relations  
Telephone: +44 (0) 20 3178 4052  
E-mail: [ir@bog.ge](mailto:ir@bog.ge)  
www.bgeo.com

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF  
United Kingdom

## **Registrar**

Computershare Investor Services PLC  
The Pavilions  
Bridgewater Road  
Bristol BS13 8AE  
United Kingdom

Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

Investor Centre Web Address - [www.investorcentre.co.uk](http://www.investorcentre.co.uk)  
Investor Centre Shareholder Helpline - +44 (0)370 873 5866

## **Share price information**

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