TBC BANK

1Q 2016 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 1Q 2016 IFRS Consolidated Results; Profit for 1Q 2016 up by 28.6% YoY to GEL 58.7 million

Financial Highlights

1Q 2016 P&L Highlights

- Profit for 1Q 2016 up by 28.6% YoY to GEL 58.7 million, delivering return on average equity (ROAE) of 19.3% (20.9% without one-off expenses) and return on average assets (ROAA) of 3.5% (3.7% without one-off expenses)
- Total operating income in 1Q 2016 up by 8.2% YoY to GEL 145.1 million
- Cost to income ratio stood at 44.3% (40.2% without one-off expenses), compared to 39.2% in 1Q 2015 and 49.3% in 4Q 2015
- Cost of risk on loans stood at 1.2%, down by 1.9pp YoY and up by 1.0pp QoQ
- Net interest margin (NIM) at 7.7% in 1Q 2016, compared to 8.0% in 1Q 2015 and 7.4% in 4Q 2015

Balance Sheet Highlights 31 March 2016

- Total assets reached GEL 6,654.4 million as of 31 March 2016, up by 10.9% YoY
- Gross loans and advances to customers increased to GEL 4,493.7 million as of 31 March 2016, up by 7.0% YoY
- Net loans to deposits + IFI funding stood at 98%, and net stable funding ratio (NSFR) at 117% as of 31 March 2016
- NPLs stood at 4.8%, up 0.9pp YoY and broadly stable QoQ
- NPLs coverage stood at 90.6%, (213.3% with collateral), compared to 105.6% as of 31 March 2015 and 87.4% as of YE 2015
- Total customer deposits stood at GEL 3,931.6 million as of 31 March 2016, up by 5.6% YoY
- Tier I and Total Capital Adequacy Ratios per Basel II/III stood at 13.3% and 16.8%, respectively versus the minimum regulatory requirements of 8.5% and 10.5%, respectively
- Tier I and Total Capital Adequacy Ratios per Basel I stood at 26.6% and 33.3% respectively

Market Shares[1]

- TBC Bank's market share in total assets increased by 0.3pp YoY and decreased by 0.9pp QoQ, reaching 25.7% as of 31 March 2016
- TBC Bank's market share in total loans was 28.0% as of 31 March 2016, up by 0.1pp YoY and down by 0.7pp QoQ, resulting from the repayments of few corporate loans in 1Q 2016
- In terms of individual loans, the Bank had a market share of 31.3% as of 31 March 2016, up by 0.8pp YoY and down by 0.3pp QoQ. The market share for legal entity loans was 25.0%, down by 0.7pp YoY and down by 1.1pp QoQ
- TBC Bank's market share of total deposits was 27.3% as of 31 March 2016, down by 2.2pp YoY and down by 1.8pp QoQ
- The Bank maintains its longstanding leadership in individual deposits with a market share of 34.0%, down by 0.3pp YoY and down by 0.4pp QoQ. In terms of legal entity deposits, TBC Bank's market share was 19.6%,

[1] Market shares' figures are based on data from the National Bank of Georgia (NBG)

down by 4.5pp YoY and down by 3.8pp QoQ. The Bank uses corporate deposits mainly for liquidity management purposes

Recent Developments

TBC Bank to hold London Capital Markets Day

- TBC Bank announced that it will host a Capital Markets Day on Friday 13 May 2016 in London
- This will be the first time that TBC Bank has hosted a Capital Markets Day. The programme will begin at 14.00 BST after the lunch presentation delivered by Georgian Prime Minister and will take place at the Sofitel London St James Hotel at 6 Waterloo Place, London SW1Y 4AN, United Kingdom
- A live webcast of the event will be available via the TBC Bank website at www.tbcbank.ge/ir

Update on Proposed London Premium Listing

- TBC Bank recently provided an update on its plans to migrate to a Premium Listing on the London Stock Exchange ("the LSE"). In line with its previous announcement, the Bank confirms it plans to launch a tender offer process in due course, enabling the Premium Listing to potentially take place in the middle of the third quarter of 2016. Full announcement is available on the Bank's website

TBC Bank Appoints Joint Corporate Brokers

- On April 11, 2016 TBC announced that it has appointed Keefe, Bruyette & Woods ("KBW") and Renaissance Capital Limited ("Renaissance Capital") to act as joint corporate brokers to the Company with immediate effect.

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.

Contacts

Sean Wade
Director of International Media and Investor Relations

E-mail: swade@tbcbank.com.ge
Web: www.tbcbank.com/ir
Tel: +(44) 7464 609025

Anna Romelashvili
Head of Investor Relations

E-mail: ARomelashvili@Tbcbank.com.ge
Web: www.tbcbank.com/ir
Tel: +(995 32) 227 27 27

Investor Relations Department

E-mail: ir@tbcbank.com.ge
Web: www.tbcbank.com/ir
Tel: +(995 32) 227 27 27
Address: 7 Marjanishvili St. Tbilisi, Georgia 0102

Letter from the Chief Executive Officer

"In the first quarter of 2016, the Georgian banking sector operated in an improved macro environment with accelerating GDP growth and a stabilised currency. In this environment, we delivered another quarter of solid profitability with net income of GEL 58.7 million, translating into a return on average equity (ROAE) of 19.3% (20.9% without Premium Listing related one-off expenses) and the return on average assets (ROAA) of 3.5% (3.7% without one-off expenses). The main drivers behind the YoY increase in profitability were the continued action on cost control and reduced provision charges against the backdrop of a stabilizing currency and therefore lower technical cost of risk.

Following a year of currency headwinds and slower economic growth in 2015, in 1Q 2016 the Georgian economy grew by of 2.3% YoY, with an improved current account balance, strongly supported by increased tourism inflows and an adjusted trade balance. Since the beginning of the year, the trade deficit has improved by c.18.6%[2], thus easing the strain on the local currency with the nominal effective exchange rate (NEER) appreciating by 1.1% YoY in 1Q 2016.

During the first quarter, TBC Bank's total lending grew by 7.0% YoY, or by 3.0% on a constant currency basis. While focusing on asset quality during 2015, and thus somewhat moderating our growth rate, we nonetheless maintained our loan market share at 28.0%.

Our asset quality remained resilient and despite recent regional and currency pressures, the Bank's NPLs increased by only 0.9pp YoY and were broadly stable QoQ at 4.8% as of 31 March 2016. At the end of the first quarter, the NPL coverage ratio stood at 91%, or at 213% with collateral.

Our total deposits increased by 5.6% YoY and decreased by 5.9% QoQ. We maintained our long-standing leadership position in retail deposits with a market share of 34.0%.

In terms of our capital base, we continue to retain capital adequacy ratios that are well above the minimum requirements. As of 31 March 2016, the Bank's total capital adequacy ratio (CAR) per Basel II/III regulation stood at 16.8%, 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 98% and the net stable funding ratio (NSFR) at 117%.

In line with our previous announcement regarding our plans to migrate to a Premium Listing on the London Stock Exchange, we recently confirmed our plans to launch a tender offer process in due course, enabling the transaction to potentially take place in the middle of the third quarter of 2016. In parallel, we have appointed Keefe, Bruyette & Woods ("KBW") and Renaissance Capital Limited ("Renaissance Capital") to act as joint corporate brokers to the Company starting from April 11, 2016.

Beyond the numbers, we have also made considerable progress toward further enhancing our superior customer experience. Based on an independent research conducted by IPM, TBC had the highest customer experience across selected industries in Georgia. In order to further strengthen our superior customer experience, during the first quarter we introduced a new quick and convenient payment system, Mobile Terminal. Representing a new generation of payment terminals, Mobile Terminal is an innovative digital product that has been launched with the support of the Bank's strategic partners, Visa International and GoSwiff.

Outlook

Going forward, we expect the country's economy to return to its full growth potential and we are well positioned to take full advantage of the growth in Georgia's solid and sustainable banking system. Through our focus on profitability, a strong capital base and sound corporate responsibility, I am confident that we are on the right track to sustain this progress and continue to create value for our shareholders.

[2] Excludes the one-off import of medicaments related to the Government's hepatitis-C programme

We maintain our medium term guidance for loan growth at 20% per annum, ROE of 20%, the cost to income ratio of below 40% and a dividend distribution of 25% of our consolidated net income. I would like to also reiterate that we remain committed to our pure-play banking strategy in Georgia."

Vakhtang Butskhrikidze
Chief Executive Officer

Economic Overview

Following a regional slowdown and subdued economic growth in 2015, GDP growth is starting to accelerate, although it remains below potential. In 1Q 2016, per initial estimates of Geostat, GDP grew by 2.3% y/y, with the growth rate accelerating in February to 2.6% and in March to 3.4%, after the close-to-zero growth recorded in January (0.8%).

The economic slowdown in 2015 resulted mainly of external developments – falling exports and remittances and the consequent depreciation of GEL weighed heavily on the spending power of households and corporate investment appetite. In 1Q 2016, the economic situation in the region somewhat stabilised as oil exporting countries passed through the most painful phase of their adjustment to low oil prices. Oil exporter currencies have now started to appreciate following the gradual recovery of oil prices on global markets.

A relatively stable regional backdrop was also reflected in Georgia's external trade balance as the rate of decline of exports and remittances decreased in 1Q 2016 while tourism inflows posted an impressive growth. Exports of goods fell by 12% YoY in 1Q 2016 in contrast to the 23% y/y decline over 2015.

Despite the decline in exports, the trade balance continued to improve, reflecting the impact of GEL depreciation. Imports of goods[3] declined by 16.7% YoY in 1Q 2016, which translates into the 18.6% improvement of trade balance. In absolute terms, the balance of trade in goods improved by USD 240 million YoY in 1Q 2016.

Savings on imports of fuel and consumer goods were the key reason behind the decline of imports. Imports of consumer goods[4] fell by 20% YoY in 1Q 2016 while imports of capital and intermediate goods fell at a lower rate (-12% YoY). Georgia continued to benefit from the low prices of petroleum and gas and, in 1Q 2016 savings on imports of oil products made up USD 76 million or 5% of 1Q 2016 imports. This factor alone was enough to balance the decline of exports (- USD 60 million) and remittances (- USD 12 million) in 1Q 2016.

Remittances fell by 4.9% YoY in 1Q 2016, a sharp reduction in the rate of decline compared to 2015 (-25% YoY). Decline of remittances from Russia (-15.1% YoY) and Greece (-32.7% YoY) still remain the main negative contribution to the overall growth of remittances in 1Q 2016. The continued fall of money transfers from these countries was offset by the increased remittances from Israel (+71.1% YoY), USA (+20% YoY), Italy (+6.5% YoY), Germany (+20.2% YoY) and Spain (+18.1% YoY).

Tourism inflows continue to deliver exceptional performance, despite the economic difficulties in regional countries. In 1Q 2016 the number of incoming visitors increased by 15% YoY, mostly due to the increased number of visitors from Russia (+17.6% YoY) and Azerbaijan (+24.6% YoY). In addition, the number of incoming visitors from Iran increased 4.5 times, resulting from the lifting of the visa regime with Iran.

[3] Excludes the one-off import of medicaments related to the Government's hepatitis-C programme
[4] Including imports of transportation and fuels

Following the sharp surge in tourism inflows, continued improvements in trade balance, and lower rate of decline of remittances, the Georgian lari started to appreciate in mid-February. From the beginning of 2016 till end of April, the USD/GEL exchange rate appreciated by 6.8% from 2.39 to 2.23. Despite the sharp appreciation of GEL against USD, the competitiveness of Georgian exports is still supported by the below-trend-appreciation[5] of the real effective exchange rate (REER). The REER appreciated by 0.3% y/y as of March 2016, mostly driven by the sharp nominal depreciation of the Azerbaijani manat (AZN) to the USD – excluding the AZN effect, REER of GEL depreciated by 3.8% YoY.

Consumer prices started to moderate after reaching a high of 6.3% in November 2015. As of April, 2016, annual CPI inflation declined to 3.2% as a result of tight monetary policy, low oil prices, and declining inflation expectations. Responding to the diminishing inflationary pressures, the National Bank of Georgia (NBG) started to retreat from its tight monetary policy stance and on April 27th, the central bank cut its policy rate by 0.5 PP to 7.5%. According to the latest forecast by the NBG, inflation is expected to remain around 3% throughout 2016 and approach 4% in first half of 2017. Below target inflation will allow the NBG to move to a more growth-friendly policy stance and support credit growth in the economy. Currently, increased interest rates on GEL loans are hindering consumption and investment activities in the economy, which should improve as the central bank continues to cut its policy rate towards more neutral levels of around 5-6%.

Given the potential growth of the economy, fiscal policy remains accommodative with the budget deficit in 2016 planned to amount to c. GEL 1 billion, close to 3% of GDP. The Government still has room to maintain such a fiscal policy given that the public debt to GDP ratio is currently running at 41.5% (YE 2015), well below the upper limit of 60% outlined in the “Economic Liberty Act” of Georgia.

Factors that weighed negatively on growth in 2015 are showing signs of improvement. The gradual stabilisation in the region, a competitive real effective exchange rate, a normalization of monetary policy and an accommodative fiscal policy are all expected to revive the economy in 2016 and deliver a better growth performance. Over the next several years, Georgia is set to remain one of the best performers among its immediate neighbors and CEE countries, due to its open, corruption free and business friendly economic environment.

[5] Long term appreciation trend of the GEL’s real effective exchange rate is estimated at around 1.5-2%

Results Overview 1Q 2016

Income Statement Highlights

in thousands of GEL	1Q'16	4Q'15	1Q'15	*Change YoY*	*Change QoQ*
Net interest income	108,883	106,519	95,670	*13.8%*	*2.2%*
Net Fee and Commission Income	18,297	19,807	16,618	*10.1%*	*-7.6%*
Other operating non-interest income	17,931	30,636	21,838	*-17.9%*	*-41.5%*
Provisioning charges	(14,340)	(5,318)	(29,007)	*-50.6%*	*169.7%*
Operating income after provisions for impairment	**130,772**	**151,644**	**105,120**	***24.4%***	***-13.8%***
Operating expenses	(64,299)	(77,394)	(52,593)	*22.3%*	*-16.9%*
Profit before tax	**66,474**	**74,251**	**52,527**	***26.6%***	***-10.5%***
Income tax expense	(7,777)	(7,331)	(6,889)	*12.9%*	*6.1%*
Profit for the period	**58,696**	**66,920**	**45,639**	***28.6%***	***-12.3%***

Balance Sheet and Capital Highlights

	31-Mar-16		**31-Dec-15**		**Change QoQ**	**31-Mar-15**		**Change YoY**
In millions	GEL	USD	GEL	USD		GEL	USD	
Total Assets	6,654	2,810	6,935.0	2,895.7	*-4.0%*	6,002.6	2,694.8	*10.9%*
Gross Loans	4,494	1,898	4,639.0	1,937.0	*-3.1%*	4,198.2	1,884.7	*7.0%*
Customer Deposits	3,932	1,660	4,177.9	1,744.5	*-5.9%*	3,724.7	1,672.1	*5.6%*
Total equity	1,281	541	1,218.4	508.8	*5.1%*	1,060.9	476.3	*20.7%*
Basel I Tier 1 Capital	1,219	515	1,157.0	483.1	*5.3%*	1,013.8	455.1	*20.2%*
Basel I Risk weighted assets	4,576	1,933	4,679.8	1,958.8	*-2.2%*	4,248.5	1,907.3	*7.7%*
Basel II/III Tier 1 Capital	994	420	953.4	398.1	*4.3%*	835.7	375.2	*19.0%*
Basel II/III Risk weighted assets	7,451	3,146	7,476.5	3,121.8	*-0.3%*	6,923.7	3,108.3	*7.6%*

Key Ratios

	1Q'16	4Q'15	1Q'15	*Change YoY*	*Change QoQ*
ROAE	19.3%	23.1%	17.9%	*1.4%*	*-3.8%*
ROAA	3.5%	3.9%	3.2%	*0.2%*	*-0.4%*
Pre-provision ROAE	23.9%	24.9%	29.3%	*-5.4%*	*-1.0%*
Cost: Income	44.3%	49.3%	39.2%	*5.1%*	*-5.0%*
Cost of Risk	1.2%	0.2%	3.0%	*-1.9%*	*1.0%*
NPLs to Gross Loans	4.8%	4.8%	3.9%	*0.9%*	*0.0%*
Basel I Total CAR	33.3%	30.9%	29.6%	*3.8%*	*2.5%*
Basel II/III Total CAR	16.8%	16.0%	15.1%	*1.8%*	*0.8%*
Leverage (times)	5.2	5.7	5.7	*(0.5)*	*(0.5)*

Income Statement Discussion

Net Interest Income

in thousands of GEL	1Q'16	4Q'15	1Q'15	*Change YoY*	*Change QoQ*
Loans and advances to customers	154,465	155,292	132,562	*16.5%*	*-0.5%*
Investment securities available for sale	7,053	5,862	8,041	*-12.3%*	*20.3%*
Due from other banks	1,255	1,425	2,448	*-48.7%*	*-11.9%*
Bonds carried at amortised cost*	7,880	7,803	-	*NMF*	*1.0%*
Investments in leases	4,205	3,791	3,497	*20.3%*	*10.9%*
Interest income	**174,859**	**174,172**	**146,549**	***19.3%***	***0.4%***
Customer accounts	35,778	36,156	32,512	*10.0%*	*-1.0%*
Due to credit institutions	22,199	23,482	12,093	*83.6%*	*-5.5%*
Subordinated debt	7,510	7,438	5,728	*31.1%*	*1.0%*
Debt Securities in issue	489	550	509	*-4.0%*	*-11.2%*
Other	0	28	35	*NMF*	*NMF*
Interest expense	**65,976**	**67,654**	**50,878**	***29.7%***	***-2.5%***
Net interest income	**108,883**	**106,519**	**95,670**	***13.8%***	***2.2%***
Net interest margin	**7.7%**	**7.4%**	**8.0%**	***-0.3%***	***0.3%***

(*) *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 for the year ended 31 December 2014. In 2015 the Group has reassessed its intention with regard to some of the securities under this category and has identified certain investments that the Group has both the intention and ability to hold to maturity and has reclassified them into bonds carried at amortised cost due to the fact that transactions for such securities do not take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Such bonds are carried at amortised cost.*

1Q 2016 to 1Q 2015 Comparison

In 1Q 2016, net interest income grew by 13.8% YoY to GEL 108.9 million, resulting from the 19.3% higher interest income and 29.7% higher interest expense.

The 19.3% YoY increase in interest income to GEL 174.9 million was mainly driven by the increase in interest income from loans to customers, primarily related to the gross loan portfolio increase by 7.0% YoY. Loan yields have remained broadly stable, supported by the increase in rates on GEL refinancing rate-linked loans. The increase in interest income was also supported by the increase in interest income from investment securities (comprising both investment securities available for sale and bonds carried at amortized cost) by GEL 6.9 million, or 85.7% 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 4.5% as of 31 March 2015 to 8.0% as of 31 March 2016. The broadly stable loan yields and increased yields on investment securities led to the slight increase in yields on average interest earning assets to 12.4%, compared to 12.3% in 1Q 2015.

The interest expense increased by 29.7% YoY to GEL 66.0 million, mainly due to higher interest expense on other borrowed funds by GEL 9.7 million and on customer deposits by GEL 3.3 million. The increase in interest expense on other borrowed funds was primarily due to the increased rates on GEL-denominated borrowings by 5.9pp. The resulted mainly from the refinancing rate increase during the period, which in turn more than offset the decreased rates on foreign currency denominated borrowings by 0.2pp. The increase in interest expense on customer accounts was primarily driven by the 5.6% increase in the respective portfolio, or 0.3% at constant currency, which more than offset the decrease in cost of client deposits of 0.1pp to 3.6% in 1Q 2016. As a result of the increased costs of other borrowed funds, the Bank's cost of funding ratio increased by 0.4pp YoY to 4.8% in the first quarter of 2016.

Consequently, NIM was 7.7% in 1Q 2016, compared to 8.0% in the same quarter of the previous year. Overall, the currency depreciation effects mentioned above had 0.3pp decrease effect on NIM.

1Q 2016 to 4Q 2015 Comparison

On a QoQ basis, net interest income increased by GEL 2.4 million, or 2.2%, as a result of a GEL 0.7 million, or 0.4%, higher interest income and GEL 1.7 million, or 2.5%, lower interest expense.

The GEL 0.7 million QoQ increase in interest income mainly resulted from the increase in interest income on investment securities by GEL 1.2 million, or 20.3%, which in turn was due to the increase in respective yields. The interest income from loans slightly decreased by GEL 0.8 million, or 0.5%, mainly due to the decreased portfolio during the period. Loan yield, however, remained broadly flat on a QoQ basis.

The GEL 1.7 million, or 2.5% QoQ, decrease in interest expense was primarily owned to the decrease in interest expense on other borrowed funds by GEL 1.0 million, or 4.4%. The decrease in interest expense on other borrowed funds resulted from the decrease in the borrowing from local banks and financial institutions, and the early prepayment fees of FMO loans in 4Q 2015, which offset the 0.3pp increase in rates on other borrowed funds. The slight QoQ decrease in interest expense on customer deposits was mainly due to the decrease in the respective average portfolio.

Consequently, on a QoQ basis, NIM increased by 0.3pp to 7.7%.

Fee and Commission Income

in thousands of GEL	**1Q'16**	**4Q'15**	**1Q'15**	***Change YoY***	***Change QoQ***
Card operations	13,282	13,964	10,761	*23.4%*	*-4.9%*
Settlement transactions	8,499	9,225	6,711	*26.6%*	*-7.9%*
Guarantees issued	2,320	2,611	2,158	*7.5%*	*-11.1%*
Issuance of letters of credit	1,479	1,396	1,750	*-15.5%*	*5.9%*
Cash transactions	2,355	3,122	2,194	*7.4%*	*-24.5%*
Foreign exchange operations	345	306	574	*-39.9%*	*12.7%*
Other	1,267	1,944	877	*44.6%*	*-34.8%*
Fee and commission income	**29,547**	**32,567**	**25,024**	***18.1%***	***-9.3%***
Card operations	7,588	8,778	5,296	*43.3%*	*-13.6%*
Guarantees received	140	187	226	*-37.8%*	*-24.8%*
Cash transactions	559	561	676	*-17.3%*	*-0.5%*
Settlement transactions	1,240	1,273	702	*76.7%*	*-2.6%*
Foreign exchange operations	68	1	2	*NMF*	*NMF*
Letters of credit	480	532	544	*-11.8%*	*-9.8%*
Other	1,174	1,427	959	*22.3%*	*-17.8%*
Fee and commission expense	**11,250**	**12,760**	**8,405**	***33.8%***	***-11.8%***
Net Fee and Commission Income	**18,297**	**19,807**	**16,618**	***10.1%***	***-7.6%***

1Q 2016 to 1Q 2015 Comparison

In 1Q 2016, net fee and commission income amounted to GEL 18.3 million, up by GEL 1.7 million, or by 10.1%, compared to 1Q 2015. This increase resulted mainly from a GEL 1.3 million increase in net fee and commission income from settlement transactions, a GEL 0.3 million from cash transactions and a GEL 0.2 million each from card operations and guarantees issued, resulting mainly from the increased scale of operations. The growth in net fee and commission income was also affected by the currency devaluation. Nominal growth in net fee and commission income also reflects the fact that that fee income is less linked to foreign currency than the fee expense.

1Q 2016 to 4Q 2015 Comparison

On a QoQ basis, net fee and commission income decreased by GEL 1.5 million, or by 7.6%, compared to 4Q 2015, primarily driven by the fact that 1Q is usually the lowest fee generating quarter versus the 4Q, which usually accounts for the highest share of fee income. The net fee and commission income from cash transactions, settlement transactions and guarantees issued decreased by GEL 0.8 million, GEL 0.7 million and GEL 0.2 million, respectively. The net fee and commission income from card operations and issuance of letters of credit, however, increased by GEL 0.5 million and GEL 0.1 million respectively. The increase in net F&C income from card operations was driven by the one-off fee expense effect on card operations in 4Q 2015 (GEL 0.6 million, related to the loyalty program points, was reclassified from administrative expenses to fee expenses).

Other Operating Non-interest Income

in thousands of GEL	**1Q'16**	**4Q'15**	**1Q'15**	***Change YoY***	***Change QoQ***
Gains less losses from trading in foreign currencies and foreign exchange translations	14,627	18,447	17,668	*-17.2%*	*-20.7%*
Gains less losses/(losses less gains) from derivative financial instruments	(363)	276	(438)	*-17.0%*	*-231.3%*
Revenues from cash-in terminal services	232	237	191	*21.9%*	*-2.1%*
Revenues from operational leasing	1,810	1,590	2,225	*-18.7%*	*13.8%*
Gain from sale of investment properties	215	4,516	160	*35.1%*	*-95.2%*
Gain from sale of inventories of repossessed collateral	222	371	572	*-61.1%*	*-40.0%*
Administrative fee income from international financial institutions	212	158	182	*16.4%*	*34.3%*
Revenues from non-credit related fines	133	218	34	*287.0%*	*-38.9%*
Gain from sale of financial option	0	4,692	0	*NMF*	*-100.0%*
Gain on disposal of premises and equipment	65	19	8	*756.0%*	*244.6%*
Other	777	112	1,236	*-37.1%*	*592.4%*
Other operating income	**3,668**	**11,912**	**4,608**	***-20.4%***	***-69.2%***
Other operating non-interest income	**17,931**	**30,636**	**21,838**	***-17.9%***	***-41.5%***

1Q 2016 to 1Q 2015 Comparison

Total other operating non-interest income decreased by GEL 3.9 million, or by 17.9% YoY, to GEL 17.9 million in 1Q 2016. This increase was mainly driven by a GEL 3.0 million decrease in gains from trading in foreign currencies and foreign exchange translations related to relatively lower volatility of the currency exchange rate in 1Q 2016. The Bank estimated that the increased gain from trading in foreign currencies and foreign exchange translations in 1Q 2015 amounted to GEL 6.7 million. This decrease was also driven by reduced revenues in operational leasing (rental income from investment properties) by GEL 0.4 million, due to the reduced investment properties on the Bank's balance sheet.

1Q 2016 to 4Q 2015 Comparison

On a QoQ basis, other operating non-interest income decreased by GEL 12.7 million, or by 41.5%, reflecting the GEL 4.7 million gain from the sale of the financial option recorded in 4Q 2015, related to one corporate client, which resulted from the previous restructuring of the loan. The decrease was also result of the reduced gains from sale of earlier foreclosed asset classified as investment property by GEL 4.3 million and the reduced revenues from currency exchange rate operations due to seasonally high volumes in 4Q trading in foreign currencies and foreign exchange translations.

Provision for Impairment

in thousands of GEL	**1Q'16**	**4Q'15**	**1Q'15**	***Change YoY***	***Change QoQ***
Provision for loan impairment	13,067	2,055	29,385	*-55.5%*	*535.8%*
Provision for impairment of investments in finance lease	185	344	103	*78.6%*	*-46.3%*
Provision for/ (recovery of provision) performance guarantees and credit related commitments	1,029	1,945	-820	*-225.5%*	*-47.1%*
Provision for impairment of other financial assets	49	974	339	*-85.7%*	*-95.0%*
Impairment of investment securities available for sale	11	0	0	*NMF*	*NMF*
Recovery of impairment for assets classified as held for sale	0	0	0	*NMF*	*NMF*
Total provision charges for impairment	**14,340**	**5,318**	**29,007**	***-50.6%***	***169.7%***
Operating income after provisions for impairment	**130,772**	**151,644**	**105,120**	***24.4%***	***-13.8%***
Cost of Risk	**1.2%**	**0.2%**	**3.0%**	***-1.9%***	***1.0%***

1Q 2016 to 1Q 2015 Comparison

In 1Q 2016, total provision charges decreased by GEL 14.7 million to GEL 14.3 million, compared to 1Q 2015, mainly driven by the decreased charges on loans by GEL 16.3 million. This was manly driven by the higher technical provision charge related to the currency depreciation in the first quarter of 2015 as well as certain recoveries of provisions in the corporate segment, partially related to the repayment of certain corporate loans. Without the devaluation effect in 1Q 2015, loan provision charges would have increased marginally by GEL 3.6 million.

In 1Q 2016, the cost of risk on loans was 1.2%, compared to 3.0% (1.0% w/o currency depreciation effect) in the same period of the previous year.

1Q 2016 to 4Q 2015 Comparison

On a QoQ basis, total provision charges increased by GEL 9.0 million, mainly driven by increased charges on loan portfolio. The increase in loan provision charges in 1Q 2016 is mainly driven by low provision charges in 4Q 2015 due to good performance of the portfolio and provision release due to updated IFRS provisioning methodology.

Consequently, cost of risk on loans increased by 1.0pp QoQ, or by 0.3pp without the change in IFRS methodology in 4Q 2015.

Further details on asset quality can be found on page 15.

Operating Expenses

in thousands of GEL	**1Q'16**	**4Q'15**	**1Q'15**	***Change YoY***	***Change QoQ***
Staff costs	34,172	42,445	30,853	*10.8%*	*-19.5%*
Depreciation and amortisation	6,567	7,347	6,206	*5.8%*	*-10.6%*
Provision for liabilities and charges	0	1,102	0	*NMF*	*-100.0%*
Professional services	*6,701*	*3,464*	*1,308*	*412.3%*	*93.4%*
Advertising and marketing services	*1,923*	*3,627*	*1,856*	*3.6%*	*-47.0%*
Rent	*4,341*	*4,319*	*3,624*	*19.8%*	*0.5%*
Utility services	*1,320*	*1,262*	*1,029*	*28.3%*	*4.6%*
Intangible asset enhancement	*1,880*	*1,886*	*1,197*	*57.1%*	*-0.4%*
Taxes other than on income	*1,162*	*1,204*	*1,352*	*-14.0%*	*-3.4%*
Communications and supply	*755*	*839*	*812*	*-7.0%*	*-10.0%*
Stationary and other office expenses	*843*	*1,176*	*697*	*20.9%*	*-28.3%*
Insurance	*605*	*382*	*659*	*-8.2%*	*58.3%*
Security services	*399*	*414*	*391*	*2.1%*	*-3.6%*
Premises and equipment maintenance	*587*	*973*	*754*	*-22.2%*	*-39.7%*
Business trip expenses	*352*	*417*	*335*	*5.1%*	*-15.4%*
Transportation and vehicles maintenance	*313*	*359*	*269*	*16.5%*	*-12.8%*
Charity	*270*	*139*	*301*	*-10.2%*	*94.3%*
Personnel training and recruitment	*234*	*462*	*247*	*-5.3%*	*-49.4%*
Write-down of current assets to fair value less costs to sell	*-70*	*297*	*-365*	*-80.8%*	*-123.6%*
Loss on disposal of Inventory	*285*	*22*	*1*	*NMF*	*NMF*
Loss on disposal of investment properties	*0*	*0*	*326*	*-100.0%*	*NMF*
Loss on disposal of premises and equipment	*41*	*34*	*0*	*NMF*	*20.1%*
Impairment of intangible assets	*19*	*-2,862*	*0*	*NMF*	*-100.7%*
Other	*1,599*	*2,361*	*741*	*115.8%*	*-32.3%*
Administrative and other operating expenses	**23,560**	**26,500**	**15,534**	***51.7%***	***-11.1%***
Operating expenses	**64,299**	**77,394**	**52,593**	***22.3%***	***-16.9%***
Profit before tax	**66,474**	**74,251**	**52,527**	***26.6%***	***-10.5%***
Income tax expense	7,777	7,331	6,889	*12.9%*	*6.1%*
Profit for the period	**58,696**	**66,920**	**45,639**	***28.6%***	***-12.3%***
Cost to income ratio	**44.3%**	**49.3%**	**39.2%**	***5.1%***	***-5.0%***
ROAE	**19.3%**	**23.1%**	**17.9%**	***1.4%***	***-3.8%***
ROAA	**3.5%**	**3.9%**	**3.2%**	***0.2%***	***-0.4%***

1Q 2016 to 1Q 2015 Comparison

In 1Q 2016, total operating expenses amounted to GEL 64.3 million, up by GEL 11.7 million, or by 22.3% YoY. The increase was primarily due to the one-off expenses related to the upcoming Premium Listing, amounting to GEL 5.9 million. Without the effect of one-off expenses, operating costs would have increased by GEL 5.8 million, or 11.0% YoY. Operating expenses also grew due to the increased staff costs, up GEL 3.3 million.

As a result, the cost to income ratio was 44.3% (or 40.2% without one-off Premium Listing related expenses) in 1Q 2016, compared to 39.2% in 2014.

1Q 2016 to 4Q 2015 Comparison

On a QoQ basis, operating expenses decreased by GEL 13.1 million, or by 16.9%, compared to 4Q 2015. Without one-off expenses mentioned above, operating expenses would have decreased by GEL 19.0 million, or 24.4% QoQ. The decrease was mainly due to the seasonally high operating cost in staff and administrative expenses in the fourth quarter.

As a result, the cost to income ratio was down by 5.0pp QoQ, or down by 9.0pp without one-off expenses recorded in the first quarter of 2016.

Balance Sheet Discussion

In millions of GEL	31-Mar-16	31-Dec-15	31-Mar-15	*Change QoQ*	*Change YoY*
Cash, due from banks and mandatory cash balances with NBG	1,153.1	1,202.9	872.0	*-4.1%*	*32.2%*
Loans and advances to customers (Net)	4,298.3	4,444.9	4,024.0	*-3.3%*	*6.8%*
Financial securities	591.7	679.4	579.1	*-12.9%*	*2.2%*
Fixed and intangible assets & investment property	364.3	349.7	328.0	*4.2%*	*11.1%*
Other assets	246.9	258.1	199.5	*-4.3%*	*23.8%*
Total assets	**6,654.4**	**6,935.0**	**6,002.6**	***-4.0%***	***10.9%***
Due to credit institutions	1,002.3	1,113.6	855.9	*-10.0%*	*17.1%*
Customer accounts	3,931.6	4,177.9	3,724.7	*-5.9%*	*5.6%*
Debt Securities in issue	21.4	21.7	22.3	*-1.3%*	*-4.0%*
Subordinated Debt	303.4	283.6	228.5	*7.0%*	*32.8%*
Other liabilities	115.0	119.7	110.3	*-3.9%*	*4.3%*
Total Liabilities	**5,373.8**	**5,716.5**	**4,941.7**	***-6.0%***	***8.7%***
Total equity	**1,280.6**	**1,218.4**	**1,060.9**	***5.1%***	***20.7%***

Assets

As of 31 March 2016, TBC Bank's total assets amounted to GEL 6,654.4 million, up by GEL 651.8 million, or by 10.9% YoY. This increase was mainly due to the increase in net loans to customers by GEL 274.3 million, or by 6.8% YoY. The YoY increase in total assets also resulted from a GEL 301.8 million, or 21.1%, 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 31 March 2015.

On a QoQ basis, total assets decreased by GEL 280.6 million, or 4.0%, primarily related to the decrease in net loans and advances to customers by GEL 146.6 million resulting from the repayments of few corporate loans. The decrease was also due to the reduced liquidity during the period; liquid assets decreased by GEL 137.3 million or 7.3% QoQ.

The liquid assets to liability ratio stood at 32.2%, compared to 28.9% as of 31 March 2015 and 32.7% as of 31 December 2015.

As of 31 March 2016, the gross loan portfolio amounted to GEL 4,493.7 million, up by 7.0% YoY and down by 3.1% QoQ. Gross loans denominated in foreign currency accounted for 65.9% of total gross loans, compared to 66.7% as of 31 March 2015 and 64.9% as of 31 December 2015. As of 31 March 2015, NPLs stood at 4.8%, compared to 3.9% and 4.8% as of 31 March 2015 and 31 December 2015, respectively. The NPLs coverage ratio stood at 90.6% (213.3% including the collateral), compared to 105.6% as of 31 March 2015 and 87.4% as of 31 December 2015.

Asset Quality

Foreign Currency Income Linked Borrowers

	31-Mar-16		31-Dec-15	
Segments	**FC share**	**FC linked borrowers share**	**FC share**	**FC linked borrowers share**
Retail	59.4%	34.0%	59.7%	34.9%
Consumer	27.1%	19.5%	27.2%	20.5%
Mortgage	87.7%	24.5%	85.9%	24.7%
Pawn	74.1%	93.1%	78.7%	94.6%
Corporate	81.6%	53.6%*	76.3%	53.1%**
SME	83.2%	25.5%	83.1%	26.4%
Micro	28.4%	5.0%	28.5%	5.0%
Total Loan Portfolio	65.9%	38.4%	**64.9%**	**39.0%**

(*) Pure exports account for 11.7% of total Corporate USD denominated loans.

(**) Pure exports account for 11.4% of total Corporate USD denominated loans.

PAR 30 by Segments and Currencies

Par 30		31-Mar-16			31-Dec-15			31-Mar-15	
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	0.4%	1.5%	**1.3%**	0.1%	1.1%	**0.9%**	1.1%	2.0%	**1.8%**
Retail	2.8%	3.1%	**3.0%**	2.1%	2.5%	**2.3%**	2.2%	1.9%	**2.0%**
SME	1.9%	6.9%	**6.1%**	1.8%	3.8%	**3.5%**	1.0%	3.4%	**3.0%**
Micro	3.6%	7.6%	**4.7%**	2.7%	5.6%	**3.5%**	2.2%	3.0%	**2.5%**
Total	**2.5%**	**3.4%**	**3.1%**	**1.8%**	**2.3%**	**2.1%**	**1.8%**	**2.3%**	**2.1%**

Total

The QoQ increase in PAR 30 by 1.0pp was mainly driven by the usually lower level of overdues in the portfolio by the end of year. On a YoY basis, the increase in PAR 30 was mainly driven by the macro developments in 2015.

Retail Segment

Retail segment PAR 30 increased by 0.7pp QoQ due to the usually lower level of overdues by the end of the year. The YoY increase of 1.0pp primarily resulted from the increased overdues in foreign currency denominated mortgage and consumer loans.

Corporate

Corporate segment PAR 30 was at 1.3% as of 31 March 2016, up by 0.4pp QoQ and down by 0.5pp YoY. The QoQ increase from a lower base is related to a few number of corporate customers, however PAR 30 is still standing at an acceptable level.

SME

The SME segment PAR 30 increased by 2.6pp QoQ, and by 3.1pp YoY, mainly driven by the increased overdues in TBC Kredit's portfolio, the Bank's subsidiary in Azerbaijan, due to the Azerbaijani manat's devaluation and worsened macro environment in the country. TBC Kredit represents 5.7% of SME portfolio and 1.4% of total lending book.

Micro

Micro segment PAR 30 increased by 1.2pp QoQ and by 2.2pp YoY, mainly driven by the foreign currency denominated loans. Overdue levels are within acceptable level for the Bank, considering the high margins in the micro segment. Notwithstanding the increased overdues in 1Q 2016, we see the trend to be stabilized and do not expect further increases in 2Q 2016.

NPLs

NPLs	31-Mar-16			31-Dec-15			31-Mar-15		
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	1.5%	8.7%	**7.4%**	0.6%	10.2%	**7.9%**	1.7%	8.2%	**6.6%**
Retail	1.6%	3.6%	**2.8%**	1.8%	3.3%	**2.7%**	1.6%	2.7%	**2.3%**
SME	2.4%	6.8%	**6.0%**	5.0%	4.4%	**4.5%**	1.0%	3.0%	**2.7%**
Micro	3.1%	8.6%	**4.6%**	2.5%	8.5%	**4.2%**	2.3%	5.0%	**3.3%**
Total	**2.0%**	**6.3%**	**4.8%**	**1.9%**	**6.4%**	**4.8%**	**1.7%**	**5.0%**	**3.9%**

Total

NPLs stood at 4.8%, stable QoQ and up by 0.9pp YoY. The YoY increase in NPLs in all segments was driven by Georgian lari depreciation and macro developments in 2015.

Retail Segment

NPL ratio in the retail segment was 2.8% as of 31 March 2016, marginally up by 0.1pp QoQ and up by 0.5pp YoY. The YoY growth in NPLs was mainly driven by FC-denominated mortgage and consumer portfolios. NPLs in local currency denominated loans are stable due to the good performance of the unsecured retail loans.

Corporate

NPL ratio decreased by 0.5pp QoQ and increased by 0.8pp YoY. The YoY increase was mainly driven by the foreign currency denominated loans of several large borrowers. NPLs in local currency denominated loans remained at low level. QoQ reduction in NPLs is due to improvement of the quality of the portfolio.

SME

The QoQ and YoY increase in NPL loans ratio was driven by the local currency devaluation and increased NPLs in TBC Kredit's portfolio related to the currency devaluation and macro developments in Azerbaijan.

Micro

The increase in the micro segment NPL loans ratio by 0.4pp QoQ and by 1.3pp YoY was mainly driven by the foreign currency denominated micro business loans.

NPLs Coverage

NPLs coverage	31-Mar-16		31-Dec-15		31-Mar-15	
	excl. collateral	**incl. collateral**	**excl. collateral**	**incl. collateral**	**excl. collateral**	**incl. collateral**
Corporate	100.2%	241.5%	91.3%	222.3%	107.8%	n/a
Retail	105.6%	197.2%	101.5%	199.5%	131.3%	n/a
SME	41.2%	183.7%	44.1%	193.7%	46.8%	n/a
Micro	91.1%	178.0%	87.5%	188.8%	87.6%	n/a
Total	**90.6%**	**213.3%**	**87.4%**	**209.9%**	**105.6%**	**n/a**

The NPLs coverage ratio stood at 90.6%, compared to 87.4% as of 31 Dec 2015 and 105.6% as of 31 March 2015. The YoY decrease in coverage was primarily due to the increased NPL levels. On a QoQ basis NPL coverage was broadly stable. The NPL coverage with collateral stood at 213.3% as of 31 March 2016.

Liabilities

As of 31 March 2016, TBC Bank's total liabilities amounted to GEL 5,373.8 million, up by 8.7% YoY and down by 6.0% QoQ. The YoY growth, by GEL 432.1 million, was primarily due to the GEL 207.0 million, or 5.6%, increase in customer deposits, mainly resulting from the growth in retail deposits. The rise was also attributable to the increase in other borrowed funds, mainly resulting from the increased GEL liquidity on the local interbank market and the new 48 million GEL-denominated facility attracted from Black Sea Trade and Development Bank (BSTDB).

On a QoQ basis, total liabilities decreased by GEL 342.8 million, or by 6.0%, primarily due to the reduced legal entity deposits, which in turn was mainly due to the fact that corporate income tax payments are due in the first quarter and legal entities usually withdraw their current deposits for this purposes. The decrease in total liabilities was also attributable to the decreased borrowings from the local banks and financial institutions from the NBG in consistence with the liquidity management needs.

Liquidity

The Bank's liquidity ratio, as defined by the central bank, stood at 33.1% as of 31 March 2016, compared to 33.8% and 34.4% as of 31 March 2015 and 31 December 2015, respectively.

Total Equity

As of 31 March 2016, TBC's total equity amounted to GEL 1,280.6 million, up from GEL 1,060.9 million as of 31 March 2015 and from GEL 1,218.4 million as of 31 December 2015. The growth was primarily driven by the net income attributable to the Bank's owners.

Regulatory Capital

As of 31 March 2016, the Bank's Basel II/III[6] tier 1 and total capital adequacy ratios (CAR) stood at 13.3% and 16.8%, respectively, compared to 12.1% and 15.1% as of 31 March 2015, and 12.8% and 16.0% as of 31 December 2015. The minimum capital requirements set by the 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 994.1 million, compared to GEL 835.7 million as of 31 March 2015 and GEL 953.4 million as of 31 December 2015. Risk weighted assets were GEL 7,450.6 million as of 31 March 2016, up by GEL 526.8 million YoY and down by GEL 25.9 million QoQ.

The Bank's Basel I tier 1 capital ratio was 26.6%, up 2.8pp YoY and up by 2.0pp QoQ. Tier 1 capital reached GEL 1,218.5 million, compared to 1,013.8 million and 1,157.0 million as of 31 March 2015 and 31 December 2015, respectively. Risk weighted assets were GEL 4,576.3 million as of 31 March 2016, up by GEL 327.8 million YoY and down by GEL 114.8 million QoQ.

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

Results by Segments and Subsidiaries

- **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 70 thousand, as well as pawn loans, credit cards and cash cover loans granted in TBC Bank Constanta branches, and deposits up to USD 20 thousand in urban areas and up to USD 100 thousand 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.

The following table sets out the information on the financial results of TBC Bank's segments for 1Q 2016:

In thousands of GEL	Retail	Corporate	SME	Micro	Corporate Center	Total
1Q 2016						
Interest income	74,574	35,366	17,380	27,145	20,394	**174,859**
Interest expense	(24,850)	(8,410)	(2,033)	(486)	(30,197)	**(65,976)**
Net Transfer pricing	*(4,551)*	*(10,031)*	*(1,205)*	*(8,993)*	*24,780*	-
Net interest income	**45,173**	**16,925**	**14,143**	**17,666**	**14,977**	**108,883**
Fee and commission income	19,760	4,685	3,134	1,217	751	**29,547**
Fee and commission expense	(8,628)	(826)	(1,117)	(407)	(272)	**(11,250)**
Net fee and commission income	**11,133**	**3,858**	**2,017**	**811**	**479**	**18,297**
Gains less losses from trading in foreign currencies	3,556	4,969	5,252	393	450	**14,619**
Foreign exchange translation gains less losses/(losses less gains)	-	-	-	-	8	**8**
Net losses from derivative financial instruments	-	-	-	-	(363)	**(363)**
Other operating income	574	2,134	235	44	681	**3,668**
Other operating non-interest income	**4,130**	**7,102**	**5,487**	**437**	**776**	**17,931**
Provision for loan impairment	(11,621)	8,220	(3,884)	(5,783)	0	**(13,067)**
(Provision) / recovery of provision for liabilities, charges and credit related commitments	125	(1,134)	(25)	5	-	**(1,029)**
Recovery of provision / (provision) for impairment of investments in finance lease	-	-	-	-	(185)	**(185)**
(Provision) / recovery of provision for impairment of other financial assets	(18)	5	1	12	(48)	**(49)**
Recovery of impairment / (impairment) of investment securities available for sale	-	-	-	-	(11)	**(11)**
Profit before G&A expenses and income taxes	**48,921**	**34,977**	**17,738**	**13,147**	**15,989**	**130,772**
Staff costs	(16,905)	(4,524)	(3,683)	(6,649)	(2,411)	**(34,172)**
Depreciation and amortisation	(3,850)	(257)	(506)	(1,489)	(466)	**(6,567)**
Administrative and other operating expenses	(11,974)	(2,599)	(2,186)	(3,724)	(3,077)	**(23,560)**
Operating expenses	**(32,729)**	**(7,380)**	**(6,374)**	**(11,862)**	**(5,954)**	**(64,299)**
Profit before tax	**16,192**	**27,597**	**11,365**	**1,286**	**10,034**	**66,474**
Income tax expense	(1,829)	(4,215)	(1,820)	(193)	279	**(7,777)**
Profit for the year	**14,364**	**23,382**	**9,545**	**1,093**	**10,313**	**58,696**

The following table sets out the loans and customer deposits portfolios of TBC Bank's business segments as of 31 March 2016, 31 December 2015, and 31 March 2015.

In thousands of GEL	**31-Mar-16**	**30-Dec-15**	**31-Mar-15**
Loans and Advances to Customers			
Consumer	*896,242*	*871,996*	*746,389*
Mortgage	*894,240*	*905,274*	*796,229*
Pawn	*250,832*	*242,698*	*194,775*
Retail	2,041,315	2,019,969	1,737,394
Corporate	1,347,213	1,500,104	1,418,558
SME	610,353	625,628	585,685
Micro	494,839	493,327	456,573
Total loans and advances to customers (gross)	**4,493,719**	**4,639,029**	**4,198,209**
Less: Provision for loan impairment	-195,428	-194,143	-174,178
Total loans and advances to customers (net)	**4,298,291**	**4,444,886**	**4,024,031**
Customer Accounts			
Retail	2,530,828	2,469,878	2,198,572
Corporate	760,438	1,001,341	916,265
SME	571,285	633,211	546,679
Micro	69,073	73,501	63,151
Total customer accounts	**3,931,623**	**4,177,931**	**3,724,667**

Retail Banking

As of 31 March 2016, retail loans stood at GEL 2,041.3 million, up by 17.5% YoY (13.7% excluding currency rate effect) and up by 1.1% QoQ, and accounted for 31.3% market share of total individual loans. As of 31 March 2016, foreign currency loans represented 59.4% of the total retail loan portfolio.

In the same period, retail deposits increased to GEL 2,530.8 million, up by 15.1% YoY (8.5% excluding currency rate effect) and up by 2.5% QoQ, and accounted for 34.0% market share of total individual deposits. Term deposits accounted for 62.4% of the total retail deposit portfolio as of 31 March 2016. Foreign currency deposits represented 89.0% of the total retail deposit portfolio.

In 1Q 2016, retail loan yields and deposit rates stood at 14.6% and 3.9% respectively, and the segment's cost of risk on loans was 2.3%. The retail segment contributed for 24.5%, or GEL 14.4 million, to TBC's total net income in 1Q 2016.

Corporate Banking

As of 31 March 2016, corporate loans amounted to GEL 1,347.2 million, up by 5.0% YoY and down by 10.2% QoQ due to one-off loan repayments by few large corporate customers. Foreign currency loans accounted for 81.6% of the total corporate loan portfolio.

As of the same date, corporate deposits totaled GEL 760.4 million, down by 17.0% YoY and down by 24.1% QoQ. Foreign currency corporate deposits represented 51.7% of the total corporate deposit portfolio.

In 1Q 2016, corporate loan yields and deposit rates stood at 10.1% and 4.1% respectively. In the same period, the cost of risk on loans was -2.3%. In terms of profitability, the corporate segment's net profit reached GEL 23.4 million, or 39.8% of TBCs total net income.

SME Banking

As of 31 March 2016, SME loans amounted to GEL 610.4 million, up by 4.2% YoY (broadly stable excluding currency rate effect) and down by 2.4% QoQ. The QoQ decrease was mainly due to the repayment of one short-term cash covered loan. Foreign currency loans accounted for 83.2% of the total SME portfolio.

As of the same date, SME deposits stood at GEL 571.3 million, up by 4.5% YoY (0.1% excluding currency rate effect) and down by 9.8% QoQ. The QoQ decrease in SME deposits is primarily related to the corporate tax payments by legal entities in the first quarter. Foreign currency SME deposits represented 61.3% of the total SME deposit portfolio.

In 1Q 2016, SME loan yields and deposit rates stood at 11.3% and 1.3%, respectively while the cost of risk on loans was 2.5%. In terms of profitability, net profit for the SME segment amounted to GEL 9.5 million, or 16.3%, of TBC's total net income.

Micro Banking

As of 31 March 2016 micro loans totaled GEL 494.8 million, up by 8.4% YoY (6.6% excluding currency rate effect) and up 0.3% QoQ. Foreign currency loans represented 28.4% of the total micro loan portfolio.

As of the same date, micro customer deposits amounted to GEL 69.1 million, up by 9.4% YoY (4.8% excluding currency rate effect) and down by 6.0% QoQ. Foreign currency micro deposits represented 65.6% of the total micro deposit portfolio.

In 1Q 2016, micro loan yields and deposit rates stood at 22.3% and 2.8%, respectively. In the same period, the cost of risk on loans was 4.8%. In terms of profitability, the micro segment's net profit reached GEL 1.1 million, or 1.9% of TBC's total net income.

Annexes

Subsidiaries

Subsidiary	Ownership / voting % as of 31 March 2016	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	10,936	0.16%
TBC Capital LLC	100.0%	Georgia	1999	Brokerage	589	0.01%
TBC Leasing JSC	99.6%	Georgia	2003	Leasing	101,623	1.53%
TBC Kredit LLC	75.0%	Azerbaijan	2008	Non-banking credit institution	70,551	1.06%
Banking System Service Company LLC	100.0%	Georgia	2009	Information services	437	0.01%
TBC Pay LLC	100.0%	Georgia	2009	Processing	22,330	0.34%
Mali LLC	100.0%	Georgia	2011	Real estate management	302	0.00%
Real Estate Management Fund JSC	100.0%	Georgia	2010	Real estate management	1,458	0.02%
TBC Invest LLC	100.0%	Israel	2011	PR and marketing	234	0.00%

Consolidated Balance Sheet

In thousands of GEL	31-Mar-16	31-Dec-15	31-Mar-15
Cash and cash equivalents	688,118	720,347	430,213
Due from other banks	12,591	11,041	40,829
Mandatory cash balances with National Bank of Georgia	452,398	471,490	400,948
Loans and advances to customers (Net)	4,298,291	4,444,886	4,024,031
Investment securities available for sale	224,614	307,310	569,113
Repurchase receivables	-	-	9,980
Investment securities held to maturity	367,045	372,092	-
Investments in finance leases	78,950	75,760	58,775
Investment properties	69,461	57,600	75,606
Goodwill	2,726	2,726	2,726
Intangible assets	45,129	44,344	39,965
Premises and equipment	249,756	247,767	212,434
Other financial assets	55,380	64,317	48,510
Deferred income tax asset	2,301	1,546	400
Current income tax prepayment	10,671	9,856	8,021
Other assets	96,921	103,914	81,040
TOTAL ASSETS	**6,654,351**	**6,934,994**	**6,002,591**
LIABILITIES			
Due to Credit Institutions	1,002,300	1,113,574	855,887
Customer accounts	3,931,623	4,177,931	3,724,667
Current income tax liability	468	912	364
Debt Securities in issue	21,424	21,714	22,321
Deferred income tax liability	35,838	29,244	27,795
Provisions for liabilities and charges	10,491	9,461	10,675
Other financial liabilities	38,563	39,435	45,919
Subordinated debt	303,381	283,648	228,514
Other liabilities	29,686	40,627	25,540
TOTAL LIABILITIES	**5,373,774**	**5,716,546**	**4,941,682**
EQUITY			
Share capital	19,612	19,587	19,576
Share premium	408,274	407,474	405,658
Retained earnings	772,225	712,743	578,532
Share based payment reserve	14,753	12,755	5,248
Other reserves	59,309	58,701	44,424
TOTAL EQUITY	**1,274,174**	**1,211,260**	**1,053,438**
Non-controlling interest	6,403	7,189	7,471
TOTAL EQUITY	**1,280,577**	**1,218,449**	**1,060,909**
TOTAL LIABILITIES AND EQUITY	**6,654,351**	**6,934,995**	**6,002,591**

Consolidated Income Statement

In thousands of GEL	1Q'16	4Q'15	1Q'15
Interest income	174,859	174,172	146,549
Interest expense	(65,976)	(67,654)	(50,878)
Net interest income	**108,883**	**106,519**	**95,671**
Fee and commission income	29,547	32,567	25,024
Fee and commission expense	(11,250)	(12,760)	(8,405)
Net Fee and Commission Income	**18,297**	**19,807**	**16,618**
Gains less losses from trading in foreign currencies	14,619	17,536	8,331
Foreign exchange translation gains less losses	8	912	9,338
Gains less losses/(losses less gains) from derivative financial instruments	(363)	276	(438)
Other operating income	3,668	11,912	4,608
Other operating non-interest income	**17,931**	**30,636**	**21,838**
Provision for loan impairment	(13,067)	(2,055)	(29,385)
Provision for impairment of investments in finance lease	(185)	(344)	(103)
Provision for/ (recovery of provision) performance guarantees and credit related commitments	(1,029)	(1,945)	820
Provision for impairment of other financial assets	(49)	(974)	(339)
Impairment of investment securities available for sale	(11)	-	-
Operating income after provisions for impairment	**130,772**	**151,644**	**105,120**
Staff costs	(34,172)	(42,445)	(30,853)
Depreciation and amortisation	(6,567)	(7,347)	(6,206)
Provision for liabilities and charges	-	(1,102)	-
Administrative and other operating expenses	(23,560)	(26,500)	(15,534)
Operating expenses	**(64,299)**	**(77,394)**	**(52,593)**
Profit before tax	**66,474**	**74,251**	**52,527**
Income tax expense	(7,777)	(7,331)	(6,889)
Profit for the period	**58,696**	**66,920**	**45,639**
Profit attributable to owners of the bank	59,483	67,563	45,539

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)	1Q'16	4Q'15	1Q'15
ROAE[1]	19.3%	23.1%	17.9%
ROAA[2]	3.5%	3.9%	3.2%
Pre-provision ROAE	23.9%	24.9%	29.3%
Pre-provision ROAA	4.3%	4.2%	5.3%
Cost: Income[3]	44.3%	49.3%	39.2%
Cost of Risk[4]	1.2%	0.2%	3.0%
NIM[5]	7.7%	7.4%	8.0%
Loan yields[6]	13.6%	13.6%	13.5%
Deposit rates[7]	3.6%	3.4%	3.7%
Yields on interest earning assets [8]	12.4%	12.1%	12.3%
Cost of Funding[9]	4.8%	4.8%	4.5%
Spread[10]	7.6%	7.3%	7.8%
PAR 90 to gross loans[11]	1.7%	1.0%	0.7%
NPLs to gross loans[12]	4.8%	4.8%	3.9%
NPLs coverage[13]	90.6%	87.4%	105.6%
Provision Level to Gross Loans[14]	4.3%	4.2%	4.1%
BIS Tier 1[15]	26.6%	24.7%	23.9%
Total BIS CAR[16]	33.3%	30.9%	29.6%
NBG Basel II/III Tier 1 CAR[17]	13.3%	12.8%	12.1%
NBG Basel II/III Total CAR[18]	16.8%	16.0%	15.1%

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. PAR 90 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 to gross loans equal loans with 90 days past due on principal or interest payments, and loans with well-defined weakness, regardless of the existence of any past-due amount or of the number of days past due divided by the gross loan portfolio for the same period
13. NPLs coverage ratio equal loan loss provision divided by the NPL loans.
14. Provision Level to Gross Loans equal loan loss provision divided by the gross loan portfolio for the same period.
15. BIS Tier 1 capital adequacy ratio Tier 1 capital over total risk weighted assets, both calculated in accordance with Basel I requirements.
16. Total BIS CAR equals total capital over total risk weighted assets, both calculated in accordance with Basel I requirements.
17. 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.
18. 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 the currency exchange rate effect, we used USD/GEL exchange rate of 2.3949 as of 31 December 2015. For calculations of YoY growth without the currency exchange rate effect, we used the USD/GEL exchange rate of 2.2275 as of 31 March 2015. The USD/GEL exchange rate as of 31 March 2016 stood at 2.3679. For P&L items growth calculations without currency effect, we used the average USD/GEL exchange rate for the following periods: 1Q 2016 of 2.4351, 1Q 2015 of 2.0729 and 4Q 2015 of 2.3979.

Additional Disclosures

Sensitivity Scenario

Sensitivity Scenario		**10% Currency Devaluation Effect**
NIM*		-0.1%
Cost of Risk	**31-Mar-16**	+0.2%
Total Capital per Basel II/III	1,253	1,258
Capital adequacy ratios per both tier 1 and total per Basel II/III and NBG regulation decrease by		0.93% - 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 4Q 2015	**FC % of Respective Totals**
Interest Income	47%
Interest Expense	63%
Fee and Commission Income	48%
Fee and Commission Expense	65%
Administrative Expenses	30%

Source: IFRS statements and Internal Reporting

Refinanced and Libor Linked B/S Items 31 March 2016

Refinance Rate Gap	***GEL* -10 m**	
	GELm	% share in totals
Assets	**793**	**13%**
Securities with fixed yield (≤1y)*	266	45%
Securities with floating yield	150	25%
Loans with Floating yield	315	7%
Reserves in NBG	42	8%
Interbank loans& Deposits & Repo	20	6%
Liabilities	**803**	**16%**
Current accounts	203	5%
Saving accounts	93	2%
Refinancing Loan of NBG	318	36%
Interbank Loans &Deposits & Repo	27	18%
IFI Borrowings	162	18%

Libor Gap	***GEL* 730 m**	
	GELm	% share in totals
Assets	**1,170**	**18%**
Nostro**	197	63%
NBG Reserves**	452	87%
Libor Loans	521	12%
Liabilities	**440**	**8%**
Senior Loans	209	23%
Subordinated Loans	231	76%

(*) 59.5% 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	1Q'16	4Q'15	3Q'15	2Q'15	1Q'15
Loan yields[6]	**13.6%**	**13.6%**	**13.6%**	**13.6%**	**13.5%**
Retail loan yields GEL	20.2%	*20.4%*	*20.0%*	*20.0%*	*19.2%*
Retail loan yields FX	10.9%	*11.3%*	*11.6%*	*11.6%*	*11.7%*
Retail Loan Yields	**14.6%**	**14.9%**	**15.0%**	**14.9%**	**14.8%**
Corporate loan yields GEL	13.2%	*12.5%*	*11.1%*	*10.1%*	*10.4%*
Corporate loan yields FX	9.3%	*8.7%*	*9.3%*	*9.3%*	*9.1%*
Corporate Loan Yields	**10.1%**	**9.6%**	**9.7%**	**9.5%**	**9.5%**
SME loan yields GEL	14.2%	*13.0%*	*12.8%*	*11.3%*	*11.8%*
SME loan yields FX	10.7%	*10.9%*	*11.3%*	*11.9%*	*11.7%*
SME Loan Yields	**11.3%**	**11.3%**	**11.6%**	**11.8%**	**11.7%**
Micro loan yields GEL	24.6%	*25.1%*	*24.7%*	*24.7%*	*26.8%*
Micro loan yields FX	16.6%	*17.9%*	*18.8%*	*19.5%*	*19.8%*
Micro Loan Yields	**22.3%**	**23.0%**	**22.8%**	**22.8%**	**24.0%**
Deposit rates[7]	**3.6%**	**3.4%**	**3.4%**	**3.6%**	**3.7%**
Retail deposit rates GEL	3.9%	3.6%	3.8%	3.7%	3.9%
Retail deposit rates FX	3.9%	4.0%	4.2%	4.3%	4.5%
Retail Deposit Yields	**3.9%**	**4.0%**	**4.1%**	**4.2%**	**4.4%**
Corporate deposit rates GEL	6.7%	5.3%	4.6%	4.6%	4.5%
Corporate deposit rates FX	1.7%	1.8%	1.7%	1.6%	1.9%
Corporate Deposit Yields	**4.1%**	**3.4%**	**3.1%**	**3.3%**	**3.3%**
SME deposit rates GEL	2.4%	2.0%	1.6%	1.5%	1.3%
SME deposit rates FX	0.7%	1.4%	1.5%	1.6%	1.5%
SME Deposit Yields	**1.3%**	**1.6%**	**1.6%**	**1.6%**	**1.4%**
Micro deposit rates GEL	3.2%	2.7%	2.9%	4.0%	6.4%
Micro deposit rates FX	2.5%	2.7%	2.9%	3.1%	2.9%
Micro Deposit Yields	**2.8%**	**2.7%**	**2.9%**	**3.4%**	**4.4%**
Yields on Securities	**9.4%**	**8.5%**	**7.4%**	**6.8%**	**6.3%**

Source: IFRS Consolidated

Loan Quality per NBG

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

	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
SDL Loans as % of Gross Loans	**7.2%**	**6.8%**	**7.5%**	**6.8%**	**6.0%**

Source: NBG

Cross Sell Ratio/Active Products

	Mar-16	Feb-16	Jan-16	Dec-15
Cross Sell Ratio	3.43	3.39	3.38*	2.83
Number of Active Products (in millions)	2.40	2.40	2.38	2.37

Source: Internal reporting figures
*(*)*The increase in Jan 2016 is mainly due to change in methodology; per updated methodology the cross selling ratio would have been 3.38 and number of active products 2.40 million in Dec 2015*

Diversified Deposit Base

Status: monthly income >=3,000 GEL or loans/deposits >=30,000 GEL
VIP*: deposit >=100,000 USD; Non-residents: >=50,000 USD

31 March 2016	Volume Of Deposits	Number Of Deposits
MASS	42%	96%
STASUS	21%	3%
VIP	23%	0.5%
WM	14%	0.2%

Source: Internal reporting figures

Loan concentration

	Mar-16	Dec-15	Dec-14	Dec-13
Top 20 Borrowers as % of total portfolio	14.6%	15.6%	16.1%	19.5%
Top 10 Borrowers as % of total portfolio	9.2%	9.9%	10.3%	13.0%

Source: IFRS consolidated

Loan-To-Value Ratio (LTV ratio)

	Retail	Corporate	SME	Micro
LTV ratio	43.7%	47.6%	34.4%	40.3%

Source: IFRS consolidated