



Capturing Growth Opportunities

Investor Presentation: 2Q16 & 1H16 results

Disclaimer

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 – Capital allocation, as of 30 June 2016

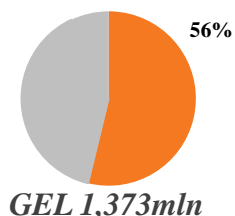


Data as of 30 June, 2016
unless otherwise stated

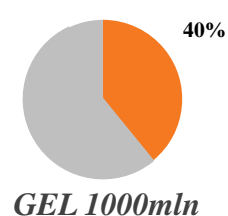
GEL 2,462mln¹

At a glance

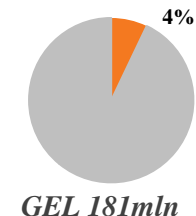
Banking Business



Investment Business



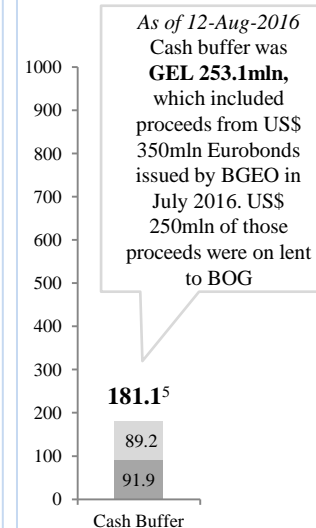
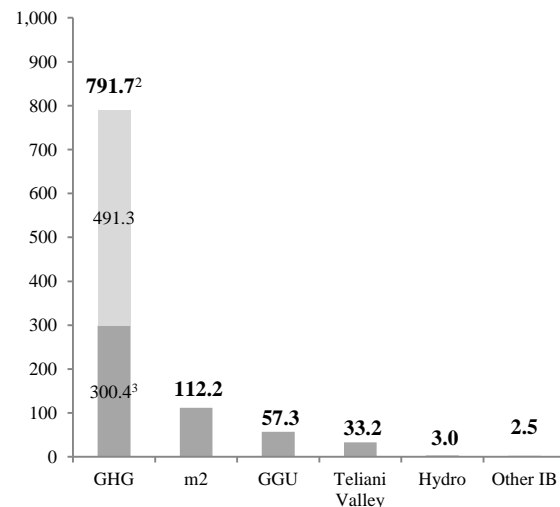
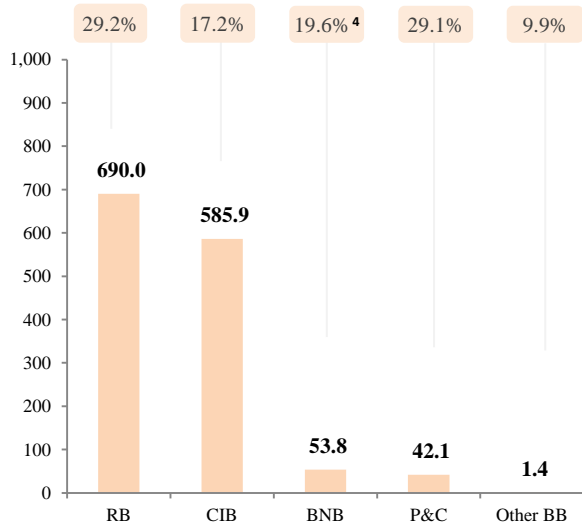
Cash buffer⁵



Capital allocation

2Q ROAE

Amount (GEL, mln)



1) Adjusted shareholder equity based on GHG market value

2) GHG market value as of August 8, 2016

3) GHG Equity attributable to shareholders of the BGEO Group

4) Adjusted for deferred tax correction

5) Total cash buffer of GEL 181.1mln of which GEL 91.9mln earmarked for dividend payment in July 2016 and GEL 89mln is capital cash

BGEO – Profit contribution, 1H 2016



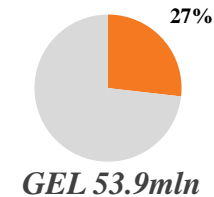
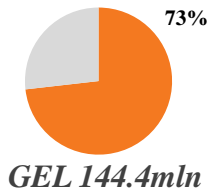
Data as of 30 June, 2016
unless otherwise stated

At a glance

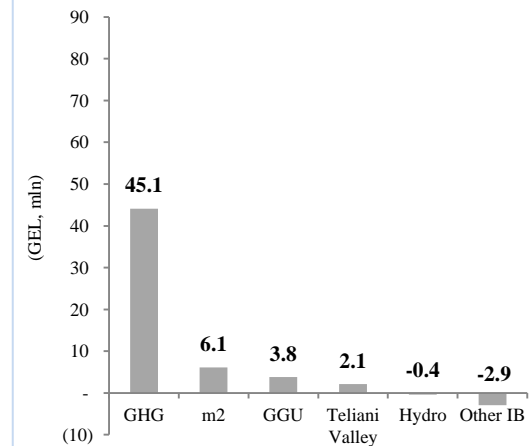
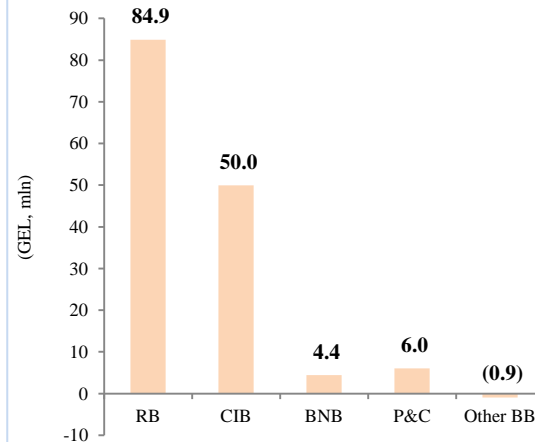
GEL 198.3mln

Banking Business

Investment Business



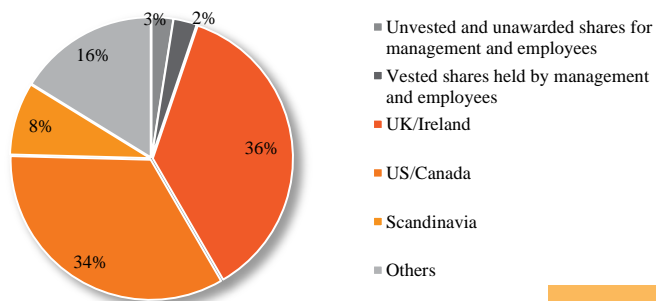
Profit
breakdown
by
businesses



BGEO – Shareholder structure and share price

BGEO shareholder structure

As of 30 June 2016



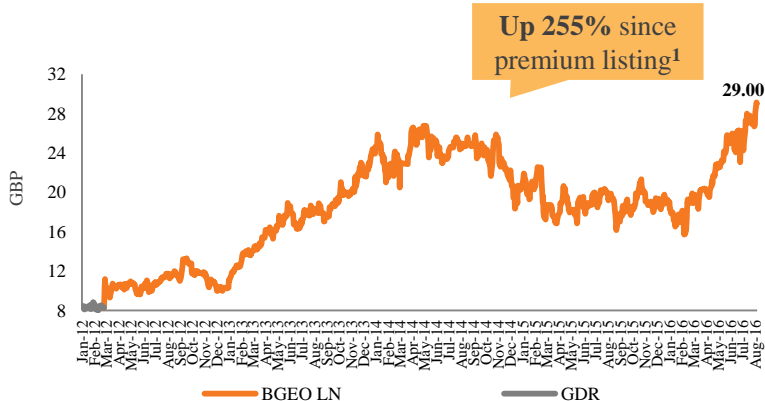
BGEO top shareholders

As of 30 June 2016

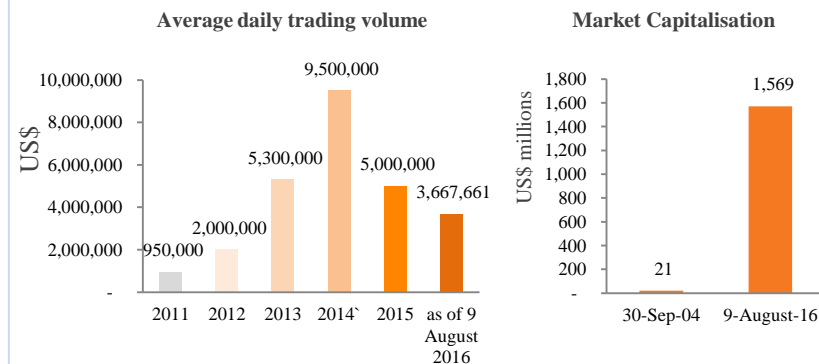
| Rank | Shareholder name | Ownership % |
|------|---------------------------------|-------------|
| 1 | Harding Loevner Management LP | 9.68 |
| 2 | Schroders Investment Management | 6.52 |
| 3 | Artemis Investment Management | 3.96 |
| 4 | Westwood International Advisors | 3.73 |

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 capitalisation²



4x20 strategy

We are a Georgia Focused Banking Group with an Investment Arm

Banking Business

1

ROE
c.20%

| <u>ROAE</u> | <u>2Q16</u> | <u>1H16</u> |
|-------------------------|--------------|--------------|
| <i>RB</i> | 29.2% | 26.6% |
| <i>CIB</i> | 17.2% | 17.4% |
| Banking Business | 22.5% | 21.7% |

2

Retail loan book growth
c.20%

18.1% y-o-y growth in 2Q16

Investment Business

3

Min. IRR
of 20%

121% IRR from GHG IPO

65% IRR from m2 Real Estate projects

4

Profit up to
20%

| <u>Investment business profit¹</u> | <u>2Q16</u> | <u>1H16</u> |
|---|-------------|-------------|
| Profit (GEL mln) | 11.0 | 26.0 |
| Share in BGEO Group profit | 12.8% | 15.2% |

Dividends

- **Ordinary dividends:** linked to recurring profit from banking business

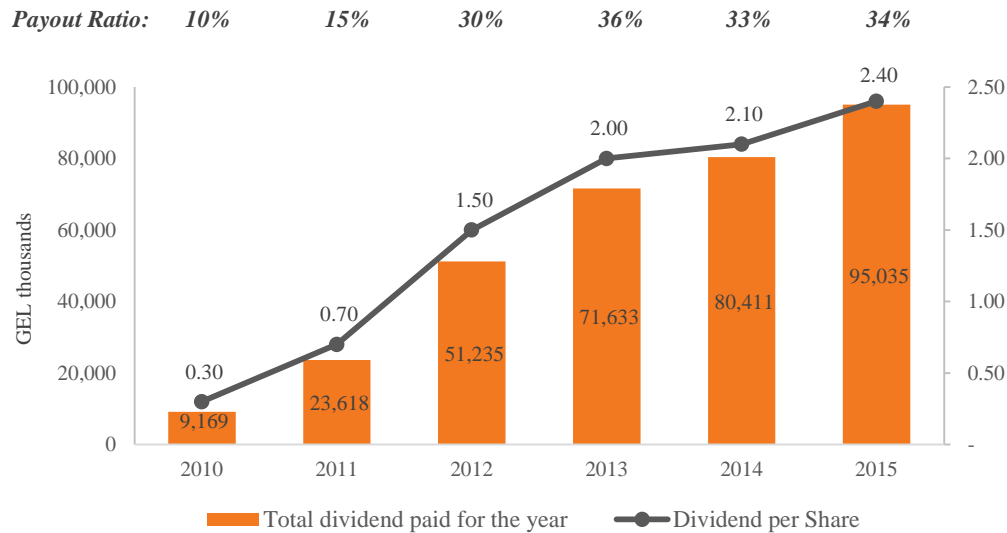
- **Capital Return:** Aiming for at least 3 capital returns within 5 years (2015-2019 period)
- Aiming for Capital Return to represent at least 50% of regular dividend paid from banking business within 2015-2019 period

Solid regular dividend and capital return track record

Regular dividends

Regular dividends: GEL 331.1mln cash dividend paid since 2010

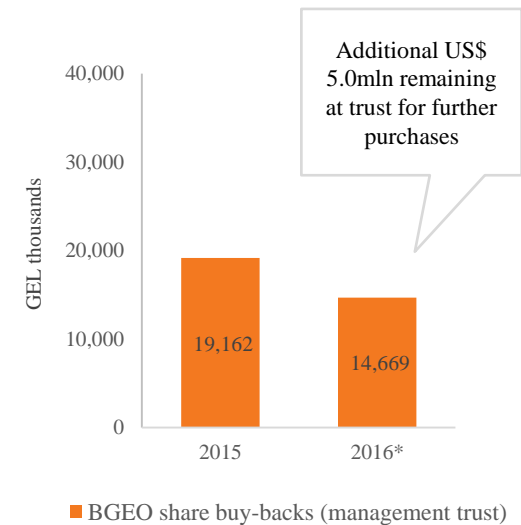
DPS CAGR'10-15: 51.6%



Capital return

Capital return: GEL 33.8mln share buy-backs since 2015

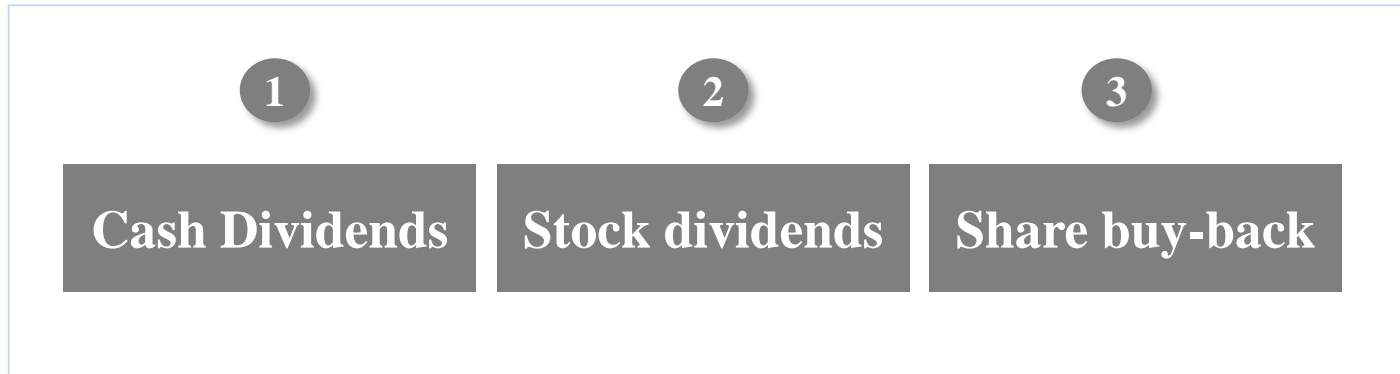
Crystallised value: BGEO holds GEL 785.1mln worth of GHG shares¹



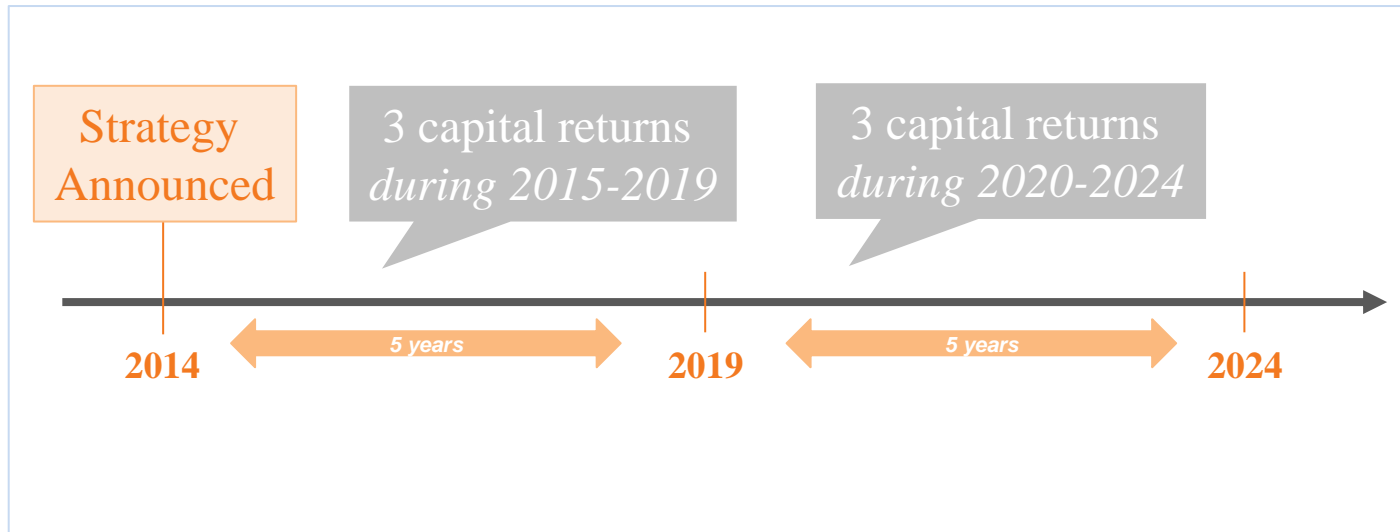
* Data for January-July 2016

Capital Returns: 3-forms, 5-year cycle

3-forms of capital return



5-year cycle for capital return



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 – Robust corporate governance compliant with UK Corporate Governance Code

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, formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland



Avto Namicheishvili, Deputy CEO, Group Legal Counsel; 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, 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; 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; 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; 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



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 <i>GEL thousands unless otherwise noted</i> | BGEO Consolidated | | | | | Banking Business | | | | | Investment Business | | | | |
|---|-------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|
| | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q |
| Net banking interest income | 128,527 | 122,789 | 4.7% | 128,852 | -0.3% | 129,522 | 126,403 | 2.5% | 130,219 | -0.5% | - | - | - | - | - |
| Net fee and commission income | 29,343 | 29,121 | 0.8% | 27,814 | 5.5% | 29,639 | 30,172 | -1.8% | 28,015 | 5.8% | - | - | - | - | - |
| Net banking foreign currency gain | 15,506 | 19,765 | -21.5% | 17,390 | -10.8% | 15,506 | 19,765 | -21.5% | 17,390 | -10.8% | - | - | - | - | - |
| Net other banking income | 2,630 | 2,481 | 6.0% | 2,867 | -8.3% | 2,824 | 2,810 | 0.5% | 3,168 | -10.9% | - | - | - | - | - |
| Gross insurance profit | 8,409 | 5,817 | 44.6% | 6,416 | 31.1% | 6,496 | 3,473 | 87.0% | 5,343 | 21.6% | 2,565 | 2,799 | -8.4% | 1,723 | 48.9% |
| Gross healthcare profit | 25,199 | 18,099 | 39.2% | 26,291 | -4.2% | - | - | - | - | - | 25,199 | 18,099 | 39.2% | 26,291 | -4.2% |
| Gross real estate profit | 2,466 | (41) | NMF | 6,024 | -59.1% | - | - | - | - | - | 2,466 | (41) | NMF | 6,024 | -59.1% |
| Gross other investment profit | 8,437 | 4,734 | 78.2% | 3,606 | 134.0% | - | - | - | - | - | 8,445 | 4,709 | 79.3% | 3,675 | 129.8% |
| Revenue | 220,517 | 202,765 | 8.8% | 219,260 | 0.6% | 183,987 | 182,623 | 0.7% | 184,135 | -0.1% | 38,675 | 25,566 | 51.3% | 37,713 | 2.6% |
| Operating expenses | (88,684) | (76,848) | 15.4% | (83,288) | 6.5% | (69,919) | (65,244) | 7.2% | (69,863) | 0.1% | (19,777) | (12,381) | 59.7% | (14,456) | 36.8% |
| Operating income before cost of credit risk / EBITDA | 131,833 | 125,917 | 4.7% | 135,972 | -3.0% | 114,068 | 117,379 | -2.8% | 114,272 | -0.2% | 18,898 | 13,185 | 43.3% | 23,257 | -18.7% |
| Profit from associates | 1,952 | 1,979 | -1.4% | 1,866 | 4.6% | - | - | - | - | - | 1,952 | 1,979 | -1.4% | 1,866 | 4.6% |
| Depreciation and amortization of investment business | (4,775) | (2,579) | 85.1% | (4,910) | -2.7% | - | - | - | - | - | (4,775) | (2,579) | 85.1% | (4,910) | -2.7% |
| Net foreign currency gain (loss) from investment business | (1,597) | 2,689 | NMF | (766) | 108.5% | - | - | - | - | - | (1,597) | 2,689 | NMF | (766) | 108.5% |
| Interest income from investment business | (283) | 622 | NMF | 956 | NMF | - | - | - | - | - | 60 | 844 | -92.9% | 964 | -93.8% |
| Interest expense from investment business | (2,497) | (2,632) | -5.1% | (1,382) | 80.7% | - | - | - | - | - | (3,971) | (7,501) | -47.1% | (2,947) | 34.7% |
| Operating income before cost of credit risk | 124,633 | 125,996 | -1.1% | 131,736 | -5.4% | - | - | - | - | - | 10,567 | 8,617 | 22.6% | 17,464 | -39.5% |
| Cost of credit risk | (29,387) | (41,867) | -29.8% | (36,143) | -18.7% | (28,151) | (40,764) | -30.9% | (35,012) | -19.6% | (1,236) | (1,103) | 12.1% | (1,131) | 9.3% |
| Profit | 111,237 | 72,030 | 54.4% | 87,047 | 27.8% | 74,706 | 61,453 | 21.6% | 69,663 | 7.2% | 36,533 | 10,577 | 245.4% | 17,384 | 110.2% |
| Earning per share (basic) | 2.45 | 1.84 | 33.2% | 2.10 | 16.7% | 1.91 | 1.59 | 19.9% | 1.78 | 6.9% | 0.54 | 0.25 | 116.9% | 0.32 | 71.7% |

BGEO – P&L results highlights

Half-year P&L

| INCOME STATEMENT | BGEO Consolidated | | | Banking Business | | | Investment Business | | |
|---|-------------------|------------------|-----------------|------------------|------------------|-----------------|---------------------|-----------------|-----------------|
| | 1H16 | 1H15 | Change Y-O-Y | 1H16 | 1H15 | Change Y-O-Y | 1H16 | 1H15 | Change Y-O-Y |
| <i>GEL thousands unless otherwise noted</i> | | | | | | | | | |
| Net banking interest income | 257,380 | 243,778 | 5.6% | 259,742 | 249,461 | 4.1% | - | - | - |
| Net fee and commission income | 57,157 | 55,975 | 2.1% | 57,654 | 58,262 | -1.0% | - | - | - |
| Net banking foreign currency gain | 32,896 | 38,727 | -15.1% | 32,896 | 38,727 | -15.1% | - | - | - |
| Net other banking income | 5,497 | 4,272 | 28.7% | 5,992 | 4,906 | 22.1% | - | - | - |
| Gross insurance profit | 14,825 | 13,391 | 10.7% | 11,838 | 8,777 | 34.9% | 4,289 | 5,492 | -21.9% |
| Gross healthcare profit | 51,490 | 34,975 | 47.2% | - | - | - | 51,490 | 34,975 | 47.2% |
| Gross real estate profit | 8,489 | 1,168 | 626.8% | - | - | - | 8,489 | 1,168 | 626.8% |
| Gross other investment profit | 12,043 | 6,133 | 96.4% | - | - | - | 12,120 | 6,253 | 93.8% |
| Revenue | 439,777 | 398,419 | 10.4% | 368,122 | 360,133 | 2.2% | 76,388 | 47,888 | 59.5% |
| Operating expenses | (171,971) | (152,908) | 12.5% | (139,782) | (130,520) | 7.1% | (34,232) | (24,038) | 42.4% |
| Operating income before cost of credit risk / EBITDA | 267,806 | 245,511 | 9.1% | 228,340 | 229,613 | -0.6% | 42,156 | 23,850 | 76.8% |
| Profit from associates | 3,818 | 668 | NMF | - | - | - | 3,818 | 668 | NMF |
| Depreciation and amortization of investment business | (9,685) | (5,266) | 83.9% | - | - | - | (9,685) | (5,266) | 83.9% |
| Net foreign currency gain (loss) from investment business | (2,363) | 6,379 | NMF | - | - | - | (2,363) | 6,379 | NMF |
| Interest income from investment business | 673 | 1,239 | -45.7% | - | - | - | 1,024 | 1,662 | -38.4% |
| Interest expense from investment business | (3,880) | (5,094) | -23.8% | - | - | - | (6,919) | (13,469) | -48.6% |
| Cost of credit risk | (65,529) | (83,708) | -21.7% | (63,162) | (81,536) | -22.5% | (2,367) | (2,172) | 9.0% |
| Profit | 198,284 | 134,369 | 47.6% | 144,369 | 120,264 | 20.0% | 53,917 | 14,105 | 282.3% |
| Earnings per share (basic) | 4.55 | 3.47 | 31.1% | 3.69 | 3.10 | 18.8% | 0.86 | 0.37 | 136.0% |

BGEO – Balance sheet highlights

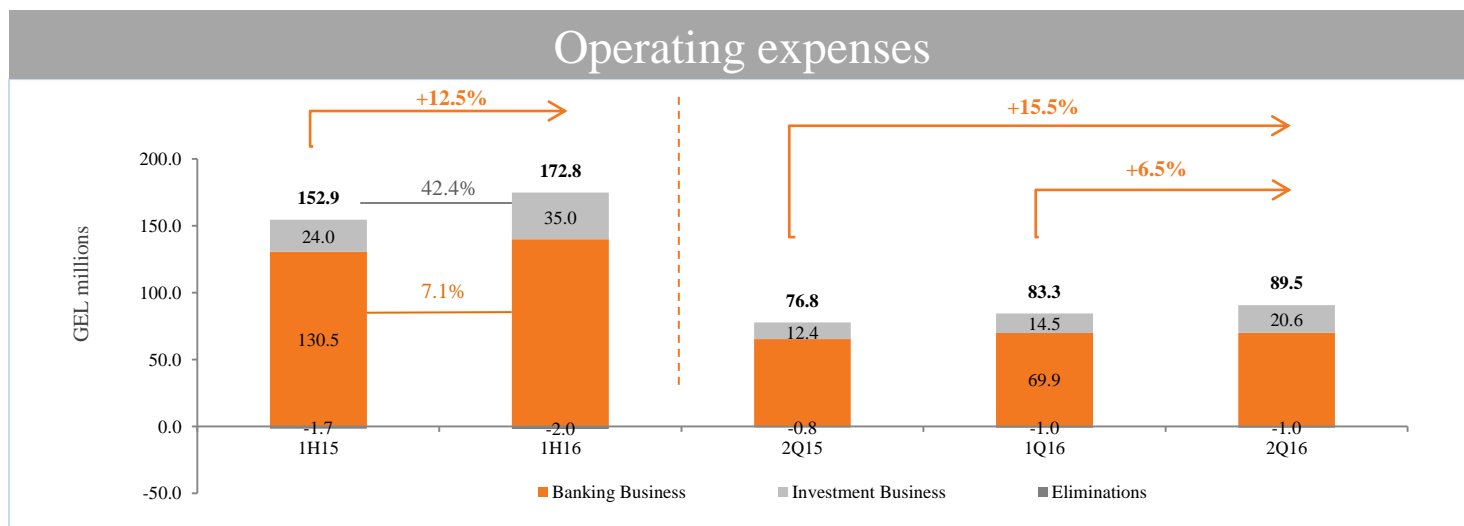
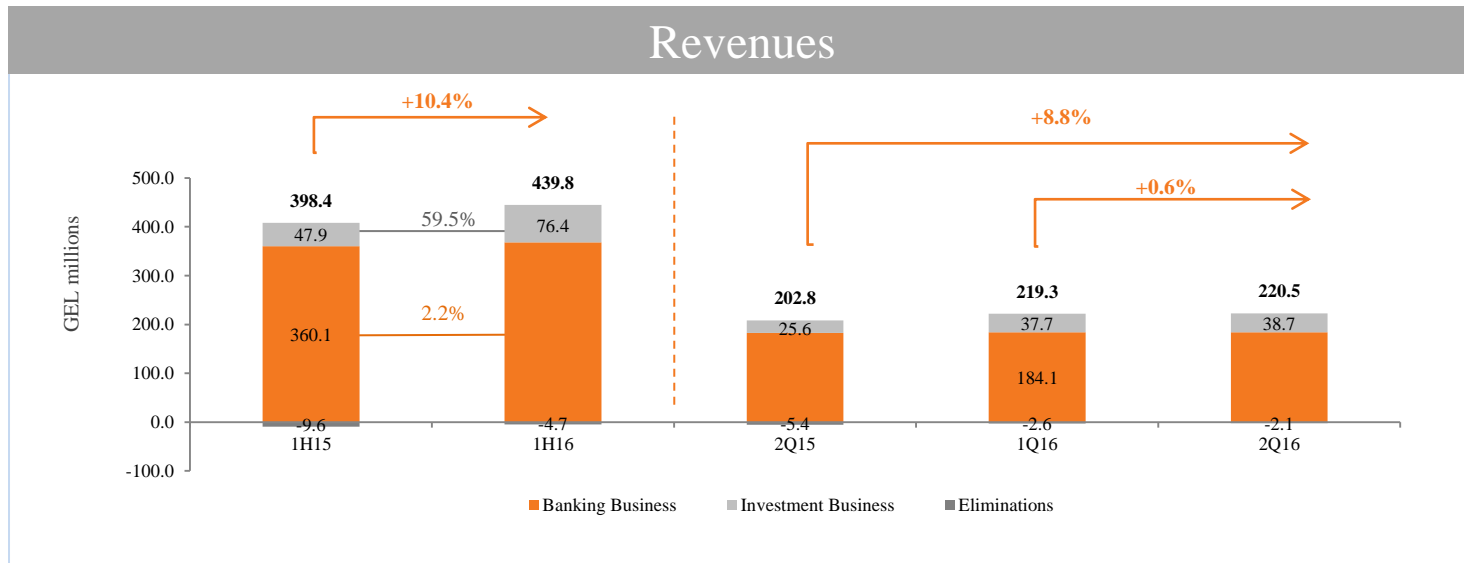
Balance Sheet

| BALANCE SHEET | BGEO Consolidated | | | | | Banking Business | | | | | Investment Business | | | | |
|--|-------------------|------------------|--------------|-------------------|-------------|------------------|------------------|--------------|------------------|-------------|---------------------|----------------|--------------|------------------|--------------|
| | Jun-16 | Jun-15 | Change | Mar-16 | Change | Jun-16 | Jun-15 | Change | Mar-16 | Change | Jun-16 | Jun-15 | Change | Mar-16 | Change |
| | | | Y-O-Y | | Q-O-Q | | | Y-O-Y | | Q-O-Q | | | Y-O-Y | | Q-O-Q |
| GEL thousands unless otherwise noted | | | | | | | | | | | | | | | |
| Liquid assets | 2,925,345 | 2,741,533 | 6.7% | 2,948,699 | -0.8% | 2,887,978 | 2,726,749 | 5.9% | 2,876,357 | 0.4% | 277,116 | 127,508 | 117.3% | 337,602 | -17.9% |
| Loans to customers and finance lease receivables | 5,469,120 | 5,052,752 | 8.2% | 5,359,718 | 2.0% | 5,507,414 | 5,142,221 | 7.1% | 5,394,565 | 2.1% | - | - | 0.0% | - | 0.0% |
| Total assets | 10,323,223 | 9,375,059 | 10.1% | 10,077,589 | 2.4% | 9,171,034 | 8,712,710 | 5.3% | 9,030,055 | 1.6% | 1,437,232 | 883,373 | 62.7% | 1,353,961 | 6.2% |
| Client deposits and notes | 4,554,012 | 4,104,417 | 11.0% | 4,698,558 | -3.1% | 4,791,979 | 4,212,822 | 13.7% | 4,962,432 | -3.4% | - | - | 0.0% | - | 0.0% |
| Amounts due to credit institutions | 1,892,437 | 2,139,517 | -11.5% | 1,719,920 | 10.0% | 1,766,999 | 2,045,093 | -13.6% | 1,630,299 | 8.4% | 163,730 | 189,124 | -13.4% | 124,468 | 31.5% |
| Debt securities issued | 1,065,516 | 1,063,123 | 0.2% | 1,033,758 | 3.1% | 990,370 | 990,257 | 0.0% | 957,474 | 3.4% | 81,088 | 79,894 | 1.5% | 81,116 | 0.0% |
| Total liabilities | 8,113,842 | 7,719,116 | 5.1% | 7,926,740 | 2.4% | 7,773,054 | 7,463,969 | 4.1% | 7,751,805 | 0.3% | 625,829 | 476,171 | 31.4% | 481,362 | 30.0% |
| Total equity | 2,209,381 | 1,655,943 | 33.4% | 2,150,849 | 2.7% | 1,397,980 | 1,248,741 | 12.0% | 1,278,250 | 9.4% | 811,403 | 407,202 | 99.3% | 872,599 | -7.0% |

Key Ratios

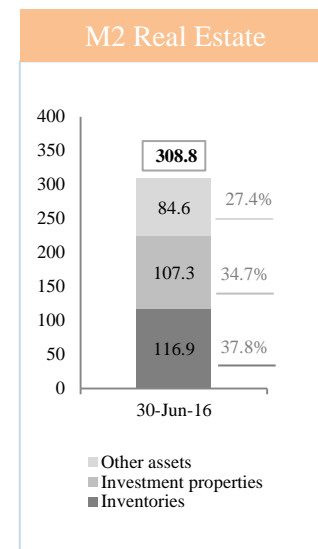
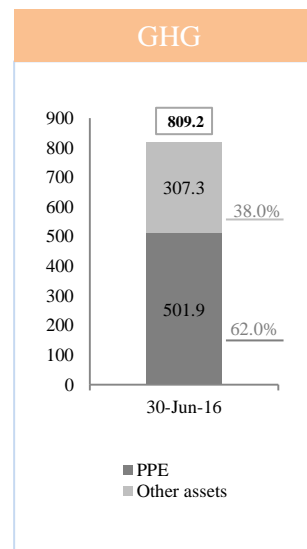
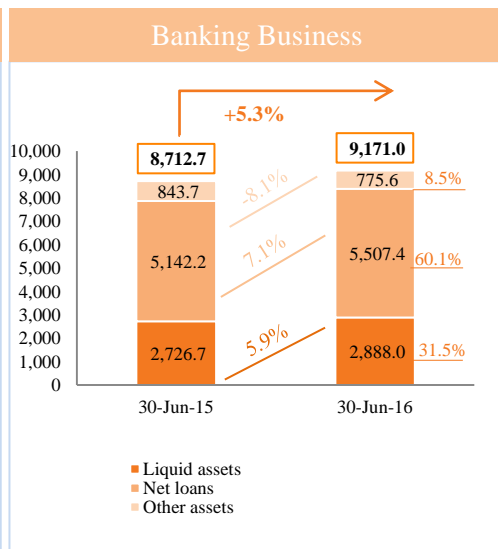
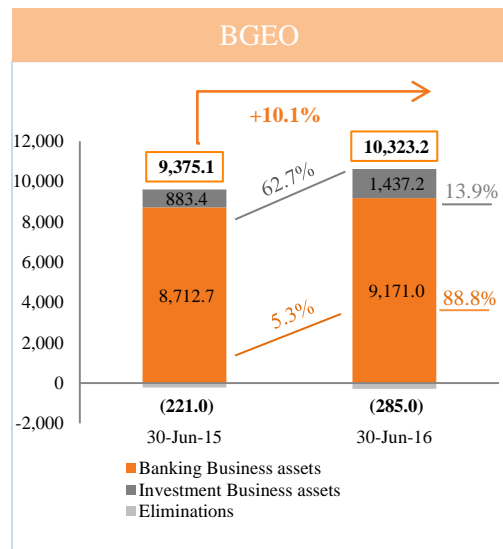
| Banking Business Ratios | 2Q16 | 2Q15 | 1Q16 | 1H16 | 1H15 |
|---|--------|--------|--------|--------|--------|
| ROAA | 3.4% | 2.9% | 3.0% | 3.2% | 2.9% |
| ROAE | 22.5% | 19.3% | 21.2% | 21.7% | 19.3% |
| Net Interest Margin | 7.5% | 7.6% | 7.5% | 7.5% | 7.8% |
| Loan Yield | 14.1% | 14.6% | 14.4% | 14.3% | 14.6% |
| Liquid assets yield | 3.3% | 3.1% | 3.1% | 3.2% | 3.2% |
| Cost of Funds | 4.8% | 5.0% | 5.0% | 4.9% | 5.0% |
| Cost of Client Deposits and Notes | 4.0% | 4.4% | 4.3% | 4.2% | 4.4% |
| Cost of Amounts Due to Credit Institutions | 5.9% | 5.3% | 6.0% | 5.9% | 5.3% |
| Cost of Debt Securities Issued | 7.0% | 7.2% | 7.2% | 7.1% | 7.2% |
| Cost / Income | 38.0% | 35.7% | 37.9% | 38.0% | 36.2% |
| NPLs To Gross Loans To Clients | 4.4% | 4.1% | 4.5% | 4.4% | 4.1% |
| NPL Coverage Ratio | 85.8% | 82.2% | 86.0% | 85.8% | 82.2% |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 129.7% | 115.1% | 122.6% | 129.7% | 115.1% |
| Cost of Risk | 2.0% | 2.7% | 2.3% | 2.1% | 2.9% |
| New NBG (Basel II) Tier I Capital Adequacy Ratio | 10.2% | 10.4% | 10.1% | 10.2% | 10.4% |
| New NBG (Basel II) Total Capital Adequacy Ratio | 15.5% | 15.9% | 15.8% | 15.5% | 15.9% |

BGEO – Sound revenue growth & organic growth in operating expenses

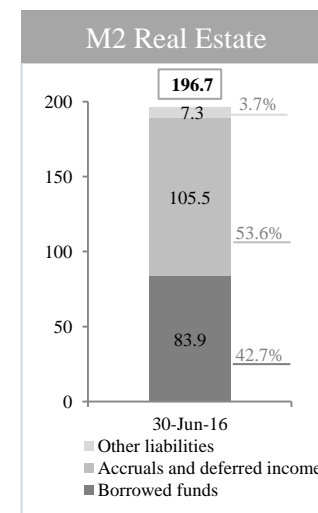
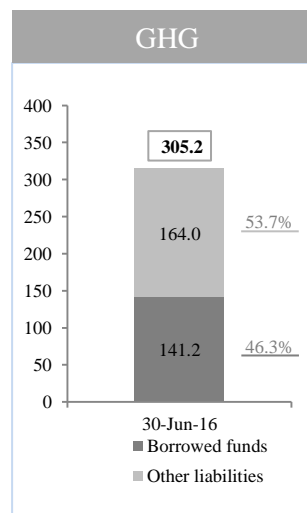
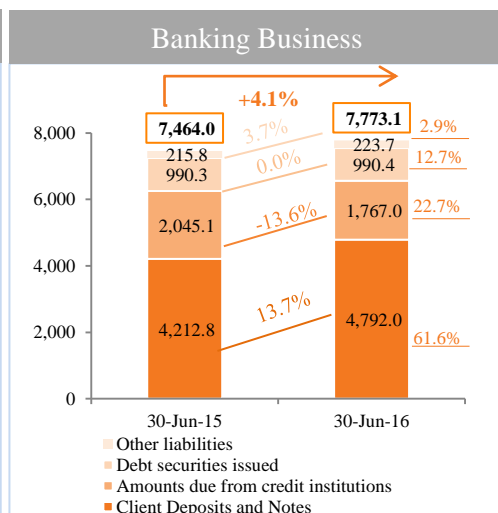
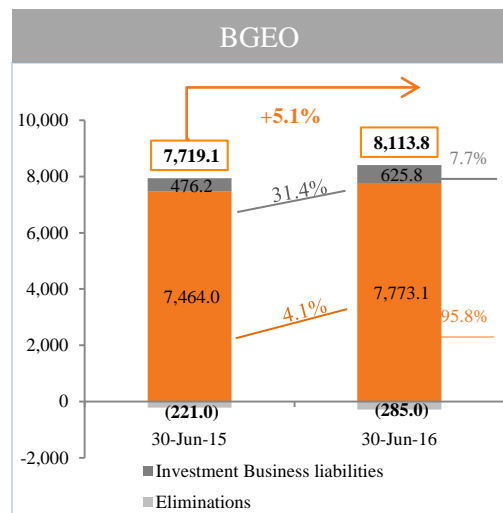


BGEO – Balance Sheet, 30 June 2016

Assets Gel Millions



Liabilities Gel Millions



Contents

BGEO Group | Overview

Results Discussion | BGEO Group

Results Discussion | Banking Business

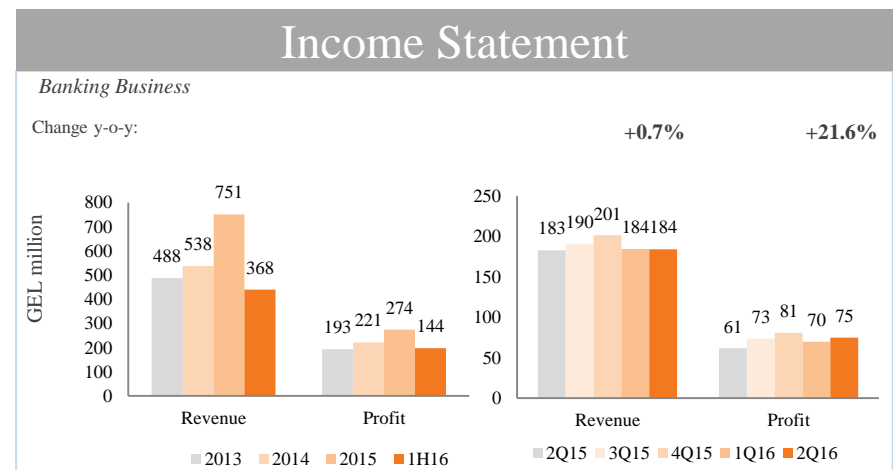
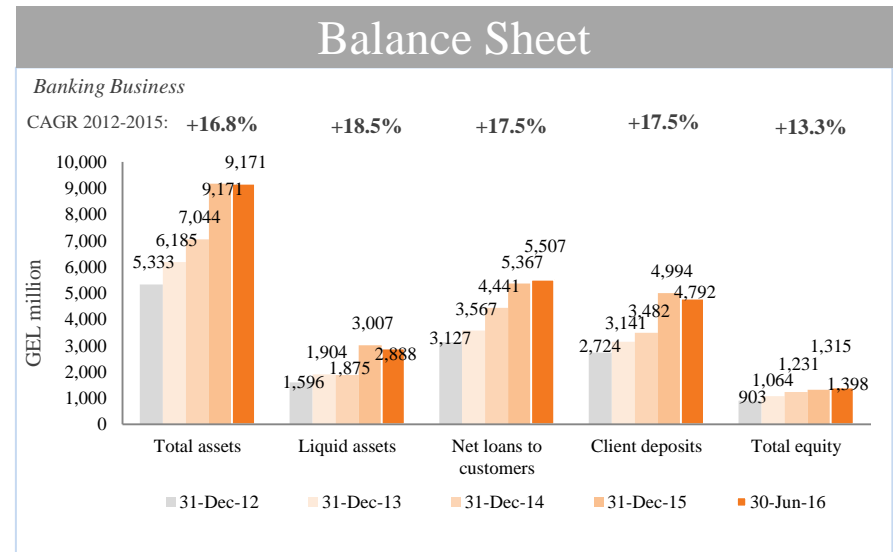
Results Discussion | Investment Business

Georgian Macro Overview

Appendices

BOG – The leading bank in Georgia

- Leading market position: No. 1 bank** in Georgia by *assets* (33.5%), *loans* (32.1%), *client deposits* (31.8%) and *equity* (30.5%)¹
- 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 273 branches, 763 ATMs, 2,681 Express Pay Terminals and c.2.0 million customers as of 30 June 2016
- The only Georgian company with credit ratings from all three global rating agencies:** S&P: ‘BB-’², 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
- In August 2016,** BOG completed its liability management exercise and redeemed its 2017 Eurobonds outstanding in the amount of US\$ 362mln
- In July 2016,** BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon. Bonds were trading at 5.8%³ on 11 August 2016
- Sustainable growth combined with strong capital, liquidity and robust profitability**

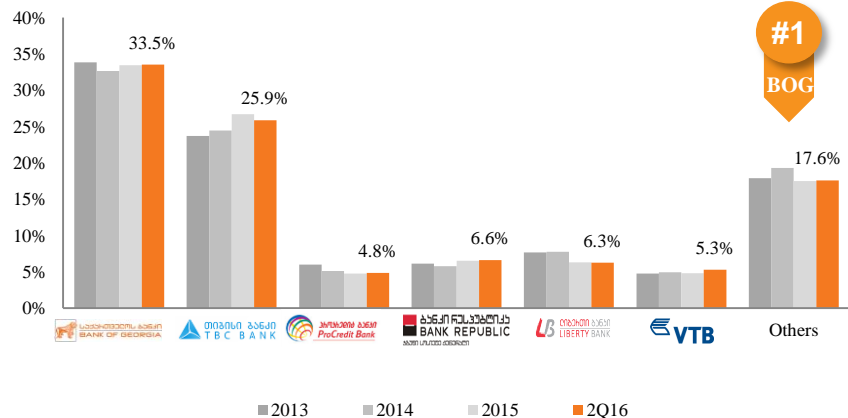


Targets & priorities – Banking Business

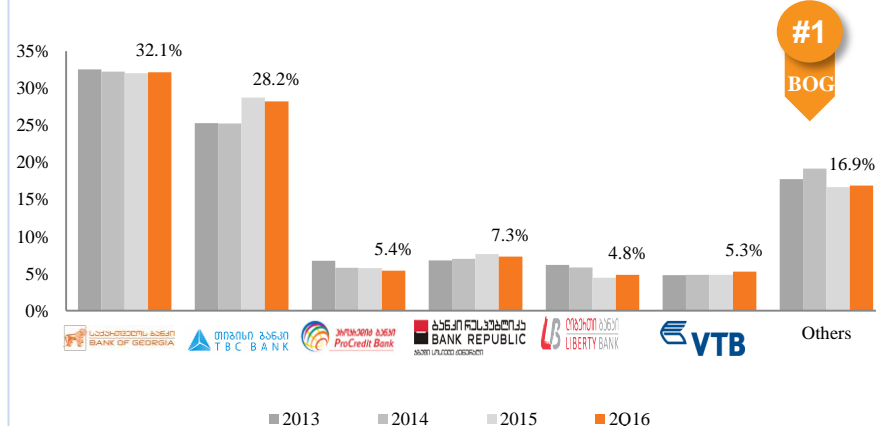
| | 3-year Targets | FY 2015 | 1H16 |
|------------------------------------|----------------------|---|------------------------|
| 1 ROAE | 20%+ | 21.7% | 21.7% |
| 2 Retail Banking Growth | 20%+ | 35.3% 19.0% on constant currency basis | 18.1% |
| 3 Grow Retail share in loan book | 65% | 55.0% | 59.0% |
| 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 11.3% |
| 6 NIM | 7.25% - 7.75% | 7.7% | 7.5% |
| 7 Cost / Income | c. 35% | 35.7% | 38.0% |
| 8 Cost of Risk | 1.5 - 2% | 2.7 % | 2.1% |

BOG – Leading the competition across the board

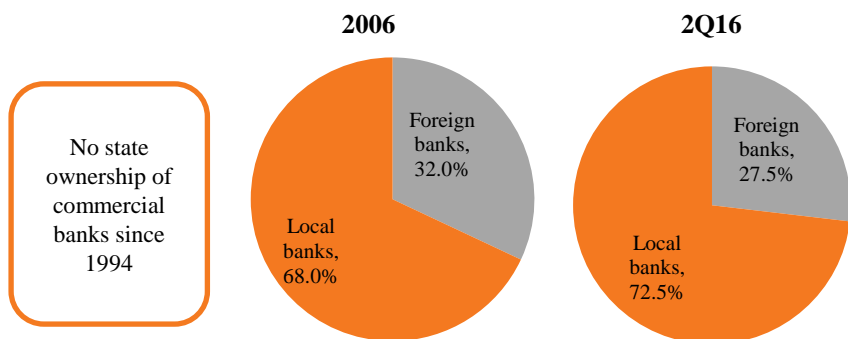
Peer group's market share in total assets



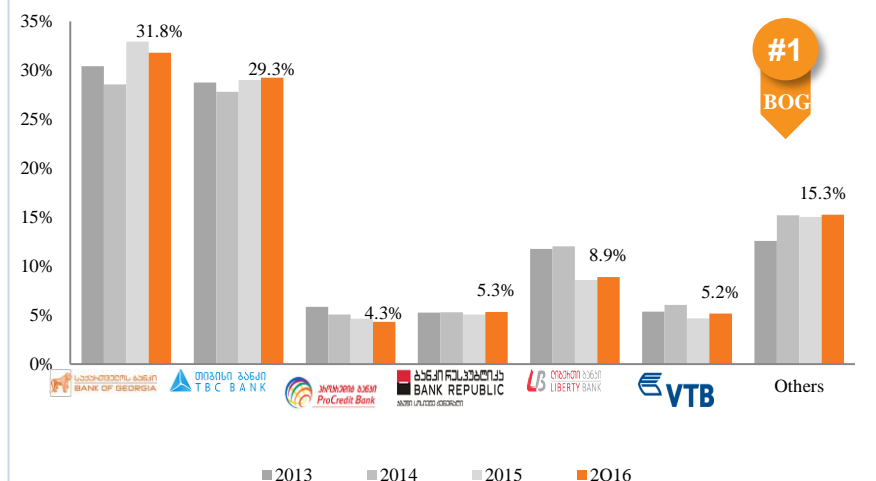
Peer group's market share in gross loans



Foreign banks market share by assets



Peer group's market share in client deposits

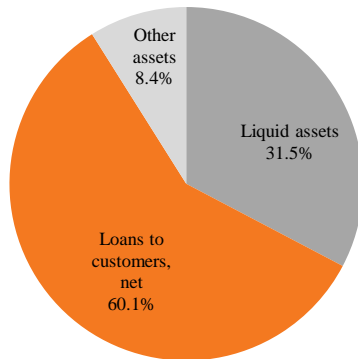


Banking Business – Diversified asset structure

Total asset structure | 30 June 2016

Banking Business

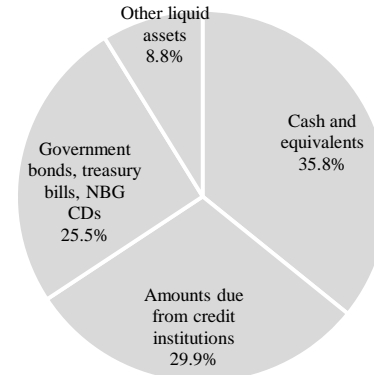
Total: GEL 9.2bln



Liquid assets | 30 June 2016

Banking Business

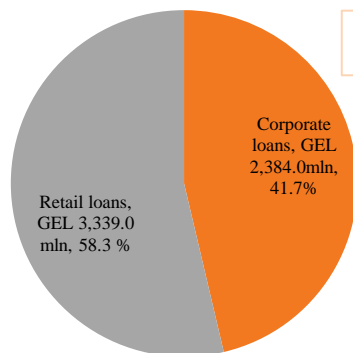
Total: GEL 2.9bln



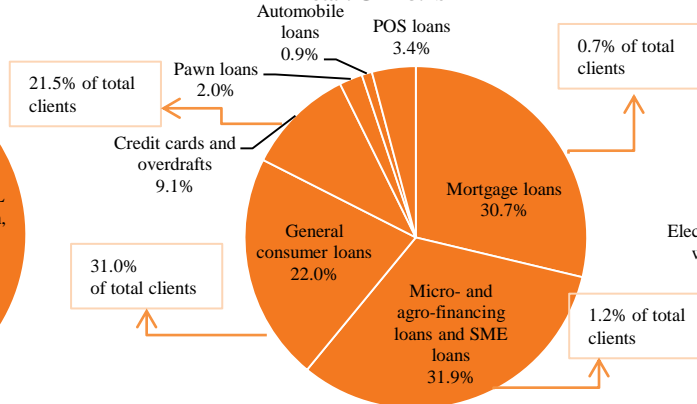
Loans breakdown | 30 June 2016

Banking Business

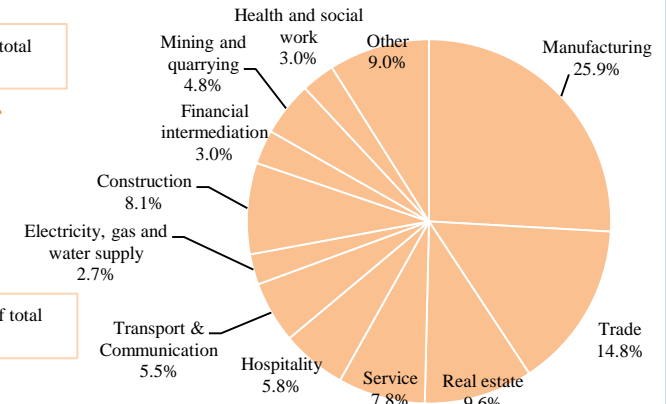
Total Loans
breakdown by segments
Total: GEL 5.7bln



Retail Banking Loans
breakdown by product
Total: GEL 3.1bln



Corporate Investment Banking
Loans breakdown by sectors
Total: GEL 2.2bln



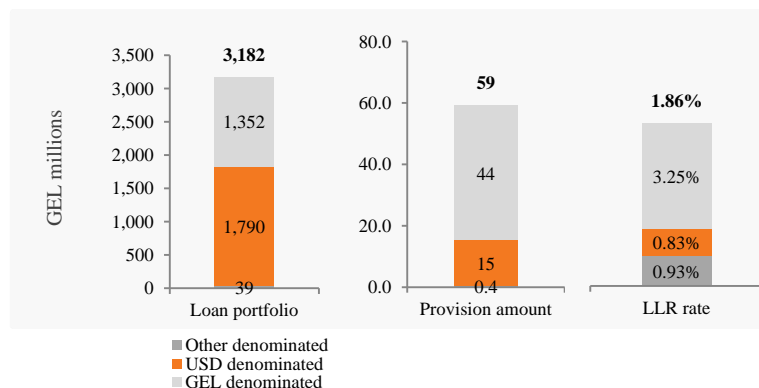
Banking Business – US\$ loan portfolio breakdown

Highlights

- **44.3% of Retail Banking loans were denominated in USD with non-USD income***
 - We offered re-profiling in Feb-2015. Since, 1,041 loans (out of 18,964) were re-profiled, with total value of US\$32.2mln
 - For RB: Loans 15 days past due were 1.2% as of 30 June 2016, compared to 1.4% a year ago and 1.1% as of 31 March 2016
- **34.1% of Corporate Investment Banking Loans denominated in USD with non-USD income**

Retail Banking and Wealth Management | 30 June 2016

Banking Business

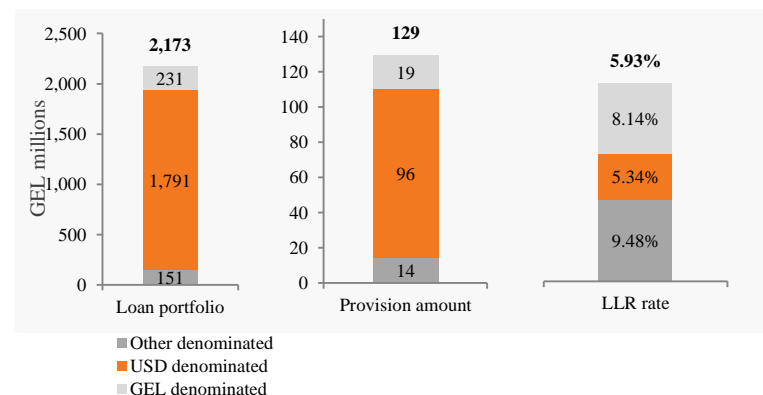


| Amounts in GEL millions | % of total | | | | |
|-------------------------------|-------------------|-------------------|------------|-----------------|-------------|
| | RB Loan portfolio | RB loan portfolio | Mortgages | Consumer loans* | SME & Micro |
| GEL and other currency loans* | 1,391 | 43.7% | 69 | 987 | 335 |
| USD loans with USD income | 379 | 11.9% | 182 | 58 | 140 |
| USD loans with non-USD income | 1,411 | 44.3% | 711 | 181 | 520 |
| Total | 3,182 | 100.0% | 961 | 1,225 | 995 |

* includes credit cards

Corporate Investment Banking | 30 June 2016

Banking Business

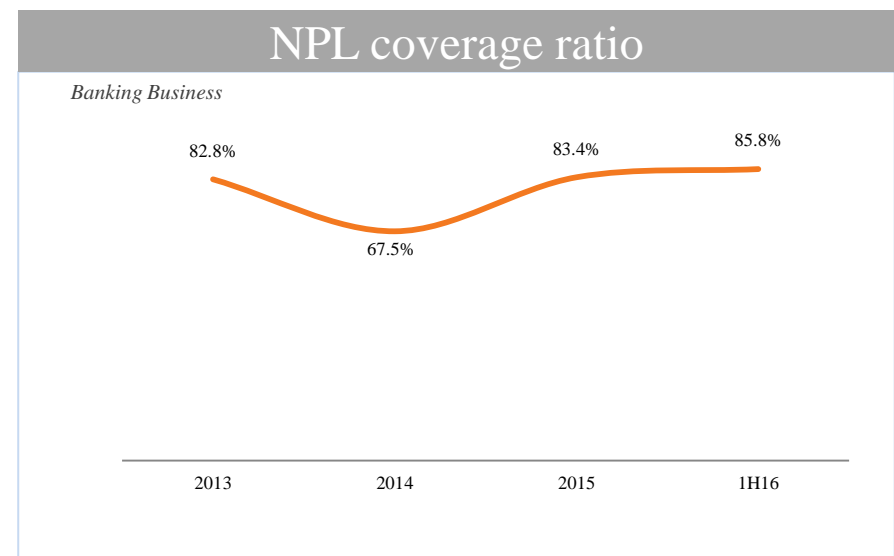
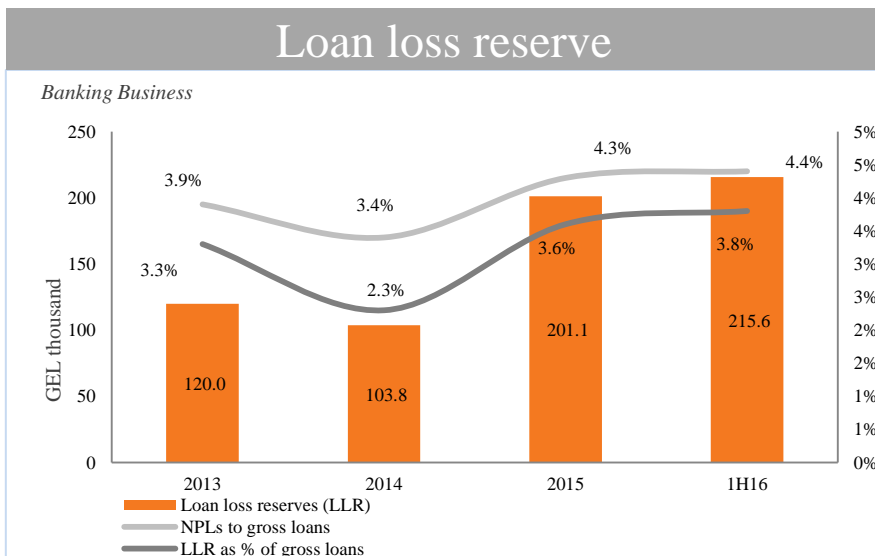
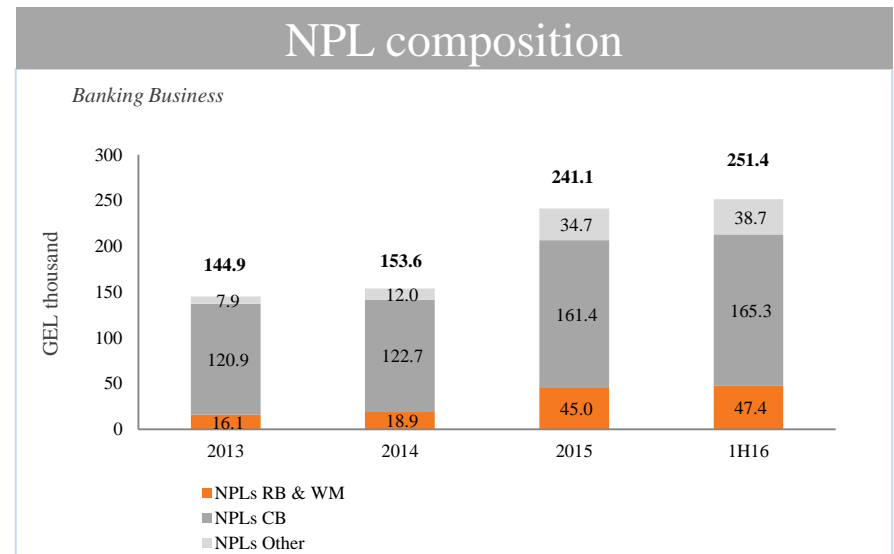
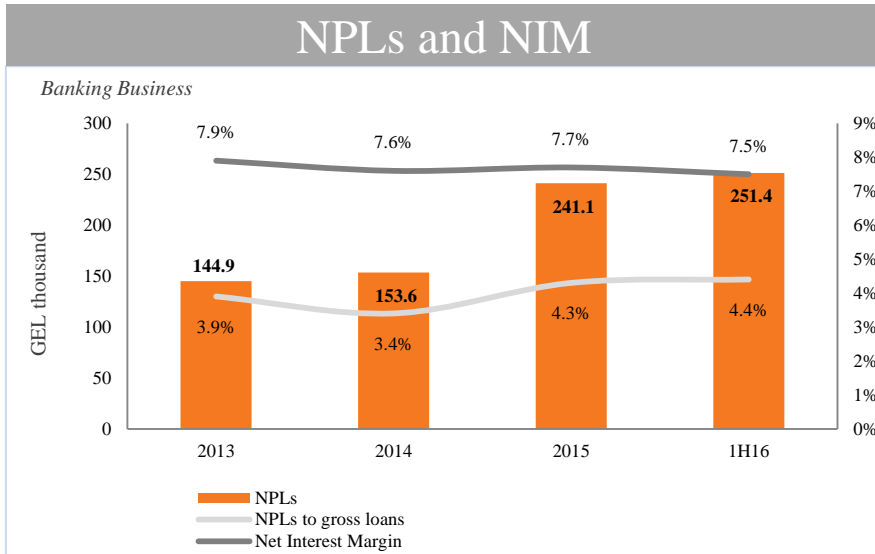


| Amounts in GEL millions | % of total | |
|-------------------------------|-------------------|-------------------|
| | CB Loan portfolio | CB loan portfolio |
| GEL and other currency loans* | 382 | 17.6% |
| USD loans with USD income | 1,051 | 48.4% |
| USD loans with non-USD income | 740 | 34.1% |
| Total | 2,173 | 100.0% |

Note: standalone BOG figures from management accounts

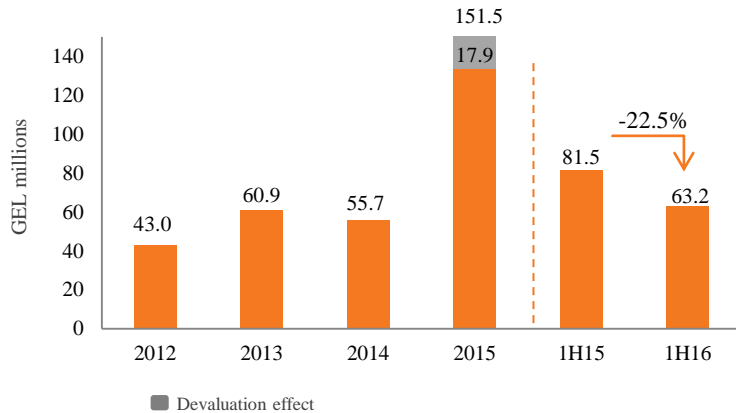
Banking Business – Resilient loan portfolio quality

(1/2)



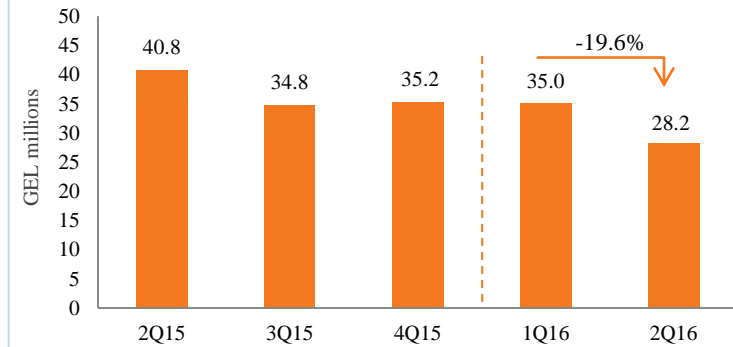
Cost of Credit risk | half-year 2016

Banking Business



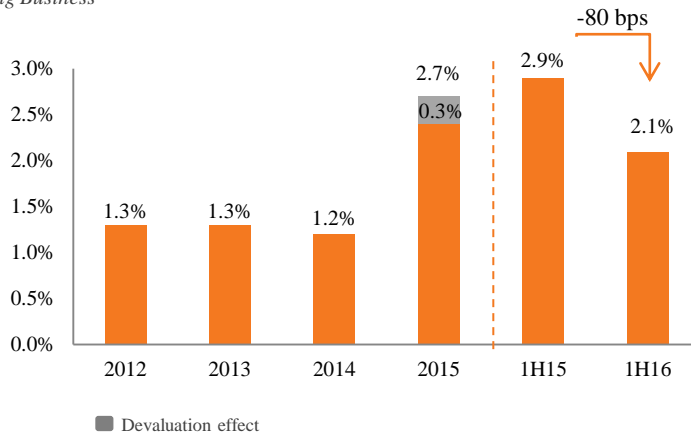
Cost of Credit risk | quarterly

Banking Business



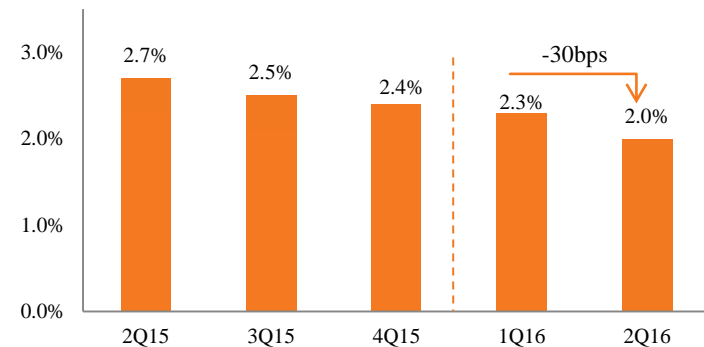
Cost of Risk | half-year 2016

Banking Business



Cost of Risk | quarterly

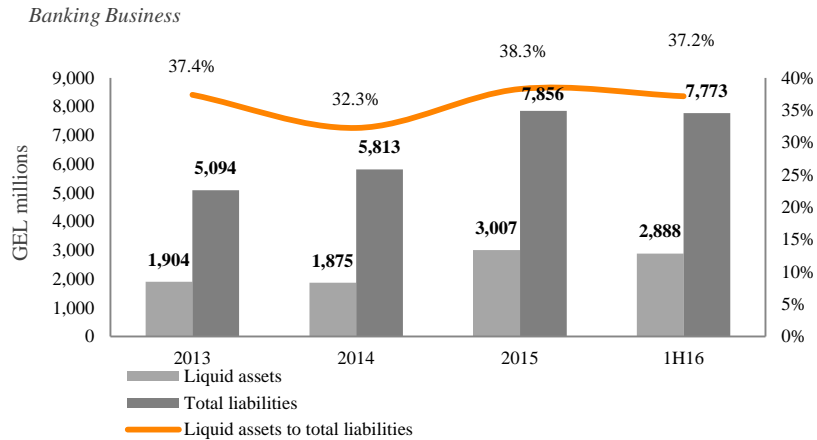
Banking Business



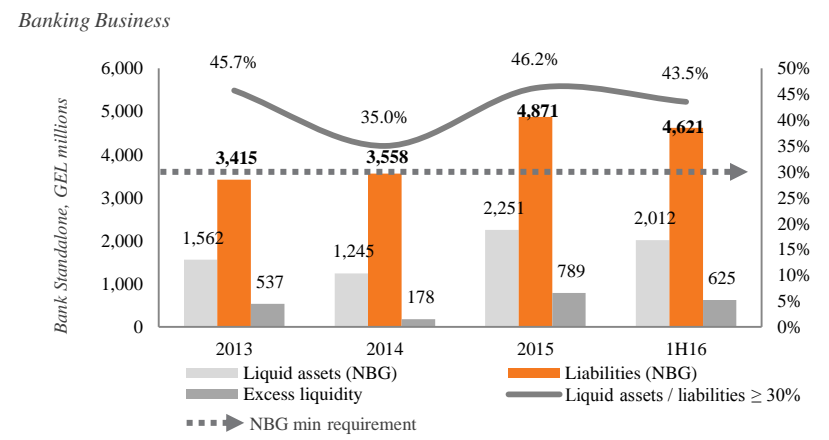
Banking Business – Strong liquidity

(1/2)

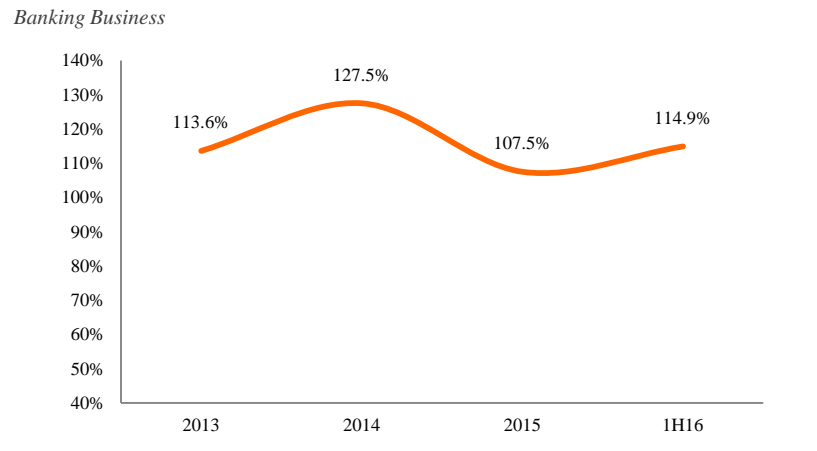
Liquid assets to total liabilities



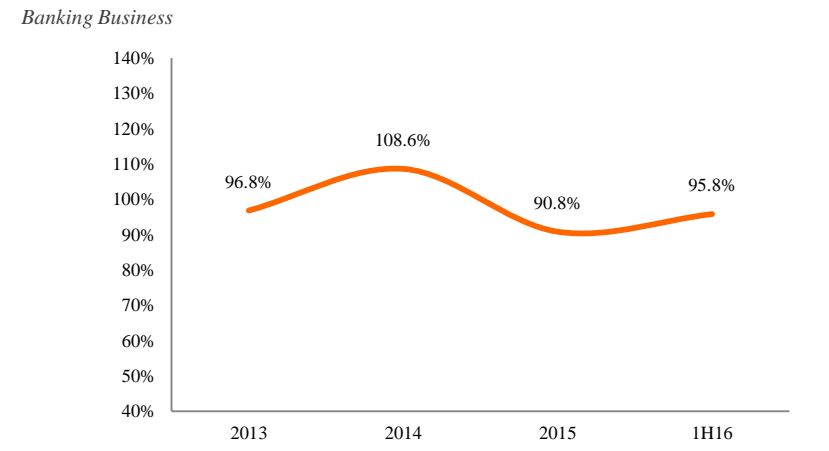
NBG liquidity ratio



Net loans to customer funds



Net loans to customer funds & DFI

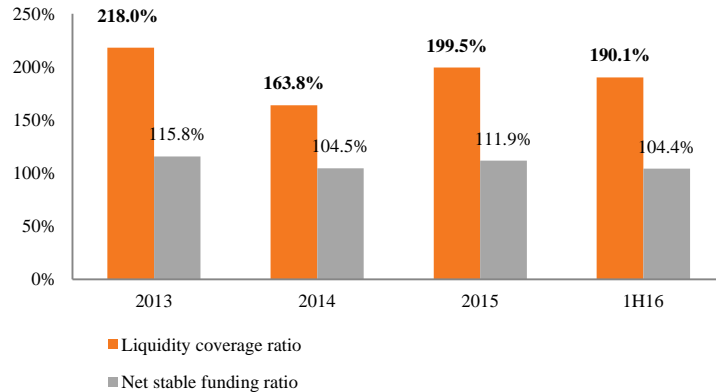


Banking Business – Strong liquidity

(2/2)

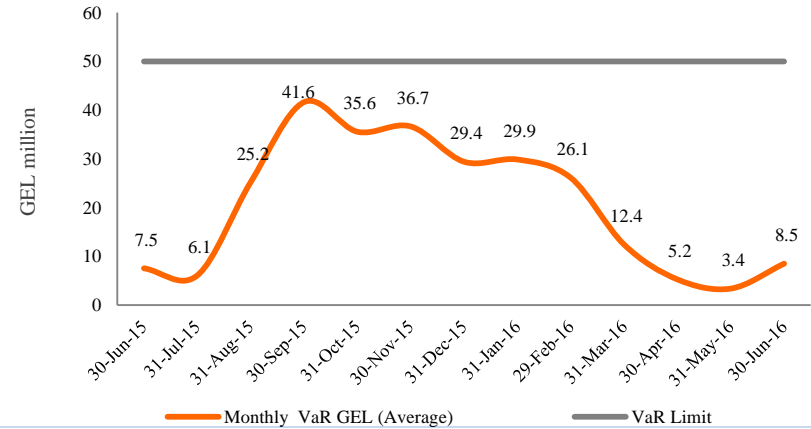
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



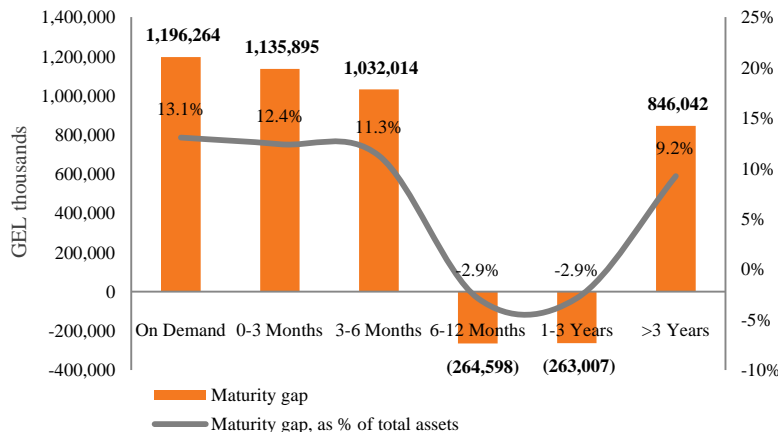
Foreign currency VAR analysis*

JSC Bank of Georgia standalone



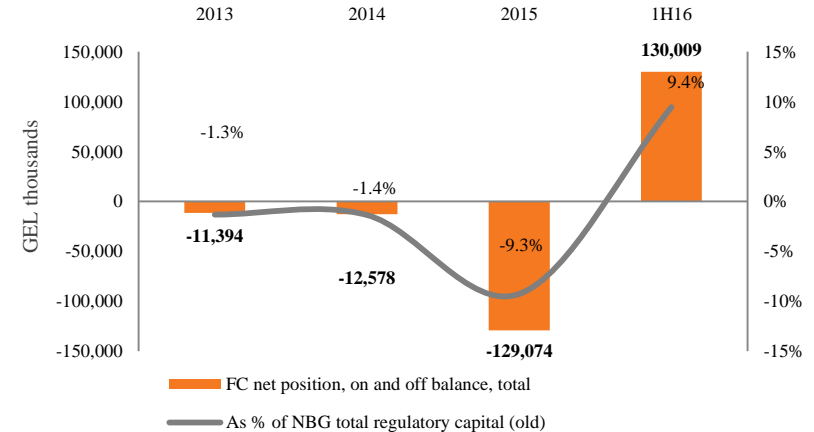
Cumulative maturity gap, 30 June 2016

Banking Business



Open currency position

JSC Bank of Georgia standalone

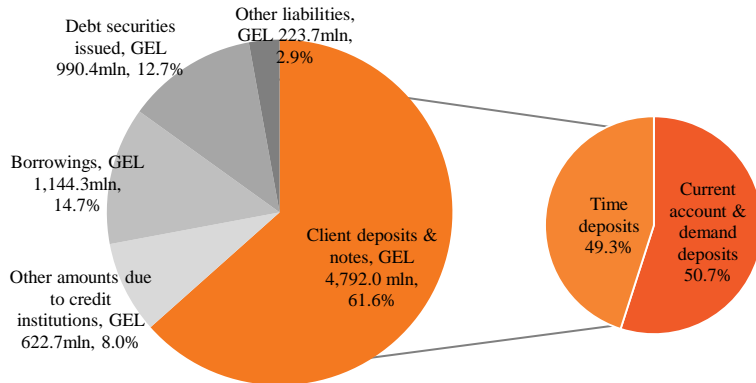


Banking Business – Funding structure is well established

Interest Bearing Liability structure | 2Q16

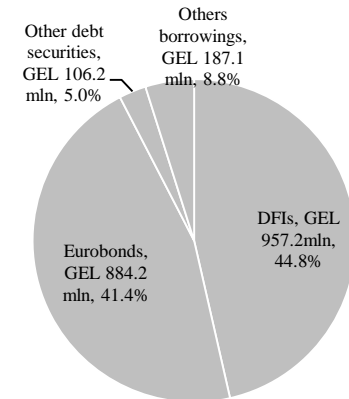
Banking Business

Interest Bearing Liabilities GEL 7.8 bn



Well diversified international borrowings | 2Q16

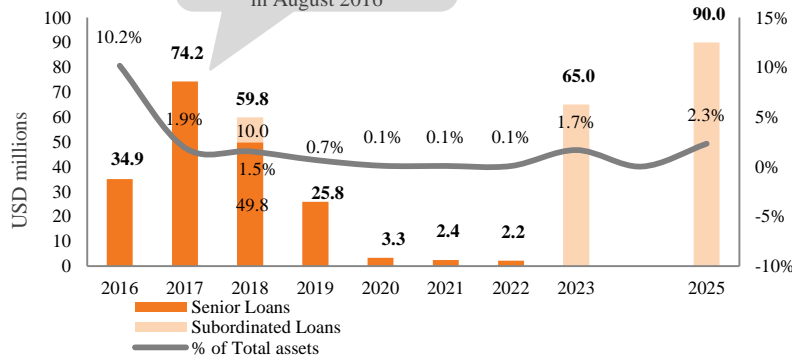
Banking Business



Borrowed funds maturity breakdown*

Banking Business

Excl. c.US\$362mln Eurobonds maturing in 2017, that were redeemed in August 2016



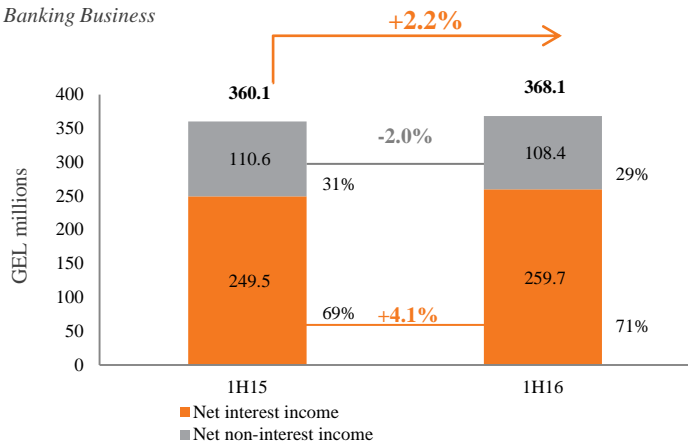
Highlights for 1H16

- **Banking Business has a well-balanced funding structure** with 61.6% of interest bearing liabilities coming from client deposits and notes, 12.3% from Developmental Financial Institutions (DFIs) and 11.4% from Eurobonds, as of 30 June 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 30 June 2016, US\$ 103.1 million indrawn facilities from DFIs with up to seven year maturity
- **In July 2016, BGEO Group issued 7 year, US\$ 350mln Eurobonds** with 6.00% coupon. Bonds were trading at 5.8% on 11 August 2016

Banking Business – Revenue growth

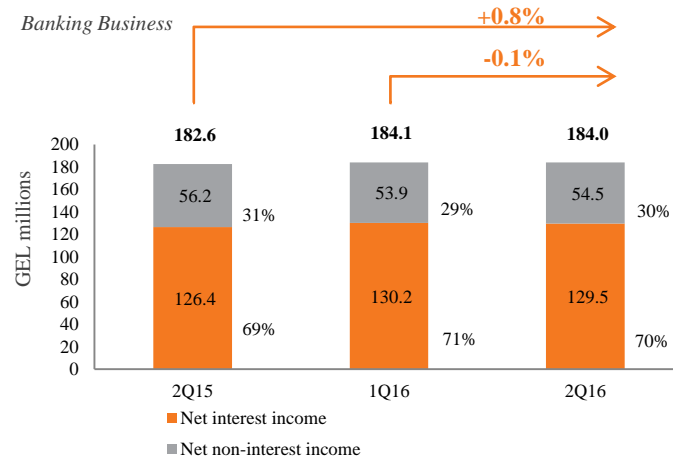
Revenue growth | *half year 2016*

Banking Business



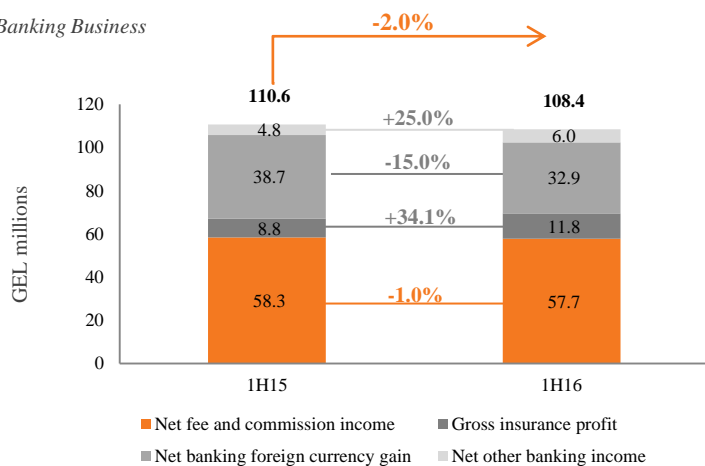
Revenue growth | *quarterly*

Banking Business



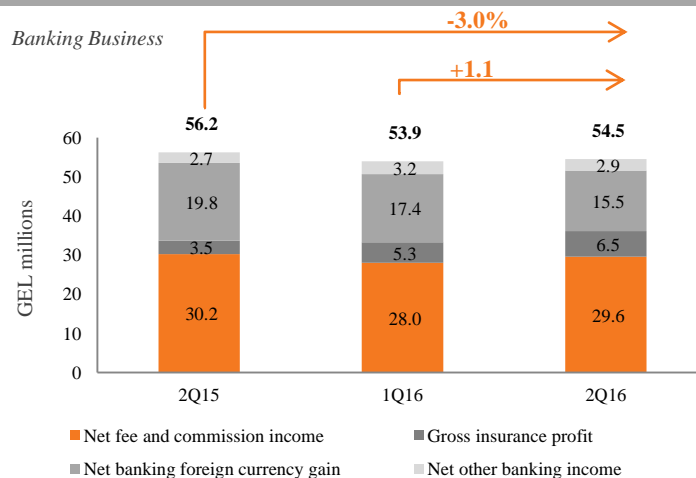
Net non-interest income | *half year 2016*

Banking Business



Net non-interest income | *quarterly*

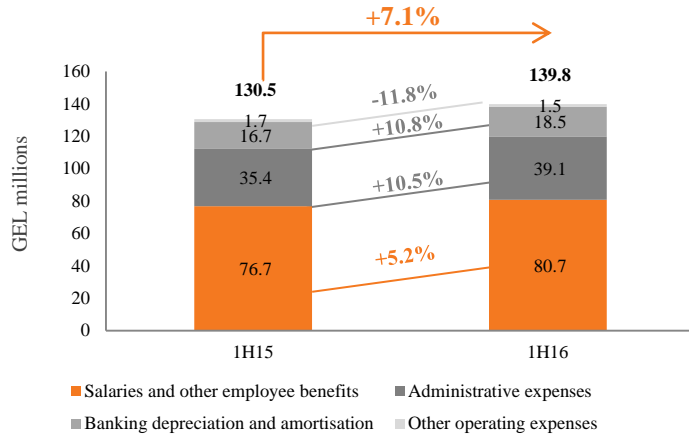
Banking Business



Banking Business – Strong underlying performance

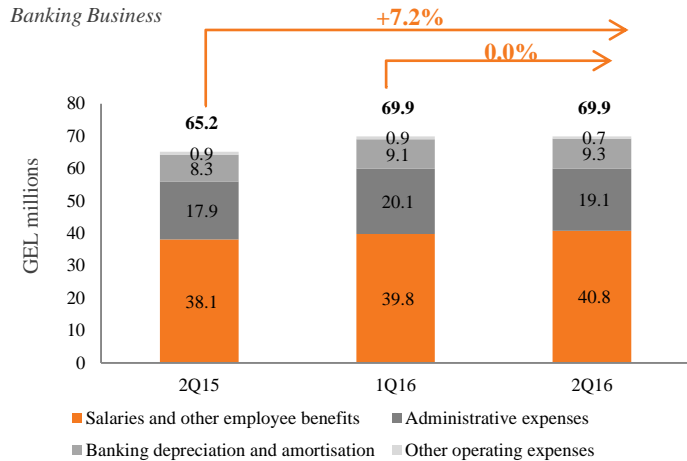
Operating expenses | half year 2016

Banking Business



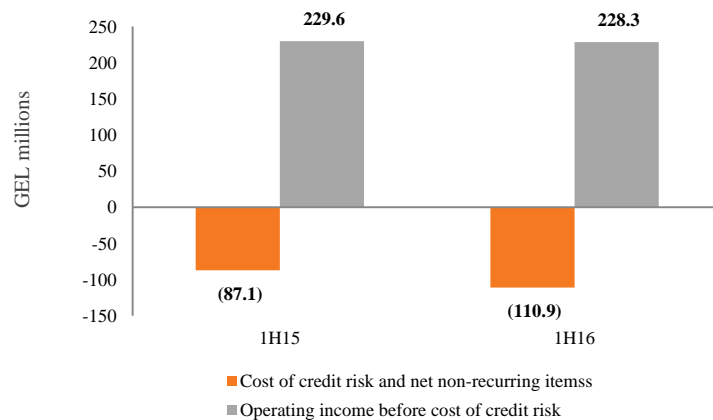
Operating expenses | quarterly

Banking Business



Operating income before cost of credit risk | half year 2016

Banking Business



Operating income before cost of credit risk | quarterly

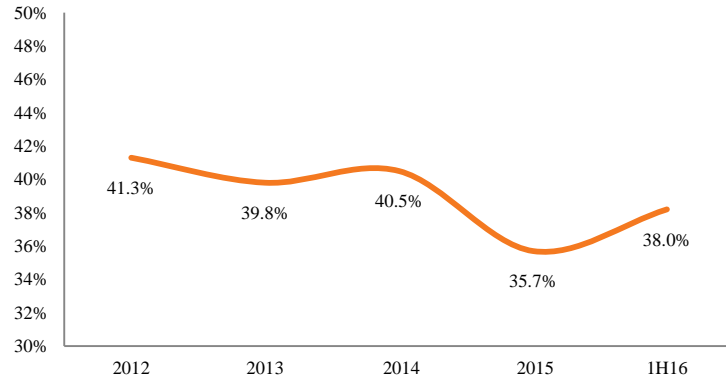
Banking Business



Banking Business – Focus on efficiency

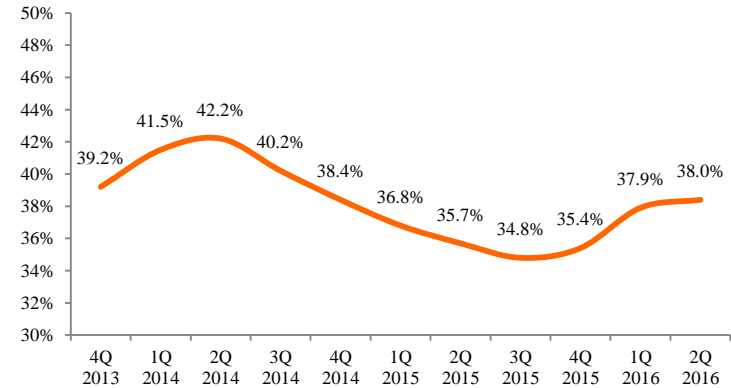
Cost / Income | *half year 2016*

Banking Business



Cost / Income | *quarterly*

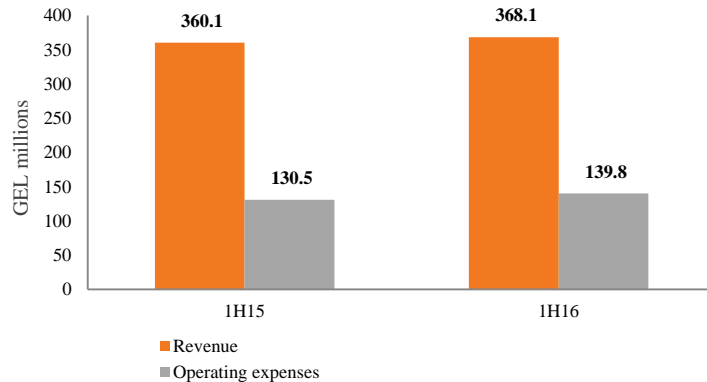
Banking Business



Revenue and operating expenses | *half year 2016*

Banking Business

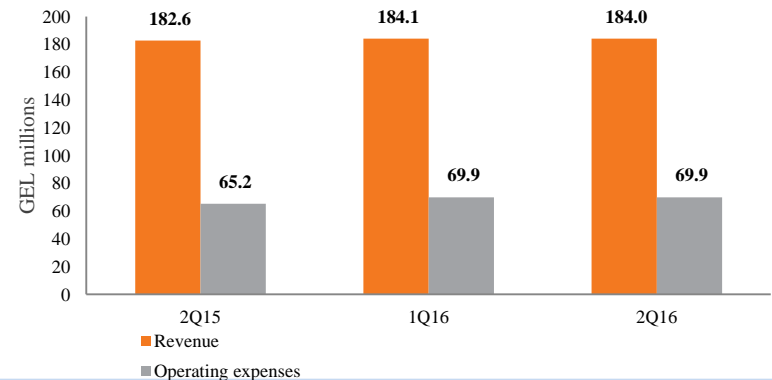
Operating Leverage: -4.9% y-o-y



Revenue and operating expenses | *quarterly*

Banking Business

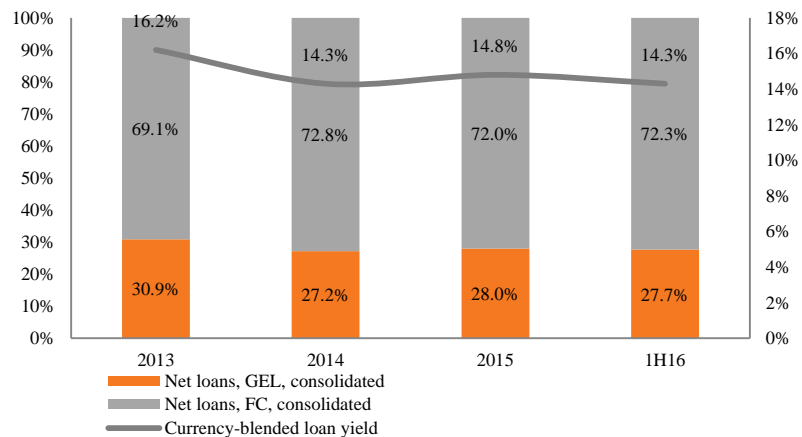
**Operating Leverage: -0.1% q-o-q
-6.4% y-o-y**



Banking Business – Growing income notwithstanding the pressure on yields

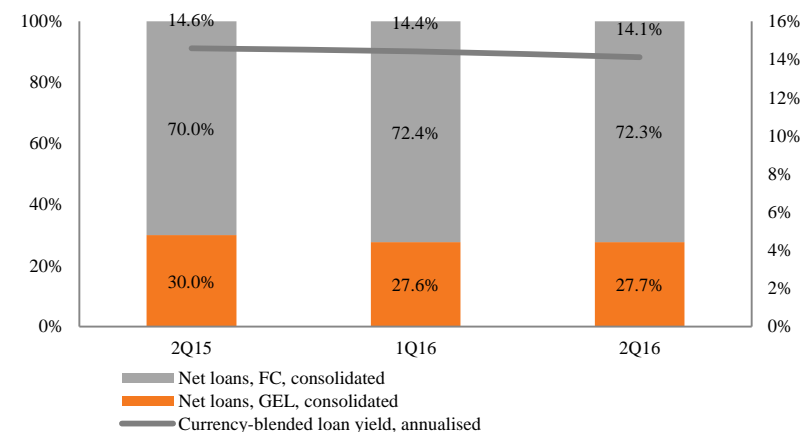
Loan Yields | half year 2016

Banking Business



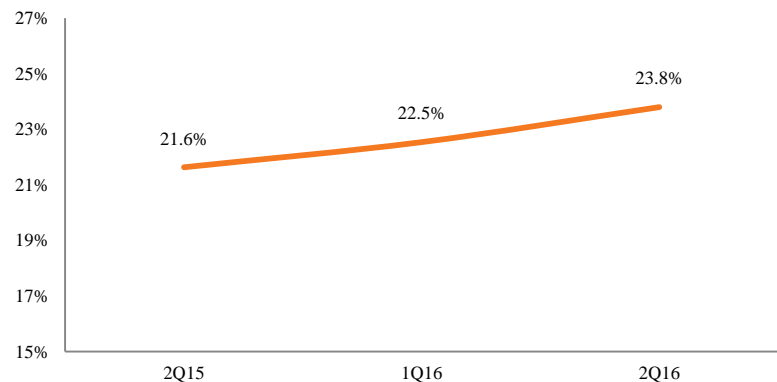
Loan Yields | quarterly

Banking Business



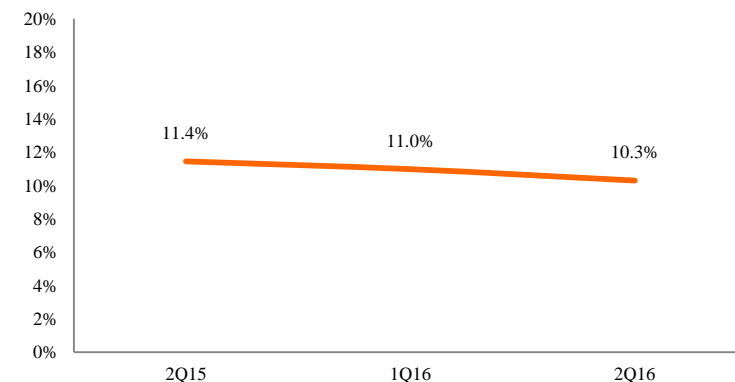
Loan Yields, GEL | quarterly

Banking Business



Loan Yields, Foreign currency | quarterly

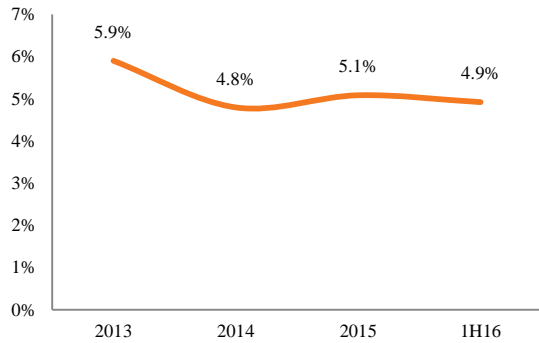
Banking Business



Banking Business – Stable Cost of Funding

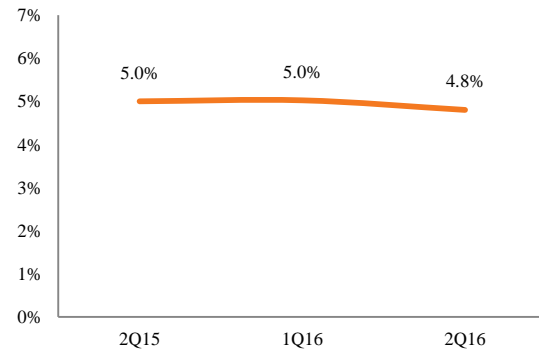
Cost of Funds | *half year 2016*

Banking Business



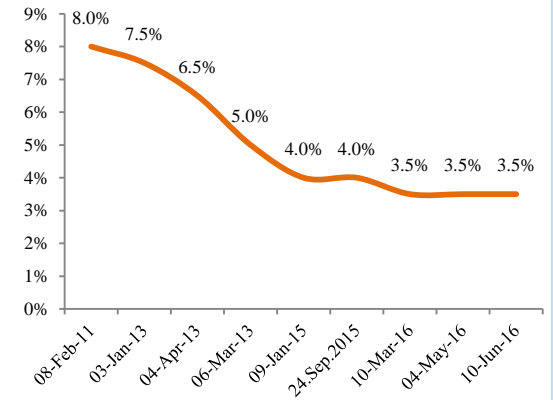
Cost of Funds | *quarterly*

Banking Business



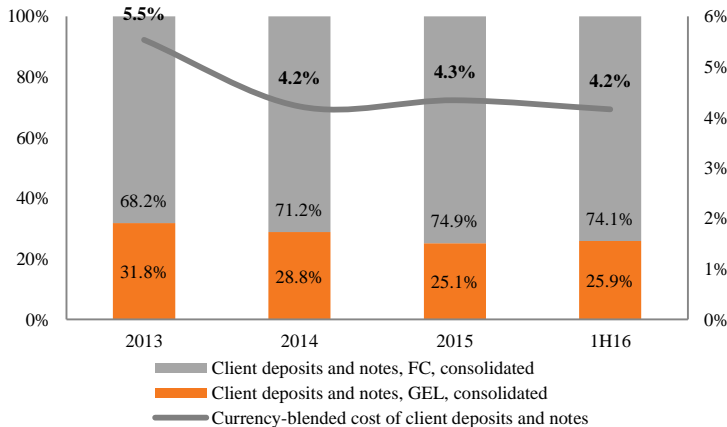
One year US\$ deposit rate ¹

Banking Business



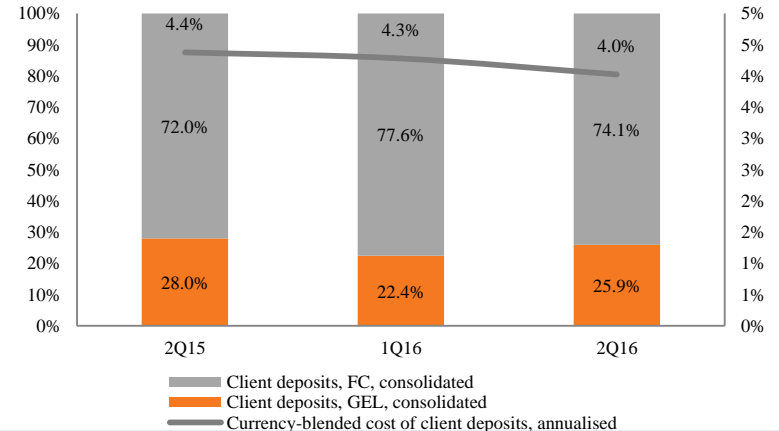
Cost of Customer Funds | *half year 2016*

Banking Business



Cost of Customer Funds | *quarterly*

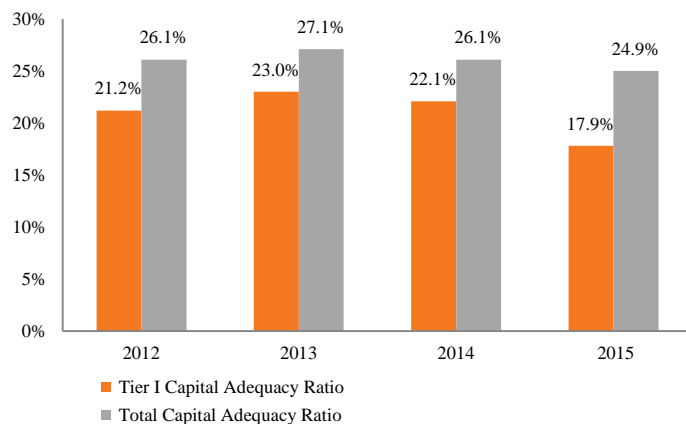
Banking Business



Banking Business – Excellent capital adequacy position

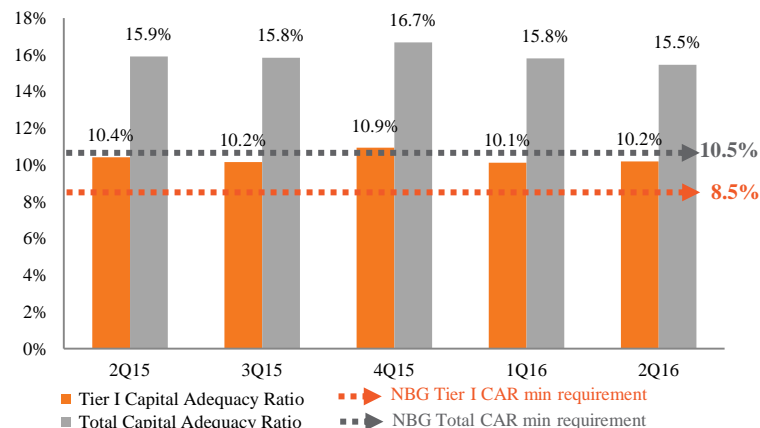
Basel I capital adequacy ratios

JSC Bank of Georgia consolidated



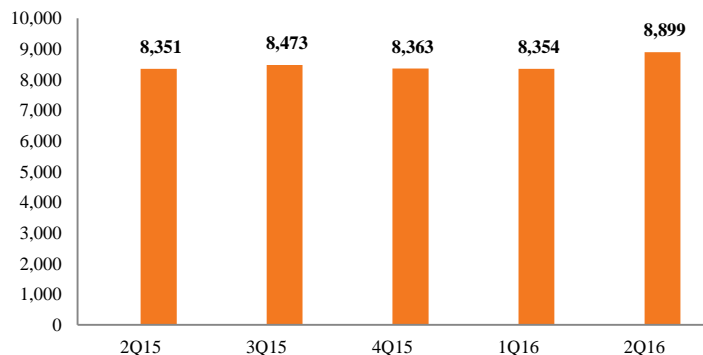
NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



Risk Weighted Assets NBG (Basel 2/3)

standalone (BIS 2/3)



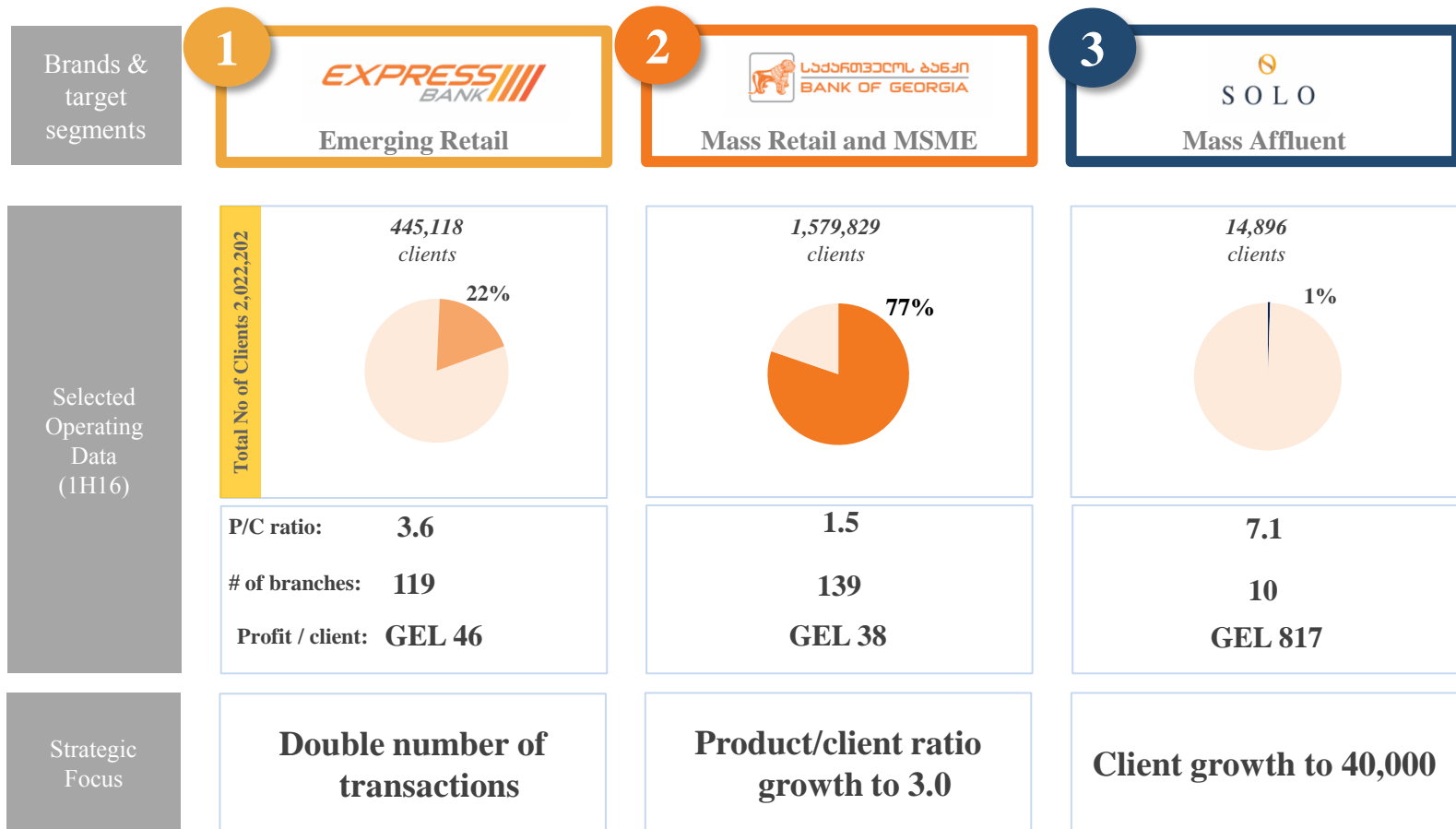
NBG (Basel 2/3) Tier I Capital and Total Capital

JSC Bank of Georgia standalone

| GEL '000 | Jun 2016 | Dec 2015 | Sep 2015 | Jun 2015 | Mar 2015 | Dec 2014 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tier I Capital (Core) | 907.3 | 914.8 | 860.2 | 869.4 | 727.3 | 800.5 |
| Tier 2 Capital (Supplementary) | 468.5 | 479.2 | 482.1 | 458.7 | 252.0 | 217.1 |
| Total Capital | 1,375.8 | 1,394.0 | 1,342.3 | 1,328.1 | 979.3 | 1,017.6 |
| Risk weighted assets | 8,899.2 | 8,363.4 | 8,473.1 | 8,350.5 | 7,951.9 | 7,204.1 |
| Tier 1 Capital ratio | 10.2% | 10.9% | 10.2% | 10.4% | 9.1% | 11.1% |
| Total Capital ratio | 15.5% | 16.7% | 15.8% | 15.9% | 12.3% | 14.1% |

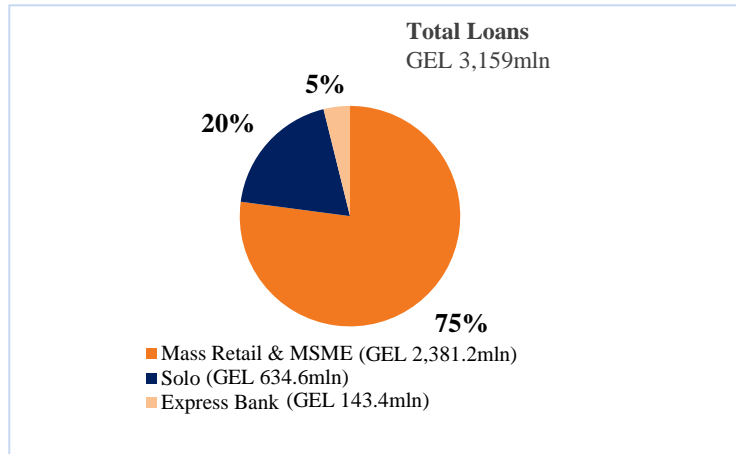
Retail banking – Client-Centric, Multi-brand strategy

Client-Centric, Multi-brand strategy

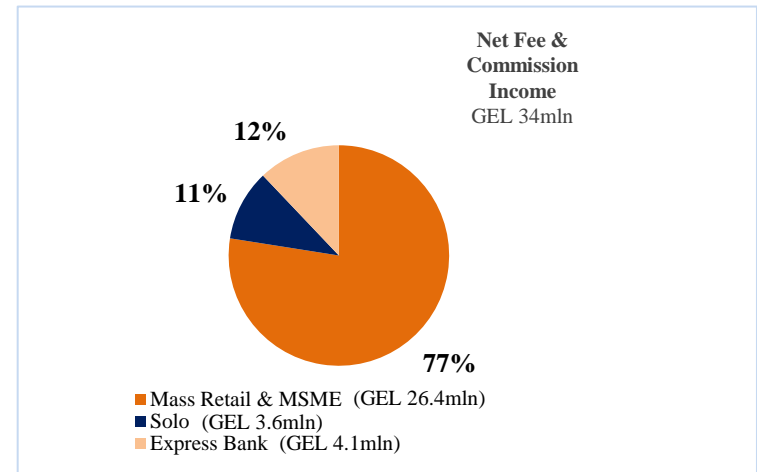
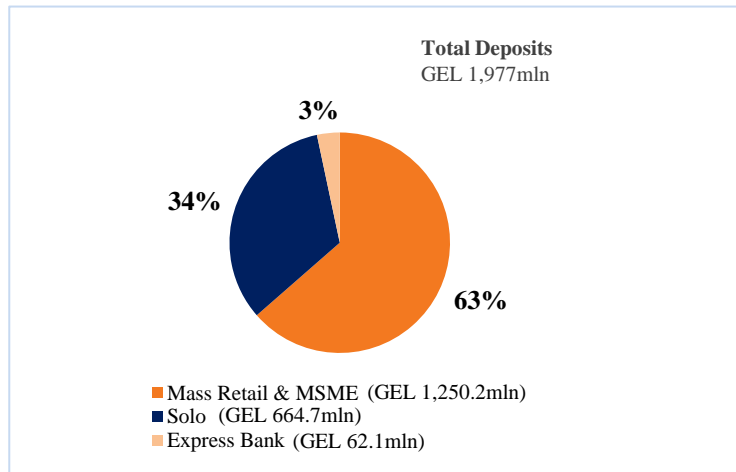
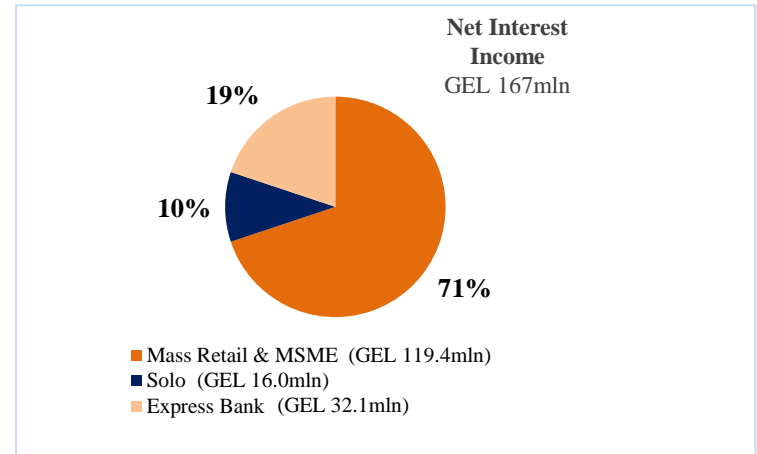


Retail Banking – Financial Data

Balance sheet data



Income statement data



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

Client Data

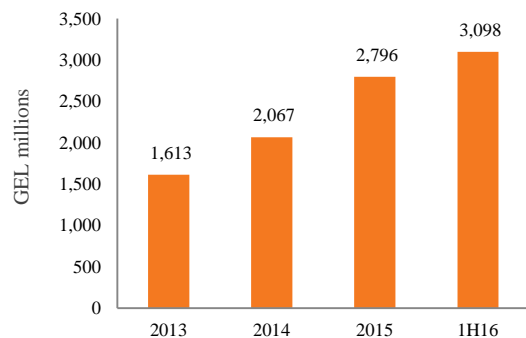
RB standalone

| Operating Data, GEL mln | 1H16 | % of clients | 2015 | 2014 | 2013 |
|--|------------------|--------------|------------------|------------------|------------------|
| Number of total Retail clients, of which: | 2,039,843 | | 1,999,869 | 1,451,777 | 1,245,048 |
| Number of Solo clients (“Premier Banking”) | 14,896 | 0.7% | 11,869 | 7,971 | 6,810 |
| Consumer loans & other outstanding, volume | 908.4 | | 835.6 | 691.8 | 560.2 |
| Consumer loans & other outstanding, number | 631,990 | 31.0% | 625,458 | 526,683 | 455,557 |
| Mortgage loans outstanding, volume | 956.5 | | 809.0 | 600.9 | 441.4 |
| Mortgage loans outstanding, number | 14,451 | 0.7% | 12,857 | 11,902 | 10,212 |
| Micro & SME loans outstanding, volume | 992.5 | | 903.9 | 666.0 | 497.0 |
| Micro & SME loans outstanding, number | 24,020 | 1.2% | 19,045 | 16,246 | 13,317 |
| Credit cards and overdrafts outstanding, volume | 301.8 | | 305.7 | 135.0 | 142.4 |
| Active credit cards and overdrafts outstanding, number | 437,942 | 21.5% | 435,010 | 199,543 | 174,570 |
| Total credit cards outstanding, number, of which: | 794,509 | 38.9% | 754,274 | 116,615 | 117,913 |
| American Express cards | 85,743 | 4.2% | 100,515 | 110,362 | 108,608 |

RB Loans

RB standalone

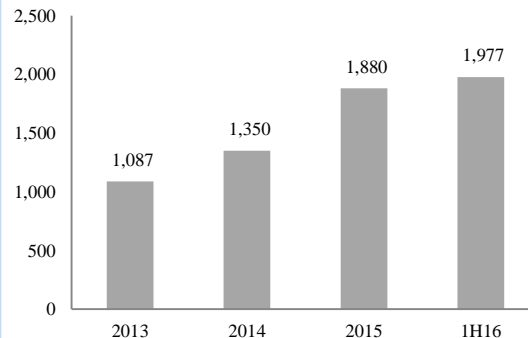
Loans growth:
+18.1% y-o-y
in 1H16



RB Deposits

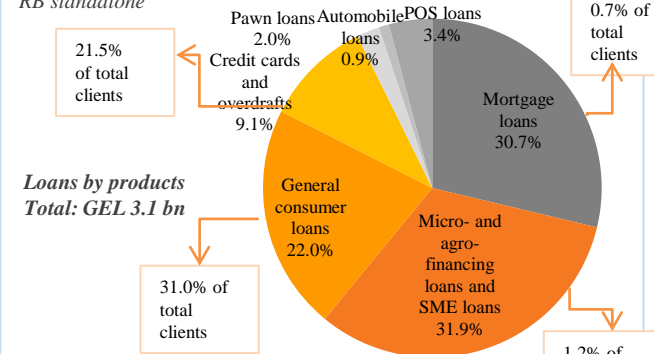
RB standalone

Deposits growth:
+13.8% y-o-y
in 1H16



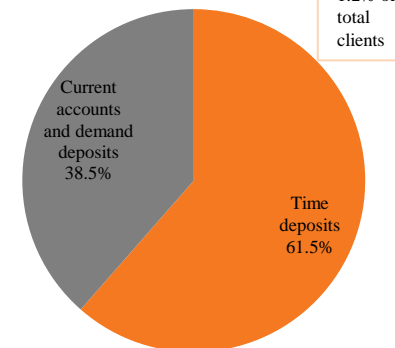
Portfolio breakdown

RB standalone

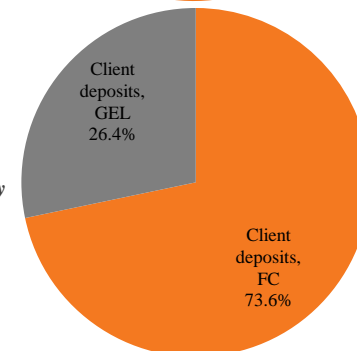


Loans by products
Total: GEL 3.1 bn

Deposits by category
Total: GEL 2.0 bn



Deposits by currency
Total: GEL 2.0 bn



Retail Banking (RB) – Loan book growth

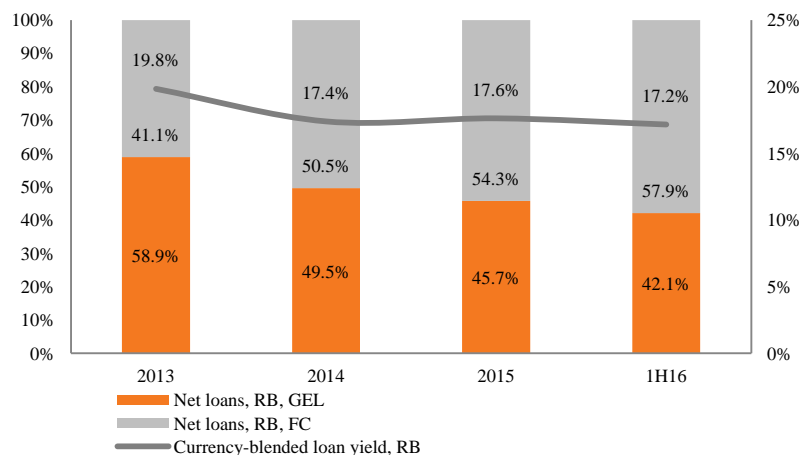
P&L

RB Consolidated

| Income Statement Highlights | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 1H16 | 1H15 | Change Y-O-Y |
|--|-----------------|-----------------|---------------|-----------------|---------------|-----------------|-----------------|---------------|
| <i>GEL thousands, unless otherwise noted</i> | | | | | | | | |
| Net banking interest income | 84,568 | 79,269 | 6.7% | 82,832 | 2.1% | 167,401 | 154,420 | 8.4% |
| Net fee and commission income | 21,742 | 18,406 | 18.1% | 19,239 | 13.0% | 40,981 | 36,972 | 10.8% |
| Net banking foreign currency gain | 5,473 | 4,305 | 27.1% | 3,590 | 52.5% | 9,063 | 8,210 | 10.4% |
| Net other banking income | 1,036 | 1,384 | -25.1% | 711 | 45.7% | 1,746 | 2,347 | -25.6% |
| Revenue | 112,819 | 103,364 | 9.1% | 106,372 | 6.1% | 219,191 | 201,949 | 8.5% |
| Salaries and other employee benefits | (24,325) | (22,416) | 8.5% | (23,607) | 3.0% | (47,932) | (46,012) | 4.2% |
| Administrative expenses | (12,756) | (11,632) | 9.7% | (14,521) | -12.2% | (27,277) | (23,872) | 14.3% |
| Banking depreciation and amortisation | (7,597) | (6,818) | 11.4% | (7,383) | 2.9% | (14,981) | (13,649) | 9.8% |
| Other operating expenses | (394) | (496) | -20.6% | (496) | -20.6% | (889) | (959) | -7.3% |
| Operating expenses | (45,072) | (41,362) | 9.0% | (46,007) | -2.0% | (91,079) | (84,492) | 7.8% |
| Operating income before cost of credit risk | 67,747 | 62,002 | 9.3% | 60,365 | 12.2% | 128,112 | 117,457 | 9.1% |
| Cost of credit risk | (17,542) | (20,662) | -15.1% | (18,184) | -3.5% | (35,726) | (37,322) | -4.3% |
| Net non-recurring items | (31,819) | (2,875) | NMF | (561) | NMF | (32,379) | (3,323) | NMF |
| Profit before income tax | 18,391 | 38,465 | -52.2% | 41,620 | -55.8% | 60,012 | 76,812 | -21.9% |
| Income tax expense | 28,702 | (5,900) | NMF | (3,844) | NMF | 24,858 | (11,639) | NMF |
| Profit | 47,093 | 32,565 | 44.6% | 37,776 | 24.7% | 84,870 | 65,173 | 30.2% |

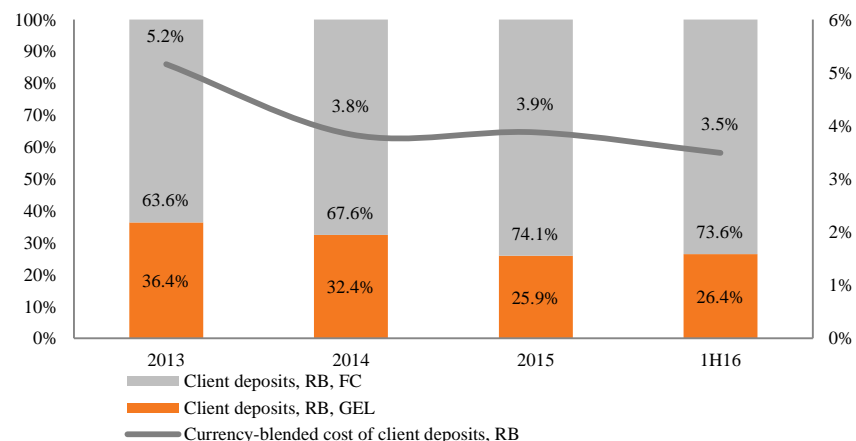
Loan Yield

RB standalone



Deposit Cost

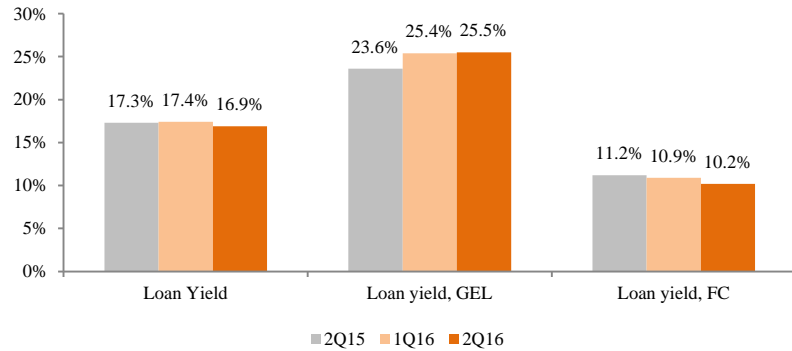
RB standalone



Retail Banking – Loan book growth

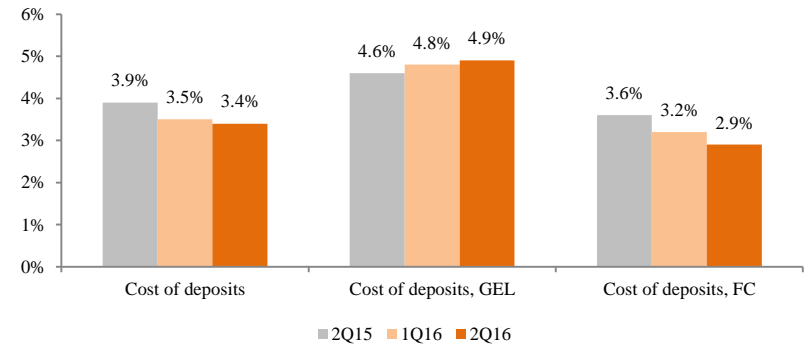
RB Loan Yield

RB standalone



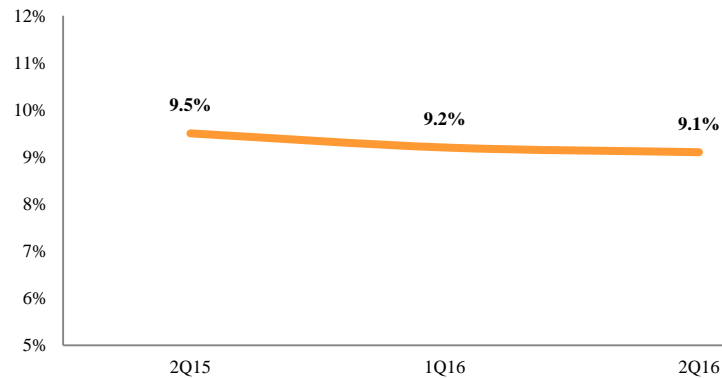
RB Cost of Deposit

RB standalone



RB NIM

RB standalone



Corporate Investment Banking (CIB)

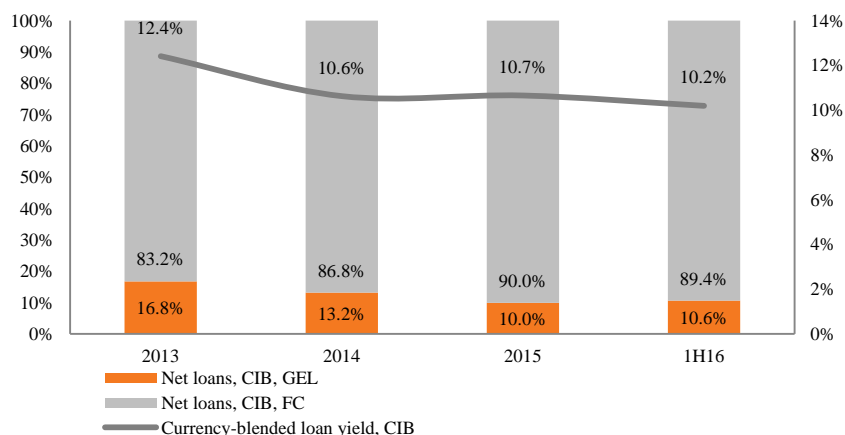
P&L

CIB Consolidated

| Income Statement Highlights | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 1H16 | 1H15 | Change Y-O-Y |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Gel thousands, unless otherwise notes | | | | | | | | |
| Net banking interest income | 35,238 | 39,266 | -10.3% | 38,250 | -7.9% | 73,488 | 78,858 | -6.8% |
| Net fee and commission income | 6,130 | 9,150 | -33.0% | 7,020 | -12.7% | 13,150 | 16,492 | -20.3% |
| Net banking foreign currency gain | 8,921 | 10,104 | -11.7% | 11,368 | -21.5% | 20,289 | 19,606 | 3.5% |
| Net other banking income | 1,822 | 1,827 | -0.3% | 2,587 | -29.6% | 4,408 | 3,335 | 32.2% |
| Revenue | 52,111 | 60,347 | -13.6% | 59,225 | -12.0% | 111,335 | 118,291 | -5.9% |
| Salaries and other employee benefits | (11,357) | (11,148) | 1.9% | (11,155) | 1.8% | (22,512) | (21,209) | 6.1% |
| Administrative expenses | (3,692) | (4,357) | -15.3% | (3,355) | 10.0% | (7,048) | (7,243) | -2.7% |
| Banking depreciation and amortisation | (1,304) | (1,069) | 22.0% | (1,272) | 2.5% | (2,576) | (2,176) | 18.4% |
| Other operating expenses | (227) | (228) | -0.4% | (231) | -1.7% | (456) | (474) | -3.8% |
| Operating expenses | (16,580) | (16,802) | -1.3% | (16,013) | 3.5% | (32,592) | (31,102) | 4.8% |
| Operating income before cost of credit risk | 35,531 | 43,545 | -18.4% | 43,212 | -17.8% | 78,743 | 87,189 | -9.7% |
| Cost of credit risk | (9,347) | (14,247) | -34.4% | (14,138) | -33.9% | (23,485) | (33,618) | -30.1% |
| Net non-recurring items | (14,538) | (216) | NMF | (856) | NMF | (15,393) | (837) | NMF |
| Profit before income tax | 11,641 | 29,082 | -60.0% | 28,218 | -58.7% | 39,859 | 52,734 | -24.4% |
| Income tax expense | 12,809 | (4,485) | NMF | (2,687) | NMF | 10,121 | (8,678) | NMF |
| Profit | 24,450 | 24,597 | -0.6% | 25,531 | -4.2% | 49,980 | 44,056 | 13.4% |

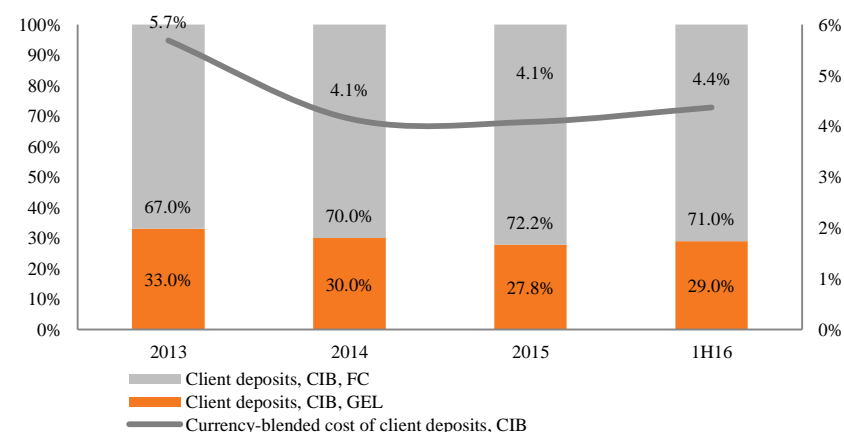
Loan Yield

CIB standalone



Deposit Cost

CIB standalone



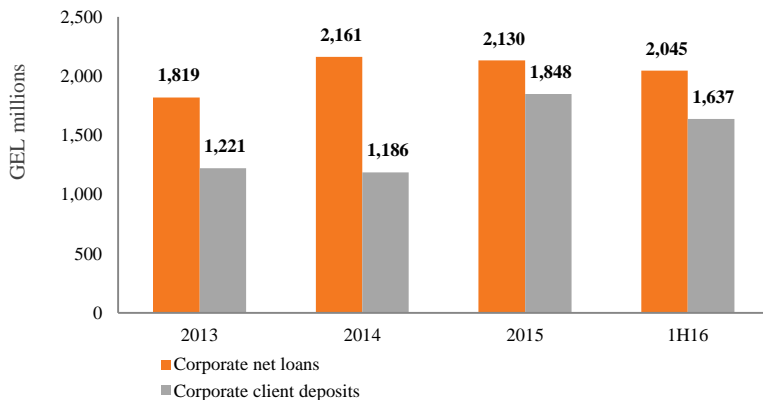
Corporate Investment Banking (CIB)

Highlights

- No.1 corporate bank in Georgia
- Integrated client coverage in key sectors
- c.3,000 clients served by dedicated relationship bankers

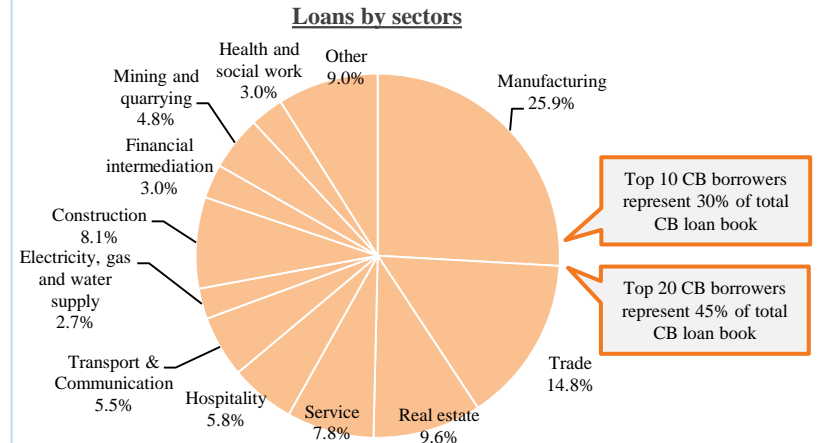
Loans & Deposits

CB standalone



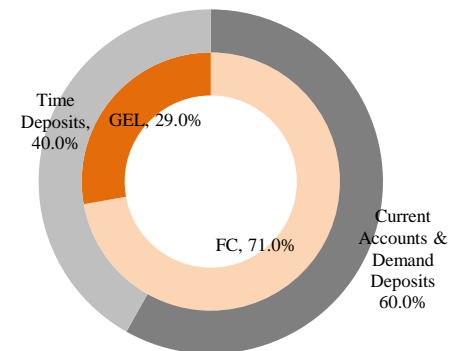
Portfolio breakdown, 30 June 2016

CIB standalone



Deposits by category

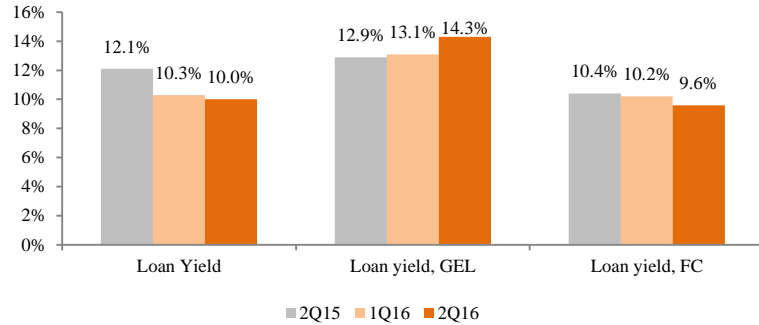
CIB standalone



Corporate Investment Banking (CIB)

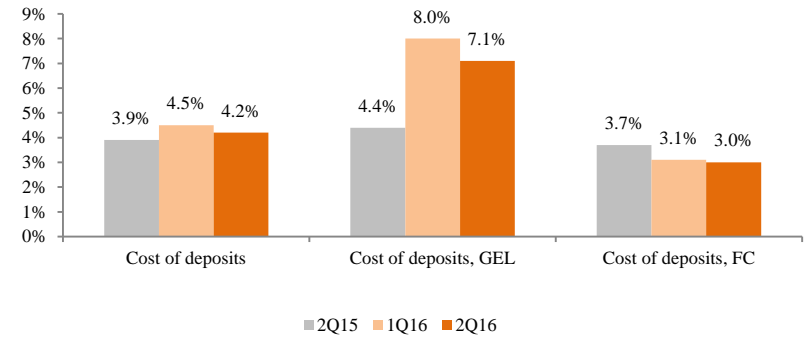
CIB Loan Yield

CIB standalone



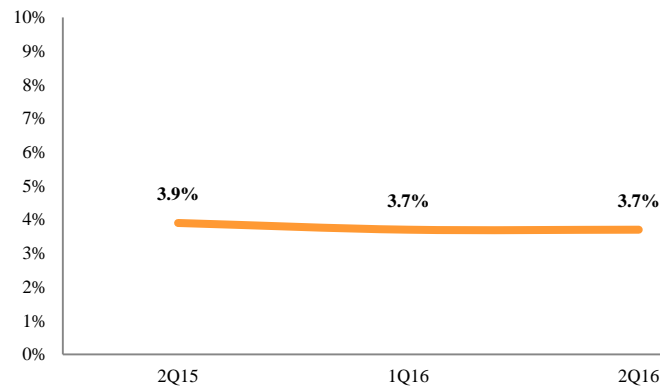
CIB Cost of Deposit

CIB standalone



CIB NIM

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 1,301 million**, up 5.7% y-o-y
- **Diversified funding sources:**
 - Georgia 44%
 - Israel 12%
 - UK 4%
 - Germany 3%
 - Other 35%

2

Research

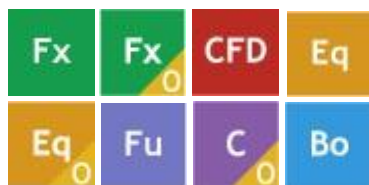
- **Sector, macro and fixed income coverage**
- **International distribution**



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

Contents

BGEO Group | Overview

Results Discussion | BGEO Group

Results Discussion | Banking Business

Results Discussion | Investment Business

- Georgia Healthcare Group (GHG)

Georgian Macro Overview

Appendices

GHG – Income Statement Highlights

P&L

Income Statement, Quarterly

| GEL thousands; unless otherwise noted | | | GHG | | Change, Q-o-Q | | | Change, Y-o-Y |
|--|-----------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|------------------|
| | 2Q16 | 2Q15 | Change, Y-o-Y | 1Q16 | | 1H16 | 1H15 | |
| Revenue, gross | 101,673 | 57,472 | 76.9% | 72,576 | 40.1% | 174,249 | 112,046 | 55.5% |
| Corrections & rebates | (724) | (885) | -18.2% | (410) | 76.6% | (1,134) | (1,842) | -38.4% |
| Revenue, net | 100,949 | 56,587 | 78.4% | 72,166 | 39.9% | 173,115 | 110,204 | 57.1% |
| Costs of services | (67,395) | (33,721) | 99.9% | (44,151) | 52.6% | (111,546) | (67,759) | 64.6% |
| Gross profit | 33,554 | 22,866 | 46.7% | 28,015 | 19.8% | 61,569 | 42,445 | 45.1% |
| Total operating expenses | (17,223) | (9,806) | 75.6% | (11,105) | 55.1% | (28,328) | (19,398) | 46.0% |
| Other operating income | 551 | 416 | 32.5% | 219 | 151.6% | 770 | 541 | 42.3% |
| EBITDA | 16,882 | 13,476 | 25.3% | 17,129 | -1.4% | 34,011 | 23,588 | 44.2% |
| Depreciation and amortisation | (4,581) | (2,567) | 78.5% | (4,465) | 2.6% | (9,046) | (4,889) | 85.0% |
| Net interest income (expense) | (3,469) | (6,017) | -42.3% | (1,656) | 109.5% | (5,125) | (10,118) | -49.3% |
| Net gains/(losses) from foreign currencies | (1,964) | 2,045 | NMF | (260) | 655.4% | (2,224) | 5,449 | NMF |
| Net non-recurring income/(expense) | (586) | (556) | NMF | (230) | 154.8% | (816) | (767) | NMF |
| Profit before income tax expense | 6,282 | 6,381 | -1.6% | 10,518 | -40.3% | 16,800 | 13,263 | 26.7% |
| Income tax benefit/(expense) | 26,920 | 660 | 3978.8% | 1,505 | 1688.7% | 28,425 | 53 | NMF |
| <i>of which: Deferred tax adjustments</i> | <i>27,113</i> | <i>-</i> | <i>-</i> | <i>2,198</i> | <i>-</i> | <i>29,311</i> | <i>-</i> | <i>-</i> |
| Profit for the period | 33,202 | 7,041 | 371.6% | 12,023 | 176.2% | 45,225 | 13,316 | 239.6% |
| Attributable to: | | | | | | | | |
| - shareholders of the Company | 27,755 | 6,122 | 353.4% | 9,921 | 179.8% | 37,676 | 11,854 | 217.8% |
| - non-controlling interests | 5,447 | 919 | 492.7% | 2,102 | 159.1% | 7,549 | 1,462 | 416.3% |
| <i>of which: Deferred tax adjustments</i> | <i>4,705</i> | <i>-</i> | <i>-</i> | <i>352</i> | <i>-</i> | <i>5,057</i> | <i>-</i> | <i>-</i> |

- Organic growth of healthcare services revenue was 13.0% y-o-y in 1H16
- Healthcare services EBITDA margin was 29.3% in 1H16

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

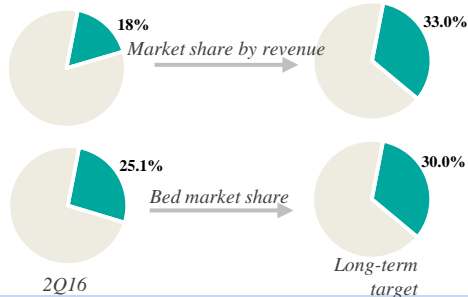
Redistribution of funds expected from pharmaceuticals to ambulatory services

GHG Market shares

Revenue

Capacity

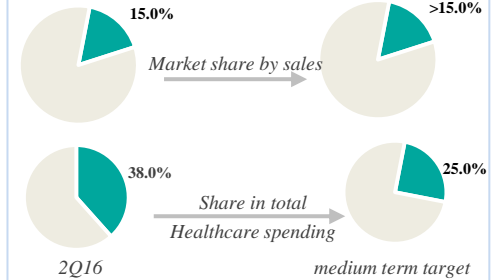
GEL 1.2bln⁽¹⁾



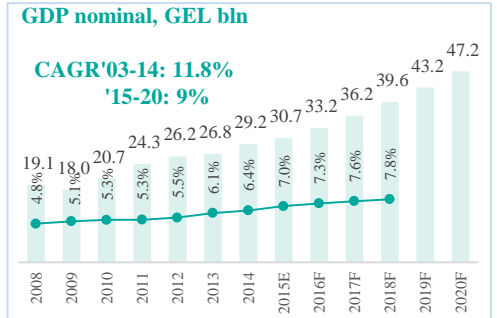
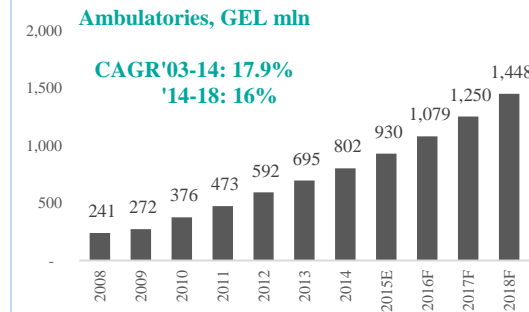
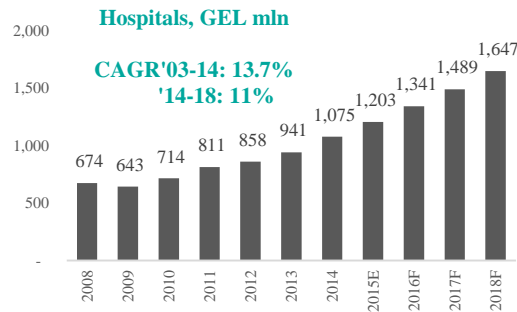
GEL 0.9bln⁽¹⁾



GEL 1.3bln⁽¹⁾



Market



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

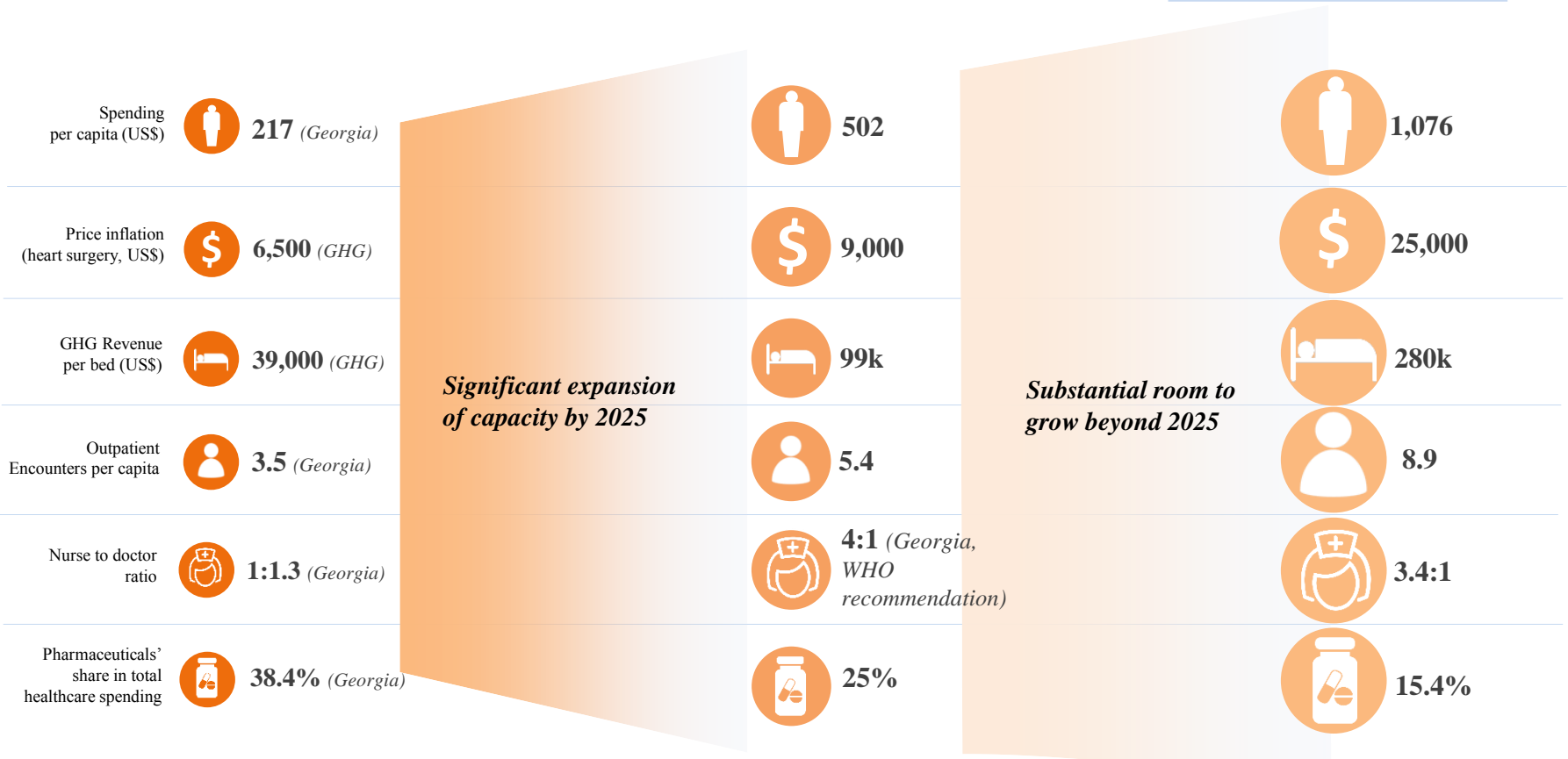
Medium-term Target
(5-10 Year Horizon)

Long-term Target
(Beyond 10 Year Horizon)

Georgia 2014 or most recent year⁽¹⁾

Georgia medium-term⁽¹⁾

EM 2014 or most recent year⁽²⁾



Sources:

- (1) Bed utilisation for referral hospitals; World Bank; GHG internal reporting; Management Estimates; Ministry of Finance of Georgia; Frost & Sullivan 2015; NCDC healthcare statistical yearbook 2014
- (2) WHO: Average of countries: Chile, Costa Rica, Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Russian Federation, Slovak Republic; BAML Global Hospital Benchmark, August 2014

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- m2 Real Estate

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m2 – Financial Highlights




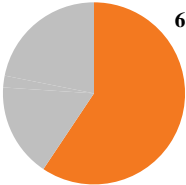
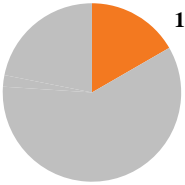
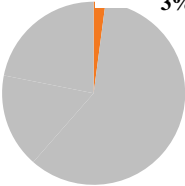
P&L

| Income Statement Highlights | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 1H16 | 1H15 | Change Y-O-Y |
|--|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| <i>Gel thousands, unless otherwise stated</i> | | | | | | | | |
| Real estate revenue | 5,964 | 1,595 | 273.9% | 28,592 | -79.1% | 34,556 | 5,533 | 524.5% |
| Cost of real estate | (3,858) | (1,757) | 119.6% | (22,740) | -83.0% | (26,598) | (4,622) | NMF |
| Gross real estate profit | 2,106 | (162) | NMF | 5,852 | -64.0% | 7,958 | 911 | 773.5% |
| Gross other investment profit | 121 | (57) | NMF | 1,816 | -93.3% | 1,937 | 162 | NMF |
| Revenue | 2,227 | (219) | NMF | 7,668 | -71.0% | 9,895 | 1,073 | 822.2% |
| Salaries and other employee benefits | (433) | (269) | 61.0% | (320) | 35.3% | (753) | (590) | 27.6% |
| Administrative expenses | (1,519) | (1,275) | 19.1% | (1,135) | 33.8% | (2,654) | (2,316) | 14.6% |
| Operating expenses | (1,952) | (1,544) | 26.4% | (1,455) | 34.2% | (3,407) | (2,906) | 17.2% |
| EBITDA | 275 | (1,763) | NMF | 6,213 | -95.6% | 6,488 | (1,833) | NMF |
| Depreciation and amortization of investment business | (61) | (43) | 41.9% | (53) | 15.1% | (114) | (85) | 34.1% |
| Net foreign currency gain from investment business | 697 | 903 | -22.8% | 386 | 80.6% | 1,083 | 532 | 103.6% |
| Interest income from investment business | - | 221 | -100.0% | - | - | - | 392 | -100.0% |
| Interest expense from investment business | (103) | (227) | -54.6% | (125) | -17.6% | (228) | (1,238) | -81.6% |
| Net operating income before non-recurring items | 808 | (909) | NMF | 6,421 | -87.4% | 7,229 | (2,232) | NMF |
| Net non-recurring items | (7) | (67) | -89.6% | (23) | -69.6% | (30) | (140) | -78.6% |
| Profit before income tax | 801 | (976) | NMF | 6,398 | -87.5% | 7,199 | (2,372) | NMF |
| Income tax (expense) benefit | (105) | 147 | NMF | (960) | -89.1% | (1,065) | 356 | NMF |
| Profit | 696 | (829) | NMF | 5,438 | -87.2% | 6,134 | (2,016) | NMF |

Balance Sheet

| Balance Sheet | Jun-16 | Jun-15 | Change Y-O-Y | Mar-16 | Change Q-O-Q |
|-------------------------------------|----------------|----------------|-----------------|----------------|-----------------|
| Cash and cash equivalents | 42,549 | 29,314 | 45.1% | 49,059 | -13.3% |
| Investment securities | 1,145 | 1,145 | 0.0% | 1,145 | 0.0% |
| Accounts receivable | 824 | 3,378 | -75.6% | 1,007 | -18.2% |
| Prepayments | 18,741 | 10,896 | 72.0% | 23,551 | -20.4% |
| Inventories | 116,891 | 98,830 | 18.3% | 95,139 | 22.9% |
| Investment property, of which: | 107,303 | 74,300 | 44.4% | 117,722 | -8.9% |
| <i>Land bank</i> | 71,489 | 52,584 | 36.0% | 81,888 | -12.7% |
| <i>Commercial real estate</i> | 35,814 | 21,716 | 64.9% | 35,834 | -0.1% |
| Property and equipment | 1,633 | 1,830 | -10.8% | 1,569 | 4.1% |
| Other assets | 19,751 | 14,373 | 37.4% | 12,678 | 55.8% |
| Total assets | 308,837 | 234,066 | 31.9% | 301,870 | 2.3% |
| Amounts due to credit institutions | 36,039 | 4,338 | 730.8% | 37,118 | -2.9% |
| Debt securities issued | 47,857 | 45,879 | 4.3% | 47,380 | 1.0% |
| Accruals and deferred income | 105,498 | 102,417 | 3.0% | 96,538 | 9.3% |
| Other liabilities | 7,264 | 2,709 | 168.1% | 4,782 | 51.9% |
| Total liabilities | 196,658 | 155,343 | 26.6% | 190,492 | 3.2% |
| Additional paid-in capital | 6,008 | 2,990 | 100.9% | 5,077 | 18.3% |
| Other reserves | (4,206) | (3,575) | 17.7% | (3,575) | 17.7% |
| Retained earnings | 110,377 | 79,308 | 39.2% | 109,876 | 0.5% |
| Total equity | 112,179 | 78,723 | 42.5% | 111,378 | 0.7% |
| Total liabilities and equity | 308,837 | 234,066 | 31.9% | 301,870 | 2.3% |

At a glance – Major player on Georgian real estate market

| Key Segments & market size | 1 Residential Developments | 2 Yielding Business | |
|----------------------------|---|---|--|
| | Affordable housing | Commercial space (offices, industrial properties, high street retail) | Hotels |
| | <p>Market: US\$ 1.2bn¹</p> <p>As a residential real estate developer, m² targets mass market customers by introducing high quality and comfortable living standards in Georgia and making them affordable.</p>  | <p>Market: US\$ 2.5bn²</p> <p>As a property manager, m² 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.</p>  | <p>Market: US\$ 1.9bn³</p> <p>As a hotel developer and operator, m² targets 3-star, mixed use hotels (residential combined with hotel development). m² finances equity needs of the hotel from the profits and land value unlocked through sale of the apartments in the same development.</p>  |
| Asset base (as of 2Q16) | <p><i>Includes:</i></p> <p>1. Inventory of residential real estate 2. Land bank</p> <p>US\$ 78 million⁴</p>  <p>68%</p> | <p><i>Includes:</i></p> <p>1. High street retail 2. Industrial properties: warehouses and logistics centers 3. Offices</p> <p>US\$ 15 million</p>  <p>13%</p> <p><i>Dollar denominated, inflation hedged cash flow stream</i></p> | <p><i>Includes:</i></p> <p>1. Hotels (mixed use) 2. Land bank</p> <p>US\$ 3 million</p>  <p>3%</p> |
| Track record | <ul style="list-style-type: none"> - Delivering average 65% IRR on residential projects - Started operations in 2010 and since: <ul style="list-style-type: none"> - Completed 6 projects – 1,672 apartments, 91% sold with US\$ 128.5mln sales value, land value unlocked US\$ 16.4mln - Ongoing 3 projects – 1,140 apartments, 25% sold with US\$ 23.7mln sales value, land value to be unlocked US\$ 13.2mln - All completed projects were on budget and on schedule - Land bank of value US\$ 27.9mln, with c.1070 apartments | <ul style="list-style-type: none"> - Generated annual yield of 9.7% in 2015 on portfolio rented out. Rent earning assets are with capital appreciation upside. - m² has developed its current yielding portfolio through: <ul style="list-style-type: none"> - m² retains commercial space (ground floor) at its own residential developments. This constitutes up to 25% of total yielding portfolio - Acquired opportunistically the commercial space. This constitutes over 75% of total yielding portfolio | <ul style="list-style-type: none"> • m² 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. • 3 projects in the pipeline: <ol style="list-style-type: none"> 1) 2 hotels in Tbilisi – land acquired, project design stage 2) 1 hotel in Kutaisi – searching for property |

Unmatched track record

All projects were completed on budget and on schedule

Project timeline



2,812 apartments in total: 1,672 apartments completed with 91% sales and 1,140 apartments under construction with 25% pre-sales

Project highlights

| | | | | | | |
|---|---|--|---|---|---|--|
| <p>1</p> <p>Chubinishvili street</p> <ul style="list-style-type: none"> 123 apartments IRR: 47% Equity multiple: x1.8 Apartments sold: 123/123, 100% Pre-sales¹ was: 92% Start date: Sep'2010 Completion: Aug'2012 Sales: US\$ 9.9mln Land value unlocked: US\$ 0.9mln | <p>2</p> <p>Tamarashvili street</p> <ul style="list-style-type: none"> 525 apartments IRR: 46% Equity multiple: x2.4 Apartments sold: 523/525, 100% Pre-sales was: 97% Start date: May'2012 Completion: Jun'2014 Sales: US\$ 48.4mln Land value unlocked: US\$ 5.4mln | <p>3</p> <p>Nutsubidze street</p> <ul style="list-style-type: none"> 221 apartments IRR: 58% Equity multiple: x1.5 Apartments sold: 216/221, 98% Pre-sales: 89% Start date: Dec'2013 Completion: Sep'2015 Sales: US\$ 17.1mln Land value unlocked: US\$ 2.2mln | <p>4</p> <p>Kazbegi Street</p> <ul style="list-style-type: none"> 295 apartments IRR: 165% Equity multiple: x2.3 Apartments sold: 285/295, 97% Pre-sales: 90% Start date: Dec'2013 Completion: Feb'2016 Sales: US\$ 26.2mln Land value unlocked: US\$ 3.6mln | <p>5</p> <p>Tamarashvili Street II</p> <ul style="list-style-type: none"> 270 apartments IRR: 71% Equity multiple: x2.1 Apartments sold: 205/270, 76% Pre-sales: 76% Start date: Jul'2014 Completion: Jun'2016 Sales: US\$ 19.0mln Land value unlocked: US\$ 2.7mln | | |
| <p>6</p> <p>Moscow avenue</p> <ul style="list-style-type: none"> 238 apartments IRR: 31% Equity multiple: x1.5 Apartments sold: 165/238, 69% Pre-sales: 69% Start date: Sep'2014 Completion: Jun'2016 Sales: US\$ 7.9mln Land value unlocked: US\$ 1.6mln | <p>7</p> <p>Kartozia Street</p> <ul style="list-style-type: none"> 819 apartments IRR: 60% Equity multiple: x1.7 Pre-sales: 247/819, 30% Pre-sales: US\$ 17.8mln Start date: Nov'2015 Completion exp.: Sep'2018 Construction progress: 12% completed Land value to be unlocked: US\$ 5.8mln | <p>8</p> <p>Skyline</p> <ul style="list-style-type: none"> 19 apartments IRR: 329% Equity multiple: x1.1 Pre-sales: 10/19, 53% Pre-sales: US\$ 4.1mln Start date: Dec'2015 Completion expected: Dec'2016 Construction progress: 20% completed Land value to be unlocked: US\$ 3.1mln | <p>9</p> <p>Kazbegi Street II</p> <table border="0"> <tr> <td> <p>Residential</p> <ul style="list-style-type: none"> 302 apartments IRR: 51% Equity multiple: x2.5 Pre-sales: 24/302, 8% Pre-sales: US\$ 1.9mln Start date: Jun'2016 Completion expected: Nov'2018 Construction progress: 1% completed Land value to be unlocked: US\$ 4.3mln </td> <td> <p>Ramada Encore (Hotel)</p> <ul style="list-style-type: none"> 152 rooms, 7000 sqm (gross) Start: June-16 Completion: Nov-17 Total completion cost: US\$ 13.2mln Profit stabilized year: US\$ 1.6mln ADR (stabilized year): US\$ 115 </td> </tr> </table> | | <p>Residential</p> <ul style="list-style-type: none"> 302 apartments IRR: 51% Equity multiple: x2.5 Pre-sales: 24/302, 8% Pre-sales: US\$ 1.9mln Start date: Jun'2016 Completion expected: Nov'2018 Construction progress: 1% completed Land value to be unlocked: US\$ 4.3mln | <p>Ramada Encore (Hotel)</p> <ul style="list-style-type: none"> 152 rooms, 7000 sqm (gross) Start: June-16 Completion: Nov-17 Total completion cost: US\$ 13.2mln Profit stabilized year: US\$ 1.6mln ADR (stabilized year): US\$ 115 |
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m² Real Estate – Strategy: accelerating growth

GOAL

Accelerate growth, building on existing track record, to develop m² 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\$ 27.9mln**

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)*

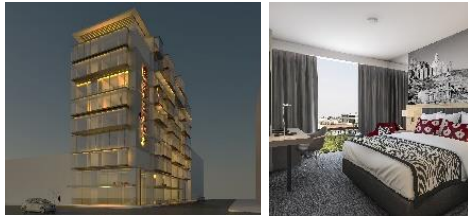
*Excludes hotel lands

m² Real Estate – Hotel strategy



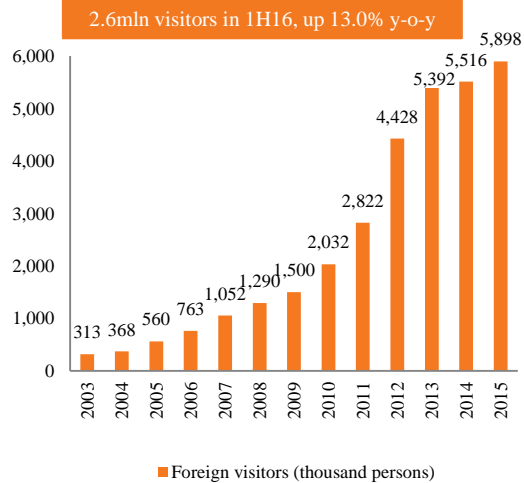
3-star hotel opportunity in Tbilisi

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



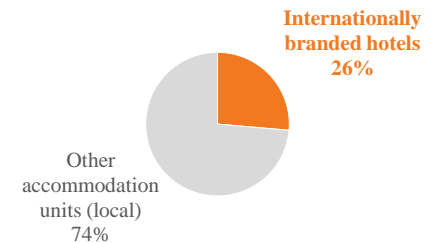
- Wyndham Ramada Anchor exclusivity for 7 years
- Equity investment US\$ 7 million
- Number of rooms – 370
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3rd year stabilised)
- ADR – US\$ 100
- ROE – 20%

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



- Occupancy rate of international branded hotels was 82% in June 2016, while YTD occupancy rate reached 67.1%, up 6.1% y-o-y
- June 2016 ADR – US\$ 132, down 14% y-o-y. YTD ADR of US\$ 136, down 6% y-o-y

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- **Renewable Energy Opportunity**

Georgian Macro Overview

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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

RENEWABLE POWER
rpGLOBAL

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 (*partnership: 65% BGEO – 35% RP Global*)

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 ² | 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

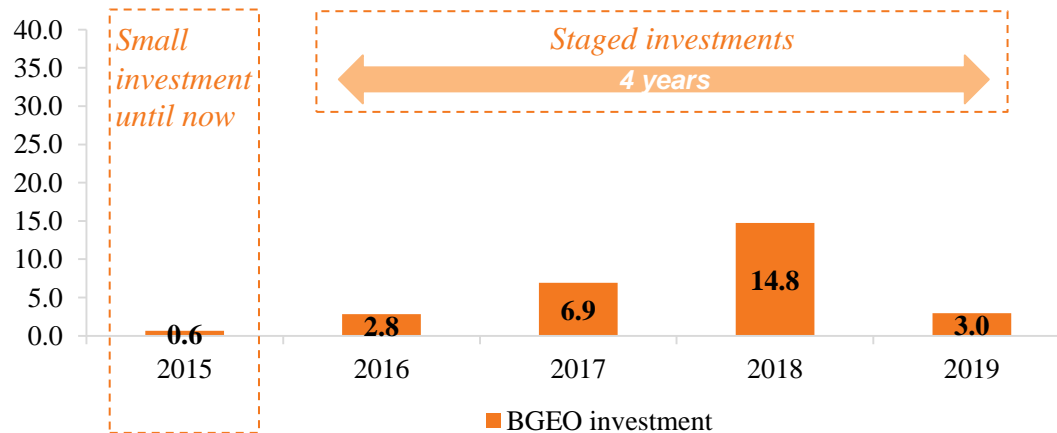
Goal

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 nd stage) and public listing or strategic sale | |

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- **GGU – Georgian Global Utilities**

Georgian Macro Overview

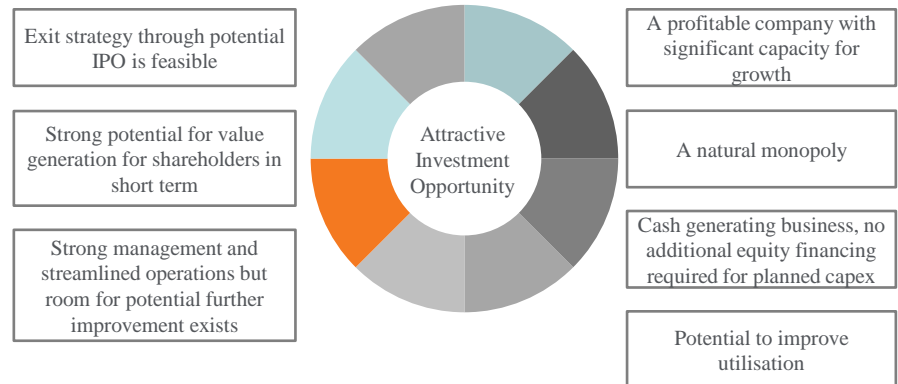
Appendices

Acquisition of remaining 75% interest in GGU

Acquired remaining 75% interest in GGU

- Acquired remaining 75% equity stake in GGU
- The settlement of the cash consideration of US\$ 70.0 million
- The transaction values GGU's enterprise value at GEL 287.5 million, or 4.2x EV / EBITDA 2016E
- GGU distributed dividends in the aggregate amount of GEL 13.0 million to the existing shareholders
- The transaction is both, P/E and B/V accretive from day one
- BGEO funded the acquisition through a combination of the BGEO's existing unallocated cash and additional debt
- GGU's existing senior management team continues 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⁽¹⁾
- 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%⁽²⁾. 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.

GGU – a privately-owned natural monopoly

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

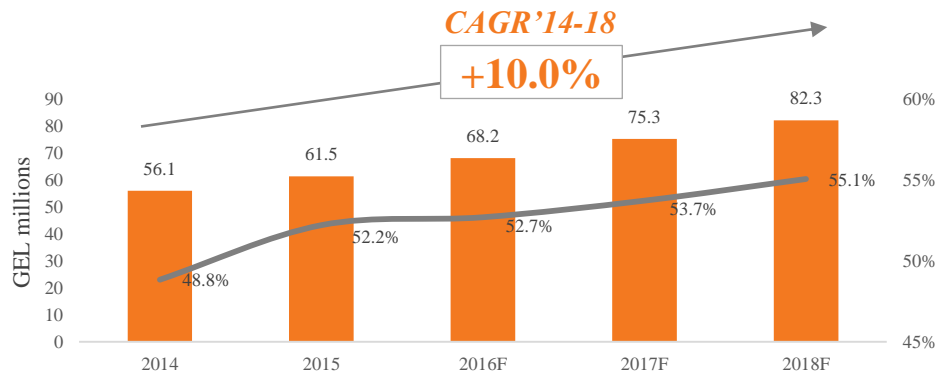
GGU is the largest privately owned water utility company in Georgia

- 2 core activities:
 - Water supply** (including wastewater collection and processing) – Provides water to 1.4mln people (1/3 of Georgia) 2015A: 520M m³
 - 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
 - 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

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- **Teliani Valley**

Georgian Macro Overview

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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)

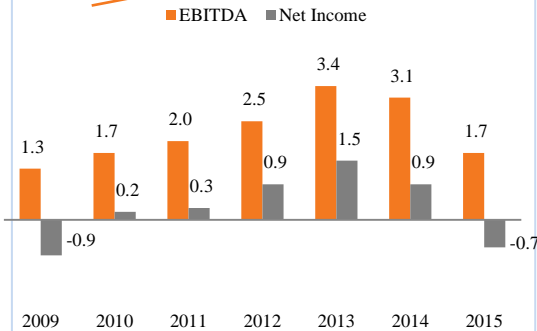
Teliani Valley – Exclusive Heineken producer in Caucasus



Exclusive Heineken producer in Caucasus

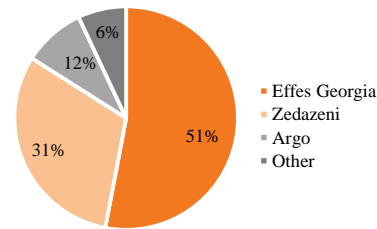
Strong management with proven track record

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



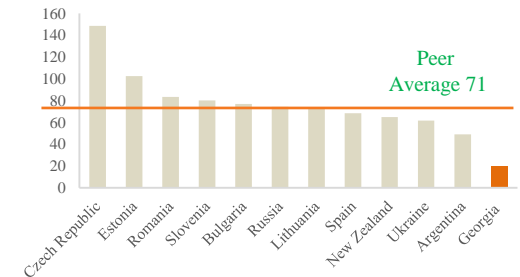
Highly concentrated market

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



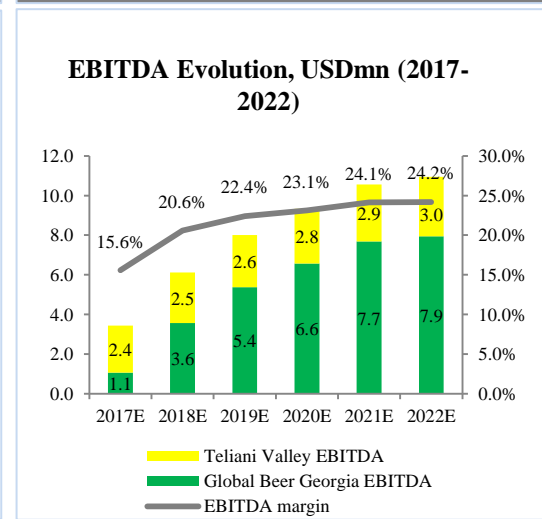
Financials

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 at a glance

General Facts

- Area: 69,700 sq km
- Population (2015): 3.7 mln
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)

Economy

- Nominal GDP (Geostat) 2015: GEL 31.7 bn (US\$14.0 bn)
- Real GDP growth rate 2011-2015: 7.2%, 6.4%, 3.4%, 4.6%, 2.8%
- Real GDP average 10 year growth rate: 5.1%
- GDP per capita 2015 (PPP) per IMF: US\$ 9,566
- Annual inflation (e-o-p) 2015: 4.9%
- External public debt to GDP 2015: 32.6%
- Sovereign ratings:
 - S&P BB-/B/Stable, affirmed in November 2015
 - Moody's Ba3/NP/Stable, affirmed in March 2016
 - Fitch BB-/B/Stable, affirmed in April 2016



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 at US\$ 376mln in 1Q16 (up 113% y/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

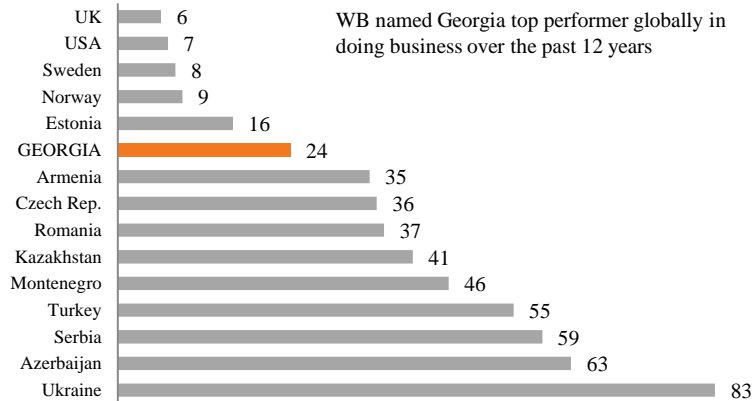
- **Developed, stable and competitively priced energy sector**
- Only 20% of hydropower capacity utilized; 88 hydropower plants are in various stages of construction or development
- Georgia imports natural gas mainly from Azerbaijan
- Significantly boosted transmission capacity in recent years, a new 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

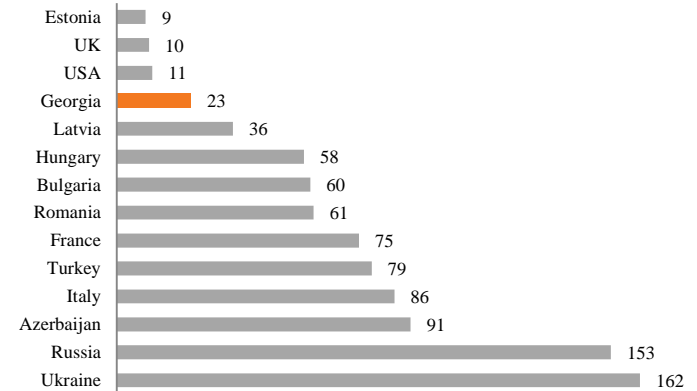
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU
- New constitution amendments passed in 2013 to enhance 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 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

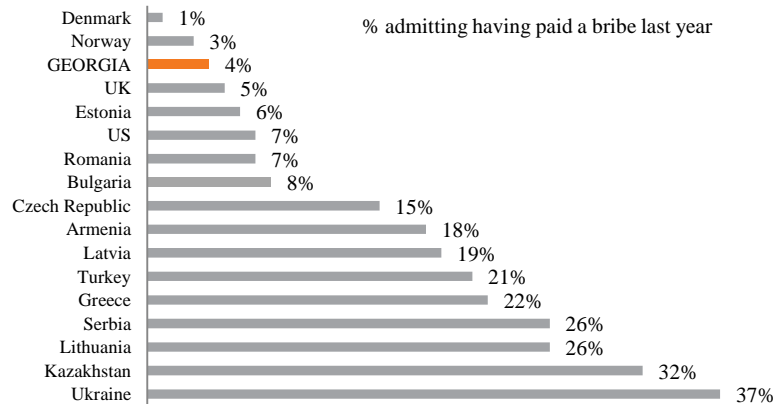
Ease of Doing Business | 2016 (WB-IFC Doing Business Report)



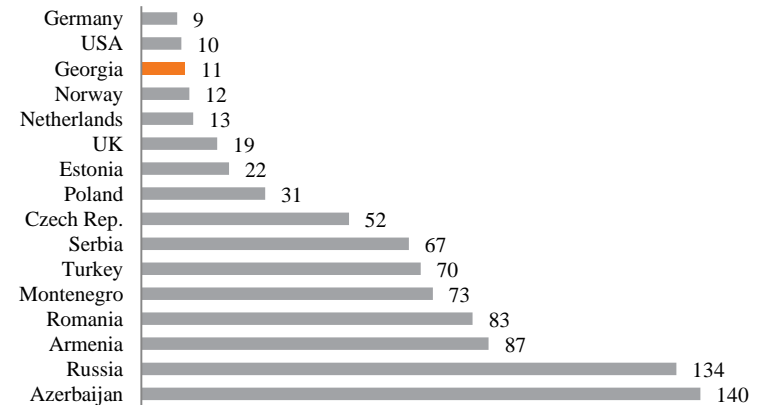
Economic Freedom Index | 2016 (Heritage Foundation)



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

Promoting Transit & Tourism Hub

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

Promoting Open Governance

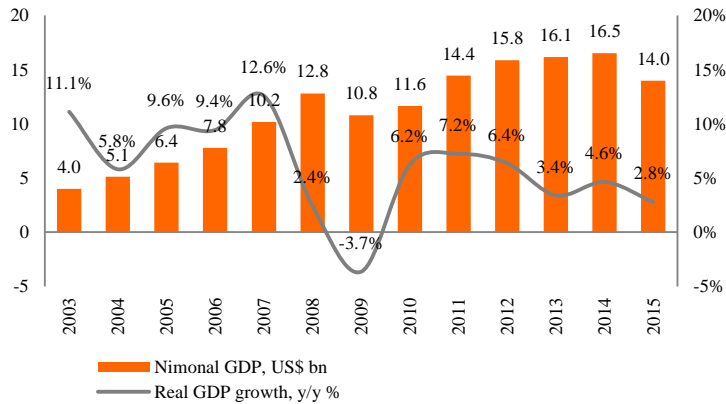
| | |
|--|--|
| Improvement of public services offered to the private sector | <ul style="list-style-type: none"> Creation of “Front Office” Application of “Single Window Principle” |
| Involvement of the private sector in legislative process | <ul style="list-style-type: none"> Discussion of draft legislation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

Education Reform

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

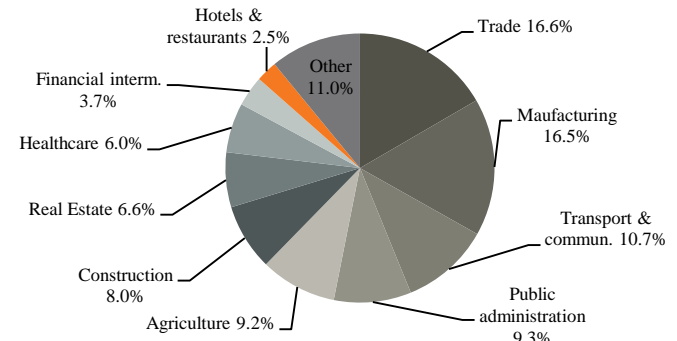
Diversified resilient economy

Gross domestic product



Source: Geostat

Nominal GDP structure, 2015



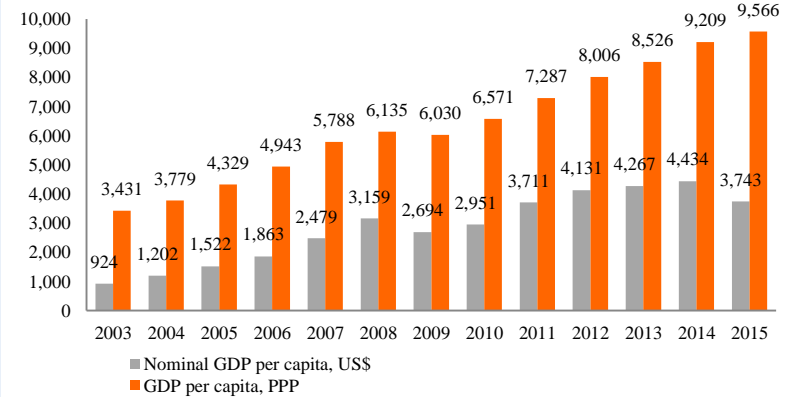
Source: Geostat

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



Sources: IMF, Geostat

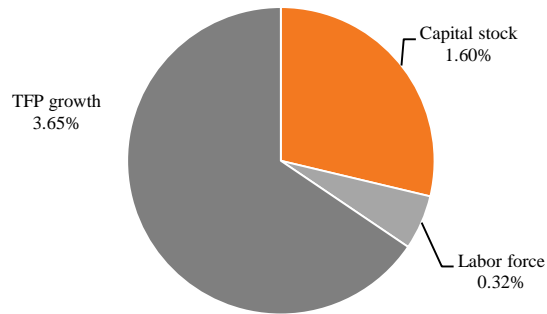
GDP per capita



Sources: IMF

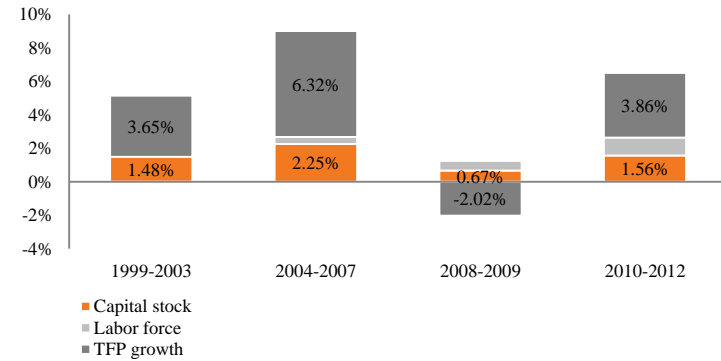
Productivity gains have been the main engine of growth since 2004

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



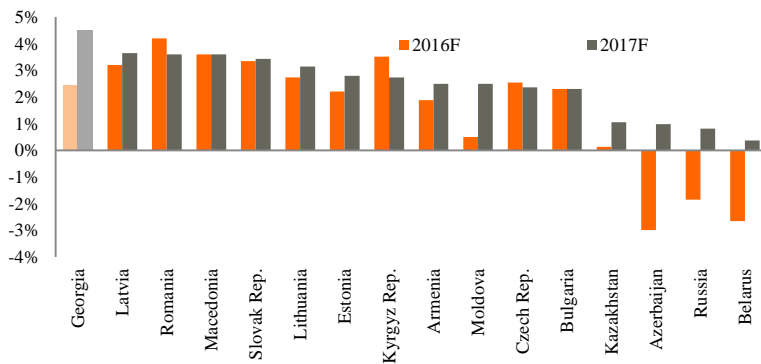
Source: Georgia Rising (2013), WB

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



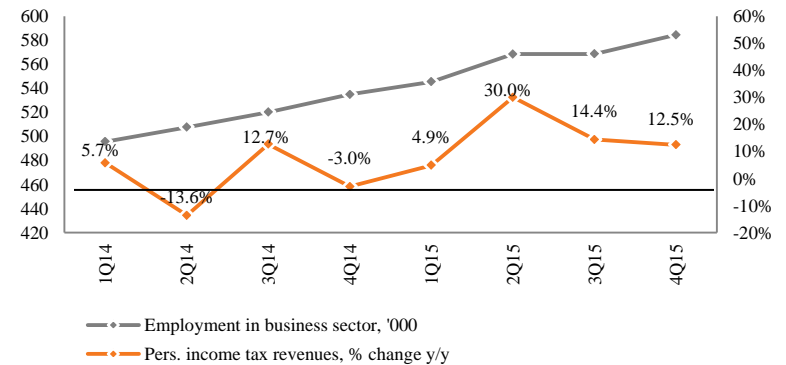
Source: Georgia Rising (2013), WB

Real GDP growth projection, 2016-2017



Sources: IMF, WEO April 2016

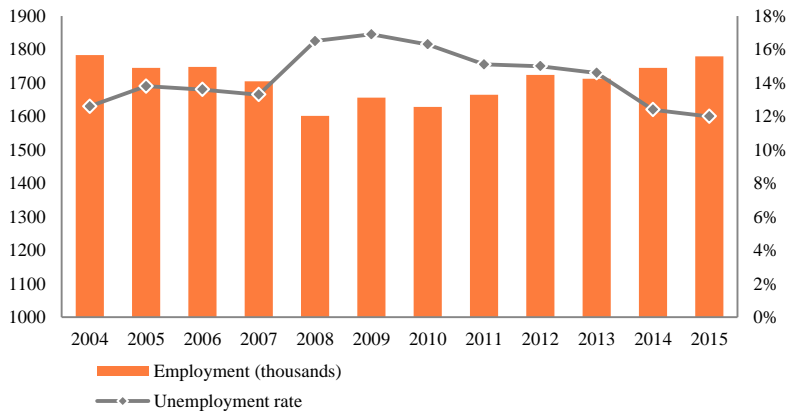
Employed persons in business sector



Source: GeoStat, MOF

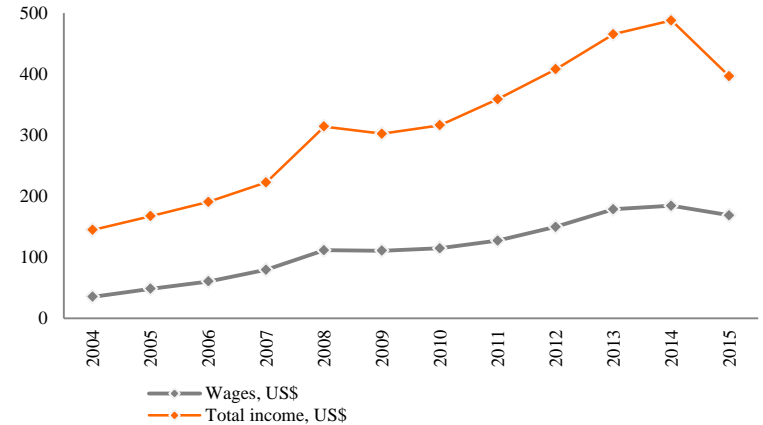
Further job creation is achievable

Unemployment rate down 0.4ppts y/y to 12.0% in 2015



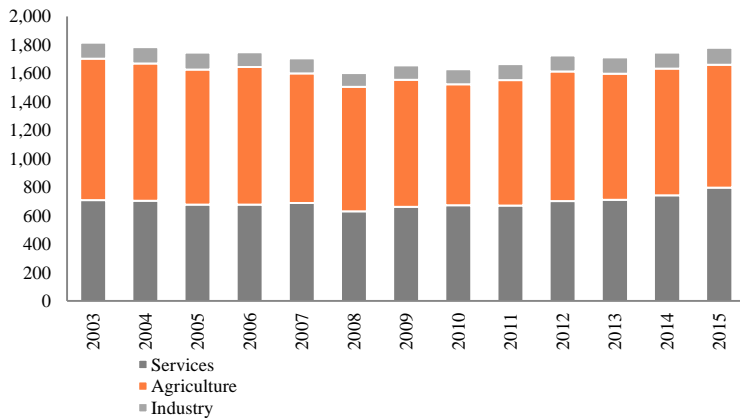
Sources: GeoStat

Average monthly wages and income per household



Sources: GeoStat

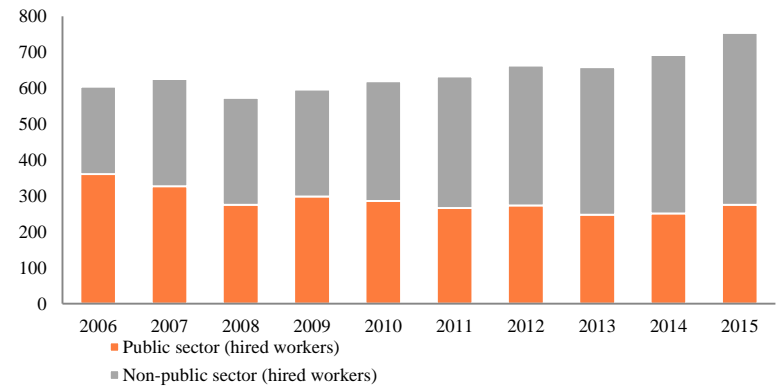
Share of services in total employment has increased



Source: GeoStat

Note: services include construction

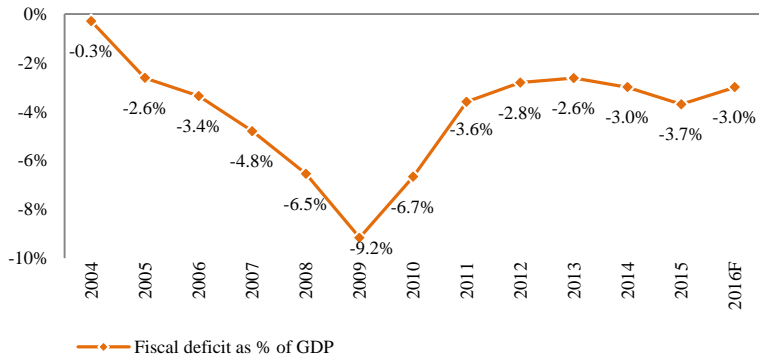
Hired workers account for 42.3% in total employment in 2015



Sources: GeoStat

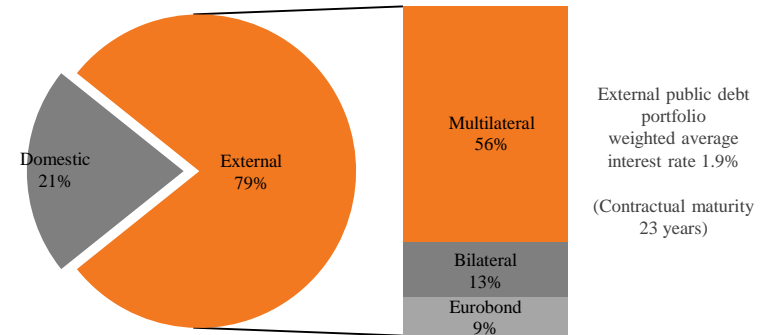
Demonstrated fiscal discipline and low public debt

Fiscal deficit as % of GDP



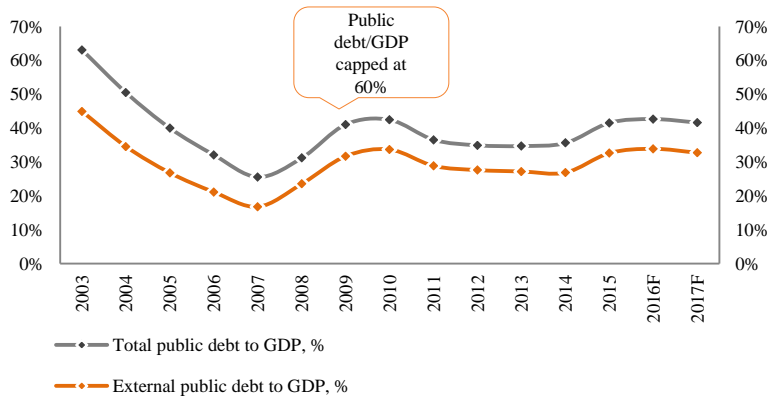
Source: Ministry of Finance of Georgia

Breakdown of public debt



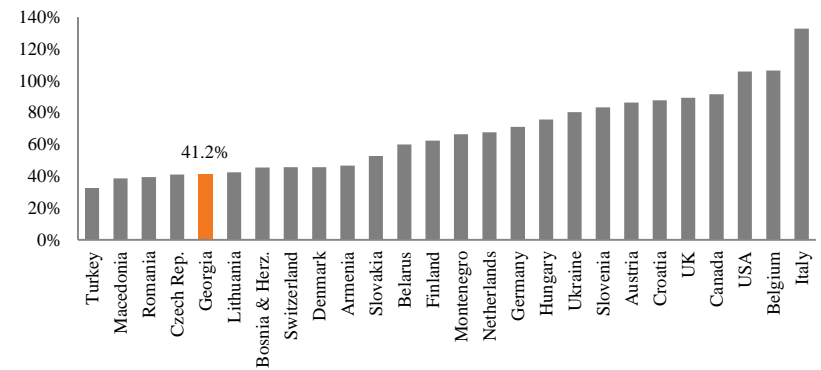
Source: Ministry of Finance of Georgia, as of end-2015

Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

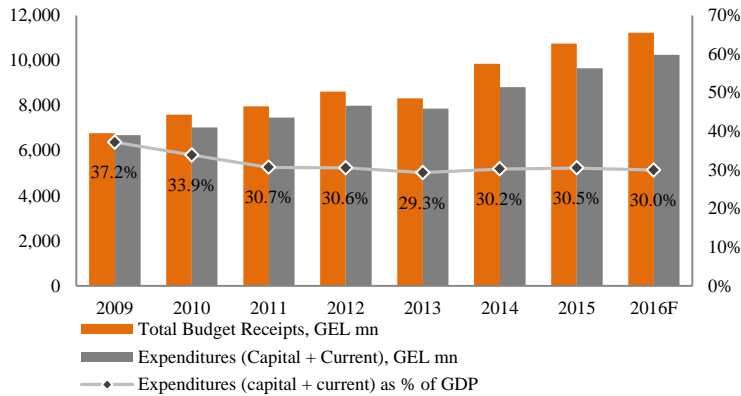
Gross government debt/GDP, 2015



Source: IMF

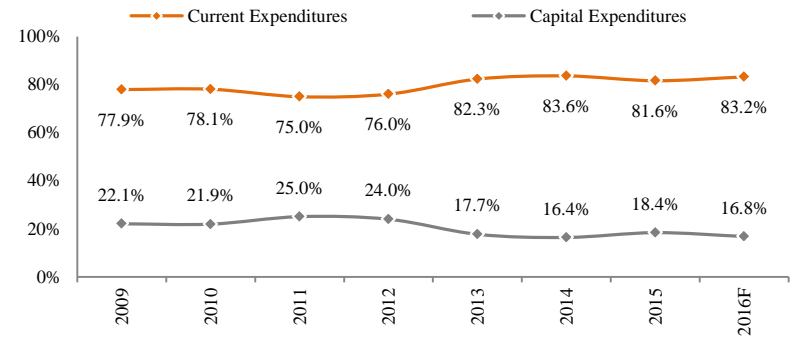
Investing in infrastructure and spending low on social

Revenues and expenditures



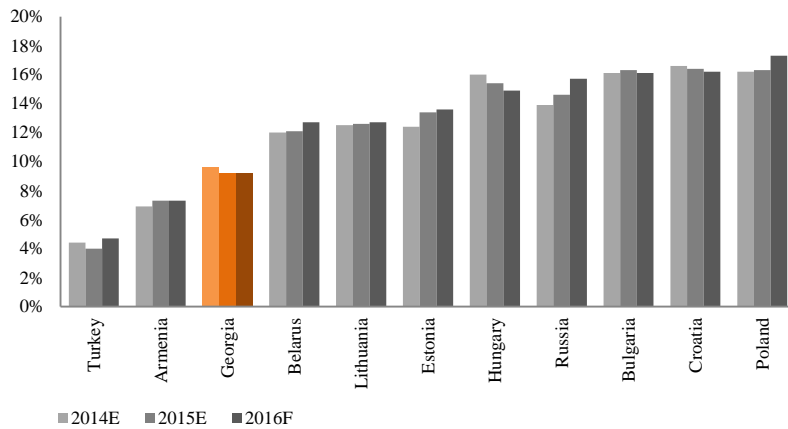
Source: Ministry of Finance, GeoStat

Current and capital expenditure



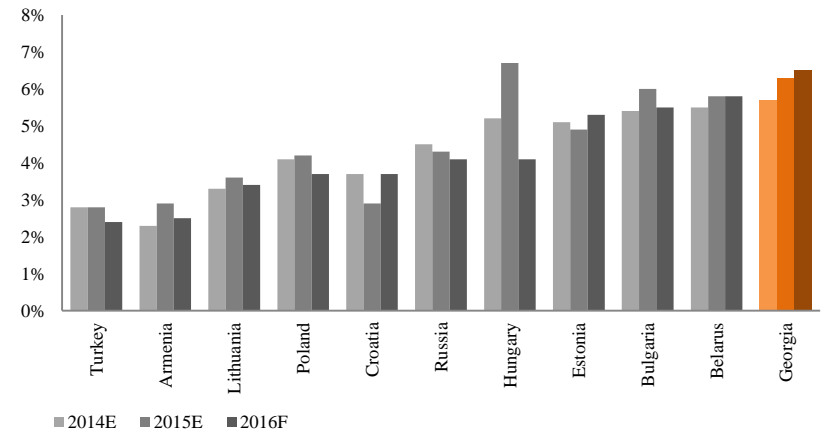
Sources: Ministry of Finance

Government social expenditure as % of GDP



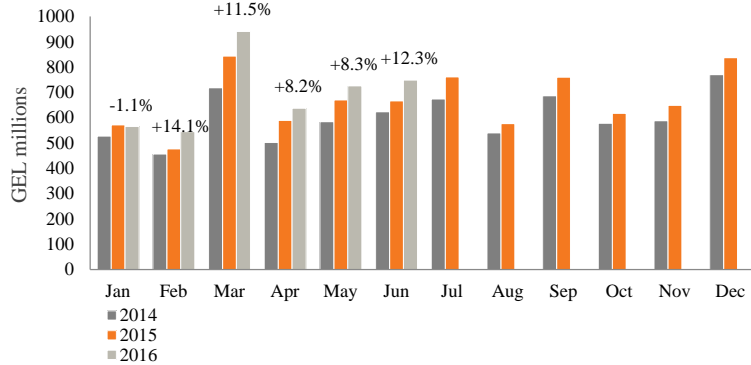
Source: IMF

Government capital expenditure as % of GDP



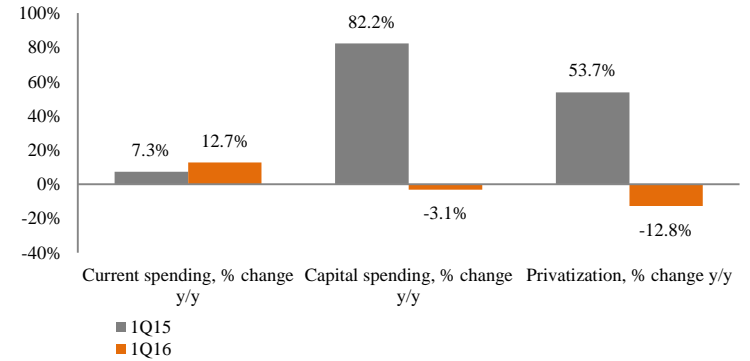
Fiscal Performance

Consolidated budget tax revenues



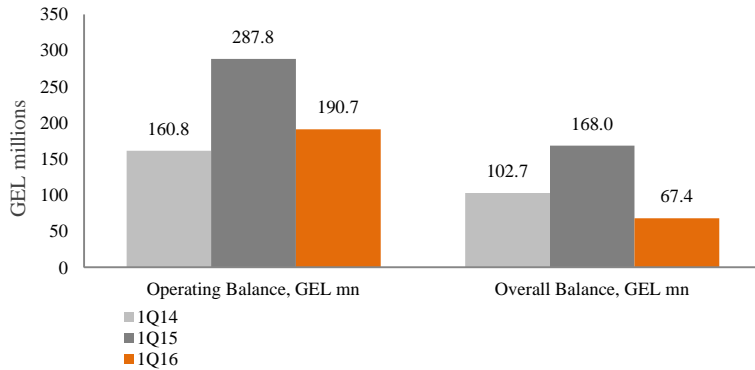
Source: Ministry of Finance

Consolidated budget - expenditures and privatization



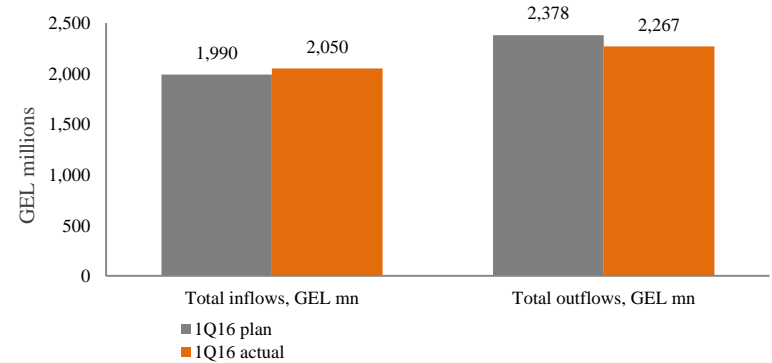
Sources: Ministry of Finance

Consolidated budget balance



Source: Ministry of Finance

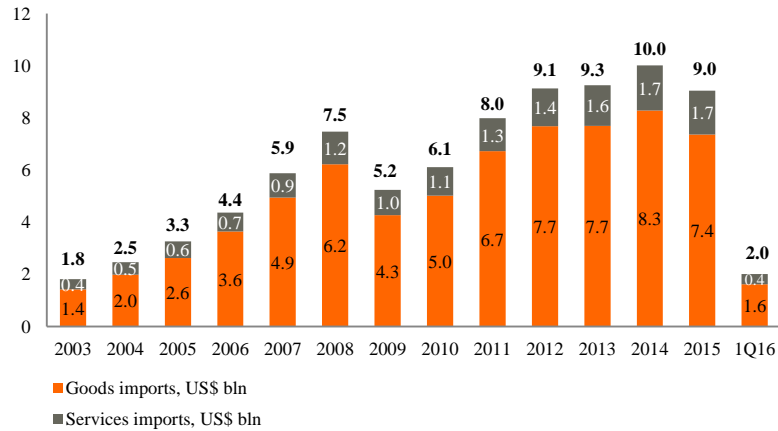
State budget - revenues above plan in 1Q16



Source: Ministry of Finance

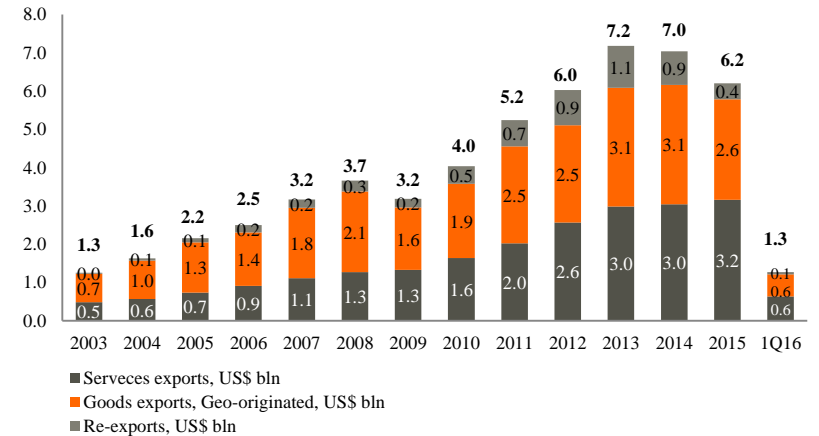
Diversified foreign trade

Imports of goods and services



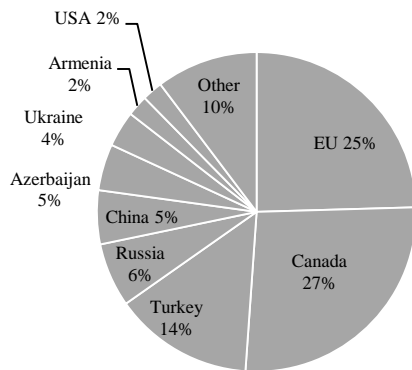
Source: NBG – BOP statistics

Exports of goods and services



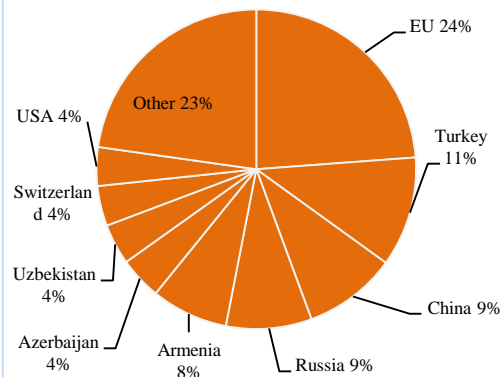
Source: NBG – BOP statistics

Imports, 1H16

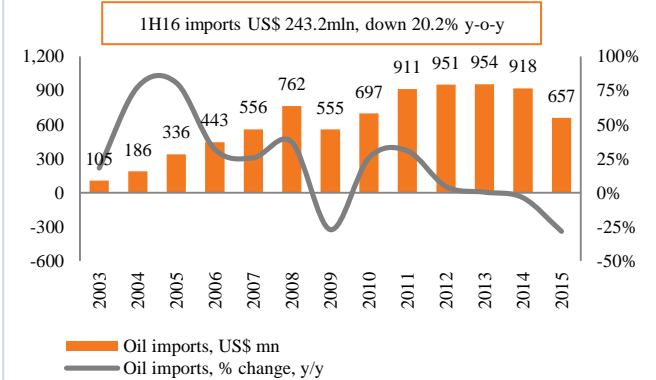


Sources: Geostat

Exports, 1H16



Oil imports

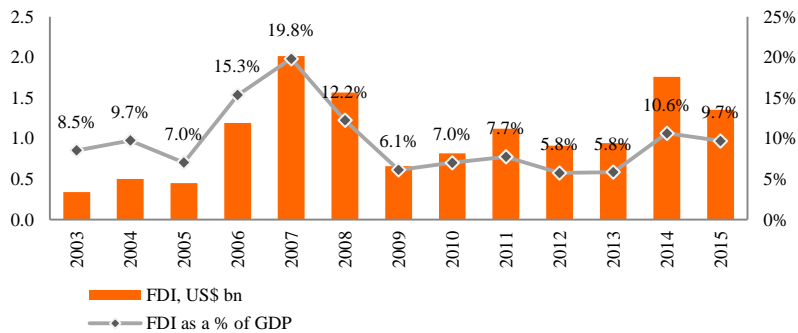


Sources: GeoStat

Diversified sources of capital inflow

Strong foreign investor interest

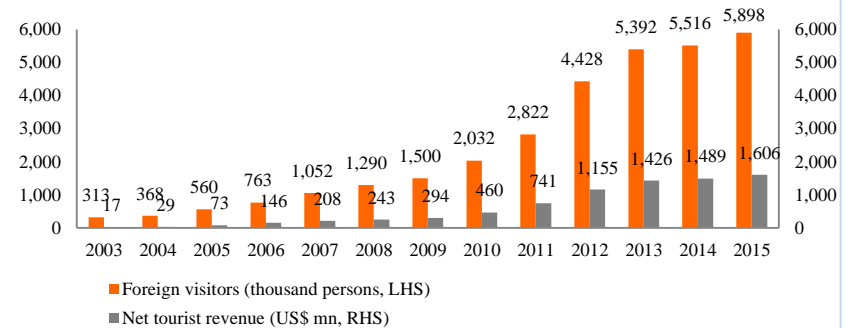
US\$ 376mln in 1Q16, up 113%



Sources: Geostat

Tourist arrivals and revenues on the rise

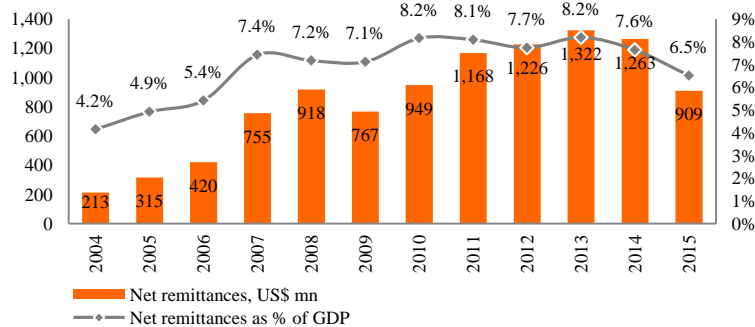
2.6mln visitors in 1H16, up 13.0%



Sources: Georgian National Tourism Agency, National Bank of Georgia

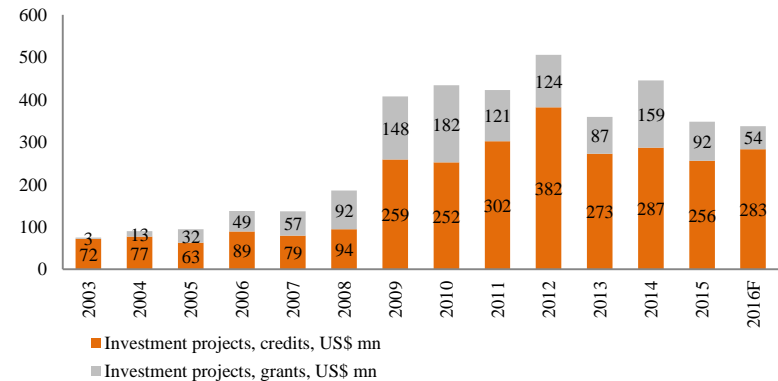
Remittances - steady source of external funding

US\$ 530.2mln in 1H16, down 1.6%



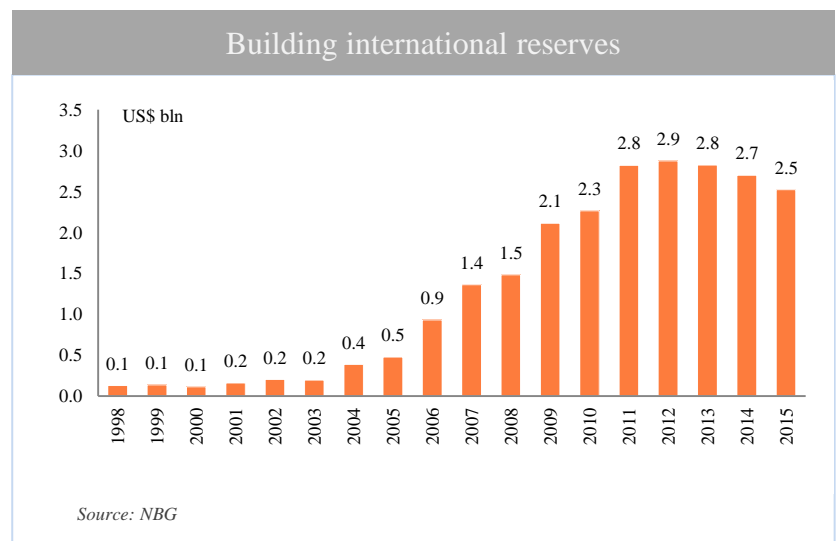
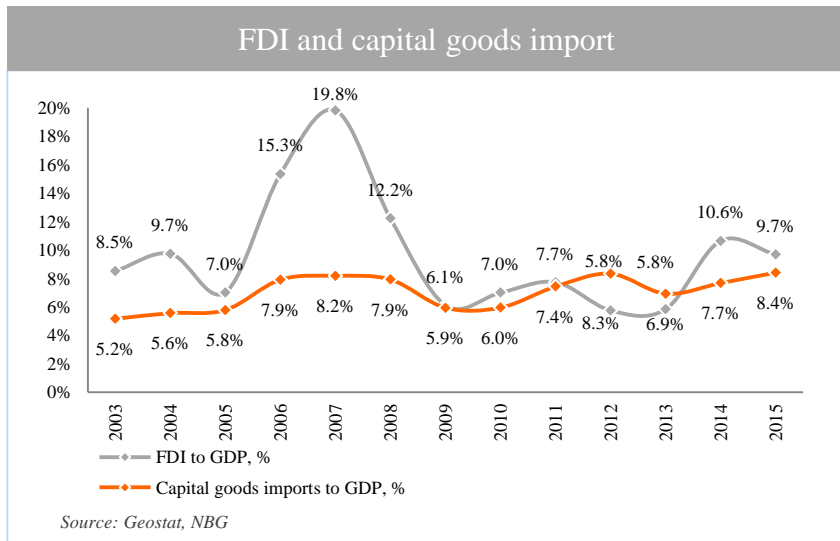
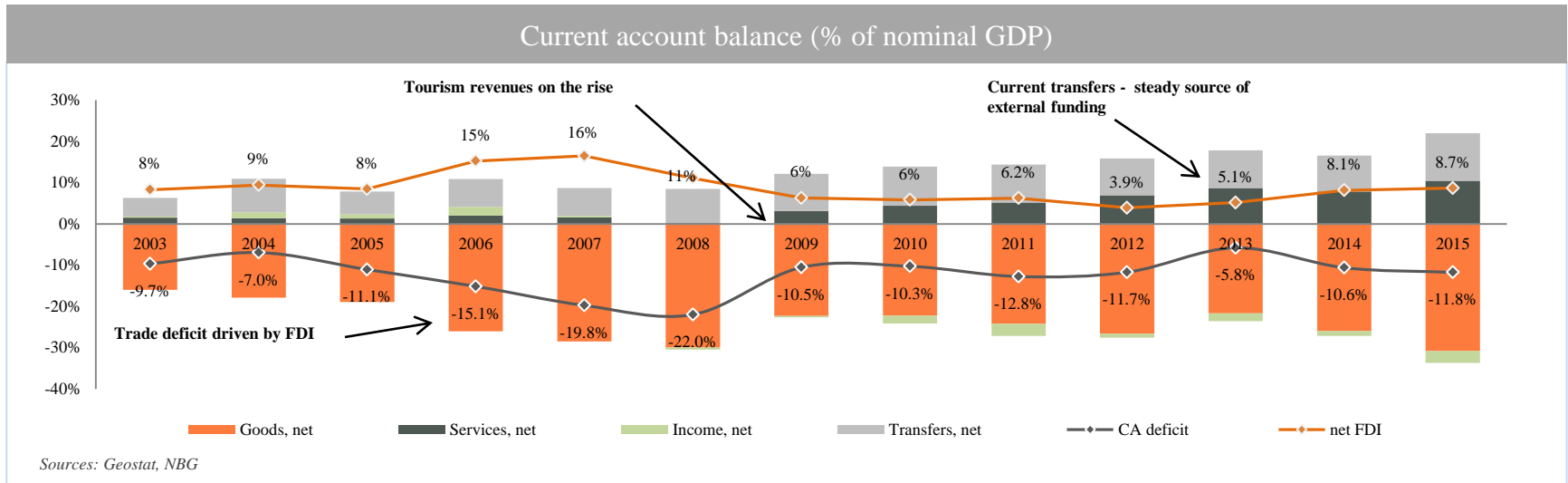
Source: National Bank of Georgia

Donor funding for public infrastructure projects



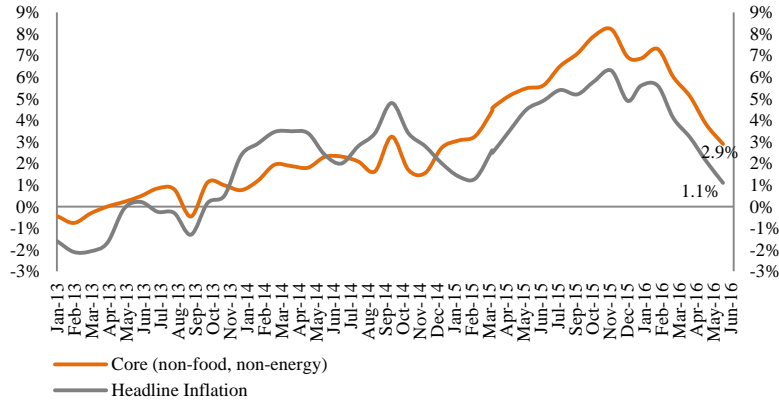
Source: Ministry of Finance of Georgia

Current account deficit supported by FDI



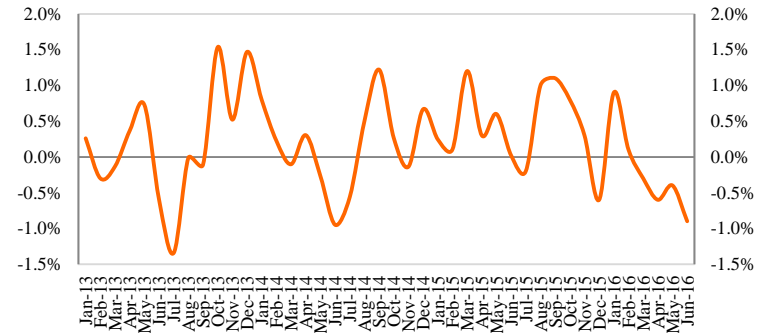
Inflation target - 5% for 2016 and 4% for 2017

Annual inflation



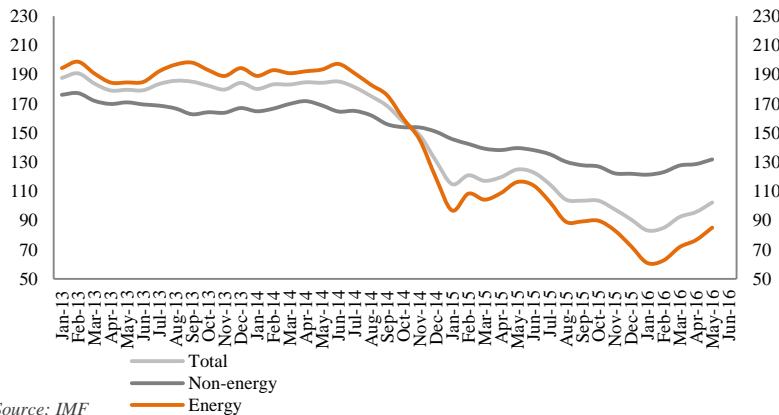
Sources: Geostat

Monthly inflation rate



Sources: Geostat

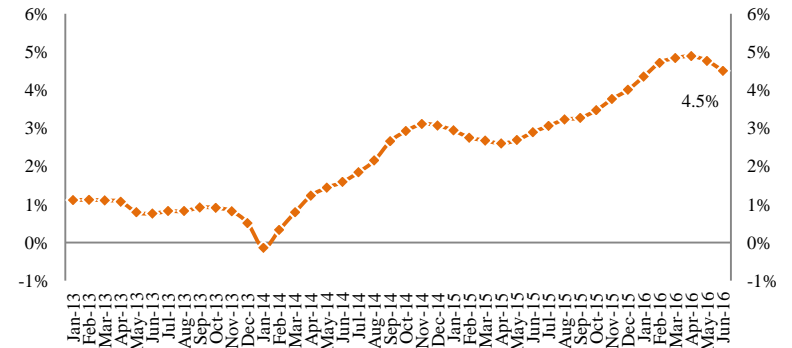
World commodity prices indices



Source: IMF

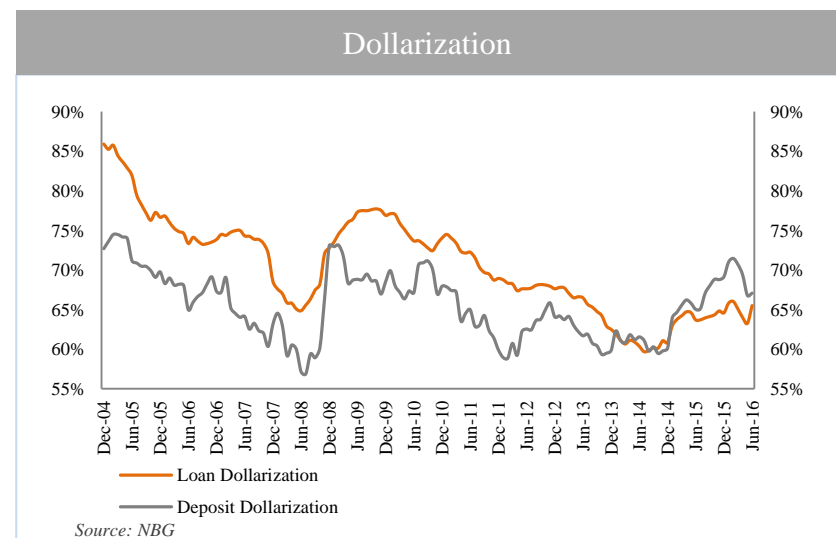
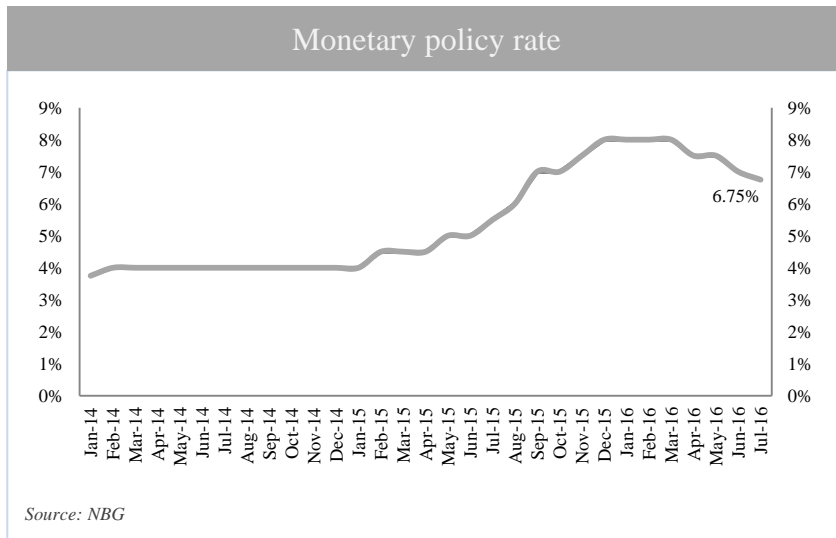
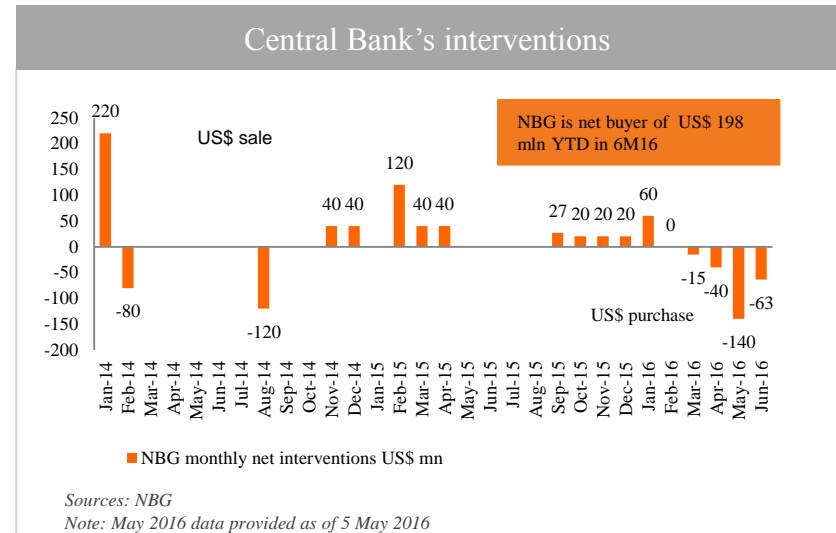
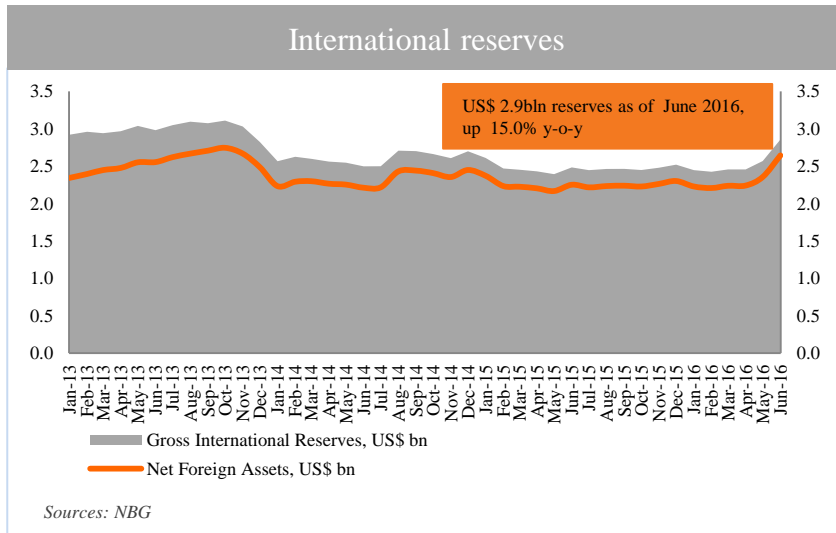
Note: Jan2005=100

Average inflation rate



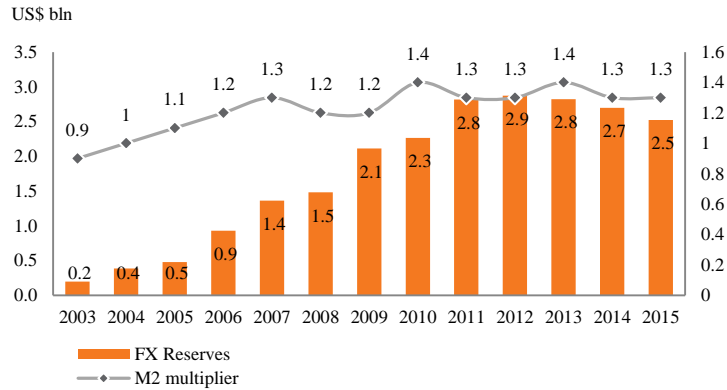
Source: GeoStat

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



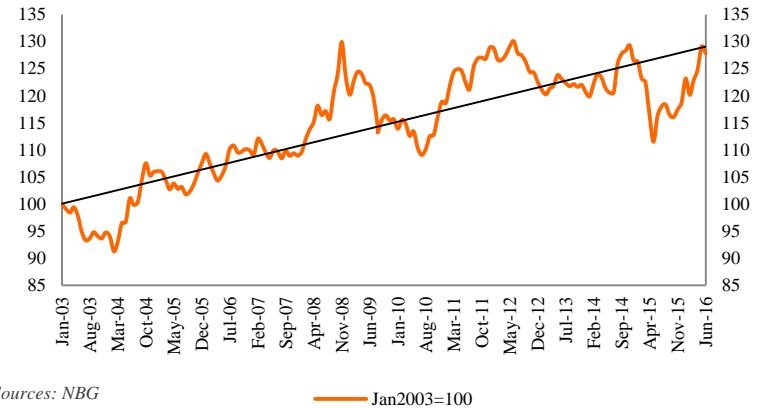
Floating exchange rate - Policy priority

FX reserves



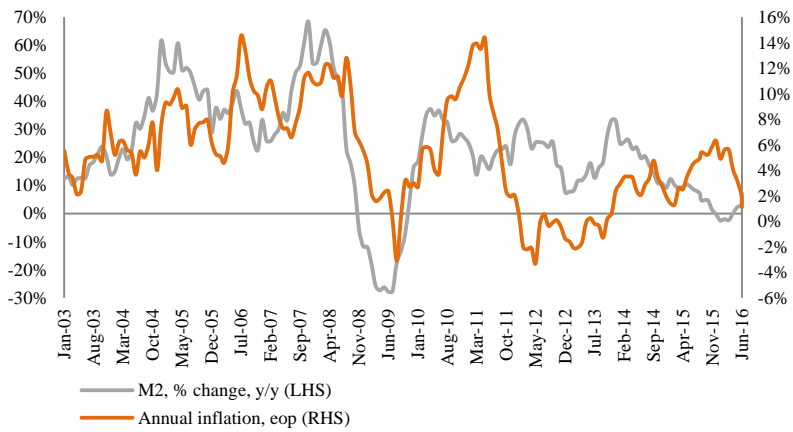
Sources: NBG

Real effective exchange rate (REER)



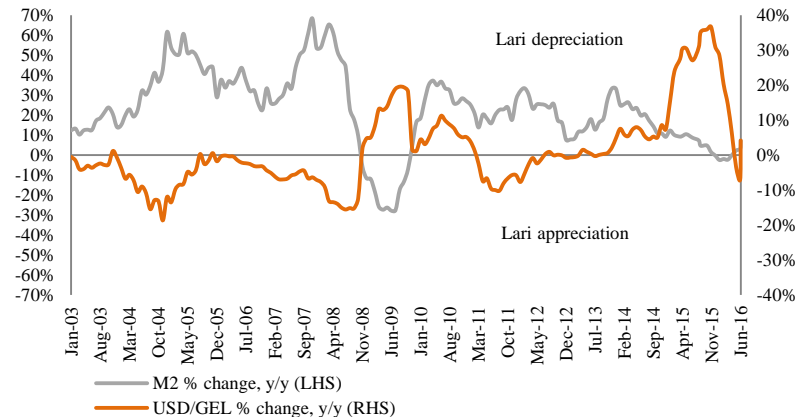
Sources: NBG

M2 and annual inflation



Source: NBG

M2 and USD/GEL



Source: NBG

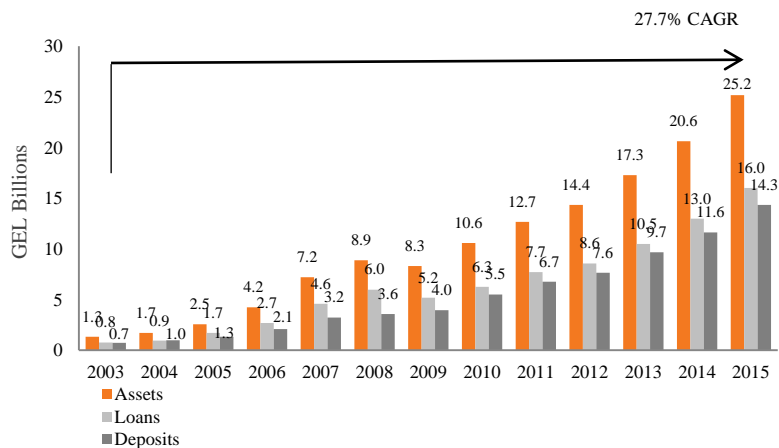
Growing and well capitalised banking sector

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

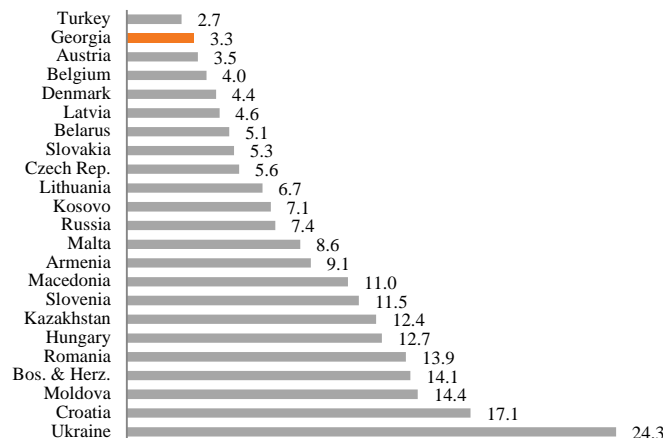
Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits



Source: NBG

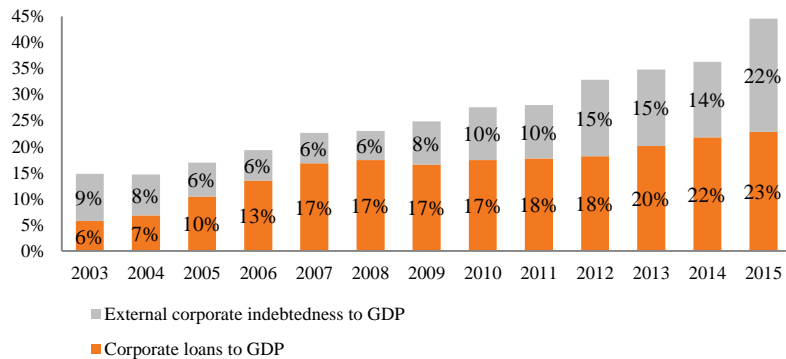
NPLs to Gross loans (%), 2015



Source: WB

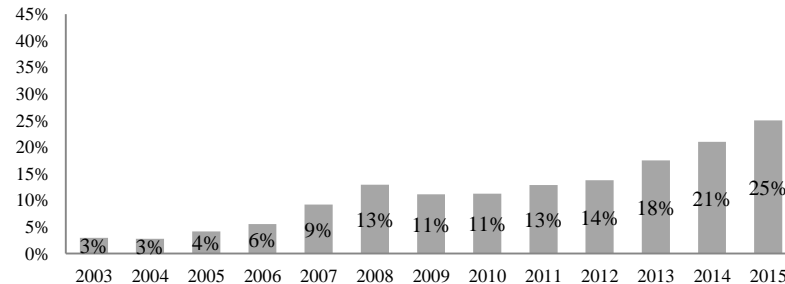
Underpenetrated retail banking sector provides room for further growth

Corporate loans to GDP



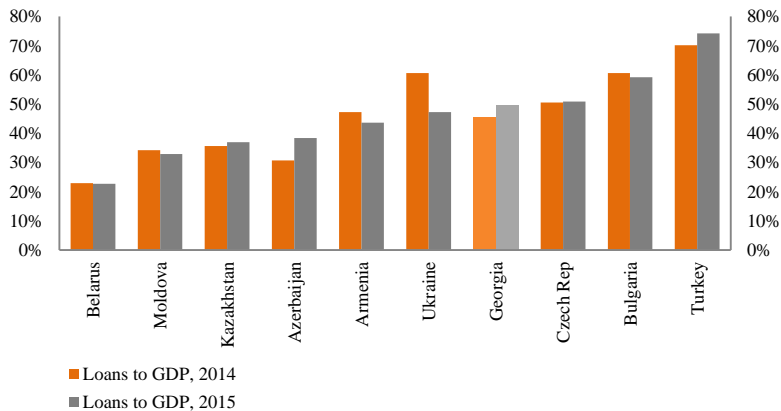
Source: NBG, GeoStat

Households loans to GDP



Source: NBG, GeoStat

Banking Sector loans to GDP



Source: IMF

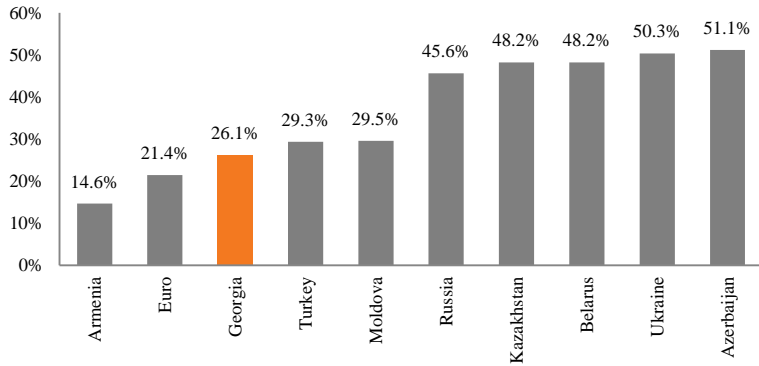
Georgian banks better placed due to sound financials

| 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

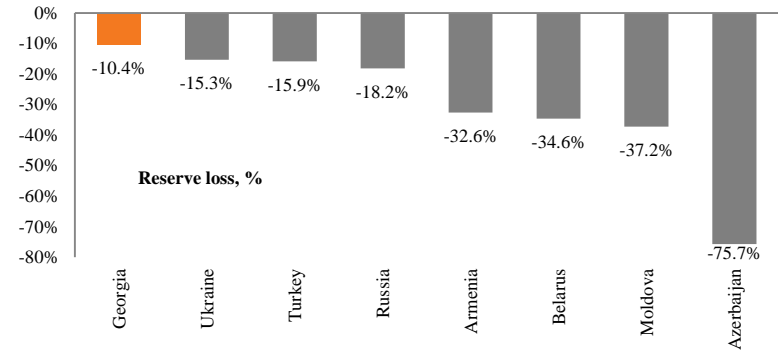
Flexible FX regime shielded reserves and supported to macro stability

Currency weakening vs US\$



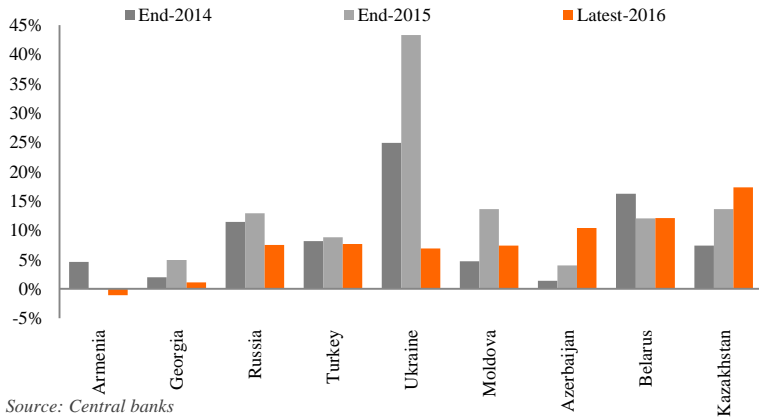
Source: Bloomberg, National Statistics Offices
 Note: US\$ per unit of national currency, period 1-Aug-2014 – 27-Jul-2016

Georgia used less reserves to support GEL



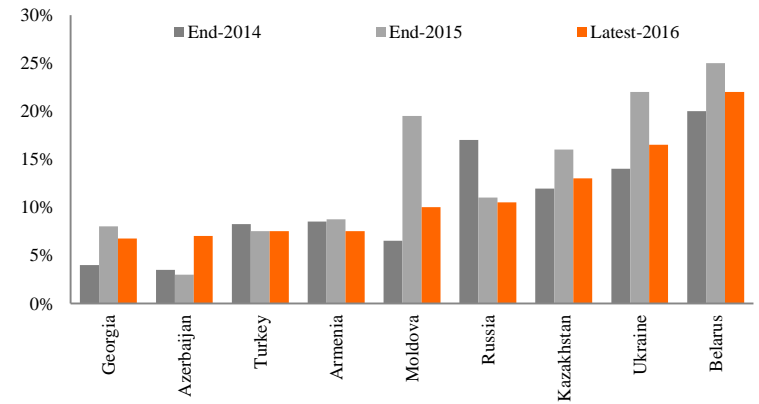
Source: IMF
 Note: Feb-2016 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

Inflation remains low in Georgia...



Source: Central banks

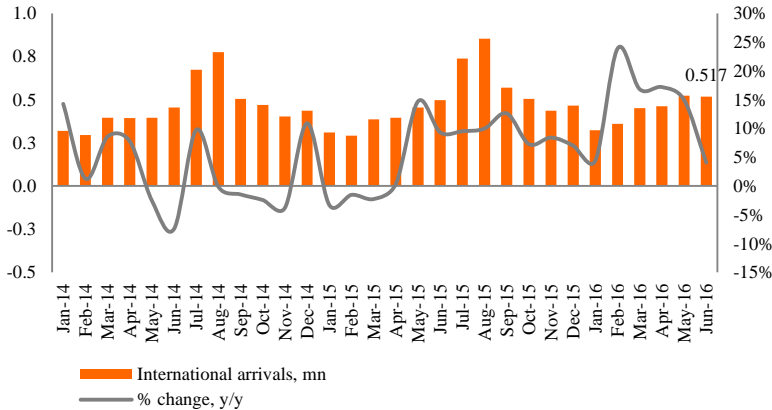
... and monetary policy rate was cut



Source: Central banks

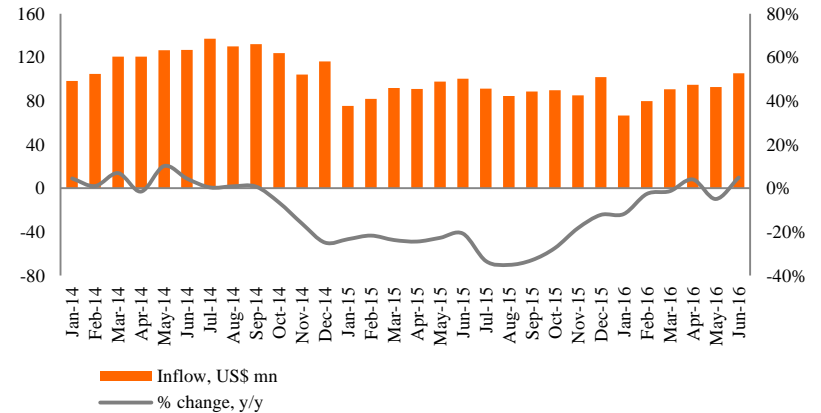
Recent trends - Tourism on the rise, exports/remittances bottoming out

Tourist arrivals growing



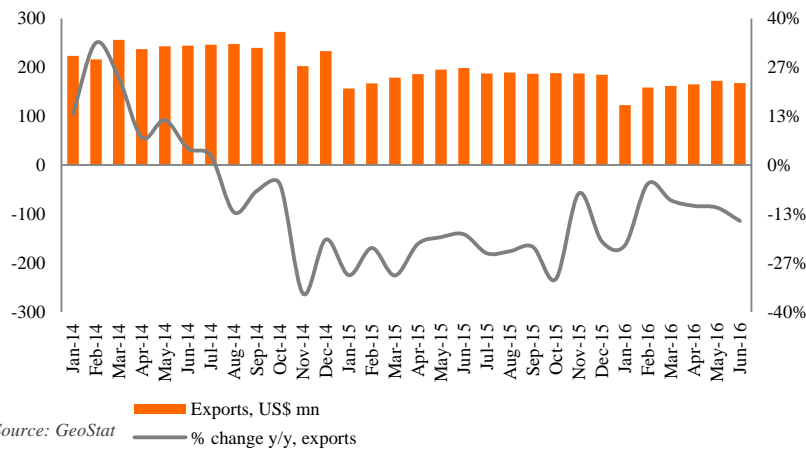
Source: GNTA

Remittances down from Russia and Greece



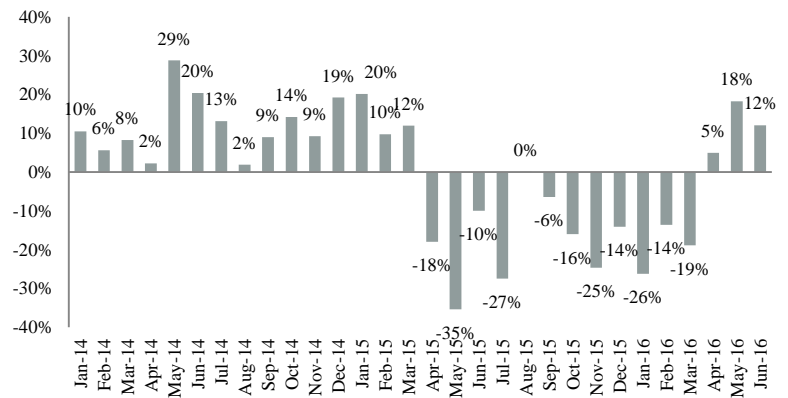
Source: NBG

Exports suffered mainly due to lower re-exports



Source: GeoStat

Trade deficit up since Apr-16 due to capital goods imports



Source: GeoStat

Note: Excluding one-offs

Contents

BGEO Group | Overview

Results Discussion | BGEO Group

Results Discussion | Banking Business

Results Discussion | Investment Business












Georgian Macro Overview

Appendices

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

Analyst coverage – BGEO Group PLC

Consensus Target Price: GBP 26.6

| | | | | | |
|---|-------------|-----------|-----------|-------------|---|
|  | 21.Jul.2016 | GBP 31.00 | GBP 27.50 | 19.Jul.2016 |  |
|  | 24.May.2016 | GBP 24.00 | GBP 21.50 | 07.Jun.2016 |  |
|  | 21.Jul.2016 | GBP 28.41 | 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

119 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

2,681 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

1,431,557 Express Cards for Transport payments



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

4

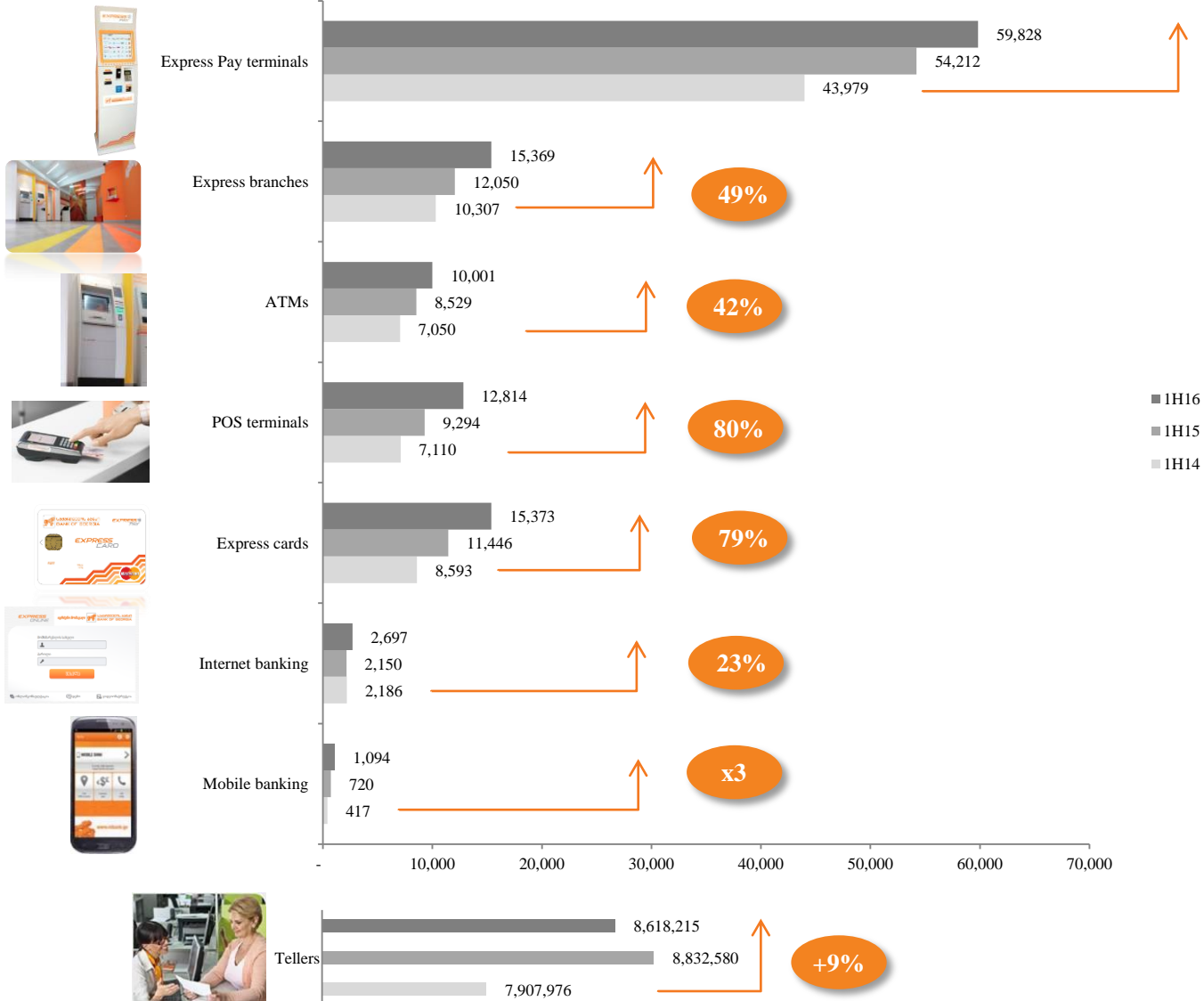
9,044 POS Terminals at 3,848 Merchants



- 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 14,896) 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*

Decision to invest

Institutionalising the business

Accelerate growth

Expanding into Tbilisi

| Year | Milestone | EV/EBITDA Investment per bed | BGH Investment GEL mln | Facilities & beds |
|-------------------------------|--|---------------------------------|---------------------------|-------------------|
| 2011 | State infrastructure reform starts | | | 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 | State Universal Healthcare Program starts | | | |
| | Acquired Caraps | 6.0x, GEL 142k | 0 | 1 60 |
| | | | 32.5 | |
| 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 | | | |
| | | | 110.0 | |
| Total (as of Dec 2015) | | | 142.5 | 46 2,686 |

BGEO Income Statement – half year

Income Statement, half year 2016

GEL thousands, unless otherwise noted

| | BGEO Consolidated | | | Banking Business | | | Investment Business | | | Eliminations | | |
|---|-------------------|------------------|-----------------|------------------|------------------|-----------------|---------------------|-----------------|-----------------|----------------|----------------|-----------------|
| | 1H16 | 1H15 | Change Y-O-Y | 1H16 | 1H15 | Change Y-O-Y | 1H16 | 1H15 | Change Y-O-Y | 1H16 | 1H15 | Change Y-O-Y |
| Banking interest income | 440,705 | 411,567 | 7.1% | 443,451 | 417,666 | 6.2% | - | - | - | (2,746) | (6,099) | -55.0% |
| Banking interest expense | (183,325) | (167,789) | 9.3% | (183,709) | (168,205) | 9.2% | - | - | - | 384 | 416 | -7.7% |
| Net banking interest income | 257,380 | 243,778 | 5.6% | 259,742 | 249,461 | 4.1% | - | - | - | (2,362) | (5,683) | -58.4% |
| Fee and commission income | 78,398 | 74,935 | 4.6% | 79,159 | 77,503 | 2.1% | - | - | - | (761) | (2,568) | -70.4% |
| Fee and commission expense | (21,241) | (18,960) | 12.0% | (21,505) | (19,241) | 11.8% | - | - | - | 264 | 281 | -6.0% |
| Net fee and commission income | 57,157 | 55,975 | 2.1% | 57,654 | 58,262 | -1.0% | - | - | - | (497) | (2,287) | -78.3% |
| Net banking foreign currency gain | 32,896 | 38,727 | -15.1% | 32,896 | 38,727 | -15.1% | - | - | - | - | - | - |
| Net other banking income | 5,497 | 4,272 | 28.7% | 5,992 | 4,906 | 22.1% | - | - | - | (495) | (634) | -21.9% |
| Net insurance premiums earned | 45,678 | 44,275 | 3.2% | 19,785 | 19,019 | 4.0% | 27,195 | 26,134 | 4.1% | (1,302) | (878) | 48.3% |
| Net insurance claims incurred | (30,853) | (30,884) | -0.1% | (7,947) | (10,242) | -22.4% | (22,906) | (20,642) | 11.0% | - | - | - |
| Gross insurance profit | 14,825 | 13,391 | 10.7% | 11,838 | 8,777 | 34.9% | 4,289 | 5,492 | -21.9% | (1,302) | (878) | 48.3% |
| Healthcare revenue | 113,351 | 81,234 | 39.5% | - | - | - | 113,351 | 81,234 | 39.5% | - | - | - |
| Cost of healthcare services | (61,861) | (46,259) | 33.7% | - | - | - | (61,861) | (46,259) | 33.7% | - | - | - |
| Gross healthcare profit | 51,490 | 34,975 | 47.2% | - | - | - | 51,490 | 34,975 | 47.2% | - | - | - |
| Real estate revenue | 35,087 | 5,790 | 506.0% | - | - | - | 35,087 | 5,790 | 506.0% | - | - | - |
| Cost of real estate | (26,598) | (4,622) | NMF | - | - | - | (26,598) | (4,622) | NMF | - | - | - |
| Gross real estate profit | 8,489 | 1,168 | 626.8% | - | - | - | 8,489 | 1,168 | 626.8% | - | - | - |
| Gross other investment profit | 12,043 | 6,133 | 96.4% | - | - | - | 12,120 | 6,253 | 93.8% | (77) | (120) | -35.8% |
| Revenue | 439,777 | 398,419 | 10.4% | 368,122 | 360,133 | 2.2% | 76,388 | 47,888 | 59.5% | (4,733) | (9,602) | -50.7% |
| Salaries and other employee benefits | (98,288) | (90,786) | 8.3% | (80,653) | (76,672) | 5.2% | (18,935) | (14,991) | 26.3% | 1,300 | 877 | 48.2% |
| Administrative expenses | (52,975) | (43,158) | 22.7% | (39,109) | (35,404) | 10.5% | (14,609) | (8,527) | 71.3% | 743 | 773 | -3.9% |
| Banking depreciation and amortisation | (18,475) | (16,711) | 10.6% | (18,475) | (16,711) | 10.6% | - | - | - | - | - | - |
| Other operating expenses | (2,233) | (2,253) | -0.9% | (1,545) | (1,733) | -10.8% | (688) | (520) | 32.3% | - | - | - |
| Operating expenses | (171,971) | (152,908) | 12.5% | (139,782) | (130,520) | 7.1% | (34,232) | (24,038) | 42.4% | 2,043 | 1,650 | 23.8% |
| Operating income before cost of credit risk / EBITDA | 267,806 | 245,511 | 9.1% | 228,340 | 229,613 | -0.6% | 42,156 | 23,850 | 76.8% | (2,690) | (7,952) | -66.2% |
| Profit from associates | 3,818 | 668 | NMF | - | - | - | 3,818 | 668 | NMF | - | - | - |
| Depreciation and amortization of investment business | (9,685) | (5,266) | 83.9% | - | - | - | (9,685) | (5,266) | 83.9% | - | - | - |
| Net foreign currency loss from investment business | (2,363) | 6,379 | NMF | - | - | - | (2,363) | 6,379 | NMF | - | - | - |
| Interest income from investment business | 673 | 1,239 | -45.7% | - | - | - | 1,024 | 1,662 | -38.4% | (351) | (423) | -17.0% |
| Interest expense from investment business | (3,880) | (5,094) | -23.8% | - | - | - | (6,919) | (13,469) | -48.6% | 3,039 | 8,375 | -63.7% |
| Operating income before cost of credit risk | 256,369 | 243,437 | 5.3% | 228,340 | 229,613 | -0.6% | 28,031 | 13,824 | 102.8% | (2) | - | - |
| Impairment charge on loans to customers | (59,036) | (74,033) | -20.3% | (59,036) | (74,033) | -20.3% | - | - | - | - | - | - |
| Impairment charge on finance lease receivables | (643) | (1,899) | -66.1% | (643) | (1,899) | -66.1% | - | - | - | - | - | - |
| Impairment charge on other assets and provisions | (5,850) | (7,776) | -24.8% | (3,483) | (5,604) | -37.8% | (2,367) | (2,172) | 9.0% | - | - | - |
| Cost of credit risk | (65,529) | (83,708) | -21.7% | (63,162) | (81,536) | -22.5% | (2,367) | (2,172) | 9.0% | - | - | - |
| Net operating income before non-recurring items | 190,840 | 159,729 | 19.5% | 165,178 | 148,077 | 11.5% | 25,664 | 11,652 | 120.3% | - | - | - |
| Net non-recurring items | (47,380) | (2,860) | NMF | (47,770) | (5,575) | NMF | 390 | 2,715 | -85.6% | - | - | - |
| Profit before income tax | 143,460 | 156,869 | -8.5% | 117,408 | 142,502 | -17.6% | 26,054 | 14,367 | 81.3% | - | - | - |
| Income tax benefit | 54,824 | (22,500) | NMF | 26,961 | (22,238) | NMF | 27,863 | (262) | NMF | - | - | - |
| Profit | 198,284 | 134,369 | 47.6% | 144,369 | 120,264 | 20.0% | 53,917 | 14,105 | 282.3% | - | - | - |
| Attributable to: | | | | | | | | | | | | |
| – shareholders of the Group | 175,478 | 133,241 | 31.7% | 142,220 | 119,211 | 19.3% | 33,260 | 14,030 | 137.1% | - | - | - |
| – non-controlling interests | 22,806 | 1,128 | 1921.8% | 2,149 | 1,053 | 104.1% | 20,657 | 75 | 27442.7% | - | - | - |
| Earnings per share (basic & diluted) | 4.55 | 3.47 | 31.1% | | | | | | | | | |

Georgia Healthcare Group (GHG) (1/2)

Income Statement, Quarterly

GEL thousands; unless otherwise noted

| | Healthcare services | | | | Medical insurance | | | | Pharma | | | | Eliminations | | | | GHG | | | |
|---|---------------------|-----------------|---------------|-----------------|-------------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|---------------|-----------------|---------------|--|
| | 2Q16 | 2Q15 | Change, Y-o-Y | 1Q16 | Change, Q-o-Q | 2Q16 | 2Q15 | Change, Y-o-Y | 1Q16 | Change, Q-o-Q | 2Q16 | 2Q15 | 2Q15 | 1Q16 | 2Q16 | 2Q15 | Change, Y-o-Y | 1Q16 | Change, Q-o-Q | |
| Revenue, gross | 58,779 | 45,674 | 28.7% | 60,451 | -2.8% | 15,298 | 14,123 | 8.3% | 13,830 | 10.6% | 30,691 | (3,095) | (2,325) | (1,705) | 101,673 | 57,472 | 76.9% | 72,576 | 40.1% | |
| Corrections & rebates | (724) | (885) | -18.2% | (410) | 76.6% | - | - | - | - | - | - | - | - | - | (724) | (885) | -18.2% | (410) | 76.6% | |
| Revenue, net | 58,055 | 44,789 | 29.6% | 60,041 | -3.3% | 15,298 | 14,123 | 8.3% | 13,830 | 10.6% | 30,691 | (3,095) | (2,325) | (1,705) | 100,949 | 56,587 | 78.4% | 72,166 | 39.9% | |
| Costs of services | (31,399) | (24,189) | 29.8% | (32,998) | -4.8% | (13,989) | (11,785) | 18.7% | (12,847) | 8.9% | (25,059) | 3,052 | 2,253 | 1,694 | (67,395) | (33,721) | 99.9% | (44,151) | 52.6% | |
| Cost of salaries and other employee benefits | (19,857) | (15,919) | 24.7% | (19,752) | 0.5% | - | - | - | - | - | - | 1,094 | 767 | 565 | (18,763) | (15,152) | 23.8% | (19,187) | -2.2% | |
| Cost of materials and supplies | (9,228) | (6,258) | 47.5% | (9,613) | -4.0% | - | - | - | - | - | - | 514 | 302 | 275 | (8,714) | (5,956) | 46.3% | (9,338) | -6.7% | |
| Cost of medical service providers | (401) | (510) | -21.4% | (428) | -6.3% | - | - | - | - | - | - | 23 | 24 | 12 | (378) | (486) | -22.2% | (416) | -9.1% | |
| Cost of utilities and other | (1,913) | (1,502) | 27.4% | (3,205) | -40.3% | - | - | - | - | - | - | 122 | 74 | 92 | (1,791) | (1,428) | 25.4% | (3,113) | -42.5% | |
| Net insurance claims incurred | - | - | - | - | - | (13,003) | (11,035) | 17.8% | (11,953) | 8.8% | - | 1,299 | 1,086 | 750 | (11,704) | (9,949) | 17.6% | (11,203) | 4.5% | |
| Agents, brokers and employee commissions | - | - | - | - | - | (986) | (750) | 31.5% | (894) | 10.3% | - | - | - | - | (986) | (750) | 31.5% | (894) | 10.3% | |
| Cost of pharma - wholesale | - | - | - | - | - | - | - | - | - | - | (6,545) | - | - | - | (6,545) | - | - | - | - | |
| Cost of pharma - retail | - | - | - | - | - | - | - | - | - | - | (18,514) | - | - | - | (18,514) | - | - | - | - | |
| Gross profit | 26,656 | 20,600 | 29.4% | 27,043 | -1.4% | 1,309 | 2,338 | -44.0% | 983 | 33.2% | 5,632 | (43) | (72) | (11) | 33,554 | 22,866 | 46.7% | 28,015 | 19.8% | |
| Salaries and other employee benefits | (5,254) | (5,523) | -4.9% | (6,115) | -14.1% | (1,328) | (892) | 48.9% | (819) | 62.1% | (2,690) | 43 | 72 | 11 | (9,229) | (6,343) | 45.5% | (6,923) | 33.3% | |
| General and administrative expenses | (3,517) | (1,909) | 84.2% | (2,483) | 41.6% | (708) | (642) | 10.3% | (719) | -1.5% | (2,533) | - | - | - | (6,758) | (2,551) | 164.9% | (3,202) | 111.1% | |
| Impairment of healthcare services, insurance premiums and other receivables | (1,120) | (906) | 23.6% | (858) | 30.5% | (116) | (6) | 1833.3% | (122) | -4.9% | - | - | - | - | (1,236) | (912) | 35.5% | (980) | 26.1% | |
| Other operating income | 395 | 413 | -4.4% | 241 | 63.9% | 10 | 3 | 233.3% | (21) | -147.6% | 145 | - | - | - | 550 | 416 | 32.2% | 219 | 151.1% | |
| EBITDA | 17,160 | 12,675 | 35.4% | 17,828 | -3.7% | (832) | 801 | 203.9% | (699) | 19.0% | 554 | - | - | - | 16,882 | 13,476 | 25.3% | 17,129 | -1.4% | |
| EBITDA margin | 29.2% | 27.8% | | 29.5% | -5.4% | -5.4% | 5.7% | | -5.1% | | 1.8% | - | - | - | 16.6% | 23.4% | | 23.6% | | |
| Depreciation and amortisation | (4,121) | (2,414) | 70.7% | (4,261) | -3.3% | (202) | (153) | 32.0% | (204) | -1.0% | (258) | - | - | - | (4,581) | (2,567) | 78.5% | (4,465) | 2.6% | |
| Net interest income (expense) | (2,999) | (6,011) | -50.1% | (2,259) | 32.8% | (43) | (6) | 616.7% | 603 | NMF | (427) | - | - | - | (3,469) | (6,017) | -42.3% | (1,656) | 109.5% | |
| Net gains/(losses) from foreign currencies | (1,711) | 1,973 | NMF | (411) | 316.3% | 19 | 72 | -73.6% | 151 | -87.4% | (272) | - | - | - | (1,964) | 2,045 | NMF | (260) | 655.4% | |
| Net non-recurring income/(expense) | 387 | (556) | NMF | (230) | -268.3% | (973) | - | - | - | - | - | - | - | - | (586) | (556) | NMF | (230) | 154.8% | |
| Profit before income tax expense | 8,716 | 5,667 | 53.8% | 10,667 | -18.3% | (2,031) | 714 | NMF | (149) | 1,263.1% | (403) | - | - | - | 6,282 | 6,381 | -1.6% | 10,518 | -40.3% | |
| Income tax benefit/(expense) | 26,619 | 1,199 | NMF | 1,486 | 1691.3% | 301 | (539) | NMF | 19 | 1,484.2% | - | - | - | - | 26,920 | 660 | NMF | 1,505 | 1,688.7% | |
| <i>of which: Deferred tax adjustments</i> | <i>27,113</i> | <i>-</i> | <i>-</i> | <i>2,198</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>27,113</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>2,198</i> | <i>-</i> | |
| Profit for the period | 35,335 | 6,866 | 414.6% | 12,153 | 190.8% | (1,730) | 175 | NMF | (130) | 1,230.8% | (403) | - | - | - | 33,202 | 7,041 | 371.6% | 12,023 | 176.2% | |
| Attributable to: | | | | | | | | | | | | | | | | | | | | |
| - shareholders of the Company | 29,888 | 5,947 | 402.6% | 10,051 | 197.4% | (1,730) | 175 | NMF | (130) | 1,230.8% | (403) | - | - | - | 27,755 | 6,122 | 353.4% | 9,921 | 179.8% | |
| - non-controlling interests | 5,447 | 919 | 492.7% | 2,102 | 159.1% | - | - | - | - | - | - | - | - | - | 5,447 | 919 | 492.7% | 2,102 | 159.1% | |
| <i>of which: Deferred tax adjustments</i> | <i>4,705</i> | <i>-</i> | <i>-</i> | <i>352</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>4,705</i> | <i>-</i> | <i>-</i> | <i>352</i> | <i>-</i> | |

Georgia Healthcare Group (GHG) (2/2)

Income Statement, *Half-Year*

GEL thousands; unless otherwise noted

| | <u>Healthcare services</u> | | | <u>Medical insurance</u> | | | <u>Pharma</u> | <u>Eliminations</u> | | <u>GHG</u> | | |
|---|----------------------------|-----------------|------------------|--------------------------|-----------------|------------------|-----------------|---------------------|----------------|------------------|-----------------|------------------|
| | 1H16 | 1H15 | Change, Y-o-Y | 1H16 | 1H15 | Change, Y-o-Y | 1H16 | 1H16 | 1H15 | 1H16 | 1H15 | Change, Y-o-Y |
| Revenue, gross | 119,230 | 88,419 | 34.8% | 29,128 | 27,814 | 4.7% | 30,691 | (4,800) | (4,187) | 174,249 | 112,046 | 55.5% |
| Corrections & rebates | (1,134) | (1,842) | -38.4% | - | - | - | - | - | - | (1,134) | (1,842) | -38.4% |
| Revenue, net | 118,096 | 86,577 | 36.4% | 29,128 | 27,814 | 4.7% | 30,691 | (4,800) | (4,187) | 173,115 | 110,204 | 57.1% |
| Costs of services | (64,397) | (48,462) | 32.9% | (26,836) | (23,321) | 15.1% | (25,059) | 4,746 | 4,024 | (111,546) | (67,759) | 64.6% |
| Cost of salaries and other employee benefits | (39,609) | (31,011) | 27.7% | - | - | - | - | 1,659 | 1,442 | (37,950) | (29,569) | 28.3% |
| Cost of materials and supplies | (18,841) | (12,740) | 47.9% | - | - | - | - | 789 | 592 | (18,052) | (12,148) | 48.6% |
| Cost of medical service providers | (829) | (978) | -15.2% | - | - | - | - | 35 | 45 | (794) | (933) | -14.9% |
| Cost of utilities and other | (5,118) | (3,733) | 37.1% | - | - | - | - | 214 | 174 | (4,904) | (3,559) | 37.8% |
| Net insurance claims incurred | - | - | - | (24,956) | (21,872) | 14.1% | - | - | - | (22,907) | (20,101) | 14.0% |
| Agents, brokers and employee commissions | - | - | - | (1,880) | (1,449) | 29.7% | - | - | - | (1,880) | (1,449) | 29.7% |
| Cost of pharma – wholesale | - | - | - | - | - | - | (6,545) | - | - | (6,545) | - | - |
| Cost of pharma – retail | - | - | - | - | - | - | (18,514) | - | - | (18,514) | - | - |
| Gross profit | 53,699 | 38,115 | 40.9% | 2,292 | 4,493 | -49.0% | 5,632 | (54) | (163) | 61,569 | 42,445 | 45.1% |
| Salaries and other employee benefits | (11,369) | (10,837) | 4.9% | (2,147) | (1,928) | 11.4% | (2,690) | 54 | 163 | (16,152) | (12,602) | 28.2% |
| General and administrative expenses | (6,000) | (3,687) | 62.7% | (1,427) | (1,263) | 13.0% | (2,533) | - | - | (9,960) | (4,950) | 101.2% |
| Impairment of healthcare services, insurance premiums and other receivables | (1,978) | (1,737) | 13.9% | (238) | (109) | 118.3% | - | - | - | (2,216) | (1,846) | 20.0% |
| Other operating income | 636 | 491 | 29.5% | (11) | 50 | NMF | 145 | - | - | 770 | 541 | 42.3% |
| EBITDA | 34,988 | 22,345 | 56.6% | (1,531) | 1,243 | NMF | 554 | - | - | 34,011 | 23,588 | 44.2% |
| EBITDA margin | 29.3% | 25.3% | | -5.3% | 4.5% | | 1.8% | - | - | 19.5% | 21.1% | |
| Depreciation and amortization | (8,382) | (4,600) | 82.2% | (406) | (289) | 40.5% | (258) | - | - | (9,046) | (4,889) | 85.0% |
| Net interest income (expense) | (5,258) | (10,084) | -47.9% | 560 | (34) | NMF | (427) | - | - | (5,125) | (10,118) | -49.3% |
| Net gains/(losses) from foreign currencies | (2,122) | 4,880 | NMF | 170 | 569 | -70.1% | (272) | - | - | (2,224) | 5,449 | NMF |
| Net non-recurring income/(expense) | 157 | (767) | NMF | (973) | - | - | - | - | - | (816) | (767) | NMF |
| Profit before income tax expense | 19,383 | 11,774 | 64.6% | (2,180) | 1,489 | NMF | (403) | - | - | 16,800 | 13,263 | 26.7% |
| Income tax benefit/(expense) | 28,105 | 708 | NMF | 320 | (655) | NMF | - | - | - | 28,425 | 53 | NMF |
| <i>of which: Deferred tax adjustments</i> | <i>29,311</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>29,311</i> | <i>-</i> | <i>-</i> |
| Profit for the period | 47,488 | 12,482 | 280.5% | (1,860) | 834 | NMF | (403) | - | - | 45,225 | 13,316 | 239.6% |
| Attributable to: | | | | | | | | | | | | |
| - shareholders of the Company | 39,939 | 11,020 | 262.4% | (1,860) | 834 | NMF | (403) | - | - | 37,676 | 11,854 | 217.8% |
| - non-controlling interests | 7,549 | 1,462 | 416.3% | - | - | - | - | - | - | 7,549 | 1,462 | 416.3% |
| <i>of which: Deferred tax adjustments</i> | <i>5,057</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>5,057</i> | <i>-</i> | <i>-</i> |

Belarusky Narodny Bank (BNB)

Income Statement

GEL thousands, unless otherwise stated

| | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 1H16 | 1H15 | Change Y-O-Y |
|---|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|
| Net banking interest income | 6,997 | 6,638 | 5.4% | 7,903 | -11.5% | 14,900 | 14,067 | 5.9% |
| Net fee and commission income | 1,868 | 2,699 | -30.8% | 1,862 | 0.3% | 3,730 | 4,916 | -24.1% |
| Net banking foreign currency gain | 2,100 | 3,668 | -42.7% | 2,481 | -15.4% | 4,581 | 8,685 | -47.3% |
| Net other banking income | 80 | 137 | -41.6% | 167 | -52.1% | 247 | 234 | 5.6% |
| Revenue | 11,045 | 13,142 | -16.0% | 12,413 | -11.0% | 23,458 | 27,902 | -15.9% |
| Operating expenses | (4,950) | (4,687) | 5.6% | (4,490) | 10.2% | (9,440) | (8,941) | 5.6% |
| Operating income before cost of credit risk | 6,095 | 8,455 | -27.9% | 7,923 | -23.1% | 14,018 | 18,961 | -26.1% |
| Cost of credit risk | (1,075) | (5,683) | -81.1% | (2,516) | -57.3% | (3,592) | (10,328) | -65.2% |
| Net non-recurring items | (8) | (318) | -97.5% | (3) | 166.7% | (10) | (1,416) | -99.3% |
| Profit before income tax | 5,012 | 2,454 | 104.2% | 5,404 | -7.3% | 10,416 | 7,217 | 44.3% |
| Income tax expense | (4,845) | (785) | NMF | (1,144) | NMF | (5,990) | (2,212) | 170.8% |
| Profit | 167 | 1,669 | -90.0% | 4,260 | -96.1% | 4,426 | 5,005 | -11.6% |

Balance Sheet

GEL thousands, unless otherwise stated

| | Jun-16 | Jun-15 | Change | Mar-16 | Change |
|--|----------------|----------------|---------------|----------------|---------------|
| Cash and cash equivalents | 75,561 | 67,632 | 11.7% | 93,904 | -19.5% |
| Amounts due from credit institutions | 3,366 | 3,636 | -7.4% | 3,986 | -15.6% |
| Loans to customers and finance lease receivables | 310,546 | 305,816 | 1.5% | 319,740 | -2.9% |
| Other assets | 43,036 | 67,293 | -36.0% | 49,825 | -13.6% |
| Total assets | 432,509 | 444,377 | -2.7% | 467,455 | -7.5% |
| Client deposits and notes | 202,382 | 242,249 | -16.5% | 230,848 | -12.3% |
| Amounts due to credit institutions | 141,577 | 114,161 | 24.0% | 139,801 | 1.3% |
| Debt securities issued | 15,416 | - | - | 15,906 | -3.1% |
| Other liabilities | 6,070 | 7,372 | -17.7% | 5,409 | 12.2% |
| Total liabilities | 365,445 | 363,782 | 0.5% | 391,964 | -6.8% |
| Total equity attributable to shareholders of the Group | 53,810 | 66,953 | -19.6% | 62,908 | -14.5% |
| Non-controlling interests | 13,254 | 13,642 | -2.8% | 12,583 | 5.3% |
| Total equity | 67,064 | 80,595 | -16.8% | 75,491 | -11.2% |
| Total liabilities and equity | 432,509 | 444,377 | -2.7% | 467,455 | -7.5% |

P&C Insurance (Aldagi)

Income statement highlights

GEL thousands, unless otherwise stated

| | 2Q16 | 2Q15 | Change Y-O-Y | 1Q16 | Change Q-O-Q | 1H16 | 1H15 | Change Y-O-Y |
|---|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| Net banking interest income | 770 | 567 | 35.8% | 725 | 6.2% | 1,495 | 1,113 | 34.3% |
| Net fee and commission income | 104 | 72 | 44.4% | 100 | 4.0% | 203 | 143 | 42.0% |
| Net banking foreign currency gain (loss) | (986) | 1,687 | NMF | (47) | NMF | (1,033) | 2,215 | NMF |
| Net other banking income | 223 | 90 | 147.8% | 131 | 70.2% | 356 | 387 | -8.0% |
| Gross insurance profit | 6,811 | 3,853 | 76.8% | 5,665 | 20.2% | 12,475 | 9,460 | 31.9% |
| Revenue | 6,922 | 6,269 | 10.4% | 6,574 | 5.3% | 13,496 | 13,318 | 1.3% |
| Operating expenses | (2,774) | (2,524) | 9.9% | (2,767) | 0.3% | (5,542) | (5,494) | 0.9% |
| Operating income before cost of credit risk | 4,148 | 3,745 | 10.8% | 3,807 | 9.0% | 7,954 | 7,824 | 1.7% |
| Cost of credit risk | (186) | (172) | 8.1% | (173) | 7.5% | (358) | (267) | 34.1% |
| Profit before income tax | 3,962 | 3,573 | 10.9% | 3,634 | 9.0% | 7,596 | 7,557 | 0.5% |
| Income tax expense | (1,009) | (150) | NMF | (545) | 85.1% | (1,553) | 238 | NMF |
| Profit | 2,953 | 3,423 | -13.7% | 3,089 | -4.4% | 6,043 | 7,795 | -22.5% |

Banking Business Key ratios

| | 2Q16 | 2Q15 | 1Q16 | 1H16 | 1H15 |
|---|---------|---------|---------|---------|---------|
| Profitability | | | | | |
| ROAA, Annualised | 3.4% | 2.9% | 3.0% | 3.2% | 2.9% |
| ROAE, Annualised | 22.5% | 19.3% | 21.2% | 21.7% | 19.3% |
| RB ROAE | 29.2% | 21.2% | 24.3% | 26.6% | 21.6% |
| CIB ROAE | 17.2% | 18.4% | 17.6% | 17.4% | 16.7% |
| Net Interest Margin, Annualised | 7.5% | 7.6% | 7.5% | 7.5% | 7.8% |
| RB NIM | 9.1% | 9.5% | 9.2% | 9.2% | 9.6% |
| CIB NIM | 3.7% | 3.9% | 3.7% | 3.7% | 4.1% |
| Loan Yield, Annualised | 14.1% | 14.6% | 14.4% | 14.3% | 14.6% |
| RB Loan Yield | 16.9% | 17.3% | 17.4% | 17.2% | 17.3% |
| CIB Loan Yield | 10.0% | 12.1% | 10.3% | 10.2% | 12.0% |
| Liquid assets yield, Annualised | 3.3% | 3.1% | 3.1% | 3.2% | 3.2% |
| Cost of Funds, Annualised | 4.8% | 5.0% | 5.0% | 4.9% | 5.0% |
| Cost of Client Deposits and Notes, annualised | 4.0% | 4.4% | 4.3% | 4.2% | 4.4% |
| RB Cost of Client Deposits and Notes | 3.4% | 3.9% | 3.5% | 3.5% | 4.2% |
| CIB Cost of Client Deposits and Notes | 4.2% | 3.9% | 4.5% | 4.4% | 3.9% |
| Cost of Amounts Due to Credit Institutions, annualised | 5.9% | 5.3% | 6.0% | 5.9% | 5.3% |
| Cost of Debt Securities Issued | 7.0% | 7.2% | 7.2% | 7.1% | 7.2% |
| Operating Leverage, Y-O-Y | -6.4% | 21.7% | -3.3% | -4.9% | 19.5% |
| Operating Leverage, Q-O-Q | -0.2% | 2.9% | -6.6% | 0.0% | 0.0% |
| Efficiency | | | | | |
| Cost / Income | 38.0% | 35.7% | 37.9% | 38.0% | 36.2% |
| RB Cost / Income | 40.0% | 40.0% | 43.3% | 41.6% | 41.8% |
| CIB Cost / Income | 31.8% | 27.8% | 27.0% | 29.3% | 26.3% |
| Liquidity | | | | | |
| NBG Liquidity Ratio | 43.5% | 35.1% | 47.3% | 43.5% | 35.1% |
| Liquid Assets To Total Liabilities | 37.2% | 36.5% | 37.1% | 37.2% | 36.5% |
| Net Loans To Client Deposits and Notes | 114.9% | 122.1% | 108.7% | 114.9% | 122.1% |
| Net Loans To Client Deposits and Notes + DFIs | 95.8% | 102.4% | 91.6% | 95.8% | 102.4% |
| Leverage (Times) | 5.6 | 6.0 | 6.1 | 5.6 | 6.0 |
| Asset Quality: | | | | | |
| NPLs (in GEL) | 251,383 | 219,230 | 251,959 | 251,383 | 219,230 |
| NPLs To Gross Loans To Clients | 4.4% | 4.1% | 4.5% | 4.4% | 4.1% |
| NPL Coverage Ratio | 85.8% | 82.2% | 86.0% | 85.8% | 82.2% |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 129.7% | 115.1% | 122.6% | 129.7% | 115.1% |
| Cost of Risk, Annualised | 2.0% | 2.7% | 2.3% | 2.1% | 2.9% |
| RB Cost of Risk | 2.3% | 2.8% | 2.5% | 2.4% | 2.6% |
| CIB Cost of Risk | 1.5% | 1.8% | 2.1% | 1.8% | 2.6% |
| Capital Adequacy: | | | | | |
| New NBG (Basel 2/3) Tier I Capital Adequacy Ratio | 10.2% | 10.4% | 10.1% | 10.2% | 10.4% |
| New NBG (Basel 2/3) Total Capital Adequacy Ratio | 15.5% | 15.9% | 15.8% | 15.5% | 15.9% |
| Old NBG Tier I Capital Adequacy Ratio | 10.0% | 13.9% | 10.7% | 10.0% | 13.9% |
| Old NBG Total Capital Adequacy Ratio | 16.4% | 15.8% | 16.3% | 16.4% | 15.8% |

Key operating data

Selected Operating Data:

| | 2Q16 | 2Q15 | 1Q16 | 1H16 | 1H15 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total Assets Per FTE, BOG Standalone | 1,954 | 1,995 | 1,972 | 1,954 | 1,995 |
| Number Of Active Branches, Of Which: | 273 | 246 | 266 | 273 | 246 |
| - Express Branches (including Metro) | 119 | 97 | 114 | 119 | 97 |
| - Bank of Georgia Branches | 144 | 147 | 144 | 144 | 147 |
| - Solo Lounges | 10 | 2 | 8 | 10 | 2 |
| Number Of ATMs | 763 | 685 | 753 | 763 | 685 |
| Number Of Cards Outstanding, Of Which: | 1,946,828 | 1,964,374 | 1,943,175 | 1,946,828 | 1,964,374 |
| - Debit cards | 1,152,319 | 1,207,573 | 1,171,454 | 1,152,319 | 1,207,573 |
| - Credit cards | 794,509 | 756,801 | 771,721 | 794,509 | 756,801 |
| Number Of POS Terminals | 9,044 | 7,668 | 8,175 | 9,044 | 7,668 |

Group Employee Data

| | 2Q16 | 2Q15 | 1Q16 |
|---|--------|--------|--------|
| Full Time Employees, Group, Of Which: | 18,045 | 14,583 | 16,086 |
| - Full Time Employees, BOG Standalone | 4,693 | 4,368 | 4,580 |
| - Full Time Employees, Georgia Healthcare Group | 11,481 | 8,496 | 9,675 |
| - Full Time Employees, m2 | 60 | 58 | 59 |
| - Full Time Employees, Aldagi | 276 | 253 | 259 |
| - Full Time Employees, BNB | 574 | 505 | 562 |
| - Full Time Employees, Other | 961 | 903 | 951 |

Shares Outstanding

| | Jun-16 | Jun-15 | Mar-16 |
|-----------------------------|------------|------------|------------|
| Ordinary Shares Outstanding | 38,299,053 | 38,257,793 | 38,523,409 |
| Treasury Shares Outstanding | 1,201,267 | 1,242,527 | 976,911 |

Risk Weighted Assets breakdown

| GEL thousands | Risk Weighted Assets | | | Change | |
|--------------------------------------|----------------------|-----------|-----------|----------|----------|
| | 30-Jun-16 | 31-Dec-15 | 31-Mar-15 | Y-O-Y, % | Q-O-Q, % |
| Credit risk weighting | 6,133,678 | 5,938,257 | 5,517,105 | 5.9% | -1.6% |
| FX induced credit risk (market risk) | 2,025,952 | 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 | 8,899,177 | 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

BGEO Group – *Company information*

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Registered under number 7811410 in England and Wales
Incorporation date: 14 October 2011

Stock Listing

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Share price information

BGEO Group shareholders can access both the latest and historical prices via our website, www.bgeo.com