



BANK OF GEORGIA

BANK OF GEORGIA GROUP PLC

Investor Presentation

4Q18 & FY18 Financial Results

19 February 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 tensions and 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 2Q18 and 1H18 results announcement and in BGEO Group PLC's Annual Report and Accounts 2017. 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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BANK OF GEORGIA GROUP OVERVIEW



BANK OF GEORGIA
GROUP PLC

Banking Business

**Retail
Banking**

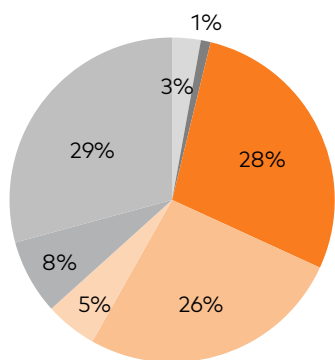
**Corporate
Investment
Banking**

**Wealth
Management**

**BNB
(Bank in Belarus)**

Shareholder structure

As of 31 December 2018



- 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 31 December 2018

Rank	Shareholder name	Ownership
1	JSC Georgia Capital*	19.90%
2	Harding Loevner LP	4.66%
3	JP Morgan Asset Management	3.01%
4	Norges Bank Investment Management	2.56%
5	Van Eck Global	2.51%
6	Dimensional Fund Advisors (DFA)	2.51%
7	LGM Investments Ltd	2.51%
8	Schroder Investment Management Ltd	2.40%
9	Vanguard Group Inc	2.27%
10	Jupiter Asset Management	2.22%

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



BANK OF GEORGIA

* JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group Shareholders, as long as JSC Georgia Capital's percentage holding in Bank of Georgia Group PLC is greater than 9.9%.

** Includes 19.9% shareholding of JSC Georgia Capital

DELIVERING ON GROUP STRATEGY

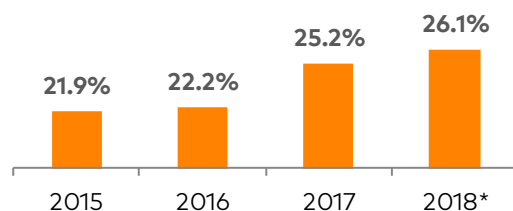


SUCCESSFUL TRACK RECORD OF DELIVERING STRONG RESULTS

BANKING BUSINESS KEY TARGETS

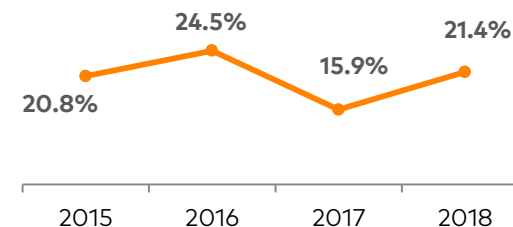
1

ROAE
20%+



2

Loan book
growth
15%-20%



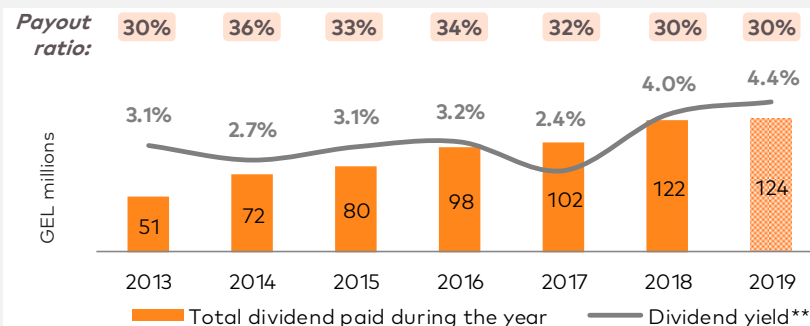
3

Robust
Capital
Management
Track
Record



- **Capital position:** We aim to maintain **+200bps buffer** over minimum regulatory requirement
- **Maintain regular dividend payouts:** Aiming **25-40%** dividend payout ratio
- **GEL 500mIn+** cash dividend paid since 2013, with **payout ratio above 30%** over past 6 years
- **Management trust buybacks:** GEL 52.0mIn share buy-backs in 2018

Regular Dividends





BANK OF GEORGIA GROUP RESULTS HIGHLIGHTS

Income Statement | Quarterly

<i>GEL thousands unless otherwise noted</i>	Bank of Georgia Group Consolidated					Banking Business*					Discontinued Operations*				
	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q
Net interest income	187,438	183,498	2.1%	185,335	1.1%	187,438	183,124	2.4%	185,335	1.1%	-	-	-	-	-
Net fee and commission income	41,344	36,483	13.3%	39,481	4.7%	41,344	36,738	12.5%	39,481	4.7%	-	-	-	-	-
Net foreign currency gain	53,358	28,139	89.6%	36,827	44.9%	53,358	27,464	94.3%	36,827	44.9%	-	-	-	-	-
Net other income / (expense)	(9,073)	12,708	NMF	7,437	NMF	(9,073)	12,986	NMF	7,437	NMF	-	-	-	-	-
Revenue	273,067	260,828	4.7%	269,080	1.5%	273,067	260,312	4.9%	269,080	1.5%	-	-	-	-	-
Operating expenses	(100,857)	(98,612)	2.3%	(97,137)	3.8%	(100,857)	(99,742)	1.1%	(97,137)	3.8%	-	-	-	-	-
Profit from associates	318	255	24.7%	326	-2.5%	318	255	24.7%	326	-2.5%	-	-	-	-	-
Operating income before cost of risk	172,528	162,471	6.2%	172,269	0.2%	172,528	160,825	7.3%	172,269	0.2%	-	-	-	-	-
Cost of risk	(40,778)	(42,428)	-3.9%	(48,107)	-15.2%	(40,778)	(42,428)	-3.9%	(48,107)	-15.2%	-	-	-	-	-
Profit before non-recurring items and income tax	131,750	120,043	9.8%	124,162	6.1%	131,750	118,397	11.3%	124,162	6.1%	-	-	-	-	-
Net non-recurring items	(6,586)	(213)	NMF	(3,747)	75.8%	(6,586)	(213)	NMF	(3,747)	75.8%	-	-	-	-	-
Profit before income tax expense	125,164	119,830	4.5%	120,415	3.9%	125,164	118,184	5.9%	120,415	3.9%	-	-	-	-	-
Income tax expense	(10,348)	(11,050)	-6.4%	(9,316)	11.1%	(10,348)	(11,050)	-6.4%	(9,316)	11.1%	-	-	-	-	-
Profit from continuing operations	114,816	108,780	5.5%	111,099	3.3%	114,816	107,134	7.2%	111,099	3.3%	-	-	-	-	-
Profit from discontinued operations	-	10,029	NMF	-	-	-	-	-	-	-	-	11,675	NMF	-	-
Profit	114,816	118,809	-3.4%	111,099	3.3%	114,816	107,134	7.2%	111,099	3.3%	-	11,675	NMF	-	-
Earnings per share (basic)	2.40	3.05	-21.3%	2.32	3.4%	2.40	2.91	-17.5%	2.32	3.4%	-	-	-	-	-
Earnings per share (diluted)	2.40	2.90	-17.2%	2.32	3.4%	2.40	2.77	-13.4%	2.32	3.4%	-	-	-	-	-





BANK OF GEORGIA GROUP RESULTS HIGHLIGHTS

Income Statement | full-year

<i>GEL thousands unless otherwise noted</i>	Bank of Georgia Group Consolidated			Banking Business*			Discontinued Operations*		
	2018	2017	Change y-o-y	2018	2017	Change y-o-y	2018	2017	Change y-o-y
Net interest income	741,753	672,535	10.3%	739,604	672,100	10.0%	-	-	-
Net fee and commission income	152,662	130,050	17.4%	153,182	131,474	16.5%	-	-	-
Net foreign currency gain	128,762	79,106	62.8%	129,437	86,060	50.4%	-	-	-
Net other income	7,262	18,645	-61.1%	7,815	19,701	-60.3%	-	-	-
Revenue	1,030,439	900,336	14.5%	1,030,038	909,335	13.3%	-	-	-
Operating expenses	(376,852)	(338,798)	11.2%	(378,517)	(342,936)	10.4%	-	-	-
Profit from associates	1,339	1,311	2.1%	1,339	1,311	2.1%	-	-	-
Operating income before cost of risk	654,926	562,849	16.4%	652,860	567,710	15.0%	-	-	-
Cost of risk	(160,225)	(167,296)	-4.2%	(160,225)	(167,296)	-4.2%	-	-	-
Profit before non-recurring items and income tax	494,701	395,553	25.1%	492,635	400,414	23.0%	-	-	-
Net non-recurring items	(57,156)	(4,300)	NMF	(57,328)	(4,300)	NMF	-	-	-
Profit before income tax expense	437,545	391,253	11.8%	435,307	396,114	9.9%	-	-	-
Income tax expense	(56,665)	(26,592)	113.1%	(56,665)	(26,592)	113.1%	-	-	-
Profit from continuing operations	380,880	364,661	4.4%	378,642	369,522	2.5%	-	-	-
Profit from discontinued operations	107,898	98,788	9.2%	-	-	-	110,136	93,927	17.3%
Profit	488,778	463,449	5.5%	378,642	369,522	2.5%	110,136	93,927	17.3%
Earnings per share (basic)	10.78	11.61	-7.1%	8.72	9.63	-9.4%	-	-	-
Earnings per share (diluted)	10.71	11.07	-3.3%	8.66	9.18	-5.7%	-	-	-
Earnings per share (basic) adjusted**	-	-	-	9.92	9.63	3.0%	-	-	-
Earnings per share (diluted) adjusted**	-	-	-	9.86	9.18	7.4%	-	-	-

BANK OF GEORGIA GROUP RESULTS HIGHLIGHTS



Balance Sheet

GEL thousands unless otherwise noted	Bank of Georgia Group Consolidated					Banking Business**					Discontinued Operations**				
	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q
Liquid assets	4,540,032	4,373,251	3.8%	4,696,808	-3.3%	4,540,032	4,346,509	4.5%	4,696,808	-3.3%	-	445,501	NMF	-	-
Cash and cash equivalents	1,215,799	1,582,435	-23.2%	1,237,867	-1.8%	1,215,799	1,516,401	-19.8%	1,237,867	-1.8%	-	374,301	NMF	-	-
Amounts due from credit institutions	1,305,216	1,225,947	6.5%	1,398,061	-6.6%	1,305,216	1,216,349	7.3%	1,398,061	-6.6%	-	38,141	NMF	-	-
Investment securities	2,019,017	1,564,869	29.0%	2,060,880	-2.0%	2,019,017	1,613,759	25.1%	2,060,880	-2.0%	-	33,059	NMF	-	-
Loans to customers and finance lease receivables	9,397,747	7,690,450	22.2%	8,762,413	7.3%	9,397,747	7,741,420	21.4%	8,762,413	7.3%	-	-	-	-	-
Property and equipment	344,059	988,436	-65.2%	315,980	8.9%	344,059	322,925	6.5%	315,980	8.9%	-	661,176	NMF	-	-
Assets of disposal group held for sale	-	1,136,417	NMF	-	-	-	-	-	-	-	-	1,165,182	NMF	-	-
Total assets	14,798,303	15,168,669	-2.4%	14,314,932	3.4%	14,798,303	12,907,678	14.6%	14,314,932	3.4%	-	2,763,913	NMF	-	-
Client deposits and notes	8,133,853	6,712,482	21.2%	7,932,536	2.5%	8,133,853	7,078,058	14.9%	7,932,536	2.5%	-	-	-	-	-
Amounts due to credit institutions	2,994,879	3,155,839	-5.1%	3,006,739	-0.4%	2,994,879	2,778,338	7.8%	3,006,739	-0.4%	-	377,501	NMF	-	-
Borrowings from DFI	1,302,679	1,624,347	-19.8%	1,261,960	3.2%	1,302,679	1,297,749	0.4%	1,261,960	3.2%	-	326,598	NMF	-	-
Short-term loans from NBG	1,118,957	793,528	41.0%	1,016,431	10.1%	1,118,957	793,528	41.0%	1,016,431	10.1%	-	-	-	-	-
Loans and deposits from commercial banks	573,243	737,964	-22.3%	728,348	-21.3%	573,243	687,061	-16.6%	728,348	-21.3%	-	50,903	NMF	-	-
Debt securities issued	1,730,414	1,709,152	1.2%	1,578,532	9.6%	1,730,414	1,386,412	24.8%	1,578,532	9.6%	-	357,442	NMF	-	-
Liabilities of disposal group held for sale	-	516,663	NMF	-	-	-	-	-	-	-	-	619,026	NMF	-	-
Total liabilities	13,000,030	12,436,299	4.5%	12,644,984	2.8%	13,000,030	11,354,976	14.5%	12,644,984	2.8%	-	1,584,245	NMF	-	-
Total equity	1,798,273	2,732,370	-34.2%	1,669,948	7.7%	1,798,273	1,552,702	15.8%	1,669,948	7.7%	-	1,179,668	NMF	-	-
Book value per share	37.59	65.22	-42.4%	34.89	7.7%										

Key Ratios*

	4Q18	4Q17	3Q18	2018	2017
ROAA***	3.2%	3.4%	3.2%	3.2%	3.2%
ROAE***	26.2%	27.8%	26.8%	26.1%	25.2%
Net Interest Margin	6.0%	7.3%	6.4%	6.5%	7.3%
Loan Yield	12.8%	14.3%	13.5%	13.5%	14.2%
Liquid assets yield	3.8%	3.4%	3.8%	3.8%	3.4%
Cost of Funds	5.0%	4.8%	5.0%	5.0%	4.7%
Cost of Client Deposits and Notes	3.4%	3.5%	3.6%	3.5%	3.5%
Cost of Amounts Due to Credit Institutions	7.9%	6.5%	7.4%	7.3%	6.4%
Cost of Debt Securities Issued	7.8%	7.8%	7.8%	7.8%	7.4%
Cost / Income	36.9%	38.3%	36.1%	36.7%	37.7%
NPLs to Gross Loans to Clients	3.3%	3.8%	3.5%	3.3%	3.8%
NPL Coverage Ratio	90.5%	92.7%	91.7%	90.5%	92.7%
NPL Coverage Ratio, Adjusted for discounted value of collateral	129.9%	130.6%	136.9%	129.9%	130.6%
Cost of Credit Risk	1.1%	2.1%	2.0%	1.6%	2.2%
NBG (Basel III) Tier I Capital Adequacy Ratio	12.2%	12.4%	11.0%	12.2%	12.4%
NBG (Basel III) Total Capital Adequacy Ratio	16.6%	17.9%	15.9%	16.6%	17.9%

* For the definition of Key Ratios, refer to page 70

** Banking Business and Discontinued Operations financials do not include inter-business eliminations. Detailed financials, including inter-business eliminations are provided on pages 58-60

*** 2018 annual results adjusted for GEL 30.3mln demerger related costs, GEL 8.0mln demerger related corporate income tax gain, and GEL 30.3mln one-off impact of re-measurement of deferred tax balances



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THE LEADING BANK IN GEORGIA

Outstanding profitability and solid growth momentum, on the back of strong capital and liquidity positions



BOG – Leading Bank in Attractive Banking Sector

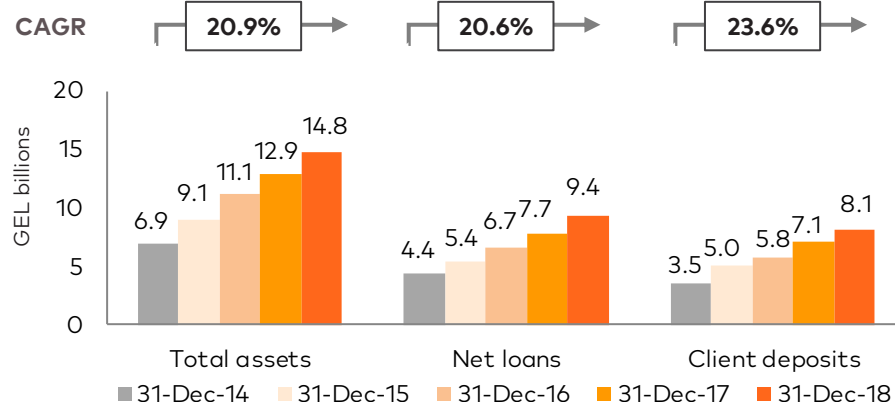
- **Top Systemically important financial institution in Georgia**
- **Market position in Georgia** by assets (34.7%), loans (33.5%), client deposits (33.9%) and equity (29.2%) as of 31 December 2018*
- **Market with stable growth perspectives:** Real GDP average annual growth rate of 4.5 % for 2007-2017; 4.8% real GDP growth in 2018 according to Geostat. Loans/GDP grew from 8.8% to 64.2% in the period of 2003-2018; Deposits/GDP grew from 8.4% to 55.7% 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, 876 ATMs, 3,115 Express Pay Terminals and more than 2.4 million customers as of 31 December 2018
- **Sustainable high profitability** with average ROAE of more than 20% over the last three years on the back of strong NIM, low cost of 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-Aug-18
FitchRatings	BB-	Positive	23-Apr-18

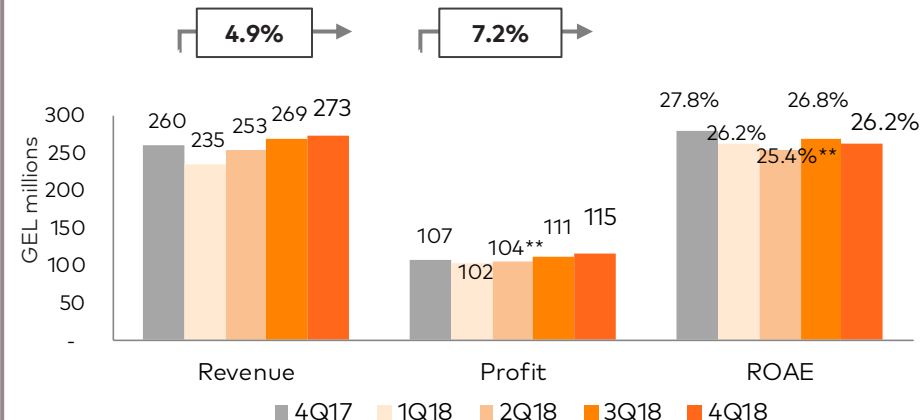
Balance Sheet Highlights

Banking Business



Income Statement Highlights

Banking Business



BANK OF GEORGIA

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

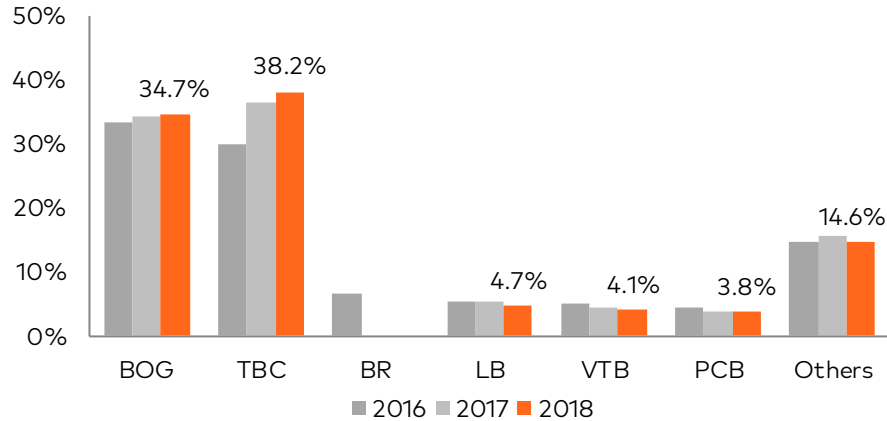
** 2Q18 results adjusted for GEL 30.3mln demerger related costs, GEL 8.0mln demerger related corporate income tax gain, and GEL 30.3mln one-off impact of re-measurement of deferred tax balances

THE COMPETITION

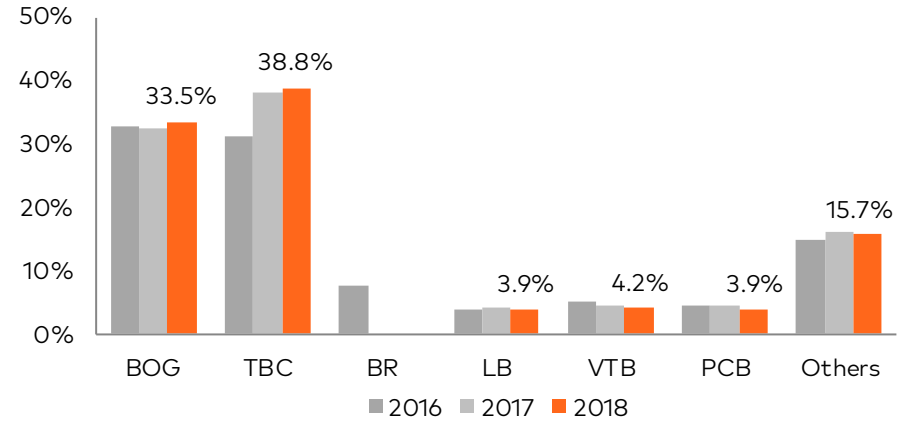
Leading market position in Georgia by assets (34.7%), loans (33.5%), client deposits (33.9%) and equity (29.2%)



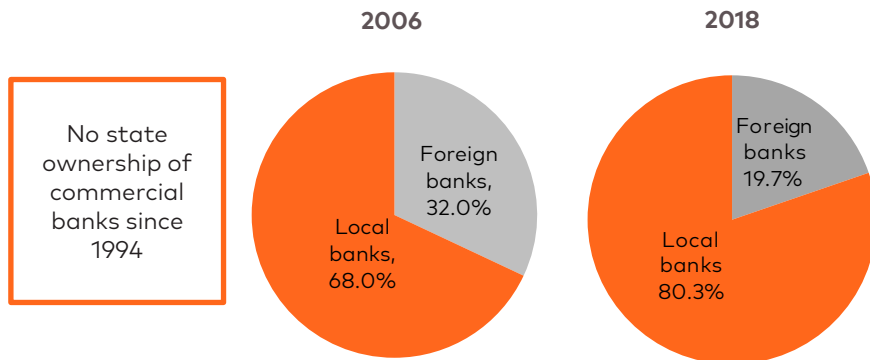
Peer group's market share in total assets



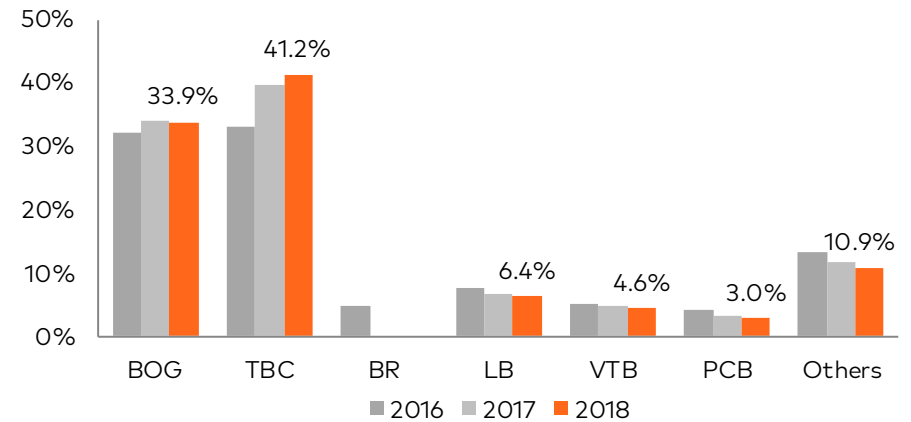
Peer group's market share in gross loans



Foreign banks market share by assets



Peer group's market share in client deposits

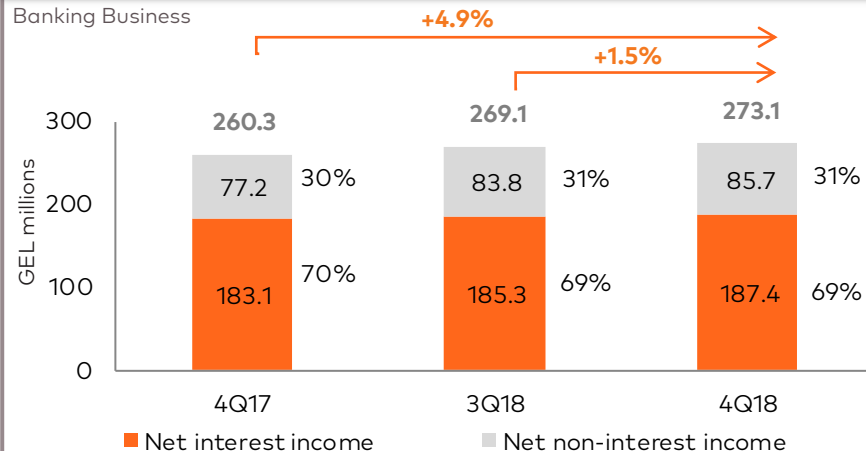


STRONG UNDERLYING PERFORMANCE



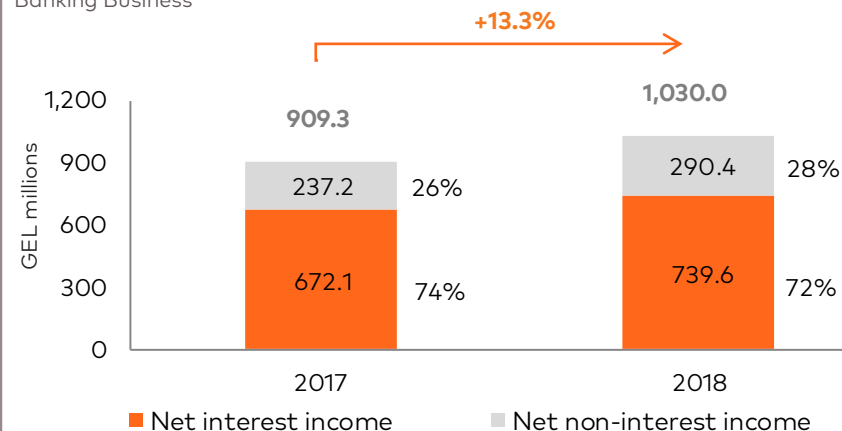
Revenue growth | quarterly

Banking Business



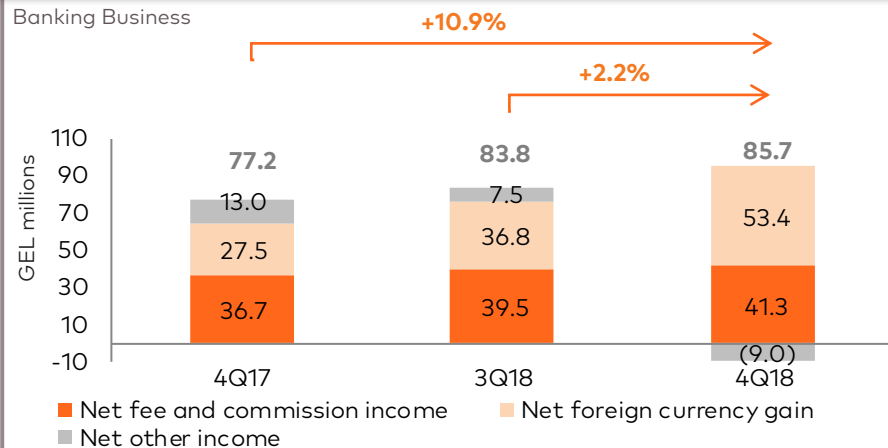
Revenue growth | full-year

Banking Business



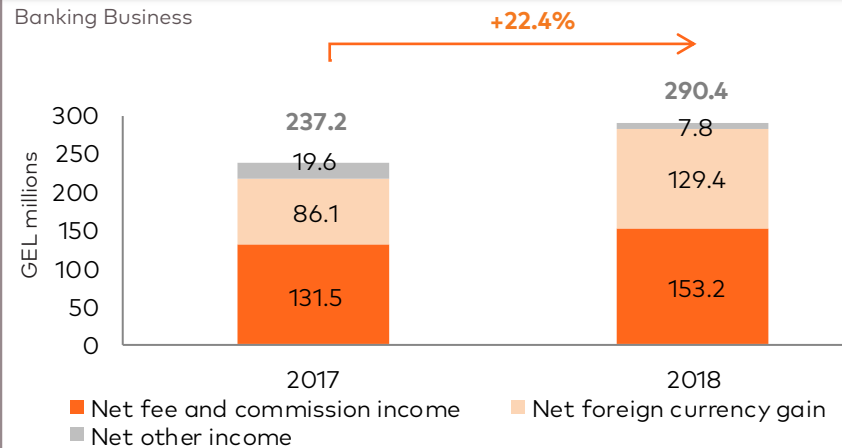
Net non-interest income | quarterly

Banking Business



Net non-interest income | full-year

Banking Business

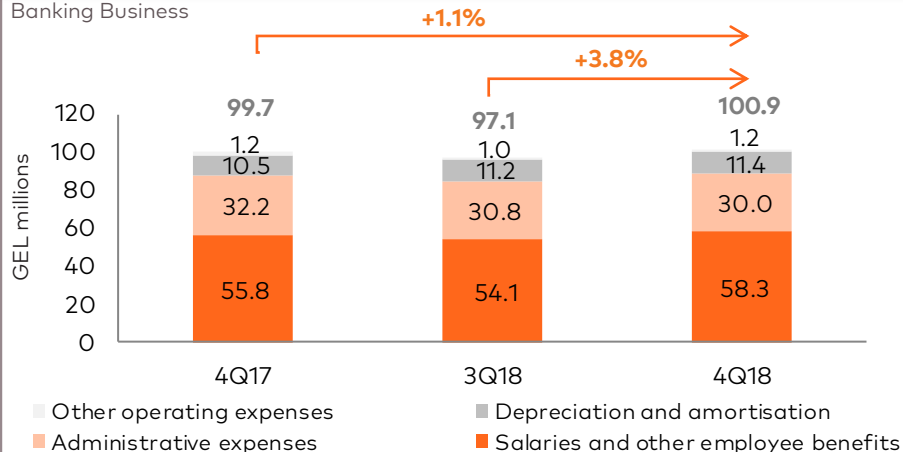


STRONG UNDERLYING PERFORMANCE



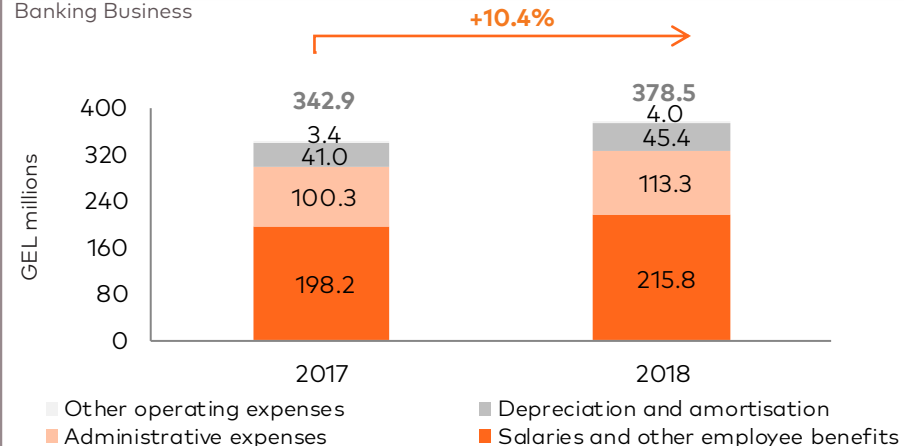
Operating expenses | quarterly

Banking Business



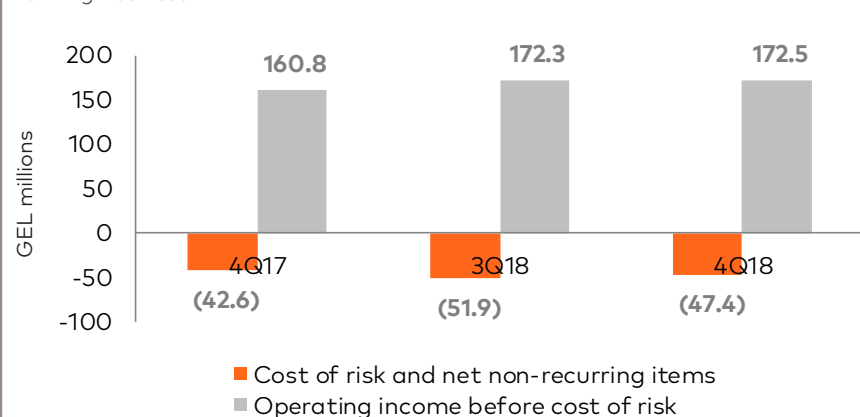
Operating expenses | full-year

Banking Business



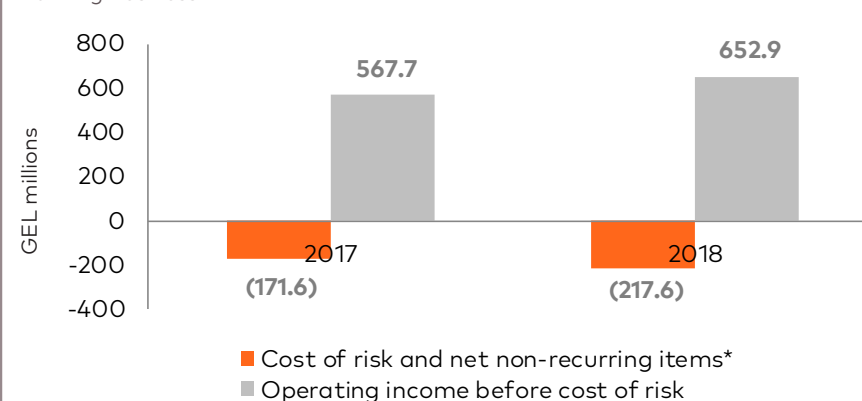
Operating income before cost of risk | quarterly

Banking Business



Operating income before cost of risk | full-year

Banking Business



BANK OF GEORGIA

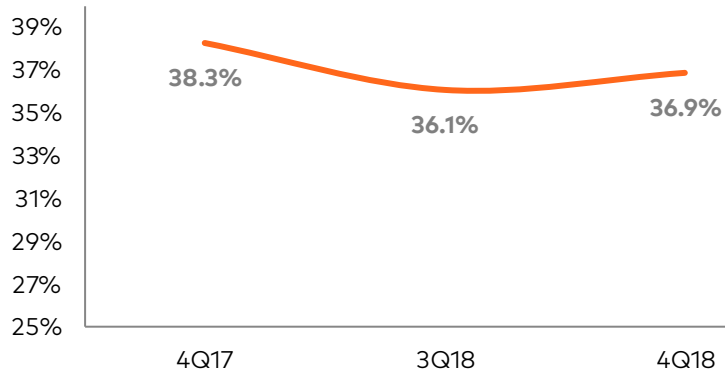
* 2018 net non-recurring items include GEL 30.3mln demerger related costs

FOCUS ON EFFICIENCY



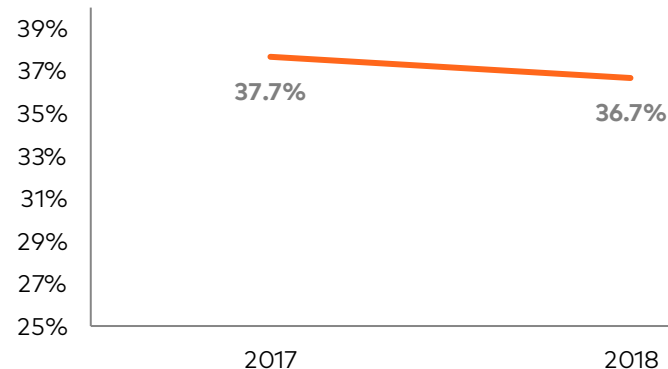
Cost / Income | quarterly

Banking Business



Cost / Income | full-year

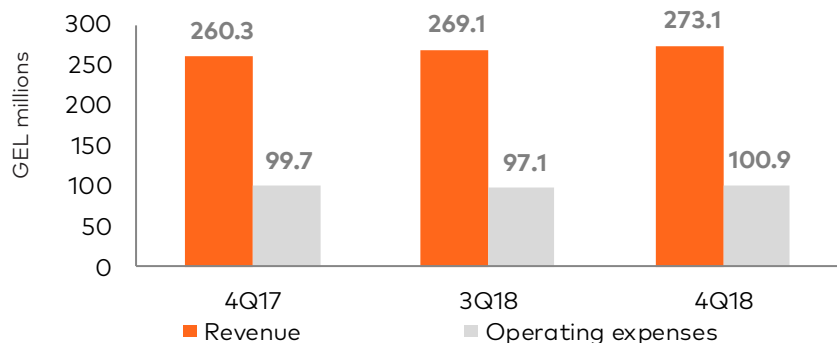
Banking Business



Revenue and operating expenses | quarterly

Banking Business

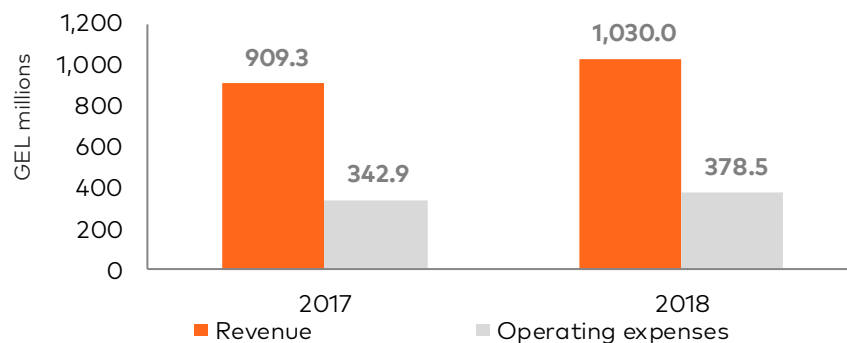
Operating Leverage: +3.8% y-o-y



Revenue and operating expenses | full-year

Banking Business

Operating Leverage: +2.9% y-o-y

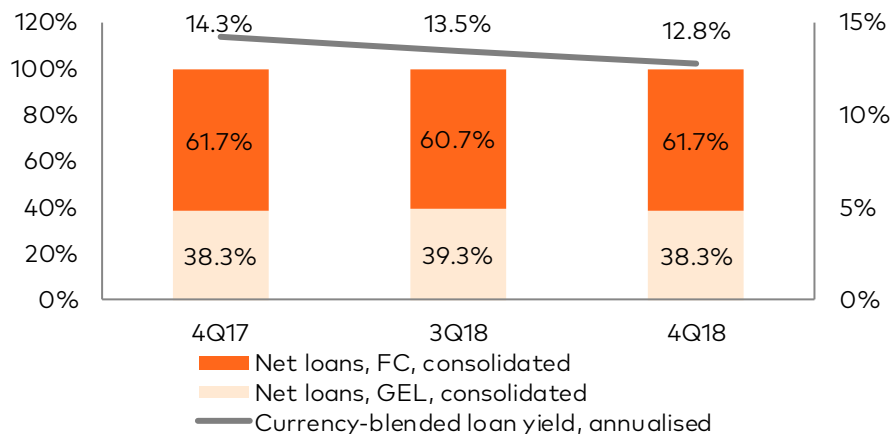


GROWING INCOME NOTWITHSTANDING THE PRESSURE ON YIELDS



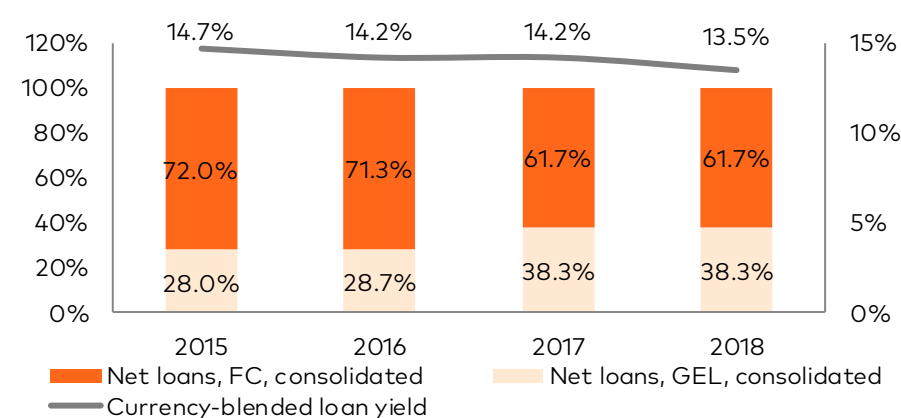
Loan Yields | quarterly

Banking Business



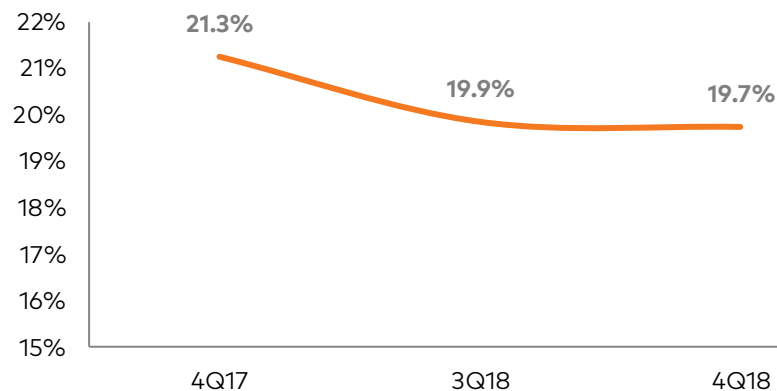
Loan Yields | full-year

Banking Business



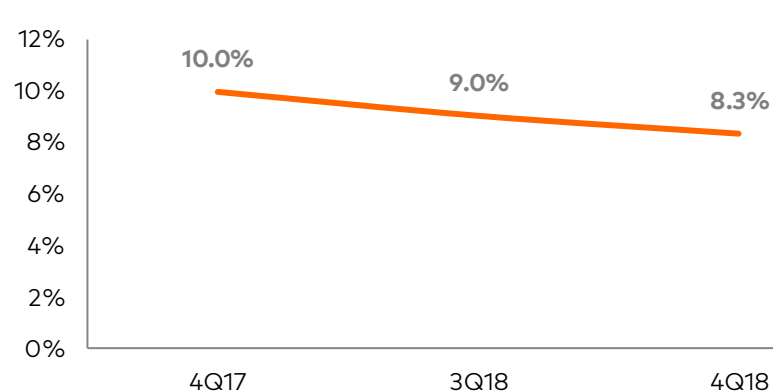
Loan Yields, Local currency | quarterly

Banking Business



Loan Yields, Foreign currency | quarterly

Banking Business

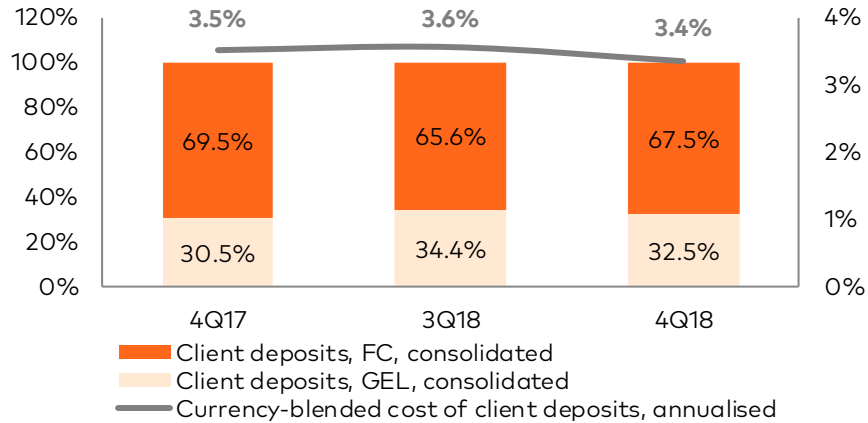


STABLE COST OF FUNDING



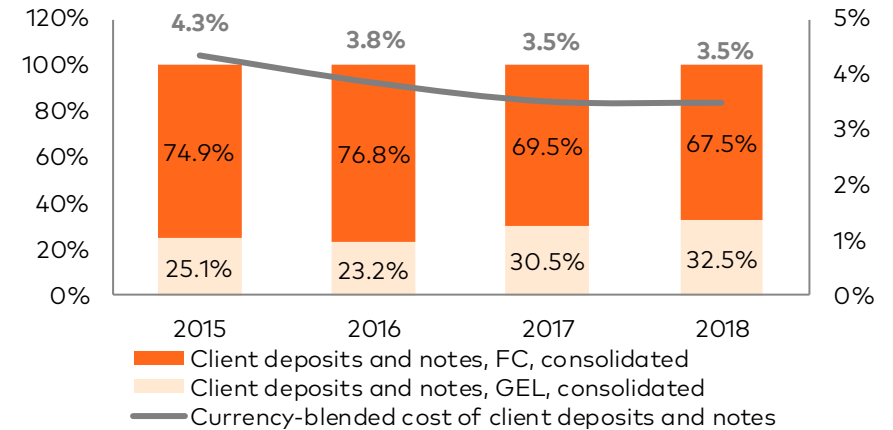
Cost of Customer Funds | quarterly

Banking Business



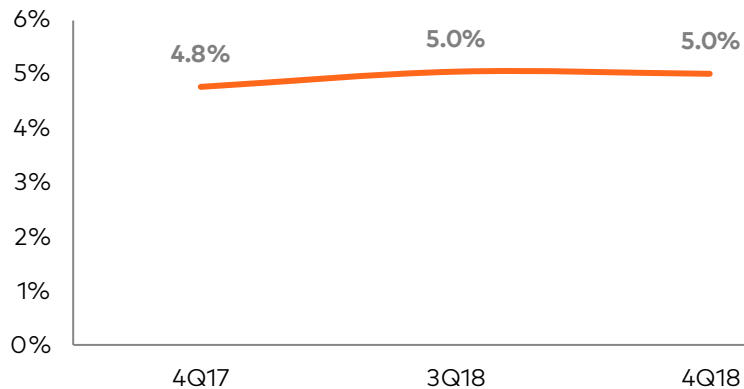
Cost of Customer Funds | full-year

Banking Business



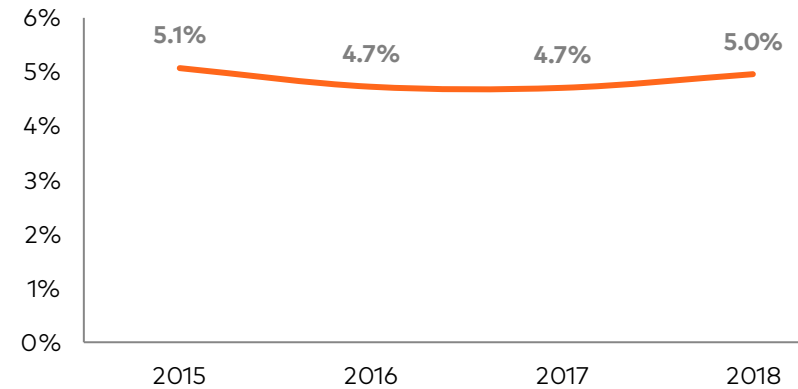
Cost of Funds | quarterly

Banking Business



Cost of Funds | full-year

Banking Business



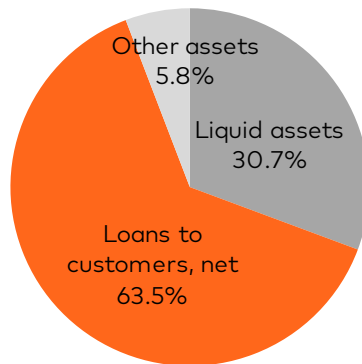
DIVERSIFIED ASSET STRUCTURE AND LOAN PORTFOLIO



Total asset structure | 31 December 2018

Banking Business

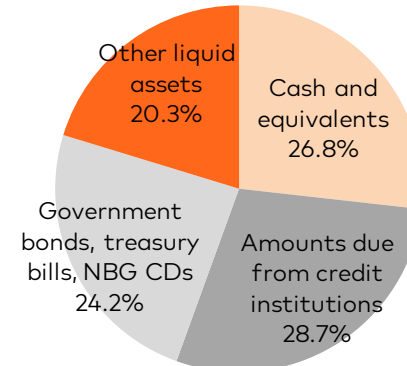
Total: **GEL 14.8bln**



Liquid assets | 31 December 2018

Banking Business

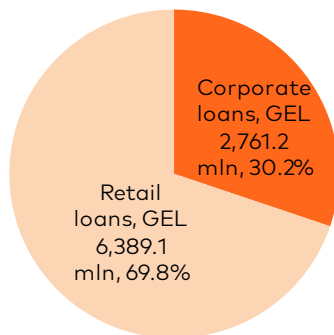
Total: **GEL 4.5bln**



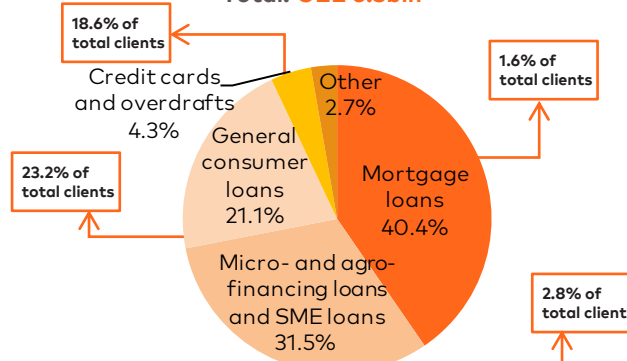
Loans breakdown | 31 December 2018

Bank of Georgia
Standalone

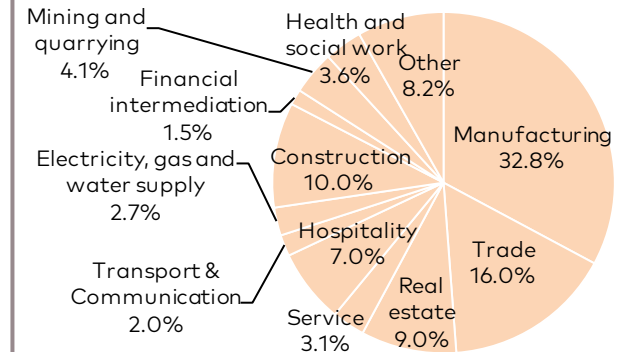
Total Gross Loans breakdown by segments Total: **GEL 9.2bln**



Retail Banking Net Loans breakdown by product Total: **GEL 6.3bln**



Corporate Investment Banking Gross Loans breakdown by sectors Total: **GEL 2.8bln**

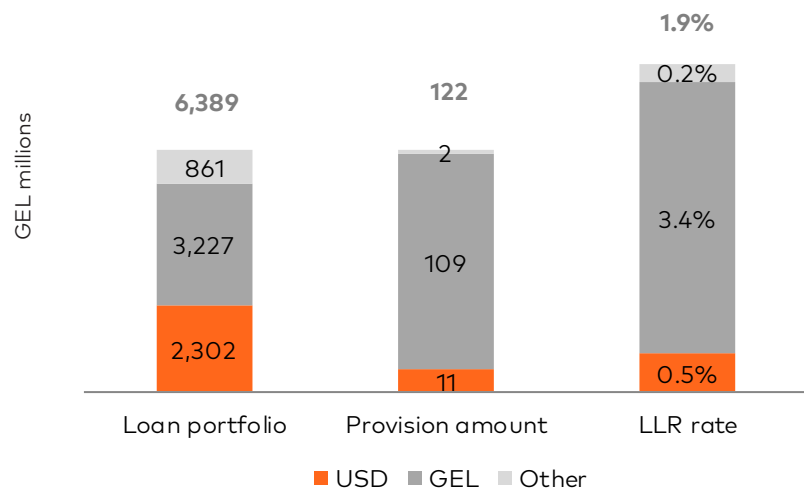


LOAN PORTFOLIO BREAKDOWN



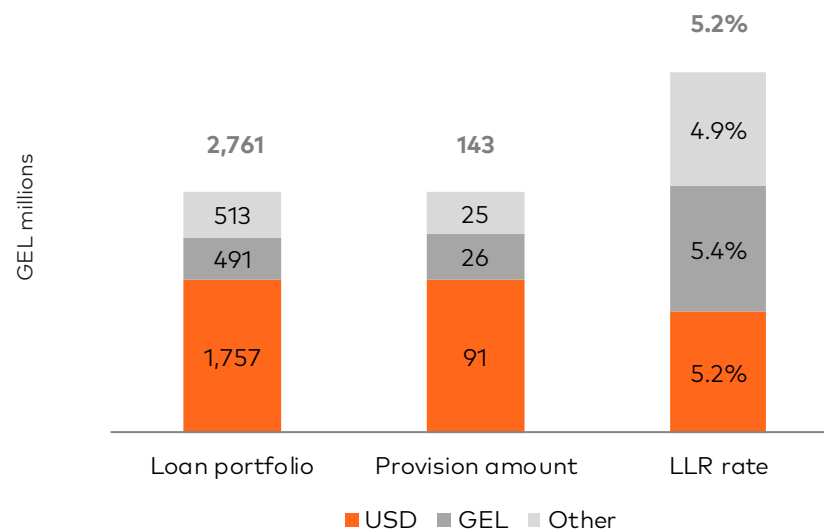
Retail Banking | 31 Dec 2018

JSC Bank of Georgia standalone



Corporate Investment Banking | 31 Dec 2018

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*	4,088	64.0%	1,235	1,614	1,239
USD loans with USD income	397	6.2%	316	56	25
USD loans with non-USD income	1,905	29.8%	988	175	741
Total	6,389	100.0%	2,539	1,845	2,005

* Includes credit cards

Amounts in GEL millions	CB & WM Loan portfolio	% of total CB loan portfolio
GEL and other currency loans*	1,004	36.4%
USD loans with USD income	1,058	38.3%
USD loans with non-USD income	699	25.3%
Total	2,761	100.0%

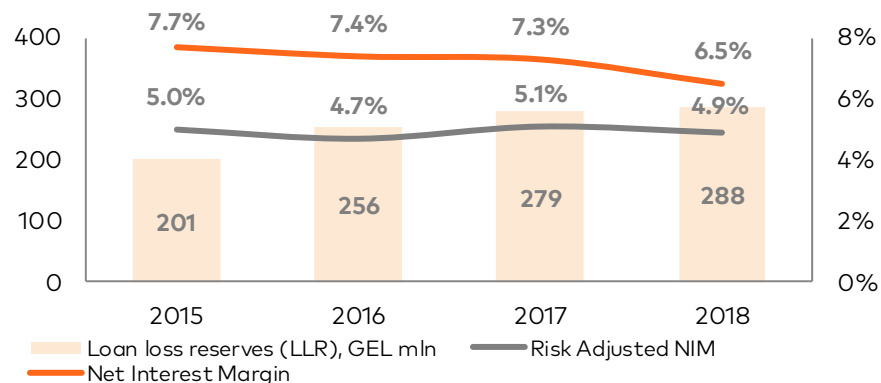
Note: Standalone figures derived from management accounts

RESILIENT LOAN PORTFOLIO QUALITY



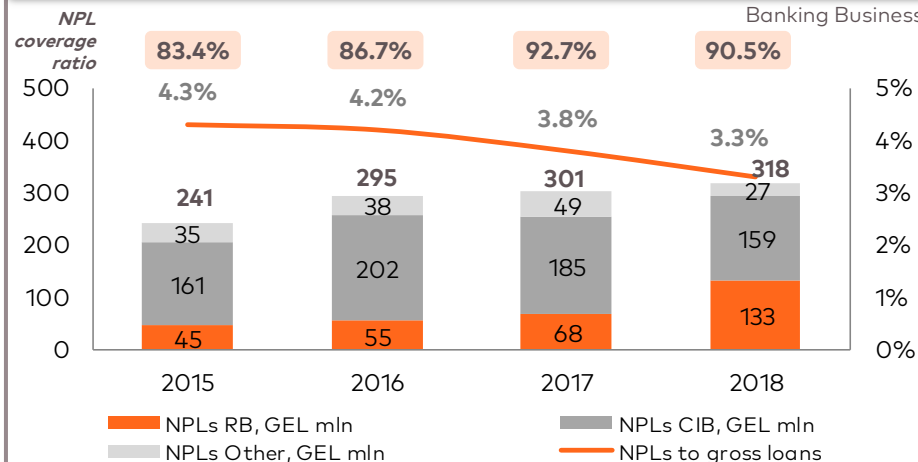
Loan loss reserve and NIM

Banking Business



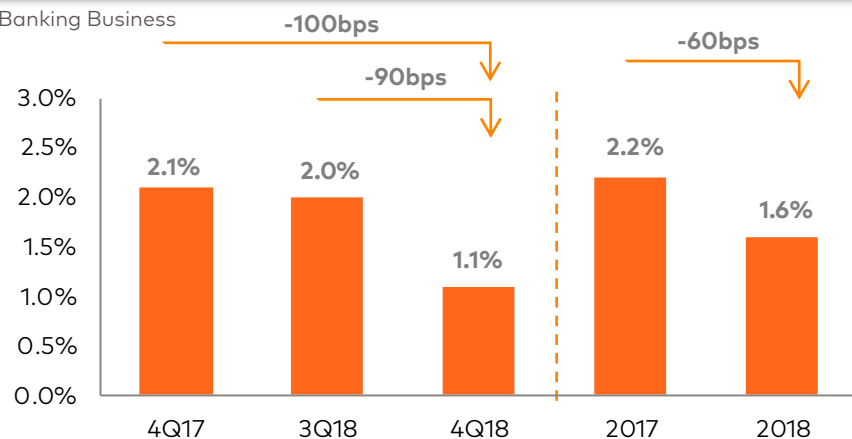
NPL composition

Banking Business



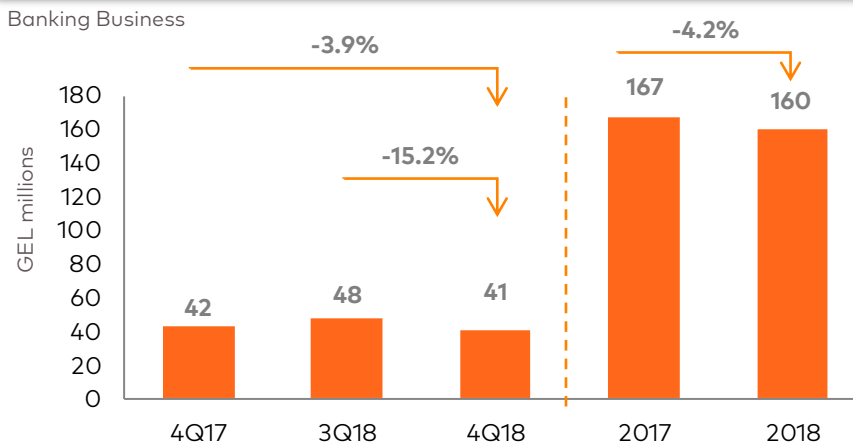
Cost of Credit Risk

Banking Business



Cost of Risk

Banking Business

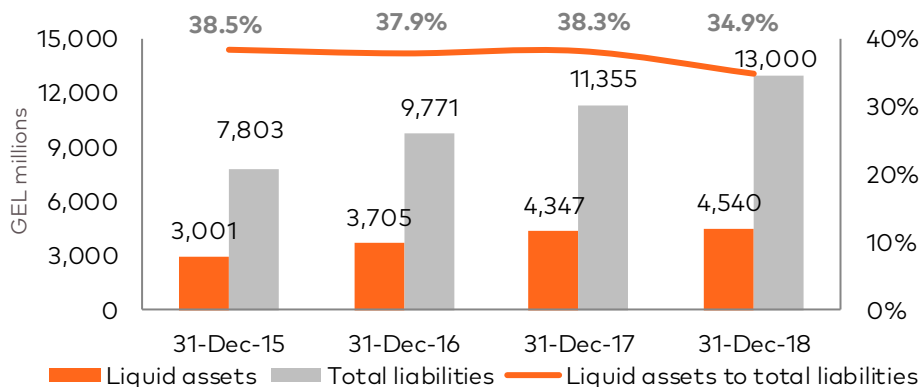


STRONG LIQUIDITY



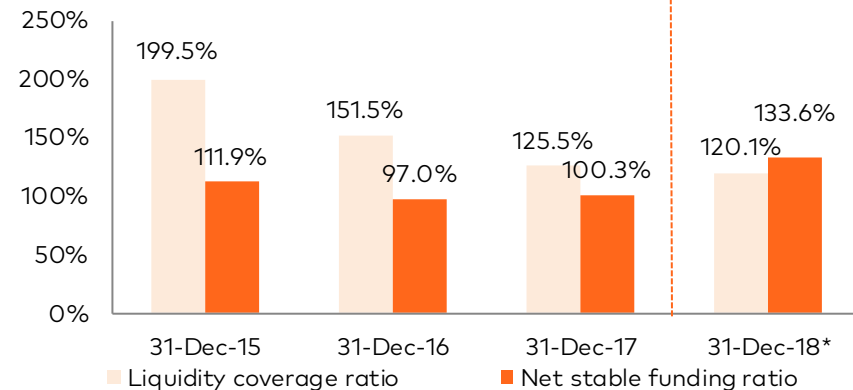
Liquid assets to total liabilities

Banking Business



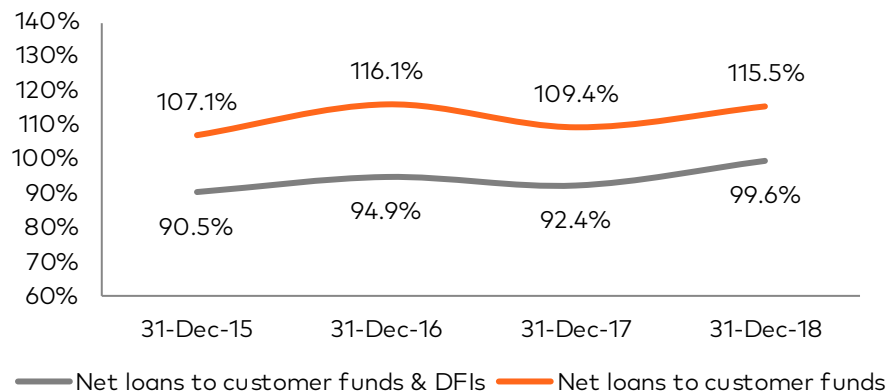
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone (Basel III Liquidity)



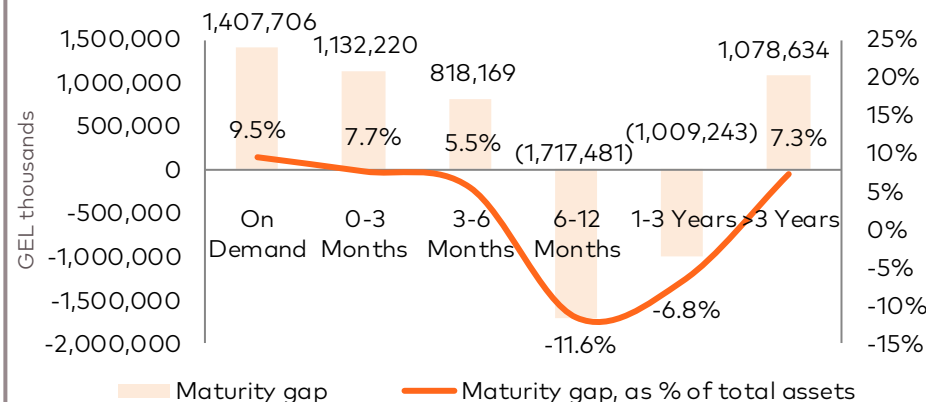
Net loans to customer funds & DFI

Banking Business



Cumulative maturity gap | 31 December 2018

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%

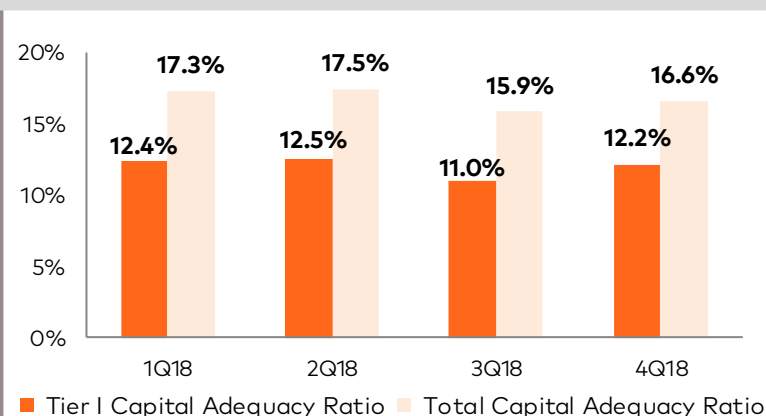
- Credit Portfolio Concentration buffer**, effective from 1 April 2018 and phased in over the four year period on different levels of capital according to the above schedule
- Net Stress Test buffer** effective from 1 January 2020
- In the view of above, Bank of Georgia became subject to the following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

	31-Dec-17	31-Dec-18	31-Dec-19 Estimate*	31-Dec-20 Estimate*	Fully Loaded range* from 31-Dec-21
CET 1	8.1%	9.5%	10.4%	11.1%	11.1% - 11.8%
Tier 1	9.9%	11.4%	12.5%	13.3%	13.2% - 14.1%
Total Capital	12.4%	15.9%	16.5%	16.7%	16.0% - 17.1%

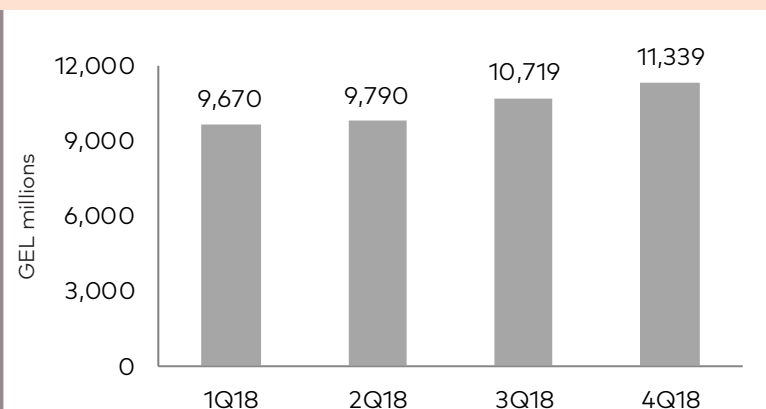
* Indicated minimum capital adequacy ratios contain Pillar 1 and Pillar 2 buffer estimates. Range provides our best minimum and maximum estimates of the variable buffers

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



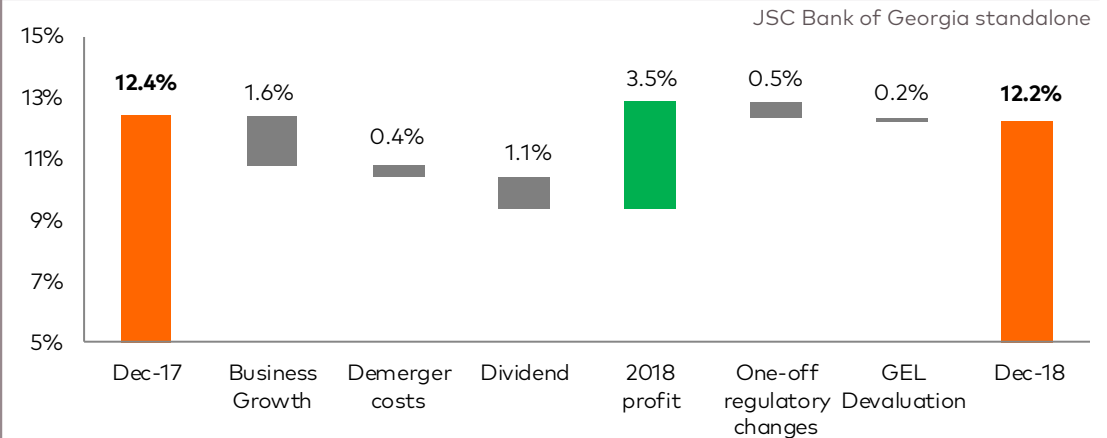
STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



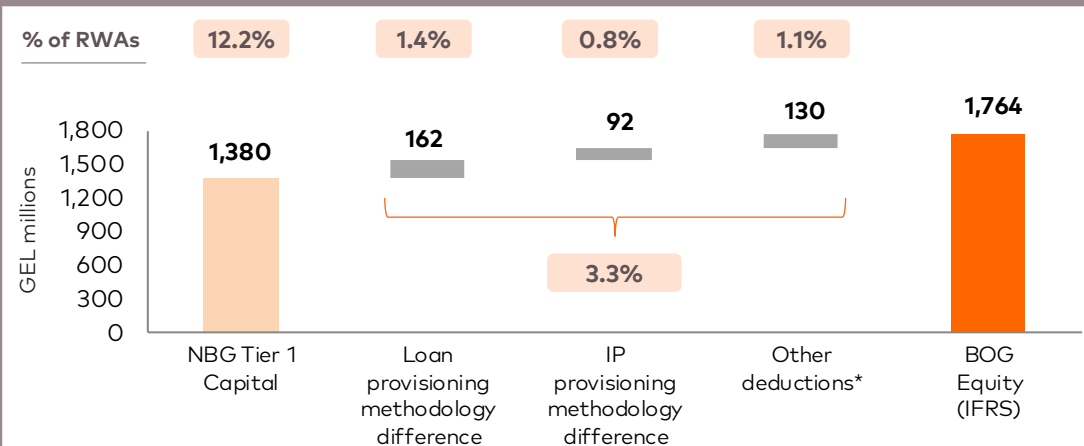
Capital Management

- **Fully-loaded Common Equity Tier 1 (CET1) minimum requirement already achieved**
 - CET1 ratio stood at **12.2%** compared to **9.5%** minimum requirement at 31 December 2018, and already above the estimated fully-loaded CET1 requirement range of 11.1% to 11.8% for 31 December 2021
- **Capital Adequacy**
 - Robust internal capital generation of **c. 350bps** per annum
 - Existing additional capital buffers (within **c. 2.2% of RWAs**) reflecting differences in provisioning between NBG methodology and IFRS 9
- **Capital Buffer**
 - We aim to maintain **c.+200bps over** minimum regulatory requirements
- **Optimise Capital Structure**
 - NBG regulation now enables AT1 issuance in US Dollars. This can add currency diversification to our capital structure and is a natural hedge against balance sheet dollarisation

Tier 1 Capital Adequacy Ratio Evolution



BOG Equity vs. Tier 1 Regulatory Capital | 31 Dec 2018



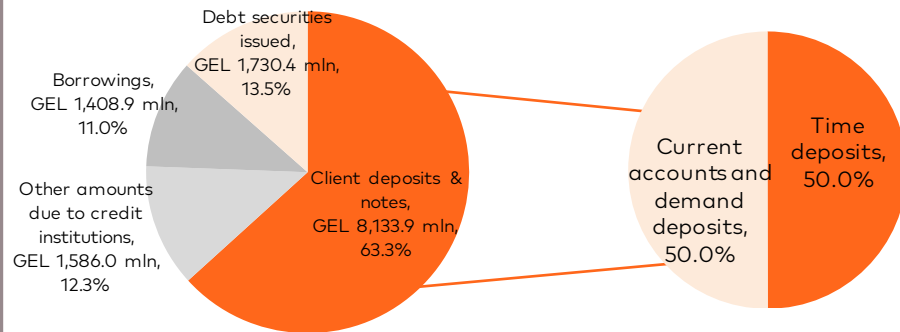
WELL-ESTABLISHED FUNDING STRUCTURE



Interest Bearing Liability structure | 31 December 18

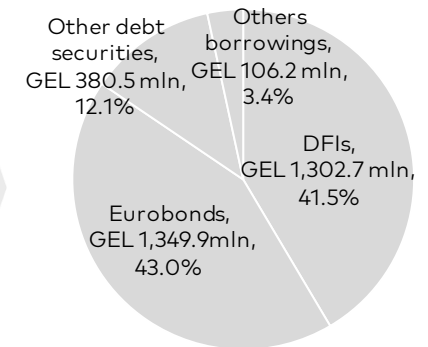
Banking Business

Interest Bearing Liabilities **GEL 13.0bln**



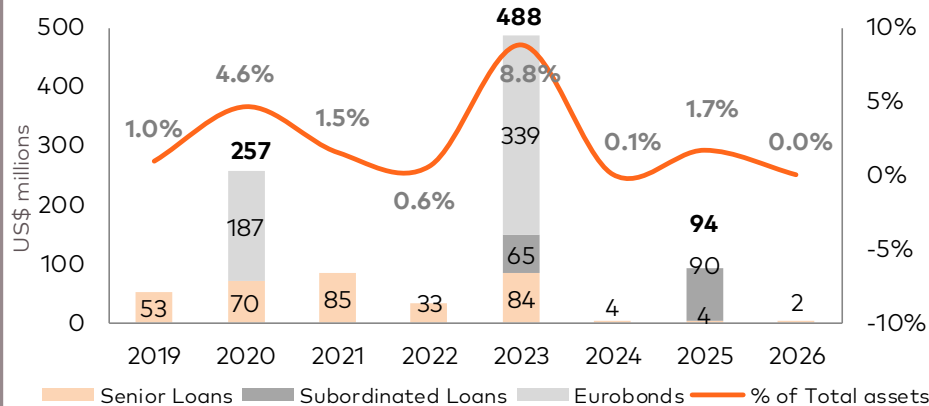
Well diversified international borrowings | 4Q18

Banking Business



Borrowed funds maturity breakdown*

Banking Business



Highlights for 2018

- Banking Business has a well-balanced funding structure with 63.3% of interest bearing liabilities coming from client deposits and notes, 10.1% from Developmental Financial Institutions (DFIs) and 10.5% from Eurobonds and notes issued, as of 31 December 2018
- 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, etc.
- As of 31 December 2018, GEL 150 million undrawn facilities from DFIs with up to eight 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 6.271%** on 11 February 2019
- In June 2017, BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. Bonds were trading at 10.550%** on 11 February 2019



BANK OF GEORGIA

* converted at GEL/US\$ exchange rate of 2.6766 as of 31 December 2018

** source: Bloomberg

RETAIL BANKING HIGHLIGHTS



Data as at 31 December 2018 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	539 _k	1,663 _k	44 _k	195 _k
Loans	GEL 306 _{mln}	GEL 2,091 _{mln}	GEL 1,816 _{mln}	GEL 2,176 _{mln}
Deposits	GEL 218 _{mln}	GEL 1,766 _{mln}	GEL 1,691 _{mln}	GEL 664 _{mln}
2018 Profit*	GEL 40 _{mln}	GEL 109 _{mln}	GEL 56 _{mln}	GEL 79 _{mln}
Profit per client*	GEL 75	GEL 67	GEL 1,455	GEL 440
P/C ratio	3.3	1.7	5.4	1.4
Branches	165	94	12	n/a



RETAIL BANKING HIGHLIGHTS

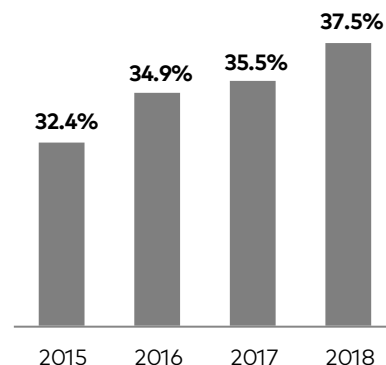


Income Statement Highlights

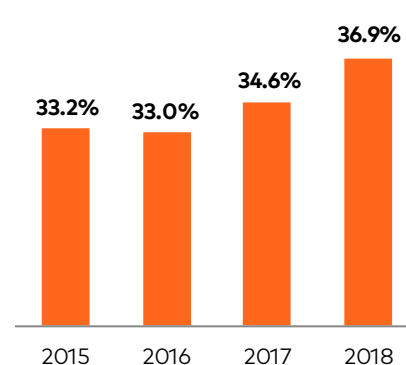
<i>GEL thousands unless otherwise noted</i>	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	2018	2017	Change y-o-y
Net interest income	136,894	134,517	1.8%	136,040	0.6%	546,872	480,955	13.7%
Net fee and commission income	32,915	28,511	15.4%	30,651	7.4%	118,858	99,790	19.1%
Net foreign currency gain	24,047	8,407	NMF	17,381	38.4%	56,358	28,937	94.8%
Net other income / (expense)	(5,420)	4,531	NMF	2,022	NMF	1,371	5,029	-72.7%
Revenue	188,436	175,966	7.1%	186,094	1.3%	723,459	614,711	17.7%
Salaries and other employee benefits	(37,053)	(35,778)	3.6%	(34,830)	6.4%	(138,635)	(125,668)	10.3%
Administrative expenses	(21,620)	(22,461)	-3.7%	(22,619)	-4.4%	(84,323)	(72,464)	16.4%
Depreciation and amortisation	(9,857)	(9,020)	9.3%	(9,556)	3.1%	(39,133)	(34,741)	12.6%
Other operating expenses	(637)	(1,098)	-42.0%	(592)	7.6%	(2,333)	(2,279)	2.4%
Operating expenses	(69,167)	(68,357)	1.2%	(67,597)	2.3%	(264,424)	(235,152)	12.4%
Profit from associate	318	255	24.7%	326	-2.5%	1,339	1,311	0.0%
Operating income before cost of risk	119,587	107,864	10.9%	118,823	0.6%	460,374	380,870	20.9%
Cost of risk	(37,487)	(22,867)	63.9%	(35,155)	6.6%	(130,714)	(110,800)	18.0%
Profit before non-recurring items and income tax	82,100	84,997	-3.4%	83,668	-1.9%	329,660	270,070	22.1%
Net non-recurring items	(4,088)	(74)	NMF	(1,947)	110.0%	(35,110)	(2,358)	NMF
Profit before income tax	78,012	84,923	-8.1%	81,721	-4.5%	294,550	267,712	10.0%
Income tax expense	(5,785)	(7,335)	-21.1%	(5,998)	-3.6%	(36,292)	(18,046)	101.1%
Profit	72,227	77,588	-6.9%	75,723	-4.6%	258,258	249,666	3.4%

Market Position*

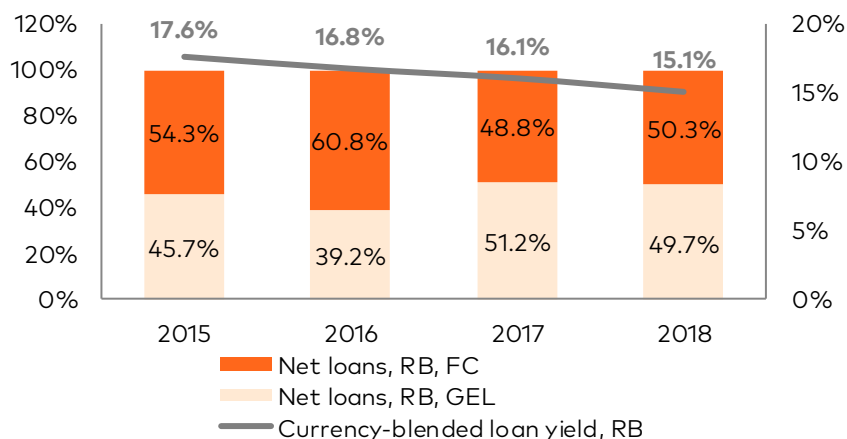
Market Share by Loans



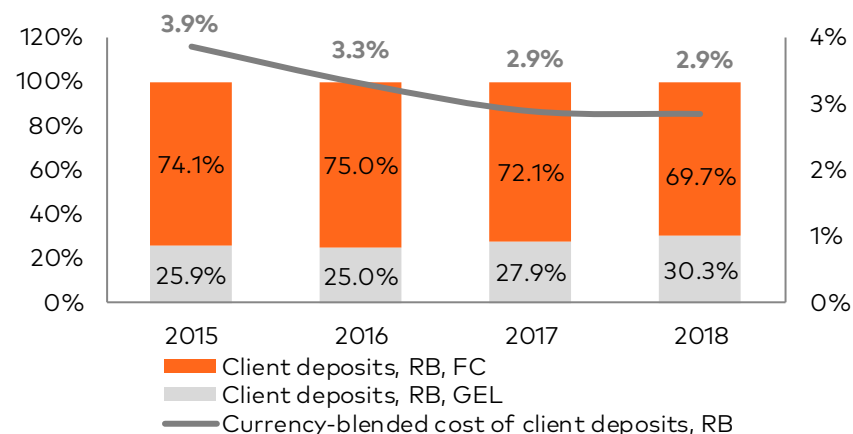
Market Share by Deposits



Loan Yield



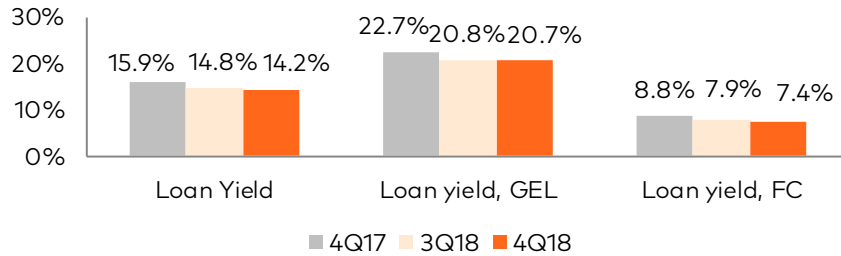
Deposit Cost



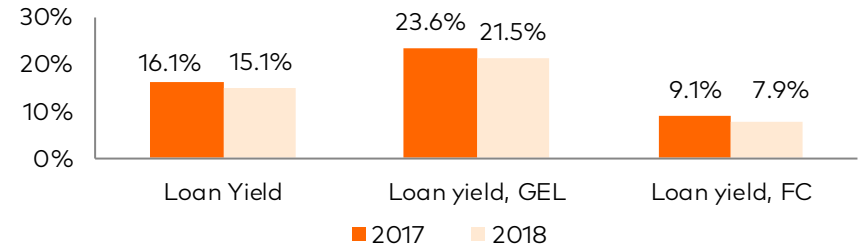
RETAIL BANKING LOAN YIELD, COST OF DEPOSITS & NIM



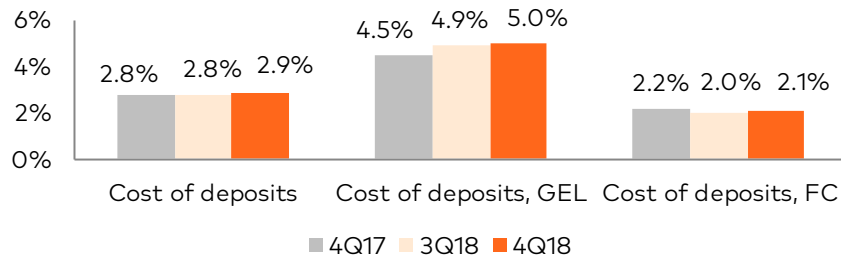
RB Loan Yield I quarterly



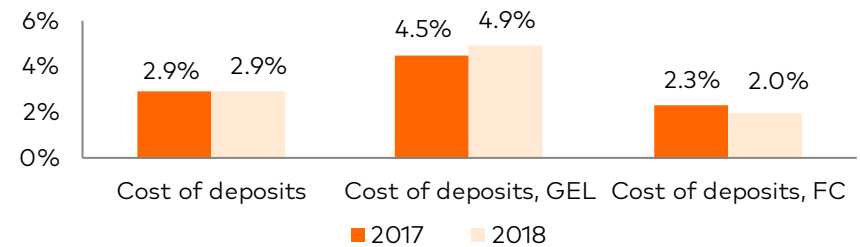
RB Loan Yield I full-year



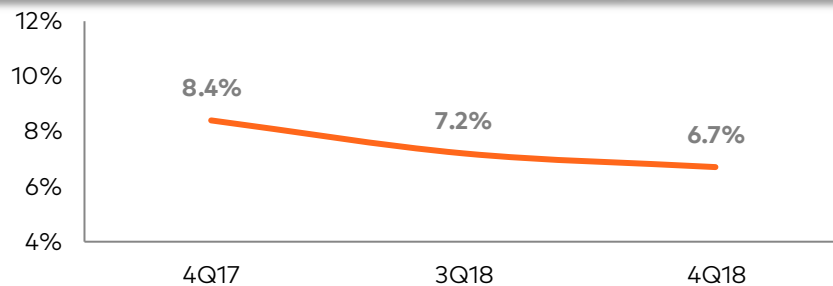
RB Cost of Deposit I quarterly



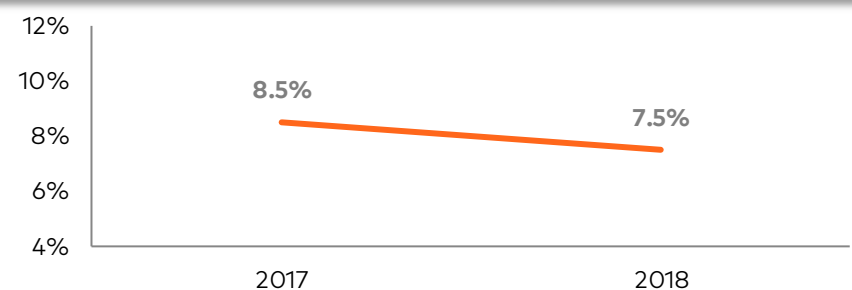
RB Cost of Deposit I full-year



RB NIM I quarterly



RB NIM I full-year



RETAIL BANKING - LEADING RETAIL BANK IN GEORGIA



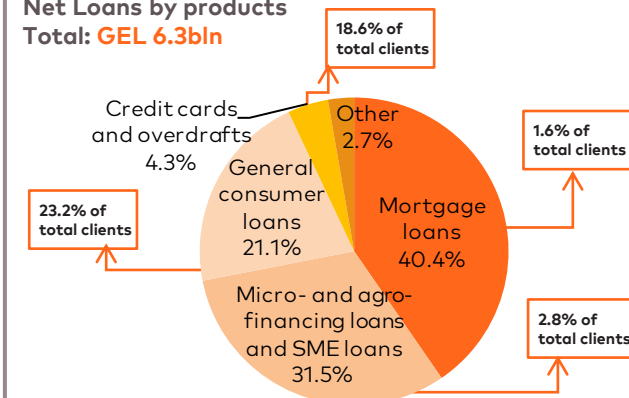
RB Client Data

Operating Data, GEL mln	2018	% of clients	2017	2016	2015
Number of total Retail clients, of which:	2,440,754		2,315,038	2,141,229	1,999,869
Number of Solo clients	44,292	1.8%	32,104	19,267	11,869
Consumer loans & other outstanding, volume	1,555		1,480	1,104	836
Consumer loans & other outstanding, number	566,740	23.2%	738,694	647,441	625,458
Mortgage loans outstanding, volume	2,539		1,706	1,228	809
Mortgage loans outstanding, number	39,007	1.6%	26,643	16,300	12,857
Micro & SME loans outstanding, volume	2,005		1,637	1,346	904
Micro & SME loans outstanding, number	68,832	2.8%	53,732	36,379	19,045
Credit cards and overdrafts outstanding, volume	290		308	291	306
Credit cards and overdrafts outstanding, number	454,512	18.6%	480,105	442,487	435,010
Credit cards outstanding, number, of which:	547,038	22.4%	673,573	800,621	754,274
American Express cards	105,899	4.3%	97,178	79,567	100,515

RB Portfolio | 31 Dec 2018

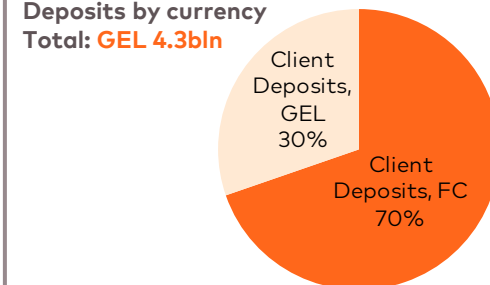
Net Loans by products

Total: **GEL 6.3bln**



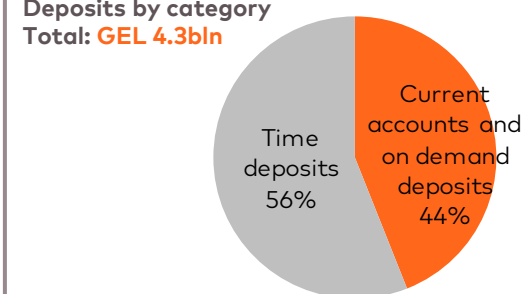
Deposits by currency

Total: **GEL 4.3bln**



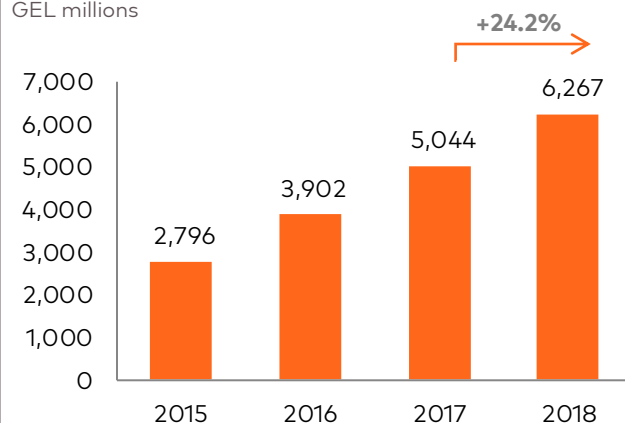
Deposits by category

Total: **GEL 4.3bln**



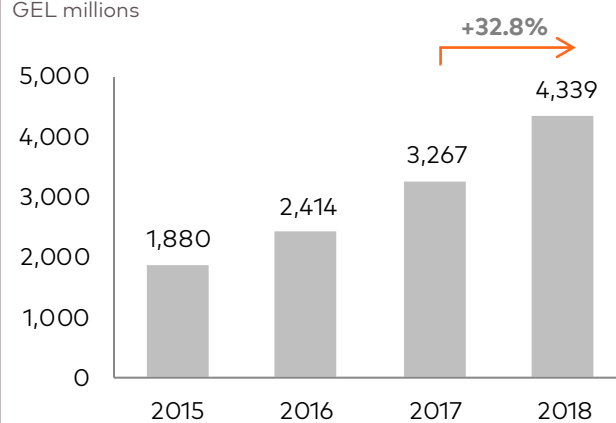
RB Loans

GEL millions



RB Deposits

GEL millions



BANK OF GEORGIA

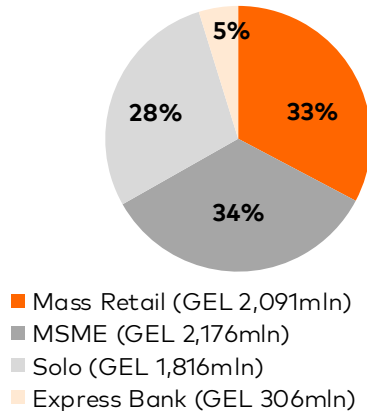
RETAIL BANKING FINANCIAL DATA



Balance Sheet | 31 December 2018

JSC Bank of Georgia Standalone

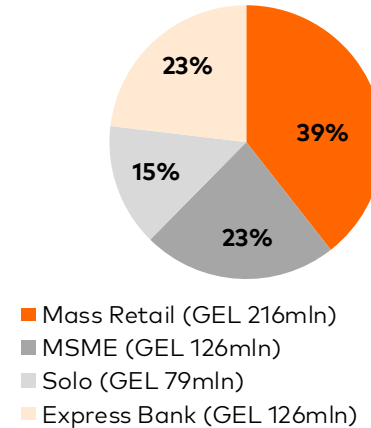
Total Gross Loans
GEL 6,389mln



Income Statement | 2018

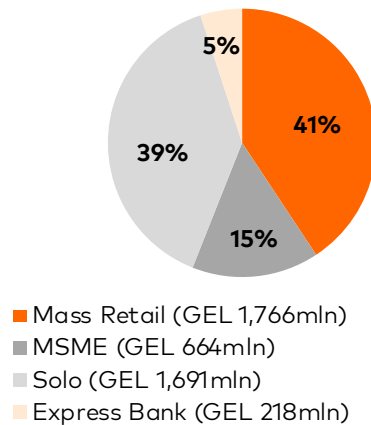
JSC Bank of Georgia Standalone

Net Interest Income
GEL 547mln



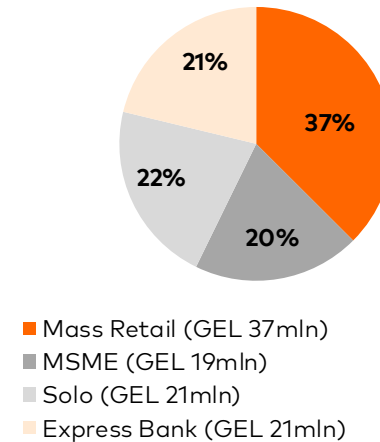
JSC Bank of Georgia Standalone

Total Deposits
GEL 4,339mln



JSC Bank of Georgia Standalone

Net Fee & Commission Income
GEL 98mln

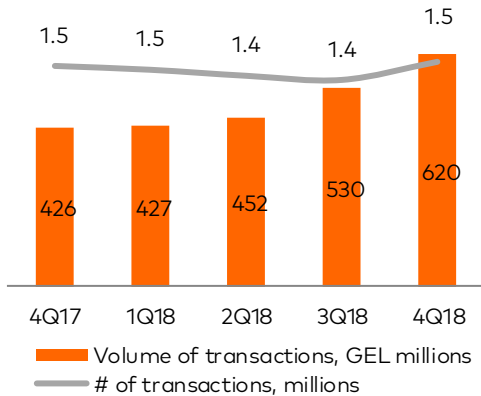


RETAIL BANKING – DIGITAL PENETRATION

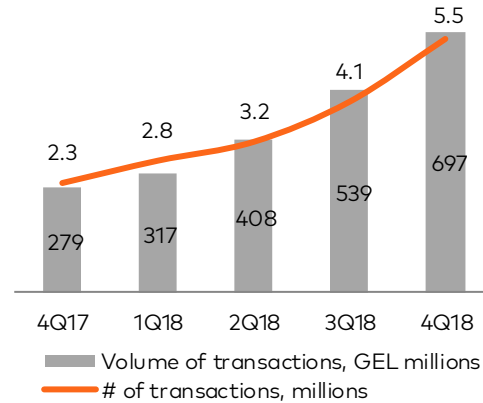


Digital Channel Statistics

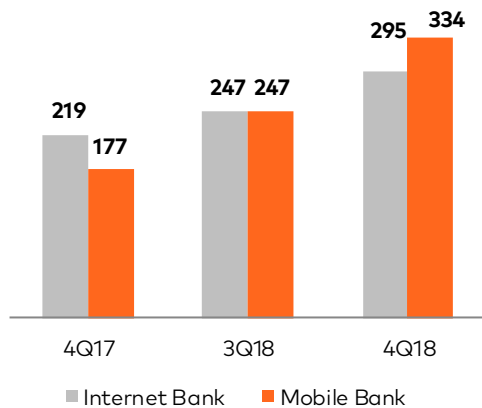
Internet Bank Transactions



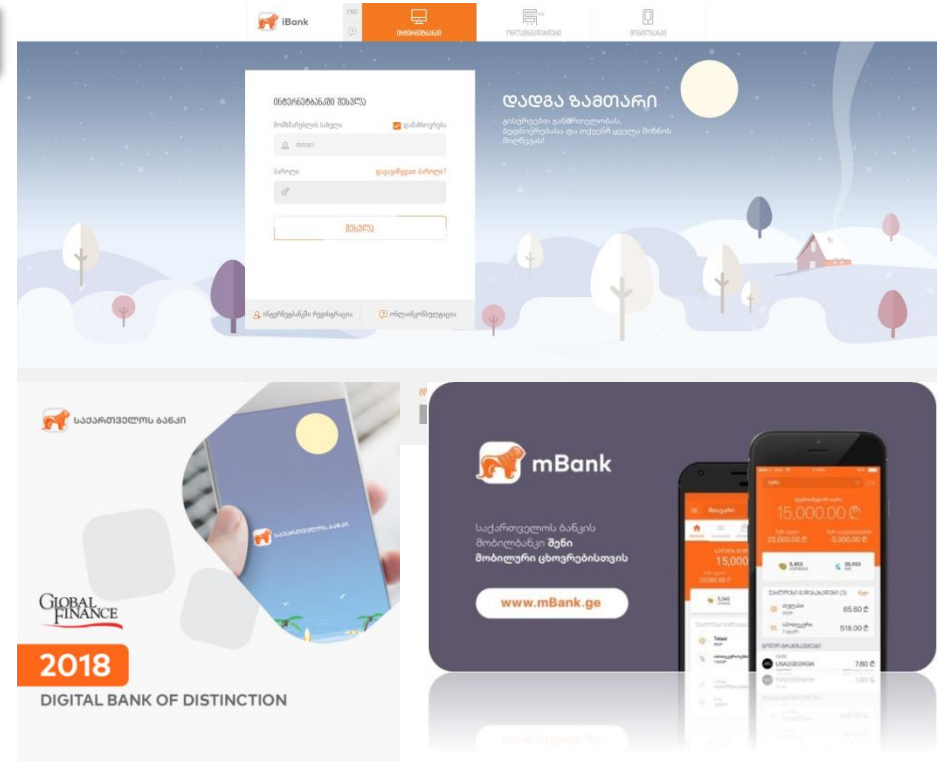
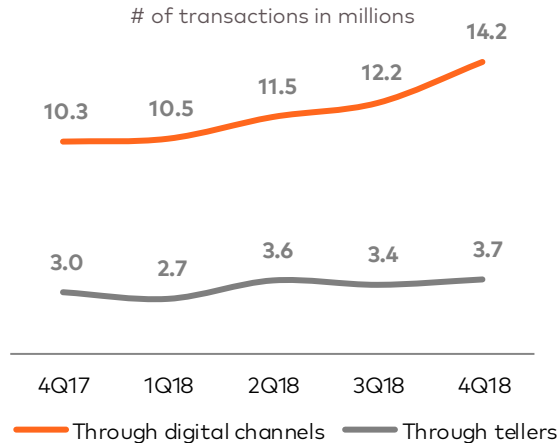
Mobile Bank Transactions



Number of Active Users | '000

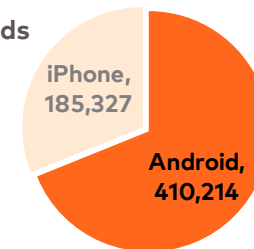


Digital vs. Non-digital Transactions



mBank Downloads

595,541 mBank downloads since May 2017



333,850 mBank downloads in 2018

CORPORATE INVESTMENT BANKING HIGHLIGHTS

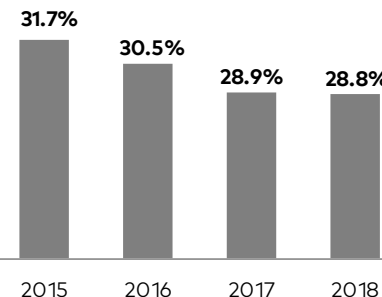


Income Statement Highlights

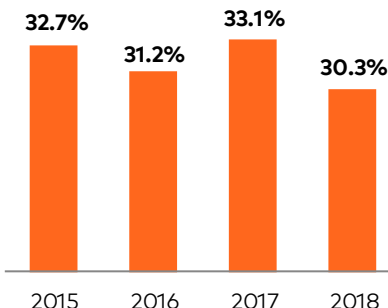
<i>GEL thousands unless otherwise noted</i>	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	2018	2017	Change y-o-y
Net interest income	43,696	42,539	2.7%	42,076	3.9%	165,723	156,171	6.1%
Net fee and commission income	6,939	5,859	18.4%	7,187	-3.5%	26,680	22,717	17.4%
Net foreign currency gain	23,984	15,585	53.9%	13,815	73.6%	54,702	46,276	18.2%
Net other income / (expense)	(3,451)	7,710	NMF	5,276	NMF	6,699	14,256	-53.0%
Revenue	71,168	71,693	-0.7%	68,354	4.1%	253,804	239,420	6.0%
Salaries and other employee benefits	(14,645)	(15,271)	-4.1%	(13,827)	5.9%	(54,792)	(54,573)	0.4%
Administrative expenses	(4,921)	(5,439)	-9.5%	(5,329)	-7.7%	(17,409)	(16,190)	7.5%
Depreciation and amortisation	(1,122)	(1,316)	-14.7%	(1,245)	-9.9%	(4,945)	(5,134)	-3.7%
Other operating expenses	(347)	(228)	52.2%	(431)	-19.5%	(1,175)	(761)	54.4%
Operating expenses	(21,035)	(22,254)	-5.5%	(20,832)	1.0%	(78,321)	(76,658)	2.2%
Operating income before cost of risk	50,133	49,439	1.4%	47,522	5.5%	175,483	162,762	7.8%
Cost of risk	(3,407)	(18,788)	-81.9%	(12,235)	-72.2%	(25,888)	(47,403)	-45.4%
Profit before non-recurring items and income tax	46,726	30,651	52.4%	35,287	32.4%	149,595	115,359	29.7%
Net non-recurring items	(1,711)	(134)	NMF	(775)	120.8%	(13,630)	(1,882)	NMF
Profit before income tax	45,015	30,517	47.5%	34,512	30.4%	135,965	113,477	19.8%
Income tax expense	(3,401)	(2,840)	19.8%	(2,434)	39.7%	(16,827)	(7,584)	121.9%
Profit	41,614	27,677	50.4%	32,078	29.7%	119,138	105,893	12.5%

Market Position*

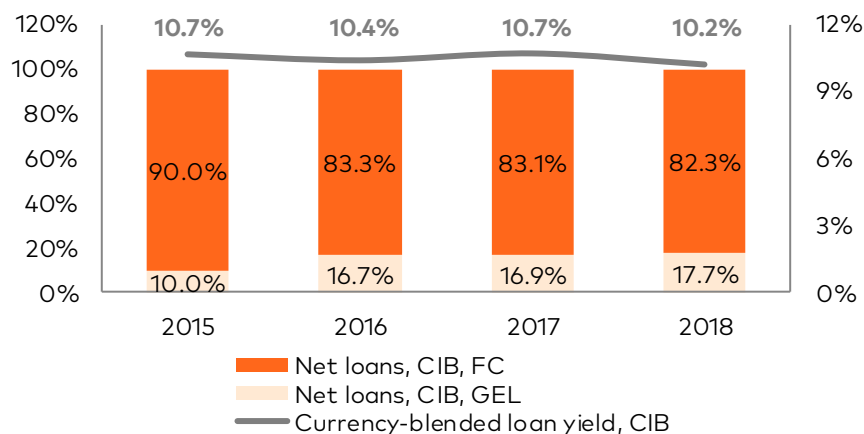
Market Share by Loans



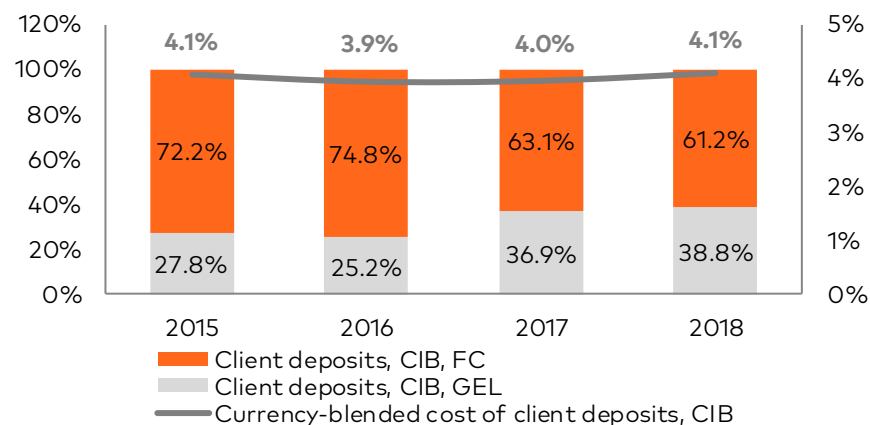
Market Share by Deposits



Loan Yield



Deposit Cost



CORPORATE INVESTMENT BANKING LOAN BOOK & DEPOSITS

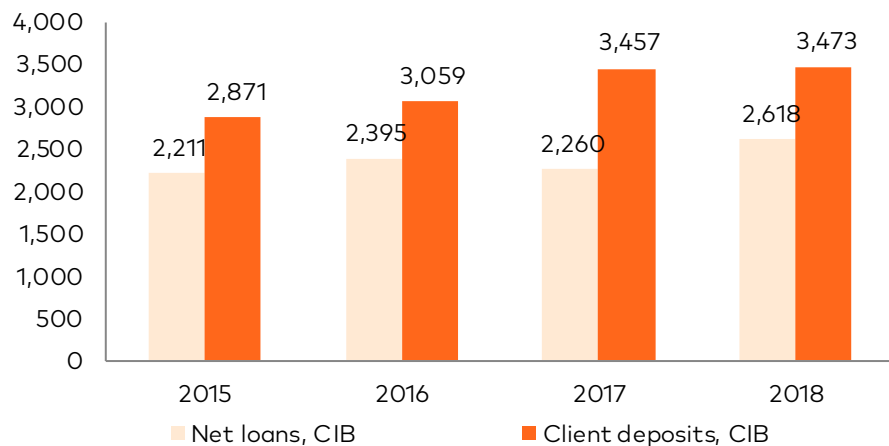


Highlights

- **Leading corporate bank in Georgia**
- Integrated client coverage in key sectors
- **c.2,500** corporate clients served by dedicated relationship bankers

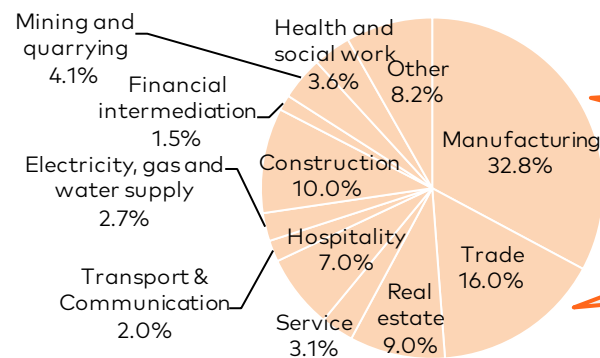
Loans & Deposits

GEL millions



Portfolio breakdown | 31 December 2018

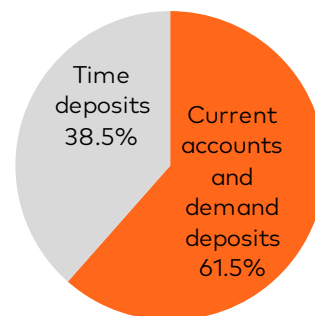
Loans by sectors



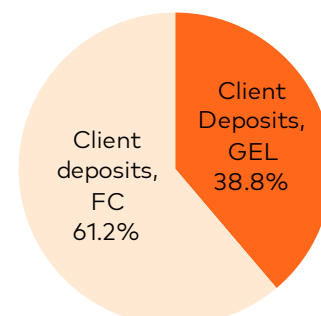
Top 10 CIB borrowers represent **34.5%** of total CIB loan book

Top 20 CIB borrowers represent **49.0%** of total CIB loan book

Deposits by category



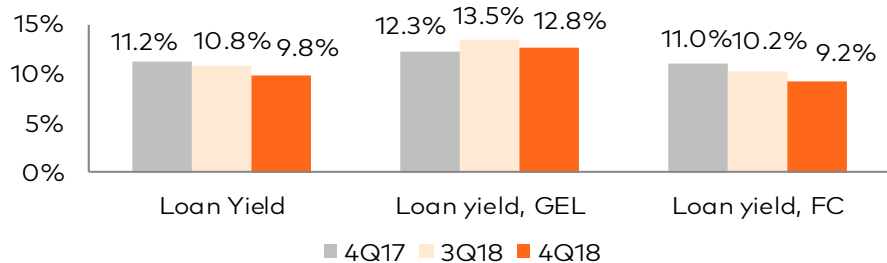
Deposits by currency



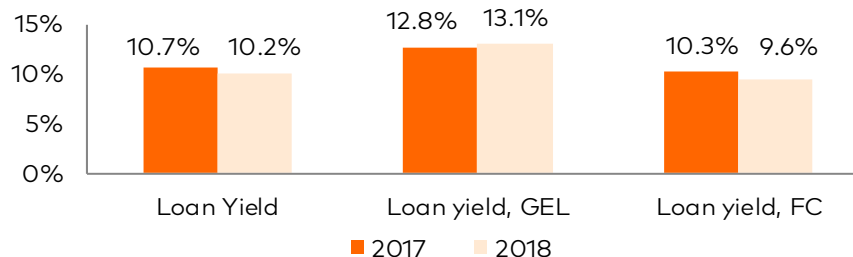
CIB LOAN YIELD, COST OF DEPOSITS & NIM



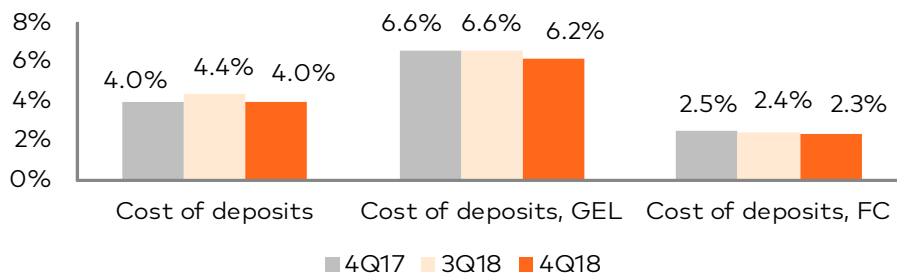
CIB Loan Yield I quarterly



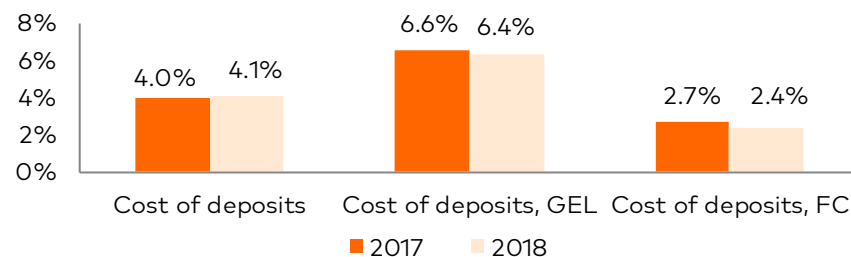
CIB Loan Yield I full-year



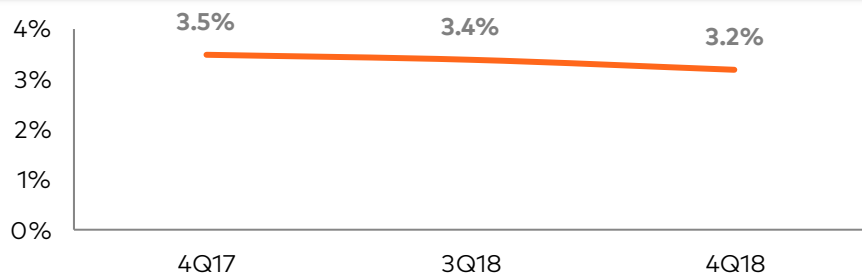
CIB Cost of Deposit I quarterly



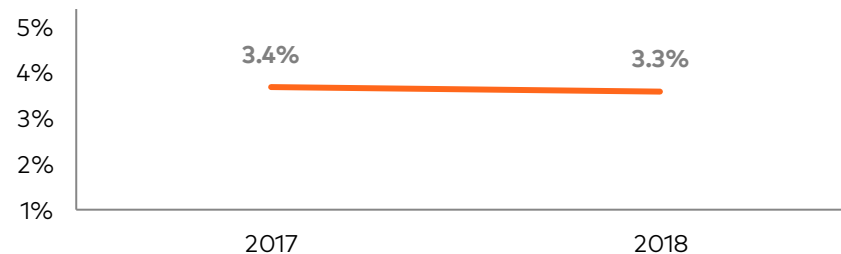
CIB Cost of Deposit I full-year



CIB NIM I quarterly



CIB NIM I full-year



BUILDING BLOCKS TO BECOME THE FINANCIAL SERVICES HUB



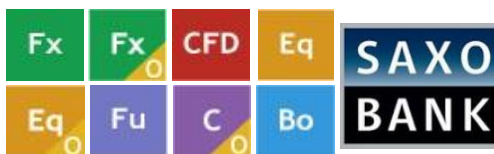
Wealth Management

- **Strong international presence:**
Israel (since 2008), UK (2010), Hungary (2012), Turkey (2013) and Cyprus (2017)
- **AUM of GEL 2,272 million**, up 22% y-o-y
- **Diversified funding sources:**
 - Georgia 30%
 - Israel 10%
 - UK 4%
 - Germany 2%
 - Other 54%
- **Wealth Management Vision – Become the regional hub for wealth management offering**
 - Invest globally
 - Superior service
 - Business friendly environment
 - Favorable tax regime
 - High level of banking secrecy
- **Brand new office in the centre of Tbilisi, since January 2019, dedicated to serving wealth management clients**



Brokerage & Corporate Advisory

- **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 While Label structure, that provides highly adaptive trading platform with professional tools, insights and world-class execution



- **During 2018 Galt & Taggart acted as:**
 - co-manager of Georgia Capital's inaugural US\$ 300mln international bond issuance due in 2024, in March 2018
 - lead manager for BSTDB, facilitating a public placement of GEL 75mln local bonds in March and June 2018
 - lead manager for Georgian Leasing Company's US\$ 5mln local public bond issuance due in 2021, in June 2018
 - lead manager for FMO, facilitating a public placement of GEL 160mln local bonds in July 2018
 - rating advisor for JSC Microfinance Organization Swiss Capital, facilitating the process of obtaining the Long-Term Issuer Default Rating of 'B-' from Fitch Ratings, in July 2018
 - rating advisor for Georgian Leasing Company, facilitating the process of obtaining the Long-Term Issuer Default Rating of 'B+' from Fitch Ratings, in November 2018
 - lead manager of m2 Commercial Assets' US\$ 30mln local public bond issuance due in 2021, in December 2018



Research

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



Corporate advisory platform

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





■ Group Overview	4
■ Results Discussion	10
■ Georgian Macro Overview	35
■ Appendices	56

GEORGIA AT A GLANCE



General Facts

- Area: 69,700 sq km
- Population (2018): 3.7 mln
- Life expectancy: 73.5 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)



Economy

- Nominal GDP (Geostat) 2018E: GEL 41.2 bln (US\$16.3 bln)
- Real GDP growth rate 2014-2018E: 4.6%, 2.9%, 2.8%, 4.8%, 4.8%
- Real GDP 2010-2018 annual average growth rate: 4.8%
- GDP per capita 2018 (PPP) per IMF: US\$ 11,600
- Annual inflation (e-o-p) 2018: 1.5%
- External public debt to GDP 2018E: 35.3%

Sovereign Credit Ratings

Rating Agency	Rating	Outlook	Affirmed
Moody's	Ba2	Stable	September 2018
FitchRatings	BB-	Positive	August 2018
S&P Global	BB-	Stable	May 2018

GEORGIA'S KEY ECONOMIC DRIVERS



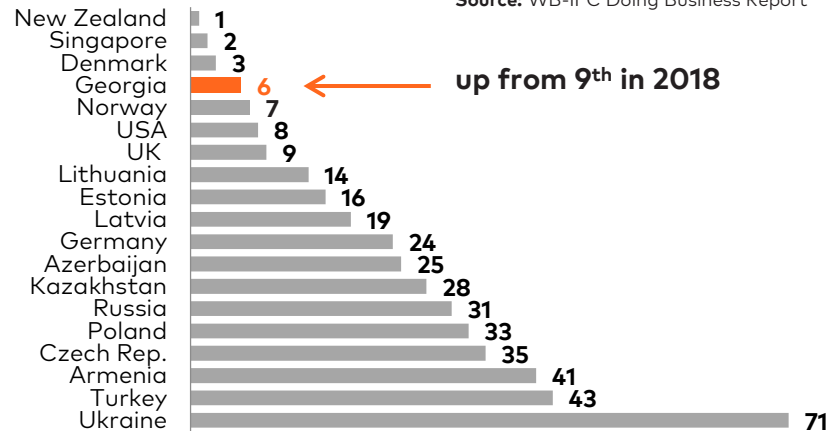
Liberal economic policy	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none"> Liberty Act ensures a credible fiscal and monetary framework: Fiscal deficit/GDP capped at 3%; Government debt/GDP capped at 60% Business friendly environment and low tax regime (attested by favourable international rankings)
Regional logistics and tourism hub	<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 and Turkey, recently signed FTA with Hong Kong. The GSP with USA, Canada, Japan, Norway and Switzerland; FTA with India under consideration Tourism revenues on the rise: tourism inflows stood at 19.7% 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
Strong FDI	<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\$ 1.9bln (12.6% of GDP) in 2017, up 21.0% y-o-y FDI averaged 10.0% of GDP in 2007-2017
Support from international community	<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, the US and EU
Electricity transit hub potential	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none"> Only 20% of hydropower capacity utilized; 150 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development Georgia imports natural gas mainly from Azerbaijan Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe
Political environment stabilised	<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 relatively low Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians -The Russian side announced to ease visa procedures for Georgians citizens effective December 23, 2015 Direct flights between the two countries resumed in January 2010 Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia In 2018, Russia accounted for 13.0% of Georgia's exports and 10.3% of imports; just 3.6% of cumulative FDI over 2003-17

GROWTH ORIENTED REFORMS



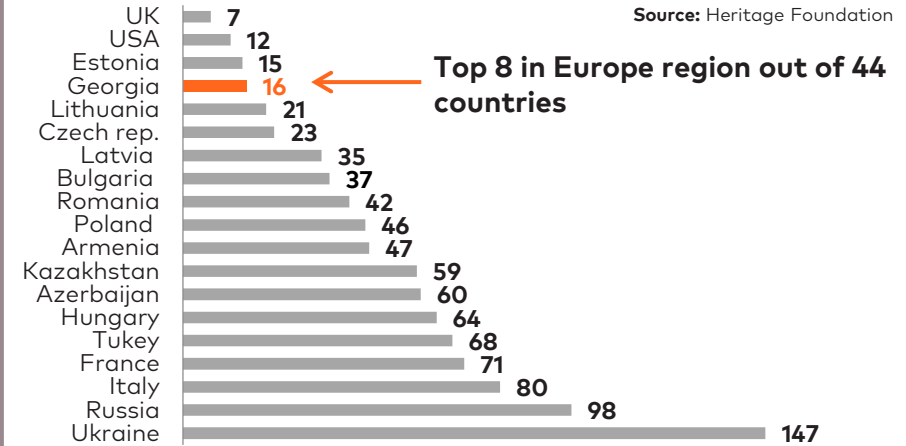
Ease of Doing Business | 2019

Source: WB-IFC Doing Business Report



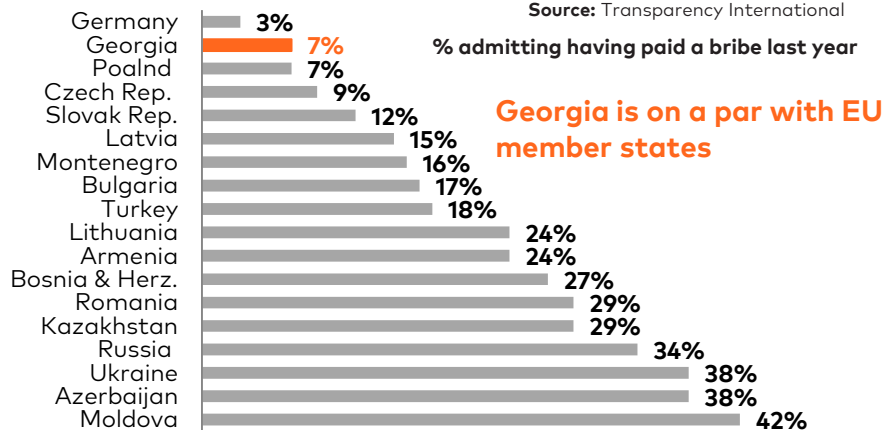
Economic Freedom Index | 2019

Source: Heritage Foundation



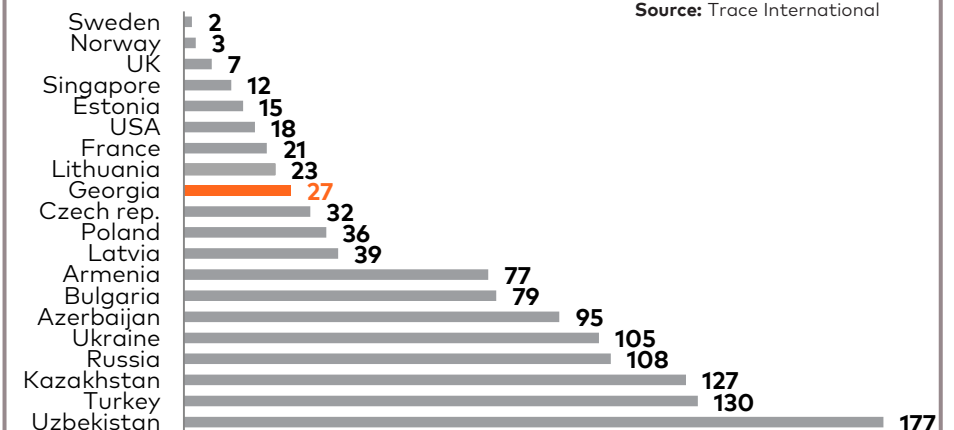
Global Corruption Barometer | 2017

Source: Transparency International



Business Bribery Risk | 2018

Source: Trace International





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

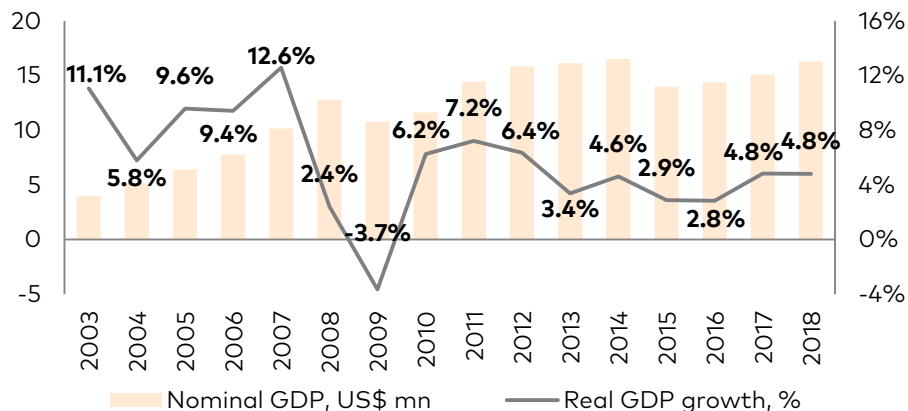
- **General Education Reform**
 - Maximizing quality of teaching in secondary schools
- **Fundamental Reform of Higher Education**
 - Based on the comprehensive research of the labor market needs
- **Improvement of Vocational Education**
 - Increase involvement of the private sector in the professional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

DIVERSIFIED RESILIENT ECONOMY



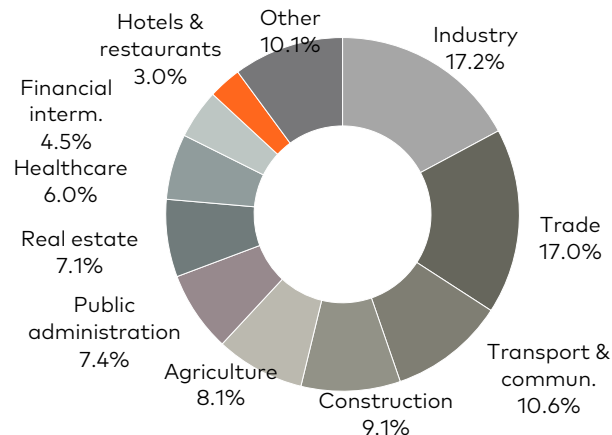
Gross domestic product

Source: Geostat



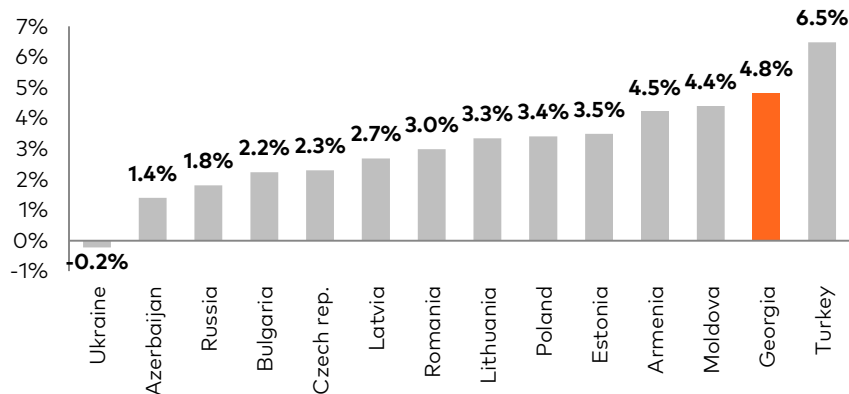
Diversified nominal GDP structure, 9M18

Source: Geostat



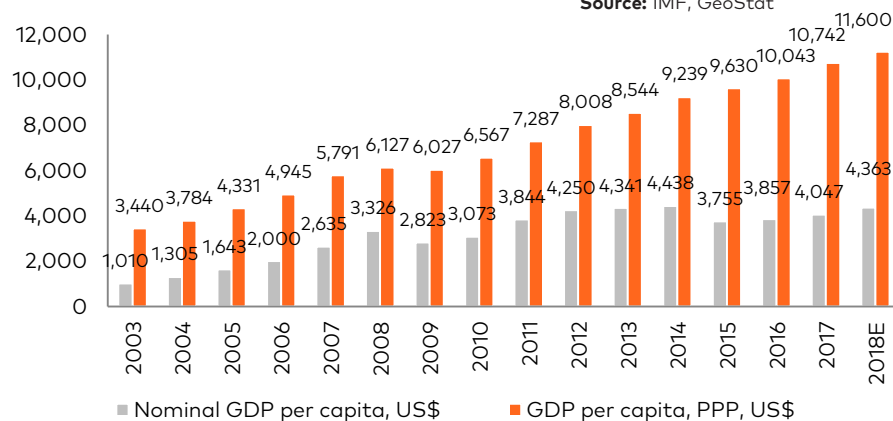
Comparative real GDP growth rates, % (2010-2018E average)

Source: IMF, GeoStat



GDP per capita

Source: IMF, GeoStat

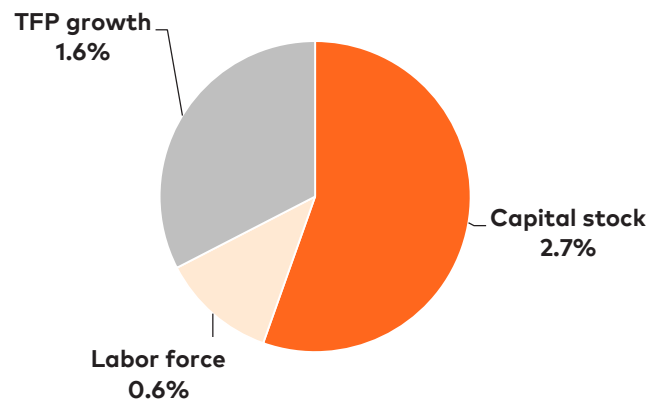


PRODUCTIVITY AND CAPITAL HAVE BEEN THE MAIN ENGINE OF GROWTH SINCE 2004



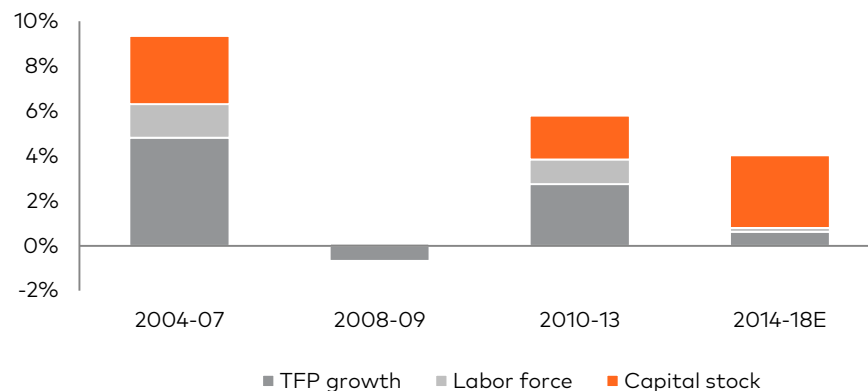
Overall contribution of capital, labour, and Total Factor Productivity (TFP) to growth, 2010-2018E

Source: GeoStat, G&T calculation



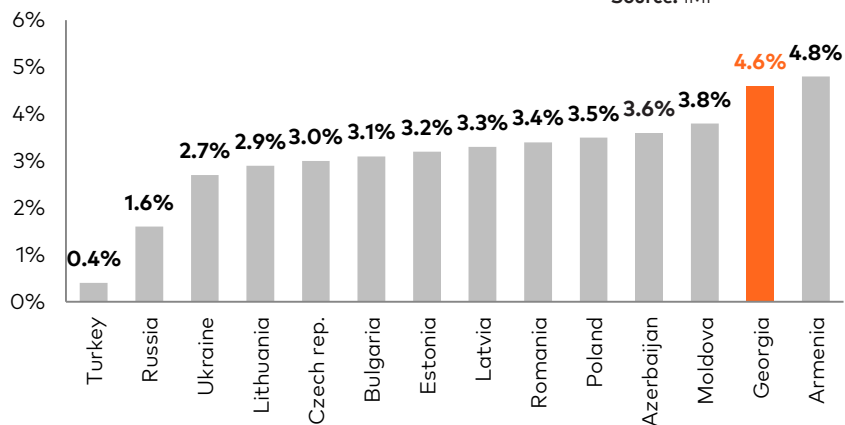
Contributions of capital, labour, and TFP to growth during periods

Source: GeoStat, G&T calculation



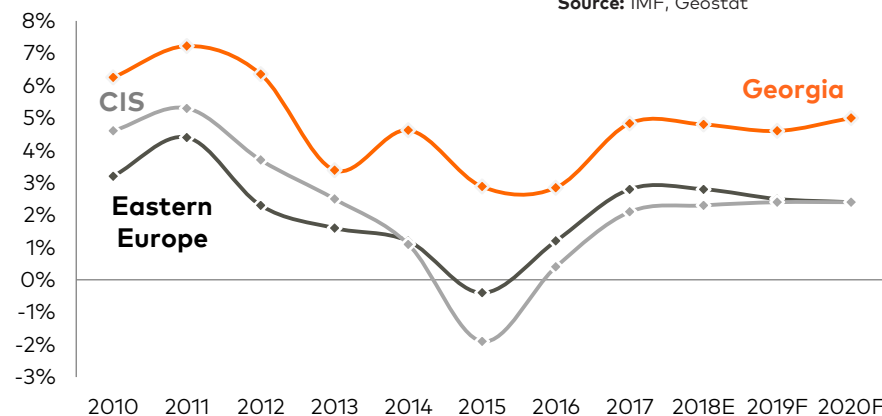
Real GDP growth projection, 2019

Source: IMF



Real GDP growth: Georgia, CIS, Eastern EU

Source: IMF, Geostat

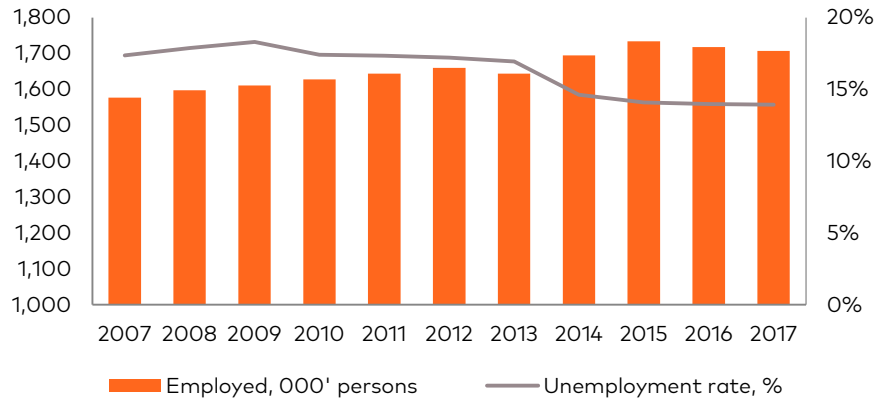


FURTHER JOB CREATION IS ACHIEVABLE



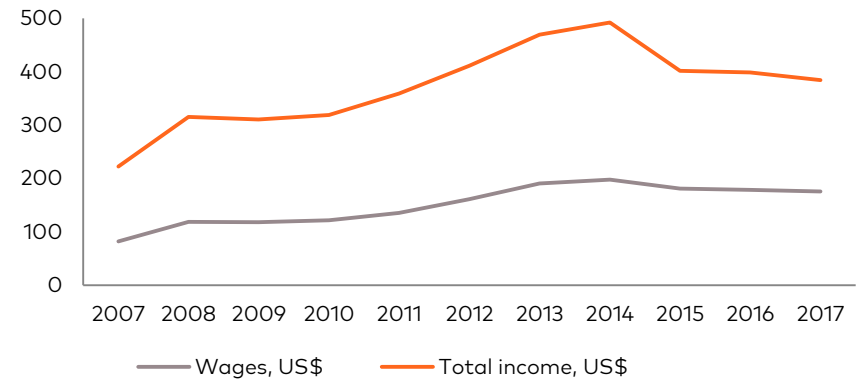
Unemployment rate down 0.1ppts y/y to 13.9% in 2017

Source: Geostat



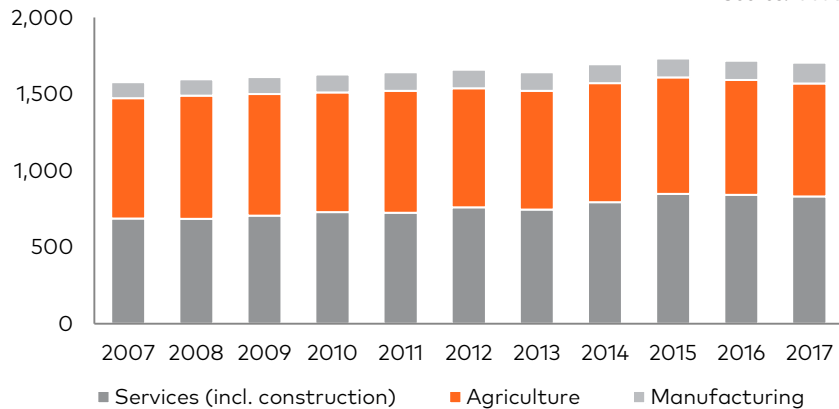
Average monthly wages and income per household

Source: GeoStat



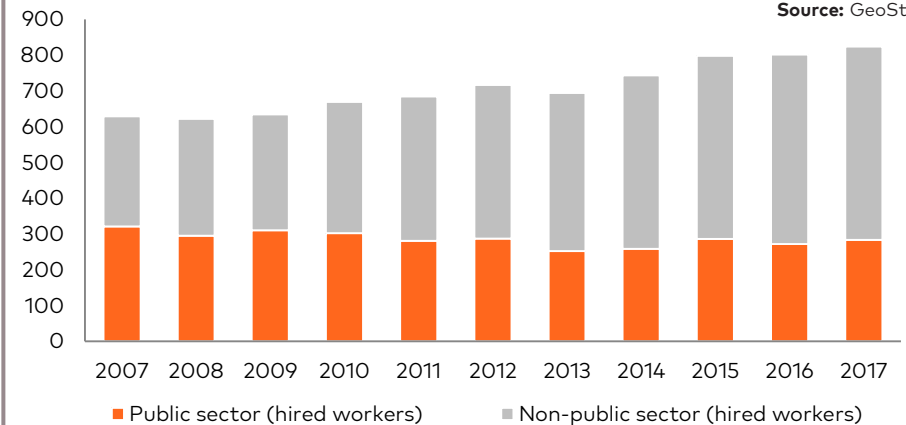
Share of services in total employment on the rise

Source: GeoStat



Hired workers accounted for 48.3% in total employment in 2017

Source: GeoStat

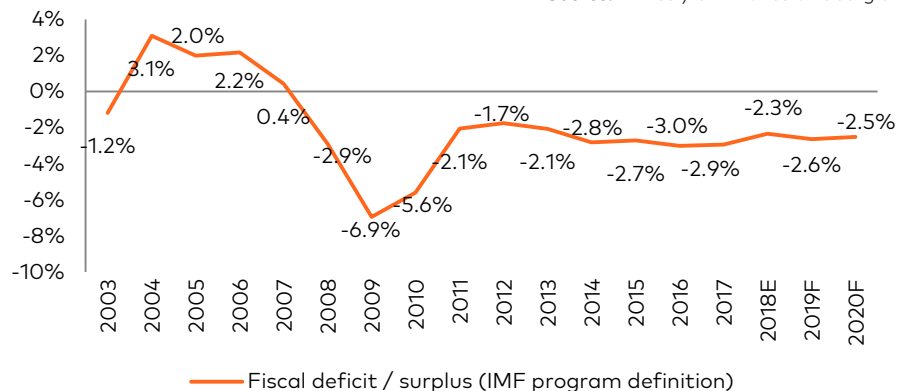


LOW PUBLIC DEBT



Fiscal deficit

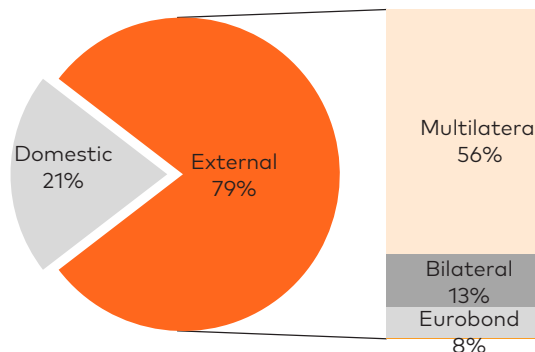
Source: Ministry of Finance of Georgia



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

Breakdown of public debt

Source: Ministry of Finance of Georgia, as of Dec-2018

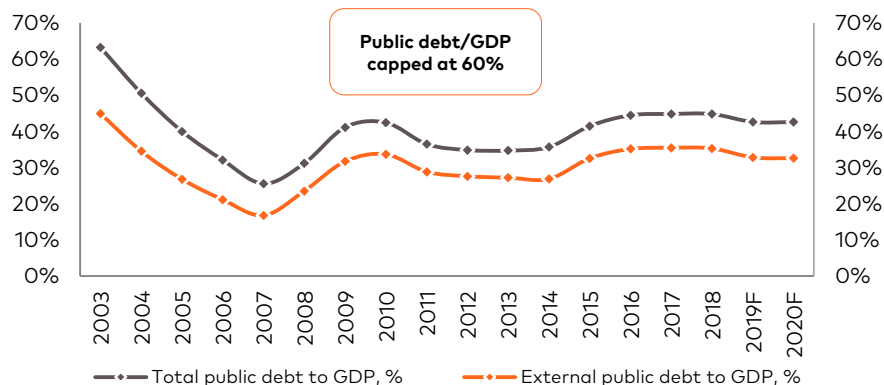


External public debt portfolio weighted average interest rate 2.27%

Contractual maturity 22 years

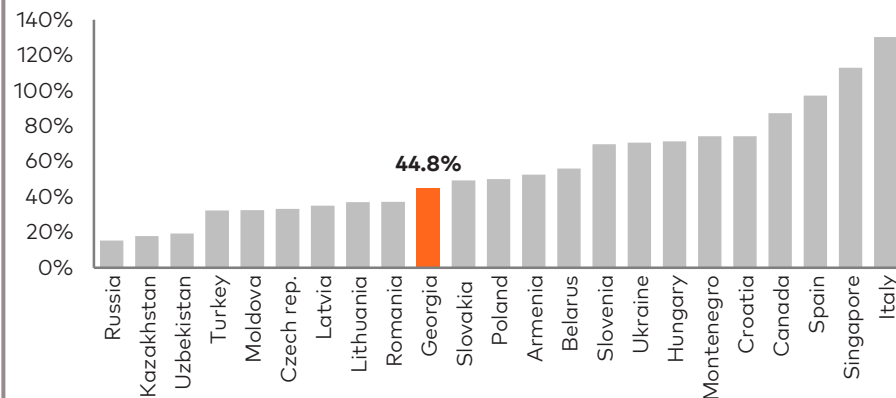
Public debt as % of GDP

Source: MOF, Geostat



Gross government debt/GDP, 2018E

Source: IMF, MOF, Geostat

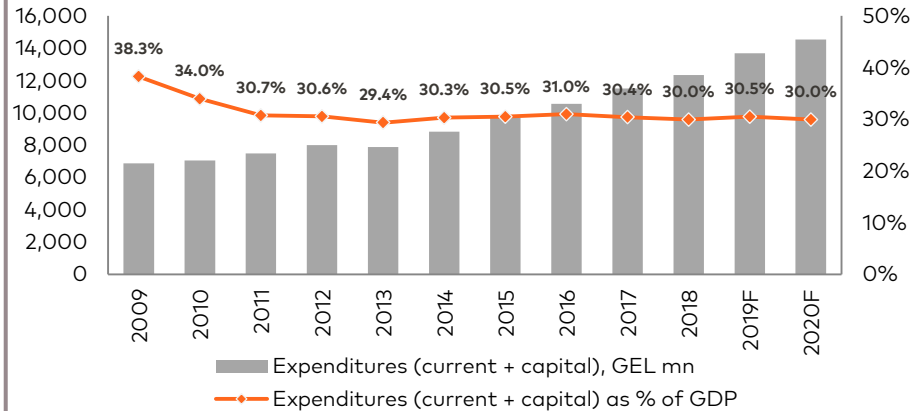


INVESTING IN INFRASTRUCTURE AND SPENDING LOW ON SOCIAL



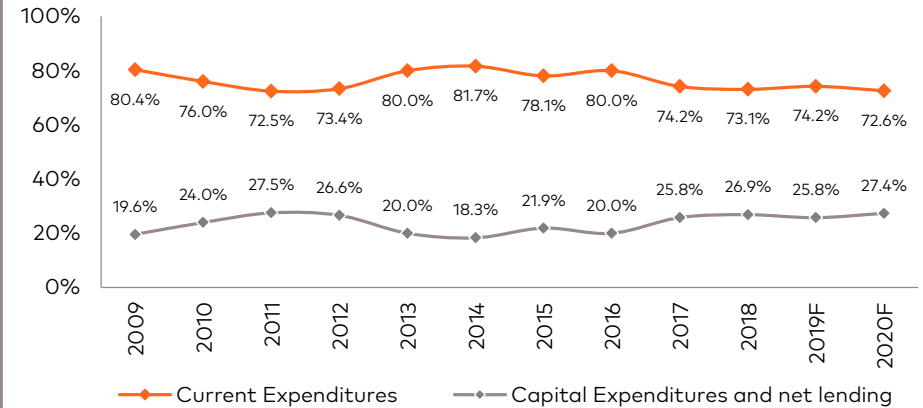
Budget expenditures

Source: Ministry of Finance, GeoStat



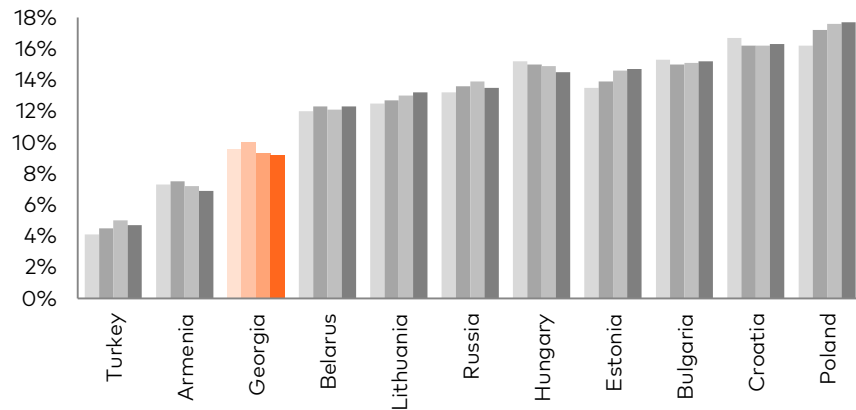
Expenditures: current vs. capital

Source: Ministry of Finance



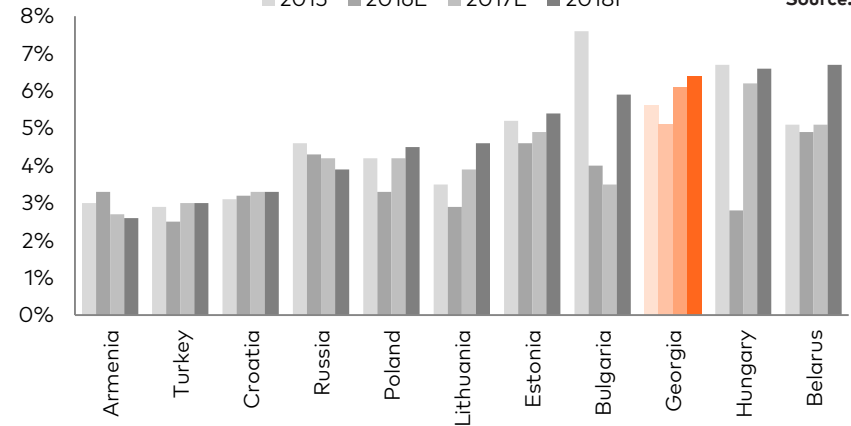
Government social expenditure as % of GDP

Source: IMF



Government capital expenditure as % of GDP

Source: IMF

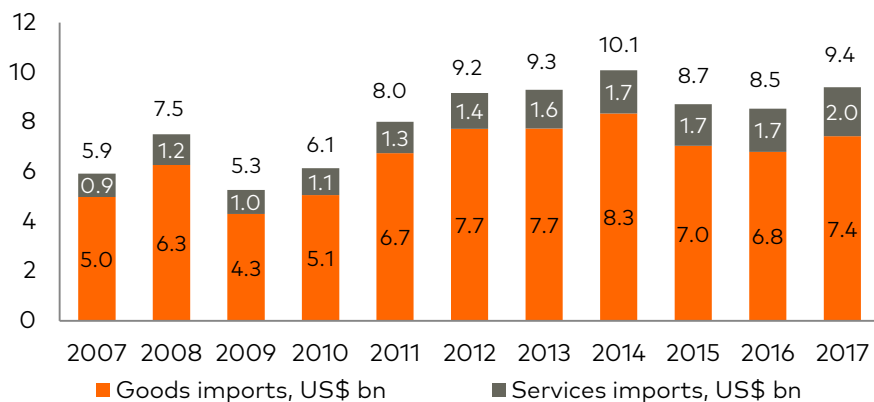


DIVERSIFIED FOREIGN TRADE



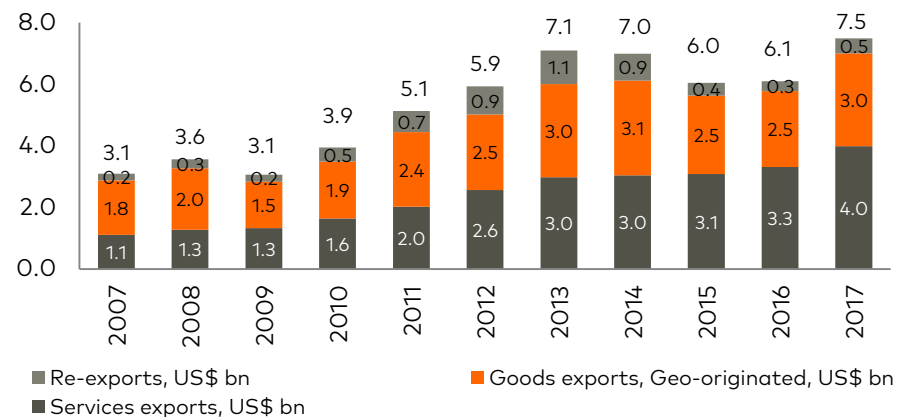
Imports of goods and services

Source: NBG – BOP statistics



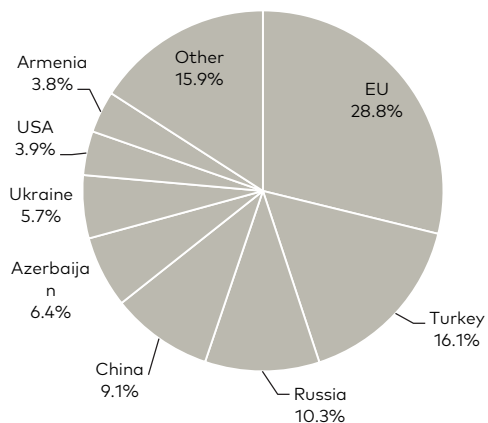
Exports of goods and services

Source: NBG – BOP statistics



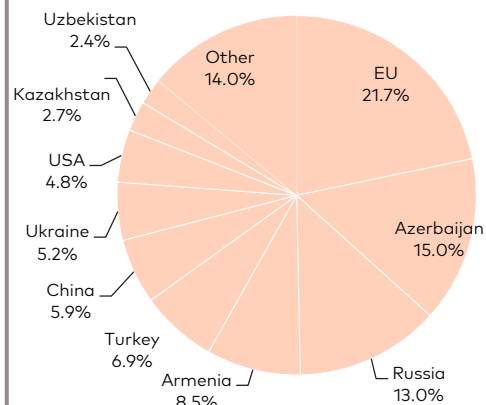
Imports, 2018

Source: GeoStat



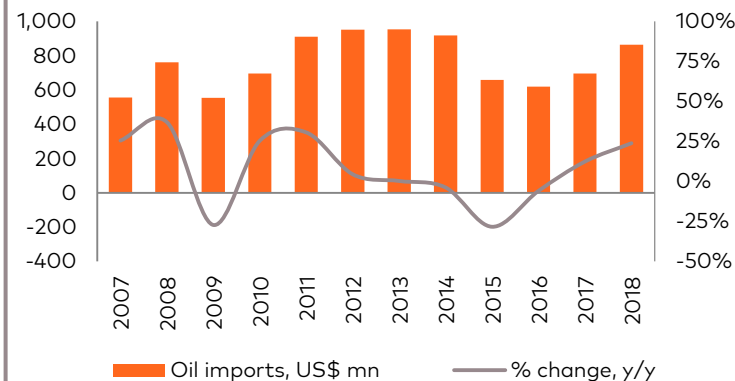
Exports, 2018

Source: GeoStat



Oil imports

Source: GeoStat

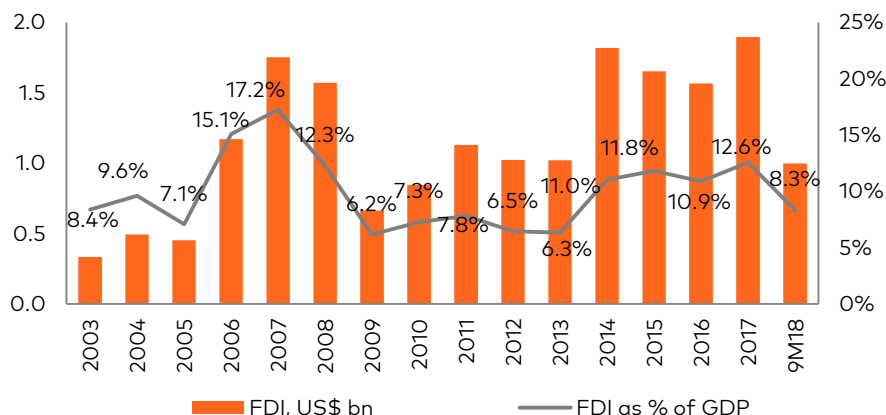


DIVERSIFIED SOURCES OF CAPITAL



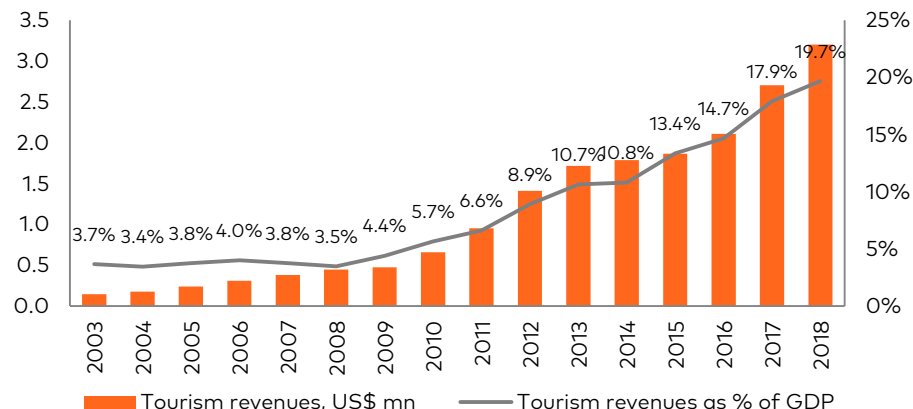
Strong foreign investor interest

Source: Geostat



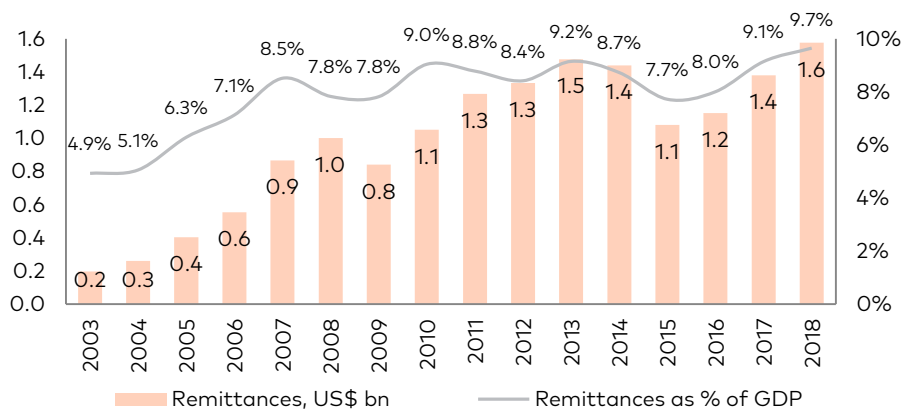
Tourist arrivals and revenues on the rise

Source: NBG, Geostat



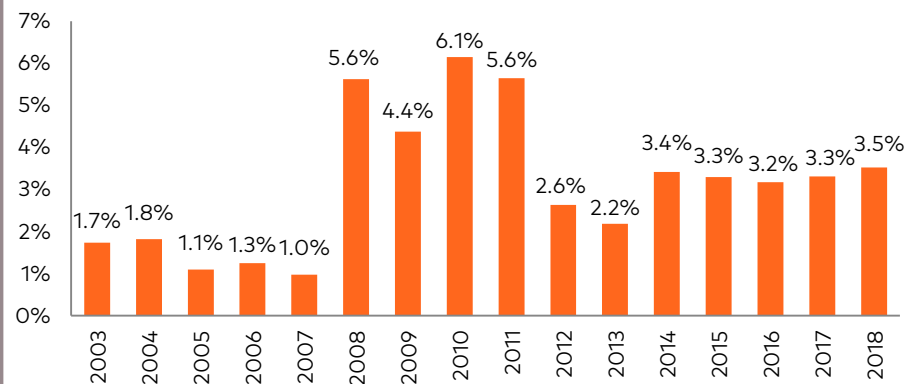
Remittances - steady source of external funding

Source: NBG, Geostat



Public external borrowing for capex, % of GDP

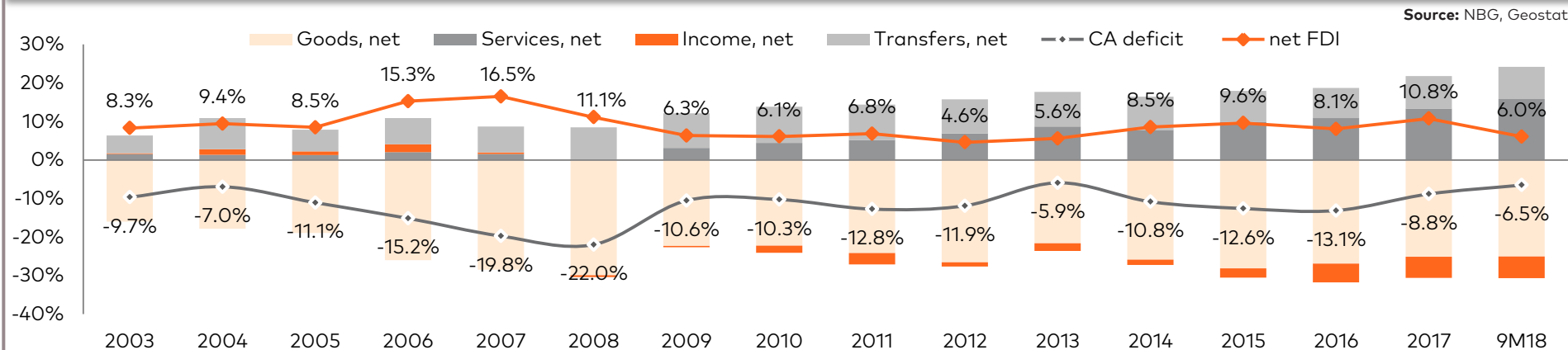
Source: MOF, Geostat



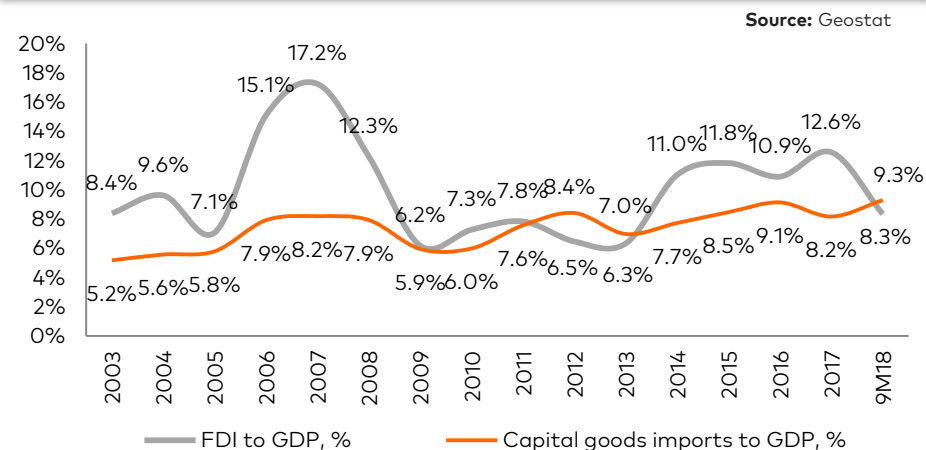
CURRENT ACCOUNT DEFICIT SUPPORTED BY FDI



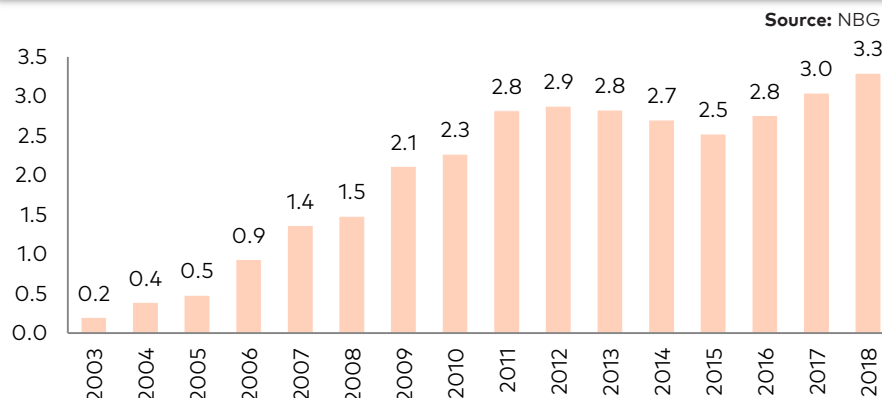
Current account balance (% of nominal GDP)



FDI and capital goods import



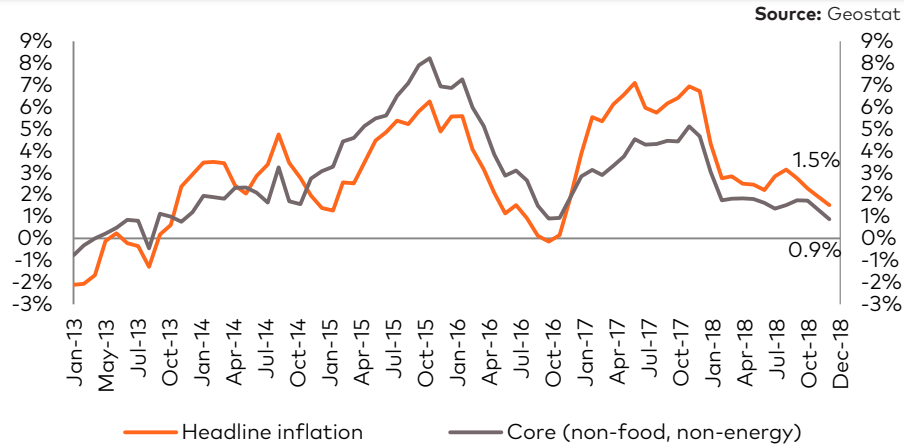
Building international reserves, US\$ bn



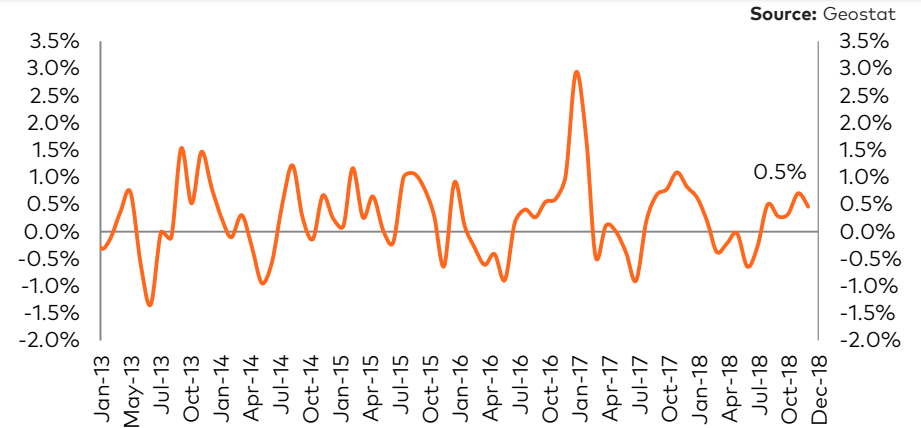
INFLATION TARGETING SINCE 2009



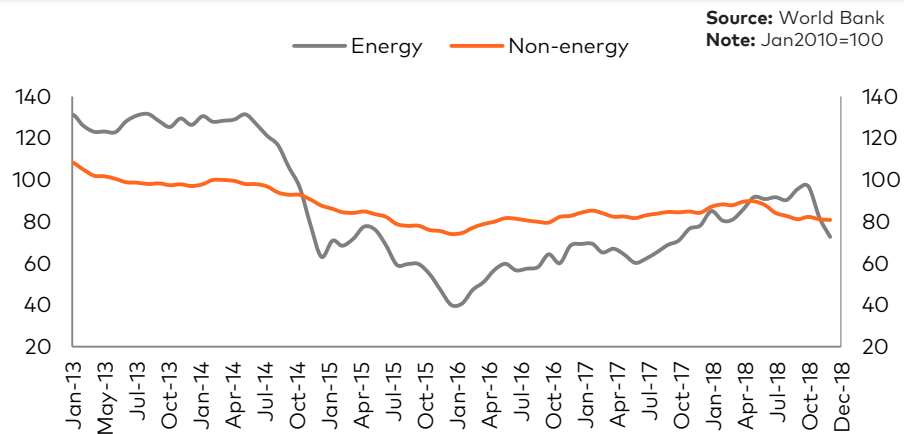
Annual Inflation



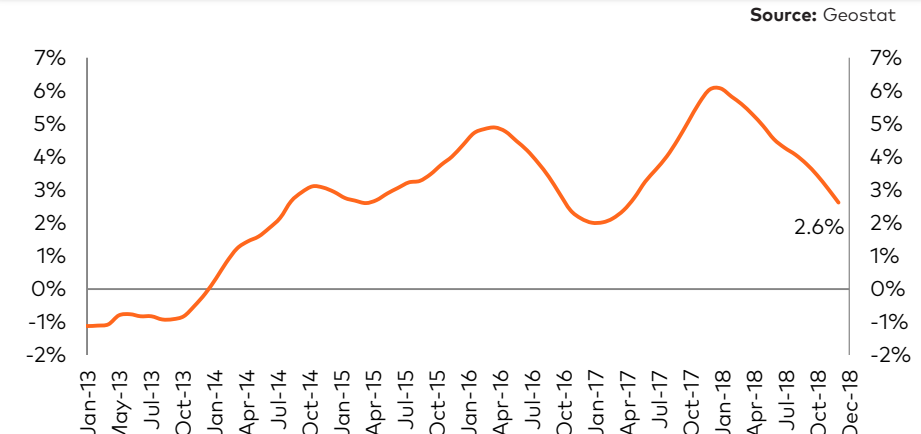
Monthly inflation



World commodity prices



Average inflation

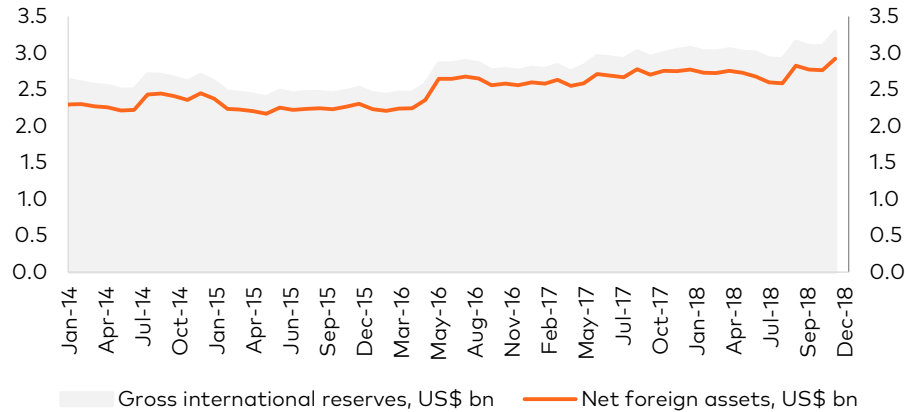


INTERNATIONAL RESERVES SUFFICIENT TO FINANCE MORE THAN 3 MONTHS OF IMPORTS



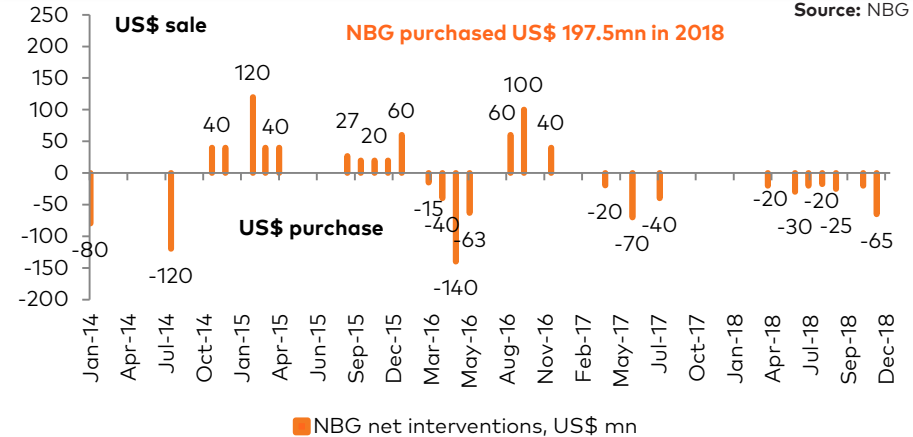
International reserves

Source: NBG



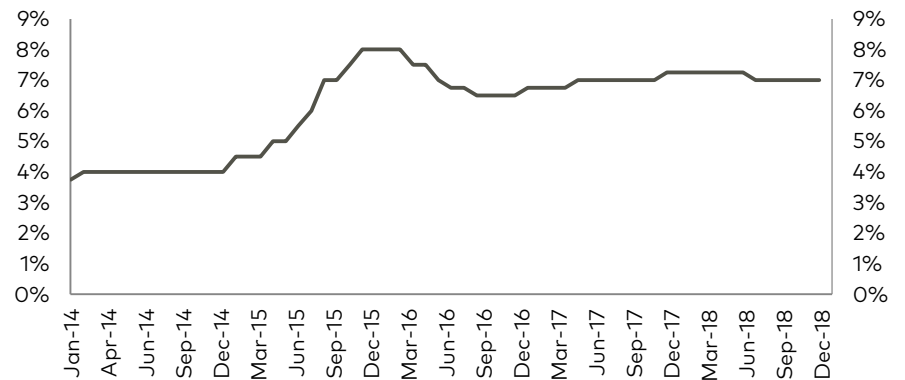
Central Bank's interventions

Source: NBG



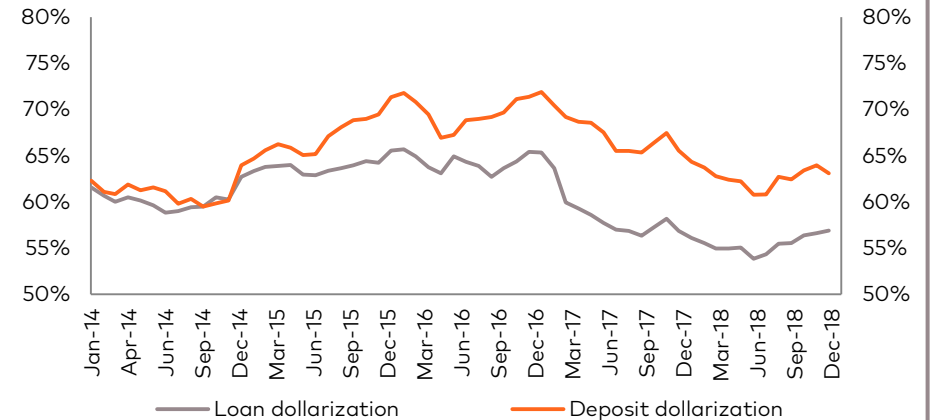
Monetary policy rate

Source: NBG



Dollarisation

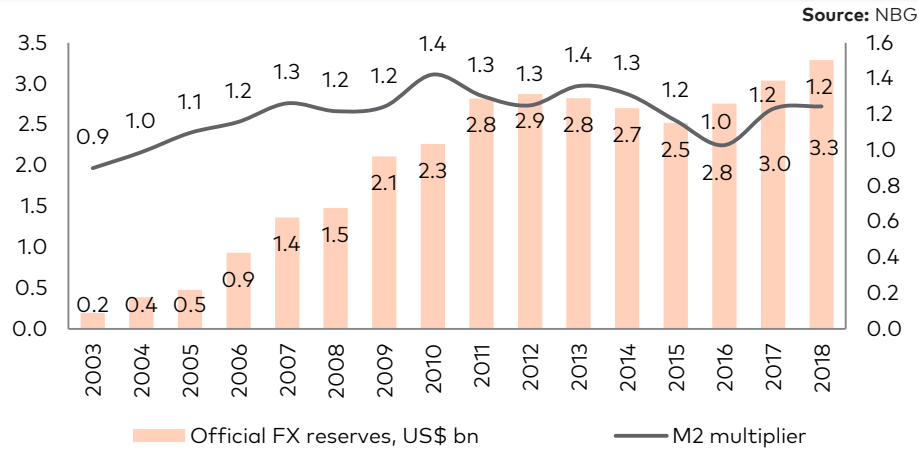
Source: NBG



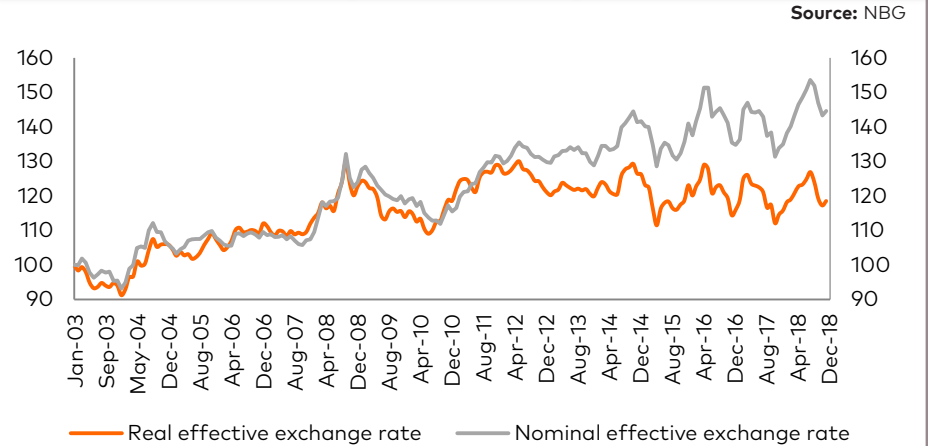
FLOATING EXCHANGE RATE - POLICY PRIORITY



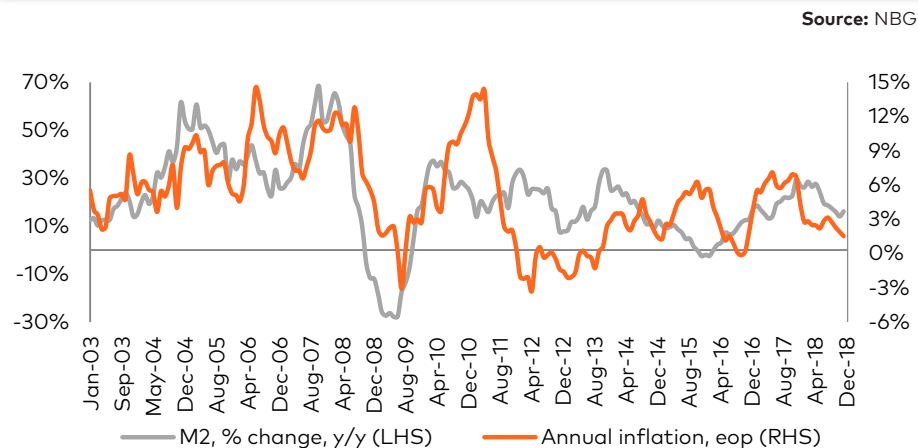
FX reserves



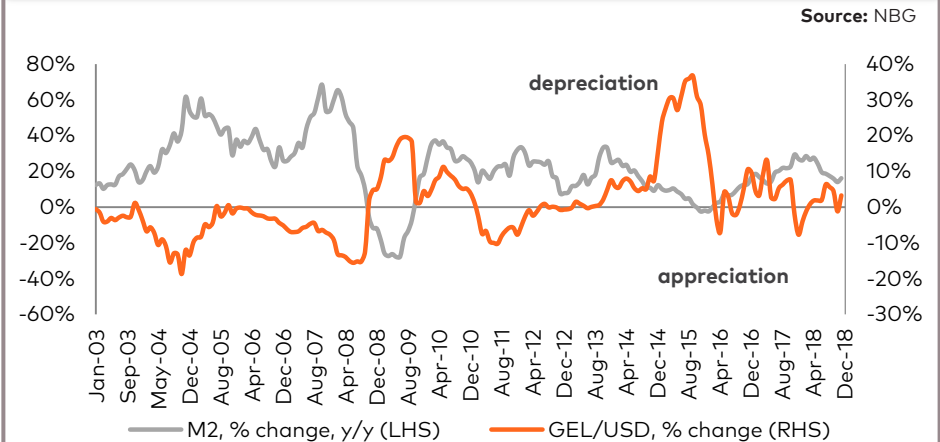
Nominal and Real effective exchange rate (Jan2003=100)



M2 and annual inflation



M2 and USD/GEL



GROWING AND WELL-CAPITALISED BANKING SECTOR

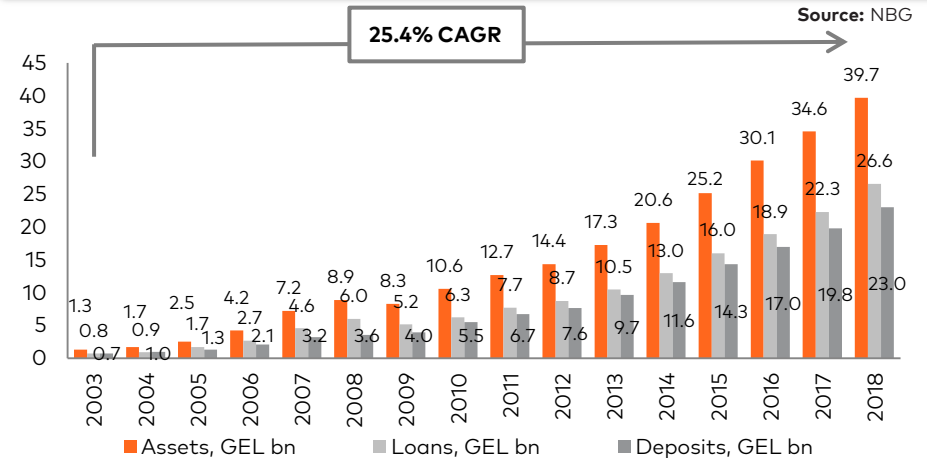


Summary

- 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 growth with retail loans estimated at 35% of GDP and total loans at 64% of GDP

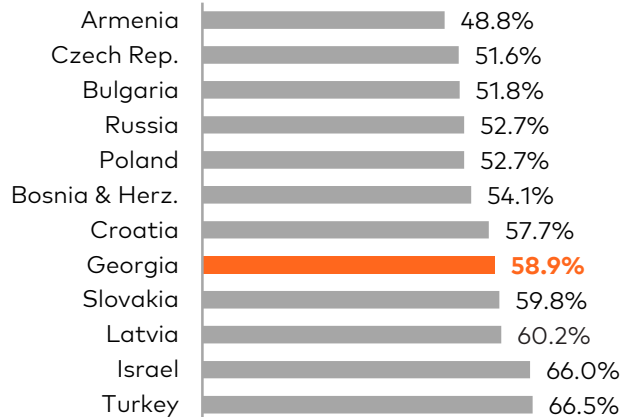
Source: National Bank of Georgia, GeoStat

Banking sector assets, loans and deposits



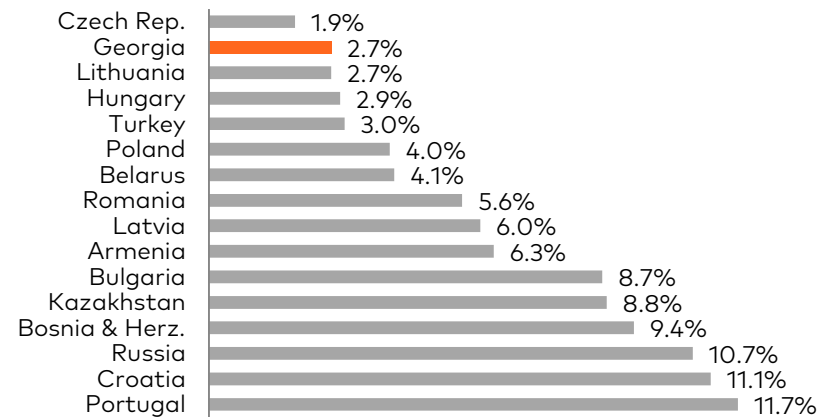
Banking Sector loans to GDP, 2017

Source: IMF, WB, NBG



Non-performing loans, Latest-2018

Source: IMF, NBG

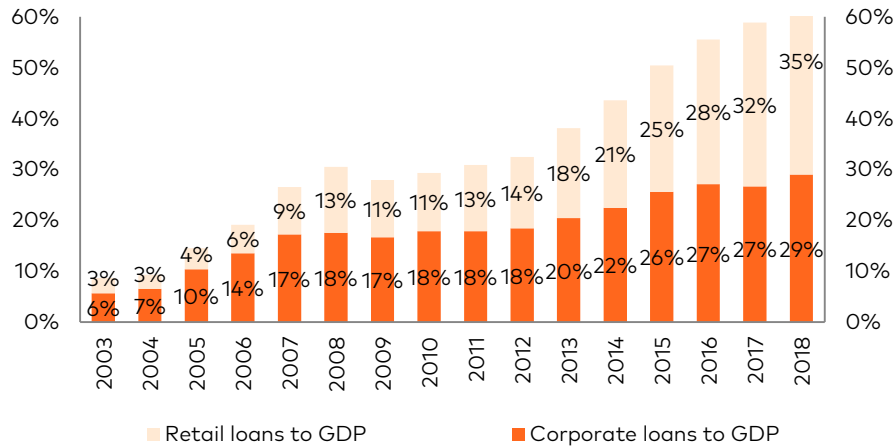


GROWING ECONOMY SUPPORTS HEALTHY CREDIT GROWTH



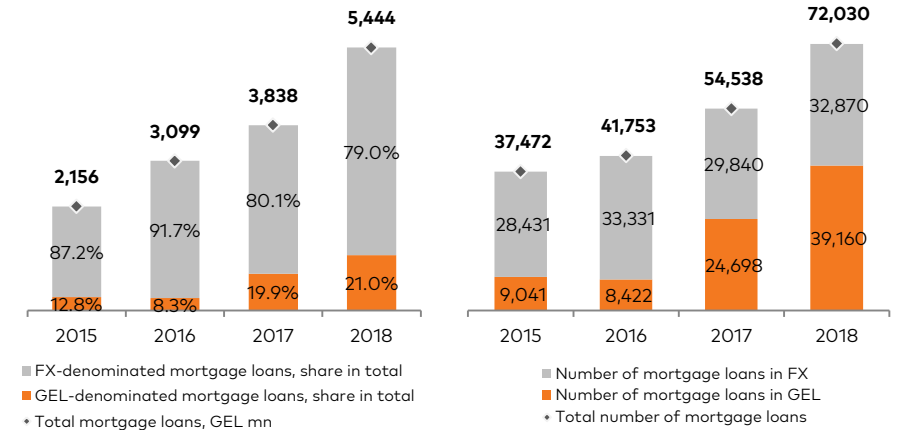
Banking sector corporate & retail loans to GDP

Source: NBG, Geostat



Mortgage loans

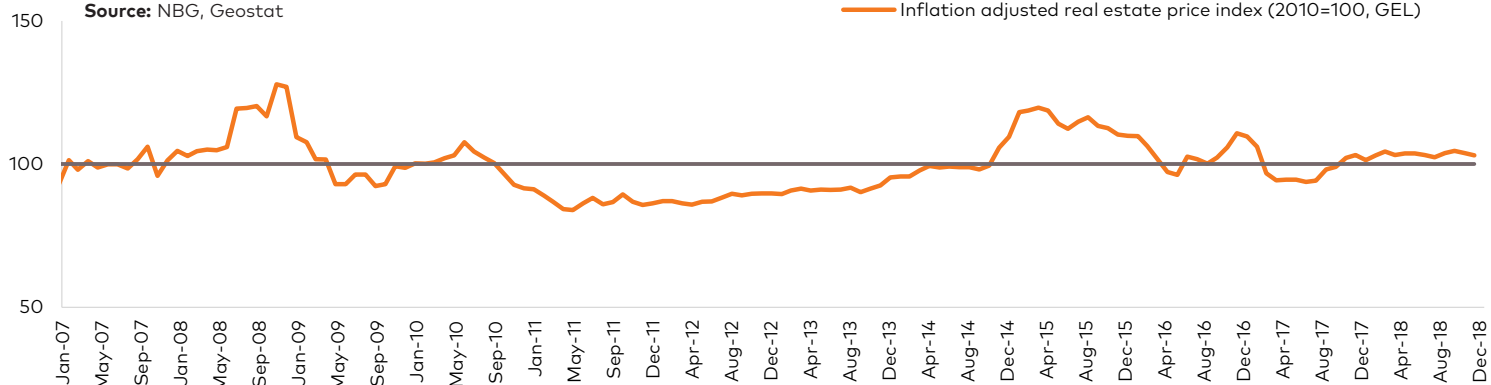
Source: NBG



Real estate price index

Source: NBG, Geostat

Inflation adjusted real estate price index (2010=100, GEL)



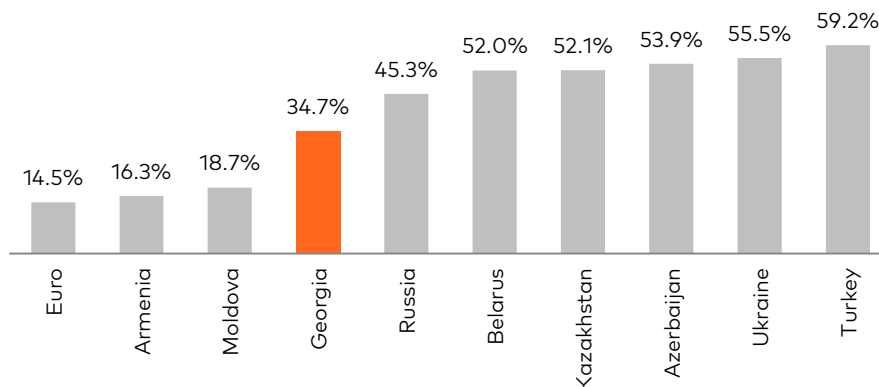
FLEXIBLE FX REGIME SUPPORTS TO MACRO STABILITY



Currency weakening vs. US\$

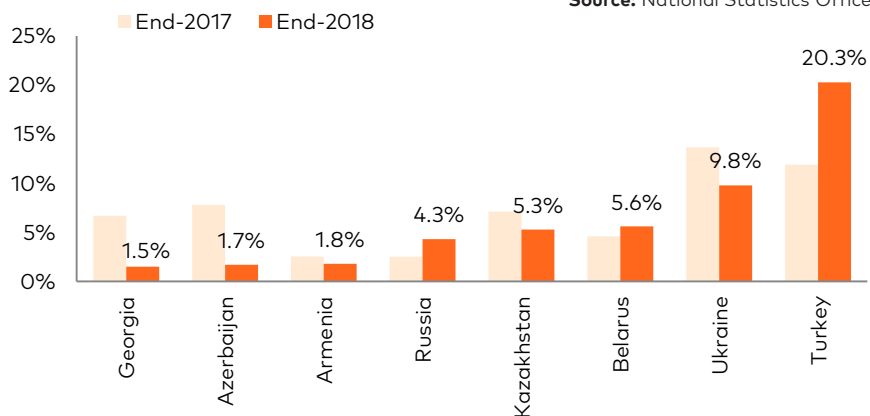
Source: Bloomberg

Note: US\$ per unit of national currency, period 1-Aug-2014 – 30-Jan-2019



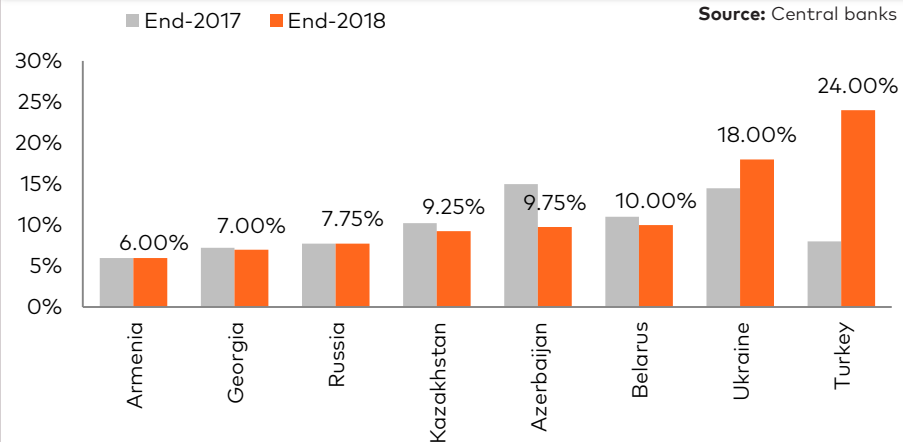
Inflation remains low in Georgia

Source: National Statistics Offices



Monetary policy rate low vs. peers

Source: Central banks

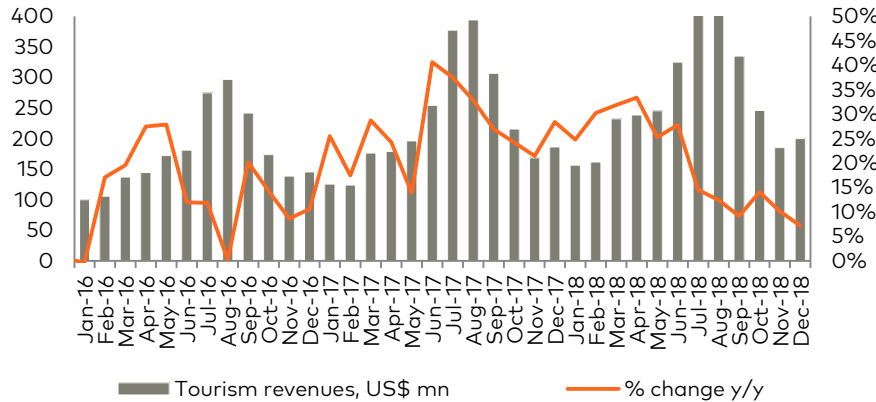


RECENT TREND – TOURIST ARRIVALS, EXPORTS AND REMITTANCES UP



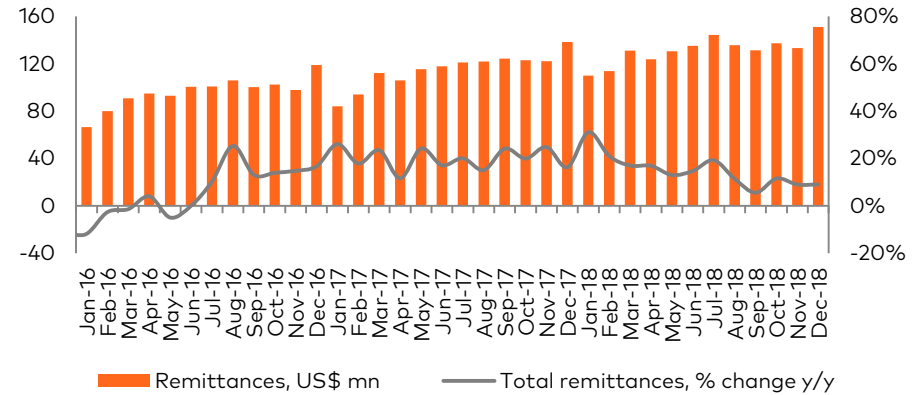
Tourism revenues up 18.4% y/y in 2018

Source: NBG



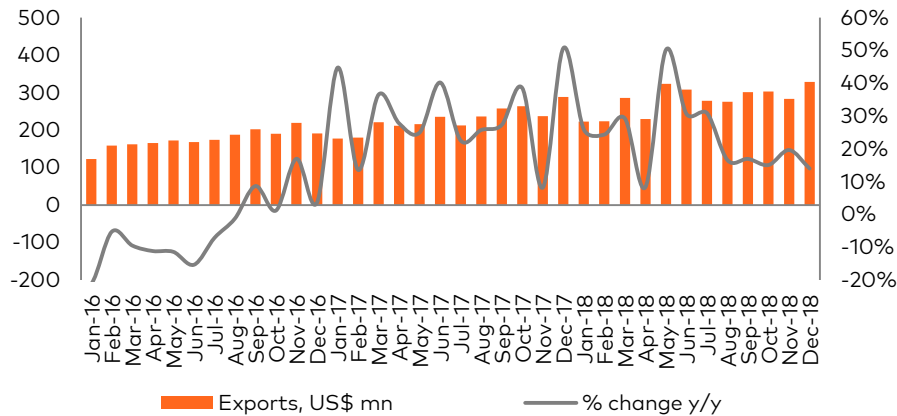
Remittances up 14.3% y/y in 2018

Source: NBG



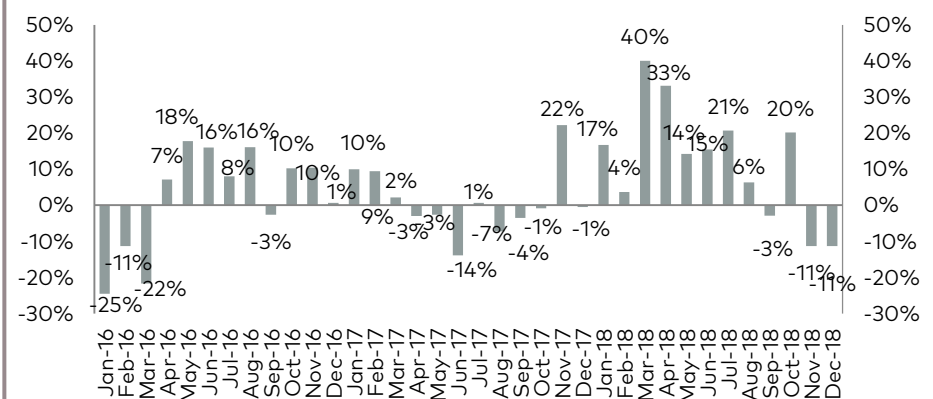
Exports up 22.9% y/y in 2018

Source: Geostat



Trade deficit up 10.7% y/y in 2018

Source: Geostat



GEORGIA ABSORBS NEGATIVE SHOCK FROM TURKEY



Summary

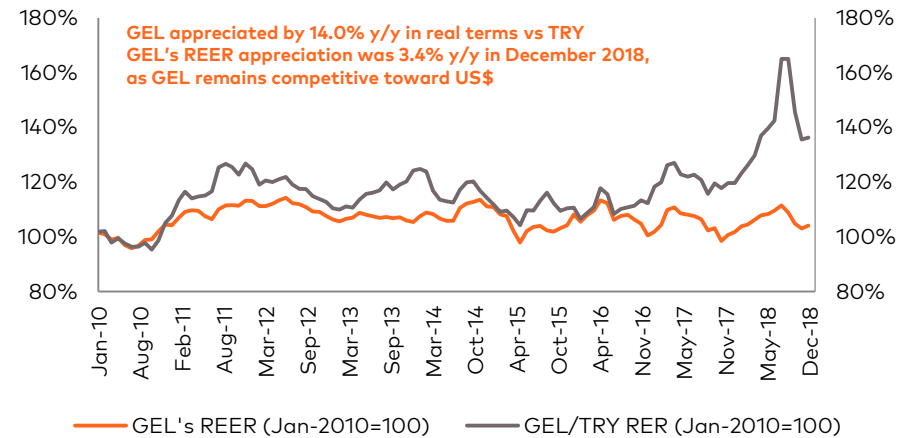
- Diversified economic linkages serve Georgia well, minimizing negative impact from Turkey
- Despite reduced earnings from Turkey since Aug-18, Georgia's overall earnings from exports, remittances and tourism from other countries continued strong growth

Georgia's exposure to Turkey, 2018

External flows	Turkey			Other countries	
	US\$ mn	% change y/y	Share in total, %	US\$ mn	% change y/y
Exports	232.7	7.4%	6.9%	3,129.4	24.2%
Tourism	421.8	9.1%	13.2%	2,780.7	20.0%
Remittances	105.6	-3.4%	6.7%	1,474.9	15.8%
Import	1,470.1	7.0%	16.1%	7,652.2	16.6%
Trade deficit	1,237.4	6.9%	21.5%	4,522.9	11.8%

Source: Geostat, NBG, GNTA, G&T

GEL's real exchange rate vs. TRY and GEL's REER



Source: NBG

Note: Index growth means GEL's appreciation and decline means GEL's depreciation



■ Group Overview	4
■ Results Discussion	10
■ Georgian Macro Overview	35
■ Appendices	56



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 Bank in New York and Paris



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



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



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



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



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



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



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



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

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



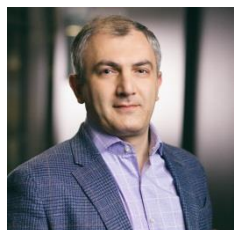
Archil Gachechiladze, Chief Executive Officer

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 year of experience of senior roles at TBC Bank, Lehman Brothers Private Equity, Salford Equity Partners, KPMG, World Bank. Holds an MBA from Cornell University.



David Tsiklauri, Chief Financial Officer

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



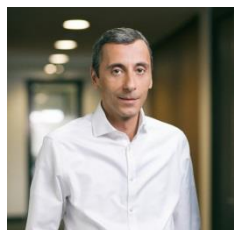
Levan Kulijanishvili, Deputy CEO, Operations

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.



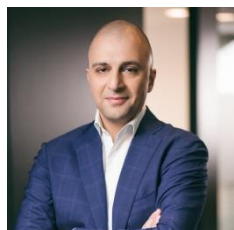
Mikheil Gomarteli, Deputy CEO, Emerging and Mass Retail Banking

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.



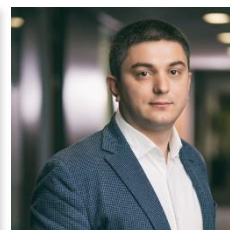
Ramaz Kukuladze, Deputy CEO, SOLO and SME Banking

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



Vasil Khodeli, Deputy CEO, Corporate Investment Banking

With the Group since 1998. Previously served as Head of Corporate Banking of the Bank since 2004. He has more than 20 years of banking experience and has held various roles with the Group. Holds an MBA from Grenoble Business School.



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.

BANK OF GEORGIA GROUP INCOME STATEMENT



GEL thousands, unless otherwise noted	Bank of Georgia Group Consolidated					Banking Business					Discontinued Operations					Eliminations		
	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	4Q18	4Q17	3Q18
Interest income	345,760	310,589	11.3%	337,766	2.4%	345,760	312,950	10.5%	337,766	2.4%	-	-	-	-	-	-	(2,361)	-
Interest expense	(158,322)	(127,091)	24.6%	(152,431)	3.9%	(158,322)	(129,826)	21.9%	(152,431)	3.9%	-	-	-	-	-	-	2,735	-
Net interest income	187,438	183,498	2.1%	185,335	1.1%	187,438	183,124	2.4%	185,335	1.1%	-	-	-	-	-	-	374	-
Fee and commission income	62,350	53,290	17.0%	60,413	3.2%	62,350	53,739	16.0%	60,413	3.2%	-	-	-	-	-	-	(449)	-
Fee and commission expense	(21,006)	(16,807)	25.0%	(20,932)	0.4%	(21,006)	(17,001)	23.6%	(20,932)	0.4%	-	-	-	-	-	-	194	-
Net fee and commission income	41,344	36,483	13.3%	39,481	4.7%	41,344	36,738	12.5%	39,481	4.7%	-	-	-	-	-	-	(255)	-
Net foreign currency gain	53,358	28,139	89.6%	36,827	44.9%	53,358	27,464	94.3%	36,827	44.9%	-	-	-	-	-	-	675	-
Net other income / (expense)	(9,073)	12,708	NMF	7,437	NMF	(9,073)	12,986	NMF	7,437	NMF	-	-	-	-	-	-	(278)	-
Revenue	273,067	260,828	4.7%	269,080	1.5%	273,067	260,312	4.9%	269,080	1.5%	-	-	-	-	-	-	516	-
Salaries and other employee benefits	(58,331)	(55,144)	5.8%	(54,107)	7.8%	(58,331)	(55,789)	4.6%	(54,107)	7.8%	-	-	-	-	-	-	645	-
Administrative expenses	(30,010)	(31,760)	-5.5%	(30,759)	-2.4%	(30,010)	(32,245)	-6.9%	(30,759)	-2.4%	-	-	-	-	-	-	485	-
Depreciation and amortisation	(11,365)	(10,514)	8.1%	(11,162)	1.8%	(11,365)	(10,514)	8.1%	(11,162)	1.8%	-	-	-	-	-	-	-	-
Other operating expenses	(1,151)	(1,194)	-3.6%	(1,109)	3.8%	(1,151)	(1,194)	-3.6%	(1,109)	3.8%	-	-	-	-	-	-	-	-
Operating expenses	(100,857)	(98,612)	2.3%	(97,137)	3.8%	(100,857)	(99,742)	1.1%	(97,137)	3.8%	-	-	-	-	-	-	1,130	-
Profit from associates	318	255	24.7%	326	-2.5%	318	255	24.7%	326	-2.5%	-	-	-	-	-	-	-	-
Operating income before cost of risk	172,528	162,471	6.2%	172,269	0.2%	172,528	160,825	7.3%	172,269	0.2%	-	-	-	-	-	-	1,646	-
Expected credit loss / impairment charge on loans to customers	(25,783)	(41,911)	-38.5%	(43,505)	-40.7%	(25,783)	(41,911)	-38.5%	(43,505)	-40.7%	-	-	-	-	-	-	-	-
Expected credit loss / impairment charge on finance lease receivables	514	492	4.5%	(426)	NMF	514	492	4.5%	(426)	NMF	-	-	-	-	-	-	-	-
Other expected credit loss / impairment charge on other assets and provisions	(15,509)	(1,009)	NMF	(4,176)	NMF	(15,509)	(1,009)	NMF	(4,176)	NMF	-	-	-	-	-	-	-	-
Cost of risk	(40,778)	(42,428)	-3.9%	(48,107)	-15.2%	(40,778)	(42,428)	-3.9%	(48,107)	-15.2%	-	-	-	-	-	-	-	-
Profit before non-recurring items and income tax	131,750	120,043	9.8%	124,162	6.1%	131,750	118,397	11.3%	124,162	6.1%	-	-	-	-	-	-	1,646	-
Net non-recurring items	(6,586)	(213)	NMF	(3,747)	75.8%	(6,586)	(213)	NMF	(3,747)	75.8%	-	-	-	-	-	-	-	-
Profit before income tax	125,164	119,830	4.5%	120,415	3.9%	125,164	118,184	5.9%	120,415	3.9%	-	-	-	-	-	-	1,646	-
Income tax expense	(10,348)	(11,050)	-6.4%	(9,316)	11.1%	(10,348)	(11,050)	-6.4%	(9,316)	11.1%	-	-	-	-	-	-	-	-
Profit from continuing operations	114,816	108,780	5.5%	111,099	3.3%	114,816	107,134	7.2%	111,099	3.3%	-	-	-	-	-	-	1,646	-
Profit from discontinued operations	-	10,029	NMF	-	-	-	-	-	-	-	-	11,675	NMF	-	-	-	(1,646)	-
Profit	114,816	118,809	-3.4%	111,099	3.3%	114,816	107,134	7.2%	111,099	3.3%	-	11,675	NMF	-	-	-	-	-
Attributable to:																		
– shareholders of the Group	114,240	113,729	0.4%	110,651	3.2%	114,240	106,687	7.1%	110,651	3.2%	-	7,042	NMF	-	-	-	-	-
– non-controlling interests	576	5,080	-88.7%	448	28.6%	576	447	28.9%	448	28.6%	-	4,633	NMF	-	-	-	-	-
Profit from continuing operations attributable to:																		
– shareholders of the Group	114,240	108,333	5.5%	110,651	3.2%	114,240	106,687	7.1%	110,651	3.2%	-	-	-	-	-	-	1,646	-
– non-controlling interests	576	447	28.9%	448	28.6%	576	447	28.9%	448	28.6%	-	-	-	-	-	-	-	-
Profit from discontinued operations attributable to:																		
– shareholders of the Group	-	5,396	NMF	-	-	-	-	-	-	-	-	7,042	NMF	-	-	-	(1,646)	-
– non-controlling interests	-	4,633	NMF	-	-	-	-	-	-	-	-	4,633	NMF	-	-	-	-	-
Earnings per share (basic)	2.40	3.05	-21.3%	2.32	3.4%													
– earnings per share from continuing operations	2.40	2.91	-17.5%	2.32	3.4%													
– earnings per share from discontinued operations	-	0.14	NMF	-	-													
Earnings per share (diluted)	2.40	2.90	-17.2%	2.32	3.4%													
– earnings per share from continuing operations	2.40	2.77	-13.4%	2.32	3.4%													
– earnings per share from discontinued operations	-	0.13	NMF	-	-													



BANK OF GEORGIA GROUP INCOME STATEMENT



<i>GEL thousands, unless otherwise noted</i>	Bank of Georgia Group Consolidated			Banking Business			Discontinued Operations			Eliminations		
	2018	2017	Change y-o-y	2018	2017	Change y-o-y	2018	2017	Change y-o-y	2018	2017	Change y-o-y
Interest income	1,322,297	1,131,914	16.8%	1,327,085	1,140,292	16.40%	-	-	-	(4,788)	(8,378)	-42.9%
Interest expense	(580,544)	(459,379)	26.4%	(587,481)	(468,192)	25.50%	-	-	-	6,937	8,813	-21.3%
Net interest income	741,753	672,535	10.3%	739,604	672,100	10.0%	-	-	-	2,149	435	NMF
Fee and commission income	228,769	190,392	20.2%	229,670	192,499	19.3%	-	-	-	(901)	(2,107)	-57.2%
Fee and commission expense	(76,107)	(60,342)	26.1%	(76,488)	(61,025)	25.3%	-	-	-	381	683	-44.2%
Net fee and commission income	152,662	130,050	17.4%	153,182	131,474	16.5%	-	-	-	(520)	(1,424)	-63.5%
Net foreign currency gain	128,762	79,106	62.8%	129,437	86,060	50.4%	-	-	-	(675)	(6,954)	-90.3%
Net other income	7,262	18,645	-61.1%	7,815	19,701	-60.3%	-	-	-	(553)	(1,056)	-47.6%
Revenue	1,030,439	900,336	14.5%	1,030,038	909,335	13.3%	-	-	-	401	(8,999)	NMF
Salaries and other employee benefits	(214,761)	(195,994)	9.6%	(215,816)	(198,213)	8.9%	-	-	-	1,055	2,219	-52.5%
Administrative expenses	(112,654)	(98,372)	14.5%	(113,264)	(100,291)	12.9%	-	-	-	610	1,919	-68.2%
Depreciation and amortisation	(45,442)	(40,974)	10.9%	(45,442)	(40,974)	10.9%	-	-	-	-	-	-
Other operating expenses	(3,995)	(3,458)	15.5%	(3,995)	(3,458)	15.5%	-	-	-	-	-	-
Operating expenses	(376,852)	(338,798)	11.2%	(378,517)	(342,936)	10.4%	-	-	-	1,665	4,138	-59.8%
Profit from associates	1,339	1,311	2.1%	1,339	1,311	2.1%	-	-	-	-	-	-
Operating income before cost of risk	654,926	562,849	16.4%	652,860	567,710	15.0%	-	-	-	2,066	(4,861)	NMF
Expected credit loss / impairment charge on loans to customers	(139,499)	(155,210)	-10.1%	(139,499)	(155,210)	-10.1%	-	-	-	-	-	-
Expected credit loss / impairment charge on finance lease receivables	(164)	(496)	-66.9%	(164)	(496)	-66.9%	-	-	-	-	-	-
Other expected credit loss / impairment charge on other assets and provisions	(20,562)	(11,590)	77.4%	(20,562)	(11,590)	77.4%	-	-	-	-	-	-
Cost of risk	(160,225)	(167,296)	-4.2%	(160,225)	(167,296)	-4.2%	-	-	-	-	-	-
Profit before non-recurring items and income tax	494,701	395,553	25.1%	492,635	400,414	23.0%	-	-	-	2,066	(4,861)	NMF
Net non-recurring items	(57,156)	(4,300)	NMF	(57,328)	(4,300)	NMF	-	-	-	172	-	-
Profit before income tax	437,545	391,253	11.8%	435,307	396,114	9.9%	-	-	-	2,238	(4,861)	NMF
Income tax expense	(56,665)	(26,592)	113.1%	(56,665)	(26,592)	113.1%	-	-	-	-	-	-
Profit from continuing operations	380,880	364,661	4.4%	378,642	369,522	2.5%	-	-	-	2,238	(4,861)	NMF
Profit from discontinued operations	107,898	98,788	9.2%	-	-	-	110,136	93,927	17.3%	(2,238)	4,861	NMF
Profit	488,778	463,449	5.5%	378,642	369,522	2.5%	110,136	93,927	17.3%	-	-	-
Attributable to:												
- shareholders of the Group	468,996	437,615	7.2%	377,075	367,832	2.5%	91,921	69,783	31.7%	-	-	-
- non-controlling interests	19,782	25,834	-23.4%	1,567	1,690	-7.3%	18,215	24,144	-24.6%	-	-	-
Profit from continuing operations attributable to:												
- shareholders of the Group	379,313	362,971	4.5%	377,075	367,832	2.5%	-	-	-	2,238	(4,861)	NMF
- non-controlling interests	1,567	1,690	-7.3%	1,567	1,690	-7.3%	-	-	-	-	-	-
Profit from discontinued operations attributable to:												
- shareholders of the Group	89,683	74,644	20.1%	-	-	-	91,921	69,783	31.7%	(2,238)	4,861	NMF
- non-controlling interests	18,215	24,144	-24.6%	-	-	-	18,215	24,144	-24.6%	-	-	-
Earnings per share (basic)	10.78	11.61	-7.1%									
- earnings per share from continuing operations	8.72	9.63	-9.4%									
- earnings per share from discontinued operations	2.06	1.98	4.0%									
Earnings per share (diluted)	10.71	11.07	-3.3%									
- earnings per share from continuing operations	8.66	9.18	-5.7%									
- earnings per share from discontinued operations	2.05	1.89	8.5%									

BANK OF GEORGIA GROUP BALANCE SHEET



<i>GEL thousands, unless otherwise noted</i>	Bank of Georgia Group Consolidated					Banking Business					Discontinued Operations					Eliminations		
	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q	Dec-18	Dec-17	Sep-18
Cash and cash equivalents	1,215,799	1,582,435	-23.2%	1,237,867	-1.8%	1,215,799	1,516,401	-19.8%	1,237,867	-1.8%	-	374,301	NMF	-	-	-	(308,267)	-
Amounts due from credit institutions	1,305,216	1,225,947	6.5%	1,398,061	-6.6%	1,305,216	1,216,349	7.3%	1,398,061	-6.6%	-	38,141	NMF	-	-	-	(28,543)	-
Investment securities	2,019,017	1,564,869	29.0%	2,060,880	-2.0%	2,019,017	1,613,759	25.1%	2,060,880	-2.0%	-	33,059	NMF	-	-	-	(81,949)	-
Loans to customers and finance lease receivables	9,397,747	7,690,450	22.2%	8,762,413	7.3%	9,397,747	7,741,420	21.4%	8,762,413	7.3%	-	-	-	-	-	-	(50,970)	-
Accounts receivable and other loans	2,849	38,944	-92.7%	3,256	-12.5%	2,849	3,572	-20.2%	3,256	-12.5%	-	35,446	NMF	-	-	-	(74)	-
Insurance premiums receivable	-	30,573	NMF	-	-	-	-	-	-	-	-	30,854	NMF	-	-	-	(281)	-
Prepayments	44,294	149,558	-70.4%	48,444	-8.6%	44,294	61,501	-28.0%	48,444	-8.6%	-	88,057	NMF	-	-	-	-	-
Inventories	13,292	100,194	-86.7%	18,598	-28.5%	13,292	20,086	-33.8%	18,598	-28.5%	-	80,108	NMF	-	-	-	-	-
Investment property	151,446	353,565	-57.2%	216,715	-30.1%	151,446	202,533	-25.2%	216,715	-30.1%	-	155,367	NMF	-	-	-	(4,335)	-
Property and equipment	344,059	988,436	-65.2%	315,980	8.9%	344,059	322,925	6.5%	315,980	8.9%	-	661,176	NMF	-	-	-	4,335	-
Goodwill	33,351	55,276	-39.7%	33,351	0.0%	33,351	33,351	0.0%	33,351	0.0%	-	21,925	NMF	-	-	-	-	-
Intangible assets	83,366	60,980	36.7%	85,247	-2.2%	83,366	55,525	50.1%	85,247	-2.2%	-	5,455	NMF	-	-	-	-	-
Income tax assets	19,451	2,293	748.3%	28,237	-31.1%	19,451	919	NMF	28,237	-31.1%	-	1,374	NMF	-	-	-	-	-
Other assets	126,008	188,732	-33.2%	105,883	19.0%	126,008	119,337	5.6%	105,883	19.0%	-	73,468	NMF	-	-	-	(4,073)	-
Assets held for sale	42,408	-	NMF	-	NMF	42,408	-	NMF	-	NMF	-	-	-	-	-	-	-	-
Assets of disposal group held for sale	-	1,136,417	NMF	-	-	-	-	-	-	-	-	1,165,182	NMF	-	-	-	(28,765)	-
Total assets	14,798,303	15,168,669	-2.4%	14,314,932	3.4%	14,798,303	12,907,678	14.6%	14,314,932	3.4%	-	2,763,913	NMF	-	-	-	(502,922)	-
Client deposits and notes	8,133,853	6,712,482	21.2%	7,932,536	2.5%	8,133,853	7,078,058	14.9%	7,932,536	2.5%	-	-	-	-	-	-	(365,576)	-
Amounts due to credit institutions	2,994,879	3,155,839	-5.1%	3,006,739	-0.4%	2,994,879	2,778,338	7.8%	3,006,739	-0.4%	-	377,501	NMF	-	-	-	-	-
Debt securities issued	1,730,414	1,709,152	1.2%	1,578,532	9.6%	1,730,414	1,386,412	24.8%	1,578,532	9.6%	-	357,442	NMF	-	-	-	(34,702)	-
Accruals and deferred income	47,063	132,669	-64.5%	35,977	30.8%	47,063	42,207	11.5%	35,977	30.8%	-	90,462	NMF	-	-	-	-	-
Insurance contracts liabilities	-	46,402	NMF	-	-	-	-	-	-	-	-	46,402	NMF	-	-	-	-	-
Income tax liabilities	28,855	20,959	37.7%	38,705	-25.4%	28,855	20,100	43.6%	38,705	-25.4%	-	859	NMF	-	-	-	-	-
Other liabilities	64,966	142,133	-54.3%	52,495	23.8%	64,966	49,861	30.3%	52,495	23.8%	-	92,553	NMF	-	-	-	(281)	-
Liabilities of disposal group held for sale	-	516,663	NMF	-	-	-	-	-	-	-	-	619,026	NMF	-	-	-	(102,363)	-
Total liabilities	13,000,030	12,436,299	4.5%	12,644,984	2.8%	13,000,030	11,354,976	14.5%	12,644,984	2.8%	-	1,584,245	NMF	-	-	-	(502,922)	-
Share capital	1,618	1,151	40.6%	1,618	0.0%	1,618	1,151	40.6%	1,618	0.0%	-	-	-	-	-	-	-	-
Additional paid-in capital	480,555	106,086	NMF	464,960	3.4%	480,555	-	NMF	464,960	3.4%	-	106,086	NMF	-	-	-	-	-
Treasury shares	(51)	(66)	-22.7%	(44)	15.9%	(51)	(66)	-22.7%	(44)	15.9%	-	-	-	-	-	-	-	-
Other reserves	30,515	122,082	-75.0%	34,283	-11.0%	30,515	(74,046)	NMF	34,283	-11.0%	-	196,128	NMF	-	-	-	-	-
Retained earnings	1,277,732	2,180,415	-41.4%	1,161,983	10.0%	1,277,732	1,618,775	-21.1%	1,161,983	10.0%	-	561,640	NMF	-	-	-	-	-
Reserves of disposal group held for sale	-	10,934	NMF	-	-	-	-	-	-	-	-	10,934	NMF	-	-	-	-	-
Total equity attributable to shareholders of the Group	1,790,369	2,420,602	-26.0%	1,662,800	7.7%	1,790,369	1,545,814	15.8%	1,662,800	7.7%	-	874,788	NMF	-	-	-	-	-
Non-controlling interests	7,904	311,768	-97.5%	7,148	10.6%	7,904	6,888	14.8%	7,148	10.6%	-	304,880	NMF	-	-	-	-	-
Total equity	1,798,273	2,732,370	-34.2%	1,669,948	7.7%	1,798,273	1,552,702	15.8%	1,669,948	7.7%	-	1,179,668	NMF	-	-	-	-	-
Total liabilities and equity	14,798,303	15,168,669	-2.4%	14,314,932	3.4%	14,798,303	12,907,678	14.6%	14,314,932	3.4%	-	2,763,913	NMF	-	-	-	(502,922)	-
Book value per share	37.59	65.22	-42.4%	34.89	7.7%													

BNB FINANCIAL HIGHLIGHTS



INCOME STATEMENT, HIGHLIGHTS

GEL thousands, unless otherwise stated

	4Q18	4Q17	Change y-o-y	3Q18	Change q-o-q	2018	2017	Change y-o-y
Net interest income	6,471	6,021	7.5%	6,525	-0.8%	25,894	29,397	-11.9%
Net fee and commission income	1,356	2,421	-44.0%	1,669	-18.8%	7,805	9,336	-16.4%
Net foreign currency gain	5,261	3,457	52.2%	3,885	35.4%	16,605	10,852	53.0%
Net other income	332	1,295	-74.4%	105	NMF	746	1,773	-57.9%
Revenue	13,420	13,194	1.7%	12,184	10.1%	51,050	51,358	-0.6%
Operating expenses	(8,785)	(8,185)	7.3%	(7,571)	16.0%	(32,261)	(29,665)	8.8%
Operating income before cost of risk	4,635	5,009	-7.5%	4,613	0.5%	18,789	21,693	-13.4%
Cost of risk	670	(518)	NMF	(718)	NMF	(3,070)	(9,092)	-66.2%
Net non-recurring items	(8)	(5)	60.0%	(3)	NMF	(716)	(60)	NMF
Profit before income tax	5,297	4,486	18.1%	3,892	36.1%	15,003	12,541	19.6%
Income tax expense	(1,162)	(875)	32.8%	(885)	31.3%	(3,546)	(2,257)	57.1%
Profit	4,135	3,611	14.5%	3,007	37.5%	11,457	10,284	11.4%

BALANCE SHEET, HIGHLIGHTS

GEL thousands, unless otherwise stated

	Dec-18	Dec-17	Change y-o-y	Sep-18	Change q-o-q
Cash and cash equivalents	110,340	104,309	5.8%	65,808	67.7%
Amounts due from credit institutions	19,664	10,499	87.3%	11,469	71.5%
Investment securities	67,734	73,415	-7.7%	109,798	-38.3%
Loans to customers and finance lease receivables	432,657	399,516	8.3%	394,749	9.6%
Other assets	50,155	37,096	35.2%	42,038	19.3%
Total assets	680,550	624,835	8.9%	623,862	9.1%
Client deposits and notes	389,001	310,050	25.5%	363,233	7.1%
Amounts due to credit institutions	162,823	202,492	-19.6%	146,932	10.8%
Debt securities issued	38,163	28,512	33.8%	28,825	32.4%
Other liabilities	5,300	4,261	24.4%	4,433	19.6%
Total liabilities	595,287	545,315	9.2%	543,423	9.5%
Total equity	85,263	79,520	7.2%	80,439	6.0%
Total liabilities and equity	680,550	624,835	8.9%	623,862	9.1%



BANKING BUSINESS KEY RATIOS



	4Q18	4Q17	3Q18	2018	2017
Profitability					
ROAA, Annualised **	3.2%	3.4%	3.2%	3.2%	3.2%
ROAE, Annualised **	26.2%	27.8%	26.8%	26.1%	25.2%
<i>RB ROAE **</i>	27.3%	36.6%	30.9%	30.0%	31.6%
<i>CIB ROAE **</i>	27.9%	18.1%	22.6%	22.6%	17.6%
Net Interest Margin, Annualised	6.0%	7.3%	6.4%	6.5%	7.3%
<i>RB NIM</i>	6.7%	8.4%	7.2%	7.5%	8.5%
<i>CIB NIM</i>	3.2%	3.5%	3.4%	3.3%	3.4%
Loan Yield, Annualised	12.8%	14.3%	13.5%	13.5%	14.2%
<i>RB Loan Yield</i>	14.2%	15.9%	14.8%	15.1%	16.1%
<i>CIB Loan Yield</i>	9.8%	11.2%	10.8%	10.2%	10.7%
Liquid Assets Yield, Annualised	3.8%	3.4%	3.8%	3.8%	3.4%
Cost of Funds, Annualised	5.0%	4.8%	5.0%	5.0%	4.7%
Cost of Client Deposits and Notes, Annualised	3.4%	3.5%	3.6%	3.5%	3.5%
<i>RB Cost of Client Deposits and Notes</i>	2.9%	2.8%	2.8%	2.9%	2.9%
<i>CIB Cost of Client Deposits and Notes</i>	4.0%	4.0%	4.4%	4.1%	4.0%
Cost of Amounts Due to Credit Institutions, Annualised	7.9%	6.5%	7.4%	7.3%	6.4%
Cost of Debt Securities Issued	7.8%	7.8%	7.8%	7.8%	7.4%
Operating Leverage, Y-O-Y	3.8%	-2.9%	6.8%	2.9%	-0.1%
Operating Leverage, Q-O-Q	-2.3%	-0.2%	2.0%	0.0%	0.0%
Efficiency					
Cost / Income	36.9%	38.3%	36.1%	36.7%	37.7%
<i>RB Cost / Income</i>	36.7%	38.7%	36.3%	36.5%	38.3%
<i>CIB Cost / Income</i>	29.6%	31.0%	30.5%	30.9%	32.0%
Liquidity					
NBG Liquidity Ratio	31.9%	34.4%	32.5%	31.9%	34.4%
Liquid Assets To Total Liabilities	34.9%	38.3%	37.1%	34.9%	38.3%
Net Loans To Client Deposits and Notes	115.5%	109.4%	110.5%	115.5%	109.4%
Net Loans To Client Deposits and Notes + DFIs	99.6%	92.4%	95.3%	99.6%	92.4%
Leverage (Times)	7.2	7.3	7.6	7.2	7.3
Asset Quality:					
NPLs (in GEL)	318,356	301,268	312,203	318,356	301,268
NPLs To Gross Loans To Clients	3.3%	3.8%	3.5%	3.3%	3.8%
NPL Coverage Ratio	90.5%	92.7%	91.7%	90.5%	92.7%
NPL Coverage Ratio, Adjusted for discounted value of collateral	129.9%	130.6%	136.9%	129.9%	130.6%
Cost of Credit Risk, Annualised	1.1%	2.1%	2.0%	1.6%	2.2%
<i>RB Cost of Credit Risk</i>	1.7%	1.8%	2.4%	2.1%	2.5%
<i>CIB Cost of Credit Risk</i>	-0.2%	3.2%	1.5%	0.8%	1.5%
Capital Adequacy:					
NBG (Basel III) Tier I Capital Adequacy Ratio	12.2%	12.4%	11.0%	12.2%	12.4%
NBG (Basel III) Total Capital Adequacy Ratio	16.6%	17.9%	15.9%	16.6%	17.9%

KEY OPERATING DATA



	Dec-18	Dec-17	Sep-18
Selected Operating Data:			
Total Assets Per FTE	1,995	1,832	1,961
Number Of Active Branches, Of Which:	276	286	285
- Express Branches (including Metro)	165	156	169
- Bank of Georgia Branches	99	118	104
- Solo Lounges	12	12	12
Number Of ATMs	876	850	858
Number Of Cards Outstanding, Of Which:	2,177,273	2,227,000	2,192,870
- Debit cards	1,630,235	1,553,427	1,603,960
- Credit cards	547,038	673,573	588,910
Number Of POS Terminals	14,220	13,216	13,419
FX Rates:			
GEL/US\$ exchange rate (period-end)	2.6766	2.5922	2.6151
GEL/GBP exchange rate (period-end)	3.3955	3.5005	3.4130
	Dec-18	Dec-17	Sep-18
Full Time Employees, Group, Of Which:	7,416	7,045	7,300
- Full Time Employees, BOG Standalone	5,828	5,501	5,709
- Full Time Employees, BNB	669	702	705
- Full Time Employees, BB other	919	842	886
	Dec-18	Dec-17	Sep-18
Shares Outstanding			
Ordinary Shares	47,626,147	37,116,399	47,656,452
Treasury Shares	1,543,281	2,268,313	1,512,978
Total Shares Outstanding	49,169,428	39,384,712	49,169,430

EXPRESS BANKING



1 165 Express Branches



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

3 3,115 Express Pay Terminals



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



2 914,613 Express Cards for Transport payments



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

4 14,220 POS Terminals at 6,575 Merchants



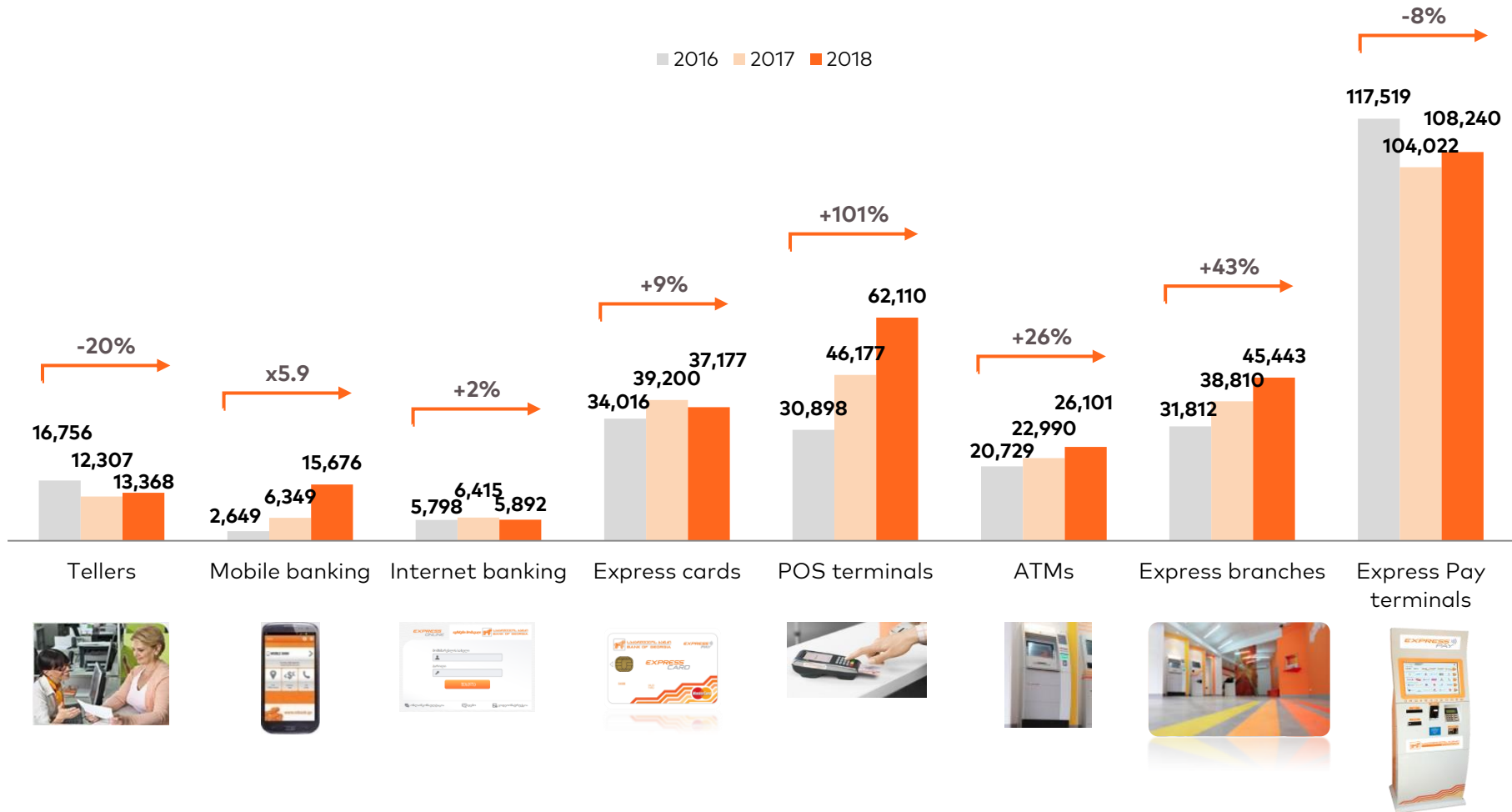
- Payments via cards and points
- P2P transactions between merchant and supplier
- Credit limit with 0% interest rate

EXPRESS - CAPTURING EMERGING MASS MARKET CUSTOMERS



Number of Transactions '000s

■ 2016 ■ 2017 ■ 2018



SOLO - A FUNDAMENTALLY DIFFERENT APPROACH TO PREMIUM BANKING



The target of **40,000 Solo clients** (currently 44,292) already achieved ahead of time. We target growth through increasing engagement of existing clients and maximising the **Profit per client** and **Product per client** measures.

SOLO Lounges



New Solo offers:

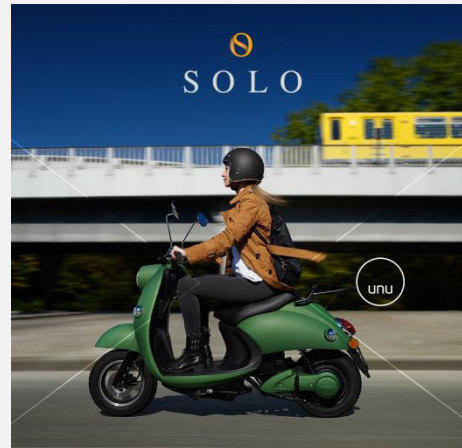
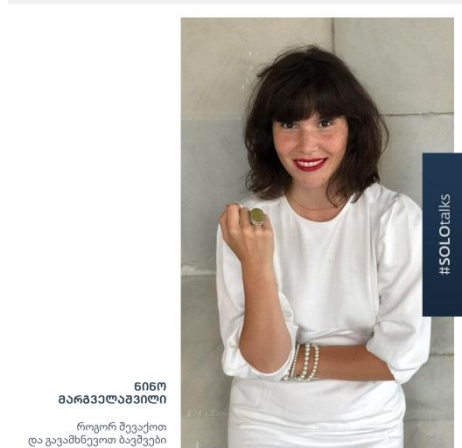
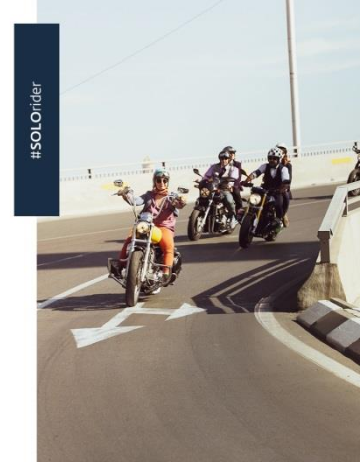
- Tailor made banking solutions
- New financial products such as bonds
- Concierge-style environment
- Access to exclusive products and events
- Lifestyle opportunities



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 31 December 2018, Solo Club had 3,825 members, up 7.7% q-o-q

SOLO – EDUCATION, TRAVEL, HEALTH, ENTERTAINMENT



RETAIL BANKING – CLIENT-CENTRIC MODEL



As of 31 December 2018, we have **76** branches operating on our client-centric model



LOYALTY PROGRAMME

Relationship brings a PLUS⁺

- **Status levels** can be achieved by using multiple banking products
- **Points** are collected through different interactions with the bank
- Status level qualifies clients for **exclusive benefits**
- Points can be **easily redeemed** for specific rewards

Programme
members

1.4mln

Programme
partners

140

Social
campaigns
per month

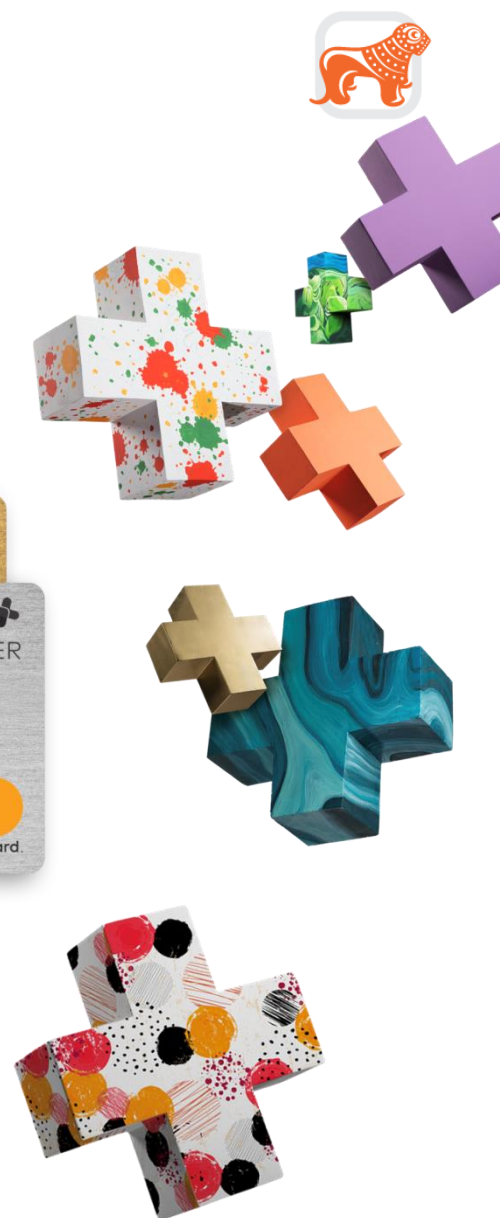
7

Active
special
offers

399

Transactions
with
Plus points

144k



NOTES TO KEY RATIOS



- **Return on average total assets (ROAA)** equals Banking Business Profit for the period divided by monthly average total assets for the same period;
- **Return on average total equity (ROAE)** equals Banking Business 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;
- **Net Interest Margin** equals Net Banking Interest Income for the period divided by monthly Average Interest Earning Assets Excluding Cash for the same period; Interest Earning Assets Excluding Cash comprise: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares) and net Loans To Customers And Finance Lease Receivables;
- **Loan Yield** equals Banking Interest Income From Loans To Customers And Finance Lease Receivables divided by monthly Average Gross Loans To Customers And Finance Lease Receivables;
- **Cost of Funds** equals Banking interest expense of the period divided by monthly average interest bearing liabilities; interest bearing liabilities include: amounts due to credit institutions, client deposits and notes and debt securities issued;
- **Operating Leverage** equals percentage change in revenue less percentage change in operating expenses;
- **Cost / Income Ratio** equals operating expenses divided by revenue;
- **NBG liquidity ratio** equals daily average liquid assets (as defined by NBG) during the months divided by daily average liabilities (as defined by NBG) during the months;
- **Liquid assets** include: cash and cash equivalents, amounts due from credit institutions and investment securities;
- **Liquidity Coverage Ratio** equals high quality liquid assets (as defined by NBG) divided by net cash outflow over the next 30 days (as defined by NBG);
- **Leverage (Times)** equals total liabilities divided by total equity;
- **NPL Coverage Ratio** equals allowance for impairment of loans and finance lease receivables divided by NPLs;
- **NPL Coverage Ratio adjusted for discounted value of collateral** equals allowance for impairment of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for impairment);
- **Cost of Credit Risk** equals 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;
- **NBG (Basel III) Tier I Capital Adequacy ratio** equals 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** equals total regulatory capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- **NMF** – Not meaningful



**Registered Address**

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Share price information

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

