
Capturing Growth Opportunities

Investor Presentation: 4Q15 & full year 2015 preliminary 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.

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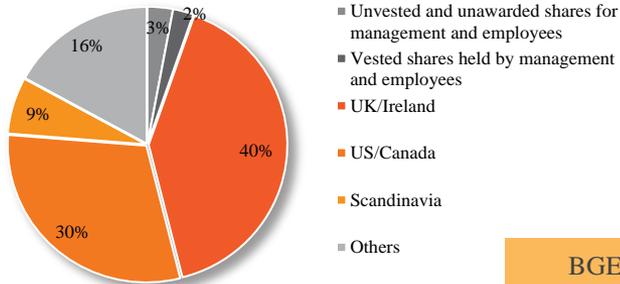
Georgian Macro Overview

Appendices

BGEO – Shareholder structure and share price

BGEO shareholder structure

As of 31 December 2015



BGEO top shareholders

As of 31 December 2015

Rank	Shareholder name	Ownership %
1	Schroders Investment Management	10.30
2	Harding Loevner Management LP	9.09
3	Westwood International Advisors	4.05
4	Artemis Investment Management	3.57
5	Firebird Management LLC	3.04

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

BGEO share price performance



X50 growth in market capitalisation



BGEO Group structure

Investors

Regular dividends

Capital Returns



Cash buffer

Banking Business

Investment Business

BGEO
Group



GALT & TAGGART
CREATING OPPORTUNITIES



Retail
Banking

Corporate
Banking

Investment
Management

Aldagi
(P&C
Insurance)

BNB
(Bank in
Belarus)



GEORGIA
HEALTHCARE
GROUP



საკადასტრო რეალური ქონება
REAL ESTATE

GGU

Water utility and hydro



TELIANI VALLEY

GHG
(Healthcare)

M2
(Real
Estate)

GGU
(Utilities)

GRE
(Renewable
Energy)

Teliani
Valley
(Wine &
Beer)

4x20 strategy – Strong performance in 2015

We are a Georgia Focused Banking Group with an Investment Arm

Banking Business

1

ROE
c.20%

- ROAE of 25.1% in 4Q15
- ROAE of 21.7% in 2015

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%

- 35.3% y-o-y growth
- 19.0% 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%**



2015:
GEL 274mln
or 88%

Target : **Up to 20%**



2015:
GEL 37mln
or 12%

Ongoing Dividends

- **Ordinary dividends** – aiming 25-40% dividend payout ratio
- Dividend growth CAGR '10-15 of 51.6%
- At the 2016 AGM, the board intends to recommend an annual dividend of GEL 2.40 per share payable in British Pound Sterling at the prevailing rate, a 14% y-o-y increase

- **Capital return:** Aiming for at least 3 **capital returns** in next 5 years
- Completed GEL 23.4mln worth of market purchase of shares for Employee Benefit Trust
- Announced additional US\$ 10mln worth of market purchase of shares for Employee Benefit Trust

4x20 strategy going forward

We are a Georgia Focused Banking Group with an Investment Arm

Banking Business

1

ROE c.20%

2

Growth c.20%
of retail loan book

Investment Business

3

Min. IRR of 20%

Target investments with min. 20% IRR and
partial or full exit in max 6 years

4

Profit up to 20%
of BGEO Group profit

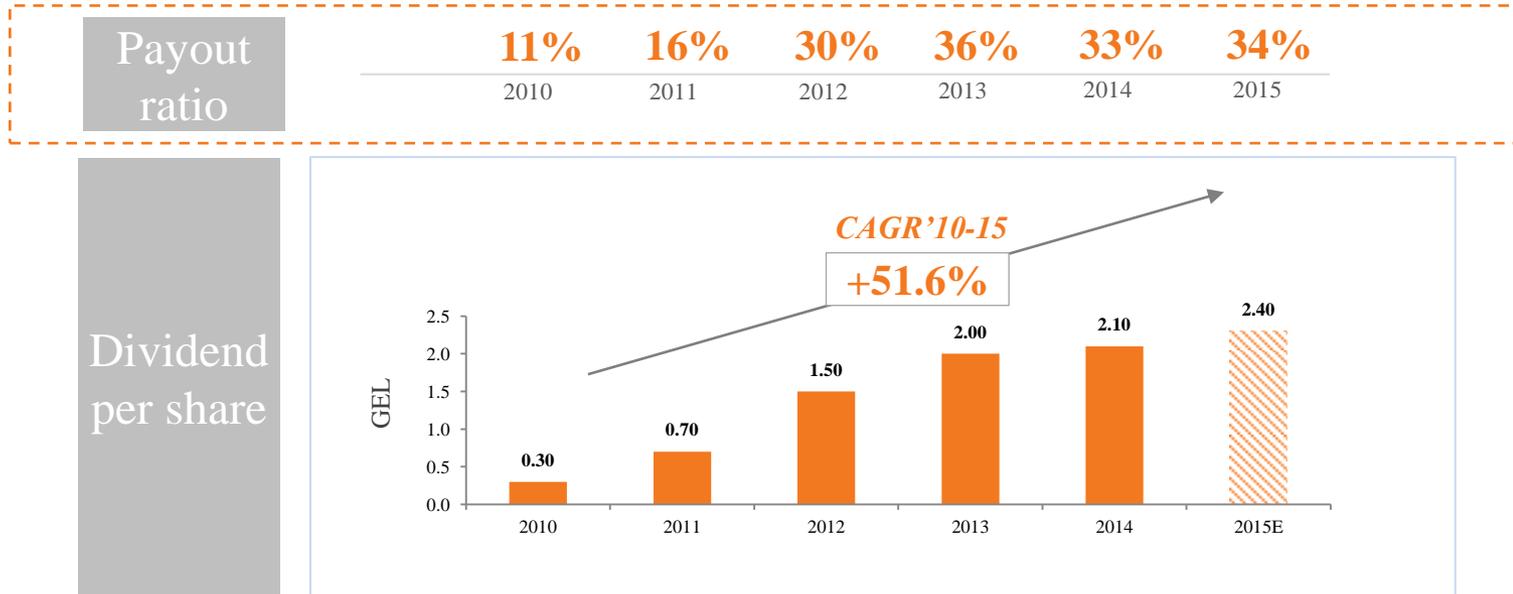
New target

Ongoing Dividends

- **Ordinary dividends:** linked to recurring profit from banking business
- Aiming 25-40% dividend payout ratio

- **Capital Return:** Aiming for at least **3 capital returns** in next 5 years
- Aiming for Capital Return to represent at least 50% of regular dividend from banking business

Solid regular dividend payout from banking business



3 forms of Capital Returns

Capital
Return
forms

3 forms of Capital Returns

1

Cash Dividends

2

Stock dividends

3

Share buy-back

In the end of 2015 and beginning of 2016, we completed market purchase of 352,796 shares for Employee Benefit Trust with total value of GEL 23.4mln

Capital
Return
timeline

Strategy
Announced

3 capital returns
during 2014-2019

3 capital returns
during 2019-2024

2014

5 years

2019

5 years

2024

BGEO – Robust corporate governance compliant with UK Corporate Governance Code

Board of Directors of BGEO Group PLC

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



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



Hanna Loikkanen, Independent Director
experience: Currently advisor to 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 – Management Structure

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

BGEO Group PLC



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



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



Levan Kulijanishvili, Deputy CEO, Group CFO *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*



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

JSC Bank of Georgia



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

Georgia Healthcare Group



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

m2 Real Estate



Irakli Burdiladze, CEO, m2 Real Estate; *previously CFO at GMT Group, Georgian real estate developer; Masters degree from Johns Hopkins University*

JSC Bank of Georgia – Management Structure

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



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



Levan Kulijanishvili, 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



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



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



George Chiladze, Deputy CEO, Chief Risk Officer; *formerly Deputy CEO in Finance, Deputy CEO at Partnership Fund, Programme trading desk at Bear Stearns NY, Ph.D. in physics from John Hopkins University in Baltimore*



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



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

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BGEO – P&L results highlights

Quarterly P&L

INCOME STATEMENT <i>GEL thousands, unless otherwise noted</i>	BGEO Group Consolidated					Banking Business					Investment Business				
	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q
Net banking interest income	131,434	98,132	33.9%	126,178	4.2%	134,217	101,061	32.8%	129,249	3.8%	-	-	-	-	-
Net fee and commission income	31,639	26,359	20.0%	30,791	2.8%	32,266	26,755	20.6%	31,061	3.9%	-	-	-	-	-
Net banking foreign currency gain	19,525	16,643	17.3%	18,675	4.6%	19,525	16,643	17.3%	18,675	4.6%	-	-	-	-	-
Net other banking income	9,318	4,872	91.3%	4,938	88.7%	9,699	5,146	88.5%	5,231	85.4%	-	-	-	-	-
Gross insurance profit	6,733	3,688	82.6%	9,783	-31.2%	5,441	4,383	24.1%	5,829	-6.7%	2,126	(38)	NMF	4,498	-52.7%
Gross healthcare profit	23,845	16,331	46.0%	22,118	7.8%	-	-	-	-	-	23,845	16,331	46.0%	22,118	7.8%
Gross real estate profit	12,769	2,145	495.3%	751	1600.3%	-	-	-	-	-	12,769	2,146	495.0%	751	1600.3%
Gross other investment profit	11,271	4,141	172.2%	3,373	234.2%	-	-	-	-	-	11,157	4,072	174.0%	3,229	245.5%
Revenue	246,534	172,311	43.1%	216,607	13.8%	201,148	153,988	30.6%	190,045	5.8%	49,897	22,511	121.7%	30,596	63.1%
Operating expenses	(84,262)	(69,265)	21.7%	(77,562)	8.6%	(71,172)	(59,177)	20.3%	(66,167)	7.6%	(14,580)	(11,020)	32.3%	(12,244)	19.1%
Operating income before cost of credit risk / EBITDA	162,272	103,046	57.5%	139,045	16.7%	129,976	94,811	37.1%	123,878	4.9%	35,317	11,491	207.3%	18,352	92.4%
Profit from associates	1,938	-	-	1,444	34.2%	-	-	-	-	-	1,938	-	-	1,444	34.2%
Depreciation and amortization of investment business	(4,731)	(2,349)	101.4%	(4,227)	11.9%	-	-	-	-	-	(4,731)	(2,349)	101.4%	(4,227)	11.9%
Net foreign currency loss from investment business	(3,416)	(1,061)	NMF	(2,311)	47.8%	-	-	-	-	-	(3,416)	(1,061)	NMF	(2,311)	47.8%
Interest income from investment business	602	321	87.5%	499	20.6%	-	-	-	-	-	957	470	103.6%	719	33.1%
Interest expense from investment business	(3,166)	(933)	NMF	(2,080)	52.2%	-	-	-	-	-	(6,542)	(4,338)	50.8%	(5,485)	19.3%
Operating income before cost of credit risk	153,499	99,024	55.0%	132,370	16.0%	-	-	-	-	-	23,523	4,213	458.3%	8,492	177.0%
Cost of credit risk	(36,022)	(16,552)	117.6%	(35,647)	1.1%	(35,230)	(14,789)	138.2%	(34,752)	1.4%	(792)	(1,763)	-55.1%	(895)	-11.5%
Profit	95,672	66,477	43.9%	80,905	18.3%	80,591	64,999	24.0%	73,402	9.8%	15,081	1,478	920.4%	7,503	101.0%
Earning per share (basic)	2.42	1.82	33.0%	2.04	18.6%	-	-	-	-	-	-	-	-	-	-

Annual P&L

INCOME STATEMENT <i>GEL thousands, unless otherwise noted</i>	BGEO Consolidated			Banking Business			Investment Business		
	2015	2014	Change Y-O-Y	2015	2014	Change Y-O-Y	2015	2014	Change
Net banking interest income	501,390	349,958	43.3%	512,927	357,271	43.6%	-	-	-
Net fee and commission income	118,406	99,792	18.7%	121,589	101,845	19.4%	-	-	-
Net banking foreign currency gain	76,926	52,752	45.8%	76,926	52,752	45.8%	-	-	-
Net other banking income	18,528	9,270	99.9%	19,837	9,890	100.6%	-	-	-
Gross insurance profit	29,907	29,430	1.6%	20,047	16,422	22.1%	12,116	14,987	-19.2%
Gross healthcare profit	80,938	53,483	51.3%	-	-	-	80,938	53,483	51.3%
Gross real estate profit	14,688	13,566	8.3%	-	-	-	14,688	13,646	7.6%
Gross other investment profit	20,777	12,991	59.9%	-	-	-	20,639	12,804	61.2%
Revenue	861,560	621,242	38.7%	751,326	538,180	39.6%	128,381	94,920	35.3%
Operating expenses	(314,732)	(257,031)	22.4%	(267,859)	(217,764)	23.0%	(50,862)	(42,145)	20.7%
Operating income before cost of credit risk / EBITDA	546,828	364,211	50.1%	483,467	320,416	50.9%	77,519	52,775	46.9%
Profit from associates	4,050	-	-	4,050	-	-	4,050	-	-
Depreciation and amortization of investment business	(14,225)	(9,164)	55.2%	-	-	-	(14,225)	(9,164)	55.2%
Net foreign currency gain (loss) from investment business	651	(3,169)	NMF	-	-	-	651	(3,169)	NMF
Interest income from investment business	2,340	1,309	78.8%	-	-	-	3,338	1,860	79.5%
Interest expense from investment business	(10,337)	(6,558)	57.6%	-	-	-	(25,493)	(16,089)	58.4%
Cost of credit risk	(155,377)	(59,020)	163.3%	(151,517)	(55,732)	171.9%	(3,860)	(3,288)	17.4%
Profit	310,945	240,767	29.1%	274,257	220,504	24.4%	36,688	20,263	81.1%
Earnings per share (basic)	7.93	6.72	18.0%	-	-	-	-	-	-

BGEO – Balance sheet highlights

Balance Sheet

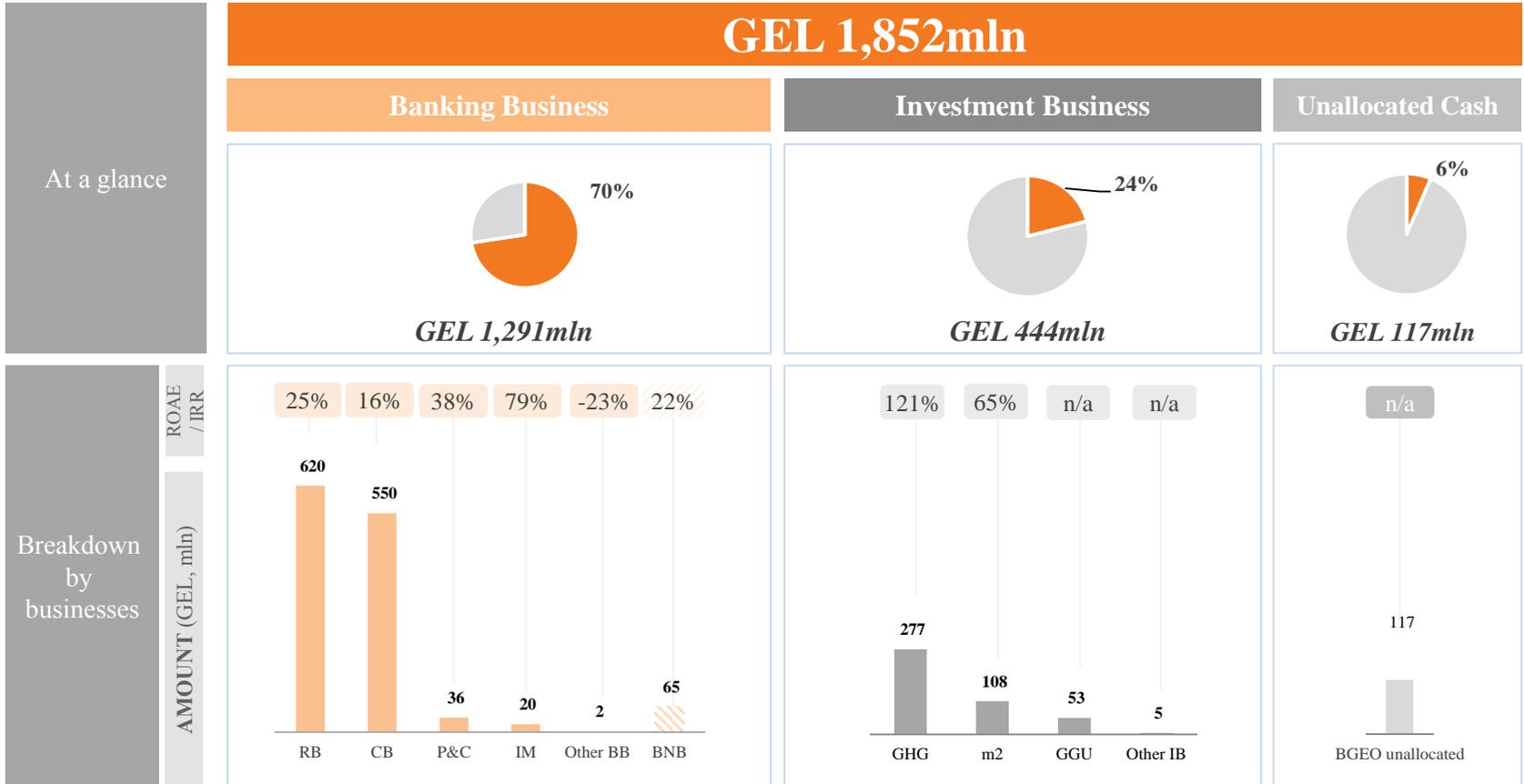
STATEMENT OF FINANCIAL POSITION <i>GEL thousands, unless otherwise noted</i>	BGEO Consolidated					Banking Business					Investment Business				
	Dec-15	Dec-14	Change Y-O-Y	Sep-15	Change Q-O-Q	Dec-15	Dec-14	Change Y-O-Y	Sep-15	Change Q-O-Q	Dec-15	Dec-14	Change Y-O-Y	Sep-15	Change Q-O-Q
Liquid assets	3,068,166	1,898,137	61.6%	2,924,784	4.9%	3,006,991	1,874,769	60.4%	2,913,651	3.2%	307,459	166,056	85.2%	186,812	64.6%
Loans to customers and finance lease receivables	5,322,117	4,347,851	22.4%	5,266,125	1.1%	5,366,764	4,438,032	20.9%	5,367,311	0.0%	-	-	-	-	-
Total assets	10,130,093	7,579,145	33.7%	9,937,889	1.9%	9,185,791	7,044,002	30.4%	9,140,036	0.5%	1,247,960	775,507	60.9%	1,094,685	14.0%
Client deposits and notes	4,751,387	3,338,725	42.3%	4,477,908	6.1%	4,993,681	3,482,001	43.4%	4,649,572	7.4%	-	-	-	-	-
Amounts due to credit institutions	1,789,062	1,409,214	27.0%	2,115,859	-15.4%	1,692,557	1,324,609	27.8%	2,011,801	-15.9%	144,534	177,313	-18.5%	209,898	-31.1%
Debt securities issued	1,039,804	856,695	21.4%	1,076,137	-3.4%	961,944	827,721	16.2%	999,959	-3.8%	84,474	29,374	187.6%	83,549	1.1%
Total liabilities	8,056,455	5,945,052	35.5%	8,179,930	-1.5%	7,870,500	5,813,225	35.4%	7,891,998	-0.3%	489,613	372,191	31.5%	584,764	-16.3%
Total equity	2,073,638	1,634,093	26.9%	1,757,959	18.0%	1,315,291	1,230,777	6.9%	1,248,038	5.4%	758,347	403,316	88.0%	509,921	48.7%

Key Ratios

Banking Business	4Q15	4Q14	3Q15	2015	2014
ROAA	3.5%	3.9%	3.3%	3.2%	3.5%
ROAE	25.1%	22.7%	23.3%	21.7%	20.6%
Net Interest Margin	7.6%	7.7%	7.6%	7.7%	7.6%
Loan Yield	14.8%	14.1%	14.7%	14.8%	14.3%
Liquid assets yield	3.3%	2.9%	3.1%	3.2%	2.5%
Cost of Funds	5.1%	4.7%	5.1%	5.1%	4.8%
Cost of Client Deposits and Notes	4.4%	4.1%	4.1%	4.3%	4.2%
Cost of Amounts Due to Credit Institutions	5.9%	4.8%	6.3%	5.8%	4.8%
Cost of Debt Securities Issued	6.8%	7.2%	7.3%	7.1%	7.2%
Cost / Income	35.4%	38.4%	34.8%	35.7%	40.5%
NPLs To Gross Loans To Clients	4.3%	3.4%	4.0%	4.3%	3.4%
NPL Coverage Ratio	83.4%	68.0%	82.1%	83.4%	67.5%
NPL Coverage Ratio, Adjusted for discounted value of collateral	120.6%	110.6%	121.9%	120.6%	110.6%
Cost of Risk	2.4%	1.2%	2.5%	2.7%	1.2%
New NBG (Basel 2/3) Tier 1 Capital Adequacy Ratio	10.9%	11.1%	10.2%	10.9%	11.1%
New NBG (Basel 2/3) Total Capital Adequacy Ratio	16.7%	14.1%	15.8%	16.7%	14.1%

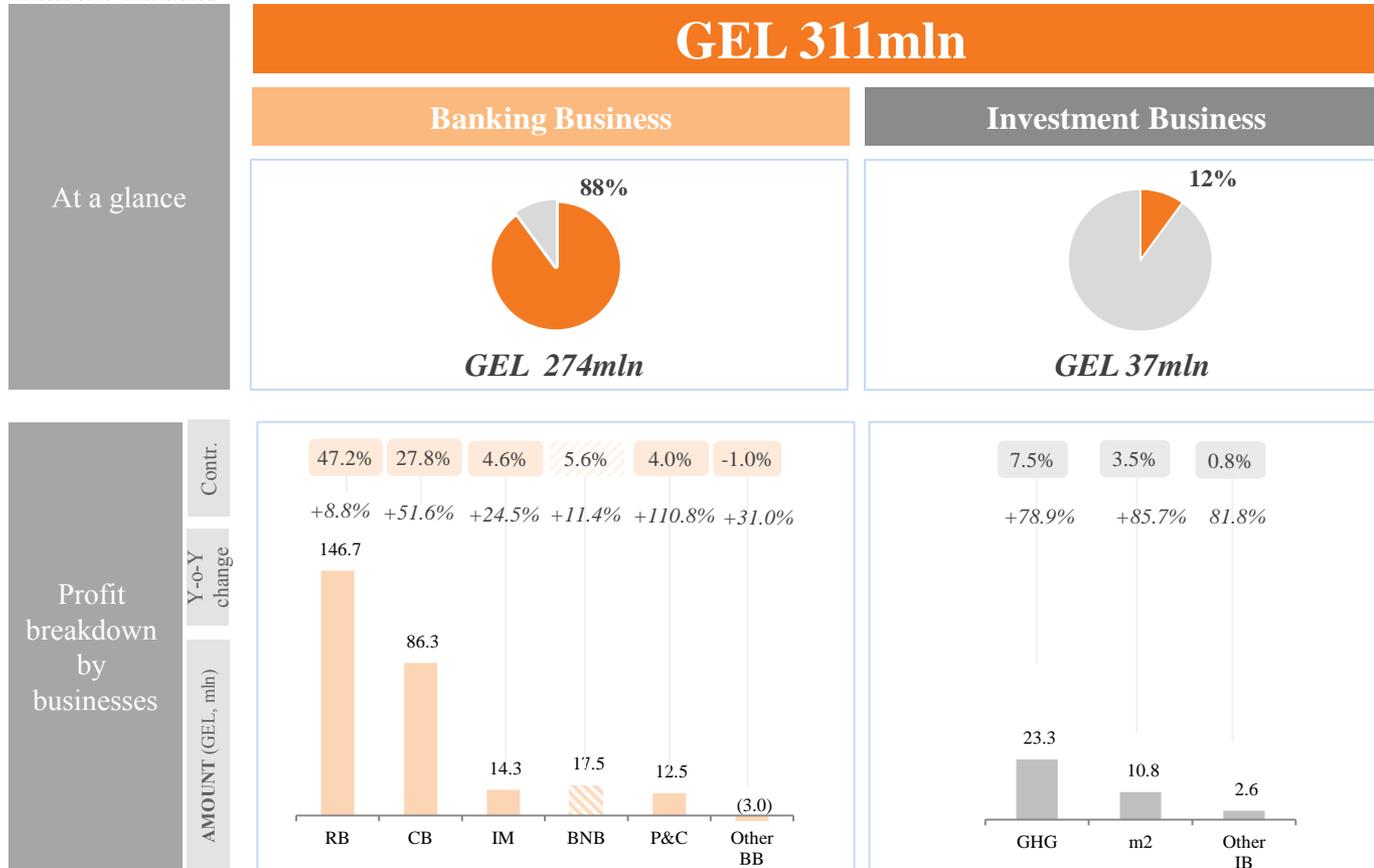
BGEO – Capital allocation

Data as of 31 Dec, 2015
unless otherwise stated



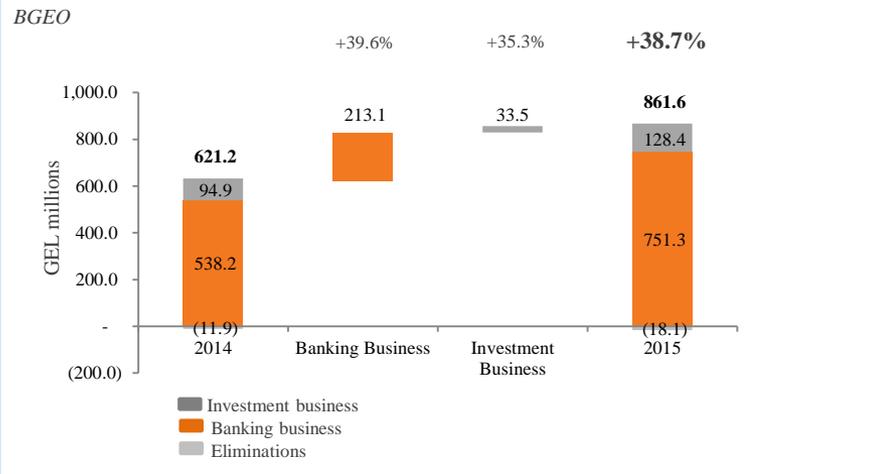
BGEO – 2015 profit contributions

Data as of 31 Dec, 2015
unless otherwise stated

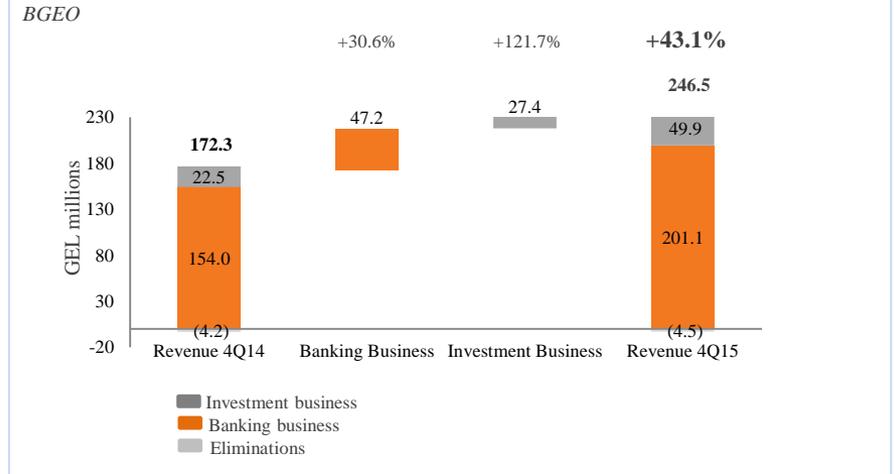


BGEO – Strong revenue growth, with positive operating leverage

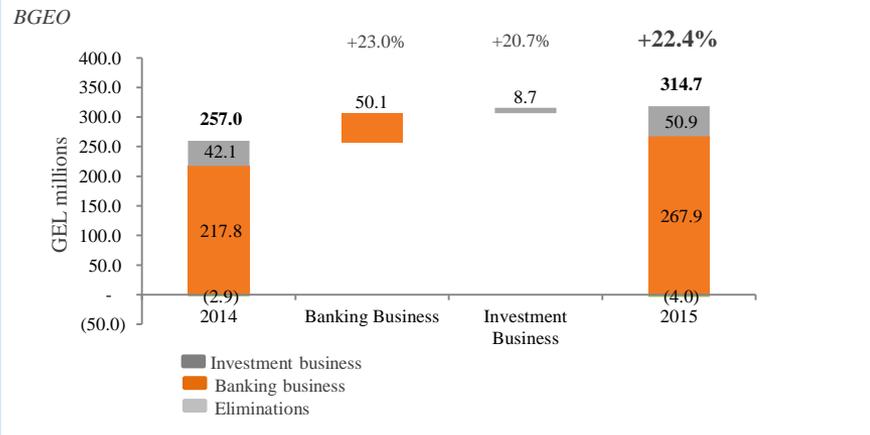
Revenues, 2015



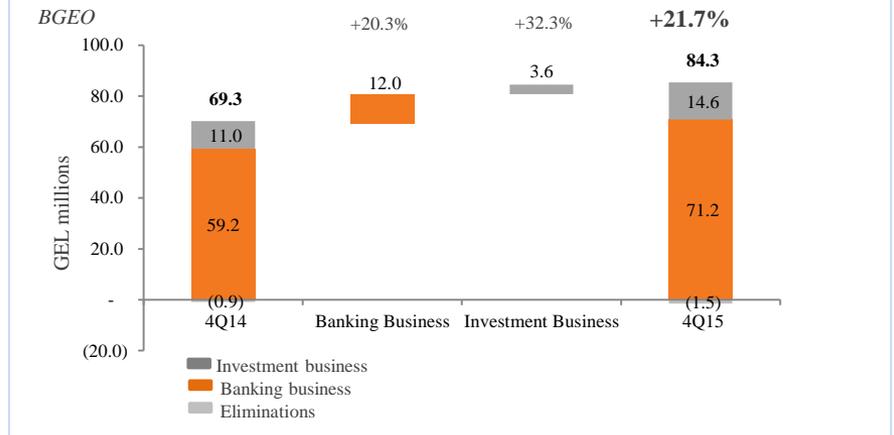
Revenues | quarterly



Operating expenses, 2015

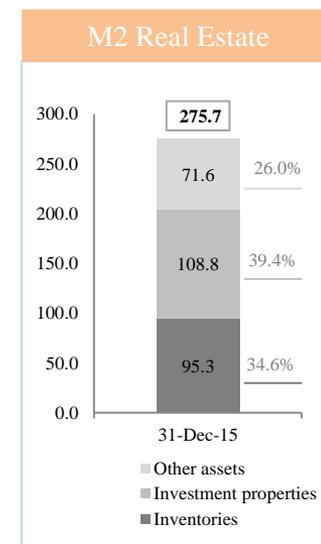
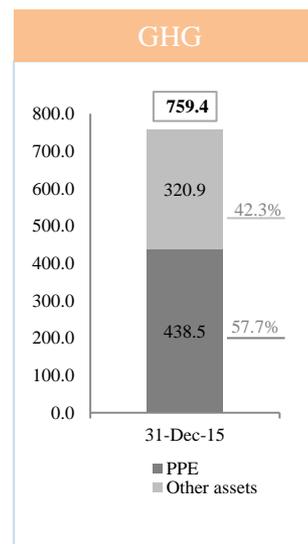
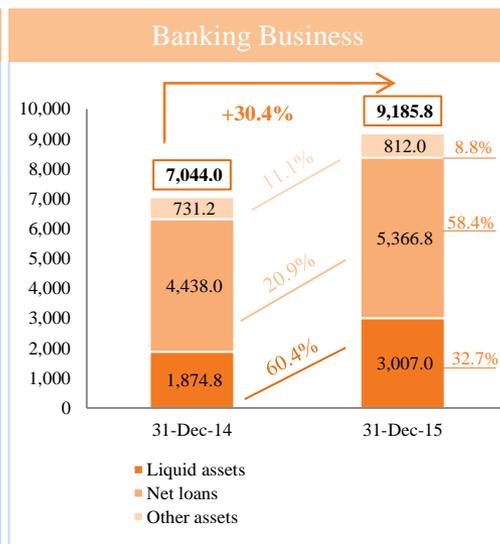
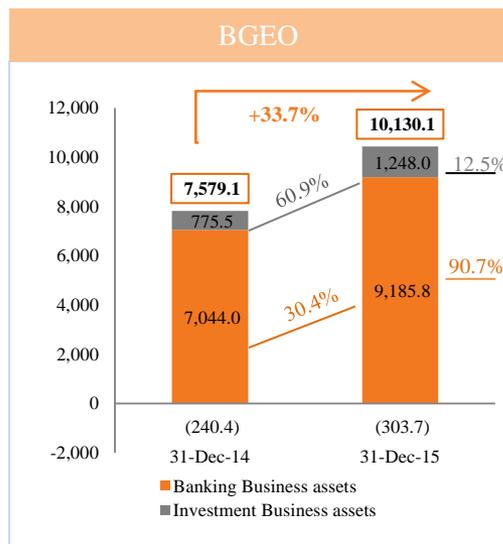


Operating expenses | quarterly

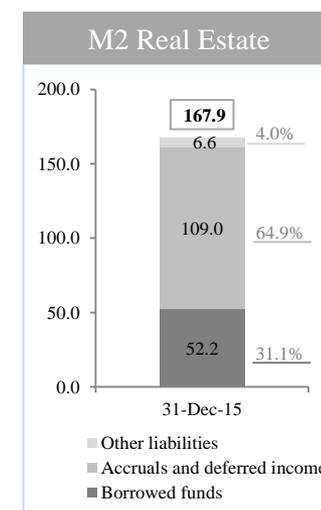
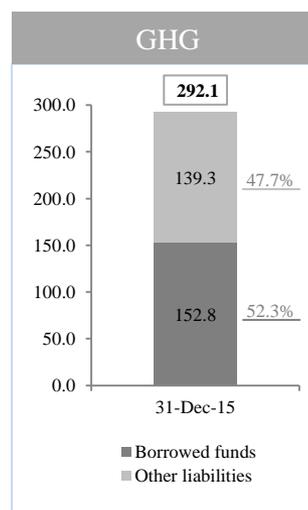
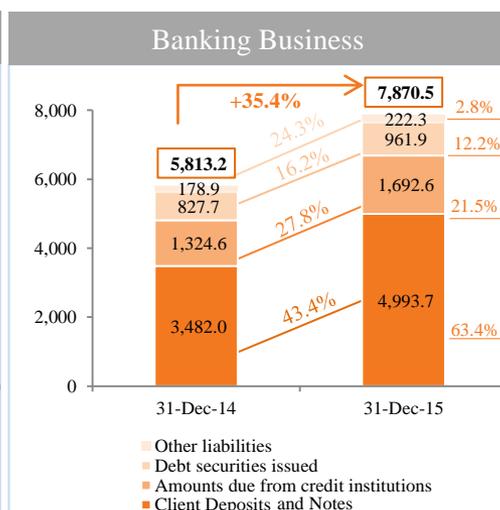
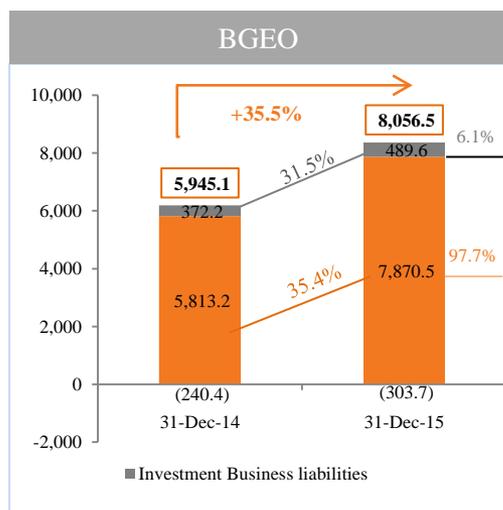


BGEO – Balance Sheet, 31 December 2015

Assets Gel Millions



Liabilities Gel Millions



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Results Discussion | Banking Business

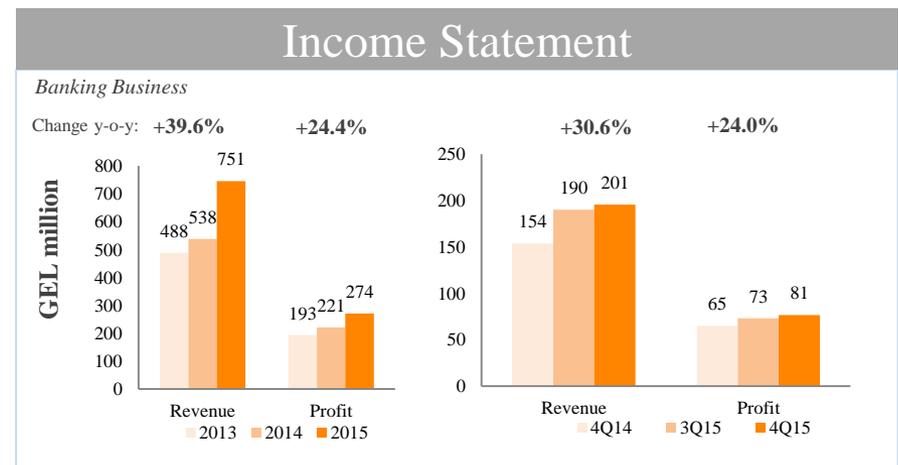
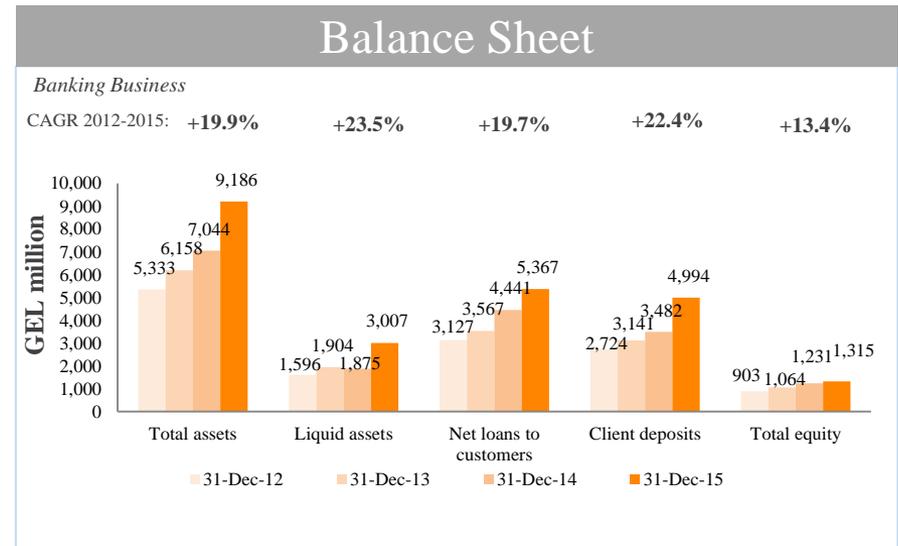
Results Discussion | Investment Business

Georgian Macro Overview

Appendices

BOG – The leading bank in Georgia

- Leading market position: No. 1 bank** in Georgia by *assets* (33.4%), *loans* (32.0%), *client deposits* (33.0%) and *equity* (31.6%)¹
- Underpenetrated market with stable growth perspectives:** Real GDP average growth rate of 5.8% for 2004-2014. Geostat estimates 2.8% GDP growth in 2015. 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 266 branches, 746 ATMs, 2,589 Express Pay Terminals and c.2.0 million customers (including c.400,000 Privatbank customers) as of 31 December 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:** c.US\$400 million Eurobonds outstanding including US\$150 raised through a tap issue in November 2013. The bonds are currently trading at a yield of c.5.4%
- Sustainable growth combined with strong capital, liquidity and robust profitability**

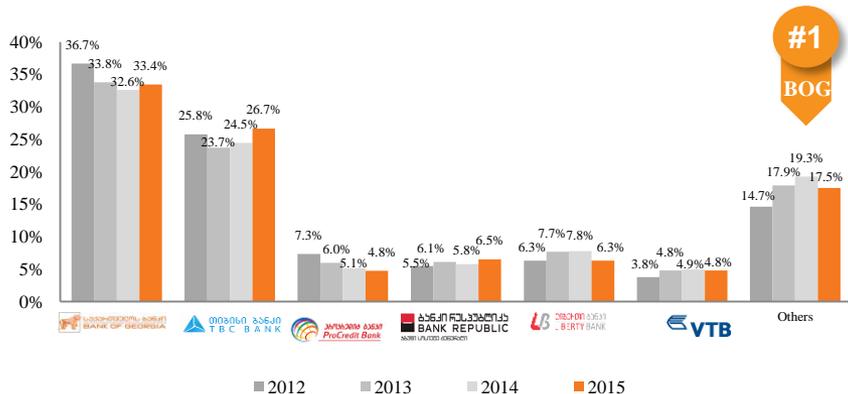


Targets & priorities – Banking Business

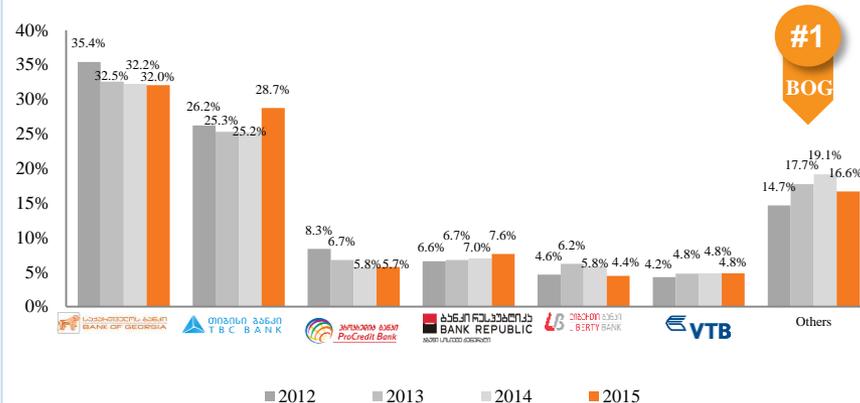
	3-year Targets	FY 2015
1 ROAE	20%+	21.7%
2 Retail Banking Growth	20%+	35.3% 19.0% on constant currency basis
3 Grow Retail share in loan book	65%	55.0%
4 Increase Product to Client Ratio	3.0	1.9
5 De-concentrate Corporate Loan Book	10%	Top 10 borrowers 12.4%
6 NIM	7.25% - 7.75%	7.7%
7 Cost / Income	c. 35%	35.7%
8 Cost of Risk	1.5 - 2%	2.7 %

BOG – Leading the competition across the board

Peer group's market share in total assets



Peer group's market share in gross loans

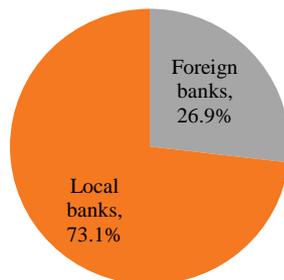
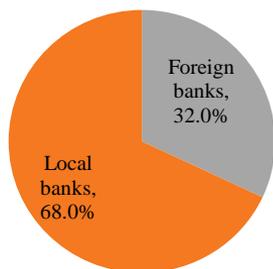


Foreign banks market share by assets

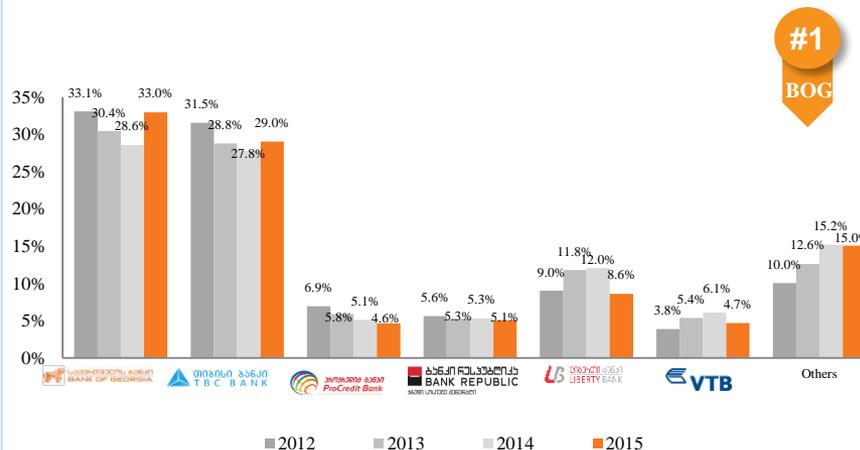
2006

2015

No state ownership of commercial banks since 1994



Peer group's market share in client deposits

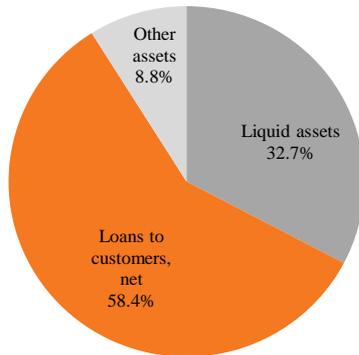


Banking Business – Diversified asset structure

Total asset structure | 31 December 2015

Banking Business

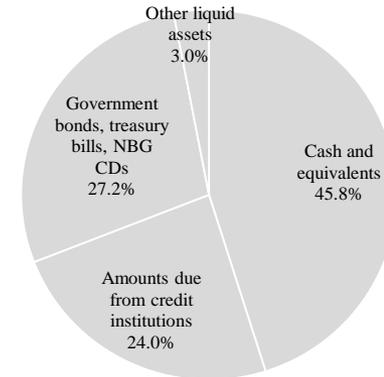
Total: GEL 9.2bln



Liquid assets | 31 December 2015

Banking Business

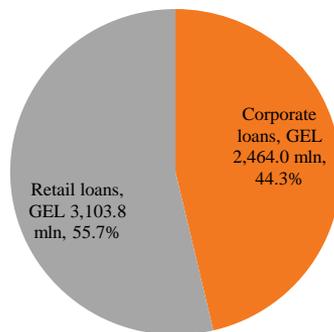
Total: GEL 3.0bln



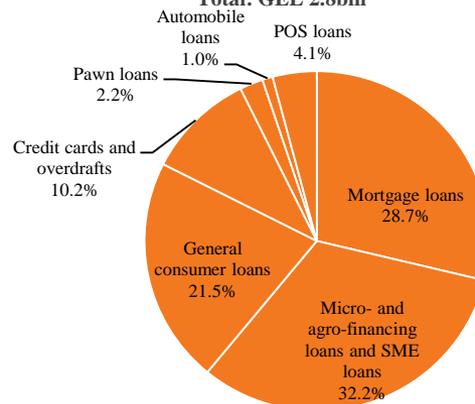
Loans breakdown | 31 December 2015

Banking Business

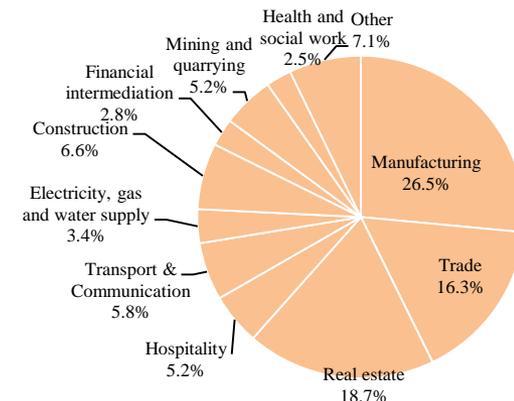
Total Loans
breakdown by segments
Total: GEL 5.6bln



Retail Banking Loans
breakdown by product
Total: GEL 2.8bln



Corporate Banking Loans
breakdown by sectors
Total: GEL 2.2bln



Banking Business – US\$ loan portfolio breakdown

Highlights

- **43.2% of Retail Banking Loans were denominated in USD loans with non-USD income***
 - We offered re-profiling in Feb-2015. Since, 1,029 loans (out of 14,000) were re-profiled, with total value of US\$34.4mln
 - For RB: Loans 15 days past due were 0.9% at 31 December 2015, compared to 0.8% a year ago and 1.4% as of 30 September 2015
- **33.1% of Corporate Banking Loans denominated in USD loans with non-USD income**

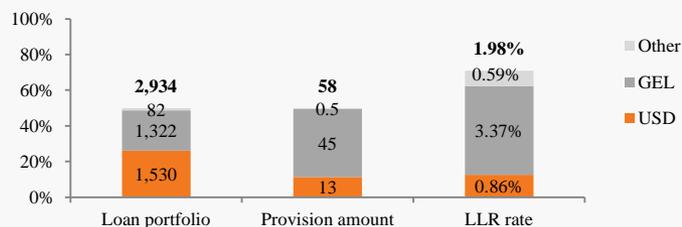
The following factors contribute to what we consider to be a relatively low default rates in Retail Banking:

- Large number of our Retail Banking borrowers (approximately 500,000 borrowers), whose loans are in local currency, are not affected by the U.S. dollar appreciation against Georgian Lari
- Although our mortgage borrowers are affected by the devaluation as most mortgages are U.S. dollar denominated, they represent a very small portion of our clients (approximately 14,000). Additionally, these customers are relatively high earners, with a bigger capacity to bear the effects of devaluation
- Our Retail Banking clients prefer to save in US\$ as indicated by the dollarization levels of our client deposits; thus their interest income in nominal GEL terms has increased with the GEL devaluation against US\$. These also represent clients who either have local currency or Mortgage loans
- US\$ is the main currency for remittances, a major source of hard currency inflows to Georgia, which represent the main income for a large number of families in Georgia. Therefore, their income increased in nominal local currency terms with the U.S. dollar appreciation

Retail Banking Wealth Management | 31 Dec 2015

Banking Business

Total GEL mln



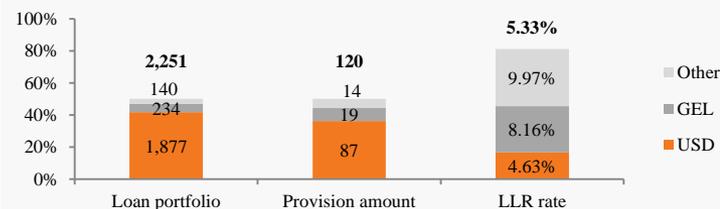
Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL and other currency loans*	1,404	47.8%	73	1,022	309
USD loans with USD income	262	8.9%	134	38	89
USD loans with non-USD income	1,268	43.2%	607	157	504
Total	2,934	100.0%	814	1,217	903

* includes credit cards

Corporate Banking | 31 Dec 2015

Banking Business

Total GEL mln



Amounts in GEL millions	CB Loan portfolio	% of total CB loan portfolio
GEL and other currency loans*	374	16.6%
USD loans with USD income	1,132	50.3%
USD loans with non-USD income	745	33.1%
Total	2,251	100.0%

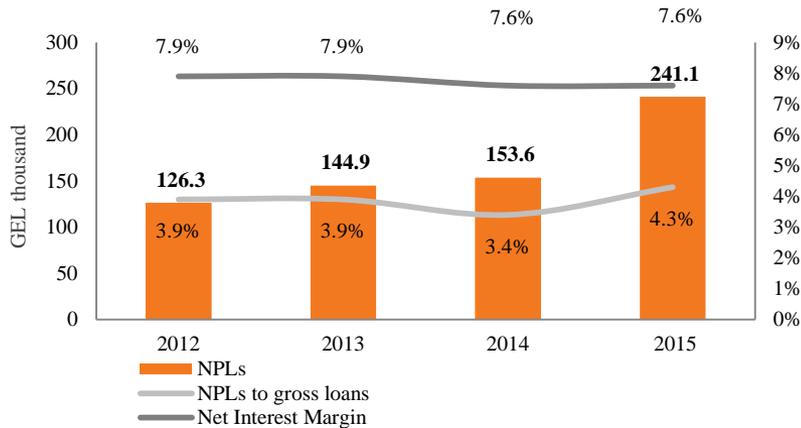
Note: standalone BOG figures from management accounts

Banking Business – Resilient loan portfolio quality

(1/2)

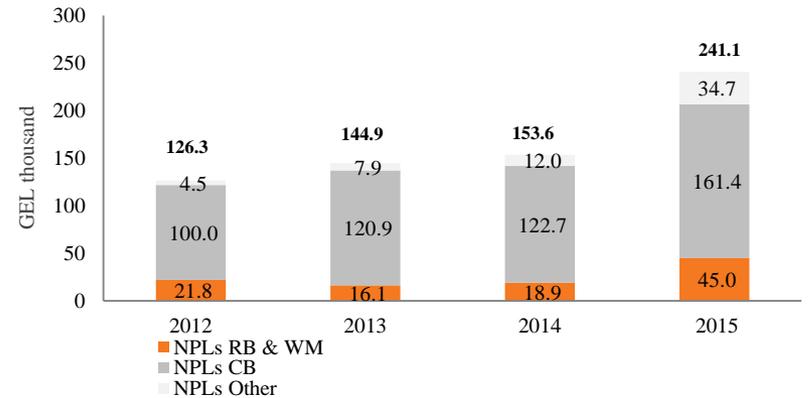
NPLs

Banking Business



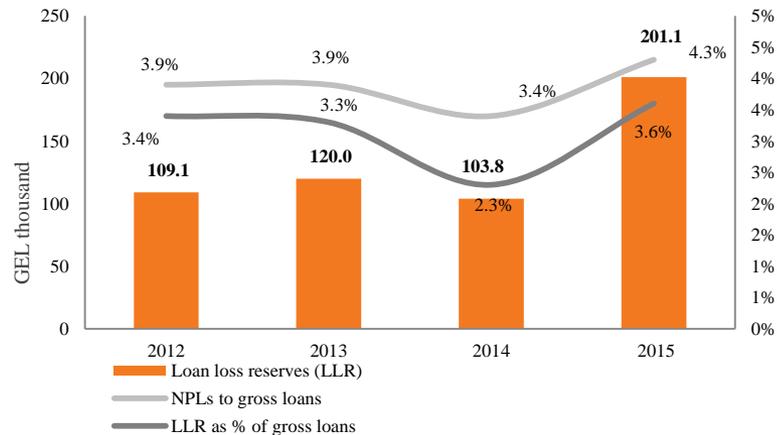
NPL composition

Banking Business



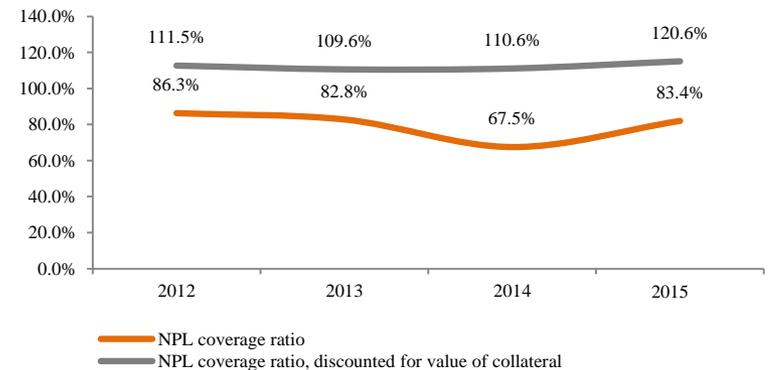
Loan loss reserve

Banking Business



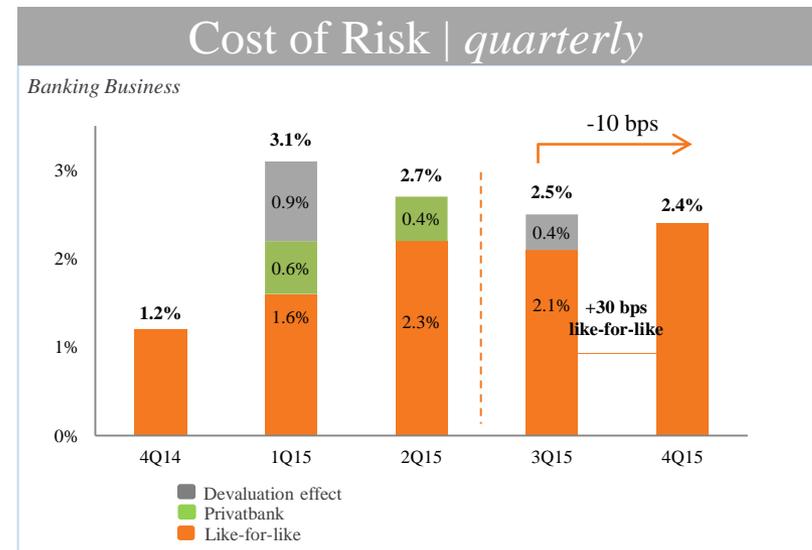
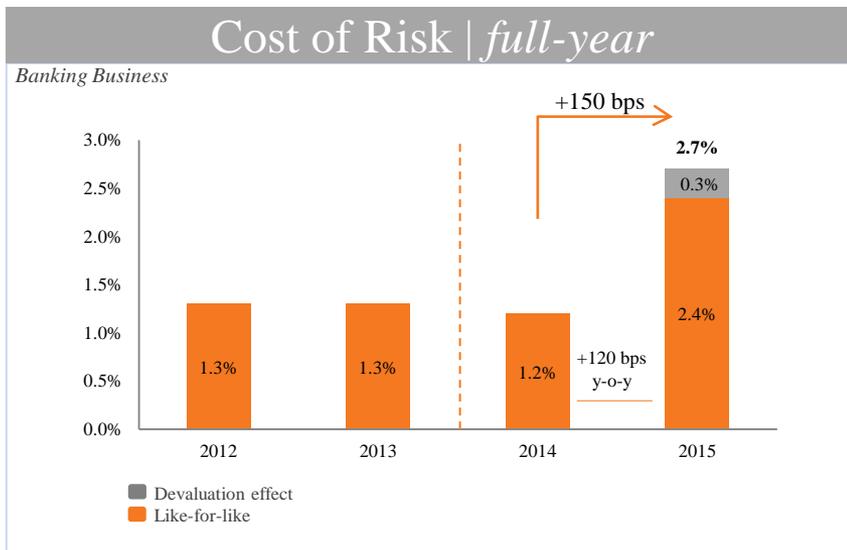
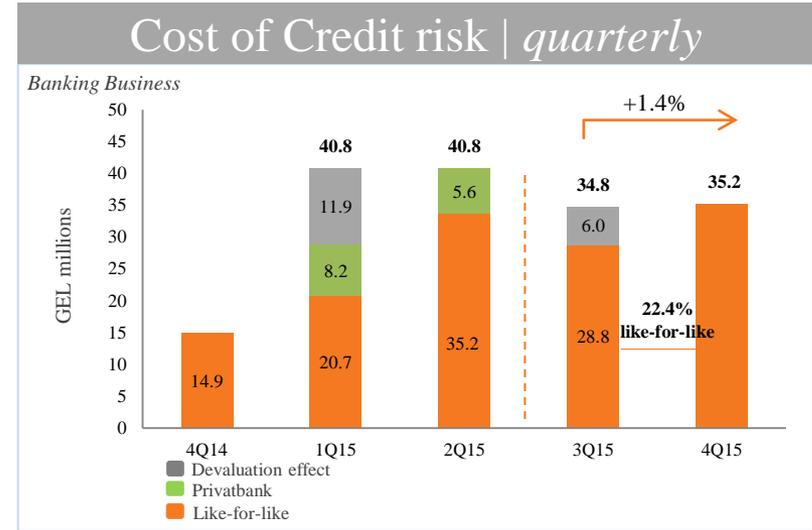
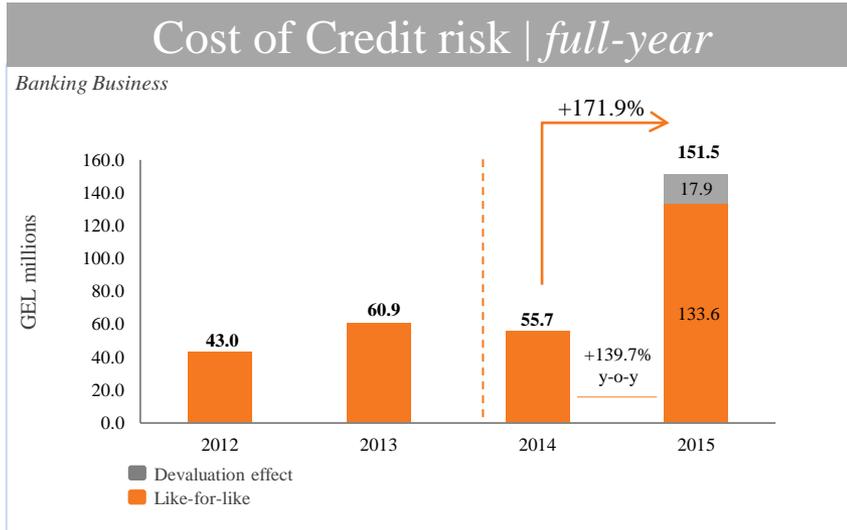
NPL coverage ratio

Banking Business



Banking Business – Resilient loan portfolio quality

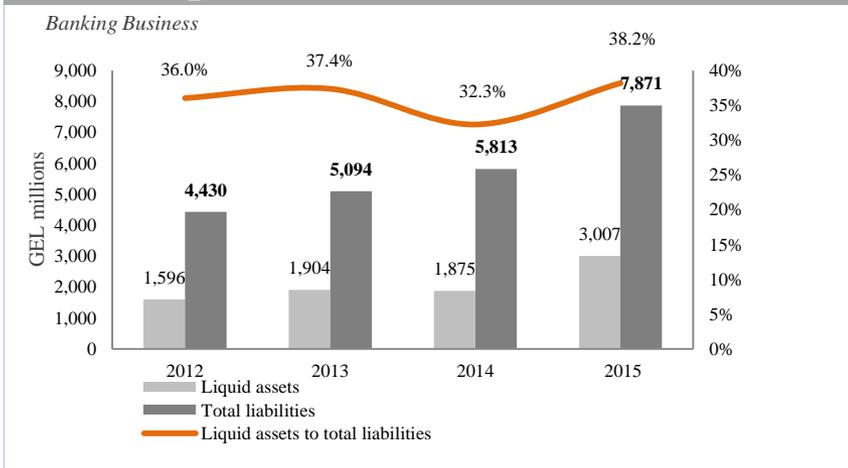
(2/2)



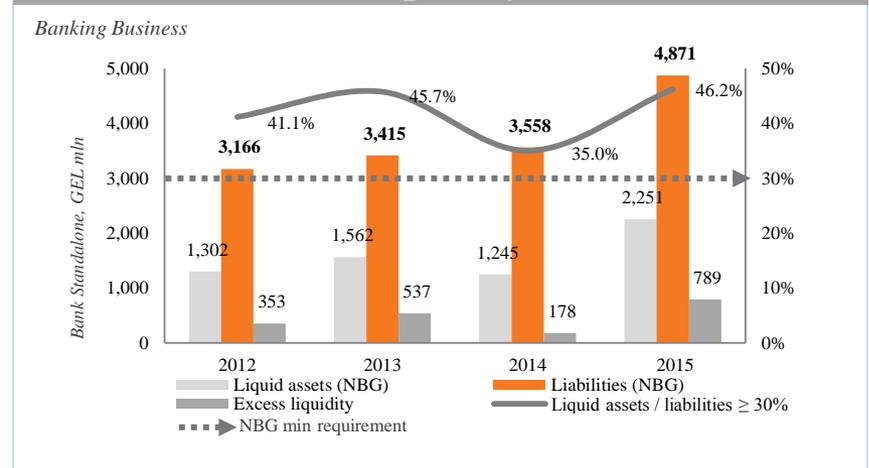
Banking Business – Strong liquidity

(1/2)

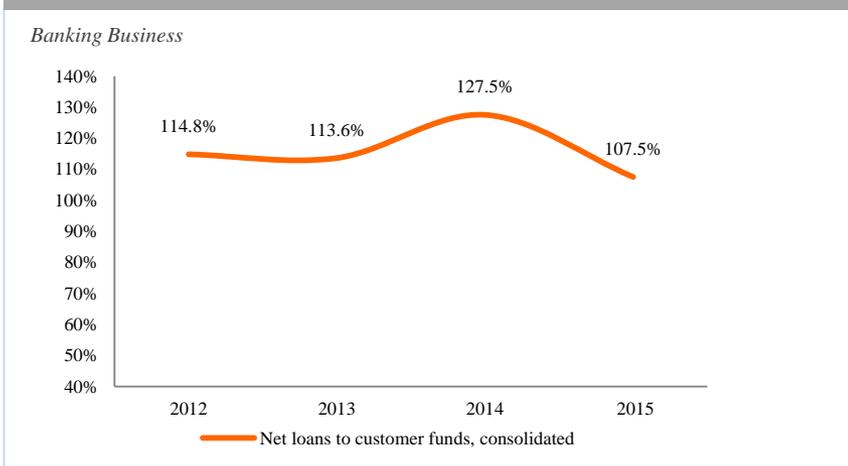
Liquid assets to total liabilities



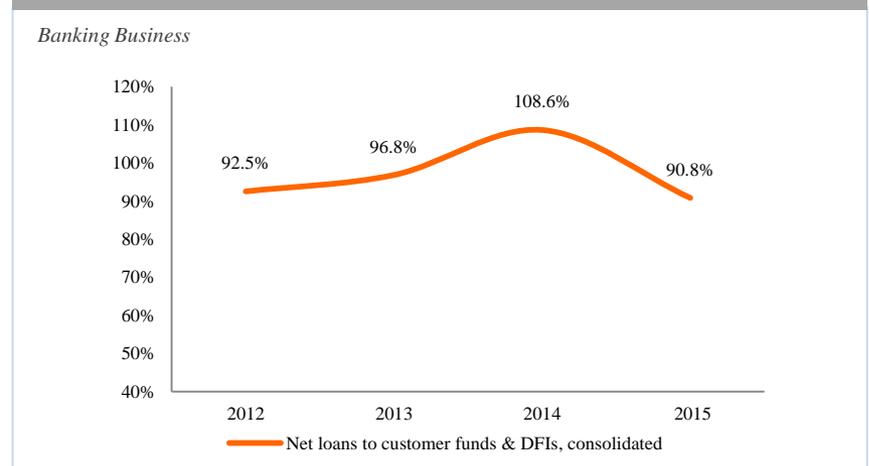
NBG liquidity ratio



Net loans to customer funds

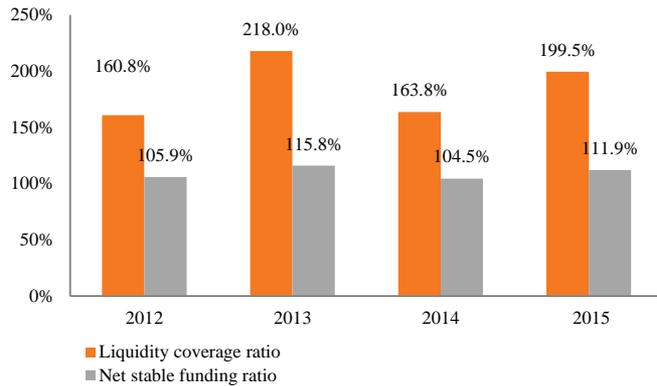


Net loans to customer funds & DFI



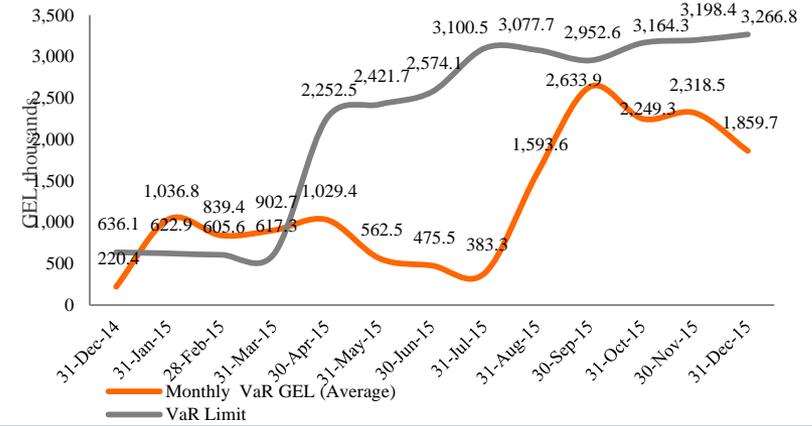
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



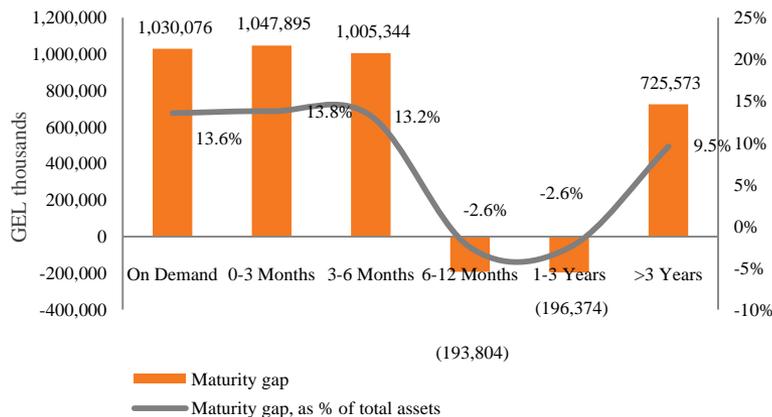
Foreign currency VAR analysis*

JSC Bank of Georgia standalone



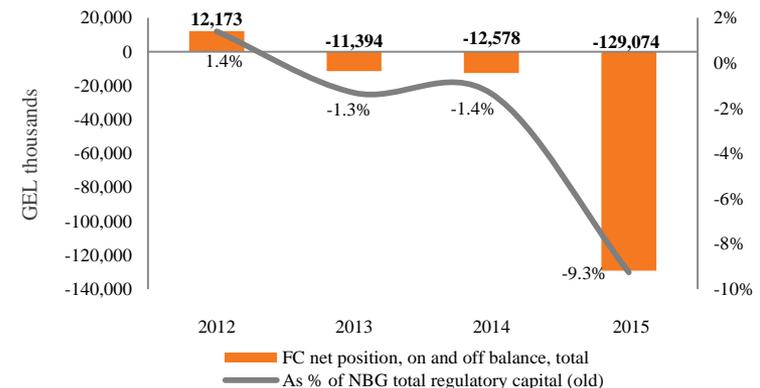
Cumulative maturity gap, 30 September 2015

Banking Business



Open currency position

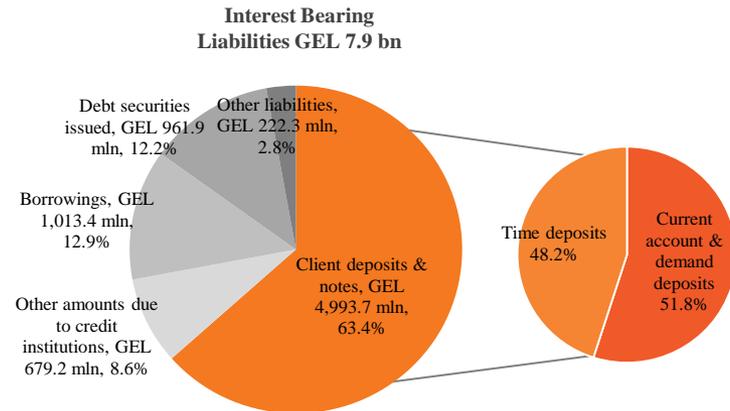
JSC Bank of Georgia standalone



Banking Business – Funding structure is well established

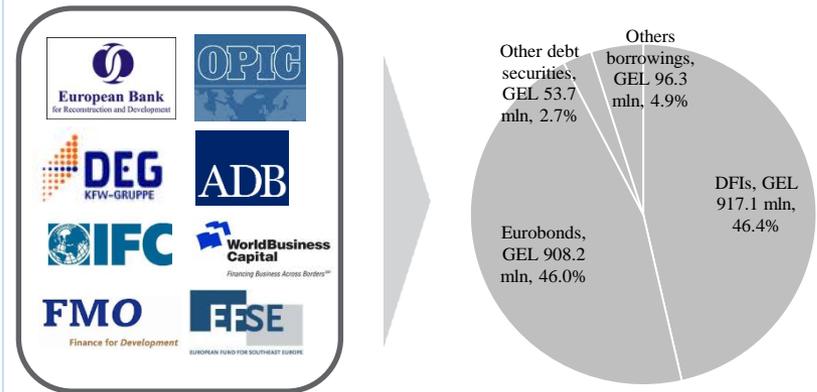
Interest Bearing Liability structure | 2015

Banking Business



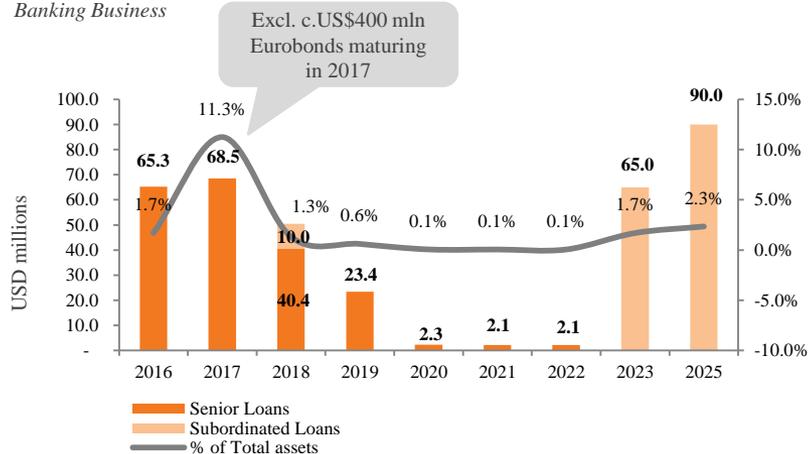
Well diversified international borrowings | 2015

Banking Business



Borrowed funds maturity breakdown*

Banking Business



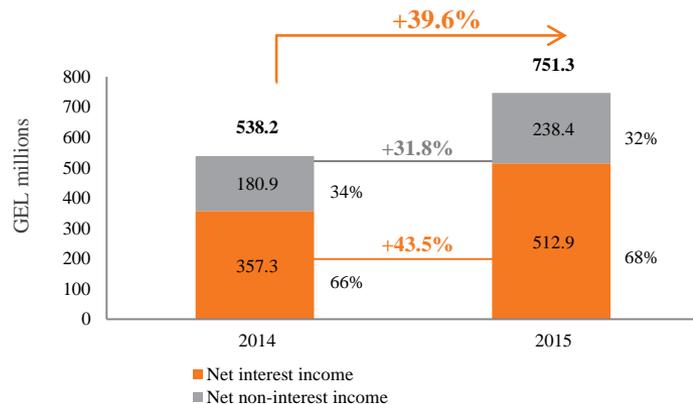
Interest bearing liabilities

- **Banking Business has a well-balanced funding structure** with 63.4% of interest bearing liabilities coming from client deposits and notes, 11.7% from Developmental Financial Institutions (DFIs) and 11.5% from Eurobonds, as of 31 December 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 31 December 2015, US\$ 71.2 million undrawn facilities from DFIs with up to seven year maturity

Banking Business – Strong revenue growth

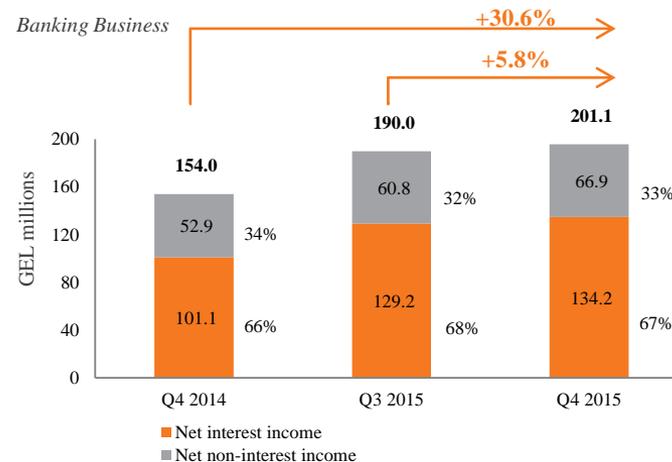
Revenue growth | full-year

Banking Business



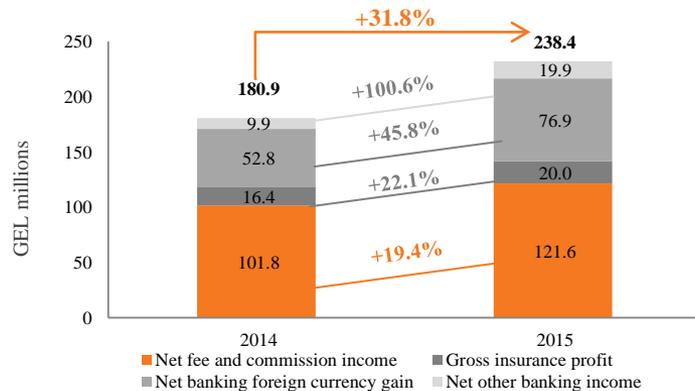
Revenue growth | quarterly

Banking Business



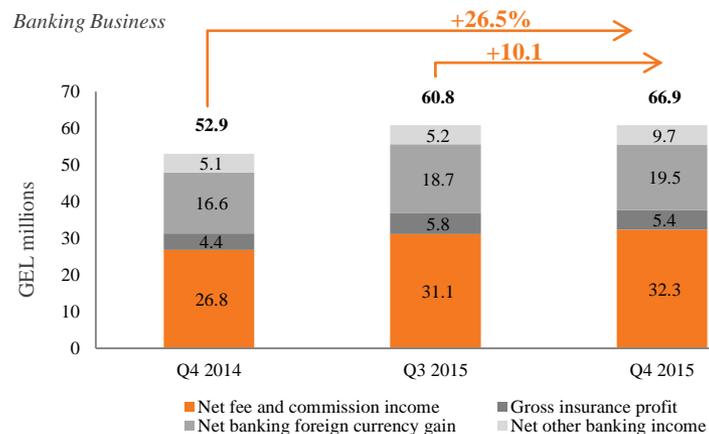
Net non-interest income | full-year

Banking Business

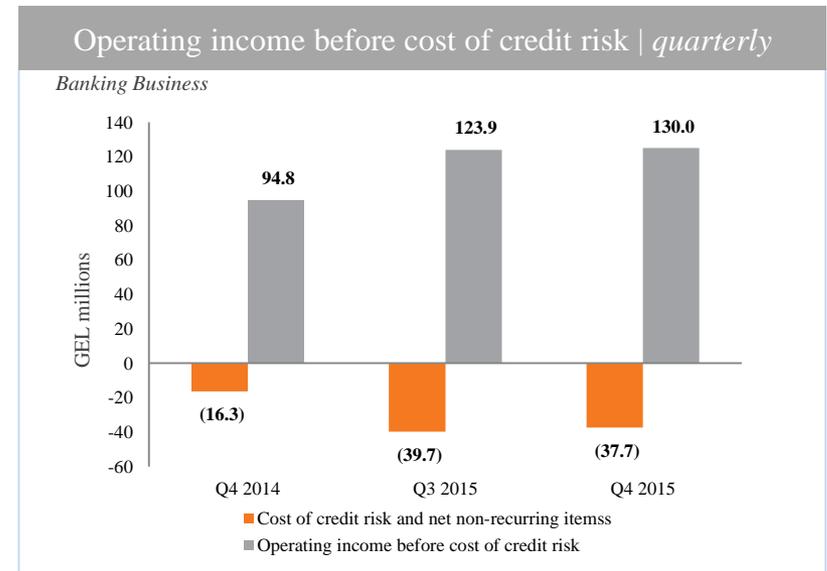
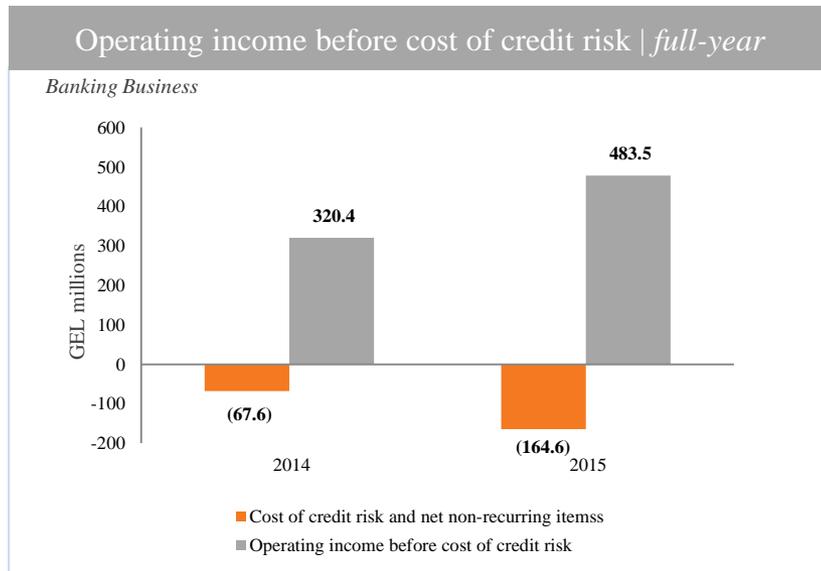
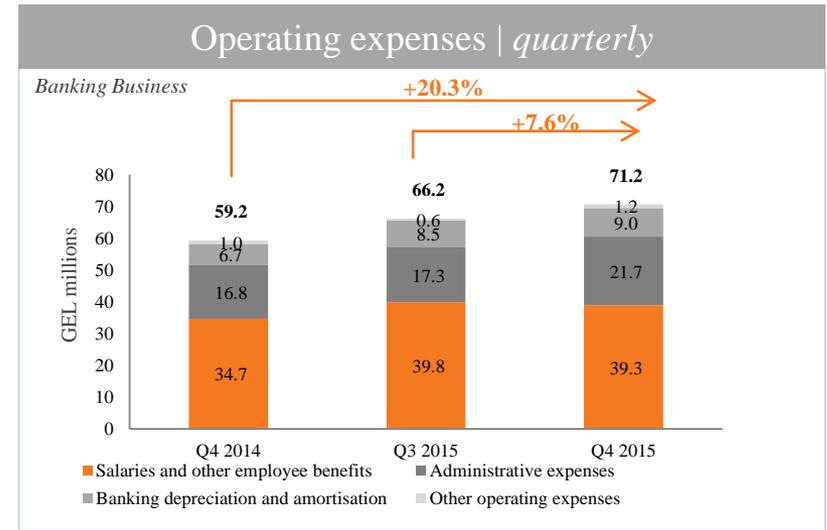
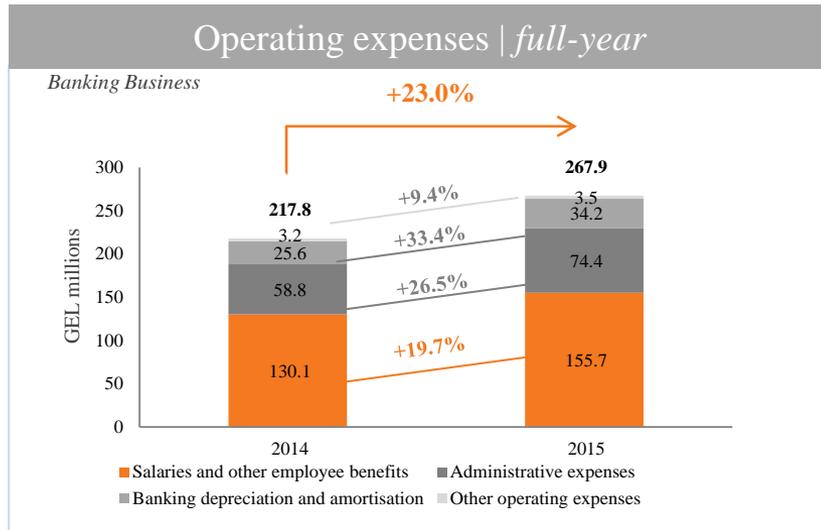


Net non-interest income | quarterly

Banking Business



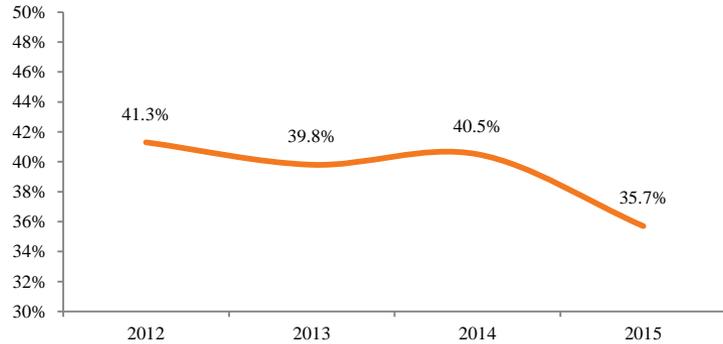
Banking Business – Keeping a tight grip on costs



Banking Business – Focus on efficiency

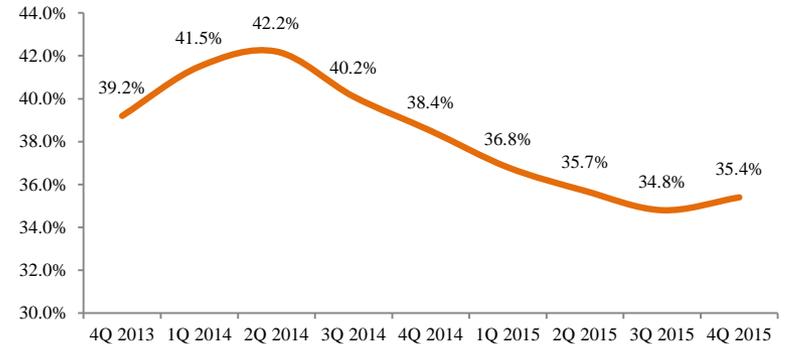
Cost / Income | *full-year*

Banking Business



Cost / Income | *quarterly*

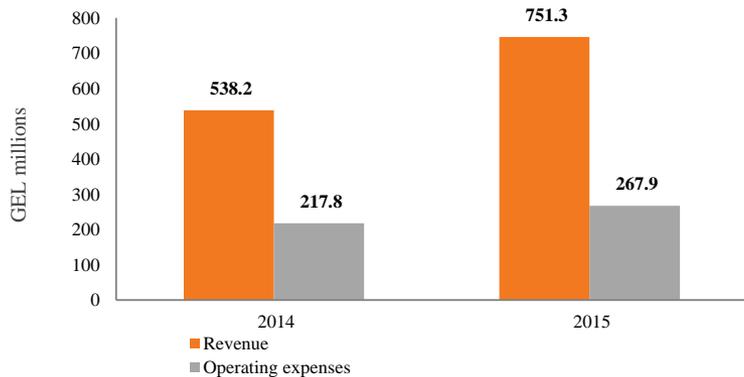
Banking Business



Revenue and operating expenses | *full-year*

Banking Business

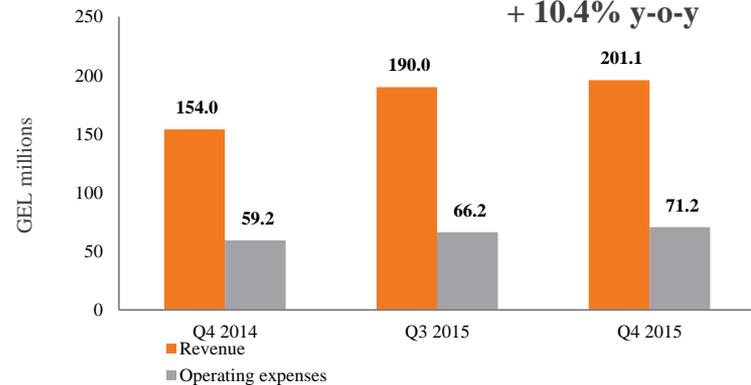
Operating Leverage: +16.6% y-o-y



Revenue and operating expenses | *quarterly*

Banking Business

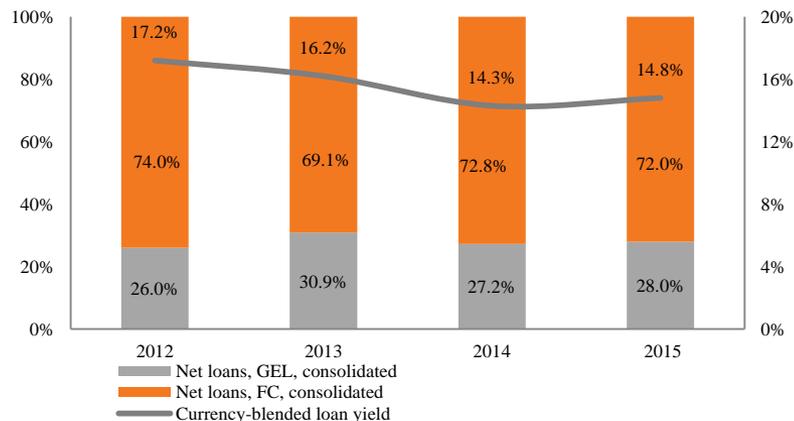
**Operating Leverage: - 1.7% q-o-q
+ 10.4% y-o-y**



Banking Business – Growing income notwithstanding the pressure on yields

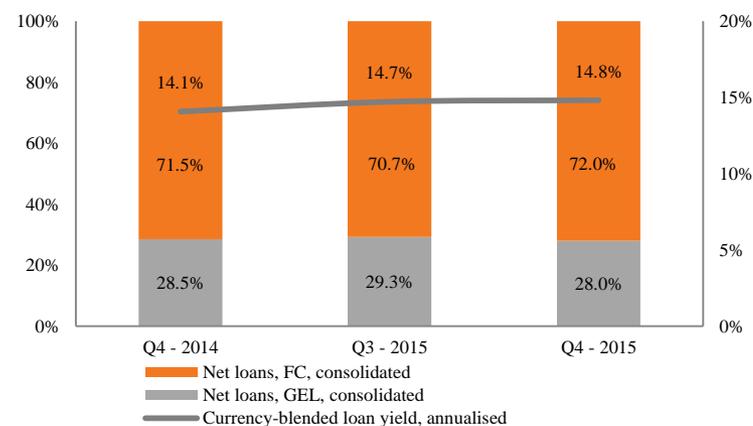
Loan Yields | *full-year*

Banking Business



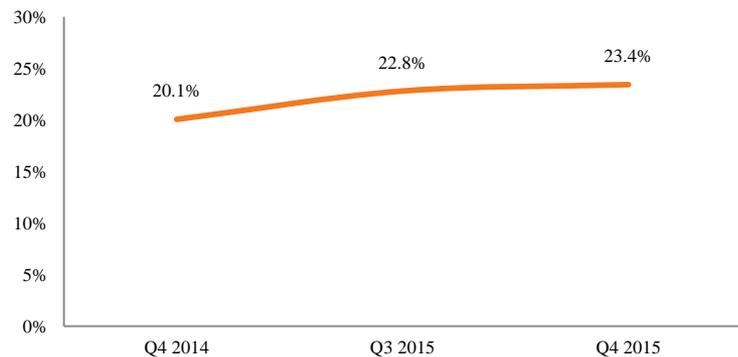
Loan Yields | *quarterly*

Banking Business



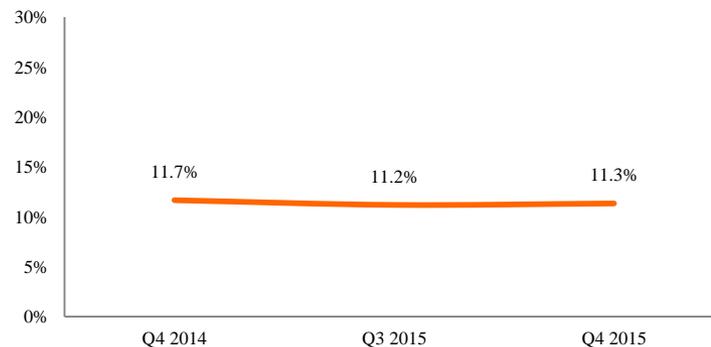
Loan Yields, GEL | *Full-year*

Banking Business



Loan Yields, Foreign currency | *quarterly*

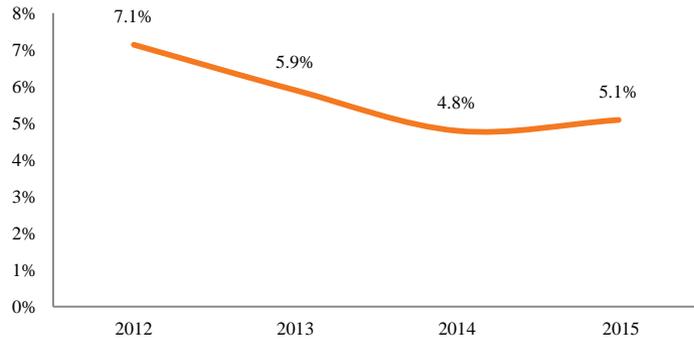
Banking Business



Banking Business – Stable Cost of Funding

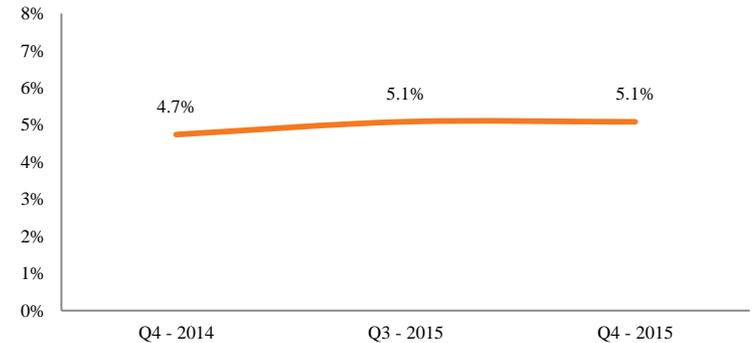
Cost of Funds | *full-year*

Banking Business



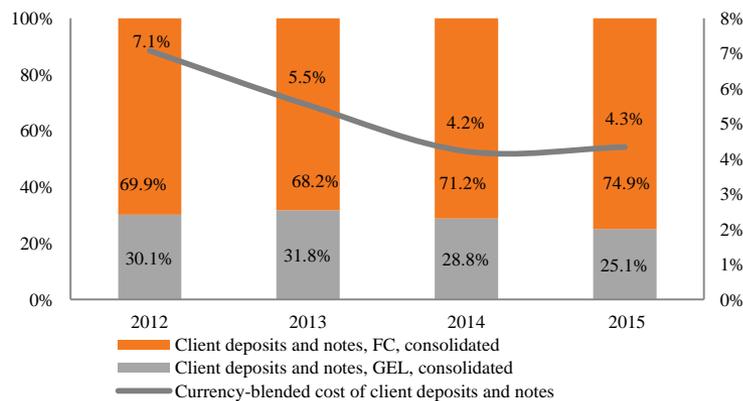
Cost of Funds | *quarterly*

Banking Business



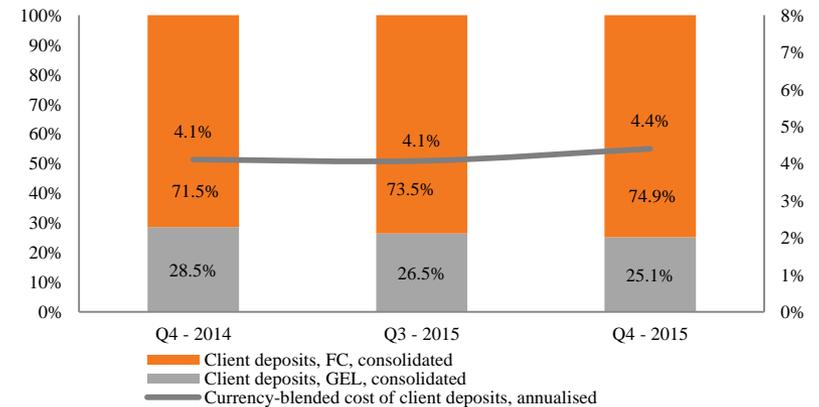
Cost of Customer Funds | *full-year*

Banking Business



Cost of Customer Funds | *quarterly*

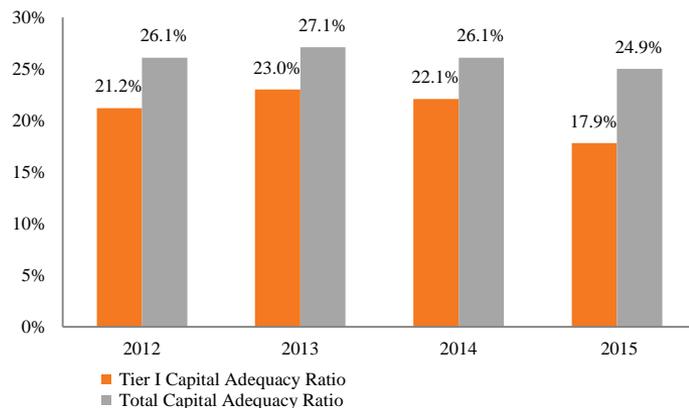
Banking Business



Banking Business – Excellent capital adequacy position

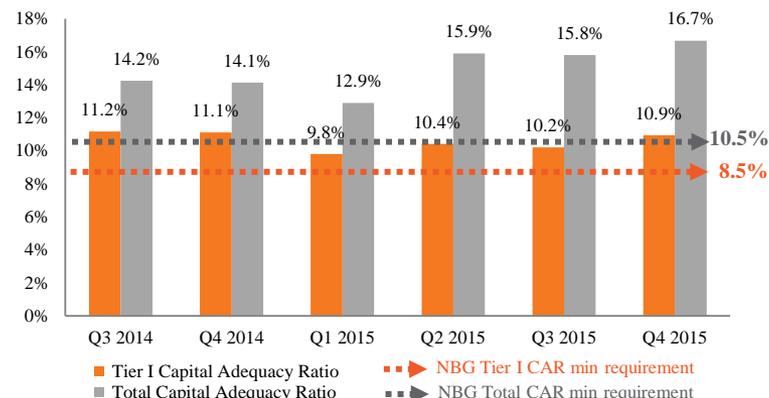
Basel I capital adequacy ratios

JSC Bank of Georgia consolidated



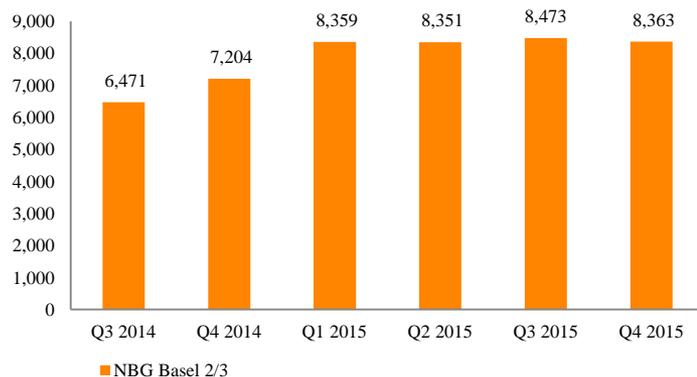
NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



Risk Weighted Assets NBG (Basel 2/3)

standalone (BIS 2/3)



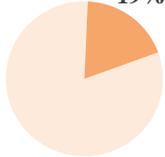
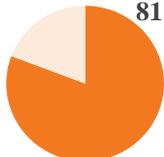
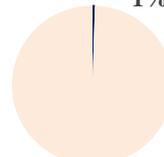
NBG (Basel 2/3) Tier I Capital and Total Capital

JSC Bank of Georgia standalone

GEL '000	31 Dec 2015	Sep 2015	Jun 2015	Mar 2015	Dec 2014	Dec 2013
Tier I Capital (Core)	914.8	860.2	869.4	727.3	800.5	748.3
Tier 2 Capital (Supplementary)	479.2	482.1	458.7	252.0	217.1	189.8
Total Capital	1,394.0	1,342.3	1,328.1	979.3	1,017.6	938.1
Risk weighted assets	8,363.4	8,473.1	8,350.5	7,951.9	7,204.1	5,733.7
Tier 1 Capital ratio	10.9%	10.2%	10.4%	9.1%	11.1%	13.1%
Total Capital ratio	16.7%	15.8%	15.9%	12.3%	14.1%	16.4%

Retail banking – Client-Centric, Multi-brand strategy

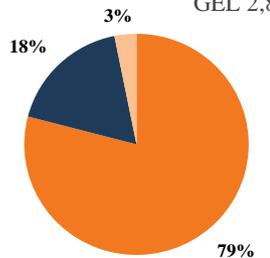
Client-Centric, Multi-brand strategy

Brands & target segments	1  Emerging Retail	2  Mass Retail and MSME	3  SOLO Mass Affluent
Selected Operating Data (2015)	Total No of Clients 1,999,869  376,700 clients 19% P/C ratio: 2.1 # of branches: 114 Profit / client: GEL 71	 1,611,300 clients 81% P/C ratio: 1.9 # of branches: 139 Profit / client: GEL 56	 11,869 clients 1% P/C ratio: 7.5 # of branches: 8 Profit / client: GEL 1,374
Strategic Focus	Double number of transactions	Product/client ratio growth	Client growth

Retail Banking – Financial Data

Balance sheet data

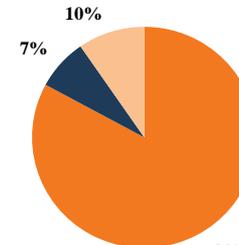
Total Loans
GEL 2,854mln



- Mass Retail & MSME - GEL 2,256.4mln
- Solo - GEL 507.4mln
- Express Bank - GEL 90.3mln

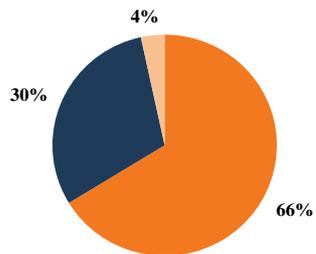
Income statement data

Net Interest Income
GEL 318mln



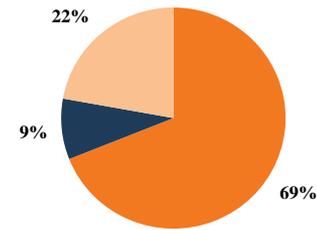
- Mass Retail & MSME - GEL 263.7mln
- Solo - GEL 23.8mln
- Express Bank - GEL 30.6mln

Total Deposits
GEL 1,880mln



- Mass Retail & MSME - GEL 1,245.8mln
- Solo - GEL 570.1mln
- Express Bank - GEL 64.1mln

Net Fee & Commission Income
GEL 64mln



- Mass Retail & MSME - GEL 44.0mln
- Solo - GEL 5.7mln
- Express Bank - GEL 14.1mln

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

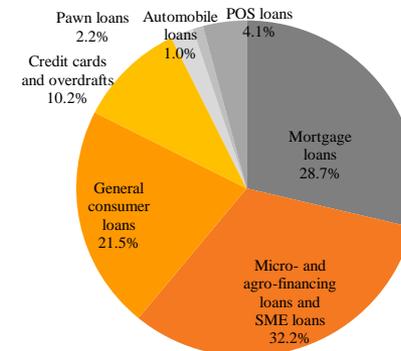
Client Data

RB standalone

Operating Data, GEL mln	2015	% of clients	2014	2013	2012
Number of total Retail clients, of which:	1,999,869		1,451,777	1,245,048	1,054,248
Consumer loans & other outstanding, volume	835.6		691.8	560.2	480.0
Consumer loans & other outstanding, number	625,458	31.3%	526,683	455,557	406,213
Mortgage loans outstanding, volume	809.0		600.9	441.4	388.7
Mortgage loans outstanding, number	12,857	0.6%	11,902	10,212	9,850
Micro & SME loans outstanding, volume	903.9		666.0	497.0	364.4
Micro & SME loans outstanding, number	19,045	1.0%	16,246	13,317	11,136
Credit cards and overdrafts outstanding, volume	305.7		135.0	142.4	146.4
Active credit cards and overdrafts outstanding, number	435,010	21.8%	199,543	174,570	142,072
Total credit cards outstanding, number, of which:	754,274	37.7%	116,615	117,913	107,261
American Express cards	100,515	5.0%	110,362	108,608	99,292

Portfolio breakdown

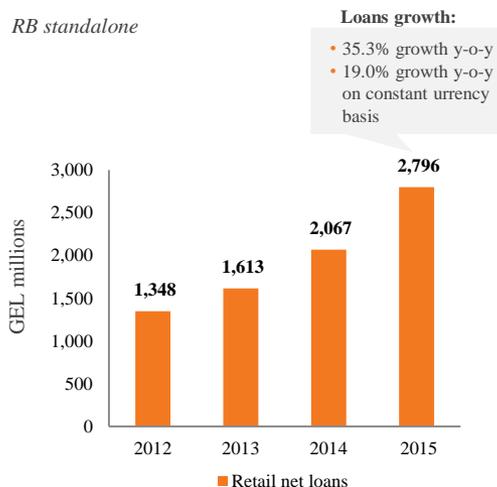
RB standalone



Loans by products
Total: GEL 2.8 bn

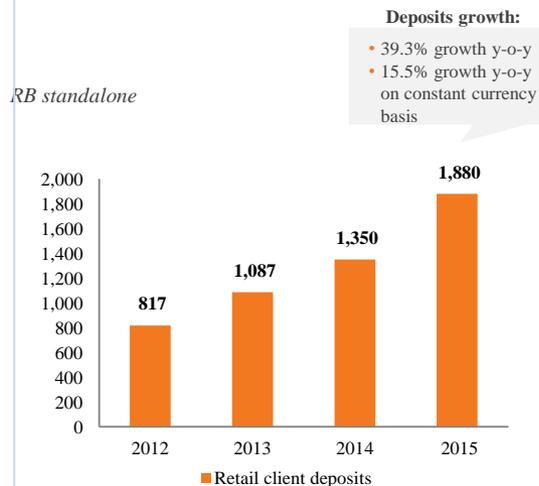
RB Loans

RB standalone

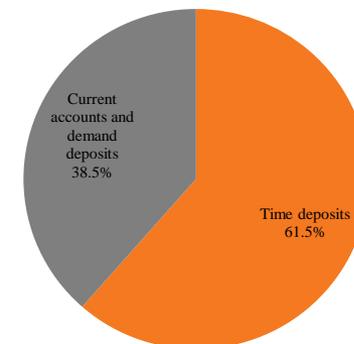


RB Deposits

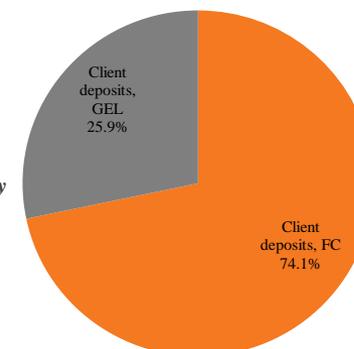
RB standalone



Deposits by category
Total: GEL 1.9 bn



Deposits by currency
Total: GEL 1.9 bn



Retail Banking (RB) – Strong loan book growth

P&L | Retail Banking

RB Consolidated

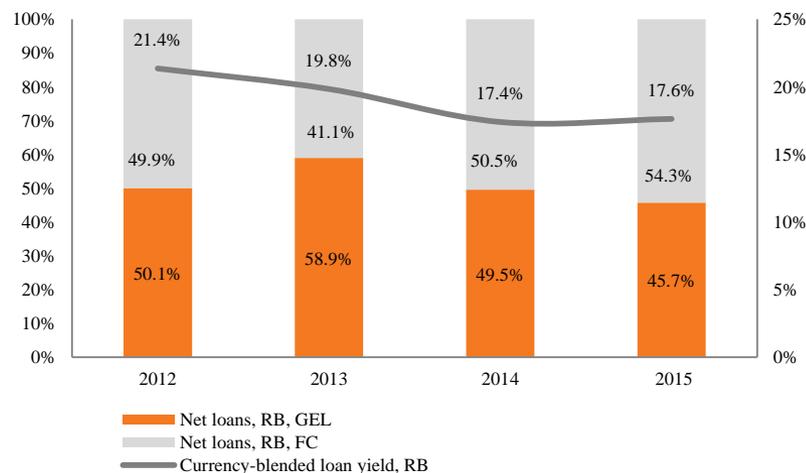
Income Statement Highlights

GEL thousands, unless otherwise noted

	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	2015	2014	Change Y-O-Y
Net banking interest income	85,318	60,317	41.4%	83,141	2.6%	322,879	215,795	49.6%
Net fee and commission income	21,264	17,349	22.6%	19,982	6.4%	78,218	58,858	32.9%
Net banking foreign currency gain	3,697	6,081	-39.2%	5,202	-28.9%	17,108	18,622	-8.1%
Net other banking income	3,950	842	NMF	2,861	38.1%	9,159	3,564	157.0%
Revenue	114,229	84,589	35.0%	111,186	2.7%	427,364	296,839	44.0%
Salaries and other employee benefits	(23,613)	(17,762)	32.9%	(22,466)	5.1%	(92,091)	(69,299)	32.9%
Administrative expenses	(14,445)	(11,037)	30.9%	(12,081)	19.6%	(50,398)	(37,339)	35.0%
Banking depreciation and amortisation	(7,259)	(5,151)	40.9%	(6,806)	6.7%	(27,714)	(19,525)	41.9%
Other operating expenses	(782)	(426)	83.6%	(353)	121.5%	(2,093)	(1,464)	43.0%
Operating expenses	(46,099)	(34,376)	34.1%	(41,706)	10.5%	(172,296)	(127,627)	35.0%
Operating income before cost of credit risk	68,130	50,213	35.7%	69,480	-1.9%	255,068	169,212	50.7%
Cost of credit risk	(15,371)	(2,283)	NMF	(22,713)	-32.3%	(75,407)	(9,241)	NMF
Net non-recurring items	(2,494)	(744)	NMF	(3,128)	-20.3%	(8,945)	(5,797)	54.3%
Profit before income tax	50,265	47,186	6.5%	43,639	15.2%	170,716	154,174	10.7%
Income tax expense	(7,607)	(7,448)	2.1%	(4,747)	60.2%	(23,994)	(19,295)	24.4%
Profit	42,658	39,738	7.3%	38,892	9.7%	146,722	134,879	8.8%

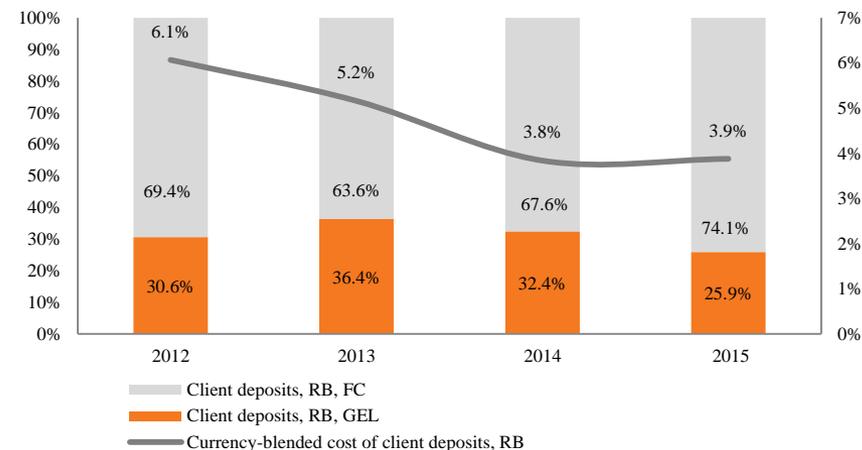
Loan Yield | Retail Banking

RB standalone



Deposit Cost | Retail Banking

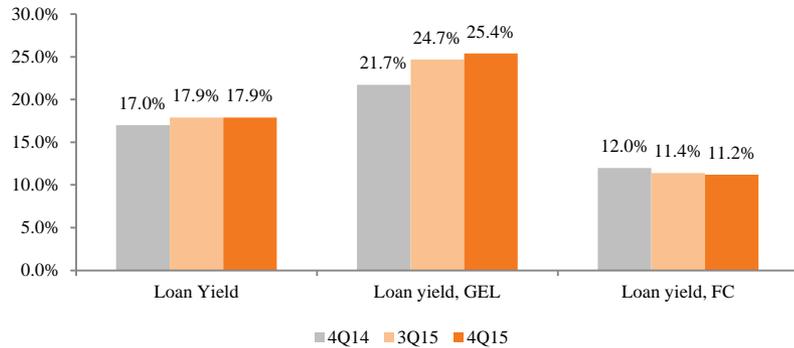
RB standalone



Retail Banking – Strong loan book growth

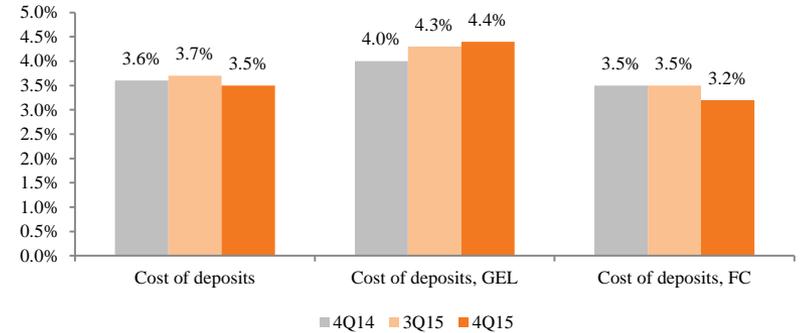
RB Loan Yield | quarterly

RB standalone



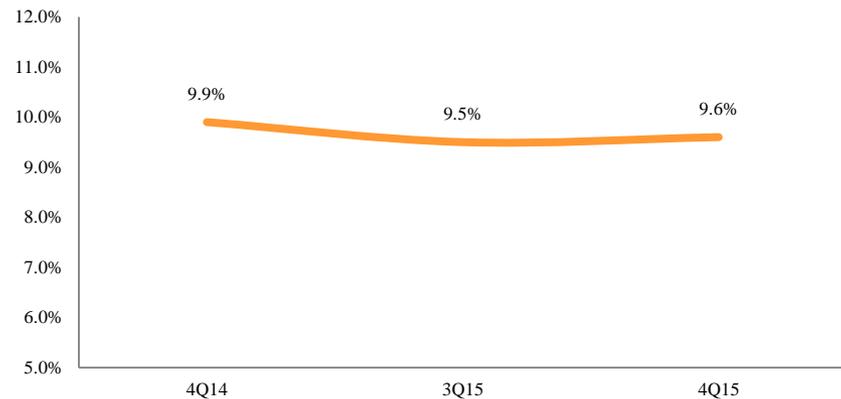
RB Cost of Deposit | quarterly

RB standalone



RB NIM | quarterly

RB standalone



Privatbank Story – Strategic acquisition and flawless integration execution

Strategic acquisition

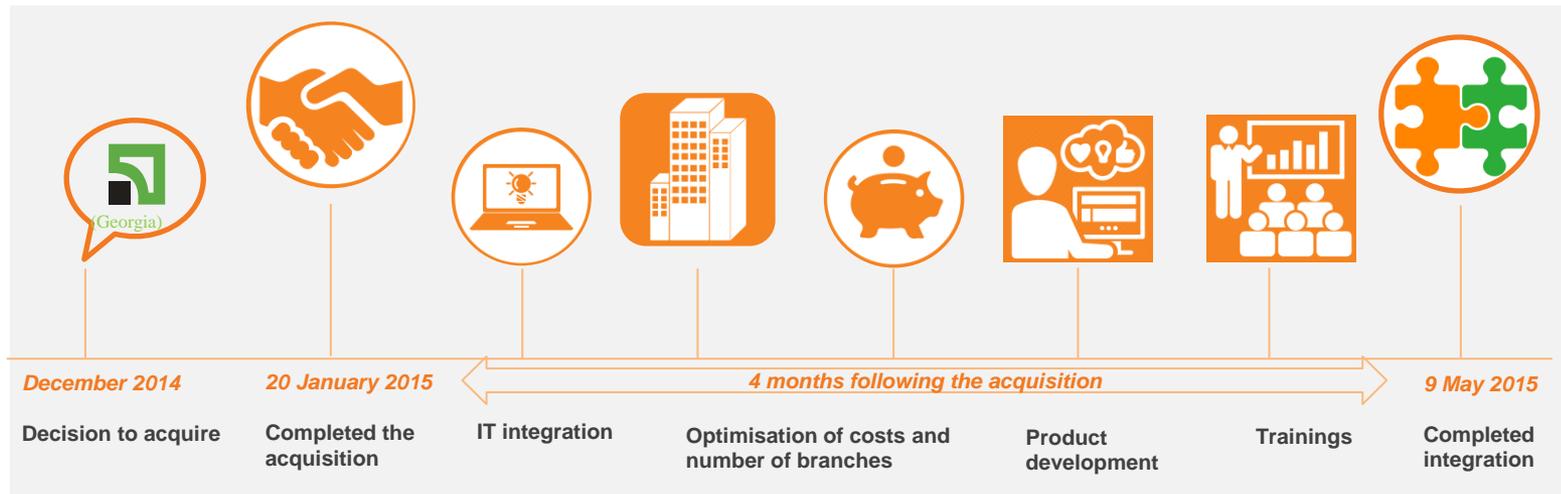
Business highlights

- Primarily a credit card business, with mono-product
- Loan Book GEL 245.6mln
- Deposits GEL 266.8mln
- Total Clients 400K
- NIM 20.5%
- Cost of funding 8.1%
- Cost of risk 10.1%

Transaction highlights

- A strong strategic fit with our target to increase our share of retail loans.
- c.GEL92mln cash consideration for 100% of Privatbank (1.11x P/BV), resulting in P/E of 3.2x
- Integration costs totalled GEL 2.6mln as of 30 June 2015, less compared to our expectation of up to GEL 3mln
- Completed integration in under five months compared to our initial integration estimate of 9-12 months.
- We anticipate annualised pre-tax administrative and funding cost synergies to reach c.GEL 29mln – above our pre-announced GEL 25mln

Flawless integration execution



Corporate Banking (CB)

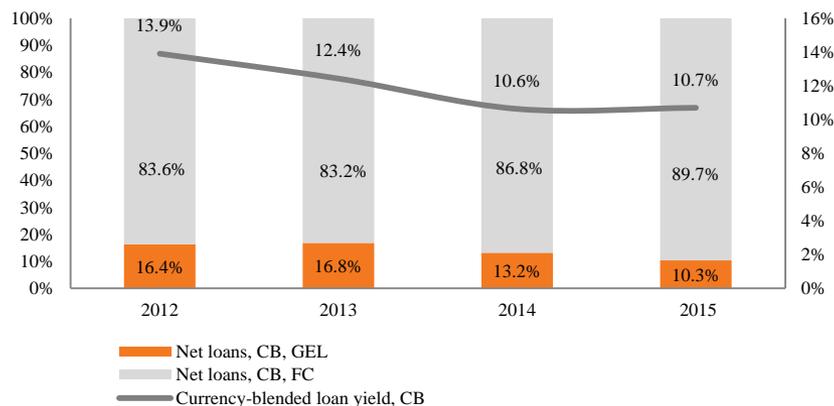
P&L | Corporate Banking

CB Consolidated

Income Statement Highlights	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	2015	2014	Change Y-O-Y
Gel thousands, unless otherwise notes								
Net banking interest income	33,389	30,035	11.2%	32,126	3.9%	134,883	103,158	30.8%
Net fee and commission income	8,119	6,599	23.0%	8,705	-6.7%	31,142	24,811	25.5%
Net banking foreign currency gain	13,261	7,288	82.0%	7,272	82.4%	38,136	24,848	53.5%
Net other banking income	4,002	4,500	-11.1%	2,288	74.9%	9,178	6,996	31.2%
Revenue	58,771	48,422	21.4%	50,391	16.6%	213,339	159,813	33.5%
Salaries and other employee benefits	(7,095)	(8,520)	-16.7%	(9,392)	-24.5%	(33,828)	(33,196)	1.9%
Administrative expenses	(3,927)	(2,868)	36.9%	(3,000)	30.9%	(13,207)	(10,963)	20.5%
Banking depreciation and amortisation	(1,114)	(965)	15.4%	(1,065)	4.6%	(4,126)	(3,812)	8.2%
Other operating expenses	(220)	(322)	-31.7%	(107)	105.6%	(727)	(1,014)	-28.3%
Operating expenses	(12,356)	(12,675)	-2.5%	(13,564)	-8.9%	(51,888)	(48,985)	5.9%
Operating income before cost of credit risk	46,415	35,747	29.8%	36,827	26.0%	161,451	110,828	45.7%
Cost of credit risk	(11,620)	(10,217)	13.7%	(10,531)	10.3%	(55,678)	(41,750)	33.4%
Net non-recurring items	(2,342)	(105)	NMF	(1,401)	67.2%	(4,539)	(2,672)	69.9%
Profit before income tax	32,453	25,425	27.6%	24,895	30.4%	101,234	66,406	52.4%
Income tax expense	(4,763)	(4,269)	11.6%	(2,698)	76.5%	(14,928)	(9,493)	57.3%
Profit	27,690	21,156	30.9%	22,197	24.7%	86,306	56,913	51.6%

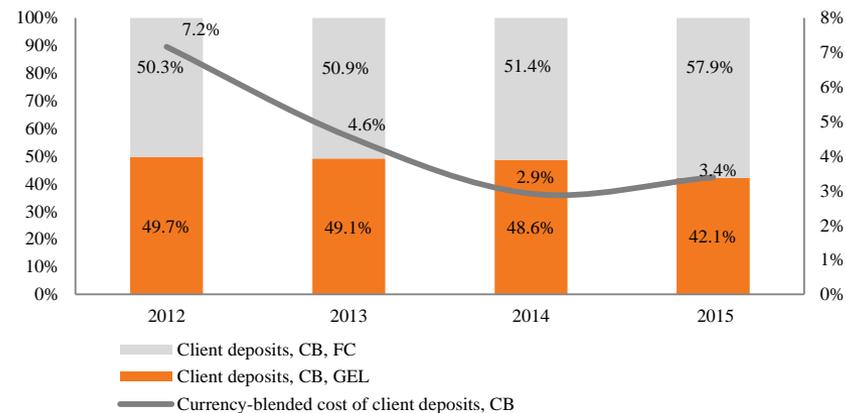
Loan Yield | Corporate Banking, standalone

CB standalone



Deposit Cost | Corporate Banking, standalone

CB standalone



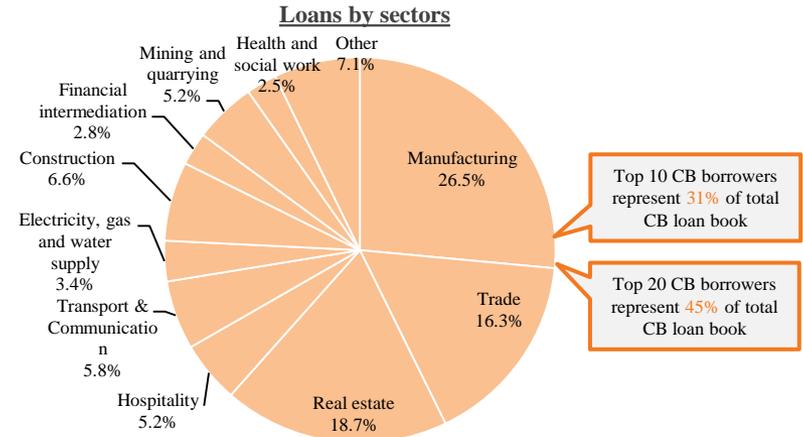
Corporate Banking (CB)

Highlights

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

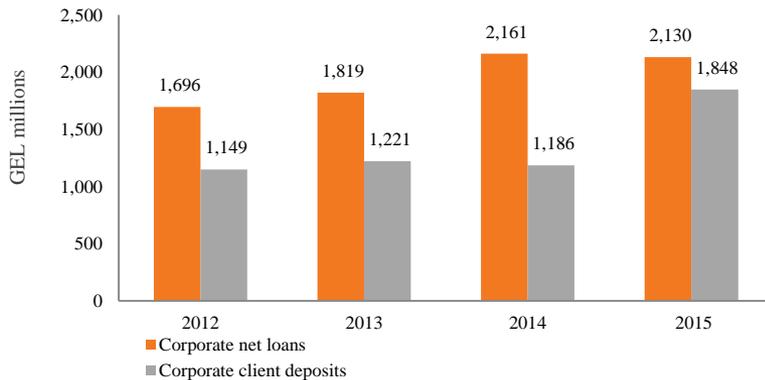
Portfolio breakdown, 31 December 2015

CB standalone

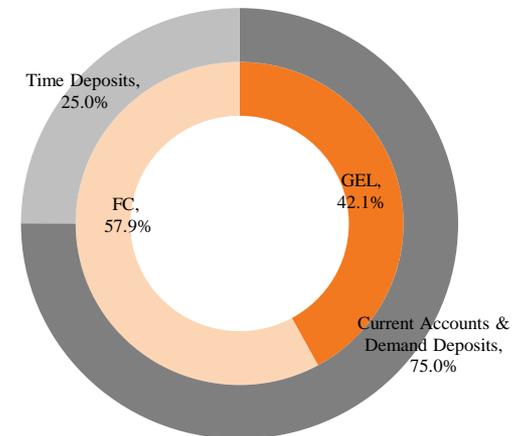


Loans & Deposits

CB standalone



Deposits by category



Corporate Banking (CB)

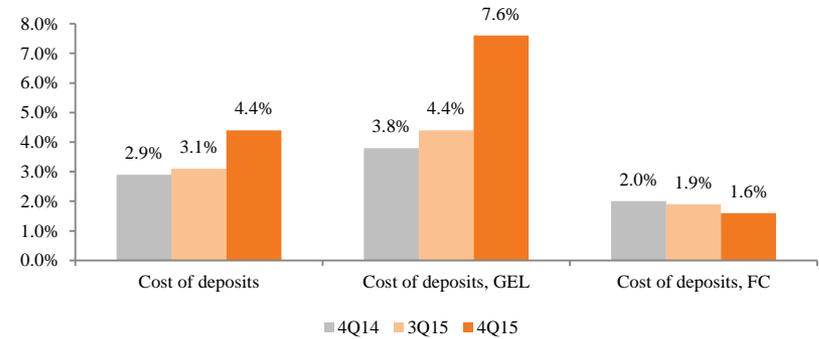
CB Loan Yield | quarterly

CB standalone



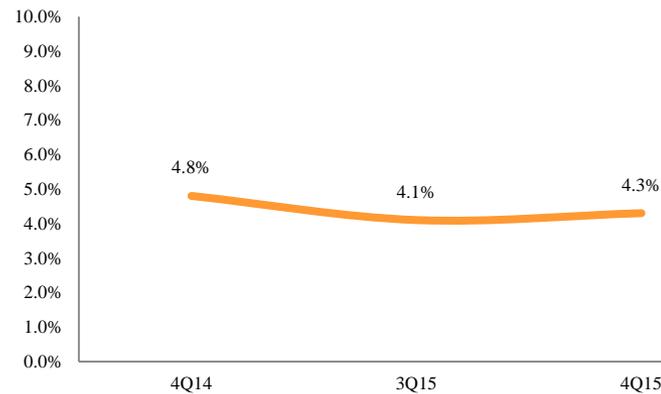
CB Cost of Deposit | quarterly

CB standalone



CB NIM | quarterly

CB standalone



Investment Management platform

1

Wealth Management

- **Strong international presence:** Israel (since 2008), UK (2010), Hungary (2012) and Turkey (2013). Planned expansion - Cyprus, Singapore, USA.
- **AUM of GEL 1,373 million**, up 34% y-o-y
- **Diversified funding sources:**
 - Georgia 44%
 - Israel 12%
 - UK 4%
 - Germany 3%
 - Other 35%

2

Research

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



Bloomberg



4

Brokerage

- **Wide product coverage**



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

Investment Management

3

Corporate Advisory

- **Bond placement** GEL 63.6mln and US\$35mln bonds placement at year-to-date
- **Corporate advisory platform**
 - Team with sector expertise and international M&A experience
 - Proven track record of more than 15 completed transactions over the past 8 years with an accumulated transaction value of more than GEL 200 million

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- Georgia Healthcare Group

Georgian Macro Overview

Appendices

GHG – full year Income Statement

P&L | GHG

Income Statement, full year

GEL thousands; unless otherwise noted	Healthcare services			Medical insurance			Total GHG		
	2015	2014	Change, Y-o-Y	2015	2014	Change, Y-o-Y	2015	2014	Change, Y-o-Y
Revenue, gross	195,032	147,165	32.5%	55,256	69,759	-20.8%	242,673	198,148	22.5%
Corrections & rebates	(3,608)	(1,816)	98.7%	-	-	-	(3,608)	(1,816)	98.7%
Revenue, net	191,424	145,349	31.7%	55,256	69,759	-20.8%	239,065	196,332	21.8%
Cost of services	(107,291)	(83,298)	28.8%	(46,076)	(61,233)	-24.8%	(145,936)	(126,066)	15.8%
Gross profit	84,133	62,051	35.6%	9,180	8,526	7.7%	93,129	70,266	32.5%
Total operating expenses	(34,075)	(27,197)	25.3%	(6,610)	(7,501)	-11.9%	(40,480)	(34,387)	17.7%
Other operating income	3,468	937	270.2%	43	46	-5.5%	3,490	983	255.1%
EBITDA	53,526	35,791	49.6%	2,613	1,071	144.0%	56,139	36,862	52.3%
EBITDA margin	27.4%	24.3%					23.1%	18.6%	
Depreciation and amortization	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(20,352)	(13,138)	54.9%	71	332	-78.7%	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(960)	578	NMF	(722)	-	NMF	(1,682)	578	NMF
Profit before income tax expense	21,553	13,413	60.7%	2,055	1,097	87.3%	23,608	14,510	62.7%
Income tax (expense) / benefit	307	(1,145)	NMF	(298)	(101)	195.1%	9	(1,246)	NMF
Profit for the period	21,860	12,268	78.2%	1,757	996	76.4%	23,617	13,264	78.1%
Attributable to:									
- shareholders of the Company	17,894	9,211	94.3%	1,757	996	76.4%	19,651	10,207	92.5%
- non-controlling interests	3,966	3,057	29.7%	-	-	-	3,966	3,057	29.7%

Note: Adjusted net profit was GEL 9.5mln in 4Q15 and GEL 28.0mln in 2015

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

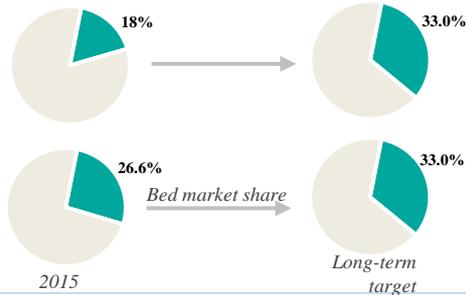
Redistribution of funds expected from pharmaceuticals to ambulatory services

GHG Market shares

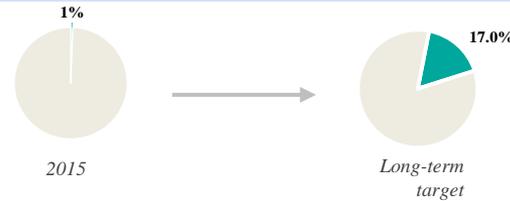
Revenue

Capacity

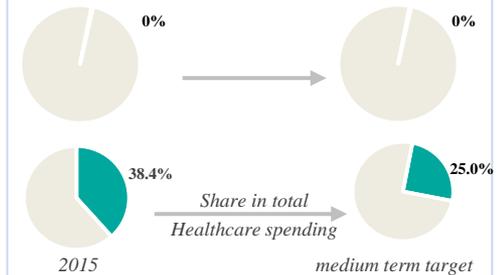
GEL 1.2bln⁽¹⁾



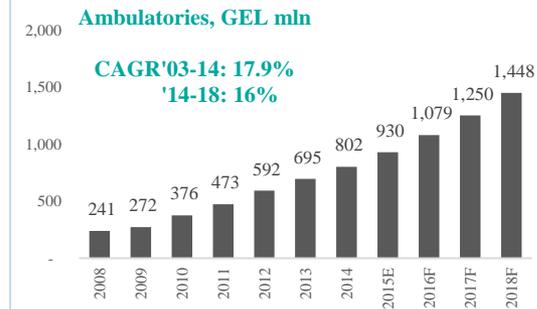
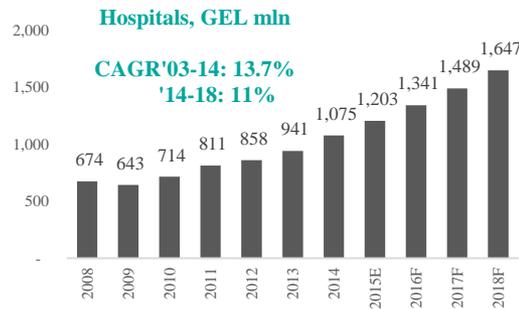
GEL 0.9bln⁽¹⁾



GEL 1.3bln⁽¹⁾



Market



Growth drivers

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

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

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

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

(1) 2015E market value

GHG - Long-term, High-growth Story

2015-2018

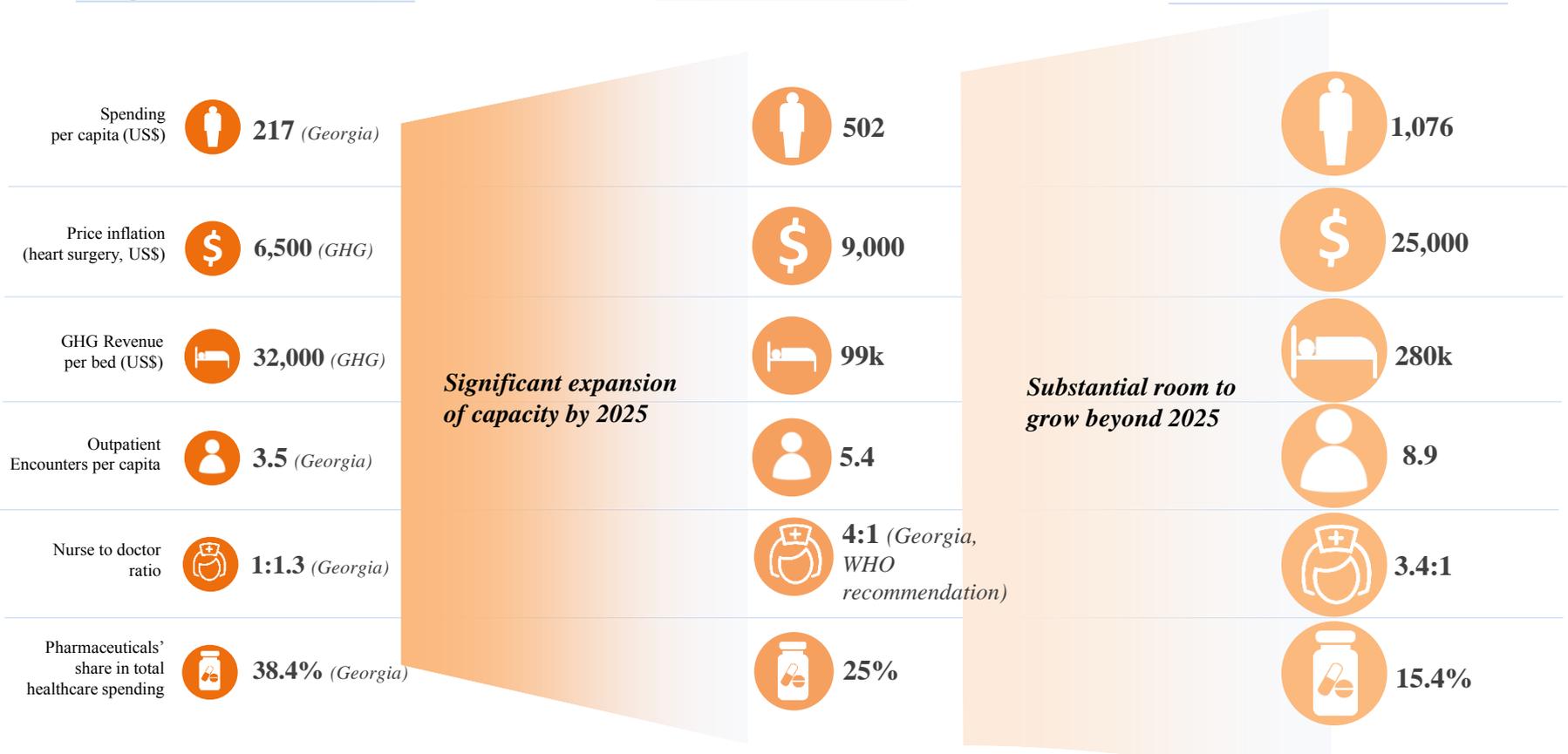
Medium-term Target
(5-10 Year Horizon)

Long-term Target
(Beyond 10 Year Horizon)

Georgia 2014 or most recent year⁽¹⁾

Georgia medium-term⁽¹⁾

EM 2014 or most recent year⁽²⁾



Sources:

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

GHG - Maintain dominant market share in hospitals by capacity and revenue

Hospital Competition

Key takeaways:⁽¹⁾

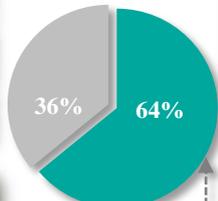
- GHG is more than four times larger than next largest competitor
- Highly fragmented with top 5 players having 40% market share and average number of beds per hospital at 45
- 84% of national bed capacity is privately owned
- 64% of beds are renovated in Georgia, compared to 86% of GHG's beds that are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

National bed capacity, % breakdown⁽¹⁾

Soviet-era legacy



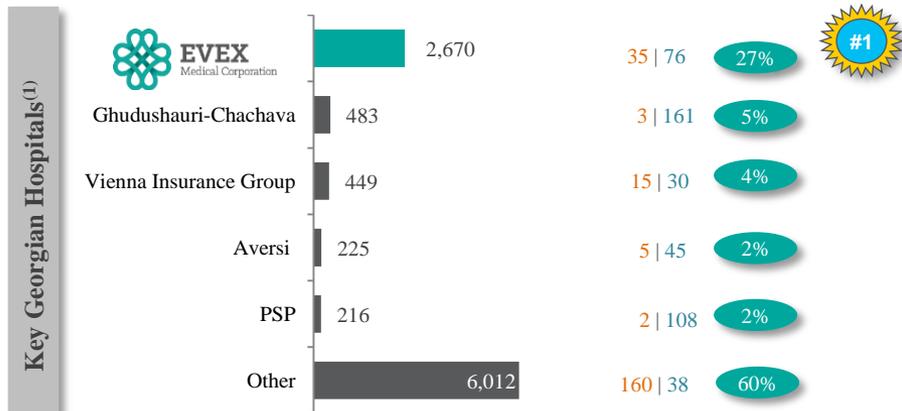
Renovated



■ Renovated beds
■ Soviet-era beds

86% of GHG beds are renovated⁽²⁾

National bed capacity (# of Beds, # of Hospitals)⁽¹⁾



Key Georgian Hospitals⁽¹⁾

● Market share
X Number of hospitals
X Average number of beds at hospital

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 30.4% 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

Sources:

- (1) Market share by number of beds. Source: NCDC, data as of December 2014, updated by company to include changes before 31 December 2015
- (2) GHG internal reporting

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.16.6mln Imedi L spending on ambulatories in 2015, only 32.8% 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



	Evex			Imedi L	
Key Segments	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 (2015) ⁽¹⁾		GEL 0.9bln (2015) ⁽¹⁾	GEL 0.14bln (2015) ⁽¹⁾	
Market Share	18% 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);		1%	38%	
Selected Operating Data 2015	 83% 16 hospitals 2,209 beds	 17% 19 hospitals 461 beds	10 clinics	234,000 insured	
Financials 2015	Revenue GEL 239.1mln*	 68% 2012-2015 CAGR 64% GEL 168.5 mln	 7% 2012-2015 CAGR 12% GEL 17.6 mln	 2% 2012-2015 CAGR 9% GEL 5.3 mln	 23% 2012-2015 CAGR 14% GEL 55.3 mln
	EBITDA GEL 56.1mln	 83% 2012-2015 CAGR 70% GEL 46.9 mln	 9% 2012-2015 CAGR 24% GEL 4.8 mln	 3% 2012-2015 CAGR 33% GEL 1.8 mln	 5% 2012-2015 CAGR -15% GEL 2.6 mln
	EBITDA Margin⁽²⁾: 28.0%	EBITDA Margin⁽²⁾: 27.7%	EBITDA Margin⁽²⁾: 30.5%	EBITDA Margin⁽²⁾: 4.7%	

GHG roadmap - *Creating single largest healthcare player*



Year	Milestone	EV/EBITDA Investment per bed	BGH Investment GEL mln	Facilities & beds
2011	State infrastructure reform starts			6 145
	Started investing in hospitals			
	Merged with Block Georgia (<i>non-cash</i>)	3.1x, GEL 74k	0	9 530
2012	Imedi L acquisition	4.9x, GEL 47k	9.6	8 206
	Investment to support organic growth	GEL 56k	22.9	10 409
2013	State Universal Healthcare Program starts			
	Acquired Caraps	6.0x, GEL 142k	0	1 60
			32.5	
2014	Acquired Avante	3.7x, GEL 73k	82.4	4 578
	Acquired Sunstone	GEL 99k		1 152
	Acquired Traumatology	3.9x, GEL 134k		1 60
	Acquired Block minority			
2015	Acquired HTMC	6.4x, GEL 206k	27.5	1 450
	Acquired Deka	GEL 183k		1 80
	Launched ambulatory expansion strategy			3
	IPO-ed			
			110.0	
Total (as of Dec-2015)			142.4	45 2,670

BoG Group achieved 121% IRR at GHG IPO



Achieved 3.9x money at IPO

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m2 - Income statement Highlights

P&L | m2

m2 Consolidated

Income Statement Highlights	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	2015	2014	Change Y-O-Y
<i>Get thousands, unless otherwise</i>								
Real estate revenue	47,465	9,585	395.2%	854	5458.0%	53,852	60,455	-10.9%
Cost of real estate	(34,869)	(7,439)	NMF	(230)	NMF	(39,721)	(46,810)	-15.1%
Gross real estate profit	12,596	2,146	487.0%	624	1918.6%	14,131	13,645	3.6%
Gross other investment profit	7,277	30	24156.7%	63	11450.8%	7,502	107	6911.2%
Revenue	19,873	2,176	813.3%	687	2792.7%	21,633	13,752	57.3%
Salaries and other employee benefits	(356)	(317)	12.3%	(204)	74.5%	(1,150)	(1,177)	-2.3%
Administrative expenses	(1,515)	(1,045)	45.0%	(879)	72.4%	(4,710)	(3,959)	19.0%
Operating expenses	(1,871)	(1,362)	37.4%	(1,083)	72.8%	(5,860)	(5,136)	14.1%
EBITDA	18,002	814	2111.5%	(396)	NMF	15,773	8,616	83.1%
Depreciation and amortization of investment business	(55)	(60)	-8.3%	(51)	7.8%	(191)	(332)	-42.5%
Net foreign currency loss from investment business	(836)	(468)	78.6%	(1,230)	-32.0%	(1,534)	(896)	71.2%
Interest income from investment business	-	127	-100.0%	(6)	-100.0%	386	254	52.0%
Interest expense from investment business	(173)	(168)	3.0%	(155)	11.6%	(1,566)	(778)	101.3%
Net operating income before non-recurring items	16,938	245	6813.5%	(1,838)	NMF	12,868	6,798	89.3%
Net non-recurring items	(7)	-	-	10	NMF	(137)	18	NMF
Profit before income tax	16,931	245	6810.6%	(1,828)	NMF	12,731	6,816	86.8%
Income tax (expense) benefit	(2,604)	(37)	NMF	274	NMF	(1,974)	(1,022)	93.2%
Profit	14,327	208	6788.0%	(1,554)	NMF	10,757	5,794	85.7%

m² Real Estate – *Strong project performance and pipeline*

Project status	No of projects	Total Apartments	Apartments sold %	Sales US\$ mln	Land value unlocked, US\$m	Completion date
Completed	3	866	98%	73.8	8.5	n/a
Ongoing	5	1,641	49%	64.2	16.8	Feb'2016 - 295 Apt Mar'2016 - 238 Apt Apr'2016 - 270 Apt Dec'2016 - 19 Apt Sep' 2018 - 819 Apt
Total	8	2,507	66%	138.0	25.3	

- **Outstanding performance:** All completed projects were **on budget and on schedule**
- **Strong revenue and development pipeline:**
 - US\$ **57.1mln** will be recognised upon completion of the on-going projects during 2016-2018 years , of which c. US\$ 43mln is expected to be recognised in 2016
 - Land stock of value US\$ 23mln, with c.5200 apartments

Business lines

Real estate developer

- **Continue unlocking land value by developing housing projects**
- **Start developing 3rd party lands**
- **Accumulate yielding assets, by:**
 - Mainly retain commercial real estate in residential buildings
 - Develop hotels and apartments (mixed-use) to increase yielding business
- **Capital management discipline – pay to BGEO US\$ 20-25mln dividends every five years**

m² Real Estate – Hotel strategy



3-star hotel opportunity in Tbilisi

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



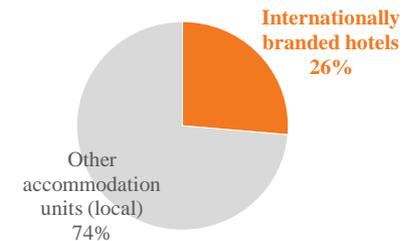
- Wyndham Ramada Anchor exclusivity for 7 years
- Equity investment US\$ 7 million
- Number of rooms – 370
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3rd year stabilised)
- ADR – US\$ 100
- ROE – 20%

Visitors in Georgia 25% CAGR '03-15



Limited supply – last Branded hotel opening in Tbilisi in 2012

Distribution of rooms in Tbilisi by accommodation type, 2011



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- **Renewable Energy Opportunity**

Georgian Macro Overview

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Renewable Energy opportunity

Opportunities

1

Underpenetrated industry

Only 20-25% of Georgia's hydro resources utilised

2

Cheap to develop

US\$ 1.5mln for 1MW development in Georgia

3

Strategic partnership

RENEWABLE POWER
rpGLOBAL

Strategic partnership with industry specialists – RP Global (Austria)

4

Small investment to date

Only US 1mln invested during first 1.5 years of due-diligence and planning

5

BGEO planned investment in ongoing projects

BGEO investment – US\$ 28mln

Total investment – US\$ 43mln (*partnership: 65% BGEO – 35% RP Global*)

Expected IRR – 25%+

Renewable Energy – 5 year roadmap

Goal

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

Pipeline

Development

2 ongoing projects – 105MW, 4 HPPs

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

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

Renewable Energy – 5 year roadmap

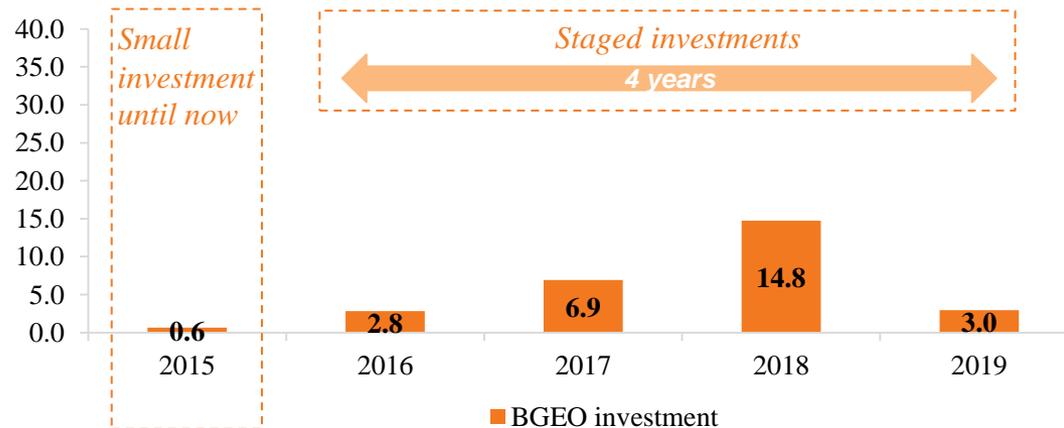
Goal

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

Pipeline

Financing

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



Renewable Energy – 5 year roadmap

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

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- **GGU – Georgian Global Utilities**

Georgian Macro Overview

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GGU – Overview

Business overview

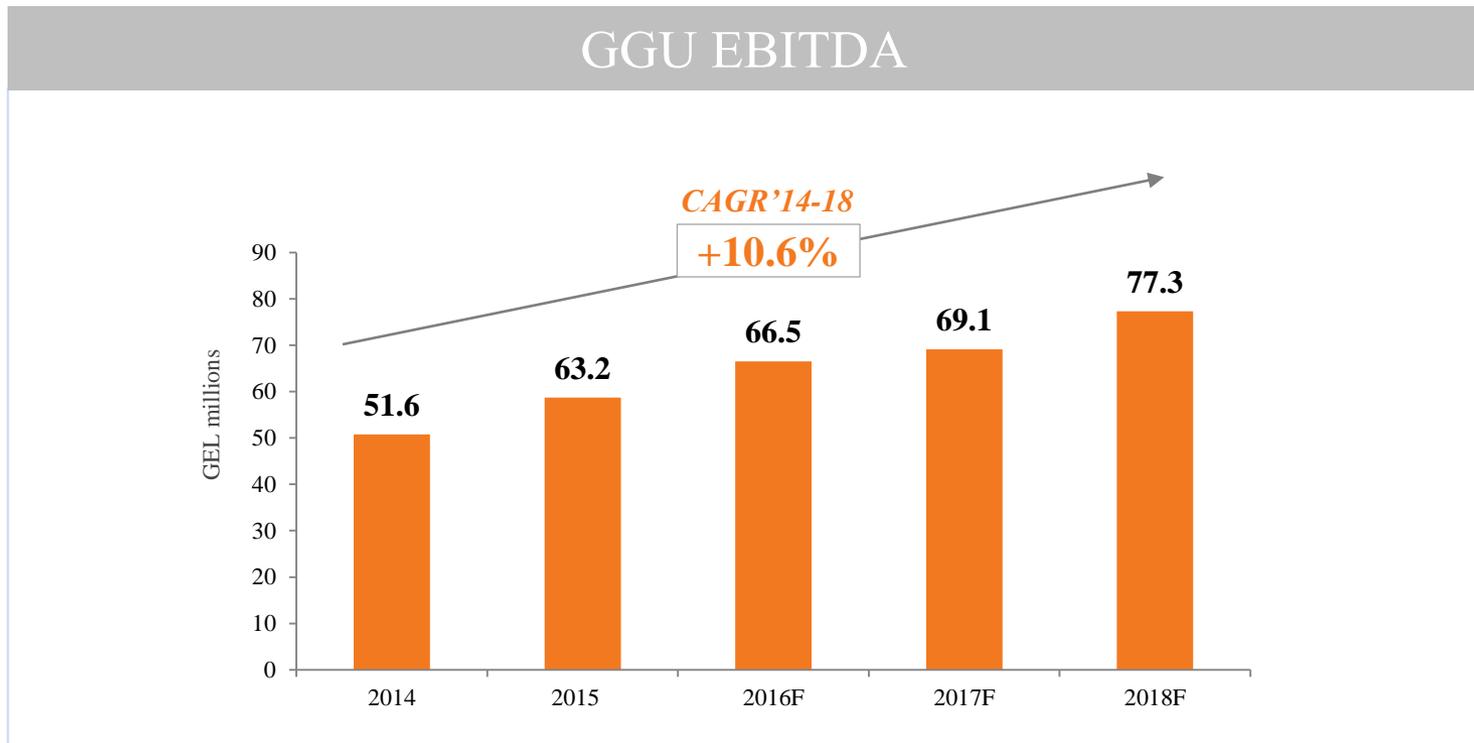
Two core activities:

- 1. Water utility** – Provides water to 1.4mln people (1/3 of Georgia)
- 2. Generation of electric power** – Owns and operates 3 HPPs with total installed capacity of 143MW. **Generated power is primarily used by GGU's water business.** The excess amount of generated power is sold to the third party clients every year

Highlights

- We acquired 25% of shareholding, December 2014
- We had an option to acquire an additional 24.9% share in GGU. We did not exercise this option
- 2014 EBITDA – GEL51.6mln
- 2015E EBITDA – GEL 63.2mln
- Profit contribution to BGEO:
 - *4Q15 – GEL 1.9mln*
 - *2015 – GEL 4.1mln*
- water delivery losses to 40%, from current 50%

GGU – EBITDA dynamics



EBITDA growth drivers

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

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- **Teliani Valley**

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Teliani Valley – Business overview

Goal

Become leading beverages producer and distributor in Caucasus

Teliani Business

Strong existing franchise

Leading wine producer



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

With wide distribution platform



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

New business line

Launch beer production



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

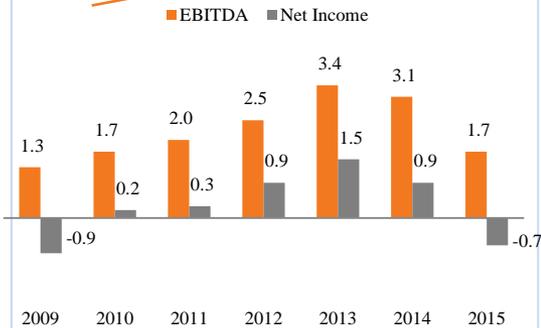
Teliani Valley – Exclusive Heineken producer in Caucasus



Exclusive Heineken producer in Caucasus

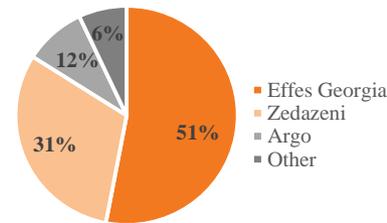
Strong management with proven track record

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



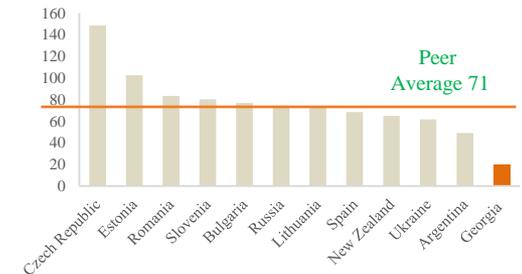
Highly concentrated market

Domestic market segmentation (Q3 2015)



Low consumption per capita compared to peers

Beer Consumption in Peer Countries 2014 (l/capita)



Investment Rationale

Teliani Valley – Exclusive Heineken producer in Caucasus



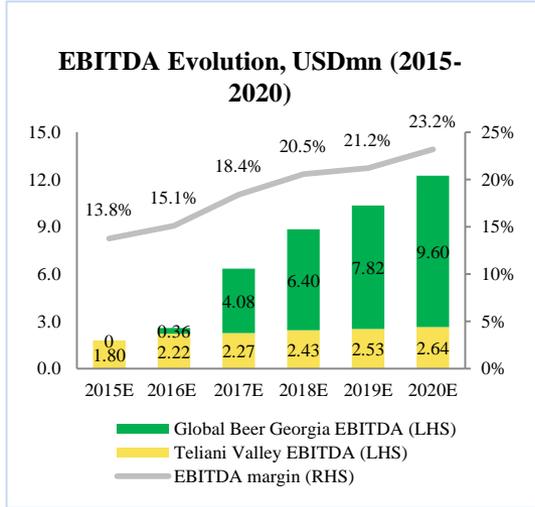
Financials

Exclusive Heineken producer in Caucasus

Investment

- Total investment – US\$ 37.9mln, of which US\$ 15mln is equity
- BGEO to invest – US\$ 10.9mln in total, amounting to 64% of shares of Teliani
- GEO equity value of c.US\$ 14mln is projected to grow 5x in 7 years, targeting 25%+ IRR in 5-7 years time

EBITDA projection



Exit options

- Trade sale

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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 2011-2015E: 7.2%, 6.4%, 3.3%, 4.6%, 2.8%
- Real GDP average 10 yr growth rate: 5.8%
- GDP per capita 2015E (PPP) per IMF: US\$ 9,566
- Annual inflation (e-o-p) 2015: 4.9%
- External public debt to GDP 2015E: 32.4%
- Sovereign ratings:
 - S&P BB-/B/Stable, affirmed in November 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); 5.9mln visitors in 2015 (up 6.9% y-o-y)
- Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes

Strong FDI

- **An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth.**
- FDI 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 at US\$1,019mln in 9M15 (down 17.3% y-o-y)
- Net remittances of US\$1,262.6mln in 2014, 19.5% CAGR '04-14, US\$908.9mln in 2015 (down -28.0% y-o-y)

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, spurring exports and enhancing the diversification and competitiveness of Georgian products
- Visa-free travel to the EU is another major success in Georgian foreign policy, acknowledged in the EC's 4th and final report on Georgia's achievements released on December 18, 2015. Georgian passport holders are expected to start free entrance to the EU countries by mid-2016
- 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

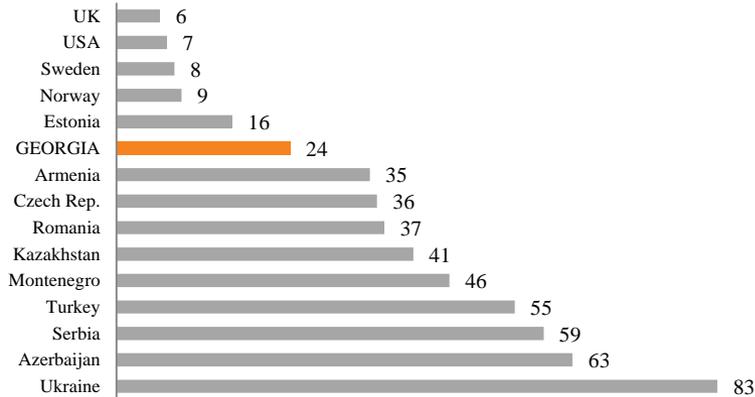
- **Developed, stable and competitively priced energy sector**
- Only 20% of hydropower capacity utilized; 88 hydropower plants are in various stages of construction or development
- Georgia became a net electricity exporter in 2007-2011 (a net importer in 2012-2014 due to low precipitation and increased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

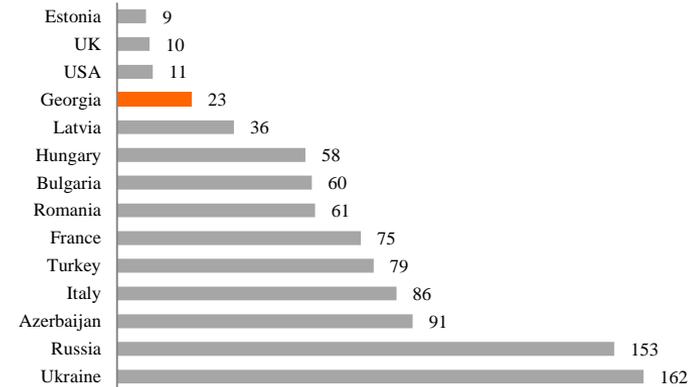
- **Maintaining healthy economic growth is a priority (potential to grow at an annual average 5% over the next decade)**
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing 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 -The Russian side recently announced to ease visa procedures for Georgians citizens effective December 23, 2015
 - Direct flights between the two countries resumed in January 2010
 - Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia
 - In 2015, Russia and Ukraine together accounted for 10.1% of Georgia's exports and 14.0% of imports; just 4.1% of cumulative FDI over 2004-2014

Growth oriented reforms

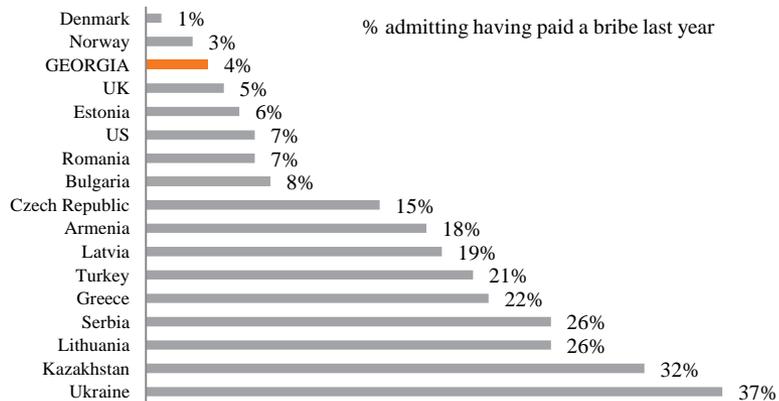
Ease of Doing Business | 2016 (WB-IFC Doing Business Report)



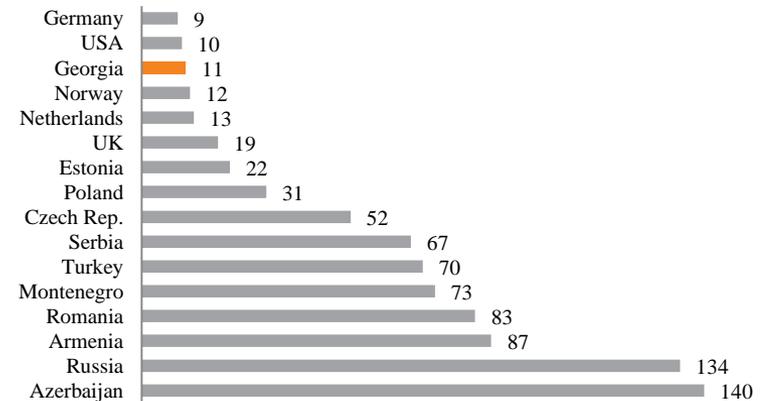
Economic Freedom Index | 2016 (Heritage Foundation)



Global Corruption Barometer | TI 2013

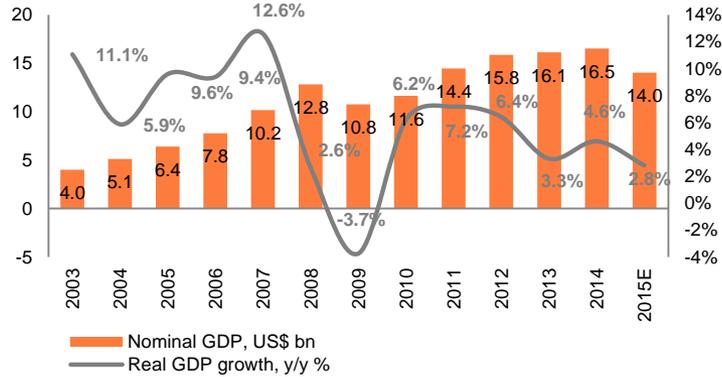


Business Bribery Risk, 2014 | Trace International



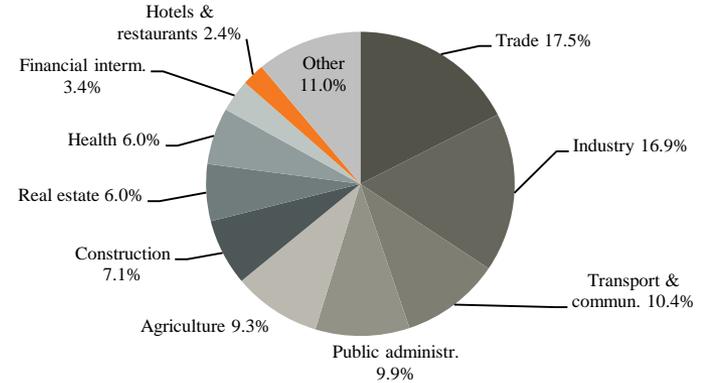
Diversified resilient economy

Gross domestic product



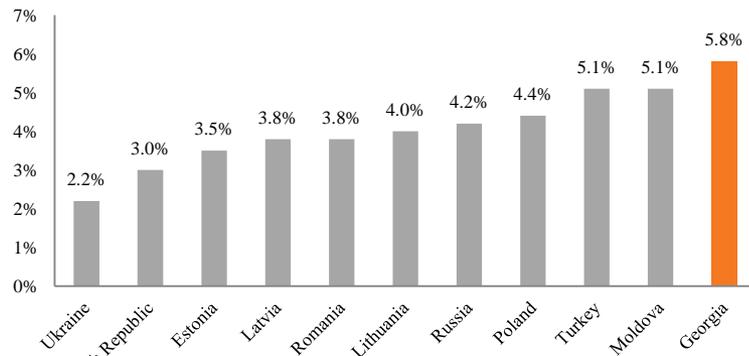
Source: Geostat

Nominal GDP structure, FY 2014



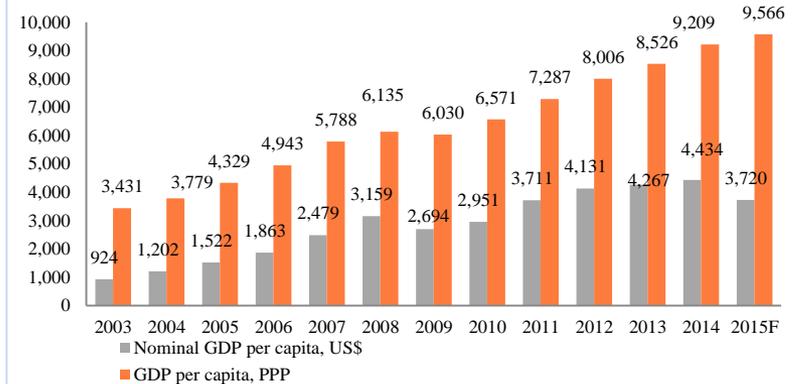
Source: Geostat

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



Sources: IMF, Geostat

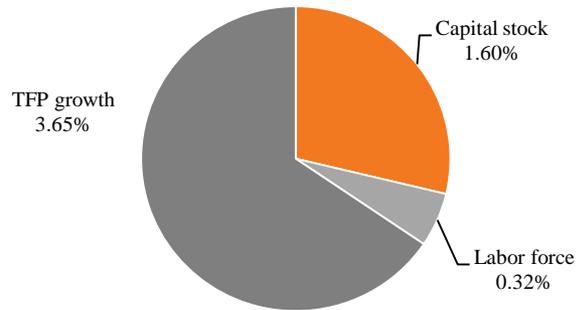
GDP per capita



Sources: IMF

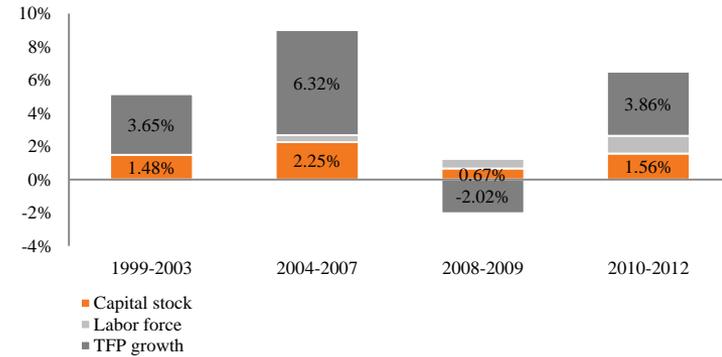
Productivity gains have been the main engine of growth since 2004

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



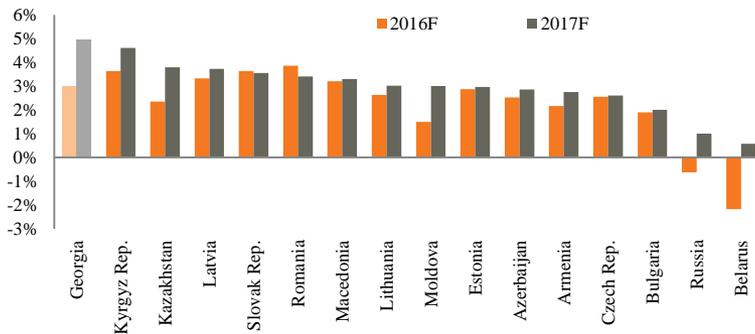
Source: Georgia Rising (2013), WB

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



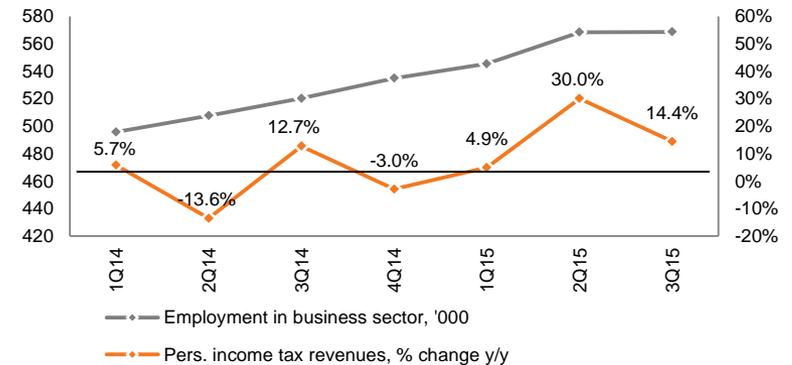
Source: Georgia Rising (2013), WB

Real GDP growth projection, 2016-2017



Sources: IMF, WEO October 2015

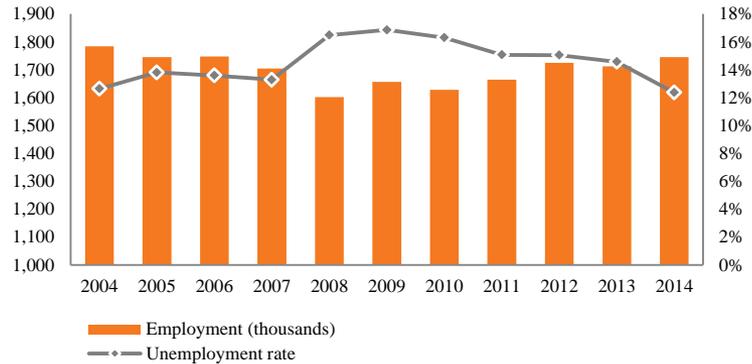
Employed persons in business sector, '000



Source: GeoStat, MOF

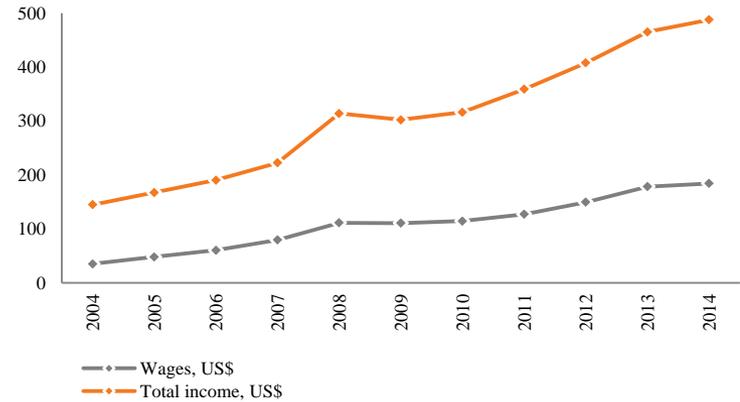
Further job creation is achievable

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



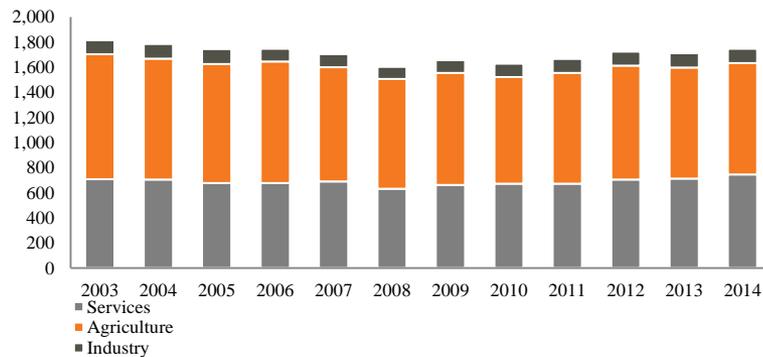
Sources: GeoStat

Average monthly wages and income per household



Sources: GeoStat

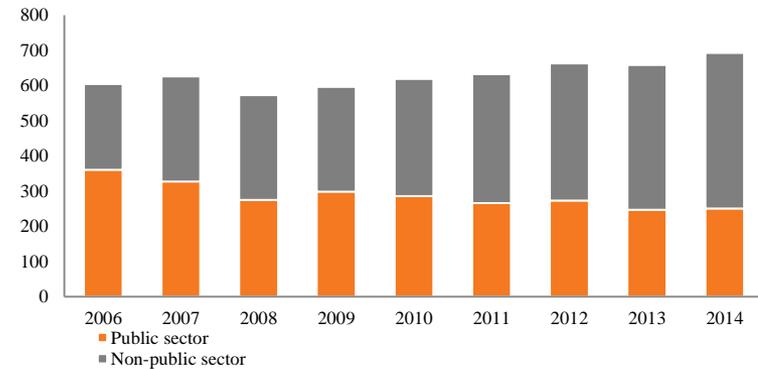
Agriculture remains the largest employer, although the share of services in total employment has increased



Source: GeoStat

Note: services include construction

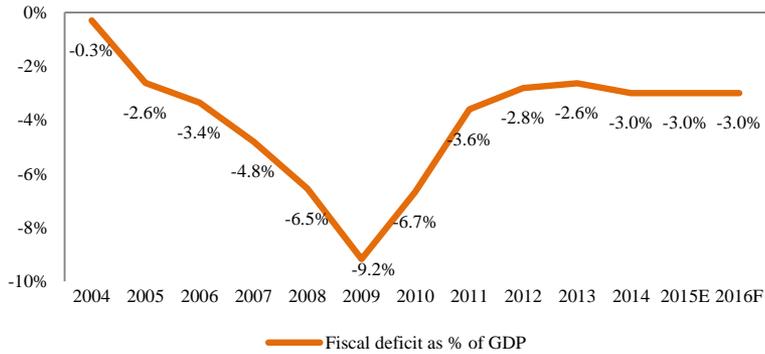
Hired workers account for about 39.7% in total employment



Sources: GeoStat

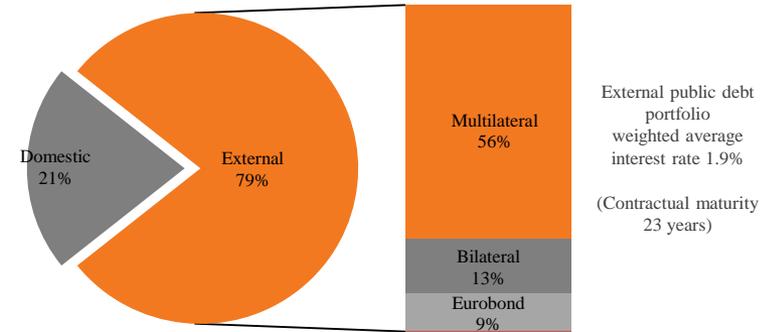
Demonstrated fiscal discipline and low public debt

Fiscal deficit as % of GDP



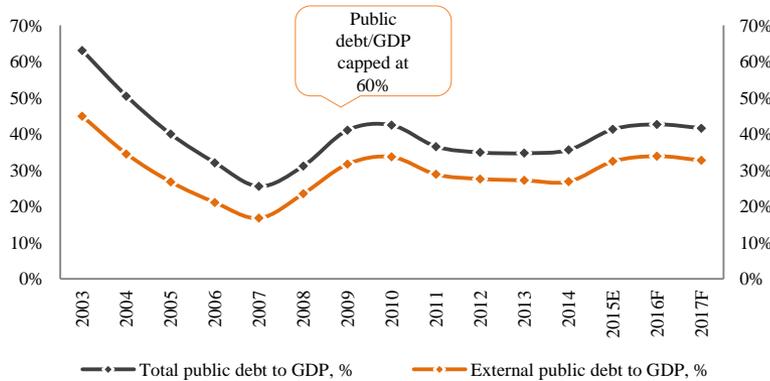
Source: Ministry of Finance of Georgia

Breakdown of public debt



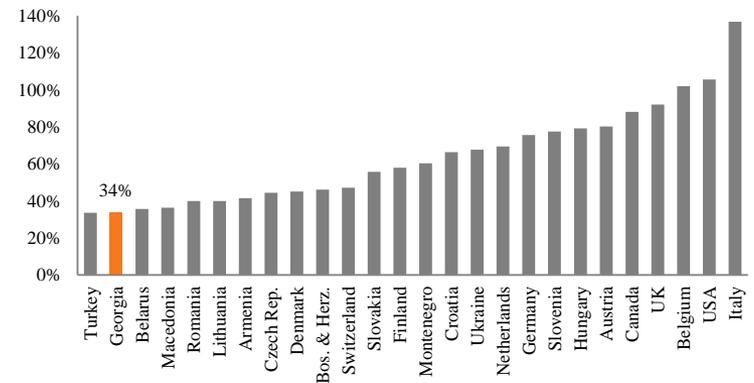
Source: Ministry of Finance of Georgia, as of end-2015

Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

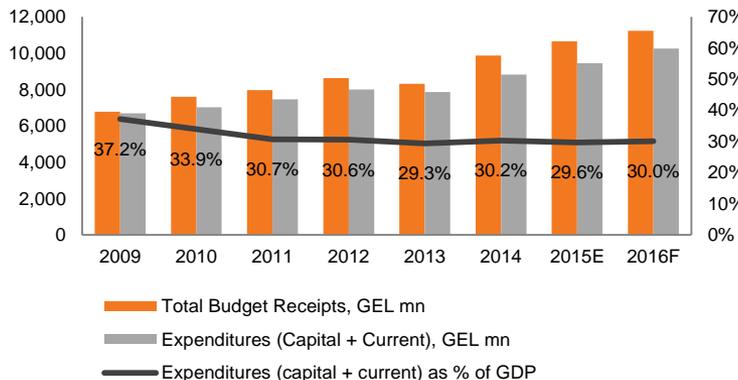
Government Debt/GDP, 2014



Source: ...

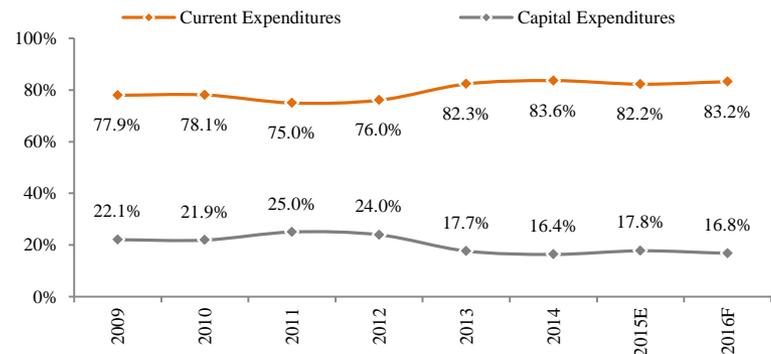
Investing in infrastructure and spending low on social

Revenues and expenditures



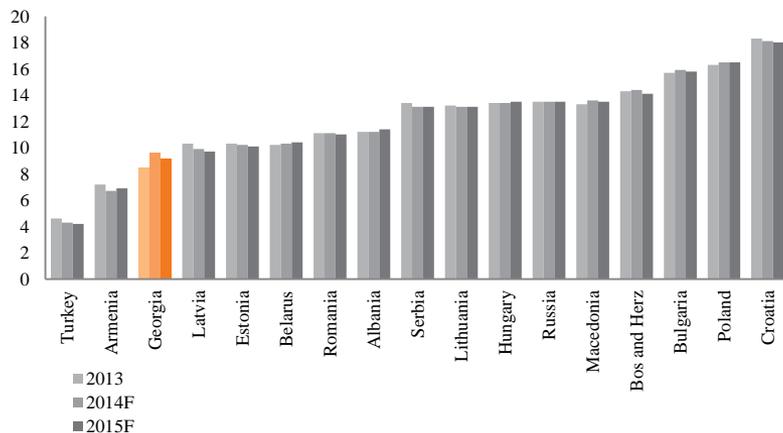
Source: Ministry of Finance, GeoStat

Current and capital expenditure

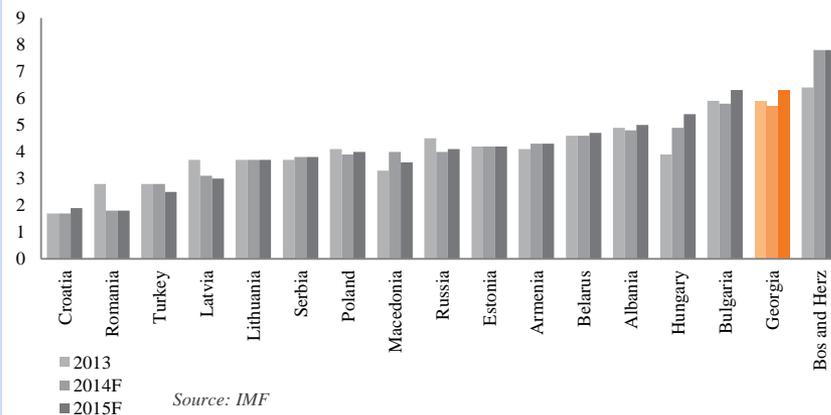


Sources: Ministry of Finance

Government social expenditure as % of GDP



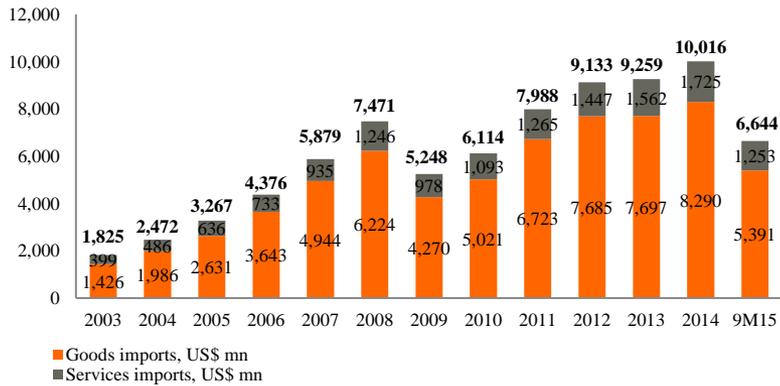
Government capital expenditure as % of GDP



Source: IMF

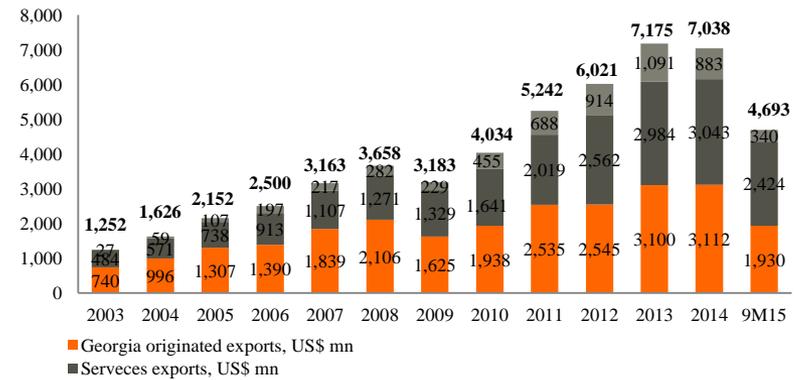
Diversified foreign trade

Import of goods and services



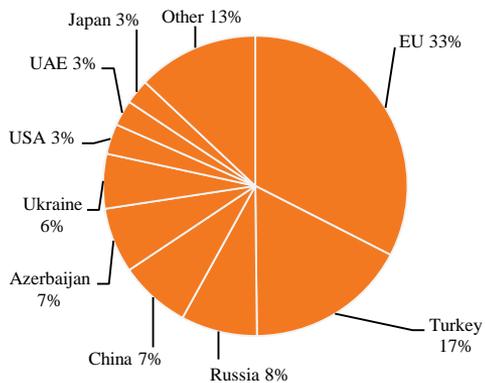
Source: NBG – BOP statistics

Export of goods and services



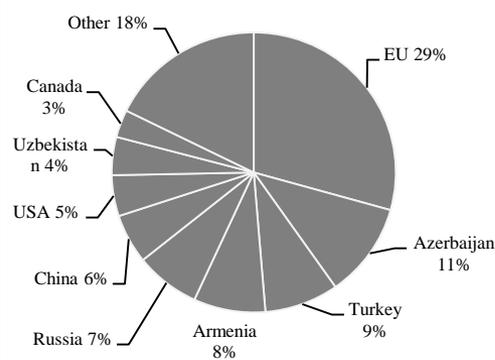
Source: NBG – BOP statistics

Imports, 2015

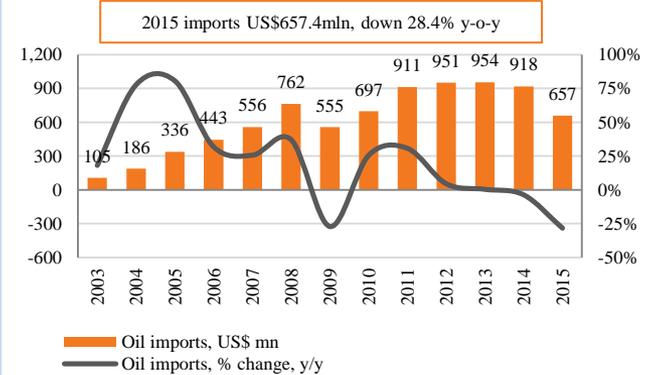


Sources: Geostat, Galt & Taggart Research

Exports, 2015



Oil imports



Sources: GeoStat

Diversified sources of capital inflow

FDI inflows

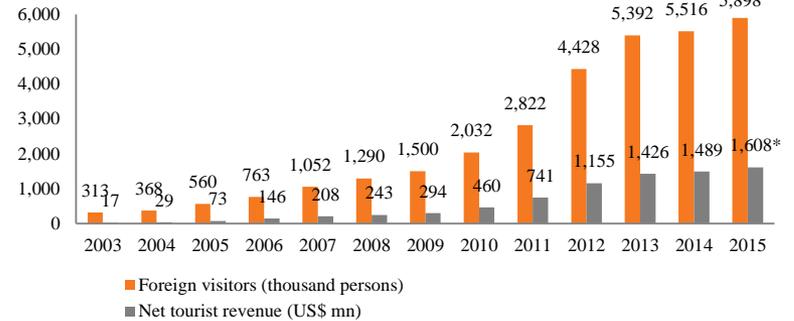
US\$1.02 bln in 9M15, down 17.3%



Sources: Geostat

Number of tourists

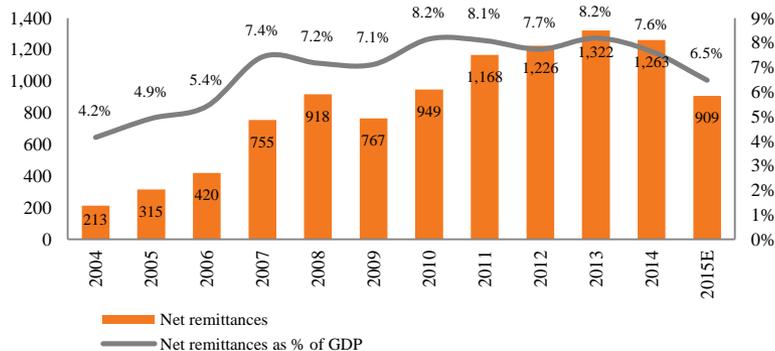
5.9mln visitors in 2015, up 6.9%



Sources: Georgian National Tourism Agency, National Bank of Georgia, Galt&Taggart Research

Net remittances

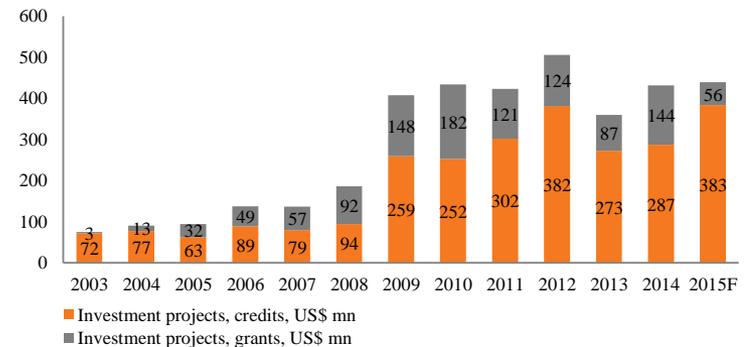
US\$1.08 bln in 2015, down 25.0%



Source: National Bank of Georgia

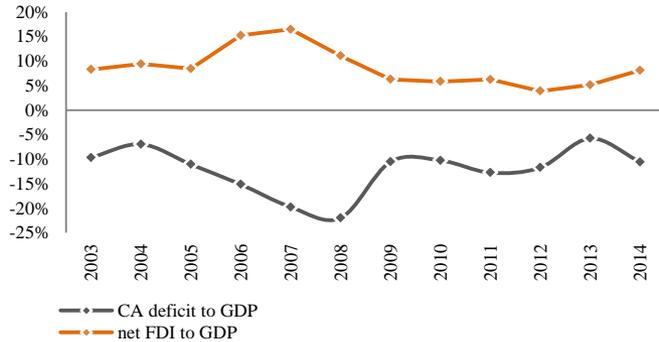
Public donor funding

US\$ mln



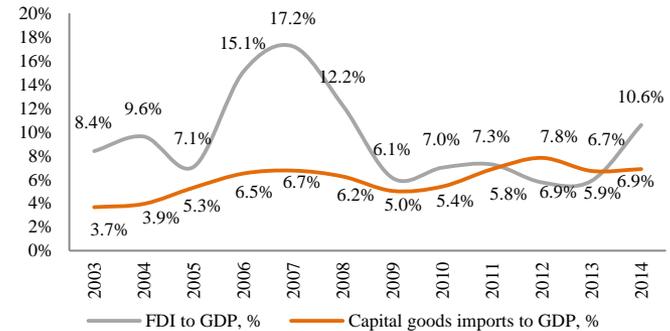
Current account deficit supported by FDI

Current account deficit and FDI



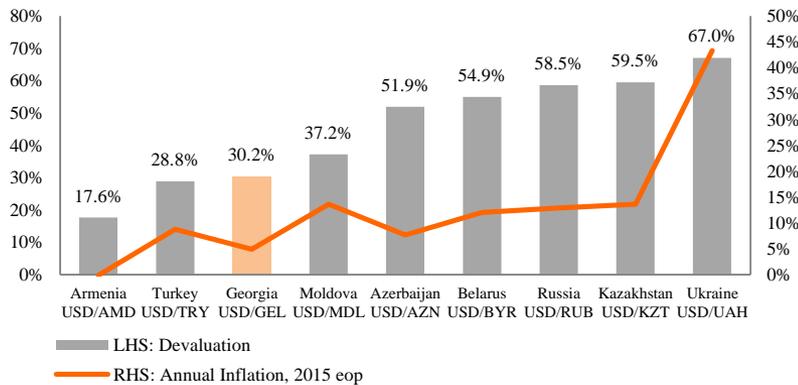
Sources: Geostat, NBG

FDI and capital goods import



Sources: Geostat, NBG

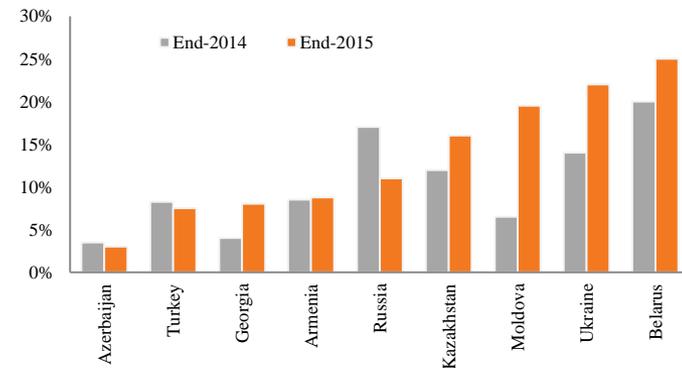
Currency devaluation by countries*



*from 1 January 2014 to 25 January 2016

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

Monetary policy rates



Source: Central banks

Floating exchange rate policy and stronger market fundamentals

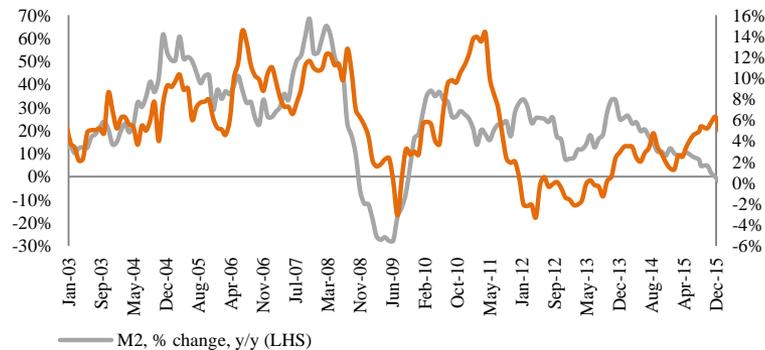
FX reserves



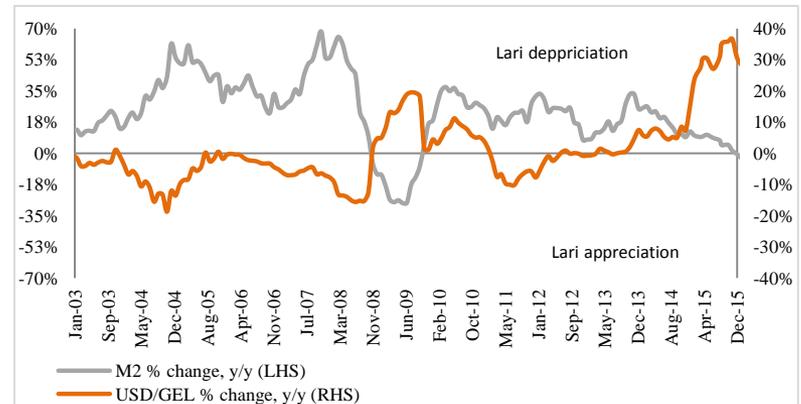
REER



M2 and annual inflation



M2 and USD/GEL



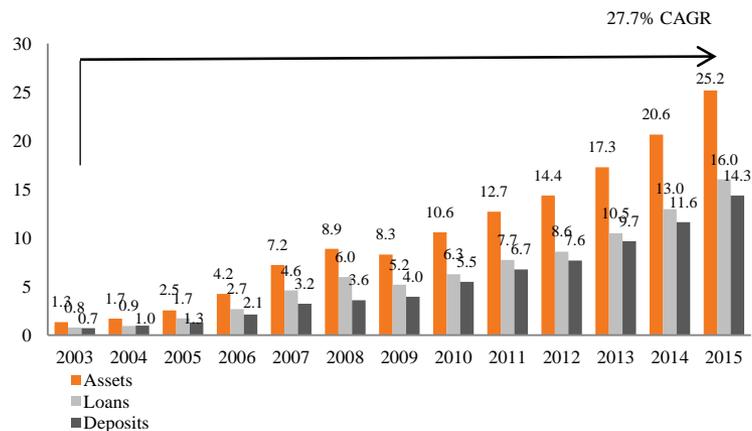
Growing and well capitalised banking sector

Summary

- **Prudent regulation ensuring financial stability**
 - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 41% as of Dec 2015
- **Resilient banking sector**
 - Demonstrated strong resilience towards both domestic and external shocks *without single bank going bankrupt*
 - *No nationalization* of the banks and no government ownership since 1994
 - *Very low leverage* with retail loans at 19.5% of GDP and total loans at 44.5% of GDP as at 31 December 2014 resulting in low number of defaults during the global crisis

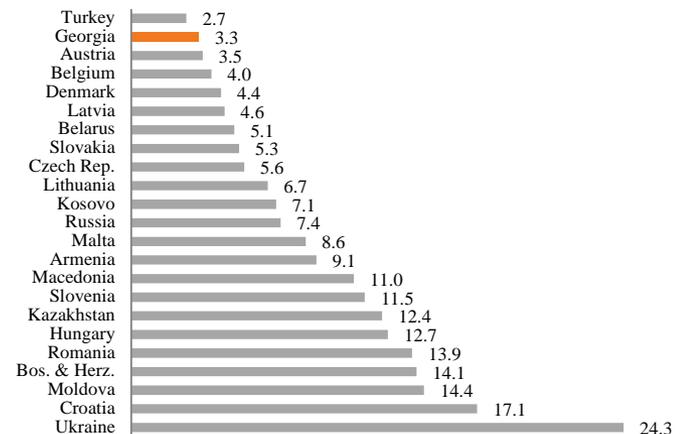
Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits



Source: NBG

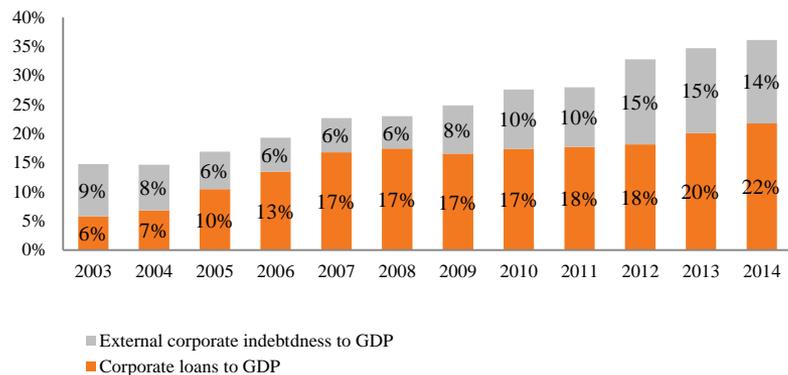
NPLs, 2015



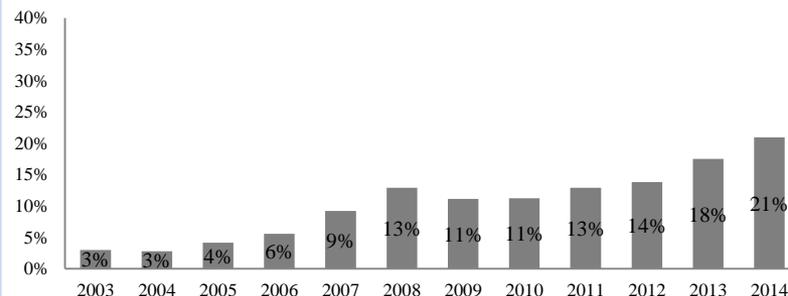
Source: WB

Underpenetrated retail banking sector provides room for further growth

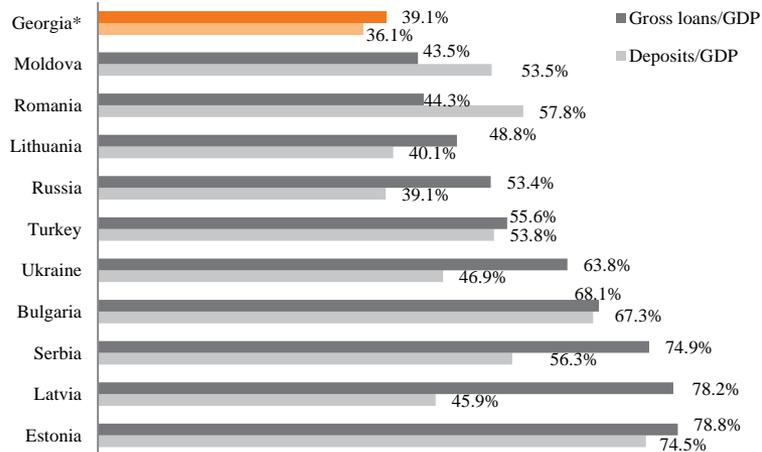
Corporate loans to GDP



Households loans to GDP



Banking Sector loans and deposits



Source: NBG, Central Banks

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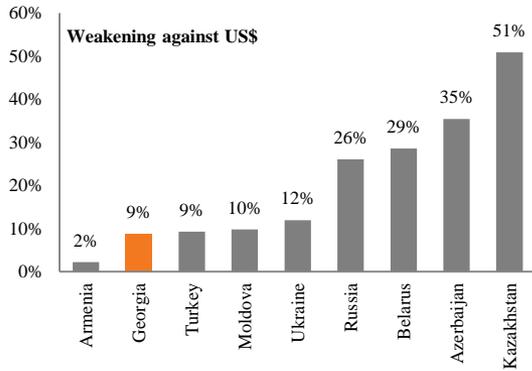
Georgian Macro Overview

- Developments in 2015

Appendices

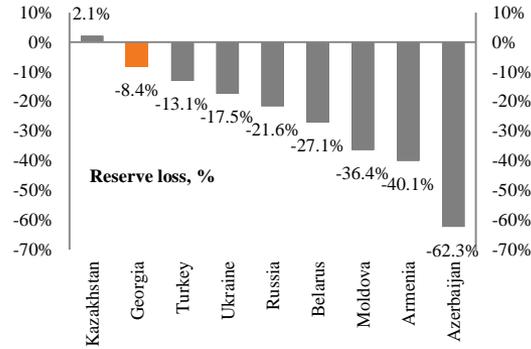
Global, regional and local factors fully affected lari in 2015

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



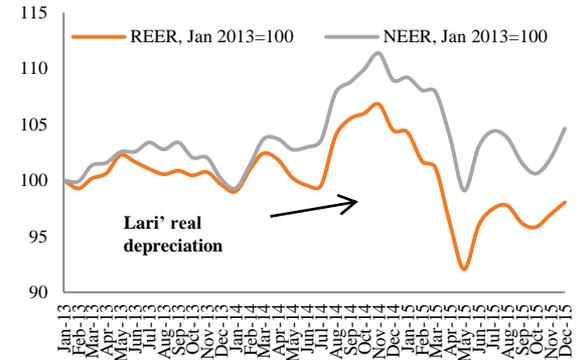
Source: Bloomberg
Note: 1 August 2015 - 25 January 2016

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



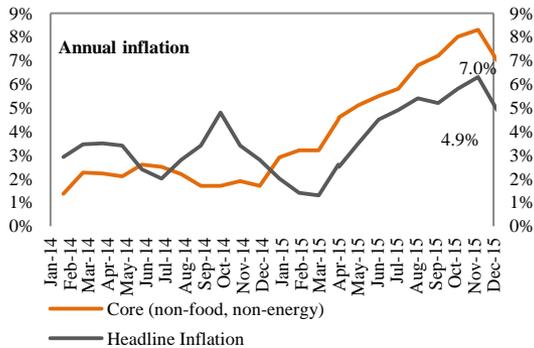
Source: IMF
Note: Nov-2015 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

GEL remained competitive....



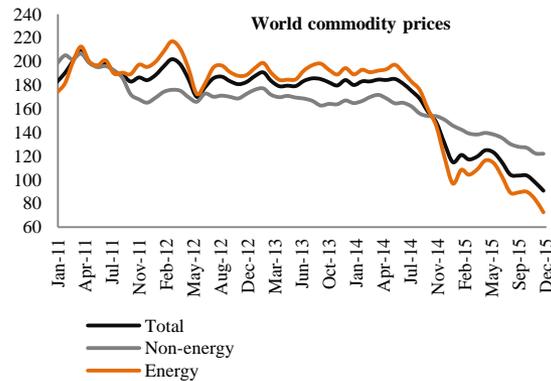
Source: NBG

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



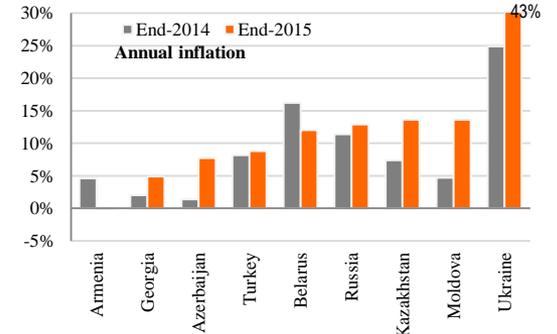
Source: GeoStat, NBG

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



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

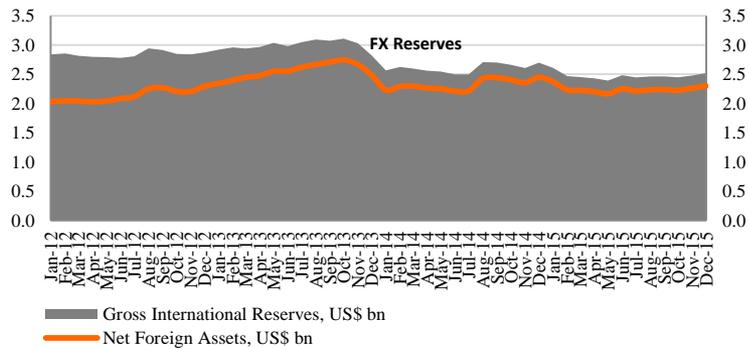
...and elevated commodity prices in peers



Source: National statistics offices
Note: Latest Dec 2015

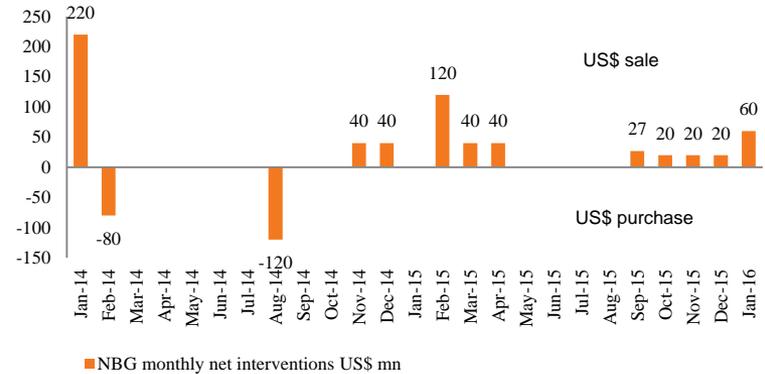
Foreign reserves at adequate level

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



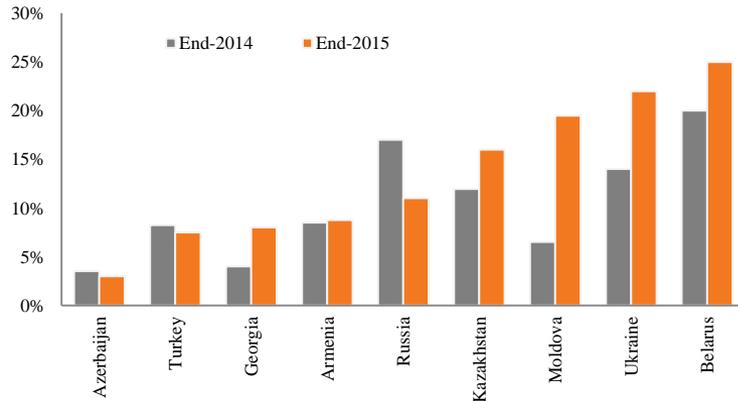
Source: NBG

NBG intervened moderately at the beginning of 2015



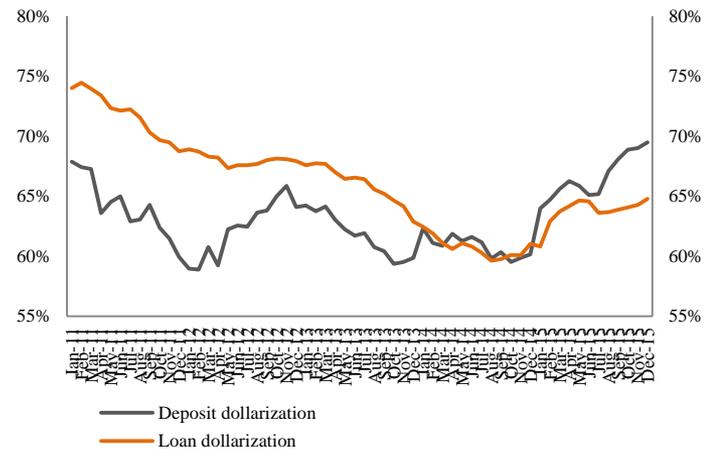
Source: NBG

Policy rate lower in Georgia vs peers



Source: Central banks
 Note: Latest data as of 26 December 2015

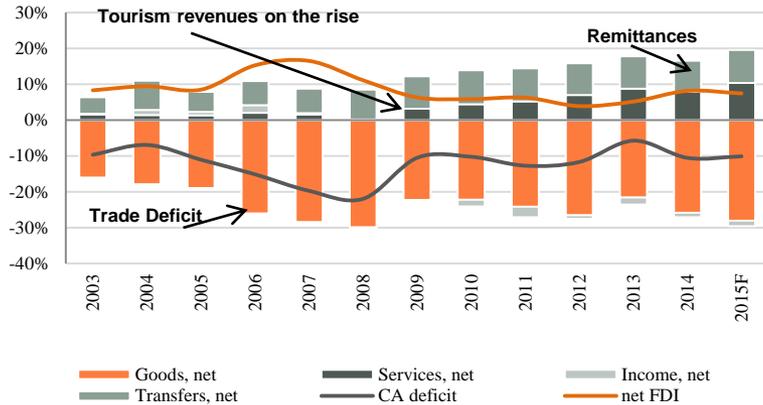
Deposit and loan dollarization



Source: NBG

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

Current account balance, as % of GDP

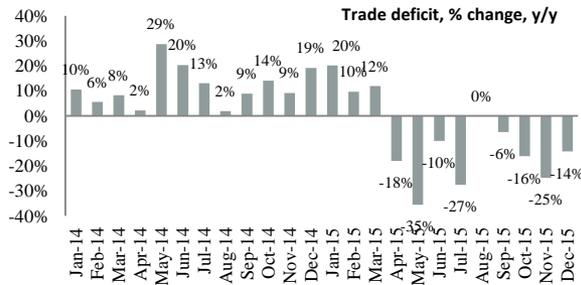


Source: GeoStat, NBG, G&T Research

Trade Deficit mainly driven by FDI

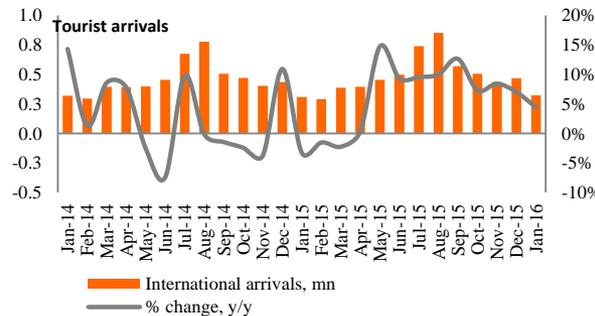
70% of Trade Deficit is financed by services exports (mainly tourism, with strong growth potential) and remittances (diversified by countries)

Trade deficit down on the back of lower consumer goods imports

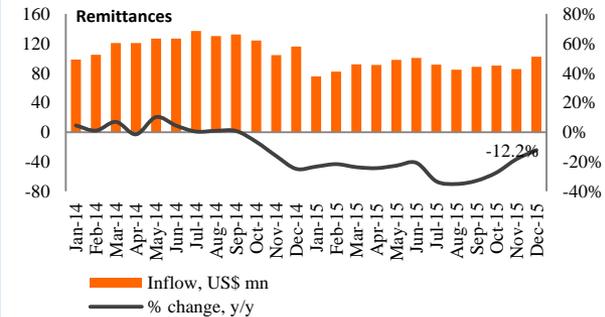


Source: GeoStat; excluding one-offs

Tourism remains resilient



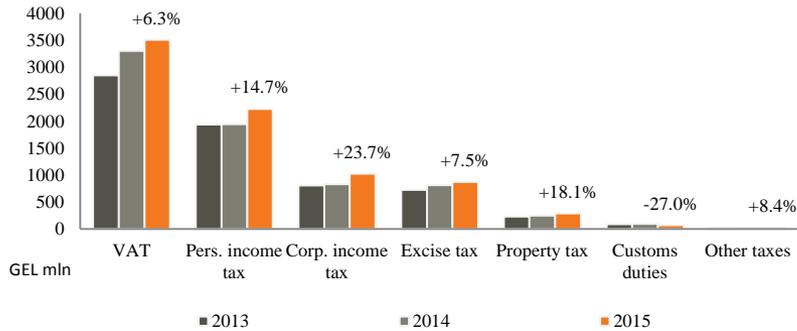
Remittances down from Russia and Greece



Source: NBG

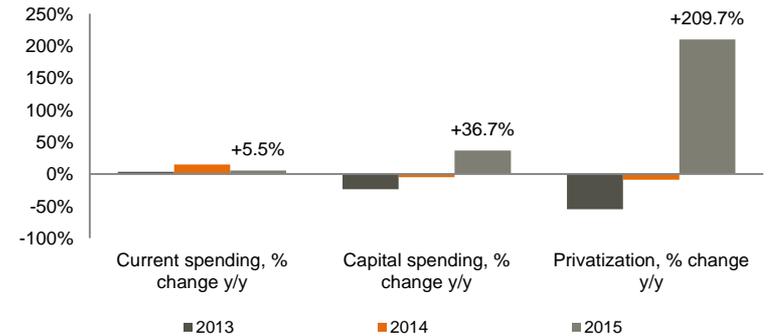
Prudent fiscal performance

Budget tax revenues posted a strong performance



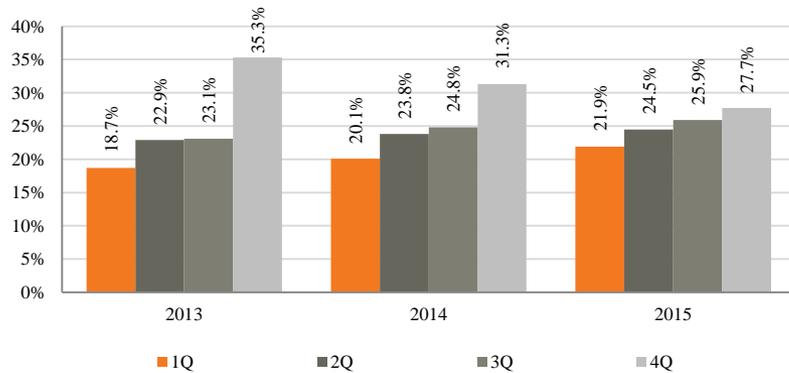
Source: Treasury Service

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



Source: MOF

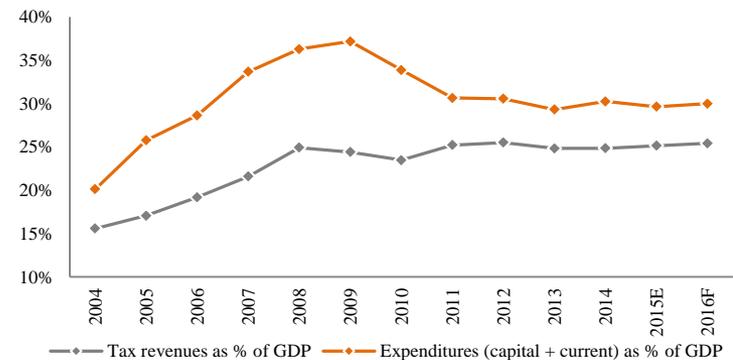
Government was committed to smoother spending in 2015, while deficit financing was taking place mostly in 4Q of 2013-2014, pressuring GEL



Source: MOF

Note: Budget expenditures as % of annual plan

Government revised budget for 2015E growth 2.8% from 5%, while fiscal deficit, tax and total expenditures ratios to GDP remained unchanged



Source: MOF, GeoStat

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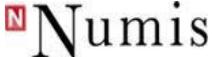
Georgian Macro Overview

Appendices

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

Analyst coverage – B GEO Group PLC

Consensus Target Price: GBP 23.5

	30.Nov.2015	GBP 22.25	GBP 17.50	16.Feb.2016	
	16.Feb.2016	GBP 24.00	GBP 21.50	05.Feb.2016	
	16.Feb.2016	GBP 26.69	GBP 22.00	22.Jan.2016	
	25.Feb.2015	GBP 22.66	GBP 26.00	16.Feb.2016	
	16.Feb.2016	GBP 25.60	GBP 26.19	21.Dec.2015	
	17.Dec.2015	GBP 26.80			

Express | emerging retail banking – *How Express works*

1

114 Express Branches



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

3

2,589 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

1,191,828 Express Cards for Transport payments



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

4

8,103 POS Terminals at 3,335 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 11,869) 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

Income Statement – Quarterly

Quarterly P&L

Income Statement quarterly	B GEO Consolidated					Banking Business					Investment Business					Eliminations		
	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	4Q15	4Q14	3Q15
Banking interest income	228,212	161,368	41.4%	219,999	3.7%	230,833	163,829	40.9%	223,800	3.1%	-	-	-	-	-	(2,621)	(2,461)	(3,801)
Banking interest expense	(96,778)	(63,236)	53.0%	(93,821)	3.2%	(96,616)	(62,768)	53.9%	(94,551)	2.2%	-	-	-	-	-	(162)	(468)	730
Net banking interest income	131,434	98,132	33.9%	126,178	4.2%	134,217	101,061	32.8%	129,249	3.8%	-	-	-	-	-	(2,783)	(2,929)	(3,071)
Fee and commission income	42,110	34,469	22.2%	41,114	2.4%	42,856	34,865	22.9%	41,532	3.2%	-	-	-	-	-	(746)	(396)	(418)
Fee and commission expense	(10,471)	(8,110)	29.1%	(10,323)	1.4%	(10,590)	(8,110)	30.6%	(10,471)	1.1%	-	-	-	-	-	119	-	148
Net fee and commission income	31,639	26,359	20.0%	30,791	2.8%	32,266	26,755	20.6%	31,061	3.9%	-	-	-	-	-	(627)	(396)	(270)
Net banking foreign currency gain	19,525	16,643	17.3%	18,675	4.6%	19,525	16,643	17.3%	18,675	4.6%	-	-	-	-	-	-	-	-
Net other banking income	9,318	4,872	91.3%	4,938	88.7%	9,699	5,146	88.5%	5,231	85.4%	-	-	-	-	-	(381)	(274)	(293)
Net insurance premiums earned	24,476	17,900	36.7%	24,151	1.3%	10,810	7,651	41.3%	10,332	4.6%	14,500	10,906	33.0%	14,363	1.0%	(834)	(657)	(544)
Net insurance claims incurred	(17,743)	(14,212)	24.8%	(14,368)	23.5%	(5,369)	(3,268)	64.3%	(4,503)	19.2%	(12,374)	(10,944)	13.1%	(9,865)	25.4%	-	-	-
Gross insurance profit	6,733	3,688	82.6%	9,783	-31.2%	5,441	4,383	24.1%	5,829	-6.7%	2,126	(38)	NMF	4,498	-52.7%	(834)	(657)	(544)
Healthcare revenue	53,089	40,039	32.6%	49,670	6.9%	-	-	-	-	-	53,089	40,039	32.6%	49,670	6.9%	-	-	-
Cost of healthcare services	(29,244)	(23,708)	23.4%	(27,552)	6.1%	-	-	-	-	-	(29,244)	(23,708)	23.4%	(27,552)	6.1%	-	-	-
Gross healthcare profit	23,845	16,331	46.0%	22,118	7.8%	-	-	-	-	-	23,845	16,331	46.0%	22,118	7.8%	-	-	-
Real estate revenue	47,638	9,584	397.1%	981	NMF	-	-	-	-	-	47,638	9,585	NMF	981	NMF	-	-	-
Cost of real estate	(34,869)	(7,439)	NMF	(230)	NMF	-	-	-	-	-	(34,869)	(7,439)	NMF	(230)	NMF	-	-	-
Gross real estate profit	12,769	2,145	495.3%	751	NMF	-	-	-	-	-	12,769	2,146	NMF	751	NMF	-	-	-
Gross other investment profit	11,271	4,141	172.2%	3,373	234.2%	-	-	-	-	-	11,157	4,072	174.0%	3,229	NMF	114	68	144
Revenue	246,534	172,311	43.1%	216,607	13.8%	201,148	153,988	30.6%	190,045	5.8%	49,897	22,511	121.7%	30,596	63.1%	(4,511)	(4,188)	(4,034)
Salaries and other employee benefits	(47,158)	(40,693)	15.9%	(47,385)	-0.5%	(39,304)	(34,655)	13.4%	(39,768)	-1.2%	(8,487)	(6,477)	31.0%	(8,143)	4.2%	633	439	526
Administrative expenses	(26,716)	(20,749)	28.8%	(21,044)	27.0%	(21,657)	(16,806)	28.9%	(17,320)	25.0%	(5,916)	(4,436)	33.4%	(4,047)	46.2%	857	493	323
Banking depreciation and amortisation	(8,982)	(6,711)	33.8%	(8,505)	5.6%	(8,982)	(6,711)	33.8%	(8,505)	5.6%	-	-	-	-	-	-	-	-
Other operating expenses	(1,406)	(1,112)	26.4%	(628)	123.9%	(1,229)	(1,005)	22.3%	(574)	114.1%	(177)	(107)	65.4%	(54)	NMF	-	-	-
Operating expenses	(84,262)	(69,265)	21.7%	(77,562)	8.6%	(71,172)	(59,177)	20.3%	(66,167)	7.6%	(14,580)	(11,020)	32.3%	(12,244)	19.1%	1,490	932	849
Operating income before cost of credit risk / EBITDA	162,272	103,046	57.5%	139,045	16.7%	129,976	94,811	37.1%	123,878	4.9%	35,317	11,491	NMF	18,352	92.4%	(3,021)	(3,256)	(3,185)
Profit from associates	1,938	-	-	1,444	34.2%	-	-	-	-	-	1,938	-	-	1,444	34.2%	-	-	-
Depreciation and amortization of investment business	(4,731)	(2,349)	101.4%	(4,227)	11.9%	-	-	-	-	-	(4,731)	(2,349)	101.4%	(4,227)	11.9%	-	-	-
Net foreign currency loss from investment business	(3,416)	(1,061)	NMF	(2,311)	47.8%	-	-	-	-	-	(3,416)	(1,061)	NMF	(2,311)	47.8%	-	-	-
Interest income from investment business	602	321	87.5%	499	20.6%	-	-	-	-	-	957	470	103.6%	719	33.1%	(355)	(149)	(220)
Interest expense from investment business	(3,166)	(933)	NMF	(2,080)	52.2%	-	-	-	-	-	(6,542)	(4,338)	50.8%	(5,485)	19.3%	3,376	3,405	3,405
Operating income before cost of credit risk	153,499	99,024	55.0%	132,370	16.0%	129,976	94,811	37.1%	123,878	4.9%	23,523	4,213	NMF	8,492	NMF	-	-	-
Impairment charge on loans to customers	(33,929)	(12,310)	175.6%	(34,857)	-2.7%	(33,929)	(12,310)	NMF	(34,857)	-2.7%	-	-	-	-	-	-	-	-
Impairment charge on finance lease receivables	(215)	(136)	58.1%	156	NMF	(215)	(136)	58.1%	156	NMF	-	-	-	-	-	-	-	-
Impairment charge on other assets and provisions	(1,878)	(4,106)	-54.3%	(946)	98.5%	(1,086)	(2,343)	-53.6%	(51)	NMF	(792)	(1,763)	-55.1%	(895)	-11.5%	-	-	-
Cost of credit risk	(36,022)	(16,552)	117.6%	(35,647)	1.1%	(35,230)	(14,789)	138.2%	(34,752)	1.4%	(792)	(1,763)	-55.1%	(895)	-11.5%	-	-	-
Net operating income before non-recurring items	117,477	82,472	42.4%	96,723	21.5%	94,746	80,022	18.4%	89,126	6.3%	22,731	2,450	NMF	7,597	NMF	-	-	-
Net non-recurring items	(6,227)	(2,093)	197.5%	(5,489)	13.4%	(2,502)	(1,518)	64.8%	(4,967)	-49.6%	(3,725)	(575)	NMF	(522)	NMF	-	-	-
Profit before income tax	111,250	80,379	38.4%	91,234	21.9%	92,244	78,504	17.5%	84,159	9.6%	19,006	1,875	NMF	7,075	NMF	-	-	-
Income tax expense	(15,578)	(13,902)	12.1%	(10,329)	50.8%	(11,653)	(13,505)	-13.7%	(10,757)	8.3%	(3,925)	(3,97)	NMF	428	NMF	-	-	-
Profit	95,672	66,477	43.9%	80,905	18.3%	80,591	64,999	24.0%	73,402	9.8%	15,081	1,478	NMF	7,503	101.0%	-	-	-
Attributable to:	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%	-	-	-
– shareholders of the Group	92,287	64,225	43.7%	78,167	18.1%	79,425	64,064	24.0%	71,830	10.6%	12,862	161	NMF	6,337	NMF	-	-	-
– non-controlling interests	3,385	2,252	50.3%	2,738	23.6%	1,166	935	24.7%	1,572	-25.8%	2,219	1,317	68.5%	1,166	90.3%	-	-	-
Earnings per share (basic & diluted)	2.42	1.82	33.0%	2.04	18.6%													

Income Statement – Full Year

Full year 2015 P&L

Income Statement full year	BGE0 Consolidated			Banking Business			Investment Business			Eliminations		
	2015	2014	Change Y-O-Y	2015	2014	Change Y-O-Y	2015	2014	Change Y-O-Y	2015	2014	Change Y-O-Y
Banking interest income	859,778	593,612	44.8%	872,299	600,925	45.2%	-	-	-	(12,521)	(7,313)	71.2%
Banking interest expense	(358,388)	(243,654)	47.1%	(359,372)	(243,654)	47.5%	-	-	-	984	-	-
Net banking interest income	501,390	349,958	43.3%	512,927	357,271	43.6%	-	-	-	(11,537)	(7,313)	57.8%
Fee and commission income	158,158	132,435	19.4%	161,891	134,488	20.4%	-	-	-	(3,733)	(2,053)	81.8%
Fee and commission expense	(39,752)	(32,643)	21.8%	(40,302)	(32,643)	23.5%	-	-	-	550	-	-
Net fee and commission income	118,406	99,792	18.7%	121,589	101,845	19.4%	-	-	-	(3,183)	(2,053)	55.0%
Net banking foreign currency gain	76,926	52,752	45.8%	76,926	52,752	45.8%	-	-	-	-	-	-
Net other banking income	18,528	9,270	99.9%	19,837	9,890	100.6%	-	-	-	(1,309)	(620)	NMF
Net insurance premiums earned	92,901	95,850	-3.1%	40,161	28,129	42.8%	54,996	69,700	-21.1%	(2,256)	(1,979)	14.0%
Net insurance claims incurred	(62,994)	(66,420)	-5.2%	(20,114)	(11,707)	71.8%	(42,880)	(54,713)	-21.6%	-	-	-
Gross insurance profit	29,907	29,430	1.6%	20,047	16,422	22.1%	12,116	14,987	-19.2%	(2,256)	(1,979)	14.0%
Healthcare revenue	183,993	125,720	46.4%	-	-	-	183,993	125,720	46.4%	-	-	-
Cost of healthcare services	(103,055)	(72,237)	42.7%	-	-	-	(103,055)	(72,237)	42.7%	-	-	-
Gross healthcare profit	80,938	53,483	51.3%	-	-	-	80,938	53,483	51.3%	-	-	-
Real estate revenue	54,409	60,376	-9.9%	-	-	-	54,409	60,456	-10.0%	-	(80)	-100.0%
Cost of real estate	(39,721)	(46,810)	-15.1%	-	-	-	(39,721)	(46,810)	-15.1%	-	(80)	-100.0%
Gross real estate profit	14,688	13,566	8.3%	-	-	-	14,688	13,646	7.6%	-	(80)	-100.0%
Gross other investment profit	20,777	12,991	59.9%	-	-	-	20,639	12,804	61.2%	138	187	-26.2%
Revenue	861,560	621,242	38.7%	751,326	538,180	39.6%	128,381	94,920	35.3%	(18,147)	(11,858)	53.0%
Salaries and other employee benefits	(185,329)	(154,181)	20.2%	(155,744)	(130,060)	19.7%	(18,491)	(15,974)	15.8%	1,953	1,348	44.9%
Administrative expenses	(90,919)	(73,459)	23.8%	(74,381)	(58,833)	26.4%	(750)	(520)	44.2%	-	-	-
Banking depreciation and amortisation	(34,199)	(25,641)	33.4%	(34,199)	(25,641)	33.4%	-	-	-	-	-	-
Other operating expenses	(4,285)	(3,750)	14.3%	(3,535)	(3,230)	9.4%	(750)	(520)	44.2%	-	-	-
Operating expenses	(314,732)	(257,031)	22.4%	(267,859)	(217,764)	23.0%	(50,862)	(42,145)	20.7%	3,989	2,878	38.6%
Operating income before cost of credit risk / EBITDA	546,828	364,211	50.1%	483,467	320,416	50.9%	77,519	52,775	46.9%	(14,158)	(8,980)	57.7%
Profit from associates	4,050	-	-	-	-	-	4,050	-	-	-	-	-
Depreciation and amortization of investment business	(14,225)	(9,164)	55.2%	-	-	-	(14,225)	(9,164)	55.2%	-	-	-
Net foreign currency gain from investment business	651	(3,169)	NMF	-	-	-	651	(3,169)	NMF	-	-	-
Interest income from investment business	2,340	1,309	78.8%	-	-	-	3,338	1,860	79.5%	(998)	(551)	81.1%
Interest expense from investment business	(10,337)	(6,558)	57.6%	-	-	-	(25,493)	(16,089)	58.4%	15,156	9,531	59.0%
Operating income before cost of credit risk	529,307	346,629	52.7%	483,467	320,416	50.9%	45,840	26,213	74.9%	-	-	-
Impairment charge on loans to customers	(142,819)	(45,088)	NMF	(142,819)	(45,088)	NMF	-	-	-	-	-	-
Impairment charge on finance lease receivables	(1,958)	(476)	NMF	(1,958)	(476)	NMF	-	-	-	-	-	-
Impairment charge on other assets and provisions	(10,600)	(13,456)	-21.2%	(6,740)	(10,168)	-33.7%	(3,860)	(3,288)	17.4%	-	-	-
Cost of credit risk	(155,377)	(59,020)	163.3%	(151,517)	(55,732)	171.9%	(3,860)	(3,288)	17.4%	-	-	-
Net operating income before non-recurring items	373,930	287,609	30.0%	331,950	264,684	25.4%	41,980	22,925	83.1%	-	-	-
Net non-recurring items	(14,577)	(11,017)	32.3%	(13,046)	(11,837)	10.2%	(1,531)	820	NMF	-	-	-
Profit before income tax	359,353	276,592	29.9%	318,904	252,847	26.1%	40,449	23,745	70.3%	-	-	-
Income tax expense	(48,408)	(35,825)	35.1%	(44,647)	(32,343)	38.0%	(3,761)	(3,482)	8.0%	-	-	-
Profit	310,945	240,767	29.1%	274,257	220,504	24.4%	36,688	20,263	81.1%	-	-	-
Attributable to:												
- shareholders of the Group	303,694	232,509	30.6%	270,466	216,883	24.7%	33,228	15,626	112.6%	-	-	-
- non-controlling interests	7,251	8,258	-12.2%	3,791	3,621	4.7%	3,460	4,637	-25.4%	-	-	-
Earnings per share (basic & diluted)	7.93	6.72	18.0%									

Balance Sheet – 31 December 2015

Balance sheet as of 31 Dec 2015

Statement of Financial Position	B GEO Consolidated					Banking Business					Investment Business					Eliminations		
	Dec-15	Dec-14	Change Y-o-Y	Sep-15	Change Q-o-Q	Dec-15	Dec-14	Change Y-o-Y	Sep-15	Change Q-o-Q	Dec-15	Dec-14	Change Y-o-Y	Sep-15	Change Q-o-Q	Dec-15	Dec-14	Sep-15
Cash and cash equivalents	1,432,934	710,144	101.8%	1,320,319	8.5%	1,378,459	706,780	95.0%	1,314,696	4.9%	290,576	92,722	213.4%	166,031	75.0%	(236,101)	(89,358)	(160,408)
Amounts due from credit institutions	731,365	418,281	74.9%	706,500	3.5%	721,802	399,430	80.7%	698,110	3.4%	15,730	72,181	-78.2%	19,628	-19.9%	(6,167)	(53,330)	(11,238)
Investment securities	903,867	769,712	17.4%	897,965	0.7%	906,730	768,559	18.0%	900,845	0.7%	1,153	1,153	0.0%	1,153	0.0%	(4,016)	-	(4,033)
Loans to customers and finance lease receivables	5,322,117	4,347,851	22.4%	5,266,125	1.1%	5,366,764	4,438,032	20.9%	5,367,311	0.0%	-	-	-	-	-	(44,647)	(90,181)	(101,186)
Accounts receivable and other loans	87,972	70,207	25.3%	87,348	0.7%	10,376	12,653	-18.0%	13,291	-21.9%	82,354	61,836	33.2%	79,989	3.0%	(4,758)	(4,282)	(5,932)
Insurance premiums receivable	39,226	31,840	23.2%	55,700	-29.6%	19,829	14,573	36.1%	28,413	-30.2%	20,929	18,020	16.1%	29,165	-28.2%	(1,532)	(753)	(1,878)
Prepayments	58,328	33,774	72.7%	40,330	44.6%	21,033	15,644	34.4%	21,374	-1.6%	37,295	18,130	105.7%	18,956	96.7%	-	-	-
Inventories	127,027	101,442	25.2%	148,777	-14.6%	9,439	6,857	37.7%	10,929	-13.6%	117,588	94,585	24.3%	137,848	-14.7%	-	-	-
Investment property	246,398	190,860	29.1%	224,028	10.0%	135,453	128,552	5.4%	143,469	-5.6%	110,945	62,308	78.1%	80,559	37.7%	-	-	-
Property and equipment	794,682	588,513	35.0%	775,599	2.5%	337,064	314,369	7.2%	339,300	-0.7%	457,618	274,144	66.9%	436,299	4.9%	-	-	-
Goodwill	72,984	49,633	47.0%	70,876	3.0%	49,592	38,537	28.7%	49,592	0.0%	23,392	11,096	110.8%	21,284	9.9%	-	-	-
Intangible assets	40,516	34,432	17.7%	38,438	5.4%	35,162	31,768	10.7%	34,390	2.2%	5,354	2,664	101.0%	4,048	32.3%	-	-	-
Income tax assets	35,904	22,745	57.9%	38,666	-7.1%	30,357	14,484	109.6%	30,938	-1.9%	5,547	8,261	-32.9%	7,728	-28.2%	-	-	-
Other assets	236,773	209,711	12.9%	267,218	-11.4%	163,731	153,764	6.5%	187,378	-12.6%	79,479	58,407	36.1%	91,997	-13.6%	(6,437)	(2,460)	(12,157)
Total assets	10,130,093	7,579,145	33.7%	9,937,889	1.9%	9,185,791	7,044,002	30.4%	9,140,036	0.5%	1,247,960	775,507	60.9%	1,094,685	14.0%	(303,658)	(240,364)	(296,832)
Client deposits and notes	4,751,387	3,338,725	42.3%	4,477,908	6.1%	4,993,681	3,482,001	43.4%	4,649,572	7.4%	-	-	-	-	-	(242,294)	(143,276)	(171,664)
Amounts due to credit institutions	1,789,062	1,409,214	27.0%	2,115,859	-15.4%	1,692,557	1,324,609	27.8%	2,011,801	-15.9%	144,534	177,313	-18.5%	209,898	-31.1%	(48,029)	(92,708)	(105,840)
Debt securities issued	1,039,804	856,695	21.4%	1,076,137	-3.4%	961,944	827,721	16.2%	999,959	-3.8%	84,474	29,374	187.6%	83,549	1.1%	(6,614)	(400)	(7,371)
Accruals and deferred income	146,852	108,623	35.2%	166,435	-11.8%	20,364	19,897	2.3%	16,629	22.5%	126,488	88,726	42.6%	149,806	-15.6%	-	-	-
Insurance contracts liabilities	55,845	46,586	19.9%	66,608	-16.2%	34,547	27,979	23.5%	40,369	-14.4%	21,298	18,607	14.5%	26,239	-18.8%	-	-	-
Income tax liabilities	138,749	97,564	42.2%	127,490	8.8%	104,334	79,987	30.4%	96,214	8.4%	34,415	17,577	95.8%	31,276	10.0%	-	-	-
Other liabilities	134,756	87,645	53.8%	149,493	-9.9%	63,073	51,031	23.6%	77,454	-18.6%	78,404	40,594	93.1%	83,996	-6.7%	(6,721)	(3,980)	(11,957)
Total liabilities	8,056,455	5,945,052	35.5%	8,179,930	-1.5%	7,870,500	5,813,225	35.4%	7,891,998	-0.3%	489,613	372,191	31.5%	584,764	-16.3%	(303,658)	(240,364)	(296,832)
Share capital	1,154	1,143	1.0%	1,154	0.0%	1,154	1,143	1.0%	1,154	0.0%	-	-	-	-	-	-	-	-
Additional paid-in capital	240,593	245,305	-1.9%	252,090	-4.6%	101,793	87,950	15.7%	40,622	150.6%	138,800	157,355	-11.8%	211,468	-34.4%	-	-	-
Treasury shares	(44)	(46)	-4.3%	(36)	22.2%	(44)	(46)	-4.3%	(36)	22.2%	-	-	-	-	-	-	-	-
Other reserves	32,844	(22,574)	NMF	(74,266)	NMF	(63,958)	(11,073)	NMF	(64,648)	-1.1%	96,802	(11,501)	NMF	(9,618)	NMF	-	-	-
Retained earnings	1,577,050	1,350,258	16.8%	1,488,963	5.9%	1,257,415	1,134,158	10.9%	1,252,178	0.4%	319,635	216,100	47.9%	236,785	35.0%	-	-	-
Total equity attributable to shareholders of the Group	1,851,597	1,574,086	17.6%	1,667,905	11.0%	1,296,360	1,212,132	6.9%	1,229,270	5.5%	555,237	361,954	53.4%	438,635	26.6%	-	-	-
Non-controlling interests	222,041	60,007	270.0%	90,054	146.6%	18,931	18,645	1.5%	18,768	0.9%	203,110	41,362	391.1%	71,286	184.9%	-	-	-
Total equity	2,073,638	1,634,093	26.9%	1,757,959	18.0%	1,315,291	1,230,777	6.9%	1,248,038	5.4%	758,347	403,316	88.0%	509,921	48.7%	-	-	-
Total liabilities and equity	10,130,093	7,579,145	33.7%	9,937,889	1.9%	9,185,791	7,044,002	30.4%	9,140,036	0.5%	1,247,960	775,507	60.9%	1,094,685	14.0%	(303,658)	(240,364)	(296,832)
Book value per share	48.75	41.45	17.6%	43.60	11.8%													

GHG - 2015 Financial Results

Income Statement

Income Statement, full year

GEL thousands; unless otherwise noted

	Healthcare services			Medical insurance			Eliminations		Total GHG		Change, Y-o-Y
	2015	2014	Change, Y-o-Y	2015	2014	Change, Y-o-Y	2015	2014	2015	2014	
Revenue, gross	195,032	147,165	32.5%	55,256	69,759	-20.8%	(7,615)	(18,776)	242,673	198,148	22.5%
Corrections & rebates	(3,608)	(1,816)	98.7%	-	-	-	-	-	(3,608)	(1,816)	98.7%
Revenue, net	191,424	145,349	31.7%	55,256	69,759	-20.8%	(7,615)	(18,776)	239,065	196,332	21.8%
Cost of services	(107,291)	(83,298)	28.8%	(46,076)	(61,233)	-24.8%	7,431	18,465	(145,936)	(126,066)	15.8%
Cost of salaries and other employee benefits	(68,014)	(53,949)	26.1%	-	-	-	2,685	7,445	(65,329)	(46,504)	40.5%
Cost of materials and supplies	(29,097)	(18,139)	60.4%	-	-	-	1,149	2,503	(27,948)	(15,636)	78.7%
Cost of medical service providers	(2,423)	(4,517)	-46.3%	-	-	-	96	623	(2,327)	(3,894)	-40.2%
Cost of utilities and other	(7,757)	(6,693)	15.9%	-	-	-	306	924	(7,451)	(5,769)	29.2%
Net insurance claims incurred	-	-	-	(46,076)	(61,233)	-24.8%	3,195	6,970	(42,881)	(54,263)	-21.0%
Gross profit	84,133	62,051	35.6%	9,180	8,526	7.7%	(184)	(311)	93,129	70,266	32.5%
Salaries and other employee benefits	(23,075)	(16,055)	43.7%	(3,642)	(4,060)	-10.3%	202	311	(26,515)	(19,804)	33.9%
General and administrative expenses	(7,860)	(6,933)	13.4%	(2,660)	(2,516)	5.7%	3	-	(10,517)	(9,449)	11.3%
Impairment of healthcare services, insurance premiums and other receivables	(3,140)	(4,209)	-25.4%	(308)	(925)	-66.7%	-	-	(3,448)	(5,134)	-32.8%
Other operating income	3,468	937	270.2%	43	46	-5.5%	(21)	-	3,490	983	255.0%
EBITDA	53,526	35,791	49.6%	2,613	1,071	144.0%	-	-	56,139	36,862	52.3%
EBITDA margin	27.4%	24.3%	4.7%	4.7%	1.5%	9.6%	-	-	23.1%	18.6%	66.0%
Depreciation and amortization	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	-	-	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(20,352)	(13,138)	54.9%	71	332	-78.7%	-	-	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	-	-	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(960)	578	NMF	(722)	-	NMF	-	-	(1,682)	578	NMF
Profit before income tax expense	21,553	13,413	60.7%	2,055	1,097	87.3%	-	-	23,608	14,510	62.7%
Income tax (expense) / benefit	307	(1,145)	NMF	(298)	(101)	195.1%	-	-	9	(1,246)	NMF
Profit for the period	21,860	12,268	78.2%	1,757	996	76.4%	-	-	23,617	13,264	78.1%
Attributable to:											
- shareholders of the Company	17,894	9,211	94.3%	1,757	996	76.4%	-	-	19,651	10,207	92.5%
- non-controlling interests	3,966	3,057	29.7%	-	-	-	-	-	3,966	3,057	29.7%

GHG - 4Q15 Financial Results

Income Statement

Income Statement, quarterly	Healthcare services					Medical insurance					Eliminations			Total				
<i>GEL thousands; unless otherwise noted</i>	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	3Q15	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Revenue, gross	55,481	44,143	25.7%	51,131	8.5%	14,532	10,588	37.3%	14,359	1.2%	(1,293)	(467)	(2,135)	68,720	54,264	26.6%	63,355	8.5%
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	-	-	-	-	-	-	-	-	(1,086)	(643)	68.9%	(680)	59.7%
Revenue, net	54,395	43,500	25.0%	50,451	7.8%	14,532	10,588	37.3%	14,359	1.2%	(1,293)	(467)	(2,135)	67,634	53,621	26.1%	62,675	7.9%
Cost of services	(30,007)	(23,854)	25.8%	(28,821)	4.1%	(12,917)	(10,962)	17.8%	(11,286)	14.4%	1,306	375	2,101	(41,618)	(34,441)	20.8%	(38,006)	9.5%
Cost of salaries and other employee benefits	(18,256)	(15,529)	17.6%	(18,736)	-2.6%	-	-	-	-	449	33	794	(17,807)	(15,496)	14.9%	(17,942)	-0.8%	
Cost of materials and supplies	(8,871)	(5,557)	59.6%	(7,503)	18.2%	-	-	-	-	240	76	318	(8,631)	(5,481)	57.5%	(7,185)	20.1%	
Cost of medical service providers	(593)	(888)	-33.2%	(848)	-30.1%	-	-	-	-	13	(205)	37	(580)	(1,093)	-46.9%	(811)	-28.5%	
Cost of utilities and other	(2,287)	(1,880)	21.7%	(1,734)	31.9%	-	-	-	-	60	-	72	(2,227)	(1,880)	18.5%	(1,662)	34.0%	
Net insurance claims incurred	-	-	-	-	-	(12,917)	(10,962)	17.8%	(11,286)	14.4%	544	471	880	(12,373)	(10,491)	17.9%	(10,406)	18.9%
Gross profit	24,388	19,646	24.1%	21,630	12.7%	1,615	(374)	NMF	3,073	-47.5%	13	(92)	(34)	26,016	19,180	35.6%	24,669	5.5%
Salaries and other employee benefits	(6,178)	(4,933)	25.2%	(6,060)	1.9%	(636)	(485)	31.2%	(1,078)	-41.0%	4	92	34	(6,810)	(5,326)	27.9%	(7,104)	-4.1%
General and administrative expenses	(2,219)	(2,147)	3.3%	(1,954)	13.5%	(839)	(660)	27.2%	(558)	50.3%	-	-	2	(3,058)	(2,807)	8.9%	(2,510)	21.8%
Impairment of healthcare services, insurance premiums and other receivables	(460)	(2,888)	-84.1%	(943)	-51.3%	(152)	(573)	-73.4%	(47)	225.5%	-	-	-	(612)	(3,461)	-82.3%	(990)	-38.2%
Other operating income	1,008	(381)	NMF	1,969	-48.8%	(5)	(70)	-92.9%	(3)	97.3%	(17)	-	(2)	986	(451)	NMF	1,964	-49.8%
EBITDA	16,539	9,297	77.9%	14,642	13.0%	(17)	(2,162)	-99.2%	1,387	NMF	-	-	-	16,522	7,135	131.6%	16,029	3.1%
EBITDA margin	29.8%	21.1%		28.6%		-0.1%	-20.4%		9.7%					24.0%	13.1%		25.3%	
Depreciation and amortization	(4,046)	(1,813)	123.2%	(3,327)	21.6%	(249)	(157)	58.5%	(155)	60.9%	-	-	-	(4,295)	(1,970)	118.0%	(3,482)	23.3%
Net interest (expense) / income	(5,535)	(3,633)	52.4%	(4,733)	16.9%	158	71	121.1%	(53)	NMF	-	-	-	(5,377)	(3,562)	51.0%	(4,786)	12.3%
Net (losses) / gains from foreign currencies	(1,586)	(166)	NMF	(1,982)	-20.0%	(6)	176	NMF	223	NMF	-	-	-	(1,592)	10	NMF	(1,759)	-9.5%
Net non-recurring (expense) / income	484	(791)	NMF	(677)	NMF	(676)	31	NMF	(46)	NMF	-	-	-	(192)	(760)	-74.7%	(723)	-73.4%
Profit before income tax expense	5,856	2,894	102.3%	3,923	49.3%	(790)	(2,041)	-61.3%	1,356	NMF	-	-	-	5,066	853	493.9%	5,279	-4.0%
Income tax (expense) / benefit	(206)	(290)	-28.9%	(195)	6.0%	192	381	-49.7%	164	16.6%	-	-	-	(14)	91	NMF	(31)	-54.8%
Profit for the period	5,650	2,604	117.0%	3,728	51.6%	(598)	(1,660)	-64.0%	1,520	NMF	-	-	-	5,052	944	435.2%	5,248	-3.7%
Attributable to:																		
- shareholders of the Company	4,421	1,767	150.2%	2,453	80.3%	(598)	(1,660)	-64.0%	1,520	NMF	-	-	-	3,823	107	NMF	3,973	-3.8%
- non-controlling interests	1,229	837	46.9%	1,275	-3.6%	-	-	-	-	-	-	-	-	1,229	837	46.8%	1,275	-3.6%

BNB - financial information

Belarusky Narodny Bank (BNB)

INCOME STATEMENT, HIGHLIGHTS	Q415	Q414	Change	Q315	Change	2015	2014	Change
<i>GEL thousands, unless otherwise stated</i>			Y-O-Y		Q-O-Q			Y-O-Y
Net banking interest income	7,590	6,259	21.3%	7,650	-0.8%	29,307	22,410	30.8%
Net fee and commission income	2,133	2,659	-19.8%	2,149	-0.7%	9,198	9,443	-2.6%
Net banking foreign currency gain	2,011	4,851	-58.5%	6,340	-68.3%	17,036	9,932	71.5%
Net other banking income	1,776	141	NMF	190	NMF	2,199	504	NMF
Revenue	13,510	13,910	-2.9%	16,329	-17.3%	57,740	42,289	36.5%
Operating expenses	(6,068)	(5,317)	14.1%	(4,722)	28.5%	(19,731)	(18,390)	7.3%
Operating income before cost of credit risk	7,442	8,593	-13.4%	11,607	-35.9%	38,009	23,899	59.0%
Cost of credit risk	(7,651)	(2,046)	NMF	(1,292)	NMF	(19,270)	(4,187)	NMF
Net non-recurring items	3,217	(666)	NMF	(323)	NMF	1,478	(3,073)	NMF
Profit before income tax	3,008	5,881	-48.9%	9,992	-69.9%	20,217	16,639	21.5%
Income tax (expense) benefit	1,801	(1,677)	NMF	(2,342)	NMF	(2,754)	(962)	186.3%
Profit	4,809	4,204	14.4%	7,650	-37.1%	17,463	15,677	11.4%

STATEMENT OF FINANCIAL POSITION

<i>GEL thousands, unless otherwise stated</i>	Dec-15	Dec-14	Change	Sep-15	Change
			Y-O-Y		Y-O-Y
Cash and cash equivalents	109,758	76,559	43.4%	95,395	15.1%
Amounts due from credit institutions	3,906	3,461	12.9%	3,769	3.6%
Loans to customers and finance lease receivables	320,114	265,952	20.4%	315,006	1.6%
Other assets	41,705	57,792	-27.8%	67,328	-38.1%
Total assets	475,483	403,764	17.8%	481,498	-1.2%
Client deposits and notes	277,642	201,829	37.6%	270,548	2.6%
Amounts due to credit institutions	115,643	117,434	-1.5%	120,115	-3.7%
Debt securities issued	-	-	-	-	-
Other liabilities	4,685	7,252	-35.4%	8,974	-47.8%
Total liabilities	397,970	326,515	21.9%	399,637	-0.4%
Total equity attributable to shareholders of the Group	64,505	63,996	0.8%	67,989	-5.1%
Non-controlling interests	13,008	13,253	-1.8%	13,872	-6.2%
Total equity	77,513	77,249	0.3%	81,861	-5.3%
Total liabilities and equity	475,483	403,764	17.8%	481,498	-1.2%

P&C Insurance (Aldagi) - financial information

P&C Insurance (Aldagi)

INCOME STATEMENT

GEL thousands, unless otherwise stated

	4Q15	4Q14	Change Y-O-Y	3Q15	Change Q-O-Q	2015	2014	Change Y-O-Y
Net banking interest income	590	258	128.7%	628	-6.1%	2,330	506	NMF
Net fee and commission income	87	71	22.5%	80	8.7%	310	312	-0.6%
Net banking foreign currency loss	(126)	(2,145)	-94.1%	(1,096)	-88.5%	993	(2,085)	NMF
Net other banking income	351	118	197.5%	254	38.2%	993	515	92.8%
Gross insurance profit	5,423	4,818	12.6%	6,297	-13.9%	21,180	17,753	19.3%
Revenue	6,325	3,120	102.7%	6,163	2.6%	25,806	17,001	51.8%
Operating expenses	(2,746)	(2,897)	-5.2%	(2,959)	-7.2%	(11,199)	(9,403)	19.1%
Operating income before cost of credit risk	3,579	223	NMF	3,204	11.7%	14,607	7,598	92.2%
Cost of credit risk	(244)	(230)	6.1%	(199)	22.6%	(710)	(601)	18.1%
Net non-recurring items	(701)	-	-	-	-	(701)	-	-
Profit before income tax	2,634	(7)	NMF	3,005	-12.3%	13,196	6,997	88.6%
Income tax (expense) benefit	(467)	17	NMF	(503)	-7.2%	(731)	(1,083)	-32.5%
Profit	2,167	10	NMF	2,502	-13.4%	12,465	5,914	110.8%

Key ratios and operating data

Banking Business Key ratios

	4Q15	4Q14	3Q15	2015	2014
Profitability					
ROAA, Annualised	3.5%	3.9%	3.3%	3.2%	3.5%
ROAE, Annualised	25.1%	22.7%	23.3%	21.7%	20.6%
Net Interest Margin, Annualised	7.6%	7.7%	7.6%	7.7%	7.6%
Loan Yield, Annualised	14.8%	14.1%	14.7%	14.8%	14.3%
Liquid assets yield, Annualised	3.3%	2.9%	3.1%	3.2%	2.5%
Cost of Funds, Annualised	5.1%	4.7%	5.1%	5.1%	4.8%
Cost of Client Deposits and Notes, annualised	4.4%	4.1%	4.1%	4.3%	4.2%
Cost of Amounts Due to Credit Institutions, annualised	5.9%	4.8%	6.3%	5.8%	4.8%
Cost of Debt Securities Issued	6.8%	7.2%	7.3%	7.1%	7.2%
Operating Leverage, Y-O-Y	10.4%	2.4%	18.7%	16.6%	-1.8%
Operating Leverage, Q-O-Q	-1.7%	5.0%	2.7%	n/a	n/a
Efficiency					
Cost / Income	35.4%	38.4%	34.8%	35.7%	40.5%
Liquidity					
NBG Liquidity Ratio	46.2%	35.0%	40.5%	46.2%	35.0%
Liquid Assets To Total Liabilities	38.2%	32.3%	36.9%	38.2%	32.3%
Net Loans To Client Deposits and Notes	107.5%	127.5%	115.4%	107.5%	127.5%
Net Loans To Client Deposits and Notes + DFIs	90.8%	108.6%	95.9%	90.8%	108.6%
Leverage (Times)	6.0	4.7	6.3	6.0	4.7
Asset Quality:					
NPLs (in GEL)	241,142	153,628	221,590	241,142	153,628
NPLs To Gross Loans To Clients	4.3%	3.4%	4.0%	4.3%	3.4%
NPL Coverage Ratio	83.4%	68.0%	82.1%	83.4%	67.5%
NPL Coverage Ratio, Adjusted for discounted value of collateral	120.6%	110.6%	121.9%	120.6%	110.6%
Cost of Risk, Annualised	2.4%	1.2%	2.5%	2.7%	1.2%
Capital Adequacy:					
New NBG (Basel II) Tier I Capital Adequacy Ratio	10.9%	11.1%	10.2%	10.9%	11.1%
New NBG (Basel II) Total Capital Adequacy Ratio	16.7%	14.1%	15.8%	16.7%	14.1%
Old NBG Tier I Capital Adequacy Ratio	9.3%	13.3%	9.2%	9.3%	13.3%
Old NBG Total Capital Adequacy Ratio	16.9%	13.8%	16.0%	16.9%	13.8%

Selected Operating Data:

	4Q15	4Q14	3Q15	2015	2014
Total Assets Per FTE, BOG Standalone	2,031	1,868	2,060	2,031	1,868
Number Of Active Branches, Of Which:	266	219	260	266	219
- Flagship Branches	35	34	35	35	34
- Standard Branches	117	101	115	117	101
- Express Branches (including Metro)	114	84	110	114	84
Number Of ATMs	746	523	703	746	523
Number Of Cards Outstanding, Of Which:	1,958,377	1,156,631	1,940,627	1,958,377	1,156,631
- Debit cards	1,204,103	1,040,016	1,210,914	1,204,103	1,040,016
- Credit cards	754,274	116,615	729,713	754,274	116,615
Number Of POS Terminals	8,102	6,320	7,685	8,102	6,320

Group Employee Data

	4Q15	4Q14	3Q15
Full Time Employees, Group, Of Which:	15,955	13,396	15,624
- Full Time Employees, BOG Standalone	4,523	3,770	4,436
- Full Time Employees, Georgia Healthcare Group	9,649	8,011	9,434
- Full Time Employees, m2	58	56	59
- Full Time Employees, Aldagi	251	250	246
- Full Time Employees, BNB	540	463	537
- Full Time Employees, Other	934	846	912

Shares outstanding

	31-Dec-15	30-Sep-15	31-Dec-14
Ordinary shares outstanding	37,978,568	38,257,793	37,978,135
Treasury shares outstanding	1,521,752	1,522,185	1,242,527

Risk Weighted Assets breakdown

	Risk Weighted Assets			Change	
	31-Dec-15	30-Sep-15	31-Dec-14	Y-O-Y, %	Q-O-Q, %
GEL thousands					
Credit risk weighting	5,938,257	6,001,552	4,969,358	19.5%	-1.1%
FX induced credit risk (market risk)	1,800,287	1,846,755	1,660,005	8.5%	-2.5%
Operational risk weighting	624,825	624,825	574,717	8.7%	0.0%
Total RWA under NBG Basel 2/3	8,363,369	8,473,132	7,204,080	16.1%	-1.3%

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 New NBG (Basel 2/3) Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 15 New NBG (Basel 2/3) Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 16 Old NBG Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 17 Old NBG Total Capital Adequacy ratio equals total capital divided by total risk weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 18 NMF – Not meaningful
- 19 Constant currency basis – changes assuming constant exchange rate

BGEO Group – *Company information*

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Registered under number 7811410 in England and Wales
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Share price information

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