BGEO Group PLC

3rd quarter and nine-month 2016 results

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TABLE OF CONTENTS

About BGEO Group

The Group: BGEO Group PLC ("**BGEO**" or the "**Group**" – LSE: **BGEO LN**) is a UK incorporated holding company of a Georgia-focused investment platform. BGEO invests in the banking and non-banking sectors in Georgia (BGEO and its subsidiaries, the "Group"). BGEO aims to deliver on a 4x20 strategy: at least 20% ROAE and at least 20% growth of retail loan book in Banking Business, and at least 20% IRR and up to 20% of the Group's profit from Investment Business.

Banking Business: Our Banking Business comprises at least 80% of the Group's profit and consists of Retail Banking, Corporate Banking and Investment Management businesses at its core and other banking businesses such as P&C Insurance, Leasing, Payment Services and Banking operations in Belarus ("**BNB**"). The Group strives to benefit from the underpenetrated banking sector in Georgia especially through its Retail Banking services. JSC Bank of Georgia ("**BOG**" or the "**Bank**") is the main entity in the Group's Banking Business.

Investment Business: Our Investment Business comprises up to 20% of the Group's profit and consists of Georgia Healthcare Group (Healthcare Business) – an LSE (London Stock Exchange PLC) premium listed company, m2 Real Estate (Real Estate Business), Georgia Global Utilities (Utility Business or GGU) and Teliani Valley (Beverage Business). Georgia's fast-growing economy provides opportunities in a number of underdeveloped markets and the Group is well positioned to capture growth opportunities in the Georgian corporate sector.

Name of authorised official of issuer responsible for making notification: Ekaterina Shavgulidze, Head of Investor Relations and Funding

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 obligation (and expressly disclaim such obligation) to update or alter our forward-looking statements whether as a result of new information, future events, or otherwise.

BGEO Group PLC announces the Group's third quarter 2016 and nine months 2016 consolidated results. Unless otherwise mentioned, figures are for the third quarter 2016 and comparisons are with the third quarter 2015. The results are based on IFRS as adopted by EU, are unaudited and are derived from management accounts.

BGEO highlights

- 3Q16 profit was GEL 141.5mln (US$ 60.8mln/GBP 46.7mln), up 75.0% y-o-y
- 3Q16 earnings per share ("**EPS**") were GEL 3.55 (US$ 1.52 per share/GBP 1.17 per share), up 74.0% y-o-y
- 9M16 profit was GEL 339.8mln (US$ 145.9mln/GBP 112.2mln), up 57.9% y-o-y
- 9M16 EPS was GEL 8.12 (US$ 3.49 per share/GBP 2.68 per share), up 47.4% y-o-y
    - The Group's figures have been positively affected by one-off items recorded during the reporting period, including partially offsetting one-off items highlighted in italics below. The combined effect of the deferred tax adjustments and "net non-recurring items" results in a net benefit of GEL 61.3mln in 9M16, of which GEL 25.5mln and GEL 34.6mln were reported in 2Q16 and 3Q16, respectively
    - Profit excluding the effect of these deferred tax adjustments and "net non-recurring items" was GEL 106.9mln in 3Q16 (up 24.9% y-o-y) and GEL 278.5mln in 9M16 (up 25.2% y-o-y)
- Book value per share was GEL 56.03, up 28.5% y-o-y
- Total equity attributable to shareholders was GEL 2,142.6mln, up 28.5% y-o-y
- Total assets increased to GEL 11,286.1mln, up 13.6% y-o-y
- As of 18 November 2016, GEL 281.5mln liquid assets were held at the holding company level

- *In May 2016, the Parliament of Georgia approved a change in the current corporate taxation model, with changes applicable from 1 January 2017 for all entities apart from certain financial institutions, including banks and insurance businesses (changes are applicable to financial institutions, including banks and insurance businesses from 1 January 2019). The changed model implies a zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the company's profit before tax, regardless of the retention or distribution status. The change has had an immediate impact on deferred tax asset and deferred tax liability balances ("**deferred taxes**") attributable to previously recognised temporary differences arising from prior periods. The Group considered the new regime as substantively enacted effective June 2016 and thus has re-measured its deferred tax assets and liabilities as at 30 June 2016. The Group has calculated the portion of deferred taxes that it expects to utilise before 1 January 2017 for our non-financial businesses and the portion of deferred taxes it expects to utilise before 1 January 2019 for financial businesses and has fully released the un-utilisable portion of deferred tax assets and liabilities ("**Deferred tax adjustments**"). The deferred tax liabilities that were reversed significantly exceeded the deferred tax assets* *written off[1]. The net amount was recognised as an income tax benefit for the Group and amounted to GEL 66.9mln, of which GEL 39.4mln and GEL 27.5mln impacts the Group's Banking Business and Investment Business profit after tax, respectively. The amounts are reflected in the "income tax expense" line of the income statement*

- *The Group has also incurred a GEL 43.9mln charge for accounting losses arising from the buyback of the Bank's Eurobond, which took place in July 2016. The Group provisioned GEL 42.5mln for expected buyback losses in 1H16 and therefore the related charge in 3Q16 was GEL 1.4mln. This expense is reflected in the "net non-recurring items" line of the income statement*
- *During July 2016 the Group completed the acquisition of the remaining equity interests in Georgia Global Utilities Limited ("GGU") to gain full control of GGU and recorded a GEL 31.8 million gain from negative goodwill. The gain resulted from the fair value of the net identifiable assets acquired (totalling GEL 255.9 million) exceeding the fair value of the total consideration paid by the Group (totalling GEL 224.1 million). This gain is reflected in the "net non-recurring items" line of the income statement. The Group started consolidating GGU results on 21 July 2016. Prior to this, the Group reported the results of GGU's operations under "profit from associates"*
- *3Q16 profit was also positively affected by a GEL 16.4 million one-off gain from the sale of Class C shares and Class B shares of Visa Inc. and MasterCard, respectively. This gain was partially offset by one-off employee costs related to termination benefits, inclusive of the Bank's former CEO. These items are also reflected in the "net-recurring items" line of the income statement*

Banking Business highlights

3Q16 performance

- Revenue was GEL 201.8mln (up 6.2% y-o-y and up 9.7% q-o-q)
- Net Interest Margin ("**NIM**") was 7.3% (down 30 bps y-o-y and down 20 bps q-o-q)
- *Pro-forma NIM, adjusted for excess liquidity level was 7.6%[2]*
- Loan Yield stood at 14.1% (down 60 bps y-o-y and flat q-o-q)
- Cost of Funds stood at 4.7% (down 40 bps y-o-y and down 10 bps q-o-q)
- Cost to Income ratio was 37.3% (34.8% in 3Q15 and 38.0% in 2Q16)
- Cost of credit risk stood at GEL 34.5mln (down 0.7% y-o-y and up 22.6% q-o-q)
- Cost of Risk ratio was 2.3% (2.5% in 3Q15 and 2.0% in 2Q16)
- Profit increased to GEL 89.8mln (up 22.3% y-o-y and up 20.1% q-o-q)
  - Profit excluding the effect of above mentioned "net non-recurring" items was GEL 86.8mln in 3Q16 (up 11.8% y-o-y)
- Return on Average Assets ("**ROAA**") was 3.7% (3.3% in 3Q15 and 3.4% in 2Q16)
- Return on Average Equity ("**ROAE**") was 24.7% (23.3% in 3Q15 and 22.5% in 2Q16)

9M16 performance

- Revenue was GEL 570.0mln (up 3.6% y-o-y)
- NIM was 7.4% (down 30 bps y-o-y)
- Loan Yield was 14.2% (down 50 bps y-o-y)
- Cost of Funds was 4.8% (down 30 bps y-o-y)
- Cost to Income ratio stood at 37.7% (35.7% for 9M15)
- Cost of credit risk stood at GEL 97.7mln (down 16.0% y-o-y)
- Cost of Risk ratio stood at 2.2% (2.8% for 9M15)
- Profit increased to GEL 234.1mln (up 20.9% y-o-y)
  - Profit excluding the effect of the above-mentioned deferred tax adjustments and "net non-recurring" items was GEL 232.4mln in 9M16 (up 14.7% y-o-y)
- ROAA was 3.4% (3.1% in 9M15)
- ROAE was 22.8% (20.6% in 9M15)

[1] Gross deferred income tax liability was GEL 76.2mln while the gross deferred income tax asset was GEL 9.3mln. Net income tax benefit recognised in the income statement represents the net of these two amounts. Significant deferred tax liabilities that were reversed arose from the timing differences between the IFRS balance sheet and the tax balance sheet relating to accumulated depreciation, allowance for impairment of loans, property and equipment, investment properties, intangible assets, accruals of certain provisions, and various other items. The above-mentioned deferred tax adjustment was made in 1H16 and no new adjustments were added in 3Q16.

[2] Pro-forma NIM is a hypothetical Net Interest Margin that would have been achieved, had liquidity amounts of GEL and foreign currency (FC) balances in excess of 35% minimum been used to repay respective funding sources at respective costs and giving up respective liquid asset yields in the process

Balance sheet strength supported by solid capital and liquidity positions

- The net loan book reached a record GEL 5,715.7mln, up 6.5% y-o-y and up 3.8% q-o-q
- Customer funds increased to GEL 4,878.2mln, up 4.9% y-o-y and up 1.8% q-o-q
- Net Loans to Customer Funds and DFI ratio stood at 94.2% (95.9% at 30 September 2015 and 95.8% at 30 June 2016)
- Leverage stood at 5.4-times as at 30 September 2016 compared to 6.3-times at the same time last year
- NBG (Basel 2/3) Tier I and Total CAR stood at 11.0% and 16.2%, respectively as at 30 September 2016
- NBG Liquidity Ratio was 41.4% as at 30 September 2016, compared to 40.5% at the same time last year

Resilient growth momentum sustained across all major business lines

- **Retail Banking ("RB") continues to deliver strong franchise growth.** Retail Banking revenue reached GEL 127.2mln in 3Q16, up 14.4% y-o-y and up 12.7% q-o-q, with nine months revenue totalling GEL 346.4mln, up 10.6% y-o-y
- Retail Banking net loan book reached GEL 3,287.0mln, up 19.5% y-o-y and up 6.1% q-o-q
- Retail Banking client deposits increased to GEL 2,084.4mln, up 15.4% y-o-y and up 5.4% q-o-q
- The number of Retail Banking clients reached 2.07mln by the end of 3Q16, up 5.8% from 1.96mln a year ago
- **Solo – our premium banking brand – continues its strong growth.** Solo, which offers a fundamentally different approach to premium banking and targets the mass affluent client segment, more than doubled its client base since April 2015, when we launched Solo in its current format. As of 30 September 2016, the number of Solo clients reached 16,964. Our goal is to significantly increase our market share in the mass affluent segment, which stood below 13% at the beginning of 2015
- **Our product to client ratio reached 2.0 in 3Q16, up from 1.9 at the end of 2015.** The growth is the effect of the start of the transformation of our retail banking operations from product-based into a client-centric one. We are currently operating a total of eight live-labs, which are branches that operate under the new client-centric model. We have seen outstanding sales growth in these live-labs, with the number of products sold to our clients increasing by over 100% compared to the base-line figures
- **Corporate Investment Banking ("CIB") is successfully delivering its risk deconcentration strategy, having reduced the concentration of our top 10 CIB clients to 11.9% by the end of 3Q16, down from 12.8% a year ago.** The CIB net loan book totalled GEL 2,083.4mln, down 8.1% y-o-y, and up 0.9% in the third quarter. We continue to expect to grow our fee income, further improve the Bank's ROAE in this segment and reduce concentration risk in the corporate lending portfolio. CIB net fee and commission income was GEL 19.8mln or 11.8% of total CIB revenue in 9M16 compared to GEL 25.6mln or 14.5% a year ago. The decline was mainly driven by the decrease in commission fee income from guarantees (income from guarantees was GEL 9.8mln in 9M16, down by GEL 5.3mln or 34.9% y-o-y), which is a result of our deconcentration efforts as we reduced our large guarantee exposures (as mentioned in Banking business discussion below). CIB ROAE was 17.5% for 9M16, up from 17.4% in 9M15
- **Investment Management's Assets Under Management ("AUM") increased to GEL 1,408.0mln[3]**, up 4.5% y-o-y, reflecting higher bond issuance activity as our clients increasingly access these new products

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

Investment Business Highlights

- Our Investment Business contributed GEL 46.1mln[4], or 16.6% to the Group's profit in 9M16, up from GEL 19.7mln a year ago. For 3Q16, the contribution was GEL 20.1mln or 18.8% to the Group's profits, up from GEL 7.9mln in 3Q15
- **Our healthcare business, Georgia Healthcare Group PLC ("GHG") continued to deliver strong revenue performance and recorded GEL 116.2mln in 3Q16, up 81.0% y-o-y and up 14.2% q-o-q.** Healthcare services business revenue accounted for more than 47%, pharma business revenue accounted for c.39% and medical insurance business revenue accounted for c.14%. GHG delivered quarterly EBITDA of GEL 19.7mln, up 23.1% y-o-y. This growth was primarily driven by the healthcare services business EBITDA growth of 21.5%. Subsequently, for the nine months, revenue was GEL 290.4mln (up 64.8% y-o-y), EBITDA was GEL 53.7mln (up 35.6% y-o-y) and profit was GEL 55.0mln (up 196.3% y-o-y) (including a tax benefit of GEL 29.3mln relating to the deferred tax adjustments)
- GHG also today announced a major transaction in the pharmacy business, which is subject to regulatory approval and once completed will make GHG the number one player in the pharma market, as it is in the healthcare services and medical insurance markets. Details of this acquisition are in GHG's separate press release, which is available at www.ghg.com.ge
- **Our real estate business, m^2 Real Estate ("m^2") continued its strong project execution and sales performance in 3Q16**. In 3Q16, m^2 achieved sales of US$ 12.6mln, selling a total of 141 apartments, compared with US$ 11.6mln sales and 161 apartments sold in 3Q15. In 3Q16, m^2 recognised revenue of GEL 9.5mln (GEL 0.7mln for 3Q15) and recorded net profit of GEL 7.4mln (loss of GEL 1.6mln for 3Q15). In 9M16, m^2 recognised revenue of GEL 19.3mln (GEL 1.8mln for 9M15) and net profit of GEL 13.5mln (loss of GEL 3.6mln for 9M15). m^2 Real Estate recognises revenue upon handover of the apartment to its clients, following the completion of projects. As a result of this, it has accumulated US$ 32.3mln sales, which will be recognised as revenue during the 2016-2019 period (of which c.US$ 2.2mln is expected to be recognised in 4Q16)
- **Our water and utilities business, Georgia Global Utilities ("GGU"), achieved revenue of GEL 91.2mln (flat y-o-y) and profit of GEL 20.2mln (up 55.0% y-o-y) for 9M16**. As BGEO owned 25% of GGU until 3Q16, we have reported our share of GGU's profits as profit from associates, which amounted to GEL 4.1mln in 9M16, up 92.9% y-o-y. In July 2016, we completed the acquisition of the remaining 75% equity stake in GGU. As a result, we started consolidating GGU financial results from 21 July 2016 as part of our investment business and included it in the segment results discussion as a separate business

[4] Excluding deferred tax adjustments, gain from the purchase of GGU and other net non-recurring items. Including the deferred tax adjustments and other net non-recurring items, the Investment Business contributed GEL 51.8mln or 36.6% to the Group's profit in 3Q16, up from GEL 7.5mln and GEL 36.5mln in 3Q15 and 2Q16, respectively. For the nine months, the contribution was GEL 105.7mln or 31.1% to the Group's profits, up from GEL 21.6mln in 9M15

CHIEF EXECUTIVE OFFICER'S STATEMENT

In the third quarter of 2016, the Group delivered another quarter of strong results that reflect excellent performances from both our banking operations and increased earnings momentum from our investment businesses. All the businesses in the Group continue to perform well and deliver against our key strategic priorities.

During the third quarter, the Group delivered revenue of GEL 269.6 million and profit of GEL 141.5 million, up 24.5% and 75.0%, respectively. Earnings per share increased by 74.0% to GEL 3.55. In the first nine months of 2016, revenues totalled GEL 709.3 million, profit was GEL 339.8 million and earnings per share totalled GEL 8.12, up 15.3%, 57.9% and 47.4% respectively on the same period in 2015. The Group's figures were positively affected by a number of "one-off" items in the reporting period, which are described in detail on page 4 of this release. Excluding the impact of these items, profit in the third quarter was GEL 106.9 million, up 24.9% year-on-year, and profit in the first nine months of 2016 totalled GEL 278.5 million, up 25.2% year-on-year. Book value per share at the end of the quarter was GEL 56.03, up 28.5% year-on-year.

In the Banking business, profits grew by 22.3% year-on-year and 20.1% quarter-on-quarter supported, once again, by excellent franchise growth in the retail bank, where we continue to build our business in all segments and increased retail lending during the quarter by 6.1%. Margins have remained in our targeted range despite the continuing impact of high levels of excess liquidity, and the banking business has delivered a further reduction in the year-on-year cost of risk. The Return on Average Equity in the banking business continues to improve each quarter and was 22.8% for the first nine months of the year, and 24.7% in the third quarter. There continues to be an even stronger performance in the Group's investment businesses, which have benefited from the full quarter inclusion of our pharma business GPC following its acquisition during the second quarter, and the first time consolidation of Georgia Global Utilities (GGU). EBITDA from the investment businesses more than doubled to GEL 85.9 million in the first nine months of 2016.

At the BGEO Group level, revenue growth in the first nine months of 2016 was 15.3% year-on-year. In the third quarter of 2016, retail banking net interest income grew by 14.9% year-on-year, and 12.9% quarter-on-quarter, offsetting the expected decline in corporate banking net interest income as we continue to rebalance the retail/corporate business mix to further improve the return profile of the Bank and reduce concentration risk in the corporate lending portfolio. Pleasingly, the Corporate Investment Banking strategy is starting to deliver improved earnings, with 8.6% revenue growth and 15.5% profit growth quarter-on-quarter. In the first nine months of 2016, revenues from the investment businesses increased by 87.8% as a result of strong organic growth within the healthcare and real estate businesses and the impact of acquisitions. Operating expenses continue to be well controlled, with the year-on-year growth being largely driven by the significant impact of a number of acquisitions. In the third quarter, the Group's revenue growth of 22.3%, compared to the second quarter, strongly exceeded the equivalent 14.6% growth in expenses.

In addition to the strong earnings performance, the Group's already high returns have further improved. In the banking business, despite carrying over GEL 700 million of average excess liquidity during the quarter, the return on average equity increased from 21.2% in the first quarter, to 22.5% in the second quarter, and 24.7% in the third quarter. In the healthcare services business, the EBITDA margin was 29.6% in the first nine months of the year, and 30% in the third quarter. The Group continues to demonstrate its high growth and high return characteristics.

The Georgian economy remained resilient throughout the first nine months of 2016. Foreign Direct Investment continues to be very strong, and tourist numbers - a significant driver of US$ inflows for the country - continue to rise significantly. As a result, asset quality during the first nine months of the year remained robust with the NPL to Gross Loans ratio stable at 4.4%, whilst the NPL coverage ratio improved to 86.5% at 30 September 2016, compared to 85.8% at 30 June 2016. The NPL coverage ratio, adjusted for the discounted value of collateral, also improved, to 131.1%, from 129.7% over the same period. The annualised cost of risk ratio in the first nine months of 2016 was 2.2%, compared to 2.8% in the same period in 2015.

Within our Investment Businesses, Georgia Healthcare Group (GHG) again delivered strong revenues of GEL 116.2 million in the third quarter, up 81.0% year-on-year, and 14.2% quarter-on-quarter. This continues to reflect a combination of good levels of organic growth (14.2 % year-on-year) and the impact of acquisitions. The healthcare services EBITDA margin continues to improve, and at 30.0% in the third quarter is now in line with GHG's medium-term target of 30%. The recently announced acquisition (subject to regulatory approval) of a second pharma chain, ABC, will make GHG the number one player in the pharma market and provide additional synergies for GHG's healthcare services and medical insurance businesses. GHG remains clearly on track to reach its target to more than double 2015 healthcare services revenues by 2018. Our real estate business, m2 Real Estate, continues to develop its apartment projects very successfully, with its strong project execution and sales performance delivering a net profit of GEL 7.4 million in the third quarter.

In June 2016, the Group announced that it was to acquire the remaining 75% equity stake in GGU, our water and utilities business, for a cash consideration of $70 million; this acquisition was completed in July 2016, and GGU is now fully consolidated into BGEO, with effect from 21 July 2016. The Group has a significant opportunity to increase GGU's operational cash flow over the next few years from a combination of improving cash collection rates, increasing energy efficiency and reducing water loss rates, and by the development of additional revenue streams. The new management team is focused on improving efficiency and, on a stand-alone basis, delivered a net profit of GEL 9.2 million in the third quarter, compared to GEL 5.6 million in the previous quarter.

The Group's capital and funding position continues to be very strong, with capital being held both in the regulated banking business and at the holding company level. Within the bank, the NBG (Basel 2/3) Tier 1 Capital Adequacy ratio was 11.0%, comfortably ahead of the Bank's minimum capital requirement. In addition, as of 18 November 2016, GEL 281.5 million liquid assets were held at the Group level. From a funding perspective, the Bank's NBG Liquidity ratio was 41.4%, and the Liquidity Coverage Ratio was 176.2%, reflecting the significant excess liquidity held by the Bank.

As a result of the Group's very strong capital position, excess levels of liquidity and high level of internal capital generation, the Board has approved a $50 million share buyback and cancellation programme, over a two year period, which will shortly be implemented. This represents part of the Group's already published capital return policy. In addition, the Group will instruct the administrators of the Group Employee Benefits Trust to purchase shares in the market totaling approximately US$20 million.

The Group has delivered another quarter of excellent earnings which contributed to nearly 50% earnings per share growth over the first nine months of the year. Returns in both the banking business and the investment businesses continue to improve and the Group is well positioned to deliver a strong performance for the full year and beyond.

Irakli Gilauri,
Group CEO of BGEO Group PLC

FINANCIAL SUMMARY

INCOME STATEMENT (quarterly)

GEL thousands unless otherwise noted	BGEO Consolidated 3Q16	BGEO Consolidated 3Q15	BGEO Consolidated Change y-o-y	BGEO Consolidated 2Q16	BGEO Consolidated Change q-o-q	Banking Business[5] 3Q16	Banking Business[5] 3Q15	Banking Business[5] Change y-o-y	Banking Business[5] 2Q16	Banking Business[5] Change q-o-q	Investment Business 3Q16	Investment Business 3Q15	Investment Business Change y-o-y	Investment Business 2Q16	Investment Business Change q-o-q
Net banking interest income	136,624	126,178	8.3%	128,527	6.3%	138,615	129,249	7.2%	129,522	7.0%	-	-	-	-	-
Net fee and commission income	30,431	30,791	-1.2%	29,343	3.7%	30,651	31,061	-1.3%	29,639	3.4%	-	-	-	-	-
Net banking foreign currency gain	21,497	18,675	15.1%	15,506	38.6%	21,497	18,675	15.1%	15,506	38.6%	-	-	-	-	-
Net other banking income	4,077	4,938	-17.4%	2,630	55.0%	4,269	5,231	-18.4%	2,824	51.2%	-	-	-	-	-
Gross insurance profit	9,687	9,783	-1.0%	8,409	15.2%	6,816	5,829	16.9%	6,496	4.9%	3,610	4,498	-19.7%	2,565	40.7%
Gross healthcare profit	35,517	22,118	60.6%	30,832	15.2%	-	-	-	-	-	35,517	22,118	60.6%	30,832	15.2%
Gross real estate profit	10,032	751	NMF	2,419	NMF	-	-	-	-	-	10,032	751	NMF	2,419	314.7%
Gross utility profit	16,942	-	-	-	-	-	-	-	-	-	17,011	-	-	-	-
Gross other investment profit	4,821	3,373	42.9%	2,804	71.9%	-	-	-	-	-	4,927	3,229	52.6%	2,810	75.3%
Revenue	**269,628**	**216,607**	**24.5%**	**220,470**	**22.3%**	**201,848**	**190,045**	**6.2%**	**183,987**	**9.7%**	**71,097**	**30,596**	**NMF**	**38,626**	**84.1%**
Operating expenses	**(101,553)**	**(77,562)**	**30.9%**	**(88,637)**	**14.6%**	**(75,375)**	**(66,167)**	**13.9%**	**(69,919)**	**7.8%**	**(27,349)**	**(12,244)**	**NMF**	**(19,730)**	**38.6%**
Operating income before cost of credit risk / EBITDA	**168,075**	**139,045**	**20.9%**	**131,833**	**27.5%**	**126,473**	**123,878**	**2.1%**	**114,068**	**10.9%**	**43,748**	**18,352**	**NMF**	**18,896**	**131.5%**
Profit (loss) from associates	256	1,444	-82.3%	1,952	-86.9%	-	-	-	-	-	256	1,444	-82.3%	1,952	-86.9%
Depreciation and amortization of investment business	(9,566)	(4,227)	126.3%	(4,775)	NMF	-	-	-	-	-	(9,566)	(4,227)	NMF	(4,775)	100.3%
Net foreign currency gain (loss) from investment business	(1,221)	(2,311)	-47.2%	(1,597)	-23.5%	-	-	-	-	-	(1,221)	(2,311)	-47.2%	(1,597)	-23.5%
Interest income from investment business	1,930	499	NMF	(283)	NMF	-	-	-	-	-	1,667	719	NMF	60	NMF
Interest expense from investment business	(8,876)	(2,080)	NMF	(2,497)	NMF	-	-	-	-	-	(10,759)	(5,485)	96.2%	(3,971)	170.9%
Operating income before cost of credit risk	**150,598**	**132,370**	**13.8%**	**124,633**	**20.8%**	-	-	-	-	-	**24,125**	**8,492**	**184.1%**	**10,565**	**128.3%**
Cost of credit risk	(35,591)	(35,647)	-0.2%	(29,387)	21.1%	(34,525)	(34,752)	-0.7%	(28,151)	22.6%	(1,066)	(895)	19.1%	(1,236)	-13.8%
Net non-recurring items	35,156	(5,489)	NMF	(48,744)	NMF	3,474	(4,967)	NMF	(46,350)	NMF	31,682	(522)	NMF	(2,394)	NMF
Income tax (expense) benefit	(8,614)	(10,329)	-16.6%	64,735	NMF	(5,665)	(10,757)	-47.3%	35,139	NMF	(2,949)	428	NMF	29,596	NMF
Profit	**141,549**	**80,905**	**75.0%**	**111,237**	**27.2%**	**89,757**	**73,402**	**22.3%**	**74,706**	**20.1%**	**51,792**	**7,503**	**590.3%**	**36,531**	**41.8%**
Earnings per share (basic)	**3.55**	**2.04**	**74.0%**	**2.46**	**44.3%**	**2.32**	**1.87**	**23.8%**	**1.91**	**21.3%**	**1.23**	**0.17**	**643.8%**	**0.55**	**124.9%**

INCOME STATEMENT (year to date)

GEL thousands unless otherwise noted	BGEO Consolidated 9M16	BGEO Consolidated 9M15	BGEO Consolidated Change y-o-y	Banking Business 9M16	Banking Business 9M15	Banking Business Change y-o-y	Investment Business 9M16	Investment Business 9M15	Investment Business Change y-o-y
Net banking interest income	394,004	369,956	6.5%	398,357	378,710	5.2%	-	-	-
Net fee and commission income	87,588	86,767	0.9%	88,305	89,324	-1.1%	-	-	-
Net banking foreign currency gain	54,393	57,401	-5.2%	54,393	57,401	-5.2%	-	-	-
Net other banking income	9,574	9,209	4.0%	10,260	10,137	1.2%	-	-	-
Gross insurance profit	24,512	23,174	5.8%	18,655	14,606	27.7%	7,898	9,990	-20.9%
Gross healthcare profit	92,641	57,094	62.3%	-	-	-	92,641	57,094	62.3%
Gross real estate profit	18,429	1,919	860.3%	-	-	-	18,429	1,919	860.3%
Gross utility profit	16,942	-	-	-	-	-	17,011	-	-
Gross other investment profit	11,228	9,506	18.1%	-	-	-	11,409	9,481	20.3%
Revenue	**709,311**	**615,026**	**15.3%**	**569,970**	**550,178**	**3.6%**	**147,388**	**78,484**	**87.8%**
Operating expenses	**(273,430)**	**(230,470)**	**18.6%**	**(215,157)**	**(196,687)**	**9.4%**	**(61,486)**	**(36,282)**	**69.5%**
Operating income before cost of credit risk / EBITDA	**435,881**	**384,556**	**13.3%**	**354,813**	**353,491**	**0.4%**	**85,902**	**42,202**	**103.5%**
Profit from associates	4,074	2,112	92.9%	-	-	-	4,074	2,112	92.9%
Depreciation and amortization of investment business	(19,250)	(9,494)	102.8%	-	-	-	(19,250)	(9,494)	102.8%
Net foreign currency gain (loss) from investment business	(3,584)	4,067	NMF	-	-	-	(3,584)	4,067	NMF
Interest income from investment business	2,603	1,738	49.8%	-	-	-	2,691	2,381	13.0%
Interest expense from investment business	(12,757)	(7,171)	77.9%	-	-	-	(17,679)	(18,951)	-6.7%
Operating income before cost of credit risk	**406,967**	**375,808**	**8.3%**	**354,813**	**353,491**	**0.4%**	**52,154**	**22,317**	**133.7%**
Cost of credit risk	(101,121)	(119,356)	-15.3%	(97,687)	(116,287)	-16.0%	(3,434)	(3,069)	11.9%
Net non-recurring items	(12,222)	(8,349)	46.4%	(44,296)	(10,543)	NMF	32,074	2,194	1361.9%
Income tax (expense) benefit	46,210	(32,829)	NMF	21,296	(32,995)	NMF	24,914	166	14908.4%
Profit	**339,834**	**215,274**	**57.9%**	**234,126**	**193,666**	**20.9%**	**105,708**	**21,608**	**389.2%**
Earnings per share (basic)	8.12	5.51	47.4%	6.02	4.98	21.0%	2.10	0.53	294.7%

[5] Banking Business and Investment Business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations are provided on pages 30, 31 and 32

BALANCE SHEET

BGEO Consolidated

GEL thousands unless otherwise noted	**Sep-16**	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**
Liquid assets	3,313,188	2,924,784	13.3%	2,925,345	13.3%
Cash and cash equivalents	*1,197,687*	*1,320,319*	*-9.3%*	*1,059,359*	*13.1%*
Amounts due from credit institutions	*944,061*	*706,500*	*33.6%*	*876,655*	*7.7%*
Investment securities	*1,171,440*	*897,965*	*30.5%*	*989,331*	*18.4%*
Loans to customers and finance lease receivables	5,676,225	5,266,125	7.8%	5,469,120	3.8%
Loans to customers	*5,433,593*	*5,229,830*	*3.9%*	*5,423,794*	*0.2%*
Finance lease receivables	*242,632*	*36,295*	*568.5%*	*45,326*	*435.3%*
Property and equipment	1,224,620	775,599	57.9%	852,680	43.6%
Total assets	**11,286,088**	**9,937,889**	**13.6%**	**10,323,223**	**9.3%**
Client deposits and notes	4,700,324	4,477,908	5.0%	4,554,012	3.2%
Amounts due to credit institutions	2,740,926	2,115,859	29.5%	1,892,437	44.8%
Borrowings from DFI	*1,280,795*	*949,915*	*34.8%*	*991,054*	*29.2%*
Short-term loans from NBG	*604,608*	*620,846*	*-2.6%*	*278,500*	*117.1%*
Loans and deposits from commercial banks	*855,523*	*545,098*	*56.9%*	*622,883*	*37.3%*
Debt securities issued	1,036,086	1,076,137	-3.7%	1,065,516	-2.8%
Total liabilities	**8,897,339**	**8,179,930**	**8.8%**	**8,113,842**	**9.7%**
Total equity	**2,388,749**	**1,757,959**	**35.9%**	**2,209,381**	**8.1%**

Banking Business

GEL thousands unless otherwise noted	**Sep-16**	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**
Liquid assets	3,111,521	2,913,651	6.8%	2,887,978	7.7%
Cash and cash equivalents	*1,090,511*	*1,314,696*	*-17.1%*	*1,034,062*	*5.5%*
Amounts due from credit institutions	*848,185*	*698,110*	*21.5%*	*863,791*	*-1.8%*
Investment securities	*1,172,825*	*900,845*	*30.2%*	*990,125*	*18.5%*
Loans to customers and finance lease receivables	5,715,737	5,367,311	6.5%	5,507,414	3.8%
Loans to customers	*5,473,105*	*5,331,016*	*2.7%*	*5,462,088*	*0.2%*
Finance lease receivables	*242,632*	*36,295*	*568.5%*	*45,326*	*435.3%*
Property and equipment	338,455	339,300	-0.2%	336,013	0.7%
Total assets	**9,654,646**	**9,140,036**	**5.6%**	**9,171,034**	**5.3%**
Client deposits and notes	4,878,171	4,649,572	4.9%	4,791,979	1.8%
Amounts due to credit institutions	2,396,969	2,011,801	19.1%	1,766,999	35.7%
Borrowings from DFI	*1,188,544*	*949,915*	*25.1%*	*957,227*	*24.2%*
Short-term loans from NBG	*604,608*	*620,846*	*-2.6%*	*278,500*	*117.1%*
Loans and deposits from commercial banks	*603,817*	*441,040*	*36.9%*	*531,272*	*13.7%*
Debt securities issued	722,088	999,959	-27.8%	990,370	-27.1%
Total liabilities	**8,138,685**	**7,891,998**	**3.1%**	**7,773,056**	**4.7%**
Total equity	**1,515,961**	**1,248,038**	**21.5%**	**1,397,978**	**8.4%**

Investment Business

GEL thousands unless otherwise noted	**Sep-16**	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**
Liquid assets	380,568	186,812	103.7%	277,116	37.3%
Cash and cash equivalents	*237,426*	*166,031*	*43.0%*	*245,595*	*-3.3%*
Amounts due from credit institutions	*140,635*	*19,628*	*616.5%*	*28,949*	*385.8%*
Investment securities	*2,507*	*1,153*	*117.4%*	*2,572*	*-2.5%*
Loans to customers and finance lease receivables	-	-	0.0%	-	0.0%
Loans to customers	-	-	-	-	-
Finance lease receivables	-	-	-	-	-
Property and equipment	886,165	436,299	103.1%	516,667	71.5%
Total assets	**1,875,062**	**1,094,685**	**71.3%**	**1,437,232**	**30.5%**
Client deposits and notes	-	-	0.0%	-	0.0%
Amounts due to credit institutions	380,745	209,898	81.4%	163,730	132.5%
Borrowings from DFI	*92,251*	-	-	*33,827*	*172.7%*
Short-term loans from NBG	-	-	-	-	-
Loans and deposits from commercial banks	*288,494*	*209,898*	*37.4%*	*129,903*	*122.1%*
Debt securities issued	320,128	83,549	283.2%	81,088	294.8%
Total liabilities	**1,002,274**	**584,764**	**71.4%**	**625,829**	**60.2%**
Total equity	**872,788**	**509,921**	**71.2%**	**811,403**	**7.6%**

BANKING BUSINESS RATIOS

	3Q16	**3Q15**	**2Q16**	**9M16**	**9M15**
ROAA	3.7%	3.3%	3.4%	3.4%	3.1%
ROAE	24.7%	23.3%	22.5%	22.8%	20.6%
Net Interest Margin	7.3%	7.6%	7.5%	7.4%	7.7%
Loan Yield	14.1%	14.7%	14.1%	14.2%	14.7%
Liquid assets yield	3.2%	3.1%	3.3%	3.2%	3.2%
Cost of Funds	4.7%	5.1%	4.8%	4.8%	5.1%
Cost of Client Deposits and Notes	3.6%	4.1%	4.0%	4.0%	4.3%
Cost of Amounts Due to Credit Institutions	6.5%	6.3%	5.9%	6.1%	5.7%
Cost of Debt Securities Issued	6.6%	7.3%	7.0%	7.0%	7.3%
Cost / Income	37.3%	34.8%	38.0%	37.7%	35.7%
NPLs To Gross Loans To Clients	4.4%	4.0%	4.4%	4.4%	4.0%
NPL Coverage Ratio	86.5%	82.1%	85.8%	86.5%	82.1%
NPL Coverage Ratio, Adjusted for discounted value of collateral	131.1%	121.9%	129.7%	131.1%	121.9%
Cost of Risk	2.3%	2.5%	2.0%	2.2%	2.8%
Tier I capital adequacy ratio (New NBG, Basel 2/3)	11.0%	10.2%	10.2%	11.0%	10.2%
Total capital adequacy ratio (New NBG, Basel 2/3)	16.2%	15.8%	15.5%	16.2%	15.8%

DISCUSSION OF RESULTS

Discussion of Banking Business Results

*The Group's **Banking Business** comprises **Retail Banking** operations in Georgia. It principally provides consumer loans, mortgage loans, overdrafts, credit cards and other credit facilities, funds transfer and settlement services, and handling customers' deposits for both individuals as well as legal entities. The business targets the emerging retail, mass retail and mass affluent segments, together with small and medium enterprises and micro businesses. **Corporate Investment Banking** comprises Corporate Banking and Investment Management operations in Georgia. Corporate Banking principally provides loans and other credit facilities, funds transfers and settlement services, trade finance services, documentary operations support and handles saving and term deposits for corporate and institutional customers. The Investment Management business principally provides private banking services to high net worth clients. **Property and Casualty ("P&C")** principally provides property and casualty insurance services to corporate clients and insured individuals in Georgia. **BNB**, comprising JSC Belarusky Narodny Bank principally provides retail and corporate banking services in Belarus. The following discussion refers to the Banking Business only.*

REVENUE

GEL thousands, unless otherwise noted	3Q16	3Q15	Change, y-o-y	2Q16	Change, q-o-q	9M16	9M15	Change, y-o-y
Banking interest income	231,849	223,800	3.6%	217,234	6.7%	675,301	641,466	5.3%
Banking interest expense	(93,234)	(94,551)	-1.4%	(87,712)	6.3%	(276,944)	(262,756)	5.4%
Net banking interest income	**138,615**	**129,249**	**7.2%**	**129,522**	**7.0%**	**398,357**	**378,710**	**5.2%**
Fee and commission income	43,421	41,532	4.5%	40,675	6.8%	122,580	119,036	3.0%
Fee and commission expense	(12,770)	(10,471)	22.0%	(11,036)	15.7%	(34,275)	(29,712)	15.4%
Net fee and commission income	**30,651**	**31,061**	**-1.3%**	**29,639**	**3.4%**	**88,305**	**89,324**	**-1.1%**
Net banking foreign currency gain	21,497	18,675	15.1%	15,506	38.6%	54,393	57,401	-5.2%
Net other banking income	4,269	5,231	-18.4%	2,824	51.2%	10,260	10,137	1.2%
Net insurance premiums earned	11,616	10,332	12.4%	10,235	13.5%	31,401	29,351	7.0%
Net insurance claims incurred	(4,800)	(4,503)	6.6%	(3,739)	28.4%	(12,746)	(14,745)	-13.6%
Gross insurance profit	**6,816**	**5,829**	**16.9%**	**6,496**	**4.9%**	**18,655**	**14,606**	**27.7%**
Revenue	**201,848**	**190,045**	**6.2%**	**183,987**	**9.7%**	**569,970**	**550,178**	**3.6%**
Net Interest Margin	7.3%	7.6%		7.5%		7.4%	7.7%	
Average interest earning assets	7,543,357	6,786,373	11.2%	6,916,969	9.1%	7,159,339	6,558,099	9.2%
Average interest bearing liabilities	7,864,440	7,378,228	6.6%	7,344,385	7.1%	7,649,866	6,926,154	10.4%
Average net loans and finance lease receivables, currency blended	5,596,305	5,240,930	6.8%	5,297,175	5.6%	5,450,649	5,136,815	6.1%
Average net loans and finance lease receivables, GEL	1,588,995	1,558,868	1.9%	1,495,886	6.2%	1,528,588	1,528,837	0.0%
Average net loans and finance lease receivables, FC	4,007,310	3,682,062	8.8%	3,801,289	5.4%	3,922,061	3,607,978	8.7%
Average net finance lease receivables, currency blended	*94,996*	*37,676*	*152.1%*	*40,639*	*133.8%*	*62,181*	*38,486*	*61.6%*
Average client deposits and notes, currency blended	4,892,822	4,437,639	10.3%	4,818,865	1.5%	4,916,702	4,235,516	16.1%
Average client deposits and notes, GEL	1,166,397	1,182,641	-1.4%	1,262,461	-7.6%	1,214,318	1,183,721	2.6%
Average client deposits and notes, FC	3,726,425	3,254,998	14.5%	3,556,404	4.8%	3,702,384	3,051,795	21.3%
Average liquid assets, currency blended	3,240,623	2,748,330	17.9%	2,816,533	15.1%	3,028,970	2,456,682	23.3%
Average liquid assets, GEL	1,227,967	1,235,688	-0.6%	1,127,479	8.9%	1,169,776	1,154,018	1.4%
Average liquid assets, FC	2,012,656	1,512,642	33.1%	1,689,054	19.2%	1,859,194	1,302,664	42.7%
Excess liquidity (NBG)	545,556	491,228	11.1%	625,340	-12.8%	545,556	491,228	11.1%
Liquid assets yield, currency blended	3.2%	3.1%		3.3%		3.2%	3.2%	
Liquid assets yield, GEL	7.4%	6.7%		7.5%		7.5%	6.2%	
Liquid assets yield, FC	0.6%	0.3%		0.5%		0.5%	0.5%	
Loan yield, currency blended	14.1%	14.7%		14.1%		14.2%	14.7%	
Loan yield, GEL	23.4%	22.8%		23.8%		23.5%	22.3%	
Loan yield, FC	10.3%	11.2%		10.3%		10.6%	11.4%	
Cost of Funds, currency blended	4.7%	5.1%		4.8%		4.8%	5.1%	
Cost of Funds, GEL	6.1%	5.2%		7.0%		6.6%	5.0%	
Cost of Funds, FC	4.2%	5.0%		4.2%		4.3%	5.0%	

- **Banking Business revenue: We recorded quarterly revenue of GEL 201.8mln (up 6.2% y-o-y and up 9.7% q-o-q), ending the nine months 2016 with revenue of GEL 570.0mln (up 3.6% y-o-y)**. Quarterly revenue growth, compared to last year, was primarily due to an increase in net banking interest income and net banking foreign currency gain

- **Net banking interest income.** Our net banking interest income increased to GEL 138.6mln in 3Q16, up 7.2% y-o-y and up 7.0% q-o-q, with the nine months result reaching GEL 398.4mln, up 5.2% y-o-y. Net banking interest income was primarily driven by a strong performance in our Retail Banking operations, offset by a slight decline in CIB net interest income
- **Our NIM stood comfortably within our target range of 7.25% - 7.75%.** The 20bps q-o-q decrease in 3Q16 NIM was mainly due to the increase of minimum reserve requirement mandated by National Bank of Georgia in 2Q16[6] and very high level of average liquid assets carried during 3Q16 (at GEL 3,240.6mln), which represents quarterly average excess liquidity as per NBG standards of GEL 727.5mln. While these factors were partially offset by a 10 bps q-o-q decrease in Cost of Funds, they put pressure on our NIM. During 2015, we purposefully built up excess liquidity for the planned liability management exercise of the Bank's US$ 400.0mln Eurobonds maturing in 2017. We successfully completed the exercise in July 2016 and managed to reduce excess liquidity levels at the Bank. Pro-forma NIM[7], adjusted for excess liquidity levels, was 7.6% in 3Q16. The following initiatives are expected to positively affect NIM going forward:
  - Further reduction in excess liquidity
  - We have focused on sourcing local currency funding and, since the start of 2016, we successfully closed two Lari denominated funding transactions with an aggregate value of GEL 280mln and maturity of five years. These facilities enable the Bank to provide long term loans in local currency, meeting existing strong demand for such borrowing
  - We prudently manage our margin, despite pressure on loan yields. We reduced our cost of funding from cost of debt securities issued as well as client deposits (the interest rates on our one-year dollar deposits for retail stand at 3.5%, down from 5% a year ago)
  - We expect the effect of the cheaper Eurobond funding to be reflected from the fourth quarter results
- **Loan yields.** Loan yields remained flat q-o-q, as we kept our rates largely unchanged for dollar denominated loans since the reduction made last year. Liquid asset yield and cost of funding also remained largely flat
- **Dollarisation.** Dollarisation of our loan book remained largely flat since last year, despite foreign currency denominated loans increasing at a faster rate than local currency denominated ones. We experienced a similar trend in our deposits. On the other hand, the dollarization of our average liquid assets have increased to 62% in 3Q16, up from 55% for the same period last year – this is primarily due to higher level of US Dollar liquidity mobilised at the beginning of the 3rd quarter 2016 for the anticipated liability management exercise of the Bank's outstanding Eurobonds, which was completed during the quarter
- **Net Loans to Customer Funds and DFI ratio**. Customer funds increased to GEL 4,878.2mln, up 4.9% y-o-y and up 1.8% q-o-q, primarily driven by strong deposit generation in our Retail Banking operations, which grew the customer deposits by 15.4% y-o-y to GEL 2,084.4mln. Subsequently, our Net Loans to Customer Funds and DFI ratio, which is closely monitored by the management, stood at 94.2% (95.9% at 30 September 2015 and 95.8% at 30 June 2016)
- **Net fee and commission income.** Net fee and commission income performance is mainly driven by the strong performance in our settlement operations supported by the success of our Express banking franchise. This was partially offset by a decline in our guarantees, driven by the deconcentration efforts in CIB segment as a result of which we decreased large guarantee exposures in the Bank. Excluding the impact of guarantees, net fee and commission income was GEL 27.5mln in 3Q16, up 9.2% y-o-y
- **Net banking foreign currency gain.** After slower foreign exchange operations in 1H16, relative to last year, the volumes rebounded in 3Q16 on the back of the increased volatility in GEL exchange rate. As a result, 3Q16 banking foreign exchange gain increased by 15.1% y-o-y reaching GEL 21.5mln
- **Net other banking income.** Net other banking income is largely flat for the nine-month period, compared to the same period last year. For the quarter, the y-o-y decrease is due to one-off PPE sale during 2015, while the increase compared to the previous quarter is driven by a gain from the sale of securities
- **Gross insurance profit.** Gross insurance profit continues growth throughout 2016, compared to last year when it was hit by higher claims due to the flood in Tbilisi in June 2015. This is reflected in year-to-date performance, as net insurance premiums earned increased by 7.0% y-o-y and net insurance claims incurred decreased by 13.6% y-o-y, driving y-o-y growth in gross insurance profit of 27.7%. *For P&C insurance segment financials please see page 35*

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[6] Effective 17 May, 2016, the National Bank of Georgia changed its minimum reserve requirements, with the goal to incentivise local currency lending. The minimum reserve requirement for local currency has reduced from 10% to 7% and the minimum reserve requirement for foreign currency has increased from 15% to 20%

[7] ProForma NIM is a hypothetical Net Interest Margin that would have been achieved, had liquidity amounts of GEL and FC balances in excess of 35% minimum been used to repay respective funding sources at respective costs and giving up respective liquid asset yields in the process

OPERATING INCOME BEFORE NON-RECURRING ITEMS; COST OF CREDIT RISK; PROFIT FOR THE PERIOD

GEL thousands, unless otherwise noted	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	9M16	9M15	Change y-o-y
Salaries and other employee benefits	(45,575)	(39,768)	14.6%	(40,847)	11.6%	(126,228)	(116,440)	8.4%
Administrative expenses	(18,970)	(17,320)	9.5%	(19,051)	-0.4%	(58,078)	(52,724)	10.2%
Banking depreciation and amortisation	(9,665)	(8,505)	13.6%	(9,337)	3.5%	(28,140)	(25,216)	11.6%
Other operating expenses	(1,165)	(574)	103.0%	(684)	70.3%	(2,711)	(2,307)	17.5%
Operating expenses	**(75,375)**	**(66,167)**	**13.9%**	**(69,919)**	**7.8%**	**(215,157)**	**(196,687)**	**9.4%**
Operating income before cost of credit risk	**126,473**	**123,878**	**2.1%**	**114,068**	**10.9%**	**354,813**	**353,491**	**0.4%**
Impairment charge on loans to customers	(29,936)	(34,857)	-14.1%	(26,819)	11.6%	(88,972)	(108,890)	-18.3%
Impairment charge on finance lease receivables	(3,258)	156	NMF	(130)	NMF	(3,901)	(1,742)	123.9%
Impairment charge on other assets and provisions	(1,331)	(51)	NMF	(1,202)	10.7%	(4,814)	(5,655)	-14.9%
Cost of credit risk	**(34,525)**	**(34,752)**	**-0.7%**	**(28,151)**	**22.6%**	**(97,687)**	**(116,287)**	**-16.0%**
Net operating income before non-recurring items	**91,948**	**89,126**	**3.2%**	**85,917**	**7.0%**	**257,126**	**237,204**	**8.4%**
Net non-recurring items	3,474	(4,967)	NMF	(46,350)	NMF	(44,296)	(10,543)	NMF
Profit before income tax	**95,422**	**84,159**	**13.4%**	**39,567**	**141.2%**	**212,830**	**226,661**	**-6.1%**
Income tax (expense) benefit	(5,665)	(10,757)	-47.3%	35,139	NMF	21,296	(32,995)	NMF
Profit	**89,757**	**73,402**	**22.3%**	**74,706**	**20.1%**	**234,126**	**193,666**	**20.9%**

- **Operating expenses increased to GEL 75.4mln in 3Q16 (up 13.9% y-o-y and up 7.8% q-o-q) and to GEL 215.2mln in 9M16 (up 9.4% y-o-y).** As a result, operating leverage was negative in 3Q16 at 7.7 percentage points and also negative in 9M16 at 5.8 percentage points, both on y-o-y basis. Cost/Income ratio stood at 37.3% in 3Q16 compared to 34.8% in 3Q15 and 37.7% in 9M16 compared to 35.7% in 9M15. **Both 3Q16 and nine-months 2016 operating expenses were driven by:**
  - An increase in salaries and employee benefits which mainly reflects the organic growth of our Banking Business
  - Growth in year-to-date administrative expenses which was driven by the rent expenses, compared with the same period last year
- **Cost of Risk and Cost of Risk ratio.** For 3Q16, the q-o-q increase in Banking Business Cost of Risk is attributable to the growth in impairment charge on loans to customers from our operations in Belarus (caused by the more difficult economic environment in Belarus). This led to the 3Q16 Cost of Risk ratio of 2.3%, up 30bps q-o-q. Overall, 9M16 reflects the improving trend in the quality of our loan portfolio and we recorded cost of credit risk of GEL 97.7mln, down 16.0% y-o-y, and Cost of Risk ratio of 2.2%, down 60bps y-o-y. In relation to the quality of the Bank's loan book, management follows among others the following:
  - **NPLs to gross loans.** NPLs to gross loans were 4.4% as of 30 September 2016, up 40 bps y-o-y and flat q-o-q. Our Retail Banking NPLs to gross loans stood at 1.6%, compared to 1.5% as of 30 June 2016 and 1.4% a year ago. CIB NPLs to gross loans were 7.6%, compared to 7.7% as of 30 June 2016 and 6.5% a year ago. The slight q-o-q decline in the CIB, NPL ratio was the result of stabilisation of NPLs and the growth in the loan book
  - **NPLs.** NPLs were GEL 261.0mln, up 17.8% y-o-y and up 3.8% q-o-q. The increase reflects the growth in net loan book together with the local currency volatility against the US Dollar which affected some of our clients
  - **The NPL coverage ratio.** The NPL coverage ratio stood at 86.5% as of 30 September 2016, an improvement compared to 82.1% as of 30 September 2015 and 85.8% as of 30 June 2016. Our NPL coverage ratio adjusted for the discounted value of collateral also improved to 131.1% as of 30 September 2016, compared to 121.9% as of 30 September 2015 and compared to 129.7% as of 30 June 2016
  - **Past due rates.** Our 15 days past due rate for retail loans stood at 1.2% as of 30 September 2016 compared to 1.4% as of 30 September 2015 and 1.2% as of 30 June 2016. 15 days past due rate for our mortgage loans stood at 0.6% as of 30 September 2016 compared to 1.0% as of 30 September 2015 and 0.6% as of 30 June 2016
- **Net non-recurring items and Income tax expense (benefit)**. For a discussion of the factors affecting these two items and their impact, see page 4 above
- **As a result of the foregoing, the Banking Business profit was GEL 89.8mln in 3Q16 (up 22.3% y-o-y and up 20.1% q-o-q) and GEL 234.1mln in 9M16 (up 20.9% y-o-y). This resulted in an ROAE of 24.7% in 3Q16 (up 140bps y-o-y and up 220bps q-o-q) and of 22.8% in 9M16 (up 220bps y-o-y)**
- **BNB – the banking subsidiary in Belarus - contributed to the banking business profit GEL 2.4mln in 3Q16 (down 69.2% y-o-y) and GEL 10.3mln in 9M16 (down 18.7% y-o-y)[8];** The BNB loan book reached GEL 327.2mln, up 3.9% y-o-y, mostly consisting of an increase in SME loans. BNB client deposits were to GEL 200.7mln, down 25.8% y-o-y. **BNB is well capitalised**, with Capital

[8] BNB profit is adjusted for the deferred tax adjustment attributable to BNB. Before this adjustment, BNB profit was GEL 6.8mln in 9M16.

Adequacy Ratios well above the requirements of its regulating Central Bank. As at 30 September 2016, Total CAR was 16.1%, above 10% minimum requirement by the National Bank of the Republic of Belarus ("NBRB") and Tier I CAR was 10.2%, above the 6% minimum requirement by NBRB. Return on Average Equity ("**ROAE**") for BNB was 13.0% (38.0% in 3Q15 and 19.6% in 2Q16), ending the nine months with ROAE of 18.7% compared to 21.9% for the same period last year. *For BNB standalone financial highlights, please see page 35*

BANKING BUSINESS BALANCE SHEET HIGHLIGHTS

GEL thousands, unless otherwise noted	30-Sep-16	30-Sep-15	Change y-o-y	30-Jun-16	Change q-o-q
Liquid assets	3,111,521	2,913,651	6.8%	2,887,978	7.7%
Liquid assets, GEL	1,257,008	1,323,793	-5.0%	1,182,105	6.3%
Liquid assets, FC	1,854,513	1,589,858	16.6%	1,705,873	8.7%
Net loans and finance lease receivables	5,715,737	5,367,311	6.5%	5,507,414	3.8%
Net loans and finance lease receivables, GEL	1,699,647	1,574,181	8.0%	1,523,671	11.5%
Net loans and finance lease receivables, FC	4,016,090	3,793,130	5.9%	3,983,743	0.8%
Net Finance lease receivables	*242,632*	*36,295*	*568.5%*	*45,326*	*435.3%*
Client deposits and notes	4,878,171	4,649,572	4.9%	4,791,979	1.8%
Amounts due to credit institutions	2,396,969	2,011,801	19.1%	1,766,999	35.7%
Borrowings from DFIs	1,188,544	949,915	25.1%	957,227	24.2%
Short-term loans from central banks	604,608	620,846	-2.6%	278,500	117.1%
Loans and deposits from commercial banks	603,817	441,040	36.9%	531,272	13.7%
Debt securities issued	722,088	999,959	-27.8%	990,370	-27.1%
Liquidity and CAR ratios					
Net loans / client deposits and notes	117.2%	115.4%		114.9%	
Net loans / client deposits and notes + DFIs	94.2%	95.9%		95.8%	
Liquid assets as percent of total assets	32.2%	31.9%		31.5%	
Liquid assets as percent of total liabilities	38.2%	36.9%		37.2%	
NBG liquidity ratio	41.4%	40.5%		43.5%	
Excess liquidity (NBG)	545,556	491,228	11.1%	625,340	-12.8%
New NBG (Basel II) Tier I Capital Adequacy Ratio	11.0%	10.2%		10.2%	
New NBG (Basel II) Total Capital Adequacy Ratio	16.2%	15.8%		15.5%	

Our Banking Business balance sheet remained highly liquid (NBG Liquidity ratio of 41.4%) **and well-capitalised** (Tier I Capital Adequacy Ratio, NBG Basel 2/3 of 11.0%) **with a well-diversified funding base** (Client Deposits and notes to Total Liabilities of 59.9%)

- **Loan book**. Our net loan book and financial lease receivables reached a record GEL 5,715.7mln, up 6.5% y-o-y and up 3.8% q-o-q. During the third quarter our finance lease receivables increased by GEL 206.3mln, to GEL 242.6mln. This largely reflects the conversion of a loan exposure to one of our large corporate clients (the "**Client**") into a finance lease. The Client has recently been negatively affected by the decrease in global commodity prices and became unable to fully service its ongoing debt repayment obligations. As a result, the Group secured rights over the property pledged as collateral under the previous loan exposure. We determined that the Client was still in a good position to manage the business through the down market, and arranged a finance lease to enable it to do a turnaround. While the relevant commodity prices remain below previously prevailing levels, prices have recently rebounded, and the Client has also managed to get more favourable terms from its suppliers. The Client is operating profitably and the management of the Group believes at this stage that the likelihood of a successful turnaround of the business is sufficiently high that no additional provisioning of the receivable is necessary. The Group is monitoring the Client's operations closely and intends to act promptly if the situation changes
    - *The Client is the largest industrial enterprise and one of the largest exporters in Georgia. It specialises in the production of basic materials. It was the third largest exporter and accounted for around 5% of Georgia originated exports in 2015*
- **Liquidity:** The NBG liquidity ratio stood at 41.4% as of 30 September 2016 compared to 43.5% as of 30 June 2016, against a regulatory minimum requirement of 30.0%. Liquid assets increased to GEL 3,111.5mln, up 6.8% y-o-y. Additionally, liquid assets as a percentage of total assets increased to 32.2%, up from 31.9% a year ago and liquid assets as a percentage of total liabilities also increased to 38.2%, up from 36.9% a year ago
- Our share of amounts due to credit institutions to total liabilities increased y-o-y from 25.5% to 29.5%, with the share of client deposits and notes to total liabilities increasing y-o-y from 58.9% to 59.9%. Net Loans to Customer Funds and DFIs ratio, a ratio closely observed by management, stood at 94.2%, down from 95.8% as of 30 June 2016 and down from 95.9% as of 30 September 2015

Discussion of Segment Results

The segment results discussion is presented for Retail Banking (RB), Corporate Investment Banking (CIB), Utility & Energy Business (GGU), Healthcare Business (GHG) and Real Estate Business (m² Real Estate)

Banking Business Segment Result Discussion

Retail Banking (RB)

Retail Banking provides consumer loans, mortgage loans, overdrafts, credit card facilities and other credit facilities as well as funds transfer and settlement services and the handling of customer deposits for both individuals and legal entities, encompassing the emerging mass retail segment (through our Express brand), retail mass market segment and SME and micro businesses (through our Bank of Georgia brand), and the mass affluent segment (through our Solo brand)

GEL thousands, unless otherwise noted	**3Q16**	**3Q15**	**Change y-o-y**	**2Q16**	**Change q-o-q**	**9M16**	**9M15**	**Change y-o-y**
INCOME STATEMENT HIGHLIGHTS								
Net banking interest income	95,507	83,141	14.9%	84,574	12.9%	262,913	237,560	10.7%
Net fee and commission income	22,402	19,982	12.1%	21,742	3.0%	63,383	56,954	11.3%
Net banking foreign currency gain	8,198	5,202	57.6%	5,473	49.8%	17,261	13,412	28.7%
Net other banking income	1,097	2,861	-61.7%	1,035	6.0%	2,843	5,209	-45.4%
Revenue	**127,204**	**111,186**	**14.4%**	**112,824**	**12.7%**	**346,400**	**313,135**	**10.6%**
Salaries and other employee benefits	(27,315)	(22,466)	21.6%	(24,325)	12.3%	(75,247)	(68,478)	9.9%
Administrative expenses	(13,179)	(12,081)	9.1%	(12,756)	3.3%	(40,456)	(35,953)	12.5%
Banking depreciation and amortisation	(7,910)	(6,806)	16.2%	(7,597)	4.1%	(22,890)	(20,455)	11.9%
Other operating expenses	(837)	(353)	137.1%	(393)	113.0%	(1,727)	(1,312)	31.6%
Operating expenses	**(49,241)**	**(41,706)**	**18.1%**	**(45,071)**	**9.3%**	**(140,320)**	**(126,198)**	**11.2%**
Operating income before cost of credit risk	**77,963**	**69,480**	**12.2%**	**67,753**	**15.1%**	**206,080**	**186,937**	**10.2%**
Cost of credit risk	(20,691)	(22,713)	-8.9%	(17,543)	17.9%	(56,417)	(60,035)	-6.0%
Net non-recurring items	2,297	(3,128)	NMF	(31,819)	NMF	(30,082)	(6,451)	NMF
Profit before income tax	**59,569**	**43,639**	**36.5%**	**18,391**	**223.9%**	**119,581**	**120,451**	**-0.7%**
Income tax (expense) benefit	(3,147)	(4,747)	-33.7%	28,702	NMF	21,710	(16,386)	NMF
Profit	**56,422**	**38,892**	**45.1%**	**47,093**	**19.8%**	**141,291**	**104,065**	**35.8%**
BALANCE SHEET HIGHLIGHTS								
Net loans, Currency Blended	3,286,958	2,751,290	19.5%	3,098,341	6.1%	3,286,958	2,751,290	19.5%
Net loans, GEL	1,374,161	1,318,961	4.2%	1,303,077	5.5%	1,374,161	1,318,961	4.2%
Net loans, FC	1,912,797	1,432,329	33.5%	1,795,264	6.5%	1,912,797	1,432,329	33.5%
Client deposits, Currency Blended	2,084,371	1,805,812	15.4%	1,976,985	5.4%	2,084,371	1,805,812	15.4%
Client deposits, GEL	565,240	463,506	21.9%	521,986	8.3%	565,240	463,506	21.9%
Client deposits, FC	1,519,131	1,342,306	13.2%	1,454,999	4.4%	1,519,131	1,342,306	13.2%
of which:								
Time deposits, Currency Blended	1,261,273	1,105,050	14.1%	1,216,762	3.7%	1,261,273	1,105,050	14.1%
Time deposits, GEL	219,117	191,113	14.7%	211,463	3.6%	219,117	191,113	14.7%
Time deposits, FC	1,042,156	913,937	14.0%	1,005,299	3.7%	1,042,156	913,937	14.0%
Current accounts and demand deposits, Currency Blended	823,098	700,762	17.5%	760,223	8.3%	823,098	700,762	17.5%
Current accounts and demand deposits, GEL	346,123	272,393	27.1%	310,523	11.5%	346,123	272,393	27.1%
Current accounts and demand deposits, FC	476,975	428,369	11.3%	449,700	6.1%	476,975	428,369	11.3%
KEY RATIOS								
ROAE Retail Banking	31.6%	27.5%		29.2%		28.4%	23.4%	
Net interest margin, currency blended	9.0%	9.5%		9.1%		9.1%	9.6%	
Cost of risk	2.4%	3.2%		2.3%		2.4%	2.8%	
Cost of funds, currency blended	5.4%	6.5%		6.1%		6.0%	6.2%	
Loan yield, currency blended	16.6%	17.9%		16.9%		17.0%	17.5%	
Loan yield, GEL	25.5%	24.7%		25.5%		25.4%	23.8%	
Loan yield, FC	10.0%	11.4%		10.2%		10.3%	10.4%	
Cost of deposits, currency blended	3.3%	3.7%		3.4%		3.4%	4.0%	
Cost of deposits, GEL	4.5%	4.3%		4.9%		4.7%	4.8%	
Cost of deposits, FC	2.9%	3.5%		2.9%		3.0%	3.6%	
Cost of time deposits, currency blended	4.8%	5.4%		5.0%		5.0%	5.7%	
Cost of time deposits, GEL	9.3%	8.7%		9.8%		9.6%	8.7%	
Cost of time deposits, FC	3.9%	4.6%		4.0%		4.1%	4.8%	
Current accounts and demand deposits, currency blended	0.9%	1.0%		0.9%		0.9%	1.3%	
Current accounts and demand deposits, GEL	1.4%	1.1%		1.3%		1.2%	1.7%	
Current accounts and demand deposits, FC	0.6%	1.0%		0.6%		0.6%	1.0%	
Cost / income ratio	38.7%	37.5%		39.9%		40.5%	40.3%	

Performance highlights

- **Retail Banking has continued its strong performance across all major business lines and recorded revenue of GEL 127.2mln in 3Q16 (up 14.4% y-o-y) and GEL 346.4mln (up 10.6% y-o-y)**
- Net banking interest income is growing on the back of the strong growth in the loan book and also reflects growth in the local currency loan portfolio which has picked up in 3Q16. However, our foreign currency denominated loan book growth still outpaces the growth of local currency denominated loan book growth and although dollarisation of loan book increased y-o-y from 52.1% as at 30 September 2015 to 58.2% as at 30 September 2016, it has remained flat q-o-q
- **The Retail Banking net loan book reached a record level of GEL 3,287.0mln, up 19.5% y-o-y.** Foreign currency denominated loans grew to GEL 1,912.8mln (up 33.5% y-o-y) compared to local currency loans that grew to GEL 1,374.2mln (up 4.2% y-o-y)
- The loan book growth was a result of accelerated loan origination delivered across all Retail Banking segments:
    - Consumer loan originations totalled GEL 259.7mln in 3Q16 and GEL 706.1mln in 9M16, resulting in consumer loans outstanding of GEL 777.2mln as of 30 September 2016, up 22.7% y-o-y
    - Micro loan originations totalled GEL 198.2mln in 3Q16 and GEL 528.0mln in 9M16, resulting in micro loans outstanding of GEL 656.9mln as of 30 September 2016, up 20.3% y-o-y
    - SME loan originations totalled GEL 113.5mln in 3Q16 and GEL 343.2mln in 9M16, resulting in SME loans outstanding of GEL 398.7mln as of 30 September 2016, up 18.6% y-o-y
    - Mortgage loans originations totalled GEL 157.1mln in 3Q16 and GEL 478.7mln in 9M16, resulting in mortgage loans outstanding of GEL 1,022.1mln as of 30 September 2016, up 30.5% y-o-y
    - Originations of loans disbursed at merchant locations totalled GEL 56.2mln in 3Q16 and GEL 151.8mln in 9M16, resulting in loans disbursed at merchant locations outstanding of GEL 109.2mln as of 30 September 2016, up 7.2% y-o-y
- **Retail Banking client deposits increased to GEL 2,084.4mln, up 15.4% y-o-y**, notwithstanding a 40bps decrease in the cost of deposits. Unlike the dollarisation of our loan book, the dollarisation of our deposits have decreased slightly to 72.9% from 74.3% a year ago. Foreign currency denominated deposits grew to GEL 1,519.1 mln (up 13.2% y-o-y) compared to local currency denominated deposits that grew to GEL 565.2mln (up 21.9% y-o-y). The q-o-q of local currency denominated deposits also outpaced growth in foreign currency ones
- **Retail Banking NIM was 9.0% in 3Q16, down 50bps y-o-y and down 10bps q-o-q, ending the nine months with 9.1%, down 50bps y-o-y.** The increasing dollarisation of our loan book had an important impact on the NIM. On a quarter-over-quarter basis, NIM was nearly flat as a decrease in the cost of funds largely compensated for the lower loan yields
- Our focus going forward continues to be the growth in local currency lending, which will be supported by the new lines of longer term local currency funding that we sourced since the beginning of 2016
- **Our express banking franchise, the major driver of fee and commission income, added 1,092 Express Banking customers during the third quarter of 2016 and 20,860 clients during nine months of 2016, accumulating a total of 446,210 clients by the end of 9M16, up by 32,094 clients or 7.8% compared to the same date last year.** The growth in client base has triggered a significant increase in the volume of banking transactions, up 28.7% y-o-y. The growth of transactions was achieved largely through more cost-effective remote channels. The strong client growth has supported an organic increase in our Retail Banking net fee and commission income to GEL 22.4mln, up 12.1% y-o-y for 3Q16 with the nine months result reaching GEL 63.4mln, up 11.3% y-o-y
- **Our Express Banking continues to deliver strong growth as we continue to develop our mass market Retail Banking strategy:**
    - In order to better serve the different needs of our Express Banking customers, we have expanded our payment services through various distance channels including ATMs, Express Pay Terminals, internet and mobile banking and the provision of simple and clear products and services to our existing customers as well as the emerging bankable population
    - **1,572,995 Express Cards have been issued** since their launch in September 2012, in essence replacing the pre-paid metro cards which were used previously. Of this, 141,438 Express Cards were issued in 3Q16, up13.5% y-o-y. As of 30 September 2016, 1,238,681 Express Cards were outstanding, compared to 949,029 cards outstanding on the same date last year
    - **We have increased number of Express Pay terminals to 2,697, from 2,354 a year ago**. Express Pay terminals are an *alternative to tellers*, placed at bank branches as well as various other venues (groceries, shopping centres, 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 3Q16, the utilisation of Express Pay terminals continued to grow**, with the number of transactions increasing to 30.5mln, up 6.2% y-o-y and volume of transactions reached GEL 826.5mln, up 41.2% y-o-y. For the nine months, the number of transactions reached 90.3mln, up 8.9% y-o-y and volume of transactions reached GEL 2,231.4mln, up 48.4% y-o-y
- Increased Point of Sales ("**POS**") footprint to 8,228 desks and 4,290 contracted merchants as of 30 September 2016, up from 6,404 desks and 3,216 contracted merchants as of 30 September 2015
- The number of POS terminals reached 10,017, up 30.3% from 7,685 a year ago
- The volume of transactions through the Bank's POS terminals grew to GEL 260.4mln in 3Q16, up 37.6% y-o-y. For the nine months, the volume of transactions reached GEL 636.2mln, up 25.3% y-o-y
- The number of transactions via Internet banking has increased to 1.4mln in 3Q16, up from 1.1mln a year ago, with volume reaching GEL 311.7mln, up 55.8% y-o-y. For the nine months, the number of transactions reached 4.1mln, up from 3.3mln a year ago, with volume of transaction reaching GEL 856.3mln, up 57.9% y-o-y
- The number of transactions via mobile banking reached 0.7mln in 3Q16, up from 0.5mln a year ago, with volume reaching GEL 63.3mln, up 40.5% y-o-y. For the nine-month period, number of transactions reached 1.8mln, up from 1.2mln a year ago, with volume reaching GEL 156.7mln, up 69.1% y-o-y

▪ **Retail Banking Cost to Income ratio continued the improving trend of 2016 and stood at 38.7% for 3Q16, compared to 39.9% in 2Q16 and 43.3% in 1Q16.** This is a result of increasing utilisation of our newly launched Solo lounges together with the increasing number of clients, together with growth of Express Banking which is the most cost efficient among the three Retail Banking segments

▪ **The number of Solo clients has reached 16,964, up 104.8% since its relaunch in April 2015.** We have now launched 10 Solo lounges, of which 7 are located in Tbilisi, the capital city and 3 in major regional cities in Georgia. In 9M16, profit per Solo client was GEL 1,606, compared to a profit of GEL 54 and GEL 61 per Express and mass retail clients, respectively. Product to client ratio for Solo segment was 7.0, compared to 3.1 and 1.7 for Express and mass retail clients. While Solo clients currently represented c.1% of our total retail client base, they contributed 21.0% to our retail loan book, 34.7% to our retail deposits, 9.3% to our net interest income and 10.7% to our net fee and commission income. Our goal is to significantly increase our market share in this segment, which stood below 13% at the beginning of 2015 when we launched Solo in its current format

▪ With Solo we target the mass affluent retail segment and aim to build brand loyalty through exclusive experiences offered through the new Solo Lifestyle. *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 financial products developed by Galt & Taggart, the Group's Investment Banking arm. *Through Solo Lifestyle*, our Solo clients are given access to exclusive products and the finest lounge-style environment at our Solo lounges and are provided with new lifestyle opportunities, such as exclusive events, offering live concerts with world famous artists and other entertainments for solo clientele exclusively, as well as handpicked lifestyle products. Solo organised two Sting concerts in February 2016, where over 4,500 Solo clients had exclusive access to the event, at cost and in September 2016, Solo clientele enjoyed the concerts of world famous Eric Benét. The event was met with strong demand and was regarded highly by Solo clients. Both events were held in Tbilisi

▪ The cost of credit risk was GEL 20.7mln (down 8.9% y-o-y) and GEL 56.4mln (down 6.0% y-o-y) for 3Q16 and 9M16, respectively. Cost of Risk ratio was 2.4% in 3Q16 down from 3.2% in 3Q15 and up from 2.3% in 2Q16, ending the nine months with Cost of Risk of 2.4%, down from 2.8% a year ago

▪ As a result, Retail Banking profit reached GEL 56.4mln (up 45.1% y-o-y) and GEL 141.3mln (up 35.8% y-o-y) for 3Q16 and 9M16, respectively. Retail Banking continued to deliver an outstanding ROAE, which stood at 31.6% in 3Q16 compared to 27.5% in 3Q15 and 29.2% in 2Q16, whilst ROAE for a nine-month period was 28.4% compared to 23.4% a year ago

▪ The number of Retail Banking clients totalled 2.07mln, up 5.8% y-o-y

▪ The number of cards totalled 1,961,826, up 1.1% y-o-y

Corporate Investment Banking (CIB)

CIB comprises (1) loans and other credit facilities to the country's large corporate clients as well as other legal entities, excluding SME and micro businesses. The services include fund transfers and settlements services, currency conversion operations, trade finance services and documentary operations as well as handling savings and term deposits for corporate and institutional customers. The Corporate Banking Business also includes finance lease facilities provided by the Bank's leasing operations (the Georgian Leasing Company) and (2) 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. In its brokerage business, Galt & Taggart serves regional and international markets, including hard-to-reach frontier economies

GEL thousands, unless otherwise noted	**3Q16**	**3Q15**	**Change y-o-y**	**2Q16**	**Change q-o-q**	**9M16**	**9M15**	**Change y-o-y**
INCOME STATEMENT HIGHLIGHTS								
Net banking interest income	34,457	37,829	-8.9%	35,233	-2.2%	107,940	116,686	-7.5%
Net fee and commission income	6,680	9,062	-26.3%	6,129	9.0%	19,830	25,554	-22.4%
Net banking foreign currency gain	12,196	8,216	48.4%	8,921	36.7%	32,485	27,822	16.8%
Net other banking income	3,244	2,447	32.6%	1,822	78.0%	7,652	5,783	32.3%
Revenue	**56,577**	**57,554**	**-1.7%**	**52,105**	**8.6%**	**167,907**	**175,845**	**-4.5%**
Salaries and other employee benefits	(12,851)	(12,142)	5.8%	(11,357)	13.2%	(35,363)	(33,351)	6.0%
Administrative expenses	(3,223)	(3,100)	4.0%	(3,692)	-12.7%	(10,270)	(10,343)	-0.7%
Banking depreciation and amortisation	(1,285)	(1,194)	7.6%	(1,304)	-1.5%	(3,862)	(3,370)	14.6%
Other operating expenses	(246)	(122)	101.6%	(226)	8.8%	(702)	(596)	17.8%
Operating expenses	**(17,605)**	**(16,558)**	**6.3%**	**(16,579)**	**6.2%**	**(50,197)**	**(47,660)**	**5.3%**
Operating income before cost of credit risk	**38,972**	**40,996**	**-4.9%**	**35,526**	**9.7%**	**117,710**	**128,185**	**-8.2%**
Cost of credit risk	(10,608)	(10,549)	0.6%	(9,347)	13.5%	(34,093)	(44,166)	-22.8%
Net non-recurring items	1,191	(1,516)	NMF	(14,538)	NMF	(14,202)	(2,354)	NMF
Profit before income tax	**29,555**	**28,931**	**2.2%**	**11,641**	**153.9%**	**69,415**	**81,665**	**-15.0%**
Income tax (expense) benefit	(1,308)	(3,161)	-58.6%	12,809	NMF	8,813	(11,840)	NMF
Profit	**28,247**	**25,770**	**9.6%**	**24,450**	**15.5%**	**78,228**	**69,825**	**12.0%**
BALANCE SHEET HIGHLIGHTS								
Letters of credit and guarantees, standalone	427,287	476,652	-10.4%	560,029	-23.7%	427,287	476,652	-10.4%
Net loans and finance lease receivables, Currency Blended	2,083,381	2,267,862	-8.1%	2,065,566	0.9%	2,083,381	2,267,862	-8.1%
Net loans and finance lease receivables, GEL	335,533	249,251	34.6%	219,465	52.9%	335,533	249,251	34.6%
Net loans and finance lease receivables, FC	1,747,848	2,018,611	-13.4%	1,846,101	-5.3%	1,747,848	2,018,611	-13.4%
Client deposits, Currency Blended	2,580,099	2,624,072	-1.7%	2,602,018	-0.8%	2,580,099	2,624,072	-1.7%
Client deposits, GEL	617,313	800,941	-22.9%	754,096	-18.1%	617,313	800,941	-22.9%
Client deposits, FC	1,962,786	1,823,131	7.7%	1,847,922	6.2%	1,962,786	1,823,131	7.7%
Time deposits, Currency Blended	1,119,716	1,134,726	-1.3%	1,041,041	7.6%	1,119,716	1,134,726	-1.3%
Time deposits, GEL	141,074	192,204	-26.6%	161,612	-12.7%	141,074	192,204	-26.6%
Time deposits, FC	978,642	942,522	3.8%	879,429	11.3%	978,642	942,522	3.8%
Current accounts and demand deposits, Currency Blended	1,460,383	1,489,346	-1.9%	1,560,977	-6.4%	1,460,383	1,489,346	-1.9%
Current accounts and demand deposits, GEL	476,239	608,737	-21.8%	592,484	-19.6%	476,239	608,737	-21.8%
Current accounts and demand deposits, FC	984,144	880,609	11.8%	968,493	1.6%	984,144	880,609	11.8%
Assets under management	1,407,981	1,346,965	4.5%	1,301,353	8.2%	1,407,981	1,346,965	4.5%
RATIOS								
ROAE, Corporate Investment Banking	17.9%	18.6%		17.2%		17.5%	17.4%	
Net interest margin, currency blended	3.4%	3.7%		3.7%		3.6%	3.9%	
Cost of risk	1.9%	1.9%		1.5%		1.8%	2.4%	
Cost of funds, currency blended	4.7%	4.5%		4.6%		4.6%	4.6%	
Loan yield, currency blended	10.1%	10.3%		10.0%		10.2%	10.6%	
Loan yield, GEL	12.6%	13.2%		14.3%		13.2%	12.5%	
Loan yield, FC	9.8%	10.0%		9.6%		9.9%	10.4%	
Cost of deposits, currency blended	3.5%	3.9%		4.2%		4.1%	3.9%	
Cost of deposits, GEL	4.9%	4.5%		7.1%		6.8%	4.3%	
Cost of deposits, FC	3.1%	3.7%		3.0%		3.1%	3.7%	
Cost of time deposits, currency blended	6.0%	6.3%		5.9%		5.9%	6.3%	
Cost of time deposits, GEL	9.5%	8.0%		9.8%		9.6%	7.7%	
Cost of time deposits, FC	5.4%	5.9%		5.2%		5.3%	5.9%	
Current accounts and demand deposits, currency blended	1.8%	1.8%		3.1%		2.8%	1.6%	
Current accounts and demand deposits, GEL	3.5%	2.9%		6.4%		6.0%	2.3%	
Current accounts and demand deposits, FC	1.0%	1.2%		0.8%		0.9%	1.1%	
Cost / income ratio	31.1%	28.8%		31.8%		29.9%	27.1%	
Concentration of top ten clients	11.9%	12.8%		11.3%		11.9%	12.8%	

[1]Off-balance sheet item

Performance highlights

- A key focus of Corporate Investment Banking business is to increase ROAE and we are doing this by de-concentrating our loan book and decreasing the credit losses, while focusing on further building our fee business through the investment management and the trade finance franchise, which we believe is the strongest in the region
  - CIB is successfully following a deconcentration strategy, reducing the concentration of our top 10 Corporate Investment Banking clients to 11.9% by the end of 3Q16, down from 12.8% a year ago
  - Cost of credit risk was GEL 10.6mln (up 0.6% y-o-y) and GEL 34.1mln (down 22.8% y-o-y) for 3Q16 and 9M16, respectively
  - Cost of Risk stood at 1.9%, flat y-o-y, ending the nine- month period at 1.8%, down 60 bps y-o-y
  - CIB net fee and commission income represented GEL 19.8mln or 11.8% of total CIB revenue in 9M16 compared to GEL 25.6mln or 14.5% a year ago. The decline was mainly driven by the decrease in commission fee income from guarantees (income from guarantees was GEL 9.8mln in 9M16, down by GEL 5.3mln or 34.9% y-o-y), which is a result of our de-concentration efforts as we reduced our large guarantee exposures (as mentioned in Banking business discussion above).
  - As a result of the foregoing, CIB ROAE has improved slightly to 17.5% for the first nine months of 2016, compared to 17.4% a year ago
- **Corporate Investment Banking revenue continues to reflect the deconcentration strategy of CIB.** Net banking interest income declined alongside the decrease in the loan book size, also affected by the reduction in the currency blended loan yields. The loan book dedollarisation continued in 3Q16 and reached 83.9%, compared to 89.0% a year ago. This trend also reflects increasing loan yields for local currency denominated loans (13.2% for 9M16, up 70bps y-o-y) on the back of decreasing loan yields for foreign currency denominated loans (9.9% for 9M16, down 50bps y-o-y)
- On the other hand, dollarisation of our CIB deposits increased to 76.1% from 69.5% a year ago mainly driven by significant decrease in local currency denominated deposits and slight increase in foreign currency denominated deposits. Total deposits reached GEL 2,580.1, down 1.7% y-o-y. During 3Q16, we continued to decrease our cost of deposits in local currency, alongside the reduction in the NBG policy rate
- **Corporate Investment Banking recorded a NIM of 3.4% in 3Q16, down 30bps y-o-y and down 30bps q-o-q, ending the nine months with NIM of 3.6%, down 30 bps y-o-y.** The main driver of the NIM decrease for q-o-q was excess liquidity, which the Bank built up purposefully in order to support Eurobond prepayment during 3Q16
- Our foreign currency operations were strong, with volume of transactions at GEL 5.2bln in 9M16, up 2.2% y-o-y. As a result, our net banking foreign currency gain increased to GEL 12.2mln in 3Q16 (up 48.4% y-o-y) and increased to GEL 32.5mln in 9M16 (up 16.8% y-o-y)
- Corporate Investment Banking Cost to Income continues to reflect the deconcentration of the operations, and while it was higher than last year, Cost to Income improved q-o-q
- The cost of credit risk reflects the improved relative stability of the local currency exchange rate to the US Dollar, and stood at GEL 34.1mln (down 22.8% y-o-y) with Cost of Risk at 1.8% for 9M16 (down 60bps y-o-y)
- As a result, Corporate Investment Banking profit reached GEL 28.2mln in 3Q16, up 9.6% y-o-y from GEL 25.8mln in 3Q15 with nine months result of GEL 78.2mln, up 12.0% y-o-y from GEL 69.8mln a year ago

Performance highlights of wealth management operations

- **The AUM of the Investment Management segment increased to GEL 1,408.0mln, up 4.5% y-o-y.** This includes Wealth Management clients' deposits and assets held at Bank of Georgia Custody, Galt & Taggart brokerage client assets and Aldagi pension scheme assets
- **Wealth Management deposits were GEL 990.5mln, down 2.5% y-o-y, but growing at a compound annual growth rate (CAGR) of 22.5% over the last five-year period**. The result reflects a 50 bps decline in the Cost of Client deposits to 4.5% in 3Q16 and impact of Wealth Management clients switching from deposits to bonds, as a number of bond issuances, yielding higher rates than deposits by Galt & Taggart were offered to Wealth Management clients
- We served 1,377 wealth management clients from 64 countries as of 30 September 2016

- **Galt & Taggart continues to successfully develop local capital markets:**
  - Galt & Taggart served as the sole placement agent for Black Sea Trade and Development Bank (BSTDB) offering of the five-year, GEL denominated bond on 5 August 2016
  - Galt & Taggart served as the sole book runner and the placement agent for Nikora Trade LLC's US$5mln bond offering. Nikora Trade LLC is a leading Georgian FMCG (Fast Moving Consumer Goods) company, which successfully completed its first ever bond offering on 18 March 2016. It is planned that the bonds will be listed on the Georgian Stock Exchange in the near future
  - **Galt & Taggart launched Regional Fixed Income Market Watch on 19 September 2016.** The report is released monthly and covers the debt markets of Georgia, Armenia, Azerbaijan, Belarus, Kazakhstan, and Ukraine. Regional Fixed Income Market Watch provides market data for both locally and internationally listed debt issuances from these countries. Furthermore, the report includes country-level macro indicators, such as sovereign ratings, monetary policy rates, economic growth, fiscal and current account balances
  - **Galt & Taggart Research continues to provide weekly economic (including economies of Georgia and Azerbaijan) and sectoral coverage.** *Galt & Taggart reports are available at www.galtandtaggart.com.* Other research since Galt & Taggart's launch in 2012 included coverage of/notes on the Georgian retail and office real estate market; the Georgian wine, agricultural, electricity, healthcare and tourism sectors; fixed income issuances, including Georgian Oil and Gas Corporation and Georgian Railway; and the Georgian State Budget

Investment Business Segment Result Discussion

Energy & Utility Business (Georgia Global Utilities – GGU)

About GGU

Natural monopoly in water business, with upside in electricity generation and sales. Our energy & utility business is operated through the Group's wholly-owned subsidiary Georgia Global Utilities (GGU). GGU has two main business lines - water utility and electric power generation and is a major player on both markets. In its water utility business, GGU is a natural monopoly that supplies water and provides a wastewater service to 1.4 million people (more than one-third of Georgia's population) in three cities: Tbilisi, Mtskheta and Rustavi

GGU is self-sufficient in power for water transportation and it benefits from additional revenue from third-party electricity sales. GGU owns and operates three hydropower generation facilities with a total capacity of 143MW and invests in additional capacity for electricity generation through the development of hydro power plants, as well as solar and wind power sources. Average annual production varies between 380GWh and 560GWh, depending on rainfall during the year. Its average annual electricity consumption for its own account varies between 270GWh and 300GWh, which means GGU is self-sufficient in power for water transportation and it benefits from additional revenue from third-party electricity sales. During the last few years the company has achieved certain efficiencies in terms of its own energy consumption. The involvement in hydro power also provides revenue diversification

Room for efficiencies in water business from improving the worn-out infrastructure. The Georgian water pipeline infrastructure is dilapidated due to legacy underinvestment. The poor condition of the infrastructure is the main reason for leaks and accidents, causing on average 50% water losses annually. Additional 20% loss of water is caused by unregistered customers. The current high level of water losses is significantly worse than the peer average and represents a strong efficiency upside for the business. GGU owns and operates a water supply network of around 2,700km and about 1,700km of wastewater pipelines. It also has 45 pumping stations, 84 service reservoirs with a total capacity of 320,000 m^3 and one water treatment plant. Around 520 m^3 of potable water is supplied from water production/treatment facilities annually. By improving the pipeline infrastructure and as a result reducing the water supplied to its utility customers, GGU expects to free-up water supply for additional electricity generation, which in turn can be sold to third parties

Water tariff & regulation. The current water tariff for residential customers stands at GEL 3.15 (per month, per Capita) for non-metered customers and at GEL 0.27 per m^3 for metered customers. All of GGU's commercial customers are metered and the tariff stands at GEL 4.40 per m^3. The current tariff has been effective since 2010 and is expected to be revisited during 2017. The tariff is set per cubic meter of water supplied to customers. GNERC (Georgian National Energy and Water Supply Regulatory Commission), regulates GGU's water tariffs. GNERC is an independent regulatory body, not subject to direct supervision from any other state authority, but accountable to parliament. It is funded predominantly from the fees paid by market participants (0.3% of total revenues)

Strong cash flow generation is expected to enable GGU to sponsor stable dividend payouts to shareholders starting from 2018. GWP, a wholly owned subsidiary of GGU, which operates the water business, has a credit rating of BB- with stable outlook from Fitch

Standalone results

BGEO Group owns 100% of GGU, which it acquired in two transactions*. In December 2014, BGEO acquired a 25% shareholding in GGU for c.GEL 49.4 million (US$ 26.25mln). In June 2016, BGEO announced the acquisition of the remaining 75% equity stake for the cash consideration of US$ 70.0 million (c.GEL 164.2 million).* ***The Group started consolidating GGU results on 21 July 2016. Prior to this, the Group reported results of GGU's operations under "profit from associates".*** *The results below refer to GGU's standalone numbers*

INCOME STATEMENT

GEL thousands; unless otherwise noted	**3Q16**	**3Q15**	**Change y-o-y**	**2Q16**	**Change q-o-q**	**9M16**	**9M15**	**Change y-o-y**
Revenue from water supply to legal entities	22,203	21,850	1.6%	19,353	14.7%	58,589	57,094	2.6%
Revenue from water supply to individuals	7,735	7,716	0.2%	7,295	6.0%	22,867	21,950	4.2%
Revenue from electric power sales	2,309	1,649	40.0%	895	158.0%	6,471	8,823	-26.7%
Revenue from technical support	1,319	477	176.5%	454	190.5%	2,110	2,655	-20.5%
Other income	648	356	82.0%	230	181.7%	1,146	839	36.6%
Revenue	**34,214**	**32,048**	**6.8%**	**28,227**	**21.2%**	**91,183**	**91,361**	**-0.2%**
Provisions for doubtful trade receivables	(1,412)	(10)	NMF	(727)	94.2%	(2,885)	(313)	NMF
Salaries and benefits	(4,566)	(5,480)	-16.7%	(4,319)	5.7%	(13,171)	(16,544)	-20.4%
Electricity and transmission costs	(4,575)	(2,878)	59.0%	(4,702)	-2.7%	(13,635)	(8,293)	64.4%
Raw materials, fuel and other consumables	(958)	(1,323)	-27.6%	(1,090)	-12.1%	(2,930)	(3,802)	-22.9%
Infrastructure assets maintenance expenditure	(788)	(1,082)	-27.2%	(546)	44.3%	(2,000)	(2,678)	-25.3%
General and administrative expenses	(700)	(707)	-1.0%	(899)	-22.1%	(2,285)	(2,033)	12.4%
Taxes other than income tax	(806)	(715)	12.7%	(734)	9.8%	(2,363)	(2,423)	-2.5%
Professional fees	(523)	(302)	73.2%	(400)	30.8%	(1,531)	(1,158)	32.2%
Insurance expense	(258)	(69)	NMF	(199)	29.6%	(524)	(248)	111.3%
Other operating expenses	(1,869)	(1,095)	70.7%	(2,155)	-13.3%	(5,547)	(3,474)	59.7%
Operating expenses	**(16,455)**	**(13,661)**	**20.5%**	**(15,771)**	**4.3%**	**(46,871)**	**(40,966)**	**14.4%**
EBITDA	**17,759**	**18,387**	**-3.4%**	**12,456**	**42.6%**	**44,312**	**50,395**	**-12.1%**
EBITDA Margin	*52%*	*57%*		*44%*		*49%*	*55%*	
Depreciation and amortisation	(4,457)	(4,592)	-2.9%	(4,240)	5.1%	(12,842)	(13,184)	-2.6%
EBIT	**13,302**	**13,795**	**-3.6%**	**8,216**	**61.9%**	**31,470**	**37,211**	**-15.4%**
EBIT Margin	*39%*	*43%*		*29%*		*35%*	*41%*	
Net interest expense	(2,822)	(1,826)	54.5%	(2,525)	11.8%	(7,715)	(5,034)	53.3%
Foreign exchange gains(losses)	(131)	(1,809)	-92.8%	(472)	-72.2%	(666)	(13,973)	-95.2%
EBT	**10,349**	**10,160**	**1.9%**	**5,219**	**98.3%**	**23,089**	**18,204**	**26.8%**
Income tax (expense)/benefit	(1,168)	(1,785)	-34.6%	355	NMF	(2,920)	(5,193)	-43.8%
Profit	**9,181**	**8,375**	**9.6%**	**5,574**	**64.7%**	**20,169**	**13,011**	**55.0%**

Performance highlights

- **GGU recorded revenue of GEL 34.2mln in 3Q16 and GEL 91.2mln in 9M16.** Revenue from water sales represented c.90% of total revenue. Water consumption is characterised by seasonality as GGU usually expects 3rd quarter sales to exceed 2nd quarter sales, with 4th quarter sales being the highest. Revenue from electricity sales in 3Q16 grew 40% y-o-y and reached GEL 2.3mln. However, on a nine months basis, it showed a decline, due to the lower selling price (28% down compared to last year) and less generation because of the repair of the tail race water tunnel at Zhinvali HPP in June and July. Therefore the company has been accumulating water reserves and expects to sell more electricity during 4Q16
- The company has delivered a good performance on cost efficiencies. Salaries and benefits have been reduced 16.7% y-o-y, and GGU started investing in the rehabilitation of its infrastructure with a focus on improving efficiency in the medium to long term, and while it decreased the number of accidents on the infrastructure, it also resulted in a reduction in maintenance capex which was down 25.3% y-o-y due to prudent rehabilitation works
- However, overall operating expenses are up 14.4% y-o-y for the nine-month period primarily due to the increase in the electricity transmission cost due to the tariff increase (GGU pays transmission cost with regard to its own electricity consumption, no transmission cost is paid for electricity sold to third-parties). Operating expenses, excluding the electricity and transmission costs, have increased only by 1.7% y-o-y
- Professional fees have increased y-o-y as the company is carrying out a research on its existing infrastructure to identify further efficiency opportunities as well as areas for additional hydro power station development
- **Consequently, GGU reported EBITDA of GEL 17.8mln for 3Q16 and GEL 44.3mln for 9M16**. The lower electricity sales and higher electricity and transmission costs have impacted the EBITDA growth dynamics. Excluding these two line items, EBITDA would have grown 3.2% y-o-y for the nine-month period

- With the goal to eliminate foreign currency exchange rate risk exposure, GGU focused on converting its foreign currency denominated loans into local currency during 2016. This strategy significantly reduced GGU's exposure to foreign exchange rate volatility risk. Therefore, in aggregate net interest expense and foreign exchange losses were reduced, as the reduction in foreign exchange losses outweighed the increase in the cost of funding as local currency borrowings are more expensive compared to foreign currency borrowings
- GGU will benefit from the change in the corporate income tax legislation in Georgia, which will become effective for the company from 1 January 2017. As a result, the company adjusted its deferred income tax assets and liabilities and recorded a gain of GEL 29.4mln for the first nine months of 2016, of which, GEL 27.5mln was recorded directly in equity as increase in the revaluation reserve balance and GEL 1.9mln was recognised in the income statement as reduction to the income tax expense
- **As a result, GGU recorded profit of GEL 20.2mln, reflecting a 55.0% growth y-o-y**

STATEMENT OF CASH FLOW

GEL thousands; unless otherwise noted	**3Q16**	**3Q15**	**Change y-o-y**	**2Q16**	**Change q-o-q**	**9M16**	**9M15**	**Change y-o-y**
Cash receipt from customers	36,652	36,979	-0.9%	33,004	11.1%	98,844	101,721	-2.8%
Cash paid to suppliers	(13,231)	(8,629)	53.3%	(13,418)	-1.4%	(37,792)	(25,614)	47.5%
Cash paid to employees	(4,454)	(5,562)	-19.9%	(4,610)	-3.4%	(11,880)	(15,191)	-21.8%
Interest received	19	7	171.4%	61	-68.9%	186	125	48.8%
Interest paid	(2,776)	(1,885)	47.3%	(2,449)	13.4%	(7,735)	(5,330)	45.1%
Taxes paid	(2,540)	(6,768)	-62.5%	(3,468)	-26.8%	(8,885)	(15,754)	-43.6%
Restricted cash in Bank	235	-	-	713	-67.0%	374	-	-
Cash flow from operating activities	**13,905**	**14,142**	**-1.7%**	**9,833**	**41.4%**	**33,112**	**39,957**	**-17.1%**
Maintenance Capex	(4,549)	(4,165)	9.2%	(5,756)	-21.0%	(13,629)	(9,220)	47.8%
Operating cash flow after maintenance capex	**9,356**	**9,977**	**-6.2%**	**4,077**	**129.5%**	**19,483**	**30,737**	**-36.6%**
Purchase of PPE and intangible assets	(7,266)	(6,976)	4.2%	(9,195)	-21.0%	(21,769)	(15,051)	44.6%
Proceeds from PPE sale	-	4	NMF	-	-	-	4	NMF
Total cash flow used in investing activities	**(7,266)**	**(6,972)**	**4.2%**	**(9,195)**	**-21.0%**	**(21,769)**	**(15,047)**	**44.7%**
Proceeds from borrowings	14,923	1,014	1371.7%	2,583	477.7%	17,885	1,120	1496.9%
Repayment of borrowings	(2,175)	(1,662)	30.9%	(2,791)	-22.1%	(7,467)	(18,269)	-59.1%
Dividends paid out	(13,055)	(75)	NMF	(50)	NMF	(13,159)	(187)	NMF
Total cash flow used in financing activities	**(307)**	**(723)**	**-57.5%**	**(258)**	**19.0%**	**(2,741)**	**(17,336)**	**-84.2%**
Exchange gains/(losses) on cash equivalents	(144)	38	NMF	(981)	-85.3%	(1,208)	(226)	NMF
Total cash inflow/(outflow)	**1,639**	**2,320**	**-29.4%**	**(6,357)**	**NMF**	**(6,235)**	**(1,872)**	**NMF**
Cash balance								
Cash, beginning balance	3,760	9,047	-58.4%	10,117	-62.8%	11,634	13,239	-12.1%
Cash, ending balance	**5,399**	**11,367**	**-52.5%**	**3,760**	**43.6%**	**5,399**	**11,367**	**-52.5%**

- **GGU has good receivables collection rates within the 95-98% range.** During 9M16, the collection rate for legal entities was 92%, while for households it stood at 94%. As a result, GGU had GEL 7.4mn of overdue receivables. The Georgian water utility sector has historically had a low receivables collection rates. The latest available countrywide data relate to 2005 and indicate an average collection rate of 65% in major cities. This is because water utility companies are not allowed to cut water supply to residential customers for missed payments. GGU's collection rate has improved significantly from 2011, when a new arrangement with electricity suppliers was set up. According to the new agreement, Tbilisi's electricity suppliers assist in improving GGU's receivables collection rates through disconnecting non-paying water customers from the electricity network. In return, electricity suppliers receive flat monetary compensation from GGU (around GEL1.3mln in 2015 and GEL 0.94mln in 9M16). The arrangement was legally approved by the Georgian Ministry of Energy via a special decree. As a result, GGU's collection rates improved very quickly and have remained at around 96% since then
- **Unregistered customers are one of the major reasons for the unrecovered revenue.** GGU regularly under-recovers its water revenue from residential consumers due to discrepancies between customers formally registered with the provider and actual customers. Currently there are 1.17 million people living in Tbilisi while GGU only has 1.04 million registered customers. Some water is also being supplied, but is not billed for, resulting from the challenges associated with accurate accounting for water consumption. GGU is dealing with these issues by aligning its own customer databases with the state registry to identify the unregistered customers and improving metering. The company also expects to recover some of its past due revenues
- The increase of amounts paid to suppliers is due to the increase in the cost of electricity transmission and professional fees

- GGU spent GEL 13.6mln on maintenance capex during 9M16, which is 47.8% higher than what it spent for the same period last year reflecting the acceleration of the infrastructure maintenance program to improve the operational efficiencies. Consequently, the operating cash flow, after deducting maintenance capex, was GEL 19.5mln
- GEL 13.1mln dividend paid out in 3Q16 was the distribution to GGU's shareholders (including BGEO Group PLC) before BGEO completed its acquisition of the remaining 75% shareholding in GGU. This dividend was distributed on a pro rata basis, before the completion of the GGU acquisition, to then existing shareholders of the company
- Proceeds from borrowings include the loans obtained for (a) dividend payout of GEL 13.0mn (from Bank Republic Societe Generale); (b) Saguramo HPP (4.4 MW capacity) construction of GEL 4.8mn (from TBC Bank)

BALANCE SHEET

GEL thousands; unless otherwise noted	**Sep-16**	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**
Cash and cash equivalents	5,399	11,367	-52.5%	3,760	43.6%
Trade and other receivables	27,125	29,123	-6.9%	25,551	6.2%
Inventories	3,727	4,264	-12.6%	4,429	-15.9%
Current income tax prepayments	591	840	-29.6%	1,013	-41.7%
Total current assets	**36,842**	**45,594**	**-19.2%**	**34,753**	**6.0%**
Property, plant and equipment	312,295	283,970	10.0%	304,898	2.4%
Investment Property	19,417	19,417	0.0%	19,417	0.0%
Other non-current assets	4,689	4,802	-2.4%	5,025	-6.7%
Total non-current assets	**336,401**	**308,189**	**9.2%**	**329,340**	**2.1%**
Total assets	**373,243**	**353,783**	**5.5%**	**364,093**	**2.5%**
Current borrowings	19,855	12,255	62.0%	25,186	-21.2%
Trade and other payables	20,363	22,106	-7.9%	20,087	1.4%
Provisions for liabilities and charges	848	1,406	-39.7%	2,133	-60.2%
Other taxes payable	4,338	767	NMF	2,045	112.1%
Total current liabilities	**45,404**	**36,534**	**24.3%**	**49,451**	**-8.2%**
Long term borrowings	64,388	63,024	2.2%	46,445	38.6%
Deferred income tax liability	260	27,483	-99.1%	390	-33.3%
Total non-current liabilities	**64,648**	**90,507**	**-28.6%**	**46,835**	**NMF**
Total liabilities	**110,052**	**127,041**	**-13.4%**	**96,286**	**14.3%**
Share capital	2	2	0.0%	2	0.0%
Retained earnings	83,149	72,761	14.3%	87,765	-5.3%
Revaluation reserve	180,040	153,979	16.9%	180,040	0.0%
Total equity	**263,191**	**226,742**	**16.1%**	**267,807**	**-1.7%**
Total liabilities and equity	**373,243**	**353,783**	**5.5%**	**364,093**	**2.5%**

- **GGU balance sheet is characterised by low leverage and modest foreign exchange risk exposure**
- During 2015 and 2016, GGU made significant progress towards reducing its foreign-exchange exposure. In particular, the company refinanced a large part of its US dollar-denominated debt with Lari-denominated debt. Currently 99.6% of GGU's borrowings are denominated in local currency. The plan is to further reduce foreign-currency-denominated borrowings
- Th increase in property, plant and equipment is primarily due to additional investments into the company's infrastructure carried out during 2016
- The revaluation reserve balance increased y-o-y by GEL 26mln due to the deferred tax adjustment of GEL 27.5mln, discussed above, which was slightly offset by a decrease of GEL 1.5mln in revaluation reserve as a result of the property, plant and equipment sales during the period[9]

[9] GGU's stand-alone results, including the related comparative information, reflect the energy & utility business performance as a separate legal entity. The Group started consolidating GGU's results since 21 July 2016, which is when the Group obtained control over the company. GGU's profit for 3Q16 and 9M16 was GEL 9.2 million and GEL 20.2 million, respectively, of which, GEL 7.5 million and GEL 7.5 million was consolidated in the Group's 3Q16 and 9M16 consolidated income statements, respectively.

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, pharma business and medical insurance. BGEO Group owns 65% of GHG, with the balance of the shares being held by the public (largely institutional investors). GHG's results are fully consolidated in BGEO Group's results. GHG's shares are listed on the London Stock Exchange. The results below refer to GHG standalone numbers and are based on GHG's reported results, which are published independently and available on GHG's web-site: www.ghg.com.ge

INCOME STATEMENT

GEL thousands; unless otherwise noted	3Q16	3Q15	Change, Y-o-Y	2Q16	Change, Q-o-Q	9M16	9M15	Change, Y-o-Y
Revenue, gross	**116,159**	**64,192**	**81.0%**	**101,673**	**14.2%**	**290,408**	**176,238**	**64.8%**
Corrections & rebates	(762)	(680)	12.1%	(724)	5.2%	(1,896)	(2,522)	-24.8%
Revenue, net	**115,397**	**63,512**	**81.7%**	**100,949**	**14.3%**	**288,512**	**173,716**	**66.1%**
Revenue from healthcare services	58,542	50,451	16.0%	58,056	0.8%	176,639	137,028	28.9%
Revenue from pharma	45,725	n/a	n/a	30,691	49.0%	76,416	n/a	n/a
Net insurance premiums earned	16,054	15,196	5.6%	15,298	4.9%	45,182	43,010	5.0%
Eliminations	(4,925)	(2,135)	130.6%	(3,095)	59.1%	(9,725)	(6,322)	53.8%
Costs of services	**(76,563)**	**(38,844)**	**97.1%**	**(67,395)**	**13.6%**	**(188,109)**	**(106,603)**	**76.5%**
Cost of healthcare services	(31,170)	(28,821)	8.1%	(31,399)	-0.7%	(95,567)	(77,283)	23.7%
Cost of pharma	(35,915)	n/a	n/a	(25,059)	43.3%	(60,974)	n/a	n/a
Cost of insurance services	(13,939)	(12,123)	15.0%	(13,989)	-0.4%	(40,775)	(35,444)	15.0%
Eliminations	4,461	2,101	112.3%	3,052	46.2%	9,207	6,125	50.3%
Gross profit	**38,834**	**24,668**	**57.4%**	**33,554**	**15.7%**	**100,403**	**67,113**	**49.6%**
Salaries and other employee benefits	(10,841)	(7,104)	52.6%	(9,229)	17.5%	(26,993)	(19,706)	37.0%
General and administrative expenses	(8,423)	(2,510)	235.6%	(6,758)	24.6%	(18,383)	(7,460)	146.4%
Impairment of healthcare services, insurance premiums and other receivables	(172)	(990)	-82.6%	(1,236)	-86.1%	(2,388)	(2,836)	-15.8%
Other operating income	329	1,964	-83.2%	551	-40.3%	1,099	2,505	-56.1%
EBITDA	**19,727**	**16,029**	**23.1%**	**16,882**	**16.9%**	**53,738**	**39,617**	**35.6%**
Depreciation and amortisation	(5,215)	(3,482)	49.8%	(4,581)	13.8%	(14,261)	(8,371)	70.4%
Net interest expense	(3,838)	(4,786)	-19.8%	(3,469)	10.6%	(8,963)	(14,904)	-39.9%
Net gains/(losses) from foreign currencies	(263)	(1,759)	-85.1%	(1,964)	-86.6%	(2,487)	3,690	-167.4%
Net non-recurring income/(expense)	(48)	(722)	-93.4%	(586)	-91.8%	(864)	(1,489)	-42.0%
Profit before income tax expense	**10,363**	**5,279**	**96.3%**	**6,282**	**65.0%**	**27,163**	**18,542**	**46.5%**
Income tax benefit	(587)	(31)	NMF	26,920	NMF	27,538	22	NMF
of which: Deferred tax adjustments	-	-		*27,113*		*29,311*		
Profit for the period	**9,776**	**5,248**	**86.3%**	**33,202**	**-70.6%**	**55,001**	**18,564**	**196.3%**
Attributable to:								
- shareholders of the Company	7,125	3,973	79.3%	27,755	-74.3%	44,801	15,827	183.1%
- non-controlling interests	2,651	1,275	107.9%	5,447	-51.3%	10,200	2,737	272.7%
of which: Deferred tax adjustments	-	-		*4,705*		*5,057*	-	

For detailed income statement by healthcare services and medical insurance business, please see pages 33 and 34

Performance highlights

- **GHG delivered record quarterly revenue of GEL 116.2 million, up 81.0% y-o-y and up 14.2% q-o-q.** Growth was strong in all business lines, primarily driven by revenue from healthcare services (up 16.0% y-o-y, with strong organic growth of 14.2% y-o-y), and also by the consolidation of GPC pharma business results since its acquisition in May 2016, together with growth in net insurance premiums earned (up 5.6% y-o-y). In 3Q16, GHG revenue breakdown is as follows: revenue from healthcare services business accounted for c.47%, revenue from pharma business accounted for c.39% and net insurance premiums earned accounted for c.14%. *GHG started consolidation of the newly acquired GPC pharma business in May 2016*
- **Cost of services reached GEL 76.6 million, up 97.1% y-o-y and 13.6% q-o-q.** The cost of healthcare services favorably lagged behind the growth in revenues (up 8.1% y-o-y and down 0.7% q-o-q, compared with the change in revenues which were up 16.0% y-o-y and up 0.9% q-o-q). The 15.0% growth in cost of insurance services, outpaced the 5.6% growth in respective revenue y-o-y; nevertheless, the q-o-q trend was favourable, with the cost of insurance services decreasing at 0.4% compared to 4.9% growth in respective revenue. Finally, headline growth in cost of services appears higher due to the consolidation of the pharma business financial results, which have lower margins compared to healthcare services

- Consequently, gross profit for 3Q16 reached GEL 38.8 million, up 57.4% y-o-y and up 15.7% q-o-q. Y-o-y growth was primarily driven by the growth in healthcare services business, and the acquisition of the GPC pharma business in May 2016, partially offset by the decline in medical insurance. Q-o-q the gross profit growth was driven by all three business lines
- **As a result, GHG reported record quarterly EBITDA of GEL 19.7 million**, **up 23.1% y-o-y and up 16.9% q-o-q**. The y-o-y growth was primarily driven by the growth in healthcare services business EBITDA (up 21.5%) and the consolidation of the pharma business, partially offset by the decline in our medical insurance business EBITDA (down 89.5%)
- **GHG sustained the EBITDA margin in its healthcare services business close to the target of c.30% (GHG targets c.30% healthcare services business EBITDA margin by 2018).** GHG's continued focus on efficiency and the integration of newly acquired and launched facilities resulted in the healthy EBITDA margin in its healthcare services business in 3Q16 of 30.0%, and 29.6% for 9M16. GHG's EBITDA margin has pressure from a number of healthcare facilities at the roll-out phase, which posted negative EBITDA of GEL 0.3 million in 3Q16. The EBITDA margin, excluding these healthcare facilities was 31.4% in 3Q16 and it is expected to improve further as these facilities reach normal run rates during the course of 2016 and 2017
- **Consequently, GHG's profit for the third quarter 2016 amounted to GEL 9.8 million, up 86.3% y-o-y and up 21.4% q-o-q**, compared to the normalised[10] profit in 2Q16. The healthcare services business was the main driver of the 3Q16 Group's profit, and contributed GEL 9.4 million (up 151.4% y-o-y and down 5.7% q-o-q, compared to the normalised profit in 2Q16). The pharma business contributed GEL 0.6 million to the Group's 3Q16 profit, which was partially offset by a loss of GEL 0.2 million in the medical insurance businesses
- **The revenue cash conversion ratio, on a consolidated basis, improved to 92.3% in 9M16 compared to 89.4% in 9M15.** This translated into an EBITDA cash conversion ratio of 68.9% on a consolidated adjusted basis for the same period
- The renovation of two major hospitals, Sunstone (c.334 beds, scheduled launch in May 2017) and Deka (c.320 beds, scheduled launch in May 2017) continues well on track, within schedule and budget
- GHG launched two more ambulatory clusters in 3Q16, with the total number of ambulatory clusters increasing to 8
- GHG is delivering on the launch of new services, which includes some basic services (such as pediatrics, neonatology, diagnostics, ophthalmology, mammography and breast surgery, gynecology, cardio-surgery, traumatology, angio-surgery, intensive care, reproductive services, etc.) as well as sophisticated services (including oncology, transplantation of bone marrow, kidney and liver for children)
- Furthermore, GHG announced an important transaction today in its pharma business. Subject to regulatory approval, GHG will acquire the Pharma-depot chain of pharmacies, with the transaction expected to be completed in early 2017. The acquisition has a strong strategic fit with GHG's existing business model. As a result of this transaction, GHG will further enhance its already strong position in the pharma market and become the market leader in this segment, in addition to its existing market leading positions in healthcare services and medical insurance. GHG aims to keep both brands, as they have a distinct positioning in two types of customer segments: GPC for the higher-end customer segment and Pharmadepot for the mass retail segment
- Apart from significant cost synergies in areas of procurement and administrative expenses, GHG aims to focus on three main areas at the combined pharma business over the next 2-3 years: decreasing the cost of goods sold / cost of services by realising captive cost synergy and manufacturer cost synergy; the enhancement of the retail margin by launching private label products; and the expansion of sales to hospitals and other small players in pharma. GHG will be further expanding its footprint selectively both in large cities as well as in many regions of Georgia, and will further enhance revenue synergies in healthcare services from the traffic from its combined pharma business that is on average two million customer interactions per month
- Details on this acquisition are in GHG's separate press release, which is available at www.ghg.com.ge

[10] Normalized net profit is the net profit adjusted for one-off non-recurring gain due to deferred tax adjustments (in the amount of GEL 29.3 million for GHG, which fully resulted from the Group's healthcare services business) and adjusted for one-off currency translation loss in June ("translation loss") (in the amount of GEL 2.1 million), which resulted from settlement of the US Dollar denominated payable for the acquisition of GPC, the Group's pharma business. For details on the deferred tax adjustments, see the explanation in the bullet point immediately preceding "Healthcare services business" on page 5 of GHG 2nd quarter 2016 results announcement available at www.ghg.com.ge. Above mentioned adjustments were made during 1H16 and no new adjustments were added in 3Q16

Real estate business (m2 Real Estate)

Standalone results

Our Real Estate business is operated through the Group's wholly-owned subsidiary m^2 Real Estate, which develops residential property in Georgia. m^2 Real Estate outsources the construction and architecture works whilst itself focusing on project management and sales. The Bank's Real Estate business serves to meet the unsatisfied demand in Tbilisi for housing through its well-established branch network and sales force, while stimulating the Bank's mortgage lending business. The business has also recently began hotel development in the under-developed mid-price sector. The results below refer to m2 Real Estate segment, which are m2 Real Estate standalone numbers adjusted for group consolidation purposes

INCOME STATEMENT

GEL thousands, unless otherwise noted	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	9M16	9M15	Change y-o-y
Revenue from sale of apartments	53,817	435	NMF	5,323	911.0%	87,132	5,148	NMF
Cost of sale of apartments	(45,874)	(230)	NMF	(3,858)	NMF	(72,472)	(4,852)	NMF
Net revenue from sale of apartments	**7,943**	**205**	NMF	**1,465**	**442.2%**	**14,660**	**296**	NMF
Revenue from operating lease	774	419	84.7%	641	20.7%	2,015	1,239	62.6%
Cost of operating leases	(59)	-	-	(47)	25.5%	(152)	-	-
Net revenue from operating leases	**715**	**419**	**70.6%**	**594**	**20.4%**	**1,863**	**1,239**	**50.4%**
Revaluation of commercial property	959	-	-	-	-	959	-	-
Gross real estate profit	**9,617**	**624**	NMF	**2,059**	**367.1%**	**17,482**	**1,535**	NMF
Gross other investment profit	(105)	63	NMF	121	NMF	1,832	225	NMF
Revenue	**9,512**	**687**	NMF	**2,180**	**336.3%**	**19,314**	**1,760**	NMF
Salaries and other employee benefits	(275)	(204)	34.8%	(433)	-36.5%	(1,028)	(794)	29.5%
Administrative expenses	(889)	(879)	1.1%	(1,472)	-39.6%	(3,450)	(3,195)	8.0%
Operating expenses	**(1,164)**	**(1,083)**	**7.5%**	**(1,905)**	**-38.9%**	**(4,478)**	**(3,989)**	**12.3%**
EBITDA	**8,348**	**(396)**	**NMF**	**275**	NMF	**14,836**	**(2,229)**	**NMF**
Depreciation and amortization of investment business	(64)	(51)	25.5%	(61)	4.9%	(178)	(136)	30.9%
Net foreign currency gain (loss) from investment business	205	(1,230)	NMF	697	-70.6%	1,288	(698)	NMF
Interest income from investment business	305	(6)	NMF	-	-	305	386	-21.0%
Interest expense from investment business	(93)	(155)	-40.0%	(103)	-9.7%	(321)	(1,393)	-77.0%
Net operating income before non-recurring items	**8,701**	**(1,838)**	**NMF**	**808**	NMF	**15,930**	**(4,070)**	**NMF**
Net non-recurring items	(91)	10	NMF	(135)	-32.6%	(249)	(130)	91.5%
Profit before income tax	**8,610**	**(1,828)**	**NMF**	**673**	NMF	**15,681**	**(4,200)**	**NMF**
Income tax (expense) benefit	(1,204)	274	NMF	23	NMF	(2,141)	630	NMF
Profit	**7,406**	**(1,554)**	**NMF**	**696**	NMF	**13,540**	**(3,570)**	**NMF**

Performance highlights

- **m^2 Real Estate revenue performance throughout 2016 reflects the success of m^2 Real Estate's strategy of developing residential properties on its existing land plots, and increasing its portfolio of yielding assets**
- As a result, m^2 Real Estate recorded very strong revenue in 3Q16, which reflects the strong sales and project completion performance of the business. m^2 Real Estate also almost doubled its revenue from operating leases, reflecting its increasing commercial real estate portfolio which reached GEL 39.2mln at the end of 9M16 (up 90.8% y-o-y) and which now represents 14.2% of the total assets of m^2 Real Estate, compared to 7.8% last year
- m^2 Real Estate's quarterly gross real estate revenue and profit are by their nature choppy, given both uneven real estate project cycles and the revenue recognition method under current accounting rules (IAS 18) pursuant to which apartment sale revenues are recognised upon handover of the apartment to its clients, following the completion of the projects. Therefore, not all of m^2 Real Estate sales are recognised as revenue, and as of the end of 9M16, m^2 Real Estate has accumulated US$ 32.3mln sales, which will be recognised as revenue upon completion of the on-going four projects during 2016-2019. Of this, c.US$ 2.2mln is expected to be recognised in 4Q16
- **m^2 Real Estate has started ten projects since its establishment in 2010, of which six have already been completed, and construction of four is ongoing. m^2 Real Estate has completed all of its projects on or ahead of time and within budget.** One of the ongoing projects is expected to be completed in 2016 and the other three in 2017-2019. Currently, a total of 938 units are available for sale out of total of 2,874 apartments developed or under development. Of the four ongoing m^2 Real Estate projects:
    - One is the largest ever carried out by m^2 Real Estate, with a total of 819 apartments in a central location in Tbilisi

- The second is a new type of project for m² Real Estate, representing a luxury residential building in Old Tbilisi neighbourhood with few apartments (19 in total) and with almost double the price charged at other m² Real Estate buildings
- The third is a mixed-use development, with 302 residential apartments and a hotel with a capacity of 152 rooms. This mixed-use development started in June 2016, with sales of 24 apartments to date
- The fourth is the latest project by m² Real Estate, located in a central location of Tbilisi with a total of 62 apartments, out of which 15 have already been sold

- Overall, m² Real Estate sold a total of 141 apartments with a sales value of US$ 12.6mln in 3Q16, compared to 161 apartments sold with a sales value of US$ 11.6mln in 3Q15. Overall, during the first nine months of 2016, m² Real Estate sold a total of 296 apartments with the sales value of US$ 26.1mln, compared to 240 apartments sold with sales value of US$ 19.2mln during the same period last year. At its six projects which have already been completed with a total of 1,672 apartments, m² Real Estate currently has a stock of only 83 unsold apartments. At its four on-going projects with a total capacity of 1,202 apartments, 347 apartments or 29% are already sold
- m² Real Estate has unlocked total land value of US$ 16.4mln from the six completed projects and an additional US$ 16.5mln in land value is expected to be unlocked from the four on-going projects

OPERATING DATA
for completed and on-going projects, as of 30 September 2016

#	Project name	Number of apartments	Number of apartments sold	Number of apartments sold as % of total	Number of apartments available for sale	Start date (construction)	Planned Completion date (construction)	Actual Completion date (construction)	Construction completed %
Completed projects		1672	1589	95%	83				100%
1	Chubinashvili street	123	123	100%	0	Sep-10	Aug-12	Aug-12	100%
2	Tamarashvili street	525	523	100%	2	May-12	Sep-14	Jun-14	100%
3	Kazbegi Street	295	293	99%	2	Dec-13	Feb-16	Feb-16	100%
4	Nutsubidze Street	221	221	100%	0	Dec-13	Nov-15	Sep-15	100%
5	Tamarashvili Street II	270	244	90%	26	Jul-14	Sep-16	Jun-16	100%
6	Moscow avenue	238	185	78%	53	Sep-14	Jul-16	Jun-16	100%
On-going projects		1202	347	29%	855				15%
7	Kartozia Street	819	256	31%	563	Nov-15	Sep-18	Sep-18	19%
8	Skyline	19	9	47%	10	Dec-15	Dec-16	Dec-16	45%
9	Kazbegi Street II	302	67	22%	235	Jun-16	Nov-18	Nov-18	6%
10	50 Chavchavadze ave.	62	15	24%	47	Oct-16	Dec-17	Dec-17	0%
	Total	2,874	1,936	67%	938				

FINANCIAL DATA
for completed and on-going projects, as of 30 September 2016

#	Project name	Total Sales (US$ mln)	Recognised as revenue (US$ mln)	To be recognised as revenue (US$ mln)	Expected revenue recognition date	Land value unlocked (US$)	Realised & Expected IRR
Completed projects		134.2	132	2.2		16.4	
1	Chubinashvili street	9.9	9.9	-		0.9	47%
2	Tamarashvili street	48.4	48.4	-		5.4	46%
3	Kazbegi Street	27.1	27.1	-		3.6	165%
4	Nutsubidze Street	17.4	17.4	-		2.2	58%
5	Tamarashvili Street II	22.2	20.3	1.9	4H2016	2.7	71%
6	Moscow avenue	9.1	8.9	0.2	4H2016	1.6	31%
On-going projects		30.2	-	30.2		16.5	
7	Kartozia Street	18.6	-	18.6	4Q2018/1Q2019	5.8	60%
8	Skyline	3.9	-	3.9	1Q17	3.1	329%
9	Kazbegi Street II	5.4	-	5.4	1Q19	4.3	51%
10	50 Chavchavadze ave.	2.2	-	2.2	1Q18	3.3	75%
	Total	164.3	132	32.3		32.9	

- The number of apartments financed with BOG mortgages in all m² Real Estate projects as of the date of this announcement totalled 917, with an aggregate amount of GEL 105.6mln

BALANCE SHEET

GEL thousands, unless otherwise noted	30-Sep-16	30-Sep-15	Change Y-O-Y	30-Jun-16	Change Q-O-Q
Cash and cash equivalents	39,890	40,219	-0.8%	42,549	-6.2%
Amounts due from credit institutions	305	-	-	-	-
Investment securities	1,145	1,145	0.0%	1,145	0.0%
Accounts receivable	1,186	863	37.4%	824	43.9%
Prepayments	20,828	10,007	108.1%	18,741	11.1%
Inventories	92,790	114,983	-19.3%	116,891	-20.6%
Investment property, of which:	103,268	77,156	33.8%	107,303	-3.8%
Land bank	*64,071*	*56,612*	*13.2%*	*71,244*	*-10.1%*
Commercial real estate	*39,197*	*20,544*	*90.8%*	*36,059*	*8.7%*
Property and equipment	1,667	1,888	-11.7%	1,633	2.1%
Other assets	15,311	17,743	-13.7%	19,751	-22.5%
Total assets	**276,390**	**264,004**	**4.7%**	**308,837**	**-10.5%**
Amounts due to credit institutions	38,463	3,815	908.2%	36,039	6.7%
Debt securities issued	46,603	47,497	-1.9%	47,857	-2.6%
Accruals and deferred income	62,824	131,250	-52.1%	105,498	-40.5%
Other liabilities	7,388	3,845	92.1%	7,264	1.7%
Total liabilities	**155,278**	**186,407**	**-16.7%**	**196,658**	**-21.0%**
Additional paid-in capital	5,606	3,253	72.3%	6,008	-6.7%
Other reserves	(4,206)	(3,575)	17.7%	(4,206)	0.0%
Retained earnings	119,712	77,919	53.6%	110,377	8.5%
Total equity attributable to shareholders of the Group	**121,112**	**77,597**	**56.1%**	**112,179**	**8.0%**
Total equity	**121,112**	**77,597**	**56.1%**	**112,179**	**8.0%**
Total liabilities and equity	**276,390**	**264,004**	**4.7%**	**308,837**	**-10.5%**

- m^2 Real Estate has a solid and well managed balance sheet. As of 30 September 2016, total assets were GEL 276.4mln (up 4.7% y-o-y), constituting 14% cash, 8% prepayments, 34% inventories (apartments in development), 37% investment property (land bank and commercial real estate) and 6% other assets. Borrowings, which consist of debt raised from Development Financial Institutions ("**DFIs**") and debt securities issued in the local market, constitute 31% of the total balance sheet. Accruals and deferred income, constituting 23% of the balance sheet, represents prepayments for the presold apartments
- m^2 Real Estate currently has a land stock on its balance sheet with a total value of GEL 64.1mln. We do not expect the land bank to grow, as m^2 Real Estate strategy is to utilise its existing land plots within 3-4 years and, in parallel, start developing third party land

SELECTED FINANCIAL INFORMATION

INCOME STATEMENT (quarterly)

GEL thousands, unless otherwise noted	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	3Q16	3Q15	2Q16
Banking interest income	230,154	219,999	4.6%	215,895	6.6%	231,849	223,800	3.6%	217,234	6.7%	-	-	-	-	-	(1,695)	(3,801)	(1,339)
Banking interest expense	(93,530)	(93,821)	-0.3%	(87,368)	7.1%	(93,234)	(94,551)	-1.4%	(87,712)	6.3%	-	-	-	-	-	(296)	730	344
Net banking interest income	**136,624**	**126,178**	**8.3%**	**128,527**	**6.3%**	**138,615**	**129,249**	**7.2%**	**129,522**	**7.0%**	-	-	-	-	-	**(1,991)**	**(3,071)**	**(995)**
Fee and commission income	43,077	41,114	4.8%	40,250	7.0%	43,421	41,532	4.5%	40,675	6.8%	-	-	-	-	-	(344)	(418)	(425)
Fee and commission expense	(12,646)	(10,323)	22.5%	(10,907)	15.9%	(12,770)	(10,471)	22.0%	(11,036)	15.7%	-	-	-	-	-	124	148	129
Net fee and commission income	**30,431**	**30,791**	**-1.2%**	**29,343**	**3.7%**	**30,651**	**31,061**	**-1.3%**	**29,639**	**3.4%**	-	-	-	-	-	**(220)**	**(270)**	**(296)**
Net banking foreign currency gain	21,497	18,675	15.1%	15,506	38.6%	21,497	18,675	15.1%	15,506	38.6%	-	-	-	-	-	-	-	-
Net other banking income	4,077	4,938	-17.4%	2,630	55.0%	4,269	5,231	-18.4%	2,824	51.2%	-	-	-	-	-	(192)	(293)	(194)
Net insurance premiums earned	25,360	24,151	5.0%	23,854	6.3%	11,616	10,332	12.4%	10,235	13.5%	14,483	14,363	0.8%	14,271	1.5%	(739)	(544)	(652)
Net insurance claims incurred	(15,673)	(14,368)	9.1%	(15,445)	1.5%	(4,800)	(4,503)	6.6%	(3,739)	28.4%	(10,873)	(9,865)	10.2%	(11,706)	-7.1%	-	-	-
Gross insurance profit	**9,687**	**9,783**	**-1.0%**	**8,409**	**15.2%**	**6,816**	**5,829**	**16.9%**	**6,496**	**4.9%**	**3,610**	**4,498**	**-19.7%**	**2,565**	**40.7%**	**(739)**	**(544)**	**(652)**
Healthcare revenue	99,745	49,670	100.8%	85,694	16.4%	-	-	-	-	-	99,745	49,670	100.8%	85,694	16.4%	-	-	-
Cost of healthcare services	(64,228)	(27,552)	133.1%	(54,862)	17.1%	-	-	-	-	-	(64,228)	(27,552)	133.1%	(54,862)	17.1%	-	-	-
Gross healthcare profit	**35,517**	**22,118**	**60.6%**	**30,832**	**15.2%**	-	-	-	-	-	**35,517**	**22,118**	**60.6%**	**30,832**	**15.2%**	-	-	-
Real estate revenue	55,965	981	5604.9%	6,324	785.0%	-	-	-	-	-	55,965	981	5604.9%	6,324	785.0%	-	-	-
Cost of real estate	(45,933)	(230)	NMF	(3,905)	NMF	-	-	-	-	-	(45,933)	(230)	NMF	(3,905)	NMF	-	-	-
Gross real estate profit	**10,032**	**751**	**1235.8%**	**2,419**	**314.7%**	-	-	-	-	-	**10,032**	**751**	**1235.8%**	**2,419**	**314.7%**	-	-	-
Utility revenue	24,738	-	-	-	-	-	-	-	-	-	24,807	-	-	-	-	(69)	-	-
Cost of utility	(7,796)	-	-	-	-	-	-	-	-	-	(7,796)	-	-	-	-	-	-	-
Gross utility profit	**16,942**	-	-	-	-	-	-	-	-	-	**17,011**	-	-	-	-	**(69)**	-	-
Gross other investment profit	4,821	3,373	42.9%	2,804	71.9%	-	-	-	-	-	4,927	3,229	52.6%	2,810	75.3%	(106)	144	(6)
Revenue	269,628	216,607	24.5%	220,470	22.3%	201,848	190,045	6.2%	183,987	9.7%	71,097	30,596	132.4%	38,626	84.1%	(3,317)	(4,034)	(2,143)
Salaries and other employee benefits	(58,773)	(47,385)	24.0%	(50,875)	15.5%	(45,575)	(39,768)	14.6%	(40,847)	11.6%	(13,892)	(8,143)	70.6%	(10,685)	30.0%	694	526	657
Administrative expenses	(30,701)	(21,044)	45.9%	(27,865)	10.2%	(18,970)	(17,320)	9.5%	(19,051)	-0.4%	(12,207)	(4,047)	NMF	(9,169)	33.1%	476	323	355
Banking depreciation and amortisation	(9,665)	(8,505)	13.6%	(9,337)	3.5%	(9,665)	(8,505)	13.6%	(9,337)	3.5%	-	-	-	-	-	-	-	-
Other operating expenses	(2,414)	(628)	NMF	(560)	NMF	(1,165)	(574)	103.0%	(684)	70.3%	(1,250)	(54)	NMF	124	NMF	1	-	-
Operating expenses	**(101,553)**	**(77,562)**	**30.9%**	**(88,637)**	**14.6%**	**(75,375)**	**(66,167)**	**13.9%**	**(69,919)**	**7.8%**	**(27,349)**	**(12,244)**	**123.4%**	**(19,730)**	**38.6%**	**1,171**	**849**	**1,012**
Operating income before cost of credit risk / EBITDA	**168,075**	**139,045**	**20.9%**	**131,833**	**27.5%**	**126,473**	**123,878**	**2.1%**	**114,068**	**10.9%**	**43,748**	**18,352**	**138.4%**	**18,896**	**131.5%**	**(2,146)**	**(3,185)**	**(1,131)**
Profit from associates	256	1,444	-82.3%	1,952	-86.9%	-	-	-	-	-	256	1,444	-82.3%	1,952	-86.9%	-	-	-
Depreciation and amortization of investment business	(9,566)	(4,227)	126.3%	(4,775)	100.3%	-	-	-	-	-	(9,566)	(4,227)	126.3%	(4,775)	100.3%	-	-	-
Net foreign currency gain from investment business	(1,221)	(2,311)	-47.2%	(1,597)	-23.5%	-	-	-	-	-	(1,221)	(2,311)	-47.2%	(1,597)	-23.5%	-	-	-
Interest income from investment business	1,930	499	NMF	(283)	NMF	-	-	-	-	-	1,667	719	131.8%	60	NMF	263	(220)	(343)
Interest expense from investment business	(8,876)	(2,080)	NMF	(2,497)	NMF	-	-	-	-	-	(10,759)	(5,485)	96.2%	(3,971)	170.9%	1,883	3,405	1,474
Operating income before cost of credit risk	**150,598**	**132,370**	**13.8%**	**124,633**	**20.8%**	**126,473**	**123,878**	**2.1%**	**114,068**	**10.9%**	**24,125**	**8,492**	**184.1%**	**10,565**	**128.3%**	-	-	-
Impairment charge on loans to customers	(29,936)	(34,857)	-14.1%	(26,819)	11.6%	(29,936)	(34,857)	-14.1%	(26,819)	11.6%	-	-	-	-	-	-	-	-
Impairment charge on finance lease receivables	(3,258)	156	NMF	(130)	NMF	(3,258)	156	NMF	(130)	NMF	-	-	-	-	-	-	-	-
Impairment charge on other assets and provisions	(2,397)	(946)	153.4%	(2,438)	-1.7%	(1,331)	(51)	NMF	(1,202)	10.7%	(1,066)	(895)	19.1%	(1,236)	-13.8%	-	-	-
Cost of credit risk	**(35,591)**	**(35,647)**	**-0.2%**	**(29,387)**	**21.1%**	**(34,525)**	**(34,752)**	**-0.7%**	**(28,151)**	**22.6%**	**(1,066)**	**(895)**	**19.1%**	**(1,236)**	**-13.8%**	-	-	-
Net operating income before non-recurring items	**115,007**	**96,723**	**18.9%**	**95,246**	**20.7%**	**91,948**	**89,126**	**3.2%**	**85,917**	**7.0%**	**23,059**	**7,597**	**203.5%**	**9,329**	**147.2%**	-	-	-
Net non-recurring items	35,156	(5,489)	NMF	(48,744)	NMF	3,474	(4,967)	NMF	(46,350)	NMF	31,682	(522)	NMF	(2,394)	NMF	-	-	-
Profit before income tax	**150,163**	**91,234**	**64.6%**	**46,502**	**222.9%**	**95,422**	**84,159**	**13.4%**	**39,567**	**141.2%**	**54,741**	**7,075**	**673.7%**	**6,935**	**689.3%**	-	-	-
Income tax expense	(8,614)	(10,329)	-16.6%	64,735	NMF	(5,665)	(10,757)	-47.3%	35,139	NMF	(2,949)	428	NMF	29,596	NMF	-	-	-
Profit	**141,549**	**80,905**	**75.0%**	**111,237**	**27.2%**	**89,757**	**73,402**	**22.3%**	**74,706**	**20.1%**	**51,792**	**7,503**	**590.3%**	**36,531**	**41.8%**	-	-	-
Attributable to:																		
– shareholders of BGEO	135,924	78,167	*73.9%*	94,642	*43.6%*	88,827	71,830	*23.7%*	73,600	*20.7%*	47,097	6,337	*643.2%*	21,042	*123.8%*	-	-	-
– non-controlling interests	5,625	2,738	*105.4%*	16,595	*-66.1%*	930	1,572	*-40.8%*	1,106	*-15.9%*	4,695	1,166	*NMF*	15,489	*-69.7%*	-	-	-
Earnings per share basic and diluted	**3.55**	**2.04**	**74.0%**	**2.46**	**44.3%**													

INCOME STATEMENT (year to date)

GEL thousands, unless otherwise noted	BGEO Consolidated			Banking Business			Investment Business			Eliminations		
	Sep-16	**Sep-15**	**Change y-o-y**	**Sep-16**	**Sep-15**	**Change y-o-y**	**Sep-16**	**Sep-15**	**Change y-o-y**	**Sep-16**	**Sep-15**	**Change y-o-y**
Banking interest income	670,859	631,566	6.2%	675,301	641,466	5.30%	-	-	-	(4,442)	(9,900)	-55.1%
Banking interest expense	(276,855)	(261,610)	5.8%	(276,944)	(262,756)	5.40%	-	-	-	89	1,146	-92.2%
Net banking interest income	**394,004**	**369,956**	**6.5%**	**398,357**	**378,710**	**5.2%**	-	-	-	**(4,353)**	**(8,754)**	**-50.3%**
Fee and commission income	121,475	116,049	4.7%	122,580	119,036	3.0%	-	-	-	(1,105)	(2,987)	-63.0%
Fee and commission expense	(33,887)	(29,282)	15.7%	(34,275)	(29,712)	15.4%	-	-	-	388	430	-9.8%
Net fee and commission income	**87,588**	**86,767**	**0.9%**	**88,305**	**89,324**	**-1.1%**	-	-	-	**(717)**	**(2,557)**	**-72.0%**
Net banking foreign currency gain	**54,393**	**57,401**	**-5.2%**	**54,393**	**57,401**	**-5.2%**	-	-	-	-	-	-
Net other banking income	**9,574**	**9,209**	**4.0%**	**10,260**	**10,137**	**1.2%**	-	-	-	**(686)**	**(928)**	**-26.1%**
Net insurance premiums earned	71,038	68,426	3.8%	31,401	29,351	7.0%	41,678	40,497	2.9%	(2,041)	(1,422)	43.5%
Net insurance claims incurred	(46,526)	(45,252)	2.8%	(12,746)	(14,745)	-13.6%	(33,780)	(30,507)	10.7%	-	-	-
Gross insurance profit	**24,512**	**23,174**	**5.8%**	**18,655**	**14,606**	**27.7%**	**7,898**	**9,990**	**-20.9%**	**(2,041)**	**(1,422)**	**43.5%**
Healthcare revenue	243,787	130,904	86.2%	-	-	-	243,787	130,904	86.2%	-	-	-
Cost of healthcare services	(151,146)	(73,810)	104.8%	-	-	-	(151,146)	(73,810)	104.8%	-	-	-
Gross healthcare profit	**92,641**	**57,094**	**62.3%**	-	-	-	**92,641**	**57,094**	**62.3%**	-	-	-
Real estate revenue	91,053	6,771	1244.7%	-	-	-	91,053	6,771	1244.7%	-	-	-
Cost of real estate	(72,624)	(4,852)	NMF	-	-	-	(72,624)	(4,852)	NMF	-	-	-
Gross real estate profit	**18,429**	**1,919**	**860.3%**	-	-	-	**18,429**	**1,919**	**860.3%**	-	-	-
Utility revenue	24,738	-	-	-	-	-	24,807	-	-	(69)	-	-
Cost of utility	(7,796)	-	-	-	-	-	(7,796)	-	-	-	-	-
Gross utility profit	**16,942**	-	-	-	-	-	**17,011**	-	-	**(69)**	-	-
Gross other investment profit	11,228	9,506	18.1%	-	-	-	11,409	9,481	20.3%	(181)	25	NMF
Revenue	**709,311**	**615,026**	**15.3%**	**569,970**	**550,178**	**3.6%**	**147,388**	**78,484**	**87.8%**	**(8,047)**	**(13,636)**	**-41.0%**
Salaries and other employee benefits	(157,061)	(138,171)	13.7%	(126,228)	(116,440)	8.4%	(32,827)	(23,134)	41.9%	1,994	1,403	42.1%
Administrative expenses	(83,582)	(64,203)	30.2%	(58,078)	(52,724)	10.2%	(26,723)	(12,575)	112.5%	1,219	1,096	11.2%
Banking depreciation and amortisation	(28,140)	(25,216)	11.6%	(28,140)	(25,216)	11.6%	-	-	-	-	-	-
Other operating expenses	(4,647)	(2,880)	61.4%	(2,711)	(2,307)	17.5%	(1,936)	(573)	NMF	-	-	-
Operating expenses	**(273,430)**	**(230,470)**	**18.6%**	**(215,157)**	**(196,687)**	**9.4%**	**(61,486)**	**(36,282)**	**69.5%**	**3,213**	**2,499**	**28.6%**
Operating income before cost of credit risk / EBITDA	**435,881**	**384,556**	**13.3%**	**354,813**	**353,491**	**0.4%**	**85,902**	**42,202**	**103.5%**	**(4,834)**	**(11,137)**	**-56.6%**
Profit from associates	4,074	2,112	92.9%	-	-	-	4,074	2,112	92.9%	-	-	-
Depreciation and amortization of investment business	(19,250)	(9,494)	102.8%	-	-	-	(19,250)	(9,494)	102.8%	-	-	-
Net foreign currency gain from investment business	(3,584)	4,067	NMF	-	-	-	(3,584)	4,067	NMF	-	-	-
Interest income from investment business	2,603	1,738	49.8%	-	-	-	2,691	2,381	13.0%	(88)	(643)	-86.3%
Interest expense from investment business	(12,757)	(7,171)	77.9%	-	-	-	(17,679)	(18,951)	-6.7%	4,922	11,780	-58.2%
Operating income before cost of credit risk	**406,967**	**375,808**	**8.3%**	**354,813**	**353,491**	**0.4%**	**52,154**	**22,317**	**133.7%**	-	-	-
Impairment charge on loans to customers	(88,972)	(108,890)	-18.3%	(88,972)	(108,890)	-18.3%	-	-	-	-	-	-
Impairment charge on finance lease receivables	(3,901)	(1,742)	123.9%	(3,901)	(1,742)	123.9%	-	-	-	-	-	-
Impairment charge on other assets and provisions	(8,248)	(8,724)	-5.5%	(4,814)	(5,655)	-14.9%	(3,434)	(3,069)	11.9%	-	-	-
Cost of credit risk	**(101,121)**	**(119,356)**	**-15.3%**	**(97,687)**	**(116,287)**	**-16.0%**	**(3,434)**	**(3,069)**	**11.9%**	-	-	-
Net operating income before non-recurring items	**305,846**	**256,452**	**19.3%**	**257,126**	**237,204**	**8.4%**	**48,720**	**19,248**	**153.1%**	-	-	-
Net non-recurring items	(12,222)	(8,349)	46.4%	(44,296)	(10,543)	NMF	32,074	2,194	1361.9%	-	-	-
Profit before income tax	**293,624**	**248,103**	**18.3%**	**212,830**	**226,661**	**-6.1%**	**80,794**	**21,442**	**276.8%**	-	-	-
Income tax expense	46,210	(32,829)	NMF	21,296	(32,995)	NMF	24,914	166	14908.4%	-	-	-
Profit	**339,834**	**215,274**	**57.9%**	**234,126**	**193,666**	**20.9%**	**105,708**	**21,608**	**389.2%**	-	-	-
Attributable to:												
– shareholders of BGEO	*311,403*	*211,408*	*47.3%*	*231,047*	*191,041*	*20.9%*	*80,356*	*20,367*	*294.5%*	-	-	-
– non-controlling interests	*28,431*	*3,866*	*635.4%*	*3,079*	*2,625*	*17.3%*	*25,352*	*1,241*	*1942.9%*	-	-	-
Earnings per share basic and diluted	**8.12**	**5.51**	**47.4%**									

BALANCE SHEET

GEL thousands, unless otherwise noted	**BGEO Consolidated**					**Banking Business**					**Investment Business**					**Eliminations**		
	Sep-16	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**	**Sep-16**	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**	**Sep-16**	**Sep-15**	**Change y-o-y**	**Jun-16**	**Change q-o-q**	**Sep-16**	**Sep-15**	**Jun-16**
Cash and cash equivalents	1,197,687	1,320,319	-9.3%	1,059,359	13.1%	1,090,511	1,314,696	-17.1%	1,034,062	5.5%	237,426	166,031	43.0%	245,595	-3.3%	(130,250)	(160,408)	(220,298)
Amounts due from credit institutions	944,061	706,500	33.6%	876,655	7.7%	848,185	698,110	21.5%	863,791	-1.8%	140,635	19,628	616.5%	28,949	385.8%	(44,759)	(11,238)	(16,085)
Investment securities	1,171,440	897,965	30.5%	989,331	18.4%	1,172,825	900,845	30.2%	990,125	18.5%	2,507	1,153	117.4%	2,572	-2.5%	(3,892)	(4,033)	(3,366)
Loans to customers and finance lease receivables	5,676,225	5,266,125	7.8%	5,469,120	3.8%	5,715,737	5,367,311	6.5%	5,507,414	3.8%	-	-	-	-	-	(39,512)	(101,186)	(38,294)
Loans to customers	*5,433,593*	*5,229,830*	*3.9%*	*5,423,794*	*0.2%*	*5,473,105*	*5,331,016*	*2.7%*	*5,462,088*	*0.2%*	-	-	-	-	-	*(39,512)*	*(101,186)*	*(38,294)*
Finance lease receivables	*242,632*	*36,295*	*568.5%*	*45,326*	*435.3%*	*242,632*	*36,295*	*568.5%*	*45,326*	*435.3%*	-	-	-	-	-	-	-	-
Accounts receivable and other loans	119,381	87,348	36.7%	89,162	33.9%	25,004	13,291	88.1%	5,262	375.2%	116,123	79,989	45.2%	86,748	33.9%	(21,746)	(5,932)	(2,848)
Insurance premiums receivable	52,842	55,700	-5.1%	58,667	-9.9%	22,493	28,413	-20.8%	24,013	-6.3%	31,224	29,165	7.1%	35,993	-13.2%	(875)	(1,878)	(1,339)
Prepayments	91,578	40,330	127.1%	103,842	-11.8%	22,420	21,374	4.9%	22,461	-0.2%	69,158	18,956	264.8%	81,381	-15.0%	-	-	-
Inventories	164,567	148,777	10.6%	178,534	-7.8%	9,635	10,929	-11.8%	9,559	0.8%	154,932	137,848	12.4%	168,975	-8.3%	-	-	-
Investment property	264,790	224,028	18.2%	245,849	7.7%	142,105	143,469	-1.0%	138,546	2.6%	122,685	80,559	52.3%	107,303	14.3%	-	-	-
Property and equipment	1,224,620	775,599	57.9%	852,680	43.6%	338,455	339,300	-0.2%	336,013	0.7%	886,165	436,299	103.1%	516,667	71.5%	-	-	-
Goodwill	107,298	70,876	51.4%	106,134	1.1%	49,592	49,592	0.0%	49,592	0.0%	57,706	21,284	171.1%	56,542	2.1%	-	-	-
Intangible assets	50,745	38,438	32.0%	49,617	2.3%	39,311	34,390	14.3%	38,314	2.6%	11,434	4,048	182.5%	11,303	1.2%	-	-	-
Income tax assets	22,874	38,666	-40.8%	26,585	-14.0%	13,840	30,938	-55.3%	19,614	-29.4%	9,034	7,728	16.9%	6,971	29.6%	-	-	-
Other assets	197,980	267,218	-25.9%	217,688	-9.1%	164,533	187,378	-12.2%	132,268	24.4%	36,033	91,997	-60.8%	88,233	-59.2%	(2,586)	(12,157)	(2,813)
Total assets	**11,286,088**	**9,937,889**	**13.6%**	**10,323,223**	**9.3%**	**9,654,646**	**9,140,036**	**5.6%**	**9,171,034**	**5.3%**	**1,875,062**	**1,094,685**	**71.3%**	**1,437,232**	**30.5%**	**(243,620)**	**(296,832)**	**(285,043)**
Client deposits and notes	4,700,324	4,477,908	5.0%	4,554,012	3.2%	4,878,171	4,649,572	4.9%	4,791,979	1.8%	-	-	-	-	-	(177,847)	(171,664)	(237,967)
Amounts due to credit institutions	2,740,926	2,115,859	29.5%	1,892,437	44.8%	2,396,969	2,011,801	19.1%	1,766,999	35.7%	380,745	209,898	81.4%	163,730	132.5%	(36,788)	(105,840)	(38,292)
Debt securities issued	1,036,086	1,076,137	-3.7%	1,065,516	-2.8%	722,088	999,959	-27.8%	990,370	-27.1%	320,128	83,549	283.2%	81,088	294.8%	(6,130)	(7,371)	(5,942)
Accruals and deferred income	107,974	166,435	-35.1%	137,967	-21.7%	17,824	16,629	7.2%	13,084	36.2%	110,627	149,806	-26.2%	124,883	-11.4%	(20,477)	-	-
Insurance contracts liabilities	70,840	66,608	6.4%	80,643	-12.2%	43,665	40,369	8.2%	47,701	-8.5%	27,175	26,239	3.6%	32,942	-17.5%	-	-	-
Income tax liabilities	28,678	127,490	-77.5%	44,510	-35.6%	26,044	96,214	-72.9%	42,916	-39.3%	2,634	31,276	-91.6%	1,594	65.2%	-	-	-
Other liabilities	212,511	149,493	42.2%	338,757	-37.3%	53,924	77,454	-30.4%	120,007	-55.1%	160,965	83,996	91.6%	221,592	-27.4%	(2,378)	(11,957)	(2,842)
Total liabilities	**8,897,339**	**8,179,930**	**8.8%**	**8,113,842**	**9.7%**	**8,138,685**	**7,891,998**	**3.1%**	**7,773,056**	**4.7%**	**1,002,274**	**584,764**	**71.4%**	**625,829**	**60.2%**	**(243,620)**	**(296,832)**	**(285,043)**
Share capital	1,154	1,154	0.0%	1,154	0.0%	1,154	1,154	0.0%	1,154	0.0%	-	-	-	-	-	-	-	-
Additional paid-in capital	245,317	252,090	-2.7%	228,679	7.3%	105,293	40,622	159.2%	88,253	19.3%	140,024	211,468	-33.8%	140,426	-0.3%	-	-	-
Treasury shares	(37)	(36)	2.8%	(35)	5.7%	(37)	(36)	2.8%	(35)	5.7%	-	-	-	-	-	-	-	-
Other reserves	108,442	(74,266)	NMF	88,226	22.9%	6,159	(64,648)	NMF	(9,549)	NMF	102,283	(9,618)	NMF	97,775	4.6%	-	-	-
Retained earnings	1,787,743	1,488,963	20.1%	1,652,868	8.2%	1,382,256	1,252,178	10.4%	1,298,592	6.4%	405,487	236,785	71.2%	354,276	14.5%	-	-	-
Total equity attributable to shareholders of the Group	**2,142,619**	**1,667,905**	**28.5%**	**1,970,892**	**8.7%**	**1,494,825**	**1,229,270**	**21.6%**	**1,378,415**	**8.4%**	**647,794**	**438,635**	**47.7%**	**592,477**	**9.3%**	**-**	**-**	**-**
Non-controlling interests	246,130	90,054	173.3%	238,489	3.2%	21,136	18,768	12.6%	19,563	8.0%	224,994	71,286	215.6%	218,926	2.8%	-	-	-
Total equity	**2,388,749**	**1,757,959**	**35.9%**	**2,209,381**	**8.1%**	**1,515,961**	**1,248,038**	**21.5%**	**1,397,978**	**8.4%**	**872,788**	**509,921**	**71.2%**	**811,403**	**7.6%**	**-**	**-**	**-**
Total liabilities and equity	**11,286,088**	**9,937,889**	**13.6%**	**10,323,223**	**9.3%**	**9,654,646**	**9,140,036**	**5.6%**	**9,171,034**	**5.3%**	**1,875,062**	**1,094,685**	**71.3%**	**1,437,232**	**30.5%**	**(243,620)**	**(296,832)**	**(285,043)**
Book value per share	**56.03**	**43.60**	**28.5%**	**51.46**	**8.9%**													

GEORGIA HEALTHCARE GROUP

INCOME STATEMENT (Quarterly)	Healthcare services					Medical insurance					Pharma		Eliminations			GHG				
GEL thousands; unless otherwise noted	3Q16	3Q15	Change, Y-o-Y	2Q16	Change, Q-o-Q	3Q16	3Q15	Change, Y-o-Y	2Q16	Change, Q-o-Q	3Q16	May-June 2016	3Q16	3Q15	2Q16	3Q16	3Q15	Change, Y-o-Y	2Q16	Change, Q-o-Q
Revenue, gross	59,305	51,131	16.0%	58,779	0.9%	16,054	15,196	5.6%	15,298	4.9%	45,725	30,691	(4,925)	(2,135)	(3,095)	116,159	64,192	81.0%	101,673	14.2%
Corrections & rebates	(762)	(680)	12.1%	(724)	5.2%	-	-	-	-	-	-	-	-	-	-	(762)	(680)	12.1%	(724)	5.2%
Revenue, net	**58,543**	**50,451**	**16.0%**	**58,055**	**0.8%**	**16,054**	**15,196**	**5.6%**	**15,298**	**4.9%**	**45,725**	**30,691**	**(4,925)**	**(2,135)**	**(3,095)**	**115,397**	**63,512**	**81.7%**	**100,949**	**14.3%**
Costs of services	**(31,170)**	**(28,821)**	**8.1%**	**(31,399)**	**-0.7%**	**(13,939)**	**(12,123)**	**15.0%**	**(13,989)**	**-0.4%**	**(35,915)**	**(25,059)**	**4,461**	**2,101**	**3,052**	**(76,563)**	**(38,844)**	**97.1%**	**(67,395)**	**13.6%**
Cost of salaries and other employee benefits	(19,746)	(18,748)	5.3%	(19,857)	-0.6%	-	-	-	-	-	-	-	1,569	794	1,094	(18,177)	(17,953)	1.2%	(18,763)	-3.1%
Cost of materials and supplies	(8,602)	(7,486)	14.9%	(9,228)	-6.8%	-	-	-	-	-	-	-	704	317	514	(7,898)	(7,169)	10.2%	(8,714)	-9.4%
Cost of medical service providers	(463)	(852)	-45.7%	(401)	15.5%	-	-	-	-	-	-	-	35	37	23	(428)	(815)	-47.5%	(378)	13.2%
Cost of utilities and other	(2,359)	(1,736)	35.9%	(1,913)	23.3%	-	-	-	-	-	-	-	193	72	122	(2,166)	(1,664)	30.2%	(1,791)	20.9%
Net insurance claims incurred	-	-	-	-	-	(12,834)	(11,286)	13.7%	(13,003)	-1.3%	-	-	1,960	880	1,299	(10,874)	(10,406)	4.5%	(11,704)	-7.1%
Agents, brokers and employee commissions	-	-	-	-	-	(1,105)	(837)	32.0%	(986)	12.1%	-	-	-	-	-	(1,105)	(837)	32.0%	(986)	12.1%
Cost of pharma - wholesale	-	-	-	-	-	-	-	-	-	-	(10,086)	(6,545)	-	-	-	(10,086)	-	-	(6,545)	-
Cost of pharma - retail	-	-	-	-	-	-	-	-	-	-	(25,829)	(18,514)	-	-	-	(25,829)	-	-	(18,514)	-
Gross profit	**27,373**	**21,630**	**26.6%**	**26,656**	**2.7%**	**2,115**	**3,073**	**-31.2%**	**1,309**	**61.6%**	**9,810**	**5,632**	**(464)**	**(34)**	**(43)**	**38,834**	**24,668**	**57.4%**	**33,554**	**15.7%**
Salaries and other employee benefits	(6,003)	(6,060)	-0.9%	(5,254)	14.3%	(1,196)	(1,078)	11.0%	(1,328)	-9.9%	(4,106)	(2,690)	464	34	43	(10,841)	(7,104)	52.6%	(9,229)	17.5%
General and administrative expenses	(3,708)	(1,954)	89.8%	(3,517)	5.4%	(649)	(558)	16.3%	(708)	-8.3%	(4,066)	(2,533)	-	2	-	(8,423)	(2,510)	235.6%	(6,758)	24.6%
Impairment of healthcare services, insurance premiums and other receivables	(48)	(943)	-94.9%	(1,120)	-95.7%	(124)	(47)	164.9%	(116)	6.9%	-	-	-	-	-	(172)	(990)	-82.6%	(1,236)	-86.1%
Other operating income	180	1,970	-90.9%	395	-54.4%	(1)	(4)	-71.7%	10	-110.0%	150	145	-	(2)	-	329	1,964	-83.2%	550	-40.2%
EBITDA	**17,794**	**14,642**	**21.5%**	**17,160**	**3.7%**	**145**	**1,387**	**-89.5%**	**(832)**	**-117.4%**	**1,788**	**554**	-	-	-	**19,727**	**16,029**	**23.1%**	**16,882**	**16.9%**
EBITDA margin	***30.0%***	***28.6%***		***29.2%***		***0.9%***	***9.1%***		***-5.4%***		***3.9%***	***1.8%***	-	-	-	***17.0%***	***25.0%***		***16.6%***	
Depreciation and amortisation	(4,613)	(3,327)	38.7%	(4,121)	11.9%	(211)	(155)	36.4%	(202)	4.5%	(391)	(258)	-	-	-	(5,215)	(3,482)	49.8%	(4,581)	13.8%
Net interest income (expense)	(3,125)	(4,733)	-34.0%	(2,999)	4.2%	(86)	(53)	62.5%	(43)	NMF	(627)	(427)	-	-	-	(3,838)	(4,786)	-19.8%	(3,469)	10.6%
Net gains/(losses) from foreign currencies	(95)	(1,982)	NMF	(1,711)	-94.4%	(91)	223	-140.9%	19	-578.9%	(77)	(272)	-	-	-	(263)	(1,759)	NMF	(1,964)	-86.6%
Net non-recurring income/(expense)	22	(676)	NMF	387	-94.3%	-	(46)	-	(973)	-	(71)	-	-	-	-	(49)	(722)	NMF	(586)	-91.6%
Profit before income tax expense	**9,983**	**3,923**	**154.5%**	**8,716**	**14.5%**	**(243)**	**1,356**	**NMF**	**(2,031)**	**-88.0%**	**622**	**(403)**	**-**	**-**	**-**	**10,362**	**5,279**	**96.3%**	**6,282**	**64.9%**
Income tax benefit/(expense)	(612)	(196)	NMF	26,619	NMF	25	164	-84.8%	301	-91.7%	-	-	-	-	-	(587)	(31)	NMF	26,920	NMF
of which: Deferred tax adjustments	-	-	-	*27,113*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*27,113*	-
Profit for the period	**9,371**	**3,728**	**151.4%**	**35,335**	**-73.5%**	**(218)**	**1,520**	**NMF**	**(1,730)**	**-87.4%**	**622**	**(403)**	-	-	-	**9,775**	**5,248**	**86.3%**	**33,202**	**-70.6%**
Attributable to:																				
- shareholders of the Company	6,721	2,453	174.0%	29,888	-77.5%	(218)	1,520	NMF	(1,730)	-87.4%	622	(403)	-	-	-	7,125	3,973	79.3%	27,755	-74.3%
- non-controlling interests	2,650	1,275	107.8%	5,447	-51.3%	-	-	-	-	-	-	-	-	-	-	2,650	1,275	107.8%	5,447	-51.3%
of which: Deferred tax adjustments	-	-	-	*4,705*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*4,705*	-

GEORGIA HEALTHCARE GROUP

INCOME STATEMENT (year to date)

GEL thousands; unless otherwise noted	Healthcare services 9M16	Healthcare services 9M15	Healthcare services Change, y-o-y	Medical insurance 9M16	Medical insurance 9M15	Medical insurance Change, y-o-y	Pharma YTD16	Eliminations 9M16	Eliminations 9M15	GHG 9M16	GHG 9M15	GHG Change, y-o-y
Revenue, gross	**178,535**	**139,550**	**27.9%**	**45,182**	**43,010**	**5.0%**	**76,416**	**(9,725)**	**(6,322)**	**290,408**	**176,238**	**64.8%**
Corrections & rebates	(1,896)	(2,522)	-24.8%	-	-	-	-	-	-	(1,896)	(2,522)	-24.8%
Revenue, net	**176,639**	**137,028**	**28.9%**	**45,182**	**43,010**	**5.0%**	**76,416**	**(9,725)**	**(6,322)**	**288,512**	**173,716**	**66.1%**
Costs of services	**(95,567)**	**(77,283)**	**23.7%**	**(40,775)**	**(35,444)**	**15.0%**	**(60,974)**	**9,207**	**6,125**	**(188,109)**	**(106,603)**	**76.5%**
Cost of salaries and other employee benefits	(59,355)	(49,759)	19.3%	-	-	-	-	3,228	2,236	(56,127)	(47,522)	18.1%
Cost of materials and supplies	(27,443)	(20,226)	35.7%	-	-	-	-	1,493	909	(25,950)	(19,317)	34.3%
Cost of medical service providers	(1,292)	(1,830)	-29.4%	-	-	-	-	70	82	(1,222)	(1,748)	-30.1%
Cost of utilities and other	(7,477)	(5,469)	36.7%	-	-	-	-	407	246	(7,070)	(5,223)	35.4%
Net insurance claims incurred	-	-	-	(37,790)	(33,158)	14.0%	-	4,009	2,651	(33,781)	(30,507)	10.7%
Agents, brokers and employee commissions	-	-	-	(2,985)	(2,286)	30.6%	-			(2,985)	(2,286)	30.6%
Cost of pharma - wholesale	-	-	-	-	-	-	(16,631)	-	-	(16,631)	-	-
Cost of pharma - retail	-	-	-	-	-	-	(44,343)	-	-	(44,343)	-	-
Gross profit	**81,072**	**59,745**	**35.7%**	**4,407**	**7,566**	**-41.8%**	**15,442**	**(518)**	**(197)**	**100,403**	**67,113**	**49.6%**
Salaries and other employee benefits	(17,372)	(16,897)	2.8%	(3,343)	(3,006)	11.2%	(6,796)	518	197	(26,993)	(19,706)	37.0%
General and administrative expenses	(9,708)	(5,641)	72.1%	(2,076)	(1,821)	14.0%	(6,599)	-	2	(18,383)	(7,460)	146.4%
Impairment of healthcare services, insurance premiums and other receivables	(2,026)	(2,680)	-24.4%	(362)	(156)	132.3%	-	-	-	(2,388)	(2,836)	-15.8%
Other operating income	816	2,461	-66.8%	(12)	46	NMF	295	-	(2)	1,099	2,505	-56.1%
EBITDA	**52,782**	**36,987**	**42.7%**	**(1,386)**	**2,630**	**NMF**	**2,342**	-	-	**53,738**	**39,617**	**35.6%**
EBITDA margin	***29.6%***	***26.5%***		***-3.1%***	***6.1%***		***3.1%***	-	-	***18.5%***	***22.5%***	
Depreciation and amortisation	(12,995)	(7,927)	63.9%	(617)	(444)	39.1%	(649)	-	-	(14,261)	(8,371)	70.4%
Net interest income (expense)	(8,383)	(14,817)	-43.4%	474	(87)	NMF	(1,054)	-	-	(8,963)	(14,904)	-39.9%
Net gains/(losses) from foreign currencies	(2,217)	2,898	NMF	79	792	-90.0%	(349)	-	-	(2,487)	3,690	NMF
Net non-recurring income/(expense)	179	(1,443)	NMF	(973)	(46)	NMF	(71)	-	-	(864)	(1,489)	NMF
Profit before income tax expense	**29,366**	**15,697**	**87.1%**	**(2,423)**	**2,845**	**NMF**	**219**	-	-	**27,163**	**18,542**	**46.5%**
Income tax benefit/(expense)	27,493	512	NMF	345	(491)	NMF	-	-	-	27,838	22	NMF
of which: Deferred tax adjustments	*29,311*	-	-			-		-	-	*29,311*	-	-
Profit for the period	**56,859**	**16,210**	**250.8%**	**(2,078)**	**2,354**	**NMF**	**219**	-	-	**55,001**	**18,564**	**196.3%**
	-	-		-	-		-			-	-	
Attributable to:	-	-		-	-		-			-	-	
- shareholders of the Company	46,660	13,473	246.3%	(2,078)	2,354	NMF	**219**	-	-	44,801	15,827	183.1%
- non-controlling interests	10,199	2,737	272.6%	-	-	-	-	-	-	10,200	2,737	272.6%
of which: Deferred tax adjustments	*5,057*	-	-	-	-	-	-	-	-	*5,057*	-	-

P&C INSURANCE (ALDAGI)

INCOME STATEMENT HIGHLIGHTS

GEL thousands, unless otherwise stated

	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	9M16	9M15	Change y-o-y
Net banking interest income	862	628	37.3%	770	11.9%	2,357	1,741	35.4%
Net fee and commission income	104	80	30.0%	104	0.0%	308	223	38.1%
Net banking foreign currency gain	(70)	(1,096)	-93.6%	(986)	-92.9%	(1,103)	1,119	NMF
Net other banking income	255	254	0.4%	223	14.3%	610	641	-4.8%
Gross insurance profit	6,836	6,297	8.6%	6,811	0.4%	19,311	15,757	22.6%
Revenue	**7,987**	**6,163**	**29.6%**	**6,922**	**15.4%**	**21,483**	**19,481**	**10.3%**
Operating expenses	(3,102)	(2,959)	4.8%	(2,774)	11.8%	(8,644)	(8,453)	2.3%
Operating income before cost of credit risk and non-recurring items	**4,885**	**3,204**	**52.5%**	**4,148**	**17.8%**	**12,839**	**11,028**	**16.4%**
Cost of credit risk	(185)	(199)	-7.0%	(186)	-0.5%	(543)	(466)	16.5%
Net non-recurring items	3	-	-	-	-	3	-	-
Profit before income tax	**4,703**	**3,005**	**56.5%**	**3,962**	**18.7%**	**12,299**	**10,562**	**16.4%**
Income tax (expense) benefit	(812)	(503)	61.4%	(1,009)	-19.5%	(2,365)	(265)	NMF
Profit	**3,891**	**2,502**	**55.5%**	**2,953**	**31.8%**	**9,934**	**10,297**	**-3.5%**

BELARUSKY NARODNY BANK (BNB)

INCOME STATEMENT, HIGHLIGHTS

GEL thousands, unless otherwise stated

	3Q16	3Q15	Change y-o-y	2Q16	Change q-o-q	9M16	9M15	Change y-o-y
Net banking interest income	7,830	7,650	2.4%	6,997	11.9%	22,730	21,717	4.7%
Net fee and commission income	1,739	2,149	-19.1%	1,868	-6.9%	5,469	7,065	-22.6%
Net banking foreign currency gain	1,175	6,340	-81.5%	2,100	-44.0%	5,756	15,025	-61.7%
Net other banking income	79	190	-58.4%	80	-1.3%	326	424	-23.1%
Revenue	**10,823**	**16,329**	**-33.7%**	**11,045**	**-2.0%**	**34,281**	**44,231**	**-22.5%**
Operating expenses	(4,982)	(4,722)	5.5%	(4,950)	0.6%	(14,422)	(13,664)	5.5%
Operating income before cost of credit risk	**5,841**	**11,607**	**-49.7%**	**6,095**	**-4.2%**	**19,859**	**30,567**	**-35.0%**
Cost of credit risk	(3,043)	(1,292)	135.5%	(1,075)	183.1%	(6,634)	(11,619)	-42.9%
Net non-recurring items	(4)	(323)	-98.8%	(8)	-50.0%	(15)	(1,739)	-99.1%
Profit before income tax	**2,794**	**9,992**	**-72.0%**	**5,012**	**-44.3%**	**13,210**	**17,209**	**-23.2%**
Income tax (expense) benefit	(441)	(2,342)	-81.2%	(4,845)	-90.9%	(6,431)	(4,554)	41.2%
Profit	**2,353**	**7,650**	**-69.2%**	**167**	**NMF**	**6,779**	**12,655**	**-46.4%**

BALANCE SHEET, HIGHLIGHTS

GEL thousands, unless otherwise stated

	30-Sep-16	30-Sep-15	Change Y-O-Y	30-Jun-16	Change Q-O-Q
Cash and cash equivalents	67,096	95,395	-29.7%	75,561	-11.2%
Amounts due from credit institutions	3,292	3,769	-12.7%	3,366	-2.2%
Loans to customers and finance lease receivables	327,170	315,006	3.9%	310,546	5.4%
Other assets	96,177	67,328	42.8%	43,036	123.5%
Total assets	**493,735**	**481,498**	**2.5%**	**432,509**	**14.2%**
Client deposits and notes	200,742	270,548	-25.8%	202,382	-0.8%
Amounts due to credit institutions	198,446	120,115	65.2%	141,577	40.2%
Debt securities issued	15,484	-	-	15,416	0.4%
Other liabilities	6,978	8,974	-22.2%	6,070	15.0%
Total liabilities	**421,650**	**399,637**	**5.5%**	**365,445**	**15.4%**
Total equity attributable to shareholders of the Group	**57,826**	**67,989**	**-14.9%**	**53,810**	**7.5%**
Non-controlling interests	14,259	13,872	2.8%	13,254	7.6%
Total equity	**72,085**	**81,861**	**-11.9%**	**67,064**	**7.5%**
Total liabilities and equity	**493,735**	**481,498**	**2.5%**	**432,509**	**14.2%**

BANKING BUSINESS KEY RATIOS

	3Q16	3Q15	2Q16	Sep-16	Sep-15
Profitability					
ROAA, Annualised	3.7%	3.3%	3.4%	3.4%	3.1%
ROAE, Annualised	24.7%	23.3%	22.5%	22.8%	20.6%
RB ROAE	*31.6%*	*27.5%*	*29.2%*	*28.4%*	*23.4%*
CIB ROAE	*17.9%*	*18.6%*	*17.2%*	*17.5%*	*17.4%*
Net Interest Margin, Annualised	7.3%	7.6%	7.5%	7.4%	7.7%
RB NIM	*9.0%*	*9.5%*	*9.1%*	*9.1%*	*9.6%*
CIB NIM	*3.4%*	*3.7%*	*3.7%*	*3.6%*	*3.9%*
Loan Yield, Annualised	14.1%	14.7%	14.1%	14.2%	14.7%
RB Loan Yield	*16.6%*	*17.9%*	*16.9%*	*17.0%*	*17.5%*
CIB Loan Yield	*10.1%*	*10.3%*	*10.0%*	*10.2%*	*10.6%*
Liquid assets yield, Annualised	3.2%	3.1%	3.3%	3.2%	3.2%
Cost of Funds, Annualised	4.7%	5.1%	4.8%	4.8%	5.1%
Cost of Client Deposits and Notes, annualised	3.6%	4.1%	4.0%	4.0%	4.3%
RB Cost of Client Deposits and Notes	*3.3%*	*3.7%*	*3.4%*	*3.4%*	*4.0%*
CIB Cost of Client Deposits and Notes	*3.5%*	*3.9%*	*4.2%*	*4.1%*	*3.9%*
Cost of Amounts Due to Credit Institutions, annualised	6.5%	6.3%	5.9%	6.1%	5.7%
Cost of Debt Securities Issued	6.6%	7.3%	7.0%	7.0%	7.3%
Operating Leverage, Y-O-Y	-7.7%	18.7%	-6.4%	-5.8%	19.2%
Operating Leverage, Q-O-Q	1.9%	2.7%	-0.2%	0.0%	0.0%
Efficiency					
Cost / Income	37.3%	34.8%	38.0%	37.7%	35.7%
RB Cost / Income	*38.7%*	*37.5%*	*39.9%*	*40.5%*	*40.3%*
CIB Cost / Income	*31.1%*	*28.8%*	*31.8%*	*29.9%*	*27.1%*
Liquidity					
NBG Liquidity Ratio	41.4%	40.5%	43.5%	41.4%	40.5%
Liquid Assets To Total Liabilities	38.2%	36.9%	37.2%	38.2%	36.9%
Net Loans To Client Deposits and Notes	117.2%	115.4%	114.9%	117.2%	115.4%
Net Loans To Client Deposits and Notes + DFIs	94.2%	95.9%	95.8%	94.2%	95.9%
Leverage (Times)	5.4	6.3	5.6	5.4	6.3
Asset Quality:					
NPLs (in GEL)	260,963	221,590	251,383	260,963	221,590
NPLs To Gross Loans To Clients	4.4%	4.0%	4.4%	4.4%	4.0%
NPL Coverage Ratio	86.5%	82.1%	85.8%	86.5%	82.1%
NPL Coverage Ratio, Adjusted for discounted value of collateral	131.1%	121.9%	129.7%	131.1%	121.9%
Cost of Risk, Annualised	2.3%	2.5%	2.0%	2.2%	2.8%
RB Cost of Risk	*2.4%*	*3.2%*	*2.3%*	*2.4%*	*2.8%*
CIB Cost of Risk	*1.9%*	*1.9%*	*1.5%*	*1.8%*	*2.4%*
Capital Adequacy:					
New NBG (Basel 2/3) Tier I Capital Adequacy Ratio	11.0%	10.2%	10.2%	11.0%	10.2%
New NBG (Basel 2/3) Total Capital Adequacy Ratio	16.2%	15.8%	15.5%	16.2%	15.8%
Old NBG Tier I Capital Adequacy Ratio	10.0%	9.2%	10.0%	10.0%	9.2%
Old NBG Total Capital Adequacy Ratio	16.6%	16.0%	16.4%	16.6%	16.0%
Selected Operating Data:					
Total Assets Per FTE, BOG Standalone	1,984	2,060	1,954	1,984	2,060
Number Of Active Branches, Of Which:	276	260	273	276	260
- Express Branches (including Metro)	*122*	*110*	*119*	*122*	*110*
- Bank of Georgia Branches	*144*	*148*	*144*	*144*	*148*
- Solo Lounges	*10*	*2*	*10*	*10*	*2*
Number Of ATMs	772	703	763	772	703
Number Of Cards Outstanding, Of Which:	1,996,836	1,940,627	1,946,828	1,996,836	1,940,627
- Debit cards	*1,185,333*	*1,210,914*	*1,152,319*	*1,185,333*	*1,210,914*
- Credit cards	*811,503*	*729,713*	*794,509*	*811,503*	*729,713*
Number Of POS Terminals	10,017	7,685	9,044	10,017	7,685

	9M16	9M15
Full Time Employees, Group, Of Which:	21,441	15,624
Total Banking Business Companies, of which:	6,536	5,961
- Full Time Employees, BOG Standalone	*4,866*	*4,436*
- Full Time Employees, BNB	*598*	*537*
- Full Time Employees, Aldagi	*280*	*246*
- Full Time Employees, BB other	*792*	*742*
Total Investment Business Companies, of which:	*14,905*	*9,663*
- Full Time Employees, Georgia Healthcare Group	*12,360*	*9,434*
- Full Time Employees, GGU	*2,311*	*-*
- Full Time Employees, m2	*62*	*59*
- Full Time Employees, IB Other	*172*	*170*

Operating Data, GEL mln	**9M16**	**% of clients**	**2015**	**2014**	**2013**
Number of total Retail clients, of which:	**2,072,138**		**1,999,869**	**1,451,777**	**1,245,048**
Number of Solo clients ("Premier Banking")	*16,964*	0.8%	*11,869*	*7,971*	*6,810*
Consumer loans & other outstanding, volume	**976.1**		**835.6**	**691.8**	**560.2**
Consumer loans & other outstanding, number	631,022	30.5%	625,458	526,683	455,557
Mortgage loans outstanding, volume	**1,022.1**		**809.0**	**600.9**	**441.4**
Mortgage loans outstanding, number	15,376	0.7%	12,857	11,902	10,212
Micro & SME loans outstanding, volume	**1,055.6**		**903.9**	**666.0**	**497.0**
Micro & SME loans outstanding, number	28,982	1.4%	19,045	16,246	13,317
Credit cards and overdrafts outstanding, volume	**298.5**		**305.7**	**135.0**	**142.4**
Credit cards and overdrafts outstanding, number	431,044	20.8%	435,010	199,543	174,570
Credit cards outstanding, number, of which:	811,503	39.2%	754,274	116,615	117,913
American Express cards	*82,361*	4.0%	*100,515*	*110,362*	*108,608*

Shares Outstanding	**Sep-16**	**Sep-15**	**Jun-16**
Ordinary Shares Outstanding	38,238,796	38,257,793	38,299,053
Treasury Shares Outstanding	1,261,524	1,242,527	1,201,267

COMPANY INFORMATION

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Registered Address
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Registered under number 7811410 in England and Wales
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Share price information
BGEO shareholders can access both the latest and historical prices via our website, www.BGEO.com