



INVESTMENT
PLATFORM

CAPTURING GROWTH OPPORTUNITIES

Investor Presentation: 2Q17 & 1H17 results

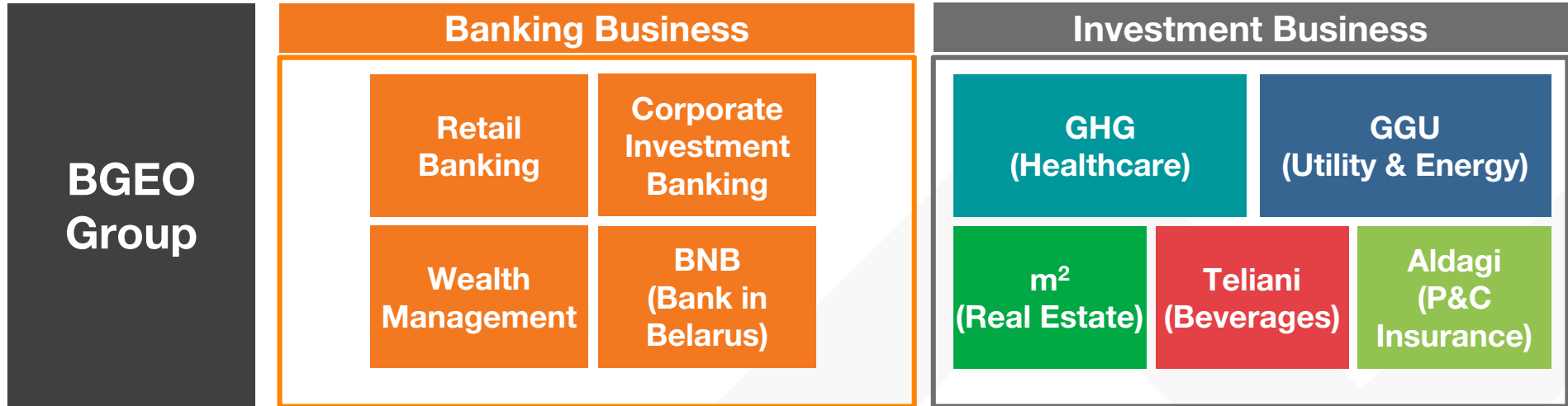
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Disclaimer

This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although BGEO Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; corporate loan portfolio exposure risk; regional tensions; regulatory risk; cyber security, information systems and financial crime risk; investment business strategy risk; and other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports, including the 'Principal Risks and Uncertainties' included in BGEO Group PLC's Annual Report and Accounts 2016 and in the 2Q and 1H results announcement. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in BGEO Group PLC or any other entity, including any future entity such as BGEO Investments PLC or Bank of Georgia PLC, and must not be relied upon in any way in connection with any investment decision. BGEO Group PLC undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

CONTENT

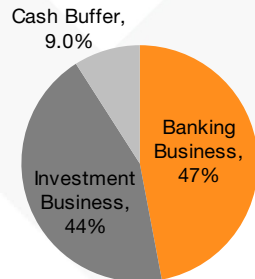
BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
Georgian Macro Overview	97
Appendices	118



Capital Allocation¹ (1H 2017, GELmIn)

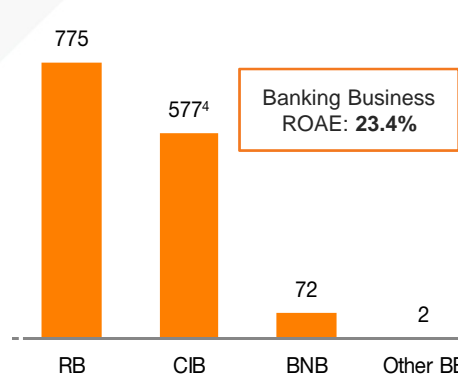
Total Capital – GEL 3,066mIn

GEL 275mIn at 30 June 2017, of which GEL 36.7mIn is pledged as collateral for borrowings from Georgian commercial banks

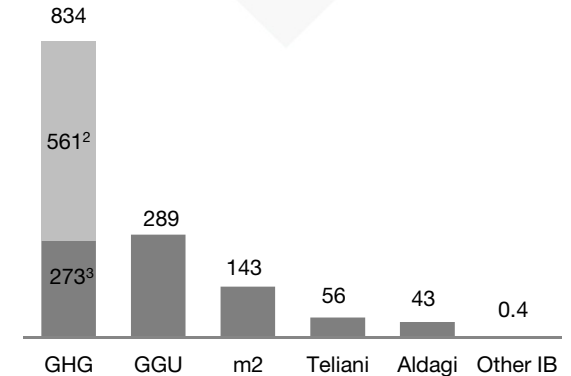


Capital allocated to BB – GEL 1,426mIn

ROAE 26.9% 19.1% 8.2% n.m.



Capital allocated to IB – GEL 1,365mIn



1. Comprises the sum of the following items: a book value of equity attributable to shareholders of BGEO Group of GEL 2,250mIn, GEL 561mIn market value adjustment to GHG's equity's book value and long term borrowing of GEL 255mIn.
 2. Market value of BGEO Group's equity interests in GHG as of 30 June 2017.
 3. Book value of GHG's Equity attributable to shareholders of the BGEO Group.
 4. Corporate Investment Banking and Wealth Management are presented together under CIB

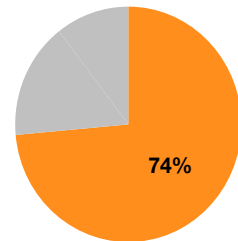
BGEO profit contribution



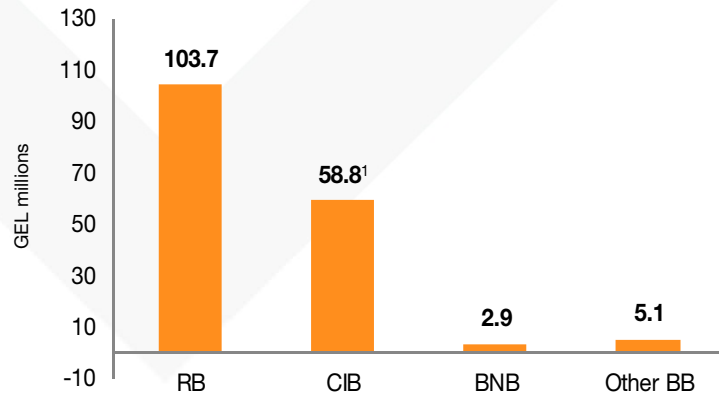
Data for 1H17
unless otherwise stated

GEL 231.8mln

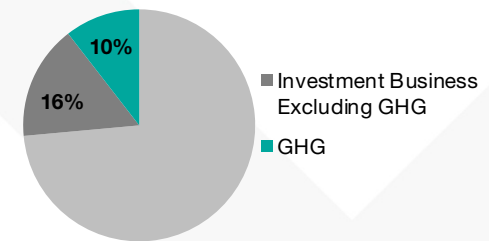
Banking Business



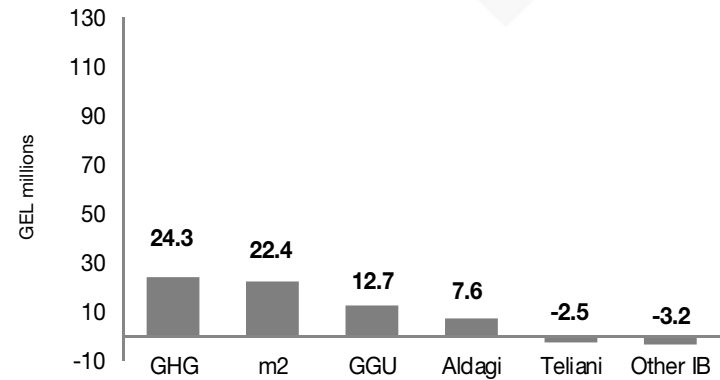
GEL 170.5mln



Investment Business



GEL 61.3mln



At a glance

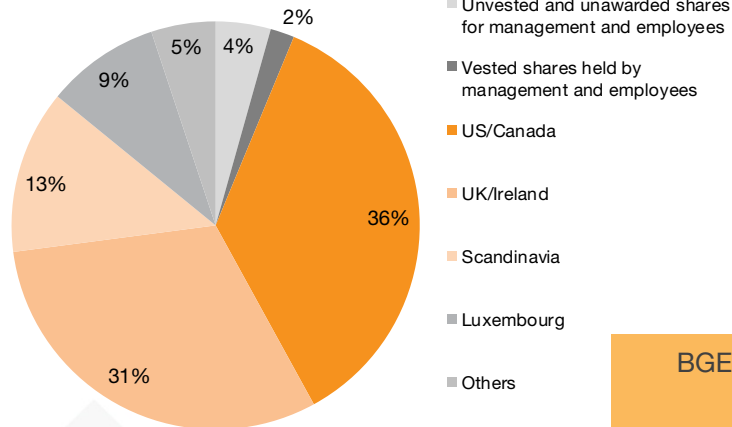
By businesses

1. Corporate Investment Banking and Wealth Management are presented together under CIB

BGEO shareholder structure and share price

BGEO shareholder structure

As of 30 June 2017



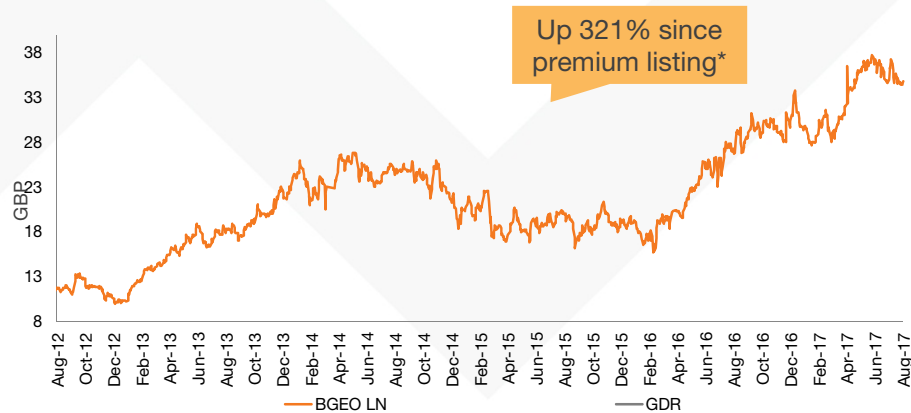
BGEO has been included in the **FTSE 250** and **FTSE All-share Index Funds** since 18 June 2012

BGEO top shareholders

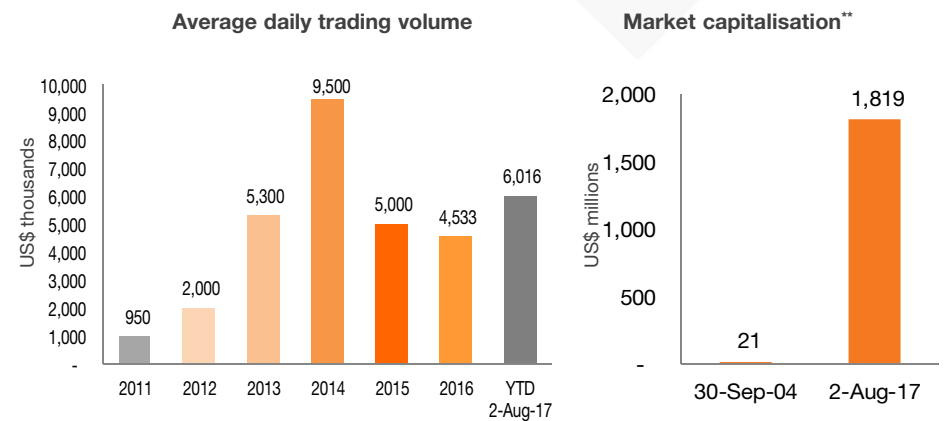
As of 30 June 2017

Rank	Shareholder name	Ownership %
1	Harding Loevner Management LP	8.32
2	Schroder Investment Management	4.22
3	Artemis Investment Management	3.90
4	Westwood International Advisors	3.34
5	LGM Investments Ltd	3.27
6	JP Morgan Asset Management	3.01

BGEO share price performance



X154 growth in market capitalisation



Note*: Share price change calculated from the last price of BGEO LI on 27 February 2012 to the price of BGEO LN on 2 August 2017

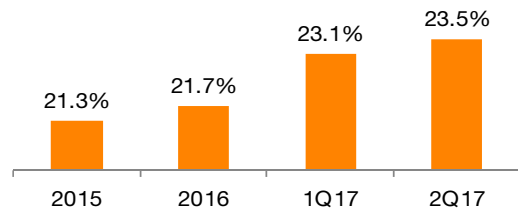
Note**: Source: Bloomberg

Successful track record of delivering strong results

Banking Business

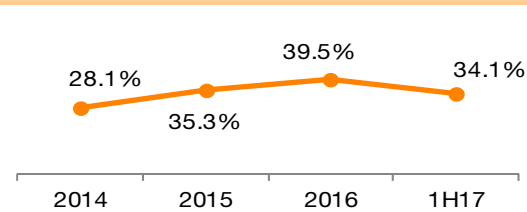
1

**ROAE
20%+**



2

**Retail loan
book growth
20%+**



Investment Business

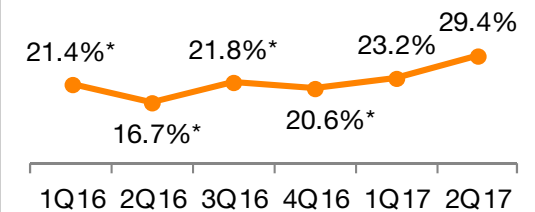
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**Min. IRR
of 20%**

**121% IRR from GHG IPO
77% IRR from m² Real Estate
projects**

4

**Profit
up to 20%****



Dividends

- **Regular dividends:** linked to recurring profit from Banking Business. Aiming 25-40% dividend payout ratio

- **Capital Return:** Aiming for at least **3 capital returns** within 5 years (2015-2019 period)
- Aiming for Capital Return to represent at least 50% of regular dividend paid from banking business within 2015-2019 period

Solid Capital Return Track Record



Regular Dividends

GEL 333.7mln cash dividend paid since 2010 resulting in **DPS CAGR'10-16 of 43.3%** and **payout ratio above 30%** over past 5 years



Capital Return

- **GEL 113.0mln** share buy-backs since 2015
- In 2017YTD, we repurchased US\$9.1mln



Share Buyback & Cancellation

- Existing **US\$50mln** share buy back program to be implemented over 2 years is in place with no changes
- In 2017YTD, we repurchased US\$ 3.8mln

BGEO results highlights

Quarterly P&L

GEL thousands unless otherwise noted	BGEO Consolidated					Banking Business					Investment Business				
	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q
Net banking interest income	160,099	128,200	24.9%	160,335	-0.1%	160,308	128,753	24.5%	160,880	-0.4%	-	-	-	-	-
Net fee and commission income	31,027	29,239	6.1%	29,786	4.2%	31,402	29,524	6.4%	30,193	4.0%	-	-	-	-	-
Net banking foreign currency gain	19,282	16,492	16.9%	19,700	-2.1%	19,282	16,492	16.9%	19,700	-2.1%	-	-	-	-	-
Net other banking income	780	2,407	-67.6%	2,783	-72.0%	1,047	2,709	-61.4%	3,015	-65.3%	-	-	-	-	-
Gross insurance profit	9,418	8,409	12.0%	10,223	-7.9%	-	-	-	-	-	10,010	9,287	7.8%	10,785	-7.2%
Gross healthcare and pharmacy profit	51,333	30,832	66.5%	52,342	-1.9%	-	-	-	-	-	51,333	30,832	66.5%	52,342	-1.9%
Gross real estate profit	22,679	2,427	NMF	2,718	NMF	-	-	-	-	-	22,914	2,427	NMF	2,974	NMF
Gross utility and energy profit	21,935	-	NMF	17,444	25.7%	-	-	-	-	-	22,032	-	NMF	17,527	25.7%
Gross other investment profit	13,864	3,123	NMF	4,297	NMF	-	-	-	-	-	13,794	3,097	NMF	4,286	NMF
Revenue	330,417	221,129	49.4%	299,628	10.3%	212,039	177,478	19.5%	213,788	-0.8%	120,083	45,643	163.1%	87,914	36.6%
Operating expenses	(133,071)	(88,462)	50.4%	(120,741)	10.2%	(80,786)	(67,558)	19.6%	(77,053)	4.8%	(53,590)	(22,207)	141.3%	(44,987)	19.1%
Operating income before cost of credit risk / EBITDA	197,346	132,667	48.8%	178,887	10.3%	131,253	109,920	19.8%	136,735	-4.1%	66,493	23,436	183.7%	42,927	54.9%
Profit from associates	606	1,952	-69.0%	514	17.9%	394	-	NMF	514	-23.3%	212	1,952	-89.1%	-	NMF
Depreciation and amortisation of investment business	(12,787)	(4,949)	158.4%	(11,470)	11.5%	-	-	-	-	-	(12,787)	(4,949)	158.4%	(11,470)	11.5%
Net foreign currency gain (loss) from investment business	(64)	(2,583)	-97.5%	6,529	NMF	-	-	-	-	-	(64)	(2,583)	-97.5%	6,529	NMF
Interest income from investment business	1,783	44	NMF	1,751	1.8%	-	-	-	-	-	3,513	790	NMF	2,997	17.2%
Interest expense from investment business	(13,385)	(2,498)	NMF	(10,307)	29.9%	-	-	-	-	-	(15,515)	(3,933)	NMF	(12,328)	25.9%
Operating income before cost of credit risk	173,499	124,633	39.2%	165,904	4.6%	131,647	109,920	19.8%	137,249	-4.1%	41,852	14,713	184.5%	28,655	46.1%
Cost of credit risk	(42,645)	(29,387)	45.1%	(49,245)	-13.4%	(40,016)	(27,965)	43.1%	(48,019)	-16.7%	(2,629)	(1,422)	84.9%	(1,226)	114.4%
Profit before non-recurring items and income tax	130,854	95,246	37.4%	116,659	12.2%	91,631	81,955	11.8%	89,230	2.7%	39,223	13,291	195.1%	27,429	43.0%
Net non-recurring items	(2,708)	(48,745)	-94.4%	(3,371)	-19.7%	(1,017)	(46,351)	-97.8%	(1,695)	-40.0%	(1,691)	(2,394)	-29.4%	(1,676)	0.9%
Profit before income tax expense	128,146	46,501	175.6%	113,288	13.1%	90,614	35,604	154.5%	87,535	3.5%	37,532	10,897	244.4%	25,753	45.7%
Income tax (expense) benefit	(4,520)	64,735	NMF	(5,115)	-11.6%	(3,284)	36,148	NMF	(4,408)	-25.5%	(1,236)	28,587	NMF	(707)	74.8%
Profit	123,626	111,236	11.1%	108,173	14.3%	87,330	71,752	21.7%	83,127	5.1%	36,296	39,484	-8.1%	25,046	44.9%
Earnings per share (basic)	3.10	2.46	26.0%	2.64	17.4%	2.30	1.84	25.3%	2.17	5.9%	0.80	0.62	28.2%	0.47	70.9%
Earnings per share (diluted)	2.97	2.46	20.7%	2.55	16.5%	2.20	1.84	20.0%	2.10	5.0%	0.77	0.62	22.8%	0.45	69.5%

BGEO results highlights

Half-year P&L

GEL thousands unless otherwise noted	BGEO Consolidated			Banking Business			Investment Business		
	1H17	1H16	Change y-o-y	1H17	1H16	Change y-o-y	1H17	1H16	Change y-o-y
Net banking interest income	320,434	256,712	24.8%	321,188	258,247	24.4%	-	-	-
Net fee and commission income	60,812	56,954	6.8%	61,594	57,417	7.3%	-	-	-
Net banking foreign currency gain	38,982	33,929	14.9%	38,982	33,929	14.9%	-	-	-
Net other banking income	3,563	5,140	-30.7%	4,063	5,878	-30.9%	-	-	-
Gross insurance profit	19,641	14,825	32.5%	-	-	-	20,795	16,582	25.4%
Gross healthcare and pharmacy profit	103,675	57,123	81.5%	-	-	-	103,675	57,123	81.5%
Gross real estate profit	25,398	8,413	201.9%	-	-	-	25,889	8,413	207.7%
Gross utility and energy profit	39,379	-	NMF	-	-	-	39,559	-	-
Gross other investment profit	18,161	6,952	161.2%	-	-	-	18,079	6,996	158.4%
Revenue	630,045	440,048	43.2%	425,827	355,471	19.8%	207,997	89,114	133.4%
Operating expenses	(253,812)	(171,495)	48.0%	(157,840)	(135,085)	16.8%	(98,576)	(39,086)	152.2%
Operating income before cost of credit risk / EBITDA	376,233	268,553	40.1%	267,987	220,386	22.0%	109,421	50,028	118.7%
Profit from associates	1,120	3,818	-70.7%	909	-	NMF	211	3,818	-94.5%
Depreciation and amortisation of investment business	(24,257)	(10,068)	140.9%	-	-	-	(24,257)	(10,068)	140.9%
Net foreign currency gain (loss) from investment business	6,465	(3,396)	NMF	-	-	-	6,465	(3,396)	NMF
Interest income from investment business	3,535	1,341	163.6%	-	-	-	6,512	2,433	167.7%
Interest expense from investment business	(23,694)	(3,879)	NMF	-	-	-	(27,846)	(6,832)	NMF
Operating income before cost of credit risk	339,402	256,369	32.4%	268,896	220,386	22.0%	70,506	35,983	95.9%
Cost of credit risk	(91,888)	(65,530)	40.2%	(88,036)	(62,805)	40.2%	(3,852)	(2,725)	41.4%
Profit before non-recurring items and income tax	247,514	190,839	29.7%	180,860	157,581	14.8%	66,654	33,258	100.4%
Net non-recurring items	(6,080)	(47,379)	-87.2%	(2,711)	(47,769)	-94.3%	(3,369)	390	NMF
Profit before income tax expense	241,434	143,460	68.3%	178,149	109,812	62.2%	63,285	33,648	88.1%
Income tax (expense) benefit	(9,635)	54,824	NMF	(7,692)	28,514	NMF	(1,943)	26,310	NMF
Profit	231,799	198,284	16.9%	170,457	138,326	23.2%	61,342	59,958	2.3%
Earnings per share (basic)	5.74	4.57	25.6%	4.47	3.55	26.1%	1.27	1.02	23.7%
Earnings per share (diluted)	5.51	4.57	20.6%	4.29	3.55	21.1%	1.22	1.02	18.8%

BGEO results highlights

Balance Sheet

GEL thousands unless otherwise noted	BGEO Consolidated					Banking Business					Investment Business				
	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Liquid assets	3,942,743	2,925,345	34.8%	3,606,926	9.3%	3,775,371	2,882,581	31.0%	3,398,386	11.1%	549,425	308,750	78.0%	537,226	2.3%
Cash and cash equivalents	1,454,387	1,059,359	37.3%	1,285,483	13.1%	1,401,728	1,033,832	35.6%	1,198,302	17.0%	349,166	251,557	38.8%	359,628	-2.9%
Amounts due from credit institutions	1,090,259	876,655	24.4%	1,090,111	0.0%	976,811	861,753	13.4%	970,653	0.6%	152,634	53,444	185.6%	174,248	-12.4%
Investment securities	1,398,097	989,331	41.3%	1,231,332	13.5%	1,396,832	986,996	41.5%	1,229,431	13.6%	47,625	3,749	NMF	3,350	NMF
Loan/Lease portfolio	6,517,773	5,469,120	19.2%	6,408,711	1.7%	6,579,996	5,507,414	19.5%	6,470,771	1.7%	-	-	-	-	-
Property and equipment	1,453,730	852,680	70.5%	1,388,938	4.7%	336,909	327,441	2.9%	333,388	1.1%	1,112,486	525,239	111.8%	1,055,550	5.4%
Total assets	13,171,740	10,323,223	27.6%	12,606,524	4.5%	11,094,468	9,076,612	22.2%	10,587,570	4.8%	2,528,807	1,557,071	62.4%	2,417,249	4.6%
Client deposits and notes	5,319,398	4,554,012	16.8%	5,294,462	0.5%	5,655,341	4,820,169	17.3%	5,622,023	0.6%	-	-	-	-	-
Amounts due to credit institutions	3,077,869	1,892,437	62.6%	3,133,422	-1.8%	2,602,303	1,766,999	47.3%	2,662,909	-2.3%	538,534	163,730	NMF	532,573	1.1%
Borrowings from DFI	1,343,492	991,054	35.6%	1,376,864	-2.4%	1,088,054	957,227	13.7%	1,143,408	-4.8%	255,438	33,827	NMF	233,456	9.4%
Short-term loans from NBG	999,159	278,500	NMF	1,005,404	-0.6%	999,159	278,500	NMF	1,005,404	-0.6%	-	-	-	-	-
Loans and deposits from commercial banks	735,218	622,883	18.0%	751,154	-2.1%	515,090	531,272	-3.0%	514,097	0.2%	283,096	129,903	117.9%	299,117	-5.4%
Debt securities issued	1,582,431	1,065,516	48.5%	1,157,082	36.8%	1,312,990	990,370	32.6%	827,025	58.8%	319,033	79,136	NMF	335,773	-5.0%
Total liabilities	10,628,342	8,113,842	31.0%	10,153,771	4.7%	9,649,000	7,720,731	25.0%	9,198,665	4.9%	1,430,877	703,571	103.4%	1,353,401	5.7%
Total equity	2,543,398	2,209,381	15.1%	2,452,753	3.7%	1,445,468	1,355,881	6.6%	1,388,905	4.1%	1,097,930	853,500	28.6%	1,063,848	3.2%

Key Ratios*

BANKING BUSINESS RATIOS

	2Q17	2Q16	1Q17	1H17	1H16
ROAA	3.2%	3.3%	3.1%	3.1%	3.1%
ROAE	23.5%	22.3%	23.1%	23.4%	21.4%
Net Interest Margin	7.3%	7.5%	7.4%	7.3%	7.5%
Loan Yield	14.3%	14.1%	14.0%	14.1%	14.3%
Liquid assets yield	3.4%	3.3%	3.3%	3.3%	3.2%
Cost of Funds	4.8%	4.8%	4.6%	4.7%	4.9%
Cost of Client Deposits and Notes	3.6%	4.0%	3.5%	3.5%	4.2%
Cost of Amounts Due to Credit Institutions	6.6%	5.9%	6.3%	6.4%	5.9%
Cost of Debt Securities Issued	7.1%	7.0%	6.0%	6.5%	7.1%
Cost / Income	38.1%	38.1%	36.0%	37.1%	38.0%
NPLs To Gross Loans To Clients	4.4%	4.4%	4.6%	4.4%	4.4%
NPL Coverage Ratio	90.2%	85.8%	87.1%	90.2%	85.8%
NPL Coverage Ratio, Adjusted for discounted value of collateral	131.5%	129.7%	126.9%	131.5%	129.7%
Cost of Risk	2.2%	2.0%	2.4%	2.3%	2.1%
NBG (Basel II) Tier I Capital Adequacy Ratio	10.6%	10.2%	10.1%	10.6%	10.2%
NBG (Basel II) Total Capital Adequacy Ratio	15.6%	15.5%	15.2%	15.6%	15.5%

* For the definitions of Key ratios, refer to slide 130

Board of Directors of BGEO Group PLC

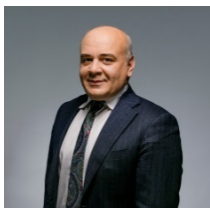
6 non-executive Board of Director members; 6 Independent members, including the Chairman and the Vice Chairman



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



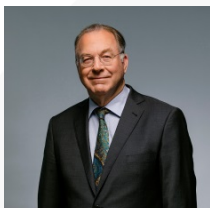
Kim Bradley, Chairman of the Risk Committee, Independent Director
experience: Goldman Sachs AM, Senior Executive at GE Capital, President of Societa Gestione Crediti, Board Chairman at Archon Capital Deutschland



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



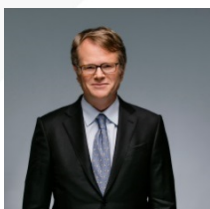
Hanna Loikkanen, Independent Director
experience: currently advisor to East Capital Private Equity AB; Non-Executive Director of PJSC Rosbank previously: Senior executive at East Capital, FIM Group Russia, Nordea Finance, SEB



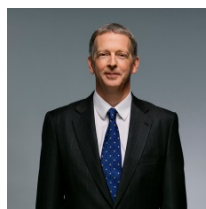
David Morrison, Chairman of the Audit Committee, Senior Independent Director
experience: Senior partner at Sullivan & Cromwell LLP prior to retirement



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



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



Jonathan Muir, Independent Director
experience: formerly Board Advisor of BGEO, CEO of LetterOne Holdings SA and a CEO of LetterOne Investment Holdings; previously: CFO and Vice President of Finance and Control of TNK-BP; Partner at Ernst & Young

BGEO Robust corporate governance compliant with UK Corporate Governance Code

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

BGEO Group PLC



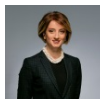
Irakli Gilauri, Group CEO
formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland



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



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



Ekaterina Shavgulidze, Head of Business Development
Previously Head of Investor Relations and Funding at BGEO; Supervisory Board Member and Chief Executive Officer of healthcare services business; Associate Finance Director at AstraZeneca, UK ; MBA from Wharton Business School



Kaha Kiknavelidze, CEO of Bank of Georgia
Previously managing partner of Rioni Capital, London based fund; prior to this, Executive Director at UBS; Over 15 years experience in the equity markets

GHG



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

GGU



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

m²



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

Teliani



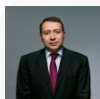
Shota Kobelia, CEO, Teliani Valley
With the Group since 2009. Previously Chief Commercial Officer in Pernod Ricard Georgia; Masters degree in international sales marketing from Bordeaux Business School, France

Aldagi



Giorgi Baratashvili, CEO, Aldagi
With the Group since 2004. Previously Head of Corporate Clients Division of Aldagi, Deputy CEO of Aldagi in charge of strategic management for corporate sales and corporate account management. Masters degree in International Law

JSC Bank of Georgia



Kaha Kiknavelidze, CEO of Bank of Georgia
Previously managing partner of Rioni Capital, London based fund; prior to this, Executive Director at UBS; Over 15 years experience in the equity markets



Levan Kulijanishvili, Deputy CEO, CFO
With the Group since 1997. 20 years of experience at BOG. Formerly Head of Security and Internal Audit at Bank of Georgia; Holds MBA from Grenoble School of Business, in Grenoble, France



Mikheil Gomarteli, Deputy CEO, Emerging and Mass Retail Banking.
With the Group since 1997. 20 years work experience at BOG, including co-head of retail banking, head of business development and head of strategy and planning; Undergraduate degree in economics from Tbilisi State University



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



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



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



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



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

On the 3rd of July, 2017 we announced our **intention to demerge** BGEO Group PLC (“BGEO Group”) into two entities

Proposed-demerger

1. London-listed banking business (Bank of Georgia Group PLC – “Bank of Georgia” or “Bank”)

Bank of Georgia will continue to be a fully-licensed and regulated, systemically important, universal banking business focused on Georgia with industry-leading characteristics

2. London-listed investment business (BGEO Investments PLC – “BGEO Investments”)

BGEO Investments will be the only professionally managed publicly listed Georgia-focused investment platform with over 10-year track record of successfully investing in growing companies in the Georgian economy

The implementation of the demerger is subject to shareholder approval and is expected to be completed in 1H 2018

Rationale

Clear play from investor and execution perspective

- Optionality for investors to make own choice when taking investment decisions:
 - Pure play banking story in Georgia
 - Diversified investment vehicle in Georgia
- Separate management teams with sharpened focus and more aligned incentives

More business opportunities as a result of more flexibility in strategy and execution, whilst avoiding the potential for conflicts of interest between the respective businesses

Regulatory clarity and flexibility – as a separate entity, BGEO Investments would not be subject to the banking regulatory regime thereby improving its ability and flexibility to allocate capital, take advantage of various investment opportunities and better execute its growth strategy

Both strategies remain largely unchanged

Bank of Georgia strategy is expected to remain largely unchanged:

- A return on average equity of over 20%
- Growth of retail banking customer lending of over 20%
- Maintaining a strong capital base and liquidity position
- An unchanged dividend policy, targeting a dividend payout in the 25-40% of earnings range

BGEO Investments will continue to pursue the same dividend and capital returns policy as the Investment Business of BGEO Group:

- Strive to capitalise on Georgia’s fast-growing economy, which provides opportunities in a number of underdeveloped sectors;
- Target a minimum IRR of 25%;
- Retain its current capital return policy, whereby BGEO Investments expects to buyback and cancel its shares and/or pay special dividends linked to exits from its investments; and
- Consider potential exits, starting with its already announced plan to IPO GGU in 2-3 years’ time

Both will maintain strong corporate governance standards

Bank of Georgia

Kaha Kiknavelidze as CEO will continue to lead Bank of Georgia and Neil Janin, currently the Non-Executive Chairman of BGEO Group, will become the Non-Executive Chairman of Bank of Georgia

BGEO Investments

The senior management team of BGEO Investments will be led by Irakli Gilauri as Chairman and CEO. The Board of BGEO Investments will maintain strong corporate governance standards and a talented team of high calibre independent directors

Full separation to unlock additional long-term value for shareholders

Bank of Georgia

More business:

- Enhanced flexibility and stronger focus on further expansion of corporate franchise, regaining corporate clients and de-concentrating portfolio
- Opportunity to gain access to BGEO Investments portfolio companies - potential estimated lending opportunity of GEL600mln

Higher efficiency:

- More efficient capital structure, financing and balance sheet
- Less regulatory scrutiny and disclosure requirements

BGEO Investments

- **Will be the only professionally managed publicly listed investment company** in Georgia benefiting from scarcity of competitors
- **Wider access to investment opportunities:** ability to establish more efficient and direct dialogue with Georgian corporates
- Opportunity to cooperate with leading Georgian banks which can be another channel of bringing new deals
- Enhanced flexibility to allocate capital and pursue growth strategy more effectively
- As a separate entity, BGEO Investments would not be subject to the banking regulatory regime thereby improving its ability and flexibility to allocate capital, take advantage of various investment opportunities and better execute its growth strategy

Overall

Clear play

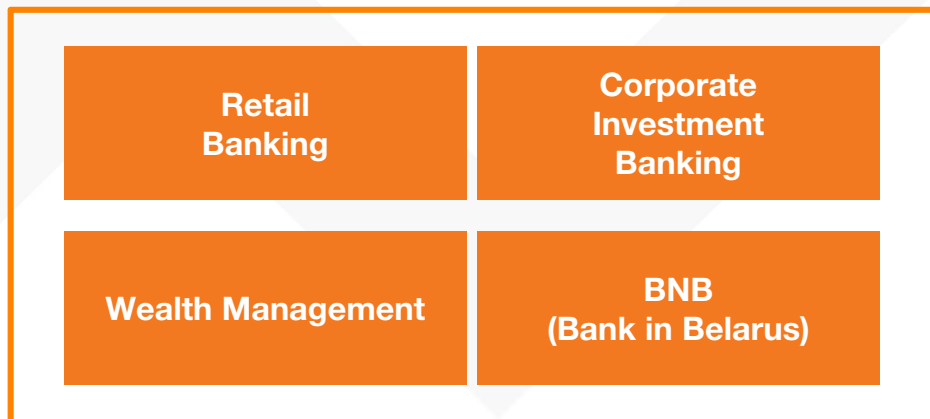
- Two leaders in their respective sectors which are strongly positioned to pursue significant growth opportunities coming from rapidly growing Georgian economy
- Independent and more focused management teams with management rewards more directly aligned with business and stock market performance
- Separate and more focused companies with clearer strategy and separate market valuations
- Optionality for investors to make own choice when taking investment decisions:
 - Pure play banking story in Georgia
 - Diversified investment vehicle in Georgia
- Potential for cost of equity decrease

Structure after demerger

- BGEO Investments to hold 9.9% shares in Bank of Georgia
- Creation of two distinct London-listed entities
- Strong management team: Kaha Kiknavelidze as CEO will continue to lead Bank of Georgia and Irakli Gilauri as Chairman and CEO to lead BGEO Investments
- Both entities will maintain strong corporate governance standards



Bank of Georgia



BGEO Investments

LSE listed	Private	
57% GHG (Healthcare)	100% m ² (Real Estate)	100% GGU (Utility & energy)
9.9% Bank of Georgia	100% Aldagi (P&C Insurance)	72% Teliani (Beverages)

Management – Bank of Georgia and BGEO Investments

Bank of Georgia Management



Kaha Kiknavelidze, CEO of Bank of Georgia
With the Group since 2008. Originally joined as member of the Bank's Supervisory Board and Audit Committee. Kaha founded and managed Rioni Capital Partners LLP, a London-based investment management company until his appointment as a CEO of the Bank. Kaha has served in a number of roles at UBS and Troika Dialog. Holds an MBA from Emory University.



Levan Kulijanishvili, Deputy CEO, CFO
With the Group since 1997. Joined as a Junior Financial Analyst of the Bank. Held various senior positions, including Head of Internal Audit, Head of Financial Monitoring, Head of Strategy and Planning, and Head of the Financial Analysis. Holds an MBA from Grenoble Graduate School of Business.



Mikheil Gomarteli, Deputy CEO, Emerging and Mass Retail Banking.
With the Group since 1997. Mikheil is a textbook professional growth story made possible in our Group – he developed his way from selling debit cards door-to-door to successfully leading our Retail Banking franchise for over ten years now. Holds an undergraduate degree in Economics from Tbilisi State University.



David Tsiklauri, Deputy CEO, Corporate Investment Banking
Joined the Group in 2017 from TBC, where he was a Deputy CEO in charge of Corporate Banking since 2014. Before joining TBC Bank, David served as the Vice President of the Capital Markets and Treasury Solutions team at Deutsche Bank. Holds an MBA from London Business School.



Ramaz Kukuladze, Deputy CEO, SOLO and MSME Banking
With the Group since 2006. Joined as Deputy CEO, Corporate Banking. Left the Group in 2009 and rejoined the Group in February 2017. Prior to rejoining the Group, Ramaz held the role of Chief Commercial Officer and Deputy CEO at Bank Republic since 2013. Holds an MBA from IE Business School.



George Chiladze, Deputy CEO, Chief Risk Officer
With the Group since 2008. Joined as a Deputy CEO in charge of finance at the Bank. Left the Group in 2011 and rejoined in 2013 as Deputy CEO, Chief Risk Officer. Prior to rejoining the Group, he was Deputy CEO at the Partnership Fund. Prior to returning to Georgia in 2003, he worked at the programme trading desk at Bear Stearns in New York City. Holds a PhD in physics from Johns Hopkins University in Baltimore, Maryland.



Tornike Gogichaishvili, Deputy CEO, Chief Operating Officer
With the Group since 2006. Joined as a CEO of our insurance business. Prior to his current position, was Director of operations' department, previously serving as Head of International Banking, coordinating the activities of the Group's Ukraine and Belarus subsidiaries. Holds executive MBA from Said Business School, Oxford.



Alexander Katsman, Deputy CEO, HRM and Branding
With the Group since 2010. Sasha joined the Bank after graduating from the Berlin School of Creative Leadership EMBA Programme to transform conventional marketing communication and PR into a brand value creating branding department. Sasha led the development of a new brand platform with the eminent slogan Feel the Future and is now on another journey of transformation involving HR and brand management.

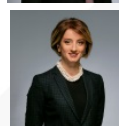
BGEO Investments Management



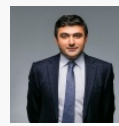
Irakli Gilauri, Chairman & CEO
With the Group since 2004. Formerly an EBRD (European Bank for Reconstruction and Development) banker, joined the Bank as CFO. Over the last decade, Irakli's leadership has been instrumental in creating major players in a number of Georgian industries, including banking, healthcare, utilities and energy, real estate, insurance and wine. Holds an MS in banking from CASS Business School.



Avto Namicheishvili, Group Legal Counsel
With the Group since 2007. Joined as a General Counsel at the Bank, and has since played a key role in all of the Group's equity and debt raises on the capital markets, and over 25 mergers and acquisitions. Prior, was a Partner at a leading Georgian law firm. Holds LL.M. in international business law from Central European University, Hungary.



Ekaterina Shavgulidze, CFO
With the Group since 2011. Joined as a CEO of healthcare services business. Most recently Eka played a key role in the GHG IPO as a Group Head of IR. Prior, she was an Associate Finance Director at AstraZeneca, UK. Holds an MBA from Wharton Business School.



Nikoloz Gamkrelidze, CEO, Georgia Healthcare Group
With the Group since 2005. Our healthcare business story starts with Nick, who started it in 2006, and has successfully led it through outstanding growth and most recently the IPO on the London Stock Exchange. Holds an MA in international healthcare management from the Tanaka Business School of Imperial College London.



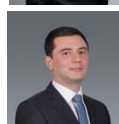
Archil Gachechiladze, CEO, Georgia Global Utilities
With the Group since 2009. Joined as a Deputy CEO in charge of corporate banking. He launched the Bank's industry and macro research, brokerage, and advisory businesses, as well as leading investments in GGU and launched Hydro Investments. Prior, he was an Associate at Lehman Brothers Private Equity in London, and worked at Salford Equity Partners, EBRD, KPMG, Barents, and the World Bank. Holds MBA with distinction from Cornell University and is CFA charterholder.



Irakli Burdiladze, CEO, m² Real Estate
With the Group since 2006. Joined as a CFO at the Bank. Before taking leadership of real estate business in 2010, he served as the COO of the Bank. Prior he was a CFO at a leading real estate developer and operator in Georgia. Holds a graduate degree in International Economics and International Relations from the Johns Hopkins University School of Advanced International Studies.



Shota Kobelia, CEO, Teliani Valley
With the Group since 2009. Having previously worked at Pernod Ricard in the USA and Easter Europe, joined Teliani to build up Ukrainian distribution. In 2010, became CEO for Teliani Valley and developed it from a small and loss-making winery into a major beverage group with own distribution channels on the main markets. Holds MS in Sales & Marketing from Bordeaux Business School.



Giorgi Baratashvili, CEO, Aldagi
With the Group since 2004. Joined as the Head of Corporate Clients Division of Aldagi. Before taking the leadership of our P&C insurance business in 2014, he served as Deputy CEO of Aldagi in charge of strategic management for corporate sales and corporate account management. Holds the Master Diploma in International Law.

BGEO Investments

GHG

GGU

m²

Teliani

Aldagi

CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
Georgian Macro Overview	97
Appendices	118

NO CHANGE

TWO strategic targets

1

ROAE

Target: 20%+
1H17: 23.4%

2

Retail Banking
Growth

Target: 20%+
1H17: 34.1% y-o-y

Dividend Policy
to Remain the
Same

Target: 25-40%
payout ratio
2016: 32%

FIVE strategic priorities for next 3-years

1

**INCREASE MASS RETAIL SEGMENT PRODUCT
TO CLIENT RATIO** from 1.7 in 2015 to 3.0

- CLIENT-CENTRIC MODEL
- EXPRESS
- DIGITAL BANKING

2

GROW SOLO & SME

3

DECONCENTRATE CIB

4

GROW FEE INCOME

5

REGIONAL PRIVATE BANKING HUB

Banking Business targets & priorities

		Targets	1H17	1H16
KEY targets	1 ROAE	20%+	23.4%	21.4%
	2 Retail Banking Growth	20%+	34.1%	18.1%
PRIORITIES	1 Grow RB's share in loan book	65%	66.1%	59.0%
	2 Increase Mass Retail Product to Client Ratio	3.0	1.7	1.7
	3 Increase number of Solo clients	To 40,000	24,984	14,986
	4 De-concentrate Corporate Loan Book	Top 10 borrowers: 10%	11.1%	11.3%
	5 Become a regional private banking hub	AUM: GEL 2.5bln	GEL 1.7bln	GEL 1.3bln
Long-term outlook	1 NIM	7.25% - 7.75%	7.3%	7.5%
	2 Cost / Income	c. 35%	37.1%	38.0%
	3 NPL coverage ratio	80-120%	90.2%	85.8%
	4 Cost of Risk	c.2.0%	2.3%	2.1%

Banking Business results highlights

P&L Highlights

GEL thousands unless otherwise noted

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Net banking interest income	160,308	128,753	24.5%	160,880	-0.4%	321,188	258,247	24.4%
Net fee and commission income	31,402	29,524	6.4%	30,193	4.0%	61,594	57,417	7.3%
Net banking foreign currency gain	19,282	16,492	16.9%	19,700	-2.1%	38,982	33,929	14.9%
Net other banking income	1,047	2,709	-61.4%	3,015	-65.3%	4,063	5,878	-30.9%
Revenue	212,039	177,478	19.5%	213,788	-0.8%	425,827	355,471	19.8%
Operating expenses	(80,786)	(67,558)	19.6%	(77,053)	4.8%	(157,840)	(135,085)	16.8%
Operating income before cost of credit risk / EBITDA	131,253	109,920	19.8%	136,735	-4.1%	267,987	220,386	22.0%
Profit from associates	394	-	NMF	514	-23.3%	909	-	NMF
Operating income before cost of credit risk	131,647	109,920	19.8%	137,249	-4.1%	268,896	220,386	22.0%
Cost of credit risk	(40,016)	(27,965)	43.1%	(48,019)	-16.7%	(88,036)	(62,805)	40.2%
Profit before non-recurring items and income tax	91,631	81,955	11.8%	89,230	2.7%	180,860	157,581	14.8%
Net non-recurring items	(1,017)	(46,351)	-97.8%	(1,695)	-40.0%	(2,711)	(47,769)	-94.3%
Profit before income tax expense	90,614	35,604	154.5%	87,535	3.5%	178,149	109,812	62.2%
Income tax (expense) benefit	(3,284)	36,148	NMF	(4,408)	-25.5%	(7,692)	28,514	NMF
Profit	87,330	71,752	21.7%	83,127	5.1%	170,457	138,326	23.2%
Earnings per share (basic)	2.30	1.84	25.3%	2.17	5.9%	4.47	3.55	26.1%
Earnings per share (diluted)	2.20	1.84	20.0%	2.10	5.0%	4.29	3.55	21.1%

Balance Sheet Highlights

GEL thousands unless otherwise noted	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Liquid assets	3,775,371	2,882,581	31.0%	3,398,386	11.1%
Cash and cash equivalents	1,401,728	1,033,832	35.6%	1,198,302	17.0%
Amounts due from credit institutions	976,811	861,753	13.4%	970,653	0.6%
Investment securities	1,396,832	986,996	41.5%	1,229,431	13.6%
Loan/Lease portfolio	6,579,996	5,507,414	19.5%	6,470,771	1.7%
Property and equipment	336,909	327,441	2.9%	333,388	1.1%
Total assets	11,094,468	9,076,612	22.2%	10,587,570	4.8%
Client deposits and notes	5,655,341	4,820,169	17.3%	5,622,023	0.6%
Amounts due to credit institutions	2,602,303	1,766,999	47.3%	2,662,909	-2.3%
Borrowings from DFI	1,088,054	957,227	13.7%	1,143,408	-4.8%
Short-term loans from NBG	999,159	278,500	NMF	1,005,404	-0.6%
Loans and deposits from commercial banks	515,090	531,272	-3.0%	514,097	0.2%
Debt securities issued	1,312,990	990,370	32.6%	827,025	58.8%
Total liabilities	9,649,000	7,720,731	25.0%	9,198,665	4.9%
Total equity	1,445,468	1,355,881	6.6%	1,388,905	4.1%

Key Ratios*

	2Q17	2Q16	1Q17	1H17	1H16
ROAA	3.2%	3.3%	3.1%	3.1%	3.1%
ROAE	23.5%	22.3%	23.1%	23.4%	21.4%
Net Interest Margin	7.3%	7.5%	7.4%	7.3%	7.5%
Loan Yield	14.3%	14.1%	14.0%	14.1%	14.3%
Liquid assets yield	3.4%	3.3%	3.3%	3.3%	3.2%
Cost of Funds	4.8%	4.8%	4.6%	4.7%	4.9%
Cost of Client Deposits and Notes	3.6%	4.0%	3.5%	3.5%	4.2%
Cost of Amounts Due to Credit Institutions	6.6%	5.9%	6.3%	6.4%	5.9%
Cost of Debt Securities Issued	7.1%	7.0%	6.0%	6.5%	7.1%
Cost / Income	38.1%	38.1%	36.0%	37.1%	38.0%
NPLs To Gross Loans To Clients	4.4%	4.4%	4.6%	4.4%	4.4%
NPL Coverage Ratio	90.2%	85.8%	87.1%	90.2%	85.8%
NPL Coverage Ratio, Adjusted for discounted value of collateral	131.5%	129.7%	126.9%	131.5%	129.7%
Cost of Risk	2.2%	2.0%	2.4%	2.3%	2.1%
NBG (Basel II) Tier I Capital Adequacy Ratio	10.6%	10.2%	10.1%	10.6%	10.2%
NBG (Basel II) Total Capital Adequacy Ratio	15.6%	15.5%	15.2%	15.6%	15.5%

* For the definitions of Key ratios, refer to slide 130

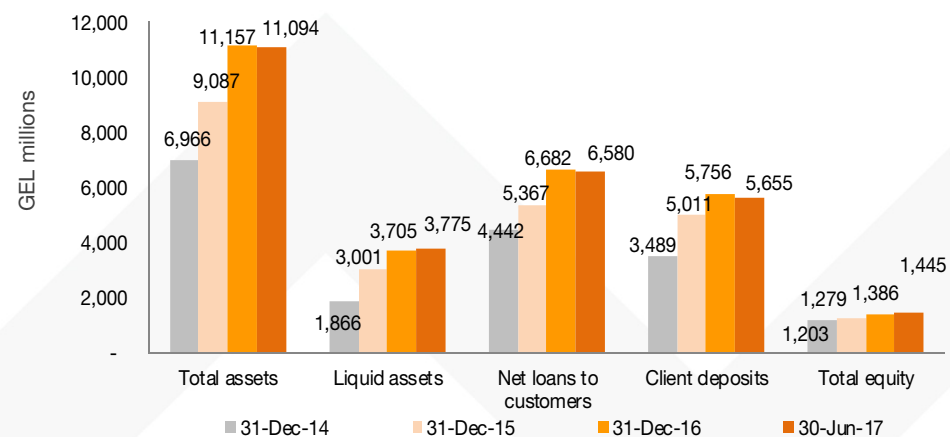
BOG | The leading bank in Georgia

- **Leading market position¹** in Georgia by **assets** (33.8%), **loans** (31.5%), **client deposits** (31.5%) and **equity** (28.8%)
- **Underpenetrated market with stable growth perspectives:** Real GDP average annual growth rate of 4.9 % for 2006-2016; 2.7% real GDP growth in 2016 and 4.5% y-o-y growth in 2Q17 according to Geostat. Loans/GDP grew from 9.0% to 55.7% in the period of 2003-2016; Deposits/GDP grew from 8.0% to 50.1% over the same period
- **Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 275 branches, 827 ATMs, 2,789 Express Pay Terminals and 2.2 million customers as of 30 June 2017
- **Georgian company with credit ratings from global rating agencies:** Moody's: 'B1/Ba3' (foreign and local currency), Fitch Ratings: 'BB-'; outlooks are 'Stable'
- **High standards of transparency and governance:** The first entity from Georgia to be listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006
- **In August 2016,** BOG completed its liability management exercise and redeemed its 2017 Eurobonds outstanding in the amount of US\$ 362mln
- **In July 2016,** BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon. Bonds were trading at 5.547%² on 2 August 2017
- **In June 2017,** BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. The Issuance, described as a landmark transaction for Georgia, was the first international local currency bond offering from the wider CIS region (excluding Russia) in the past ten years. Bonds were trading at 10.986%² on 2 August 2017
- **Sustainable growth combined with strong capital, liquidity and robust profitability**

Balance Sheet

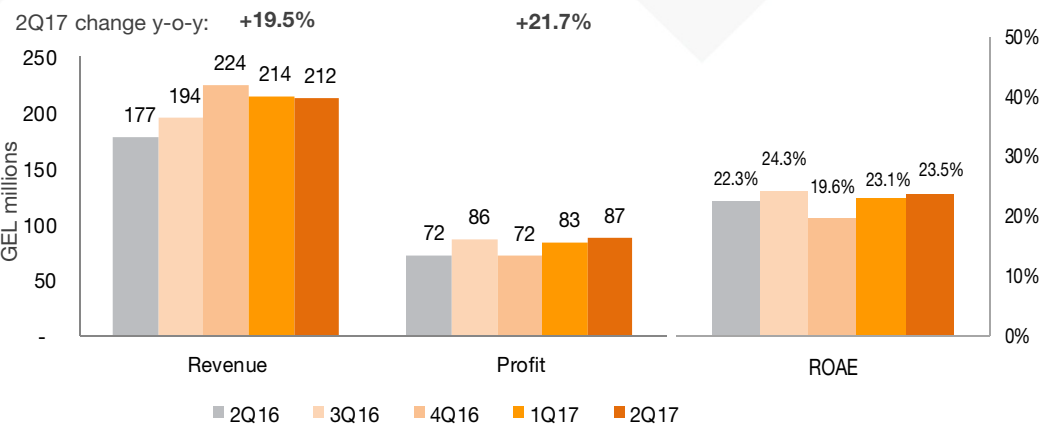
Banking Business

CAGR 2014-1H17: **+20.5%** **+32.6%** **+17.0%** **+21.3%** **+7.6%**



Income Statement

Banking Business

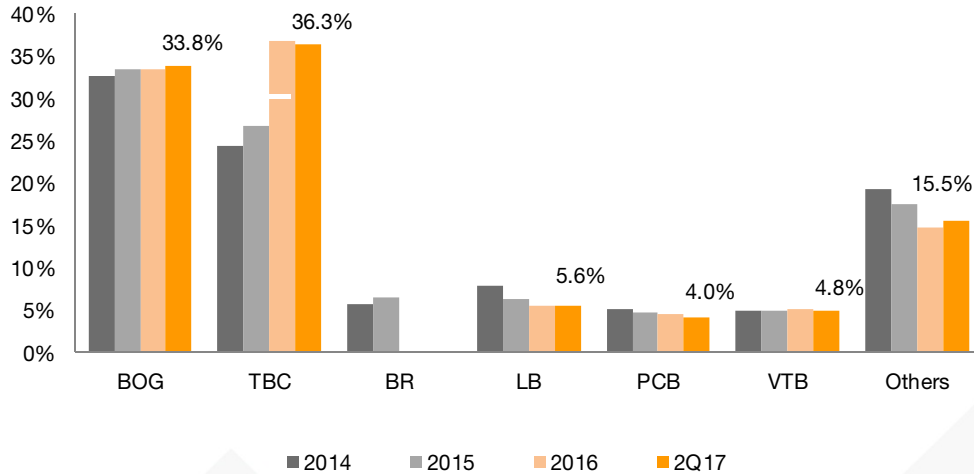


¹ Market data based on standalone accounts as published by the National Bank of Georgia (NBG) as of 30 June 2017 www.nbg.gov.ge

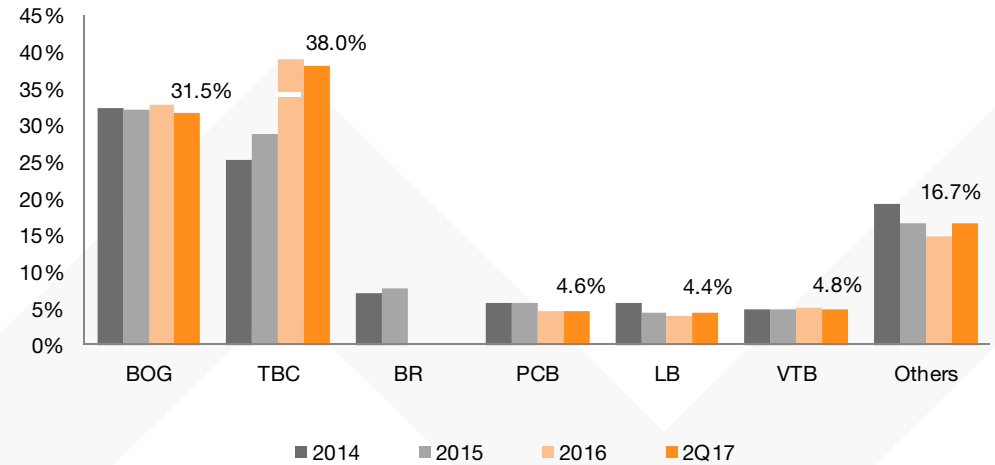
² source: Bloomberg

BOG | The competition

Peer group's market share in total assets



Peer group's market share in gross loans

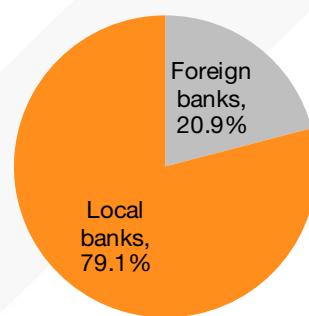
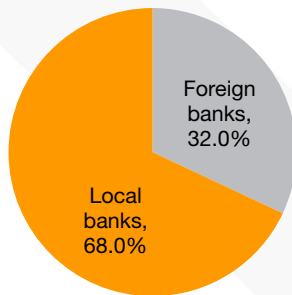


Foreign banks market share by assets

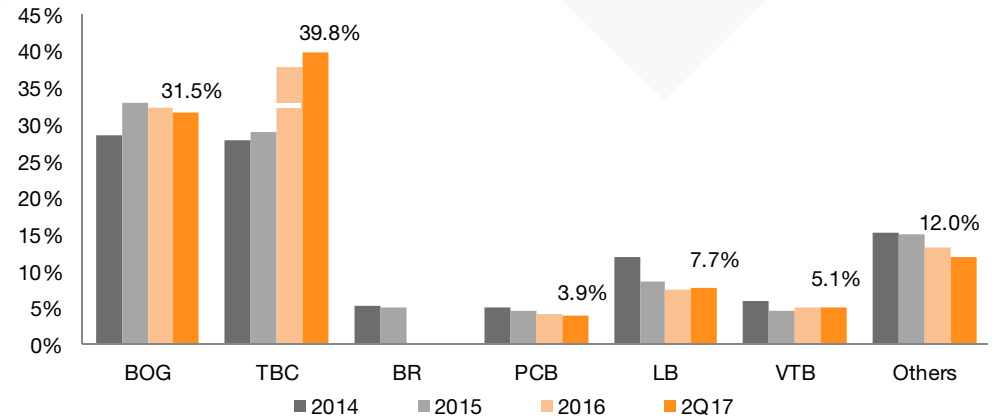
2006

2Q17

No state ownership of commercial banks since 1994



Peer group's market share in client deposits

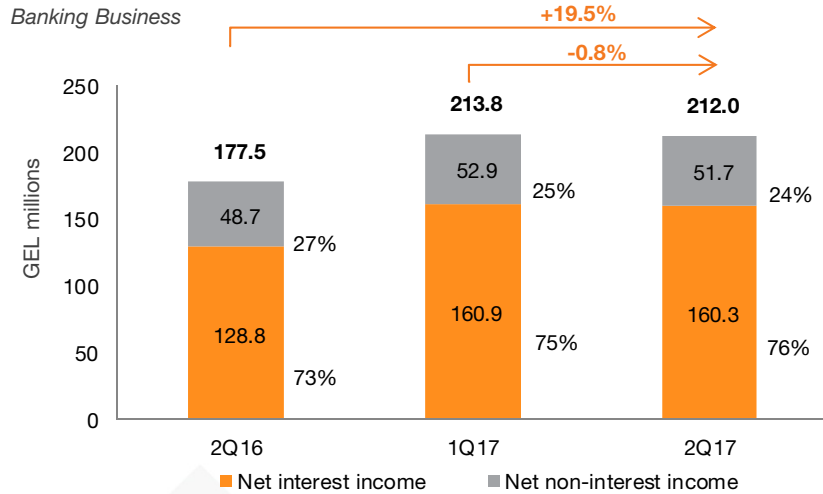


(1) All data based on standalone accounts as reported to the NBG and as published by the NBG www.nbg.gov.ge as of 30 June 2017

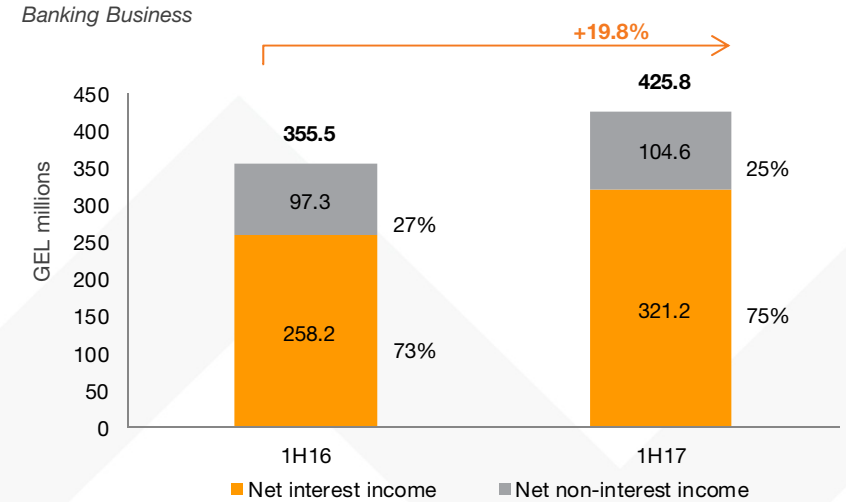
(2) TBC's market shares for 2016 include Bank Republic numbers

Banking Business | Strong underlying performance

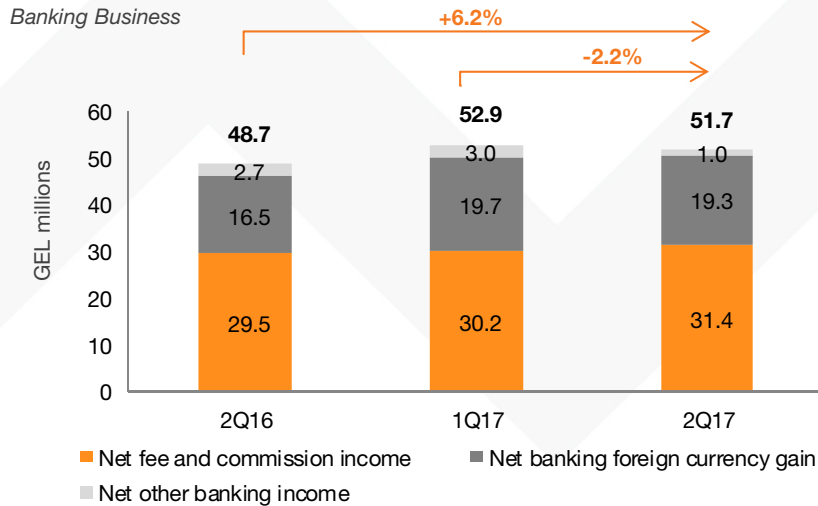
Revenue growth | *quarterly*



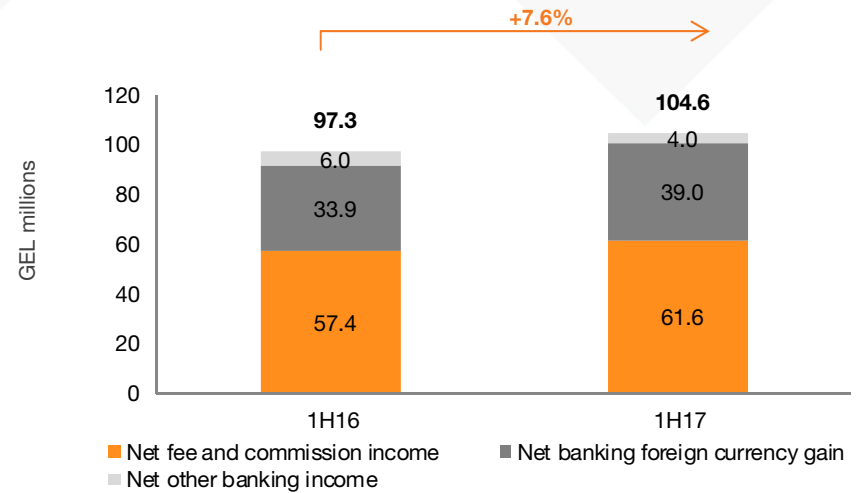
Revenue growth | *half-year*



Net non-interest income | *quarterly*

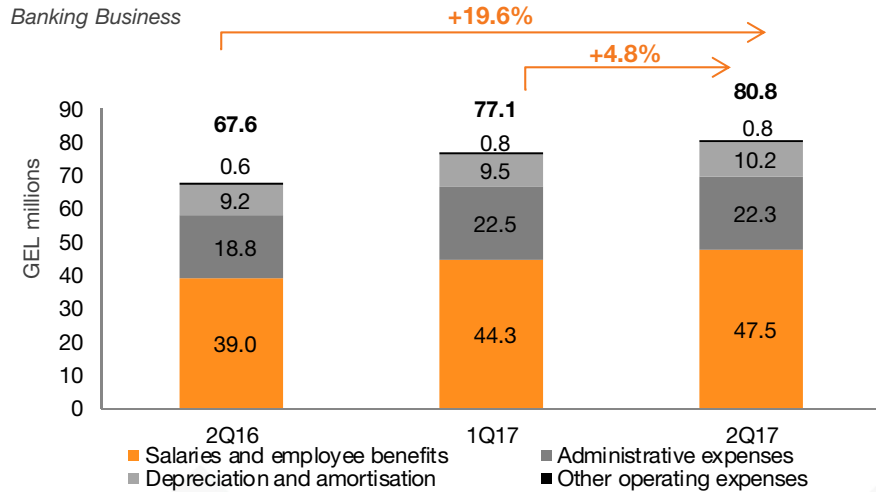


Net non-interest income | *half-year*

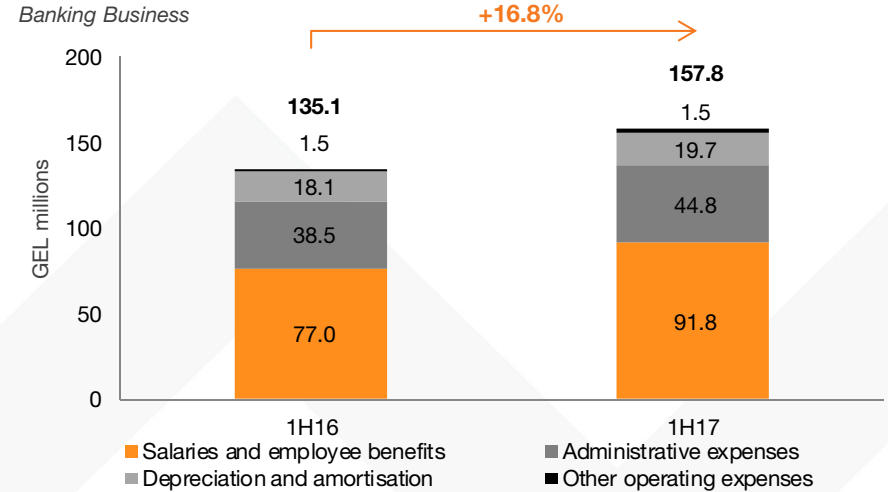


Banking Business | Strong underlying performance

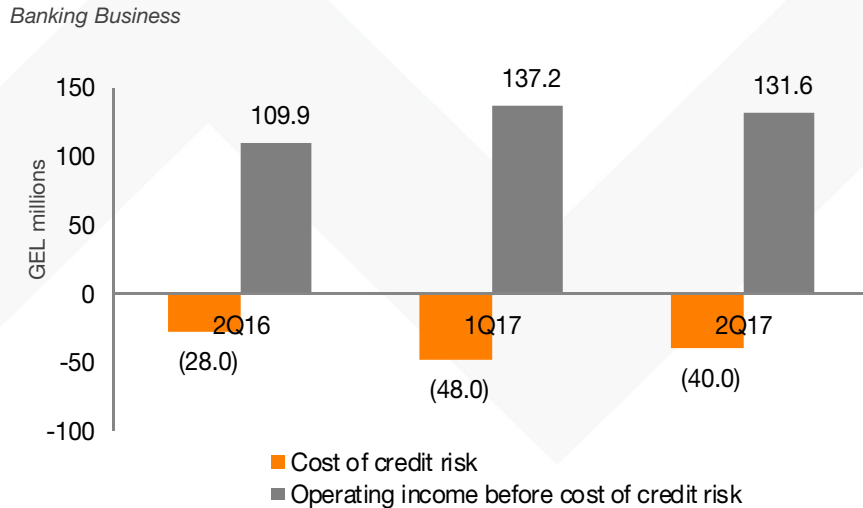
Operating expenses | *quarterly*



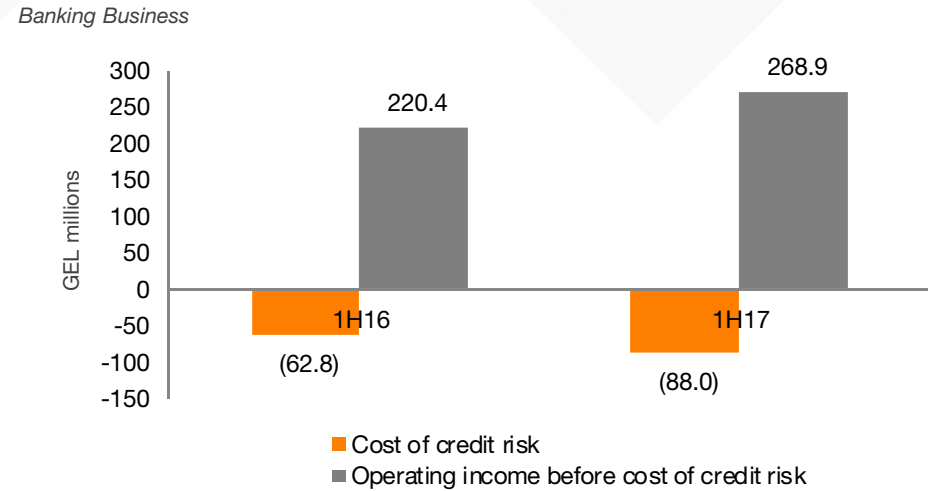
Operating expenses | *half-year*



Operating income before cost of credit risk | *quarterly*



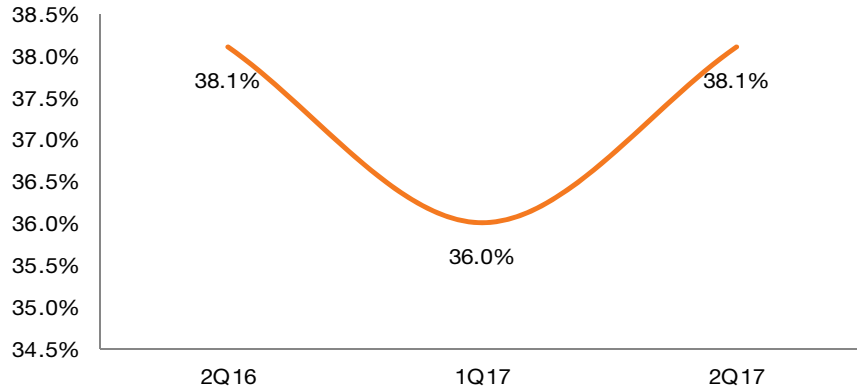
Operating income before cost of credit risk | *half-year*



Banking Business | Focus on efficiency

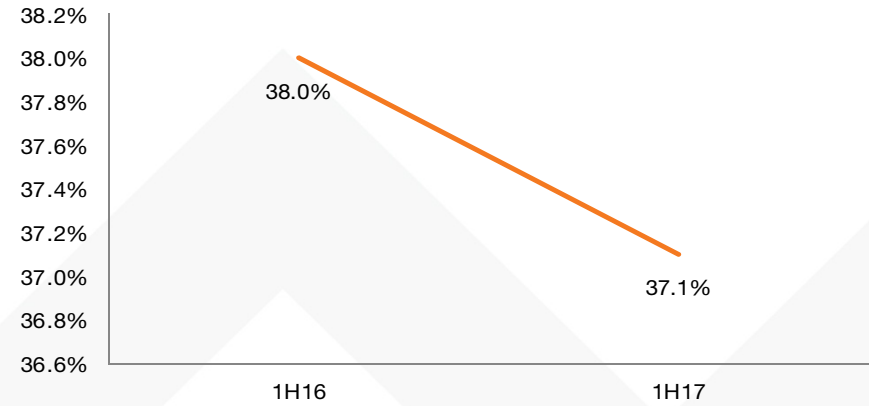
Cost / Income | *quarterly*

Banking Business



Cost / Income | *half-year*

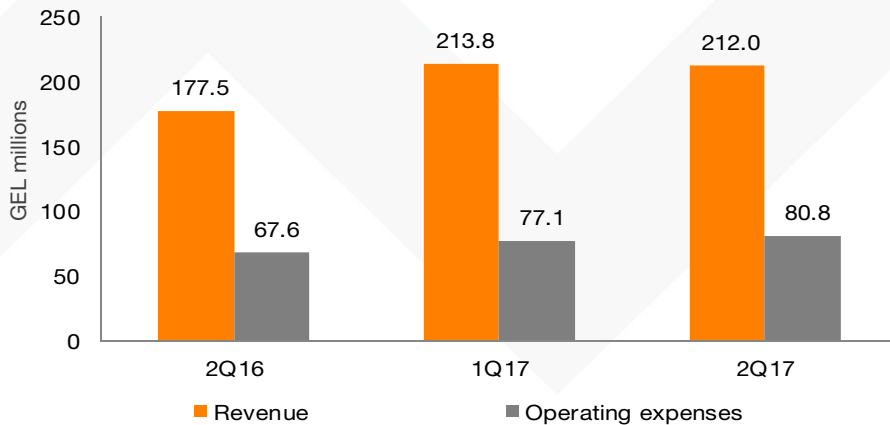
Banking Business



Revenue and operating expenses | *quarterly*

Banking Business

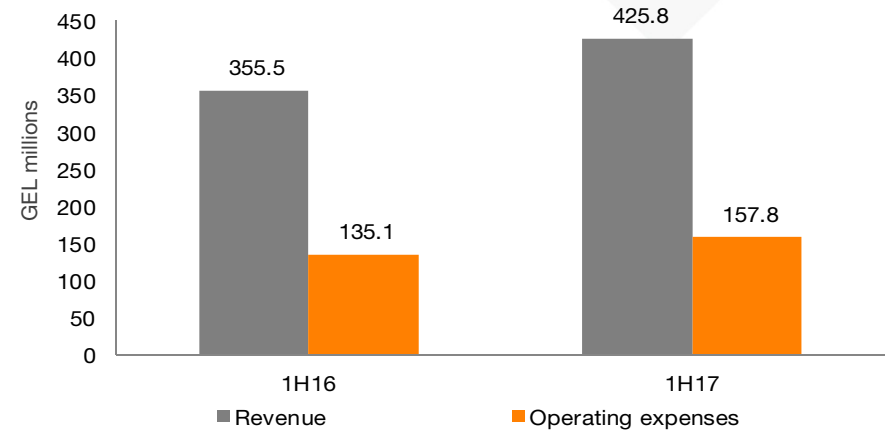
**Operating Leverage: -5.7% q-o-q
-0.1% y-o-y**



Revenue and operating expenses | *half-year*

Banking Business

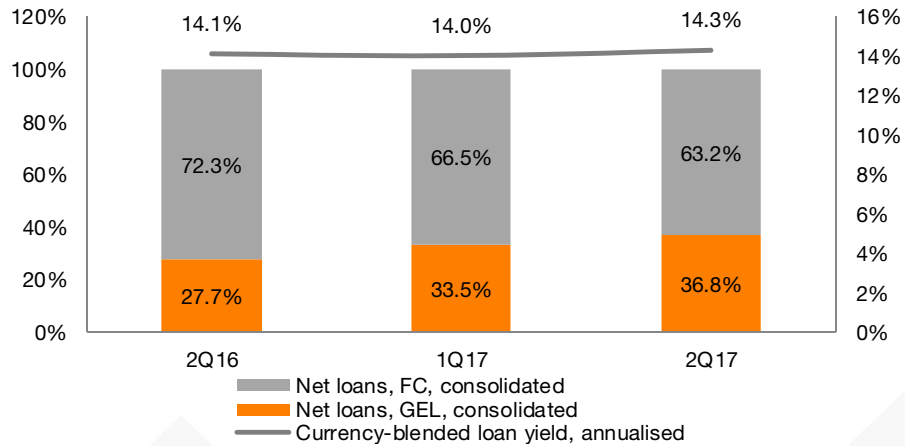
Operating Leverage: +2.9% y-o-y



Banking Business | Growing income notwithstanding the pressure on yields

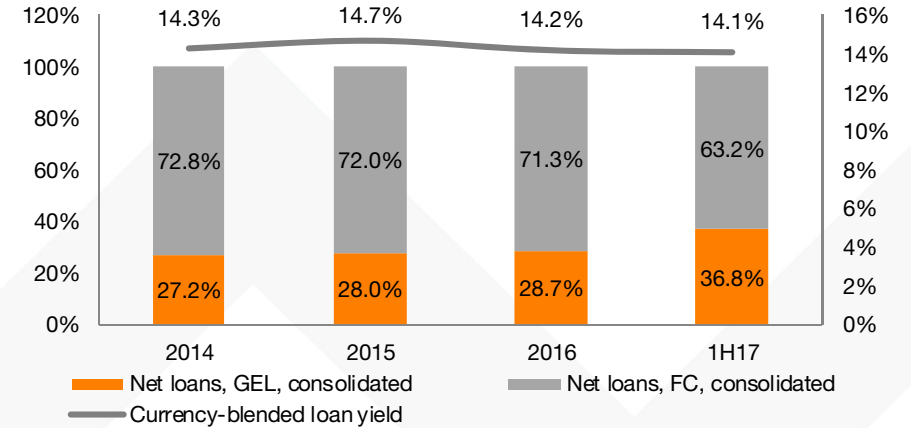
Loan Yields | *quarterly*

Banking Business



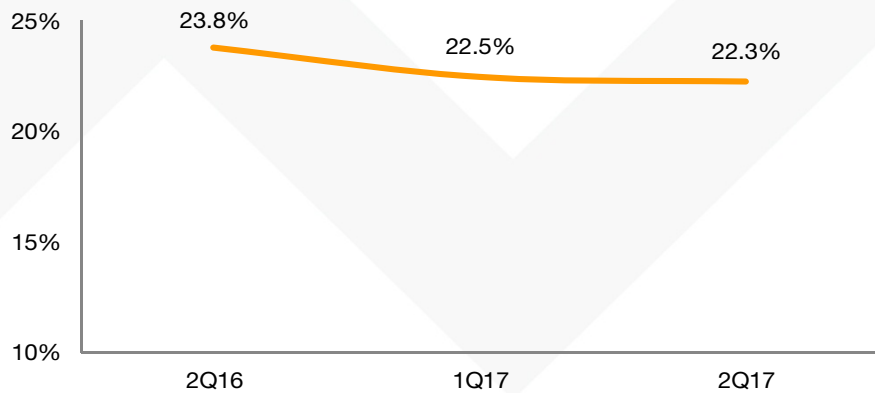
Loan Yields | *annual & half-year*

Banking Business



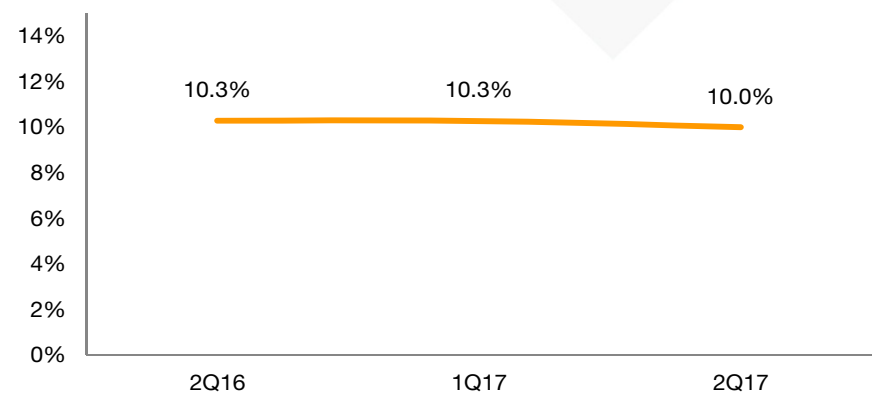
Loan Yields, Local currency | *quarterly*

Banking Business



Loan Yields, Foreign currency | *quarterly*

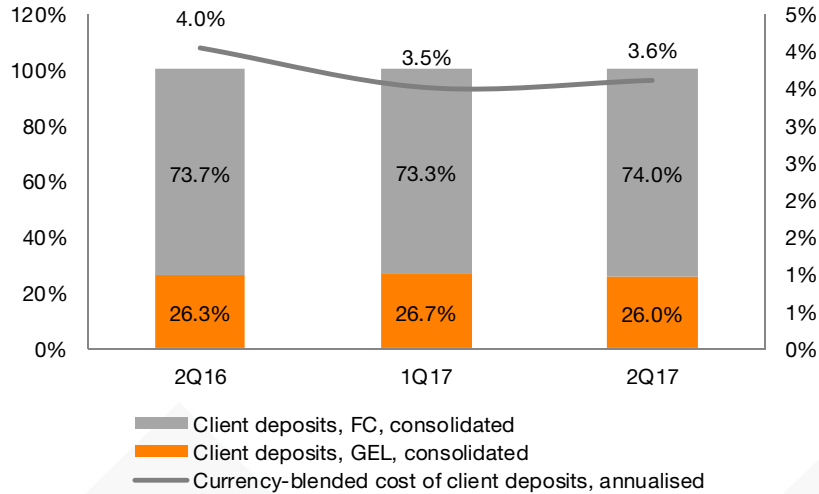
Banking Business



Banking Business | Stable cost of funding

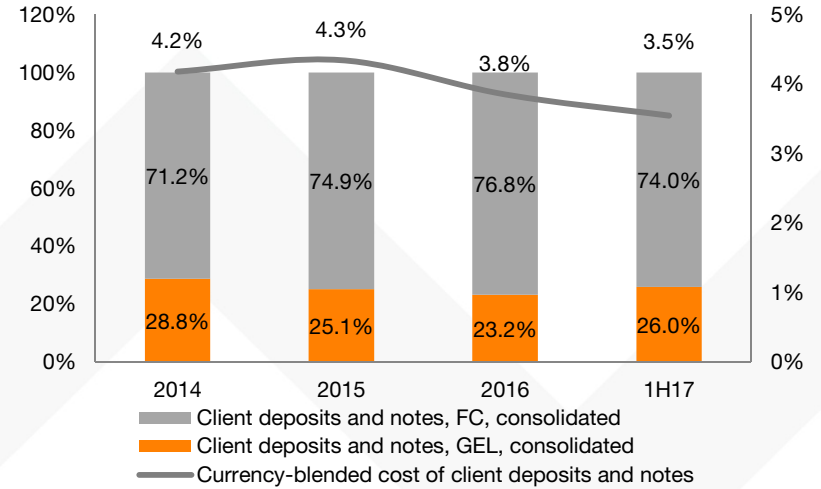
Cost of Customer Funds | quarterly

Banking Business



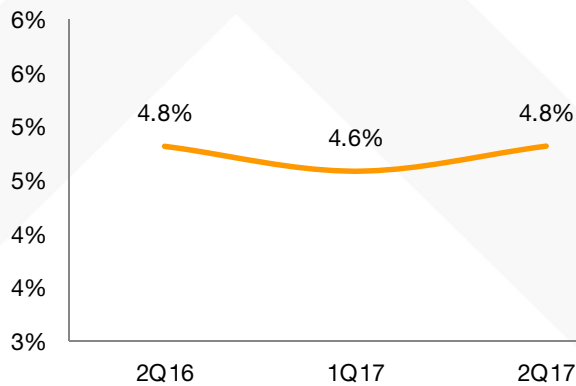
Cost of Customer Funds | annual & half-year

Banking Business



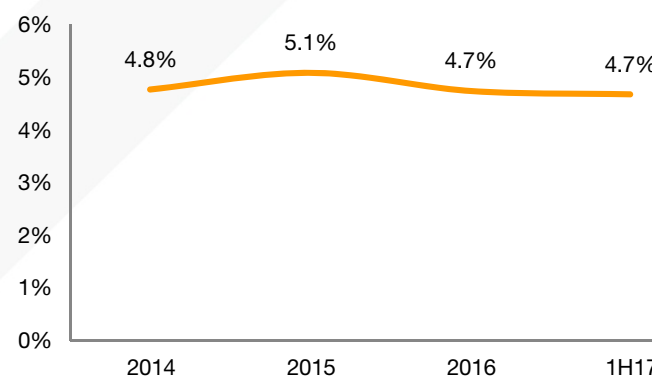
Cost of Funds | quarterly

Banking Business



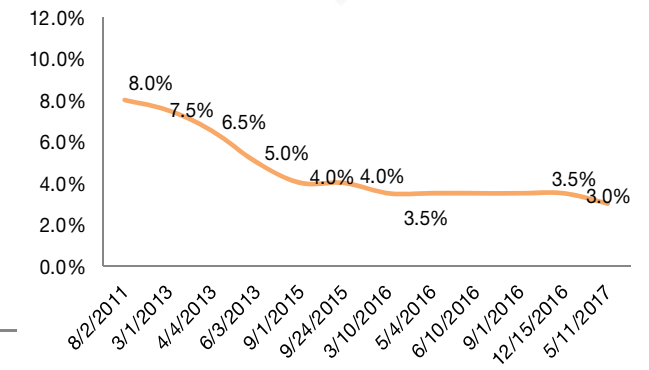
Cost of Funds | annual & half-year

Banking Business



One year US\$ deposit rate *

Banking Business

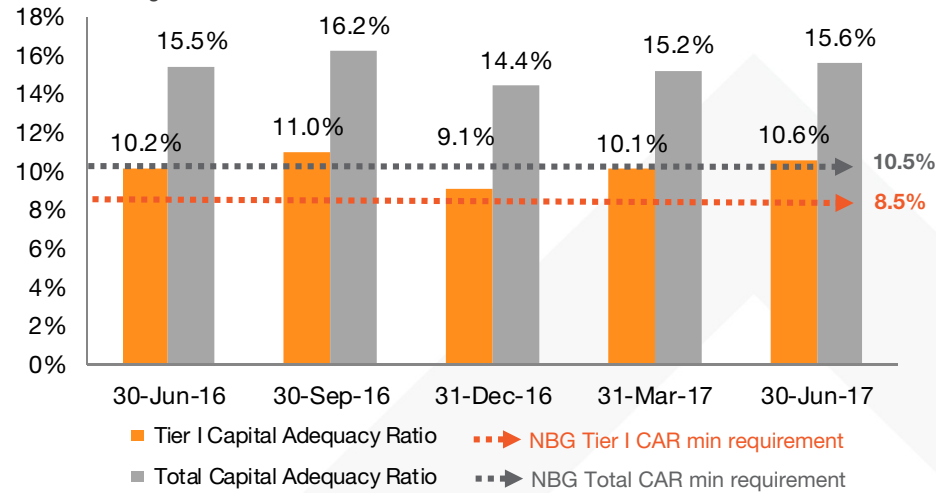


Note*: One year US\$ deposit rates in retail segment

Banking Business | Excellent capital adequacy position

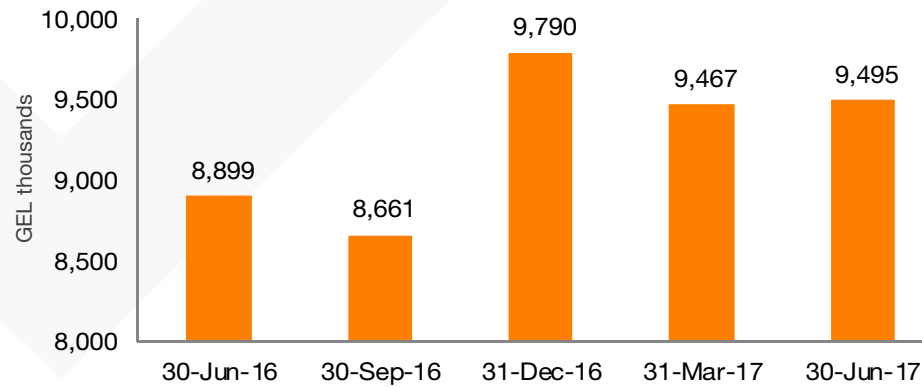
NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



Risk Weighted Assets NBG (Basel 2/3)

JSC Bank of Georgia standalone (BIS 2/3)

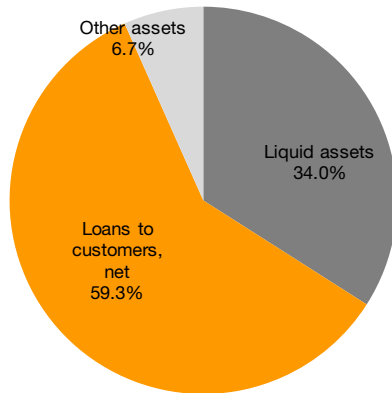


Banking Business | Diversified asset structure and loan portfolio

Total asset structure | 30 June 2017

Banking Business

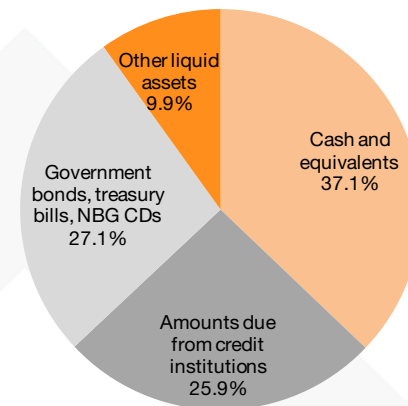
Total: GEL 11.1bln



Liquid assets | 30 June 2017

Banking Business

Total: GEL 3.8bln



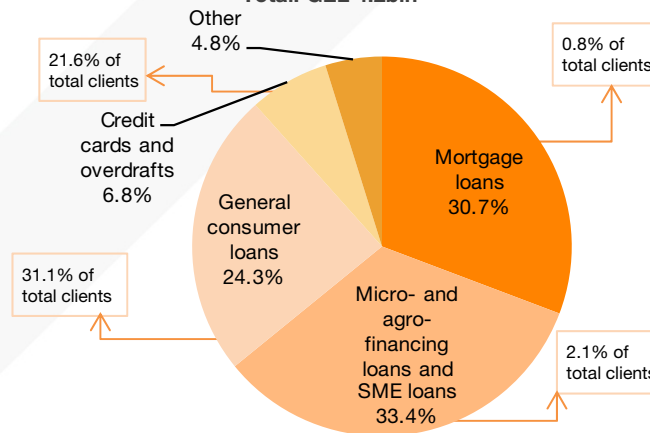
Loans breakdown | 30 June 2017

Banking Business
(excluding BNB)

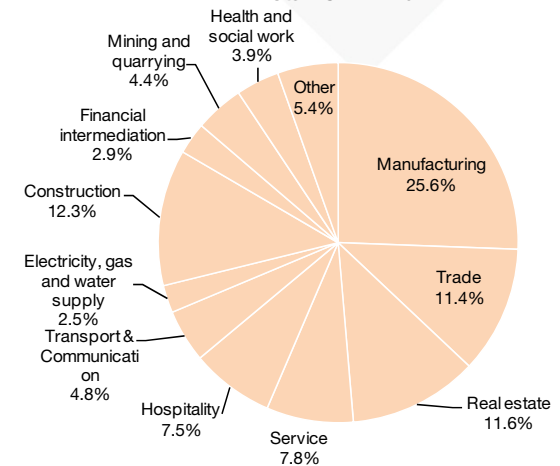
Total Loans
breakdown by segments
Total: GEL 6.4bln



Retail Banking Loans breakdown by product
Total: GEL 4.2bln



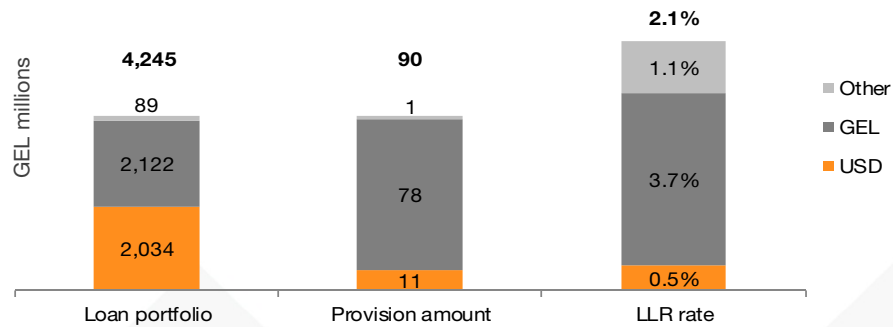
Corporate Investment Banking Loans breakdown by sectors
Total: GEL 2.2bln



Banking Business | US\$ loan portfolio breakdown

Retail Banking | 30 June 2017

Banking Business

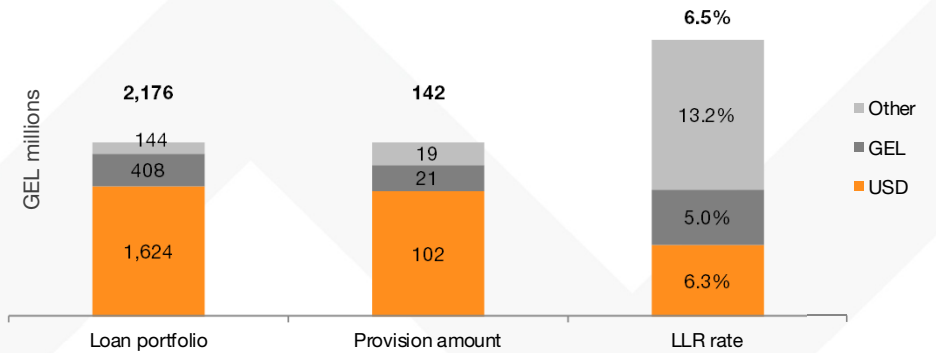


Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL and other currency loans*	2,211	52.1%	243	1,297	671
USD loans with USD income	392	9.2%	192	46	154
USD loans with non-USD income	1,642	38.7%	847	222	573
Total	4,245	100.0%	1,282	1,565	1,398

* Includes credit cards

Corporate Investment Banking | 30 June 2017

Banking Business

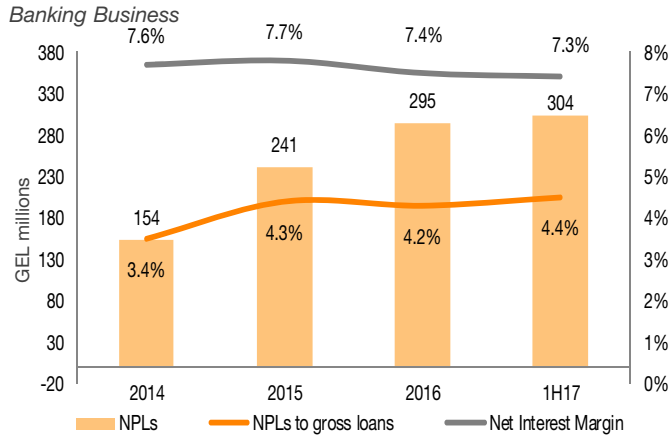


Amounts in GEL millions	CIB Loan portfolio	% of total CIB loan portfolio
GEL and other currency loans*	552	25.4%
USD loans with USD income	1,020	46.9%
USD loans with non-USD income	604	27.8%
Total	2,176	100.0%

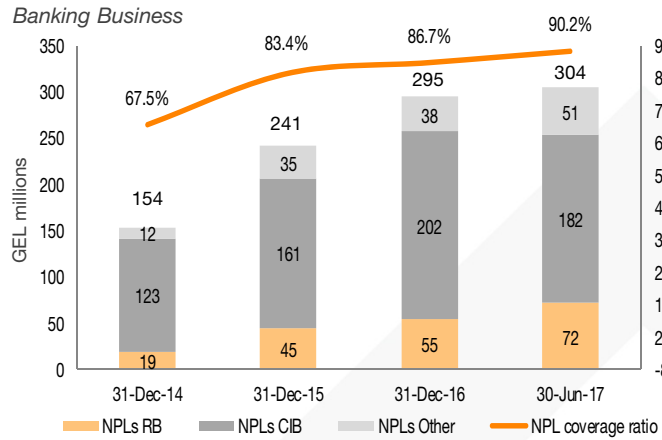
Note: standalone figures received from management accounts

Banking Business | Resilient loan portfolio quality

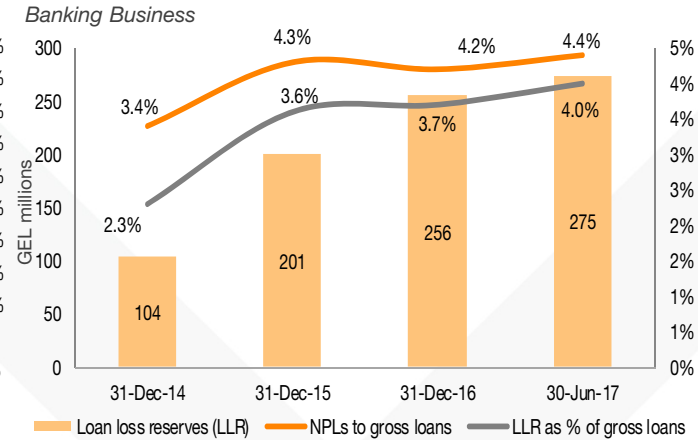
NPLs and NIM



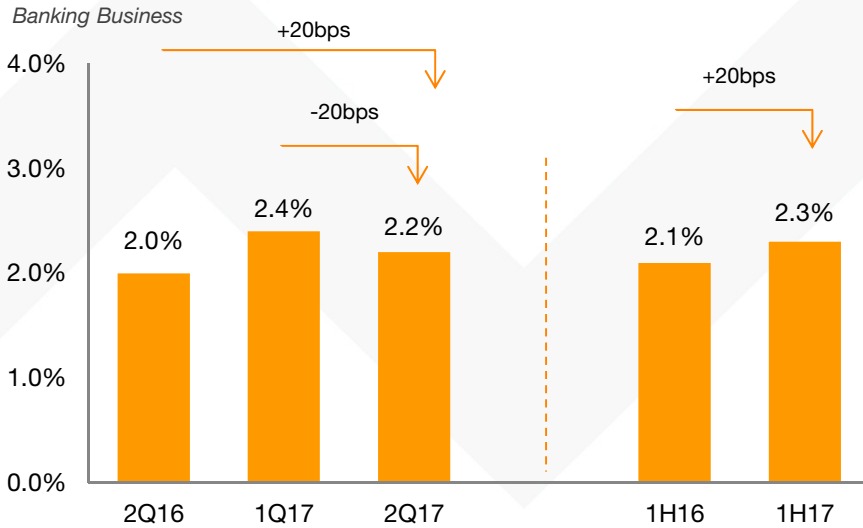
NPL composition



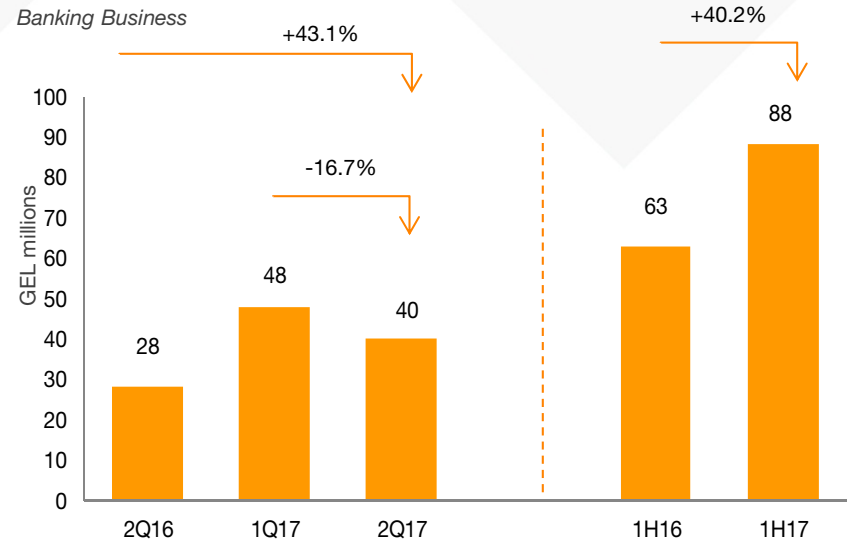
Loan loss reserve



Cost of Risk

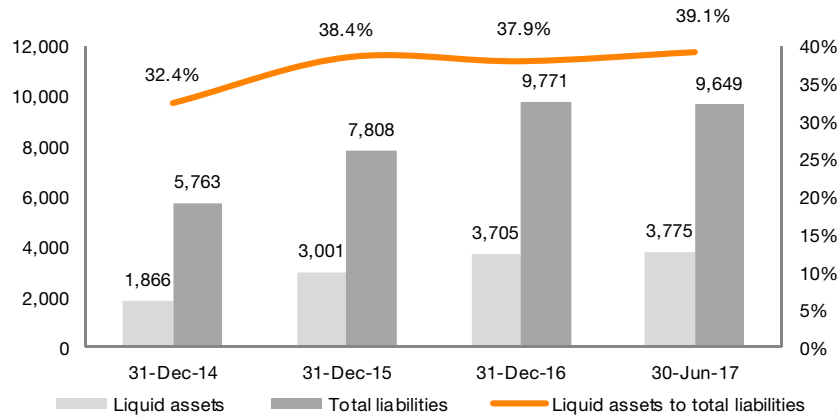


Cost of Credit risk



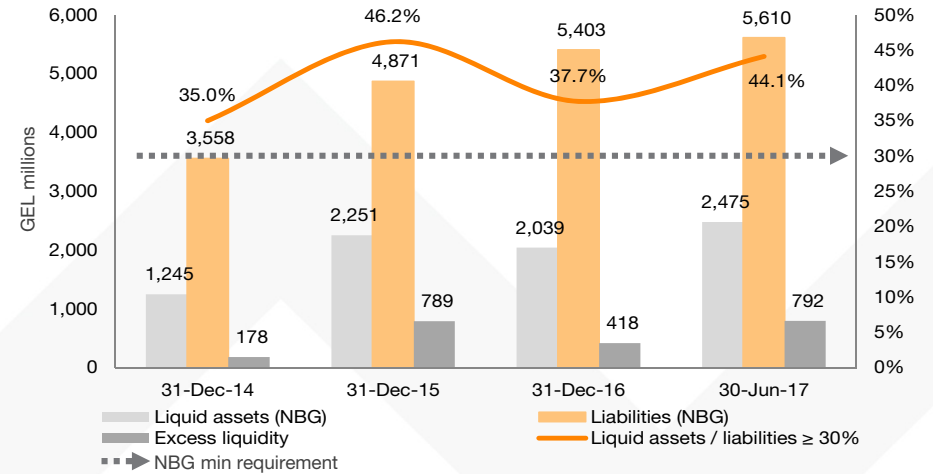
Liquid assets to total liabilities

Banking Business



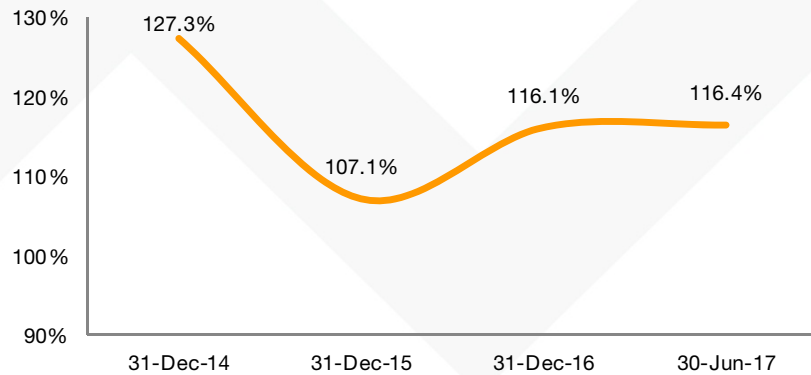
NBG liquidity ratio

BOG standalone



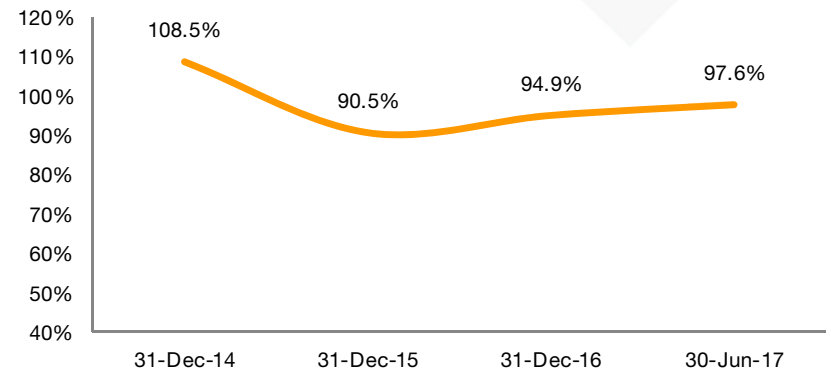
Net loans to customer funds

Banking Business



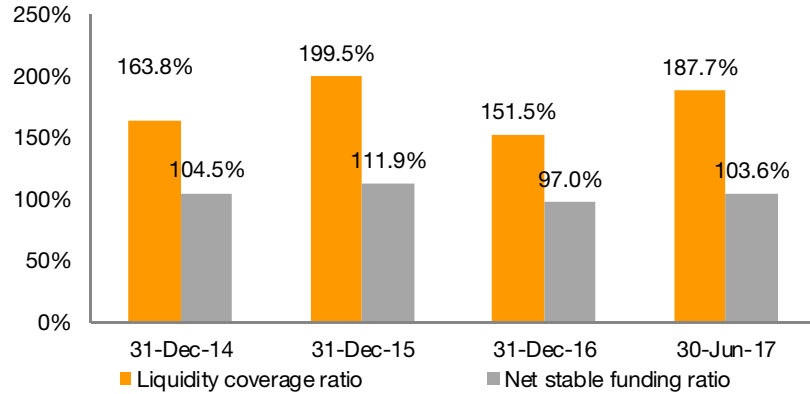
Net loans to customer funds & DFI

Banking Business



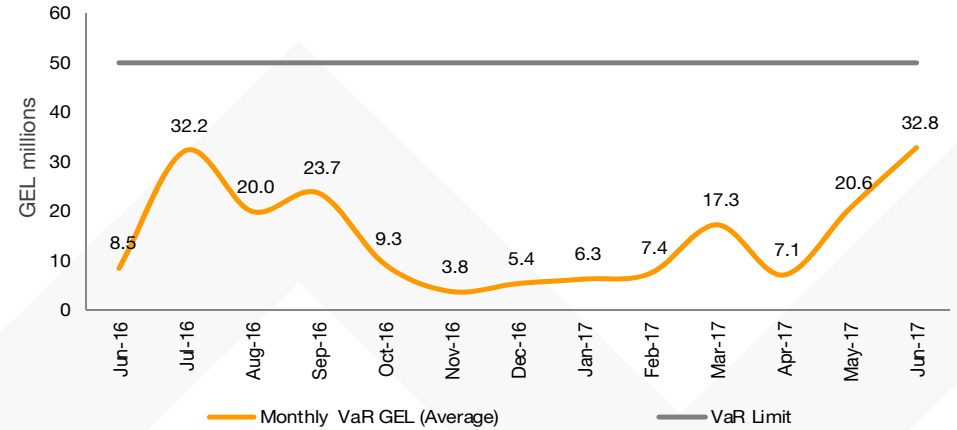
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



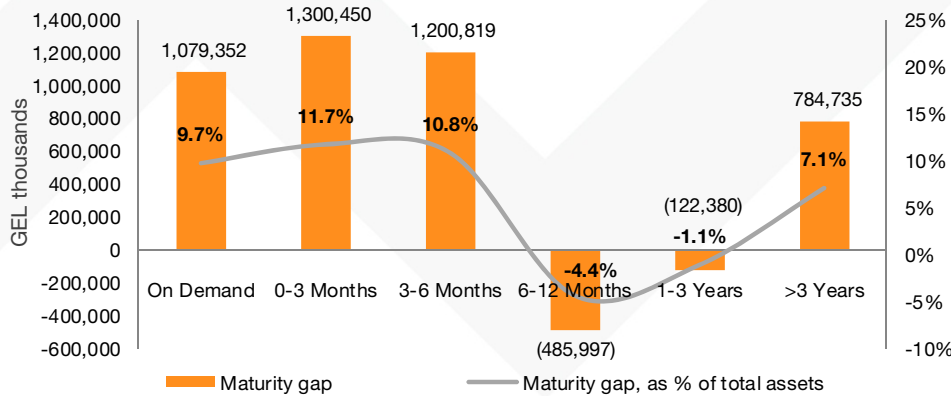
Foreign currency VAR analysis*

JSC Bank of Georgia standalone



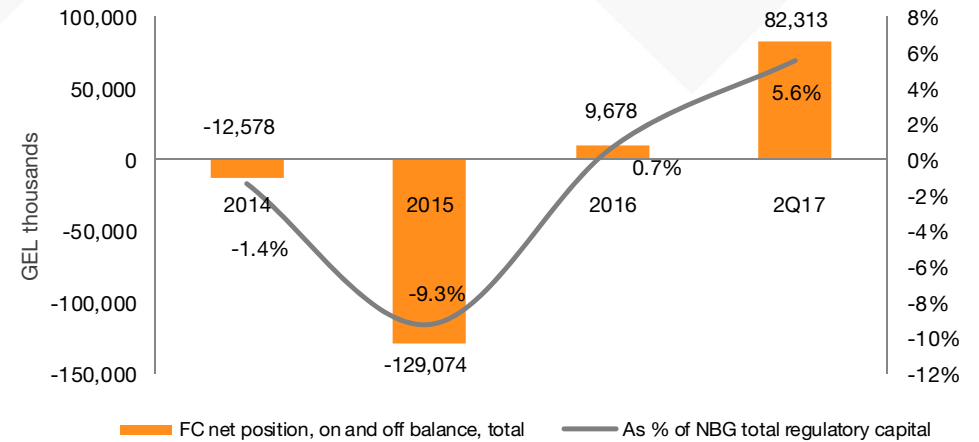
Cumulative maturity gap, 30 June 2017

Banking Business



Open currency position

JSC Bank of Georgia standalone



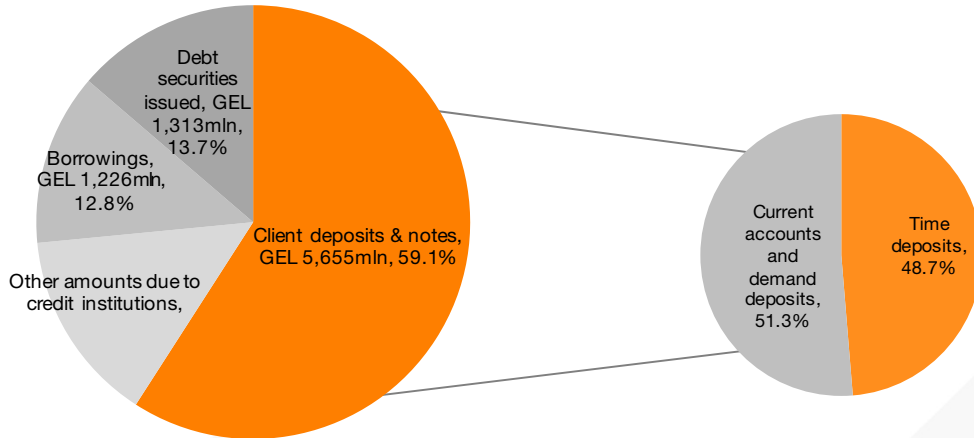
Note*: Daily VaR time series averaged for each respective months

Banking Business | Funding structure is well established

Interest Bearing Liability structure | 30 June 17

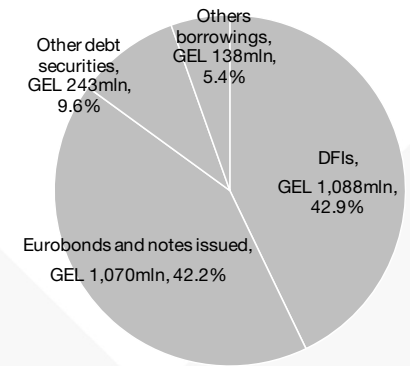
Banking Business

Interest Bearing Liabilities GEL 9.6bn



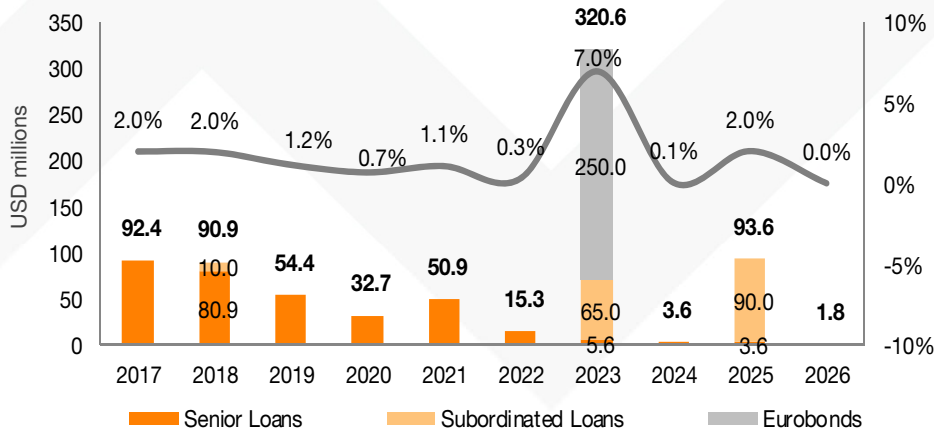
Well diversified international borrowings | 1H17

Banking Business



Borrowed funds maturity breakdown*

Banking Business



Highlights for 1H17



- **Banking Business has a well-balanced funding structure** with 59.1% of interest bearing liabilities coming from client deposits and notes, 11.4% from Developmental Financial Institutions (DFIs) and 11.2% from Eurobonds and notes issued, as of 30 June 2017
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, FMO, DEG, ADB, etc.
- As of 30 June 2017, US\$ 97.2million undrawn facilities from DFIs with up to seven year maturity
- **In July 2016**, BGEO Group issued 7 year, US\$ 350m Eurobonds with 6.00% coupon. Bonds were trading at 5.547%** on 2 August 2017
- **In June 2017**, BOG issued 3 year, GEL 500m local currency international bonds with 11.00% coupon. Bonds were trading at 10.986%** on 2 August 2017

Note*: converted at GEL/US\$ exchange rate of 2.4072 as of 30 June 2017

Note**: as of 2 August 2017 – source: Bloomberg

Retail Banking

Data as at 30 June 2017 for JSC Bank of Georgia standalone

Segments	1  Emerging Retail	2  Mass Retail	3  Mass Affluent	4 MSME Micro, Small and Medium Business
Clients	501 k	1,553 k	25 k	154 k
Loans	GEL 224 mln	GEL 1,607 mln	GEL 944 mln	GEL 1,469 mln
Deposits	GEL 97 mln	GEL 1,214 mln	GEL 988 mln	GEL 314 mln
1H17 Profit	GEL 15 mln	GEL 49 mln	GEL 18 mln	GEL 19 mln
Profit per client (annualised)	GEL 62	GEL 64	GEL 1,641	GEL 291
P/C ratio	3.3	1.7	6.5	1.3
Branches	138	126	11	n/a

Retail Banking financial data

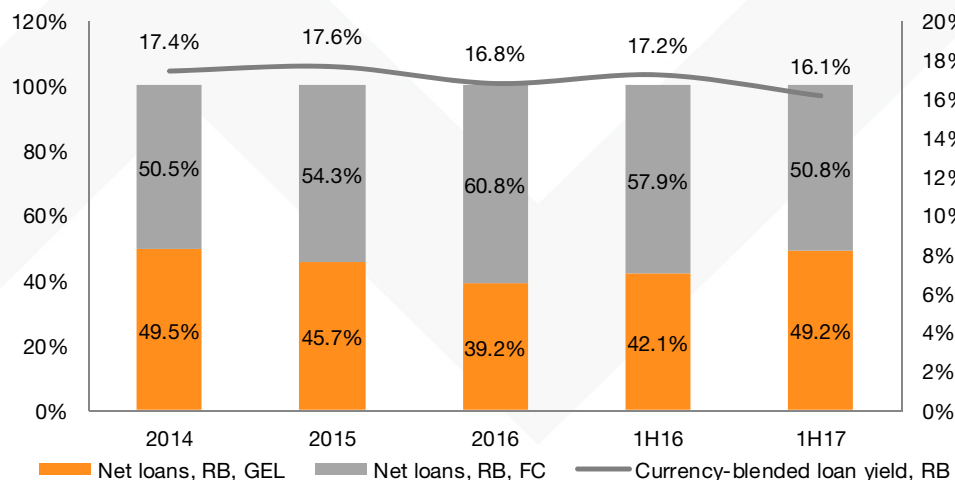
P&L

GEL thousands, unless otherwise noted

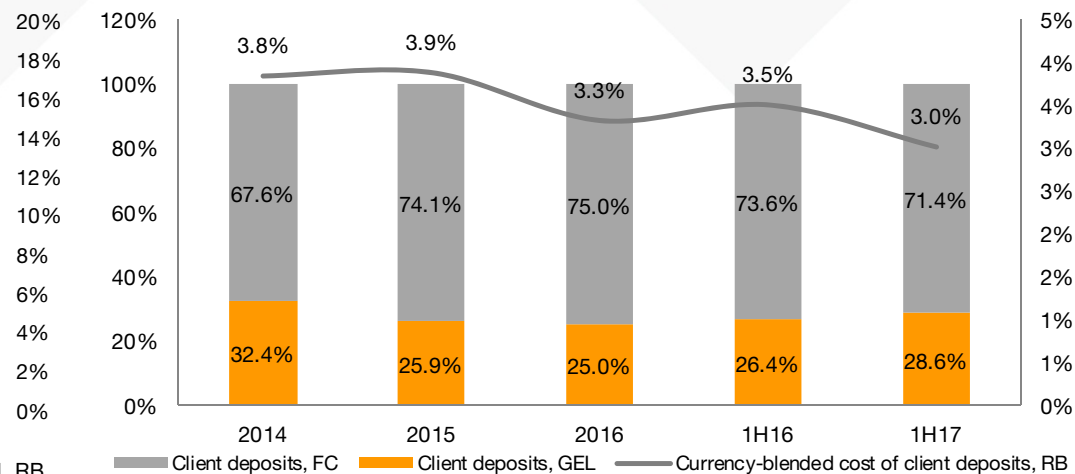
INCOME STATEMENT HIGHLIGHTS

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Net banking interest income	112,575	84,574	33.1%	111,511	1.0%	224,086	167,406	33.9%
Net fee and commission income	23,970	21,742	10.2%	22,245	7.8%	46,215	40,981	12.8%
Net banking foreign currency gain	6,060	5,473	10.7%	6,492	-6.7%	12,552	9,063	38.5%
Net other banking income	(851)	1,035	NMF	982	NMF	131	1,746	-92.5%
Revenue	141,754	112,824	25.6%	141,230	0.4%	282,984	219,196	29.1%
Salaries and other employee benefits	(29,763)	(24,325)	22.4%	(27,865)	6.8%	(57,628)	(47,932)	20.2%
Administrative expenses	(16,084)	(12,756)	26.1%	(16,835)	-4.5%	(32,919)	(27,277)	20.7%
Banking depreciation and amortisation	(8,644)	(7,597)	13.8%	(7,991)	8.2%	(16,634)	(14,981)	11.0%
Other operating expenses	(511)	(393)	30.0%	(475)	7.6%	(988)	(888)	11.3%
Operating expenses	(55,002)	(45,071)	22.0%	(53,166)	3.5%	(108,169)	(91,078)	18.8%
Profit from associate	394	-	NMF	514	-23.3%	909	-	NMF
Operating income before cost of credit risk	87,146	67,753	28.6%	88,578	-1.6%	175,724	128,118	37.2%
Cost of credit risk	(31,746)	(17,543)	81.0%	(33,687)	-5.8%	(65,433)	(35,727)	83.1%
Profit before non-recurring items and income tax	55,400	50,210	10.3%	54,891	0.9%	110,291	92,391	19.4%
Net non-recurring items	(760)	(31,819)	-97.6%	(482)	57.7%	(1,242)	(32,379)	-96.2%
Profit before income tax	54,640	18,391	197.1%	54,409	0.4%	109,049	60,012	81.7%
Income tax (expense) benefit	(1,776)	28,702	NMF	(3,592)	-50.6%	(5,368)	24,858	NMF
Profit	52,864	47,093	12.3%	50,817	4.0%	103,681	84,870	22.2%

Loan Yield

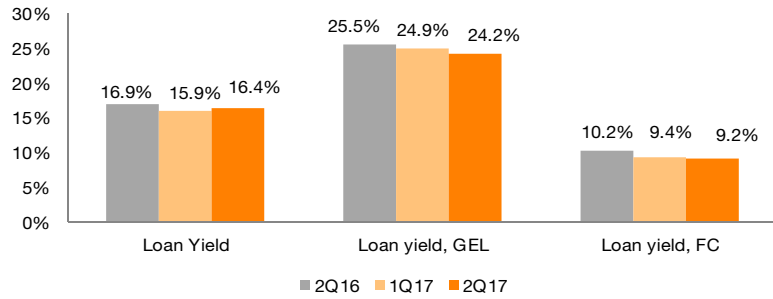


Deposit Cost

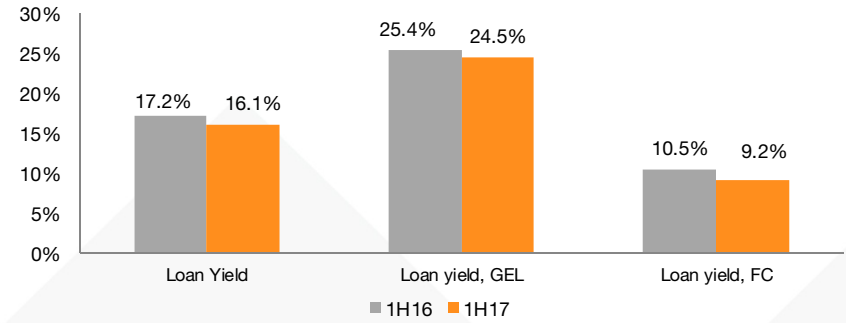


Retail Banking | Loan yield, cost of deposits & NIM

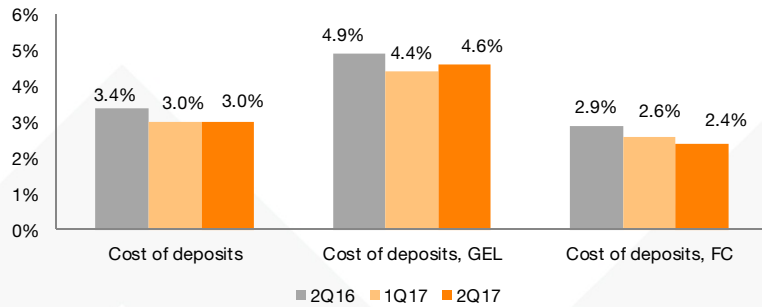
RB Loan Yield | quarterly



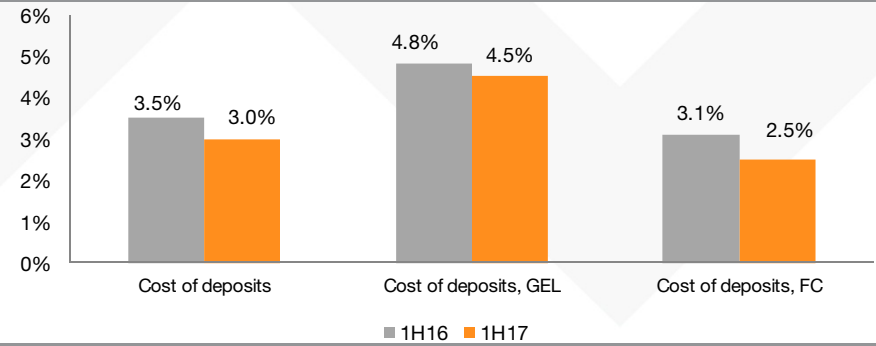
RB Loan Yield | half-year



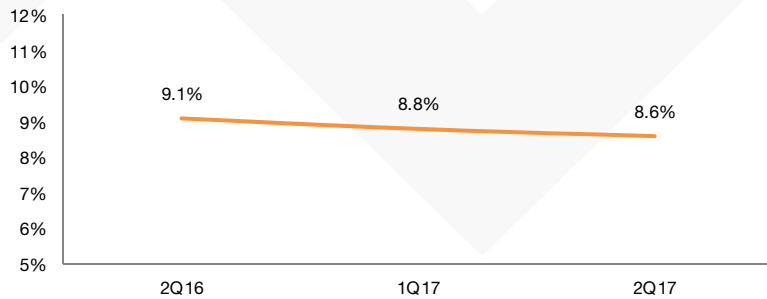
RB Cost of Deposit | quarterly



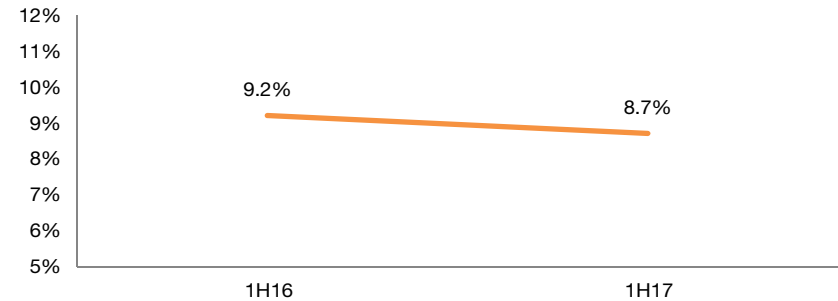
RB Cost of Deposit | half-year



RB NIM | quarterly



RB NIM | half-year



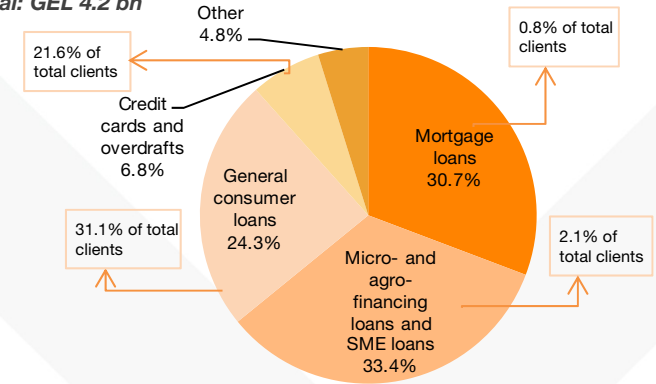
Retail Banking | Leading retail bank in Georgia

RB Client Data

Operating Data, GEL mln	1H17	% of clients	2016	2015	2014
Number of total Retail clients, of which:	2,231,977	-	2,141,229	1,999,869	1,451,777
Number of Solo clients ("Premier Banking")	24,984	1.1%	19,267	11,869	7,971
Consumer loans & other outstanding, volume	1,261	-	1,104	836	692
Consumer loans & other outstanding, number	694,408	31.1%	647,441	625,458	526,683
Mortgage loans outstanding, volume	1,282	-	1,228	809	601
Mortgage loans outstanding, number	18,928	0.8%	16,300	12,857	11,902
Micro & SME loans outstanding, volume	1,398	-	1,346	904	666
Micro & SME loans outstanding, number	46,726	2.1%	36,379	19,045	16,246
Credit cards and overdrafts outstanding, volume	305	-	291	306	135
Credit cards and overdrafts outstanding, number	481,726	21.6%	442,487	435,010	199,543
Credit cards outstanding, number, of which:	775,438	34.7%	800,621	754,274	116,615
American Express cards	85,583	3.8%	79,567	100,515	110,362

RB Portfolio breakdown

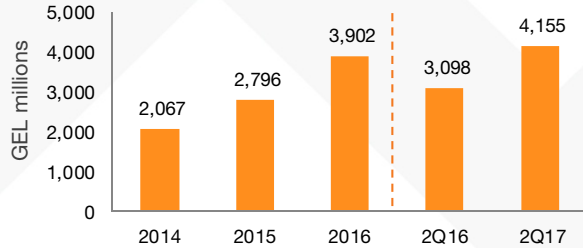
Loans by products Total: GEL 4.2 bn



RB Loans

RB

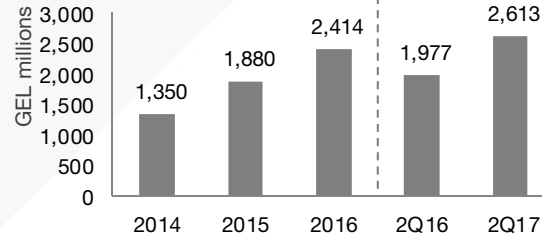
Loans growth:
+34.1% y-o-y
in 1H17



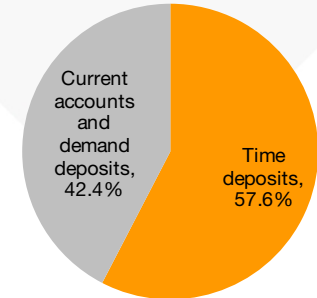
RB Deposits

RB

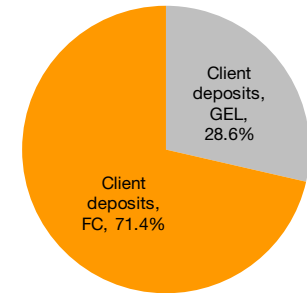
Deposits growth:
+32.2% y-o-y
in 1H17



Deposits by category Total: GEL 2.6 bn



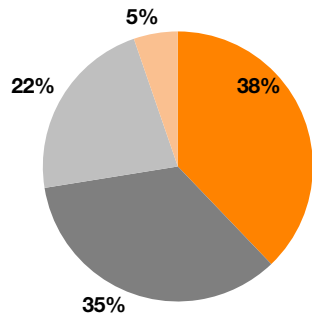
Deposits by currency Total: GEL 2.6 bn



Retail Banking financial data, as at 30 June 2017

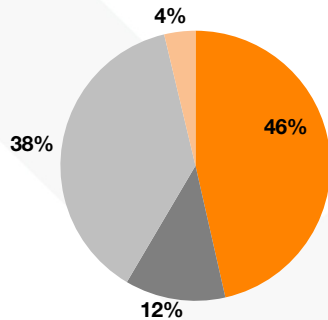
Balance sheet data

JSC Bank of Georgia Standalone



Total Loans
GEL 4,245mln

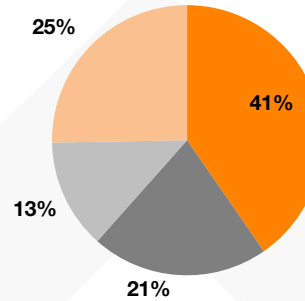
- Mass Retail (GEL 1,607mln)
- MSME (GEL 1,469mln)
- Solo (GEL 944mln)
- Express Bank (GEL 224mln)



Total Deposits
GEL 2,613mln

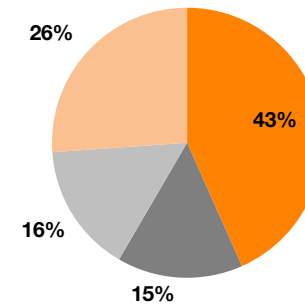
- Mass Retail (GEL 1,214mln)
- MSME (GEL 314mln)
- Solo (GEL 988mln)
- Express Bank (GEL 97mln)

Income statement data



Net Interest Income
GEL 223mln

- Mass Retail (GEL 90mln)
- MSME (GEL 47mln)
- Solo (GEL 29mln)
- Express Bank (GEL 57mln)



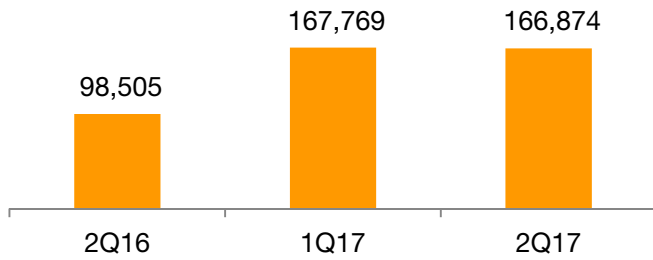
Net Fee & Commission Income
GEL 39mln

- Mass Retail (GEL 17mln)
- MSME (GEL 6mln)
- Solo (GEL 6mln)
- Express Bank (GEL 10mln)

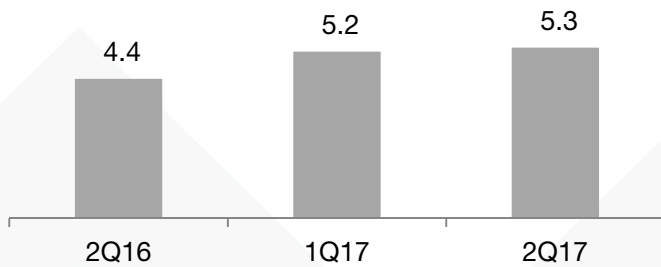
Retail Banking | Digital penetration

Internet Banking

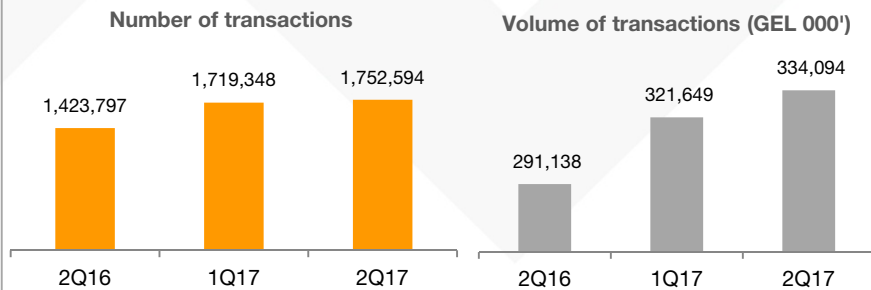
Number of Active Users



Number of log-ins (in millions)

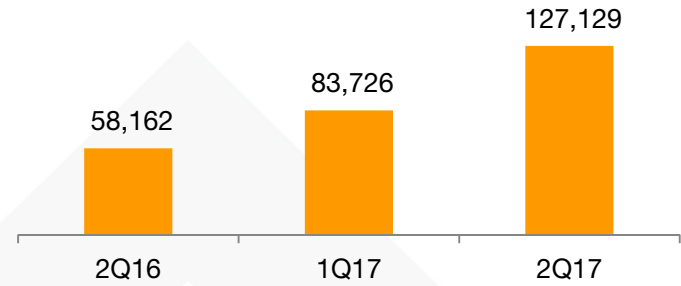


Transactions

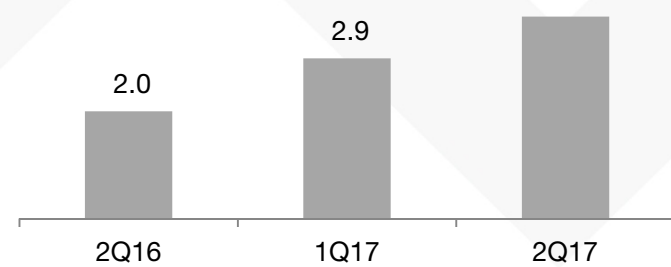


Mobile Banking

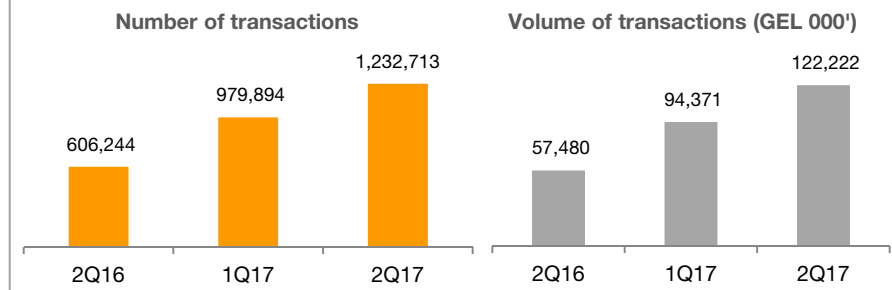
Number of Active Users



Number of log-ins (in millions)



Transactions

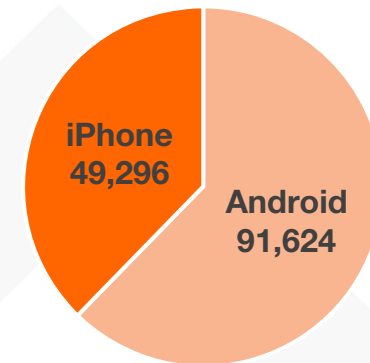


Retail Banking | mBank, new mobile banking application

- Launched on 29 May 2017
- **754,970** transactions executed since launch (incl. transfers and currency exchanges)
 - **529,835** payments made by logged-in clients
 - **10,989** payments made on pre-login page; 9% made with non-BOG cards

mBank downloads since 29 May 2017

140,920



Corporate Investment Banking financial data

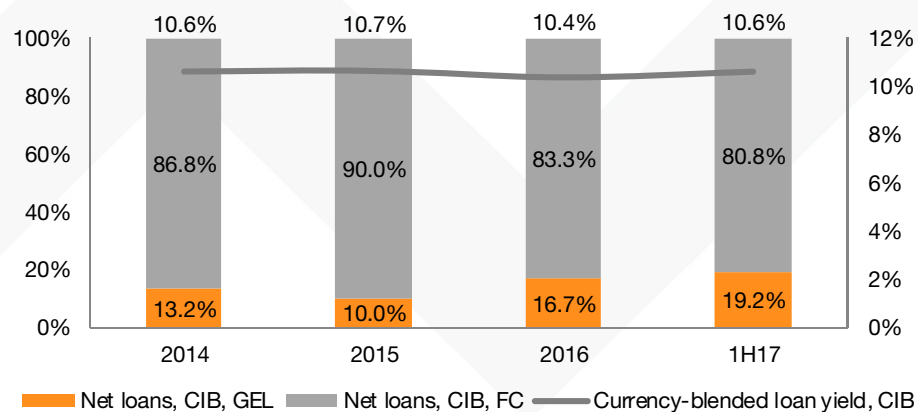
P&L

GEL thousands, unless otherwise noted

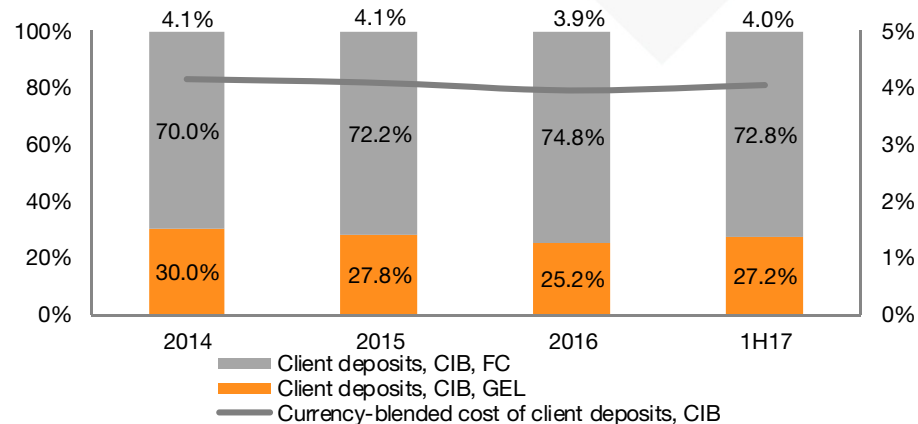
INCOME STATEMENT HIGHLIGHTS

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Net banking interest income	37,133	35,233	5.4%	37,949	-2.2%	75,082	73,483	2.2%
Net fee and commission income	5,301	6,129	-13.5%	5,666	-6.4%	10,967	13,150	-16.6%
Net banking foreign currency gain	10,409	8,921	16.7%	11,429	-8.9%	21,839	20,289	7.6%
Net other banking income	1,929	1,822	5.9%	2,259	-14.6%	4,187	4,408	-5.0%
Revenue	54,772	52,105	5.1%	57,303	-4.4%	112,075	111,330	0.7%
Salaries and other employee benefits	(12,974)	(11,357)	14.2%	(12,346)	5.1%	(25,319)	(22,512)	12.5%
Administrative expenses	(3,516)	(3,692)	-4.8%	(3,535)	-0.5%	(7,051)	(7,047)	0.1%
Banking depreciation and amortisation	(1,263)	(1,304)	-3.1%	(1,217)	3.8%	(2,480)	(2,576)	-3.7%
Other operating expenses	(188)	(226)	-16.8%	(157)	19.7%	(346)	(457)	-24.3%
Operating expenses	(17,941)	(16,579)	8.2%	(17,255)	4.0%	(35,196)	(32,592)	8.0%
Operating income before cost of credit risk	36,831	35,526	3.7%	40,048	-8.0%	76,879	78,738	-2.4%
Cost of credit risk	(5,030)	(9,348)	-46.2%	(8,699)	-42.2%	(13,729)	(23,486)	-41.5%
Profit before non-recurring items and income tax	31,801	26,178	21.5%	31,349	1.4%	63,150	55,252	14.3%
Net non-recurring items	(259)	(14,537)	-98.2%	(1,155)	-77.6%	(1,414)	(15,393)	-90.8%
Profit before income tax	31,542	11,641	171.0%	30,194	4.5%	61,736	39,859	54.9%
Income tax (expense) benefit	(1,053)	12,808	NMF	(1,912)	-44.9%	(2,965)	10,121	NMF
Profit	30,489	24,449	24.7%	28,282	7.8%	58,771	49,980	17.6%

Loan Yield



Deposit Cost

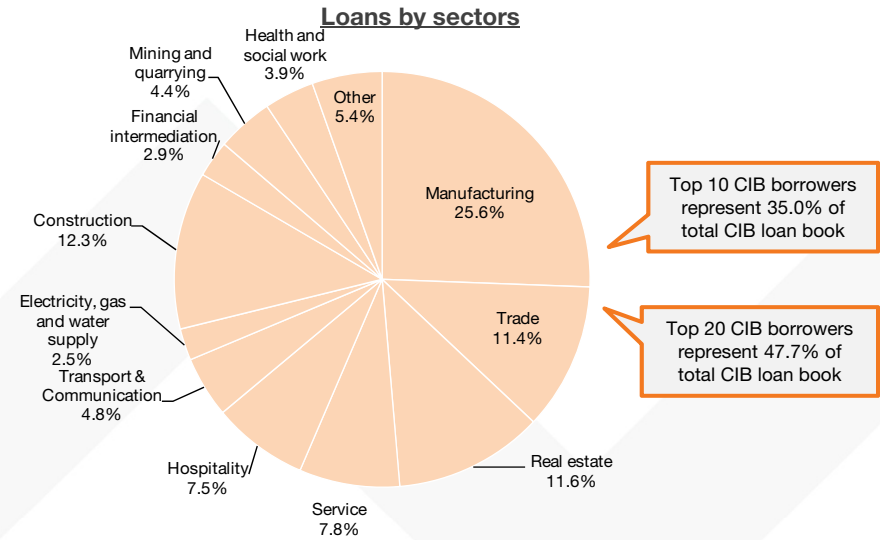


Corporate Investment Banking loan book & deposits

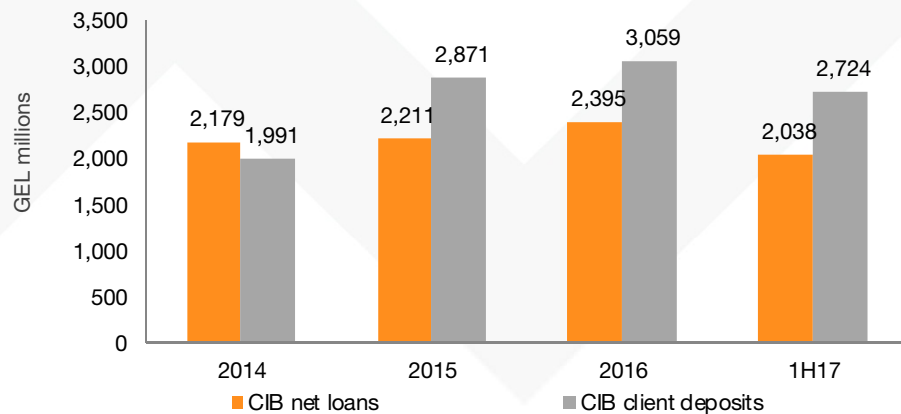
Highlights

- Leading corporate bank in Georgia
- Integrated client coverage in key sectors
 - c.2,382 clients served by dedicated relationship bankers

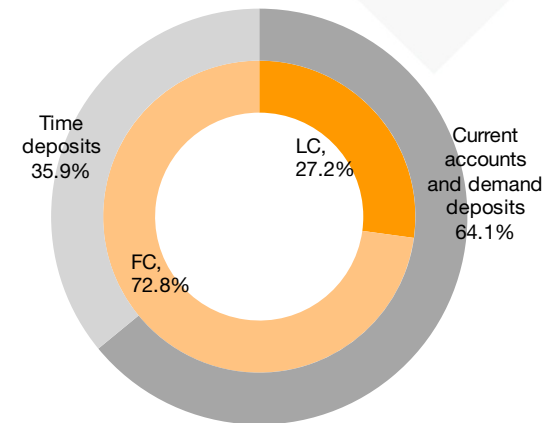
Portfolio breakdown, 30 June 2017



Loans & Deposits

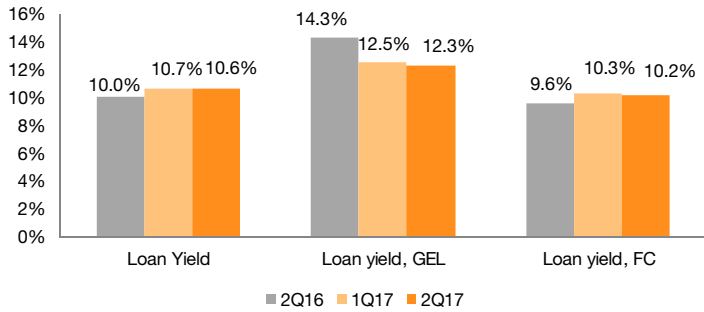


Deposits by category

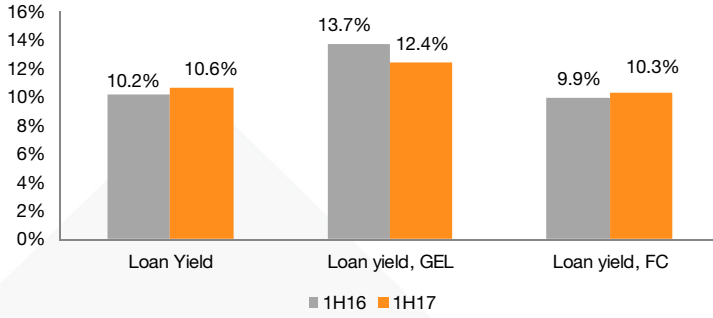


Corporate Investment Banking | Loan yield, cost of deposits & NIM

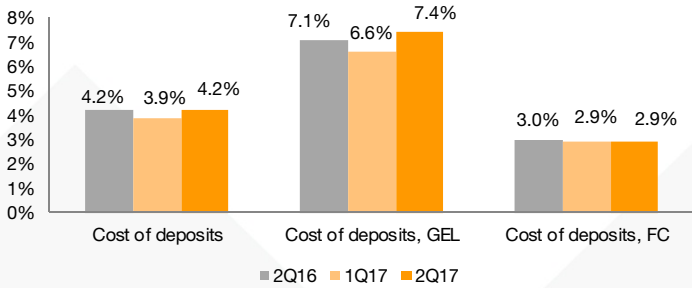
CIB Loan Yield | quarterly



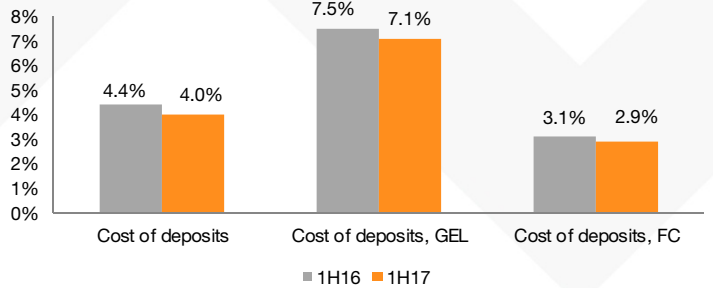
CIB Loan Yield | half-year



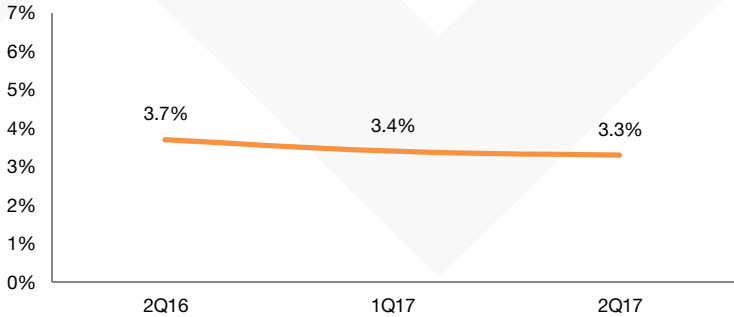
CIB Cost of Deposit | quarterly



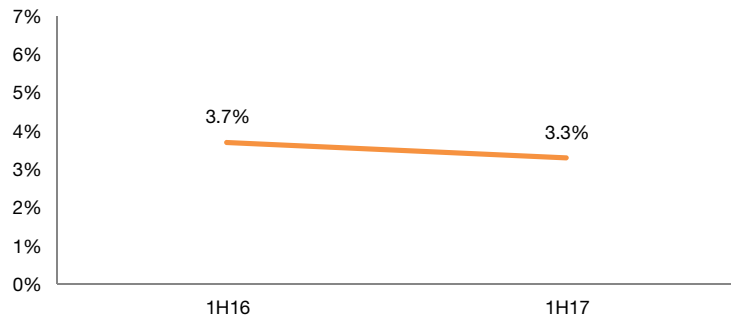
CIB Cost of Deposit | half-year



CIB NIM | quarterly



CIB NIM | half-year



Investment Management | Unrivalled platform for profitable growth

1

Wealth Management

- **Strong international presence:** Israel (since 2008), UK (2010), Hungary (2012) and Turkey (2013). Planned expansion – Cyprus
- **AUM of GEL 1,683 million**, up 29.3% y-o-y
- **Diversified funding sources:**
 - Georgia 34%
 - Israel 12%
 - UK 4%
 - Germany 2%
 - Other 48%

4

Brokerage

- **Wide product coverage**



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

Investment Management

2

Research

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



3

Corporate Advisory

- **Bond placement**
 - In June 2017 G&T acted as a co-manager of Bank of Georgia's inaugural GEL 500mln Lari denominated international bond issuance
 - In June 2017 G&T acted as a placement agent of GEL 108mln local bonds due 2020 of International Finance Corporation
 - In July 2017 G&T acted as a placement agent for Evex Medical Corporation, a subsidiary of Georgia Healthcare Group, facilitating private placement of GEL 90mln local bonds due 2022
 - In August 2017 G&T acted as a placement agent for Georgian Water and Power facilitating private placement of GEL 40mln local bonds
- **Corporate advisory platform**
 - Team with sector expertise and international M&A experience
 - Proven track record of more than 15 completed transactions over the past 8 years.

WM CLIENTS

BOG & GEORGIA

INTERNATIONAL ASSETS



GEORGIA

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

BANK OF GEORGIA



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

Eq Eq Eq CFD Fu C Fx Fx Bo



- Equities
- Fixed Income
- CFDs
- Other



CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
Georgian Macro Overview	97
Appendices	118

Investment Business results highlights

P&L Highlights

<i>GEL thousands unless otherwise noted</i>	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Gross insurance profit	10,010	9,287	7.8%	10,785	-7.2%	20,795	16,582	25.4%
Gross healthcare and pharmacy profit	51,333	30,832	66.5%	52,342	-1.9%	103,675	57,123	81.5%
Gross real estate profit	22,914	2,427	NMF	2,974	NMF	25,889	8,413	207.7%
Gross utility and energy profit	22,032	-	NMF	17,527	25.7%	39,559	-	-
Gross other investment profit	13,794	3,097	NMF	4,286	NMF	18,079	6,996	158.4%
Revenue	120,083	45,643	163.1%	87,914	36.6%	207,997	89,114	133.4%
Operating expenses	(53,590)	(22,207)	141.3%	(44,987)	19.1%	(98,576)	(39,086)	152.2%
Operating income before cost of credit risk / EBITDA	66,493	23,436	183.7%	42,927	54.9%	109,421	50,028	118.7%
Profit from associates	212	1,952	-89.1%	-	NMF	211	3,818	-94.5%
Depreciation and amortisation of investment business	(12,787)	(4,949)	158.4%	(11,470)	11.5%	(24,257)	(10,068)	140.9%
Net foreign currency gain (loss) from investment business	(64)	(2,583)	-97.5%	6,529	NMF	6,465	(3,396)	NMF
Interest income from investment business	3,513	790	NMF	2,997	17.2%	6,512	2,433	167.7%
Interest expense from investment business	(15,515)	(3,933)	NMF	(12,328)	25.9%	(27,846)	(6,832)	NMF
Operating income before cost of credit risk	41,852	14,713	184.5%	28,655	46.1%	70,506	35,983	95.9%
Cost of credit risk	(2,629)	(1,422)	84.9%	(1,226)	114.4%	(3,852)	(2,725)	41.4%
Profit before non-recurring items and income tax	39,223	13,291	195.1%	27,429	43.0%	66,654	33,258	100.4%
Net non-recurring items	(1,691)	(2,394)	-29.4%	(1,676)	0.9%	(3,369)	390	NMF
Profit before income tax expense	37,532	10,897	244.4%	25,753	45.7%	63,285	33,648	88.1%
Income tax (expense) benefit	(1,236)	28,587	NMF	(707)	74.8%	(1,943)	26,310	NMF
Profit	36,296	39,484	-8.1%	25,046	44.9%	61,342	59,958	2.3%
Earnings per share (basic)	0.80	0.62	28.2%	0.47	70.9%	1.27	1.02	23.7%
Earnings per share (diluted)	0.77	0.62	22.8%	0.45	69.5%	1.22	1.02	18.8%

Balance Sheet Highlights

<i>GEL thousands unless otherwise noted</i>	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Liquid assets	549,425	308,750	78.0%	537,226	2.3%
Cash and cash equivalents	349,166	251,557	38.8%	359,628	-2.9%
Amounts due from credit institutions	152,634	53,444	185.6%	174,248	-12.4%
Investment securities	47,625	3,749	NMF	3,350	NMF
Property and equipment	1,112,486	525,239	111.8%	1,055,550	5.4%
Total assets	2,528,807	1,557,071	62.4%	2,417,249	4.6%
Amounts due to credit institutions	538,534	163,730	NMF	532,573	1.1%
Borrowings from DFI	255,438	33,827	NMF	233,456	9.4%
Loans and deposits from commercial banks	283,096	129,903	117.9%	299,117	-5.4%
Debt securities issued	319,033	79,136	NMF	335,773	-5.0%
Total liabilities	1,430,877	703,571	103.4%	1,353,401	5.7%
Total equity	1,097,930	853,500	28.6%	1,063,848	3.2%

BGEO Investments strategy – background

Opportunities in corporate sector in Georgia

Big opportunities with small capital commitments

Scarcity of available investment funds in Georgia

Access to capital is limited in a small frontier economy like Georgia on capital markets or institutional investors

Opportunities to add value through better management

BGEO Investments is best positioned to create value



Leading investment platform with in-depth country knowledge



Strong management skills with proven track record

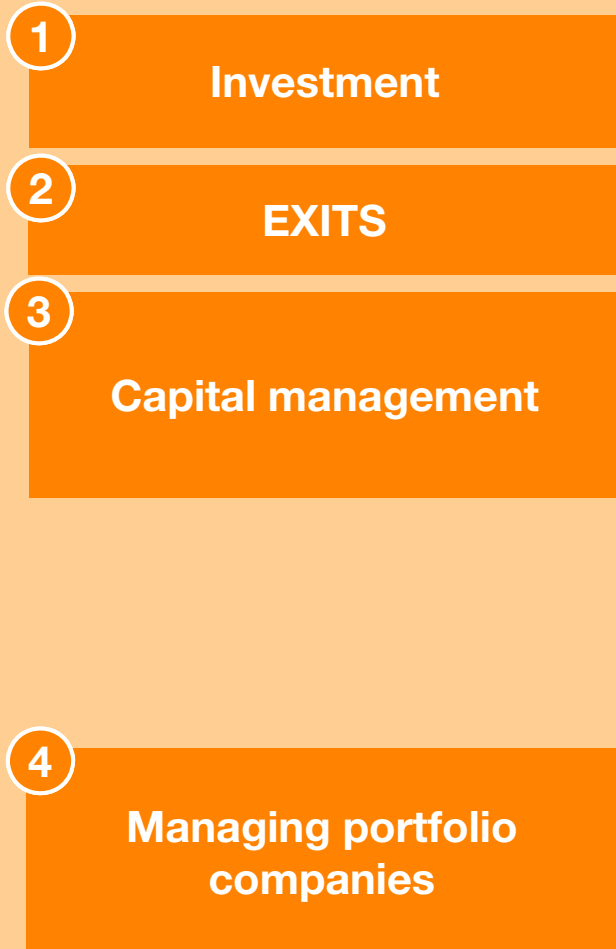


Access to capital



Strong corporate governance

We are a Georgia focused investment platform targeting minimum IRR of 25%



- **Highly disciplined approach** to unlock value through opportunistic investments – buying cheap and selling at a profit
- Majority ownership or minority with clear path to majority

- **Clear exit paths** through IPO or trade sale in 5-10 years

- Share buybacks to be considered in case of discount to NAV
- Exit linked cash dividends to be considered in large exit cases
- GHG and Bank of Georgia shares could be used as an investment currency
- The following items to be considered as part of investment decision making process:
 - Buyback option
 - Valuation of Bank of Georgia, GHG as well as other Georgian listed companies
 - Sell down choice between Bank of Georgia and GHG shares

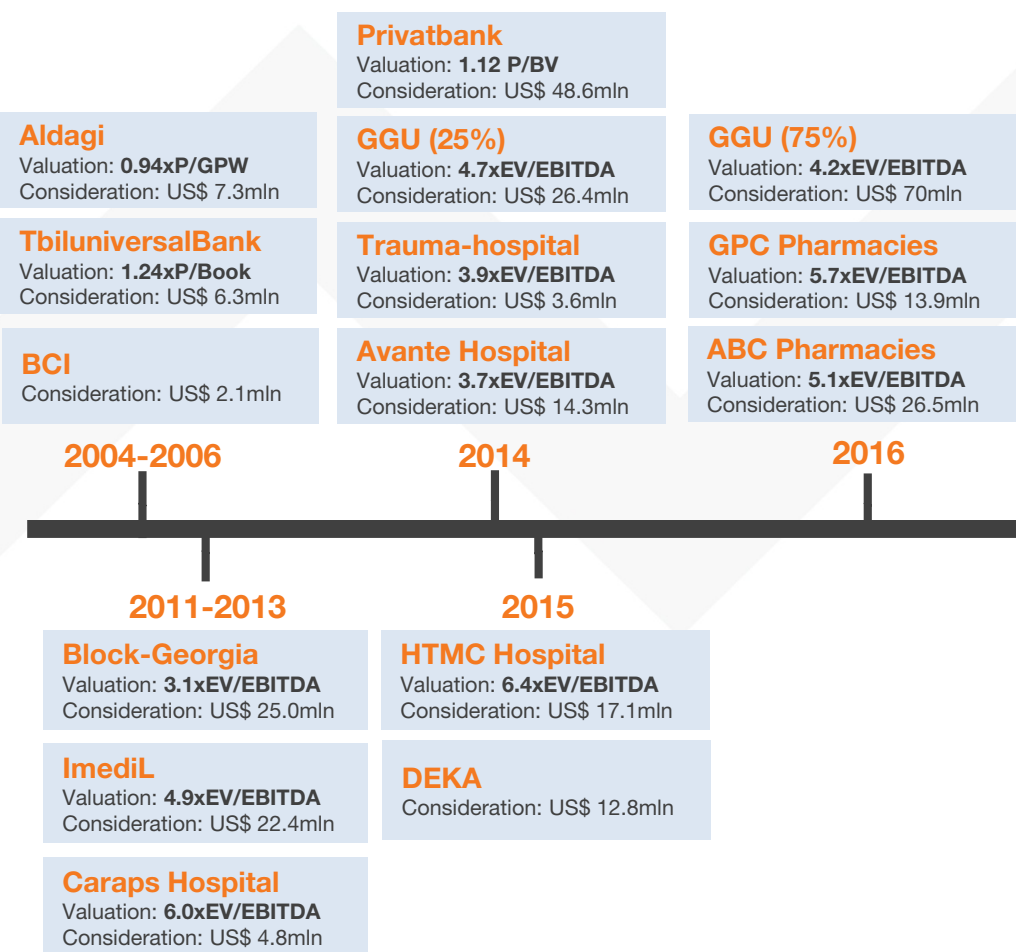
- Hands-on management approach to the non-public companies at early stage of their development
- Mentoring/coaching approach for management of more mature / larger companies
- Board participation (if needed) in publicly held companies

Track record of acquisitions

We make opportunistic and disciplined acquisitions

- **We have been opportunistic and disciplined when investing, by buying cheaply and in small ticket sizes**
- For us buying assets cheaply is the first and most important postulate in our investment strategy
 - When considering an acquisition, we look at multiples of listed peers in the same sector and apply at least a 40% discount
- Georgia is a small frontier economy and access to capital is limited. It is difficult to find liquidity for any single asset worth more than US\$10 million, given that owners of assets are often asset rich but cash poor
 - Georgia's GDP has grown on average 12% in nominal terms over the past 10 years and local businesses have been reinvesting over that time to stay competitive
- By investing in small ticket sizes we will be far away from betting the house
- Only when and if we get comfortable with the sector, we would allow ourselves to increase the ticket size of the investment, like we did in case of GHG and GGU
- Our dividend policy has been the natural self-discipline mechanism for our investment decisions

(Selected acquisitions)

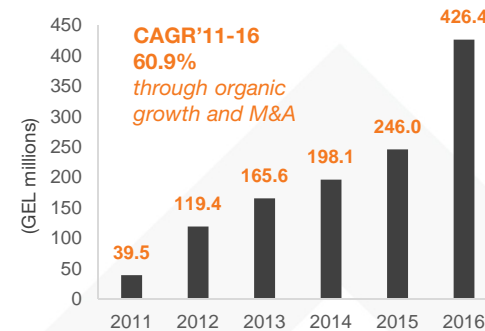


Track record of growth

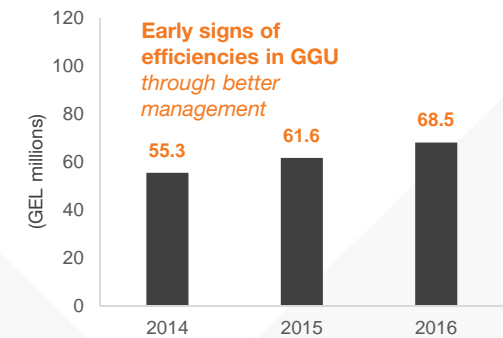
Getting our hands dirty and growing our businesses

- **We strongly believe that any investee company and/or sector in which we invest in should be large and scalable**
 - Our sweet spot is 30% market share in any given sector – enough scale to be efficient and competitive, while not being overly dominant to attract the attention of regulators
- We like large, but fragmented, sectors to have an opportunity to consolidate them – like we are doing in the healthcare sector. We also like natural monopolies like GGU
- Achieving superior economies of scale in a small frontier economy is an essential part of success. We believe it actually significantly diminishes the risk of failure
- **Getting things done is the single most important task for our executives. No matter how great our strategy is, we strongly believe that execution is the key**

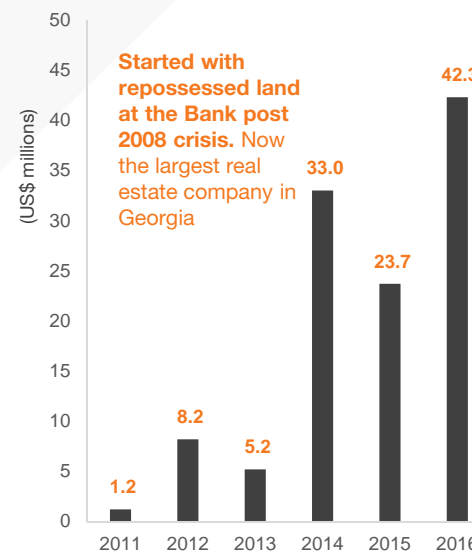
GHG Revenue



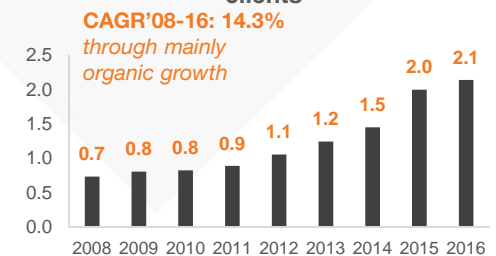
GGU EBITDA



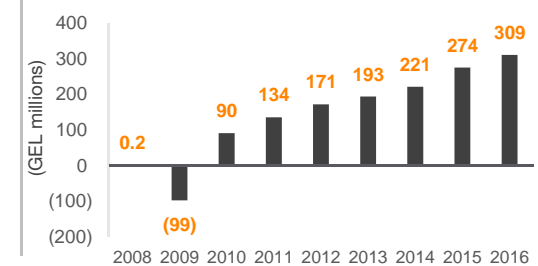
m² Revenue



Bank of Georgia number of retail clients



Banking Business Profit*

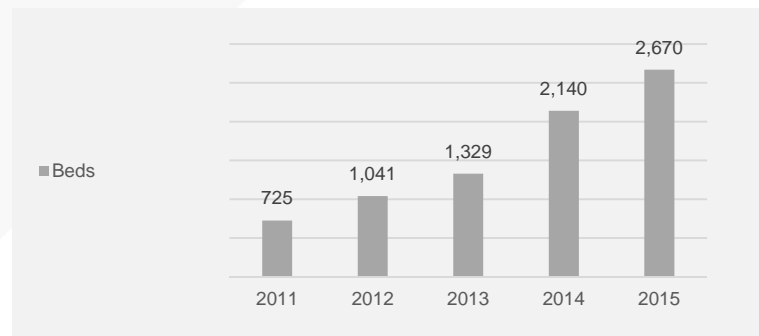
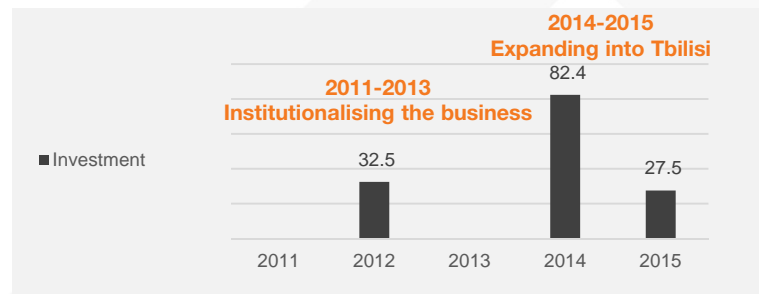
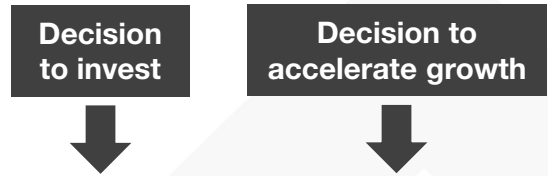


Track record of value creation

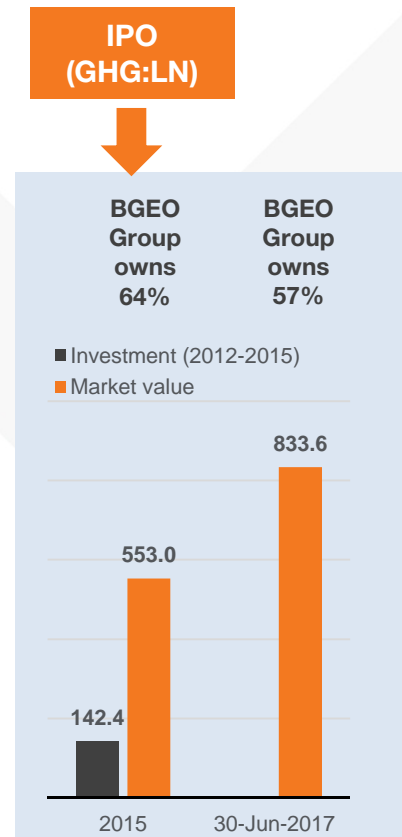
GHG roadmap - creating single largest healthcare player

- In order for our strategy to work we need to be disciplined in unlocking the value of companies in which we invest and manage
- Taking companies public is our preferred option for exit, as it is our intention to give our shareholders an opportunity to participate

Investment and growth



Value creation



CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
• Georgia Healthcare Group (GHG)	
Georgian Macro Overview	97
Appendices	118

P&L

<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Revenue, gross	184,601	101,673	81.6%	186,447	-1.0%	371,048	174,249	112.9%
Corrections & rebates	(660)	(724)	-8.8%	(623)	5.9%	(1,283)	(1,134)	13.1%
Revenue, net	183,941	100,949	82.2%	185,824	-1.0%	369,765	173,115	113.6%
Revenue from healthcare services	65,940	58,055	13.6%	65,725	0.3%	131,665	118,096	11.5%
Revenue from pharmacy	110,942	30,691	NMF	111,399	-0.4%	222,341	30,691	NMF
Net insurance premiums earned	13,410	15,298	-12.3%	13,965	-4.0%	27,375	29,128	-6.0%
Eliminations	(6,351)	(3,095)	105.2%	(5,265)	20.6%	(11,616)	(4,800)	142.0%
Costs of services	(130,247)	(67,395)	93.3%	(129,746)	0.4%	(259,993)	(111,546)	133.1%
Cost of healthcare services	(37,652)	(31,399)	19.9%	(37,777)	-0.3%	(75,429)	(64,397)	17.1%
Cost of pharmacy	(84,822)	(25,059)	NMF	(84,408)	0.5%	(169,230)	(25,059)	NMF
Cost of insurance services	(12,718)	(13,989)	-9.1%	(12,734)	-0.1%	(25,452)	(26,836)	-5.2%
Eliminations	4,945	3,052	62.0%	5,173	-4.4%	10,118	4,746	113.2%
Gross profit	53,694	33,554	60.0%	56,078	-4.3%	109,772	61,569	78.3%
Salaries and other employee benefits	(18,424)	(9,229)	99.6%	(17,728)	3.9%	(36,152)	(16,152)	123.8%
General and administrative expenses	(11,400)	(6,705)	70.0%	(13,352)	-14.6%	(24,752)	(9,268)	167.1%
Impairment of receivables	(1,003)	(1,236)	-18.9%	(1,121)	-10.5%	(2,124)	(2,216)	-4.2%
Other operating income	3,229	497	549.7%	1,182	173.2%	4,411	78	NMF
EBITDA	26,096	16,882	54.6%	25,059	4.1%	51,155	34,011	50.4%
EBITDA healthcare services	18,295	17,160	6.6%	16,819	8.8%	35,114	34,988	0.4%
EBITDA pharmacy	8,921	554	NMF	8,686	2.7%	17,607	554	NMF
EBITDA insurance services	(781)	(832)	NMF	(444)	NMF	(1,225)	(1,531)	NMF
Eliminations	(342)	-	NMF	-	NMF	(342)	-	NMF
<i>EBITDA Margin healthcare services</i>	<i>27.5%</i>	<i>29.2%</i>		<i>25.3%</i>		<i>26.4%</i>	<i>29.3%</i>	
<i>EBITDA Margin pharmacy</i>	<i>8.0%</i>	<i>1.8%</i>		<i>7.8%</i>		<i>7.9%</i>	<i>1.8%</i>	
Depreciation and amortisation	(6,481)	(4,581)	41.5%	(5,872)	10.4%	(12,353)	(9,046)	36.6%
Net interest expense	(7,828)	(3,469)	125.7%	(7,119)	10.0%	(14,947)	(5,125)	191.6%
Net gain/(loss) from foreign currencies	986	(1,964)	-150.2%	2,778	-64.5%	3,764	(2,224)	NMF
Net non-recurring expense	(1,478)	(586)	152.2%	(1,792)	NMF	(3,270)	(816)	NMF
Profit before income tax expense	11,295	6,282	79.8%	13,054	-13.5%	24,349	16,800	44.9%
Income tax (expense) / benefit	(88)	26,920	-100.3%	(19)	NMF	(107)	28,425	NMF
<i>of which: Deferred tax adjustments</i>	<i>-</i>	<i>27,113</i>		<i>-</i>		<i>-</i>	<i>29,311</i>	
Profit for the period	11,207	33,202	-66.2%	13,035	-14.0%	24,242	45,225	-46.4%
Attributable to:								
- shareholders of the Company	6,172	27,755	-77.8%	8,832	-30.1%	15,004	37,676	-60.2%
- non-controlling interests	5,035	5,447	-7.6%	4,203	19.8%	9,238	7,549	22.4%
<i>of which: Deferred tax adjustments</i>	<i>-</i>	<i>4,705</i>		<i>-</i>		<i>-</i>	<i>5,057</i>	

Balance Sheet

GEL thousands; unless otherwise noted

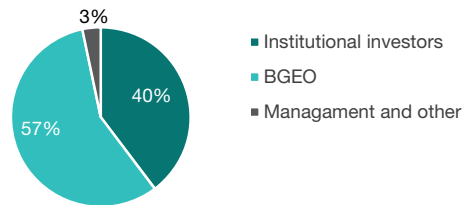
	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Total assets, of which:	1,065,527	814,089	30.9%	1,109,533	-4.0%
Cash and bank deposits	37,052	26,395	40.4%	100,229	-63.0%
Receivables from healthcare services	96,784	70,398	37.5%	90,142	7.4%
Receivables from sale of pharmaceuticals	15,550	6,110	NMF	15,499	0.3%
Insurance premiums receivable	26,936	34,275	-21.4%	29,773	-9.5%
Property and equipment	612,159	501,739	22.0%	608,429	0.6%
Goodwill and other intangible assets	124,490	64,733	92.3%	118,781	4.8%
Inventory	107,169	42,470	152.3%	96,750	10.8%
Prepayments	25,350	49,074	-48.3%	35,799	-29.2%
Other assets	20,037	18,895	6.0%	14,131	41.8%
Total liabilities, of which:	530,879	306,861	73.0%	588,612	-9.8%
Borrowed Funds	280,483	141,257	98.6%	321,091	-12.6%
Accounts payable	87,691	52,582	66.8%	94,125	-6.8%
Insurance contract liabilities	26,429	32,941	-19.8%	28,013	-5.7%
Other liabilities	136,276	80,081	70.2%	145,383	-6.3%
Total shareholders' equity attributable to:	534,648	507,228	5.4%	520,921	2.6%
Shareholders of the Company	471,491	455,824	3.4%	463,369	1.8%
Non-controlling interest	63,157	51,404	22.9%	57,552	9.7%

GHG shareholder structure and share price

Investors

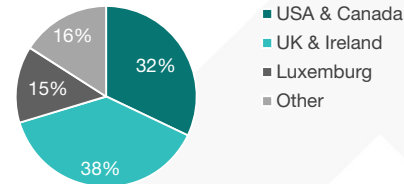
Strong support from institutional investors at IPO⁽¹⁾

Institutional Investors represent 33% of the shareholders



Geographically well-diversified institutional shareholder base⁽¹⁾

UK & Ireland – 38%
USA & Canada – 32%
Luxemburg – 14%
Other – 16%

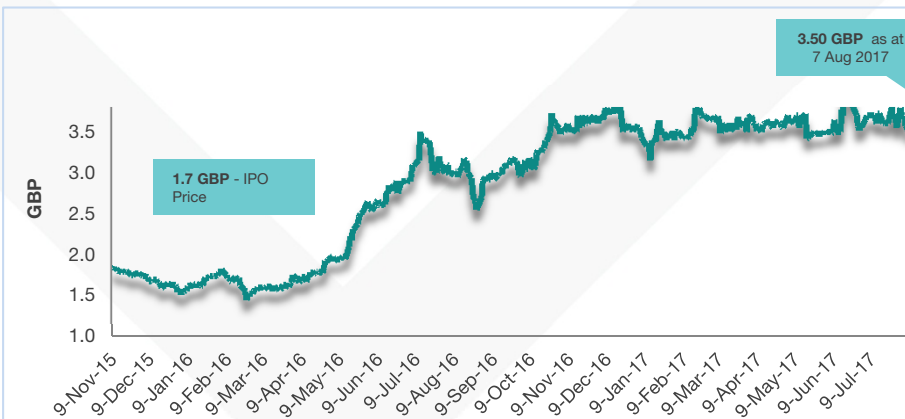


Top Investors ⁽¹⁾

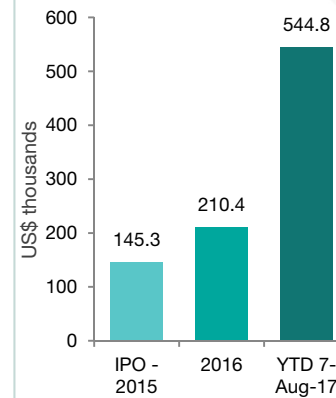
BGeo	57.0%
Wellington Management	6.9%
T – Rowe Price	6.1%

Stock trading performance

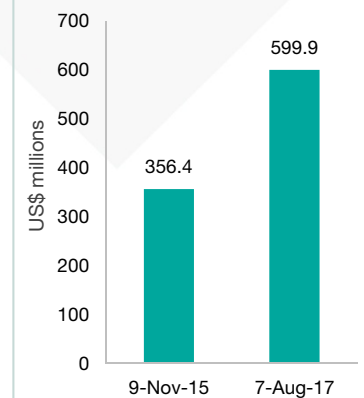
Stock Price Performance⁽²⁾



Average daily trading volume



Market Capitalisation⁽³⁾

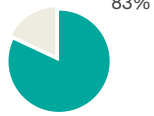
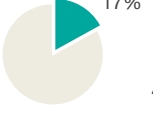





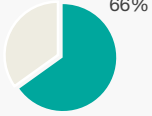
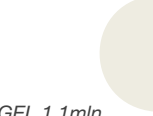

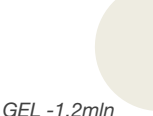


(1) As of 30 June 2017

(2) Share price change calculated from the closing price of GHG LN, starting from trading date 9 November 2015 to the price of GHG LN as of 7 August 2017

(3) Source: Bloomberg; Market Capitalisation of GHG as of 7 August 2017, GBP/USD exchange rate 1.30

GHG | Georgian healthcare market & GHG market share evolution

Key Segments	Healthcare services			Pharmacy	Medical insurance	
	Referral Hospitals	Community Hospitals	Polyclinics (outpatient clinics)	Pharmacy	Medical Insurance	
Key Services	General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities	Basic outpatient and inpatient services in regional towns and municipalities	Outpatient diagnostic and treatment services in Tbilisi and major regional cities	Wholesaler and urban-retailer, with a countrywide distribution network	Range of private insurance products purchased by individuals and employers	
Market Size ⁽¹⁾ (2015)	GEL 1.2bln			GEL 1.3bln	GEL 0.17bln	
Market Share	20% by revenue ⁽²⁾ 24.6% by beds (2,731), which is expected to grow to c.29% as a result of renovation and full launch of hospital facilities (additional c.600 beds);			1.5% by revenue ⁽²⁾	29% by revenue ⁽³⁾	31% by revenue
Selected Operating Data 2Q17	 <p>83%</p> <p>15 hospitals 2,266 beds</p>	 <p>17%</p> <p>20 hospitals 465 beds</p>	<p>ten clusters with 13 district polyclinics 24 express clinics</p>	247 pharmacies in major cities	135,000 individuals insured	
Financials 1H17	<p>Gross Revenue</p> <p>GEL 371.0mln⁽⁴⁾</p>  <p>30%</p> <p>GEL 113.8mln</p> <p>2012-1H17 CAGR 49%</p>	 <p>3%</p> <p>GEL 10.5mln</p> <p>2012-1H17 CAGR 15%</p>	 <p>2%</p> <p>GEL 7.3mln</p> <p>2012-1H17 CAGR 32%</p>	 <p>58%</p> <p>GEL 222.3mln</p>	 <p>7%</p> <p>GEL 27.4mln</p> <p>2012-1H17 CAGR 15%</p>	
	<p>EBITDA</p> <p>GEL 51.2mln</p>  <p>66%</p> <p>GEL 34.0mln</p> <p>2012-1H17 CAGR 51%</p>	 <p>2%</p> <p>GEL 1.1mln</p> <p>2012-1H17 CAGR 32%</p>	 <p>34%</p> <p>GEL 17.6mln</p>	 <p>-2%</p> <p>GEL -1.2mln</p>		
	EBITDA Margin: 27.1%			EBITDA Margin: 15.2%	EBITDA Margin: 7.9%	EBITDA Margin: -4.5%

Sources:

- (1) Frost & Sullivan analysis, 2015
- (2) For hospitals and polyclinics 2016 market shares represents management estimates
- (3) Market share for pharmacy business is for 2015 year and is based on 2015 year's revenue figures. For competitors it represent management estimates
- (4) Revenue net of intercompany eliminations

GHG HAS FULL PRESENCE IN GEORGIAN HEALTHCARE ECOSYSTEM

Segment	HOSPITALS	POLYCLINICS	PHARMACY	INSURANCE
Market (2015)	GEL 1.2bln	GEL 0.9bln	GEL 1.3bln	GEL 0.17bln
Market shares	BY REVENUE BEDs	BY REVENUE	BY REVENUE	BY REVENUE
In 2015	18% 27%	<1%	-	38%
Now	20% 23%	1.5%	15%	35%
YE2018	25%+ 28%	5%	30%+	30%+
Long-term	30%+	15%+	30%+	30%+
P&L targets	<ul style="list-style-type: none"> • Doubling 2015 revenue by 2018 (2015 revenue was GEL 195.0mln) • With 30% EBITDA margin 		8.0%+ EBITDA margin	<ul style="list-style-type: none"> • Combined ratio <97% • Claims retained within GHG >50%

GHG long-term, high-growth story

2015-2018

Medium-term Target
(5-10 Year Horizon)

Long-term Target
(Beyond 10 Year Horizon)

Georgia 2014 or most recent year⁽¹⁾

Georgia medium-term⁽¹⁾


EM 2014 or most recent year⁽²⁾

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

 **502**

 **1,076**

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

 **9,000**

 **25,000**

GHG Revenue per bed (US\$)  **37,800** (GHG)

 **99k**


 **280k**

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

 **5.4**

 **8.9**

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

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

 **3.4:1**

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

 **25%**

 **15.4%**

Significant expansion of capacity by 2025

Substantial room to grow beyond 2025

Sources:

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

CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
• m ² Real Estate	
Georgian Macro Overview	97
Appendices	118

P&L

GEL thousands, unless otherwise noted

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Revenue from sale of apartments	15,926	5,335	NMF	18,399	-13.4%	34,325	33,327	NMF
Cost of sale of apartments	(15,076)	(4,667)	NMF	(17,109)	-11.9%	(32,185)	(26,766)	NMF
Net revenue from sale of apartments	850	668	NMF	1,290	-34.1%	2,140	6,561	NMF
Revenue from operating leases	881	597	47.6%	899	-2.0%	1,780	1,186	50.1%
Cost of operating leases	(197)	(50)	NMF	(83)	137.3%	(280)	(97)	188.7%
Net revenue from operating leases	684	547	25.0%	816	-16.2%	1,500	1,089	37.7%
Revaluation of commercial property	21,306	-	NMF	479	NMF	21,785	-	NMF
Gross real estate profit	22,840	1,215	NMF	2,585	NMF	25,425	7,650	NMF
Gross other investment profit	47	(76)	-161.8%	11	NMF	58	12	NMF
Revenue	22,887	1,139	NMF	2,596	NMF	25,483	7,662	NMF
Salaries and other employee benefits	(504)	(336)	50.0%	(407)	23.8%	(911)	(633)	43.9%
Administrative expenses	(1,050)	(1,354)	-22.5%	(1,427)	-26.4%	(2,477)	(2,381)	4.0%
Operating expenses	(1,554)	(1,690)	-8.0%	(1,834)	-15.3%	(3,388)	(3,014)	12.4%
EBITDA	21,333	(551)	NMF	762	NMF	22,095	4,648	NMF
Depreciation and amortisation	(63)	(60)	5.0%	(66)	-4.5%	(129)	(113)	14.2%
Net foreign currency (loss) gain	(90)	636	-114.2%	(194)	-53.6%	(284)	1,022	-127.8%
Interest income	290	-	NMF	189	53.4%	479	-	NMF
Interest expense	(47)	(60)	-21.7%	(48)	-2.1%	(95)	(134)	-29.1%
Net operating income (loss) before non-recurring items	21,423	(35)	NMF	643	NMF	22,066	5,423	NMF
Net non-recurring items	193	228	-15.4%	(76)	NMF	117	205	-42.9%
Profit before income tax	21,616	193	NMF	567	NMF	22,183	5,628	NMF
Income tax (expense)	-	(29)	NMF	-	-	-	(844)	NMF
Profit	21,616	164	NMF	567	NMF	22,183	4,784	NMF

Balance Sheet

GEL thousands, unless otherwise noted

	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Cash and cash equivalents	52,817	42,488	24.3%	48,636	8.6%
Amounts due from credit institutions	386	-	NMF	179	115.6%
Investment securities	2,979	2,359	26.3%	1,515	96.6%
Accounts receivable	6,517	530	NMF	6,130	6.3%
Prepayments	26,312	17,835	47.5%	17,842	47.5%
Inventories	68,822	119,821	-42.6%	83,922	-18.0%
Investment property, of which:	136,594	104,161	31.1%	110,831	23.2%
<i>Land bank</i>	68,622	64,188	6.9%	68,789	-0.2%
<i>Commercial real estate</i>	67,972	39,973	70.0%	42,042	61.7%
Property and equipment	14,486	1,594	NMF	9,110	59.0%
Other assets	20,604	22,008	-6.4%	17,557	17.4%
Total assets	329,517	310,796	6.0%	295,722	11.4%
Amounts due to credit institutions	56,723	36,052	57.3%	38,912	91.6%
Debt securities issued	60,268	47,484	26.9%	62,278	-6.4%
Accruals and deferred income	58,654	99,380	-41.0%	53,670	18.6%
Other liabilities	6,915	16,489	-58.1%	7,657	-19.4%
Total liabilities	182,560	199,405	-8.4%	162,517	24.6%
Share Capital	4,180	4,180	0.0%	4,180	0.0%
Additional paid-in capital	86,987	84,833	2.5%	86,227	1.8%
Other reserves	4,087	-	NMF	13,469	-139.4%
Retained earnings	51,703	22,378	131.0%	29,329	152.6%
Total equity	146,957	111,391	21.1%	133,205	-0.8%
Total liabilities and equity	329,517	310,796	-1.5%	295,722	-41.2%

Cash flow



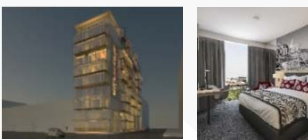
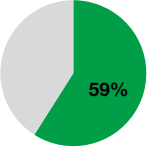
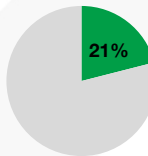
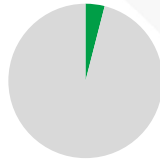
GEL thousands; unless otherwise noted

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Cash flows from operating activities								
Proceeds from sales of apartments	17,880	18,655	4.2%	27,740	-35.5%	45,620	35,244	29.4%
Cash outflows for development of apartments	(14,191)	(17,188)	-17.4%	(22,362)	-36.5%	(36,553)	(41,912)	-12.8%
Net proceeds from yielding assets	644	565	14.0%	856	-24.8%	1,500	1,108	35.4%
Cash paid for operating expenses	(3,320)	(5,029)	-34.0%	(1,725)	92.5%	(5,045)	(6,289)	-19.8%
Interest paid	(4,020)	(824)	NMF	(1,587)	153.3%	(5,607)	(2,977)	88.3%
Income tax paid	-	(74)	-100.0%	(3,854)	-100.0%	(3,854)	(371)	NMF
Net cash flows from operating activities	(3,007)	(3,895)	-22.8%	(932)	NMF	(3,939)	(15,197)	-74.1%
Cash flows from investing activities								
Purchase of investment properties	(1,401)	-	NMF	-	NMF	(1,401)	(2,281)	-38.6%
Capital expenditure on investment property	(6,754)	(1,568)	NMF	(2,998)	125.3%	(9,752)	(2,315)	NMF
Purchase of property, plant and equipment	(2,218)	(200)	NMF	(64)	NMF	(2,282)	(433)	NMF
Net cash flows used in investing activities	(10,373)	(1,768)	NMF	(3,062)	NMF	(13,435)	(5,029)	167.2%
Cash flows from financing activities								
Repayment of debt securities issued	-	-	NMF	(34,099)	NMF	(34,099)	-	NMF
Proceeds from borrowings	19,421	-	NMF	-	NMF	19,421	37,381	-48.0%
Repayment of borrowings	(55)	(535)	-89.7%	(1,166)	-95.3%	(1,221)	(1,063)	14.9%
Net cash flows from financing activities	19,366	(535)	NMF	(35,265)	-154.9%	(15,899)	36,318	-143.8%
Effect of exchange rate changes on cash and cash equivalents	(1,598)	(316)	NMF	(5,136)	-68.9%	(6,734)	(1,593)	NMF
Net increase in cash and cash equivalents	4,388	(6,515)	-167.4%	(44,395)	-109.9%	(40,007)	14,499	NMF
Cash and cash equivalents at the beginning of the period*	48,815	49,003	-0.4%	93,210	-47.6%	93,210	27,989	NMF
Cash and cash equivalents at the end of the period*	53,203	42,488	25.2%	48,815	9.0%	53,203	42,488	25.2%

* The balances include cash and cash equivalents and amounts due from credit institutions

m² at a glance – major player on Georgian real estate market



Key Segments	1 Residential Developments	2 Yielding Business	3 Fee Business
	Affordable housing	Commercial space (offices, industrial properties, high street retail)	Hotels
Market Size and Key Services	<p>Market: US\$ 1.0bn¹ As a residential real estate developer, m² targets mass market customers by introducing high quality and comfortable living standards in Georgia and making them affordable.</p> 	<p>Market: US\$ 2.5bn² As a property manager, m² makes opportunistic investments and manages a well diversified portfolio of yielding assets, primarily consisting of high street real estate assets, and also including industrial and office space real estate assets.</p> 	<p>Market: US\$ 2.2bn³ As a hotel developer and operator, m² targets 3-star, mixed use hotels (residential combined with hotel development). m² finances equity needs of the hotel from the profits and land value unlocked through sale of the apartments in the same development.</p> 
Asset base⁴ (as of 1H17)	<p><i>Includes:</i> US\$ 81 million⁴</p> <p>1. Inventory of residential real estate 2. Land bank</p> 	<p><i>Includes:</i> US\$ 28 million</p> <p>1. High street retail 2. Industrial properties: warehouses and logistics centers 3. Offices</p>  <p>Dollar denominated, inflation hedged cash flow stream</p>	<p><i>Includes:</i> US\$ 6 million</p> <p>1. Hotels (mixed use) 2. Land bank</p> 
Track record	<ul style="list-style-type: none"> Generated IRR ranging from 31% to 165% on 6 completed residential projects Started operations in 2010 and since: <ul style="list-style-type: none"> Completed 6 projects – 1,672 apartments, 99% sold with 138.8mln US\$ sales value, land value unlocked 16.4mln US\$ Ongoing 4 projects – 1,222 apartments, 51% sold with 52.0mln US\$ sales value, land value to be unlocked 16.5mln US\$ All completed projects were on budget and on schedule Land bank of value 26.9mln US\$, with c.4,708⁵ apartments 	<ul style="list-style-type: none"> Generated annual yield of 9.1% in 2016 on portfolio rented out. Rent earning assets are with capital appreciation upside. m² has developed its current yielding portfolio through: <ul style="list-style-type: none"> m² retains commercial space (ground floor) at its own residential developments. This constitutes up to 25% of total yielding portfolio Acquired opportunistically the commercial space. This constitutes over 75% of total yielding portfolio 	<ul style="list-style-type: none"> m² attained exclusive development agreement with Wyndham to develop Wyndham's 3-star brand Ramada Encore exclusively in Georgia. Plan is to build at least 3 hotels within next 7 years with minimum 370 rooms in total. 3 projects in the pipeline: <ol style="list-style-type: none"> 2 hotels in Tbilisi: <ul style="list-style-type: none"> Ramada Encore on Kazbegi Ave. is under construction with expected opening in November 2017; Construction for Ramada Hotel on Melikishvili Ave. is starting in August 2017 with expected opening in late 2018; 1 hotel in Kutaisi – land acquired, construction start date is planned to be Oct'17; Land bank of value 1.6mln US\$

Strategic goal to be achieved by 2020

- Given its outstanding track record in development of residential and yielding business m² is planning to focus on franchising m² brand to develop third party land plots and generate fee income
- Increase awareness of m² franchise and its platform among the land owners

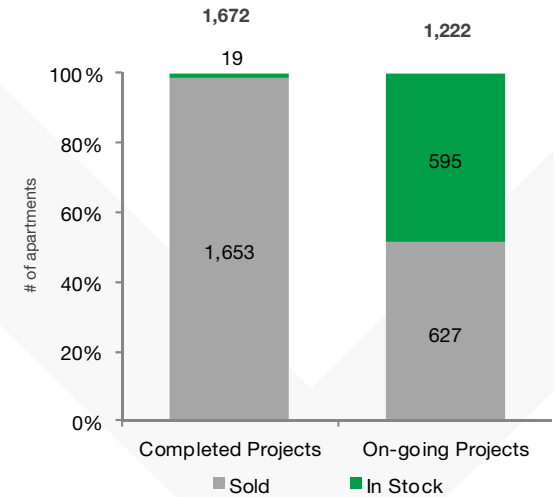
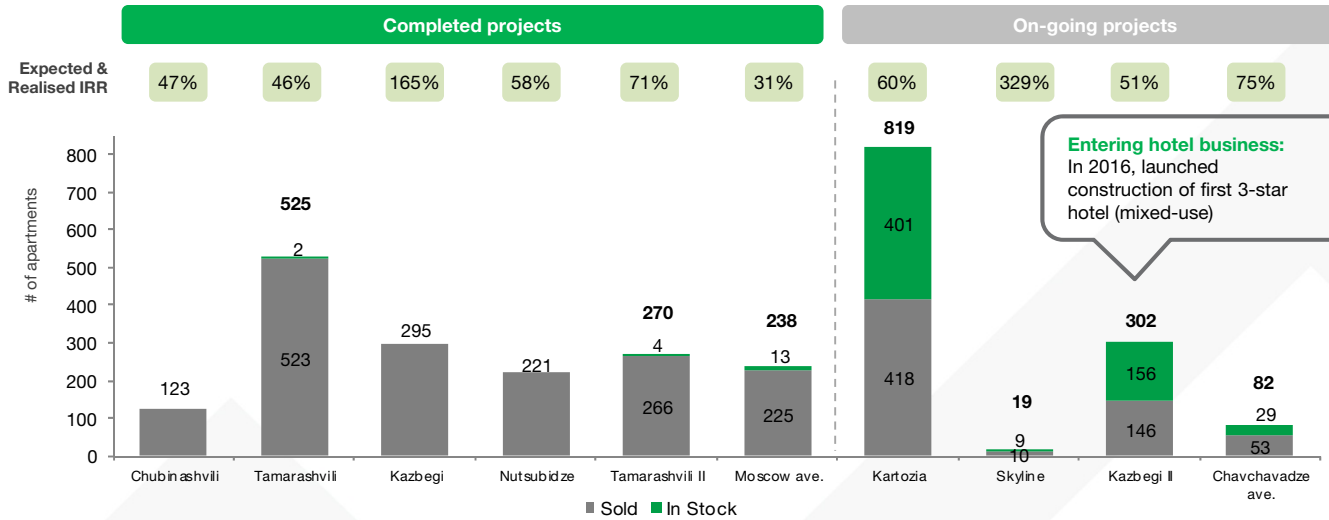
Track record contributing to m² strengths and opportunities

- m² Brand name:** m² already has 92% customer brand awareness among real estate developers in Georgia
- m² pricing power:** (1) Under m², apartments can sell at higher price than other brands; (2) m² has extensive development expertise to increase efficiency in planning and design stages and drive revenues as well as margins; (3) m² knowledge of current market demand (including pricing of apartments) on size and apartment mix
- m² sales:** (1) m² pre-sales power reduces equity needed to finance the projects; (2) Top three banks in Georgia provide mortgages under m² completion guarantee; (3) m² has ability to accomplish strong sales performance through dedicated sales personnel and access to finance
- m² execution:** (1) m² manages process from feasibility through apartment handover and property management; (2) m² completed all projects on time and on budget; (3) m² has discounts from contractors and can do development at much lower cost; (4) m² can do turn-key

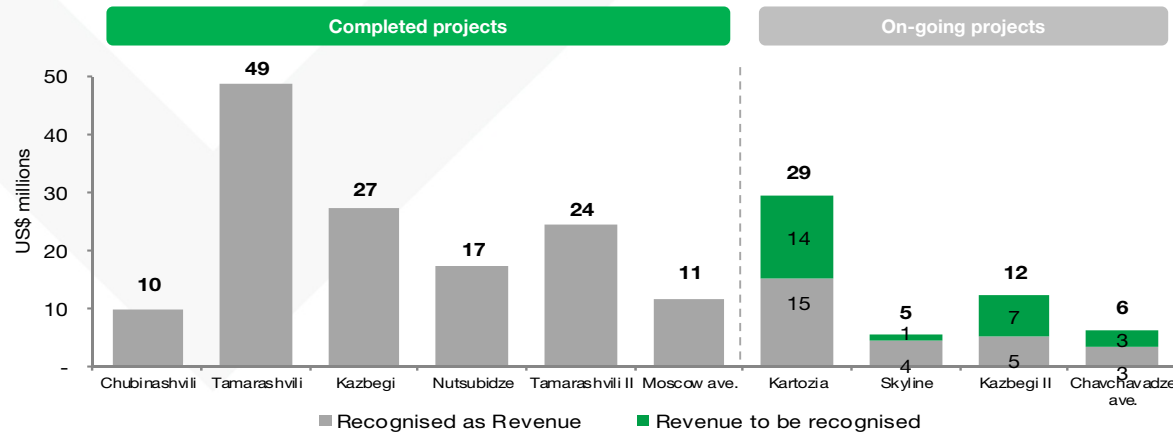
Strong sales performance

Residential projects are sold out

79% of apartments are sold-out



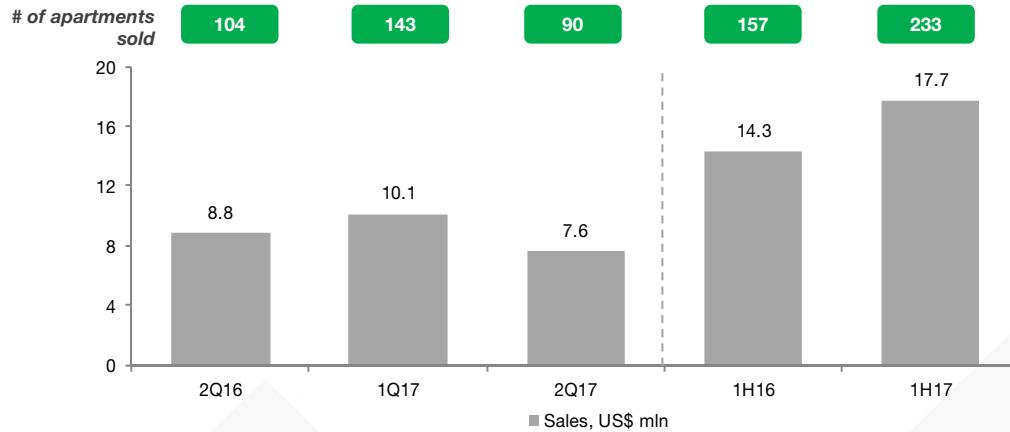
Revenue recognition on sold apartments, as of 30 June 2017



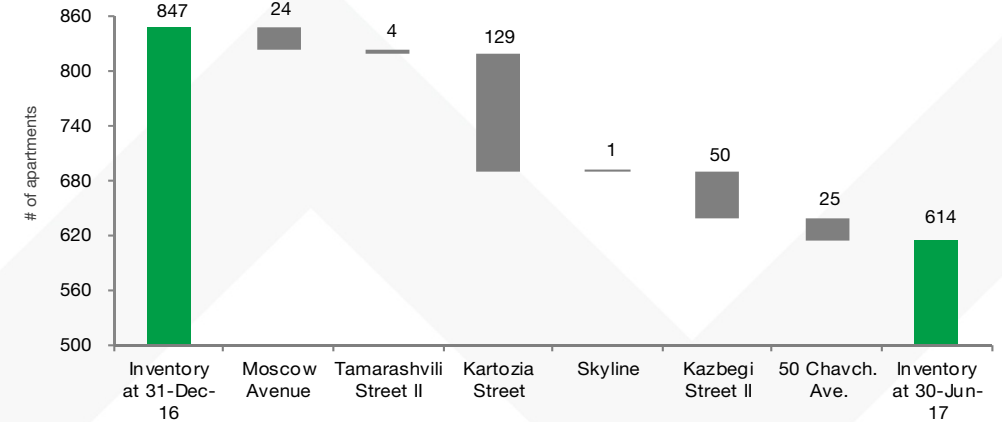
m² | Residential development performance highlights and track record

Strong sales performance

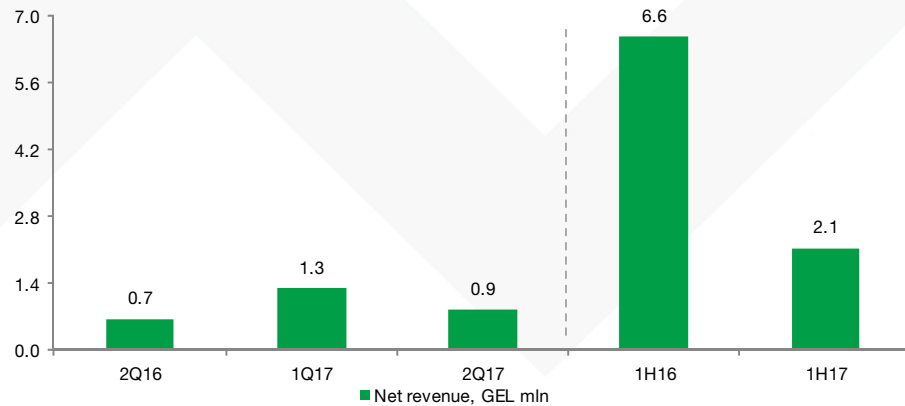
Apartments sales track record



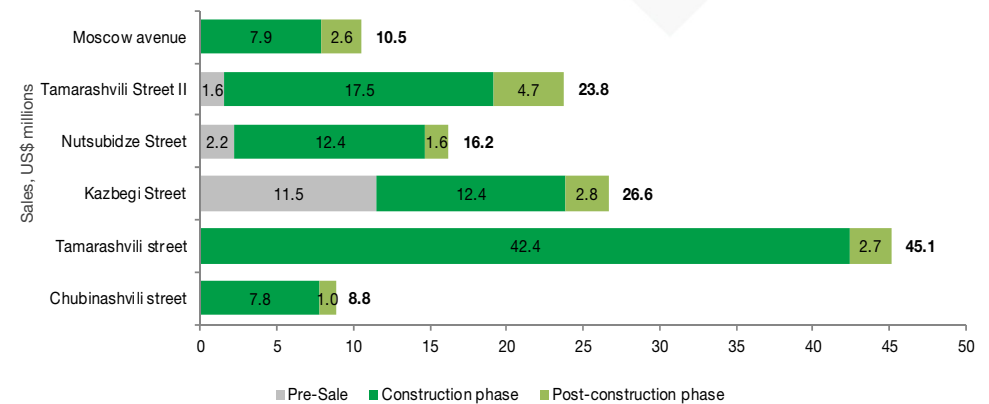
1H17 apartments sales track record



Net revenue from sale of apartments¹



Sales track record in completed projects



(1) Effective 1 January 2017, m², early adopted the new revenue recognition standard, IFRS 15, which requires revenue recognition according to the percentage of completion method. Prior to 1 January 2017, m² recognized revenues under IAS 18 upon completion and handover of the units to customers. IFRS 15 was adopted prospectively, as a result, the reported revenue figures for 2017 and 2016 are not comparable

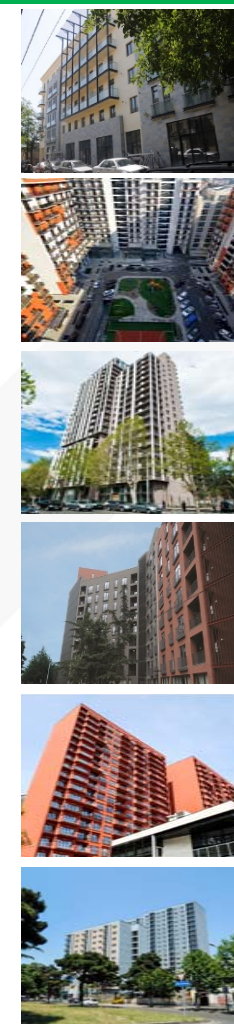
m² | Residential development track record

All projects were completed on budget and on schedule

Operating data for completed and on-going projects, as of 30 June 2017

#	Project name	# of apartments	# of apartments sold	# of apartments sold as % of total	# of apartments available for sale	Total sq.m	Start date (construction)	Actual / Planned Completion date (construction)	Construction completed %
Completed projects		1,672	1,653	98.9%	19	124,334			100%
1	Chubinashvili Street	123	123	100.0%	-	9,371	Sep-10	Aug-12	100%
2	Tamarashvili Street	525	523	100.0%	2	40,717	May-12	Jun-14	100%
3	Kazbegi Street	295	295	100.0%	-	21,937	Dec-13	Feb-16	100%
4	Nutsubidze Street	221	221	100.0%	-	15,757	Dec-13	Sep-15	100%
5	Tamarashvili Street II	270	266	98.5%	4	21,499	Jul-14	Jun-16	100%
6	Moscow Avenue	238	225	94.5%	13	15,053	Sep-14	Jun-16	100%
On-going projects		1,222	627	51.3%	595	97,072			
7	Kartozia Street	819	418	51.0%	401	58,443	Nov-15	Oct-18	58%
8	Skyline	19	10	52.6%	9	3,982	Dec-15	Aug-17	95%
9	Kazbegi Street II	302	146	48.3%	156	27,356	Jun-16	Nov-18	25%
10	50 Chavchavadze Ave.	82	53	64.6%	29	7,291	Oct-16	Oct-18	30%
Total		2,894	2,280	78.8%	614	221,406			

Completed projects

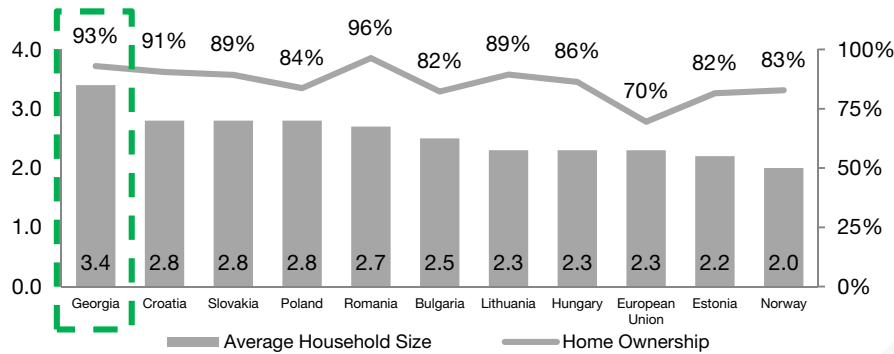


Financial data for completed and on-going projects, as of 30 June 2017

#	Project name	Total Sales (US\$ mln)	Recognised as revenue (US\$ mln)	Deferred revenue (US\$ mln)	Deferred revenue expected to be recognised as revenue in 2017	Total project cost	Land value unlocked (US\$)	Realised & Expected IRR
Completed projects		138.8	138.8	-	-	125.9	16.4	
1	Chubinashvili street	9.9	9.9	-	-	7.6	0.9	47%
2	Tamarashvili street	48.6	48.6	-	-	43.4	5.4	46%
3	Kazbegi Street	27.2	27.2	-	-	25.0	3.6	165%
4	Nutsubidze Street	17.4	17.4	-	-	16.8	2.2	58%
5	Tamarashvili Street II	24.3	24.3	-	-	21.0	2.7	71%
6	Moscow avenue	11.5	11.5	-	-	12.1	1.6	31%
On-going projects		52.0	28.1	23.9	19.4	124.9	16.5	
7	Kartozia Street	29.5	15.3	14.2	12.0	63.8	5.8	60%
8	Skyline	4.6	4.4	0.2	0.2	8.9	3.1	329%
9	Kazbegi Street II	12.3	5.2	7.0	4.9	39.9	4.3	51%
10	50 Chavchavadze ave.	5.7	3.2	2.5	2.3	12.3	3.3	75%
Total		190.9	167.0	23.9	19.4	250.8	32.9	

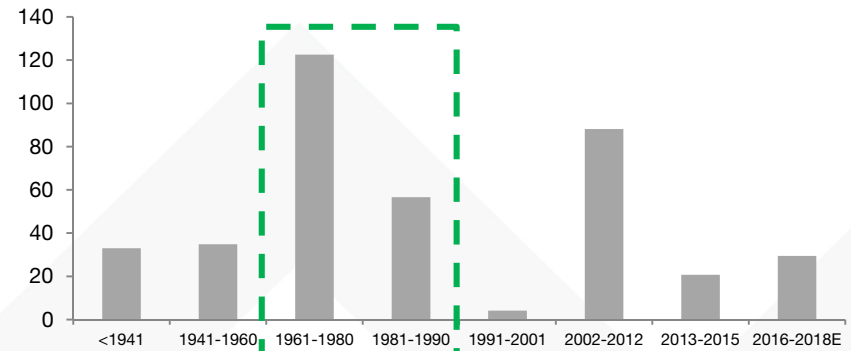
Significant growth potential in Georgian residential market

Average household size and home ownership



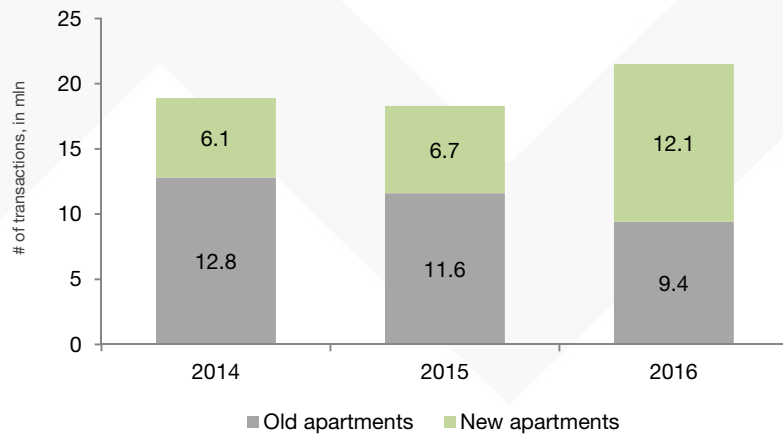
Georgia has one of the highest average household size of 3.4 people. Decrease in this number will increase the demand side for the real estate

of housing units developed by time periods



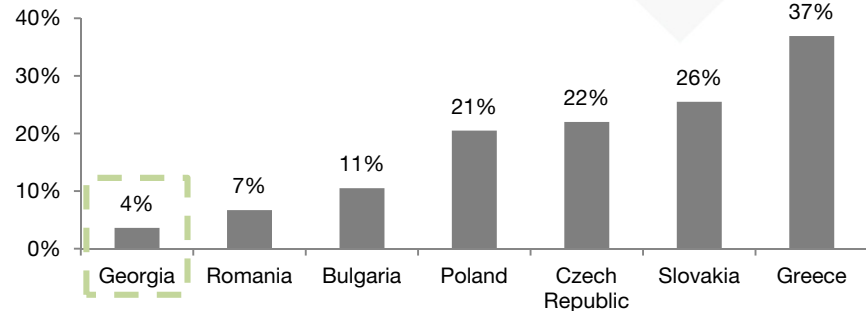
Around 120,000 (35%) of housing units in Tbilisi were built more than 40 years ago and are out of their usable lifecycle

Number of sales transactions / by unit types



Mortgage loans as a % of GDP 2015

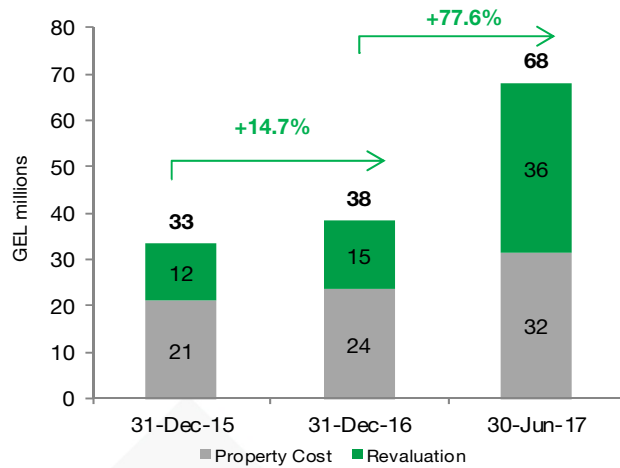
Source: National Statistics Office of Georgia, Colliers International



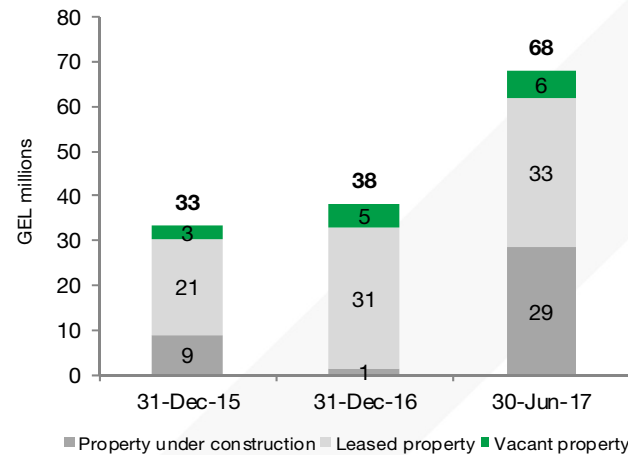
Compared to peers, Georgia has one of the lowest Mortgage Loan as a % of GDP ratio. Implying that there is a room for increase on the total value of outstanding mortgage loans.

Strong Performance

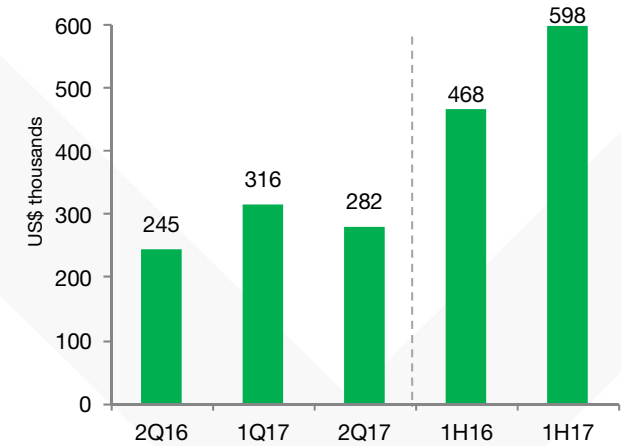
Yielding portfolio growth



Yielding portfolio composition



Net revenue from operating leases



Project	Type	Space (sq.m)	Gain on revaluation, GEL mln
m ² Kazbegi II	Retail	1,489	7.3
m ² Kazbegi II	Office	4,778	4.2
m ² Kazbegi II	Kindergarten	671	0.1
Kartozia	Office/retail	1,749	4.2
Kartozia	Kindergarten	600	0.2
Chavchavadze ave.	Retail	741	5.2
Total		10,029	21.2

Key valuation assumptions:

- Capitalisation rate – 10%
- Vacancy rate – 5%
- Operating expenses – 12%
- Developer's profit – 15%
- Time value of money – 8%

Hotel opportunities

Develop 3 hotels in next 7 years in Tbilisi catering to budget travelers – equity investment US\$ 70mln

Ramada (Melikishvili mixed use)



- **Hotel:** 125 rooms, 5,900 sq.m (gross)
- **IRR:** 23%, expected
- Start: Jun-17, Completion: Feb-19
- Total completion cost: US\$ 12.2mln
- Land value: US\$ 1.24mln
- Profit stabilized year: US\$ 1.2mln
- ADR (stabilized year): US\$ 110
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3rd year stabilized)
- ROE - 20%

Ramada Encore (Kazbegi str.15)



- **Hotel:** 152 rooms, 7,016 sq.m (gross)
- **IRR:** 25%, expected
- Start: Jun-16, Completion: Nov-18
- Total completion cost: US\$ 13.4mln
- Land value: US\$ 1.0mln
- Profit stabilized year: US\$ 1.6mln
- ADR (stabilized year): US\$ 115

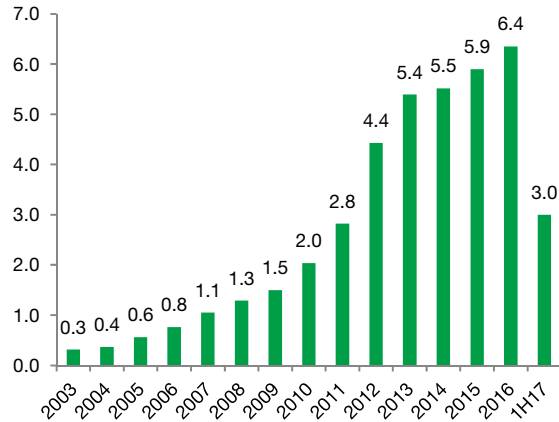
Ramada Encore (Kutaisi hotel)



- **Hotel:** 100 rooms, 2,600 sq.m (gross)
- **IRR:** 22%, expected
- Start: Nov'17; Completion: Dec'18
- Total completion cost: US\$ 8.9mln
- Land value: US\$ 0.4mln
- Profit stabilized year: US\$ 0.8mln
- ADR (stabilized year): US\$ 106
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3rd year stabilized)
- ROE - 20%

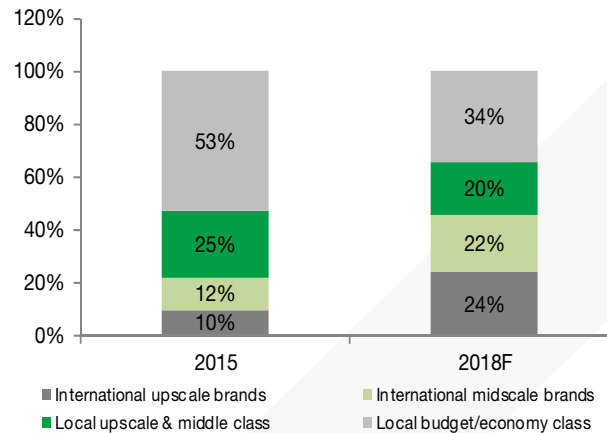
Arrivals of non-resident visitors (mln)

Source: Galt & Taggart Research



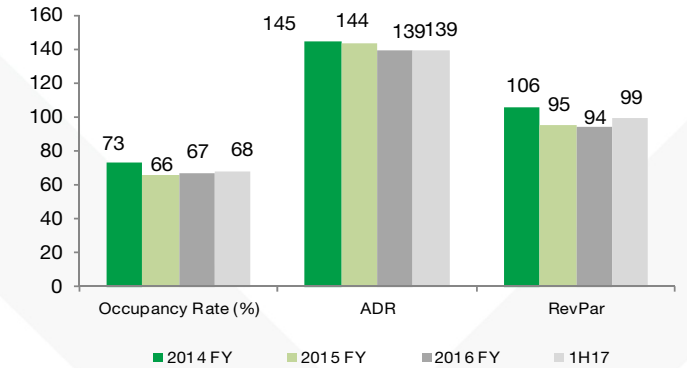
Hotel room supply | Tbilisi

Source: Colliers International



Comparison of key ratios | Tbilisi

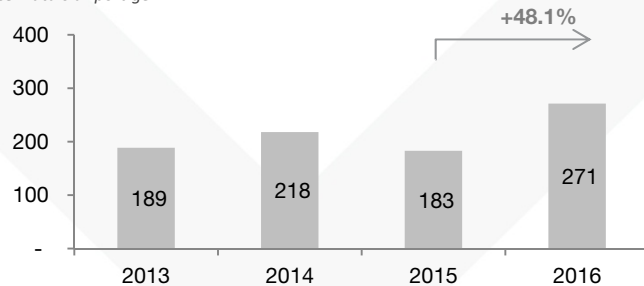
Amounts in US\$



Occupancy rate of international branded hotels was 88.7% in June 2017, while YTD occupancy rate reached 68%, up 1.3% y-o-y

Number of passengers at Kutaisi International Airport

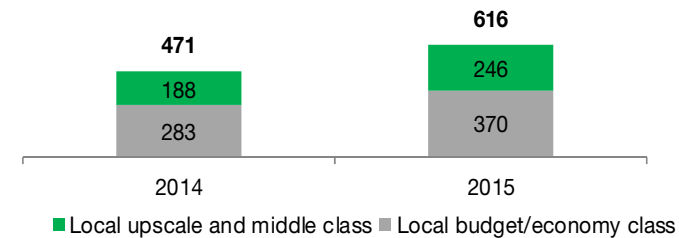
Source: kutaisiairport.ge



Kutaisi International Airport was opened in fall 2012 (with a total capacity of **600,000** passengers per year)
Starting from April 2017, the Georgian citizens have visa-free travel access to EU countries. Since, Kutaisi airport services the budget flights, the number of guests in Kutaisi is expected to grow going forward.

Number of rooms by hotel types in Kutaisi

As of today just one international brand (Best Western) is operating in Kutaisi



The number of hotel guests in Kutaisi has been growing since 2010. In 2014, number of hotel guests increased by 30% compared to 2013

TARGETS & PRIORITIES NEXT 2-3 YEARS

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

2 Start developing 3rd party lands

3 Accumulate yielding assets from own-developed projects :

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

- *NAV (Net Asset Value) – US\$ 61.1mln*
- *Land bank – US\$ 28.5mln*
- *Yielding assets currently (excluding assets under construction) – US\$ 16.4mln*
- *Deferred revenue – US\$ 24.4mln (inc. VAT)*

Possibility to spin-off yielding properties as a listed REIT managed by m²

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
• GGU – Georgian Global Utilities	
Georgian Macro Overview	97
Appendices	118

GGU financial highlights

P&L

<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Revenue from water supply to legal entities	20,592	19,353	6.4%	18,336	12.3%	38,928	36,339	7.1%
Revenue from water supply to individuals	8,142	7,295	11.6%	7,911	2.9%	16,053	14,892	7.8%
Revenue from electric power sales	1,903	895	112.6%	1,191	59.8%	3,094	4,162	-25.7%
Revenue from technical support	739	454	62.8%	673	9.8%	1,412	1,196	18.1%
Other income	604	230	162.6%	491	23.0%	1,095	201	NMF
Revenue	31,980	28,227	13.3%	28,602	11.8%	60,582	56,790	6.7%
Provisions for doubtful trade receivables	(1,399)	(727)	92.4%	274	NMF	(1,125)	(1,473)	-23.6%
Salaries and benefits	(5,601)	(4,496)	24.6%	(4,257)	31.6%	(9,858)	(8,355)	18.0%
Electricity and transmission costs	(3,913)	(4,702)	-16.8%	(4,972)	-21.3%	(8,885)	(9,423)	-5.7%
Raw materials, fuel and other consumables	(436)	(1,090)	-60.0%	(791)	-44.9%	(1,227)	(1,983)	-38.1%
Infrastructure assets maintenance expenditure	(357)	(546)	-34.6%	(301)	18.6%	(658)	(1,212)	-45.7%
General and administrative expenses	(893)	(933)	-4.3%	(861)	3.7%	(1,754)	(1,712)	2.5%
Operating taxes	(776)	(734)	5.7%	(1,062)	-26.9%	(1,838)	(1,338)	37.4%
Professional fees	(592)	(400)	48.0%	(467)	26.8%	(1,059)	(1,012)	4.6%
Insurance expense	(244)	(199)	22.6%	(285)	-14.4%	(529)	(266)	98.9%
Other operating expenses	(2,109)	(2,155)	-2.1%	(1,445)	46.0%	(3,554)	(3,391)	4.8%
Operating expenses	(16,320)	(15,982)	2.1%	(14,167)	15.2%	(30,487)	(30,165)	1.1%
EBITDA	15,660	12,245	27.9%	14,435	8.5%	30,095	26,625	13.0%
<i>EBITDA Margin</i>	49%	43%		50%		50%	47%	
Depreciation and amortisation	(5,071)	(4,256)	19.1%	(4,821)	5.2%	(9,892)	(9,662)	2.4%
EBIT	10,589	7,989	32.5%	9,614	10.1%	20,203	16,963	19.1%
<i>EBIT Margin</i>	33%	28%		34%		33%	30%	
Net interest expense	(3,070)	(2,533)	21.2%	(2,266)	35.5%	(5,336)	(4,908)	8.7%
Net non-recurring expenses	(251)	-	NMF	-	NMF	(251)	-	NMF
Foreign exchange (loss) gain	(141)	(342)	-58.8%	(328)	-57.0%	(469)	(406)	15.5%
EBT	7,127	5,114	39.4%	7,020	1.5%	14,147	11,649	21.4%
Income tax (expense) benefit	(390)	232	NMF	-	NMF	(390)	(939)	-58.5%
Profit	6,737	5,346	26.0%	7,020	-4.0%	13,757	10,710	28.5%
Attributable to:								
– Shareholders of the Group	6,946	5,386	29.0%	7,177	-3.2%	14,123	10,779	31.0%
– Non-controlling interests	(208)	(39)	NMF	(158)	31.6%	(366)	(69)	NMF

Prior to 2Q17, GGU's standalone results excluded the Group's renewable energy business results due to its absence from GGU's legal structure and insignificant size. Effective from 2Q17, we are reporting GGU results on a pro-forma basis together with renewable energy business and have retrospectively revised the comparable information accordingly.

GGU financial highlights

Balance sheet

GEL thousands; unless otherwise noted

	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Cash and cash equivalents	54,208	6,399	NMF	16,776	NMF
Trade and other receivables	28,271	25,551	10.6%	30,944	-8.6%
Inventories	3,299	4,429	-25.5%	3,108	6.1%
Current income tax prepayments	1,406	1,013	38.8%	998	40.9%
Total current assets	87,184	37,392	133.2%	51,826	68.2%
Property, plant and equipment	370,646	305,738	21.2%	349,967	5.9%
Investment Property	18,371	19,417	-5.4%	18,922	-2.9%
Intangible assets	1,324	1,216	8.9%	1,359	-2.6%
Restructured trade receivables	160	23	NMF	178	-10.1%
Restricted Cash	15,041	2,922	NMF	16,234	-7.3%
Other non-current assets	10,671	1,556	NMF	2,830	NMF
Total non-current assets	416,213	330,872	25.8%	389,490	6.9%
Total assets	503,397	368,264	36.7%	441,316	14.1%
Current borrowings	54,300	25,186	115.6%	22,566	140.6%
Trade and other payables	22,261	20,089	10.8%	28,391	-21.6%
Provisions for liabilities and charges	781	2,133	-63.4%	743	5.1%
Other taxes payable	2,396	2,045	17.2%	2,736	-12.4%
Total current liabilities	79,738	49,453	61.2%	54,436	46.5%
Long term borrowings	111,291	46,445	139.6%	91,534	21.6%
Deferred income tax liability	-	390	NMF	-	-
Deferred income	17,833	-	NMF	17,817	0.1%
Total non-current liabilities	129,124	46,835	175.7%	109,351	18.1%
Total liabilities	208,862	96,288	116.9%	163,787	27.5%
Share capital	13,062	3,900	NMF	8,262	58.1%
Additional paid-in-capital	846	-	NMF	-	NMF
Retained earnings	93,870	86,846	8.1%	85,384	9.9%
Revaluation reserve	180,924	180,040	0.5%	181,461	-0.3%
Total equity attributable to shareholders of the Group	288,702	270,786	6.6%	275,107	4.9%
Non-controlling interest	5,833	1,190	NMF	2,422	140.8%
Total equity	294,535	271,976	8.3%	277,529	6.1%
Total liabilities and equity	503,397	368,264	36.7%	441,316	14.1%

Prior to 2Q17, GGU's standalone results excluded the Group's renewable energy business results due to its absence from GGU's legal structure and insignificant size. Effective from 2Q17, we are reporting GGU results on a pro-forma basis together with renewable energy business and have retrospectively revised the comparable information accordingly.

GGU financial highlights

Cash flow

<i>GEL thousands; unless otherwise noted</i>	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Cash receipt from customers	35,638	32,938	8.2%	30,582	16.5%	66,219	62,191	6.5%
Cash paid to suppliers	(10,450)	(14,543)	-28.1%	(11,330)	-7.8%	(21,781)	(24,684)	-11.8%
Cash paid to employees	(5,047)	(4,929)	2.4%	(3,859)	30.8%	(8,906)	(7,786)	14.4%
Interest received	151	61	147.5%	419	-64.0%	570	167	NMF
Interest paid	(2,910)	(2,449)	18.8%	(2,356)	23.5%	(5,266)	(4,959)	6.2%
Taxes paid	(3,826)	(3,545)	7.9%	(1,757)	117.8%	(5,584)	(6,443)	-13.3%
Restricted cash in Bank	417	763	-45.3%	945	-55.9%	1,362	140	NMF
Cash flow from operating activities	13,973	8,296	68.4%	12,644	10.5%	26,614	18,626	42.9%
Maintenance capex	(5,370)	(5,205)	3.2%	(8,835)	-39.2%	(14,202)	(9,079)	56.4%
Operating cash flow after maintenance capex	8,603	3,091	178.3%	3,809	NMF	12,412	9,547	30.0%
Purchase of PPE and intangible assets	(31,114)	(8,950)	NMF	(15,334)	102.9%	(46,448)	(15,028)	NMF
Restricted cash in Bank	-	-	NMF	(12,249)	-100.0%	(12,249)	-	NMF
Total cash used in investing activities	(31,114)	(8,950)	NMF	(27,583)	12.8%	(58,697)	(15,028)	NMF
Proceeds from borrowings	55,838	2,583	NMF	12,412	NMF	68,250	2,963	NMF
Repayment of borrowings	(4,666)	(2,791)	67.2%	(4,328)	7.8%	(8,994)	(5,292)	70.0%
Dividends paid out	-	(50)	NMF	-	-	-	(104)	NMF
Capital increase	9,054	1,727	NMF	780	NMF	9,834	1,901	NMF
Total cash flow from (used in) financing activities	60,226	1,469	NMF	8,864	NMF	69,090	(532)	NMF
Exchange loss on cash and cash equivalents	(283)	(879)	-67.8%	(693)	-59.2%	(976)	(945)	3.3%
Total cash inflow/(outflow)	37,432	(5,269)	NMF	(15,603)	NMF	21,829	(6,958)	NMF
Cash balance								
Cash, beginning balance	16,776	11,668	43.8%	32,379	-48.2%	32,379	13,357	142.4%
Cash, ending balance	54,208	6,399	NMF	16,776	NMF	54,208	6,399	NMF

Prior to 2Q17, GGU's standalone results excluded the Group's renewable energy business results due to its absence from GGU's legal structure and insignificant size. Effective from 2Q17, we are reporting GGU results on a pro-forma basis together with renewable energy business and have retrospectively revised the comparable information accordingly.

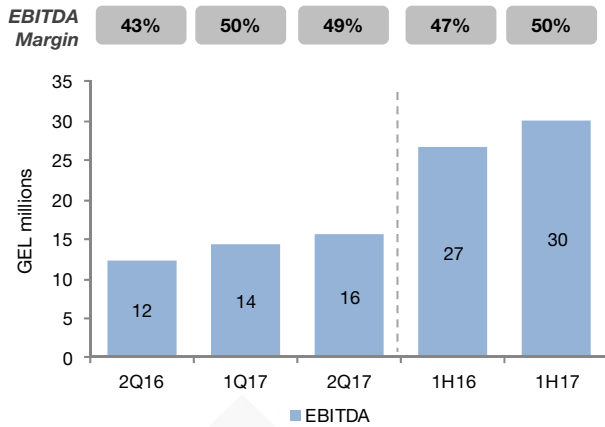
GGU business overview

Key Segments	Utility	Energy
Key Facts	<ul style="list-style-type: none"> • Largest privately owned water utility company in Georgia with network for water supply and sanitation services - pumping stations, reservoirs, collectors, wastewater treatment plant and complementary infrastructural elements. • Supplier of more than 1/3 of the population with WSS services ▪ Company operates c. 2,700km of water supply and c 1,700km of wastewater pipeline network ▪ Around 520mln m³ of potable water is supplied ▪ 374 sampling points for water quality measurement ▪ 45 pumping stations, 104 reservoirs of pure water with total capacity of approx. 300,000 m³ 	<ul style="list-style-type: none"> ▪ 3 HPPs under ownership with capacity of 149.3MW ▪ Generated power is primarily used by GGU's water business. The excess amount of generated power is sold to the third party clients ▪ Underpenetrated industry – Only 20-25% of Georgia's hydro resourced are utilised ▪ Cheap to develop – US\$1.5mln for 1MW hydro development in Georgia ▪ Strategic partnership with RP Global (Austria)
Current Standing	REVENUE 1H17: GEL 57.4mln EBITDA 1H17: GEL 27.1mln 70% water losses	REVENUE 1H17: GEL 5.2mln EBITDA 1H17: GEL 3.0mln 149.3MW existing capacity
Strong track record	<ul style="list-style-type: none"> ▪ Management team with extensive experience in utility business ▪ “BB-” rating affirmed by Fitch Ratings to major subsidiary of GGU – Georgian Water and Power in 2016 (currently Georgia's sovereign rating is “BB-” and the country ceiling is BB by Fitch) ▪ First bond placement by utility company in Georgia (GEL 8.6mln) through Georgian Water and Power in 2015 ▪ GGU issued GEL 30mln 5-year local currency bond – the first largest amount ever issued in local currency by a non-financial institution in Georgia ▪ Low leverage (2016 Debt/EBITDA: 1.6x) 	

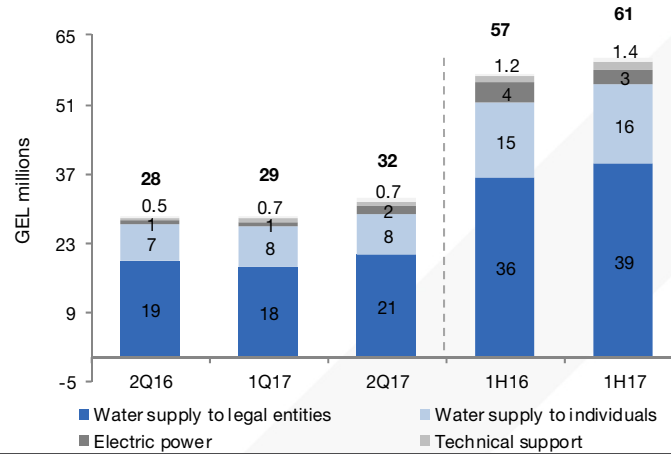
GGU performance highlights

Strong performance

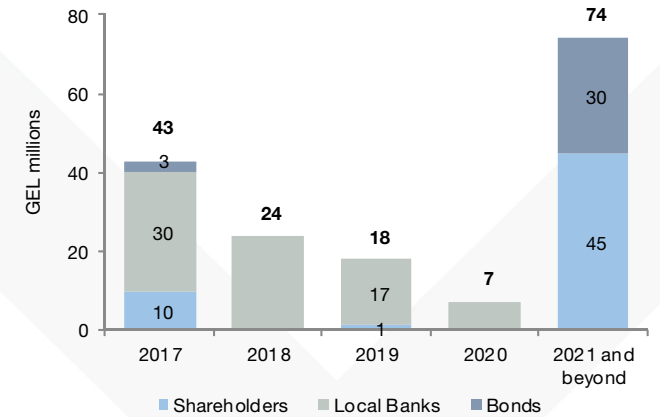
EBITDA



Revenue composition

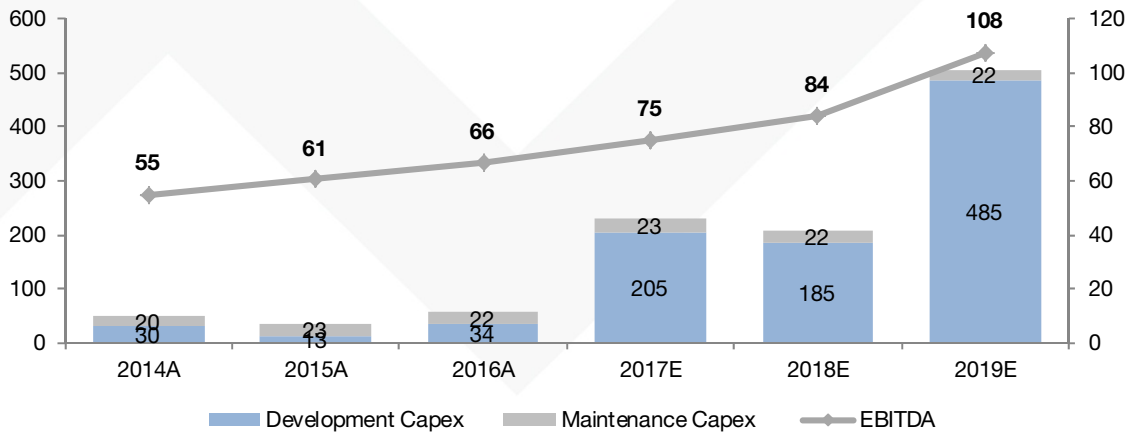


Borrowed funds breakdown based on contractual maturity *

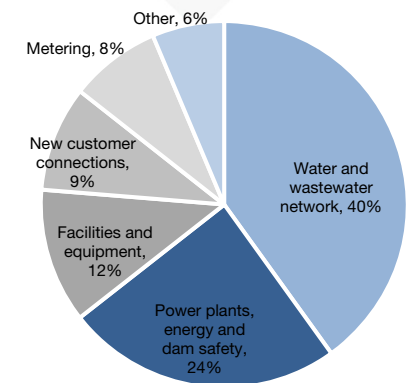


Capex

Capex and EBITDA evolution 2013-2019E



1H17 Capex breakdown

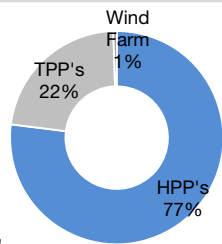


GGU | Georgian electricity market overview

Current installed capacity by Types, MW

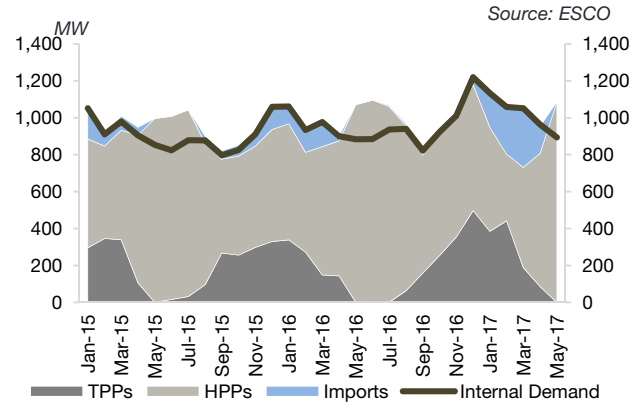
HPP – More than 70 HPPs are under operation currently, with 3,164MW of total installed capacity. 7 conventional dam HPPs make up 68% of installed capacity. Run-of-river plants make up the rest.

TPP – On top of supporting the security of supply, natural gas-fired plants also fill winter deficits. There are six TPPs, with installed capacity of 925MW. 3 TPPs have a remaining average lifetime of 12 years and will need to be replaced in the nearest future.



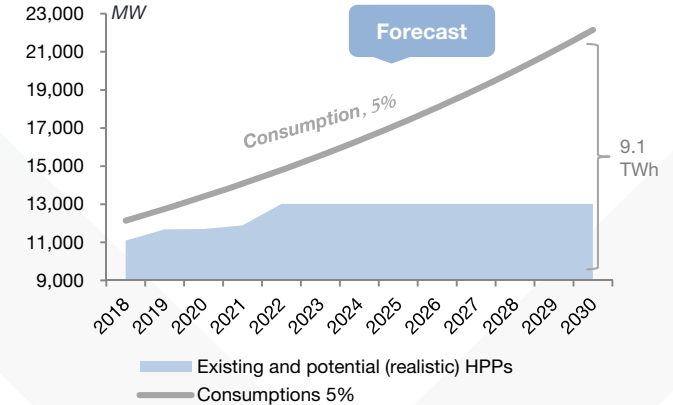
Source: Galt & Taggart Research

Electricity supply and consumption



Demand on electricity in Georgia peaks in winter and the shortage that the country faces is filled by direct imports. Up to 25% of Georgia's electricity needs are imported, with up to 20% natural gas and the rest - direct electricity imports. Supply peaks in summer and the surplus is exported to neighboring countries.

Forecasted consumption

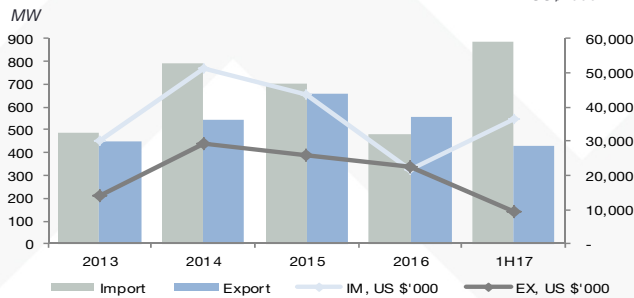


Consumption growth is forecasted to be at 5% CAGR in coming 15 years. If the anticipated growth is realized and current supply does not get upgraded, Georgia will have a deficit of 9.1 tWh (more than 75% of current consumption) left to fill creating an ample room for generation resource development.

Electricity import – export balance

Source: Galt & Taggart Research

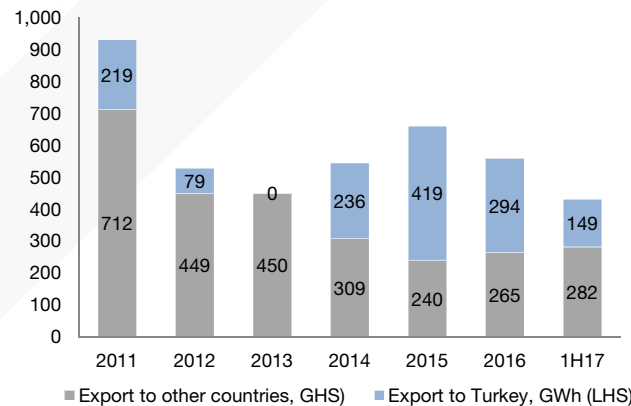
US\$ '000



Favorable weather conditions in 2Q17 resulted in excess power generation and increase in the amount of exported electricity. Notably, the electricity trade balance in US\$ terms remains negative. GGU exported electricity to Turkey for the first time throughout its operations.

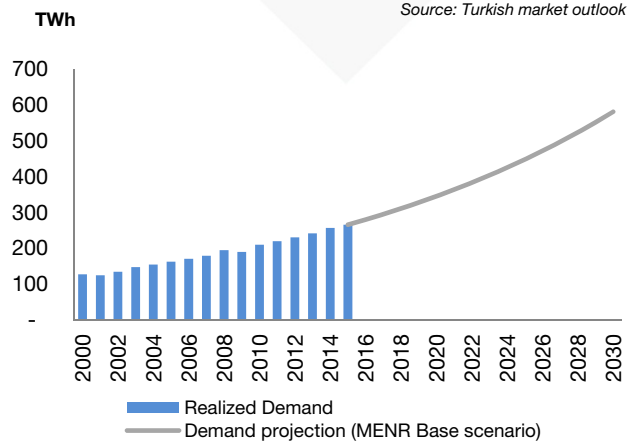
Electricity exports and prices, 2011-2017

Source: ESCO, Geostat, EPIAS



Gross electricity demand in Turkey, 2000-2030

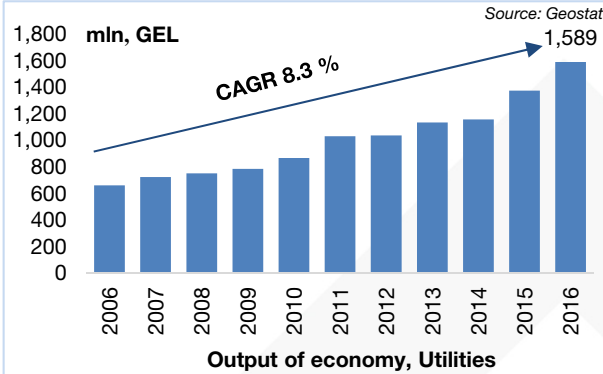
Source: Turkish market outlook



GGU | Georgian water supply and sanitation market overview

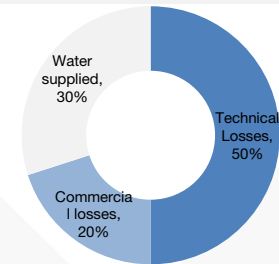
Largely privatized utility sector - high barriers to entry; reforms in progress for approximating the sector with the EU regulations

- Utilities sector represents ~3% of total economic output in Georgia and is constantly growing at a sustainable rate (CAGR 8.3% in 2006 – 2016)
- Bulk of sector players are natural monopolies and the barriers to entry are high
- Large part of the industry is privatized, except for the fraction of WSS utilities and irrigation
- Reforms are in progress in utilities sector to approximate the sector with EU energy regulations in accordance to Georgia's undertaking under the Association Agreement with the EU



Main challenge – water losses

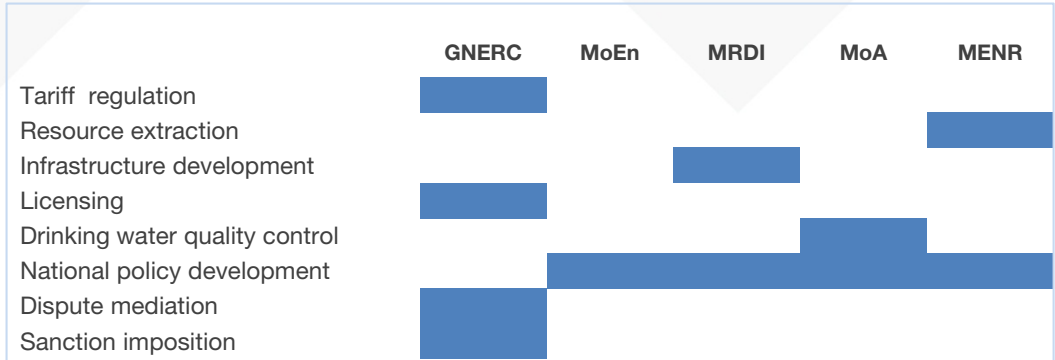
Water losses still remain to be the main challenge in the sector. In 2016, 70% of water supplied to the network was lost, about 4-5 times higher rate than that in the Western Europe
Goal: to reduce the technical water loss rate to 30% in 3 years



Independent regulator that sets tariffs, manages licenses, mediates disputes and imposes sanctions

- Georgian National Energy and Water Supply Regulatory Commission (GNERC) is an independent body that regulates the utilities market
- GNERC is independent from the Government of Georgia and has no direct supervision from any state authorities and its independence is guaranteed by a legally mandated, self-sufficient revenue stream from the regulation fees paid by utility market participants (0.3% of the utility revenues)
- The sector is regulated by the set of laws, by-laws and government decrees on tariff setting, utilities (*water, electricity, natural gas*) market rules, grid / network codes, legislation on licensing, resource extraction and environmental accountability

Elements of regulatory discretion



MRDI – Ministry of Regional Development and Infrastructure

MoEn – Ministry of Energy

MoA – Ministry of Agriculture

MENR – Ministry of Environment and Natural Resources

GGU | A privately-owned natural monopoly

Business strategy

1 UTILITY

REVENUE 1H17: GEL 57.4mln
EBITDA 1H17: GEL 27.1mln
 70% water losses

EBITDA 2018: GEL 64.8mln
 50% water losses

DIVIDEND PROVIDER

2 ENERGY

REVENUE 1H17: GEL 5.2mln
EBITDA 1H17: GEL 3.0mln
 149.3MW existing capacity

EBITDA 2018: GEL 19.2mln
 200MW existing capacity

VALUE CREATION UPSIDE

IPO in 2-3 years time

Projects going forward and forecasted EBITDA

2017

Utility projects:

Infrastructure rehabilitation and development projects in 2017-2018. Investment of GEL 215mln

Energy projects:

50 MW HPP (Svaneti Hydro)
Status – Under construction
Project cost – USD 62.7mln
Completion – by the end of 2018

2018

44.3 MW HPP (Zoti Hydro)

Status – Under development
Project cost – USD 60.9mln
Completion – by the end of 2020

Up to 2023 in the pipeline

Hydro: Capacity – 150 MW

Project cost per MW USD 1.2 - 1.5mln

Wind: Capacity – 150 MW

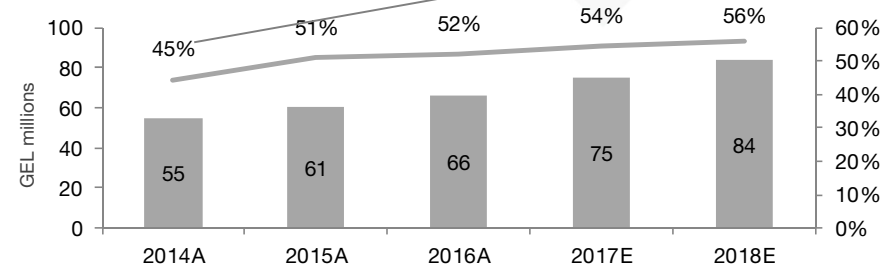
Project cost per MW: USD 1.0 - 1.3mln

Solar: Capacity – 50 MW

Project cost per MW: USD 0.8 - 1.1mln

CAGR'14 -18

+11.2%



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

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
• Aldagi – P&C Insurance	
Georgian Macro Overview	97
Appendices	118

Aldagi financial highlights

P&L

<i>GEL thousands, unless otherwise noted</i>	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Earned premiums, gross	20,900	16,859	24.0%	18,520	12.9%	39,420	32,393	21.7%
Earned premiums, net	15,048	11,905	26.4%	14,436	4.2%	29,485	23,160	27.3%
Insurance claims expenses, gross	(8,413)	(8,142)	3.3%	(10,700)	-21.4%	(19,112)	(14,278)	33.9%
Insurance claims expenses, net	(5,906)	(3,740)	57.9%	(5,637)	4.8%	(11,543)	(7,946)	45.3%
Acquisition costs, net	(1,917)	(1,354)	41.6%	(1,677)	14.3%	(3,594)	(2,739)	31.2%
Net underwriting profit	7,225	6,811	6.1%	7,122	1.4%	14,348	12,475	15.0%
Salaries and other employee benefits	(2,161)	(1,875)	15.3%	(1,978)	9.3%	(4,138)	(3,644)	13.6%
Selling, general administrative expenses	(664)	(684)	-2.9%	(893)	-25.6%	(1,557)	(1,408)	10.6%
Other operating income	21	127	-83.5%	212	-90.1%	233	251	-7.2%
Net Fee and commission income	113	104	8.7%	99	14.1%	212	203	4.4%
Impairment charges	(190)	(185)	2.7%	(242)	-21.5%	(432)	(358)	20.7%
Other operating expenses	(54)	(20)	170.0%	(52)	3.8%	(106)	(89)	19.1%
EBITDA	4,290	4,278	0.3%	4,268	0.5%	8,560	7,430	15.2%
Foreign exchange (loss)	(146)	(986)	-85.2%	(425)	-65.6%	(571)	(1,033)	-44.7%
Depreciation and amortization expenses	(241)	(175)	37.7%	(234)	3.0%	(475)	(383)	24.0%
Net interest income	598	770	-22.3%	767	-22.0%	1,365	1,495	-8.7%
Non-recurring income	51	77	-33.8%	11	NMF	62	88	-29.5%
Pre-tax profit	4,552	3,964	14.8%	4,387	3.8%	8,941	7,597	17.7%
Income tax expense	(713)	(1,009)	-29.3%	(638)	11.8%	(1,350)	(1,553)	-13.1%
Net profit	3,839	2,955	29.9%	3,749	2.4%	7,591	6,044	25.6%

Aldagi financial highlights

Balance sheet

<i>GEL thousands, unless otherwise noted</i>	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Cash and cash equivalents	3,900	5,962	-34.6%	6,143	-36.5%
Amounts due from credit institutions	24,247	24,495	-1.0%	27,450	-11.7%
Investment securities: available-for-sale	4,551	3,128	45.5%	2,562	77.6%
Insurance premiums receivable, net	31,533	26,179	20.5%	21,812	44.6%
Ceded share of technical provisions	23,509	20,551	14.4%	14,998	56.7%
Property and equipment, net	9,177	8,572	7.1%	9,106	0.8%
Intangible assets, net	1,268	1,164	8.9%	1,331	-4.7%
Goodwill	13,051	13,051	-	13,051	-
Deferred acquisition costs	1,692	1,093	54.8%	1,658	2.1%
Pension fund assets	17,198	14,900	15.4%	16,721	2.9%
Other assets	5,467	4,534	20.6%	4,924	11.0%
Total assets	135,593	123,629	9.7%	119,756	13.2%
Gross technical provisions	55,016	51,368	7.1%	44,585	23.4%
Reinsurance premium payable	17,746	13,958	27.1%	8,224	115.8%
Salaries and other benefits payable	2,148	1,548	38.8%	4,197	-48.8%
Pension benefit obligations	17,198	14,900	15.4%	16,721	2.9%
Other Liabilities	3,025	2,629	15.1%	2,411	25.5%
Total liabilities	95,133	84,403	12.7%	76,138	24.9%
Share Capital	1,889	1,889	-	1,889	-
Additional paid-in capital	5,405	5,405	-	5,405	-
Revaluation and other reserves	422	359	17.5%	422	-
Retained earnings	25,153	25,529	-1.5%	32,153	-21.8%
Net profit	7,591	6,044	25.6%	3,749	102.5%
Total equity	40,460	39,226	3.1%	43,618	-7.2%
Total liabilities and equity	135,593	123,629	9.7%	119,756	13.2%

Aldagi financial highlights

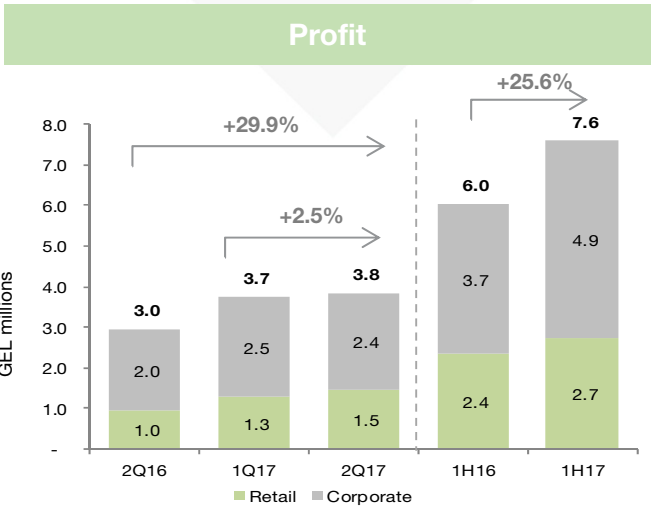
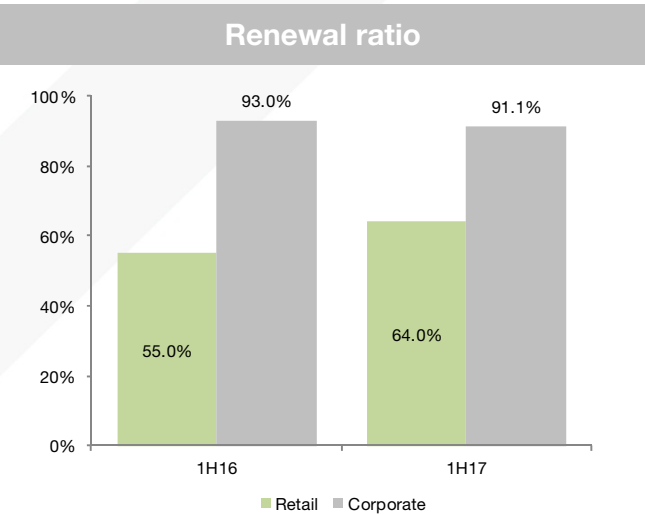
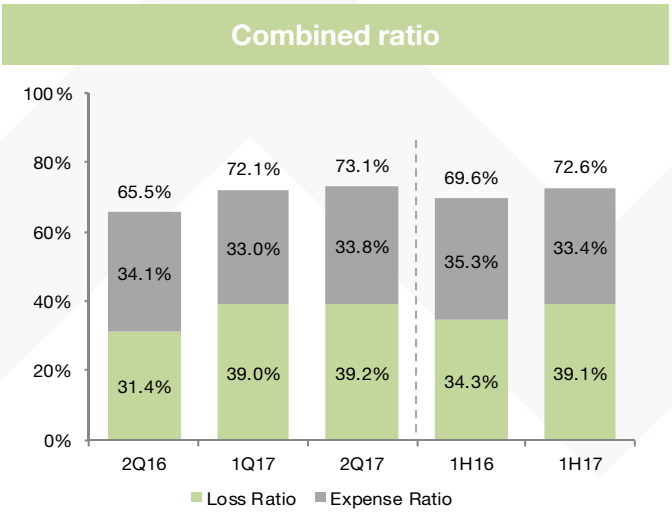
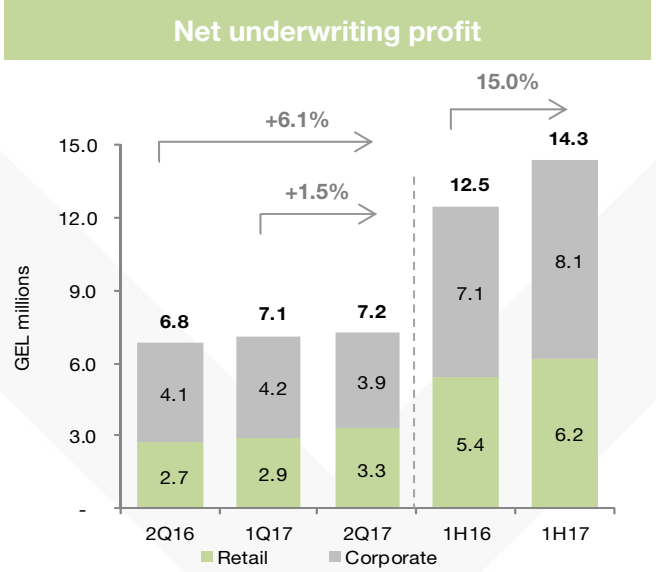
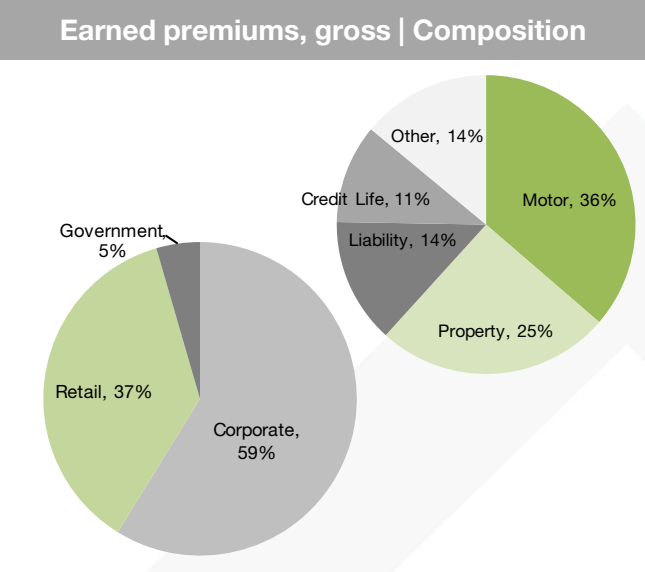
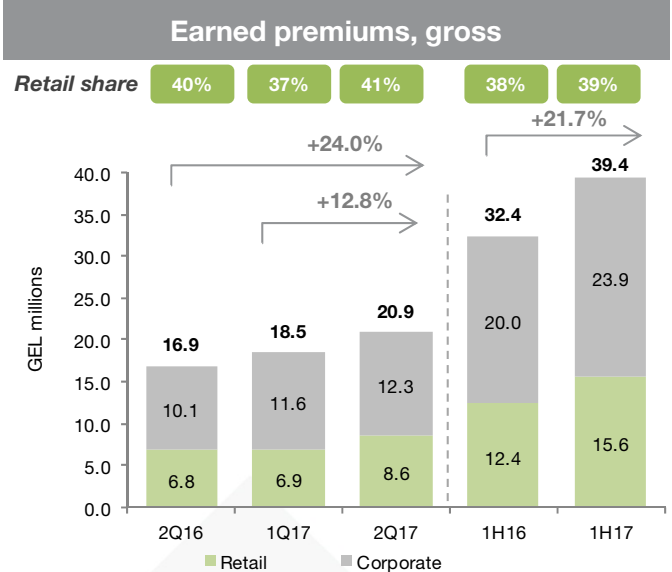
Cash flow

GEL thousands; unless otherwise noted

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Cash flows from operating activities								
Insurance premium received	20,618	16,961	22%	15,558	33%	36,175	31,193	16%
Reinsurance premium paid	(2,970)	(2,547)	17%	(2,685)	11%	(5,655)	(5,724)	-1%
Insurance benefits and claims paid	(5,873)	(4,077)	44%	(8,477)	-31%	(14,351)	(12,248)	17%
Reinsurance claims received	467	237	97%	5,113	-91%	5,580	4,722	18%
Acquisition costs paid	(1,694)	(1,448)	17%	(1,367)	24%	(3,061)	(2,439)	26%
Salaries and benefits paid	(5,142)	(4,036)	27%	(1,882)	173%	(7,024)	(5,582)	26%
Interest received	191	183	5%	1,048	-82%	1,239	588	111%
Net other operating expenses paid	(782)	(655)	19%	(910)	-14%	(1,693)	(1,076)	57%
Net cash flows from operating activities before income tax	4,814	4,618	4%	6,397	-25%	11,211	9,435	19%
Income tax paid	(698)	(371)	88%	(1,230)	-43%	(1,928)	(1,041)	85%
Net cash flows from operating activities	4,116	4,247	-3%	5,167	-20%	9,283	8,394	11%
Cash flows from (used in) investing activities								
Purchase of property and equipment	(203)	(441)	-54%	(104)	96%	(307)	(655)	-53%
Purchase of intangible assets	(175)	(188)	-7%	(19)	NMF	(194)	(387)	-50%
Loan Issued	(100)	-	NMF	-	0%	(100)	-	0%
Proceeds from repayment of loan issued	-	-	-	-	-	-	1,901	NMF
Proceeds from / (placement of) bank deposits	3,596	(1,511)	NMF	(2,218)	NMF	1,377	(5,160)	-127%
Purchase of available-for-sale assets	(2,459)	(150)	NMF	(831)	196%	(3,289)	(531)	NMF
Net cash flows from used in investing activities	659	(2,290)	-129%	(3,172)	-121%	(2,513)	(4,832)	-48%
Cash flows from financing activities								
Dividend Paid	(7,000)	-	NMF	-	NMF	(7,000)	-	NMF
Net cash flows from financing activities	(7,000)	-	NMF	-	NMF	(7,000)	-	NMF
Effect of exchange rates changes on cash and cash equivalents	(18)	1	NMF	(201)	-91%	(219)	20	NMF
Net decrease/(increase) in cash and cash equivalents	(2,243)	1,958	NMF	1,794	NMF	(449)	3,582	-113%
Cash and cash equivalents, beginning	6,143	4,003	53%	4,349	41%	4,349	2,379	83%
Cash and cash equivalents, ending	3,900	5,962	-35%	6,143	-37%	3,900	5,962	-35%

Aldagi performance highlights

Strong P&L performance



Aldagi business overview

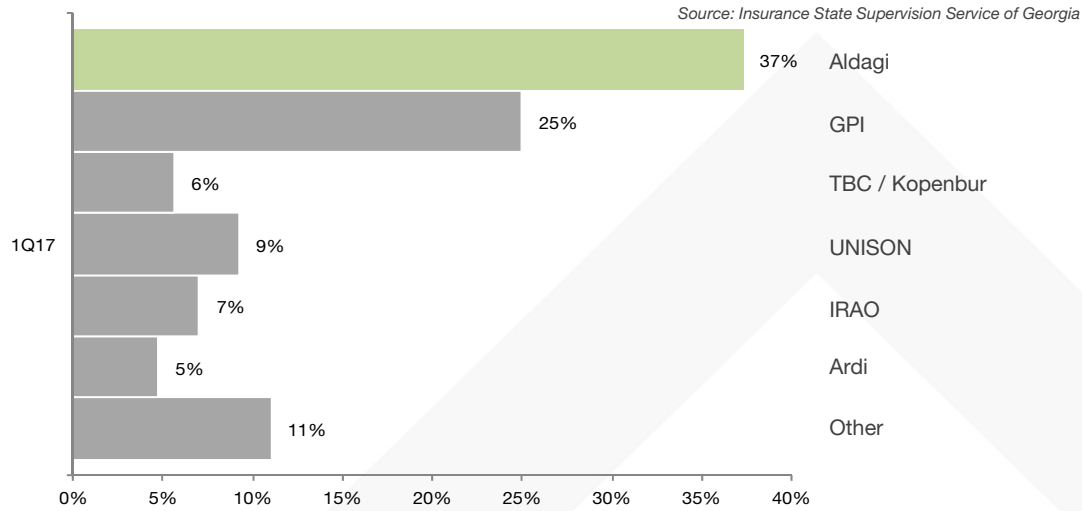
Well-diversified business model

		Motor	Property	Credit Life	Liability	Other
Key Segments		Motor own damage, motor third party liability insurance	CAR ⁽²⁾ , Commercial property, Household Property, Machinery breakdowns insurance	Loan-linked life insurance	Financial risk, employer's liability, professional indemnity, GTPL ⁽³⁾ , FFL ⁽⁴⁾ , Household GTPL, Product liability insurance	Cargo, CPM ⁽⁵⁾ , Livestock, BBB ⁽⁶⁾ , D&O ⁽⁷⁾ , Agro insurance
Market Size⁽¹⁾ (2016)		GEL 65mln	GEL 57mln	GEL 26mln	GEL 27mln	GEL 28mln
Aldagi market share (by earned premiums, gross)		37%	37%	28%	38%	29%
# of Clients		Corporate - 1,115 Retail - 20,999	Corporate - 864 Retail - 13,265	Retail - 557,137	Corporate - 531 Retail - 1,282	Corporate - 253 Retail - 13,288
Financials 1H17	Earned Premiums, gross GEL 39.4mln	<p>2014-1H17 C: CAGR 13% R: CAGR 31% C: GEL 6.7 mln R: GEL 7.6 mln</p>	<p>2014-1H17 C: CAGR 3% R: CAGR 9% C: GEL 8.3 mln R: GEL 1.7 mln</p>	<p>2014-1H17 R: CAGR 37% R: GEL 4.2 mln</p>	<p>2014-1H17 C: CAGR 25% C: GEL 5.1 mln R: GEL 0.2 mln</p>	<p>2014-1H17 C: CAGR 31% R: CAGR 87% C: GEL 3.7 mln R: GEL 1.8 mln</p>
	Underwriting profit, net GEL 14.4mln	<p>2014-1H17 C: CAGR 22% R: CAGR 19% C: GEL 2.6 mln R: GEL 2.1 mln</p>	<p>2014-1H17 C: CAGR 19% R: CAGR -1% C: GEL 1.9 mln E: GEL 1.2 mln</p>	<p>2014-1H17 R: CAGR 29% R: GEL 2.4 mln</p>	<p>2014-1H17 C: CAGR 20% C: GEL 2.0 mln</p>	<p>2014-1H17 C: CAGR 29% R: CAGR 425% C: GEL 1.6 mln R: GEL 0.5 mln</p>
	Net profit GEL 7.6mln	<p>2014-1H17 C: CAGR 31% R: CAGR 10% C: GEL 1.5 mln R: GEL 0.2 mln</p>	<p>2014-1H17 C: CAGR 35% R: CAGR -1% C: GEL 1.0 mln R: GEL 0.8 mln</p>	<p>2014-1H17 R: CAGR 27% R: GEL 1.5 mln</p>	<p>2014-1H17 R: CAGR 24% C: CAGR 25% C: GEL 1.2 mln</p>	<p>2014-1H17 C: CAGR 41% R: CAGR 216% C: GEL 1.2 mln R: GEL 0.1 mln</p>
Combined ratio: 72%		Corporate - 78% Retail - 96%	Corporate - 66% Retail - 50%	Retail - 57%	Corporate - 58% Retail - NMF	Corporate - 43% Retail - 75%

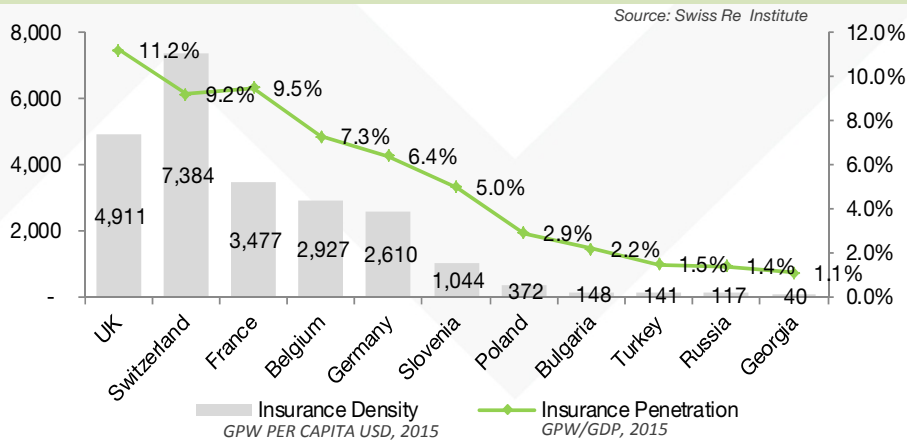
■ Retail
■ Corporate

Georgian insurance market

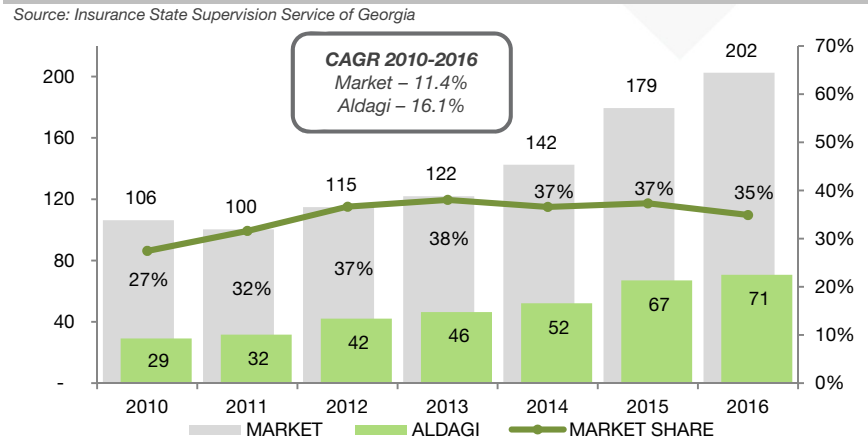
Market shares | Earned premiums, gross



Insurance penetration & density



Market & Aldagi Revenue



Strategy

	5 Year Targets	1H16	1H17
Retail Segment Growth (Gross premium written)	20%+	9%	23%
Retail Segment concentration in portfolio	50%+	38%	39%
Combined Ratio	<80%	70%	73%
ROAE	20%+	33%	38%
Market Share	30%+	34%	37%
Digital Transformation	Solidify undisputed market leader position in the digital insurance over the next 5 years: <ul style="list-style-type: none"> • at least 10%-20% of online Retail sales • at least 15-25% (in quantity) remote motor claims regulation • enhance web-mobile customer profiles 		

CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
• Teliani Valley	
Georgian Macro Overview	97
Appendices	118

Teliani financial highlights

P&L




<i>GEL thousands, unless otherwise noted</i>	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
Wine Business	5,596	4,340	28.9%	4,038	38.6%	9,634	6,943	38.8%
Beer Business	2,566	-	NMF	-	NMF	2,566	-	NMF
Distribution Business	4,108	2,735	50.2%	3,107	32.2%	7,215	4,979	44.9%
Revenue	12,270	7,075	73.4%	7,145	71.7%	19,415	11,922	62.9%
Wine Business	(2,386)	(1,838)	29.8%	(1,758)	35.7%	(4,143)	(3,172)	30.6%
Beer Business	(1,403)	-	NMF	-	NMF	(1,403)	-	NMF
Distribution Business	(3,081)	(1,666)	84.9%	(2,056)	49.9%	(5,138)	(3,168)	62.2%
COGS	(6,870)	(3,504)	96.1%	(3,814)	80.1%	(10,684)	(6,340)	68.5%
Gross Profit	5,400	3,571	51.2%	3,331	62.1%	8,731	5,582	56.4%
<i>Gross Profit Margin</i>	<i>44.0%</i>	<i>50.5%</i>		<i>46.6%</i>		<i>44.97%</i>	<i>46.8%</i>	
Salaries and other employee benefits	(1,566)	(836)	87.3%	(1,135)	38.0%	(2,701)	(1,597)	69.1%
Sales and marketing Expenses	(2,903)	(1,129)	157.1%	(1,024)	183.5%	(3,927)	(2,058)	90.8%
General and administrative expenses	(1,013)	(413)	145.3%	(416)	143.5%	(1,429)	(711)	101.0%
Distribution expenses	(413)	(126)	227.8%	(143)	188.8%	(556)	(210)	164.8%
Other operating expenses	(422)	(198)	113.1%	(564)	-25.2%	(986)	(406)	142.9%
EBITDA	(917)	869	NMF	49	NMF	(868)	600	NMF
Net foreign currency gain (loss)	(2,259)	1,993	NMF	2,425	-193.2%	166	2,150	-92.3%
Depreciation and amortization	(904)	(379)	138.5%	(450)	100.9%	(1,354)	(754)	79.6%
Interest expense	(389)	(243)	60.1%	(215)	80.9%	(604)	(532)	13.5%
Interest income	31	5	NMF	43	-27.9%	74	25	196.0%
Net operating income before non-recurring items	(4,438)	2,245	NMF	1,852	NMF	(2,586)	1,489	NMF
Net non-recurring items	(87)	(60)	NMF	(41)	NMF	(128)	(140)	NMF
Profit before income tax	(4,525)	2,185	NMF	1,811	NMF	(2,714)	1,349	NMF
Income tax (expense) benefit	(37)	37	NMF	1	NMF	(36)	55	-165.5%
Profit	(4,562)	2,222	NMF	1,812	NMF	(2,750)	1,404	NMF

Teliani financial highlights

Balance sheet

<i>GEL thousands, unless otherwise noted</i>	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Cash and cash equivalents	11,923	10,241	16.4%	15,426	-22.7%
Amounts due from credit institutions	6,457	13,746	-53.0%	8,416	-23.3%
Trade and other receivables	8,163	5,823	40.2%	5,327	53.2%
Inventory	17,403	9,659	80.2%	12,208	42.6%
PPE and intangible assets, net	102,612	14,260	NMF	84,431	21.5%
Goodwill	2,836	-	NMF	2,836	0.0%
Prepayments and other assets	6,009	14,426	-58.3%	14,776	-59.3%
Total assets	155,403	68,155	128.0%	143,420	8.4%
Trade and other payables	15,737	2,941	NMF	14,220	10.7%
Borrowings	59,204	13,682	NMF	58,819	0.7%
<i>Short Term Borrowings</i>	5,006	5,379	-6.9%	4,197	19.3%
<i>Long Term Borrowings</i>	54,198	8,303	NMF	54,622	-0.8%
Tax liabilities	-	1,656	NMF	-	NMF
Other liabilities	1,644	2,595	-36.6%	1,088	51.1%
Total liabilities	76,585	20,874	NMF	74,127	3.3%
Share capital	4,522	2,771	63.2%	3,694	22.4%
Additional paid-in capital	72,994	38,846	87.9%	59,793	22.1%
Retained earnings	(595)	4,309	-113.8%	3,967	-115.0%
Revaluation and othe reserves	1,897	1,355	40.0%	1,839	3.2%
Total equity	78,818	47,281	66.7%	69,293	13.7%
Total liabilities and equity	155,403	68,155	128.0%	143,420	8.4%

Teliani targets & priorities (Beverage Business)

Goal	Become leading beverages producer and distributor in Caucasus		
Business Segments	Wine business	Distribution business	Beer production business
			
	<ul style="list-style-type: none"> c. 1.300 thousand bottles sold in 1H17 GEL 9.6mln revenue in 1H17 GEL 1.7mln EBITDA in 1H17 71% of sales from export 	<ul style="list-style-type: none"> 4,800 sales points New distribution line – Lavazza coffee Exporting wine to 12 countries, including all FSU, Poland, Sweden, USA, Canada, China. 	<ul style="list-style-type: none"> Launched mainstream beer production under ICY brand in June 2017 Beer sales amounted to GEL 2.6mln in 1H17 5,200 sales points as of 1H17, planned to nearly double by YE 2017 10 year exclusivity with Heineken to sell in Georgia, Armenia and Azerbaijan (17mln population)
<ul style="list-style-type: none"> Local market – market leader with 35% market share in premium HoReCa and modern trade segment based on bottle wine sales Export sales – c.4% market share of exported wine from Georgia, including Russia and c.17% excluding Russia 	<ul style="list-style-type: none"> Wine distribution – market leader Other products distribution – second largest distributor on the market Lavazza coffee distribution – market leader in ground coffee and in HoReCa distribution 	<ul style="list-style-type: none"> Local production – 16% market share in June/July 2017 Imported beer – 22% market share of the super premium beer market Heineken is a highest equity valued brand in Georgia - 8.4 (out of 10) 	
<ul style="list-style-type: none"> Grow in line with market locally Enhance exports 	<ul style="list-style-type: none"> Enhance product portfolio, becoming the leading FMCG distributor in Georgia 	<ul style="list-style-type: none"> Achieve 30% market share 	

Strategic sale

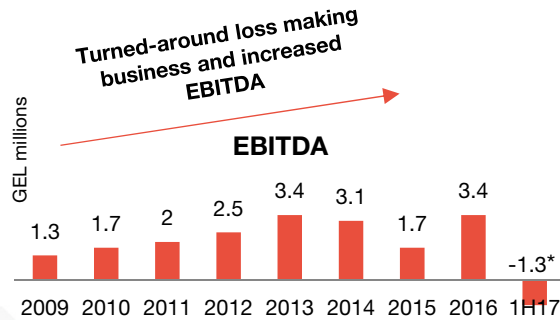
Teliani | Exclusive Heineken producer in Caucasus



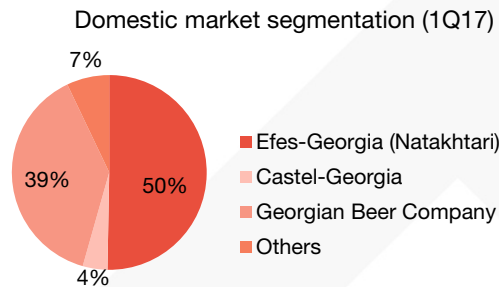
Investment Rationale

Exclusive Heineken producer in Caucasus

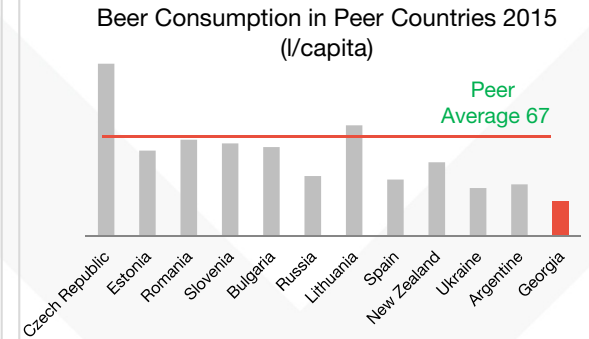
Strong management with proven track record



Highly concentrated market

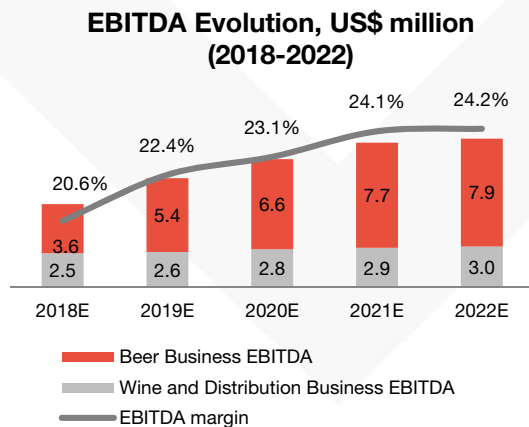


Low consumption per capita compared to peers



Financials

EBITDA projection

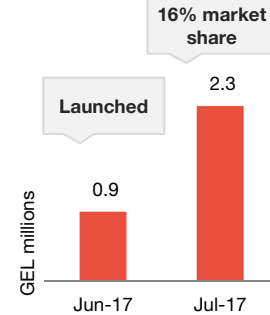


Strong performance of local beer brand

Local beer brand: ICY



Local beer sales dynamics



Investment

Investment

- Total investment – US\$ 45.9mln, of which US\$ 24.8mln is equity
- BGEO's investment – US\$ 18.6mln

Exit options

- Trade sale

* Negative EBITDA in 1H17 was due to the launch of a new business line - beer production at the end of 2Q17

CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
Georgian Macro Overview	97
Appendices	118

Georgia at a glance

General Facts

- Area: 69,700 sq km
- Population (2017): 3.7 mln
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)

Economy

- Nominal GDP (Geostat) 2016: GEL 33.9 bln (US\$14.3 bln)
- Real GDP growth rate 2012-2016: 6.4%, 3.4%, 4.6%, 2.9%, 2.7%
- Real GDP 2006-16 annual average growth rate: 4.9%
- GDP per capita 2016 (PPP) per IMF: US\$ 10,044
- Annual inflation (e-o-p) 2016: 1.8%
- External public debt to GDP 2016: 35.2%

- Sovereign credit ratings:
 - S&P BB-/Stable, affirmed in May 2017
 - Moody's Ba3/Stable, affirmed in June 2017
 - Fitch BB-/Stable, affirmed in March 2017



Georgia's key economic drivers

Liberal economic policy

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

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

Regional logistics and tourism hub

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

- Access to a market of 900mn customers without customs duties: Free trade agreements with EU, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; Georgia-China free trade agreement signed in May 2017
- Tourism revenues on the rise: tourism inflows stood at 15.1% of GDP in 2016 and arrivals reached 6.4mln visitors in 2016 (up 7.6% y-o-y). In 1H17, total international arrivals reached 3.0mln visitors (up 13.4% y-o-y), out of which tourist arrivals were up 29.1% y-o-y to 1.3mln visitors.
- Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes

Strong FDI

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

- FDI at US\$ 1.6bln (11.5% of GDP) in 2016 (up 5.2% y-o-y); FDI stood at US\$ 403.3mln (up 3.7% y-o-y) in 1Q17
- FDI averaged 9.8% of GDP in 2007-2016
- Productivity gains accounted for 66% of the annual average 5.6% growth over 1999-2012, according to the World Bank

Support from international community

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

- Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free entrance to the EU countries from 28 March 2017
- Discussions commenced with the USA to drive inward investments and exports
- Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU

Electricity transit hub potential

Developed, stable and competitively priced energy sector

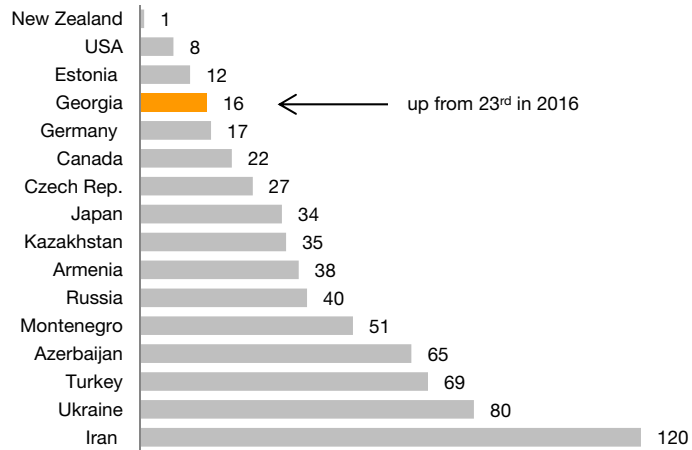
- Only 20% of hydropower capacity utilized; 120 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development
- Georgia imports natural gas mainly from Azerbaijan
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV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

Political environment stabilised

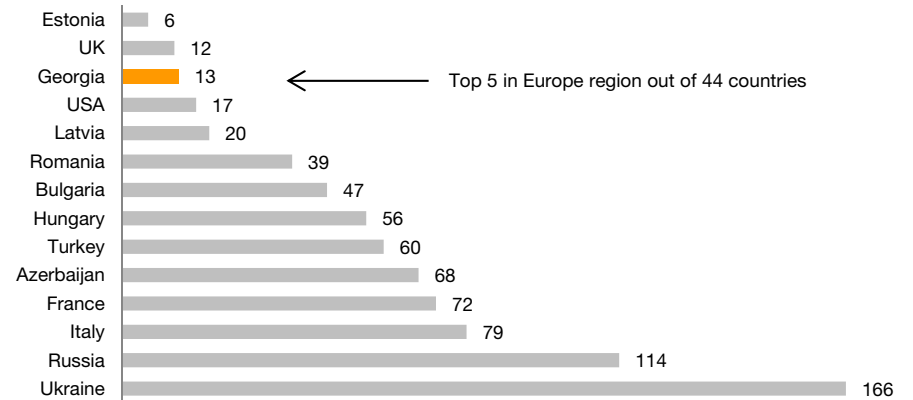
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU
- New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency
- Continued economic relationship with Russia, although economic dependence is relatively low
- Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians -The Russian side announced to ease visa procedures for Georgians citizens effective December 23, 2015
- Direct flights between the two countries resumed in January 2010
- Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia
- In 2016, Russia accounted for 9.8% of Georgia's exports and 6.9% of imports; just 3.6% of cumulative FDI over 2003-2016

Growth oriented reforms

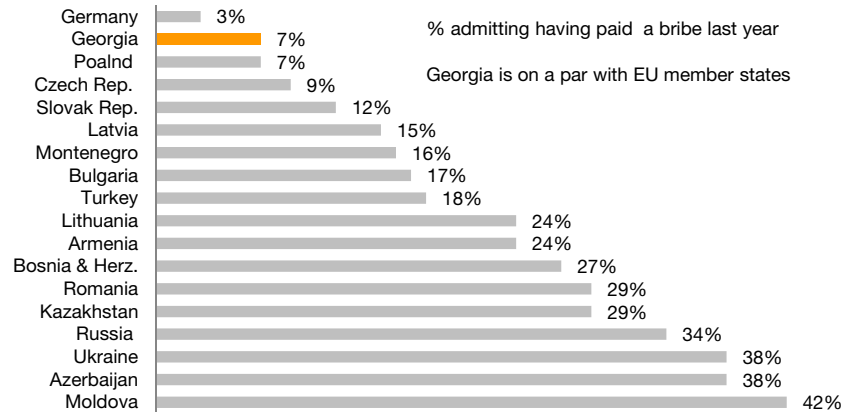
Ease of Doing Business | 2017 (WB-IFC Doing Business Report)



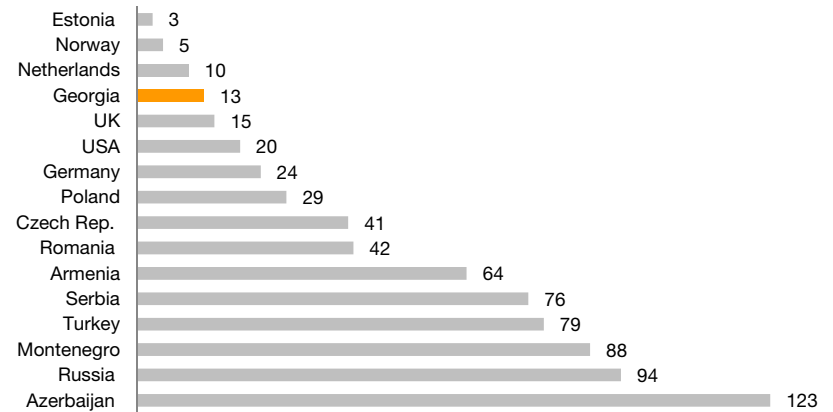
Economic Freedom Index | 2017 (Heritage Foundation)



Global Corruption Barometer | TI 2016



Business Bribery Risk, 2016 | Trace International



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

Government 4-pillar of reforms

Structural Reforms

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

Promoting Open Governance

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

Promoting Transit & Tourism Hub

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

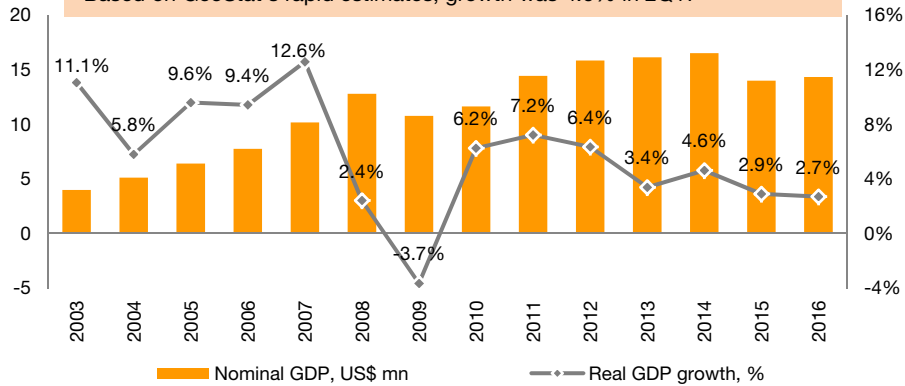
Education Reform

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

Diversified resilient economy

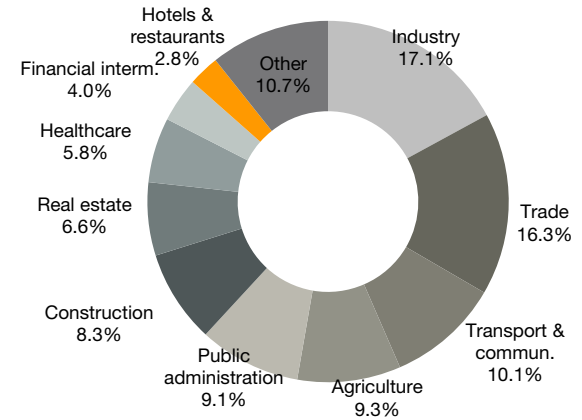
Gross domestic product

Real GDP growth was 5.1% in 1Q17
Based on GeoStat's rapid estimates, growth was 4.0% in 2Q17



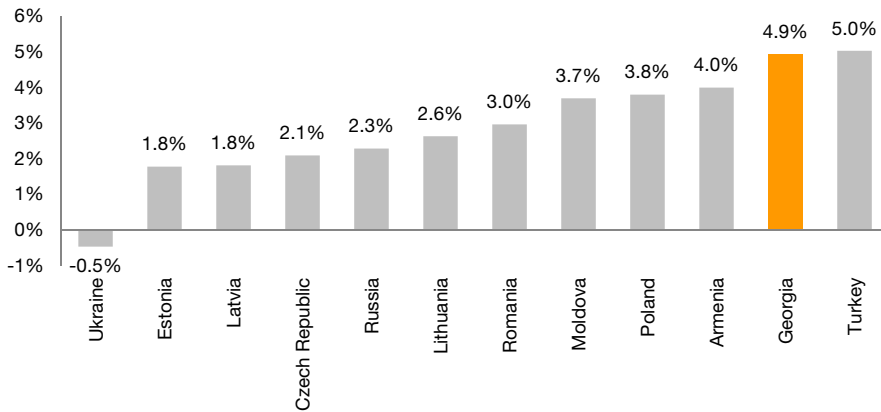
Source: Geostat

Diversified nominal GDP structure, 2016



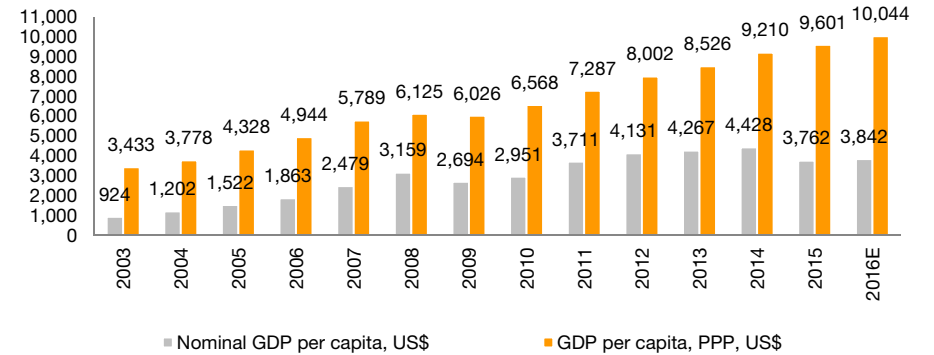
Source: Geostat

Comparative real GDP growth rates, % (2006-2016 average)



Sources: IMF

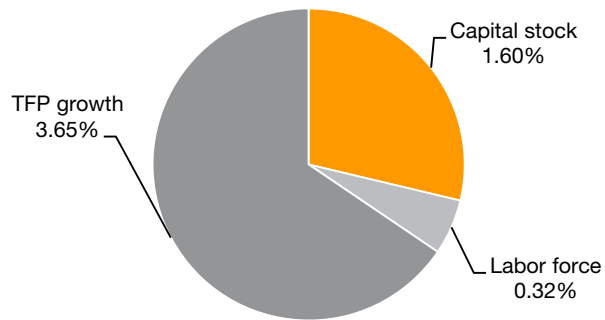
GDP per capita



Sources: IMF

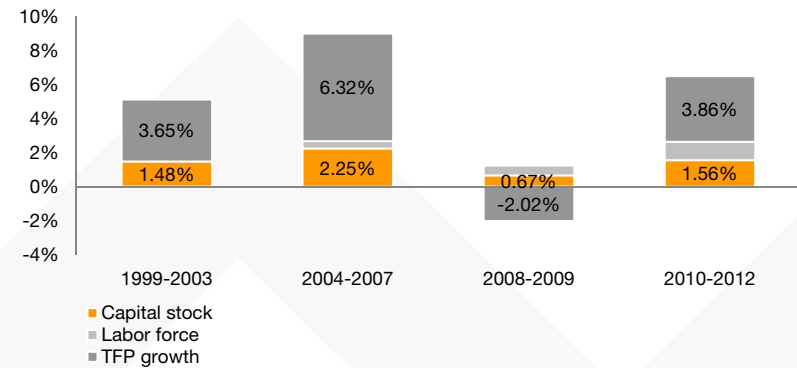
Productivity gains have been the main engine of growth since 2004

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



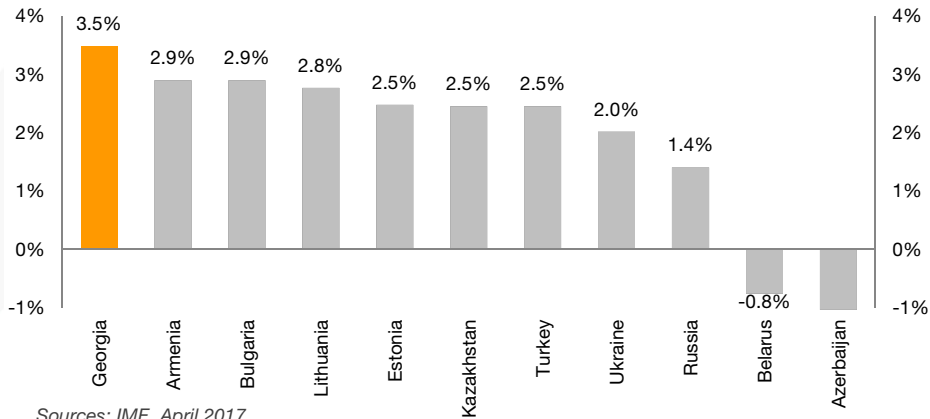
Source: Georgia Rising (2013), WB

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



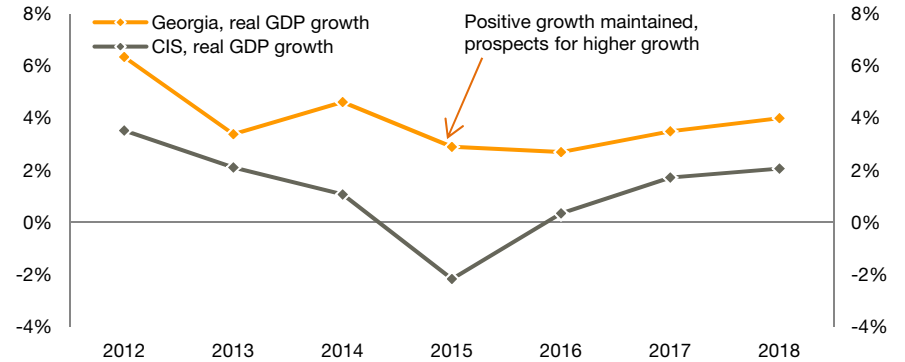
Source: Georgia Rising (2013), WB

Real GDP growth projection, 2017



Sources: IMF, April 2017

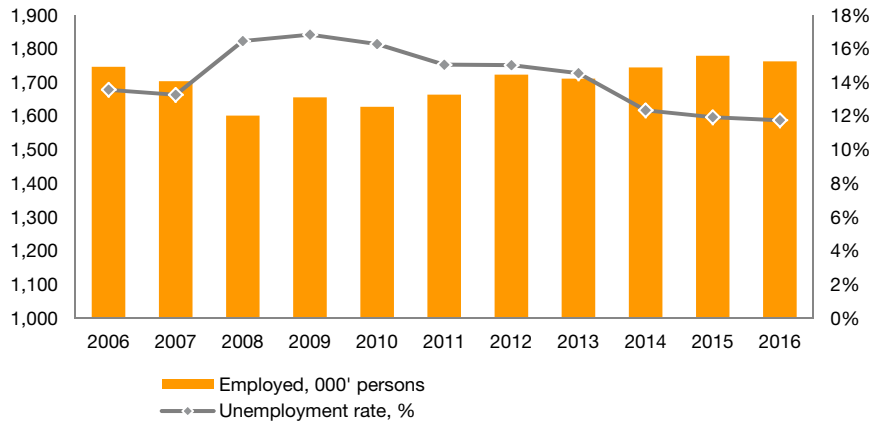
Georgia vs. CIS, effects of 2014-15 commodity price shock



Sources: IMF, April 2017

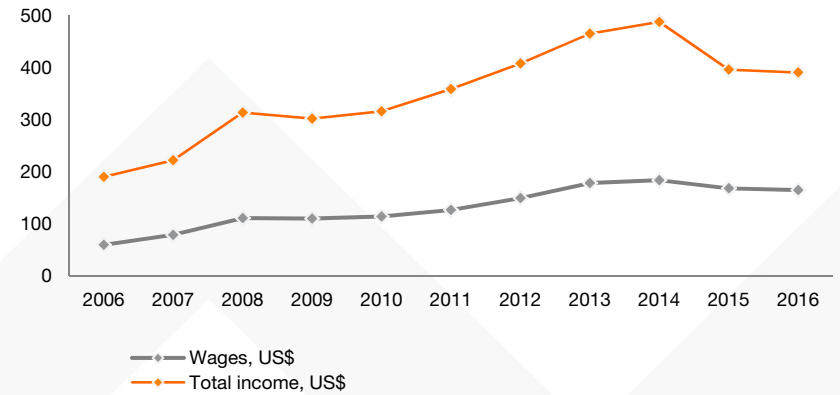
Further job creation is achievable

Unemployment rate down 0.2ppts y/y to 11.8% in 2016



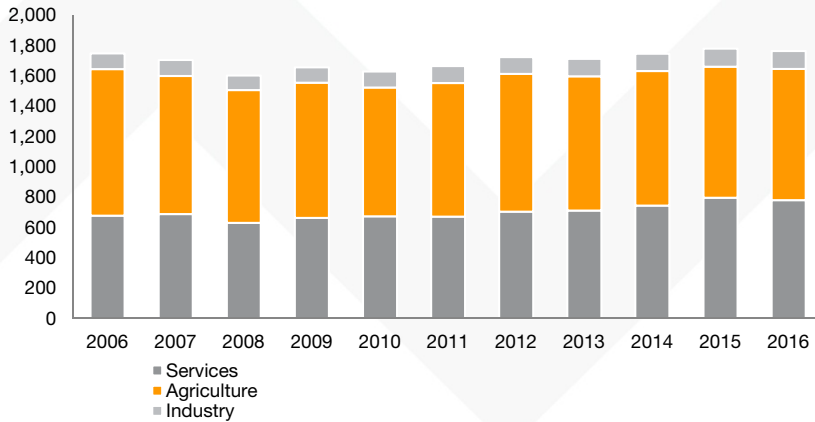
Sources: GeoStat

Average monthly wages and income per household



Sources: GeoStat

Share of services in total employment has increased



Source: GeoStat
Note: Services include construction

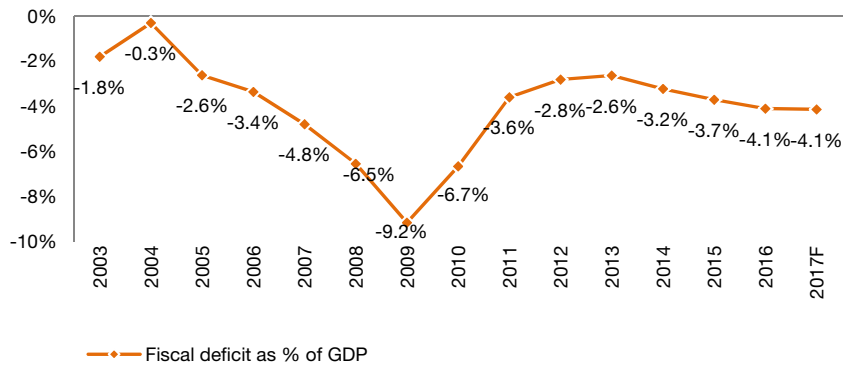
Hired workers accounted for 42.3% in total employment in 2016



Sources: GeoStat

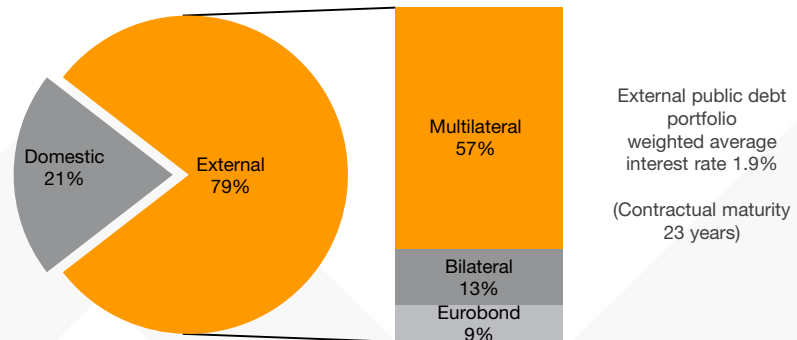
Low public debt

Fiscal deficit



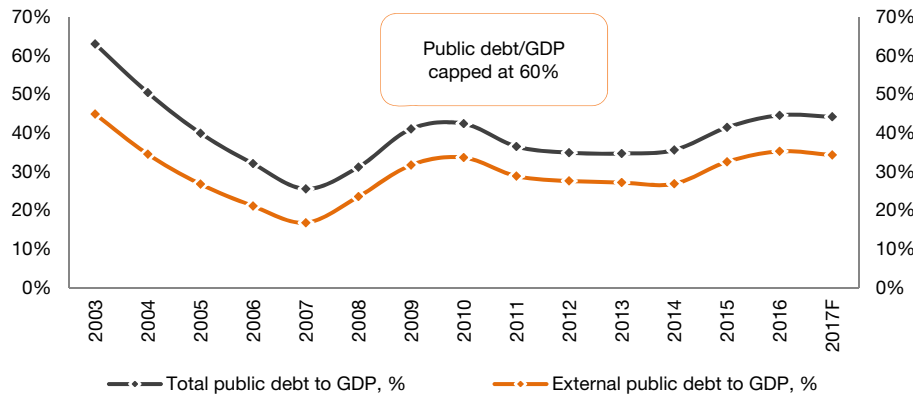
Source: Ministry of Finance of Georgia
 Note: Deficit calculated based on IMF's GFSM-1986 methodology

Breakdown of public debt



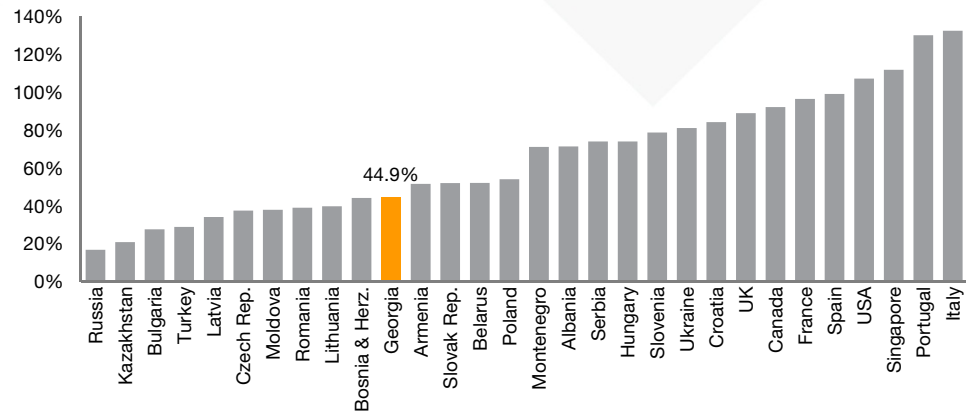
Source: Ministry of Finance of Georgia, as of end-2016

Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

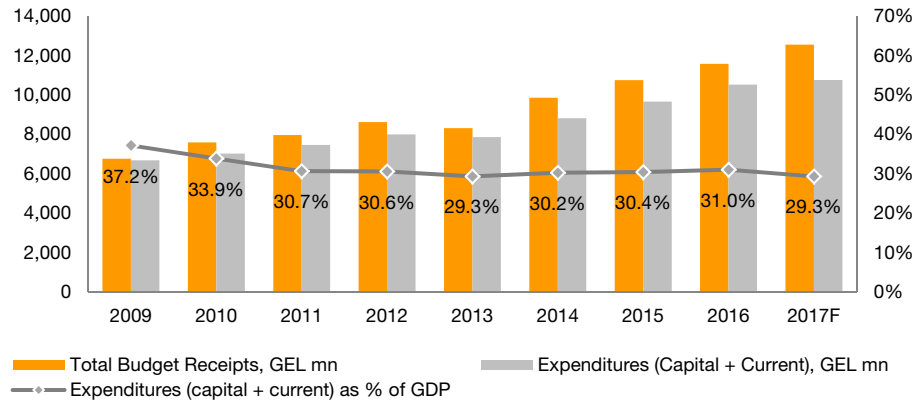
Gross government debt/GDP, 2016



Source: IMF

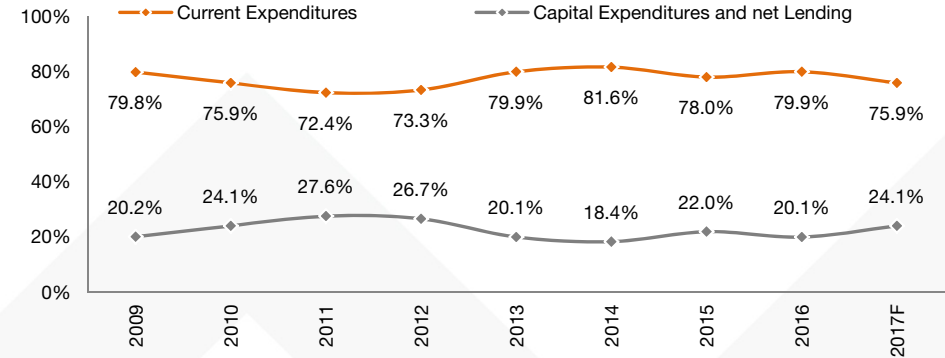
Investing in infrastructure and spending low on social

Revenues and expenditures, consolidated budget



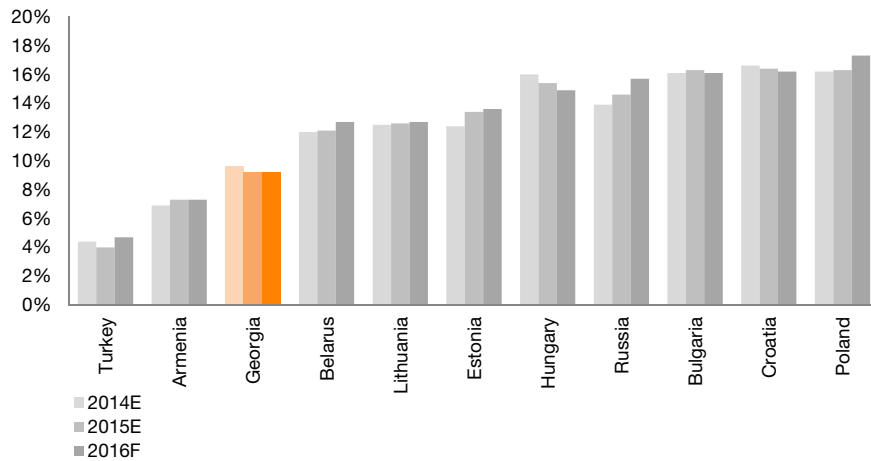
Source: Ministry of Finance, GeoStat

Current and capital expenditure



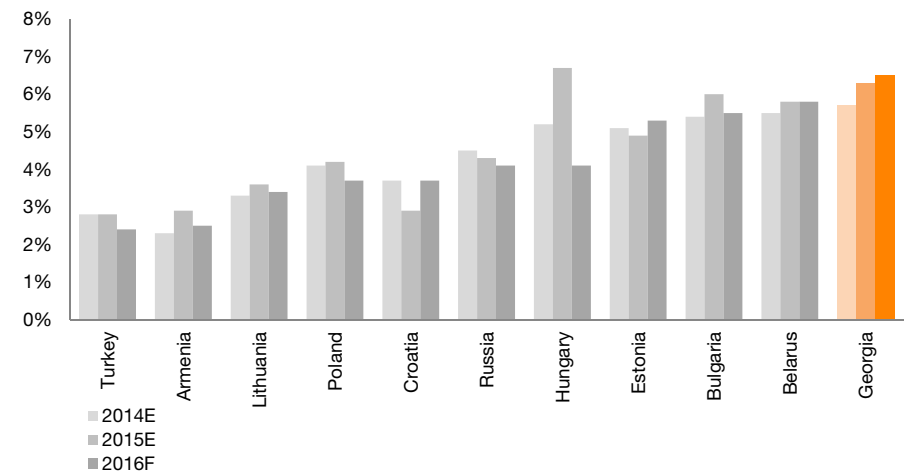
Sources: Ministry of Finance

Government social expenditure as % of GDP



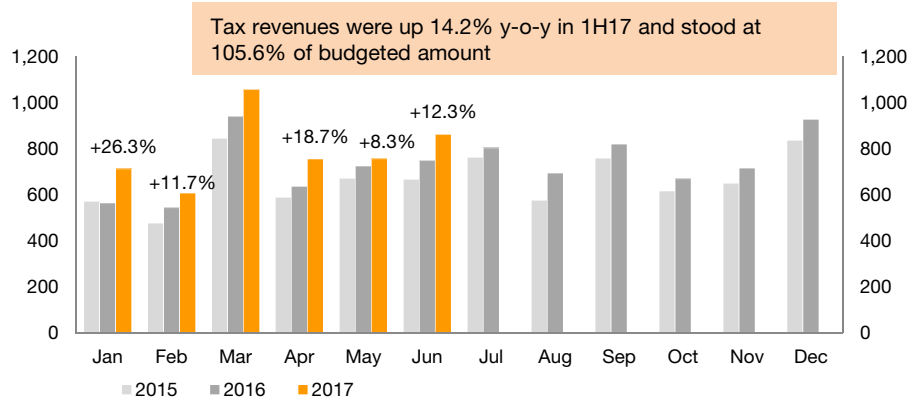
Source: IMF

Government capital expenditure as % of GDP



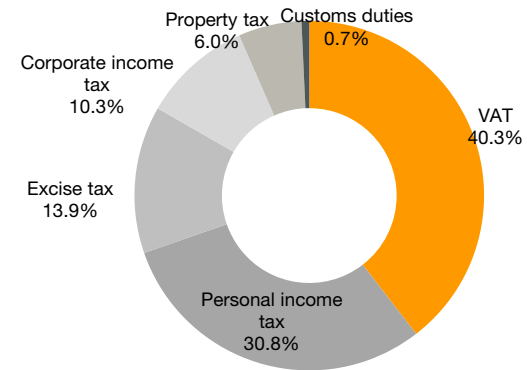
Fiscal Performance

Consolidated budget tax revenues, GEL mn



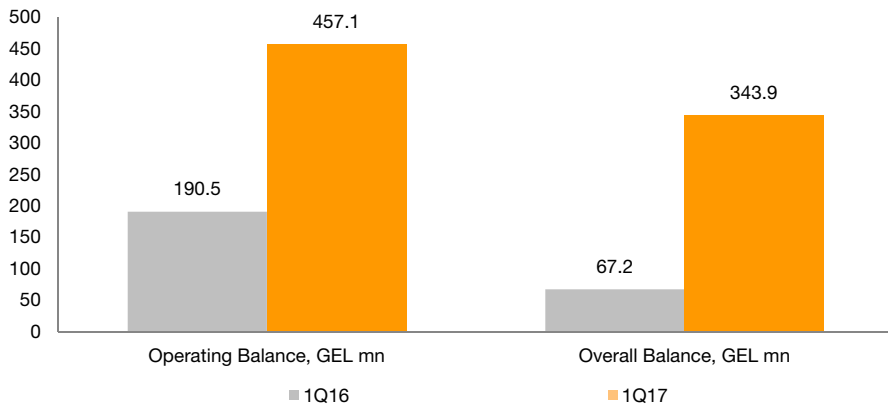
Source: Ministry of Finance

Consolidated budget tax revenues breakdown, 1H17



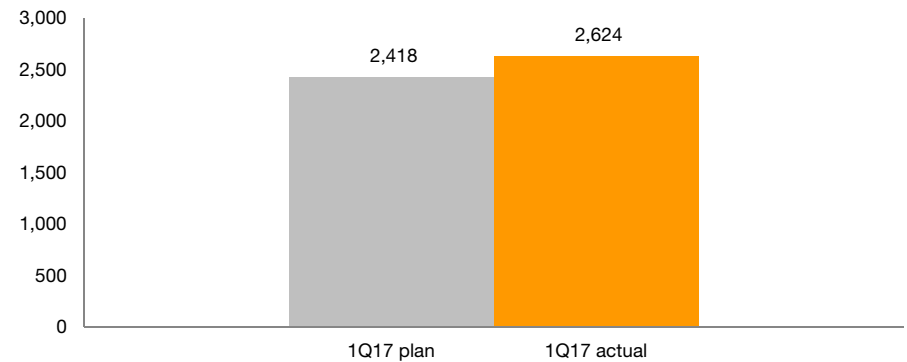
Sources: Ministry of Finance

Consolidated budget balance



Source: Ministry of Finance

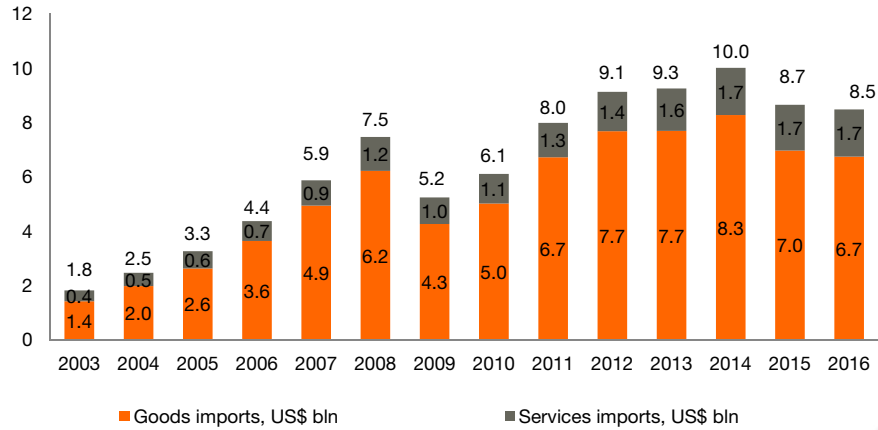
Consolidated budget revenues above budgeted in 1Q17



Source: Ministry of Finance

Diversified foreign trade

Imports of goods and services



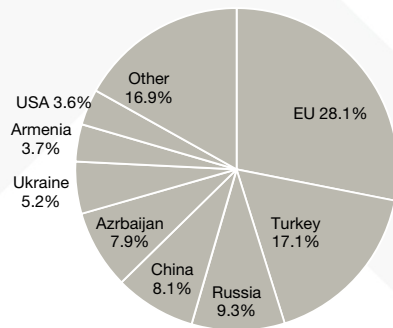
Source: NBG – BOP statistics

Exports of goods and services



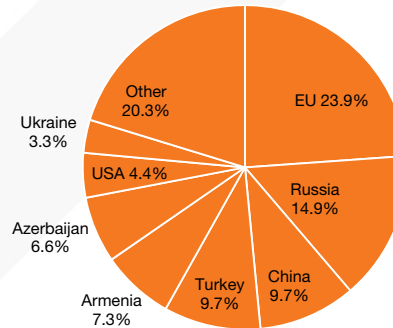
Source: NBG – BOP statistics

Imports, 1H17



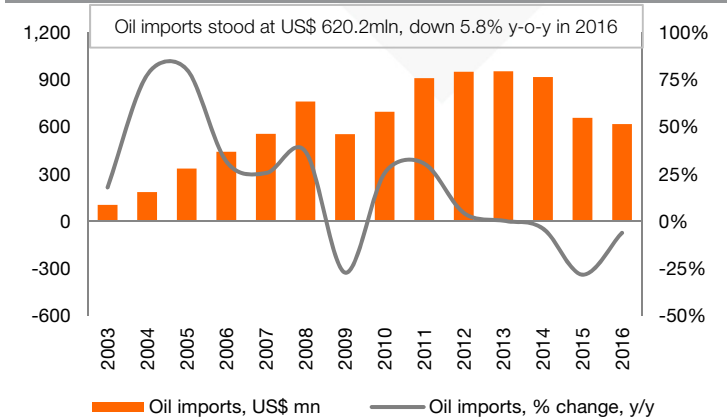
Sources: GeoStat

Exports, 1H17



Sources: GeoStat

Oil imports

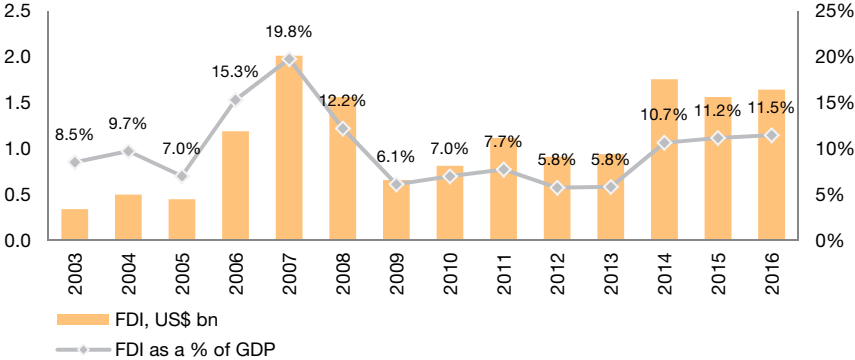


Sources: GeoStat

Diversified sources of capital

Strong foreign investor interest

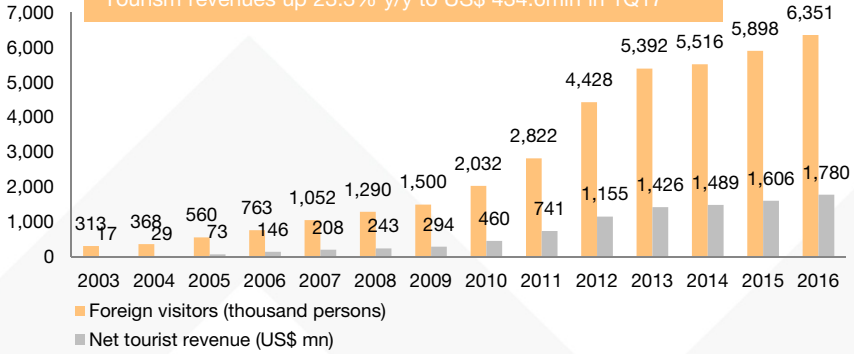
FDI stood at US\$ 403.3mln, up 3.7% y/y in 2016



Sources: GeoStat

Tourist arrivals and revenues on the rise

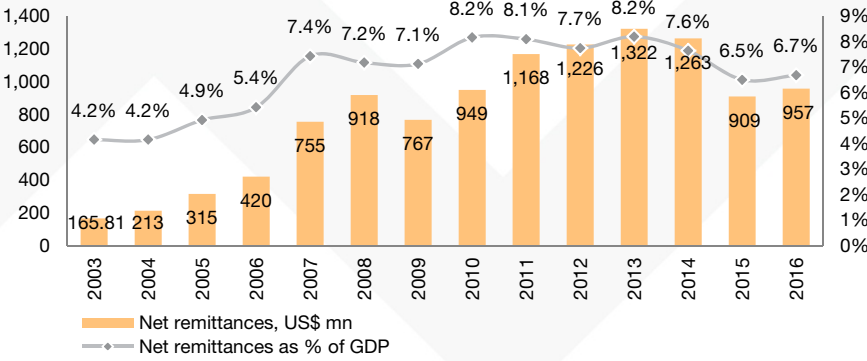
3.0mln visitors in 1H17, up 13.4% y/y
Tourism revenues up 23.3% y/y to US\$ 434.6mln in 1Q17



Sources: Georgian National Tourism Agency, National Bank of Georgia

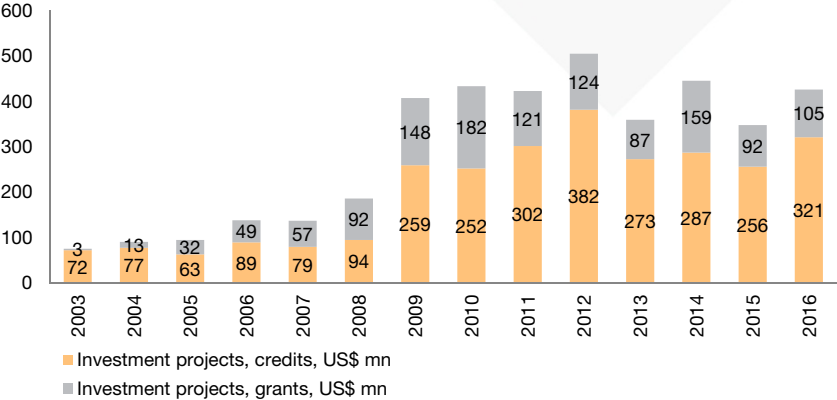
Remittances - steady source of external funding

Remittances reached US\$ 629.0mln in 1H17, up 19.7% y/y



Source: National Bank of Georgia

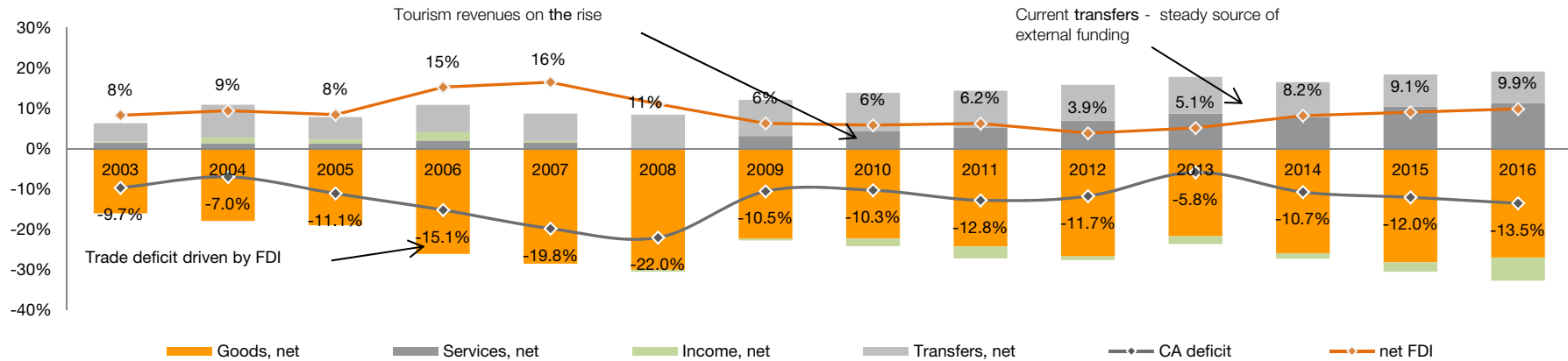
Donor funding for public infrastructure projects



Source: Ministry of Finance of Georgia

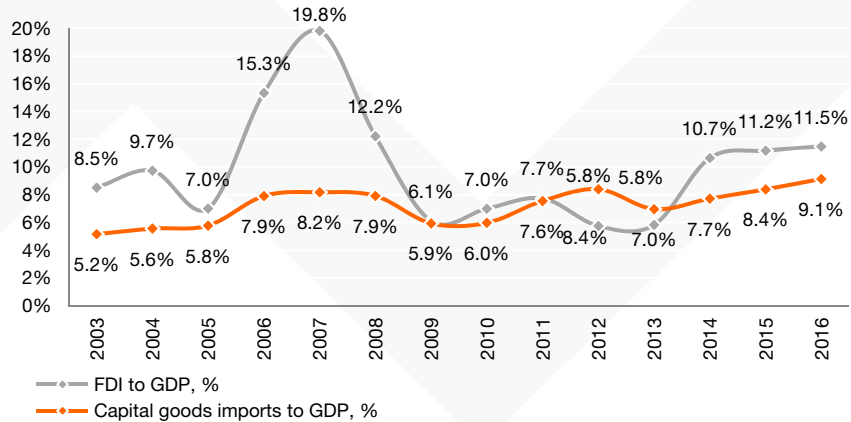
Current account deficit supported by FDI

Current account balance (% of nominal GDP)



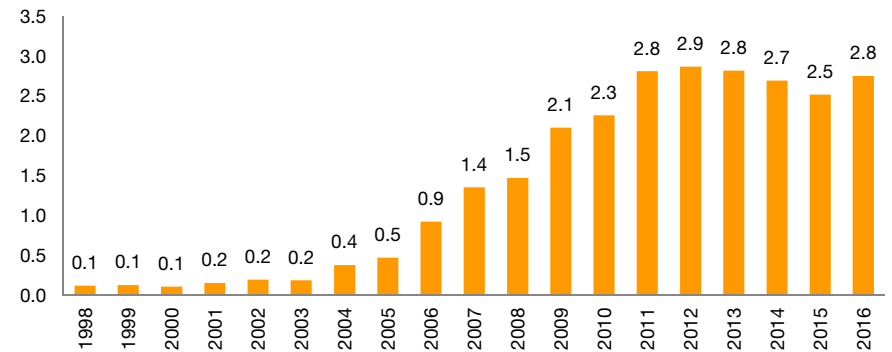
Sources: GeoStat, NBG

FDI and capital goods import



Source: GeoStat

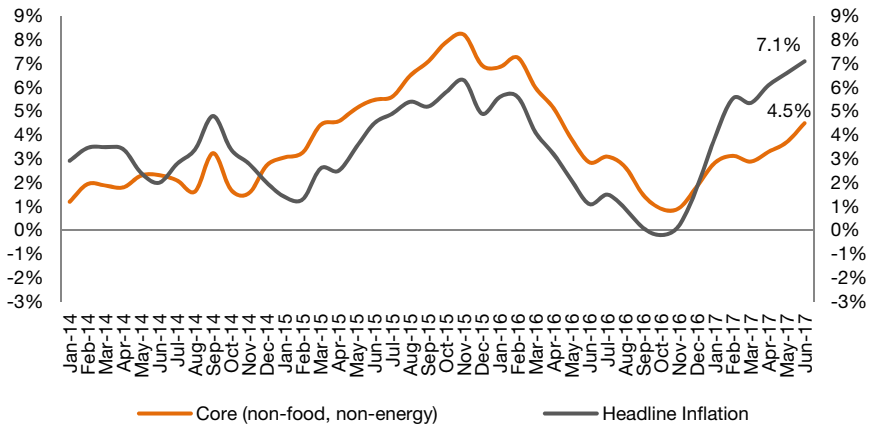
Building international reserves



Source: NBG

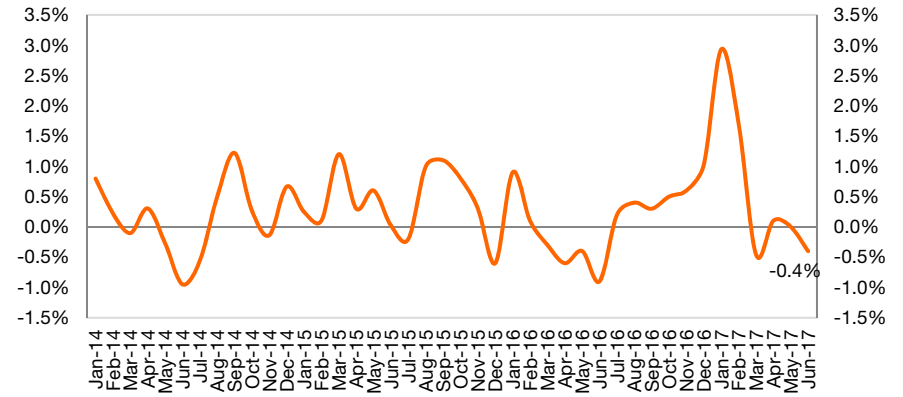
Inflation targeting since 2009

Annual inflation



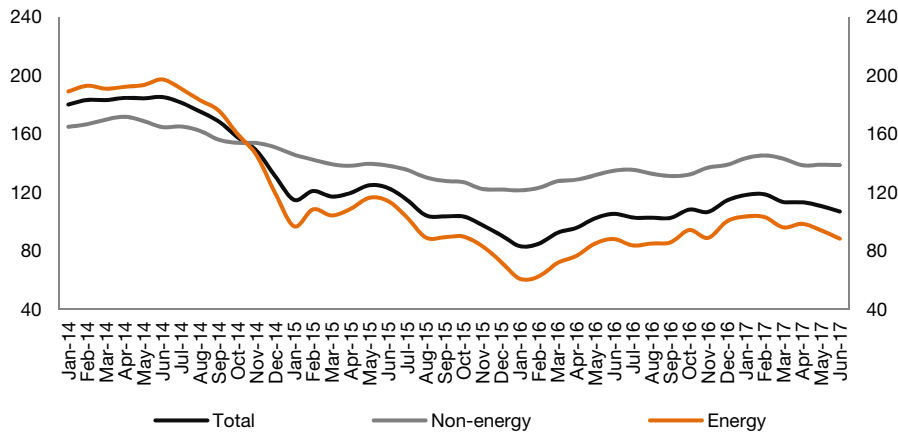
Sources: GeoStat

Monthly inflation rate



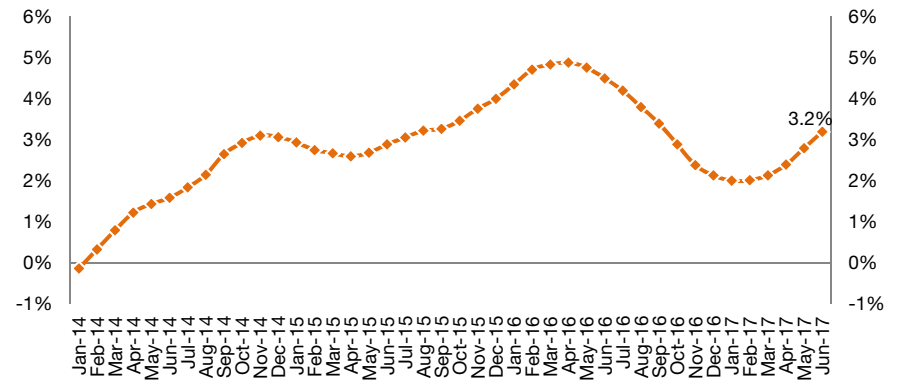
Sources: GeoStat

World commodity prices indices



Source: IMF
Note: Jan2005=100

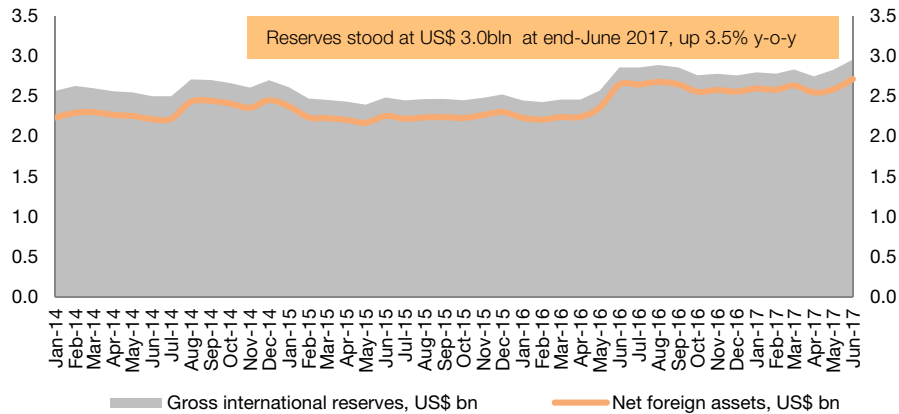
Average inflation rate



Source: GeoStat

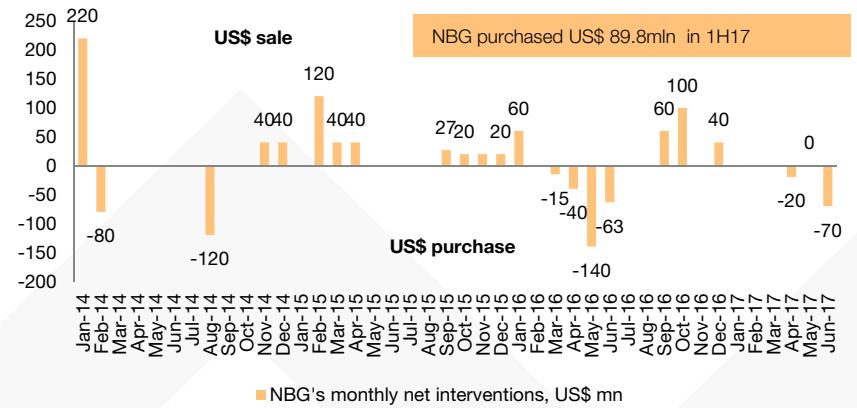
International reserves-sufficient to finance more than 3 months of imports

International reserves



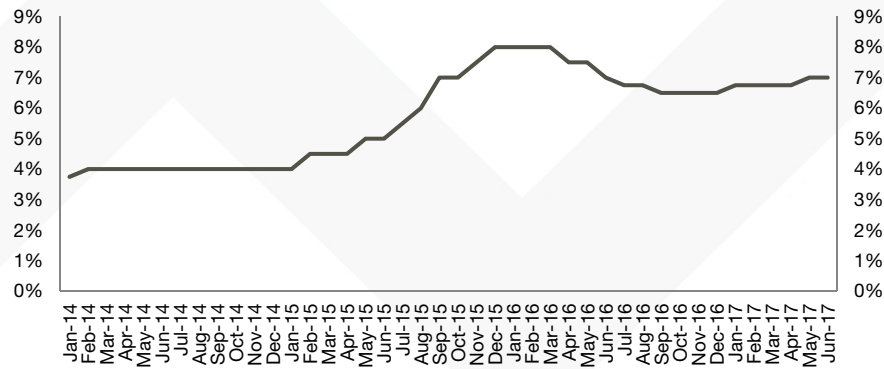
Sources: NBG

Central Bank's interventions



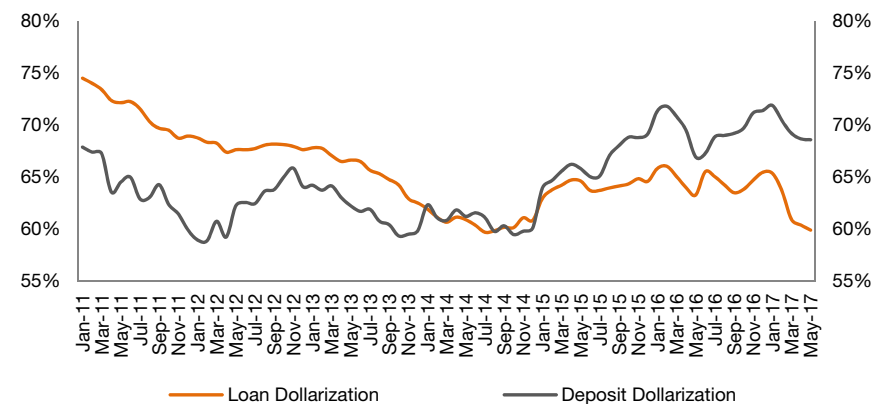
Sources: NBG

Monetary policy rate



Source: NBG

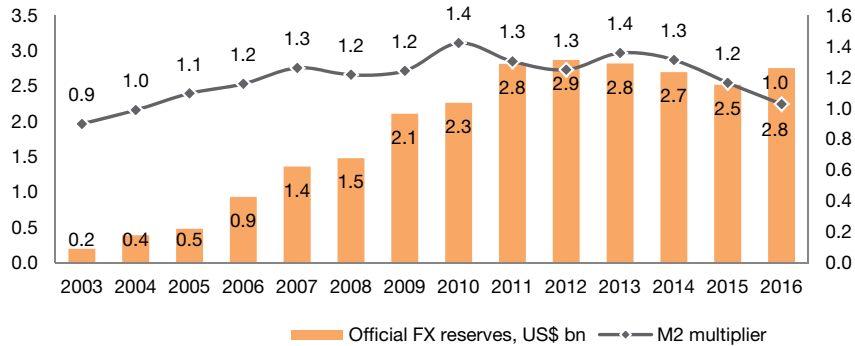
Dollarization



Source: NBG

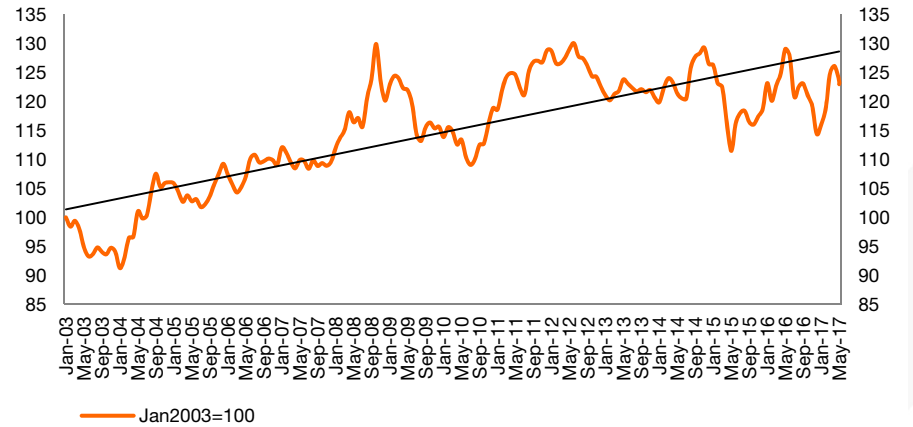
Floating exchange rate - Policy priority

FX reserves

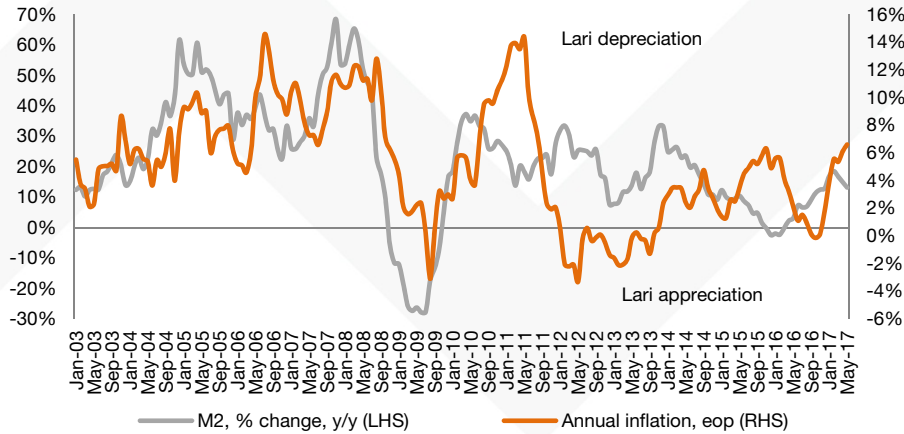


Sources: NBG

Real effective exchange rate (REER)

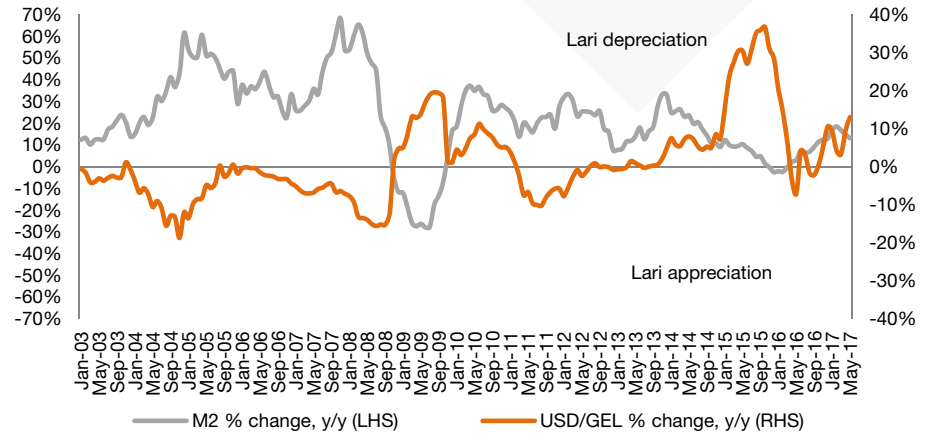


M2 and annual inflation



Source: NBG

M2 and USD/GEL



Source: NBG

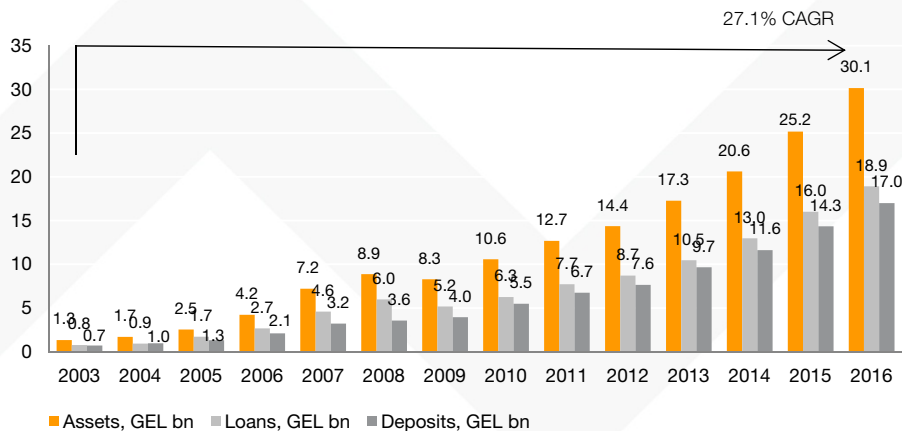
Growing and well capitalized banking sector

Summary

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

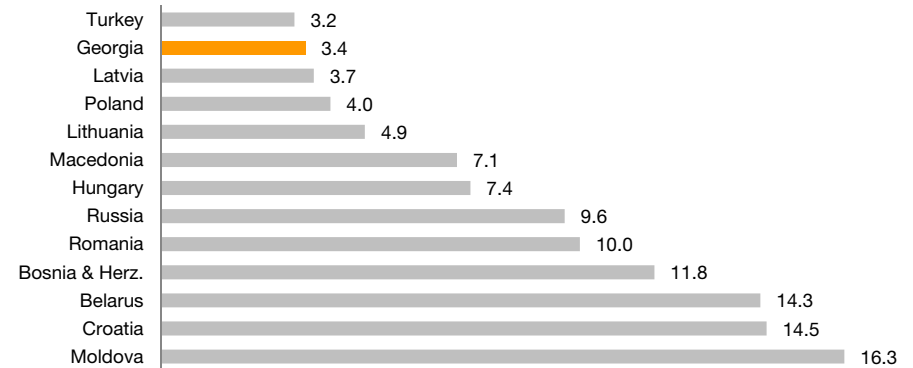
Source: National Bank of Georgia, GeoStat

Banking sector assets, loans and deposits



Source: NBG

NPLs to Gross loans (%), 2016

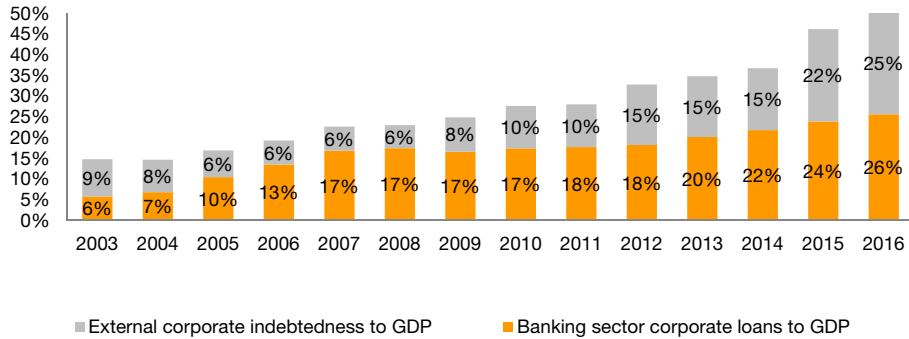


Source: IMF

Note: As of 4Q16 for Georgia, Moldova, Romania, Hungary, Poland and Latvia; rest provided as of 3Q16

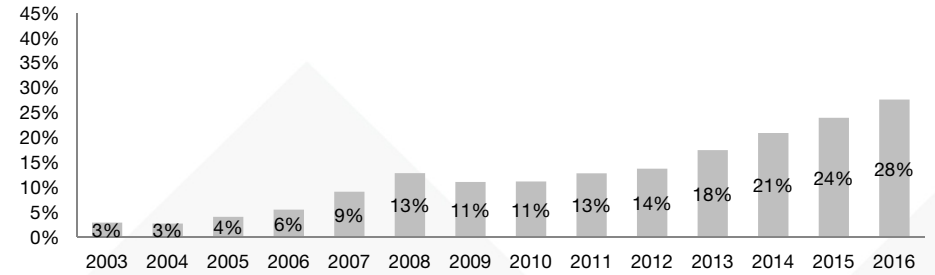
Underpenetrated retail banking sector provides room for further growth

Corporate loans to GDP



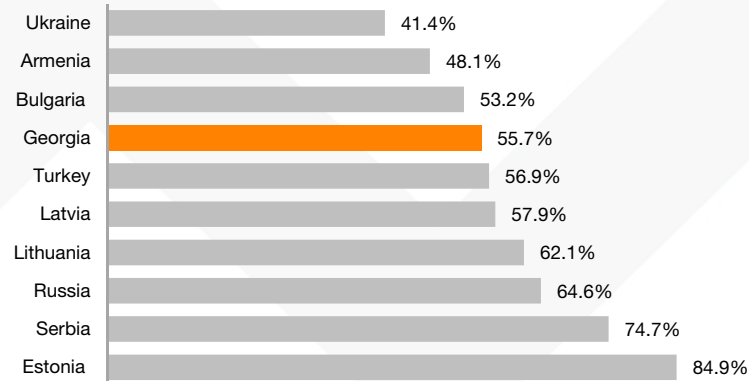
Source: NBG, GeoStat

Households loans to GDP



Source: NBG, GeoStat

Banking Sector loans to GDP, 2016



Source: IMF, Central Banks

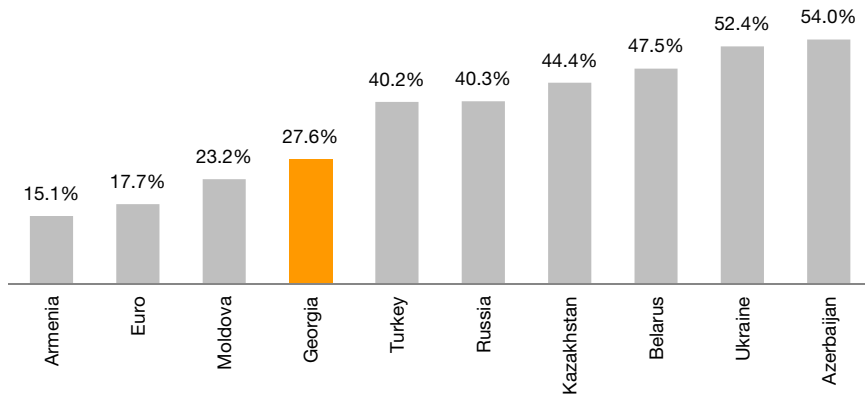
Georgian banks better placed due to sound financials

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

Source: Fitch

Flexible FX regime shielded reserves and supported to macro stability

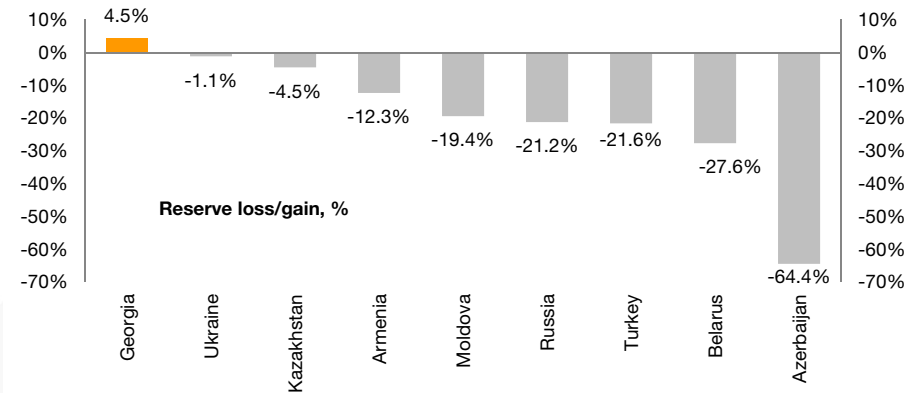
Currency weakening vs. US\$



Source: Bloomberg

Note: US\$ per unit of national currency, period 1-Aug-2014 – 13-Jul-2017

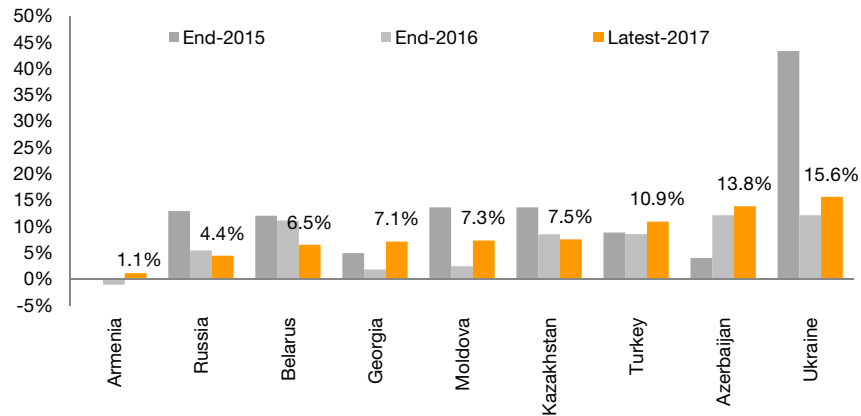
Georgia used less reserves to support GEL



Source: IMF

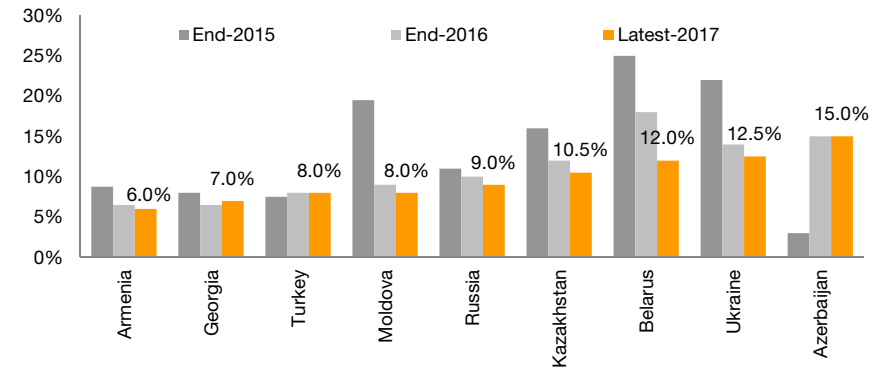
Note: Mar-2017 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

inflation increased due to one-offs in Georgia...



Source: National Statistics Offices

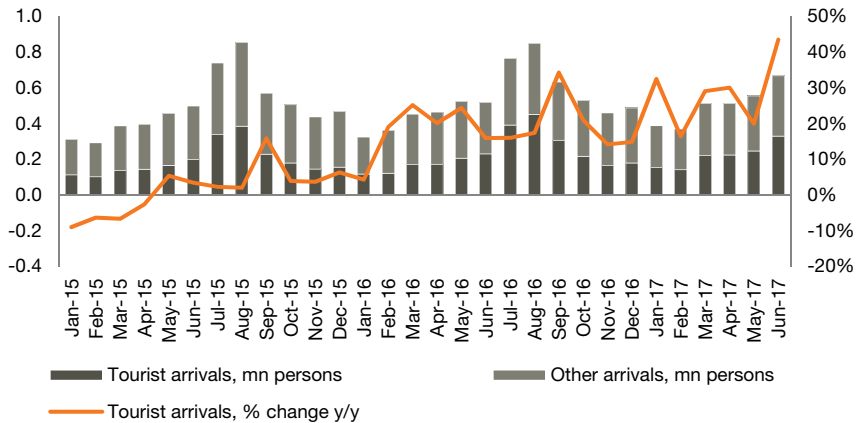
... and monetary policy rate remains low vs. peers



Source: Central banks

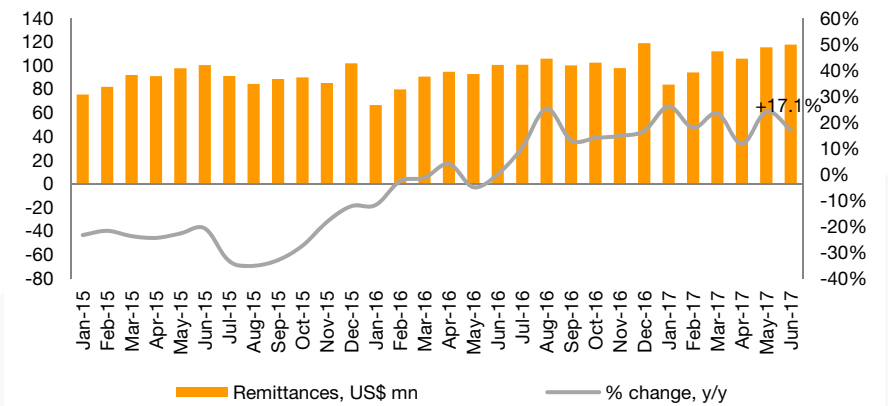
Recent trend– Tourist arrivals/revenues, exports, and remittances up

Tourist arrivals continue strong growth



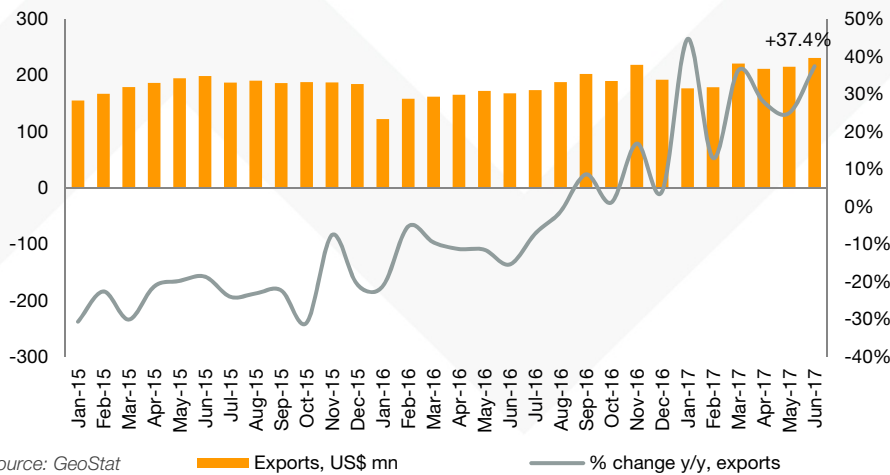
Source: GNTA

Remittances up from all major countries



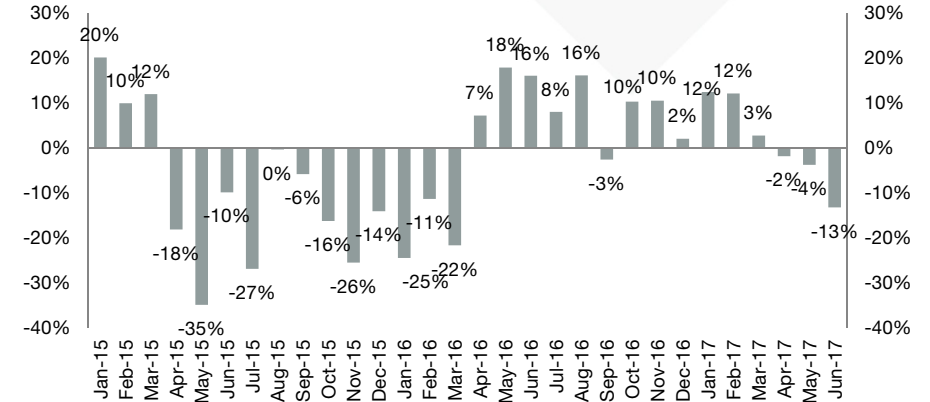
Source: NBS

Exports up since September 2016



Source: GeoStat

Trade deficit down since Apr-17



Source: GeoStat

CONTENT

BGEO Group Overview	4
Results Discussion Banking Business	18
Results Discussion Investment Business	48
Georgian Macro Overview	97
Appendices	118

BGEO Income statement – quarterly

GEL thousands, unless otherwise noted	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	2Q17	2Q16	1Q17
Banking interest income	271,006	215,568	25.7%	265,330	2.1%	272,946	216,867	25.9%	267,121	2.2%	-	-	-	-	-	(1,940)	(1,299)	(1,791)
Banking interest expense	(110,907)	(87,368)	26.9%	(104,995)	5.6%	(112,638)	(88,114)	27.8%	(106,241)	6.0%	-	-	-	-	-	1,731	746	1,246
Net banking interest income	160,099	128,200	24.9%	160,335	-0.1%	160,308	128,753	24.5%	160,880	-0.4%	-	-	-	-	-	(209)	(553)	(545)
Fee and commission income	45,359	40,139	13.0%	43,150	5.1%	45,903	40,605	13.0%	43,702	5.0%	-	-	-	-	-	(544)	(466)	(552)
Fee and commission expense	(14,332)	(10,900)	31.5%	(13,364)	7.2%	(14,501)	(11,081)	30.9%	(13,509)	7.3%	-	-	-	-	-	169	181	145
Net fee and commission income	31,027	29,239	6.1%	29,786	4.2%	31,402	29,524	6.4%	30,193	4.0%	-	-	-	-	-	(375)	(285)	(407)
Net banking foreign currency gain	19,282	16,492	16.9%	19,700	-2.1%	19,282	16,492	16.9%	19,700	-2.1%	-	-	-	-	-	-	-	-
Net other banking income	780	2,407	-67.6%	2,783	-72.0%	1,047	2,709	-61.4%	3,015	-65.3%	-	-	-	-	-	(267)	(302)	(232)
Net insurance premiums earned	23,518	23,854	-1.4%	25,795	-8.8%	-	-	-	-	-	24,110	24,732	-2.5%	26,357	-8.5%	(592)	(878)	(562)
Net insurance claims incurred	(14,100)	(15,445)	-8.7%	(15,572)	-9.5%	-	-	-	-	-	(14,100)	(15,445)	-8.7%	(15,572)	-9.5%	-	-	-
Gross insurance profit	9,418	8,409	12.0%	10,223	-7.9%	-	-	-	-	-	10,010	9,287	7.8%	10,785	-7.2%	(592)	(878)	(562)
Healthcare and pharmacy revenue	170,792	85,694	99.3%	172,131	-0.8%	-	-	-	-	-	170,792	85,694	99.3%	172,131	-0.8%	-	-	-
Cost of healthcare and pharmacy services	(119,459)	(54,862)	117.7%	(119,789)	-0.3%	-	-	-	-	-	(119,459)	(54,862)	117.7%	(119,789)	-0.3%	-	-	-
Gross healthcare and pharmacy profit	51,333	30,832	66.5%	52,342	-1.9%	-	-	-	-	-	51,333	30,832	66.5%	52,342	-1.9%	-	-	-
Real estate revenue	38,255	6,332	NMF	19,910	92.1%	-	-	-	-	-	38,490	6,332	NMF	20,166	90.9%	(235)	-	(256)
Cost of real estate	(15,576)	(3,905)	NMF	(17,192)	-9.4%	-	-	-	-	-	(15,576)	(3,905)	NMF	(17,192)	-9.4%	-	-	-
Gross real estate profit	22,679	2,427	NMF	2,718	NMF	-	-	-	-	-	22,914	2,427	NMF	2,974	NMF	(235)	-	(256)
Utility revenue	30,335	-	NMF	27,153	11.7%	-	-	-	-	-	30,432	-	NMF	27,236	11.7%	(97)	-	(83)
Cost of utility	(8,400)	-	NMF	(9,709)	-13.5%	-	-	-	-	-	(8,400)	-	NMF	(9,709)	-13.5%	-	-	-
Gross utility profit	21,935	-	NMF	17,444	25.7%	-	-	-	-	-	22,032	-	NMF	17,527	25.7%	(97)	-	(83)
Gross other investment profit	13,864	3,123	NMF	4,297	NMF	-	-	-	-	-	13,794	3,097	NMF	4,286	NMF	70	26	11
Revenue	330,417	221,129	49.4%	299,628	10.3%	212,039	177,478	19.5%	213,788	-0.8%	120,083	45,643	163.1%	87,914	36.6%	(1,705)	(1,992)	(2,074)
Salaries and other employee benefits	(74,450)	(50,875)	46.3%	(67,531)	10.2%	(47,507)	(38,972)	21.9%	(44,279)	7.3%	(27,683)	(12,520)	121.1%	(23,986)	15.4%	740	617	734
Administrative expenses	(42,575)	(27,865)	52.8%	(42,733)	-0.4%	(22,286)	(18,760)	18.8%	(22,519)	-1.0%	(20,853)	(9,791)	113.0%	(20,779)	0.4%	564	686	565
Banking depreciation and amortisation	(10,197)	(9,162)	11.3%	(9,525)	7.1%	(10,197)	(9,162)	11.3%	(9,525)	7.1%	-	-	-	-	-	-	-	-
Other operating expenses	(5,849)	(560)	NMF	(952)	NMF	(796)	(664)	19.9%	(730)	9.0%	(5,054)	104	NMF	(222)	NMF	1	-	-
Operating expenses	(133,071)	(88,462)	50.4%	(120,741)	10.2%	(80,786)	(67,558)	19.6%	(77,053)	4.8%	(53,590)	(22,207)	141.3%	(44,987)	19.1%	1,305	1,303	1,299
Operating income before cost of credit risk / EBITDA	197,346	132,667	48.8%	178,887	10.3%	131,253	109,920	19.4%	136,735	-4.0%	66,493	23,436	183.7%	42,927	54.9%	(400)	(689)	(775)
Profit from associates	606	1,952	-69.0%	514	17.9%	394	-	NMF	514	-23.3%	212	1,952	-89.1%	-	NMF	-	-	-
Depreciation and amortisation of investment business	(12,787)	(4,949)	158.4%	(11,470)	11.5%	-	-	-	-	-	(12,787)	(4,949)	158.4%	(11,470)	11.5%	-	-	-
Net foreign currency gain from investment business	(64)	(2,583)	-97.5%	6,529	NMF	-	-	-	-	-	(64)	(2,583)	-97.5%	6,529	NMF	-	-	-
Interest income from investment business	1,783	44	NMF	1,751	1.8%	-	-	-	-	-	3,513	790	NMF	2,997	17.2%	(1,730)	(746)	(1,246)
Interest expense from investment business	(13,385)	(2,498)	NMF	(10,307)	29.9%	-	-	-	-	-	(15,515)	(3,933)	NMF	(12,328)	25.9%	2,130	1,435	2,021
Operating income before cost of credit risk	173,499	124,633	39.2%	165,904	4.6%	131,647	109,920	19.8%	137,249	-4.1%	41,852	14,713	184.5%	28,655	46.1%	-	-	-
Impairment charge on loans to customers	(37,756)	(26,819)	40.8%	(41,341)	-8.7%	(37,756)	(26,819)	40.8%	(41,341)	-8.7%	-	-	-	-	-	-	-	-
Impairment charge on finance lease receivables	(67)	(130)	-48.5%	(139)	-51.8%	(67)	(130)	-48.5%	(139)	-51.8%	-	-	-	-	-	-	-	-
Impairment charge on other assets and provisions	(4,822)	(2,438)	97.8%	(7,765)	-37.9%	(2,193)	(1,016)	115.8%	(6,539)	-66.5%	(2,629)	(1,422)	84.9%	(1,226)	114.4%	-	-	-
Cost of credit risk	(42,645)	(29,387)	45.1%	(49,245)	-13.4%	(40,016)	(27,965)	43.1%	(48,019)	-16.7%	(2,629)	(1,422)	84.9%	(1,226)	114.4%	-	-	-
Profit before non-recurring items and income tax	130,854	95,246	37.4%	116,659	12.2%	91,631	81,955	11.8%	89,230	2.7%	39,223	13,291	195.1%	27,429	43.0%	-	-	-
Net non-recurring items	(2,708)	(48,745)	-94.4%	(3,371)	-19.7%	(1,017)	(46,351)	-97.8%	(1,695)	-40.0%	(1,691)	(2,394)	-29.4%	(1,676)	0.9%	-	-	-
Profit before income tax	128,146	46,501	175.6%	113,288	13.1%	90,614	35,604	154.5%	87,535	3.5%	37,532	10,897	244.4%	25,753	45.7%	-	-	-
Income tax (expense) benefit	(4,520)	64,735	NMF	(5,115)	-11.6%	(3,284)	36,148	NMF	(4,408)	-25.5%	(1,236)	28,587	NMF	(707)	74.8%	-	-	-
Profit	123,626	111,236	11.1%	108,173	14.3%	87,330	71,752	21.7%	83,127	5.1%	36,296	39,484	-8.1%	25,046	44.9%	-	-	-
Attributable to:																		
– shareholders of BGEO	117,176	94,641	23.8%	100,431	16.7%	86,961	70,646	23.1%	82,640	5.2%	30,215	23,995	25.9%	17,791	69.8%	-	-	-
– non-controlling interests	6,450	16,595	-61.1%	7,742	-16.7%	369	1,106	-66.6%	487	-24.2%	6,081	15,489	-60.7%	7,255	-16.2%	-	-	-
Earnings per share basic	3.10	2.46	26.0%	2.64	17.4%													
Earnings per share diluted	2.97	2.46	20.7%	2.55	16.5%													

BGEO Income statement – half-year

GEL thousands, unless otherwise noted	BGEO Consolidated			Banking Business			Investment Business			Eliminations		
	1H17	1H16	Change y-o-y	1H17	1H16	Change y-o-y	1H17	1H16	Change y-o-y	1H17	1H16	Change y-o-y
Banking interest income	536,337	440,037	21.9%	540,068	442,697	22.00%	-	-	-	(3,731)	(2,660)	40.3%
Banking interest expense	(215,903)	(183,325)	17.8%	(218,880)	(184,450)	18.70%	-	-	-	2,977	1,125	164.6%
Net banking interest income	320,434	256,712	24.8%	321,188	258,247	24.4%	-	-	-	(754)	(1,535)	-50.9%
Fee and commission income	88,508	78,177	13.2%	89,605	78,978	13.5%	-	-	-	(1,097)	(801)	37.0%
Fee and commission expense	(27,696)	(21,223)	30.5%	(28,011)	(21,561)	29.9%	-	-	-	315	338	-6.8%
Net fee and commission income	60,812	56,954	6.8%	61,594	57,417	7.3%	-	-	-	(782)	(463)	68.9%
Net banking foreign currency gain	38,982	33,929	14.9%	38,982	33,929	14.9%	-	-	-	-	-	-
Net other banking income	3,563	5,140	-30.7%	4,063	5,878	-30.9%	-	-	-	(500)	(738)	-32.2%
Net insurance premiums earned	49,314	45,678	8.0%	-	-	-	50,468	47,435	6.4%	(1,154)	(1,757)	-34.3%
Net insurance claims incurred	(29,673)	(30,853)	-3.8%	-	-	-	(29,673)	(30,853)	-3.8%	-	-	-
Gross insurance profit	19,641	14,825	32.5%	-	-	-	20,795	16,582	25.4%	(1,154)	(1,757)	-34.3%
Healthcare and pharmacy revenue	342,923	144,042	138.1%	-	-	-	342,923	144,042	138.1%	-	-	-
Cost of healthcare and pharmacy services	(239,248)	(86,919)	175.3%	-	-	-	(239,248)	(86,919)	175.3%	-	-	-
Gross healthcare and pharmacy profit	103,675	57,123	81.5%	-	-	-	103,675	57,123	81.5%	-	-	-
Real estate revenue	58,166	35,104	65.7%	-	-	-	58,657	35,104	67.1%	(491)	-	NMF
Cost of real estate	(32,768)	(26,691)	22.8%	-	-	-	(32,768)	(26,691)	22.8%	-	-	-
Gross real estate profit	25,398	8,413	NMF	-	-	-	25,889	8,413	NMF	(491)	-	NMF
Utility revenue	57,488	-	NMF	-	-	-	57,668	-	NMF	(180)	-	NMF
Cost of utility	(18,109)	-	NMF	-	-	-	(18,109)	-	NMF	-	-	-
Gross utility profit	39,379	-	NMF	-	-	-	39,559	-	NMF	(180)	-	NMF
Gross other investment profit	18,161	6,952	161.2%	-	-	-	18,079	6,996	158.4%	82	(44)	NMF
Revenue	630,045	440,048	43.2%	425,827	355,471	19.8%	207,997	89,114	133.4%	(3,779)	(4,537)	-16.7%
Salaries and other employee benefits	(141,982)	(98,288)	44.5%	(91,786)	(77,012)	19.2%	(51,671)	(22,499)	129.7%	1,475	1,223	20.6%
Administrative expenses	(85,308)	(52,882)	61.3%	(44,805)	(38,506)	16.4%	(41,632)	(15,829)	163.0%	1,129	1,453	-22.3%
Banking depreciation and amortisation	(19,722)	(18,092)	9.0%	(19,722)	(18,092)	9.0%	-	-	-	-	-	-
Other operating expenses	(6,800)	(2,233)	NMF	(1,527)	(1,475)	3.5%	(5,273)	(758)	NMF	-	-	-
Operating expenses	(253,812)	(171,495)	48.0%	(157,840)	(135,085)	16.8%	(98,576)	(39,086)	152.2%	2,604	2,676	-2.7%
Operating income before cost of credit risk / EBITDA	376,233	268,553	40.1%	267,987	220,386	21.6%	109,421	50,028	118.7%	(1,175)	(1,861)	-36.9%
Profit from associates	1,120	3,818	-70.7%	909	-	NMF	211	3,818	-94.5%	-	-	-
Depreciation and amortisation of investment business	(24,257)	(10,068)	140.9%	-	-	-	(24,257)	(10,068)	140.9%	-	-	-
Net foreign currency gain from investment business	6,465	(3,396)	NMF	-	-	-	6,465	(3,396)	NMF	-	-	-
Interest income from investment business	3,535	1,341	163.6%	-	-	-	6,512	2,433	167.7%	(2,977)	(1,092)	172.6%
Interest expense from investment business	(23,694)	(3,879)	NMF	-	-	-	(27,846)	(6,832)	NMF	4,152	2,953	40.6%
Operating income before cost of credit risk	339,402	256,369	32.4%	268,896	220,386	22.0%	70,506	35,983	95.9%	-	-	-
Impairment charge on loans to customers	(79,097)	(59,036)	34.0%	(79,097)	(59,036)	34.0%	-	-	-	-	-	-
Impairment charge on finance lease receivables	(207)	(643)	-67.8%	(207)	(643)	-67.8%	-	-	-	-	-	-
Impairment charge on other assets and provisions	(12,584)	(5,851)	115.1%	(8,732)	(3,126)	179.3%	(3,852)	(2,725)	41.4%	-	-	-
Cost of credit risk	(91,888)	(65,530)	40.2%	(88,036)	(62,805)	40.2%	(3,852)	(2,725)	41.4%	-	-	-
Profit before non-recurring items and income tax	247,514	190,839	29.7%	180,860	157,581	14.8%	66,654	33,258	100.4%	-	-	-
Net non-recurring items	(6,080)	(47,379)	-87.2%	(2,711)	(47,769)	-94.3%	(3,369)	390	NMF	-	-	-
Profit before income tax	241,434	143,460	68.3%	178,149	109,812	62.2%	63,285	33,648	88.1%	-	-	-
Income tax (expense) benefit	(9,635)	54,824	NMF	(7,692)	28,514	NMF	(1,943)	26,310	NMF	-	-	-
Profit	231,799	198,284	16.9%	170,457	138,326	23.2%	61,342	59,958	2.3%	-	-	-
Attributable to:												
- shareholders of BGEO	217,607	175,478	24.0%	169,601	136,177	24.5%	48,006	39,301	22.1%	-	-	-
- non-controlling interests	14,192	22,806	-37.8%	856	2,149	-60.2%	13,336	20,657	-35.4%	-	-	-
Earnings per share basic	5.74	4.57	25.6%									
Earnings per share diluted	5.51	4.57	20.6%									

BGEO Balance sheet – 30 June 2017

STATEMENT OF FINANCIAL POSITION	BGEO Consolidated					Banking Business					Investment Business					Eliminations		
	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q	Jun-17	Jun-16	Mar-17
Cash and cash equivalents	1,454,387	1,059,359	37.3%	1,285,483	13.1%	1,401,728	1,033,832	35.6%	1,198,302	17.0%	349,166	251,557	38.8%	359,628	-2.9%	(296,507)	(226,030)	(272,447)
Amounts due from credit institutions	1,090,259	876,655	24.4%	1,090,111	0.0%	976,811	861,753	13.4%	970,653	0.6%	152,634	53,444	185.6%	174,248	-12.4%	(39,186)	(38,542)	(54,790)
Investment securities	1,398,097	989,331	41.3%	1,231,332	13.5%	1,396,832	986,996	41.5%	1,229,431	13.6%	47,625	3,749	1170.3%	3,350	1321.6%	(46,360)	(1,414)	(1,449)
Loans to customers and finance lease receivables	6,517,773	5,469,120	19.2%	6,408,711	1.7%	6,579,996	5,507,414	19.5%	6,470,771	1.7%	-	-	-	-	-	(62,223)	(38,294)	(62,060)
Accounts receivable and other loans	155,463	89,162	74.4%	143,417	8.4%	4,050	3,731	8.5%	3,106	30.4%	152,309	87,201	74.7%	140,488	8.4%	(896)	(1,770)	(177)
Insurance premiums receivable	59,658	58,667	1.7%	51,595	15.6%	-	-	-	-	-	60,188	59,711	0.8%	53,256	13.0%	(530)	(1,044)	(1,661)
Prepayments	98,073	103,842	-5.6%	101,297	-3.2%	26,623	21,568	23.4%	27,356	-2.7%	71,701	82,274	-12.9%	74,167	-3.3%	(251)	-	(226)
Inventories	204,433	178,534	14.5%	205,132	-0.3%	9,374	9,010	4.0%	9,185	2.1%	195,059	169,524	15.1%	195,947	-0.5%	-	-	-
Investment property	306,140	245,849	24.5%	285,996	7.0%	162,538	138,546	17.3%	154,618	5.1%	147,937	107,303	37.9%	131,378	12.6%	(4,335)	-	-
Property and equipment	1,453,730	852,680	70.5%	1,388,938	4.7%	336,909	327,441	2.9%	333,388	1.1%	1,112,486	525,239	111.8%	1,055,550	5.4%	4,335	-	-
Goodwill	159,569	106,134	50.3%	157,824	1.1%	33,453	33,453	0.0%	33,453	0.0%	126,116	72,681	73.5%	124,371	1.4%	-	-	-
Intangible assets	77,150	49,617	55.5%	63,121	22.2%	52,347	37,150	40.9%	42,520	23.1%	24,803	12,467	98.9%	20,601	20.4%	-	-	-
Income tax assets	6,453	26,585	-75.7%	11,277	-42.8%	1,333	18,836	-92.9%	6,986	-80.9%	5,120	7,749	-33.9%	4,291	19.3%	-	-	-
Other assets	190,555	217,688	-12.5%	182,290	4.5%	112,474	96,882	16.1%	107,801	4.3%	83,663	124,172	-32.6%	79,974	4.6%	(5,582)	(3,366)	(5,485)
Total assets	13,171,740	10,323,223	27.6%	12,606,524	4.5%	11,094,468	9,076,612	22.2%	10,587,570	4.8%	2,528,807	1,557,071	62.4%	2,417,249	4.6%	(451,535)	(310,460)	(398,295)
Client deposits and notes	5,319,398	4,554,012	16.8%	5,294,462	0.5%	5,655,341	4,820,169	17.3%	5,622,023	0.6%	-	-	-	-	-	(335,943)	(266,157)	(327,561)
Amounts due to credit institutions	3,077,869	1,892,437	62.6%	3,133,422	-1.8%	2,602,303	1,766,999	47.3%	2,662,909	-2.3%	538,534	163,730	228.9%	532,573	1.1%	(62,968)	(38,292)	(62,060)
Debt securities issued	1,582,431	1,065,516	48.5%	1,157,082	36.8%	1,312,990	990,370	32.6%	827,025	58.8%	319,033	79,136	303.1%	335,773	-5.0%	(49,592)	(3,990)	(5,716)
Accruals and deferred income	141,801	137,967	2.8%	131,372	7.9%	28,639	11,547	148.0%	26,110	9.7%	113,162	126,431	-10.5%	105,262	7.5%	-	(11)	-
Insurance contracts liabilities	81,446	80,643	1.0%	71,620	13.7%	-	-	-	-	-	81,446	80,643	1.0%	71,620	13.7%	-	-	-
Income tax liabilities	12,930	44,510	-71.0%	17,228	-24.9%	11,363	42,814	-73.5%	15,566	-27.0%	1,567	1,696	-7.6%	1,662	-5.7%	-	-	-
Other liabilities	412,467	338,757	21.8%	348,585	18.3%	38,364	88,832	-56.8%	45,032	-14.8%	377,135	251,935	49.7%	306,511	23.0%	(3,032)	(2,010)	(2,958)
Total liabilities	10,628,342	8,113,842	31.0%	10,153,771	4.7%	9,649,000	7,720,731	25.0%	9,198,665	4.9%	1,430,877	703,571	103.4%	1,353,401	5.7%	(451,535)	(310,460)	(398,295)
Share capital	1,152	1,154	-0.2%	1,153	-0.1%	1,152	1,154	-0.2%	1,153	-0.1%	-	-	-	-	-	-	-	-
Additional paid-in capital	140,480	228,679	-38.6%	177,793	-21.0%	-	88,253	-100.0%	38,474	-100.0%	140,480	140,426	0.0%	139,319	0.8%	-	-	-
Treasury shares	(51)	(35)	45.7%	(40)	27.5%	(51)	(35)	45.7%	(40)	27.5%	-	-	-	-	-	-	-	-
Other reserves	143,308	88,226	62.4%	84,162	70.3%	(24,983)	(9,907)	152.2%	(27,452)	-9.0%	168,291	98,133	71.5%	111,614	50.8%	-	-	-
Retained earnings	1,964,893	1,652,868	18.9%	1,945,830	1.0%	1,462,965	1,256,852	16.4%	1,370,631	6.7%	501,928	396,016	26.7%	575,199	-12.7%	-	-	-
Total equity attributable to shareholders of the Group	2,249,782	1,970,892	14.2%	2,208,898	1.9%	1,439,083	1,336,317	7.7%	1,382,766	4.1%	810,699	634,575	27.8%	826,132	-1.9%	-	-	-
Non-controlling interests	293,616	238,489	23.1%	243,855	20.4%	6,385	19,564	-67.4%	6,139	4.0%	287,231	218,925	31.2%	237,716	20.8%	-	-	-
Total equity	2,543,398	2,209,381	15.1%	2,452,753	3.7%	1,445,468	1,355,881	6.6%	1,388,905	4.1%	1,097,930	853,500	28.6%	1,063,848	3.2%	-	-	-
Total liabilities and equity	13,171,740	10,323,223	27.6%	12,606,524	4.5%	11,094,468	9,076,612	22.2%	10,587,570	4.8%	2,528,807	1,557,071	62.4%	2,417,249	4.6%	(451,535)	(310,460)	(398,295)
Book value per share	59.75	51.46	16.1%	58.00	3.0%													

BNB | Belarusky Narodny Bank – financial highlights

INCOME STATEMENT, HIGHLIGHTS

	2Q17	2Q16	Change y-o-y	1Q17	Change q-o-q	1H17	1H16	Change y-o-y
<i>GEL thousands, unless otherwise stated</i>								
Net banking interest income	7,946	6,997	13.6%	8,702	-8.7%	16,647	14,900	11.7%
Net fee and commission income	2,278	1,868	21.9%	2,350	-3.1%	4,627	3,730	24.0%
Net banking foreign currency gain	2,818	2,100	34.2%	1,798	56.7%	4,616	4,581	0.8%
Net other banking income	155	80	93.8%	109	42.2%	266	247	7.7%
Revenue	13,197	11,045	19.5%	12,959	1.8%	26,156	23,458	11.5%
Operating expenses	(7,233)	(4,950)	46.1%	(6,400)	13.0%	(13,634)	(9,440)	44.4%
Operating income before cost of credit risk	5,964	6,095	-2.1%	6,559	-9.1%	12,522	14,018	-10.7%
Cost of credit risk	(3,241)	(1,075)	NMF	(5,634)	-42.5%	(8,874)	(3,592)	147.0%
Net non-recurring items	2	(8)	NMF	(57)	NMF	(55)	(10)	NMF
Profit before income tax	2,725	5,012	-45.6%	868	NMF	3,593	10,416	-65.5%
Income tax expense	(455)	(4,845)	-90.6%	(199)	128.6%	(654)	(5,990)	-89.1%
Profit	2,270	167	NMF	669	NMF	2,939	4,426	-33.6%

BALANCE SHEET, HIGHLIGHTS

GEL thousands, unless otherwise stated

	Jun-17	Jun-16	Change y-o-y	Mar-17	Change q-o-q
Cash and cash equivalents	61,709	75,561	-18.3%	66,619	-7.4%
Amounts due from credit institutions	4,154	3,366	23.4%	3,981	4.3%
Investment securities	99,333	16,986	484.8%	95,758	3.7%
Loans to customers and finance lease receivables	369,647	310,546	19.0%	335,538	10.2%
Other assets	29,240	26,050	12.2%	30,969	-5.6%
Total assets	564,083	432,509	30.4%	532,865	5.9%
Client deposits and notes	263,681	202,382	30.3%	235,877	11.8%
Amounts due to credit institutions	195,466	141,577	38.1%	193,494	1.0%
Debt securities issued	28,334	15,416	83.8%	25,512	11.1%
Other liabilities	4,730	6,070	-22.1%	5,254	-10.0%
Total liabilities	492,211	365,445	34.7%	460,137	7.0%
Total equity attributable to shareholders of the Group	71,872	53,810	33.6%	72,728	-1.2%
Non-controlling interests	-	13,254	-100.0%	-	-
Total equity	71,872	67,064	7.2%	72,728	-1.2%
Total liabilities and equity	564,083	432,509	30.4%	532,865	5.9%

Banking Business key ratios

	2Q17	2Q16	1Q17	Jun-17	Jun-16
Profitability					
ROAA, Annualised	3.2%	3.3%	3.1%	3.1%	3.1%
ROAE, Annualised	23.5%	22.3%	23.1%	23.4%	21.4%
<i>RB ROAE</i>	26.5%	29.2%	27.2%	26.9%	26.6%
<i>CIB ROAE</i>	20.0%	17.2%	18.3%	19.1%	17.4%
Net Interest Margin, Annualised	7.3%	7.5%	7.4%	7.3%	7.5%
<i>RB NIM</i>	8.6%	9.1%	8.8%	8.7%	9.2%
<i>CIB NIM</i>	3.3%	3.7%	3.4%	3.3%	3.7%
Loan Yield, Annualised	14.3%	14.1%	14.0%	14.1%	14.3%
<i>RB Loan Yield</i>	16.4%	16.9%	15.9%	16.1%	17.2%
<i>CIB Loan Yield</i>	10.6%	10.0%	10.7%	10.6%	10.2%
Liquid Assets Yield, Annualised	3.4%	3.3%	3.3%	3.3%	3.2%
Cost of Funds, Annualised	4.8%	4.8%	4.6%	4.7%	4.9%
Cost of Client Deposits and Notes, Annualised	3.6%	4.0%	3.5%	3.5%	4.2%
<i>RB Cost of Client Deposits and Notes</i>	3.0%	3.4%	3.0%	3.0%	3.5%
<i>CIB Cost of Client Deposits and Notes</i>	4.2%	4.2%	3.9%	4.0%	4.4%
Cost of Amounts Due to Credit Institutions, Annualised	6.6%	5.9%	6.3%	6.4%	5.9%
Cost of Debt Securities Issued	7.1%	7.0%	6.0%	6.5%	7.1%
Operating Leverage, Y-O-Y	-0.1%	-6.5%	6.0%	2.9%	-5.0%
Operating Leverage, Q-O-Q	-5.7%	-0.3%	3.4%	0.0%	0.0%
Efficiency					
Cost / Income	38.1%	38.1%	36.0%	37.1%	38.0%
<i>RB Cost / Income</i>	38.8%	39.9%	37.6%	38.2%	41.6%
<i>CIB Cost / Income</i>	32.8%	31.8%	30.1%	31.4%	29.3%
Liquidity					
NBG Liquidity Ratio	44.1%	43.5%	37.4%	44.1%	43.5%
Liquid Assets To Total Liabilities	39.1%	37.3%	36.9%	39.1%	37.3%
Net Loans To Client Deposits and Notes	116.4%	114.3%	115.1%	116.4%	114.3%
Net Loans To Client Deposits and Notes + DFIs	97.6%	95.3%	95.6%	97.6%	95.3%
Leverage (Times)	6.7	5.7	6.6	6.7	5.7
Asset Quality:					
NPLs (in GEL)	304,320	251,383	311,940	304,320	251,383
NPLs To Gross Loans To Clients	4.4%	4.4%	4.6%	4.4%	4.4%
NPL Coverage Ratio	90.2%	85.8%	87.1%	90.2%	85.8%
NPL Coverage Ratio, Adjusted for discounted value of collateral	131.5%	129.7%	126.9%	131.5%	129.7%
Cost of Risk, Annualised	2.2%	2.0%	2.4%	2.3%	2.1%
<i>RB Cost of Risk</i>	3.1%	2.3%	3.4%	3.2%	2.4%
<i>CIB Cost of Risk</i>	0.5%	1.5%	0.3%	0.4%	1.8%
Capital Adequacy:					
NBG (Basel 2/3) Tier I Capital Adequacy Ratio	10.6%	10.2%	10.1%	10.6%	10.2%
NBG (Basel 2/3) Total Capital Adequacy Ratio	15.6%	15.5%	15.2%	15.6%	15.5%

¹Note: for the description of Key ratios, refer to slide 130

Key operating data

	2Q17	2Q16	1Q17	Jun-17	Jun-16
Selected Operating Data:					
Total Assets Per FTE	1,640	1,499	1,603	1,640	1,499
Number Of Active Branches, Of Which:	280	273	279	280	273
- Express Branches (including Metro)	138	119	130	138	119
- Bank of Georgia Branches	131	144	138	131	144
- Solo Lounges	11	10	11	11	10
Number Of ATMs	827	763	813	827	763
Number Of Cards Outstanding, Of Which:	2,117,652	1,946,828	2,099,488	2,117,652	1,946,828
- Debit cards	1,342,214	1,152,319	1,307,135	1,342,214	1,152,319
- Credit cards	775,438	794,509	792,353	775,438	794,509
Number Of POS Terminals	11,303	9,044	10,774	11,303	9,044
FX Rates:					
GEL/US\$ exchange rate (period-end)	2.4072	2.3423	2.4452		
GEL/GBP exchange rate (period-end)	3.1192	3.1394	3.0418		
Full Time Employees, Group, Of Which:					
Total Banking Business Companies, of which:	Jun-17	Jun-16	Mar-17		
- Full Time Employees, BOG Standalone	24,823	18,045	24,091		
- Full Time Employees, BNB	6,764	6,056	6,605		
- Full Time Employees, BB other	5,297	4,693	5,183		
Total Investment Business Companies, of which:					
- Full Time Employees, Georgia Healthcare Group	18,059	11,989	17,486		
- Full Time Employees, Aldagi	14,677	11,481	14,510		
- Full Time Employees, GGU	291	276	293		
- Full Time Employees, m2	2,428	-	2,373		
- Full Time Employees, IB Other	81	60	84		
	582	172	226		
Shares Outstanding					
	Jun-17	Jun-16	Mar-17		
Ordinary Shares Outstanding	37,652,034	38,299,053	38,085,220		
Treasury Shares Outstanding	1,760,286	1,201,267	1,384,100		
Total Shares Outstanding	39,412,320	39,500,320	39,469,320		

1

138 Express Branches



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

3

2,789 Express Pay Terminals



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



2

1,335,238 Express Cards for Transport payments



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

4

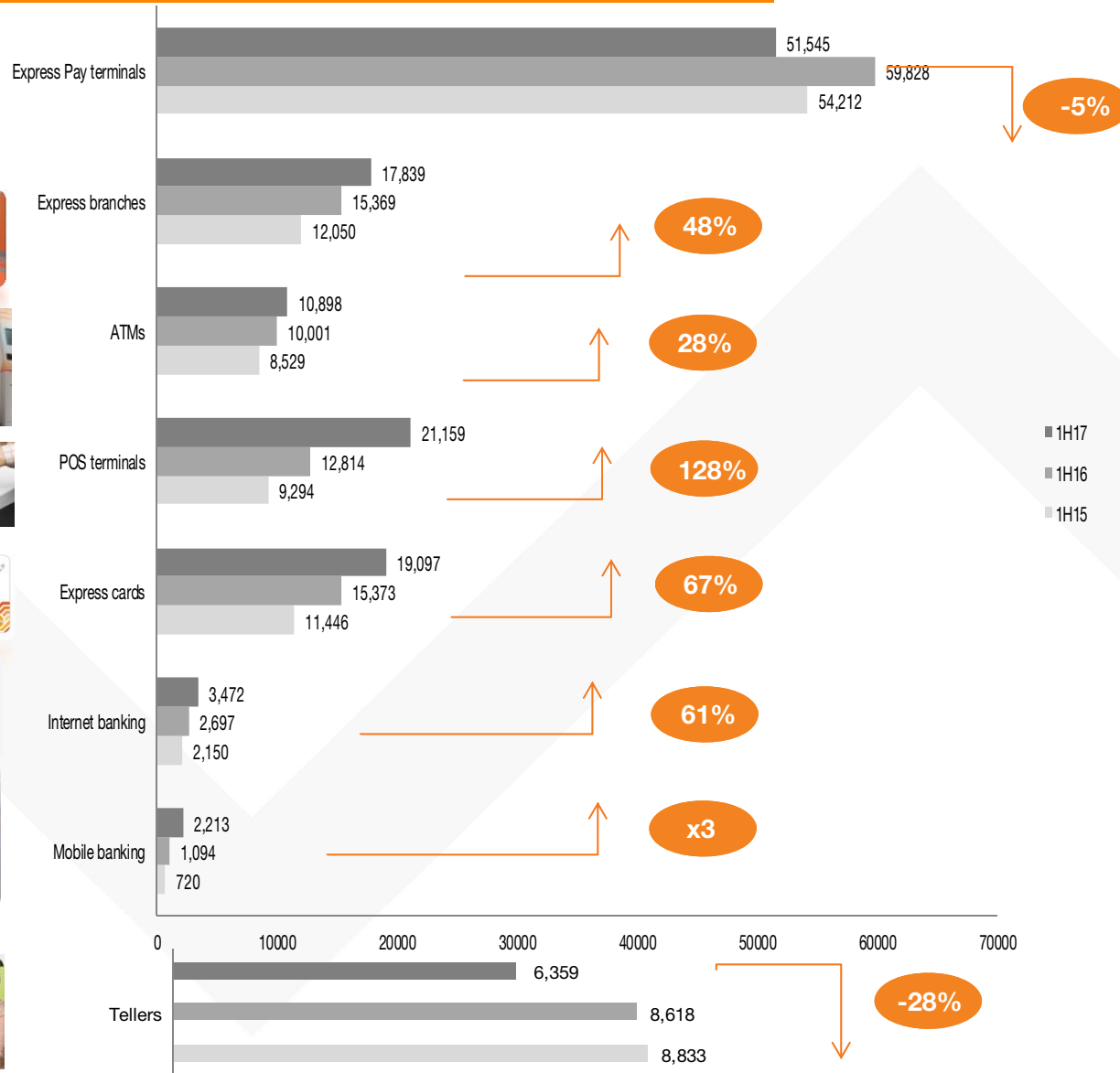
11,303 POS Terminals at 5,133 Merchants



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

Express | Capturing emerging mass market customers

No. of transactions '000s



Solo | A fundamentally different approach to premium banking

Through Solo, we target to **attract new clients** (currently 24,984) to significantly **increase market share** in **premium banking** from c.13% at the beginning of 2015

SOLO Lounges



New Solo offers:

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

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

Retail Banking transformation

- The transformation of retail banking operations from the product-based model into the client-centric model on track
- The implementation of the client-centric model completed in 38 branches as of 30 June 2017
- Twelve additional branches are in pipeline for transformation
- Outstanding growth in sales volumes and the number of products sold to clients in transformed branches



Retail Banking | Loyalty program

LOGO:



WEB:



KEY VISUALS:



CARDS:

Express



Plus Classic



Plus Silver



Plus Gold



Retail Banking | Loyalty program partners

Points exchange

Pharmacy



Gas station



Supermarkets



Fast food



Status benefits

Health care benefits



Insurance benefit



Notes to key ratios

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

BGEO Group | Company information

Registered Address

84 Brook Street
London W1K 5EH
United Kingdom
www.bgeo.com

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

Stock Listing

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

Contact Information

BGEO Group Investor Relations
Telephone: +44 (0) 20 3178 4052
E-mail: ir@bgeo.com
www.bgeo.com

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS13 8AE
United Kingdom

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

Investor Centre Web Address - www.investorcentre.co.uk
Investor Centre Shareholder Helpline - +44 (0)370 873 5866

Share price information

BGEO Group shareholders can access both the latest and historical prices via our website, www.bgeo.com

www.bgeo.com