BANK OF GEORGIA HOLDINGS PLC

1Q 2015 Results

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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.

Bank of Georgia Holdings PLC (LSE: **BGEO LN**), the holding company of Georgia's leading bank JSC Bank of Georgia (the "**Bank**") and its subsidiaries (the "**Group**"), announced today the Group's 1Q15 consolidated results. Unless otherwise mentioned, comparisons are with 1Q14. The 1Q15 results are based on IFRS, are unaudited and derived from management accounts.

Group highlights

- Profit of GEL 62.3mln (US$ 28.0mln/GBP 18.9mln), up 16.2% y-o-y and down 6.2% q-o-q
- Earnings per share ("EPS") of GEL 1.63 (US$ 0.73 per share/GBP 0.49 per share), up 7.9% y-o-y and down 10.4% q-o-q
- Book value per share increased to GEL 42.71, up 20.8%, notwithstanding additional US$ 114mln capital placement in December 2014, which also resulted in total equity attributable to shareholders increase to GEL 1,643.6mln, up 34.9%
- In addition to the capital in the regulated Banking Business (JSC Bank of Georgia), GEL 154.8mln capital is held at the holding company level, of which US$ 30mln is earmarked for the Banking Business as announced in December 2014
- Total assets increased to GEL 9,030.1mln, up 36.4%
- Leverage remained low at 4.3 times

Banking Business highlights

Strong 1Q15 performance

- Net Interest Margin ("**NIM**") was 7.8%; without Privatbank effect ("**ex-Privatbank**") NIM was 7.3% *(-20 bps y-o-y; -40 bps q-o-q)*
- Revenue was GEL 177.5mln; ex-Privatbank it was GEL 158.1mln *(up 32.6% y-o-y; up 2.7% q-o-q)*
- *Revenue (and balance sheet) growth were positively affected by the weaker Lari, which has lost 21.5% of its value against the U.S. dollar since 31 March 2014 (the "GEL devaluation effect")*
- Loan Yields stood at 14.5%; ex-Privatbank it was 13.7% *(-100 bps y-o-y; -40 bps q-o-q)*
- Cost of Customer Funds stood at 4.4%; ex-Privatbank it was 4.1% *(-40 bps y-o-y; flat q-o-q)*
- Cost to Income ratio improved to 36.8%; ex-Privatbank it was 35.0% *(1Q14: 41.5%; 4Q14: 38.4%)*
- Operating leverage was positive y-o-y and q-o-q, at 17.1% and 5.0%, respectively; ex-Privatbank it was 20.8% and 9.1%, y-o-y and q-o-q, respectively
- Profit increased to GEL 58.8mln; ex-Privatbank it was GEL 57.7mln *(up 24.6% y-o-y; down 11.3% q-o-q)*
- Return on Average Assets ("**ROAA**") was 3.1%[1] *(1Q14: 3.0%; 4Q14: 3.9%)*
- Return on Average Equity ("**ROAE**") was 19.8%[1] *(1Q14: 17.8%; 4Q14: 22.8%)*

Balance sheet strength supported by solid capital and liquidity positions

- Net loan book increased to GEL 5,248.6mln; ex-Privatbank it was GEL 4,958.6 *(up 40.3% y-o-y; up 11.7% q-o-q)*; ex-Privatbank growth on constant currency basis was 19.6% y-o-y and -0.8% q-o-q
- Client deposits and notes increased to GEL 4,271.9mln; ex-Privatbank it was GEL 3,901.9 *(up 25.6% y-o-y; up 12.1% q-o-q)*; ex-Privatbank growth on constant currency basis was -0.6% y-o-y and -7.3% q-o-q
- Cost of credit risk was GEL 20.7mln[2] *(1Q14: GEL 12.8mln; 4Q14: GEL 14.8mln)*; including effects of Privatbank acquisition and GEL devaluation, it was GEL 40.8mln
- Cost of Risk was 1.6%[2] *(1Q14: 1.0%; 4Q14: 1.2%)*; including effects of Privatbank acquisition and GEL devaluation, it was 3.1%
- NPLs to Gross Loans to Clients ratio decreased to 3.5%; ex-Privatbank it was 3.6% *(1Q14: 3.8%; 4Q14: 3.4%)*
- Net Loans to Customer Funds and DFI ratio stood at 105.2%; ex-Privatbank it was 107.3% *(31 March 2014: 96.8%; 31 December 2014: 108.6%)*
- Tier I and Total Capital Adequacy ratios (CAR) (Basel I) stood at 20.8%[3] and 24.8%[3], respectively
- NBG (Basel 2/3) Tier I and Total CAR stood at 10.6%[3] and 13.7%[3], respectively
- NBG Liquidity Ratio was 35.3%[2]

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[1] Pro-forma, excluding the acquisition of Privatbank and allocation of US$ 30mln capital earmarked for Banking Business and held at the holding company

[2] Pro-forma, excluding the Lari devaluation impact and the impact of the acquisition of Privatbank

[3] Pro-forma, implying allocation of US$ 30mln capital earmarked for Banking Business and held at the holding company. Ratios include Privatbank. Ratios reported to NBG are reported in the appendix

Resilient growth momentum sustained across all major business lines

- **Retail Banking continues to deliver strong franchise growth**, supported by the Express Banking strategy and Privatbank acquisition. Retail Banking revenue increased to GEL 98.6mln; ex-Privatbank it was GEL 79.6mln, up 21.2% y-o-y
- Retail Banking net loan book reached GEL 2,639.8mln; ex-Privatbank it was GEL 2,350.3mln, up 41.5% y-o-y and implying 24.6% growth on constant currency basis
- Retail Banking client deposits increased to GEL 1,874.3mln; ex-Privatbank it was GEL 1,502.8mln, up 39.1% y-o-y and implying 16.0% growth on constant currency basis
- **The Privatbank acquisition has enhanced our position in the significantly more profitable retail franchise**. The acquisition was finalised in January 2015 and integration was completed in less than 5 months, compared to our initial estimate of 9-12 months. We are 6 months ahead of capturing our previously announced pre-tax administrative and funding cost synergies of GEL 25 million. Privatbank increased our market share in retail loans by 4.3ppts and in retail deposits by 2.5ppts (market shares as of 31 March 2015)
- **We launched Solo - a new strategy for our premium banking service** - a fundamentally different approach to premium banking. We have already opened two new Solo lounges. Our goal is to significantly increase our market share in this segment, which now stands below 13%, over the next three to four years
- **Corporate Banking net loan book growth rate picked up in 1Q15**, with the net loan book increasing to GEL 2,381.3mln, up 38.8% and implying 11.1% growth on constant currency basis
- **Investment Management's Assets Under Management ("AUM")[1] increased to GEL 1,213.8mln**, up 35.5% y-o-y, reflecting increased bond issuance activity

Investment Business Highlights

- **The Group's healthcare business, Georgia Healthcare Group ("GHG") reported standalone profit that more than doubled y-o-y, increasing to GEL 6.3mln in 1Q15** (1Q14: GEL 2.6mln). The healthcare services business now operates 39 healthcare facilities and 2,140 hospital beds and enjoys a leading market position, with a 22.0% market share (by hospital beds)
- **The Group's real estate business, m^2 Real Estate ("m^2 Real Estate") revenue was GEL 1.3mln, with US$ 57.1mln revenue yet to be recognized upon completion of the on-going projects**. The significant decline from 2014 is due to revenue recognition policy adopted by m^2 Real Estate, pursuant to which revenue is recognised at the full completion of the project instead of in line with percentage construction completion. Since its establishment in 2010, m^2 Real Estate has generated total sales of US$ 112.9mln, of which US$ 55.8mln has already been recognized as revenue and US$ 57.1mln will be recognized upon completion of the on-going four projects.
- **The Group's water and utilities business, Georgia Global Utilities ("GGU") reported a loss of GEL 1.3mln**, primarily GEL devaluation driven, affected by its short position in US$

Note reporting format change

Effective 1Q15, we have changed our reporting format to reflect our recently updated strategy. As a result, we now present our consolidated Group financial statements as a combination of our Banking Business and Investment Business, with corresponding interbusiness eliminations.

- **Banking Business** comprises: Retail Banking, Corporate Banking, Investment Management, P&C insurance, and Belarusky Narodny Bank ("**BNB**")
- **Investment Business** comprises: Healthcare Business (GHG) including healthcare services ("**Evex**") and health insurance ("**Imedi L**"), Real Estate Business (m^2 Real Estate), Water & Utility Business (GGU) other legacy investments (including wine subsidiary Teliani Valley)
  - Banking Business discussion is presented separately, following the Group's financial summary
  - Retail Banking, Corporate Banking, Investment Management, GHG and m^2 Real Estate are reported separately in the segment results discussion
- **Bank of Georgia Holdings consolidated** financials comprise Banking Business and Investment Business, as well as respective interbusiness eliminations on the face of the income statement and balance sheet.
- **Interbusiness eliminations represent** transactions and/or balances that exist as of and for each reporting period between the Banking Business and Investment Business. They are eliminated for final consolidation purposes.
- Privatbank results were fully consolidated in 1Q15
- GGU, where we own 25% stake, was consolidated on an equity basis reflected in *profit and loss from associates* in the income statement and *other assets* in the balance sheet

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased with the Bank's continued progress in the first quarter of 2015, during a period of significant currency volatility, and its ability to deliver strong earnings momentum in the seasonally quiet first quarter of the year. Our profit of GEL 62.3 million in 1Q 2015 increased by 16.2% year on year. Earnings per share increased by 7.9% to GEL 1.63. This performance was driven by strong levels of balance sheet growth, partly reflecting the acquisition of Privatbank Georgia and the devaluation of the Lari during the quarter, improved margins and positive operating leverage of 17.1 percentage points for the Banking Business. Asset quality remained robust during the quarter despite the impact of the Lari devaluation, with the NPL ratio falling to 3.5% at the end of the quarter, from 3.8% a year ago.

Within our Banking Business, revenue growth was 48.9% year on year, and 15.3% quarter on quarter. This reflected strong growth in net interest income, up 49.2% year-on-year, as a result of a 48.5% increase in customer lending over the last 12 months, the acquisition of Privatbank and the impact of the Lari devaluation against the US dollar over the last six months. In addition, net fee and commission income grew by 39.0%, largely reflecting the ongoing success of the Express strategy. The net interest margin at 7.8% was 30 basis points higher than last year, reflecting the impact of the acquisition of Privatbank, which added 50 basis points to the margin.

Overall, in our Banking Business, the net loan book increased by 48.5%, reflecting a combination of customer lending growth, the impact of the Lari devaluation and the acquisition of Privatbank. Excluding the impact of the Privatbank acquisition, customer lending increased by 40.3%, implying 19.6% growth on constant currency basis. Our client deposits balances increased by 37.5% despite the continuing reduction in deposit rates. Excluding the impact of the Privatbank acquisition, client deposits increased by 25.6% whilst remaining broadly flat on a constant currency basis.

Costs remained well controlled, and the Banking Business Cost/Income ratio improved to 36.8%, compared to 41.5% in the first quarter of 2014. Excluding the acquisition of Privatbank, operating expenses declined by 6.4% compared to 4Q14, reflecting the impact of some targeted cost reduction initiatives in the first quarter of 2015, in anticipation of slower economic growth in 2015.

Asset quality during the first quarter of the year has remained robust, with both retail arrears and the NPL ratio lower than twelve months ago. This is a strong performance against the backdrop of the 16.3% Lari devaluation against the US dollar during the quarter, and reflects our conservative lending policy that takes into account, at the time of the initial lending decision, any potential currency mismatch. During the quarter we offered clients affected by the devaluation the opportunity to re-profile their borrowings, however the take-up of this offer has been limited with only 610 customers, with loans totaling US$ 21.7 million, taking advantage of the offer.

The currency devaluation itself has created an increased provision of GEL 11.9 million, as a result of the requirement to increase Lari denominated provisions against US dollar lending. The impact of the Privatbank acquisition has also led to an increase in provisions of GEL 8.2 million on the acquired portfolio. As a result of these effects, the cost of credit risk for the quarter totalled GEL 40.8 million, compared to GEL 12.8 million in 1Q 2014, and remains consistent with our expected cost of risk ratio for the year of circa 2.5%. The annualised cost of risk ratio in the first quarter of 2015 was 1.6%, excluding the GEL devaluation related provision and those related to the Privatbank acquisition.

During the first quarter of the year, we completed the acquisition of Privatbank. This has created significant franchise enhancement for our mass market retail business. The integration of the Privatbank has already been completed, significantly ahead of schedule and we are now 6 months ahead of capturing our previously announced pre-tax administrative and funding cost synergies of GEL 25 million. Additionally, Privatbank was focused on a mono-product of an all-in-one debit and credit card, which we further developed in-house and added the contactless transport and payment capabilities of our Express Card. We are aiming to leverage the enhanced capabilities of Express Banking, to capture increased revenue from cross-selling banking products to the c.400,000 newly acquired customers.

Within our Investment Businesses, Georgia Healthcare Group (GHG), our healthcare business, delivered record quarterly revenues of GEL 52.9 million, reflecting both good levels of organic growth and the impact of the benefits of last year's acquisitions starting to be captured. GHG now has a total of 2,140 hospital beds and a 22.0% market share in terms of hospital beds, and is already well positioned for its planned international stock market listing in the second half of 2015. Our real estate business, m2 Real Estate, continues to develop its apartment projects very successfully, with apartments continuing to be pre-sold notwithstanding the Lari devaluation. In our water and utilities business, GGU, we are focused on improving the senior management team and we have already appointed a new CFO, a long-standing professional from within the Group, and recruited senior management with substantial external industry experience, to be in charge of commercial and technical functions.

The Group's capital position remains strong, with capital being held both in the regulated Banking Business (JSC Bank of Georgia) and at the holding company level (Bank of Georgia Holdings Plc). Within the bank, the BIS Tier 1 Capital Adequacy ratio was 20.8%, and the NBG (Basel 2/3) Tier 1 Capital Adequacy ratio was 10.6%, both calculated on a pro-forma basis, adjusting for the additional US$ 30mln capital held for banking business in the holding company.

From a macroeconomic perspective Georgia has continued to perform well in the light of macroeconomic and currency pressures in many of Georgia's trading partners. GDP growth in Georgia during the first quarter of 2015 remained relatively resilient with 4.3% year-on-year growth in March 2015, and inflation remained well contained at 2.5% year-on-year in April 2015, partly as a result of the beneficial impact of lower oil prices on the Georgian economy. Nevertheless, the US dollar strengthened by 16.3% against the Georgian Lari during the quarter, although we believe that the Lari/US Dollar exchange rate should stabilise at around its current level.

We believe we remain well positioned to deliver strong earnings momentum from both good levels of organic business growth in each of our Banking and Investment Businesses, and from the benefits of recent strategic initiatives and acquisitions.

Irakli Gilauri,

Chief Executive Officer of Bank of Georgia Holdings PLC

FINANCIAL SUMMARY

Income Statement Summary *GEL thousands*	**BGH Consolidated**					**Banking Business***					**Investment Business***				
	1Q15	**1Q14**	**Change** ***y-o-y***	**4Q14**	**Change** ***q-o-q***	**1Q15**	**1Q14**	**Change** ***y-o-y***	**4Q14**	**Change** ***q-o-q***	**1Q15**	**1Q14**	**Change** ***y-o-y***	**4Q14**	**Change** ***q-o-q***
Net banking interest income	120,989	80,935	49.5%	98,132	23.3%	123,058	82,452	49.2%	101,062	21.8%	-	-	-	-	-
Net fee and commission income	26,854	19,834	35.4%	26,359	1.9%	28,090	20,212	39.0%	26,755	5.0%	-	-	-	-	-
Net banking foreign currency gain	18,962	11,305	67.7%	16,643	13.9%	18,962	11,305	67.7%	16,643	13.9%	-	-	-	-	-
Net other banking income	1,790	866	106.7%	4,872	-63.3%	2,095	986	112.5%	5,146	-59.3%	-	-	-	-	-
Gross insurance profit	7,574	9,706	-22.0%	3,688	105.4%	5,306	4,260	24.6%	4,380	21.1%	2,691	5,900	-54.4%	(36.00)	NMF
Gross healthcare profit	16,877	9,311	81.3%	16,330	3.3%	-	-	-	-	-	16,877	9,311	81.3%	16,330.00	3.3%
Gross real estate profit	1,209	6,103	-80.2%	822	47.1%	-	-	-	-	-	1,209	6,183	-80.4%	823.00	46.9%
Gross other investment profit	1,399	2,362	-40.8%	5,464	-74.4%	-	-	-	-	-	1,543	2,304	-33.0%	5,394.00	-71.4%
Revenue	**195,654**	**140,422**	**39.3%**	**172,310**	**13.5%**	**177,511**	**119,215**	**48.9%**	**153,986**	**15.3%**	**22,320**	**23,698**	**-5.8%**	**22,511.00**	**-0.8%**
Operating expenses	(76,059)	(58,254)	30.6%	(69,264)	9.8%	(65,277)	(49,515)	31.8%	(59,175)	10.3%	(11,654)	(9,402)	24.0%	(11,021.00)	5.7%
Operating income before cost of credit risk /EBITDA	**119,595**	**82,168**	**45.5%**	**103,046**	**16.1%**	**112,234**	**69,700**	**61.0%**	**94,811**	**18.4%**	**10,666**	**14,296**	**-25.4%**	**11,490.00**	**-7.2%**
Loss from associates	(1,310)	-	-	-	-	-	-	-	-	-	(1,310)	-	-	-	-
Depreciation and amortization of investment business	(2,688)	(2,229)	20.6%	(2,349)	14.4%	-	-	-	-	-	(2,688)	(2,229)	20.6%	(2,349.00)	14.4%
Net foreign currency loss from investment business	3,690	(416)	NMF	(1,061)	NMF	-	-	-	-	-	3,690	(416)	NMF	(1,061.00)	NMF
Net interest expense from investment business	(1,845)	(1,228)	50.2%	(612)	NMF	-	-	-	-	-	(5,151)	(3,056)	68.6%	(3,868.00)	33.2%
Cost of credit risk	(41,842)	(13,316)	NMF	(16,551)	152.8%	(40,771)	(12,801)	NMF	(14,789)	175.7%	(1,070)	(515)	107.8%	(1,762.00)	-39.3%
Profit	**62,339**	**53,664**	**16.2%**	**66,477**	**-6.2%**	**58,810**	**46,275**	**27.1%**	**64,999**	**-9.5%**	**3,529**	**7,389**	**-52.2%**	**1,479.00**	**138.6%**
EPS	1.63	1.51	7.9%	1.82	-10.4%										

Income Statement Summary *GEL thousands*	***Banking Business excl Privatbank****				
	1Q15	**1Q14**	**Change** ***y-o-y***	**4Q14**	**Change** ***q-o-q***
Net banking interest income	108,134	82,452	31.1%	101,062	7.0%
Net fee and commission income	25,018	20,212	23.8%	26,755	-6.5%
Net banking foreign currency gain	18,062	11,305	59.8%	16,643	8.5%
Net other banking income	1,900	986	92.6%	5,146	-63.1%
Gross insurance profit	5,002	4,260	17.4%	4,380	14.2%
Revenue	**158,116**	**119,215**	**32.6%**	**153,986**	**2.7%**
Operating expenses	(55,388)	(49,515)	11.9%	(59,175)	-6.4%
Operating income before cost of credit risk /EBITDA	**102,727**	**69,700**	**47.4%**	**94,811**	**8.3%**
Cost of credit risk	(32,606)	(12,801)	154.7%	(14,789)	120.5%
Profit	**57,670**	**46,275**	**24.6%**	**64,999**	**-11.3%**
EPS					

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

Balance Sheet Summary *GEL thousands*	**BGH Consolidated**					**Banking Business***					**Investment Business***				
	1Q15	**1Q14**	**Change** *y-o-y*	**4Q14**	**Change** *q-o-q*	**1Q15**	**1Q14**	**Change** *y-o-y*	**4Q14**	**Change** *q-o-q*	**1Q15**	**1Q14**	**Change** *y-o-y*	**4Q14**	**Change** *q-o-q*
Liquid assets	2,427,226	1,959,881	23.8%	1,898,137	27.9%	2,402,308	1,938,927	23.9%	1,874,769	28.1%	199,209	60,828	227.5%	166,056	20.0%
Loans to customers and finance lease receivables	5,156,386	3,480,969	48.1%	4,350,803	18.5%	5,248,559	3,534,648	48.5%	4,440,985	18.2%	-	-	-	-	-
Total assets	**9,030,053**	**6,619,770**	**36.4%**	**7,579,147**	**19.1%**	**8,447,951**	**6,185,469**	**36.6%**	**7,044,004**	**19.9%**	**864,053**	**529,151**	**63.3%**	**775,507**	**11.4%**
Client deposits and notes	4,099,029	3,065,535	33.7%	3,338,724	22.8%	4,271,854	3,106,000	37.5%	3,482,000	22.7%	-	-	-	-	-
Amounts due to credit institutions	1,780,636	1,206,818	47.5%	1,409,214	26.4%	1,694,668	1,120,905	51.2%	1,324,609	27.9%	181,773	138,999	30.8%	177,313	2.5%
Debt securities issued	1,026,689	734,771	39.7%	856,695	19.8%	962,587	734,771	31.0%	827,721	16.3%	66,964	-	-	29,374	128.0%
Total liabilities	**7,329,906**	**5,332,749**	**37.5%**	**5,945,054**	**23.3%**	**7,163,765**	**5,124,436**	**39.8%**	**5,813,227**	**23.2%**	**448,093**	**303,164**	**47.8%**	**372,190**	**20.4%**
Total Equity	**1,700,147**	**1,287,021**	**32.1%**	**1,634,093**	**4.0%**	**1,284,187**	**1,061,034**	**21.0%**	**1,230,777**	**4.3%**	**415,960**	**225,987**	**84.1%**	**403,317**	**3.1%**

Balance Sheet Summary *GEL thousands*	***Banking Business excluding Privatbank ****				
	1Q15	**1Q14**	**Change** *y-o-y*	**4Q14**	**Change** *q-o-q*
Liquid assets	2,242,112	1,938,927	15.6%	1,874,769	19.6%
Loans to customers and finance lease receivables	4,958,595	3,534,648	40.3%	4,440,985	11.7%
Total assets	**8,066,893**	**6,185,469**	**30.4%**	**7,044,004**	**14.5%**
Client deposits and notes	3,901,943	3,106,000	25.6%	3,482,000	12.1%
Amounts due to credit institutions	1,688,582	1,120,905	50.6%	1,324,609	27.5%
Debt securities issued	962,587	734,771	31.0%	827,721	16.3%
Total liabilities	**6,783,846**	**5,124,436**	**32.4%**	**5,813,227**	**16.7%**
Total Equity	**1,283,046**	**1,061,034**	**20.9%**	**1,230,777**	**4.2%**

Banking Business Ratios	**Including Privatbank 1Q15**	***Excluding Privatbank* 1Q15**	**1Q14**	**4Q14**
Profitability				
ROAA	3.0%	3.1%	3.0%	3.9%
ROAE	19.2%	18.8%	17.8%	22.8%
Net Interest Margin	7.8%	7.3%	7.5%	7.7%
Loan Yield	14.5%	13.7%	14.7%	14.1%
Cost of Funds	5.0%	4.8%	5.0%	4.7%
Cost of Customer Funds	4.4%	4.1%	4.5%	4.1%
Cost of Amounts Due to Credit Institutions	5.2%	5.1%	5.0%	4.8%
Cost / Income	36.8%	35.0%	41.5%	38.4%
NPLs To Gross Loans To Clients	3.5%	3.6%	3.8%	3.4%
NPL Coverage Ratio	74.2%	71.7%	92.0%	68.0%
NPL Coverage Ratio, Adjusted for discounted value of collateral	118.0%	116.5%	121.4%	111.1%
Cost of Risk	3.1%	2.6%	1.0%	1.2%
Tier I capital adequacy ratio (BIS)**	20.8%	21.5%	23.7%	22.1%
Total capital adequacy ratio (BIS)**	24.8%	25.6%	27.7%	26.1%
Tier I capital adequacy ratio (New NBG, Basel II)**	10.6%	10.0%	-	11.1%
Total capital adequacy ratio (New NBG, Basel II)**	13.7%	13.2%	-	14.1%

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

**Pro-forma for 1Q15, implying allocation of US$ 30mln capital earmarked for Banking Business and held at the holding company. Ratios reported to NBG are reported in the appendix

Financial highlights for Bank of Georgia Holdings:

- The Group's consolidated revenue, which increased to GEL 195.7mln, up 39.3%, was largely driven by the banking net interest income and gross healthcare profit, up 49.5% to GEL 121.0mln and up 81.3% y-o-y to GEL 16.9mln, respectively
- The Group's operating expenses in 1Q15 increased to GEL 76.1mln, up 30.6% y-o-y, and lagged behind revenue growth, resulting in 8.7 ppts operating leverage. The increase in costs was primarily driven by Privatbank acquisition and Healthcare Business, which continues to extract synergies from hospital acquisitions in 2014
- The Group's consolidated profit of GEL 62.3mln, which was up 16.2%, comprised of 94% from Banking Business and 6% from Investment Business profit, compared to 86% and 14% in 1Q14, respectively. The change in the share of Investment Business was largely driven by revenue recognition policy adopted by m^2 Real Estate (revenue is recognized at the full completion of the project instead of in line with percentage construction completion) as well as GEL 1.3mln loss from GGU. Privatbank contributed GEL 1.1mln or 1.8% to the Group's profit
- The Group's equity increased to GEL 1,700.1mln, up 32.1% and driven by GEL 190.5 mln retained earnings and GEL 215.7mln capital raise completed in December 2014 (of which GEL 154.8mln is held in liquid assets at holding level). The Group's GEL 1,700.1mln capital was allocated 75.5% to the Banking Business and 24.5% to the Investment Business
- The open foreign currency position was GEL 136.6mln or 1.5% of total assets, predominantly long on US$ and GBP
- The Group's assets increased to GEL 9,030.1mln, up 36.4%, primarily driven by the growth of the Banking Business loan book, which was up 48.1% to GEL 5,156.4 and the Group's liquid assets, which were up 23.8% y-o-y to GEL 2,427.2mln

DISCUSSION OF RESULTS

Discussion of Banking Business Results

Following discussion refers to Banking Business only

Revenue

GEL thousands, unless otherwise noted	1Q15	1Q14	Change, Y-o-Y	4Q14	Change, Q-o-Q
Banking interest income	202,353	143,986	40.5%	163,829	23.5%
Banking interest expense	79,295	61,535	28.9%	62,767	26.3%
Net banking interest income	**123,058**	**82,452**	**49.2%**	**101,062**	**21.8%**
Fee and commission income	37,343	28,464	31.2%	34,865	7.1%
Fee and commission expense	9,253	8,252	12.1%	8,110	14.1%
Net fee and commission income	**28,090**	**20,212**	**39.0%**	**26,755**	**5.0%**
Net banking foreign currency gain	18,962	11,305	67.7%	16,643	-13.9%
Net other banking income	2,096	987	112.4%	5,147	-59.3%
Net insurance premiums earned	9,242	6,178	49.6%	7,651	20.8%
Net insurance claims incurred	3,936	1,918	105.3%	3,271	20.4%
Gross insurance profit	**5,306**	**4,260**	**24.6%**	**4,380**	**21.1%**
Revenue	**177,511**	**119,215**	**48.9%**	**153,987**	**15.3%**
Net Interest Margin, excluding Privatbank	**7.3%**	**7.5%**	**-20 bps**	**7.7%**	**-40bps**
Net Interest Margin, including Privatbank	7.8%	7.5%	+30 bps	7.7%	+10 bps
Average interest earning assets	6,370,469	4,451,949	43.1%	5,182,218	22.9%
Average interest bearing liabilities	6,441,353	4,969,189	29.6%	5,254,799	22.6%
Average net loans, currency blended	5,056,404	3,551,413	42.4%	4,143,985	22.0%
Average net loans, GEL	1,490,531	1,159,185	28.6%	1,170,612	27.3%
Average net loans, FC	3,565,873	2,392,228	49.1%	2,973,373	19.9%
Average client deposits, currency blended	4,034,063	3,051,451	32.2%	3,261,648	23.7%
Average client deposits, GEL	1,199,627	885,467	35.5%	961,277	24.8%
Average client deposits, FC	2,834,435	2,165,983	30.9%	2,300,372	23.2%
Average liquid assets, currency blended	2,111,126	1,925,924	9.6%	1,706,604	23.7%
Average liquid assets, GEL	1,110,790	768,975	44.5%	879,391	26.3%
Average liquid assets, FC	1,000,337	1,156,949	-13.5%	827,213	20.9%
Excess liquidity (NBG)	199,690	439,436	-54.6%	177,917	12.2%
Liquid assets yield, currency blended	3.2%	2.2%		2.9%	
Liquid assets yield, GEL	5.6%	4.9%		5.2%	
Liquid assets yield, FC	0.5%	0.4%		0.5%	
Loan yield, total	14.5%	14.7%		14.1%	
Loan yield, GEL	21.4%	19.9%		20.1%	
Loan yield, FC	11.6%	12.2%		11.7%	
Cost of funding, total	5.0%	5.0%		4.7%	
Cost of funding, GEL	4.8%	3.9%		4.0%	
Cost of funding, FC	5.1%	5.4%		5.0%	

- **Our Banking Business delivered a record revenue of GEL 177.5mln; ex-Privatbank it was GEL 158.1mln, up 32.6% from GEL 119.2mln a year ago.** The revenue growth reflected:
  - **Increase of our net banking interest income to GEL 123.1mln; ex-Privatbank our net banking interest income was GEL 108.1mln**, up 31.1% y-o-y, driven by GEL 36.5mln or 25.4% increase in Banking interest income, outpacing the growth of GEL 10.8mln or 17.6% in Banking interest expense.
  - **Privatbank acquisition, which added GEL 19.4mln to our Banking Business revenues**, mostly (over 75% of total) to net banking interest income on the back of adding GEL 290.0mln or 5.5% to net loan book
  - Our net loan book growth to GEL 5,248.6mln and our client deposits growth to GEL 4,271.9mln; ex-Privatbank growth of our net loan book to GEL 4,958.6mln, up 40.3% y-o-y, while deploying

part of our excess liquidity and growth of our net loan book surpassing the growth in our client deposits, which increased to GEL 3,901.9, up 25.6%

- Our Cost of Funds was 5.0% and our Cost of Customer Funds was 4.4%. Standalone Privatbank Cost of Funds was 7.5%, also implying Cost of Customer Funds of 7.4%. Ex-Privatbank Cost of Funds of 4.8%, down 20 bps from 5.0 a year ago, reflecting 40 bps decrease in Cost of Customer Funds, which was 4.1%
- This was partially offset by ex-PrivatbankLoan Yield of 13.7%, down 100 bps y-o-y
- On the other hand, our average interest bearing liabilities increased to GEL 6,441.4mln; ex-Privatbank it was GEL 6,084.8mln, up 22.4% y-o-y
- **Our net fee and commission income was GEL 28.1mln; ex-Privatbank it increased to GEL 25.0mln**, up 23.8% from GEL 20.2mln a year ago, with 17.4% growth in fee and commission income significantly outpacing only a 1.8% growth in fee and commission expenses
- Robust growth of our net fee and commission income reflects the ongoing success of our Express Banking strategy, which resulted in the addition of 131,382 Express Banking customers y-o-y and triggered a significant increase in the volume of efficient banking transactions - the growth of transactions was achieved largely through cost-effective remote channels. Transactions executed through distance channels increased 35.0% compared to a 6.4% increase through tellers
- **Ex-Privatbank net gain from foreign currencies increased to GEL 18.1mln**, up 59.8% from GEL 11.3mln a year ago as a result of increased GEL volatility
- **Gross insurance profit was GEL 5.3mln**, up 24.6% y-o-y, which for the Banking Business comprises primarily of revenue from the Bank’s Property & Casualty subsidiary Aldagi
- Corresponding net insurance claims increased significantly on y-o-y basis as a result of low base in 1Q14, which was largely due to increase in claims for Motor Insurance, following overall decrease of insurance deductible on the market. As a result, Aldagi’s profit doubled since 1Q14, contributing GEL 4.4mln to the Group’s profit. *For P&C insurance segment financials please see page 31*
- **Net other banking income of our Banking Business, which predominantly consists of rent income mainly from foreclosed properties, doubled on a y-o-y basis reaching GEL 2.1mln**, predominantly due to the appreciation of the US$, the listing currency of rentals in Georgia

- **Our NIM was 7.8%; ex-Privatbank NIM at 7.3% in 1Q15, down 20 bps y-o-y, was comfortably maintained within our target range of 7-7.5%**; *the NIM reflected:*
  - Increase of 50 bps from Privatbank, which posted NIM of 17.8% in 1Q15, driven by remarkable levels of Loan Yield at 29.0% and comparatively low Cost of Funds at 7.5% in 1Q15. This performance is primarily driven by the Privatbank’s mono-product of an all-in-one debit and credit card, which we further developed in-house, adding contactless transport and payment capabilities of our Express Card, and will be offering this product to our Express Banking clients. Additionally, we expect to realize cost synergies and further reduce Privatbank’s Cost of Funds
  - Pressure from ex-Privatbank Loan Yield of 13.7%, which was down 100 bps, driven by 25.4% increase in banking interest income that lagged behind 35.5% growth of average interest earning assets; *Loan Yield including Privatbank was 14.5%*
  - This was partially offset by Liquid Assets Yield of 3.2%, which was up 100 bps y-o-y, reflecting decreased liquidity
  - Our liquidity levels as percentage of total assets increased y-o-y in 1Q15 but declined on q-o-q as a result of slower loan issuance which is a seasonal characteristic of the first quarter, with consequent low economic activity

- On q-o-q basis, our Banking Business revenue was up 15.3%; ex-Privatbank it was up 2.7%, driven primarily by net interest income and GEL devaluation effect (GEL devaluation substantially occurred in 1Q15), which offset 0.8% seasonal q-o-q decline in net loans to customers on constant currency basis

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

GEL thousands, unless otherwise noted	31 March 2015	Quarter ended 31 Mar 2014	Change y-o-y	31 Dec 2015	Change q-o-q
Salaries and other employee benefits	38,606	30,333	27.3%	34,654	11.4%
General and administrative expenses	17,506	12,201	43.5%	16,806	4.2%
Depreciation and amortisation expenses	8,373	6,159	36.0%	6,711	24.8%
Other operating expenses	792	822	-3.7%	1,005	-21.2%
Operating expenses	65,277	49,515	31.8%	59,175	10.3%
Operating income before cost of credit risk	112,234	69,700	61.0%	94,811	18.4%
Impairment charge on loans to customers	38,928	9,110	NMF	12,310	NMF
Impairment charge on finance lease receivables	119	(29)	NMF	136	-12.2%
Impairment charge on other assets and provisions	1,724	3,720	-53.6%	2,344	-26.4%
Cost of credit risk	**40,771**	**12,801**	**218.5%**	**14,789**	175.7%
Net operating income before non-recurring items	71,463	56,899	25.6%	80,022	-10.7%
Net non-recurring items	2,167	1,650	31.3%	1,518	42.8%
Profit before income tax	**69,296**	**55,249**	**25.4%**	**78,504**	**-11.7%**
Income tax (expense) benefit	10,486	8,974	16.8%	13,505	-22.4%
Profit	**58,810**	**46,275**	**27.1%**	**64,999**	**-9.5%**

- **Our efficiency improved in 1Q15, with operating leverage at 17.1% y-o-y and cost/income at 36.8% in 1Q15**; *ex-Privatbank, our Banking Business operating leverage stood at 20.7% and Cost/Income ratio stood at 35.0%*. Our efficiency results were driven by:
  - Inefficiencies brought by Privatbank, as reflected in its standalone cost to income ratio of 51.0% in 1Q15. This worsened our operating leverage by 3.7 ppts and cost to income ratio by 1.8 ppts. As a result of integrating Privatbank considerably ahead of schedule, we are 6 months ahead of capturing our previously announced pre-tax administrative and funding cost synergies of GEL 25 million, which are not yet reflected in our financial results, as integration was completed in May 2015.
  - Operating expenses increasing 31.8% y-o-y, but lagging far behind the revenue growth resulting in the double digit operating leverage

- **Operating expenses increased to GEL 65.3mln; ex-Privatbank it was GEL 55.4mln, up by GEL 5.9mln or 11.9% y-o-y**, *reflecting:*
  - Privatbank acquisition adding GEL 9.9mln to our operating expenses in 1Q15
  - Salaries and employee benefits increased to GEL 33.7mln, up GEL 3.4mln or 11.3%, reflecting the increase in the number of senior managers eligible for the Group's share based compensation (non-cash bonus), which translated into the increase in salaries and employee benefits, albeit largely flat standalone headcount of the Bank on year-on-year basis
  - Administrative expenses increased to GEL 14.0mln, up GEL 1.8mln or 14.5%, almost half of this growth is driven by expenses on rent, reflecting increased number of leased branches, but predominantly due to the appreciation of the US$, the listing currency of rentals in Georgia

- On a q-o-q basis, our operating expenses increased 10.3%, which is entirely a result of the Privatbank acquisition; ex-Privatbank operating expenses declined by GEL 3.8mln or 6.4% as a result of targeted optimisation of costs carried out in anticipation of lower than expected economic growth in 2015

- **Cost of credit risk increased predominantly as a result of GEL devaluation and Privatbank acquisition while default rate has stayed relatively stable.** The Banking Business cost of credit risk was GEL 20.7mln in 1Q15 (excluding effects from currency and Privatbank acquisition), compared to GEL 14.8mln in 4Q14 and GEL12.8mln in 1Q14. Overall, cost of credit risk increased to GEL 40.8mln, which was a combination of:
  - GEL devaluation contributing GEL 11.9mln
  - Privatbank acquisition, which added GEL 8.2mln to cost of credit risk
  - Increase of GEL 7.9mln for like-for-like cost of risk was primarily driven by net loan book growth, which was up 40.3% y-o-y.
  - NPLs to gross loans stayed relatively stable at 3.5%; ex-Privatbank NPLs to gross loans was 3.6% compared to 3.8% in 1Q14 and 3.4% in 4Q14, reflecting largely stable credit quality

- NPLs increased to GEL 187.1mln, up 35.1% y-o-y and up 21.8% q-o-q, largely as a result of devaluation and the addition of GEL 3.9mln in Privatbank's NPLs
- NPL coverage ratio adjusted for the discounted value of collateral stood at 118.0%; ex-Privatbank it was 116.5% as of 31 March 2015 compared to 111.1% as of 31 December 2014 and 121.4% as of 31 March 2014
- The NPL coverage ratio stood at 74.2%; ex-Privatbank it was 71.7%, compared to 68.0% as of 31 December 2014 and 92.0% as of 31 March 2014. The y-o-y decline reflects write down of loans throughout 2014 followed by the addition of better collateralized loans to the existing loan portfolio in Q1 2015
- **Our days past due rate reflects strong asset quality**. Of total retail loans, 15 days past due[1] were 1.0% at 31 March 2015, compared to 1.5% a year ago and 0.8% at 31 December 2014.

- **The Banking Business Cost of Risk was 1.6% in 1Q15, compared to 1.2% in 4Q14 and 1.0% in 1Q14.** The GEL devaluation added 90 bps over 1Q14 Cost of risk. Privatbank Cost of Risk, which was 10.0%, added 60bps to Banking Business Cost of Risk. As a result, consolidated Banking Business Cost of Risk ratio was 3.1% in 1Q15

- **As of the date of this report, 610 loans were re-profiled worth US$ 21.7mln, *including 502 mortgages worth US$ 19.6mln and 108 consumer loans worth US$2.1mln*. The low number of loans re-profiled, is consistent with relatively stable default rate.** Following the devaluation of GEL in 1Q15, we offered our clients an option to re-profile loan. Re-profiling implies effectively increasing the tenor of the loan so that monthly payment in Lari stays at the same level it was prior to the recent devaluation of the Lari. When re-profiling, we do not change the interest rate of the loan. In Retail Banking, our mortgage loan clients are most likely to apply for re-profiling, as in total we have 7,500 mortgage loans worth GEL 400mln which are US Dollar loans to Retail Banking clients with non-US Dollar income.

- The net operating income before non-recurring items for Banking Business totalled GEL 71.5mln; ex-Privatbank it was GEL 70.1mln, up 23.2% y-o-y
- Our profit before income tax totalled GEL 69.3mln; ex-Privatbank it was GEL 68.0mln, up 23.0% y-o-y
- After deducting income tax expense of GEL 10.5mln, of which GEL 0.2mln is from Privatbank, the Banking Business 1Q15 profit was GEL 58.8mln, up 27.1% y-o-y; *Privatbank contributed GEL 1.1mln to this profit*

- **The Banking Business profit was supported by strong performance of our Banking subsidiary in Belarus – BNB, which posted GEL 3.3mln profit, up 55.3% resulting in BNB ROAE of 19.1%.** Strong growth was supported by a 48.5% growth of the loan book to GEL 297.8mln, mostly consisting of SME loans. Client deposits increased 70.4% to GEL 233.7mln, reflecting significantly increased brand awareness. BNB is well capitalised, with Capital Adequacy Ratios well above the requirements of its regulating Central Bank. *For BNB standalone financials please see page 31*

[1] For JSC Bank of Georgia standalone

Banking Business Balance Sheet highlights

GEL thousands, unless otherwise noted	1Q15	1Q14	Change y-o-y	4Q14	Change q-o-q
Liquid assets	2,402,308	1,938,927	23.9%	1,874,769	28.1%
Liquid assets, GEL	1,154,634	829,246	39.2%	1,020,498	13.1%
Liquid assets, FC	1,247,674	1,109,681	12.4%	854,271	46.1%
Net loans	5,248,559	3,534,648	48.5%	4,440,985	18.2%
Net loans, GEL	1,523,976	1,152,165	32.3%	1,208,655	26.1%
Net loans, FC	3,724,583	2,382,483	56.3%	3,232,329	15.2%
Client deposits and notes	4,271,854	3,106,000	37.5%	3,482,000	22.7%
Amounts due to credit institutions, of which:	1,694,668	1,120,905	51.2%	1,324,609	27.9%
Borrowings from DFIs	718,540	547,121	31.3%	605,480	18.7%
Short-term loans from central banks	518,400	251,881	105.8%	400,771	29.4%
Loans and deposits from commercial banks	457,728	321,903	42.2%	318,358	43.8%
Debt securities issued	962.587	734.771	31.0%	827.721	16.3%
Liquidity & CAR Ratios					
Net Loans / Customer Funds	122.9%	113.8%		127.5%	
Net Loans / Customer Funds + DFIs	105.2%	96.8%		108.6%	
Liquid assets as percent of total assets	28.4%	31.3%		26.6%	
Liquid assets as percent of total liabilities	33.5%	37.8%		32.3%	
NBG liquidity ratio[1]	35.3%	43.5%		35.0%	
Excess liquidity (NBG) [1]	219,738	439,436	-50.0%	177,917	23.5%
Tier I Capital Adequacy Ratio (NBG Basel 2/3)[1]	10.6%	n/a		11.1%	
Total Capital Adequacy Ratio (NBG Basel 2/3) [1]	13.7%	n/a		14.1%	
Tier I Capital Adequacy Ratio (BIS) [1]	20.8%	23.7%		22.1%	
Total Capital Adequacy Ratio (BIS) [1]	24.8%	27.7%		26.1%	

Our Banking Business balance sheet remained liquid (NBG Liquidity ratio of 35.3%[1]) **and well-capitalised** (BIS Tier I of 20.8%[1]) with **a well-diversified funding base** (Client Deposits to Liabilities of 59.6%).

- Liquid assets increased to GEL 2,402.3mln; ex-Privatbank it was 2,242.1mln, reflecting q-o-q growth of 19.6%
- Additionally, liquid assets as a percentage of total assets increased q-o-q to 28.4%, up from 26.6% and liquid assets as a percentage of total liabilities also increased q-o-q to 33.5%, up from 32.3%
- The NBG liquidity ratio increased to 35.3%[1] from 35.0% at the end of 2014, against a regulatory requirement of 30.0%

- Even though we enjoy high liquidity and our positive liquidity gap up to six months is GEL 0.7bln, we are now working with a number of Development Financial Institutions (DFI) to arrange further long-term loans to improve our Net Loan to Deposits + DFI funding ratio. The Euro influence on Lari is increasing and the Lari is effectively becoming a Euro proxy. We will therefore be targeting to raise Euro funding and try to shift US Dollar loans into Euros. As a result, we have already raised EUR 40mln in DFI long term funding this year
- As we further diversified our funding base, our share of amounts due to credit institutions to total liabilities increased q-o-q from 22.8% to 23.7%, with the share of client deposits and notes to total liabilities declining q-o-q from 59.9% to 59.6%
- Net Loans to Customer Funds and DFIs ratio, a ratio closely observed by management, stood at 105.2%; ex-Privatbank it was 107.3% compared to 108.6% as of 31 December 2014

Capital adequacy requirements for the regulated Banking Business (JSC Bank of Georgia)[1]

- BIS Tier I Capital Adequacy ratio stood at 20.8%
- BIS Total Capital Adequacy ratio stood at 24.8%
- NBG (Basel 2/3)[1] Tier I Capital Adequacy ratio stood at 10.6%
  (NBG minimum requirement: 8.5%; 4Q14: 11.1%)
- NBG (Basel 2/3)[1] Total Capital Adequacy ratio stood at 13.7%
  (NBG minimum requirement: 10.5%; 4Q14: 14.1%)

[1] Pro-forma, implying allocation of US$ 30mln capital earmarked for Banking Business and held at the holding company. Ratios reported to NBG are reported in the appendix

Discussion of Segment Results

Segment result 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 handling 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	1Q15	1Q14	Change y-o-y	4Q14	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net banking interest income	75,150	49,203	52.7%	60,317	24.6%
Net fee and commission income	18,566	11,990	54.8%	17,349	7.0%
Net banking foreign currency gain	3,905	4,033	-3.2%	6,081	-35.8%
Net other banking income	963	455	111.8%	843	14.3%
Revenue	**98,584**	**65,681**	**50.1%**	**84,589**	**16.5%**
Operating expenses	43,129	29,701	45.2%	34,377	25.5%
Operating income before cost of credit risk	**55,455**	**35,980**	**54.1%**	**50,213**	**10.4%**
Cost of credit risk	16,660	(1,924)	NMF	2,282	NMF
Net non-recurring items	449	392	14.4%	744	-39.7%
Profit before income tax	**38,346**	**37,512**	**2.2%**	**47,186**	**-18.7%**
Income tax expense	5,738	5,628	2.0%	7,448	-23.0%
Profit	**32,608**	**31,884**	**2.3%**	**39,738**	**-17.9%**
BALANCE SHEET HIGHLIGHTS					
Net loans, standalone, Currency Blended	2,639,808	1,661,076	58.9%	2,066,973	27.7%
Net loans, standalone, GEL	1,290,587	947,951	36.1%	1,023,756	26.1%
Net loans, standalone, FC	1,349,221	713,125	89.2%	1,043,217	29.3%
Client deposits, standalone, Currency Blended	1,874,262	1,080,265	73.5%	1,349,556	38.9%
Client deposits, standalone, GEL	618,118	342,151	80.7%	437,712	41.2%
Client deposits, standalone, FC	1,256,144	738,114	70.2%	911,844	37.8%
Time deposits, standalone, Currency Blended	1,182,396	673,838	75.5%	789,413	49.8%
Time deposits, standalone, GEL	296,790	164,242	80.7%	174,552	70.0%
Time deposits, standalone, FC	885,606	509,596	73.8%	614,861	44.0%
Current accounts and demand deposits, standalone, Currency Blended			70.2%		23.5%
Current accounts and demand deposits, standalone, GEL			80.6%		22.1%
Current accounts and demand deposits, standalone, FC			62.1%		24.8%
KEY RATIOS					
Net interest margin, currency blended	9.7%	10.0%		9.9%	
Loan yield, currency blended	17.3%	18.0%		17.0%	
Loan yield, GEL	23.0%	21.3%		21.7%	
Loan yield, FC	11.4%	13.3%		12.0%	
Cost of deposits, currency blended	4.4%	4.2%		3.6%	
Cost of deposits, GEL	5.5%	4.6%		4.0%	
Cost of deposits, FC	3.8%	4.0%		3.5%	
Cost of time deposits, currency blended	5.3%	6.2%		5.5%	
Cost of time deposits, GEL	7.2%	8.8%		8.1%	
Cost of time deposits, FC	4.6%	5.3%		4.7%	
Current accounts and demand deposits, currency blended	2.8%	1.0%		0.9%	
Current accounts and demand deposits, GEL	4.0%	1.0%		0.9%	
Current accounts and demand deposits, FC	1.8%	1.0%		0.9%	
Cost / income ratio	43.7%	45.2%		40.6%	

Performance highlights

- **Our Retail Banking revenue increased to GEL 98.6mln; ex-Privatbank it was GEL 79.6mln, up 21.2% from GEL 65.7mln a year ago.** The revenue growth reflected:
  - ***Increase of our net banking interest income from Retail Banking to GEL 75.2mln***; ex-Privatbank it was GEL 60.4mln, up 22.7%, mostly a result of the significant growth of the Retail Banking loan book, in particular mortgage and micro & SME loan portfolio

- Growth of retail banking net loan book to GEL 2,639.8mln; ex-Privatbank it was GEL 2,350.3mln, up 41.5% y-o-y and up 24.6% on constant currency basis, which is a result of strong loan origination performance delivered across all segments in 1Q15:
    - Consumer loan originations of GEL 162.1mln resulted in consumer loans outstanding totalling GEL 565.8mln as of 31 March 2015, up 33.4% y-o-y
    - Micro loan originations of GEL 134.1mln resulted in micro loans outstanding totalling GEL 499.7mln as of 31 March 2015, up 43.4% y-o-y
    - SME loan originations of GEL 81.1mln resulted in SME loans outstanding totalling GEL 291.9mln as of 31 March 2015, up 67.6% y-o-y
    - Mortgage loans originations of GEL 71.2mln resulted in mortgage loans outstanding of GEL 722.2mln as of 31 March 2015, 57.5% y-o-y
    - Privatbank added GEL 289.5mln to net loan book, mostly credit card and consumer loans
- Retail banking client deposits grew to GEL 1,874.3mln; ex-Privatbank it was GEL 1,502.8mln, up 39.1% y-o-y and up 16.0% on constant currency basis, still lagging behind the growth in retail banking loan book. Growth of Client Deposits on y-o-y basis was due to increasing number of Express Banking clients, who bring with them the cheapest source of deposits for the bank – current accounts and demand deposits.
- ***Privatbank acquisition, which added GEL 19.0mln to our Retail Banking Business revenues***, including GEL 14.8mln net banking interest income, on the back of adding GEL 289.5mln or 11.0% to retail banking net loan book
- **Our Retail Banking net fee and commission income increased to GEL 18.6mln**; ex-Privatbank it was GEL 15.5mln, up 29.2% from GEL 12.0mln a year ago, with 19.7% growth in fee and commission income significantly outpacing only a 1.7% growth in fee and commission expenses
- Net fee and commission income reflects our continued Express Banking franchise growth. Our Express Banking franchise attracted 386,260 previously unbanked emerging mass market customers since its launch 3 years ago, and drove the number of client related foreign currency and other banking transactions substantially higher

- **The NIM was 9.7%; ex-Privatbank it was 8.7%, down 130 bps y-o-y**, *reflecting:*
    - Increase of 100 bps from Privatbank, which posted NIM of 17.8% in 1Q15, was driven by high Privatbank Loan Yield at 29.0% and relatively low Cost of Funds at 7.5% in 1Q15. Privatbank Cost of Funds is still considerably higher, compared to our retail banking Cost of Funds excluding Privatbank of 5.9%, implying opportunity for further reduction
    - The Loan Yield at 17.3%; ex-Privatbank it was 15.8%, which declined 220 bps y-o-y and decreased 120 bps q-o-q, largely as a result of GEL devaluation against the USD, which increased the share of low yielding USD loans in the loan book
    - Cost of Deposits at 4.4%; ex-Privatbank it was 3.6%, which was down 60 bps y-o-y and flat q-o-q, largely as a result of GEL devaluation against the USD, which increased the share of low cost USD deposits in the loan book
    - **Our days past due rate reflects strong asset quality**. Of our total retail loans, 15 days past due[1] were 1.0% at 31 March 2015, compared to 1.5% a year ago and 0.8% at 31 December 2014.
- **Our Retail Banking operating expenses increased to 43.1mln, implying cost/income ratio of 43.7% and y-o-y operating leverage of 4.9%; ex-Privatbank operating expenses increased to GEL 33.5mln, up 12.8% y-o-y, at a slower rate than revenue growth rate of 21.2%**, resulting in cost/income ratio of 42.1% and y-o-y operating leverage of 8.4%, *which reflects:*

[1] For Bank of Georgia standalone

- Acquisition of Privatbank that added GEL 9.6mln in operating expenses to retail banking segment in 1Q15, implying Privatbank cost to income ratio of 50.7%.
- Salaries and other employee benefits at GEL 23.6mln; ex-Privatbank it was GEL 18.8mln, up 14.5% y-o-y, was principally driven by the growing revenue base on y-o-y basis, reflecting the growth in headcount and associated payroll
- Cost efficiencies are achieved largely due to the success of the Express Banking footprint, with increasing shift to low cost remote channel-intensive Express Banking services. In 1Q15, transactions executed through Express Pay terminals, ATMs, Internet and Mobile channels increased eight-fold, 40% 100% and eight-fold, respectively while operations through tellers increased 6.4%
- On a q-o-q basis, operating expenses increased 25.5%, which is is entirely a result of the Privatbank acquisition; ex-Privatbank operating expenses declined by GEL 0.9mln or 2.5% as a result of targeted optimisation of costs carried out in anticipation of lower than expected economic growth in 2015

- **The cost of credit risk increased to GEL 8.5mln in 1Q15 from a negative GEL 1.9mln in 1Q14 and GEL 2.3mln in 4Q14**; *Including Privatbank, cost of credit risk was GEL 16.7mln, which is* as a result of:
  - Addition of Privatbank's loan portfolio in 1Q15, which added GEL 8.2mln to Retail Banking cost of credit risk
  - The impact of the GEL devaluation against the US Dollar, which resulted in an increase of loan loss provisions in Lari terms on US Dollar loan provisions, adding GEL 1.8mln
  - The effects of the retail banking loan book growth of 41.5% together with the impact of new provisioning methodology introduced in 2014, which had a positive effect on the Retail Banking cost of credit risk in 1Q14 resulting in a low base
- As a result, Retail Banking profit reached GEL 32.6mln, up 2.3% y-o-y. Privatbank contributed GEL 1.0mln to our retail banking profit during the quarter
- **Our Express Banking continues to deliver strong growth as we follow our mass retail banking strategy:**
  - **817,445 Express Cards have been issued** since the launch on 5 September 2012, in essence replacing pre-paid metro cards in circulation since July 2009
  - **Increased number of Express Pay terminals to 2,245 from 1,423 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 1Q15, utilisation of Express Pay terminals have increased significantly y-o-y**, with the number of transactions growing to 25.9mln during the quarter, up 36.2% y-o-y
  - **Increased Point of Sales (POS) footprint to 299 desks at 1,072 contracted merchants** as of 31 March 2015, up from 295 desks and 813 merchants as of 31 March 2014. POS terminals outstanding reached 6,537, up 31.0% y-o-y. *Additionally, Privatbank operated 1,608 POS terminals.* The volume of transactions through the Bank's POS terminals grew to GEL 142.2mln, up 18.3% y-o-y, while the number of POS transactions increased 4.2mln in 1Q15, with additional 1.1mln transactions over 3.1mln in 1Q14

Privatbank integration

- **Following the acquisition of Privatbank in January 2015, we completed the full integration of Privatbank in under 5 months, compared to our initial estimate of 9-12 months.** The information systems of Privatbank have been fully integrated with Bank of Georgia's core banking software. All the data associated with the customers and transaction histories, including the data of c.800,000 customers of which c.400,000 are active customers, over 1.1 million cards with respective transaction histories, c.150,000 loans and c.75,000 deposits, has been successfully migrated. Privatbank customers continue to use Privatbank cards, which are now serviced by our card processing platform, without the need to change them into Bank of Georgia cards. As a result, with only 24 hour downtime for Privatbank clients, we now services all Privatbank customers on our core banking platform on business-as-usual basis.

- **Privatbank, the 9th largest bank in Georgia by total assets at the time of acquisition, with a focus on retail banking, was a strong strategic fit for the Bank and was acquired in line with our strategy to strengthen our focus on the significantly more profitable retail banking.** Privatbank's branch format represented a strong fit for the Bank's Express branch (self-service) format, and this has enabled us to further expand our Express Banking Business, which has delivered strong retail growth over the last few years. As a result, 35 Privatbank branches have been rebranded, most of them into Express Banking branches. In order to increase the utilisation of Privatbank's franchise and realise substantial cost synergies, 58 out of 93 Privatbank branches have been closed, more than initially expected, as the Bank's Express Terminals have proved attractive for Privatbank customers for their routine banking transactions.
- **We are 6 months ahead of capturing our previously announced pre-tax administrative and funding cost synergies of GEL 25 million.** Privatbank was focused on a mono-product of an all-in-one debit and credit card, which we further developed in-house and added contactless transport and payment capabilities of our Express Card. We are aiming to leverage the enhanced capabilities of Express Banking, to capture increased revenue from cross-selling banking products to the c.400,000 newly acquired customers
- **Privatbank contributed 4.3ppts (retail loans) and 2.5ppts (retail deposits) to our market share** (market data based on standalone accounts as published by the NBG as of 31 March 2015).
- **In April 2015, we launched Solo – a fundamentally different approach to premium banking.** Our Solo clients are given access to exclusive products and the finest concierge-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.

- With Solo we are targeting the mass affluent retail segment and aim to build brand loyalty through exclusive experiences offered through the new Solo. As of 31 March 2015, the number of Solo clients reached 8,282, up 18.4% from 6,993 a year ago.

Side by side analysis of operating KPIs

	31-Mar-15		31-Mar-14	Change y-o-y
	Bank of Georgia (standalone)	Privatbank Georgia	Bank of Georgia (standalone)	
Total # of Retail Clients (k)	1,490	424	1,286	15.9%
Total # of Cards (k)	1,205	941	1,016	18.6%
# of Branches	219	72	203	7.9%
# of ATMs	554	376	497	11.5%
# of POS	6,537	1,608	4,990	31.0%
# of Employees	3,799	1,105	3,561	6.7%

- Number of Retail Banking clients totalled 1,490,247 up 15.9% y-o-y and by 2.6% (38,470 clients) q-o-q. Additionally, Privatbank clients totalled 424,000
- Total number of cards reached 1,204,662, up 18.6% y-o-y.
- Total debit cards outstanding increased to 1,088,878, up 21.3% y-o-y as a result of issuing 128,531 debit cards, including Express cards in 1Q15
- Issued 6,634 credit cards of which 5,398 were American Express cards in 1Q15. A total of 236,188 American Express cards have been issued since the launch in November 2009. The total number of outstanding credit cards amounted to 115,784 (of which 110,074 were American Express Cards).
- Additionally, total number of Privatbank's an all-in-one debit and credit card totaled 941,000
- We have now added 2,245 Express Pay Terminals and 817,445 Express Cards since the launch of the Express Banking service in 2012

Corporate Banking (CB)

Corporate Banking Business in Georgia comprises 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 (Georgian Leasing Company).

GEL thousands, unless otherwise noted	1Q15	1Q14	Change y-o-y	4Q14	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net banking interest income	**35,418**	**24,621**	**43.9%**	**30,035**	**17.9%**
Net fee and commission income	**6,001**	**5,722**	**4.9%**	**6,599**	**-9.1%**
Net banking foreign currency gain	7,835	6,034	29.8%	7,288	7.5%
Net other banking income	1,070	485	120.6%	4,499	-76.2%
Revenue	**50,324**	**36,863**	**36.5%**	**48,422**	**3.9%**
Operating expenses	12,197	11,336	7.6%	12,675	-3.8%
Operating income before cost of credit risk	**38,127**	**25,527**	**49.4%**	**35,747**	**6.7%**
Cost of credit risk	19,381	13,679	41.7%	10,217	89.7%
Net non-recurring items	598	224	167.4%	104	NMF
Profit before income tax	**18,148**	**11,625**	**56.1%**	**25,425**	**-28.6%**
Income tax (expense) benefit	3,346	1,917	74.5%	4,269	-21.6%
Profit	**14,802**	**9,707**	**52.5%**	**21,156**	**-30.0%**
BALANCE SHEET HIGHLIGHTS					
Letters of credit and guarantees, standalone[1]	525,409	484,778	8.4%	552,661	-4.9%
Net loans, standalone, currency blended	2,381,348	1,715,461	38.8%	2,160,767	10.2%
Net loans, standalone, GEL	319,761	205,556	55.6%	284,987	12.2%
Net loans, standalone, FC	2,061,588	1,509,905	36.5%	1,875,779	9.9%
Client deposits, standalone, currency blended	1,341,794	1,174,670	14.2%	1,186,026	13.1%
Client deposits, standalone, GEL	575,468	543,780	5.8%	575,882	-0.1%
Client deposits, standalone, FC	766,326	630,889	21.5%	610,144	25.6%
Time deposits, standalone, currency blended	502,835	353,346	42.3%	391,514	28.4%
Time deposits, standalone, GEL	222,459	101,166	119.9%	197,222	12.8%
Time deposits, standalone, FC	280,377	252,180	11.2%	194,292	44.3%
Current accounts and demand deposits, standalone, currency blended	838,958	821,323	2.1%	794,512	5.6%
Current accounts and demand deposits, standalone, GEL	353,009	442,614	-20.2%	378,660	-6.8%
Current accounts and demand deposits, standalone, FC	485,949	378,709	28.3%	415,852	16.9%
RATIOS					
Net interest margin, currency blended	4.9%	4.1%		4.8%	
Loan yield, currency blended	10.7%	10.8%		10.5%	
Loan yield, GEL	10.9%	11.3%		10.2%	
Loan yield, FC	10.6%	10.7%		10.5%	
Cost of deposits, currency blended	2.8%	3.2%		2.9%	
Cost of deposits, GEL	3.9%	3.1%		3.8%	
Cost of deposits, FC	1.8%	3.2%		2.0%	
Cost of time deposits, currency blended	6.1%	6.4%		6.4%	
Cost of time deposits, GEL	7.5%	7.7%		7.7%	
Cost of time deposits, FC	4.8%	6.1%		5.1%	
Current accounts and demand deposits, currency blended	0.9%	1.9%		1.5%	
Current accounts and demand deposits, GEL	1.8%	2.4%		2.3%	
Current accounts and demand deposits, FC	0.2%	1.2%		0.6%	
Cost / income ratio	24.2%	30.8%		26.2%	

[1]Off-balance sheet items

Performance highlights

- Revenue for the Corporate Banking segment increased by 36.5% y-o-y and 3.9% q-o-q to GEL 50.3mln as a result of:
  - 38.8% y-o-y and 10.2% q-o-q increase of the Corporate Loan book to GEL 2,381.3mln. On constant currency basis, Corporate Banking loan book increased 11.1% y-o-y

- The NIM increased to 4.9%, up 80 bps y-o-y and up 10 bps q-o-q, as a result of resilient Loan Yield and declining Cost of Deposits
- Loan yield increased to 10.7%, up 20 bps q-o-q as a result of a decrease in liquidity and relatively low loan issuance activity, which is a seasonal characteristic of the first quarter. High liquidity environment in the Georgian banking sector during the year resulted in flattish Corporate Banking Loan Yields, down 10 bps y-o-y
- Cost of Deposits decreased to 2.8%, down 40 bps y-o-y and down 10bps q-o-q
- Net fee and commission income increased 4.9% to GEL 6.0mln, but decreased 9.1% q-o-q

- Corporate Banking cost of credit risk rose to GEL 19.4mln up 41.7% y-o-y, primarily reflecting the GEL devaluation effect

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.

Wealth Management financial highlights

GEL thousands, unless otherwise noted	1Q15	1Q14	Change y-o-y	4Q14	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Client deposits, standalone, currency blended	913,344	702,727	30.0%	805,266	13.4%
Client deposits, standalone, GEL	19,971	26,021	-23.2%	22,115	-9.7%
Client deposits, standalone, FC	893,373	676,706	32.0%	783,151	14.1%
Time deposits, standalone, currency blended	660,970	512,553	29.0%	596,366	10.8%
Time deposits, standalone, GEL	12,960	17,098	-24.2%	13,882	-6.6%
Time deposits, standalone, FC	648,010	495,455	30.8%	582,484	11.2%
Current accounts and demand deposits, standalone, currency	252,374	190,174	32.7%	208,900	20.8%
Current accounts and demand deposits, standalone, GEL	7,012	8,923	-21.4%	8,233	-14.8%
Current accounts and demand deposits, standalone, FC	245,362	181,252	35.4%	200,667	22.3%
Assets under management	**1,213,828**	**896,141**	**35.5%**	**1,027,085**	**18.2%**
RATIOS					
Cost of deposits, currency blended	5.6%	6.7%		5.5%	
Cost of deposits, GEL	5.9%	6.8%		6.1%	
Cost of deposits, FC	5.6%	6.7%		5.5%	
Cost of time deposits, currency blended	6.7%	8.1%		6.6%	
Cost of time deposits, GEL	8.6%	9.2%		8.6%	
Cost of time deposits, FC	6.6%	8.1%		6.6%	
Current accounts and demand deposits, currency blended	2.6%	2.1%		2.5%	
Current accounts and demand deposits, GEL	1.4%	1.3%		1.3%	
Current accounts and demand deposits, FC	2.6%	2.1%		2.5%	

Performance highlights

- **The AUM of Investment management segment increased 35.5% y-o-y to GEL 1,213.8mln**, which includes WM client deposits, Galt & Taggart brokerage client assets, Wealth Management clients' assets held at Bank of Georgia Custody and Aldagi pension scheme assets.
- **Wealth Management deposits increased 30.0% y-o-y to GEL 913.3mln**, 2.7% on constant currency basis and notwithstanding a 110 bps decline in Cost of Client deposits to 5.6%. Deposits increased 13.4% q-o-q, which translated into a 4.4% decrease on constant currency basis. The decrease was partially due to a number of bond issuances by Galt & Taggart, offered to Wealth Management clients, yielding higher rates than deposits. As a result, Cost of Deposits increased by 10 bps q-o-q.

    - We served over 1,400 wealth management clients from 68 countries as of 31 March 2015. Client deposits attracted have grown at a compound annual growth rate (CAGR) of 38.3% over the last five year period, to GEL 913.3mln as of 31 March 2015

- As of 31 March 2015, the amount of the Bank's CDs issued to Investment Management clients more than doubled y-o-y and reached GEL 506.0mln
- **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 International Finance Corporation (IFC). Transaction 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. Transaction completed in March 2015.
- 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

- Within the Hydro Private Equity fund, Galt & Taggart is actively moving forward with the detailed design on a 30 MW hydropower plant in Georgia with the help of several specialised contractors. In addition Galt & Taggart is securing the rights on other similar projects to reach a pipeline of 100+ MW. The projects are carried out and financed jointly by Bank of Georgia Group and its strategic partner.

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 (Evex) and health insurance (Imedi L). The results are based on management accounts and refer to standalone numbers.

Income Statement

	Healthcare Services			Health Insurance			Eliminations		Total		
	Quarter-ended			Quarter-ended			Quarter-ended		Quarter-ended		
GEL thousands, unless otherwise noted	**1Q15**	**1Q14**	**Change, Y-o-Y**	**1Q15**	**1Q14**	**Change, Y-o-Y**	**1Q15**	**1Q14**	**1Q15**	**1Q14**	**Change, Y-o-Y**
Revenue	**41,788**	**30,521**	**36.9%**	**12,992**	**23,751**	**-45.3%**	**1,862**	**7,585**	**52,918**	**46,687**	**13.3%**
COGS, insurance claims expense	**24,273**	**18,949**	**28.1%**	**10,837**	**20,027**	**-45.9%**	**1,771**	**7,516**	**33,339**	**31,460**	**6.0%**
Direct salary	15,092	12,134	24.4%	-	-		675	3,236	14,417	8,898	62.0%
Materials, including medicines and medical disposables	6,482	3,611	79.5%	-	-		290	963	6,192	2,648	133.8%
Direct healthcare provider expenses	468	1,146	-59.2%	-	-		21	306	447	840	-46.8%
Utilities and other expenses	2,231	2,058	8.4%	-	-		100	549	2,131	1,509	41.2%
Health insurance claims expense	-	-		10,837	20,027	-45.9%	685	2,462	10,152	17,565	-42.2%
Gross profit	**17,515**	**11,572**	**51.4%**	**2,155**	**3,724**	**-42.1%**	**91**	**69**	**19,579**	**15,227**	**28.6%**
Salaries and other employee benefits	5,314	3,084	72.3%	1,036	1,404	-26.2%	91	69	6,259	4,419	41.6%
General and Administrative salaries	1,778	1,281	38.8%	621	616	0.8%	-	-	2,399	1,897	26.5%
Impairment Charge	831	363	128.9%	103	185	-44.3%	-	-	934	548	70.4%
Other operating income	78	130	-40.0%	47	26	80.8%	-	-	125	156	-19.9%
EBITDA	**9,670**	**6,974**	**38.7%**	**442**	**1,545**	**-71.4%**	**-**	**-**	**10,112**	**8,519**	**18.7%**
EBITDA margin	***23.1%***	***22.8%***		***3.4%***	***6.5%***				***19.1%***	***18.2%***	
Depreciation	2,186	1,585	37.9%	136	165	-17.6%	-	-	2,322	1,750	32.7%
Net interest income (expense)	(4,073)	(3,009)	35.4%	(28)	186	-	-	-	(4,101)	(2,823)	45.3%
(Losses) gains on currency exchange	2,907	(1,000)	-	497	114	336.0%	-	-	3,404	(886)	-
Net non-recurring items	211	-	-	-	-	-	-	-	211	-	-
Profit before income tax	**6,107**	**1,380**	**342.5%**	**775**	**1,680**	**-53.9%**	**-**	**-**	**6,882**	**3,060**	**124.9%**
Income tax expense	491	181	171.3%	116	271	-57.2%	-	-	607	452	34.3%
Profit	**5,616**	**1,199**	**368.3%**	**659**	**1,409**	**-53.2%**	**-**	**-**	**6,275**	**2,608**	**140.6%**
Attributable to:											
- shareholders of the Company	5,073	878	477.7%	659	1,409	-53.2%	-	-	5,732	2,287	150.6%
- minority interest	543	321	69.2%	-	-		-	-	543	321	69.2%

Note: the table above does not include intercompany eliminations on the Group consolidated level.

GHG is the largest, integrated healthcare and health insurance provider in Georgia and is rapidly growing, with high double digit revenue and EBITDA growth for the past 3 years. Our healthcare business, a wholly owned subsidiary Georgia Healthcare Group (GHG), is the largest healthcare services provider in the fast-growing, predominantly privately-owned, Georgian healthcare services market. GHG differentiates itself by the nationwide scale of its network, unparalleled mix of services and a cluster business model, which is unique in

Georgia. GHG primarily focuses on the mass market segment through a network of 14 referral hospitals, 19 community hospitals and six ambulatory clinics. Organised in geographic clusters with ambulatory clinics, community hospitals and referral hospitals, GHG's network of healthcare facilities (Under the "Evex" brand) offers services ranging from basic outpatient and inpatient care to complex specialist services, positioned to complement each other and GHG's health insurance business (Under the "Imedi L" brand).

We operate a synergistic business model that benefits from economies of scale, cost advantages through vertical integration and the cluster model with patient referral system in place. Our healthcare services business had a 22.0% market share as at 31 March 2015, with 2,140 hospital beds – four times larger than our nearest peer. We have the widest geographic coverage among our peers with facilities located in six regions covering two-thirds of the 4.5 million population of Georgia. We are also the largest health insurer in Georgia with a 35.9% market share of the total health insurance sector of Georgia based on gross premiums revenue as of 31 December 2014.

- **Our healthcare business delivered record quarterly revenue of GEL 52.9mln in 1Q15, which was driven by 36.9% growth of our healthcare services revenue, of which 20.2% was organic and 16.7% through acquisitions and other.** Our successful 1Q15 healthcare business performance is a result of the focussed implementation of our strategy, reinforced by external factors:
- **Favorable government policy that increased spending on healthcare and improved access to healthcare services in Georgia.** The introduction of Universal Healthcare Program ("**UHC**") by the Government, as a result of which all Georgian citizens are eligible for the new Government-funded basic health coverage, with co-payment elements. Since the introduction of UHC in 2013, Government expenditures on healthcare have increased over 65% from GEL 414.5mln in 2012 to GEL 692.9mln in 2014 and are expected to be further increased to GEL 768.3mln in 2015 according to the state budget for 2015 announced by the Ministry of Finance of Georgia

Revenue from healthcare services by sources of payment

(GEL thousands, unless otherwise noted)	1Q15	1Q14	Change, Y-o-Y
Private insurance companies, *of which:*	2,545	12,348	-79.4%
Imedi L health insurance	*1,771*	*7,516*	-76.4%
Government-funded healthcare programmes	31,169	11,178	178.8%
Out-of-pocket payments by patients	8,074	6,995	15.4%
Total	**41,788**	**30,521**	**36.9%**

  - Increase in revenue from government-funded healthcare programmes due to UHC was partially offset by an anticipated decline in revenues from private insurance companies, resulting in 79.4% decrease in these revenues to GEL 2.5mln in 1Q15
  - Notably, out-of-pocket payments by patients increased 15.4% to GEL 8.1mln. The UHC places coverage limits on medical treatments, co-payments and has certain exclusions. Any charges in excess of the limit and co-payments is covered by patients on an out-of-pocket basis
  - As a result, c.70% of our healthcare services revenue was sourced from government (up from c.35% a year ago), c.20% was sourced from out-of-pocket payments (largely flat y-o-y) and slightly over 5% was sourced from private health insurance companies (down from c.40% a year ago)
- **Increasing number of hospital beds, primarily in Tbilisi, the capital city of Georgia, where revenue per bed is significantly higher.** Implementation of the expansion strategy that resulted in the acquisition of seven hospitals with total of 850 beds since the end of 2013, brought the number of total healthcare facilities to 39 and hospital beds to 2,140, up from 32 and 1,329, respectively in the previous year
  - Our footprint increased in Tbilisi, where our market share grew from 1.3% as of 31 December 2013 to 14.1% as of 31 March 2015 in terms of the hospital beds
- **Aggressive launch of ambulatory clinics, which implies opening 20-30 ambulatory clinics within 2-3 years.** This is a relatively new pillar of our growth strategy, as we aim to tap the highly fragmented and under-penetrated outpatient segment, where no single player has more than 3% of the market. There is

currently very low utilisation of outpatient services in the country (Georgia has the lowest average number of outpatient encounters per capita in the region – Georgia: 2.7, CIS: 8.9, EU: 7.7) and this, combined with higher margins make this sector even more attractive.

- In addition, a recent initiative of the Ministry of Health, Labour and Social Affairs ("MoLHSA") extended the prescription requirement to over 55% of all medicines registered in Georgia with effect from 1 September 2014 (whereas no more than 2% of all medicines registered in Georgia required a prescription before this date). We believe this initiative will begin to have a favourable impact on revenues in 2015 as outpatient visits to clinics increase.
- We have already launched one cluster of ambulatory clinics in Tbilisi's central neighborhood, Saburtalo, an additional 2 clusters are under renovation and will be opened during 2015.

- **We invest in medical technology**, **on the back of renovated infrastructure, enhancing the service mix and catering to unfulfilled demand**, as indicated by low incidence levels that lag far behind peer benchmarks. We have completed a number of those projects in 2014 and 2015, including liver transplantation in Batumi referral hospital, a catheterisation laboratory and an emergency department in Zugdidi referral hospital, and neonatology intensive care departments in Telavi and Zugdidi referral hospitals.
- **High double digit growth in our healthcare service revenues was partially offset by the anticipated decline in health insurance revenues**. As the government spending on healthcare was consolidated under UHC, compared to previous programme under which the government bought private health insurance for targeted groups of the population, our revenue from health insurance business decreased to GEL 13.0mln, down 45.3%

Revenue from health insurance by sources of payment

(GEL thousands, unless otherwise noted)	**1Q15**	**1Q14**	**Change, Y-o-Y**
State funded health insurance products	-	13,973	-100.0%
Private health insurance products	12,992	9,778	32.9%
Total	**12,992**	**23,751**	**-45.3%**

- Our private health insurance has shown resilience and revenue from private medical insurance products grew by 32.9%, with approximately 250,000 people holding our health insurance policies as at 31 March 2015. The growth is the result of improved pricing, as well as an increase in the number of people insured
- Within the changed private insurance landscape that resulted from the introduction of UHC, our health insurance business strengthened its market share and now accounts for 35.9% of the total health insurance sector of Georgia based on gross premiums revenue as of 31 December 2014, up from 28.9% as of 31 December 2013

- **Our integrated synergistic business model allows us access to a larger patient population and helps us manage utilisation effectively**. We are organised in clusters of hospitals and ambulatory clinics, which enable us to cover large part of population and increase utilisation of our referral facilities by referring patients internally. General practitioners in our healthcare facilities frequently refer patients to specialists and diagnostic services within our healthcare services network, and our ambulatory clinics and community hospitals refer patients to our referral hospitals where appropriate. Our ambulatory clinics clusters, which are in early stage of roll-out, further increase our access to patients and are expected to drive referrals to our hospitals. Our health insurance activities also bolster ambulatory and hospital patient referrals. Furthermore, in addition to cost efficiencies achieved through centralised functions, we benefit from shared administrative services within our clusters.

- **Healthcare services revenue, which includes revenue from hospitals and ambulatory clinics, increased to GEL 41.8mln, up 36.9% driven by 20.2% organic growth and by 16.7% from acquisitions and other:**

Revenue from healthcare services by business lines

(GEL thousands, unless otherwise noted)	1Q15	1Q14	Change, Y-o-Y
Referral and specialty hospitals	36,244	23,352	55.2%
Community hospitals	4,108	3,061	34.2%
Ambulatory clinics	1,436	1,246	15.2%
Ambulance and rural primary care	-	2,862	-100.0%
Total	**41,788**	**30,521**	**36.9%**

- Revenue from referral hospitals, which are the main source of revenue for the healthcare services business, grew by 55.2% y-o-y, driven by strong organic growth and acquisitions. We expect major growth of our hospital revenue to come from referral hospitals, in line with our strategy to increase our market share to 1/3 across Georgia through investments in referral hospitals
- 34.2% y-o-y growth of revenue from the community hospitals was the result of organic growth alone and was driven by the introduction of UHC, which made healthcare services, both outpatient and inpatient, more accessible and affordable for the population of Georgia
- 15.2% y-o-y growth of revenue from ambulatory clinics was the result of organic growth alone and was mainly driven by our ambulatory clinics in Tbilisi. We expect ambulatory clinics revenue to growth faster, in line with our strategy of launching additional outpatient clinics in the next 2-3 years
- 100.0% y-o-y decline in revenue from ambulance and rural primary care services was driven by our decision to discontinue these operations due to low profitability. As anticipated, the handover had a positive effect on Evex's margins. Ambulance and rural primary care services are currently funded and administered by the state. Instead, we are investing in development of our referral ambulance service, which is key element for the quality of our care. It supports our referral system within and among the clusters by transporting patients between hospitals – a service which is particularly important in outlying regions, where more patients need to be transferred from community hospitals to the referral ones

▪ **We have improving margins with the increasing scale of business as a result of our continuous focus on efficiency**. Margins improved, as a result of increasing utilisation and scale of our healthcare services business, as well as the on-going integration of recently acquired healthcare facilities, with the increase in COGS (28.1%) lagging behind revenue growth (36.9%)

- In 1Q15, gross profit of our healthcare services business increased to GEL 17.5mln, up 51.4% y-o-y and supported by the 28.1% growth in COGS on the back of 36.9% increase in revenue during the same period
- The headcount of our healthcare services business reached 7,827 full-time employees, down 4.9% y-o-y, as a result of the on-going integration of the recently acquired healthcare facilities and termination of labour-intensive ambulance and rural primary care services

▪ **As a result, our healthcare business EBITDA reached GEL 10.1mln in 1Q15, mostly driven by healthcare services EBITDA, which was up 38.7% y-o-y.** The strong double digit growth is particularly notable, as 1st quarter is a seasonally low quarter due an expected slowdown in the January-February period. The March run rate stood at a GEL 4.0mln EBITDA for the healthcare business, with 25.9% EBITDA margin for healthcare services business. Our EBITDA margin for healthcare services in 1Q15 was 23.1%, below our target of at least 30%, which is mostly a result of inefficiencies brought in through acquisition of the new hospitals in 2014, as well as service quality initiatives kicked-off in 2014 and the new governance structure that was put in place in the end of 2014 in preparation for the planned stock exchange market listing in 2015

- We expect significant improvement in our EBIDTA margin, as a result of the integration of the acquired healthcare facilities which is ongoing and partially completed, including centralisation of some of the back-office functions and we expect significant further synergy gains in 2015 as management shifts its focus from acquisition to integration mode. Further cost synergies are expected mainly as a result of reducing inefficiencies in the acquired hospitals, as benchmarked against the previously managed healthcare facilities in the areas of procurement, process standardisation and payroll

- Post-acquisition synergies are not yet fully reflected in the current financial results, as the integration process is still ongoing for a number of recent acquisitions

- Net interest expense of the healthcare services business grew by 35.4% y-o-y as a result of a 35.8% increase in borrowed funds raised for acquisitions as well as new project financing
- The increase in depreciation costs by 37.9% was primarily driven by the acquisitions completed during the past year
- As a result, net income of our healthcare services business stood at GEL 5.6mln up 368.3% y-o-y , (up 72.0% q-o-q)

Healthcare business selected balance sheet items

(GEL thousands, unless otherwise noted)	1Q15	1Q14	Change, Y-o-Y
Total assets, of which:	**435,124**	**337,242**	**29.0%**
Premises and equipment, net	270,742	218,008	24.2%
Total liabilities, of which:	**258,071**	**214,095**	**20.5%**
Borrowed Funds	163,720	117,491	39.3%
Total shareholders' equity	**177,052**	**123,146**	**43.8%**

- **Our healthcare business balance sheet increased substantially over the last year with assets growing to GEL 435.1mln, up 29.0% (up 6.1% q-o-q).** The growth of total assets (up GEL 97.9mln y-o-y) was largely driven by a GEL 52.7mln, or a 24.2%, increase in the premises and equipment of our healthcare business, reflecting the acquisition of new hospitals during 2014

- **Project and development highlights:**

  - We launched a new Training Centre in Batumi to continue to support internal skills development and human resource capacity at our healthcare facilities. In total we operate three training centers, of which two were opened in 2014 and are located in Tbilisi and Kutaisi. Through these centres we provide regular training and education for all our medical personnel. We established our own nursing training curriculum and we guarantee employment at our facilities to successful candidates.
  - We continue to actively work with Joint Commission International (JCI) on developing our internal quality standards, and eventually gaining international quality accreditation
  - We launched a new ambulatory clinic in Tbilisi as part of our strategy to increase our share in highly fragmented and under-penetrated outpatient market in capital city
  - We completed a paediatric cardiology department at children's referral hospital in Tbilisi, which will become the second healthcare facility in Georgia to provide full scale cardiac services, including cardiac surgeries for children in Georgia.

Real estate business (m^2 Real Estate)

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

GEL thousands, unless otherwise noted	**1Q15**	**1Q14**	**Change, y-o-y**	**4Q14**	**Change, q-o-q**
Real estate revenue	3,938	21,995	-82.1%	8,262	-52.3%
Cost of real estate	2,865	15,808	-81.9%	7,439	-61.5%
Gross real estate profit	**1,073**	**6,187**	**-82.7%**	**823**	**30.4%**
Gross other investment profit	219	38	NMF	1,353	-83.8%
Revenue	**1,292**	**6,225**	**-79.2%**	**2,176**	**-40.6%**
Salaries and other employee benefits	321	205	56.6%	317	1.3%
Administrative expenses	1,041	1,112	-6.4%	1,045	-0.4%
Operating expenses	**1,362**	**1,317**	**3.4%**	**1,362**	**0.0%**
EBITDA	**70**	**4,908**	**NMF**	**814**	**NMF**
Depreciation and amortisation of Investment Business	42	184	-77.2%	60	-30.0%
Net foreign currency loss from Investment Business	371	101	NMF	468	-20.7%
Interest income from Investment Business	171	-	-	127	34.6%
Interest expense from Investment Business	1,011	60	NMF	168	NMF
Net operating (expense) income before non-recurring items	**(1,323)**	**4,563**	**NMF**	**245**	**NMF**
Net non-recurring items	73	(3)	NMF	-	-
(Loss) profit before income tax	**(1,396)**	**4,566**	**NMF**	**245**	**NMF**
Income tax (expense) benefit	(209)	678	NMF	37	NMF
(Loss) profit	**(1,187)**	**3,888**	**NMF**	**208**	**NMF**

Performance highlights

- In 1Q15, revenue was GEL1.3mln. The decrease on y-o-y and q-o-q basis is driven by company's revenue recognition policy. As per the revenue recognition policy adopted by the company in line with IFRS, revenue is recognised at the full completion of the project instead of in line with percentage construction completion.
- m^2 Real Estate has enjoyed strong demand on its apartments since its establishment in 2010 and has sold a total of 1,346 apartments, generating total sales of US$ 112.9mln, of which US$ 55.8mln has already been recognized as revenue and US$ 57.1mln will be recognized upon completion of the on-going projects.
- Interest expense, which increased from GEL 0.1mln to GEL 1.0mln, comprises of transaction costs associated with US$ 20mln bond issuance in March 2015 which was fully expensed in 1Q15. The bond proceeds will be used for funding future projects.

Project performance highlights

- **Project 1, "Chubinashvili street"**, *construction completed* – 100% of 123 apartments sold by end of 1Q15, with total sales of US$ 9.9mln, which is fully recognized as revenue. The project was started in September 2010 and completed in August 2012. We unlocked the land value of US$ 0.9mln and realized IRR of 47% from this project.
- **Project 2, "Tamarashvili street"**, *construction completed* – 99% of 522 apartments sold by end of 1Q15, with total sales of US$ 46.8mln, of which US$ 45.9mln was recognized as revenue. The project was started in May 2012 and completed in June 2014, four months ahead of completion deadline. We unlocked the land value of US$ 5.4mln and realized IRR of 46% from this project.
- **Project 3, "Kazbegi Street"**, *construction on-going* – 87% of 295 apartments sold by end of 1Q15, with total sales of US$ 23.4mln, which is not yet recognized as revenue. The project was started in December 2013, construction is 69% completed as of the date of this release and is expected to be fully completed in October 2015. Upon the completion of the construction of this project, we expect to unlock the land value of US$ 3.6mln and realize IRR of 165% from this project.

- **Project 4, "Nutsubidze Street"**, *construction on-going* – 78% of 221 apartments sold by end of 1Q15, with total sales of US$ 13.7mln, which is not yet recognized as revenue. The project was started in December 2013, construction is 73% completed as of the date of this release and is expected to be fully completed in October 2015. Upon the completion of the construction of this project, we expect to unlock the land value of US$ 2.2mln and realize IRR of 58% from this project.
- **Project 5, "Tamarashvili Street II"**, *construction on-going* – 59% of 270 apartments sold by end of 1Q15, with total sales of US$ 14.5mln, which is not yet recognized as revenue. The project was started in July 2014, construction is 33% completed as of the date of this release and is expected to be fully completed in April 2016. Upon the completion of the construction of this project, we expect to unlock the land value of US$ 2.7mln and realize IRR of 71% from this project.
- **Project 6, "Moscow avenue"**, *construction on-going* – 50% of 238 apartments sold by end of 1Q15, with total sales of US$ 4.6mln, which is not yet recognized as revenue. *This project was launched within m^2 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 47% completed as of the date of this release and is expected to be fully completed in March 2016. Upon the completion of the construction of this project, we expect to unlock the land value of US$ 1.6mln and realize IRR of 31% from this project.
- **In summary, m^2 Real Estate has started 6 projects since its establishment in 2010, of which two were completed and construction of four is on-going. Since establishment, total sales was US$ 112.9mln, of which US$ 56.2mln will be recognized as revenue upon completion of the on-going four projects. Currently, 323 out of total 1,669 apartments are available for sale. We unlocked total land value of US$ 6.3mln from completed two projects and additional US$ 10.1mln in land value is expected to be unlocked from on-going four projects.**
- The number of apartments financed with our mortgages in all m^2 Real Estate projects as of the date of this announcement totalled 630, with aggregate amount of GEL 63.6mln

INCOME STATEMENT

GEL thousands

BGH Group

GEL thousands	1Q15	1Q14	Changes Y-O-Y	4Q14	Changes Q-O-Q
Banking interest income	199,698	142,430	40.2%	161,368	23.8%
Banking interest expense	78,709	61,495	28.0%	63,235	24.5%
Net banking interest income	**120,989**	**80,935**	**49.5%**	**98,132**	**23.3%**
Fee and commission income	35,991	28,086	28.1%	34,469	4.4%
Fee and commission expense	9,137	8,252	10.7%	8,110	12.7%
Net fee and commission income	**26,854**	**19,834**	**35.4%**	**26,359**	**1.9%**
Net banking foreign currency gain	18,962	11,305	67.7%	16,643	13.9%
Net other banking income	1,790	866	106.8%	4,872	-63.3%
Net insurance premiums earned	21,709	29,391	-26.1%	17,900	21.3%
Net insurance claims incurred	14,135	19,685	-28.2%	14,212	-0.5%
Gross insurance profit	**7,574**	**9,706**	**-22.0%**	**3,688**	**105.4%**
Healthcare revenue	40,017	22,748	75.9%	40,039	-0.1%
Cost of healthcare services	23,140	13,437	72.2%	23,709	-2.4%
Gross healthcare profit	**16,877**	**9,311**	**81.3%**	**16,330**	**3.3%**
Real estate revenue	4,074	21,911	-81.4%	8,261	-50.7%
Cost of real estate properties sold	2,865	15,808	-81.9%	7,439	-61.5%
Gross real estate profit	**1,209**	**6,103**	**-80.2%**	**822**	**47.1%**
Gross other investment profit	1,398	2,364	-40.9%	5,464	-74.4%
Revenue	**195,653**	**140,423**	**39.3%**	**172,310**	**13.5%**
Salaries and other employee benefits	45,742	35,684	28.2%	40,692	12.4%
Administrative expenses	21,056	15,537	35.5%	20,749	1.5%
Banking depreciation and amortisation	8,373	6,159	36.0%	6,711	24.8%
Other operating expenses	887	875	1.5%	1,113	-20.3%
Operating expenses	**76,059**	**58,254**	**30.6%**	**69,264**	**9.8%**
Operating income before cost of credit risk EBITDA	**119,595**	**82,168**	**45.5%**	**103,046**	**16.1%**
Profit (loss) from associates	(1,310)	-	-	-	-
Depreciation and amortization of investment business	2,688	2,229	20.5%	2,349	14.4%
Net foreign currency gain from investment business	3,690	(416)	NMF	(1,061)	NMF
Interest income from investment business	617	803	-23.1%	321	92.4%
Interest expense from investment business	2,462	2,031	21.2%	933	163.9%
Operating income before cost of credit risk	**117,441**	**78,295**	**50.0%**	**99,024**	**18.6%**
Impairment charge on loans to customers	38,928	9,110	NMF	12,310	NMF
Impairment charge on finance lease receivables	119	(29)	NMF	136	-12.2%
Impairment charge on other assets and provisions	2,795	4,235	-34.0%	4,106	-31.9%
Cost of credit risk	**41,842**	**13,316**	**NMF**	**16,551**	**152.8%**
Net operating income before non-recurring items	**75,600**	**64,979**	**16.3%**	**82,472**	**-8.3%**
Net non-recurring items	2,447	1,120	118.4%	2,093	16.9%
Profit before income tax	**73,153**	**63,858**	**14.6%**	**80,379**	**-9.0%**
Income tax expense	10,814	10,194	6.1%	13,902	-22.2%
Profit	**62,339**	**53,664**	**16.2%**	**66,477**	**-6.2%**
Attributable to:					
Equity holders of the parent	62,640	51,926	20.6%	64,225	-2.5%
Non-controlling Interest	(301)	1,739	NMF	2,252	NMF

Banking Business

GEL thousands	1Q15	1Q14	Changes Y-O-Y	4Q14	Changes Q-O-Q
Banking interest income	202,353	143,986	40.5%	163,829	23.5%
Banking interest expense	79,295	61,535	28.9%	62,767	26.3%
Net banking interest income	**123,058**	**82,452**	**49.2%**	**101,062**	**21.8%**
Fee and commission income	37,343	28,464	31.2%	34,865	7.1%
Fee and commission expense	9,253	8,252	12.1%	8,110	14.1%
Net fee and commission income	**28,090**	**20,212**	**39.0%**	**26,755**	**5.0%**
Net banking foreign currency gain	18,962	11,305	67.7%	16,643	13.9%
Net other banking income	2,096	987	112.4%	5,147	-59.3%
Net insurance premiums earned	9,242	6,178	49.6%	7,651	20.8%
Net insurance claims incurred	3,936	1,918	105.3%	3,271	20.4%
Gross insurance profit	**5,306**	**4,260**	**24.6%**	**4,380**	**21.1%**
Healthcare revenue	-	-	-	-	-
Cost of healthcare services	-	-	-	-	-
Gross healthcare profit	**-**	**-**	**-**	**-**	**-**
Real estate revenue	-	-	-	-	-
Cost of real estate properties sold	-	-	-	-	-
Gross real estate profit	**-**	**-**	**-**	**-**	**-**
Gross other investment profit	-	-	-	-	-
Revenue	**177,511**	**119,215**	**48.9%**	**153,987**	**15.3%**
Salaries and other employee benefits	38,606	30,333	27.3%	34,654	11.4%
Administrative expenses	17,506	12,201	43.5%	16,806	4.2%
Banking depreciation and amortisation	8,373	6,159	36.0%	6,711	24.8%
Other operating expenses	792	822	-3.7%	1,005	-21.2%
Operating expenses	**65,277**	**49,515**	**31.8%**	**59,175**	**10.3%**
Operating income before cost of credit risk EBITDA	**112,234**	**69,700**	**61.0%**	**94,811**	**18.4%**
Profit (loss) from associates	-	-	-	-	-
Depreciation and amortization of investment business	-	-	-	-	-
Net foreign currency gain from investment business	-	-	-	-	-
Interest income from investment business	-	-	-	-	-
Interest expense from investment business	-	-	-	-	-
Operating income before cost of credit risk	**112,234**	**69,700**	**61.0%**	**94,811**	**18.4%**
Impairment charge on loans to customers	38,928	9,110	NMF	12,310	NMF
Impairment charge on finance lease receivables	119	(29)	NMF	136	-12.2%
Impairment charge on other assets and provisions	1,724	3,720	-53.6%	2,344	-26.4%
Cost of credit risk	**40,771**	**12,801**	**NMF**	**14,789**	**175.7%**
Net operating income before non-recurring items	**71,463**	**56,899**	**25.6%**	**80,022**	**-10.7%**
Net non-recurring items	2,167	1,650	31.3%	1,518	42.8%
Profit before income tax	**69,296**	**55,249**	**25.4%**	**78,504**	**-11.7%**
Income tax expense	10,486	8,974	16.8%	13,505	-22.4%
Profit	**58,810**	**46,275**	**27.1%**	**64,999**	**-9.5%**
Attributable to:					
Equity holders of the parent	58,248	45,400	28.3%	64,063	-9.1%
Non-controlling Interest	563	875	-35.7%	935	-39.8%

Investment Business

GEL thousands	1Q15	1Q14	Changes Y-O-Y	4Q14	Change, Q-O-Q
Banking interest income	-	-	-	-	-
Banking interest expense	-	-	-	-	-
Net banking interest income	**-**	**-**	**-**	**-**	**-**
Fee and commission income	-	-	-	-	-
Fee and commission expense	-	-	-	-	-
Net fee and commission income	**-**	**-**	**-**	**-**	**-**
Net banking foreign currency gain	-	-	-	-	-
Net other banking income	-	-	-	-	-
Net insurance premiums earned	12,890	23,667	-45.5%	10,906	18.2%
Net insurance claims incurred	10,199	17,767	-42.6%	10,942	-6.8%
Gross insurance profit	**2,691**	**5,900**	**-54.4%**	**(36)**	**NMF**
Healthcare revenue	40,017	22,748	75.9%	40,039	-0.1%
Cost of healthcare services	23,140	13,437	72.2%	23,709	-2.4%
Gross healthcare profit	**16,877**	**9,311**	**81.3%**	**16,330**	**3.3%**
Real estate revenue	4,074	21,991	-81.5%	8,262	-50.7%
Cost of real estate properties sold	2,865	15,808	-81.9%	7,439	-61.5%
Gross real estate profit	**1,209**	**6,183**	**-80.4%**	**823**	**46.9%**
Gross other investment profit	1,543	2,304	-33.0%	5,395	-71.4%
Revenue	**22,321**	**23,698**	**-5.8%**	**22,511**	**-0.8%**
Salaries and other employee benefits	7,531	5,803	29.8%	6,478	16.3%
Administrative expenses	4,028	3,547	13.6%	4,435	-9.2%
Banking depreciation and amortisation	-	-	-	-	-
Other operating expenses	96	52	82.0%	108	-11.7%
Operating expenses	**11,654**	**9,402**	**24.0%**	**11,021**	**5.7%**
Operating income before cost of credit risk EBITDA	**10,666**	**14,296**	**-25.4%**	**11,490**	**-7.2%**
Profit (loss) from associates	(1,310)	-	-	-	-
Depreciation and amortization of investment business	2,688	2,229	20.5%	2,349	14.4%
Net foreign currency gain from investment business	3,690	(416)	NMF	(1,061)	NMF
Interest income from investment business	818	785	4.2%	469	74.3%
Interest expense from investment business	5,969	3,841	55.4%	4,337	37.6%
Operating income before cost of credit risk	**5,208**	**8,594**	**-39.4%**	**4,213**	**23.6%**
Impairment charge on loans to customers	-	-	-	-	-
Impairment charge on finance lease receivables	-	-	-	-	-
Impairment charge on other assets and provisions	1,070	515	107.8%	1,762	-39.2%
Cost of credit risk	**1,070**	**515**	**107.8%**	**1,762**	**-39.2%**
Net operating income before non-recurring items	**4,137**	**8,079**	**-48.8%**	**2,451**	**68.8%**
Net non-recurring items	280	(530)	NMF	575	-51.3%
Profit before income tax	**3,857**	**8,609**	**-55.2%**	**1,875**	**105.7%**
Income tax expense	328	1,220	-73.1%	397	-17.3%
Profit	**3,529**	**7,389**	**-52.2%**	**1,479**	**138.7%**
Attributable to:					
Equity holders of the parent	4,392	6,525	-32.7%	162	NMF
Non-controlling Interest	(863)	864	NMF	1,317	NMF

Interbusiness Eliminations

GEL thousands	1Q15	1Q14	Changes Y-O-Y	4Q14	Changes Q-O-Q
Banking interest income	(2,655)	(1,556)	70.6%	(2,461)	7.9%
Banking interest expense	(586)	(39)	NMF	469	NMF
Net banking interest income	(2,069)	(1,517)	36.4%	(2,929)	-29.4%
Fee and commission income	(1,352)	(378)	NMF	(396)	NMF
Fee and commission expense	(117)	-	-	-	-
Net fee and commission income	(1,236)	(378)	NMF	(396)	NMF
Net banking foreign currency gain	-	-	-	-	-
Net other banking income	(305)	(121)	152.0%	(274)	11.2%
Net insurance premiums earned	(423)	(454)	-6.8%	(657)	-35.6%
Net insurance claims incurred	-	-	-	-	-
Gross insurance profit	**(423)**	**(454)**	**-6.8%**	**(657)**	**-35.6%**
Healthcare revenue	-	-	-	-	-
Cost of healthcare services	-	-	-	-	-
Gross healthcare profit	**-**	**-**	**-**	**-**	**-**
Real estate revenue	-	(80)	-100.0%	(1)	-100.0%
Cost of real estate properties sold	-	-	-	-	-
Gross real estate profit	**-**	**(80)**	**-100.0%**	**(1)**	**-100.0%**
Gross other investment profit	(145)	61	NMF	69	NMF
Revenue	**(4,178)**	**(2,490)**	**67.8%**	**(4,188)**	**-0.2%**
Salaries and other employee benefits	(395)	(452)	-12.7%	(439)	-10.1%
Administrative expenses	(478)	(210)	127.0%	(493)	-3.1%
Banking depreciation and amortisation	-	-	-	-	-
Other operating expenses	-	-	-	-	-
Operating expenses	**(873)**	**(663)**	**31.7%**	**(932)**	**-6.4%**
Operating income before cost of credit risk EBITDA	**(3,305)**	**(1,828)**	**80.9%**	**(3,256)**	**1.5%**
Profit (loss) from associates	-	-	-	-	-
Depreciation and amortization of investment business	-	-	-	-	-
Net foreign currency gain from investment business	-	-	-	-	-
Interest income from investment business	(201)	18	NMF	(149)	35.2%
Interest expense from investment business	(3,506)	(1,810)	93.7%	(3,404)	3.0%
Operating income before cost of credit risk	**(0)**	**0**	**NMF**	**-**	**-**
Impairment charge on loans to customers	-	-	-	-	-
Impairment charge on finance lease receivables	-	-	-	-	-
Impairment charge on other assets and provisions	-	-	-	-	-
Cost of credit risk	**-**	**-**	**-**	**-**	**-**
Net operating income before non-recurring items	**(0)**	**0**	**NMF**	**-**	**-**
Net non-recurring items	-	-	-	-	-
Profit before income tax	**(0)**	**0**	**NMF**	**-**	**-**
Income tax expense	-	-	-	-	-
Profit	**(0)**	**0**	**NMF**	**-**	**-**
Attributable to:					
Equity holders of the parent					
Non-controlling Interest					

STATEMENT OF FINANCIAL POSITION	**BGH Group**					**Banking Business**					**Investment Business**					**Interbusiness Eliminations**				
GEL thousands	**31-Mar 2015**	**31-Mar 2014**	**Changes Y-O-Y**	**31-Dec 2014**	**Changes Q-O-Q**	**31-Mar 2015**	**31-Mar 2014**	**Changes Y-O-Y**	**31-Dec 2014**	**Changes Q-O-Q**	**31-Mar 2015**	**31-Mar 2014**	**Changes Y-O-Y**	**31-Dec 2014**	**Changes Q-O-Q**	**31-Mar 2015**	**31-Mar 2014**	**Changes Y-O-Y**	**31-Dec 2014**	**Changes Q-O-Q**
Cash and cash equivalents	1,000,713	979,498	2.2%	710,144	40.9%	997,547	966,016	3.3%	706,780	41.1%	110,578	45,564	142.7%	92,722	19.3%	(107,412)	(32,081)	NMF	(89,358)	20.2%
Amounts due from credit institutions	545,714	379,255	43.9%	418,281	30.5%	523,663	372,957	40.4%	399,430	31.1%	87,478	14,091	NMF	72,181	21.2%	(65,427)	(7,793)	NMF	(53,330)	22.7%
Investment securities	880,799	601,128	46.5%	769,712	14.4%	881,098	599,954	46.9%	768,559	14.6%	1,153	1,174	-1.8%	1,153	0.0%	(1,452)	-	-	-	-
Loans to customers and finance lease receivables:	5,156,386	3,480,969	48.1%	4,350,803	18.5%	5,248,559	3,534,648	48.5%	4,440,985	18.2%	-	-	-	-	-	(92,173)	(53,679)	71.7%	(90,181)	2.2%
Accounts receivable and other loans	73,315	54,950	33.4%	67,255	9.0%	13,063	9,113	43.3%	9,701	34.7%	64,947	46,256	40.4%	61,836	5.0%	(4,695)	(419)	NMF	(4,282)	9.6%
Insurance premiums receivable	58,816	60,424	-2.7%	31,840	84.7%	22,337	17,523	27.5%	14,573	53.3%	37,205	43,453	-14.4%	18,020	106.5%	(726)	(552)	31.6%	(753)	-3.6%
Prepayments	42,748	35,735	19.6%	33,776	26.6%	24,969	24,161	3.3%	15,647	59.6%	17,779	11,574	53.6%	18,130	-1.9%	-	-	-	-	-
Inventories	113,322	91,129	24.4%	101,442	11.7%	7,696	7,779	-1.1%	6,856	12.3%	105,625	83,350	26.7%	94,585	11.7%	-	-	-	-	-
Investment property	194,623	154,847	25.7%	190,860	2.0%	128,376	135,715	-5.4%	128,552	-0.1%	66,247	19,132	NMF	62,308	6.3%	-	-	-	-	-
Property and equipment	618,474	516,731	19.7%	588,513	5.1%	334,515	283,696	17.9%	314,370	6.4%	283,958	233,035	21.9%	274,144	3.6%	-	-	-	-	-
Goodwill	51,745	48,720	6.2%	49,633	4.3%	39,781	38,537	3.2%	38,537	3.2%	11,964	10,183	17.5%	11,096	7.8%	-	-	-	-	-
Intangible assets	33,443	27,873	20.0%	34,432	-2.9%	31,760	26,592	19.4%	31,769	0.0%	1,682	1,281	31.3%	2,664	-36.8%	-	-	-	-	-
Income tax assets	24,943	27,772	-10.2%	22,745	9.7%	17,602	21,044	-16.4%	14,484	21.5%	7,341	6,728	9.1%	8,261	-11.1%	-	-	-	-	-
Other assets	235,012	160,739	46.2%	209,712	12.1%	176,983	147,735	19.8%	153,762	15.1%	68,094	13,330	NMF	58,408	16.6%	(10,065)	(326)	NMF	(2,459)	NMF
Total assets	**9,030,053**	**6,619,770**	**36.4%**	**7,579,147**	**19.1%**	**8,447,951**	**6,185,469**	**36.6%**	**7,044,004**	**19.9%**	**864,053**	**529,151**	**63.3%**	**775,507**	**11.4%**	**(281,951)**	**(94,850)**	**197.3%**	**(240,364)**	**17.3%**
Client deposits and notes	4,099,029	3,065,535	33.7%	3,338,724	22.8%	4,271,854	3,106,000	37.5%	3,482,000	22.7%	-	-	-	-	-	(172,825)	(40,465)	NMF	(143,276)	20.6%
Amounts due to credit institutions	1,780,636	1,206,818	47.5%	1,409,214	26.4%	1,694,668	1,120,905	51.2%	1,324,609	27.9%	181,773	138,999	30.8%	177,313	2.5%	(95,805)	(53,087)	80.5%	(92,708)	3.3%
Debt securities issued	1,026,689	734,771	39.7%	856,695	19.8%	962,587	734,771	31.0%	827,721	16.3%	66,964	-	-	29,374	128.0%	(2,862)	-	-	(400)	NMF
Accruals and deferred income	124,344	90,092	38.0%	108,623	14.5%	20,950	20,459	2.4%	19,898	5.3%	103,395	69,633	48.5%	88,726	16.5%	-	-	-	-	-
Insurance contracts liabilities	70,156	69,324	1.2%	46,586	50.6%	34,685	23,169	49.7%	27,980	24.0%	35,471	46,154	-23.1%	18,607	90.6%	-	-	-	-	-
Income tax liabilities	96,761	96,384	0.4%	97,564	-0.8%	79,343	84,967	-6.6%	79,987	-0.8%	17,418	11,417	52.6%	17,577	-0.9%	-	-	-	-	-
Other liabilities	132,291	69,826	89.5%	87,648	50.9%	99,679	34,164	191.8%	51,032	95.3%	43,071	36,960	16.5%	40,594	6.1%	(10,459)	(1,299)	NMF	(3,979)	162.8%
Total liabilities	**7,329,906**	**5,332,749**	**37.5%**	**5,945,054**	**23.3%**	**7,163,765**	**5,124,436**	**39.8%**	**5,813,227**	**23.2%**	**448,093**	**303,164**	**47.8%**	**372,190**	**20.4%**	**(281,951)**	**(94,850)**	**197.3%**	**(240,364)**	**17.3%**
Share capital	1,154	1,043	10.7%	1,143	1.0%	1,154	1,043	10.7%	1,143	1.0%	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	252,568	26,827	NMF	245,305	3.0%	94,886	24,717	NMF	87,950	7.9%	157,682	2,110	NMF	157,355	0.2%	-	-	-	-	-
Treasury shares	(34)	(42)	-19.4%	(46)	-26.4%	(34)	(42)	-19.4%	(46)	-26.4%	-	-	-	-	-	-	-	-	-	-
Other reserves	(30,569)	(39,221)	-22.1%	(22,574)	35.4%	(20,978)	(45,896)	-54.3%	(11,072)	89.5%	(9,591)	6,674	NMF	(11,501)	-16.6%	-	-	-	-	-
Retained earnings	1,420,513	1,229,989	15.5%	1,350,259	5.2%	1,189,365	1,061,275	12.1%	1,134,158	4.9%	231,148	168,715	37.0%	216,100	7.0%	-	-	-	-	-
Total equity attributable to shareholders of the Group	**1,643,633**	**1,218,596**	**34.9%**	**1,574,087**	**4.4%**	**1,264,394**	**1,041,097**	**21.4%**	**1,212,133**	**4.3%**	**379,239**	**177,499**	**113.7%**	**361,954**	**4.8%**	**-**	**-**	**-**	**-**	**-**
Non-controlling interests	56,514	68,426	-17.4%	60,007	-5.8%	19,792	19,937	-0.7%	18,644	6.2%	36,722	48,489	-24.3%	41,363	-11.2%	-	-	-	-	-
Total equity	1,700,147	1,287,021	32.1%	1,634,093	4.0%	1,284,187	1,061,034	21.0%	1,230,777	4.3%	415,960	225,987	84.1%	403,317	3.1%	-	-	-	-	-
Total liabilities and equity	**9,030,053**	**6,619,771**	**36.4%**	**7,579,147**	**19.1%**	**8,447,951**	**6,185,469**	**36.6%**	**7,044,004**	**19.9%**	**864,053**	**529,151**	**63.3%**	**775,507**	**11.4%**	**(281,951)**	**(94,850)**	**197.3%**	**(240,364)**	**17.3%**

P&C Insurance (Aldagi)

INCOME STATEMENT *GEL thousands, unless otherwise stated*	1Q15	1Q14	Changes, Y-O-Y	4Q14	Changes, Q-O-Q
Banking interest income	584	200	192.3%	341	71.4%
Banking interest expense	38	144	-73.3%	83	-53.9%
Net banking interest income	**546**	**56**	**NMF**	**258**	**112.0%**
Fee and commission income	91	81	11.9%	88	3.8%
Fee and commission expense	20	6	NMF	17	20.8%
Net fee and commission income	**71**	**75**	**-5.6%**	**71**	**-0.2%**
Net banking foreign currency gain	528	141	NMF	(2,145)	NMF
Net other banking income	297	136	119.1%	118	152.1%
Net insurance premiums earned	9,543	6,425	48.5%	8,088	18.0%
Net insurance claims incurred	3,936	1,918	105.3%	3,271	20.4%
Gross insurance profit	**5,607**	**4,507**	**24.4%**	**4,817**	**16.4%**
Revenue	**7,049**	**4,915**	**43.4%**	**3,119**	**126.0%**
Salaries and other employee benefits	1,795	1,305	37.6%	1,299	38.2%
Administrative expenses	928	484	91.7%	1,255	-26.1%
Banking depreciation and amortisation	180	127	41.2%	179	0.2%
Other operating expenses	67	138	-51.5%	164	-59.0%
Operating expenses	**2,969**	**2,054**	**44.6%**	**2,896**	**2.5%**
Operating income before cost of credit risk	**4,079**	**2,860**	**42.6%**	**223**	**NMF**
Cost of credit risk	**95**	**209**	**-54.5%**	**229**	**-58.6%**
Profit before income tax	**3,984**	**2,651**	**50.3%**	**(7)**	**NMF**
Income tax (expense) benefit	(388)	440	NMF	(17)	NMF
Profit	**4,372**	**2,211**	**97.7%**	**10**	**NMF**

Belarusky Narodny Bank (BNB)

INCOME STATEMENT, HIGHLIGHTS *GEL thousands, unless otherwise stated*	1Q15	1Q14	Changes, Y-O-Y	4Q14	Changes, Q-O-Q
Net banking interest income	7,429	5,679	30.8%	6,259	18.7%
Net fee and commission income	2,217	1,974	12.3%	2,659	-16.6%
Net banking foreign currency gain	5,017	916	NMF	4,851	3.4%
Net other banking income	97	181	-46.2%	141	-30.8%
Revenue	**14,760**	**8,750**	**68.7%**	**13,910**	**6.1%**
Operating expenses	4,254	3,969	7.2%	5,317	-20.0%
Cost of credit risk	4,645	902	NMF	2,046	127.1%
Net operating income before non-recurring items	**5,861**	**3,879**	**51.1%**	**6,547**	**-10.5%**
Net non-recurring items	1,098	866	26.8%	666	64.9%
Profit before income tax	**4,763**	**3,014**	**58.1%**	**5,881**	**-19.0%**
Income tax (expense) benefit	1,427	866	64.8%	1,677	-14.9%
Profit	**3,336**	**2,148**	**55.3%**	**4,204**	**-20.6%**
Attributable to:					
Equity holders of the parent	2,975	1,767	68.4%	3,526	-15.6%
Non-controlling Interest	361	381	-5.3%	678	-46.8%

BALANCE SHEET, HIGHLIGHTS *GEL thousands, unless otherwise stated*	31-Mar-15	31-Mar-14	Changes, Y-O-Y,	31-Dec-14	Changes, Q-O-Q
Cash and cash equivalents	64,043	47,344	35.3%	76,559	-16.3%
Amounts due from credit institutions	3,575	3,006	19.0%	3,461	3.3%
Loans to customers and finance lease receivables	297,803	200,543	48.5%	265,952	12.0%
Total assets	**433,438**	**300,481**	**44.2%**	**403,764**	**7.3%**
Client deposits and notes, of which:	233,658	137,105	70.4%	201,829	15.8%
Amounts due to credit institutions, of which:	110,730	89,189	24.2%	117,434	-5.7%
Borrowings from DFIs	75,356	18,897	NMF	53,466	40.9%
Loans and deposits from commercial banks	35,373	70,292	-49.7%	63,968	-44.7%
Debt securities issued	-	911	-100.0%	-	-
Total liabilities	**352,204**	**232,895**	**51.2%**	**326,515**	**7.9%**
Other reserves	(29,764)	(31,897)	-6.7%	(34,551)	-13.9%
Retained earnings	97,216	87,322	11.3%	98,546	-1.3%
Total equity attributable to shareholders of the Group	**67,452**	**55,425**	**21.7%**	**63,996**	**5.4%**
Non-controlling interests	13,782	12,161	13.3%	13,253	4.0%
Total equity	**81,234**	**67,586**	**20.2%**	**77,249**	**5.2%**
Total liabilities and equity	**433,437**	**300,481**	**44.2%**	**403,764**	**7.3%**

Key Ratios Quarterly

Banking Business Ratios	Including Privatbank 1Q15	Excluding Privatbank 1Q15	1Q14	4Q14
Profitability				
ROAA[1]	3.0%	3.1%	3.0%	3.9%
ROAE[2]	19.2%	18.8%	17.8%	22.8%
Net Interest Margin[3]	7.8%	7.3%	7.5%	7.7%
Loan Yield[4]	14.5%	13.7%	14.7%	14.1%
Cost of Funds[5]	5.0%	4.8%	5.0%	4.7%
Cost of Customer Funds	4.4%	4.1%	4.5%	4.1%
Cost of Amounts Due to Credit Institutions	5.2%	5.1%	5.0%	4.8%
Cost of Debt Securities Issued	7.1%	7.1%	7.1%	7.2%
Operating Leverage, Y-O-Y[6]	17.1%	20.8%	-	-
Operating Leverage, Q-O-Q[6]	5.0%	9.1%	-	-
ROE	18.7%	18.3%	17.7%	21.0%
Interest Income / Average Int. Earning Assets	12.9%	12.1%	13.1%	12.5%
Net F&C Income To Average Interest Earning Assets	1.8%	1.7%	1.8%	2.0%
Net Fee And Commission Income To Revenue	15.8%	15.8%	17.0%	17.4%
Revenue to Total Assets	8.5%	7.9%	7.8%	8.7%
Recurring Earning Power	5.7%	5.5%	4.6%	5.7%
Profit To Revenue	33.1%	36.5%	38.8%	42.2%
Efficiency				
Cost / Income[7]	36.8%	35.0%	41.5%	38.4%
Cost to Average Total Assets	3.3%	3.0%	3.2%	3.6%
Personnel Cost to Revenue	21.7%	21.3%	25.4%	22.5%
Personnel Cost to Total Cost	59.1%	60.9%	41.5%	38.4%
Personnel Cost to Average Total Assets	2.0%	1.8%	2.0%	2.1%
Liquidity				
NBG Liquidity Ratio[8]	34.7%	34.1%	43.5%	35.0%
Liquid Assets To Total Liabilities	33.5%	33.1%	37.8%	32.3%
Liquid Assets To Total Assets	28.4%	27.8%	31.3%	26.6%
Net Loans To Customer Funds	122.9%	127.1%	113.8%	127.5%
Net Loans To Customer Funds + DFIs	105.2%	107.3%	96.8%	108.6%
Leverage (Times)[10]	5.6	5.3	4.8	4.7
Net Loans to Total Assets	62.1%	61.5%	57.1%	63.0%
Average Net Loans to Average Total Assets	63.6%	62.9%	57.5%	63.0%
Interest Earning Assets to Total Assets	78.8%	78.2%	72.8%	79.6%
Average Interest Earning Assets/Average Total Assets	80.1%	79.8%	72.0%	78.8%
Average Net Loans to Av. Customer funds	125.0%	129.0%	115.3%	126.1%
Net Loans to Total Liabilities	73.3%	73.1%	69.0%	76.4%
Total Equity to Net Loans	24.5%	25.9%	30.0%	27.7%
Asset Quality:				
NPLs (in GEL)	187,129	183,184	138,477	153,628
NPLs To Gross Loans To Clients	3.5%	3.6%	3.8%	3.4%
NPL Coverage Ratio[11]	74.2%	71.7%	92.0%	68.0%
NPL Coverage Ratio, Adjusted for discounted value of collateral[12]	118.0%	116.5%	121.4%	111.1%
Cost of Risk[13]	3.1%	2.6%	1.0%	1.2%
Reserve For Loan Losses to Gross Loans to Clients	2.6%	2.6%	3.5%	2.3%
Capital Adequacy:				
Tier I capital adequacy ratio (BIS) [14]	19.9%	20.5%	23.7%	22.1%
Total capital adequacy ratio (BIS) [15]	23.9%	24.7%	27.7%	26.1%
Tier I capital adequacy ratio (New NBG, Basel II) [16]	9.8%	9.1%	-	11.1%
Total capital adequacy ratio (New NBG, Basel II) [17]	12.9%	12.3%	-	14.1%
Tier I capital adequacy ratio (Old NBG) [18]	14.2%	14.9%	16.4%	13.3%
Total capital adequacy ratio (Old NBG) [19]	12.9%	12.3%	15.5%	13.8%

Selected Operating Data:	Privatbank only 1Q15	Excluding Privatbank 1Q15	1Q14	4Q14
Total Assets Per Banking FTE, BOG Standalone	-	2,277	1,859	2,010
Number Of Active Branches, Of Which:	72	219	203	219
- Flagship Branches	-	34	34	34
- Standard Branches	-	101	99	101
- Express Branches (including Metro)	-	84	70	84
Number Of ATMs	376	554	497	523
Number Of Cards Outstanding, Of Which:	941,000	1,204,662	1,015,702	1,156,631
- Debit cards	-	1,088,878	897,856	1,040,016
- Credit cards	-	115,784	117,846	116,615
Number Of POS Terminals	1,608	6,537	4,990	6,320

Banking Business Ratios by local and foreign currency, including Privatbank

	Currency Blended			GEL			FC		
	1Q15	**4Q14**	**1Q14**	**1Q15**	**4Q14**	**1Q14**	**1Q15**	**4Q14**	**1Q14**
Net Interest Margin	7.8%	7.7%	7.5%	12.8%	12.7%	13.0%	4.9%	5.0%	4.0%
Loan Yield	14.5%	14.1%	14.7%	21.4%	20.1%	19.9%	11.6%	11.7%	12.2%
Cost of Funds	5.0%	4.7%	5.0%	4.8%	4.0%	3.9%	5.1%	5.0%	5.4%
Cost of Customer Funds	4.4%	4.1%	4.5%	4.8%	3.9%	3.8%	4.3%	4.2%	4.8%
Cost of Amounts Due to Credit Institutions	5.2%	4.8%	5.0%	4.8%	4.1%	4.2%	5.5%	5.3%	5.5%
Liquid assets yield	3.2%	2.9%	2.2%	5.6%	5.2%	4.9%	0.5%	0.5%	0.4%

Group Employee Data

	1Q15	**1Q14**	**4Q14**
Full Time Employees, Group, of which:	14,737	13,612	13,396
- Full Time Employees, BOG Standalone	3,799	3,561	3,770
- Full Time Employees, Privatbank	1,105	n/a	n/a
- Full Time Employees, Georgia Healthcare Group	8,177	8,598	8,011
- Full Time Employees, m^2 Real Estate	57	50	56
- Full Time Employees, Aldagi Insurance	262	202	250
- Full Time Employees, BNB	480	463	463
- Full Time Employees, Other	857	738	846

ANNEX 1: Glossary of financial items

Cash and cash equivalents	Consists of cash on hand, current accounts with central banks, current accounts with credit institutions and time deposits with credit institutions with contractual maturities of less than 90 days.
Amounts due from credit institutions	Consists of obligatory reserves with central banks, time deposits with credit institutions with original maturities of over 90 days and interbank loans receivable.
Investment securities	Consists of government T-bills and T-bonds, NBG Certificate of Deposit and other interest-earning corporate bonds, as well as some corporate shares.
Loans to customers and finance lease receivables	Consists of loans to clients and finance lease receivables.
Client deposits and notes	Consists of client deposits, client certificates of deposit and promissory notes.
Insurance contracts liabilities	Consists of insurance contracts' Unearned Premiums Reserves (UPR), Reported But Not Settled (RBNS) and Incurred But Not Reported (IBNR) reserves.
Other reserves	Consists mainly of property revaluation, currency translation and available-for-sale investment security revaluation reserves.
Banking interest income	Consists of interest income from loans to clients, finance lease receivables, amounts due from credit institutions and available-for-sale investment securities.
Banking interest expense	Consists of interest expense on client deposits and notes, amounts due to credit institutions and debt securities issued.
Fee and commission income	Consists of fee and commission income from settlement, documentary, cash, brokerage and currency conversion operations.
Fee and commission expense	Consists of fee and commission expense on settlement, documentary, cash, brokerage and currency conversion operations.
Net banking foreign currency gain	Consists of income from foreign currency dealing, and gains & losses from currency translation differences of the Banking Business.
Net other banking income	Consists of banking business operating lease income, and gains & losses from sale of investment securities, trading securities and real estate properties.
Net insurance premiums earned	Consists of premium income from insurance contracts, net of reinsurance.
Net insurance claims incurred	Consists of claim expenses on insurance contracts, net of reinsurance.
Real estate revenue	Consists of income from sale of affordable housing apartments of m2, and investment business operating lease income and gains & losses from sale of real estate properties.
Gross other investment profit	Consists of income from sale of wine & spirits of Teliani Valley and other investment business income.
Banking depreciation and amortisation	Consists of depreciation and amortization expenses of the Banking Business.
Profit (loss) from associates	Consists of share in profit or loss of investments in associates.
Depreciation and amortization of investment business	Consists of depreciation and amortization expenses of the Investment Business.
Net foreign currency gain from investment business	Consists of gains & losses from currency translation differences of the Investment Business.
Impairment charge on other assets and provisions	Consists of impairment charges on other credit risk carrying financial assets and expenses for provisions.

ANNEX 2: NOTES TO KEY RATIOS

1 Return on average total assets (ROAA) equals Profit for the period divided by monthly average total assets for the same period;

2 Return on average total equity (ROAE) equals Profit for the period attributable to shareholders of the Group divided by monthly average equity attributable to shareholders of the Group for the same period;

3 Net Interest Margin equals Net Banking Interest Income of the period divided by monthly Average Interest Earning Assets Excluding Cash for the same period; Interest Earning Assets Excluding Cash comprise: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares) and net Loans To Customers And Finance Lease Receivables;

4 Loan Yield equals Banking Interest Income From Loans To Customers And Finance Lease Receivables divided by monthly Average Gross Loans To Customers And Finance Lease Receivables;

5 Cost of Funds equals banking interest expense of the period divided by monthly average interest bearing liabilities; interest bearing liabilities include: amounts due to credit institutions, client deposits and notes and debt securities issued;

6 Operating Leverage equals percentage change in revenue less percentage change in operating expenses;

7 Cost / Income Ratio equals operating expenses divided by revenue;

8 Daily average liquid assets (as defined by NBG) during the month divided by daily average liabilities (as defined by NBG) during the month;

9 Liquid assets include: cash and cash equivalents, amounts due from credit institutions and investment securities;

10 Leverage (Times) equals total liabilities divided by total equity;

11 NPL Coverage Ratio equals allowance for impairment of loans and finance lease receivables divided by NPLs;

12 NPL Coverage Ratio adjusted for discounted value of collateral equals allowance for impairment of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for impairment)

13 Cost of Risk equals impairment charge for loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period;

14 BIS Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements of Basel Accord I;

15 BIS Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of Basel Accord I;

16 New NBG (Basel 2/3) Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;

17 New NBG (Basel 2/3) Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;

18 Old NBG Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;

19 Old NBG Total Capital Adequacy ratio equals total capital divided by total risk weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;

ANNEX 3: Summary of the new capital regulation

On 28 October 2013, the National Bank of Georgia published Decree No. 100/04, introducing a new capital regulation to replace the NBG capital regulation in place since 2002 (and updated from time to time). The new capital regulation is based on the Basel Accord 2 and 3, with material regulatory discretions applied by the NBG. According to the Decree No. 100/04, Pillar 1 requirements under the new regulation came into force on 30 June 2014. The period starting 30 June 2014 through 31 December 2017 was declared as a transition period. During the transition period, Georgian banks are required to comply with certain ratios under the previous NBG regulation according to the following schedule: 2014 – 100% of the old regulatory capital, in 2015 – 95% of the old regulatory capital, in 2016 – 90% of the older regulatory capital and in 2017 – 80% of the old regulatory capital.
According to the Decree No. 1s 00/04 by the National Bank of Georgia, Pillar 2 requirements (the "ICAAP") have come in force starting 1 October 2014. In October of 2014, the Bank submitted its first Pillar 2 ICAAP Report for Q3 2014 to the regulator. The Bank has also submitted to NBG a full draft of its internal capital regulation and policies. Currently, the entire package is going through review process by the regulator and the Bank is expecting to receive a feedback from NBG regarding the results of this review. Once the regulatory review process is finalized, a final package of the Pillar 2 internal regulation will be approved by the Board. Currently, the Bank is only required to submit its ICAAP report on a quarterly basis. No deadline has been set by NBG yet for this quarterly reporting. However, the Bank has its internal deadline 30 days after each quarter-end. The 4Q14 ICAAP report has been already submitted.

Summary analysis of the key features of the new Basel 2/3 based regulation and a comparison with the old capital regulation is provided below:

Feature	**NBG new Basel 2/3 based regulation, Pillar 1**	**NBG old regulation (no Pillar 2 or 3 existed)**
Tier 1 Capital Ratio requirement	8.5%	8%
Total Capital Ratio requirement	10.5%	12%
Level of consolidation	JSC Bank of Georgia stand-alone	JSC Bank of Georgia stand-alone
Input data based on	Unconsolidated (stand-alone) financial statements per NBG accounting standards	Unconsolidated (stand-alone) financial statements per NBG accounting standards
Capital composition	Basel 3 based: share capital, share premium (additionally paid-in capital), prior period retained earnings are all components of Tier 1; revaluation and other reserves are excluded from regulatory capital; current period profit or loss included in Tier 1; investments in financial institution subsidiaries, above the 10% allowed threshold of Tier 1, are deducted from Tier 1, while the allowed 10% of Tier 1 is risk-weighted at 250%; investments in non-financial institution subsidiaries are fully deducted from Tier 1; sub-debt definition applies "no step-up" requirement; amount of sub-debt to be added to Tier 2 is not limited	NBG discretion: share capital, share premium (additionally paid-in capital), prior period retained earnings are all components of Tier 1; revaluation and other reserves are excluded from regulatory capital; current period profit or loss included in Tier 2; all investments in all subsidiaries deducted from Tier 2; sub-debt definition does not apply "no step-up" requirement; amount of sub-debt to be added to Tier 2 is limited to 50% of total Tier 1
RWA: Cash and cash equivalents	0% risk weighted, except for cash in transit	0% risk-weighted, except for cash and cash equivalents denominated in non-OECD currencies

Feature	NBG new Basel 2/3 based regulation, Pillar 1	NBG old regulation (no Pillar 2 or 3 existed)
RWA: Foreign currency denominated balances placed with NBG (including mandatory reserves)	100% risk weighted	0% risk weighted
RWA: Inter-bank loans and deposits	Based on individual international ratings, or, in absence of such, based on the international rating of the country of incorporation	OECD placed loans and deposits risk weighted at 20%; non-OECD placed loans and deposits risk weighted at 100%; placements with resident banks risk weighted at 50%
RWA: Investment securities	Sovereign securities of Georgia denominated in local currency risk weighted at 0%; all other sovereigns risk-weighted based on the international rating of the country; investment securities issued by financial institutions risk weighted based on individual international ratings, or, in absence of such, based on the international rating of the country of incorporation; investment securities of non-financial institutions (commercial entities) risk weighted at 100%	Sovereign securities of Georgia denominated in local currency risk weighted at 0%; investment securities issued by local banks risk weighted at 50%; investments securities issued by OECD institutions risk weighted at 20%; all other investment securities risk weighted at 100%
RWA: Commercial loans	Commercial loans are risk-weighted at 100%	No segregation by types / categories of loans; all loans are risk-weighted at 100%
RWA: Mortgage loans	Mortgage loans are risk-weighted at 35% (only for the properties of up to 120 m^2)	No segregation by types / categories of loans; all loans are risk-weighted at 100%
RWA: Retail loans (all other)	Retail loans are risk-weighted at 75%	No segregation by types / categories of loans; all loans are risk-weighted at 100%
RWA: Market risk (on-balance sheet)	Additional 75% risk weight is applied to all on-balance sheet foreign currency denominated loan exposures, on top of their original credit risk weights	Additional 75% risk weight is applied to all on-balance sheet foreign currency denominated loan exposures, on top of their original credit risk weights
RWA: Loans fully secured with deposits	0% risk weight is applied	0% risk weight is applied
RWA: Credit risk mitigations, other than deposits	Gold pawns available for Retail loans providing 50% discount in the risk weight	No other mitigations available
RWA: Off-balance sheet items	For guarantees: differentiated, based on the type of the guarantee; for letters of credit: 50% credit conversion factor is further risk weighted at 100%; for undrawn credit commitments: 50%	For guarantees: differentiated, based on the term of the guaranteed (short-term / long-term) and the type of guarantor; for letters of credit: differentiated, based on the term of the letter of credit (short-

Feature	NBG new Basel 2/3 based regulation, Pillar 1	NBG old regulation (no Pillar 2 or 3 existed)
	credit conversion factor is applied to credit cards and overdrafts and further risk weighted at 75%, and 0% for all other undrawn credit commitments	term / long-term) and the type of the guarantor; for undrawn credit commitments: 100% credit conversion factor is applied to credit cards and overdrafts and further risk weighted at 100%, and 0% for all other undrawn credit commitments
RWA: Operational risk	Calculated using Basic Indicator Approach and the amount further divided by 10.5% and the product included in RWA	None
RWA: Market risk (FX)	Total open currency position added to RWA	None
RWA: Property leased out	250% risk weighted	100% risk weighted
RWA: All other assets	100% risk weighted	100% risk weighted

COMPANY INFORMATION

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