

---

# Capturing Growth Opportunities

---

*Investor Presentation: 3Q15 & 9M15 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 of similar meaning. Undue reliance should not be placed on any such statements 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 JSC Bank of Georgia and/or the Bank of Georgia Holdings' 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. JSC Bank of Georgia and Bank of Georgia Holdings undertake 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.

---

# Contents

---

**BGEO Group PLC | Overview**

Results Discussion | BGEO Group PLC

Results Discussion | Banking Business

Results Discussion | Segments

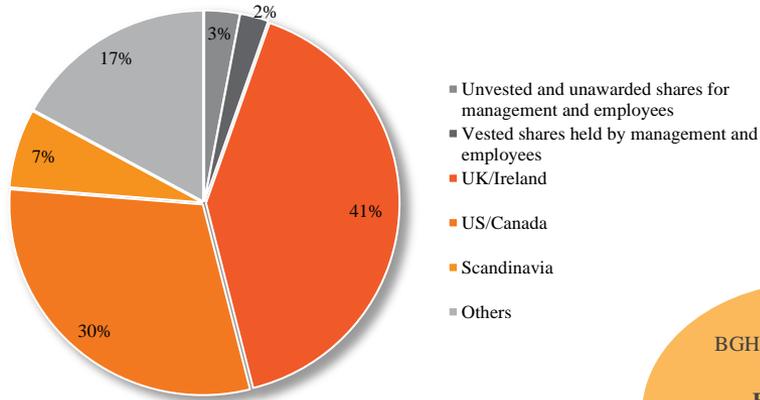
Georgian Macro Overview

Appendices

# BGEO | Shareholder structure and share price

## BGEO shareholder structure

As of 30 September 2015



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

## Top Shareholders

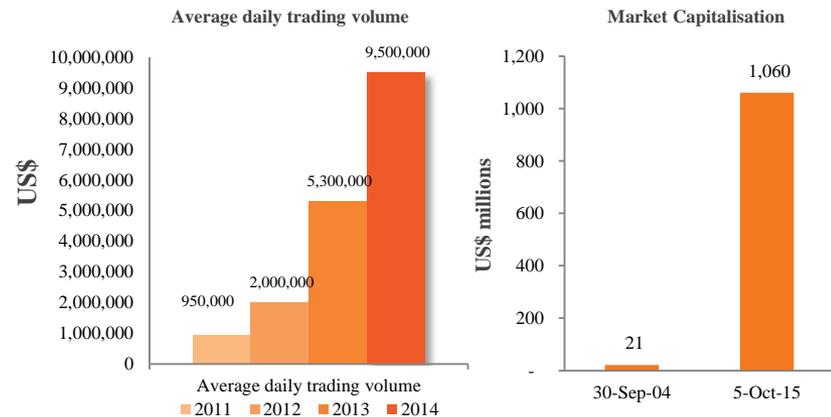
As of September 2015

Rank	Name	Ownership %
1	Schroders Investment Management	10.42
2	Harding Loevner Management LP	9.09
3	Westwood International Advisors	4.34
4	Artemis Investment Management	3.29
5	Firebird Management LLC	3.19

## Share price performance



## x50 growth in market capitalisation



## Renaming the group to reflect 4x20 strategy

# Platform for Efficiently Allocating Cash & Human Capital

- **BGEO is a Georgia focused bank holding company with investment arm**
- **BGEO aims to deliver on its 4X20 strategy by allocating capital efficiently**



# BGEO at a glance

## Group Structure



### Banking Business



#### Retail Banking

#### #1 Retail Bank in Georgia

- 2.0mln retail clients
- 260 branches
- 703 ATMs
- 2,354 Express Pay terminals
- 7,685 POS terminals
- 1,053,564 Express cards
- 1.9mln cards
- GEL 2,751.3mln net loans
- GEL 1,805.8mln client deposits

#### Corporate Banking

#### #1 Corporate Bank in Georgia

- 5k clients
- GEL 2,253.2mln net loans
- GEL 1,607.8mln client deposits

#### Investment Management

- Wealth management, research, advisory, brokerage, private equity
- GEL 1,347.0mln AUM
- GEL 1,016.4mln WM client deposits

#### Other Banking Businesses

P&C Insurance

Leasing

Payment Services

IB

BNB

Plans to divest from BNB

### Investment Business



#### Healthcare Business

#### #1 Healthcare company in Georgia

- Revenue GEL 171.4mln in 9M15
- EBITDA GEL 39.6mln

#### Healthcare services

- 42 healthcare facilities
- 2,670 beds
- Over 3/4 of population covered
- Market share of 26.6% by beds

#### Health insurance

- 38.1% market share
- Insuring 270k people

#### Real Estate Business

#### #1 Real Estate company in Georgia

- 2 completed projects and 5 under construction
- Total sales of 1,376 apartments US\$ 115.8mln since 2011, of which US\$ 58.9mln to be recognised upon completion of projects
- 99% sale in completed projects
- 72% pre-sales for on-going 4 projects
- Total BOG mortgages sold GEL 66.3mln

#### Utilities (GGU)

#### Major player on the market

- Provides water and wastewater services to 1.4mln people (1/3 of Georgia)
- Operates 3 hydro facilities with 143MW capacity
- Acquired 25% of shareholding
- 2014 EBITDA of GEL 51.6mln<sup>1</sup>
- GGU profit (BOG share) of GEL 1.4mln in 3Q15 and GEL 2.1mln in 9M15

# 4x20 strategy – Strong performance in 2015, 9M

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

### Banking Business

1

**ROE**  
c.20%

- ROAE of 23.3% in 3Q15
- ROAE of 20.6% in 9M15

2

**Tier I**  
c.20%

- N/A – became non-relevant:**
1. Regulation moved to Basel 2/3
  2. In the context of excess capital of c. GEL700mln at HoldCo, have efficient capital management at bank

3

**Retail Growth**  
c.20%

- 48.0% y-o-y growth
- 27.7% y-o-y growth on constant currency basis

### Investment Business

4

**Min. IRR**  
of 20%

**121% IRR** from GHG IPO

**65% IRR** from m2 Real Estate projects

### Profit Contribution

Target : **At least 80%**



9M15:  
**GEL 194mln**  
or 90%

Target : **Up to 20%**



9M15:  
**GEL 22mln**  
or 10%

### Ongoing Dividends

- **Ordinary dividends:**
  - Dividend 2014 was GEL 2.1 / share
  - GEL 80.4mln total, 31.2% payout ratio

- **Capital return:**
  - Planned US\$ 10mln management trust share buy-back

# 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 Representative office of East Capital international; previously: Senior executive at East Capital, FIM Group Russia, Nordea Finance, SEB*



- **Irakli Gilauri**, 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 | New Management Structure

## ► BGEO Group PLC



**Irakli Gilauri**, Group CEO, *formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*



**Archil Gachechiladze**, Group CFO and Deputy CEO, Investment Management of JSC Bank of Georgia; *formerly Deputy CEO in charge of Corporate Banking, Deputy CEO of TBC Bank, Georgia; Lehman Brothers Private Equity, London; MBA from Cornell University*



**Avto Namicheishvili**, Deputy CEO, Group Legal Counsel; *previously partner at Begiashvili & Co, law firm in Georgia; LLM from CEU, Hungary*

## ► 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*

## ► 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*



**Mikheil Gomarteli**, Deputy CEO, Retail Banking; *15 years work experience at BOG*



**Sulkhan Gvalia**, Deputy CEO, Corporate Banking; *formerly Chief Risk Officer, c.20 years banking experience founder of TUB, Georgian bank acquired by BOG in 2004*



**George Chiladze**, Deputy CEO, Chief Risk Officer; *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*



**Levan Kulijanishvili**, Chief Financial Officer *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*



**Tornike Gogichaishvili**, Chief Operating Officer *Previously CEO of Aldagi and CFO of BG Bank, Ukraine; Holds Executive Diploma from Said Business School, Oxford*

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

---

# Contents

---

BGEO Group PLC | Overview

**Results Discussion | BGEO Group PLC**

Results Discussion | Banking Business

Results Discussion | Segments

Georgian Macro Overview

Appendices

# BGEO | P&L results highlights

## 3Q15 P&L

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

## 9M15 P&L

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

# BGEO | Balance sheet highlights

## 3Q15 BS

Balance Sheet	BGEO Group PLC					Banking Business					Investment Business				
	Sept-15	Sept-14	Change y-o-y	Jun-15	Change q-o-q	Sept-15	Sept-14	Change y-o-y	Jun-15	Change q-o-q	Sept-15	Sept-14	Change y-o-y	Jun-15	Change q-o-q
Liquid assets	2,924,784	1,749,381	67.2%	2,741,533	6.7%	2,913,651	1,728,730	68.5%	2,726,749	6.9%	186,812	75,514	147.4%	127,508	46.5%
Loans to customers	5,266,125	3,818,742	37.9%	5,052,752	4.2%	5,367,311	3,897,160	37.7%	5,142,221	4.4%	-	-	0.0%	-	0.0%
Accounts receivable and other loans	87,348	62,830	39.0%	77,866	12.2%	13,291	6,501	104.4%	15,474	-14.1%	79,989	57,041	40.2%	70,343	13.7%
Insurance premiums receivable	55,700	36,555	52.4%	58,142	-4.2%	28,413	14,961	89.9%	26,519	7.1%	29,165	22,636	28.8%	32,023	-8.9%
Prepayments	40,330	34,945	15.4%	52,145	-22.7%	21,374	19,928	7.3%	30,779	-30.6%	18,956	15,017	26.2%	21,366	-11.3%
Inventories	148,777	85,132	74.8%	131,534	13.1%	10,929	6,122	78.5%	10,379	5.3%	137,848	79,010	74.5%	121,155	13.8%
Investment property	224,028	185,316	20.9%	221,506	1.1%	143,469	121,359	18.2%	143,873	-0.3%	80,559	63,957	26.0%	77,633	3.8%
Property and equipment	775,599	562,342	37.9%	669,153	15.9%	339,300	301,004	12.7%	338,858	0.1%	436,299	261,338	66.9%	330,295	32.1%
<b>Total assets</b>	<b>9,937,889</b>	<b>6,815,670</b>	<b>45.8%</b>	<b>9,375,059</b>	<b>6.0%</b>	<b>9,140,036</b>	<b>6,340,444</b>	<b>44.2%</b>	<b>8,712,710</b>	<b>4.9%</b>	<b>1,094,685</b>	<b>611,191</b>	<b>79.1%</b>	<b>883,373</b>	<b>23.9%</b>
Client deposits and notes	4,477,908	3,088,254	45.0%	4,104,417	9.1%	4,649,572	3,142,980	47.9%	4,212,822	10.4%	-	-	0.0%	-	0.0%
Amounts due to credit institutions	2,115,859	1,264,299	67.4%	2,139,517	-1.1%	2,011,801	1,167,556	72.3%	2,045,093	-1.6%	209,898	175,299	19.7%	189,124	11.0%
Debt securities issued	1,076,137	794,951	35.4%	1,063,123	1.2%	999,959	768,315	30.1%	990,257	1.0%	83,549	27,023	209.2%	79,894	4.6%
Accruals and deferred income	166,435	98,953	68.2%	132,832	25.3%	16,629	13,028	27.6%	14,369	15.7%	149,806	85,925	74.3%	118,463	26.5%
Insurance contracts liabilities	66,608	57,637	15.6%	73,001	-8.8%	40,369	35,099	15.0%	42,910	-5.9%	26,239	22,538	16.4%	30,091	-12.8%
<b>Total liabilities</b>	<b>8,179,930</b>	<b>5,487,439</b>	<b>49.1%</b>	<b>7,719,116</b>	<b>6.0%</b>	<b>7,891,998</b>	<b>5,255,808</b>	<b>50.2%</b>	<b>7,463,969</b>	<b>5.7%</b>	<b>584,764</b>	<b>367,597</b>	<b>59.1%</b>	<b>476,171</b>	<b>22.8%</b>
Total equity	1,757,959	1,328,231	32.4%	1,655,943	6.2%	1,248,038	1,084,636	15.1%	1,248,741	-0.1%	509,921	243,594	109.3%	407,202	25.2%
Book value per share	43.60	36.97	17.9%	41.74	4.5%										

## Key Ratios

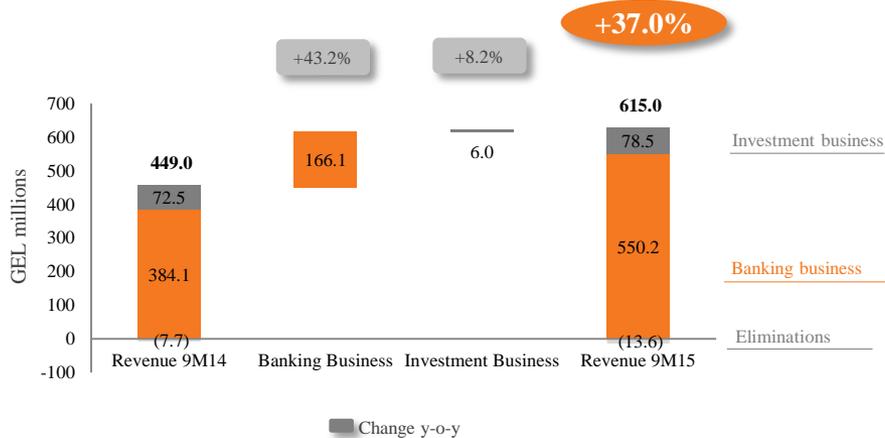
### Banking Business Ratios

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

# BGEO | Strong revenue growth, with positive operating leverage

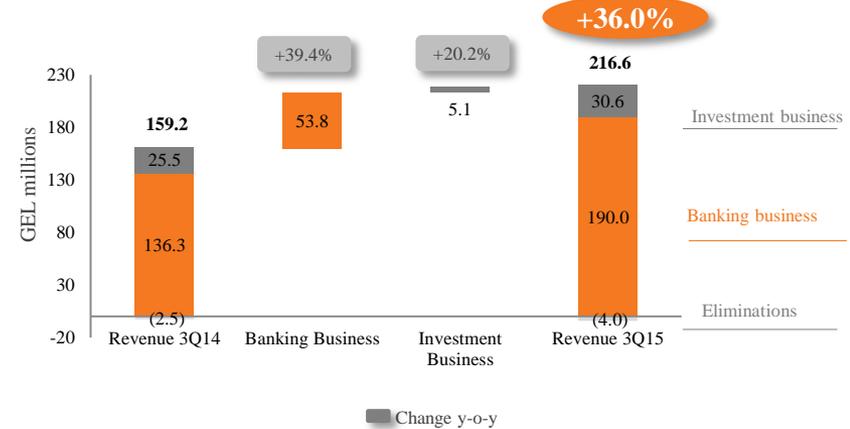
## Revenue | *nine-month*

BGEO



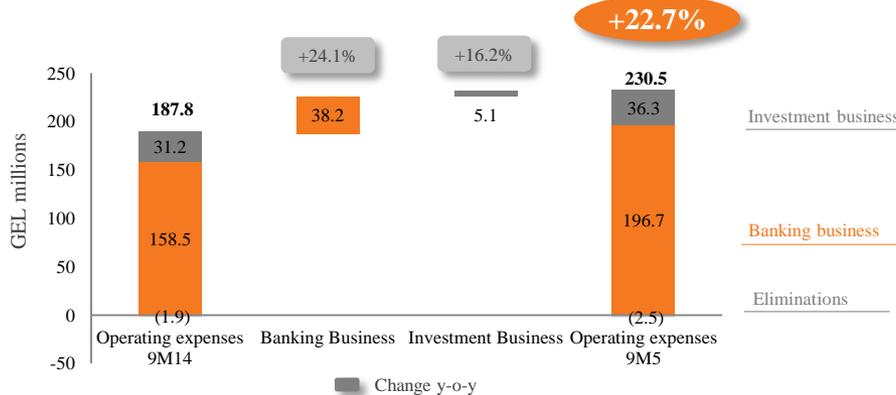
## Revenue | *quarterly*

BGEO



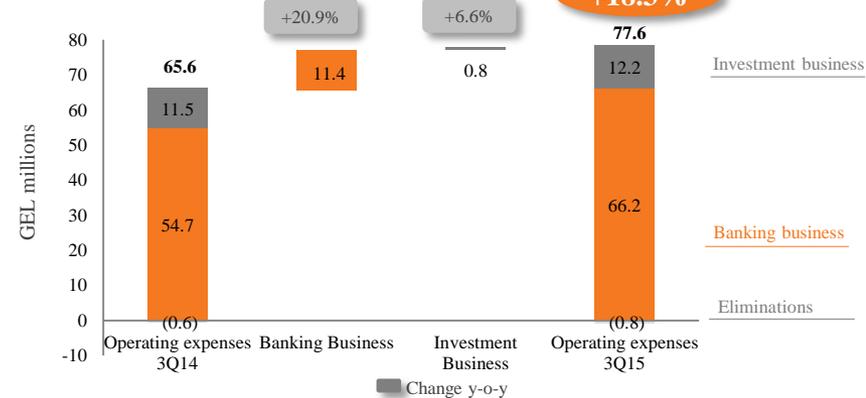
## Operating expenses | *nine-month*

BGEO



## Operating expenses | *quarterly*

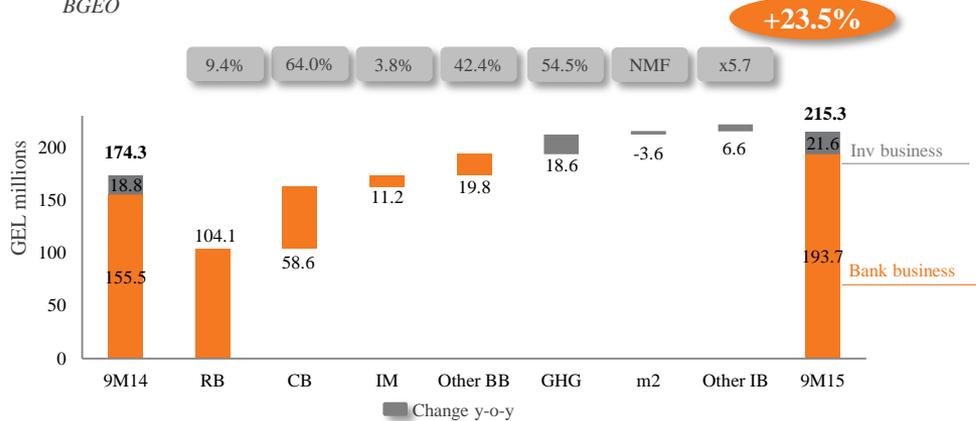
BGEO



# BGEO | Strong profitability

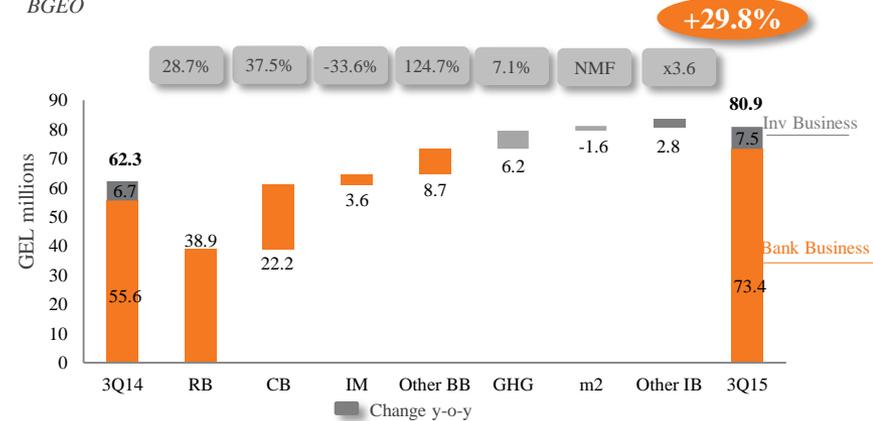
## Profit | nine-month

BGEO



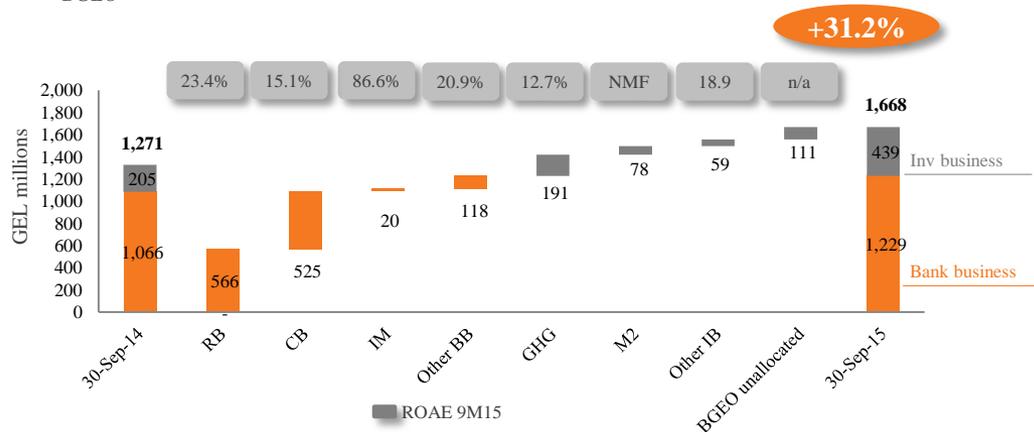
## Profit | quarterly

BGEO



## Equity – excl. Non-controlling interest

BGEO

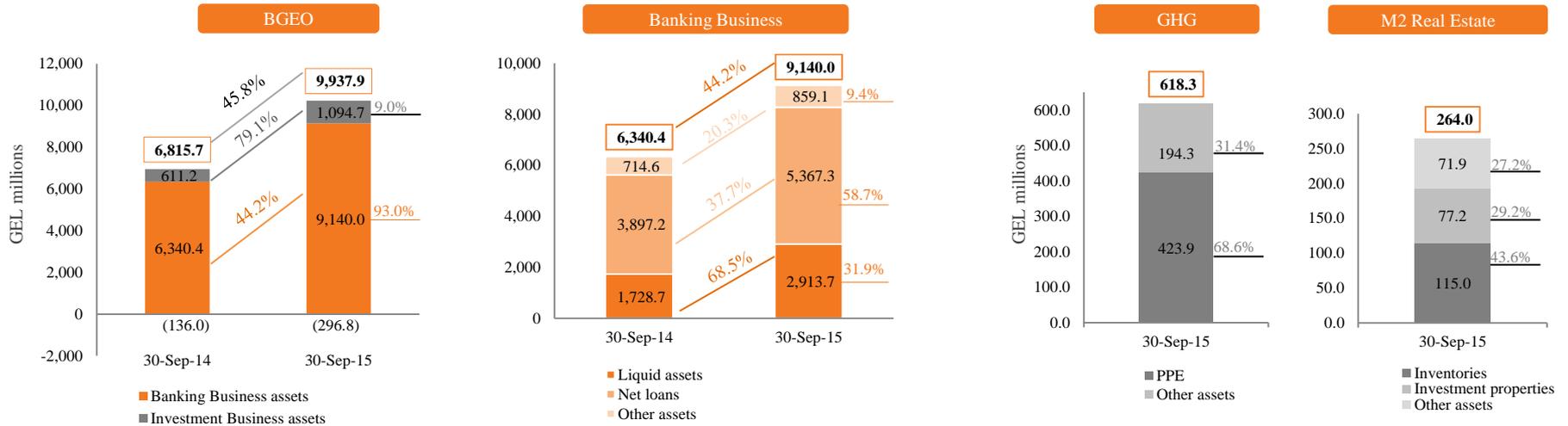


## Key takeaways

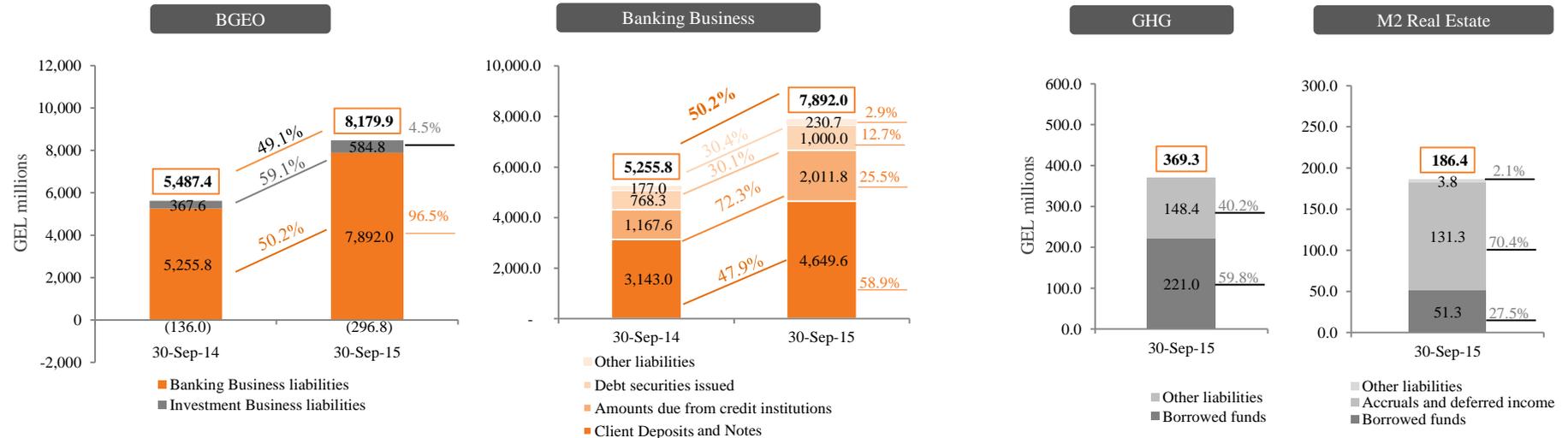
- 9M15 profit increased to GEL 215.3mln, up 23.5% y-o-y and 3Q15 profit increased to GEL 80.9mln, up 29.8% y-o-y driven by strong performance of CB and GHG segments
- GEL 1,668mln capital allocation: 73.7% and 26.3% to Banking Business and Investment Business, respectively
- Equity increased to GEL 1,668mln, up 31.2% driven by GEL 212.2mln increase in retained earnings and GEL 219.0mln capital raise completed in December 2014

# BGEO | Balance Sheet, 30 September 2015

## Assets



## Liabilities



---

# Contents

---

BGEO Group PLC | Overview

Results Discussion | BGEO Group PLC

**Results Discussion | Banking Business**

Results Discussion | Segments

Georgian Macro Overview

Appendices

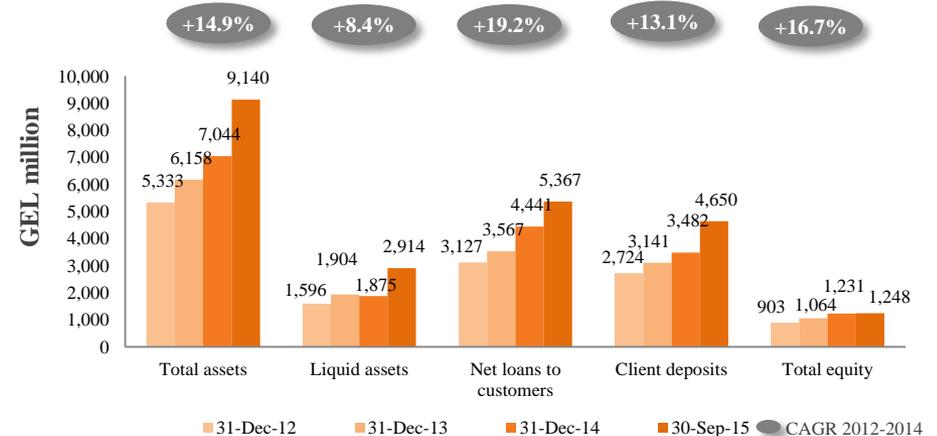
# BOG | The leading bank in Georgia

- Leading market position: No. 1 bank** in Georgia by *assets* (34.7%), *loans* (32.7%), *client deposits* (31.9%) and *equity* (31.5%)<sup>1</sup>
- Underpenetrated market with stable growth perspectives:** Real GDP average growth rate of 5.8% for 2004-2014. Geostat estimates 4.8% GDP growth in 2014. Loans/GDP grew from 9% to 44% in the period of 2003-2014, 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 260 branches, 703 ATMs, 2,354 Express Pay Terminals and c.1.9 million customers (including c.400,000 Privatbank customers) as of 30 September 2015
- The only Georgian company with credit ratings from all three global rating agencies:** S&P: 'BB-', Moody's: 'B1/Ba3' (foreign and local currency), Fitch Ratings: 'BB-'; outlooks are 'Stable'
- High standards of transparency and governance:** The only entity from Georgia to be listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006
- Only private entity to issue Eurobonds from the Caucasus:** US\$400 million Eurobonds outstanding including US\$150 raised through a tap issue in November 2013. The bonds are currently trading at a yield of c.5.4%

- Sustainable growth** combined with strong capital, liquidity and robust profitability

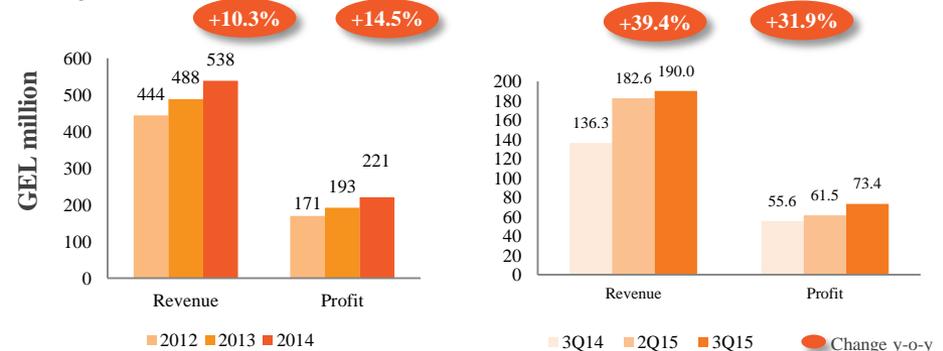
## Balance Sheet

Banking Business



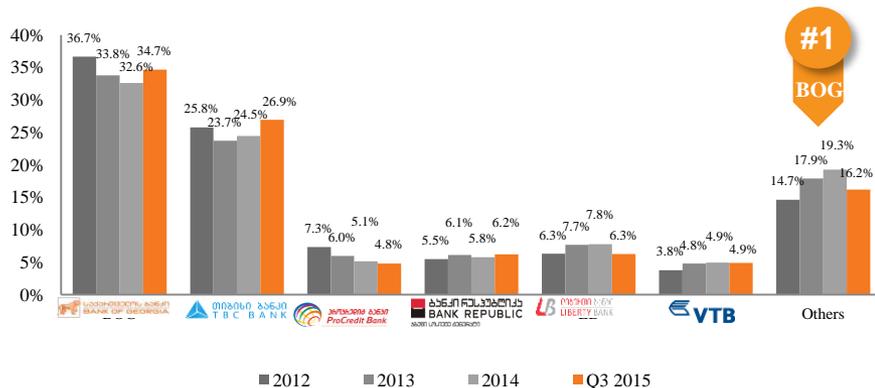
## Income Statement

Banking Business

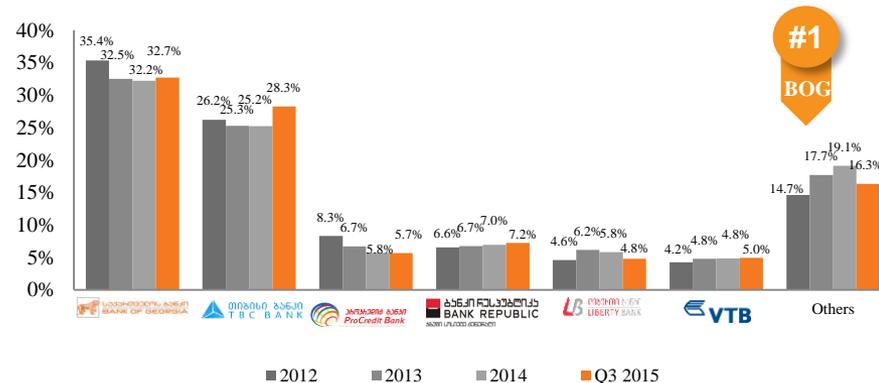


# BOG | Leading the competition across the board

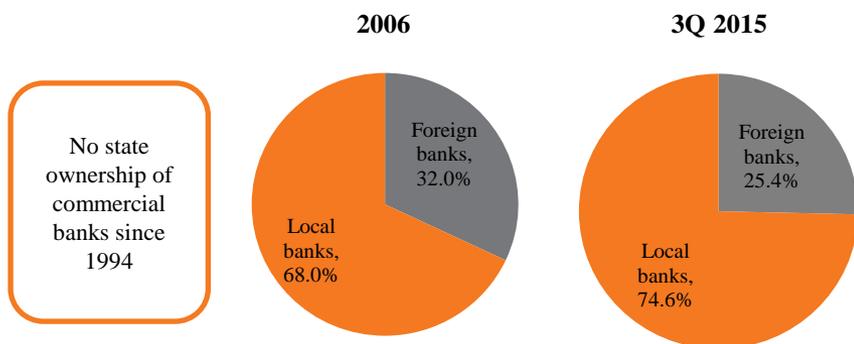
## ▶ Peer group's market share in total assets



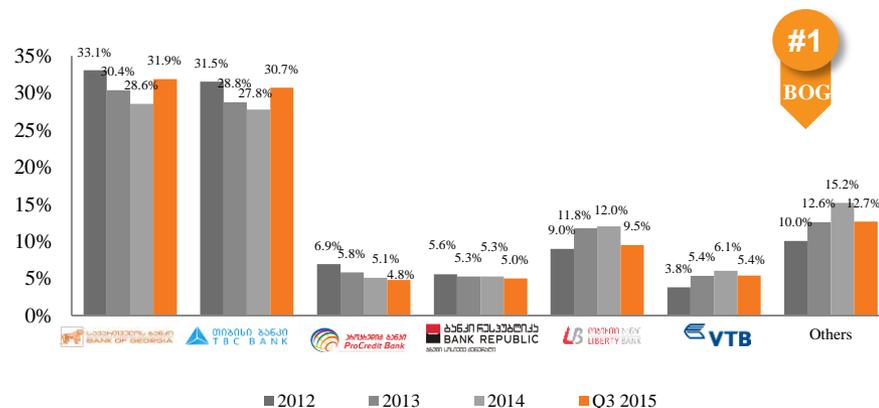
## ▶ Peer group's market share in gross loans



## ▶ Foreign banks market share by assets



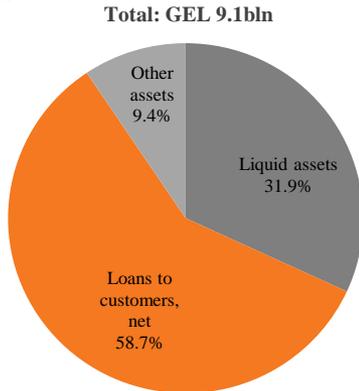
## ▶ Peer group's market share in client deposits



# Banking Business | Diversified asset structure

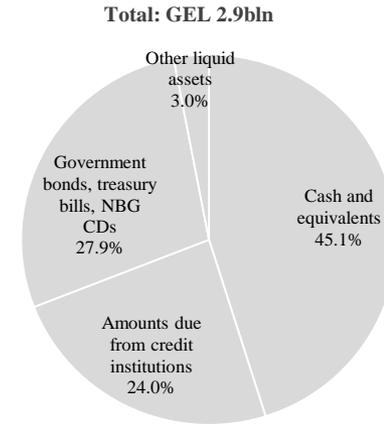
## Total asset structure | 30 September 2015

Banking Business



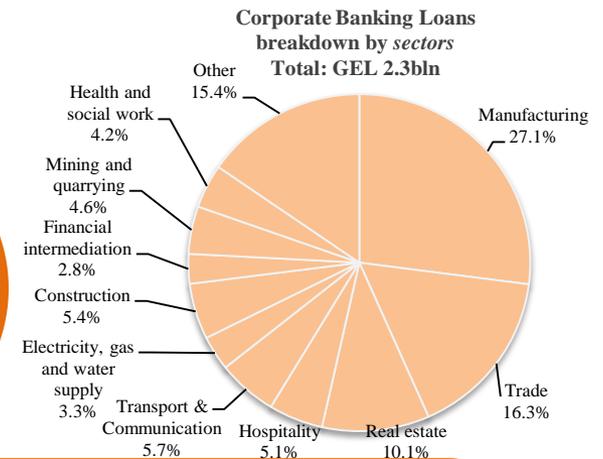
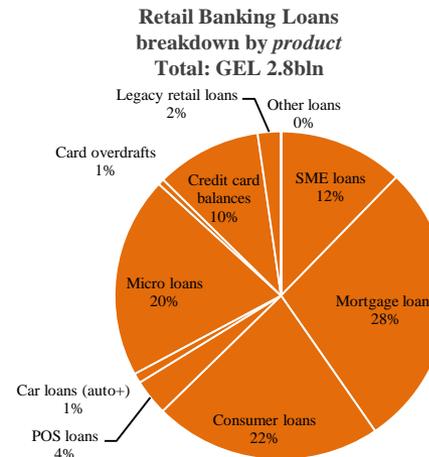
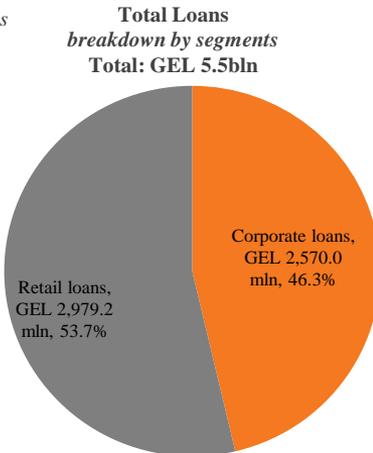
## Liquid assets | 30 September 2015

Banking Business



## Loans breakdowns | 30 September 2015

Banking Business



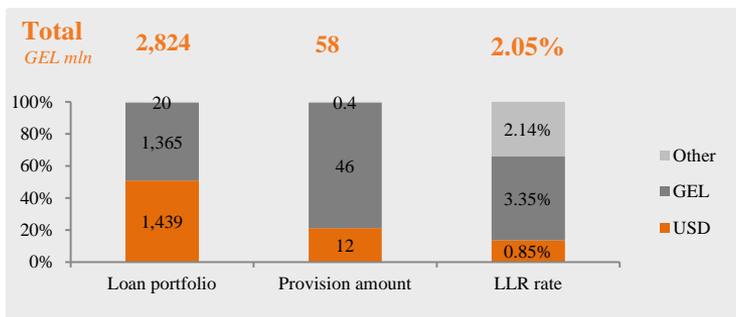
# Banking Business | US\$ loan portfolio breakdown

## Highlights

- **44.1% of Retail Banking Loans were denominated in USD loans with non-USD income\***
  - We offered re-profiling in Feb-2015. Since, 992 loans (out of 14,000) were re-profiled, with total value of US\$34.9mln
  - For RB: Loans 15 days past due were 1.4% at 30 September 2015, compared to 1.4% a year ago and 1.4% as of 30 June 2015
- **42.1% of Corporate Banking Loans denominated in USD loans with non-USD income**

## Retail Banking and Wealth Management | 30 Sep 2015

Banking Business

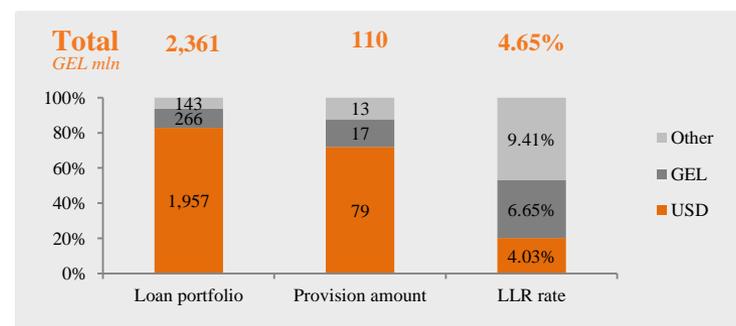


Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL and other currency loans*	1,389	49.1%	78	974	332
USD loans with USD income	193	6.8%	122	29	42
USD loans with non-USD income	1,246	44.1%	588	151	508
Total	2,828	100.0%	788	1,154	882

\* includes credit cards

## Corporate Banking | 30 Sep 2015

Banking Business

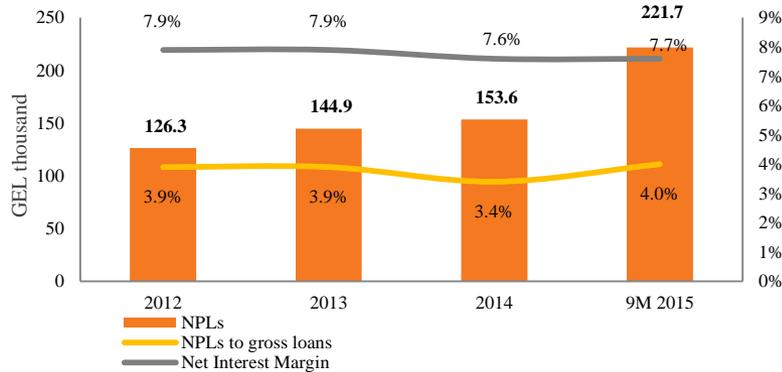


Amounts in GEL millions	CB Loan portfolio	% of total CB loan portfolio
GEL and other currency loans*	403	17.1%
USD loans with USD income	1,170	49.6%
USD loans with non-USD income	787	33.4%
Total	2,361	100.0%

Note: standalone BOG figures from management accounts

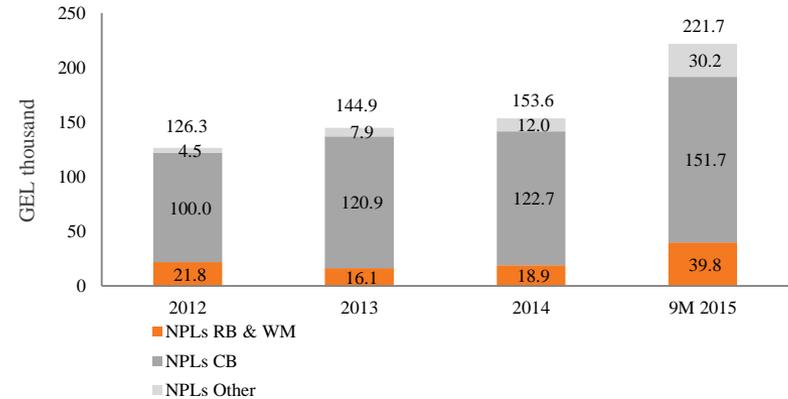
## NPLs

Banking Business



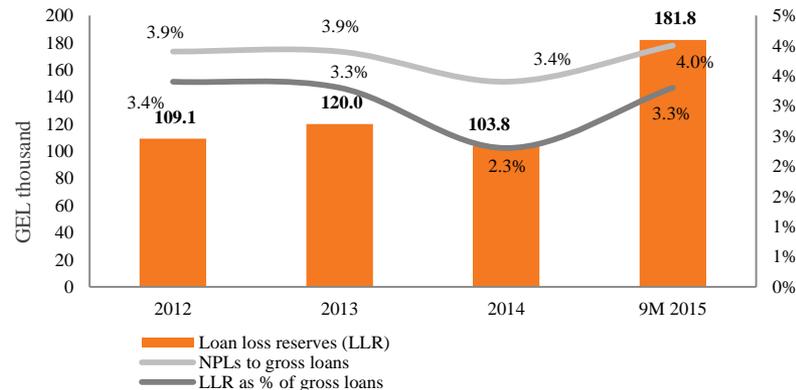
## NPL composition

Banking Business



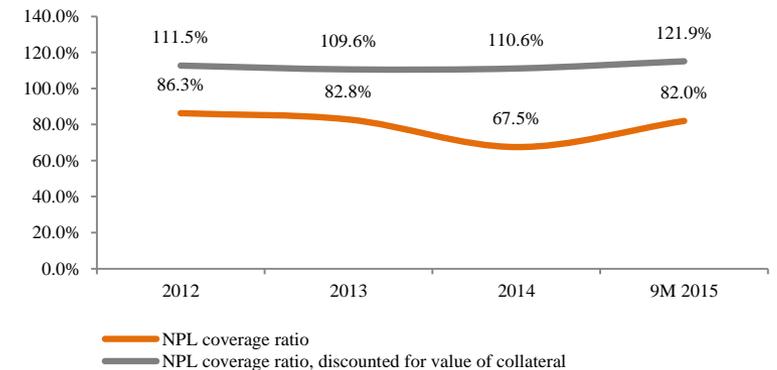
## Loan loss reserve

Banking Business



## NPL coverage ratio

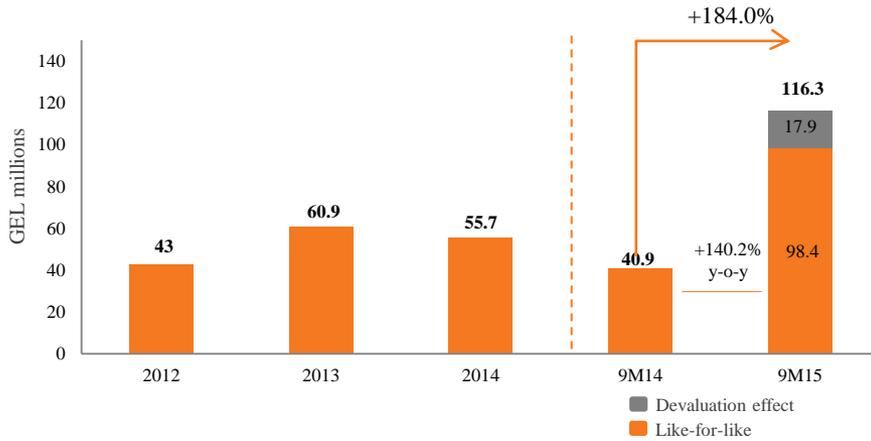
Banking Business



# Banking Business | Resilient loan portfolio quality

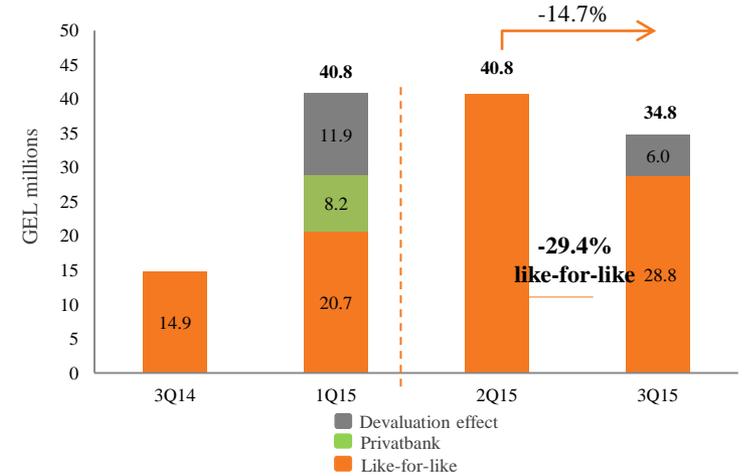
## ▶ Cost of Credit Risk | *nine-month*

Banking Business



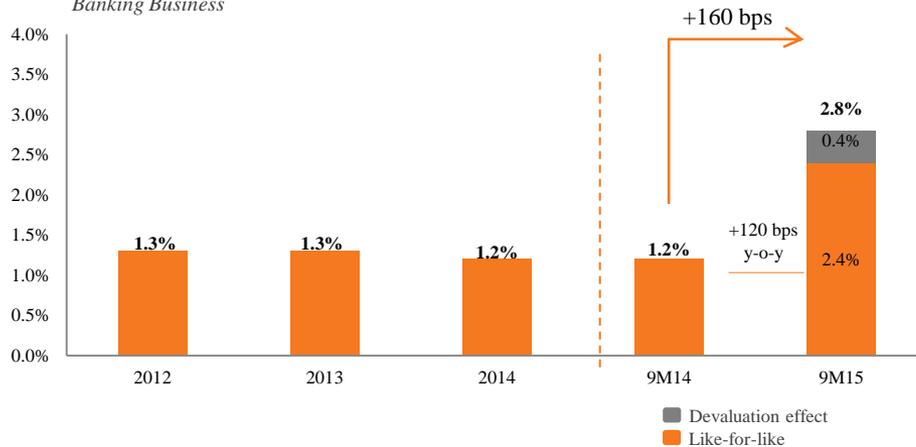
## ▶ Cost of Credit Risk | *quarterly*

Banking Business



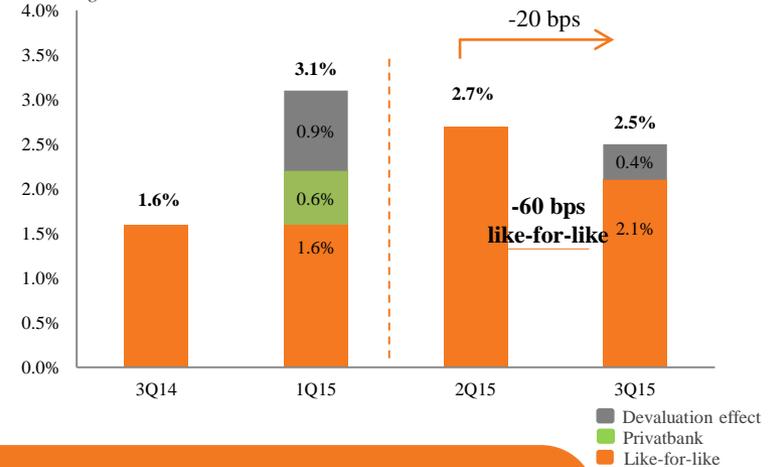
## ▶ Cost of Risk | *nine-month*

Banking Business



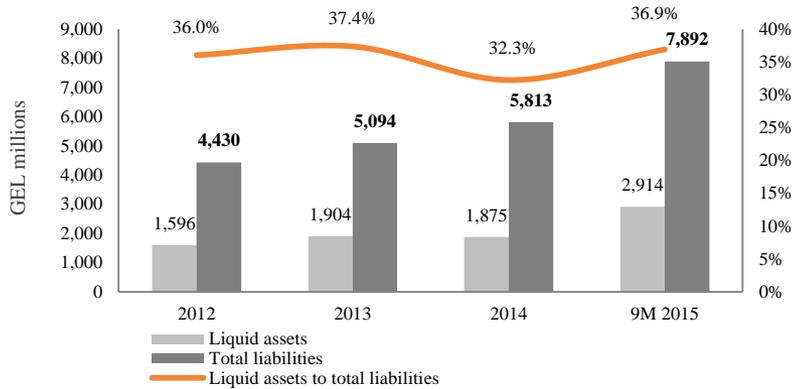
## ▶ Cost of Risk | *quarterly*

Banking Business



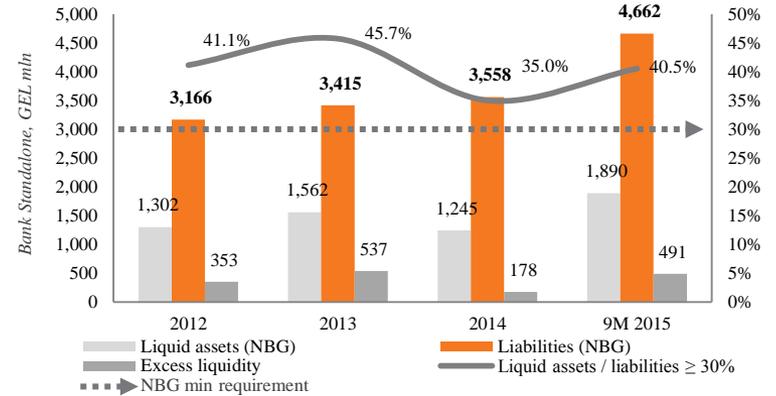
## Liquid assets to total liabilities

Banking Business



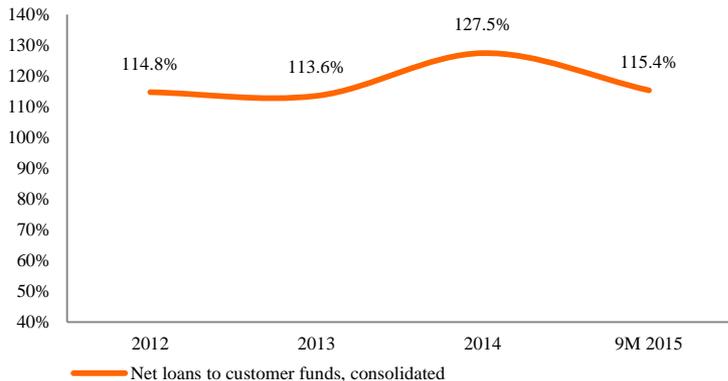
## NBG liquidity ratio

Banking Business



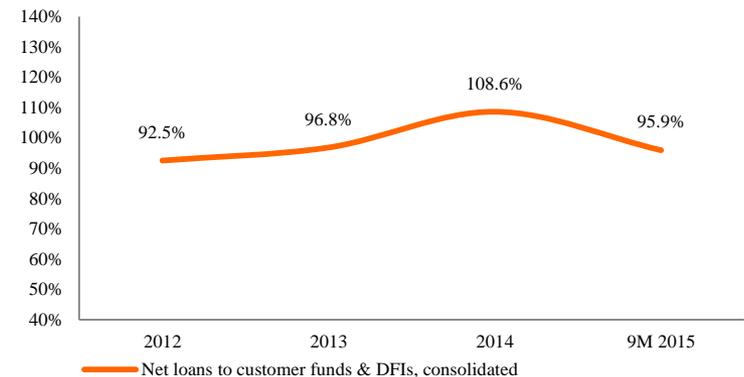
## Net loans to customer funds

Banking Business



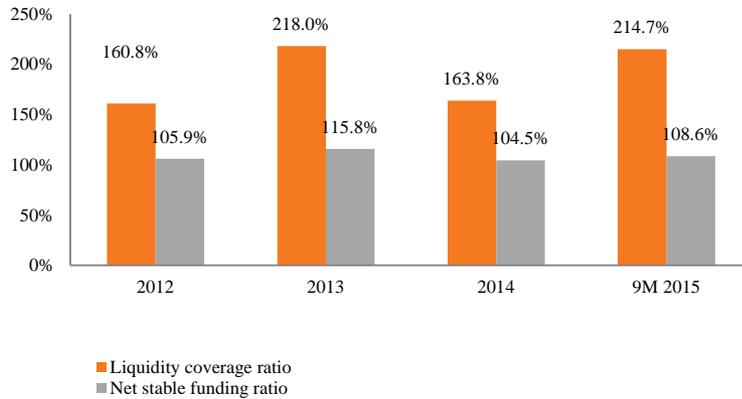
## Net loans to customer funds & DFIs

Banking Business



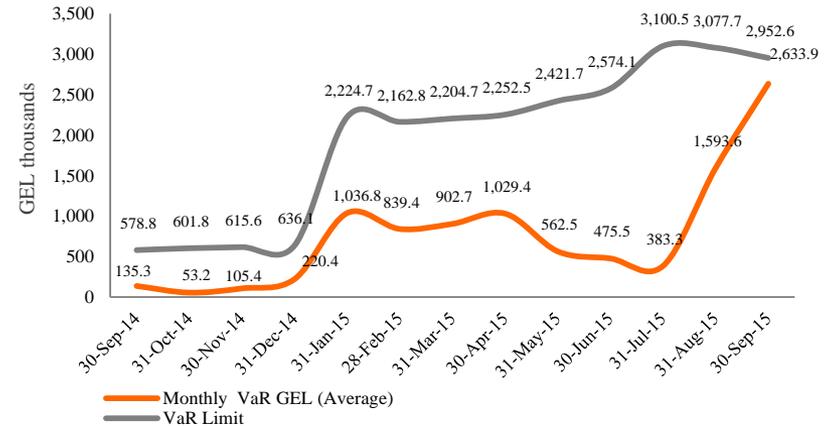
## Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



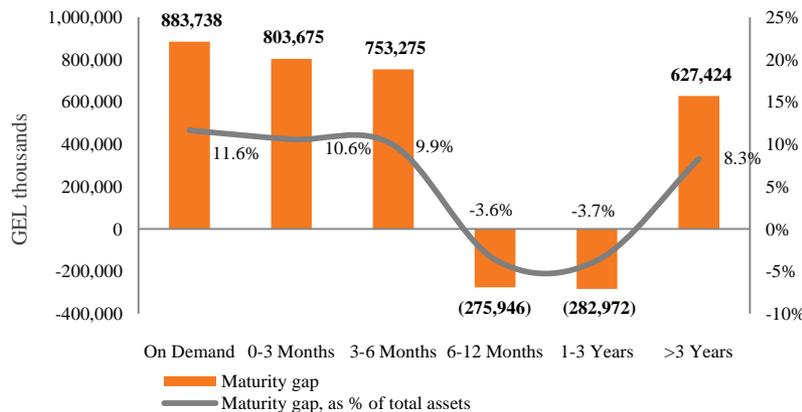
## Foreign currency VaR analysis\*

JSC Bank of Georgia standalone



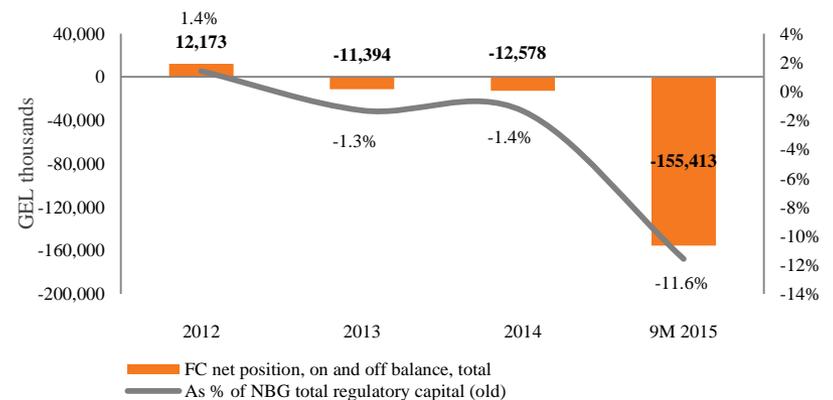
## Cumulative maturity gap, 30 June 2015

Banking Business



## Open currency position

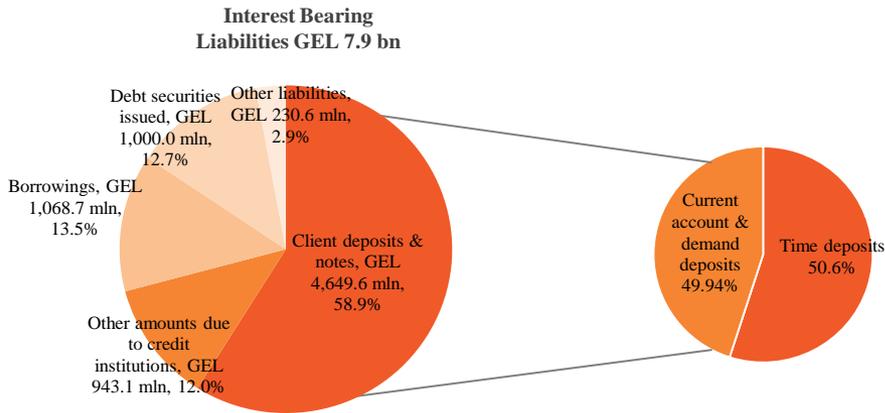
JSC Bank of Georgia standalone



# Banking Business | Funding structure is well established

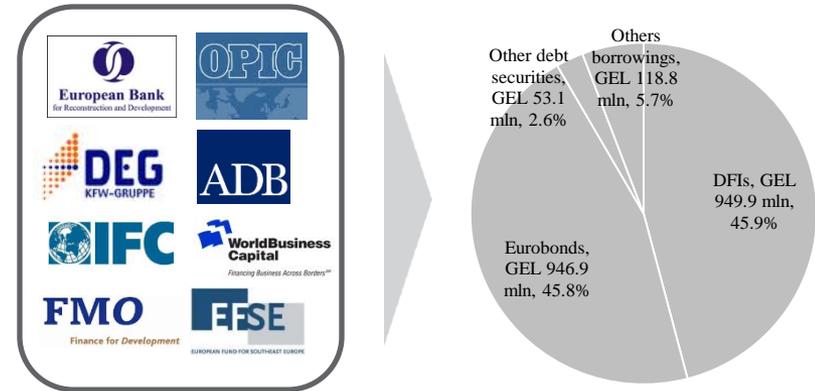
## Interest Bearing Liability structure | 9M 2015

Banking Business



## Well diversified international borrowings | 3Q15

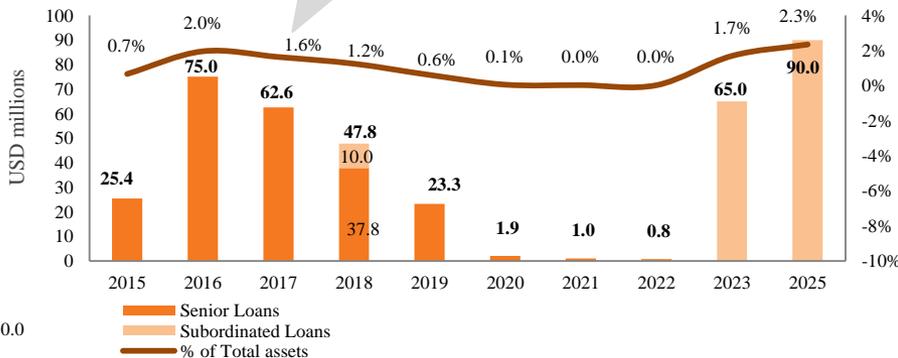
Banking Business



## Borrowed funds maturity breakdown\*

Banking Business

Excl. US\$400 mln Eurobonds maturing in 2017



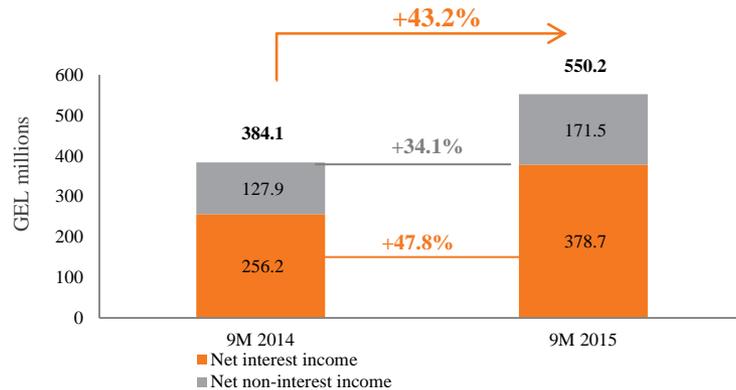
## Interest bearing liabilities

- Banking Business has a well-balanced funding structure with 58.9% of interest bearing liabilities coming from client deposits and notes, 12.0% from Developmental Financial Institutions (DFIs) and 12.0% from Eurobonds, as of 30 September 2015
- 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 September 2015, US\$ 71.9 million undrawn facilities from DFIs with one to seven year maturity

# Banking Business | Strong revenue growth

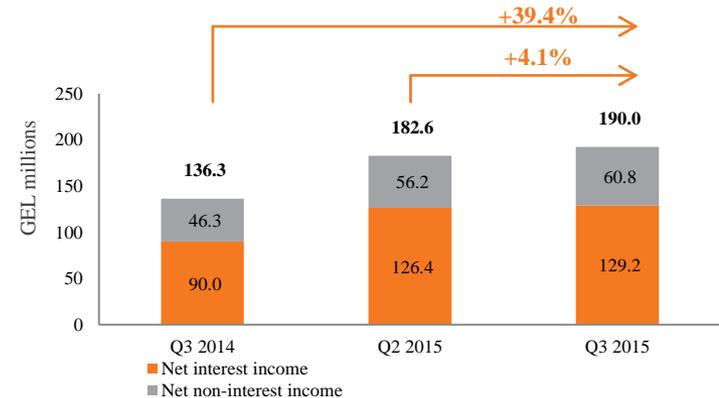
## ▶ Revenue growth | *nine-month*

Banking Business



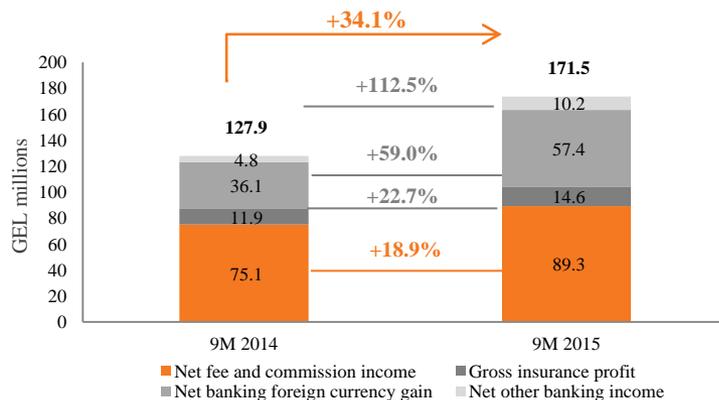
## ▶ Revenue growth | *quarterly*

Banking Business



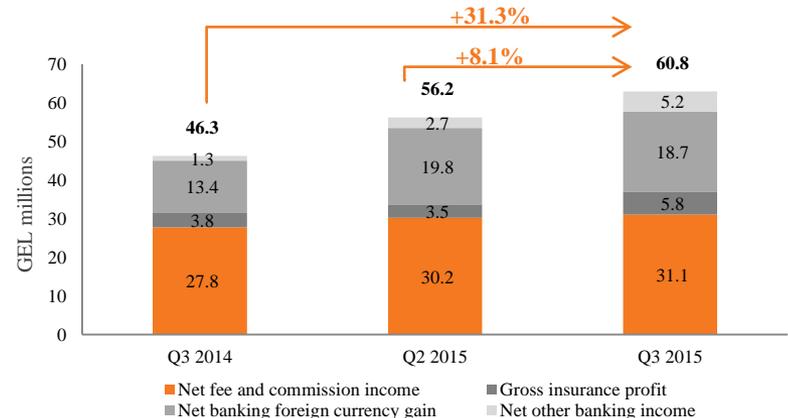
## ▶ Net non-interest income | *nine-month*

Banking Business



## ▶ Net non-interest income | *quarterly*

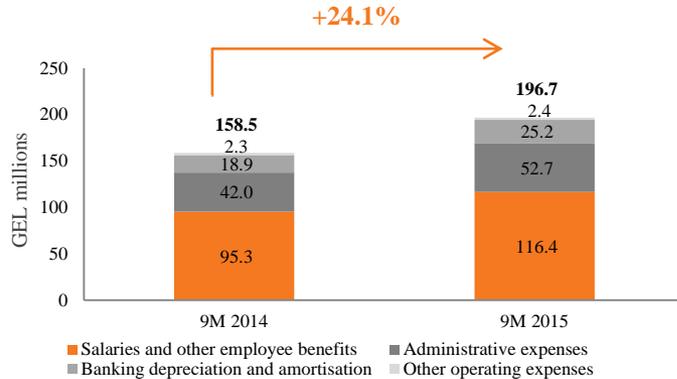
Banking Business



# Banking Business | Keeping a tight grip on costs

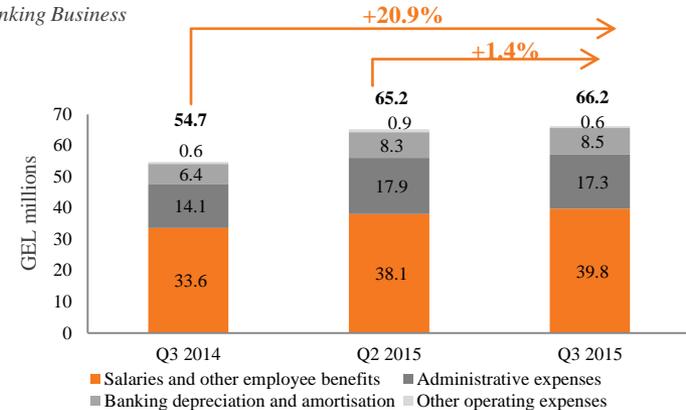
## ▶ Operating expenses | *nine-month*

Banking Business



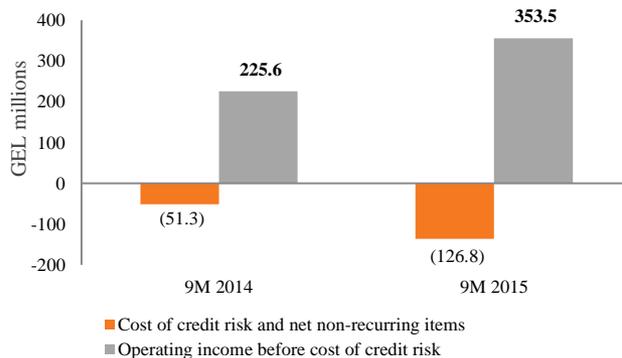
## ▶ Operating expenses | *quarterly*

Banking Business



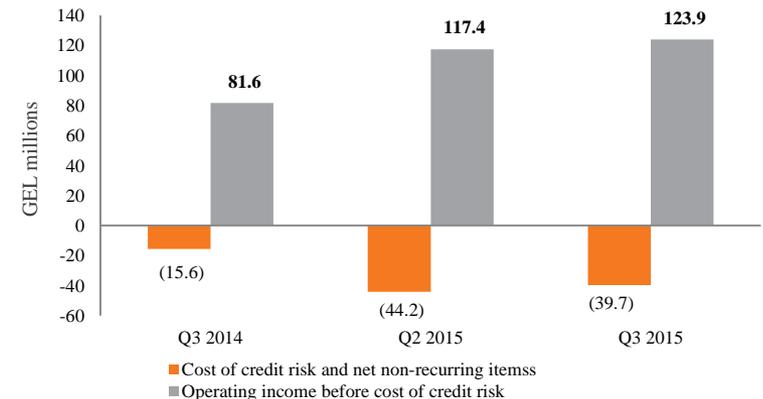
## ▶ Operating income before cost of credit risk | *nine-month*

Banking Business



## ▶ Operating income before cost of credit risk | *quarterly*

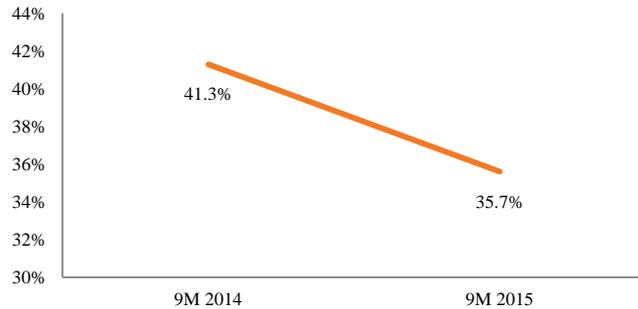
Banking Business



# Banking Business | Focus on efficiency

## ▶ Cost / Income ratio | *half-year*

Banking Business



## ▶ Cost / Income ratio | *quarterly*

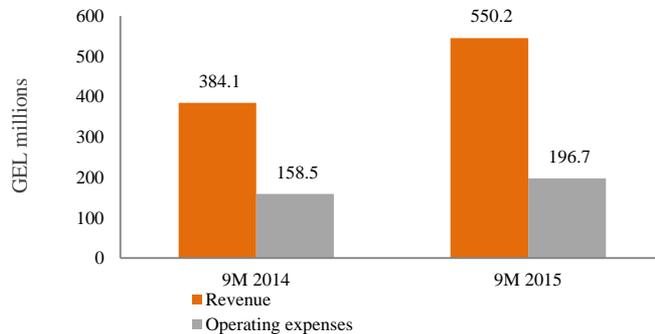
Banking Business



## ▶ Revenue and operating expenses | *half-year*

Banking Business

**Operating Leverage** +19.1% y-o-y

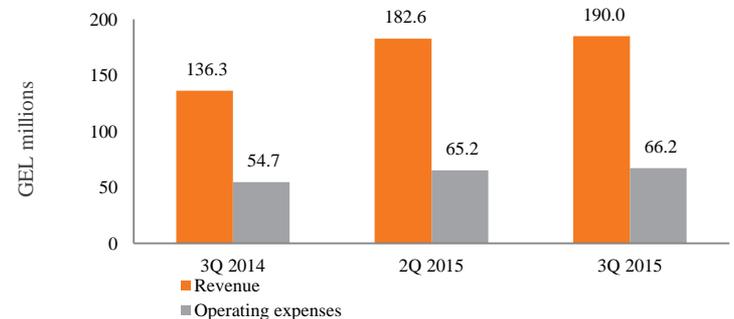


## ▶ Revenue and operating expenses | *quarterly*

Banking Business

**Operating Leverage** +2.7% q-o-q

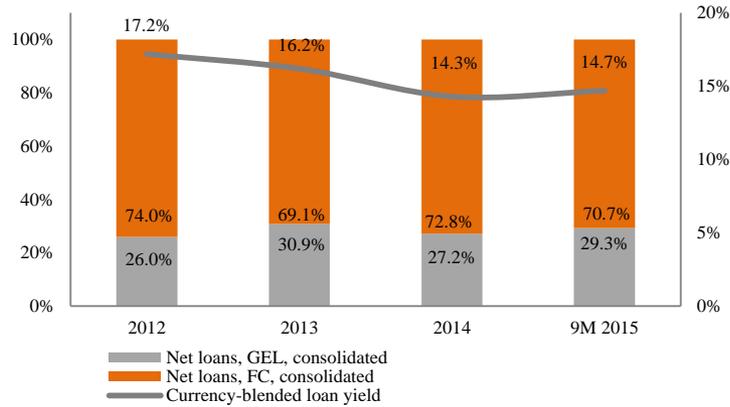
+18.5% y-o-y



# Banking Business | growing income notwithstanding the pressure on yields

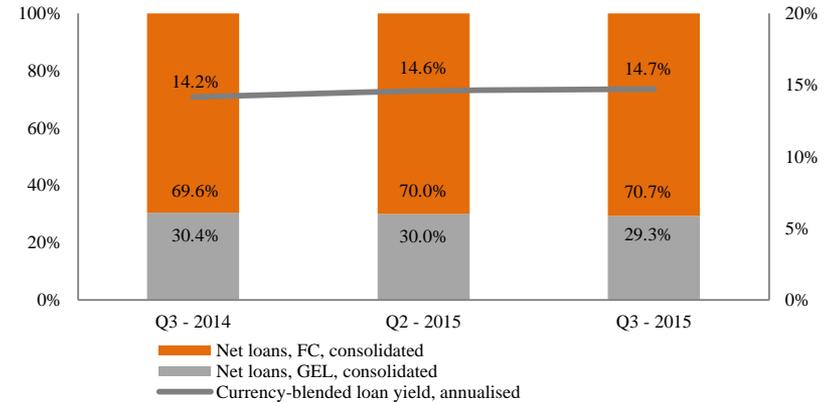
## ▶ Loan Yields | *annual*

Banking Business



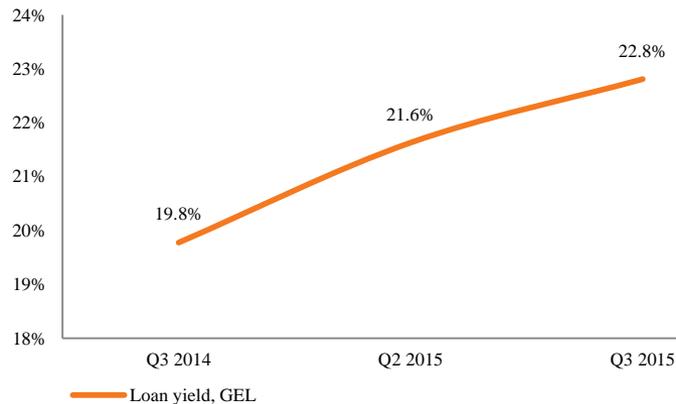
## ▶ Loan Yields | *quarterly*

Banking Business



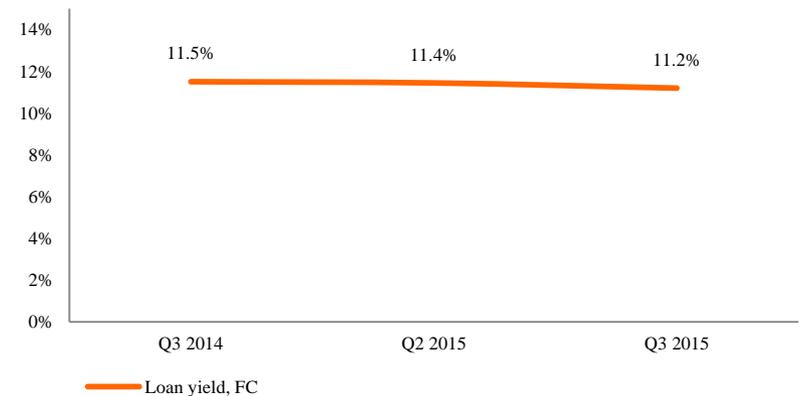
## ▶ Loan Yields, GEL | *quarterly*

Banking Business



## ▶ Loan Yields, foreign currency | *quarterly*

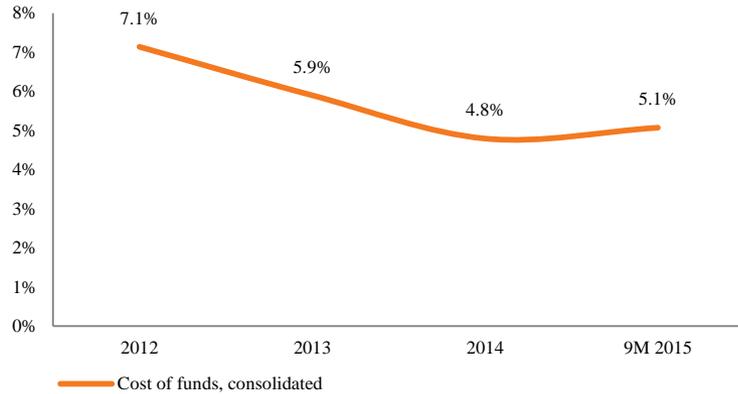
Banking Business



# Banking Business | Stable Cost of Funding

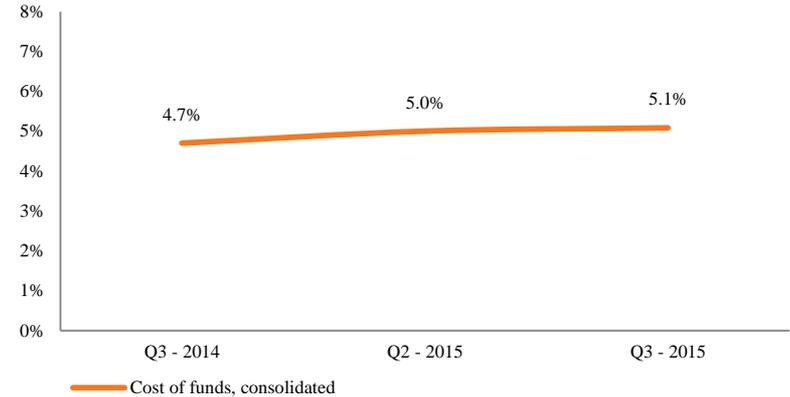
## ▶ Cost of Funds | *half-year*

Banking Business



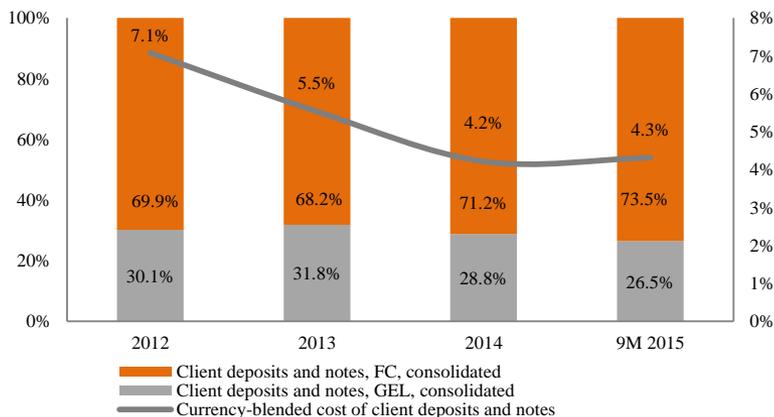
## ▶ Cost of Funds | *quarterly*

Banking Business



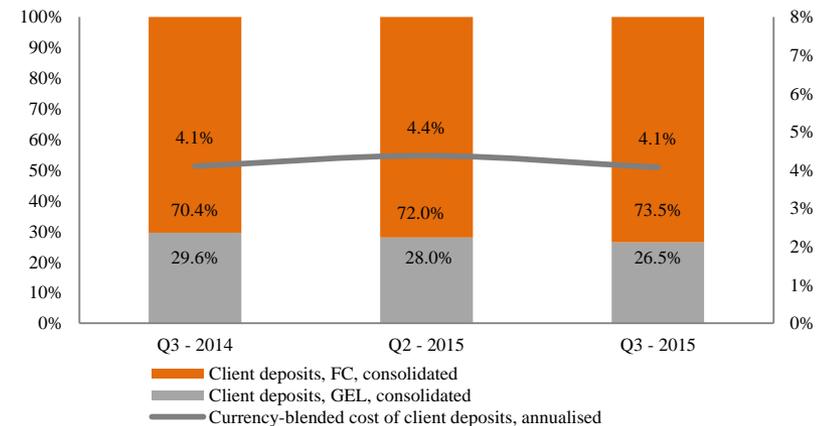
## ▶ Cost of Customer Funds | *annual*

Banking Business



## ▶ Cost of Customer Funds | *quarterly*

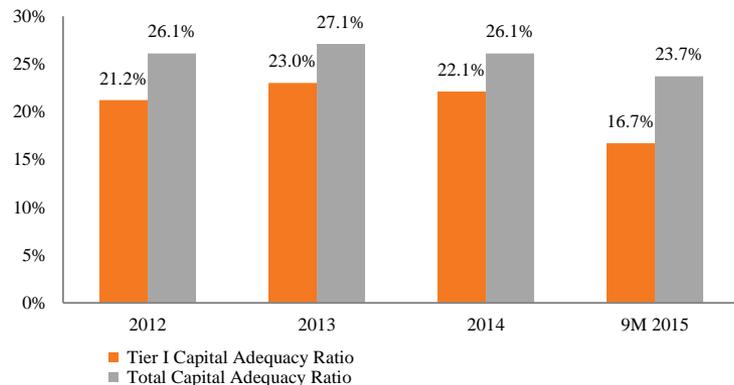
Banking Business



# Banking Business | Excellent capital adequacy position

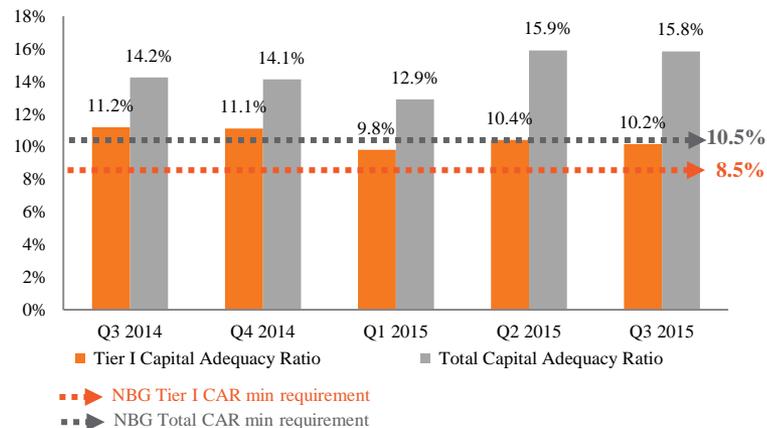
## ▶ Basel I capital adequacy ratios

JSC Bank of Georgia consolidated



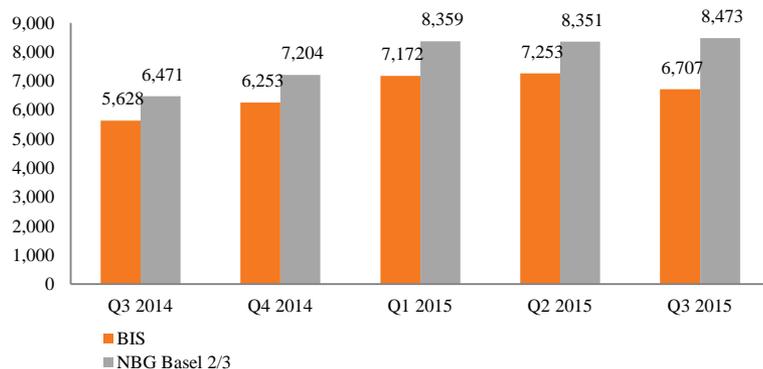
## ▶ NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



## ▶ Risk Weighted Assets Basel I vs NBG (Basel 2/3)

JSC Bank of Georgia consolidated (BIS I), standalone (BIS 2/3)



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

JSC Bank of Georgia standalone

GEL '000	30 Sep 2015	Dec 2014	Sep 2014	Jun 2014	Mar 2014	Dec 2013
Tier I Capital (Core)	860.2	800.5	723.2	669.9	764.2	748.3
Tier 2 Capital (Supplementary)	482.1	217.1	198.7	197.9	190.1	189.8
<b>Total Capital</b>	<b>1,342.3</b>	<b>1,017.6</b>	<b>921.9</b>	<b>867.8</b>	<b>954.3</b>	<b>938.1</b>
<b>Risk weighted assets</b>	<b>8,473.1</b>	<b>7,204.1</b>	<b>6,470.6</b>	<b>6,202.9</b>	<b>5,901.9</b>	<b>5,733.7</b>
<b>Tier 1 Capital ratio</b>	<b>10.2%</b>	<b>11.1%</b>	<b>11.2%</b>	<b>10.8%</b>	<b>12.9%</b>	<b>13.1%</b>
<b>Total Capital ratio</b>	<b>15.8%</b>	<b>14.1%</b>	<b>14.2%</b>	<b>14.0%</b>	<b>16.2%</b>	<b>16.4%</b>

---

# Contents

---

BGEO Group PLC | Overview

Results Discussion | BGEO Group PLC

Results Discussion | Banking Business

**Results Discussion | Segments**

Georgian Macro Overview

Appendices

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

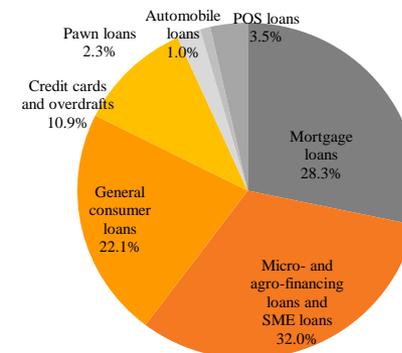
## Client data

RB standalone

Volumes are in GEL millions	30-Sep-15	% of clients	2014	2013	2012
<b>Number of total Retail clients, of which:</b>	<b>1,959,111</b>		<b>1,451,777</b>	<b>1,245,048</b>	<b>1,054,248</b>
Number of Solo clients ("Premium Banking")	10,328	0.5%	7,971	6,810	5,413
<b>Consumer loans &amp; other outstanding, volume</b>	<b>824.7</b>		<b>691.8</b>	<b>560.2</b>	<b>480.0</b>
Consumer loans & other outstanding, number	634,025	32.4%	526,683	455,557	406,213
<b>Mortgage loans outstanding, volume</b>	<b>783.1</b>		<b>600.9</b>	<b>441.4</b>	<b>388.7</b>
Mortgage loans outstanding, number	12,576	0.6%	11,902	10,212	9,850
<b>Micro &amp; SME loans outstanding, volume</b>	<b>881.9</b>		<b>666.0</b>	<b>497.0</b>	<b>364.4</b>
Micro & SME loans outstanding, number	18,296	0.9%	16,246	13,317	11,136
<b>Credit cards and overdrafts outstanding, volume</b>	<b>319.1</b>		<b>135.0</b>	<b>142.4</b>	<b>146.4</b>
Credit cards and overdrafts outstanding, number	443,591	22.6%	199,543	174,570	142,072
Credit cards outstanding, number, of which:	729,713	37.2%	116,615	117,913	107,261
American Express cards	102,085	5.2%	110,362	108,608	99,292

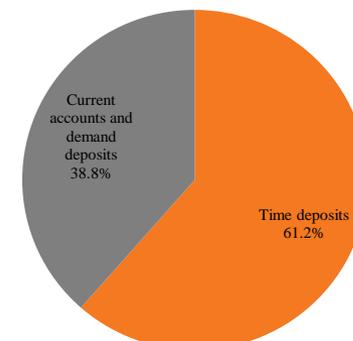
## Portfolio breakdowns

RB standalone

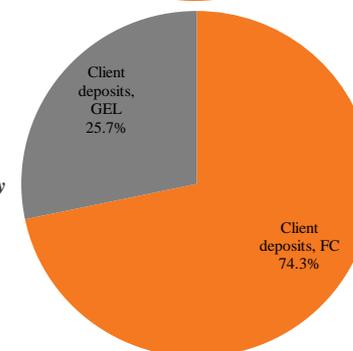


Loans by products  
Total: GEL 2.8 bn

Deposits by category  
Total: GEL 1.8 bn



Deposits by currency  
Total: GEL 1.8 bn

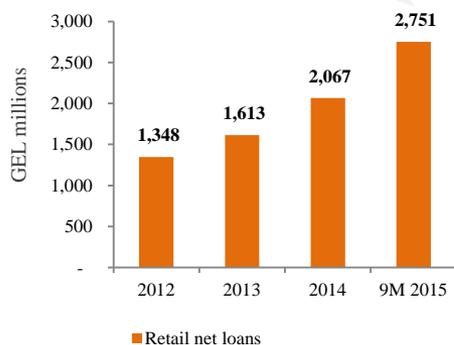


## RB loans

RB standalone

### Loans growth:

- 48.0% growth y-o-y
- 27.7% growth y-o-y on constant currency basis



## RB deposits

RB standalone

### Deposits growth:

- 49.7% growth y-o-y
- 20.3% growth y-o-y on constant currency basis



# Retail Banking (RB) | Strong loan book growth

## ▶ PL | Retail Banking

RB Consolidated

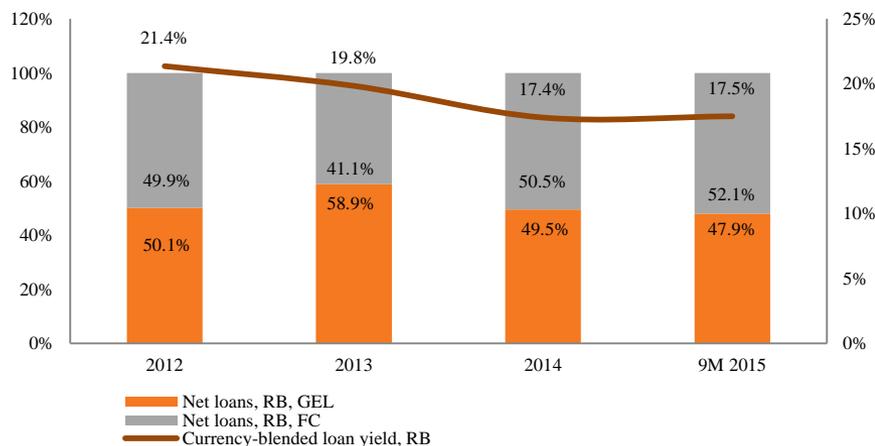
### Income statement Highlights

GEL thousands, unless otherwise noted

	3Q15	3Q14	Change y-o-y	2Q15	Change q-o-q	9M15	9M14	Change y-o-y
Net banking interest income	83,141	54,533	52.5%	79,269	4.9%	237,560	155,478	52.8%
Net fee and commission income	19,982	15,498	28.9%	18,406	8.6%	56,954	41,509	37.2%
Net banking foreign currency gain	5,202	4,310	20.7%	4,305	20.8%	13,412	12,550	6.9%
Net other banking income	2,861	928	NMF	1,384	106.7%	5,209	2,754	89.1%
<b>Revenue</b>	<b>111,186</b>	<b>75,269</b>	<b>47.7%</b>	<b>103,364</b>	<b>7.6%</b>	<b>313,135</b>	<b>212,291</b>	<b>47.5%</b>
Salaries and other employee benefits	(22,466)	(18,087)	24.2%	(22,416)	0.2%	(68,478)	(51,580)	32.8%
Administrative expenses	(12,081)	(9,218)	31.1%	(11,632)	3.9%	(35,953)	(26,321)	36.6%
Banking depreciation and amortisation	(6,806)	(4,950)	37.5%	(6,818)	-0.2%	(20,455)	(14,375)	42.3%
Other operating expenses	(353)	(298)	18.5%	(496)	-28.8%	(1,312)	(1,035)	26.8%
<b>Operating expenses</b>	<b>(41,706)</b>	<b>(32,553)</b>	<b>28.1%</b>	<b>(41,362)</b>	<b>0.8%</b>	<b>(126,198)</b>	<b>(93,311)</b>	<b>35.2%</b>
Operating income before cost of credit risk	69,480	42,716	62.7%	62,002	12.1%	186,937	118,980	57.1%
Cost of credit risk	(22,713)	(6,587)	NMF	(20,662)	9.9%	(60,035)	(6,959)	NMF
Net non-recurring items	(3,128)	(284)	NMF	(2,875)	8.8%	(6,451)	(5,051)	27.7%
Profit before income tax	43,639	35,845	21.7%	38,465	13.5%	120,451	106,970	12.6%
Income tax expense	(4,747)	(5,621)	-15.5%	(5,900)	-19.5%	(16,386)	(11,878)	38.0%
<b>Profit</b>	<b>38,892</b>	<b>30,224</b>	<b>28.7%</b>	<b>32,565</b>	<b>19.4%</b>	<b>104,065</b>	<b>95,092</b>	<b>9.4%</b>

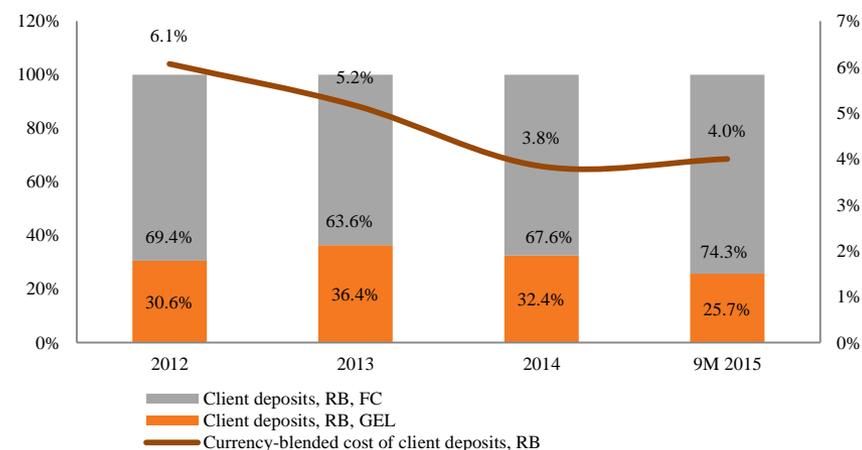
## ▶ Loan Yields | Retail Banking

RB standalone



## ▶ Deposit Costs | Retail Banking

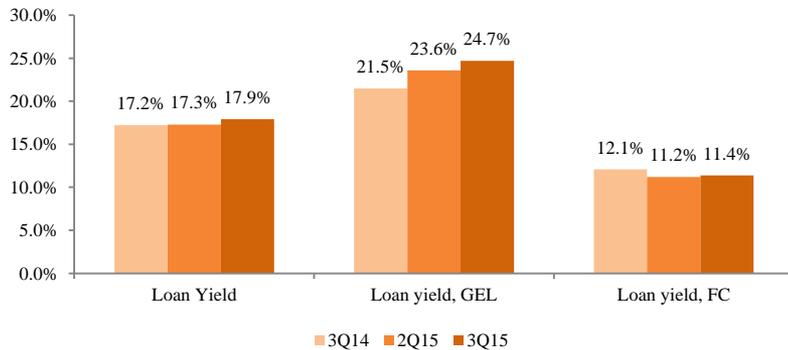
RB standalone



# Retail Banking | Strong loan book growth

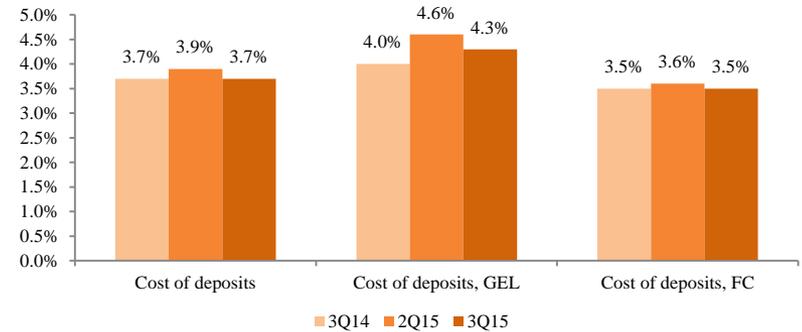
## ▶ RB Loan Yield | quarterly

RB standalone



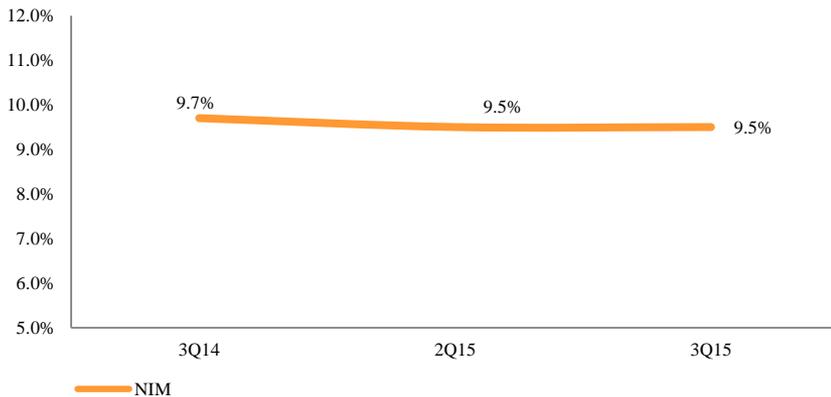
## ▶ RB Cost of Deposits | quarterly

RB standalone



## ▶ RB NIM | quarterly

RB standalone



# Corporate Banking (CB)

## PL | Corporate Banking

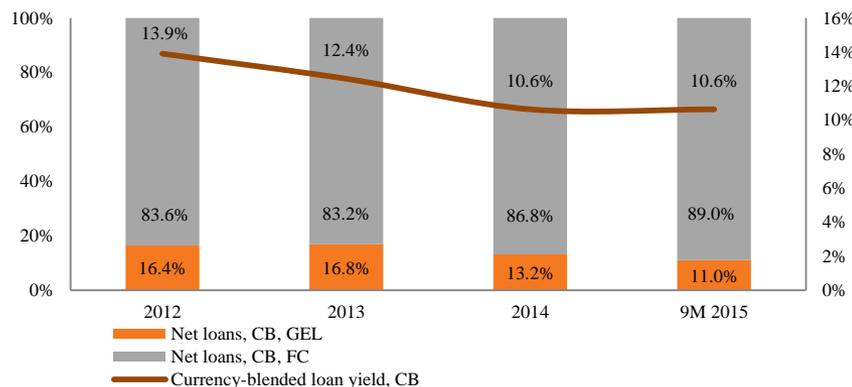
CB Consolidated

### Income statement Highlights

GEL thousands, unless otherwise noted	3Q15	3Q14	Change y-o-y	2Q15	Change q-o-q	9M15	9M14	Change y-o-y
Net banking interest income	32,126	25,557	25.7%	33,949	-5.4%	101,494	73,044	38.9%
Net fee and commission income	8,705	6,197	40.5%	8,316	4.7%	23,022	18,211	26.4%
Net banking foreign currency gain	7,272	6,561	10.8%	9,769	-25.6%	24,875	17,572	41.6%
Net other banking income	2,288	806	183.9%	1,819	25.8%	5,177	2,498	107.2%
<b>Revenue</b>	<b>50,391</b>	<b>39,121</b>	<b>28.8%</b>	<b>53,853</b>	<b>-6.4%</b>	<b>154,568</b>	<b>111,325</b>	<b>38.8%</b>
Salaries and other employee benefits	(9,392)	(8,938)	5.1%	(8,853)	6.1%	(26,733)	(24,634)	8.5%
Administrative expenses	(3,000)	(2,348)	27.8%	(3,773)	-20.5%	(9,280)	(8,109)	14.4%
Banking depreciation and amortisation	(1,065)	(958)	11.2%	(957)	11.3%	(3,012)	(2,847)	5.8%
Other operating expenses	(107)	(121)	-11.6%	(188)	-43.1%	(507)	(692)	-26.7%
<b>Operating expenses</b>	<b>(13,564)</b>	<b>(12,365)</b>	<b>9.7%</b>	<b>(13,771)</b>	<b>-1.5%</b>	<b>(39,532)</b>	<b>(36,282)</b>	<b>9.0%</b>
Operating income before cost of credit risk	36,827	26,756	37.6%	40,082	-8.1%	115,036	75,043	53.3%
Cost of credit risk	(10,531)	(7,659)	37.5%	(14,146)	-25.6%	(44,057)	(31,533)	39.7%
Net non-recurring items	(1,401)	(115)	NMF	(199)	NMF	(2,199)	(2,568)	-14.4%
Profit before income tax	24,895	18,982	31.2%	25,737	-3.3%	68,780	40,942	68.0%
Income tax expense	(2,698)	(2,840)	-5.0%	(4,119)	-34.5%	(10,163)	(5,193)	95.7%
<b>Profit</b>	<b>22,197</b>	<b>16,142</b>	<b>37.5%</b>	<b>21,618</b>	<b>2.7%</b>	<b>58,617</b>	<b>35,749</b>	<b>64.0%</b>

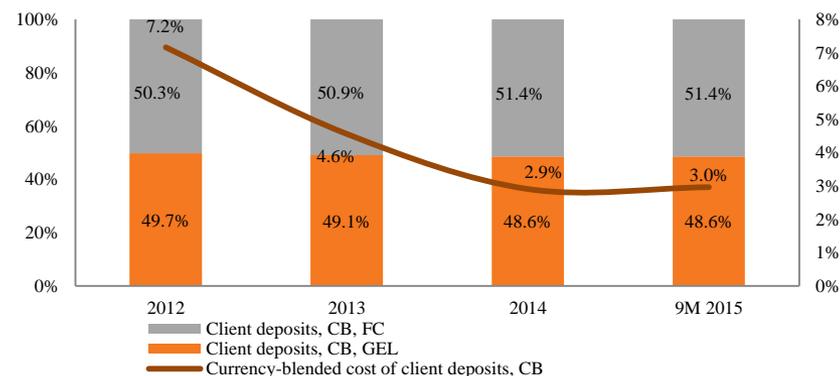
## Loan Yields | Corporate Banking, standalone

CB standalone



## Deposit Costs | Corporate Banking, standalone

CB standalone



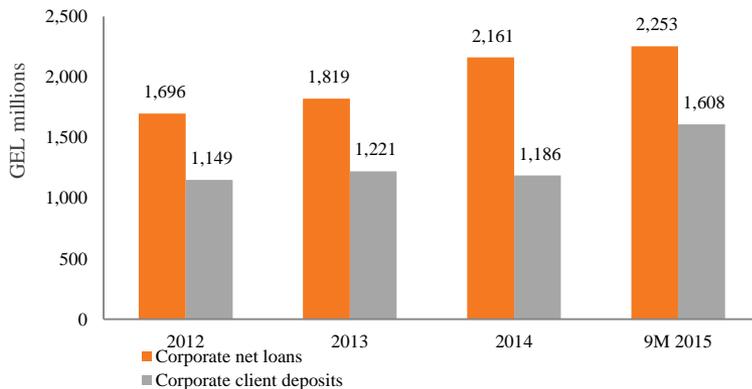
# Corporate Banking (CB)

## Highlights

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

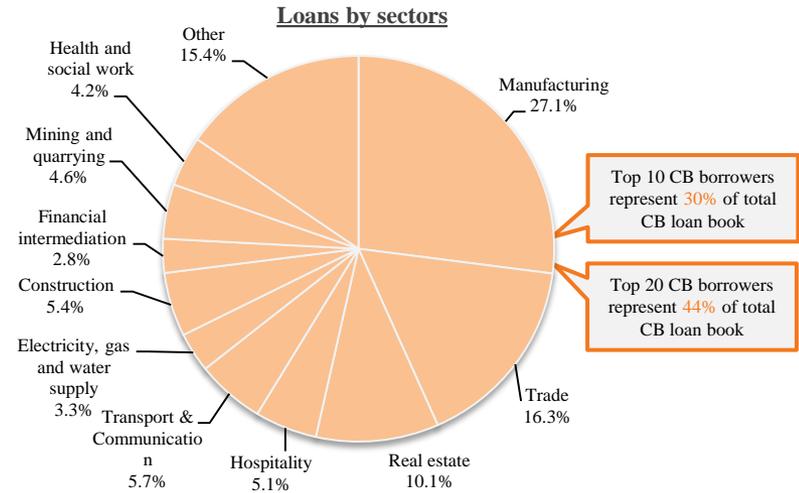
## Loans & Deposits

CB standalone

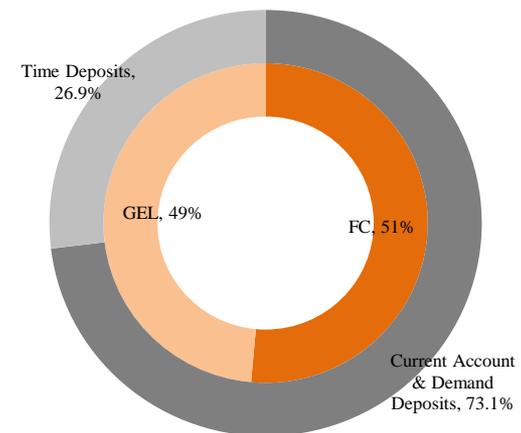


## Portfolio breakdowns, 30 September 15

CB standalone



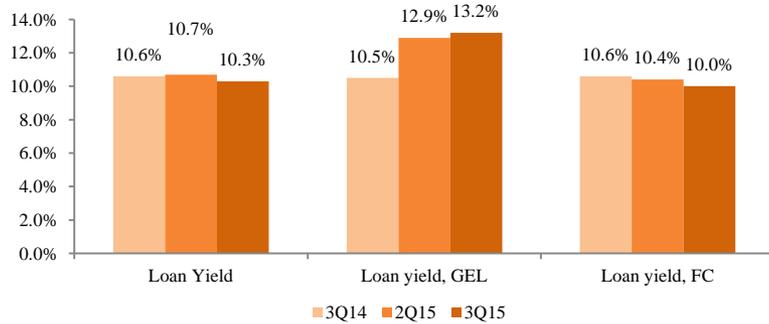
### Deposits by category



# Corporate Banking (CB)

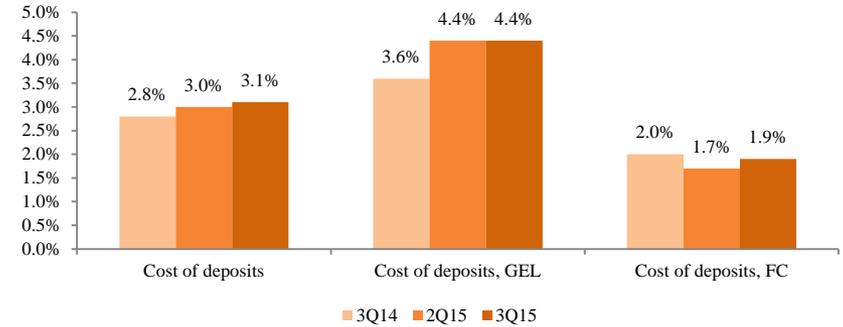
## CB Loan Yield | quarterly

CB standalone



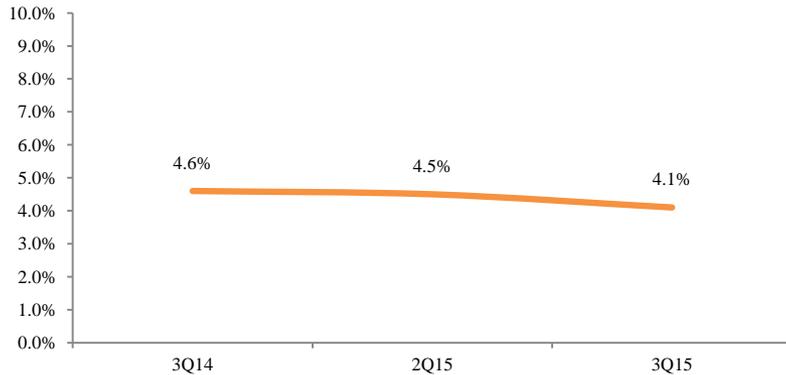
## CB Cost of Deposits | quarterly

CB standalone



## CB NIM | quarterly

CB standalone



# Investment Management | results overview

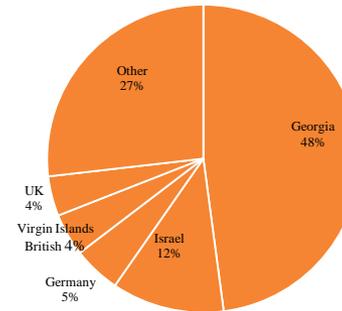
## Highlights

- **Strong presence internationally** through representative offices in Israel (since 2008), the UK (2010), Hungary (2012) and Turkey (2013).
- **Successfully placed CDs** worth US\$8 million, EUR 8 million and GBP 5 million Euroclearable CDs. CDs issued to IM clients stood at GEL527.5 million.
- **Galt & Taggart acted as a Co-Leader Manager for the GBP 218mln IPO** of Georgia Healthcare Group on the London Stock Exchange (“GHG LN”). This marks a landmark transaction for G&T in helping Georgian companies raise equity financing from local and international investors
- **AUM\* of GEL 1,347.0 million** as of September 2015, up 37.4% y-o-y

\* Wealth Management client deposits, Galt & Taggart client assets, Aldagi Pension Fund and Wealth Management client assets at Bank of Georgia Custody

## Client deposits | September 2015

WM funds breakdown



WM client deposits



## Galt & Taggart - Investment Bank

Logo	Deal Description	Deal Value	Deal Date	Role
ooco	Acquisition of 53.45% share capital JSC POPULI by I&I Supermarket	USD 5 000 000	July 2012	Broker
m²	USD 5 000 000	9.5% 1-Year Bonds	April 2014	Sole Placement Agent
International Finance Corporation	USD 10 000 000	8.75% 3-Year Bonds	September 2014	Sole Placement Agent
m²	USD 10 000 000	8.42% 1-Year Bonds	June 2014	Sole Placement Agent
IFC	GEL 30 000 000	6.924% 2-Year Bonds	February 2015	Lead Arranger
European Bank for Reconstruction and Development	GEL 25 000 000	Floating Rate 3-Year Note	February 2015	Lead Arranger
EVEX	USD 15 000 000	8.5% 2-Year Bonds	May 2015	Sole Placement Agent

- Acted as lead arranger in 1H15 for bond offerings for
  - US\$15 mln bonds issued by Evex
  - GEL 25 mln floating notes issued by EBRD
  - GEL 30 mln bonds issued by IFC
  - US\$20 mln bonds issued by m²

## Galt & Taggart - Research



### Sector coverage

- Energy
- Tourism
- Agriculture
- Wine
- Commercial Real Estate

### Macro coverage

- Georgia
- Azerbaijan

### Fixed Income Coverage

- GOGC
- Georgian Railway

# Georgia healthcare market & GHG market share evolvement

## Hospitals

## Ambulatories

## Pharmaceuticals

GHG strategy

Maintain dominant market share in hospitals by capacity and revenue

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

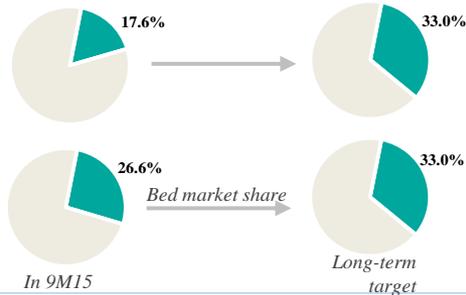
Redistribution of funds expected from pharmaceuticals to ambulatory services

GHG Market shares

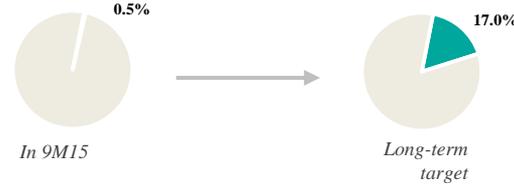
Revenue

Capacity

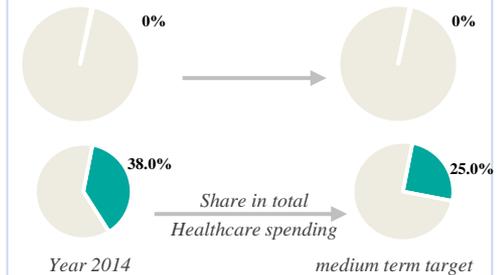
GEL 1.2bln<sup>(1)</sup>



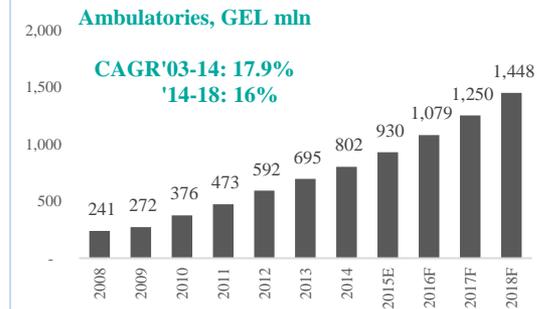
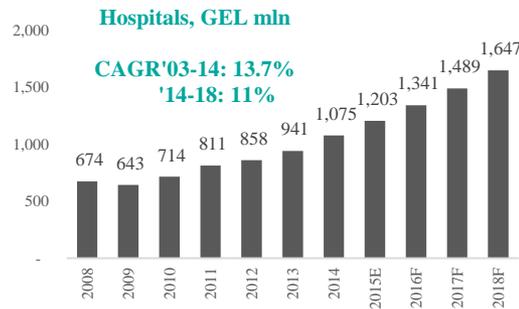
GEL 0.9bln<sup>(1)</sup>



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



Market



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) 2015E market value

# GHG | Long-term, High-growth Story

2015-2018

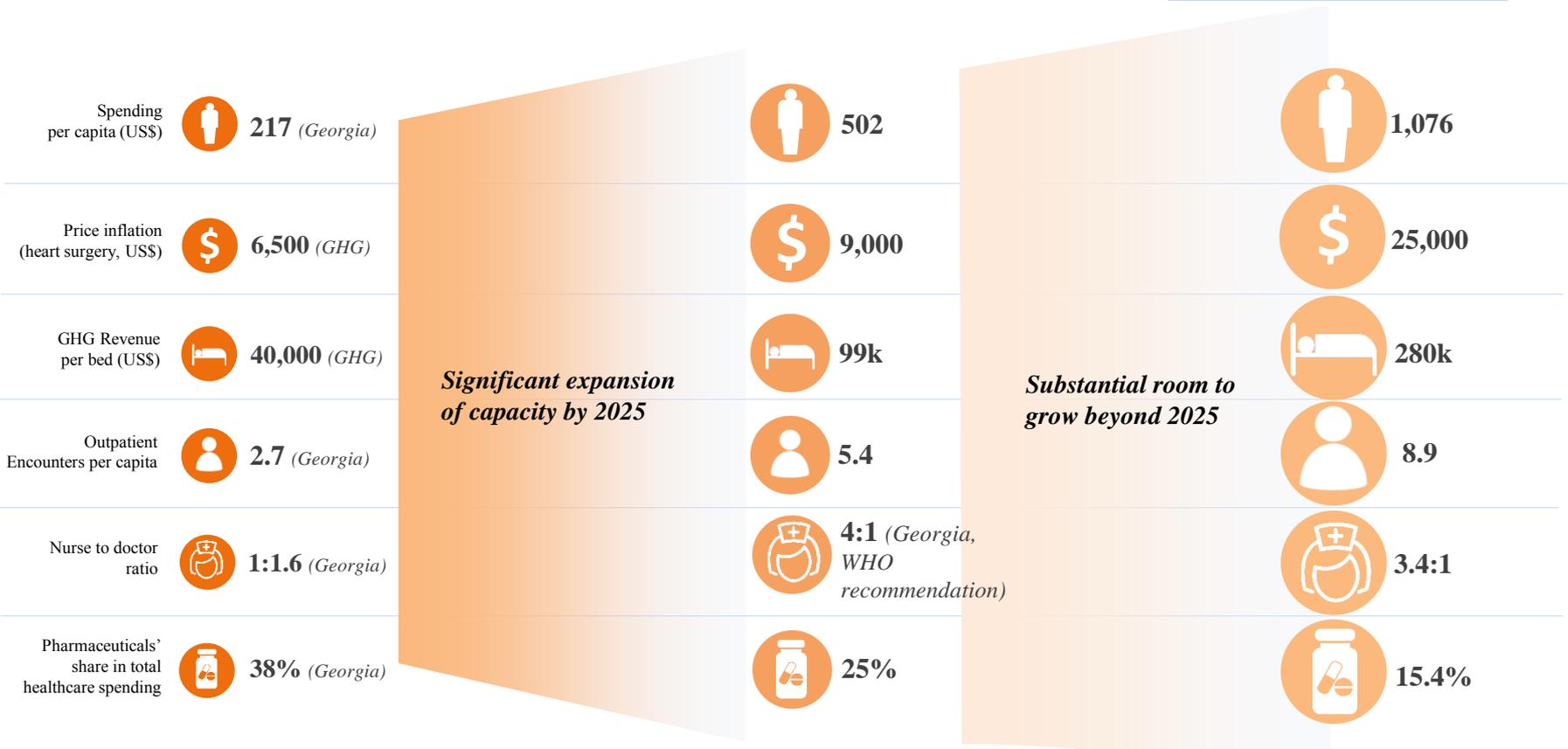
Medium-term Target  
(5-10 Year Horizon)

Long-term Target  
(Beyond 10 Year Horizon)

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

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

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



# GHG | Maintain dominant market share in hospitals by capacity and revenue

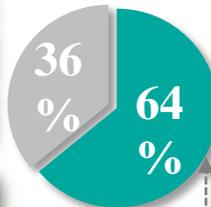
## Hospital Competition

### Key takeaways:<sup>(1)</sup>

- GHG is more than four times larger than next largest competitor
- Highly fragmented with top 5 players having 40% market share and average number of beds per hospital at 45
- 84% of national bed capacity is privately owned
- 64% of beds are renovated in Georgia, compared to 86% of GHG's beds that are renovated

### National bed capacity, % breakdown<sup>(1)</sup>

#### Soviet-era legacy

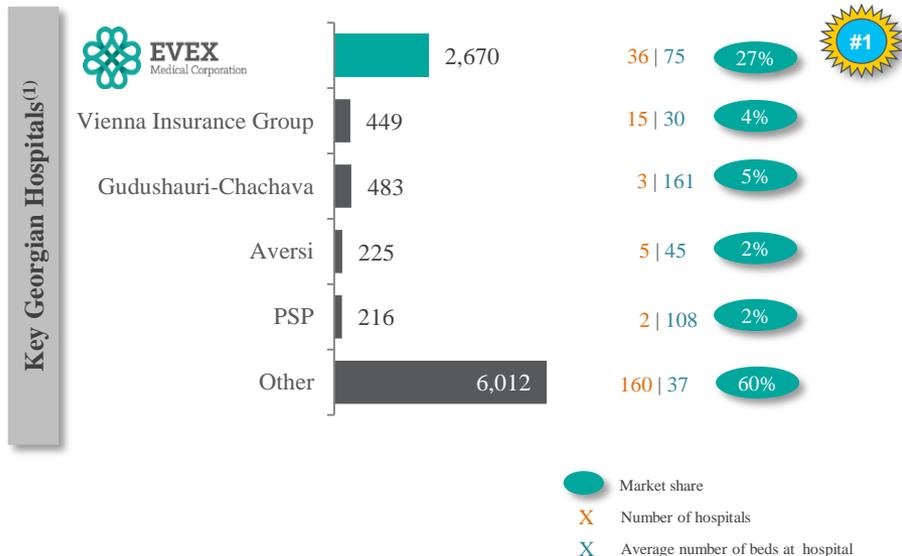


86% of GHG beds are renovated<sup>(2)</sup>

#### Renovated



### National bed capacity (# of Beds, # of Hospitals)<sup>(1)</sup>



### Revenue market share growth drivers:

- **c.30% market share by capacity** to be achieved after renovation of Deka and Sunstone (additional c.500 beds) increasing presence in Tbilisi hospital market (from 24.0% to 30.2% by beds) that has 1.9x higher hospitalization rate vs Georgian average.
- Continuing to optimise service mix at recently acquired, less efficient hospitals (Avante, Traumatology, Sunstone, Deka, HTMC) by adding higher revenue generating services

# GHG | Replicating hospital consolidation experience in outpatient segment

## Ambulatory Competition

Key takeaways:

- GHG has less than 1% market share in ambulatories, targeting 17% (long-term)
- The rest of the market similarly fragmented, with no single player having more than 1% market share and comparable access to capital and management
- Potential to grow ambulatory revenue from Imedi L – out of GEL c.16mln Imedi L spending on ambulatories (2015E), only 34% is spent at GHG ambulatory clinics due to limited footprint in ambulatory segment

Competition

Clinic facade



Reception / registration



Doctor's office



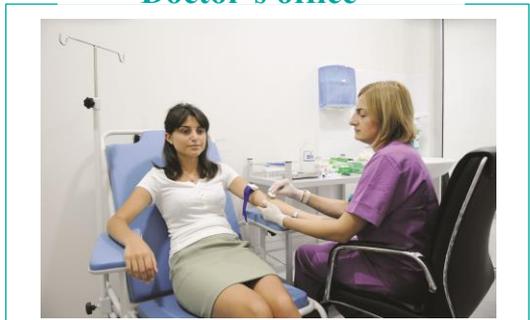
Clinic facade



Reception / registration



Doctor's office



GHG ambulatory clinics

# GHG | Segment overview



Key Segments	Evex			Imedi L
	Referral and Specialty Hospitals	Community Hospitals	Ambulatory Clinics	Medical Insurance
Key Services	General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Basic outpatient and inpatient services in regional towns and municipalities	Outpatient diagnostic and treatment services in Tbilisi and major regional cities	Range of private insurance products purchased by individuals and employers
Market Size	GEL 1.2bln (2015E)			GEL 0.14bln (2015E)
Market Share	17.6% by revenues 26.6% by beds (2,670), which is expected to grow to c.30.0% as a result of renovation of recently acquired hospital facilities (additional c.500 beds);			0.5%
Selected Operating Data (9M 2015)	<p>83% 16 hospitals, 2,209 beds</p>	<p>17% 19 hospitals, 461 beds</p>	7 clinics 310,000+ outpatients treated	270,000 insured
Financials (9M 2015)	<b>Revenue</b> GEL 171.4mln* <p>67% GEL 120.0mln 2012-9M15 CAGR 68%</p>	<p>8% GEL 13.3mln 2012-9M15 CAGR 14%</p>	<p>2% GEL 3.7mln 2012-9M15 CAGR 8%</p>	<p>23% GEL 40.7mln 2012-9M15 CAGR 15%</p>
	<b>EBITDA</b> GEL 39.6mln <p>80% GEL 31.8mln 2012-9M15 CAGR 71%</p> <p><b>EBITDA Margin<sup>(1)</sup>: 27.9%</b></p>	<p>10% GEL 3.9mln 2012-9M15 CAGR 30%</p> <p><b>EBITDA Margin<sup>(1)</sup>: 28.6%</b></p>	<p>3% GEL 1.3mln 2012-9M15 CAGR 37%</p> <p><b>EBITDA Margin<sup>(1)</sup>: 31.0%</b></p>	<p>7% GEL 2.6mln 2012-9M15 CAGR -7%</p> <p><b>EBITDA Margin<sup>(1)</sup>: 6.5%</b></p>

Note: EBITDA margins are based on gross of intercompany eliminations revenue numbers

# m<sup>2</sup> Real Estate | Leading real estate development company (1/2)

## Outstanding Track Record

- Core business activities: the company develops, sells and manages residential apartments

**2**  
Completed  
Projects

- Total sales US\$56.9mln
- Number of apartments: 645
- Total Project Cost: US\$48.6mln
- Total net income: US\$7mln
- Land value materialized: US\$6.3mln

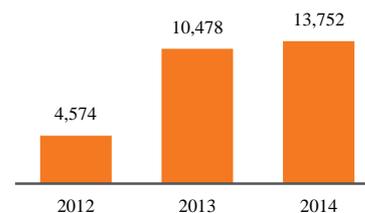
**5**  
On-going  
Projects

- Total sales US\$70.6mln, yet to be recognised as revenue
- Number of apartments (under construction): 1843
- Total Project Cost: US\$130 mln
- Total expected net income: US\$21.5 mln
- Land value to be materialized: US\$15.9mln

## Fast Growing Company

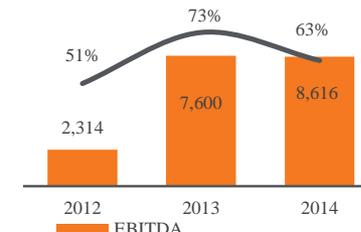
### Revenue Dynamics

(GEL' thousand)



### EBITDA Dynamics

(GEL' thousand)



Note: m<sup>2</sup> Affordable Housing Business figures only

## Value Creation

### Project Initiation

- 2010-2012 - BoG made a cash investment of GEL 5.0m (US\$3m) with an idea to develop problem land plots seized after 2008 into an opportunity

### Testing the market and potential for value creation

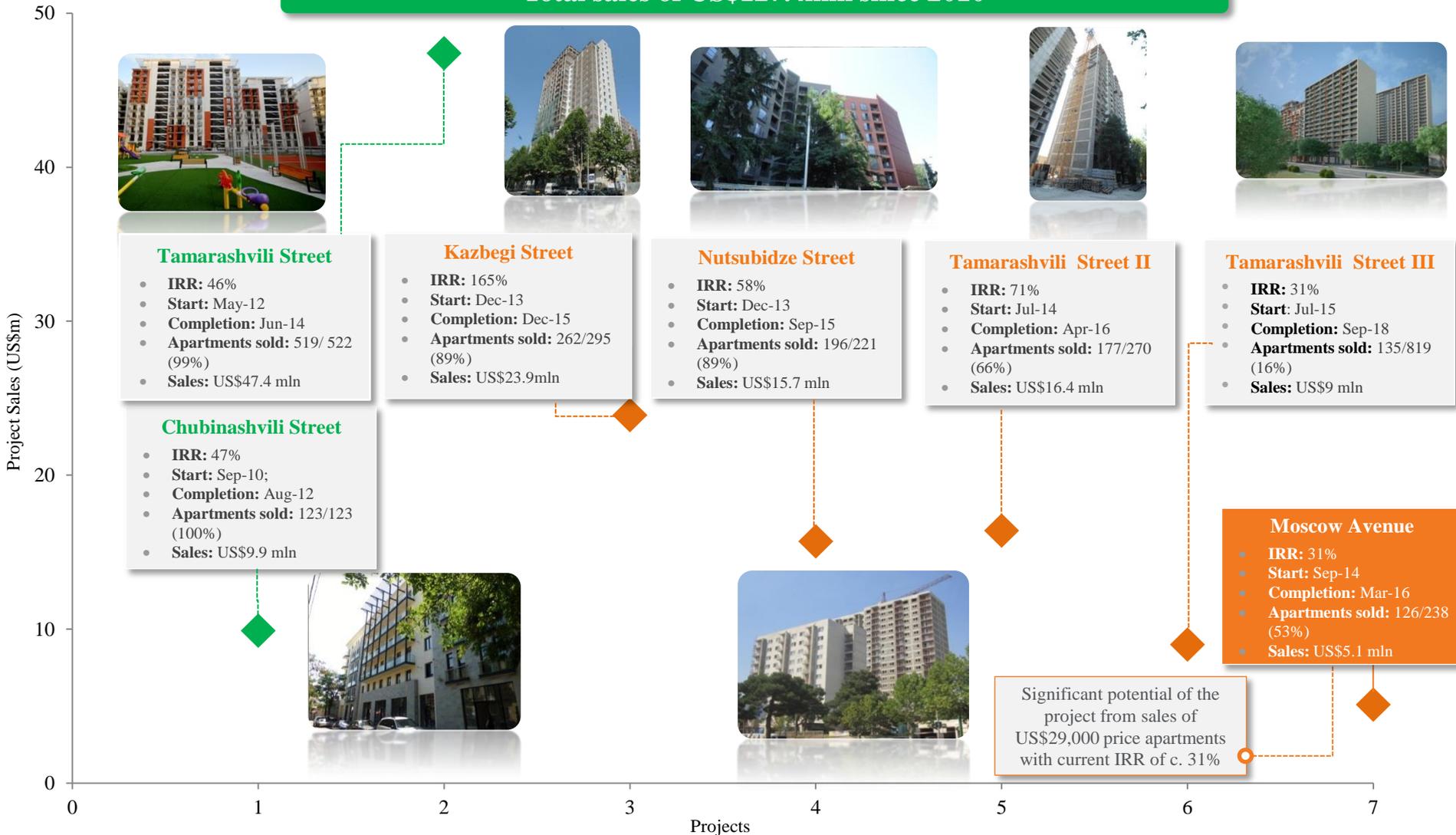
- 2012-2015 – After successful completion of two projects and launch of five ongoing projects, M2 has become a leading real estate company with significant potential for growth

### Value Creation

- The Group generates an IRR of more than 30%, leveraging on M2's successful track record of completed projects

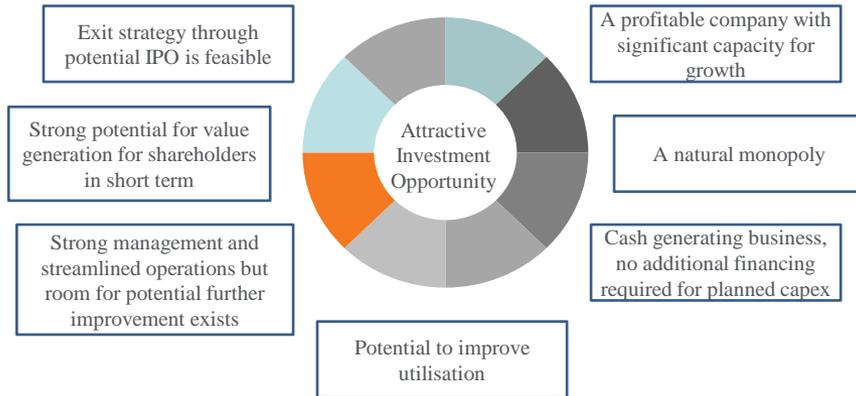
# m<sup>2</sup> Real Estate | Leading real estate development company (2/2)

Total sales of US\$127.4mln since 2010



# Acquisition of a minority interest in GGU | *an Attractive Investment Opportunity*

## Transaction Rationale



## Transaction Overview

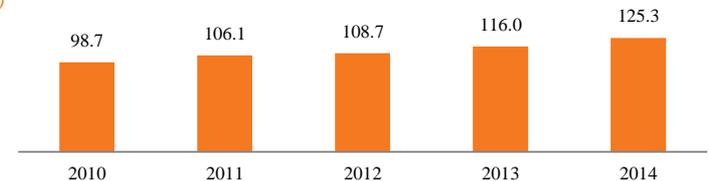
- Transaction to be structured in several steps
  - Acquisition of 25% shareholding for GEL48.7m (US\$26m)
- Attractive valuation with GGU valued at EV / EBITDA 2014E deal multiple of 4.7x, while industry peers are trading at 8.5x average EV / EBITDA 2014E multiple<sup>(3)</sup>
- BoGH provided a US\$25mn loan to GGU with proceeds to be paid as dividend to the selling shareholders
- The transaction was earnings accretive
- Commercial terms have been agreed, transaction will be subject to certain conditions

## Company Overview

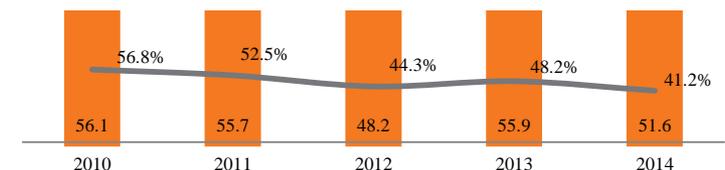
- Georgian Global Utilities Ltd. (“GGU”) is a privately owned company that supplies water and provides wastewater services to 1.4 million people (approximately 1/3 of Georgia’s total population) in Tbilisi, Mtskheta and Rustavi and operates hydropower electricity generation facilities
- Sales to corporates represented c.70% of water revenue
- GGU owns and operates 3 hydropower generation facilities with a total capacity of 143MW
- Most of the milestones committed to the authorities during the privatization have already been achieved with one project remaining before 2018
- No additional equity financing is required for planned Capex program

## Selected Financials

### Revenue Dynamics<sup>(4)</sup> (GEL 'm)



### EBITDA Dynamics<sup>(4)</sup> (GEL 'm)



---

# Contents

---

Bank of Georgia Holdings PLC | Overview

Results Discussion | Bank of Georgia Holdings PLC

Results Discussion | Banking Business

Results Discussion | Segments

**Georgian Macro Overview**

Appendices

# Georgia at a glance

## General Facts

- Area: 69,700 sq km
- Population (2012): 4.5 mln
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)

## Economy

- Nominal GDP (Geostat) 2014: GEL 29.2 bn (US\$16.5 bn)
- Real GDP growth rate 2011-1H15: 7.2%, 6.2%, 3.3%, 4.8%, 2.8%
- Real GDP average 10 yr growth rate: 5.8%
- GDP per capita 2014E (PPP) per IMF: US\$ 9,209
- Annual inflation (e-o-p) 2014: 2.0%
- External public debt to GDP 2014: 26.8%
  
- Sovereign ratings:
  - S&P BB-/B/Stable, affirmed in May 2015
  - Moody's Ba3/NP/Positive, affirmed in March 2015
  - Fitch BB-/B/Stable, affirmed in October 2015



# Georgia's key economic drivers

## Liberal economic policy

- **Outstanding progress in governance and business reforms, eliminating corruption, strengthening public finances, and streamlining tax and customs procedures. These economic and structural improvements have been institutionalized.**
- 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%
- Productivity gains accounted for 66% of the average 5.6% growth over 1999-2012, according to the World Bank
- 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, and 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
- Tourism revenues at US\$1,787mln in 2014 (up 3.9% y-o-y); 5.5mln visitors in 2014 (up 2% y-o-y); 5.0mln visitors in 10M15 (up 6.8% 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 diversified across sectors (2014: US\$1,758mln 2013: US\$942mln, 2012: US\$912mln, 2011: US\$1,117mln); FDI averaged 10% of GDP in 2005-2014
- FDI up 4.8% y-o-y in 1H15 to US\$530.0mln
- Net remittances of US\$1,262.6mln in 2014, 19.5% CAGR'04-14, US\$802.9mln in 9M15

## Support from international community

- **Georgia and the EU signed an Association Agreement in June 2014.** The deal includes a DCFTA, which is the major vehicle for Georgia's economic integration with the EU, a common customs zone of c.500mn customers and a US\$ 18.5tn economy, spurring exports and enhancing the diversification and competitiveness of Georgian products
- 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

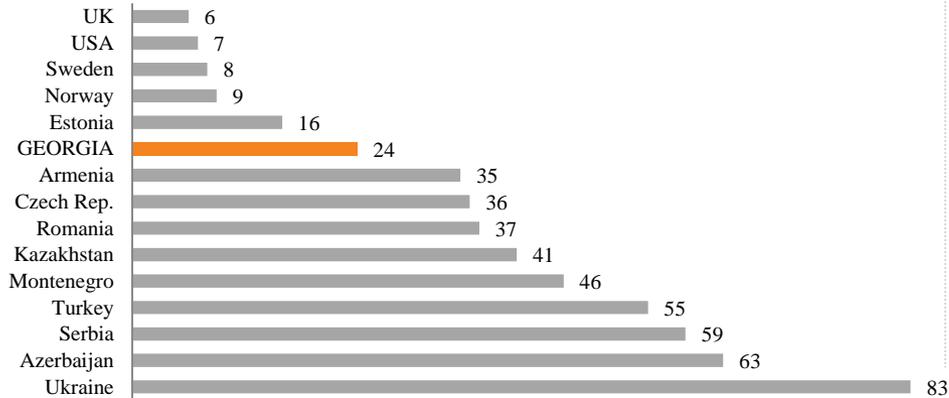
- **Developed, stable and competitively priced energy sector**
- Only 20% of hydropower capacity utilized; 88 hydropower plants are in various stages of construction or development
- Georgia became a net electricity exporter in 2007-2011 (a net importer in 2012-2014 due to low precipitation and increased domestic demand)
- 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

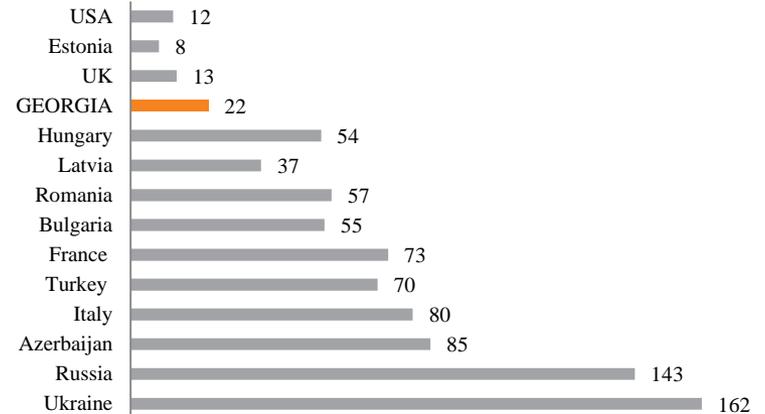
- **Maintaining healthy economic growth is a priority (potential to grow at an annual average 5% over the next decade)**
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing 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
  - 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 9M15, Russia and Ukraine together accounted for 9.2% of Georgia's exports and 13.3% of imports; just 4.1% of cumulative FDI over 2004-2014

# Growth oriented reforms

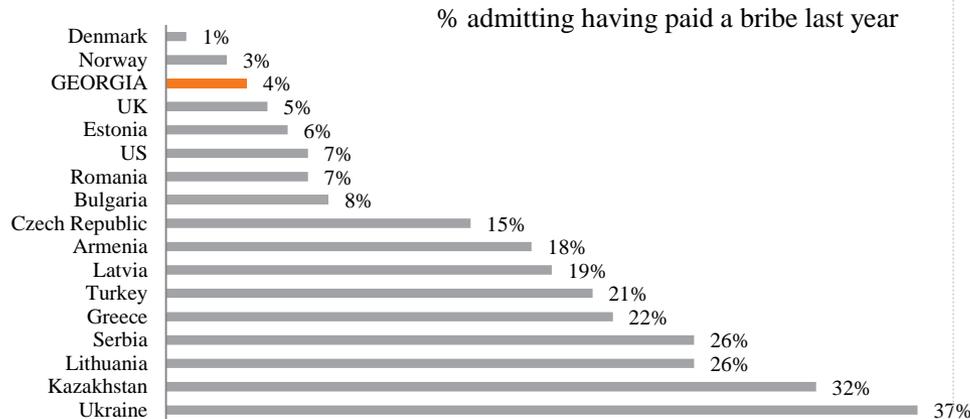
## Ease of Doing Business | 2016 (WB-IFC Doing Business Report)



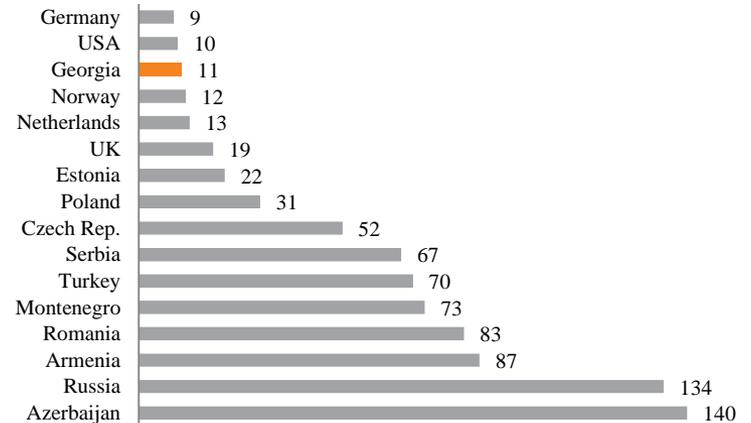
## Economic Freedom Index | 2015 (Heritage Foundation)



## Global Corruption Barometer | TI 2013

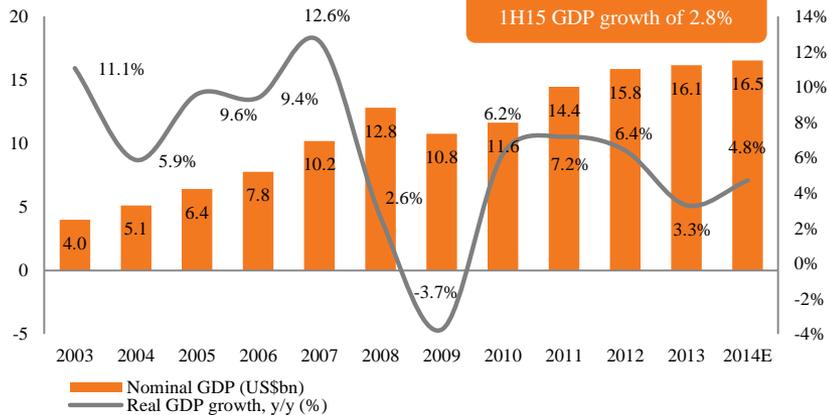


## Business Bribery Risk, 2014 | Trace International



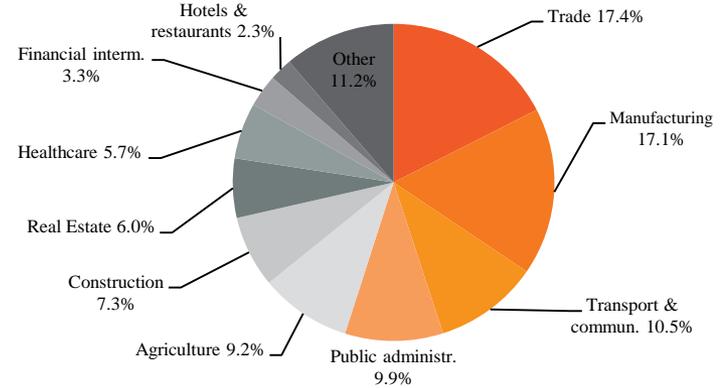
# Diversified resilient economy

## Gross domestic product



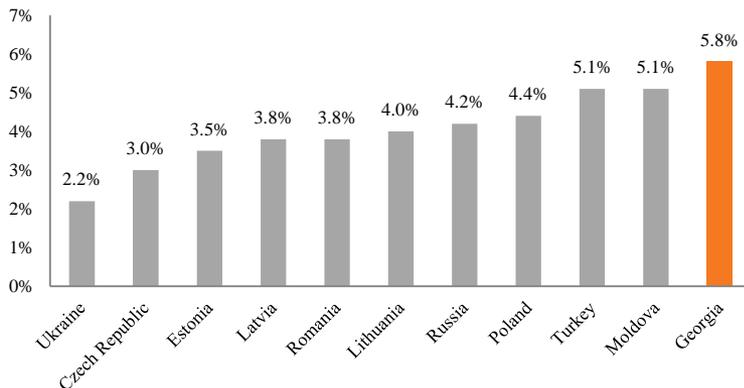
Source: Geostat

## Nominal GDP structure, FY 2014



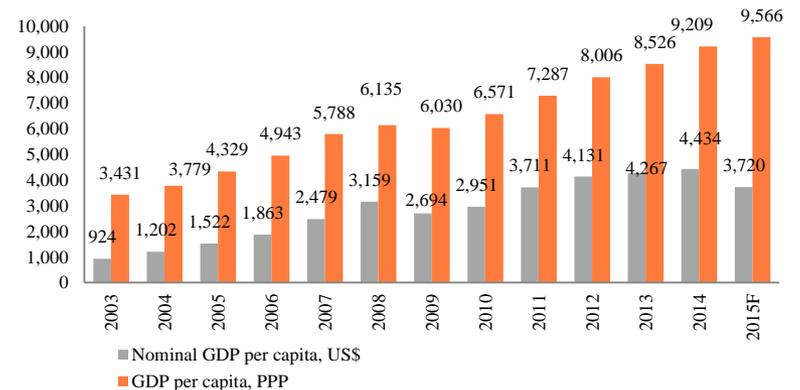
Source: Geostat

## Comparative real GDP growth rates, % (2004-2014)



Sources: IMF, Geostat

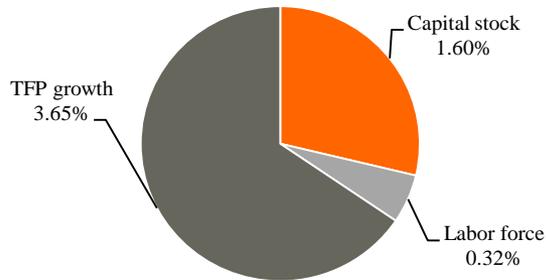
## GDP per capita



Sources: IMF

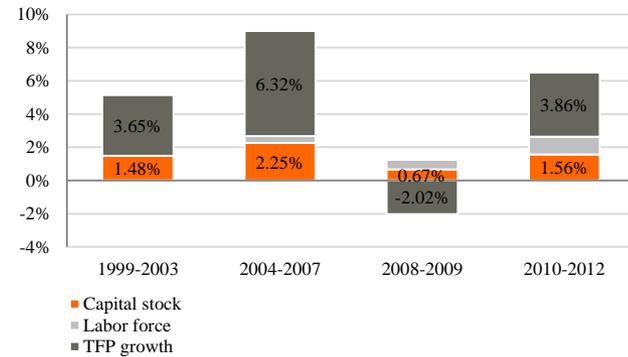
# Productivity gains have been the main engine of growth since 2004

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



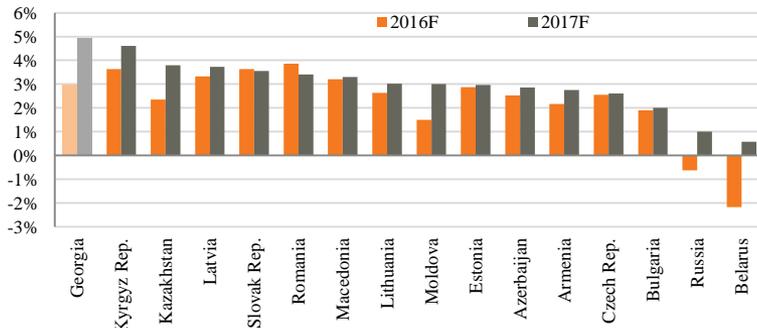
Source: Georgia Rising (2013), WB

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



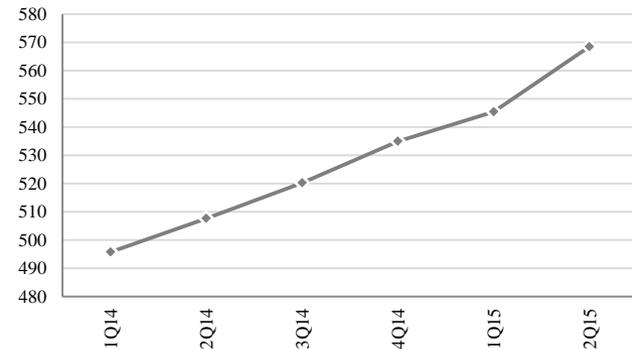
Source: Georgia Rising (2013), WB

## Real GDP growth projection, 2016-2017



Sources: IMF, WEO October 2015

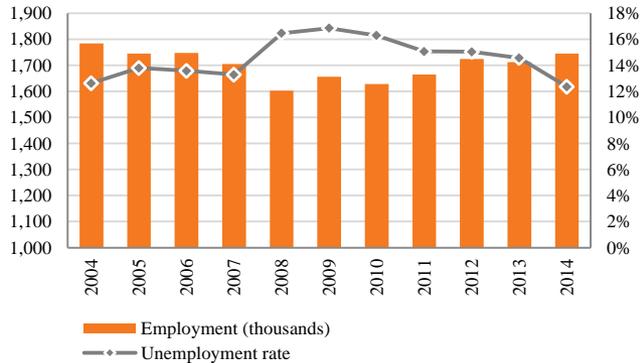
## Employed persons in business sector, '000



Source: GeoStat

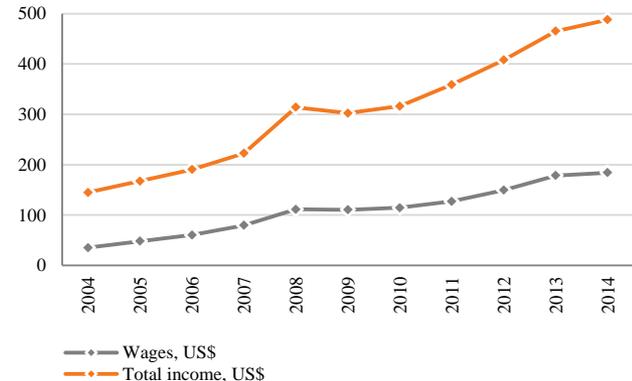
# Further job creation is achievable

## Georgia's unemployment rate down 2.2ppts y/y to 12.4% in 2014



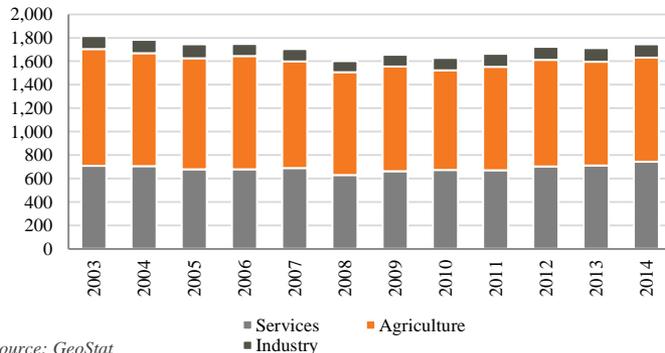
Sources: GeoStat

## Average monthly wages and income per household



Sources: GeoStat

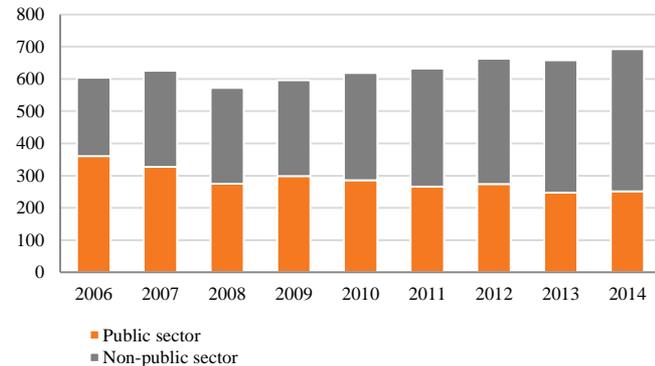
## Agriculture remains the largest employer, although the share of services in total employment has increased



Source: GeoStat

Note: services include construction

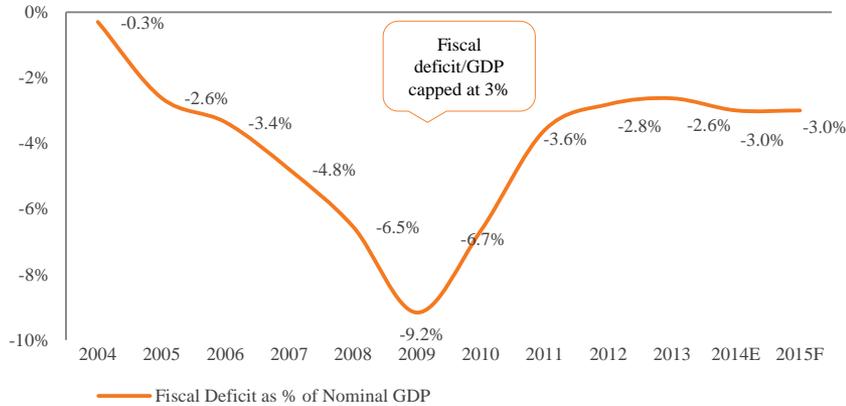
## Hired workers account for about 39.7% in total employment



Sources: GeoStat

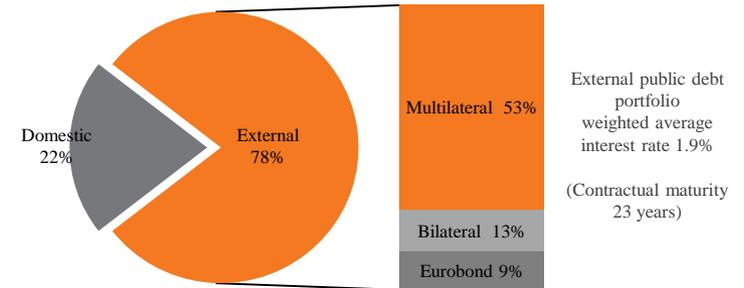
# Demonstrated fiscal discipline and low public debt

## Fiscal deficit as % of GDP



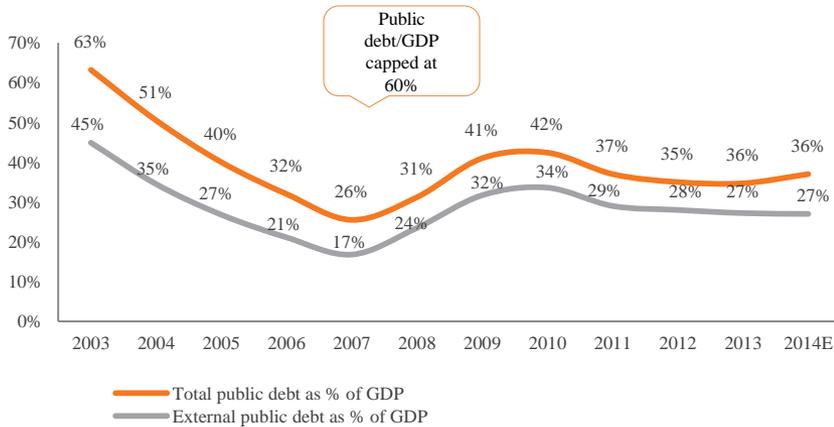
Source: Ministry of Finance of Georgia

## Breakdown of public debt



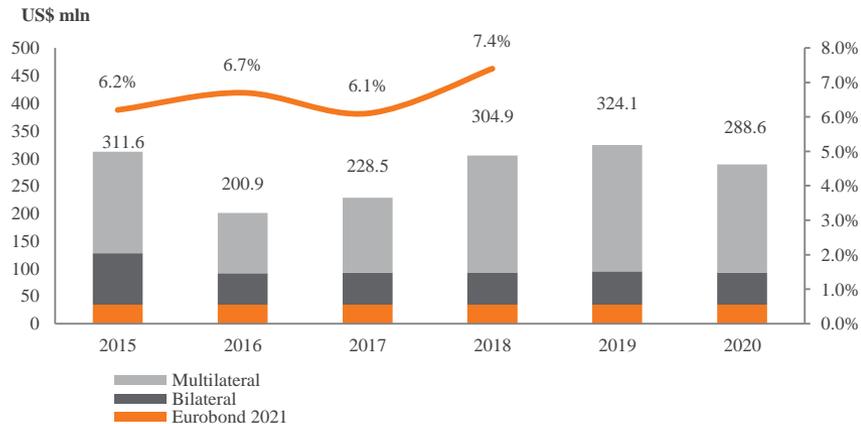
Source: Ministry of Finance of Georgia, as of end of 2014

## Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

## Government external debt service

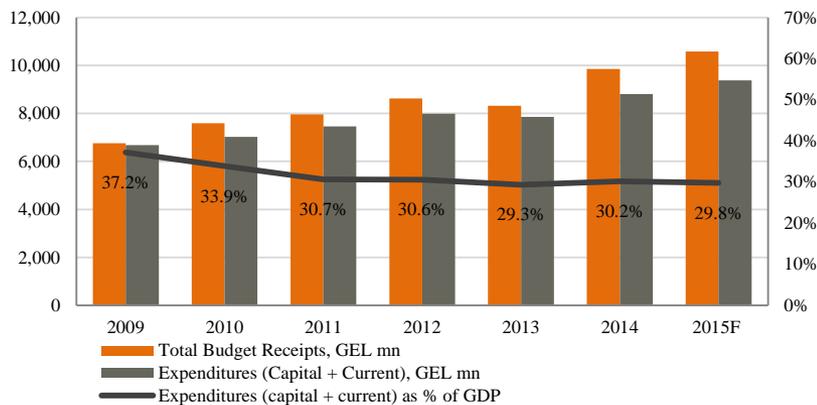


Note: Debt service payments provided based on stock as of June 2015, budget ratios based on 2016 initial budget draft

Source: Ministry of Finance of Georgia

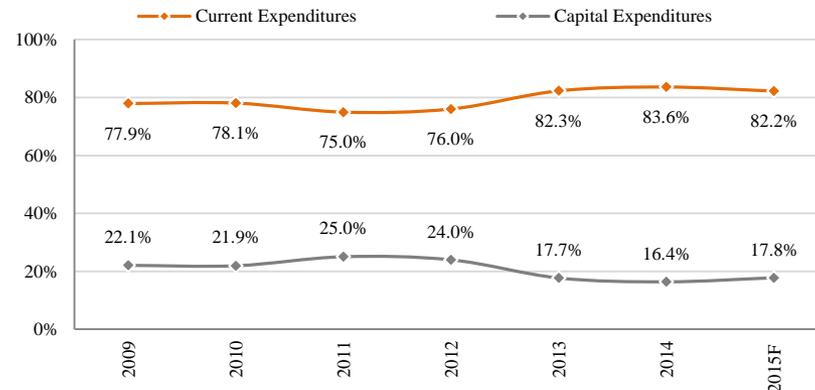
# Investing in infrastructure and spending low on social

## Revenues and expenditures



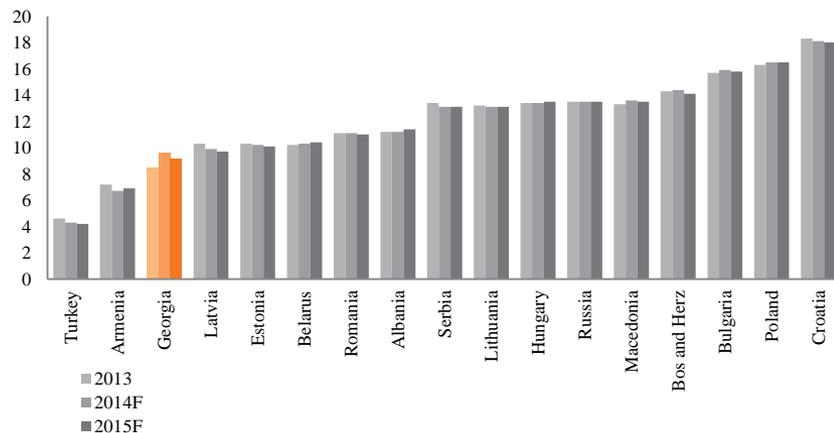
Source: Ministry of Finance

## Current and capital expenditure

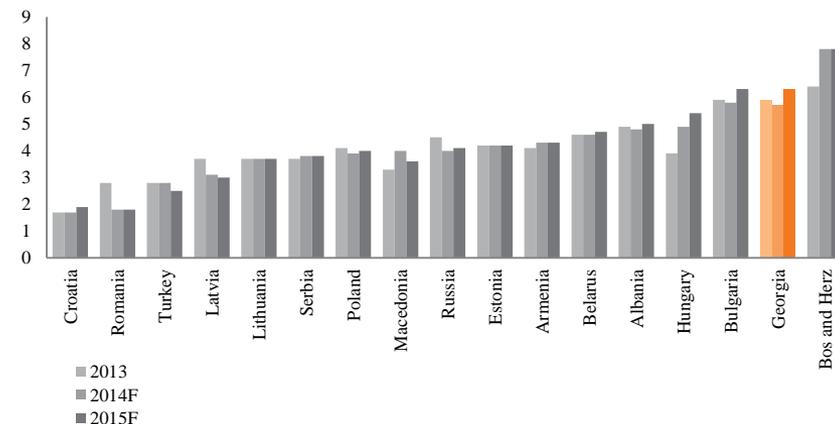


Sources: Ministry of Finance

## Government social expenditure as % of GDP



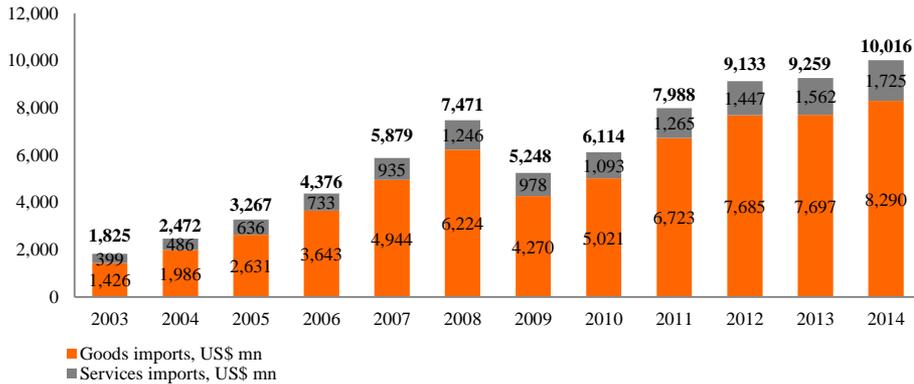
## Government capital expenditure as % of GDP



Source: IMF

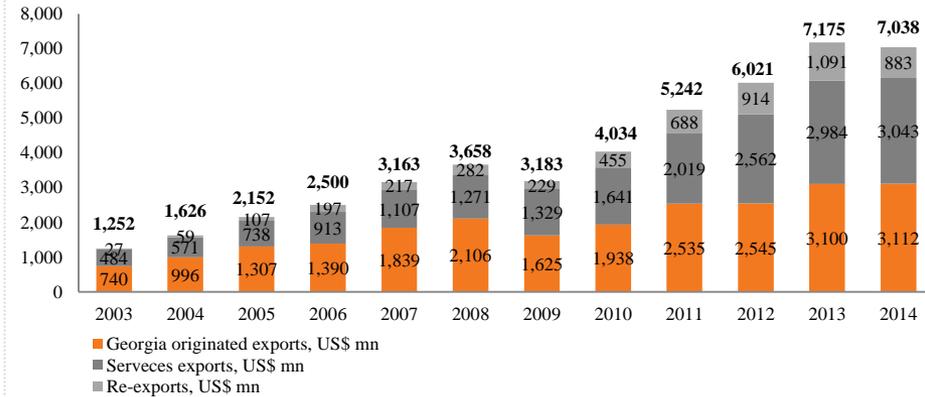
# Diversified foreign trade

## Import of goods and services



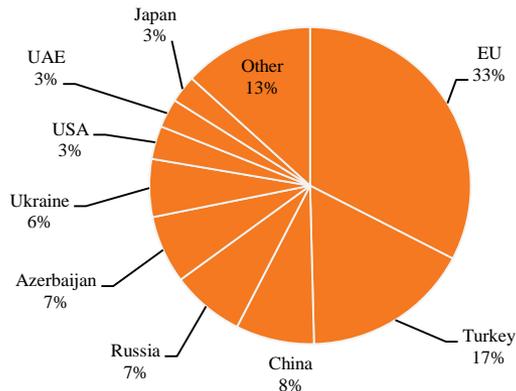
Source: NBG – BOP statistics

## Export of goods and services

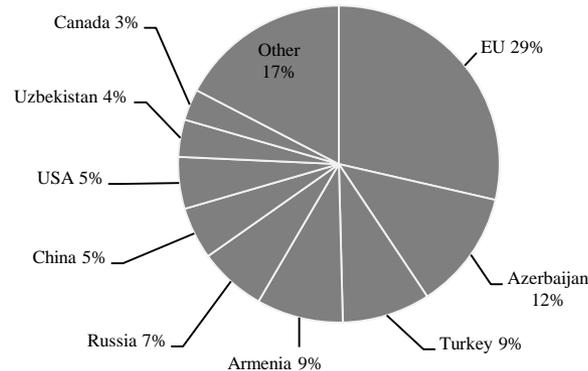


Source: NBG – BOP statistics

## Imports, 9M15

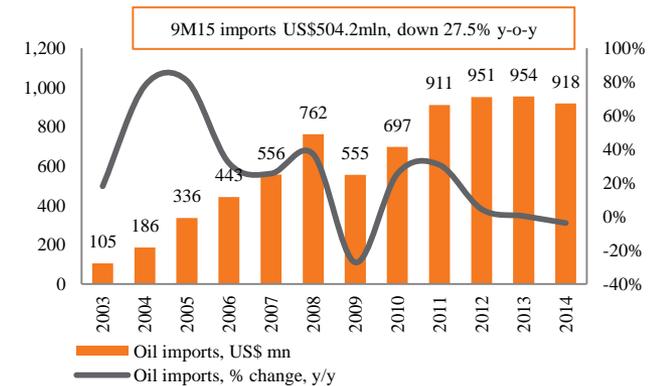


## Exports, 9M15



Sources: Geostat, Galt & Taggart Research

## Oil imports



Sources: GeoStat

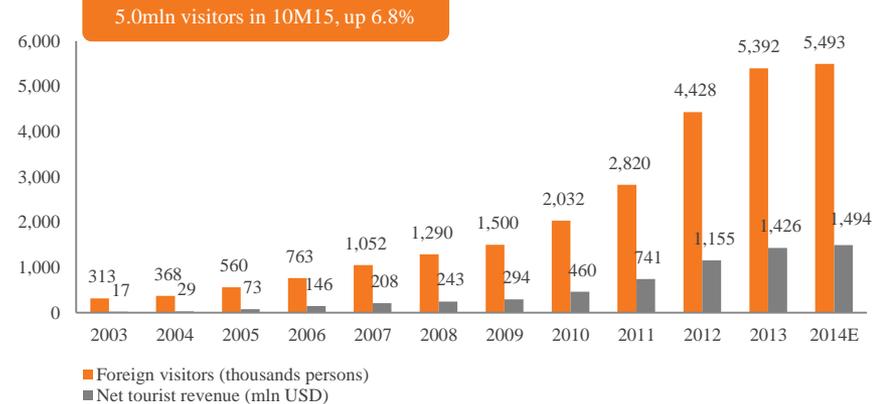
# Diversified sources of capital inflow

## FDI inflows



Sources: Geostat

## Number of tourists



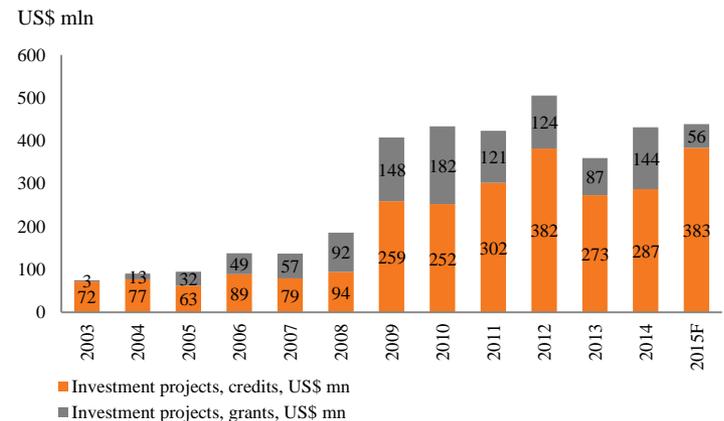
Sources: Georgian National Tourism Agency, National Bank of Georgia

## Net remittances



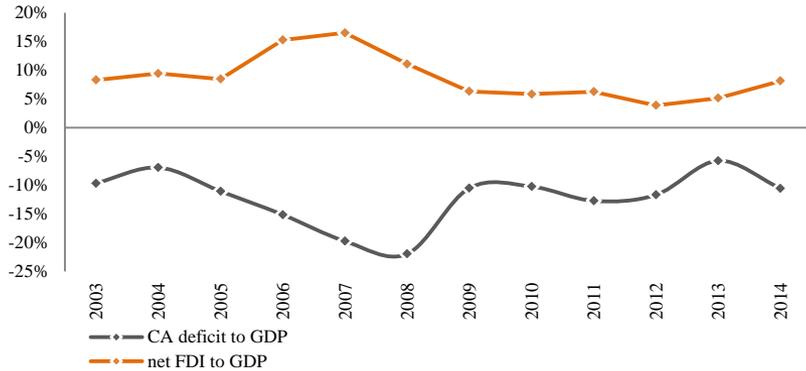
Source: National Bank of Georgia

## Public donor funding



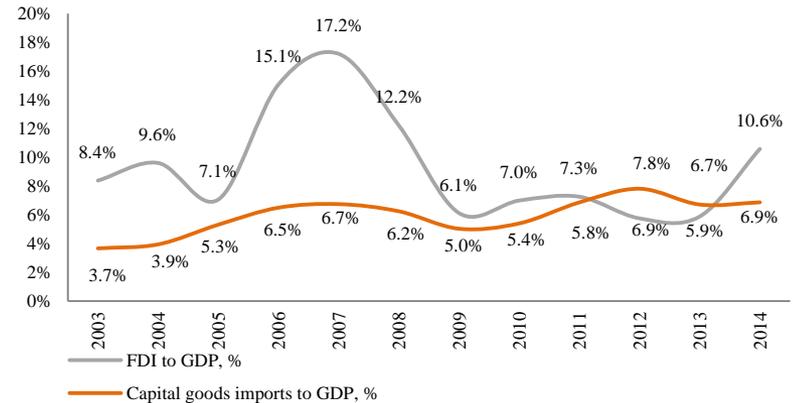
# Current account deficit supported by FDI

## Current account deficit and FDI



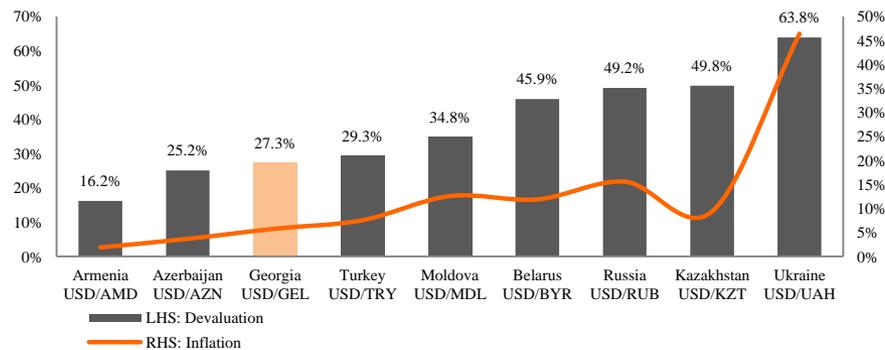
Sources: Geostat, NBG

## FDI and capital goods import



Sources: Geostat, NBG

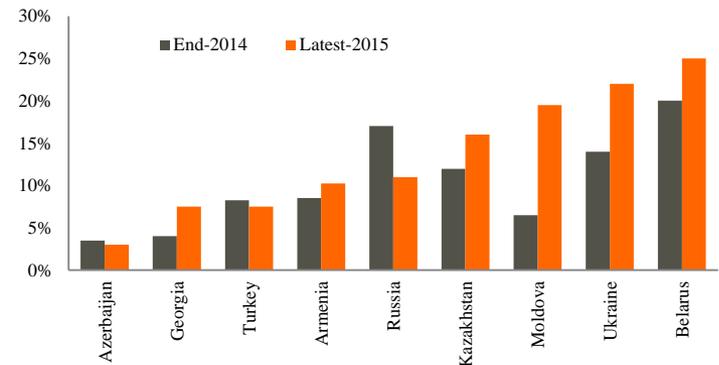
## Currency devaluation by countries\*



\*from 1 January 2014 to 9 November 2015

Source: Bloomberg, <http://www.tradingeconomics.com/country-list/inflation-rate>

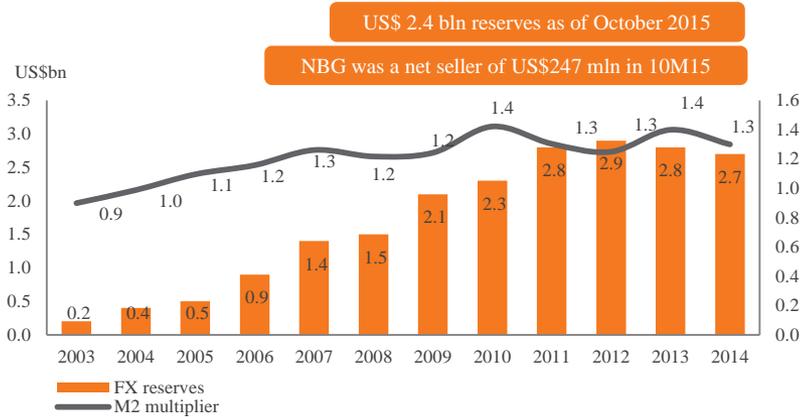
## Monetary policy rates



Source: Central banks

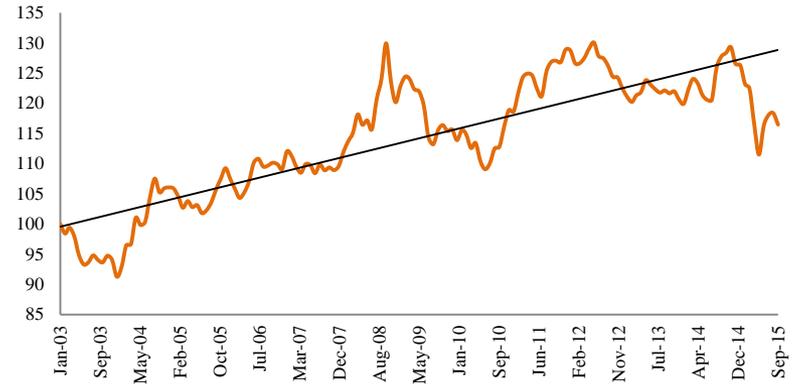
# Floating exchange rate policy and stronger market fundamentals

## FX reserves



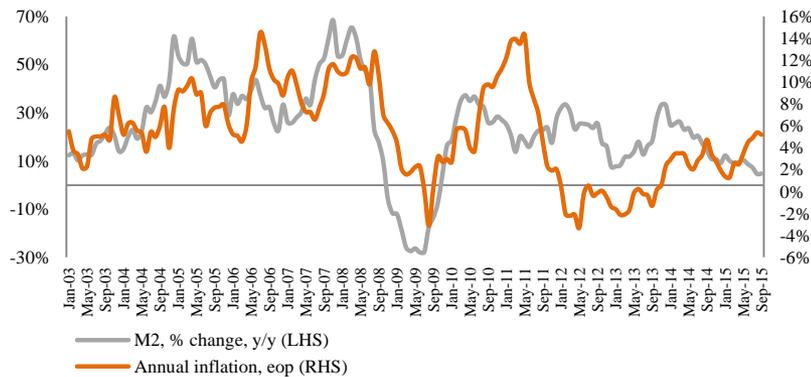
Sources: NBG

## REER



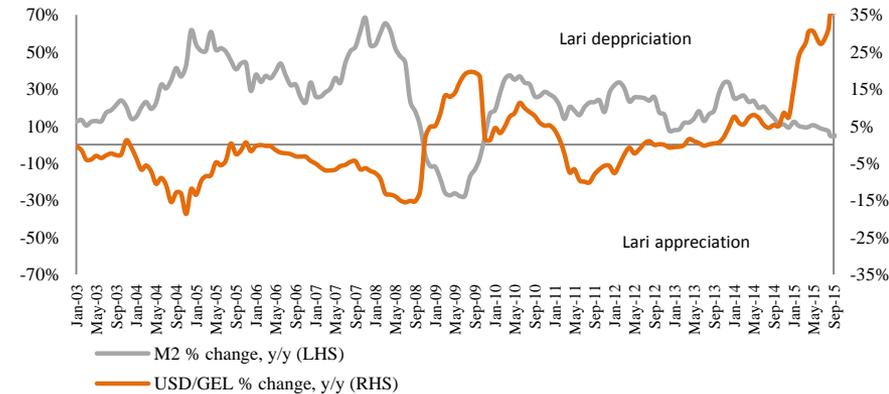
Sources: NBG

## M2 and annual inflation



Source: NBG

## M2 and USD/GEL



Source: NBG

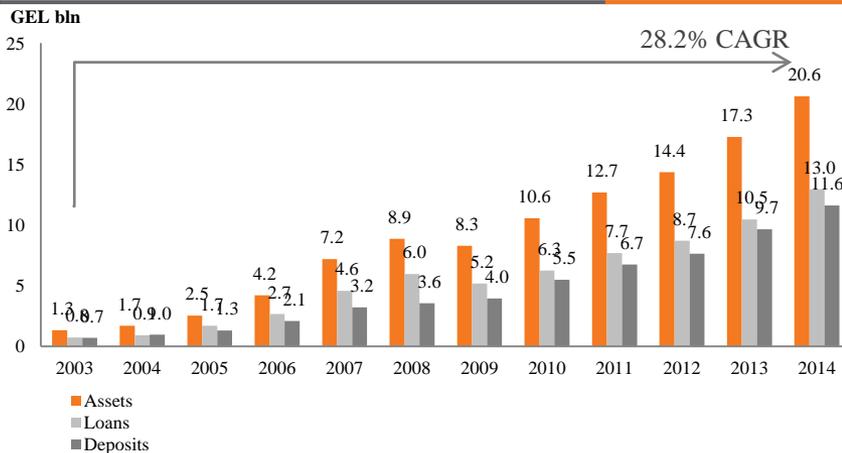
# Growing and well capitalised banking sector

## Summary

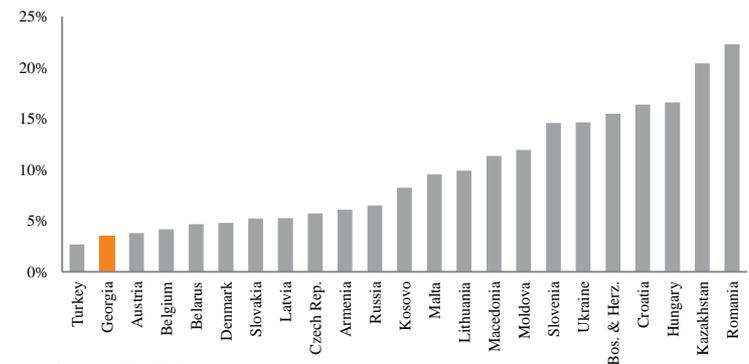
- Prudent regulation ensuring financial stability**
  - Sector total capital ratio (NBG standards) –17% in 2013
  - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 53% as of 31 Dec 2014
- Resilient banking sector**
  - 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 18.0% of GDP and total loans at 39.1% of GDP as at 31 December 2013 resulting in low number of defaults during the global crisis

Source: National Bank of Georgia, Geostat

## Banking sector assets, loans and deposits



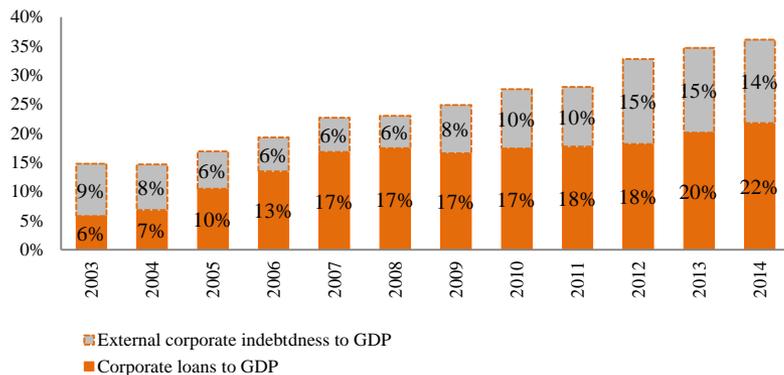
## NPLs, 2014



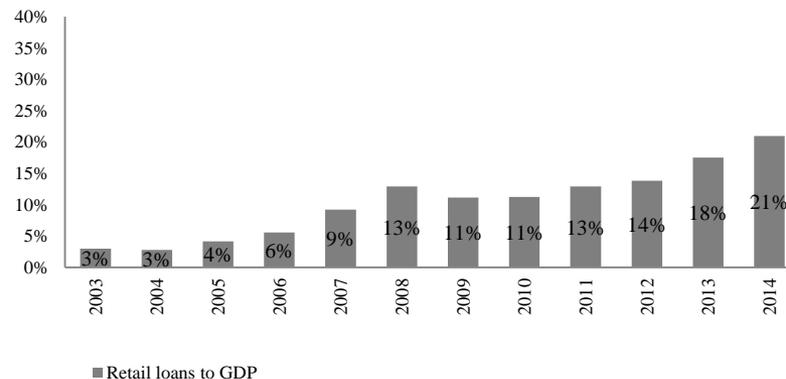
Source: WB, IMF

# Underpenetrated retail banking sector provides room for further growth

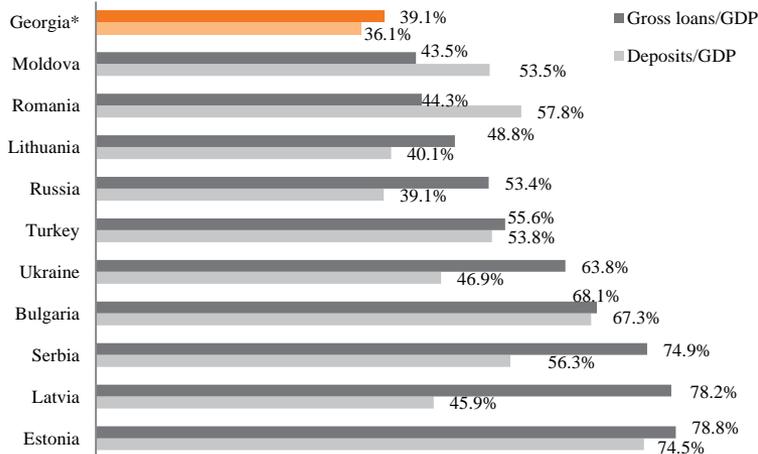
## Corporate loans to GDP



## Retail loans to GDP



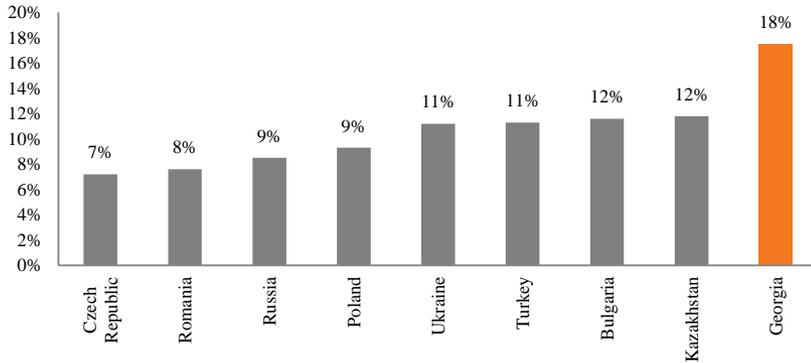
## Banking Sector loans and deposits YE 2013



Source: NBG, Central Banks

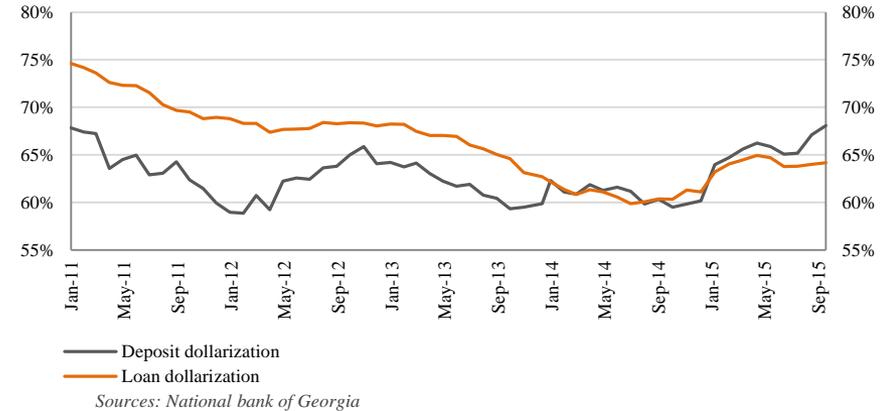
# One of the highest level of capital and low debt level compared to other frontier markets

## ▶ Bank Capital to Assets, YE 2014

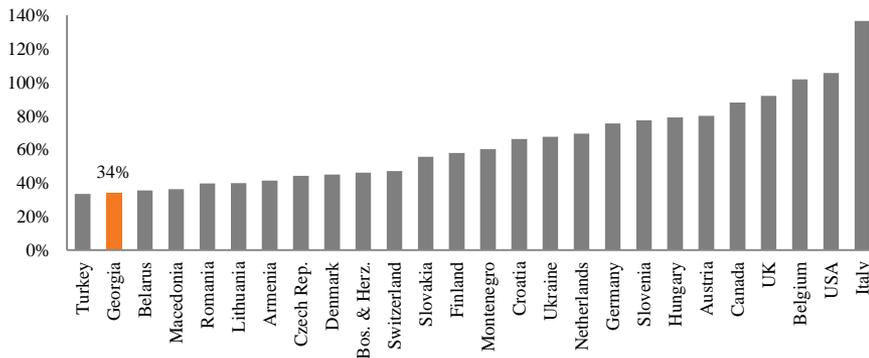


Sources: IMF

## ▶ Dollarisation

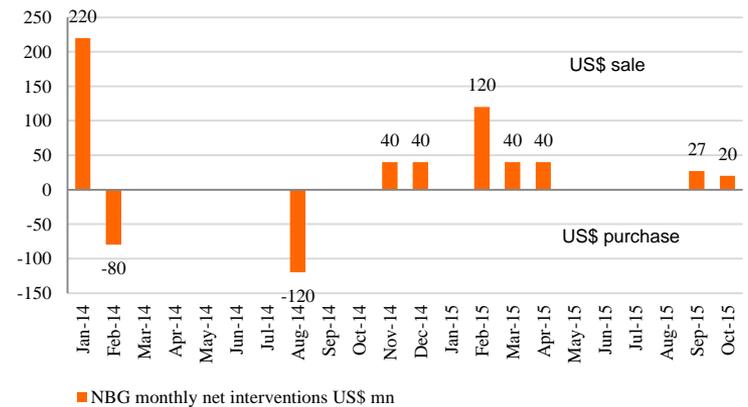


## ▶ Government debt / GDP, YE 2014



Sources: IMF, Ministry of Finance

## ▶ NBG FX interventions



---

# Contents

---

Bank of Georgia Holdings PLC | Overview

Results Discussion | Bank of Georgia Holdings PLC

Results Discussion | Banking Business

Results Discussion | Segments

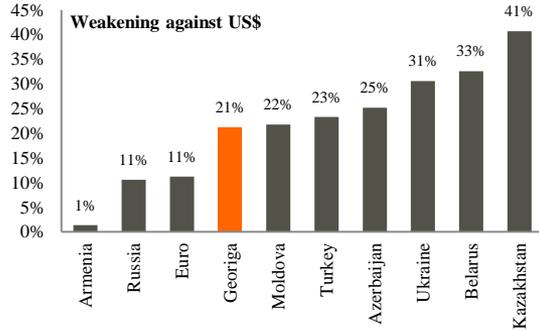
Georgian Macro Overview

- Developments in 2015

Appendices

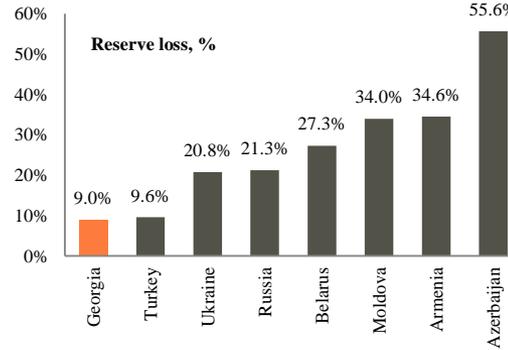
# Global, regional and local factors fully affected lari in 9M15

## Stronger dollar, regional economic problems and domestic expectations fed into GEL moves...



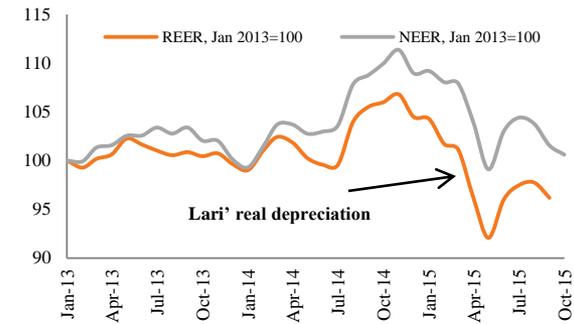
Source: Bloomberg  
Note: 9 November 2014 - 9 November 2015

## ...and Georgia used less reserves to support GEL compared to peers



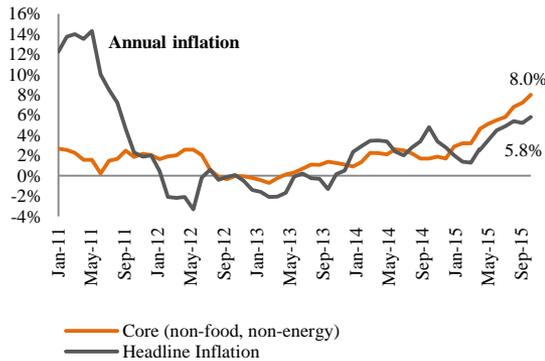
Source: IMF  
Note: Sep-2014 to Sep-2015; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

## GEL remained competitive....



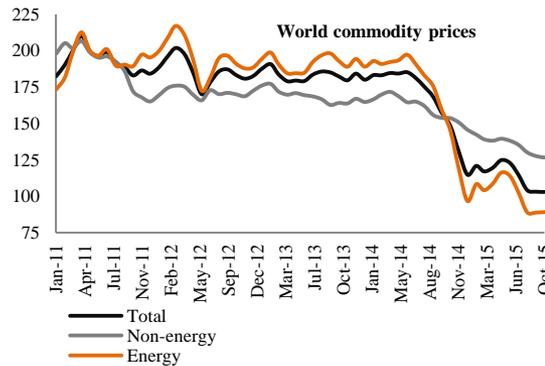
Source: NBG

## Inflation remained low in Georgia, compared to trading partners...



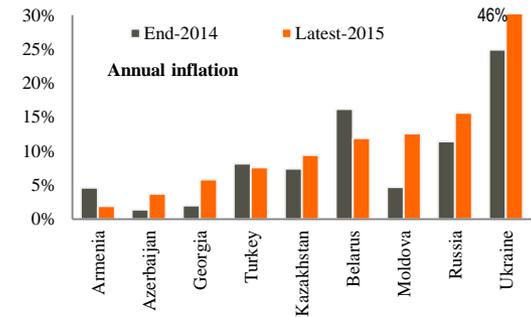
Source: GeoStat, NBG

## ...helped by lower world commodity prices...



Source: IMF  
Note: Commodity price indices, 2005=100

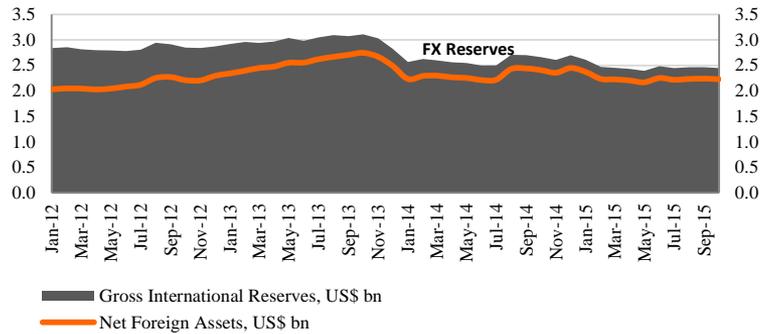
## ...and elevated commodity prices in peers



Source: National statistics offices  
Note: Latest Oct 2015, as of September for Azerbaijan, Moldova, & Belarus

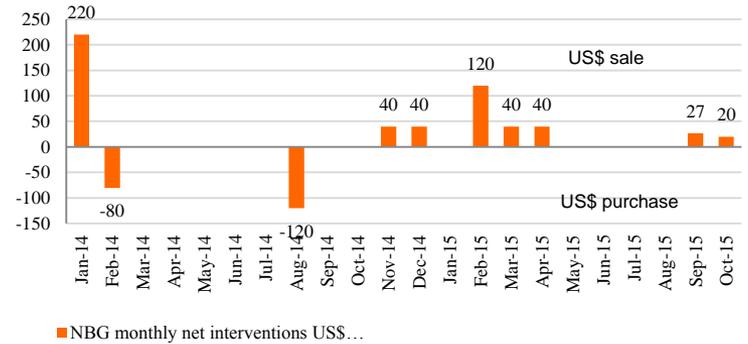
# Foreign reserves at adequate level

## Reserves sufficient to finance more than 3 months of merchandise and services imports



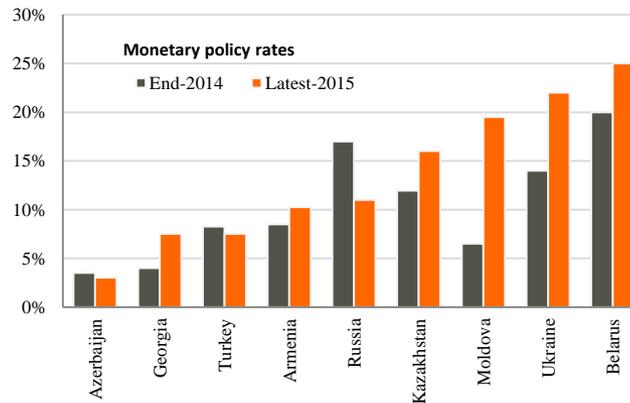
Source: NBG

## NBG intervened moderately at the beginning of 2015



Source: NBG

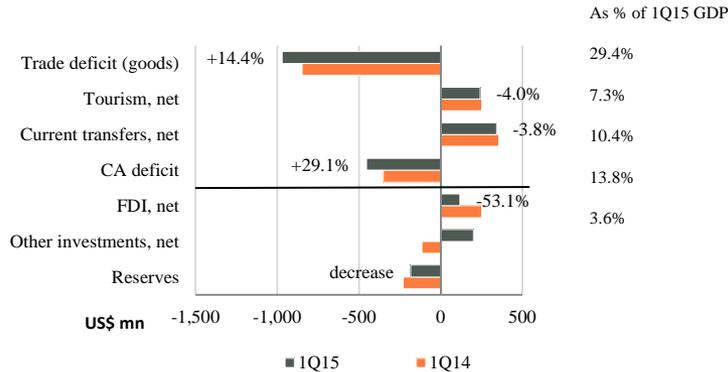
## Policy rate lower in Georgia vs peers



Source: Central banks  
Note: Latest data as of 9 November 2015

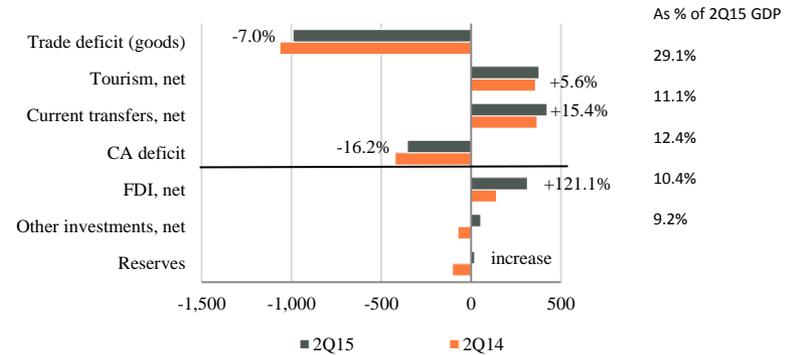
# BOP pressure on lari eased in 2Q15

## BOP: 1Q15 vs 1Q14, trade deficit widened, reserves down



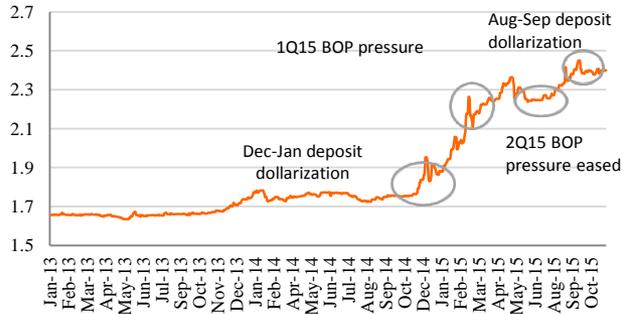
Source: NBG

## BOP: 2Q15 vs 2Q14, trade deficit narrowed, reserves up



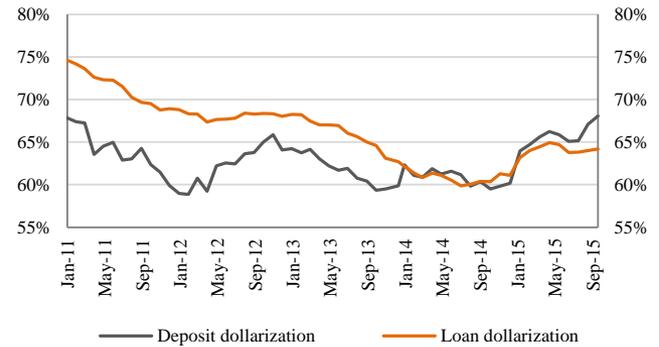
Source: NBG

## US\$/GEL exchange rate



Source: NBG

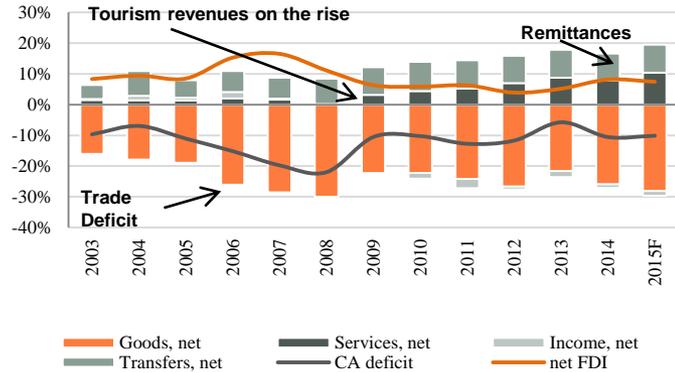
## Deposit dollarization increased further in August-September



Source: NBG

# Strong FDI pattern drives trade deficit; Services and remittances compensating c.70%

## Current account balance, as % of GDP

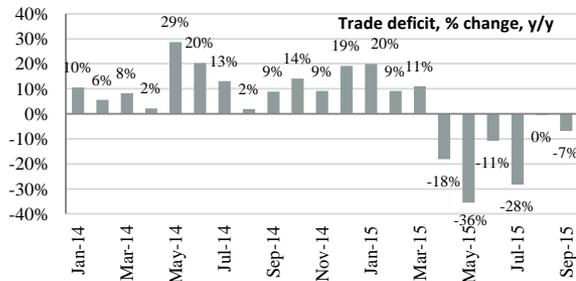


Trade Deficit mainly driven by FDI

70% of Trade Deficit is financed by services exports (mainly tourism, with strong growth potential) and remittances (diversified by countries)

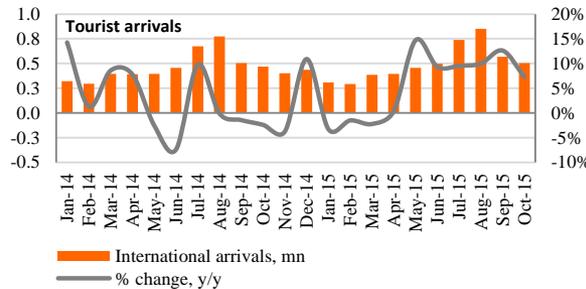
Source: GeoStat, NBG, G&T Research

## Trade deficit down on the back of lower consumer goods imports



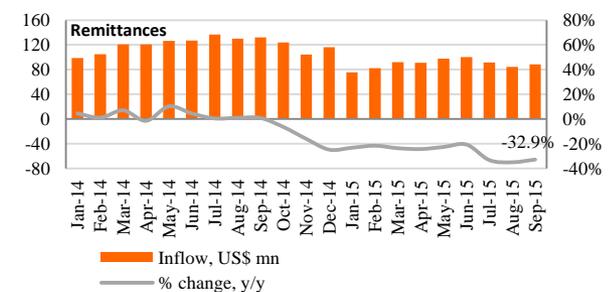
Source: GeoStat; excluding one-offs

## Tourism remains resilient



Source: GNTA

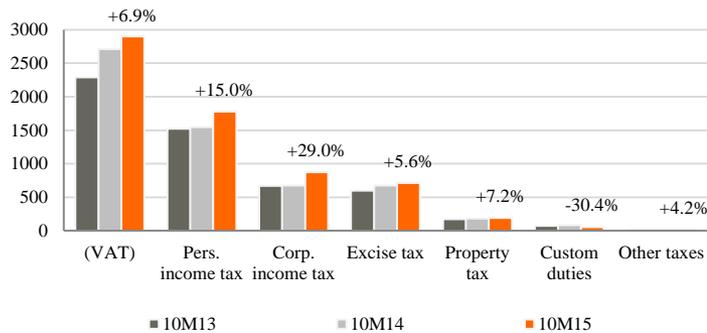
## Remittances down from Russia and Greece



Source: NBG

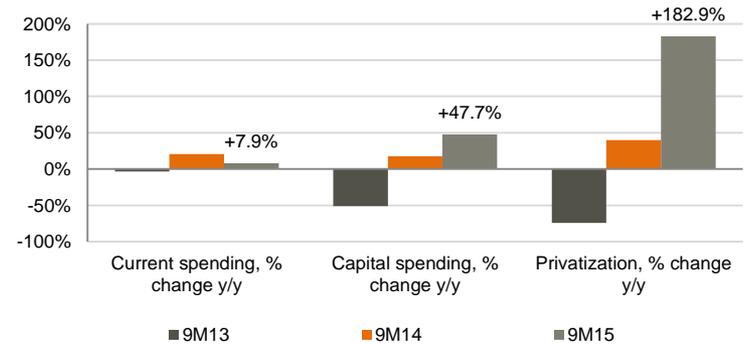
# Prudent 2015 fiscal parameters

## Budget tax revenues posted a strong performance



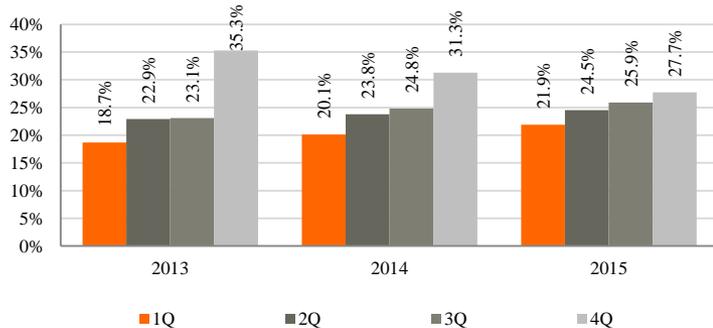
Source: Treasury Service

## ... so did capex and privatization, while current expenditure growth was almost flat in real terms



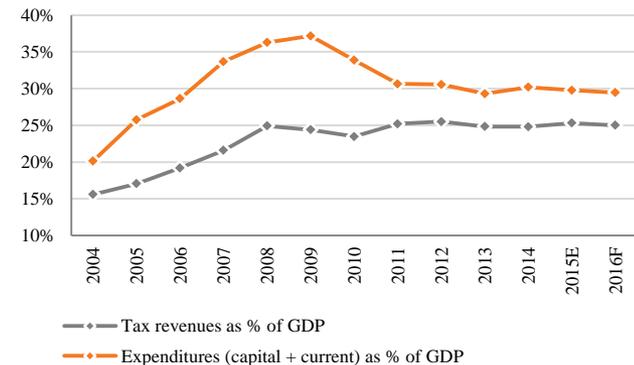
Source: MOF

## Government is committed to smoother spending in 2015, while deficit financing was taking place mostly in 4Q of 2013-1014, pressuring GEL



Source: MOF  
Note: Budget expenditures as % of annual plan

## Government revised budget for 2015E growth 2% from 5%, while fiscal deficit, tax and total expenditures ratios to GDP remain unchanged



Source: MOF, GeoStat

---

# Contents

---

BGEO Group PLC | Overview

Results Discussion | BGEO Group PLC

Results Discussion | Banking Business

Results Discussion | Segments

Georgian Macro Overview

Appendices

- Analyst Coverage
- Express Banking
- Privatbank acquisition
- Solo Banking
- Healthcare comps
- Financial Statements

# Analyst coverage | BGEO Group PLC

**Consensus** Target Price: GBP 23.4



GBP 19.60

GBP 20.00



GBP 24.00

GBP 25.40



GBP 26.69

GBP 23.00



GBP 22.66

GBP 26.00

PEEL HUNT



GBP 25.60

GBP 18.70



GBP 22.40

GBP 25.17

Jefferies

# Express – emerging retail banking | How Express works

1

## 110 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

## 2,354 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

## 1,053,564 Express Cards for Transport payments



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

4

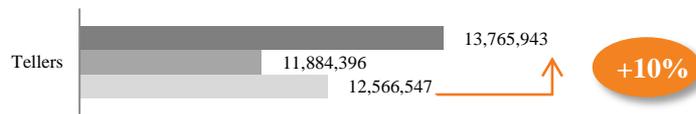
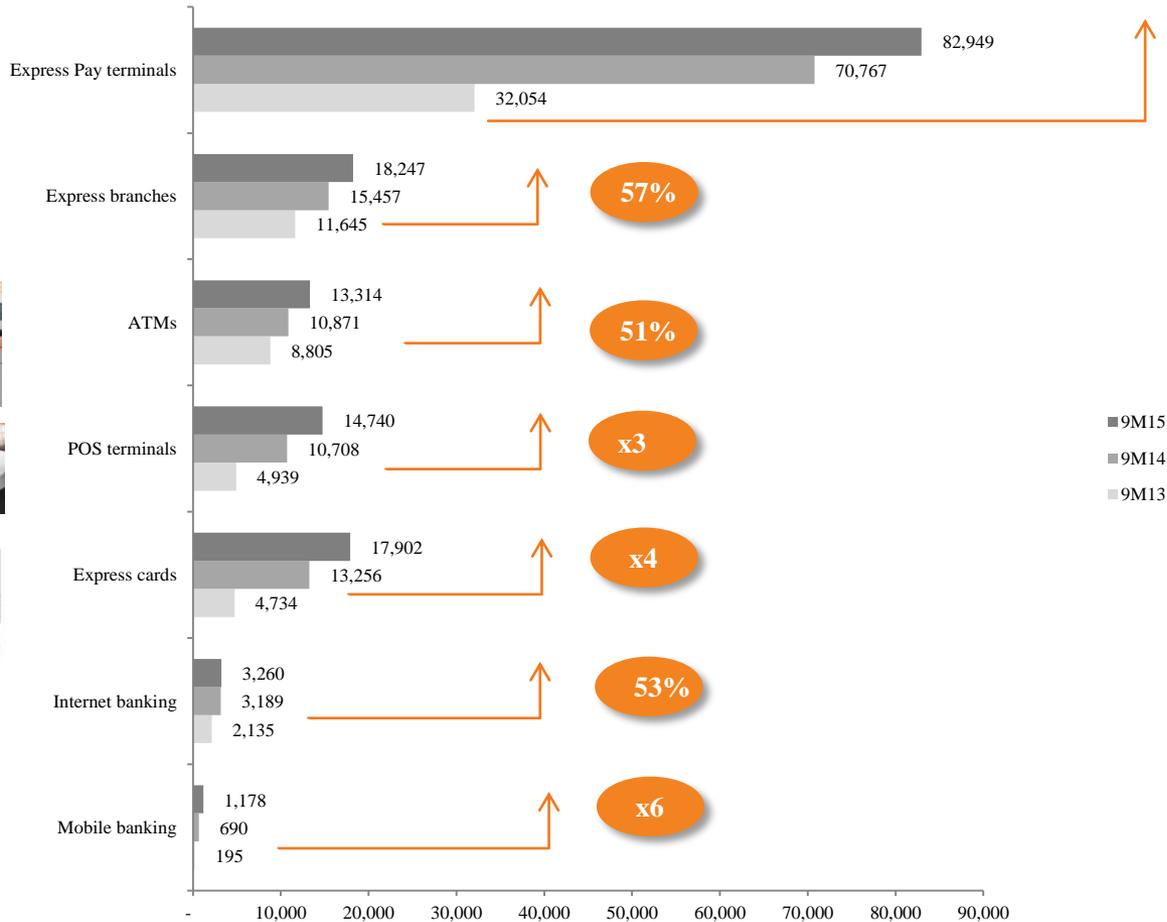
## 7,685 POS Terminals at 3,157 Merchants



- 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 only 10,328) to significantly **increase market share** in **premium banking** from c.13%

## SOLO Lounges



### New Solo offers:

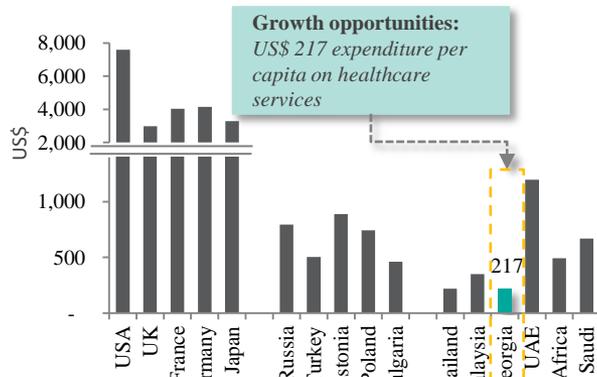
- Tailor made banking solutions
- New financial products such as bonds
- Concierge-style environment
- Access to exclusive products and events
- Lifestyle opportunities



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

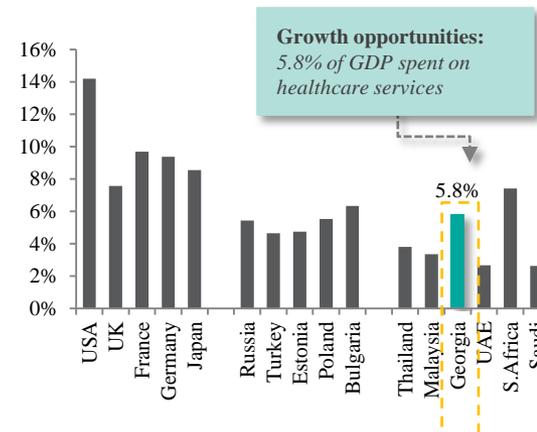
## Low expenditure on healthcare services

Per capita expenditure on healthcare services, current US\$<sup>(1)</sup>



Note: Healthcare services expenditure for other countries is pro-forma, based on assumption that pharmaceuticals is 17% of total spending

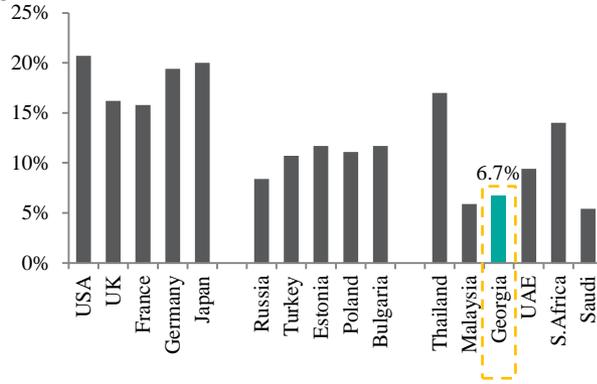
Expenditure on healthcare services % of GDP<sup>(1)</sup>



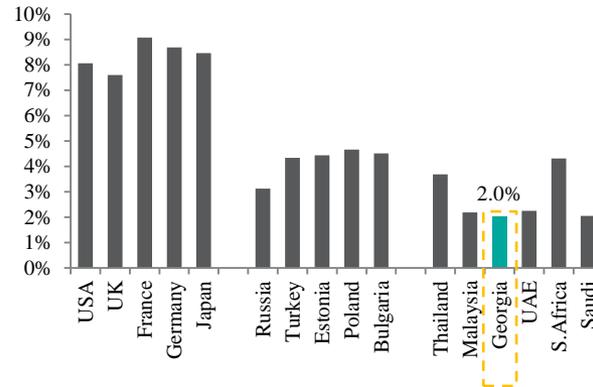
# GHG | LONG-TERM HIGH-GROWTH PROSPECTS / Comps (2/4)

## Government spending on healthcare is only 6.7% of state budget and 2% of GDP

General government expenditure on health as % of total government expenditure <sup>(1)</sup>

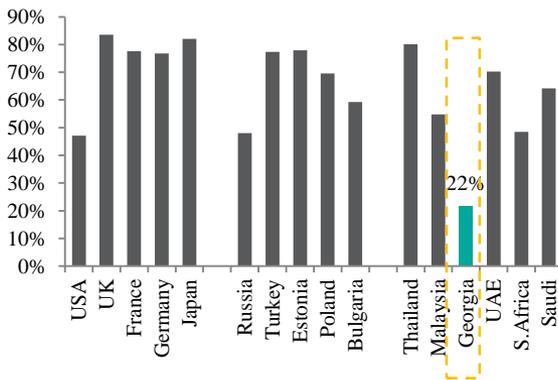


Government expenditure on health as % of GDP <sup>(1)</sup>



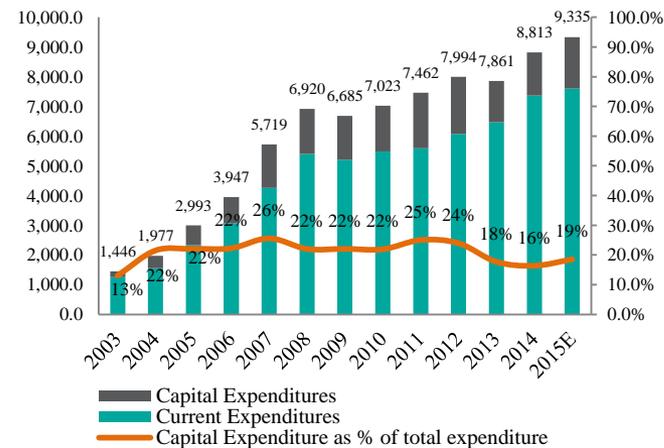
## Government finances only c.20% of total healthcare costs

General government expenditure on health as % of total expenditure on health <sup>(1)</sup>



## With c.20% of government tax revenues spent on capex

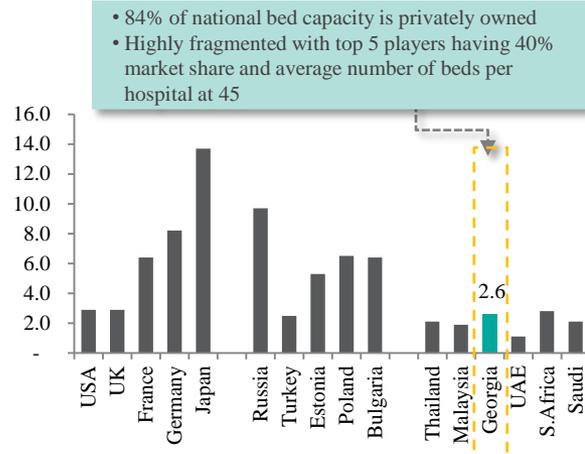
Total government budget, breakdown by operating and capital expenditures <sup>(2)</sup> GELm



# GHG | LONG-TERM HIGH-GROWTH PROSPECTS / Comps (3/4)

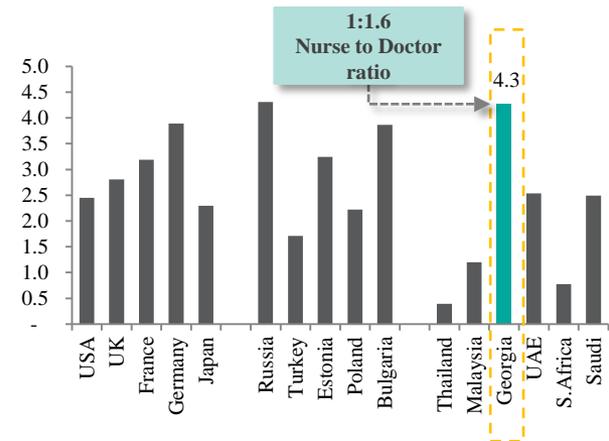
## Capacity-wise Georgia stands alongside US, UK and Turkey

Beds per 1,000 people<sup>(1)</sup>



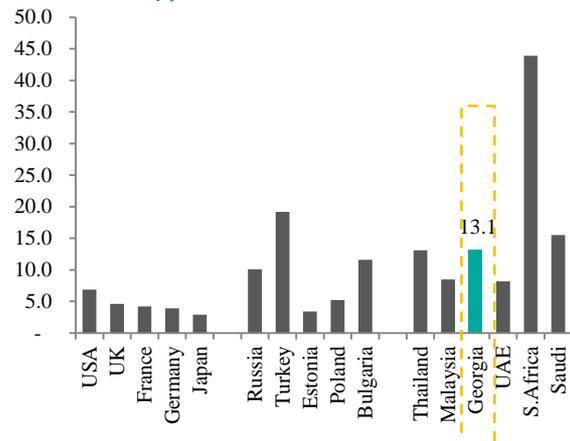
## Physician overcapacity yet to be addressed

Number of physicians per 1,000 people<sup>(1)</sup>

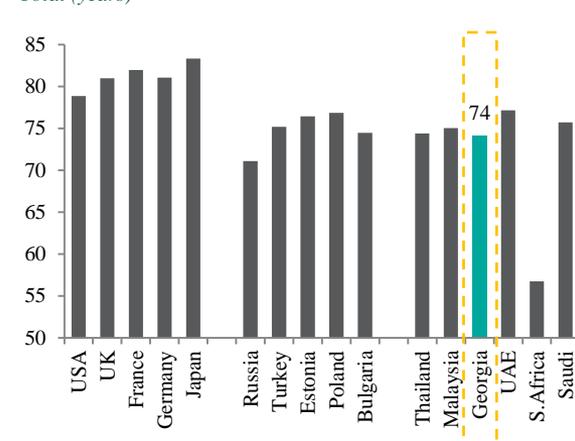


With significant room for improvement in terms of service mix and quality, as indicated by:  
under 5 mortality rate... .. and life expectancy at birth

Under 5 mortality per 1,000 live births<sup>(1)</sup>



Total (years)<sup>(1)</sup>



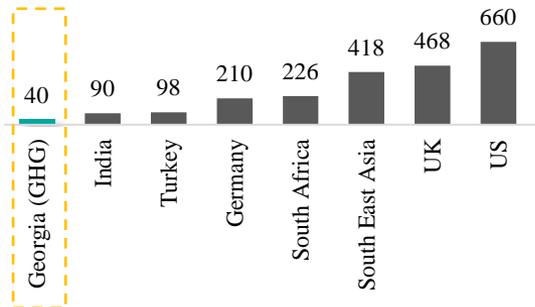
# GHG | LONG-TERM HIGH-GROWTH PROSPECTS / Comps (4/4)

## Rooms for growth – low price and low utilisation base currently

GHG owns the capacity for revenue market share growth (Deka and Sunstone to be renovated in 2016-17)

### Low revenue per bed

Average revenue per bed,  
US\$ thousand



10x price gap with developed EM benchmarks

### Price gap

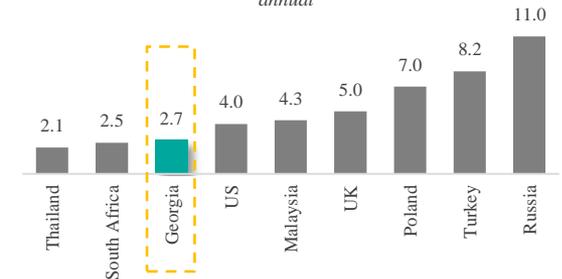
Prices, US\$ thousands

	Heart surgery	Liver transplant	Knee replacement
USA	100,000	300,000	48,000
UK	40,000	200,000	8,000
Turkey	45,625	86,700	17,500
Thailand	15,000	75,000	8,000
Singapore	15,000	140,000	25,000
India	5,000	45,000	6,000
Georgia	6,500	45,000	1,100

Imedi L outpatient encounters increased to 3.9 in 2015\*\* up from 2.2 in 2012

### Low outpatient encounters

Outpatient encounter per capita,  
annual



\* pro-forma 1H15 result, based on Frost & Sullivan annual 2015 forecast

\*\* annualized YTD May-2015 result

# Income Statement | Quarterly

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

# Income Statement | Nine Month

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

# Balance Sheet | 30 September 2015

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

# GHG | 9M15 Financial Results (1/2)

## Income Statement

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

# GHG | 9M15 Financial Results (2/2)

## Revenue from healthcare services by payment sources

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

## Revenue from medical insurance by payment sources

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

## Revenue from healthcare services by business lines

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

## Selected Balance Sheet items

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

# Selected Financial Information

## Belarusky Narodny Bank (BNB)

### INCOME STATEMENT, HIGHLIGHTS

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

### BALANCE SHEET, HIGHLIGHTS

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

# Selected Financial Information

## P&C Insurance (Aldagi)

### INCOME STATEMENT

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

# Key ratios and operating data

## Banking Business Key ratios,

	3Q15	3Q14	2Q15	9M15	9M14
<b>Profitability</b>					
ROAA, Annualised	3.3%	3.5%	2.9%	3.1%	3.3%
ROAE, Annualised	23.3%	21.0%	19.3%	20.6%	19.8%
Net Interest Margin, Annualised	7.6%	7.6%	7.6%	7.7%	7.5%
Loan Yield, Annualised	14.7%	14.2%	14.6%	14.7%	14.4%
Liquid assets yield, Annualised	3.1%	2.6%	3.1%	3.2%	2.4%
Cost of Funds, Annualised	5.1%	4.7%	5.0%	5.1%	4.8%
Cost of Client Deposits and Notes, annualised	4.1%	4.1%	4.4%	4.3%	4.3%
Cost of Amounts Due to Credit Institutions, annualised	6.3%	4.8%	5.3%	5.7%	4.8%
Cost of Debt Securities Issued	7.3%	7.1%	7.2%	7.3%	7.2%
Operating Leverage, Y-O-Y	18.5%	-3.4%	21.7%	19.1%	-3.3%
Operating Leverage, Q-O-Q	2.7%	5.1%	2.9%	n/a	n/a
<b>Efficiency</b>					
Cost / Income	34.8%	40.1%	35.7%	35.7%	41.3%
<b>Liquidity</b>					
NBG Liquidity Ratio	40.5%	37.8%	35.1%	40.5%	37.8%
Liquid Assets To Total Liabilities	36.9%	32.9%	36.5%	36.9%	32.9%
Net Loans To Client Deposits and Notes	115.4%	124.0%	122.1%	115.4%	124.0%
Net Loans To Client Deposits and Notes + DFIs	95.9%	104.6%	102.4%	95.9%	104.6%
Leverage (Times)	6.3	4.8	6.0	6.3	4.8
<b>Asset Quality:</b>					
NPLs (in GEL)	221,660	154,417	219,230	221,660	154,417
NPLs To Gross Loans To Clients	4.0%	3.8%	4.1%	4.0%	3.8%
NPL Coverage Ratio	82.0%	78.1%	82.2%	82.0%	78.1%
NPL Coverage Ratio, Adjusted for discounted value of collateral	121.9%	112.1%	115.1%	121.9%	112.1%
Cost of Risk, Annualised	2.5%	1.6%	2.7%	2.8%	1.2%
<b>Capital Adequacy:</b>					
BIS Tier I Capital Adequacy Ratio, Consolidated	16.7%	22.7%	20.4%	16.7%	22.7%
BIS Total Capital Adequacy Ratio, Consolidated	23.7%	26.4%	26.7%	23.7%	26.4%
New NBG (Basel II) Tier I Capital Adequacy Ratio	10.2%	11.2%	10.4%	10.2%	11.2%
New NBG (Basel II) Total Capital Adequacy Ratio	15.8%	14.2%	15.9%	15.8%	14.2%
Old NBG Tier I Capital Adequacy Ratio	9.2%	14.5%	13.9%	9.2%	14.5%
Old NBG Total Capital Adequacy Ratio	16.0%	14.1%	15.8%	16.0%	14.1%

## Selected Operating Data:

	3Q15	3Q14	2Q15	9M15	9M14
Total Assets Per FTE, BOG Standalone	2,060	1,738	1,995	2,060	1,738
Number Of Active Branches, Of Which:	260	217	246	260	217
- Flagship Branches	35	34	35	35	34
- Standard Branches	115	100	114	115	100
- Express Branches (including Metro)	110	83	97	110	83
Number Of ATMs	703	521	685	703	521
Number Of Cards Outstanding, Of Which:	1,940,627	1,103,066	1,964,374	1,940,627	1,103,066
- Debit cards	1,210,914	986,477	1,207,573	1,210,914	986,477
- Credit cards	729,713	116,589	756,801	729,713	116,589
Number Of POS Terminals	7,685	5,979	7,668	7,685	5,979

## Group Employee Data

	3Q15	3Q14	2Q15
Full Time Employees, Group, Of Which:	15,624	13,182	14,583
- Full Time Employees, BOG Standalone	4,436	3,649	4,368
- Full Time Employees, Georgia Healthcare Group	9,434	8,026	8,496
- Full Time Employees, m2	59	52	58
- Full Time Employees, Aldagi	246	240	253
- Full Time Employees, BNB	537	455	505
- Full Time Employees, Other	912	760	903

## Shares outstanding

	30-Sep-15	31-Jun-15	30-Sep-14
Ordinary shares outstanding	38,257,793	38,257,793	34,387,198
Treasury shares outstanding	1,242,527	1,242,527	1,522,185

## Risk Weighted Assets breakdown

	Risk Weighted Assets			Change	
	30-Sep-15	30-Jun-15	30-Sep-14	Y-O-Y, %	Q-O-Q, %
GEL millions					
Credit risk weighting	6,001,552	5,930,369	4,483,578	33.9%	1.2%
FX induced credit risk (market risk)	1,846,755	1,795,351	1,412,299	30.8%	2.9%
Operational risk weighting	624,825	624,825	574,717	8.7%	0.0%
Total RWA under NBG Basel 2/3	8,473,132	8,350,545	6,470,594	30.9%	1.5%

# 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 the Group divided by monthly average equity attributable to shareholders of the Group 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 BIS Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements of Basel Accord I;
- 15 BIS Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of Basel Accord I;
- 16 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;
- 17 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;
- 18 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;
- 19 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;

---

# BGEO Group | Company Information

---

## **Registered Address**

84 Brook Street  
London W1K 5EH  
United Kingdom  
www.bgeo.com  
Registered under number 7811410 in England and Wales  
Incorporation date: 14 October 2011

## **Stock Listing**

London Stock Exchange PLC's Main Market for listed securities  
Ticker: "BGEO.LN"

## **Contact Information**

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

## **Auditors**

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

## **Registrar**

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

## **Share price information**

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