



BANK OF GEORGIA

BANK OF GEORGIA GROUP PLC

Investor Presentation

2Q19 and 1H19 Financial Results

14 August 2019

www.bankofgeorgiagroup.com

DISCLAIMER – FORWARD LOOKING STATEMENTS



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 Bank of Georgia 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; regional instability; loan portfolio quality; regulatory risk; liquidity risk; operational risk, cyber security, information systems and financial crime risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2018 and in 2Q19 and 1H19 results announcement. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake 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.

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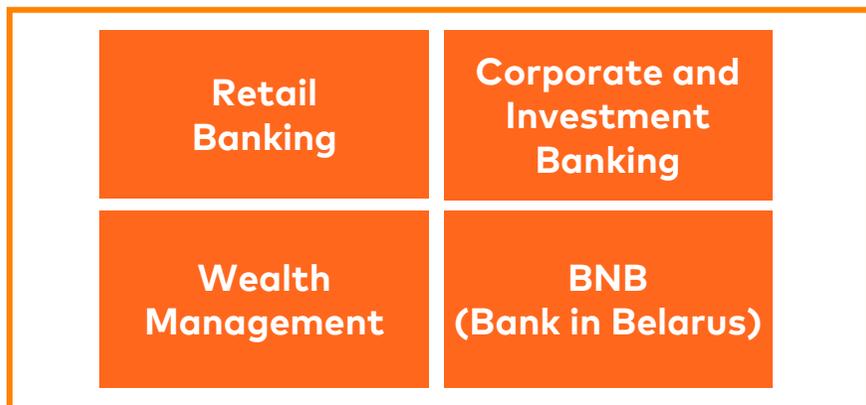


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BANK OF GEORGIA GROUP OVERVIEW

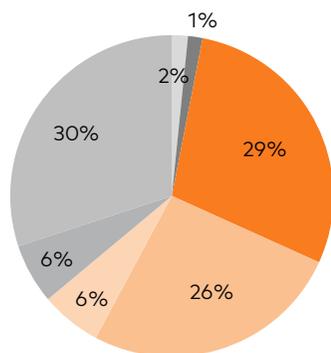


Banking Business



Shareholder structure

As of 30 June 2019



- Unvested and unawarded shares for management and employees
- Vested shares held by management and employees
- US
- UK/Ireland
- Scandinavia
- Luxembourg
- Other**

Top shareholders

As of 30 June 2019

Rank	Shareholder name	Ownership
1	JSC Georgia Capital*	19.90%
2	Harding Loevner LP	4.93%
3	JP Morgan Asset Management	3.01%
4	Dimensional Fund Advisors (DFA)	2.83%
5	LGM Investments Ltd	2.70%
6	Van Eck Global	2.66%
7	Norges Bank Investment Management	2.65%
8	Vanguard Group Inc	2.47%
9	Jupiter Asset Management	2.44%
10	Grandeur Peak Global Advisors LLC	2.11%

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

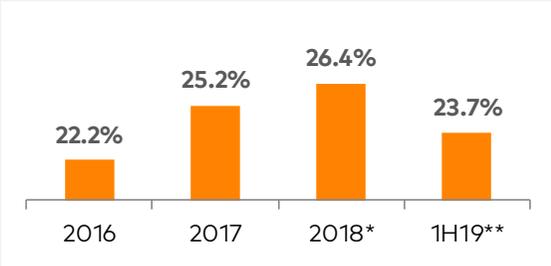
DELIVERING ON GROUP STRATEGY



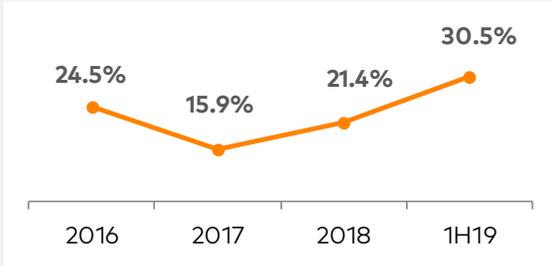
SUCCESSFUL TRACK RECORD OF DELIVERING STRONG RESULTS

BANKING BUSINESS KEY TARGETS

1
ROAE
20%+



2
Loan book
growth
c.15%

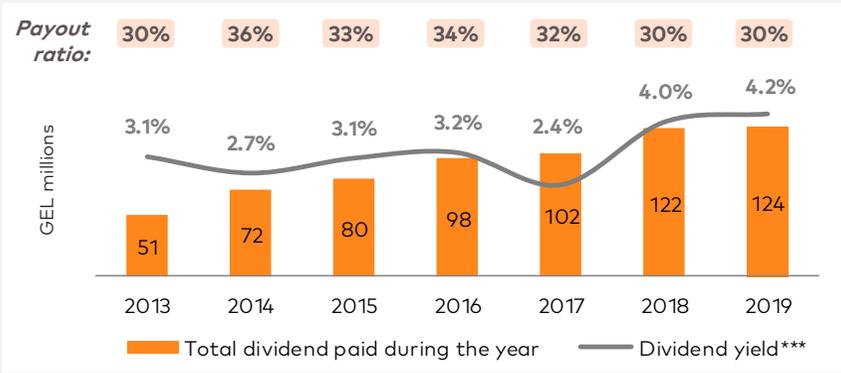


3
Robust
Capital
Management
Track
Record



- **Capital position:** We aim to maintain **+200bps buffer** for CET1 and Tier 1 capital ratios over minimum regulatory requirement
- **Maintain regular dividend payouts:** Aiming **25-40%** dividend payout ratio
- **GEL 624mln+** cash dividend paid since 2013, with **payout ratio above 30%** over past 7 years

Regular Dividends



* 2018 ROAE adjusted for GEL 30.3mln demerger related costs, GEL 8.0mln demerger related corporate income tax gain, GEL 30.3mln one-off impact of re-measurement of deferred tax balances and GEL 3.9mln (net of income tax) termination costs of the former CEO
 ** 1H19 ROAE adjusted for GEL 14.2mln (net of income tax) termination costs of the former CEO and executive management
 *** Dividend yield is calculated based on the closing price of the shares immediately prior to ex-dividend date

RESULTS HIGHLIGHTS*



Income Statement **

Banking Business	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	1H19	1H18	Change y-o-y
<i>GEL thousands unless otherwise noted</i>								
Net interest income	181,622	186,582	-2.7%	182,941	-0.7%	364,563	366,831	-0.6%
Net fee and commission income	43,267	37,847	14.3%	42,180	2.6%	85,447	72,357	18.1%
Net foreign currency gain	36,700	25,000	46.8%	30,025	22.2%	66,724	39,252	70.0%
Net other income / (expense)	(4,260)	3,705	NMF	3,568	NMF	(691)	9,451	NMF
Operating income	257,329	253,134	1.7%	258,714	-0.5%	516,043	487,891	5.8%
Operating expenses	(98,558)	(93,144)	5.8%	(91,927)	7.2%	(190,485)	(180,523)	5.5%
Profit from associates	254	376	-32.4%	188	35.1%	442	695	-36.4%
Operating income before cost of risk	159,025	160,366	-0.8%	166,975	-4.8%	326,000	308,063	5.8%
Cost of risk	(35,476)	(37,526)	-5.5%	(42,652)	-16.8%	(78,129)	(71,340)	9.5%
Net operating income before non-recurring items	123,549	122,840	0.6%	124,323	-0.6%	247,871	236,723	4.7%
Net non-recurring items	(2,538)	(13,763)	-81.6%	(1,575)	61.1%	(4,112)	(16,711)	-75.4%
Profit before income tax expense and one-off costs	121,011	109,077	10.9%	122,748	-1.4%	243,759	220,012	10.8%
Income tax expense	(9,871)	(5,461)	80.8%	(10,536)	-6.3%	(20,407)	(14,744)	38.4%
Profit adjusted for one-off costs	111,140	103,616	7.3%	112,212	-1.0%	223,352	205,268	8.8%
One-off termination costs of former CEO and executive management (after tax), one-off demerger related expenses (after tax) and one-off impact of re-measurement of deferred tax balances	(3,996)	(52,541)	-92.4%	(10,240)	-61.0%	(14,236)	(52,541)	-72.9%
Profit	107,144	51,075	109.8%	101,972	5.1%	209,116	152,727	36.9%

Balance Sheet

GEL thousands unless otherwise noted

	Jun-19	Jun-18	Change y-o-y	Mar-19	Change q-o-q
Liquid assets	4,537,545	4,266,417	6.4%	4,502,390	0.8%
<i>Cash and cash equivalents</i>	<i>936,106</i>	<i>1,546,863</i>	<i>-39.5%</i>	<i>1,162,168</i>	<i>-19.5%</i>
<i>Amounts due from credit institutions</i>	<i>1,704,701</i>	<i>993,862</i>	<i>71.5%</i>	<i>1,391,630</i>	<i>22.5%</i>
<i>Investment securities</i>	<i>1,896,738</i>	<i>1,725,692</i>	<i>9.9%</i>	<i>1,948,592</i>	<i>-2.7%</i>
Loans to customers and finance lease receivables	10,579,710	8,108,647	30.5%	9,570,691	10.5%
Property and equipment	358,921	313,627	14.4%	349,728	2.6%
Total assets	16,133,999	13,239,336	21.9%	15,054,569	7.2%
Client deposits and notes	8,855,616	7,174,234	23.4%	8,393,861	5.5%
Amounts due to credit institutions	2,960,519	2,740,595	8.0%	2,463,408	20.2%
<i>Borrowings from DFIs</i>	<i>1,253,921</i>	<i>1,161,120</i>	<i>8.0%</i>	<i>1,309,976</i>	<i>-4.3%</i>
<i>Short-term loans from NBG</i>	<i>1,001,496</i>	<i>556,834</i>	<i>79.9%</i>	<i>585,797</i>	<i>71.0%</i>
<i>Loans and deposits from commercial banks</i>	<i>705,102</i>	<i>1,022,641</i>	<i>-31.1%</i>	<i>567,635</i>	<i>24.2%</i>
Debt securities issued	2,137,239	1,527,452	39.9%	2,045,428	4.5%
Total liabilities	14,215,780	11,571,671	22.8%	13,135,789	8.2%
Total equity	1,918,219	1,667,665	15.0%	1,918,780	0.0%

Key Ratios

Banking Business

	2Q19	2Q18	1Q19	1H19	1H18
ROAA**	2.9%	3.1%	3.1%	3.0%	3.2%
ROAE**	22.9%	25.4%	24.5%	23.7%	25.7%
Net interest margin	5.4%	6.9%	5.8%	5.6%	7.0%
Loan yield	11.8%	14.0%	12.2%	12.0%	13.9%
Liquid assets yield	3.4%	3.8%	3.8%	3.6%	3.7%
Cost of funds	4.8%	5.0%	4.8%	4.8%	4.9%
Cost of client deposits and notes	3.3%	3.6%	3.3%	3.3%	3.5%
Cost of amounts due to credit institutions	7.2%	7.2%	7.6%	7.3%	7.0%
Cost of debt securities issued	8.1%	7.7%	7.8%	7.9%	7.8%
Cost / Income***	38.3%	36.8%	35.5%	36.9%	37.0%
NPLs to gross loans to clients	3.2%	3.4%	3.3%	3.2%	3.4%
NPL coverage ratio	88.1%	99.4%	92.2%	88.1%	99.4%
NPL coverage ratio, adjusted for discounted value of collateral	131.5%	142.8%	132.6%	131.5%	142.8%
Cost of credit risk ratio	1.3%	1.6%	1.7%	1.5%	1.7%
NBG (Basel III) Tier I capital adequacy ratio	13.3%	12.5%	12.7%	13.3%	12.5%
NBG (Basel III) Total capital adequacy ratio	16.7%	17.5%	17.1%	16.7%	17.5%

* The detailed financials of the Group are presented on pages 57-62

** The income statement adjusted profit excludes GEL 4.0mln in 2Q19 (1Q19: GEL 10.2mln) and GEL 14.2mln in 1H19 one-off employee costs (net of income tax) related to former CEO and executive management termination benefits. The amount is comprised of GEL 4.6mln in 2Q19 (1Q19: GEL 7.8mln) and GEL 12.4mln in 1H19 (gross of income tax) excluded from salaries and other employee benefits and GEL 4.0mln (gross of income tax) excluded from non-recurring items in 1Q19 and in 1H19. The income statement adjusted profit for 2Q18 and 1H18 excludes GEL 52.5mln demerger related expenses (net of income tax) and one-off impact of re-measurement of deferred tax balances. ROAE and ROAA have been adjusted accordingly for all periods presented. Full IFRS income statement is presented on pages 57-58

*** Cost/income ratio adjusted for GEL 4.6mln in 2Q19 (1Q19: GEL 7.8mln) and GEL 12.4mln in 1H19 one-off employee costs (gross of income tax) related to termination benefits of the former executive management

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THE LEADING BANK IN GEORGIA

Strong profitability and growth momentum, on the back of outstanding capital and liquidity positions



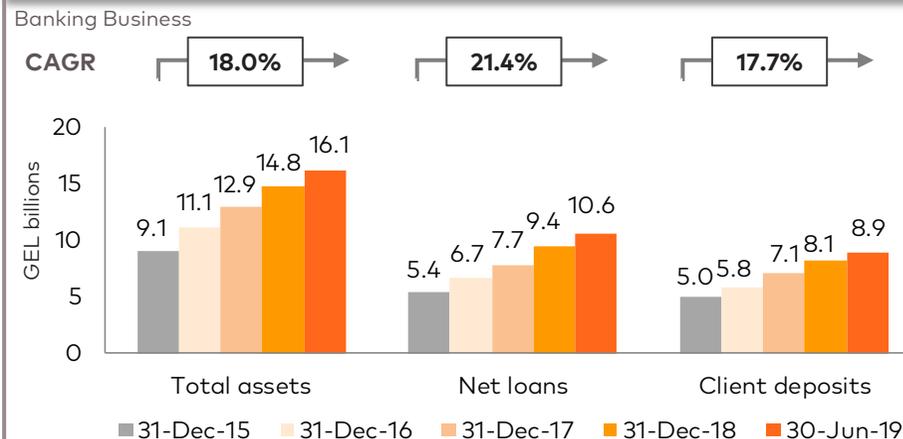
BOG – Leading Bank in Attractive Banking Sector

- **Top Systemically important financial institution in Georgia**
- **Market position in Georgia** by assets (34.3%), loans (34.6%), client deposits (33.9%) and equity (29.2%) as of 30 June 2019*
- **Market with stable growth perspectives:** Real GDP average annual growth rate of 4.5% for 2007-2018; 4.9% estimated real GDP growth in 1H19 according to Geostat. Loans to GDP increased from 8.8% to 67.3% during 2003-1H19; Deposits to GDP increased from 8.4% to 57.8% 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 271 branches, 890 ATMs, 3,177 Express Pay Terminals and c.2.5 million customers as of 30 June 2019
- **Sustainable high profitability** with average ROAE of more than 20% over the last three years on the back of solid NIM, low cost of credit risk and stringent cost control
- **Resilient credit profile:** Well-capitalised, diversified and high quality loan book and strong liquidity profile
- **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

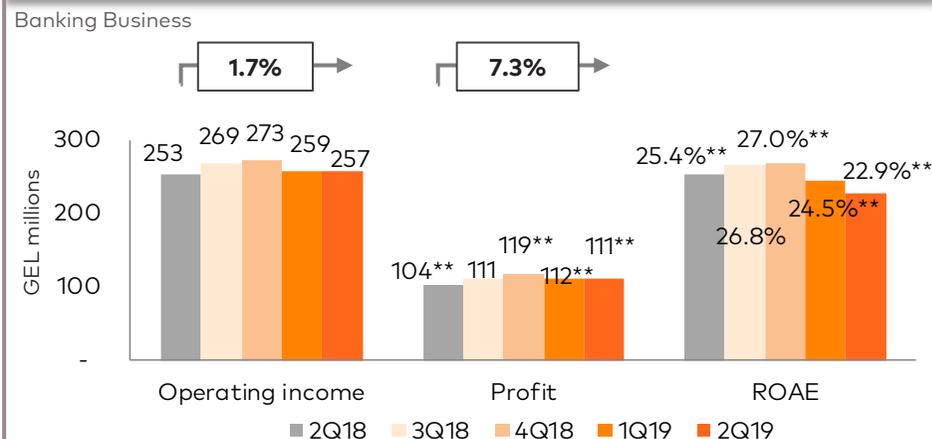
Credit ratings from global rating agencies

Rating Agency	Rating	Outlook	Affirmed
MOODY'S	Ba3/Ba2	Stable	14-Sep-17
FitchRatings	BB-	Stable	15-Apr-19

Balance Sheet Highlights



Income Statement Highlights



THE COMPETITION

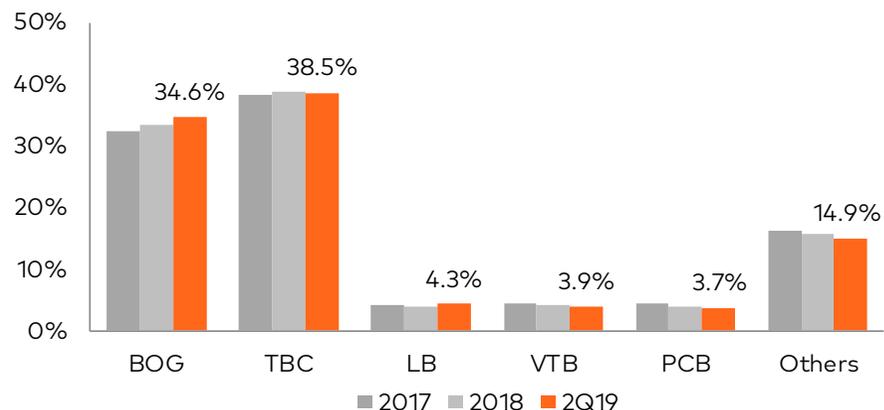
Leading market position in Georgia by assets (34.3%), loans (34.6%), client deposits (33.9%) and equity (29.2%)



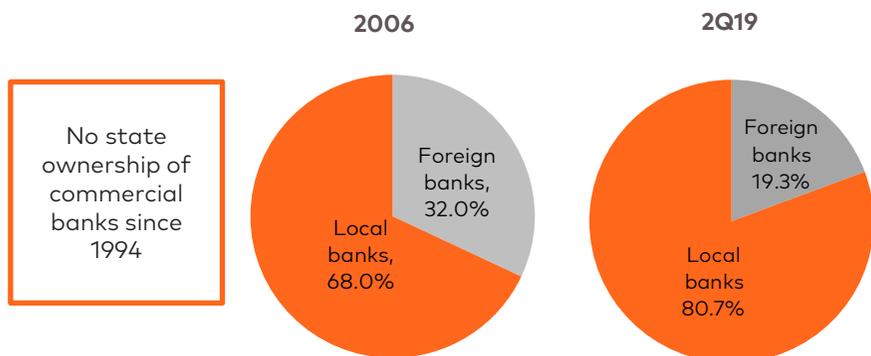
Peer group's market share in total assets



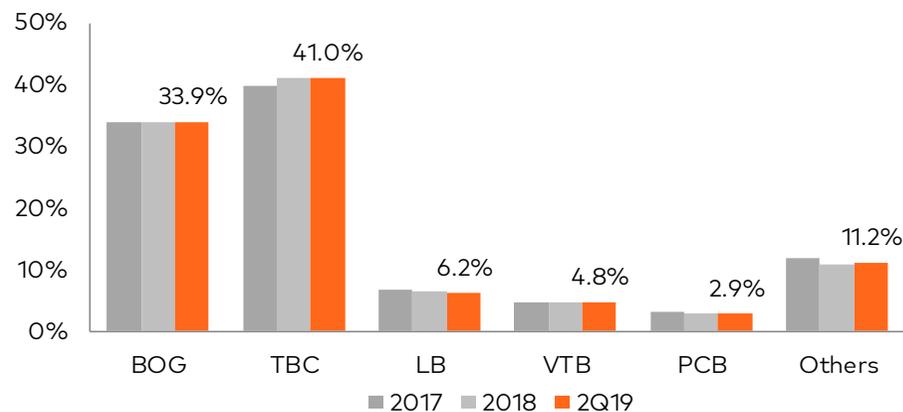
Peer group's market share in gross loans



Foreign banks market share by assets



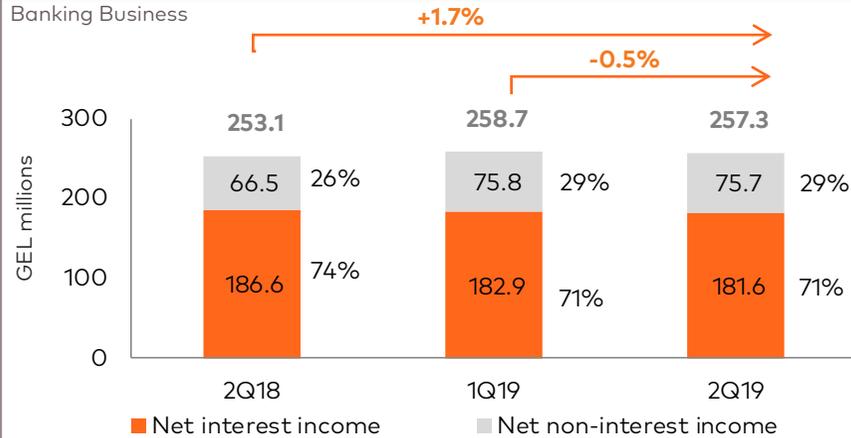
Peer group's market share in client deposits



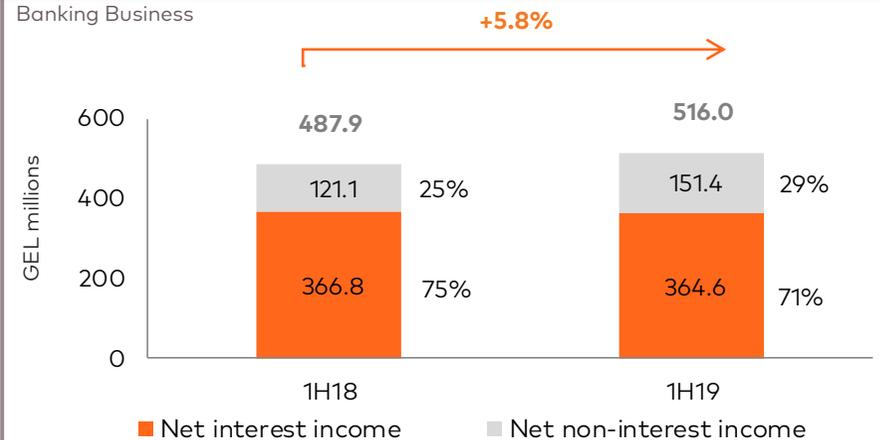
STRONG UNDERLYING PERFORMANCE



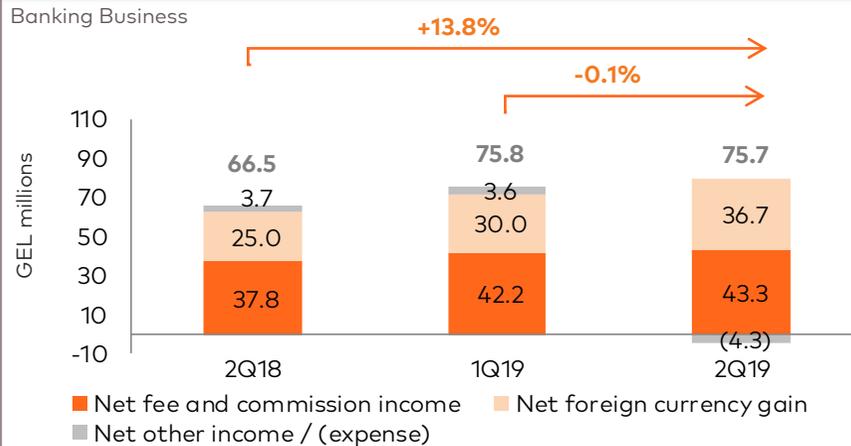
Operating income | quarterly



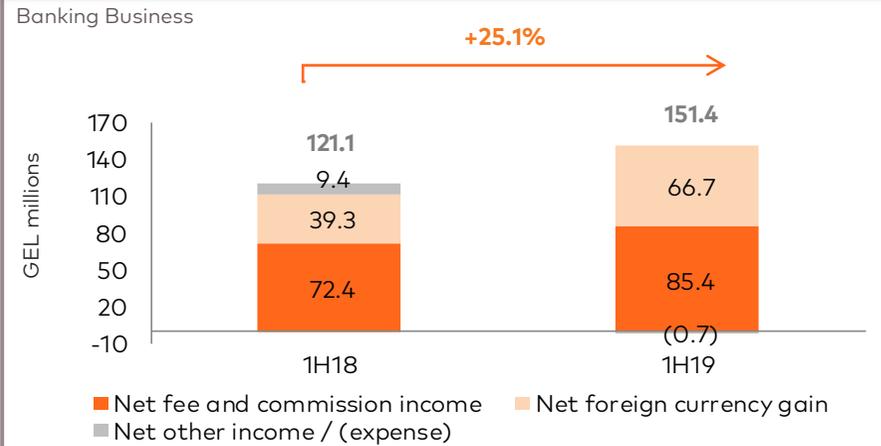
Operating income | half-year



Net non-interest income | quarterly



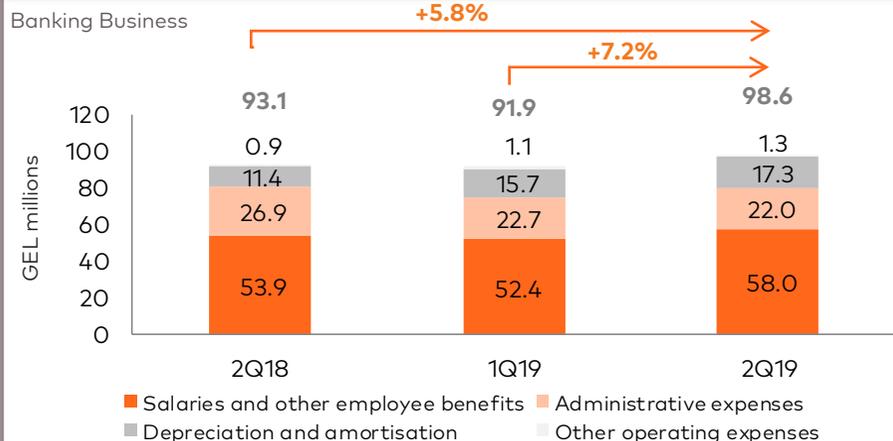
Net non-interest income | half-year



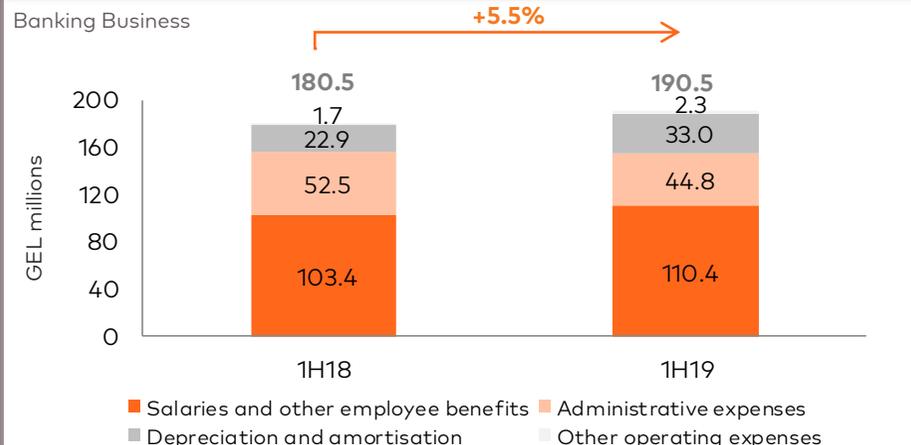
STRONG UNDERLYING PERFORMANCE



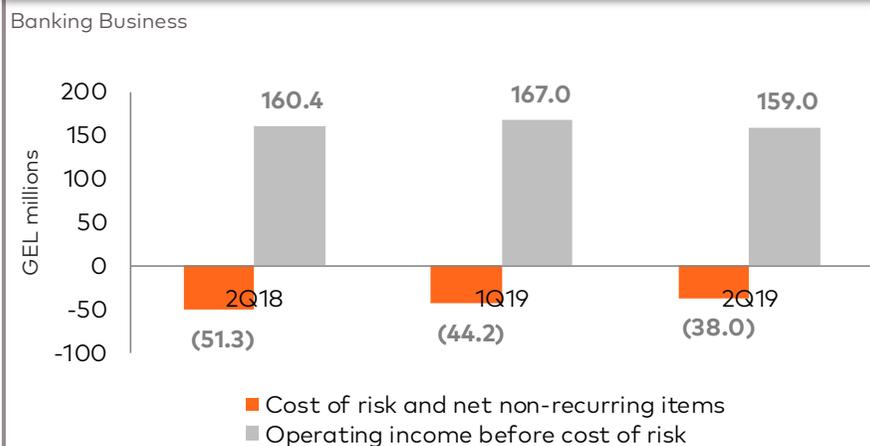
Operating expenses* | quarterly



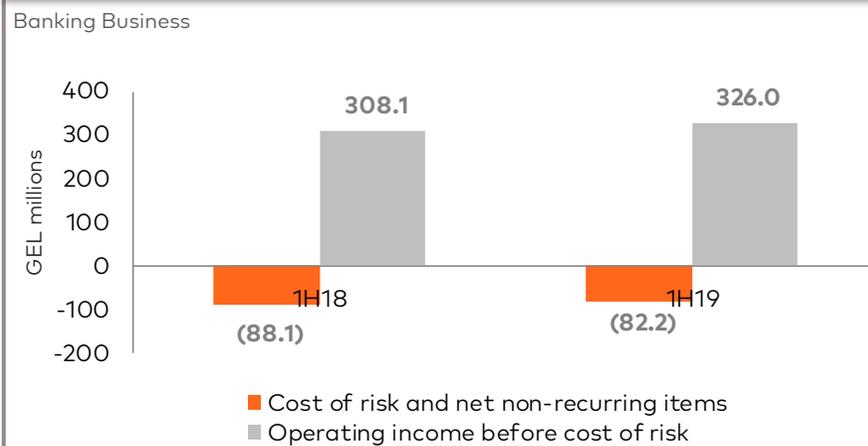
Operating expenses* | half-year



Operating income before cost of risk* | quarterly



Operating income before cost of risk* | half-year

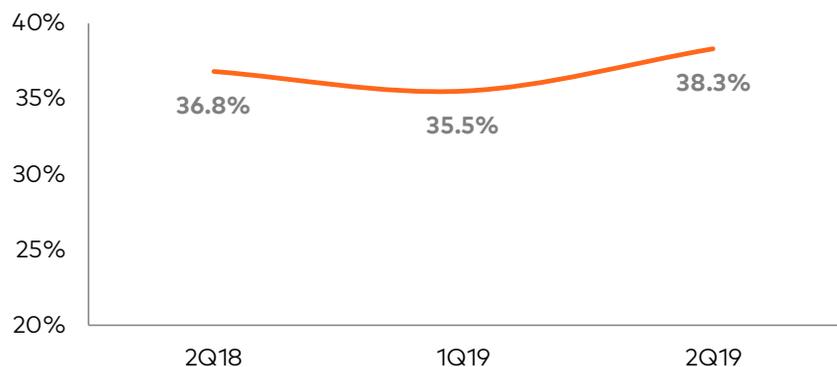


FOCUS ON EFFICIENCY



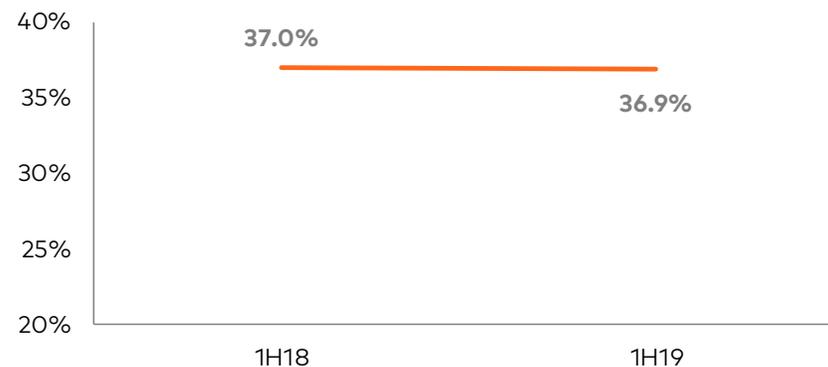
Cost / Income* | quarterly

Banking Business



Cost / Income* | half-year

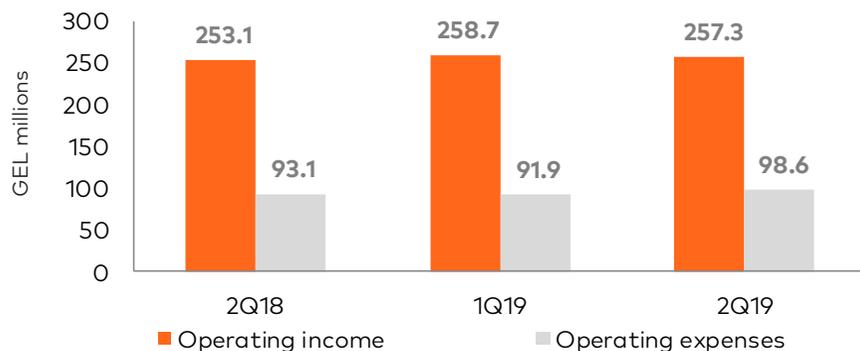
Banking Business



Operating income and operating expenses* | quarterly

Banking Business

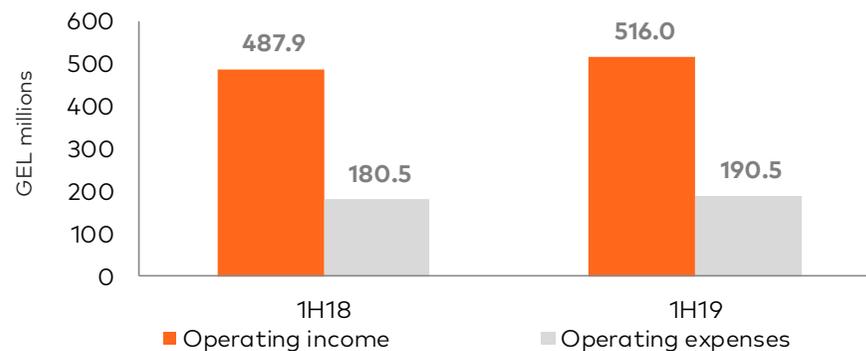
**Operating Leverage*: -4.2% y-o-y
-7.7% q-o-q**



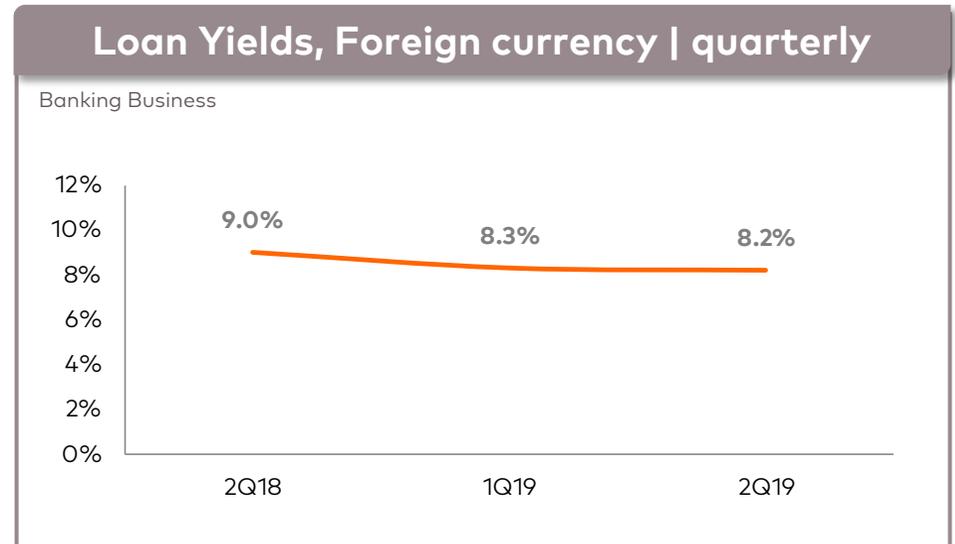
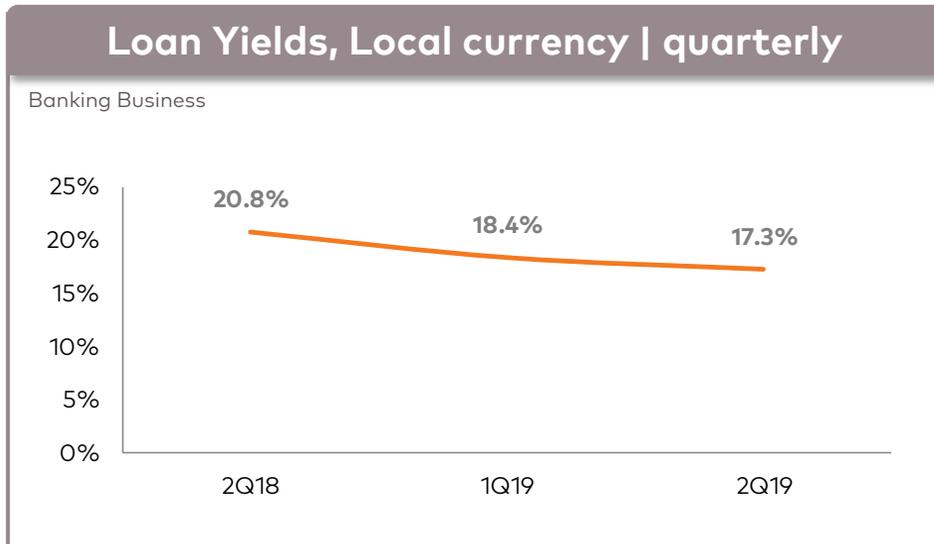
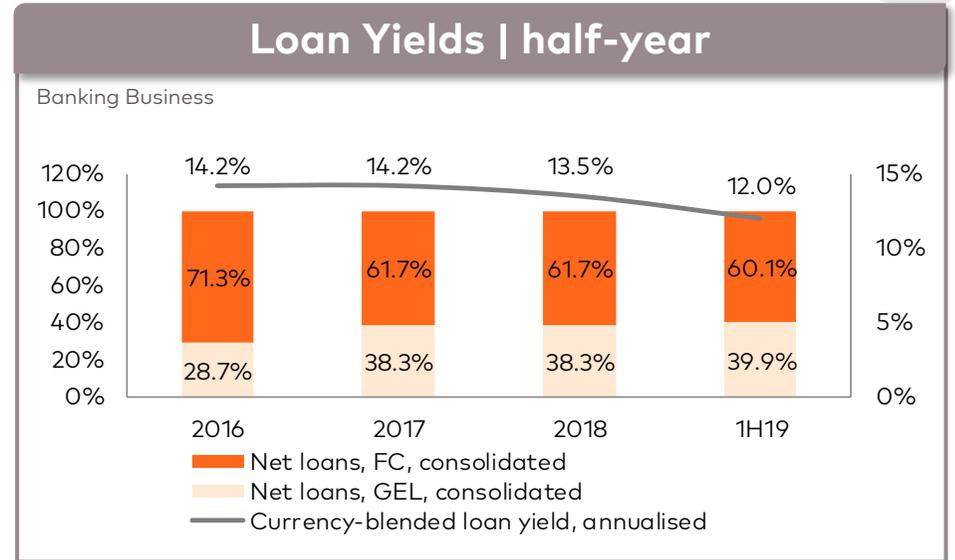
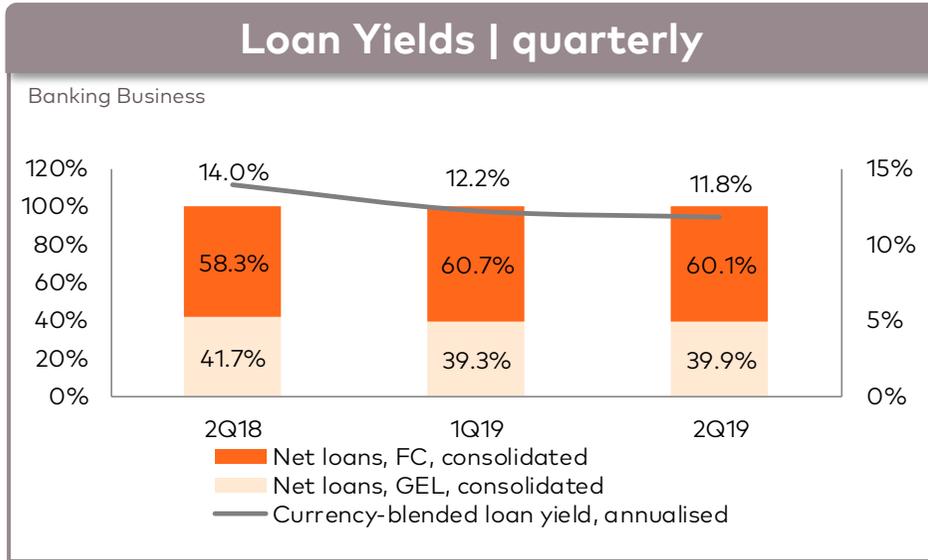
Operating income and operating expenses* | half-year

Banking Business

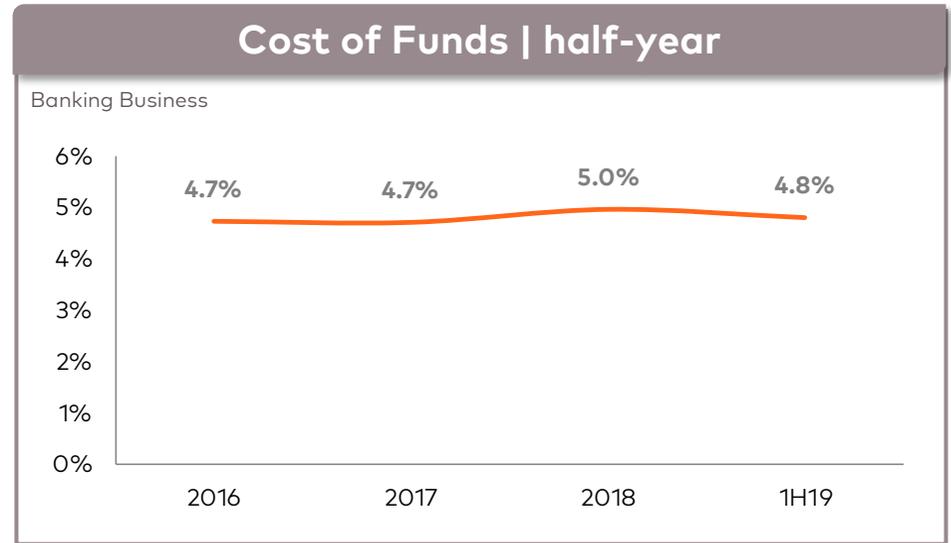
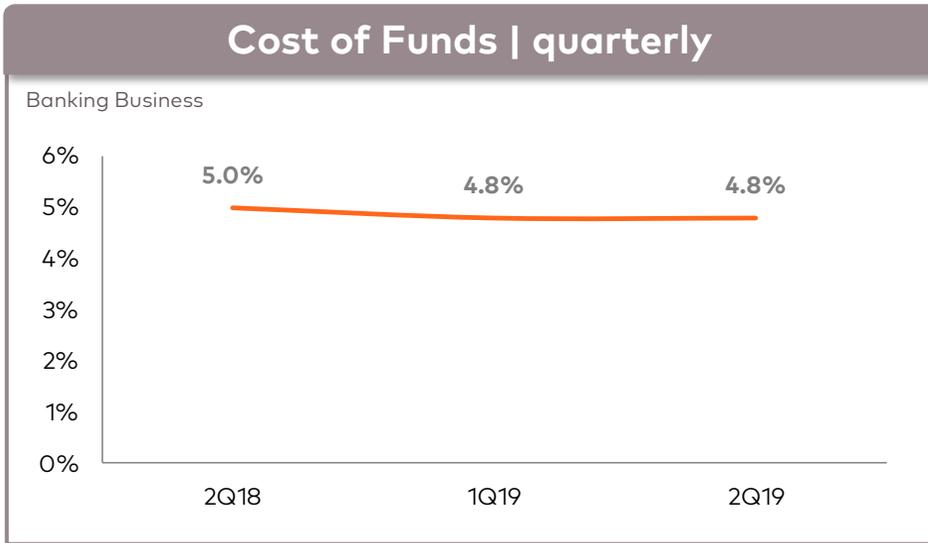
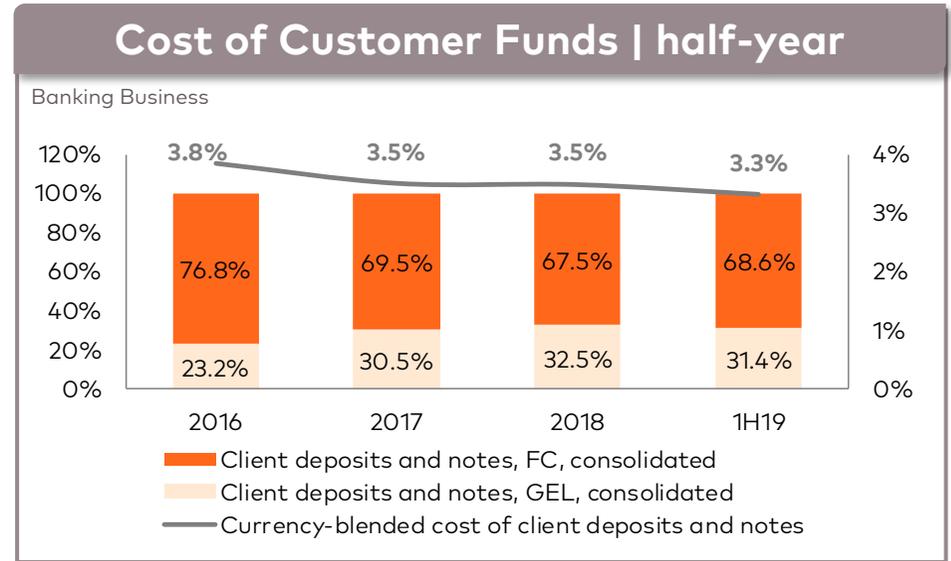
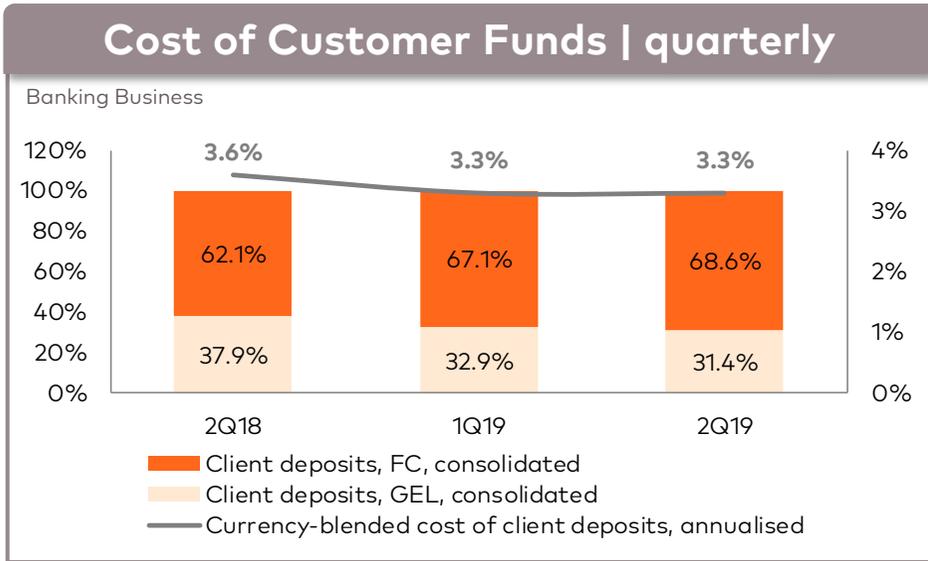
Operating Leverage*: +0.3% y-o-y



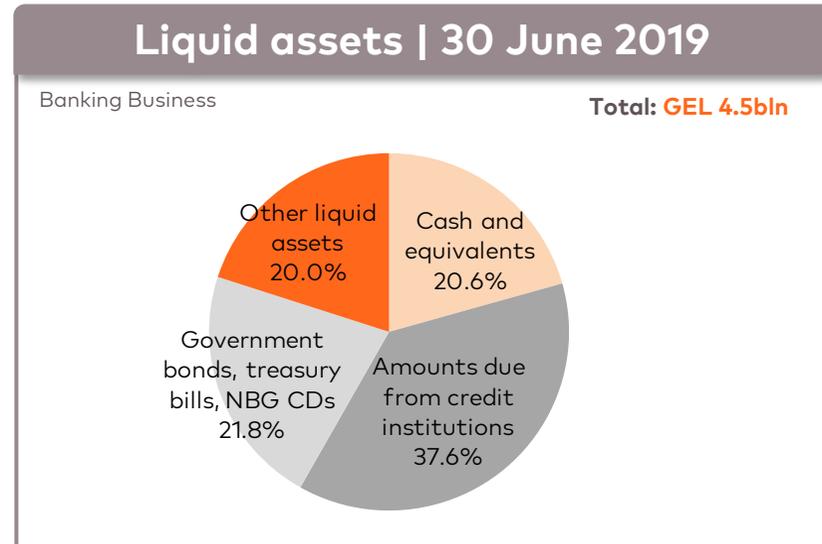
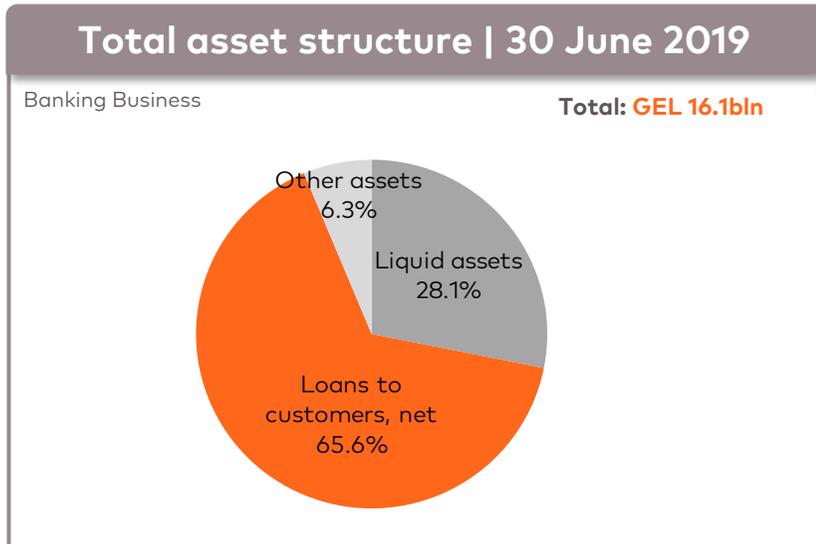
SOLID INCOME NOTWITHSTANDING THE PRESSURE ON YIELDS



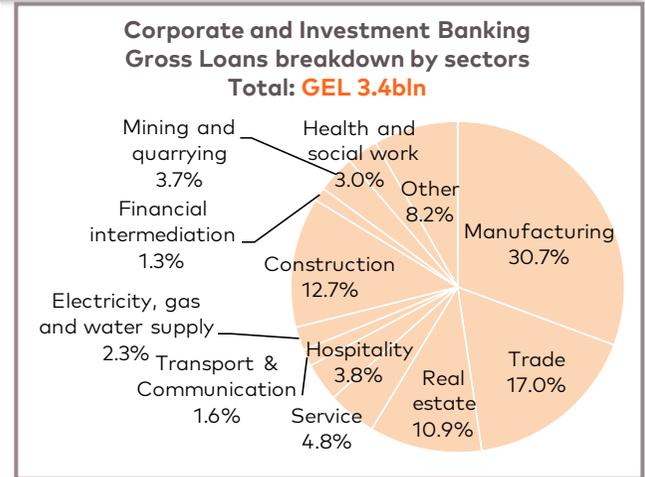
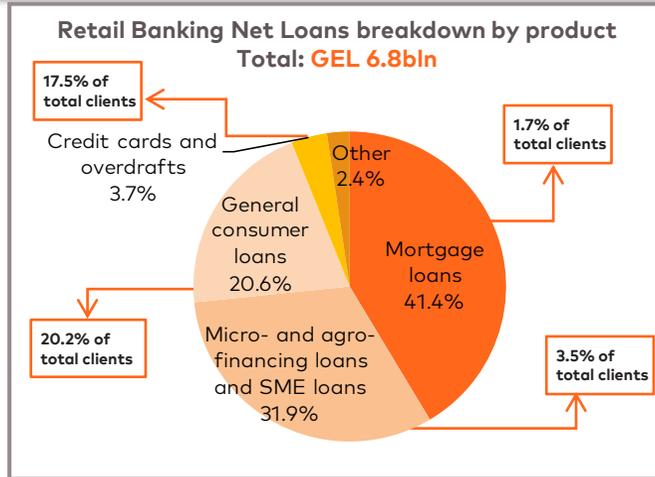
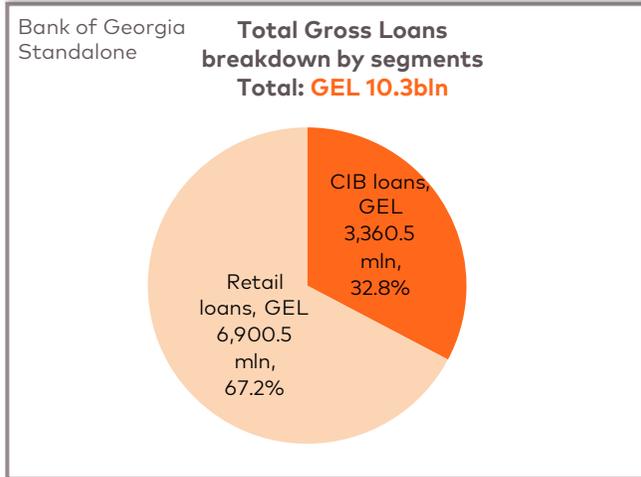
STABLE COST OF FUNDING



DIVERSIFIED ASSET STRUCTURE AND LOAN PORTFOLIO



Loans breakdown | 30 June 2019

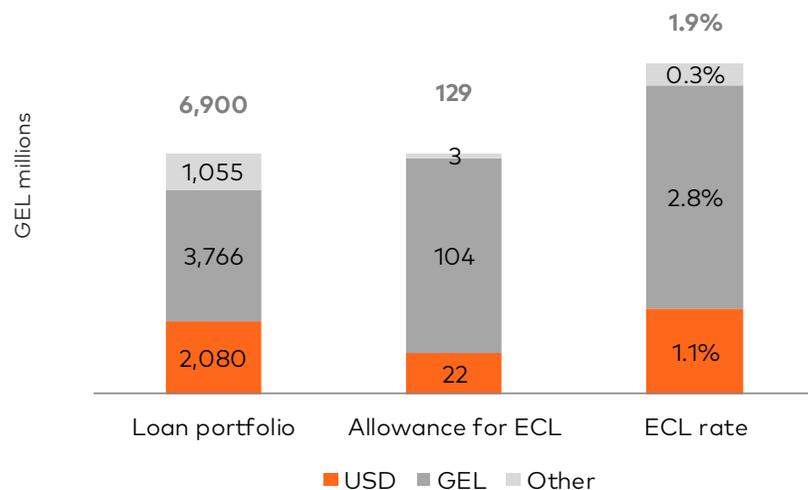


LOAN PORTFOLIO BREAKDOWN



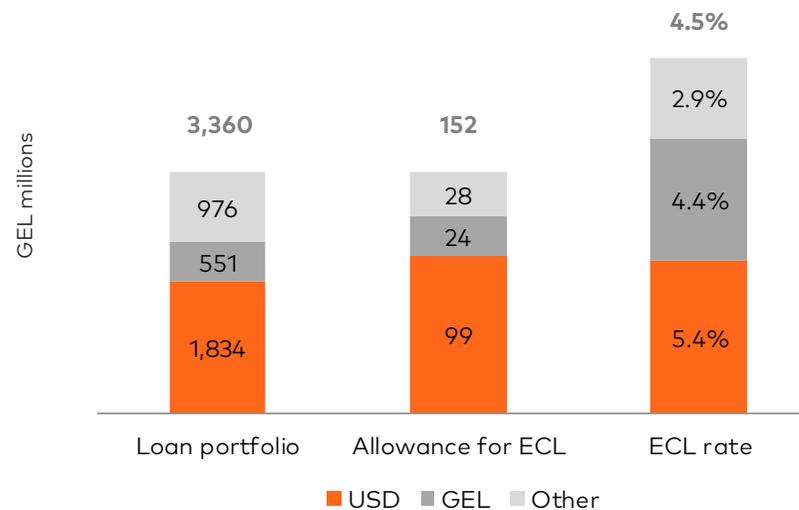
Retail Banking | 30 June 2019

JSC Bank of Georgia standalone



Corporate and Investment Banking | 30 June 2019

JSC Bank of Georgia standalone



Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL and other currency loans*	4,821	69.9%	1,591	1,676	1,554
USD loans with USD income	400	5.8%	315	62	23
USD loans with non-USD income	1,680	24.3%	909	144	627
Total	6,900	100.0%	2,815	1,882	2,204

* Includes credit cards

Amounts in GEL millions	CB & WM Loan portfolio	% of total CB loan portfolio
GEL and other currency loans*	1,527	45.5%
USD loans with USD income	1,301	38.7%
USD loans with non-USD income	532	15.8%
Total	3,360	100.0%

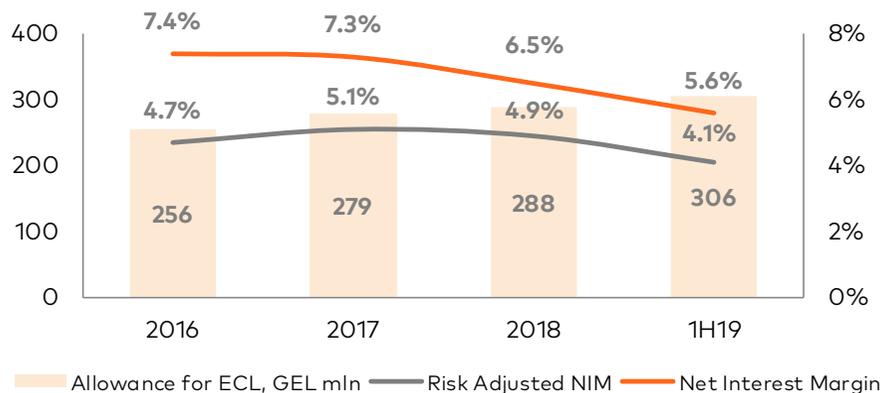
* Includes credit cards

RESILIENT LOAN PORTFOLIO QUALITY



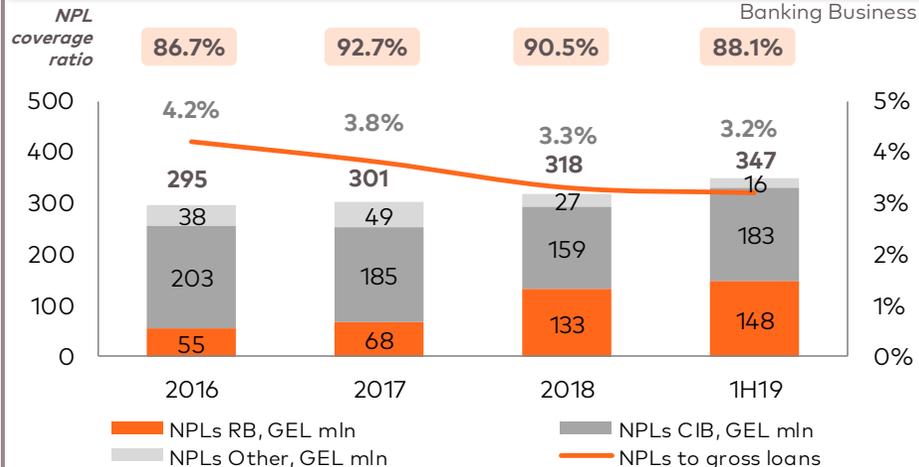
Expected credit loss and NIM

Banking Business



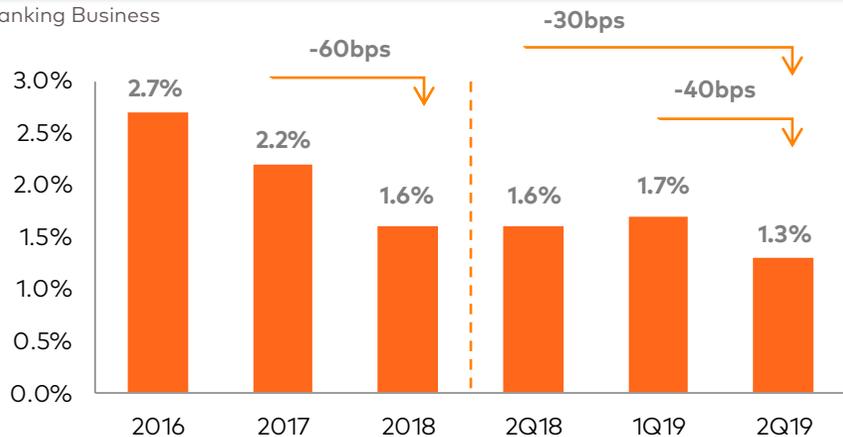
NPL composition

Banking Business



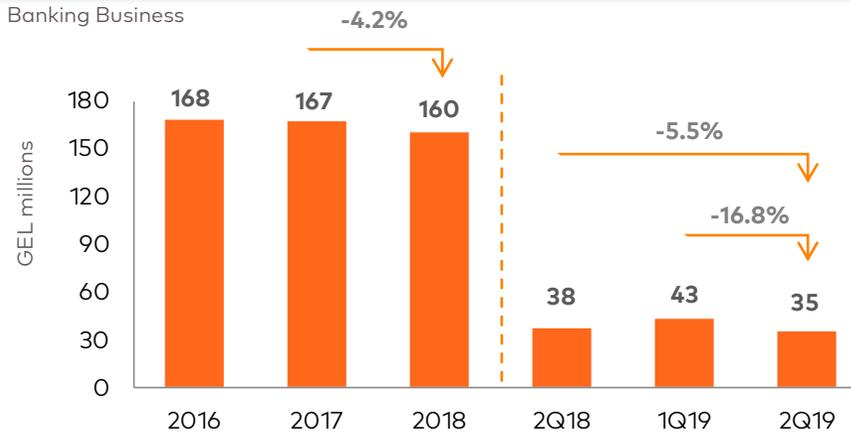
Cost of Credit Risk

Banking Business



Cost of Risk

Banking Business

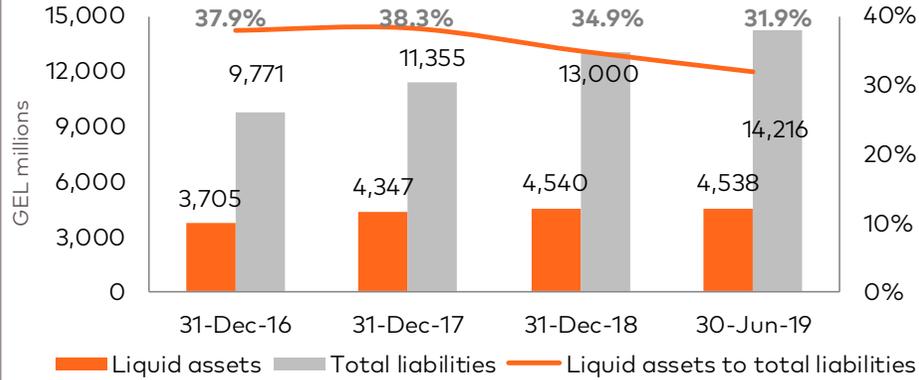


STRONG LIQUIDITY



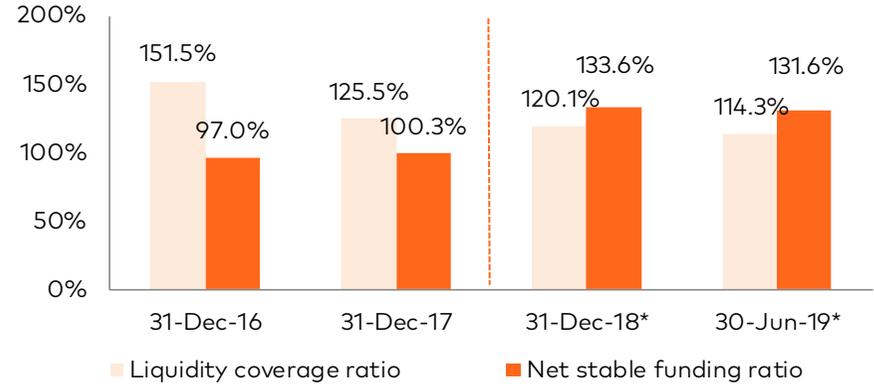
Liquid assets to total liabilities

Banking Business



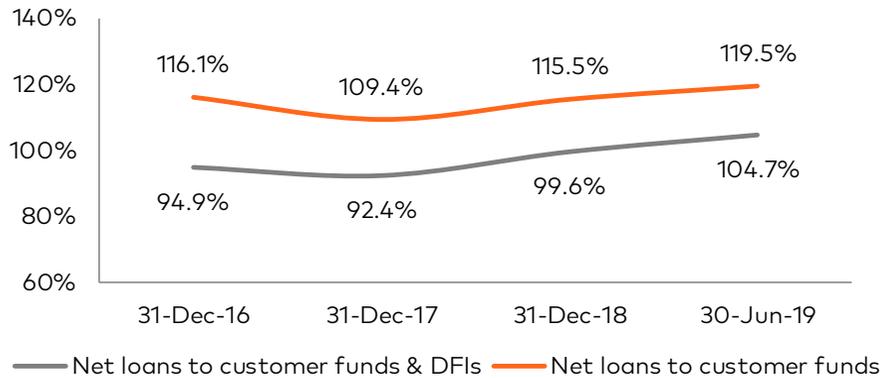
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone (Basel III Liquidity)



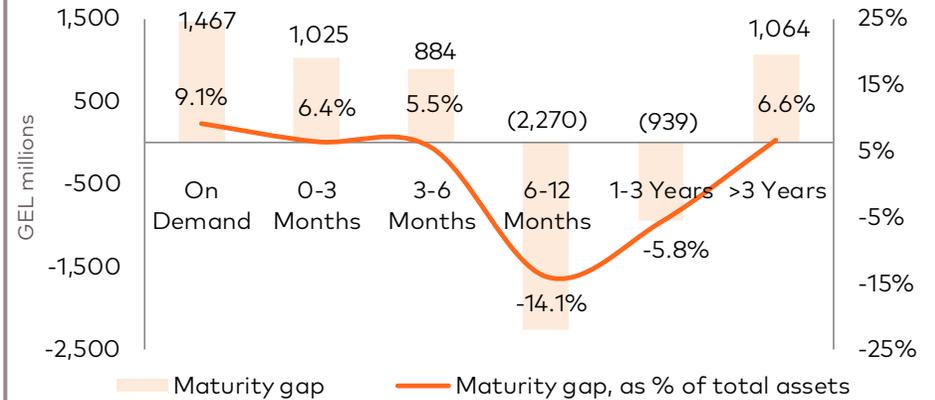
Net loans to customer funds & DFI

Banking Business



Cumulative maturity gap | 30 June 2019

Banking Business



STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



Capital adequacy requirements introduced by National Bank of Georgia in December 2017

Transition to Basel III Standards:

- Systemic capital surcharge:** 2.5% of risk weighted assets to be phased-in during the following years as per below schedule:

	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Systemic Buffer	0%	1.0%	1.5%	2.0%	2.5%

- Currency induced credit risk ("CICR") buffer** was introduced instead of additional 75% weighting of FX denominated loans. 56% of CICR buffer should be held on CET1 level, 75% on Tier 1 level and 100% on total capital
- General Risk Assessment Program ("GRAPE")** for individual banks: GRAPE buffer is set at 2.2%. GRAPE buffer will be reviewed annually and will be phased-in on different levels of capital according to the below schedule:

	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
CET 1	0%	15%	30%	45%	56%
Tier 1	0%	20%	40%	60%	75%
Total Capital	0%	100%	100%	100%	100%

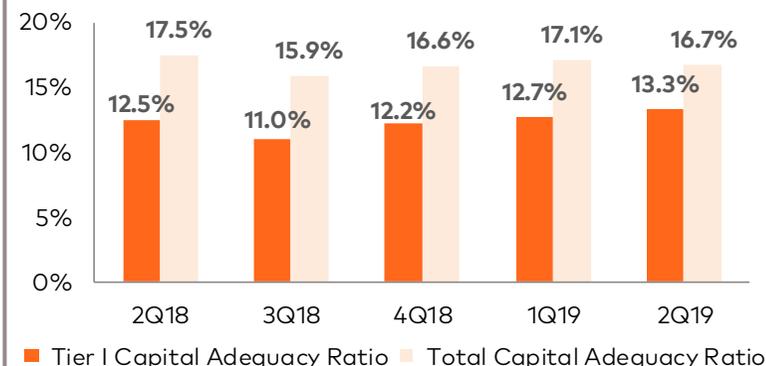
- Credit Portfolio Concentration buffer**, effective from 1 April 2018 and phased in over the four year period on different levels of capital according to the above schedule
- Net Stress Test buffer** effective from 1 January 2020
- In the view of above, Bank of Georgia is subject to the following minimum capital requirements:

	31-Dec-17	31-Dec-18	30-Jun-19	31-Dec-19 Estimate*	31-Dec-20 Estimate*	Fully Loaded range* from 31-Dec-21
CET 1	8.1%	9.5%	9.6%	10.4%	11.1%	11.3% - 12.0%
Tier 1	9.9%	11.4%	11.6%	12.5%	13.3%	13.4% - 14.3%
Total Capital	12.4%	15.9%	16.1%	16.5%	16.7%	16.3% - 17.4%

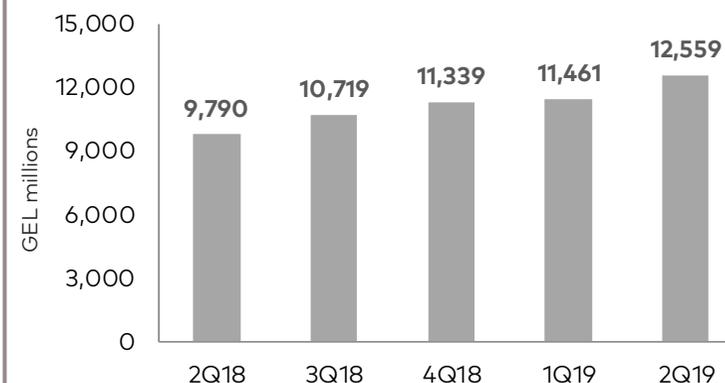
* Indicated minimum capital adequacy ratios contain Pillar 1 and Pillar 2 buffer estimates. Range provides our best minimum and maximum estimates of the variable buffers

Transition to Basel III is not expected to affect the Bank's growth prospects or its ability to maintain dividend distributions within the existing dividend policy payout range

Capital Adequacy Ratios



Risk Weighted Assets



STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



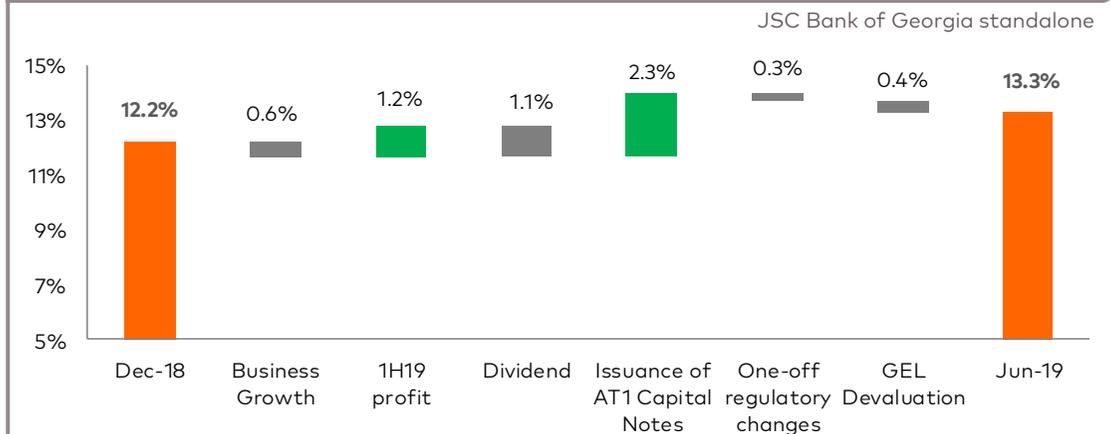
Capital Management

- **Issuance of AT1 Capital Notes in March 2019**
 - In March 2019, the Bank issued inaugural US\$ 100 million Additional Tier 1 capital perpetual subordinated notes. The regulatory approval on the classification as AT1 instruments was received in April 2019, therefore, it was reflected in the capital ratios since April 2019. This issuance added approximately 230 basis points to the Bank's Tier 1 capital ratio

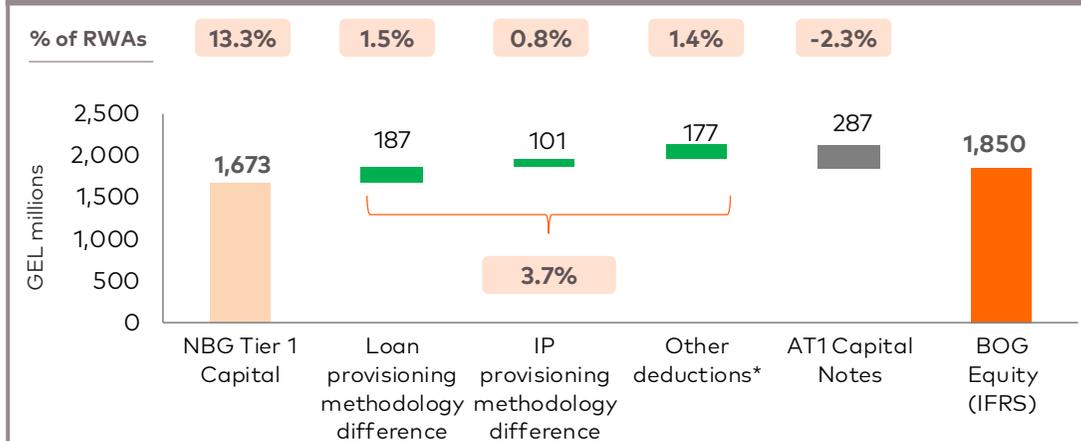
- **Capital Adequacy**
 - Robust internal capital generation per annum
 - Existing additional capital buffers (within **c. 2.3% of RWAs**) reflecting differences in provisioning between NBG methodology and IFRS 9

- **Capital Buffer**
 - We aim to maintain **c.+200bps** for CET1 and Tier 1 capital ratios over minimum regulatory requirements

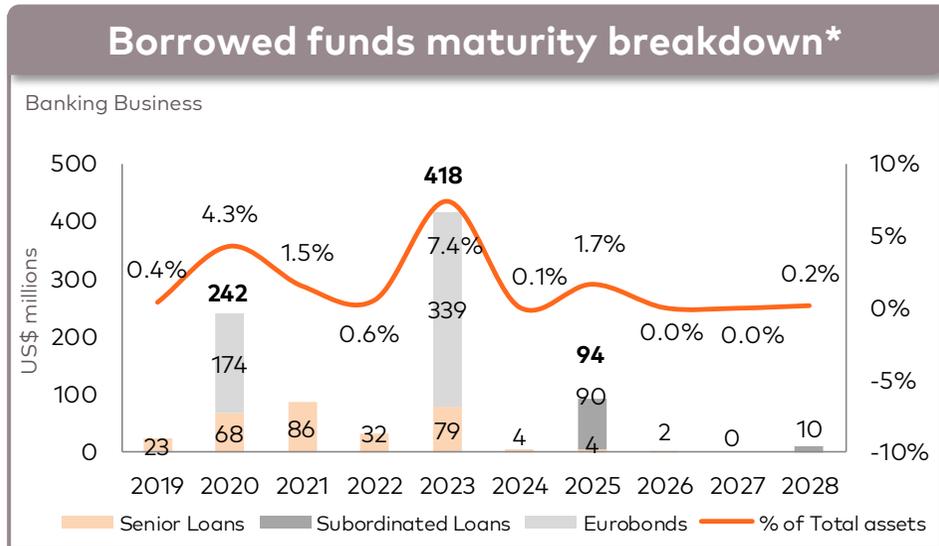
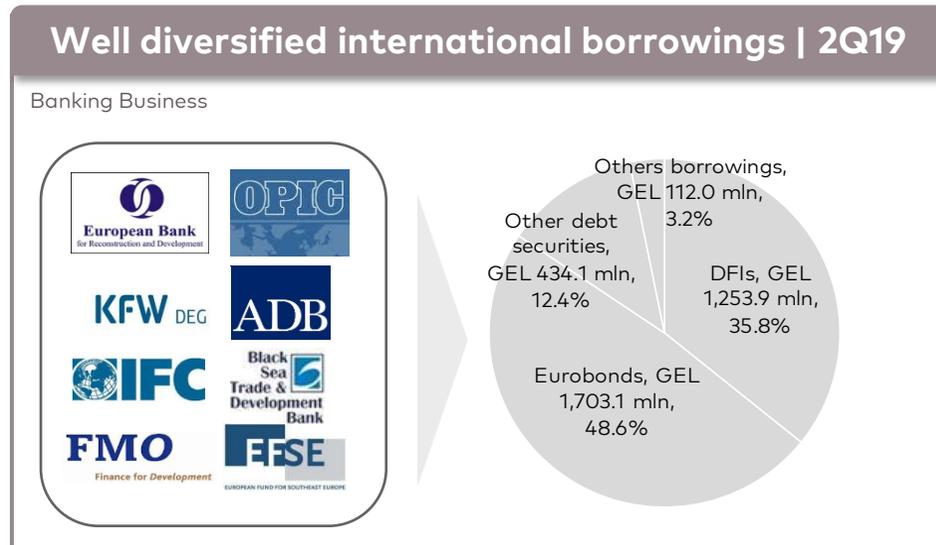
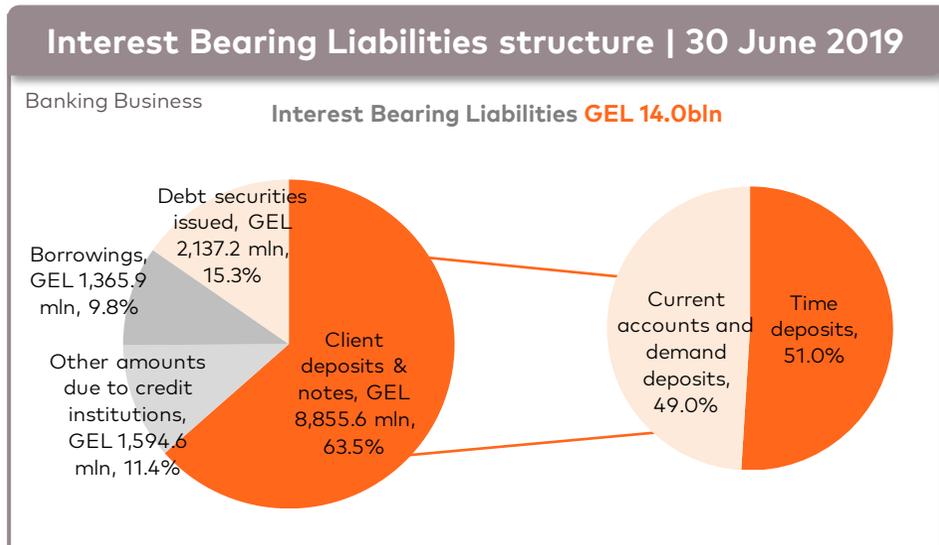
Tier 1 Capital Adequacy Ratio Evolution



BOG Equity vs. Tier 1 Regulatory Capital | 30 Jun 2019



WELL-ESTABLISHED FUNDING STRUCTURE



- ### Highlights for 1H19
- Group has a well-balanced funding structure with 63.5% of interest bearing liabilities coming from client deposits and notes, 9.0% from Developmental Financial Institutions (DFIs) and 12.3% from Eurobonds and notes issued, at 30 June 2019
 - The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, EFSE, BSTDB, FMO, DEG, etc.
 - At 30 June 2019, GEL 37 million undrawn facilities from DFIs with up to three years maturity
 - In July 2016, BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon (bonds were pushed down to BOG in March 2018). Bonds were trading at 5.494%** on 9 August 2019
 - In June 2017, BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. Bonds were trading at 10.289%** on 9 August 2019
 - In March 2019, BOG issued US\$ 100mln 11.125% Additional Tier 1 capital perpetual subordinated notes callable after 5.25 years and on every subsequent interest payment date, subject to prior consent of the NBG. Notes were trading at 10.158%** on 9 August 2019

RETAIL BANKING HIGHLIGHTS



Data as at 30 June 2019 for JSC Bank of Georgia standalone

	1  BANK OF GEORGIA EXPRESS	2  BANK OF GEORGIA	3  SOLO	4  BANK OF GEORGIA BUSINESS
Segments	Emerging Retail	Mass Retail	Mass Affluent	MSME
Clients	538 k	1,670 k	49 k	218 k
Loans	GEL 291 mln	GEL 2,183 mln	GEL 2,050 mln	GEL 2,377 mln
Deposits	GEL 257 mln	GEL 2,055 mln	GEL 1,963 mln	GEL 713 mln
1H19 Profit*	GEL 7 mln	GEL 61 mln	GEL 35 mln	GEL 35 mln
Profit per client*	GEL 25	GEL 74	GEL 1,505	GEL 339
P/C ratio	3.3	1.7	5.3	1.4
Branches	167	92	12	n/a



RETAIL BANKING HIGHLIGHTS

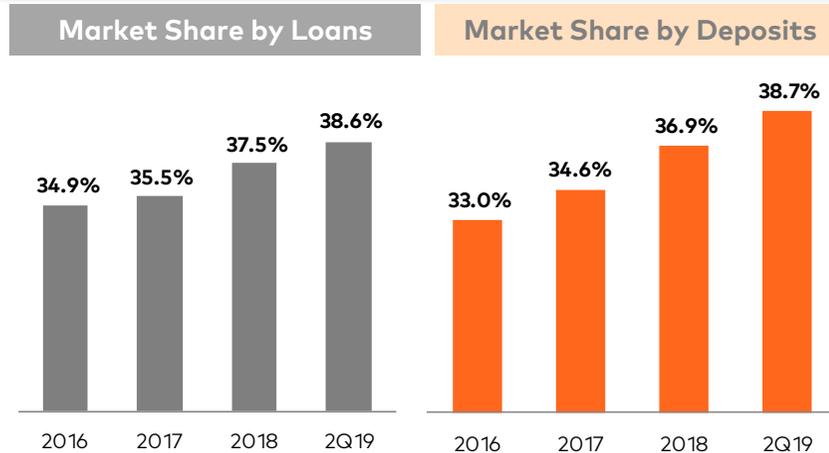


Income Statement Highlights*

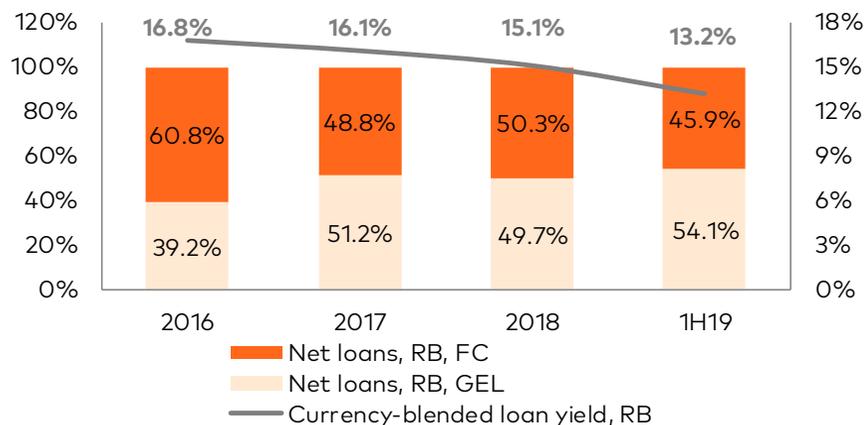
GEL thousands unless otherwise noted

	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	1H19	1H18	Change y-o-y
Net interest income	128,167	138,485	-7.5%	130,987	-2.2%	259,154	273,938	-5.4%
Net fee and commission income	34,605	29,153	18.7%	32,435	6.7%	67,039	55,292	21.2%
Net foreign currency gain	18,070	10,581	70.8%	13,240	36.5%	31,309	14,929	109.7%
Net other income / (expense)	(3,753)	1,664	NMF	2,168	NMF	(1,582)	4,770	NMF
Operating income	177,089	179,883	-1.6%	178,830	-1.0%	355,920	348,929	2.0%
Salaries and other employee benefits	(36,691)	(34,639)	5.9%	(33,874)	8.3%	(70,564)	(66,752)	5.7%
Administrative expenses	(14,992)	(20,544)	-27.0%	(15,796)	-5.1%	(30,788)	(40,084)	-23.2%
Depreciation and amortisation	(14,492)	(9,818)	47.6%	(13,287)	9.1%	(27,779)	(19,720)	40.9%
Other operating expenses	(753)	(602)	25.1%	(536)	40.5%	(1,290)	(1,105)	16.7%
Operating expenses	(66,928)	(65,603)	2.0%	(63,493)	5.4%	(130,421)	(127,661)	2.2%
Profit from associate	254	376	-32.4%	188	35.1%	442	695	-36.4%
Operating income before cost of risk	110,415	114,656	-3.7%	115,525	-4.4%	225,941	221,963	1.8%
Cost of risk	(26,542)	(29,618)	-10.4%	(39,386)	-32.6%	(65,930)	(58,072)	13.5%
Net operating income before non-recurring items	83,873	85,038	-1.4%	76,139	10.2%	160,011	163,891	-2.4%
Net non-recurring items	(64)	(8,829)	-99.3%	(276)	-76.8%	(339)	(10,803)	-96.9%
Profit before income tax expense and one-off costs	83,809	76,209	10.0%	75,863	10.5%	159,672	153,088	4.3%
Income tax expense	(6,323)	(3,173)	99.3%	(6,101)	3.6%	(12,425)	(9,236)	34.5%
Profit adjusted for one off costs	77,486	73,036	6.1%	69,762	11.1%	147,247	143,852	2.4%
One-off costs (after tax)	(3,067)	(33,544)	-90.9%	(7,075)	-56.7%	(10,142)	(33,544)	-69.8%
Profit	74,419	39,492	88.4%	62,687	18.7%	137,105	110,308	24.3%

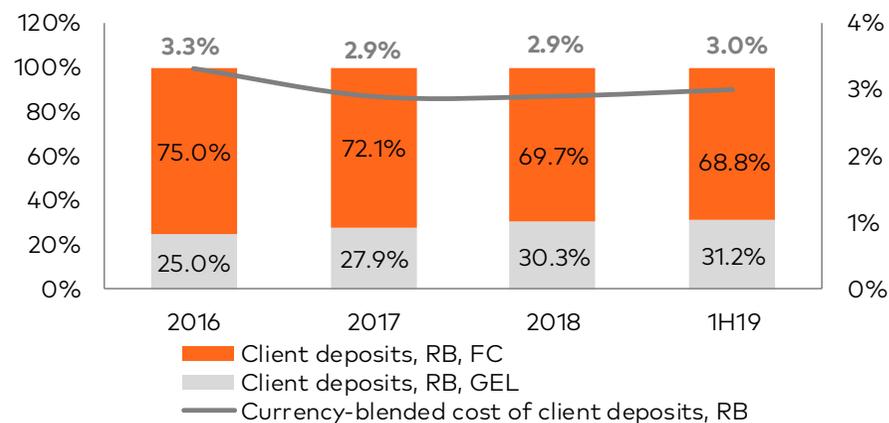
Market Position**



Loan Yield



Deposit Cost



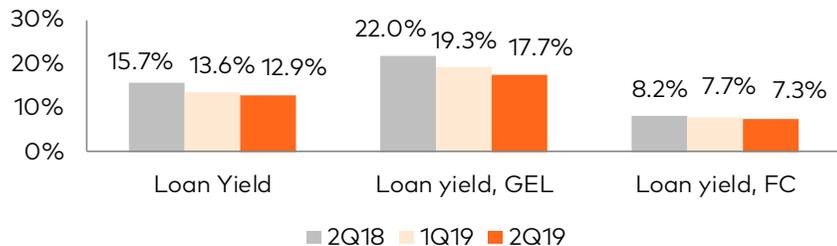
* The income statement adjusted profit excludes GEL 3.1mln in 2Q19 (1Q19: GEL 7.1mln) and GEL 10.1mln in 1H19 one-off employee costs (net of income tax) related to the former CEO and executive management termination benefits. The amount is comprised of GEL 3.5mln in 2Q19 (1Q19: GEL 5.2mln) and GEL 8.6mln in 1H19 (gross of income tax) excluded from salaries and other employee benefits and GEL 2.9mln (gross of income tax) excluded from non-recurring items in 1Q19 and 1H19. The income statement adjusted profit for 2Q18 and 1H18 excludes GEL 33.5mln demerger related expenses (net of income tax) and one-off impact of re-measurement of deferred tax balances

** Market shares by Loans and Deposits to Individuals

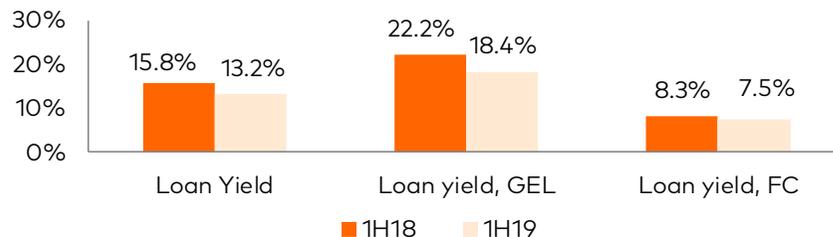
RETAIL BANKING LOAN YIELD, COST OF DEPOSITS & NIM



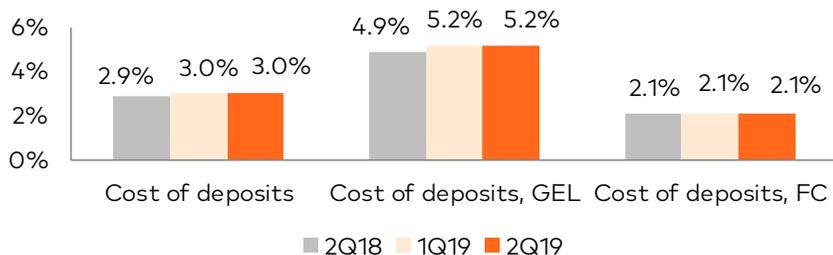
RB Loan Yield I quarterly



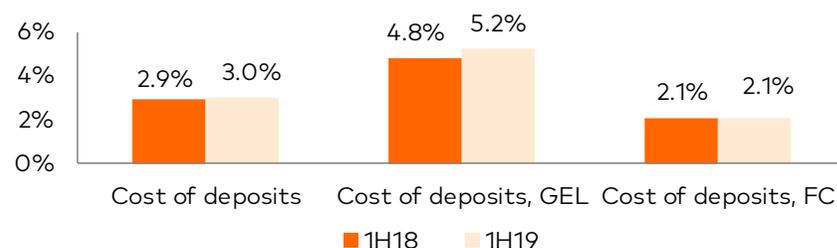
RB Loan Yield I half-year



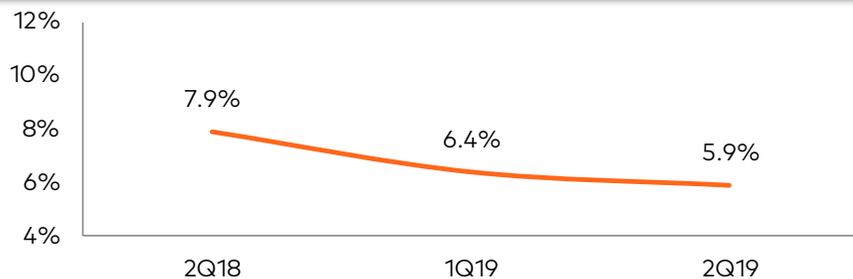
RB Cost of Deposit I quarterly



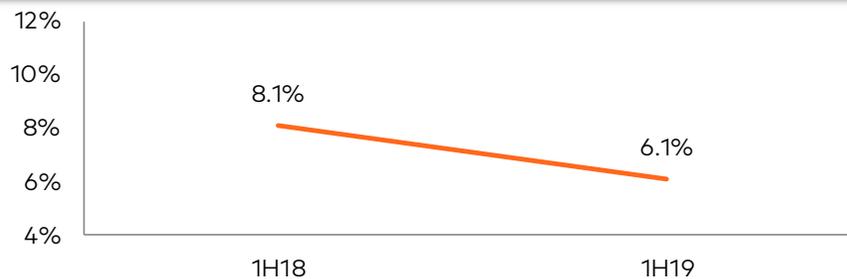
RB Cost of Deposit I half-year



RB NIM I quarterly



RB NIM I half-year



RETAIL BANKING - LEADING RETAIL BANK IN GEORGIA



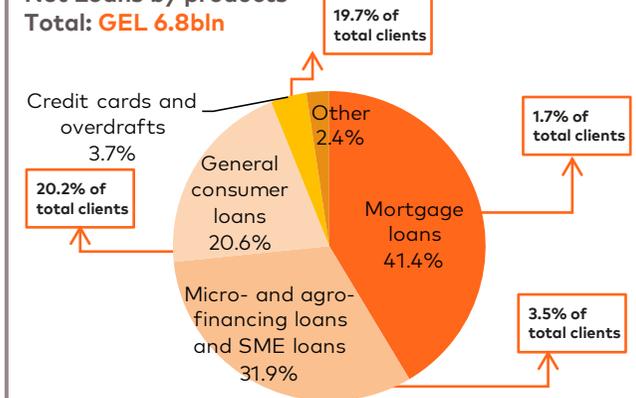
RB Client Data

Operating Data, GEL mln	2Q19	% of clients	2018	2017	2016
Number of total Retail clients, of which:	2,475,292		2,440,754	2,315,038	2,141,229
<i>Number of Solo clients</i>	48,953	2.0%	44,292	32,104	19,267
Consumer loans & other outstanding, volume	1,609		1,555	1,480	1,104
Consumer loans & other outstanding, number	499,186	20.2%	566,740	738,694	647,441
Mortgage loans outstanding, volume	2,815		2,539	1,706	1,228
Mortgage loans outstanding, number	41,706	1.7%	39,007	26,643	16,300
Micro & SME loans outstanding, volume	2,204		2,005	1,637	1,346
Micro & SME loans outstanding, number	85,464	3.5%	68,832	53,732	36,379
Credit cards and overdrafts outstanding, volume	272		290	308	291
Credit cards and overdrafts outstanding, number	433,877	17.5%	454,512	480,105	442,487
Credit cards outstanding, number, of which:	487,163	19.7%	547,038	673,573	800,621
<i>American Express cards</i>	101,535	4.1%	105,899	97,178	79,567

RB Portfolio | 30 June 2019

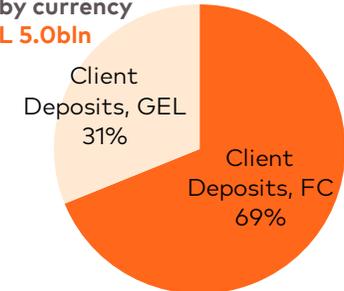
Net Loans by products

Total: **GEL 6.8bln**



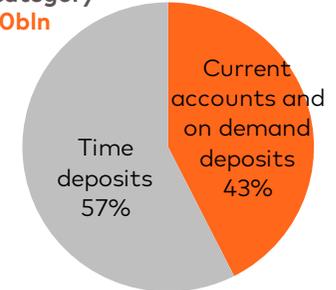
Deposits by currency

Total: **GEL 5.0bln**



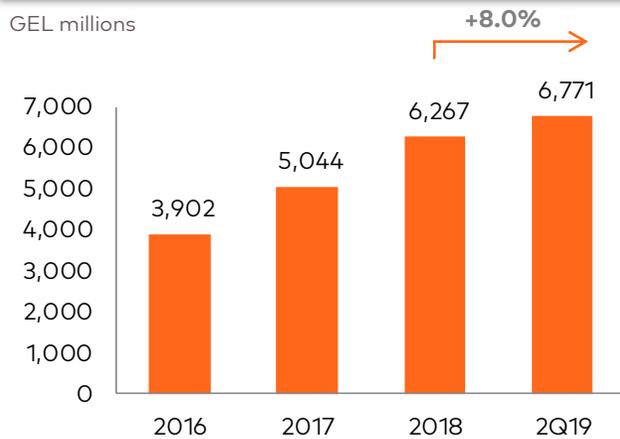
Deposits by category

Total: **GEL 5.0bln**



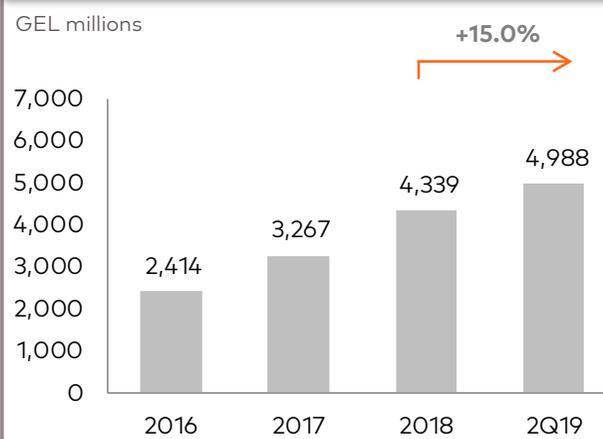
RB Loans

GEL millions



RB Deposits

GEL millions



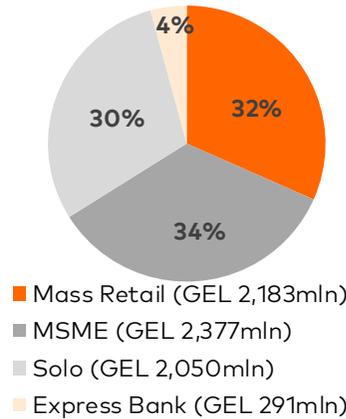
RETAIL BANKING FINANCIAL DATA



Balance Sheet | 30 June 2019

JSC Bank of Georgia Standalone

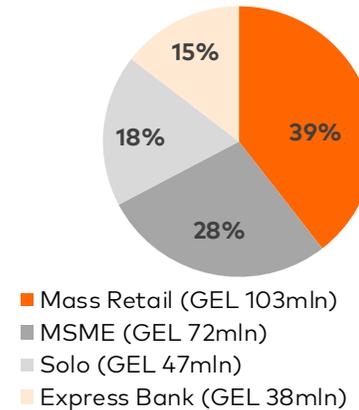
Total Gross Loans
GEL 6,900mln



Income Statement | 1H19

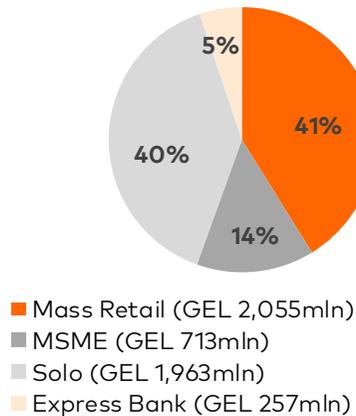
JSC Bank of Georgia Standalone

Net Interest Income
GEL 260mln



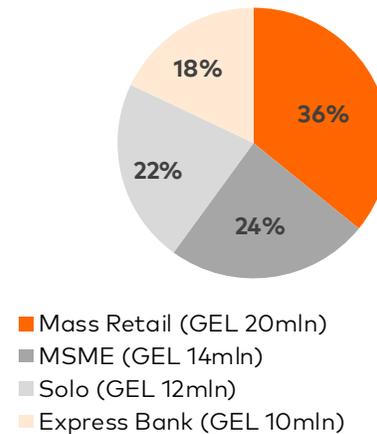
JSC Bank of Georgia Standalone

Total Deposits
GEL 4,988mln



JSC Bank of Georgia Standalone

Net Fee & Commission Income
GEL 56mln

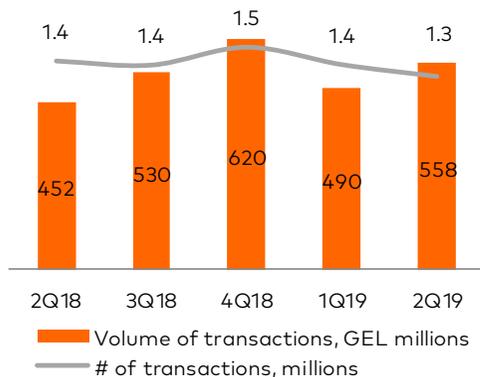


RETAIL BANKING – DIGITAL PENETRATION

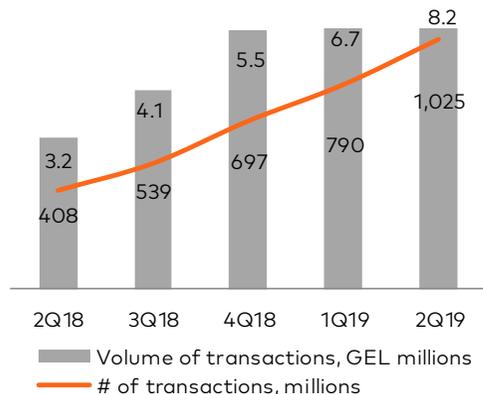


Digital Channel Statistics

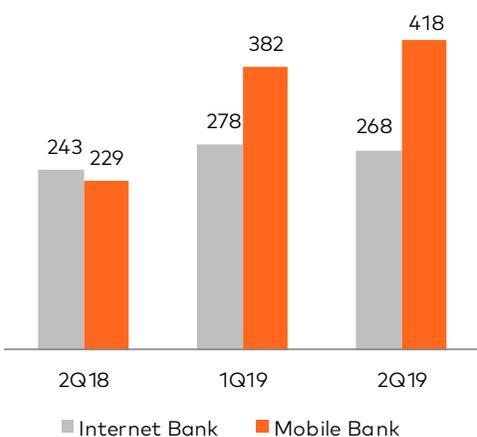
Internet Bank Transactions



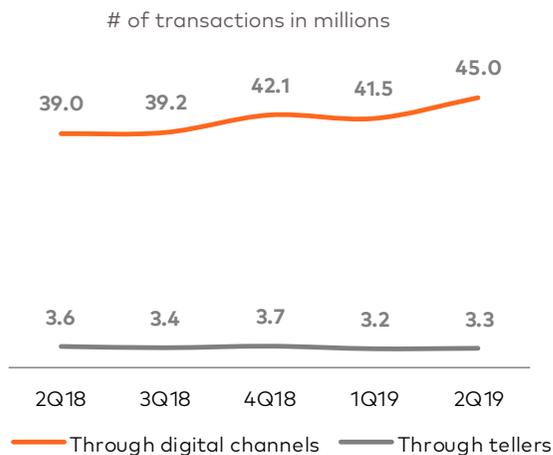
Mobile Bank Transactions



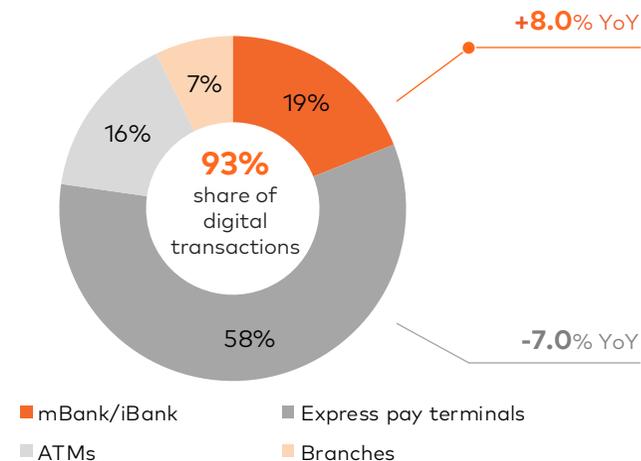
Number of Active Users | '000



Digital vs. Non-digital Transactions



Transactions breakdown by channel | 1H19



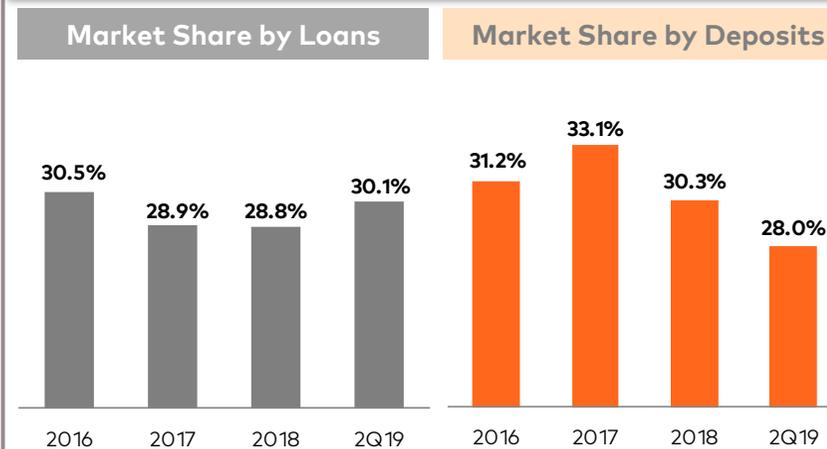
CORPORATE AND INVESTMENT BANKING HIGHLIGHTS



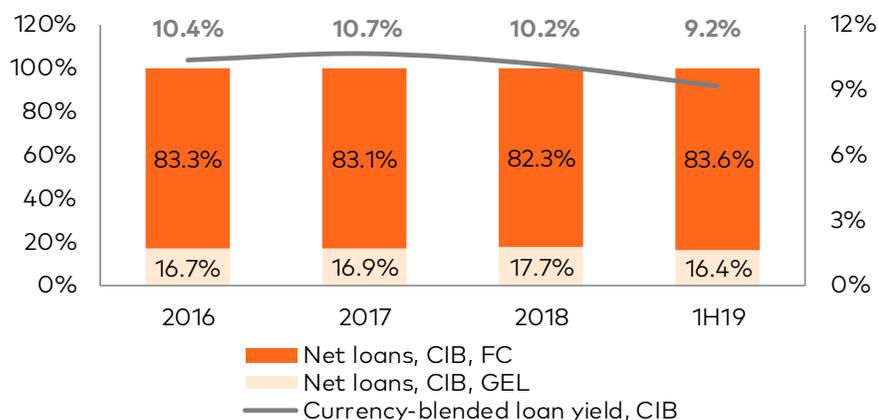
Income Statement Highlights*

<i>GEL thousands unless otherwise noted</i>	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	1H19	1H18	Change y-o-y
Net interest income	47,459	41,718	13.8%	45,679	3.9%	93,138	79,951	16.5%
Net fee and commission income	7,113	6,355	11.9%	8,151	-12.7%	15,264	12,554	21.6%
Net foreign currency gain	15,667	10,259	52.7%	13,104	19.6%	28,771	16,903	70.2%
Net other income / (expense)	(392)	2,078	NMF	1,386	NMF	994	4,873	-79.6%
Operating income	69,847	60,410	15.6%	68,320	2.2%	138,167	114,281	20.9%
Salaries and other employee benefits	(14,738)	(13,725)	7.4%	(12,439)	18.5%	(27,177)	(26,320)	3.3%
Administrative expenses	(4,004)	(3,700)	8.2%	(4,027)	-0.6%	(8,031)	(7,159)	12.2%
Depreciation and amortisation	(1,933)	(1,269)	52.3%	(1,701)	13.6%	(3,634)	(2,578)	41.0%
Other operating expenses	(302)	(253)	19.4%	(203)	48.8%	(505)	(396)	27.5%
Operating expenses	(20,977)	(18,947)	10.7%	(18,370)	14.2%	(39,347)	(36,453)	7.9%
Operating income before cost of risk	48,870	41,463	17.9%	49,950	-2.2%	98,820	77,828	27.0%
Cost of risk	(6,574)	(5,603)	17.3%	(1,824)	NMF	(8,398)	(10,246)	-18.0%
Net operating income before non-recurring items	42,296	35,860	17.9%	48,126	-12.1%	90,422	67,582	33.8%
Net non-recurring items	-	(4,930)	NMF	(72)	NMF	(72)	(5,203)	-98.6%
Profit before income tax expense and one-off costs	42,296	30,930	36.7%	48,054	-12.0%	90,350	62,379	44.8%
Income tax expense	(3,169)	(1,567)	102.2%	(3,864)	-18.0%	(7,032)	(4,010)	75.4%
Profit adjusted for one-off costs	39,127	29,363	33.3%	44,190	-11.5%	83,318	58,369	42.7%
One-off costs (after tax)	(929)	(12,924)	-92.8%	(3,165)	-70.6%	(4,094)	(12,924)	-68.3%
Profit	38,198	16,439	132.4%	41,025	-6.9%	79,224	45,445	74.3%

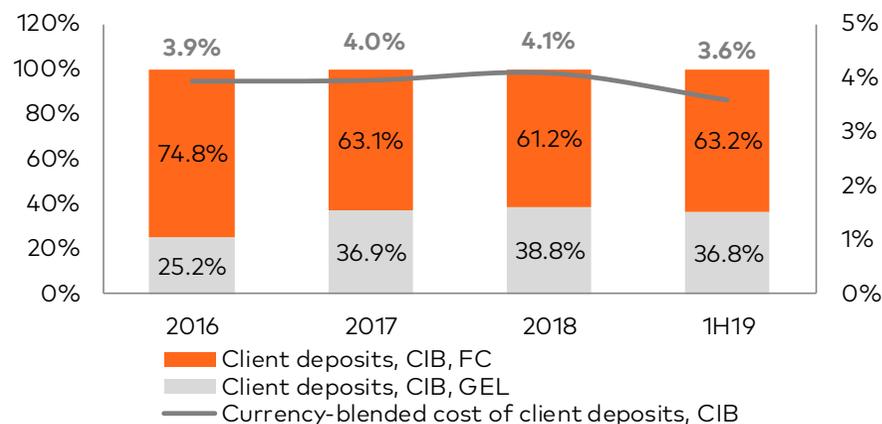
Market Position**



Loan Yield



Deposit Cost



CIB LOAN BOOK & DEPOSITS

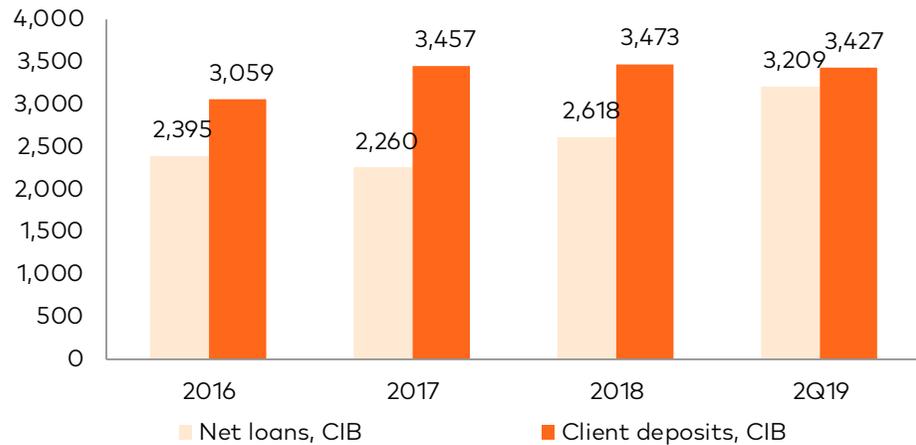


Highlights

- **Leading corporate bank in Georgia**
- Integrated client coverage in key sectors
- **2,467** corporate clients served by dedicated relationship bankers

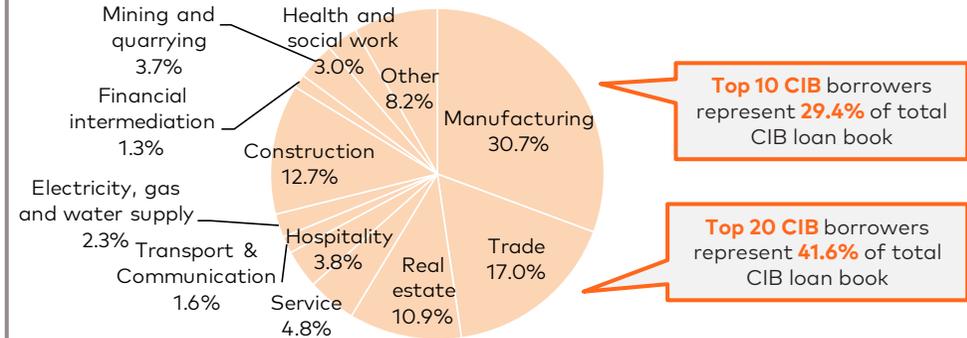
Loans & Deposits

GEL millions

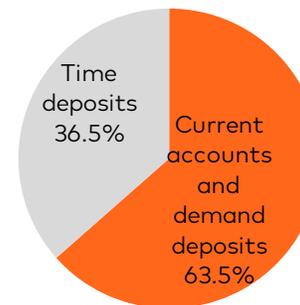


Portfolio breakdown | 30 June 2019

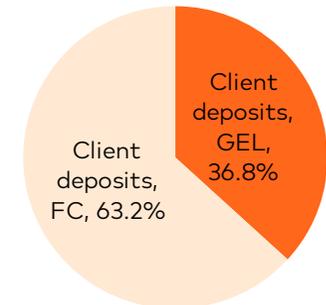
Loans by sectors



Deposits by category



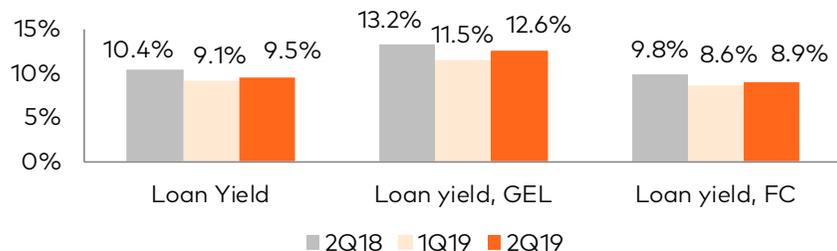
Deposits by currency



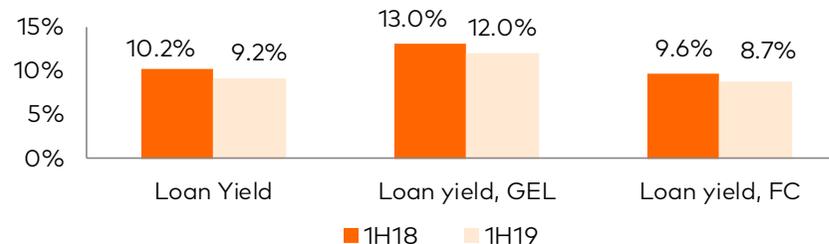
CIB LOAN YIELD, COST OF DEPOSITS & NIM



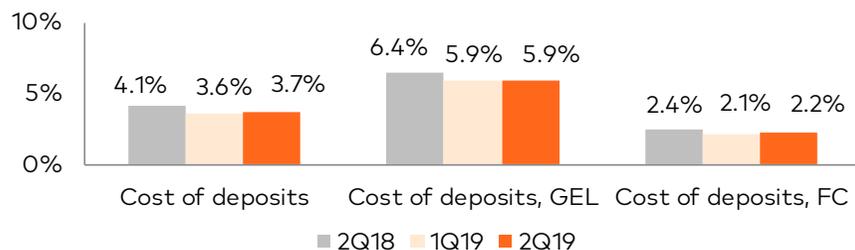
CIB Loan Yield I quarterly



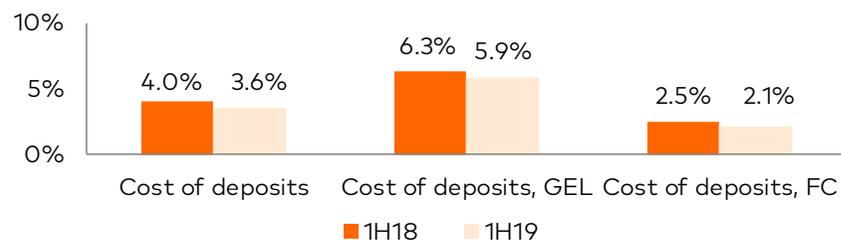
CIB Loan Yield I half-year



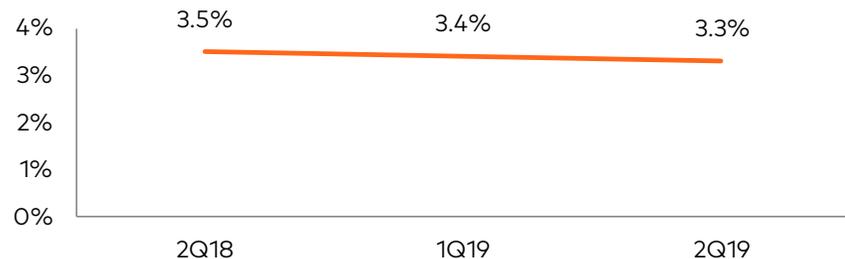
CIB Cost of Deposit I quarterly



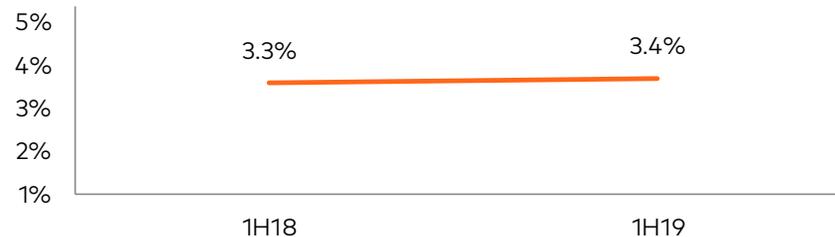
CIB Cost of Deposit I half-year



CIB NIM I quarterly



CIB NIM I half-year



BUILDING BLOCKS TO BECOME THE FINANCIAL SERVICES HUB



Wealth Management – aim to increase AUM from current US\$0.9bln to US\$3.0bln in 5 years time

- **Strong international presence:**

Israel (since 2008), UK (2010), Hungary (2012), Turkey (2013) and Cyprus (2017)



- **Wealth Management Vision – Become the regional hub for wealth management offering**

- Business and tax friendly environment
- Secure and attractive destination
- Conservative regulation and high level of banking secrecy
- Market dominated by two LSE listed banks with high standards of transparency

- **Brand new office in the centre of Tbilisi, since January 2019, dedicated to serving wealth management clients**



- **AUM of GEL 2,504.3 million, up 25.6% y-o-y**

- **Diversified funding sources:**

- Georgia 34%
- Israel 11%
- UK 3%
- Germany 2%
- CIS 22%
- Other 28%



Galt & Taggart - Largest Investment Bank in Georgia

Brokerage

- **The leading brokerage house in the region**
- **The only international sub-custodian in the region**
- **The leading investment bank in the region**
- **Wide product coverage and Exclusive partner of SAXO Bank** via White Label structure, that provides highly adaptive trading platform with professional tools, insights and world-class execution



Research

- Sector, macro and fixed income coverage
- Georgian quarterly macroeconomic update
- International distribution



DCM/ECM

- **During 1H19 Galt & Taggart acted as:**
 - lead manager of JSC Microfinance Organisation Crystal's GEL 15mln local public bond issuance due in 2021, in February 2019
 - co-manager of Bank of Georgia's inaugural US\$ 100mln international Additional Tier 1 bond issuance, in March 2019
 - lead manager of JSC Microfinance Organisation Swiss Capital's GEL 10mln local public bond issuance due in 2021, in March 2019
 - lead manager for European Bank for Reconstruction and Development (EBRD), facilitating GEL 90mln local private bond issuance due in 2023, in March 2019
 - lead manager for Nederlandse Financierings - Maatschappij Voor Ontwikkelingslanden N.V. (FMO), facilitating GEL 26mln local private bond issuance due in 2024, in March 2019
 - buy-side advisor for Bank of Georgia Group on acquisition of extra.ge online platform, in May 2019
 - lead manager for Black Sea Trade and Development Bank (BSTDB), facilitating GEL 10mln local private bond issuance due in 2022, in June 2019
 - sole sell-side advisor of Linnaeus Capital Partners B.V. on a sale of 100% shareholding in Lilo1- logistics center, in June 2019
 - lead manager for EBRD, facilitating c.GEL 28mln local private bond issuance due in 2024, in July 2019

Corporate Advisory

- Team with sector expertise and international M&A experience
- Proven track record of more than 30 completed transactions over the past 8 years

CONTENTS



▪ Group Overview	4
▪ Results Discussion	8
▪ Georgian Macro Overview	34
▪ Appendices	55

GEORGIA AT A GLANCE



General Facts

- Area: 69,700 sq km
- Population (2018): 3.7 mln
- Life expectancy: 74 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)

Economy

- Nominal GDP (Geostat) 2018: GEL 41.1 bln (US\$16.2 bln)
- Real GDP growth rate 2014-2018: 4.6%, 2.9%, 2.8%, 4.8%, 4.7%
- Real GDP 2010-2018 annual average growth rate: 4.8%
- GDP per capita 2018 (PPP) per IMF: US\$ 11,485
- Annual inflation (e-o-p) 2018: 1.5%
- External public debt to GDP 2018: 35.4%



Sovereign Credit Ratings

Rating Agency	Rating	Outlook	Affirmed
MOODY'S	Ba2	Stable	March 2019
FitchRatings	BB	Stable	February 2019
S&P Global	BB-	Positive	April 2019

GEORGIA'S KEY ECONOMIC DRIVERS

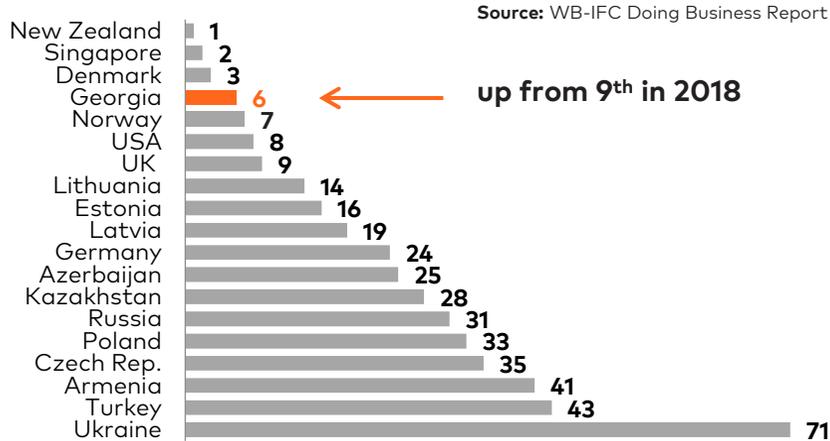


<p>Liberal economic policy</p>	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none"> Liberty Act ensures a credible fiscal and monetary framework: Fiscal deficit/GDP capped at 3%; Government debt/GDP capped at 60% Business friendly environment and low tax regime (attested by favourable international rankings)
<p>Regional logistics and tourism hub</p>	<p>A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west</p> <ul style="list-style-type: none"> Access to a market of 2.8bn customers without customs duties: Free trade agreements with EU, China, CIS, Turkey, Hong Kong and with EFTA countries. The GSP with USA, Canada and Japan Tourism revenues on the rise: tourism inflows stood at 19.9% of GDP in 2018 and total arrivals reached 8.7mln visitors in 2018 (up 9.8% y-o-y), out of which tourist arrivals were up 16.9% y-o-y to 4.8mln visitors. Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes
<p>Strong FDI</p>	<p>An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth</p> <ul style="list-style-type: none"> FDI stood at US\$ 1.2bln (7.6% of GDP) in 2018 FDI averaged 8.8% of GDP in 2009-2018
<p>Support from international community</p>	<p>Georgia and the EU signed an Association Agreement and DCFTA in June 2014</p> <ul style="list-style-type: none"> 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
<p>Electricity transit hub potential</p>	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none"> Only 25% of hydropower capacity utilized; 150 renewable (HPPs/WPPs/SPPs) energypower plants are in various stages of construction or development Georgia imports natural gas mainly from Azerbaijan Significantly boosted transmission capacity with 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe
<p>Political environment stabilised</p>	<ul style="list-style-type: none"> 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 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 moderate 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 2018, Russia accounted for 13.0% of Georgia's exports and 10.2% of imports; just 3.7% of cumulative FDI over 2003-18

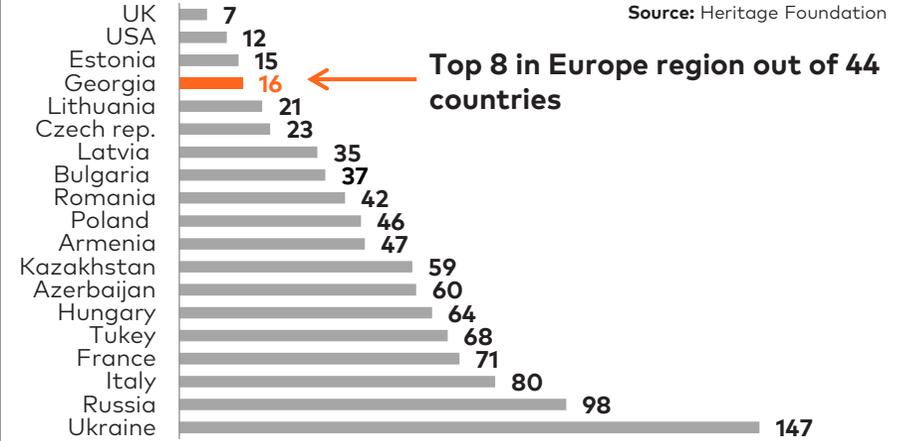
GROWTH ORIENTED REFORMS



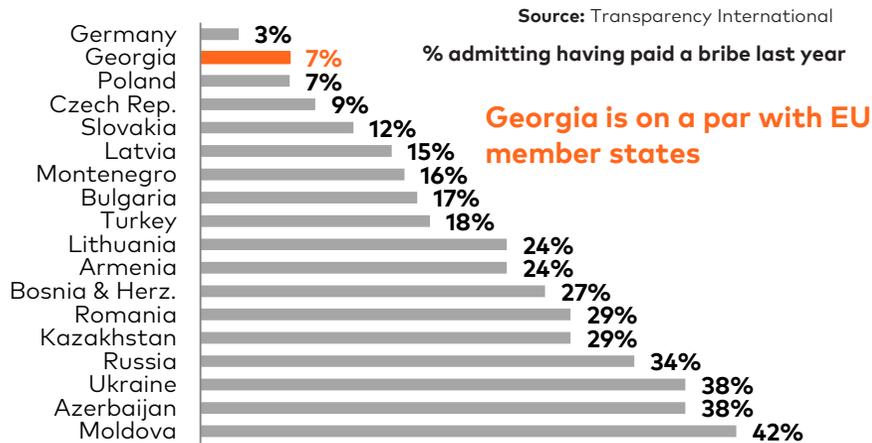
Ease of Doing Business | 2019



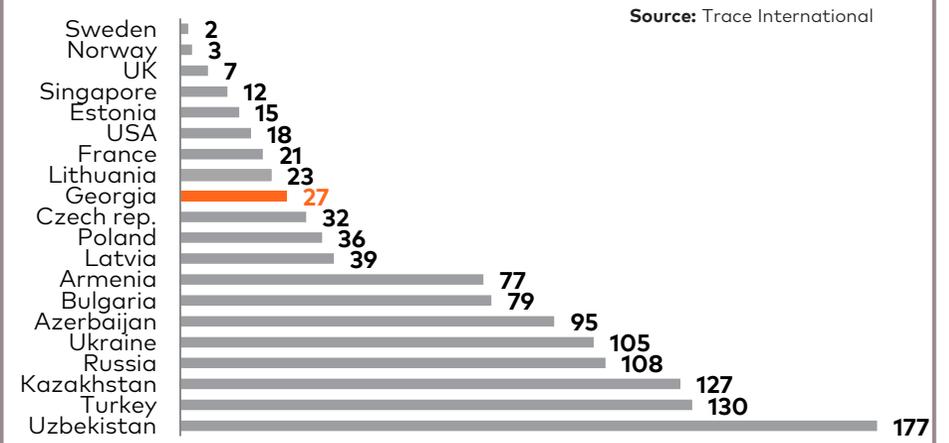
Economic Freedom Index | 2019



Global Corruption Barometer | 2017



Business Bribery Risk | 2018





1

Structural Reforms

- **Tax Reform**
 - Corporate income tax reform
 - Enhancing easiness of tax compliance
- **Capital Market Reform**
 - Boosting stock exchange activities
 - Developing of local bond market
- **Pension Reform**
 - Introduction of private pension system
- **PPP Reform**
 - Introduction of transparent and efficient PPP framework
- **Public Investment Management Framework**
 - Improved efficiency of state projects
- **Deposit Insurance**
 - Boosting private savings
 - Enhancing trust to financial system
- **Accounting Reform**
 - Increased transparency and financial accountability
 - Enhanced protection of shareholder rights
- **Association Agreement Agenda**

2

Promoting Transit & Tourism Hub

- **Roads**
 - Plan to finish all spinal projects by 2020 – East-West Highway, other supporting infrastructure
- **Rail**
 - Baku – Tbilisi Kars new railroad line
 - Railway modernization project
- **Air**
 - Tbilisi International Airport
 - 2nd runway to be constructed
 - International Cargo terminal
- **Maritime**
 - Anaklia deep water Black Sea port
 - 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

3

Promoting Open Governance

- **Improvement of public services offered to the private sector**
 - Creation of "Front Office"
 - Application of "Single Window Principle"
- **Involvement of the private sector in legislative process**
 - Discussion of draft legislation at an early stage
- **Strict monitoring of implementation of government decisions**
 - Creation of a special unit for monitoring purposes

4

Education Reform

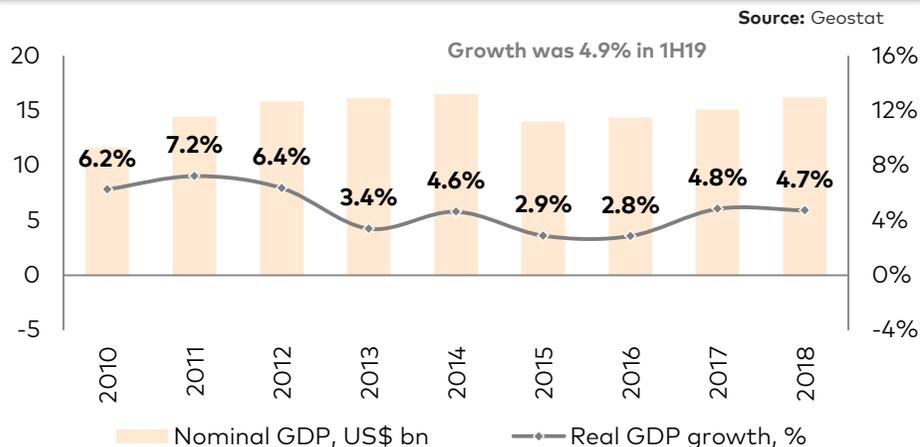
- **General Education Reform**
 - Maximizing quality of teaching in secondary schools
- **Fundamental Reform of Higher Education**
 - Based on the comprehensive research of the labor market needs
- **Improvement of Vocational Education**
 - Increase involvement of the private sector in the professional education



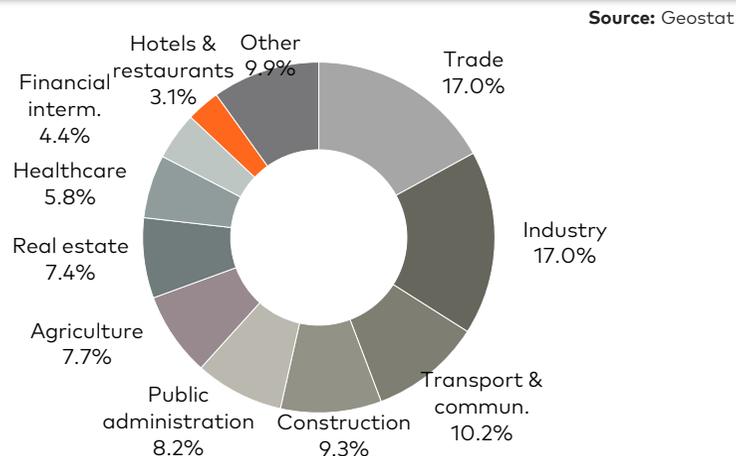
DIVERSIFIED RESILIENT ECONOMY



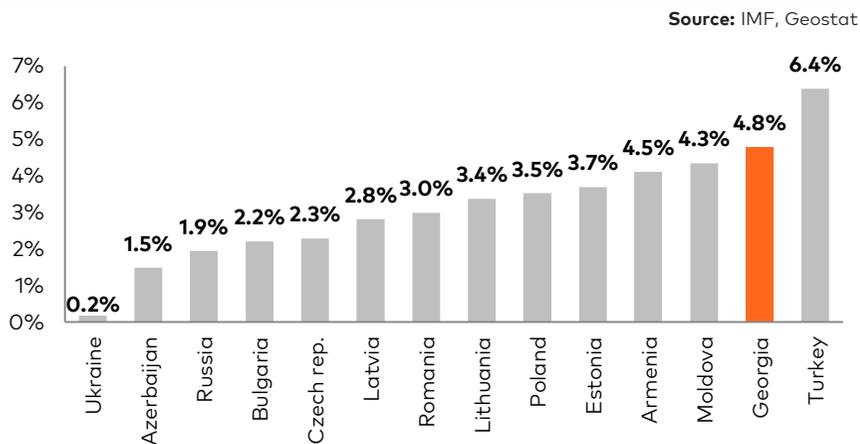
Gross domestic product



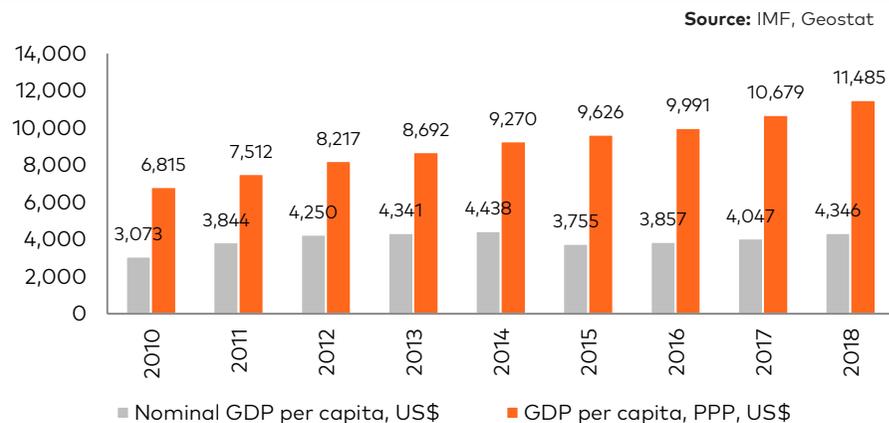
Diversified nominal GDP structure, 2018



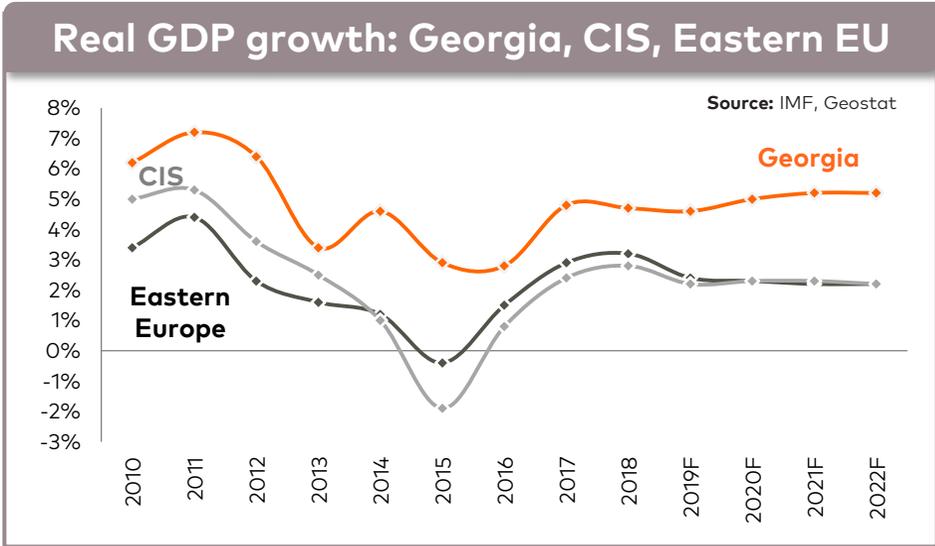
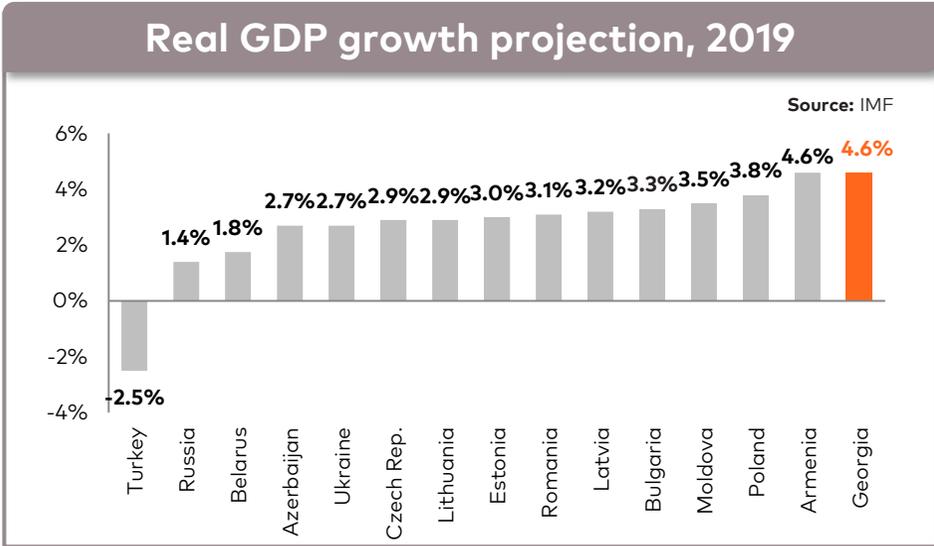
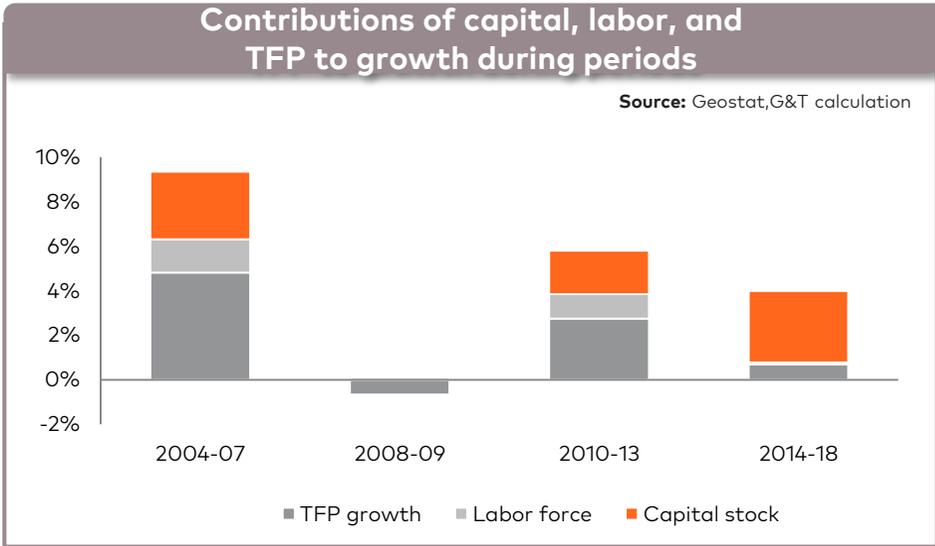
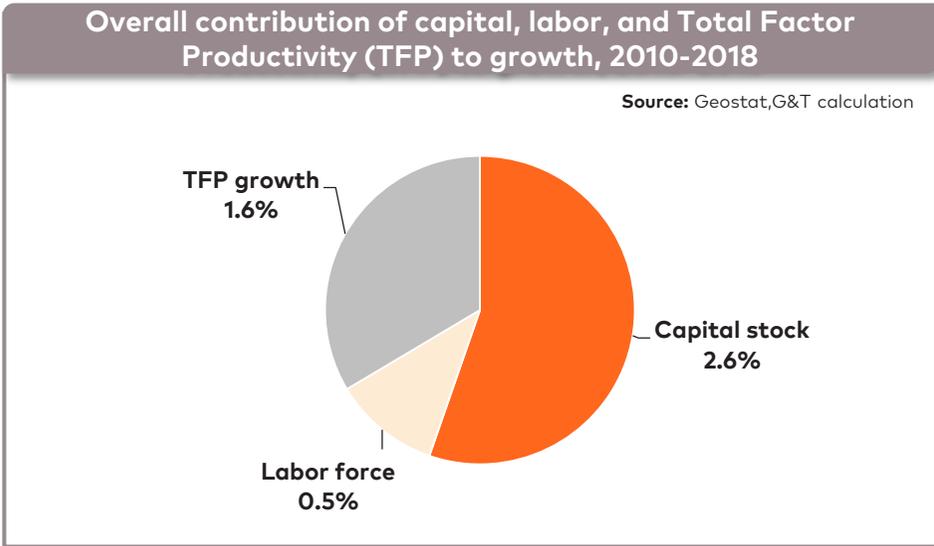
Comparative real GDP growth rates, % (2010-2018 average)



GDP per capita



PRODUCTIVITY AND CAPITAL HAVE BEEN THE MAIN ENGINES OF GROWTH SINCE 2004

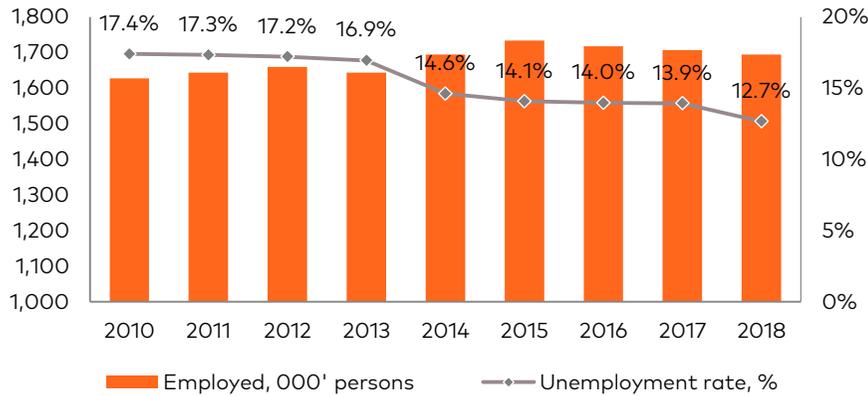


FURTHER JOB CREATION IS ACHIEVABLE



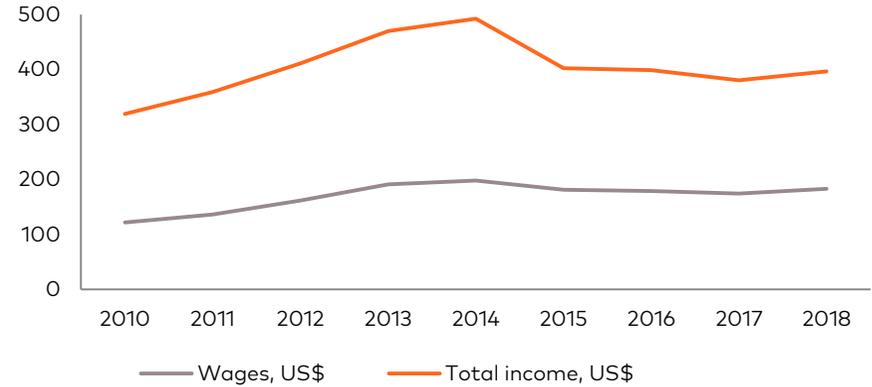
Unemployment rate down 1.3ppts y/y to 12.7% in 2018

Source: Geostat



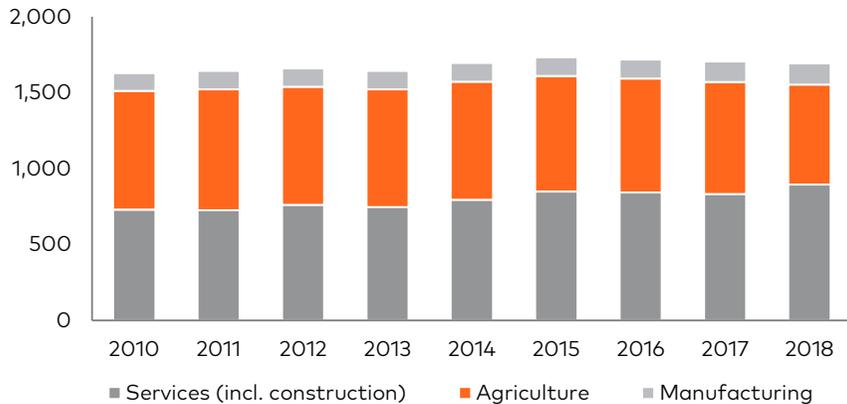
Average monthly wages and income per household

Source: Geostat



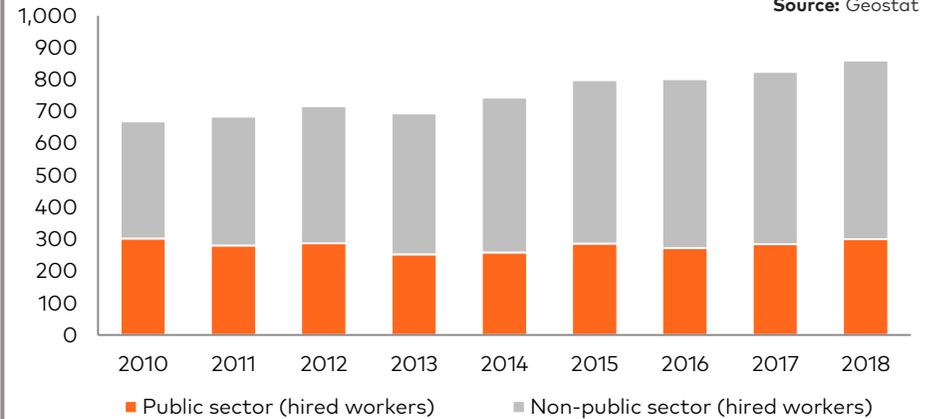
Share of services in total employment on the rise

Source: Geostat



Hired workers accounted for 50.8% in total employment in 2018

Source: Geostat

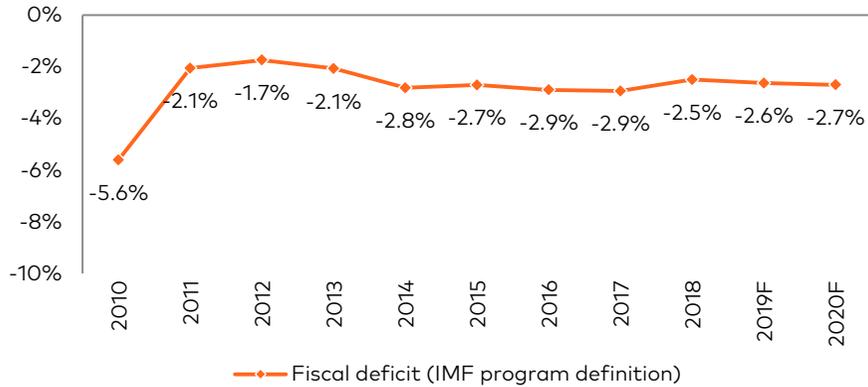


LOW PUBLIC DEBT



Fiscal deficit

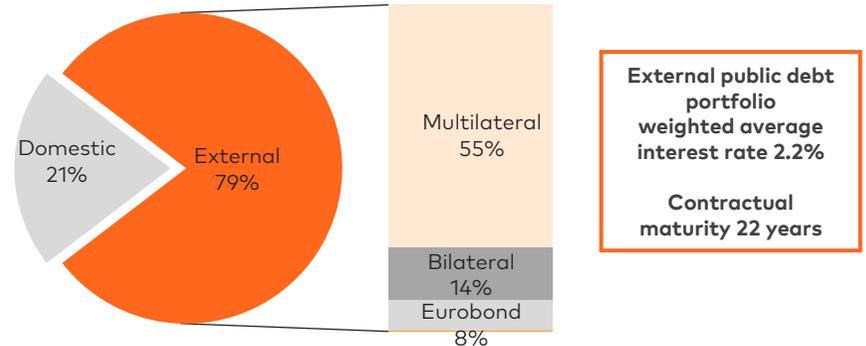
Source: MoF, IMF



Note: Deficit calculated as net lending / borrowing minus budget lending

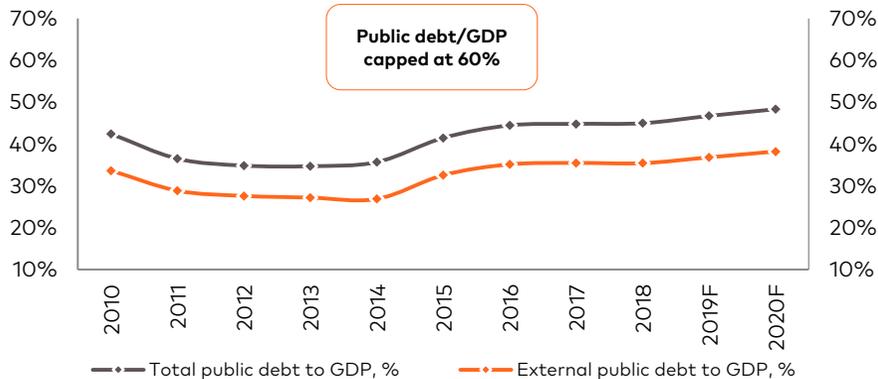
Breakdown of public debt

Source: MoF, as of June 2019



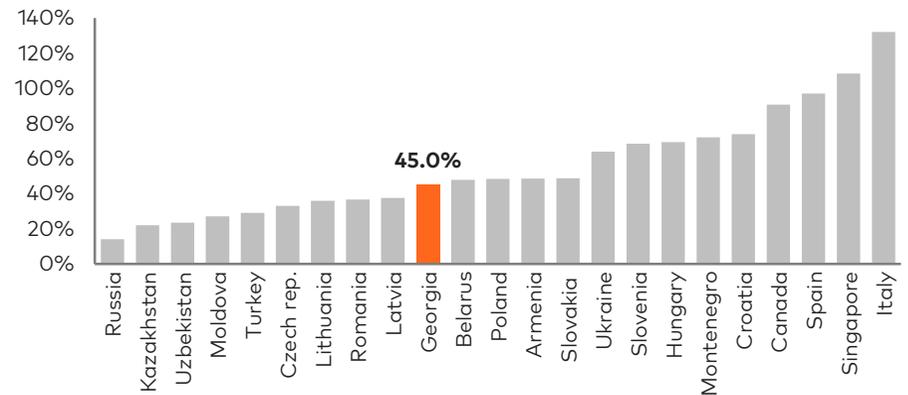
Public debt as % of GDP

Source: IMF, MoF, Geostat



Gross government debt/GDP, 2018

Source: IMF, MoF, Geostat

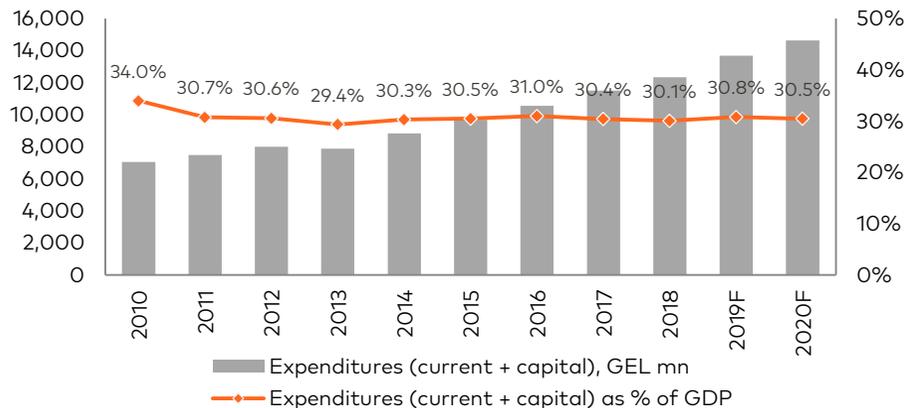


INVESTING IN INFRASTRUCTURE AND SPENDING LOW ON SOCIAL



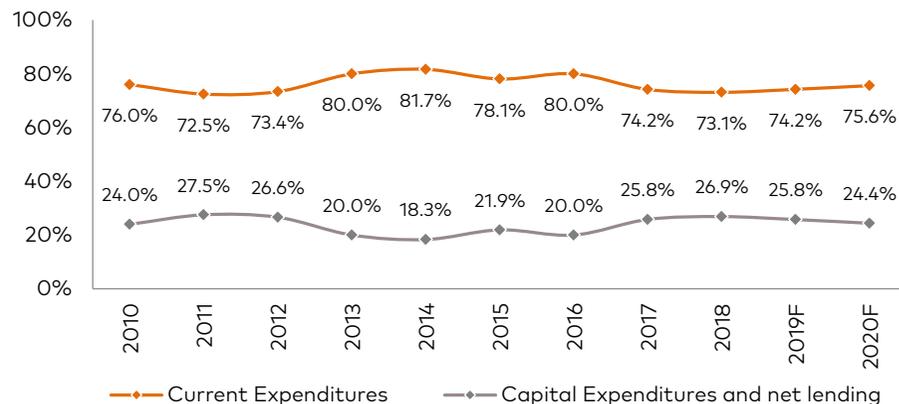
Budget expenditures

Source: MoF, Geostat



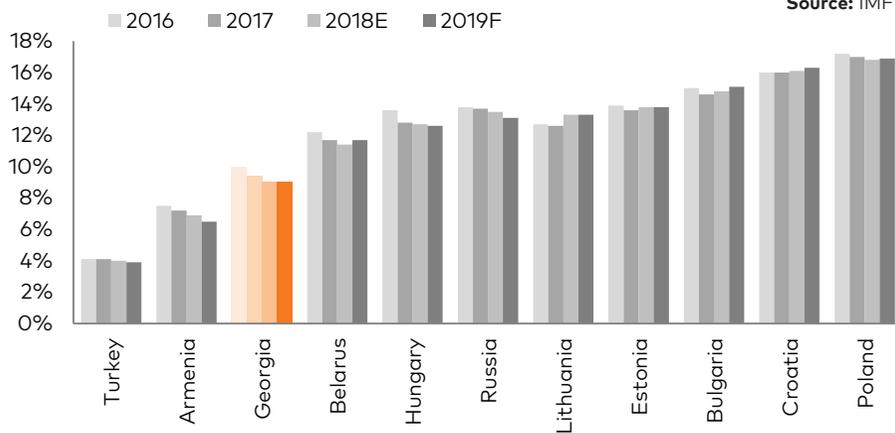
Expenditure breakdown: current vs. capital

Source: MoF



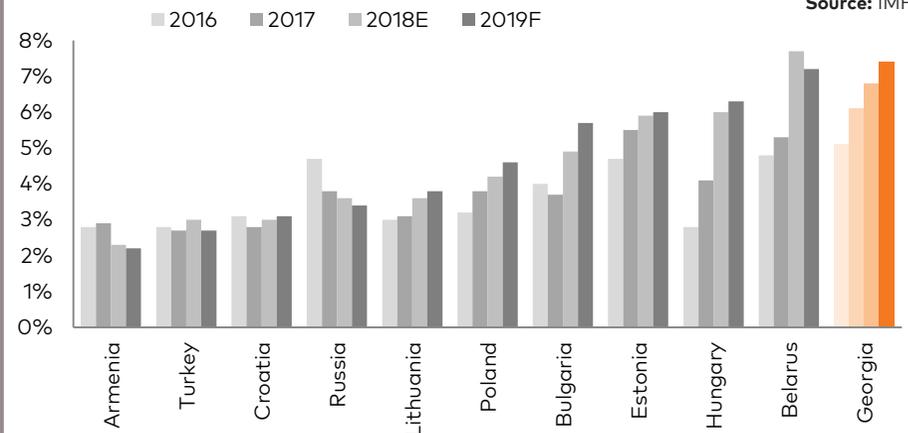
Government social expenditure as % of GDP

Source: IMF



Government capital expenditure as % of GDP

Source: IMF

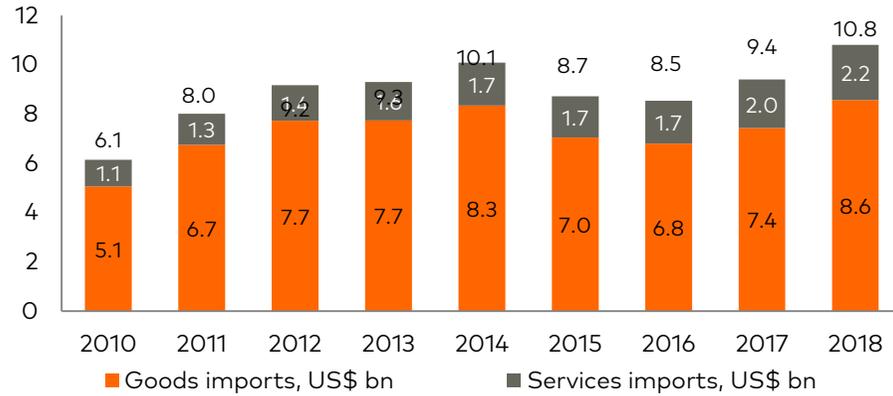


DIVERSIFIED FOREIGN TRADE



Imports of goods and services

Source: NBG – BOP statistics



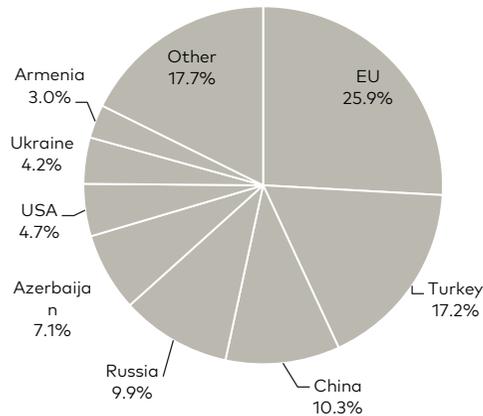
Exports of goods and services

Source: NBG – BOP statistics



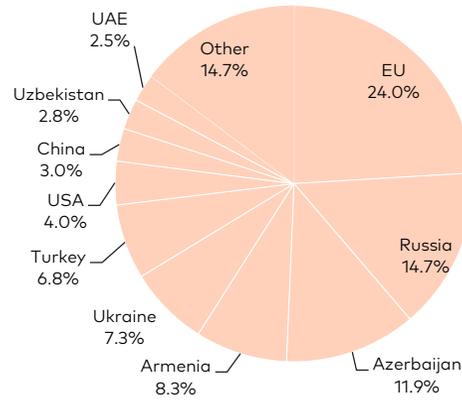
Imports, 1H19

Source: Geostat



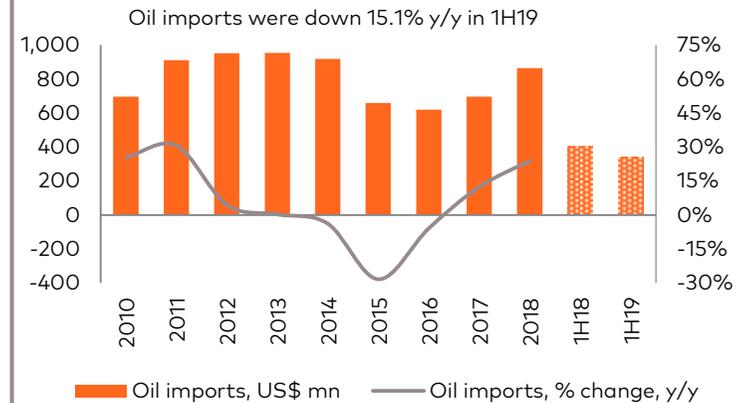
Exports, 1H19

Source: Geostat



Oil imports

Source: GeoStat

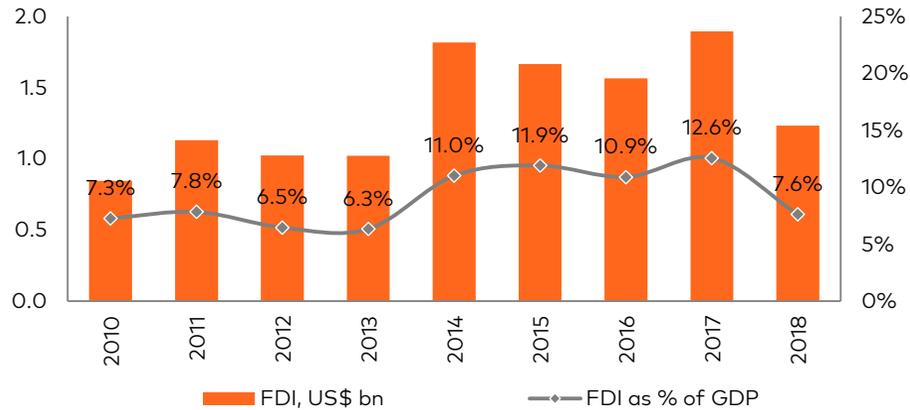


DIVERSIFIED SOURCES OF CAPITAL



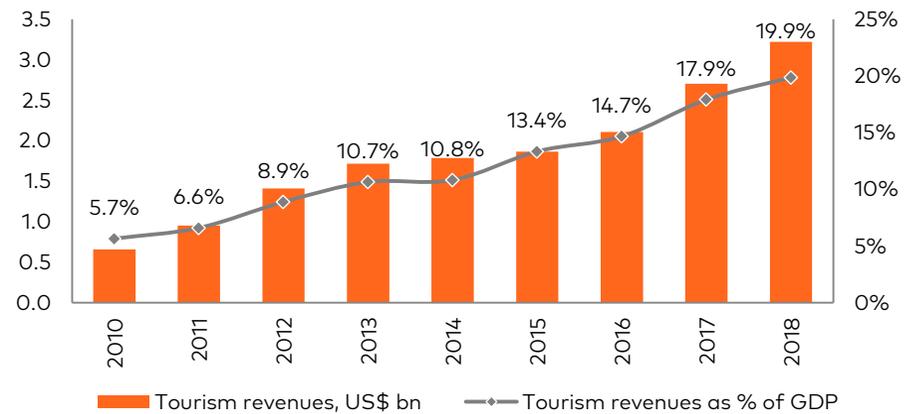
Strong foreign investor interest

Source: Geostat



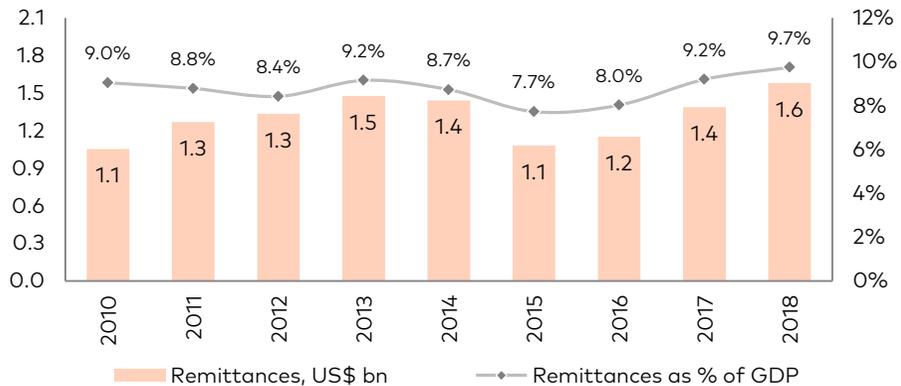
Tourist arrivals and revenues on the rise

Source: NBG, Geostat



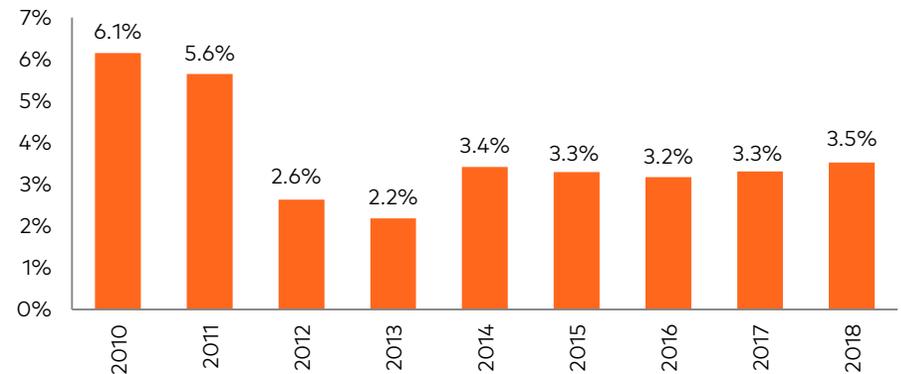
Remittances - steady source of external funding

Source: NBG, Geostat



Public external borrowing for capex, % of GDP

Source: MOF, Geostat

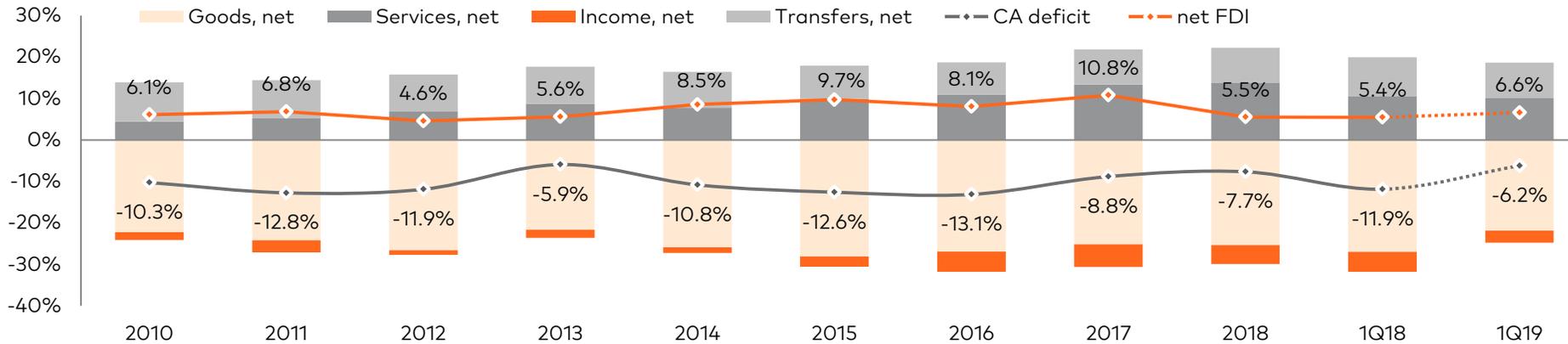


CURRENT ACCOUNT DEFICIT SUPPORTED BY FDI



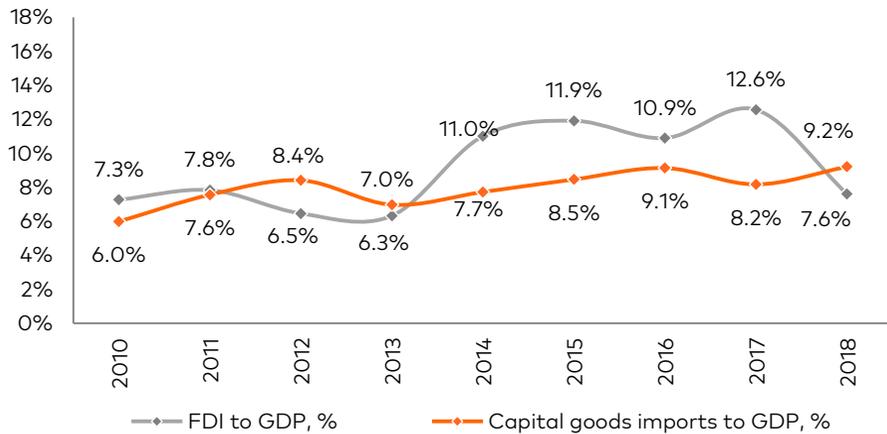
Current account balance (% of nominal GDP)

Source: NBG, Geostat



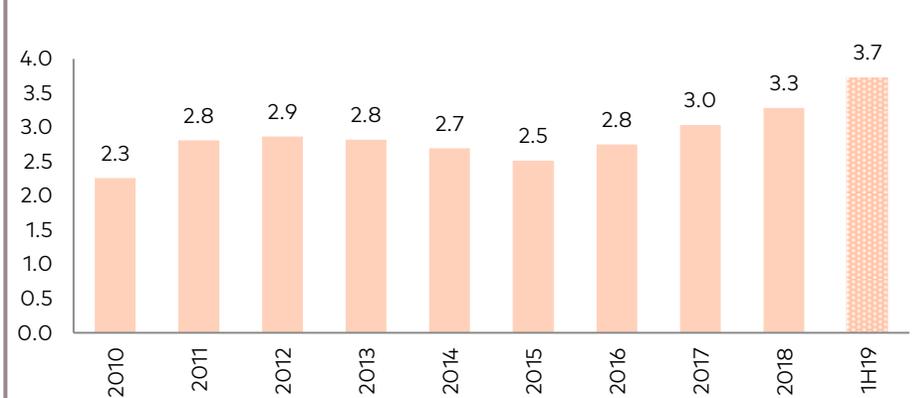
FDI and capital goods import

Source: Geostat

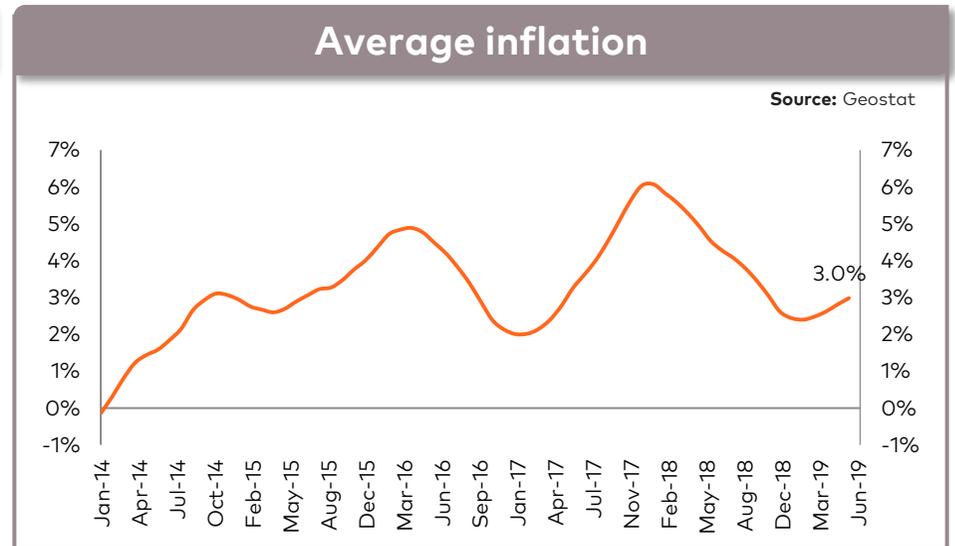
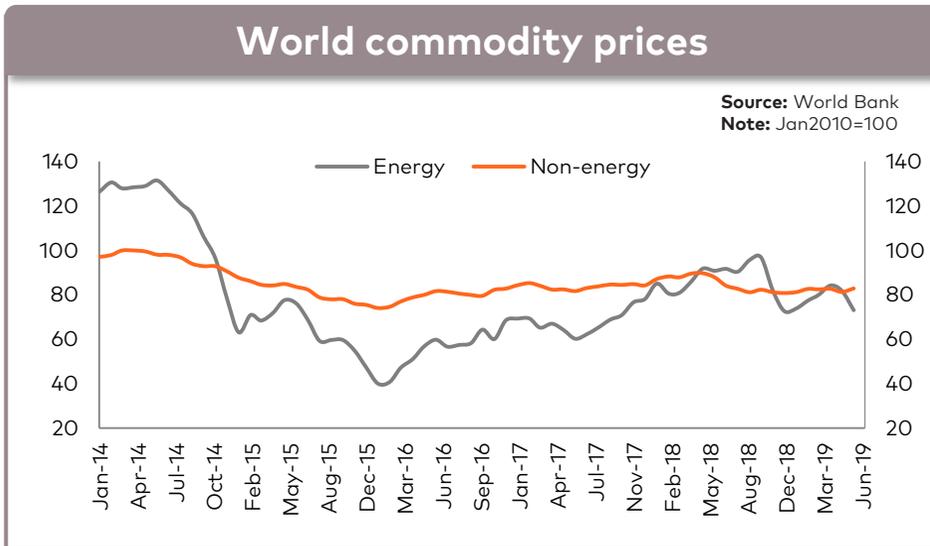
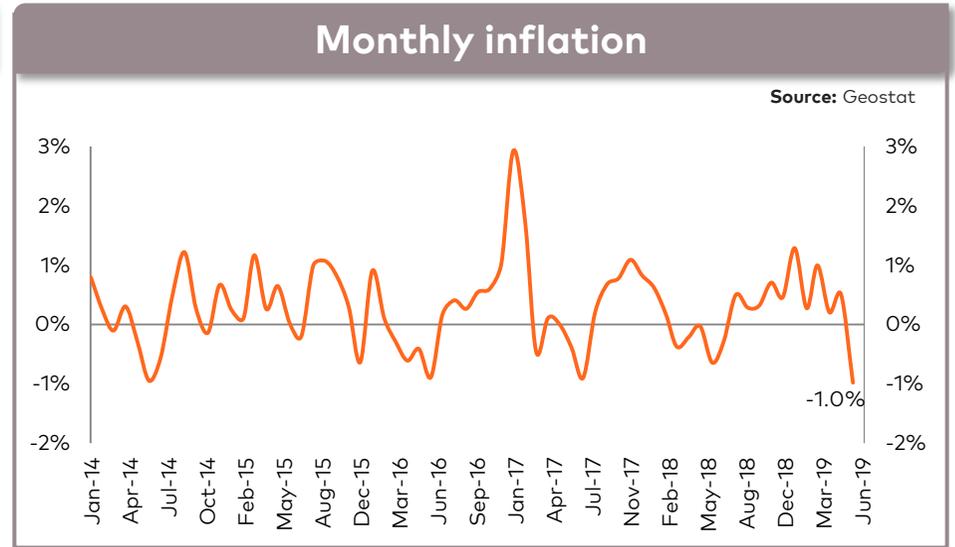
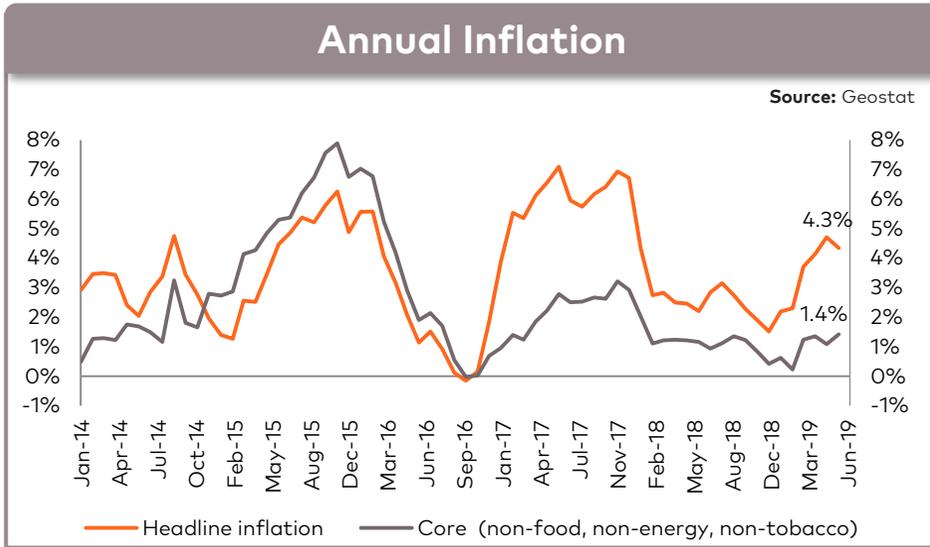


Building international reserves, US\$ bn

Source: NBG



INFLATION TARGETING SINCE 2009

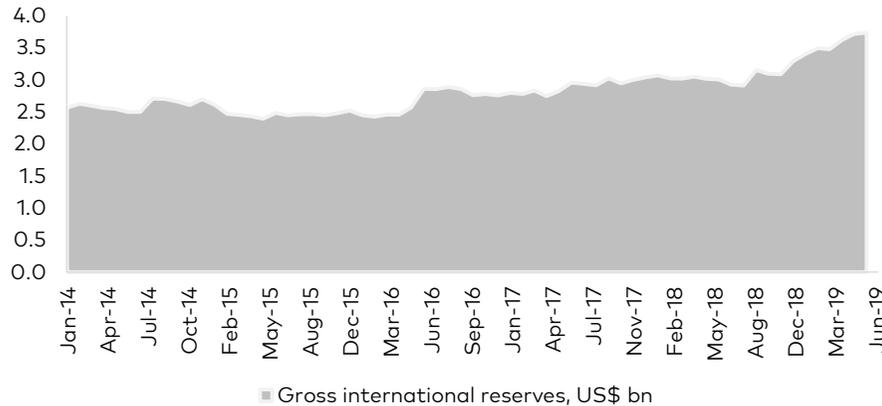


INTERNATIONAL RESERVES SUFFICIENT TO FINANCE MORE THAN 3 MONTHS OF IMPORTS



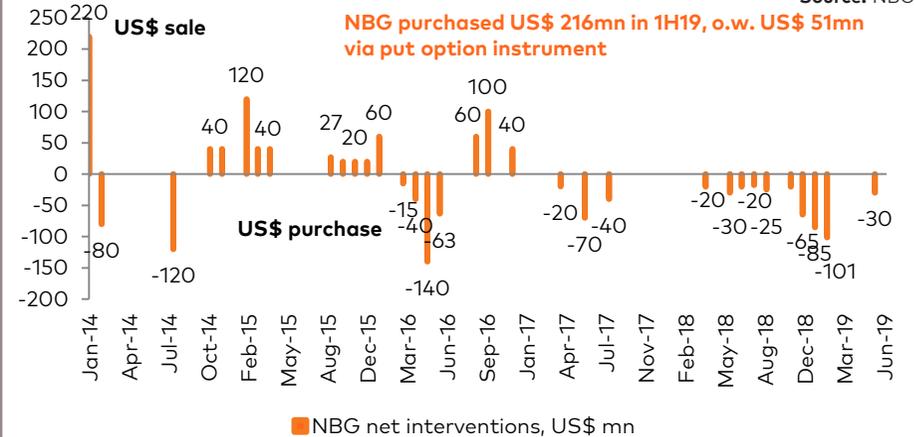
International reserves

Source: NBG



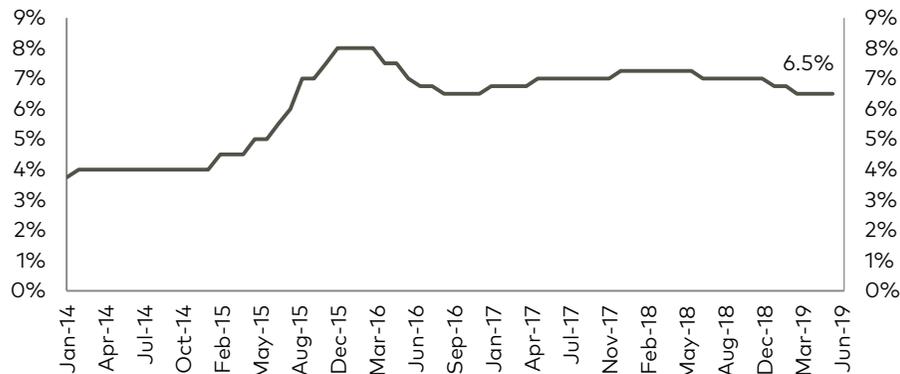
Central Bank's interventions

Source: NBG



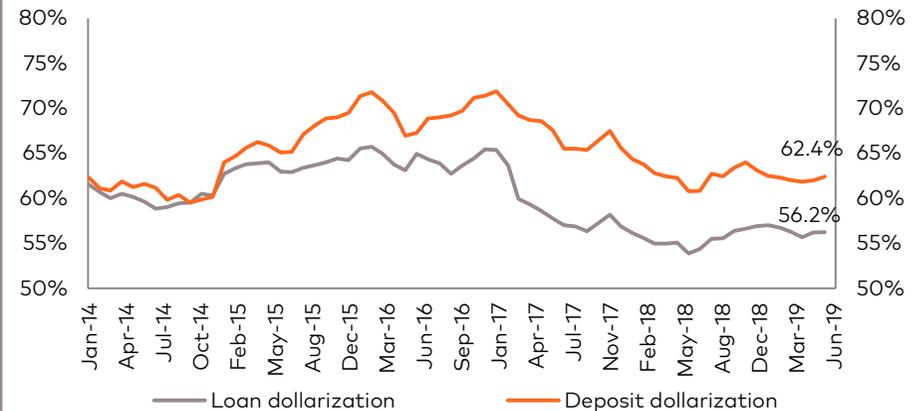
Monetary policy rate

Source: NBG

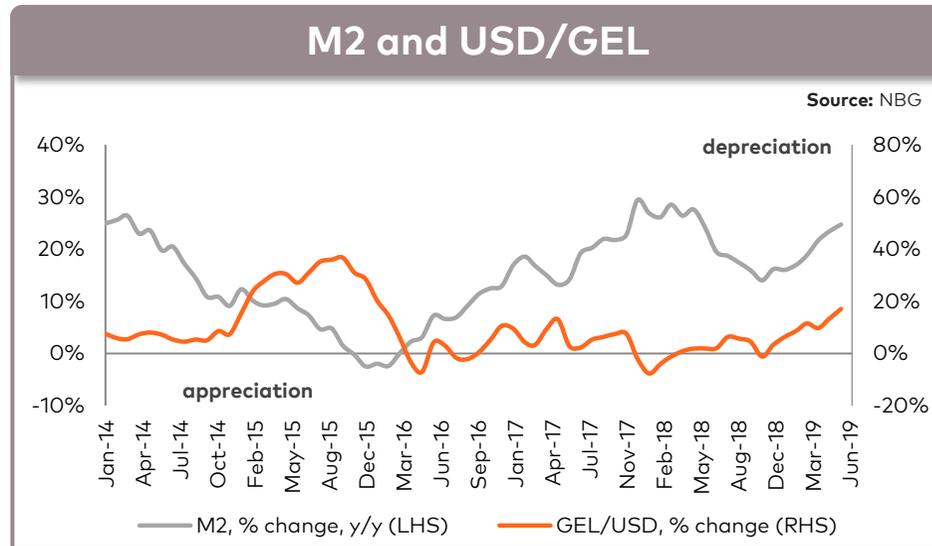
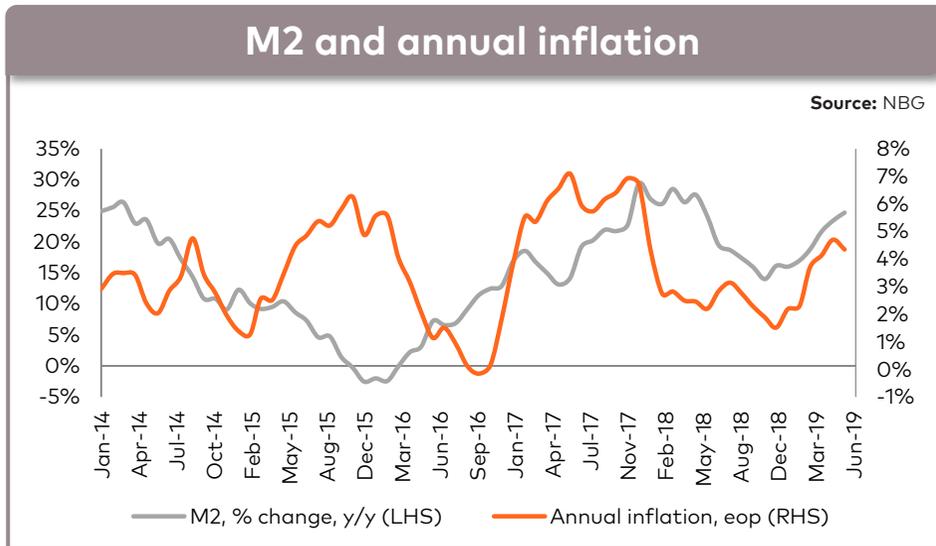
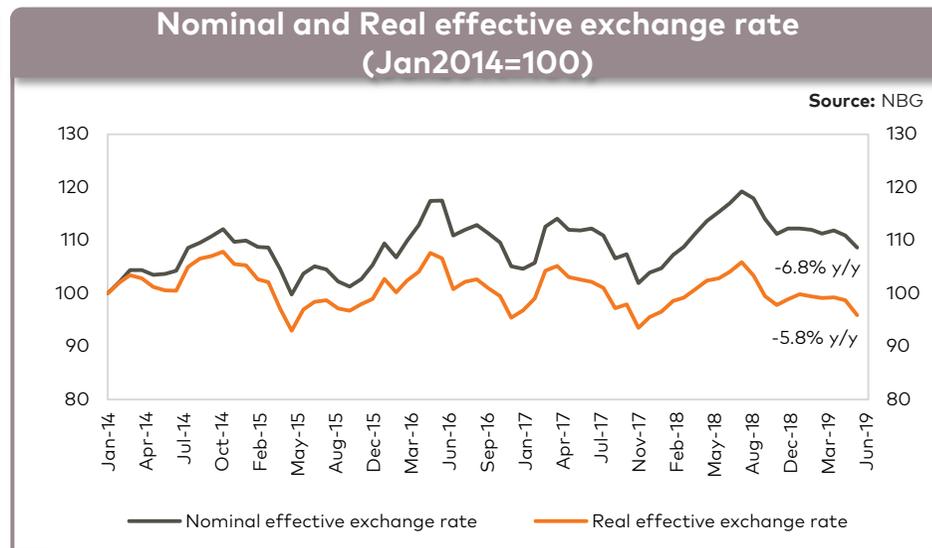
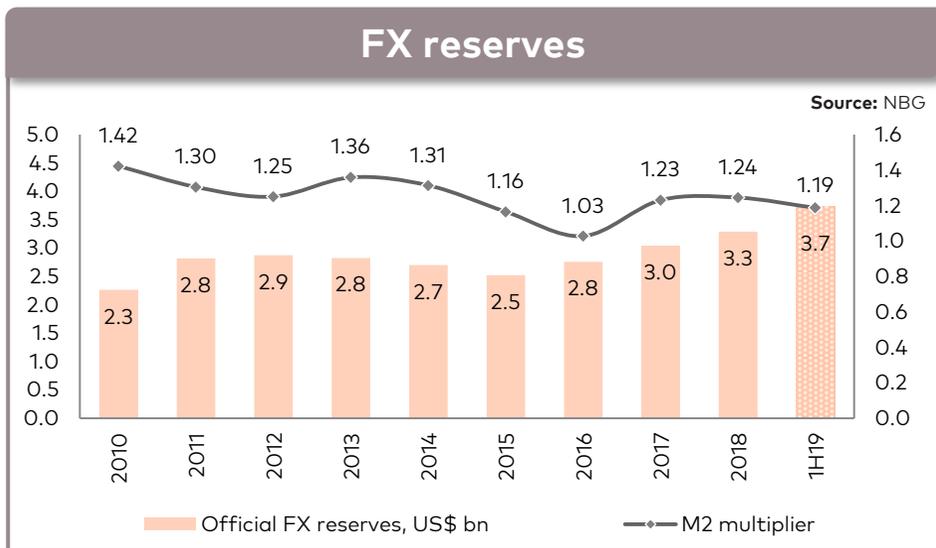


Loan and deposit dollarisation

Source: NBG



FLOATING EXCHANGE RATE - POLICY PRIORITY



GROWING AND WELL-CAPITALISED BANKING SECTOR

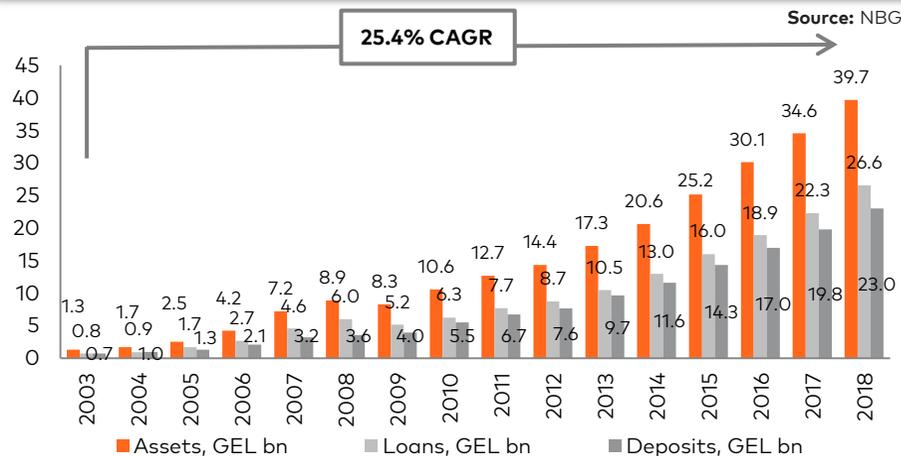


Summary

- Prudent regulation and oversight ensuring financial stability
- 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
- **Resilient to different shocks to the economy**, room for healthy credits growth with retail loans at 35.6% of GDP and total loans at 64.7% of GDP in 2018

Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits



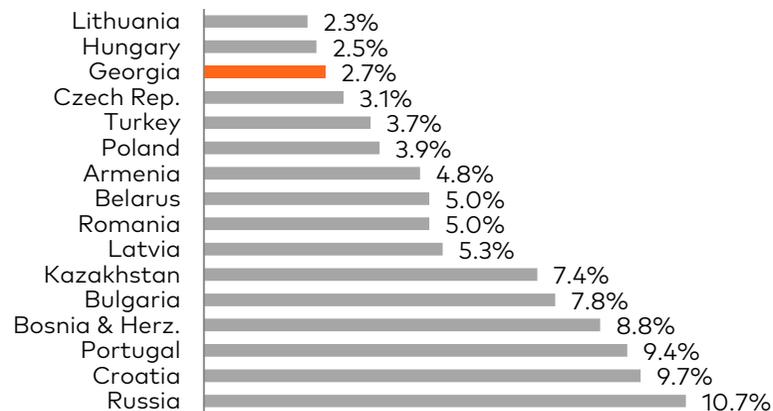
Banking Sector loans to GDP, 2018

Source: IMF, NBG



Non-performing loans, 2018

Source: IMF, NBG

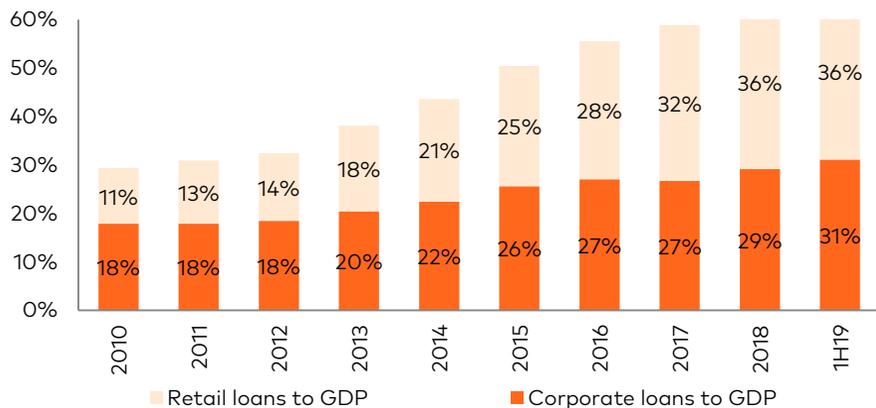


GROWING ECONOMY SUPPORTS HEALTHY CREDIT GROWTH



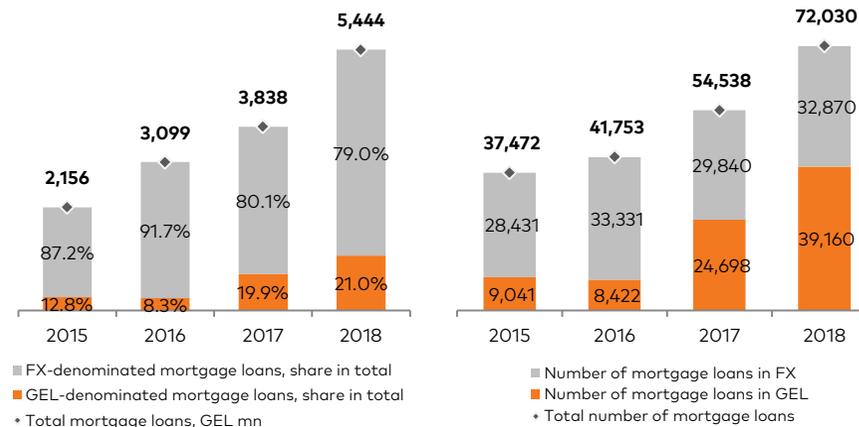
Banking sector corporate & retail loans to GDP

Source: NBG, Geostat



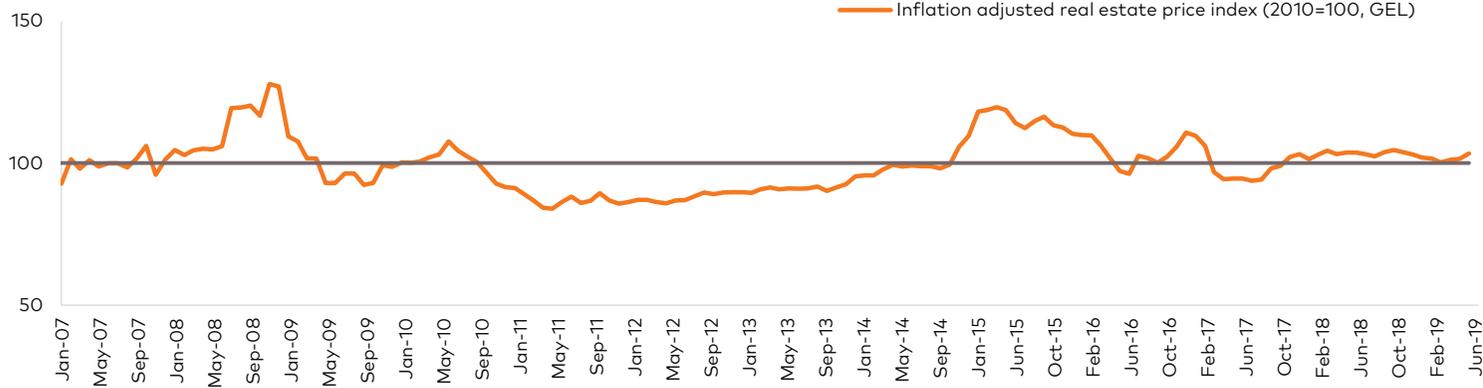
Mortgage loans

Source: NBG

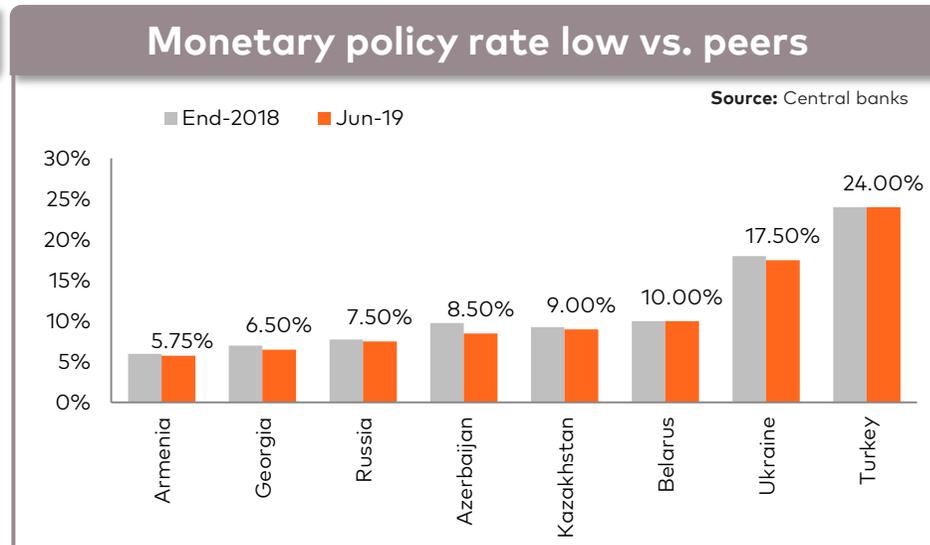
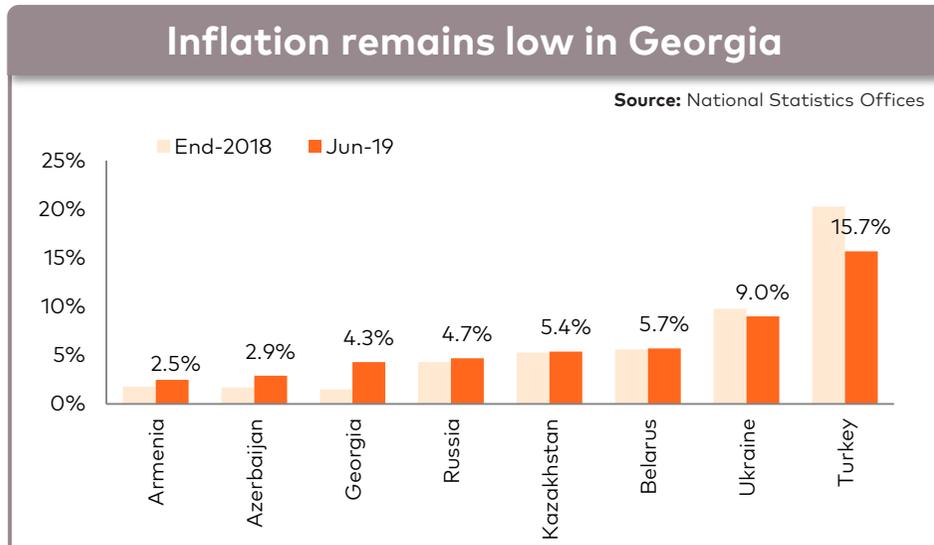
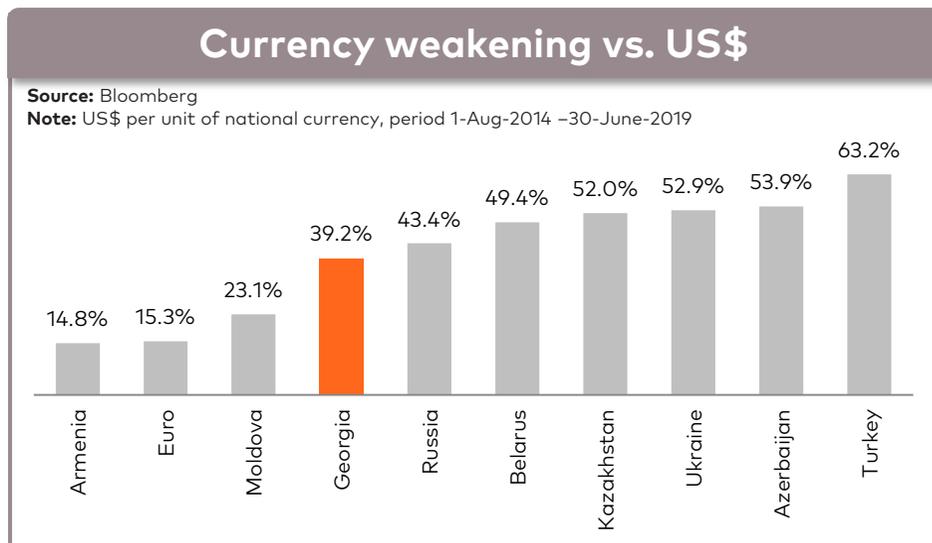


Real estate price index

Source: NBG, Geostat



FLEXIBLE FX REGIME SUPPORTS TO MACRO STABILITY

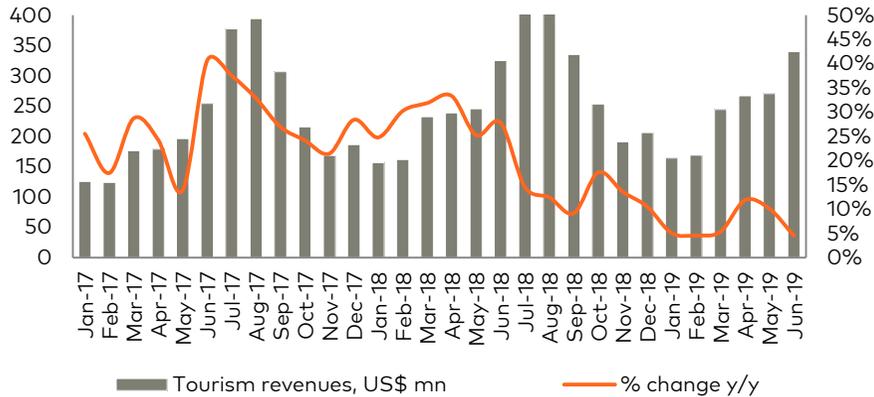


RECENT TREND – TOURIST ARRIVALS, EXPORTS AND REMITTANCES UP



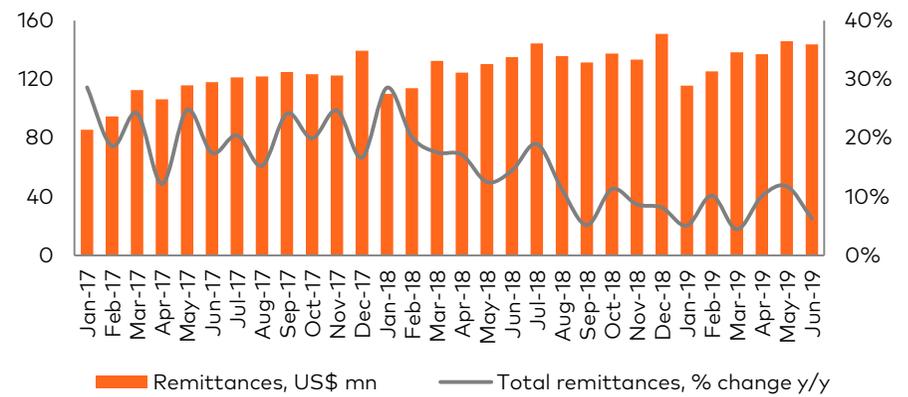
Tourism revenues up 7.0% y/y in 1H19

Source: NBG



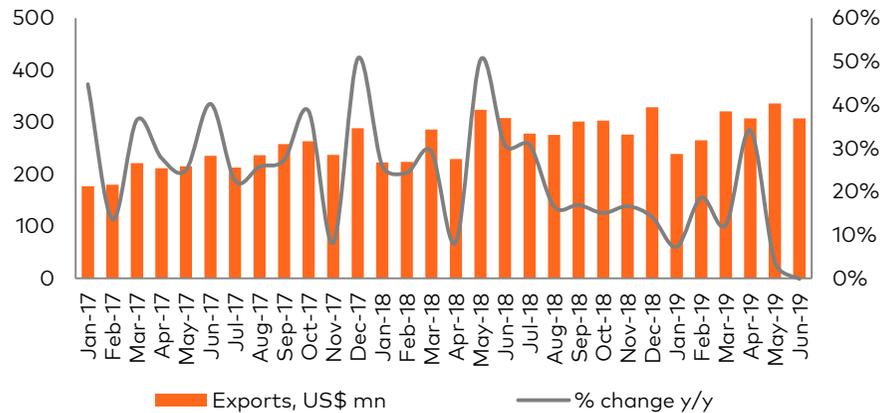
Remittances up 8.0% y/y in 1H19

Source: NBG



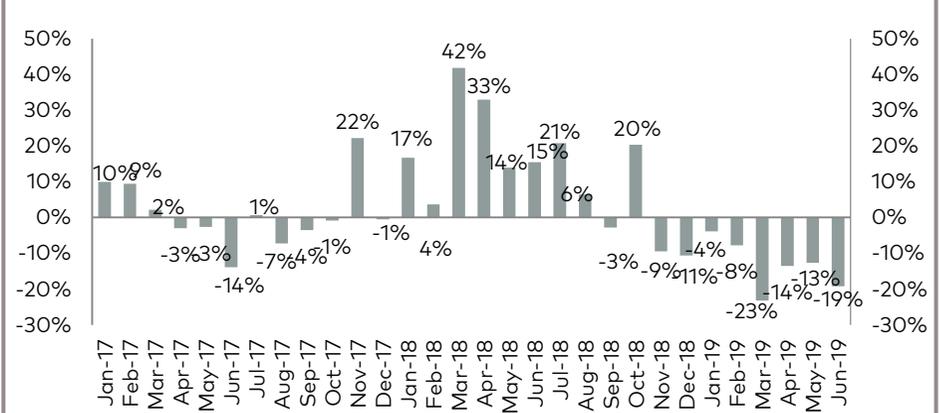
Exports up 11.5% y/y in 1H19

Source: Geostat



Trade deficit down 14.2% y/y in 1H19

Source: Geostat

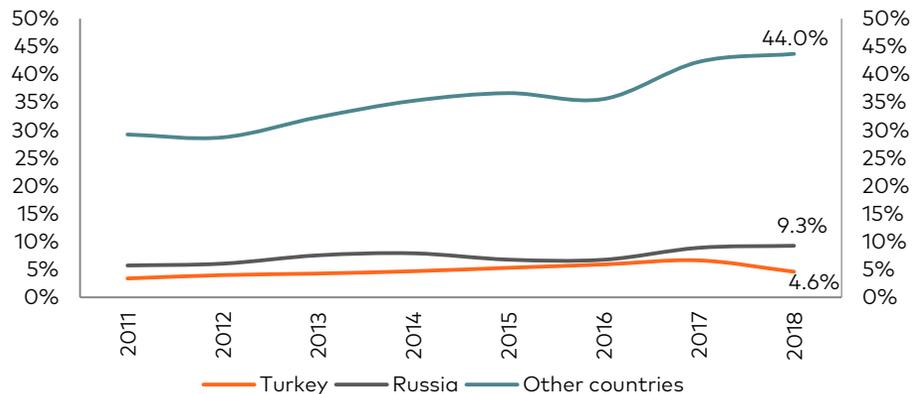


EXPOSURE TO PARTNER COUNTRIES WELL DIVERSIFIED



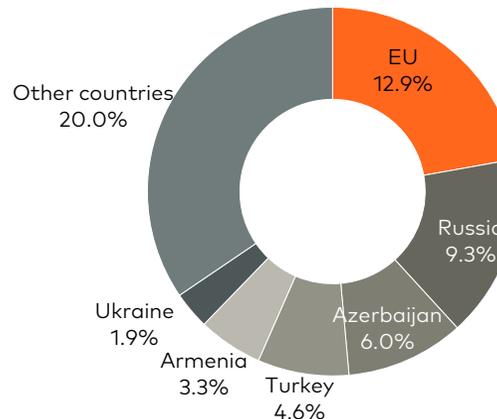
Exports, tourism, FDI and remittances, % of GDP

Source: Geostat, NBG, GNTA, G&T



Well diversified economic linkages (exports, tourism, FDI and remittances), 2018

Source: Geostat, NBG, GNTA, G&T



Summary

In 2018:

- The EU became the largest source of remittances, replacing Russia (35% vs. 29% share in total)
- The EU remains Georgia's largest FDI provider
- Azerbaijan became the top export market again, accounting for 15% of the total and replacing Russia
- Russia became Georgia's largest source of tourism revenues, replacing Turkey.

Economic linkages breakdown

Source: Geostat, NBG, GNTA, G&T

% of GDP, 2018	Exports	Tourism	FDI	Remittances	Total
Total	20.7%	19.9%	7.6%	9.7%	57.9%
EU	4.5%	1.4%	3.5%	3.4%	12.9%
Russia	2.7%	3.4%	0.4%	2.8%	9.3%
Turkey	1.4%	2.6%	-0.1%	0.7%	4.6%
Ukraine	1.1%	0.5%	0.1%	0.2%	1.9%
Azerbaijan	3.1%	1.3%	1.5%	0.1%	6.0%
Armenia	1.7%	1.4%	0.1%	0.1%	3.3%
Other countries	6.2%	9.2%	2.1%	2.5%	20.0%

Note: Negative FDI from Turkey reflects purchase of Turkish company Geocell by resident Georgian company Silknet

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BOARD OF DIRECTORS



Robust Corporate Governance based on UK Corporate Governance Code



Neil Janin, Independent Non-Executive Chairman

Experience: formerly Director at McKinsey & Company in Paris; formerly co-chairman of the commission of the French Institute of Directors (IFA); formerly Chase Manhattan Bankin New York and Paris



Hanna Loikkanen, Senior Independent Non-Executive Director

Experience: currently advisor to East Capital Private Equity AB; Non-Executive Director of PJSC Rosbank; formerly: Senior executive at East Capital, FIM Group Russia, Nordea Finance, SEB



Tamaz Georgadze, Independent Non-Executive Director

Experience: Executive Director and founder of Raisin GmbH (formerly SavingGlobal GmbH); formerly: Partner at McKinsey & Company in Berlin, aide to President of Georgia



Cecil Quillen, Independent Non-Executive Director

Experience: Partner at Linklaters LLP with nearly 29 years of experience in working on a broad spectrum of securities and finance matters



Véronique McCarroll, Independent Non-Executive Director

Experience: 30 years' experience in Financial Services; formerly: Executive Director at Crédit Agricole CIB, Partner at McKinsey & Company, Oliver Wyman and Andersen/ Ernst & Young



Archil Gachechiladze, Chief Executive Officer

Experience: with the Group since 2009; originally joined as Deputy CEO, Corporate Banking; formerly: CEO of Georgian Global Utilities. Over 17 years' experience in the financial services



Al Breach, Independent Non-Executive Director

Experience: Director of Gemsstock Ltd, The Browser and Furka Holdings AG, and advisor to East Capital; formerly: Head of Research, Strategist & Economist at UBS Russia and CIS, economist at Goldman Sachs



Jonathan Muir, Independent Non-Executive Director

Experience: CEO of LetterOne Holdings SA and of LetterOne Investment Holdings; formerly: CFO and Vice President of Finance and Control of TNK-BP, Partner at Ernst & Young



Andreas Wolf, Independent Non-Executive Director

Experience: Head of Strategy and Business Development for MHB-Bank AG in Germany and an advisor to Raisin, a European deposit brokerage marketplace; formerly: Partner at McKinsey & Company in Frankfurt

HIGHLY EXPERIENCED MANAGEMENT TEAM



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



Archil Gachechiladze, Chief Executive Officer

With the Group since 2009. Previously, CEO of Georgian Global Utilities. Held various positions with the Group, such as Deputy CEO, Corporate Banking, Deputy CEO, Investment Management, CFO of BGEO Group, Deputy CEO, Corporate Investment Banking. More than 17 years of experience of senior roles at TBC Bank, Lehman Brothers Private Equity, Salford Equity Partners, KPMG, World Bank. Holds an MBA from Cornell University.



Sulkhvan Gvalia, Chief Financial Officer

With the Group since 2004. Previously, founder and CEO of E-Space Limited, Tbilisi. Held various positions with the Group, such as Chief Risk Officer and Head of Corporate Banking. Prior to joining the Group, served as Deputy Chairman of the management board of TbilUniversalBank, prior to its acquisition by the Bank. Also, serves as non-executive independent director at Inecobank (Armenia). Holds a law degree from Tbilisi State University.



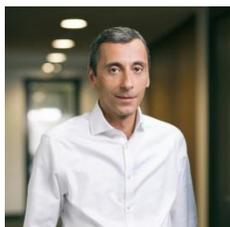
Levan Kulijanishvili, Deputy CEO, Operations

With the Group since 1997. Joined as a Junior Financial Analyst of the Bank. Held various senior positions, including Deputy CEO in charge of finance, 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.



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.



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.



Vakhtang Bobokhidze, Deputy CEO, Information Technologies

With the Group since 2005. Joined as Quality Control Manager. Left the Group in 2010 and rejoined the Group in December 2010. Prior to being appointed as Deputy CEO, served as Head of IT Department since 2016. Holds an MBA from Tbilisi State University.



Giorgi Pailodze, Deputy CEO, Corporate and Investment Banking

With the Group since June 2019. Previously, Vice President at Evercore in London (2017-2019) and New York (2015-2017), spent two years in corporate and investment banking in Citigroup in New York (2013-2015). He started his banking career in Georgia and held various managerial roles at TBC Bank and HSBC Bank Georgia. Holds an MBA from Cornell University.

BANK OF GEORGIA GROUP INCOME STATEMENT



GEL thousands, unless otherwise noted	Bank of Georgia Group Consolidated					Banking Business					Discontinued Operations					Eliminations		
	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	2Q19	2Q18	1Q19
Interest income	342,224	327,496	4.5%	334,735	2.2%	342,224	329,880	3.7%	334,735	2.2%	-	-	-	-	-	-	(2,384)	-
Interest expense	(160,602)	(139,756)	14.9%	(151,794)	5.8%	(160,602)	(143,298)	12.1%	(151,794)	5.8%	-	-	-	-	-	-	3,542	-
Net interest income	181,622	187,740	-3.3%	182,941	-0.7%	181,622	186,582	-2.7%	182,941	-0.7%	-	-	-	-	-	-	1,158	-
Fee and commission income	68,025	55,332	22.9%	62,531	8.8%	68,025	55,693	22.1%	62,531	8.8%	-	-	-	-	-	-	(361)	-
Fee and commission expense	(24,758)	(17,680)	40.0%	(20,351)	21.7%	(24,758)	(17,846)	38.7%	(20,351)	21.7%	-	-	-	-	-	-	166	-
Net fee and commission income	43,267	37,652	14.9%	42,180	2.6%	43,267	37,847	14.3%	42,180	2.6%	-	-	-	-	-	-	(195)	-
Net foreign currency gain	36,700	25,427	44.3%	30,025	22.2%	36,700	25,000	46.8%	30,025	22.2%	-	-	-	-	-	-	427	-
Net other income / (expense)	(4,260)	3,379	NMF	3,568	NMF	(4,260)	3,705	NMF	3,568	NMF	-	-	-	-	-	-	(326)	-
Operating income	257,329	254,198	1.2%	258,714	-0.5%	257,329	253,134	1.7%	258,714	-0.5%	-	-	-	-	-	-	1,064	-
<i>Salaries and other employee benefits(excluding one-offs)</i>	(57,982)	(53,505)	8.4%	(52,418)	10.6%	(57,982)	(53,925)	7.5%	(52,418)	10.6%	-	-	-	-	-	-	420	-
<i>One-off termination costs of executive management (1)</i>	(4,570)	-	NMF	(7,842)	-41.7%	(4,570)	-	NMF	(7,842)	-41.7%	-	-	-	-	-	-	-	-
Salaries and other employee benefits	(62,552)	(53,505)	16.9%	(60,260)	3.8%	(62,552)	(53,925)	16.0%	(60,260)	3.8%	-	-	-	-	-	-	420	-
Administrative expenses	(22,033)	(26,717)	-17.5%	(22,741)	-3.1%	(22,033)	(26,862)	-18.0%	(22,741)	-3.1%	-	-	-	-	-	-	145	-
Depreciation and amortisation	(17,295)	(11,392)	51.8%	(15,688)	10.2%	(17,295)	(11,392)	51.8%	(15,688)	10.2%	-	-	-	-	-	-	-	-
Other operating expenses	(1,248)	(965)	29.3%	(1,080)	15.6%	(1,248)	(965)	29.3%	(1,080)	15.6%	-	-	-	-	-	-	-	-
Operating expenses	(103,128)	(92,579)	11.4%	(99,769)	3.4%	(103,128)	(93,144)	10.7%	(99,769)	3.4%	-	-	-	-	-	-	565	-
Profit from associates	254	376	-32.4%	188	35.1%	254	376	-32.4%	188	35.1%	-	-	-	-	-	-	-	-
Operating income before cost of risk	154,455	161,995	-4.7%	159,133	-2.9%	154,455	160,366	-3.7%	159,133	-2.9%	-	-	-	-	-	-	1,629	-
Expected credit loss / impairment charge on loans to customers	(32,436)	(33,534)	-3.3%	(40,117)	-19.1%	(32,436)	(33,534)	-3.3%	(40,117)	-19.1%	-	-	-	-	-	-	-	-
Expected credit loss / impairment charge on finance lease receivables	(557)	(266)	109.4%	(446)	24.9%	(557)	(266)	109.4%	(446)	24.9%	-	-	-	-	-	-	-	-
Other expected credit loss / impairment charge on other assets and provisions	(2,483)	(3,726)	-33.4%	(2,089)	18.9%	(2,483)	(3,726)	-33.4%	(2,089)	18.9%	-	-	-	-	-	-	-	-
Cost of risk	(35,476)	(37,526)	-5.5%	(42,652)	-16.8%	(35,476)	(37,526)	-5.5%	(42,652)	-16.8%	-	-	-	-	-	-	-	-
Net operating income before non-recurring items	118,979	124,469	-4.4%	116,481	2.1%	118,979	122,840	-3.1%	116,481	2.1%	-	-	-	-	-	-	1,629	-
<i>Net non-recurring items (excluding one-offs)</i>	(2,538)	(13,591)	-81.3%	(1,575)	61.1%	(2,538)	(13,763)	-81.6%	(1,575)	61.1%	-	-	-	-	-	-	172	-
<i>One-off termination costs of former CEO, one-off demerger related expenses (2)</i>	-	(30,284)	NMF	(3,985)	NMF	-	(30,284)	NMF	(3,985)	NMF	-	-	-	-	-	-	-	-
Net non-recurring items	(2,538)	(43,875)	-94.2%	(5,560)	-54.4%	(2,538)	(44,047)	-94.2%	(5,560)	-54.4%	-	-	-	-	-	-	172	-
Profit before income tax expense from continuing operations	116,441	80,594	44.5%	110,921	5.0%	116,441	78,793	47.8%	110,921	5.0%	-	-	-	-	-	-	1,801	-
<i>Income tax expense (excluding one-offs)</i>	(9,871)	(5,461)	80.8%	(10,536)	-6.3%	(9,871)	(5,461)	80.8%	(10,536)	-6.3%	-	-	-	-	-	-	-	-
<i>Income tax benefit related to one-off termination costs, one-off demerger related expenses and one-off impact of re-measurement of deferred tax balances (3)</i>	574	(22,257)	NMF	1,587	-63.8%	574	(22,257)	NMF	1,587	-63.8%	-	-	-	-	-	-	-	-
Income tax expense	(9,297)	(27,718)	-66.5%	(8,949)	3.9%	(9,297)	(27,718)	-66.5%	(8,949)	3.9%	-	-	-	-	-	-	-	-
Profit from continuing operations	107,144	52,876	102.6%	101,972	5.1%	107,144	51,075	109.8%	101,972	5.1%	-	-	-	-	-	-	1,801	-
Profit from discontinued operations	-	78,961	NMF	-	-	-	-	-	-	-	80,762	NMF	-	-	-	(1,801)	-	-
Profit	107,144	131,837	-18.7%	101,972	5.1%	107,144	51,075	109.8%	101,972	5.1%	80,762	NMF	-	-	-	-	-	-
One-off items (1)+(2)+(3)	(3,996)	(52,541)	-92.4%	(10,240)	-61.0%	(3,996)	(52,541)	-92.4%	(10,240)	-61.0%	-	-	-	-	-	-	-	-
Attributable to:																		
- shareholders of the Group	106,642	125,686	-75.2%	101,512	5.1%	106,642	50,932	109.4%	101,512	5.1%	-	74,754	NMF	-	-	-	-	-
- non-controlling interests	502	6,151	-97.8%	460	9.1%	502	143	NMF	460	9.1%	-	6,008	NMF	-	-	-	-	-
Profit from continuing operations attributable to:																		
- shareholders of the Group	106,642	52,733	102.2%	101,512	5.1%	106,642	50,932	109.4%	101,512	5.1%	-	-	-	-	-	-	1,801	-
- non-controlling interests	502	143	NMF	460	9.1%	502	143	NMF	460	9.1%	-	-	-	-	-	-	-	-
Profit from discontinued operations attributable to:																		
- shareholders of the Group	-	72,953	NMF	-	-	-	-	-	-	-	-	74,754	NMF	-	-	(1,801)	-	-
- non-controlling interests	-	6,008	NMF	-	-	-	-	-	-	-	-	6,008	NMF	-	-	-	-	-
Earnings per share (basic)	2.23	2.83	-21.2%	2.12	5.2%	2.23	2.19	87.4%	2.12	5.2%	-	-	-	-	-	-	-	-
- earnings per share from continuing operations	2.23	1.19	87.4%	2.12	5.2%	-	1.64	NMF	-	-	-	-	-	-	-	-	-	-
- earnings per share from discontinued operations	-	1.64	NMF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings per share (diluted)	2.23	2.80	-20.4%	2.11	5.7%	2.23	2.17	90.6%	2.11	5.7%	-	-	-	-	-	-	-	-
- earnings per share from continuing operations	2.23	1.17	90.6%	2.11	5.7%	-	1.63	NMF	-	-	-	-	-	-	-	-	-	-
- earnings per share from discontinued operations	-	1.63	NMF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

BANK OF GEORGIA GROUP INCOME STATEMENT



GEL thousands, unless otherwise noted

	Bank of Georgia Group Consolidated			Banking Business			Discontinued Operations			Eliminations		
	1H19	1H18	Change y-o-y	1H19	1H18	Change y-o-y	1H19	1H18	Change y-o-y	1H19	1H18	Change y-o-y
Interest income	676,959	638,771	6.0%	676,959	643,559	5.20%	-	-	-	-	(4,788)	NMF
Interest expense	(312,396)	(269,791)	15.8%	(312,396)	(276,728)	12.90%	-	-	-	-	6,937	NMF
Net interest income	364,563	368,980	-1.2%	364,563	366,831	-0.6%	-	-	-	-	2,149	NMF
Fee and commission income	130,556	106,005	23.2%	130,556	106,906	22.1%	-	-	-	-	(901)	NMF
Fee and commission expense	(45,109)	(34,168)	32.0%	(45,109)	(34,549)	30.6%	-	-	-	-	381	NMF
Net fee and commission income	85,447	71,837	18.9%	85,447	72,357	18.1%	-	-	-	-	(520)	NMF
Net foreign currency gain	66,724	38,577	73.0%	66,724	39,252	70.0%	-	-	-	-	(675)	NMF
Net other income / (expense)	(691)	8,898	NMF	(691)	9,451	NMF	-	-	-	-	(553)	NMF
Operating income	516,043	488,292	5.7%	516,043	487,891	5.8%	-	-	-	-	401	NMF
Salaries and other employee benefits(excluding one-offs)	(110,399)	(102,323)	7.9%	(110,399)	(103,378)	6.8%	-	-	-	-	1,055	NMF
One-off termination costs of executive management (1)	(12,412)	-	NMF	(12,412)	-	NMF	-	-	-	-	-	-
Salaries and other employee benefits	(122,811)	(102,323)	20.0%	(122,811)	(103,378)	18.8%	-	-	-	-	1,055	NMF
Administrative expenses	(44,774)	(51,885)	-13.7%	(44,774)	(52,495)	-14.7%	-	-	-	-	610	NMF
Depreciation and amortisation	(32,983)	(22,914)	43.9%	(32,983)	(22,914)	43.9%	-	-	-	-	-	-
Other operating expenses	(2,329)	(1,736)	34.2%	(2,329)	(1,736)	34.2%	-	-	-	-	-	-
Operating expenses	(202,897)	(178,858)	13.4%	(202,897)	(180,523)	12.4%	-	-	-	-	1,665	NMF
Profit from associates	442	695	-36.4%	442	695	-36.4%	-	-	-	-	-	-
Operating income before cost of risk	313,588	310,129	1.1%	313,588	308,063	1.8%	-	-	-	-	2,066	NMF
Expected credit loss / impairment charge on loans to customers	(72,553)	(70,211)	3.3%	(72,553)	(70,211)	3.3%	-	-	-	-	-	-
Expected credit loss / impairment charge on finance lease receivables	(1,003)	(253)	NMF	(1,003)	(253)	NMF	-	-	-	-	-	-
Other expected credit loss / impairment charge on other assets and provisions	(4,573)	(876)	NMF	(4,573)	(876)	NMF	-	-	-	-	-	-
Cost of risk	(78,129)	(71,340)	9.5%	(78,129)	(71,340)	9.5%	-	-	-	-	-	-
Net operating income before non-recurring items	235,459	238,789	-1.4%	235,459	236,723	-0.5%	-	-	-	-	2,066	NMF
Net non-recurring items (excluding one-offs)	(4,112)	(16,539)	-75.1%	(4,112)	(16,711)	-75.4%	-	-	-	-	172	NMF
One-off termination costs of former CEO, one-off demerger related expenses (2)	(3,985)	(30,284)	-86.8%	(3,985)	(30,284)	-86.8%	-	-	-	-	-	-
Net non-recurring items	(8,097)	(46,823)	-82.7%	(8,097)	(46,995)	-82.8%	-	-	-	-	172	NMF
Profit before income tax expense from continuing operations	227,362	191,966	18.4%	227,362	189,728	19.8%	-	-	-	-	2,238	NMF
Income tax expense (excluding one-offs)	(20,407)	(14,744)	38.4%	(20,407)	(14,744)	38.4%	-	-	-	-	-	-
Income tax benefit related to one-off termination costs, one-off demerger related expenses and one-off impact of re-measurement of deferred tax balances (3)	2,161	(22,257)	NMF	2,161	(22,257)	NMF	-	-	-	-	-	-
Income tax expense	(18,246)	(37,001)	-50.7%	(18,246)	(37,001)	-50.7%	-	-	-	-	-	-
Profit from continuing operations	209,116	154,965	34.9%	209,116	152,727	36.9%	-	-	-	-	2,238	NMF
Profit from discontinued operations	-	107,899	NMF	-	-	-	110,137	-	NMF	-	(2,238)	NMF
Profit	209,116	262,864	-20.4%	209,116	152,727	36.9%	-	110,137	NMF	-	-	-
One-off items (1)+(2)+(3)	(14,236)	(52,541)	-72.9%	(14,236)	(52,541)	-72.9%	-	-	-	-	-	-
Attributable to:												
- shareholders of the Group	208,154	244,106	-14.7%	208,154	152,184	36.8%	-	91,922	NMF	-	-	-
- non-controlling interests	962	18,758	-94.9%	962	543	77.2%	-	18,215	NMF	-	-	-
Profit from continuing operations attributable to:												
- shareholders of the Group	208,154	154,422	34.8%	208,154	152,184	36.8%	-	-	-	-	2,238	NMF
- non-controlling interests	962	543	77.2%	962	543	77.2%	-	-	-	-	-	-
Profit from discontinued operations attributable to:												
- shareholders of the Group	-	89,684	NMF	-	-	-	-	91,922	NMF	-	(2,238)	NMF
- non-controlling interests	-	18,215	NMF	-	-	-	-	18,215	NMF	-	-	-
Earnings per share (basic)	4.35	5.95	-26.9%									
- earnings per share from continuing operations	4.35	3.76	15.7%									
- earnings per share from discontinued operations	-	2.19	NMF									
Earnings per share (diluted)	4.34	5.88	-26.2%									
- earnings per share from continuing operations	4.34	3.72	16.7%									
- earnings per share from discontinued operations	-	2.16	NMF									

BANK OF GEORGIA GROUP BALANCE SHEET



GEL thousands, unless otherwise noted

	Bank of Georgia Group Consolidated				
	Jun-19	Jun-18	Change y-o-y	Mar-19	Change q-o-q
Cash and cash equivalents	936,106	1,546,863	-39.5%	1,162,168	-19.5%
Amounts due from credit institutions	1,704,701	993,862	71.5%	1,391,630	22.5%
Investment securities	1,896,738	1,725,692	9.9%	1,948,592	-2.7%
Loans to customers and finance lease receivables	10,579,710	8,108,647	30.5%	9,570,691	10.5%
Accounts receivable and other loans	3,688	4,878	-24.4%	3,134	17.7%
Prepayments	36,026	74,238	-51.5%	31,621	13.9%
Inventories	11,748	11,085	6.0%	11,756	-0.1%
Right-of-use assets	105,874	-	NMF	91,248	16.0%
Investment property	178,764	218,224	-18.1%	169,328	5.6%
Property and equipment	358,921	313,627	14.4%	349,728	2.6%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	93,515	61,462	52.2%	87,005	7.5%
Income tax assets	5,080	21,792	-76.7%	19,446	-73.9%
Other assets	149,233	125,615	18.8%	144,343	3.4%
Assets held for sale	40,544	-	NMF	40,528	0.0%
Total assets	16,133,999	13,239,336	21.9%	15,054,569	7.2%
Client deposits and notes	8,855,616	7,174,234	23.4%	8,393,861	5.5%
Amounts due to credit institutions	2,960,519	2,740,595	8.0%	2,463,408	20.2%
Debt securities issued	2,137,239	1,527,452	39.9%	2,045,428	4.5%
Lease liabilities	100,172	-	NMF	78,364	27.8%
Accruals and deferred income	34,748	33,397	4.0%	48,449	-28.3%
Income tax liabilities	30,361	43,762	-30.6%	37,396	-18.8%
Other liabilities	97,125	52,231	86.0%	68,883	41.0%
Total liabilities	14,215,780	11,571,671	22.8%	13,135,789	8.2%
Share capital	1,618	1,790	-9.6%	1,618	0.0%
Additional paid-in capital	493,890	463,130	6.6%	495,452	-0.3%
Treasury shares	(49)	(41)	19.5%	(42)	16.7%
Other reserves	46,744	26,268	78.0%	36,474	28.2%
Retained earnings	1,367,632	1,169,364	17.0%	1,376,834	-0.7%
Total equity attributable to shareholders of the Group	1,909,835	1,660,511	15.0%	1,910,336	0.0%
Non-controlling interests	8,384	7,154	17.2%	8,444	-0.7%
Total equity	1,918,219	1,667,665	15.0%	1,918,780	0.0%
Total liabilities and equity	16,133,999	13,239,336	21.9%	15,054,569	7.2%
Book value per share	40.06	34.75	15.3%	39.88	0.5%

BNB FINANCIAL HIGHLIGHTS



INCOME STATEMENT, HIGHLIGHTS <i>GEL thousands, unless otherwise stated</i>	2Q19	2Q18	Change y-o-y	1Q19	Change q-o-q	1H19	1H18	Change y-o-y
Net interest income	6,360	6,354	0.1%	6,585	-3.4%	12,945	12,898	0.4%
Net fee and commission income	1,798	2,503	-28.2%	1,812	-0.8%	3,611	4,780	-24.5%
Net foreign currency gain	4,779	4,182	14.3%	3,955	20.8%	8,734	7,459	17.1%
Net other income	169	192	-12.0%	147	15.0%	314	309	1.6%
Operating income	13,106	13,231	-0.9%	12,499	4.9%	25,604	25,446	0.6%
Operating expenses	(8,890)	(8,184)	8.6%	(7,847)	13.3%	(16,737)	(15,905)	5.2%
Operating income before cost of risk	4,216	5,047	-16.5%	4,652	-9.4%	8,867	9,541	-7.1%
Cost of risk	(1,536)	(2,305)	-33.4%	(1,442)	6.5%	(2,977)	(3,022)	-1.5%
Net non-recurring items	(13)	(5)	NMF	(50)	-74.0%	(63)	(706)	-91.1%
Profit before income tax expense	2,667	2,737	-2.6%	3,160	-15.6%	5,827	5,813	0.2%
Income tax expense	(379)	(721)	-47.4%	(571)	-33.6%	(950)	(1,498)	-36.6%
Profit	2,288	2,016	13.5%	2,589	-11.6%	4,877	4,315	13.0%

BALANCE SHEET, HIGHLIGHTS <i>GEL thousands, unless otherwise stated</i>	Jun-19	Jun-18	Change y-o-y	Mar-19	Change q-o-q
Cash and cash equivalents	93,097	86,932	7.1%	79,497	17.1%
Amounts due from credit institutions	18,301	10,719	70.7%	20,556	-11.0%
Investment securities	128,486	38,815	NMF	116,082	10.7%
Loans to customers and finance lease receivables	512,126	394,502	29.8%	451,665	13.4%
Other assets	57,098	40,833	39.8%	54,001	5.7%
Total assets	809,108	571,801	41.5%	721,801	12.1%
Client deposits and notes	503,309	297,756	69.0%	425,563	18.3%
Amounts due to credit institutions	146,855	161,332	-9.0%	144,314	1.8%
Debt securities issued	50,238	32,453	54.8%	53,846	-6.7%
Other liabilities	7,044	3,723	89.2%	9,477	-25.7%
Total liabilities	707,446	495,264	42.8%	633,200	11.7%
Total equity	101,662	76,537	32.8%	88,601	14.7%
Total liabilities and equity	809,108	571,801	41.5%	721,801	12.1%

BANKING BUSINESS KEY RATIOS



	2Q19	2Q18	1Q19	1H19	1H18
Profitability					
ROAA, annualised **	2.9%	3.1%	3.1%	3.0%	3.2%
ROAA, annualised (unadjusted)	2.8%	1.6%	2.8%	2.8%	2.4%
ROAE, annualised **	22.9%	25.4%	24.5%	23.7%	25.7%
<i>RB ROAE **</i>	26.9%	30.6%	25.3%	26.2%	31.1%
<i>CIB ROAE **</i>	22.0%	20.1%	27.1%	24.5%	20.0%
ROAE, annualised (unadjusted)	22.1%	12.5%	22.2%	22.2%	19.1%
Net interest margin, annualised	5.4%	6.9%	5.8%	5.6%	7.0%
<i>RB NIM</i>	5.9%	7.9%	6.4%	6.1%	8.1%
<i>CIB NIM</i>	3.3%	3.5%	3.4%	3.4%	3.3%
Loan yield, annualised	11.8%	14.0%	12.2%	12.0%	13.9%
<i>RB Loan yield</i>	12.9%	15.7%	13.6%	13.2%	15.8%
<i>CIB Loan yield</i>	9.5%	10.4%	9.1%	9.2%	10.2%
Liquid assets yield, annualised	3.4%	3.8%	3.8%	3.6%	3.7%
Cost of funds, annualised	4.8%	5.0%	4.8%	4.8%	4.9%
Cost of client deposits and notes, annualised	3.3%	3.6%	3.3%	3.3%	3.5%
<i>RB Cost of client deposits and notes</i>	3.0%	2.9%	3.0%	3.0%	2.9%
<i>CIB Cost of client deposits and notes</i>	3.7%	4.1%	3.6%	3.6%	4.0%
Cost of amounts due to credit institutions, annualised	7.2%	7.2%	7.6%	7.3%	7.0%
Cost of debt securities issued	8.1%	7.7%	7.8%	7.9%	7.8%
Operating leverage, y-o-y ***	-4.2%	4.1%	5.0%	0.3%	0.2%
Operating leverage, q-o-q ***	-7.7%	1.2%	3.6%	0.0%	0.0%
Efficiency					
Cost / Income ***	38.3%	36.8%	35.5%	36.9%	37.0%
<i>RB Cost / Income ***</i>	37.8%	36.5%	35.5%	36.6%	36.6%
<i>CIB Cost / Income ***</i>	30.0%	31.4%	26.9%	28.5%	31.9%
Cost / Income (unadjusted)	40.1%	36.8%	38.6%	39.3%	37.0%
Liquidity					
NBG liquidity ratio (<i>minimum requirement 30%</i>)	37.0%	30.2%	36.7%	37.0%	30.2%
NBG liquidity coverage ratio (<i>minimum requirement 100%</i>)	114.3%	129.8%	133.1%	114.3%	129.8%
Liquid assets to total liabilities	31.9%	36.9%	34.3%	31.9%	36.9%
Net loans to client deposits and notes	119.5%	113.0%	114.0%	119.5%	113.0%
Net loans to client deposits and notes + DFIs	104.7%	97.3%	98.6%	104.7%	97.3%
Leverage (times)	7.4	6.9	6.8	7.4	6.9
Asset Quality:					
NPLs (in GEL)	347,285	283,768	326,127	347,285	283,768
NPLs to gross loans to clients	3.2%	3.4%	3.3%	3.2%	3.4%
NPL coverage ratio	88.1%	99.4%	92.2%	88.1%	99.4%
NPL coverage ratio, adjusted for discounted value of collateral	131.5%	142.8%	132.6%	131.5%	142.8%
Cost of credit risk, annualised	1.3%	1.6%	1.7%	1.5%	1.7%
<i>RB Cost of credit risk</i>	1.6%	2.0%	2.4%	2.0%	2.1%
<i>CIB Cost of credit risk</i>	0.7%	0.6%	0.1%	0.4%	1.0%
Capital Adequacy:					
NBG (Basel III) Tier I capital adequacy ratio	13.3%	12.5%	12.7%	13.3%	12.5%
<i>Minimum regulatory requirement</i>	11.6%	9.9%	11.6%	11.6%	9.9%
NBG (Basel III) Total capital adequacy ratio	16.7%	17.5%	17.1%	16.7%	17.5%
<i>Minimum regulatory requirement</i>	16.1%	15.0%	16.1%	16.1%	15.0%

* For the description of Key Ratios, refer to page 69

** 2Q19, 1Q19 and 1H19 ratios adjusted for one-off employee costs related to termination benefits of the former CEO and executive management.
2Q18 and 1H18 ratios adjusted for demerger related expenses and one-off impact of re-measurement of deferred tax balances

*** 2Q19, 1Q19 and 1H19 results adjusted for one-off employee costs related to termination benefits of the former executive management

KEY OPERATING DATA

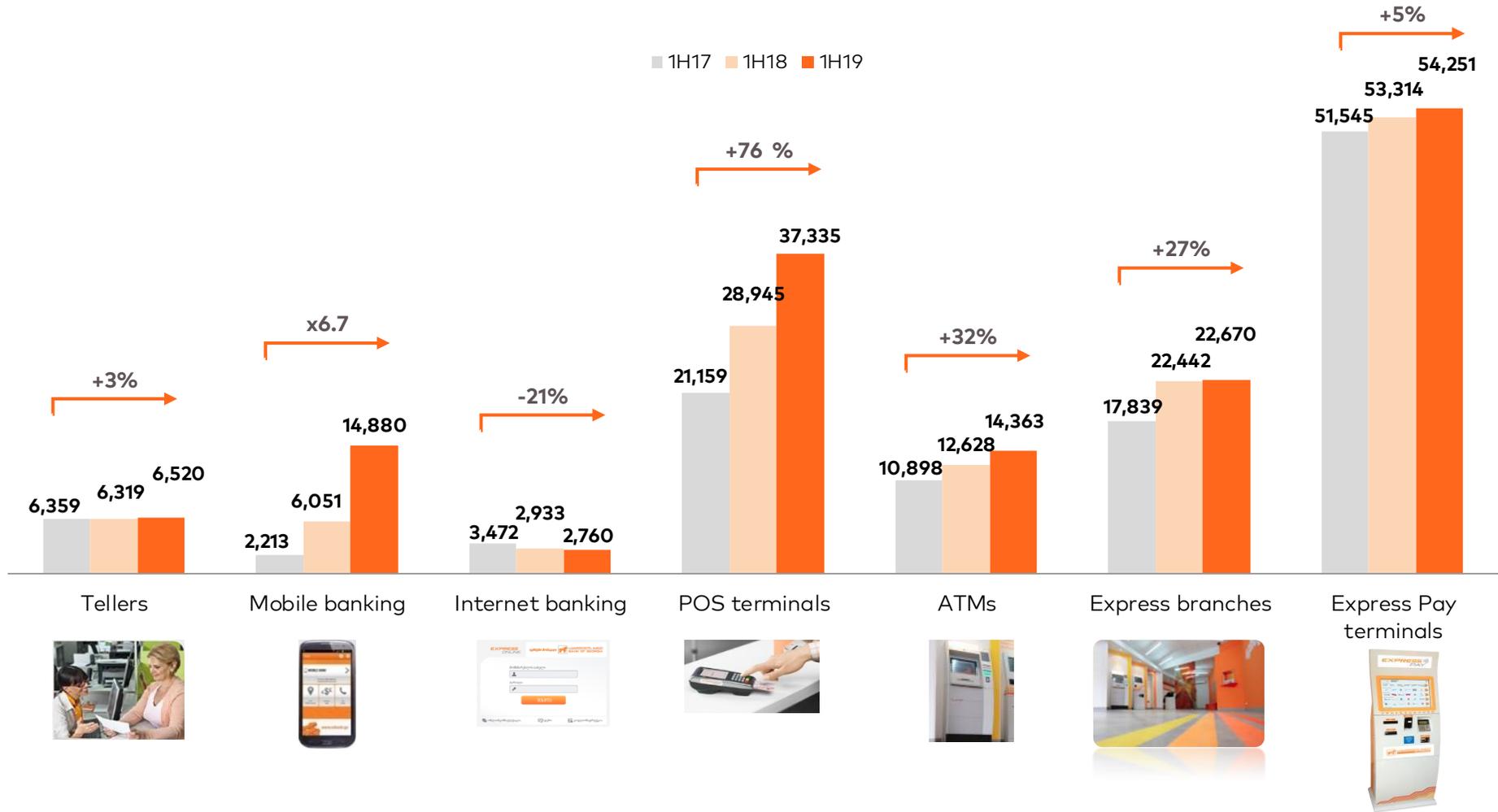


	Jun-19	Jun-18	Mar-19
Selected operating data:			
Total assets per FTE	2,184	1,821	2,017
Number of active branches, of which:	276	284	276
- Express branches (including Metro)	167	168	166
- Bank of Georgia branches	97	104	98
- Solo lounges	12	12	12
Number of ATMs	890	856	886
Number of cards outstanding, of which:	2,122,006	2,235,122	2,139,239
- Debit cards	1,634,843	1,607,087	1,627,070
- Credit cards	487,163	628,035	512,169
Number of POS terminals*	19,667	12,816	17,684
Number of Express Pay terminals	3,177	2,955	3,152
FX Rates:			
GEL/US\$ exchange rate (period-end)	2.8687	2.4516	2.6914
GEL/GBP exchange rate (period-end)	3.6384	3.2209	3.5147
Full time employees (FTE), of which:			
- Full time employees, BOG standalone	7,386	7,270	7,465
- Full time employees, BNB	5,786	5,689	5,886
- Full time employees, BB other	632	699	644
	968	882	935
Shares outstanding			
Ordinary shares	47,669,887	47,779,684	47,899,817
Treasury shares	1,499,541	1,389,746	1,269,611
Total shares outstanding	49,169,428	49,169,430	49,169,428

MULTICHANNEL PERFORMANCE



Number of Transactions '000s



SOLO - A FUNDAMENTALLY DIFFERENT APPROACH TO PREMIUM BANKING



The target of **40,000 Solo clients** (currently 48,953) already achieved ahead of time

SOLO Lounges



Solo offers:

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



Solo Club

Launched in 2Q17, a membership group within Solo, which offers exclusive access to Solo products and offers ahead of other Solo clients, continues to increase its client base. At 30 June 2019, Solo Club had 4,805 members, up 49.3% y-o-y and up 8.1% q-o-q

SOLO – THINKING AHEAD OF CUSTOMERS NEEDS



Customer-centric
approach
maximisation



TOP AFFLUENT

Advisory services in
banking and lifestyle
solutions

MASS AFFLUENT

Personal banking
and lifestyle
offering



EDUCATION



TRAVEL



ENTERTAINMENT



HEALTH

SOLO - A MID-TERM KEY OBJECTIVE



RETAIL BANKING – CLIENT-CENTRIC MODEL



At 30 June 2019, we have **76** branches operating on our client-centric model

NOTES TO KEY RATIOS



- **Cost of funds** Interest expense of the period divided by monthly average interest bearing liabilities;
- **Cost of credit risk** Expected loss/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;
- **Cost to income ratio** Operating expenses divided by operating income;
- **Interest bearing liabilities** Amounts due to credit institutions, client deposits and notes, and debt securities issued;
- **Interest earning assets (excluding cash)** Amounts due from credit institutions, investment securities (but excluding corporate shares) and net loans to customers and finance lease receivables;
- **Leverage (times)** Total liabilities divided by total equity;
- **Liquid assets** Cash and cash equivalents, amounts due from credit institutions and investment securities;
- **Liquidity coverage ratio (LCR)** High quality liquid assets (as defined by NBG) divided by net cash outflows over the next 30 days (as defined by NBG);
- **Loan yield** Interest income from loans to customers and finance lease receivables divided by monthly average gross loans to customers and finance lease receivables;
- **NBG liquidity ratio** Daily average liquid assets (as defined by NBG) during the month divided by daily average liabilities (as defined by NBG) during the month;
- **NBG (Basel III) Common Equity Tier I capital adequacy ratio** Common Equity Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- **NBG (Basel III) Tier I capital adequacy ratio** Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- **NBG (Basel III) Total capital adequacy ratio** Total regulatory capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- **Net interest margin (NIM)** Net interest income of the period divided by monthly average interest earning assets excluding cash for the same period;
- **Non-performing loans (NPLs)** The principal and interest on loans overdue for more than 90 days and any additional potential losses estimated by management;
- **NPL coverage ratio** Allowance for expected credit loss/impairment loss of loans and finance lease receivables divided by NPLs;
- **NPL coverage ratio adjusted for discounted value of collateral** Allowance for expected credit loss/impairment loss of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for expected credit loss/impairment loss);
- **Operating leverage** Percentage change in operating income less percentage change in operating expenses;
- **Return on average total assets (ROAA)** Profit for the period divided by monthly average total assets for the same period;
- **Return on average total equity (ROAE)** Profit for the period attributable to shareholders of the Group divided by monthly average equity attributable to shareholders of the Group for the same period;
- **NMF** Not meaningful

COMPANY INFORMATION



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Share price information

Shareholders can access both the latest and historical prices via the website,
www.bankofgeorgiagroup.com

