



BANK OF GEORGIA
HOLDINGS PLC

Bank of Georgia 1H 2014 Results Presentation

October 2014

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The leading bank in Georgia

Leading market position: No. 1 bank in Georgia by assets (32.8%), loans (31.6%), client deposits (29.0%) and equity (32.1%)¹

Underpenetrated market with stable growth perspectives: Real GDP average growth rate of 5.9% for 2004-2013. Geostat estimates 3.2% GDP growth in 2013 and 6.0% in 1H 2014. Loans/GDP grew from 8.8% to 39.1% from 2003-2013, still below regional average; Deposits/GDP grew from 8.4% to 36.1% over the period

Strong brand name recognition and retail banking franchise: Offers the broadest range of financial products to the retail market through a branch network of 206 branches, 510 ATMs and 2,038 Express Pay Terminals to more than 1.3 million customers as of 30 June 2014

The only Georgian company with credit ratings from all three global rating agencies: S&P: 'BB-', Moody's: 'B1/Ba3' (foreign and local currency), Fitch Ratings: 'BB-'; outlooks are 'Stable'

High standards of transparency and governance: The only 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.

Only private entity to issue Eurobonds from the Caucasus: US\$400 million Eurobonds outstanding including US\$150 raised through a tap issue in November 2013. The bonds are currently trading at a historical low yield of c.5.3%

Sustainable growth combined with strong capital, liquidity and robust profitability

US\$ mln ²	1H 2014	2013	2012	2011	Change 2013/2012 ³
Total assets	3,769.0	3,755.7	3,413.8	2,793.1	15.3%
Loans to customers, net	2,068.5	2,029.0	1,866.6	1,566.4	13.9%
Customer funds ⁴	1,738.0	1,795.6	1,625.5	1,637.6	15.8%
Total equity	710.5	714.8	639.5	486.5	17.1%
Revenue ⁵	159.1	314.1	299.0	244.7	10.1%
Profit	63.3	120.6	108.4	81.2	16.6%

Experienced management with deep understanding of local market and a strong track record:

	1H 2014	30 Sep 2004	Change
Market capitalisation (US\$ mln)	1,407.7*	20.7	68.0x
Total assets (US\$ mln)	3,769.0	151.8	24.8x
Market share by total assets	33%	18%	15pts

*Market capitalisation for Bank of Georgia Holdings PLC, the Bank's holding company, as of 8 September 2014, GBP/USD exchange rate of 1.6104

¹ Market data based on standalone accounts as published by the National Bank of Georgia (NBG) as of 30 June 2014 www.nbg.gov.ge

² US\$/GEL 1.7691, 1.7363, 1.6567 and 1.6703 as at 31 March 2014, 30 June 2013, 31 December 2012 and 31 December 2011, respectively

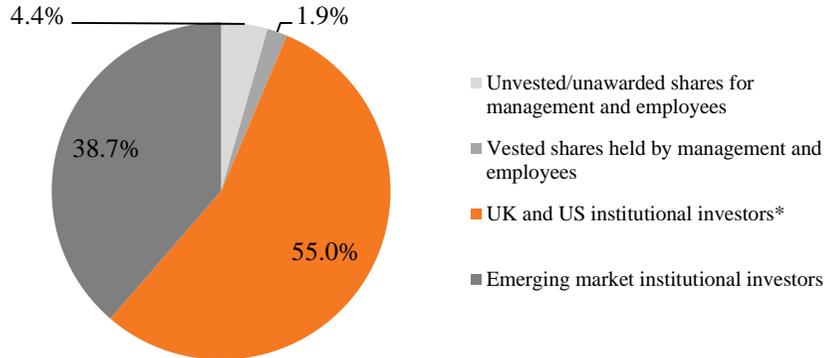
³ Changes in GEL

⁴ Amounts due to customers

⁵ Revenue adjusted for one-off currency gain by BNB in 2012 and one-off BYR hedge in 2011

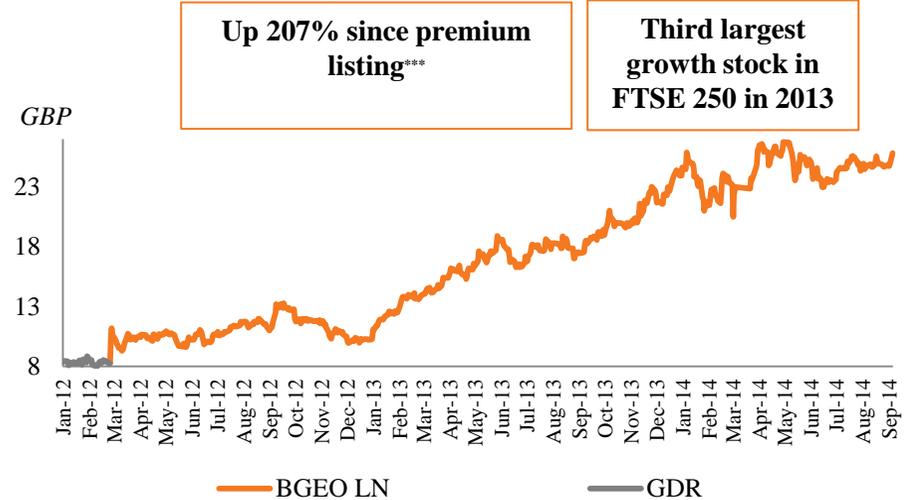
Shareholder structure and share price

Bank of Georgia Holdings PLC (BGH) (LSE: BGEO) a UK-incorporated holding company of JSC Bank of Georgia. As of 30 June 2014, BGH's shareholder structure was as follows:

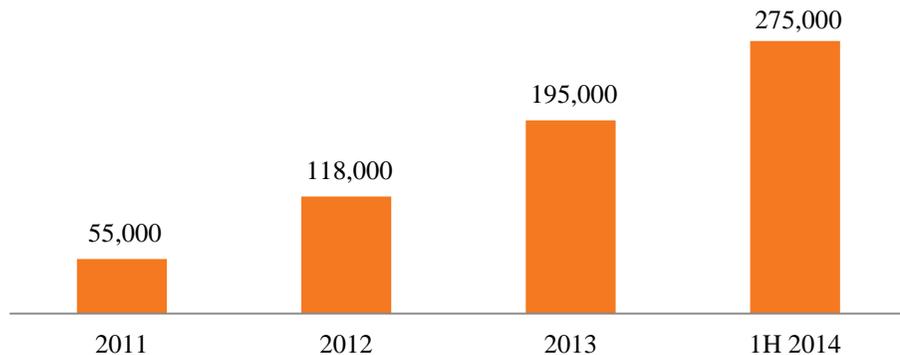


- BGEO is included in the FTSE 250 and FTSE All Share Index Funds as of 18 June 2012

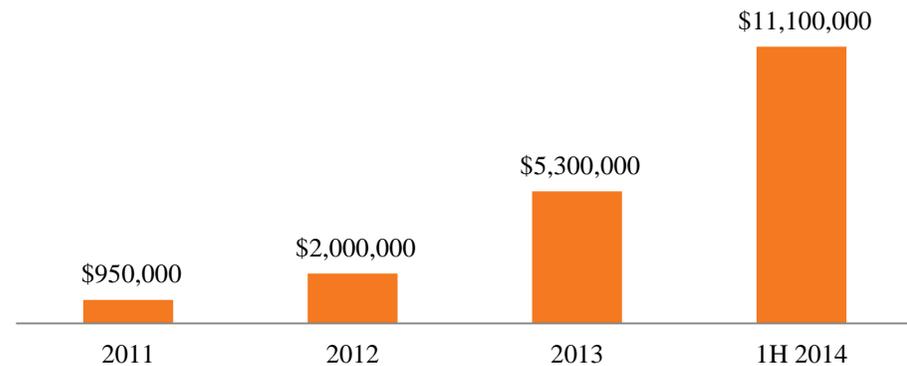
Share price performance



Average daily number of shares traded



Average daily trading volume



*Mostly non-emerging market shareholders since premium listing; management estimates

**Share price change calculated from the last price of BGEOLN on 27 February 2012 to the price of BGEOLN on 8 September 2014

3x20%: Growth story over time with dividends

UK corporate governance

FTSE 250

ROE c.20%

-  Record profitability:
 - Revenue up 7.3% y-o-y to GEL 281.5 mln in 1H 2014 and up 3.2% y-o-y to GEL 144.2 mln in Q2 2014
 - Profit up 17.7% y-o-y to GEL 112.0 mln in 1H 2014, up 9.8% y-o-y to GEL 58.3 mln in Q2 2014
 - Non-interest income increased by 8.3% y-o-y to GEL 121.3 mln in 1H 2014 and in Q2 2014 increased by 3.0% y-o-y to GEL 63.6 mln
 - Adjusted ROAE¹ stood at 18.7% in 1H 2014 and at 19.7% in Q2 2014
-  Operational efficiency and scale:
 - Cost to Income ratio at 43.8% in 1H 2014 and Q1 2014 Cost to Income of 44.6%
-  Prudent risk management:
 - Cost of Risk² of 1.0% in 1H 2014, compared to 1.5% in 1H 2013. Cost of Risk stood at 0.9% in Q2 2014 compared to 1.5% in Q2 2013 and 1.0% in Q1 2014

TIER I c.20%

-  Conservative National Bank of Georgia (NBG) regulation:
 - Risk weighting of FX assets at 175%. Bank's leverage stayed largely flat year-to-date at 4.3x as of 30 June 2014
-  Strong internal cash generation to support loan growth without compromising capital ratios:
 - BIS Tier I Capital Adequacy Ratio (CAR) of 22.5% and BIS Total CAR of 26.3% as of 30 June 2014
 - NBG (Basel 2/3) Tier I CAR and Total CAR stood at 10.8% and 14.0% as of 30 June 2014

Growth c.20%

-  Net loan book³ grew 17.2% y-o-y to GEL 3,659.4 million, while client deposits increased 7.4% y-o-y to GEL 3,046.8 million
-  Cost of client deposits declined to 4.4% in 1H 2014 from 6.2% in 1H 2013. RB Cost of Client Deposits: 4.0% in 1H 2014 vs 5.7% in 1H 2013; CB Cost of Client Deposits: 3.0% in 1H 2014 vs 5.5%
-  Consumer driven franchise with robust sales force
 - Strong growth across the board supported by synergistic businesses
 - Increase in contribution from synergistic business in the group's profit. Insurance & healthcare and real estate businesses contributed 14.4% to the Group's revenue and 15.5% to profit in 1H 2014

Dividends

-  Two types of dividends are targeted:
 - Recurring - linked to recurring profit
 - One-off(s) – linked to divestments & de-dollarisation
-  An annual dividend of GEL 2.0 per share was paid for 2013, up 33% y-o-y translating into a payout ratio of 33.7% and dividend yield of 2.7%
-  The Board will aim to maintain a dividend payout ratio in the 25%-40% range

¹Adjusted for one-off impairment of available-for-sale investments in BG Bank in Ukraine

²Equals 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

³Including finance lease receivables

Leveraged play on the growing Georgian economy through an LSE premium listed company

With one third of the Georgian market by assets, loans and client deposits, Bank of Georgia is a uniquely placed growth bank in an underpenetrated, highly capitalised and profitable banking market, which has been growing in terms of assets at 30% CAGR 2003-2013

Strategic business

Well established brand

Retail Banking

- Largest retail franchise: c.1.3 million Retail Banking clients, 206 branches, 510 ATMs, 1,075,134 cards outstanding as of 30 June 2014
- Market shares of 28.5% by individual loans and 29.6% by individual deposits as of 30 June 2014

Corporate Banking

- Largest corporate bank with c.7,100 corporate clients; 28.4% market share by corporate deposits and 34.5% by corporate loans as of 30 June 2014

Investment Management

- Investment Management AUM* grew by 15.9% y-o-y to GEL 901.0 million
- International representative office network in Israel, UK, Hungary and Turkey

*Includes AUM of BG Capital and Aldagi Pension Fund

Synergistic business

Growth opportunities to support strategic business

Insurance and Healthcare¹

- Strongly positioned to benefit from the growth of the insurance and healthcare sectors through its healthcare business and its property and casualty (P&C) business (Aldagi).
- Market share in healthcare grew to 19.9% as of June 2014 from 14.3% as of 31 December 2013 based on hospital beds. Health insurance and P&C insurance market shares stood at 37.6% and 37.8%, respectively, as of 30 June 2014
- The largest healthcare provider in Georgia with 36 healthcare facilities and 1,892 hospital beds as of 30 June 2014
- Contributed 10.8% to BGH revenues and 9.9% to BGH profit in 1H 2014

Affordable Housing

- Positioned to stimulate mortgage lending and improve liquidity of repossessed real estate assets through housing development;
- Completed the second housing project and construction of three projects is underway.
- Posted profit of GEL 6.2 million in 1H 2014
- Number of mortgages sold in all m2 Real Estate projects totalled 393 amounting to GEL 42.2 million

Non-core business

Intention to exit from non-core business over time

BNB

- Belarus banking operation accounting for 4.9% of total assets as of 30 June 2014
- The Bank owns 80%, the remainder owned by IFC/World Bank
- Assets of US\$184.9 mln and equity of US\$36.3 mln as of 30 June 2014
- Fully written off goodwill (GEL 23.4 mln)

¹On 1 August 2014, the Group announced the split of Aldagi into two separate business units. One business unit is JSC Georgia Healthcare Group, a pure play healthcare business that will provide healthcare services (through Evex Medical Corporation) and health insurance products (through Imedi L) in Georgia. The second unit is JSC Insurance Company Aldagi, a P&C insurance business that will continue providing life and non-life business insurance products and services in Georgia, it will also retain the brand name of Aldagi.

Robust corporate governance compliant with UK Corporate Governance Code

Board of Directors of Bank of Georgia Holdings PLC

7 non-executive Supervisory Board members; 5 Independent members, including the Chairman and Vice Chairman

- Neil Janin, Chairman of the Supervisory Board, Independent Director *experience: formerly director at McKinsey & Company in Paris; formerly co-chairman of the commission of the French Institute of Directors (IFA); formerly Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; Procter & Gamble in Toronto*
- Irakli Gilauri, formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland
- David Morrison, Chairman of the Audit Committee, Vice Chairman of the Supervisory Board, Independent Director *experience: senior partner at Sullivan & Cromwell LLP prior to retirement*
- Kim Bradley*, Chairman of Risk Committee, Independent Director *experience: Goldman Sachs AM, Senior Executive at GE Capital, President of Societa Gestione Crediti, Board Chairman at Archon Capital Deutschland*
- Kaha Kiknavelidze, Independent Director *currently managing partner of Rioni Capital, London based investment fund; experience: previously Executive Director of Oil and Gas research team for UBS*
- Al Breach, Chairman of the Remuneration Committee, Independent Director *experience: Head of Research, Strategist & Economist at UBS: Russia and CIS economist at Goldman Sachs*
- Bozidar Djelic, Independent Director *experience: EBRD's 'Transition to Transition' senior advisory group, Deputy Prime Minister of Serbia, Governor of World Bank Group and Deputy Governor of EBRD, Director at Credit Agricole*
- Tamaz Georgadze, Independent Director *experience: Partner at McKinsey & Company in Berlin, Founded SavingGlobal GmbH, aide to President of Georgia*

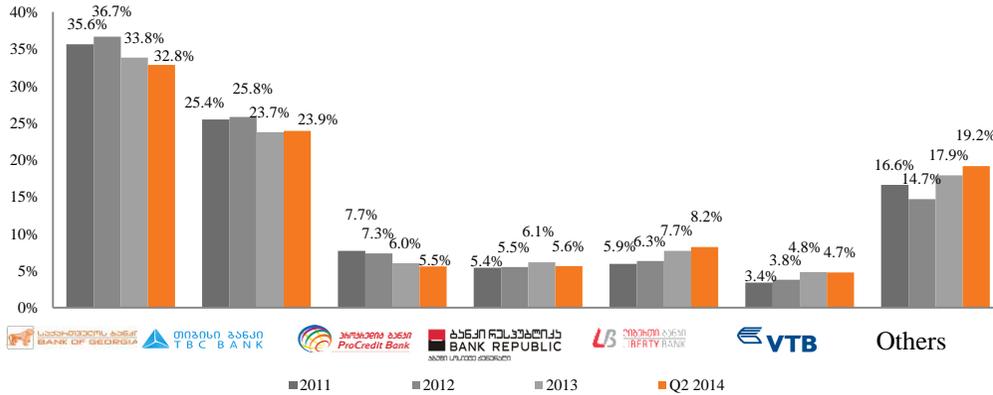
Members of management boards of JSC Bank of Georgia and major subsidiaries

- Irakli Gilauri, CEO; *formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*
- Nikoloz Gamkrelidze, Group CFO; *previously CEO of Aldagi BCI and JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School*
- Archil Gachechiladze, Deputy CEO, Investment Management; *formerly Deputy CEO in charge of Corporate Banking, Deputy CEO of TBC Bank, Georgia; Lehman Brothers Private Equity, London; MBA from Cornell University*
- Mikheil Gomarteli, Deputy CEO, Retail Banking; *15 years work experience at BOG*
- Sulkhan Gvalia, Deputy CEO, Corporate Banking; *formerly Chief Risk Officer, c.20 years banking experience founder of TUB, Georgian bank acquired by BOG in 2004*
- Avto Namicheishvili, Deputy CEO, Group Legal Counsel; *previously partner at Begiashvili & Co, law firm in Georgia; LLM from CEU, Hungary*
- George Chiladze, Deputy CEO, Chief Risk Officer; *formerly Deputy CEO in Finance, Deputy CEO at Partnership Fund, Programme trading desk at Bear Stearns NY, Ph.D. in physics from John Hopkins University in Baltimore*
- Irakli Burdiladze, Deputy CEO, Affordable Housing; *previously CFO at GMT Group, Georgian real estate developer; Masters degree from Johns Hopkins University*
- Sascha Ternes, Deputy CEO, Special Projects; *previously CEO at Procredit Bank; Honorary doctorate, affirmed by the German Ministry of Education & Science*
- Murtaz Kikoria, CEO Group's healthcare business (CEO of GHG); *c.20 years banking experience including various senior positions at Bank of Georgia Group, Senior Banker at EBRD and Head of Banking Supervision at the National Bank of Georgia.*

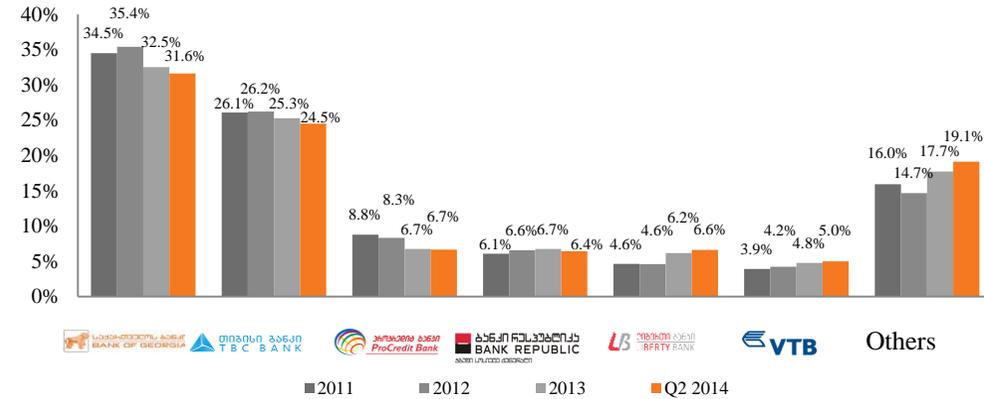
Senior Executive Compensation Policy applies to top executives and envisages long-term deferred and discretionary awards of securities and no cash bonuses to be paid to such executives

Competitive landscape

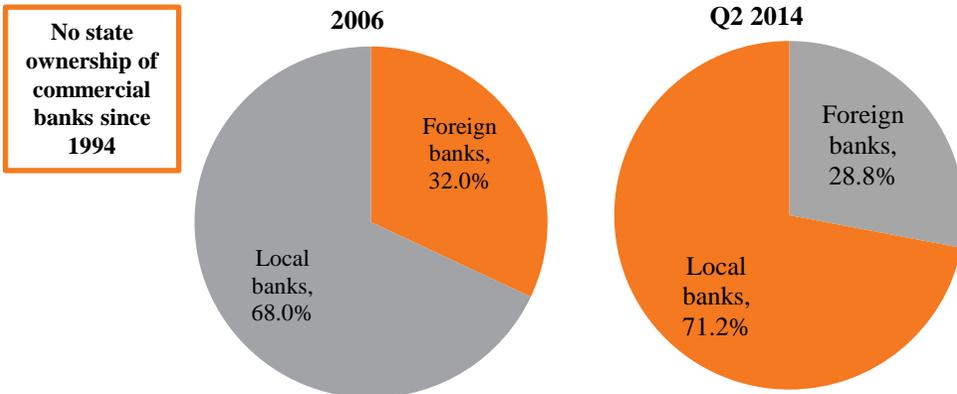
Peer group's market share in total assets



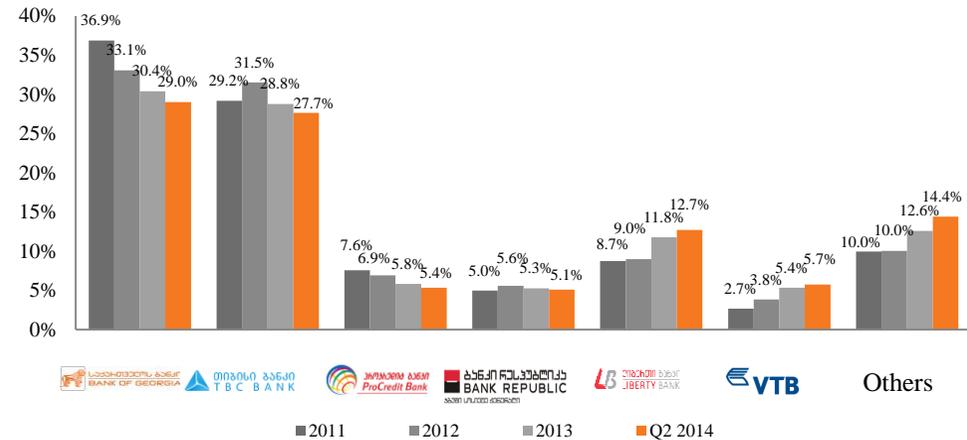
Peer group's market share in gross loans



Foreign banks market share by assets



Peer group's market share in client deposits



Note: all data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia
www.nbg.gov.ge

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Country overview

- Area: 69,700 sq km
- Population (2012): 4.5 mln
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)
- GDP (Geostat): 2013E GEL 26.8 bn (US\$16.1 bn)
- GDP growth rate 2011: 7.2%, 2012: 6.2%, 2013E: 3.2%
- GDP growth rate Q1 2014E: 7.1%, Q1 2014E 5.1% (1H 2014E 6.0%)
- Real GDP average 10 yr growth rate: 6.0%
- GDP per capita 2013E (PPP) per IMF: US\$6,145
- Inflation rate (e-o-p) 2013 2.4%
- External public debt to GDP 2013E: 27.0%
- Sovereign ratings:

S&P BB-/B/Stable/ *upgraded in November 2011, affirmed in May 2014*

Moody's Ba3/NP/Stable

Fitch BB-/B/Stable *upgraded in December 2011*



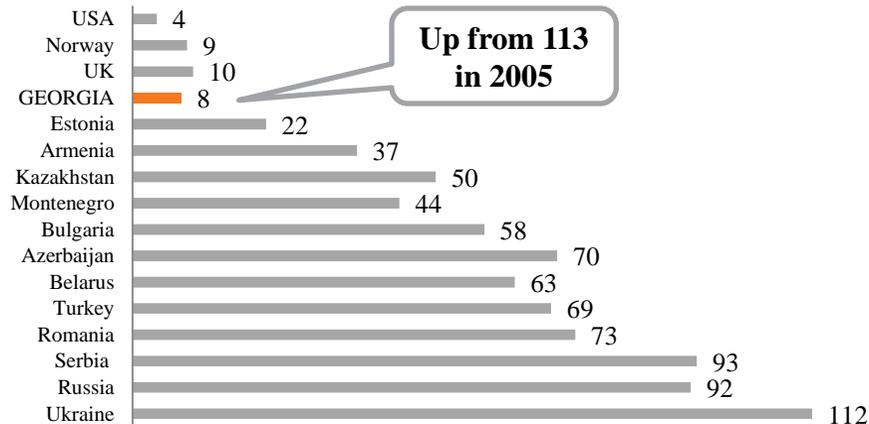
Sources: Ministry of Finance of Georgia, Geostat, IMF, Government of Georgia Presentation (Georgia.gov.ge)

Georgia's key economic drivers

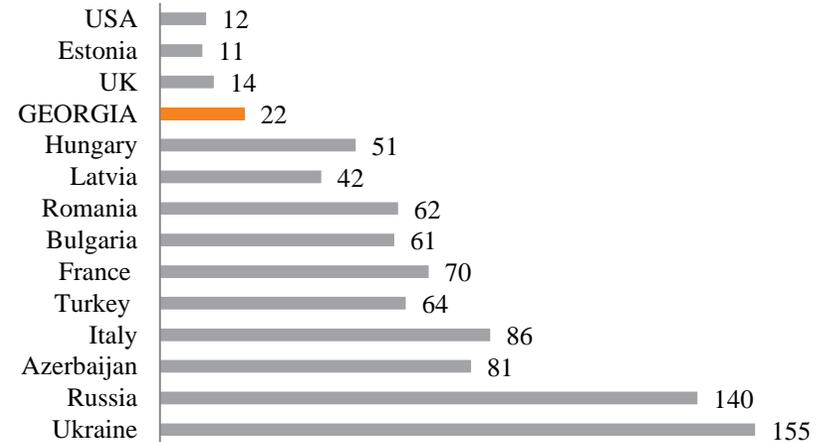
Liberal economic policy	<ul style="list-style-type: none"> ■ Liberty Act, which became effective in January 2014 ensures a credible fiscal and monetary framework: <ul style="list-style-type: none"> – Government expenditure/GDP capped at 30% – Budget deficit/GDP capped at 3% – Government debt/GDP capped at 60%
Regional logistics and tourism hub	<ul style="list-style-type: none"> ■ Proceeds from foreign tourism estimated at US\$1,720 mln in 2013 up 22% y-o-y, 5.4 million visitors in 2013, up 22% y-o-y; 2.2 million visitors in 6M 2014, up 2% y-o-y ■ Regional energy transit corridor with approx. 1.6% of world's oil production and diversified gas supply passing through the country
Strong FDI	<ul style="list-style-type: none"> ■ Strong FDI inflows diversified across different sectors (2013E: US\$942 mln, 2012: US\$912, 2011: US\$1,117 mln), US\$260 mln in Q1 2014, up 14.9% y-o-y ■ Net remittances of US\$1,322 mln in 2013, up 8% y-o-y; US\$504 mln in 5M 2014, up 3% y-o-y ■ FDI averaged 10% of GDP in 2003-2013
Support from international community	<ul style="list-style-type: none"> ■ Georgia and the EU signed an Association Agreement in June 2014 and Georgia's parliament ratified the agreement in July 2014. The deal includes a DCFTA, which is the major vehicle for Georgia's economic integration with the EU ■ Discussions commenced with the USA to drive inward investments and exports ■ Strong political support from NATO, EU, US, UN and member of WTO since 2000 ■ Substantial support from DFIs, the US and EU ■ Diversified trade structure across countries and products
Cheap electricity	<ul style="list-style-type: none"> ■ Only 18% of hydropower capacity utilized; 40 hydropower stations are being built/developed ■ Net electricity exporter from 2007-2011 (net importer in 2012 and 2013 due to low precipitation), net electricity importer for more than a decade before 2007 ■ Significantly boosted transmission capacity in recent years, having rehabilitated a 500kV line to Azerbaijan and built a 500/400 kV line to Turkey. Another 500 kV line to Armenia is under construction and Georgia's transmission capacity to Russia is expected to rise 1.7x to 1,480 MW by 2016 after a new 500 kV line becomes operational
Political environment stabilised	<ul style="list-style-type: none"> ■ Healthy operating environment for business and low tax regime ■ Parliamentary elections in 2012 led to a democratic transition of power giving victory to Georgian Dream coalition and the subsequent presidential elections in October 2013 gave victory to the candidate of the ruling Georgian Dream coalition ■ New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency ■ Continued economic relationship with Russia <ul style="list-style-type: none"> – Russia began issuing visas to Georgians in March 2009; Georgia abolishes visa requirements for Russians – Direct flights between the two countries resumed in January 2010 – Member of WTO since 2000, allowed Russia's access to WTO – In 2013 trade restored with Russia

Growth oriented reforms

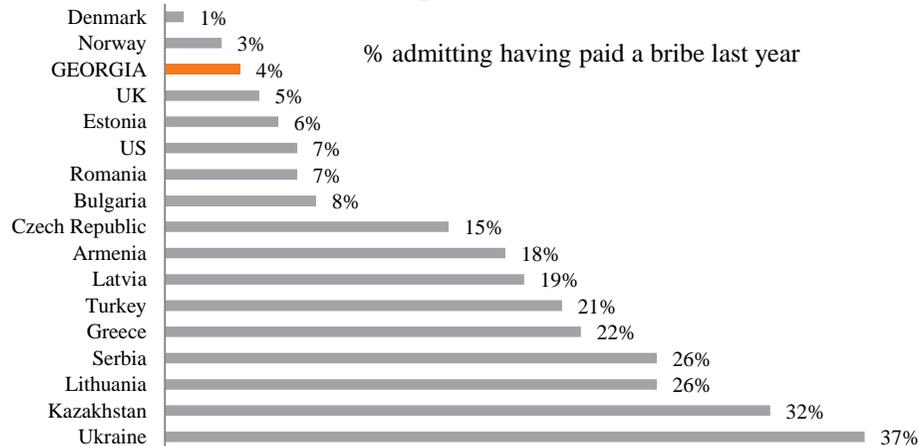
Ease of Doing Business, 2014 (WB-IFC Doing Business Report)



Economic Freedom Index, 2014 (Heritage Foundation)



TI 2013 Global Corruption Barometer



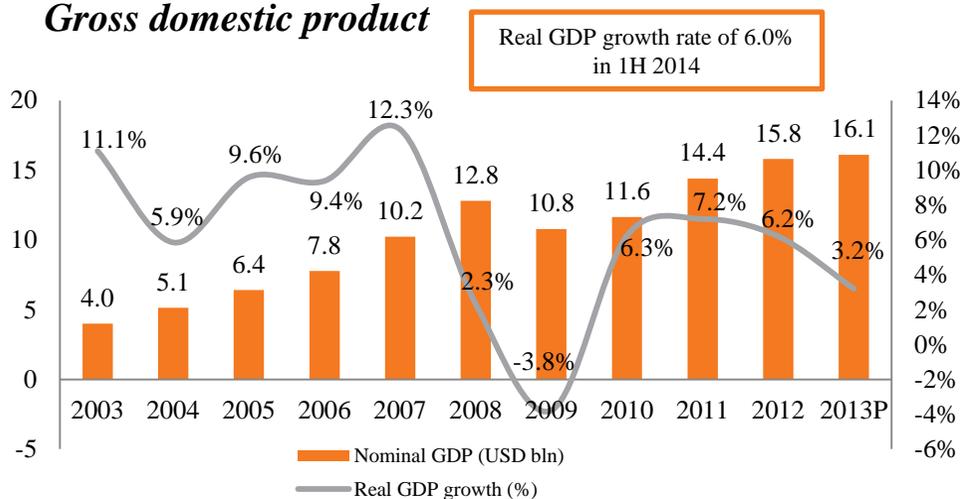
**GEORGIA - No 1 Reformer
2005-2012**

(WB-IFC Doing Business Report)

Sources: Transparency International, Heritage Foundation, World Bank

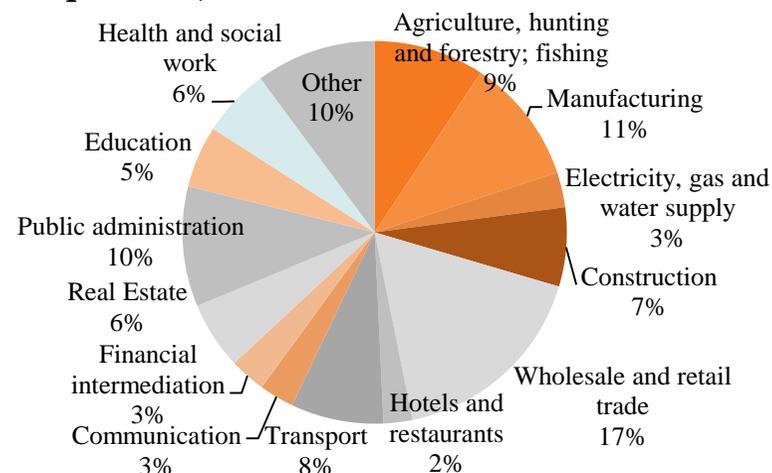
Positive economic outlook

Gross domestic product



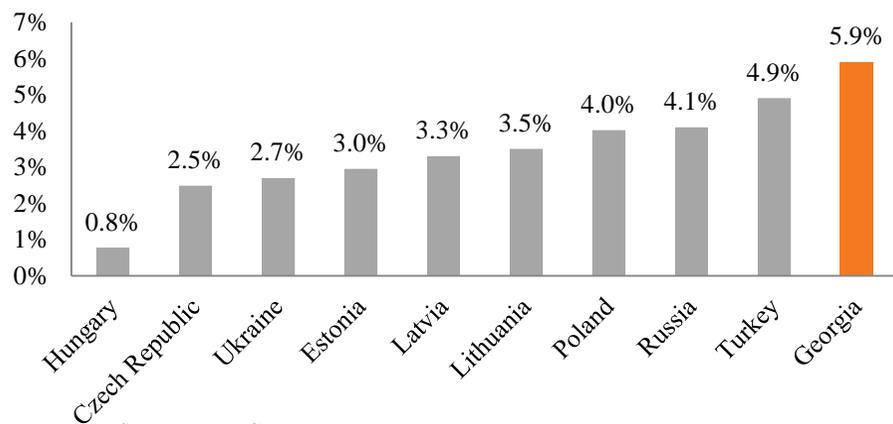
Sources: Geostat

GDP composition, FY 2013



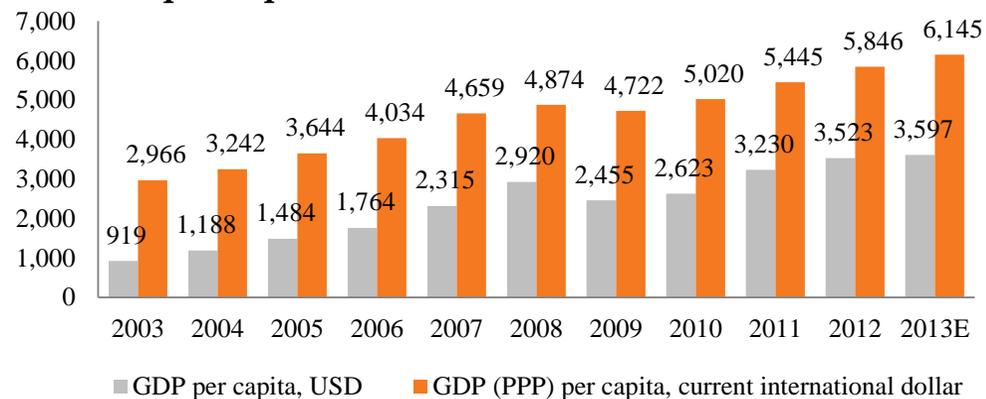
Source: Geostat

Comparative real GDP growth rates, % (2004-2013)



Sources: IMF, Geostat

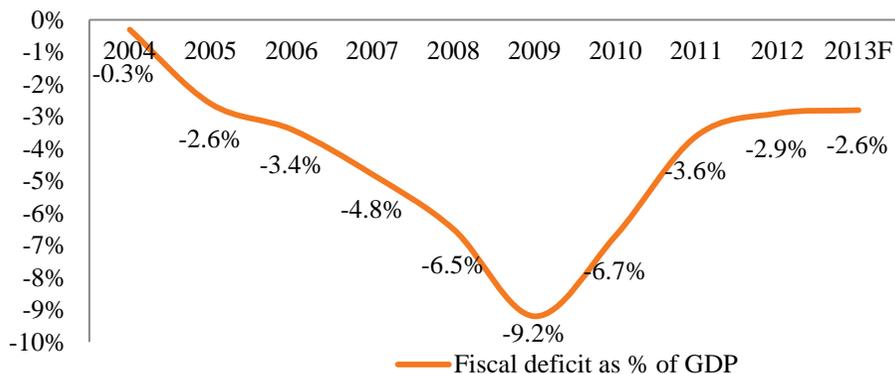
GDP per capita



Sources: IMF, Geostat

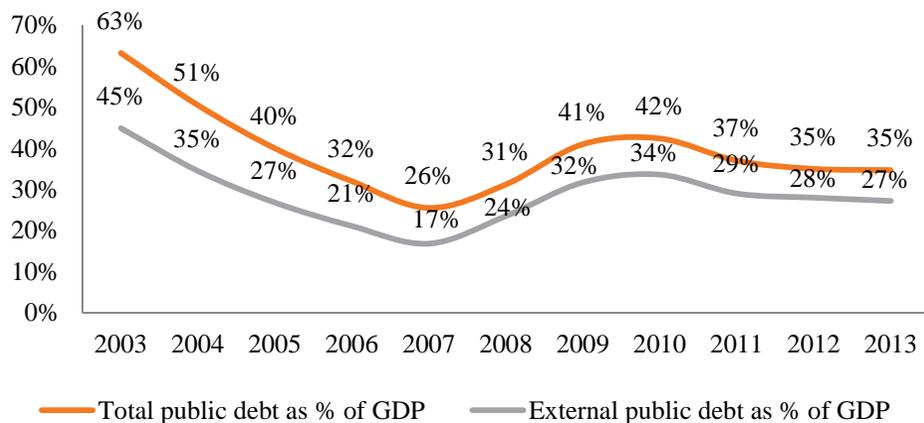
Demonstrated fiscal discipline and low public debt

Fiscal deficit as % of GDP



Source: Ministry of Finance of Georgia

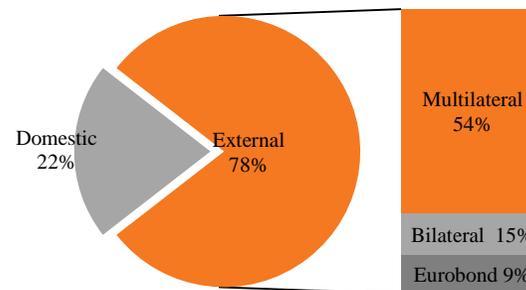
Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

Breakdown of public debt

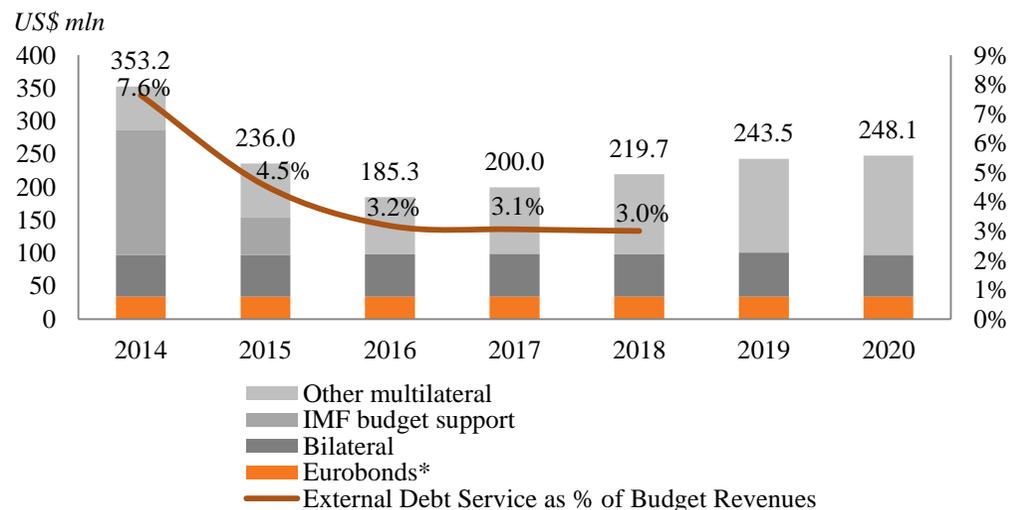
Affordable public debt stock and very low interest rate on external public debt



External public debt portfolio weighted average interest rate as 1.9% (contractual maturity 25 years)

Source: Ministry of Finance of Georgia

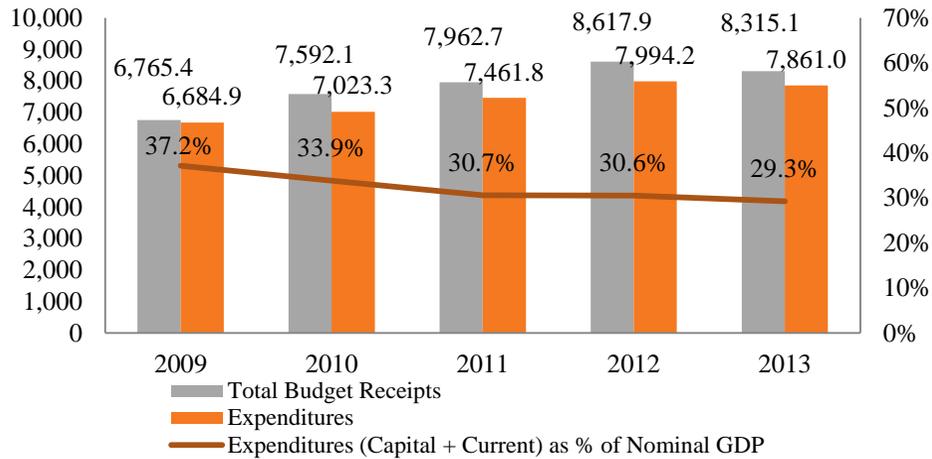
Government external debt service



Source: Ministry of Finance of Georgia, IMF *Coupon payments only, Eurobonds mature in 2021

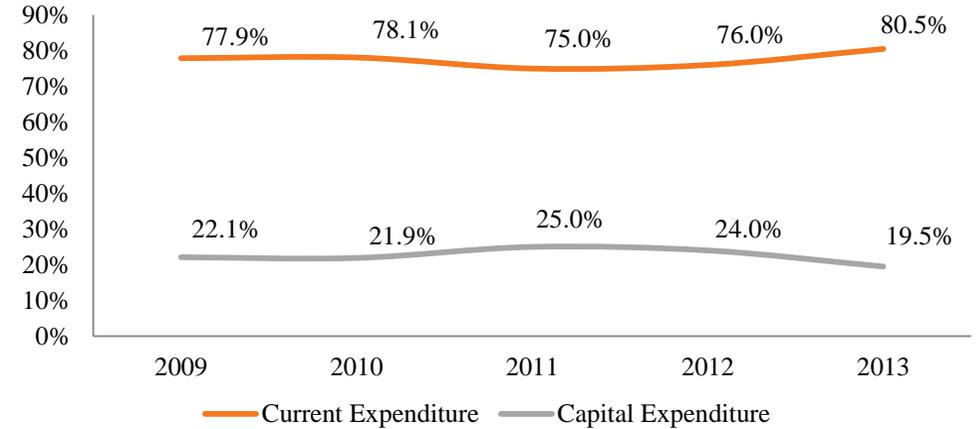
Revenues and expenditures dynamics

Revenues and expenditures



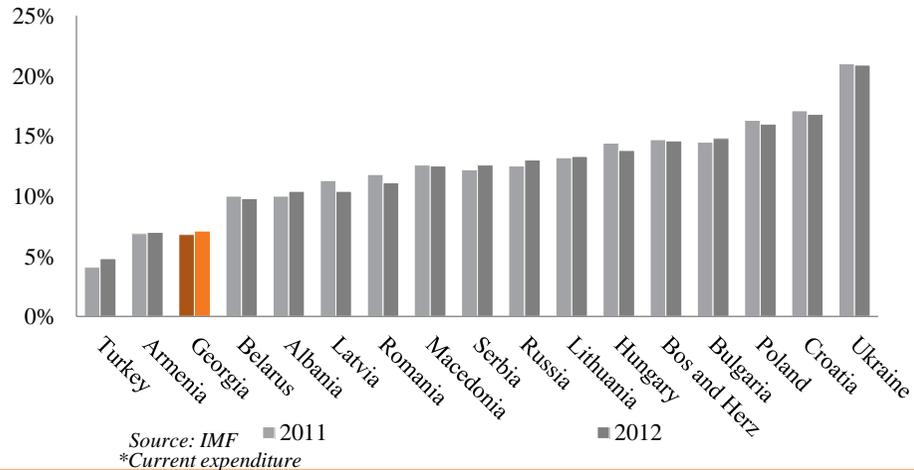
Source: Ministry of Finance

Current and capital expenditure



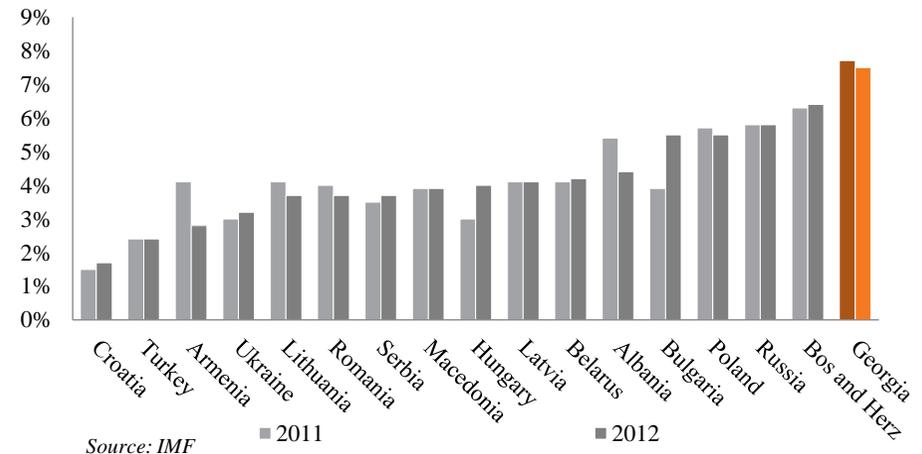
Sources: Ministry of Finance

Government social expenditure as % of GDP



Source: IMF
 ■ 2011
 ■ 2012
 *Current expenditure

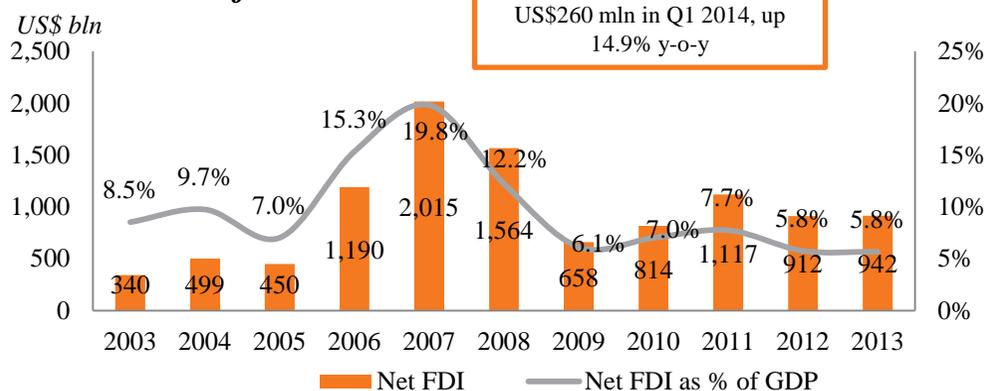
Government capital expenditure as % of GDP



Source: IMF
 ■ 2011
 ■ 2012

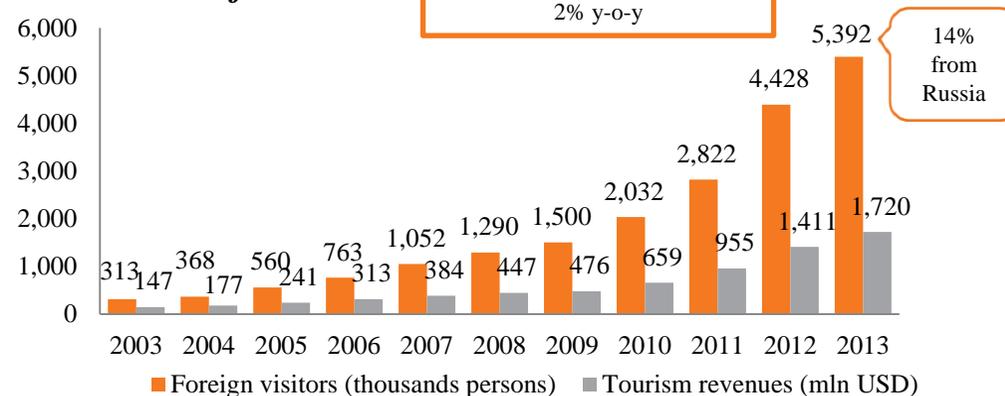
Four main sources of capital inflow

FDI inflows



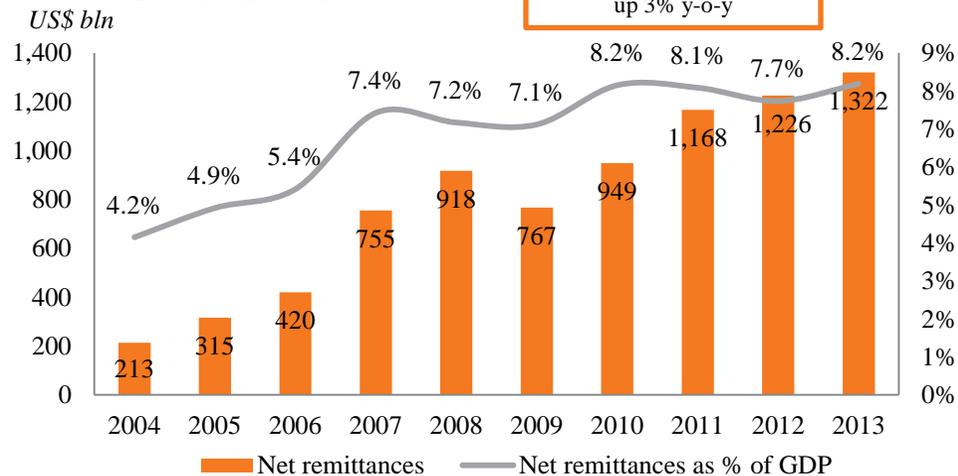
Sources: Geostat, Bank of Georgia

Number of tourists



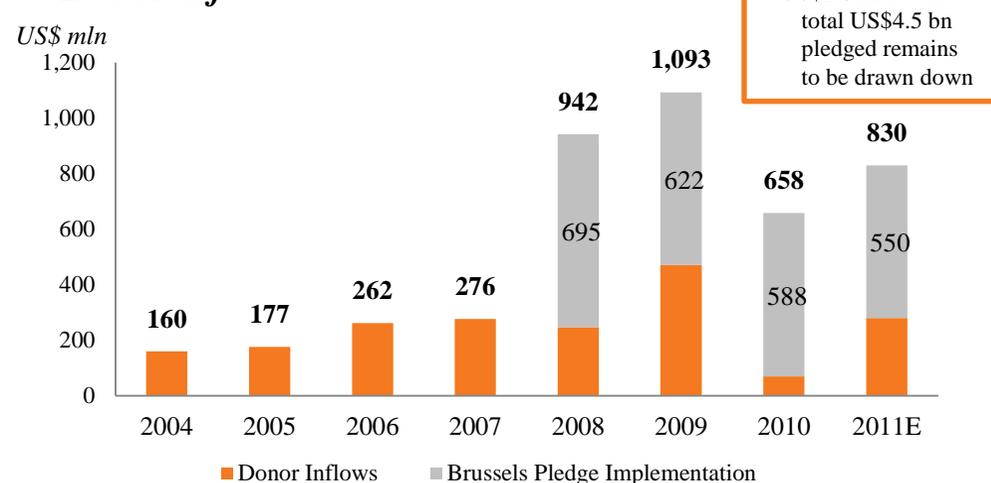
Sources: Georgian National Tourism Agency, National Bank of Georgia, Bank of Georgia estimates

Net remittances



Source: National Bank of Georgia, Bank of Georgia

Donor inflows

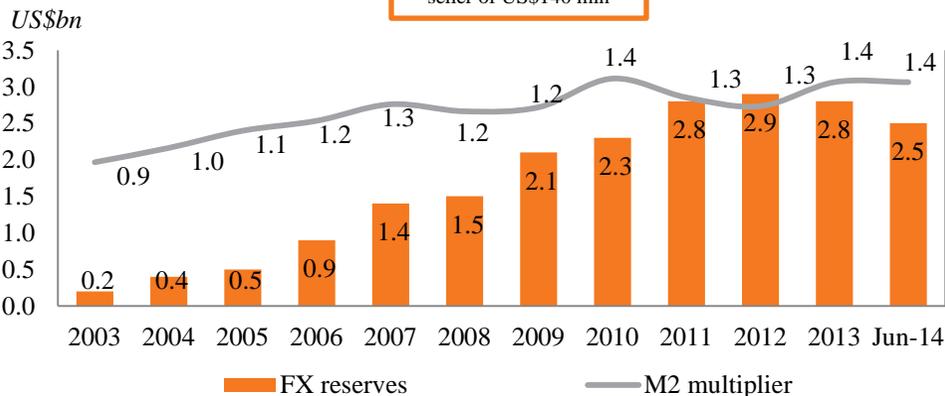


Sources: Ministry of Finance, Bank of Georgia estimates

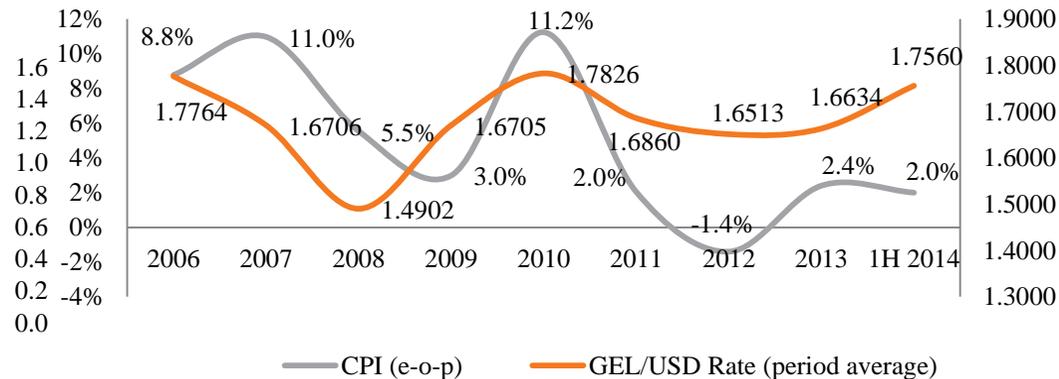
Controllable CAD and strong FDI

High, but well capitalised CAD. Remittances and FDI cover CAD.

FX reserves

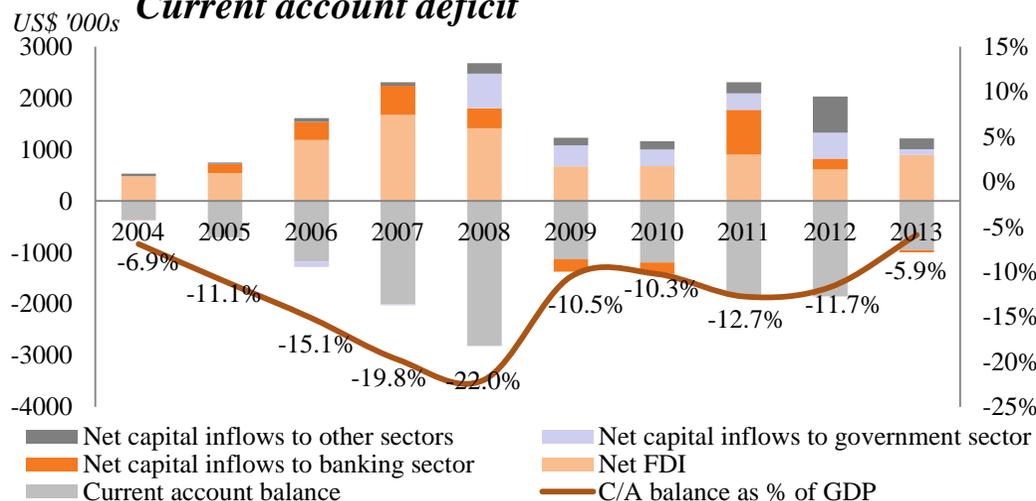


FX rate (GEL/US\$) and CPI



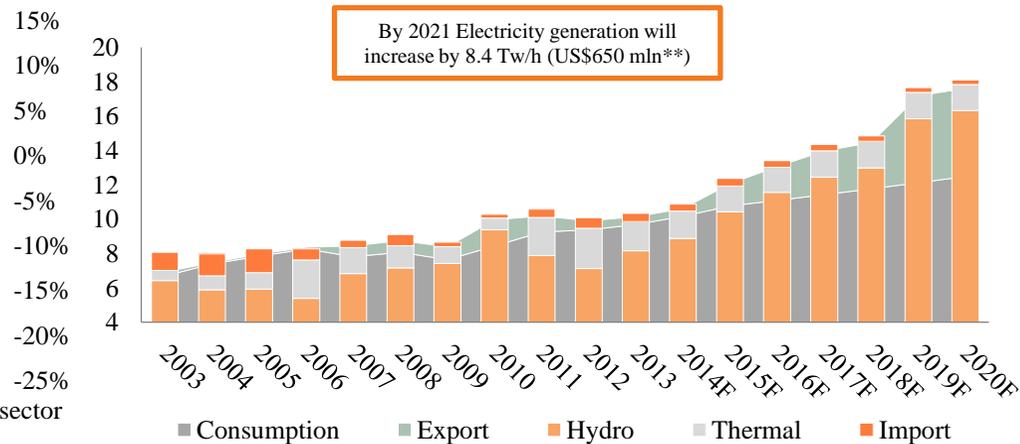
Source: National Bank of Georgia

Current account deficit



Source: National Bank of Georgia

Electricity generation



Source: Bank of Georgia Research
**Assuming price of US\$0.075 per Kw/h

Growing and well capitalised banking sector

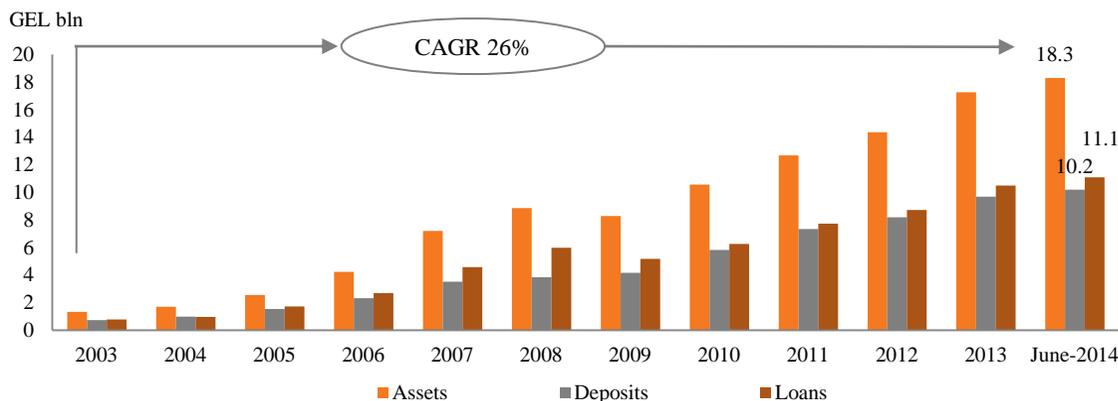
Summary

- **Prudent regulation ensuring financial stability**
 - Sector total capital ratio (NBG standards) –17% in 201
 - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 56% as of 30 June 2014
- **Resilient banking sector**
 - *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
 - *Excess liquidity and excess capital* accumulated by the banking sector to help boost the financing of the economic growth
 - *Very low leverage* with retail loans 18.0% of GDP and total loans at 39.1% of GDP as at 31 December 2013 resulting in low number of defaults during the global crisis

Source: National Bank of Georgia, Geostat

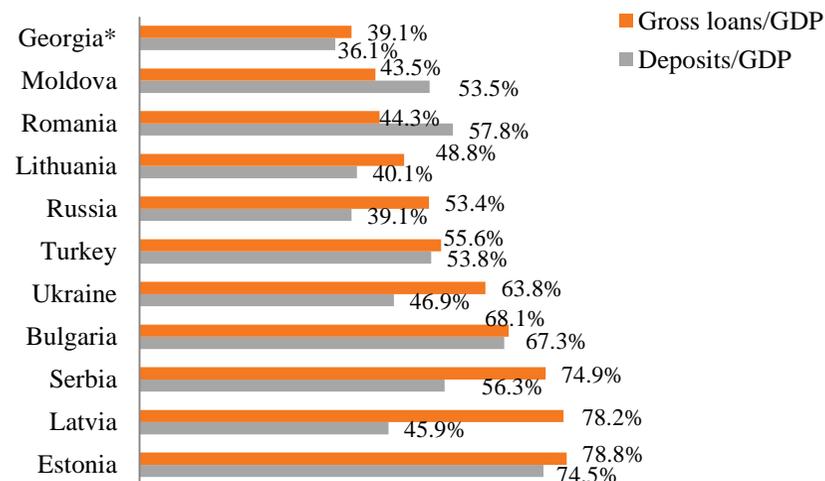
Source: NBG, Central Banks

Banking sector assets, loans and deposits

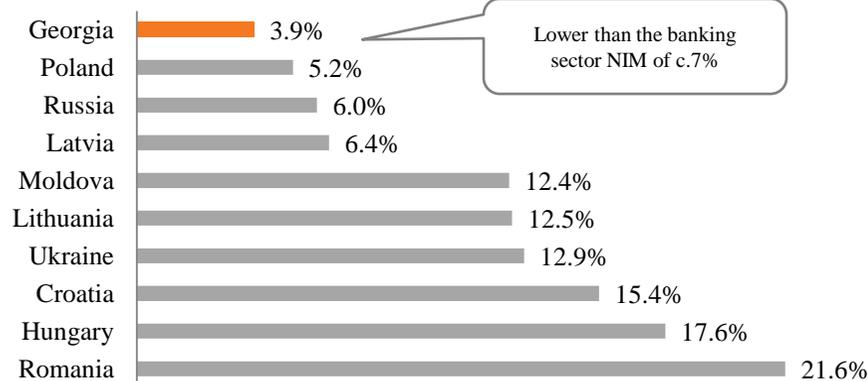


Source: National Bank of Georgia

Banking Sector loans and deposits YE 2013



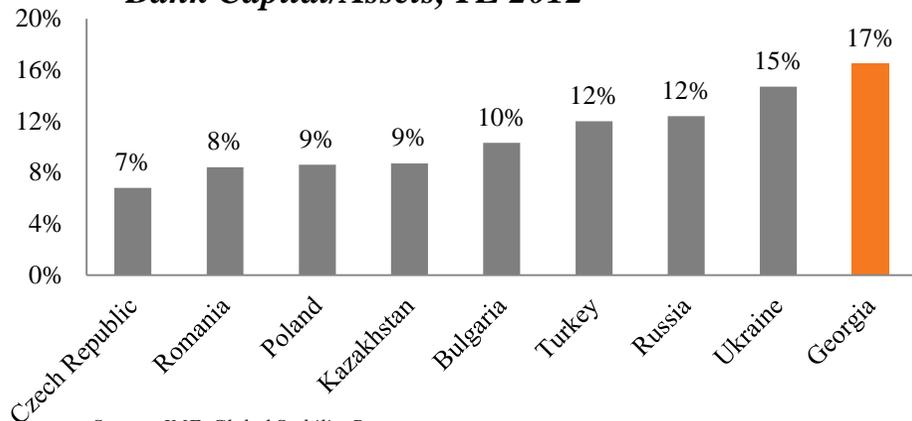
NPLs as % of total gross loans, YE 2013



Source: IMF, Global Financial Stability Report, National Bank of Georgia

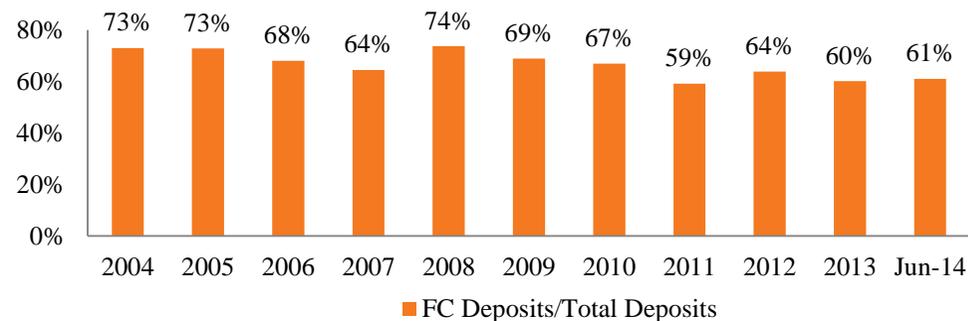
One of the highest level of capital and low debt level compared to other frontier markets

Bank Capital/Assets, YE 2012



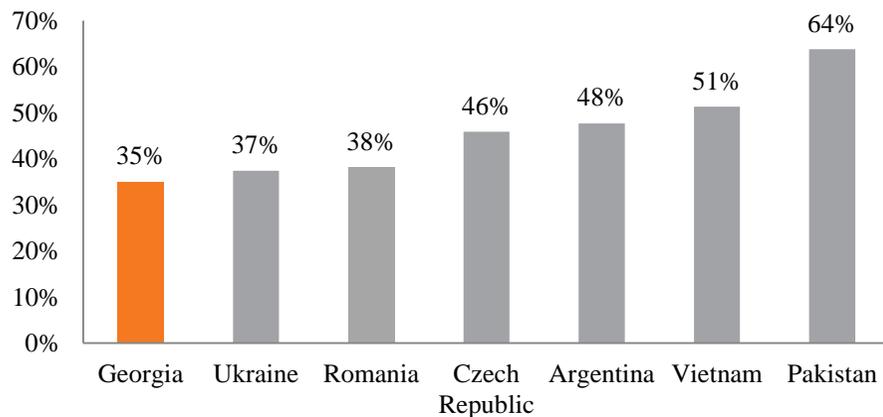
Source: IMF, Global Stability Report

Dollarisation



Source: National Bank of Georgia

Public debt / GDP, frontier markets, YE 2012



Sources: IMF, Ministry of Finance

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P&L results highlights

<i>GEL thousands unless otherwise noted</i>	Q2 2014 Unaudited	Q2 2013 Unaudited	Change Y-O-Y	Q1 2014 Unaudited	Change Q-O-Q	1H 2014 Unaudited	1H 2013 Unaudited	Change Y-O-Y
Net interest income	80,554	77,898	3.4%	79,704	1.1%	160,258	150,494	6.5%
Net fee and commission income	26,127	21,779	20.0%	19,920	31.2%	46,047	42,276	8.9%
Net insurance revenue	6,352	10,998	-42.2%	9,706	-34.6%	16,058	22,724	-29.3%
Net healthcare revenue	11,939	5,100	134.1%	7,797	53.1%	19,736	8,991	119.5%
Other operating non-interest income	19,203	23,878	-19.6%	20,210	-5.0%	39,413	37,934	3.9%
Revenue	144,175	139,653	3.2%	137,337	5.0%	281,512	262,419	7.3%
Operating expenses	(64,270)	(55,693)	15.4%	(59,043)	8.9%	(123,314)	(109,364)	12.8%
Operating income before cost of credit risk	79,905	83,960	-4.8%	78,294	2.1%	158,198	153,055	3.4%
Cost of credit risk	(13,847)	(18,984)	-27.1%	(13,316)	4.0%	(27,162)	(36,261)	-25.1%
Net operating income	66,058	64,976	1.7%	64,978	1.7%	131,036	116,794	12.2%
Net non-recurring items*	(7,077)	(4,088)	73.1%	(1,120)	NMF	(8,198)	(5,453)	50.3%
Profit for the period	58,318	53,105	9.8%	53,664	8.7%	111,981	95,102	17.7%
Earnings per share (basic)	1.64	1.51	8.6%	1.51	8.6%	3.15	2.70	16.7%

*Includes full impairment of BG Bank ,Ukraine

Balance Sheet results highlights and key ratios

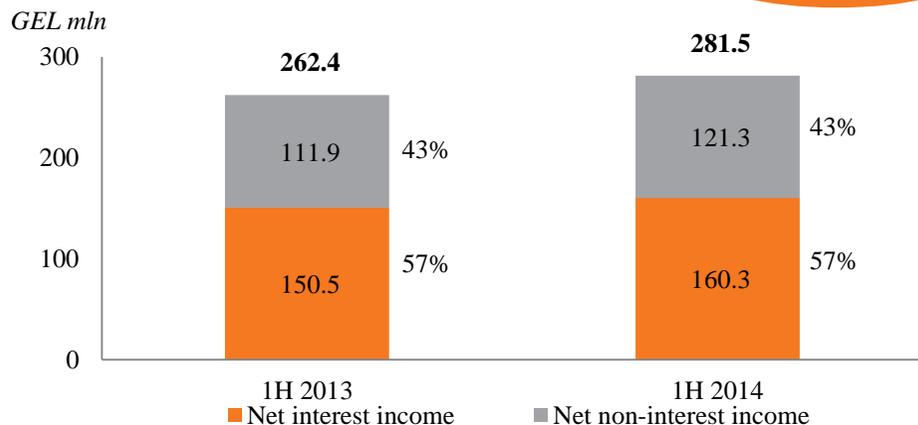
GEL thousands unless otherwise noted	Q2 2014	Q2 2013	Change	Q1 2014	Change	KEY RATIOS	Q2 2014	Q2 2013	Q1 2014
	Unaudited	Unaudited	Y-O-Y	Unaudited	Q-O-Q				
Net loans to customers*	3,659,427	3,122,916	17.2%	3,489,252	4.9%	ROAA	3.5%	3.8%	3.3%
Total assets	6,667,681	5,671,694	17.6%	6,619,775	0.7%	ROAE	18.6%	19.3%	17.7%
Liquid assets , Currency Blended	1,921,384	1,578,938	21.7%	1,948,419	-1.4%	ROAA, adjusted	3.7%	3.8%	3.3%
Liquid assets, GEL	817,277	786,565	3.9%	802,349	1.9%	ROAE, adjusted	19.7%	19.3%	17.7%
Liquid assets, FC	1,104,107	792,373	39.3%	1,146,070	-3.7%	Cost/Income	44.6%	39.9%	43.0%
Liquid assets as percent of total assets	27.6%	26.8%		29.6%	-2.0%	NIM	7.3%	7.9%	7.4%
Liquid assets as percent of total liabilities	34.0%	33.3%		36.8%	-2.8%	Loan yield	14.5%	17.0%	14.9%
Customer Funds, of which:	3,074,710	2,850,234	7.9%	3,065,536	0.3%	Cost of client deposits	4.3%	5.9%	4.6%
Client deposits , of which	3,046,845	2,838,153	7.4%	3,037,120	0.3%	Cost of funds	4.8%	6.2%	5.1%
CDs	366,212	114,086	NMF	273,948	33.7%	Cost of risk	0.9%	1.5%	1.0%
Promissory notes	27,865	12,081	130.7%	28,416	-1.9%	NPL coverage	74.5%	89.1%	92.0%
Amounts due to credit institutions, of which:	1,240,128	1,050,831	18.0%	1,206,818	2.8%	NPL coverage ratio adjusted for discounted value of collateral	116.8%	117.4%	121.4%
Subordinated debt	132,800	208,236	-36.2%	131,175	1.2%				
Other amounts due to credit institutions	1,107,328	842,595	31.4%	1,075,643	2.9%				
Debt securities issued, of which:	786,432	424,854	85.1%	734,771	7.0%	ROAA	3.4%	3.4%	
Eurobonds	740,246	424,854	74.2%	718,495	3.0%	ROAE	18.2%	17.6%	
Other	46,186	-	-	16,276	183.8%	ROAA, adjusted	3.5%	3.4%	
Total liabilities	5,410,805	4,568,789	18.4%	5,332,748	1.5%	ROAE, adjusted	18.7%	17.6%	
Total equity	1,256,876	1,102,905	14.0%	1,287,027	-2.3%	Cost/Income	43.8%	41.7%	
Book value per share (basic)	34.95	30.90	13.1%	35.35	-1.1%	NIM	7.3%	7.8%	
Net loans/customer funds	119.0%	109.6%		113.8%		Loan yield	14.7%	16.9%	
Net loans/customer funds +DFIs	100.3%	90.0%		96.4%		Cost of client deposits	4.4%	6.2%	
Excess liquidity	255,123	491,666	-48.1%	439,436	-41.9%	Cost of funds	5.0%	6.4%	
NBG liquidity ratio	38.1%	44.8%		43.5%		Cost of risk	1.0%	1.5%	
BIS Tier I Capital Adequacy Ratio	22.5%	22.9%		23.7%		NPL coverage	74.5%	89.1%	
BIS Total Capital Adequacy Ratio	26.3%	27.8%		27.7%		NPL coverage ratio adjusted for discounted value of collateral	116.8%	117.4%	
NBG Tier I Capital Adequacy Ratio	14.8%	15.4%		16.4%					
NBG Total Capital Adequacy Ratio	13.8%	16.3%		15.5%					
NBG (Basel II) Tier I Capital Adequacy Ratio	10.8%			12.9%					
NBG (Basel II) Total Capital Adequacy Ratio	14.0%			16.2%					

*includes finance lease receivables

Strong revenue growth

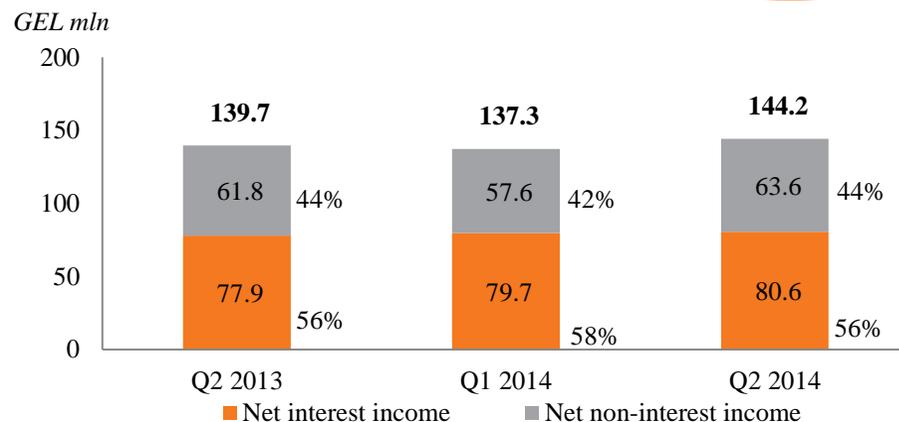
Revenue growth, half-year

+7.3% y-o-y



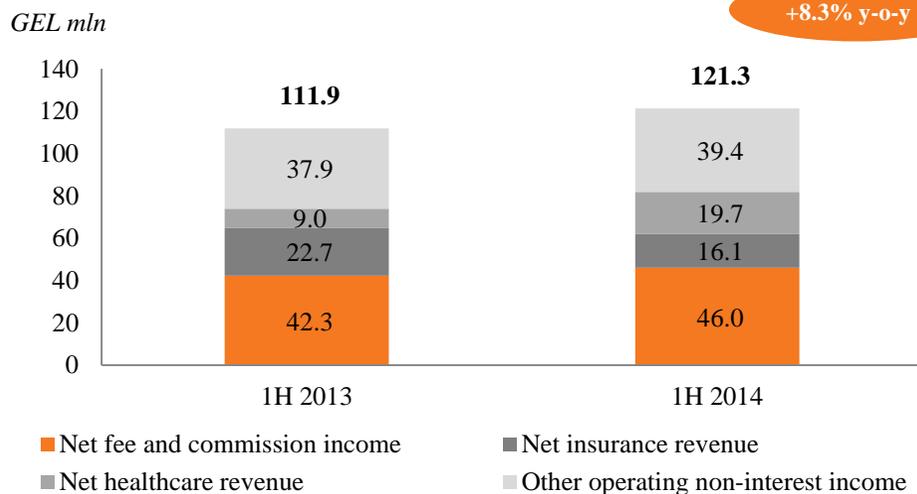
Revenue growth, quarterly

+3.2% y-o-y



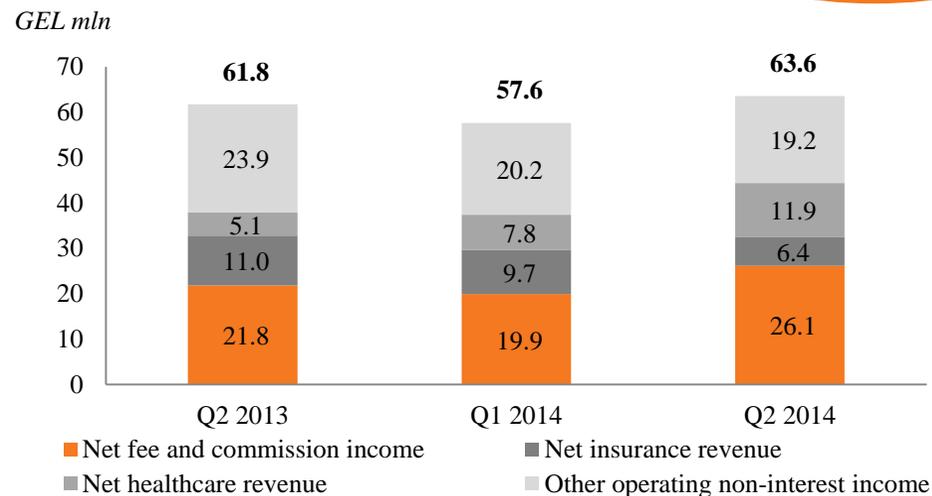
Net non-interest income, half-year

+8.3% y-o-y



Net non-interest income, quarterly

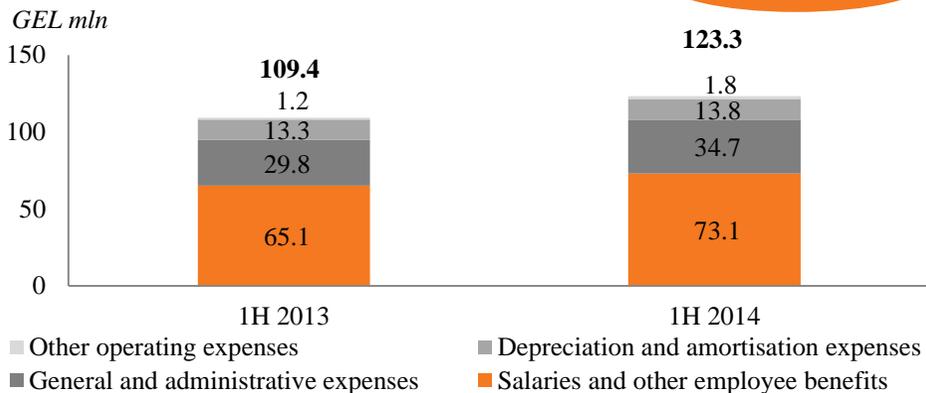
+3.0% y-o-y



Expenses

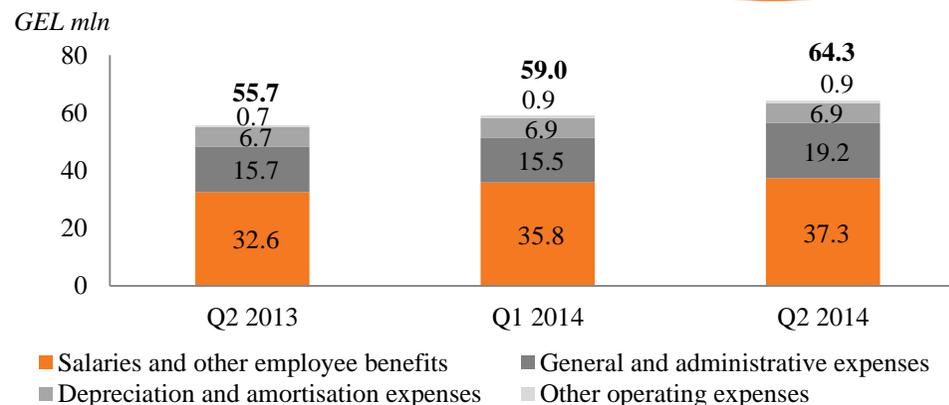
Operating expenses, half-year

+12.8% y-o-y



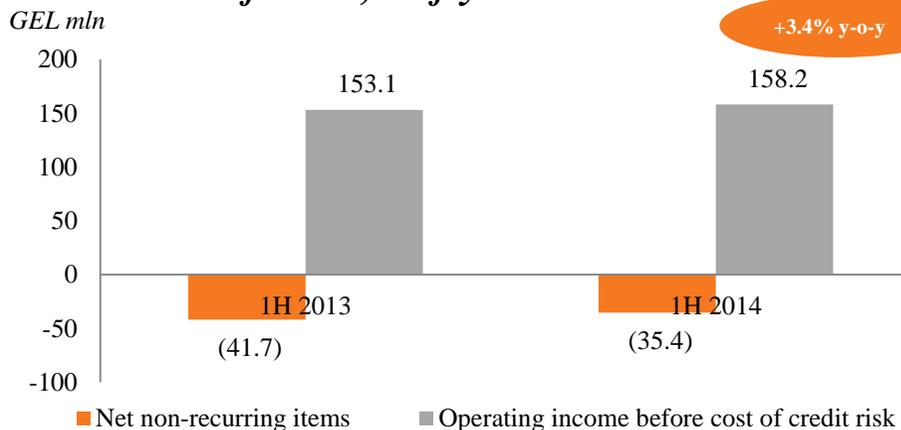
Operating expenses, quarterly

+15.4% y-o-y



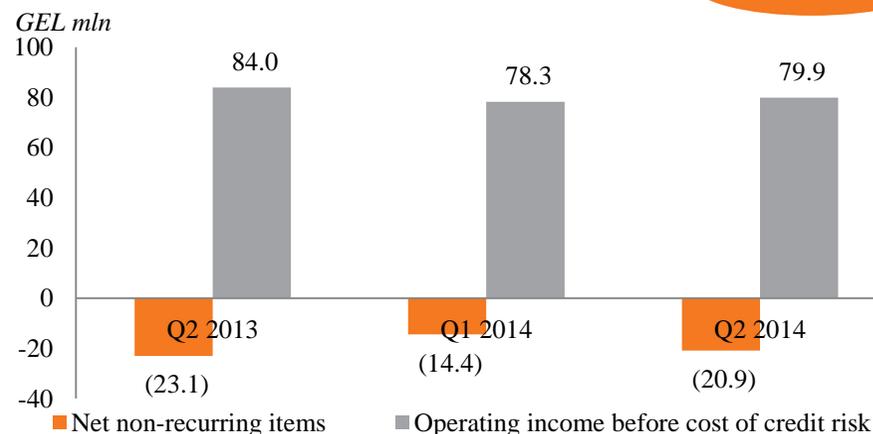
Net non-recurring items, operating income before cost of credit, half-year

+3.4% y-o-y



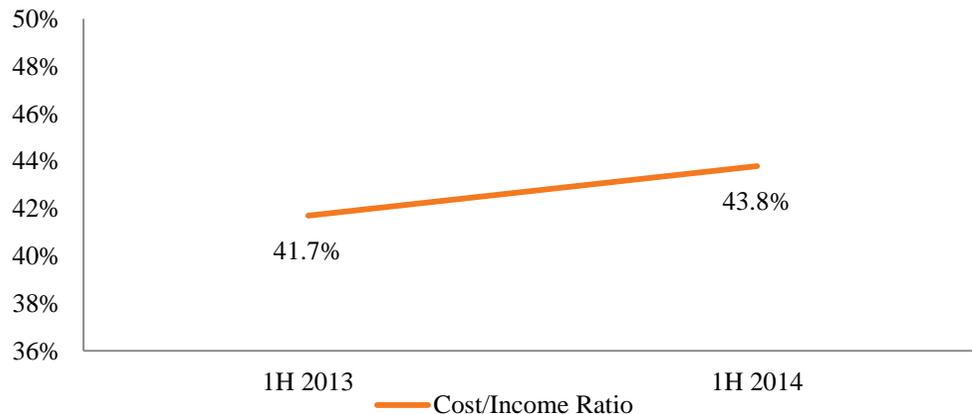
Net non-recurring items, operating income before cost of credit, quarterly

-4.8% y-o-y

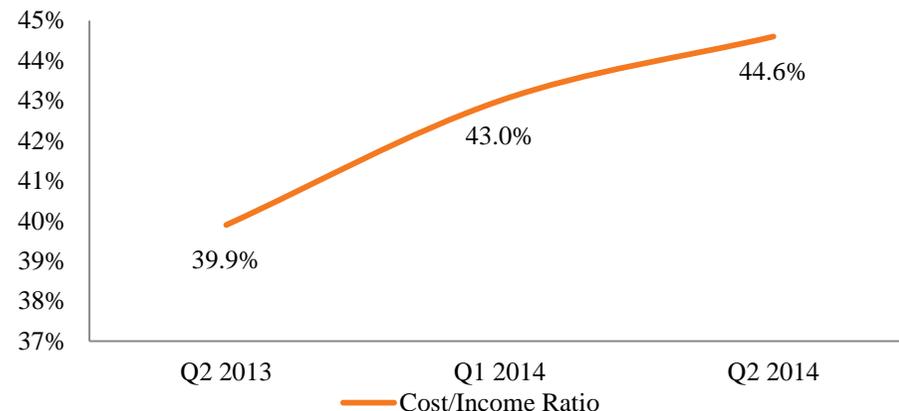


Efficiency

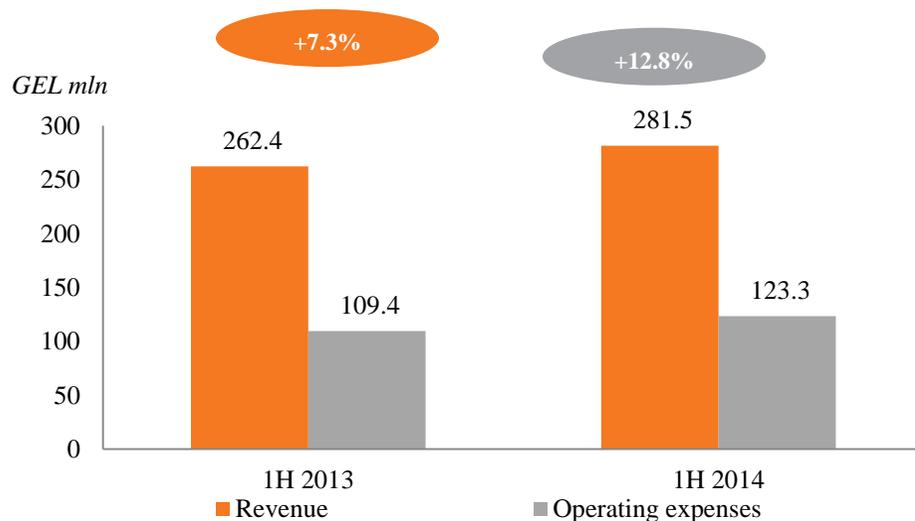
Cost / Income ratio, half-year



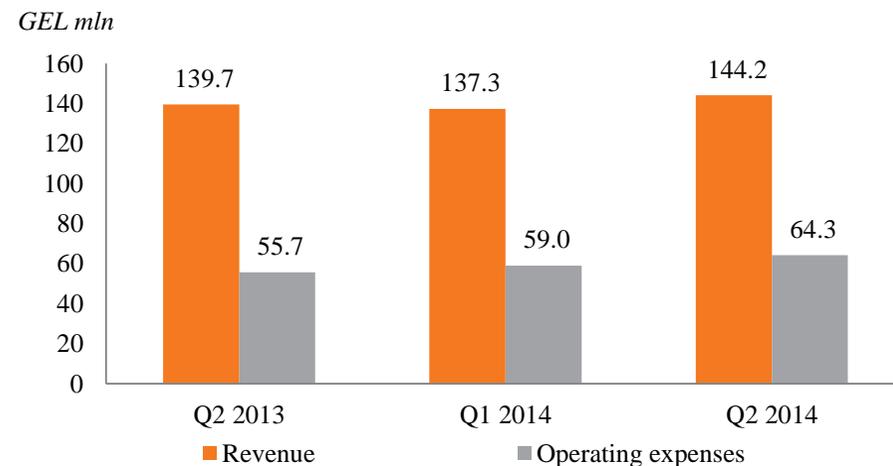
Cost / Income ratio, quarterly



Revenue and operating expenses, half-year



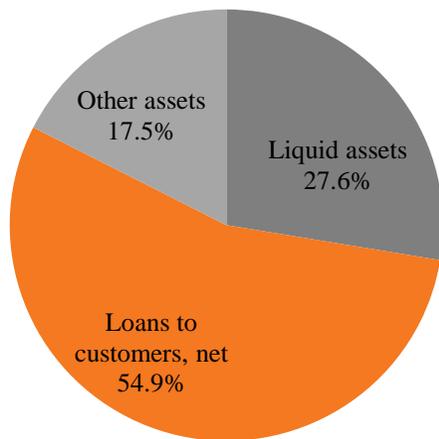
Revenue and operating expenses, quarterly



Diversified asset structure, consolidated

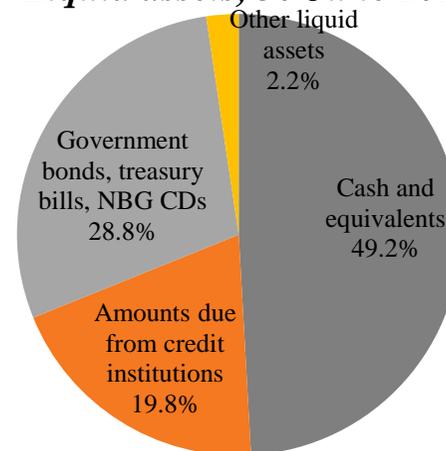
Total asset structure, 30 June 2014

**Total assets:
GEL 6,668 mln**



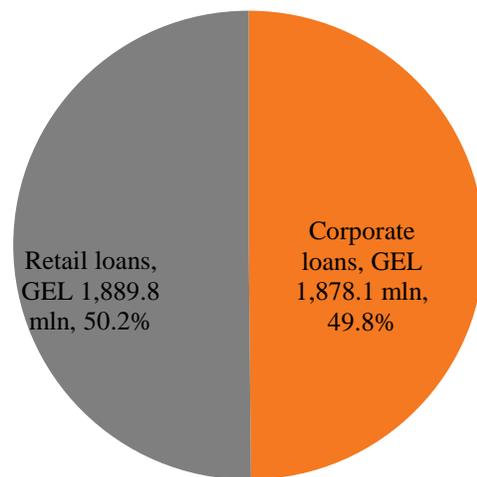
Liquid assets, 30 June 2014

**Liquid assets
GEL 1,838 mln,
27.6% of total
assets and 34.0%
of total liabilities**

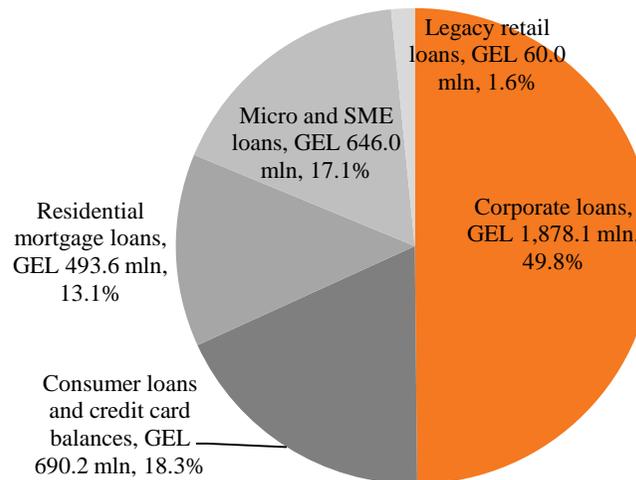


Gross loans breakdown*, 30 June 2014

**Total gross
loans:
GEL 3,768 mln**



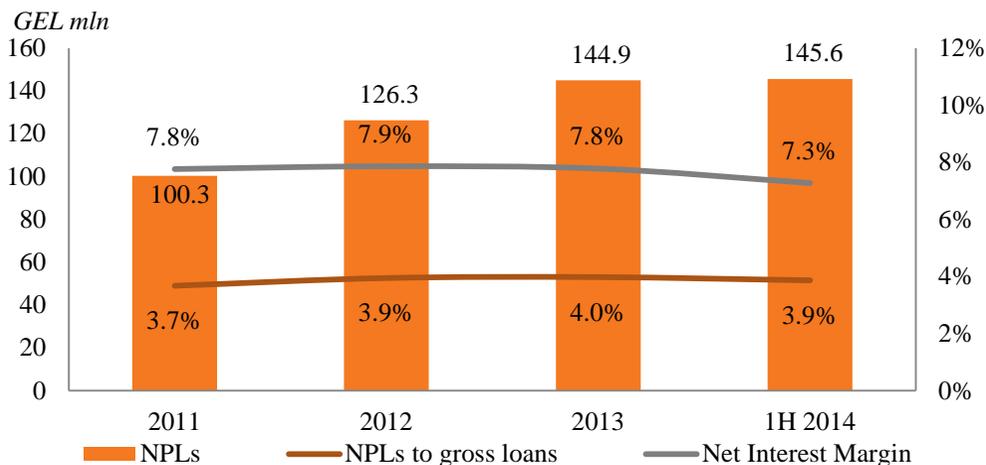
Gross loan portfolio structure, 30 June 2014



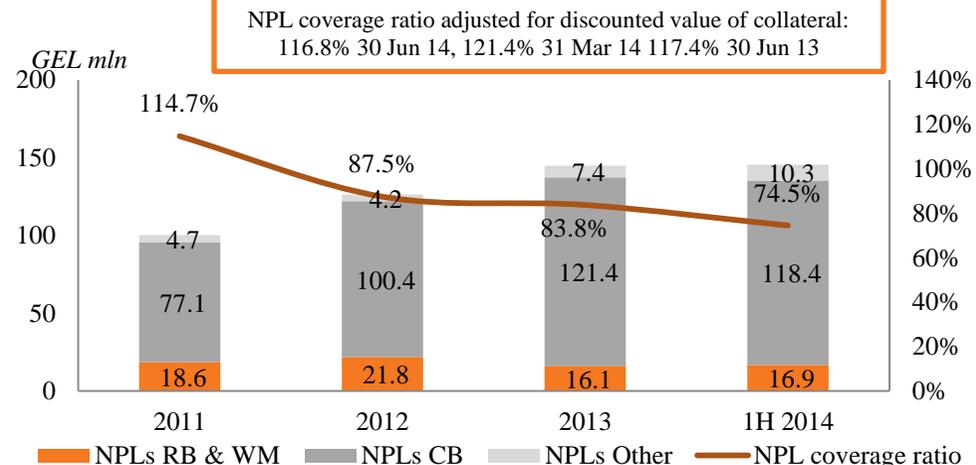
*Retail loans include loans of Retail Banking segment, BNB retail loans, Investment Management and Affordable Housing Mortgages, Corporate loans include Corporate Banking Segment and BNB Corporate loans

Loan portfolio quality

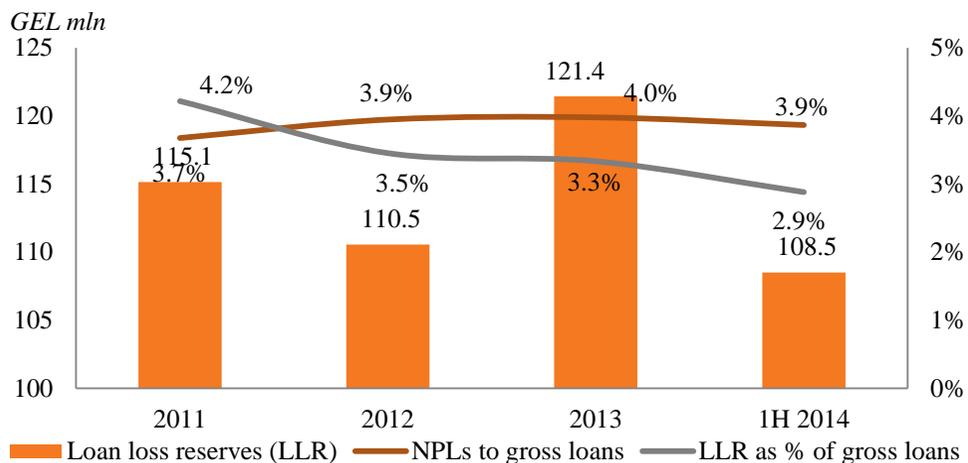
Consolidated NPLs



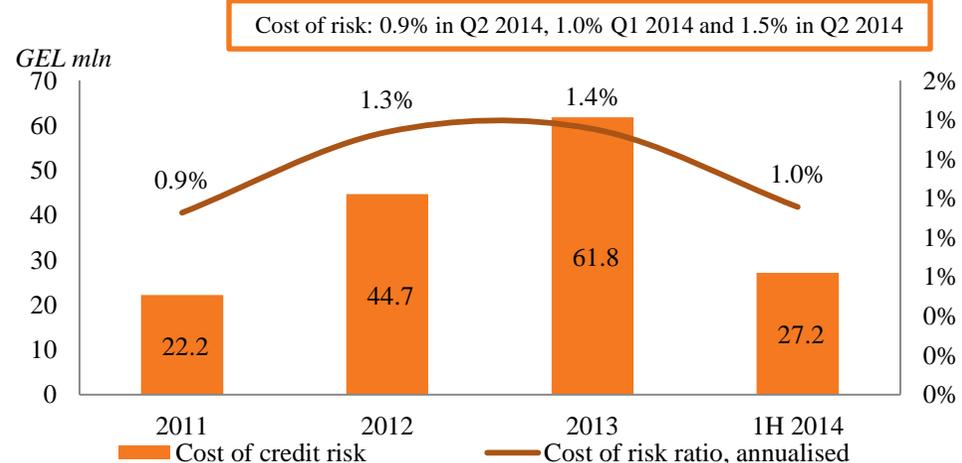
Consolidated NPL composition & coverage ratio



Consolidated loan loss reserve, NPLs to gross loans

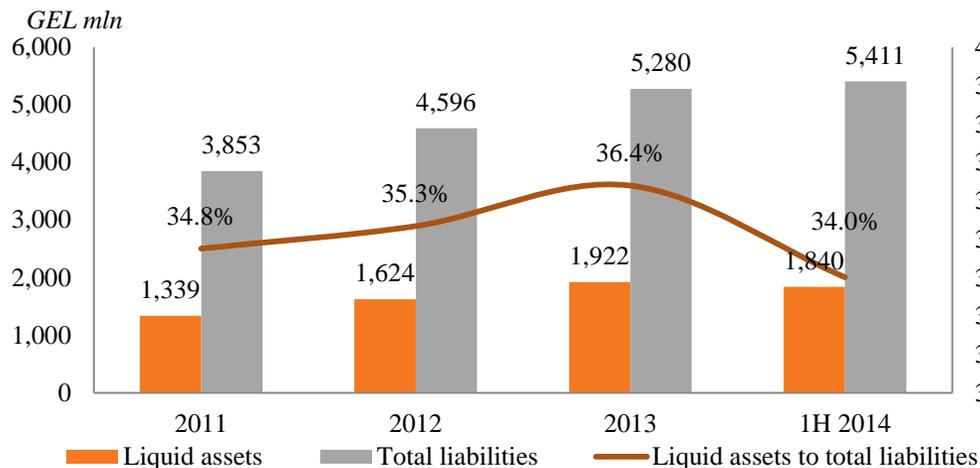


Consolidated cost of credit risk & cost of risk ratio



Strong liquidity

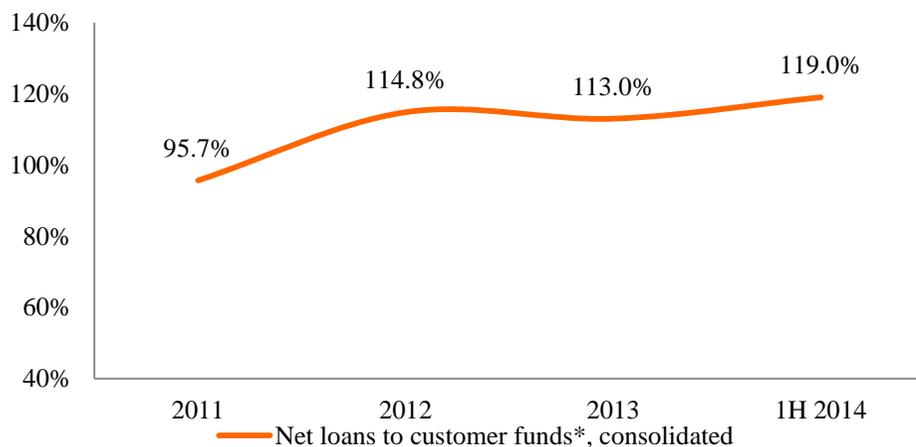
Liquid assets to total liabilities



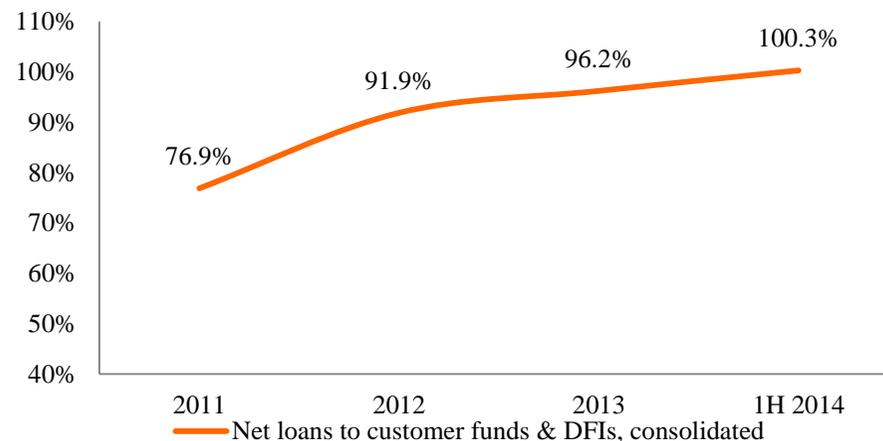
NBG liquidity ratio

Bank Standalone, GEL mln	Q2 2014	2013	2012	2011
Liquid Assets (NBG)	1,195	1,562	1,302	1,242
Liabilities (NBG)	3,134	3,415	3,166	3,286
Liquid Assets / Liabilities \geq 30%	38.1%	45.7%	41.1%	37.8%
Excess liquidity	255	537	353	256

Net loans to customer funds



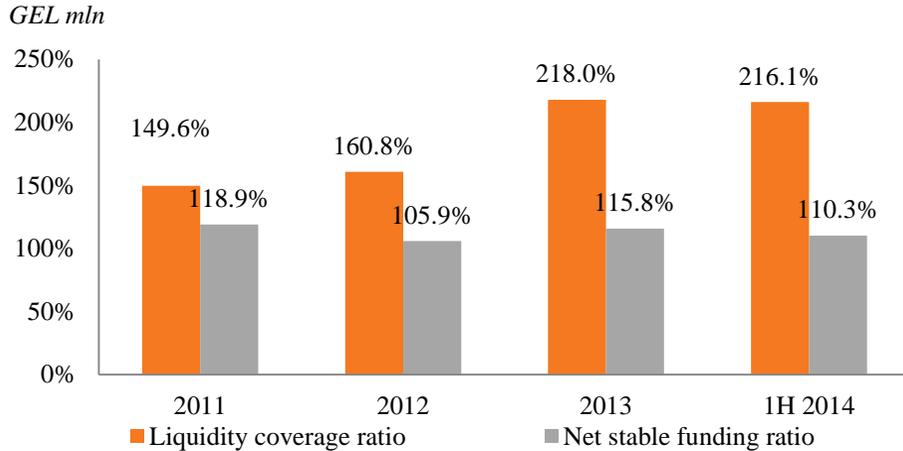
Net loans to customer funds & DFIs



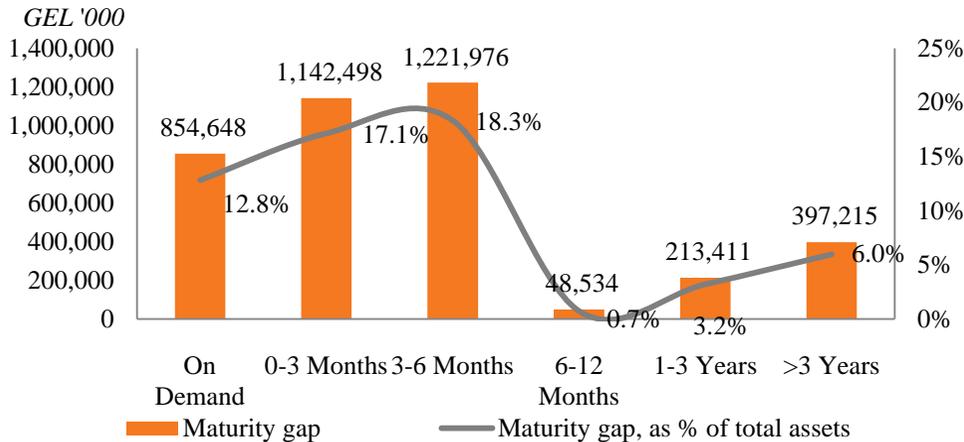
*Customer funds includes client deposits and promissory notes

Strong liquidity

Liquidity coverage ratio & net stable funding ratio



Cumulative Maturity gap, 30 June 2014**



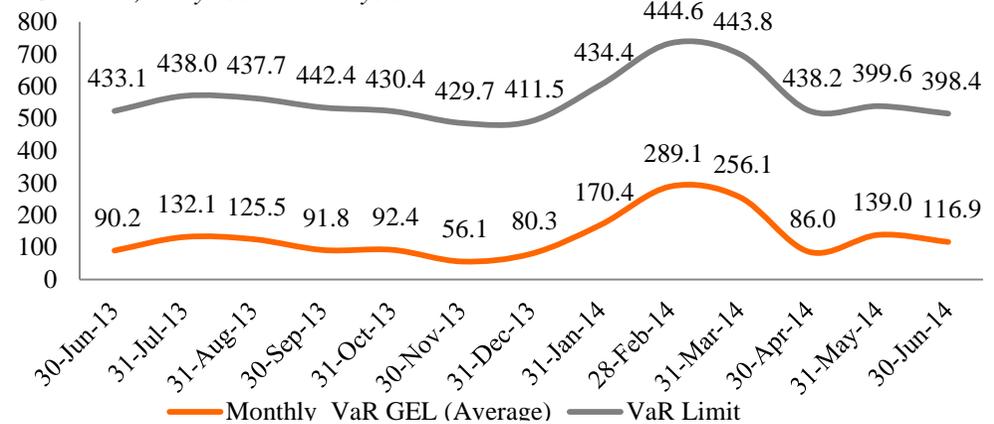
*Daily VaR time series averaged for each respective month

**GEL 1,168.3 mln of current accounts and demand deposits are placed in 6-12 months bucket

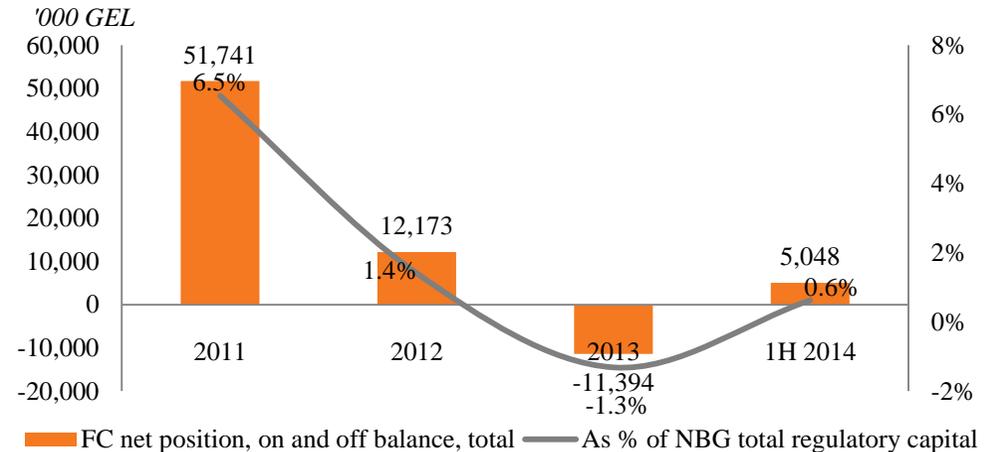
Foreign currency VaR analysis*

STANDALONE

GEL '000, Daily 5% VaR Analysis

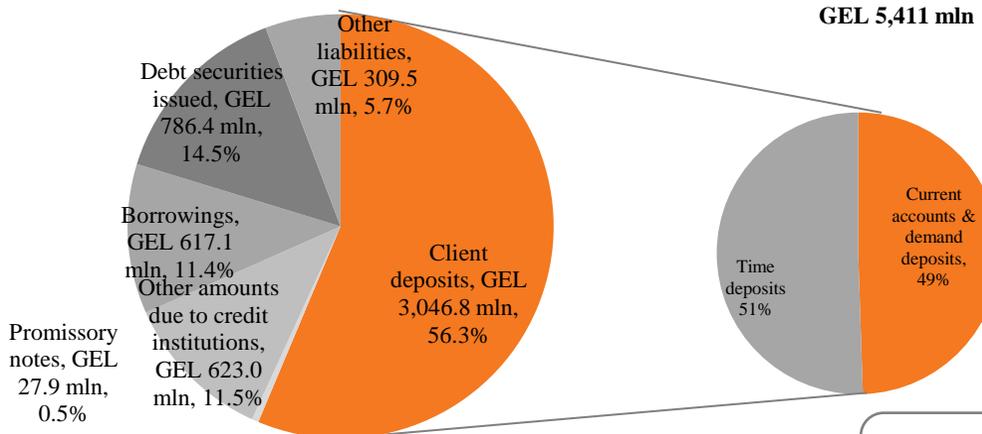


Open currency position

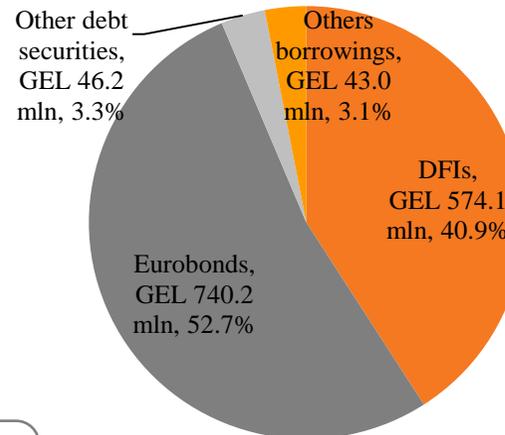


Funding structure is well-balanced

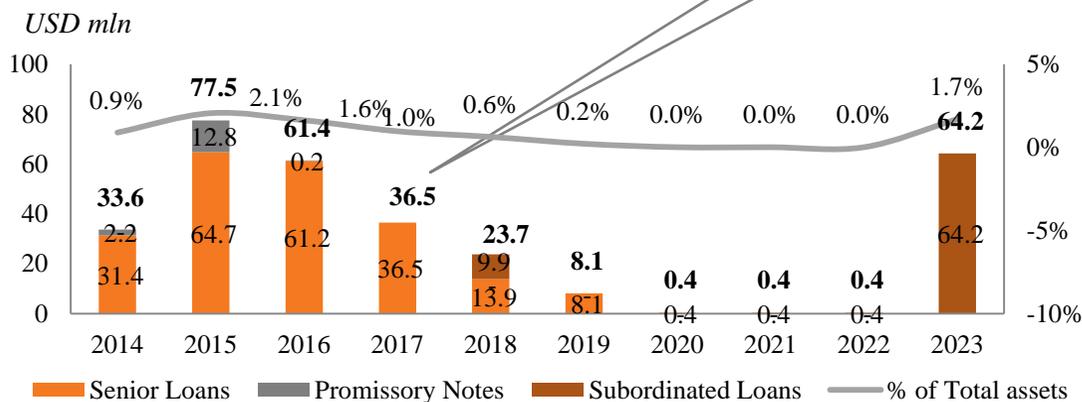
Liability structure, 30 June 2014



Well diversified international borrowings, 30 June 2014



Borrowed funds maturity breakdown*



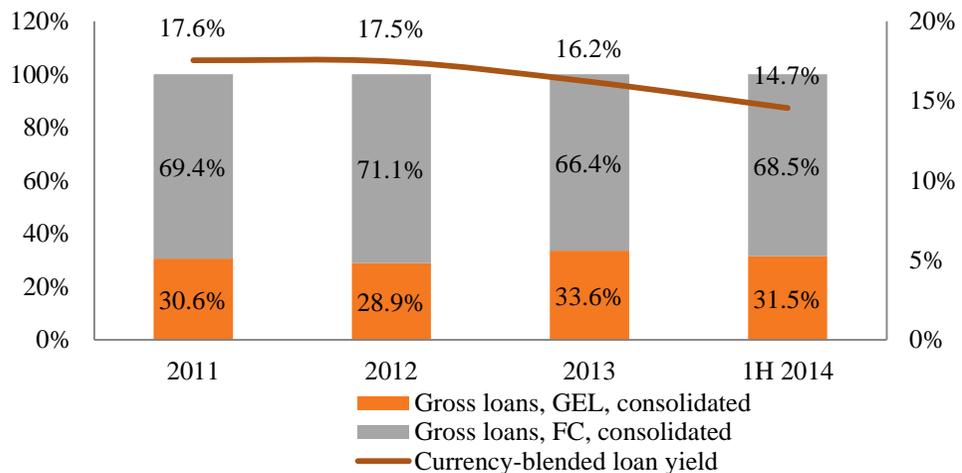
Amounts due to credit institutions

- The Bank has a well-balanced funding structure with 56.3% of total liabilities coming from client deposits, 10.6% from Developmental Financial Institutions (DFIs) and 13.7% from Eurobonds, as of 30 June 2014
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, DEG, Asian Development Bank, etc.
- As of 30 June 2014, US\$49.6 mln undrawn facilities from DFIs with four to nine year maturities

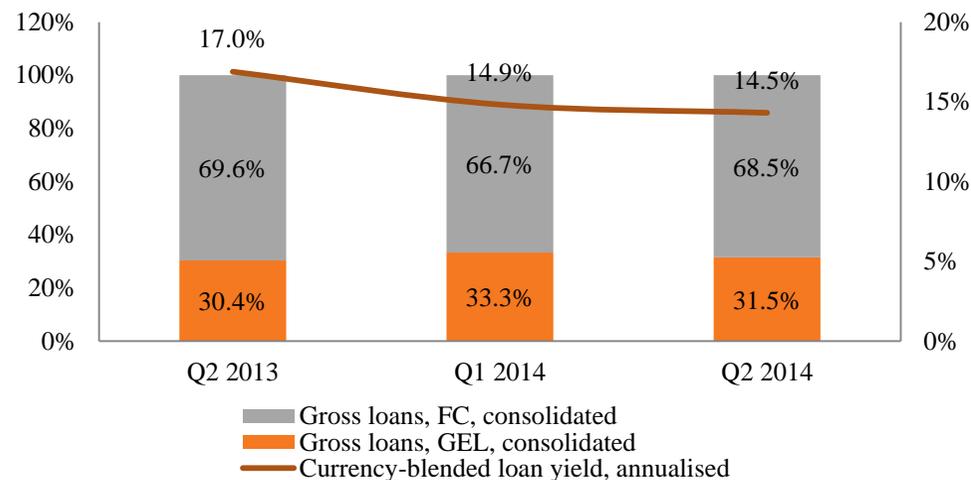
* Consolidated, converted at GEL/US\$ exchange rate of 1.7691 of 30 June 2014
 ** Total Assets as of 30 June 2014

Yield dynamics

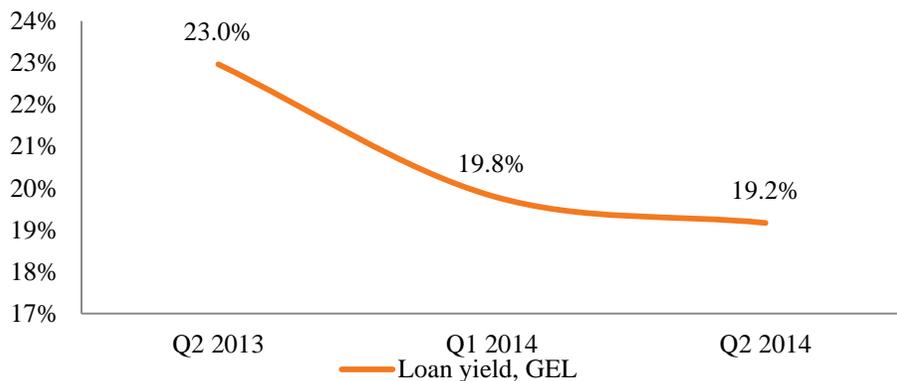
Loan Yields, annual



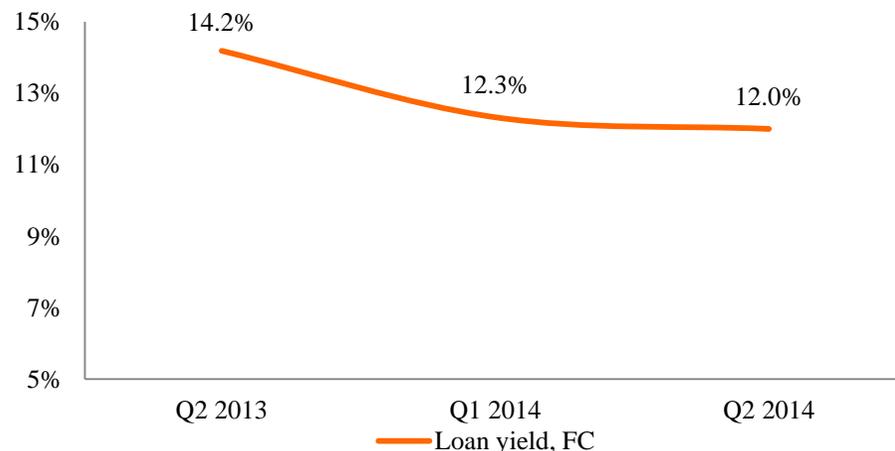
Loan Yields, quarterly



Loan Yields, GEL, quarterly



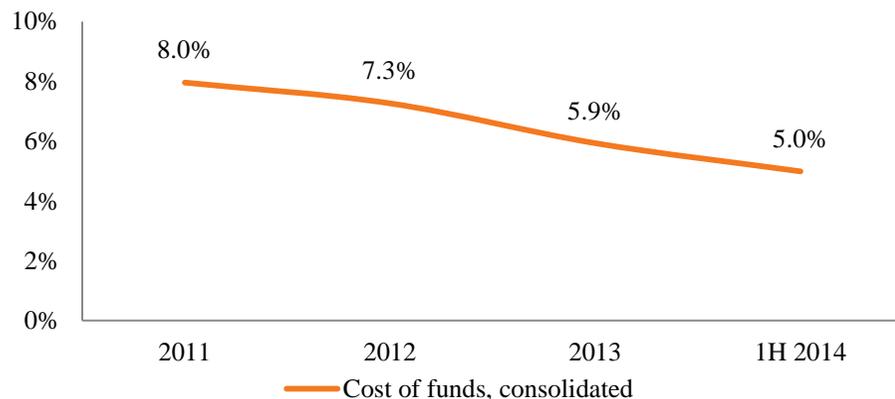
Loan Yields, foreign currency, quarterly



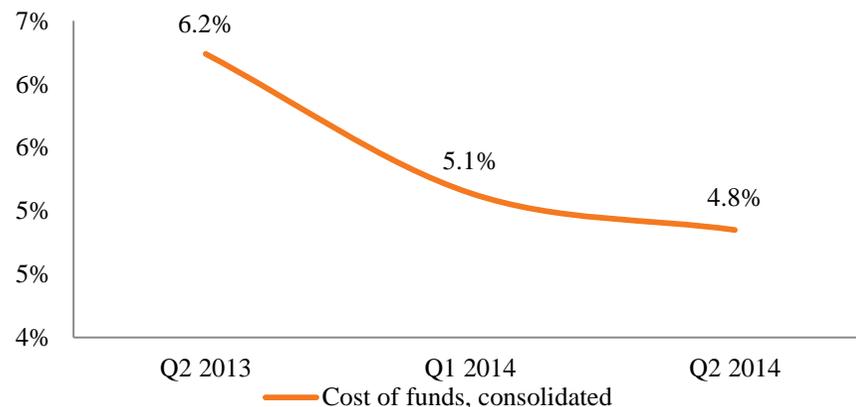
Loan yields excluding provisions

Cost of funds and loans to deposits

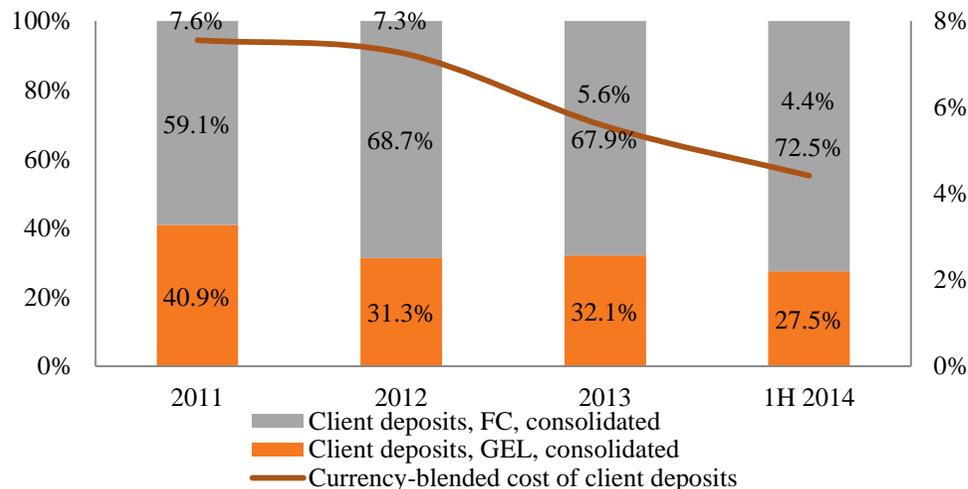
Cost of Funds, annual



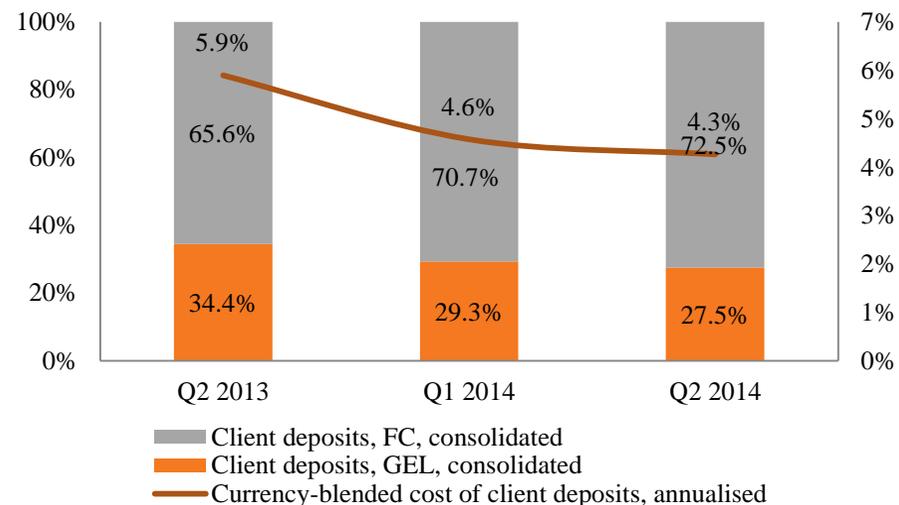
Cost of Funds, quarterly



Cost of Client Deposits, annual



Cost of Client Deposits, quarterly

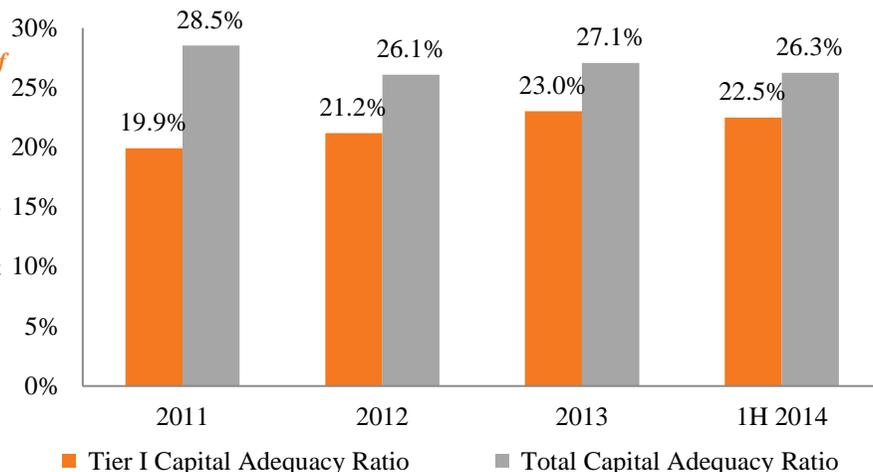


Excellent capital adequacy position

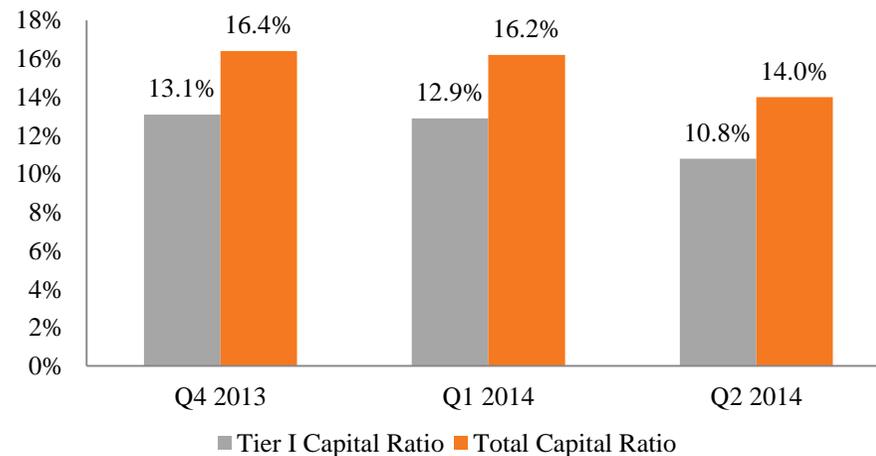
Basel I capital adequacy ratios, consolidated

Risk weighting of FX denominated loans at 175% according to the National Bank of Georgia standards

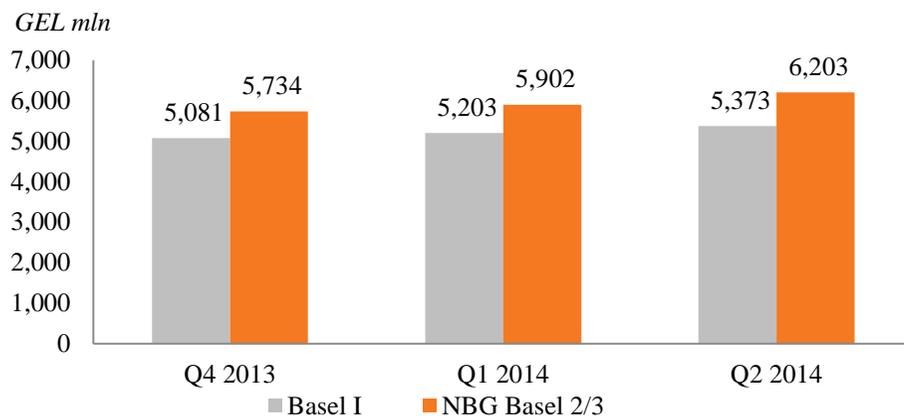
NBG requires that investments in subsidiaries of more than 50% to be deducted from Total Capital



NBG (Basel 2/3), capital adequacy ratios standalone



Risk Weighted Assets Basel I vs NBG (Basel 2/3)



NBG (Basel 2/3) Tier I Capital and Total Capital

GEL mln	June 2014	March 2014	June 2013
Tier I Capital (Core)	669,921	764,157	748,290
Tier 2 Capital (Supplementary)	197,832	190,100	189,824
Total Capital	867,753	954,257	938,114
Risk weighted assets	6,202,897	5,901,857	5,733,683
Tier 1 Capital ratio	10.8%	12.9%	13.1%
Total Capital ratio	14.0%	16.2%	16.4%

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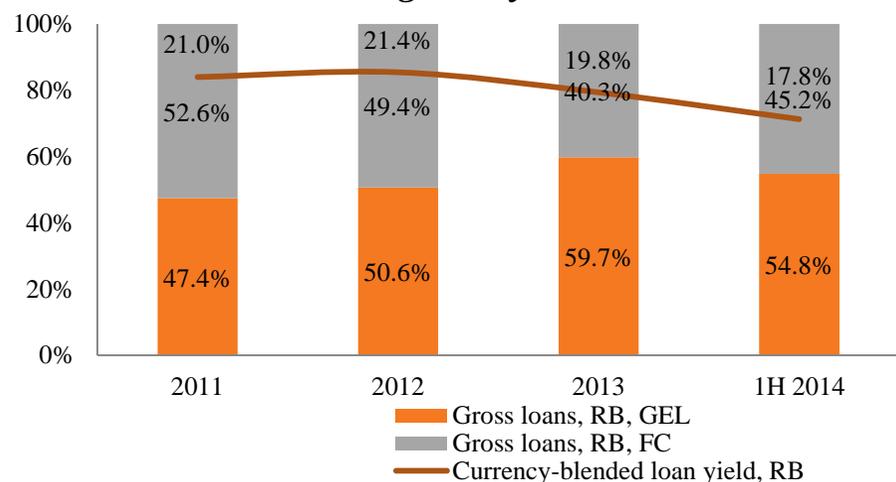
Appendices

Retail Banking (RB): Strong growth of deposits despite rate cuts

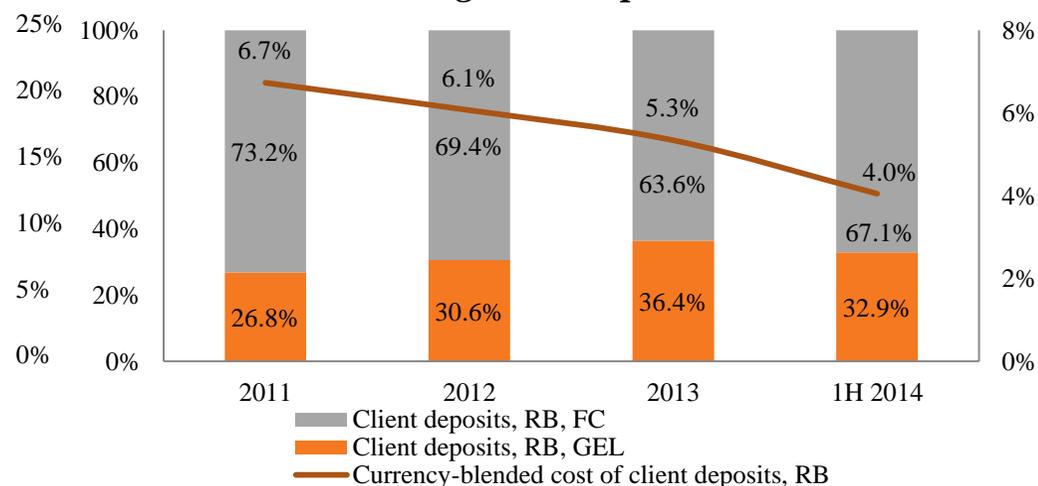
GEL thousands unless otherwise stated

	Q2 2014	Q2 2013	Change Y-O-Y	Q1 2014	Change Q-O-Q	1H 2014	1H 2013	Change Y-O-Y
Net interest income	51,342	48,077	6.8%	48,878	5.0%	100,220	91,065	10.1%
Net fee and commission income	14,309	12,806	11.7%	12,251	16.8%	26,560	25,321	4.9%
Net gain from foreign currencies	4,392	3,640	20.7%	4,227	3.9%	8,619	7,063	22.0%
Other operating non-interest income	1,386	1,512	-8.3%	477	190.6%	1,863	2,518	-26.0%
Revenue	71,429	66,035	8.2%	65,833	8.5%	137,262	125,967	9.0%
Operating expenses	(31,672)	(32,237)	-1.8%	(30,295)	4.5%	(61,967)	(60,375)	2.6%
Operating income before cost of credit risk	39,757	33,798	17.6%	35,538	11.9%	75,295	65,592	14.8%
Cost of credit risk	(2,291)	(7,881)	-70.9%	1,949	NMF	(342)	(17,470)	-98.0%
Net non-recurring items	(4,375)	(274)	NMF	(392)	NMF	(4,767)	(539)	NMF
Profit before income tax expense	33,091	25,643	29.0%	37,095	-10.8%	70,186	47,583	47.5%
Income tax expense	(641)	(2,675)	-76.0%	(5,617)	-88.6%	(6,258)	(6,015)	4.0%
Profit	32,450	22,968	41.3%	31,478	3.1%	63,928	41,568	53.8%

Retail Banking loan yields



Retail Banking client deposit costs

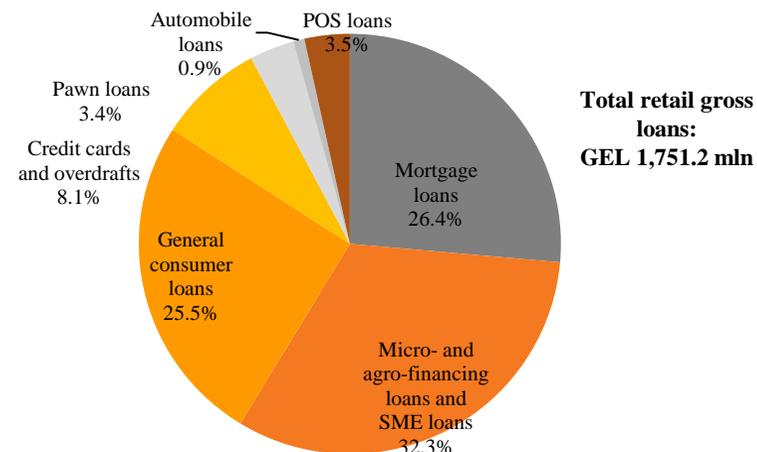


*The loss experience used to determine appropriate general risk provision was changed from seven to three years in Retail Banking in 2012

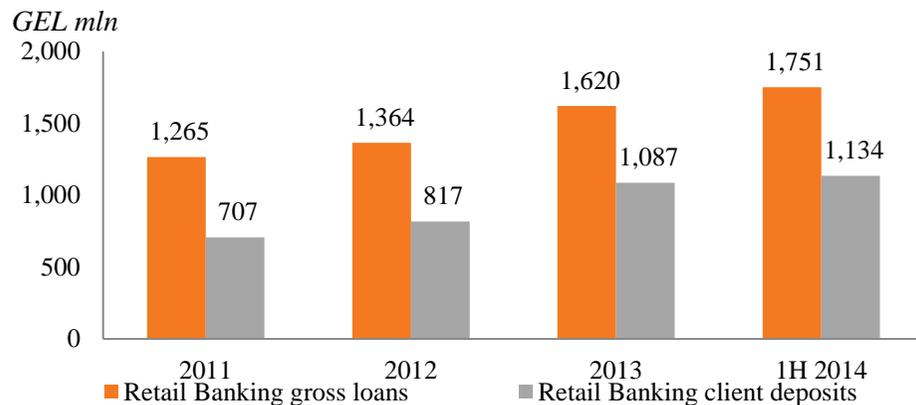
Retail Banking (RB) – No. 1 retail bank in Georgia

RB gross loan portfolio consolidated, 30 June 2014

Volumes are in GEL millions	1H 2014	% of clients	2013	2012	2011
Number of total Retail clients, of which:	1,336,629		1,245,048	1,054,248	888,794
<i>Number of Solo clients ("Premier Banking")</i>	7,089	0.5%	6,810	5,413	3,728
Consumer loans & other outstanding, volume	581.3		560.2	480.0	428.2
Consumer loans & other outstanding, number	486,836	36.4%	455,557	406,213	342,652
Mortgage loans outstanding, volume*	489.5		441.4	388.7	375.0
Mortgage loans outstanding, number*	10,737	0.8%	10,212	9,850	9,162
Micro & SME loans outstanding, volume	565.4		497.0	364.4	318.5
Micro & SME loans outstanding, number	14,462	1.1%	13,317	11,136	9,860
Credit cards and overdrafts outstanding, volume	142.2		142.4	146.4	143.3
Credit cards and overdrafts outstanding, number	191,412	14.3%	174,570	142,072	131,119
Credit cards outstanding, number*, of which:	117,748	8.8%	117,913	107,261	127,820
<i>American Express cards</i>	110,042	8.2%	108,608	99,292	97,100

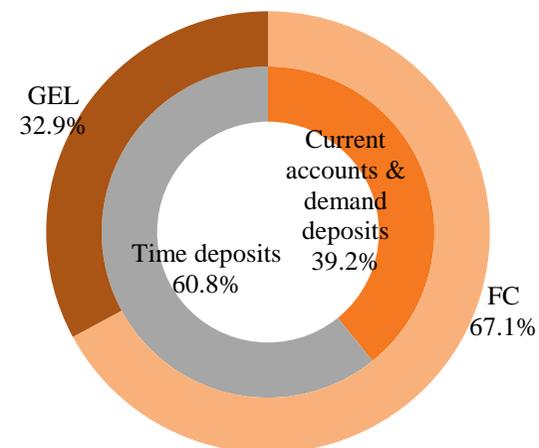


RB gross loans and deposits, consolidated



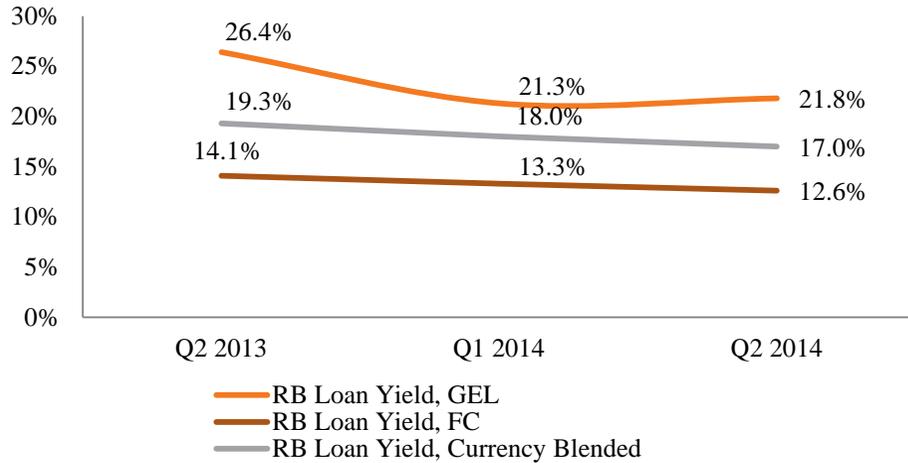
*Includes m2 mortgages

RB client deposits, 30 June 2014

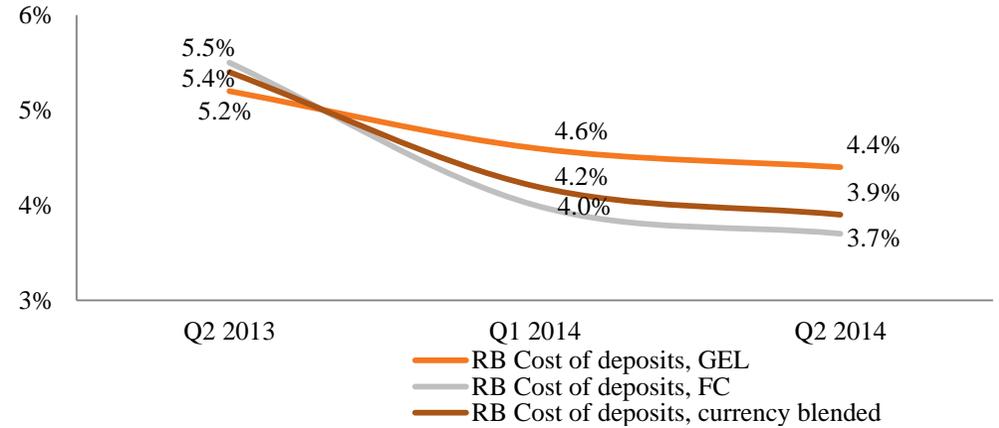


Retail Banking

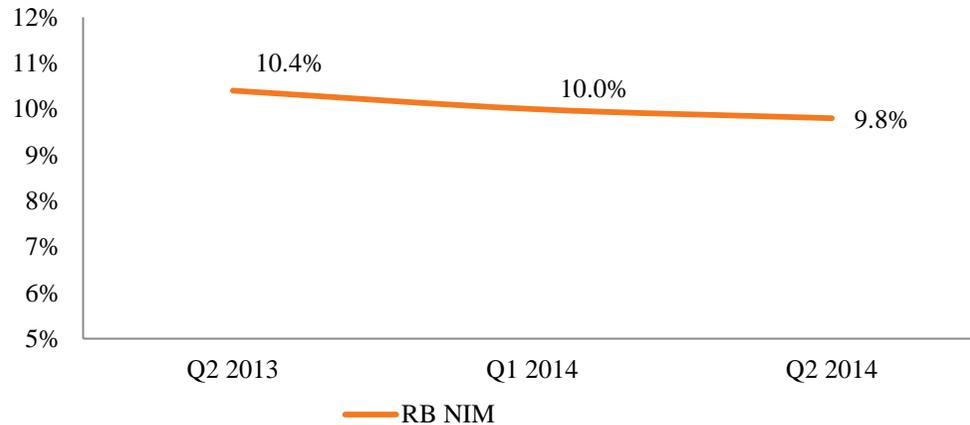
Loan Yield, quarterly



Cost of Deposits, quarterly



NIM, quarterly

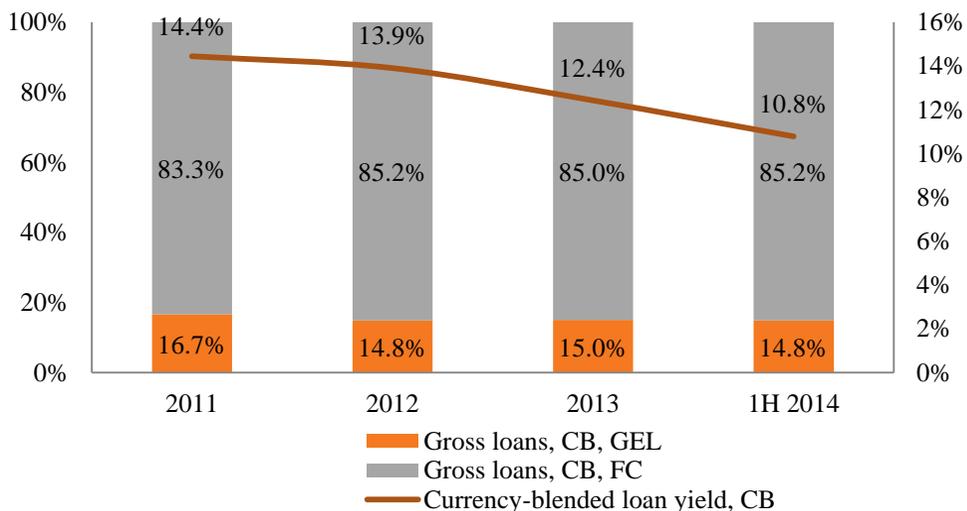


Corporate Banking (CB)

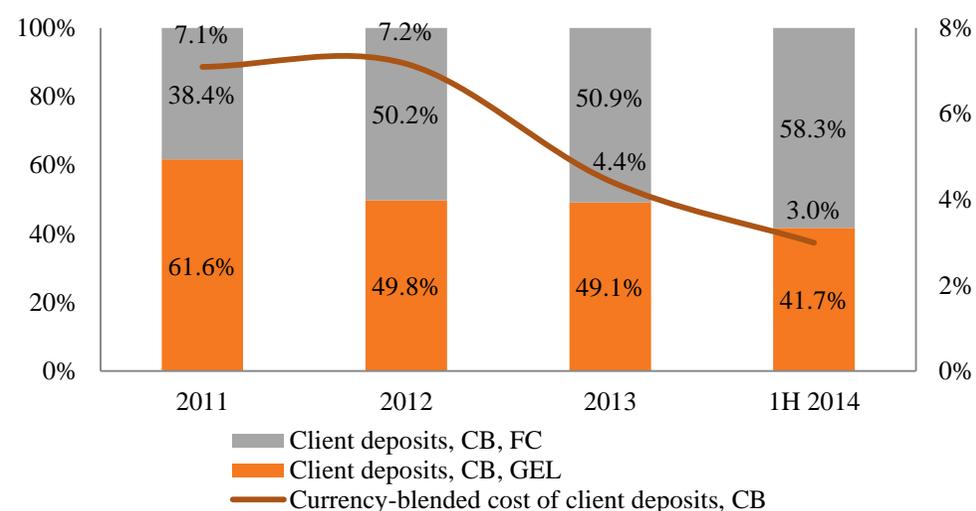
GEL thousands unless otherwise stated

	Q2 2014	Q2 2013	Change Y-O-Y	Q1 2014	Change Q-O-Q	1H 2014	1H 2013	Change Y-O-Y
Net interest income	23,904	25,282	-5.5%	24,607	-2.9%	48,511	50,460	-3.9%
Net fee and commission income	6,292	7,936	-20.7%	5,722	10.0%	12,014	14,372	-16.4%
Net gain from foreign currencies	5,216	7,018	-25.7%	6,326	-17.5%	11,542	12,536	-7.9%
Other operating non-interest income	1,046	1,766	-40.8%	485	115.7%	1,531	3,152	-51.4%
Revenue	36,458	42,002	-13.2%	37,140	-1.8%	73,598	80,520	-8.6%
Operating expenses	(12,528)	(8,477)	47.8%	(11,426)	9.6%	(23,954)	(20,750)	15.4%
Operating income before cost of credit risk	23,930	33,525	-28.6%	25,714	-6.9%	49,644	59,770	-16.9%
Cost of credit risk	(10,737)	(10,275)	4.5%	(12,919)	-16.9%	(23,656)	(17,191)	37.6%
Net non-recurring items	(2,229)	(763)	192.1%	(223)	NMF	(2,453)	(1,017)	141.2%
Profit before income tax expense	10,964	22,487	-51.2%	12,572	-12.8%	23,535	41,562	-43.4%
Income tax expense	(416)	(2,680)	-84.5%	(1,906)	-78.2%	(2,320)	(5,973)	-61.2%
Profit	10,548	19,807	-46.7%	10,666	-1.1%	21,215	35,589	-40.4%

Corporate Banking loan yields



Corporate Banking deposit costs

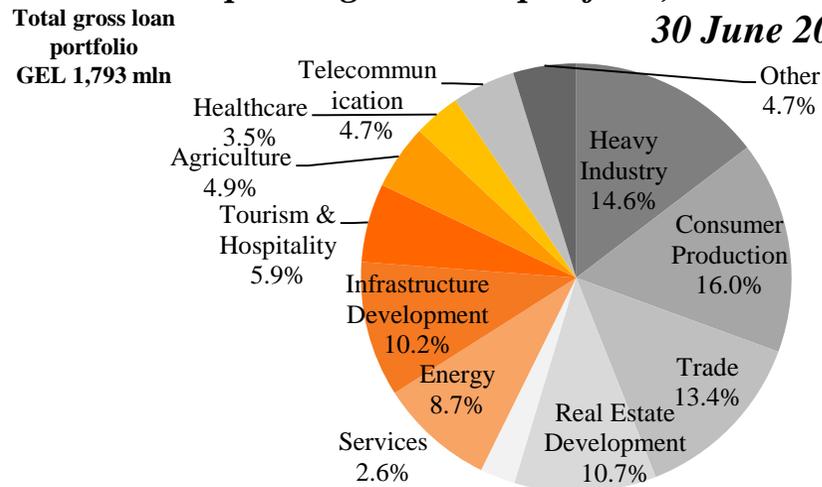


Corporate Banking (CB)

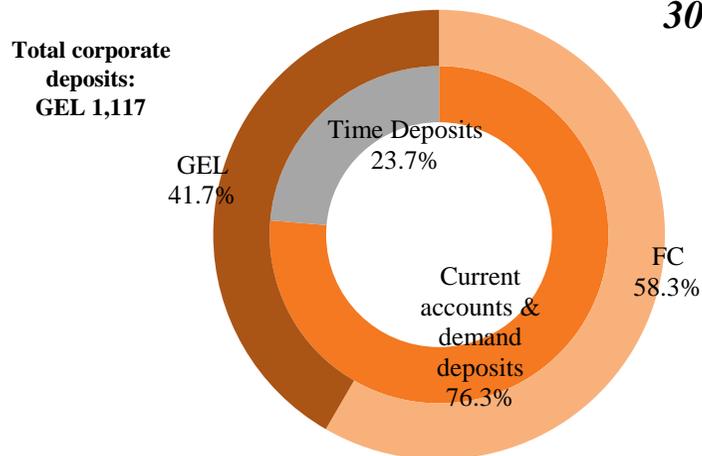
Highlights

- No.1 corporate bank in Georgia
- Circa 28.4% market share based on client deposits¹ as of 30 June 2014
- Integrated client coverage in key sectors
- c.7,100 clients served by dedicated relationship bankers

Corporate gross loan portfolio, standalone, 30 June 2014

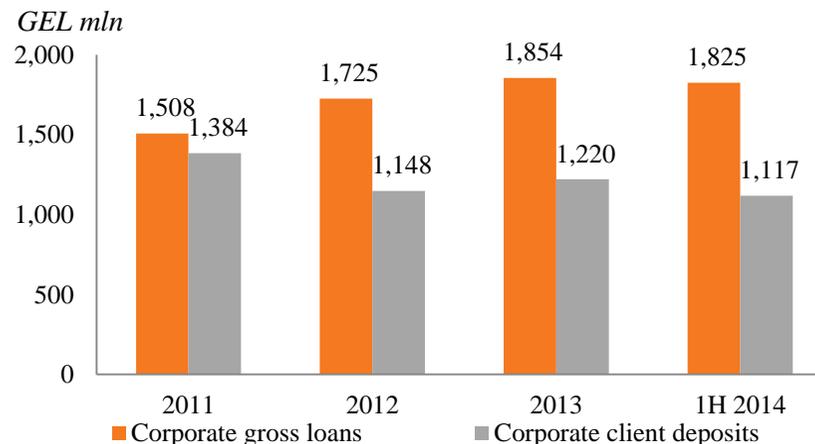


Corporate banking client deposits consolidated, 30 June 2014



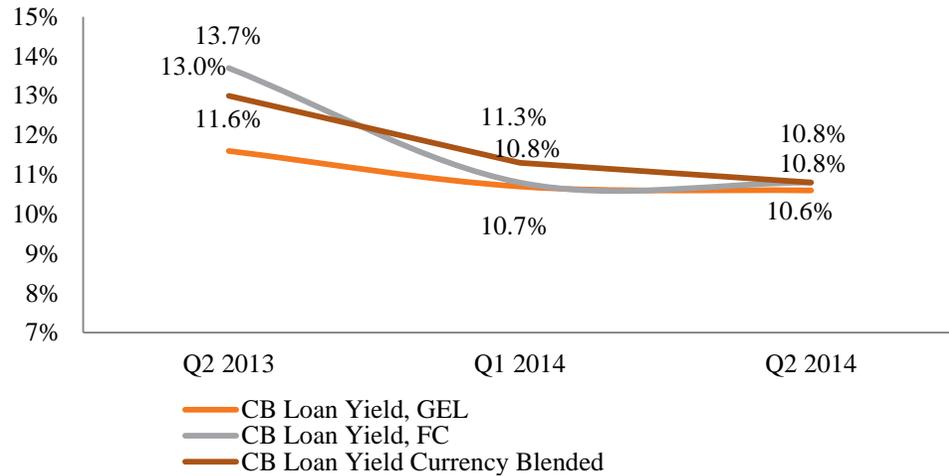
¹ source: National Bank of Georgia, does not include interbank deposits

Corporate gross loan and deposit growth, consolidated

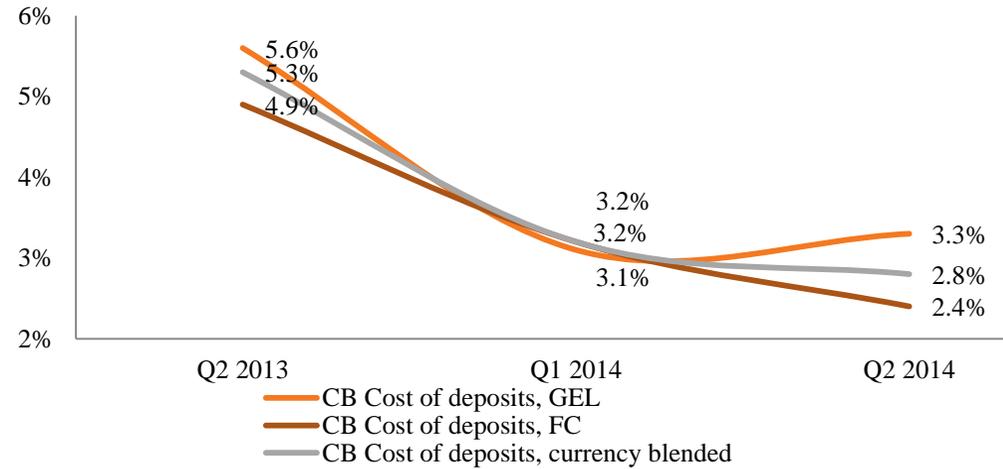


Corporate banking

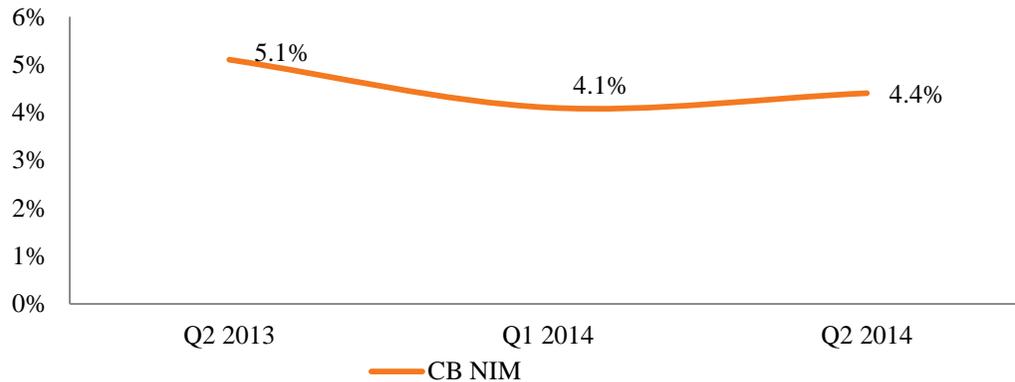
Loan yield, quarterly



Cost of deposits, quarterly



NIM, quarterly



Investment Management results overview

Highlights

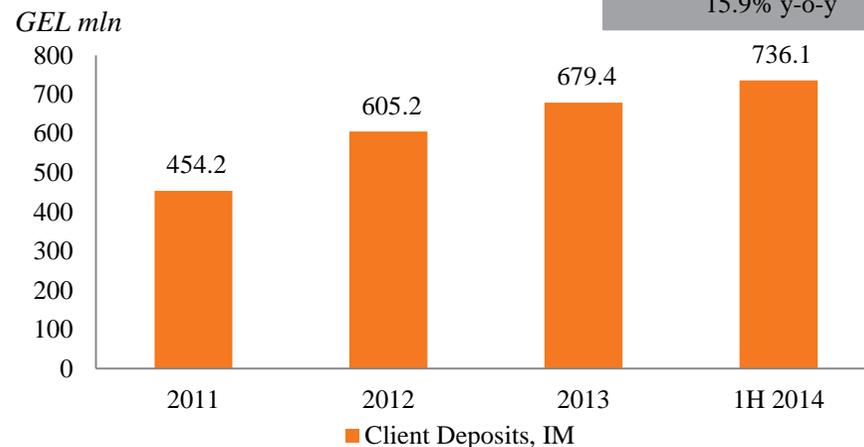
- Strengthening presence internationally through representative offices in Israel (since 2008), the UK (2010), Hungary (2012) and Turkey (2013).
- Preparing to launch Mezzanine Fund, Renewable Energy Fund and Caucasus Money Market Fund
- Executed its first sizeable M&A deal and received a success fee in the amount of US\$1.9 million
- Successfully placed US\$8 million, EUR 8 million and GBP 5 million Euroclearable CDs. CDs issued to IM clients stood at GEL 314.0 million.
- BG Capital (the Bank's brokerage subsidiary) acted as lead arranger for two bond offerings for m2 issued in June 2014. A US\$10 million 1-year bond placement at par with a coupon rate of 8.42% and a US\$5 million 1 year bond with a coupon rate of 9.5%

Bank of Georgia Research

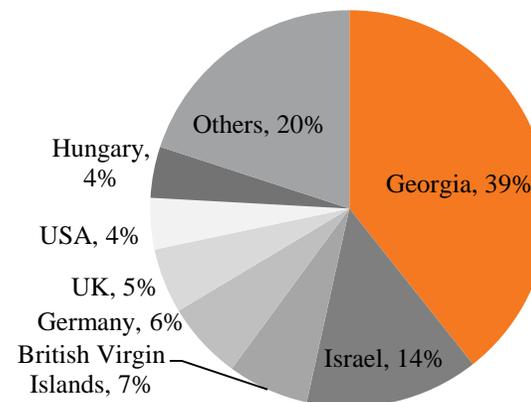
- The Bank of Georgia Research Department was launched in June 2012 with a view of supporting Investment Management and Corporate Banking businesses to attract more clients and investments into Georgia through Bank of Georgia.
- Bank of Georgia Research has initiated research coverage of the Georgian economy and Azeri economies, including a report analysing the impact of Russia-Ukraine standoff on the Georgian economy, the Georgian Retail Real Estate Market, the Georgian Wine Sector, Georgian Agricultural Sector, Georgian Electricity Sector, Georgian Oil and Gas Corporation, Georgian Railway, and has issued notes on Georgian State Budget and the Tourism Sector

* Includes AUM of BG Capital and Aldagi Pension Fund

IM client deposits growth



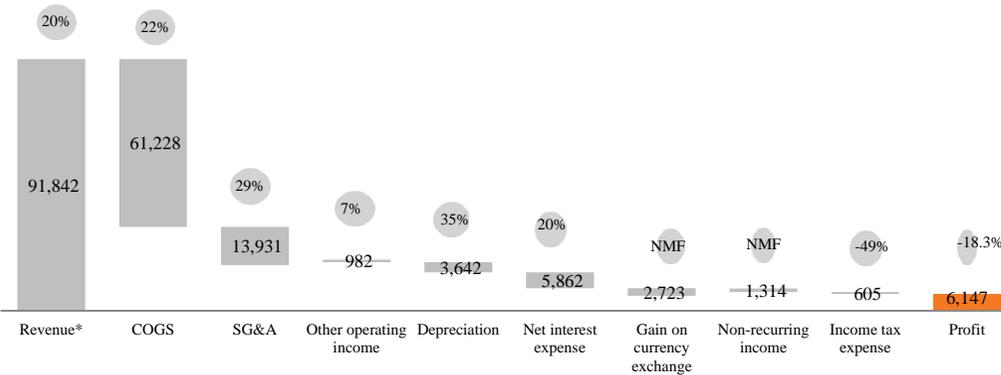
IM client geographical distribution, June 2014



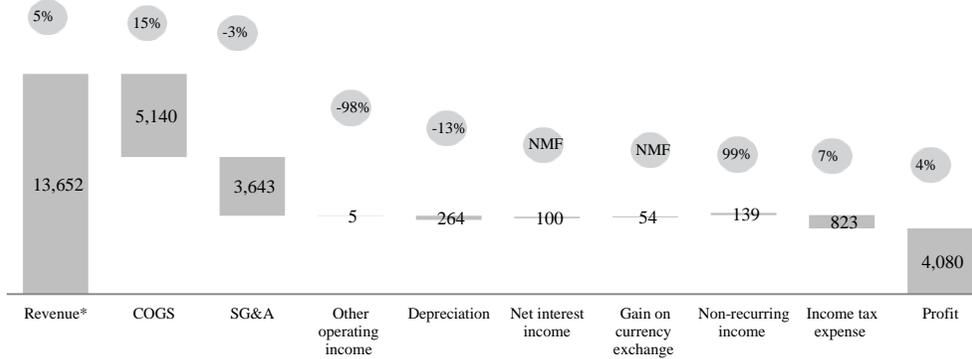
Insurance & healthcare

● y-o-y changes

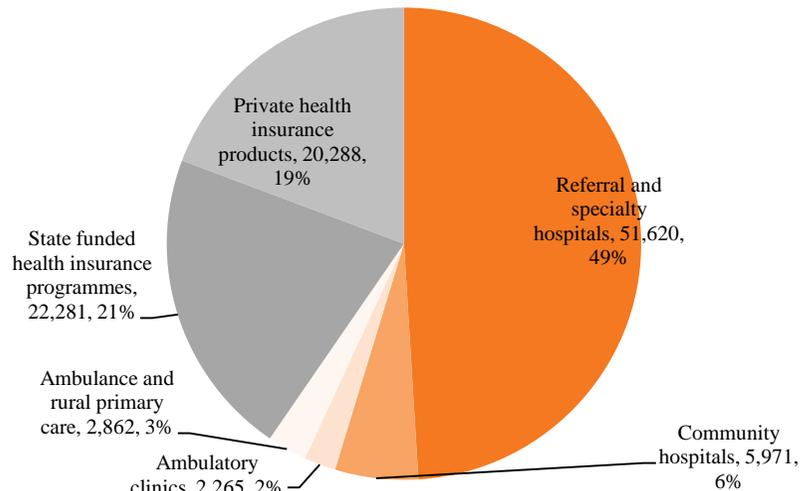
Healthcare business Income Statement



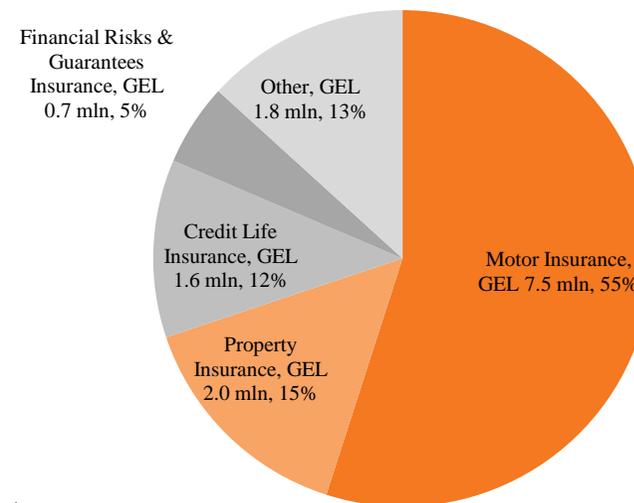
Property and Casualty Income Statement



Healthcare business revenue breakdown



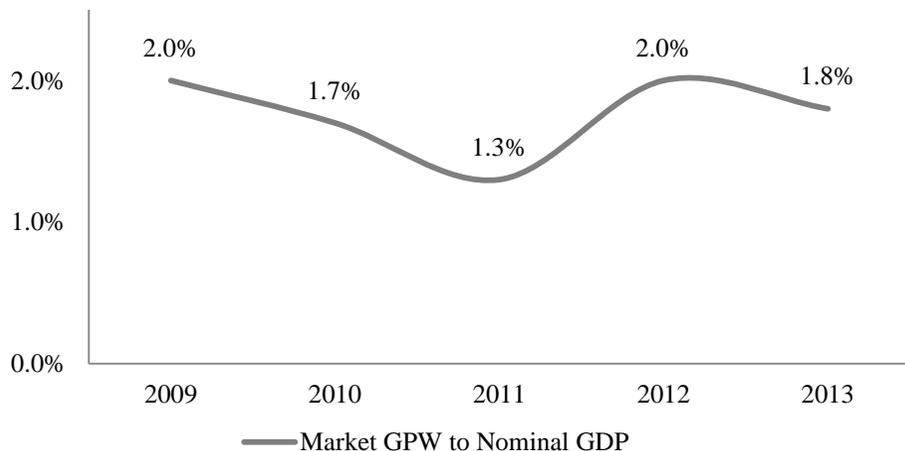
P&C business revenue breakdown



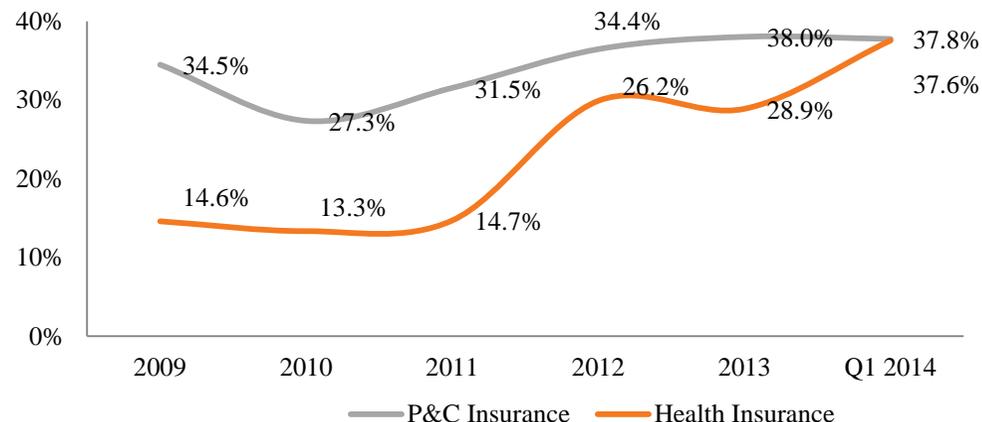
*Insurance revenue is calculated as gross insurance premium revenue less premiums ceded to reinsurers and commission expenses

Insurance and Healthcare, cont'd

Market GPW to nominal GDP



Healthcare and P&C market shares*



Clinics and beds by regions, June 2014

Region	Geography	Population mln persons	TOTAL Hospitals & Clinics		Referral & Specialty Hospitals		Community Clinic		Ambulatory
			Clinics	Beds	Hospitals	Beds	Hospitals	Bed	Clinic
Tbilisi	Capital	1.22	5	518	4	518	-	-	1
Imereti	West Georgia	0.67	7	454	3	389	4	65	-
Adjara	West Georgia	0.40	8	384	2	254	4	130	2
Samegrelo	West Georgia	0.36	8	295	1	150	6	145	1
Kakheti	East Georgia	0.39	4	110	1	70	2	40	1
Samtskhe	South-East Georgia	0.20	4	131	1	50	3	81	-
		3.24			12	1,431	19	461	5

* 2012 Aldagi market share includes Imedi L, which was acquired by Aldagi in 2012

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How Express works

Express Branch



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

Express Pay



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



Transport



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

10 Payments



1 Free Ride
on Bus or Metro

Express Merchant



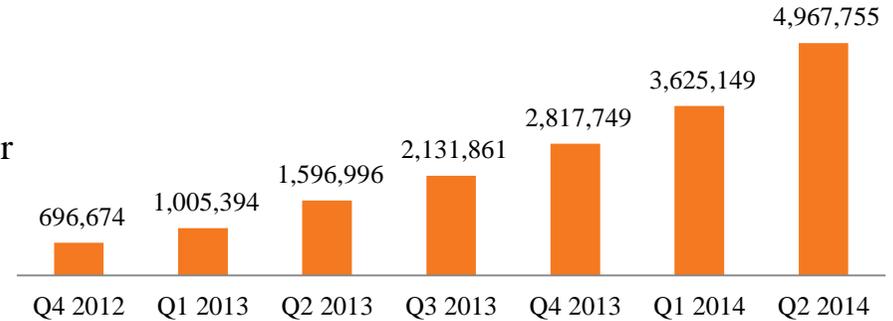
- 🏠 Payments via cards and Express points
- 🏠 P2P transactions between merchant and supplier
- 🏠 Credit limit with 0% interest rate

Express Card

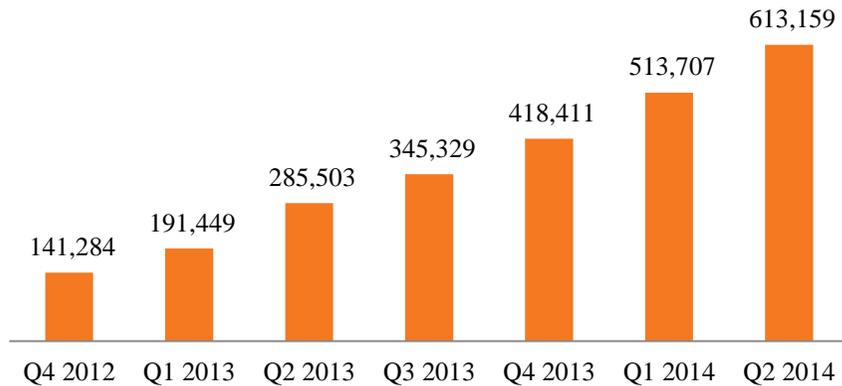


-  613,159 cards outstanding
-  Balance of GEL 66 mln
-  > 10 mln payments in transport per month

Number of transactions

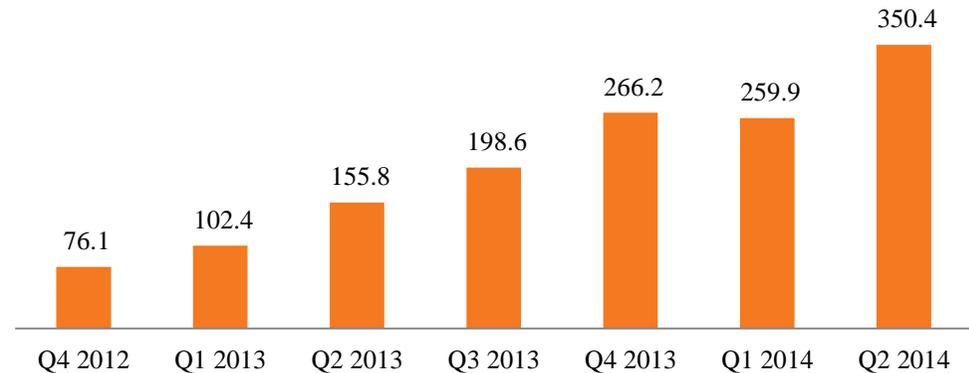


Number of cards outstanding



Volume of transactions

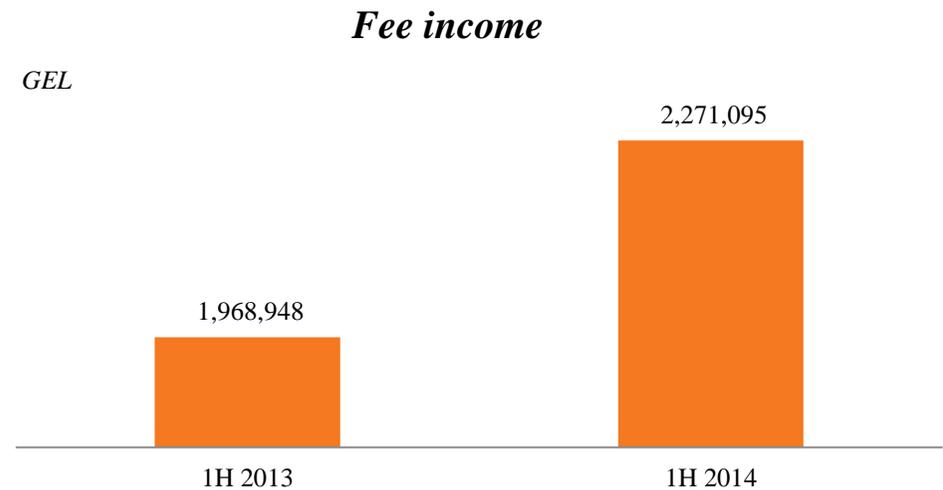
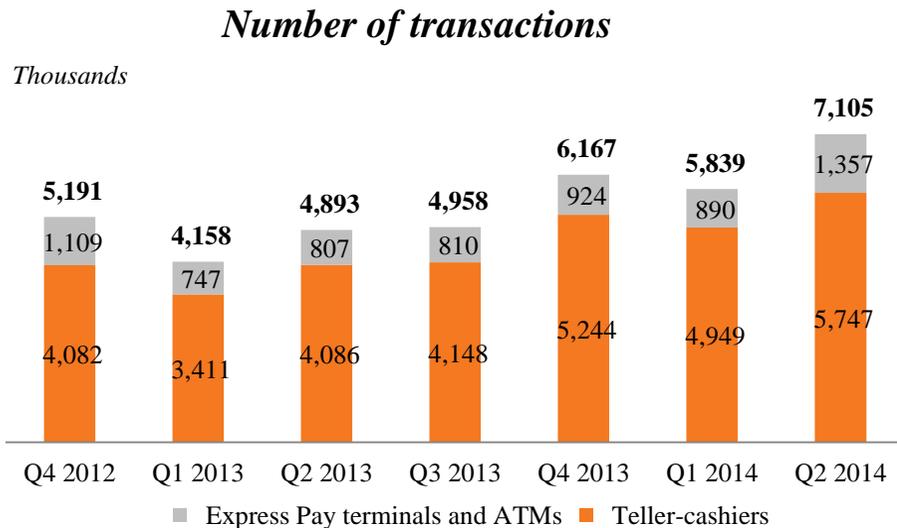
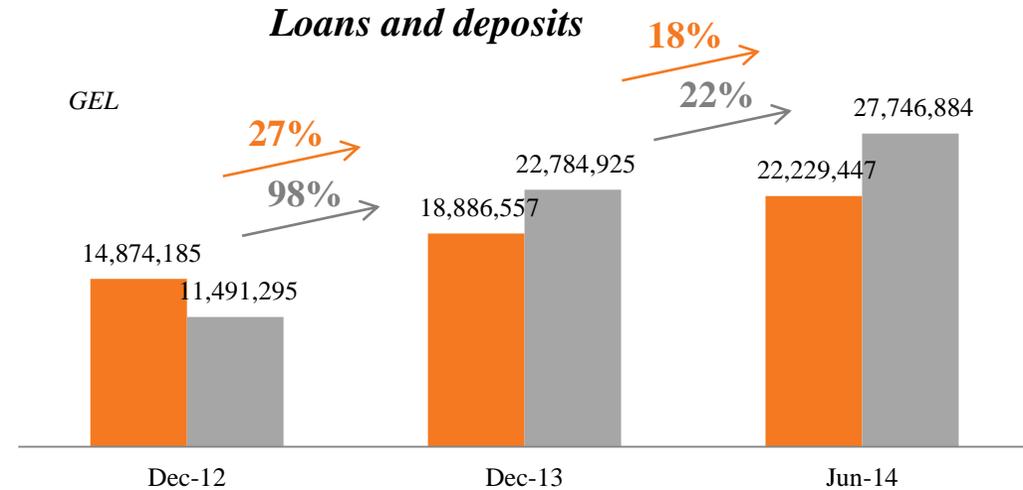
GEL mln



Express Branch



- 72 small format branches
- GEL 1.5 mln net profit per month
- Average capex per one express branch: US\$50K



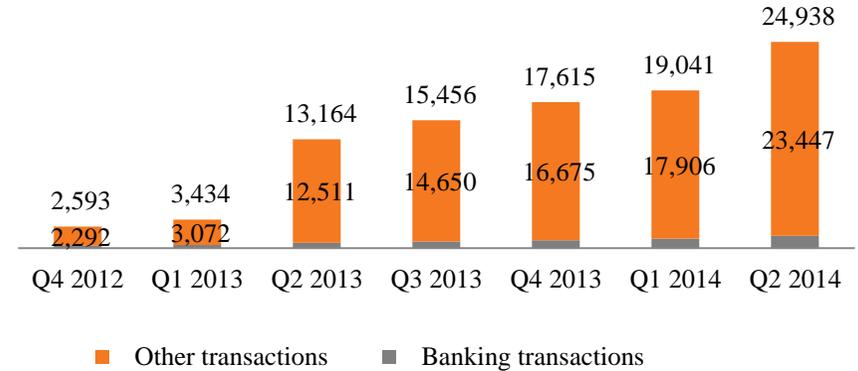
Express Pay Terminal



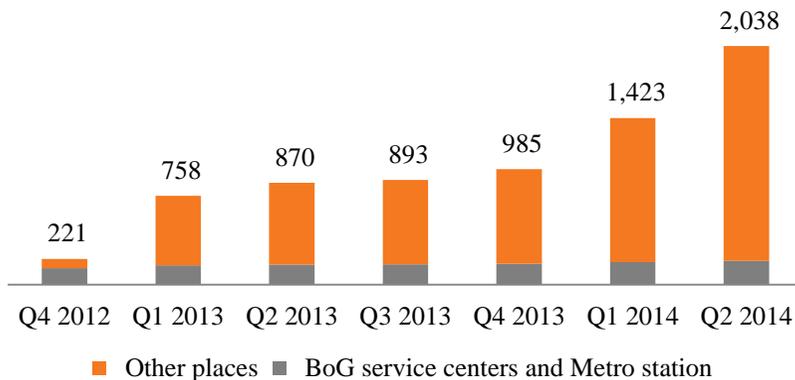
-  1,423 terminals
-  106 merchants and 182 services
-  Cost of one Express Pay Terminal: US\$2,500

Number of transactions

Thousands

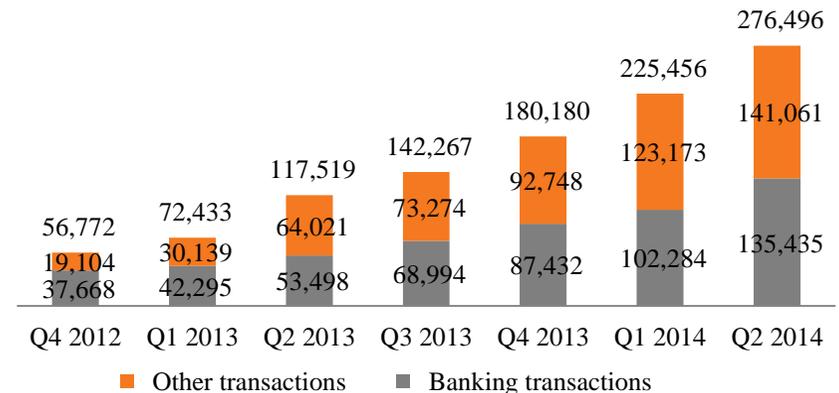


Number of Express Pay Terminals



Volume of transactions

GEL thousands

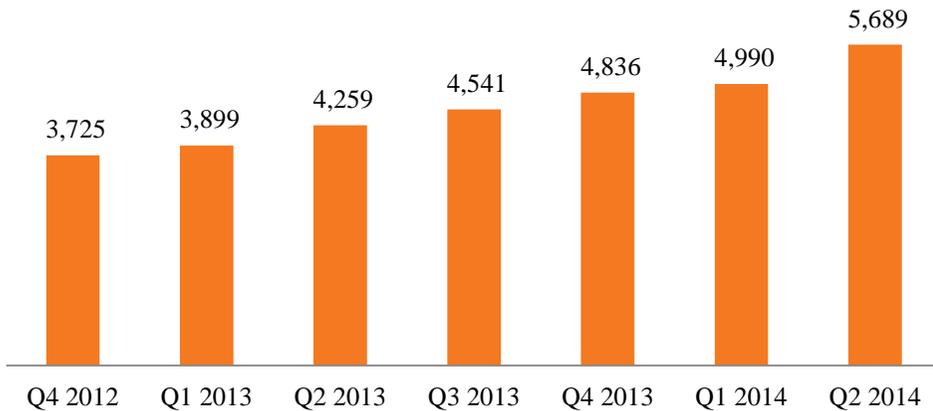


Express Merchant

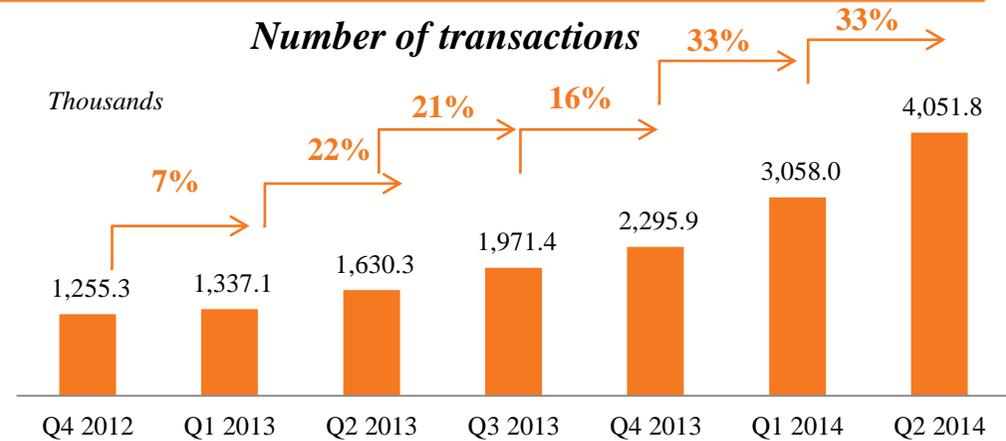


- 5.7K POS Terminals
- >50% Market Share
- Market Size – 10,000 Merchants

Number of POS Terminals

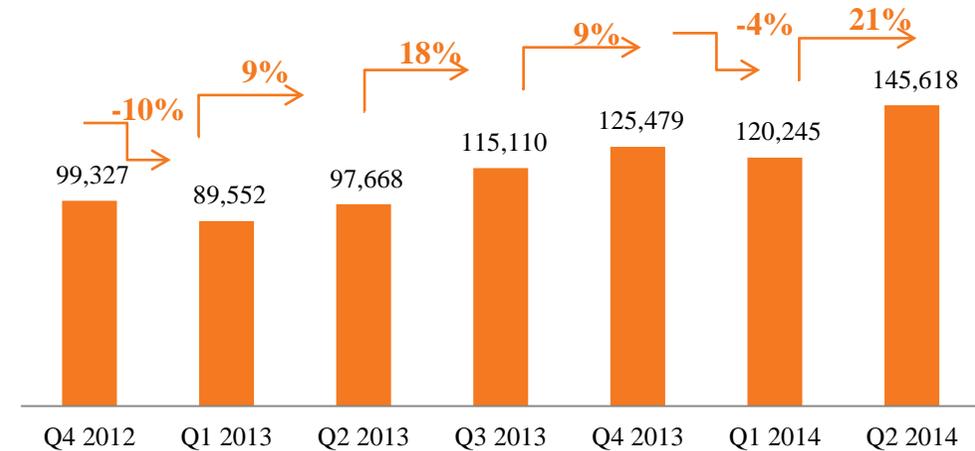


Number of transactions



GEL mln

Volume of transactions

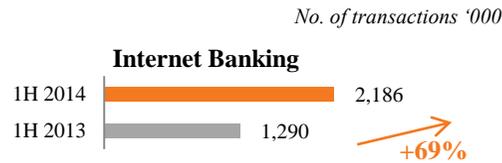




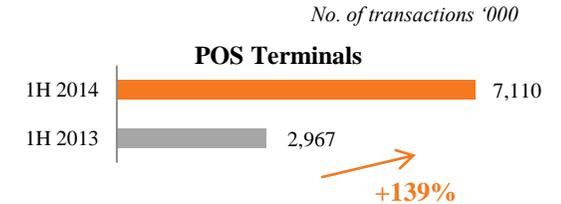
470,000+

A rise of distance channels

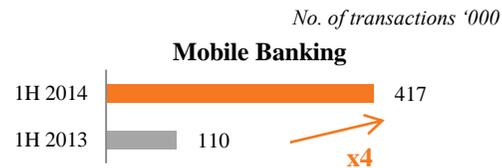
Internet banking: 60,000 active users



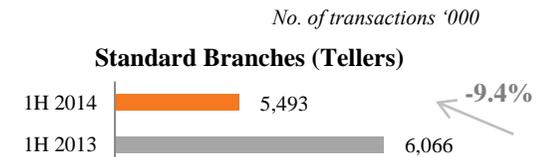
POS terminals: 5.7K throughout Georgia



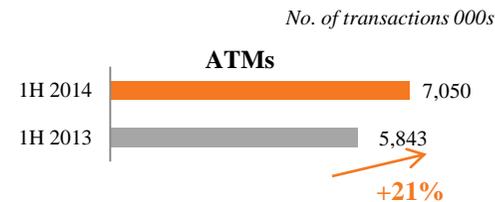
Mobile banking: 20,000 active users



Standard Branches (tellers): 203 branches



ATMs: 510 throughout Georgia



Digital corners



- 🏠 Digital corners provide free tutorials for internet and mobile banking services
- 🏠 Uniquely placed to benefit from internet and mobile banking's huge upside potential

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Analyst coverage of Bank of Georgia Holdings PLC

Consensus Target Price: GBP 27.55



GBP 30.00



GBP 24.69

PANMURE GORDON & CO

GBP 30.00



GBP 24.50



GBP 27.08



GBP 31.60



GBP 28.20



GBP 25.77



GBP 28.50



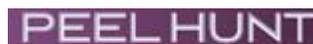
GBP 27.20



GBP 28.20



GBP 28.50



GBP 26.00

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1H 2014 - Income Statement

GEL thousands, unless otherwise noted	Jun-14 Unaudited	Jun-13 Unaudited	Change Y-O-Y
Loans to customers	258,571	260,047	-0.6%
Investment securities	18,071	17,642	2.4%
Amounts due from credit institutions	3,505	4,945	-29.1%
Finance lease receivables	4,498	3,208	40.2%
Interest income	284,645	285,842	-0.4%
Amounts due to customers	(66,987)	(85,538)	-21.7%
Amounts due to credit institutions, of which:	(30,970)	(33,434)	-7.4%
Subordinated debt	(5,989)	(11,144)	-46.3%
Loans and deposits from other banks	(24,981)	(22,290)	12.1%
Debt securities issued, of which:	(26,430)	(16,191)	63.2%
Eurobonds	(25,967)	(16,191)	60.4%
Other	(463)	-	-
Interest expense	(124,387)	(135,163)	-8.0%
Net interest income before interest rate swaps	160,258	150,679	6.4%
Net loss from interest rate swaps	-	(185)	-100.0%
Net interest income	160,258	150,494	6.5%
Fee and commission income	62,815	54,898	14.4%
Fee and commission expense	(16,768)	(12,622)	32.8%
Net fee and commission income	46,047	42,276	8.9%
Net insurance premiums earned	54,618	64,289	-15.0%
Net insurance claims incurred	(38,560)	(41,565)	-7.2%
Net insurance revenue	16,058	22,724	-29.3%
Healthcare revenue	52,591	27,489	91.3%
Cost of healthcare services	(32,855)	(18,498)	77.6%
Net healthcare revenue	19,736	8,991	119.5%
Real estate income	11,793	2,599	NMF
Net gain from trading and investment securities	185	2,590	-92.9%
Net gain from revaluation of investment property	-	4,842	-100.0%
Net gain from foreign currencies, of which:	20,852	21,677	-3.8%
Other operating income	6,583	6,226	5.7%
Other operating non-interest income	39,413	37,934	3.9%
Revenue	281,512	262,419	7.3%
Salaries and other employee benefits	(73,058)	(65,077)	12.3%
General and administrative expenses	(34,688)	(29,764)	16.5%
Depreciation and amortisation expenses	(13,806)	(13,339)	3.5%
Other operating expenses	(1,762)	(1,184)	48.8%
Operating expenses	(123,314)	(109,364)	12.8%
Operating income before cost of credit risk	158,198	153,055	3.4%
Cost of credit risk	(27,162)	(36,261)	-25.1%
Operating income before net non-recurring items	131,036	116,794	12.2%
Net non-recurring items	(8,198)	(5,453)	50.3%
Profit before income tax expense	122,838	111,341	10.3%
Income tax expense	(10,857)	(16,239)	-33.1%
Profit	111,981	95,102	17.7%
Attributable to:			
– shareholders of the Group	108,346	91,735	18.1%
– non-controlling interests	3,635	3,367	8.0%
Earnings per share (basic and diluted) (GEL)	3.15	2.70	16.7%

Q2 2014 Income Statement

GEL thousands, unless otherwise noted	Q2 2014 Unaudited	Q2 2013 Unaudited	Change Y-O-Y	Q1 2014 Unaudited	Change Q-O-Q
Loans to customers	128,157	130,589	-1.9%	130,414	-1.7%
Investment securities	9,552	9,634	-0.9%	8,519	12.1%
Amounts due from credit institutions	1,467	2,330	-37.0%	2,038	-28.0%
Finance lease receivables	2,238	1,709	31.0%	2,260	-1.0%
Interest income	141,414	144,262	-2.0%	143,231	-1.3%
Amounts due to customers	(32,603)	(41,620)	-21.7%	(34,384)	-5.2%
Amounts due to credit institutions, of which:	(14,726)	(16,421)	-10.3%	(16,244)	-9.3%
Subordinated debt	(2,633)	(4,924)	-46.5%	(3,356)	-21.5%
Loans and deposits from other banks	(12,093)	(11,497)	5.2%	(12,888)	-6.2%
Debt securities issued, of which:	(13,531)	(8,214)	64.7%	(12,899)	4.9%
Eurobonds	(13,233)	(8,214)	61.1%	(12,734)	3.9%
Other	(298)	-	-	(165)	80.6%
Interest expense	(60,860)	(66,255)	-8.1%	(63,527)	-4.2%
Net interest income before interest rate swaps	80,554	78,007	3.3%	79,704	1.1%
Net loss from interest rate swaps	-	(109)	-100.0%	-	-
Net interest income	80,554	77,898	3.4%	79,704	1.1%
Fee and commission income	34,737	28,337	22.6%	28,078	23.7%
Fee and commission expense	(8,610)	(6,558)	31.3%	(8,158)	5.5%
Net fee and commission income	26,127	21,779	20.0%	19,920	31.2%
Net insurance premiums earned	25,228	32,545	-22.5%	29,390	-14.2%
Net insurance claims incurred	(18,876)	(21,547)	-12.4%	(19,684)	-4.1%
Net insurance revenue	6,352	10,998	-42.2%	9,706	-34.6%
Healthcare revenue	29,843	14,419	107.0%	22,748	31.2%
Cost of healthcare services	(17,904)	(9,319)	92.1%	(14,951)	19.8%
Net healthcare revenue	11,939	5,100	134.1%	7,797	53.1%
Real estate income	5,098	1,380	NMF	6,694	-23.8%
Net gain from trading and investment securities	97	1,306	-92.6%	88	10.2%
Net gain from revaluation of investment property	-	4,842	-100.0%	-	-
Net gain from foreign currencies, of which:	9,963	12,225	-18.5%	10,889	-8.5%
Other operating income	4,045	4,125	-1.9%	2,539	59.3%
Other operating non-interest income	19,203	23,878	-19.6%	20,210	-5.0%
Revenue	144,175	139,653	3.2%	137,337	5.0%
Salaries and other employee benefits	(37,251)	(32,575)	14.4%	(35,808)	4.0%
General and administrative expenses	(19,198)	(15,707)	22.2%	(15,490)	23.9%
Depreciation and amortisation expenses	(6,932)	(6,747)	2.7%	(6,874)	0.8%
Other operating expenses	(889)	(664)	33.9%	(871)	2.1%
Operating expenses	(64,270)	(55,693)	15.4%	(59,043)	8.9%
Operating income before cost of credit risk	79,905	83,960	-4.8%	78,294	2.1%
Cost of credit risk	(13,847)	(18,984)	-27.1%	(13,316)	4.0%
Operating income before net non-recurring items	66,058	64,976	1.7%	64,978	1.7%
Net non-recurring items	(7,077)	(4,088)	73.1%	(1,120)	NMF
Profit before income tax expense	58,981	60,888	-3.1%	63,858	-7.6%
Income tax expense	(663)	(7,783)	-91.5%	(10,194)	-93.5%
Profit	58,318	53,105	9.8%	53,664	8.7%
Attributable to:					
- shareholders of the Group	56,422	51,138	10.3%	51,925	8.7%
- non-controlling interests	1,896	1,967	-3.6%	1,739	9.0%
Earnings per share (basic and diluted) (GEL)	1.64	1.51	8.6%	1.51	8.6%

30 June 2014 – Balance Sheet

GEL thousands, unless otherwise noted	Jun-14 Unaudited	Jun-13 Unaudited	Change Y-O-Y	Mar-14 Unaudited	Change Q-O-Q
Cash and cash equivalents	903,734	547,404	65.1%	979,498	-7.7%
Amounts due from credit institutions	363,468	326,537	11.3%	379,255	-4.2%
Investment securities	569,937	644,237	-11.5%	601,128	-5.2%
Loans to customers and finance lease receivables	3,659,427	3,122,916	17.2%	3,489,252	4.9%
Investment property	152,292	169,722	-10.3%	154,847	-1.7%
Property and equipment	534,289	447,205	19.5%	516,731	3.4%
Goodwill	48,720	45,657	6.7%	48,720	0.0%
Intangible assets	28,490	24,039	18.5%	27,873	2.2%
Income tax assets	32,204	15,941	102.0%	27,772	16.0%
Prepayments	28,188	30,205	-6.7%	35,735	-21.1%
Other assets	346,932	297,831	16.5%	358,964	-3.4%
Total assets	6,667,681	5,671,694	17.6%	6,619,775	0.7%
Amounts due to customers, of which:	3,074,710	2,850,234	7.9%	3,065,536	0.3%
Client deposits	3,046,845	2,838,153	7.4%	3,037,120	0.3%
Promissory notes	27,865	12,081	130.7%	28,416	-1.9%
Amounts due to credit institutions	1,240,128	1,050,831	18.0%	1,206,818	2.8%
Debt securities issued	786,432	424,854	85.1%	734,771	7.0%
Income tax liabilities	92,617	57,411	61.3%	96,384	-3.9%
Provisions	6,047	483	NMF	2,289	164.2%
Other liabilities	210,871	184,976	14.0%	226,950	-7.1%
Total liabilities	5,410,805	4,568,789	18.4%	5,332,748	1.5%
Share capital	1,081	903	19.7%	1,043	3.6%
Additional paid-in capital	33,409	19,645	70.1%	26,827	24.5%
Treasury shares	(46)	(50)	-8.0%	(42)	9.5%
Other reserves	(82,318)	39,209	NMF	(39,222)	109.9%
Retained earnings	1,249,580	988,885	26.4%	1,229,995	1.6%
Total equity attributable to shareholders of the Group	1,201,706	1,048,592	14.6%	1,218,601	-1.4%
Non-controlling interests	55,170	54,313	1.6%	68,426	-19.4%
Total equity	1,256,876	1,102,905	14.0%	1,287,027	-2.3%
Total liabilities and equity	6,667,681	5,671,694	17.6%	6,619,775	0.7%
Book value per share (GEL)	34.95	30.90	13.1%	35.35	-1.1%

Aldagi Income Statement

GEL thousands, unless otherwise noted	1H 2014	1H 2013	Change Y-O-Y
Gross premiums written (GPW)	53,676	64,588	-16.9%
Gross premiums earned	66,455	72,549	-8.4%
Net insurance premiums earned	56,066	65,556	-14.5%
Net insurance claims incurred	(38,560)	(41,565)	-7.2%
Net insurance revenue	17,506	23,991	-27.0%
Healthcare revenue	52,591	27,489	91.3%
Cost of healthcare services	(32,855)	(18,498)	77.6%
Net healthcare revenue	19,736	8,991	119.5%
Net interest expense and other Revenue	(7,864) 29,378	(3,723) 29,259	111.2% 0.4%
Operating expenses	(17,688)	(14,433)	22.6%
Operating income before cost of credit risk	11,690	14,826	-21.2%
Cost of credit risk	(1,410)	(1,421)	-0.8%
Net non-recurring items	1,375	-	-
Profit before income tax expense	11,655	13,405	-13.1%
Income tax expense	(1,428)	(1,958)	-27.1%
Profit	10,227	11,447	-10.7%

Key Ratios

KEY RATIOS	Currency Blended		GEL		FC	
	1H 2014	1H 2013	1H 2014	1H 2013	Jun-14	Jun-13
Profitability						
ROAA, Annualised ¹	3.4%	3.4%				
ROAE, Annualised ²	18.2%	17.6%				
ROAA, adjusted for impairment, annualised	3.5%	3.4%				
ROAE, adjusted for impairment, annualised	18.7%	17.6%				
Net Interest Margin, Annualised ³	7.3%	7.8%	12.6%	13.4%	3.9%	4.3%
Loan Yield, Annualised ⁴	14.7%	16.9%	19.5%	23.4%	12.1%	14.0%
Cost of Funds, Annualised ⁵	5.0%	6.4%	4.1%	5.7%	5.3%	6.7%
Cost of Customer Funds, annualised	4.4%	6.2%	3.9%	5.8%	4.6%	6.3%
Cost of Client Deposits, annualised	4.4%	6.2%	3.9%	5.8%	4.6%	6.3%
Cost of Amounts Due to Credit Institutions, annualised	5.1%	6.6%	4.5%	4.8%	5.5%	7.0%
Cost of Debt Securities Issued	7.1%	7.8%				
Operating Leverage, Y-O-Y ⁶	-5.5%	9.5%				
Efficiency						
Cost / Income ⁷	43.8%	41.7%				
Liquidity						
NBG Liquidity Ratio ⁸	38.1%	44.8%				
Liquid Assets To Total Liabilities ⁹	34.0%	33.3%				
Net Loans To Customer Funds	119.0%	109.6%				
Net Loans To Customer Funds + DFIs	100.3%	90.0%				
Gross Loan Dollarisation Rate	68.5%	69.6%				
Customer Funds Dollarisation Rate	72.7%	65.7%				
Client Deposits Dollarisation Rate	72.5%	65.6%				
Leverage (Times) ¹⁰	4.3	4.1				
Asset Quality:						
NPLs (in GEL)	145,590	131,960				
NPLs To Gross Loans To Clients	3.9%	4.1%				
NPL Coverage Ratio ¹¹	74.5%	89.1%				
NPL Coverage Ratio, Adjusted for discounted value of collateral ¹²	116.8%	117.4%				
Cost of Risk, Annualised ¹³	1.0%	1.5%				
Capital Adequacy:						
BIS Tier I Capital Adequacy Ratio, Consolidated ¹⁴	22.5%	22.9%				
BIS Total Capital Adequacy Ratio, Consolidated ¹⁵	26.3%	27.8%				
New NBG (Basel 2/3) Tier I Capital Adequacy Ratio ¹⁶	10.8%	N/A				
New NBG (Basel 2/3) Total Capital Adequacy Ratio ¹⁷	14.0%	N/A				
Old NBG Tier I Capital Adequacy Ratio ¹⁸	14.8%	15.4%				
Old NBG Total Capital Adequacy Ratio ¹⁹	13.8%	16.3%				
Per Share Values:						
Basic and diluted EPS (GEL) ²⁰	3.15	2.70				
Book Value Per Share (GEL) ²¹	34.99	30.90				
Ordinary Shares Outstanding - Weighted Average, Basic ²²	34,442,314	34,030,799				
Ordinary Shares Outstanding - Weighted Average, Diluted ²³	34,442,314	34,030,799				
Ordinary Shares Outstanding - Period End, Basic	34,387,198	33,936,007				
Treasury Shares Outstanding - Period End	(1,522,185)	(1,973,376)				
Selected Operating Data:						
Full Time Employees, Group, Of Which:	12,267	11,507				
- Full Time Employees, BOG Stand-Alone	3,629	3,692				
- Full Time Employees, Aldagi BCI Insurance	590	617				
- Full Time Employees, Aldagi BCI Healthcare	6,753	6,027				
- Full Time Employees, BNB	439	365				
- Full Time Employees, Other	856	806				
Total Assets Per FTE, BOG Stand-Alone (in GEL thousands)	1,837	1,536				
Number Of Active Branches, Of Which:	206	197				
- Flagship Branches	34	34				
- Standard Branches	100	100				
- Express Branches (including Metro)	72	63				
Number Of ATMs	510	481				
Number Of Cards Outstanding, Of Which:	1,075,134	909,309				
- Debit cards	957,386	797,492				
- Credit cards	117,748	111,817				
Number Of POS Terminals	5,689	4,259				

Q2 2014 - Key Ratios

KEY RATIOS QUARTERLY	Currency Blended			GEL			FC		
	Q2 2014	Q2 2013	Q1 2014	Q2 2014	Q2 2013	Q1 2014	Q2 2014	Q2 2013	Q1 2014
Profitability									
ROAA, annualised ¹	3.5%	3.8%	3.3%						
ROAE, annualised ²	18.6%	19.3%	17.7%						
ROAA, adjusted for impairment, annualised	3.7%	3.8%	3.3%						
ROAE, adjusted for impairment, annualised	19.7%	19.3%	17.7%						
Net Interest Margin, Annualised ³	7.3%	7.9%	7.4%	12.4%	13.0%	12.8%	4.0%	4.6%	3.7%
Loan Yield, Annualised ⁴	14.5%	17.0%	14.9%	19.2%	23.0%	19.8%	12.0%	14.2%	12.3%
Cost of Funds, Annualised ⁵	4.8%	6.2%	5.1%	4.0%	5.5%	4.2%	5.1%	6.5%	5.5%
Cost of Customer Funds, annualised	4.3%	5.9%	4.6%	3.9%	5.5%	3.8%	4.4%	6.1%	4.9%
Cost of Client Deposits, annualised	4.3%	5.9%	4.6%	3.9%	5.5%	3.8%	4.4%	6.1%	4.9%
Cost of Amounts Due to Credit Institutions, annualised	4.9%	6.6%	5.3%	4.1%	5.0%	4.9%	5.4%	6.9%	5.6%
Cost of Debt Securities Issued	7.1%	7.8%	7.1%						
Operating Leverage, Y-O-Y ⁶	-12.2%	13.3%	1.9%						
Efficiency									
Cost / Income ⁷	44.6%	39.9%	43.0%						
Liquidity									
NBG Liquidity Ratio ⁸	38.1%	44.8%	43.5%						
Liquid Assets To Total Liabilities ⁹	34.0%	33.3%	36.8%						
Net Loans To Customer Funds	119.0%	109.6%	113.8%						
Net Loans To Customer Funds + DFIs	100.3%	90.0%	96.4%						
Gross Loan Dollarisation Rate	68.5%	69.6%	66.7%						
Customer Funds Dollarisation Rate	72.7%	65.7%	71.0%						
Client Deposits Dollarisation Rate	72.5%	65.6%	70.7%						
Leverage (Times) ¹⁰	4.3	4.1	4.1						
Asset Quality:									
NPLs (in GEL)	145,590	131,960	138,477						
NPLs To Gross Loans To Clients	3.9%	4.1%	3.8%						
NPL Coverage Ratio ¹¹	74.5%	89.1%	92.0%						
NPL Coverage Ratio, Adjusted for discounted value of collateral ¹²	116.8%	117.4%	121.4%						
Cost of Risk, Annualised ¹³	0.9%	1.5%	1.0%						
Capital Adequacy:									
BIS Tier I Capital Adequacy Ratio, Consolidated ¹⁴	22.5%	22.9%	23.7%						
BIS Total Capital Adequacy Ratio, Consolidated ¹⁵	26.3%	27.8%	27.7%						
New NBG (Basel 2/3) Tier I Capital Adequacy Ratio ¹⁶	10.8%	N/A	12.9%						
New NBG (Basel 2/3) Total Capital Adequacy Ratio ¹⁷	14.0%	N/A	16.2%						
Old NBG Tier I Capital Adequacy Ratio ¹⁸	14.8%	15.4%	16.4%						
Old NBG Total Capital Adequacy Ratio ¹⁹	13.8%	16.3%	15.5%						
Per Share Values:									
Basic and diluted EPS (GEL) ²⁰	1.64	1.51	1.51						
Book Value Per Share (GEL) ²¹	34.95	30.90	35.35						
Ordinary Shares Outstanding - Weighted Average, Basic ²²	34,414,605	33,829,260	34,470,332						
Ordinary Shares Outstanding - Weighted Average, Diluted ²³	34,414,605	33,829,260	34,470,332						
Ordinary Shares Outstanding - Period End, Basic	34,387,198	33,936,007	34,470,332						
Treasury Shares Outstanding - Period End	(1,522,185)	(1,973,376)	(1,439,051)						
Selected Operating Data:									
Full Time Employees, Group, Of Which:	12,267	11,507	13,612						
- Full Time Employees, BOG Stand-Alone	3,629	3,692	3,561						
- Full Time Employees, Aldagi BCI Insurance	590	617	573						
- Full Time Employees, Aldagi BCI Healthcare	6,753	6,027	8,227						
- Full Time Employees, BNB	439	365	410						
- Full Time Employees, Other	856	806	841						
Total Assets Per FTE, BOG Stand-Alone (in GEL thousands)	1,837	1,536	1,859						
Number Of Active Branches, Of Which:	206	197	203						
- Flagship Branches	34	34	34						
- Standard Branches	100	100	99						
- Express Branches (including Metro)	72	63	70						
Number Of ATMs	510	481	497						
Number Of Cards Outstanding, Of Which:	1,075,134	909,309	1,015,702						
- Debit cards	957,386	797,492	897,856						
- Credit cards	117,748	111,817	117,846						
Number Of POS Terminals	5,689	4,259	4,990						

Notes to Key Ratios

- 1 Return on average total assets (ROAA) equals Profit for the period divided by monthly average total assets for the same period;
- 2 Return on average total equity (ROAE) equals Profit for the period attributable to shareholders of the Bank divided by monthly average equity attributable to shareholders of the Bank for the same period;
- 3 Net Interest Margin equals Net Interest Income of the period (adjusted for the gains or losses from revaluation of interest rate derivatives) divided by monthly Average Interest Earning Assets Excluding Cash for the same period (daily averages are used for Bank of Georgia standalone Average Interest Earning assets); Interest Earning Assets Excluding Cash comprise: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares and other equity instruments) and net Loans To Customers And Finance Lease Receivables;
- 4 Loan Yield equals Interest Income From Loans To Customers And Finance Lease Receivables divided by monthly Average Gross Loans To Customers And Finance Lease Receivables; (daily averages are used for Bank of Georgia standalone Gross Loans to Customers and Finance Lease Receivables);
- 5 Cost of Funds equals interest expense of the period (adjusted for the gains or losses from revaluation of interest rate derivatives) divided by monthly average interest bearing liabilities; interest bearing liabilities include: amounts due to credit institutions and amounts due to customers;
- 6 Operating Leverage equals percentage change in revenue less percentage change in Other operating expenses;
- 7 Cost / Income Ratio equals other operating expenses divided by revenue;
- 8 Average liquid assets during the month (as defined by NBG) divided by selected average liabilities and selected average off-statement of financial position commitments (both as defined by NBG);
- 9 Liquid assets include: cash and cash equivalents, amounts due from credit institutions and investment securities;
- 10 Leverage (Times) equals total liabilities divided by total equity;
- 11 NPL Coverage Ratio equals allowance for impairment of loans and finance lease receivables divided by NPLs;
- 12 NPL Coverage Ratio equals allowance for impairment of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for impairment)
- 13 Cost of Risk equals impairment charge for loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period;
- 14 BIS Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements of Basel Accord I;
- 15 BIS Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of Basel Accord I;
- 16 New NBG (Basel 2/3) Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 17 New NBG (Basel 2/3) Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 18 Old NBG Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 19 Old NBG Total Capital Adequacy ratio equals total capital divided by total risk weighted Assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 20 Basic EPS equals Profit for the period from continuing operations attributable to shareholders of the Bank divided by the weighted average number of outstanding ordinary shares over the same period;
- 21 Book Value Per Share equals total equity attributable to shareholders of the Bank divided by net ordinary shares outstanding at period end; net ordinary shares outstanding equals total number of ordinary shares outstanding at period end less number of treasury shares at period end;
- 22 Weighted average number of ordinary shares equal average of daily outstanding number of shares less daily outstanding number of treasury shares;
- 23 Weighted average diluted number of ordinary shares equals weighted average number of ordinary shares plus weighted average dilutive number of shares known to the management during the same period;
- 24 Average Interest Earning Assets are calculated on a monthly basis; interest earning assets excluding cash include: investment securities (but excluding corporate shares and other equity instruments) and loans to customers and finance lease receivables;
- 25 Recurring Earning Power equals operating income before cost of credit risk for the period divided by monthly average total assets of the same period;
- 26 Operating cost equals other operating expenses;
- 27 Reserve for Loan Losses to Gross Loans equals allowance for impairment of loans and finance lease receivables divided by gross loans and finance lease receivables.

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Forward Looking Statements

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

There are various factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, legal, business and social environment. The forward-looking statements in this presentation speak only as of the date of this presentation. JSC Bank of Georgia and Bank of Georgia Holdings undertake no obligation to revise or update any forward-looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.