



BANK OF GEORGIA
HOLDINGS PLC

Bank of Georgia Q2 2012 and 1H 2012 Results Presentation

October 2012

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

Business Segment Discussion

Appendices

The leading bank in Georgia

Leading market position: No. 1 bank in Georgia by assets (35.7%), loans (35.9%), client deposits (37.2%) and equity (41.7%)¹

Underpenetrated market with stable growth perspectives: Nominal GDP growth for 2004-2011 of 13.8% CAGR. IMF estimates 6.0% growth for 2012. Net loans/GDP grew from 9.2% to 29.5% over the period, still below regional average; Total deposits/GDP grew from 9.9% in 2004 to 27.9% in 2011

Strong brand name recognition and retail banking franchise: Offers the broadest range of financial products to the retail market through a branch network of 179 branches and 459 ATMs to approximately one million customers as of June 2012

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: First and still the only entity from Georgia to list on the London Stock Exchange since 2006 (in the form of GDRs since 2006 and premium listing since February 2012)

Sustainable growth combined with strong capital, liquidity and strong profitability

| US\$ mln ² | 1H 2012 | 2011 | 2010 | Change 2011/2010 |
|-----------------------------|---------|---------|---------|------------------|
| Total Assets | 2,999.8 | 2,793.1 | 2,258.8 | 23.7% |
| Loans to customers, net | 1,776.9 | 1,566.4 | 1,334.5 | 17.4% |
| Customer funds ³ | 1,730.1 | 1,637.6 | 1,142.9 | 43.3% |
| Shareholders' equity | 582.0 | 486.5 | 391.1 | 24.4% |
| Revenue | 145.3 | 259.7 | 195.5 | 32.9% |
| Profit ⁵ | 52.3 | 90.4 | 46.6 | 93.8% |

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

| | 2004 | 30 June 2012 | Change |
|----------------------------------|-------|--------------|--------|
| Market capitalisation (US\$ mln) | 45.2 | 748.9* | 16.6x |
| Total assets (US\$ mln) | 199.0 | 2,999.8 | 15.1x |
| Market share by total assets | 19% | 36% | 89% |

*Market capitalisation for Bank of Georgia Holdings plc., the Bank's holding company, as of 21 September 2012

¹ Market data based on standalone accounts as published by the National Bank of Georgia (NBG) as of 30 June 2012 www.nbg.gov.ge

² US\$/GEL 1.6451 as at 30 June 2012

³ Amounts due to customers

⁴ Liquid assets include cash and cash equivalents, cash placed with credit institutions and NBG CDs and Georgian government treasuries

⁵ Profit for the period from continuing operations used for the calculation of ROAA and ROAE

⁶ Capital Adequacy ratios as of 31 March 2012 include EBRD and IFC loan conversions and are presented on a consolidated basis

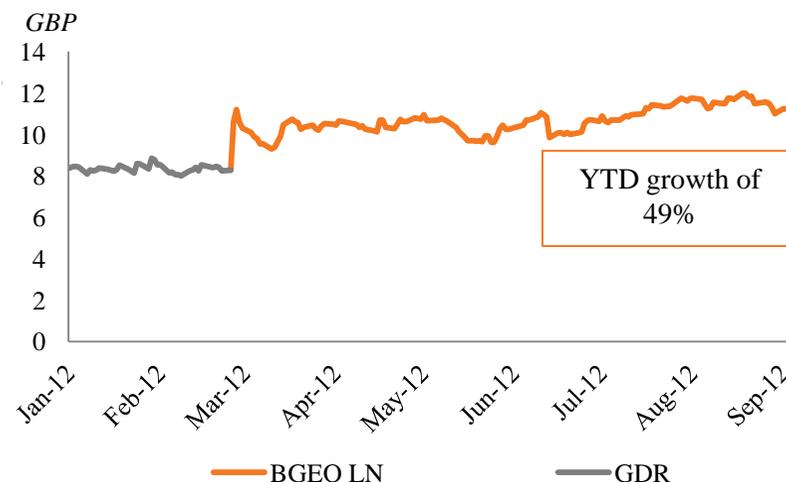
Shareholder structure and share price

 Bank of Georgia Holdings plc. (BGH) (LSE: BGEO) a UK-incorporated holding company of JSC Bank of Georgia. As of 30 June 2012, BGH's shareholder structure was as follows:

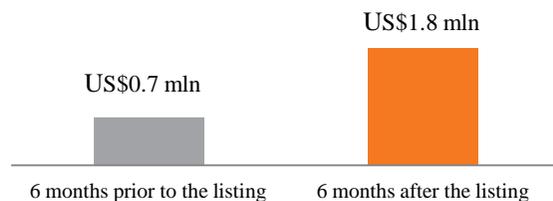


- BGEO is included in FTSE 250 and FTSE All Share Index Funds as of 18 June 2012, as announced by FTSE on 6 June 2012

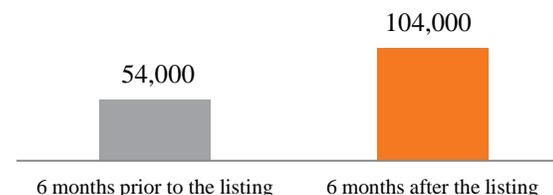
Share price performance



Average daily trading volume



Average number of shares traded



* Includes shares held by and share options allocated for the Bank's Supervisory and Management Board members and certain other employees of the Bank and its subsidiaries

3x20%: Growth story with dividends

UK corporate governance

FTSE 250

ROE c.20%

- Revenue up 25.1% y-o-y to GEL 433.8 mln in 2011 and up 23.6%* y-o-y to GEL 239.0 in 1H 2012
- Profit from continuing operations up 82.6% y-o-y to GEL 150.9 mln in 2011 and up 13.2% to GEL 86.0 mln in 1H 2012
- Non-interest income surged 40.8% to GEL 194.5 mln in 2011, and amounted to GEL 101.3 mln in 1H 2012, up 30.7%* y-o-y
- Operational efficiency/scale:
 - Cost to income ratio improved to 45.6% in 1H 2012 from 48.5% in 1H 2011
- Prudent risk management:
 - Cost of risk** of 0.9% in 1H 2012
- 2011 ROAE of 18.3%; compared to 2010 ROAE of 13.5% and ROAE of 19.6% in 1H 2012 compared to 18.3% in 1H 2011

TIER I c.20%

- Conservative National Bank of Georgia (NBG) regulation
 - Risk weighting of FX assets at 175%, Bank's leverage at 4.2x as of 30 June 2012
- Strong internal cash generation to support loan growth without compromising capital ratios
 - BIS Tier I of 21.9% and BIS Total Capital ratio of 28.1% as of 30 June 2012
 - NBG Tier I 15.0% and NBG Total Capital of 17.8% as of 30 June 12

Growth c.20%

- Strong growth across the board supported by synergistic business
- Loan book**** y-o-y growth of 19.8% to GEL 2,923.1 mln in 1H 2012 driven by Retail loan book growth of 18.8% and Corporate loan book growth of 21.7%
- Customer funds grew 27.7% y-o-y in 1H 2012
 - Consumer driven franchise with robust sales force to increase cross selling with synergistic businesses
 - Increase in contribution from synergistic business in the group's profit

Dividends

- Declared an interim dividend of GEL 0.70/27p per share; payment date 2 July 2012
- Progressive dividend policy in place to increase capital management discipline during the growth phase
- Dividend of GEL 0.30/11p per share paid for 2010

* Excluding one-off gain from BYR hedge

** Impairment of interest earning assets of the period to average interest earning assets

*** Including 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 that has been growing in terms of assets at 33% CAGR 2003-2011

Strategic business

Well established brand

-  Retail
 - Largest retail franchise: 933,600+ retail clients, 179 branches, 459 ATMs, 745,000 cards outstanding as of 30 June 2012
 - Market shares of c.37% by retail loans and c.32% by retail deposits as of year end 2011
-  Corporate
 - Largest corporate bank with more than 8,000 corporate clients; 41% market share by corporate deposits as of year end 2011
-  Wealth Management (WM)
 - WM client deposits 2009-2011 CAGR growth of 66.9%; Outstanding WM client deposits of GEL 528.9 mln at 30 June 2012
 - International network in Israel and UK.

Synergistic business

Growth opportunities to support strategic business

-  Insurance and Healthcare
 - Strongly positioned to benefit from the growth of insurance and healthcare sectors through insurance subsidiary ABCI, one of the leading providers of life and non-life insurance in Georgia with c.34.7%* market share by gross premiums written
 - Vertical integration with healthcare business to boost insurance business growth and its contribution to the Bank's income
-  Affordable Housing
 - Stimulate mortgage lending and improve liquidity of repossessed real estate assets through housing development; pilot project of 123 apartment building with a total buildable area of 15,015 square meters complete

Non-core business

Intention to exit from non-core business over time

-  BNB
 - Belarus banking operation accounting for 3.1% total assets as of 30 June 2012
 - The Bank owns 80%, the remainder owned by IFC/World Bank
 - Assets of US\$ 92.3 mln and equity of US\$ 25.1 mln as of 30 June 2012
 - Fully written off goodwill (GEL 23.4 mln)

*Based on insurance revenues as of 30 June 2012 per NBG. Includes market share of newly acquired insurance company Imedi L International

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, Vice Chairman of the Supervisory Board, Independent Director *experience: senior partner at Sullivan & Cromwell LLP prior to retirement*
- Ian Hague, Managing partner and co-founder of Firebird Management LLC, EM hedge fund manager, c. US\$1.0 bn AUM
- Hanna Loikkanen, Representative of East Capital, Sweden-based asset manager focusing on Eastern Europe & China, EUR 3.4 bn AUM
- Allan Hirst, Chairman of the Audit Committee, Independent Director *experience: 25 years at Citibank, including CEO of Citibank, Russia; various senior capacities at Citibank*
- 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*

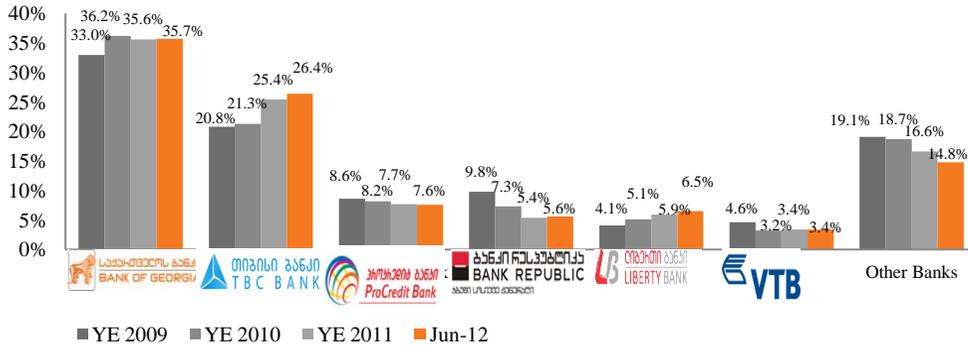
Members of management boards of JSC Bank of Georgia and major subsidiaries

- Irakli Gilauri, CEO; *formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*
- Murtaz Kikoria, Group CFO; *c.20 years banking experience including as Senior Banker at EBRD and Head of Banking Supervision at the National Bank of Georgia.*
- Archil Gachechiladze, Deputy CEO, Corporate Banking; *formerly 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*
- Vasil Revishvili, Deputy CEO, Wealth Management; *previously Head of the Investment Risk Unit and Senior Investment Manager at Pictet Asset Management in London and Geneva; MS in Finance from London Business School*
- Sulkhan Gvalia, Deputy CEO, 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*
- Nikoloz Gamkrelidze, CEO of Aldagi BCI; *previously CEO of JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School*
- Irakli Burdiladze, Deputy CEO, Affordable Housing; *previously CFO at GMT Group, Georgian real estate developer; Masters degree from Johns Hopkins University*

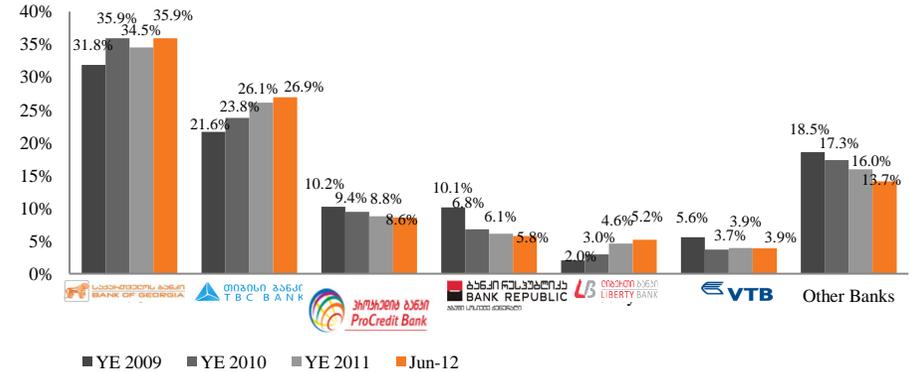
Senior Executive Compensation Policy applies to top nine executives and envisages guaranteed and discretionary awards of securities and no cash bonuses to be paid to such executives

Competitive landscape

Peer group's market share in total assets



Peer group's market share in gross loans

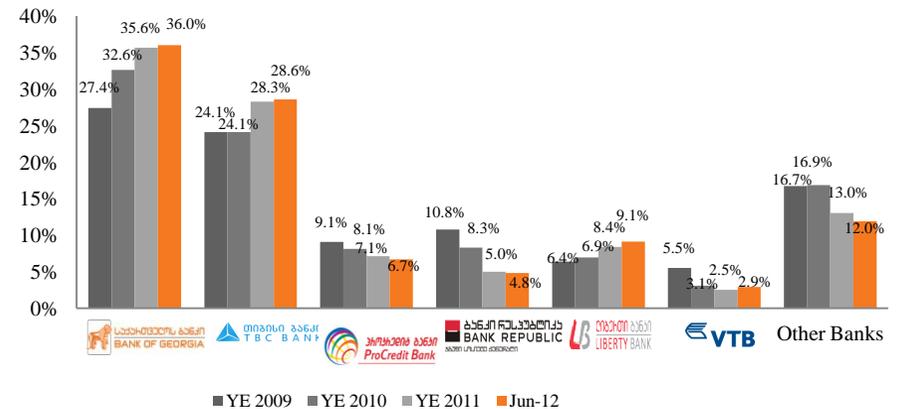


Foreign banks market share by assets

No state ownership of commercial banks since 1994



Peer group's market share in 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

Strategic goals/Going forward

Affordable Housing

- Targeted IRR of 30%+
- Aiming to cash out in 2015 and discontinue business
- Targeted capital formation of US\$ 25 million from 2012-2015

Insurance & Healthcare business

- Target ROAE of 25%+
- Target net profit of GEL 16 mln for 2012 and GEL 24 mln for 2013 (GEL 6.5 mln in 2011)
- Unlock Aldagi value:
 - To encourage market for sum of the parts valuation as insurance & healthcare business multiples are significantly higher than banks' multiples
 - We will also consider Aldagi IPO in 2-3 years time

Non-core assets

- Belarus:
 - To continue focusing on ROAE formation
 - Position the bank for sale within next 2-3 years
 - Equity of GEL 41.3 mln
- Only meaningful remaining investment is Teliani Valley
 - Equity of GEL 14.1 mln

Strategic goals/Going forward

Continue prudent capital management

- Continued focus on the rapidly growing Georgian market
- Maintaining progressive dividend policy, aiming to increase dividend per share over time
- “3x20” story to continue:
 - ROAE 20%
 - Loan and deposit growth of 20%
 - Tier I of 20%
- Further capital flexibility from Insurance & Healthcare and Affordable Housing businesses

Other key metrics

- To keep NIM between 7% - 7.5% range in next 2-3 years
- Maintaining positive operating leverage in next 2-3 years
- To bring cost/income close to 40% in 2-3 years time
- To keep net loans to deposits ratio in 100% -110% range over the next 2-3 years

Risk

- Continue and enhance prudent risk management practice
- Decrease NPL coverage ratio to the 90%-100% range within one year as we move further away from 2008-09 crisis
- Maintain cost of risk at 0.8% to 1.2% level going forward

Strategic goals/Going forward

Retail banking

- ☞ Continue segment approach to further build customer driven franchise and boost revenue and product per client
- ☞ Introduce sophisticated CRM system to further increase currently low penetration and enhance product to client ratio
- ☞ Through Express offering create platform for under-banked population in order to cement our leading retail franchise
- ☞ Shift customers (including through Express offering) to electronic channels to further improve efficiency

Corporate banking

- ☞ Further decrease cost of deposits
- ☞ Continue to focus on mid-size corporate to further decrease concentration
- ☞ Expand research regionally
- ☞ Focus on fee generating businesses including advisory business
- ☞ Leverage on Bank of Georgia profile to expand export and trade finance businesses

Asset & Wealth Management

- ☞ Further decrease cost of deposits
- ☞ Continue to expand distribution platform
- ☞ Build regional asset management business on the wealth management platform
- ☞ Targeted AUM of US\$ 1 billion by YE 2016

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

Business Segment Discussion

Appendices

Country overview

- Area: 69,700 sq km
- Population (2011): 4.4 mln
- Life expectancy: 76 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)
- GDP 2011 (E): GEL 24.2 bn (US\$14.4 bn)
Q1 2012 (E): 5.7 bn (US\$ 3.4 bn)
Q2 2012 (E): 6.4 bn (US\$ 3.9 bn)
- GDP real growth rate 2011 (E): 7.0%
Q1 2012 (E): 6.8%, Q2 2012 (E): 8.1%
- GDP real growth 2012 IMF estimate: 6.0%
- GDP CAGR '04-'11 (E): 13.8%
- GDP per capita 2011 (PPP): US\$5,491
- Inflation rate (e-o-p) 2011: 2.00%
- External Public debt to GDP 2011: 29.0%
- Sovereign ratings:
 - S&P** BB-/B/Stable/ *upgraded in November 2011*
 - 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)

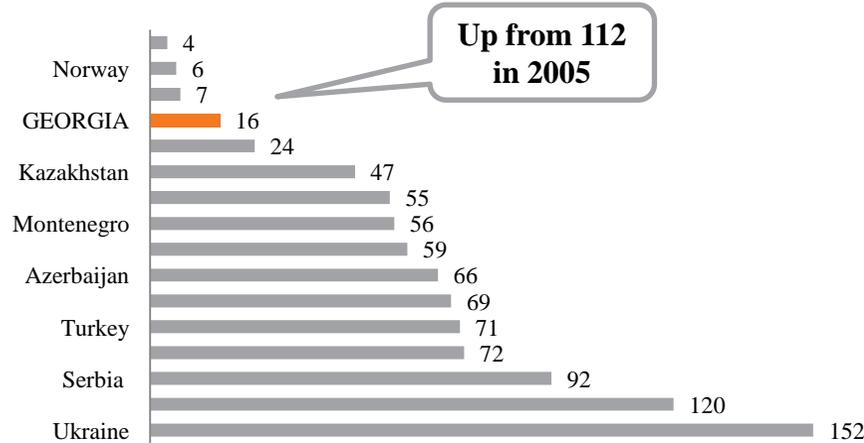
Georgia's key economic drivers

| | |
|---|---|
| Liberal economic policy | <ul style="list-style-type: none"> ■ Liberty Act, enshrined in the constitution and effective starting 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 \$937 mln in 2011, with 2.8 million visitors (42% increase y-o-y); number of foreign visitors grew by 55% in 8 months of 2012 ■ 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 (2011: US\$1,117 mln), diversified across different sectors; FDI up 29% y-o-y in 1H 2012 to US\$ 488 mln (preliminary) ■ Net remittances of US\$1,168 mln in 2011, 23% increase over previous year ■ FDI averaged 10% of GDP in 2003-2011 |
| Support from international community | <ul style="list-style-type: none"> ■ Free Trade Agreements (Official Discussion in progress 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 IFIs, the US and EU: US\$2.5bn already disbursed out of the US\$4.5bn Brussels pledge ■ Diversified trade structure across countries and products |
| Cheap electricity | <ul style="list-style-type: none"> ■ Net electricity exporter since 2007, net electricity importer for more than a decade before 2007; 2011 electricity export reached 1.5 TWH ■ Only 18% of hydro power capacity utilized; 40 hydro power stations are being built/developed ■ Black Sea Transmission Network project envisages construction of new 500kV/400kV line connecting to Turkey. Project commenced in 2009 and is expected to become operational in 2013. BSTN to significantly boost export potential to Turkey, up by 750MW from current capacity |
| Political environment stabilized | <ul style="list-style-type: none"> ■ Healthy operating environment for business and low tax regime ■ Parliamentary elections in 2012, presidential elections are scheduled for 2013 ■ New constitution passed in May 2010 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 – WTO negotiations successfully completed; Georgia, a member of WTO since 2000, allows Russia's access to WTO |

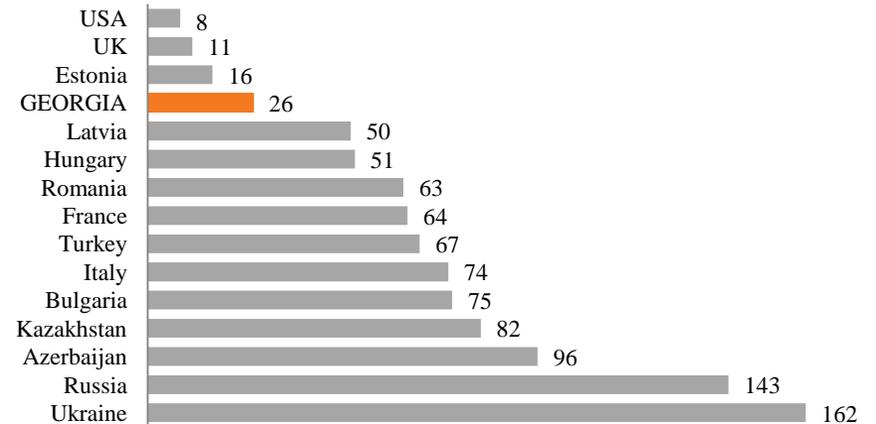
Sources: Geostat, IMF, National Bank of Georgia, Government of Georgia Presentation (Georgia.gov.ge)

Growth oriented reforms

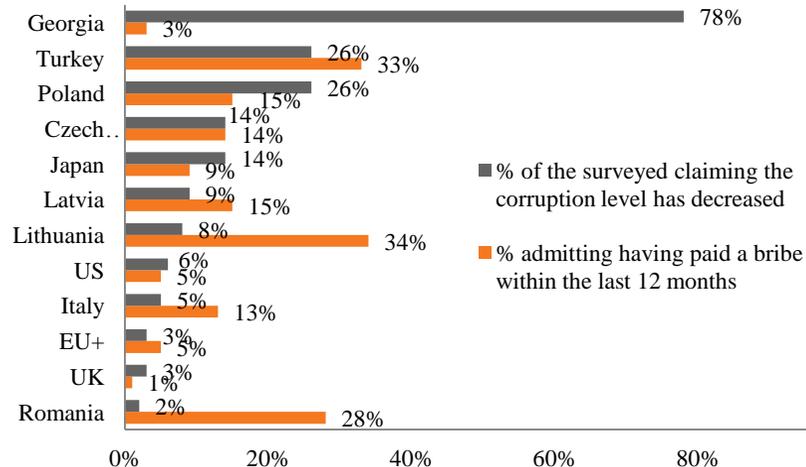
Ease of Doing Business, 2012 (WB-IFC Doing Business Report)



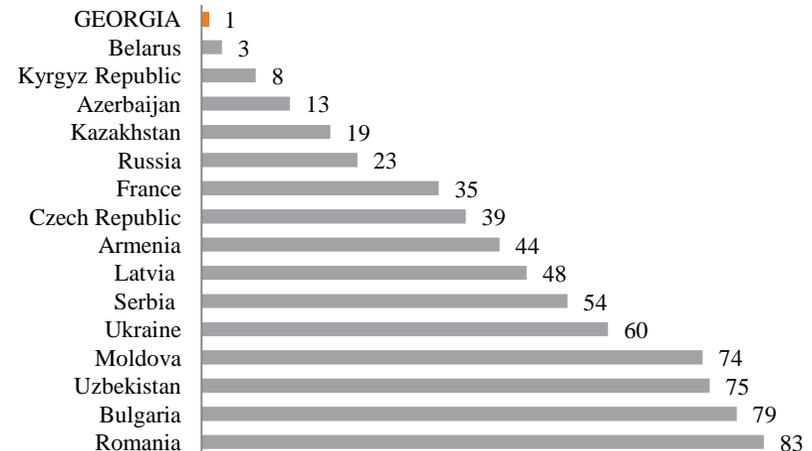
Economic Freedom Index, 2010 (Heritage Foundation)



TI 2010 Global Corruption Barometer



Top Reformers 2005-2011, 2012 (WB-IFC Doing Business Report)

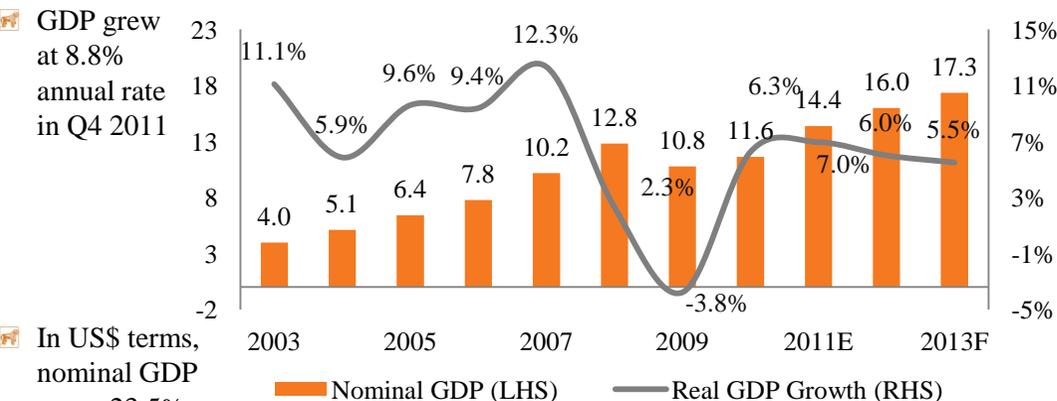


Sources: Transparency International, Heritage Foundation, World Bank

Positive economic outlook

Gross domestic product

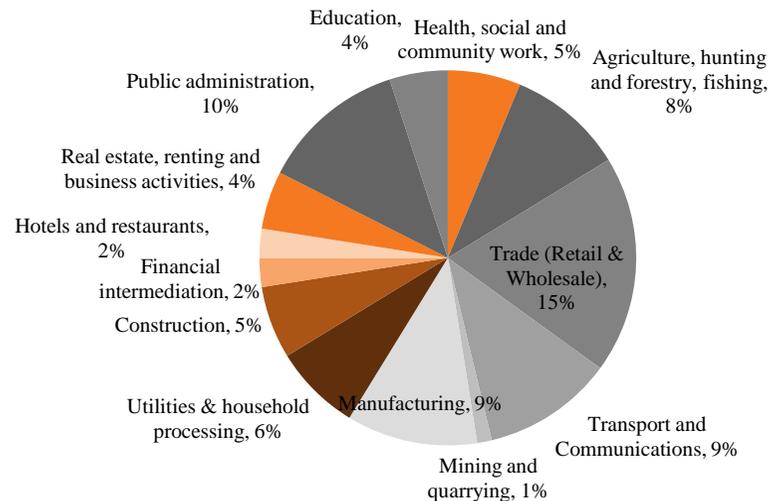
US\$ billion



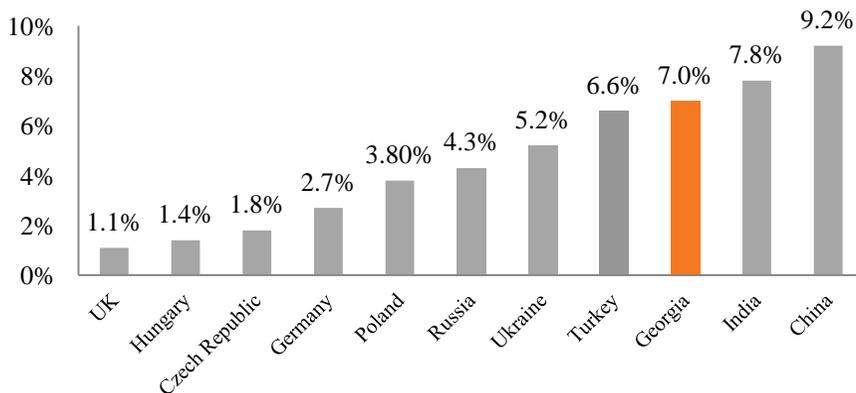
Sources: Geostat, IMF Projections

In US\$ terms, nominal GDP grew 23.5% y-o-y in 2011

GDP composition, 31 December 2011



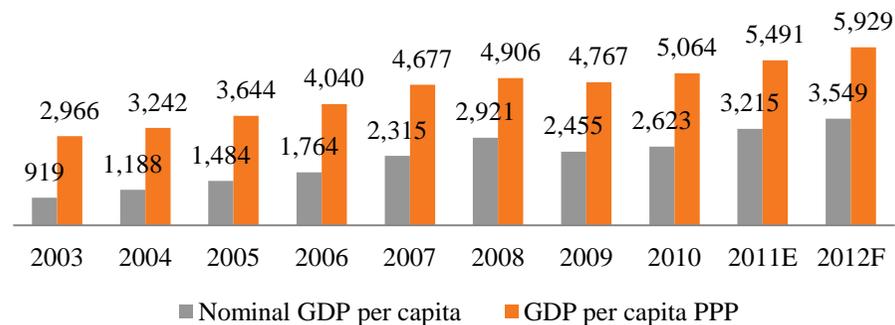
Real GDP growth in 2011



Sources: Central Intelligence Agency, Geostat

GDP per capita, US\$

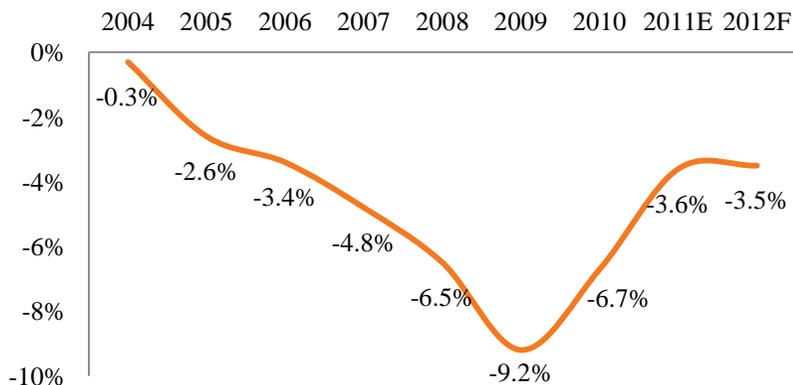
Source: National Bank of Georgia



Sources: Geostat, Ministry of Finance of Georgia, IMF

Demonstrated fiscal discipline and low public debt

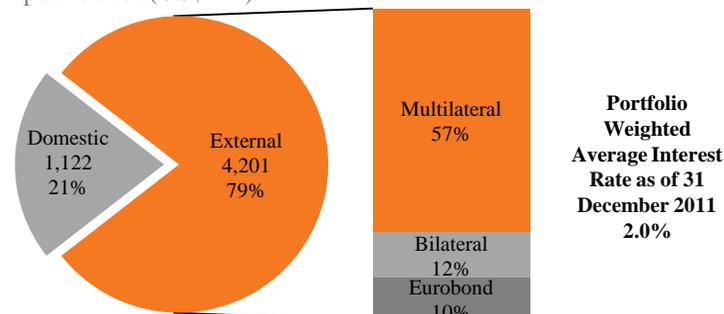
Fiscal deficit as % of GDP



Source: Ministry of Finance of Georgia

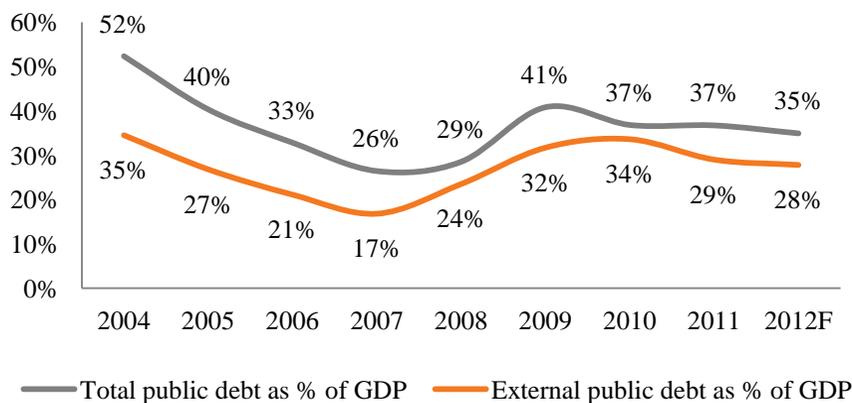
Breakdown of public debt

Affordable public debt stock and very low interest rate on external public debt (US\$mIn)



Source: Ministry of Finance of Georgia

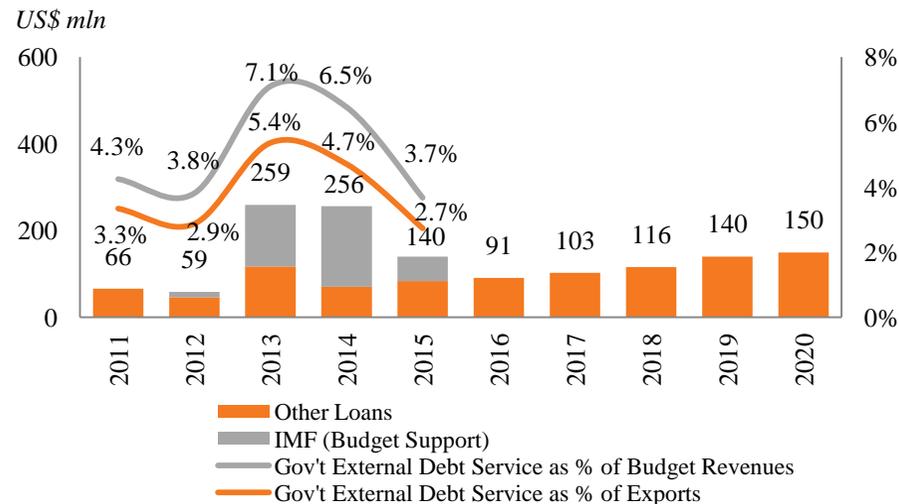
Public debt as % of GDP



— Total public debt as % of GDP — External public debt as % of GDP

Sources: Ministry of Finance of Georgia, Geostat

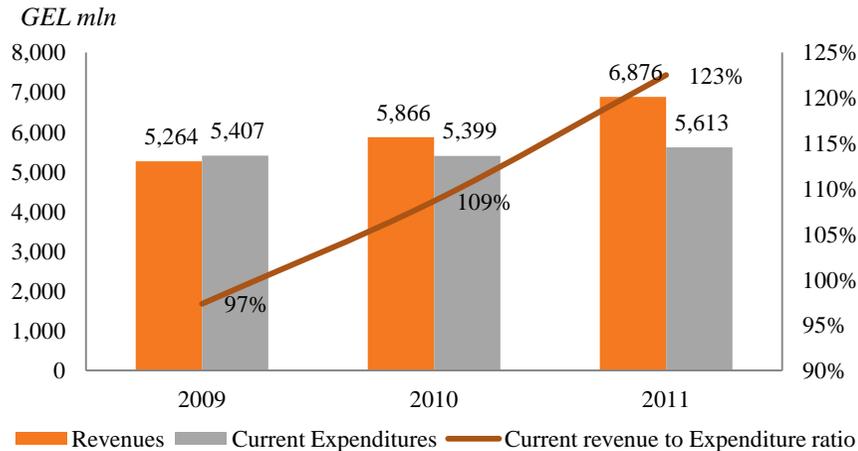
Government external debt service



Source: Ministry of Finance of Georgia

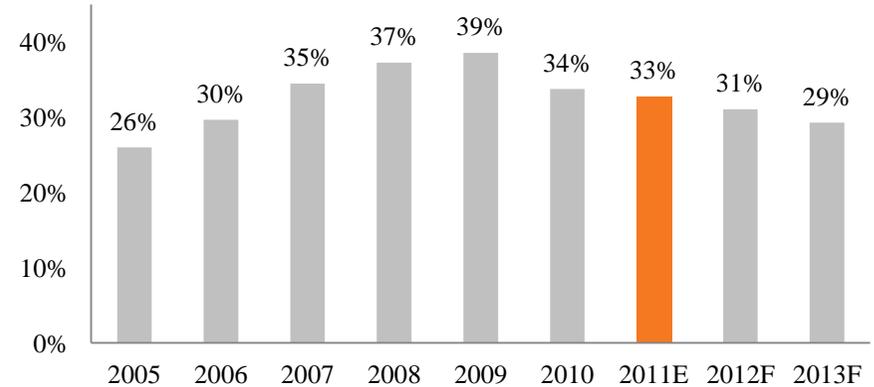
Revenues and expenditures dynamics

Revenues to expenditures



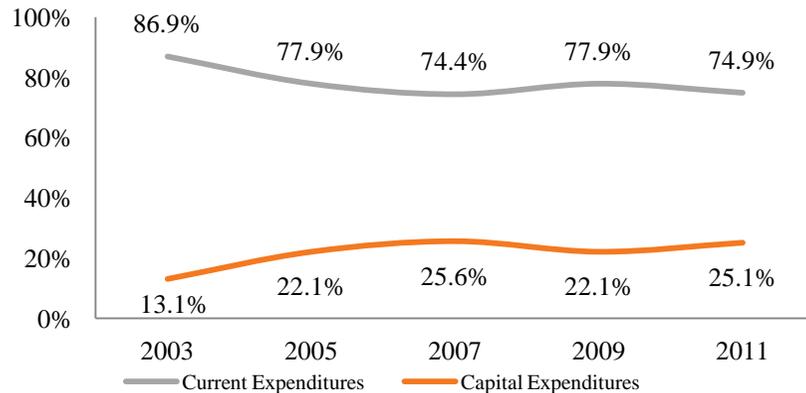
Source: Ministry of Finance

Expenditure as % of GDP



Sources: Ministry of Finance, NBG

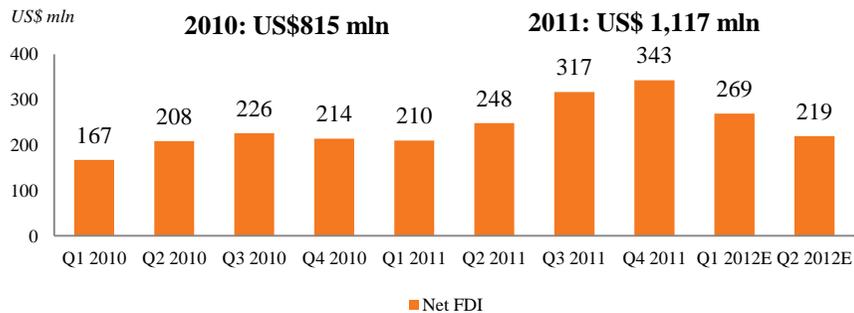
Capital vs. current expenditures



Source: Ministry of Finance

Four main sources of capital inflow

FDI inflows



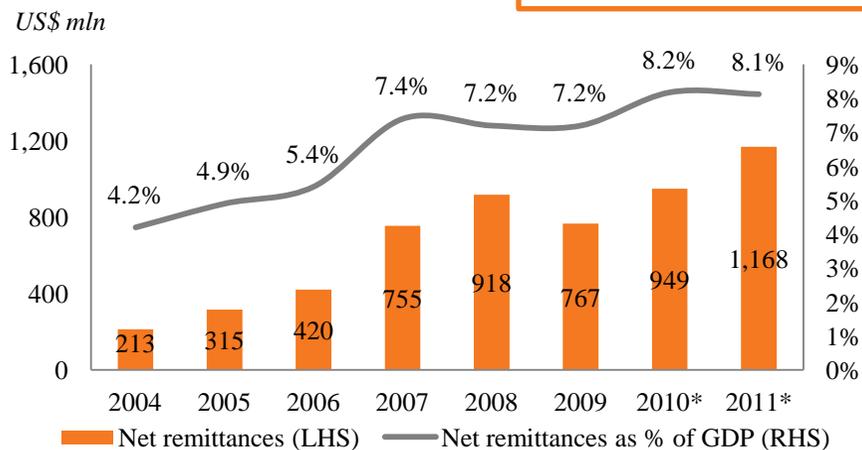
Sources: National Bank of Georgia, Ministry of Finance of Georgia

Number of tourists



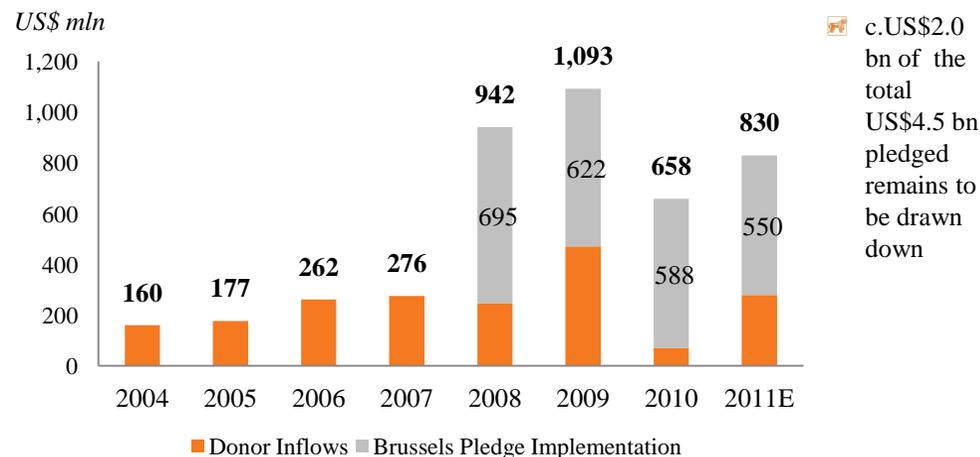
Sources: Georgian National Tourism Agency, National Bank of Georgia

Net remittances



Source: National Bank of Georgia * including remittances through micro finance institutions

Donor inflows

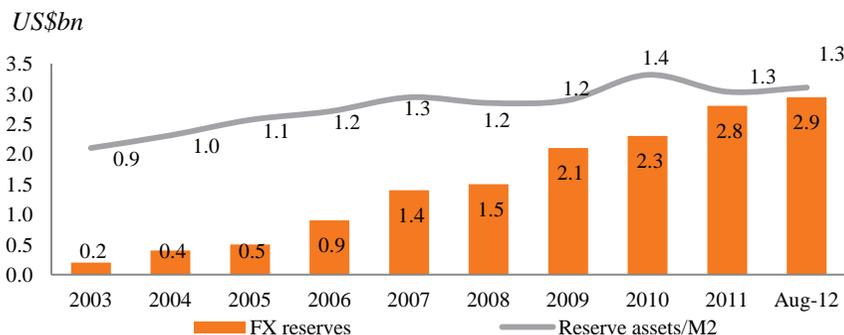


Sources: Ministry of Finance, Bank of Georgia estimates

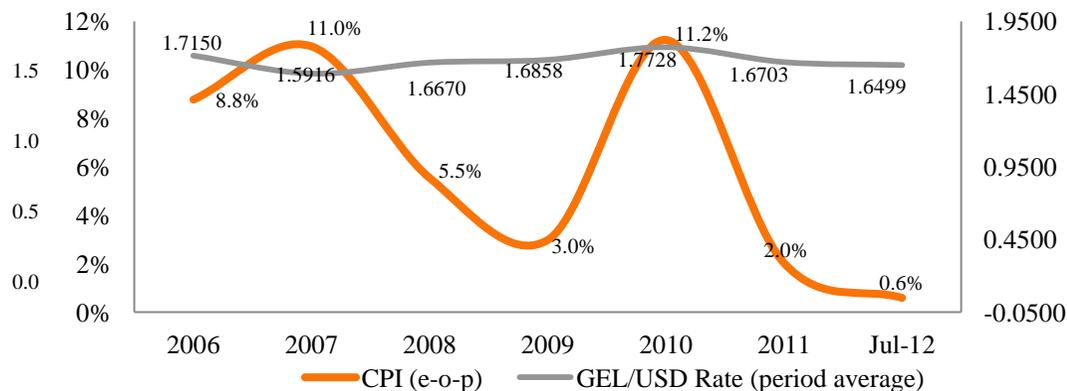
Controllable CAD and strong FDI & donor inflows

High, but well capitalised CAD. Low domestic savings rate at 8.6% of GDP. Remittances and FDI cover CAD.

FX reserves

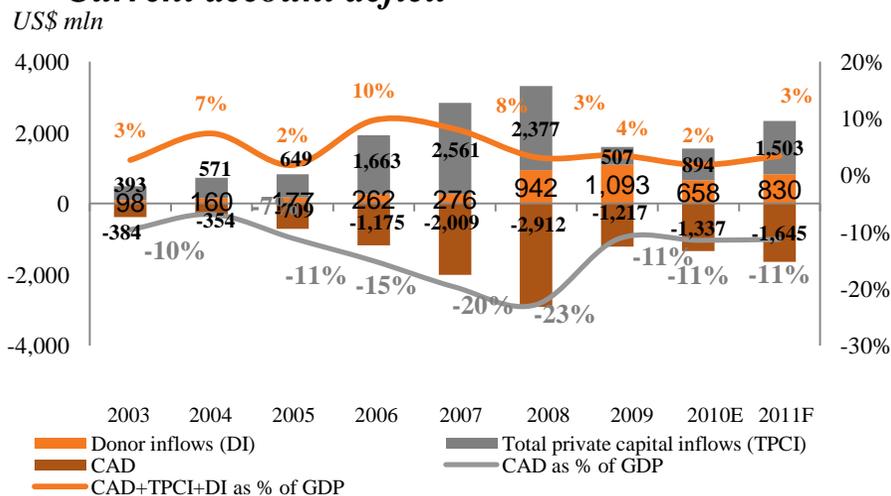


FX rate (US\$/GEL) and CPI



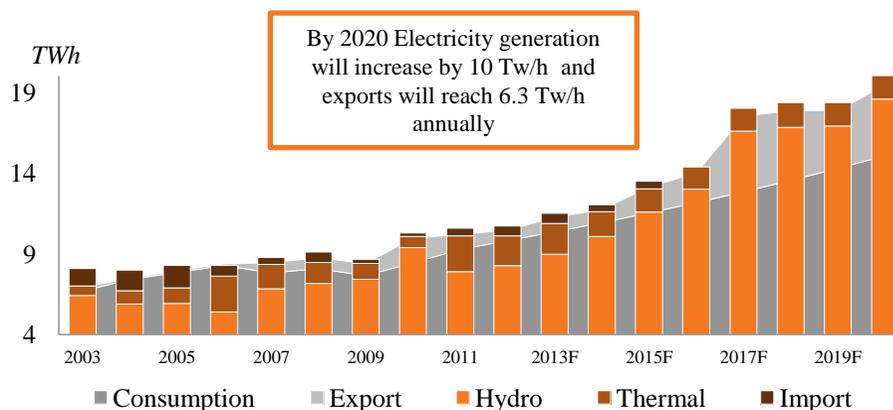
Source: National Bank of Georgia

Current account deficit



Source: National Bank of Georgia

Electricity generation



Source: NBG, Ministry of Finance, Bank of Georgia estimates

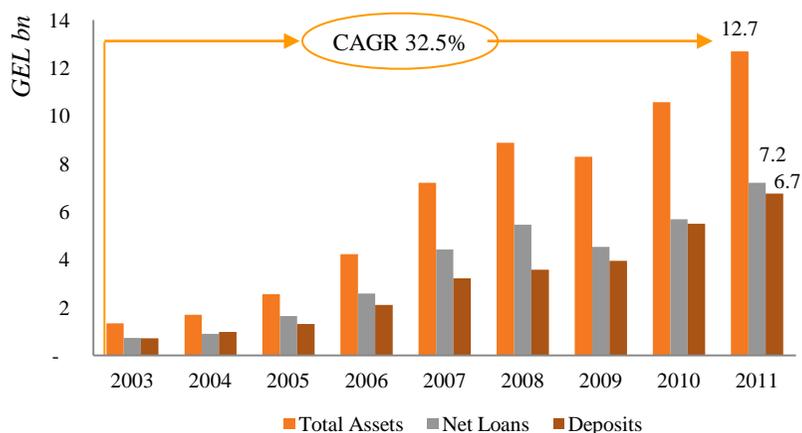
Growing and well capitalised banking sector

Summary

- **Prudent regulation ensuring financial stability**
 - Sector total capital ratio (NBG standards) –20%, Basel 26%
 - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 57%
- **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 1995
 - *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 c. 11.6% of GDP and total loans at c. 31.9% of GDP resulting in low number of defaults during the global crisis

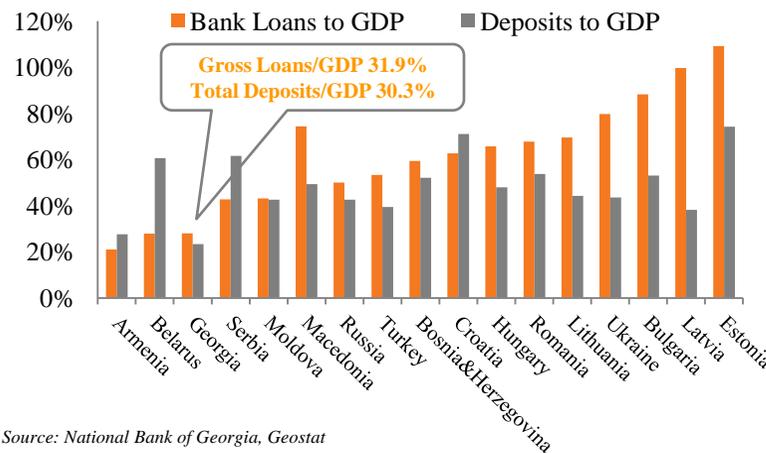
Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits as YE2011



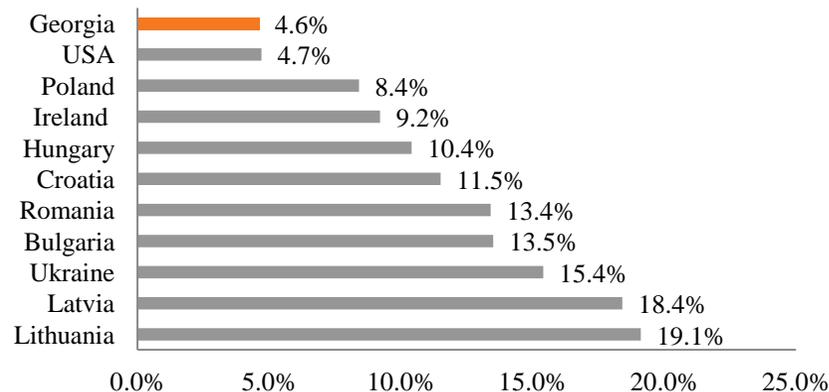
Source: National Bank of Georgia

Bank debt and deposits to GDP as of YE2011



Source: National Bank of Georgia, Geostat

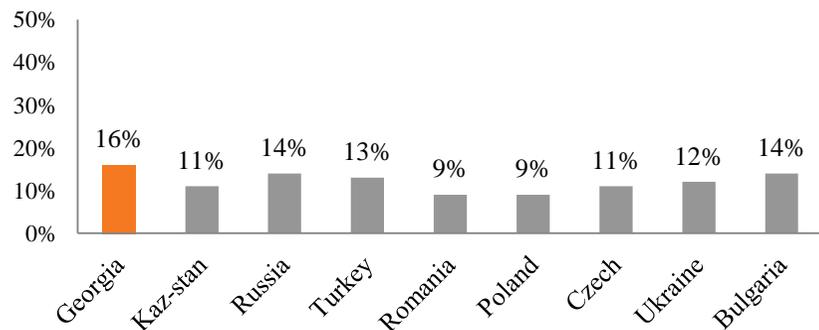
NPLs as % of total loans according to the IMF, lower than the banking sector NIM of c.7% as of YE2011



Source: National Bank of Georgia, IMF

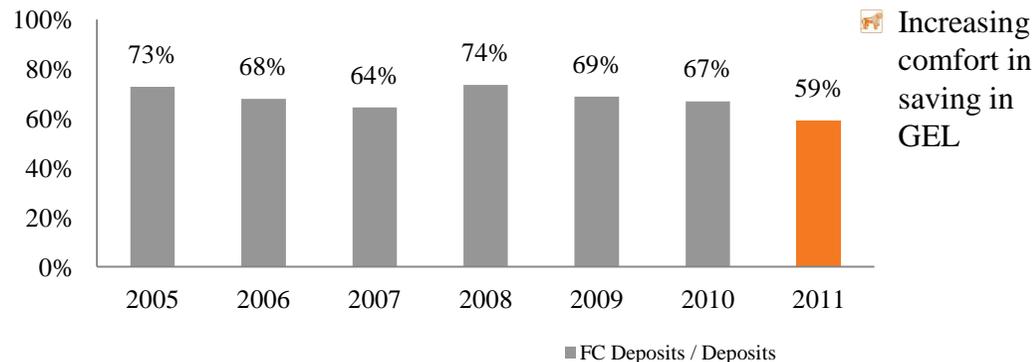
One of the highest level of capital and low debt level compared to other frontier markets

Equity / Assets



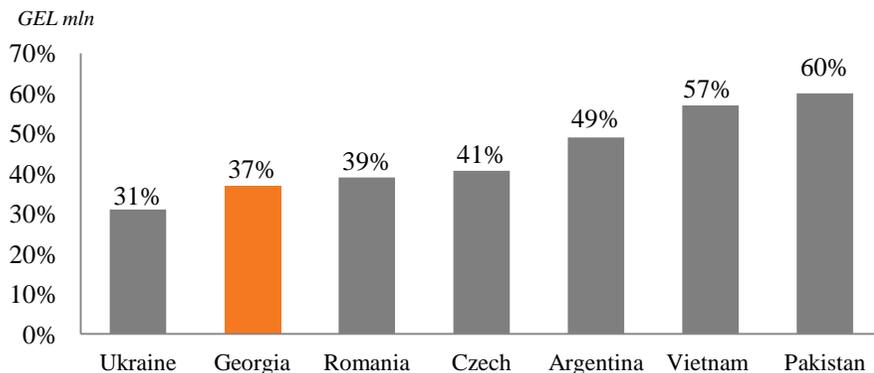
Source: National Bank of Georgia, Citi

Dollarisation declining



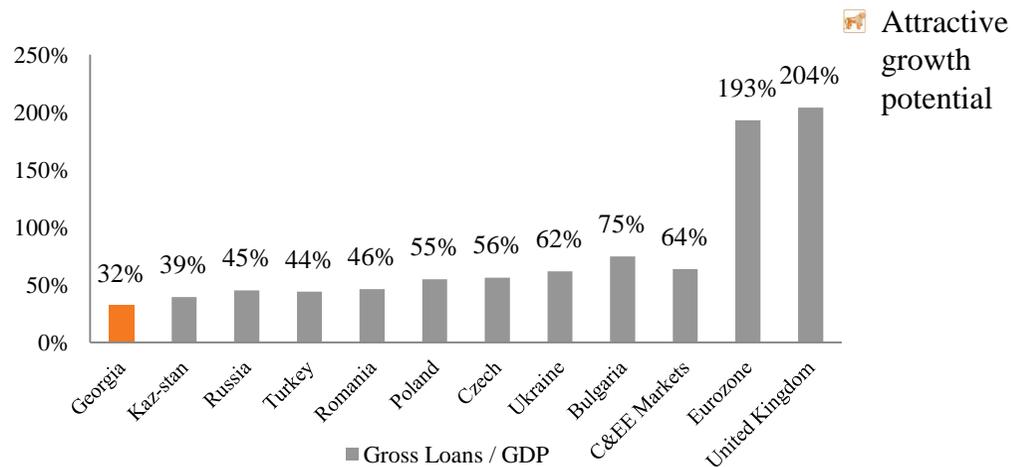
Source: National Bank of Georgia,

Public debt / GDP, frontier markets



Sources: Citi, National Bank of Georgia, CIA

Gross Loans / GDP



Sources: National Bank of Georgia, World Bank, Business Monitor

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

Business Segment Discussion

Appendices

1H 2012 P&L results highlights

| | 1H 2012 | 1H 2011 | Change | Q2 2012 | Q2 2011 | Change | Q1 2012 | Change |
|---|------------------|----------------|--------------|------------------|------------------|--------------|------------------|--------------|
| <i>GEL thousands unless otherwise noted</i> | <i>Unaudited</i> | | <i>Y-O-Y</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Y-O-Y</i> | <i>Unaudited</i> | <i>Q-O-Q</i> |
| Net interest income | 137,662 | 115,858 | 18.8% | 76,501 | 58,965 | 29.7% | 61,162 | 25.1% |
| Net fee and commission income | 41,534 | 33,970 | 22.3% | 21,818 | 18,478 | 18.1% | 19,716 | 10.7% |
| Net insurance revenue | 11,957 | 9,096 | 31.5% | 7,283 | 4,437 | 64.1% | 4,674 | 55.8% |
| Net healthcare revenue | 9,196 | 990 | NMF | 4,419 | 758 | NMF | 4,777 | -7.5% |
| Other operating non-interest income | 38,637 | 53,494 | -27.8% | 19,122 | 41,458 | -53.9% | 19,515 | -2.0% |
| <i>Other operating non-interest income adjusted for one off gain from BYR hedge</i> | 38,637 | 33,440 | 15.5% | 19,122 | 21,404 | -10.7% | 19,515 | -2.0% |
| Revenue adjusted for one-off gain from BYR hedge | 238,986 | 193,354 | 23.6% | 129,142 | 104,042 | 24.1% | 109,844 | 17.6% |
| Revenue | 238,986 | 213,408 | 12.0% | 129,142 | 124,096 | 4.1% | 109,844 | 17.6% |
| Operating expenses | (109,072) | (103,525) | 5.4% | (58,754) | (54,551) | 7.7% | (50,318) | 16.8% |
| Operating income (loss) before cost of credit risk | 129,914 | 109,883 | 18.2% | 70,388 | 69,545 | 1.2% | 59,526 | 18.2% |
| Cost of credit risk | (13,948) | (8,262) | 68.8% | (6,568) | (2,851) | NMF | (7,380) | -11.0% |
| Net operating income | 115,966 | 101,621 | 14.1% | 63,820 | 66,694 | -4.3% | 52,146 | 22.4% |
| Net non-operating expense* | (12,394) | (18,703) | -33.7% | (7,994) | (18,644) | -57.1% | (4,400) | 81.7% |
| Profit for the period from continuing operations | 86,034 | 75,992 | 13.2% | 46,331 | 46,894 | -1.2% | 39,704 | 16.7% |
| Profit for the period | 86,034 | 63,745 | 35.0% | 46,276 | 46,894 | -1.3% | 39,758 | 16.4% |
| Earnings per share (basic)** | 2.57 | 2.13 | 20.7% | 1.36 | 1.56 | -13.2% | 1.21 | 11.9% |

* Includes impairment of property and intangible assets, BGH IPO costs, impairment of investment, etc

** EPS calculated using profit for the period from continuing operations attributable to shareholders

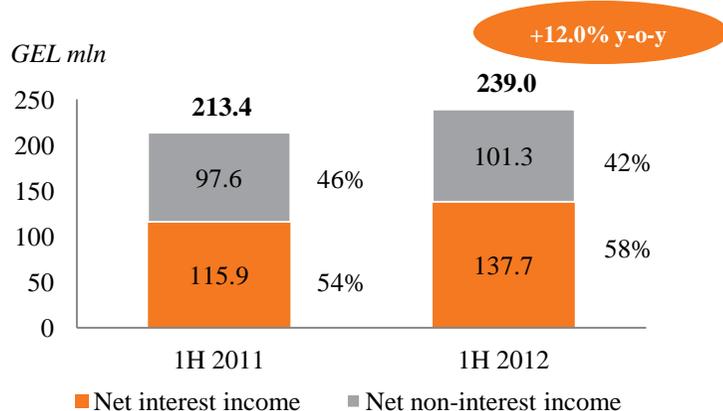
Balance Sheet results highlights

| <i>GEL thousands unless otherwise noted</i> | Jun 2012 <i>Unaudited</i> | Jun 2011 | Change Y-O-Y | Dec 2011 | Change YTD |
|---|-------------------------------------|------------------|-------------------------------|------------------|-----------------------------|
| Net loans to customers* | 2,923,140 | 2,439,901 | 19.8% | 2,616,361 | 11.7% |
| Total assets | 4,935,014 | 4,123,324 | 19.7% | 4,665,261 | 5.8% |
| Liquid assets | 1,132,509 | 1,051,646 | 7.7% | 1,338,952 | -15.4% |
| Liquid assets as percent of total assets | 22.9% | 25.5% | | 28.7% | |
| Liquid assets as percent of total liabilities | 28.5% | 31.2% | | 34.8% | |
| Amounts due to customers, of which: | 2,846,263 | 2,228,505 | 27.7% | 2,735,222 | 4.1% |
| <i>Client deposits</i> | 2,742,601 | 2,079,442 | 31.9% | 2,554,084 | 7.4% |
| <i>Promissory notes and CDs issued</i> | 103,662 | 149,063 | -30.5% | 181,138 | -42.8% |
| Amounts due to credit institutions, of which | 875,928 | 986,592 | -11.2% | 921,172 | -4.9% |
| <i>Borrowed funds</i> | 667,693 | 813,350 | -17.9% | 863,004 | -22.6% |
| Total liabilities | 3,977,620 | 3,371,564 | 18.0% | 3,852,658 | 3.2% |
| Total equity | 957,394 | 751,760 | 27.4% | 812,603 | 17.8% |
| Book value per share (basic) | 27.37 | 24.30 | 12.6% | 25.98 | 5.3% |
| Net loans/customer funds | 102.7% | 109.5% | | 95.7% | |
| NBG liquidity ratio | 35.2% | 37.9% | | 37.8% | |
| BIS Tier I Capital Adequacy Ratio | 21.9% | 18.1% | | 19.8% | |
| Bis Total Capital Adequacy Ratio | 28.1% | 26.7% | | 28.4% | |
| NBG Tier I Capital Adequacy Ratio | 15.0% | 11.5% | | 10.5% | |
| NBG Total Capital Adequacy Ratio | 17.8% | 15.1% | | 16.2% | |

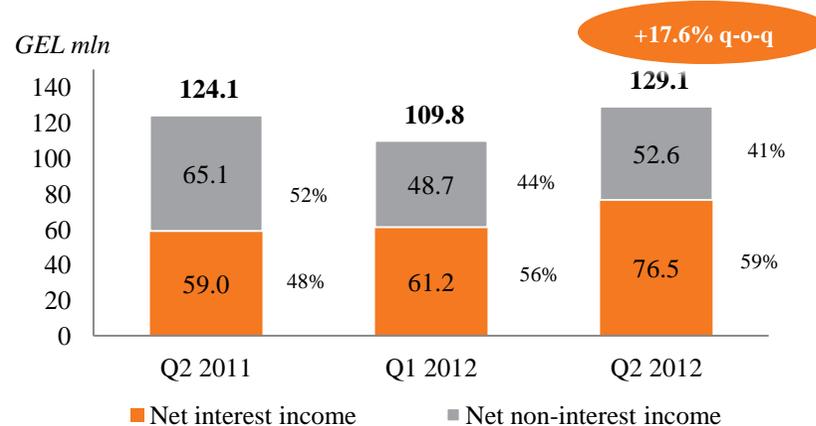
* includes net finance lease receivables

Strong revenue growth

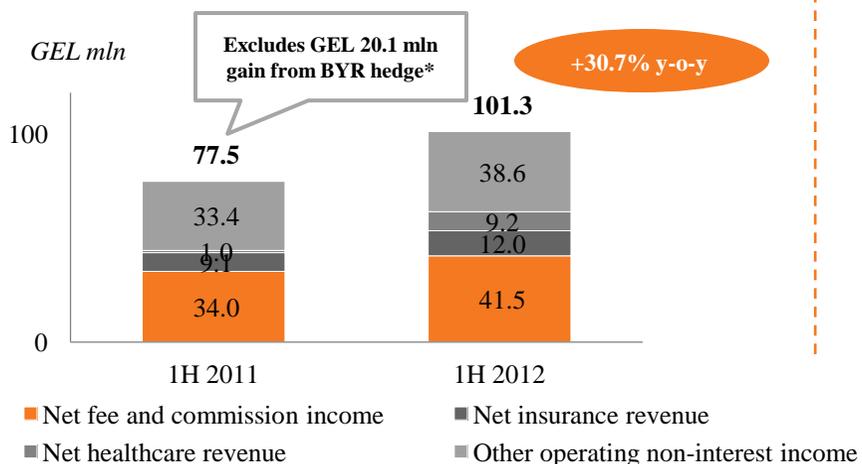
Revenue growth, half-year



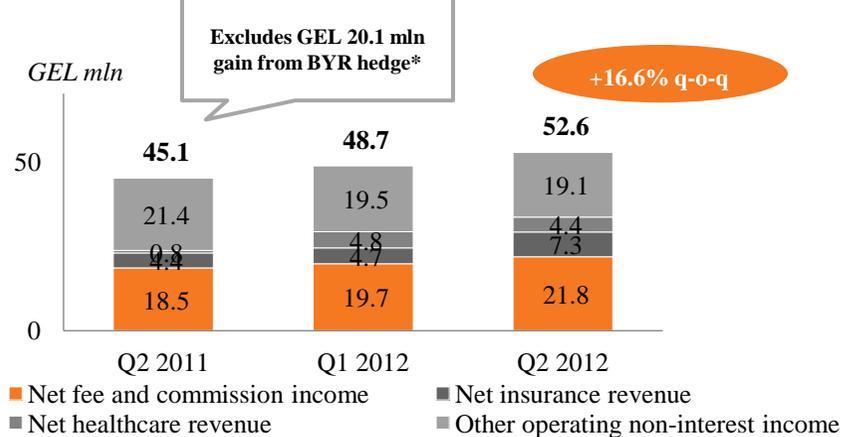
Revenue growth, quarterly



Net non-interest income, half-year



Net non-interest income, quarterly

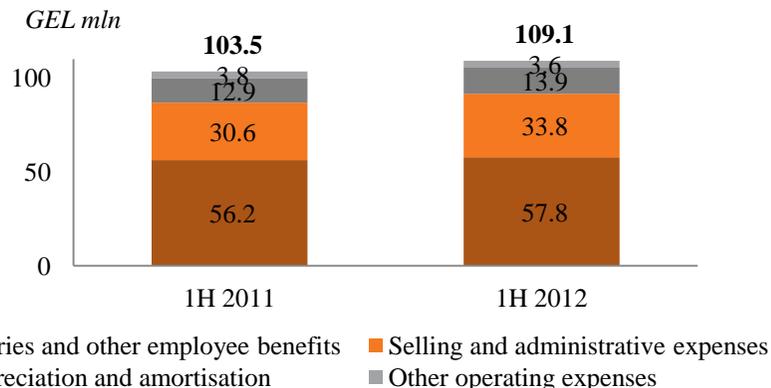


*One-off gain from Belarus currency, BYR, hedge

Strengthening operating leverage as operating costs grow at half the rate of revenue

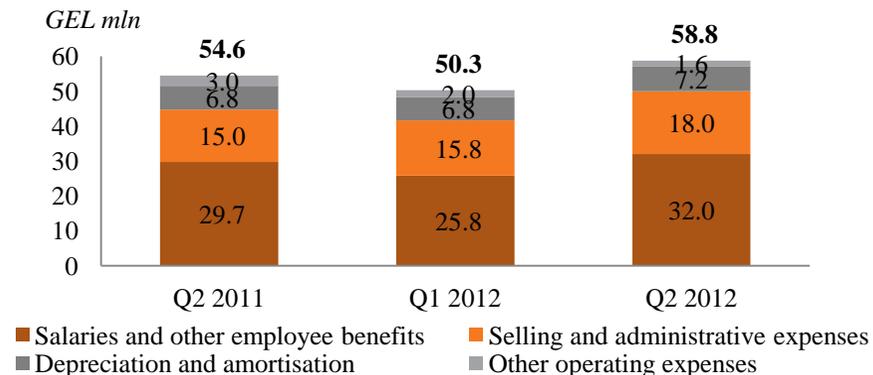
Operating costs, half-year

+5.4% y-o-y



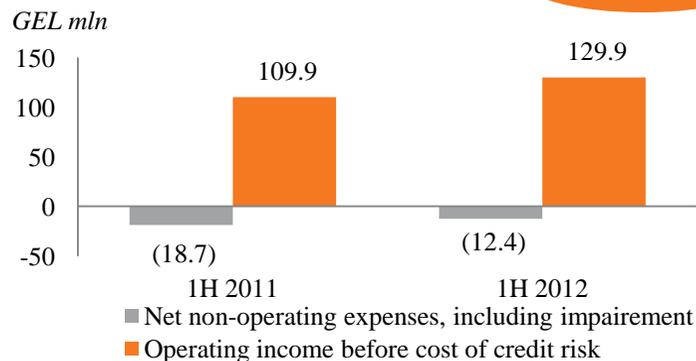
Operating costs, quarterly

+7.7% y-o-y



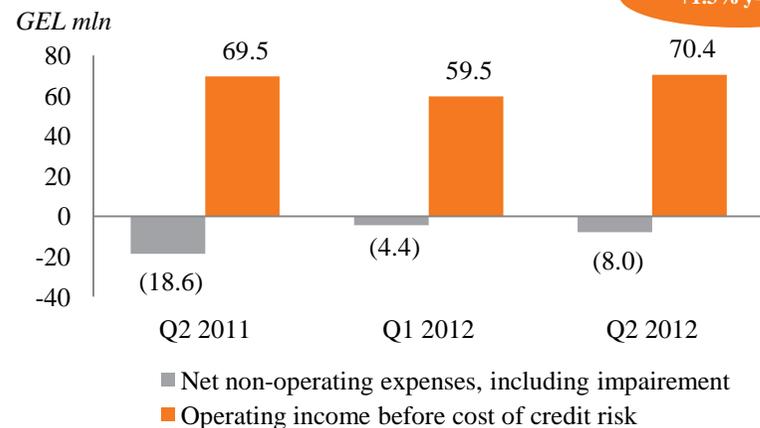
Net non-operating expenses, operating income before cost of credit, half-year

+18.2% y-o-y



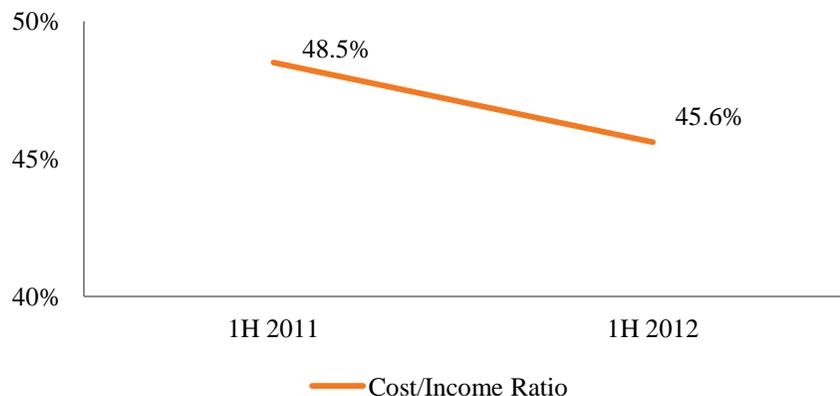
Net non-operating expenses, operating income before cost of credit, quarterly

+1.3% y-o-y

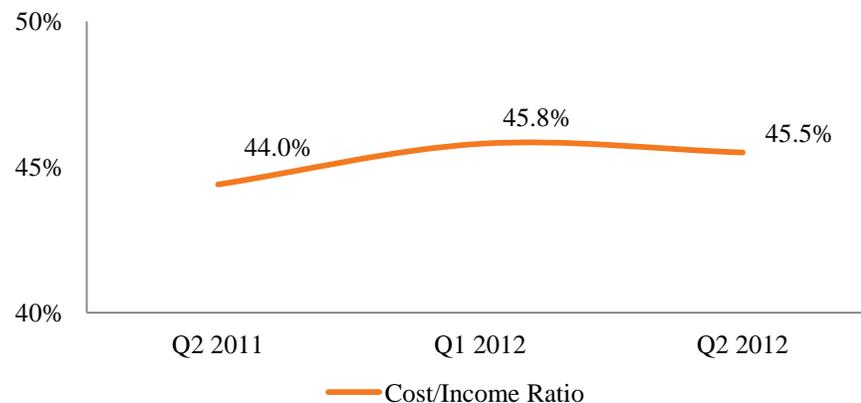


Improving efficiency

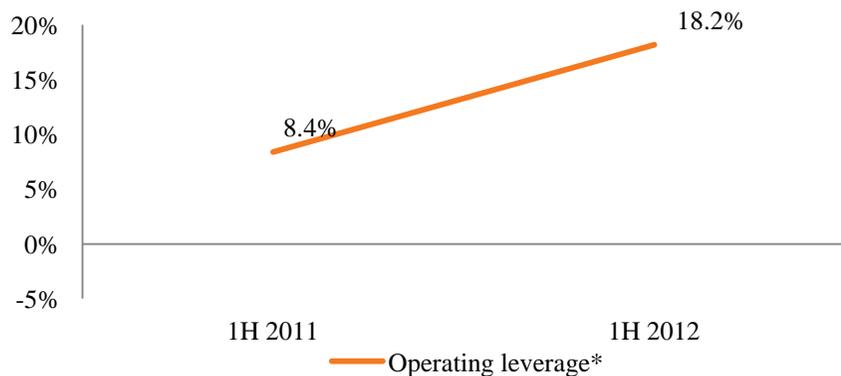
Cost / Income ratio, half-year



Cost / Income ratio, quarterly



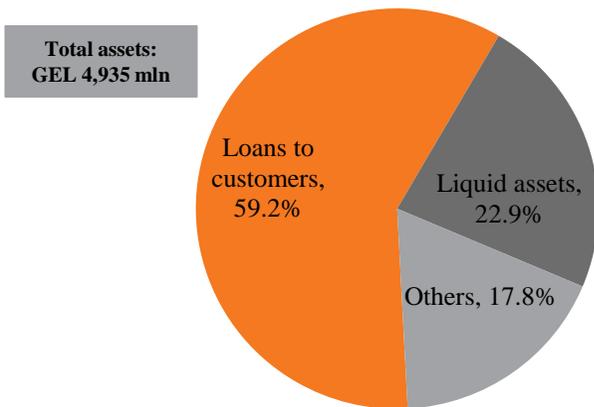
Operating leverage, half-year



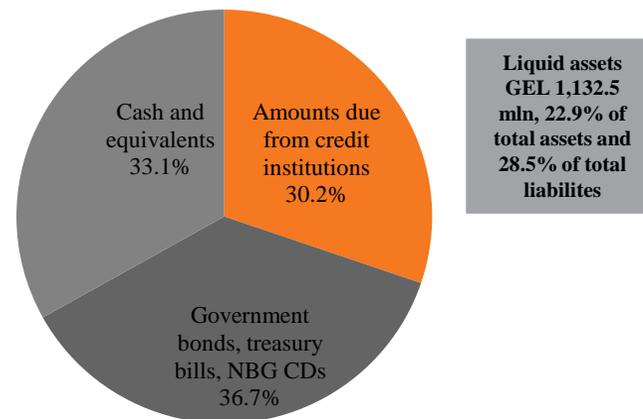
*Excluding one-off gain from Belarus currency, BYR, hedge

Diversified asset structure

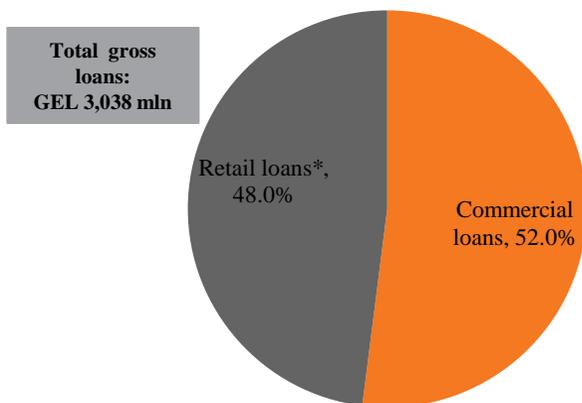
Total asset structure, 30 June 2012



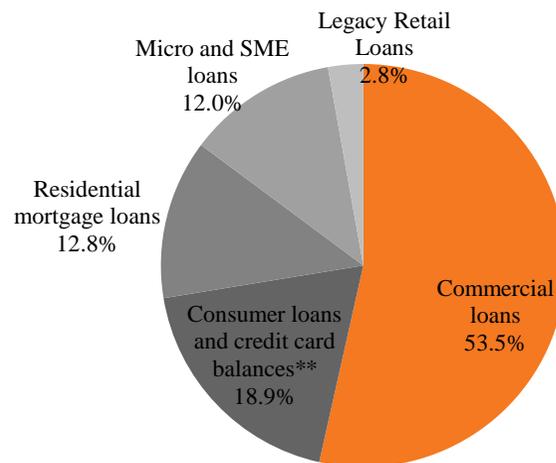
Liquid assets, 30 June 2012



Gross loans breakdown, 30 June 2012



Gross loan portfolio structure, 30 June 2012

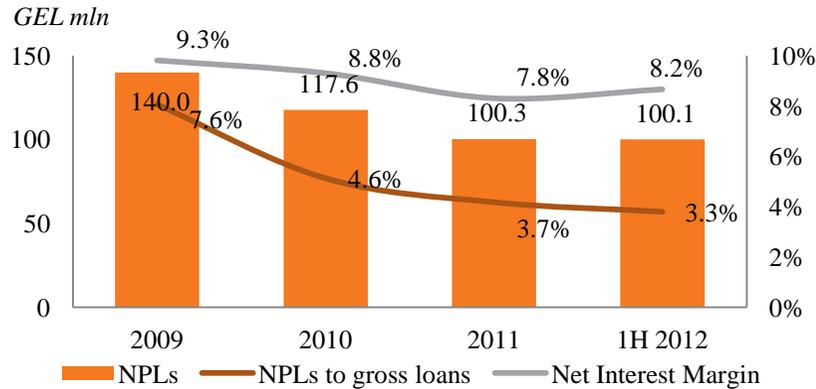


Note: Retail loans include Wealth Management loans of GEL 48.5 mln and BNB loans of GEL 70.7 mln

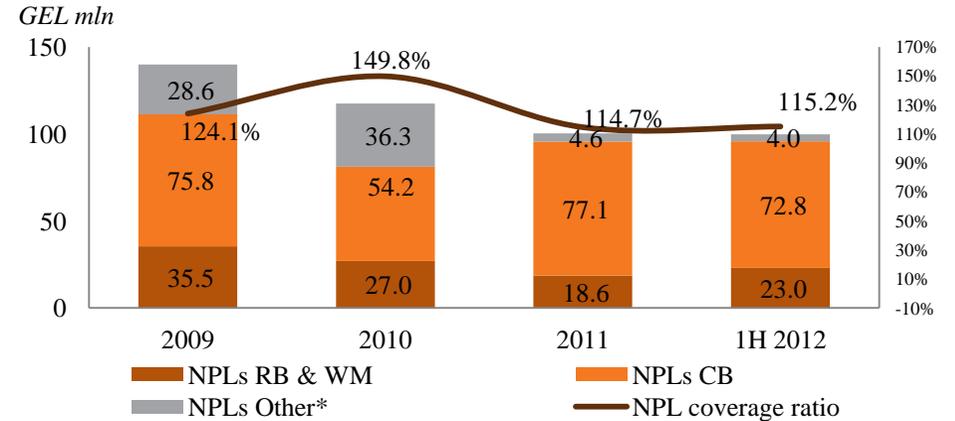
* Retail loans include consumer loans, residential mortgage loans, micro and SME loans, legacy retail loans and credit card balances
 ** Credit card balances of GEL 135.4 million included, 4.6% of total loan book

Loan portfolio quality improving

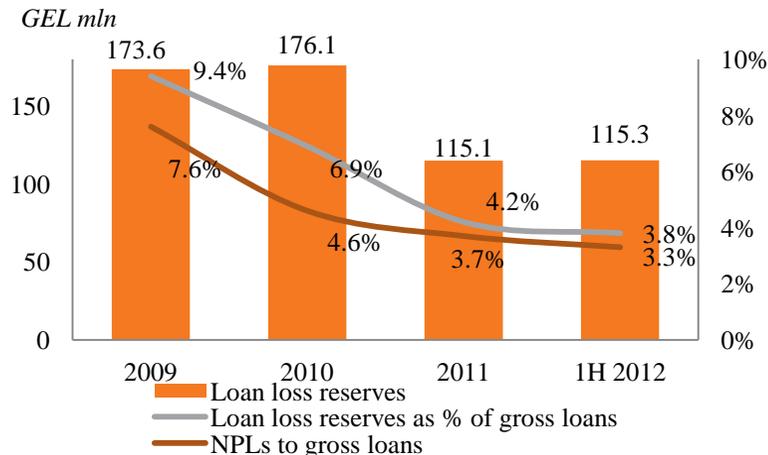
Consolidated NPLs



Consolidated NPL composition & coverage ratio

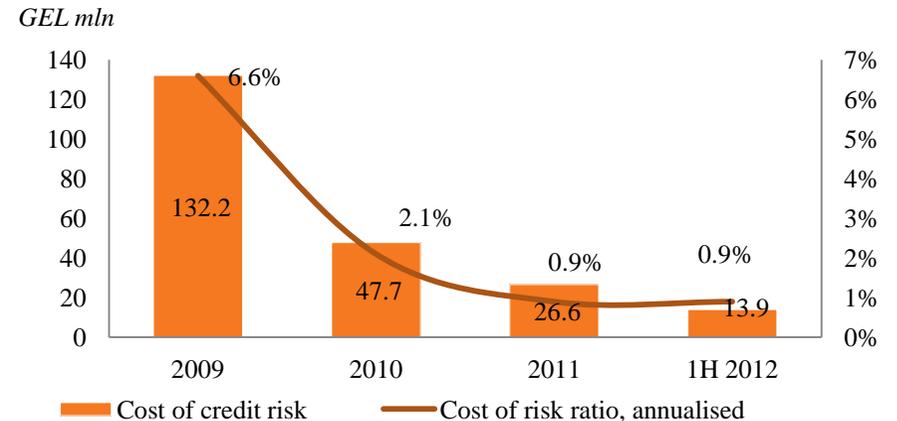


Consolidated loan loss reserve, NPLs to gross loans



* Other NPLs include BNB and BG Bank

Consolidated cost of credit risk & cost of risk ratio



Strong liquidity

Liquid assets to total liabilities



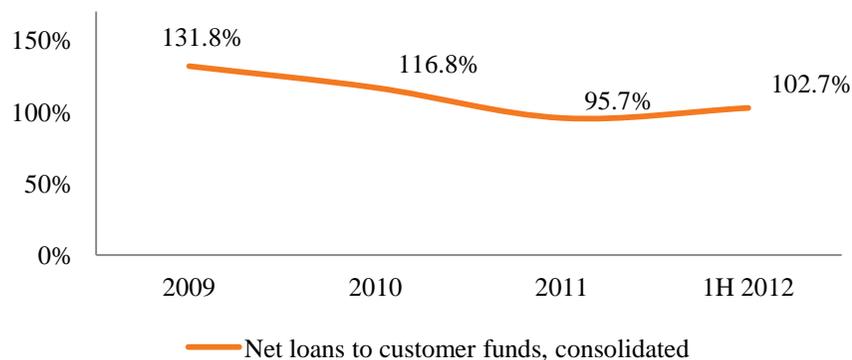
NBG liquidity ratio

Bank Standalone, GEL mln

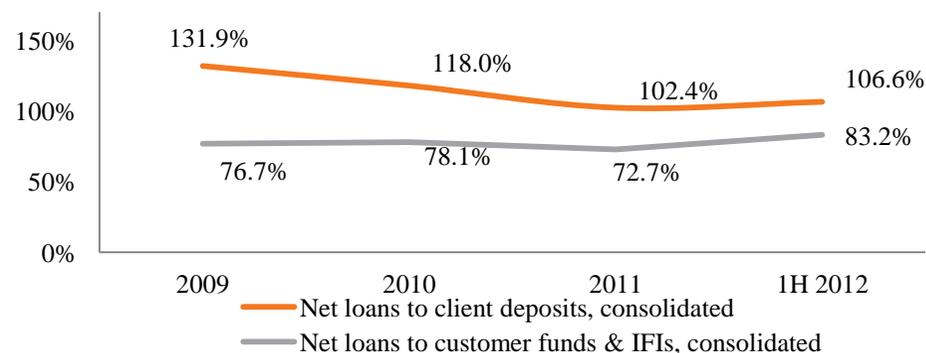
NBG Liquidity Ratio

| | 30-Jun-12 | 31-Dec-11 | 31-Dec-10 |
|--|-----------|-----------|-----------|
| Liquid Assets (NBG) | 1,159 | 1,242 | 790 |
| Liabilities (NBG) | 3,292 | 3,286 | 2,279 |
| Liquid Assets / Liabilities \geq 30% | 35.2% | 37.8% | 34.7% |
| Excess liquidity | 172 | 256 | 106 |

Net loans to customer funds

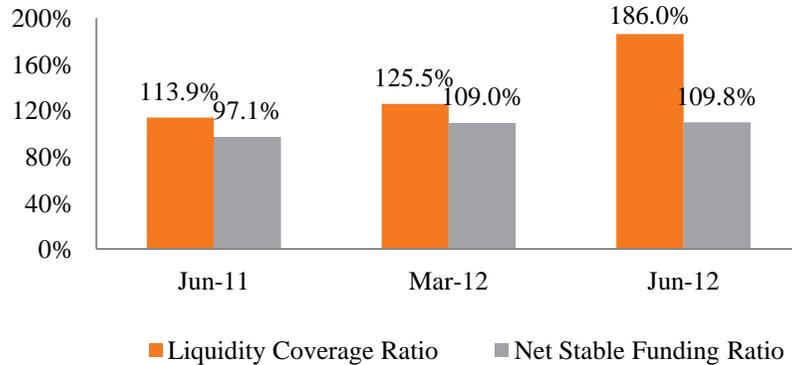


Net loans to client deposits and net loans to customer funds & IFIs

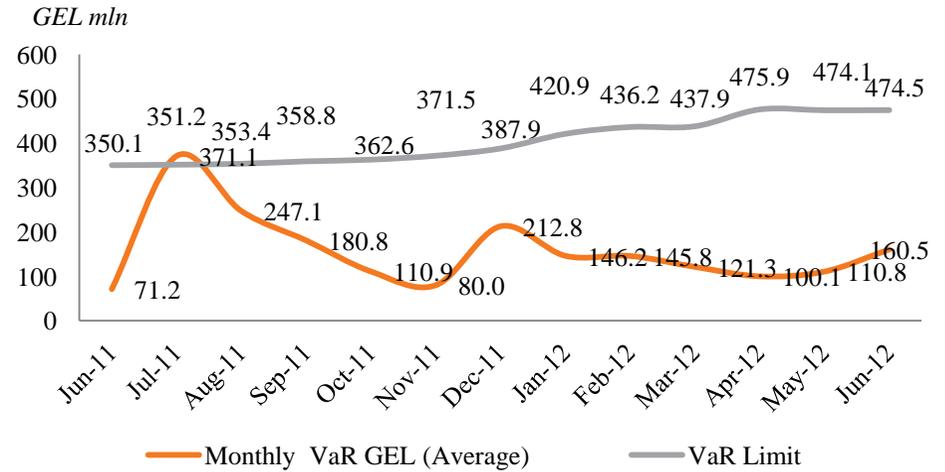


Strong liquidity

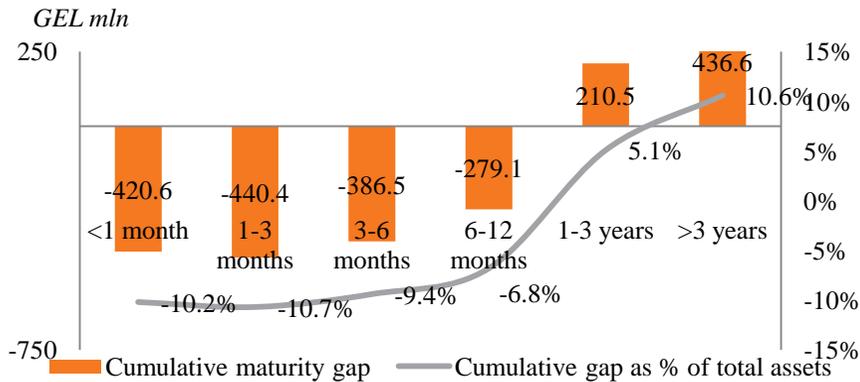
Liquidity coverage ratio & net stable funding ratio



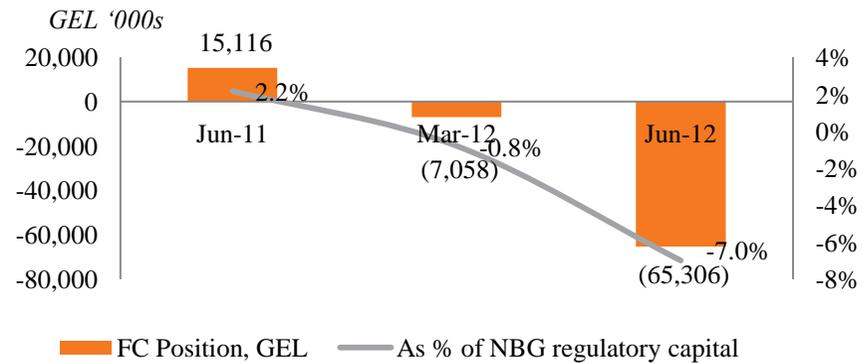
Foreign currency monthly VaR analysis



Maturity gap

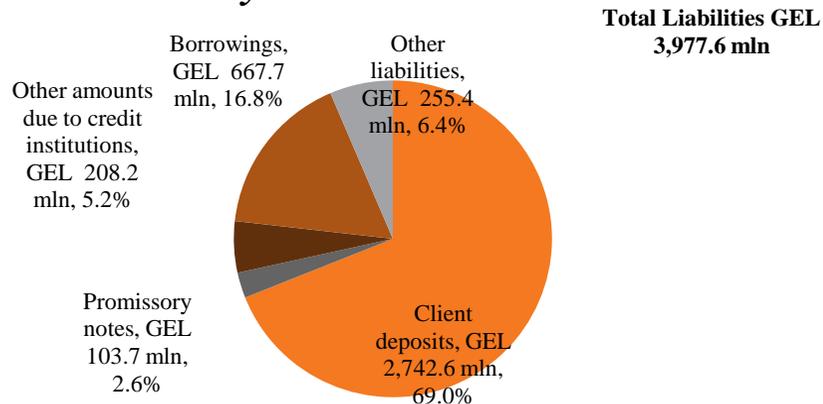


Open currency position

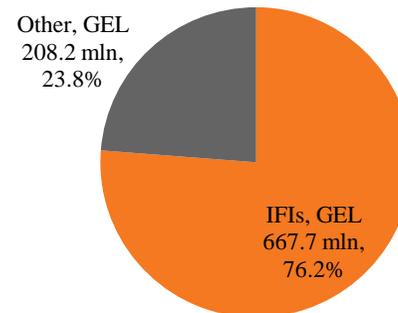


Funding structure is well-balanced

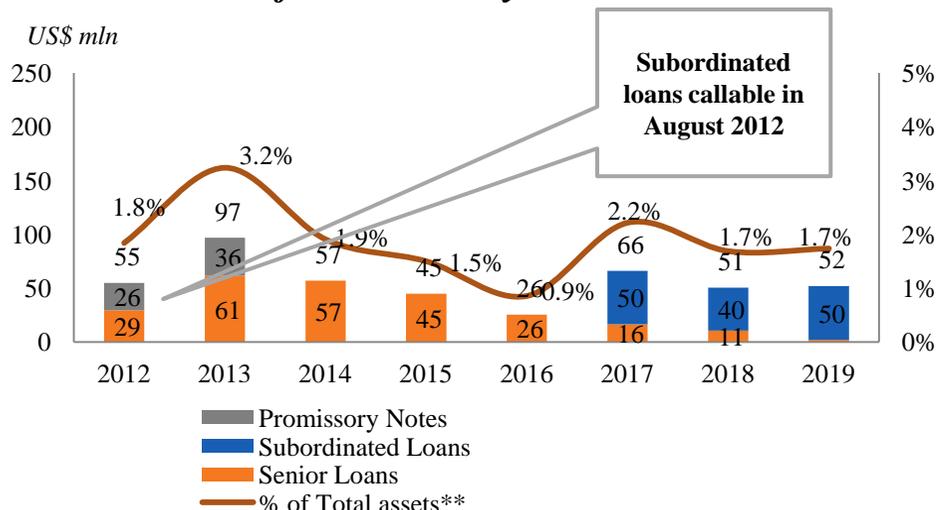
Liability structure



Well diversified international borrowings



Borrowed funds maturity breakdown*



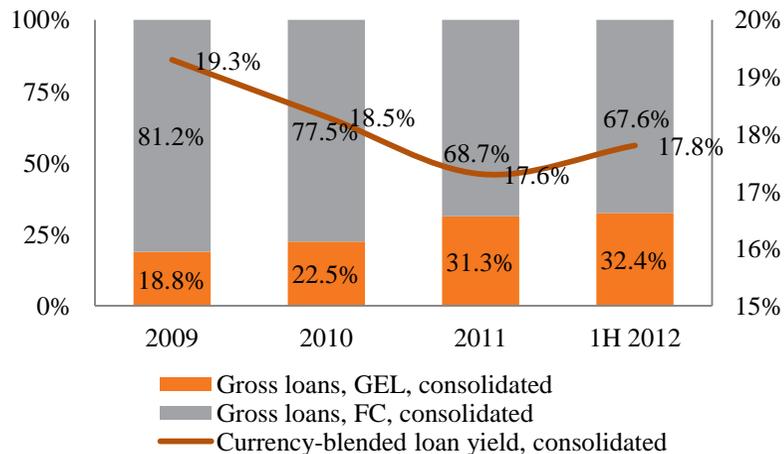
Amounts due to credit institutions

- The Bank has a well-balanced funding structure with 72% of total liabilities coming from customer funds and 17% from International Financial Institutions (IFIs) as of 30 June 2012
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as IFIs, such as EBRD, IFC, DEG, Asian Development Bank, etc.
- As of 31 December 2011, US\$62.5 mln undrawn facilities from IFIs with five to six year maturities

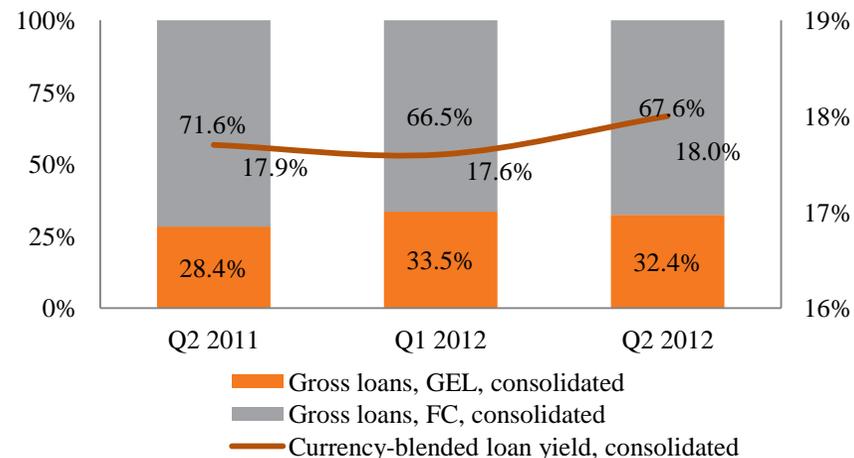
* Consolidated, converted at GEL/US\$ exchange rate of 1.6451 as of 30 June 2012
 ** Total Assets as of 30 June 2012

Yield dynamics

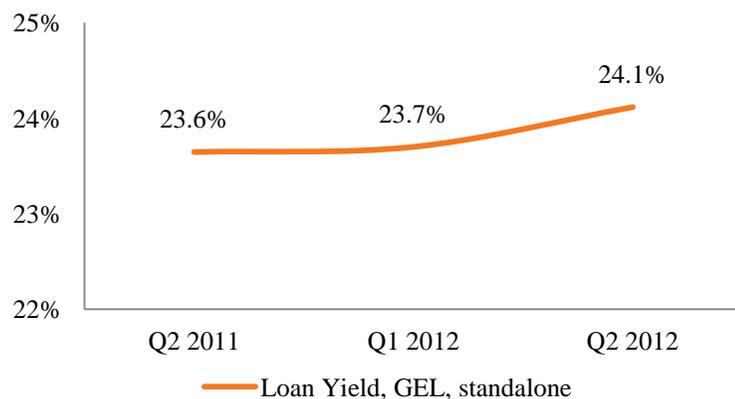
Loan yields, annual



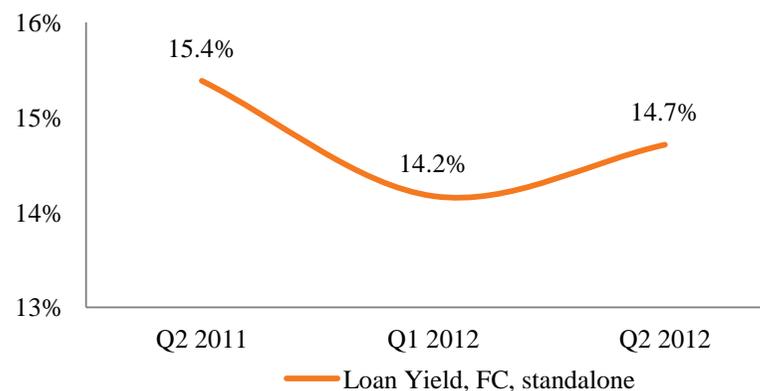
Loan yields, quarterly



Loan yields, GEL, quarterly



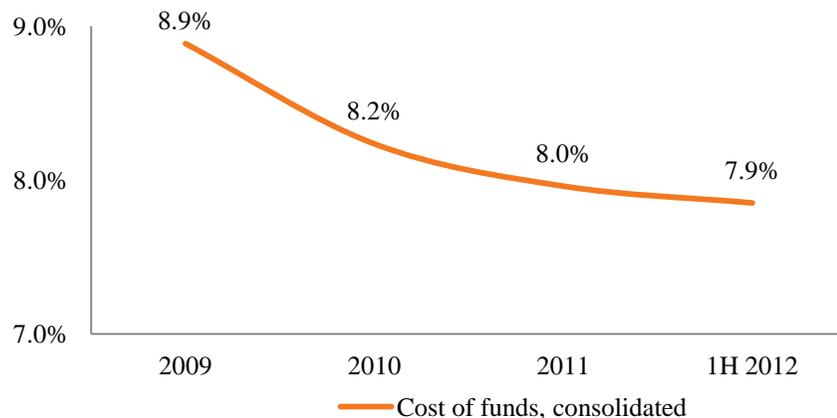
Loan yields, foreign currency, quarterly



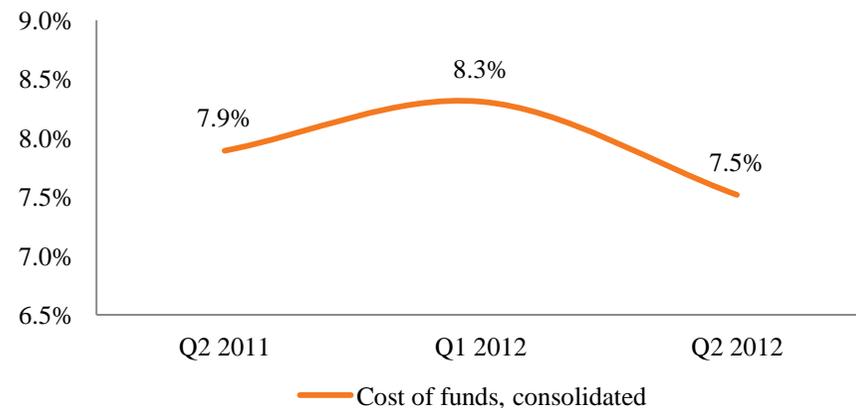
Loan yields excluding provisions

Cost of funds and loans to deposits

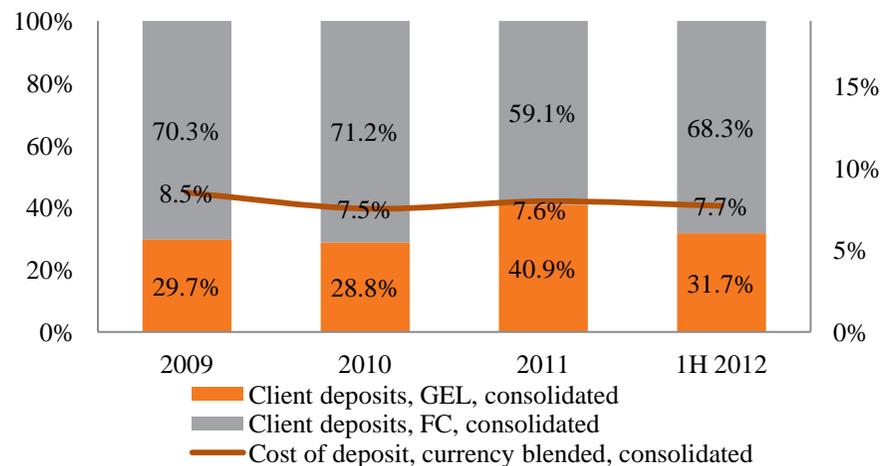
Cost of funds, annual



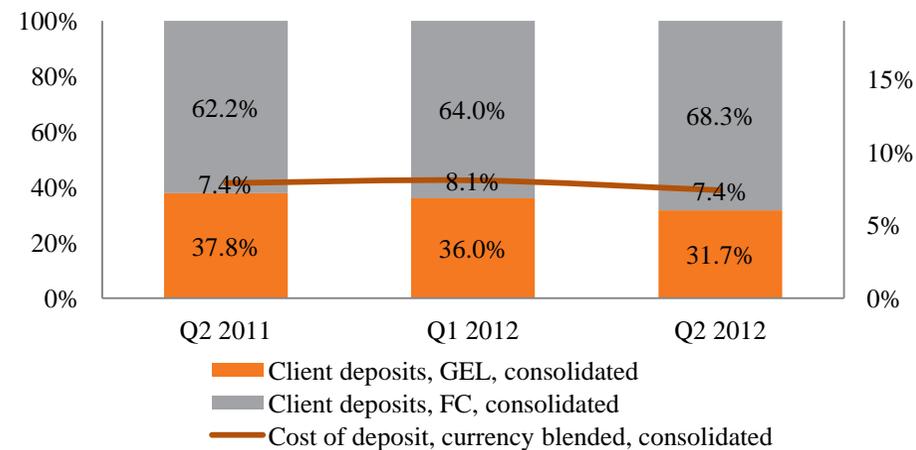
Cost of funds, quarterly



Cost of deposits, annual



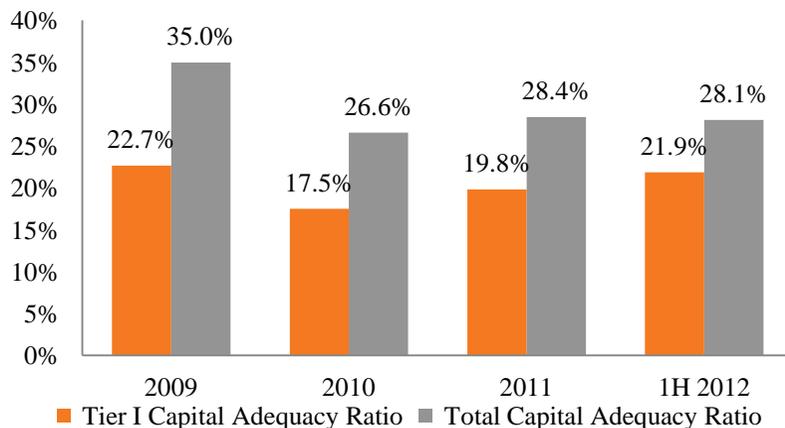
Cost of deposits, quarterly



Excellent capital adequacy position

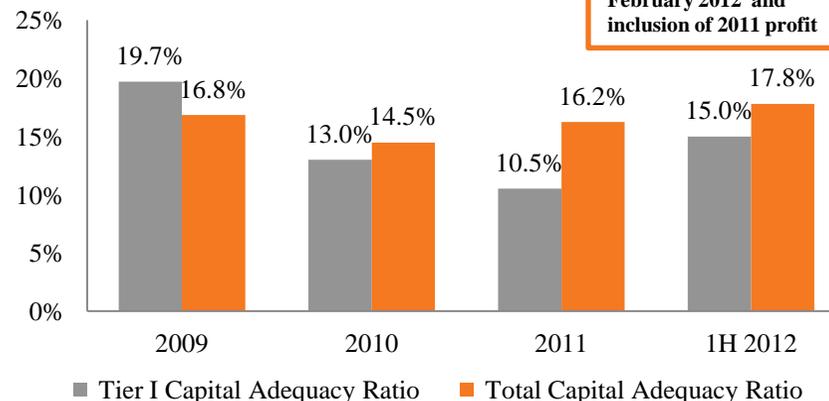
BIS capital adequacy ratios, Consolidated

- 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

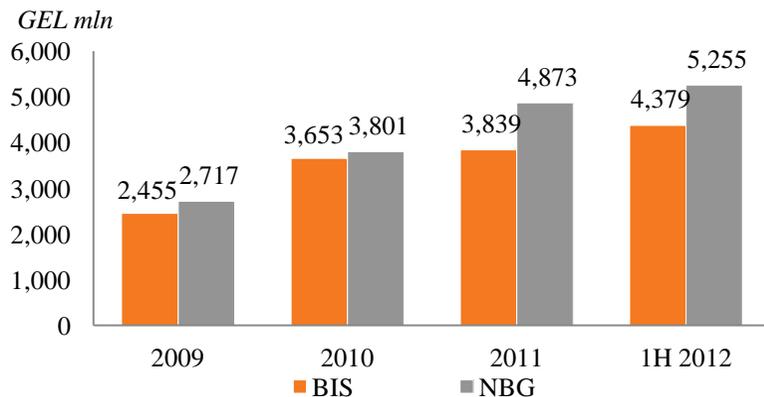


NBG capital adequacy ratios, Standalone

Tier I Ratio grew due to the conversion of EBRD & IFC loans of US\$50 mln in February 2012 and inclusion of 2011 profit



Risk-weighted assets BIS vs. NBG



NBG Tier I Capital and Total Capital

| GEL mln | 1H 2012 | YE 2011 | Change |
|--------------------------------|----------------|----------------|--------------|
| Tier I Capital (Core) | 788.2 | 512.2 | 53.9% |
| Tier 2 Capital (Supplementary) | 377.4 | 463.8 | -18.6% |
| Less: Deductions | (230.2) | (184.3) | 24.9% |
| Total Capital | 935.4 | 791.7 | 18.2% |
| Risk weighted assets | 5,255.0 | 4,872.9 | 7.8% |
| Tier 1 Capital ratio | 15.0% | 10.5% | |
| Total Capital ratio | 17.8% | 16.2% | |

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

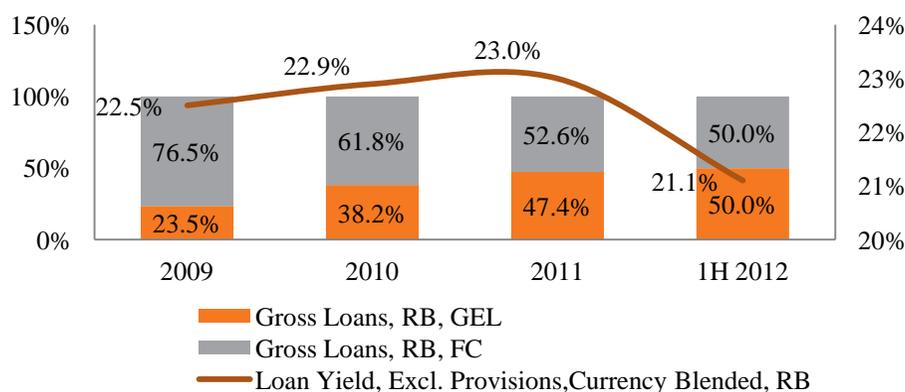
Business Segment Discussion

Appendices

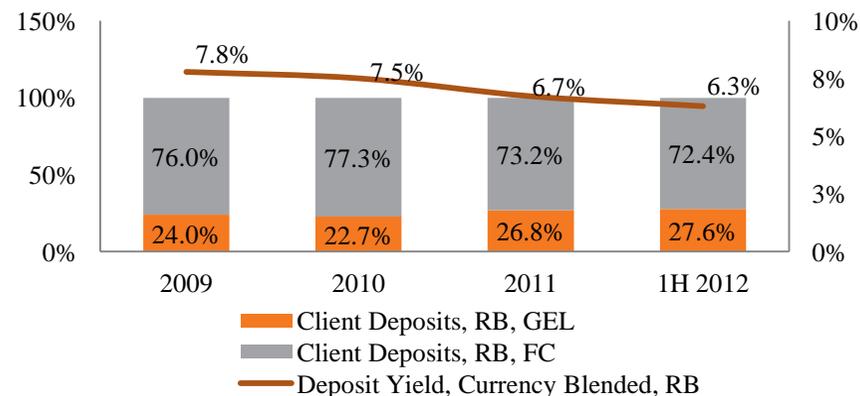
Retail Banking (RB): Strong growth of revenue, loans and deposits, deposit rate cuts

| <i>GEL thousands unless otherwise noted</i> | 1H 2012 | 1H 2011 | Change Y-O-Y | Q2 2012 | Q2 2011 | Change Y-O-Y | Q1 2012 | Change Q-O-Q |
|--|----------------|---------------|-----------------|---------------|---------------|-----------------|---------------|-----------------|
| Net interest income | 83,155 | 68,474 | 21.4% | 44,187 | 36,668 | 20.5% | 38,969 | 13.4% |
| Net fees and commission income | 25,198 | 22,520 | 11.9% | 13,491 | 12,778 | 5.6% | 11,706 | 15.2% |
| Net gains from foreign currencies | 6,229 | 4,933 | 26.3% | 3,271 | 3,987 | -18.0% | 2,958 | 10.6% |
| Other operating non-interest income | 3,028 | 1,920 | 57.7% | 2,263 | 1,581 | 43.1% | 973 | 132.5% |
| Operating income from other segments | 1,341 | 727 | 84.4% | 902 | 384 | 134.8% | 281 | NMF |
| Revenue | 118,951 | 98,574 | 20.7% | 64,113 | 55,399 | 15.7% | 54,887 | 16.8% |
| Other operating non-interest expenses (income) | 55,262 | 53,598 | 3.1% | 28,854 | 29,277 | -1.4% | 26,408 | 9.3% |
| Operating income before cost of credit risk | 63,689 | 44,976 | 41.6% | 35,259 | 26,122 | 35.0% | 28,479 | 23.8% |
| Cost of credit risk | 11,208 | (4,413) | NMF | 6,511 | (39) | NMF | 4,697 | 38.6% |
| Net non-operating expense | 3,869 | (4,011) | NMF | 2,163 | (4,213) | NMF | 1,706 | 26.8% |
| Profit before income tax expense | 48,612 | 53,401 | -9.0% | 26,584 | 30,374 | -12.5% | 22,076 | 20.4% |
| Net loans, standalone | 1,260,715 | 1,061,165 | 18.8% | 1,260,715 | 1,061,165 | 18.8% | 1,225,012 | 2.9% |
| Client deposits, standalone | 734,885 | 670,129 | 9.7% | 734,885 | 670,129 | 9.7% | 713,026 | 3.1% |
| <i>Loan yield</i> | 21.1% | 21.7% | | 21.8% | 22.0% | | 20.5% | |
| <i>Cost of deposits</i> | 6.3% | 6.9% | | 6.2% | 6.7% | | 6.5% | |
| <i>Cost / income ratio</i> | 46.5% | 54.4% | | 45.0% | 52.8% | | 48.1% | |

Retail Banking loan yields

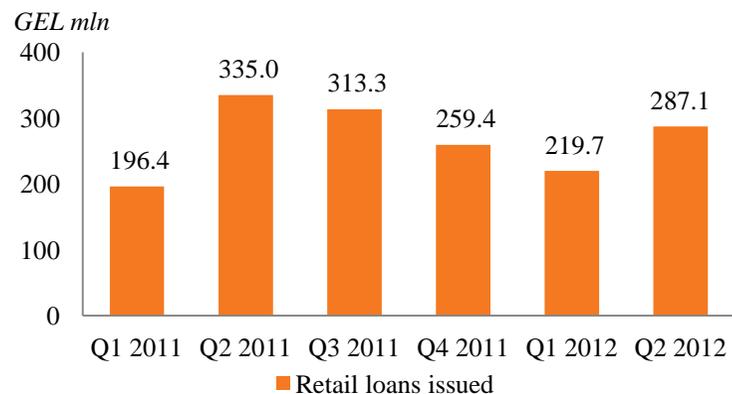


Retail Banking deposit costs

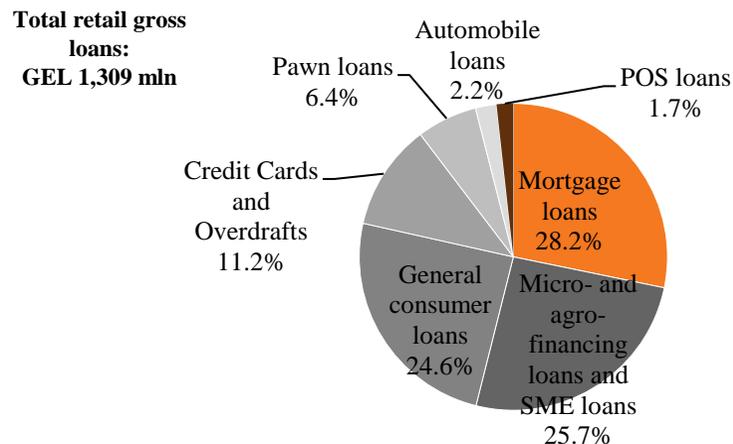


Retail Banking (RB) – No. 1 retail bank in Georgia

Retail Bank loans originated

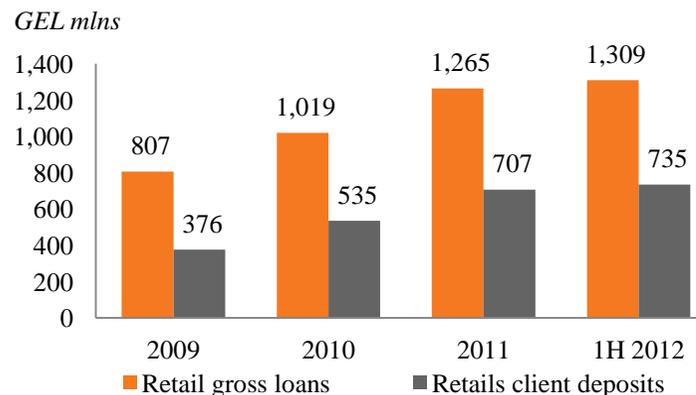


Retail Bank gross loan portfolio, 30 June 2012



Note: does not include Wealth Management loans of GEL 44.8 mln and BNB loans of GEL 56.7 mln

Retail gross loans and deposits growth



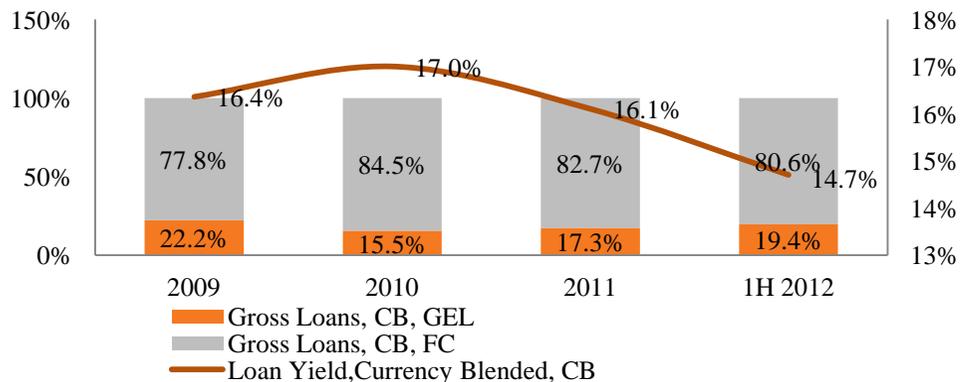
| Volumes are in GEL millions | Q2 2012 | % of clients | 2011 | 2010 | 2009 |
|---|---------|--------------|---------|---------|---------|
| Number of total Retail clients, of which: | 933,666 | - | 888,794 | 823,859 | 806,473 |
| Number of Solo clients ("Premier Banking") | 4,375 | - | 3,728 | 2,303 | 87 |
| Consumer loans & other outstanding, volume | 457.0 | - | 428.2 | 285.4 | 234.8 |
| Consumer loans & other outstanding, number | 408,098 | 43.7% | 342,652 | 265,212 | 241,199 |
| Mortgage loans outstanding, volume | 369.6 | - | 375.0 | 370.6 | 341.1 |
| Mortgage loans outstanding, number | 9,277 | 1.0% | 9,162 | 8,434 | 7,900 |
| Micro & SME loans outstanding, volume | 335.9 | - | 318.5 | 238.3 | 98.9 |
| Micro & SME loans outstanding, number | 10,490 | 1.1% | 9,861 | 8,360 | 5,879 |
| Credit cards and overdrafts outstanding, volume | 146.3 | - | 143.3 | 124.3 | 131.9 |
| Credit cards and overdrafts outstanding, number | 136,456 | 14.6% | 131,119 | 121,444 | 139,742 |
| Credit cards outstanding, number, of which: | 144,864 | 15.5% | 127,820 | 106,809 | 77,330 |
| American Express cards | 108,432 | 11.6% | 97,100 | 55,200 | 2,000 |

Corporate Banking (CB): Improved efficiency and profitability

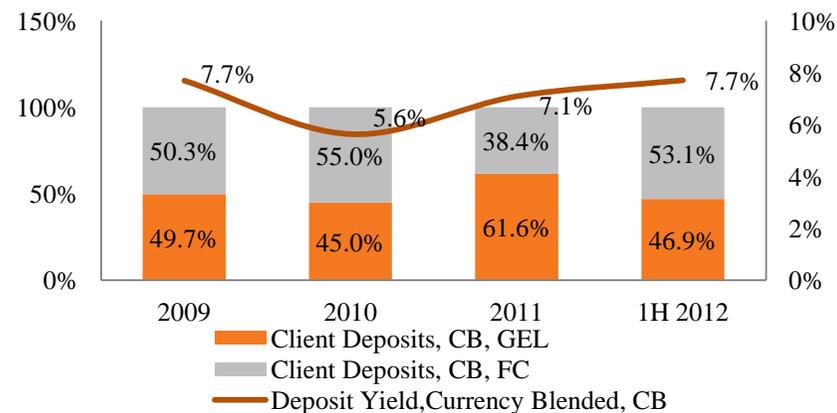
GEL thousands unless otherwise noted

| | 1H 2012 | 1H 2011 | Change Y-O-Y | Q2 2012 | Q2 2011 | Change Y-O-Y | Q1 2012 | Change Q-O-Q |
|--|---------------|---------------|-----------------|---------------|---------------|-----------------|---------------|-----------------|
| Net interest income | 43,179 | 39,069 | 10.5% | 25,363 | 17,961 | 41.2% | 17,817 | 42.4% |
| Net fees and commission income | 14,887 | 9,210 | 61.6% | 7,805 | 4,625 | 68.8% | 7,082 | 10.2% |
| Net gains from foreign currencies | 16,035 | 13,676 | 17.2% | 7,671 | 9,872 | -22.3% | 8,364 | -8.3% |
| Other operating non-interest income | 1,562 | 1,486 | 5.1% | 1,100 | 1,071 | 2.8% | 1,162 | -5.3% |
| Operating income from other segments | 312 | 4,797 | -93.5% | 332 | 2,768 | -88.0% | 2,808 | -88.2% |
| Revenue | 75,975 | 68,238 | 11.3% | 42,272 | 36,296 | 16.5% | 37,233 | 13.5% |
| Other operating non-interest expenses | 25,452 | 26,547 | -4.1% | 14,217 | 14,602 | -2.6% | 11,234 | 26.6% |
| Operating income before cost of credit risk | 50,523 | 41,691 | 21.2% | 28,055 | 21,695 | 29.3% | 25,998 | 7.9% |
| Cost of credit risk | 1,541 | 8,957 | -82.8% | 284 | (275) | NMF | 1,257 | -77.4% |
| Net non-operating expense (income) | 4,570 | (2,058) | NMF | 1,036 | (2,782) | NMF | 3,533 | -70.7% |
| Profit before income tax expense | 44,412 | 34,792 | 27.7% | 26,734 | 24,752 | 8.0% | 21,209 | 26.1% |
| Net loans, standalone | 1,650,487 | 1,356,630 | 21.7% | 1,650,487 | 1,356,630 | 21.7% | 1,454,937 | 13.4% |
| Client deposits, standalone | 1,467,251 | 1,095,874 | 33.9% | 1,467,251 | 1,095,874 | 33.9% | 1,246,995 | 17.7% |
| <i>Loan yield</i> | 14.7% | 14.7% | | 14.9% | 14.3% | | 14.5% | |
| <i>Cost of deposits</i> | 7.7% | 6.7% | | 7.3% | 7.2% | | 8.3% | |
| <i>Cost / income ratio</i> | 33.5% | 38.9% | | 33.6% | 40.2% | | 30.2% | |

Corporate Banking loan yields



Corporate Banking deposit costs



Corporate Banking (CB): Strong growth of the diversified CB loan book

Integrated client coverage in the following key sectors

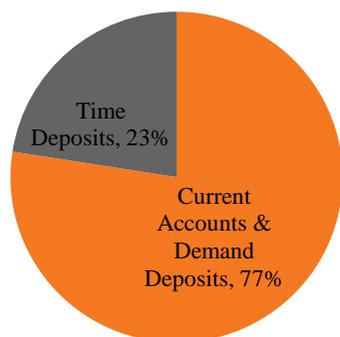
- Trade
- Energy
- Fast Moving Consumer Goods (FMCG)
- Real Estate
- Infrastructure
- Industry
- Pharmaceuticals & healthcare
- State
- Hospitality

Highlights

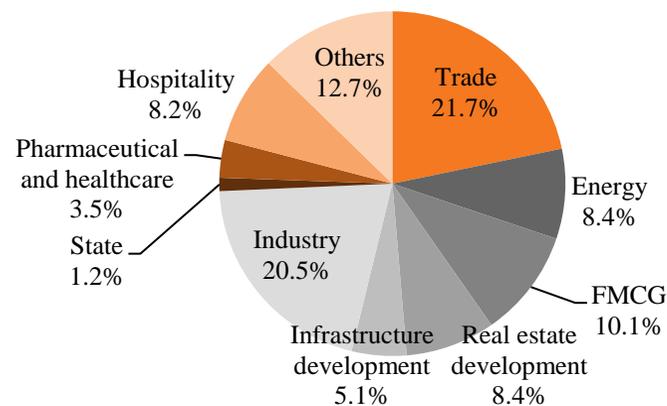
- No.1 corporate bank in Georgia
- Circa 41.4% market share based on customer deposits¹
- Integrated client coverage in key sectors
- More than 8,000 clients served by dedicated relationship bankers
- Increased number of corporate clients using the Bank's payroll services from 1,737 in 2010 to 3,149 in Q2 2012
- Gearing up for launching macro and sector research covering Caucasus region by the brokerage subsidiary
- Launched Bank of Georgia Research to support CB's fee-generating business

Corporate client deposits, 30 June 2012

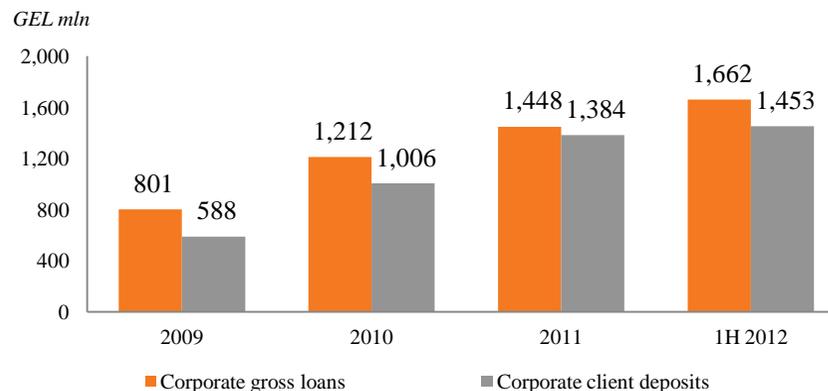
Total corporate deposits:
GEL 1,453 mln



Corporate loan portfolio (standalone), 30 June 2012



Corporate gross loan and deposit growth



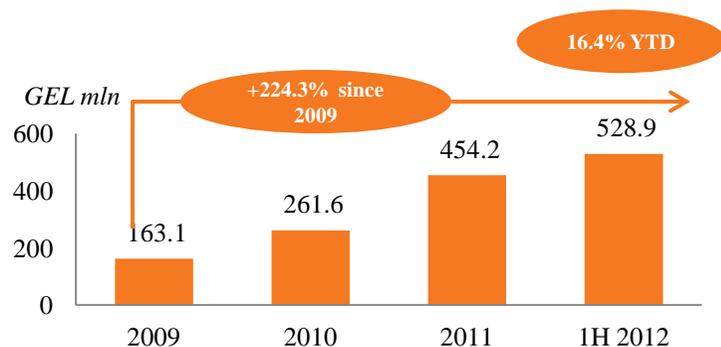
¹ source: National Bank of Georgia, does not include interbank deposits

Wealth Management (WM) results overview

GEL thousands unless otherwise noted

| | 1H 2012 | 1H 2011 | Change Y-O-Y | Q2 2012 | Q2 2011 | Change Y-O-Y | Q1 2012 | Change Q-O-Q |
|--|--------------|--------------|-----------------|--------------|--------------|-----------------|--------------|-----------------|
| Net interest income | 6,550 | 3,049 | 114.8% | 3,610 | 991 | NMF | 2,940 | 22.8% |
| Net fees and commission income | 230 | 305 | -24.8% | 117 | 173 | -32.2% | 112 | 4.4% |
| Net gains from foreign currencies | 380 | (780) | NMF | 227 | 182 | 24.5% | 153 | 47.7% |
| Other operating non-interest income | 40 | 51 | -21.1% | 21 | 54 | -61.9% | 20 | 4.6% |
| Revenue | 7,200 | 2,625 | 174.3% | 3,974 | 1,400 | 183.9% | 3,225 | 23.2% |
| Other operating non-interest expenses | 1,924 | 2,049 | -6.1% | 1,037 | 1,007 | 2.9% | 887 | 16.9% |
| Operating income before cost of credit risk | 5,276 | 576 | NMF | 2,937 | 393 | NMF | 2,338 | 25.6% |
| Cost of credit risk | (1) | (732) | -99.9% | 31 | (438) | NMF | (32) | NMF |
| Net non-operating expense (income) | 125 | (806) | NMF | 71 | (251) | NMF | 53 | 34.0% |
| Profit before income tax expense | 5,151 | 2,114 | 143.7% | 2,835 | 1,082 | 162.0% | 2,317 | 22.4% |
| Net loans, standalone | 47,219 | 24,125 | 95.7% | 47,219 | 24,125 | 95.7% | 43,629 | 8.2% |
| Client deposits, standalone | 528,882 | 304,374 | 73.8% | 528,882 | 304,374 | 73.8% | 490,446 | 7.8% |

WM client deposits growth

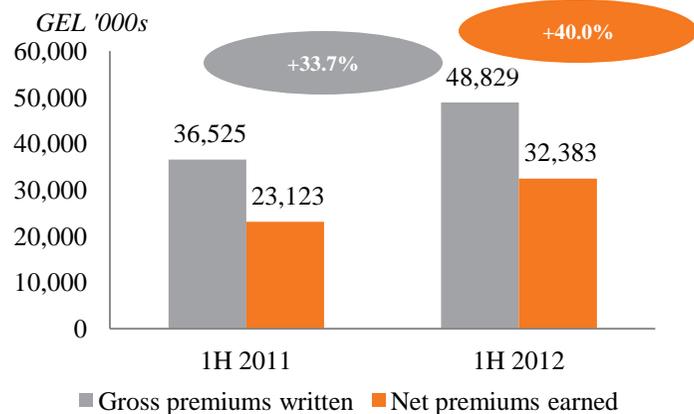


Highlights

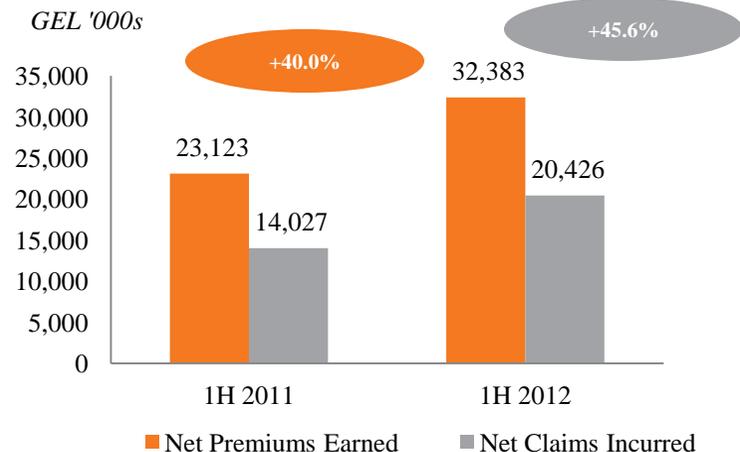
- Strengthening presence internationally through representative offices in Israel (since 2008) and the UK (2010).
- Preparing to launch local currency fixed income fund initially focusing on Caucasus region to allow investors access to fixed income instruments of these frontier markets that offer attractive risk return profile.

Insurance & healthcare

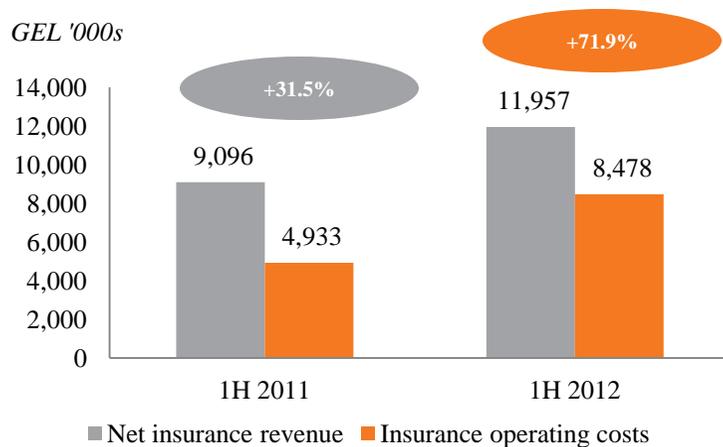
Gross premiums written & net premiums earned



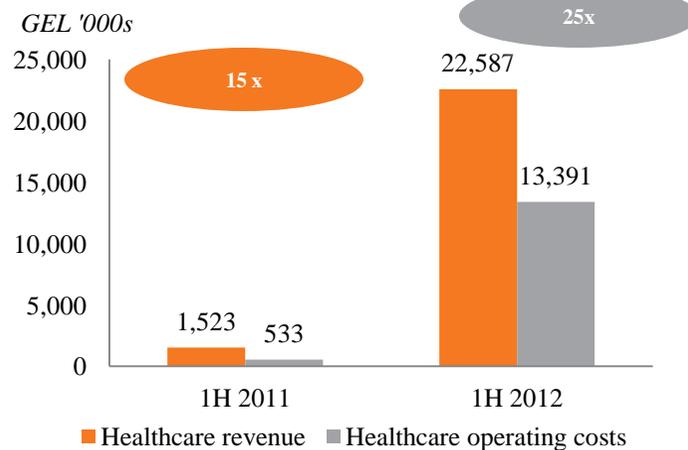
Net premiums earned & net claims incurred



Insurance revenue and costs

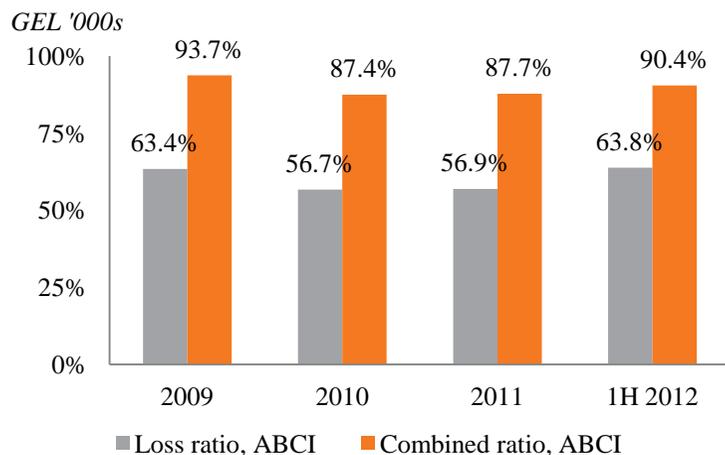


Healthcare revenue and costs

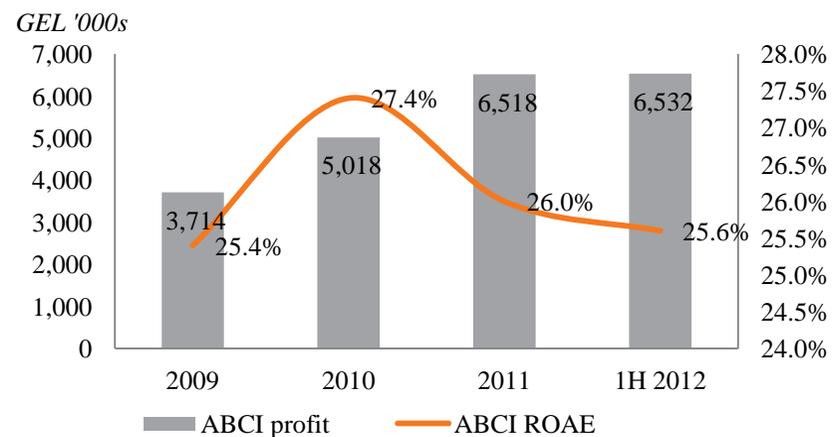


Insurance and Healthcare (ABCI), cont'd

Loss ratio & combined ratio



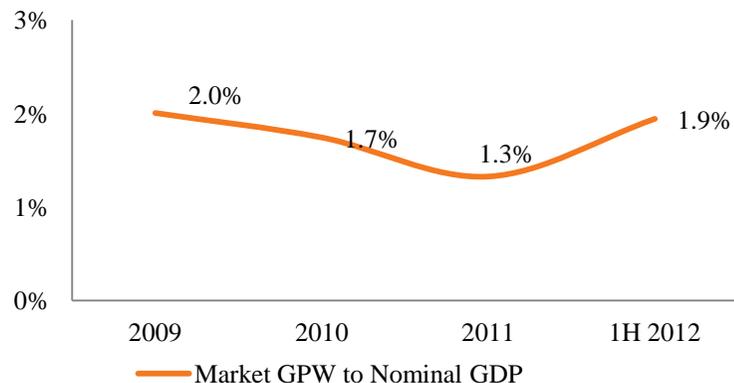
ABCI Profits & ROAE



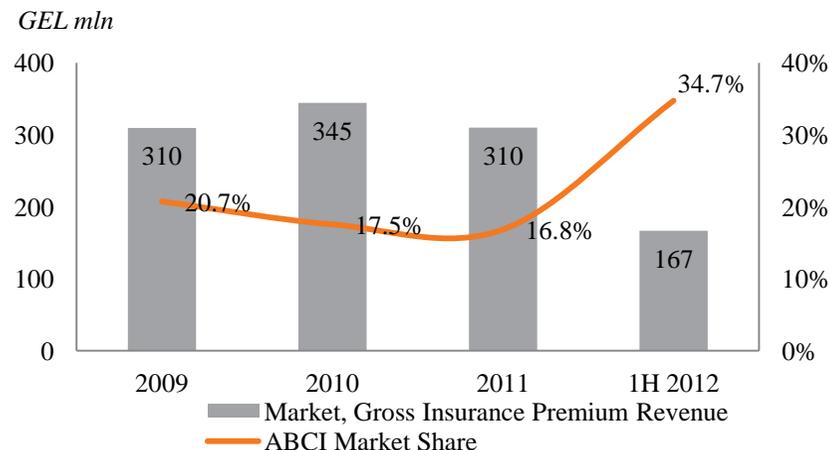
* The sum of incurred losses and expenses divided by earned premium

ABCI market share & market Gross Premiums Written

Market GPW to nominal GDP



ABCI market share by insurance premium revenue



Imedi L acquisition

- In May 2012 Aldagi BCI acquired 85% equity interest in Imedi L International, the third largest insurance company in Georgia
- Total gross assets of Imedi L comprised GEL 68.0 million as of 31 December 2011, with estimated net assets of GEL 8.0 million as of 31 March 2012, translating into the valuation of one time net asset value
- The Bank injected GEL 32.5 million into Aldagi BCI to ensure Imedi L has sufficient capital and liquidity to meet its existing hospital construction obligations

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

Business Segment Discussion

Appendices

Analyst Coverage

Aldagi BCI Acquisition of Imedi L

Financial Statements

Analyst coverage of Bank of Georgia Holdings plc

- ☒ Citi and Merrill Lynch initiated coverage in May 2012 and September 2012, respectively
- ☒ BGEO becomes first Georgia stock to be covered by “bulge bracket” investment banks

Consensus Target Price: GBP 15.64

2012 Net Profit Consensus: GEL 178 mln

Bank of America 
Merrill Lynch GBP 15.32

 **Oriel**
SECURITIES GBP 17.00


citi GBP 13.20

 **VTB Capital** GBP 17.76

ING  GBP 15.70

Renaissance
Capital GBP 16.30

seymour
pierce GBP 16.00

VisorCapital GBP 14.79

 **CONCORDE**
CAPITAL GBP 14.69

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

Business Segment Discussion

Appendices

Analyst Coverage

Aldagi BCI Acquisition of Imedi L

Financial Statements

Aldagi BCI's acquisition of Imedi L – Strategic rationale

- Immediate doubling of Aldagi BCI's share (by gross premium revenue) of the Georgian insurance market from c.20.0% to c.35% as of 30 June 2012
- Substantial increase in the number of retail clients, from 200,000 to 420,000
- Significant net synergies
- Enlargement of Aldagi BCI's healthcare business in both western and eastern Georgia
- Further revenue and cost synergies available in the Healthcare business
- Aldagi BCI has an excellent track record in integrating Insurance and Healthcare companies in Georgia

Contents

Bank of Georgia Overview

Georgian Macro Overview

Bank of Georgia Q2 2012 and 1H 2012 Results Overview and Analyses

Business Segment Discussion

Appendices

Analyst Coverage

Aldagi BCI Acquisition of Imedi L

Financial Statements

1H 2012 - Income Statement

| <i>GEL thousands, unless otherwise noted</i> | 1H 2012 <i>Unaudited</i> | 1H 2011 | Change Y-O-Y |
|--|------------------------------------|------------------|-------------------------------|
| Loans to customers | 244,966 | 211,466 | 15.8% |
| Investment securities: available-for-sale | 17,806 | 18,352 | -3.0% |
| Amounts due from credit institutions | 9,623 | 7,669 | 25.5% |
| Finance lease receivables | 4,133 | 1,722 | 140.0% |
| Interest income | 276,528 | 239,209 | 15.6% |
| Amounts due to customers | (103,765) | (75,628) | 37.2% |
| Amounts due to credit institutions | (34,048) | (50,215) | -32.2% |
| Interest expense | (137,813) | (125,843) | 9.5% |
| Net interest income before interest rate derivative financial instruments | 138,716 | 113,366 | 22.4% |
| Net (losses) gains from interest rate derivative financial instruments | (1,053) | 2,492 | NMF |
| Net interest income | 137,662 | 115,858 | 18.8% |
| Fee and commission income | 51,477 | 43,636 | 18.0% |
| Fee and commission expense | (9,943) | (9,666) | 2.9% |
| Net fee and commission income | 41,534 | 33,970 | 22.3% |
| Net insurance premiums earned | 32,383 | 23,123 | 40.0% |
| Net insurance claims incurred | (20,426) | (14,027) | 45.6% |
| Net insurance revenue | 11,957 | 9,096 | 31.5% |
| Healthcare revenue | 22,587 | 1,523 | NMF |
| Cost of healthcare services | (13,391) | (533) | NMF |
| Net healthcare revenue | 9,196 | 990 | NMF |
| Net gains from trading securities and investment securities | 953 | 732 | 30.2% |
| Net gains from foreign currencies, of which: | 26,191 | 43,411 | -39.7% |
| – dealing | 17,186 | 21,112 | -18.6% |
| – translation differences | 9,005 | 22,299 | -59.6% |
| Other operating income | 11,492 | 9,351 | 22.9% |
| Other operating non-interest income | 38,637 | 53,494 | -27.8% |
| Revenue | 238,986 | 213,408 | 12.0% |
| Salaries and other employee benefits | (57,833) | (56,236) | 2.8% |
| Selling and administrative expenses | (33,762) | (30,582) | 10.4% |
| Depreciation and amortization | (13,919) | (12,941) | 7.6% |
| Other operating expenses | (3,558) | (3,766) | -5.5% |
| Other operating non-interest expenses | (109,072) | (103,525) | 5.4% |
| Operating income before cost of credit risk | 129,914 | 109,883 | 18.2% |
| Impairment charge on loans to customers | (13,001) | (11,331) | 14.7% |
| Impairment charge on finance lease receivables | (241) | (171) | 40.9% |
| Impairment charge on other assets and provisions | (706) | 3,240 | NMF |
| Cost of credit risk | (13,948) | (8,262) | 68.8% |
| Net operating income | 115,966 | 101,621 | 14.1% |
| Net non-operating expenses | (12,394) | (18,703) | -33.7% |
| Profit before income tax expense from continuing operations | 103,572 | 82,918 | 24.9% |
| Income tax expense | (17,538) | (6,926) | 153.2% |
| Profit for the period from continuing operations | 86,034 | 75,992 | 13.2% |
| Net loss from discontinued operations | - | (12,247) | -100.0% |
| Profit for the period | 86,034 | 63,745 | 35.0% |
| Attributable to: | | | |
| – shareholders of the Group | 84,215 | 63,645 | 32.3% |
| – non-controlling interests | 1,819 | 100 | NMF |
| Earnings per share (basic) | 2.57 | 2.13 | 20.7% |
| Earnings per share (diluted) | 2.52 | 2.02 | 24.9% |

Q2 2012 Income Statement

| <i>GEL thousands, unless otherwise noted</i> | Q2 2012 <i>Unaudited</i> | Q2 2011 <i>Unaudited</i> | Change Y-O-Y | Q1 2012 <i>Unaudited</i> | Change Q-O-Q |
|--|-----------------------------|-----------------------------|-----------------|-----------------------------|-----------------|
| Loans to customers | 126,541 | 106,454 | 18.9% | 118,425 | 6.9% |
| Investment securities: available-for-sale | 7,983 | 9,512 | -16.1% | 9,824 | -18.7% |
| Amounts due from credit institutions | 5,411 | 4,797 | 12.8% | 4,212 | 28.5% |
| Finance lease receivables | 2,121 | 925 | 129.3% | 2,012 | 5.4% |
| Interest income | 142,055 | 121,688 | 16.7% | 134,473 | 5.6% |
| Amounts due to customers | (49,931) | (39,819) | 25.4% | (53,834) | -7.3% |
| Amounts due to credit institutions | (15,339) | (24,880) | -38.3% | (18,709) | -18.0% |
| Interest expense | (65,269) | (64,699) | 0.9% | (72,543) | -10.0% |
| Net interest income before interest rate derivative financial instruments | 76,786 | 56,989 | 34.7% | 61,930 | 24.0% |
| Net losses from interest rate derivative financial instruments | (285) | 1,976 | NMF | (768) | -62.9% |
| Net interest income | 76,501 | 58,965 | 29.7% | 61,162 | 25.1% |
| Fee and commission income | 27,355 | 23,783 | 15.0% | 24,122 | 13.4% |
| Fee and commission expense | (5,538) | (5,305) | 4.4% | (4,406) | 25.7% |
| Net fee and commission income | 21,818 | 18,478 | 18.1% | 19,716 | 10.7% |
| Net insurance premiums earned | 19,896 | 11,550 | 72.3% | 12,487 | 59.3% |
| Net insurance claims incurred | (12,613) | (7,113) | 77.3% | (7,813) | 61.4% |
| Net insurance revenue | 7,283 | 4,437 | 64.1% | 4,674 | 55.8% |
| Healthcare revenue | 12,327 | 778 | NMF | 10,260 | 20.2% |
| Cost of healthcare services | (7,909) | (20) | NMF | (5,482) | 44.3% |
| Net healthcare revenue | 4,419 | 758 | NMF | 4,777 | -7.5% |
| Net gains from trading securities and investment securities | 157 | 611 | -74.4% | 796 | -80.3% |
| Net gains from foreign currencies, of which: | 11,833 | 35,979 | -67.1% | 14,358 | -17.6% |
| – dealing | 7,343 | 12,814 | -42.7% | 9,844 | -25.4% |
| – translation differences | 4,490 | 23,165 | -80.6% | 4,515 | -0.5% |
| Other operating income | 7,132 | 4,868 | 46.5% | 4,360 | 63.6% |
| Other operating non-interest income | 19,122 | 41,458 | -53.9% | 19,515 | -2.0% |
| Revenue | 129,142 | 124,096 | 4.1% | 109,844 | 17.6% |
| Salaries and other employee benefits: | (32,000) | (29,672) | 7.8% | (25,833) | 23.9% |
| Selling and administrative expenses | (17,997) | (15,025) | 19.8% | (15,764) | 14.2% |
| Depreciation and amortization | (7,155) | (6,832) | 4.7% | (6,764) | 5.8% |
| Other operating expenses | (1,602) | (3,022) | -47.0% | (1,956) | -18.1% |
| Other operating non-interest expenses | (58,754) | (54,551) | 7.7% | (50,318) | 16.8% |
| Operating income before cost of credit risk | 70,388 | 69,545 | 1.2% | 59,526 | 18.2% |
| Impairment charge on loans to customers | (6,142) | (7,389) | -16.9% | (6,859) | -10.5% |
| Impairment charge on finance lease receivables | (131) | (95) | 37.5% | (110) | 18.5% |
| Impairment charge on other assets and provisions | (295) | 4,633 | NMF | (411) | -28.1% |
| Cost of credit risk | (6,568) | (2,851) | 130.4% | (7,380) | -11.0% |
| Net operating income | 63,820 | 66,694 | -4.3% | 52,146 | 22.4% |
| Net non-operating expenses | (7,994) | (18,644) | -57.1% | (4,400) | 81.7% |
| Profit before income tax expense from continuing operations | 55,826 | 48,050 | 16.2% | 47,746 | 16.9% |
| Income tax expense | (9,495) | (1,156) | NMF | (8,043) | 18.1% |
| Profit for the period from continuing operations | 46,331 | 46,894 | -1.2% | 39,704 | 16.7% |
| Net (loss) gain from discontinued operations | (54) | - | NMF | 54 | NMF |
| Profit for the period | 46,276 | 46,894 | -1.3% | 39,758 | 16.4% |
| Attributable to: | | | | | |
| – shareholders of the Group | 45,072 | 46,534 | -3.1% | 39,143 | 15.1% |
| – non-controlling interests | 1,204 | 360 | NMF | 615 | 95.9% |
| Earnings per share (basic) | 1.36 | 1.56 | -13.2% | 1.21 | 11.9% |
| Earnings per share (diluted) | 1.35 | 1.45 | -7.0% | 1.17 | 15.5% |

30 June 2012 – Balance Sheet

| <i>GEL thousands, unless otherwise noted</i> | Jun 12 <i>Unaudited</i> | Jun 11 | Change Y-O-Y | Mar-12 <i>Unaudited</i> | Change Q-O-Q |
|---|-----------------------------------|------------------|-------------------------------|-----------------------------------|-------------------------------|
| Cash and cash equivalents | 374,995 | 338,408 | 10.8% | 381,386 | -1.7% |
| Amounts due from credit institutions | 342,145 | 308,067 | 11.1% | 287,915 | 18.8% |
| Investment securities | 414,584 | 404,338 | 2.5% | 357,517 | 16.0% |
| Loans to customers and finance lease receivables | 2,923,140 | 2,439,901 | 19.8% | 2,713,752 | 7.7% |
| Investments in associates | 2,865 | 3,758 | -23.8% | 3,032 | -5.5% |
| Investment property | 138,639 | 99,353 | 39.5% | 125,104 | 10.8% |
| Property and equipment | 407,428 | 278,429 | 46.3% | 339,078 | 20.2% |
| Goodwill | 45,291 | 56,212 | -19.4% | 45,831 | -1.2% |
| Other intangible assets | 20,313 | 21,741 | -6.6% | 20,658 | -1.7% |
| Current income tax assets | 7,996 | 7,584 | 5.4% | 7,592 | 5.3% |
| Deferred income tax assets | 15,893 | 13,390 | 18.7% | 14,972 | 6.2% |
| Prepayments | 36,321 | 27,845 | 30.4% | 33,819 | 7.4% |
| Other assets | 205,402 | 124,298 | 65.3% | 159,502 | 28.8% |
| Total assets | 4,935,014 | 4,123,324 | 19.7% | 4,490,157 | 9.9% |
| Amounts due to customers, of which: | 2,846,263 | 2,228,505 | 27.7% | 2,625,229 | 8.4% |
| <i>Client deposits</i> | <i>2,742,601</i> | <i>2,079,442</i> | <i>31.9%</i> | <i>2,442,007</i> | <i>12.3%</i> |
| <i>Promissory notes</i> | <i>103,662</i> | <i>149,063</i> | <i>-30.5%</i> | <i>183,221</i> | <i>-43.4%</i> |
| Amounts due to credit institutions | 875,928 | 986,592 | -11.2% | 753,821 | 16.2% |
| Current income tax liabilities | 910 | 130 | NMF | 638 | 42.5% |
| Deferred income tax liabilities | 54,853 | 23,853 | 130.0% | 45,044 | 21.8% |
| Provisions | 460 | 8 | NMF | 429 | 7.1% |
| Other liabilities | 199,207 | 132,476 | 50.4% | 116,460 | 71.1% |
| Total liabilities | 3,977,620 | 3,371,564 | 18.0% | 3,541,621 | 12.3% |
| Share capital | 922 | 31,360 | -97.1% | 954 | -3.4% |
| Additional paid-in capital | - | 478,555 | -100.0% | 579,136 | -100.0% |
| Treasury shares | (66) | (1,428) | -95.4% | (72) | -8.6% |
| Other reserves | 17,681 | 28,063 | -37.0% | 18,355 | -3.7% |
| Retained earnings | 893,765 | 190,749 | NMF | 290,475 | NMF |
| Total equity attributable to shareholders of the Group | 912,301 | 727,299 | 25.4% | 888,848 | 2.6% |
| Non-controlling interests | 45,093 | 24,461 | 84.3% | 59,688 | -24.5% |
| Total equity | 957,394 | 751,760 | 27.4% | 948,536 | 0.9% |
| Total liabilities and equity | 4,935,014 | 4,123,324 | 19.7% | 4,490,157 | 9.9% |
| Book value per share (basic) | 27.37 | 24.30 | 12.6% | 26.78 | 2.2% |
| Book value per share (diluted) | 25.41 | 20.88 | 21.7% | 24.75 | 2.6% |

1H 2012 - Key Ratios

| | 1H 2012 | 1H 2011 |
|---|--------------|--------------|
| Profitability | | |
| ROAA, Annualised ¹ | 3.7% | 3.2% |
| ROAE, Annualised ² | 19.6% | 18.3% |
| Net Interest Margin, Annualised ³ | 8.2% | 7.9% |
| Loan Yield, Annualised ⁴ | 17.8% | 17.7% |
| Cost of Funds, Annualised ⁵ | 7.9% | 7.8% |
| Cost of Client Deposits, Annualised | 7.7% | 7.3% |
| Cost of Amounts Due to Credit Institutions, Annualised | 8.5% | 8.8% |
| Operating Leverage, Y-O-Y ⁶ | 6.6% | 26.5% |
| Efficiency | | |
| Cost / Income ⁷ | 45.6% | 48.5% |
| Liquidity | | |
| NBG Liquidity Ratio ⁸ | 35.2% | 37.9% |
| Liquid Assets To Total Liabilities ⁹ | 28.5% | 31.2% |
| Net Loans To Customer Funds | 102.7% | 109.5% |
| Leverage (Times) ¹⁰ | 4.2 | 4.5 |
| Asset Quality: | | |
| NPLs (in GEL) | 100,121 | 100,911 |
| NPLs To Gross Loans To Clients | 3.3% | 3.9% |
| NPL Coverage Ratio ¹¹ | 115.2% | 121.2% |
| Cost of Risk, Annualised ¹² | 0.9% | 1.0% |
| Capital Adequacy: | | |
| BIS Tier I Capital Adequacy Ratio, Consolidated ¹³ | 21.9% | 18.1% |
| BIS Total Capital Adequacy Ratio, Consolidated ¹⁴ | 28.1% | 26.7% |
| NBG Tier I Capital Adequacy Ratio ¹⁵ | 15.0% | 11.5% |
| NBG Total Capital Adequacy Ratio ¹⁶ | 17.8% | 15.1% |
| Per Share Values: | | |
| Basic EPS (GEL)¹⁷ | 2.57 | 2.13 |
| Diluted EPS (GEL) | 2.52 | 2.02 |
| Book Value Per Share (GEL), Basic¹⁸ | 27.37 | 24.30 |
| Book Value Per Share (GEL), Diluted | 25.41 | 20.88 |
| Ordinary Shares Outstanding - Weighted Average, Basic ¹⁹ | 32,807,562 | 29,934,352 |
| Ordinary Shares Outstanding - Weighted Average, Diluted ²⁰ | 33,866,108 | 33,408,966 |
| Ordinary Shares Outstanding - Period End, Basic | 33,332,636 | 29,932,549 |
| Treasury Shares Outstanding - Period End | (2,576,747) | (1,427,773) |
| Selected Operating Data: | | |
| Full Time Employees, Group, Of Which: | 10,538 | 5,315 |
| - Full Time Employees, BOG Stand-Alone | 3,533 | 3,216 |
| - Full Time Employees, Aldagi BCI Insurance | 665 | 313 |
| - Full Time Employees, Aldagi BCI Healthcare | 5,491 | 747 |
| - Full Time Employees, BNB | 277 | 278 |
| - Full Time Employees, Other | 572 | 761 |
| Total Assets Per FTE, BOG Stand-Alone (in GEL thousands) | 1,397 | 1,282 |
| Number Of Active Branches, Of Which: | 179 | 143 |
| - Flagship Branches | 34 | 34 |
| - Standard Branches | 95 | 85 |
| - Express Branches (including Metro) | 50 | 24 |
| Number Of ATMs | 459 | 408 |
| Number Of Cards Outstanding, Of Which: | 745,295 | 610,299 |
| - Debit cards | 600,431 | 500,593 |
| - Credit cards | 144,864 | 109,706 |
| Number Of POS Terminals | 3,233 | 2,630 |

Q2 2012 - Key Ratios

| KEY RATIOS | Q2 2012 | Q2 2011 | Q1 2012 |
|---|--------------|--------------|--------------|
| Profitability | | | |
| ROAA, Annualised ¹ | 4.0% | 4.6% | 3.5% |
| ROAE, Annualised ² | 20.0% | 25.9% | 19.0% |
| Net Interest Margin, Annualised ³ | 9.0% | 7.7% | 7.3% |
| Loan Yield, Annualised ⁴ | 18.0% | 17.9% | 17.6% |
| Cost of Funds, Annualised ⁵ | 7.5% | 7.9% | 8.3% |
| Cost of Client Deposits, Annualised | 7.4% | 7.4% | 8.1% |
| Cost of Amounts Due to Credit Institutions, Annualised | 7.7% | 9.7% | 9.0% |
| Operating Leverage, Y-O-Y ⁶ | -3.6% | 18.3% | 20.2% |
| Efficiency | | | |
| Cost / Income ⁷ | 45.5% | 44.0% | 45.8% |
| Liquidity | | | |
| NBG Liquidity Ratio ⁸ | 35.2% | 37.9% | 36.0% |
| Liquid Assets To Total Liabilities ⁹ | 28.5% | 31.2% | 29.0% |
| Net Loans To Customer Funds | 102.7% | 109.5% | 103.4% |
| Leverage (Times) ¹⁰ | 4.2 | 4.5 | 3.7 |
| Asset Quality: | | | |
| NPLs (in GEL) | 100,121 | 100,911 | 94,549 |
| NPLs To Gross Loans To Clients | 3.3% | 3.9% | 3.3% |
| NPL Coverage Ratio ¹¹ | 115.2% | 121.2% | 126.6% |
| Cost of Risk, Annualised ¹² | 0.9% | 1.2% | 1.0% |
| Capital Adequacy: | | | |
| BIS Tier I Capital Adequacy Ratio, Consolidated ¹³ | 21.9% | 18.1% | 23.0% |
| BIS Total Capital Adequacy Ratio, Consolidated ¹⁴ | 28.1% | 26.7% | 29.4% |
| NBG Tier I Capital Adequacy Ratio ¹⁵ | 15.0% | 11.5% | 15.2% |
| NBG Total Capital Adequacy Ratio ¹⁶ | 17.8% | 15.1% | 18.2% |
| Per Share Values: | | | |
| Basic EPS (GEL)¹⁷ | 1.36 | 1.56 | 1.21 |
| Diluted EPS (GEL) | 1.35 | 1.45 | 1.17 |
| Book Value Per Share (GEL), Basic¹⁸ | 27.37 | 21.77 | 26.78 |
| Book Value Per Share (GEL), Diluted | 25.41 | 20.88 | 24.75 |
| Ordinary Shares Outstanding - Weighted Average, Basic ¹⁹ | 33,829,260 | 30,068,221 | 32,309,513 |
| Ordinary Shares Outstanding - Weighted Average, Diluted ²⁰ | 33,829,260 | 33,542,835 | 34,426,605 |
| Ordinary Shares Outstanding - Period End, Basic | 33,332,636 | 29,932,549 | 33,184,801 |
| Treasury Shares Outstanding - Period End | (2,576,747) | (1,427,773) | (2,724,582) |
| Selected Operating Data: | | | |
| Full Time Employees, Group, Of Which: | 10,538 | 5,315 | 7,393 |
| - Full Time Employees, BOG Stand-Alone | 3,533 | 3,216 | 3,401 |
| - Full Time Employees, Aldagi BCI Insurance | 665 | 313 | 323 |
| - Full Time Employees, Aldagi BCI Healthcare | 5,491 | 747 | 2,740 |
| - Full Time Employees, BNB | 277 | 278 | 271 |
| - Full Time Employees, Other | 572 | 761 | 658 |
| Total Assets Per FTE, BOG Stand-Alone (in GEL thousands) | 1,397 | 1,282 | 1,320 |
| Number Of Active Branches, Of Which: | 179 | 143 | 164 |
| - Flagship Branches | 34 | 34 | 34 |
| - Standard Branches | 95 | 85 | 94 |
| - Express Branches (including Metro) | 50 | 24 | 36 |
| Number Of ATMs | 459 | 408 | 431 |
| Number Of Cards Outstanding, Of Which: | 745,295 | 610,299 | 703,959 |
| - Debit cards | 600,431 | 500,593 | 568,209 |
| - Credit cards | 144,864 | 109,706 | 135,750 |
| Number Of POS Terminals | 3,233 | 2,630 | 2,940 |

Notes to Key Ratios

NOTES TO KEY RATIOS

- 1 Return On Average Total Assets (ROAA) equals Profit for the period from continuing operations divided by monthly Average Total Assets for the same period;
- 2 Return On Average Total Equity (ROAE) equals Profit for the period from continuing operations 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 Including Cash for the same period; Interest Earning Assets Including Cash include: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares and other equity instruments) and 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;
- 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 Non-Interest Expenses;
- 7 Cost / Income Ratio equals Other Operating Non-Interest Expenses divided by Revenue;
- 8 Average liquid assets during the month (as defined by NBG) divided by selected average liabilities and selected average off-balance sheet 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 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;
- 13 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;
- 14 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;
- 15 NBG Tier I Capital Adequacy Ratio equals Tier I Capital a divided by Total Risk Weighted Assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 16 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;
- 17 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;
- 18 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;
- 19 Weighted average number of ordinary shares equal average of daily outstanding number of shares less daily outstanding number of treasury shares;
- 20 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;

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.