



Georgia Healthcare Group *A Unique Investment Story*



GEORGIA
HEALTHCARE
GROUP

Investor Presentation
May 2015

A Unique Investment Story Supported by Compelling Themes

GHG's⁽¹⁾ market leading position, a unique business model with significant growth potential and highly experienced management team make it a credible investment opportunity

1

Market and Quality Leader

- ✓ **Largest market share:** 22.0% market share in healthcare services by number of beds, with over 38.0% share in West Georgia; ⁽²⁾ Unique “geographic cluster” footprint for hospital services; 35.9% market share in health insurance⁽³⁾
- ✓ **Widest population coverage:** Network of 39 high quality hospitals and ambulatory clinics⁽⁴⁾ with modern equipment, providing coverage to over 2/3 of Georgia's 4.5mln population⁽⁵⁾
- ✓ **Institutionalizing the industry:** Strong corporate governance, standardized processes, on-going EQS implementation,⁽⁶⁾ world renowned partners, own personnel training centre

3

“Patient Capture” Business Model

- ✓ “Patient capture” model
 - **Cost advantage** through vertical integration
 - **Referral system & cluster model:**
 - Strong presence across patient treatment pathways from local doctors (GPs) to specialised hospitals / centres
 - **Synergies with insurance:**
 - Insurance activities bolster hospital patient referrals



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Significant Growth Opportunities

2

- ✓ **Attractive macro:**⁽⁷⁾ Georgia – one of the fastest growing countries in Eastern Europe, open and easy⁽⁸⁾ emerging market to do business, with real GDP growing at a CAGR of 5.9% between 2004-13
- ✓ **Favourable healthcare environment:** Supportive government policy aimed at increasing accessibility and quality of healthcare services in Georgia
- ✓ **Further expansion:** Opportunities to increase penetration in Tbilisi (largest market), where GHG is scaling up its presence through acquisition and development of hospitals and ambulatory clinics
- ✓ **Non-organic growth opportunity:** Potential for further consolidation in a highly fragmented Georgian healthcare sector

Strong Management with Proven Track Record

4

- ✓ Valuable international healthcare experience
- ✓ In-depth knowledge of the local market
- ✓ Strong business management team and corporate governance, exceptional in Georgia's healthcare sector
- ✓ Successful M&A track record – acquired and integrated over 20 companies in the past decade, including over 25 healthcare facilities between 2011-14⁽⁴⁾
- ✓ Strong and supportive shareholder: Currently, GHG is a 100% subsidiary of Bank of Georgia Holdings PLC, only entity from Georgia listed on the premium segment of the main market of the London Stock Exchange (LSE:BGEO), part of FTSE 250 index

Sources:

- (1) Georgia Healthcare Group to be established in Georgia and the UK
- (2) Market share by number of beds. Source: National Center for Disease Control, data as of December 2012, updated by company to include changes before 31 March 2015
- (3) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 31 December 2014
- (4) GHG internal reporting
- (5) Geostat.ge, data as of 1 January 2014. Coverage refers to geographic areas served by GHG facilities
- (6) EQS are Evex Quality Standards developed at Evex for internal control and quality management (benchmark mainly based on JCI and EU standards) to analyse and improve clinical outcomes of hospital operations
- (7) Euromonitor, World Bank's 2012 “Ease of Doing Business Report”, other public information.
- (8) Ranked #15 (of 189 countries) in World Bank's 2015 “Ease of Doing Business Report”, ahead of all its neighbouring countries and several EU countries.



GHG is the largest, integrated healthcare and health insurance provider in Georgia and is growing

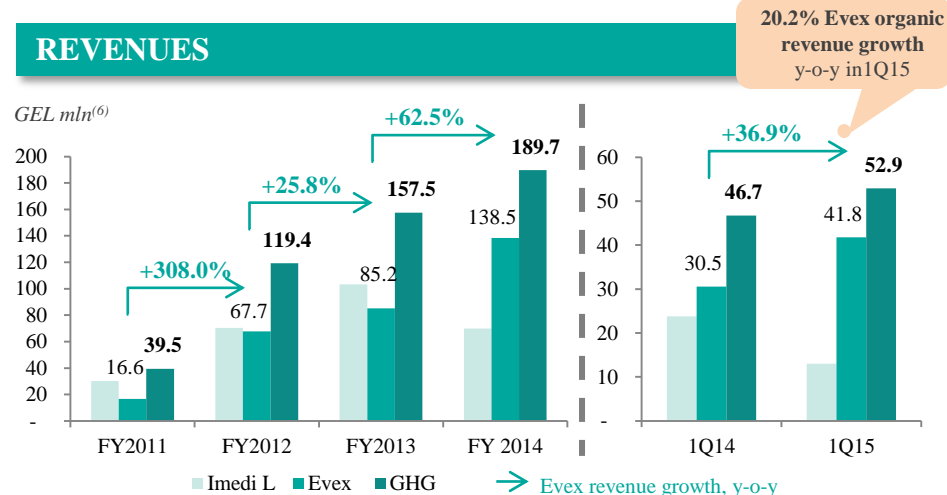
COMPANY OVERVIEW

- **Largest healthcare service provider in Georgia (JSC Evex Medical Corporation)**
 - 22.0% market share⁽¹⁾, more than 4x the size of the nearest competitor
 - Over 2/3 of population covered⁽²⁾
 - Operating 33 hospitals and 6 ambulatory clinics⁽³⁾
 - 2,140 beds⁽³⁾
- **Leading health insurance business (JSC Insurance Company Imedi L)**
 - 35.9% market share⁽⁴⁾, 66% larger by revenue than the nearest competitor
 - Insuring 248 thousand people⁽³⁾
- c. 8,177 full time employees, including 2,381 doctors⁽⁵⁾
- Currently 100% subsidiary of Bank of Georgia Holdings PLC, only entity from Georgia listed on the premium segment of the main market of London Stock Exchange (LSE:BGEO), part of FTSE 250 index

SETTING NEW STANDARDS IN GEORGIA'S HEALTHCARE

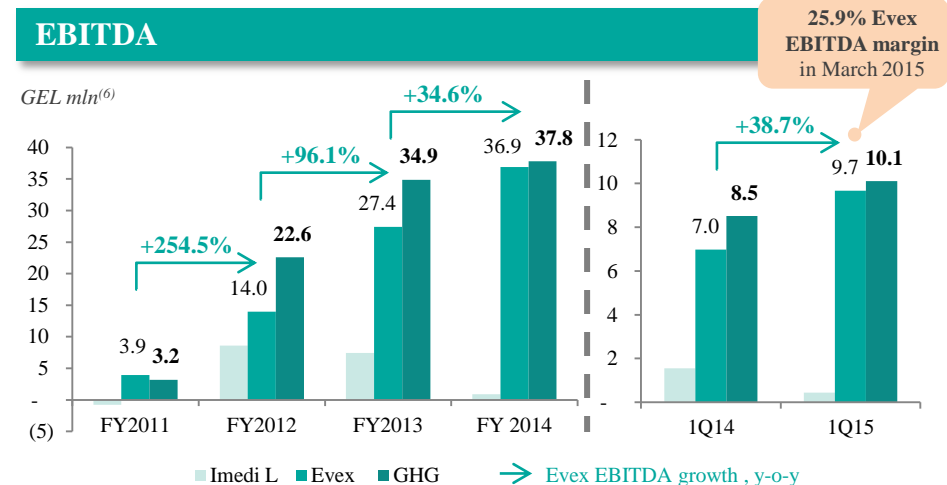
- In-house training centre for doctors and nurses and utilisation of modern equipment
- Ability to attract highly experienced physicians
- Straightforward procedures, efficient claims settlement and flexible premium policy
- Collaborations with Mayo Clinic, Emory School of Medicine, University Research Corporation (URC), John Snow, Inc. (JSI), Rostropovich - Vishnevskaya Foundation (RVF), Development Credit Authority (DCA), USAID
- Upholding ethical standards (GOG, WHO, Helsinki Declaration, US Gov. DHHS/OHRP)
- On-going Evex Quality Standards („EQS“) implementation, which is developed at Evex for internal control and quality management (benchmark mainly based on JCI and EU standards) to analyse and improve clinical outcomes of hospital operations

REVENUES



Note: Evex and Imedi L revenues do not add up to GHG revenues due to intercompany eliminations

EBITDA



Sources:

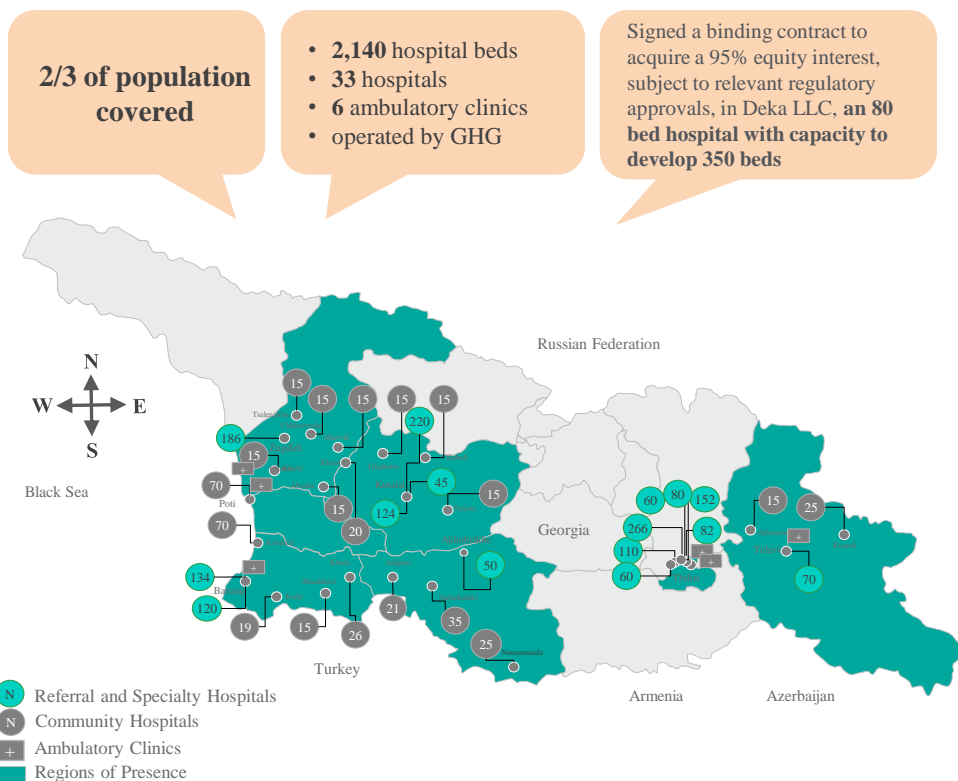
(1) Market share by number of companies beds. Source: NCDC, data as of December 2012, updated by company to include new facilities acquired before 31 March 2015
 (2) Source: Geostat.ge, data as of 1 January 2014, coverage refers to geographic areas served by GHG
 (3) GHG internal reporting; hospital related data as of 31 March 2015; number of insured as of 31 March 2015

(4) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 31 December 2014
 (5) As of 31 March 2015; number of full time employees including Tbilisi ambulatory clinic (Nutsbidzde) opened in Q4 2014
 (6) GEL to USD exchange rate is 2.2275 as of 31 March 2015. Source: nbg.gov.ge

Broad geographic coverage and diversified healthcare services network covering 2/3 of Georgia's population

Extensive Geographic Coverage⁽¹⁾

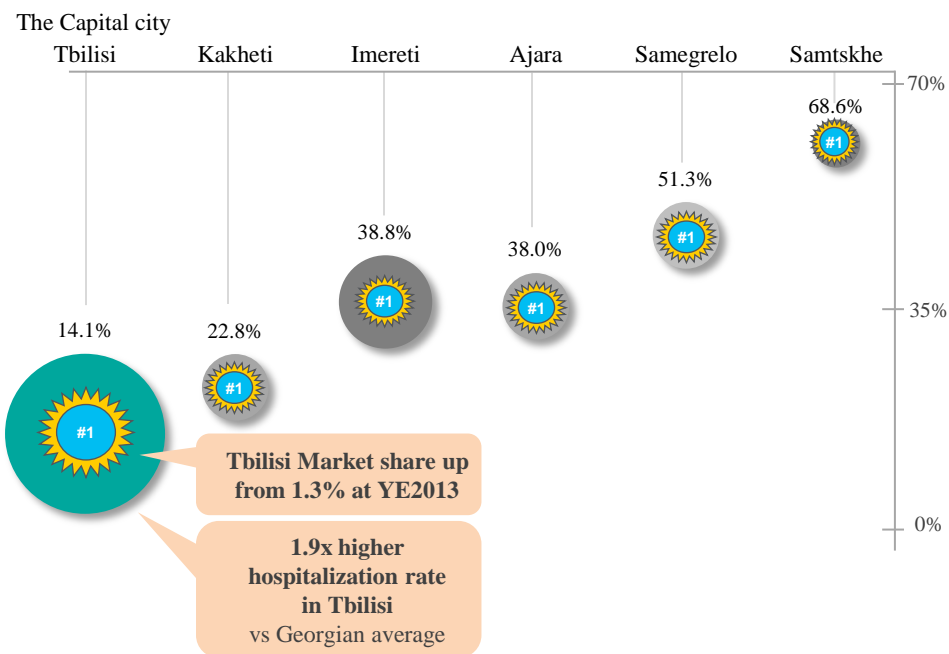
Network of healthcare facilities



Geographically Diversified Network

Regional market shares⁽²⁾

Bubble size denotes relative size based on % of population⁽³⁾



Sources:

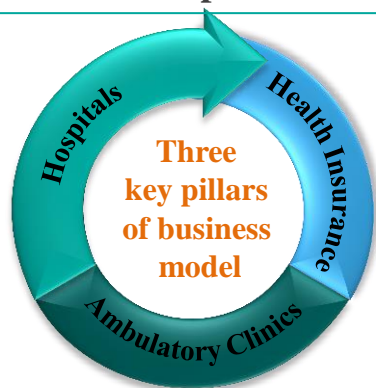
(1) GHG internal reporting – data as of 31 March 2015

(2) Market share by number of beds. Source: NCDC, data as of December 2012, updated by company to include changes before 31 March 2015. Market shares by beds are as of 31 March 2015

(3) Geostat.ge, data as of 1 January 2014

1 CLEAR MARKET LEADER (3/4) with UNIQUE “PATIENT CAPTURE” BUSINESS MODEL

Well established hospital network allows a seamless patient treatment pathway from local doctors to multi-profile or specialised hospitals whilst the insurance business plays a feeder role in originating and directing patients



GHG operates a highly integrated patient capture business model



14 referral & specialty hospitals provide secondary and tertiary level healthcare services
operating 1,679 beds

Referral & Specialty Hospitals

19 community hospitals provide primary out- and inpatient healthcare services
operating 461 beds

Community Hospitals

6 ambulatory clinics provide primary outpatient healthcare services

Ambulatory Clinics

2/3 of Georgia's 4.5mIn⁽¹⁾ population covered

Patients

1.8 mln GEL Evex revenue driven by health insurance division for 1Q15⁽²⁾



A vertically integrated care pathway

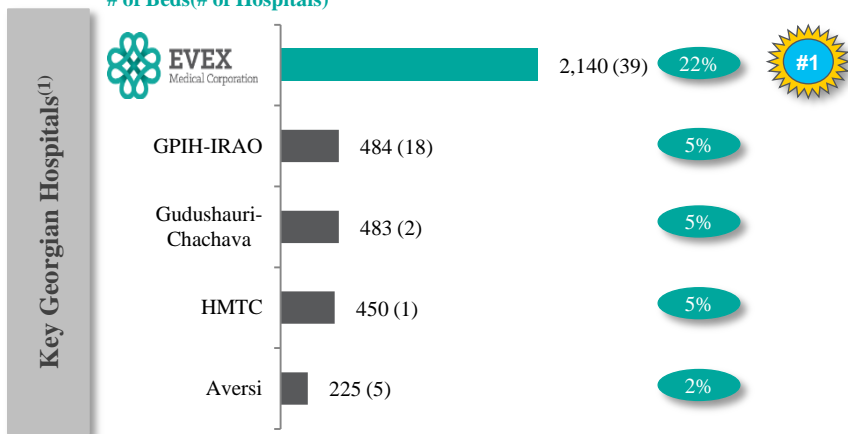
CLEAR MARKET LEADER (4/4) in a Fragmented Competitive Landscape

Leader in Georgia with clear and established #1 market positions in healthcare services and health insurance



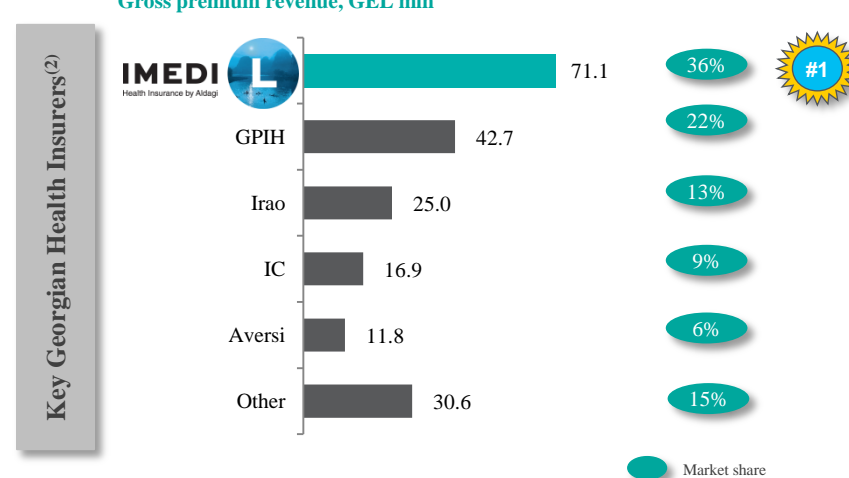
Healthcare Services (Hospitals)

of Beds(# of Hospitals)



Health Insurance

Gross premium revenue, GEL mln



Market share

Sources:
 (1) Market share by number of beds. Source: NCDC, data as of December 2012, updated by company to include changes before 31 March 2015
 (2) Market share by gross revenue; Insurance State Supervision Service Agency of Georgia as of 31 December 2014

- Area: 69,700 km²
- Population (2012): 4.5 million people
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi (Population of 1.1 million people)
- Currency: Lari (GEL)



Ease of Doing
Business
Best Improvement
since 2005

- Nominal GDP: 2014 GEL 29.2bn (US\$16.5bn)
- Real GDP average 10yr growth: 5.8%
- GDP per capita 2014E (PPP) per IMF: US\$7,653
- Inflation rate (e-o-p) 2014: 2.0%
- External public debt to GDP 2014: 26.8%

• Sovereign ratings:

S&P BB-/B/Stable, affirmed in November 2014

Moody's Ba3/NP/Positive, affirmed in August 2014

Fitch BB-/B/Stable, affirmed in April 2015



(1) According to Geostat.

(2) IMF World Economic database (October 2014). (3) EIU as at February 2015.

Sources: Ministry of Finance of Georgia, Geostat, IMF, Government of Georgia Presentation (Georgia.gov.ge)

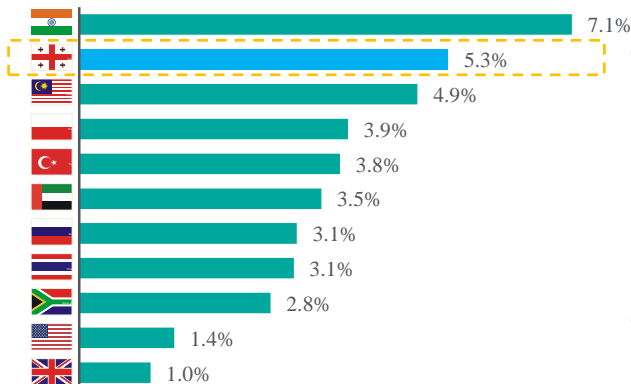


SIGNIFICANT GROWTH PROSPECTS

Georgia | Strong Economic Performance

Georgian Economy Grew Faster than DM and Most of EM Countries...

Real GDP CAGR 2005-14



...Fueled by Liberal Reforms...



Georgia is the top improver on the World Bank's Ease of Doing Business report since 2005, rising from 113th in 2005 to 15th in 2014

- Georgia has implemented one of the most radical market and government reforms and programme of economic liberalisation in the former Soviet Union states
- Massive privatisation lead to reduction of the public sector and its influence on the country's economy
- Significant improvement in the business environment resulted in annual net FDI inflow at average rate of 10% of GDP since 2005

...Which Removed Excessive Administrative Burden from Business

- ✓ Significant reduction of bureaucracy
- ✓ Overall, c.70% of business-related licenses and c.90% of permits were abolished
- ✓ One-stop shops for all business-related administrative procedures commenced operations
- ✓ Taxation was simplified with the total number of taxes reduced from 21 to 6
- ✓ Main import tariffs and fees were substantially abolished

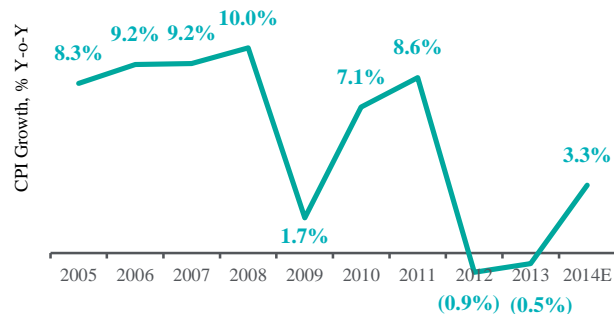
Prudent Fiscal Policy



- ✓ Consolidated budget spending capped at 30% of GDP
- ✓ Consolidated budget deficit capped at 3% of GDP
- ✓ Guideline to keep the budget debt below 60% of GDP
- ✓ Any new national tax or increase of upper rates of existing taxes must be approved by referendum, except for temporary measures

Monetary Policy Aims to Maintain Price Stability

Monetary policy aims to maintain price stability with medium-term inflation target defined at 3%

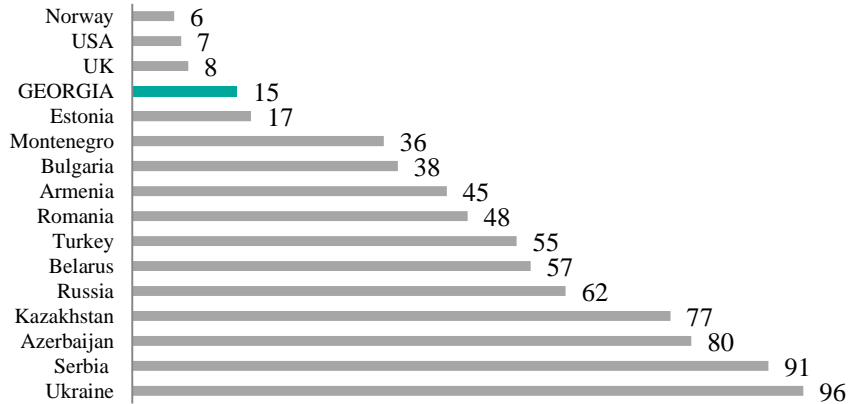




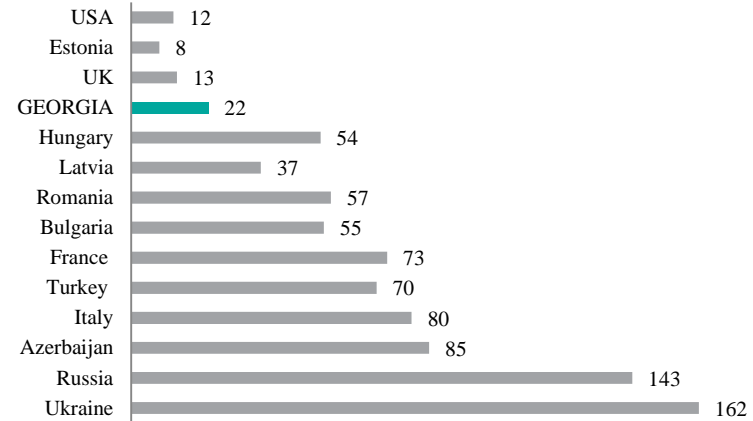
SIGNIFICANT GROWTH PROSPECTS

Top Improver on World Bank's Ease of Doing Business Report

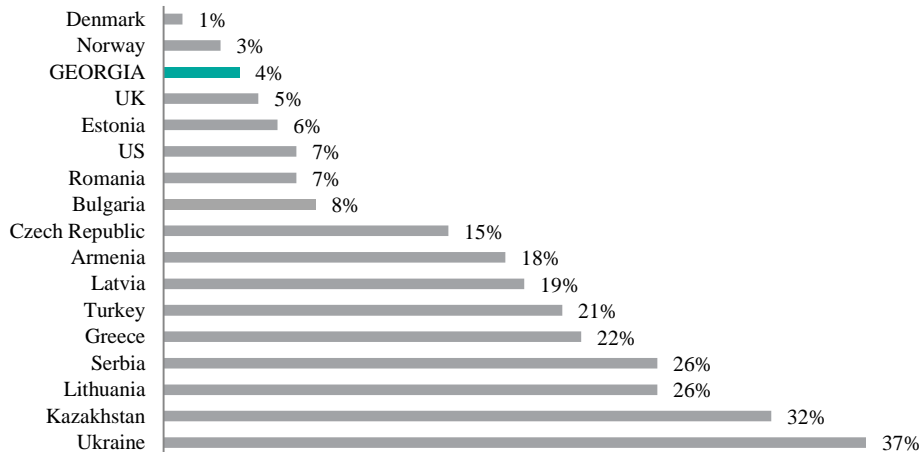
Ease of Doing Business | 2015 (WB-IFC Doing Business Report)



Economic Freedom Index | 2015 (Heritage Foundation)



Global Corruption Barometer | TI 2013



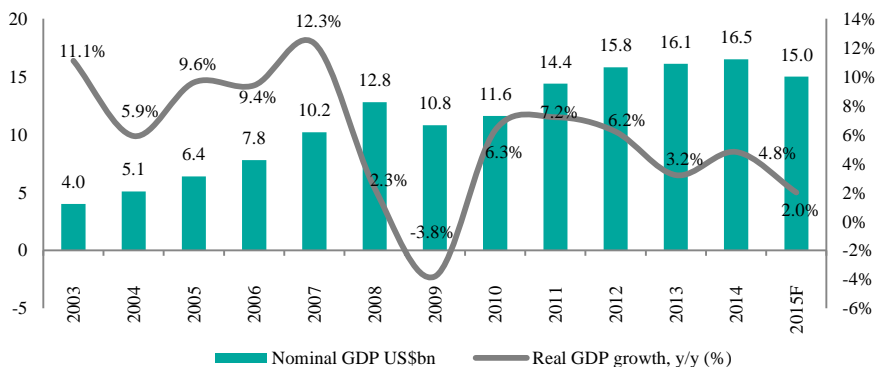
GEORGIA - No 1
Reformer 2005-2012
(WB-IFC Doing Business Report)



SIGNIFICANT GROWTH PROSPECTS

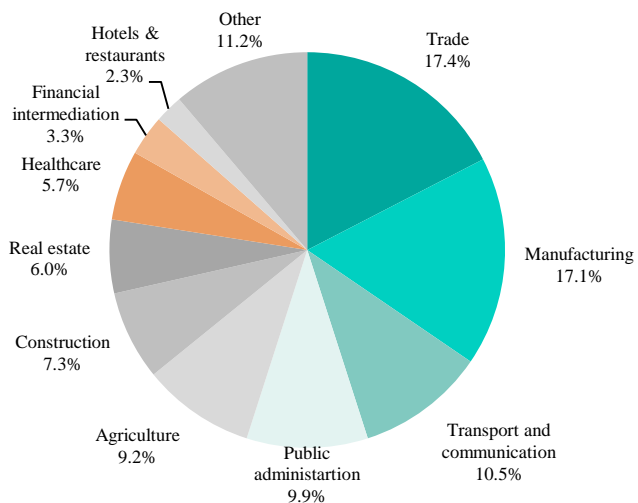
Georgia | Positive Economic Outlook

Gross domestic product



Sources: Geostat, IMF

GDP composition, FY 2014



Sources: Geostat, Ministry of Finance, National Bank of Georgia Research.

Clear Strategy to Achieve Long Term Growth

Liberal Reforms and Prudent Policy

- Liberty Act, which became effective in January 2014 seeks to ensure a credible fiscal and monetary framework:
- Government expenditure/GDP capped at 30%
- Budget deficit/GDP capped at 3%
- Government debt/GDP capped at 60%

Regional Logistics and Tourism Hub

- Proceeds from foreign tourism stood at US\$1.7bn in 2013 up 22% y-o-y, 5.4m visitors in 2013, (up 22%); 5.5m visitors in 2014 (up 2%) and tourism receipts reached US\$ 1.8bn (up 3.9% y-o-y)
- Regional energy transit corridor with approx. 1.6% of world's oil production and diversified gas supply passing through the country

Strong FDI

- Strong FDI inflows diversified across different sectors (US\$ 1.27bn in 2014)
- Net remittances of US\$1.26bn in 2014 (down 4.5%%)
- FDI averaged 10% of GDP in 2005-2014

Support from International Community

- Georgia and the EU signed an Association Agreement in June 2014 and Georgia's parliament ratified the agreement in July 2014. The deal includes a DCFTA, which is the major vehicle for Georgia's economic integration with the EU
- 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
- Diversified trade structure across countries and products
- Limited dependence on Russia which accounts for c.10% of exports and c.7% of imports

Cheap Electricity

- Only 18% of hydropower capacity utilized; 40 hydropower stations are being built/developed
- Net electricity exporter from 2007-2011 (net importer in 2012 and 2013 due to low precipitation)
- Significantly boosted transmission capacity in recent years

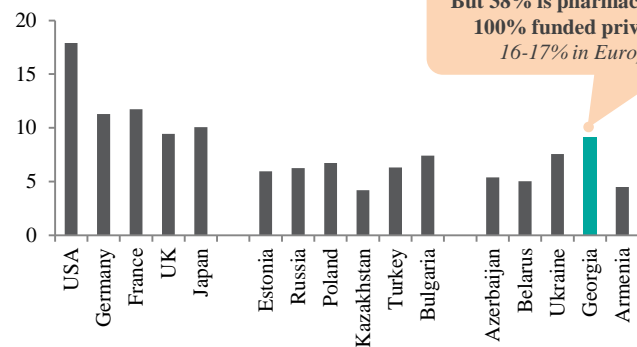
2 SIGNIFICANT GROWTH PROSPECTS

Growth Oriented Reforms

Healthcare sector supported by strong GDP growth and high relative expenditure on healthcare

High relative expenditure on healthcare⁽¹⁾

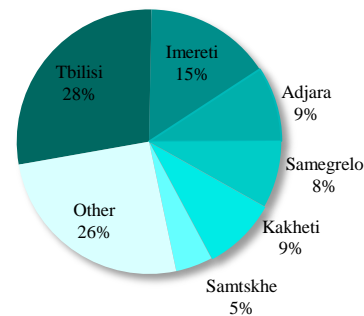
Health expenditure % of GDP



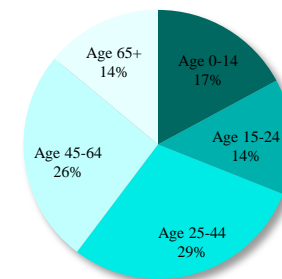
But 38% is pharmaceuticals
100% funded privately
16-17% in Europe

With demand driven by an ageing population in increasing need of healthcare⁽²⁾

Population split by regions

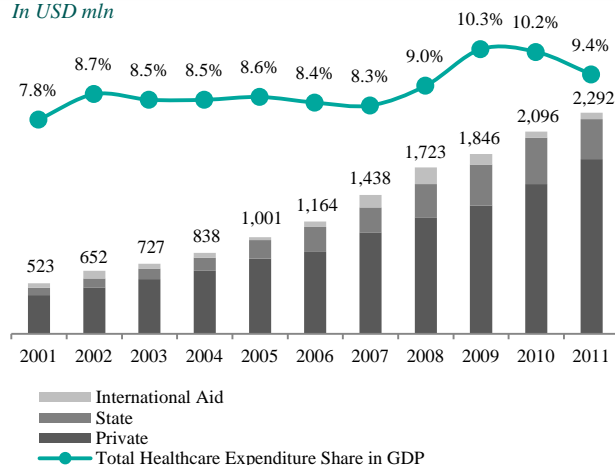


Population split by age group

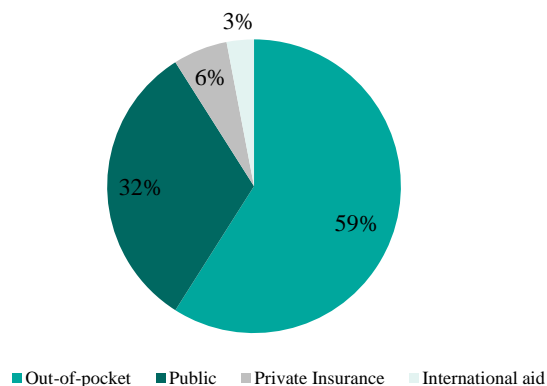


Healthcare spending grew at 15.9% CAGR between 2001 - 2011⁽³⁾

In USD mln

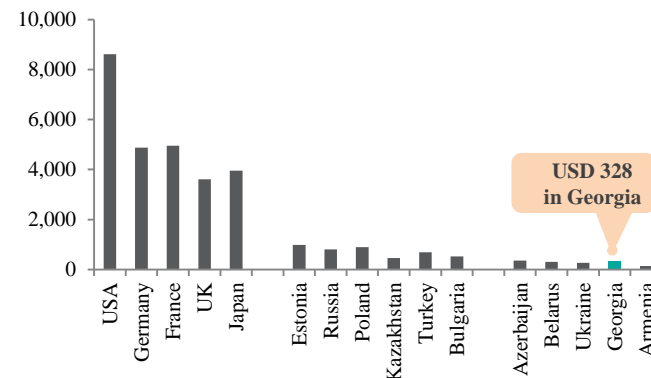


High private spending share of 59%⁽³⁾



...Low per capita expenditure on health⁽⁴⁾

current prices, USD



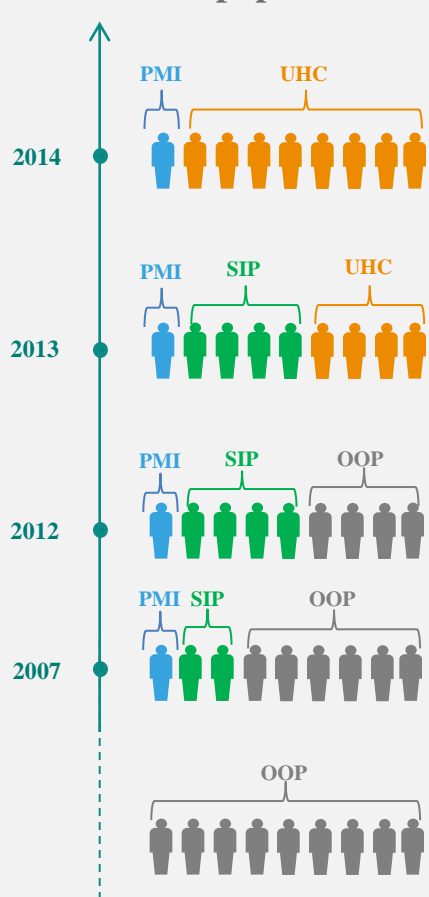
USD 328 in Georgia

Sources:

- (1) World Bank | 2012; MOH, HSPA 2013
- (2) Geostat.ge, data as of 1 January 2014
- (3) Frost & Sullivan report 2015;
- (4) World Bank | 2012

Expanding health insurance coverage and creating opportunities for private participation (via top-ups) has been the key impact of the Universal Health Care reform

Healthcare coverage of Georgia's 4.5mln population:



Legend:

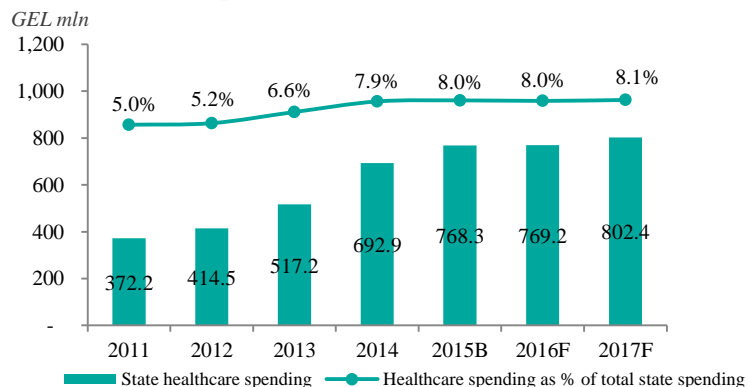
- OOP – Full out-of-Pocket (No Insurance or State cover)
- PMI – Private Medical Insurance
- SIP – State Insurance Program
- UHC – Universal Healthcare Program
- 👤 = 0.5 million people
- PMI, UHC, SIP include co-payments

How UHC works

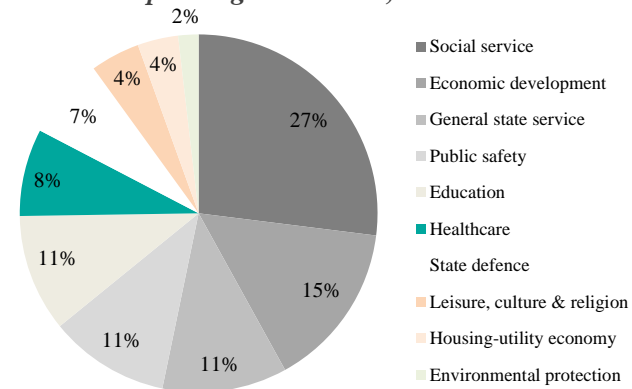
- **Coverage:** Under UHC 4mln people receive basic coverage of healthcare needs from state, with significant co-payments (c.30%)
- **Pricing:** Prices for healthcare services are not regulated. Government sets reimbursement limit and difference between price and reimbursed amount is paid by patient
- **Patient has free choice of provider**
- Any private or public licensed hospital in Georgia is eligible to participate

Increasing state healthcare financing

State healthcare spending dynamics ⁽¹⁾



Total state spending breakdown, FY 2014 ⁽¹⁾



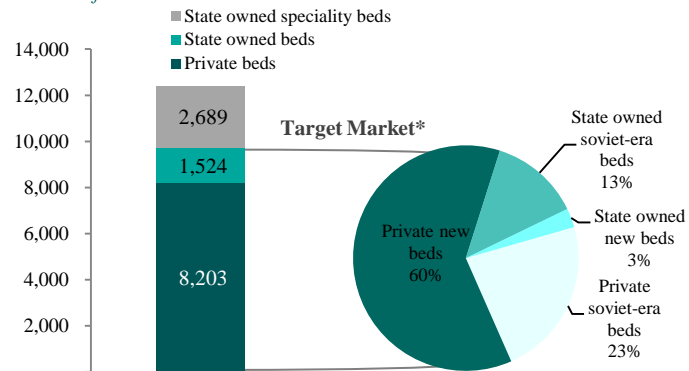
2 SIGNIFICANT GROWTH PROSPECTS

Favorable Government Healthcare Policy(2/2)

Infrastructure renewed, although significant opportunity remains to improve service quality

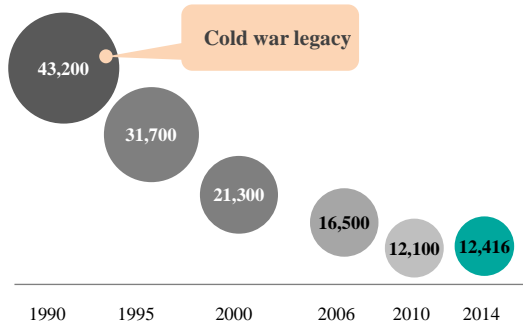
Bed capacity close to levels in the United States and Europe ...⁽¹⁾

Number of beds



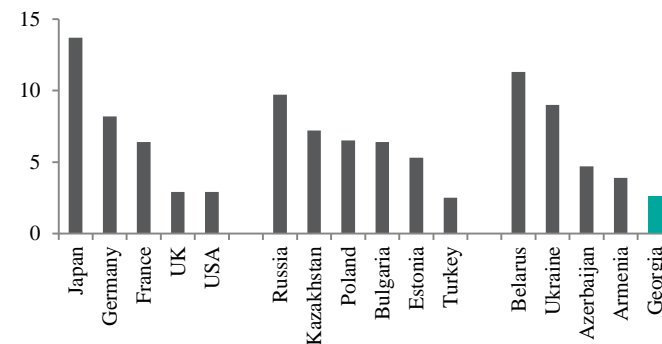
Note: (*) Target market bed capacity = Total market bed capacity of 12,416 beds - 2,689 specialty beds at penitentiary, TB and psychiatric clinics

Optimising bed capacity over the years
(Total number of beds)



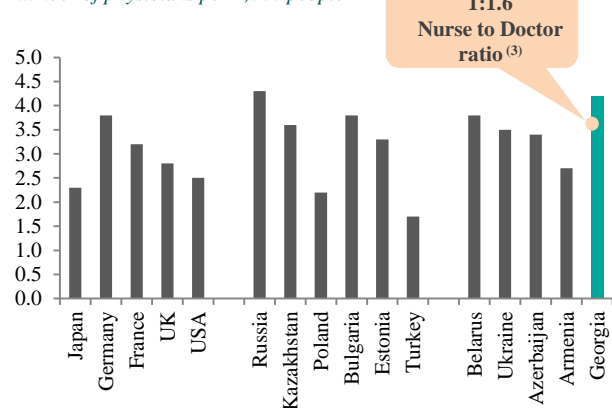
Capacity-wise Georgia stands alongside US, UK and Turkey⁽²⁾

Beds per 1,000 people



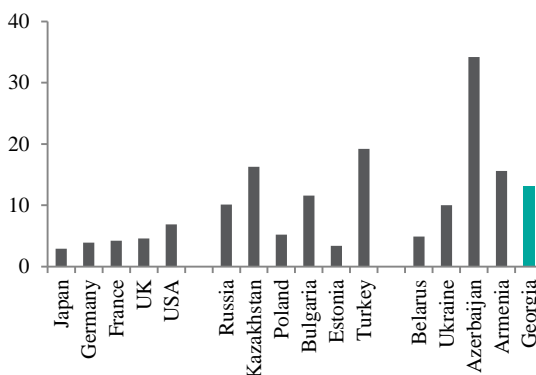
However, physician overcapacity yet to be addressed⁽²⁾

Number of physicians per 1,000 people

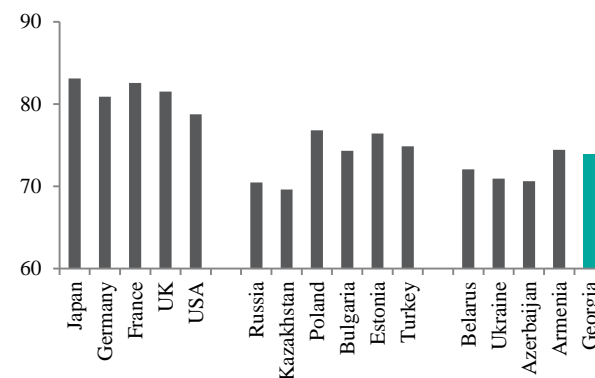


With significant room for optimization in terms of service quality, as indicated by: under 5 mortality rate...⁽²⁾ ... and life expectancy at birth⁽²⁾

Under 5 mortality per 1,000 live births



Total (years)



Source::

(1) GHG internal reporting, Market share by bed capacity, NCDC, data as of December 2012, updated by company to include changes before 31 March 2015; NCDC, 2013 on 2011 and 2012 data

(2) World Bank | 2012, 2013

(3) Geostat.ge | 2013

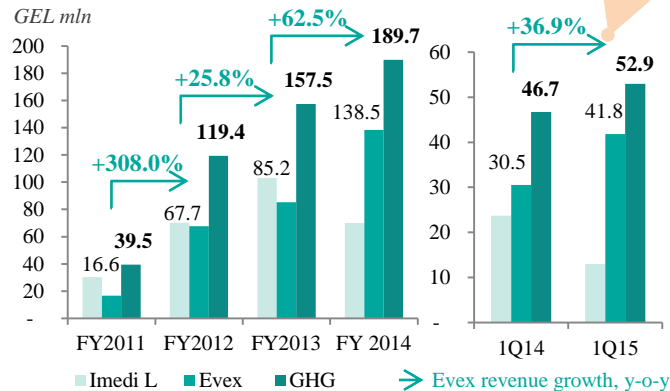
Improving margins with the increasing scale of business (1)

Revenue growth & profitability

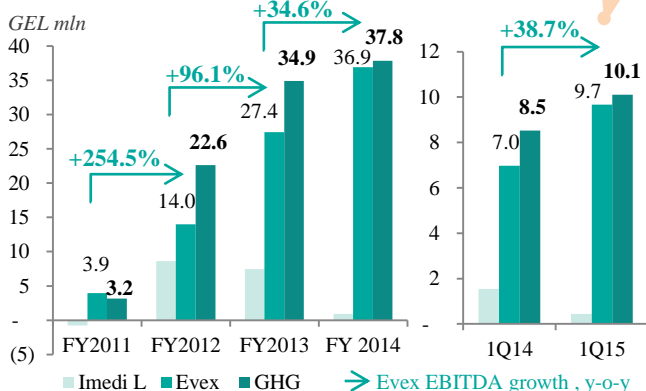
20.2% Evex organic revenue growth y-o-y in 1Q15

25.9% Evex EBITDA margin in March 2015

Revenue growth, annual



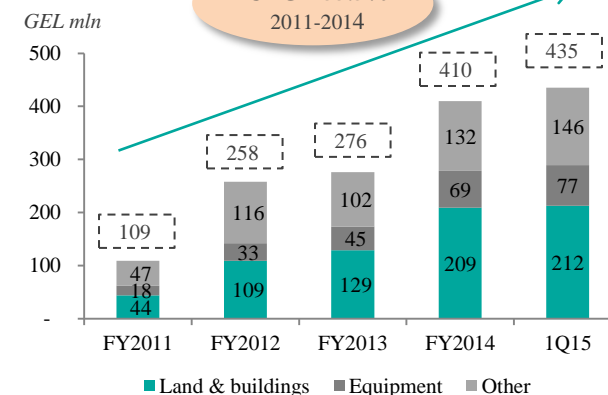
EBITDA growth, annual



Investing in growth

CAGR 55.5% 2011-2014

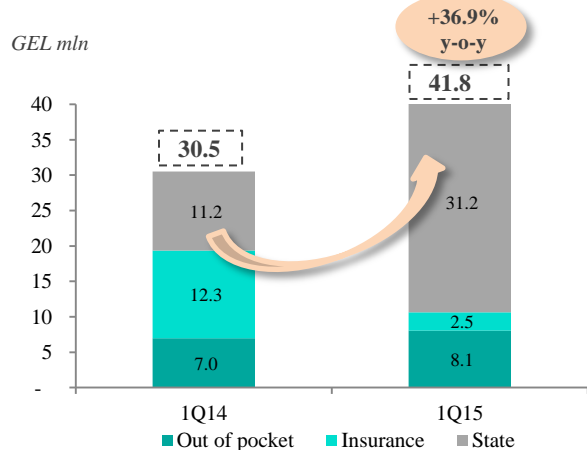
Total assets



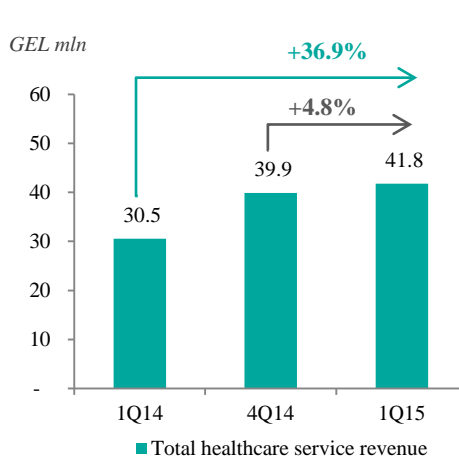
Note: Evex and Imedi L revenues do not add up to GHG revenues due to intercompany eliminations

Capturing growth driven by the recent healthcare reform

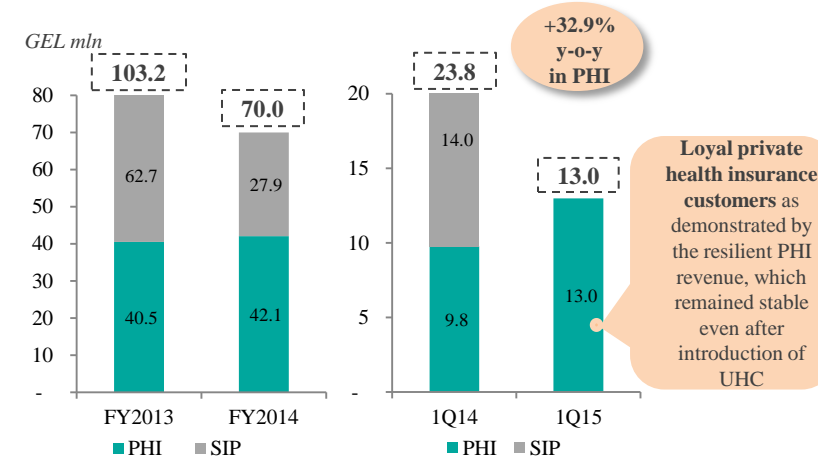
Healthcare service revenue by sources, 1Q15



Healthcare service revenue, quarterly



Health insurance revenue by sources, 1Q15



(1) Note: all amounts are for GHG, unless otherwise indicated, Source: GHG internal reporting



Board of directors

8 non-executive supervisory board members

7 independent members

- ❁ **Irakli Gilauri** | Chairman of the supervisory board | Experience: currently BGH CEO; formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland
- ❁ **David Morrison** | Vice Chairman of the supervisory board, Independent Director | Experience: senior partner at Sullivan & Cromwell LLP prior to retirement; currently also BGH board member
- ❁ **Neil Janin** | Independent Director | Experience: formerly was director at McKinsey & Company in Paris and held previous roles as Co-Chairman of the commission of the French Institute of Directors (IFA); Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; and Procter & Gamble in Toronto; currently also BGH Chairman
- ❁ **Allan Hirst** | Independent Director | Experience: Held various senior roles over his 25 year career at Citibank, including CEO of Citibank Russia; former BGH board member for seven years
- ❁ **Ingeborg Oie** | Independent Director | Experience: Currently a VP of investor relations at Smith & Nephew plc, formerly senior research analyst covering medical technology and healthcare Services sector at Jefferies; analyst in the medtech research team at Goldman Sachs.
- ❁ **Tim Elsigood** | Independent Director | Experience: Former VP for Business Development at Capio AB and CEO of Capio UK. Extensive international healthcare management experience including time in Greece, Romania, Ukraine and Russia.
- ❁ **Mike Anderson** | Independent Director | Experience: Currently a Medical Director at Chelsea and Westminster hospital, and an Honorary Clinical Senior Lecturer of Imperial College of Science, Technology and Medicine and a member of the British Society of Gastroenterology and British Association for the Study of the Liver
- ❁ **Jacques Richier** | Independent Director | Experience: Currently Chairman and CEO of Allianz France; formerly CEO and Chairman at Swiss Life France

Non-BGH members

Management

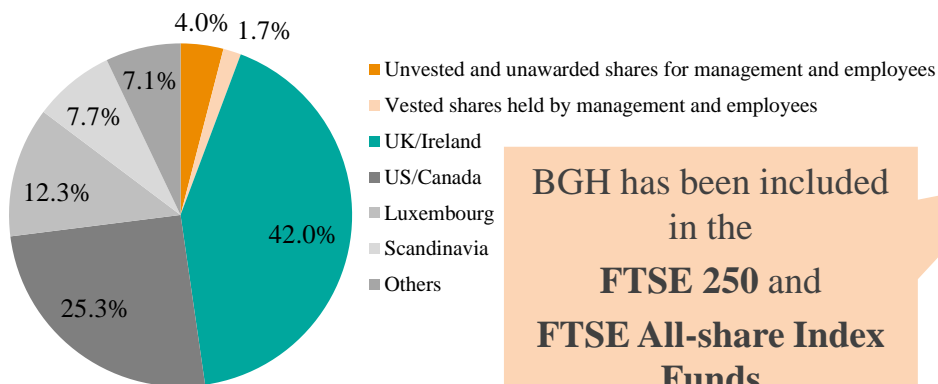
- ❁ **Nikoloz Gamkrelidze** | Director, CEO at GHG | Experience: previously BGH Group CFO, CEO of Aldagi BCI and JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School
- ❁ **David Vakhtangishvili** | Deputy CEO, Finance; formerly CFO of JSC Bank of Georgia, 9 years experience at Andersen and Ernst & Young
- ❁ **Giorgi Mindiashvili** | Deputy CEO, Commercial; formerly CFO of JSC Insurance Company Aldagi, formerly supervisory board member of JSC My Family Clinic
- ❁ **Nutsa Koguashvili** | CEO, Imedi L; 11 years of experience in insurance, formerly deputy CEO (retail & marketing) at JSC Insurance Company Aldagi
- ❁ **Irakli Gogia** | Deputy CEO, Operations; formerly Deputy CEO at JSC Insurance Company Aldagi, CFO at Liberty Consumer, 4 years of experience at Ernst & Young and Deloitte & Touche
- ❁ **Dr Ivane Bokeria** | Deputy CEO, Clinical; Also the vice president of Georgian Pediatric Neurology and Neurosurgery Association. Formerly chairman and a member of Parliamentary Committee of Health Care for two parliamentary convocations
- ❁ **Nino Kortua** | Head of legal; 14 years experience in insurance field, formerly head of Aldagi Legal Department

Successful Track Record of Delivering Profitable Growth

GHG is 100% owned subsidiary of Bank of Georgia Holding PLC

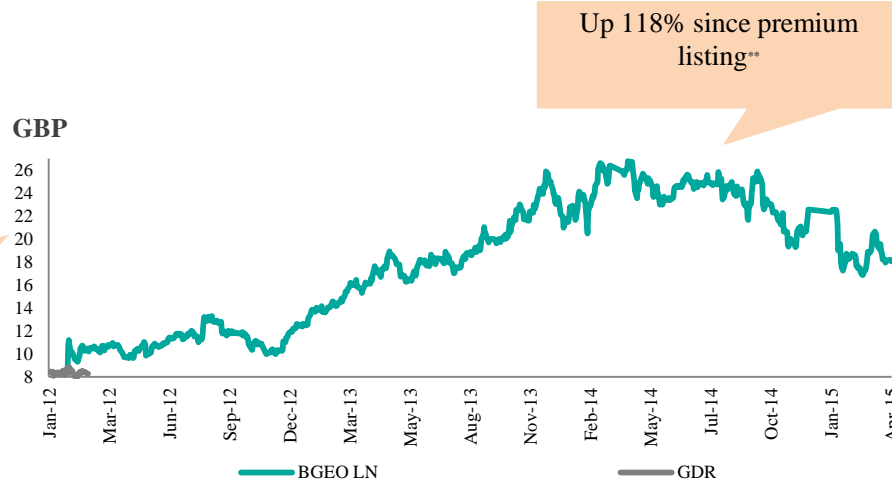
Bank of Georgia Holdings PLC (BGH) (LSE: BGEO) a UK-incorporated holding company of JSC Bank of Georgia

As of 31 Dec 2014, BGH's shareholder structure was as follows:

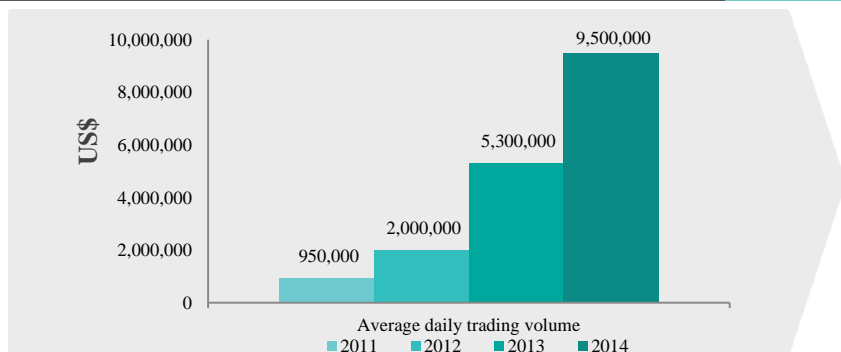


BGH has been included in the **FTSE 250** and **FTSE All-share Index Funds** since 18 June 2012

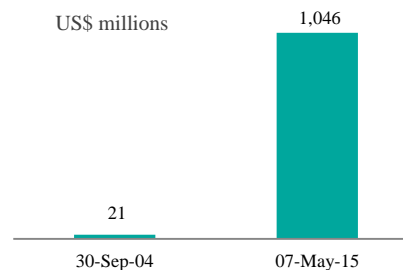
Share price performance



Average daily trading volume



x50 growth in market capitalisation



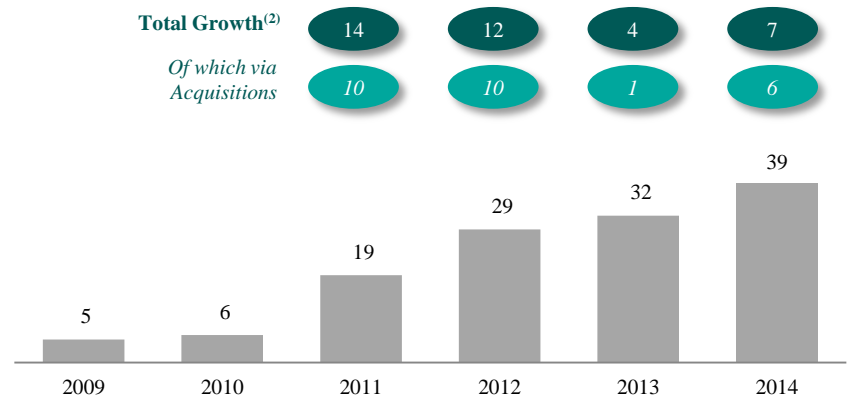
*Mostly non-emerging market shareholders since premium listing; management estimates

**Share price change calculated from the last price of BGEO LI on 27 February 2012 to the price of BGEO LN on 7 May 2015

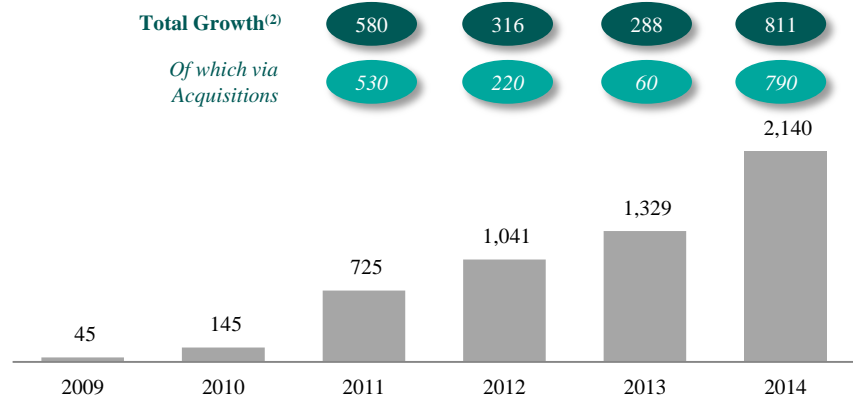
Highly Experienced Management with Proven Track Record

Led by a highly experienced management team, GHG has successfully acquired and integrated more than 20 companies in the hospital and insurance sectors over the past decade

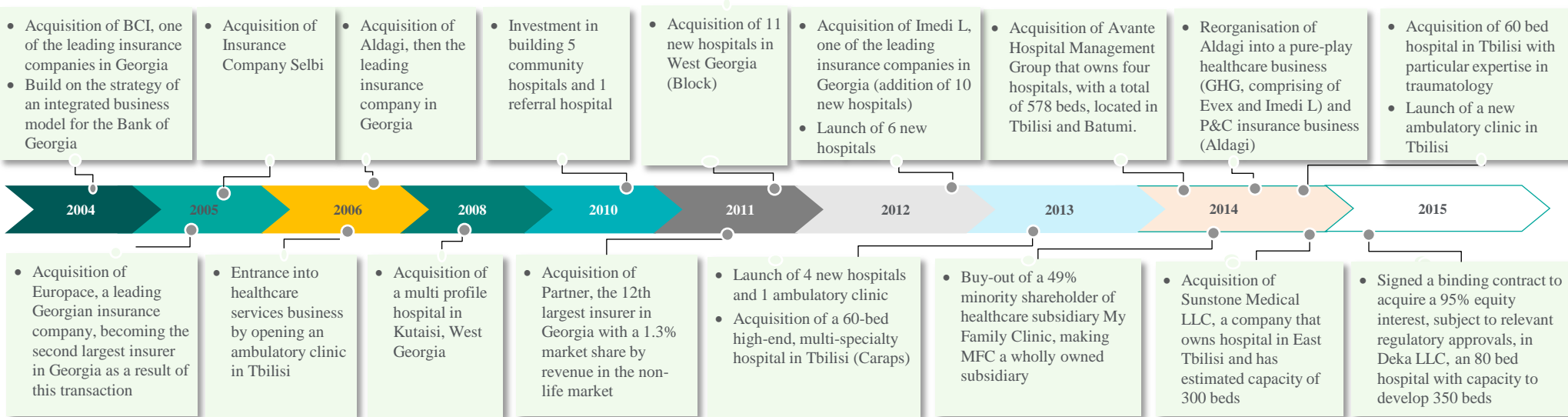
Growth in # of Clinics⁽¹⁾



Growth in # of Beds⁽¹⁾



Overview of Key Historical Milestones⁽¹⁾



Sources:
 (1) GHG internal reporting
 (2) Figures do not add to total number of beds (2,220) and total number of clinics (40) shown on other slides, as some of the clinics were consolidated or divested

GHG's strategy is simple: doubling 2015 revenue by 2018

Hospitals

To achieve 1/3 market share, currently 22.0%⁽¹⁾
– room to grow in Tbilisi, where GHG's current market share is only 14.1%⁽¹⁾

Ambulatories

Rapid launch of ambulatory clinics
– 20-30 ambulatory clinics, within 2-3 years, in highly fragmented and under-penetrated outpatient segment

Medical equipment pick-ups

To invest in medical equipment, utilizing existing service gaps

Recent acquisitions

DEC 2013 **Caraps** is a 60 bed hospital specialising in plastic surgery.
Acquisition rationale: reaching new customer base in healthcare through Caraps high-end customer segment.

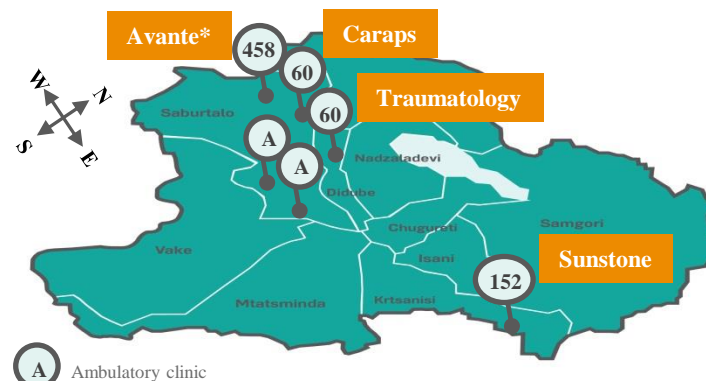
FEB 2014 **Avante** includes 4 mono profile hospitals, operating 578 beds, that serve as a main referral for mother and child care services.
Acquisition rationale: Increase market share and bed capacity by acquiring the largest service providers for mother and child care in the country, employing the best qualified medical staff for these services.

APR 2014 **Block Georgia:** a buy-out of a 49% minority shareholder of healthcare subsidiary JSC My Family Clinic (predecessor to Evex).
Transaction rationale: buy-out gave GHG flexibility in executing growth strategy and an opportunity to expand regional footprint through investments into development projects via My Family Clinic (MFC).

MAY 2014 **Sunstone** is a long-established general hospital in Tbilisi, rented out by previous owners and largely underutilised for several years.
Acquisition rationale: Attractive location and an opportunity to develop hospital with over 300 bed capacity in an untapped region, covering sizable new market with 300k population in East Tbilisi.

SEP 2014 **Traumatology** is a 60 bed long established hospital, providing a wide-range of in-patient and out-patient services with particular expertise in traumatology.
Acquisition rationale: Increasing market share and bed capacity in Tbilisi

Coverage in Tbilisi, the capital city



* Avante operates 458 beds in Tbilisi and 120 beds in Batumi out of total 578 beds as of the date of this presentation

Expanding bed capacity through further growth in Tbilisi

GEL 4.9mln quarterly run rate EBITDA from recent acquisitions of Caraps, Avante, Sunstone and Traumatology that operate 850 beds in total.

GOAL

- Capitalize on high growth potential of ambulatory services driven by recent healthcare reform (diagnostics, prescriptions)
- Enhance ambulatory pillar as feeder for hospitals
- Enhance higher margin operations

Concept

Ambulatory clusters will be developed in all major districts of Tbilisi.

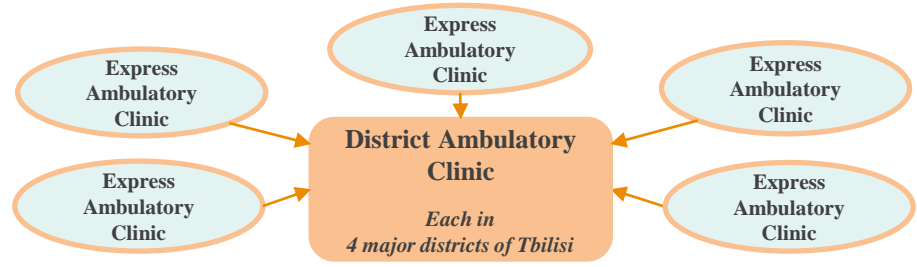
Ambulatory cluster consists of:

- one District Ambulatory Clinic; and
- 4-6 Express Ambulatory Clinics

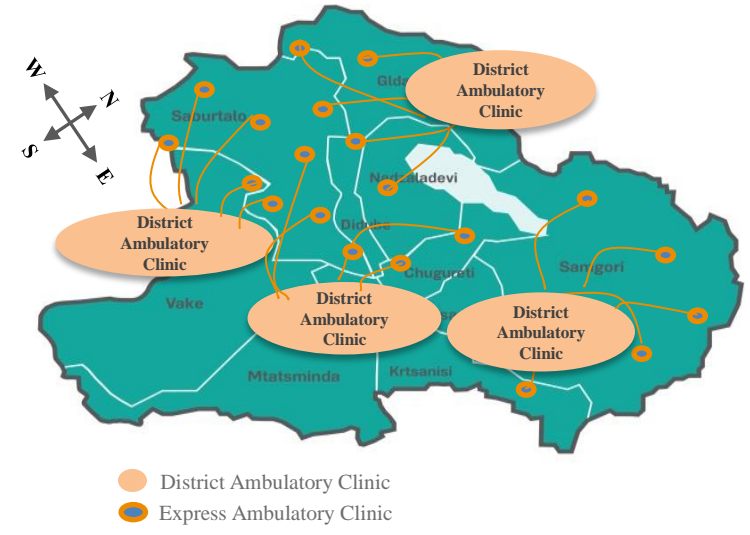
CURRENTLY:

- Only 6 ambulatory clinics as of 31 March 2015
- GEL 1.3mln revenue from ambulatory clinics
- 32.5% EBITDA margin of ambulatory clinics
- 3.1% share in total healthcare revenue

Ambulatory Cluster



Tbilisi map



District Ambulatory Clinic specifications:

- **Area:** 1800-2500 sq/m
- **Offering:** All pediatric and adult outpatient specialist services; clinical, biochemical and serological lab tests; imaging studies (incl. CT, Echocardiography, US, X-ray, endoscopy); functional diagnostics (ECG, treadmill stress test, Holter, spirometry); Ob/Gyn and ante-natal services; chemotherapy and day clinic services
- **Working hours:** 10:00-20:00, 6 days a week

Ambulatory Express Clinic specifications

- **Area:** 120-200 sq/m
- **Offering :** GP and basic specialist services; Ultrasound; blood collection services referred to District Ambulatory Clinics
- **Working hours:** 09:00-21:00, 7 days a week
- *Express ambulatory clinics, scattered on a 15-30 minute walking distance from the district ambulatory clinic, provide basic ambulatory services and refer patients to the district ambulatory clinic or the referral hospitals, where wider range and more sophisticated services are offered.*

Sources:
(1) GHG internal reporting, financials are for 1Q15

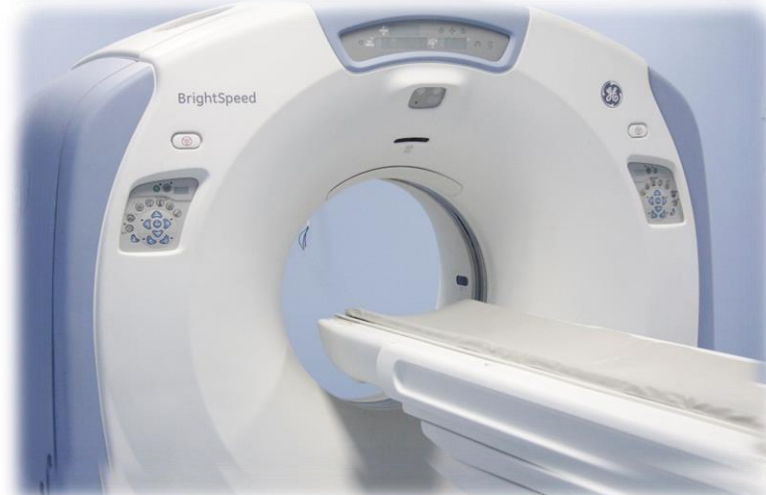
Investing in medical equipment, utilizing existing service gaps

Medical equipment at GHG healthcare facilities

Before



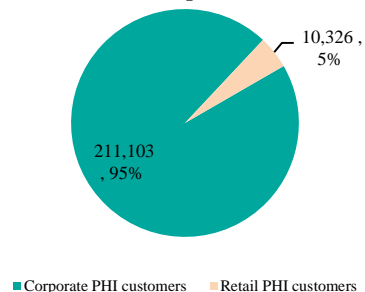
After



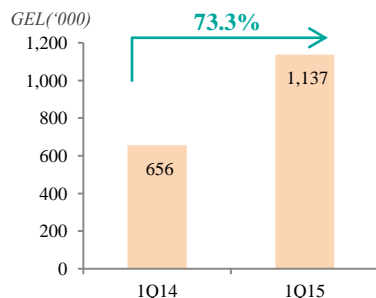
Strong growth momentum driving the small base *fueled by UHC top-ups and business model*

Strong growth momentum – fueled by UHC

Customer segments split between retail and corporate in 1Q15



Retail PHI revenue dynamics



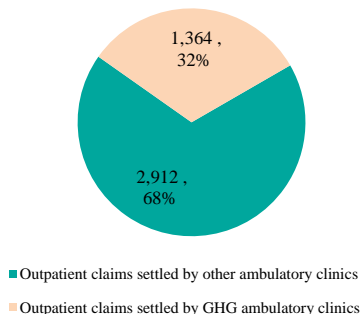
1 of 10,000 retail customers, c.1,800 bought top-up products for their UHC coverage in the first quarter of 2015

2 Retail segment grew 73.3% y-o-y in 1Q15

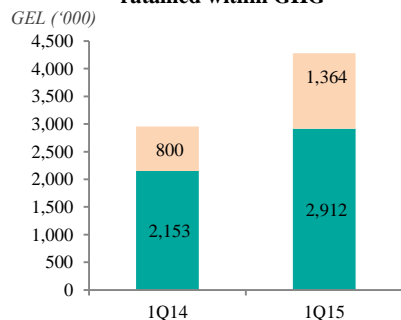
3 of 221,000 customers, only 10,000, or 5% are retail, of GEL 13.0mln revenue, GEL 1.1mln, or 8.8% is retail

Strong growth momentum – reinforced by business model

Ambulatory claims split between GHG and other clinics in 1Q15



Dynamics of ambulatory claims retained within GHG



4 Significant room to increase ambulatory claims retained within GHG, as only 31.9% of such claims are now retained

5 Guaranteed stable stream of revenue for newly launched ambulatory clinics, as a result of increasing share of our insurance claims

Strategy by 2018

A Triple 2015 retail insurance revenue

Drivers:

- Increasing demand for top-up products for the UHC coverage
- Enhancing penetration by expanding distribution channels in the regions, to market complementary and substitute PMI products, where increased access to healthcare is driving the demand

B Retain at least 50% of outpatient claims within GHG

Drivers:

- Increasing number of GHG ambulatory clinics will result in increased retention of outpatient claims within the group – thus generating acquisition cost free revenue for newly rolled out clinics



- 1. Georgia's Infrastructure reform**
- 2. GHG FY2014 financial results**
- 3. Georgia's disease profile**

GHG healthcare facilities

Before



After



GHG healthcare facilities



Income Statement

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

Revenue from healthcare services by payment sources

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

Revenue from health insurance by payment sources

| <i>GEL thousands, unless otherwise noted</i> | <u>1Q15</u> | <u>1Q14</u> | <u>Change</u> <u>Y-o-Y</u> |
|--|---------------|---------------|-------------------------------|
| State funded health insurance products | - | 13,973 | -100.0% |
| Private health insurance products | 12,992 | 9,778 | 32.9% |
| Total | 12,992 | 23,751 | -45.3% |

Revenue from healthcare services by business lines

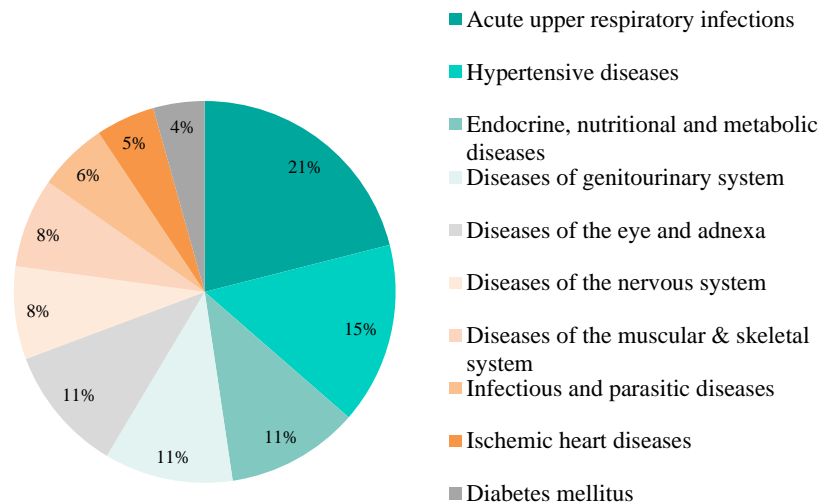
| <i>GEL thousands, unless otherwise noted</i> | <u>1Q15</u> | <u>1Q14</u> | <u>Change</u> <u>Y-o-Y</u> |
|--|---------------|---------------|-------------------------------|
| Private insurance companies, of which: | 2,545 | 12,348 | -79.4% |
| <i>Imedi L health insurance</i> | 1,771 | 7,516 | -76.4%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

Selected Balance Sheet items

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

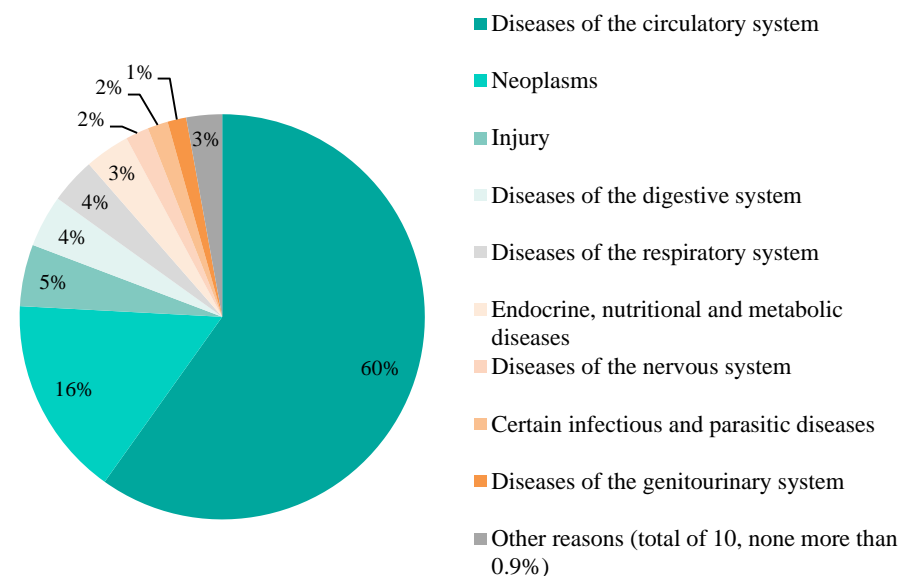
Top 10 prevalent diseases

rate per 100,000 population, Georgia, 2013



NCDs are estimated to account for 91% of all deaths

% share in total deaths, all ages, Georgia 2013





This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words similar meaning. Undue reliance should not be placed on any such statement because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and JSC Bank of Georgia and/or the Bank of Georgia Holdings' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are various factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, legal, business and social environment. The forward-looking statements in this presentation speak only as of the date of this presentation. JSC Bank of Georgia and Bank of Georgia Holdings undertake no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.