BGEO Group PLC

4th quarter and full year 2015 preliminary results

Holding company of BANK OF GEORGIA

BGEO

GROUP

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FORWARD LOOKING STATEMENTS

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

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

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

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

BGEO Group PLC ("**BGEO**" or the "**Group**" – LSE: **BGEO LN**), the holding company of JSC Bank of Georgia ("**BOG**" or the "**Bank**") announces the Group's full-year and fourth quarter 2015 consolidated results. Unless otherwise mentioned, figures are for the full year 2015 and comparisons are with the full year 2014. The results are based on IFRS as adopted by EU, are unaudited and are derived from management accounts

The information in the preliminary announcements of the results for the year ended 31 December 2015, which was approved by the Board of Directors on 12 February 2016, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The financial statements for the year ended 31 December 2014 were filed with the Registrar of Companies, and the audit report was unqualified and contained no statements in respect of Sections 498 (s) and 495 (3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2015 will be filed with the Registrar of Companies in due course

In November 2015, Bank of Georgia Holdings PLC ("BGH") completed the change of its name from Bank of Georgia Holdings PLC to BGEO Group PLC, following its announcement regarding its intention to change the name in August 2015

BGEO highlights

- 4Q15 profit was GEL 95.7mln (US$ 39.9mln/GBP 27.0mln), up 43.9% y-o-y and up 18.3% q-o-q
- 4Q15 earnings per share ("EPS") were GEL 2.42 (US$ 1.01 per share/GBP 0.68 per share), up 33.0% y-o-y and up 18.6% q-o-q
- 2015 profit was GEL 310.9mln (US$ 129.8mln/GBP 87.6mln), up 29.1% y-o-y
- 2015 EPS was GEL 7.93 (US$ 3.31 per share/GBP 2.23 per share), up 18.0% y-o-y
- Book value per share was GEL 48.75, up 17.6% y-o-y, with total equity attributable to shareholders of GEL 1,851.6mln, up 17.6% y-o-y
- Total assets increased to GEL 10,130.1mln, up 33.7% y-o-y and up 1.9% q-o-q
- Leverage stood at 3.9 times in 2015 compared to 3.6 a year ago
- In addition to the capital in the regulated Banking Business (JSC Bank of Georgia), GEL 117.4mln cash is held at the holding company level as of the date of this report

Banking Business highlights

4Q15 performance

- Revenue was GEL 201.1mln (up 30.6% y-o-y and up 5.8% q-o-q)
- Net Interest Margin ("**NIM**") was 7.6% (-10 bps y-o-y and flat q-o-q)
- *Pro-forma NIM, adjusted for excess liquidity level[1] was 9.3% (7.8% in 4Q14 and 9.0% in 3Q15)*
- Loan Yield stood at 14.8% (+70 bps y-o-y and +10 bps q-o-q)
- Cost of Funds stood at 5.1% (+40 bps y-o-y and flat q-o-q)
- Cost to Income ratio was 35.4% (38.4% in 4Q14 and 34.8% in 3Q15)
- Operating leverage was positive at 10.4 percentage points y-o-y and negative at 1.7 percentage points q-o-q
- Cost of credit risk stood at GEL 35.2mln (up 138.2% y-o-y and 1.4% q-o-q)
- Cost of Risk ratio was 2.4% (1.2% in 4Q14 and 2.5% in 3Q15)
- Profit increased to GEL 80.6mln (up 24.0% y-o-y and up 9.8% q-o-q)
- Return on Average Assets ("**ROAA**") was 3.5% (3.9% in 4Q14 and 3.3% in 3Q15)
- Return on Average Equity ("**ROAE**") was 25.1% (22.7% in 4Q14 and 23.3% in 3Q15)

Full-year 2015 performance

- Revenue was GEL 751.3mln (up 39.6% y-o-y)
- NIM was 7.7% (+10 bps y-o-y)
- *Pro-forma NIM, adjusted for excess liquidity level, was 8.2% (8.3% in 2014)*
- Loan Yield was 14.8% (+50 bps y-o-y)
- Cost of Funds was 5.1% (+30 bps y-o-y)
- Cost to Income ratio improved to 35.7% (40.5% in 2014)
- Operating leverage was positive at 16.6 percentage points

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[1] ProForma NIM is a hypothetical Net Interest Margin that would have been achieved, had all excess liquidity amounts of GEL and FC balances been used to repay respective funding sources at respective costs and giving up respective liquid asset yields in the process

- Cost of credit risk stood at GEL 151.5mln (up 171.9% y-o-y)
- Cost of Risk ratio stood at 2.7% (1.2% in 2014)
- Profit increased to GEL 274.3mln (up 24.4% y-o-y)
- ROAA was 3.2% (3.5% in 2014)
- ROAE was 21.7% (20.6% in 2014)

Balance sheet strength supported by solid capital and liquidity positions

- The net loan book reached a record GEL 5,366.8mln, up 20.9% y-o-y and flat q-o-q; growth on constant currency basis was 1.5% y-o-y
- Customer funds increased to GEL 4,993.7mln, up 43.4% y-o-y and up 7.4% q-o-q; growth on constant currency basis was 19.6% y-o-y
- Net Loans to Customer Funds and DFI ratio stood at 90.8% (95.9% at 30 September 2015 and 108.6% at 31 December 2014)
- NBG (Basel 2/3) Tier I and Total CAR stood at 10.9% and 16.7%, respectively
- NBG Liquidity Ratio was 46.2%

Resilient growth momentum sustained across all major business lines

- **Retail Banking continues to deliver strong franchise growth**, primarily supported by the Express Banking strategy and Privatbank acquisition, as well as a growing number of Solo clients. Retail Banking revenue reached GEL 114.7mln in 4Q15, up 35.0% y-o-y with annual revenue totalling GEL 427.4mln, up 44.0% from last year
- Retail Banking net loan book reached a record GEL 2,796.5mln, up 35.3% y-o-y; growth on constant currency basis was 19.0% y-o-y
- Retail Banking client deposits increased to GEL 1,880.0mln, up 39.3% y-o-y; growth on constant currency basis was 15.5% y-o-y
- Number of Retail Banking clients reached 1,999,869 by the end of 2015, up 37.8% from 1,451,777 a year ago
- **The Privatbank acquisition has enhanced our position in the significantly more profitable Retail Banking franchise**. Privatbank added c.400,000 clients to our business and increased our market share in retail loans by 4.3 percentage points and in retail deposits by 2.5 percentage points (market data as of 31 March 2015)
- **We launched Solo - a new strategy for our premium banking segment** - a fundamentally different approach to premium banking. As of 31 December 2015, the number of Solo clients reached 11,869, up 48.9% from 7,971 a year ago and our goal for the next three to four years is to significantly increase our market share in this segment, which stood below 13% at the beginning of 2015
- **Corporate Banking net loan book reached GEL 2,130.4mln, down 1.4% y-o-y**, as a result of slower economic activity in the country's corporate sector, as well as our strategic goal to reduce concentration risk in the corporate lending and improve its ROAE
- **As a result of this strategy, concentration of top 10 corporate banking clients[1] was reduced to 12.4% in the end of 2015, down from 15.7% a year ago. The corporate banking ROAE grew to 16.4% in 2015, up from 11.7% in 2014**
- As a result of recently announced combination of our Corporate Banking and Investment Management businesses into a Corporate Investment Banking business ("**CIB**"), we expect to grow our fee income, further improve the Bank's ROAE and reduce concentration risk in the corporate lending portfolio. Reflecting this change, the Group will report CIB business results separately starting in the first quarter 2016
- **Investment Management's Assets Under Management ("AUM")[2] increased to GEL 1,373.1mln**, up 33.7% y-o-y, reflecting increased bond issuance activity

Investment Business Highlights

- **Our healthcare business, Georgia Healthcare Group PLC ("GHG") posted record revenue of GEL 68.7mln in 4Q15[3], up 26.6% y-o-y. The annual revenue reached GEL 242.7mln, up 22.5% y-o-y, implying 17.3% organic revenue growth in healthcare services business**

[1] Top 10 Corporate Banking loans as % of total gross Banking Business loans

[2] Wealth Management client deposits, Galt & Taggart client assets, Aldagi Pension Fund and Wealth Management client assets at Bank of Georgia Custody

[3] Georgia Healthcare Group financials are on standalone basis

- **GHG also delivered outstanding EBITDA margin performance in its healthcare services business in 2015, achieving its 2018-target of c.30% EBITDA margin in 4Q15.** EBITDA margin reached 27.4% for the full year and was higher in 4Q15 at 29.8%. As a result, strong margin performance translated into GHG EBITDA of GEL 16.5mln in 4Q15, up 131.6% y-o-y and GEL 56.1mln for full-year 2015, up 52.3% y-o-y. Consequently, GHG reported net profit of GEL 5.1mln in 4Q15, up 435.2% y-o-y and GEL 23.6mln for full year 2015, up 78.1% y-o-y. **Adjusted net profit[1] was GEL 9.5mln in 4Q15 and GEL 28.0mln in 2015**
- **As a result of the GHG's initial public offering ("IPO") on the premium segment of London Stock Exchange, closed in November 2015, BGEO achieved 121% Internal Rate of Return ("IRR") on its investment in GHG**
- **Our real estate business, m^2 Real Estate ("m^2 Real Estate") recognised revenue of GEL 21.6mln in 2015, up 57.3% y-o-y, driven by strong project execution and sales performance. In 2015, m^2 Real Estate achieved sales of US$ 29.7mln, selling a total of 347 apartments, compared with US$ 46.7mln sales and 573 apartments sold in 2014**. As m^2 Real Estate recognises revenue upon completion of the projects, it had accumulated US$ 57.1mln sales, which will be recognised as revenue upon completion of the on-going projects in 2016-2018 (of which c. US$ 43mln is expected to be recognised in 2016). m^2 Real Estate completed one project with 221 apartments in 2015, compared to one project and 522 apartments completed in 2014. Additionally, it started construction of two new projects in 2015 with a total of 838 apartments. m^2 Real Estate has completed all of its projects on time and within budget
- **Profits from associates, which comprises profit from our water and utilities business – Georgian Global Utilities ("GGU") – recorded GEL 1.9mln profit in 4Q15**, **resulting in GEL 4.1mln profit for 2015** (reported as profit from associates)

[1] Adjusted net profit excludes the effect of the IPO. The adjusted profit includes add back for a non-recurring one-off FX loss as well as an add back of one quarter interest expense released through prepayment of debt at the end of 2015 and in January 2016

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to report to our shareholders that, during 2015, the Group managed to beat the 38% Lari devaluation by delivering an all-time high net profit in U.S. dollar terms. The Group's profit of GEL 310.9 million was driven by the outstanding performance of our banking business, with its superior customer driven franchise, sound bank risk management policy and double digit positive operating leverage, combined with an excellent performance from our portfolio of companies in the investment business. Obviously, Georgian GDP growth of c.3% was instrumental in keeping asset quality in check and delivering strong growth and record profitability. Georgian macroeconomic growth of c.3% was particularly resilient in the context of the economic turbulence in the region. Our base case scenario for GDP growth in 2016 is c.3% with inflation of up to 5%.

2015 was also marked by the successful IPO of GHG, which was an extremely important milestone for the Group with regard to crystallising the value of our investment in GHG and demonstrating an exit from our investment business, together with raising the capital to finance GHG's further growth opportunities. GHG has just produced its first quarterly results after the IPO and announced that the healthcare services business managed to deliver its targeted EBITDA margin of c.30% two years ahead of its initial plan. I would like to take this opportunity and congratulate Nika Gamkrelidze and his team on this achievement.

In terms of the performance of Bank of Georgia, I would like to highlight the achievement of an all-time low Cost to Income Ratio of 35%, driven by the flawless Privatbank integration, produced by the Bank in 2015, together with a Net Loans to Customer Funds and DFIs ratio of 90.8%. With regard to the Bank's quarterly performance, we have managed to produce a 25% ROAE in the banking business, the highest ever return on equity in the Group's history, whilst holding nearly GEL 800 million in excess liquidity. These results, combined with our strong capital base, both at the Bank and the Group level, position us well to deliver a solid performance in 2016.

Since the introduction of dividends in 2010, the Group has managed to grow its annual dividend by 52% CAGR. With regard to the Group's 2015 dividend, at the 2016 AGM the Board intends to recommend an annual dividend of GEL 2.4 per share payable in British Pound Sterling at the prevailing rate. This is in the range of our payout ratio target of 25-40% and represents a 14% increase over the 2014 dividend. In addition, the Group has instructed the administrators of the Group Employee Benefits Trust to purchase shares in the market totaling approximately US$10 million.

Irakli Gilauri,

Group CEO of BGEO Group PLC

FINANCIAL SUMMARY

QUARTERLY INCOME STATEMENT

GEL thousands unless otherwise noted

	BGEO 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%**
Earnings per share basic and diluted	**2.42**	**1.82**	**33.0%**	**2.04**	**18.6%**										

FULL YEAR INCOME STATEMENT

GEL thousands unless otherwise noted

	BGEO Consolidated			Banking Business*			Investment Business*		
	2015	2014	Change Y-O-Y	2015	2014	Change Y-O-Y	2015	2014	Change Y-O-Y
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	-	-
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 and diluted	**7.93**	**6.72**	**18.0%**						

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

BALANCE SHEET *GEL thousands unless otherwise noted*	BGEO Consolidated 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%
Loans to customers and finance lease receivables	5,322,117	4,347,851	22.4%	5,266,125	1.1%
Total assets	**10,130,093**	**7,579,145**	**33.7%**	**9,937,889**	**1.9%**
Client deposits and notes	4,751,387	3,338,725	42.3%	4,477,908	6.1%
Amounts due to credit institutions	1,789,062	1,409,214	27.0%	2,115,859	-15.4%
Debt securities issued	1,039,804	856,695	21.4%	1,076,137	-3.4%
Total liabilities	**8,056,455**	**5,945,052**	**35.5%**	**8,179,930**	**-1.5%**
Total equity	**2,073,638**	**1,634,093**	**26.9%**	**1,757,959**	**18.0%**

BALANCE SHEET *GEL thousands unless otherwise noted*	Banking Business* Dec-15	Dec-14	Change Y-O-Y	Sep-15	Change Q-O-Q
Liquid Assets	3,006,991	1,874,769	60.4%	2,913,651	3.2%
Loans to customers and finance lease receivables	5,366,764	4,438,032	20.9%	5,367,311	0.0%
Total assets	**9,185,791**	**7,044,002**	**30.4%**	**9,140,036**	**0.5%**
Client deposits and notes	4,993,681	3,482,001	43.4%	4,649,572	7.4%
Amounts due to credit institutions	1,692,557	1,324,609	27.8%	2,011,801	-15.9%
Debt securities issued	961,944	827,721	16.2%	999,959	-3.8%
Total liabilities	**7,870,500**	**5,813,225**	**35.4%**	**7,891,998**	**-0.3%**
Total equity	**1,315,291**	**1,230,777**	**6.9%**	**1,248,038**	**5.4%**

BALANCE SHEET *GEL thousands unless otherwise noted*	Investment Business* Dec-15	Dec-14	Change Y-O-Y	Sep-15	Change Q-O-Q
Liquid Assets	307,459	166,056	85.2%	186,812	64.6%
Loans to customers and finance lease receivables	-	-	0.0%	-	0.0%
Total assets	**1,247,960**	**775,507**	**60.9%**	**1,094,685**	**14.0%**
Client deposits and notes	-	-	0.0%	-	0.0%
Amounts due to credit institutions	144,534	177,313	-18.5%	209,898	-31.1%
Debt securities issued	84,474	29,374	187.6%	83,549	1.1%
Total liabilities	**489,613**	**372,191**	**31.5%**	**584,764**	**-16.3%**
Total equity	**758,347**	**403,316**	**88.0%**	**509,921**	**48.7%**

Banking Business Ratios	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%
Tier I capital adequacy ratio (New NBG, Basel 2/3)	10.9%	11.1%	10.2%	10.9%	11.1%
Total capital adequacy ratio (New NBG, Basel 2/3)	16.7%	14.1%	15.8%	16.7%	14.1%

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

DISCUSSION OF RESULTS

Discussion of Banking Business Results

The following discussion refers to the Banking Business only

Revenue

GEL thousands, unless otherwise noted	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	2015	2014	Change, Y-o-Y
Banking interest income	230,833	163,829	40.9%	223,800	3.1%	872,299	600,925	45.2%
Banking interest expense	(96,616)	(62,768)	53.9%	(94,551)	2.2%	(359,372)	(243,654)	47.5%
Net banking interest income	**134,217**	**101,061**	**32.8%**	**129,249**	**3.8%**	**512,927**	**357,271**	**43.6%**
Fee and commission income	42,856	34,865	22.9%	41,532	3.2%	161,891	134,488	20.4%
Fee and commission expense	(10,590)	(8,110)	30.6%	(10,471)	1.1%	(40,302)	(32,643)	23.5%
Net fee and commission income	**32,266**	**26,755**	**20.6%**	**31,061**	**3.9%**	**121,589**	**101,845**	**19.4%**
Net banking foreign currency gain	19,525	16,643	17.3%	18,675	4.6%	76,926	52,752	45.8%
Net other banking income	9,699	5,146	88.5%	5,231	85.4%	19,837	9,890	100.6%
Net insurance premiums earned	10,810	7,651	41.3%	10,332	4.6%	40,161	28,129	42.8%
Net insurance claims incurred	(5,369)	(3,268)	64.3%	(4,503)	19.2%	(20,114)	(11,707)	71.8%
Gross insurance profit	**5,441**	**4,383**	**24.1%**	**5,829**	**-6.7%**	**20,047**	**16,422**	**22.1%**
Revenue	**201,148**	**153,988**	**30.6%**	**190,045**	**5.8%**	**751,326**	**538,180**	**39.6%**
Net Interest Margin	7.6%	7.7%		7.6%		7.7%	7.6%	
Average interest earning assets	7,014,711	5,182,218	35.4%	6,786,373	3.4%	6,667,220	4,725,688	41.1%
Average interest bearing liabilities	7,575,074	5,254,799	44.2%	7,378,228	2.7%	7,069,269	5,081,994	39.1%
Average net loans, currency blended	5,401,904	4,139,954	30.5%	5,240,930	3.1%	5,200,650	3,767,973	38.0%
Average net loans, GEL	1,536,973	1,208,655	27.2%	1,558,868	-1.4%	1,527,852	1,164,713	31.2%
Average net loans, FC	3,864,931	2,931,299	31.9%	3,682,062	5.0%	3,672,798	2,603,260	41.1%
Average client deposits, currency blended	4,807,651	3,286,851	46.3%	4,437,639	8.3%	4,379,707	3,173,826	38.0%
Average client deposits, GEL	1,258,566	961,277	30.9%	1,182,641	6.4%	1,203,167	919,857	30.8%
Average client deposits, FC	3,549,085	2,325,574	52.6%	3,254,998	9.0%	3,176,540	2,253,969	40.9%
Average liquid assets, currency blended	2,842,715	1,704,106	66.8%	2,748,330	3.4%	2,540,310	1,843,538	37.8%
Average liquid assets, GEL	1,194,534	879,391	35.8%	1,235,688	-3.3%	1,153,425	833,854	38.3%
Average liquid assets, FC	1,648,181	824,715	99.8%	1,512,642	9.0%	1,386,885	1,009,684	37.4%
Excess liquidity (NBG)	789,311	177,917	343.6%	491,228	60.7%	789,311	177,917	343.6%
Liquid assets yield, currency blended	3.3%	2.9%		3.1%		3.2%	2.5%	
Liquid assets yield, GEL	7.2%	5.2%		6.7%		6.5%	5.0%	
Liquid assets yield, FC	0.5%	0.5%		0.3%		0.5%	0.4%	
Loan yield, total	14.8%	14.1%		14.7%		14.8%	14.3%	
Loan yield, GEL	23.4%	20.1%		22.8%		22.6%	19.9%	
Loan yield, FC	11.3%	11.7%		11.2%		11.4%	11.6%	
Cost of funding, total	5.1%	4.7%		5.1%		5.1%	4.8%	
Cost of funding, GEL	6.8%	4.0%		5.2%		5.5%	4.0%	
Cost of funding, FC	4.6%	5.0%		5.0%		4.9%	5.1%	

- **Our Banking Business delivered all-time high quarterly revenue of GEL 201.1mln (up 30.6% y-o-y and up 5.8% q-o-q), ending the year 2015 with record revenue of GEL 751.3mln (up 39.6% y-o-y)**. The revenue growth was driven by strong growth across all revenue lines
- **Our net banking interest income increased to GEL 134.2mln in 4Q15, growing both y-o-y and q-o-q (up 32.8% y-o-y and up 3.8% q-o-q), with the annual result reaching GEL 512.9mln, showing strong double digit growth of 43.6% y-o-y**. This reflects the strong performance of interest income which outgrew interest expense. On a constant currency basis, growth in our full year interest income (up 32.1% y-o-y) outpaced growth in interest expense (28.7%)
- Our strong interest income performance was a result of robust growth in our average interest earning assets and improved Loan Yield, which was primarily driven by Privatbank acquisition. The y-o-y growth in interest

earning assets was driven by the weakening GEL, which increased the GEL value of our foreign currency denominated interest earning assets, the Privatbank acquisition and a slight 1.5% y-o-y growth in the net loan book on a constant currency basis

- Our average net loans increased to GEL 5,401.9mln, up 30.5% y-o-y in nominal terms and up 1.5% y-o-y on a constant currency basis, primarily driven by outstanding performance of our Retail Banking operations as well as the Privatbank acquisition, which added GEL 245.6mln to our banking business net loan book at time of the Privatbank integration in May 2015
- The increase in our interest expense was driven by a two-fold effect for both, the fourth quarter and full-year: strong growth in our average interest bearing liabilities and growth in cost of funding. This reflects a strong 46.3% growth in average client deposits for 4Q15, which represent a more expensive source of funding. The growth was driven mainly by the growth in foreign currency deposits which again reflected in large part the weakening of the GEL. For the full-year, average interest bearing liabilities grew at 39.1% and cost of funding increased from 4.8% in 2014 to 5.1% this year. Average client deposits and notes grew 38.0% y-o-y for 2015 to GEL 4,379,707
- **Our net fee and commission income reached GEL 32.3mln in 4Q15, up 20.6% y-o-y with annual result reaching GEL 121.6mln, up 19.4% y-o-y.** On a constant currency basis, growth in our full year fee and commission income (up 16.0% y-o-y) outpaced growth in fee and commission expense (13.1 %). Growth was primarily driven by the ongoing success of our Express Banking service, which has expanded during the year partially driven by the integration of Privatbank, whose clients were a mainly target segment for our Express products. We have added 58,669 Express Banking customers in 2015, representing 16.0% growth y-o-y in Express client base. The growth in client base has triggered a significant increase in the volume of banking transactions. The growth of transactions was achieved largely through the more cost-effective remote channels
- **Net gain from foreign currencies increased for both reporting periods, reaching GEL 19.5mln in 4Q15 (up 17.3% y-o-y) and GEL 76.9mln in 2015 (up 45.8% y-o-y).** Growth reflected increased client activity as a result of the increased GEL volatility
- **Our P&C insurance business, Aldagi, continued its strong yearly performance into 4Q15, and posted gross insurance profit of GEL 5.4mln in 4Q15 (up 24.1% y-o-y)**, ending the year at GEL 20.0mln (up 22.1% y-o-y). This increase was mainly driven by growth in Motor insurance and Life & Disability insurance. *For P&C insurance segment financials please see page 32*
- **Our NIM stood at 7.6% in 4Q15 (down 10 bps y-o-y and flat q-o-q), ending a year at 7.7% (up 10bps y-o-y)**. NIM was adversely affected by the high liquidity levels that we purposefully maintained during 2015. Pro-forma NIM, adjusted for excess liquidity levels, was 9.3% in 4Q15 and 8.2% for full-year 2015
- **NIM reflected:**
    - Strong Loan Yield which stood at 14.8% for 4Q15 (up 70 bps y-o-y and up 10 bps q-o-q) and full-year 2015 (up 50 bps y-o-y), largely driven by the addition of Privatbank's high yielding Loan Portfolio. Privatbank's higher margin is primarily driven by its mono-product of an all-in-one debit and credit card
    - Liquid Assets Yield stood at 3.3% in 4Q15 (up 40 bps y-o-y and up 20 bps q-o-q) and at 3.2% in 2015 (up 70 bps y-o-y), largely reflecting higher yield on Government issued securities
    - This was partially offset by a 40 bps increase in Cost of Funds, which stood at 5.1% both for 4Q15 (up 40 bps y-o-y and flat q-o-q) and for full-year 2015 (up 30 bps y-o-y). The increase in Cost of Funds was primarily driven by an increase in the cost of local currency funding as the local currency financing reference rate of the National Bank of Georgia increased gradually during 2015 to 8.0% at the year end, up from 4.0% at the end of 2014. As of 1 September 2015, we decreased the interest rates on one-year dollar deposits from 5% to 4% in the retail segment, which is expected to drive our Cost of Funds down and decrease the dollarization of our balance sheet. On the other hand, as of 1 September 2015, we increased the interest rates on one-year local currency deposits from 9% to 11% in the retail segment, which affected the increase in our cost of funds
    - Our liquidity levels as a percentage of total assets increased to 32.7% by the end of 2015, compared to 26.6% a year ago and 31.9% as at 30 September 2015 as a result of an increased liquidity pool

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

GEL thousands, unless otherwise noted	4Q15	4Q14	Change y-o-y	3Q15	Change q-o-q	2015	2014	Change y-o-y
Salaries and other employee benefits	(39,304)	(34,655)	13.4%	(39,768)	-1.2%	(155,744)	(130,060)	19.7%
Administrative expenses	(21,657)	(16,806)	28.9%	(17,320)	25.0%	(74,381)	(58,833)	26.4%
Banking depreciation and amortisation	(8,982)	(6,711)	33.8%	(8,505)	5.6%	(34,199)	(25,641)	33.4%
Other operating expenses	(1,229)	(1,005)	22.3%	(574)	114.1%	(3,535)	(3,230)	9.4%
Operating expenses	**(71,172)**	**(59,177)**	**20.3%**	**(66,167)**	**7.6%**	**(267,859)**	**(217,764)**	**23.0%**
Operating income before cost of credit risk	**129,976**	**94,811**	**37.1%**	**123,878**	**4.9%**	**483,467**	**320,416**	**50.9%**
Impairment charge on loans to customers	(33,929)	(12,310)	175.6%	(34,857)	-2.7%	(142,819)	(45,088)	NMF
Impairment charge on finance lease receivables	(215)	(136)	58.1%	156	NMF	(1,958)	(476)	NMF
Impairment charge on other assets and provisions	(1,086)	(2,343)	-53.6%	(51)	NMF	(6,740)	(10,168)	-33.7%
Cost of credit risk	**(35,230)**	**(14,789)**	**138.2%**	**(34,752)**	**1.4%**	**(151,517)**	**(55,732)**	**171.9%**
Net operating income before non-recurring items	**94,746**	**80,022**	**18.4%**	**89,126**	**6.3%**	**331,950**	**264,684**	**25.4%**
Net non-recurring items	(2,502)	(1,518)	64.8%	(4,967)	-49.6%	(13,046)	(11,837)	10.2%
Profit before income tax	**92,244**	**78,504**	**17.5%**	**84,159**	**9.6%**	**318,904**	**252,847**	**26.1%**
Income tax expense	(11,653)	(13,505)	-13.7%	(10,757)	8.3%	(44,647)	(32,343)	38.0%
Profit	**80,591**	**64,999**	**24.0%**	**73,402**	**9.8%**	**274,257**	**220,504**	**24.4%**

- **Our efficiency further improved in both of the reporting periods, with double digit operating leverage and an all time low cost to income ratio. Operating leverage was positive at 10.4% y-o-y in 4Q15 and 16.6% y-o-y in 2015. The Cost/Income ratio stood at 35.4% in 4Q15 (down 300bps y-o-y) and 35.7% in 2015 (down 480 bps y-o-y)**. Improved efficiency was a result of the integration of Privatbank and the resulting synergies realised during the year, and our ongoing efforts to keep a tight grip on costs
- **Operating expenses increased to GEL 71.2mln in 4Q15 (up 20.3% y-o-y) and to GEL 267.9mln in 2015 (up 23.0%). Both in 4Q15 and full-year 2015, y-o-y revenue growth largely outpaced growth in operating expenses, which reflected the Privatbank acquisition and an organic growth of the business:**
    - The salaries and employee benefits increase was driven by the increased revenue base and Privatbank acquisition
    - The administrative expenses increase was largely driven by expenses on rent, predominantly due to the appreciation of the U.S. dollar, the listing currency of rentals in Georgia, in addition to an increase in the number of leased branches following the Privatbank acquisition, which also drove the increase in depreciation and amortisation
- **For 4Q15, the Banking Business Cost of Risk ratio stood at 2.4%** (down 10 bps q-o-q and up 120 bps y-o-y) **and cost of credit risk was GEL 35.2mln** (up 1.4% q-o-q and up 138.2% y-o-y).
- **For the full year 2015, Banking Business like-for-like Cost of Risk ratio (excluding devaluation effect) stood at 2.4% (1.2% in 2014) and the like for like cost of credit risk was GEL 133.6mln (GEL 55.7mln for the year 2014).** Devaluation added 0.3% and GEL 17.9mln to Cost of Risk and cost of credit risk, respectively, for the year 2015, resulting in Cost of Risk Ratio of 2.7% and cost of credit risk of GEL 151.5mln
- NPLs to gross loans increased by 30 bps to 4.3% as of 31 December 2015, compared to 4.0% as of 30 September 2015 and 90 bps from 3.4% as of 31 December 2014. The increase was mainly due to GEL devaluation against U.S. dollar
- NPLs increased to GEL 241.1mln, up 57.0% y-o-y, reflecting the inclusion of Privatbank's NPLs, local currency devaluation against the US Dollar and overall 20.9% growth in net loan book. NPLs increased 8.8% on q-o-q basis
- The NPL coverage ratio stood at 83.4% as of 31 December 2015 compared to 82.1% as of 30 September 2015 and 68.0% as of 31 December 2014. NPL coverage ratio adjusted for the discounted value of collateral stood at 120.6% as of 31 December 2015, compared to 121.9% as of 30 September 2015 and 110.6% as of 31 December 2014
- Our 15 days past due rate for retail loans stood at 0.9% as of 31 December 2015 compared to 1.4% as of 30 September 2015 and 0.8% as of 31 December 2014
- Non-recurring items increased to GEL 2.5mln in 4Q15 from GEL 1.5mln in 4Q14 but decreased from GEL 5.0mln in 3Q15, which was largely driven by costs associated with the Privatbank integration

- **As a result of the foregoing, the Banking Business reported record profit of GEL 80.6mln in 4Q15 (up 24.0% y-o-y) and GEL 274.3mln in 2015 (up 24.4% y-o-y)**
- **The Banking Business profit was supported by its banking subsidiary in Belarus – BNB, which added GEL 4.8mln profit in 4Q15 (up 14.4% y-o-y) and GEL 17.5mln in 2015 (up 11.4% y-o-y).** The growth was primarily driven by strong y-o-y growth in the BNB loan book to GEL 320.1mln, up 20.4% y-o-y, mostly consisting of an increase in SME loans. BNB client deposits increased to GEL 277.6mln, up 37.6% y-o-y and reflecting BNB's strong franchise in Belarus. **BNB is well capitalised**, with Capital Adequacy Ratios well above the requirements of its regulating Central Bank. For 4Q15, Total CAR was 16.5%, above 10% minimum requirement by the National Bank of the Republic of Belarus ("NBRB") and Tier I CAR was 8.1%, above the 5% minimum requirement by NBRB. Return on Average Equity ("**ROAE**") for BNB was 23.5% (21.7% in 4Q14 and 38.0% in 3Q15). *For BNB standalone financials please see page 32*

Banking Business Balance Sheet highlights

GEL thousands, unless otherwise noted	31 Dec 2015	31 Dec 2014	Change y-o-y	30 Sep 2015	Change q-o-q
Liquid assets	3,006,991	1,874,769	60.4%	2,913,651	3.2%
Liquid assets, GEL	1,191,353	1,028,833	15.8%	1,323,793	-10.0%
Liquid assets, FC	1,815,638	845,936	114.6%	1,589,858	14.2%
Net loans	5,366,764	4,438,032	20.9%	5,367,311	0.0%
Net loans, GEL	1,502,888	1,269,613	18.4%	1,574,181	-4.5%
Net loans, FC	3,863,876	3,168,419	21.9%	3,793,130	1.9%
Client deposits and notes	4,993,681	3,482,001	43.4%	4,649,572	7.4%
Amounts due to credit institutions, of which:	1,692,557	1,324,609	27.8%	2,011,801	-15.9%
Borrowings from DFIs	917,087	605,480	51.5%	949,915	-3.5%
Short-term loans from central banks	307,200	400,771	-23.3%	620,846	-50.5%
Loans and deposits from commercial banks	468,270	318,358	47.1%	441,040	6.2%
Debt securities issued	961,944	827,721	16.2%	999,959	-3.8%
Liquidity and CAR Ratios					
Net Loans / Customer Funds	107.5%	127.5%		115.4%	
Net Loans / Customer Funds + DFIs	90.8%	108.6%		95.9%	
Liquid assets as percent of total assets	32.7%	26.6%		31.9%	
Liquid assets as percent of total liabilities	38.2%	32.3%		36.9%	
NBG liquidity ratio	46.2%	35.0%		40.5%	
Excess liquidity (NBG)	789,311	177,917	343.6%	491,228	60.7%
Tier I Capital Adequacy Ratio (NBG Basel 2/3)	10.9%	11.1%		10.2%	
Total Capital Adequacy Ratio (NBG Basel 2/3)	16.7%	14.1%		15.8%	

Our Banking Business balance sheet remained very liquid (NBG Liquidity ratio of 46.2%) **and well-capitalised** (Tier I Capital Adequacy Ratio, NBG Basel 2/3 of 10.9%) **with a well-diversified funding base** (Client Deposits and notes to Liabilities of 63.4%)

- The NBG liquidity ratio stood at 46.2% as of 31 December 2015 compared to 40.5% as of 30 September 2015, against a regulatory requirement of 30.0%
- Liquid assets increased to GEL 3,007.0mln, up 60.4% y-o-y
- Additionally, liquid assets as a percentage of total assets increased to 32.7% y-o-y, up from 26.6% a year ago and liquid assets as a percentage of total liabilities also increased to 38.2% y-o-y, up from 32.3% a year ago
- Our share of amounts due to credit institutions to total liabilities decreased slightly y-o-y from 22.8% to 21.5%, with the share of client deposits and notes to total liabilities increasing y-o-y from 59.9% to 63.4%
- Net Loans to Customer Funds and DFIs ratio, a ratio closely observed by management, stood at 90.8%, down from 95.9% as of 30 September 2015 and 108.6% as of 31 December 2014. Decrease was mainly due to the slower growth in net loans and an increase in deposits

Discussion of Segment Results

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

Banking Business Segment Result Discussion

Retail Banking (RB)

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

GEL thousands, unless otherwise noted	4Q15	4Q14	Change y-o-y	3Q15	Change q-o-q	2015	2014	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
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%**
BALANCE SHEET HIGHLIGHTS								
Net loans, standalone, Currency Blended	2,796,479	2,066,973	35.3%	2,751,290	1.6%	2,796,479	2,066,973	35.3%
Net loans, standalone, GEL	1,279,286	1,023,756	25.0%	1,318,961	-3.0%	1,279,286	1,023,756	25.0%
Net loans, standalone, FC	1,517,193	1,043,217	45.4%	1,432,329	5.9%	1,517,193	1,043,217	45.4%
Client deposits, standalone, Currency Blended	1,880,018	1,349,556	39.3%	1,805,812	4.1%	1,880,018	1,349,556	39.3%
Client deposits, standalone, GEL	486,806	437,712	11.2%	463,506	5.0%	486,806	437,712	11.2%
Client deposits, standalone, FC	1,393,212	911,844	52.8%	1,342,306	3.8%	1,393,212	911,844	52.8%
Time deposits, standalone, Currency Blended	1,156,382	789,413	46.5%	1,105,050	4.6%	1,156,382	789,413	46.5%
Time deposits, standalone, GEL	192,178	174,552	10.1%	191,113	0.6%	192,178	174,552	10.1%
Time deposits, standalone, FC	964,204	614,861	56.8%	913,937	5.5%	964,204	614,861	56.8%
Current accounts and demand deposits, standalone, Currency Blended	723,636	560,143	29.2%	700,762	3.3%	723,636	560,143	29.2%
Current accounts and demand deposits, standalone, GEL	294,628	263,160	12.0%	272,393	8.2%	294,628	263,160	12.0%
Current accounts and demand deposits, standalone, FC	429,008	296,983	44.5%	428,369	0.1%	429,008	296,983	44.5%
KEY RATIOS								
Net interest margin, currency blended	9.6%	9.9%		9.5%		9.6%	9.8%	
Cost of risk	2.1%	0.1%		3.2%		2.6%	0.4%	
Loan yield, currency blended	17.9%	17.0%		17.9%		17.6%	17.4%	
Loan yield, GEL	25.4%	21.7%		24.7%		24.2%	21.5%	
Loan yield, FC	11.2%	12.0%		11.4%		10.6%	12.4%	
Cost of deposits, currency blended	3.5%	3.6%		3.7%		3.9%	3.8%	
Cost of deposits, GEL	4.4%	4.0%		4.3%		4.7%	4.2%	
Cost of deposits, FC	3.2%	3.5%		3.5%		3.5%	3.6%	
Cost of time deposits, currency blended	5.2%	5.5%		5.4%		5.5%	5.7%	
Cost of time deposits, GEL	9.3%	8.1%		8.7%		8.7%	8.2%	
Cost of time deposits, FC	4.4%	4.7%		4.6%		4.7%	4.9%	
Current accounts and demand deposits, currency blended	0.9%	0.9%		1.0%		1.2%	1.0%	
Current accounts and demand deposits, GEL	1.0%	0.9%		1.1%		1.5%	1.0%	
Current accounts and demand deposits, FC	0.8%	0.9%		1.0%		0.9%	1.0%	
Cost / income ratio	40.4%	40.6%		37.5%		40.3%	43.0%	

Performance highlights

- **Retail Banking revenue increased to GEL 114.2mln in 4Q15, up 35.0% y-o-y, ending year 2015 with revenue of GEL 427.4mln, up 44.0% y-o-y**
- Net banking interest income in 4Q15 was GEL 85.3mln, up 41.4% y-o-y with the annual result reaching a record level of GEL 322.9mln, up 49.6%. Impressive growth in net banking interest income for Retail Banking was mostly a result of Privatbank integration which was primarily a credit card business, and the significant growth (partly attributable to the devaluation effect) of the Retail Banking loan book, particularly the mortgage, micro & SME loan portfolios, and a fairly stable NIM
- The Retail Banking net loan book reached a record level of GEL 2,796.5mln, up 35.3% y-o-y; with robust growth on constant currency basis of 19.0% y-o-y. The growth was a result of strong loan origination delivered across all Retail Banking segments:
    - Consumer loan originations of GEL 156.7mln in 4Q15 and GEL 671.2mln in 2015 resulted in consumer loans outstanding totaling GEL 626.8mln as of 31 December 2015, up 19.2% y-o-y
    - Micro loan originations of GEL 152.4mln in 4Q15 and GEL 572.0mln in 2015 resulted in micro loans outstanding totaling GEL 546.7mln as of 31 December 2015, up 27.2% y-o-y
    - SME loan originations of GEL 107.6mln in 4Q15 and GEL 346.9mln in 2015 resulted in SME loans outstanding totaling GEL 357.1mln as of 31 December 2015, up 51.2% y-o-y
    - Mortgage loans originations of GEL 91.8mln in 4Q15 and GEL 288.1mln in 2015 resulted in mortgage loans outstanding of GEL 809.0mln as of 31 December 2015, up 34.6% y-o-y
    - Point of sales (POS) loan originations of GEL 70.9mln in 4Q15 and GEL 200.3mln in 2015 resulted in POS loans outstanding of GEL 119.4mln as of 31 December 2015, up 28.2% y-o-y
- Retail Banking client deposits increased to GEL 1,880.0mln, up 39.3% y-o-y; growth on constant currency basis was 15.5% y-o-y. The growth of Client Deposits on a y-o-y basis was due to the increase in the number of Express Banking clients, who bring with them the cheapest source of deposits for the bank ("**JSC Bank of Georgia**") – current accounts and demand deposits
- Our Retail Banking net fee and commission income increased to GEL 21.3mln, up 22.6%, with the annual result reaching a record level of GEL 78.2mln, up 32.9% y-o-y. Net fee and commission income reflects continued growth of our Express Banking franchise, which has attracted 425,350 previously unbanked emerging mass market customers since its launch 3 years ago, it grew 58,669 y-o-y in 2015, alongside the addition of c.400,000 customers as a result of the Privatbank acquisition. This has driven the number of client related foreign currency and other banking transactions substantially higher
- **Retail Banking recorded NIM of 9.6% in 4Q15, down 30bps y-o-y, ending a year with NIM of 9.6%, down 20 bps y-o-y**
- Quarterly NIM was favorably affected by two-fold drivers, specifically:
    - Increasing Loan Yield of 17.9%, up 90 bps y-o-y, which was a result of similar drivers as for the rest of the year
    - Decreasing Cost of Client Deposits of 3.5%, down 10 bps y-o-y and largely a result of the GEL devaluation against the US$, which increased the share of low cost US$ deposits
- Annual NIM reflected:
    - Increasing Loan Yield of 17.6%, up 20 bps y-o-y largely as a result of Privatbank's high yielding loan portfolio which was consolidated in 2Q15 and had a loan yield of 29.3% at the moment of acquisition
    - Cost of Client Deposits of 3.9%, up 10 bps y-o-y, which is a resilient performance notwithstanding the increase in local currency denominated deposits
- **For 4Q15, operating expenses increased to GEL 46.1mln, up 34.1% y-o-y, resulting in a Cost to Income ratio of 40.4% and positive operating leverage of 0.9 percentage points**, which reflects:
    - The increase in salaries and other employee benefits was principally driven by the growth in headcount that reflects the growing revenue base

- The increase in administrative expenses was largely driven by expenses on rent, predominantly due to the appreciation of the U.S. dollar, the listing currency of rentals in Georgia, in addition to an increase in the number of leased branches which also drove the increase in depreciation and amortisation

- **For 2015, operating expenses increased to GEL 172.3mln, up 35.0% y-o-y, resulting in a Cost to Income ratio of 40.3% and positive operating leverage of 9.0 percentage points**, which reflects increases in each of Salaries and other employee benefits, Administrative expenses and Depreciation and amortization reflecting the same underlying trends outlined above for Q4
- The Cost of credit jumped significantly to GEL 15.4mln in 4Q15 and GEL 75.4mln in 2015, compared to GEL 2.3mln in 4Q14 and GEL 9.2mln in 2014. The increase was a result of a combination of factors including the 35.3% growth of the Retail Banking loan book, the devaluation and the new portfolio acquired with the Privatbank acquisition
- Retail Banking Cost of Risk was 2.1% in 4Q15 compared to 0.1% in 4Q14 and 3.2% in 3Q15, ending a year with Cost of Risk of 2.6% compared to 0.4% a year ago
- 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 13,000). Additionally, these customers are relatively high earners, with a bigger capacity to bear the effects of devalution
  - 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
- As a result, Retail Banking profit reached GEL 42.7mln in 4Q15, up 7.3% y-o-y and GEL 146.7mln in 2015, up 8.8% y-o-y. Retail Banking achieved a strong ROAE level of 24.6% in 2015
- **Our Express Banking continues to deliver strong growth as we follow our mass market Retail Banking strategy:**
  - **1,191,828 Express Cards have been issued** since their launch in September 2012, in essence replacing the pre-paid metro cards which were previously used. Of this, 469,919 Express Cards have been issued in 2015
  - **Increased number of Express Pay terminals to 2,589 from 2,239 a year ago**. Express Pay terminals are an *alternative to tellers*, placed at bank branches as well as various other venues (groceries, shopping malls, bus stops, etc.), and are used for bank transactions such as credit card and consumer loan payments, utility bill payments and mobile telephone top-ups
  - **In 4Q15, utilisation of Express Pay terminals increased significantly**, with the number of transactions growing to GEL 30.1mln during 4Q 2015; the year ended with GEL 113.1mln annual transactions in 2015, up 13.8%
  - Increased Point of Sales ("**POS**") footprint to 308 desks and 3,335 contracted merchants as of 31 December 2015, up from 305 desks and 2,709 contracted merchants as of 31 December 2014
  - POS terminals outstanding reached 8,103 up 28.2% y-o-y, including 1,016 Privatbank operated POS terminals
  - The volume of transactions through the Bank's POS terminals grew to GEL 202.7mln, up 28.7% y-o-y, ending 2015 with GEL 710.6mln, up 22.7% y-o-y. This represents the number of POS transactions of 6.0mln, up 40.7% y-o-y and 20.6mln, up 40.7% y-o-y for 4Q15 and full year 2015, respectively.
  - POS loans outstanding reached GEL 119.4mln as of 31 December 2015, up 28.2% y-o-y

- **Since we launched Solo Lifestyle – a fundamentally different approach to premium banking – in April 2015, the number of Solo clients has reached 11,869, up 48.9% y-o-y from 7,971 a year ago.** With Solo we are targeting the mass affluent retail segment and aim to build brand loyalty through exclusive experiences offered through the new Solo Lifestyle. Through Solo Lifestyle, our Solo clients are given access to exclusive products and the finest lounge-style environment at our newly designed Solo lounges and are provided with new lifestyle opportunities, such as exclusive events and handpicked lifestyle products. In our Solo lounges, Solo clients are offered, at cost, a selection of luxury products and accessories that are currently not available in the country. Solo clients enjoy tailor-made solutions including new financial products such as bonds, which pay a significantly higher yield compared to deposits, and other securities developed by Galt & Taggart, the Bank's Investment Banking arm
- The number of Retail Banking clients totalled 1,999,869, up 37.8% y-o-y and by 2.1% (40,758 clients) q-o-q. This includes Privatbank's c.400,000 clients
- The total number of cards increased significantly to 1,958,377, up 69.3% y-o-y
- The total number of debit cards outstanding increased to 1,204,103, up 15.8% y-o-y
- The total number of outstanding credit cards amounted to 754,274, up 6.5 times y-o-y, with Privatbank contributing significantly to this growth. Of this, 100,515 were American Express Cards, down 8.9% y-o-y. A total of 259,288 American Express cards have been issued since the launch in November 2009.

Corporate Banking (CB)

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

GEL thousands, unless otherwise noted	4Q15	4Q14	Change y-o-y	3Q15	Change y-o-y	2015	2014	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
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%**
BALANCE SHEET HIGHLIGHTS								
Letters of credit and guarantees, standalone[1]	511,399	552,661	-7.5%	476,652	7.3%	511,399	552,661	-7.5%
Net loans, standalone, currency blended	2,130,362	2,160,767	-1.4%	2,253,160	-5.5%	2,130,362	2,160,767	-1.4%
Net loans, standalone, GEL	219,588	284,987	-22.9%	248,504	-11.6%	219,588	284,987	-22.9%
Net loans, standalone, FC	1,910,774	1,875,780	1.9%	2,004,656	-4.7%	1,910,774	1,875,780	1.9%
Client deposits, standalone, currency blended	1,848,039	1,186,026	55.8%	1,607,673	15.0%	1,848,039	1,186,026	55.8%
Client deposits, standalone, GEL	777,287	575,882	35.0%	780,832	-0.5%	777,287	575,882	35.0%
Client deposits, standalone, FC	1,070,752	610,144	75.5%	826,841	29.5%	1,070,752	610,144	75.5%
Time deposits, standalone, currency blended	461,731	391,514	17.9%	432,766	6.7%	461,731	391,514	17.9%
Time deposits, standalone, GEL	175,738	197,222	-10.9%	180,344	-2.6%	175,738	197,222	-10.9%
Time deposits, standalone, FC	285,993	194,292	47.2%	252,422	13.3%	285,993	194,292	47.2%
Current accounts and demand deposits, standalone, currency blended	1,386,308	794,512	74.5%	1,174,907	18.0%	1,386,308	794,512	74.5%
Current accounts and demand deposits, standalone, GEL	601,549	378,660	58.9%	600,488	0.2%	601,549	378,660	58.9%
Current accounts and demand deposits, standalone, FC	784,759	415,852	88.7%	574,419	36.6%	784,759	415,852	88.7%
RATIOS								
Net interest margin, currency blended	4.3%	4.8%		4.1%		4.5%	4.5%	
Cost of risk	1.8%	1.8%		1.9%		2.3%	1.7%	
Loan yield, currency blended	10.9%	10.5%		10.3%		10.7%	10.6%	
Loan yield, GEL	13.3%	10.2%		13.2%		12.6%	10.5%	
Loan yield, FC	10.6%	10.5%		10.0%		10.4%	10.6%	
Cost of deposits, currency blended	4.4%	2.9%		3.1%		3.4%	2.9%	
Cost of deposits, GEL	7.6%	3.8%		4.4%		5.2%	3.4%	
Cost of deposits, FC	1.6%	2.0%		1.9%		1.8%	2.4%	
Cost of time deposits, currency blended	6.5%	6.4%		6.5%		6.3%	6.4%	
Cost of time deposits, GEL	9.1%	7.7%		8.0%		7.9%	7.9%	
Cost of time deposits, FC	4.6%	5.1%		5.0%		4.7%	5.6%	
Current accounts and demand deposits, currency blended	3.8%	1.5%		1.7%		2.1%	1.5%	
Current accounts and demand deposits, GEL	7.3%	2.3%		2.9%		4.0%	2.2%	
Current accounts and demand deposits, FC	0.6%	0.6%		0.6%		0.4%	0.8%	
Cost / income ratio	21.0%	26.2%		26.9%		24.3%	30.7%	

[1]Off-balance sheet items

Performance highlights

- **Corporate Banking revenue increased to GEL 58.8mln in 4Q15, up 21.4% y-o-y from GEL 48.4mln a year ago, resulting in full year 2015 revenue of GEL 213.3mln, up 33.5% y-o-y.** Both, quarterly and annual growth was diversified across all revenue lines, with net banking interest income driving the majority of the increase since the same period last year
  - Net banking interest income for 4Q15 was GEL 33.4mln, up 11.2% y-o-y and for full year 2015 was GEL 134.9mln, up 30.8%. While the net loan book and the loan yield for CB were largely flat y-o-y, the growth in net interest income was primarily driven by the appreciation of the US$, as almost 90% of corporate banking loans are foreign currency denominated, primarily in U.S. dollar
  - The Corporate Banking net loan book was GEL 2,130.4mln, down 1.4% y-o-y; on constant a currency basis, the corporate loan book declined by 21.0% y-o-y. Foreign currency denominated loans grew slightly by 1.9% y-o-y, while local currency denominated loans decreased considerably by 22.9% y-o-y, reflecting the appreciation of the US$ during the year
  - Corporate Banking client deposits increased significantly to GEL 1,848.0mln, up 55.8% y-o-y; growth on constant currency basis was 34.2% y-o-y. The mix of client deposits by currency showed same dynamics and drivers in 2015, as for our loan book, resulting in 35.0% increase in local currency denominated deposits, reaching GEL 777.3mln, compared to 75.5% increase in foreign currency denominated deposits, reaching GEL 1,070.8mln
  - Our current account balances have increased significantly during 2015 and 4Q15, reflecting our focused efforts on maintaining high liquidity levels, particularly in local currency. This is also reflected in increased cost of current accounts and demand deposits to 3.8% in 4Q15, up from 1.5% a year ago. The increase was primarily driven by increase in cost of local currency denominated current accounts and demand deposits to 7.3% in 4Q15, up from 2.3% a year ago, while we maintained flat cost on foreign currency denominated current accounts and demand deposits. As a result, at the end of 2015, total current accounts and demand deposits reached GEL 1,386.3mln, up 74.5% y-o-y, of which local currency denominated current accounts and demand deposits were GEL 601.5mln, up 58.9% y-o-y and foreign currency denominated, mostly US$, current accounts and demand deposits were GEL 784.8mln, up 88.7% y-o-y
  - Our Corporate Banking net fee and commission income increased to GEL 8.1mln in 4Q15, up 23.0% y-o-y, resulting in annual figure of GEL 31.1mln, up 25.5% y-o-y
  - Our net banking foreign currency gain increased significantly both in 4Q15 and full year 2015, reflecting increased volatility of GEL / US$ exchange rate during these periods. As a result, we recorded net banking foreign currency gain of GEL 13.3mln, up 82.0% y-o-y and GEL 38.1mln, up 53.5% for 4Q15 and full year 2015, respectively
- **Corporate banking recorded NIM of 4.3% in 4Q15, down 50 bps y-o-y, ending a year with NIM of 4.5%, flat y-o-y.** NIM reflected a growing Loan Yield, which was 10.9% in 4Q15, up 40 bps y-o-y and 10.7% in 2015, up 10 bps y-o-y. This was partially offset by the increasing Cost of Client Deposits, which was 4.4% in 4Q15, up 150 bps y-o-y and 3.4% in 2015, up 50 bps y-o-y, largely as a result of a more expensive GEL deposits as described above
- **Operating expenses were well contained in both reporting periods, declining to GEL 12.4mln in 4Q15, down 2.5% y-o-y and increasing slightly to GEL 51.9mln in 2015, up only 5.9% y-o-y. With the devaluation driven increase in revenue, this resulted in a very strong Cost to Income ratio of 21.0% in 4Q15 and positive operating leverage of 23.9 percentage points y-o-y**, which reflects:
  - Salaries and other employee benefits of GEL 7.1mln in 4Q15, down GEL 1.4mln or 16.7% y-o-y, mainly reflecting 36.7% y-o-y decrease in cash bonuses and ESOP, related to lower loan origination during the year
  - Administrative expenses increased to GEL 3.9mln in 4Q15, up GEL 1.1mln or 36.9%, reflecting 50.7% y-o-y increase in occupancy and rent expenses mostly driven by US$ appreciation against the local currency and 83.7% y-o-y increase in legal and other professional services fees
- Cost of credit risk was GEL 11.6mln in 4Q15, up 13.7% and GEL 55.7mln in 2015, up 33.4%

- The Corporate Banking Cost of Risk was 1.8% in 4Q15 compared to 1.8% in 4Q14 and 1.9% in 3Q15, ending a year with Cost of Risk of 2.3% compared to 1.7% a year ago
- As a result, Corporate Banking profit reached GEL 27.7mln in 4Q15, up 30.9% y-o-y
- Our strategic goal for Corporate Banking in 2015 was to reduce concentration risk in the corporate lending and improve its ROAE. As a result of this strategy, concentration of top 10 corporate banking clients was reduced to 12.4% in the end of 2015, down from 15.7% a year ago
- Corporate Banking achieved ROAE of 16.4% as of 31 December 2015, significant improvement compared to 11.7% a year ago. ROAE for 4Q15 was also strong at 20.2%, up from 16.6% a year ago. These results reflect the effect of the devaluation.
- As a result of recently announced combination of our Corporate Banking and Investment Management businesses into a Corporate Investment Banking business ("**CIB**"), we expect to grow our fee income, further improve the Bank's ROAE and reduce the concentration risk in the corporate lending portfolio. Reflecting this change, the Group will report CIB business results separately starting in the first quarter 2016

Investment Management

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

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

INCOME STATEMENT 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	5,949	4,656	27.8%	5,657	5.2%	20,941	14,613	43.3%
Net fee and commission income	661	248	166.5%	357	85.2%	3,193	8,760	-63.6%
Net banking foreign currency gain	681	565	20.5%	944	-27.9%	3,627	1,432	153.3%
Net other banking income	370	(245)	NMF	205	80.5%	1,178	789	49.3%
Revenue	**7,661**	**5,224**	**46.7%**	**7,163**	**7.0%**	**28,939**	**25,594**	**13.1%**
Salaries and other employee benefits	(2,888)	(3,405)	-15.2%	(2,750)	5.0%	(9,506)	(9,560)	-0.6%
Administrative expenses	(304)	(492)	-38.2%	(100)	NMF	(1,367)	(1,737)	-21.3%
Banking depreciation and amortisation	(127)	(143)	-11.2%	(129)	-1.6%	(486)	(413)	17.7%
Other operating expenses	(22)	(36)	-38.9%	(14)	57.1%	(111)	(100)	11.0%
Operating expenses	**(3,341)**	**(4,076)**	**-18.0%**	**(2,993)**	**11.6%**	**(11,470)**	**(11,810)**	**-2.9%**
Operating income before cost of credit risk	**4,320**	**1,148**	**NMF**	**4,170**	**3.6%**	**17,469**	**13,784**	**26.7%**
Cost of credit risk	(371)	(15)	NMF	(19)	NMF	(480)	47	NMF
Net operating income before non-recurring items	3,949	1,133	NMF	4,151	-4.9%	16,989	13,831	22.8%
Net non-recurring items	**(182)**	**(3)**	**NMF**	**(115)**	**58.3%**	**(337)**	**(296)**	**13.9%**
Profit before income tax	3,767	1,130	NMF	4,036	-6.7%	16,652	13,535	23.0%
Income tax expense	**(652)**	**(418)**	**56.0%**	**(463)**	**40.8%**	**(2,328)**	**(2,029)**	**14.7%**
Profit	**3,115**	**712**	**NMF**	**3,573**	**-12.8%**	**14,324**	**11,506**	**24.5%**

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

GEL thousands, unless otherwise noted	**4Q15**	**4Q14**	**Change Y-O-Y**	**3Q15**	**Change Q-O-Q**	**2015**	**2014**	**Change y-o-y**
BALANCE SHEET HIGHLIGHTS								
Client deposits, standalone, currency blended	1,023,284	805,266	27.1%	1,016,399	0.7%	1,023,284	805,266	27.1%
Client deposits, standalone, GEL	19,951	22,115	-9.8%	20,109	-0.8%	19,951	22,115	-9.8%
Client deposits, standalone, FC	1,003,333	783,151	28.1%	996,290	0.7%	1,003,333	783,151	28.1%
Time deposits, standalone, currency blended	786,989	596,366	32.0%	701,960	12.1%	786,989	596,366	32.0%
Time deposits, standalone, GEL	11,699	13,882	-15.7%	11,860	-1.4%	11,699	13,882	-15.7%
Time deposits, standalone, FC	775,290	582,484	33.1%	690,100	12.3%	775,290	582,484	33.1%
Current accounts& demand deposits, standalone, currency blended	236,295	208,900	13.1%	314,439	-24.9%	236,295	208,900	13.1%
Current accounts and demand deposits, standalone, GEL	8,252	8,233	0.2%	8,249	0.0%	8,252	8,233	0.2%
Current accounts and demand deposits, standalone, FC	228,043	200,667	13.6%	306,190	-25.5%	228,043	200,667	13.6%
Assets under management	1,373,112	1,027,085	33.7%	1,346,965	1.9%	1,373,112	1,027,085	33.7%
RATIOS								
Cost of deposits, currency blended	4.8%	5.5%		5.0%		5.2%	6.0%	
Cost of deposits, GEL	5.7%	6.1%		5.6%		5.7%	6.3%	
Cost of deposits, FC	4.8%	5.5%		5.0%		5.2%	6.0%	
Cost of time deposits, currency blended	5.9%	6.6%		6.2%		6.3%	7.4%	
Cost of time deposits, GEL	8.8%	8.6%		8.7%		8.6%	9.0%	
Cost of time deposits, FC	5.9%	6.6%		6.2%		6.2%	7.3%	
Current accounts and demand deposits, currency blended	1.8%	2.5%		2.3%		2.3%	2.4%	
Current accounts and demand deposits, GEL	1.1%	1.3%		1.8%		1.5%	1.3%	
Current accounts and demand deposits, FC	1.8%	2.5%		2.3%		2.3%	2.5%	

Performance highlights

- **The AUM of the Investment Management segment increased to GEL 1,373.1mln, up 33.7% y-o-y.** This includes Wealth Management clients' deposits and assets held at Bank of Georgia Custody, Galt & Taggart brokerage client assets and Aldagi pension scheme assets
- **Investment Management posted GEL 3.1mln profit in 4Q15 compared to GEL 0.7mln in 4Q14, with an annual result reaching GEL 14.3mln compared to GEL 11.5mln in 2014.** Net fee and commission income increased on y-o-y basis to GEL 0.7mln from GEL 0.2mln in 4Q14, with an annual result of GEL 3.2mln compared to GEL 8.8mln in 2014
- **Wealth Management deposits increased to GEL 1,023.3mln, up 27.1% y-o-y, growing at a compound annual growth rate (CAGR) of 31.4% over the last five year period**. On constant currency basis, deposits decreased by 0.6% y-o-y on the back of a 70 bps decline in the Cost of Client deposits to 4.8% in 4Q15. The decrease was partially due to Wealth Management focus switching from deposits to bonds, as a number of bond issuances, yielding higher rates than deposits by Galt & Taggart were offered to Wealth Management clients
- As of 31 December 2015, the amount of the Bank's Certificates of Deposits issued to Investment Management clients increased to GEL 589.8mln, up 28.0% compared to 31 December 2014
- We served over 1,390 wealth management clients from 68 countries as of 31 December 2015
- **Galt & Taggart is succeeding in developing local capital markets,** and acted as a placement agent for:
  - GEL 25mln floating rate notes issued by the European Bank for Reconstruction and Development (EBRD) and GEL 30mln bonds issued by IFC ("International Finance Corporation"). Both transactions were completed in February 2015
  - US$ 20mln 2-year bonds for m2 Real Estate, the largest non-IFI issue to date. The transaction was met with considerable interest particularly from Wealth Management clients. The transaction was completed in March 2015
  - US$ 15mln 2-year bonds for the Group's wholly-owned subsidiary Evex, the healthcare services company of healthcare business GHG. This was the first bond placement by our healthcare subsidiary. The proceeds from the transaction were intended to be used by the healthcare subsidiary to invest in organic growth opportunities. The transaction was completed in May 2015
  - Galt & Taggart ("**G&T**") acted as a Co-Leader Manager for the US$ 100mln IPO of Georgia Healthcare Group on the London Stock Exchange ("**GHG:LN**") in November 2015. This marks a landmark transaction for G&T in helping Georgian companies raise equity financing from local and international investors
  - Since its launch in June 2012, Galt & Taggart Research has initiated research coverage of the Georgian and Azeri economies, including a report analysing the impact of Russia-Ukraine standoff on the Georgian economy, the Georgian Retail Real Estate Market, the Georgian Wine Sector, Georgian Agricultural Sector, Georgian Electricity Sector, Georgian Oil and Gas Corporation, Georgian Railway, and has issued notes on the Georgian State Budget and the Tourism Sector. *Galt & Taggart reports are available at www.galtandtaggart.com*

Investment Business Segment Result Discussion

Healthcare business (Georgia Healthcare Group – GHG)

Standalone results

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

Income Statement

GEL thousands unless otherwise noted	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	2015	2014	Change, Y-o-Y
Revenue, gross	**68,720**	**54,264**	**26.6%**	**63,355**	**8.5%**	**242,673**	**198,148**	**22.5%**
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	(3,608)	(1,816)	98.7%
Revenue, net	**67,634**	**53,621**	**26.1%**	**62,675**	**7.9%**	**239,065**	**196,332**	**21.8%**
Cost of services	**(41,618)**	**(34,441)**	**20.8%**	**(38,006)**	**9.5%**	**(145,936)**	**(126,066)**	**15.8%**
Gross profit	**26,016**	**19,180**	**35.6%**	**24,669**	**5.5%**	**93,129**	**70,266**	**32.5%**
Total operating expenses	(10,480)	(11,594)	-9.6%	(10,604)	-1.2%	(40,480)	(34,387)	17.7%
Other operating income/(expenses)	986	(451)	NMF	1,964	-49.8%	3,490	983	255.0%
EBITDA	**16,522**	**7,135**	**131.6%**	**16,029**	**3.1%**	**56,139**	**36,862**	**52.3%**
EBITDA margin	***24.0%***	***13.1%***		***25.3%***		***23.1%***	***18.6%***	
Depreciation and amortisation	(4,295)	(1,970)	118.0%	(3,482)	23.3%	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(5,377)	(3,562)	51.0%	(4,786)	12.3%	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	(1,592)	10	NMF	(1,759)	-9.5%	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(192)	(760)	-74.7%	(723)	-73.4%	(1,682)	578	NMF
Profit before income tax expense	**5,066**	**853**	**493.9%**	**5,279**	**-4.0%**	**23,608**	**14,510**	**62.7%**
Income tax (expense) / benefit	(14)	91	NMF	(31)	-54.8%	9	(1,246)	NMF
Profit for the period	**5,052**	**944**	**438.2%**	**5,248**	**-3.7%**	**23,617**	**13,264**	**78.1%**
Attributable to:								
- shareholders of GHG PLC	3,823	107	NMF	3,973	-3.8%	19,651	10,207	92.5%
- non-controlling interests	1,229	837	46.8%	1,275	-3.6%	3,966	3,057	29.7%

For detailed income statement by healthcare services and medical insurance business, please see page 30-31

IPO Highlights

- **Our healthcare business, GHG successfully closed its IPO of ordinary shares on the premium segment of the London Stock Exchange on 12 November 2015**
- **As a result of GHG IPO, BGEO achieved 121% IRR on its investment in GHG**. IPO highlights:
  - The offering price was 170 pence per Share (the "Offering Price")
  - Based on the Offering Price, GHG's total market capitalisation at the commencement of conditional dealings was £218mln
  - The IPO comprised 38,681,820 Shares equating to approximately £66mln of capital being raised, and representing approximately 29% of GHG's share capital on admission, excluding the over-allotment option
  - BGEO continues to hold 65% of the shares after the over-allotment option is exercised in full
  - Immediately following admission to London Stock Exchange, the issued share capital of GHG was 131,681,820 shares
  - GHG raised gross proceeds of approximately US$100mln (£66mln) from the IPO through the issue of new shares

Performance Highlights

- **For full year 2015, GHG reported record results and strong growth, supported both organically and as a result of number of acquisitions completed in 2014 and 2015**. Revenue reached GEL 242.7mln, implying growth of 22.5% y-o-y. The revenue growth was primarily driven by healthcare services business, which reported revenue of GEL 195.0mln, up 32.5% y-o-y with impressive 17.3% organic growth and the remaining 15.2% growth was contributed from recent acquisitions. The medical insurance business also contributed GEL

55.3mln to total revenue, while recording a decrease of 20.8% y-o-y which was primarily driven by an anticipated shift in the structure of state financed healthcare programmes

- Healthcare services revenue growth of 32.5% y-o-y was primarily driven by referral hospitals, which posted GEL 168.5mln revenue in 2015, up 36.6% y-o-y and driven by strong organic growth and acquisitions. Organic revenue growth of 17.3% was largely sourced from government-funded healthcare programs
- For 4Q15, GHG reported record quarterly revenue of GEL 68.7mln, up 26.6% y-o-y and up 8.5% q-o-q. Growth was primarily driven by healthcare services revenue, which grew 25.7% y-o-y and 8.5% q-o-q. Revenue growth of healthcare services business was mainly sourced from referral hospitals as a result of organic growth as well as acquisitions during 2015. UHC continued to be the main driver of our healthcare services revenues in the quarter
- Medical insurance claims grew more than revenue q-o-q, which is due to two main factors: 1). Seasonality effect, as the 4th quarter is characterized by higher claims levels compared to 3rd quarter; 2). GEL devaluation against US$ drove the prices of drugs up, which represent c. 21% of our medical insurance claims. To address the second driver, GHG has adjusted the pricing of medical insurance products and it is expected to have positive impact gradually, with the renewal of existing contracts or new sales at adjusted prices. Additionally, GHG is renegotiating prices for drugs with pharmaceutical distributors, leveraging its combined scale from claims on drugs in its medical insurance business and purchases of drugs and other medical disposables for its healthcare services business
- GHG's margins improved as a result of the increased utilisation and scale of the business, as well as management's continued focus on efficiency and the on-going integration of recently acquired healthcare facilities, with a 15.8% increase in COGS lagging behind 22.5% growth in revenues. The costs continued to be well contained in 4Q15, with a 20.8% growth in cost of services favorably lagging behind a 26.6% growth in our revenues. On q-o-q basis, revenue grew at 8.5% slightly falling behind 9.5% growth in cost of services
- In 2015 operating expenses increased only 17.7% y-o-y, resulting in a positive operating leverage of 4.8 percentage points y-o-y. Operating expenses in 4Q15 decreased by 9.6%, compared to the same period last year
- **GHG delivered on its EBITDA margin target 3 years ahead of time (GHG targeted c.30% healthcare services business EBITDA margin by 2018).** Healthcare services EBITDA margin reached 27.4% for the full year and was higher in 4Q15 at 29.8%, up 870 bps since 4Q14. As a result, strong margin performance translated into GHG EBITDA of GEL 16.5mln in 4Q15, up 131.6% y-o-y and GEL 56.1mln in full-year 2015, up 52.3% y-o-y
- The increase in depreciation and amortisation costs was primarily driven by the acquisitions completed during the past year. The increase in net interest expense was a result of increased borrowings throughout the year raised for financing acquisitions and growth projects. However, net interest expense is expected to decrease significantly, as a total of GEL 104.4mln of borrowings were prepaid at year end 2015 and beginning of 2016 from IPO proceeds, reducing borrowings to GEL 105.6mln by the end of January 2016. As a result of prepaying the borrowings, GHG's net debt to EBITDA was zero, due to cash and bank deposits exceeding borrowings
- As a result, GHG 2015 profit reached GEL 23.6mln, up 78.1% y-o-y for the period. **The adjusted profit[1] was GEL 28.0 million**, which reflects currency exchange adjustment relating to the proceeds received from the capital raise and the positive impact of utilising some of the proceeds to reduce the Group's existing indebtedness by GEL 104.4 million to GEL 105.6 million as at 31 January 2016
- For 4Q15, GHG's strong EBITDA performance was further translated into outstanding profit for the period, which increased more than four-times to GEL 5.1mln, up 435.2% y-o-y. **Adjusted profit for 4Q15 was GEL 9.5mln**

[1] Adjusted net profit excludes the effect of the IPO. The adjusted profit includes add back for a non-recurring one-off FX loss as well as an add back of one quarter interest expense released through prepayment of debt at the end of 2015 and in January 2016

Operating highlights

- By the end of 2015, GHG operated 45 healthcare facilities, of which 16 were referral hospitals, 19 were community hospitals, and 10 were ambulatory clinics. This compares to 28 healthcare facilities, of which 5 were referral hospitals, 20 were community hospitals, and 5 were ambulatory clinics as of December 31, 2012 – a remarkable three year growth story
- Total beds operated were 2,670, of which 2,209 beds at referral hospitals and 461 beds at community hospitals and market share by number of beds was 26.6%
- The number of insured clients was 234,000 and GHG's market share in medical insurance was 38.4% based on net insurance premium revenue, as at 30 September 2015

Real estate business (m^2 Real Estate)

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

Income statement *GEL thousands, unless otherwise noted*	**4Q15**	**4Q14**	**Change y-o-y**	**3Q15**	**Change q-o-q**	**2015**	**2014**	**Change, y-o-y**
Real estate revenue	47,465	9,585	NMF	854	NMF	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**	NMF	**624**	NMF	**14,131**	**13,645**	**3.6%**
Gross other investment profit	7,277	30	NMF	63	NMF	7,502	107	NMF
Revenue	**19,873**	**2,176**	NMF	**687**	NMF	**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**	NMF	**(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**	NMF	**(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**	NMF	**(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**	NMF	**(1,554)**	**NMF**	**10,757**	**5,794**	**85.7%**

Performance highlights

- Following completion of its Tamarashvili Street project with 522 apartments in 2014, m^2 Real Estate completed another project on Nutsubidze Street with 221 apartments, in 2015. Full details on ongoing and completed projects are provided below.
- **m^2 Real Estate recorded strong revenue growth in 2015, increasing to GEL 21.6mln in 2015, up 57.3% y-o-y, driven by strong project execution and sales performance.** Gross real estate profit, which reflects residential property development and sales operations of m^2 Real Estate, increased to GEL 14.1mln, up 3.6% y-o-y, primarily driven by strong sales performance in relation to the Nutsubidze Street project
- m^2 Real Estate sold a total of 347 apartments with a sales value of US$ 29.7mln in 2015, compared to 573 apartments sold with a sales value of US$ 46.7mln in 2014. At its three projects which have already been

completed with a total of 866 apartments, m^2 Real Estate currently has a stock of only 21 apartments unsold. At its five ongoing projects with a total capacity of 1,641 apartments, 799 apartments or 49% are already sold

- Pursuant to m^2 Real Estate's current revenue recognition policy (in line with IAS 18), revenue is recognised at the full completion of the project. Because of its revenue recognition policy, m^2 Real Estate had accumulated US$ 57.1mln sales from its ongoing projects by the end of 2015, which will be recognised as revenue upon completion of the on-going projects in 2016-2018 (of which c. US$ 43mln is expected to be recognised in 2016)
- m^2 Real Estate has completed all of its projects on or ahead of time and within budget. Additionally, m^2 Real Estate started construction of 2 new projects in 2015 with a total of 838 apartments. One of these projects is the largest ever carried out by m^2 Real Estate, with a total of 818 apartments in a central location in Tbilisi. Another project is also a new type of project for m^2 Real Estate, representing an luxury residential building in Old Tbilisi neighbourhood with few apartments (19 in total) and relatively high price tag
- **In summary, m^2 Real Estate has started 8 projects since its establishment in 2010, of which three have already been completed, and construction of 5 is on-going. 4 of them are expected to be completed in 2016 and 1 more is expected to be completed in 2018. Currently, only 863 units are available for sale out of total of 2,507 apartments developed or being at different stages of development. We have unlocked total land value of US$ 8.5mln from the three completed projects and additional US$ 16.8mln in land value is expected to be unlocked from the five on-going projects**
- The number of apartments financed with BOG mortgages in all m^2 Real Estate projects as of the date of this announcement totalled 788, with an aggregate amount of GEL 86.7mln
- m^2 Real Estate recognised significant increase in gross other investment profit to GEL 7.5mln, up from GEL 0.1mln a year ago. This is the net effect of the general property revaluation of the land-plots and buildings owned by m^2 Real Estate.
- Growth in revenue largely outpaced growth in operating expenses, resulting in 83.1% y-o-y growth in EBITDA to GEL 15.8mln in 2015, which eventually translated into GEL 10.8mln profit, up 85.7% y-o-y

Project performance highlights

Ongoing projects (5 projects):

- **"Kazbegi Street"** – 264 (89%) of 295 apartments sold by the end of 4Q15, with total sales of US$ 24.1mln, of which US$ 9.4mln was recognized as revenue. The project was started in December 2013, construction is 90% completed as of the date of this release and is expected to be fully completed in February 2016. Upon the completion of this project, m^2 Real Estate expects to unlock the land value of US$ 3.6mln and realize IRR of 165% from this project
- **"Tamarashvili Street II"** – 189 (70%) of 270 apartments sold by the end of 4Q15, with total sales of US$ 17.6mln, which is not yet recognized as revenue. The project was started in July 2014, construction is 81% completed as of the date of this release and is expected to be fully completed in April 2016. Upon the completion of this project, m^2 Real Estate expects to unlock the land value of US$ 2.7mln and realize IRR of 71% from this project
- **"Moscow avenue"** – 137 (58%) of 238 apartments sold by the end of 4Q15, with total sales of US$ 6.4mln, which is not yet recognized as revenue. This project was launched within m2 Real Estate's new low-cost apartment initiative and offers unprecedented affordable price of as low as US$ 29,000 for refurbished 1 bedroom apartments. The project was started in September 2014, construction is 76% completed as of the date of this release and is expected to be fully completed in March 2016. Upon the completion of this project, m^2 Real Estate expects to unlock the land value of US$ 1.6mln and realize IRR of 31% from this project
- **"Kartozia Street"**, *construction on-going* – 204 (25%) of 819 apartments sold by the end of 4Q15, with total sales of US$ 14.0mln, which is not yet recognized as revenue. The pre-sales started in July 2015 and construction phase of the project started in November 2015. Construction is 6% completed as of the date of

this report and it is expected to be fully completed in September 2018. Upon the completion of this project, m^2 Real Estate expects to unlock the land value of US$ 5.8mln and realize IRR of 31% from this project

- **"Skyline"** (the first premium apartments offered by m2 Real Estate), *construction on-going* – 5 (26%) of 19 apartments sold by the end of 4Q15, with total sales of US$ 2.1mln, which is not yet recognized as revenue. The pre-sales started and the construction phase of the project started in December 2015 and it is expected to be fully completed in December 2016. Upon the completion of this project, m^2 Real Estate expects to unlock the land value of US$ 3.1mln and realize IRR of 329% from this project

Completed projects (3 projects):

- **"Chubinashvili street"** – 123 (100%) of 123 apartments sold by the end of 3Q15, with total sales of US$ 9.9mln, which is fully recognised as revenue. The project was started in September 2010 and completed in August 2012. We unlocked the land value of US$ 0.9mln and realised Internal Rate of Return ("IRR") of 47% from this project
- **"Tamarashvili street"** – 521 (99%) of 522 apartments sold by the end of 4Q15, with total sales of US$ 47.8mln, of which US$ 47.6mln was recognized as revenue. The project was started in May 2012 and completed in June 2014, four months ahead of schedule. We unlocked the land value of US$ 5.4mln and realized IRR of 46% from this project
- **"Nutsubidze Street"** – 201 (91%) of 221 apartments sold by the end of 4Q15, with total sales of US$ 16.1mln, of which US$ 14.1mln was recognized as revenue. The project was started in December 2013 and completed in September 2015, one month ahead of completion deadline. Upon the sale of remaining units, m^2 Real Estate expects to unlock the land value of US$ 2.2mln and realize IRR of 58% from this project

SELECTED FINANCIAL INFORMATION

	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
INCOME STATEMENT QUARTERLY	**4Q15**	**4Q14**	**Change**	**3Q15**	**Change**	**4Q15**	**4Q14**	**Change**	**3Q15**	**Change**	**4Q15**	**4Q14**	**Change**	**3Q15**	**Change**	**4Q15**	**4Q14**	**3Q15**
GEL thousands, unless otherwise noted			**Y-O-Y**		**Q-O-Q**			**Y-O-Y**		**Q-O-Q**			**Y-O-Y**		**Q-O-Q**			
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	4756.1%	-	-	-	-	-	47,638	9,585	397.0%	981	4756.1%	-	-	-
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**	**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%	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**	**207.3%**	**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 gain 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**	**458.3%**	**8,492**	**177.0%**	**-**	**-**	**-**
Impairment charge on loans to customers	(33,929)	(12,310)	175.6%	(34,857)	-2.7%	(33,929)	(12,310)	175.6%	(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**	**827.8%**	**7,597**	**199.2%**	**-**	**-**	**-**
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**	**913.7%**	**7,075**	**168.6%**	**-**	**-**	**-**
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)	(397)	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**	**920.4%**	**7,503**	**101.0%**	**-**	**-**	**-**
Attributable to:																		
– shareholders of BGEO	92,287	64,225	*43.7%*	78,167	*18.1%*	79,425	64,064	*24.0%*	71,830	*10.6%*	12,862	161	*7888.8%*	6,337	*103.0%*	-	-	-
– 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 and diluted	**2.42**	**1.82**	**33.0%**	**2.04**	**18.6%**													

INCOME STATEMENT FULL YEAR *GEL thousands, unless otherwise noted*	**BGEO Consolidated** **2015**	**2014**	**Change Y-O-Y**	**Banking Business** **2015**	**2014**	**Change Y-O-Y**	**Investment Business** **2015**	**2014**	**Change Y-O-Y**	**Eliminations** **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)**	**111.1%**
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%	-	-	-
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%	(31,621)	(25,651)	23.3%	2,036	1,530	33.1%
Administrative expenses	(90,919)	(73,459)	23.8%	(74,381)	(58,833)	26.4%	(18,491)	(15,974)	15.8%	1,953	1,348	44.9%
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 BGEO	*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 and diluted	**7.93**	**6.72**	**18.0%**									

	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
BALANCE SHEET	**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%**													

Georgia Healthcare Group

Income statement, *full year*	Healthcare services			Medical insurance			Eliminations		Total		
GEL thousands; unless otherwise noted	2015	2014	Change, Y-o-Y	2015	2014	Change, Y-o-Y	2015	2014	2015	2014	Change, Y-o-Y
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%**
Costs 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%***	***1.5%***				***23.1%***	***18.6%***	
Depreciation and amortisation	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	-	-	(12,665)	(7,630)	66.0%
Net interest income (expense)	(20,352)	(13,138)	54.9%	71	332	-78.7%	-	-	(20,281)	(12,806)	58.4%
Net gains/(losses) from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	-	-	2,097	(2,494)	NMF
Net non-recurring income/(expense)	(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 benefit/(expense)	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 GHG PLC	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%

Georgia Healthcare Group

Income statement, quarterly	**Healthcare services**					**Medical insurance**					**Eliminations**			**Total**			
GEL thousands; unless otherwise noted	**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**
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**
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	-	-	-	-	-	-	-	-	(1,086)	(643)	68.9%	(680)
Revenue	**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**
Costs 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)**
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)
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)
Cost of medical service providers	(593)	(888)	-33.2%	(848)	-30.1%	-	-		-		13	(205)	37	(580)	(1,093)	-46.9%	(811)
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)
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)
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**
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)
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)
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)
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
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**
EBITDA margin	***29.8%***	***21.1%***		***28.6%***		***-0.1%***	***-20.4%***		***9.7%***					***24.0%***	***13.1%***		***25.3%***
Depreciation and amortisation	(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)
Net interest income (expense)	(5,535)	(3,633)	52.4%	(4,733)	16.9%	158	71	121.1%	(53)	NMF	-	-	-	(5,377)	(3,562)	51.0%	(4,786)
Net gains/(losses) from foreign currencies	(1,586)	(166)	NMF	(1,982)	-20.0%	(6)	176	NMF	223	NMF	-	-	-	(1,592)	10	NMF	(1,759)
Net non-recurring income/(expense)	484	(791)	NMF	(677)	NMF	(676)	31	NMF	(46)	NMF	-	-	-	(192)	(760)	-74.7%	(723)
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**
Income tax benefit/(expense)	(206)	(290)	-28.9%	(195)	6.0%	192	381	-49.7%	164	16.6%	-	-	-	(14)	91	NMF	(31)
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**
Attributable to:																	
- shareholders of GHG PLC	4,421	1,767	150.2%	2,453	80.3%	(598)	(1,660)	-64.0%	1,520	NMF	-	-	-	3,823	107	NMF	3,973
- non-controlling interests	1,229	837	46.9%	1,275	-3.6%	-	-	-	-	-	-	-	-	1,229	837	46.8%	1,275

P&C Insurance (Aldagi)

INCOME STATEMENT HIGHLIGHTS *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 gain	(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 and non-recurring items	**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%**

Belarusky Narodny Bank (BNB)

INCOME STATEMENT, HIGHLIGHTS *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	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%**

BALANCE SHEET, HIGHLIGHTS *GEL thousands, unless otherwise stated*	**31-Dec-15**	**31-Dec-14**	**Change Y-O-Y**	**30-Sep-15**	**Change Q-O-Q**
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%**

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%	0.0%	0.0%
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 2/3) Tier I 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%
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:					
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

Other information

In accordance with the Listing Rules of the UK Listing Authority, these preliminary results have been agreed with the Company’s auditors, Ernst &Young LLP, and the Directors have not been made aware of any likely modification to the auditor’s report to be included in the Group’s Annual Report and Accounts for the year ended 31 December 2015

The preliminary results have been prepared on a basis consistent with the accounting policies set out in the Group’s statutory financial statements for the year ended 31 December 2014

Glossary

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

COMPANY INFORMATION

BGEO Group PLC

84 Brook Street
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www.BGEO.com
Registered under number 7811410 in England and Wales
Incorporation date: 14 October 2011

Stock Listing
London Stock Exchange PLC's Main Market for listed securities
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Share price information
BGEO shareholders can access both the latest and historical prices via our website, www.BGEO.com