TBC BANK

9M 2015 AND 3Q 2015 FINANCIAL RESULTS

Forward-Looking Statements

This document contains forward-looking statements; such forward-looking statements contain known and unknown risks, uncertainties and other important factors, which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements include, among others, the achievement of anticipated levels of profitability, growth, cost and recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Georgian economic, political and legal environment, financial risk management and the impact of general business and global economic conditions.

None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects are based are accurate or exhaustive or, in the case of the assumptions, entirely covered in the document. These forward-looking statements speak only as of the date they are made, and subject to compliance with applicable law and regulation the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in the document to reflect actual results, changes in assumptions or changes in factors affecting those statements.

TBC BANK

TBC Bank Announces 3Q 2015 Unaudited IFRS Consolidated Results; Profit for 3Q 2015 up by 11.0% YoY, Asset Quality Maintained

Financial Highlights

3Q P&L Highlights

- Profit for 3Q 2015 up by 11.0% YoY to GEL 50.6 million, delivering return on average equity (ROAE) of 18.2%
- Total operating income in 3Q 2015 up by 25.4% YoY to GEL 143.3 million
- Cost to income ratio improved to 43.3%, compared to 49.3% in 3Q 2014
- Cost of risk on loans stood at 2.0%, up 1.3pp YoY and up 0.2pp QoQ (without currency exchange rate effect in 3Q 2015: up 0.7pp YoY and down 0.6pp QoQ)
- Net interest margin (NIM) at 7.9% in 3Q 2015, compared to 8.3% in 3Q 2014

9M P&L Highlights

- Profit for 9M 2015 up by 28.2% YoY to GEL 151.8 million, delivering return on average equity (ROAE) of 19.0%
- Total operating income in 9M 2015 up by 28.8% YoY to GEL 420.0 million
- Cost to income ratio improved to 41.8%, compared to 48.7% in 9M 2014
- Cost of risk on loans stood at 2.3%, up 0.8pp YoY (broadly stable without currency exchange rate effect in 9M 2015)
- Net interest margin (NIM) at 7.9% in 9M 2015, compared to 8.5% in 9M 2014

Balance Sheet Highlights

- Total assets reached GEL 6,936.4 million as of 30 September 2015, up by 37.5% YoY and by 10.6% QoQ
- Gross loans and advances to customers increased to GEL 4,560.0 million as of 30 September 2015, up by 41.2% YoY (17.3% at constant currency) and by 7.9% QoQ (3.9% at constant currency)
- NPLs+Restructured loans to gross loans stood at 5.5%, up 1.4pp YoY and up 0.2pp QoQ
- NPLs+Restructured loans coverage was 84.2% or 185.6% with collateral
- Total customer deposits increased to GEL 4,286.2 million as of 30 September 2015, up by 42.7% YoY (by 15.5% w/o currency exchange rate effect) and by 11.9% QoQ (by 7.0% w/o currency exchange rate effect)
- Tier I and Total Capital Adequacy Ratios per Basel II/III stood at 12.0% and 14.8%, respectively
- Tier I and Total Capital Adequacy Ratios per Basel I stood at 23.4% and 28.6%, respectively

Market Shares[1]

- TBC Bank's market share in total assets increased by 1.1pp YoY and by 1.0pp QoQ, reaching 26.9% as of 30 September 2015
- TBC Bank's market share in total loans was 28.3% as of 30 September 2015, up by 1.3pp YoY and by 0.5pp QoQ
- In terms of individual loans, the Bank had a market share of 31.5% as of 30 September 2015, up by 2.9pp YoY and by 0.3pp QoQ. The market share for legal entity loans was 25.6%, up by 0.2pp YoY and by 0.8pp QoQ
- TBC Bank's market share of total deposits was 30.7% as of 30 September 2015, up by 2.9pp YoY and by 0.7pp QoQ
- The Bank maintains its longstanding leadership in individual deposits with a market share of 34.6%, up by 1.3pp YoY and by 0.1pp QoQ. In terms of legal entity deposits, TBC Bank's market share was 26.6%, up by 4.2pp YoY and by 1.7pp QoQ. The Bank uses corporate deposits mainly for liquidity management purposes

Recent Developments

TBC Bank Confirmed its Intention to Seek Premium Listing

- TBC Bank has confirmed its intention to seek a Premium Listing on the London Stock Exchange in 2016. A move to a premium listing will help us expand our investor base and potentially allow for future FTSE index inclusion and we are confident that this will benefit our shareholders. We intend to seek the premium listing in 2016.

New Director of International media and IR to Represent TBC in London

- TBC Bank appointed Sean Wade as Director of International Media and Investor Relations. Sean will work closely with the Bank's senior management and will act as a permanent representative of the management team in London. Sean's top priorities will be enhancing TBC's investment profile, and improving the communication with investors, analysts, and other market participants.

TBC Capital is the Lead Arranger of GEL 48 million Bonds from BSTDB

- TBC Bank and the Black Sea Trade and Development Bank (BSTDB) have signed an agreement in the amount of GEL 48 million. The 3 year SME Loan facility in local currency will enable TBC Bank to finance small and medium-sized enterprises in Georgia. BSTDB obtained the local currency funds through a private placement of GEL denominated bonds arranged by TBC Capital, a subsidiary of TBC Bank. This is the first such offering from BSTDB.

TBC Broker Rebranded as TBC Capital

- Our wholly owned subsidiary, TBC Capital (formerly TBC Broker), enhanced its operations and now represents an advisory arm of TBC Bank offering Corporate Advisory, Research and Brokerage solutions in Georgia.

Additional Information Disclosure

Additional historical information for certain P&L, Balance Sheet and Capital items and on Asset Quality is disclosed on our Investor Relations website on www.tbcbank.com/ir under Financial Highlights section.

[1] Data on market shares are based on National Bank of Georgia (NBG)

Letter from the Chief Executive Officer

During the third quarter TBC Bank continued to operate in an environment of moderate economic growth as well as in the aftermath of the recent currency devaluation, mainly resulting from developments in our neighboring countries. During the quarter, we have nevertheless delivered robust profitability, while sustaining a clear focus on our portfolio quality. Our 3Q 2015 Return on Average Equity (ROAE) on an annual basis stood at 18.2%, our Return on Assets stood at 3.1% and the Bank recorded a net profit of GEL 50.6 million in the third quarter of 2015, translating into 9M 2015 net profit of GEL 151.8 million and ROAE of 19.0%. The principal drivers of our increased profitability were our strong net interest margin, increased non-interest income and decreasing cost to income ratio – in line with our strategy.

Despite the currency headwinds, the Georgian economy remained resilient with GDP growth reaching 2.7% in the first nine months of 2015. For the rest of the year, we are in agreement with most the broader consensus that GDP growth will remain relatively moderate, with Real GDP growth exceeding 2.5% in 2015. Both the trade and current account deficits have improved and the pressure on the currency rate is easing. The latest available FDI figure for 2Q 2015 shows a very promising 81% year over year increase, with the overall 1H 2015 FDI at a record high since 2008.

Going forward, I would like to highlight several key developments, such as greater integration with the EU (building on the Association Agreement), important projects advancing transit capabilities including the Baku-Tbilisi-Kars railway and the new British Petroleum pipeline (Shah Deniz II) as well as major hydro-power projects with an estimated value of up to USD 3 billion. The country is also exploring co-operation opportunities with China that include the faster transit of Chinese goods to Europe through a new deep-sea port. Once realized, these opportunities will further impact positively the economy.

In 3Q, TBC Bank's total lending grew by 7.9%, or by 3.9% on a constant currency. Year over year loan growth was broadly in line with the market and the loan portfolio increased by 41.2% or by 17.3% in real terms. We also increased our total loans market share by 0.5pp QoQ and by 1.3pp YoY to 28.3%.

By actively managing our loan portfolio through this period, we recorded only a small increase in NPLs+Restructured loans of 0.2pp on a QoQ basis, which reached 5.5% as of 30 September 2015. Our coverage ratio as of 30 September 2015 stood at 84% or at 186% with collateral.

In 3Q 2015 loan provisioning charges amounted to GEL 22.0 million, out of which the currency devaluation in 3Q created an increased provisioning of GEL 8.1 million. As a result, the cost of risk on loans ratio stood at 2.0%, or at 1.3% without the exchange rate effect. Consequently, in the first nine months of 2015, the cost of risk on loans was up by 0.8pp to 2.3% or broadly stable without the exchange rate effect at 1.4%.

Our total deposits grew by 11.9% QoQ (7.0% on a constant currency) and by 42.7% YoY (15.5% on a constant currency). We maintained our long-standing leadership position in retail deposits with a market share of 34.6%, up 0.1pp QoQ or 1.3pp YoY.

We remain committed to a conservative approach to our capital base and retain capital adequacy ratios that are well above the minimum requirements. As of 30 September 2015, the Bank's total capital adequacy ratio (CAR) per Basel II/III regulation stood at 14.8%, against the minimum requirement of 10.5%. We continue to operate with solid liquidity positions with the net loans to deposits+IFI funding standing at 91% and the net stable funding ratio (NSFR) at 117%.

One of the significant developments and initiatives for the Bank in the recent period has been our clear intention to seek premium listing on the London Stock Exchange in 2016. We see the premium listing as a natural progression from our successful IPO of June 2014, and the next logical step in the development for the company. We believe that it gives our story a wider exposure and a higher profile. As announced, a move to premium listing will help us expand our investor base and potentially allow for future FTSE index inclusion. This will ultimately help us achieve better returns for our shareholders.

Outlook

Shareholders should expect that we will maintain our focus on profitability and a strong capital base, on the basis of our proven ability to manage changing market conditions.

Following the recent currency devaluation, we expect our cost of risk for this year to be temporarily elevated in the range of 2-2.3%, resulting in a ROE of around 18% (17.5%-18.5%).

We remain committed to our pure-play banking strategy in Georgia and are on track to meet our medium term targets of 20% loan growth, below 45% cost to income ratio and 25% of dividend distribution, while our medium term ROE target has been upgraded to 20%.

THIRD QUARTER 2015 FINANCIAL RESULTS CONFERENCE CALL

Thursday, 12 November 2015

14.00 (GMT) / 16.00 (CEST) / 10.00 (EDT)

Hosts:

Vakhtang Butskhrikidze, CEO, and Giorgi Shagidze, CFO

TBC Bank, a leading bank in Georgia, will release its third quarter 2015 financial results on Thursday, 12 November 2015 at 7am GMT (11am GET).

On that day, Vakhtang Butskhrikidze, CEO, and Giorgi Shagidze, CFO, will host a conference call to discuss the results.

Date & time: Thursday, 12 November at 14.00 (GMT) / 16.00 (CEST) / 10.00 (EDT)

Please dial-in approximately 5 minutes before the start of the call quoting the password TBC Bank:

Password:	**TBC Bank**
Local - London, United Kingdom:	+44(0)20 3478 5300
National free phone - United Kingdom:	0800 279 5736
National free phone - USA:	1877 280 2296
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Economic Overview

In the first nine months of 2015 real GDP expanded by 2.7% YoY and the expected GDP growth rate for the year remains in line with the market consensus forecast of 2.5%+. In the first half of 2015 GDP growth was mainly driven by the construction sector, supported by high inflows of FDI in 2014 as well as increased capital expenditures by the government.

Georgia has been affected by the economic turmoil in the region that began at the end of 2014. The National Bank of Georgia has responded to this external shock by maintaining its commitment to a freely floating exchange rate rather than using its international reserves to support the currency, and has been supported in this policy by international institutions. Consequently Georgia experienced a smaller reduction of its international reserves compared to other countries in the region. International reserves of NBG stand at an adequate level, covering 3.4 months of imports of goods and services as of September 2015. Table 1 puts the NBG's actions, GEL depreciation and inflation in the regional context.

Table 1. Central bank policy actions, depreciation and inflation in region countries (YoY % change as of September 2015, unless otherwise indicated)

	Depreciation national currency against USD	Annual Inflation (as of Oct. 15, or latest available)	Official International Reserves loss	Policy rate increase (change in percentage points, since Sep 2014)
Georgia	**36%**	**5.8%**	**8%**	**3.5**
Armenia	17%	3.3%	28%	3.5
Azerbaijan	35%	3.7%	55%	2
Moldova	37%	12.6%	33%	15
Russia	65%	15.6%	18%	12
Turkey	51%	7.6%	9%	2.5

Source: IMF, central banks of respective countries

In the first 9 months of 2015, exports declined by USD 508 million YoY, mainly due to the fall in exports to CIS countries, and remittance inflows which decreased by USD 294 million. During the same period GEL depreciated against USD by 27%, which translated into a sizeable import adjustment. It is worth noting that the import adjustment was represented mainly by consumer goods, while imports of investment and intermediate goods declined by a lesser amount, which is a positive development for the future growth of the economy. In addition, lower oil prices contributed to a less severe import adjustment process and in the first 9 months of 2015 Georgia saved USD 200 million on petroleum imports due to the price effect. Tourism inflows continued to grow and positively influenced the current account balance during the first ten months of 2015. Over the same period the number of incoming visitors in Georgia increased by 6.8% YoY and reached 5.0 million people. The increase in visitors has accelerated since May 2015 and averaged 11% YoY from May to October 2015.

Table 2. Summary of major sources of hard currency inflow/outflow in nine months of 2015

USD millions	9 months 2014	9 months 2015	Difference
Imports of goods	-6,224	-5,341	884
Exports of goods	2,153	1,645	-508
Net remittances	971	680	-292
Net tourism inflows	1,175	1,230	55
Total net inflow	**-1,925**	**-1,786**	**139**

Source: Geostat, NBG, GNTA

Furthermore, there is a positive trend in FDI inflows, which represents a major source of financing for Georgia's CA deficit. The latest available FDI figure for 2Q 2015 shows a promising 81% year over year increase, with the overall 1H 2015 FDI at a record high since 2008.

Another positive development is that Georgia's dependence on Russia and the CIS region in general in terms of exports and remittance inflows (measured as a % of GDP) has been reduced by one third compared to the first nine months of 2014. Therefore, any further oil price shock (even if assumed), will be less painful for Georgia due to the weaker links with oil exporting countries.

The depreciation of the GEL against the USD has not translated into consumer price increases at the same rate. Despite the high share of imported goods (around 30%) in the consumer basket, the pass-through of currency depreciation to prices was constrained by low oil prices, moderate private demand and depreciation of currencies in other countries in the region as indicated by the NEER of GEL, which depreciated by 6.6% YoY as of September 2015. By the end of October 2015 CPI inflation reached 5.8%, slightly higher than the NBG's target of 5%, mainly driven by increased core inflation. According to the NBG, inflation is expected to remain above target in 1H 2016 and then gradually return to the 5% target by the end of 2016.

The fiscal policy remains supportive of economic growth with a budget deficit at 3% of GDP for 2015. Budget revenues are steadily increasing and implementation of the budget is broadly in line with the plan. In the first nine months of 2015 tax revenues increased by 11.3% YoY. In the first three quarters of 2015, budget revenues exceeded planned revenues by 2.4%. According to the state budget for 2016, fiscal policy is planned to remain expansionary with the budget deficit unchanged from 2015 at 3%. It should be noted that budgetary spending is equally distributed across all quarters in 2015, so that it will not increase pressure on the exchange rate in 4Q 2015.

The GEL depreciation did increase the public debt burden, which nevertheless remains sustainable at 38% of GDP as of 2Q 2015. The composition of the public debt is also changing, as the Ministry of Finance increases the proportion of domestic debt in the total debt portfolio, which will translate into a more sustainable debt profile for the government.

In conclusion, it is widely accepted by market commentators that Georgia has already passed through the most challenging phase of the regional economic slowdown. Given Georgia's largely favorable business environment, coupled with the sound economic policies and increased importance of Georgia as a regional trade and transportation hub, the broader consensus is that economic growth over the medium term will return to its previously established levels.

Results Overview 3Q 2015

Income Statement Highlights

In thousands of GEL	30-Sep-15	30-Sep-14	*Change in %*	3Q'15	2Q'15	3Q'14	*Change YoY*	*Change QoQ*
Net interest income	305,655	246,372	*24.1%*	107,419	102,565	85,351	*25.9%*	*4.7%*
Net Fee and Commission Income	52,484	41,062	*27.8%*	17,644	18,221	15,393	*14.6%*	*-3.2%*
Other operating non-interest income	61,892	38,588	*60.4%*	18,269	21,785	13,539	*34.9%*	*-16.1%*
Provisioning charges	(70,673)	(30,452)	*132.1%*	(23,415)	(18,251)	(5,361)	*336.8%*	*28.3%*
Operating income after provisions for impairment	**349,358**	**295,571**	***18.2%***	**119,917**	**124,321**	**108,923**	***10.1%***	***-3.5%***
Operating expenses	(175,736)	(158,617)	*10.8%*	(62,085)	(61,058)	(56,321)	*10.2%*	*1.7%*
Profit before tax	**173,621**	**136,954**	***26.8%***	**57,831**	**63,263**	**52,602**	***9.9%***	***-8.6%***
Income tax expense	(21,845)	(18,528)	*17.9%*	(7,226)	(7,730)	(7,028)	*2.8%*	*-6.5%*
Profit for the period	**151,777**	**118,426**	***28.2%***	**50,605**	**55,533**	**45,574**	***11.0%***	***-8.9%***

Balance Sheet and Capital Highlights

	30-Sep-15		**30-Jun-15**		**Change QoQ**	**30-Sep-14**		**Change YoY**
In millions of GEL	GEL	USD	GEL	USD		GEL	USD	
Total Assets	6,936.4	2,912.5	6,274.0	2,790.6	*10.6%*	5,043.6	2,878.1	*37.5%*
Gross Loans	4,560.0	1,914.7	4,227.5	1,880.3	*7.9%*	3,230.2	1,843.3	*41.2%*
Customer Deposits	4,286.2	1,799.7	3,831.2	1,704.0	*11.9%*	3,002.8	1,713.5	*42.7%*
Total equity	1,131.9	475.3	1,076.6	478.9	*5.1%*	974.7	556.2	*16.1%*
Basel I Tier 1 Capital	1,085.1	455.6	1,031.3	458.7	*5.2%*	926.1	528.5	*17.2%*
Basel I Risk weighted assets	4,630.2	1,944.2	4,246.3	1,888.7	*9.0%*	3,456.3	1,972.3	*34.0%*
Basel II/III Tier 1 Capital	879.1	369.1	831.4	369.8	*5.7%*	743.6	424.3	*18.2%*
Basel II/III Risk weighted assets	7,305.8	3,067.6	6,795.3	3,022.4	*7.5%*	5,486.8	3,131.0	*33.2%*

Key Ratios

	30-Sep-15	**30-Sep-14**	**Change YoY**	**3Q'15**	**2Q'15**	**3Q'14**	**Change YoY**	**Change QoQ**
ROAE	19.0%	19.4%	-0.4%	18.2%	21.0%	19.2%	-1.0%	-2.8%
ROAA	3.3%	3.4%	-0.1%	3.1%	3.6%	3.7%	-0.6%	-0.5%
Pre-provision ROAE	27.9%	24.4%	3.5%	26.7%	27.9%	21.4%	5.2%	-1.2%
Cost: Income	41.8%	48.7%	-6.8%	43.3%	42.8%	49.3%	-6.0%	0.5%
Cost of Risk	2.3%	1.4%	0.8%	2.0%	1.8%	0.7%	1.3%	0.2%
NPL to Gross Loans	1.2%	0.9%	0.3%	1.2%	1.1%	0.9%	0.3%	0.1%
Basel I Total CAR	28.6%	33.0%	-4.4%	28.6%	29.8%	33.0%	-4.4%	-1.1%
Basel II/III Total CAR	14.8%	16.7%	-1.8%	14.8%	15.1%	16.7%	-1.8%	-0.3%
Leverage (times)	6.1	5.2	1.0	6.1	5.8	5.2	1.0	0.3

Income Statement Discussion

Net Interest Income

In thousands of GEL	30-Sep-15	30-Sep-14	*Change in %*	3Q'15	2Q'15	3Q'14	*Change YoY*	*Change QoQ*
Loans and advances to customers	427,035	341,498	*25.0%*	150,634	143,838	116,506	*29.3%*	*4.7%*
Investment securities available for sale	15,065	22,685	*-33.6%*	3,905	3,119	7,951	*-50.9%*	*25.2%*
Due from other banks	6,214	4,261	*45.8%*	1,395	2,371	1,563	*-10.7%*	*-41.1%*
Investment securities held to maturity*	15,147	0	*NMF*	7,779	7,368	0	*NMF*	*5.6%*
Investments in leases	11,426	7,133	*60.2%*	4,298	3,631	2,566	*67.5%*	*18.4%*
Interest income	**474,887**	**375,576**	***26.4%***	**168,011**	**160,327**	**128,585**	***30.7%***	***4.8%***
Customer accounts	101,334	81,966	*23.6%*	34,854	33,968	27,154	*28.4%*	*2.6%*
Due to credit institutions	47,352	32,613	*45.2%*	18,472	16,787	10,782	*71.3%*	*10.0%*
Subordinated debt	18,925	13,932	*35.8%*	6,737	6,459	4,965	*35.7%*	*4.3%*
Debt Securities in issue	1,555	492	*216.2%*	529	518	259	*103.8%*	*2.2%*
Other	66	201	*-67.0%*	0	30	73	*NMF*	*NMF*
Interest expense	**169,232**	**129,204**	***31.0%***	**60,592**	**57,762**	**43,234**	***40.1%***	***4.9%***
Net interest income	**305,655**	**246,372**	***24.1%***	**107,419**	**102,565**	**85,351**	***25.9%***	***4.7%***
Net interest margin	**7.9%**	**8.5%**	***-0.6pp***	**7.9%**	**7.9%**	**8.3%**	***-0.4pp***	***0.0pp***

(*) *Investment securities which the Group intends to hold for an indefinite period and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices have been classified as available for sale investments in the financial statements ended 31 December 2014. However, in 2015, the Group has reassessed its intention with regard to such securities and has identified certain investments that the Group has both the intention and ability to hold to maturity and has reclassified them into held to maturity category. Investment securities held to maturity are carried at amortised cost.*

9M 2015 to 9M 2014 Comparison

In 9M 2015, net interest income increased by 24.1% YoY to GEL 305.7 million, resulting from the 26.4% higher interest income and 31.0% higher interest expense.

The 26.4% YoY increase in interest income to GEL 474.9 million was mainly due to the increase in interest income from loans to customers, primarily related to the gross loan portfolio increase by 41.2% YoY, or by 17.3% at constant currency. The increase in interest income related to the loan portfolio growth more than offset the decline in loan yields over the same period to 13.6%, from 15.2%, due to the declining interest rates in the country (despite the increased rates on GEL refinancing rate linked loans) and the currency depreciation. The increase in interest income was also supported by the increase in interest income from investment securities (comprising both available for sale and held to maturity securities) by GEL 7.5 million, or 33.2% YoY. This was primarily due to the increase in yields on such securities mainly related to the gradual increase of the refinancing rate in the country from 4.0% to 7.0% during the one year period ending 30 September 2015. The decline in loan yields led to the decrease in yields on average interest earning assets to 12.3%, compared to 12.9% in 9M 2014.

Interest expense increased by 31.0% YoY to GEL 169.2 million in 9M 2015, mainly due to higher interest expense on customer accounts and other borrowed funds. The increase in interest expense on customer accounts was primarily driven by the 42.7% increase in the respective portfolio, or 15.5% at constant currency, which more than offset the decrease in cost of client deposits of 0.3pp to 3.6% in 9M 2015. The increase in interest expense on other borrowed funds was primarily due to the increased amount of the respective portfolio and the increased rates on Lari-denominated borrowings mainly related to the refinancing rate increase during the period, which in turn more than offset the decreased rates on USD denominated borrowings by 0.6pp. As a result, the Bank's cost of funding ratio declined to 4.5% in 9M 2015, compared to 4.7% in 9M 2014.

Consequently, NIM was 7.9% in 9M 2015, compared to 8.5% in 9M 2014. (Overall, the currency depreciation effects mentioned above had 0.3pp decrease effect on NIM).

3Q 2015 to 3Q 2014 Comparison

In 3Q 2015, net interest income increased by GEL 22.1 million, or 25.9% YoY to GEL 107.4 million, as a result of a GEL 39.4 million, or 30.7%, increase in interest income and a GEL 17.4 million, or 40.1%, increase in interest expense, compared to 3Q 2014.

The GEL 39.4 million increase in interest income mainly resulted from a GEL 34.1 million, or 29.3%, increase in interest income from loans, which in turn was due to the increase in the loan portfolio. The increase in interest income related to the loan portfolio growth was partially offset by the decrease in loan yields to 13.6% from 14.9%, resulting from the declining loan yields in the country (despite the increased rates on GEL refinancing rate linked loans) and the currency depreciation. The increase in interest income was also driven by the increase in interest income from investment securities by GEL 3.7 million, mainly driven by the increased yields on such securities, as described above. As a result, yields on average interest earning assets decreased to 12.3%, compared to 12.5% in 3Q 2014.

The increase in interest expense by GEL 17.4 million, or 40.1%, YoY, was primarily attributable to the increased interest expense on customer deposits and on due to credit institutions, each increasing by GEL 7.7 million. The increase in interest expense on customer deposits mainly resulted from the increase in the respective portfolio, which was partially offset by the decrease in deposits rates of 0.2pp YoY to 3.4%. The increase in interest expense on due to credit institutions was also due to the increased interest expense on other borrowed funds primarily due to the increased GEL borrowings and the increased cost of GEL-denominated borrowings mainly related to the refinance rate increase.

As a result, NIM decreased to 7.9% in 3Q 2015, compared to 8.3% in the same quarter of the previous year. (Overall, the currency depreciation effects mentioned above had 0.3pp decrease effect on NIM).

3Q 2015 to 2Q 2015 Comparison

On a QoQ basis, net interest income increased by GEL 4.9 million, or 4.7%, as a result of a 7.7 million, or 4.8%, higher interest income and GEL 2.8 million, or 4.9%, higher interest expense.

The GEL 7.7 million QoQ increase in interest income mainly resulted from the increase in interest income on loans by GEL 6.8 million, which in turn was due to the 7.9% (3.9% at a constant currency) increase in the loan portfolio. The increase in interest income was also driven by an increase in interest income from investment securities by GEL 1.2 million, mainly driven by the increase in its yields by 0.6pp to 7.4%.

The GEL 2.8 million, or 4.9% QoQ, increase in interest expense was primarily due to the increase in interest expense on other borrowed funds by GEL 1.8 million, or 11.5%, resulting from the increased GEL borrowings in the total borrowings and the increased cost of GEL-denominated borrowings mainly related to the refinance rate increase. The QoQ increase in interest expense on customer deposits was mainly due to the increase in the respective portfolio.

Consequently, on a QoQ basis, NIM remained flat at 7.9%.

Reclassification of Income from Other Operating Income to Fee and Commission Income

Starting from 4Q 2014, the Bank has reclassified the operating income of its subsidiaries, TBC Pay and UFC, from Other Operating Income to Fee and Commission Income. The following table gives appropriate details of the adjustment.

In thousands of GEL	**Financial statement line item**	**As previously reported**	**As reclassified**
9M 2014	**Fee and Commission Income**		
	Fee and commission income from settlement	10,988	17,240
	Fee and commission income from card operations	23,406	24,524
	Other Operating Income		
	Revenues from cash-in terminal services	6,863	611
	Other operating income	3,072	1,954

Fee and Commission Income

In thousands of GEL	**30-Sep-15**	**30-Sep-14**	***Change in %***	**3Q'15**	**2Q'15**	**3Q'14**	***Change YoY***	***Change QoQ***
Card operations	35,460	24,524	*44.6%*	12,821	11,878	9,121	*40.6%*	*7.9%*
Settlement transactions	21,992	17,240	*27.6%*	7,968	7,313	6,108	*30.5%*	*9.0%*
Guarantees issued	6,338	6,475	*-2.1%*	2,037	2,144	2,114	*-3.6%*	*-5.0%*
Issuance of letters of credit	4,463	4,935	*-9.6%*	1,321	1,392	1,729	*-23.6%*	*-5.1%*
Cash transactions	7,809	4,386	*78.0%*	2,810	2,805	1,845	*52.3%*	*0.2%*
Foreign exchange operations	1,104	861	*28.2%*	277	253	279	*-0.7%*	*9.6%*
Other	4,104	3,585	*14.5%*	1,512	1,716	1,425	*6.1%*	*-11.9%*
Fee and commission income	**81,270**	**62,006**	***31.1%***	**28,745**	**27,501**	**22,621**	***27.1%***	***4.5%***
Card operations	18,390	10,902	*68.7%*	6,990	6,104	3,769	*85.5%*	*14.5%*
Guarantees received	771	886	*-13.1%*	366	179	378	*-3.2%*	*104.6%*
Cash transactions	2,145	1,957	*9.6%*	858	611	696	*23.3%*	*40.3%*
Settlement transactions	2,631	1,718	*53.2%*	1,123	806	538	*109.0%*	*39.4%*
Foreign exchange operations	4	46	*-90.9%*	1	1	15	*-93.4%*	*-2.6%*
Letters of credit	1,675	2,325	*-27.9%*	593	538	749	*-20.8%*	*10.4%*
Other	3,169	3,111	*1.9%*	1,169	1,041	1,083	*7.9%*	*12.3%*
Fee and commission expense	**28,786**	**20,944**	***37.4%***	**11,101**	**9,280**	**7,228**	***53.6%***	***19.6%***
Net Fee and Commission Income	**52,484**	**41,062**	***27.8%***	**17,644**	**18,221**	**15,393**	***14.6%***	***-3.2%***

9M 2015 to 9M 2014 Comparison

In 9M 2015, net fee and commission income amounted to GEL 52.5 million, up by GEL 11.4 million, or by 27.8%, compared to 9M 2014. This increase resulted mainly from a GEL 3.8 increase in net fee and commission income from settlement transactions, a GEL 3.4 million from card operations and a GEL 3.2 million from cash transactions. The increase in net fee and commission income was also affected by currency devaluation; without the exchange rate effect, net fee and commission income would have increased by GEL 6.9 million, or 16.9% YoY.

3Q 2015 to 3Q 2014 Comparison

In 3Q 2015, net fee and commission income reached GEL 17.6 million, up by GEL 2.3 million, or 14.6%, compared to 3Q 2014. This resulted mainly from an increase in net fee and commission income from settlement transactions by GEL 1.3 million, and cash transaction by GEL 0.8 million. These increases were partially offset by the decreases in issuance of letters of credit and guarantees issued by GEL 0.3 million and GEL 0.1 respectively. The increase in net fee and commission income was also affected by currency devaluation; without the exchange rate effect, net fee and commission income would have increased by GEL 0.6 million, or 3.6% YoY.

3Q 2015 to 2Q 2015 Comparison

On a QoQ basis, net fee and commission income decreased by GEL 0.6 million, or 3.2%, compared to 2Q 2015, primarily due the reduced net fee and commission income from guarantees and issuance of letters of credit and the decrease in cash transactions by GEL 0.2 million. These decreases were partially offset by the increase in net fee and commission income from settlement transactions by GEL 0.3 million and from card operations by GEL 0.1 million.

Other Operating Non-interest Income

In 4Q 2014 the Bank reclassified other operating income to fee and commission income as described above.

In thousands of GEL	**30-Sep-15**	**30-Sep-14**	***Change in %***	**3Q'15**	**2Q'15**	**3Q'14**	***Change YoY***	***Change QoQ***
Gains less losses from trading in foreign currencies and foreign exchange translations	**48,773**	**26,308**	***85.4%***	**13,712**	**17,393**	**10,144**	***35.2%***	***-21.2%***
Gains less losses/(losses less gains) from derivative financial instruments	**(852)**	**(384)**	***NMF***	**(362)**	**(52)**	**162**	***NMF***	***NMF***
Revenues from cash-in terminal services	540	611	*-11.7%*	173	176	210	*-17.4%*	*-1.5%*
Revenues from operational leasing	6,949	5,040	*37.9%*	2,349	2,375	1,806	*30.1%*	*-1.1%*
Gain from sale of investment properties	381	3,096	*-87.7%*	194	27	63	*208.7%*	*609.5%*
Gain from sale of inventories of repossessed collateral	1,465	1,094	*33.9%*	530	363	415	*27.7%*	*46.0%*
Administrative fee income from international financial institutions	550	730	*-24.6%*	216	153	199	*8.4%*	*41.4%*
Revenues from non-credit related fines	68	53	*27.1%*	14	19	35	*-60.0%*	*-26.3%*
Gain on disposal of premises and equipment	99	85	*15.5%*	75	16	26	*184.8%*	*379.5%*
Other	3,919	1,954	*100.6%*	1,367	1,315	479	*185.4%*	*4.0%*
Other operating income	**13,971**	**12,664**	***10.3%***	**4,919**	**4,444**	**3,233**	***52.2%***	***10.7%***
Other operating non-interest income	**61,892**	**38,588**	***60.4%***	**18,269**	**21,785**	**13,539**	***34.9%***	***-16.1%***

9M 2015 to 9M 2014 Comparison

Total other operating non-interest income increased by GEL 23.3 million, or by 60.4% YoY, to GEL 61.9 million in 9M 2015. This increase was mainly driven by a GEL 22.5 million increase in gains from trading in foreign currencies and foreign exchange translations related to increased volumes of currency exchange operations and relatively higher volatility of the currency exchange rate in 9M 2015. This increase was partially offset by the decreased gains from sale of investment property in 9M 2015.

3Q 2015 to 3Q 2014 Comparison

Total other operating non-interest income increased by GEL 4.7 million, or by 34.9%, YoY to GEL 18.3 million in 3Q 2015. This increase was mainly driven by a GEL 3.6 million increase in gains from trading in foreign currencies and foreign exchange translations related to relatively higher volatility of the currency rate in 3Q 2015 vs 3Q 2014. The increase in total other operating income was also supported by the increased revenues from operational leasing by GEL 0.5 million.

3Q 2015 to 2Q 2015 Comparison

On a QoQ basis, other operating non-interest income decreased by GEL 3.5 million, or by 16.1%, primarily reflecting the GEL 3.7 million decrease in gains from trading in foreign currencies and foreign exchange translations mainly related to the normalizing temporarily elevated FX margins in 1H 2015 in the country.

Provision for Impairment

In thousands of GEL	**30-Sep-15**	**30-Sep-14**	***Change in %***	**3Q'15**	**2Q'15**	**3Q'14**	***Change YoY***	***Change QoQ***
Provision for loan impairment	70,736	32,474	*117.8%*	22,012	19,338	5,521	*298.7%*	*13.8%*
Provision for impairment of investments in finance lease	623	166	*275.6%*	260	259	56	*366.0%*	*0.4%*
Provision for/ (recovery of provision) performance guarantees and credit related commitments	-3,062	-2,777	*10.3%*	-3	-2,240	-164	*-98.4%*	*-99.9%*
Provision for impairment of other financial assets	2,377	567	*318.9%*	1,145	893	-52	*-2320.6%*	*28.2%*
Impairment of investment securities available for sale	0	22	*NMF*	0	0	0	*NMF*	*NMF*
Total provision charges for impairment	**70,673**	**30,452**	***132.1%***	**23,415**	**18,251**	**5,361**	***336.8%***	***28.3%***
Operating income after provisions for impairment	**349,358**	**295,571**	***18.2%***	**119,917**	**124,321**	**108,923**	***10.1%***	***-3.5%***
Cost of Risk	**2.3%**	**1.4%**	***0.8pp***	**2.0%**	**1.8%**	**0.7%**	***1.3pp***	***0.2pp***

9M 2015 to 9M 2014 Comparison

In 9M 2015, total provision charges increased by GEL 40.2 million to GEL 70.7 million, compared to 9M 2014. The increase was mainly driven by the increased charges on loans by GEL 38.3 million, caused principally by the technical increase in provisions related to local currency devaluation (65% of our gross loan book is denominated in foreign currency, of which USD loans represent 97% with the provisions on such loans in GEL). Without the effect of currency exchange rate devaluation, loan provision charges would have increased by GEL 5.9 million, which in turn was due to the increased charges in retail and micro segments. These increases were primarily related to the increased restructured loans and the increase in overdue loans from low levels, both factors mainly related to this year's currency devaluation.

These increases were partially offset by the decrease in corporate segment provision charges mainly resulting from recovery of one of our corporate borrower's exposure.

In 9M 2015, the cost of risk on loans was 2.3% (1.4% w/o the currency rate devaluation in 9M 2015), compared to 1.4% in the same period of the previous year.

3Q 2015 to 3Q 2014 Comparison

In 3Q 2015, total provision charges increased by GEL 18.1 million to GEL 23.4 million, compared to 3Q 2014. The increase was primarily driven by GEL 16.5 million higher charges on loans, out of which GEL 8.2 million was due to the currency exchange rate effect. GEL 8.3 million increase resulted from the increased provision charges on micro, SME and retail segments, driven by the increased restructured loans and overdue loans as described above.

In 3Q 2015, the cost of risk on loans was 2.0% (1.4% w/o the currency exchange rate effect), compared to 0.7% in the same quarter of 2014.

Total provision charges in 3Q 2015 were also affected by the increased provision of the Bank's leasing subsidiary related to the developments in the operating environment mentioned in the Economic Overview section.

3Q 2015 to 2Q 2015 Comparison

On a QoQ basis, total provision charges increased by GEL 5.2 million, primarily resulting from a GEL 2.7 million increase in loan provision charges. Without the exchange rate effect in 3Q 2015, loan provision charges would have decreased by GEL 5.4 million.

Consequently, cost of risk on loans increased by 0.2pp QoQ or decreased by 0.6pp without currency effect in 3Q 2015.

Total provision charges in 3Q 2015 were also affected by the increased provision of the banks leasing subsidiary and by the one off recovery of the provisions on guarantees in 2Q in the amount of GEL 2.2 million.

Further details on asset quality can be found on page 19.

Operating Expenses

In thousands of GEL	30-Sep-15	30-Sep-14	*Change in %*	3Q'15	2Q'15	3Q'14	*Change YoY*	*Change QoQ*
Staff costs	100,332	85,575	*17.2%*	35,025	34,455	29,575	*18.4%*	*1.7%*
Depreciation and amortisation	18,939	16,233	*16.7%*	6,638	6,096	5,541	*19.8%*	*8.9%*
Provision for liabilities and charges	0	4,780	*NMF*	0	0	4,780	*NMF*	*NMF*
Professional services	*4,954*	*8,450*	*-41.4%*	*1,137*	*2,509*	*1,251*	*-9.1%*	*-54.7%*
Advertising and marketing services	*7,824*	*9,420*	*-17.0%*	*2,991*	*2,977*	*3,027*	*-1.2%*	*0.5%*
Rent	*12,148*	*8,800*	*38.0%*	*4,276*	*4,249*	*3,010*	*42.0%*	*0.7%*
Utility services	*3,239*	*2,739*	*18.3%*	*1,145*	*1,064*	*900*	*27.3%*	*7.6%*
Intangible asset enhancement	*4,176*	*3,346*	*24.8%*	*1,436*	*1,543*	*1,353*	*6.1%*	*-6.9%*
Taxes other than on income	*3,395*	*2,920*	*16.2%*	*1,013*	*1,030*	*974*	*4.0%*	*-1.6%*
Communications and supply	*2,594*	*2,461*	*5.4%*	*801*	*981*	*861*	*-7.0%*	*-18.4%*
Stationary and other office expenses	*2,296*	*1,827*	*25.6%*	*809*	*789*	*624*	*29.7%*	*2.5%*
Insurance	*1,919*	*1,465*	*30.9%*	*600*	*660*	*554*	*8.1%*	*-9.2%*
Security services	*1,208*	*1,154*	*4.7%*	*411*	*406*	*399*	*3.0%*	*1.3%*
Premises and equipment maintenance	*1,986*	*1,199*	*65.5%*	*628*	*604*	*465*	*34.9%*	*3.9%*
Business trip expenses	*1,172*	*1,071*	*9.5%*	*464*	*373*	*297*	*56.2%*	*24.4%*
Transportation and vehicles maintenance	*969*	*886*	*9.4%*	*362*	*338*	*314*	*15.5%*	*7.2%*
Charity	*789*	*757*	*4.3%*	*248*	*239*	*259*	*-4.0%*	*3.7%*
Personnel training and recruitment	*768*	*514*	*49.4%*	*282*	*240*	*254*	*10.9%*	*17.5%*
Write-down of current assets to fair value less costs to sell	*-475*	*239*	*-299.2%*	*-24*	*-86*	*337*	*-107.2%*	*-71.7%*
Loss on disposal of Inventory	*64*	*202*	*-68.4%*	*50*	*12*	*5*	*969.6%*	*321.5%*
Loss on disposal of investment properties	*3*	*0*	*556.0%*	*0*	*3*	*-1*	*NMF*	*-100.0%*
Loss on disposal of premises and equipment	*1*	*14*	*NMF*	*0*	*0*	*9*	*NMF*	*NMF*
Impairment of intangible assets	*2,120*	*0*	*NMF*	*1,794*	*0*	*0*	*0.0%*	*0.0%*
Other	*5,318*	*4,563*	*16.5%*	*2,000*	*2,577*	*1,531*	*30.6%*	*-22.4%*
Administrative and other operating expenses	**56,464**	**52,028**	***8.5%***	**20,423**	**20,508**	**16,424**	***24.3%***	***-0.4%***
Operating expenses	**175,736**	**158,617**	***10.8%***	**62,085**	**61,058**	**56,321**	***10.2%***	***1.7%***
Profit before tax	**173,621**	**136,954**	***26.8%***	**57,831**	**63,263**	**52,602**	***9.9%***	***-8.6%***
Income tax expense	21,845	18,528	*17.9%*	7,226	7,730	7,028	*2.8%*	*-6.5%*
Profit for the period	**151,777**	**118,426**	***28.2%***	**50,605**	**55,533**	**45,574**	***11.0%***	***-8.9%***

Cost to income ratio	**41.8%**	**48.7%**	***-6.8pp***	**43.3%**	**42.8%**	**49.3%**	***-6.0pp***	***0.5pp***
ROAE	**19.0%**	**19.4%**	***-0.4pp***	**18.2%**	**21.0%**	**19.2%**	***-1.0pp***	***-2.8pp***
ROAA	**3.3%**	**3.4%**	***-0.1pp***	**3.1%**	**3.6%**	**3.7%**	***-0.6pp***	***-0.5pp***

9M 2015 to 9M 2014 Comparison

In 9M 2015, total operating expenses increased to GEL 175.7 million, up by GEL 17.1 million, or by 10.8% YoY. The increase was primarily due to the increase in staff costs by GEL 14.8 million, or 17.2%, YoY. Staff costs increased primarily due to implementation of new management compensation system, the general increase in salaries, bonuses and various HR management related costs at TBC Group level related to the overall increase in the scale of the business as well as the changed accrual method for holidays in accordance with the IFRS requirements (implemented in 2Q 2015). The increase in operating expenses also resulted from the increase in rent expenses mainly due to the currency depreciation and the one-off impairment of intangible assets of GEL 1.8 million.

As a result, the cost to income ratio was 41.8% in 9M 2015, compared to 48.7% in 9M 2014.

3Q 2015 to 3Q 2014 Comparison

In 3Q 2015, total operating expenses increased to GEL 62.1 million, up by GEL 5.8 million, or by 10.2% YoY. The increase was primarily due to the increase in staff costs by GEL 5.4 million, or 18.4% YoY, primarily due to the implementation of a new management compensation system, a general increase in salaries, bonuses and various HR management related costs at TBC Group level related to the growing scale of the business. The increase in operating expenses was also due to the increase in rent expenses mainly resulting from the currency depreciation and one-off impairment of intangible assets by GEL 1.8 million respectively.

As a result, the cost to income ratio stood at 43.3% in 3Q 2015, compared to 49.3% in 3Q 2014.

3Q 2015 to 2Q 2015 Comparison

On a QoQ basis, operating expenses increased by GEL 1.0 million, or 1.7%, compared to 2Q 2015. The increase was mainly driven by the increase in staff costs and depreciation and amortisation expenses by GEL 0.6 million and GEL 0.5 million respectively.

As a result, the cost to income ratio was up by 0.5pp QoQ.

Balance Sheet Discussion

In millions of GEL	**30-Sep-15**	**30-Jun-15**	**30-Sep-14**	***Change QoQ***	***Change YoY***
Cash, due from banks and mandatory cash balances with NBG	1,396.7	1,048.8	895.1	*33.2%*	*56.0%*
Loans and advances to customers (Net)	4,350.7	4,034.9	3,084.1	*7.8%*	*41.1%*
Financial securities	629.5	640.2	567.2	*-1.7%*	*11.0%*
Fixed and intangible assets & investment property	331.3	327.5	306.0	*1.2%*	*8.3%*
Other assets	228.2	222.6	191.2	*2.5%*	*19.3%*
Total assets	**6,936.4**	**6,274.0**	**5,043.6**	***10.6%***	***37.5%***
Due to credit institutions	1,123.9	991.1	760.3	*13.4%*	*47.8%*
Customer accounts	4,286.2	3,831.2	3,002.8	*11.9%*	*42.7%*
Debt Securities in issue	23.9	22.5	14.7	*6.2%*	*62.6%*
Subordinated Debt	250.6	232.7	180.7	*7.7%*	*38.7%*
Other liabilities	119.9	120.0	110.3	*0.0%*	*8.7%*
Total Liabilities	**5,804.5**	**5,197.4**	**4,068.9**	***11.7%***	***42.7%***
Total equity	**1,131.9**	**1,076.6**	**974.7**	***5.1%***	***16.1%***

Assets

As of 30 September 2015, TBC Bank's total assets amounted to GEL 6,936.4 million, up by GEL 1,892.8 million, or by 37.5% YoY. This increase in total assets was mainly due to the increase in net loans to customers by GEL 1,266.7 million, or by 41.1% YoY. The YoY increase in total assets also resulted from a GEL 528.6 million, or 36.6%, increase in liquid assets (comprising cash and cash equivalents, amounts due from other banks, mandatory cash balances and investment securities, less corporate shares), compared to 30 September 2014.

On a QoQ basis, total assets increased by GEL 662.4 million, or by 10.6%, primarily due to a GEL 315.8 million, or 7.8%, increase in net loans to customers and a GEL 364.0 million, or 22.6%, increase in liquid assets.

The liquid assets to liability ratio stood at 34.0%, compared to 35.5% as of 30 September 2014 and 30.9% as of 30 June 2015.

As of 30 September 2015, the gross loan portfolio reached GEL 4,560.0 million, up by 41.2% YoY and by 7.9% QoQ. At the same time, gross loans denominated in foreign currency accounted for 65.4% of total gross loans, compared to 64.1% as of 30 September 2014 and 65.3% as of 30 June 2015, reflecting the local currency devaluation in 9M 2015. The NPL ratio, defined as loans overdue more than 90 days over gross loan portfolio, stood at 1.2%, compared to 0.9% and 1.1% as of 30 September 2014 and 30 June 2015, respectively. The NPLs+Restructured ratio stood at 5.5%, compared to 4.1% as of 30 September 2014 and 5.3% as of 30 June 2015, and the NPL+Restructured loans coverage ratio stood at 84.2% (185.6% including the collateral), compared to 111.6% as of 30 September 2014 and 86.7% as of 30 June 2015.

Asset Quality

Foreign Currency Income Linked Borrowers

	30-Sep-15		30-Jun-15	
Segments	**FC share**	**FC linked borrowers share**	**FC share**	**FC linked borrowers share**
Retail	60.0%	35.4%	60.4%	35.1%
Consumer	*28.1%*	*21.8%*	*29.5%*	*20.4%*
Mortgage	*83.9%*	*24.9%*	*84.1%*	*25.3%*
Pawn	*82.3%*	*94.2%*	*82.4%*	*93.7%*
Corporate	76.9%	48.9%*	74.8%	53.8%**
SME	82.7%	28.5%	84.3%	27.5%
Micro	29.8%	5.0%	33.5%	5.0%
Total Loan Portfolio	**65.4%**	**38.1%**	**65.3%**	**39.0%**

(*) Pure exports account for 15.6% of total Corporate USD denominated loans.

(**) Pure exports account for16.1% of total Corporate USD denominated loans.

PAR 30 by Segments and Currencies

Par 30	30-Sep-15			30-Jun-15			30-Sep-14*		
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	0.2%	2.8%	**2.2%**	0.1%	0.8%	**0.6%**	3.0%	1.7%	**2.0%**
Retail	2.7%	2.8%	**2.8%**	2.4%	2.3%	**2.3%**	2.6%	1.5%	**2.0%**
SME	1.8%	3.8%	**3.4%**	1.4%	3.1%	**2.9%**	0.5%	1.5%	**1.3%**
Micro	2.1%	4.8%	**2.9%**	2.0%	3.6%	**2.5%**	1.5%	2.8%	**2.0%**
Total	**2.0%**	**3.1%**	**2.7%**	**1.7%**	**2.0%**	**1.9%**	**2.4%**	**1.6%**	**1.9%**

(*) September 2014 segmental data is based on Bank Constanta segment definition, which was amended after the Bank's merger with Constanta in 1Q 2015

Total

The QoQ increase in PAR 30 by 0.8pp was mainly due to two large corporate borrowers, which had already been adequately provisioned as of 2Q.

Retail Segment

Retail segment PAR 30 in GEL remains broadly stable YoY, while the increase of PAR 30 in FC loans is mainly caused by increase in mortgage and secured consumer products.

Corporate

The QoQ increase in PAR 30 by 1.6pp was mainly due to two large corporate borrowers, which had already been adequately provisioned as of 2Q.

SME

SME segment PAR 30 increased by 2.1pp YoY and 0.5pp QoQ mainly driven by FC loans loans related to currency devaluation.

Micro

Micro segment PAR 30 was increased by 0.4pp QoQ and by 0.9pp YoY, mainly driven by FC loans related to currency devaluation.

NPLs+Restructured Loans to Gross Loans by Segments and Currencies

NPLs+Restructured loans	30-Sep-15			30-Jun-15			30-Sep-14*		
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	5.5%	8.8%	**8.0%**	5.6%	9.8%	**8.8%**	6.2%	8.4%	**7.8%**
Retail	2.5%	4.2%	**3.6%**	2.4%	3.4%	**3.0%**	2.3%	2.4%	**2.3%**
SME	5.1%	5.5%	**5.5%**	2.2%	5.1%	**4.6%**	0.5%	1.7%	**1.5%**
Micro	2.7%	9.6%	**4.7%**	2.6%	8.2%	**4.5%**	1.0%	4.4%	**2.3%**
Total	**3.4%**	**6.5%**	**5.5%**	**3.2%**	**6.4%**	**5.3%**	**3.0%**	**4.7%**	**4.1%**

(*) September 2014 segmental data is based on Bank Constanta segment definition, which was amended after the Bank's merger with Constanta in 1Q 2015

Total

NPLs+restructured loans ratio increased by 0.2pp QoQ and by 1.4pp YoY. The YoY increase in restructured loans is mainly driven by the proactive approach of the Bank to offer restructuring to the customers affected by the devaluation.

Retail Segment

NPLs+restructured loans ratio increased by 0.6pp QoQ and by 1.3pp YoY. The growth in restructured loans mainly resulted from the Bank's proactive approach to offer restructuring to those customers, who are exposed to increased risk due to currency devaluation.

Corporate

NPLs+restructured loans ratio decreased by 0.8 pp QoQ mainly due to decrease in exposure of one of corporate borrowers, which resulted in the respective release of provisions leading to a negative cost of risk without currency devaluation. The YoY increase in NPL + Restructured Loans ratio was only up by 0.2pp.

SME

SME loans represent 13.2% of the total loan portfolio and the SME share in total NPLs+restructured loans also stands at 13.2%. SME has the lowest LGD among other sectors, half of that of corporate segment. Increase in NPL + Restructured loans ratio is mainly due to the Bank's proactive approach to offer restructuring to those customers, who are exposed to increased risk due to currency devaluation.

Micro

Micro loans represent 10.9% of the total loan portfolio and the micro share in total NPL+restructured loans stands at 9.5%. The share of FC loans in total micro portfolio represents 29.8%. The increase in Micro segment NPLs+restructured loans ratio was mainly driven by foreign currency loans related to currency devaluation.

NPLs+Restructured Loans Coverage

NPLs+Restructured loans coverage	30-Sep-15		30-Jun-15		30-Sep-14*	
	excl. collateral	**incl. collateral**	**excl. collateral**	**incl. collateral**	**excl. collateral**	**incl. collateral**
Corporate	89.8%	179.9%	89.1%	180.3%	107.1%	n/a
Retail	100.8%	206.2%	114.3%	221.7%	130.6%	n/a
SME	31.7%	168.6%	28.4%	166.1%	65.4%	n/a
Micro	79.4%	179.6%	75.4%	174.0%	121.1%	n/a
Total	**84.2%**	**185.6%**	**86.7%**	**188.0%**	**111.6%**	**n/a**

(*) September 2014 segmental data is based on Bank Constanta segment definition, which was amended after the Bank's merger with Constanta in 1Q 2015

NPLs+Restructured loans coverage decreased by 2.5% QoQ to 84.2%, mainly reflecting the increased portion of restructured loans into the NPL and restructured loans ratio due to the reasons described above. Yet, NPLs+Restructured loans coverage including discounted value of collateral was at 185.6% compared to 188.0% as of 30 June 2015.

Liabilities

As of 30 September 2015, TBC Bank's total liabilities amounted to GEL 5,804.5 million, up by 42.7% YoY and by 11.7% QoQ.

On a YoY basis, the GEL 1,735.6 million, or 42.7%, increase in total liabilities was primarily due to the GEL 1,283.4 million, or 42.7%, increase in customer deposits, which was primarily driven by the increase in retail and corporate deposits. The increase in total liabilities was also due to the increase in other borrowed funds by GEL 376.5 million, or 58.0%, mainly resulting from the borrowings attracted from the International Financial Institutions as well as increasing short term GEL borrowing from NBG consistence with the liquidity management policy.

On a QoQ basis, the GEL 607.1 million, or 11.7%, increase in total liabilities was primarily due to the GEL 455.0 million, or 11.9%, increase in customer deposits, and due to the increase in short-term borrowings from local banks and financial institutions increasing short term GEL borrowing from NBG consistence with the liquidity management policy.

Liquidity

The Bank's liquidity ratio, as defined by the National Bank of Georgia, stood at 33.6% as of 30 September 2015, compared to 37.7% and 33.0% as of 30 September 2014 and 30 June 2015, respectively.

Total Equity

As of 30 September 2015, TBC's total equity amounted to GEL 1,131.9 million, up from GEL 974.7 million as of 30 September 2014 and GEL 1,076.6 million as of 30 June 2015. The YoY and QoQ increase was primarily driven by the net income attributable to the owners of the bank.

Regulatory Capital

As of 30 September 2015, the Bank's Basel II/III[2] tier 1 and total capital adequacy ratios (CAR) stood at 12.0% and 14.8%, respectively, compared to 13.6% and 16.7% as of 30 September 2014, and 12.2% and 15.1% as of 30 June 2015. The minimum capital requirements set by NBG for Basel II/III tier 1 and total capital ratios are 8.5% and 10.5%, respectively. The Bank's Basel II/III tier 1 capital amounted to GEL 879.1 million, compared to GEL 743.6 million as of 30 September 2014 and GEL 831.4 million as of 30 June 2015. Risk weighted assets were GEL 7,305.8 million as of 30 September 2015, up by GEL 1,819.0 million YoY and up by GEL 510.5 million QoQ.

The Bank's Basel I tier 1 capital ratio was 23.4%, compared to 26.8% and 24.3% as of 30 September 2014 and 30 June 2015, respectively. Tier 1 capital reached GEL 1,085.1 million, compared to 926.1 million and 1,031.3 million as of 30 September 2014 and 30 June 2015, respectively. Risk weighted assets were GEL 4,630.2 million as of 30 September 2015, up by GEL 1,173.9 million YoY and up by GEL 383.9 million QoQ.

[2] Starting from June 2014 the National Bank of Georgia enforced Basel II/III regulation

Results by Segments and Subsidiaries

Following the merger with Bank Constanta in January 2015, the Bank revised the segment definitions as per below:

- **Corporate** segment includes business customers that have annual revenue of GEL 8.0 million or more or have been granted a loan in an amount equivalent to USD 1.5 million or more. Some other business customers may also be assigned to the Corporate segment on a discretionary basis;
- **Micro** segment business customers with loans below USD 70K, as well as pawn loans, credit cards and cash cover loans granted in TBC Bank Constanta branches, and deposits up to USD 20 K in urban areas and up to USD 100 K in rural areas of the customers of TBC Bank Constanta branches. Some other customers may also be assigned to the Micro segment on a discretionary basis;
- **SME** segment includes business customers that are not included in either Corporate or Micro segments; Some other legal entity customers may also be assigned to the SME segment on a discretionary basis;
- **Retail** segment includes individuals that are not included in the other categories.
- **Corporate Center and Other Operations** comprise the Treasury, other support and back office functions, and non-banking subsidiaries of the Group.

As a result, loans amounting to GEL 93.3 million were reclassified from the retail to the micro segment and GEL 2.0 million was reclassified from the retail to the SME segment. As for the deposits, GEL 54.3 million was reclassified from retail to micro deposits, GEL 1.2 million from retail to SME deposits, and GEL 8.1 million from SME to corporate deposits.

The following table sets out the information on the financial results of TBC Bank's segments for 3Q 2015:

In thousands of GEL	**Retail**	**Corporate**	**SME**	**Micro**	**Corp. Center**	**Total**
3Q 2015						
interest income	69,923	35,562	17,177	27,972	17,377	**168,011**
interest expense	-24,045	-7,743	-2,537	-530	-25,737	**-60,592**
Intersegment interest income/(expense)	3,228	-8,977	-550	-6,943	13,242	**0**
Net interest income	**49,107**	**18,842**	**14,089**	**20,499**	**4,882**	**107,419**
Fee and commission income	18,568	4,063	3,018	2,057	1,039	**28,745**
Fee and commission expense	-8,145	-1,078	-1,108	-400	-371	**-11,101**
Net Fee and commission income	**10,424**	**2,984**	**1,910**	**1,658**	**668**	**17,644**
Gains less losses from trading in foreign currencies	3,496	6,020	5,180	472	1,378	**16,545**
Foreign exchange translation losses less gains	0	0	0	0	-2,833	**-2,833**
Net gain from derivative financial instruments	0	0	0	0	-362	**-362**
Other operating income	291	3,012	111	32	1,473	**4,919**
Other operating noninterest income	**3,787**	**9,032**	**5,291**	**504**	**-345**	**18,269**
Provision for loan impairment	-10,729	-3,538	-2,655	-5,089	0	**-22,012**
Provision for performance guarantees and credit related commitments	0	165	-162	0	0	**3**
Provision for impairment of investments in finance lease	0	0	0	0	-260	**-260**
Provision for impairment of other financial assets	-463	-100	-90	-1	-491	**-1,145**
Profit before administrative and other expenses and income taxes	**52,126**	**27,385**	**18,382**	**17,570**	**4,453**	**119,917**
Staff costs	-17,561	-4,556	-4,195	-8,181	-532	**-35,025**
Depreciation and amortisation	-3,622	-251	-504	-1,470	-790	**-6,638**
Provision for liabilities and charges	0	0	0	0	0	**0**
Administrative and other operating expenses	-10,253	-1,020	-1,639	-3,460	-4,050	**-20,423**
Operating expenses	**-31,436**	**-5,827**	**-6,339**	**-13,112**	**-5,371**	**-62,085**
Profit before tax	**20,689**	**21,558**	**12,044**	**4,459**	**-918**	**57,832**
Income tax expense	-2,969	-3,294	-1,960	-669	1,666	**-7,226**
Profit for the year	**17,720**	**18,264**	**10,084**	**3,790**	**748**	**50,606**

The following table sets out the loans and customer deposits portfolios of TBC Bank's business segments as of 30 September 2015, 30 June 2015 and 30 September 2014.

In thousands of GEL	30-Sep-15	30-Jun-15	30-Sep-14
Loans and Advances to Customers			
Consumer	*816,601*	*775,392*	*676,337*
Mortgage	*879,645*	*814,511*	*627,531*
Pawn	*224,648*	*209,729*	*142,361*
Retail	1,920,894	1,799,632	1,446,229
Corporate	1,542,511	1,380,488	1,084,219
SME	600,644	569,091	460,727
Micro	495,988	478,307	239,034
Total loans and advances to customers (gross)	**4,560,036**	**4,227,518**	**3,230,209**
Less: Provision for loan impairment	-209,303	-192,585	-146,145
Total loans and advances to customers (net)	**4,350,733**	**4,034,933**	**3,084,064**
Customer Accounts			
Retail	2,397,898	2,254,095	1,788,244
Corporate	1,139,476	912,902	746,345
SME	674,552	596,670	463,078
Micro	74,259	67,514	5,142
Total customer accounts	**4,286,185**	**3,831,182**	**3,002,810**

3Q 2015 (In thousands of GEL)	Corporate	Consumer	Mortgage	SME	Micro	Total
Provision for loan impairment at 30 June 2015	**107,703**	**43,802**	**17,363**	**7,446**	**16,273**	**192,586**
(Recovery of)/provision for impairment during the year	3,538	8,427	2,303	2,655	5,089	**22,012**
Amounts written off during the year as uncollectible	0	(5,880)	(545)	(543)	(3,560)	**(10,527)**
Recoveries	113	1,758	1,500	690	889	**4,951**
Effect of translation to presentation currency	0	52	44	187	0	**282**
Provision for loan impairment at 30 September 2015	**111,354**	**48,158**	**20,665**	**10,436**	**18,691**	**209,304**

Retail Banking

As of 30 September 2015, retail loans stood at GEL 1,920.9 million, up by 6.7% QoQ and accounted for 31.5% market share in individual loans. As of 30 September 2015, foreign currency loans represented 60.0% of the total retail loan portfolio.

In the same period, retail deposits increased to GEL 2,397.9 million, up by 6.4% QoQ, and accounted for 34.6% market share of individual deposits. Term deposits accounted for 63.8% of the total retail deposit portfolio as of 30 September 2015. Foreign currency deposits represented 89.2% of the total retail deposit portfolio.

In 3Q 2015, retail loan yields and deposit rates stood at 15.0% and 4.1% respectively, and the segment's cost of risk was 2.3%. The retail segment contributed to 35.0%, or GEL 17.7 million, to TBC's total net income in 3Q 2015.

Corporate Banking

As of 30 September 2015, corporate loans amounted to GEL 1,542.5 million, up by 11.7% QoQ. Foreign currency loans accounted for 76.9% of the total corporate loan portfolio.

As of the same date, corporate deposits totaled GEL 1,139.5 million, up by 24.8% QoQ. The significant growth in corporate deposits was mainly due to the temporary increase in one of our client's current account. As of the same date, foreign currency corporate deposits represented 58.2% of the total corporate deposit portfolio.

In 3Q 2015, corporate loan yields and deposit rates stood at 9.7% and 3.1%, respectively. In the same period, the cost of risk was 1.0%. In terms of profitability, the corporate segment's net profit reached GEL 18.3 million, or 36.1% of TBCs total net income.

SME Banking

As of 30 September 2015, SME loans amounted to GEL 600.6 million, up 5.5% QoQ. Foreign currency loans represented 82.7% of the total SME portfolio.

As of the same date, SME deposits stood at GEL 674.6 million, up by 13.1% QoQ. Foreign currency SME deposits represented 64.4% of the total SME deposit portfolio.

In 3Q 2015, SME loan yields and deposit rates stood at 11.6% and 1.6%, respectively. In the same period, cost of risk was 1.8%. In terms of profitability, net profit for the SME segment amounted to GEL 10.1 million, or 19.9%, of TBC's total net income.

Micro Banking

Micro loans totaled GEL 496.0 million as of 30 September 2015, up by 3.7% QoQ. Foreign currency loans represented 29.8% of the total micro loan portfolio.

As of the same date, micro customer deposits amounted to GEL 74.3 million, up 10.0% QoQ. Foreign currency micro deposits represented 61.9% of the total micro deposit portfolio.

In 3Q 2015, micro loan yields and deposit rates stood at 22.8% and 2.9%, respectively. In the same period, the cost of risk was 4.2%. In terms of profitability, the micro segment's net profit reached GEL 3.8 million, or 7.5% of TBC's total net income.

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Annexes

Subsidiaries

Subsidiary	Ownership / voting % as of 30 September 2015	Country	Year of incorporation or acquisition	Industry	Total Assets (after elimination)	
					Amount GEL'000	**% in TBC Group**
United Financial Corporation JSC	98.7%	Georgia	1997	Card processing	9,523	0.14%
TBC Capital LLC	100.0%	Georgia	1999	Brokerage	735	0.01%
TBC Leasing JSC	99.6%	Georgia	2003	Leasing	100,701	1.45%
TBC Kredit LLC	75.0%	Azerbaijan	2008	Non-banking credit institution	96,351	1.39%
Banking System Service Company LLC	100.0%	Georgia	2009	Information services	797	0.01%
TBC Pay LLC	100.0%	Georgia	2009	Processing	23,196	0.33%
Real Estate Management Fund JSC	100.0%	Georgia	2010	Real estate management	1,466	0.02%
TBC Invest LLC	100.0%	Israel	2011	PR and marketing	189	0.00%

Consolidated Balance Sheet

In thousands of GEL	30-Sep-15	30-Jun-15	30-Sep-14
Cash and cash equivalents	903,136	597,580	548,286
Due from other banks	25,944	42,788	31,928
Mandatory cash balances with National Bank of Georgia	467,649	408,456	314,902
Loans and advances to customers (Net)	4,350,733	4,034,933	3,084,064
Investment securities available for sale	220,538	204,440	557,219
Repurchase receivables	41,527	69,156	9,965
Investment securities held to maturity	367,401	366,639	0
Investments in finance leases	67,077	62,353	43,944
Investment properties	73,742	75,236	77,893
Goodwill	2,726	2,726	2,726
Intangible assets	41,855	40,978	30,244
Premises and equipment	215,689	211,250	197,859
Other financial assets	62,226	62,263	42,443
Deferred income tax asset	434	944	304
Current income tax prepayment	10,276	6,010	4,813
Other assets	85,457	88,292	96,978
TOTAL ASSETS	**6,936,408**	**6,274,044**	**5,043,567**
LIABILITIES			
Due to Credit Institutions	1,123,858	991,069	760,339
Customer accounts	4,286,185	3,831,182	3,002,810
Current income tax liability	722	486	1,158
Debt Securities in issue	23,949	22,540	14,732
Deferred income tax liability	25,478	25,470	34,225
Provisions for liabilities and charges	6,316	8,202	9,352
Other financial liabilities	55,009	53,574	36,062
Subordinated debt	250,612	232,658	180,737
Other liabilities	32,409	32,230	29,500
TOTAL LIABILITIES	**5,804,537**	**5,197,413**	**4,068,915**
EQUITY			
Share capital	19,587	19,587	19,576
Share premium	406,058	406,058	405,658
Retained earnings	645,180	594,863	492,135
Share based payment reserve	9,187	5,926	3,605
Other reserves	44,027	42,653	45,839
TOTAL EQUITY	**1,124,039**	**1,069,087**	**966,813**
Non-controlling interest	7,832	7,543	7,839
TOTAL EQUITY	**1,131,871**	**1,076,631**	**974,652**
TOTAL LIABILITIES AND EQUITY	**6,936,408**	**6,274,044**	**5,043,567**

Consolidated Income Statement

In thousands of GEL	30-Sep-15	30-Sep-14	3Q'15	2Q'15	3Q'14
Interest income	474,887	375,576	168,011	160,327	128,585
Interest expense	-169,232	-129,204	-60,592	-57,762	-43,234
Net interest income	**305,655**	**246,372**	**107,419**	**102,565**	**85,351**
Fee and commission income	81,270	62,006	28,745	27,501	22,621
Fee and commission expense	-28,786	-20,944	-11,101	-9,280	-7,228
Net Fee and Commission Income	**52,484**	**41,062**	**17,644**	**18,221**	**15,393**
Gains less losses from trading in foreign currencies	47,106	25,112	16,545	22,230	8,391
Foreign exchange translation gains less losses	1,667	1,196	-2,833	-4,837	1,753
Gains less losses/(losses less gains) from derivative financial instruments	-852	-384	-362	-52	162
Other operating income	13,971	12,664	4,919	4,444	3,233
Other operating non-interest income	**61,892**	**38,588**	**18,269**	**21,785**	**13,539**
Provision for loan impairment	-70,736	-32,474	-22,012	-19,338	-5,521
Provision for impairment of investments in finance lease	-623	-166	-260	-259	-56
Provision for/ (recovery of provision) performance guarantees and credit related commitments	3,062	2,777	3	2,240	164
Provision for impairment of other financial assets	-2,377	-567	-1,145	-893	52
Impairment of investment securities available for sale	0	-22	0	0	0
Operating income after provisions for impairment	**349,358**	**295,571**	**119,917**	**124,321**	**108,923**
Staff costs	-100,332	-85,575	-35,025	-34,455	-29,575
Depreciation and amortisation	-18,939	-16,233	-6,638	-6,096	-5,541
Provision for liabilities and charges	0	-4,780	0	0	-4,780
Administrative and other operating expenses	-56,464	-52,028	-20,423	-20,508	-16,424
Operating expenses	**-175,736**	**-158,617**	**-62,085**	**-61,058**	**-56,321**
Profit before tax	**173,621**	**136,954**	**57,831**	**63,263**	**52,602**
Income tax expense	-21,845	-18,528	-7,226	-7,730	-7,028
Profit for the period	**151,777**	**118,426**	**50,605**	**55,533**	**45,574**
Profit attributable to owners of the bank	151,316	117,550	50,317	55,460	45,518

Key Ratios

Average Balances

Average balances included in this document are calculated as the average of the relevant monthly balances as of each month-end. Balances have been extracted from TBC's unaudited and consolidated management accounts prepared from TBC's accounting records and used by the Management for monitoring and control purposes.

Ratios (based on monthly averages, where applicable)	**30-Sep-15**	**30-Sep-14**	**3Q'15**	**2Q'15**	**3Q'14**
ROAE[1]	19.0%	19.4%	18.2%	21.0%	19.2%
ROAA[2]	3.3%	3.4%	3.1%	3.6%	3.7%
Pre-provision ROAE	27.9%	24.4%	26.7%	27.9%	21.4%
Pre-provision ROAA	4.8%	4.3%	4.5%	4.7%	4.1%
Cost: Income[3]	41.8%	48.7%	43.3%	42.8%	49.3%
Cost of Risk[4]	2.3%	1.4%	2.0%	1.8%	0.7%
NIM[5]	7.9%	8.5%	7.9%	7.9%	8.3%
Loan yields[6]	13.6%	15.2%	13.6%	13.6%	14.9%
Deposit rates[7]	3.6%	3.8%	3.4%	3.6%	3.6%
Yields on interest earning assets [8]	12.3%	12.9%	12.3%	12.4%	12.5%
Cost of Funding[9]	4.5%	4.7%	4.5%	4.6%	4.5%
Spread[10]	7.8%	8.3%	7.8%	7.8%	8.0%
NPLs to gross loans[11]	1.2%	0.9%	1.2%	1.1%	0.9%
NPLs+restructured loans to gross loans[12]	5.5%	4.1%	5.5%	5.3%	4.1%
Provision Level to Gross Loans[13]	4.6%	4.5%	4.6%	4.6%	4.5%
NPLs+Restructured loans coverage ratio[14]	84.2%	111.6%	84.2%	86.7%	111.6%
BIS Tier 1[15]	23.4%	26.8%	23.4%	24.3%	26.8%
Total BIS CAR[16]	28.6%	33.0%	28.6%	29.8%	33.0%
NBG Basel II Tier 1 CAR[17]	12.0%	13.6%	12.0%	12.2%	13.6%
NBG Basel II Total CAR[18]	14.8%	16.7%	14.8%	15.1%	16.7%

Ratio definitions

1. Return on average total equity (ROAE) equals net income attributable to owners divided by monthly average of total shareholders' equity attributable to the Bank's equity holders for the same period; Pre-provision ROAE excludes all provision charges. Annualised where applicable.
2. Return on average total assets (ROAA) equals net income of the period divided by monthly average total assets for the same period. Pre-provision ROAE excludes all provision charges. Annualised where applicable.
3. Cost to Income ratio equals total operating expenses for the period divided by the total revenue for the same period. (Revenue represents the sum of net interest income, net fee and commission income and other non-interest income).
4. Cost of risk equals provision for loan impairment divided by monthly average gross loans and advances to customers. Annualised where applicable.
5. Net interest margin (NIM) is net interest income divided by monthly average interest-earning assets. Annualised where applicable.
6. Loan yields equal interest income on loans and advances to customers divided by monthly average gross loans and advances to customers. Annualised where applicable.
7. Deposit rates equal interest expense on customer accounts divided by monthly average total customer deposits. Annualised where applicable.
8. Yields on interest earning assets equals total interest income divided by monthly average interest earning assets. Annualised where applicable.
9. Cost of funding equals total interest expense divided by monthly average interest bearing liabilities. Annualised where applicable.
10. Spread equals difference between yields on interest earning assets and cost of funding.
11. NPLs to gross loans ratio equals loans for which principal or interest repayment is overdue for more than 90 days divided by the gross loan portfolio for the same period.
12. NPLs+restructured loans to gross loans equal NPLs plus those restructured loans that are overdue by 90 days or less divided by the gross loan portfolio for the same period.
13. Provision Level to Gross Loans equal loan loss provision divided by the gross loan portfolio for the same period.
14. NPLs+Restructured loans coverage ratio equal loan loss provision divided by the sum of NPLs plus those restructured loans that are overdue by 90 days or less.
15. NPLs+Restructured loans collateral coverage ratio equals the discounted value of collateral divided by the sum of NPLs plus those restructured loans that are overdue by 90 days or less.
16. BIS Tier 1 capital adequacy ratio Tier 1 capital over total risk weighted assets, both calculated in accordance with Basel I requirements.
17. Total BIS CAR equals total capital over total risk weighted assets, both calculated in accordance with Basel I requirements.
18. NBG Basel II Tier 1 CAR equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the NBG Basel II requirements. After adoption of NBG Basel II/III requirements, the Bank also calculates its capital requirements and risk weighted assets separately for Pillar 1. Detailed instructions of Pillar 1 calculations are given by NBG. The reporting started from the end of 2012.
19. NBG Basel II Total CAR equals total capital divided by total risk weighted assets, both calculated in accordance with the NBG Basel II requirements. After adoption of NBG Basel II/III requirements, the Bank also calculates its capital requirements and risk weighted assets separately for Pillar 1. Detailed instructions of Pillar 1 calculations are given by NBG. The reporting started from the end of 2012.

Exchange Rates

To calculate the Balance Sheet items' QoQ growth without currency exchange rate effect, we used USD/GEL exchange rate of 2.2483 as of 30 June 2015. For calculations of YoY growth without currency exchange rate effect, we used USD/GEL exchange rate of 1.7524 as of 30 September 2014. The USD/GEL exchange rate as of September 2015 equaled 2.3816. For P&L items growth calculations without currency effect, we used the average USD/GEL exchange rate for the following periods: 3Q 2015 of 2.3241, 2Q 2015 of 2.2816 and 3Q 2014 of 1.7452.

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Additional Disclosures

Year-end Guidance

Ratios, %	YE 2014	1Q 2015	2Q 2015	3Q 2015	YE 2015E
Cost of risk on Loans *	1.6%	3.0%	1.8%	2.0%	2-2.3%
NPL + Restructured loans/gross loans	3.7%	4.4%	5.3%	5.5%	5.8 -6.7%
Cost-to-Income ratio	49.4%	39.2%	42.8%	43.3%	<45%
ROE*	18.4%	17.9%	21.0%	18.2%	c.18% (17.5%-18.5%)

(*) Ratios are calculated based on monthly average balances

Sensitivity Scenario

Sensitivity Scenario	30-Sept-15	10% Currency Devaluation Effect
NIM*		-0.1%
Cost of Risk		+0.2%
Total Capital per Basel II/III	1,084	1,085
Capital adequacy ratios per both tier 1 and total per Basel II/III and NBG regulation decrease by		0.8% - 1%

(*) Linear depreciation is assumed for NIM sensitivity analysis
Source: IFRS statements and Internal Reporting

FC details for Selected P/L Items

Selected P&L Items 3Q 2015	FC % of Respective Totals
Interest Income	50%
Interest Expense	69%
Fee and Commission Income	49%
Fee and Commission Expense	64%
Administrative Expenses	15%

Source: IFRS statements and Internal Reporting

Refinanced and Libor Linked B/S Items

Refinance Rate Linked			Libor Linked		
Refinance Rate Gap	*GEL*	**7.9 m**	**Libor Gap**	*GEL* **66 - 809 m**	
Assets	**865**	**12%**	**Assets**	**1,186**	**17%**
Fixed securities (≤ 1y)*	284	45%	Nostro**	275	66%
Floating Securities	126	20%	NBG Reserves**	468	82%
Floating Loans	405	9%	Libor Loans	443	10%
NBG Reserves	50	9%	**Liabilities**	**378**	**7%**
Liabilities	**857**	**15%**	Senior Loans	240	23%
Total Deposits	387	9%	Subordinated Loans	137	55%
NBG Loan	289	28%			
Interbank Deposits	21	21%			
IFI & Interbank Loans	160	15%			

(*)77% of the less than 1 year securities are maturing in 6 months.
(**)Income on NBG reserves and Nostros are calculated as benchmark minus margin whereby benchmarks are correlated with Libor. These two items close the gap only in case of upward movement of the Libor rate
Source: IFRS Group Data

Yields and Rates

Yields and Rates	3Q'15	2Q'15	1Q'15	4Q'14	3Q'14
Loan yields[6]	**13.6%**	**13.6%**	**13.5%**	**14.3%**	**14.9%**
Retail loan yields GEL	*20.0%*	*20.0%*	*19.2%*	*22.2%*	*22.1%*
Retail loan yields FX	*11.6%*	*11.6%*	*11.7%*	*12.9%*	*13.2%*
Retail Loan Yields	**15.0%**	**14.9%**	**14.8%**	**17.0%**	**17.1%**
Corporate loan yields GEL	*11.1%*	*10.1%*	*10.4%*	*9.5%*	*10.8%*
Corporate loan yields FX	*9.3%*	*9.3%*	*9.1%*	*9.7%*	*10.9%*
Corporate Loan Yields	**9.7%**	**9.5%**	**9.5%**	**9.6%**	**10.9%**
SME loan yields GEL	*12.8%*	*11.3%*	*11.8%*	*11.3%*	*11.8%*
SME loan yields FX	*11.3%*	*11.9%*	*11.7%*	*11.6%*	*12.6%*
SME Loan Yields	**11.6%**	**11.8%**	**11.7%**	**11.6%**	**12.5%**
Micro loan yields GEL	*24.7%*	*24.7%*	*26.8%*	*27.1%*	*26.9%*
Micro loan yields FX	*18.8%*	*19.5%*	*19.8%*	*21.1%*	*20.5%*
Micro Loan Yields	**22.8%**	**22.8%**	**24.0%**	**24.8%**	**24.3%**
Deposit rates[7]	**3.4%**	**3.6%**	**3.7%**	**3.5%**	**3.6%**
Retail deposit rates GEL	3.8%	3.7%	3.9%	4.3%	4.4%
Retail deposit rates FX	4.2%	4.3%	4.5%	4.4%	4.6%
Retail Deposit Yields	**4.1%**	**4.2%**	**4.4%**	**4.4%**	**4.5%**
Corporate deposit rates GEL	4.6%	4.6%	4.5%	3.4%	3.7%
Corporate deposit rates FX	1.7%	1.6%	1.9%	2.0%	2.1%
Corporate Deposit Yields	**3.1%**	**3.3%**	**3.3%**	**2.7%**	**2.8%**
SME deposit rates GEL	1.6%	1.5%	1.3%	1.6%	1.4%
SME deposit rates FX	1.5%	1.6%	1.5%	1.3%	1.4%
SME Deposit Yields	**1.6%**	**1.6%**	**1.4%**	**1.4%**	**1.4%**
Micro deposit rates GEL	2.9%	4.0%	6.4%	5.0%	2.9%
Micro deposit rates FX	2.9%	3.1%	2.9%	5.3%	2.4%
Micro Deposit Yields	**2.9%**	**3.4%**	**4.4 %**	**5.0%**	**2.8%**
Yields on Securities	**7.4%**	**6.8%**	**6.3%**	**6.1%**	**5.7%**

Source: IFRS Consolidated

Loan Quality per NBG

Sub-Standard, Doubtful and Loss (SDL) Loans Ratio per NBG

	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
SDL Loans as % of Gross Loans	**7.5%**	**6.8%**	**6.0%**	**6.0%**	**8.4%**

Source: NBG

Capital

NBG Basel II Capital adequacy ratio	**30-Sep-15**	**30-Jun-15**	**31-Mar-15**	**31-Dec-14**	**30-Sep-14**
Tier 1 Capital	879,122	831,400	835,688	783,360	743,614
Regulatory capital	1,083,975	1,028,113	1,042,654	946,865	913,829
Credit Risk Weighted Exposures	*6,835,013*	*6,313,075*		*5,879,120*	
Risk Weighted Exposures for Market Risk	*18,732*	*30,169*		*27,186*	
Risk Weighted Exposures for Operational Risk	*452,089*	*452,089*		*390,378*	
Total Risk-weighted Exposures	**7,305,835**	**6,795,333**	**6,923,736**	**6,296,684**	**5,486,786**
Tier 1 Capital adequacy ratio	*12.0%*	*12.2%*	*12.1%*	*12.4%*	*13.6%*
Total Capital adequacy ratio	*14.8%*	*15.1%*	*15.1%*	*15.0%*	*16.7%*

NBG Capital adequacy ratio	**30-Sep-15**	**30-Jun-15**	**31-Mar-15**	**31-Dec-14**	**30-Sep-14**
Tier 1 Capital	790,040	786,141	822,579	671,491	672,262
Regulatory capital	1,066,227	1,010,366	1,026,203	872,924	856,240
Credit risk weighted assets (including off-balance obligations)	*5,202,616*	*4,819,329*		*4,125,740*	
Currency Induced Credit Risk	*2,040,299*	*1,919,273*		*1,525,435*	
minus general and special reserves	*-216,649*	*-190,019*		*-155,192*	
Total Risk-weighted Exposures	**7,026,265**	**6,548,583**	**6,581,758**	**5,495,983**	**4,835,565**
Tier 1 Capital adequacy ratio	*11.2%*	*12.0%*	*12.5%*	*12.2%*	*13.9%*
Total Capital adequacy ratio	*15.2%*	*15.4%*	*15.6%*	*15.9%*	*17.7%*

Capital adequacy ratio under Basel Capital Accord 1988	**30-Sep-15**	**30-Jun-15**	**31-Mar-15**	**31-Dec-14**	**30-Sep-14**
Tier 1 Capital	1,085,119	1,031,253	1,013,759	967,496	926,087
Total Capital	1,325,868	1,263,335	1,257,103	1,188,187	1,140,807
Credit risk weighted assets (including off-balance obligations)	*4,735,276*	*4,351,684*		*3,949,360*	
Less: General Reserve	*-150,112*	*-138,189*		*-100,397*	
Market Risk	*45,047*	*32,848*		*61,864*	
Total Risk-weighted Exposures	**4,630,210**	**4,246,343**	**4,248,507**	**3,910,827**	**3,456,306**
Tier 1 Capital adequacy ratio	*23.4%*	*24.3%*	*23.9%*	*24.7%*	*26.8%*
Total Capital adequacy ratio	*28.6%*	*29.8%*	*29.6%*	*30.4%*	*33.0%*

Source: IFRS Consolidated for Basel I; NBG data for Basel II & NBG Capital;

Financial and Other Risk Management Tables

The geographical concentration of the Group's financial assets and liabilities at 30 September 2015 is set out below:

In thousands of GEL	Georgia	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	524,785	367,441	10,909	**903,136**
Due from other banks	9,809	8,020	8,115	**25,944**
Mandatory cash balances with NBG	467,649	-	-	**467,649**
Loans and advances to customers	4,111,096	92,102	147,535	**4,350,733**
Investment securities available for sale	212,199	8,339	-	**220,538**
Investment securities held to maturity	367,401	-	-	**367,401**
Repurchase receivables	41,527			**41,527**
Investments in leases	67,077	-	-	**67,077**
Other financial assets	62,210	16	-	**62,226**
Total financial assets	**5,863,753**	**475,918**	**166,559**	**6,506,230**
Non-financial assets	**427,760**	**40**	**2,378**	**430,178**
Total assets	**6,291,513**	**475,958**	**168,937**	**6,936,408**
Liabilities				
Due to other banks	74,279	-	23,986	**98,264**
Customer accounts	3,450,340	469,971	365,874	**4,286,185**
Debt securities in issue	4,760	-	19,189	**23,949**
Other borrowed funds	389,662	591,637	44,296	**1,025,594**
Other financial liabilities	51,039	3,968	2	**55,009**
Subordinated debt	-	250,612	-	**250,612**
Total financial liabilities	**3,970,079**	**1,316,187**	**453,347**	**5,739,612**
Non-financial liabilities	**63,268**	**747**	**909**	**64,925**
Total liabilities	**4,033,347**	**1,316,935**	**454,256**	**5,804,537**
Net balance sheet position	**2,258,166**	**(840,976)**	**(285,319)**	**1,131,871**
Performance guarantees	**138,371**	**24,068**	**32,252**	**194,691**
Other Credit related commitments	**378,559**	**1,147**	**831**	**380,537**

The NBG requires the Bank to monitor both balance-sheet and total aggregate (including off-balance sheet) open currency positions and to maintain the later one within 20% of the Bank's regulatory capital. As at 30 September 2015, the Bank maintained an aggregate open currency position of 1.7% of regulatory capital.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the balance sheet date.

	At 30 September 2015			
In thousands of GEL	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net balance sheet position**
Georgian Lari	2,254,454	1,607,266	57,928	**705,115**
US Dollars	3,683,597	3,572,265	(102,554)	**8,778**
Euros	498,704	498,132	(0)	**572**
Other	69,410	61,927	28,214	**35,697**
Total	**6,506,165**	**5,739,591**	**(16,412)**	**750,162**

To assess currency risk the Bank performs value-at-risk ("VAR") sensitivity analysis on a quarterly basis. The analysis calculates the effect on the income of the Group of possible worst movement of currency rates against Georgian Lari, with all other variables held constant. To identify maximum expected losses associated with currency fluctuations, 99% confidence level is defined based on monthly changes in exchange rates over the 3 years look-back period.

In thousands of GEL	**30-Sep-15**
Maximum loss (VAR, 99% confidence level)	(495)
Maximum loss (VAR,95% confidence level)	(305)

The table below summarises the Group's exposure to interest rate risks.

In thousands of GEL	**Less than 1 year**	**More than 1 year**	**Total**
Total financial assets	2,810,975	3,702,413	6,513,388
Total financial liabilities	3,860,160	1,886,568	5,746,728
Net interest sensitivity gap	**(1,049,185)**	**1,815,845**	**766,661**

Calculation of the NSFR as at 30 September 2015 is summarized in the table below

Net Stable Funding Ratio		**117.14%**
In thousands of GEL	**Factor**	**Amount**
Available stable funding		**5,121,787**
Capital: Tier 1 & Tier 2 Capital Instruments		**1,325,868**
Tier 1	100%	1,085,119
Tier 2	100%	240,749
Long Term Funding (year >= 1)		**594,151**
Long Term Borrowings (>=1 year)	100%	477,099
Subordinated debt not included in Tier 2	100%	85,682
Other funding (>=1 year)	100%	31,370
Other Funding		**3,201,768**
Total Corporate deposits	50%	569,738
Total SME deposits	80%	599,049
Total Retail deposits	80%	1,918,318
Short term Borrowings with remaining maturity (<1year)	50%	100,964
Subordinated Debt (<1 year)	50%	13,699
Required amount of stable funding		**4,372,397**
Long term Assets with remaining maturity >=1 year		**3,501,062**
Certificate of Deposits and Treasury bills	5%	51
Reserves in NGB (Stable part)	100%	422,850
Loans (>=1 year)	100%	2,762,634
InterBank Loans (excluding sub. Loans deducted from Capital) (>1 year)	100%	0
Fixed and Intangible Assets (>=1 year)	100%	257,544
Other assets (>=1 year)	100%	28,763
Financial lease receivables (>1 year)	100%	29,220
Short term Assets with remaining maturity <=1 year		**842,573**
Loans (<1 year)	50%	823,645
Financial lease receivables (<=1 year)	50%	18,928
Undrawn amount of committed credit and liquidity facilities		**28,761**
Unused credit lines and undisbursed amounts from loans	5%	10,823
Guarantees	5%	17,939

The table below summarizes the maturity analysis of the Group's financial liabilities as at 30 September 2015 based on remaining undiscounted contractual obligations.

In thousands of GEL	**Less than 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Due to Credit institutions	532,661	163,422	479,198	36,694	**1,211,975**
Customer accounts (individuals)	1,387,368	823,280	293,535	25,925	**2,530,108**
Customer accounts (legal)	1,548,608	184,608	95,622	15,124	**1,843,962**
Other financial liabilities	50,246	1,870	2,893	-	**55,009**
Subordinated debt	11,691	32,281	226,989	66,161	**337,121**
Debt securities in issue	519	8,352	17,374	0	**26,245**
Gross settled forwards	125,698	4,867	0	0	**130,565**
Performance guarantees	13,774	44,023	146,473	646	**204,915**
Financial guarantees	73,875	66,580	31,058	0	**171,513**
Other credit related commitments	216,452	0	0	0	**216,452**
Total potential future payments to financial obligations	**3,960,892**	**1,329,282**	**1,293,141**	**144,550**	**6,727,865**

The expected gap may be summarised as follows at 30 September 2015:

In thousands of GEL	Less than 3 months	From 3 to 12 months	Over 1 year	Total
Assets				
Cash and cash equivalents	903,136	-	-	**903,136**
Due from other banks	8,373	8,923	8,648	**25,944**
Mandatory cash balances with NBG	467,649	-	-	**467,649**
Loans and advances to customers	630,751	979,050	2,740,932	**4,350,733**
Investment securities available for sale	220,538	-	-	**220,538**
Investment securities held to maturity	273,204	93,184	1,014	**367,401**
Repurchase receivables	32,748	8,779	-	**41,527**
Finance lease receivables	15,866	21,990	29,220	**67,077**
Other financial assets	37,438	5,107	19,682	**62,226**
Total financial assets	**2,589,702**	**1,117,032**	**2,799,496**	**6,506,230**
Liabilities				
Due to other banks	95,859	2,405	-	**98,264**
Customer accounts	279,006	89,107	3,918,072	**4,286,185**
Debt securities in issue	30	6,992	16,927	**23,949**
Other borrowed funds	429,617	135,805	460,172	**1,025,594**
Other financial liabilities	50,246	1,870	2,893	**55,009**
Subordinated debt	9,460	17,938	223,213	**250,612**
Total financial liabilities	**864,218**	**254,118**	**4,621,277**	**5,739,612**
Credit related commitments				
Performance guarantees	3,800	-	-	**3,800**
Financial guarantees	1,316			**1,316**
Other credit related commitments	32,061	-	-	**32,061**
Total credit related commitments	**37,177**	**-**	**-**	**37,177**
Net liquidity gap	**1,688,307**	**862,915**	**(1,821,781)**	**729,441**
Cumulative gap	**1,688,307**	**2,551,222**	**729,441**	