

London, 22 November 2016

BGEO Group hosts Investor Day in Tbilisi

BGEO Group PLC (“BGEO” or the “Group”) announces that the Group is today hosting an Investor Day for analysts and investors in Tbilisi.

As part of the presentation the Group will update investors on its medium term strategic goals which are summarised below:

- The Group will continue to focus on capturing growth opportunities in the rapidly growing Georgian economy
- Our '4x20' strategy will continue to be targeted over the medium term to deliver:
 - A return on average equity in the Banking Business of at least 20%
 - Retail Banking customer lending growth of at least 20% per annum
 - A minimum targeted Internal Rate of Return of 20% on investments in the Group’s investment businesses, and
 - A maximum 20% profit contribution, of the Group’s profits, from our investment businesses
- The Group will continue to aim to maintain a regular dividend payout ratio from the Banking Business profits in the 25%-40% range
- In addition, with a view to divestments we are planning, our objective is to make at least 3 special capital returns by the end of 2019, with a total value of at least 50% of the regular dividends from the banking business. These capital returns could take the form of either special dividends, share buybacks and/or stock dividends
- As part of this commitment, the Board has approved a \$50 million share buyback and cancellation programme over a two year period. In addition, the Group will instruct the administrators of the Group Employee Benefits Trust to purchase shares in the market totaling approximately US\$20 million

Within the banking business:

- Over the next 1-2 years, Bank of Georgia aims to shift the mix of its customer lending to become 65% retail and 35% corporate (currently 60% retail; 40% corporate) with the product per client ratio in the retail bank targeted to increase to 3.0 products, from a current 2.0 products
- In the Express Banking segment, the Bank will aim to double the number of transactions over the next 2-3 years
- In Solo Banking, the Bank will aim to increase the number of Solo clients to 40,000 (currently 16,964)
- The Bank will continue to reduce concentration risk in the corporate lending portfolio, with the support of the Investment Management business, to target the top ten borrowers to represent less than 10% of the total loan portfolio (currently 11.9%)
- The bank will aim to develop a significant regional private banking franchise to reach AUM of GEL 2.5 billion (currently GEL 1.4 billion)
- In addition, over the medium-to-long term:
 - The net interest margin is expected to be in the 7.25% - 7.75% range (currently 7.4%)
 - The Bank aims to manage to a cost/income ratio of around 35% (currently 38%)
 - The Bank will continue to enhance its already prudent risk management practice, and will aim to maintain its Non-Performing Loans coverage ratio in the range of 80-120% through the economic cycle (currently

86.5%) – with a normalised 100% ratio. Through the long-term economic cycle, the Bank's cost of risk ratio is expected to be c.2.0% per annum

Within the Investment Businesses:

- In the healthcare business, Georgia Healthcare Group (“GHG”), we expect to:
 - At least double 2015 hospital and ambulatory revenues in 2018, with an EBITDA margin of 30%
 - Launch two hospitals with a total of c.650 hospital beds in 2017, and achieve a market share of hospital revenue in excess of 30% in the medium-to-long term
 - Roll-out a network of ambulatory clinics to achieve a 5% market share of revenues in 2018, and a 15% market share of revenues in the medium-to-long term
 - In the pharma business, complete the planned integration of GPC and ABC business, and achieve 30% market share in 2018. In addition, increase the EBITDA margin to 8.0%+
 - Achieve more cross-selling from pharmacies to ambulatory clinics by leveraging c.2 million pharma customer interactions per month
 - In the Medical Insurance business, reduce the combined ratio to less than 97% over the next few years
 - Increase the amount of claims retained within GHG by increasing the number of patients referred to the ambulatory clinics and pharmacies
- In m² Real Estate to target an internal rate of return of c.40%+, whilst delivering a capital return to the Group of US\$ 20-25 million in 2019
- In the utility and energy business, GGU, to achieve EBITDA of more than GEL 80 million in 2018, whilst establishing a renewable energy platform, targeting 200MW operating and 100-100MW ready-to-build and pipeline for hydro power plants, and 20-20MW ready-to-build wind farms and solar photo-voltaic stations by 2019, with an IRR in excess of 20%. We are aiming to prepare the combined utility and renewable energy business for an IPO in approximately 2-3 years

A full set of the presentation slides can be viewed on the BGEO website at www.BGEO.com

Name of authorised official of issuer responsible for making notification: Ekaterina Shavgulidze, Head of Investor Relations and Funding

ABOUT BGEO GROUP PLC

THE GROUP: BGEO Group PLC (“BGEO” or the “Group” – LSE: BGEO LN) is a UK incorporated holding company of a Georgia-focused investment platform. BGEO invests in the banking and non-banking sectors in Georgia (BGEO and its subsidiaries, the “Group”). BGEO aims to deliver on a 4x20 strategy: at least 20% ROAE and at least 20% growth of retail loan book in Banking Business, and at least 20% IRR and up to 20% of the Group’s profit from Investment Business.

BANKING BUSINESS: Our Banking Business comprises at least 80% of the Group’s profit and consists of Retail Banking, Corporate Banking and Investment Management businesses at its core and other banking businesses such as P&C Insurance, Leasing, Payment Services and Banking operations in Belarus (“BNB”). The Group strives to benefit from the underpenetrated banking sector in Georgia especially through its Retail Banking services. JSC Bank of Georgia (“BOG” or the “Bank”) is the main entity in the Group’s Banking Business.

INVESTMENT BUSINESS: Our Investment Business comprises up to 20% of the Group’s profit and consists of Georgia Healthcare Group (Healthcare Business) – an LSE (London Stock Exchange PLC) premium listed company, m² Real Estate (Real Estate Business), Georgia Global Utilities (Utility Business or GGU) and Teliani Valley (Beverage Business). Georgia’s fast-growing economy provides opportunities in a number of underdeveloped markets and the Group is well positioned to capture growth opportunities in the Georgian corporate sector.

JSC BGEO Group has, as of the date hereof, the following credit ratings:

Fitch Ratings	‘BB-/B’
Moody’s	B1/NP (FC) & B1/NP (LC)

Bank of Georgia has, as of the date hereof, the following credit ratings:

Fitch Ratings	‘BB-/B’
Moody’s	‘B1/NP’ (FC) & ‘Ba3/NP’ (LC)

For further information, please visit www.bgeo.com or contact:

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