

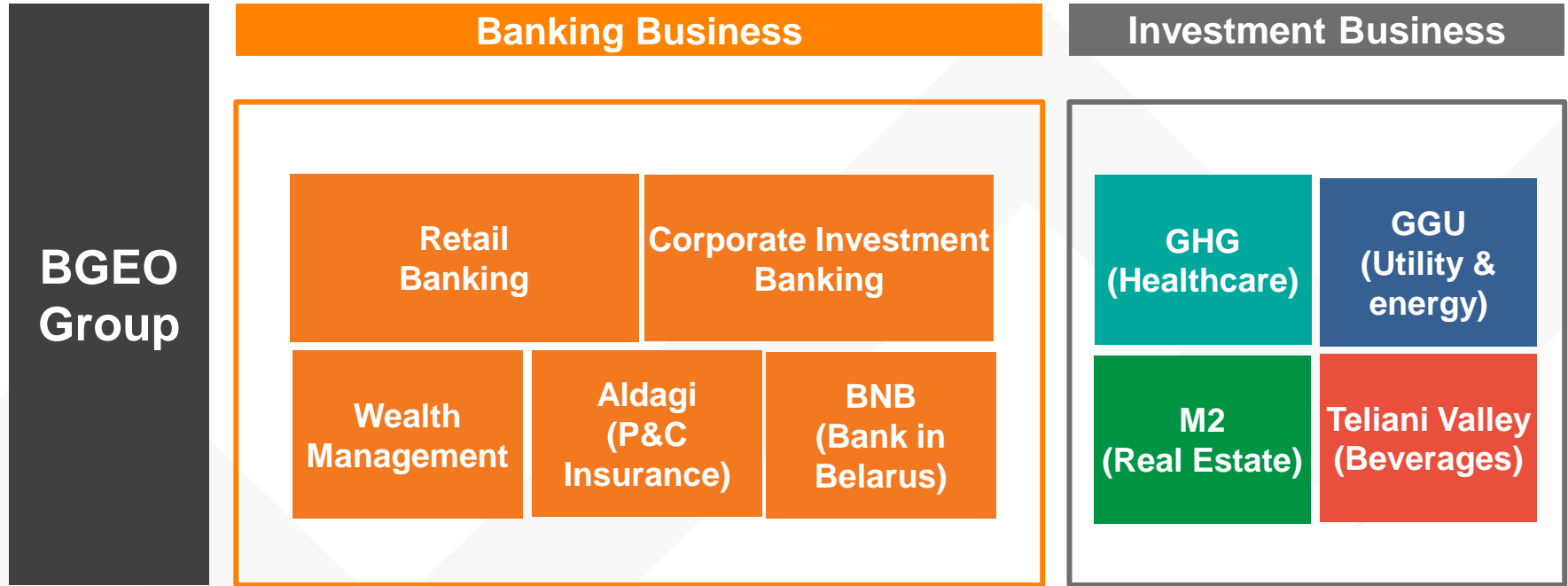
# CAPTURING GROWTH OPPORTUNITIES

Investor Presentation: 4Q16 & full year 2016 results

**Disclaimer**

This presentation contains 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. Although BGEO Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: weakening of global and regional economic conditions; exchange rate fluctuations, including depreciation of the Georgian Lari; deterioration in the quality of our loan book; adverse changes in the financial position or credit worthiness of our customers, obligors and counterparties and developments in the market in which they operate; increase in interest rates; governmental, legislative and regulatory risk; regional tensions; changes in US foreign policy affecting the region; failure to achieve strategic priorities or to meet targets or expectations; competitive pressures; operational risk; risk of failure of information technology and cybercrime; and other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports, including the 'Principal Risks and Uncertainties' included in BGEO Group PLC's 2Q 2016 & 1H16 Half Year Results and in BGEO Group PLC's 2015 Annual Report and Accounts. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in BGEO Group PLC or any other entity, and must not be relied upon in any way in connection with any investment decision. BGEO Group PLC undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

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Data as of 31 December, 2016  
unless otherwise stated

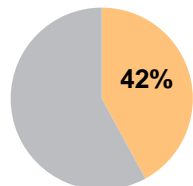
**GEL 3,181.2mln<sup>1</sup>**

Banking Business

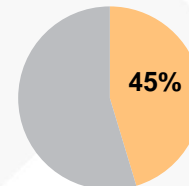
Investment Business

Cash buffer

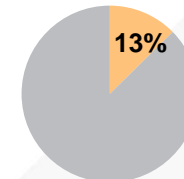
At a glance



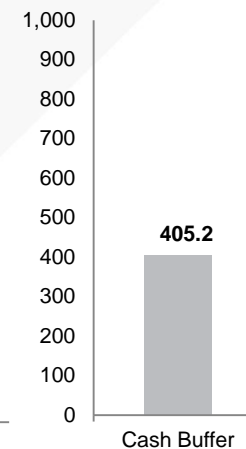
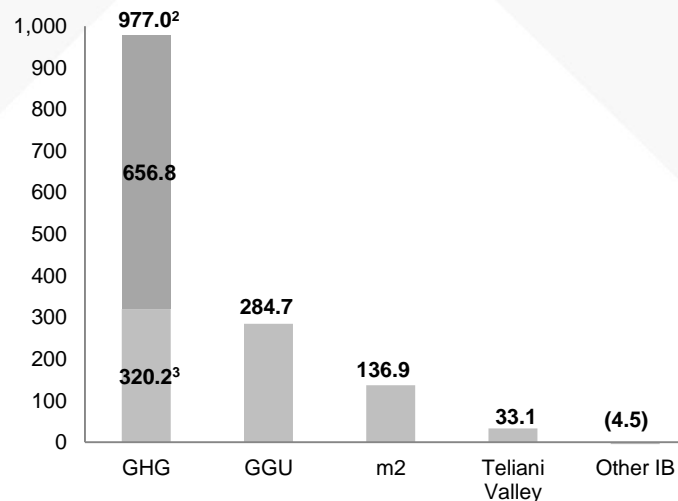
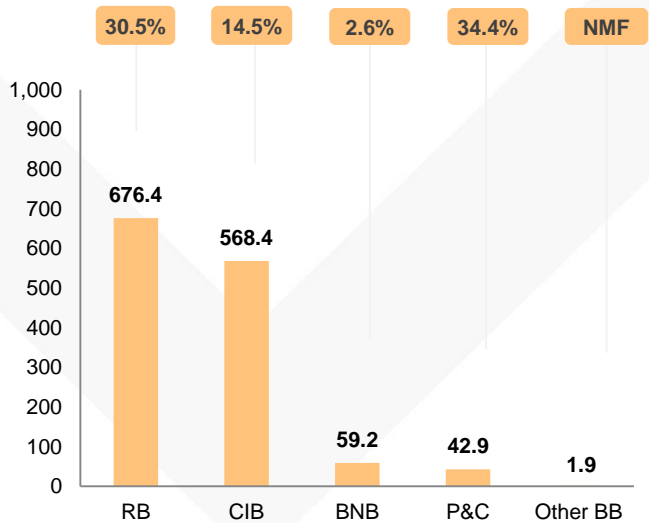
**GEL 1,348.8mln**



**GEL 1,427.2mln**



**GEL 405.2mln**



1. Comprises the sum of the following items: a book value of equity attributable to shareholders of BGEO of GEL 2,166.2mln, GEL 656.8mln market value adjustment to GHG's equity book value and long term borrowing of GEL 358.2mln  
 2. Market value of BGEO's equity interests in GHG as of 10 February 2017  
 3. Book value of GHG Equity attributable to shareholders of the BGEO Group

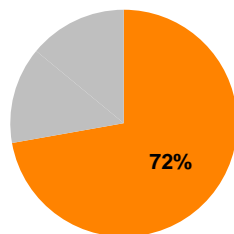


Data as of 31 December, 2016  
unless otherwise stated

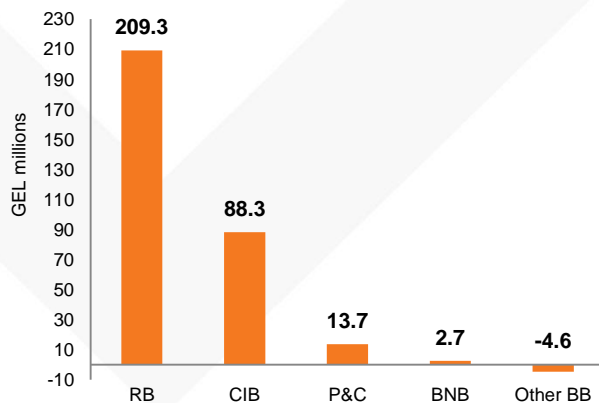
**GEL 428.6m (GEL 370.2m excluding one-offs\*)**

At a glance

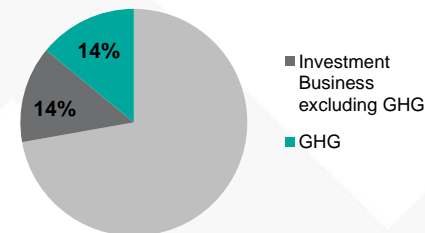
## Banking Business



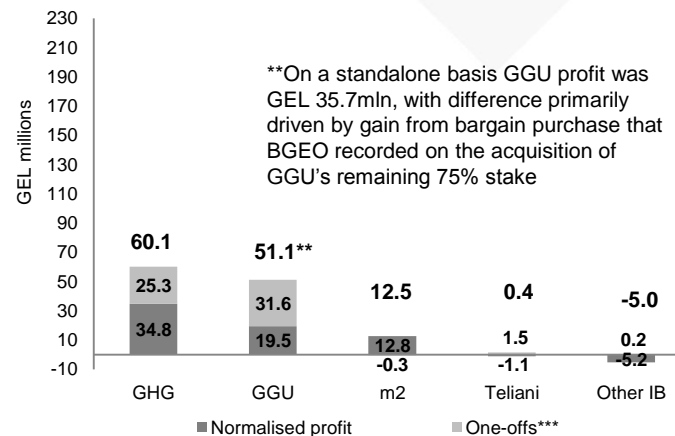
**GEL 309.4m**



## Investment Business



**GEL 60.8m *without one-offs***  
**(GEL 119.2m *with one-offs*)**



\*\*On a standalone basis GGU profit was GEL 35.7m, with difference primarily driven by gain from bargain purchase that BGEO recorded on the acquisition of GGU's remaining 75% stake

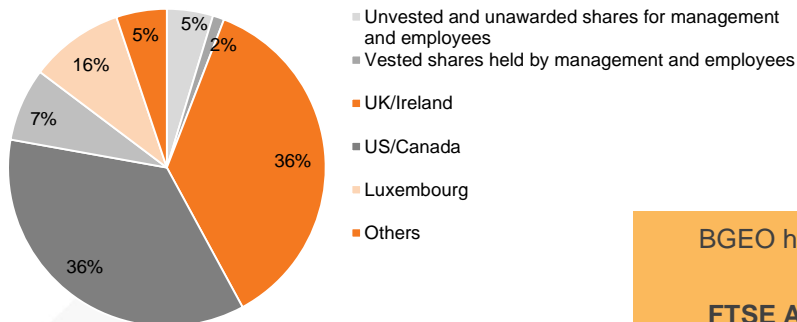
By businesses

\* Investment business profit shown in the pie charts is 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, that amounted to GEL 58.3m, Investment Business contributed GEL119.1m or 27.8% to the Group's profits in 2016, up from GEL 36.7m in 2015

\*\*\* Deferred tax adjustment and net non-recurring items

BGEO shareholder structure

As of 30 December 2016



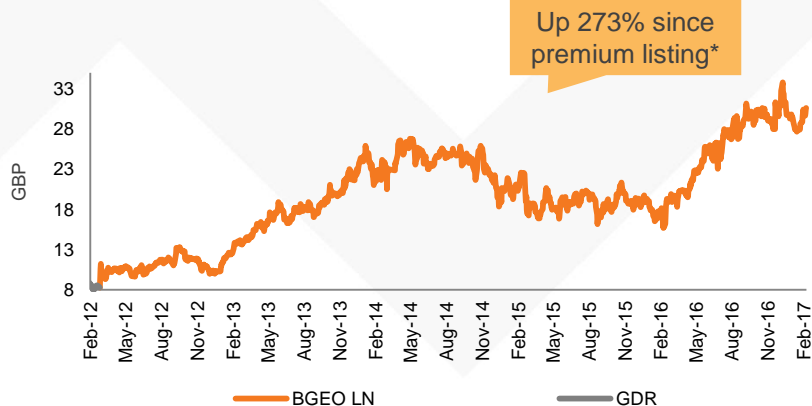
BGEO has been included in the FTSE 250 and FTSE All-share Index Funds since 18 June 2012

BGEO top shareholders

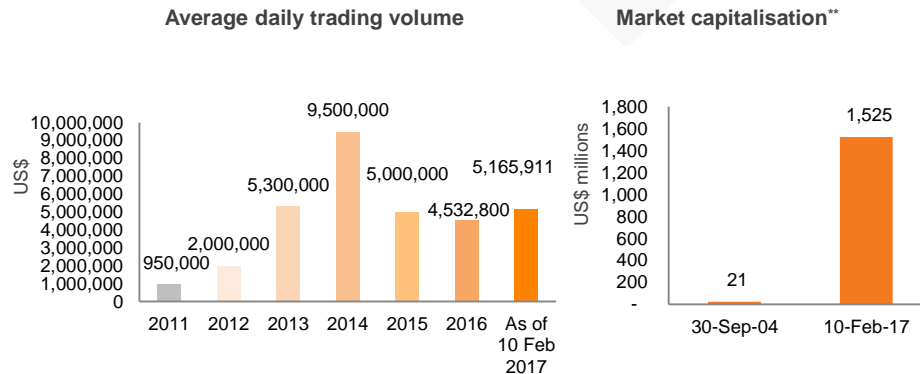
As of 30 December 2016

Rank	Shareholder name	Ownership %
1	Harding Loevner Management LP	9.68
2	Schroders Investment Management	5.36
3	Artemis Investment Management	4.47
4	Westwood International Advisors	3.49

BGEO share price performance



X73 growth in market capitalisation

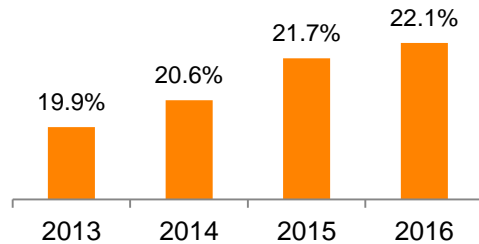


# We are a Georgia Focused INVESTMENT PLATFORM

## Banking Business

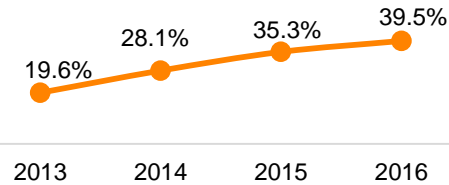
1

**ROE  
20%+**



2

**Retail loan  
book growth  
20%+**



## Investment Business

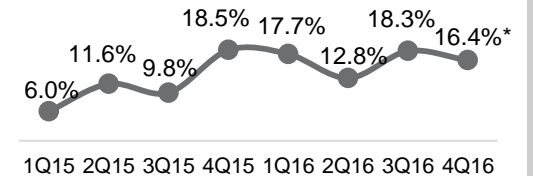
3

**Min. IRR  
of 20%**

**121% IRR from GHG IPO  
78% IRR from m2 Real Estate  
projects**

4

**Profit  
up to 20%**





# Solid regular dividend and capital return track record

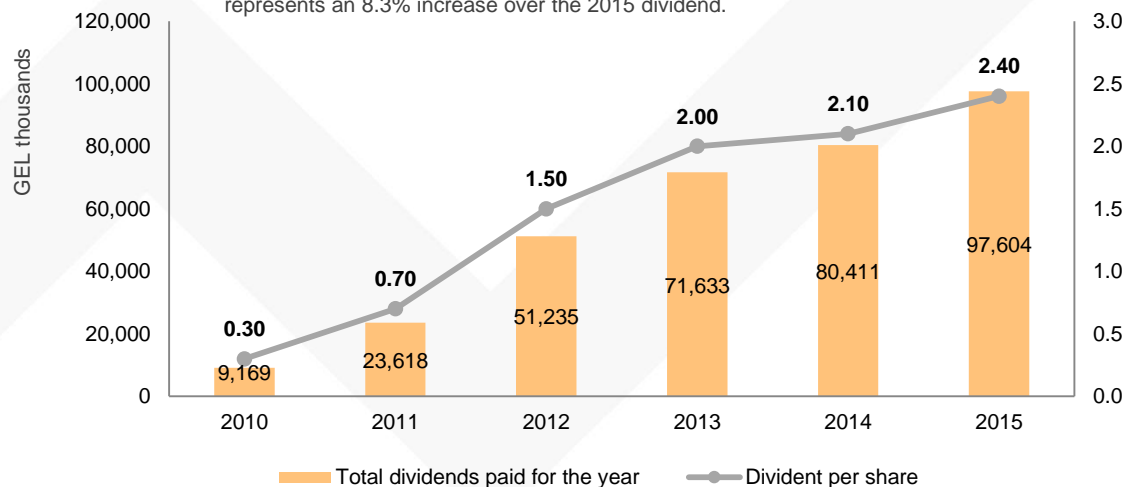
## Regular dividends

**Regular dividends: GEL 333.7mIn cash dividend paid since 2010**

**DPS CAGR'10-15: 51.6%**

**Payout Ratio: 10% 15% 30% 36% 33% 34%**

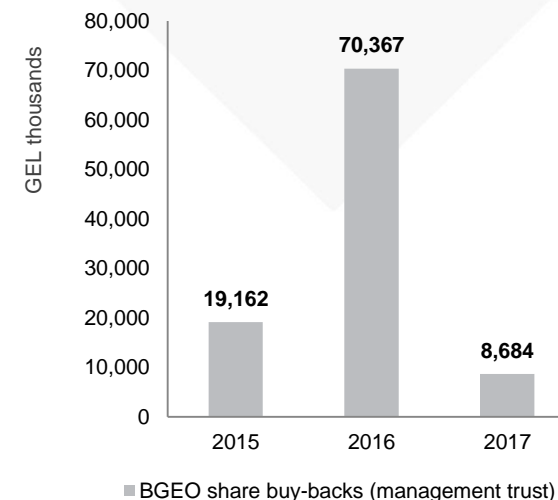
**2016 regular dividend:** At the 2017 Annual General Meeting the Board intends to recommend an annual regular dividend for 2016 of GEL 2.6 per share payable in British Pounds Sterling at the prevailing rate. This is in the range of our regular dividend payout ratio target of 25-40% paid from the Banking Business profits and represents an 8.3% increase over the 2015 dividend.

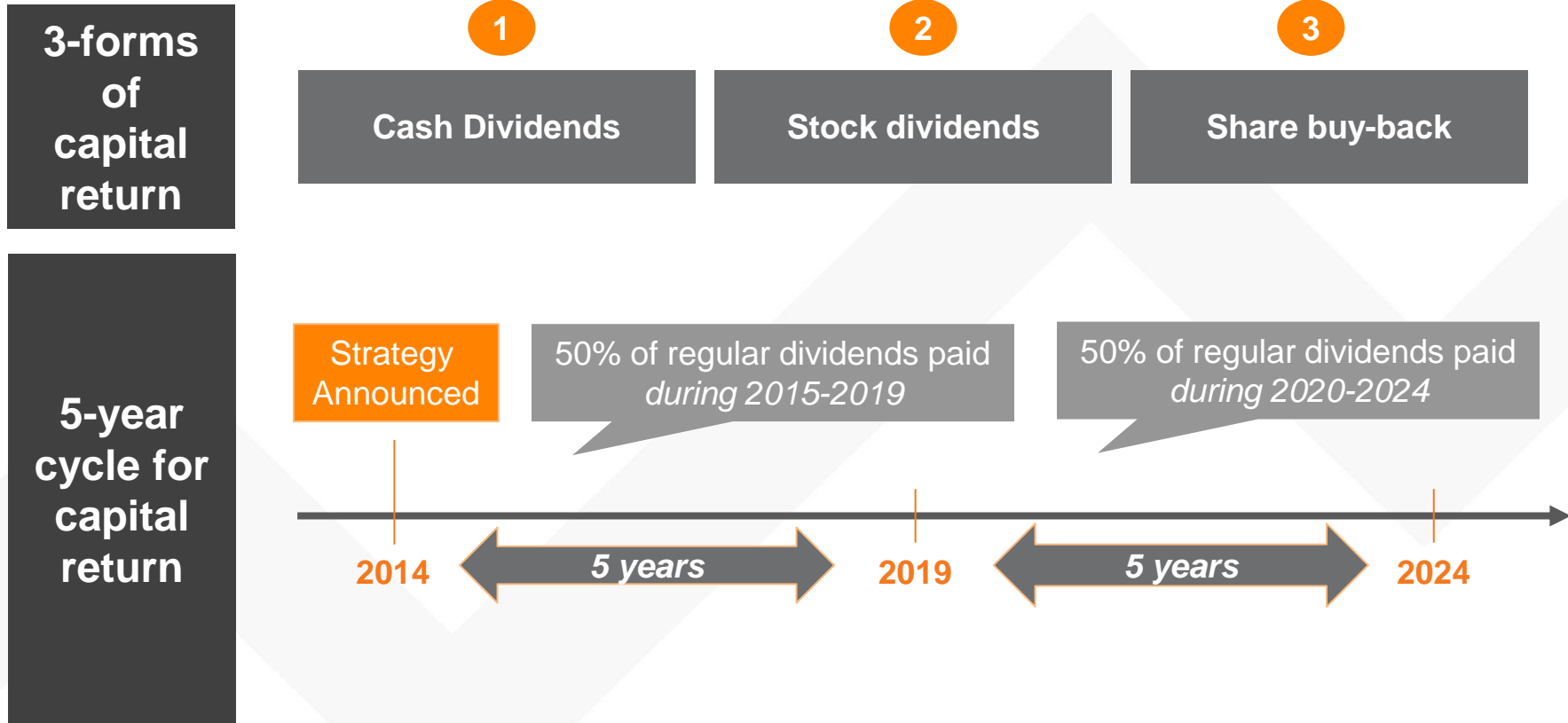


## Capital return

**Capital return: GEL 98.2mIn share buy-backs since 2015**

**Crystallised value: BGEO holds GEL 977.0mIn worth of GHG shares\*\***





## Board of Directors of BGEO Group PLC

6 non-executive Supervisory Board members; 6 Independent members, including the Chairman and Vice Chairman



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



**Kim Bradley**, Chairman of Risk Committee, Independent Director  
*experience: Goldman Sachs AM, Senior Executive at GE Capital, President of Societa Gestione Crediti, Board Chairman at Archon Capital Deutschland*



**Irakli Gilauri**, BGEO Group PLC and JSC BGEO Group CEO  
*experience: formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*



**Hanna Loikkanen**, Independent Director  
*experience: Currently advisor to East Capital Private Equity AB; previously: Senior executive at East Capital, FIM Group Russia, Nordea Finance, SEB*



**David Morrison**, Chairman of the Audit Committee, Vice Chairman of the Supervisory Board, Independent Director  
*experience: senior partner at Sullivan & Cromwell LLP prior to retirement*



**Tamaz Georgadze**, Independent Director  
*experience: Partner at McKinsey & Company in Berlin, Founded SavingGlobal GmbH, aide to President of Georgia*



**Al Breach**, Chairman of the Remuneration Committee, Independent Director  
*experience: Head of Research, Strategist & Economist at UBS; Russia and CIS economist at Goldman Sachs*

# BGEO Robust corporate governance compliant with UK Corporate Governance Code

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

BGEO Group PLC



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



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



**Levan Kulijanishvili**, Deputy CEO and CFO at BOG, Group CFO. With the Group since 1997. *Formerly Head of Security and Internal Audit at Bank of Georgia; MBA from Grenoble School of Business, in Grenoble, France*



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

JSC Bank of Georgia



**Kaha kiknavelidze**, CEO of Bank of Georgia *Previously managing partner of Rioni Capital, London based fund; prior to this, Kaha was Executive Director of Oil and Gas research team for UBS; Over 15 years experience in the equity markets.*

Georgia Healthcare Group



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

Georgia Global Utilities



**Archil Gachechiladze**, CEO, Georgia Global Utilities. With the Group since 2009. *Previously Deputy CEO of the Bank, BGEO Group CFO, Deputy CEO of TBC Bank; Lehman Brothers Private Equity, London; MBA from Cornell University*

m2 Real Estate  
Teliani Valley



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



**Shota Kobelia**, CEO of Teliani Valley. With the Group since 2009. *Previously Chief Commercial Officer in Pernod Ricard Georgia; Masters degree in international sales marketing from Bordeaux Business School, France.*

JSC Bank of Georgia



**Kaha kiknavelidze**, CEO of Bank of Georgia *Previously managing partner of Rioni Capital, London based fund; prior to this, Kaha was Executive Director of Oil and Gas research team for UBS; Over 15 years experience in the equity markets.*



**Levan Kulijanishvili**, Deputy CEO, CFO. With the Group since 1997. *15 years of experience at BOG. Formerly Head of Security and Internal Audit at Bank of Georgia; Holds MBA from Grenoble School of Business, in Grenoble, France*



**Mikheil Gomarteli**, Deputy CEO, Emerging and Mass Retail Banking. With the Group since 1997. *15 years work experience at BOG, including co-head of retail banking, head of business development and head of strategy and planning; Undergraduate degree in economics from Tbilisi State University*



**David Tsiklauri**, Deputy CEO, Corporate Investment Banking since 2017. *Previously Deputy CEO in charge of Corporate Banking at TBC Bank, Vice President of the Capital Markets and Treasury Solutions team at Deutsche Bank; MBA degree from London Business School*



**Ramaz Kukuladze**, Deputy CEO, SOLO and MSME Banking - rejoined in 2017. *Previously Deputy CEO of Bank Republic Société Générale, Deputy CEO of Silknet (telecommunications company), Deputy CEO of the Bank, CEO of BCI, insurance company; Executive MBA degree from IE Business School*



**George Chiladze**, Deputy CEO, Chief Risk Officer. With the Group since 2008. *Formerly Deputy CEO in Finance, Deputy CEO at Partnership Fund, Programme trading desk at Bear Stearns NY; Ph.D. in physics from John Hopkins University in Baltimore*



**Tornike Gogichaishvili**, Deputy CEO, Chief Operating Officer. With the Group since 2006. *Previously CEO of Aldagi and CFO of BG Bank, Ukraine; Prior to joining the bank, CFO of UEDC PA consulting; Executive Diploma from Said Business School, Oxford*



**Alexander Katsman**, Deputy CEO, HRM and Branding. With the Group since 2010. *Previously Head of Branding Department at the Bank. Before joining the bank he was a partner at Sarke, the largest communications' group in Georgia; EMBA from the Berlin School of Creative Leadership*

**BGEO Group | Overview**

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**Georgian Macro Overview**

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Quarterly P&L

	BGEO Consolidated					Banking Business					Investment Business				
	4Q16	4Q15	Change Y-O-Y	3Q16	Change Q-O-Q	4Q16	4Q15	Change Y-O-Y	3Q16	Change Q-O-Q	4Q16	4Q15	Change Y-O-Y	3Q16	Change Q-O-Q
<i>GEL thousands unless otherwise noted</i>															
Net banking interest income	155,403	131,434	18.2%	136,624	13.7%	158,371	134,217	18.0%	138,615	14.3%	-	-	-	-	-
Net fee and commission income	35,325	31,639	11.7%	30,431	16.1%	36,645	32,266	13.6%	30,651	19.6%	-	-	-	-	-
Net banking foreign currency gain	28,516	19,525	46.0%	21,497	32.7%	28,516	19,525	46.0%	21,497	32.7%	-	-	-	-	-
Net other banking income	2,199	9,318	-76.4%	4,077	-46.1%	2,506	9,699	-74.2%	4,269	-41.3%	-	-	-	-	-
Gross insurance profit	9,171	6,733	36.2%	9,687	-5.3%	6,445	5,441	18.5%	6,816	-5.4%	3,557	2,126	67.3%	3,610	-1.5%
Gross healthcare and pharmacy profit	42,221	23,845	77.1%	35,517	18.9%	-	-	-	-	-	42,221	23,845	77.1%	35,517	18.9%
Gross real estate profit	1,339	12,769	-89.5%	10,032	-86.7%	-	-	-	-	-	2,033	12,769	-84.1%	10,032	-79.7%
Gross utility profit	21,600	-	-	16,942	27.5%	-	-	-	-	-	21,671	-	-	17,011	27.4%
Gross other investment profit	9,697	11,271	-14.0%	4,821	101.1%	-	-	-	-	-	9,391	11,157	-15.8%	4,927	90.6%
<b>Revenue</b>	<b>305,471</b>	<b>246,534</b>	<b>23.9%</b>	<b>269,628</b>	<b>13.3%</b>	<b>232,483</b>	<b>201,148</b>	<b>15.6%</b>	<b>201,848</b>	<b>15.2%</b>	<b>78,873</b>	<b>49,897</b>	<b>58.1%</b>	<b>71,097</b>	<b>10.9%</b>
<b>Operating expenses</b>	<b>(117,358)</b>	<b>(84,262)</b>	<b>39.3%</b>	<b>(101,553)</b>	<b>15.6%</b>	<b>(87,069)</b>	<b>(71,172)</b>	<b>22.3%</b>	<b>(75,375)</b>	<b>15.5%</b>	<b>(32,163)</b>	<b>(14,580)</b>	<b>120.6%</b>	<b>(27,349)</b>	<b>17.6%</b>
<b>Operating income before cost of credit risk / EBITDA</b>	<b>188,113</b>	<b>162,272</b>	<b>15.9%</b>	<b>168,075</b>	<b>11.9%</b>	<b>145,414</b>	<b>129,976</b>	<b>11.9%</b>	<b>126,473</b>	<b>15.0%</b>	<b>46,710</b>	<b>35,317</b>	<b>32.3%</b>	<b>43,748</b>	<b>6.8%</b>
Profit from associates	254	1,938	-86.9%	256	-0.8%	-	-	-	-	-	254	1,938	-86.9%	256	-0.8%
Depreciation and amortization of investment business	(9,615)	(4,731)	103.2%	(9,566)	0.5%	-	-	-	-	-	(9,615)	(4,731)	103.2%	(9,566)	0.5%
Net foreign currency loss from investment business	(6,065)	(3,416)	77.5%	(1,221)	NMF	-	-	-	-	-	(6,065)	(3,416)	77.5%	(1,221)	NMF
Interest income from investment business	1,551	602	157.6%	1,930	-19.6%	-	-	-	-	-	540	957	-43.6%	1,667	-67.6%
Interest expense from investment business	(8,673)	(3,166)	173.9%	(8,876)	-2.3%	-	-	-	-	-	(11,673)	(6,542)	78.4%	(10,759)	8.5%
<b>Operating income before cost of credit risk</b>	<b>165,565</b>	<b>153,499</b>	<b>7.9%</b>	<b>150,598</b>	<b>9.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,151</b>	<b>23,523</b>	<b>-14.3%</b>	<b>24,125</b>	<b>-16.5%</b>
Cost of credit risk	(69,967)	(36,022)	94.2%	(35,591)	96.6%	(70,873)	(35,230)	101.2%	(34,525)	105.3%	906	(792)	NMF	(1,066)	NMF
Net non-recurring items	698	(6,227)	NMF	35,156	-98.0%	(1,056)	(2,502)	-57.8%	3,474	NMF	1,754	(3,725)	NMF	31,682	-94.5%
Income tax expense	(7,553)	(15,578)	-51.5%	(8,614)	-12.3%	1,830	(11,653)	NMF	(5,665)	NMF	(9,383)	(3,925)	139.1%	(2,949)	NMF
<b>Profit</b>	<b>88,743</b>	<b>95,672</b>	<b>-7.2%</b>	<b>141,549</b>	<b>-37.3%</b>	<b>75,315</b>	<b>80,591</b>	<b>-6.5%</b>	<b>89,757</b>	<b>-16.1%</b>	<b>13,428</b>	<b>15,081</b>	<b>-11.0%</b>	<b>51,792</b>	<b>-74.1%</b>
<b>Earning per share (basic)</b>	<b>2.29</b>	<b>2.42</b>	<b>-5.4%</b>	<b>3.55</b>	<b>-35.5%</b>	<b>1.99</b>	<b>2.08</b>	<b>-4.3%</b>	<b>2.32</b>	<b>-14.1%</b>	<b>0.30</b>	<b>0.34</b>	<b>-12.2%</b>	<b>1.23</b>	<b>-75.9%</b>
<b>Earnings per share (diluted)</b>	<b>2.21</b>	<b>2.42</b>	<b>-8.7%</b>	<b>3.55</b>	<b>-37.7%</b>	<b>1.92</b>	<b>2.08</b>	<b>-7.6%</b>	<b>2.32</b>	<b>-17.1%</b>	<b>0.29</b>	<b>0.34</b>	<b>-15.3%</b>	<b>1.23</b>	<b>-76.8%</b>

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

Annual P&L

	BGEO Consolidated			Banking Business			Investment Business		
	2016	2015	Change Y-O-Y	2016	2015	Change Y-O-Y	2016	2015	Change Y-O-Y
<i>GEL thousands unless otherwise noted</i>									
Net banking interest income	549,407	501,390	9.6%	556,728	512,927	8.5%	-	-	-
Net fee and commission income	122,913	118,406	3.8%	124,949	121,589	2.8%	-	-	-
Net banking foreign currency gain	82,909	76,926	7.8%	82,909	76,926	7.8%	-	-	-
Net other banking income	11,773	18,528	-36.5%	12,767	19,837	-35.6%	-	-	-
Gross insurance profit	33,683	29,907	12.6%	25,101	20,047	25.2%	11,454	12,116	-5.5%
Gross healthcare and pharmacy profit	134,862	80,938	66.6%	-	-	-	134,862	80,938	66.6%
Gross real estate profit	19,768	14,688	34.6%	-	-	-	20,462	14,688	39.3%
Gross utility profit	38,541	-	-	-	-	-	38,680	-	-
Gross other investment profit	20,926	20,777	0.7%	-	-	-	20,802	20,639	0.8%
<b>Revenue</b>	<b>1,014,782</b>	<b>861,560</b>	<b>17.8%</b>	<b>802,454</b>	<b>751,326</b>	<b>6.8%</b>	<b>226,260</b>	<b>128,381</b>	<b>76.2%</b>
<b>Operating expenses</b>	<b>(390,788)</b>	<b>(314,732)</b>	<b>24.2%</b>	<b>(302,227)</b>	<b>(267,859)</b>	<b>12.8%</b>	<b>(93,648)</b>	<b>(50,862)</b>	<b>84.1%</b>
<b>Operating income before cost of credit risk / EBITDA</b>	<b>623,994</b>	<b>546,828</b>	<b>14.1%</b>	<b>500,227</b>	<b>483,467</b>	<b>3.5%</b>	<b>132,612</b>	<b>77,519</b>	<b>71.1%</b>
Profit from associates	4,328	4,050	6.9%	-	-	-	4,328	4,050	6.9%
Depreciation and amortization of investment business	(28,865)	(14,225)	102.9%	-	-	-	(28,865)	(14,225)	102.9%
Net foreign currency gain (loss) from investment business	(9,650)	651	NMF	-	-	-	(9,650)	651	NMF
Interest income from investment business	4,155	2,340	77.6%	-	-	-	3,232	3,338	-3.2%
Interest expense from investment business	(21,429)	(10,337)	107.3%	-	-	-	(29,351)	(25,493)	15.1%
<b>Operating income before cost of credit risk</b>	<b>572,533</b>	<b>529,307</b>	<b>8.2%</b>	<b>500,227</b>	<b>483,467</b>	<b>3.5%</b>	<b>72,306</b>	<b>45,840</b>	<b>57.7%</b>
Cost of credit risk	(171,089)	(155,377)	10.1%	(168,561)	(151,517)	11.2%	(2,528)	(3,860)	-34.5%
Net non-recurring items	(11,524)	(14,577)	-20.9%	(45,351)	(13,046)	NMF	33,827	(1,531)	NMF
Income tax (expense) benefit	38,656	(48,408)	NMF	23,126	(44,647)	NMF	15,530	(3,761)	NMF
<b>Profit</b>	<b>428,576</b>	<b>310,945</b>	<b>37.8%</b>	<b>309,441</b>	<b>274,257</b>	<b>12.8%</b>	<b>119,135</b>	<b>36,688</b>	<b>224.7%</b>
<b>Earning per share (basic)</b>	<b>10.41</b>	<b>7.93</b>	<b>31.3%</b>	<b>8.02</b>	<b>7.06</b>	<b>13.5%</b>	<b>2.39</b>	<b>0.87</b>	<b>175.8%</b>
<b>Earnings per share (diluted)</b>	<b>10.09</b>	<b>7.93</b>	<b>27.2%</b>	<b>7.77</b>	<b>7.06</b>	<b>10.0%</b>	<b>2.32</b>	<b>0.87</b>	<b>167.3%</b>

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



Balance Sheet

BGEO Consolidated

Banking Business

Investment Business

GEL thousands unless otherwise noted

	BGEO Consolidated					Banking Business					Investment Business				
	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q
Liquid assets	3,914,596	3,068,166	27.6%	3,313,188	18.2%	3,712,489	3,006,991	23.5%	3,111,521	19.3%	554,192	307,459	80.2%	380,568	45.6%
Cash and cash equivalents	1,573,610	1,432,934	9.8%	1,197,687	31.4%	1,482,106	1,378,459	7.5%	1,090,511	35.9%	397,620	290,576	36.8%	237,426	67.5%
Amounts due from credit institutions	1,054,983	731,365	44.2%	944,061	11.7%	943,091	721,802	30.7%	848,185	11.2%	153,497	15,730	875.8%	140,635	9.1%
Investment securities	1,286,003	903,867	42.3%	1,171,440	9.8%	1,287,292	906,730	42.0%	1,172,825	9.8%	3,075	1,153	166.7%	2,507	22.7%
Loans to customers and finance lease receivables	6,648,482	5,322,117	24.9%	5,676,225	17.1%	6,681,672	5,366,764	24.5%	5,715,737	16.9%	-	-	-	-	-
Property and equipment	1,323,870	794,682	66.6%	1,224,620	8.1%	339,442	337,064	0.7%	338,455	0.3%	984,428	457,618	115.1%	886,165	11.1%
<b>Total assets</b>	<b>12,989,453</b>	<b>10,115,739</b>	<b>28.4%</b>	<b>11,286,088</b>	<b>15.1%</b>	<b>11,248,226</b>	<b>9,171,437</b>	<b>22.6%</b>	<b>9,654,646</b>	<b>16.5%</b>	<b>2,194,926</b>	<b>1,247,960</b>	<b>75.9%</b>	<b>1,875,062</b>	<b>17.1%</b>
Client deposits and notes	5,382,698	4,751,387	13.3%	4,700,324	14.5%	5,730,419	4,993,681	14.8%	4,878,171	17.5%	-	-	-	-	-
Amounts due to credit institutions	3,470,091	1,789,062	94.0%	2,740,926	26.6%	3,067,651	1,692,557	81.2%	2,396,969	28.0%	435,630	144,534	201.4%	380,745	14.4%
Borrowings from DFI	1,403,120	917,087	53.0%	1,280,795	9.6%	1,281,798	917,087	39.8%	1,188,544	7.8%	121,323	-	-	92,251	31.5%
Short-term loans from NBG	1,085,640	307,200	253.4%	604,608	79.6%	1,085,640	307,200	253.4%	604,608	79.6%	-	-	-	-	-
Loans and deposits from commercial banks	981,331	564,775	73.8%	855,523	14.7%	700,213	468,270	49.5%	603,817	16.0%	314,307	144,534	117.5%	288,494	8.9%
Debt securities issued	1,255,643	1,039,804	20.8%	1,036,086	21.2%	858,037	961,944	-10.8%	722,088	18.8%	407,242	84,474	382.1%	320,128	27.2%
<b>Total liabilities</b>	<b>10,566,035</b>	<b>8,042,101</b>	<b>31.4%</b>	<b>8,897,339</b>	<b>18.8%</b>	<b>9,819,375</b>	<b>7,856,146</b>	<b>25.0%</b>	<b>8,138,685</b>	<b>20.7%</b>	<b>1,200,359</b>	<b>489,613</b>	<b>145.2%</b>	<b>1,002,274</b>	<b>19.8%</b>
<b>Total equity</b>	<b>2,423,418</b>	<b>2,073,638</b>	<b>16.9%</b>	<b>2,388,749</b>	<b>1.5%</b>	<b>1,428,851</b>	<b>1,315,291</b>	<b>8.6%</b>	<b>1,515,961</b>	<b>-5.7%</b>	<b>994,567</b>	<b>758,347</b>	<b>31.1%</b>	<b>872,788</b>	<b>14.0%</b>

Key Ratios \*

Banking Business Ratios

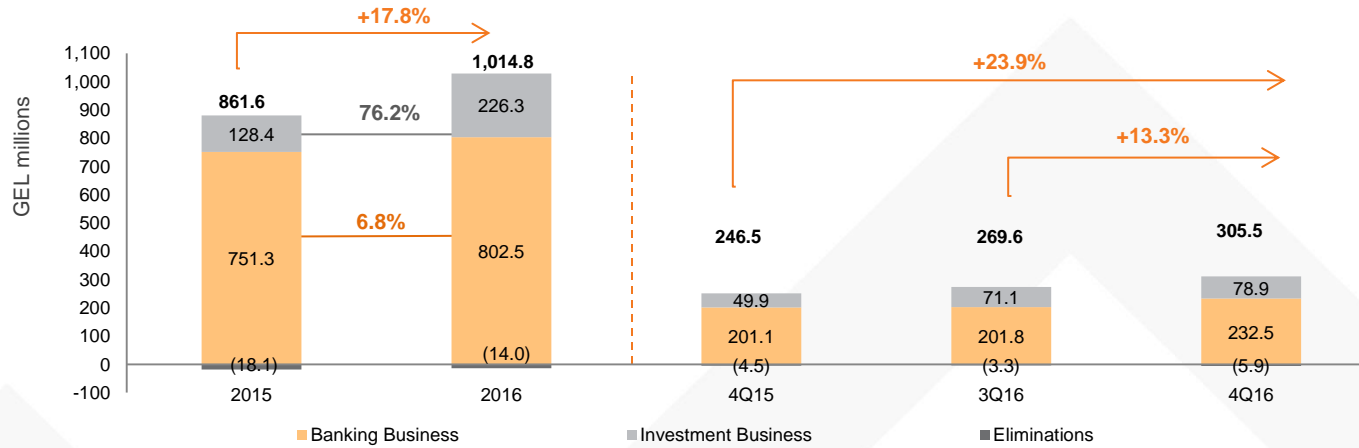
	4Q16	4Q15	3Q16	2016	2015
ROAA	2.9%	3.5%	3.7%	3.2%	3.2%
ROAE	20.1%	25.1%	24.7%	22.1%	21.7%
Net Interest Margin	7.6%	7.6%	7.3%	7.5%	7.7%
Loan Yield	14.4%	14.8%	14.1%	14.2%	14.8%
Liquid assets yield	3.3%	3.3%	3.2%	3.2%	3.2%
Cost of Funds	4.6%	5.1%	4.7%	4.7%	5.1%
Cost of Client Deposits and Notes	3.5%	4.4%	3.6%	3.8%	4.3%
Cost of Amounts Due to Credit Institutions	6.4%	5.9%	6.5%	6.2%	5.8%
Cost of Debt Securities Issued	6.1%	6.8%	6.6%	6.8%	7.1%
Cost / Income	37.5%	35.4%	37.3%	37.7%	35.7%
NPLs To Gross Loans To Clients	4.2%	4.3%	4.4%	4.2%	4.3%
NPL Coverage Ratio	86.7%	83.4%	86.5%	86.7%	83.4%
NPL Coverage Ratio, Adjusted for discounted value of collateral	132.1%	120.6%	131.1%	132.1%	120.6%
Cost of Risk	4.2%	2.4%	2.3%	2.7%	2.7%
Tier I capital adequacy ratio (New NBG, Basel 2/3)**	10.1%	10.9%	11.0%	10.1%	10.9%
Total capital adequacy ratio (New NBG, Basel 2/3)**	15.4%	16.7%	16.2%	15.4%	16.7%

Note\*: for the description of Key ratios, refer to slide 112

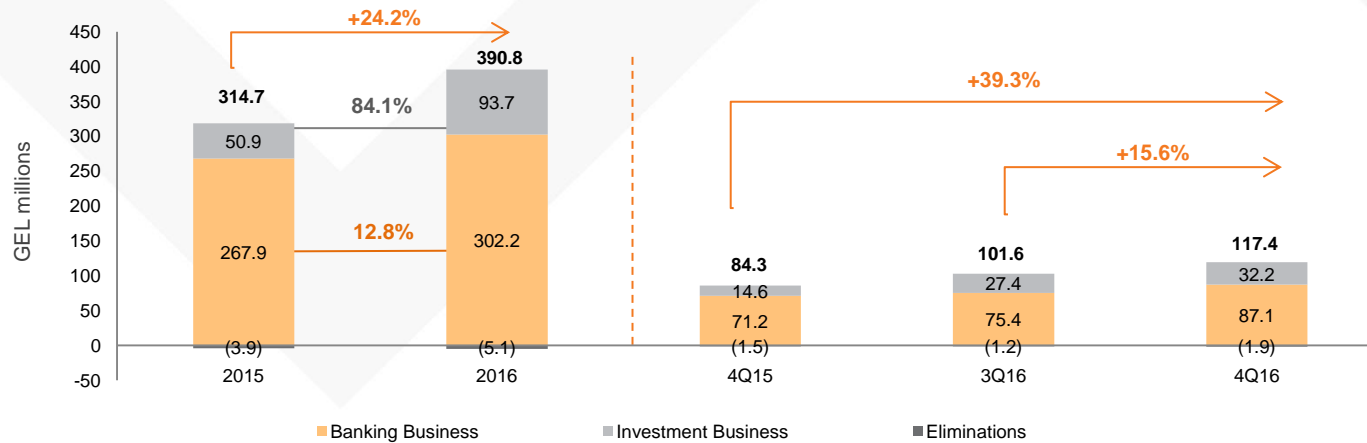
Note\*\*: Capital adequacy ratios include GEL 99.5mIn dividend distributed from the bank to the holding level on 29 December 2016. These funds are earmarked for regular dividends to be paid from BGEO Group in respect to 2016 financial year and will be payable in 2017 subject to the board and shareholder approval. Including this payment, NBG (Basel 2/3) Tier I and Total CAR is 9.1% and 14.4%, respectively.



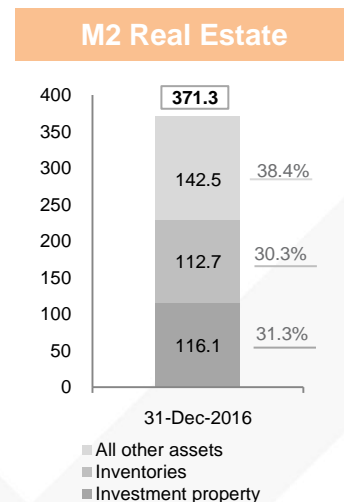
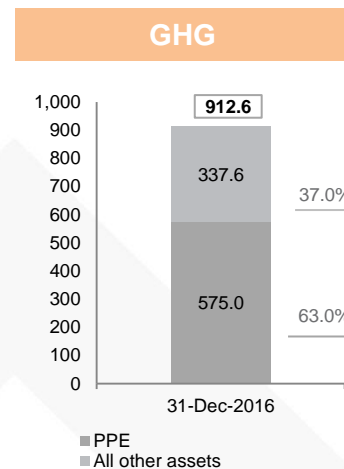
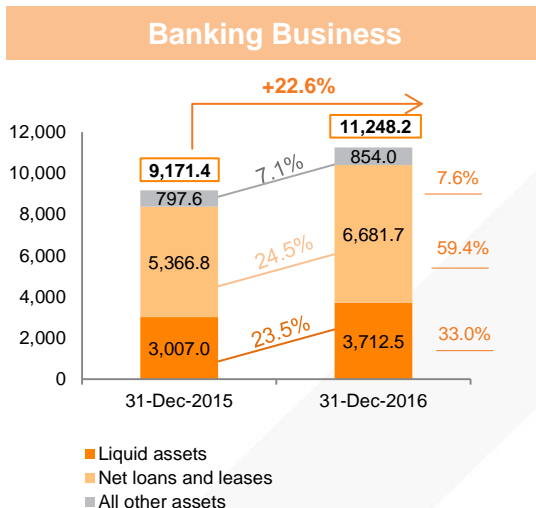
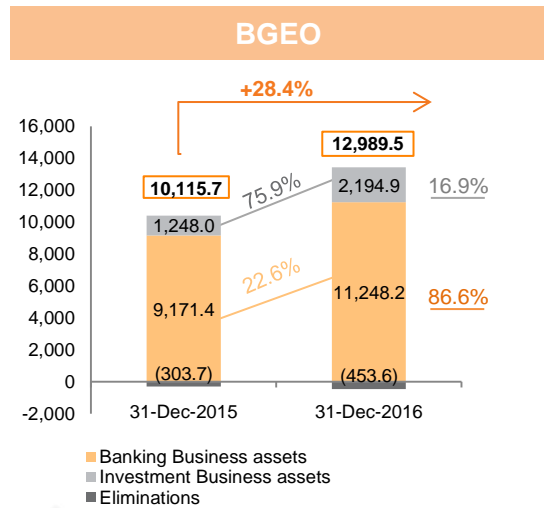
Revenues



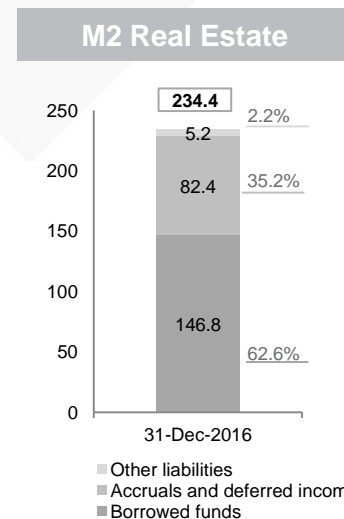
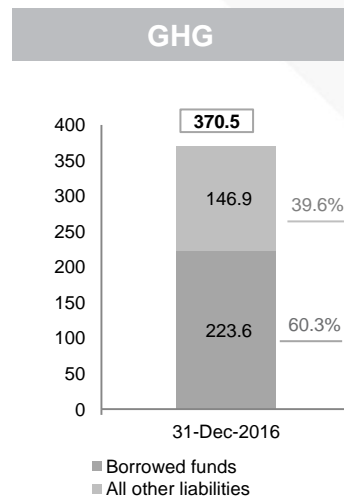
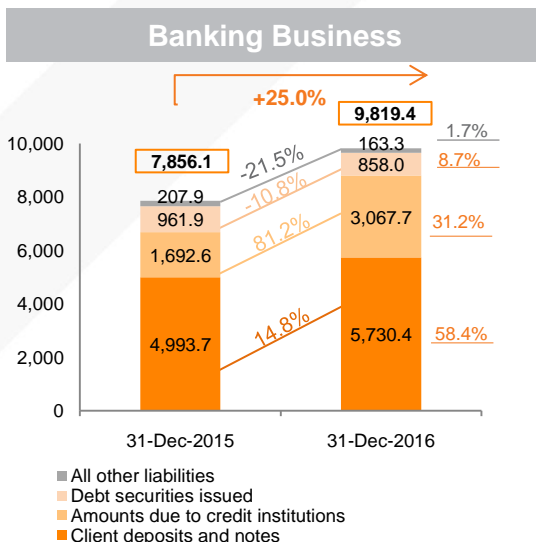
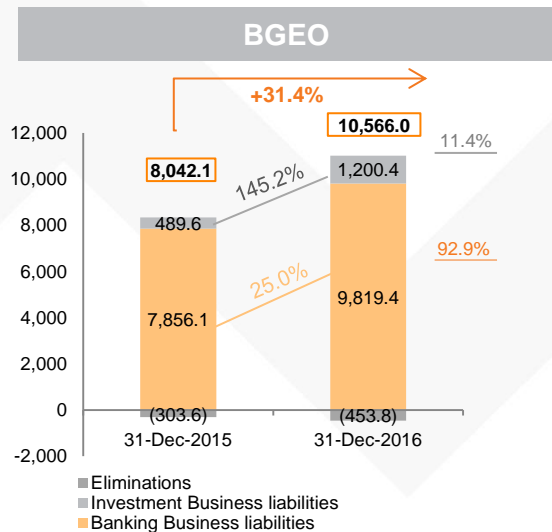
Operating expenses



Assets  
Gel  
Millions



Liabilities  
Gel  
Millions



**BGEO Group | Overview**

4

**Results Discussion | BGEO Group**

14

**Results Discussion | Banking Business**

20

**Results Discussion | Investment Business**

48

**Georgian Macro Overview**

81

**Appendices**

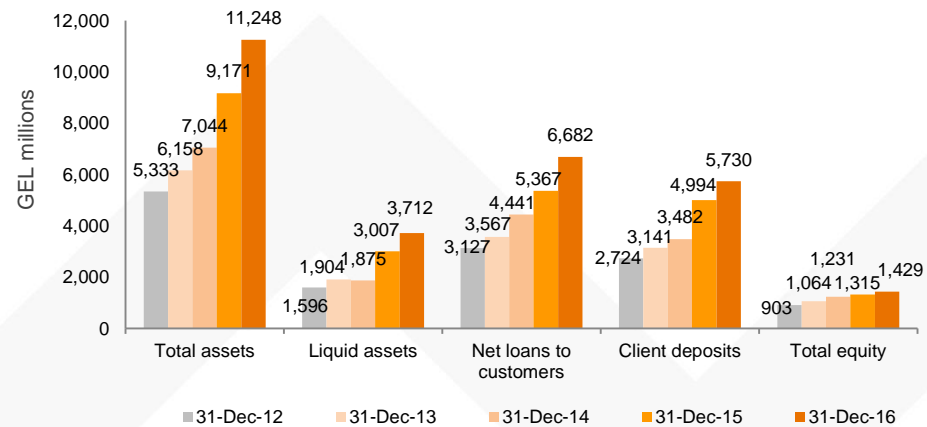
102

- **Leading market position<sup>1</sup>** in Georgia by **assets** (33.5%), **loans** (32.7%), **client deposits** (32.2%) and **equity** (27.5%)<sup>2</sup>
- **Underpenetrated market with stable growth perspectives:** Real GDP average annual growth rate of 5.1 % for 2006-2015; 2.9% real GDP growth in 2015 according to Geostat. Loans/GDP grew from 9% to 54% in the period of 2003-2016; Deposits/GDP grew from 8% to 50% over the same period
- **Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 273 branches, 801 ATMs, 2,729 Express Pay Terminals and c.2.1 million customers as of 31 December 2016
- **Georgian company with credit ratings from global rating agencies:** Moody's: 'B1/Ba3' (foreign and local currency), Fitch Ratings: 'BB-'; outlooks are 'Stable'
- **High standards of transparency and governance:** The first entity from Georgia to be listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006
- **In August 2016,** BOG completed its liability management exercise and redeemed its 2017 Eurobonds outstanding in the amount of US\$ 362mln
- **In July 2016,** BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon. Bonds were trading at 5.69%<sup>3</sup> on 10 February, 2017
- **Sustainable growth combined with strong capital, liquidity and robust profitability**

## Balance Sheet

### Banking Business

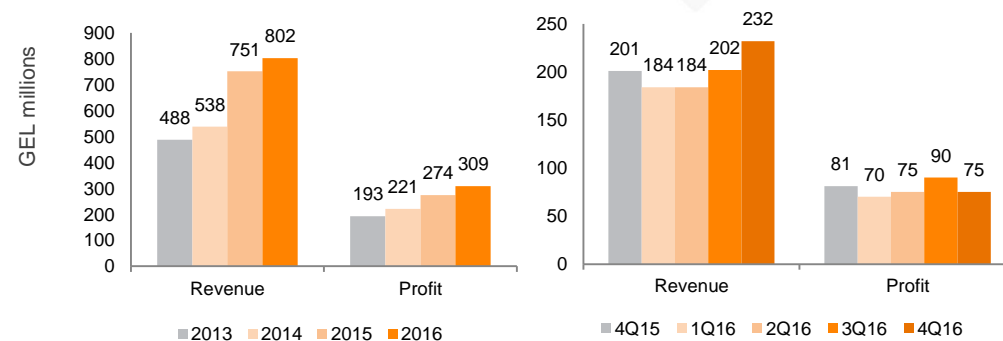
CAGR 2012-2016: **+20.5%**    **+23.5%**    **+20.9%**    **+20.4%**    **+12.2%**



## Income Statement

### Banking Business

Change y-o-y: **+6.8%**    **+12.8%**

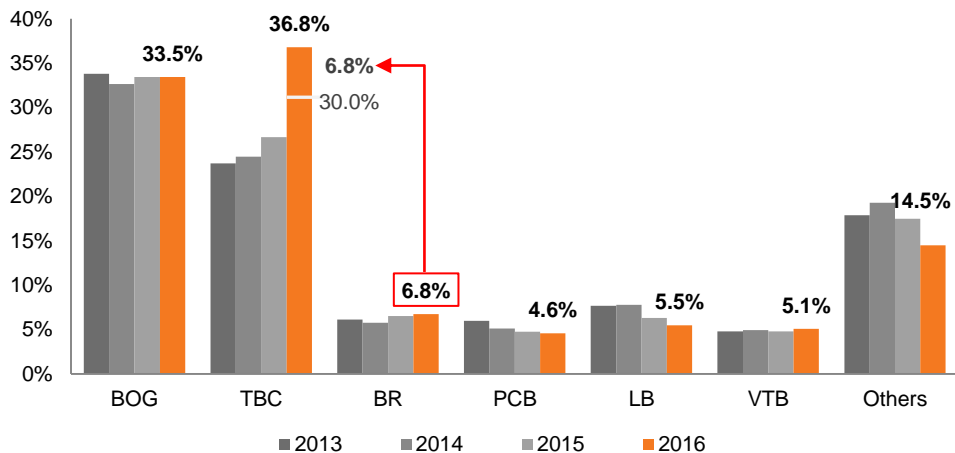


<sup>1</sup> Market data based on standalone accounts as published by the National Bank of Georgia (NBG) as of 31 December 2016 [www.nbg.gov.ge](http://www.nbg.gov.ge)

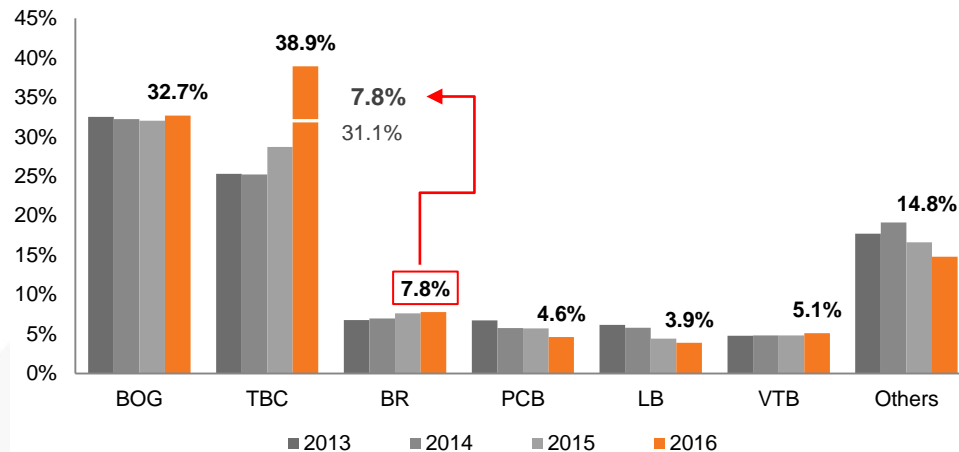
<sup>2</sup> Including GEL 99.5mln dividend distributed from the bank to the holding level on 29 December 2016.

<sup>3</sup> as of 10 February 2017 – source: Bloomberg

Peer group's market share in total assets



Peer group's market share in gross loans

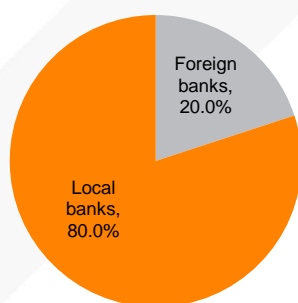
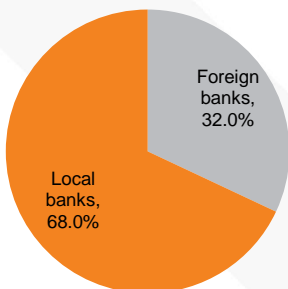


Foreign banks market share by assets

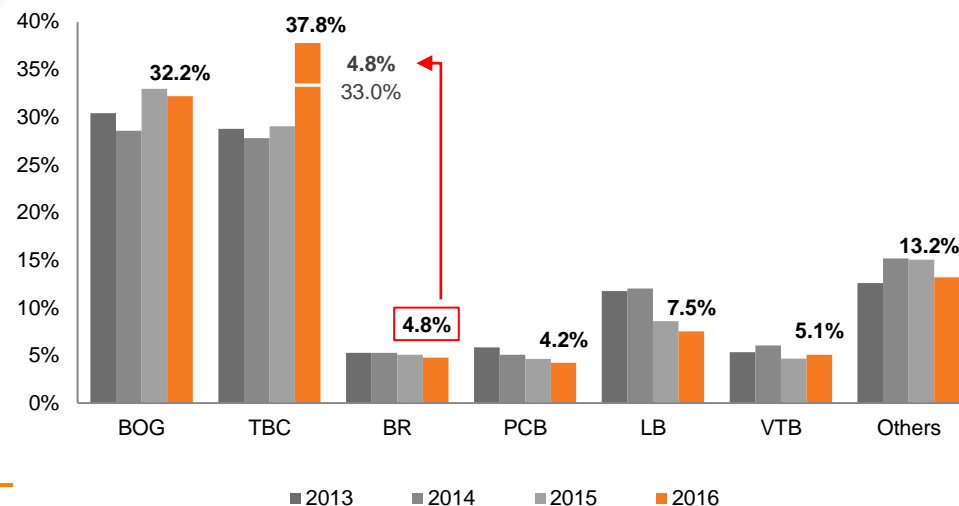
2006

2016

No state ownership of commercial banks since 1994



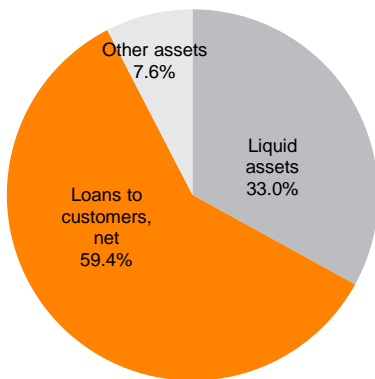
Peer group's market share in client deposits



### Total asset structure | 31 December 2016

Banking Business

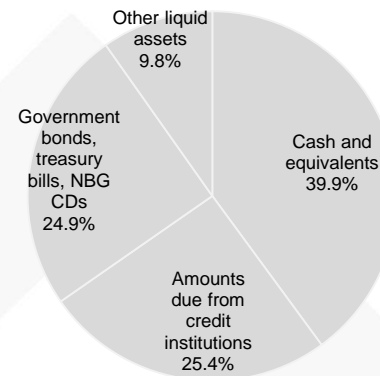
Total: GEL 11.2bln



### Liquid assets | 31 December 2016

Banking Business

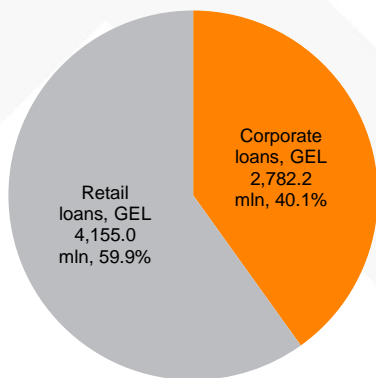
Total: GEL 3.7bln



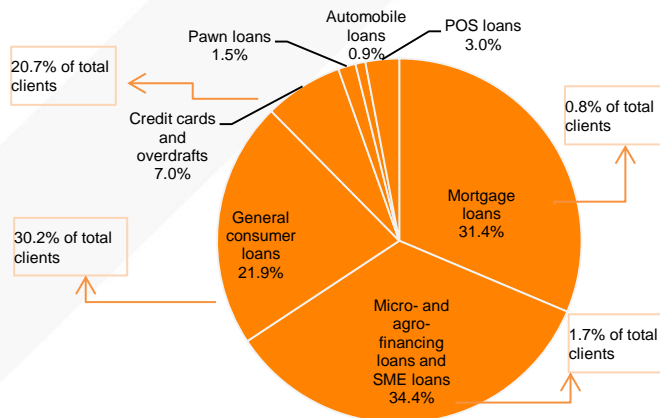
### Loans breakdown | 31 December 2016

Banking Business

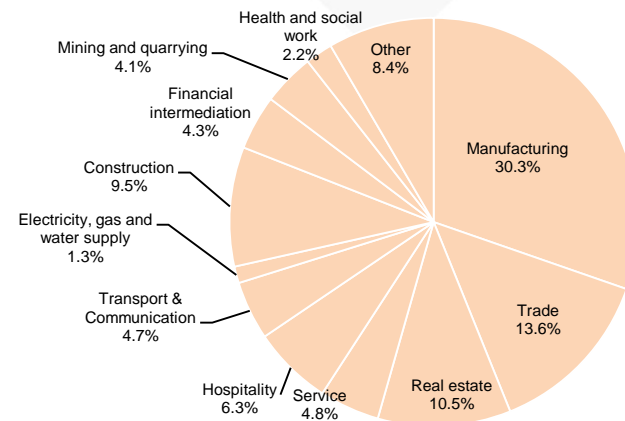
Total Loans\*  
breakdown by segments  
Total: GEL 6.9bln



Retail Banking Loans breakdown by product  
Total: GEL 3.9bln



Corporate Investment Banking Loans breakdown by sectors  
Total: GEL 2.5bln



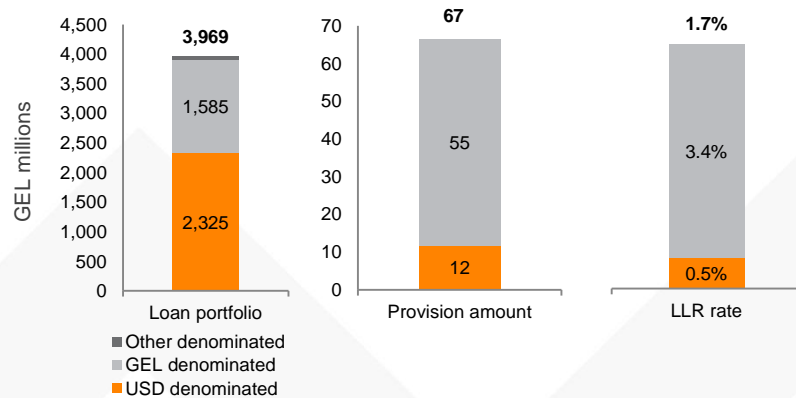
Note\*: Retail loans include loans of Retail Banking segment, BNB retail loans  
Corporate loans include loans of Corporate Banking segment, Investment Management and BNB corporate loans

Highlights

- 47.1% of Retail Banking loans were denominated in USD with non-USD income\*
- For RB: Loans 15 days past due were 1.2% as of 31 December 2016, compared to 0.9% a year ago and 1.3% as of 30 September 2016
- 31.8% of Corporate Investment Banking Loans denominated in USD with non-USD income

Retail Banking | 31 December 2016

Banking Business

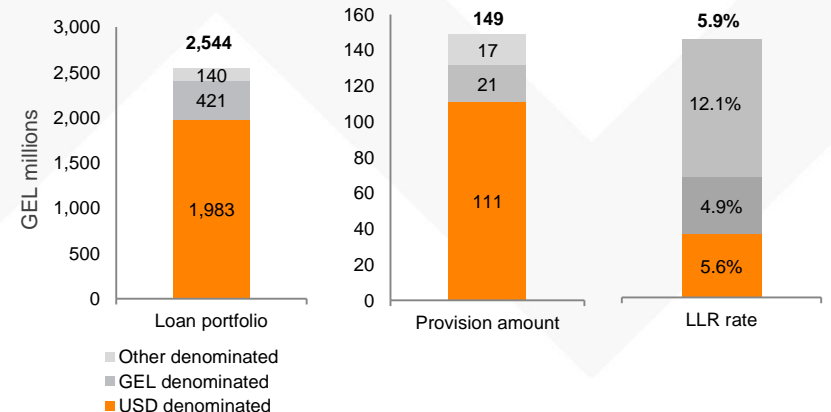


Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL and other currency loans*	1,643	41.4%	86	1,057	500
USD loans with USD income	457	11.5%	227	55	175
USD loans with non-USD income	1,868	47.1%	915	283	671
<b>Total</b>	<b>3,969</b>	<b>100.0%</b>	<b>1,228</b>	<b>1,395</b>	<b>1,346</b>

Note: Includes credit cards

Corporate Investment Banking | 31 December 2016

Banking Business

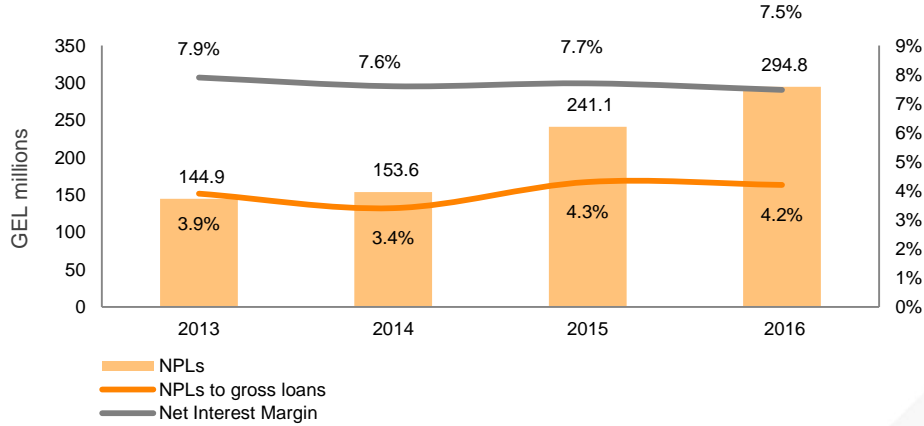


Amounts in GEL millions	CB & WM Loan portfolio	% of total CIB loan portfolio
GEL and other currency loans*	561	22.3%
USD loans with USD income	1,210	45.9%
USD loans with non-USD income	773	31.8%
<b>Total</b>	<b>2,544</b>	<b>100.0%</b>

Note: standalone BOG figures from management accounts

### NPLs and NIM

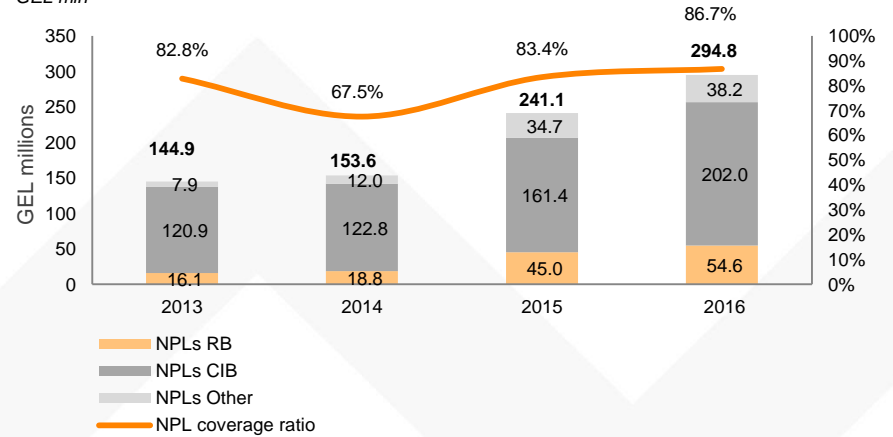
Banking Business



### NPL composition

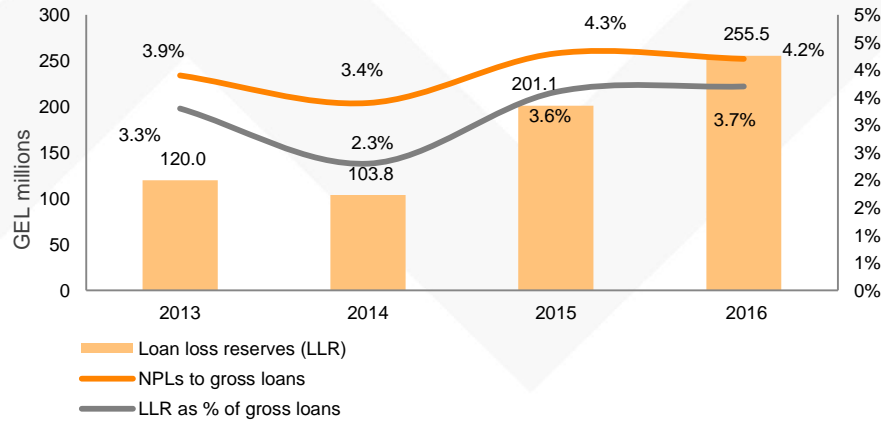
Banking Business

GEL mln



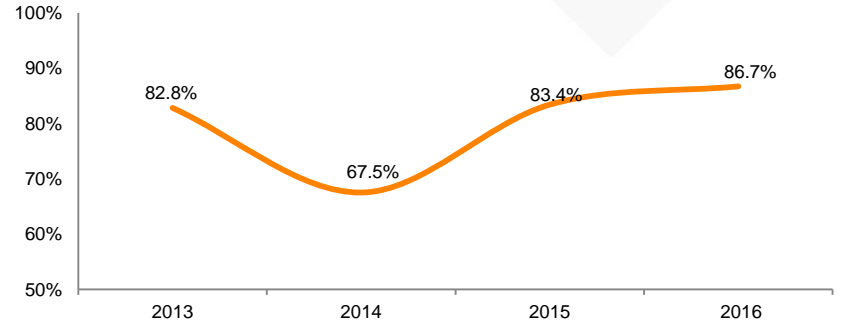
### Loan loss reserve

Banking Business



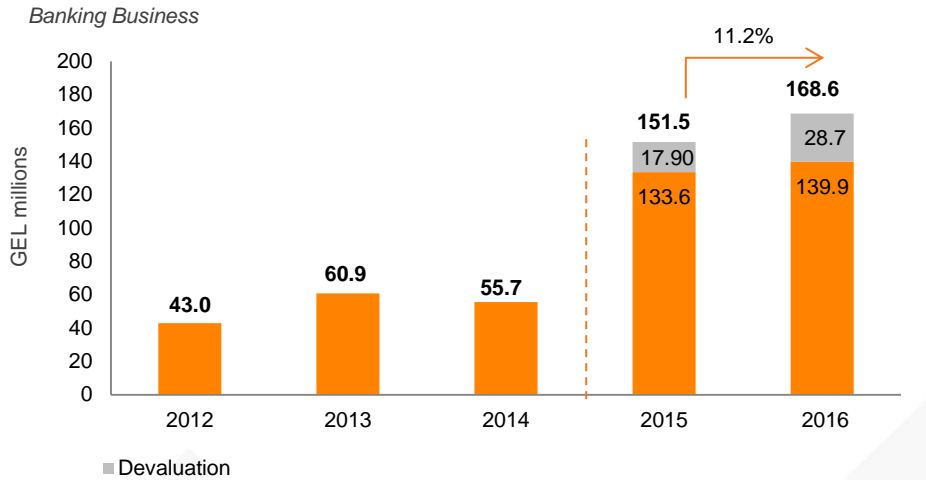
### NPL coverage ratio

Banking Business

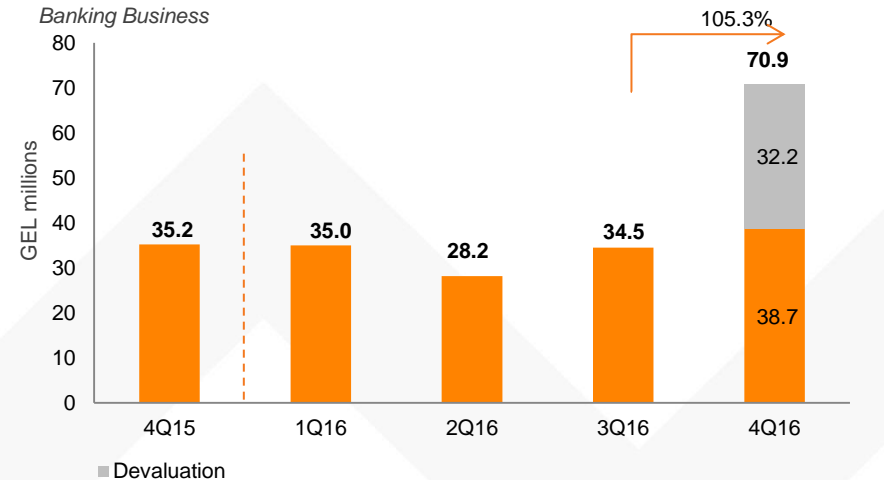




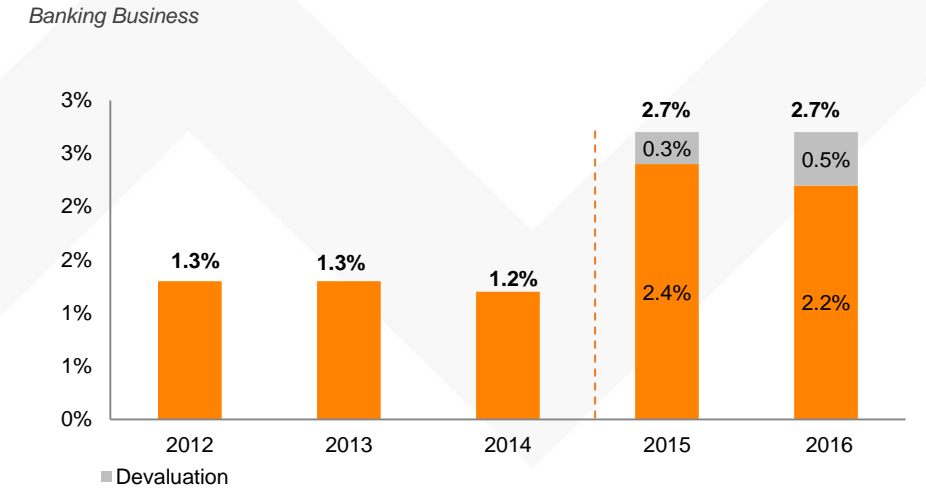
Cost of Credit risk | full year



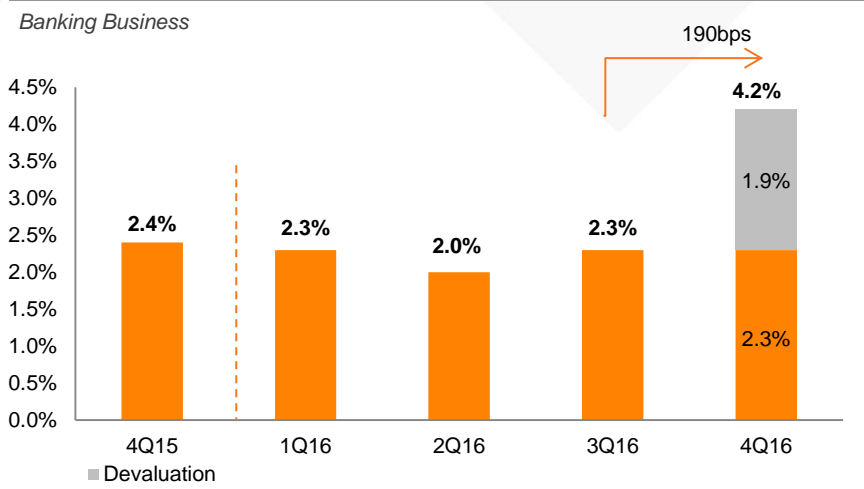
Cost of Credit risk | quarterly



Cost of Risk | full year

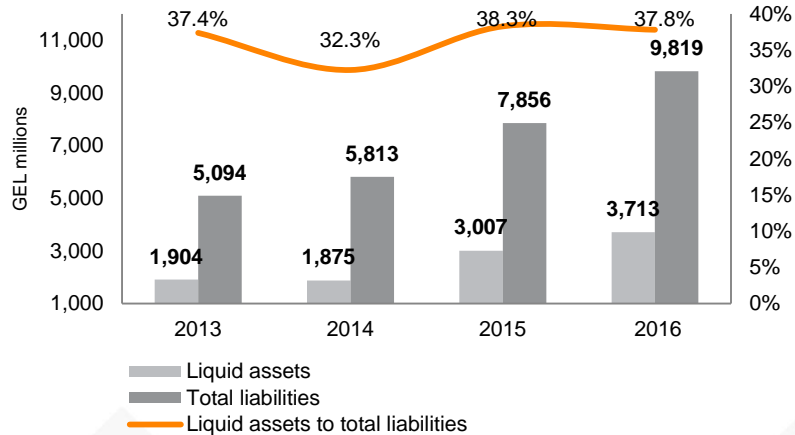


Cost of Risk | quarterly



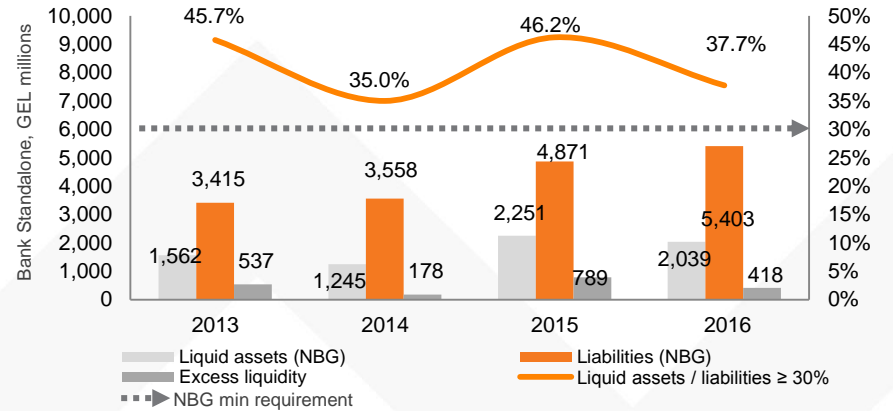
### Liquid assets to total liabilities

Banking Business



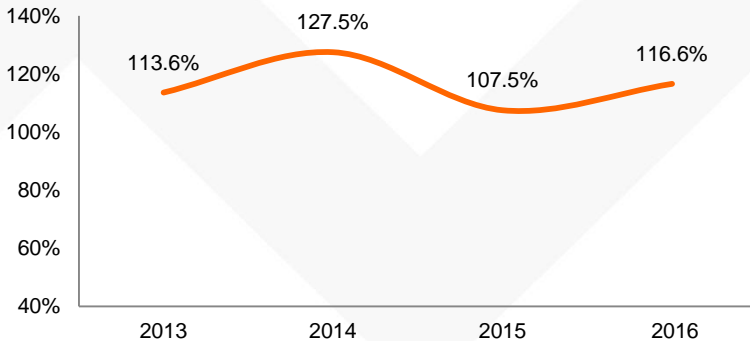
### NBG liquidity ratio

BOG standalone



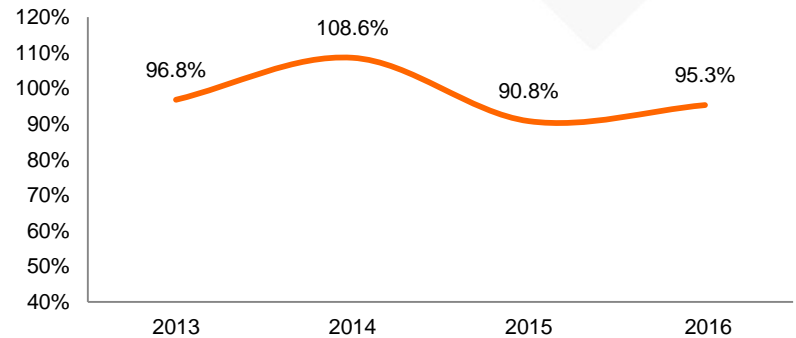
### Net loans to customer funds

Banking Business



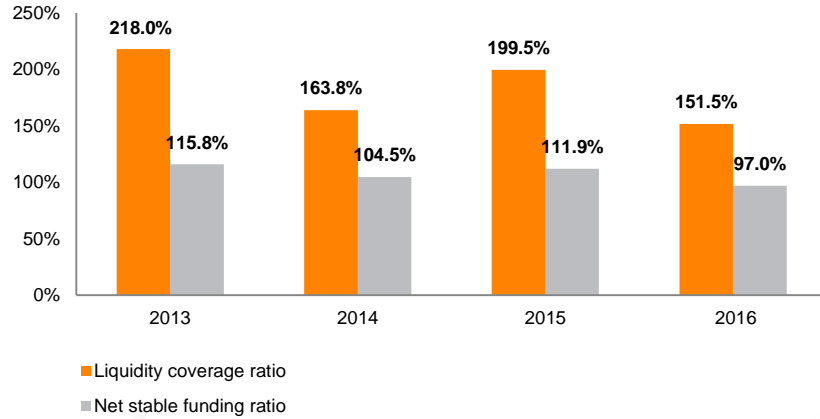
### Net loans to customer funds & DFI

Banking Business



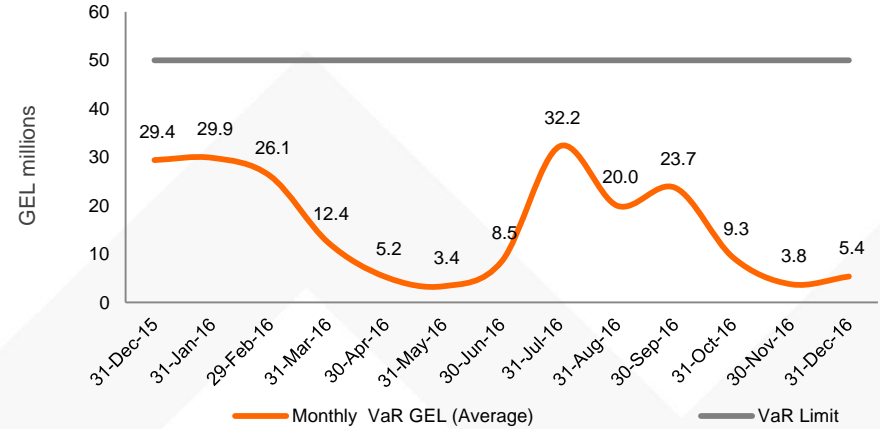
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



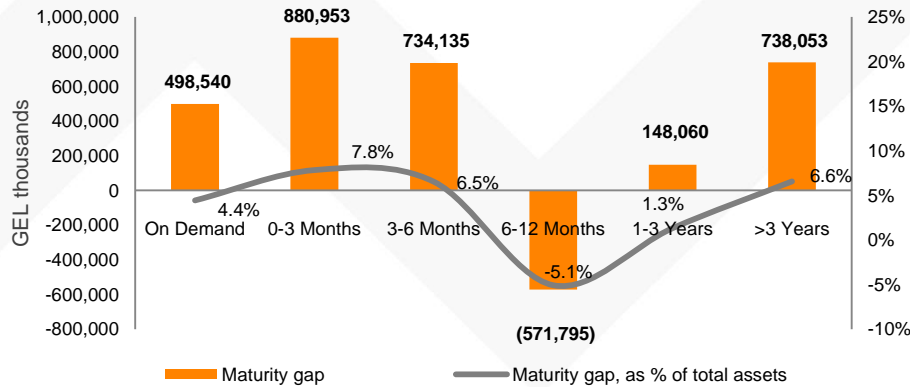
Foreign currency VAR analysis\*

JSC Bank of Georgia standalone



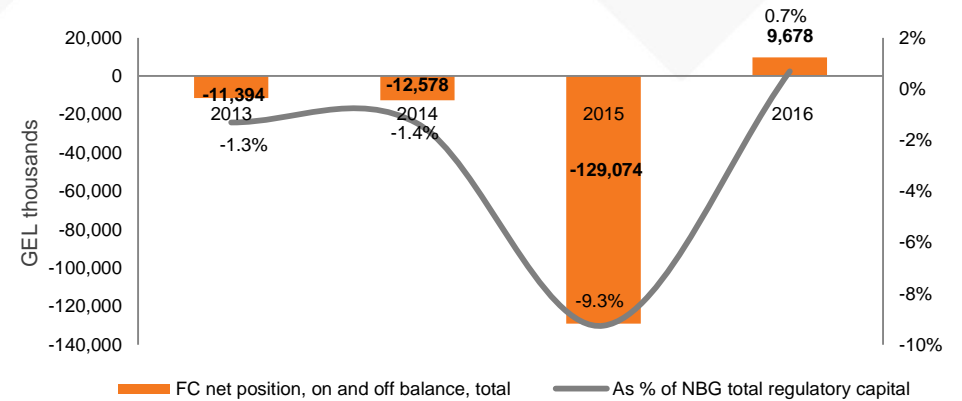
Cumulative maturity gap, 31 December 2016

Banking Business



Open currency position

JSC Bank of Georgia standalone

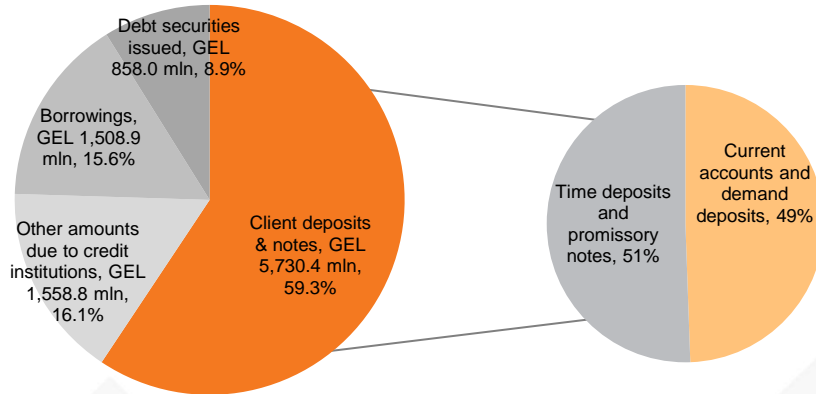


Note\*: Daily VaR time series averaged for each respective months

### Interest Bearing Liability structure | 31 Dec 16

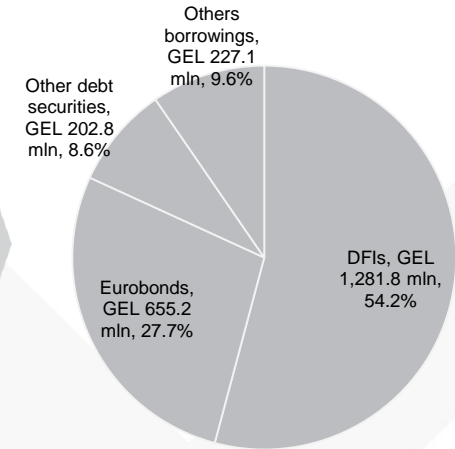
Banking Business

Interest Bearing Liabilities GEL 9.7bn



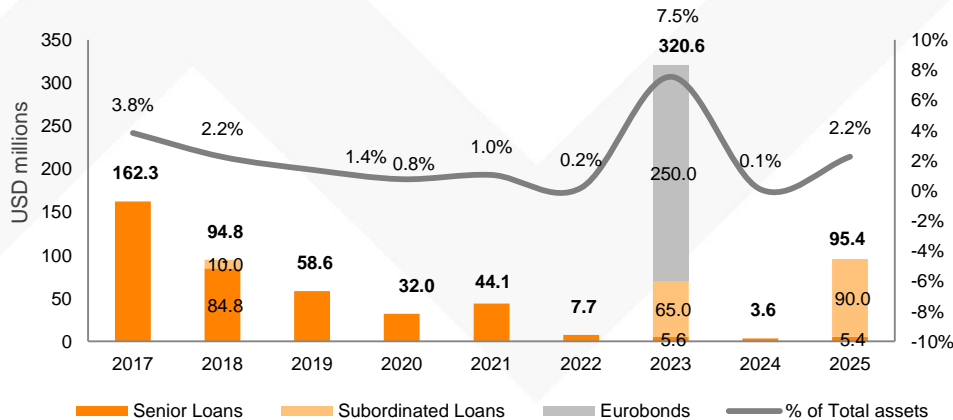
### Well diversified international borrowings | 4Q16

Banking Business



### Borrowed funds maturity breakdown\*

Banking Business



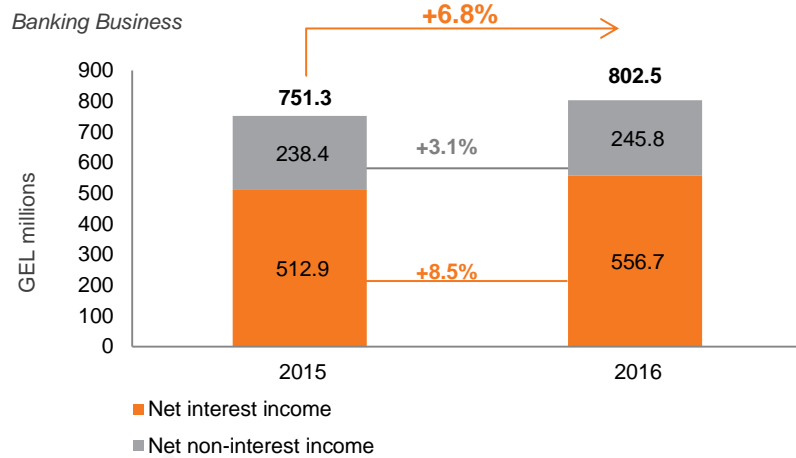
### Highlights for 2016

- **Banking Business has a well-balanced funding structure** with 59.3% of interest bearing liabilities coming from client deposits and notes, 13.3% from Developmental Financial Institutions (DFIs) and 6.8% from Eurobonds, as of 31 December 2016
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, DEG, Asian Development Bank, etc.
- As of 31 December 2016, US\$ 93.4million undrawn facilities from DFIs with up to seven year maturity
- **In July 2016**, BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon. Bonds were trading at 5.69%\*\* on 10 February 2017

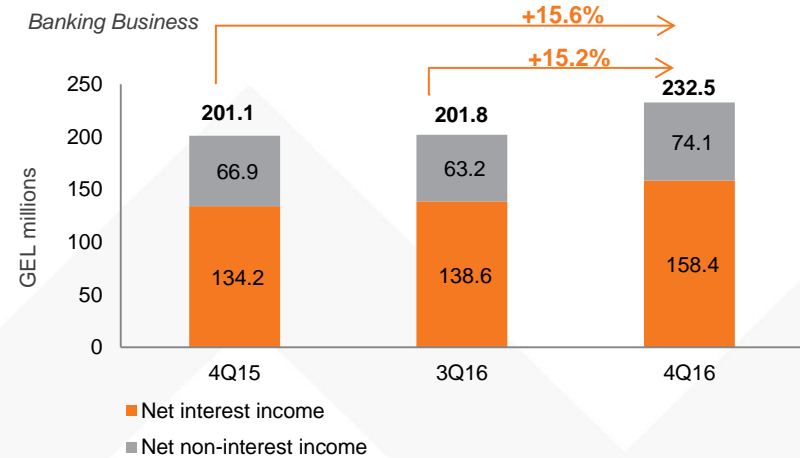
Note\*: converted at GEL/US\$ exchange rate of 2.6468 as of 31 December 2016

Note\*\*: as of 10 February 2017 – source: Bloomberg

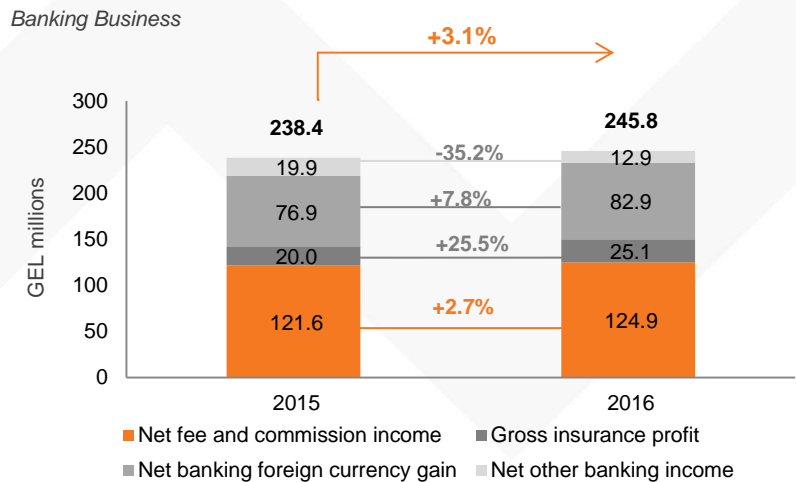
### Revenue growth | full year



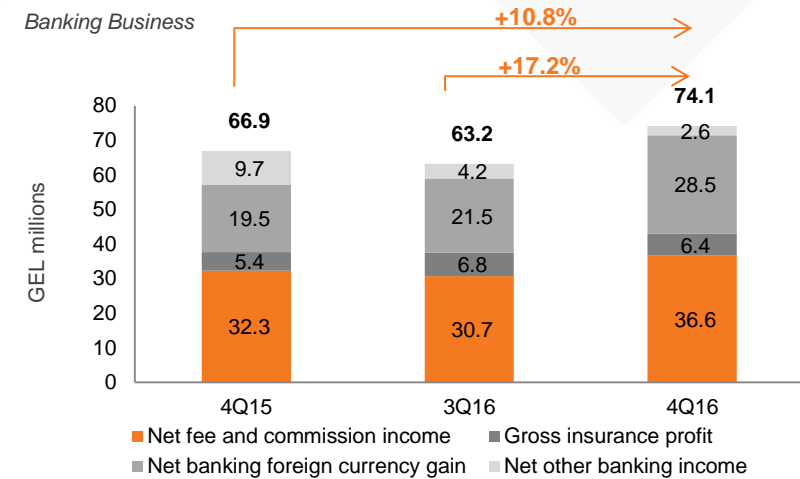
### Revenue growth | quarterly



### Net non-interest income | full year

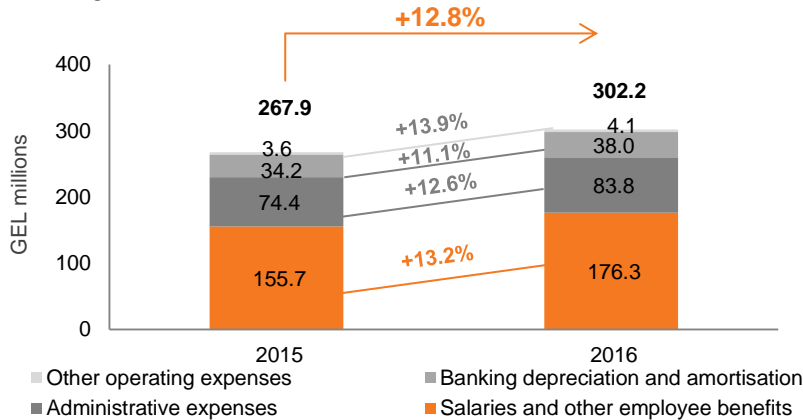


### Net non-interest income | quarterly



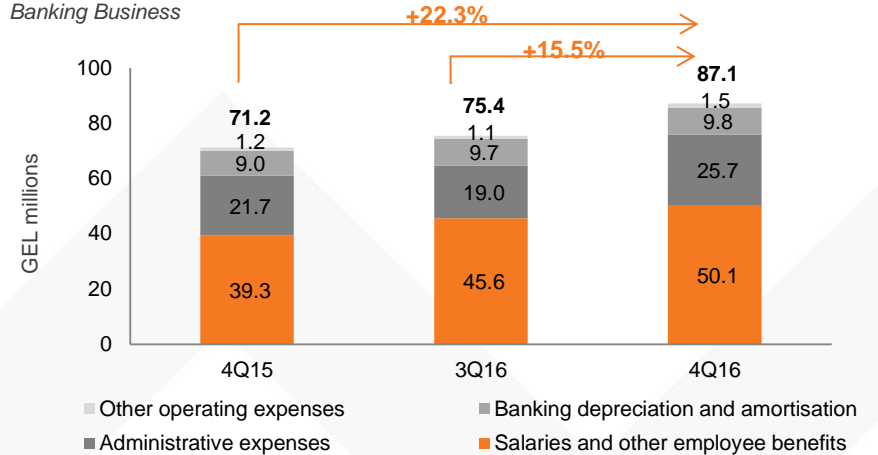
### Operating expenses | full year

Banking Business



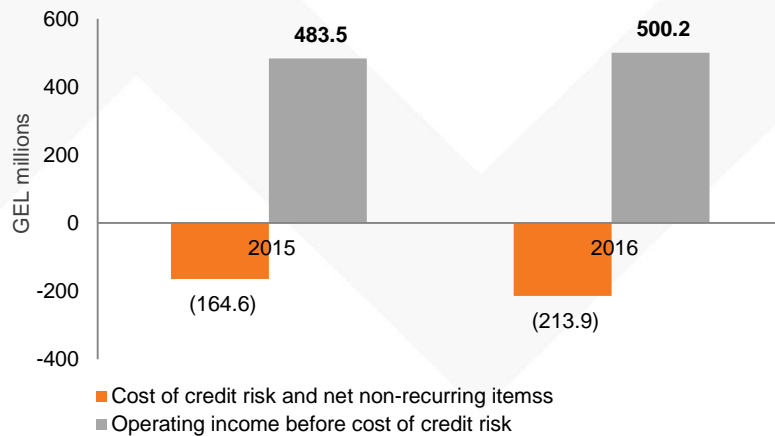
### Operating expenses | quarterly

Banking Business



### Operating income before cost of credit risk | full year

Banking Business



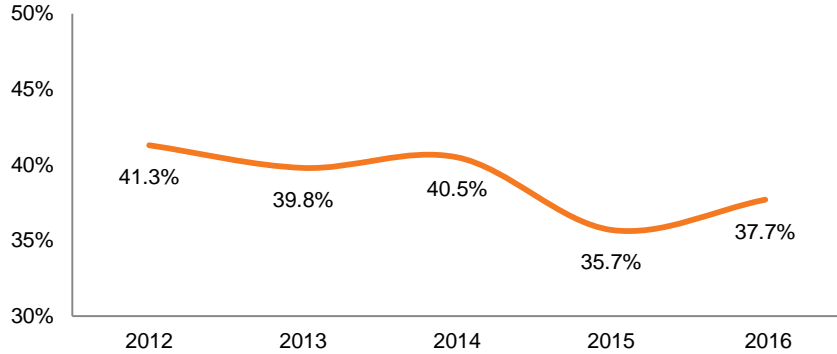
### Operating income before cost of credit risk | quarterly

Banking Business



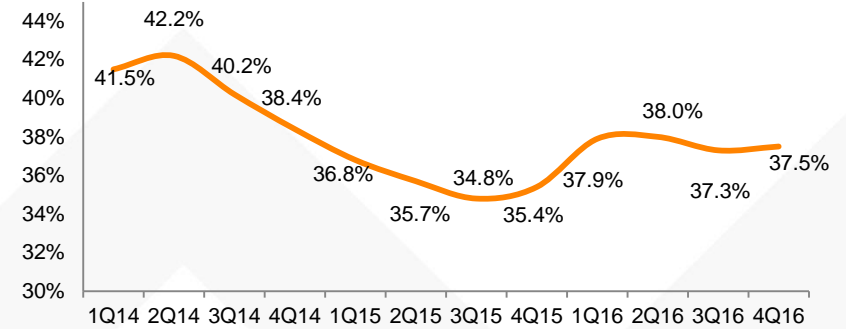
### Cost / Income | full year

Banking Business



### Cost / Income | quarterly

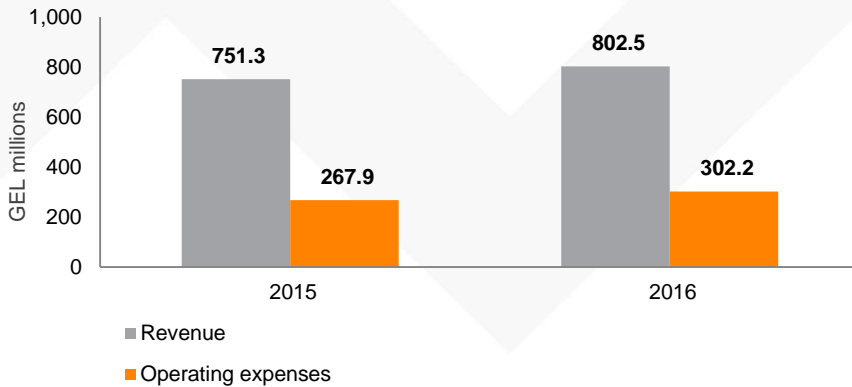
Banking Business



### Revenue and operating expenses | full year

Banking Business

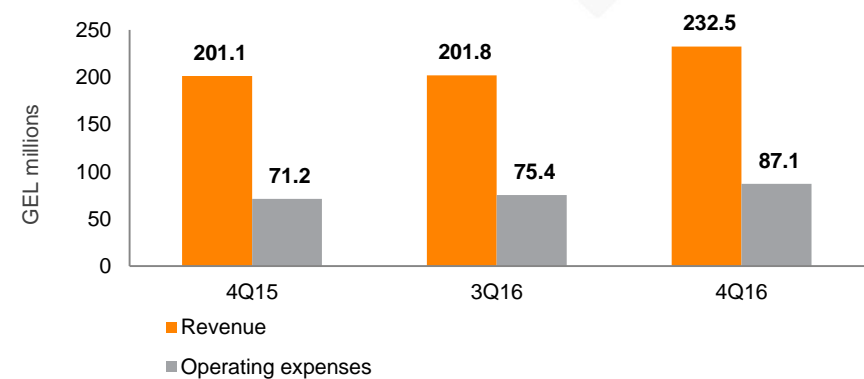
**Operating Leverage: -6.0% y-o-y**



### Revenue and operating expenses | quarterly

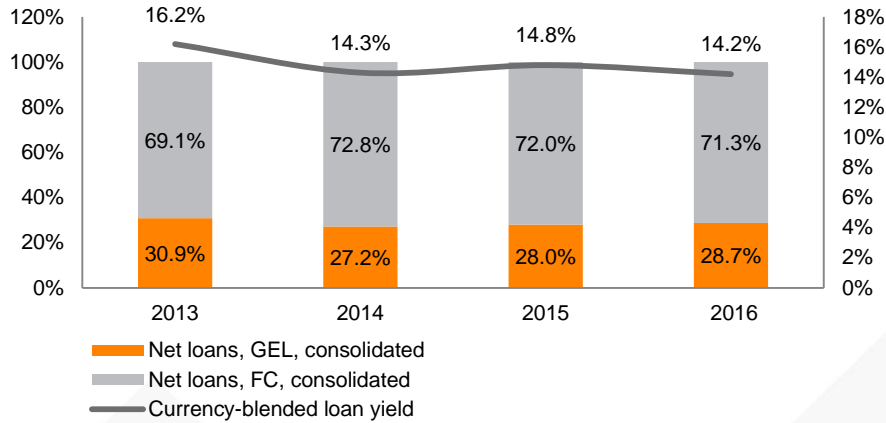
Banking Business

**Operating Leverage: -0.3% q-o-q  
-6.8% y-o-y**



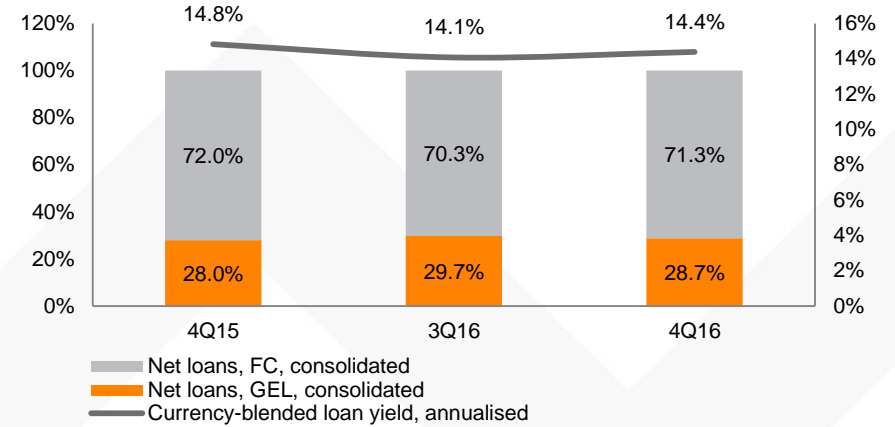
### Loan Yields | full year

Banking Business



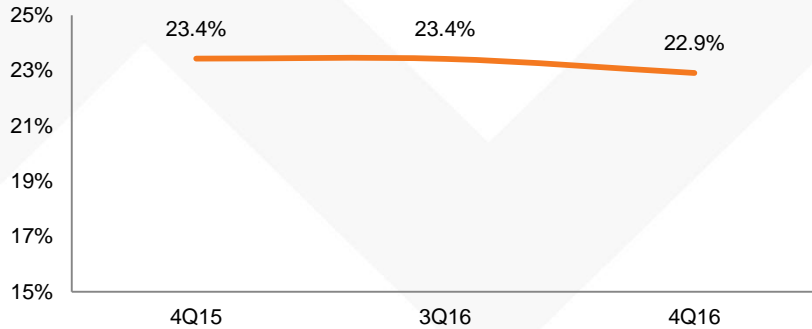
### Loan Yields | quarterly

Banking Business



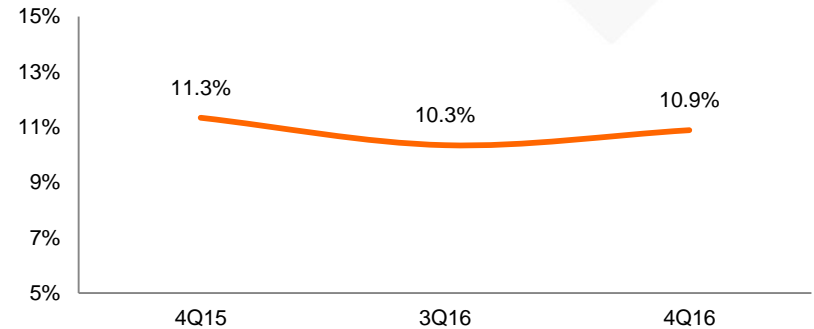
### Loan Yields, GEL | quarterly

Banking Business



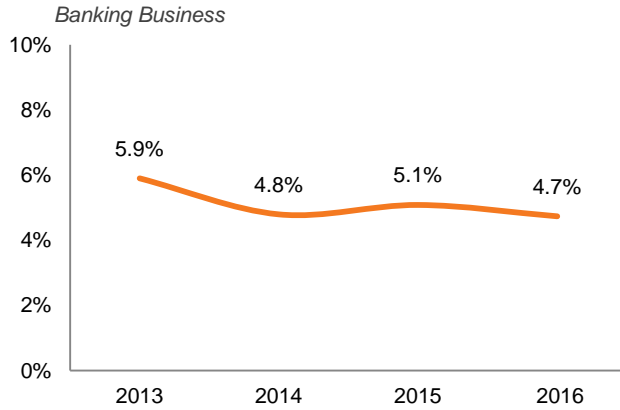
### Loan Yields, Foreign currency | quarterly

Banking Business

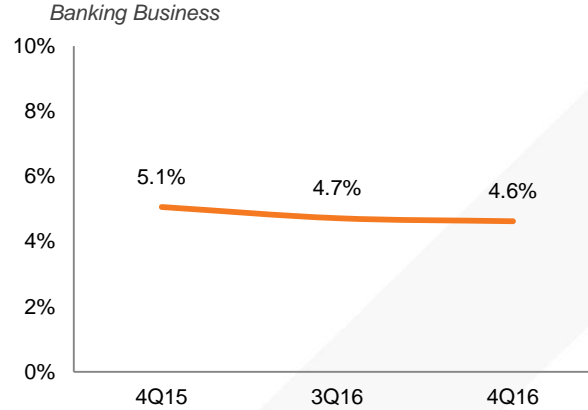




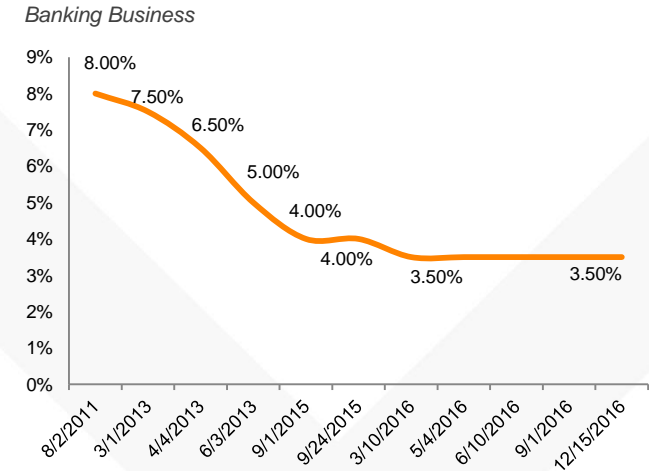
### Cost of Funds | full year



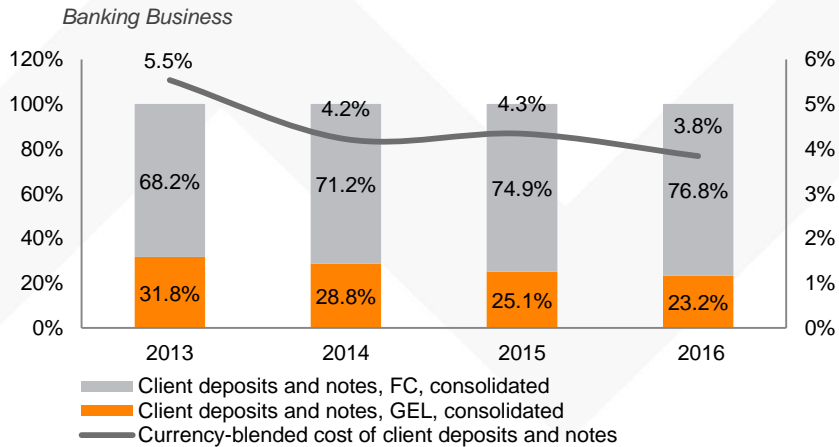
### Cost of Funds | quarterly



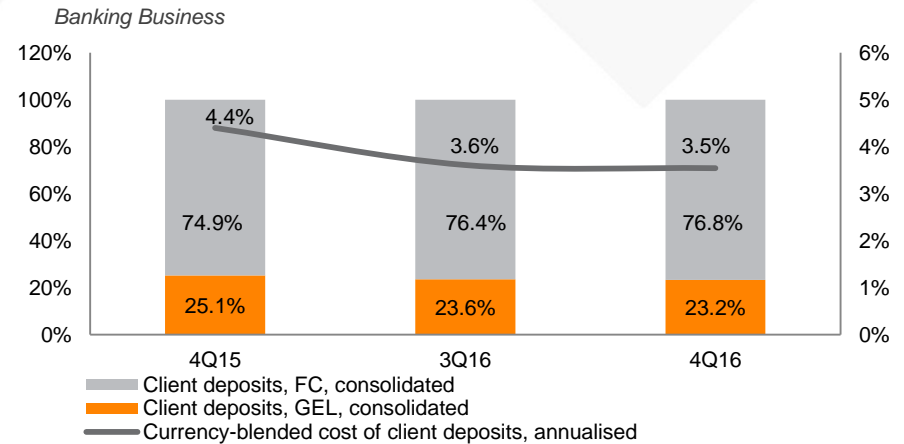
### One year US\$ deposit rate \*



### Cost of Customer Funds | full year



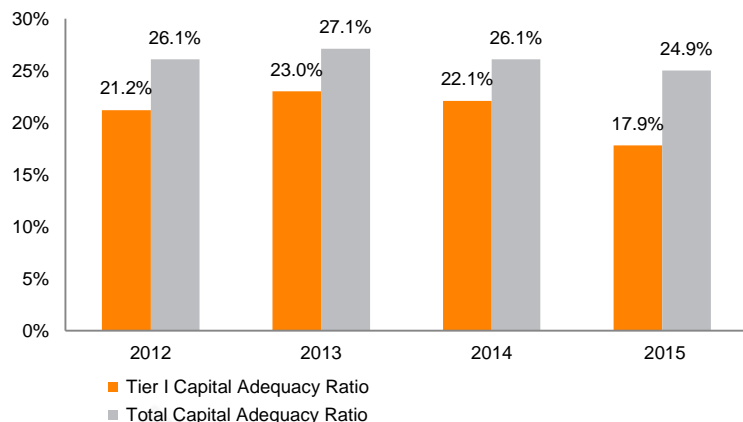
### Cost of Customer Funds | quarterly



Note\*: One year US\$ deposit rates in retail segment

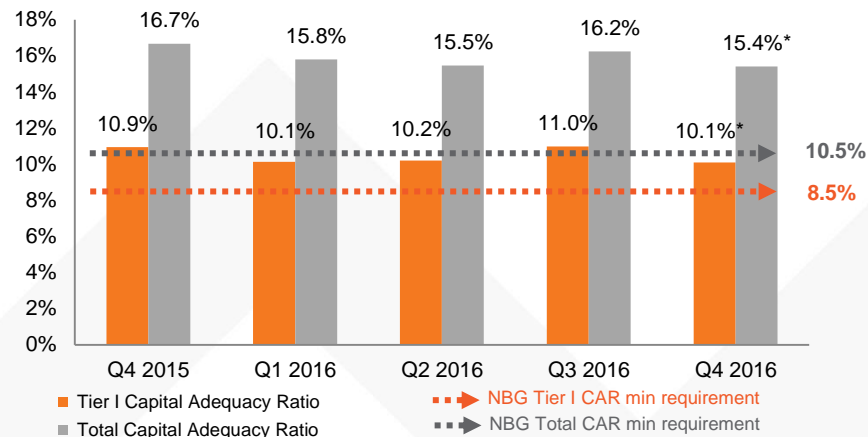
### Basel I capital adequacy ratios

JSC Bank of Georgia consolidated



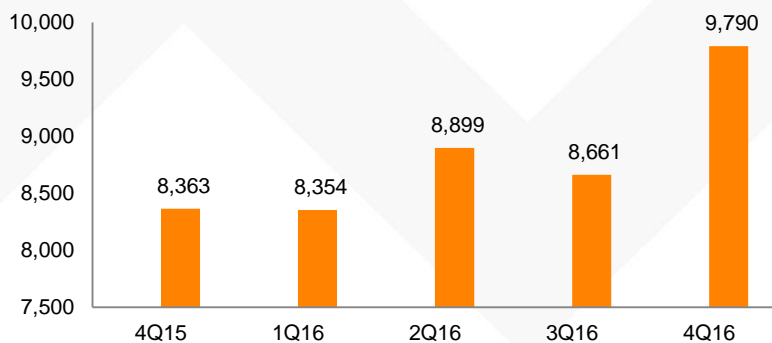
### NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



### Risk Weighted Assets NBG (Basel 2/3)

standalone (BIS 2/3)



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

JSC Bank of Georgia standalone

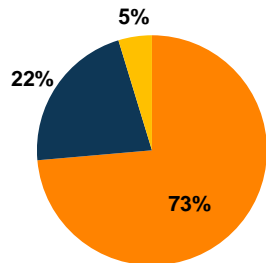
GEL '000	Dec-16*	Sep-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
Tier I Capital (Core)	992.1	951.5	914.8	860.2	869.4	727.3	800.5
Tier 2 Capital (Supplementary)	519.7	454.6	479.2	482.1	458.7	252.0	217.1
<b>Total Capital</b>	<b>1,511.8</b>	<b>1,406.1</b>	<b>1,394.0</b>	<b>1,342.3</b>	<b>1,328.1</b>	<b>979.3</b>	<b>1,017.6</b>
<b>Risk weighted assets</b>	<b>9,790.3</b>	<b>8,661.0</b>	<b>8,363.4</b>	<b>8,473.1</b>	<b>8,350.5</b>	<b>7,951.9</b>	<b>7,204.1</b>
<b>Tier 1 Capital ratio</b>	<b>10.1%</b>	<b>11.0%</b>	<b>10.9%</b>	<b>10.2%</b>	<b>10.4%</b>	<b>9.1%</b>	<b>11.1%</b>
<b>Total Capital ratio</b>	<b>15.4%</b>	<b>16.2%</b>	<b>16.7%</b>	<b>15.8%</b>	<b>15.9%</b>	<b>12.3%</b>	<b>14.1%</b>

Note\*: Capital adequacy ratios include GEL 99.5mln dividend distributed from the bank to the holding level on 29 December 2016. These funds are earmarked for regular dividends to be paid from BGEO Group in respect to 2016 financial year and will be payable in 2017 subject to the board and shareholder approval. Including this payment, NBG (Basel 2/3) Tier I and Total CAR is 9.1% and 14.4%, respectively.

segments	1 <b>EXPRESS BANK</b> Emerging Retail	2  სსიპსაქართველოს ბანკი BANK OF GEORGIA Mass Retail	3 <b>SOLO</b> Mass Affluent	4 <b>MSME</b> Micro, Small and Medium Business
Clients	472.0 k	1,523.1 k	19.3 k	126.9 k
Loans	GEL 187.0 mln	GEL 1,575.3 mln	GEL 860.2 mln	GEL 1,346.3 mln
Deposits	GEL 87.3 mln	GEL 1,214.4 mln	GEL 889.4 mln	GEL 247.7 mln
Full year profit	GEL 34.2 mln	GEL 104.8 mln	GEL 25.3 mln	GEL 46.1 mln
Profit per client	GEL 77.4	GEL 64.9	GEL 1,691.9	GEL 387.2
P/C ratio	3.1	1.7	6.9	1.2
Branches	128	134	11	n/a

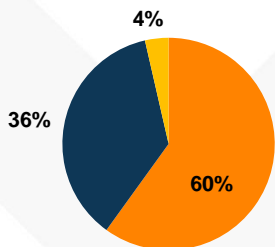
Balance sheet data

**Total Loans**  
GEL 3,968.8mln



- Mass Retail & MSME (GEL 2,921.7 mln)
- Solo (GEL 860.2 mln)
- Express Bank (GEL 187.0 mln)

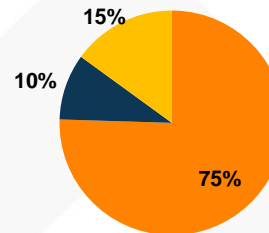
**Total Deposits**  
GEL 2,438.8mln



- Mass Retail & MSME (GEL 1,462.1 mln)
- Solo (GEL 889.4 mln)
- Express Bank (GEL 87.3 mln)

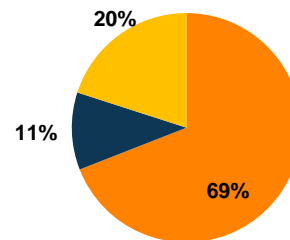
Income statement data

**Net Interest Income**  
GEL 373.3mln



- Mass Retail & MSME (GEL 281.8 mln)
- Solo (GEL 35.6 mln)
- Express Bank (GEL 56.0 mln)

**Net Fee & Commission Income**  
GEL 76.4mln



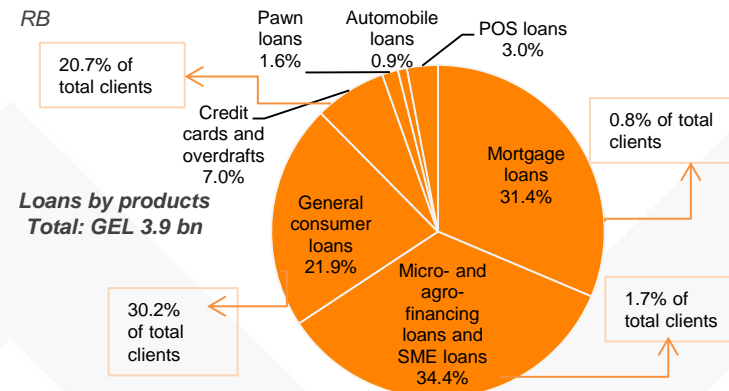
- Mass Retail & MSME (GEL 52.8 mln)
- Solo (GEL 8.3 mln)
- Express Bank (GEL 15.3 mln)

## Client Data

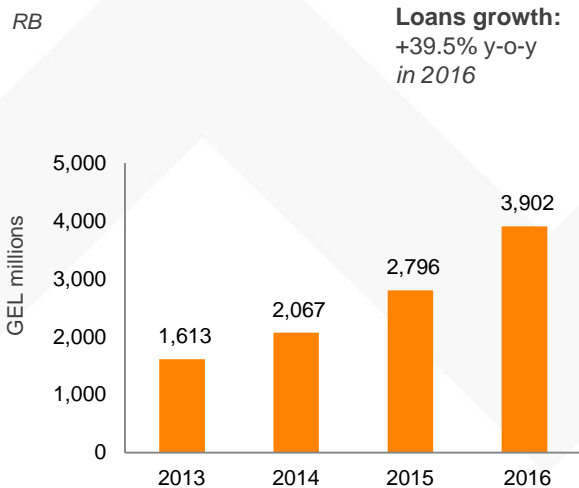
RB

Operating Data, GEL mln	2016	% of clients	2015	2014	2013
<b>Number of total Retail clients, of which:</b>	<b>2,141,229</b>		<b>1,999,869</b>	<b>1,451,777</b>	<b>1,245,048</b>
Number of Solo clients ("Premier Banking")	19,267	0.9%	11,869	7,971	6,810
<b>Consumer loans &amp; other outstanding, volume</b>	<b>1,103.6</b>		<b>835.6</b>	<b>691.8</b>	<b>560.2</b>
Consumer loans & other outstanding, number	647,441	30.2%	625,458	526,683	455,557
<b>Mortgage loans outstanding, volume</b>	<b>1,227.6</b>		<b>809.0</b>	<b>600.9</b>	<b>441.4</b>
Mortgage loans outstanding, number	16,300	0.8%	12,857	11,902	10,212
<b>Micro &amp; SME loans outstanding, volume</b>	<b>1,346.3</b>		<b>903.9</b>	<b>666.0</b>	<b>497.0</b>
Micro & SME loans outstanding, number	36,379	1.7%	19,045	16,246	13,317
<b>Credit cards and overdrafts outstanding, volume</b>	<b>291.3</b>		<b>305.7</b>	<b>135.0</b>	<b>142.4</b>
Active credit cards and overdrafts outstanding, number	442,487	20.7%	435,010	199,543	174,570
Total credit cards outstanding, number, of which:	800,621	37.4%	754,274	116,615	117,913
American Express cards	79,567	3.7%	100,515	110,362	108,608

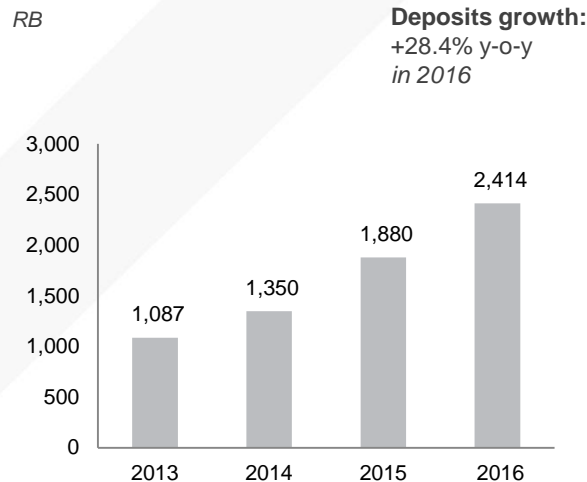
## Portfolio breakdown



## RB Loans

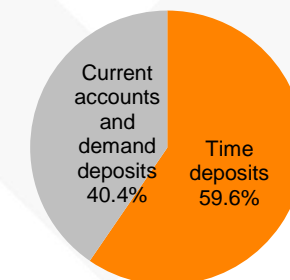


## RB Deposits



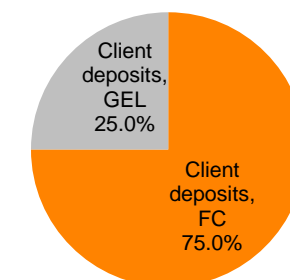
## Deposits by category

Total: GEL 2.4 bn



## Deposits by currency

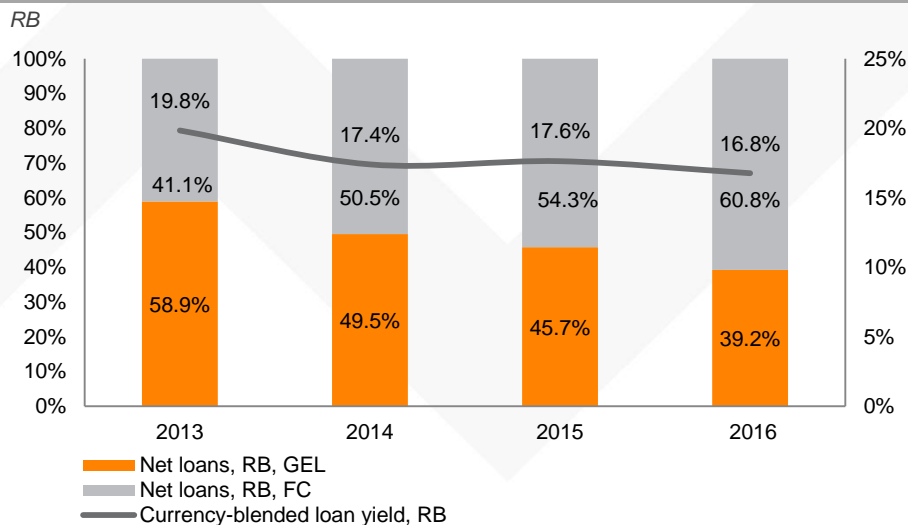
Total: GEL 2.4 bn



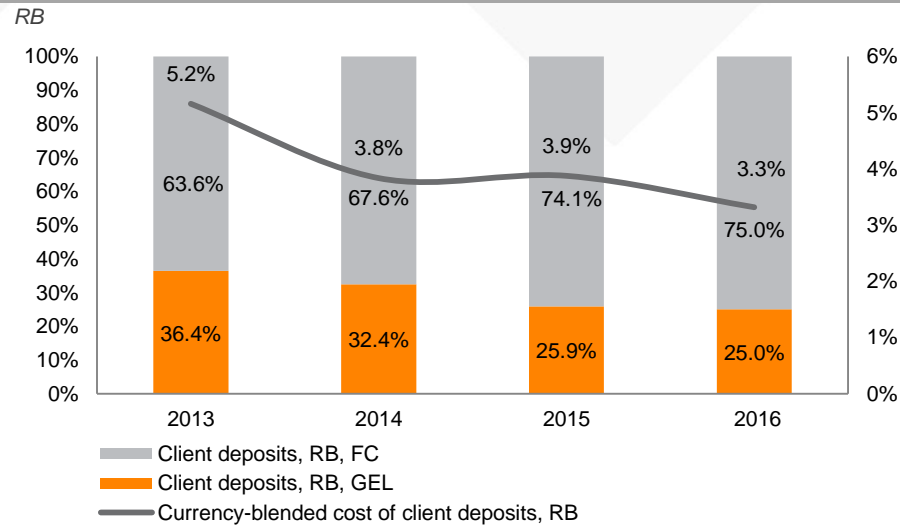
## P&L

RB	GEL thousands, unless otherwise noted	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	2016	2015	Change y-o-y
<b>INCOME STATEMENT HIGHLIGHTS</b>									
	Net banking interest income	111,109	85,318	30.2%	95,507	16.3%	374,022	322,879	15.8%
	Net fee and commission income	26,810	21,264	26.1%	22,402	19.7%	90,193	78,218	15.3%
	Net banking foreign currency gain	8,825	3,697	138.7%	8,198	7.6%	26,086	17,108	52.5%
	Net other banking income	989	3,950	-75.0%	1,097	-9.8%	3,833	9,159	-58.2%
	<b>Revenue</b>	<b>147,733</b>	<b>114,229</b>	<b>29.3%</b>	<b>127,204</b>	<b>16.1%</b>	<b>494,134</b>	<b>427,364</b>	<b>15.6%</b>
	Salaries and other employee benefits	(31,149)	(23,613)	31.9%	(27,315)	14.0%	(106,396)	(92,091)	15.5%
	Administrative expenses	(17,287)	(14,445)	19.7%	(13,179)	31.2%	(57,743)	(50,398)	14.6%
	Banking depreciation and amortisation	(8,052)	(7,259)	10.9%	(7,910)	1.8%	(30,943)	(27,714)	11.7%
	Other operating expenses	(818)	(782)	4.6%	(837)	-2.3%	(2,545)	(2,093)	21.6%
	<b>Operating expenses</b>	<b>(57,306)</b>	<b>(46,099)</b>	<b>24.3%</b>	<b>(49,241)</b>	<b>16.4%</b>	<b>(197,627)</b>	<b>(172,296)</b>	<b>14.7%</b>
	<b>Operating income before cost of credit risk</b>	<b>90,427</b>	<b>68,130</b>	<b>32.7%</b>	<b>77,963</b>	<b>16.0%</b>	<b>296,507</b>	<b>255,068</b>	<b>16.2%</b>
	Cost of credit risk	(19,272)	(15,371)	25.4%	(20,691)	-6.9%	(75,690)	(75,407)	0.4%
	Net non-recurring items	(1,921)	(2,494)	-23.0%	2,297	NMF	(32,002)	(8,945)	NMF
	<b>Profit before income tax</b>	<b>69,234</b>	<b>50,265</b>	<b>37.7%</b>	<b>59,569</b>	<b>16.2%</b>	<b>188,815</b>	<b>170,716</b>	<b>10.6%</b>
	Income tax (expense) benefit	(1,235)	(7,608)	-83.8%	(3,147)	-60.8%	20,475	(23,994)	NMF
	<b>Profit</b>	<b>67,999</b>	<b>42,657</b>	<b>59.4%</b>	<b>56,422</b>	<b>20.5%</b>	<b>209,290</b>	<b>146,722</b>	<b>42.6%</b>

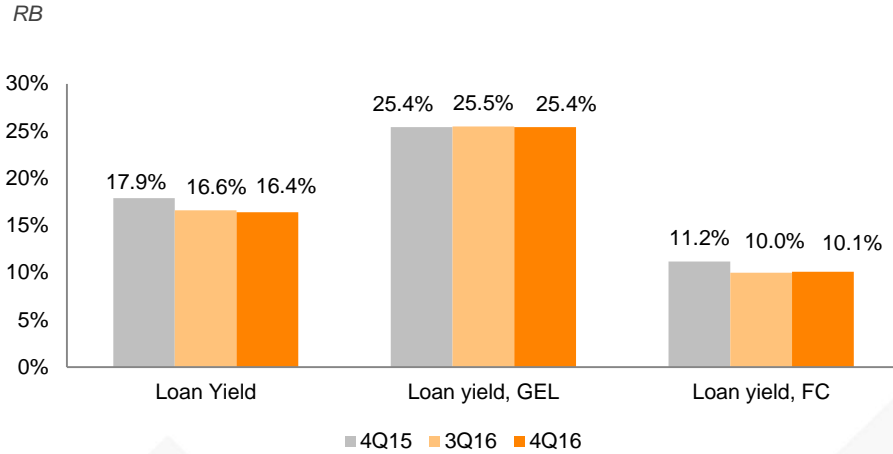
## Loan Yield



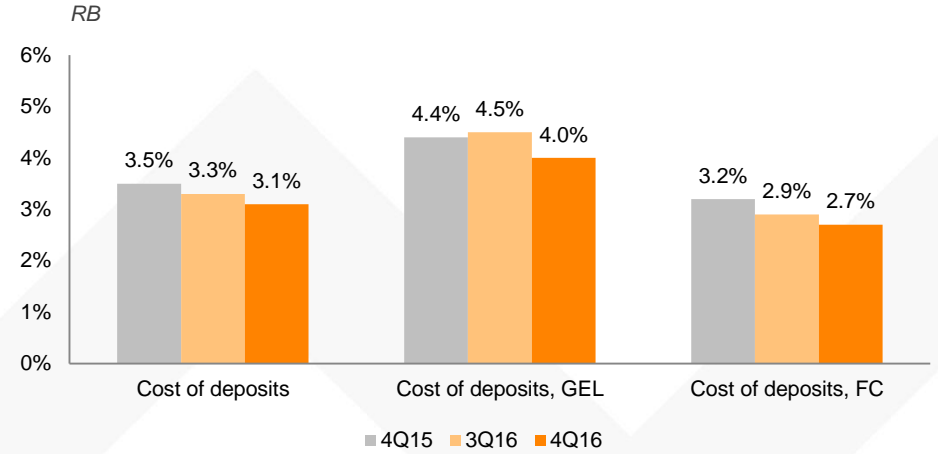
## Deposit Cost



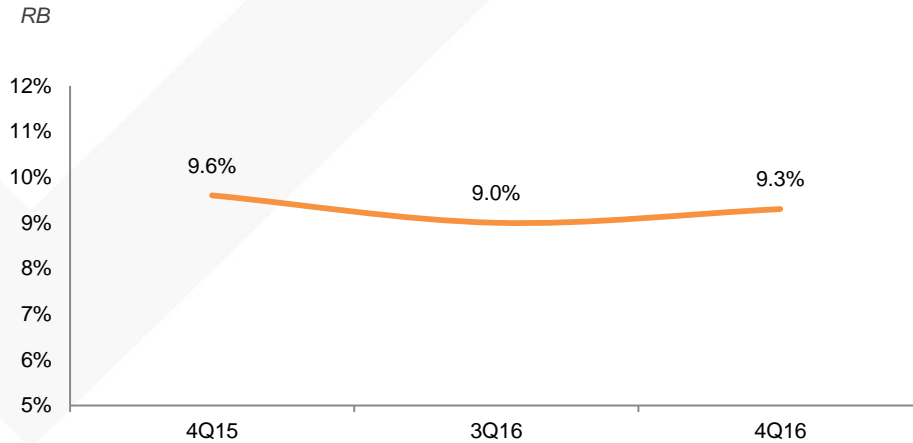
RB Loan Yield



RB Cost of Deposit



RB NIM



## P&L

CIB

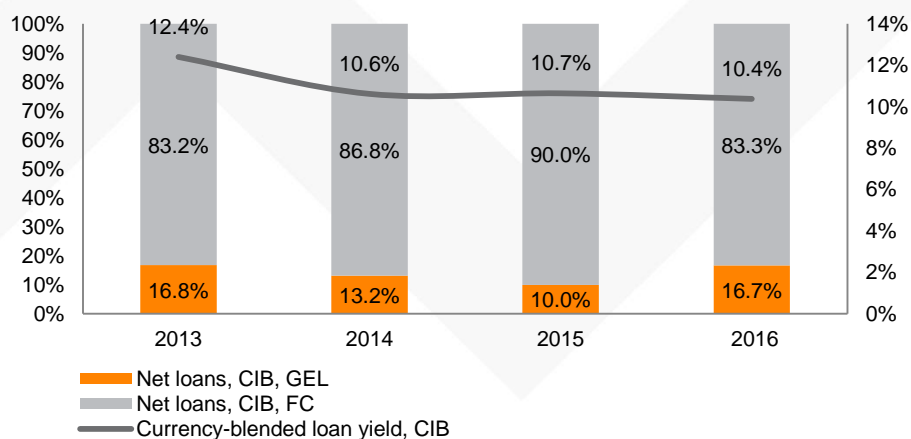
GEL thousands, unless otherwise noted

### INCOME STATEMENT HIGHLIGHTS

	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	2016	2015	Change y-o-y
Net banking interest income	39,168	39,381	-0.5%	34,457	13.7%	147,108	156,068	-5.7%
Net fee and commission income	8,133	8,781	-7.4%	6,680	21.8%	27,963	34,335	-18.6%
Net banking foreign currency gain	16,158	13,942	15.9%	12,196	32.5%	48,643	41,763	16.5%
Net other banking income	2,518	4,328	-41.8%	3,244	-22.4%	10,170	10,112	0.6%
<b>Revenue</b>	<b>65,977</b>	<b>66,432</b>	<b>-0.7%</b>	<b>56,577</b>	<b>16.6%</b>	<b>233,884</b>	<b>242,278</b>	<b>-3.5%</b>
Salaries and other employee benefits	(12,368)	(9,982)	23.9%	(12,851)	-3.8%	(47,731)	(43,333)	10.1%
Administrative expenses	(4,943)	(4,231)	16.8%	(3,223)	53.4%	(15,214)	(14,574)	4.4%
Banking depreciation and amortisation	(1,262)	(1,242)	1.6%	(1,285)	-1.8%	(5,124)	(4,612)	11.1%
Other operating expenses	(330)	(242)	36.4%	(246)	34.1%	(1,031)	(839)	22.9%
<b>Operating expenses</b>	<b>(18,903)</b>	<b>(15,697)</b>	<b>20.4%</b>	<b>(17,605)</b>	<b>7.4%</b>	<b>(69,100)</b>	<b>(63,358)</b>	<b>9.1%</b>
<b>Operating income before cost of credit risk</b>	<b>47,074</b>	<b>50,735</b>	<b>-7.2%</b>	<b>38,972</b>	<b>20.8%</b>	<b>164,784</b>	<b>178,920</b>	<b>-7.9%</b>
Cost of credit risk	(42,172)	(11,991)	NMF	(10,608)	NMF	(76,266)	(56,158)	35.8%
Net non-recurring items	2,267	(2,524)	NMF	1,191	90.3%	(11,934)	(4,877)	144.7%
<b>Profit before income tax</b>	<b>7,169</b>	<b>36,220</b>	<b>-80.2%</b>	<b>29,555</b>	<b>-75.7%</b>	<b>76,584</b>	<b>117,885</b>	<b>-35.0%</b>
Income tax (expense) benefit	2,885	(5,416)	NMF	(1,308)	NMF	11,698	(17,255)	NMF
<b>Profit</b>	<b>10,054</b>	<b>30,804</b>	<b>-67.4%</b>	<b>28,247</b>	<b>-64.4%</b>	<b>88,282</b>	<b>100,630</b>	<b>-12.3%</b>

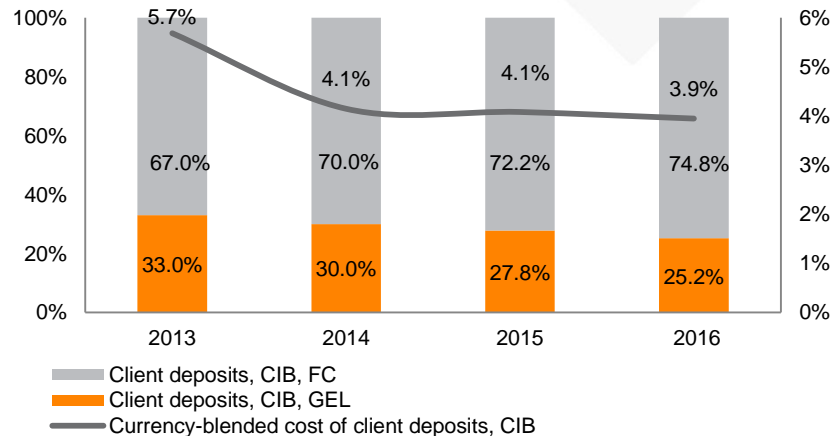
## Loan Yield

CIB



## Deposit Cost

CIB

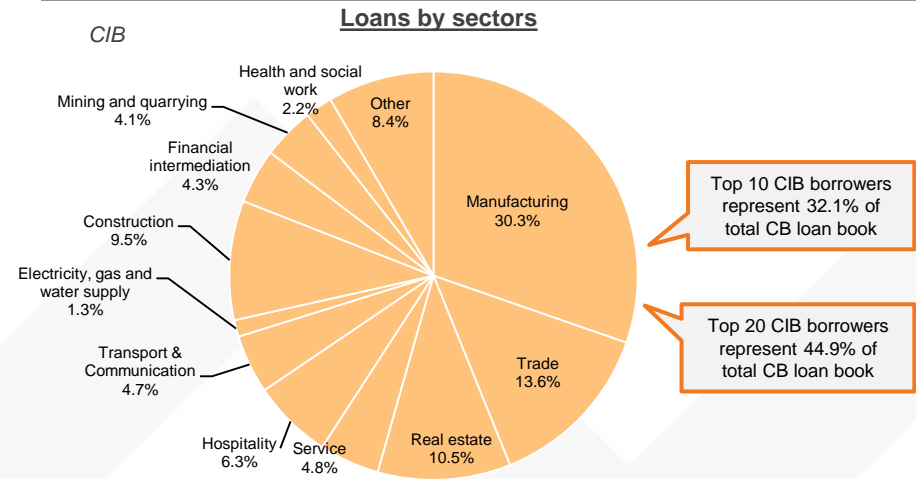




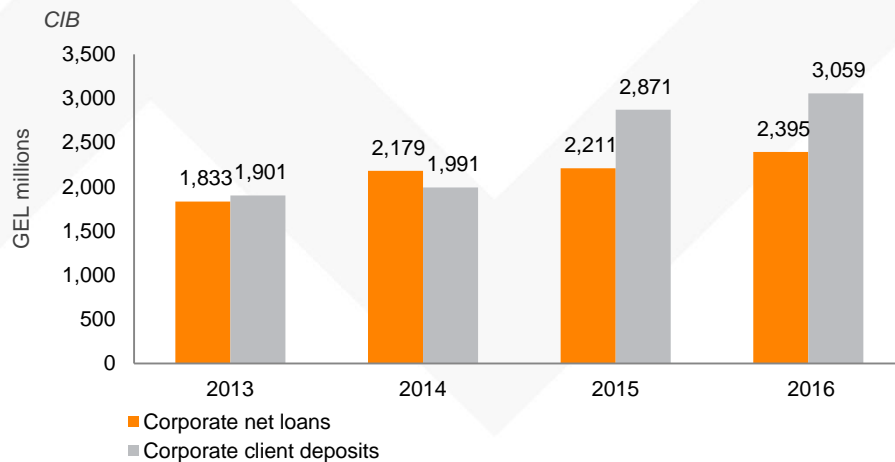
## Highlights

- No.1 corporate bank in Georgia
- Integrated client coverage in key sectors
- c.3,101 clients served by dedicated relationship bankers

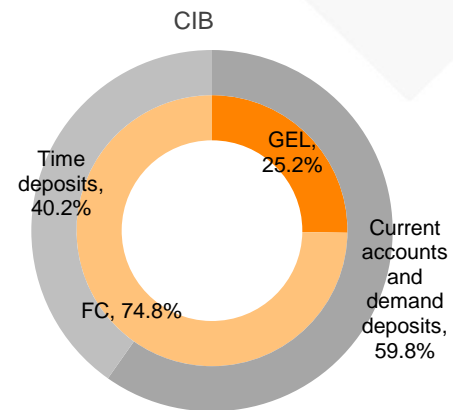
## Portfolio breakdown, 31 December 2016



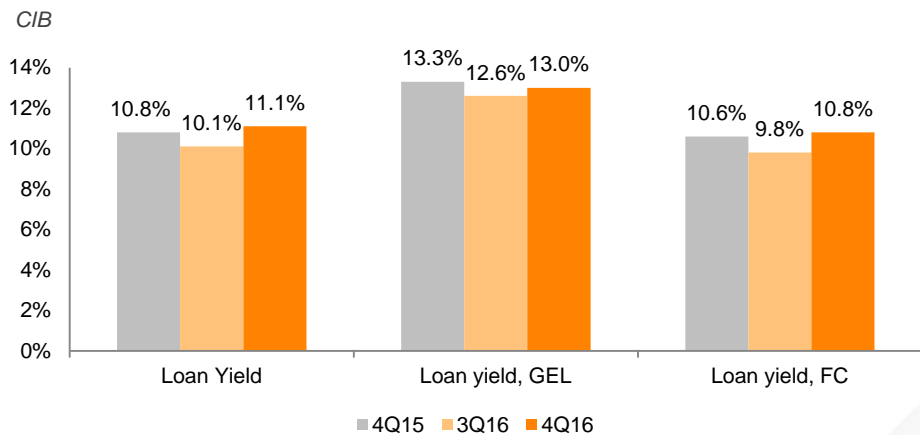
## Loans & Deposits



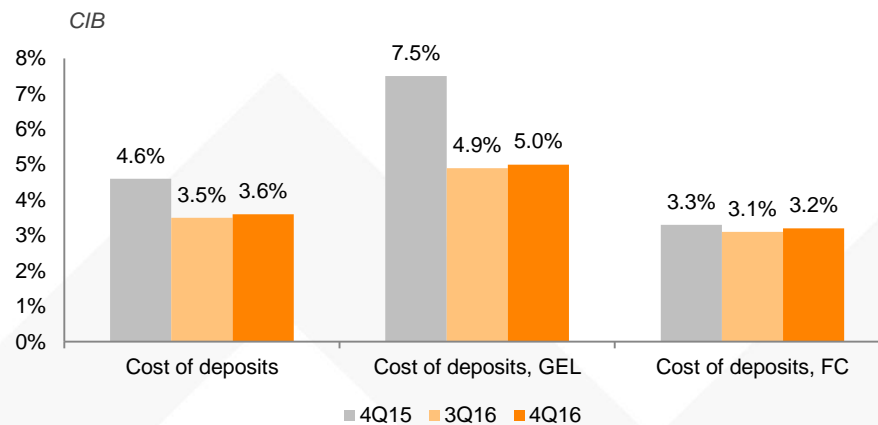
## Deposits by category



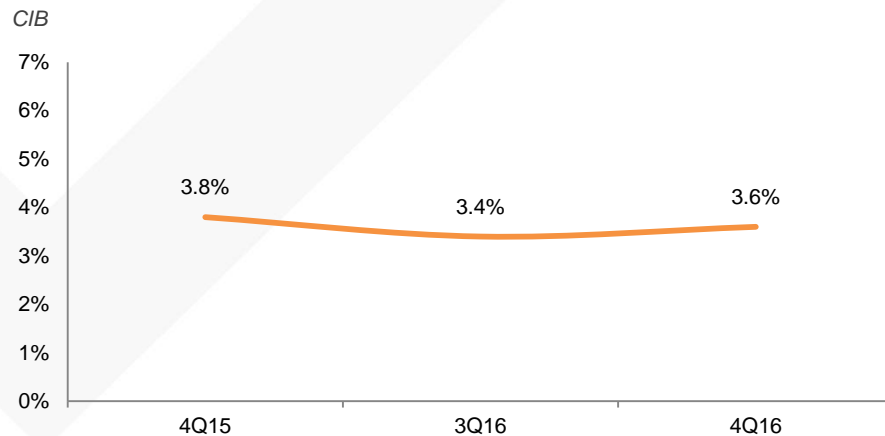
CIB Loan Yield



CIB Cost of Deposit



CIB NIM



1

## Wealth Management

- **Strong international presence:** Israel (since 2008), UK (2010), Hungary (2012) and Turkey (2013). Planned expansion - Cyprus, Singapore, USA.
- **AUM of GEL 1,592 million**, up 15.9% y-o-y
- **Diversified funding sources:**
  - Georgia 44%
  - Israel 12%
  - UK 3%
  - Germany 3%
  - Other 39%

4

## Brokerage

- **Wide product coverage**



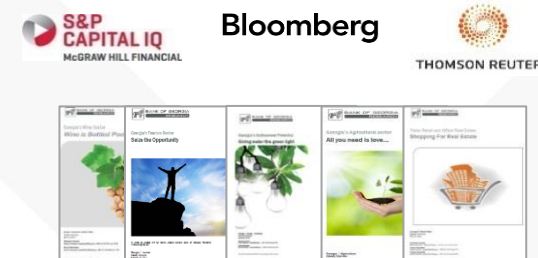
- **Exclusive partner of SAXO Bank** via While Label structure, that provides highly adaptive trading platform with professional tools, insights and world-class execution

## Investment Management

2

## Research

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



3

## Corporate Advisory

- **Bond placement**
  - In March 2016 G&T successfully placed a 2-year US\$ bond into the local market for a non-BGEO Group affiliated company, Nikora
  - In June 2016 G&T successfully placed a five-year GEL denominated bond into the local market for EBRD
  - In August 2016 G&T successfully placed a five-year GEL denominated bond into the local market for Black Sea Trade and Development Bank
  - In October 2016 G&T successfully placed three-year US\$ bond into the local market for the Group's subsidiary m<sup>2</sup> Real Estate
  - In December 2016 G&T acted as a joint placement agent for the Group's subsidiary Georgia Global utilities, having placed five-year GEL denominated bond into the local market
- **Corporate advisory platform**
  - Team with sector expertise and international M&A experience
  - Proven track record of more than 15 completed transactions over the past 8 years with an accumulated transaction value of more than GEL 200 million

WM CLIENTS



INVEST AND KEEP ASSETS VIA

BOG & GEORGIA

INTERNATIONAL ASSETS

GEORGIA

- ✓ Onshore economy with offshore benefits
- ✓ No capital gain tax on the internationally traded securities
- ✓ No accounts reporting liability
- ✓ High account safety
- ✓ Fast and easy way to open account and transfer in/out assets/funds

BANK OF GEORGIA



Trading and custody capabilities of international assets on all major international exchanges

Eq Eq Eq CFD Fu C Fx Fx Bo

→

- Equities
- Fixed Income
- CFDs

## TARGETS & PRIORITIES NEXT 2-3 YEARS

### PRIORITIES

1 Grow Retail Banking share in loan book

2 Increase Product to Client Ratio

3 De-concentrate Corporate Loan Book (Top 10 borrowers)

4 Develop regional private banking franchise (AUM, GEL mln)

### STRATEGIC TARGETS

ROAE

**Target: 20%+**  
2016: 22.1%

Retail Banking Growth

**Target: 20%+**  
2016: 39.5%

		Targets	2016	2015
KEY targets	1 ROAE	20%+	22.1%	21.7%
	2 Retail Banking Growth	20%+	39.5%	35.3%
PRIORITIES	1 Grow Retail share in loan book	65%	61%	55%
	2 Increase Mass Retail Product to Client Ratio	3.0	1.7	1.7
	3 Increase number of Solo clients	To 40,000	19,267	11,869
	4 De-concentrate Corporate Loan Book	To 10 borrowers: 10%	11.8%	12.7%
	5 Become a regional private banking hub	AUM: GEL 2.5bln	GEL 1.6bln	GEL 1.4bln
Long-term outlook	1 NIM	7.25% - 7.75%	7.5%	7.7%
	2 Cost / Income	c. 35%	c. 38%	c. 36%
	3 NPL coverage ratio	80-120%	86.7%	83.4%
	4 Cost of Risk	c.2.0%	2.7%	2.7%

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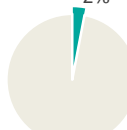



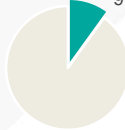
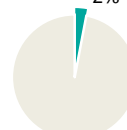
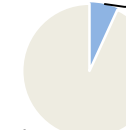



## P&amp;L

<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change, Y-o-Y	3Q16	Change, Q-o-Q	2016	2015	Change, Y-o-Y
<b>Revenue, gross</b>	<b>136,031</b>	<b>69,730</b>	<b>95.1%</b>	<b>116,159</b>	<b>17.1%</b>	<b>426,439</b>	<b>245,969</b>	<b>73.4%</b>
Corrections & rebates	(790)	(1,086)	-27.3%	(762)	3.7%	(2,686)	(3,608)	-25.6%
<b>Revenue, net</b>	<b>135,241</b>	<b>68,644</b>	<b>97.0%</b>	<b>115,397</b>	<b>17.2%</b>	<b>423,753</b>	<b>242,361</b>	<b>74.8%</b>
Revenue from healthcare services	66,814	54,395	22.8%	58,542	14.1%	243,453	191,424	27.2%
Revenue from pharmacy	56,586	-	-	45,725	23.8%	133,002	-	-
Net insurance premiums earned	16,312	15,542	5.0%	16,054	1.6%	61,494	58,552	5.0%
Eliminations	(4,473)	(1,293)	245.9%	(4,925)	-9.2%	(14,196)	(7,615)	86.4%
<b>Costs of services</b>	<b>(89,626)</b>	<b>(42,629)</b>	<b>110.2%</b>	<b>(76,563)</b>	<b>17.1%</b>	<b>(277,735)</b>	<b>(149,232)</b>	<b>86.1%</b>
Cost of healthcare services	(34,802)	(30,008)	16.0%	(31,170)	11.7%	(130,369)	(107,291)	21.5%
Cost of pharmacy	(44,498)	-	-	(35,915)	23.9%	(105,472)	-	-
Cost of insurance services	(14,997)	(13,928)	7.7%	(13,939)	7.6%	(55,772)	(49,372)	13.0%
Eliminations	4,671	1,306	257.6%	4,461	4.7%	13,878	7,431	86.8%
<b>Gross profit</b>	<b>45,615</b>	<b>26,015</b>	<b>75.3%</b>	<b>38,834</b>	<b>17.5%</b>	<b>146,018</b>	<b>93,129</b>	<b>56.8%</b>
Salaries and other employee benefits	(12,757)	(6,810)	87.3%	(10,841)	17.7%	(39,750)	(26,515)	49.9%
General and administrative expenses	(9,470)	(3,058)	209.7%	(8,423)	12.4%	(27,853)	(10,517)	164.8%
Impairment of healthcare services, insurance premiums and other receivables	56	(612)	NMF	(172)	NMF	(2,332)	(3,448)	-32.4%
Other operating income	845	986	-14.3%	329	156.8%	1,944	3,490	-44.3%
<b>EBITDA</b>	<b>24,289</b>	<b>16,522</b>	<b>47.0%</b>	<b>19,727</b>	<b>23.1%</b>	<b>78,027</b>	<b>56,139</b>	<b>39.0%</b>
Depreciation and amortisation	(5,316)	(4,295)	23.8%	(5,215)	1.9%	(19,577)	(12,666)	54.6%
Net interest expense	(4,773)	(5,377)	-11.2%	(3,838)	24.4%	(13,736)	(20,282)	-32.3%
Net gains/(losses) from foreign currencies	(3,170)	(1,592)	99.1%	(263)	NMF	(5,657)	2,098	NMF
Net non-recurring income/(expense)	1,982	(192)	NMF	(48)	NMF	1,118	(1,682)	NMF
<b>Profit before income tax expense</b>	<b>13,012</b>	<b>5,066</b>	<b>156.9%</b>	<b>10,363</b>	<b>25.6%</b>	<b>40,175</b>	<b>23,608</b>	<b>70.2%</b>
Income tax benefit	(6,682)	(14)	NMF	(587)	NMF	21,156	9	NMF
<i>of which: Deferred tax adjustments</i>	(5,319)	-	-	-	-	23,992	-	-
<b>Profit for the period</b>	<b>6,330</b>	<b>5,052</b>	<b>25.3%</b>	<b>9,776</b>	<b>-35.2%</b>	<b>61,331</b>	<b>23,617</b>	<b>159.7%</b>
<b>Attributable to:</b>								
- shareholders of the Company	5,401	3,823	41.3%	7,125	-24.2%	50,202	19,651	155.5%
- non-controlling interests	929	1,229	-24.4%	2,651	-65.0%	11,129	3,966	180.6%
<i>of which: Deferred tax adjustments</i>	(516)	-	-	-	-	4,541	-	-

- Organic growth of healthcare services revenue was 16.3% in 2016
- Healthcare services EBITDA margin was 30.2% in 2016



Key Segments	Healthcare services			Pharmacy	Medical insurance	
	Referral Hospitals	Community Hospitals	Ambulatory Clinics	Pharmacy	Medical Insurance	
Key Services	General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Basic outpatient and inpatient services in regional towns and municipalities	Outpatient diagnostic and treatment services in Tbilisi and major regional cities	Wholesaler and urban-retailer, with a countrywide distribution network	Range of private insurance products purchased by individuals and employers	
Market Size <sup>(1)</sup>	<b>GEL 1.2bln (2015)</b>			<b>GEL 0.9bln (2015)</b>	<b>GEL 1.3bln (2015)</b>	<b>GEL 0.14bln (2015)</b>
Market Share	<b>20% by revenue <sup>(2)</sup></b> <b>23.4% by beds (2,557)</b> , which is expected to grow to c.29% as a result of renovation of recently acquired hospital facilities (additional c.600 beds);			<b>1.5% by revenue<sup>(2)</sup></b>	<b>29% by revenue <sup>(2)</sup></b>	<b>35% by revenue</b>
Selected Operating Data 2016	 <p>82% <b>15 hospitals</b> <b>2,092 beds</b></p>	 <p>18% <b>20 hospitals</b> <b>465 beds</b></p>	<p><b>Ten clusters with</b> <b>13 district ambulatory clinics</b> <b>28 express ambulatory clinics</b></p>	<b>243 pharmacies</b> in major cities <sup>(3)</sup>	<b>211,000 individuals</b> insured	
Financials 2016	<p><b>Revenue</b> GEL 426.4mln<sup>(4)</sup></p>  <p>48% GEL 211.8 mln 2012-2016 CAGR <b>53%</b></p>	 <p>5% GEL 22.8 mln 2012-2016 CAGR <b>16%</b></p>	 <p>2% GEL 11.6 mln 2012-2016 CAGR <b>30%</b></p>	 <p>31% GEL 133.0 mln 2012-2016 CAGR <b>15%</b></p>	 <p>14% GEL 61.5 mln 2012-2016 CAGR <b>15%</b></p>	
	<p><b>EBITDA</b> GEL 78.0mln</p>  <p>84% GEL 65.7 mln 2012-2016 CAGR <b>61%</b></p>	 <p>9% GEL 6.8 mln 2012-2016 CAGR <b>33%</b></p>	 <p>2% GEL 1.8 mln 2012-2016 CAGR <b>36%</b></p>	 <p>7% GEL 5.7 mln 2012-2016 CAGR <b>36%</b></p>	 <p>-2% GEL -2.0 mln 2012-2016 CAGR <b>-2%</b></p>	
	EBITDA Margin: 30.9%	EBITDA Margin: 29.9%	EBITDA Margin: 15.1%	EBITDA Margin: 4.3%	EBITDA Margin: -3.3%	

Sources:

- (1) Frost & Sullivan analysis, 2015
- (2) Market share for pharmacy business is for 2015 year, including ABC's market share
- (3) Including ABC's pharmacies
- (4) Revenue net of intercompany eliminations

2015-2018

Medium-term Target  
(5-10 Year Horizon)

Long-term Target  
(Beyond 10 Year Horizon)


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

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


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


Spending per capita (US\$)  **217** (Georgia)

 **502**

 **1,076**

Price inflation (heart surgery, US\$)  **6,500** (GHG)

 **9,000**

 **25,000**

GHG Revenue per bed (US\$)  **34,000** (GHG)

 **99k**

 **280k**

Outpatient Encounters per capita  **4.0** (Georgia)

 **5.4**

 **8.9**

Nurse to doctor ratio  **1:1.3** (Georgia)

 **4:1** (Georgia, WHO recommendation)

 **3.4:1**

Pharmaceuticals' share in total healthcare spending  **38.4%** (Georgia)

 **25%**

 **15.4%**

**Significant expansion of capacity by 2025**

**Substantial room to grow beyond 2025**

Sources:

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

## GHG HAS FULL PRESENCE IN GEORGIAN HEALTHCARE ECOSYSTEM

Segment	HOSPITALS	AMBULATORIES	PHARMACY	INSURANCE
Market (2015)	GEL 1.2bln	GEL 0.9bln	GEL 1.3bln	GEL 0.17bln
Market shares	BY REVENUE   BEDs	BY REVENUE	BY REVENUE	BY REVENUE
	In 2015	<1%	-	38%
	Now	1.5%	15%	35%
	YE2018	5%	30%+	30%+
Long-term	30%+	15%+	30%+	30%+



## GHG HAS FULL PRESENCE IN GEORGIAN HEALTHCARE ECOSYSTEM

Segment	HOSPITALS	AMBULATORIES	PHARMACY	INSURANCE
Market share Targets 2018 (BY REVENUE)	25%+	5%	30%+	30%+
P&L targets	<ul style="list-style-type: none"> <li>• Doubling 2015 revenue by 2018 (2015 revenue was GEL 195.0mln)</li> <li>• With 30% EBITDA margin</li> </ul>		8.0%+ EBITDA margin	<ul style="list-style-type: none"> <li>• Combined ratio &lt;97%</li> <li>• Claims retained within GHG &gt;50%</li> </ul>



Segment	HOSPITALS	AMBULATORIES	PHARMACY	INSURANCE
Market shares (now)	20%	1.5%	29.0*%	35%
Progress toward strategic goals in 2016	<ul style="list-style-type: none"> <li>Renovations are on track for Dekka &amp; Sunstone (budget &amp; schedule)</li> <li>Launched 64 new services with target annual revenue of GEL 18.6mln</li> </ul>	<ul style="list-style-type: none"> <li>Launched 6 clusters</li> <li>2 more to be launched in 4Q16</li> </ul>	<ul style="list-style-type: none"> <li>Entered pharmacy segment by purchasing 3<sup>rd</sup> &amp; 4<sup>th</sup> players</li> <li>Successful GPC integration: synergies above initial guidance</li> </ul>	<ul style="list-style-type: none"> <li>Increased claims retained within the group from 16.1% to 23.3%</li> <li>Turning the corner in profitability</li> </ul>

\*Including ABC

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## P&amp;L

Income Statement Highlights	4Q16	4Q15	Change Y-O-Y	3Q16	Change Q-O-Q	2016	2015	Change Y-O-Y
<i>Get thousands, unless otherwise stated</i>								
Revenue from sale of apartments	9,241	39,769	-76.8%	53,817	-82.8%	96,373	44,917	114.6%
Cost of sale of apartments	(8,398)	(34,869)	-75.9%	(45,874)	-81.7%	(80,870)	(39,721)	103.6%
<b>Net revenue from sale of apartments</b>	<b>843</b>	<b>4,900</b>	<b>-82.8%</b>	<b>7,943</b>	<b>-89.4%</b>	<b>15,503</b>	<b>5,196</b>	<b>198.4%</b>
Revenue from operating lease s	897	613	46.3%	774	15.9%	2,912	1,852	57.2%
Cost of operating leases	(76)	-	-	(59)	28.8%	(228)	-	-86.5%
<b>Net revenue from operating leases</b>	<b>821</b>	<b>613</b>	<b>33.9%</b>	<b>715</b>	<b>14.8%</b>	<b>2,684</b>	<b>1,852</b>	<b>44.9%</b>
Revaluation of commercial property	-	7,083	-100.0%	959	-100.0%	959	7,083	-86.5%
<b>Gross real estate profit</b>	<b>1,664</b>	<b>12,596</b>	<b>-86.8%</b>	<b>9,617</b>	<b>-82.7%</b>	<b>19,146</b>	<b>14,131</b>	<b>35.5%</b>
Gross other investment profit	(34)	7,277	NMF	(105)	-67.6%	1,798	7,502	-76.0%
<b>Revenue</b>	<b>1,630</b>	<b>19,873</b>	<b>-91.8%</b>	<b>9,512</b>	<b>-82.9%</b>	<b>20,944</b>	<b>21,633</b>	<b>-3.2%</b>
Salaries and other employee benefits	(41)	(356)	-88.5%	(275)	-85.1%	(1,069)	(1,150)	-7.0%
Administrative expenses	(1,305)	(1,515)	-13.9%	(889)	46.8%	(4,755)	(4,710)	1.0%
<b>Operating expenses</b>	<b>(1,346)</b>	<b>(1,871)</b>	<b>-28.1%</b>	<b>(1,164)</b>	<b>15.6%</b>	<b>(5,824)</b>	<b>(5,860)</b>	<b>-0.6%</b>
<b>EBITDA</b>	<b>284</b>	<b>18,002</b>	<b>-98.4%</b>	<b>8,348</b>	<b>-96.6%</b>	<b>15,120</b>	<b>15,773</b>	<b>-4.1%</b>
Depreciation and amortization	(65)	(55)	18.2%	(64)	1.6%	(243)	(191)	27.2%
Net foreign currency gain (loss)	(496)	(836)	-40.7%	205	NMF	792	(1,534)	NMF
Interest income	393	-	-	305	28.9%	698	386	80.8%
Interest expense	(1,312)	(173)	NMF	(93)	NMF	(1,633)	(1,566)	4.3%
<b>Net operating income before non-recurring items</b>	<b>(1,196)</b>	<b>16,938</b>	<b>NMF</b>	<b>8,701</b>	<b>NMF</b>	<b>14,734</b>	<b>12,868</b>	<b>14.5%</b>
Net non-recurring items	(284)	(7)	NMF	(91)	NMF	(533)	(137)	NMF
<b>Profit before income tax</b>	<b>(1,480)</b>	<b>16,931</b>	<b>NMF</b>	<b>8,610</b>	<b>NMF</b>	<b>14,201</b>	<b>12,731</b>	<b>11.5%</b>
Income tax (expense) benefit	424	(2,604)	NMF	(1,204)	NMF	(1,717)	(1,974)	-13.0%
<b>Profit</b>	<b>(1,056)</b>	<b>14,327</b>	<b>NMF</b>	<b>7,406</b>	<b>NMF</b>	<b>12,484</b>	<b>10,757</b>	<b>16.1%</b>

## Balance Sheet

Balance sheet	Dec-16	Dec-15	Change	Sep-16	Change
			Y-O-Y		Q-O-Q
<i>GEL thousands, unless otherwise noted</i>					
Cash and cash equivalents	93,278	28,015	233.0%	39,890	133.8%
Amounts due from credit institutions	-	-	-	305	-100.0%
Investment securities	1,145	1,145	0.0%	1,145	0.0%
Accounts receivable	1,016	757	34.2%	1,186	-14.3%
Prepayments	20,823	26,581	-21.7%	20,828	0.0%
Inventories	112,669	95,314	18.2%	92,790	21.4%
Investment property, of which:	116,058	108,753	6.7%	103,268	12.4%
<i>Land bank</i>	71,214	76,558	-7.0%	64,071	11.1%
<i>Commercial real estate</i>	44,844	32,195	39.3%	39,197	14.4%
Property and equipment	5,368	1,259	326.4%	1,667	222.0%
Other assets	20,975	13,852	51.4%	15,311	37.0%
<b>Total assets</b>	<b>371,332</b>	<b>275,676</b>	<b>34.7%</b>	<b>276,390</b>	<b>34.4%</b>
Amounts due to credit institutions	42,342	3,282	1190.1%	38,463	10.1%
Debt securities issued	104,410	48,937	113.4%	46,603	124.0%
Accruals and deferred income	82,398	109,024	-24.4%	62,824	31.2%
Other liabilities	5,232	6,646	-21.3%	7,388	-29.2%
<b>Total liabilities</b>	<b>234,382</b>	<b>167,889</b>	<b>39.6%</b>	<b>155,278</b>	<b>50.9%</b>
Additional paid-in capital	4,382	4,382	0.0%	5,606	-21.8%
Other reserves	12,880	(3,575)	NMF	(4,206)	NMF
Retained earnings	119,688	106,980	11.9%	119,712	0.0%
<b>Total equity attributable to shareholders of the Group</b>	<b>136,950</b>	<b>107,787</b>	<b>27.1%</b>	<b>121,112</b>	<b>13.1%</b>
<b>Total equity</b>	<b>136,950</b>	<b>107,787</b>	<b>27.1%</b>	<b>121,112</b>	<b>13.1%</b>
<b>Total liabilities and equity</b>	<b>371,332</b>	<b>275,676</b>	<b>34.7%</b>	<b>276,390</b>	<b>34.4%</b>



## PROJECTS: RESIDENTIAL & HOTEL



Apartment building:  
**Chubinashvili street**  
Completion status: **100%**



Apartment building:  
**Tamarashvili street**  
Completion status: **100%**



Apartment building:  
**Kazbegi avenue**  
Completion status: **100%**



Apartment building:  
**Nutsubidze Street**  
Completion status: **100%**



Apartment building:  
**Tamarashvili Street II**  
Completion status: **100%**



Apartment building:  
**Moscow avenue**  
Completion status: **100%**



Apartment building: **Kartozia Street**  
Completion status: **29%**  
Construction start date: Nov 15



Apartment building: **Skyline**  
Completion status: **69%**  
Construction start date: Dec 15



Apartment building: **Kazbegi avenue II**  
Completion status: **6%**  
Construction start date: Jun 16



Apartment building:  
**Chavchavadze Avenue**  
Completion status: **3%**  
Construction start date: Oct 16

Key Segments & market size

Asset base (as of 4Q16)

Track record

**1 Residential Developments** **2 Yielding Business**

**Affordable housing**

**Market: US\$ 1.0bln<sup>1</sup>**  
 As a residential real estate developer, m<sup>2</sup> targets mass market customers by introducing high quality and comfortable living standards in Georgia and making them affordable.

*Includes:* **US\$ 84 million<sup>4</sup>**

- 1. Inventory of residential real estate
- 2. Land bank

- **Generated IRR ranging from 31% to 165% on 6 completed residential projects**
- Started operations in 2010 and since:
  - **Completed 6 projects – 1,672 apartments**, 97% sold with US\$137.0 mln sales value, land value unlocked US\$16.4 mln
  - **Ongoing 4 projects – 1,202 apartments**, 35% sold with US\$35.9 mln sales value, land value to be unlocked US\$16.5 mln
- **All completed projects were on budget and on schedule**
- **Land bank of value US\$26.25 mln, with c.5,126<sup>5</sup> apartments**

**Commercial space (offices, industrial properties, high street retail)**

**Market: US\$ 2.5bln<sup>2</sup>**  
 As a property manager, m<sup>2</sup> makes opportunistic investments and manages a well diversified portfolio of yielding assets, primarily consisting of high street real estate assets, and also including industrial and office space real estate assets.

*Includes:* **US\$ 19 million**

- 1. High street retail
- 2. Industrial properties: warehouses and logistics centers
- 3. Offices

*Dollar denominated, inflation hedged cash flow stream*

- Generated annual yield of 9.7% in 2015 on portfolio rented out. Rent earning assets are with capital appreciation upside.
- m<sup>2</sup> has developed its current yielding portfolio through:
  - m<sup>2</sup> retains commercial space (ground floor) at its own residential developments. This constitutes up to 25% of total yielding portfolio
  - Acquired opportunistically the commercial space. This constitutes over 75% of total yielding portfolio

**Hotels**

**Market: US\$ 1.9bln<sup>3</sup>**  
 As a hotel developer and operator, m<sup>2</sup> targets 3-star, mixed use hotels (residential combined with hotel development). m<sup>2</sup> finances equity needs of the hotel from the profits and land value unlocked through sale of the apartments in the same development.

*Includes:* **US\$ 3 million**

- 1. Hotels (mixed use)
- 2. Land bank

- m<sup>2</sup> attained exclusive development agreement with Wyndham to develop Wyndham's 3-star brand Ramada Encore exclusively in Georgia. Plan is to build at least 3 hotels within next 7 years with minimum 370 rooms in total.
- 3 projects in the pipeline:
  - 1) 2 hotels in Tbilisi – land acquired, construction of the 1st hotel commenced in June 2016, 2nd hotel in design stage
  - 2) 1 hotel in Kutaisi – searching for property
- **Land bank of value US\$1.25 mln**

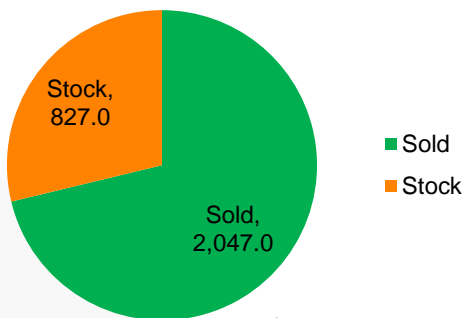
1 – US\$ value of annual transaction (incl. renovation/fit-out costs) in the capital city in 2015 (NPRG, Colliers, Company own data)  
 2 – trade volume in Georgia in 2015  
 3 – gross tourism inflows in 2015  
 4 – Total Assets are US\$ 141mln . Pie charts do not sum-up to 100% due to Cash holdings of US\$ 35mln  
 5 – Including 4,716 apartments of Digomi Project

# STRONG SALES PERFORMANCE

**71% of total apartments are sold**

**2,874 apartments in total**

Number of apartments



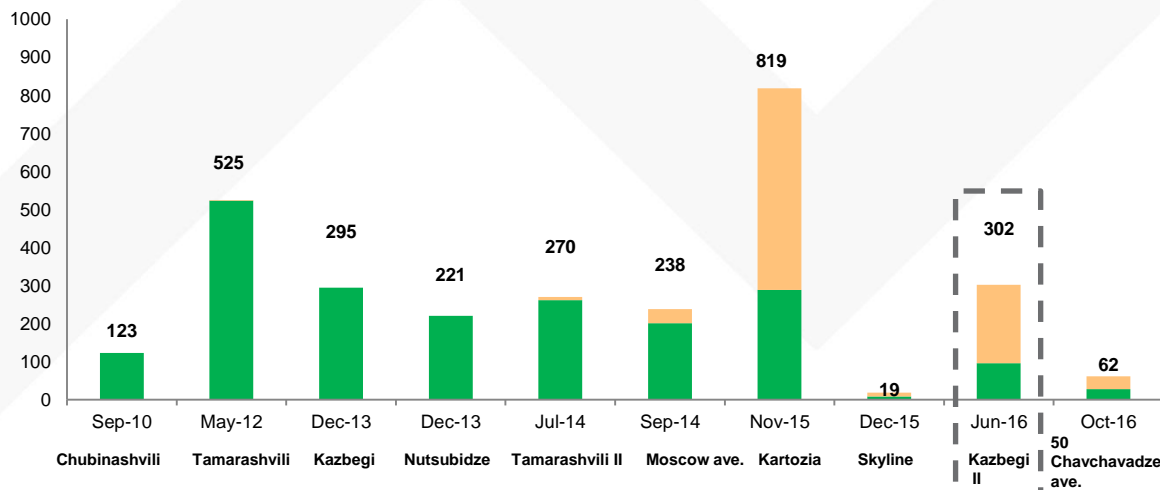
Financed with BOG mortgages:  
946 apartments, GEL 110.7mln

**Completed projects are sold out**

**Completed apartments: 2.8% in stock**

Ongoing apartments: 64.9% in stock

Number of apartments by projects

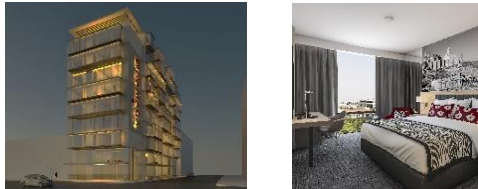


**Entering hotel business:**

In 2016, launched construction of our first 3-star hotel (mixed-use)

### 3-star hotel opportunity in Tbilisi

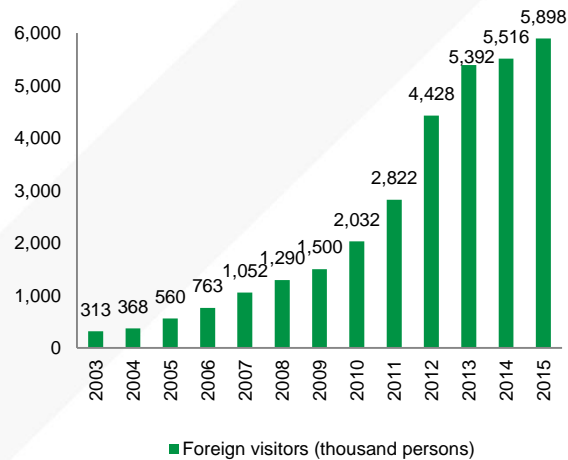
#### Develop 3 hotels in next 7 years in Tbilisi catering to budget travelers



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

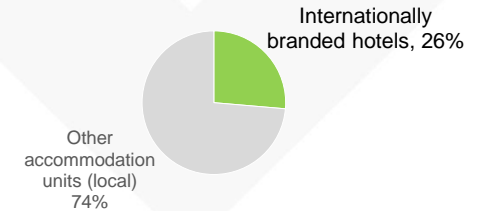
#### Visitors in Georgia 25% CAGR'03-15

4.9mln visitors for 9M16, up 8.6% y-o-y



#### Limited supply

Distribution of rooms in Tbilisi by accommodation type, 2011



- Occupancy rate of international branded hotels was 75% in September 2016, while YTD occupancy rate reached 71.8%, up 9.1% y-o-y
- September 2016 ADR – US\$ 147, up 2% y-o-y. YTD ADR of US\$ 137, down 5% y-o-y

Source: Galt & Taggart Research

## TARGETS & PRIORITIES NEXT 2-3 YEARS

**1** Unlocking land value by developing housing projects. Buy land opportunistically

**2** Start developing 3rd party lands

**3** Accumulate yielding assets from own-developed projects :

- *Mainly retain commercial real estate in residential buildings*
- *Develop hotels and apartments (mixed-use) to increase yielding business*

- *NAV (Net Asset Value) – US\$ 52.8mln*
- *Land bank – US\$ 27.5mln*
- *Yielding assets currently – US\$ 18.7mln*
- *Deferred revenue– US\$ 36.1mln (inc. VAT)*

- **Capital management discipline – pay US\$ 20-25mln dividends to BGEO in 2019**
- **Possibility to establish m2 as a REIT**



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## P&amp;L

<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	2016	2015	Change y-o-y
Revenue from water supply to legal entities	19,598	17,493	12.0%	22,203	-11.7%	78,187	74,587	4.8%
Revenue from water supply to individuals	8,636	8,220	5.1%	7,735	11.6%	31,503	30,170	4.4%
Revenue from electric power sales	3,641	359	NMF	2,309	57.7%	10,112	9,182	10.1%
Revenue from technical support	2,056	1,028	100.0%	1,319	55.9%	4,166	3,683	13.1%
Other income	2,312	(192)	NMF	648	NMF	3,458	647	NMF
<b>Revenue</b>	<b>36,243</b>	<b>26,908</b>	<b>34.7%</b>	<b>34,214</b>	<b>5.9%</b>	<b>127,426</b>	<b>118,269</b>	<b>7.7%</b>
Provisions for doubtful trade receivables	687	(119)	NMF	(1,412)	NMF	(2,198)	(432)	NMF
Salaries and benefits	(4,010)	(4,376)	-8.4%	(4,566)	-12.2%	(17,181)	(20,920)	-17.9%
Electricity and transmission costs	(3,748)	(3,261)	14.9%	(4,575)	-18.1%	(17,383)	(11,554)	50.5%
Raw materials, fuel and other consumables	85	(1,451)	NMF	(958)	NMF	(2,845)	(5,253)	-45.8%
Infrastructure assets maintenance expenditure	(402)	(1,573)	-74.4%	(788)	-49.0%	(2,402)	(4,251)	-43.5%
General and administrative expenses	(751)	(917)	-18.1%	(700)	7.3%	(3,036)	(2,950)	2.9%
Taxes other than income tax	(1,155)	(975)	18.5%	(806)	43.3%	(3,518)	(3,398)	3.5%
Professional fees	(819)	(1,317)	-37.8%	(523)	56.6%	(2,350)	(2,475)	-5.1%
Insurance expense	(269)	(69)	NMF	(258)	4.3%	(793)	(317)	150.2%
Other operating expenses	(2,085)	(1,527)	36.5%	(1,869)	11.6%	(7,632)	(5,001)	52.6%
<b>Operating expenses</b>	<b>(12,467)</b>	<b>(15,585)</b>	<b>-20.0%</b>	<b>(16,455)</b>	<b>-24.2%</b>	<b>(59,338)</b>	<b>(56,551)</b>	<b>4.9%</b>
<b>EBITDA</b>	<b>23,776</b>	<b>11,323</b>	<b>110.0%</b>	<b>17,759</b>	<b>33.9%</b>	<b>68,088</b>	<b>61,718</b>	<b>10.3%</b>
<i>EBITDA Margin</i>	66%	42%		52%		53%	52%	
Depreciation and amortisation	(3,753)	(4,735)	-20.7%	(4,457)	-15.8%	(16,595)	(17,919)	-7.4%
<b>EBIT</b>	<b>20,023</b>	<b>6,588</b>	<b>203.9%</b>	<b>13,302</b>	<b>50.5%</b>	<b>51,493</b>	<b>43,799</b>	<b>17.6%</b>
<i>EBIT Margin</i>	55%	24%		39%		40%	37%	
Net interest expense	(3,049)	(2,446)	24.7%	(2,822)	8.0%	(10,764)	(7,480)	43.9%
Foreign exchange gains(losses)	190	(185)	NMF	(131)	NMF	(476)	(14,158)	-96.6%
<b>EBT</b>	<b>17,164</b>	<b>3,957</b>	<b>333.8%</b>	<b>10,349</b>	<b>65.9%</b>	<b>40,253</b>	<b>22,161</b>	<b>81.6%</b>
Income tax (expense)/benefit	(1,659)	(1,755)	-5.5%	(1,168)	42.0%	(4,579)	(6,948)	-34.1%
<b>Profit</b>	<b>15,505</b>	<b>2,202</b>	<b>604.1%</b>	<b>9,181</b>	<b>68.9%</b>	<b>35,674</b>	<b>15,213</b>	<b>134.5%</b>

- GGU recorded revenue of GEL 36.2m in 4Q16 and GEL 127.4m in 2016. Revenue from water sales represented c.77.9% of total revenue
- GGU reported EBITDA of GEL 23.8m for 4Q16 and GEL 68.1m for 2016. EBITDA grew 10.3% in 2016
- GGU recorded profit of GEL 35.7m for 2016, reflecting a 134.5% growth y-o-y

Sources: GGU internal reporting, financials are for 4Q16

## Balance sheet

GEL thousands; unless otherwise noted

	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q
Cash and cash equivalents	27,511	11,634	136.5%	5,399	409.6%
Trade and other receivables	29,499	23,452	25.8%	27,125	8.8%
Inventories	3,048	3,249	-6.2%	3,727	-18.2%
Current income tax prepayments	735	1,340	-45.1%	591	24.4%
<b>Total current assets</b>	<b>60,793</b>	<b>39,675</b>	<b>53.2%</b>	<b>36,842</b>	<b>65.0%</b>
Property, plant and equipment	329,997	287,638	14.7%	312,295	5.7%
Investment Property	18,728	19,436	-3.6%	19,417	-3.5%
Intangible assets	1,186	1,466	-19.1%	979	21.1%
Restructured trade receivables	307	307	0.0%	23	NMF
Restricted Cash	5,094	2,545	100.2%	2,667	91.0%
Other non-current assets	1,246	1,354	-7.9%	1,020	22.2%
<b>Total non-current assets</b>	<b>356,558</b>	<b>312,745</b>	<b>14.0%</b>	<b>336,401</b>	<b>6.0%</b>
<b>Total assets</b>	<b>417,351</b>	<b>352,420</b>	<b>18.4%</b>	<b>373,243</b>	<b>11.8%</b>
Current borrowings	22,617	28,354	-20.2%	19,855	13.9%
Trade and other payables	24,997	19,204	30.2%	20,363	22.8%
Provisions for liabilities and charges	706	1,318	-46.4%	848	-16.7%
Other taxes payable	7,135	689	935.5%	4,338	64.5%
<b>Total current liabilities</b>	<b>55,455</b>	<b>49,565</b>	<b>11.9%</b>	<b>45,404</b>	<b>22.1%</b>
Long term borrowings	83,651	45,689	83.1%	64,388	29.9%
Deferred income tax liability	1	28,434	-100.0%	260	-99.6%
<b>Total non-current liabilities</b>	<b>83,652</b>	<b>74,123</b>	<b>12.9%</b>	<b>64,648</b>	<b>-100.0%</b>
<b>Total liabilities</b>	<b>139,106</b>	<b>123,688</b>	<b>12.5%</b>	<b>110,052</b>	<b>26.4%</b>
Share capital	2	2	0.0%	2	0.0%
Retained earnings	96,782	74,774	29.4%	83,149	16.4%
Revaluation reserve	181,461	153,956	17.9%	180,040	0.8%
<b>Total equity</b>	<b>278,245</b>	<b>228,732</b>	<b>21.6%</b>	<b>263,191</b>	<b>5.7%</b>
<b>Total liabilities and equity</b>	<b>417,351</b>	<b>352,420</b>	<b>18.4%</b>	<b>373,243</b>	<b>11.8%</b>

- GGU balance sheet is characterised with low leverage and modest foreign exchange risk exposure
- Currently 99.7% of GGU's borrowings are denominated in local currency. The plan is to further reduce foreign-currency-denominated borrowings.

Sources: GGU internal reporting, financials are for 4Q16



## Cash flow

<i>GEL thousands; unless otherwise noted</i>	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	2016	2015	Change y-o-y
Cash receipt from customers	41,042	36,231	13.3%	36,653	12.0%	139,886	137,952	1.4%
Cash paid to suppliers	(8,066)	(9,388)	-14.1%	(13,230)	-39.0%	(45,858)	(35,002)	31.0%
Cash paid to employees	(6,640)	(6,126)	8.4%	(4,454)	49.1%	(18,520)	(21,317)	-13.1%
Interest received	30	(666)	NMF	19	57.9%	216	(541)	NMF
Interest paid	(2,653)	(2,061)	28.7%	(2,776)	-4.4%	(10,388)	(7,391)	40.5%
Taxes paid	(2,202)	(5,580)	-60.5%	(2,539)	-13.3%	(11,087)	(21,334)	-48.0%
Restricted cash in Bank	(2,729)	-	-	234	NMF	(2,355)	-	-
<b>Cash flow from operating activities</b>	<b>18,783</b>	<b>12,410</b>	<b>51.3%</b>	<b>13,907</b>	<b>35.1%</b>	<b>51,895</b>	<b>52,367</b>	<b>-0.9%</b>
Maintenance Capex	(8,803)	(4,208)	109.2%	(4,549)	93.5%	(22,432)	(13,428)	67.1%
<b>Operating cash flow after maintenance capex</b>	<b>9,980</b>	<b>8,202</b>	<b>21.7%</b>	<b>9,358</b>	<b>6.6%</b>	<b>29,463</b>	<b>38,939</b>	<b>-24.3%</b>
Purchase of PPE and intangible assets	(9,572)	(6,870)	39.3%	(7,266)	31.7%	(31,341)	(21,921)	43.0%
Proceeds from PPE sale	-	(4)	NMF	0	-	-	-	NMF
<b>Total cash flow used in investing activities</b>	<b>(9,572)</b>	<b>(6,874)</b>	<b>39.2%</b>	<b>(7,266)</b>	<b>31.7%</b>	<b>(31,341)</b>	<b>(21,921)</b>	<b>43.0%</b>
Proceeds from borrowings	27,562	970	NMF	14,922	84.7%	45,447	2,090	2074.5%
Repayment of borrowings	(6,565)	(1,883)	NMF	(2,175)	NMF	(14,032)	(20,152)	-30.4%
Dividends paid out	151	(54)	NMF	(13,055)	NMF	(13,008)	(241)	NMF
<b>Total cash flow used in financing activities</b>	<b>21,148</b>	<b>(967)</b>	<b>NMF</b>	<b>-308</b>	<b>NMF</b>	<b>18,407</b>	<b>(18,303)</b>	<b>NMF</b>
Exchange gains/(losses) on cash equivalents	556	(94)	NMF	(144)	NMF	(652)	(320)	103.9%
<b>Total cash inflow/(outflow)</b>	<b>22,112</b>	<b>267</b>	<b>NMF</b>	<b>1,640</b>	<b>12.483</b>	<b>15,876</b>	<b>(1,605)</b>	<b>NMF</b>
<b>Cash balance</b>								
Cash, beginning balance	5,399	11,367	-52.5%	3,759	43.6%	11,634	13,239	-12.1%
Cash, ending balance	<b>27,511</b>	<b>11,634</b>	<b>136.5%</b>	<b>5,399</b>	<b>409.6%</b>	<b>27,511</b>	<b>11,634</b>	<b>136.5%</b>

- **GGU has good receivables collection rates within 95-98% range.** During 2016, the collection rate for legal entities was 95%, while for households it stood at 94%. As a result, GGU had GEL 6.7m of overdue receivables
- Currently there are 1.17 million people living in Tbilisi while GGU only has 1.04 million of registered customers.

Sources: GGU internal reporting, financials are for 4Q16

## Acquired remaining 75% interest in GGU

- Acquired remaining 75% equity stake in GGU
- The settlement of the cash consideration of US\$ 70.0 million
- The transaction valued GGU's enterprise value at GEL 287.5 million, or 4.2x EV / EBITDA 2016E
- GGU distributed dividends in the aggregate amount of GEL 13.1 million to the existing shareholders before BGEO completed acquisition in July 2016
- The transaction is both, P/E and B/V accretive from day one
- BGEO funded the acquisition through a combination of the BGEO's existing unallocated cash and additional debt
- GGU's senior management team continues to lead the business following the buy-out
- In 2017 the Group's long time professional Archil Gachechiladze was appointed as a CEO of GGU

## Overview of 25% acquisition in 2014

- Transaction was structured in several steps:
  - Acquisition of 25% shareholding for GEL49.4m (US\$26.25m)
  - Option to acquire an additional 24.9% within 10 months for GEL47.6m (US\$26m), plus 20% per annum accrued on the call option consideration over the period from closing date to exercise date less any dividends distributed through the call option period. Subsequently, BGEO did not exercise the call option
- Attractive valuation with GGU valued at EV / EBITDA 2014E deal multiple of 4.7x, while industry peers were trading at 8.5x average EV / EBITDA 2014E multiple<sup>(1)</sup>
- BGEO also provided a US\$25mn loan to GGU with proceeds paid as dividend to the selling shareholders
- The transaction was earnings accretive

## Transaction Rationale



## GGU is the only profitable water-utilities player in Georgia with plenty of efficiency rooms

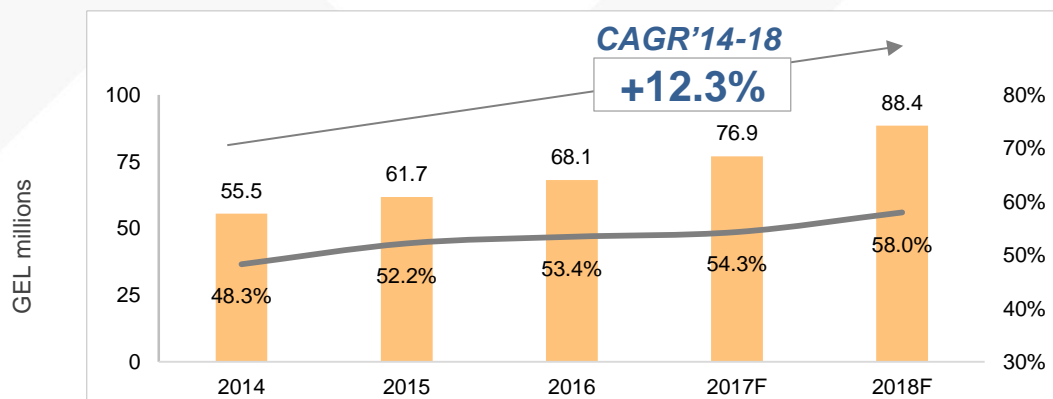
### GGU is the largest privately owned water utility company in Georgia

- 2 core activities:
  - Water supply and sanitation** (including wastewater collection and processing) – Provides water to 1.4mln people (1/3 of Georgia) 2016A: 522M m<sup>3</sup>
  - Generation of electric power** – Owns 3 HPPs and has 1 HPP under management with total installed capacity of 149.1MW. **Generated power is primarily used by GGU's water business.** The excess amount of generated power is sold to the third party clients every year
- Revenue of GEL 127.4mln in 2016, +7.7% y-o-y
- EBITDA of GEL 68.1mln in 2016, +10.3% y-o-y

### Company has strong execution track record & financial strength

- Management team with extensive experience in utility business
- “BB-” rating affirmed by Fitch Ratings to major subsidiary of GGU – Georgian Water and Power in 2016 (currently Georgia’s sovereign rating is “BB-” and the country ceiling is BB by Fitch)
- First bond placement by utility company in Georgia (GEL 8.6mln) through Georgian Water and Power in 2015
- GGU issued GEL 30mln 5-year local currency bond– the largest amount ever issued in local currency by a non-financial institution in Georgia
- Low leverage (2016A Debt/EBITDA: 1.6x)

### EBITDA (in GEL mln) & EBITDA margin (in %)



#### EBITDA growth drivers:

- Cost saving from reduction in water delivery losses to 30%, from current 50%
- Double effect from water delivery loss reduction – selling freed-up energy

	① UTILITY	② ENERGY
BUSINESS	WATER UTILITY	HYDRO & other renewables
CURRENT STANDING	REVENUE 2016: GEL 127.4mln EBITDA 2016: GEL 68.1mln 70% water losses	<b>HYDROs:</b> 149MW operating 50MW ready to build 85MW pipeline
MEDIUM TERM GOAL	EBITDA 2018: GEL 80mln+ 50% water losses	<b>HYDROs:</b> 200MW operating 100MW ready to build 100MW pipeline  <b>WIND &amp; SOLAR:</b> 20-20MW ready to build
TARGETING	DIVIDEND PROVIDER	VALUE CREATION UPSIDE

**IPO in 2-3 years time**

Opportunities

1

Underpenetrated industry

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

2

Cheap to develop

US\$ 1.5mln for 1MW development in Georgia

3

Strategic partnership



Strategic partnership with industry specialists – RP Global (Austria)

4

Small investment to date

Only US\$ 1.5mln invested during first 2 years of due-diligence and planning

5

BGEO planned investment in ongoing projects

BGEO investment – US\$ 28mln

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

Expected IRR – 25%+

Goal

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

Pipeline

**Development**

**2 ongoing projects – 107MW, 4 HPPs**

Projects	Mestiachala 1 & 2	Zoti 1 & 2
Estimated Capacity 100 MW	50MW	57MW
Estimated Project Timeline <sup>2</sup>	2017-2018	2018-2019

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

<b>BGEO Group   Overview</b>	4
<b>Results Discussion   BGEO Group</b>	14
<b>Results Discussion   Banking Business</b>	20
<b>Results Discussion   Investment Business</b>	48
• Teliani Valley	
<b>Georgian Macro Overview</b>	81
<b>Appendices</b>	102

Goal

Become leading beverages producer and distributor in Caucasus

Business Segments

Wine production



- c.3 million bottles sold annually
- GEL 29.8mIn revenue in 2016
- GEL 3.8mIn EBITDA in 2016
- 60% of sales from export

Distribution



- 4,600 sales points
- Exporting wine to 12 countries, including all FSU, Poland, Sweden, Finland, USA, Canada, Brazil, China, Thailand, Singapore

Beer production



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

Priorities By 2018

- Grow in line with market locally
- Enhance exports

- Enhance product portfolio, becoming the leading FMCG distributor in Georgia

- Achieve 10% market share

Strategic sale

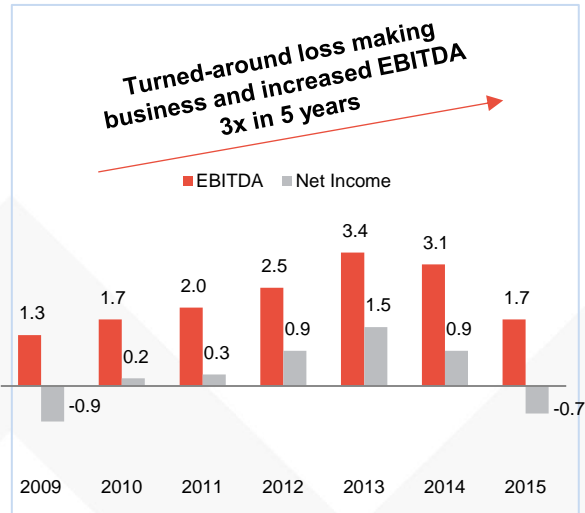




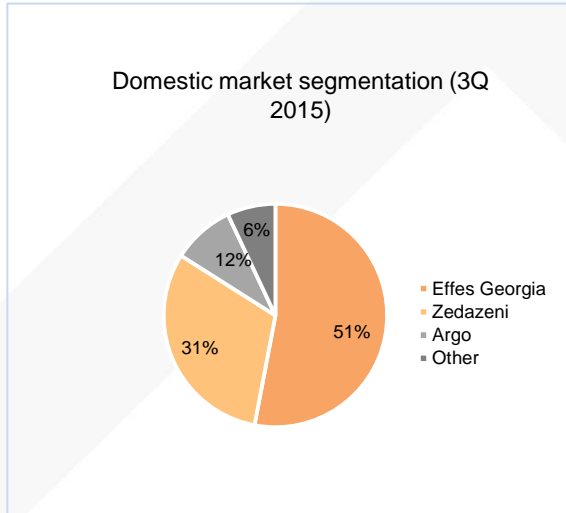
Investment Rationale

Exclusive Heineken producer in Caucasus

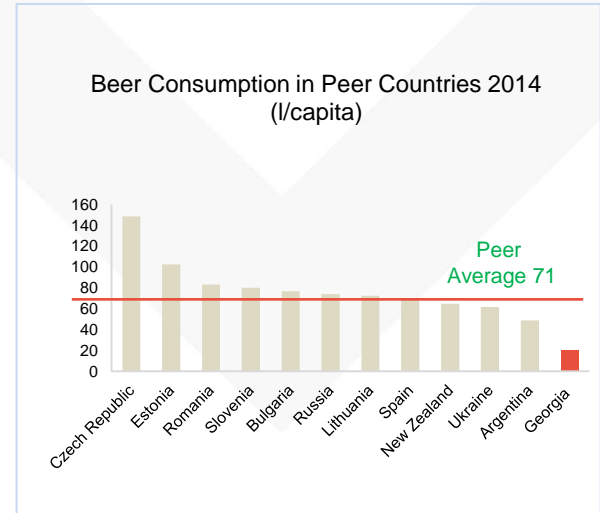
Strong management with proven track record



Highly concentrated market



Low consumption per capita compared to peers





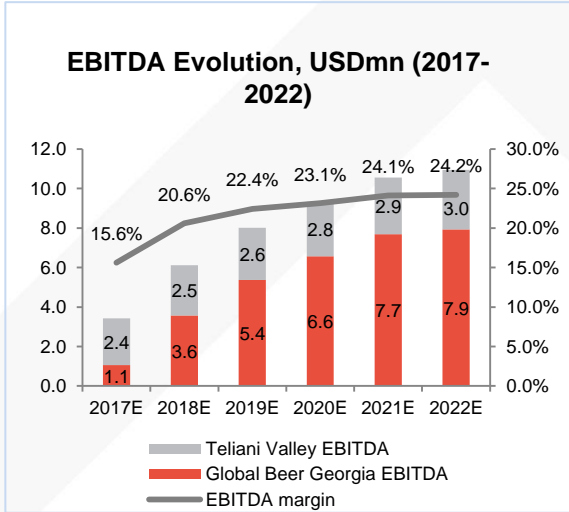
Financials

Exclusive Heineken producer in Caucasus

Investment

- Total investment – USD 40.6mln, of which USD 15.3mln is equity
- BGEO to invest – USD 9.8mln in total, amounting to 64% of shares of Teliani

EBITDA projection



Exit options

- Trade sale

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<b>Georgian Macro Overview</b>	78
<b>Appendices</b>	102

## General Facts

- Area: 69,700 sq km
- Population (2015): 3.7 mln
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)

## Economy

- Nominal GDP (Geostat) 2015: GEL 31.8 bn (US\$14.0 bn)
- Real GDP growth rate 2011-2015: 7.2%, 6.4%, 3.4%, 4.6%, 2.9%
- Real GDP average 10 year growth rate: 5.1%
- GDP per capita 2015 (PPP) per IMF: US\$ 9,591
- Annual inflation (e-o-p) 2016: 1.8%
- External public debt to GDP 2015: 32.5%
  
- Sovereign credit ratings:
  - S&P BB-/Stable, affirmed in November 2016
  - Moody's Ba3/Stable, affirmed in March 2016
  - Fitch BB-/Stable, affirmed in September 2016



# Georgia's key economic drivers

## Liberal economic policy

Top performer globally in WB Doing Business over the past 12 years

- Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework:
- Public expenditure/GDP capped at 30%; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%
- Business friendly environment and low tax regime (attested by favourable international rankings)

## Regional logistics and tourism hub

A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west

- Access to a market of 900mn customers without customs duties: Free trade agreements with EU, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland, negotiations completed on Georgia-China free trade agreement
- Tourism revenues on the rise: tourism inflows stood at 16.1% of GDP in 9M16 and arrivals reached 6.4mln visitors in 2016 (up 7.6% y-o-y)
- Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes

## Strong FDI

An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth

- FDI at US\$1,565mln (11.2% of GDP) in 2015 (down 11.0% y-o-y), FDI at US\$ 1,298mln in 9M16 (up 4.9% y/y)
- FDI averaged 10.2% of GDP in 2006-2015
- Productivity gains accounted for 66% of the annual average 5.6% growth over 1999-2012, according to the World Bank

## Support from international community

Georgia and the EU signed an Association Agreement and DCFTA in June 2014

- Progress in achieving visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders are expected to start free entrance to the EU countries from spring 2017
- Discussions commenced with the USA to drive inward investments and exports
- Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU

## Electricity transit hub potential

Developed, stable and competitively priced energy sector

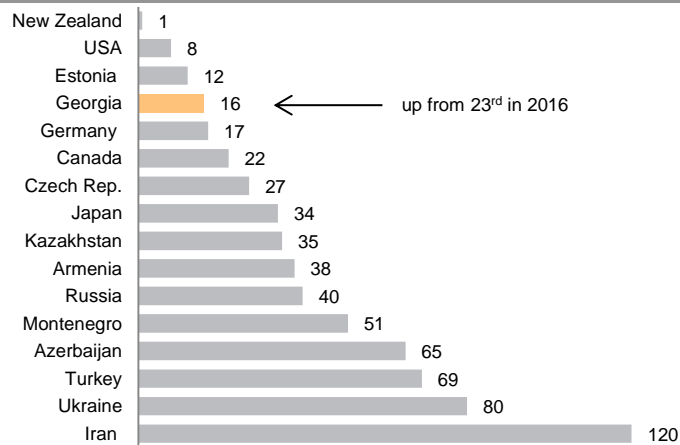
- Only 20% of hydropower capacity utilized; 120 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development
- Georgia imports natural gas mainly from Azerbaijan
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded
- Additional 5,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe

## Political environment stabilised

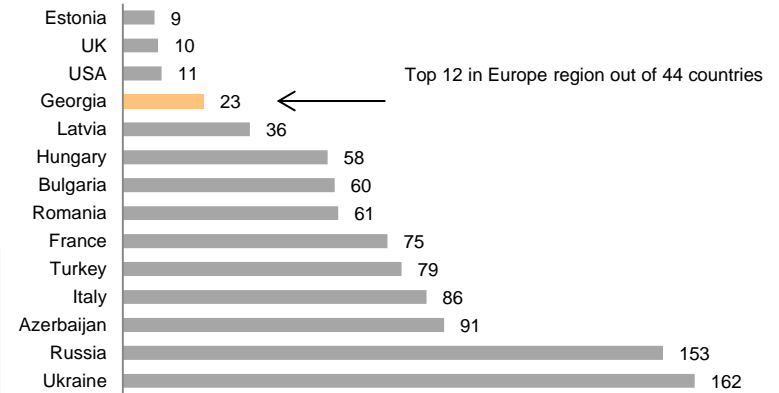
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU
- New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency
- Continued economic relationship with Russia, although economic dependence is relatively low
- Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians -The Russian side announced to ease visa procedures for Georgians citizens effective December 23, 2015
- Direct flights between the two countries resumed in January 2010
- Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia
- In 2016, Russia accounted for 9.8% of Georgia's exports and 6.9% of imports; just 3.5% of cumulative FDI over 2004-9M16

# Growth oriented reforms

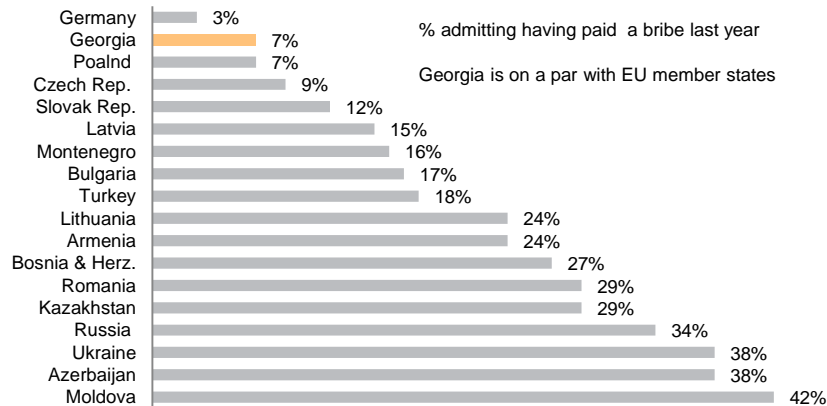
## Ease of Doing Business | 2017 (WB-IFC Doing Business Report)



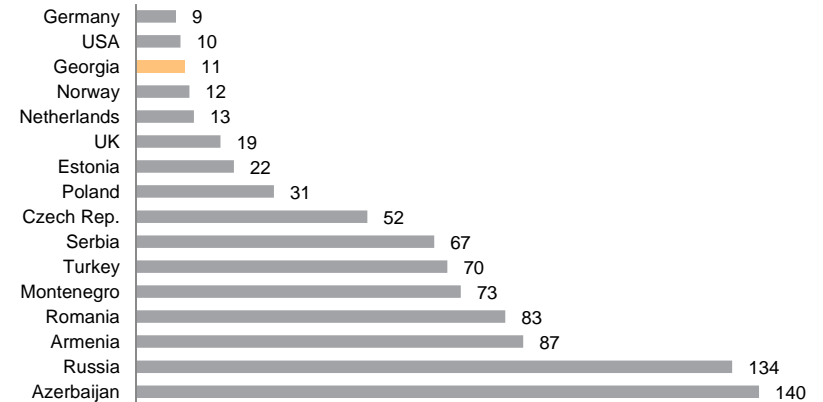
## Economic Freedom Index | 2016 (Heritage Foundation)



## Global Corruption Barometer | TI 2016



## Business Bribery Risk, 2014 | Trace International



Sources: Transparency International, Heritage Foundation, World Bank, Trace International

# Government 4-pillar of reforms

## Structural Reforms

Tax Reform	<ul style="list-style-type: none"> <li>Corporate income tax reform</li> <li>Enhancing easiness of tax compliance</li> </ul>
Capital Market Reform	<ul style="list-style-type: none"> <li>Boosting stock exchange activities</li> <li>Developing of local bond market</li> </ul>
Pension Reform	<ul style="list-style-type: none"> <li>Introduction of private pension system</li> </ul>
PPP Reform	<ul style="list-style-type: none"> <li>Introduction of transparent and efficient PPP framework</li> </ul>
Public Investment Management Framework	<ul style="list-style-type: none"> <li>Improved efficiency of state projects</li> </ul>
Deposit Insurance	<ul style="list-style-type: none"> <li>Boosting private savings</li> <li>Enhancing trust to financial system</li> </ul>
Accounting Reform	<ul style="list-style-type: none"> <li>Increased transparency and financial accountability</li> <li>Enhanced protection of shareholder rights</li> </ul>
Association Agreement Agenda	

## Promoting Open Governance

Improvement of public services offered to the private sector	<ul style="list-style-type: none"> <li>Creation of "Front Office"</li> <li>Application of "Single Window Principle"</li> </ul>
Involvement of the private sector in legislative process	<ul style="list-style-type: none"> <li>Discussion of draft legislation at an early stage</li> </ul>
Strict monitoring of implementation of government decisions	<ul style="list-style-type: none"> <li>Creation of a special unit for monitoring purposes</li> </ul>

## Promoting Transit & Tourism Hub

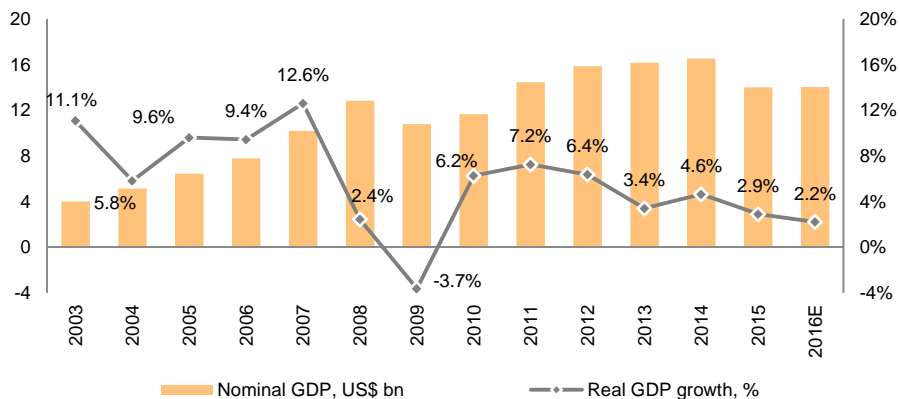
Roads	<ul style="list-style-type: none"> <li>Plan to finish all spinal projects by 2020 – East-West Highway, other supporting infrastructure</li> </ul>
Rail	<ul style="list-style-type: none"> <li>Baku – Tbilisi Kars new railroad line</li> <li>Railway modernization project</li> </ul>
Air	<ul style="list-style-type: none"> <li>Tbilisi International Airport                             <ul style="list-style-type: none"> <li>2<sup>nd</sup> runway to be constructed</li> <li>International Cargo terminal</li> </ul> </li> </ul>
Maritime	<ul style="list-style-type: none"> <li>Anaklia deep water Black Sea port                             <ul style="list-style-type: none"> <li>Strategic location</li> <li>Capable of accommodating Panamax type cargo vessels</li> <li>High capacity – up to 100mln tons turnover annually</li> <li><b>Up to USD 1bln</b> for first phase (out of 9) in Georgia</li> </ul> </li> </ul>

## Education Reform

General Education Reform	<ul style="list-style-type: none"> <li>Maximising quality of teaching in secondary schools</li> </ul>
Fundamental Reform of Higher Education	<ul style="list-style-type: none"> <li>Based on the comprehensive research of the labor market needs</li> </ul>
Improvement of Vocational Education	<ul style="list-style-type: none"> <li>Increase involvement of the private sector in the professional education</li> </ul>

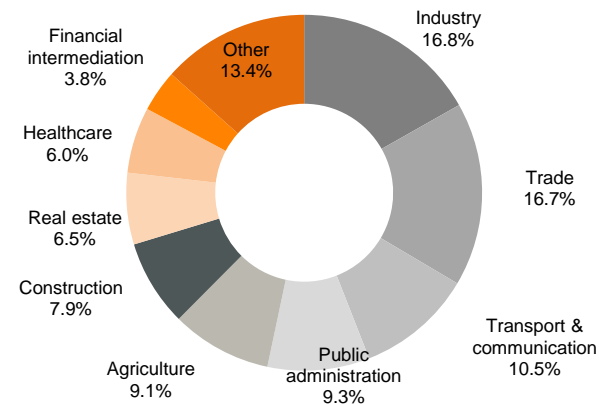
# Diversified resilient economy

## Gross domestic product



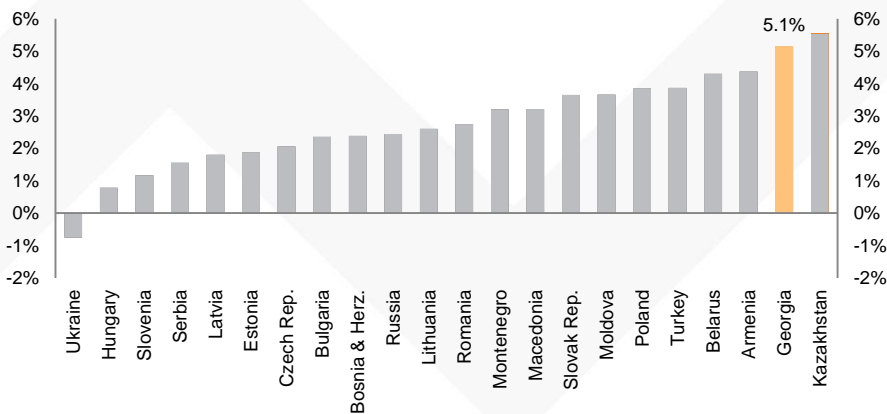
Source: Geostat

## Diversified nominal GDP structure, 2015



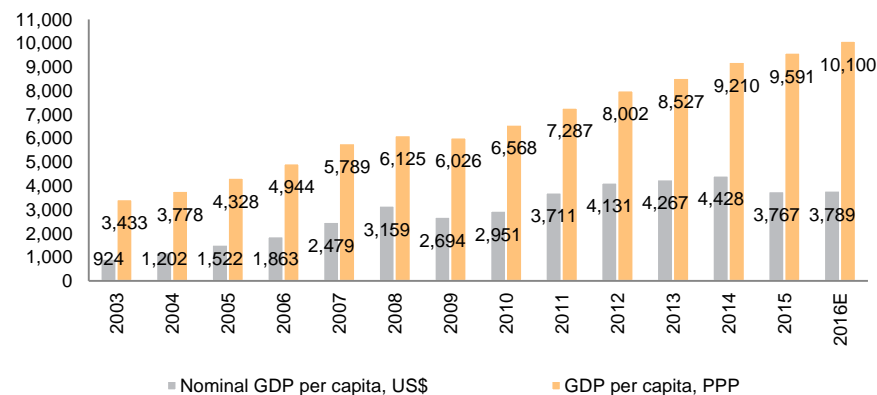
Source: Geostat

## Comparative real GDP growth rates, % (2006-2015 average)



Sources: IMF, Geostat

## GDP per capita

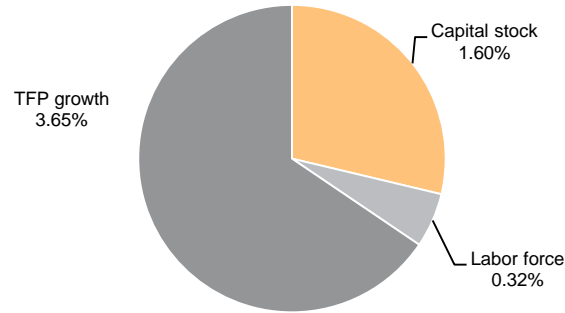


Sources: IMF



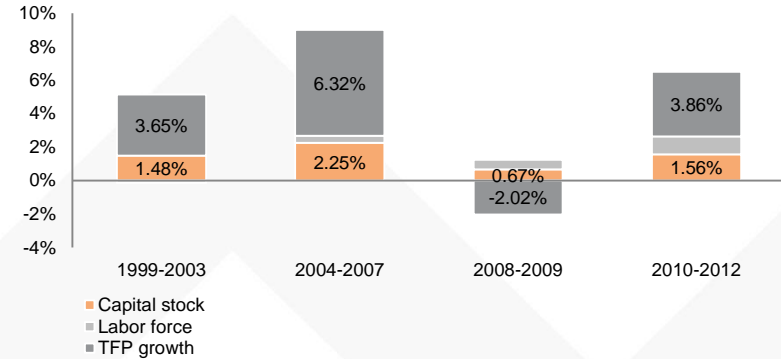
# Productivity gains have been the main engine of growth since 2004

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



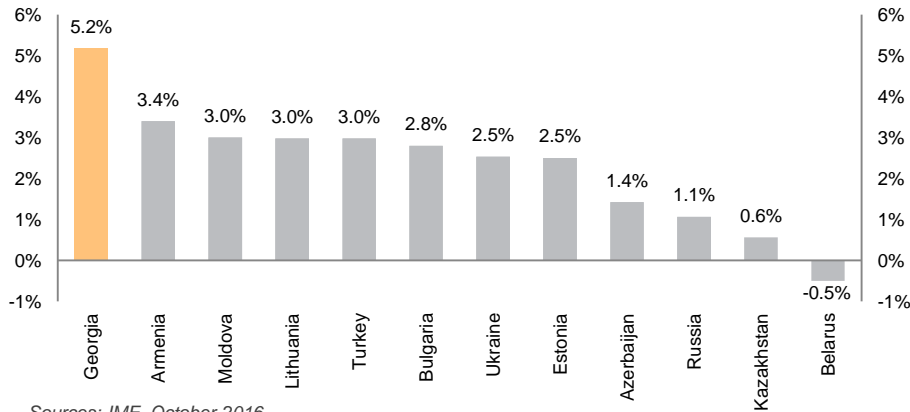
Source: Georgia Rising (2013), WB

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



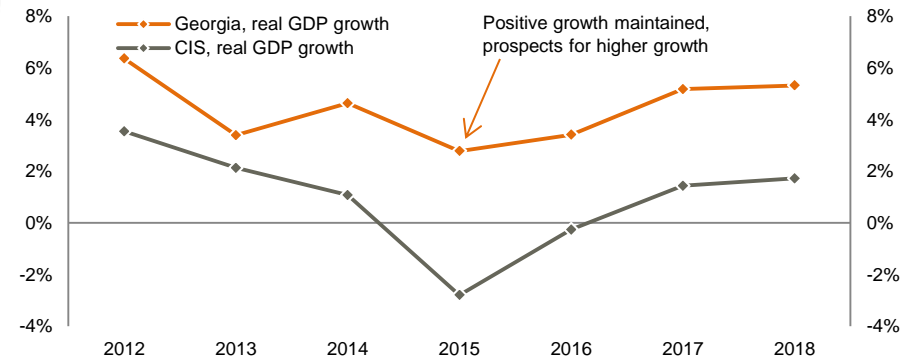
Source: Georgia Rising (2013), WB

Real GDP growth projection, 2017



Sources: IMF, October 2016

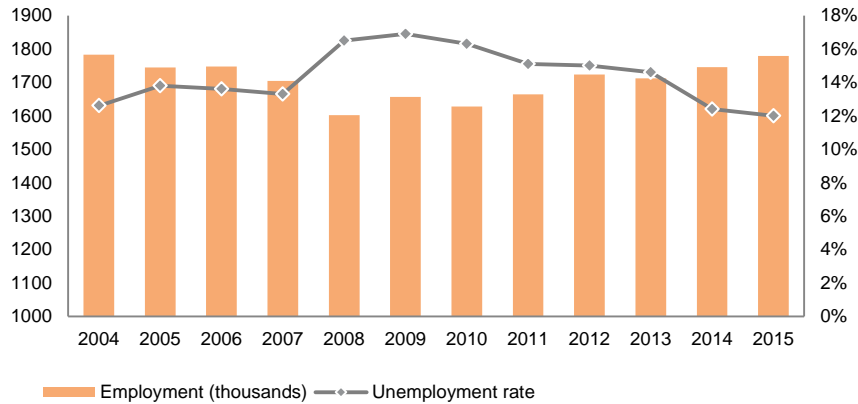
Georgia vs. CIS, effects of 2014-15 commodity price shock



Sources: IMF, October 2016

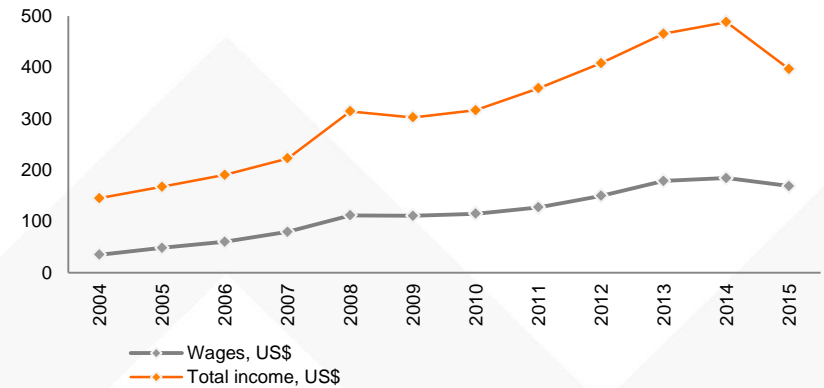
# Further job creation is achievable

## Unemployment rate down 0.4ppts y/y to 12.0% in 2015



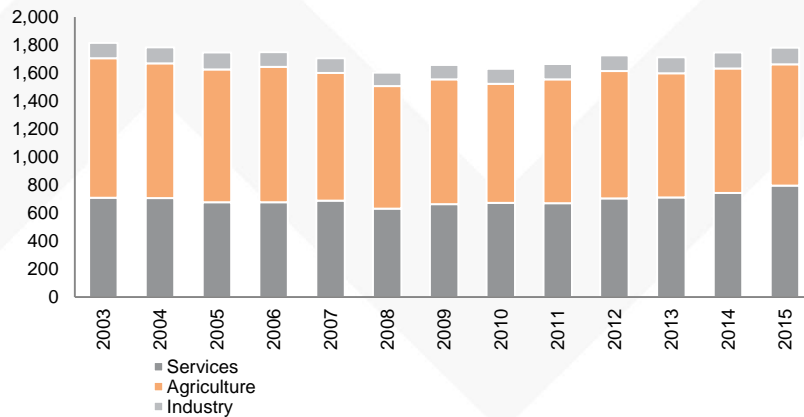
Sources: GeoStat

## Average monthly wages and income per household



Sources: GeoStat

## Share of services in total employment has increased



Source: GeoStat

Note: services include construction

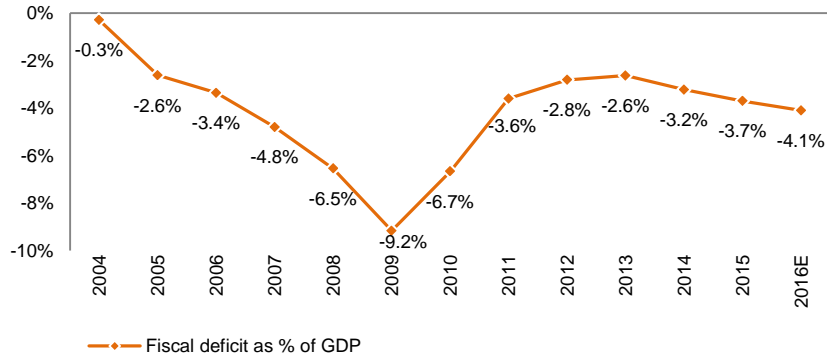
## Hired workers account for 42.3% in total employment in 2015



Sources: GeoStat

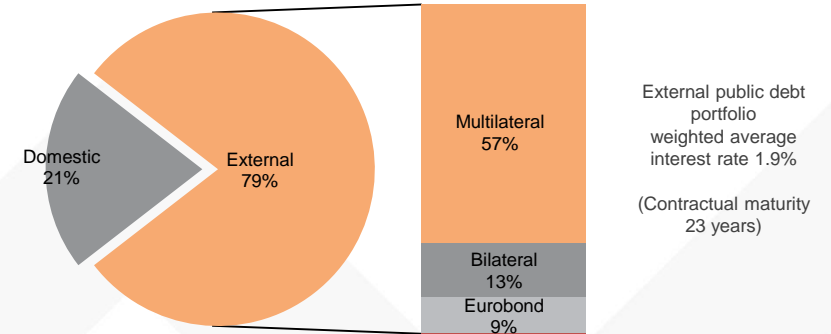
# Low public debt

## Fiscal deficit



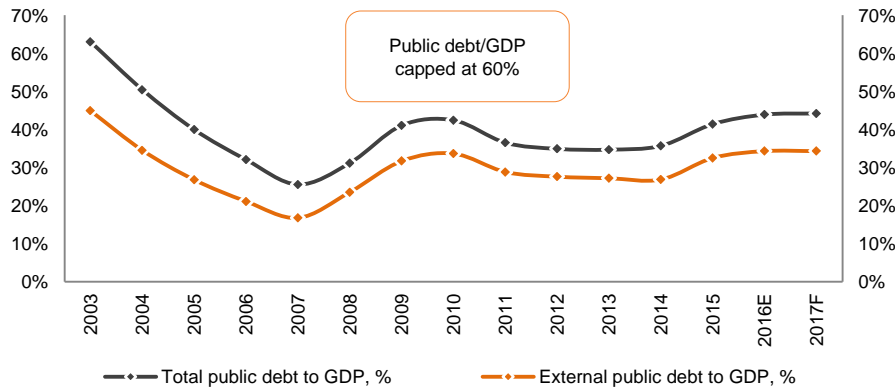
Source: Ministry of Finance of Georgia  
 Note: Deficit calculated based on IMF's GFSM-1986 methodology

## Breakdown of public debt



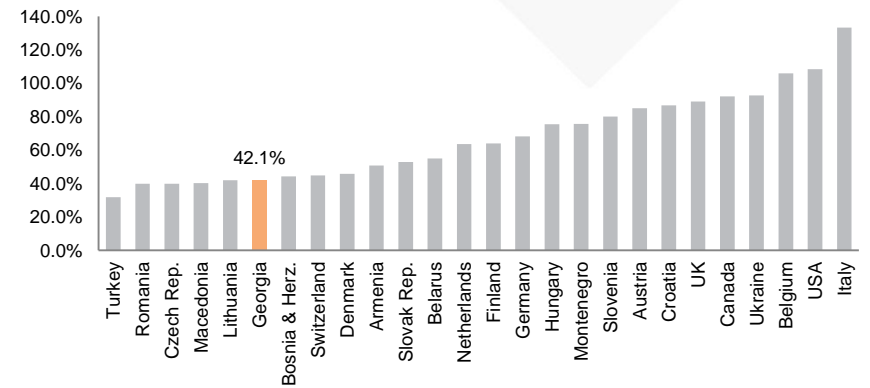
Source: Ministry of Finance of Georgia, as of end-2016

## Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

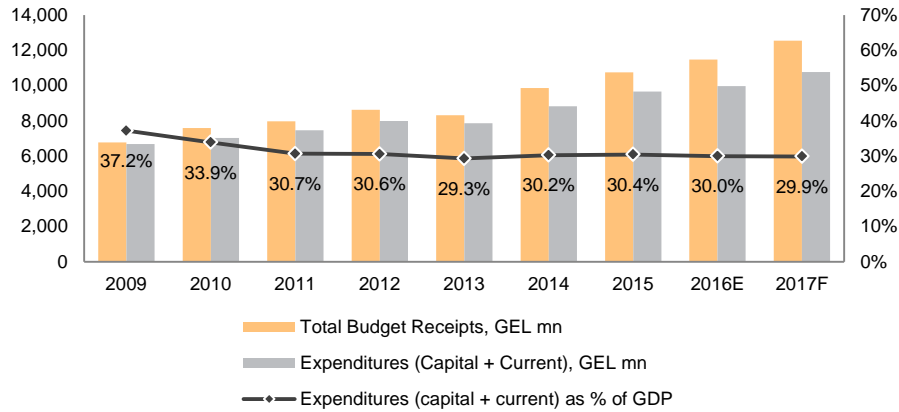
## Gross government debt/GDP, 2016



Source: IMF

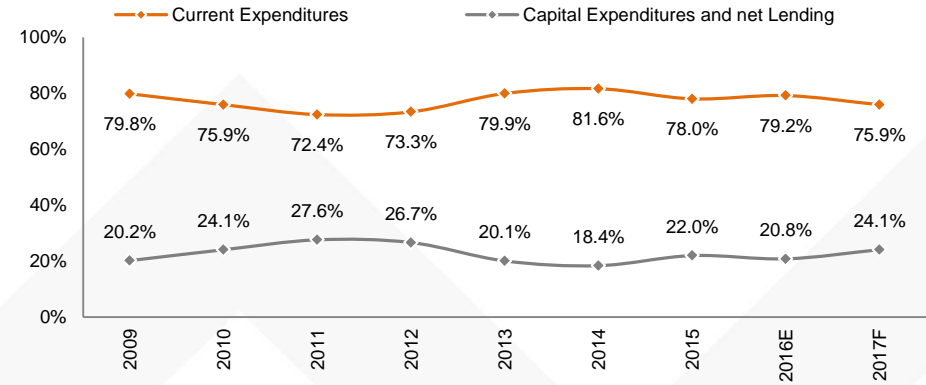
# Investing in infrastructure and spending low on social

## Revenues and expenditures, consolidated budget



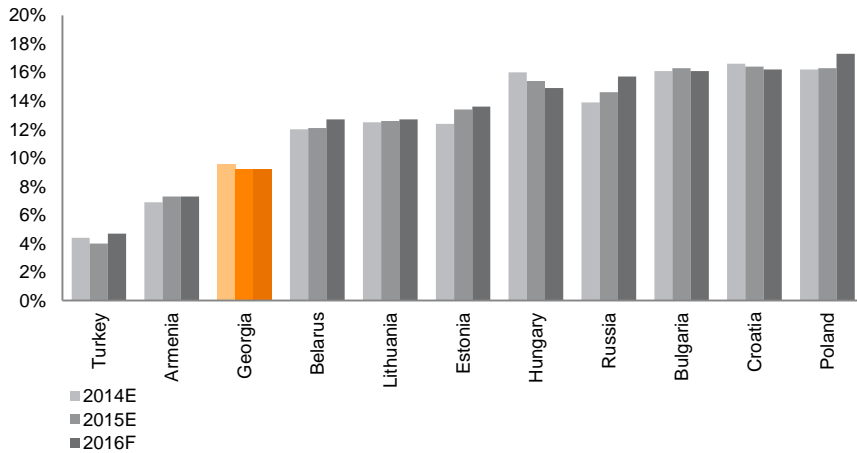
Source: Ministry of Finance, GeoStat

## Current and capital expenditure



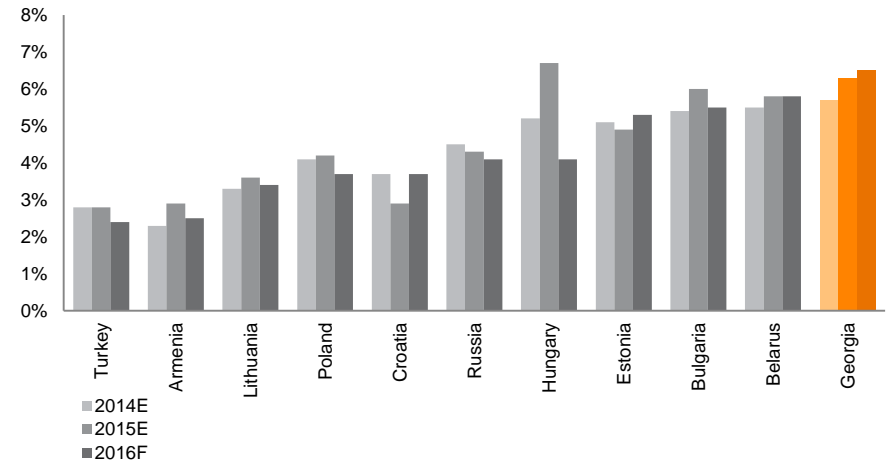
Sources: Ministry of Finance

## Government social expenditure as % of GDP

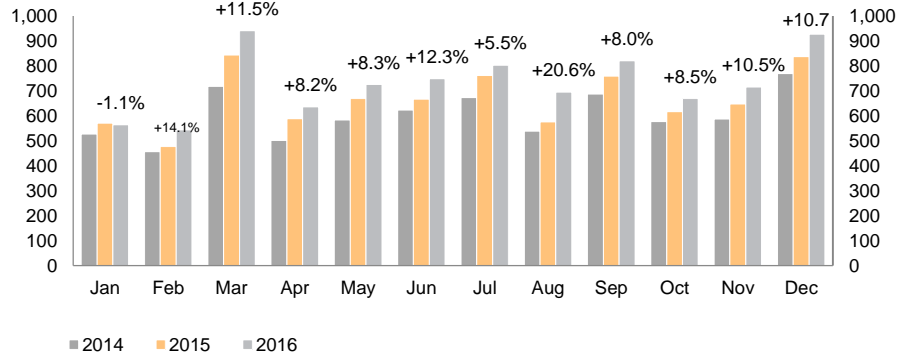


Source: IMF

## Government capital expenditure as % of GDP

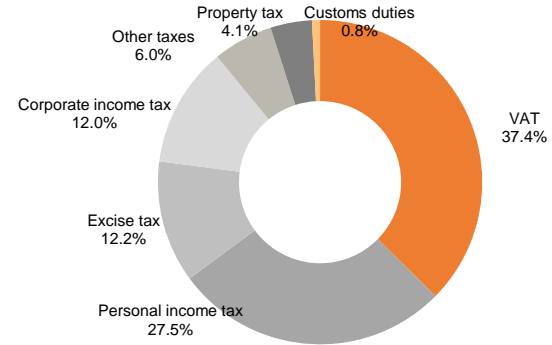


## Consolidated budget tax revenues, GEL mln



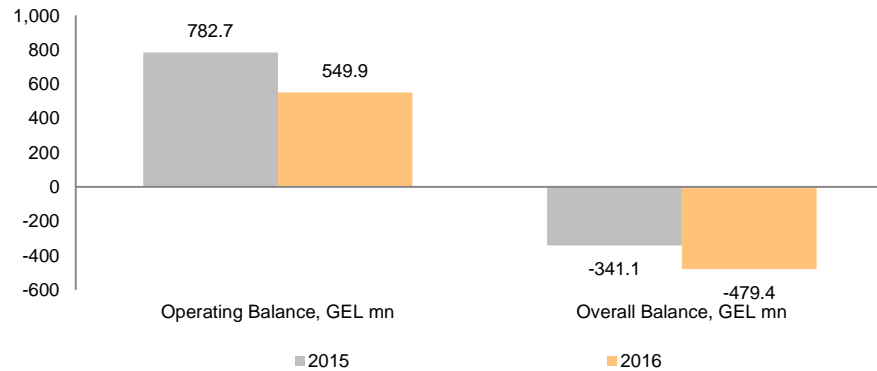
Source: Ministry of Finance

## Consolidated budget tax revenues breakdown, 2016



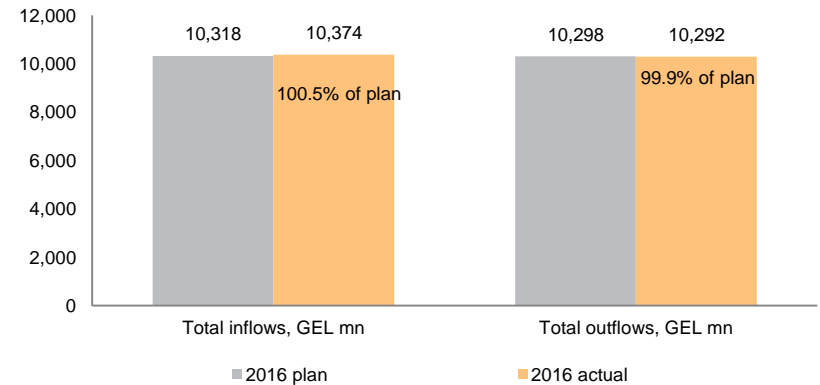
Sources: Ministry of Finance

## Consolidated budget balance



Source: Ministry of Finance

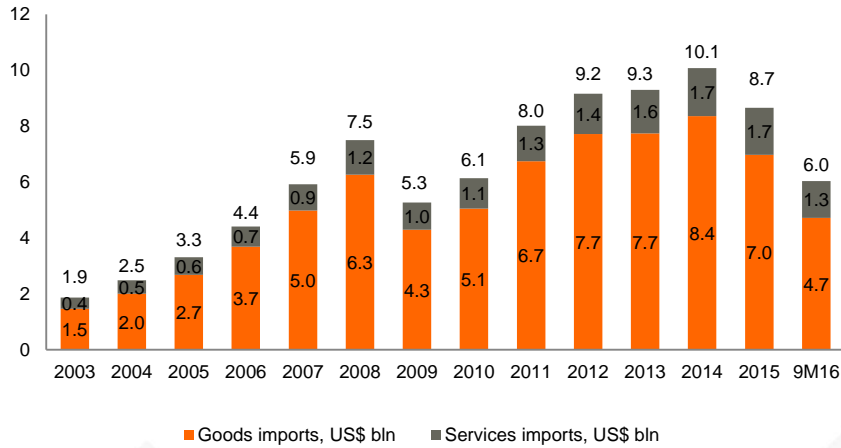
## State budget – revenues above budgeted in 2016



Source: Ministry of Finance

# Diversified foreign trade

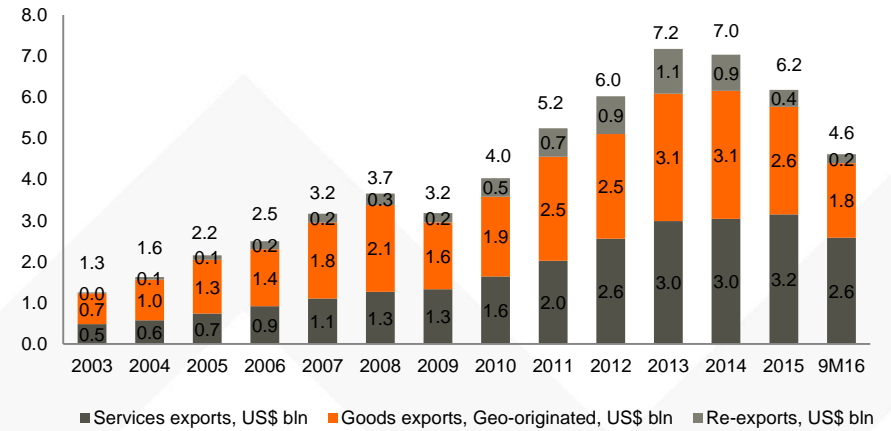
## Imports of goods and services



Source: NBG – BOP statistics

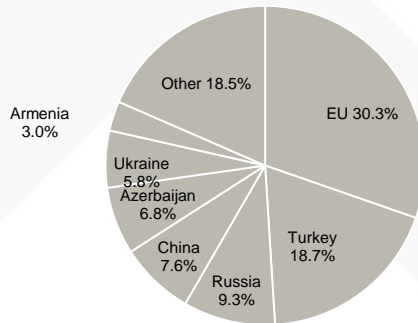
Note: C-hepatitis imports excluded in 2015 and 2016

## Exports of goods and services

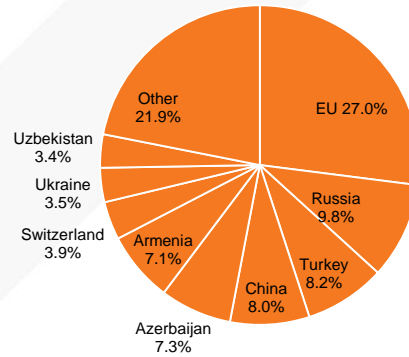


Source: NBG – BOP statistics

## Imports, 2016



## Exports, 2016

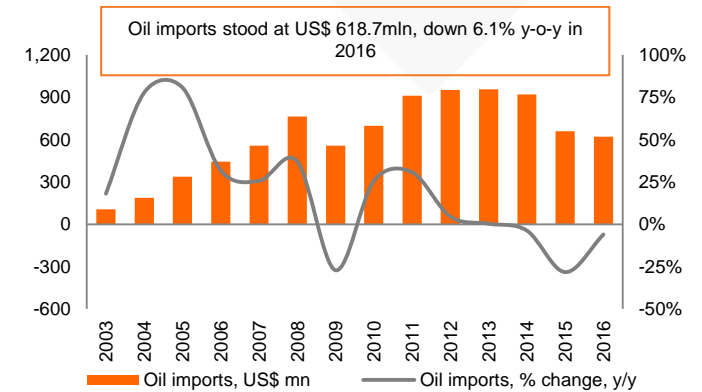


Sources: Geostat

Note: C-hepatitis imports excluded

Sources: Geostat

## Oil imports

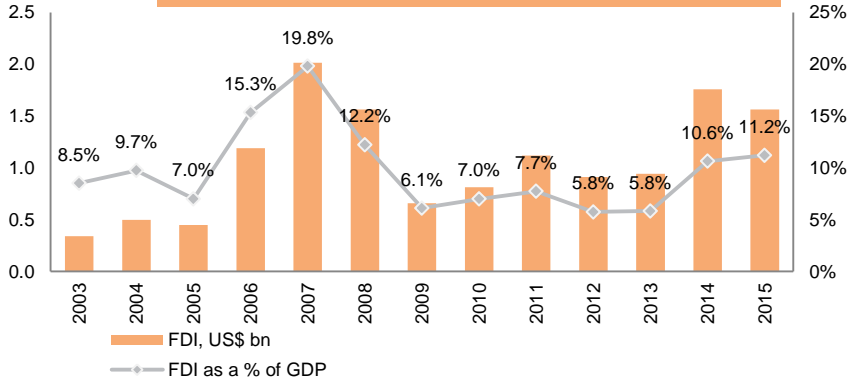


Sources: GeoStat

# Diversified sources of capital

## Strong foreign investor interest

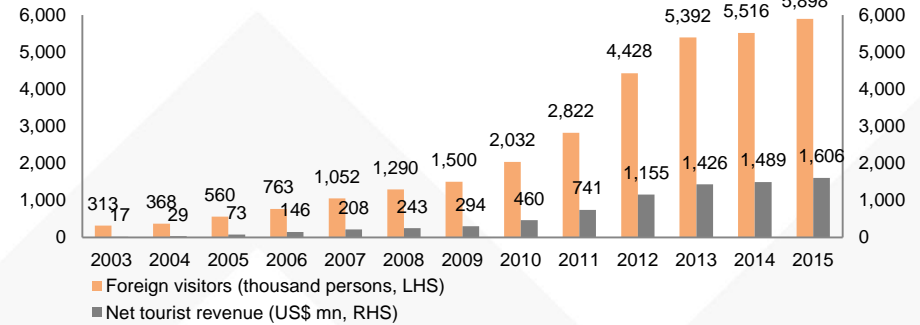
FDI stood at US\$ 1,298mln, up 4.9% y/y in 9M16



Sources: Geostat

## Tourist arrivals and revenues on the rise

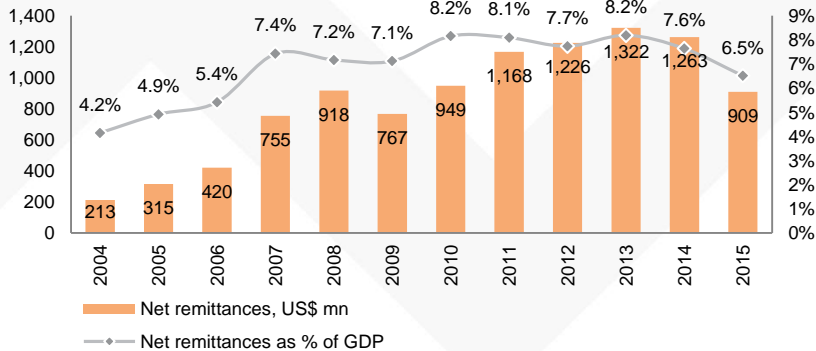
6.4mln visitors in 2016, up 7.6% y/y  
Net tourism revenues up 9.6% y/y to US\$ 1,391 mln in 9M16



Sources: Georgian National Tourism Agency, National Bank of Georgia

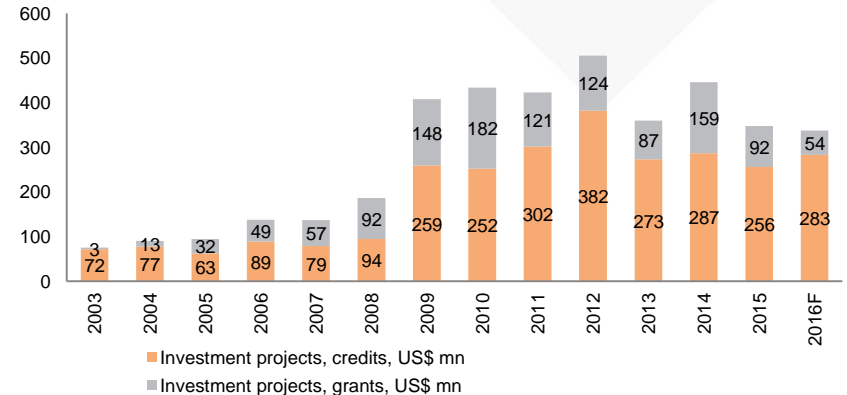
## Remittances - steady source of external funding

US\$ 957.2mln in 2016, up 5.3% y/y



Source: National Bank of Georgia

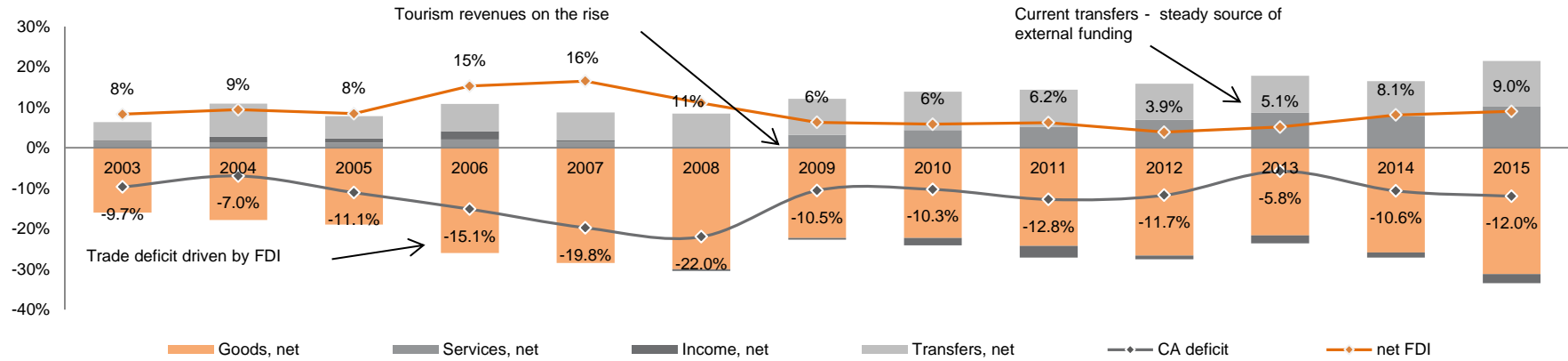
## Donor funding for public infrastructure projects



Source: Ministry of Finance of Georgia

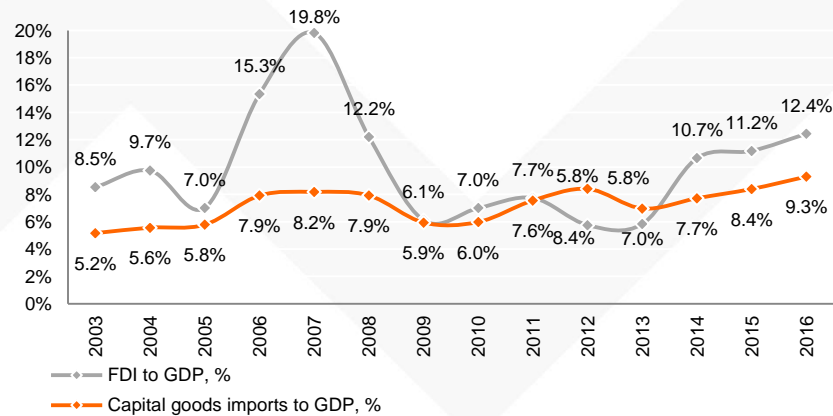
# Current account deficit supported by FDI

## Current account balance (% of nominal GDP)



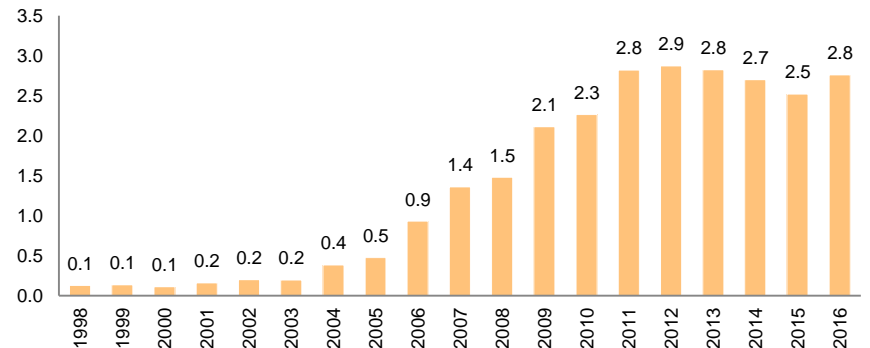
Sources: Geostat, NBG

## FDI and capital goods import



Source: Geostat  
Note: FDI to GDP ratio as of 9M16

## Building international reserves

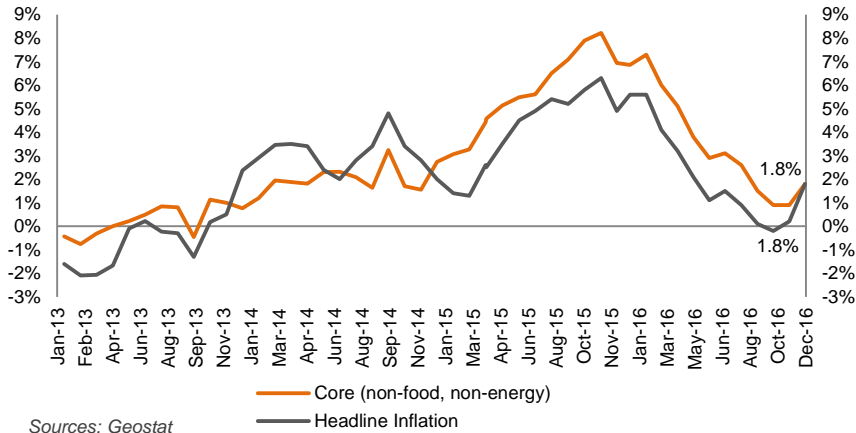


Source: NBG



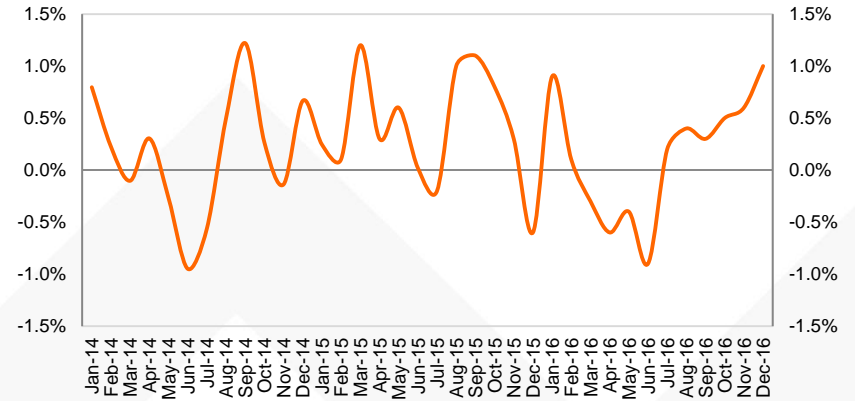
# Inflation targeting since 2009

## Annual inflation



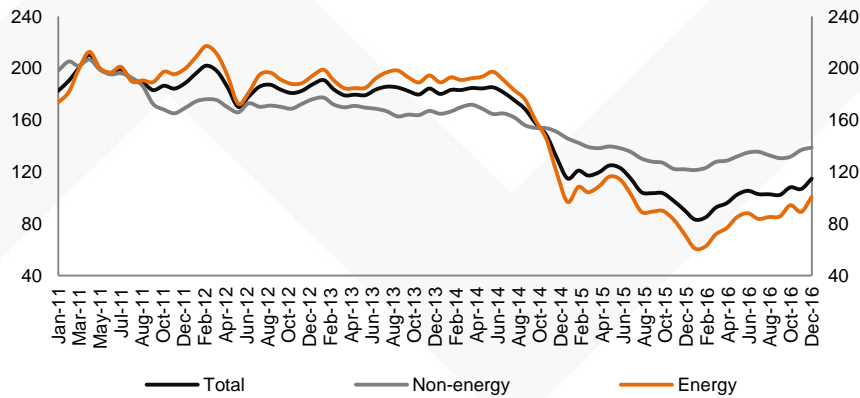
Sources: Geostat

## Monthly inflation rate



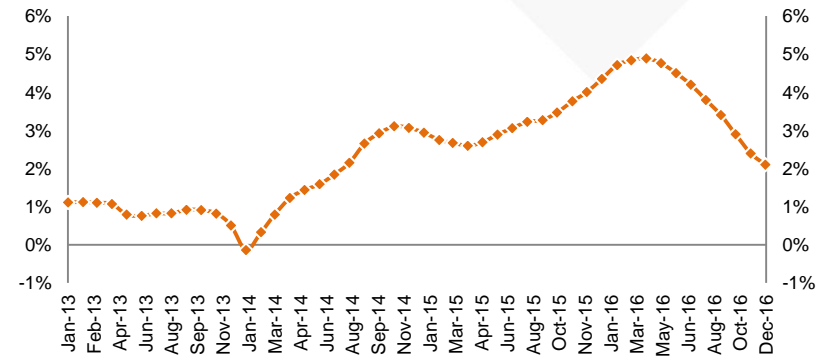
Sources: Geostat

## World commodity prices indices



Source: IMF  
Note: Jan2005=100

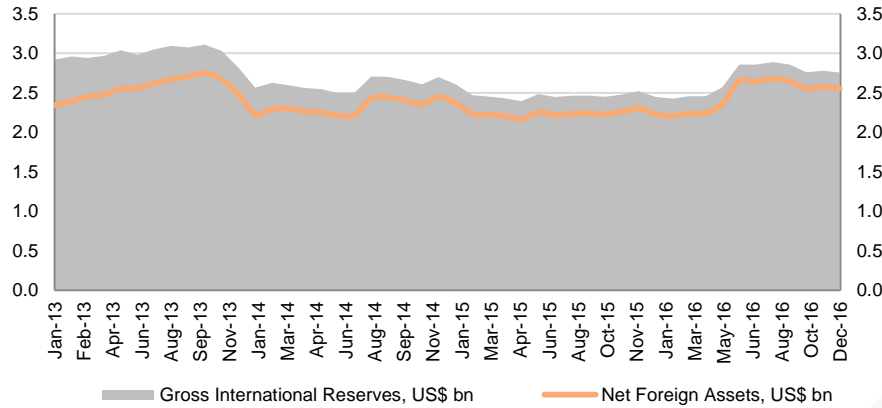
## Average inflation rate



Source: GeoStat

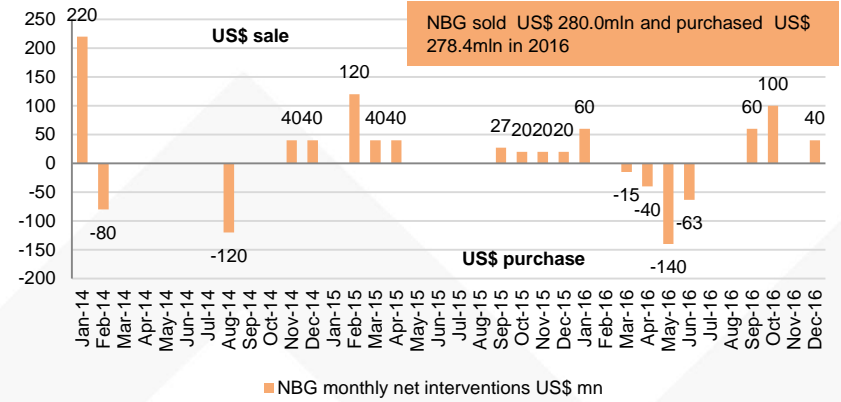
# International reserves-sufficient to finance more than 3 months of imports

## International reserves



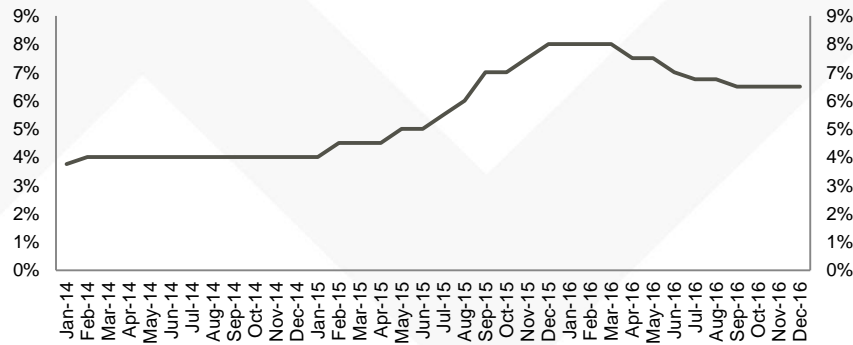
Source: NBG

## Central Bank's interventions



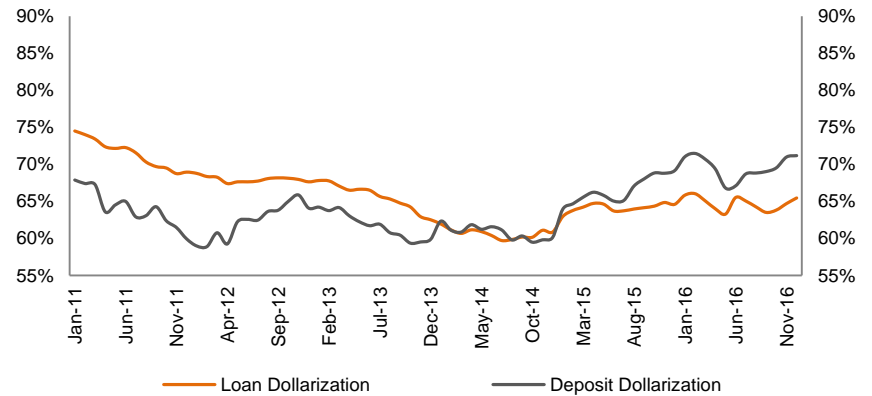
Source: NBG

## Monetary policy rate



Source: NBG

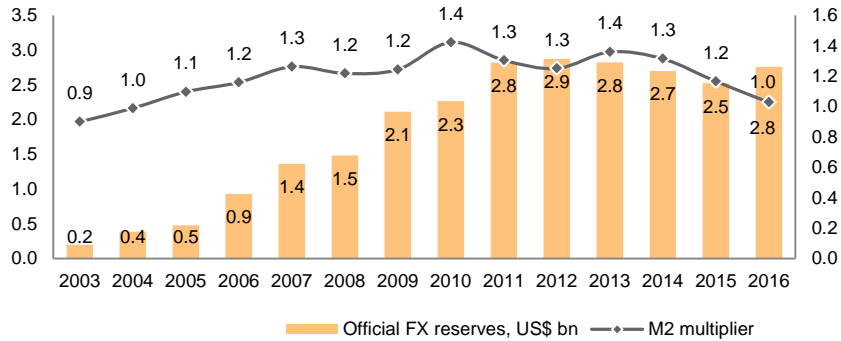
## Dollarisation



Source: NBG

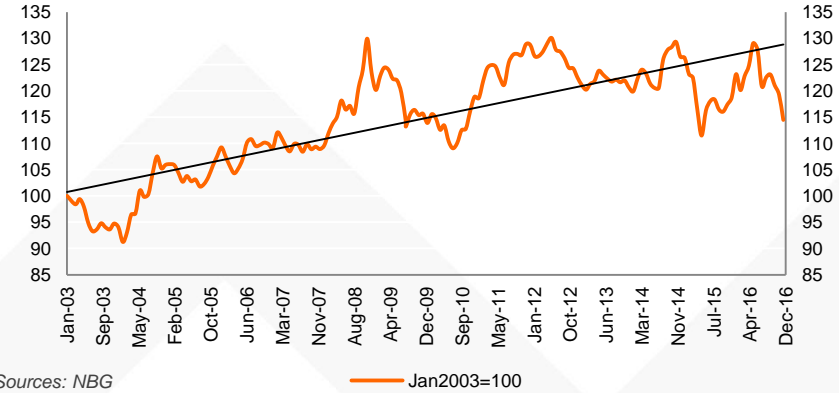
# Floating exchange rate - policy priority

## FX reserves



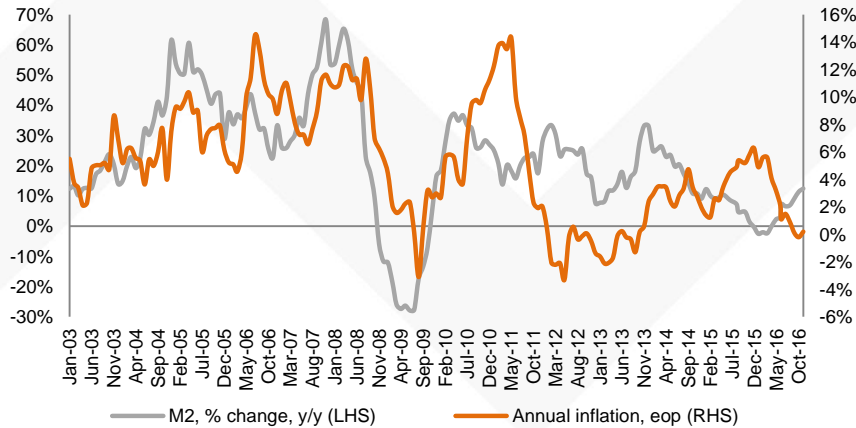
Sources: NBG

## Real effective exchange rate (REER)



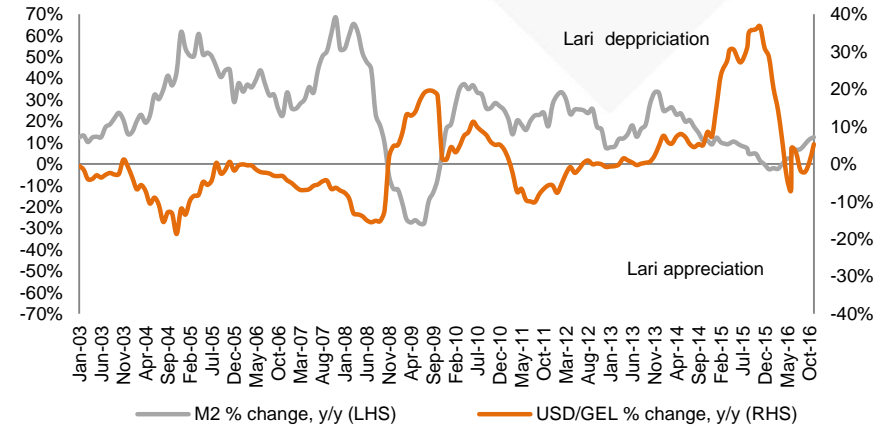
Sources: NBG

## M2 and annual inflation



Source: NBG

## M2 and USD/GEL



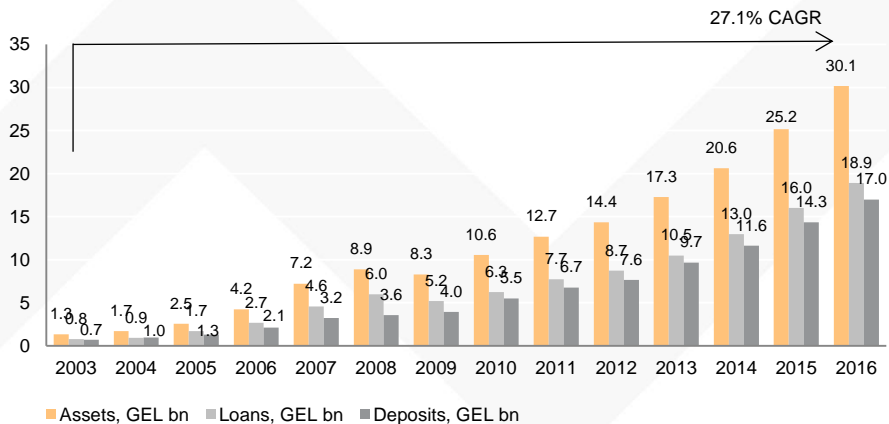
Source: NBG

## Summary

- **Prudent regulation ensuring financial stability**
  - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 40% as of Dec 2016
- **Resilient banking sector**
  - Demonstrated strong resilience towards both domestic and external shocks *without single bank going bankrupt*
  - **No nationalization** of the banks and no government ownership since 1994
  - **Very low leverage** with retail loans estimated at 28% of GDP and total loans at 54% of GDP as of 2016 resulting in low number of defaults in face of different shocks to the economy

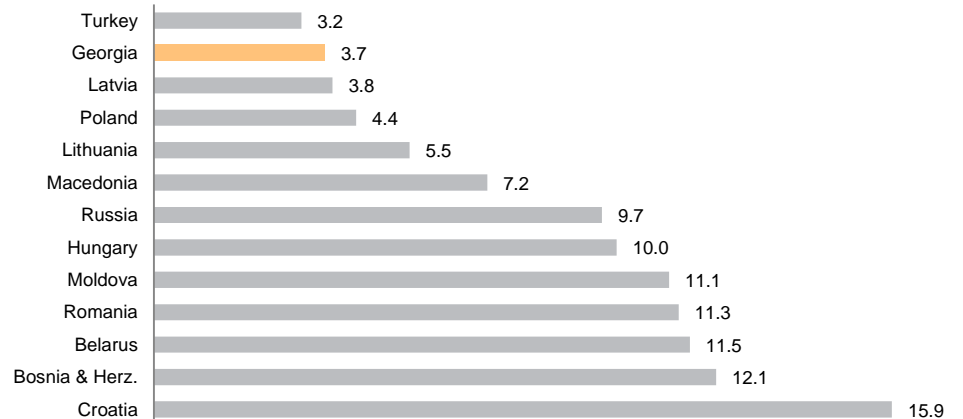
Source: National Bank of Georgia, Geostat

## Banking sector assets, loans and deposits



Source: NBG

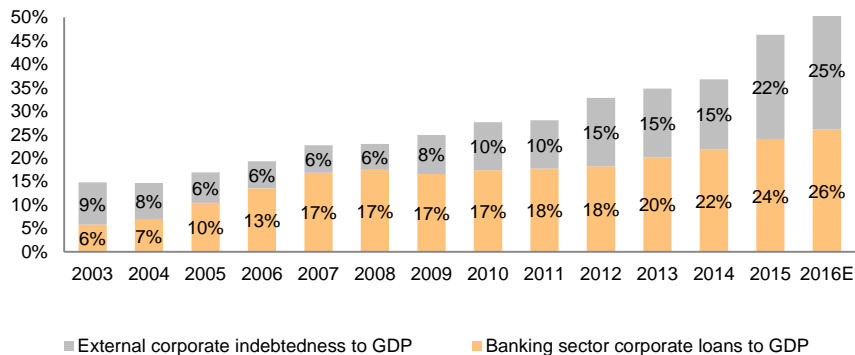
## NPLs to Gross loans (%), 1H16



Source: WB

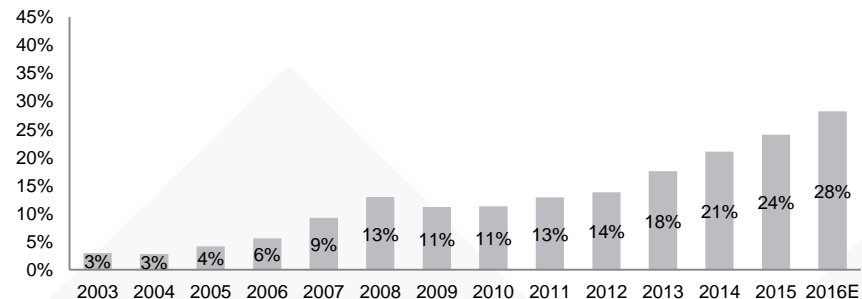
# Underpenetrated retail banking sector provides room for further growth

## Corporate loans to GDP



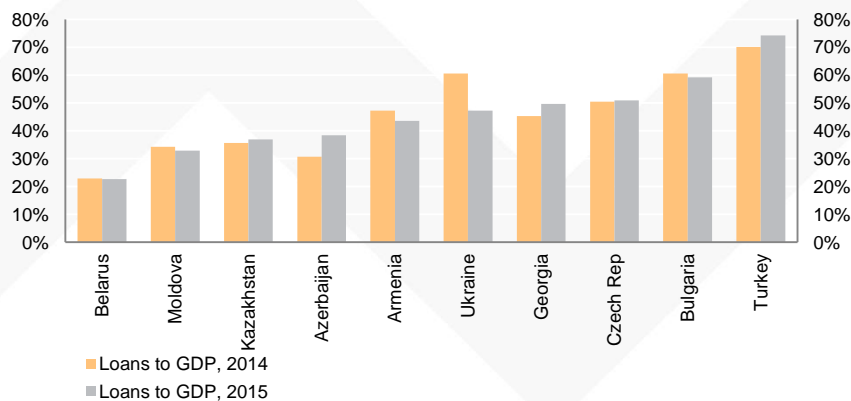
Source: NBG, GeoStat, G&T

## Households loans to GDP



Source: NBG, GeoStat, G&T

## Banking Sector loans to GDP



Source: IMF

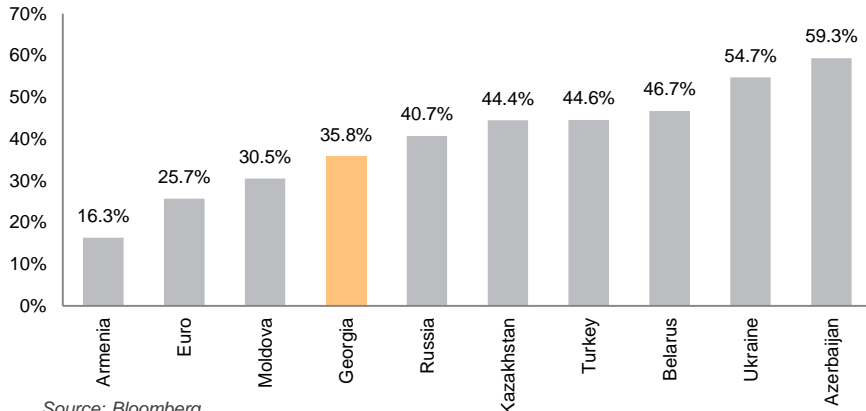
## Georgian banks better placed due to sound financials

Country	Fitch	Rating Outlook	Sector Outlook
Armenia	B+	Stable	Negative
Azerbaijan	BB+	Negative	Negative
Belarus	B-	Stable	Negative
Georgia	BB-	Stable	Stable
Kazakhstan	BBB	Stable	Negative
Russia	BBB-	Stable	Negative
Ukraine	CCC	None	Negative

Source: Fitch

# Flexible FX regime shielded reserves and supported to macro stability

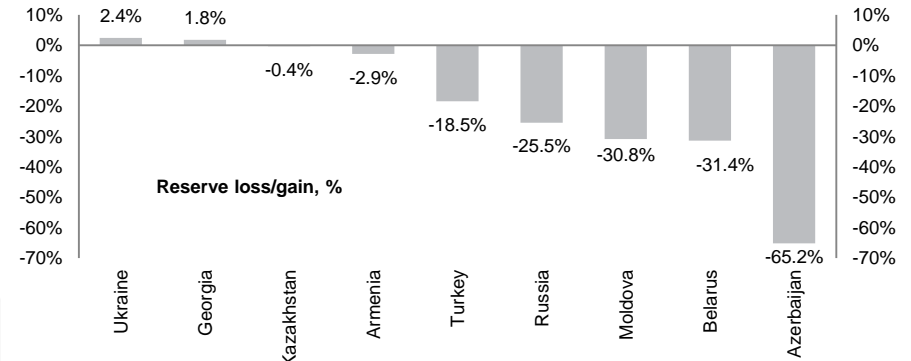
## Currency weakening vs. US\$



Source: Bloomberg

Note: US\$ per unit of national currency, period 1-Aug-2014 – 26-Jan-2017

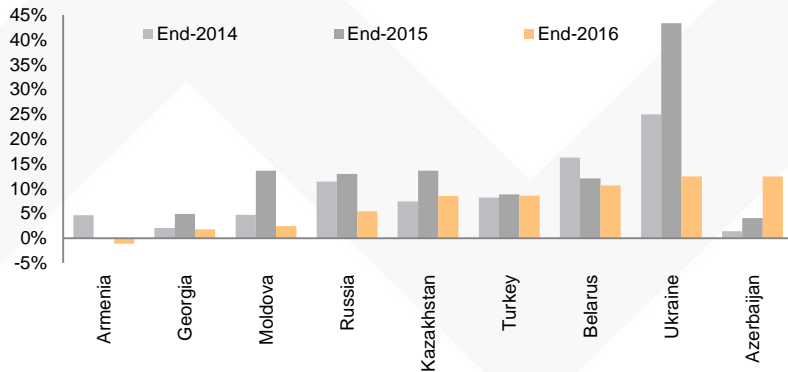
## Georgia used less reserves to support GEL



Source: IMF

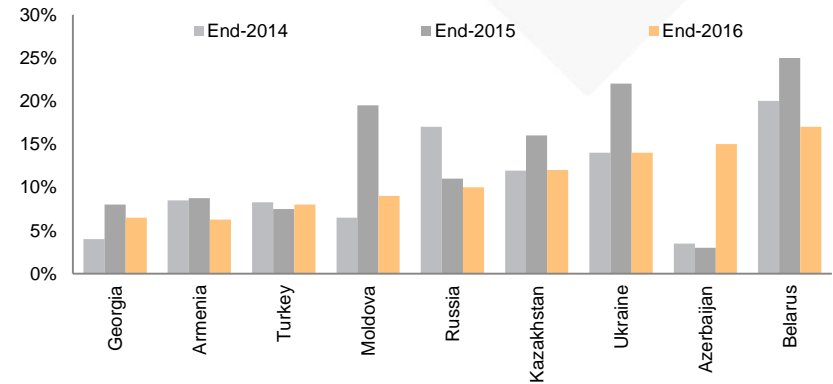
Note: Dec-2016 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

## Inflation remains low in Georgia...



Source: National Statistics Offices

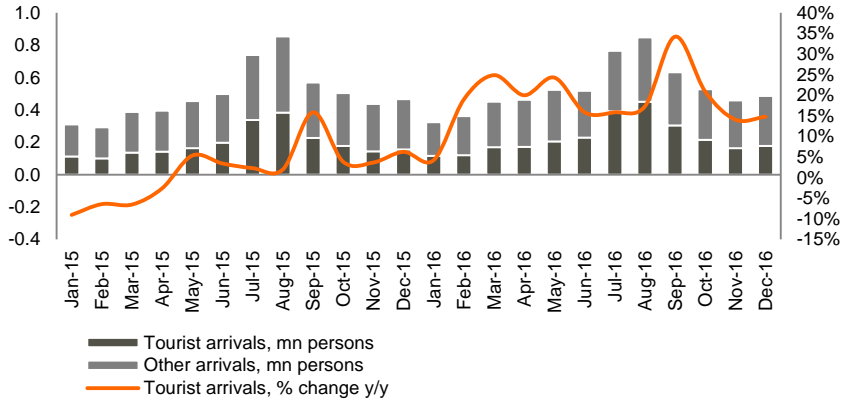
## ... and monetary policy rate was cut



Source: Central banks

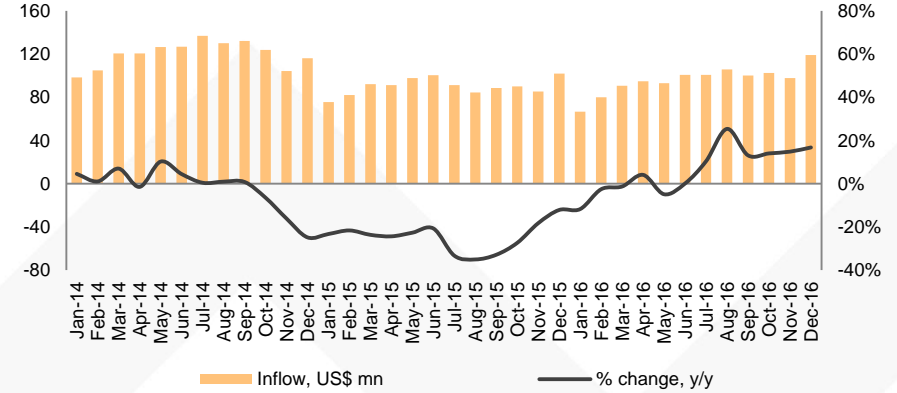
# Recent trend– tourist arrivals/revenues, exports, and remittances up

## Tourist arrivals continue strong growth



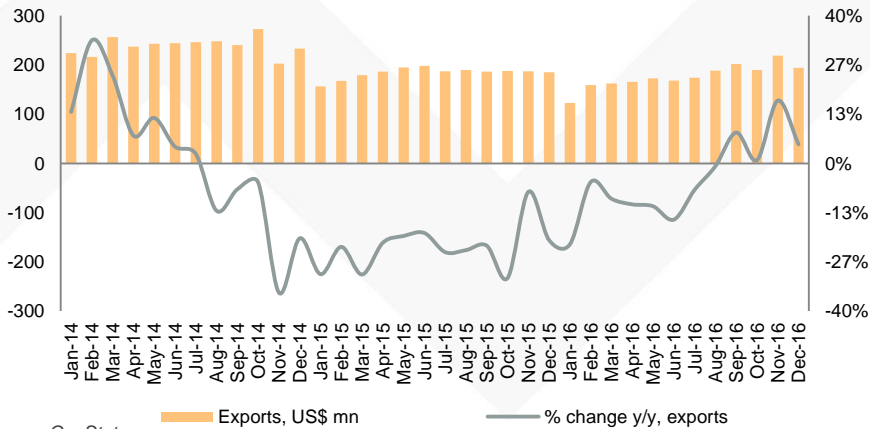
Source: GNTA

## Remittances up from all major countries except Russia



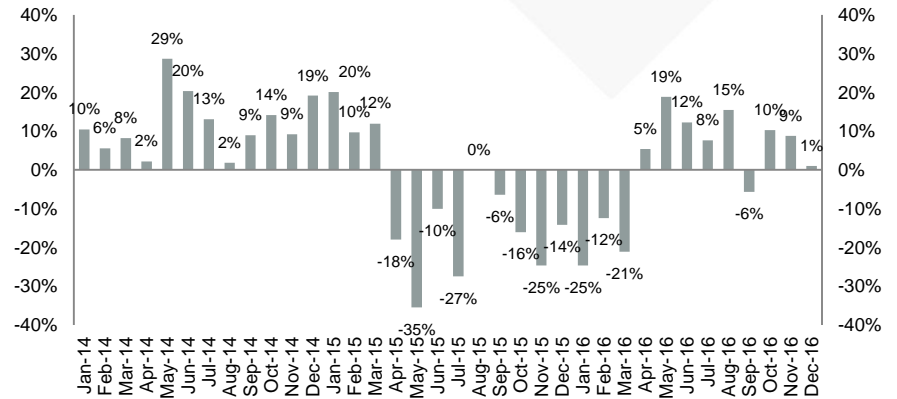
Source: NBG

## Exports up since September 2016



Source: GeoStat

## Trade deficit up since Apr-16 as imports recovered from last year's low base



Source: GeoStat

Note: Excluding one-offs

<b>BGEO Group   Overview</b>	4
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<b>Results Discussion   Banking Business</b>	20
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<b>Appendices</b>	99



GEL thousands, unless otherwise noted	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	4Q16	4Q15	3Q16
Banking interest income	256,457	228,212	12.4%	230,154	11.4%	258,414	230,833	11.9%	231,849	11.5%	-	-	-	-	-	(1,957)	(2,621)	(1,695)
Banking interest expense	(101,054)	(96,778)	4.4%	(93,530)	8.0%	(100,043)	(96,616)	3.5%	(93,234)	7.3%	-	-	-	-	-	(1,011)	(162)	(296)
<b>Net banking interest income</b>	<b>155,403</b>	<b>131,434</b>	<b>18.2%</b>	<b>136,624</b>	<b>13.7%</b>	<b>158,371</b>	<b>134,217</b>	<b>18.0%</b>	<b>138,615</b>	<b>14.3%</b>	-	-	-	-	-	<b>(2,968)</b>	<b>(2,783)</b>	<b>(1,991)</b>
Fee and commission income	48,588	42,110	15.4%	43,077	12.8%	50,135	42,856	17.0%	43,421	15.5%	-	-	-	-	-	(1,547)	(746)	(344)
Fee and commission expense	(13,263)	(10,471)	26.7%	(12,646)	4.9%	(13,490)	(10,590)	27.4%	(12,770)	5.6%	-	-	-	-	-	227	119	124
<b>Net fee and commission income</b>	<b>35,325</b>	<b>31,639</b>	<b>11.7%</b>	<b>30,431</b>	<b>16.1%</b>	<b>36,645</b>	<b>32,266</b>	<b>13.6%</b>	<b>30,651</b>	<b>19.6%</b>	-	-	-	-	-	<b>(1,320)</b>	<b>(627)</b>	<b>(220)</b>
Net banking foreign currency gain	28,516	19,525	46.0%	21,497	32.7%	28,516	19,525	46.0%	21,497	32.7%	-	-	-	-	-	-	-	-
Net other banking income	2,199	9,318	-76.4%	4,077	-46.1%	2,506	9,699	-74.2%	4,269	-41.3%	-	-	-	-	-	(307)	(381)	(192)
Net insurance premiums earned	26,046	24,476	6.4%	25,360	2.7%	11,559	10,810	6.9%	11,616	-0.5%	15,318	14,500	5.6%	14,483	5.8%	(831)	(834)	(739)
Net insurance claims incurred	(16,875)	(17,743)	-4.9%	(15,673)	7.7%	(5,114)	(5,369)	-4.7%	(4,800)	6.5%	(11,761)	(12,374)	-5.0%	(10,873)	8.2%	-	-	-
<b>Gross insurance profit</b>	<b>9,171</b>	<b>6,733</b>	<b>36.2%</b>	<b>9,687</b>	<b>-5.3%</b>	<b>6,445</b>	<b>5,441</b>	<b>18.5%</b>	<b>6,816</b>	<b>-5.4%</b>	<b>3,557</b>	<b>2,126</b>	<b>67.3%</b>	<b>3,610</b>	<b>-1.5%</b>	<b>(831)</b>	<b>(834)</b>	<b>(739)</b>
Healthcare and pharmacy revenue	118,799	53,089	123.8%	99,745	19.1%	-	-	-	-	-	118,799	53,089	123.8%	99,745	19.1%	-	-	-
Cost of healthcare and pharmacy services	(76,578)	(29,244)	161.9%	(64,228)	19.2%	-	-	-	-	-	(76,578)	(29,244)	161.9%	(64,228)	19.2%	-	-	-
<b>Gross healthcare and pharmacy profit</b>	<b>42,221</b>	<b>23,845</b>	<b>77.1%</b>	<b>35,517</b>	<b>18.9%</b>	-	-	-	-	-	<b>42,221</b>	<b>23,845</b>	<b>77.1%</b>	<b>35,517</b>	<b>18.9%</b>	-	-	-
Real estate revenue	9,813	47,638	-79.4%	55,965	-82.5%	-	-	-	-	-	10,507	47,638	-77.9%	55,965	-81.2%	(694)	-	-
Cost of real estate	(8,474)	(34,869)	-75.7%	(45,933)	-81.6%	-	-	-	-	-	(8,474)	(34,869)	-75.7%	(45,933)	-81.6%	-	-	-
<b>Gross real estate profit</b>	<b>1,339</b>	<b>12,769</b>	<b>-89.5%</b>	<b>10,032</b>	<b>-86.7%</b>	-	-	-	-	-	<b>2,033</b>	<b>12,769</b>	<b>-84.1%</b>	<b>10,032</b>	<b>-79.7%</b>	<b>(694)</b>	-	-
Utility revenue	31,608	-	-	24,738	27.8%	-	-	-	-	-	31,679	-	-	24,807	27.7%	(71)	-	(69)
Cost of utility	(10,008)	-	-	(7,796)	28.4%	-	-	-	-	-	(10,008)	-	-	(7,796)	28.4%	-	-	-
<b>Gross utility profit</b>	<b>21,600</b>	-	-	<b>16,942</b>	<b>27.5%</b>	-	-	-	-	-	<b>21,671</b>	-	-	<b>17,011</b>	<b>27.4%</b>	<b>(71)</b>	-	<b>(69)</b>
Gross other investment profit	9,697	11,271	-14.0%	4,821	101.1%	-	-	-	-	-	9,391	11,157	-15.8%	4,927	90.6%	306	114	(106)
<b>Revenue</b>	<b>305,471</b>	<b>246,534</b>	<b>23.9%</b>	<b>269,628</b>	<b>13.3%</b>	<b>232,483</b>	<b>201,148</b>	<b>15.6%</b>	<b>201,848</b>	<b>15.2%</b>	<b>78,873</b>	<b>49,897</b>	<b>58.1%</b>	<b>71,097</b>	<b>10.9%</b>	<b>(5,885)</b>	<b>(4,511)</b>	<b>(3,317)</b>
Salaries and other employee benefits	(64,754)	(47,158)	37.3%	(58,773)	10.2%	(50,052)	(39,304)	27.3%	(45,575)	9.8%	(15,459)	(8,487)	82.1%	(13,892)	11.3%	757	633	694
Administrative expenses	(40,729)	(26,716)	52.5%	(30,701)	32.7%	(25,714)	(21,657)	18.7%	(18,970)	35.6%	(16,132)	(5,916)	172.7%	(12,207)	32.2%	1,117	857	476
Banking depreciation and amortisation	(9,841)	(8,982)	9.6%	(9,665)	1.8%	(9,841)	(8,982)	9.6%	(9,665)	1.8%	-	-	-	-	-	-	-	-
Other operating expenses	(2,034)	(1,406)	44.7%	(2,414)	-15.7%	(1,462)	(1,229)	19.0%	(1,165)	25.5%	(572)	(177)	NMF	(1,250)	-54.2%	-	-	1
<b>Operating expenses</b>	<b>(117,358)</b>	<b>(84,262)</b>	<b>39.3%</b>	<b>(101,553)</b>	<b>15.6%</b>	<b>(87,069)</b>	<b>(71,172)</b>	<b>22.3%</b>	<b>(75,375)</b>	<b>15.5%</b>	<b>(32,163)</b>	<b>(14,580)</b>	<b>120.6%</b>	<b>(27,349)</b>	<b>17.6%</b>	<b>1,874</b>	<b>1,490</b>	<b>1,171</b>
<b>Operating income before cost of credit risk / EBITDA</b>	<b>188,113</b>	<b>162,272</b>	<b>15.9%</b>	<b>168,075</b>	<b>11.9%</b>	<b>145,414</b>	<b>129,976</b>	<b>11.9%</b>	<b>126,473</b>	<b>15.0%</b>	<b>46,710</b>	<b>35,317</b>	<b>32.3%</b>	<b>43,748</b>	<b>6.8%</b>	<b>(4,011)</b>	<b>(3,021)</b>	<b>(2,146)</b>
Profit from associates	254	1,938	-86.9%	256	-0.8%	-	-	-	-	-	254	1,938	-86.9%	256	-0.8%	-	-	-
Depreciation and amortization of investment business	(9,615)	(4,731)	103.2%	(9,566)	0.5%	-	-	-	-	-	(9,615)	(4,731)	103.2%	(9,566)	0.5%	-	-	-
Net foreign currency gain from investment business	(6,065)	(3,416)	77.5%	(1,221)	NMF	-	-	-	-	-	(6,065)	(3,416)	77.5%	(1,221)	NMF	-	-	-
Interest income from investment business	1,551	602	157.6%	1,930	-19.6%	-	-	-	-	-	540	957	-43.6%	1,667	-67.6%	1,011	(355)	263
Interest expense from investment business	(8,673)	(3,166)	173.9%	(8,876)	-2.3%	-	-	-	-	-	(11,673)	(6,542)	78.4%	(10,759)	8.5%	3,000	3,376	1,883
<b>Operating income before cost of credit risk</b>	<b>165,565</b>	<b>153,499</b>	<b>7.9%</b>	<b>150,598</b>	<b>9.9%</b>	<b>145,414</b>	<b>129,976</b>	<b>11.9%</b>	<b>126,473</b>	<b>15.0%</b>	<b>20,151</b>	<b>23,523</b>	<b>-14.3%</b>	<b>24,125</b>	<b>-16.5%</b>	-	-	-
Impairment charge on loans to customers	(69,920)	(33,929)	106.1%	(29,936)	133.6%	(69,920)	(33,929)	106.1%	(29,936)	133.6%	-	-	-	-	-	-	-	-
Impairment charge on finance lease receivables	3,124	(215)	NMF	(3,258)	NMF	3,124	(215)	NMF	(3,258)	NMF	-	-	-	-	-	-	-	-
Impairment charge on other assets and provisions	(3,171)	(1,878)	68.8%	(2,397)	32.3%	(4,077)	(1,086)	NMF	(1,331)	NMF	906	(792)	NMF	(1,066)	NMF	-	-	-
<b>Cost of credit risk</b>	<b>(69,967)</b>	<b>(36,022)</b>	<b>94.2%</b>	<b>(35,591)</b>	<b>96.6%</b>	<b>(70,873)</b>	<b>(35,230)</b>	<b>101.2%</b>	<b>(34,525)</b>	<b>105.3%</b>	<b>906</b>	<b>(792)</b>	<b>NMF</b>	<b>(1,066)</b>	<b>NMF</b>	-	-	-
<b>Net operating income before non-recurring items</b>	<b>95,598</b>	<b>117,477</b>	<b>-18.6%</b>	<b>115,007</b>	<b>-16.9%</b>	<b>74,541</b>	<b>94,746</b>	<b>-21.3%</b>	<b>91,948</b>	<b>-18.9%</b>	<b>21,057</b>	<b>22,731</b>	<b>-7.4%</b>	<b>23,059</b>	<b>-8.7%</b>	-	-	-
Net non-recurring items	698	(6,227)	NMF	35,156	-98.0%	(1,056)	(2,502)	-57.8%	3,474	NMF	1,754	(3,725)	NMF	31,682	-94.5%	-	-	-
<b>Profit before income tax</b>	<b>96,296</b>	<b>111,250</b>	<b>-13.4%</b>	<b>150,163</b>	<b>-35.9%</b>	<b>73,485</b>	<b>92,244</b>	<b>-20.3%</b>	<b>95,422</b>	<b>-23.0%</b>	<b>22,811</b>	<b>19,006</b>	<b>20.0%</b>	<b>54,741</b>	<b>-58.3%</b>	-	-	-
Income tax expense	(7,553)	(15,578)	-51.5%	(8,614)	-12.3%	1,830	(11,653)	NMF	(5,665)	NMF	(9,383)	(3,925)	139.1%	(2,949)	NMF	-	-	-
<b>Profit</b>	<b>88,743</b>	<b>95,672</b>	<b>-7.2%</b>	<b>141,549</b>	<b>-37.3%</b>	<b>75,315</b>	<b>80,591</b>	<b>-6.5%</b>	<b>89,757</b>	<b>-16.1%</b>	<b>13,428</b>	<b>15,081</b>	<b>-11.0%</b>	<b>51,792</b>	<b>-74.1%</b>	-	-	-
<b>Attributable to:</b>																		
– shareholders of BGEO	87,136	92,287	-5.6%	135,924	-35.9%	75,871	79,425	-4.5%	88,827	-14.6%	11,265	12,862	-12.4%	47,097	-76.1%	-	-	-
– non-controlling interests	1,607	3,385	-52.5%	5,625	-71.4%	(556)	1,166	NMF	930	NMF	2,163	2,219	-2.5%	4,695	-53.9%	-	-	-
<b>Earnings per share basic</b>	<b>2.29</b>	<b>2.42</b>	<b>-5.4%</b>	<b>3.55</b>	<b>-35.5%</b>													
<b>Earnings per share diluted</b>	<b>2.21</b>	<b>2.42</b>	<b>-8.7%</b>	<b>3.55</b>	<b>-37.7%</b>													

GEL thousands, unless otherwise noted	BGEO Consolidated			Banking Business			Investment Business			Eliminations		
	Dec-16	Dec-15	Change y-o-y	Dec-16	Dec-15	Change y-o-y	Dec-16	Dec-15	Change y-o-y	Dec-16	Dec-15	Change y-o-y
Banking interest income	927,316	859,778	7.9%	933,715	872,299	7.00%	-	-	-	(6,399)	(12,521)	-48.9%
Banking interest expense	(377,909)	(358,388)	5.4%	(376,987)	(359,372)	4.90%	-	-	-	(922)	984	NMF
<b>Net banking interest income</b>	<b>549,407</b>	<b>501,390</b>	<b>9.6%</b>	<b>556,728</b>	<b>512,927</b>	<b>8.5%</b>	-	-	-	<b>(7,321)</b>	<b>(11,537)</b>	<b>-36.5%</b>
Fee and commission income	170,063	158,158	7.5%	172,715	161,891	6.7%	-	-	-	(2,652)	(3,733)	-29.0%
Fee and commission expense	(47,150)	(39,752)	18.6%	(47,766)	(40,302)	18.5%	-	-	-	616	550	12.0%
<b>Net fee and commission income</b>	<b>122,913</b>	<b>118,406</b>	<b>3.8%</b>	<b>124,949</b>	<b>121,589</b>	<b>2.8%</b>	-	-	-	<b>(2,036)</b>	<b>(3,183)</b>	<b>-36.0%</b>
Net banking foreign currency gain	<b>82,909</b>	<b>76,926</b>	<b>7.8%</b>	<b>82,909</b>	<b>76,926</b>	<b>7.8%</b>	-	-	-	-	-	-
Net other banking income	<b>11,773</b>	<b>18,528</b>	<b>-36.5%</b>	<b>12,767</b>	<b>19,837</b>	<b>-35.6%</b>	-	-	-	<b>(994)</b>	<b>(1,309)</b>	<b>-24.1%</b>
Net insurance premiums earned	97,085	92,901	4.5%	42,959	40,161	7.0%	56,998	54,996	3.6%	(2,872)	(2,256)	27.3%
Net insurance claims incurred	(63,402)	(62,994)	0.6%	(17,858)	(20,114)	-11.2%	(45,544)	(42,880)	6.2%	-	-	-
<b>Gross insurance profit</b>	<b>33,683</b>	<b>29,907</b>	<b>12.6%</b>	<b>25,101</b>	<b>20,047</b>	<b>25.2%</b>	<b>11,454</b>	<b>12,116</b>	<b>-5.5%</b>	<b>(2,872)</b>	<b>(2,256)</b>	<b>27.3%</b>
Healthcare and pharmacy revenue	362,586	183,993	97.1%	-	-	-	362,586	183,993	97.1%	-	-	-
Cost of healthcare and pharmacy services	(227,724)	(103,055)	121.0%	-	-	-	(227,724)	(103,055)	121.0%	-	-	-
<b>Gross healthcare and pharmacy profit</b>	<b>134,862</b>	<b>80,938</b>	<b>66.6%</b>	-	-	-	<b>134,862</b>	<b>80,938</b>	<b>66.6%</b>	-	-	-
Real estate revenue	100,866	54,409	85.4%	-	-	-	101,560	54,409	86.7%	(694)	-	-
Cost of real estate	(81,098)	(39,721)	104.2%	-	-	-	(81,098)	(39,721)	104.2%	-	-	-
<b>Gross real estate profit</b>	<b>19,768</b>	<b>14,688</b>	<b>34.6%</b>	-	-	-	<b>20,462</b>	<b>14,688</b>	<b>39.3%</b>	<b>(694)</b>	-	-
Utility revenue	56,347	-	-	-	-	-	56,486	-	-	(139)	-	-
Cost of utility	(17,806)	-	-	-	-	-	(17,806)	-	-	-	-	-
<b>Gross utility profit</b>	<b>38,541</b>	-	-	-	-	-	<b>38,680</b>	-	-	<b>(139)</b>	-	-
Gross other investment profit	20,926	20,777	0.7%	-	-	-	20,802	20,639	0.8%	124	138	-10.1%
<b>Revenue</b>	<b>1,014,782</b>	<b>861,560</b>	<b>17.8%</b>	<b>802,454</b>	<b>751,326</b>	<b>6.8%</b>	<b>226,260</b>	<b>128,381</b>	<b>76.2%</b>	<b>(13,932)</b>	<b>(18,147)</b>	<b>-23.2%</b>
Salaries and other employee benefits	(221,815)	(185,329)	19.7%	(176,280)	(155,744)	13.2%	(48,286)	(31,621)	52.7%	2,751	2,036	35.1%
Administrative expenses	(124,312)	(90,919)	36.7%	(83,792)	(74,381)	12.7%	(42,856)	(18,491)	131.8%	2,336	1,953	19.6%
Banking depreciation and amortisation	(37,981)	(34,199)	11.1%	(37,981)	(34,199)	11.1%	-	-	-	-	-	-
Other operating expenses	(6,680)	(4,285)	55.9%	(4,174)	(3,535)	18.1%	(2,506)	(750)	NMF	-	-	-
<b>Operating expenses</b>	<b>(390,788)</b>	<b>(314,732)</b>	<b>24.2%</b>	<b>(302,227)</b>	<b>(267,859)</b>	<b>12.8%</b>	<b>(93,648)</b>	<b>(50,862)</b>	<b>84.1%</b>	<b>5,087</b>	<b>3,989</b>	<b>27.5%</b>
<b>Operating income before cost of credit risk / EBITDA</b>	<b>623,994</b>	<b>546,828</b>	<b>14.1%</b>	<b>500,227</b>	<b>483,467</b>	<b>3.5%</b>	<b>132,612</b>	<b>77,519</b>	<b>71.1%</b>	<b>(8,845)</b>	<b>(14,158)</b>	<b>-37.5%</b>
Profit from associates	4,328	4,050	6.9%	-	-	-	4,328	4,050	6.9%	-	-	-
Depreciation and amortization of investment business	(28,865)	(14,225)	102.9%	-	-	-	(28,865)	(14,225)	102.9%	-	-	-
Net foreign currency gain from investment business	(9,650)	651	NMF	-	-	-	(9,650)	651	NMF	-	-	-
Interest income from investment business	4,155	2,340	77.6%	-	-	-	3,232	3,338	-3.2%	923	(998)	NMF
Interest expense from investment business	(21,429)	(10,337)	107.3%	-	-	-	(29,351)	(25,493)	15.1%	7,922	15,156	-47.7%
<b>Operating income before cost of credit risk</b>	<b>572,533</b>	<b>529,307</b>	<b>8.2%</b>	<b>500,227</b>	<b>483,467</b>	<b>3.5%</b>	<b>72,306</b>	<b>45,840</b>	<b>57.7%</b>	-	-	-
Impairment charge on loans to customers	(158,892)	(142,819)	11.3%	(158,892)	(142,819)	11.3%	-	-	-	-	-	-
Impairment charge on finance lease receivables	(777)	(1,958)	-60.3%	(777)	(1,958)	-60.3%	-	-	-	-	-	-
Impairment charge on other assets and provisions	(11,420)	(10,600)	7.7%	(8,892)	(6,740)	31.9%	(2,528)	(3,860)	-34.5%	-	-	-
<b>Cost of credit risk</b>	<b>(171,089)</b>	<b>(155,377)</b>	<b>10.1%</b>	<b>(168,561)</b>	<b>(151,517)</b>	<b>11.2%</b>	<b>(2,528)</b>	<b>(3,860)</b>	<b>-34.5%</b>	-	-	-
<b>Net operating income before non-recurring items</b>	<b>401,444</b>	<b>373,930</b>	<b>7.4%</b>	<b>331,666</b>	<b>331,950</b>	<b>-0.1%</b>	<b>69,778</b>	<b>41,980</b>	<b>66.2%</b>	-	-	-
Net non-recurring items	(11,524)	(14,577)	-20.9%	(45,351)	(13,046)	NMF	33,827	(1,531)	NMF	-	-	-
<b>Profit before income tax</b>	<b>389,920</b>	<b>359,353</b>	<b>8.5%</b>	<b>286,315</b>	<b>318,904</b>	<b>-10.2%</b>	<b>103,605</b>	<b>40,449</b>	<b>156.1%</b>	-	-	-
Income tax expense	38,656	(48,408)	NMF	23,126	(44,647)	NMF	15,530	(3,761)	NMF	-	-	-
<b>Profit</b>	<b>428,576</b>	<b>310,945</b>	<b>37.8%</b>	<b>309,441</b>	<b>274,257</b>	<b>12.8%</b>	<b>119,135</b>	<b>36,688</b>	<b>224.7%</b>	-	-	-
<b>Attributable to:</b>												
– shareholders of BGEO	398,538	303,694	31.2%	306,918	270,466	13.5%	91,620	33,228	175.7%	-	-	-
– non-controlling interests	30,038	7,251	314.3%	2,523	3,791	-33.4%	27,515	3,460	695.2%	-	-	-
<b>Earnings per share basic</b>	<b>10.41</b>	<b>7.93</b>	<b>31.3%</b>									
<b>Earnings per share diluted</b>	<b>10.09</b>	<b>7.93</b>	<b>27.2%</b>									

GEL thousands, unless otherwise noted	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q	Dec-16	Dec-15	Sep-16
Cash and cash equivalents	1,573,610	1,432,934	9.8%	1,197,687	31.4%	1,482,106	1,378,459	7.5%	1,090,511	35.9%	397,620	290,576	36.8%	237,426	67.5%	(306,116)	(236,101)	(130,250)
Amounts due from credit institutions	1,054,983	731,365	44.2%	944,061	11.7%	943,091	721,802	30.7%	848,185	11.2%	153,497	15,730	875.8%	140,635	9.1%	(41,605)	(6,167)	(44,759)
Investment securities	1,286,003	903,867	42.3%	1,171,440	9.8%	1,287,292	906,730	42.0%	1,172,825	9.8%	3,075	1,153	166.7%	2,507	22.7%	(4,364)	(4,016)	(3,892)
Loans to customers and finance lease receivables	6,648,482	5,322,117	24.9%	5,676,225	17.1%	6,681,672	5,366,764	24.5%	5,715,737	16.9%	-	-	-	-	-	(33,190)	(44,647)	(39,512)
Accounts receivable and other loans	128,506	87,972	46.1%	119,381	7.6%	56,495	10,376	444.5%	25,004	125.9%	125,964	82,354	53.0%	116,123	8.5%	(53,953)	(4,758)	(21,746)
Insurance premiums receivable	46,423	39,226	18.3%	52,842	-12.1%	24,152	19,829	21.8%	22,493	7.4%	24,284	20,929	16.0%	31,224	-22.2%	(2,013)	(1,532)	(875)
Prepayments	76,277	58,328	30.8%	91,578	-16.7%	19,607	21,033	-6.8%	22,420	-12.5%	57,270	37,295	53.6%	69,158	-17.2%	(600)	-	-
Inventories	188,344	127,027	48.3%	164,567	14.4%	9,009	9,439	-4.6%	9,635	-6.5%	179,335	117,588	52.5%	154,932	15.8%	-	-	-
Investment property	288,227	246,398	17.0%	264,790	8.9%	153,442	135,453	13.3%	142,105	8.0%	134,785	110,945	21.5%	122,685	9.9%	-	-	-
Property and equipment	1,323,870	794,682	66.6%	1,224,620	8.1%	339,442	337,064	0.7%	338,455	0.3%	984,428	457,618	115.1%	886,165	11.1%	-	-	-
Goodwill	106,986	72,984	46.6%	107,298	-0.3%	49,592	49,592	0.0%	49,592	0.0%	57,394	23,392	145.4%	57,706	-0.5%	-	-	-
Intangible assets	58,907	40,516	45.4%	50,745	16.1%	41,350	35,162	17.6%	39,311	5.2%	17,557	5,354	227.9%	11,434	53.6%	-	-	-
Income tax assets	24,043	21,550	11.6%	22,874	5.1%	20,638	16,003	29.0%	13,840	49.1%	3,405	5,547	-38.6%	9,034	-62.3%	-	-	-
Other assets	184,792	236,773	-22.0%	197,980	-6.7%	140,338	163,731	-14.3%	164,533	-14.7%	56,312	79,479	-29.1%	36,033	56.3%	(11,858)	(6,437)	(2,586)
<b>Total assets</b>	<b>12,989,453</b>	<b>10,115,739</b>	<b>28.4%</b>	<b>11,286,088</b>	<b>15.1%</b>	<b>11,248,226</b>	<b>9,171,437</b>	<b>22.6%</b>	<b>9,654,646</b>	<b>16.5%</b>	<b>2,194,926</b>	<b>1,247,960</b>	<b>75.9%</b>	<b>1,875,062</b>	<b>17.1%</b>	<b>(453,699)</b>	<b>(303,658)</b>	<b>(243,620)</b>
Client deposits and notes	5,382,698	4,751,387	13.3%	4,700,324	14.5%	5,730,419	4,993,681	14.8%	4,878,171	17.5%	-	-	-	-	-	(347,721)	(242,294)	(177,847)
Amounts due to credit institutions	3,470,091	1,789,062	94.0%	2,740,926	26.6%	3,067,651	1,692,557	81.2%	2,396,969	28.0%	435,630	144,534	201.4%	380,745	14.4%	(33,190)	(48,029)	(36,788)
Debt securities issued	1,255,643	1,039,804	20.8%	1,036,086	21.2%	858,037	961,944	-10.8%	722,088	18.8%	407,242	84,474	382.1%	320,128	27.2%	(9,636)	(6,614)	(6,130)
Accruals and deferred income	130,319	146,852	-11.3%	107,974	20.7%	25,242	20,364	24.0%	17,824	41.6%	158,387	126,488	25.2%	110,627	43.2%	(53,310)	-	(20,477)
Insurance contracts liabilities	67,871	55,845	21.5%	70,840	-4.2%	41,542	34,547	20.2%	43,665	-4.9%	26,329	21,298	23.6%	27,175	-3.1%	-	-	-
Income tax liabilities	27,791	124,395	-77.7%	28,678	-3.1%	23,937	89,980	-73.4%	26,044	-8.1%	3,854	34,415	-88.8%	2,634	46.3%	-	-	-
Other liabilities	231,622	134,756	71.9%	212,511	9.0%	72,547	63,073	15.0%	53,924	34.5%	168,917	78,404	115.4%	160,965	4.9%	(9,842)	(6,721)	(2,378)
<b>Total liabilities</b>	<b>10,566,035</b>	<b>8,042,101</b>	<b>31.4%</b>	<b>8,897,339</b>	<b>18.8%</b>	<b>9,819,375</b>	<b>7,856,146</b>	<b>25.0%</b>	<b>8,138,685</b>	<b>20.7%</b>	<b>1,200,359</b>	<b>489,613</b>	<b>145.2%</b>	<b>1,002,274</b>	<b>19.8%</b>	<b>(453,699)</b>	<b>(303,658)</b>	<b>(243,620)</b>
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	183,872	240,593	-23.6%	245,317	-25.0%	45,072	101,793	-55.7%	105,293	-57.2%	138,800	138,800	0.0%	140,024	-0.9%	-	-	-
Treasury shares	(54)	(44)	22.7%	(37)	45.9%	(54)	(44)	22.7%	(37)	45.9%	-	-	-	-	-	-	-	-
Other reserves	102,269	32,844	211.4%	108,442	-5.7%	(31,116)	(63,958)	-51.3%	6,159	NMF	133,385	96,802	37.8%	102,283	30.4%	-	-	-
Retained earnings	1,878,945	1,577,050	19.1%	1,787,743	5.1%	1,393,117	1,257,415	10.8%	1,382,256	0.8%	485,828	319,635	52.0%	405,487	19.8%	-	-	-
<b>Total equity attributable to shareholders of the Group</b>	<b>2,166,186</b>	<b>1,851,597</b>	<b>17.0%</b>	<b>2,142,619</b>	<b>1.1%</b>	<b>1,408,173</b>	<b>1,296,360</b>	<b>8.6%</b>	<b>1,494,825</b>	<b>-5.8%</b>	<b>758,013</b>	<b>555,237</b>	<b>36.5%</b>	<b>647,794</b>	<b>17.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-controlling interests	257,232	222,041	15.8%	246,130	4.5%	20,678	18,931	9.2%	21,136	-2.2%	236,554	203,110	16.5%	224,994	5.1%	-	-	-
<b>Total equity</b>	<b>2,423,418</b>	<b>2,073,638</b>	<b>16.9%</b>	<b>2,388,749</b>	<b>1.5%</b>	<b>1,428,851</b>	<b>1,315,291</b>	<b>8.6%</b>	<b>1,515,961</b>	<b>-5.7%</b>	<b>994,567</b>	<b>758,347</b>	<b>31.1%</b>	<b>872,788</b>	<b>14.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and equity</b>	<b>12,989,453</b>	<b>10,115,739</b>	<b>28.4%</b>	<b>11,286,088</b>	<b>15.1%</b>	<b>11,248,226</b>	<b>9,171,437</b>	<b>22.6%</b>	<b>9,654,646</b>	<b>16.5%</b>	<b>2,194,926</b>	<b>1,247,960</b>	<b>75.9%</b>	<b>1,875,062</b>	<b>17.1%</b>	<b>(453,699)</b>	<b>(303,658)</b>	<b>(243,620)</b>
<b>Book value per share</b>	<b>57.52</b>	<b>48.75</b>	<b>18.0%</b>	<b>56.03</b>	<b>2.7%</b>													

GEL thousands; unless otherwise noted	Healthcare services					Medical insurance					Pharmacy			Eliminations			GHG				
	4Q16	4Q15	Change y-o-y	3Q16	Change, q-o-q	4Q16	4Q15	Change y-o-y	3Q16	Change, q-o-q	4Q16	3Q16	Change q-o-q	4Q16	4Q15	3Q16	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q
Revenue, gross	67,604	55,481	21.9%	59,305	14.0%	16,312	15,542	5.0%	16,054	1.6%	56,586	45,725	23.8%	(4,471)	(1,293)	(4,925)	136,031	69,730	95.1%	116,159	17.1%
Corrections & rebates	(790)	(1,086)	-27.3%	(762)	3.7%	-	-	-	-	-	-	-	-	-	-	-	(790)	(1,086)	-27.3%	(762)	3.7%
Revenue, net	66,814	54,395	22.8%	58,543	14.1%	16,312	15,542	5.0%	16,054	1.6%	56,586	45,725	23.8%	(4,471)	(1,293)	(4,925)	135,241	68,644	97.0%	115,397	17.2%
<b>Costs of services</b>	<b>(34,802)</b>	<b>(30,007)</b>	<b>16.0%</b>	<b>(31,170)</b>	<b>11.7%</b>	<b>(14,997)</b>	<b>(13,928)</b>	<b>7.7%</b>	<b>(13,939)</b>	<b>7.6%</b>	<b>(44,498)</b>	<b>(35,915)</b>	<b>23.9%</b>	<b>4,671</b>	<b>1,306</b>	<b>4,461</b>	<b>(89,626)</b>	<b>(42,629)</b>	<b>110.2%</b>	<b>(76,563)</b>	<b>17.1%</b>
Cost of salaries and other employee benefits	(21,042)	(18,256)	15.3%	(19,746)	6.6%	-	-	-	-	-	-	-	-	1,534	449	1,569	(19,508)	(17,807)	9.6%	(18,177)	7.3%
Cost of materials and supplies	(10,616)	(8,871)	19.7%	(8,602)	23.4%	-	-	-	-	-	-	-	-	761	240	704	(9,855)	(8,632)	14.2%	(7,898)	24.8%
Cost of medical service providers	(550)	(593)	-7.3%	(463)	18.8%	-	-	-	-	-	-	-	-	39	13	35	(511)	(580)	-11.9%	(428)	19.4%
Cost of utilities and other	(2,594)	(2,287)	13.4%	(2,359)	10.0%	-	-	-	-	-	-	-	-	189	60	193	(2,405)	(2,227)	8.0%	(2,166)	11.0%
Net insurance claims incurred	-	-	-	-	-	(13,911)	(12,918)	7.7%	(12,834)	8.4%	-	-	-	2,148	544	1,960	(11,763)	(12,374)	-4.9%	(10,874)	8.2%
Agents, brokers and employee commissions	-	-	-	-	-	(1,086)	(1,010)	7.5%	(1,105)	-1.7%	-	-	-	-	-	-	(1,086)	(1,010)	7.5%	(1,105)	-1.7%
Cost of pharmacy – wholesale	-	-	-	-	-	-	-	-	-	-	(13,700)	(10,086)	35.8%	-	-	-	(13,700)	-	-	(10,086)	-
Cost of pharmacy - retail	-	-	-	-	-	-	-	-	-	-	(30,797)	(25,829)	19.2%	-	-	-	(30,797)	-	-	(25,829)	-
<b>Gross profit</b>	<b>32,012</b>	<b>24,389</b>	<b>31.3%</b>	<b>27,373</b>	<b>16.9%</b>	<b>1,315</b>	<b>1,615</b>	<b>-18.6%</b>	<b>2,115</b>	<b>-37.8%</b>	<b>12,088</b>	<b>9,810</b>	<b>23.2%</b>	<b>200</b>	<b>13</b>	<b>(464)</b>	<b>45,615</b>	<b>26,016</b>	<b>75.3%</b>	<b>38,834</b>	<b>17.5%</b>
Salaries and other employee benefits	(6,676)	(6,178)	8.1%	(6,003)	11.2%	(1,320)	(636)	107.6%	(1,196)	10.4%	(4,561)	(4,106)	11.1%	(200)	4	464	(12,757)	(6,810)	87.3%	(10,841)	17.7%
General and administrative expenses	(4,212)	(2,219)	89.8%	(3,708)	13.6%	(580)	(839)	-30.9%	(649)	-10.6%	(4,678)	(4,066)	15.1%	-	-	-	(9,470)	(3,058)	209.7%	(8,423)	12.4%
Impairment of healthcare services, insurance premiums and other receivables	145	(460)	NMF	(48)	NMF	(89)	(152)	-41.4%	(124)	-28.2%	-	-	-	-	-	-	56	(612)	-109.1%	(172)	NMF
Other operating income	269	1,008	-73.3%	180	49.4%	31	(5)	NMF	(1)	NMF	545	150	263.3%	-	(17)	-	845	986	-14.3%	329	156.8%
<b>EBITDA</b>	<b>21,538</b>	<b>16,540</b>	<b>30.2%</b>	<b>17,794</b>	<b>21.0%</b>	<b>(643)</b>	<b>(17)</b>	<b>NMF</b>	<b>145</b>	<b>-543.4%</b>	<b>3,394</b>	<b>1,788</b>	<b>89.8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,289</b>	<b>16,522</b>	<b>47.0%</b>	<b>19,727</b>	<b>23.1%</b>
<b>EBITDA margin</b>	<b>31.9%</b>	<b>29.8%</b>	<b>30.2%</b>	<b>30.0%</b>	<b>-3.9%</b>	<b>-0.1%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>6.0%</b>	<b>3.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.9%</b>	<b>23.7%</b>	<b>17.0%</b>	<b>17.0%</b>	<b>17.0%</b>
Depreciation and amortisation	(5,292)	(4,046)	30.8%	(4,613)	14.7%	(226)	(249)	-9.2%	(211)	7.1%	202	(391)	-151.7%	-	-	-	(5,316)	(4,295)	23.8%	(5,215)	1.9%
Net interest income (expense)	(3,815)	(5,535)	-31.1%	(3,125)	22.1%	(242)	158	-253.5%	(86)	NMF	(548)	(627)	-12.6%	(168)	-	-	(4,773)	(5,377)	-11.2%	(3,838)	24.4%
Net gains/(losses) from foreign currencies	(2,053)	(1,586)	NMF	(95)	NMF	(189)	(6)	NMF	(91)	NMF	(928)	(77)	NMF	-	-	-	(3,170)	(1,592)	NMF	(263)	NMF
Net non-recurring income/(expense)	2,704	484	NMF	22	NMF	(704)	(676)	-	-	-	(17)	(71)	-76.1%	-	-	-	1,982	(192)	NMF	(49)	NMF
<b>Profit before income tax expense</b>	<b>13,082</b>	<b>5,856</b>	<b>123.4%</b>	<b>9,983</b>	<b>31.0%</b>	<b>(2,004)</b>	<b>(790)</b>	<b>NMF</b>	<b>(243)</b>	<b>724.7%</b>	<b>2,103</b>	<b>622</b>	<b>238.1%</b>	<b>(168)</b>	<b>-</b>	<b>-</b>	<b>13,012</b>	<b>5,066</b>	<b>156.9%</b>	<b>10,362</b>	<b>25.6%</b>
Income tax benefit/(expense)	(5,439)	(206)	NMF	(612)	NMF	(845)	192	NMF	25	NMF	(398)	-	-	-	-	-	(6,682)	(14)	NMF	(587)	NMF
of which: Deferred tax adjustments	(4,321)	-	-	-	-	(798)	-	-	-	-	(200)	-	-	-	-	-	(5,319)	-	-	-	-
<b>Profit for the period</b>	<b>7,643</b>	<b>5,650</b>	<b>35.3%</b>	<b>9,371</b>	<b>-18.4%</b>	<b>(2,849)</b>	<b>(598)</b>	<b>NMF</b>	<b>(218)</b>	<b>NMF</b>	<b>1,705</b>	<b>622</b>	<b>174.1%</b>	<b>(168)</b>	<b>-</b>	<b>-</b>	<b>6,330</b>	<b>5,052</b>	<b>25.3%</b>	<b>9,775</b>	<b>-35.2%</b>
<b>Attributable to:</b>																					
- shareholders of the Company	6,714	4,421	51.9%	6,721	-0.1%	(2,849)	(598)	NMF	(218)	NMF	1,705	622	174.1%	(168)	-	-	5,401	3,823	41.3%	7,125	-24.2%
- non-controlling interests	929	1,229	-24.4%	2,650	-64.9%	-	-	-	-	-	-	-	-	-	-	-	929	1,229	-24.4%	2,650	-64.9%
of which: Deferred tax adjustments	(516)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(516)	-	-	-	-

	Healthcare services			Medical insurance			Pharmacy	Eliminations		GHG			
	2016	2015	Change, y-o-y	2016	2015	Change, y-o-y	2016	2016	2015	2016	2015	Change, y-o-y	
<i>GEL thousands; unless otherwise noted</i>													
<b>Revenue, gross</b>	<b>246,139</b>	<b>195,032</b>	<b>26.2%</b>	<b>61,494</b>	<b>58,552</b>	<b>5.0%</b>	<b>133,002</b>	<b>(14,196)</b>	<b>(7,615)</b>	<b>426,439</b>	<b>245,969</b>	<b>73.4%</b>	
Corrections & rebates	(2,686)	(3,608)	-25.6%	-	-	-	-	-	-	(2,686)	(3,608)	-25.6%	
<b>Revenue, net</b>	<b>243,453</b>	<b>191,424</b>	<b>27.2%</b>	<b>61,494</b>	<b>58,552</b>	<b>5.0%</b>	<b>133,002</b>	<b>(14,196)</b>	<b>(7,615)</b>	<b>423,753</b>	<b>242,361</b>	<b>74.8%</b>	
<b>Costs of services</b>	<b>(130,369)</b>	<b>(107,291)</b>	<b>21.5%</b>	<b>(55,772)</b>	<b>(49,372)</b>	<b>13.0%</b>	<b>(105,472)</b>	<b>13,878</b>	<b>7,431</b>	<b>(277,735)</b>	<b>(149,232)</b>	<b>86.1%</b>	
Cost of salaries and other employee benefits	(80,397)	(68,014)	18.2%	-	-	-	-	4,762	2,685	(75,635)	(65,329)	15.8%	
Cost of materials and supplies	(38,059)	(29,097)	30.8%	-	-	-	-	2,254	1,149	(35,805)	(27,949)	28.1%	
Cost of medical service providers	(1,842)	(2,423)	-24.0%	-	-	-	-	109	96	(1,733)	(2,328)	-25.6%	
Cost of utilities and other	(10,071)	(7,757)	29.8%	-	-	-	-	596	306	(9,475)	(7,451)	27.2%	
Net insurance claims incurred	-	-	-	(51,701)	(46,076)	12.2%	-	-	6,157	3,195	(45,544)	(42,881)	6.2%
Agents, brokers and employee commissions	-	-	-	(4,071)	(3,296)	23.5%	-	-	-	(4,071)	(3,296)	23.5%	
Cost of pharmacy – wholesale	-	-	-	-	-	-	(30,332)	-	-	(30,332)	-	-	
Cost of pharmacy - retail	-	-	-	-	-	-	(75,140)	-	-	(75,140)	-	-	
<b>Gross profit</b>	<b>113,084</b>	<b>84,133</b>	<b>34.4%</b>	<b>5,722</b>	<b>9,180</b>	<b>-37.7%</b>	<b>27,530</b>	<b>(318)</b>	<b>(184)</b>	<b>146,018</b>	<b>93,129</b>	<b>56.8%</b>	
Salaries and other employee benefits	(24,048)	(23,075)	4.2%	(4,663)	(3,642)	28.0%	(11,357)	318	202	(39,750)	(26,515)	49.9%	
General and administrative expenses	(13,920)	(7,860)	77.1%	(2,656)	(2,660)	-0.2%	(11,277)	-	3	(27,853)	(10,517)	164.8%	
Impairment of healthcare services, insurance premiums and other receivables	(1,881)	(3,140)	-40.1%	(451)	(308)	46.2%	-	-	-	(2,332)	(3,448)	-32.4%	
Other operating income	1,085	3,468	-68.7%	19	43	NMF	840	-	(21)	1,944	3,490	-44.3%	
<b>EBITDA</b>	<b>74,320</b>	<b>53,526</b>	<b>38.8%</b>	<b>(2,029)</b>	<b>2,613</b>	<b>NMF</b>	<b>5,736</b>	<b>-</b>	<b>-</b>	<b>78,027</b>	<b>56,139</b>	<b>39.0%</b>	
<b>EBITDA margin</b>	<b>30.2%</b>	<b>27.4%</b>		<b>-3.3%</b>	<b>4.5%</b>		<b>4.3%</b>	<b>-</b>	<b>-</b>	<b>18.3%</b>	<b>22.8%</b>		
Depreciation and amortisation	(18,287)	(11,973)	52.7%	(843)	(692)	21.7%	(447)	-	-	(19,577)	(12,666)	54.6%	
Net interest income (expense)	(12,198)	(20,352)	-40.1%	232	71	NMF	(1,602)	(168)	-	(13,736)	(20,282)	-32.3%	
Net gains/(losses) from foreign currencies	(4,270)	1,312	NMF	(110)	785	-114.0%	(1,277)	-	-	(5,657)	2,098	NMF	
Net non-recurring income/(expense)	2,883	(960)	NMF	(1,677)	(722)	NMF	(88)	-	-	1,118	(1,682)	NMF	
<b>Profit before income tax expense</b>	<b>42,448</b>	<b>21,553</b>	<b>96.9%</b>	<b>(4,427)</b>	<b>2,055</b>	<b>NMF</b>	<b>2,322</b>	<b>(168)</b>	<b>-</b>	<b>40,175</b>	<b>23,608</b>	<b>70.2%</b>	
Income tax benefit/(expense)	22,054	307	NMF	(500)	(298)	NMF	(398)	-	-	21,156	9	NMF	
<i>of which: Deferred tax adjustments</i>	<i>24,990</i>	<i>-</i>	<i>-</i>	<i>(798)</i>	<i>-</i>	<i>-</i>	<i>(200)</i>	<i>-</i>	<i>-</i>	<i>23,992</i>	<i>-</i>	<i>-</i>	
<b>Profit for the period</b>	<b>64,502</b>	<b>21,860</b>	<b>195.1%</b>	<b>(4,927)</b>	<b>1,757</b>	<b>NMF</b>	<b>1,924</b>	<b>(168)</b>	<b>-</b>	<b>61,331</b>	<b>23,617</b>	<b>159.7%</b>	
<b>Attributable to:</b>													
- shareholders of the Company	53,374	17,894	198.3%	(4,927)	1,757	NMF	1,924	(168)	-	50,203	19,651	155.5%	
- non-controlling interests	11,128	3,966	180.6%	-	-	-	-	-	-	11,128	3,966	180.6%	
<i>of which: Deferred tax adjustments</i>	<i>4,541</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4,541</i>	<i>-</i>	<i>-</i>	



## INCOME STATEMENT, HIGHLIGHTS

	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	2016	2015	Change y-o-y
<i>GEL thousands, unless otherwise stated</i>								
Net banking interest income	8,043	7,590	6.0%	7,830	2.7%	30,773	29,307	5.0%
Net fee and commission income	1,993	2,133	-6.6%	1,739	14.6%	7,462	9,198	-18.9%
Net banking foreign currency gain	2,696	2,011	34.1%	1,175	129.4%	8,452	17,036	-50.4%
Net other banking income	(1,064)	1,776	NMF	79	NMF	(738)	2,199	NMF
<b>Revenue</b>	<b>11,668</b>	<b>13,510</b>	<b>-13.6%</b>	<b>10,823</b>	<b>7.8%</b>	<b>45,949</b>	<b>57,740</b>	<b>-20.4%</b>
Operating expenses	(6,483)	(6,068)	6.8%	(4,982)	30.1%	(20,905)	(19,731)	6.0%
<b>Operating income before cost of credit risk</b>	<b>5,185</b>	<b>7,442</b>	<b>-30.3%</b>	<b>5,841</b>	<b>-11.2%</b>	<b>25,044</b>	<b>38,009</b>	<b>-34.1%</b>
Cost of credit risk	(9,163)	(7,651)	19.8%	(3,043)	NMF	(15,797)	(19,270)	-18.0%
Net non-recurring items	(1,402)	3,217	NMF	(4)	NMF	(1,418)	1,478	NMF
<b>Profit before income tax</b>	<b>(5,380)</b>	<b>3,008</b>	<b>NMF</b>	<b>2,794</b>	<b>NMF</b>	<b>7,829</b>	<b>20,217</b>	<b>-61.3%</b>
Income tax (expense) benefit	1,289	1,801	-28.4%	(441)	NMF	(5,141)	(2,754)	86.7%
<b>Profit</b>	<b>(4,091)</b>	<b>4,809</b>	<b>NMF</b>	<b>2,353</b>	<b>NMF</b>	<b>2,688</b>	<b>17,463</b>	<b>-84.6%</b>

## BALANCE SHEET, HIGHLIGHTS

	Dec-16	Dec-15	Change y-o-y	Sep-16	Change q-o-q
<i>GEL thousands, unless otherwise stated</i>					
Cash and cash equivalents	70,211	109,758	-36.0%	67,096	4.6%
Amounts due from credit institutions	3,560	3,906	-8.9%	3,292	8.1%
Loans to customers and finance lease receivables	362,100	320,114	13.1%	327,170	10.7%
Other assets	113,261	41,705	171.6%	96,177	17.8%
<b>Total assets</b>	<b>549,132</b>	<b>475,483</b>	<b>15.5%</b>	<b>493,735</b>	<b>11.2%</b>
Client deposits and notes	233,501	277,642	-15.9%	200,742	16.3%
Amounts due to credit institutions	212,495	115,643	83.8%	198,446	7.1%
Debt securities issued	24,126	-	-	15,484	55.8%
Other liabilities	5,202	4,685	11.0%	6,978	-25.5%
<b>Total liabilities</b>	<b>475,324</b>	<b>397,970</b>	<b>19.4%</b>	<b>421,650</b>	<b>12.7%</b>
<b>Total equity attributable to shareholders of the Group</b>	<b>59,205</b>	<b>64,505</b>	<b>-8.2%</b>	<b>57,826</b>	<b>2.4%</b>
Non-controlling interests	14,603	13,008	12.3%	14,259	2.4%
<b>Total equity</b>	<b>73,808</b>	<b>77,513</b>	<b>-4.8%</b>	<b>72,085</b>	<b>2.4%</b>
<b>Total liabilities and equity</b>	<b>549,132</b>	<b>475,483</b>	<b>15.5%</b>	<b>493,735</b>	<b>11.2%</b>

## INCOME STATEMENT HIGHLIGHTS

GEL thousands, unless otherwise stated

	4Q16	4Q15	Change y-o-y	3Q16	Change q-o-q	2016	2015	Change y-o-y
Net banking interest income	761	590	29.0%	862	-11.7%	3,118	2,330	33.8%
Net fee and commission income	128	87	47.1%	104	23.1%	436	310	40.6%
Net banking foreign currency gain	809	(126)	NMF	(70)	NMF	(294)	993	NMF
Net other banking income	495	351	41.0%	255	94.1%	1,104	993	11.2%
Gross insurance profit	6,477	5,423	19.4%	6,836	-5.3%	25,788	21,180	21.8%
<b>Revenue</b>	<b>8,670</b>	<b>6,325</b>	<b>37.1%</b>	<b>7,987</b>	<b>8.6%</b>	<b>30,152</b>	<b>25,806</b>	<b>16.8%</b>
Operating expenses	(3,641)	(2,746)	32.6%	(3,102)	17.4%	(12,284)	(11,199)	9.7%
<b>Operating income before cost of credit risk and non-recurring items</b>	<b>5,029</b>	<b>3,579</b>	<b>40.5%</b>	<b>4,885</b>	<b>2.9%</b>	<b>17,868</b>	<b>14,607</b>	<b>22.3%</b>
Cost of credit risk	(265)	(244)	8.6%	(185)	43.2%	(808)	(710)	13.8%
Net non-recurring items	-	(701)	-100.0%	3	-100.0%	3	(701)	NMF
<b>Profit before income tax</b>	<b>4,764</b>	<b>2,634</b>	<b>80.9%</b>	<b>4,703</b>	<b>1.3%</b>	<b>17,063</b>	<b>13,196</b>	<b>29.3%</b>
Income tax (expense) benefit	(953)	(467)	104.1%	(812)	17.4%	(3,318)	(731)	NMF
<b>Profit</b>	<b>3,811</b>	<b>2,167</b>	<b>75.9%</b>	<b>3,891</b>	<b>-2.1%</b>	<b>13,745</b>	<b>12,465</b>	<b>10.3%</b>

<b>BANKING BUSINESS KEY RATIOS</b>	<b>4Q16</b>	<b>4Q15</b>	<b>3Q16</b>	<b>Dec-16</b>	<b>Dec-15</b>
<b>Profitability</b>					
ROAA, Annualised	2.9%	3.5%	3.7%	3.2%	3.2%
ROAE, Annualised	20.1%	25.1%	24.7%	22.1%	21.7%
<i>RB ROAE</i>	35.8%	28.6%	31.6%	30.5%	24.6%
<i>CIB ROAE</i>	6.1%	21.7%	17.9%	14.5%	18.5%
Net Interest Margin, Annualised	7.6%	7.6%	7.3%	7.5%	7.7%
<i>RB NIM</i>	9.3%	9.6%	9.0%	9.2%	9.6%
<i>CIB NIM</i>	3.6%	3.8%	3.4%	3.6%	3.9%
Loan Yield, Annualised	14.4%	14.8%	14.1%	14.2%	14.8%
<i>RB Loan Yield</i>	16.4%	17.9%	16.6%	16.8%	17.6%
<i>CIB Loan Yield</i>	11.1%	10.8%	10.1%	10.4%	10.7%
Liquid assets yield, Annualised	3.3%	3.3%	3.2%	3.2%	3.2%
Cost of Funds, Annualised	4.6%	5.1%	4.7%	4.7%	5.1%
Cost of Client Deposits and Notes, annualised	3.5%	4.4%	3.6%	3.8%	4.3%
<i>RB Cost of Client Deposits and Notes</i>	3.1%	3.5%	3.3%	3.3%	3.9%
<i>CIB Cost of Client Deposits and Notes</i>	3.6%	4.6%	3.5%	3.9%	4.1%
Cost of Amounts Due to Credit Institutions, annualised	6.4%	5.9%	6.5%	6.2%	5.8%
Cost of Debt Securities Issued	6.1%	6.8%	6.6%	6.8%	7.1%
Operating Leverage, Y-O-Y	-6.8%	10.4%	-7.7%	-6.0%	16.6%
Operating Leverage, Q-O-Q	-0.3%	-1.7%	1.9%	0.0%	0.0%
<b>Efficiency</b>					
Cost / Income	37.5%	35.4%	37.3%	37.7%	35.7%
<i>RB Cost / Income</i>	38.8%	40.4%	38.7%	40.0%	40.3%
<i>CIB Cost / Income</i>	28.7%	23.6%	31.1%	29.5%	26.2%
<b>Liquidity</b>					
NBG Liquidity Ratio	37.7%	46.2%	41.4%	37.7%	46.2%
Liquid Assets To Total Liabilities	37.8%	38.3%	38.2%	37.8%	38.3%
Net Loans To Client Deposits and Notes	116.6%	107.5%	117.2%	116.6%	107.5%
Net Loans To Client Deposits and Notes + DFIs	95.3%	90.8%	94.2%	95.3%	90.8%
Leverage (Times)	6.9	6.0	5.4	6.9	6.0
<b>Asset Quality:</b>					
NPLs (in GEL)	294,787	241,142	260,963	294,787	241,142
NPLs To Gross Loans To Clients	4.2%	4.3%	4.4%	4.2%	4.3%
NPL Coverage Ratio	86.7%	83.4%	86.5%	86.7%	83.4%
NPL Coverage Ratio, Adjusted for discounted value of collateral	132.1%	120.6%	131.1%	132.1%	120.6%
Cost of Risk, Annualised	4.2%	2.4%	2.3%	2.7%	2.7%
<i>RB Cost of Risk</i>	2.0%	2.1%	2.4%	2.3%	2.6%
<i>CIB Cost of Risk</i>	6.6%	1.8%	1.9%	3.1%	2.2%
<b>Capital Adequacy:</b>					
New NBG (Basel 2/3) Tier I Capital Adequacy Ratio <sup>2</sup>	10.1%	10.9%	11.0%	10.1%	10.9%
New NBG (Basel 2/3) Total Capital Adequacy Ratio <sup>2</sup>	15.4%	16.7%	16.2%	15.4%	16.7%
Old NBG Tier I Capital Adequacy Ratio	7.2%	9.3%	10.0%	7.2%	9.3%
Old NBG Total Capital Adequacy Ratio	13.5%	16.9%	16.6%	13.5%	16.9%

<sup>1</sup>Note: for the description of Key ratios, refer to slide 112

<sup>2</sup>Note: Capital adequacy ratios include GEL 99.5mIn dividend distributed from the bank to the holding level on 29 December 2016. These funds are earmarked for regular dividends to be paid from BGEO Group in respect to 2016 financial year and will be payable in 2017 subject to the board and shareholder approval. Including this payment, NBG (Basel 2/3) Tier I and Total CAR is 9.1% and 14.4%, respectively.



# Key operating data

<b>Selected Operating Data:</b>	<b>4Q16</b>	<b>4Q15</b>	<b>3Q16</b>	<b>Dec-16</b>	<b>Dec-15</b>
<b>Total Assets Per FTE, BOG Standalone</b>	2,242	2,028	1,984	2,242	2,028
<b>Number Of Active Branches, Of Which:</b>	278	266	276	278	266
- Express Branches (including Metro)	128	114	122	128	114
- Bank of Georgia Branches	139	144	144	139	144
- Solo Lounges	11	8	10	11	8
<b>Number Of ATMs</b>	801	746	772	801	746
<b>Number Of Cards Outstanding, Of Which:</b>	2,056,258	1,958,377	1,996,836	2,056,258	1,958,377
- Debit cards	1,255,637	1,204,103	1,185,333	1,255,637	1,204,103
- Credit cards	800,621	754,274	811,503	800,621	754,274
<b>Number Of POS Terminals</b>	10,357	8,102	10,017	10,357	8,102
<b>FX Rates:</b>					
GEL/US\$ exchange rate (period-end)	2.6468	2.3949	2.3297		
GEL/GBP exchange rate (period-end)	3.2579	3.5492	3.0284		
			<b>2016</b>		<b>2015</b>
<b>Full Time Employees, Group, Of Which:</b>			22,080		15,955
<b>Total Banking Business Companies, of which:</b>			6,720		6,081
- Full Time Employees, BOG Standalone			5,016		4,523
- Full Time Employees, BNB			611		540
- Full Time Employees, Aldagi			289		251
- Full Time Employees, BB other			804		767
<b>Total Investment Business Companies, of which:</b>			15,360		9,874
- Full Time Employees, Georgia Healthcare Group			12,720		9,649
- Full Time Employees, GGU			2,379		-
- Full Time Employees, m2			80		58
- Full Time Employees, IB Other			181		167
<b>Shares Outstanding</b>	<b>Dec-16</b>	<b>Dec-15</b>	<b>Sep-16</b>		
Ordinary Shares Outstanding	37,657,229	37,978,568	38,238,796		
Treasury Shares Outstanding	1,843,091	1,521,752	1,261,524		
Total Shares Outstanding	39,500,320	39,500,320	39,500,320		
	<b>Risk Weighted Assets</b>			<b>Change</b>	
<b>Risk Weighted Assets breakdown</b>	<b>31-Dec-16</b>	<b>30-Sep-16</b>	<b>31-Dec-15</b>	<b>Y-O-Y, %</b>	<b>Q-O-Q, %</b>
Credit risk weighting	6,902,208	5,995,672	5,938,257	16.2%	15.1%
FX induced credit risk (market risk)	2,148,527	1,925,748	1,800,287	19.3%	11.6%
Operational risk weighting	739,547	739,547	624,825	18.4%	0.0%
<b>Total RWA under NBG Basel 2/3</b>	<b>9,790,282</b>	<b>8,660,967</b>	<b>8,363,369</b>	<b>17.1%</b>	<b>13.0%</b>

## Share price consensus – GBP 32.74

<b>Bank</b>	<b>Target Price (GBP)</b>	<b>Analyst report date</b>
<b>BoAML</b>	22.66	25-Feb-15
<b>Citi</b>	35.10	1-Dec-16
<b>HSBC</b>	33.00	2-Sep-16
<b>Jefferies</b>	40.00	22-Nov-16
<b>KBW</b>	29.90	22-Nov-16
<b>Numis Securities</b>	36.57	1-Dec-16
<b>Peel Hunt</b>	26.00	22-Nov-16
<b>Renaissance Capital</b>	33.60	29-Aug-16
<b>Sberbank</b>	37.00	16-Dec-16
<b>UBS</b>	29.60	22-Nov-16
<b>VTB Capital</b>	35.00	28-Nov-16
<b>Wood &amp; Company</b>	34.50	19-Dec-16

1

## 128 Express Branches



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

3

## 2,729 Express Pay Terminals



- Credit card repayments
- Loan repayments
- Cash deposit into accounts
- Loan activation
- Utility and other payments
- Mobile top-ups
- MetroMoney top-ups



2

## 1,758,222 Express Cards for Transport payments



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

4

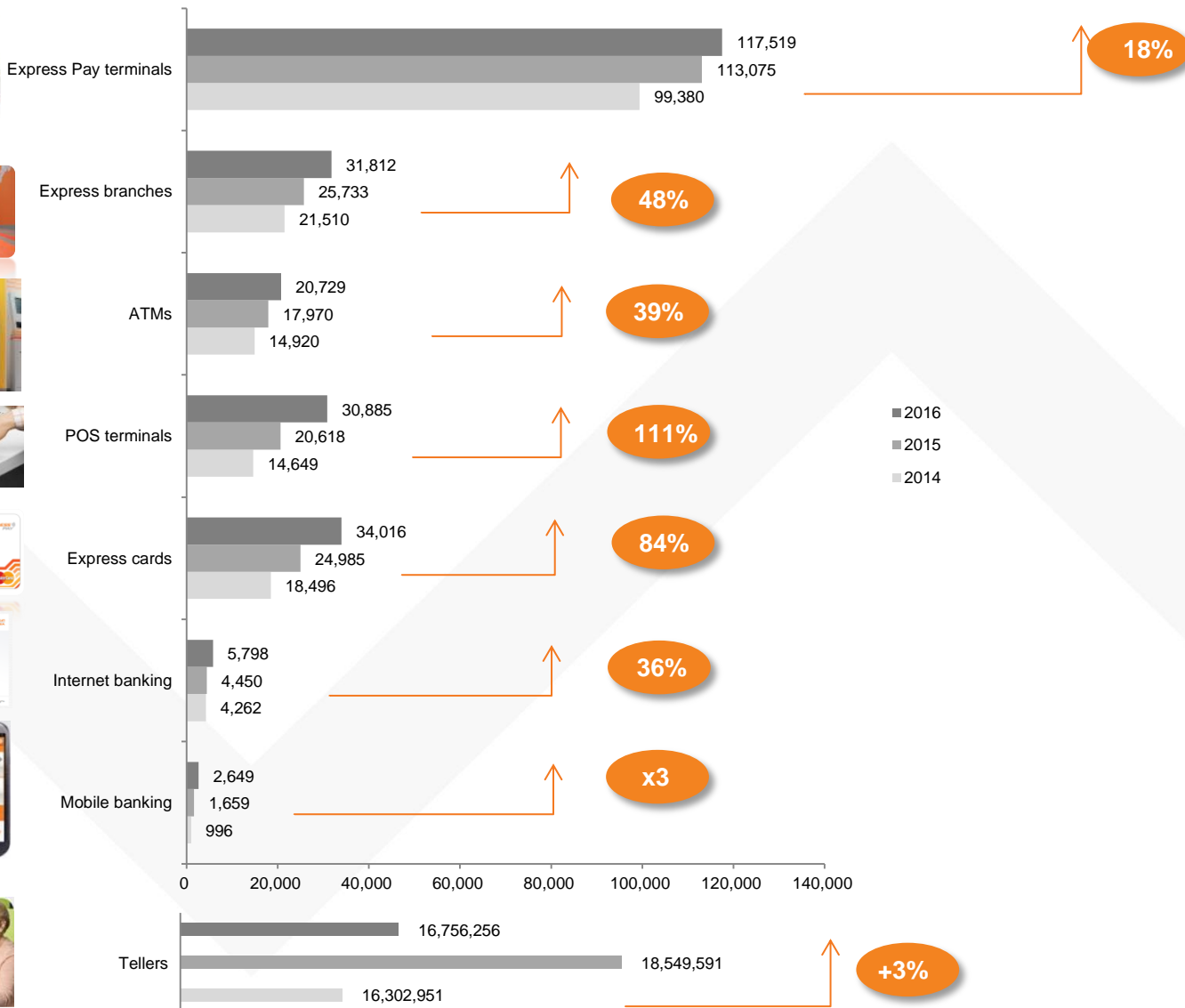
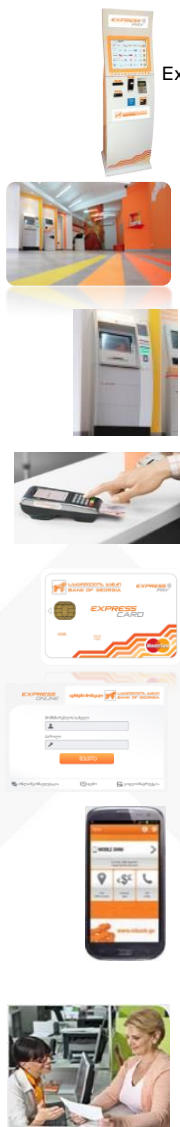
## 10,357 POS Terminals at 4,514 Merchants



- Payments via cards and Express points
- P2P transactions between merchant and supplier
- Credit limit with 0% interest rate

# Capturing emerging mass market customers

No. of transactions '000s



Through the recently launched Solo, we target to **attract new clients** (currently 19,267) to significantly **increase market share** in **premium banking** from c.13% at the beginning of 2015

### SOLO Lounges



#### New Solo offers:

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



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



Project timeline

Start date:

Completed projects: All projects were completed on budget and on schedule



Project highlights

1,672 apartments completed with 97% sales

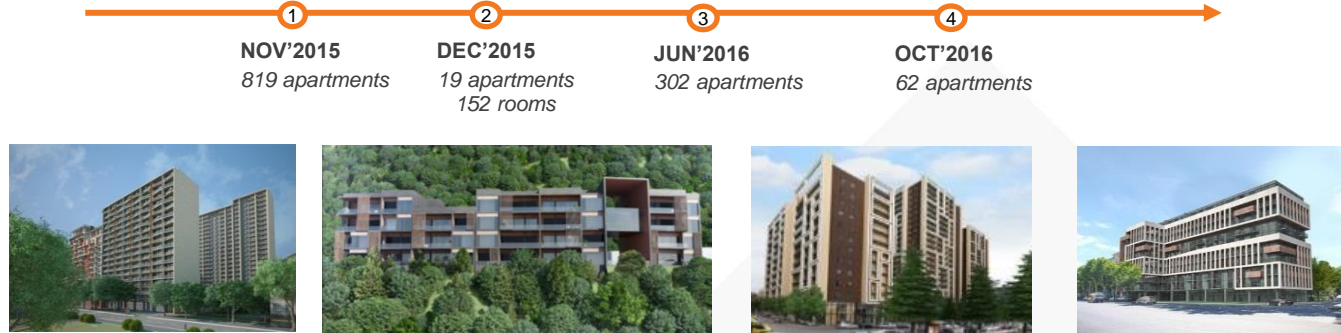
<p><b>1 Chubinishvili street</b></p> <ul style="list-style-type: none"> <li>• 123 apartments</li> <li>• <b>IRR: 47%</b></li> <li>• Equity multiple: x1.8</li> <li>• Apartments sold: 123/123, 100%</li> <li>• Pre-sales<sup>1</sup> was: 91%</li> <li>• Start date: Sep'2010</li> <li>• Completion: Aug'2012</li> <li>• Sales: US\$ 9.9mln</li> <li>• Land value unlocked: US\$ 0.9mln</li> </ul>	<p><b>2 Tamarashvili street</b></p> <ul style="list-style-type: none"> <li>• 525 apartments</li> <li>• <b>IRR: 46%</b></li> <li>• Equity multiple: x2.4</li> <li>• Apartments sold: 523/525, 100%</li> <li>• Pre-sales was: 97%</li> <li>• Start date: May'2012</li> <li>• Completion: Jun'2014</li> <li>• Sales: US\$ 48.5mln</li> <li>• Land value unlocked: US\$ 5.4mln</li> </ul>	<p><b>3 Nutsubidze street</b></p> <ul style="list-style-type: none"> <li>• 221apartments</li> <li>• <b>IRR: 58%</b></li> <li>• Equity multiple: x1.5</li> <li>• Apartments sold: 221/221, 100%</li> <li>• Pre-sales: 89%</li> <li>• Start date: Dec'2013</li> <li>• Completion: Sep'2015</li> <li>• Sales: US\$ 17.4mln</li> <li>• Land value unlocked: US\$ 2.2mln</li> </ul>
<p><b>4 Kazbegi Street</b></p> <ul style="list-style-type: none"> <li>• 295 apartments</li> <li>• <b>IRR: 165%</b></li> <li>• Equity multiple: x2.3</li> <li>• Apartments sold: 295/295, 100%</li> <li>• Pre-sales: 90%</li> <li>• Start date: Dec'2013</li> <li>• Completion: Feb'2016</li> <li>• Sales: US\$ 27.2mln</li> <li>• Land value unlocked: US\$ 3.6mln</li> </ul>	<p><b>5 Tamarashvili Street II</b></p> <ul style="list-style-type: none"> <li>• 270 apartments</li> <li>• <b>IRR: 71%</b></li> <li>• Equity multiple: x2.1</li> <li>• Apartments sold: 262/270, 97%</li> <li>• Pre-sales: 76%</li> <li>• Start date: Jul'2014</li> <li>• Completion: Jun'2016</li> <li>• Sales: US\$ 23.9mln</li> <li>• Land value unlocked: US\$ 2.7mln</li> </ul>	<p><b>6 Moscow avenue</b></p> <ul style="list-style-type: none"> <li>• 238 apartments</li> <li>• <b>IRR: 31%</b></li> <li>• Equity multiple: x1.5</li> <li>• Apartments sold: 201/238, 84%</li> <li>• Pre-sales: 69%</li> <li>• Start date: Sep'2014</li> <li>• Completion: Jun'2016</li> <li>• Sales: US\$ 10.0mln</li> <li>• Land value unlocked: US\$ 1.6mln</li> </ul>

**N** Completed projects Note 1: Pre-sales is defined as sales before project completion

Project timeline

Ongoing projects: All projects are within the schedule

Start date:



Project highlights

1,202 apartments under construction with 35% pre-sales

<p><b>1</b> <b>Kartozia Street</b></p> <ul style="list-style-type: none"> <li>819 apartments</li> <li><b>IRR: 60%</b></li> <li>Equity multiple: x1.7</li> <li>Pre-sales: 337/819, 41%</li> <li>Pre-sales: US\$ 23.6mln</li> <li>Start date: Nov'2015</li> <li>Completion exp.: Oct'2018</li> <li>Construction progress: 29% completed</li> <li>Land value to be unlocked: US\$ 5.8mln</li> </ul>	<p><b>2</b> <b>Skyline</b></p> <ul style="list-style-type: none"> <li>19 apartments</li> <li><b>IRR: 329%</b></li> <li>Equity multiple: x1.1</li> <li>Pre-sales: 9/19, 47%</li> <li>Pre-sales: US\$ 4.1mln</li> <li>Start date: Dec'2015</li> <li>Completion expected: May'2017</li> <li>Construction progress: 69% completed</li> <li>Land value to be unlocked: US\$ 3.1mln</li> </ul>	<p><b>3</b> <b>Kazbegi Street II</b></p> <table border="0"> <tr> <td> <p><b>Residential</b></p> <ul style="list-style-type: none"> <li>302 apartments</li> <li><b>IRR: 51%</b></li> <li>Equity multiple: x2.5</li> <li>Pre-sales: 104/302, 34%</li> <li>Pre-sales: US\$ 8.5mln</li> <li>Start date: Jun'2016</li> <li>Completion expected: Nov'2018</li> <li>Construction progress: 6% completed</li> <li>Land value to be unlocked: US\$ 4.3mln</li> </ul> </td> <td> <p><b>Ramada Encore (Hotel)</b></p> <ul style="list-style-type: none"> <li>152 rooms, 7000 sqm (gross)</li> <li>Start: June-16</li> <li>Completion: Nov-17</li> <li>Total completion cost: US\$ 13.2mln</li> <li>Profit stabilized year: US\$ 1.6mln</li> <li>ADR (stabilized year): US\$ 115</li> </ul> </td> </tr> </table>	<p><b>Residential</b></p> <ul style="list-style-type: none"> <li>302 apartments</li> <li><b>IRR: 51%</b></li> <li>Equity multiple: x2.5</li> <li>Pre-sales: 104/302, 34%</li> <li>Pre-sales: US\$ 8.5mln</li> <li>Start date: Jun'2016</li> <li>Completion expected: Nov'2018</li> <li>Construction progress: 6% completed</li> <li>Land value to be unlocked: US\$ 4.3mln</li> </ul>	<p><b>Ramada Encore (Hotel)</b></p> <ul style="list-style-type: none"> <li>152 rooms, 7000 sqm (gross)</li> <li>Start: June-16</li> <li>Completion: Nov-17</li> <li>Total completion cost: US\$ 13.2mln</li> <li>Profit stabilized year: US\$ 1.6mln</li> <li>ADR (stabilized year): US\$ 115</li> </ul>	<p><b>4</b> <b>50 Chavchavadze ave.</b></p> <ul style="list-style-type: none"> <li>62 apartments</li> <li><b>IRR: 75%</b></li> <li>Equity multiple: x1.6</li> <li>Pre-sales: 28/62, 45%</li> <li>Pre-sales: US\$ 3.0mln</li> <li>Start date: Oct'2016</li> <li>Completion exp.: Oct'2018</li> <li>Construction progress: 3% completed</li> <li>Land value to be unlocked: US\$ 3.3mln</li> </ul>
<p><b>Residential</b></p> <ul style="list-style-type: none"> <li>302 apartments</li> <li><b>IRR: 51%</b></li> <li>Equity multiple: x2.5</li> <li>Pre-sales: 104/302, 34%</li> <li>Pre-sales: US\$ 8.5mln</li> <li>Start date: Jun'2016</li> <li>Completion expected: Nov'2018</li> <li>Construction progress: 6% completed</li> <li>Land value to be unlocked: US\$ 4.3mln</li> </ul>	<p><b>Ramada Encore (Hotel)</b></p> <ul style="list-style-type: none"> <li>152 rooms, 7000 sqm (gross)</li> <li>Start: June-16</li> <li>Completion: Nov-17</li> <li>Total completion cost: US\$ 13.2mln</li> <li>Profit stabilized year: US\$ 1.6mln</li> <li>ADR (stabilized year): US\$ 115</li> </ul>				

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



**Registered Address**

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[www.bgeo.com](http://www.bgeo.com)

Registered under number 7811410 in England and Wales  
Incorporation date: 14 October 2011

**Stock Listing**

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

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**Registrar**

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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

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Investor Centre Shareholder Helpline - +44 (0)370 873 5866

**Share price information**

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