



BANK OF GEORGIA
HOLDINGS PLC

GROWTH AT THE RIGHT PRICE
LSE: BGEO

Strategy

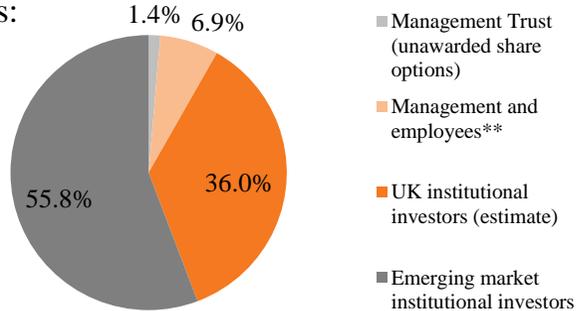
Tbilisi

Speaker: Irakli Gilauri, CEO

15 November 2013

Shareholder structure and share price

 Bank of Georgia Holdings plc. (BGH) (LSE: BGEO) a UK-incorporated holding company of JSC Bank of Georgia. As of 30 September 2013, BGH's shareholder structure was as follows:



- BGEO is included in FTSE 250 and FTSE All Share Index Funds as of 18 June 2012, as announced by FTSE on 6 June 2012
- World class corporate governance is the key to our success

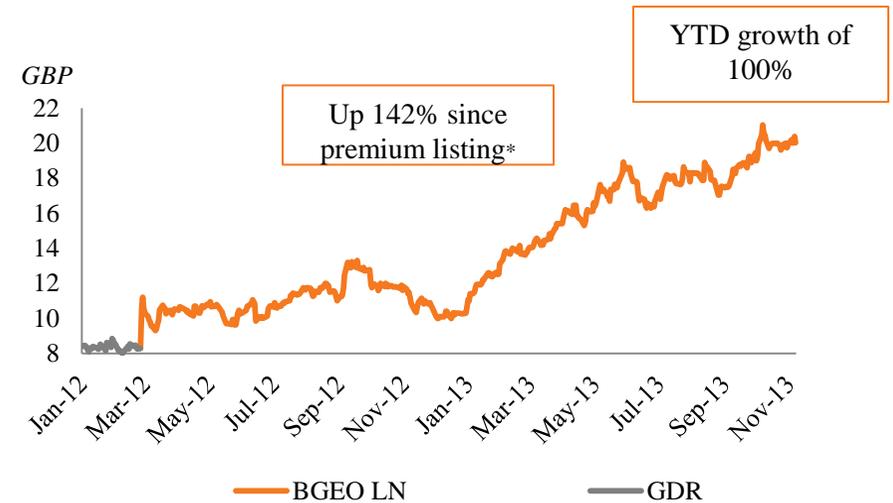
Average daily number of shares traded



Average daily trading volume



Share price performance



* Share price change calculated from the last price of BGEO LI on 27 February 2012 to the price of BGEO LN on 8 November 2013

** Includes shares held, shares vested awarded and unvested of the Management Board, Supervisory board and other employees of the Bank and its subsidiaries

3x20%: Growth story over time with dividends

UK corporate governance

FTSE 250

ROE c.20%

- Revenue up 5.6% y-o-y to GEL 138.3 mln in Q3 2013, in 9M 2013 up 9.3% ¹ to GEL 401.0 mln
- Profit up 25.6% y-o-y to GEL 58.6 mln in Q3 2013, up 15.8% y-o-y to GEL 153.7 mln in 9M 2013
- Non-interest income decreased by 4.5% y-o-y to GEL 58.3 mln in Q3 2013 and in 9M 2013 increased by 6.9% ¹ to GEL 170.5 mln
- Operational efficiency/scale:
 - Cost to income ratio improved to 39.7% in Q3 2013 compared to 39.9% Q2 2013 and 44.4% in Q3 2012. 9M 2013 cost to income at 41.0% compared to 45.2% in 9M 2012.
- Prudent risk management:
 - Cost of risk ² of 1.6% in Q3 2013 compared to 1.5% in Q2 2013
- Q3 2013 ROAE of 20.6%, compared to 19.3% in Q2 2013

TIER I c.20%

- Conservative National Bank of Georgia (NBG) regulation
 - Risk weighting of FX assets at 175%, Bank's leverage at 4.1x as of 30 September 2013 and 4.3x as of 31 December 2012
- Strong internal cash generation to support loan growth without compromising capital ratios
 - BIS Tier I of 23.7% and BIS Total Capital ratio of 28.6% as of 30 September 2013
 - NBG Tier I 15.4% and NBG Total Capital of 16.6% as of 30 September 2013

Growth c.20%

- Strong growth across the board supported by synergistic business
 - Net loan book ³ grew 7.2% y-o-y to GEL 3,283.5 million
 - Client deposits in Q3 2013 increased 6.0% y-o-y and 8.7% year-to-date to GEL 2,850.0 million despite sharp decrease in cost of deposits. Cost of client deposits declined to 5.2% in Q3 2013 from 5.9% in Q2 2013 and 7.1% in Q3 2012
- Consumer driven franchise with robust sales force to increase cross selling with synergistic businesses
- Increase in contribution from synergistic business in the Group's profit. Insurance and healthcare business contributed 11.9% to the Group's profit in 9M 2013 compared to 6.7% in 9M 2012

Dividends

- An annual dividend of GEL 1.5 per share for 2012 was paid in June 2013
- Dividend of GEL 0.7/27p per share for 2011
- Going forward, the Board will aim to maintain a dividend payout ratio in the 25%-40% range
- Aim for one-off dividends linked to divestments

¹ Excluding one-off fx gain for BNB

³Including finance lease receivables

² Equals impairment charge for loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period

Bank of Georgia at a glance

 The strategy to enter insurance, healthcare and real estate business announced in 2010 worked well

Strategic business

Well established brand

-  Retail
 - Largest retail franchise: 1,190,255 retail clients, 199 branches, 486 ATMs, 926,646 cards outstanding as of 30 September 2013
 - Market shares of 30.2% by retail loans and 29.6% by retail deposits as of 30 September 2013
-  Corporate
 - Largest corporate bank with c.7,200 corporate clients; 31.2% market share by corporate deposits as of 30 September 2013
-  Investment Management
 - Investment Management client deposits 2009-2012 CAGR growth of 54.8%; Outstanding client deposits of GEL 614.6 mln at 30 September 2013
 - International representative office network in Israel, UK and Hungary

Synergistic business

Growth opportunities to support strategic business

-  Insurance and Healthcare (Aldagi)
 - Strongly positioned to benefit from the growth of insurance and healthcare sectors through insurance subsidiary Aldagi, one of the leading providers of life and non-life insurance in Georgia with 30.0%* market share by gross insurance premium revenue
 - Vertical integration with healthcare business to boost insurance business growth and its contribution to the Group's income
 - Approximately, 11% of BGH revenues and 12% of BGH profit in 9M 2013
-  Affordable Housing
 - Pilot project of 123 apartment building completed on time and within the budget with IRR of 47%
 - 522 apartment building project is expected to finish 5 months ahead of schedule, 83% pre-sold since June 2012
 - Mortgages with a total value of GEL 23.5 mln sold

Non-core business

Intention to exit from non-core business over time

-  BNB
 - Belarus banking operation accounting for 4.6% total assets as of 30 September 2013
 - The Bank owns 80%, the remainder owned by IFC/World Bank
 - Assets of US\$163.8 mln, up 71% y-o-y and equity of US\$31.3 mln as of 30 September 2013
 - Fully written off goodwill (GEL 23.4 mln)
 - ROAE of c. 17%

* Based on insurance revenues as of 30 June 2013 per Insurance Supervisory Agency

Key strategic priorities for the next 3 years

1

Strengthen market leader position

- As demonstrated by BoG results, market leadership gives BoG superior pricing power, distribution and economy of scale
- Express strategy with the platform to increase number of clients will be the key driver to create indestructible franchise
- Increase number of retail clients to 1.2 mln y-o-y by c. 22% as of Sept 2013

2

Further increase revenue diversification

- Leverage on local knowledge and access to capital internationally to introduce Investment Management products
- Expand in payments business in Georgia through Express Strategy
- Leverage on knowledge of IT and payment business to export IT and payments business in the region
- Strong IT knowledge will be the key

3

Decrease cost of funding

- Through superior access to capital markets and BoG retail franchise we managed to decrease our cost of funds from 7.8% in Q3 2011 to 5.6% in Q3 2013 & increase NIM
- We managed to increase NIM in low loan demand cycle
- Express strategy allows us to increase current accounts balances. Retail current account balances grew by 30% y-o-y in Sept'13

4

De-dollarise balance sheet

- Leverage on NBG repo facility
- Keep US\$ & GEL deposit rate differential
- PR on GEL deposits
- Every 1% de-dollarisation of loan book releases GEL 3 mln regulatory capital
- C. GEL 40 mln Lari floating rate loans issued
- GEL loans increased from 22% of total loans in 2010 to 34% as of 30 September 2013

5

Cost discipline

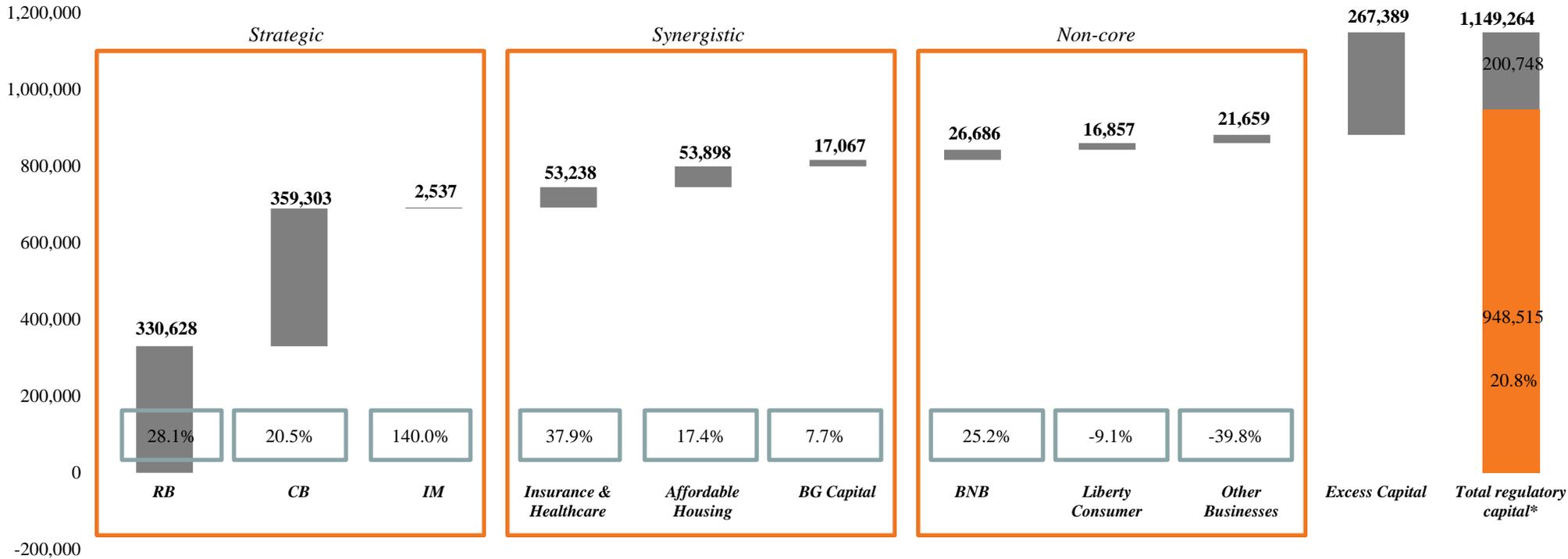
- C/I ratio below 40% - 2 years ahead of target
- Express strategy is the key to further decrease the ratio
- Investment in Express Technologies will allow us to scale up the business with minimum operating costs
- Education platform will be another contributor to lower costs

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Create education platform

- Use training budget & training centre to convert it into small university
- Leverage BoG franchise to attract external talent
- Platform to discover future leaders within 11,000 employees

New NBG regulatory capital allocation, 30 September 2013



RoC · Return on Allocated Capital

* Total new NBG regulatory capital, before deduction of investments of GEL 200,748 with GEL 948,515 of net regulatory capital after deductions.

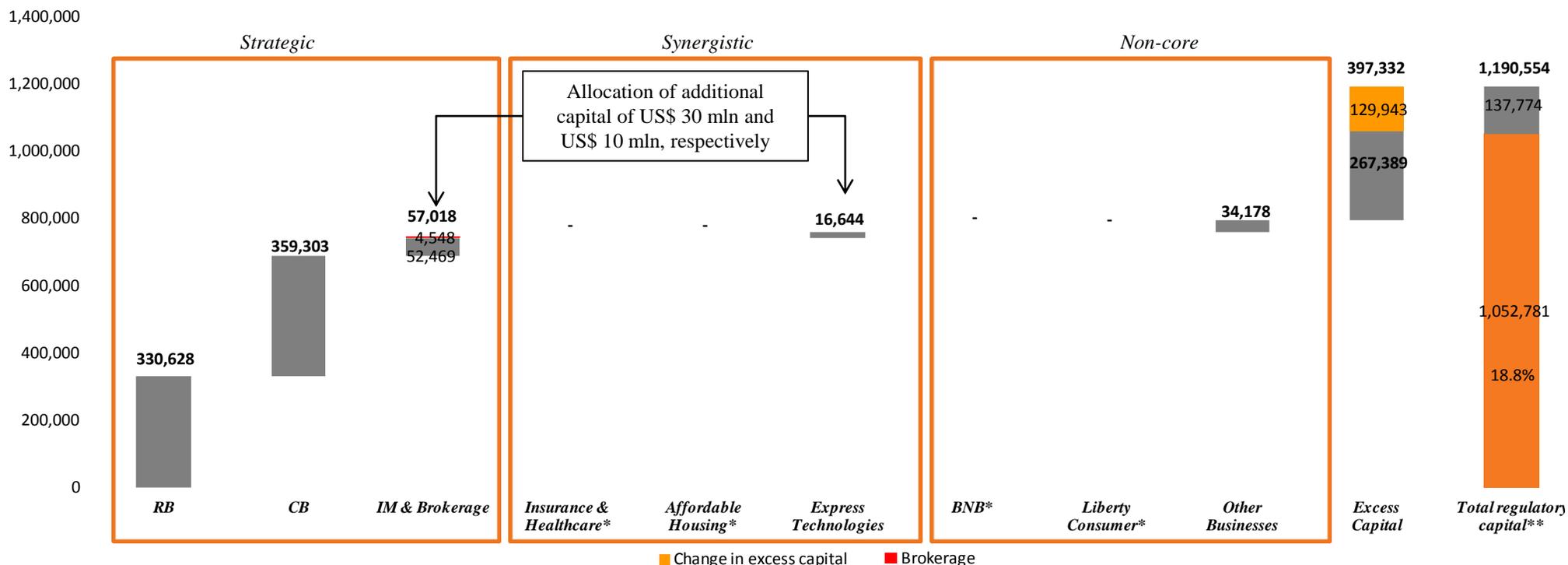
Strong operating cash flow formation

<i>GEL'000</i>	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
Net Operating Cash Flow	162,510	133,445	112,572	113,091
<i>Growth</i>	<i>21.8%</i>	<i>18.5%</i>	<i>-0.5%</i>	
Capital Expenditures	(30,632)	(29,276)	(34,626)	(18,799)
<i>Growth</i>	<i>4.6%</i>	<i>-15.5%</i>	<i>84.2%</i>	
Of which JSC Bank Of Georgia	(13,487)	(10,795)	(30,511)	(12,544)
<i>Growth</i>	<i>24.9%</i>	<i>-64.6%</i>	<i>143.2%</i>	
Dividends Paid	(49,483)	(23,618)	(9,169)	-
<i>Growth</i>	<i>109.5%</i>	<i>157.6%</i>	<i>-</i>	

New capital allocations in the next 2-3 years

Business line	Capital allocation (US\$)
Investment Management: (distribution in CIS, seed capital & EU platform)	c. \$30 mln
Healthcare* (currently GEL 53.9 mln has been allocated)	c. \$30 mln
Express Technologies	c. \$10 mln
Total in next 2-3 years	c. \$70 mln
* Investments to be made in next 12 months	

Pro-forma new NBG regulatory capital allocation, 2016



* Sold at book values as at 30 September 2013;

** Total new NBG regulatory capital before deduction of investments of GEL 137,774 with GEL 1,052,781 of net regulatory capital after deductions.

Bank of Georgia by YE 2016

Strategic businesses



Retail Banking



Express Banking



Corporate Banking



Investment Management

Strategic platforms



Express Technologies



Bank of Georgia University

What we are aiming for in the next 2-3 years...

	Targets announced in 2012 for next 2-3 years	Performance	New target
3X20	ROAE – 20% / Tier I 20% / Growth 20%	✓ partially delivered	Priority
Dividends	Progressive	✓✓ in line Net Operating CF up 1H 2013 up c. 22% y-o-y	- 25-40% payout - Consider one-offs
NIM	7-7.5%	✓✓ above target	c. 7.5%
Cost / Income	40%	✓✓ delivered	c. 37%
Net Loan / Deposits +DFI	100 – 110%	✓ delivered	c. 100%
Cost of Risk	0.8 – 1.2%	✗ target not met	c. 1.5%
Operating Leverage	Positive	✓✓ delivered	Positive

What we are aiming for in the next 2-3 years... (cont'd)

	Targets announced in 2012 for next 2-3 years	Performance	New target
Affordable Housing	IRR: 30%+	✓✓ above target	c. 40%+ use the expertise for IM
Insurance & Healthcare	ROAE: 25%+ IPO in 2-3 years	✓ in line	scale up the business through acquisitions and IPO the company within 2 years
Investment Management	AUM of US\$ 1.0 bn by YE 2016	✓ on track with AUM of US\$ 400 mln	AUM of US\$ 2.0 bln by YE 2016 investment of US\$ 30 mln
Belarus	focusing on ROAE divest the bank within 2-3 years	✓ in line ROAE of 17%	divestment within 2 years

Q&A

Forward looking statements

This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and JSC Bank of Georgia and/or the Bank of Georgia Holdings' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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