TBC BANK

FY 2015 AND 4Q 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 FY 2015 and 4Q 2015 IFRS Consolidated Results; Profit for 2015 up by 38.0% YoY to GEL 218.7 million

Financial Highlights

4Q 2015 P&L Highlights

- Profit for 4Q 2015 up by 67.2% YoY and by 32.2% QoQ to GEL 66.9 million, delivering return on average equity (ROAE) of 23.1% and return on average assets (ROAA) of 3.9%
- Total operating income in 4Q 2015 up by 18.6% YoY and by 9.5% QoQ to GEL 157.0 million
- Cost to income ratio stood at 49.3%, compared to 51.2% in 4Q 2014 and 43.3% in 3Q 2015
- Cost of risk on loans stood at 0.2%, down by 1.7pp YoY and by 1.8pp QoQ
- Net interest margin (NIM) at 7.4% in 4Q 2015, compared to 8.5% in 4Q 2014 and 7.9% in 3Q 2015

FY 2015 P&L Highlights

- Profit for 2015 up by 38.0% YoY to GEL 218.7 million, delivering ROAE of 20.1% and ROAA of 3.4%
- Total operating income in 2015 up by 25.9% YoY to GEL 577.0 million
- Cost to income ratio improved to 43.9%, compared to 49.4% in 2014
- Cost of risk on loans stood at 1.7%, up by 0.1pp YoY, or up by 0.3pp YoY without the change in IFRS methodology
- Net interest margin (NIM) at 7.8% in 2015, compared to 8.5% in 2014

Balance Sheet Highlights 31 December 2015

- Total assets reached GEL 6,935.0 million as of 31 December 2015, up by 27.9% YoY and broadly unchanged QoQ
- Gross loans and advances to customers increased to GEL 4,639.0 million as of 31 December 2015, up by 25.2% YoY (8.1% at constant currency) and by 1.7% QoQ
- Net loans to deposits + IFI funding stood at 95%, and Net Stable Funding Ratio (NSFR) at 116% as of YE 2015
- NPLs per updated methodology stood at 4.8%, up 1.7pp YoY and down 0.2pp QoQ
- NPLs coverage per updated methodology stood at 87.4%, (209.9% with collateral), compared to 130.5% as of YE 2014
- PAR 90+Restructured loans to gross loans stood at 5.8%, up by 2.1pp YoY and up by 0.3pp QoQ
- PAR 90+Restructured loans coverage was 72.7% (169.8% with collateral), compared to 109.4% as of YE 2014
- Total customer deposits stood at GEL 4,177.9 million as of 31 December 2015, up by 25.7% YoY (by 6.5% w/o currency exchange rate effect) and down by 2.5% QoQ
- Tier I and Total Capital Adequacy Ratios per Basel II/III stood at 12.8% and 16.0% respectively
- Tier I and Total Capital Adequacy Ratios per Basel I stood at 24.7% and 31.0% respectively

Market Shares[1]

- TBC Bank's market share in total assets increased by 0.4pp YoY and decreased by 0.3pp QoQ, reaching 26.7% as of 31 December 2015
- TBC Bank's market share in total loans was 28.7% as of 31 December 2015, up by 1.1pp YoY and by 0.4pp QoQ
- In terms of individual loans, the Bank had a market share of 31.6% as of 31 December 2015, up by 1.8pp YoY and by 0.1pp QoQ. The market share for legal entity loans was 26.2%, up by 0.4pp YoY and by 0.6pp QoQ
- TBC Bank's market share of total deposits was 29.0% as of 31 December 2015, up by 0.6pp YoY and down by 1.7pp QoQ
- The Bank maintains its longstanding leadership in individual deposits with a market share of 34.3%, up by 0.6pp YoY and down by 0.3pp QoQ. In terms of legal entity deposits, TBC Bank's market share was 23.4%, up by 0.4pp YoY and down by 3.3pp QoQ. The Bank uses corporate deposits mainly for liquidity management purposes

Recent Developments

TBC Bank appointed Barclays as Financial Advisor Premium Listing

- TBC Bank appointed Barclays Bank PLC as its Financial Advisor for the Premium Listing process, which is planned to be completed in the second half of 2016.

Updated NPL Reporting and Provisioning Methodology

- The Bank updated its NPL reporting and provisioning methodology according to international best practices. The updated methodology allows for a more granular analysis of the loan portfolio and a better assessment of provisioning requirements as well as NPLs

Updated Cost to Income Mid-Term Guidance

- The Bank updated its medium-term guidance for the cost to income ratio to <40%.
- We have already surpassed our previously set target of <45% and are comfortable with our higher profitability guidance, which has led to a lower midterm guidance on cost to income.

TBC Bank is the New Sponsor for the Georgian Rugby Team

- TBC Bank is proud to be the new exclusive sponsor for the Georgian National Rugby team. The major goal of this partnership is to promote rugby and rugby values in Georgian society, and to make rugby an inseparable part of Georgian culture.

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

Letter from the Chief Executive Officer

2015 was a year of challenges for the Georgian economy with currency headwinds and pressures resulting from the developments in the regional countries' economies. In this environment, however, we managed to deliver a robust profitability and maintain the sound asset quality as a result of our proactive approach and prudent management policies. In 2015, our company earned a record GEL 218.7 million in net income with the return on average equity (ROAE) of 20.1% and the return on average assets (ROAA) of 3.4%. The principal drivers of our increased profitability were our strong non-interest income, solid net interest margin (NIM) and efficient cost control, which translated into the decreasing cost to income ratio – in line with our strategy.

Despite the regional developments and the GEL depreciation, the Georgian economy remained resilient, posting economic growth of 2.8% in 2015, above the initial estimates of both international financial institutions and the Georgian government. During the year, the trade deficit improved by c.11.7%, thus easing the strain on the currency.

In 2015, TBC Bank's total lending grew by 25.2% YoY, or by 8.1% on a constant currency basis. We also increased our total loans market share by 0.4pp QoQ and by 1.1pp YoY to 28.7%.

In order to further enhance the risk management function at the Bank, we updated our NPL reporting and provisioning methodology according to international best practices. In 2015, we conducted a structural and functional review of our risk function and established a 3-year development plan that aims to promote sustainable growth and a resilient performance through prudent risk management. We see risk management as an enabler of the Bank's strategy and a key competitive advantage. The updated methodology allows for a more granular analysis of the loan portfolio and a better assessment of provisioning requirements. As per the updated methodology, our NPLs decreased by 0.2pp QoQ to 4.8% as of 31 December 2015. At year-end our updated NPL coverage ratio stood at 87% or at 210% with collateral.

Our total deposits grew by 25.7% YoY (6.5% on a constant currency) and decreased by 2.5% QoQ. We maintained our long-standing leadership position in retail deposits with a market share of 34.3%, up 0.6pp 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 31 December 2015, the Bank's total capital adequacy ratio (CAR) per Basel II/III regulation stood at 16.0%, 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 95% and the Net Stable Funding Ratio (NSFR) at 116%.

In 2015 one of the significant developments and initiatives for the Bank has been the intention to seek premium listing on the London Stock Exchange. We appointed Barclays Bank PLC as a Financial Advisor for the Premium Listing process, which is planned to be completed in the second half of 2016.

Beyond the numbers, we've also made considerable progress toward further enhancing our superior customer experience. In January 2016 we announced the launch of a redesigned branch concept, achieving another breakthrough in our customer experience offering. The new design reflects TBC Bank's welcoming, user-friendly and transparent approach to banking and we intend to gradually adapt all of our new branches to the new concept.

Finally, I am proud that TBC Bank has entered into partnership with the Georgian rugby union and has become the main sponsor at all levels of the game in Georgia. The major goal of this partnership is to promote rugby and rugby values in Georgian society, and to make rugby an inseparable part of Georgian culture.

Outlook

As it stands now, we are well positioned to benefit from the growth possibilities that are unfolding in Georgia. As proved in the past year, we remain resilient to changing market conditions and are delivering against our strategic targets. I am confident that we are on the right track to sustain this progress and continue to create value for our shareholders through our focus on profitability, strong capital base and sound corporate responsibility.

We are pleased to update our medium term guidance for the cost to income ratio to <40%. We have already surpassed our previously set target of <45% and are comfortable with our improved guidance, which has led to a lower mid-term guidance on cost to income.

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, and 25% of dividend distribution, and our medium term ROE target of 20%.

FOURTH QUARTER AND FULL YEAR 2015 FINANCIAL RESULTS CONFERENCE CALL

Thursday, 18 February 2016

14.00 (GMT) / 15.00 (CET) / 9.00 (EST)

Hosts:
Vakhtang Butskhrikidze, CEO, and Giorgi Shagidze, CFO

TBC Bank, a leading bank in Georgia, will release its fourth quarter and full year 2015 financial results on Thursday, 18 February 2016 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, 18 February at 14.00 (GMT) / 15.00 (CET) / 9.00 (EST)
Please dial-in approximately 5 minutes before the start of the call quoting the password TBC Bank:

Password:	**TBC Bank**
UK Toll Free:	0808 109 0700
Standard International Access:	+44 (0) 20 3003 2666
USA Toll Free:	1 866 966 5335
New York New York:	+1 646 843 4608
Russia Toll Free:	8 10 8002 4902044
Moscow:	+7 (8) 495 249 9843
Replay Numbers	
Replay Passcode:	**2114366**
UK Toll Free:	0800 633 8453
Standard International Access:	+44 (0) 20 8196 1998
USA Toll Free:	1 866 583 1039
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Economic Overview

In 2015 GDP increased by 2.8% YoY in real terms, above the initial estimates set out in the beginning of 2015. GDP growth was mostly supported by private and public consumption and investment, while net-exports have dragged on due to the significant deterioration of the external conditions in 2015.

Sector-wise, construction, transport and communications, and real estate drove GDP growth in 9M 2015. Over the period the construction sector expanded by 16.5% YoY, real estate and renting activities increased by 6.2% YoY, while transport and communications grew by 4% YoY, all in real terms. On the other hand, growth has been broadly flat (+0.4%) in the trade and repairs sector, while manufacturing contracted by 2.1% YoY in 9M 2015 - these sectors were hit hardest by the regional economic slowdown and depreciation of the GEL. Overall, in 9M 2015 services contributed most to the GDP growth (+1.7pp), followed by industry (+0.8pp) and agriculture (+0.2pp).

Regional slowdown and depreciation of the trading partners' currencies negatively affected the demand for Georgian exports and remittance inflows, resulting in loss of USD 1,018 million in 2015, compared to 2014. The negative influence of regional shock on the real sector of economy was alleviated by the depreciation of USD/GEL exchange rate as the adjustment helped to timely restore the external imbalance via sizeable reduction in imports of goods.

A regional breakdown shows that exports to the CIS market suffered the heaviest blow. In 2015 exports to CIS countries fell by 43% YoY, while exports to the EU increased by 3.6% YoY and exports to remaining countries declined moderately by 7% YoY. The continued decline of oil prices puts additional pressure on exchange rates of oil exporter countries in the region and dampens Georgia's export growth potential to these countries. However, Georgian producers are tapping the potential offered by free trade agreements with the EU, China and by the recent opening of the Iranian market. In 2015 exports to China increased by 39% YoY, reaching GEL 126 million, exports to Iran increased by 27% YoY – volume, however remains low (USD 36 million).

After the sharp decline in first 9 months of 2015 (-27% YoY), remittances' decline rate started to moderate as regional economies went through the most painful phase of the crises. In 4Q 2015 remittances declined by 19% YoY, but in November and December the decline eased to -18% YoY and -12% YoY respectively. Rate of decline of remittances from Greece, second largest source of money inflows in Georgia, also started to diminish. After going down to almost zero (-95% and -93% in July and August), remittances from Greece fell by 46% YoY in Q4 2015.

External adjustment for Georgia happened at the expense of declined imports of goods. In 2015 imports of goods fell by 15.3% YoY, mostly driven by the decrease in imports of consumer goods (22.3% YoY). Imports of intermediate and investment goods fell at a lower rate, by -7% YoY and by -13% YoY respectively, which is a positive development for the economy's medium-term growth.

Overall, trade deficit of Georgia improved by 11.6% YoY excluding one-off import effect in 2015, or by USD 663 million.

Tourism inflows continue to positively influence Georgia's current account balance. Despite the sharp deterioration of the economy in the countries in the region, in 2015 the number of incoming visitors increased by 6.9% YoY.,The upward trend continued in January 2016 as well (+4.4% YoY), mostly due to the increased number of visitors from Russia (+10.2% YoY) and Azerbaijan (+16.1% YoY). Georgia remains an attractive tourism destination for post-Soviet states and it registers an increasing number of visitors from the EU and the Middle East (mostly from Israel).

Overall, savings on imports has been sufficient to offset declined money inflows via exports and remittances – in 2015 balance of major sources of money inflow/outflow improved by roughly USD 400 million.

The table below summarizes the changes in major sources of foreign currency inflow/outflows

	2015	2014	*YoY change*
Foreign Currency inflows	**5,214**	**6,089**	***-874***
Exports of Goods	2,204	2,861	*-657*
Exports	*1,593*	*1,995*	*-402*
*Re-exports**	*611*	*866*	*-255*
Remittance inflows	1,080	1,441	*-361*
Tourism inflows**	1,930	1,787	*143*
Foreign currency outflows	**-7,769**	**-9,070**	***1,301***
Imports of goods	-7,273	-8,593	*1,320*
Imports of oil products	*-558*	*-773*	*215*
Remittance outflows	-171	-178	*7*
Tourism outflows**	-325	-299	*-26*
Net inflows	**-2,555**	**-2,981**	***426***

As a result of declined hard currency inflows, by the end of 2015 the GEL depreciated by 29% YoY against USD and by 15% against EUR. Despite the sharp depreciation against USD, the nominal effective exchange rate of GEL depreciated by 4% YoY in 2015, showing that GEL fluctuated in line with the developments in the country's major trading partners and helped to maintain Georgia's external competitiveness.

As broadly expected, the first wave of the currency crisis was over in the first nine months of 2015. In 4Q, the pressure on the GEL rate has relatively eased, with the USD/GEL exchange rate down by 1% QoQ and EUR/GEL up by 2% QoQ.

Responding to increased inflation expectations, the National Bank of Georgia (NBG) tightened the monetary policy. The benchmark rate increased gradually from 4% in the beginning of 2015 to 8% by year-end. As a result, inflation stood at 4.9% in December 2015, right about the NBG's target of 5%. In January 2016 annual inflation grew to 5.6%, in line with the expectations that inflation would go slightly above the target in 1Q 2016 and then align closer to the target or go slightly below 5% by the end of 2016.

Budgetary spending also remained within sustainable levels. The fiscal deficit amounted to 3% of GDP per initial estimates, and, unlike previous years, the deficit spending has been more equally distributed across the year which helped to avoid additional pressure on the GEL by the end of the year.

As foreign currency accounts for around 78% of the public debt, the depreciation increased the public debt burden. As a % of GDP, public debt (both domestic and external) grew from 35% at the beginning of 2015 to 42% by year-end. Debt however remains within the limit of 60% of GDP set by "Economic Freedom Act" of Georgia.

Going forward, it is widely believed that we have passed the worst part of the regional economic downturn. Given well-diversified trade ties and free trade agreements with all major economic players in the region, Georgia has strong fundamentals to recover relatively quickly from the recent slowdown and return to its full growth potential.

Results Overview FY 2015 and 4Q 2015

Income Statement Highlights

in thousands of GEL	31-Dec-15	31-Dec-14	*Change in %*	4Q'15	3Q'15	4Q'14	*Change YoY*	*Change QoQ*
Net interest income	412,173	338,648	*21.7%*	106,519	107,419	92,276	*15.4%*	*-0.8%*
Net Fee and Commission Income	72,291	58,682	*23.2%*	19,807	17,644	17,620	*12.4%*	*12.3%*
Other operating non-interest income	92,528	61,004	*51.7%*	30,636	18,269	22,416	*36.7%*	*67.7%*
Provisioning charges	(75,991)	(49,104)	*54.8%*	(5,318)	(23,415)	(18,652)	*-71.5%*	*-77.3%*
Operating income after provisions for impairment	**501,002**	**409,229**	***22.4%***	**151,644**	**119,917**	**113,659**	***33.4%***	***26.5%***
Operating expenses	(253,130)	(226,310)	*11.9%*	(77,394)	(62,085)	(67,694)	*14.3%*	*24.7%*
Profit before tax	**247,872**	**182,919**	***35.5%***	**74,251**	**57,831**	**45,965**	***61.5%***	***28.4%***
Income tax expense	(29,176)	(24,468)	*19.2%*	(7,331)	(7,226)	(5,940)	*23.4%*	*1.4%*
Profit for the period	**218,697**	**158,451**	***38.0%***	**66,920**	**50,605**	**40,026**	***67.2%***	***32.2%***

Balance Sheet and Capital Highlights

	31-Dec-15		30-Sep-15		Change QoQ	31-Dec-14		Change YoY
In millions	GEL	USD	GEL	USD		GEL	USD	
Total Assets	6,935.0	2,899.1	6,936.4	2,912.5	*0.0%*	5,423.5	2,910.2	*27.9%*
Gross Loans	4,639.0	1,937.0	4,560.0	1,914.7	*1.7%*	3,706.3	1,988.8	*25.2%*
Customer Deposits	4,177.9	1,744.5	4,286.2	1,799.7	*-2.5%*	3,322.4	1,782.8	*25.7%*
Total equity	1,218.4	508.8	1,131.9	475.3	*7.6%*	1,019.5	547.0	*19.5%*
Basel I Tier 1 Capital	1,157.0	483.1	1,085.1	455.6	*6.6%*	967.5	519.2	*19.6%*
Basel I Risk weighted assets	4,679.8	1,958.8	4,630.2	1,944.2	*1.1%*	3,910.8	2,098.5	*19.7%*
Basel II/III Tier 1 Capital	953.4	398.1	879.1	369.1	*8.4%*	783.4	420.3	*21.7%*
Basel II/III Risk weighted assets	7,476.5	3,121.8	7,305.8	3,067.6	*2.3%*	6,296.7	3,378.8	*18.7%*

Key Ratios

	31-Dec-15	31-Dec-14	Change YoY	4Q'15	3Q'15	4Q'14	Change YoY	Change QoQ
ROAE	20.1%	18.4%	1.7%	23.1%	18.2%	16.0%	7.1%	4.9%
ROAA	3.4%	3.3%	0.1%	3.9%	3.1%	3.1%	0.8%	0.8%
Pre-provision ROAE	27.1%	24.2%	2.9%	24.9%	26.7%	23.5%	1.5%	-1.8%
Cost: Income	43.9%	49.4%	-5.5%	49.3%	43.3%	51.2%	-1.9%	6.0%
Cost of Risk	1.7%	1.6%	0.1%	0.2%	2.0%	1.9%	-1.7%	-1.8%
PAR 90 to Gross Loans	1.0%	0.5%	0.5%	1.0%	1.2%	0.5%	0.5%	-0.2%
Basel I Total CAR	31.0%	30.4%	0.5%	31.0%	28.6%	30.4%	0.5%	2.3%
Basel II/III Total CAR	16.0%	15.0%	1.0%	16.0%	14.8%	15.0%	1.0%	1.2%
Leverage (times)	5.7	5.3	0.4	5.7	6.1	5.3	0.4	(0.4)

Income Statement Discussion

Net Interest Income

in thousands of GEL	31-Dec-15	31-Dec-14	*Change in %*	4Q'15	3Q'15	4Q'14	*Change YoY*	*Change QoQ*
Loans and advances to customers	582,327	465,520	*25.1%*	155,292	150,634	124,022	*25.2%*	*3.1%*
Investment securities available for sale	20,927	30,361	*-31.1%*	5,862	3,905	7,676	*-23.6%*	*50.1%*
Due from other banks	7,639	6,211	*23.0%*	1,425	1,395	1,949	*-26.9%*	*2.1%*
Bonds carried at amortised cost*	22,950	0	*NMF*	7,803	7,779	0	*NMF*	*0.3%*
Investments in leases	15,217	10,265	*48.2%*	3,791	4,298	3,133	*21.0%*	*-11.8%*
Interest income	**649,059**	**512,357**	***26.7%***	**174,172**	**168,011**	**136,780**	***27.3%***	***3.7%***
Customer accounts	137,489	110,041	*24.9%*	36,156	34,854	28,075	*28.8%*	*3.7%*
Due to credit institutions	70,834	43,384	*63.3%*	23,482	18,472	10,771	*118.0%*	*27.1%*
Subordinated debt	26,363	19,069	*38.2%*	7,438	6,737	5,136	*44.8%*	*10.4%*
Debt Securities in issue	2,105	928	*126.8%*	550	529	436	*26.0%*	*4.1%*
Other	94	287	*-67.1%*	28	0	86	*-67.4%*	*NMF*
Interest expense	**236,885**	**173,709**	***36.4%***	**67,654**	**60,592**	**44,505**	***52.0%***	***11.7%***
Net interest income	**412,173**	**338,648**	***21.7%***	**106,519**	**107,419**	**92,276**	***15.4%***	***-0.8%***
Net interest margin	**7.8%**	**8.5%**	***-0.7%***	**7.4%**	**7.9%**	**8.5%**	***-1.1%***	***-0.5%***

(*) *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.*

2015 to 2014 Comparison

In 2015, net interest income grew by 21.7% YoY to GEL 412.2 million, resulting from the 26.7% higher interest income and 36.4% higher interest expense.

The 26.7% YoY increase in interest income to GEL 649.1 million was mainly driven to the increase in interest income from loans to customers, primarily related to the gross loan portfolio increase by 25.2% YoY, or by 8.1% 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 14.9%, 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 investment securities available for sale and bonds carried at amortized cost) by GEL 13.5 million, or 44.5% 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 8.0% during 2015. The decline in loan yields led to the decrease in yields on average interest earning assets to 12.3%, compared to 12.8% in 2014.

In the reporting period, the interest expense increased by 36.4% YoY to GEL 236.9 million, 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 25.7% increase in the respective portfolio, or 6.5% at constant currency, which more than offset the decrease in cost of client deposits of 0.2pp to 3.5% in 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 0.7pp. As a result, the Bank's cost of funding ratio remained unchanged on a year-on-year basis at 4.6% in 2015.

Consequently, NIM was 7.8% in 2015, compared to 8.5% in 2014. Overall, the currency depreciation effects mentioned above had 0.3pp decrease effect on NIM. The negative effect on NIM due to excess liquidity was 0.4%.

4Q 2015 to 4Q 2014 Comparison

In 4Q 2015, net interest income increased by GEL 14.2 million, or 15.4% YoY to GEL 106.5 million, as a result of a GEL 37.4 million, or 27.3%, increase in interest income and a GEL 23.1 million, or 52.0%, increase in interest expense, compared to 4Q 2014.

The GEL 37.4 million growth in interest income mainly resulted from a GEL 31.3 million increase, or 25.2%, 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 14.3%, resulting from the currency depreciation and the declining loan yields in the country (despite the increased rates on GEL refinancing rate linked loans). The increase in interest income was also driven by the increase in interest income from investment securities by GEL 6.0 million, mainly driven by the increased yields on such securities, as described above. As a result, yields on average interest earning assets decreased to 12.1%, compared to 12.6% in 4Q 2014.

The increase in interest expense by GEL 23.1 million, or 52.0%, YoY, was primarily attributable to the increased interest expense on other borrowed funds and customer deposits by GEL 12.1 million and GEL 8.1 million, respectively. The increase in interest expense on other borrowed funds was due to the increased interest expense on other borrowed funds primarily related to the increased GEL borrowings and the higher cost of GEL-denominated borrowings, mainly resulting from the refinance rate increase. The increase in interest expense on customer deposits was primarily due to the increase in the respective portfolio, which was partially offset by the decrease in deposits rates of 0.1pp YoY to 3.4%.

As a result, NIM decreased to 7.4% in 4Q 2015, compared to 8.5% in the same quarter in 2014. Overall, the currency depreciation effects mentioned above had 0.4pp a decrease effect on NIM. The negative effect on NIM due to excess liquidity was 0.3%.

4Q 2015 to 3Q 2015 Comparison

On a QoQ basis, net interest income decreased by GEL 0.9 million, or 0.8%, as a result of a 6.2 million, or 3.7%, higher interest income and GEL 7.1 million, or 11.7%, higher interest expense.

The GEL 6.2 million QoQ increase in interest income mainly resulted from the increase in interest income on loans by GEL 4.7 million, which in turn was due to the 1.7% increase in the loan portfolio. The increase in interest income was also driven by an increase in interest income from investment securities by GEL 2.0 million, mainly driven by the increase in its yields by 1.1pp to 8.5%.

The GEL 7.1 million, or 11.7% QoQ, increase in interest expense was primarily owned to the increase in interest expense on other borrowed funds by GEL 4.6 million, or 26.7%, resulting from the increased GEL borrowings in the total borrowings and the higher cost of GEL-denominated borrowings, mainly related to the refinance rate increase as well as the early prepayment fees of FMO loans. The slight QoQ increase in interest expense on customer deposits was mainly due to the increase in the respective average portfolio.

Consequently, on a QoQ basis, NIM declined by 0.5pp to 7.4%.

Fee and Commission Income

in thousands of GEL	31-Dec-15	31-Dec-14	*Change in %*	4Q'15	3Q'15	4Q'14	*Change YoY*	*Change QoQ*
Card operations	49,424	35,247	*40.2%*	13,964	12,821	10,723	*30.2%*	*8.9%*
Settlement transactions	31,218	23,893	*30.7%*	9,225	7,968	6,653	*38.7%*	*15.8%*
Guarantees issued	8,949	9,140	*-2.1%*	2,611	2,037	2,665	*-2.0%*	*28.2%*
Issuance of letters of credit	5,859	6,889	*-15.0%*	1,396	1,321	1,954	*-28.6%*	*5.7%*
Cash transactions	10,930	6,507	*68.0%*	3,122	2,810	2,121	*47.2%*	*11.1%*
Foreign exchange operations	1,410	1,169	*20.6%*	306	277	308	*-0.5%*	*10.4%*
Other	6,048	5,359	*12.9%*	1,944	1,512	1,773	*9.6%*	*28.6%*
Fee and commission income	**113,837**	**88,204**	***29.1%***	**32,567**	**28,745**	**26,198**	***24.3%***	***13.3%***
Card operations	27,169	16,053	*69.2%*	8,778	6,990	5,151	*70.4%*	*25.6%*
Guarantees received	957	1,173	*-18.4%*	187	366	287	*-34.9%*	*-49.0%*
Cash transactions	2,707	2,592	*4.4%*	561	858	635	*-11.6%*	*-34.6%*
Settlement transactions	3,904	2,594	*50.5%*	1,273	1,123	877	*45.2%*	*13.3%*
Foreign exchange operations	5	62	*-92.0%*	1	1	16	*-95.3%*	*-24.1%*
Letters of credit	2,208	2,988	*-26.1%*	532	593	663	*-19.8%*	*-10.3%*
Other	4,597	4,061	*13.2%*	1,427	1,169	949	*50.3%*	*22.1%*
Fee and commission expense	**41,546**	**29,523**	***40.7%***	**12,760**	**11,101**	**8,578**	***48.7%***	***14.9%***
Net Fee and Commission Income	**72,291**	**58,682**	***23.2%***	**19,807**	**17,644**	**17,620**	***12.4%***	***12.3%***

2015 to 2014 Comparison

In 2015, net fee and commission income amounted to GEL 72.3 million, up by GEL 13.6 million, or by 23.2%, compared to 2014. This increase resulted mainly from a GEL 6.0 increase in net fee and commission income from settlement transactions, a GEL 4.3 million from cash transactions and a GEL 3.1 million from card operations, mainly driven by the increased scale of operations. The increase 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 linked than the fee expense. Without the exchange rate effect, net fee and commission income would have increased by GEL 7.0 million, or 11.7% YoY.

4Q 2015 to 4Q 2014 Comparison

In 4Q 2015, net fee and commission income reached GEL 19.8 million, up by GEL 2.2 million, or 12.4%, compared to 4Q 2014. This resulted mainly from an increase in net fee and commission income from settlement transactions by GEL 2.2 million, and cash transaction by GEL 1.1 million. These increases were partially offset by the drop in net fee and commission income from issuance of letters of credit and card operations, each by GEL 0.4 million. The increase in net fee and commission income was also affected by the devaluation; without the exchange rate effect, net fee and commission income would have increased by GEL 0.1 million, or by 0.3% YoY. Nominal growth in net fee and commission income also reflects the fact that that fee income is less linked to foreign currency linked than the fee expense.

4Q 2015 to 3Q 2015 Comparison

On a QoQ basis, net fee and commission income increased by GEL 2.2 million, or 12.3%, compared to 3Q 2015, primarily driven by the increased net fee and commission income from settlement transactions, guarantees and issuance of letters of credit, and cash transactions. These increases were partially offset by the decrease in net fee and commission income from card operations by GEL 0.6 million due to reclassification of loyalty program points, from administrative expenses to fee expenses which more than offset the increase in fee income (without the reclassification effect, the net fee and commission income from card operations would have increased by GEL 0.5 million).

Other Operating Non-interest Income

in thousands of GEL	**31-Dec-15**	**31-Dec-14**	***Change in %***	**4Q'15**	**3Q'15**	**4Q'14**	***Change YoY***	***Change QoQ***
Gains less losses from trading in foreign currencies and foreign exchange translations	67,221	42,090	*59.7%*	18,447	13,712	15,782	*16.9%*	*34.5%*
Gains less losses/(losses less gains) from derivative financial instruments	(575)	(683)	*-15.8%*	276	(362)	(299)	*-192.3%*	*-176.3%*
Revenues from cash-in terminal services	777	851	*-8.6%*	237	173	239	*-0.7%*	*37.0%*
Revenues from operational leasing	8,539	6,997	*22.0%*	1,590	2,349	1,957	*-18.8%*	*-32.3%*
Gain from sale of investment properties	4,896	5,795	*-15.5%*	4,516	194	2,699	*67.3%*	*NMF*
Gain from sale of inventories of repossessed collateral	1,836	1,644	*11.6%*	371	530	550	*-32.7%*	*-30.1%*
Administrative fee income from international financial institutions	708	982	*-27.9%*	158	216	252	*-37.3%*	*-26.9%*
Revenues from non-credit related fines	286	236	*21.2%*	218	14	183	*19.4%*	*NMF*
Gain from sale of financial option	4,692	0	*NMF*	4,692	0	0	*NMF*	*NMF*
Gain on disposal of premises and equipment	118	126	*-7.0%*	19	75	41	*-53.7%*	*-74.8%*
Other	4,031	2,966	*35.9%*	112	1,367	1,012	*-88.9%*	*-91.8%*
Other operating income	**25,883**	**19,598**	***32.1%***	**11,912**	**4,919**	**6,934**	***71.8%***	***142.2%***
Other operating non-interest income	**92,528**	**61,004**	***51.7%***	**30,636**	**18,269**	**22,416**	***36.7%***	***67.7%***

2015 to 2014 Comparison

Total other operating non-interest income increased by GEL 31.5 million, or by 51.7% YoY, to GEL 92.5 million in 2015. This increase was mainly driven by a GEL 25.1 million increase in gains from trading in foreign currencies and foreign exchange translations related to increased volumes and higher gains from relatively higher volatility of the currency exchange rate in 2015. This increase was also driven by a gain of GEL 4.7 million from the sale of the financial option related to one corporate client, which resulted from the previous restructuring of the loan, and the increased revenues from operational leasing.

4Q 2015 to 4Q 2014 Comparison

Total other operating non-interest income increased by GEL 8.2 million, or by 36.7% YoY, to GEL 30.6 million in 4Q 2015. The is increase was mainly driven by the gain of GEL 4.7 million from the sale of the financial option related to one corporate client mentioned above, as well as the increased gains from trading in foreign currencies and foreign exchange translations related to relatively higher volumes and higher gains from relatively higher volatility of the currency exchange rate in 2015.

4Q 2015 to 3Q 2015 Comparison

On a QoQ basis, other operating non-interest income increased by GEL 12.4 million, or by 67.7%, primarily reflecting the GEL 4.7 million gains from the sale of the financial option and the increase in gains from the sale of earlier foreclosed asset classified as investment property by GEL 4.3 million. The increase in other operating non-interest income was also supported by the increased 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	31-Dec-15	31-Dec-14	*Change in %*	4Q'15	3Q'15	4Q'14	*Change YoY*	*Change QoQ*
Provision for loan impairment	72,791	48,672	*49.6%*	2,055	22,012	16,198	*-87.3%*	*-90.7%*
Provision for impairment of investments in finance lease	967	77	*NMF*	344	260	-89	*-484.9%*	*32.1%*
Provision for/ (recovery of provision) performance guarantees and credit related commitments	-1,117	-902	*23.9%*	1,945	-3	1,875	*3.7%*	*NMF*
Provision for impairment of other financial assets	3,351	1,236	*171.1%*	974	1,145	669	*45.6%*	*-15.0%*
Impairment of investment securities available for sale	0	22	*NMF*	0	0	0	*NMF*	*NMF*
Total provision charges for impairment	**75,991**	**49,104**	***54.8%***	**5,318**	**23,415**	**18,652**	***-71.5%***	***-77.3%***
Operating income after provisions for impairment	**501,002**	**409,229**	***22.4%***	**151,644**	**119,917**	**113,659**	***33.4%***	***26.5%***
Cost of Risk	**1.7%**	**1.6%**	***0.1%***	**0.2%**	**2.0%**	**1.9%**	***-1.7%***	***-1.8%***

As of year-end YE 2015 the Bank introduced the revised methodology for loan loss provisioning purposes. The updated methodology enables the Bank to assess impairment allowances in more accurate manner, due to more granular segmentation of the portfolio and introduction various risk parameters, such as cure rate, survival rate and credit conversion factor. Furthermore the Bank enhanced methodology for probability of default and recovery rates estimation purposes. Probabilities of defaults are calculated based on migration matrixes for different overdue buckets within the portfolio; as for recovery rates, the impaired portfolio is segmented based on months in defaults and amounts to be recovered are estimated respectively.

The Bank has also enhanced individually significant borrowers' assessment methodology, with introduction of scenario analysis. This approach enables the Bank to consider various probable scenarios of cash and/or collateral recoveries leading to more precise estimation of impairment allowance for these borrowers.

2015 to 2014 Comparison

In 2015, total provision charges increased by GEL 26.9 million to GEL 76.0 million (or by GEL 32.5 million to GEL 81.6 million per old IFRS methodology), compared to 2014, mainly driven by the increased charges on loans by GEL 24.1 million. This was manly driven by the technical increase in provisions related to the local currency devaluation. Without the devaluation effect, loan provision charges would have decreased by GEL 7.5 million following a number of factors such as: update of the provisioning methodology (which led to the loan provisions recovery in the amount of GEL 7.7 million); recoveries of large corporate borrowers; and overall lower net write offs compared to the previous year.

In 2015, the cost of risk on loans was 1.7% (1.1% w/o the currency rate devaluation effect and 1.3% w/o the currency rate devaluation and IFRS methodology change effect), compared to 1.6% in the same period of the previous year.

4Q 2015 to 4Q 2014 Comparison

In 4Q 2015, total provision charges amounted to GEL 5.3 million (GEL 10.9 million per old IFRS methodology), compared to GEL 18.7 million in 4Q 2014. Along with the update of the methodology, which led to recoveries of provisions mainly in retail and micro segments, the decrease was also driven by the loan loss provision recovery of several large corporate borrowers related to either decrease of exposure, or improvement of financial conditions. In addition, provision charges for retail segment were lower in 4Q 2015 compared to that of 4Q 2014, due to the better performance of the portfolio.

In 4Q 2015, the cost of risk on loans was 0.2% (0.9% per old IFRS methodology), compared to 1.9% in the same quarter of 2014.

4Q 2015 to 3Q 2015 Comparison

On a QoQ basis, total provision charges decreased by GEL 18.1 million (by GEL 12.5 million per old IFRS methodology), primarily resulting from a GEL 20.0 million decrease (GEL 12.3 million decrease per old IFRS methodology) in loan provision charges related to the overall improvement of portfolio credit quality compared to the previous quarter and recoveries in corporate segment related to either decrease of exposure, or improvement of borrowers' financial conditions.

The decrease in loan provision charges was slightly offset by the increased provision charges on performance guarantees and credit related commitments by GEL 2.1 million resulting from the updated provisioning methodology.

Consequently, cost of risk on loans decreased by 1.8pp QoQ, or by 1.1pp per old IFRS methodology.

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

Operating Expenses

in thousands of GEL	31-Dec-15	31-Dec-14	Change in %	4Q'15	3Q'15	4Q'14	Change YoY	Change QoQ
Staff costs	142,777	122,835	*16.2%*	42,445	35,025	37,260	*13.9%*	*21.2%*
Depreciation and amortisation	26,286	24,427	*7.6%*	7,347	6,638	8,194	*-10.3%*	*10.7%*
Provision for liabilities and charges	1,102	5,500	*-80.0%*	1,102	0	720	*53.1%*	*NMF*
Professional services	*8,418*	*11,969*	*-29.7%*	*3,464*	*1,137*	*3,519*	*-1.6%*	*204.7%*
Advertising and marketing services	*11,451*	*14,121*	*-18.9%*	*3,627*	*2,991*	*4,701*	*-22.8%*	*21.3%*
Rent	*16,468*	*11,943*	*37.9%*	*4,319*	*4,276*	*3,143*	*37.4%*	*1.0%*
Utility services	*4,501*	*3,680*	*22.3%*	*1,262*	*1,145*	*942*	*34.0%*	*10.2%*
Intangible asset enhancement	*6,062*	*4,371*	*38.7%*	*1,886*	*1,436*	*1,025*	*84.0%*	*31.3%*
Taxes other than on income	*4,598*	*3,899*	*17.9%*	*1,204*	*1,013*	*979*	*22.9%*	*18.8%*
Communications and supply	*3,433*	*3,455*	*-0.7%*	*839*	*801*	*994*	*-15.6%*	*4.8%*
Stationary and other office expenses	*3,471*	*2,632*	*31.9%*	*1,176*	*809*	*805*	*46.0%*	*45.3%*
Insurance	*2,301*	*1,898*	*21.2%*	*382*	*600*	*433*	*-11.8%*	*-36.3%*
Security services	*1,622*	*1,578*	*2.8%*	*414*	*411*	*424*	*-2.2%*	*0.8%*
Premises and equipment maintenance	*2,959*	*1,893*	*56.3%*	*973*	*628*	*694*	*40.3%*	*55.1%*
Business trip expenses	*1,589*	*1,610*	*-1.3%*	*417*	*464*	*539*	*-22.6%*	*-10.1%*
Transportation and vehicles maintenance	*1,328*	*1,216*	*9.2%*	*359*	*362*	*330*	*8.8%*	*-0.8%*
Charity	*928*	*898*	*3.4%*	*139*	*248*	*141*	*-1.2%*	*-43.9%*
Personnel training and recruitment	*1,230*	*919*	*33.8%*	*462*	*282*	*405*	*14.0%*	*64.1%*
Write-down of current assets to fair value less costs to sell	*-178*	*190*	*-193.6%*	*297*	*-24*	*-48*	*-716.4%*	*-1324.7%*
Loss on disposal of Inventory	*86*	*208*	*-58.9%*	*22*	*50*	*7*	*236.4%*	*-56.5%*
Loss on disposal of investment properties	*3*	*0*	*NMF*	*0*	*0*	*0*	*NMF*	*NMF*
Loss on disposal of premises and equipment	*34*	*18*	*86.7%*	*34*	*0*	*5*	*NMF*	*NMF*
Impairment of intangible assets	*4,982*	*0*	*NMF*	*2,862*	*1,794*	*0*	*NMF*	*-259.5%*
Other	*7,679*	*7,047*	*9.0%*	*2,361*	*2,000*	*2,484*	*-4.9%*	*18.1%*
Administrative and other operating expenses	**82,964**	**73,548**	***12.8%***	**26,500**	**20,423**	**21,520**	***23.1%***	***29.8%***
Operating expenses	**253,130**	**226,310**	***11.9%***	**77,394**	**62,085**	**67,694**	***14.3%***	***24.7%***
Profit before tax	**247,872**	**182,919**	***35.5%***	**74,251**	**57,831**	**45,965**	***61.5%***	***28.4%***
Income tax expense	29,176	24,468	*19.2%*	7,331	7,226	5,940	*23.4%*	*1.4%*
Profit for the period	**218,697**	**158,451**	***38.0%***	**66,920**	**50,605**	**40,026**	***67.2%***	***32.2%***

Cost to income ratio	**43.9%**	**49.4%**	***-5.5%***	**49.3%**	**43.3%**	**51.2%**	***-1.9%***	***6.0%***
ROAE	**20.1%**	**18.4%**	***1.7%***	**23.1%**	**18.2%**	**16.0%**	***7.1%***	***4.9%***
ROAA	**3.4%**	**3.3%**	***0.1%***	**3.9%**	**3.1%**	**3.1%**	***0.8%***	***0.8%***

2015 to 2014 Comparison

In 2015, total operating expenses amounted to GEL 253.1 million, up by GEL 26.8 million, or by 11.9% YoY. The increase was primarily due to the increase in staff costs by GEL 19.9 million, or 16.2% YoY. Staff costs grew primarily due to implementation of the 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. The increase in operating expenses also resulted from the one-off impairment of intangible assets and the increase in rent expenses mainly due to the currency depreciation.

As a result, the cost to income ratio was 43.9% in 2015, compared to 49.4% in 2014.

4Q 2015 to 4Q 2014 Comparison

In 4Q 2015, total operating expenses increased to GEL 77.4 million, up by GEL 9.7 million, or by 14.3% YoY. The increase was primarily driven by the increase in staff costs by GEL 5.2 million, or 13.9% YoY,. This rise was 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 one-off impairment of intangible assets and rent expenses by GEL 2.9 million and GEL 1.2 million, respectively.

As a result, the cost to income ratio stood at 49.3% in 4Q 2015, compared to 51.2% in 4Q 2014.

4Q 2015 to 3Q 2015 Comparison

On a QoQ basis, operating expenses increased by GEL 15.3 million, or 24.7%, compared to 3Q 2015. The increase 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 up by 6.0pp QoQ.

Balance Sheet Discussion

In millions of GEL	31-Dec-15	30-Sep-15	31-Dec-14	*Change QoQ*	*Change YoY*
Cash, due from banks and mandatory cash balances with NBG	1,202.9	1,396.7	901.9	*-13.3%*	*34.3%*
Loans and advances to customers (Net)	4,444.9	4,350.7	3,556.5	*2.2%*	*25.0%*
Financial securities	679.4	629.5	466.5	*7.9%*	*45.6%*
Fixed and intangible assets & investment property	349.7	331.3	322.7	*5.6%*	*8.4%*
Other assets	258.1	228.2	175.9	*13.1%*	*46.7%*
Total assets	**6,935.0**	**6,936.4**	**5,423.5**	***0.0%***	***27.9%***
Due to credit institutions	1,113.6	1,123.9	749.3	*-0.9%*	*48.6%*
Customer accounts	4,177.9	4,286.2	3,322.4	*-2.5%*	*25.7%*
Debt Securities in issue	21.7	23.9	20.4	*-9.3%*	*6.3%*
Subordinated Debt	283.6	250.6	188.0	*13.2%*	*50.9%*
Other liabilities	119.7	119.9	123.8	*-0.2%*	*-3.4%*
Total Liabilities	**5,716.5**	**5,804.5**	**4,404.0**	***-1.5%***	***29.8%***
Total equity	**1,218.4**	**1,131.9**	**1,019.5**	***7.6%***	***19.5%***

Assets

As of 31 December 2015, TBC Bank's total assets amounted to GEL 6,935.0 million, up by GEL 1,515.5 million, or by 27.9% YoY. This increase in total assets was mainly due to the increase in net loans to customers by GEL 888.4 million, or by 25.0% YoY. The YoY increase in total assets also resulted from a GEL 519.6 million, or 37.6%, 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 31 December 2014.

On a QoQ basis, total assets were broadly stable. The increases in net loans to customers by GEL 94.2 million or 2.2%, and in premises and equipment by GEL 32.1 million, or 14.9% due to the revaluation, was offset by the decrease in liquid assets by GEL 103.4 million during the period.

The liquid assets to liability ratio stood at 32.7%, compared to 30.8% as of 31 December 2014 and 34.0% as of 30 September 2015.

As of 31 December 2015, the gross loan portfolio amounted to GEL 4,639.0 million, up by 25.2% YoY and by 1.7% QoQ. Gross loans denominated in foreign currency accounted for 64.9% of total gross loans, compared to 63.2% as of 31 December 2014 and 65.4% as of 30 September 2015, reflecting the local currency devaluation in 2015. The loans overdue more than 90 days over gross loan portfolio stood at 1.0%, compared to 0.5% and 1.2% as of 31 December 2014 and 30 September 2015, respectively. The NPLs+Restructured ratio stood at 5.8%, compared to 3.7% as of 31 December 2014 and 5.5% as of 30 September 2015, and the NPLs+Restructured loans coverage ratio stood at 72.7% (169.8% including the collateral), compared to 109.4% as of 31 December 2014 and 84.2% as of 30 September 2015. As of 31 December 2015, NPLs per updated methodology stood at 4.8%, compared to 3.1% and 4.9% as of 31 December 2014 and 30 September 2015, respectively. The NPLs coverage ratio stood at 87.4% (209.9% including the collateral), compared to 130.5% as of 31 December 2014 and 93.0% as of 30 September 2015.

Asset Quality

Foreign Currency Income Linked Borrowers

	30-Dec-15		30-Sep-15	
Segments	**FC share**	**FC linked borrowers share**	**FC share**	**FC linked borrowers share**
Retail	59.7%	34.9%	60.0%	35.4%
Consumer	27.2%	20.5%	*28.1%*	*21.8%*
Mortgage	85.9%	24.7%	*83.9%*	*24.9%*
Pawn	78.7%	94.6%	*82.3%*	*94.2%*
Corporate	76.3%	53.1%*	76.9%	48.9%**
SME	83.1%	26.4%	82.7%	28.5%
Micro	28.5%	5.0%	29.8%	5.0%
Total Loan Portfolio	**64.9%**	**39.0%**	**65.4%**	**38.1%**

(*) Pure exports account for 11.4% of total Corporate USD denominated loans.
(**) Pure exports account for 15.6% of total Corporate USD denominated loans.

PAR 30 by Segments and Currencies

Par 30	**31-Dec-15**			**30-Sep-15**			**31-Dec-14***		
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	0.1%	1.1%	**0.9%**	0.2%	2.8%	**2.2%**	0.3%	0.7%	**0.6%**
Retail	2.1%	2.5%	**2.3%**	2.7%	2.8%	**2.8%**	1.9%	1.1%	**1.5%**
SME	1.8%	3.8%	**3.5%**	1.8%	3.8%	**3.4%**	0.4%	2.1%	**1.8%**
Micro	2.7%	5.6%	**3.5%**	2.1%	4.8%	**2.9%**	1.3%	1.8%	**1.4%**
Total	**1.8%**	**2.3%**	**2.1%**	**2.0%**	**3.1%**	**2.7%**	**1.3%**	**1.2%**	**1.2%**

(*) December 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 decrease in PAR 30 by 0.6pp was mainly driven by lower share of PAR 30 loans in corporate and retail segments by year-end. The YoY increase of 0.9pp in PAR 30 was attributable to the increase across all segments from very low level of PAR 30 loans in the beginning of the period.

Retail Segment

Retail segment PAR 30 decreased by 0.5pp QoQ due to the overall improvement of retail portfolio credit quality compared to the previous quarter. The YoY increase of 0.8pp primarily resulted from the growth in FC-denominated overdue loans in mortgage and consumer loans portfolios.

Corporate

The QoQ decrease of 1.3pp in PAR 30 resulted from repayments and recoveries. The YoY increase in PAR 30 by 0.3pp was mainly due to two corporate borrowers.

SME

The SME segment PAR 30 increased marginally by 0.1pp QoQ, but grew by 1.7pp on a YoY basis, mainly driven by the increase in TBC Kredit's portfolio.

Micro

Micro segment PAR 30 increased by 0.7pp QoQ and by 2.2pp YoY, mainly driven by the FC-denominated micro business loans.

Updated NPLs

Updated NPLs*	31-Dec-15			30-Sep-15			31-Dec-14*		
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	0.6%	10.2%	**7.9%**	0.3%	10.2%	**7.9%**	0.8%	7.9%	**5.7%**
Retail	1.8%	3.3%	**2.7%**	1.9%	3.4%	**2.8%**	1.7%	2.1%	**1.9%**
SME	5.0%	4.4%	**4.5%**	5.0%	4.9%	**4.9%**	0.3%	1.4%	**1.2%**
Micro	2.5%	8.5%	**4.2%**	2.3%	7.4%	**3.8%**	1.3%	3.3%	**2.0%**
Total	**1.9%**	**6.4%**	**4.8%**	**1.8%**	**6.6%**	**4.9%**	**1.3%**	**4.1%**	**3.1%**

(*)The Bank updated its NPL reporting and provisioning methodology according to international best practices. The updated methodology allows for a more granular analysis of the loan portfolio and a better assessment of provisioning requirements

Total

NPLs calculated per updated methodology over gross loans stood at 4.8%, down by 0.2pp QoQ and up by 1.7pp YoY. The YoY increase in updated NPLs in all segments was mainly driven by the local currency devaluation.

Retail Segment

Updated NPL ratio in retail segment was 2.7% as of 31 December 2015, down by 0.1pp QoQ and up by 0.8pp YoY. The YoY growth in NPLs was mainly driven by FC-denominated mortgage and consumer portfolios. NPLs of LC-denominated loans are stable due to the good performance of unsecured retail loans throughout 2015.

Corporate

NPL ratio decreased by 0.1pp QoQ. On a YoY basis, NPL ratio increased by 2.2pp YoY, mainly driven by FC-denominated portfolio due to several large borrowers.

SME

The YoY increase in NPL loans ratio is driven by the local currency devaluation and increased NPLs in TBC Kredit's portfolio.

Micro

The share of FC loans in total micro portfolio represented 28.5% of the total. The increase in Micro segment NPL loans ratio was mainly driven by FC-denominated micro business loans.

PAR 90+Restructured Loans to Gross Loans by Segments and Currencies

PAR 90+Restructured loans	31-Dec-15			30-Sep-15			31-Dec-14*		
	GEL	**FC**	**Total**	**GEL**	**FC**	**Total**	**GEL**	**FC**	**Total**
Corporate	1.4%	12.2%	**9.6%**	5.5%	8.8%	**8.0%**	0.6%	9.7%	**6.9%**
Retail	2.3%	4.0%	**3.3%**	2.5%	4.2%	**3.6%**	1.9%	2.2%	**2.1%**
SME	5.0%	5.0%	**5.0%**	5.1%	5.5%	**5.5%**	0.4%	1.9%	**1.6%**
Micro	2.7%	10.3%	**4.9%**	2.7%	9.6%	**4.7%**	1.5%	5.0%	**2.8%**
Total	**2.4%**	**7.6%**	**5.8%**	**3.4%**	**6.5%**	**5.5%**	**1.4%**	**5.0%**	**3.7%**

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

Total
PAR 90+restructured loans ratio increased by 0.3pp QoQ and by 2.1pp YoY. The latter was mainly driven by the devaluation and the consequent increase in restructured loans.

Retail
PAR 90+restructured loans ratio decreased by 0.3pp QoQ and grew by 1.2pp YoY. The YoY growth is mainly driven by increased restructurings in mortgage and consumer loans portfolio.

Corporate
PAR 90+restructured loans ratio increased by 1.6pp QoQ and by 2.6pp YoY, mainly due to the restructuring of a few large corporate borrowers.

SME
The YoY Increase of 3.4pp in PAR 90+restructured loans ratio was mainly due to the increase restructurings of TBC Kredit portfolio.

Micro
The share of FC loans in total micro portfolio was 28.5%. The YoY increase in Micro segment PAR 90+restructured loans ratio was mainly driven by FC-denominated micro business loans.

PAR 90+Restructured Loans and NPLs Coverage

PAR 90+Restructured loans coverage	**31-Dec-15**		**30-Sep-15**		**31-Dec-14***	
	excl. collateral	**incl. collateral**	**excl. collateral**	**incl. collateral**	**excl. collateral**	**incl. collateral**
Corporate	74.7%	157.4%	89.8%	179.9%	106.2%	n/a
Retail	83.3%	190.0%	100.8%	206.2%	131.9%	n/a
SME	39.7%	178.3%	31.7%	168.6%	60.5%	n/a
Micro	74.9%	177.0%	79.4%	179.6%	99.5%	n/a
Total	**72.7%**	**169.8%**	**84.2%**	**185.6%**	**109.4%**	**n/a**

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

Updated NPLs coverage	**31-Dec-15**		**30-Sep-15**		**31-Dec-14***	
	excl. collateral	**incl. collateral**	**excl. collateral**	**incl. collateral**	**excl. collateral**	**incl. collateral**
Corporate	91.3%	222.3%	90.9%	n/a	129.7%	n/a
Retail	101.5%	199.5%	127.0%	n/a	140.7%	n/a
SME	44.1%	193.7%	35.5%	n/a	82.2%	n/a
Micro	87.5%	188.8%	98.8%	n/a	137.8%	n/a
Total	**87.4%**	**209.9%**	**93.0%**	**n/a**	**130.5%**	**n/a**

PAR 90+Restructured loans coverage remained strong standing at 72.7%, or 169.8% with the discounted value of collateral compared to 84.2% and 185.6% respectively as of September 2015. The 11.5pp QoQ drop mainly reflected the increased portion of restructured loans into the NPL and restructured loans ratio due to the reasons described above. The NPLs coverage ratio based on the updated NPL definition stood at 87.4%, or at 209.9% with collateral.

Liabilities

As of 31 December 2015, TBC Bank's total liabilities amounted to GEL 5,716.5 million, up by 29.8% YoY and down by 1.5% QoQ. The YoY growth, by GEL 1,312.6 million, was primarily due to the GEL 855.5 million, or 25.7%, increase in customer deposits. This was mainly driven by the increase in retail deposits. The rise was also determined by the increase in other borrowed funds, by GEL 377.0 million or 56.8%, mainly resulting from the borrowings attracted from International Financial Institutions (IFIs) as well as increased short-term GEL borrowing from NBG consistence with the liquidity management policy.

On a QoQ basis, total liabilities decreased by GEL 88.0 million, or by 1.5%, primarily due to the reduced legal entity deposits, which in turns resulted from liquidity management needs during the period.

Liquidity

The Bank's liquidity ratio, as defined by the NBG, stood at 34.4% as of 31 December 2015, compared to 31.1% and 33.6% as of 31 December 2014 and 30 September 2015, respectively.

Total Equity

As of 31 December 2015, TBC's total equity amounted to GEL 1,218.4 million, up from GEL 1,019.5 million as of 31 December 2014 and GEL 1,131.9 million as of 30 September 2015. The growth was primarily driven by the net income attributable to the Bank's owners.

Regulatory Capital

As of 31 December 2015, the Bank's Basel II/III[2] tier 1 and total capital adequacy ratios (CAR) stood at 12.8% and 16.0%, respectively, compared to 12.4% and 15.0% as of 31 December 2014, and 12.0% and 14.8% as of 30 September 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 953.4 million, compared to GEL 783.4 million as of 31 December 2014 and GEL 879.1 million as of 30 September 2015. Risk weighted assets were GEL 7,476.5 million as of 31 December 2015, up by GEL 1,179.8 million YoY and up by GEL 170.6 million QoQ.

The Bank's Basel I tier 1 capital ratio was 24.7%, broadly stable YoY and up by 1.3pp QoQ. Tier 1 capital reached GEL 1,157.0 million, compared to 967.5 million and 1,085.1 million as of 31 December 2014 and 30 September 2015, respectively. Risk weighted assets were GEL 4,679.8 million as of 31 December 2015, up by GEL 769.0 million YoY and up by GEL 49.6 million QoQ.

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

Results by Segments and Subsidiaries

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 were reclassified from the retail to the SME segment. As for the deposits, GEL 54.3 million were 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 full-year 2015:

In thousands of GEL	Retail	Corporate	SME	Micro	Corporate Center	Total
FY 2015						
Interest income	271,082	135,615	68,303	107,326	66,732	**649,059**
Interest expense	-94,657	-31,189	-9,376	-2,268	-99,396	**-236,885**
Net Transfer pricing	*12,828*	*-34,855*	*-2,455*	*-26,788*	*51,270*	***0***
Net interest income	**189,253**	**69,571**	**56,473**	**78,270**	**18,606**	**412,173**
Fee and commission income	72,242	18,397	11,739	6,880	4,579	**113,837**
Fee and commission expense	-31,698	-3,864	-3,917	-1,242	-825	**-41,546**
Net fee and commission income	**40,544**	**14,533**	**7,822**	**5,638**	**3,755**	**72,291**
Gains less losses from trading in foreign currencies	15,038	23,647	21,488	1,787	2,682	**64,642**
Foreign exchange translation gains less losses/(losses less gains)	0	0	0	0	2,579	**2,579**
Net losses from derivative financial instruments	0	0	0	0	-575	**-575**
Loss from initial recognition of assets below market	0	0	0	0	0	**0**
(Losses less gains) / gains less losses from disposal of investment securities available for sale	0	0	0	0	0	**0**
Other operating income	2,298	13,808	1,089	95	8,592	**25,883**
Other operating non-interest income	**17,337**	**37,455**	**22,577**	**1,882**	**13,277**	**92,528**
Provision for loan impairment	-29,003	-15,396	-11,628	-16,763	0	**-72,791**
(Provision) / recovery of provision for liabilities, charges and credit related commitments	-4,113	4,581	731	-82	0	**1,117**
Recovery of provision / (provision) for impairment of investments in finance lease	0	0	0	0	-967	**-967**
(Provision) / recovery of provision for impairment of other financial assets	-735	-561	-388	-317	-1,349	**-3,351**
Profit before G&A expenses and income taxes	**213,283**	**110,183**	**75,586**	**68,628**	**33,321**	**501,002**
Staff costs	-69,497	-16,947	-16,439	-30,470	-9,424	**-142,777**
Depreciation and amortisation	-15,295	-1,092	-2,138	-6,436	-1,325	**-26,286**
Provision for liabilities and charges	0	0	0	0	-1,102	**-1,102**
Administrative and other operating expenses	-46,437	-4,879	-7,712	-14,531	-9,404	**-82,964**
Operating expenses	**-131,230**	**-22,918**	**-26,289**	**-51,437**	**-21,255**	**-253,130**
Profit before tax	**82,053**	**87,266**	**49,297**	**17,190**	**12,066**	**247,872**
Income tax expense	-11,118	-13,384	-7,719	-2,579	5,624	**-29,176**
Profit for the year	**70,935**	**73,881**	**41,578**	**14,612**	**17,690**	**218,697**

The following table sets out the loans and customer deposits portfolios of TBC Bank's business segments as of 31 December 2015, 30 September 2015 and 31 December 2014.

In thousands of GEL	**31-Dec-15**	**30-Sep-15**	**31-Dec-14**
Loans and Advances to Customers			
Consumer	*871,996*	*816,601*	*700,430*
Mortgage	*905,274*	*879,645*	*702,190*
Pawn	*242,698*	*224,648*	*169,002*
Retail	2,019,969	1,920,894	1,571,622
Corporate	1,500,104	1,542,511	1,231,729
SME	625,628	600,644	535,899
Micro	493,327	495,988	367,010
Total loans and advances to customers (gross)	**4,639,029**	**4,560,036**	**3,706,260**
Less: Provision for loan impairment	-194,143	-209,303	-149,764
Total loans and advances to customers (net)	**4,444,886**	**4,350,733**	**3,556,496**
Customer Accounts			
Retail	2,469,878	2,397,898	1,921,650
Corporate	1,001,341	1,139,476	840,645
SME	633,211	674,552	500,906
Micro	73,501	74,259	59,228
Total customer accounts	**4,177,931**	**4,286,185**	**3,322,429**

Retail Banking

As of 31 December 2015, retail loans stood at GEL 2,020.0 million, up by 28.5% YoY (12.4% excluding currency rate effect) and up by 5.2% QoQ, and accounted for 31.6% market share of total individual loans. As of 31 December 2015, foreign currency loans represented 59.7% of the total retail loan portfolio.

In the same period, retail deposits increased to GEL 2,469.9 million, up by 28.5% YoY (4.8% excluding currency rate effect) and up by 3.0% QoQ, and accounted for 34.3% market share of total individual deposits. Term deposits accounted for 63.2% of the total retail deposit portfolio as of 31 December 2015. Foreign currency deposits represented 88.6% of the total retail deposit portfolio.

In 2015, retail loan yields and deposit rates stood at 14.9% and 4.2% respectively, and the segment's cost of risk on loans was 1.6%. The retail segment contributed for 32.4%, or GEL 70.9 million, to TBC's total net income in 2015.

Corporate Banking

As of 31 December 2015, corporate loans amounted to GEL 1,500.1 million, up by 21.8% YoY (1.7% excluding currency rate effect) and down by 2.7% QoQ due to one-off repayment by one large borrower. Foreign currency loans accounted for 76.3% of the total corporate loan portfolio.

As of the same date, corporate deposits totaled GEL 1,001.3 million, up by 19.1% YoY (7.4% excluding currency rate effect) and down by 12.1% QoQ. Foreign currency corporate deposits represented 46.4% of the total corporate deposit portfolio.

In 2015, corporate loan yields and deposit rates stood at 9.6% and 3.3%, respectively. In the same period, the cost of risk on loans was 1.1%. In terms of profitability, the corporate segment's net profit reached GEL 73.9 million, or 33.8% of TBCs total net income.

SME Banking

As of 31 December 2015, SME loans amounted to GEL 625.6 million, up by 16.7% YoY (down by 2.2% excluding currency rate effect) and up by 4.2% QoQ. Foreign currency loans accounted for 83.1% of the total SME portfolio.

As of the same date, SME deposits stood at GEL 633.2 million, up by 26.4% YoY (11.4% excluding currency rate effect) and down by 6.1% QoQ. Foreign currency SME deposits represented 61.0% of the total SME deposit portfolio.

In 2015, SME loan yields and deposit rates stood at 11.6% and 1.6%, respectively while the cost of risk on loans was 2.0%. In terms of profitability, net profit for the SME segment amounted to GEL 41.6 million, or 19.0%, of TBC's total net income.

Micro Banking

As of 31 December 2015 micro loans totaled GEL 493.3 million, up by 34.4% YoY (25.9% excluding currency rate effect) and down 0.5% QoQ due to reduction in agro loans as a result of termination of government subsidized agro lending program for loans up to 20,000 GEL. Foreign currency loans represented 28.5% of the total micro loan portfolio.

As of the same date, micro customer deposits amounted to GEL 73.5 million, up by 24.1% YoY (8.0% excluding currency rate effect) and down by 1.0% QoQ. Foreign currency micro deposits represented 61.1% of the total micro deposit portfolio.

In 2015, micro loan yields and deposit rates stood at 23.3% and 3.3%, respectively. In the same period, the cost of risk on loans was 3.6%. In terms of profitability, the micro segment's net profit reached GEL 14.6 million, or 6.7% of TBC's total net income.

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	10,842	0.16%
TBC Capital LLC	100.0%	Georgia	1999	Brokerage	482	0.01%
TBC Leasing JSC	99.6%	Georgia	2003	Leasing	95,892	1.38%
TBC Kredit LLC	75.0%	Azerbaijan	2008	Non-banking credit institution	77,756	1.12%
Banking System Service Company LLC	100.0%	Georgia	2009	Information services	564	0.01%
TBC Pay LLC	100.0%	Georgia	2009	Processing	22,638	0.33%
Mali LLC	100.0%	Georgia	2011	Real estate management	302	0.00%
Real Estate Management Fund JSC	100.0%	Georgia	2010	Real estate management	1,474	0.02%
TBC Invest LLC	100.0%	Israel	2011	PR and marketing	178	0.00%

Consolidated Balance Sheet

In thousands of GEL	**31-Dec-15**	**30-Sep-15**	**31-Dec-14**
Cash and cash equivalents	720,347	903,136	532,118
Due from other banks	11,041	25,944	33,704
Mandatory cash balances with National Bank of Georgia	471,490	467,649	336,075
Loans and advances to customers (Net)	4,444,886	4,350,733	3,556,496
Investment securities available for sale	307,310	220,538	466,510
Repurchase receivables	0	41,527	0
Bonds carried at amortized cost	372,092	367,401	0
Investments in finance leases	75,760	67,077	50,907
Investment properties	57,600	73,742	76,216
Goodwill	2,726	2,726	2,726
Intangible assets	44,344	41,855	37,756
Premises and equipment	247,767	215,689	208,692
Other financial assets	64,317	62,226	43,857
Deferred income tax asset	1,546	434	383
Current income tax prepayment	9,856	10,276	251
Other assets	103,914	85,457	77,776
TOTAL ASSETS	**6,934,995**	**6,936,408**	**5,423,466**
LIABILITIES			
Due to Credit Institutions	1,113,574	1,123,858	749,285
Customer accounts	4,177,931	4,286,185	3,322,428
Current income tax liability	912	722	12,433
Debt Securities in issue	21,714	23,949	20,423
Deferred income tax liability	29,244	25,478	23,187
Provisions for liabilities and charges	9,461	6,316	11,899
Other financial liabilities	39,435	55,009	41,346
Subordinated debt	283,648	250,612	188,015
Other liabilities	40,627	32,409	34,974
TOTAL LIABILITIES	**5,716,546**	**5,804,537**	**4,403,990**
EQUITY			
Share capital	19,587	19,587	19,576
Share premium	407,474	406,058	405,658
Retained earnings	712,743	645,180	532,992
Share based payment reserve	12,755	9,187	4,624
Other reserves	58,701	44,027	49,255
TOTAL EQUITY	**1,211,260**	**1,124,039**	**1,012,105**
Non-controlling interest	7,189	7,832	7,371
TOTAL EQUITY	**1,218,449**	**1,131,871**	**1,019,477**
TOTAL LIABILITIES AND EQUITY	**6,934,995**	**6,936,408**	**5,423,466**

Consolidated Income Statement

In thousands of GEL	31-Dec-15	31-Dec-14	4Q'15	3Q'15	4Q'14
Interest income	649,059	512,357	174,172	168,011	136,780
Interest expense	-236,885	-173,709	-67,654	-60,592	-44,505
Net interest income	**412,173**	**338,648**	**106,519**	**107,419**	**92,276**
Fee and commission income	113,837	88,204	32,567	28,745	26,198
Fee and commission expense	-41,546	-29,523	-12,760	-11,101	-8,578
Net fee and commission income	**72,291**	**58,682**	**19,807**	**17,644**	**17,620**
Gains less losses from trading in foreign currencies	64,642	39,730	17,536	16,545	14,618
Foreign exchange translation gains less losses	2,579	2,359	912	-2,833	1,164
Gains less losses/(losses less gains) from derivative financial instruments	-575	-683	276	-362	-299
Other operating income	25,883	19,598	11,912	4,919	6,934
Other operating non-interest income	**92,528**	**61,004**	**30,636**	**18,269**	**22,416**
Provision for loan impairment	-72,791	-48,672	-2,055	-22,012	-16,198
Provision for impairment of investments in finance lease	-967	-77	-344	-260	89
Provision for/ (recovery of provision) performance guarantees and credit related commitments	1,117	902	-1,945	3	-1,875
Provision for impairment of other financial assets	-3,351	-1,236	-974	-1,145	-669
Impairment of investment securities available for sale	0	-22	0	0	0
Operating income after provisions for impairment	**501,002**	**409,229**	**151,644**	**119,917**	**113,659**
Staff costs	-142,777	-122,835	-42,445	-35,025	-37,260
Depreciation and amortisation	-26,286	-24,427	-7,347	-6,638	-8,194
Provision for liabilities and charges	-1,102	-5,500	-1,102	0	-720
Administrative and other operating expenses	-82,964	-73,548	-26,500	-20,423	-21,520
Operating expenses	**-253,130**	**-226,310**	**-77,394**	**-62,085**	**-67,694**
Profit before tax	**247,872**	**182,919**	**74,251**	**57,831**	**45,965**
Income tax expense	-29,176	-24,468	-7,331	-7,226	-5,940
Profit for the period	**218,697**	**158,451**	**66,920**	**50,605**	**40,026**
Profit attributable to owners of the bank	218,879	157,451	67,563	50,317	39,901

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)	**Dec-15**	**Dec-14**	**4Q'15**	**3Q'15**	**4Q'14**
ROAE[1]	20.1%	18.4%	23.1%	18.2%	16.0%
ROAA[2]	3.4%	3.3%	3.9%	3.1%	3.1%
Pre-provision ROAE	27.1%	24.2%	24.9%	26.7%	23.5%
Pre-provision ROAA	4.6%	4.4%	4.2%	4.5%	4.5%
Cost: Income[3]	43.9%	49.4%	49.3%	43.3%	51.2%
Cost of Risk[4]	1.7%	1.6%	0.2%	2.0%	1.9%
NIM[5]	7.8%	8.5%	7.4%	7.9%	8.5%
Loan yields[6]	13.6%	14.9%	13.6%	13.6%	14.3%
Deposit rates[7]	3.5%	3.7%	3.4%	3.4%	3.5%
Yields on interest earning assets [8]	12.3%	12.8%	12.1%	12.3%	12.6%
Cost of Funding[9]	4.6%	4.6%	4.8%	4.5%	4.4%
Spread[10]	7.7%	8.2%	7.3%	7.8%	8.2%
PAR 90 to gross loans[11]	1.0%	0.5%	1.0%	1.2%	0.5%
PAR 90+restructured loans to gross loans[12]	5.8%	3.7%	5.8%	5.5%	3.7%
Updated NPLs to gross loans[13]	4.8%	3.1%	4.8%	4.9%	3.1%
Provision level to gross loans[14]	4.2%	4.0%	4.2%	4.6%	4.0%
PAR 90+Restructured loans coverage ratio[15]	72.7%	109.4%	72.7%	84.2%	109.4%
Updated NPLs coverage[16]	87.4%	130.5%	87.4%	93.0%	130.5%
BIS Tier 1[17]	24.7%	24.7%	24.7%	23.4%	24.7%
Total BIS CAR[18]	31.0%	30.4%	31.0%	28.6%	30.4%
NBG Basel II Tier 1 CAR[19]	12.8%	12.4%	12.8%	12.0%	12.4%
NBG Basel II Total CAR[20]	16.0%	15.0%	16.0%	14.8%	15.0%

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. PAR 90+restructured loans to gross loans equal PAR 90 loans plus those restructured loans that are overdue by 90 days or less divided by the gross loan portfolio for the same period.
13. Updated 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
14. Provision Level to Gross Loans equal loan loss provision divided by the gross loan portfolio for the same period.
15. PAR 90+Restructured loans coverage ratio equal loan loss provision divided by the sum of PAR 90 loans plus those restructured loans that are overdue by 90 days or less.
16. Updated NPLs coverage ratio equal loan loss provision divided by the NPL loans.
17. BIS Tier 1 capital adequacy ratio Tier 1 capital over total risk weighted assets, both calculated in accordance with Basel I requirements.
18. Total BIS CAR equals total capital over total risk weighted assets, both calculated in accordance with Basel I requirements.
19. 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.
20. 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 2.3816 as of 30 September 2015. For calculations of YoY growth without currency exchange rate effect, we used USD/GEL exchange rate of 1.8636 as of 31 December 2014. The USD/GEL exchange rate as of 31 December 2015 equaled 2.3949. For P&L items growth calculations without currency effect, we used the average USD/GEL exchange rate for the following periods: FY 2015 of 2.2702, FY 2014 of 1.7659, 4Q 2015 of 2.3979, 3Q 2015 of 2.3241 and 4Q 2014 of 1.8059.

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Additional Disclosures

Sensitivity Scenario

Sensitivity Scenario	30-Dec-15	10% Currency Devaluation Effect
NIM*		-0.1%
Cost of Risk		+0.2%
Total Capital per Basel II/III	1,199	1,204
Capital adequacy ratios per both tier 1 and total per Basel II/III and NBG regulation decrease by		0.72% - 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	64%
Fee and Commission Income	50%
Fee and Commission Expense	59%
Administrative Expenses	20%

Source: IFRS statements and Internal Reporting

Refinanced and Libor Linked B/S Items 31 December 2015

Refinance Rate Gap	*GEL* 67 m	
	GELm	% share in totals
Assets	**965**	**14%**
Securities with fixed yield(≤1y)*	288	42%
Securities with floating yield	175	26%
Loans with Floating yield	409	9%
Reserves in NBG	46	8%
Interbank loans& Deposits & Repo	48	14%
Liabilities	**899**	**16%**
Current accounts	278	7%
Saving accounts	121	3%
Refinancing Loan of NBG	334	31%
Interbank Loans &Deposits & Repo	1	2%
IFI Borrowings	164	15%

Libor Gap	*GEL* 79 - 731 m	
	GELm	% share in totals
Assets	**1,164**	**17%**
Nostro**	180	52%
NBG Reserves**	471	80%
Libor Loans	513	11%
Liabilities	**433**	**8%**
Senior Loans	241	23%
Subordinated Loans	193	68%

(*) 84.9% 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	FY 2015	4Q'15	3Q'15	2Q'15	1Q'15	4Q'14
Loan yields[6]	**13.6%**	**13.6%**	**13.6%**	**13.6%**	**13.5%**	**14.3%**
Retail loan yields GEL	*19.9%*	*20.4%*	*20.0%*	*20.0%*	*19.2%*	*22.2%*
Retail loan yields FX	*11.6%*	*11.3%*	*11.6%*	*11.6%*	*11.7%*	*12.9%*
Retail Loan Yields	**14.9%**	**14.9%**	**15.0%**	**14.9%**	**14.8%**	**17.0%**
Corporate loan yields GEL	*11.0%*	*12.5%*	*11.1%*	*10.1%*	*10.4%*	*9.5%*
Corporate loan yields FX	*9.2%*	*8.7%*	*9.3%*	*9.3%*	*9.1%*	*9.7%*
Corporate Loan Yields	**9.6%**	**9.6%**	**9.7%**	**9.5%**	**9.5%**	**9.6%**
SME loan yields GEL	*12.3%*	*13.0%*	*12.8%*	*11.3%*	*11.8%*	*11.3%*
SME loan yields FX	*11.4%*	*10.9%*	*11.3%*	*11.9%*	*11.7%*	*11.6%*
SME Loan Yields	**11.6%**	**11.3%**	**11.6%**	**11.8%**	**11.7%**	**11.6%**
Micro loan yields GEL	*25.4%*	*25.1%*	*24.7%*	*24.7%*	*26.8%*	*27.1%*
Micro loan yields FX	*19.1%*	*17.9%*	*18.8%*	*19.5%*	*19.8%*	*21.1%*
Micro Loan Yields	**23.3%**	**23.0%**	**22.8%**	**22.8%**	**24.0%**	**24.8%**
Deposit rates[7]	**3.5%**	**3.4%**	**3.4%**	**3.6%**	**3.7%**	**3.5%**
Retail deposit rates GEL	3.8%	3.6%	3.8%	3.7%	3.9%	4.3%
Retail deposit rates FX	4.2%	4.0%	4.2%	4.3%	4.5%	4.4%
Retail Deposit Yields	**4.2%**	**4.0%**	**4.1%**	**4.2%**	**4.4%**	**4.4%**
Corporate deposit rates GEL	4.8%	5.3%	4.6%	4.6%	4.5%	3.4%
Corporate deposit rates FX	1.8%	1.8%	1.7%	1.6%	1.9%	2.0%
Corporate Deposit Yields	**3.3%**	**3.4%**	**3.1%**	**3.3%**	**3.3%**	**2.7%**
SME deposit rates GEL	1.6%	2.0%	1.6%	1.5%	1.3%	1.6%
SME deposit rates FX	1.5%	1.4%	1.5%	1.6%	1.5%	1.3%
SME Deposit Yields	**1.6%**	**1.6%**	**1.6%**	**1.6%**	**1.4%**	**1.4%**
Micro deposit rates GEL	3.9%	2.7%	2.9%	4.0%	6.4%	5.0%
Micro deposit rates FX	2.9%	2.7%	2.9%	3.1%	2.9%	5.3%
Micro Deposit Yields	**3.3%**	**2.7%**	**2.9%**	**3.4%**	**4.4%**	**5.0%**
Yields on Securities	**7.3%**	**8.5%**	**7.4%**	**6.8%**	**6.3%**	**6.1%**

Source: IFRS Consolidated

Loan Quality per NBG

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

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

Source: NBG

Cross Sell Ratio/Active Products

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Cross Sell Ratio	2.60	2.64	2.60	2.64	2.64	2.65	2.68	2.72	2.74	2.77	2.79	2.83
Number of Active Products (in millions)	1.93	2.01	2.02	2.08	2.10	2.15	2.18	2.21	2.25	2.29	2.33	2.37

Source: Internal reporting figures

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

YE 2015	**Volume Of Deposits**	**Number Of Deposits**
MASS	43%	96%
STASUS	21%	4%
VIP	24%	1%
WM	12%	0.2%

Source: Internal reporting figures