



BANK OF GEORGIA

BANK OF GEORGIA GROUP PLC

Investor Presentation

3Q19 and 9M19 Financial Results

7 November 2019

www.bankofgeorgiagroup.com

DISCLAIMER – FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; regional instability; loan portfolio quality; regulatory risk; liquidity risk; operational risk, cyber security, information systems and financial crime risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's 2Q19 and 1H19 results announcement and in Annual Report and Accounts 2018. 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**

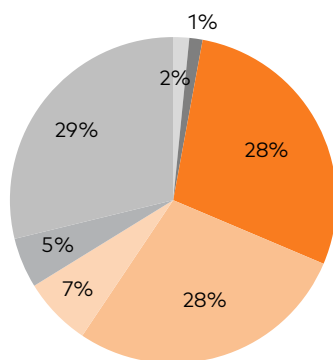
**Corporate and
Investment
Banking**

**Wealth
Management**

**BNB
(Bank in Belarus)**

Shareholder structure

As of 30 September 2019



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

Top shareholders

As of 30 September 2019

Rank	Shareholder name	Ownership
1	JSC Georgia Capital*	19.90%
2	Harding Loevner LP	4.85%
3	JP Morgan Asset Management (UK) Ltd	2.92%
4	Dimensional Fund Advisors (DFA) LP	2.88%
5	Van Eck Global	2.80%
6	Norges Bank Investment Management	2.65%
7	Jupiter Asset Management	2.44%
8	Vanguard Group Inc	2.41%
9	LGM Investments Ltd	2.38%
10	Standard Life Investments	2.32%

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

The Group continues to be included in the global responsible investment index **FTSE4Good**



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

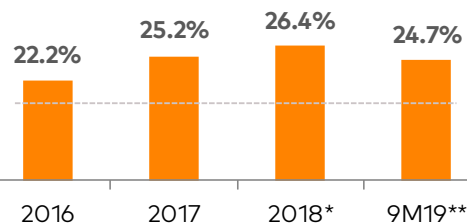


SUCCESSFUL TRACK RECORD OF DELIVERING STRONG RESULTS

BANKING BUSINESS KEY TARGETS

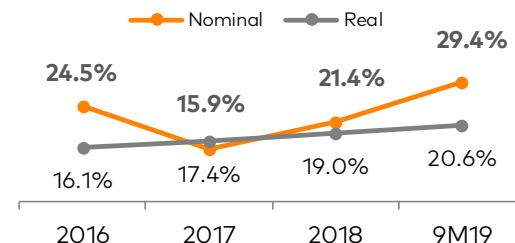
1

ROAE
20%+



2

Loan book
growth
c.15%



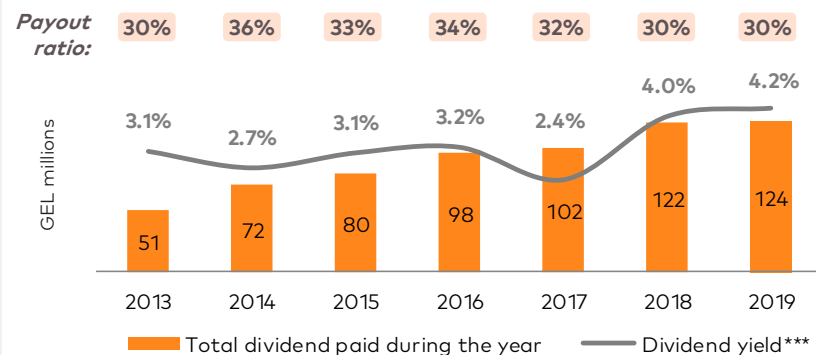
3

Robust
Capital
Management
Track
Record



- **Capital position:** We aim to maintain **+200bps buffer** for CET1 and Tier 1 capital ratios over minimum regulatory requirement
- **Maintain regular dividend payouts:** Aiming **25-40%** dividend payout ratio
- **GEL 648mln+** cash dividend paid since 2013, with **payout ratio above 30%** over past 7 years

Regular Dividends





MACRO DEVELOPMENTS

- The Georgian economy continued to deliver strong real growth numbers, estimated at **5.7%** in the third quarter of 2019
- While the impact of fewer Russian tourists on the economy has been small, the negative expectations have partly resulted in the **6.0%** depreciation of the GEL vs US Dollar exchange rate since 20 June 2019, which has had a subsequent impact on headline inflation, coming in at **6.4%** in September 2019
- The National Bank of Georgia increased the monetary policy rate from **6.5% to 8.5%** in September and October 2019
- On 11 October 2019, **S&P Global Ratings upgraded the Georgia's sovereign credit rating by one notch to BB**, a testament to the positive changes as a result of the Government's recent reforms
- With a ranking of **7th, Georgia remains in the top 10 of best places in the world to do business in 2020** according to the World Bank's ranking
- Exports are showing healthy growth, while imports are shrinking, resulting in the **expected current account deficit falling below 5% of GDP, down from the 2016 highs of 13.1%**

GROUP DEVELOPMENTS

- **A new base year** - a new environment with a successfully reshuffled portfolio, lower NIM and lower cost of credit risk on the back of new regulations, leading to **lower systemic risk**, resulting in **growing operating income and a strong profitability**
- Our new mission established: **we are here to help people achieve more of their potential**. A new brand platform adopted and first new brand campaign launched. **Bank of Georgia is the brand that stands for taking action and doing something about it; we are here to empower and support our customers and employees**
- **New CSR strategy** aligned with new mission - to help people achieve more of their potential. Focusing on three main pillars: **education, employment and MSME development**
- Two main strategic pillars: **customer satisfaction and employee engagement**. The KPIs of the top management revised to include NPS/ ENPS scores. Investment made in the leading **customer experience management platform, Medallia**, to help us capture and prioritise large amounts of customer feedback. Rolled out first throughout the Bank's digital channels
- **Investments in digital capabilities** - doubling digital staff over a 12 month period (announced in June 2019). Results already evident - a significantly higher number of mobile banking transactions (9.5 million in 3Q19, up 131.0% y-o-y). **Overall, 93% of daily transactions now performed through digital channels**

REBASE YEAR | RESULTS HIGHLIGHTS*



Income Statement **

Banking Business	3Q19	3Q18	Change y-o-y	2Q19	Change q-o-q	9M19	9M18	Change y-o-y
<i>GEL thousands unless otherwise noted</i>								
Net interest income	188,682	185,335	1.8%	181,622	3.9%	553,245	552,166	0.2%
Net fee and commission income	48,009	39,481	21.6%	43,267	11.0%	133,456	111,838	19.3%
Net foreign currency gain	44,543	36,827	21.0%	36,700	21.4%	111,268	76,079	46.3%
Net other income / (expense)	3,728	7,437	-49.9%	(4,260)	NMF	3,035	16,888	-82.0%
Operating income	284,962	269,080	5.9%	257,329	10.7%	801,004	756,971	5.8%
Operating expenses	(107,917)	(97,137)	11.1%	(98,558)	9.5%	(298,401)	(277,660)	7.5%
Profit from associates	194	326	-40.5%	254	-23.6%	636	1,021	-37.7%
Operating income before cost of risk	177,239	172,269	2.9%	159,025	11.5%	503,239	480,332	4.8%
Cost of risk	(15,223)	(48,107)	-68.4%	(35,476)	-57.1%	(93,351)	(119,447)	-21.8%
Net operating income before non-recurring items	162,016	124,162	30.5%	123,549	31.1%	409,888	360,885	13.6%
Net non-recurring items	(5,019)	(3,747)	33.9%	(2,538)	97.8%	(9,132)	(20,458)	-55.4%
Profit before income tax expense and one-off costs	156,997	120,415	30.4%	121,011	29.7%	400,756	340,427	17.7%
Income tax expense	(22,697)	(9,316)	143.6%	(9,871)	129.9%	(43,104)	(24,060)	79.2%
Profit adjusted for one-off costs	134,300	111,099	20.9%	111,140	20.8%	357,652	316,367	13.0%
One-off termination costs of former CEO and executive management (after tax), one-off demerger related expenses (after tax) and one-off impact of re-measurement of deferred tax balances	-	-	-	(3,996)	NMF	(14,236)	(52,541)	-72.9%
Profit	134,300	111,099	20.9%	107,144	25.3%	343,416	263,826	30.2%

Balance Sheet

Key Ratios

GEL thousands unless otherwise noted

	Sep-19	Sep-18	Change y-o-y	Jun-19	Change q-o-q
Liquid assets	5,099,111	4,696,808	8.6%	4,537,545	12.4%
Cash and cash equivalents	1,369,169	1,237,867	10.6%	936,106	46.3%
Amounts due from credit institutions	1,834,220	1,398,061	31.2%	1,704,701	7.6%
Investment securities	1,895,722	2,060,880	-8.0%	1,896,738	-0.1%
Loans to customers and finance lease receivables	11,339,745	8,762,413	29.4%	10,579,710	7.2%
Property and equipment	364,405	315,980	15.3%	358,921	1.5%
Total assets	17,540,692	14,314,932	22.5%	16,133,999	8.7%
Client deposits and notes	9,613,718	7,932,536	21.2%	8,855,616	8.6%
Amounts due to credit institutions	3,437,718	3,006,739	14.3%	2,960,519	16.1%
Borrowings from DFIs	1,355,426	1,261,960	7.4%	1,253,921	8.1%
Short-term loans from NBG	1,271,027	1,016,431	25.0%	1,001,496	26.9%
Loans and deposits from commercial banks	811,265	728,348	11.4%	705,102	15.1%
Debt securities issued	2,175,820	1,578,532	37.8%	2,137,239	1.8%
Total liabilities	15,500,833	12,644,984	22.6%	14,215,780	9.0%
Total equity	2,039,859	1,669,948	22.2%	1,918,219	6.3%

Banking Business	3Q19	3Q18	2Q19	9M19	9M18
ROAA**	3.2%	3.2%	2.9%	3.0%	3.2%
ROAE**	26.8%	26.8%	22.9%	24.7%	26.2%
Net interest margin	5.1%	6.4%	5.4%	5.4%	6.8%
Loan yield	11.5%	13.5%	11.8%	11.8%	13.7%
Liquid assets yield	3.2%	3.8%	3.4%	3.4%	3.7%
Cost of funds	4.8%	5.0%	4.8%	4.8%	5.0%
Cost of client deposits and notes	3.2%	3.6%	3.3%	3.3%	3.5%
Cost of amounts due to credit institutions	7.1%	7.4%	7.2%	7.2%	7.1%
Cost of debt securities issued	8.2%	7.8%	8.1%	8.0%	7.8%
Cost / Income***	37.9%	36.1%	38.3%	37.3%	36.7%
NPLs to gross loans to clients	2.9%	3.5%	3.2%	2.9%	3.5%
NPL coverage ratio	85.3%	91.7%	88.1%	85.3%	91.7%
NPL coverage ratio, adjusted for discounted value of collateral	129.3%	136.9%	131.5%	129.3%	136.9%
Cost of credit risk ratio	0.5%	2.0%	1.3%	1.1%	1.8%
NBG (Basel III) CET1 capital adequacy ratio	11.1%	11.0%	11.0%	11.1%	11.0%
NBG (Basel III) Tier I capital adequacy ratio	13.3%	11.0%	13.3%	13.3%	11.0%
NBG (Basel III) Total capital adequacy ratio	16.8%	15.9%	16.7%	16.8%	15.9%

* The detailed financials of the Group are presented on pages 67-72

** The income statement adjusted profit excludes GEL 4.0mln in 2Q19 and GEL 14.2mln in 9M19 one-off employee costs (net of income tax) related to former CEO and executive management termination benefits. The amount is comprised of GEL 4.6mln in 2Q19 and GEL 12.4mln in 9M19 (gross of income tax) excluded from salaries and other employee benefits and GEL 4.0mln (gross of income tax) excluded from non-recurring items in 9M19. The income statement adjusted profit for 2Q18 and 9M18 excludes GEL 52.5mln demerger related expenses (net of income tax) and one-off impact of re-measurement of deferred tax balances. ROAE and ROAA have been adjusted accordingly for all periods presented. Full IFRS income statement is presented on pages 67-68

*** Cost/income ratio adjusted for GEL 4.6mln in 2Q19 and GEL 12.4mln in 9M19 one-off employee costs (gross of income tax) related to termination benefits of the former executive management



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THE LEADING BANK IN GEORGIA

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



BOG – Leading Bank in Attractive Banking Sector

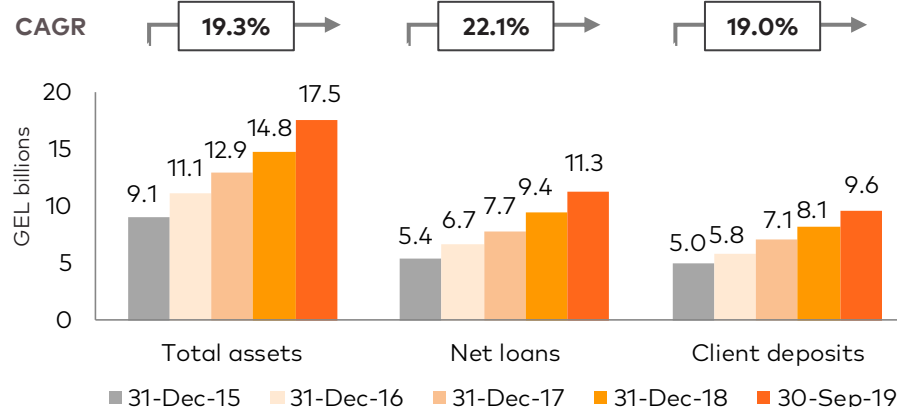
- **Top Systemically important financial institution in Georgia**
- **Market position in Georgia** by assets (35.4%), loans (35.3%), client deposits (35.5%) and equity (29.7%) as of 30 September 2019*
- **Market with stable growth perspectives:** Real GDP average annual growth rate of 4.5% for 2007-2018; 5.0% estimated real GDP growth in 9M19 according to Geostat. Loans to GDP increased from 8.8% to 69.2% during 2003-9M19; Deposits to GDP increased from 8.4% to 58.8% over the same period
- **Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 271 branches, 911 ATMs, 3,231 Express Pay Terminals and more than 2.5 million customers as of 30 September 2019
- **Sustainable high profitability** with average ROAE of more than 20% over the last three years on the back of solid NIM, low cost of credit risk and stringent cost control
- **Resilient credit profile:** Well-capitalised, diversified and high quality loan book and strong liquidity profile
- **High standards of transparency and governance:** The first entity from Georgia to be listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006

Credit ratings from global rating agencies

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

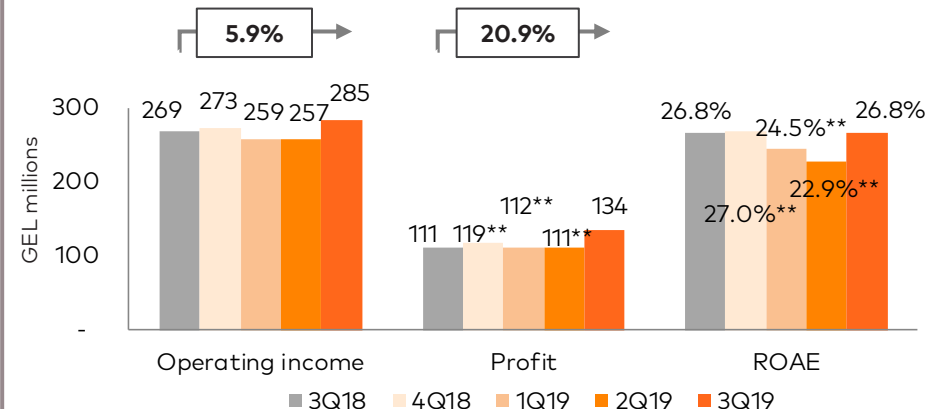
Balance Sheet Highlights

Banking Business



Income Statement Highlights

Banking Business

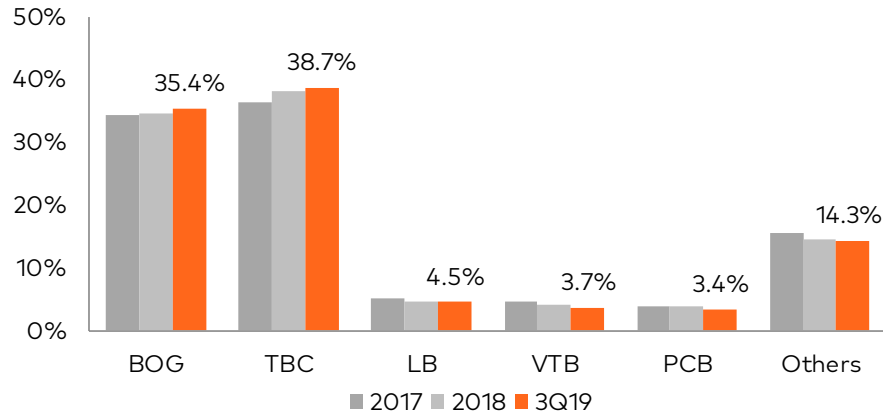


THE COMPETITION

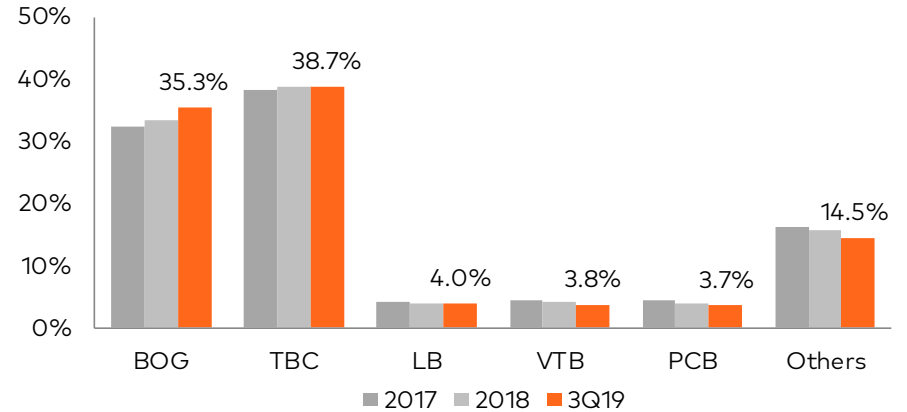
Leading market position in Georgia by assets (35.4%), loans (35.3%), client deposits (35.5%) and equity (29.7%)



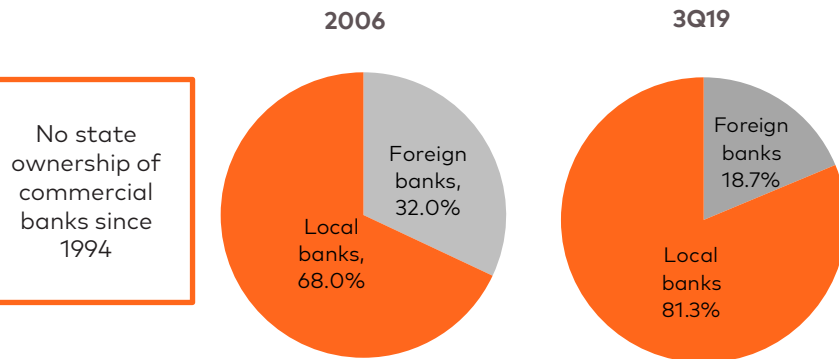
Peer group's market share in total assets



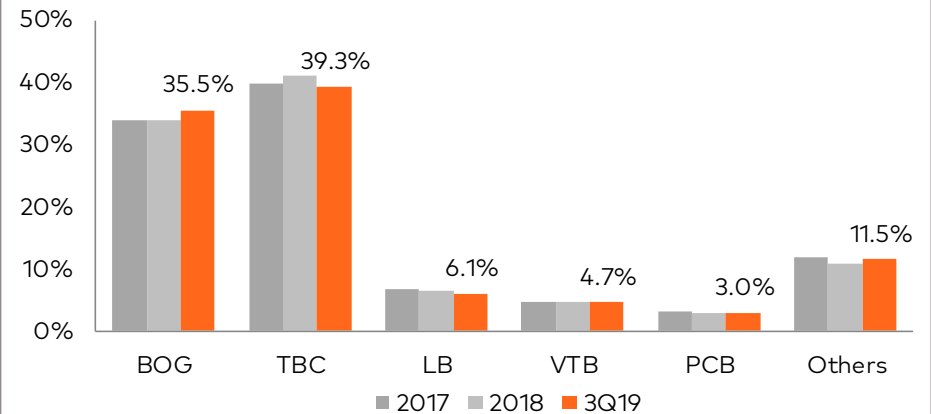
Peer group's market share in gross loans



Foreign banks market share by assets



Peer group's market share in client deposits

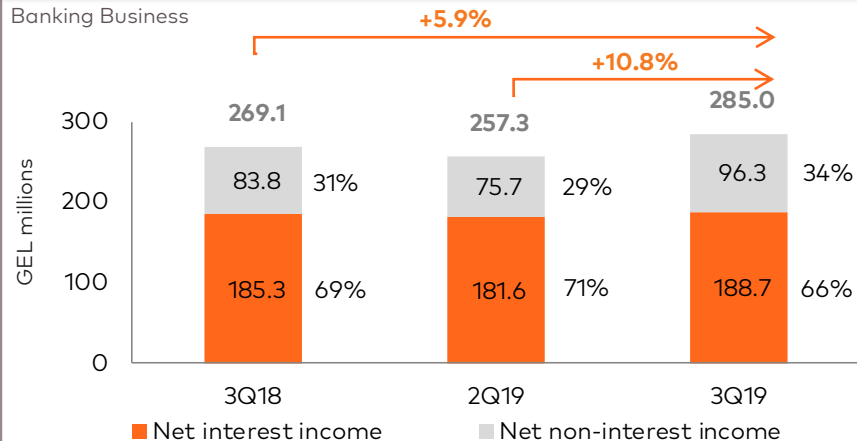


STRONG UNDERLYING PERFORMANCE



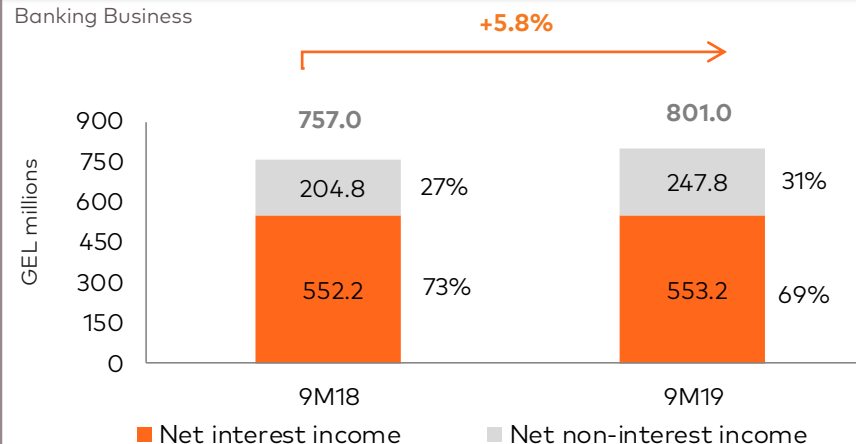
Operating income | quarterly

Banking Business



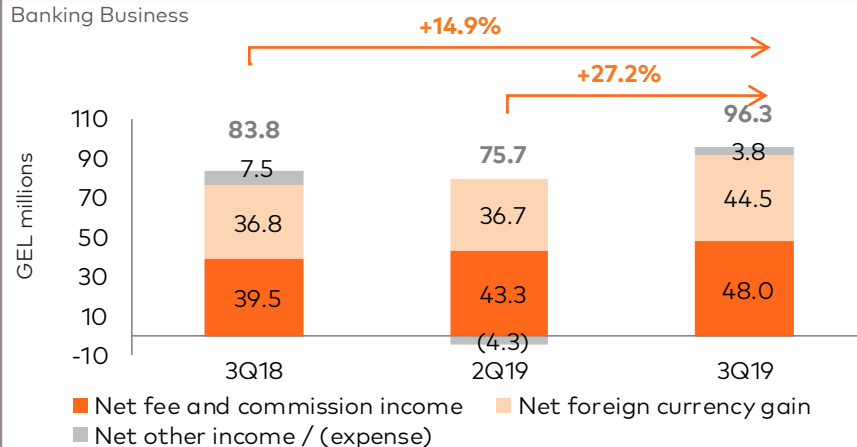
Operating income | nine months

Banking Business



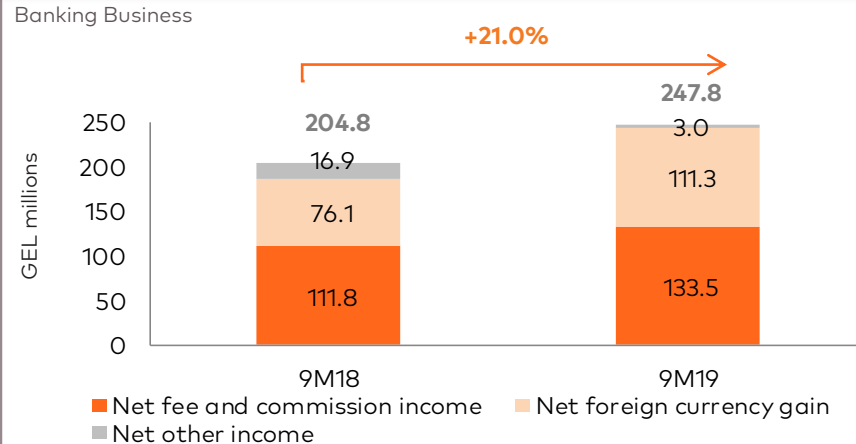
Net non-interest income | quarterly

Banking Business



Net non-interest income | nine months

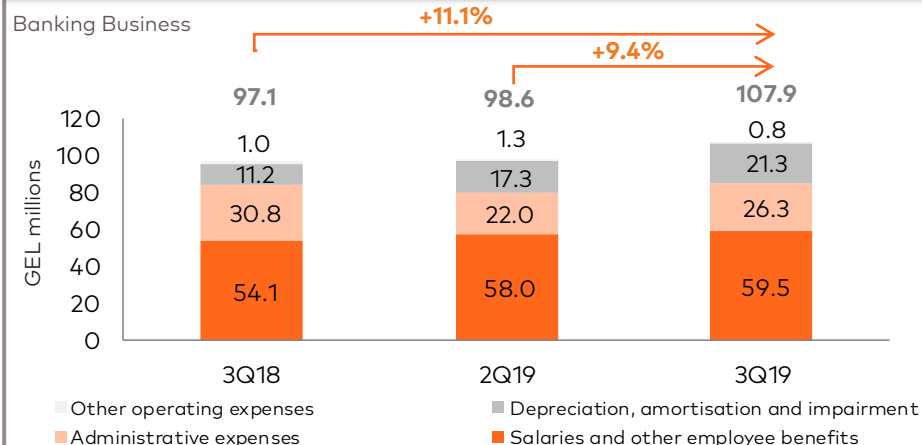
Banking Business



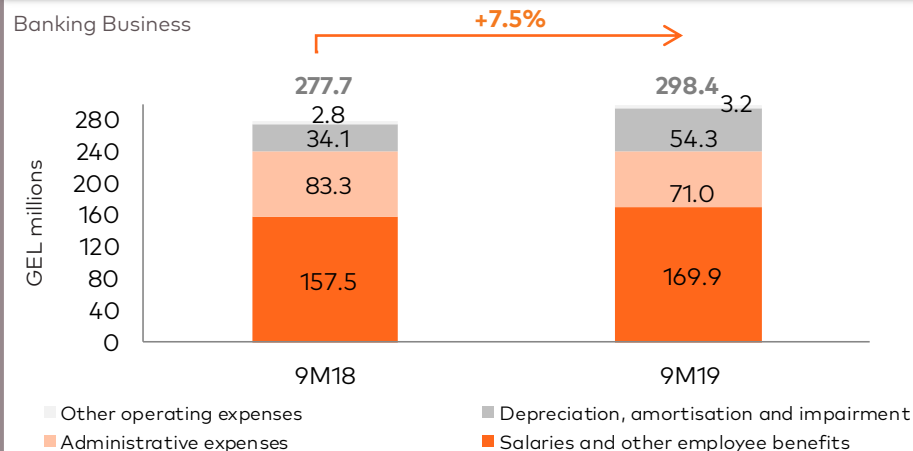
STRONG UNDERLYING PERFORMANCE



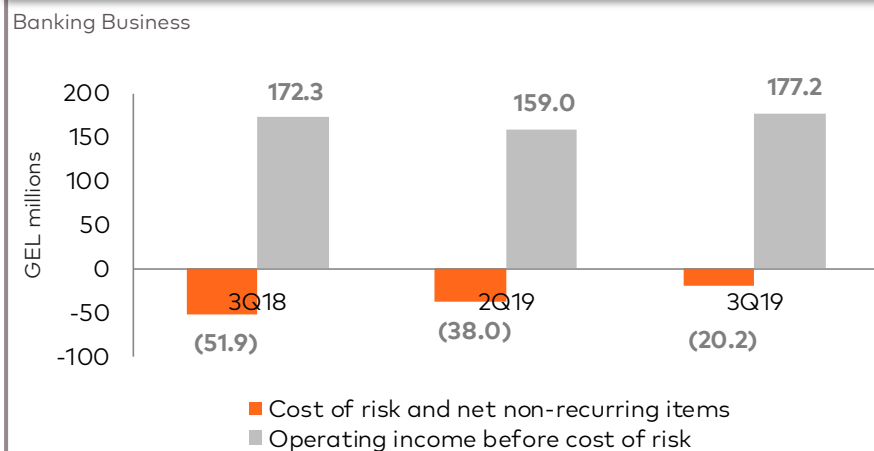
Operating expenses* | quarterly



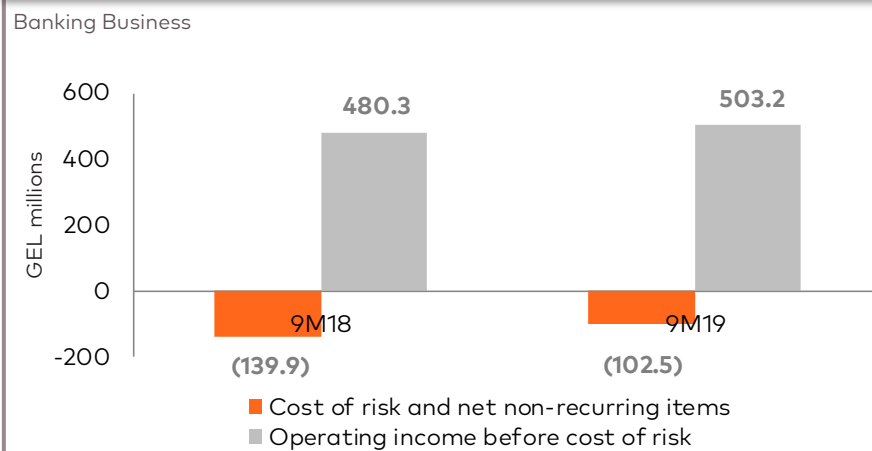
Operating expenses* | nine months



Operating income before cost of risk* | quarterly



Operating income before cost of risk* | nine months

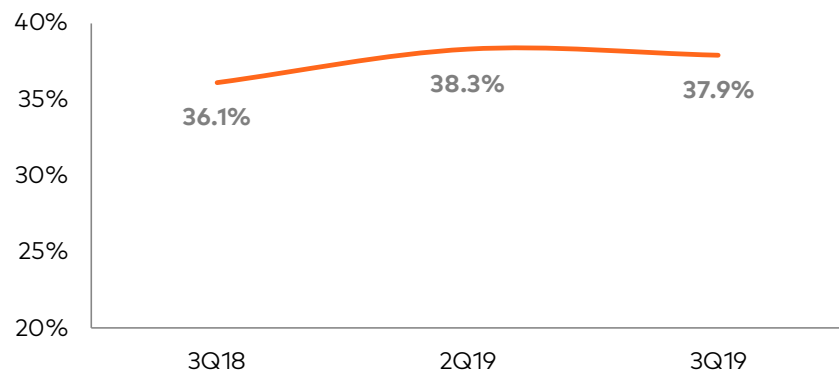


FOCUS ON EFFICIENCY



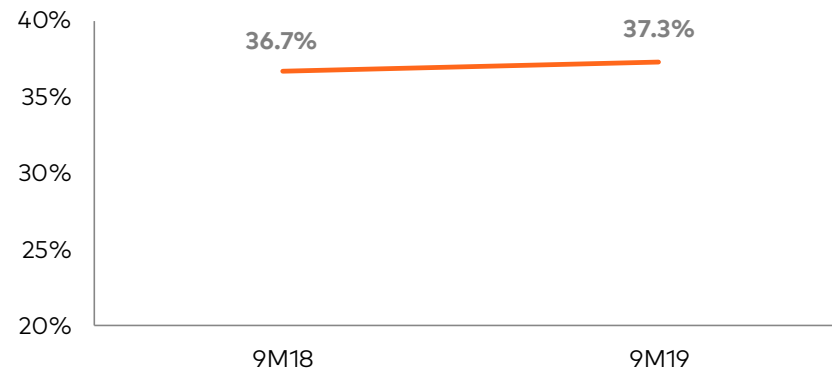
Cost / Income* | quarterly

Banking Business



Cost / Income* | nine months

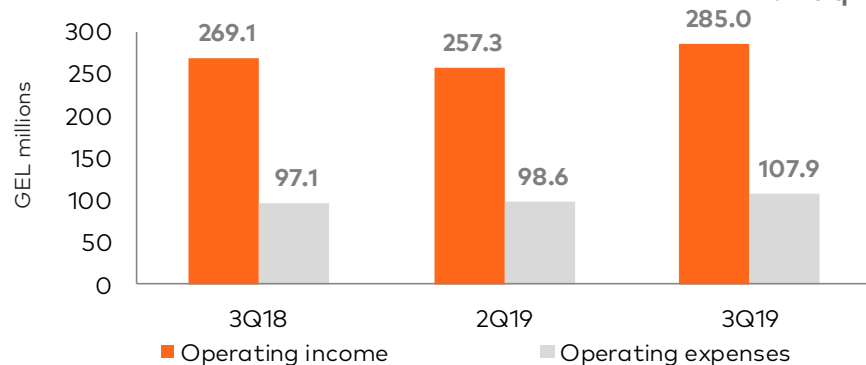
Banking Business



Operating income and operating expenses* | quarterly

Banking Business

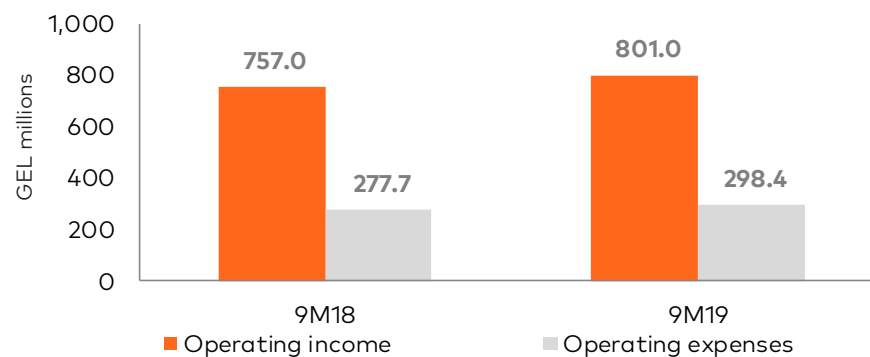
**Operating Leverage*: -5.2% y-o-y
+1.2% q-o-q**



Operating income and operating expenses* | nine months

Banking Business

Operating Leverage*: -1.7% y-o-y



BANK OF GEORGIA

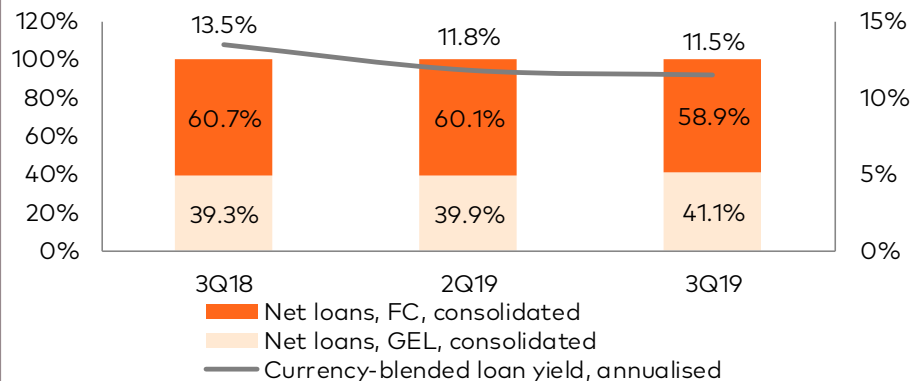
* Operating expenses, operating leverage and cost/income ratio are adjusted for one-offs. Please see details on one-offs on pages 67-68 for all the periods presented.

SOLID INCOME NOTWITHSTANDING THE PRESSURE ON YIELDS



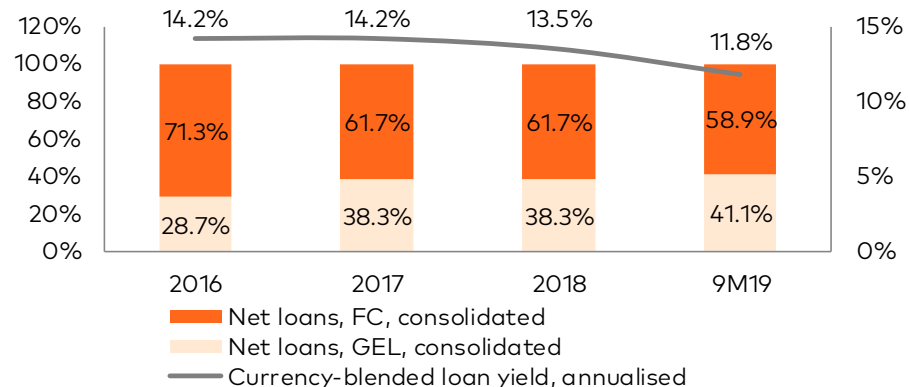
Loan Yields | quarterly

Banking Business



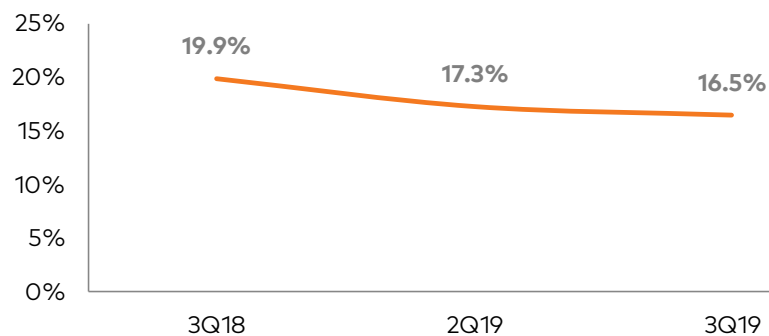
Loan Yields | nine months

Banking Business



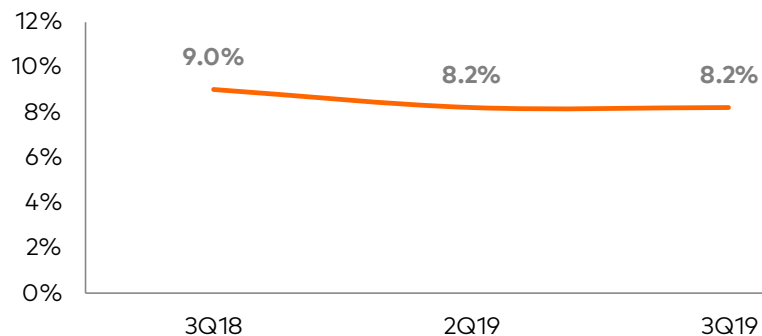
Loan Yields, Local currency | quarterly

Banking Business



Loan Yields, Foreign currency | quarterly

Banking Business

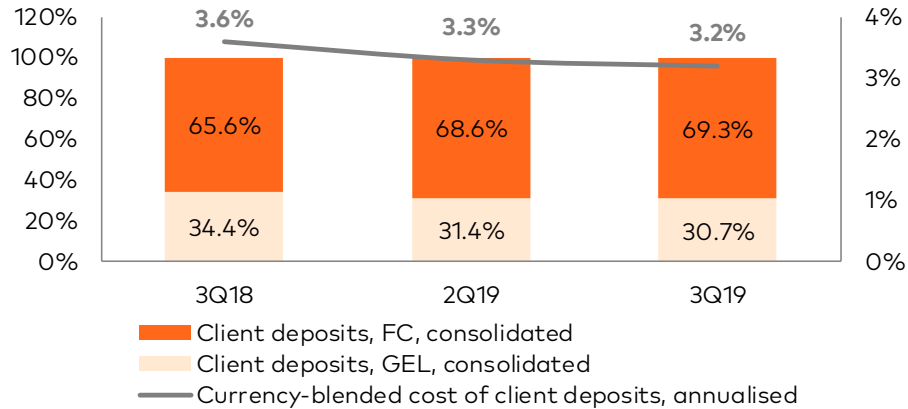


STABLE COST OF FUNDING



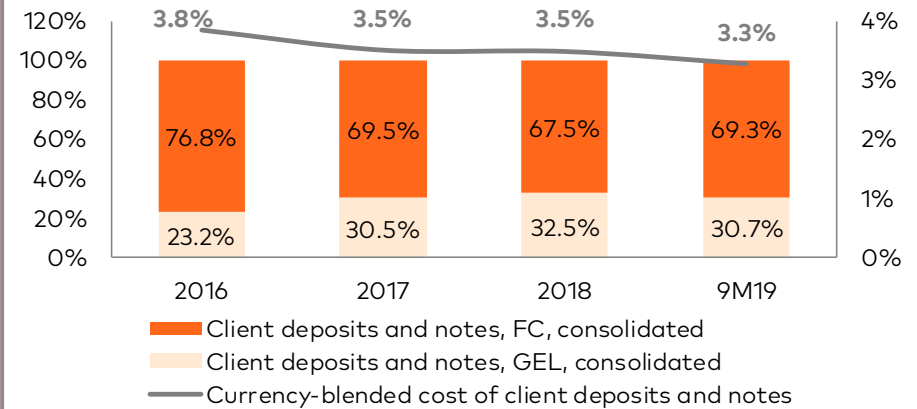
Cost of Customer Funds | quarterly

Banking Business



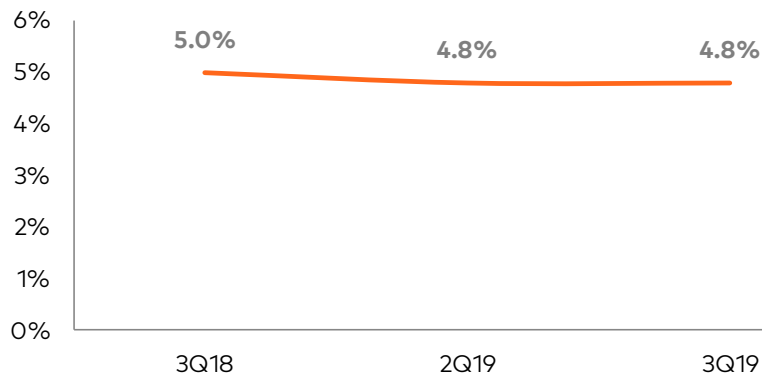
Cost of Customer Funds | nine months

Banking Business



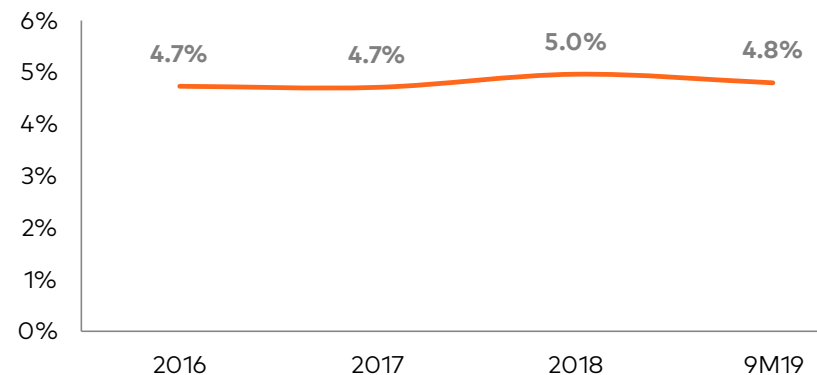
Cost of Funds | quarterly

Banking Business



Cost of Funds | nine months

Banking Business





NIM Evolution | 1Q18 – 3Q19

NIM decomposition	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
NIM as reported, of which:	7.0%	6.9%	6.4%	6.0%	5.8%	5.4%	5.1%
Liquid assets NIM	0.3%	0.4%	0.0%	-0.3%	-0.1%	-0.5%	-0.6%
Loans to customers and finance lease receivables NIM	9.3%	9.2%	8.8%	8.3%	7.9%	7.5%	7.0%
Loans to customers and finance lease receivables NIM, of which:	9.3%	9.2%	8.8%	8.3%	7.9%	7.5%	7.0%
High-yielding loan portfolio NIM	41.1%	41.6%	41.5%	42.5%	36.4%	32.0%	30.8%
Other loan portfolio NIM (1)	7.0%	7.1%	7.0%	6.8%	6.7%	6.6%	6.3%
EUR/USD currency swap impact (2)	-	-	-	0.2%	0.3%	0.4%	0.5%
Other loan portfolio NIM including currency swap impact (1)+(2)	7.0%	7.1%	7.0%	7.0%	7.0%	7.0%	6.8%

Key takeaways

- The 190bps decline in NIM since 1Q18 is mostly driven by NIM of loans to customers and finance lease receivables on the back of new consumer lending regulation initiated by the National Bank of Georgia in May 2018
- The primary driver of the decline in NIM of loans to customers and finance lease receivables was the high-yielding portfolio, which is largely phased-out as of the end of the third quarter 2019
- The NIM decline for the loan portfolio other than the high-yielding portfolio was 70bps since 1Q18
- The decline in NIM considering the EUR/USD currency swap impact (directly attributable to the EUR funding), which is part of the net foreign currency gains in the income statement, was only 20bps since 1Q18

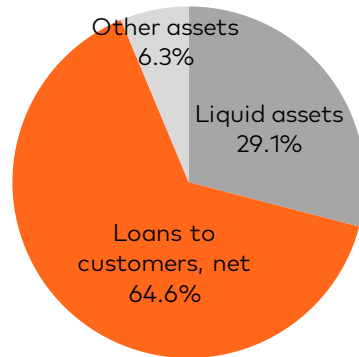
DIVERSIFIED ASSET STRUCTURE AND LOAN PORTFOLIO



Total asset structure | 30 Sep 2019

Banking Business

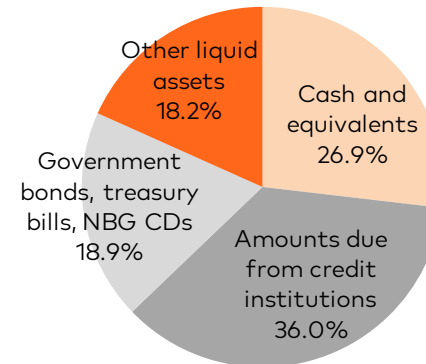
Total: **GEL 17.5bln**



Liquid assets | 30 Sep 2019

Banking Business

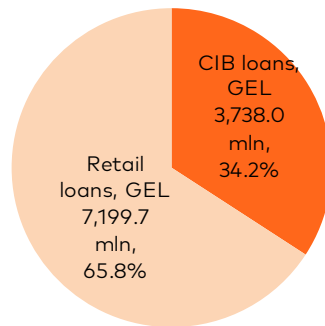
Total: **GEL 5.1bln**



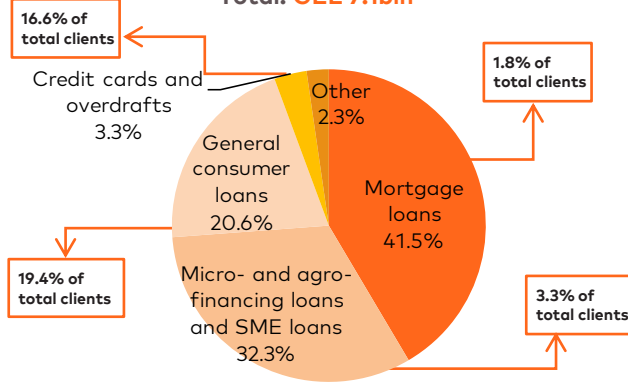
Loans breakdown | 30 Sep 2019

Bank of Georgia
Standalone

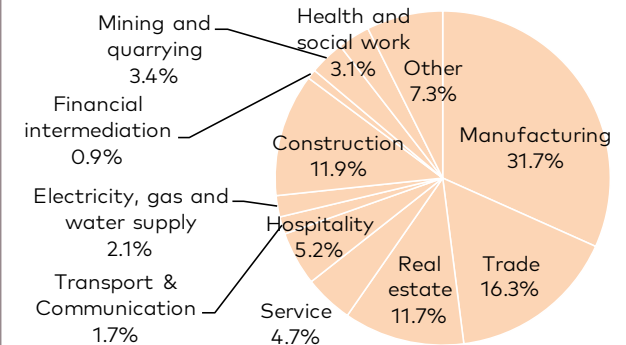
Total Gross Loans breakdown by segments Total: **GEL 10.9bln**



Retail Banking Net Loans breakdown by product Total: **GEL 7.1bln**



Corporate and Investment Banking Gross Loans breakdown by sectors Total: **GEL 3.7bln**

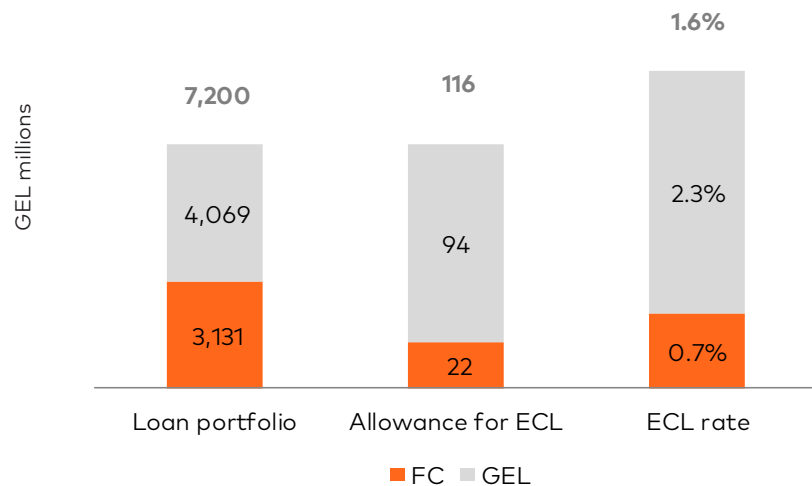


LOAN PORTFOLIO BREAKDOWN



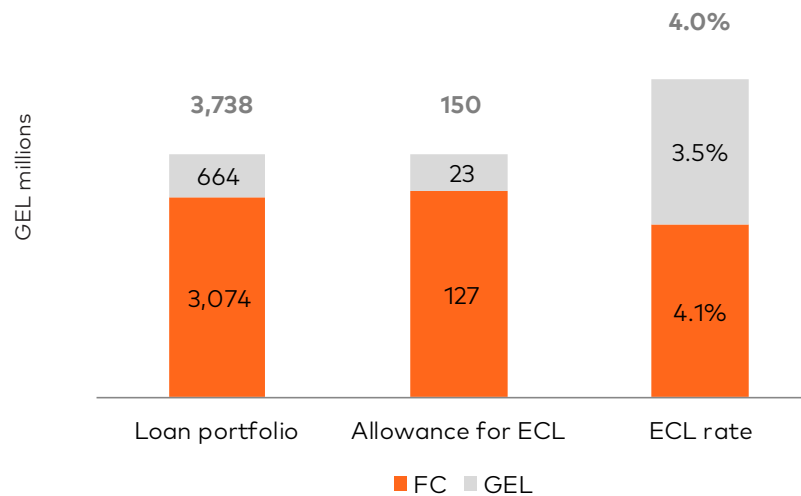
Retail Banking | 30 Sep 2019

JSC Bank of Georgia standalone



Corporate and Investment Banking | 30 Sep 2019

JSC Bank of Georgia standalone



Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL loans*	4,069	56.5%	1,174	1,679	1,217
FC loans not exposed to FC risk	569	7.9%	458	75	36
FC loans exposed to FC risk	2,562	35.6%	1,317	171	1,073
Total	7,200	100.0%	2,948	1,925	2,326

* Includes credit cards

Amounts in GEL millions	CB & WM Loan portfolio	% of total CB loan portfolio
GEL loans*	664	17.8%
FC loans not exposed to FC risk	1,621	43.3%
FC loans exposed to FC risk	1,453	38.9%
Total	3,738	100.0%

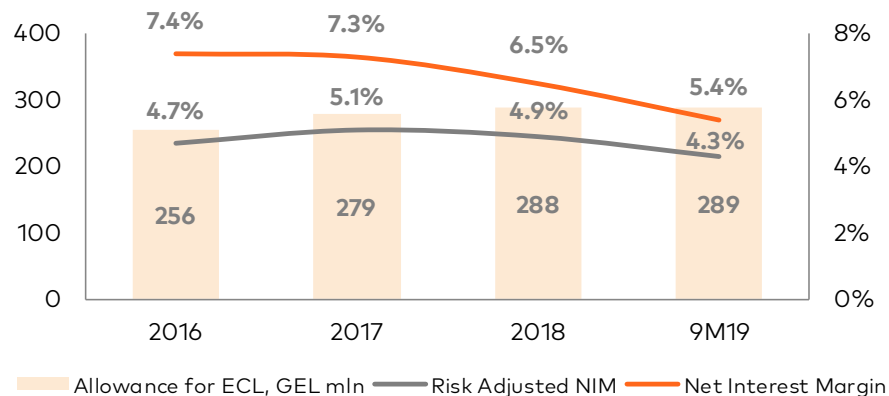
* Includes credit cards

RESILIENT LOAN PORTFOLIO QUALITY



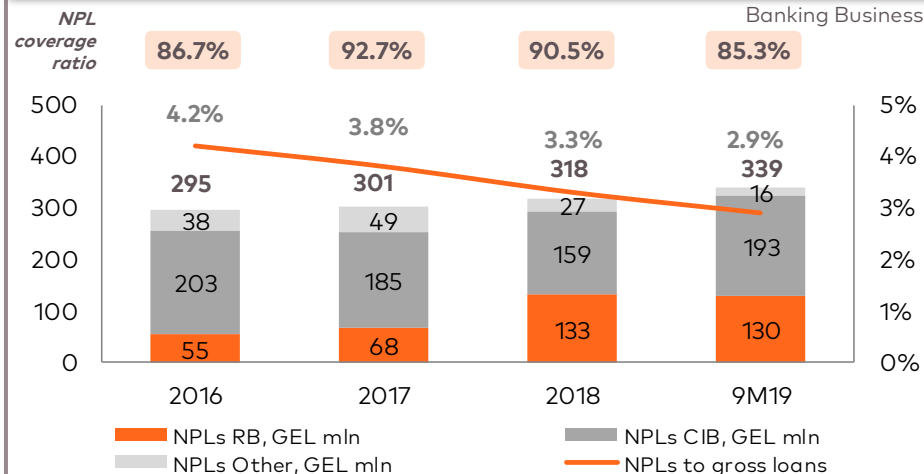
Expected credit loss and NIM

Banking Business



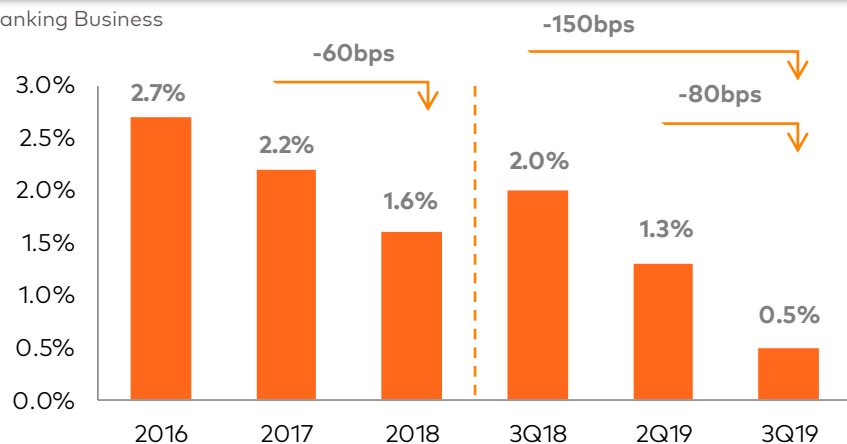
NPL composition

Banking Business



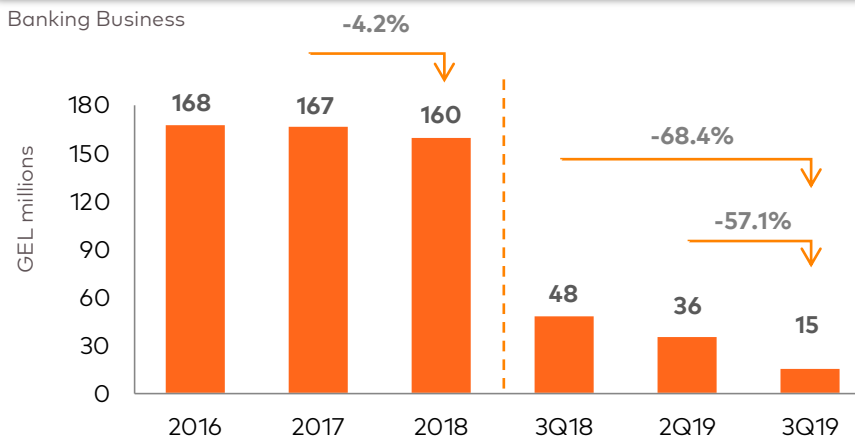
Cost of Credit Risk

Banking Business



Cost of Risk

Banking Business



COST OF CREDIT RISK DECOMPOSITION



Cost of credit risk

Retail Banking cost of credit risk	2017	2018	9M19	1Q19	2Q19	3Q19
Retail Banking cost of credit risk, <i>as reported</i>	2.5%	2.1%	1.6%	2.4%	1.6%	0.9%
Retail Banking cost of credit risk, excluding high-yield portfolio	1.3%	1.2%	1.3%	1.7%	1.3%	0.9%

Retail Banking cost of credit risk decomposition	2017	2018	9M19	1Q19	2Q19	3Q19
Mortgage loans	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
MSME loans	0.6%	0.4%	0.6%	0.8%	0.7%	0.3%
Consumer loans, excluding high-yield portfolio	0.5%	0.7%	0.5%	0.7%	0.4%	0.4%
High-yield portfolio	1.4%	0.9%	0.4%	0.8%	0.3%	0.1%
Total	2.5%	2.1%	1.6%	2.4%	1.6%	0.9%

Total cost of credit risk decomposition	2017	2018	9M19	1Q19	2Q19	3Q19
CIB loans	0.5%	0.2%	0.0%	0.0%	0.2%	-0.1%
Mortgage loans	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
MSME loans	0.4%	0.3%	0.4%	0.5%	0.5%	0.2%
Consumer loans, excluding high-yield portfolio	0.3%	0.5%	0.3%	0.5%	0.3%	0.2%
High-yield portfolio	0.8%	0.6%	0.2%	0.5%	0.2%	0.0%
Other (BNB and GLC)	0.1%	0.0%	0.0%	0.1%	0.1%	0.0%
Total	2.2%	1.6%	1.1%	1.7%	1.3%	0.5%

Key takeaways

- Of 2.5% of Retail Banking cost of credit risk ratio in 2017, 1.4% was attributable to the high-yield loan portfolio, as compared to only 0.4% in the first nine months of 2019, as a result of change in regulatory environment and phase-out of high-yield portfolio since 2nd quarter 2018
- The cost of credit risk ratio of the Retail Banking loan portfolio excluding the high-yielding loans has been around 1.2-1.3% historically
- The decline in the overall cost of credit risk of the loan portfolio is attributable of the reshuffling of the loan book on the back of regulatory changes since second quarter 2018

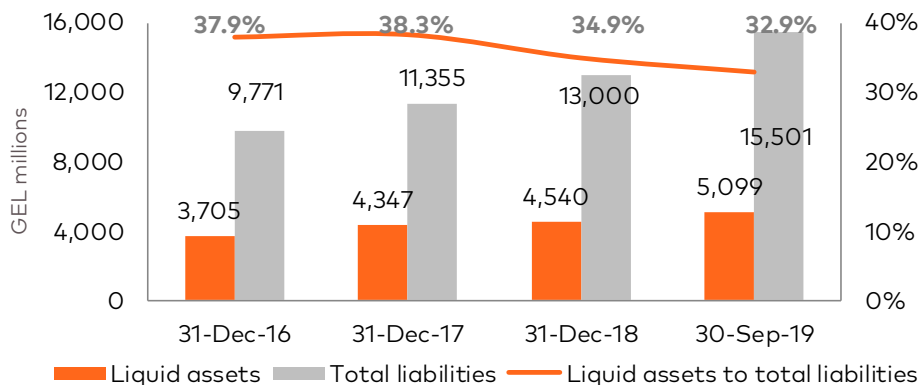


STRONG LIQUIDITY



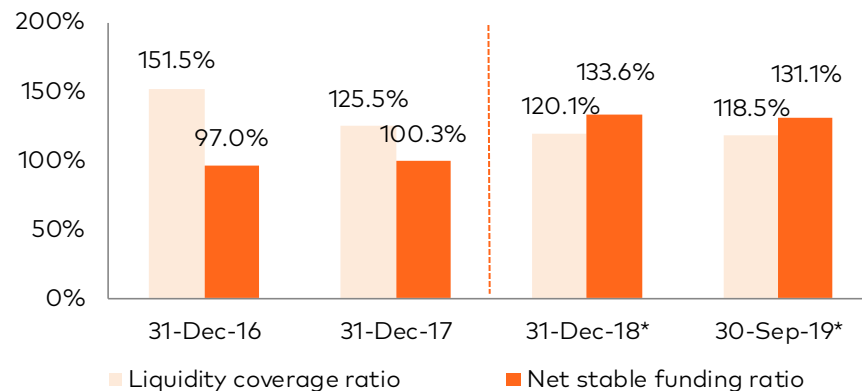
Liquid assets to total liabilities

Banking Business



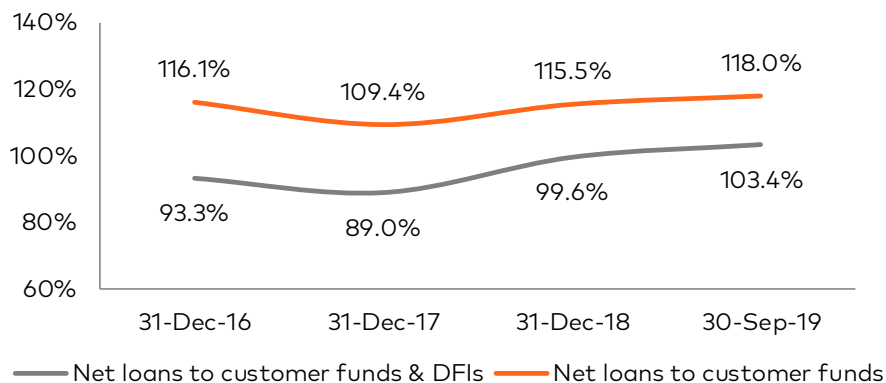
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone (Basel III Liquidity)



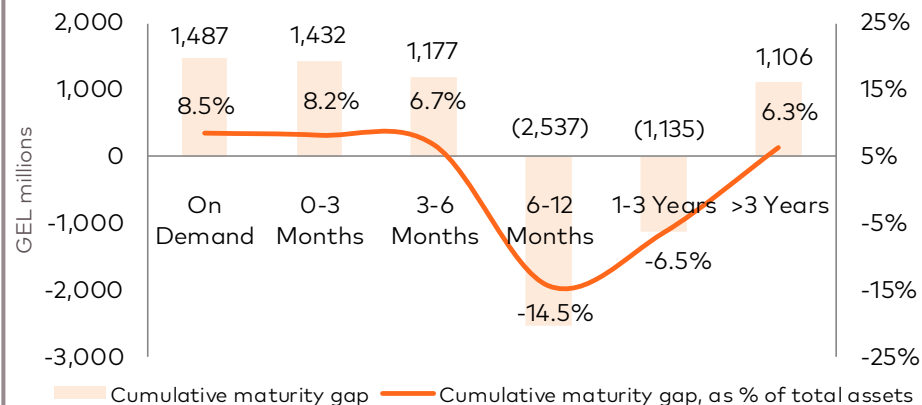
Net loans to customer funds & DFI

Banking Business



Cumulative maturity gap | 30 Sep 2019

Banking Business



STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



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

Transition to Basel III Standards:

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

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

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

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

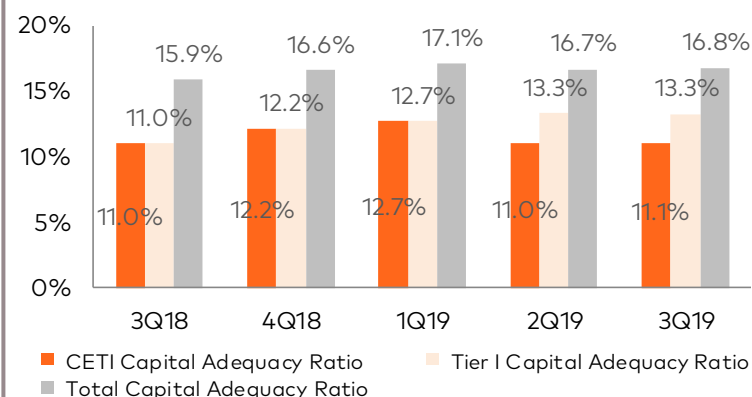
- Credit Portfolio Concentration buffer**, effective from 1 April 2018 and phased in over the four year period on different levels of capital according to the above schedule
- Net Stress Test buffer** effective from 1 January 2020
- In the view of above, Bank of Georgia is subject to the following minimum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

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

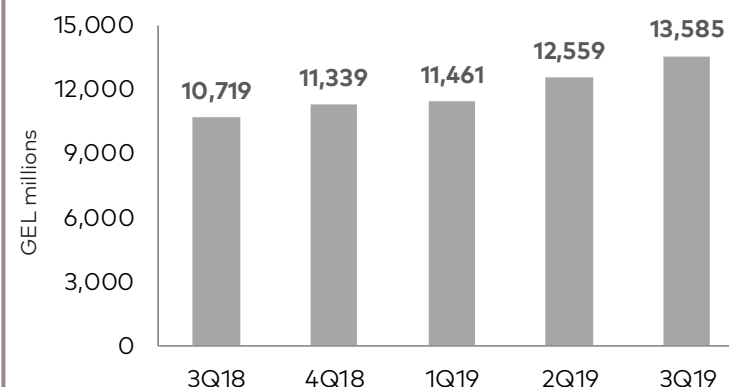
* Indicated minimum capital adequacy ratios contain Pillar 1 and Pillar 2 buffer estimates. Range provides our best minimum and maximum estimates of the variable buffers

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

Capital Adequacy Ratios



Risk Weighted Assets



STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



Capital Management

Issuance of AT1 Capital Notes in March 2019

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

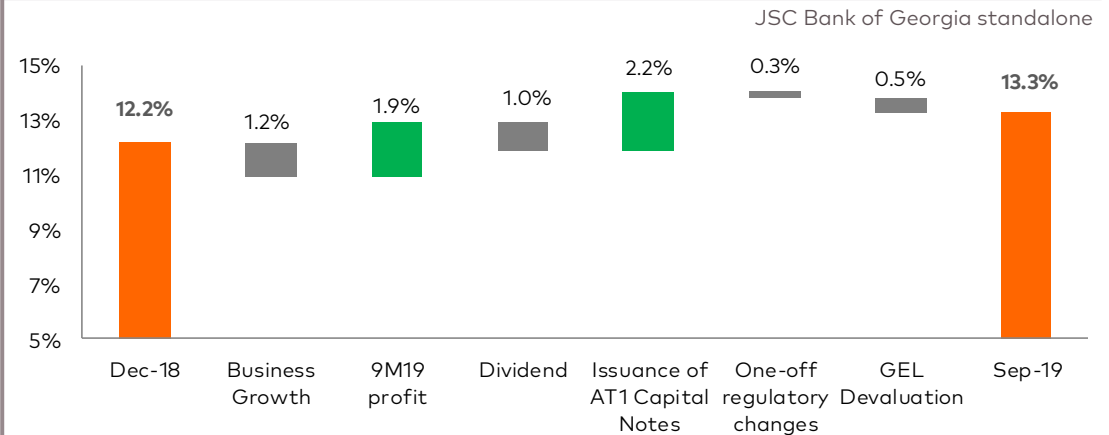
Capital Adequacy

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

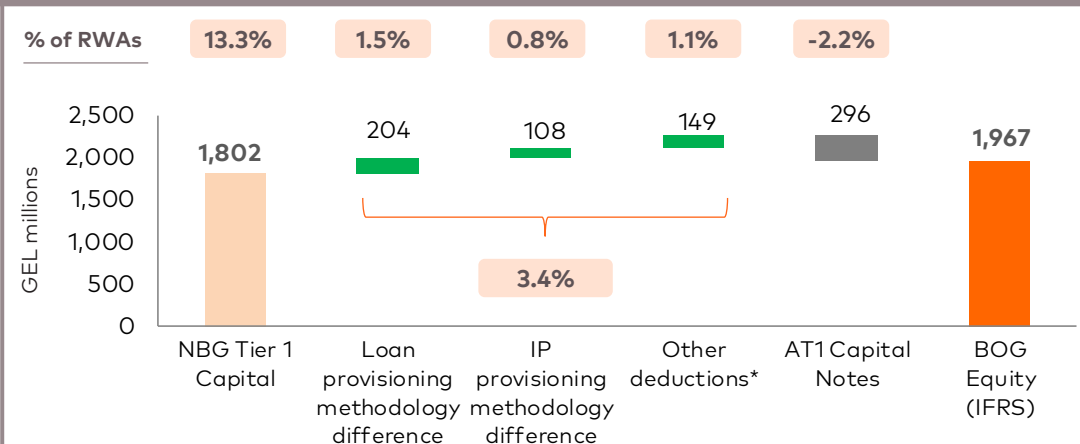
Capital Buffer

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

Tier 1 Capital Adequacy Ratio Evolution



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



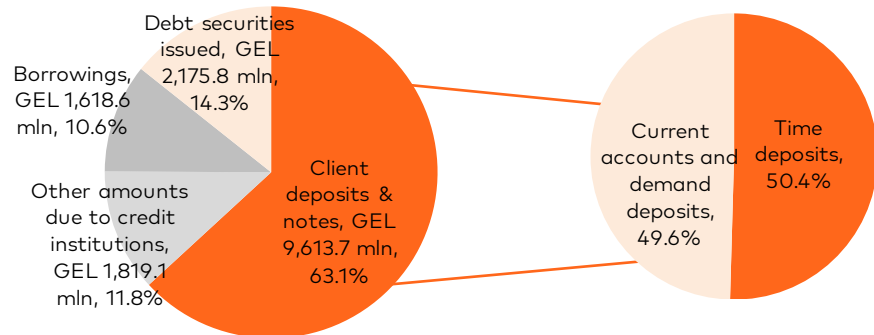
WELL-ESTABLISHED FUNDING STRUCTURE



Interest Bearing Liabilities structure | 30 Sep 2019

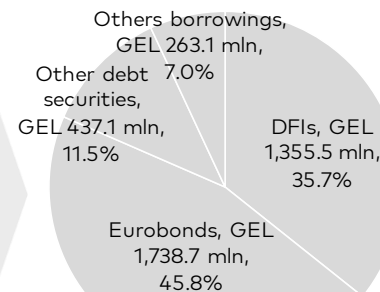
Banking Business

Interest Bearing Liabilities GEL 15.2bln



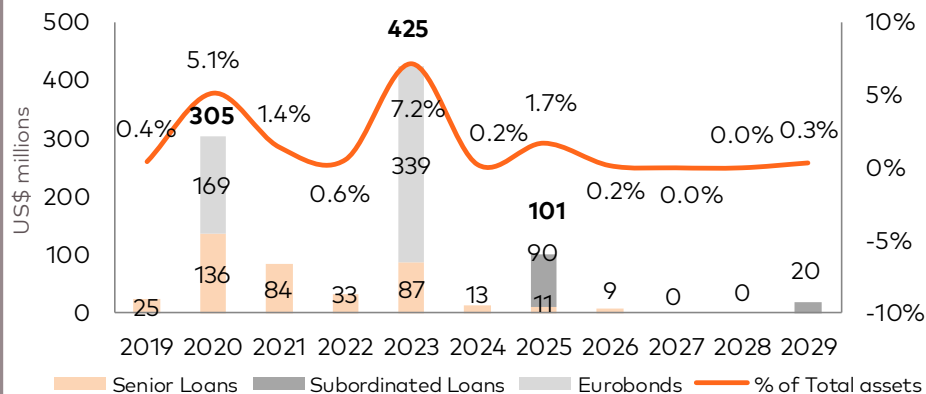
Well diversified international borrowings | Sep-19

Banking Business



Borrowed funds maturity breakdown*

Banking Business



Highlights for 9M19

- Group has a well-balanced funding structure with 63.1% of interest bearing liabilities coming from client deposits and notes, 8.9% from Developmental Financial Institutions (DFIs) and 11.4% from Eurobonds and notes issued, at 30 September 2019
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, EFSE, BSTDB, FMO, DEG, etc.
- At 30 September 2019, GEL 136 million undrawn facilities from DFIs with up to five 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 4.878%** on 31 October 2019
- In June 2017, BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. Bonds were trading at 10.052%** on 31 October 2019
- In March 2019, BOG issued US\$ 100mln 11.125% Additional Tier 1 capital perpetual subordinated notes callable after 5.25 years and on every subsequent interest payment date, subject to prior consent of the NBG. Notes were trading at 10.139%** on 31 October 2019



BANK OF GEORGIA


* converted at GEL/US\$ exchange rate of 2.9552 at 30 September 2019

** source: Bloomberg

RETAIL BANKING HIGHLIGHTS



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

	1  BANK OF GEORGIA EXPRESS	2  BANK OF GEORGIA	3  SOLO	4  BANK OF GEORGIA BUSINESS
Segments	Emerging Retail	Mass Retail	Mass Affluent	MSME
Clients	539 _k	1,690 _k	52 _k	220 _k
Loans	GEL 284 _{mln}	GEL 2,263 _{mln}	GEL 2,154 _{mln}	GEL 2,499 _{mln}
Deposits	GEL 291 _{mln}	GEL 2,183 _{mln}	GEL 2,152 _{mln}	GEL 759 _{mln}
9M19 Profit*	GEL 12 _{mln}	GEL 94 _{mln}	GEL 55 _{mln}	GEL 64 _{mln}
Profit per client*	GEL 30	GEL 75	GEL 1,518	GEL 402
P/C ratio	3.3	1.7	5.2	1.4
Branches	167	92	12	n/a



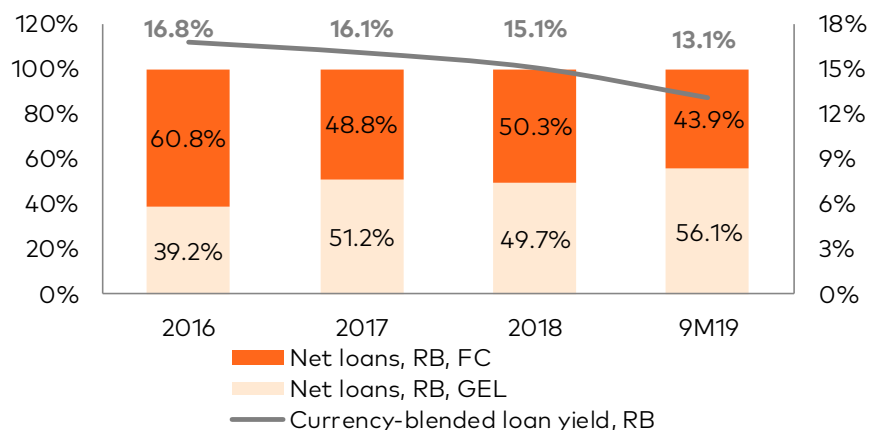
RETAIL BANKING HIGHLIGHTS



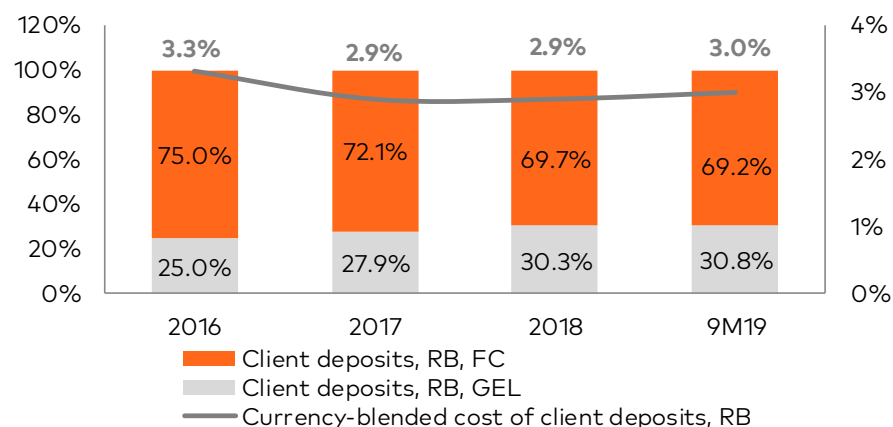
Income Statement Highlights*

<i>GEL thousands unless otherwise noted</i>	3Q19	3Q18	Change y-o-y	2Q19	Change q-o-q	9M19	9M18	Change y-o-y
Net interest income	136,148	136,040	0.1%	128,167	6.2%	395,302	409,978	-3.6%
Net fee and commission income	36,696	30,651	19.7%	34,605	6.0%	103,735	85,943	20.7%
Net foreign currency gain	20,464	17,381	17.7%	18,070	13.2%	51,773	32,310	60.2%
Net other income / (expense)	581	2,021	-71.3%	(3,753)	NMF	(1,002)	6,791	NMF
Operating income	193,889	186,093	4.2%	177,089	9.5%	549,808	535,022	2.8%
Salaries and other employee benefits	(37,732)	(34,830)	8.3%	(36,691)	2.8%	(108,296)	(101,583)	6.6%
Administrative expenses	(17,585)	(22,619)	-22.3%	(14,992)	17.3%	(48,374)	(62,703)	-22.9%
Depreciation, amortisation and impairment	(17,973)	(9,556)	88.1%	(14,492)	24.0%	(45,753)	(29,276)	56.3%
Other operating expenses	(379)	(590)	-35.8%	(753)	-49.7%	(1,666)	(1,694)	-1.7%
Operating expenses	(73,669)	(67,595)	9.0%	(66,928)	10.1%	(204,089)	(195,256)	4.5%
Profit from associate	194	326	-40.5%	254	-23.6%	636	1,021	-37.7%
Operating income before cost of risk	120,414	118,824	1.3%	110,415	9.1%	346,355	340,787	1.6%
Cost of risk	(16,831)	(35,155)	-52.1%	(26,542)	-36.6%	(82,760)	(93,226)	-11.2%
Net operating income before non-recurring items	103,583	83,669	23.8%	83,873	23.5%	263,595	247,561	6.5%
Net non-recurring items	(575)	(1,948)	-70.5%	(64)	NMF	(915)	(12,753)	-92.8%
Profit before income tax expense and one-off costs	103,008	81,721	26.0%	83,809	22.9%	262,680	234,808	11.9%
Income tax expense	(14,060)	(5,998)	134.4%	(6,323)	122.4%	(26,484)	(15,233)	73.9%
Profit adjusted for one off costs	88,948	75,723	17.5%	77,486	14.8%	236,196	219,575	7.6%
One-off costs (after tax)	-	-	-	(3,067)	NMF	(10,142)	(33,544)	-69.8%
Profit	88,948	75,723	17.5%	74,419	19.5%	226,054	186,031	21.5%

Loan Yield



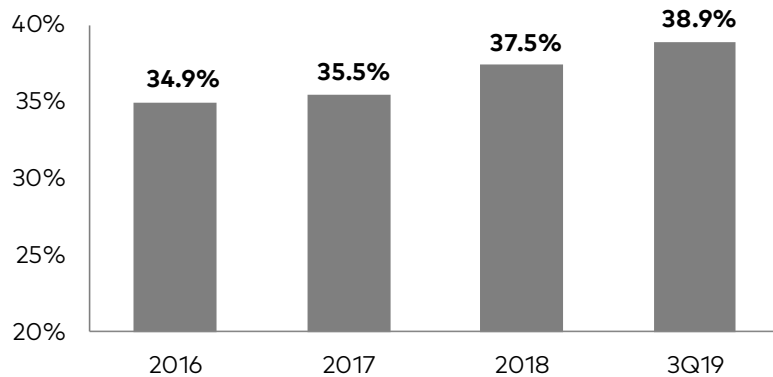
Deposit Cost



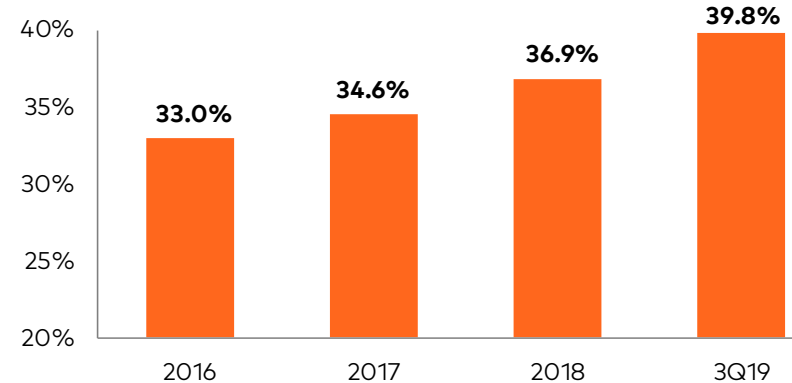
RETAIL BANKING LOANS AND DEPOSITS



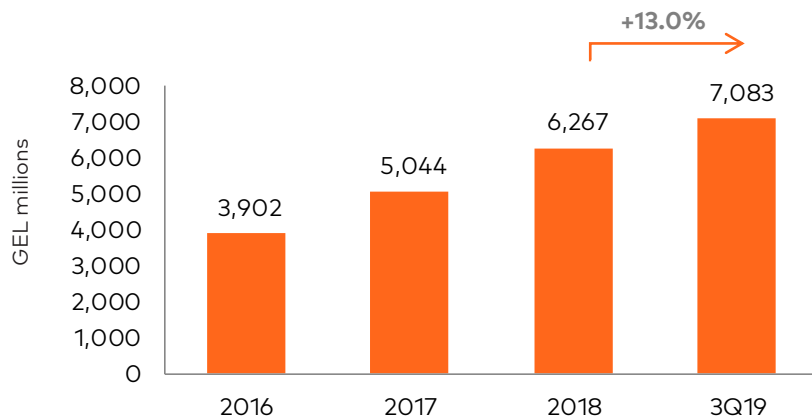
Market share - Loans*



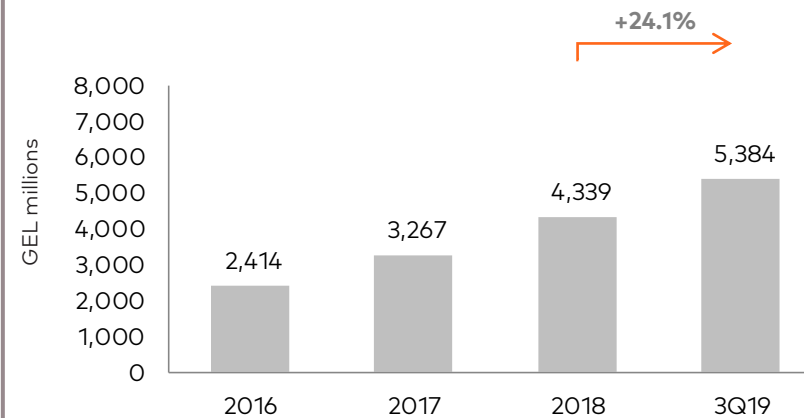
Market Share – Deposits *



Retail Banking Loans



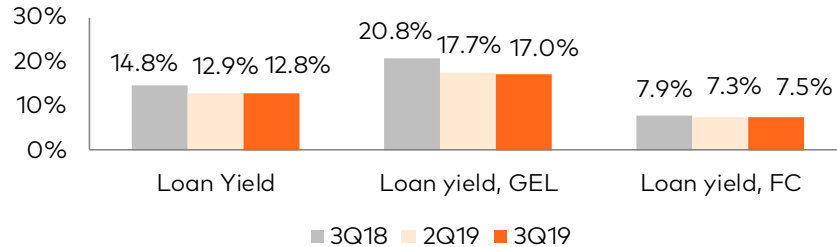
Retail Banking Deposits



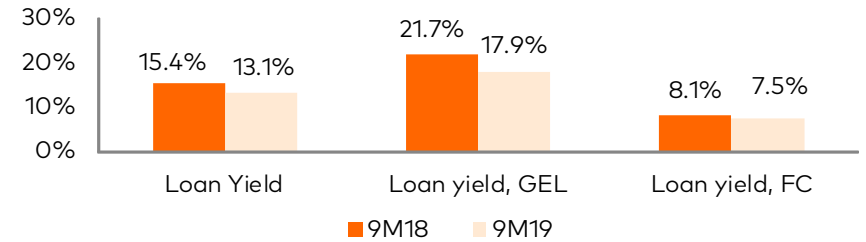
RETAIL BANKING LOAN YIELD, COST OF DEPOSITS & NIM



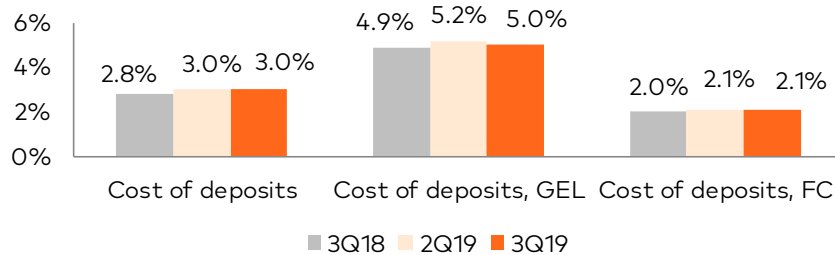
RB Loan Yield I quarterly



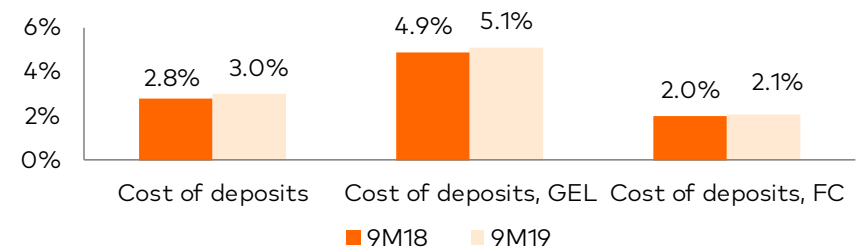
RB Loan Yield I nine months



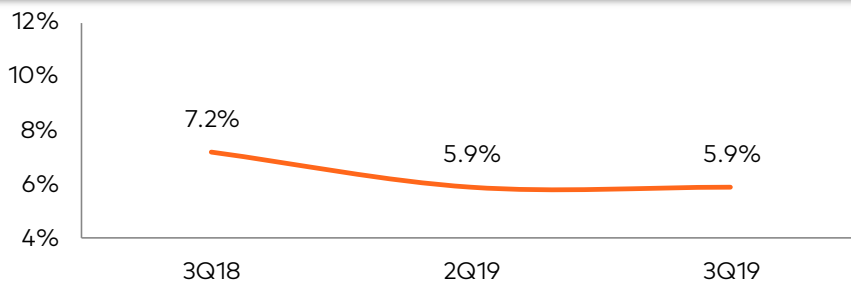
RB Cost of Deposit I quarterly



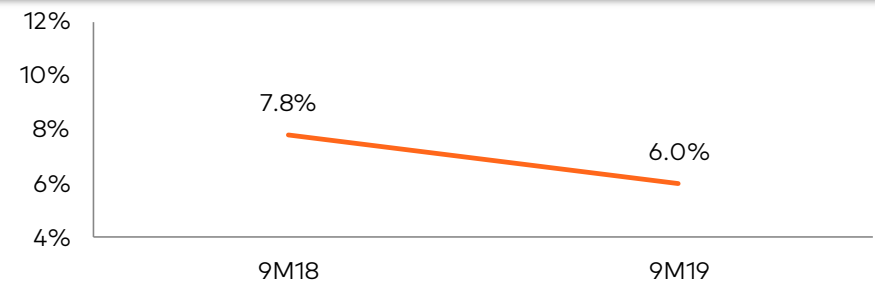
RB Cost of Deposit I nine months



RB NIM I quarterly



RB NIM I nine months



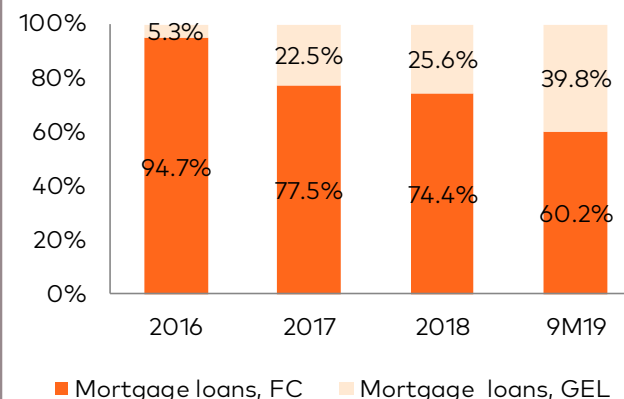
RETAIL BANKING - LEADING RETAIL BANK IN GEORGIA



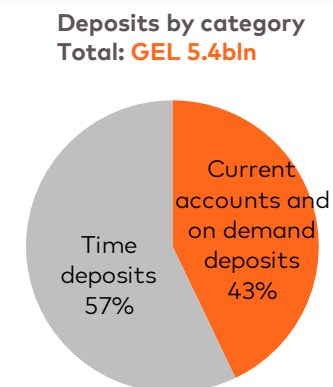
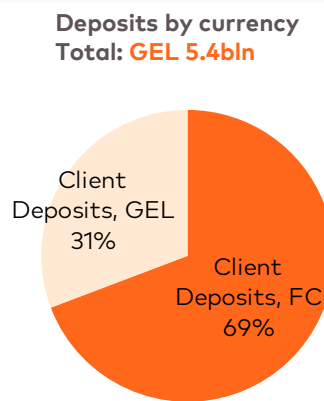
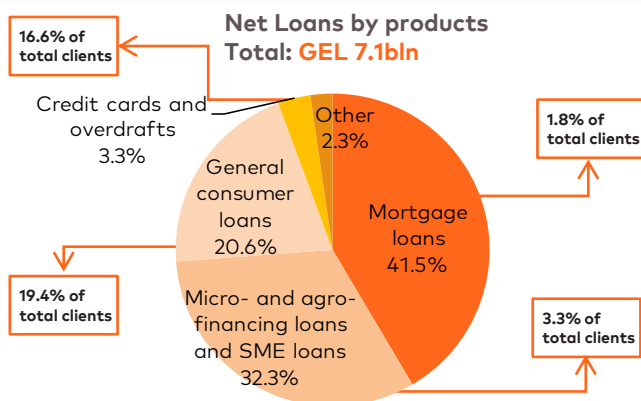
RB Client Data

Operating Data, GEL mln	3Q19	% of clients	2018	2017	2016
Number of total Retail clients, of which:	2,500,826		2,440,754	2,315,038	2,141,229
<i>Number of Solo clients</i>	51,692	2.1%	44,292	32,104	19,267
Consumer loans & other outstanding, volume	1,669		1,555	1,480	1,104
Consumer loans & other outstanding, number	483,995	19.4%	566,740	738,694	647,441
Mortgage loans outstanding, volume	2,948		2,539	1,706	1,228
Mortgage loans outstanding, number	44,403	1.8%	39,007	26,643	16,300
Micro & SME loans outstanding, volume	2,326		2,005	1,637	1,346
Micro & SME loans outstanding, number	83,667	3.3%	68,832	53,732	36,379
Credit cards and overdrafts outstanding, volume	256		290	308	291
Credit cards and overdrafts outstanding, number	413,939	16.6%	454,512	480,105	442,487
Credit cards outstanding, number, of which:	447,725	17.9%	547,038	673,573	800,621
<i>American Express cards</i>	99,755	4.0%	105,899	97,178	79,567

Mortgage Loans Dollarisation



RB Portfolio | 30 September 2019



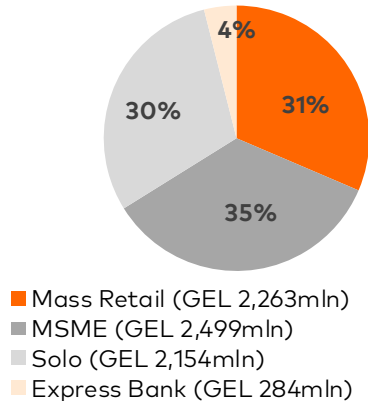
DIVERSIFIED RETAIL PORTFOLIOS AND INCOME STREAMS



Balance Sheet | 30 Sep 2019

JSC Bank of Georgia Standalone

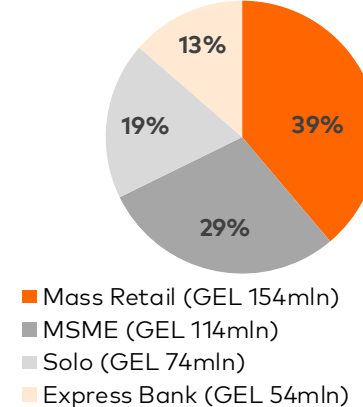
Total Gross Loans
GEL 7,200mln



Income Statement | 9M19

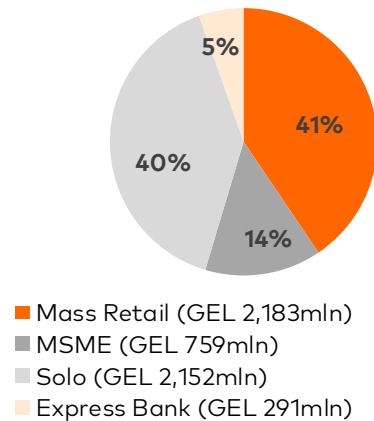
JSC Bank of Georgia Standalone

Net Interest Income
GEL 395mln



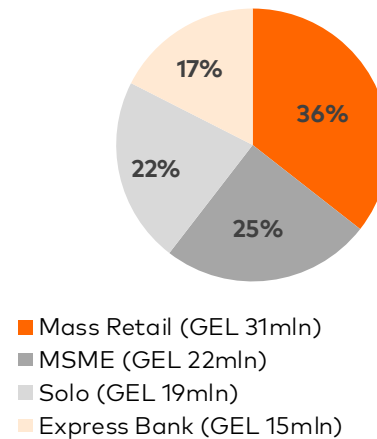
JSC Bank of Georgia Standalone

Total Deposits
GEL 5,384mln



JSC Bank of Georgia Standalone

Net Fee & Commission Income
GEL 87mln

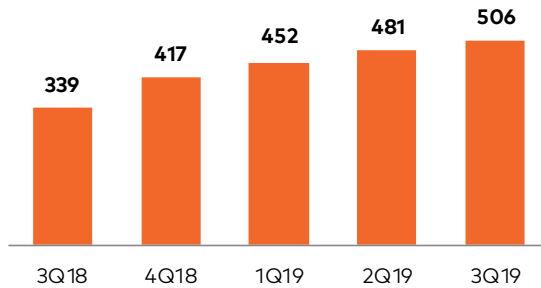


RETAIL BANKING | DIGITAL PENETRATION

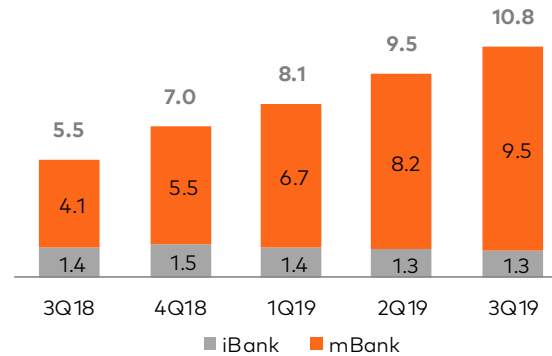


mBank/iBank statistics

Number of Active Users | '000

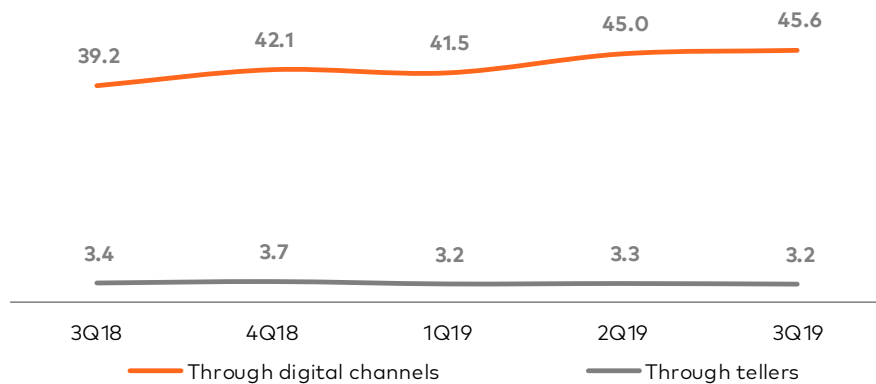


Number of transactions (millions)

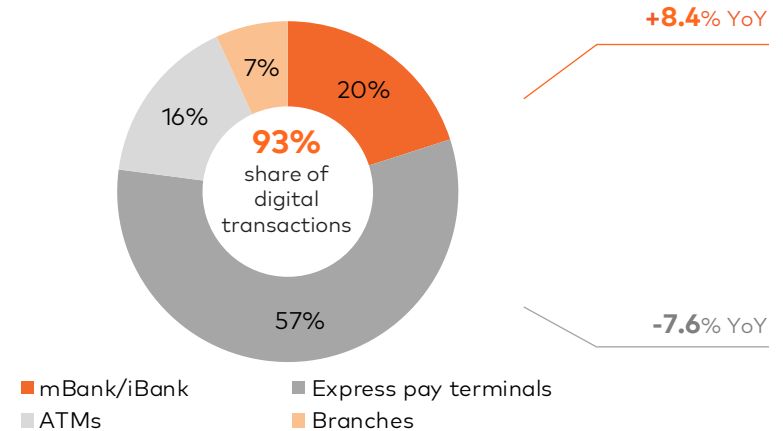


Digital vs non-digital transactions

Number of transactions in millions



Transactions breakdown by channel | 9M19



DIGITAL AREA ECOSYSTEM OVERVIEW



MSME

Merchant services

- Lite and modular solutions
- All-in-one solution (hardware + software)
- AI-driven offers
- Business loan pre-qualification

HR solutions

- Lite and modular solutions
- Open API model
- Streamlined HR operation
- AI-based performance management

Business intelligence /accounting

- Lite and modular solutions
- Open API model
- Advanced visualisations
- Tailored to MSMEs



RETAIL

Real estate ecosystem

- AI-optimised content
- Advanced real estate estimation
- Mortgage loan pre-qualifications
- Remodeling and interior design

Online marketplace

- Advanced search/comparison
- AI-optimised content
- Consumer loan pre-qualification
- Utilisation of BOG merchant networks

Auto ecosystem

- AI-optimised content
- Cross-selling (e-commerce, leasing, dealerships, etc.)
- Auto loan pre-qualification
- Advanced vehicle inspection



Current standing and next steps

SINCE AUGUST 2018



area.ge full scale launch



extra.ge acquisition



Merchant services active development completed



Auto ecosystem active development in progress

COMING SOON - 2020



extra.ge full scale re-launch



Merchant services full scale launch



Auto ecosystem full scale launch



HR solutions MVP launch



BI/Accounting MVP launch

CORPORATE AND INVESTMENT BANKING HIGHLIGHTS

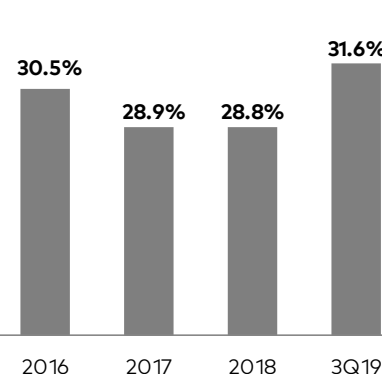


Income Statement Highlights*

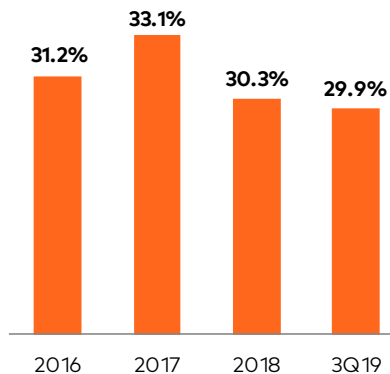
<i>GEL thousands unless otherwise noted</i>	3Q19	3Q18	Change y-o-y	2Q19	Change q-o-q	9M19	9M18	Change y-o-y
Net interest income	45,571	42,076	8.3%	47,459	-4.0%	138,709	122,027	13.7%
Net fee and commission income	9,826	7,187	36.7%	7,113	38.1%	25,090	19,741	27.1%
Net foreign currency gain	19,766	13,815	43.1%	15,667	26.2%	48,537	30,718	58.0%
Net other income / (expense)	3,300	5,277	-37.5%	(392)	NMF	4,294	10,150	-57.7%
Operating income	78,463	68,355	14.8%	69,847	12.3%	216,630	182,636	18.6%
Salaries and other employee benefits	(15,304)	(13,827)	10.7%	(14,738)	3.8%	(42,481)	(40,147)	5.8%
Administrative expenses	(5,866)	(5,329)	10.1%	(4,004)	46.5%	(13,897)	(12,488)	11.3%
Depreciation, amortisation and impairment	(2,416)	(1,245)	94.1%	(1,933)	25.0%	(6,050)	(3,823)	58.3%
Other operating expenses	(241)	(432)	-44.2%	(302)	-20.2%	(746)	(828)	-9.9%
Operating expenses	(23,827)	(20,833)	14.4%	(20,977)	13.6%	(63,174)	(57,286)	10.3%
Operating income before cost of risk	54,636	47,522	15.0%	48,870	11.8%	153,456	125,350	22.4%
Cost of risk	1,239	(12,234)	NMF	(6,574)	NMF	(7,159)	(22,480)	-68.2%
Net operating income before non-recurring items	55,875	35,288	58.3%	42,296	32.1%	146,297	102,870	42.2%
Net non-recurring items	(3)	(776)	-99.6%	-	-	(75)	(5,978)	-98.7%
Profit before income tax expense and one-off costs	55,872	34,512	61.9%	42,296	32.1%	146,222	96,892	50.9%
Income tax expense	(7,444)	(2,433)	NMF	(3,169)	134.9%	(14,477)	(6,444)	124.7%
Profit adjusted for one-off costs	48,428	32,079	51.0%	39,127	23.8%	131,745	90,448	45.7%
One-off costs (after tax)	-	-	-	(929)	NMF	(4,094)	(12,924)	-68.3%
Profit	48,428	32,079	51.0%	38,198	26.8%	127,651	77,524	64.7%

Market Position**

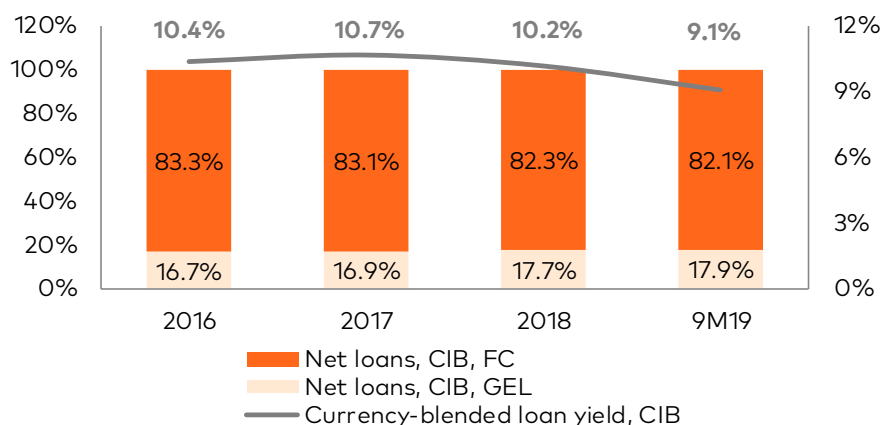
Market Share by Loans



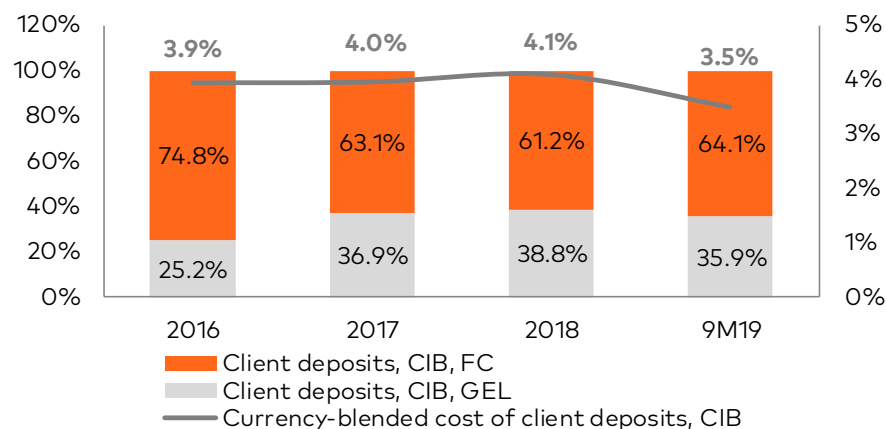
Market Share by Deposits



Loan Yield



Deposit Cost



BANK OF GEORGIA

* The income statement adjusted profit excludes GEL 0.9mln in 2Q19 and GEL 4.1mln in 9M19 one-off employee costs (net-off income tax) related to the former CEO and executive management termination benefits. The amount is comprised of GEL 1.1mln in 2Q19 and GEL 3.8mln in 9M19 (gross of income tax) excluded from salaries and other employee benefits and GEL 1.1mln (gross of income tax) excluded from non-recurring items in 9M19. The income statement adjusted profit for 9M18 excludes GEL 12.9mln demerger related expenses (net of income tax) and one-off impact of re-measurement of deferred tax balances

** Market shares by Loans and Deposits to Legal entities

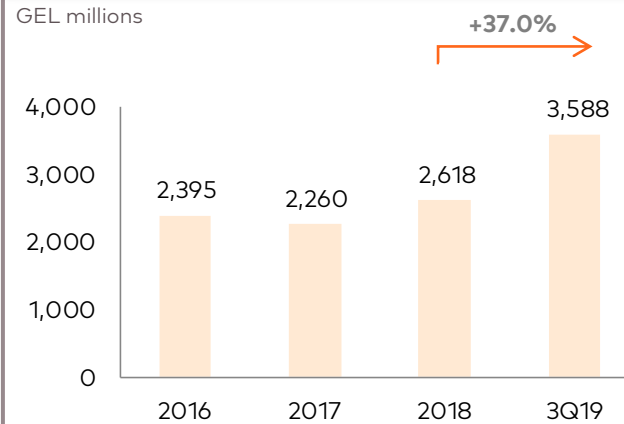
CIB LOAN BOOK & DEPOSITS



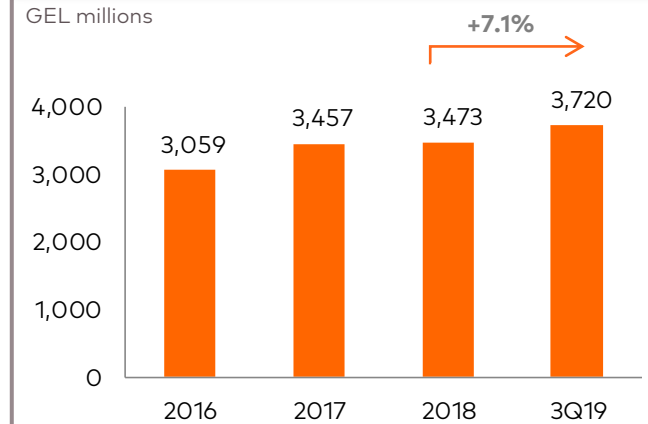
Highlights

- **Leading corporate bank in Georgia**
- Integrated client coverage in key sectors
- **2,560** corporate clients served by dedicated relationship bankers

CIB Loans

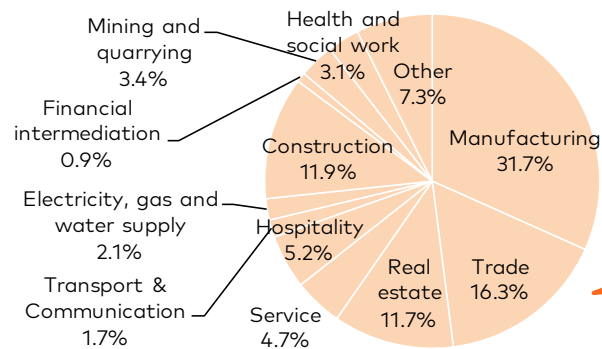


CIB Deposits



Portfolio breakdown | 30 September 2019

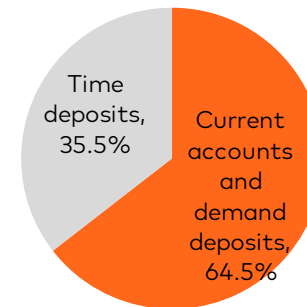
Loans by sectors



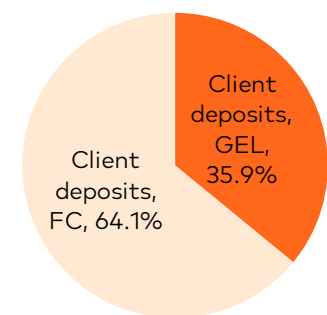
Top 10 CIB borrowers represent **29.1%** of total CIB loan book

Top 20 CIB borrowers represent **40.8%** of total CIB loan book

Deposits by category



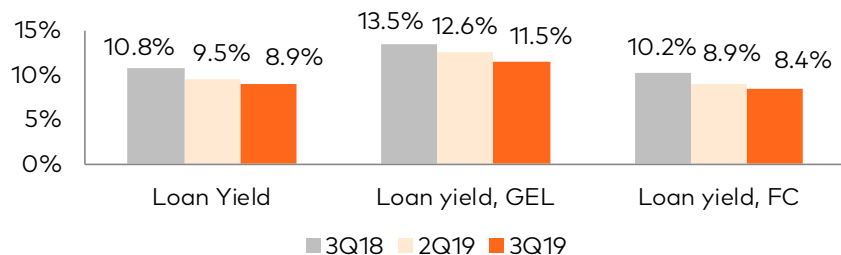
Deposits by currency



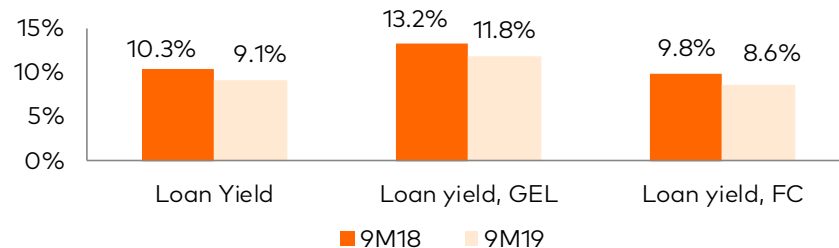
CIB LOAN YIELD, COST OF DEPOSITS & NIM



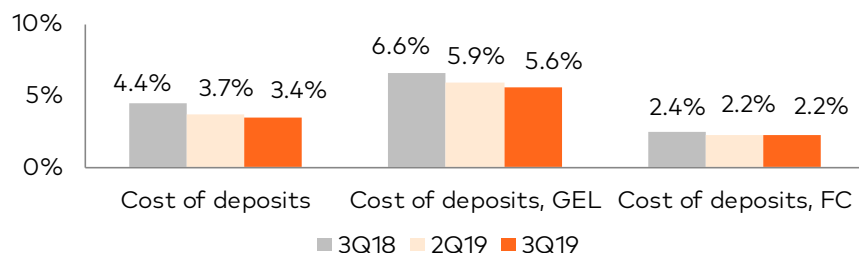
CIB Loan Yield I quarterly



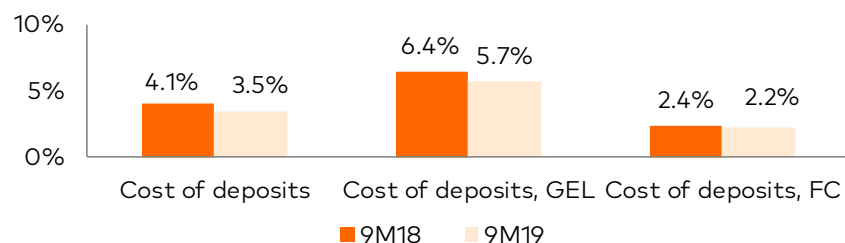
CIB Loan Yield I nine months



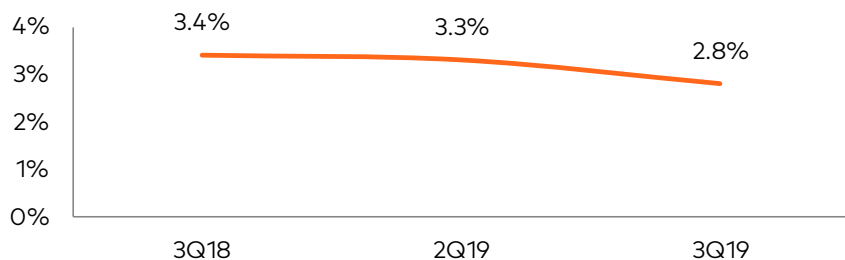
CIB Cost of Deposit I quarterly



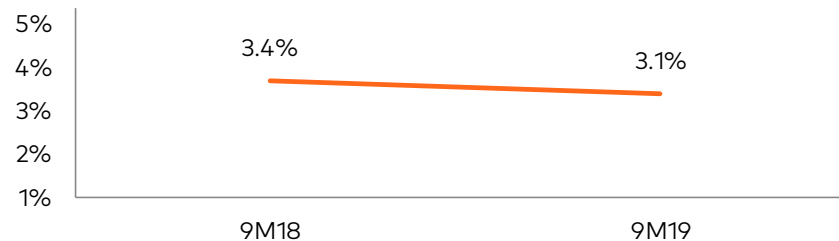
CIB Cost of Deposit I nine months



CIB NIM I quarterly



CIB NIM I nine months



BUILDING BLOCKS TO BECOME THE FINANCIAL SERVICES HUB



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

- **Strong international presence:**

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



- **AUM of GEL 2,547.6 million, up 16.9% y-o-y**

- **Diversified funding sources:**

- Georgia 34%
- Israel 10%
- UK 3%
- Germany 2%
- CIS 23%
- Other 28%

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

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

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





Galt & Taggart - Largest Investment Bank in Georgia

Brokerage

- The leading brokerage house in the region
- The only international sub-custodian in the region
- The leading investment bank in the region

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



Research

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



**Best Investment Bank
in Georgia**

2019, 2018, 2017, 2016, 2015

DCM/ECM

- **During the first nine months of 2019, Galt & Taggart acted as:**
 - lead manager of JSC Microfinance Organisation Crystal's GEL 15mln local public bond issuance due in 2021, in February 2019
 - co-manager of Bank of Georgia's inaugural US\$ 100mln international Additional Tier 1 bond issuance, in March 2019
 - lead manager of JSC Microfinance Organisation Swiss Capital's GEL 10mln local public bond issuance due in 2021, in March 2019
 - lead manager for European Bank for Reconstruction and Development (EBRD), facilitating GEL 90mln local private bond issuance due in 2023, in March 2019
 - lead manager for Nederlandse Financierings - Maatschappij Voor Ontwikkelingslanden N.V. (FMO), facilitating GEL 26mln local private bond issuance due in 2024, in March 2019
 - buy-side advisor for Bank of Georgia Group on acquisition of extra.ge online platform, in May 2019
 - lead manager for Black Sea Trade and Development Bank (BSTDB), facilitating GEL 10mln local private bond issuance due in 2022, in June 2019
 - sole sell-side advisor of Linnaeus Capital Partners B.V. on a sale of 100% shareholding in Lilo1- logistics center, in June 2019
 - lead manager for EBRD, facilitating c.GEL 28mln local private bond issuance due in 2024, in July 2019
 - lead manager of Georgian Leasing Company LTD's US\$ 10mln local public bond issuance due in 2021, in July 2019
 - lead manager for Black Sea Trade and Development Bank (BSTDB), facilitating GEL 5mln local private bond issuance due in 2022, in September 2019

Corporate Advisory

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

CONTENTS



■ Group Overview	4
■ Results Discussion	9
■ Georgian Macro Overview	40
■ Appendices	64

GEORGIA AT A GLANCE



General Facts

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



Economy

- Nominal GDP (Geostat) 2018: GEL 41.1 bln (US\$16.2 bln)
- Real GDP growth rate 2014-2018: 4.6%, 2.9%, 2.8%, 4.8%, 4.7%
- Real GDP 2010-2018 annual average growth rate: 4.8%
- GDP per capita 2018 (PPP) per IMF: US\$ 11,429
- Annual inflation (e-o-p) 2018: 1.5%
- External public debt to GDP 2018: 34.3%

Sovereign Credit Ratings

Rating Agency	Rating	Outlook	Affirmed
Moody's	Ba2	Stable	September 2019
FitchRatings	BB	Stable	August 2019
S&P Global	BB	Stable	October 2019

GEORGIA'S KEY ECONOMIC DRIVERS



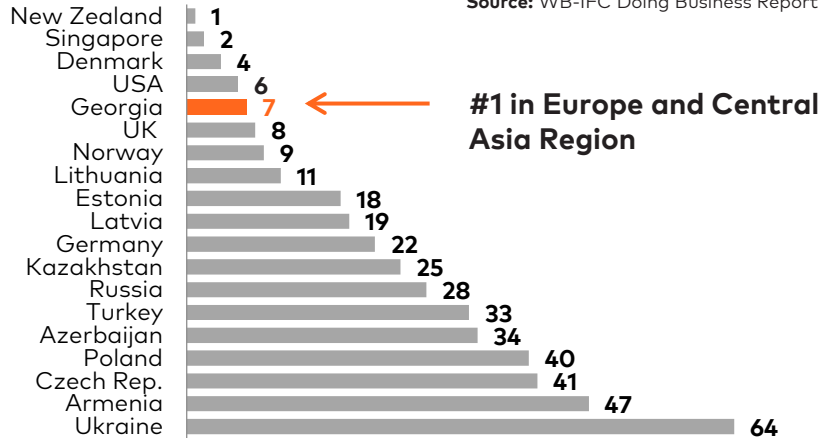
Liberal economic policy	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none"> Liberty Act ensures a credible fiscal and monetary framework: Fiscal deficit/GDP capped at 3%; Government debt/GDP capped at 60% Business friendly environment and low tax 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, Turkey, Hong Kong and with EFTA countries. The GSP with USA, Canada and Japan Tourism revenues on the rise: tourism inflows stood at 19.9% of GDP in 2018 and total arrivals reached 8.7mln visitors in 2018 (up 9.8% y-o-y), out of which tourist arrivals were up 16.9% y-o-y to 4.8mln visitors. Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes
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\$ 1.3bln (7.8% of GDP) in 2018 FDI averaged 9.0% of GDP in 2009-2018
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
Electricity transit hub potential	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none"> Only 25% of hydropower capacity utilized; 150 renewable (HPPs/WPPs/SPPs) energypower plants are in various stages of construction or development Georgia imports natural gas mainly from Azerbaijan Significantly boosted transmission capacity with 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe
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 moderate Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians -The Russian side announced to ease visa procedures for Georgians citizens effective December 23, 2015 Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia In 2018, Russia accounted for 13.0% of Georgia's exports and 10.2% of imports; just 3.7% of cumulative FDI over 2003-18

GROWTH ORIENTED REFORMS



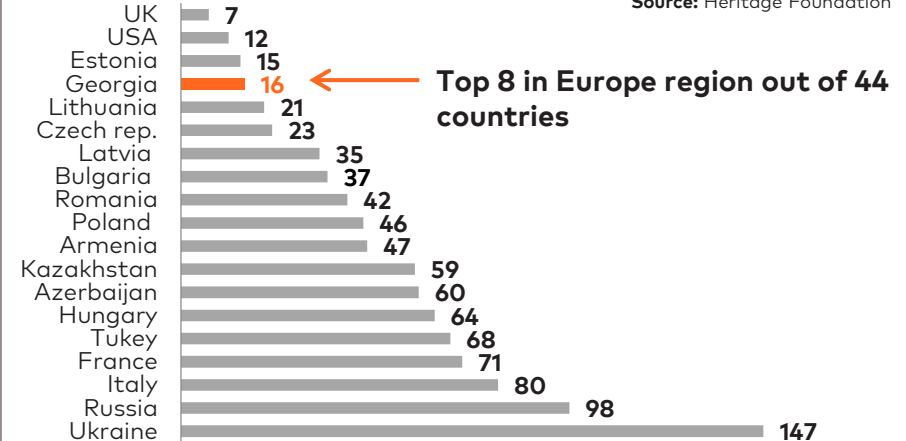
Ease of Doing Business | 2020

Source: WB-IFC Doing Business Report



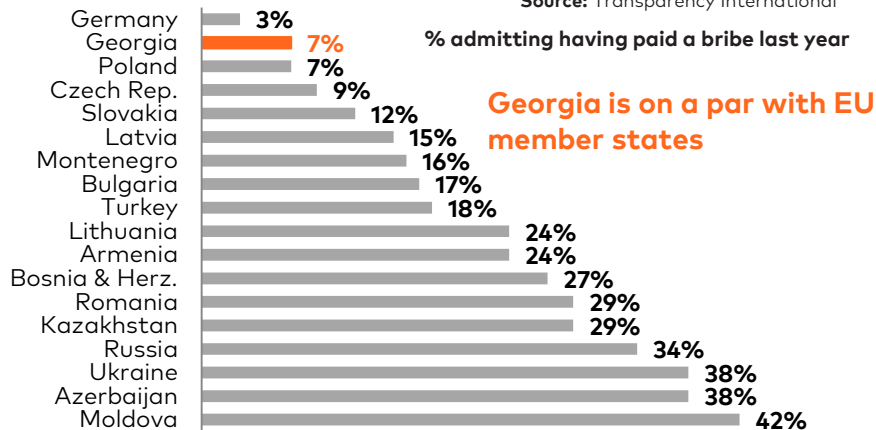
Economic Freedom Index | 2019

Source: Heritage Foundation



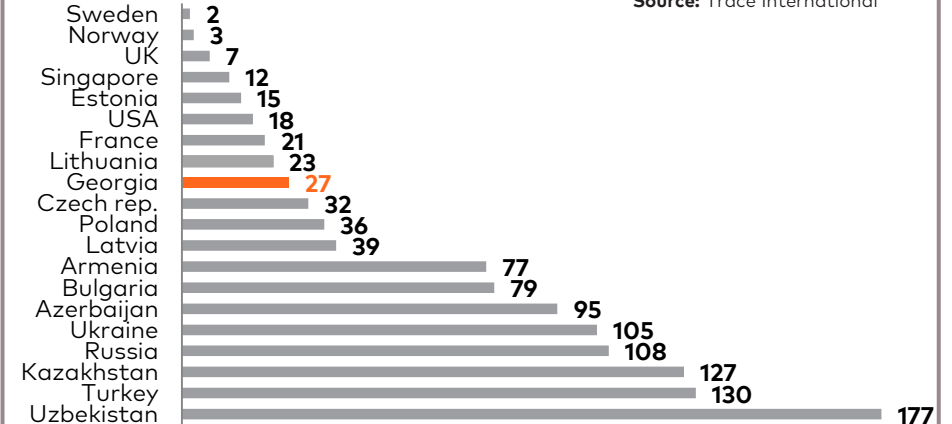
Global Corruption Barometer | 2017

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**
 - East-West Highway and other supporting infrastructure
- **Rail**
 - Baku – Tbilisi Kars new railroad line
 - Railway modernisation project
- **Air**
 - Tbilisi International Airport
 - 2nd runway
 - 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

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

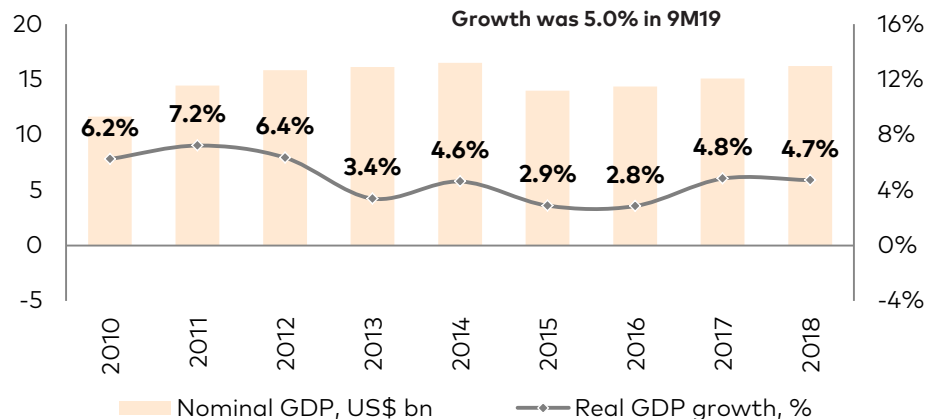


DIVERSIFIED RESILIENT ECONOMY



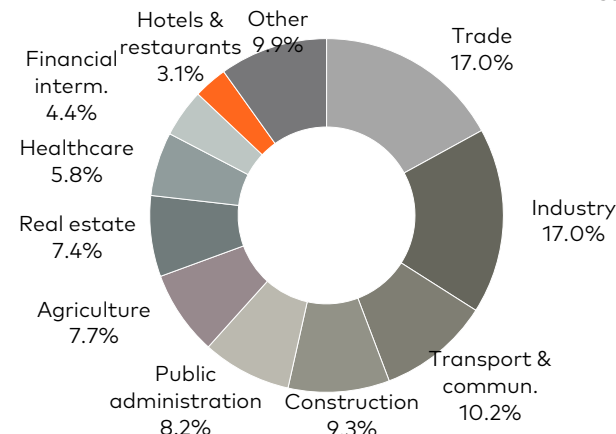
Gross domestic product

Source: Geostat



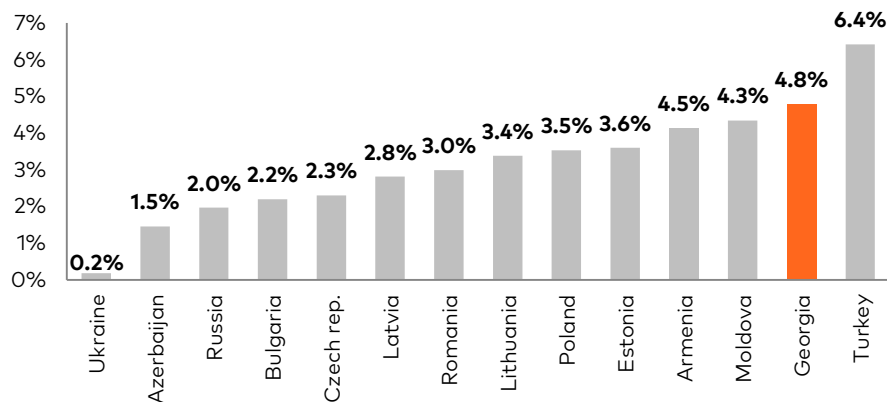
Diversified nominal GDP structure, 2018

Source: Geostat



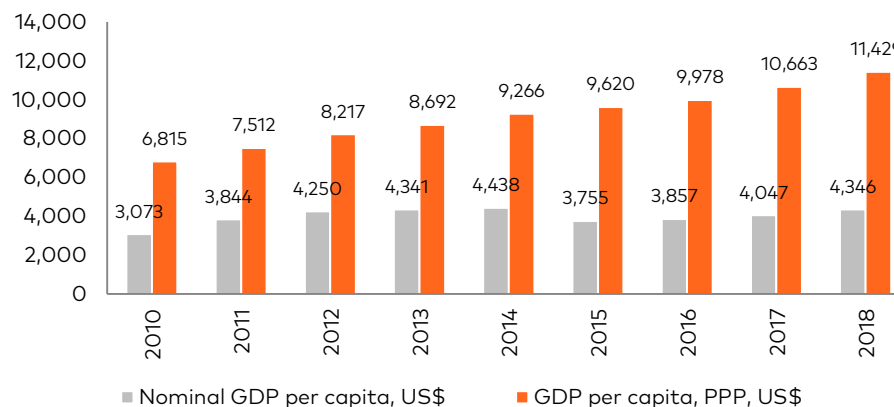
Comparative real GDP growth rates, % (2010-2018 average)

Source: IMF, Geostat



GDP per capita

Source: IMF, Geostat

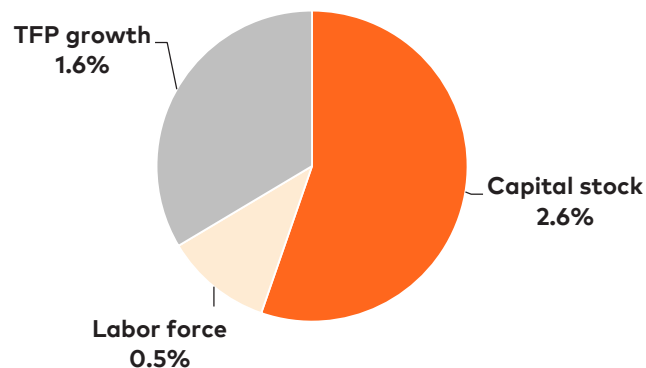


PRODUCTIVITY AND CAPITAL HAVE BEEN THE MAIN ENGINES OF GROWTH SINCE 2004



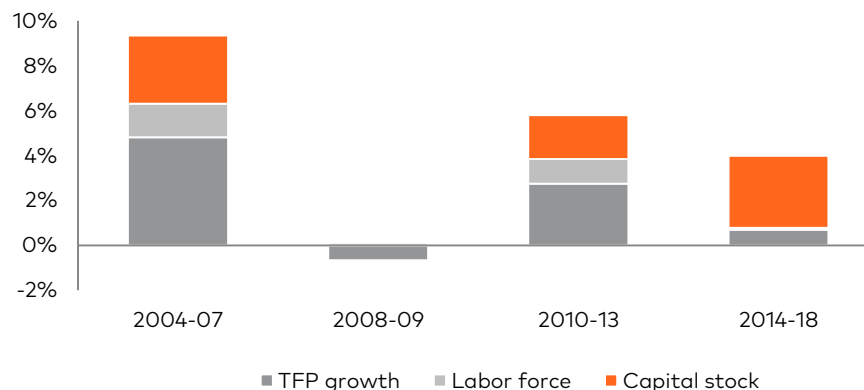
Overall contribution of capital, labor, and Total Factor Productivity (TFP) to growth, 2010-2018

Source: Geostat, Galt & Taggart



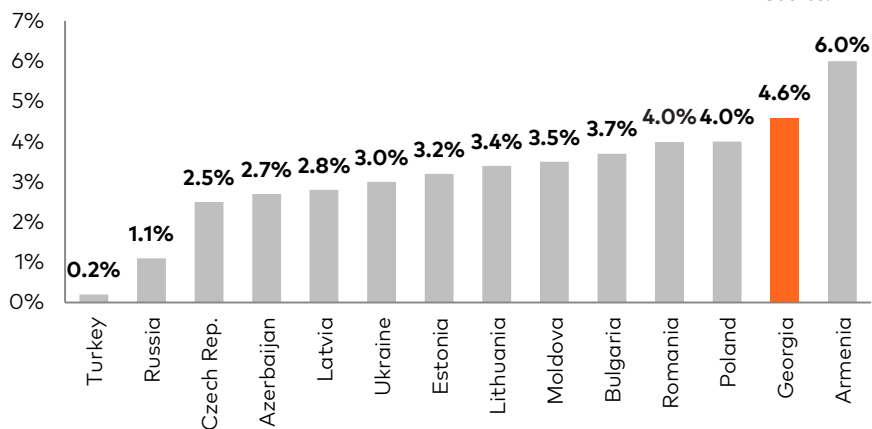
Contributions of capital, labor, and TFP to growth during periods

Source: Geostat, Galt & Taggart



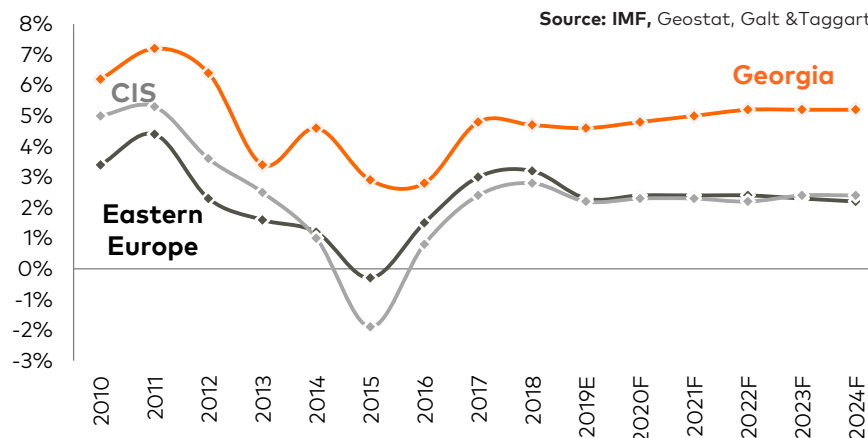
Real GDP growth projection, 2019

Source: IMF



Real GDP growth: Georgia, CIS, Eastern EU

Source: IMF, Geostat, Galt & Taggart

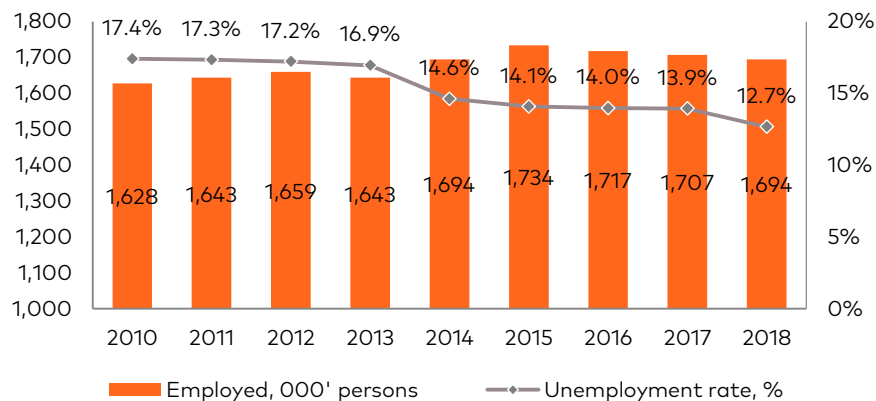


FURTHER JOB CREATION IS ACHIEVABLE



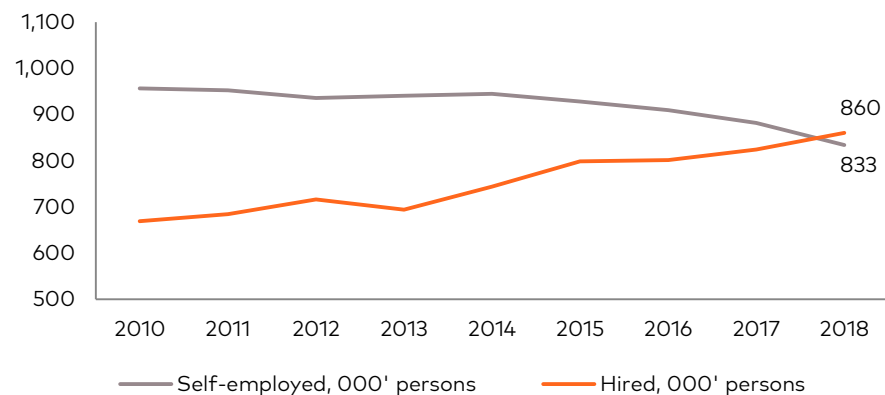
Unemployment rate down 1.3ppts y/y to 12.7% in 2018

Source: Geostat



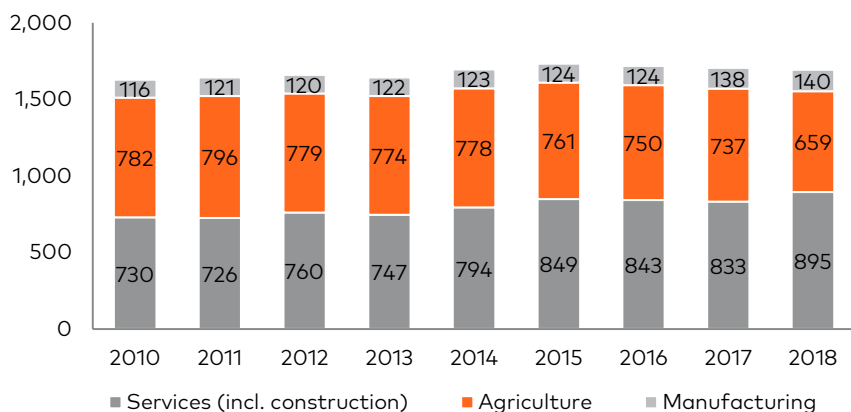
Hired workers on the rise

Source: Geostat



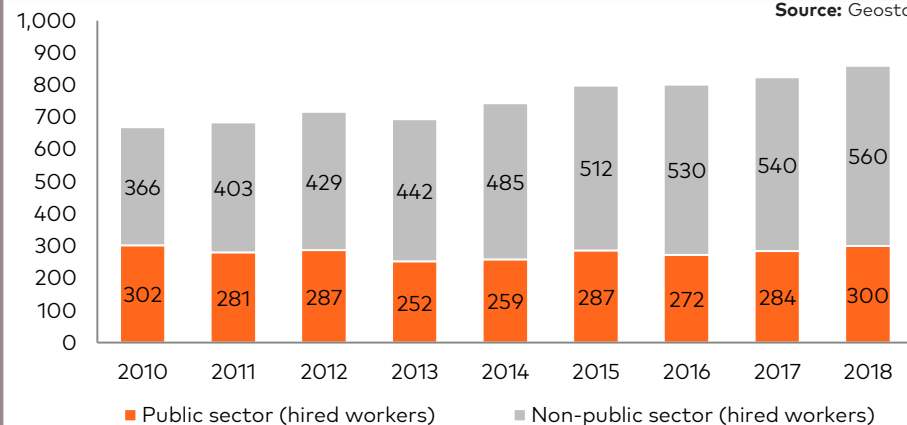
Share of services in total employment on the rise

Source: Geostat



Private sector creates jobs

Source: Geostat

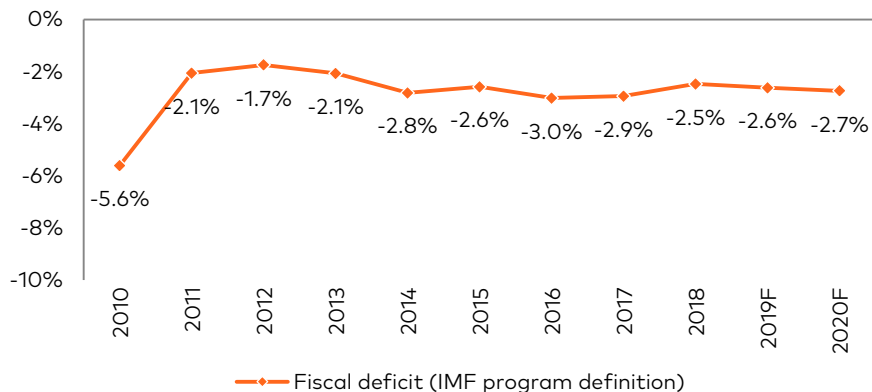


LOW PUBLIC DEBT



Fiscal deficit

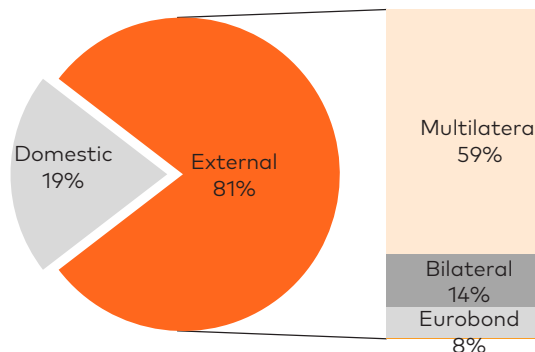
Source: MoF, IMF



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

Breakdown of public debt

Source: MoF, as of August 2019

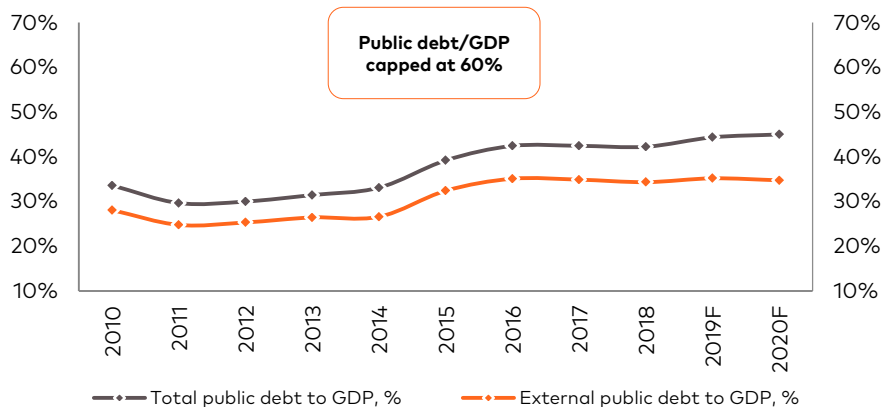


External public debt portfolio weighted average interest rate 2.15%

Contractual maturity 22 years

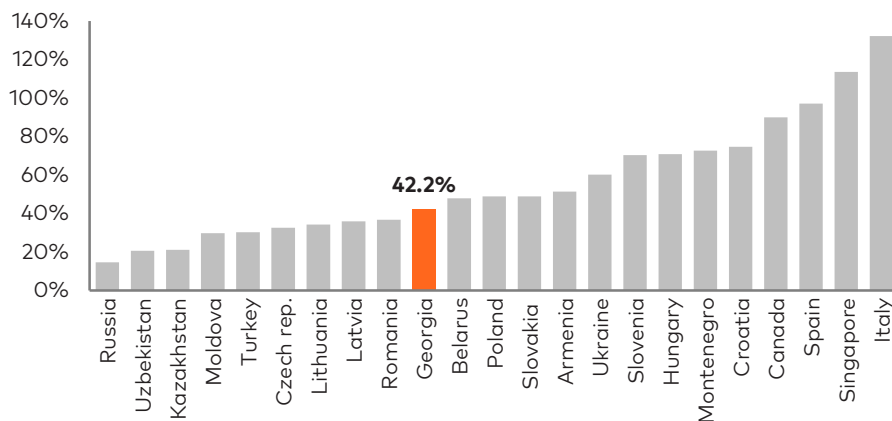
Public debt as % of GDP

Source: IMF, MoF, Geostat



Gross government debt/GDP, 2018

Source: IMF, MoF, Geostat

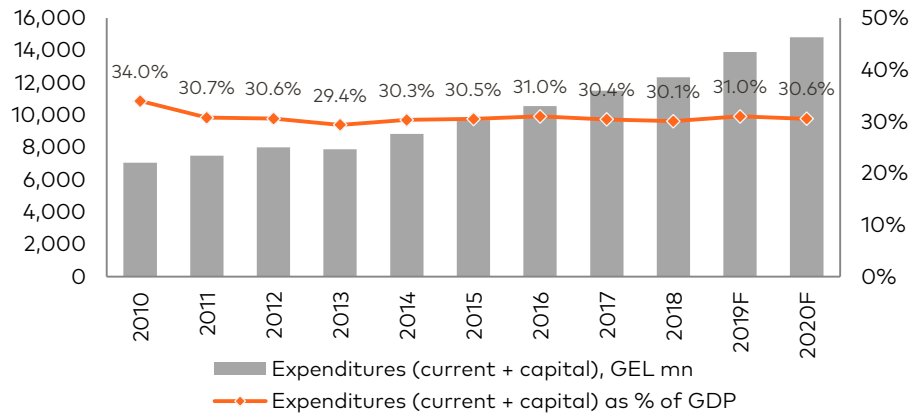


INVESTING IN INFRASTRUCTURE AND SPENDING LOW ON SOCIAL



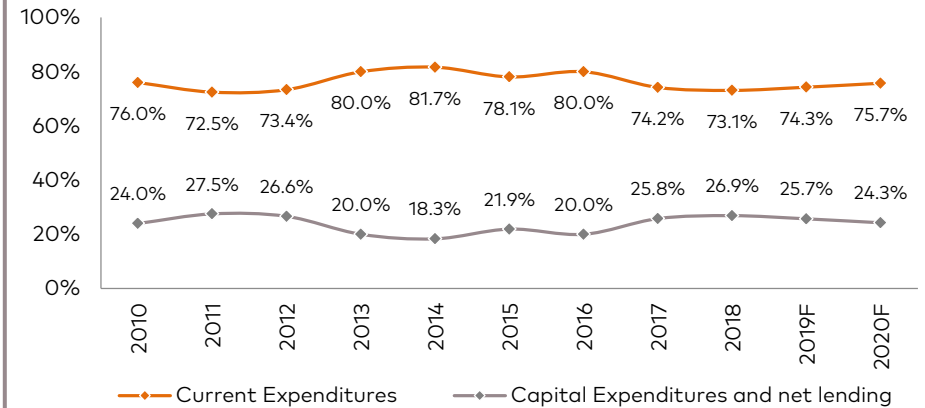
Budget expenditures

Source: MoF, Geostat



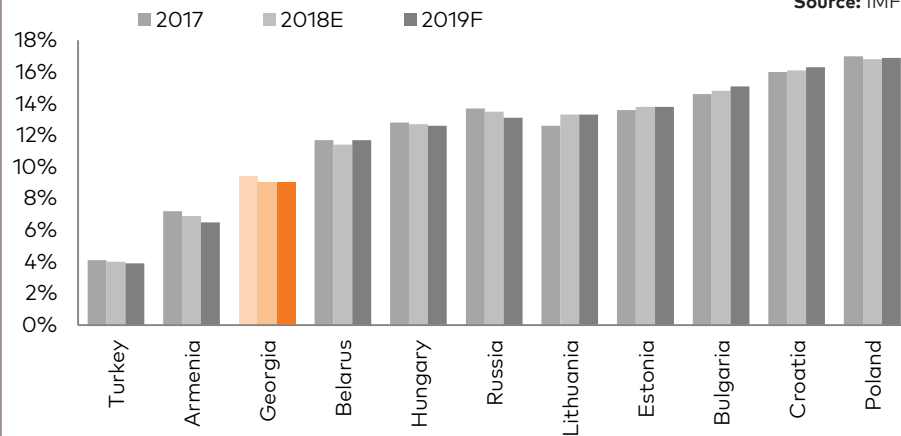
Expenditure breakdown: current vs. capital

Source: MoF



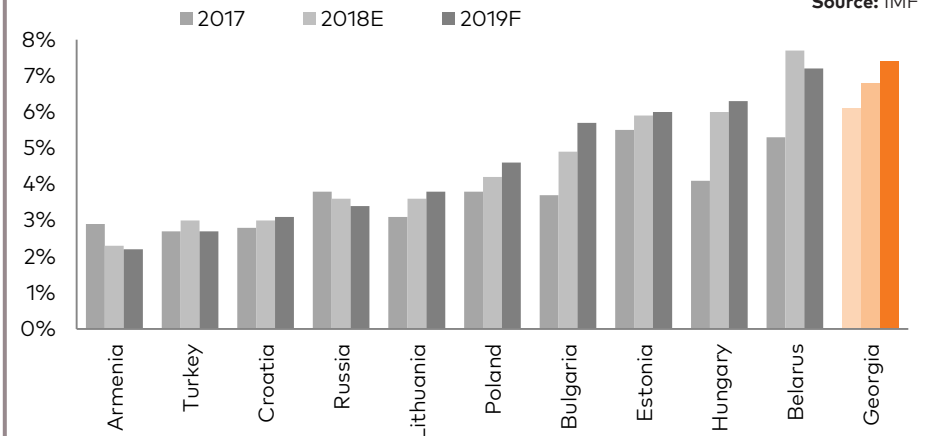
Government social expenditure as % of GDP

Source: IMF



Government capital expenditure as % of GDP

Source: IMF

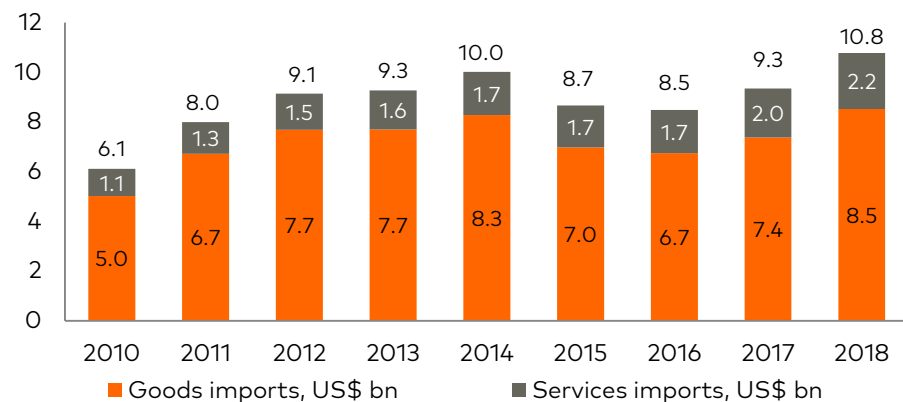


DIVERSIFIED FOREIGN TRADE



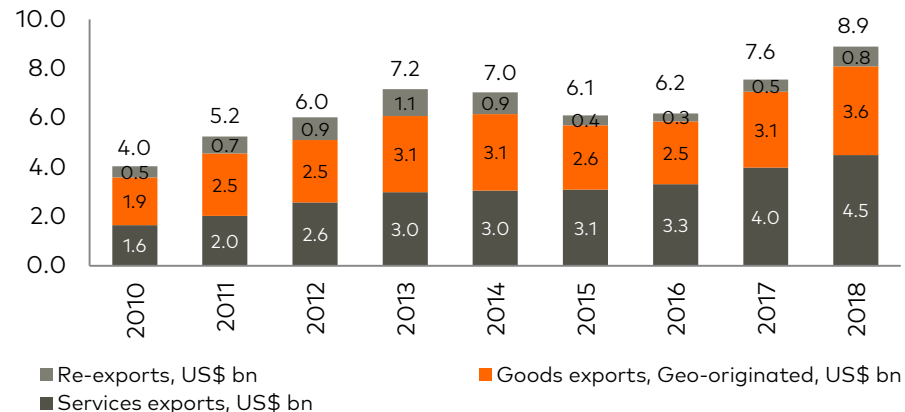
Imports of goods and services

Source: NBG – BOP statistics



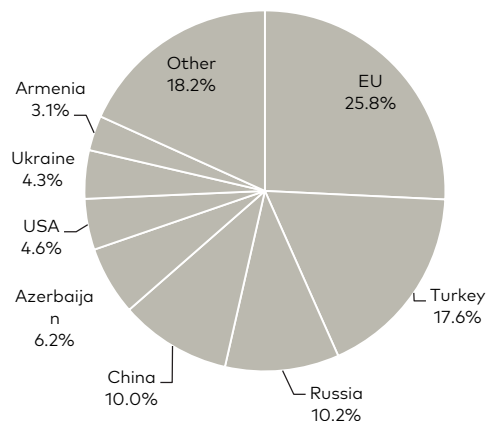
Exports of goods and services

Source: NBG – BOP statistics



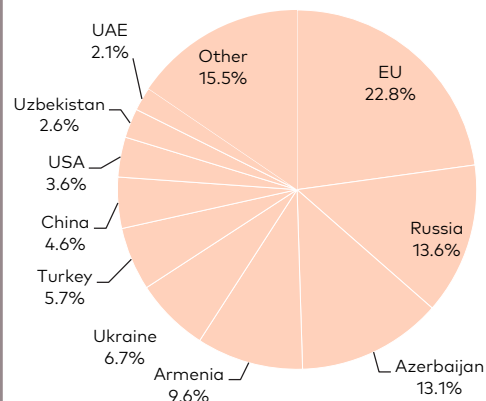
Imports, 9M19

Source: Geostat



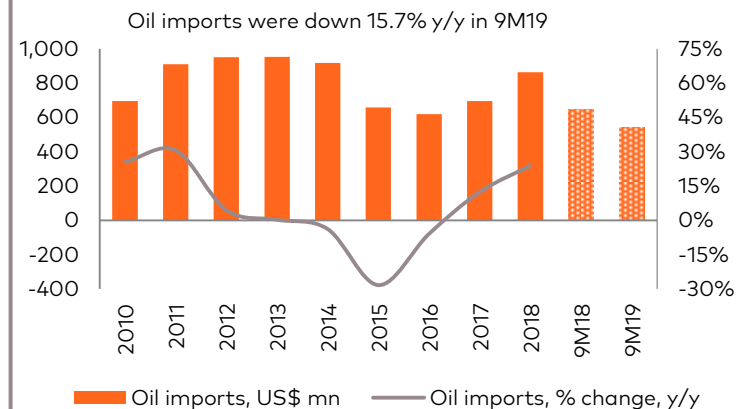
Exports, 9M19

Source: Geostat



Oil imports

Source: GeoStat

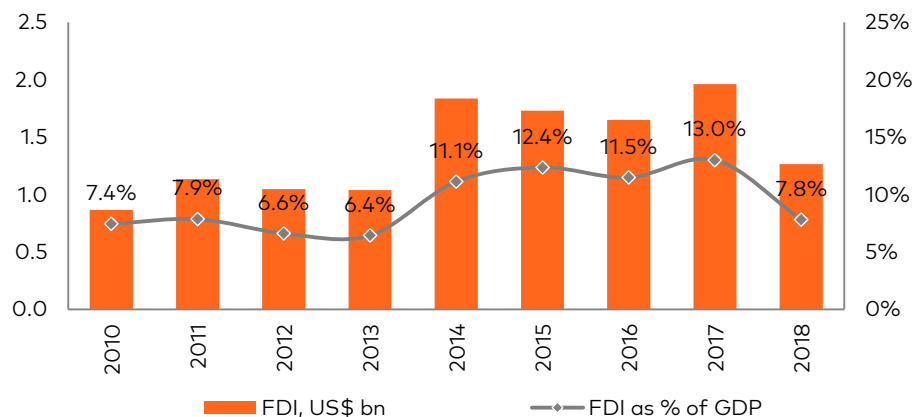


DIVERSIFIED SOURCES OF CAPITAL



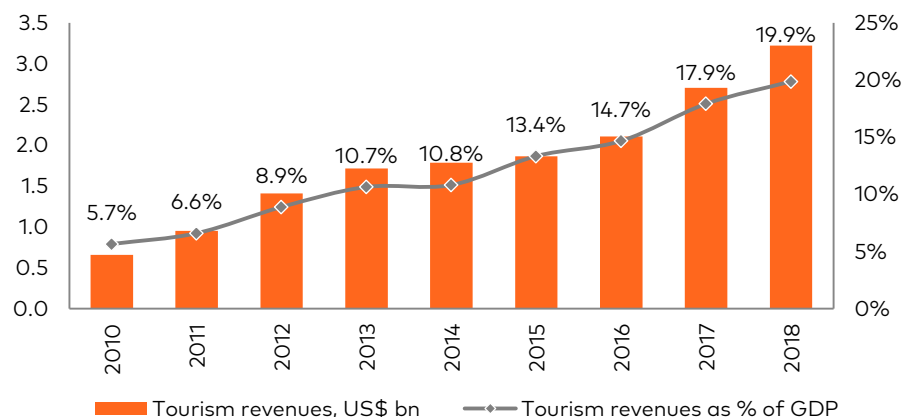
Strong foreign investor interest

Source: Geostat



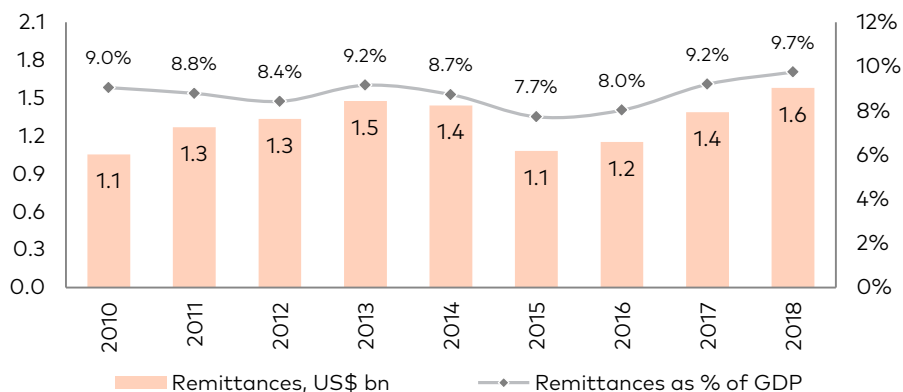
Tourist arrivals and revenues on the rise

Source: NBG, Geostat



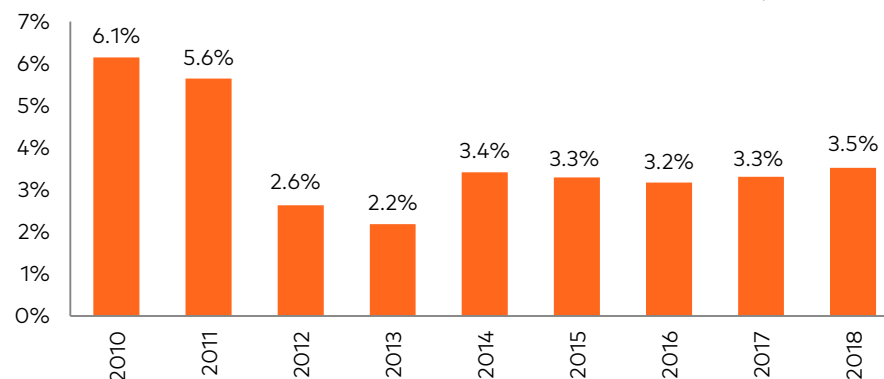
Remittances - steady source of external funding

Source: NBG, Geostat



Public external borrowing for capex, % of GDP

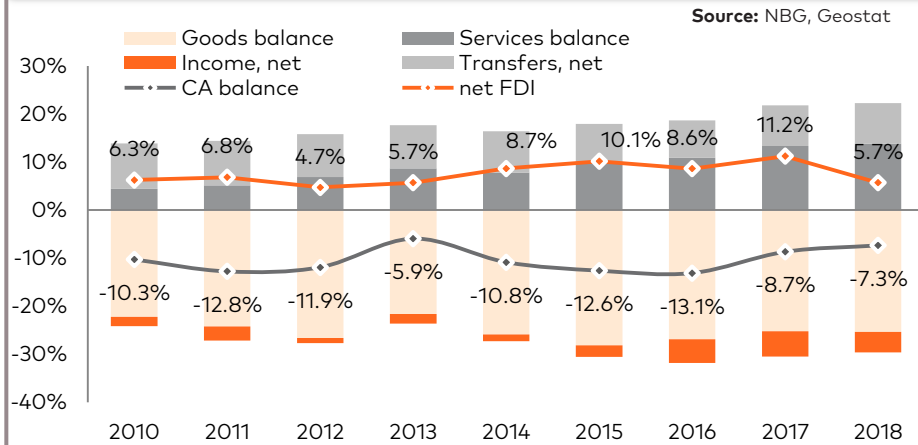
Source: MOF, Geostat



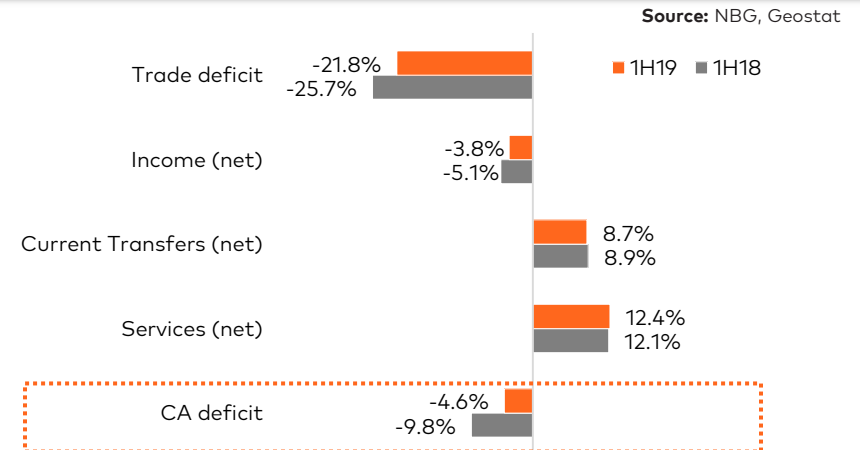
CURRENT ACCOUNT DEFICIT SUPPORTED BY FDI



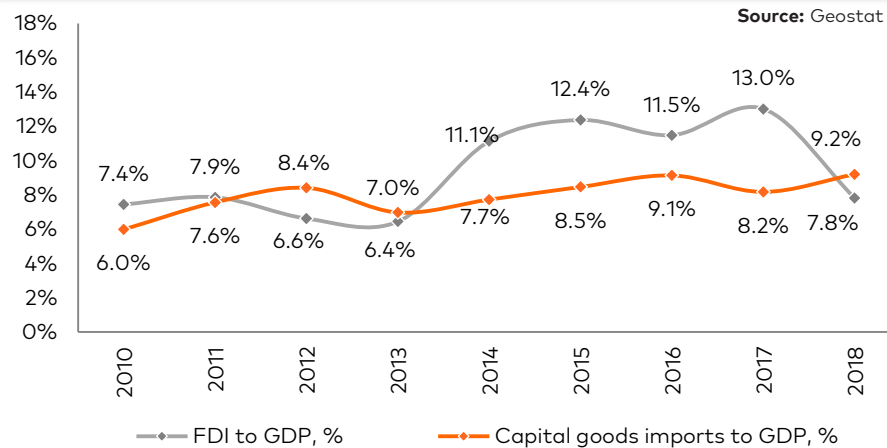
Current account balance (% of nominal GDP)



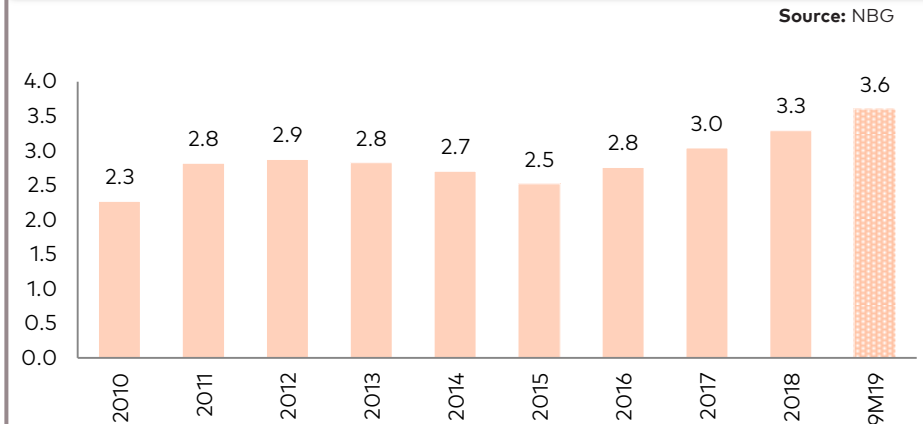
CA deficit at record low 4.6% of GDP in 1H19



FDI and capital goods import



Building international reserves, US\$ bn

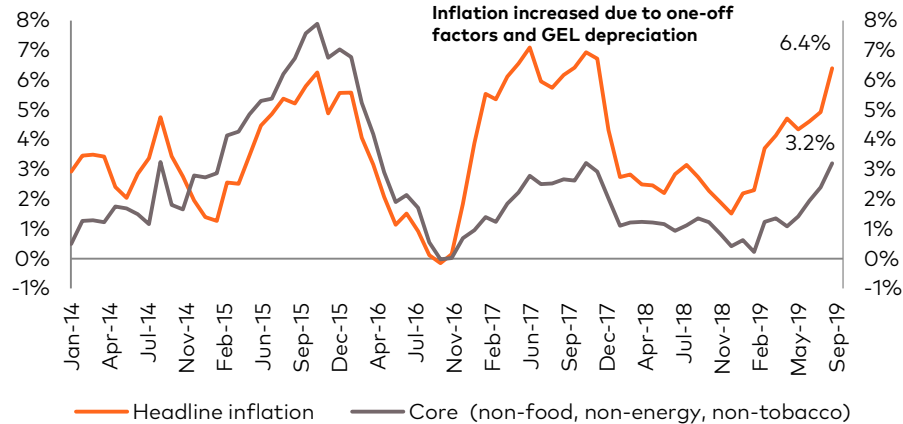


INFLATION TARGETING SINCE 2009



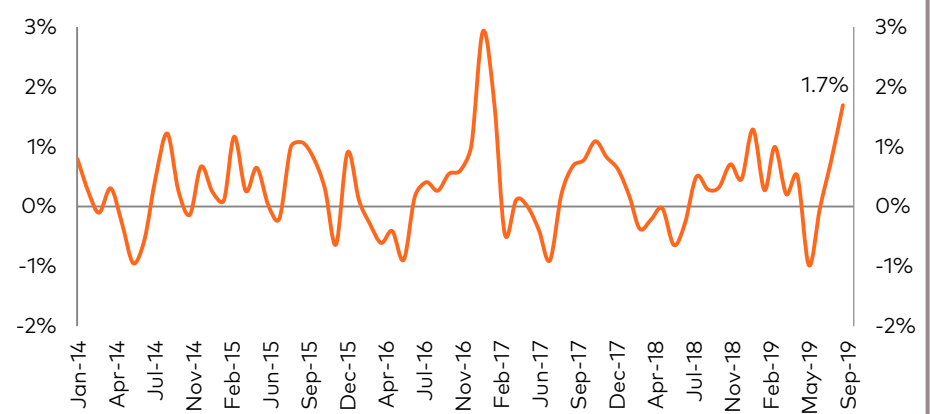
Annual Inflation

Source: Geostat



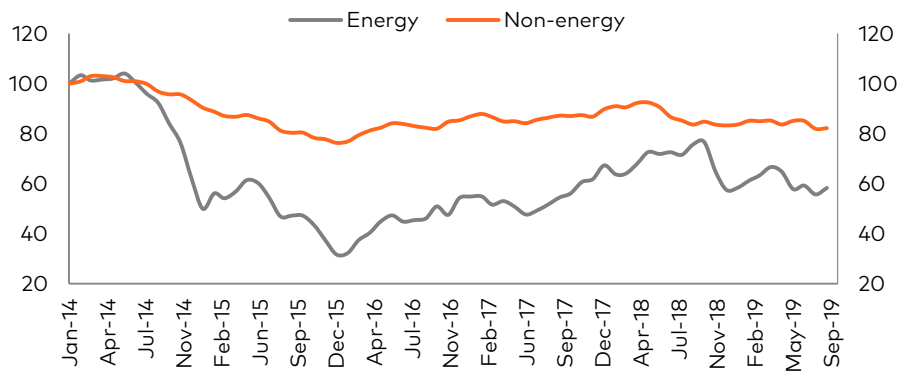
Monthly inflation

Source: Geostat



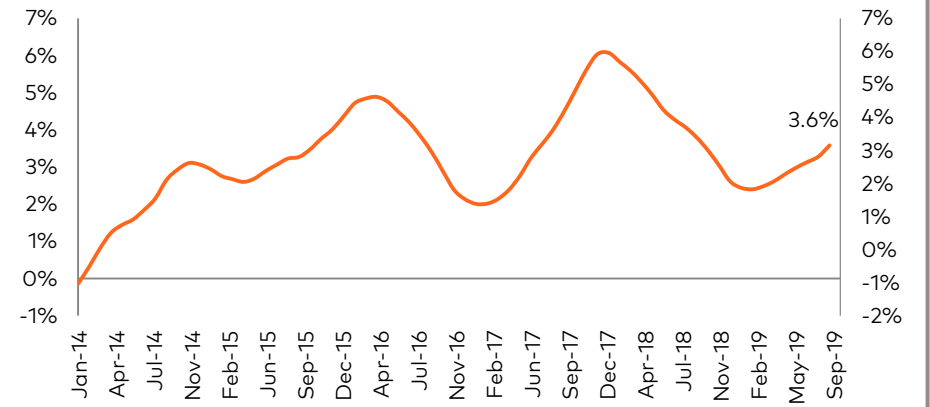
World commodity prices

Source: World Bank
Note: Jan2014=100



Average inflation

Source: Geostat

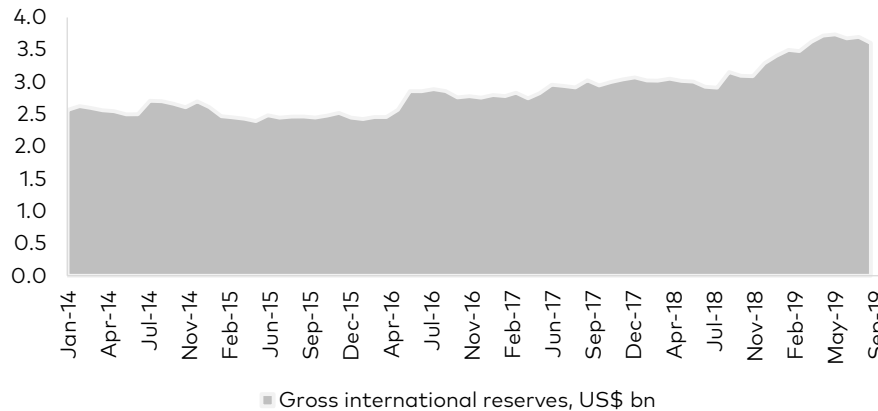


INTERNATIONAL RESERVES SUFFICIENT TO FINANCE MORE THAN 3 MONTHS OF IMPORTS



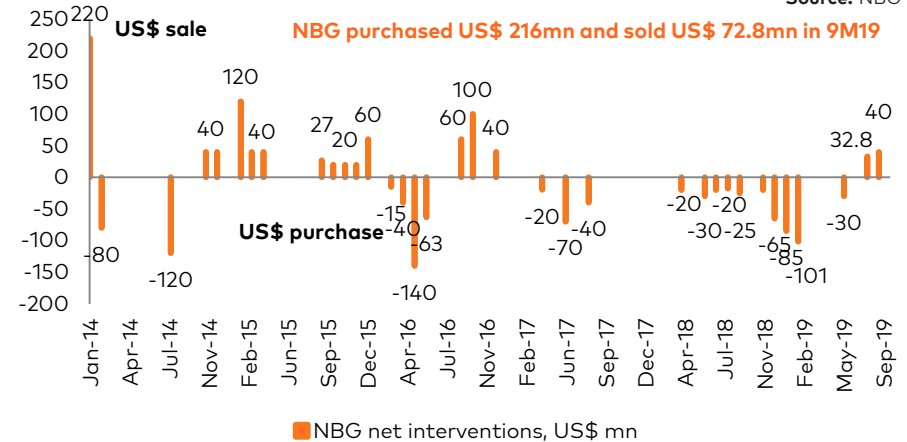
International reserves

Source: NBG



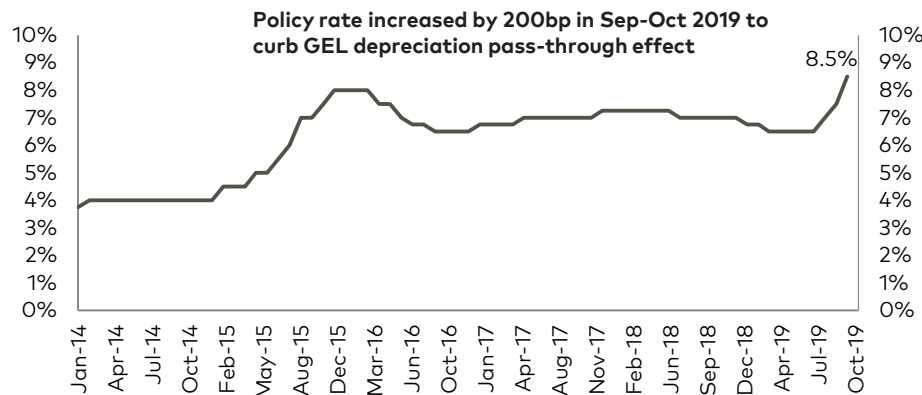
Central Bank's interventions

Source: NBG



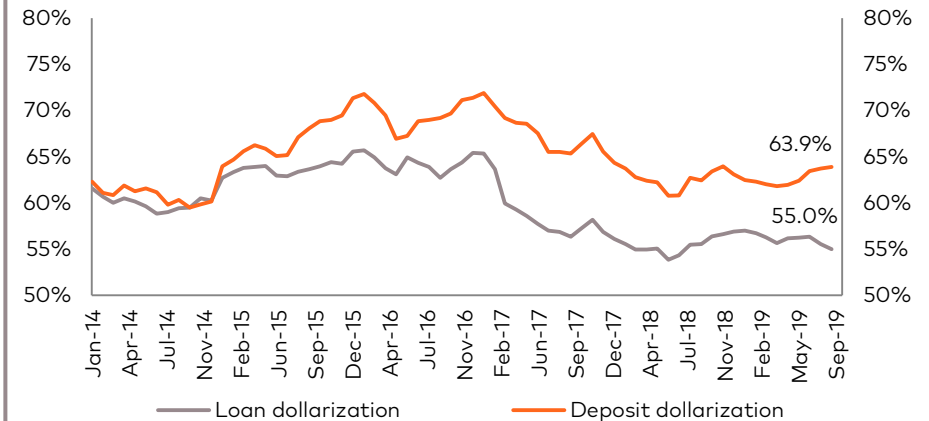
Monetary policy rate

Source: NBG



Loan and deposit dollarization

Source: NBG

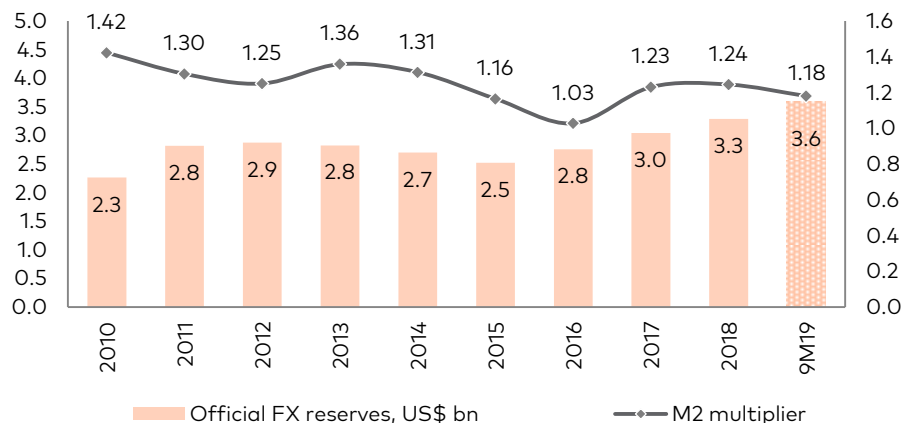


FLOATING EXCHANGE RATE - POLICY PRIORITY



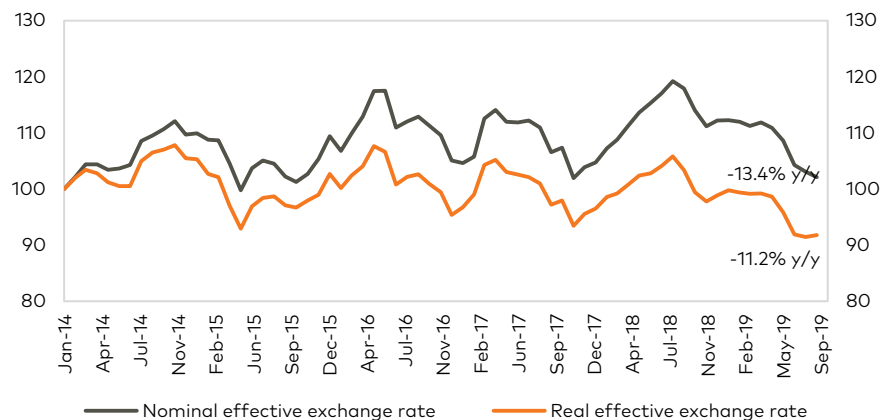
FX reserves

Source: NBG



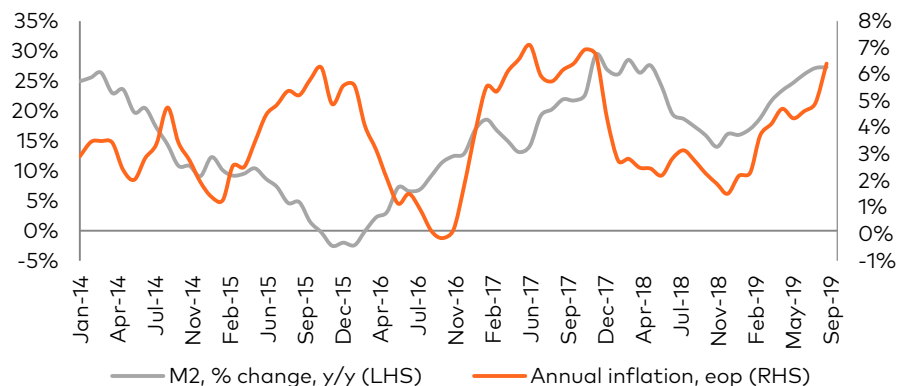
Nominal and Real effective exchange rate (Jan2014=100)

Source: NBG



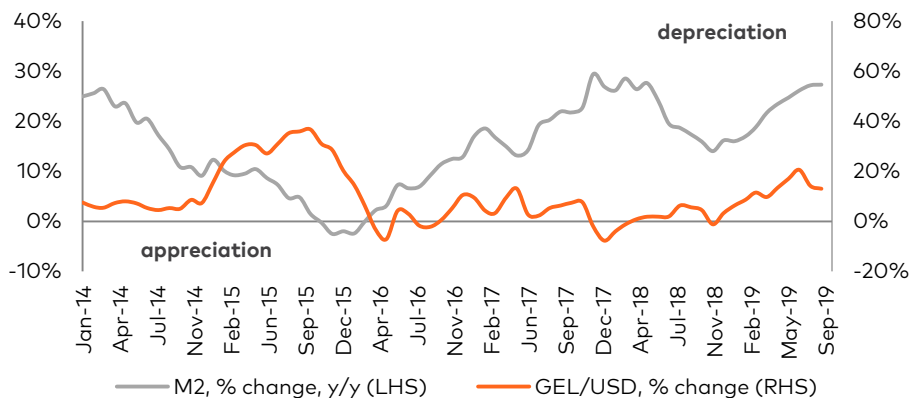
M2 and annual inflation

Source: NBG



M2 and USD/GEL

Source: NBG



GROWING AND WELL-CAPITALISED BANKING SECTOR

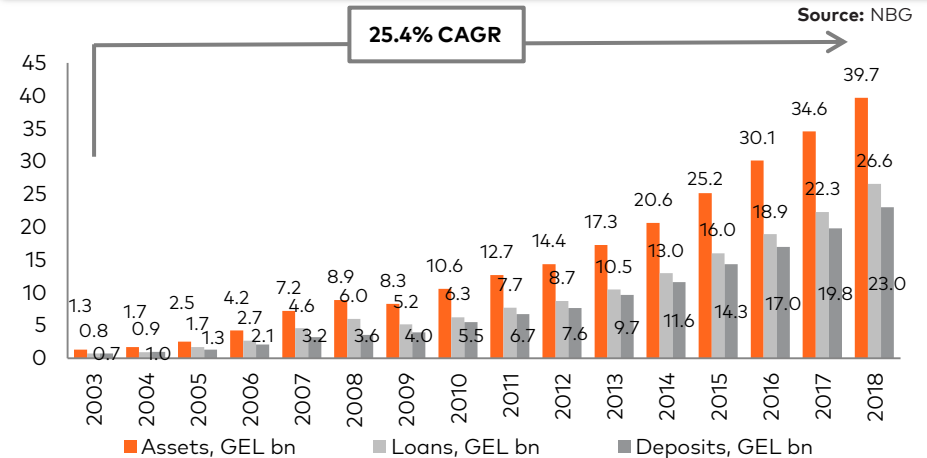


Summary

- Prudent regulation and oversight ensuring financial stability
- Demonstrated strong resilience towards both domestic and external shocks **without single bank going bankrupt**
- **No nationalization** of the banks and no government ownership since 1994
- **Resilient to different shocks to the economy**, room for healthy credits growth with retail loans at 35.6% of GDP and total loans at 64.7% of GDP in 2018

Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits



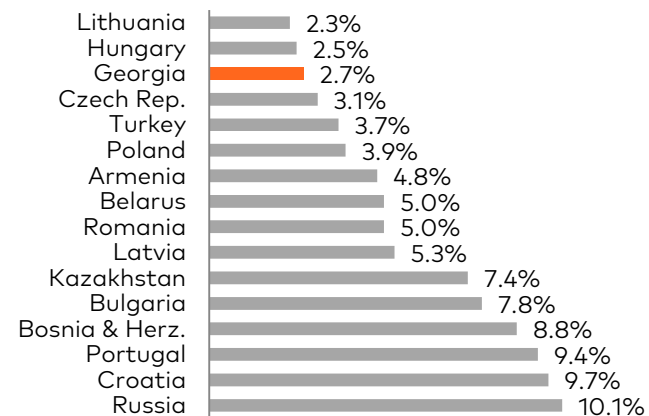
Banking Sector loans to GDP, 2018

Source: IMF, NBG



Non-performing loans, 2018

Source: IMF, NBG

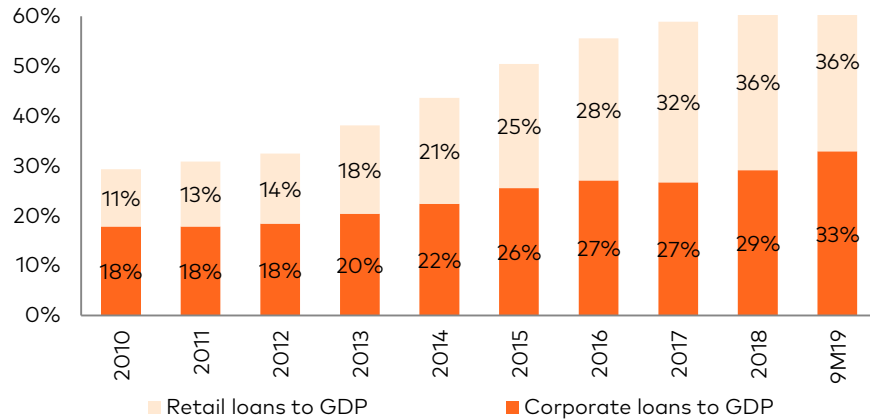


GROWING ECONOMY SUPPORTS HEALTHY CREDIT GROWTH



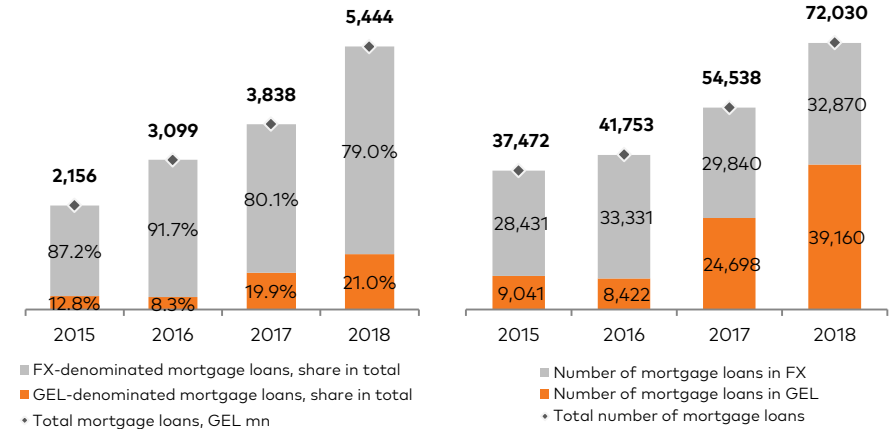
Banking sector corporate & retail loans to GDP

Source: NBG, Geostat



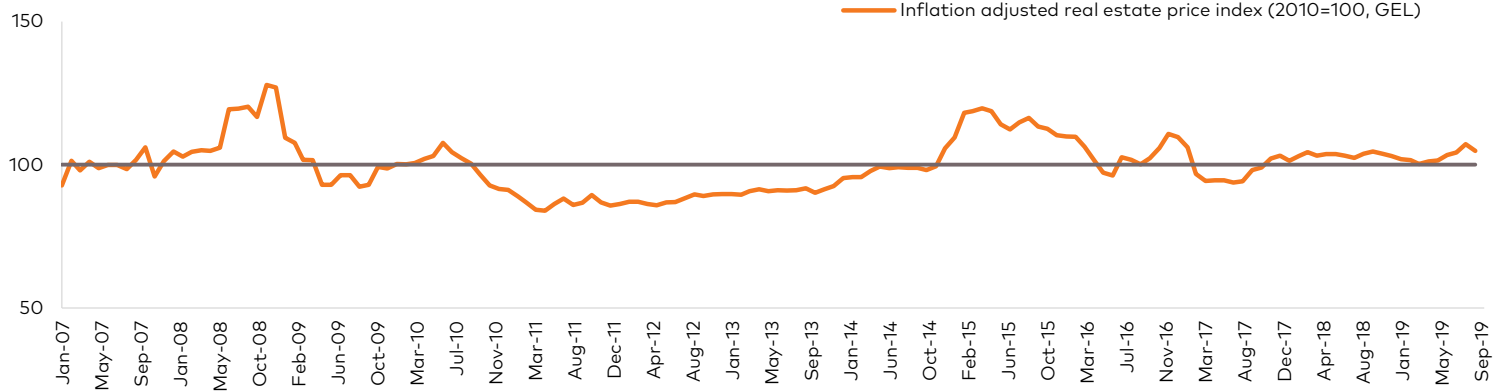
Mortgage loans

Source: NBG



Real estate price index

Source: NBG, Geostat



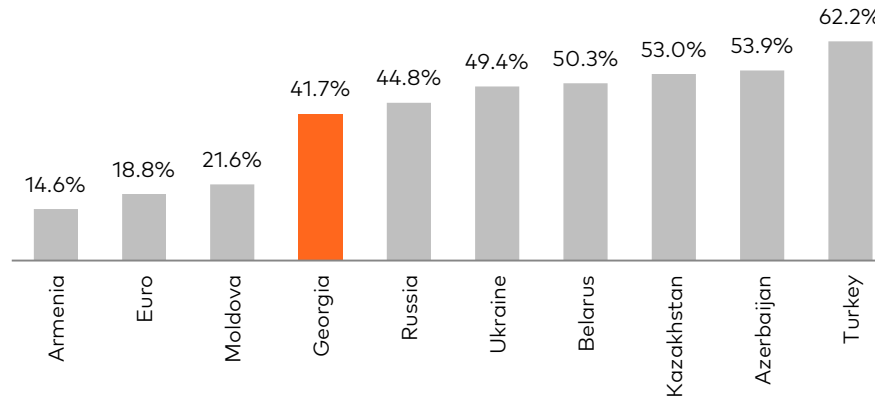
FLEXIBLE FX REGIME SUPPORTS TO MACRO STABILITY



Currency weakening vs. US\$

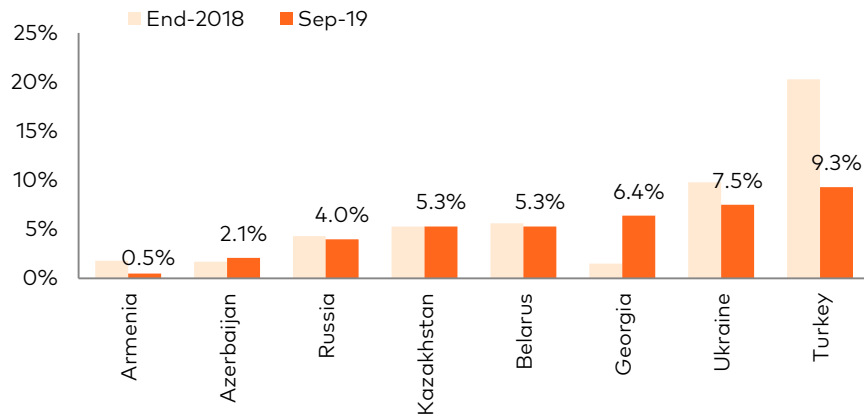
Source: Bloomberg

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



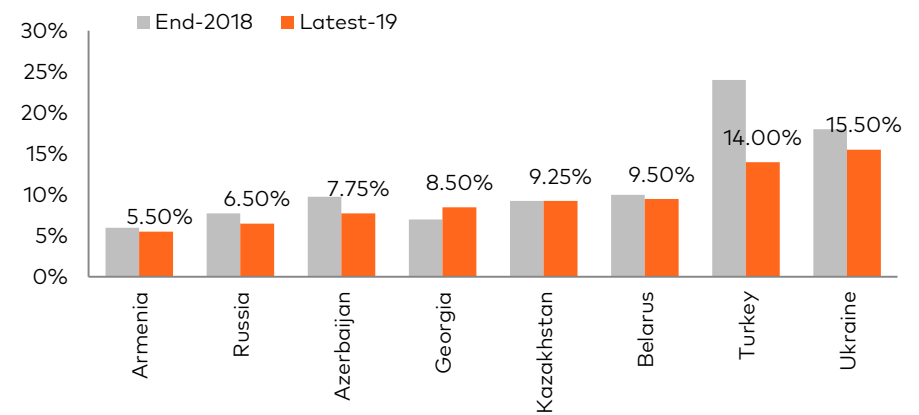
Inflation: Georgia and peers

Source: National Statistics Offices



Monetary policy rate: Georgia and peers

Source: Central banks



RECENT TREND - REAL GDP AND ITS COMPONENTS



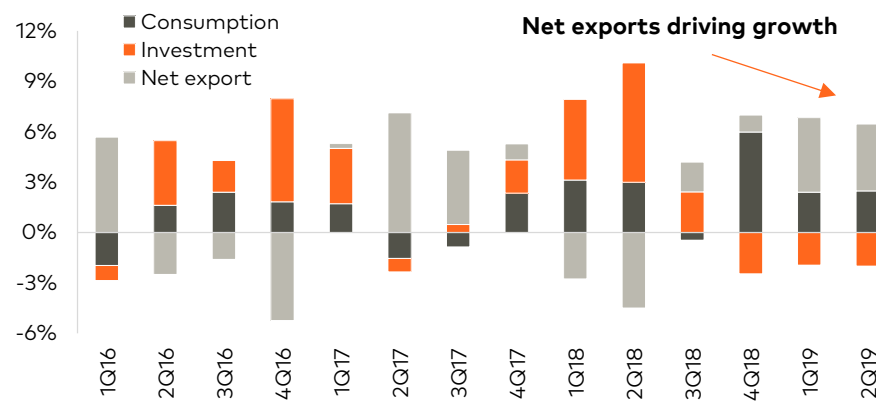
Real GDP growth by quarter, % change y/y

Source: Geostat



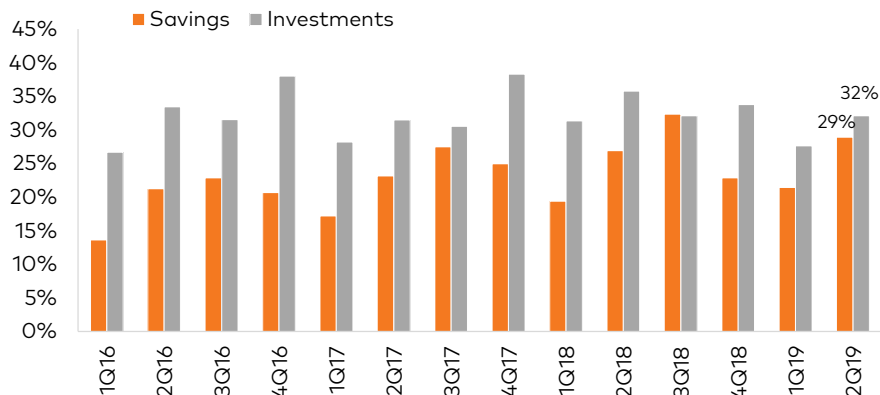
Contribution to real GDP growth

Source: Geostat, Galt & Taggart



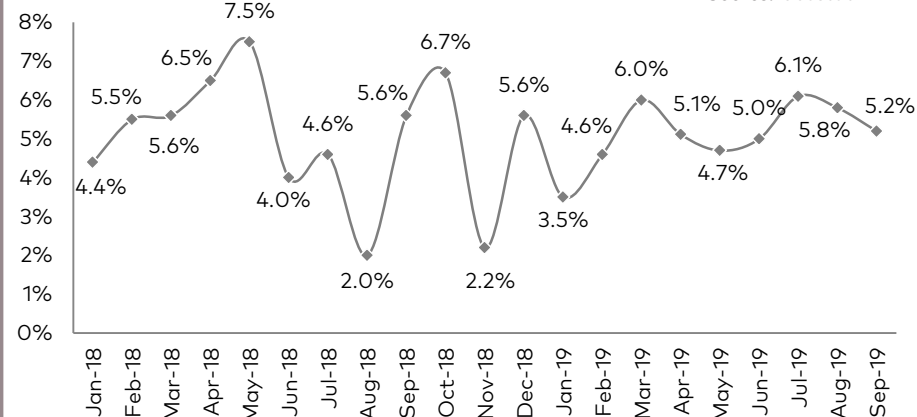
Savings and investment to GDP

Source: Geostat



Real GDP growth by month, % change y/y

Source: Geostat

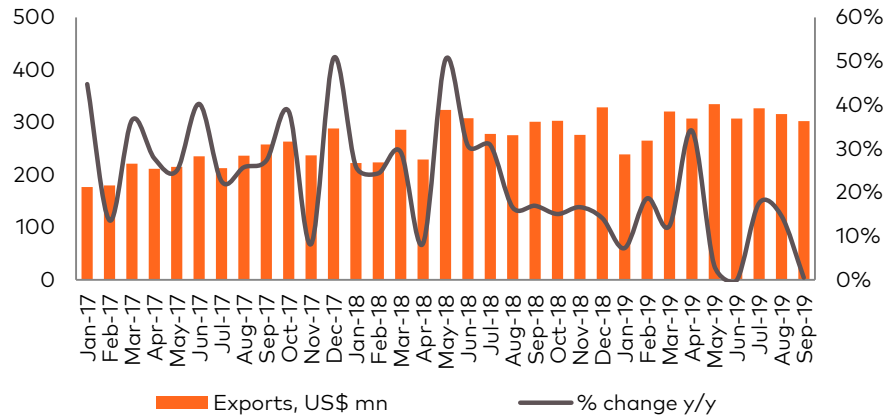


RECENT TREND – GOODS FOREIGN TRADE DEFICIT DOWN



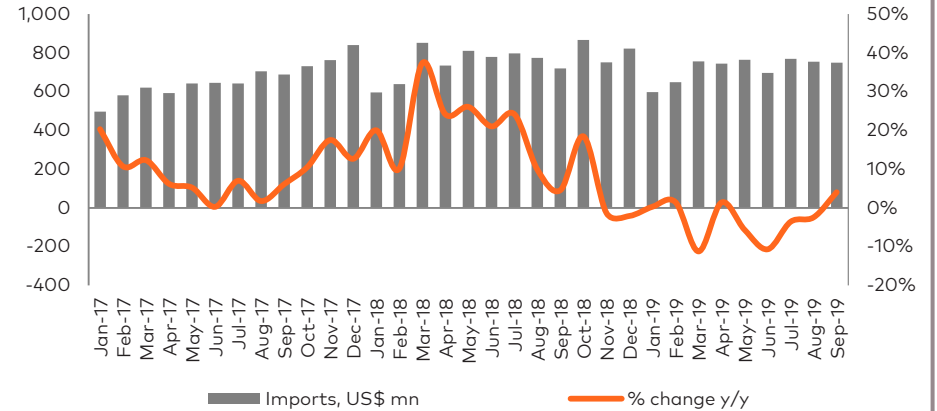
Exports up 11.1% y/y in 9M19

Source: NBG



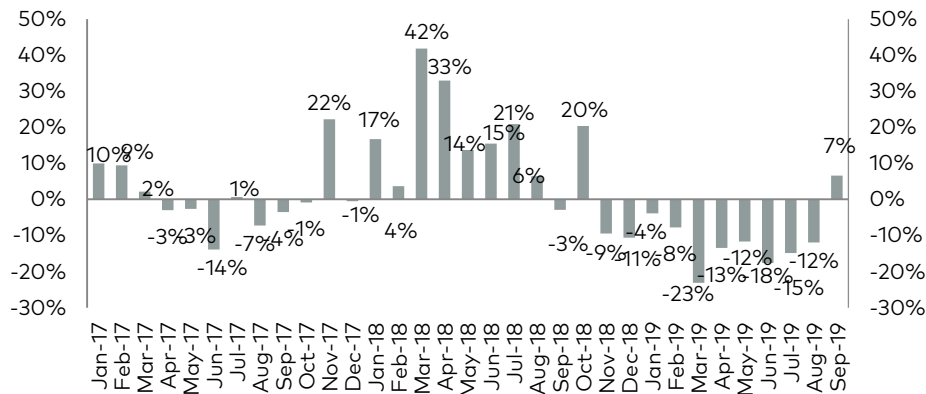
Imports down 3.3% y/y in 9M19

Source: NBG



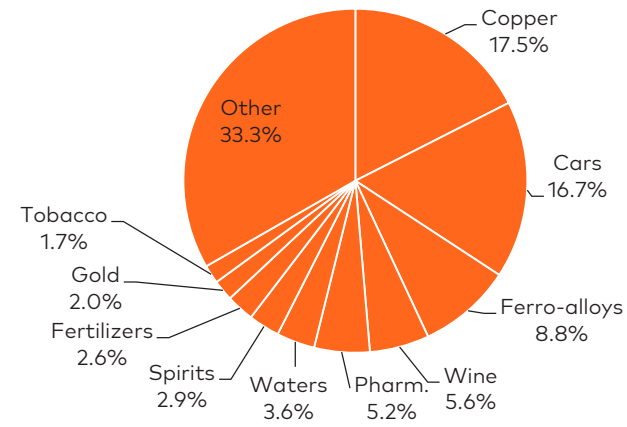
Trade deficit down 11.6%y/y in 9M19

Source: Geostat



Exports by commodity, 9M19

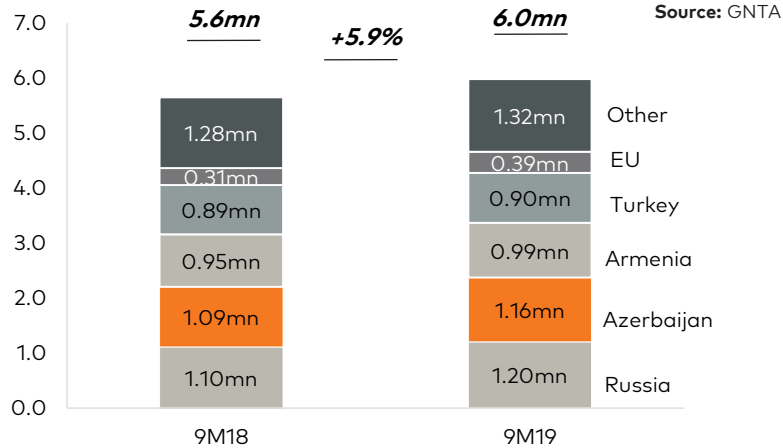
Source: Geostat



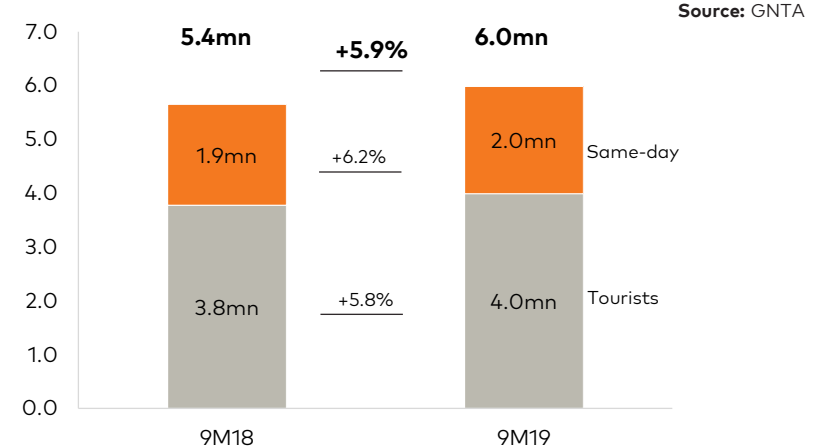
RECENT TREND – TOURIST ARRIVALS UP DESPITE RUSSIA'S FLIGHT BAN



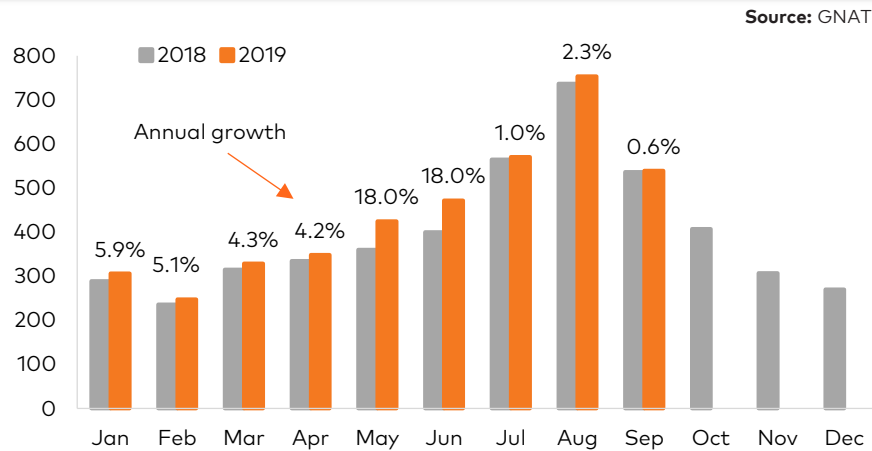
International visitors by country



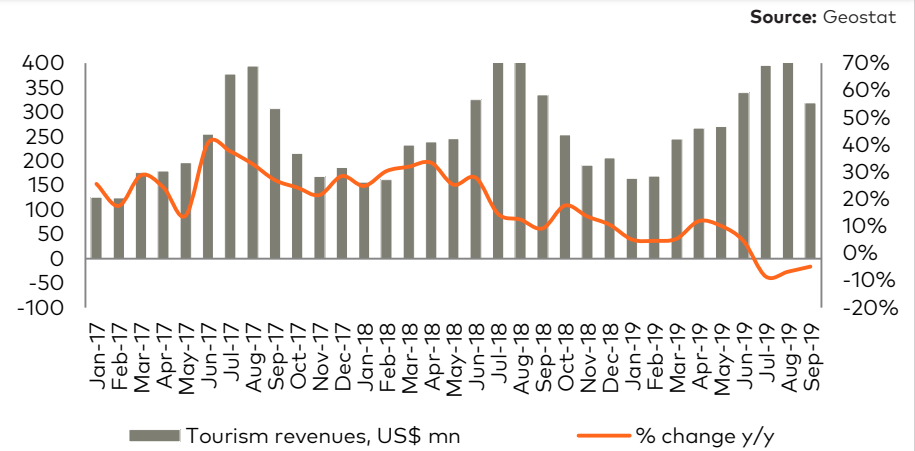
International visitors by type



Tourist arrivals by month



Tourism revenues at US\$ 2.6bn in 9M19

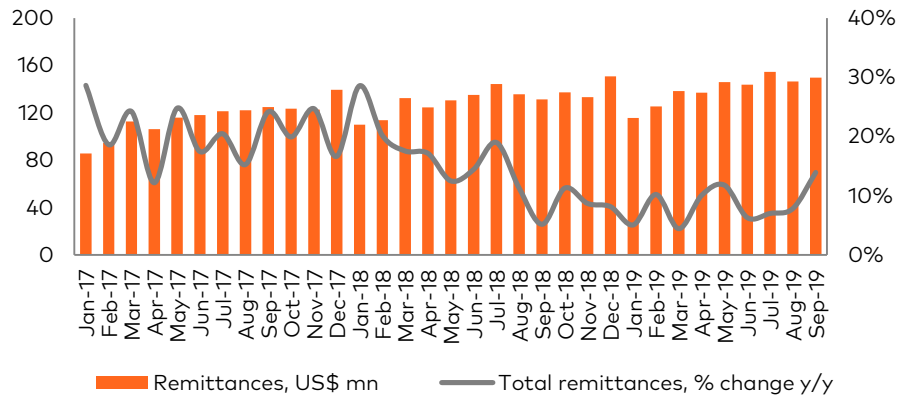


RECENT TREND – REMITTANCES AT US\$ 1.3bn IN 9M19



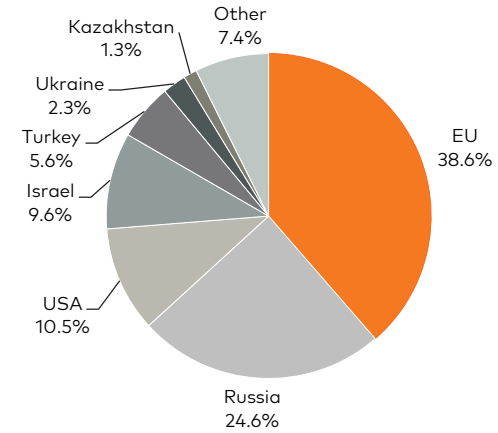
Remittances up 8.5% y/y in 9M19

Source: NBG



Remittances by county, 9M19

Source: NBG

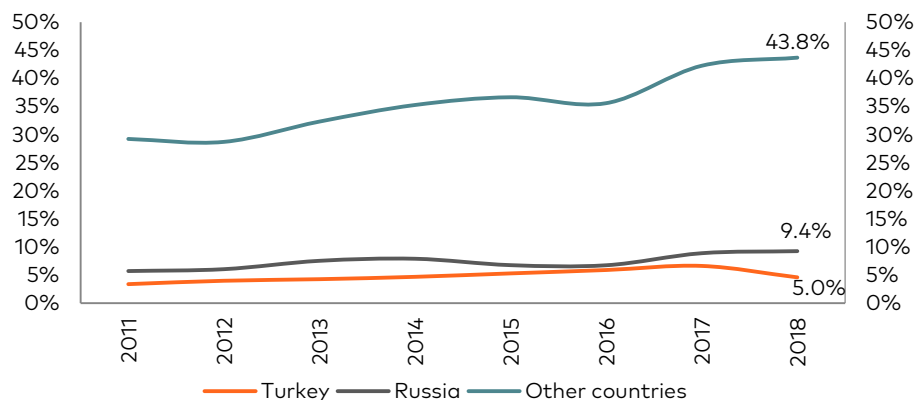


EXPOSURE TO PARTNER COUNTRIES WELL DIVERSIFIED



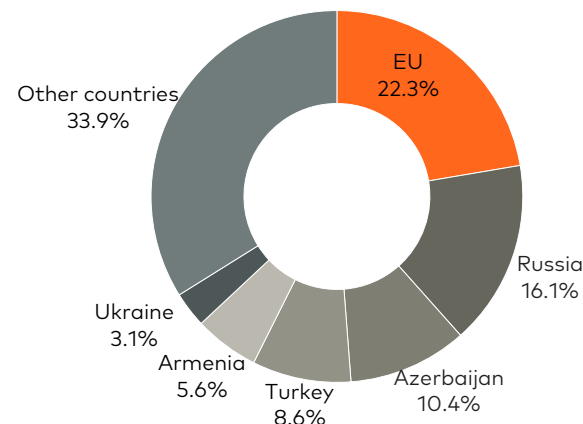
Exports, tourism, FDI and remittances, % of GDP

Source: Geostat, NBG, GNTA, Galt & Taggart



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

Source: Geostat, NBG, GNTA, Galt & Taggart



Summary

In 2018:

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

Economic linkages breakdown

Source: Geostat, NBG, GNTA, Galt & Taggart

% of GDP, 2018	Exports	Tourism	FDI	Remittances	Total
Total	20.7%	19.9%	7.8%	9.7%	58.1%
EU	4.5%	1.4%	3.6%	3.4%	13.0%
Russia	2.7%	3.4%	0.4%	2.8%	9.4%
Turkey	1.4%	2.6%	0.3%	0.7%	5.0%
Ukraine	1.1%	0.5%	0.0%	0.2%	1.8%
Azerbaijan	3.1%	1.3%	1.5%	0.1%	6.0%
Armenia	1.7%	1.4%	0.1%	0.1%	3.3%
Other countries	6.2%	9.2%	1.8%	2.5%	19.7%

CONTENTS



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BOARD OF DIRECTORS



Robust Corporate Governance based on UK Corporate Governance Code



Neil Janin, Independent Non-Executive Chairman

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



Hanna Loikkanen, Senior Independent Non-Executive Director

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



Tamaz Georgadze, Independent Non-Executive Director

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



Cecil Quillen, Independent Non-Executive Director

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



Véronique McCarroll, Independent Non-Executive Director

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



Archil Gachechiladze, Chief Executive Officer

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



Al Breach, Independent Non-Executive Director

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



Jonathan Muir, Independent Non-Executive Director

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



Andreas Wolf, Independent Non-Executive Director

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

HIGHLY EXPERIENCED MANAGEMENT TEAM



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



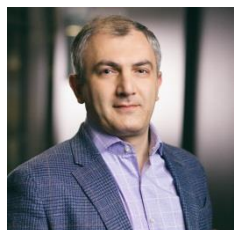
Archil Gachechiladze, Chief Executive Officer

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



Sulkhan Gvalia, Chief Financial Officer

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



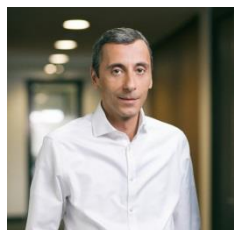
Levan Kulijanishvili, Deputy CEO, Operations

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



George Chiladze, Deputy CEO, Chief Risk Officer

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



Mikheil Gomarteli, Deputy CEO, Emerging and Mass Retail Banking

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



Vakhtang Bobokhidze, Deputy CEO, Information Technologies

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



Giorgi Pailodze, Deputy CEO, Corporate and Investment Banking

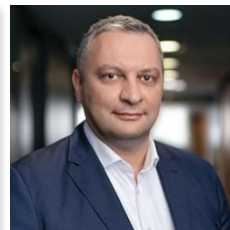
With the Group since June 2019. Previously, Vice President at Evercore in London (2017-2019) and New York (2015-2017), spent two years in corporate and investment banking in Citigroup in New York (2013-2015). He started his banking career in Georgia and held various managerial roles at TBC Bank and HSBC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

HIGHLY EXPERIENCED MANAGEMENT TEAM



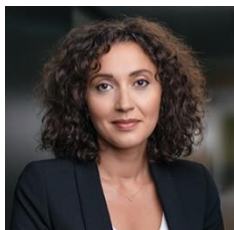
Etuna Iremadze, Head of SOLO Business Banking

With the Group since 2006 with more than 18 years of experience in financial services. Previously, Head of Strategic Projects Department in Georgian Global Utilities. Held various positions with the Group, such as Head of Blue Chip Corporate Banking Unit covering structured lending, M&As, significant buyouts in the country, as well as project financing. Holds an MBA from Grenoble Graduate School of Business.



Zurab Masurashvili, Head of SME Business Banking

With the Group since 2015 with extensive experience in financial services. Previously, Head of Express Business, Head of MSME Business and Head of Retail Business Banking in the Bank. Prior to joining the Group, held several positions in international organisations such as EBRD, the World Bank and GTZ, and also served as a Deputy Chairman of the Board of Directors in JSC Privatbank. Holds a degree in Geology from Georgian Technical University.



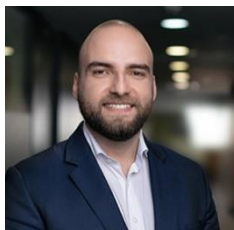
Ekaterine Liluashvili, Head of Wealth Management

With the Group since 2008 with extensive experience in financial services. Previously, held various senior positions, including Head of International Business Development and Private Banker in the Bank. Prior to joining the Group, served as Private Banker in Bank Republic (Société Générale Group). Holds a degree in Banking from University of Cooperative Education - Berufsakademie Mosbach, Germany, with a specialisation in Private Banking.



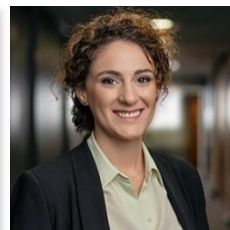
Andro Ratiani, Head of Innovation

With the Group since 2018 with extensive experience in the global financial services sector. Previously, Director – Global Head of Product Management at IHS Markit, spent 6 years in UBS AG Investment and Wealth Management Bank in New York, worked for Wells Fargo during major acquisition phase of Wachovia Bank. Started his career at Bank of Georgia's Corporate and Investment Banking Department. Holds a Master's degree in technology management from Columbia University.



Levan Gomshiashvili, Chief Marketing Officer

With the Group since 2019 with extensive experience in marketing and communications. The founder of HOLMES&WATSON, creative agency, where he acted as Key Account Manager for clients operating in banking, as well as other sectors. Also, the founder of Tbilisi School of Communication, educational facility with emphasis on ExEd. Started his career in Georgian Railway. Holds MSc in Management from University of Edinburgh.



Nutsa Gogilashvili, Head of Customer Experience and Human Capital Management

With the Group since 2016 with over 8 years of experience in financial services. Previously, Head of Strategic Processes of Corporate and Investment Banking and Head of Customer Experience Management in the Bank. Prior to joining the Group, held various senior positions in local and international financial institutions. Holds MSc in Finance from Cass Business School in London.



Nino Suknidze, General Counsel, Georgia

With the Group since 2017. Previously, Counsel at an international law firm Dentons Georgia. Held various senior positions, including Legal Director at international law firm DLA Piper Georgia, a legal advisor to financial director of United Energy Distribution Company of Georgia and senior legal advisor at Georgian representative office of PA Consulting Group GmbH. Holds a LL.M (cum laude, Nuffic scholar) in Business and Trade Law from Erasmus University Rotterdam.

BANK OF GEORGIA GROUP INCOME STATEMENT



<i>GEL thousands, unless otherwise noted</i>	Bank of Georgia Group Consolidated				
	3Q19	3Q18	Change y-o-y	2Q19	Change q-o-q
Interest income	366,721	337,766	8.6%	342,224	7.2%
Interest expense	(178,039)	(152,431)	16.8%	(160,602)	10.9%
Net interest income	188,682	185,335	1.8%	181,622	3.9%
Fee and commission income	76,166	60,413	26.1%	68,025	12.0%
Fee and commission expense	(28,157)	(20,932)	34.5%	(24,758)	13.7%
Net fee and commission income	48,009	39,481	21.6%	43,267	11.0%
Net foreign currency gain	44,543	36,827	21.0%	36,700	21.4%
Net other income	3,728	7,437	-49.9%	(4,260)	NMF
Operating income	284,962	269,080	5.9%	257,329	10.7%
<i>Salaries and other employee benefits(excluding one-offs)</i>	(59,539)	(54,107)	10.0%	(57,982)	2.7%
<i>One-off termination costs of executive management (1)</i>	-	-	-	(4,570)	NMF
Salaries and other employee benefits	(59,539)	(54,107)	10.0%	(62,552)	-4.8%
Administrative expenses	(26,251)	(30,759)	-14.7%	(22,033)	19.1%
Depreciation, amortisation and impairment	(21,320)	(11,162)	91.0%	(17,295)	23.3%
Other operating expenses	(807)	(1,109)	-27.2%	(1,248)	-35.3%
Operating expenses	(107,917)	(97,137)	11.1%	(103,128)	4.6%
Profit from associates	194	326	-40.5%	254	-23.6%
Operating income before cost of risk	177,239	172,269	2.9%	154,455	14.8%
Expected credit loss / impairment charge on loans to customers	(13,617)	(43,505)	-68.7%	(32,436)	-58.0%
Expected credit loss / impairment charge on finance lease receivables	(333)	(426)	-21.8%	(557)	-40.2%
Other expected credit loss / impairment charge on other assets and provisions	(1,273)	(4,176)	-69.5%	(2,483)	-48.7%
Cost of risk	(15,223)	(48,107)	-68.4%	(35,476)	-57.1%
Net operating income before non-recurring items	162,016	124,162	30.5%	118,979	36.2%
Net non-recurring items	(5,019)	(3,747)	33.9%	(2,538)	97.8%
Profit before income tax expense	156,997	120,415	30.4%	116,441	34.8%
<i>Income tax expense (excluding one-offs)</i>	(22,697)	(9,316)	143.6%	(9,871)	129.9%
<i>Income tax benefit related to one-off termination costs, one-off demerger related expenses and one-off impact of re-measurement of deferred tax balances (2)</i>	-	-	-	574	NMF
Income tax expense	(22,697)	(9,316)	143.6%	(9,297)	144.1%
Profit	134,300	111,099	20.9%	107,144	25.3%
One-off items (1)+(2)	-	-	-	(3,996)	NMF
Attributable to:					
– shareholders of the Group	133,687	110,651	20.8%	106,642	25.4%
– non-controlling interests	613	448	36.8%	502	22.1%
Earnings per share (basic)	2.81	2.32	21.1%	2.23	26.0%
Earnings per share (diluted)	2.81	2.32	21.1%	2.23	26.0%



BANK OF GEORGIA GROUP INCOME STATEMENT



GEL thousands, unless otherwise noted

	Bank of Georgia Group Consolidated			Banking Business			Discontinued Operations			Eliminations		
	9M19	9M18	Change y-o-y	9M19	9M18	Change y-o-y	9M19	9M18	Change y-o-y	9M19	9M18	Change y-o-y
Interest income	1,043,680	976,537	6.9%	1,043,680	981,325	6.40%	-	-	-	-	(4,788)	NMF
Interest expense	(490,435)	(422,222)	16.2%	(490,435)	(429,159)	14.30%	-	-	-	-	6,937	NMF
Net interest income	553,245	554,315	-0.2%	553,245	552,166	0.2%	-	-	-	-	2,149	NMF
Fee and commission income	206,721	166,418	24.2%	206,721	167,319	23.5%	-	-	-	-	(901)	NMF
Fee and commission expense	(73,265)	(55,100)	33.0%	(73,265)	(55,481)	32.1%	-	-	-	-	381	NMF
Net fee and commission income	133,456	111,318	19.9%	133,456	111,838	19.3%	-	-	-	-	(520)	NMF
Net foreign currency gain	111,268	75,404	47.6%	111,268	76,079	46.3%	-	-	-	-	(675)	NMF
Net other income / (expense)	3,035	16,335	-81.4%	3,035	16,888	-82.0%	-	-	-	-	(553)	NMF
Operating income	801,004	757,372	5.8%	801,004	756,971	5.8%	-	-	-	-	401	NMF
Salaries and other employee benefits(excluding one-offs)	(169,938)	(156,430)	8.6%	(169,938)	(157,485)	7.9%	-	-	-	-	1,055	NMF
One-off termination costs of executive management (1)	(12,412)	-	NMF	(12,412)	-	NMF	-	-	-	-	-	-
Salaries and other employee benefits	(182,350)	(156,430)	16.6%	(182,350)	(157,485)	15.8%	-	-	-	-	1,055	NMF
Administrative expenses	(71,025)	(82,644)	-14.1%	(71,025)	(83,254)	-14.7%	-	-	-	-	610	NMF
Depreciation, amortisation and impairment	(54,303)	(34,077)	59.4%	(54,303)	(34,077)	59.4%	-	-	-	-	-	-
Other operating expenses	(3,135)	(2,844)	10.2%	(3,135)	(2,844)	10.2%	-	-	-	-	-	-
Operating expenses	(310,813)	(275,995)	12.6%	(310,813)	(277,660)	11.9%	-	-	-	-	1,665	NMF
Profit from associates	636	1,021	-37.7%	636	1,021	-37.7%	-	-	-	-	-	-
Operating income before cost of risk	490,827	482,398	1.7%	490,827	480,332	2.2%	-	-	-	-	2,066	NMF
Expected credit loss / impairment charge on loans to customers	(86,170)	(113,716)	-24.2%	(86,170)	(113,716)	-24.2%	-	-	-	-	-	-
Expected credit loss / impairment charge on finance lease receivables	(1,336)	(678)	97.1%	(1,336)	(678)	97.1%	-	-	-	-	-	-
Other expected credit loss / impairment charge on other assets and provisions	(5,845)	(5,053)	15.7%	(5,845)	(5,053)	15.7%	-	-	-	-	-	-
Cost of risk	(93,351)	(119,447)	-21.8%	(93,351)	(119,447)	-21.8%	-	-	-	-	-	-
Net operating income before non-recurring items	397,476	362,951	9.5%	397,476	360,885	10.1%	-	-	-	-	2,066	NMF
Net non-recurring items (excluding one-offs)	(9,132)	(20,286)	-55.0%	(9,132)	(20,458)	-55.4%	-	-	-	-	172	NMF
One-off termination costs of former CEO, one-off demerger related expenses (2)	(3,985)	(30,284)	-86.8%	(3,985)	(30,284)	-86.8%	-	-	-	-	-	-
Net non-recurring items	(13,117)	(50,570)	-74.1%	(13,117)	(50,742)	-74.1%	-	-	-	-	172	NMF
Profit before income tax expense from continuing operations	384,359	312,381	23.0%	384,359	310,143	23.9%	-	-	-	-	2,238	NMF
Income tax expense (excluding one-offs)	(43,104)	(24,060)	79.2%	(43,104)	(24,060)	79.2%	-	-	-	-	-	-
Income tax benefit related to one-off termination costs, one-off demerger related expenses and one-off impact of re-measurement of deferred tax balances (3)	2,161	(22,257)	NMF	2,161	(22,257)	NMF	-	-	-	-	-	-
Income tax expense	(40,943)	(46,317)	-11.6%	(40,943)	(46,317)	-11.6%	-	-	-	-	-	-
Profit from continuing operations	343,416	266,064	29.1%	343,416	263,826	30.2%	-	-	-	-	2,238	NMF
Profit from discontinued operations	-	107,899	NMF	-	-	-	-	110,137	NMF	-	(2,238)	NMF
Profit	343,416	373,963	-8.2%	343,416	263,826	30.2%	-	110,137	NMF	-	-	-
One-off items (1)+(2)+(3)	(14,236)	(52,541)	-72.9%	(14,236)	(52,541)	-72.9%	-	-	-	-	-	-
Attributable to:												
- shareholders of the Group	341,841	354,757	-3.6%	341,841	262,835	30.1%	-	91,922	NMF	-	-	-
- non-controlling interests	1,575	19,206	-91.8%	1,575	991	58.9%	-	18,215	NMF	-	-	-
Profit from continuing operations attributable to:												
- shareholders of the Group	341,841	265,073	29.0%	341,841	262,835	30.1%	-	-	-	-	2,238	NMF
- non-controlling interests	1,575	991	58.9%	1,575	991	58.9%	-	-	-	-	-	-
Profit from discontinued operations attributable to:												
- shareholders of the Group	-	89,684	NMF	-	-	-	-	91,922	NMF	-	(2,238)	NMF
- non-controlling interests	-	18,215	NMF	-	-	-	-	18,215	NMF	-	-	-
Earnings per share (basic)	7.16	8.20	-12.7%									
- earnings per share from continuing operations	7.16	6.13	16.8%									
- earnings per share from discontinued operations	-	2.07	NMF									
Earnings per share (diluted)	7.14	8.11	-12.0%									
- earnings per share from continuing operations	7.14	6.06	17.8%									
- earnings per share from discontinued operations	-	2.05	NMF									



BANK OF GEORGIA GROUP BALANCE SHEET



GEL thousands, unless otherwise noted

	Bank of Georgia Group Consolidated				
	Sep-19	Sep-18	Change y-o-y	Jun-19	Change q-o-q
Cash and cash equivalents	1,369,169	1,237,867	10.6%	936,106	46.3%
Amounts due from credit institutions	1,834,220	1,398,061	31.2%	1,704,701	7.6%
Investment securities	1,895,722	2,060,880	-8.0%	1,896,738	-0.1%
Loans to customers and finance lease receivables	11,339,745	8,762,413	29.4%	10,579,710	7.2%
Accounts receivable and other loans	4,475	3,256	37.4%	3,688	21.3%
Prepayments	43,795	48,444	-9.6%	36,026	21.6%
Inventories	11,257	18,598	-39.5%	11,748	-4.2%
Right-of-use assets	106,130	-	NMF	105,874	0.2%
Investment property	193,499	216,715	-10.7%	178,764	8.2%
Property and equipment	364,405	315,980	15.3%	358,921	1.5%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	95,829	85,247	12.4%	93,515	2.5%
Income tax assets	7,682	28,236	-72.8%	5,080	51.2%
Other assets	202,426	105,884	91.2%	149,233	35.6%
Assets held for sale	38,987	-	NMF	40,544	-3.8%
Total assets	17,540,692	14,314,932	22.5%	16,133,999	8.7%
Client deposits and notes	9,613,718	7,932,536	21.2%	8,855,616	8.6%
Amounts due to credit institutions	3,437,718	3,006,739	14.3%	2,960,519	16.1%
Debt securities issued	2,175,820	1,578,532	37.8%	2,137,239	1.8%
Lease liabilities	105,285	-	NMF	100,172	5.1%
Accruals and deferred income	41,521	35,977	15.4%	34,748	19.5%
Income tax liabilities	39,251	38,705	1.4%	30,361	29.3%
Other liabilities	87,520	52,495	66.7%	97,125	-9.9%
Total liabilities	15,500,833	12,644,984	22.6%	14,215,780	9.0%
Share capital	1,618	1,618	0.0%	1,618	0.0%
Additional paid-in capital	498,593	464,960	7.2%	493,890	1.0%
Treasury shares	(53)	(44)	20.5%	(49)	8.2%
Other reserves	28,472	34,283	-17.0%	46,744	-39.1%
Retained earnings	1,502,248	1,161,983	29.3%	1,367,632	9.8%
Total equity attributable to shareholders of the Group	2,030,878	1,662,800	22.1%	1,909,835	6.3%
Non-controlling interests	8,981	7,148	25.6%	8,384	7.1%
Total equity	2,039,859	1,669,948	22.2%	1,918,219	6.3%
Total liabilities and equity	17,540,692	14,314,932	22.5%	16,133,999	8.7%
Book value per share	42.69	34.89	22.4%	40.06	6.6%



BNB FINANCIAL HIGHLIGHTS



INCOME STATEMENT, HIGHLIGHTS	3Q19	3Q18	Change y-o-y	2Q19	Change q-o-q	9M19	9M18	Change y-o-y
<i>GEL thousands, unless otherwise stated</i>								
Net interest income	7,447	6,525	14.1%	6,360	17.1%	20,392	19,423	5.0%
Net fee and commission income	1,956	1,669	17.2%	1,798	8.8%	5,567	6,449	-13.7%
Net foreign currency gain	5,405	3,885	39.1%	4,779	13.1%	14,140	11,344	24.6%
Net other income	57	105	-45.7%	169	-66.3%	371	414	-10.4%
Operating income	14,865	12,184	22.0%	13,106	13.4%	40,470	37,630	7.5%
Operating expenses	(9,135)	(7,571)	20.7%	(8,890)	2.8%	(25,873)	(23,476)	10.2%
Operating income before cost of risk	5,730	4,613	24.2%	4,216	35.9%	14,597	14,154	3.1%
Cost of risk	293	(718)	NMF	(1,536)	NMF	(2,684)	(3,741)	-28.3%
Net non-recurring items	(1)	(3)	-66.7%	(13)	-92.3%	(64)	(708)	-91.0%
Profit before income tax expense	6,022	3,892	54.7%	2,667	125.8%	11,849	9,705	22.1%
Income tax expense	(1,193)	(885)	34.8%	(379)	NMF	(2,143)	(2,383)	-10.1%
Profit	4,829	3,007	60.6%	2,288	111.1%	9,706	7,322	32.6%

BALANCE SHEET, HIGHLIGHTS	Sep-19	Sep-18	Change y-o-y	Jun-19	Change q-o-q
<i>GEL thousands, unless otherwise stated</i>					
Cash and cash equivalents	170,787	65,808	159.5%	93,097	83.5%
Amounts due from credit institutions	22,534	11,469	96.5%	18,301	23.1%
Investment securities	101,511	109,798	-7.5%	128,486	-21.0%
Loans to customers and finance lease receivables	556,541	394,749	41.0%	512,126	8.7%
Other assets	59,397	42,038	41.3%	57,098	4.0%
Total assets	910,770	623,862	46.0%	809,108	12.6%
Client deposits and notes	588,647	363,233	62.1%	503,309	17.0%
Amounts due to credit institutions	132,648	146,932	-9.7%	146,855	-9.7%
Debt securities issued	72,931	28,825	153.0%	50,238	45.2%
Other liabilities	8,239	4,433	85.9%	7,044	17.0%
Total liabilities	802,465	543,423	47.7%	707,446	13.4%
Total equity	108,305	80,439	34.6%	101,662	6.5%
Total liabilities and equity	910,770	623,862	46.0%	809,108	12.6%

BANKING BUSINESS KEY RATIOS



	3Q19	3Q18	2Q19	9M19	9M18
Profitability					
ROAA, annualised **	3.2%	3.2%	2.9%	3.0%	3.2%
ROAA, annualised (unadjusted)	3.2%	3.2%	2.8%	2.9%	2.6%
ROAE, annualised **	26.8%	26.8%	22.9%	24.7%	26.2%
<i>RB ROAE **</i>	30.7%	30.9%	26.9%	27.6%	31.2%
<i>CIB ROAE **</i>	24.6%	22.6%	22.0%	24.5%	20.8%
ROAE, annualised (unadjusted)	26.8%	26.8%	22.1%	23.7%	21.8%
Net interest margin, annualised	5.1%	6.4%	5.4%	5.4%	6.8%
<i>RB NIM</i>	5.9%	7.2%	5.9%	6.0%	7.8%
<i>CIB NIM</i>	2.8%	3.4%	3.3%	3.1%	3.4%
Loan yield, annualised	11.5%	13.5%	11.8%	11.8%	13.7%
<i>RB Loan yield</i>	12.8%	14.8%	12.9%	13.1%	15.4%
<i>CIB Loan yield</i>	8.9%	10.8%	9.5%	9.1%	10.3%
Liquid assets yield, annualised	3.2%	3.8%	3.4%	3.4%	3.7%
Cost of funds, annualised	4.8%	5.0%	4.8%	4.8%	5.0%
Cost of client deposits and notes, annualised	3.2%	3.6%	3.3%	3.3%	3.5%
<i>RB Cost of client deposits and notes</i>	3.0%	2.8%	3.0%	3.0%	2.8%
<i>CIB Cost of client deposits and notes</i>	3.4%	4.4%	3.7%	3.5%	4.1%
Cost of amounts due to credit institutions, annualised	7.1%	7.4%	7.2%	7.2%	7.1%
Cost of debt securities issued	8.2%	7.8%	8.1%	8.0%	7.8%
Operating leverage, y-o-y ***	-5.2%	6.8%	-4.2%	-1.7%	2.5%
Operating leverage, q-o-q ***	1.2%	2.0%	-7.7%	0.0%	0.0%
Efficiency					
Cost / Income ***	37.9%	36.1%	38.3%	37.3%	36.7%
<i>RB Cost / Income ***</i>	38.0%	36.3%	37.8%	37.1%	36.5%
<i>CIB Cost / Income ***</i>	30.4%	30.5%	30.0%	29.2%	31.4%
Cost / Income (unadjusted)	37.9%	36.1%	40.1%	38.8%	36.7%
Liquidity					
NBG liquidity ratio (<i>minimum requirement 30%</i>)	36.8%	32.5%	37.0%	36.8%	32.5%
NBG liquidity coverage ratio (<i>minimum requirement 100%</i>)	118.5%	0.0%	114.3%	118.5%	0.0%
Liquid assets to total liabilities	32.9%	37.1%	32.9%	32.9%	37.1%
Net loans to client deposits and notes	118.0%	110.5%	119.5%	118.0%	110.5%
Net loans to client deposits and notes + DFIs	103.4%	95.3%	104.7%	103.4%	95.3%
Leverage (times)	7.6	7.6	7.4	7.6	7.6
Asset Quality:					
NPLs (in GEL)	339,118	312,203	347,285	339,118	312,203
NPLs to gross loans to clients	2.9%	3.5%	3.2%	2.9%	3.5%
NPL coverage ratio	85.3%	91.7%	88.1%	85.3%	91.7%
NPL coverage ratio, adjusted for discounted value of collateral	129.3%	136.9%	131.5%	129.3%	136.9%
Cost of credit risk, annualised	0.5%	2.0%	1.3%	1.1%	1.8%
<i>RB Cost of credit risk</i>	0.9%	2.4%	1.6%	1.6%	2.2%
<i>CIB Cost of credit risk</i>	-0.2%	1.5%	0.7%	0.2%	1.2%
Capital Adequacy:					
NBG (Basel III) CET1 capital adequacy ratio	11.1%	11.0%	11.0%	11.1%	11.0%
<i>Minimum regulatory requirement</i>	9.5%	8.0%	9.6%	9.5%	8.0%
NBG (Basel III) Tier I capital adequacy ratio	13.3%	11.0%	13.3%	13.3%	11.0%
<i>Minimum regulatory requirement</i>	11.6%	9.9%	11.6%	11.6%	9.9%
NBG (Basel III) Total capital adequacy ratio	16.8%	15.9%	16.7%	16.8%	15.9%
<i>Minimum regulatory requirement</i>	16.1%	14.9%	16.1%	16.1%	14.9%

* For the description of Key Ratios, refer to page 78

** 2Q19 and 9M19 ratios adjusted for one-off employee costs related to termination benefits of the former CEO and executive management.

2Q18 and 9M18 ratios adjusted for demerger related expenses and one-off impact of re-measurement of deferred tax balances

*** 2Q19 and 9M19 results adjusted for one-off employee costs related to termination benefits of the former executive management

KEY OPERATING DATA



Selected operating data:

	Sep-19	Sep-18	Jun-19
Total assets per FTE	2,402	1,961	2,184
Number of active branches, of which:	276	285	276
- Express branches (including Metro)	167	169	167
- Bank of Georgia branches	97	104	97
- Solo lounges	12	12	12
Number of ATMs	911	858	890
Number of cards outstanding, of which:	2,121,830	2,192,870	2,122,006
- Debit cards	1,674,105	1,603,960	1,634,843
- Credit cards	447,725	588,910	487,163
Number of POS terminals	21,088	15,569	19,667
Number of Express Pay terminals	3,231	3,054	3,152

FX Rates:

GEL/US\$ exchange rate (period-end)	2.9552	2.6151	2.8687
GEL/GBP exchange rate (period-end)	3.6319	3.4130	3.6384

Full time employees (FTE), of which:

	7,304	7,300	7,386
- Full time employees, BOG standalone	5,706	5,709	5,786
- Full time employees, BNB	584	705	632
- Full time employees, BB other	1,014	886	968

Shares outstanding

Ordinary shares	47,574,153	47,656,452	47,669,887
Treasury shares	1,595,275	1,512,978	1,499,541
Total shares outstanding	49,169,428	49,169,430	49,169,428

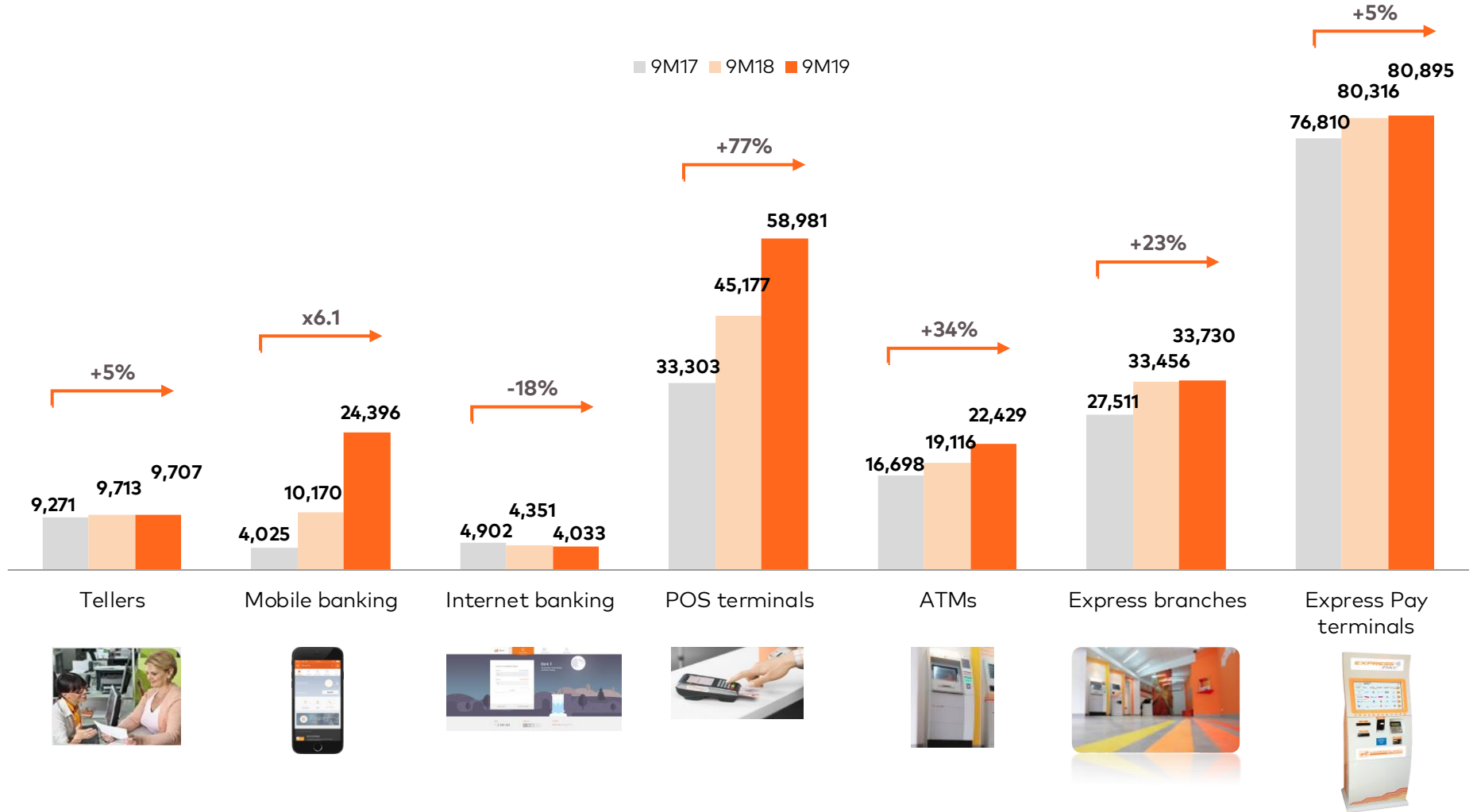


MULTICHANNEL PERFORMANCE



Number of Transactions '000s

■ 9M17 ■ 9M18 ■ 9M19



SOLO - A FUNDAMENTALLY DIFFERENT APPROACH TO PREMIUM BANKING



At 30 September 2019, we were serving **51,692 Solo clients** through **12 Solo lounges**

SOLO Lounges



Solo offers:

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



Solo Club

Launched in 2Q17, a membership group within Solo, which offers exclusive access to Solo products and offers ahead of other Solo clients, continues to increase its client base. At 30 Sep 2019, Solo Club had 5,152 members, up 45.0% y-o-y and up 7.2% q-o-q

SOLO – THINKING AHEAD OF CUSTOMERS NEEDS



Banking

Customer-centric
approach
maximisation

Lifestyle

TOP AFFLUENT

Advisory services in
banking and lifestyle
solutions

MASS AFFLUENT

Personal banking
and lifestyle
offering



EDUCATION



TRAVEL

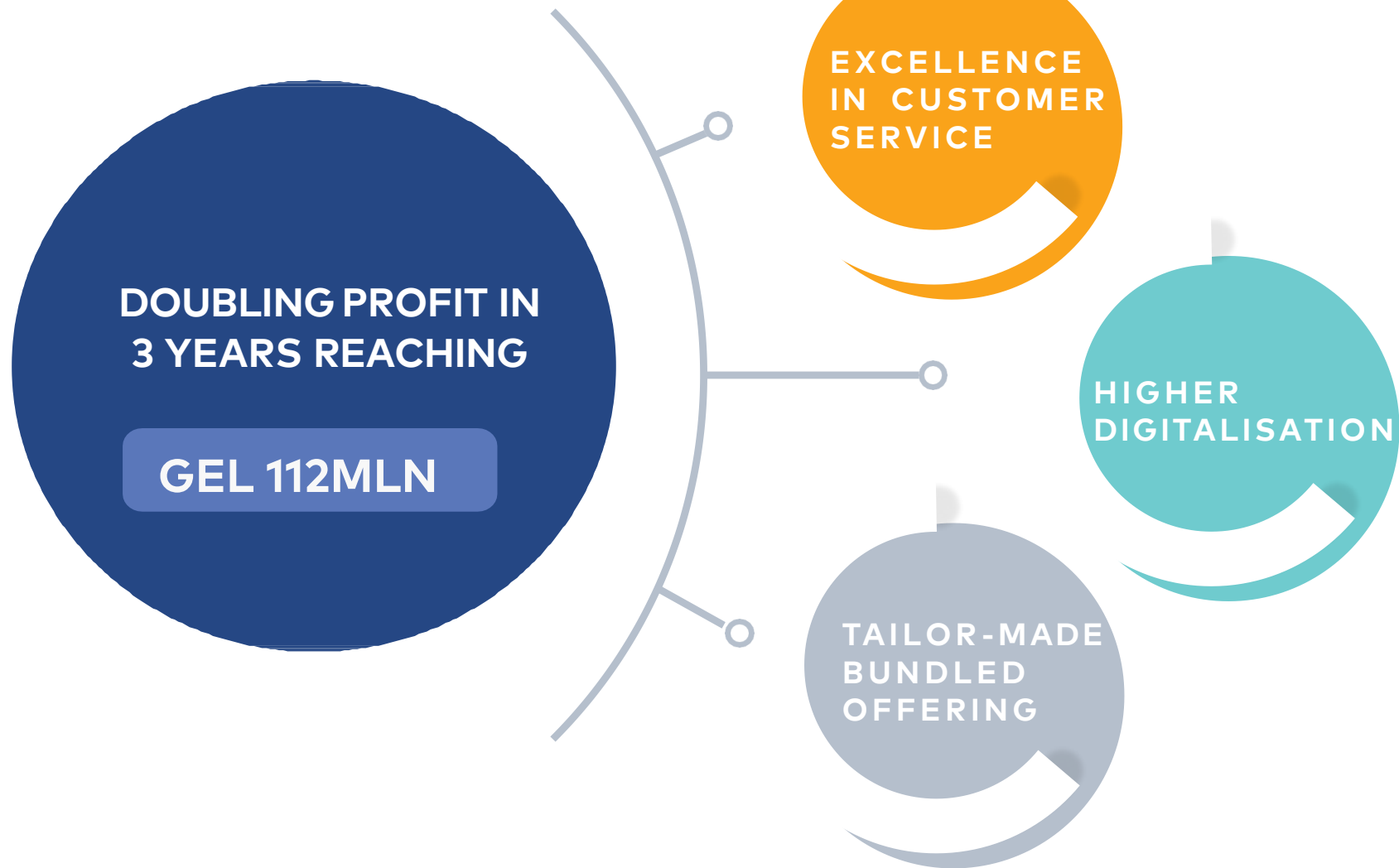


ENTERTAINMENT



HEALTH

SOLO - A MID-TERM KEY OBJECTIVE



RETAIL BANKING – CLIENT-CENTRIC MODEL



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



NOTES TO KEY RATIOS



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

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Registered under number 10917019 in England and Wales

Secretary

Link Company Matters Limited
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Ticker: "BGEO.LN"

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Share price information

Shareholders can access both the latest and historical prices via the website,
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