



საქართველოს ბანკი
BANK OF GEORGIA

Bank of Georgia Investor Presentation

May 2012

Contents

Bank of Georgia Overview

Bank of Georgia 2011 and Q1 2012 Results Overview

Business Segment Discussion

Georgian Macro

The leading bank in Georgia

Leading market position: No. 1 bank in Georgia by assets (35.6%), loans (34.5%), client deposits (36.9%) and equity (35.4%)¹

Underpenetrated market with stable growth perspectives: Average real GDP growth for 2004-2011 of 13.8% CAGR. IMF estimates 6.0% growth for 2012. Gross loans/GDP grew from 9.8% to c.31.9% over the period, still below regional average; Total deposits/GDP grew from 10.0% in 2004 to 30.3% 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 164 branches and 431 ATMs to approximately one million customers as of March 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)

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

	2004	31 March 2012	Change
Market capitalisation (US\$ mln)	45.2	616.6*	13.6x
Total assets (US\$ mln)	199.0	2,750.8	13.8x
Market share by total assets	19%	36%	89%

*Market capitalisation for Bank of Georgia Holdings plc., the Bank's holding company, as of 11 May 2012

¹ Market data based on standalone accounts as published by the National Bank of Georgia (NBG) as of 31 December 2011

www.nbg.gov.ge

² US\$/GEL 1.66 as at 31 March 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 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

Sustainable growth combined with strong capital, liquidity and strong profitability

(US\$ mln) ²	Q1 2012	2011	2010	Change 2011/2010
Total Assets	2,750.8	2,793.6	2,258.8	23.7%
Loans to customers, net	1,634.8	1,566.7	1,334.5	17.4%
Customer funds ³	1,581.5	1,637.9	1,142.9	43.3%
Shareholders' equity	617.3	486.6	391.1	24.4%
Revenue	70.4	264.2	195.5	35.1%
Profit ⁵	24.0	90.4	46.6	93.8%
Liquid assets ⁴ /total liabilities	31.1%	34.7%	30.9%	
ROAA ⁵	3.5%	3.5%	2.4%	
ROAE ⁵	18.2%	20.6%	13.5%	
Tier I Capital Adequacy Ratio (BIS) ⁶	23.2%	19.9%	17.5%	
Total Capital Adequacy Ratio (BIS) ⁶	29.7%	28.5%	26.6%	
Leverage ratio	3.5x	4.7x	4.8x	

Bank of Georgia Holdings plc. (BGH) (LSE: BGEO) a UK-incorporated holding company of JSC Bank of Georgia. As of 31 March 2012, BGH's shareholder structure was as follows:



Selected Institutional Shareholders

East Capital
Firebird Management LLC
International Finance Corporation
European Bank for Reconstruction and Development
Prosperity Capital Management Limited
OP-Pohjola Group Central Cooperative
Artio International Equity Fund

* 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

● **BGEO to become FTSE All Share Index component in June 2012; Candidate for inclusion in the FTSE 250**

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: 926,800+ retail clients, 164 branches, 431 ATMs, 703,000 cards outstanding as of 31 March 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 8,900 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 454.2 mln at 31 December 2011

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.33.4%* 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 the repossessed real estate assets through housing development; pilot project successfully completed

Non-core business

Intention to exit from the non-core business over time

-  BNB
 - Belarus banking operation accounting for 2.2% total assets as of 31 December 2011
 - The Bank owns 80%, the remainder owned by IFC/World Bank
 - Assets of US\$ 56.0 mln and equity of US\$ 21.9 mln as of 31 December 2011
 - Fully written off goodwill (GEL 23.4 mln)
-  Liberty Consumer
 - The Bank's equity interest of 67%, or GEL 17.0 mln
 - Legacy asset management investments in the Georgian consumer-driven businesses such as wine production, supermarket chain, etc.

*As of 30 September 2011 per NBG. Includes market share of newly acquired insurance company Imedi L International

Strong profitability and excellent capital adequacy

ROE c.20%

-  Profit from continuing operations up 82.6% to GEL 150.9 mln in 2011 vs. 2010
-  Other non-interest income surged 87.6% to GEL 108.9 mln in 2011
-  Operational efficiency/scale:
 - Cost to income ratio improved to 49% in 2011 from 58% in 2010
-  Prudent risk management:
 - Cost of risk* of 0.7% in 2011
-  2011 ROAE of 20.6%; compared to 2010 ROAE of 13.5%

TIER I c.20%

-  Conservative National Bank of Georgia (NBG) regulation
 - Risk weighting of FX assets at 175%, Bank's leverage at 3.5x as of 31 March 2012
-  Strong internal cash generation to support loan growth without compromising capital ratios
 - BIS Tier I of 23.2% and BIS Total Capital ratio of 29.7% as of 31 March 2012
 - NBG Tier I 15.2% and NBG Total Capital of 18.2% as of 31 March 12

Growth c.20%

-  Strong growth across the board supported by synergistic business
 -  Loan book growth 15.7%** in 2011
 -  Customer funds grew 3.2** times compared to the loan book growth rate of 49.5%**
 - 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

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

** Excluding BG Bank in 2012

Robust corporate governance compliant with UK Corporate Governance Code

Supervisory Board of JSC Bank of Georgia

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*
- 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 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 Bank of Georgia and major subsidiaries

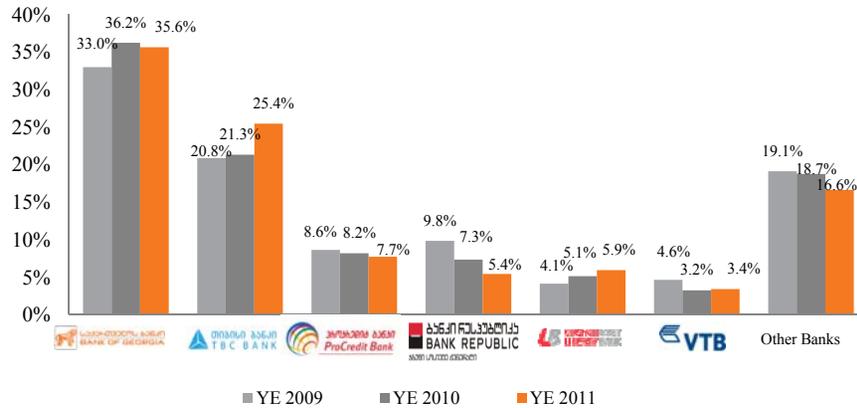
- Irakli Gilauri, CEO; *formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*
- Murtaz Kikoria, Group CFO; *c.20 years banking experience including as Senior Banker at EBRD and Head of Banking Supervision at the National Bank of Georgia.*
- Archil 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

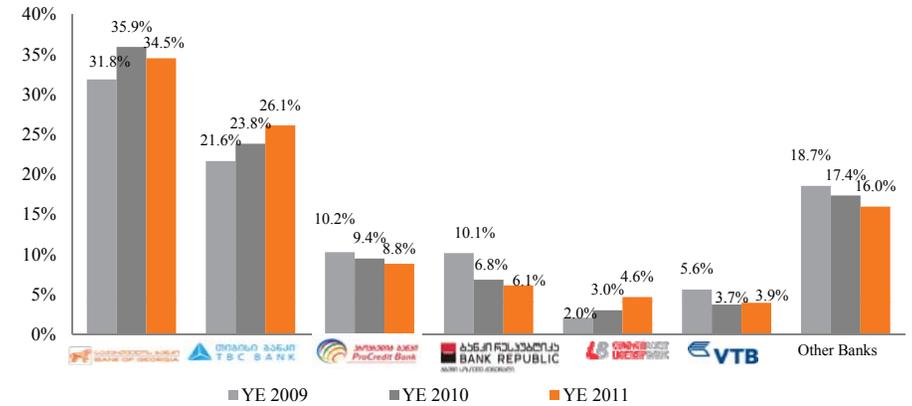
Irakli Gilauri (as Executive Director and CEO) and the Supervisory Board members (as Non-Executive Directors) also serve as directors of BGH.

Competitive landscape

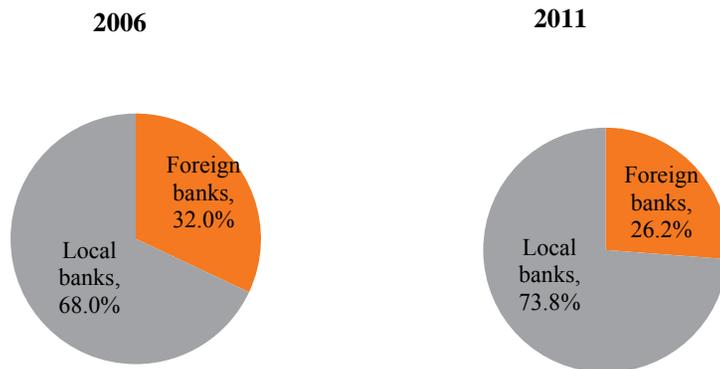
Peer group's market share in total assets



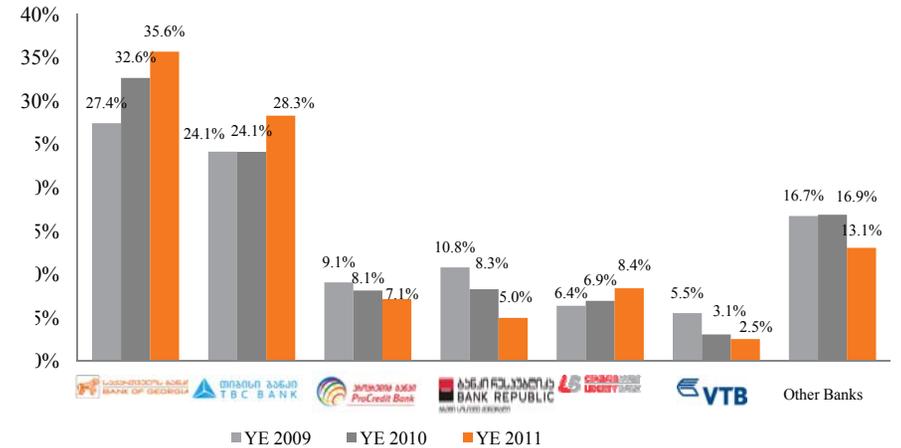
Peer group's market share in gross loans



Foreign Banks market share by assets



Peer group's market share in 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

Contents

Bank of Georgia Overview

Bank of Georgia 2011 and Q1 2012 Results Overview

Business Segment Discussion

Georgian Macro

Q1 2012 P&L results highlights

<i>GEL millions unless otherwise noted</i> Bank of Georgia (Consolidated, IFRS)	Q1 2012 <i>(Unaudited)</i>	Q1 2011 <i>(Unaudited)</i>	Change	2011 <i>(Audited)</i>	2010 <i>(Audited)</i>	Change
Net interest income	61.2	56.9	7.5%	239.3	208.5	14.8%
Net fee and commission income	19.7	15.5	27.3%	75.3	63.4	18.8%
Net insurance revenue	3.8	4.7	-18.7%	17.7	16.7	6.5%
Other operating non-interest income	32.2	13.6	136.3%	108.9	58.0	87.6%
Revenue	116.9	90.7	28.9%	441.2	346.6	27.3%
Operating expenses	(57.3)	(50.3)	13.9%	(217.6)	(199.8)	8.9%
Operating income before cost of credit risk	59.5	40.3	47.6%	223.6	146.9	52.2%
Cost of credit risk	(7.4)	(5.4)	36.4%	(22.2)	(47.7)	-53.5%
Net operating income	52.2	34.9	49.3%	201.4	99.2	103.1%
Net non-operating expenses*	(4.4)	-	NMF	(29.3)	(0.7)	NMF
Profit for the period from continuing operations	39.7	29.1	36.4%	150.9	82.7	82.6%
Profit for the period	39.8	16.9	135.9%	135.7	82.7	64.2%
EPS, basic (GEL)**	1.21	0.97	24.7%	4.95	2.78	78.1%

* Includes impairment of property and intangible assets

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

Balance Sheet results highlights

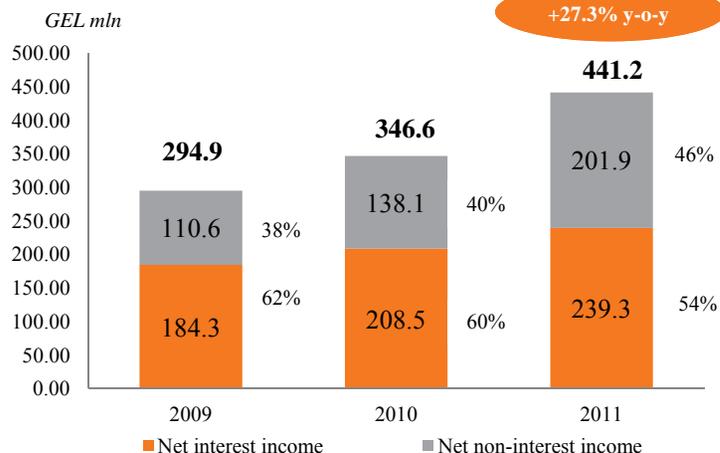
GEL millions unless otherwise noted

Bank of Georgia (Consolidated, IFRS)	31 March 2012 (Unaudited)	31 March 2011 (Unaudited)	Change Q1'12/Q1'11	31 December 2011 (Audited)	Change Q1'12/Q4'11	30 September 2011 (Unaudited)	Change Q4'11/Q3'11
Net loans to customers*	2,713.8	2,241.9	21.0%	2,616.4	3.7%	2,560.7	2.2%
Total assets	4,566.4	4,049.2	12.8%	4,665.3	-2.1%	4,359.4	7.0%
Liquid assets	1,103.0	1,190.6	-7.4%	1,337.8	-17.6%	1,146.4	16.7%
Liquid assets as percent of total assets	24.2%	29.4%	-17.8%	28.7%	-15.8%	26.3%	9.1%
Liquid assets as percent of total liabilities	31.1%	36.0%	-13.4%	34.7%	-10.3%	32.0%	8.6%
Customer funds, of which	2,625.2	2,073.4	26.6%	2,735.2	-4.0%	2,322.9	17.7%
Client deposits	2,442.0	1,976.9	23.5%	2,554.1	-4.4%	2,161.1	18.2%
Promissory notes	183.2	96.5	89.8%	181.1	1.2%	161.8	11.9%
Amounts due to credit institutions, of which	753.8	1,102.1	-31.5%	921.2	-18.2%	1,099.7	-16.2%
Borrowed funds, of which	671.8	965.8	-30.4%	863.0	-22.2%	799.5	7.9%
Borrowings from IFIs	577.1	614.7	-6.1%	639.9	-9.8%	620.3	3.2%
Total liabilities	3,541.6	3,311.7	6.9%	3,852.7	-8.1%	3,583.7	7.5%
Total equity	1,024.8	737.6	38.9%	812.6	26.1%	775.7	4.8%
Book value per share (GEL)	26.90	23.69		26.09		25.19	
BIS Tier I Capital Adequacy Ratio, Consolidated	23.2%	18.0%		19.9%		17.9%	
BIS Total Capital Adequacy Ratio, Consolidated	29.7%	28.8%		28.5%		26.1%	
NBG Tier I Capital Adequacy Ratio	15.2%	12.7%		10.5%		10.8%	
NBG Total Capital Adequacy Ratio	18.2%	15.6%		16.2%		15.0%	

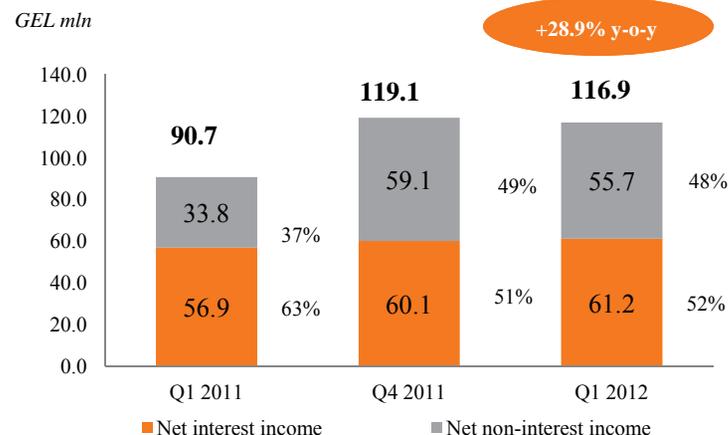
* includes net finance lease receivables

Strong revenue growth

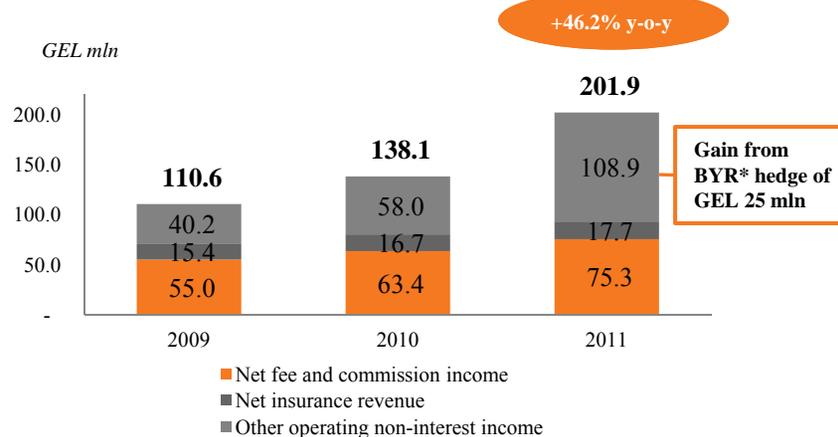
Revenue growth, annual



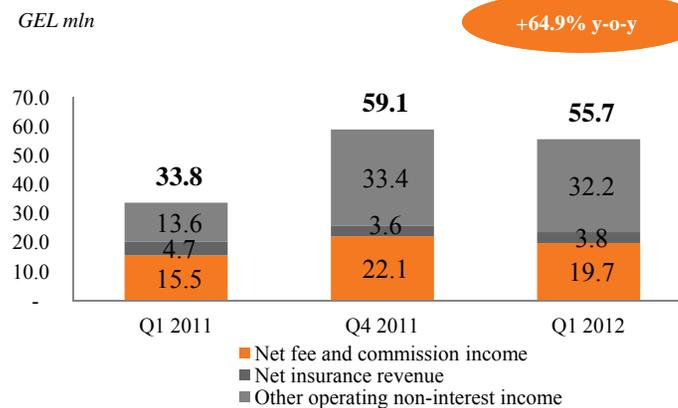
Revenue growth, quarterly



Net non-interest income, annual



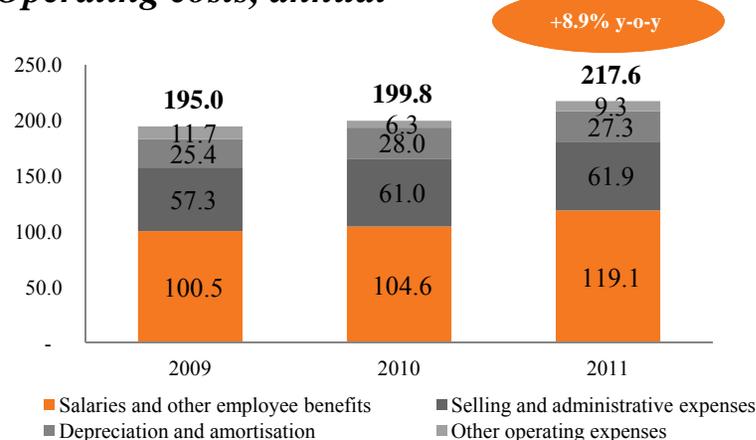
Net non-interest income, quarterly



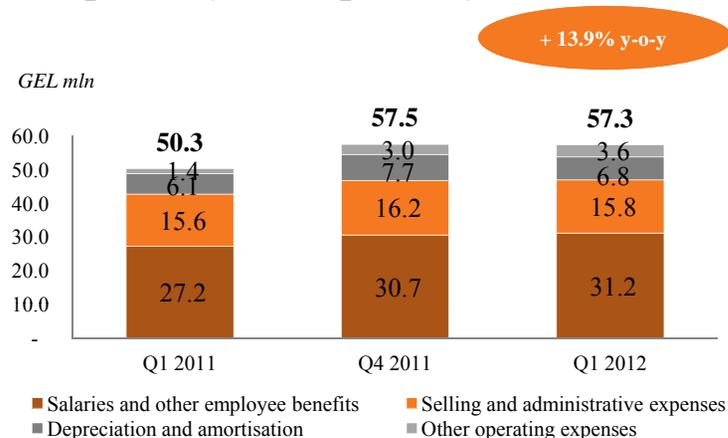
*Belarusian Rouble

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

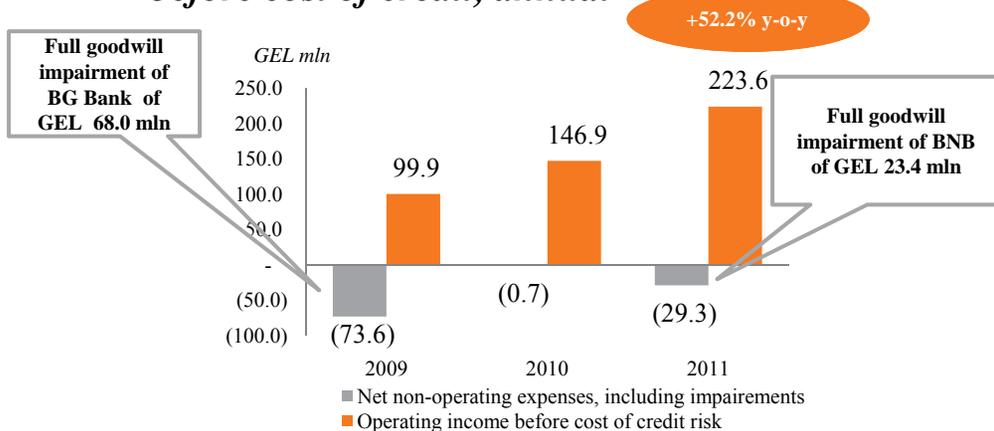
Operating costs, annual



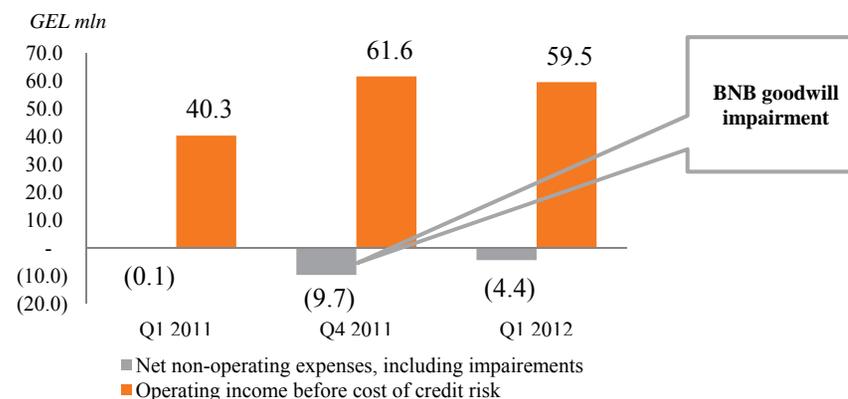
Operating costs, quarterly



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

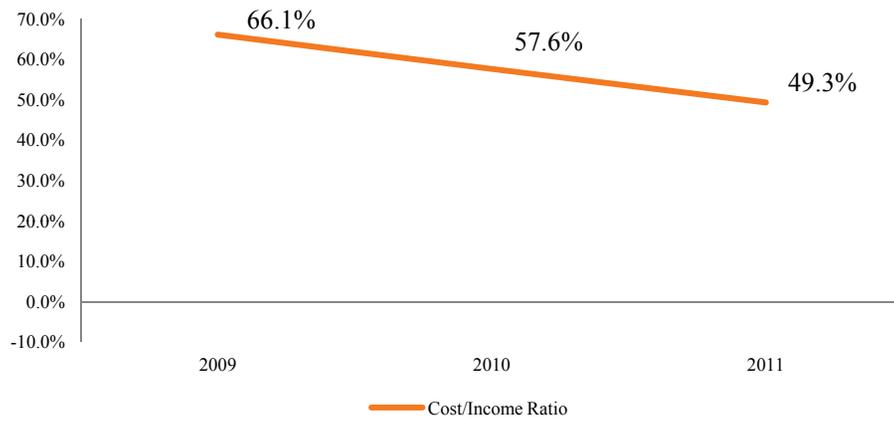


Net non-operating expenses, operating income before cost of credit, quarterly



Improving efficiency

Cost / Income ratio, annual

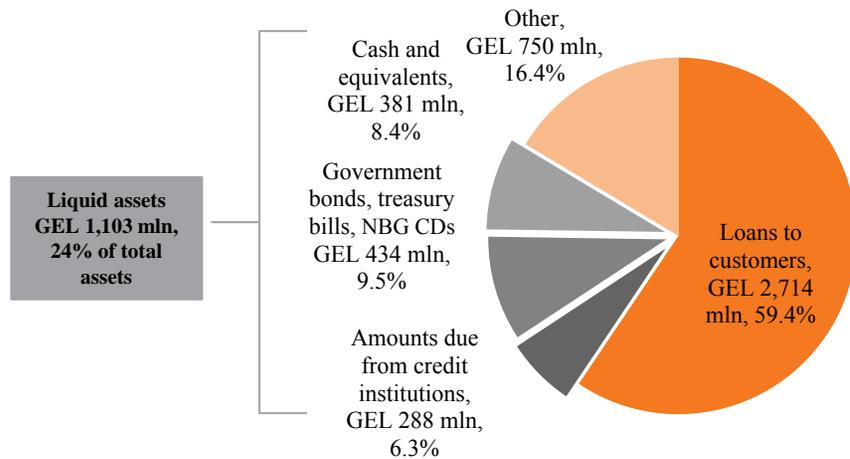


Cost / Income ratio, quarterly

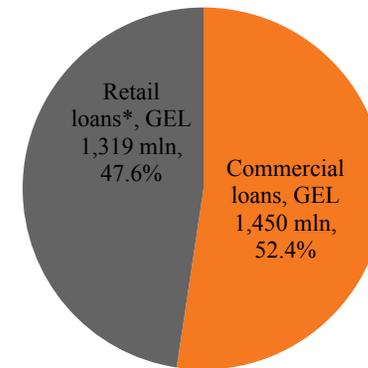


Diversified asset structure

Total asset structure, 31 March 2012

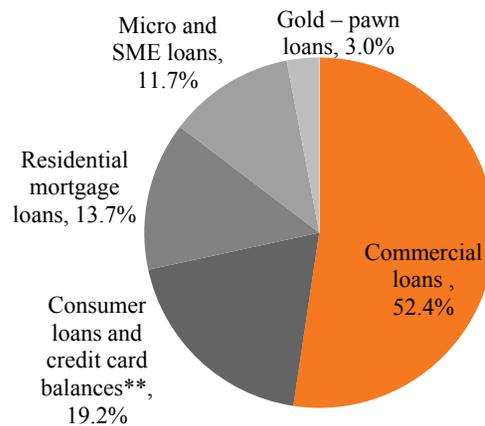


Gross loans breakdown, 31 March 2012



Note: Retail loans include Wealth Management loans of GEL 44.8 mln and BNB loans of GEL 56.7 mln

Gross loan portfolio structure, 31 March 2012



Concentration of top 10 borrowers

- As of 31 March 2012, concentration of gross loans granted by the Group to ten largest third party borrowers comprised GEL 397.1 million (US\$239.2 million)*** accounting for 14% of gross loan portfolio of the Group (31 December 2011: 15% and 31 December 2010: 15%)
- Single borrower exposure did not exceed 2.4% of total loans as of 31 December 2011
- Major borrowers of the Group were private companies and individuals

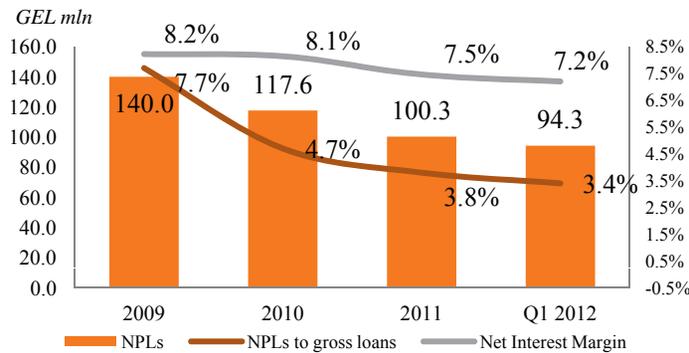
* Retail loans include consumer loans, mortgage loans, micro and SME loans, auto loans and credit card balances

** Credit card balances of GEL 135.8 million included, 4.9% of total loan book

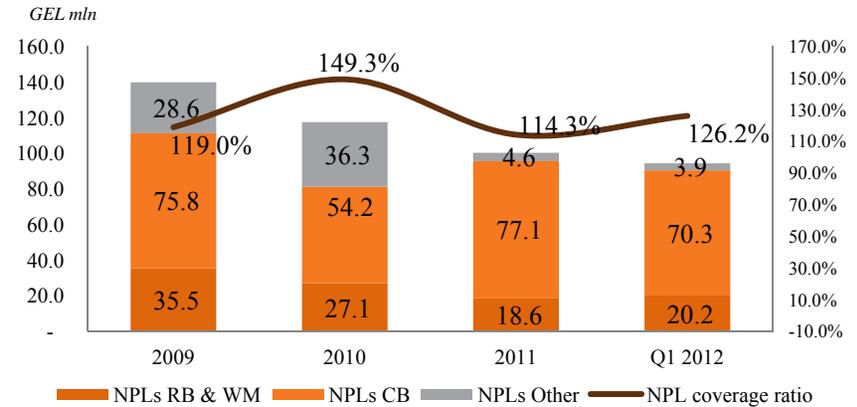
*** US\$/GEL 1.66 as of 31 March 2012

Loan portfolio quality improving

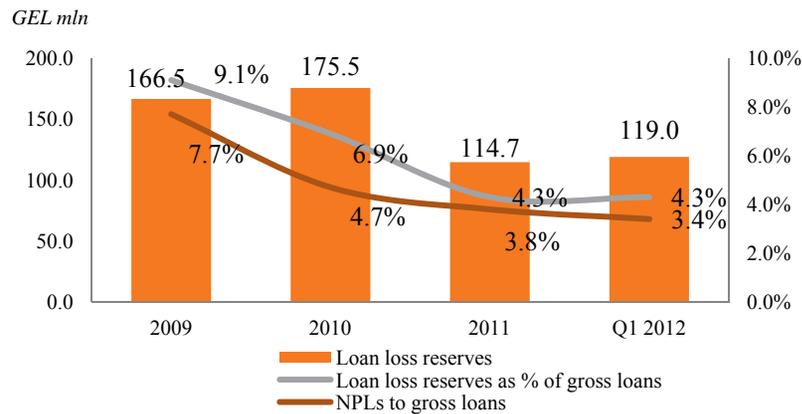
Consolidated NPLs



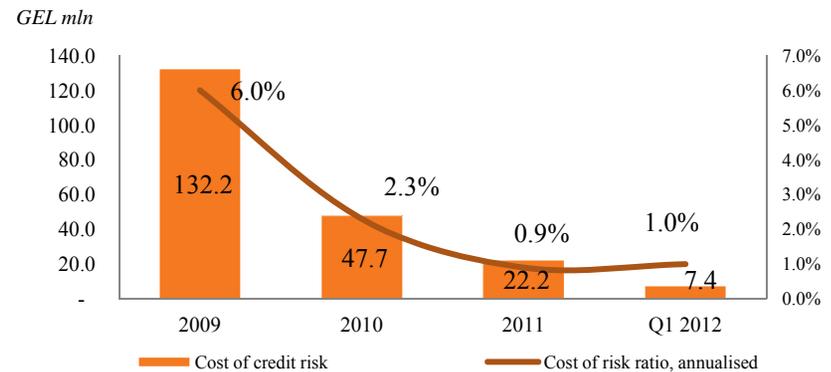
Consolidated NPL composition & coverage ratio



Consolidated loan loss reserve, NPLs to gross loans



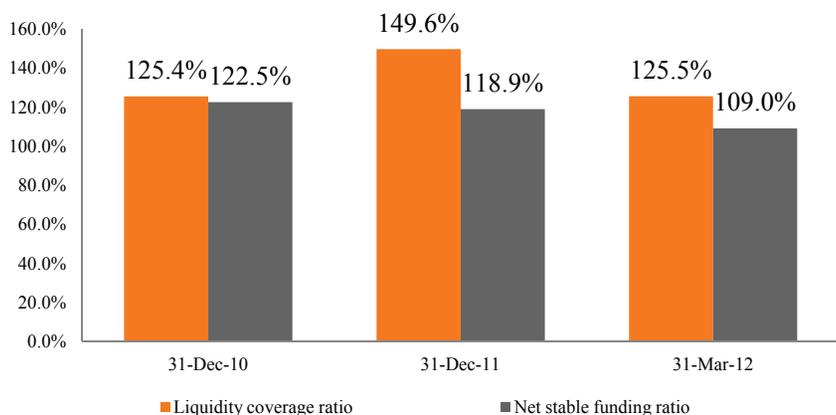
Consolidated cost of credit risk & cost of risk ratio



* Other NPLs include BNB and BG Bank

Strong liquidity

Liquidity coverage ratio & net stable funding ratio



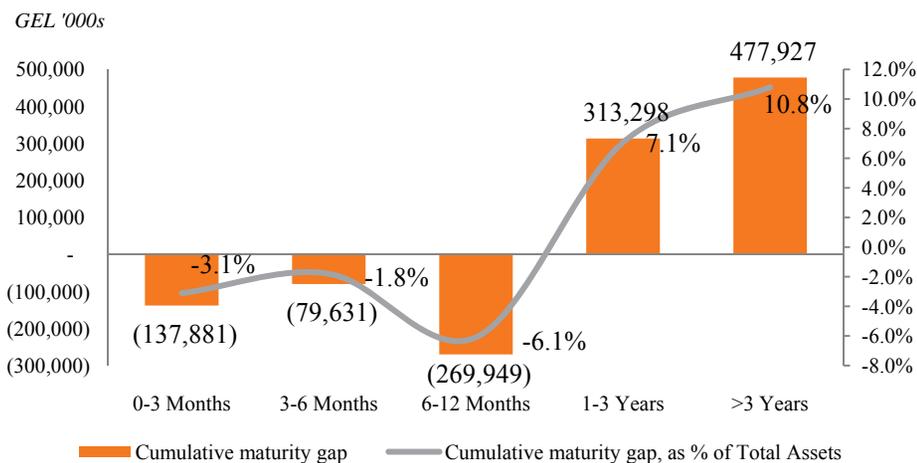
NBG liquidity ratio

Bank Standalone, GEL mln

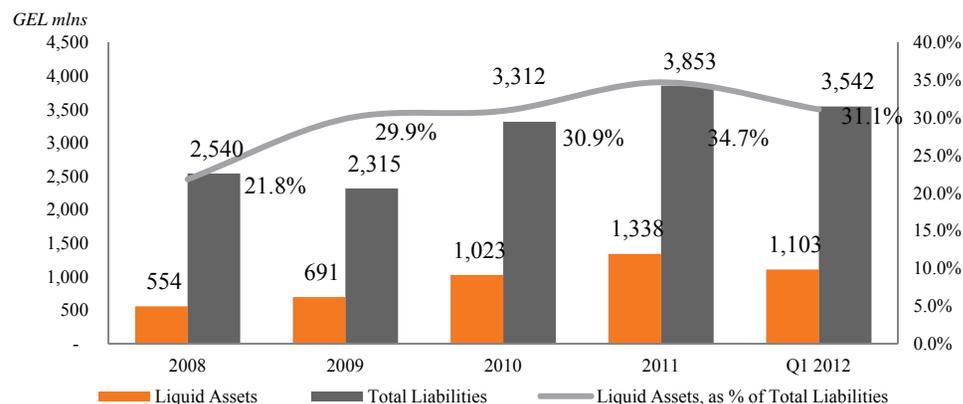
NBG Liquidity Ratio

	31-Mar-12	31-Dec-11	31-Dec-10
Liquid Assets (NBG)	1,041	1,392	939
Liabilities (NBG)	3,041	3,448	2,492
Liquid Assets / Liabilities \geq 30%	34.2%	40.4%	37.7%
Excess liquidity	128	358	191

Maturity gap

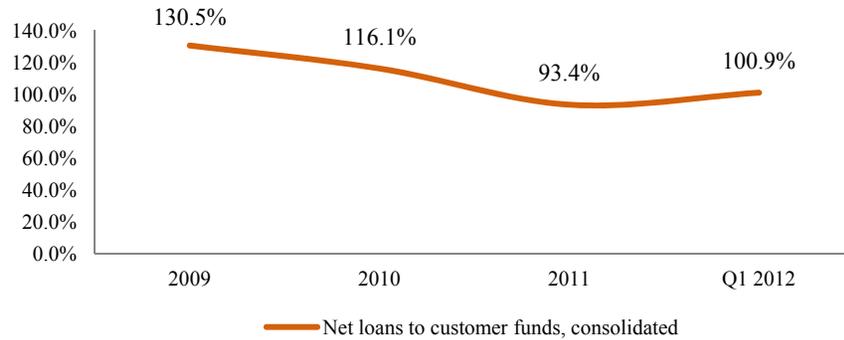


Liquid assets to total liabilities (IFRS consolidated)

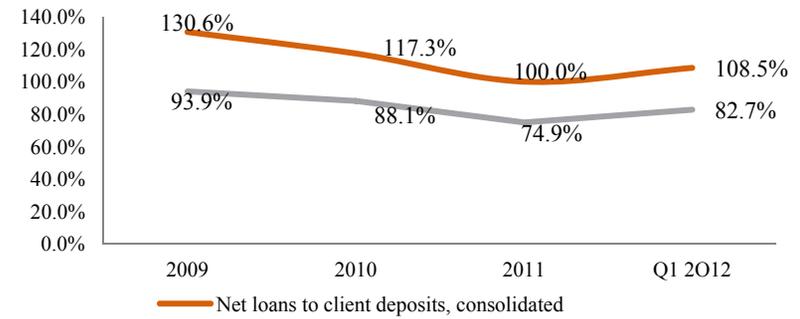


Strong liquidity management and open currency position

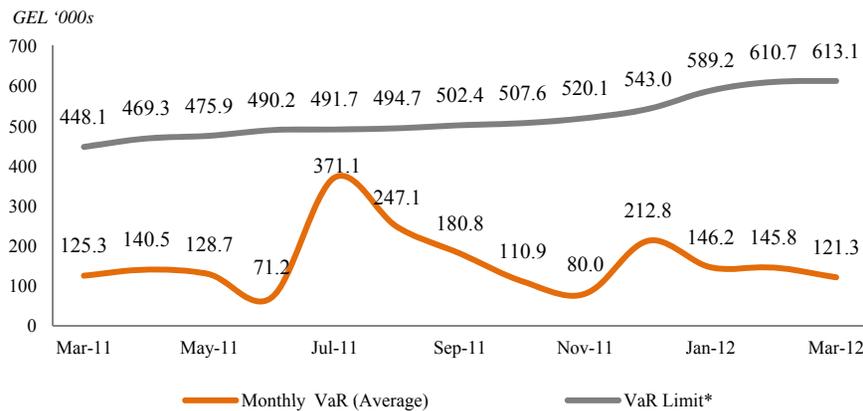
Net loans to customer funds



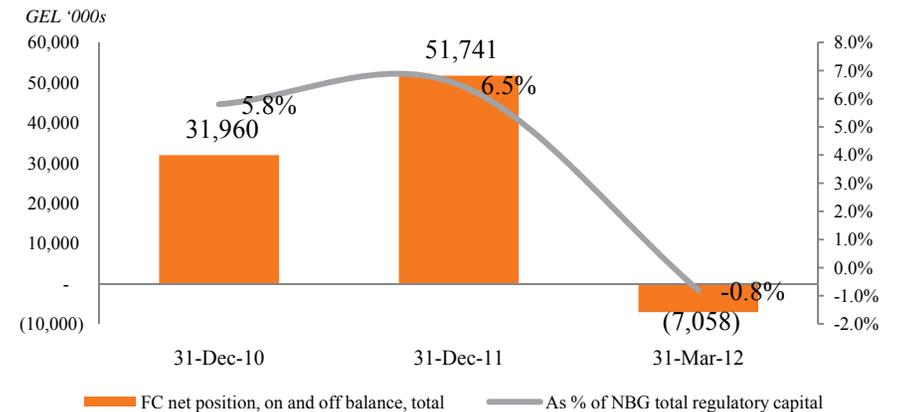
Net loans to client deposits and net loans to customer funds & IFIs



Foreign currency monthly VaR analysis



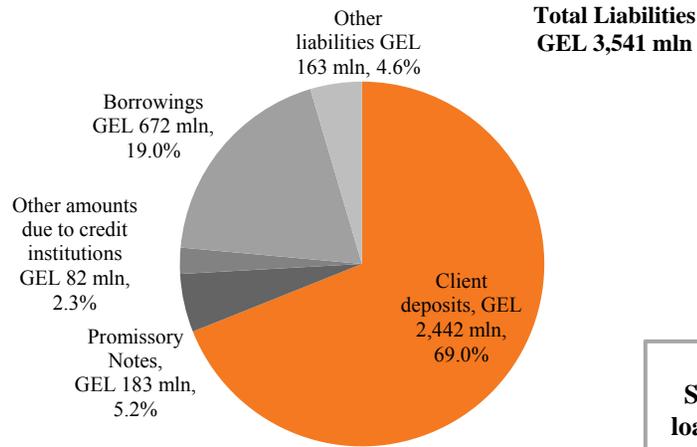
Open currency position



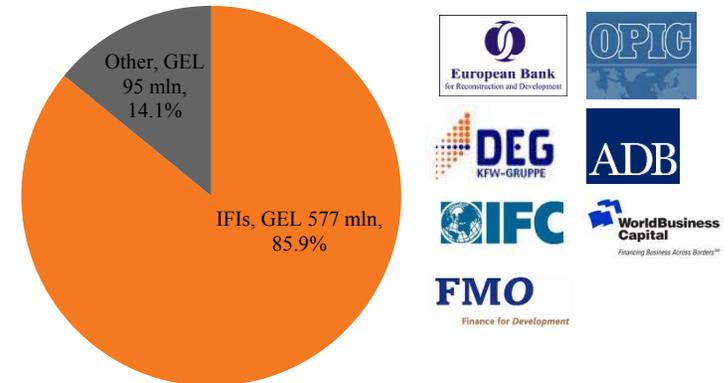
*7 bps of NBG total regulatory capital

Funding structure is well-balanced

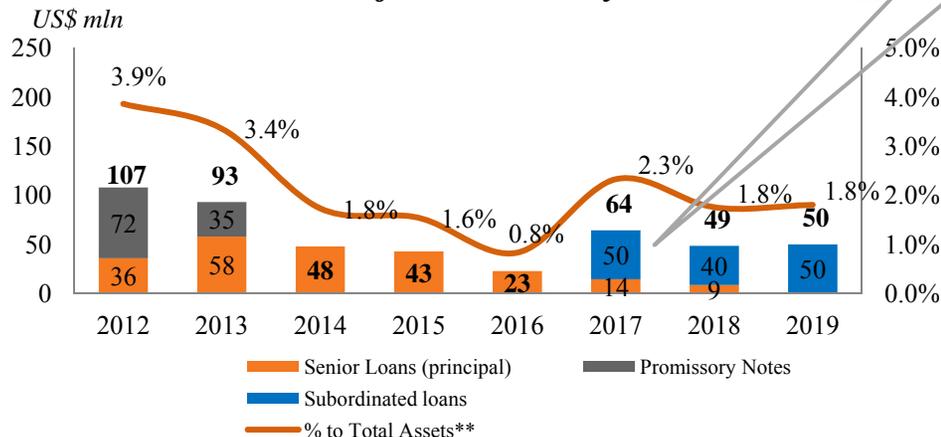
Liability structure



Well diversified international borrowings



Borrowed funds maturity breakdown



Subordinated loans callable in August 2012

Amounts due to credit institutions

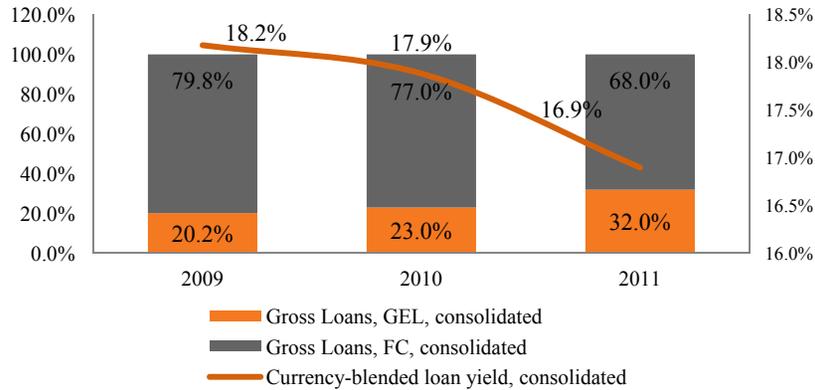
- The Bank has a well-balanced funding structure with 74% of total liabilities coming from customer funds and 16% from International Financial Institutions (IFIs) as of 31 March 2012
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as 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

* Converted at US\$/GEL exchange rate of 1.66 as of 31 March 2012

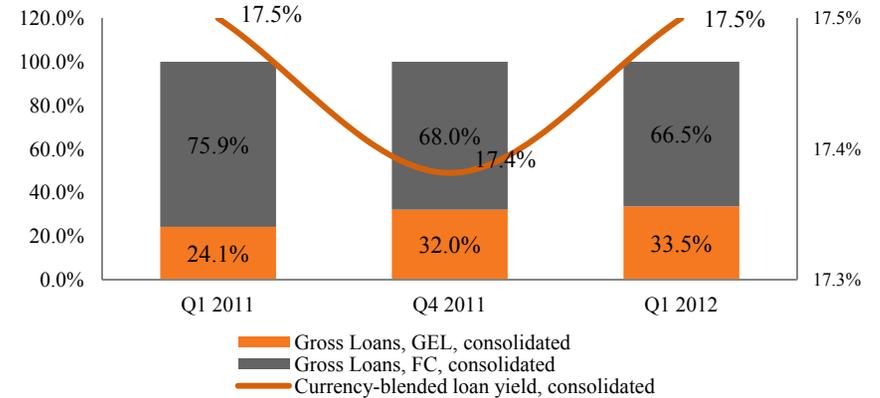
** Total Assets as of 31 March 2012

Yield dynamics

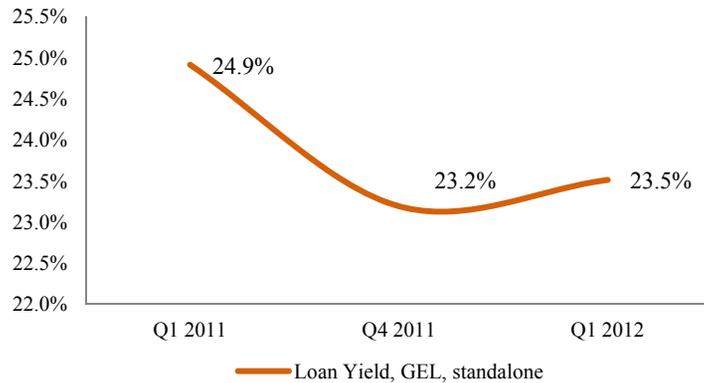
Loan yields, annual



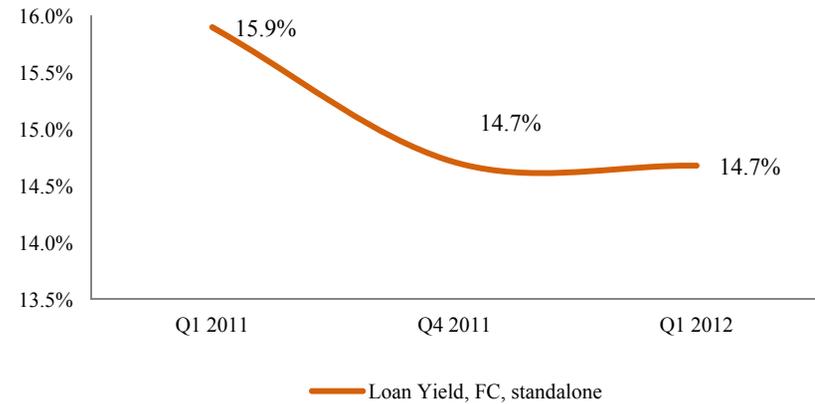
Loan yields, quarterly



Loan yields, GEL, quarterly



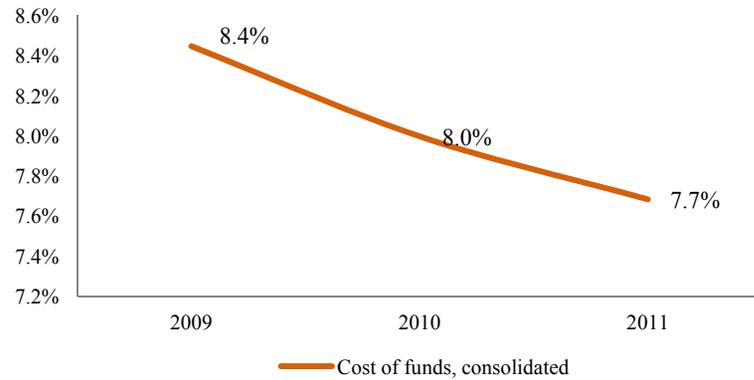
Loan yields, foreign currency, quarterly



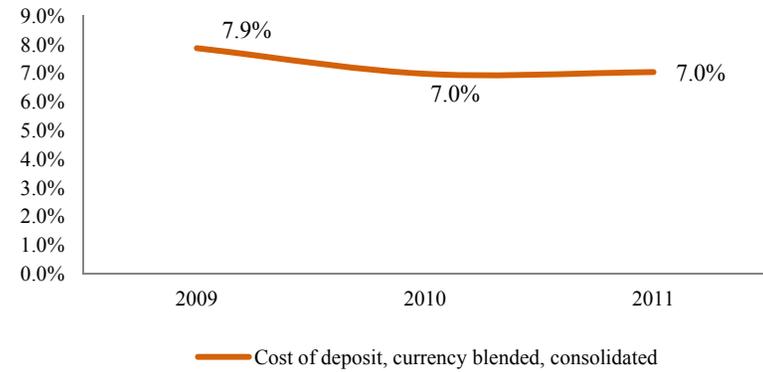
Loan yields excluding provisions

Cost of funds and loans to deposits

Cost of funds, annual



Cost of deposits, annual

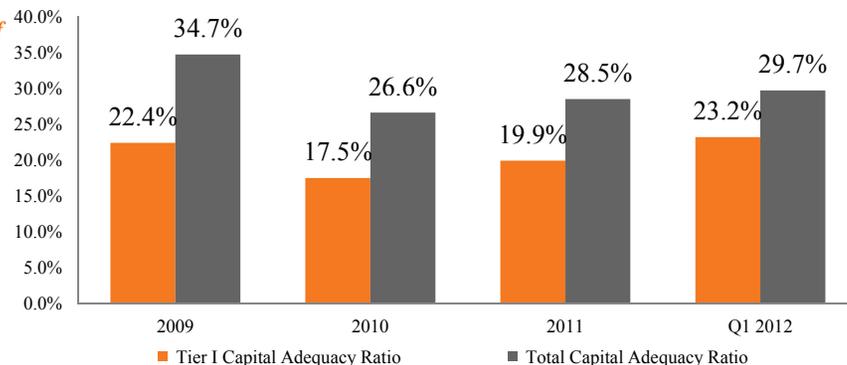


Excellent capital adequacy position

BIS capital adequacy ratios, Consolidated

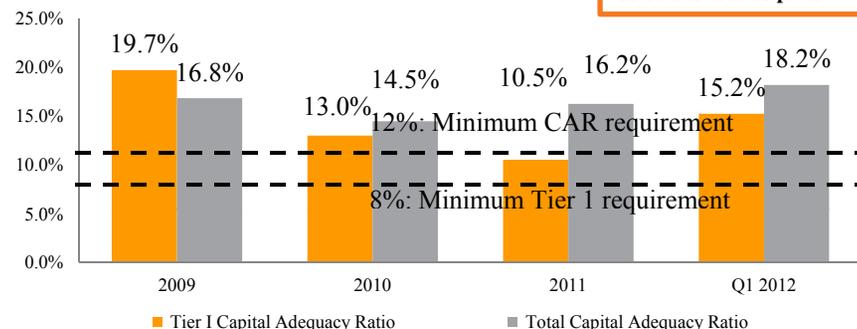
Risk weighting of FX denominated loans at 175% according to the National Bank of Georgia standards

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

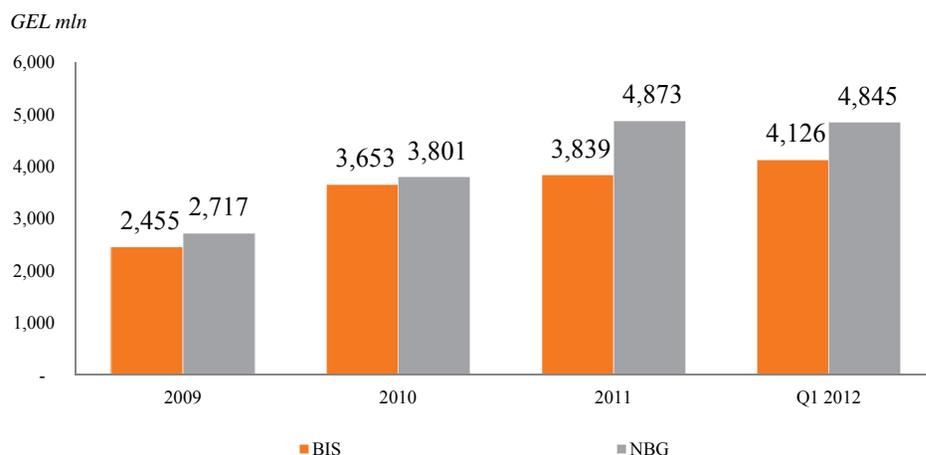


NBG capital adequacy ratios, Standalone

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	Q1 2012	YE 2011	Change
Tier I Capital (Core)	738.5	512.2	44.2%
Tier 2 Capital (Supplementary)	333.7	463.8	-28.1%
Less: Deductions	(191.3)	(184.3)	3.8%
Total Capital	880.9	791.7	11.3%
Risk weighted assets	4,845.2	4,872.9	-0.6%
Tier 1 Capital ratio	15.2%	10.5%	45.0%
Total Capital ratio	18.2%	16.2%	11.9%

Contents

Bank of Georgia Overview

Bank of Georgia 2011 and Q1 2012 Results Overview

Business Segment Discussion

Georgian Macro

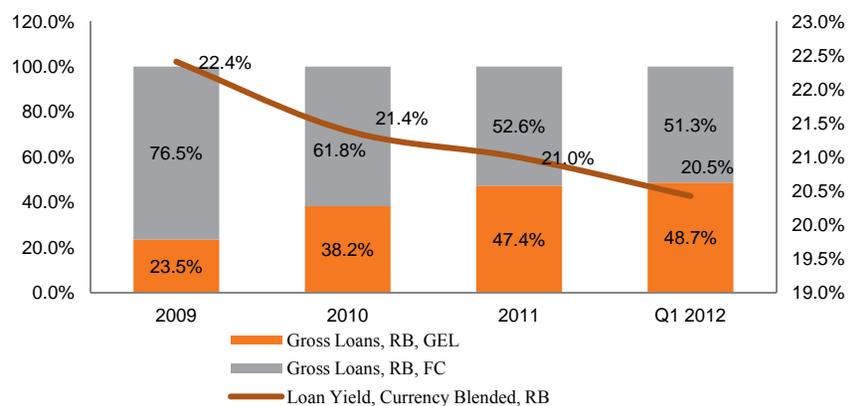
Retail Banking (RB): Strong growth of revenue, loans and deposits, deposit rate cuts

Retail Banking (RB)

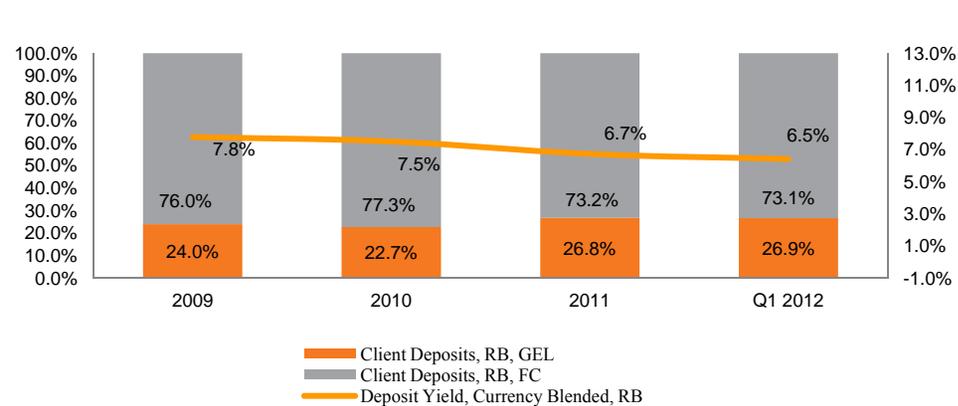
GEL millions, unless otherwise noted

Period end	Q1 2012	Q1 2011	% Change	2011	2010	% Change
Net interest income	39.0	31.4	24.2%	141.5	116.4	21.6%
Net fees and commission income	11.7	9.7	20.6%	49.8	42.1	18.1%
Net gains from foreign currencies	3.0	2.0	50.0%	12.2	9.2	32.6%
Other operating non-interest income	1.0	0.6	66.7%	6.0	1.2	NMF
Operating income from other segments	0.3	0.3	-	1.6	0.5	NMF
Revenue	54.9	44.1	24.5%	211.0	169.4	24.6%
Other operating non-interest expenses	26.4	24.3	8.6%	109.4	97.9	11.7%
Operating income before cost of credit risk	28.5	19.8	43.9%	101.7	71.6	42.1%
Cost of credit risk	4.7	-4.4	NMF	(3.1)	29.1	NMF
Profit for the period from continuing operations	22.1	23.0	-3.9%	110.4	40.0	NMF
Cost/Income	48.1%	55.1%		51.8%	57.8%	

Retail Banking loan yields

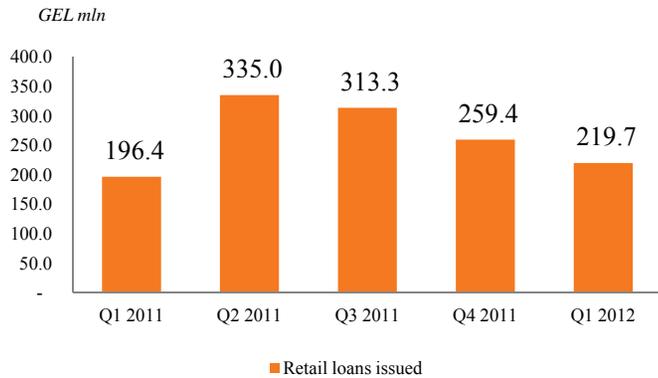


Retail Banking deposit costs



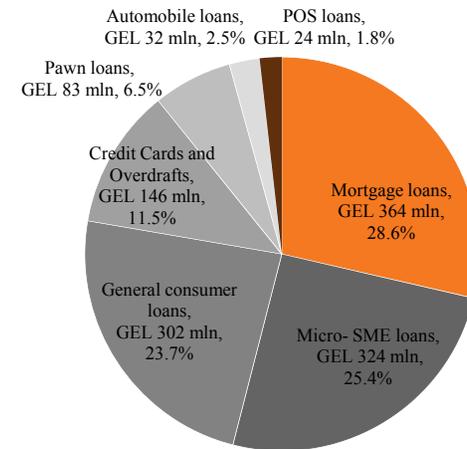
Retail Banking (RB) – No. 1 retail bank in Georgia

Retail Bank loans originated



**Total retail gross loans:
GEL 1,274 mln**

Retail Bank gross loan portfolio, 31 March 2012



Retail gross loans and deposits growth



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

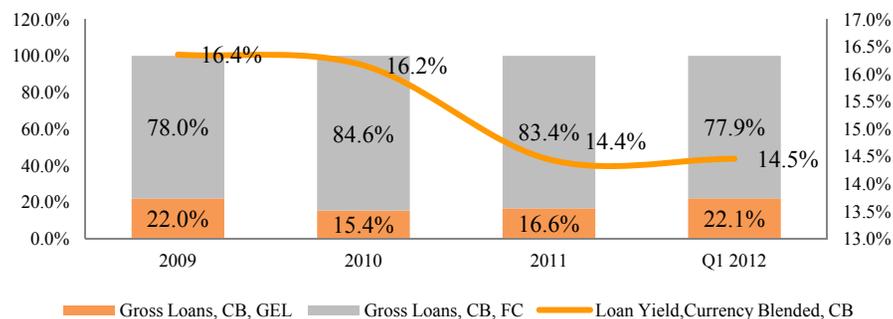
Corporate Banking (CB): Improved efficiency and profitability

Corporate Banking (CB)

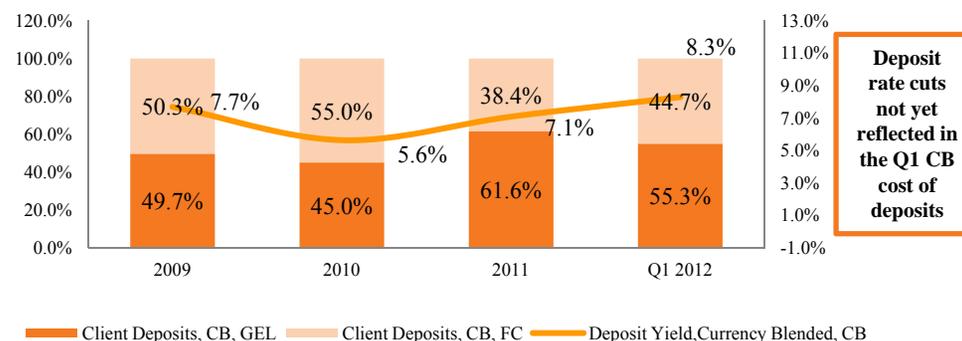
GEL millions, unless otherwise noted

Period end	Q1 2012	Q1 2011	Change	2011	2010	Change
Net interest income	17.8	20.7	-14.0%	72.8	74.8	-2.6%
Net fees and commission income	7.1	4.6	54.3%	20.3	16.6	22.5%
Net gains from foreign currencies	8.4	4.8	75.0%	29.0	21.4	35.7%
Other operating non-interest income	1.2	0.6	100.0%	6.6	(2.1)	NMF
Operating income from other segments	2.8	2.1	33.3%	6.6	12.5	-46.8%
Revenue	37.2	32.8	13.4%	135.4	123.1	10.0%
Other operating non-interest expenses	11.2	11.9	-5.9%	54.7	43.8	24.9%
Operating income before cost of credit risk	26.0	20.9	24.4%	80.8	79.3	1.8%
Cost of credit risk	1.3	9.2	-85.9%	25.6	12.8	99.8%
Profit for the period from continuing operations	21.2	10.0	112.0%	60.1	68.7	-12.6%
Cost / Income	30.1%	36.3%		40.4%	35.6%	

Corporate Banking loan yields



Corporate Banking deposit costs



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

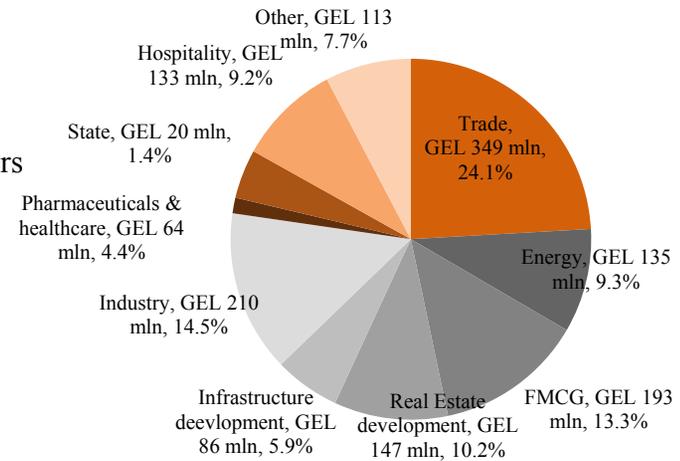
Integrated client coverage in the following key sectors

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

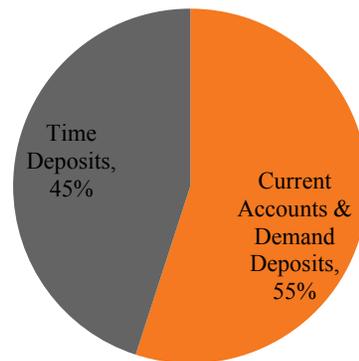
Highlights

- No.1 corporate bank in Georgia
- Circa 41.4% market share based on customer deposits⁽¹⁾
- Integrated client coverage in key sectors
- More than 8,900 clients served by dedicated relationship bankers
- Increased number of corporate clients using the Bank's payroll services from 1,737 in 2010 to 2,603 in Q1 2012
- Gearing up for launching macro and sector research covering Caucasus region by the brokerage subsidiary

Corporate loan portfolio, 31 March 2012



Corporate client deposits, 31 March 2012

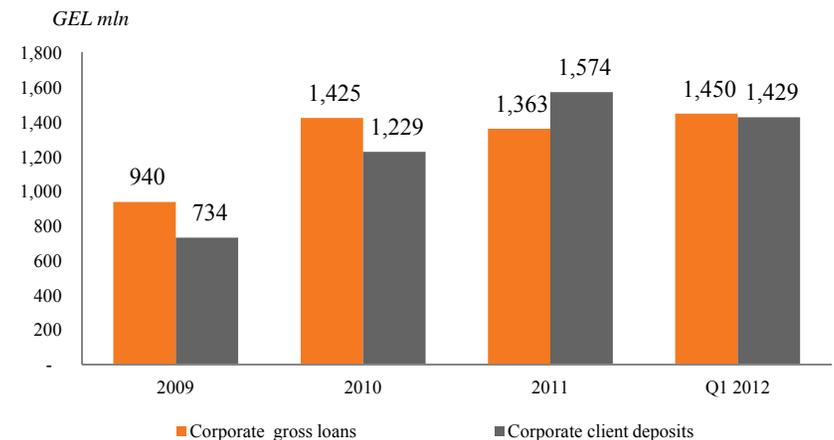


Total corporate deposits: GEL 1,429 mln

Notes:

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

Corporate gross loan and deposit growth



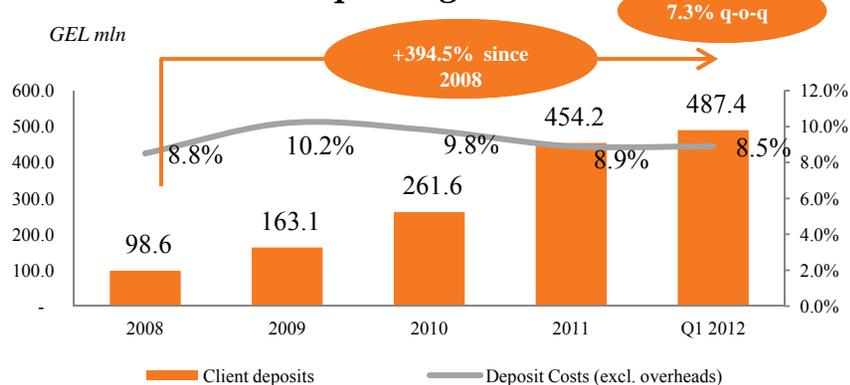
Wealth Management (WM) results overview

Wealth Management (WM)

GEL millions, unless otherwise noted

	Q1 2012	Q1 2011	Change	2011	2010	Change
Net interest income	2.9	1.7	70.6%	5.9	3.1	92.6%
Net fees and commission income	0.1	0.1	-	0.7	0.5	30.7%
Net gains from foreign currencies	0.2	0.1	100.0%	0.7	0.6	10.0%
Other operating non-interest income	-	-	NMF	0.1	(0.1)	NMF
Revenue	3.2	1.9	68.4%	7.4	4.1	80.5%
Other operating non-interest expenses	0.9	1.0	-10.0%	4.1	4.6	-10.8%
Operating income before cost of credit risk	2.3	0.9	155.6%	3.2	(0.5)	NMF
Profit for the period from continuing operations	2.3	1.0	130.0%	3.6	2.0	80.0%
<i>Cost / Income</i>	28.1%	52.6%		55.4%	122.0%	
<i>Loan yield</i>	11.4%	12.7%		12.7%	16%	

WM client deposits growth



Overhead costs associated with WM international business

Highlights

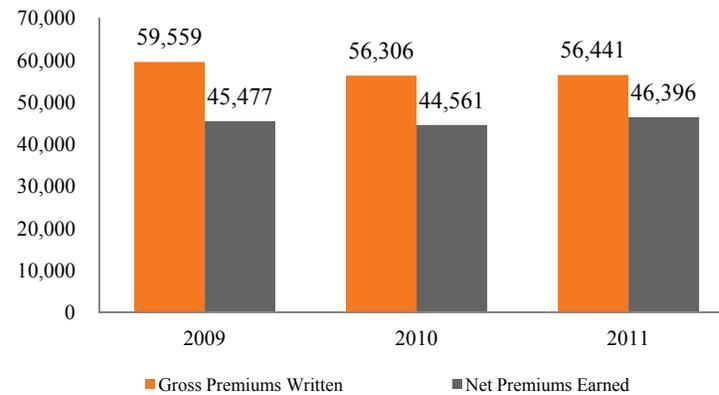
- Strengthening presence internationally through representative offices in Israel (since 2008) and the UK (2010).
- Preparing to launch local currency fixed income fund initially focusing on Caucasus region

Insurance and Healthcare (ABCI)

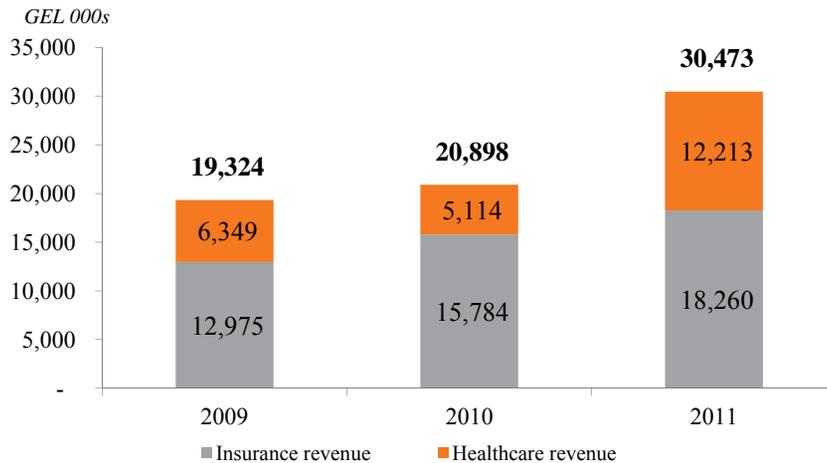
Gross premiums written breakdown

<i>GPW Summary by Products (GEL '000)</i>	2011	2010	2009
Health and Life Government	12,750	16,110	21,142
Health and Life Non-Government	17,480	15,298	13,503
Motor	13,684	12,486	12,315
Property	5,651	5,993	6,593
Liability insurance	3,004	2,140	2,440
Other	3,872	4,279	3,566
Total GPW	56,441	56,306	59,559

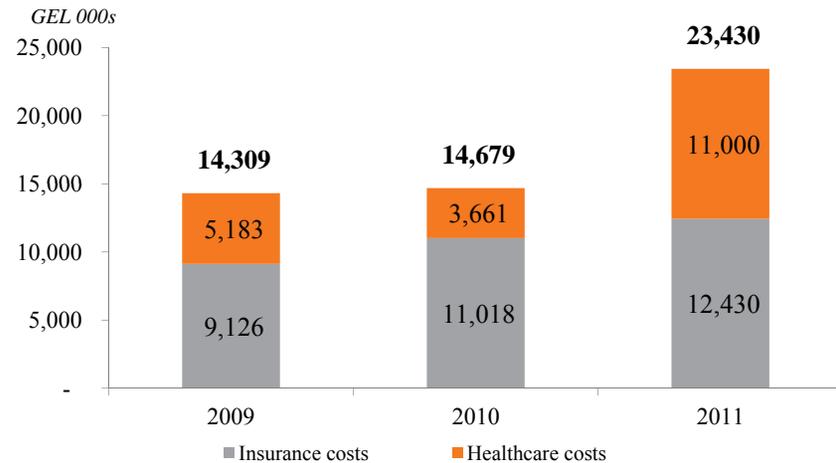
Gross premiums written & Net premiums earned



Aldagi BCI Revenue by segments

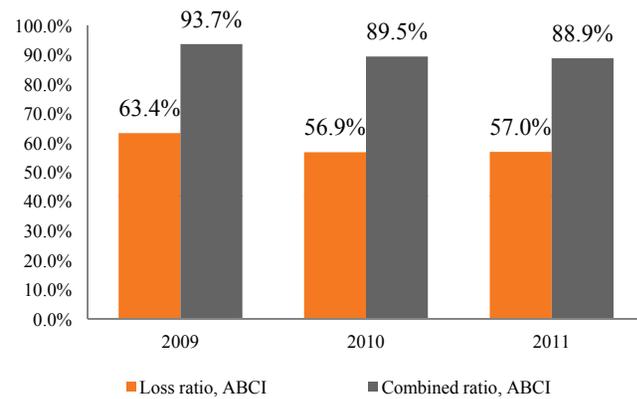


Aldagi BCI Costs by segments

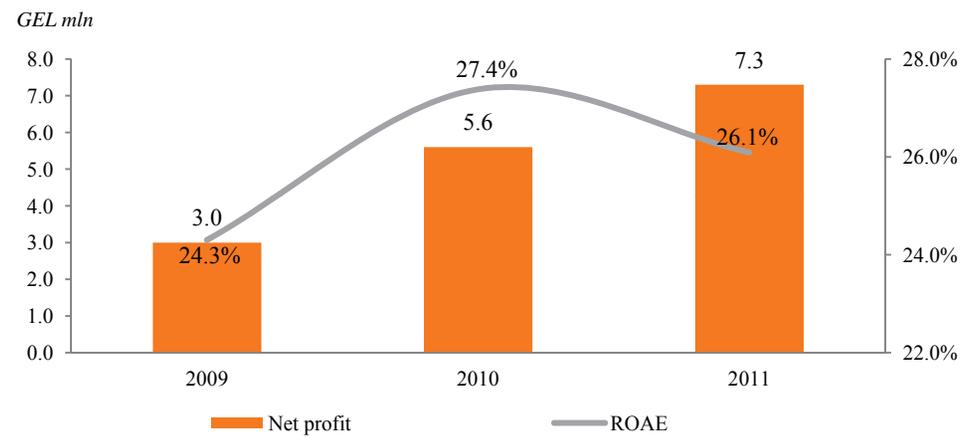


Insurance and Healthcare (ABCI), cont'd

Loss ratio & combined ratio*



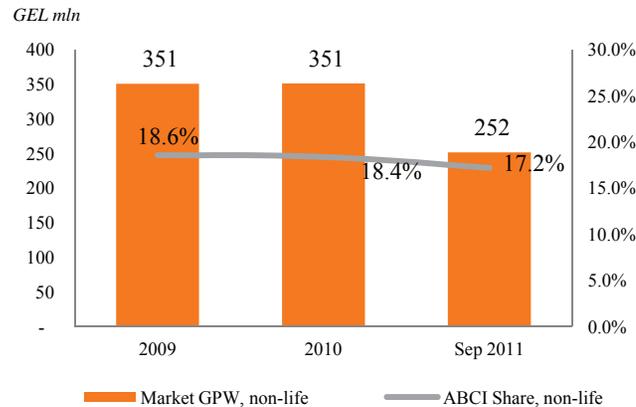
ABCI Profits & ROAE



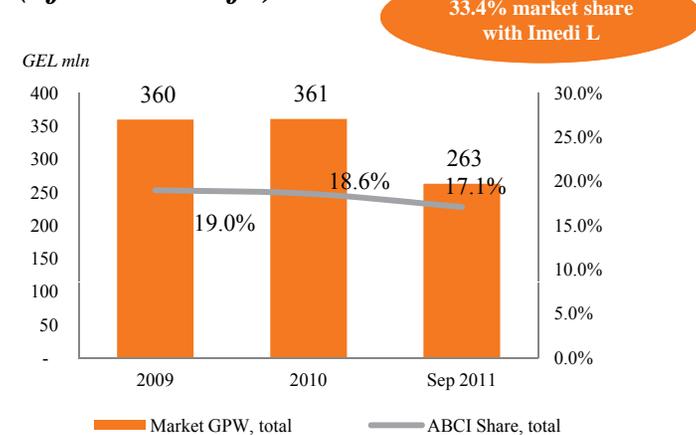
* Combined ratio is calculated by taking the sum of incurred losses and expenses and then dividing them by earned premium

ABCI market share & market Gross Premiums Written

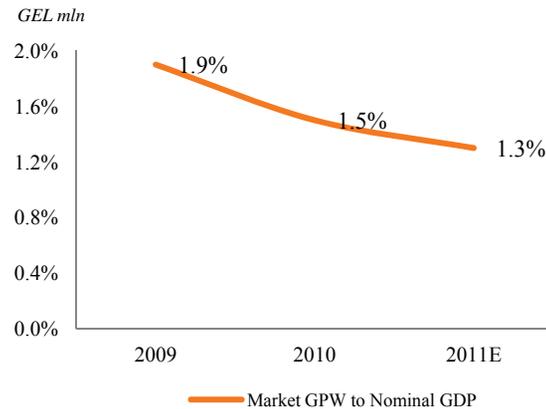
ABCI share in non-life insurance market



ABCI share in total market (life & non-life)



Market GPW to Nominal GDP



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

Bank of Georgia 2011 and Q1 2012 Results Overview

Business Segment Discussion

Georgian Macro

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)
- GDP real growth rate 2011 (E): 7.0%
- GDP real growth 2012 IMF estimate: 6.0%
- GDP CAGR '03-'11 (E): 6.0%
- 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)

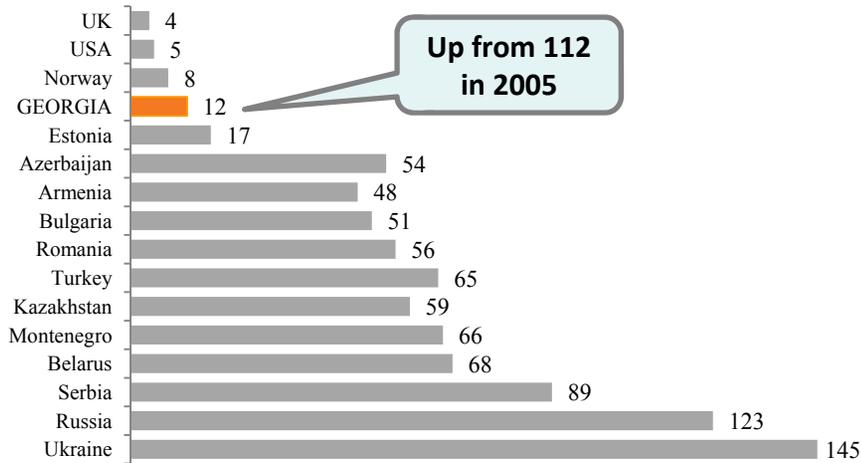
Georgia's key economic drivers

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 39% in Q1 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 (US\$981mln in 2011), diversified across different sectors ■ Net remittances of US\$1,168mln 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; 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

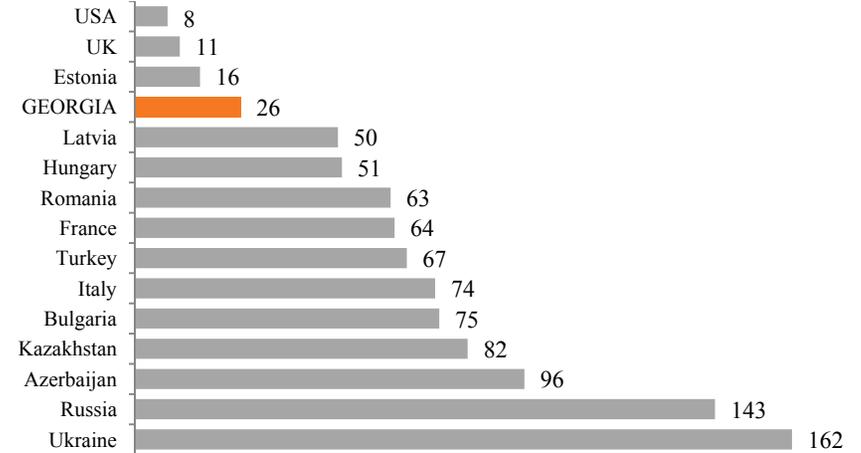
Sources: Geostat, IMF, National Bank of Georgia, Government of Georgia Presentation (Georgia.gov.ge)

Growth oriented reforms

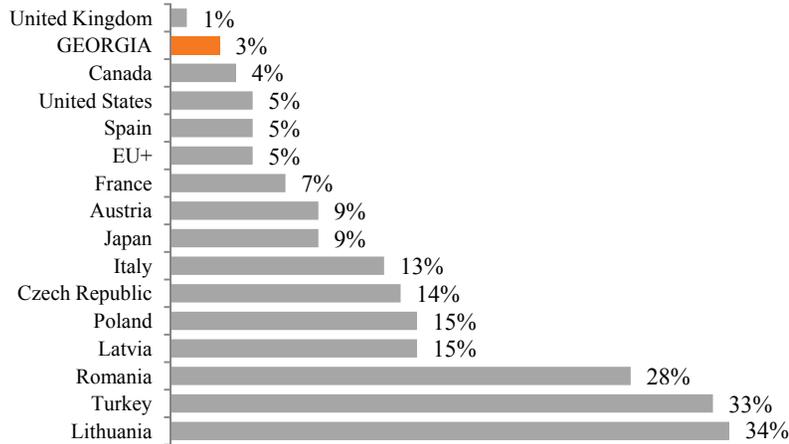
Ease of Doing Business, 2011 (WB-IFC Doing Business Report)



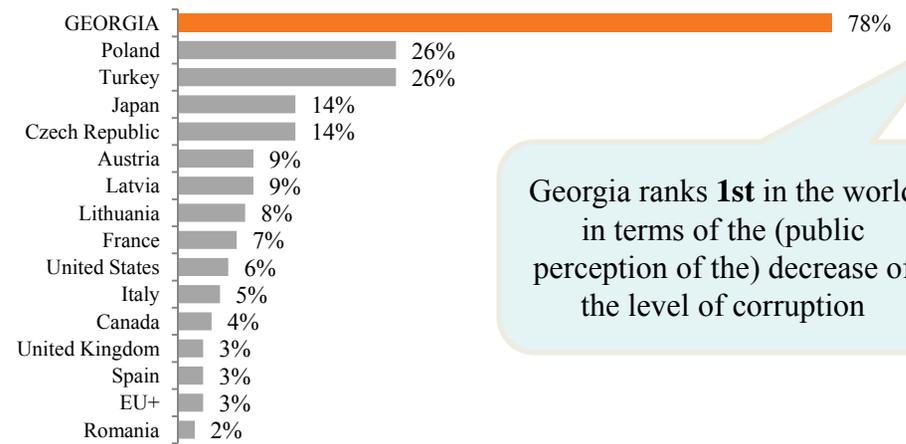
Economic Freedom Index, 2010 (Heritage Foundation)



TI 2010 Global Corruption Barometer: % admitting having paid a bribe within the last 12 months



TI 2010 Global Corruption Barometer: % of the surveyed claiming the corruption level has decreased



Georgia ranks **1st** in the world in terms of the (public perception of the) decrease of the level of corruption

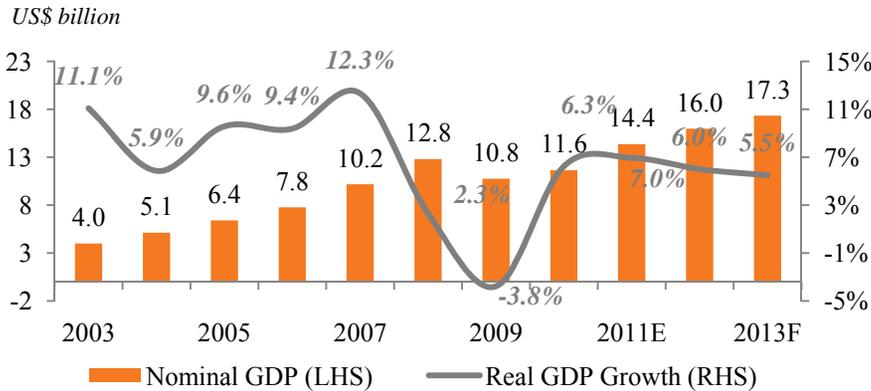
Sources: Transparency International, Heritage Foundation, World Bank

Positive economic outlook

Gross domestic product

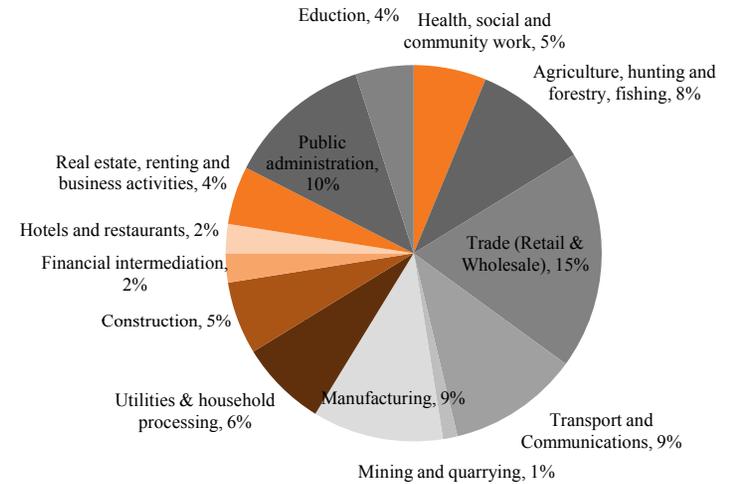
GDP grew at 8.8% annual rate in Q4 2011

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

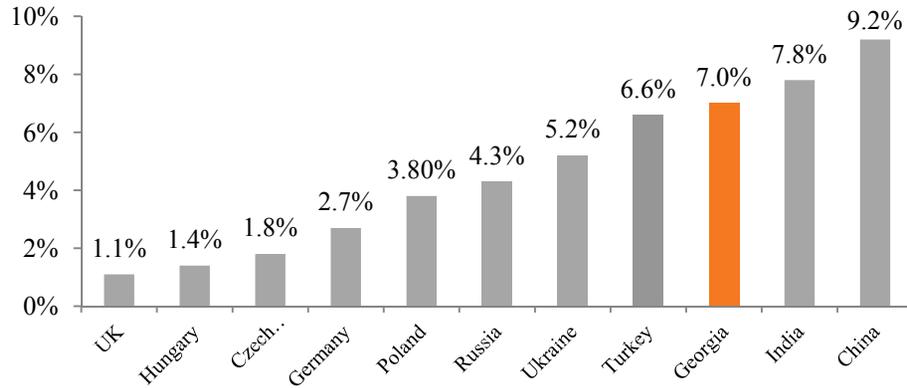


Sources: Geostat, IMF Projections

GDP composition, 31 December 2011



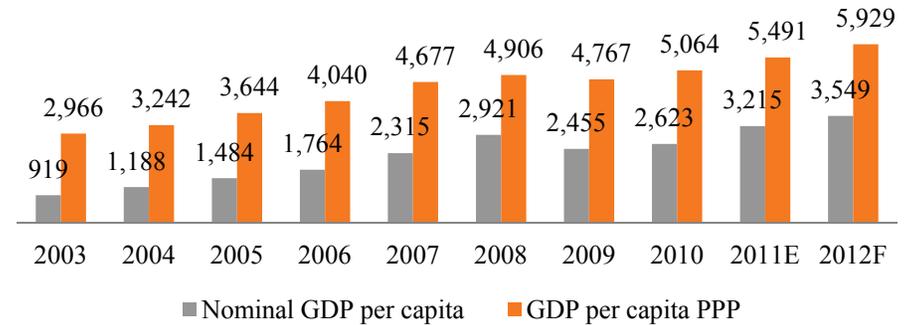
Real GDP growth in 2011



Sources: Central Intelligence Agency, Geostat

GDP per capita, US\$

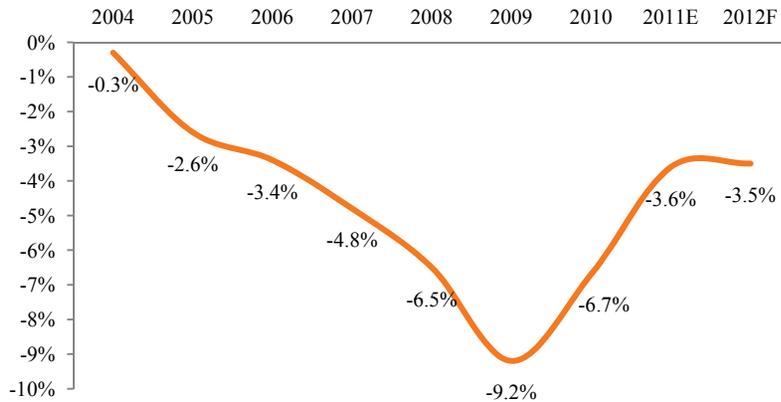
Source: National Bank of Georgia



Sources: Geostat, Ministry of Finance of Georgia, IMF

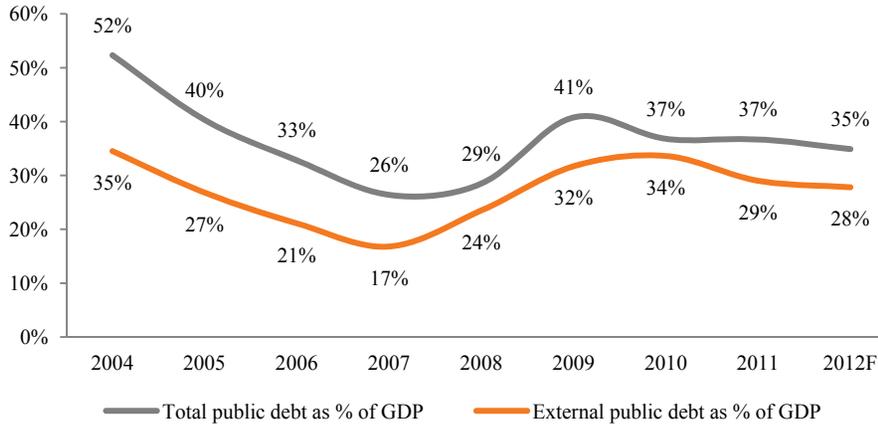
Demonstrated fiscal discipline and low public debt

Fiscal deficit as % of GDP



Source: Ministry of Finance of Georgia

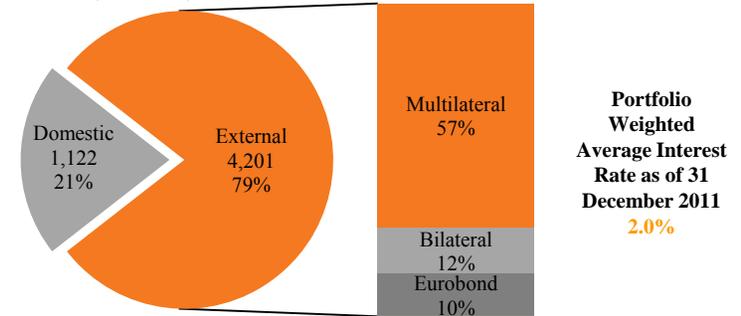
Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

Breakdown of public debt

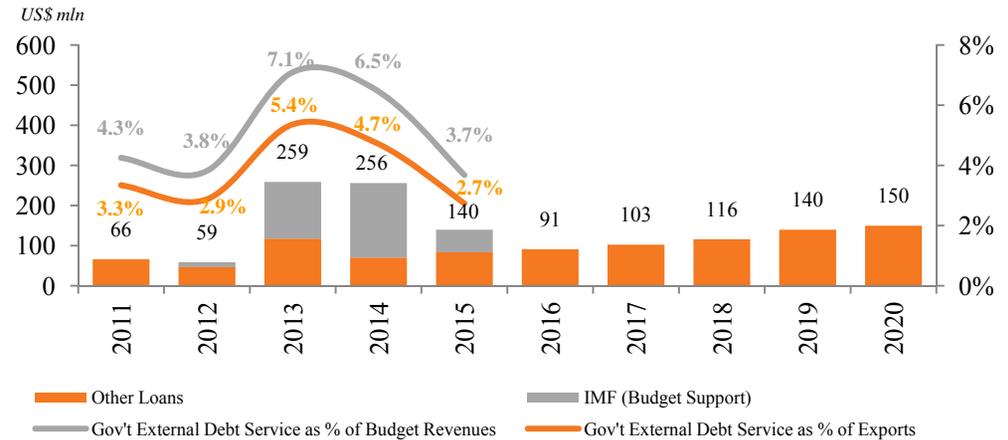
Affordable public debt stock and very low interest rate on external public debt (US\$m)



Portfolio Weighted Average Interest Rate as of 31 December 2011
2.0%

Source: Ministry of Finance of Georgia

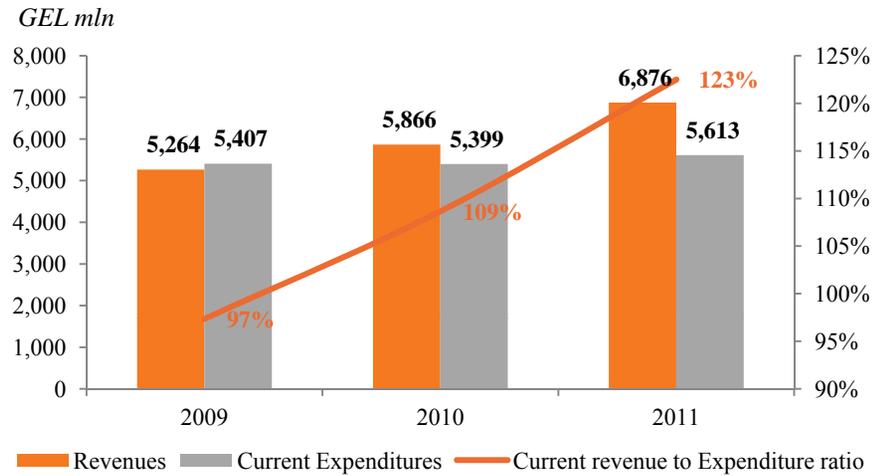
Government external debt service



Source: Ministry of Finance of Georgia

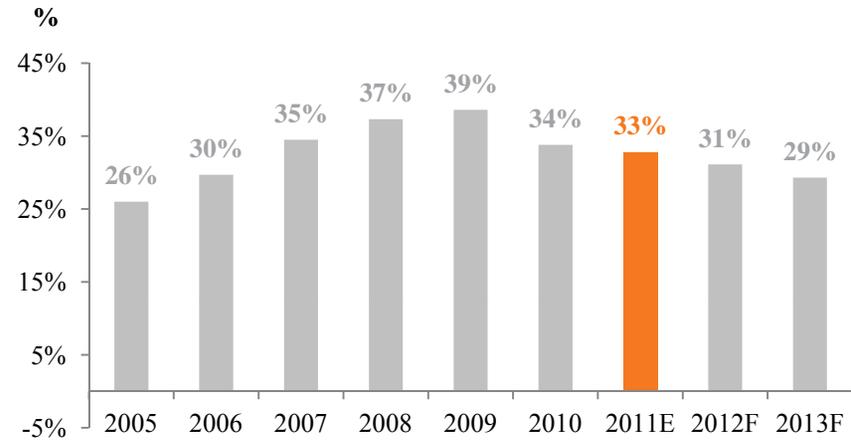
Revenues and expenditures dynamics

Revenues to expenditures



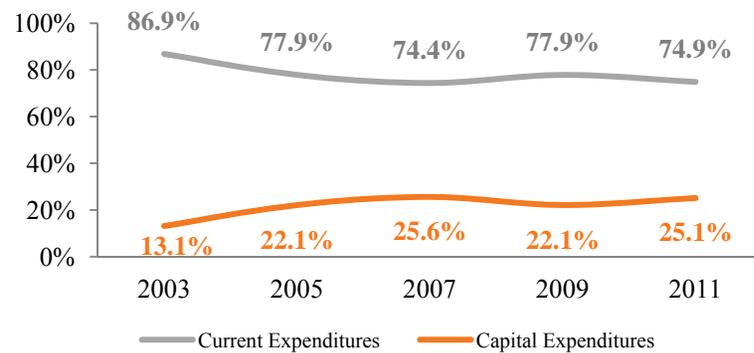
Source: Ministry of Finance

Expenditure as % of GDP



Sources: Ministry of Finance, NBG

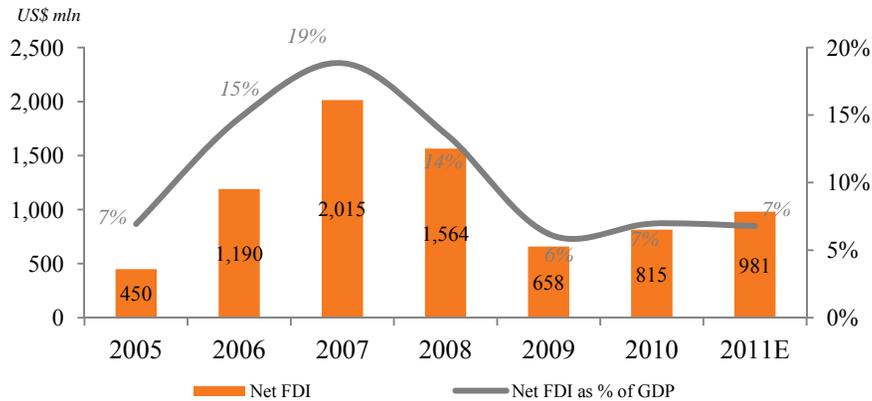
Capital vs. current expenditures



Source: Ministry of Finance

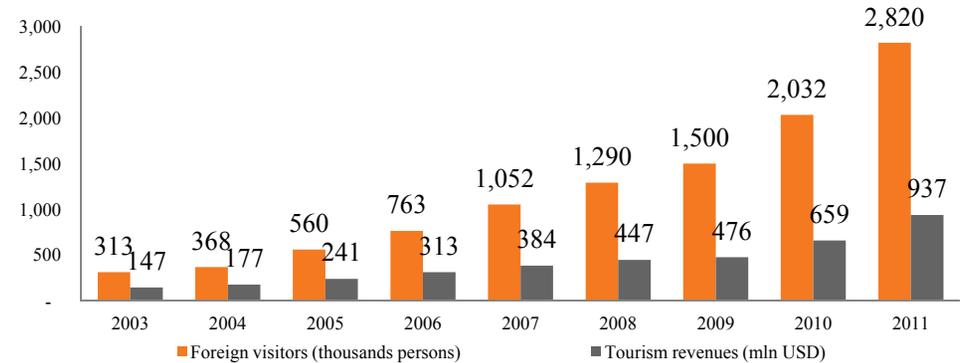
Four main sources of capital inflow

FDI inflows



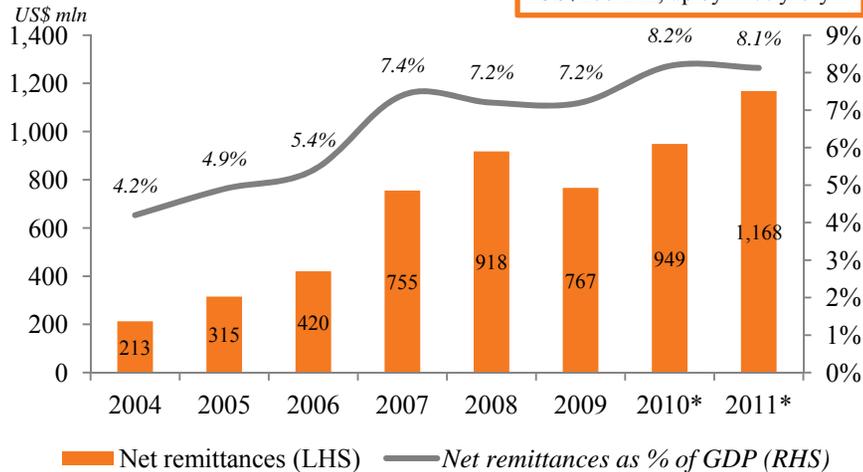
Sources: National Bank of Georgia, Ministry of Finance of Georgia

Number of tourists



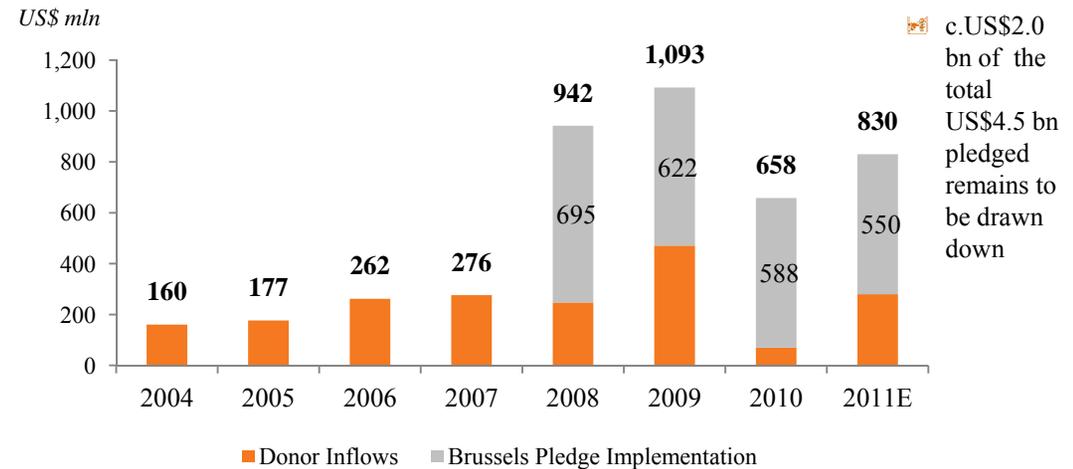
Sources: Georgian National Tourism Agency, National Bank of Georgia

Net remittances



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

Donor inflows

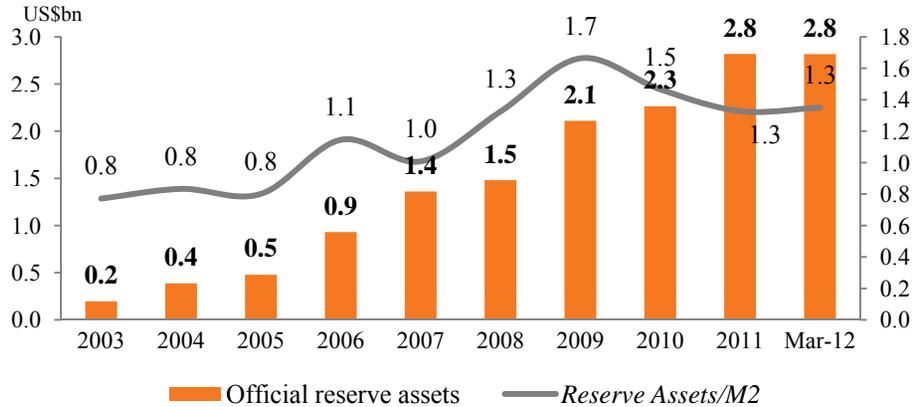


Sources: Ministry of Finance, Bank of Georgia estimates

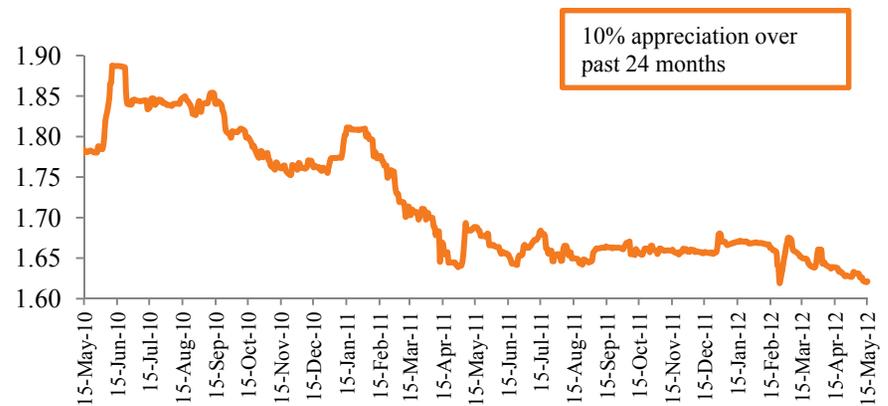
Controllable CAD and strong FDI & donor inflows

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

FX reserves

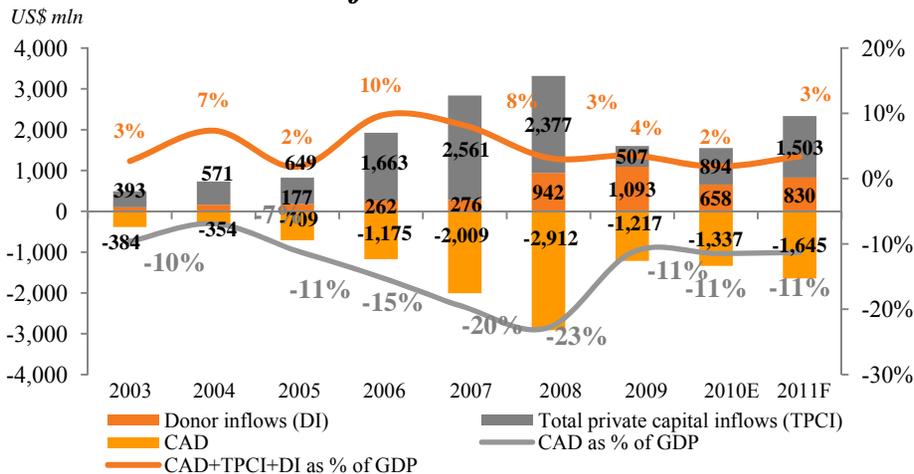


FX rate (US\$/GEL)



Source: National Bank of Georgia

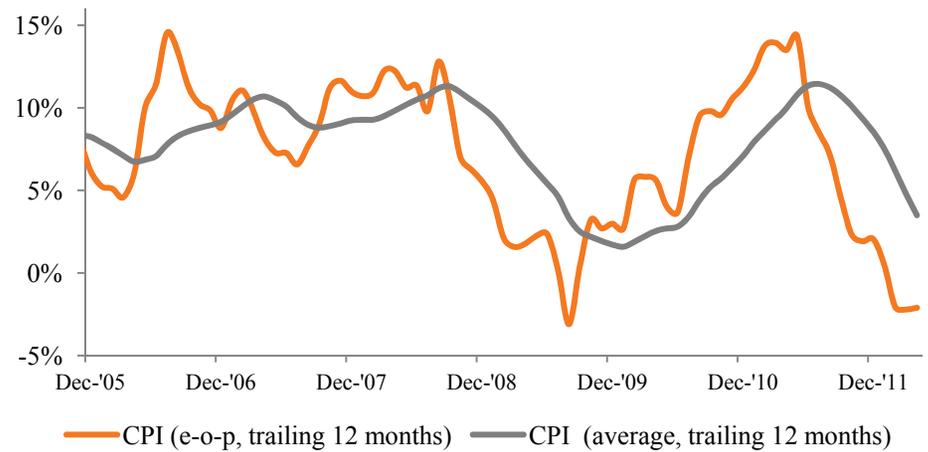
Current account deficit



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

Source: National Bank of Georgia

CPI



Source: National Bank of Georgia

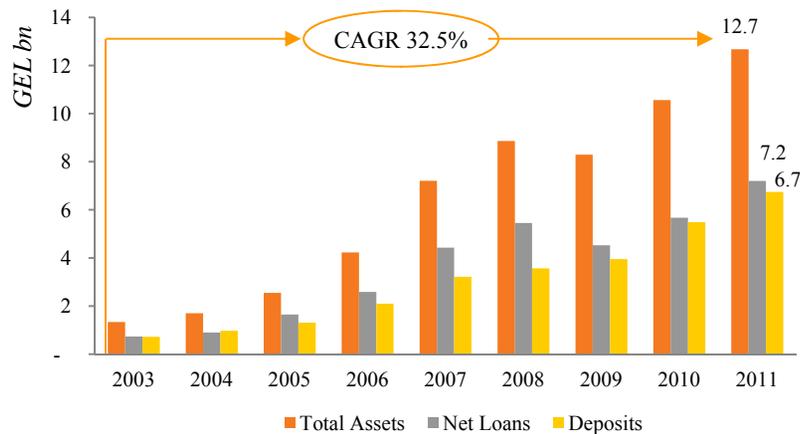
Growing and well capitalised banking sector

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

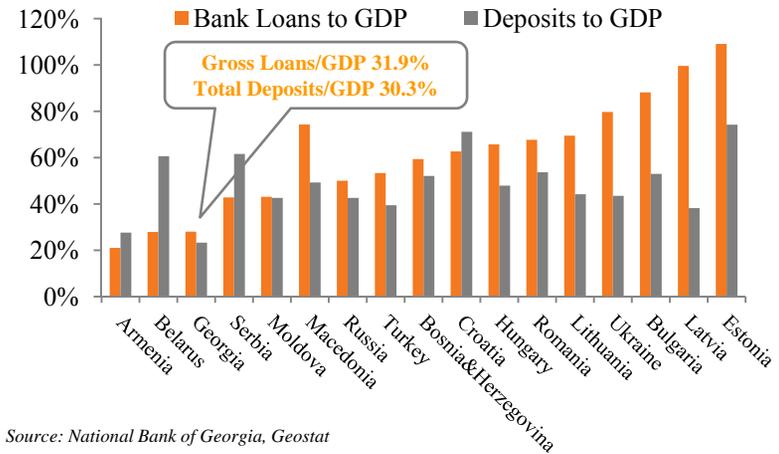
Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits as YE2011



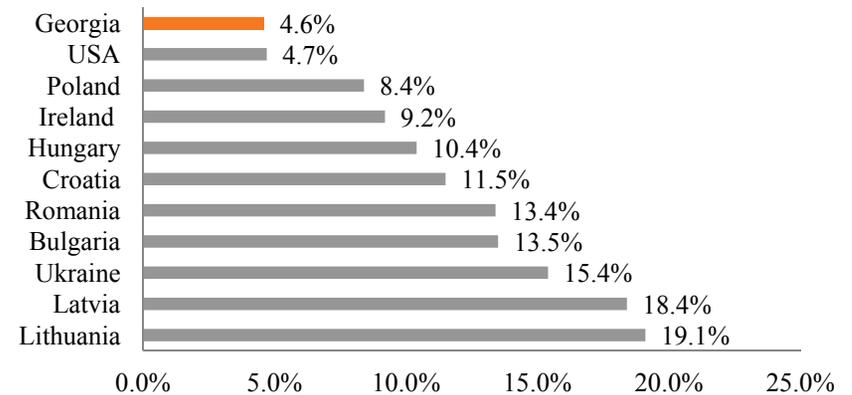
Source: National Bank of Georgia

Bank debt and deposits to GDP as of YE2011



Source: National Bank of Georgia, Geostat

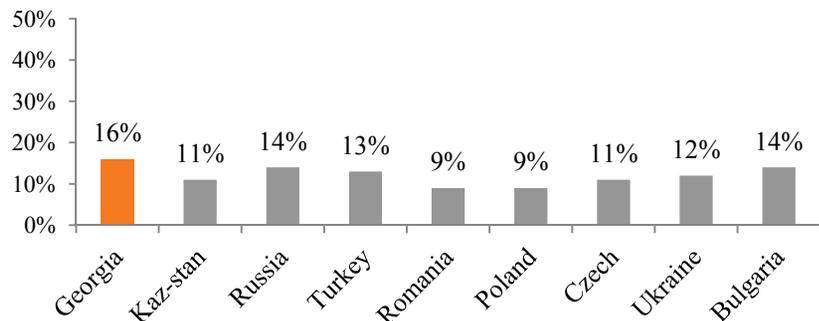
NPLs as % of total loans according to the IMF, lower than the banking sector NIM of c.7% as of YE2011



Source: National Bank of Georgia, IMF

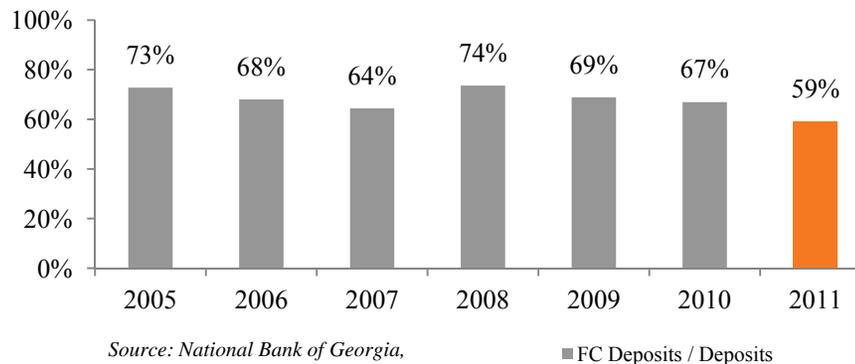
One of the highest level of capital and low debt level compared to other frontier markets

Equity / Assets



Source: National Bank of Georgia, Citi

Dollarisation declining

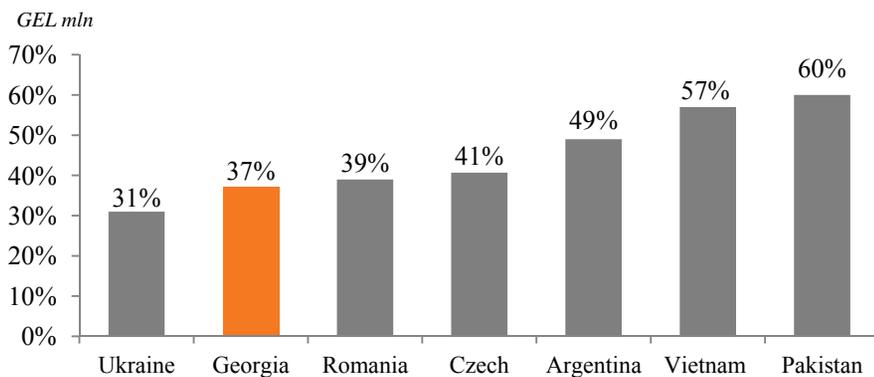


Source: National Bank of Georgia,

■ FC Deposits / Deposits

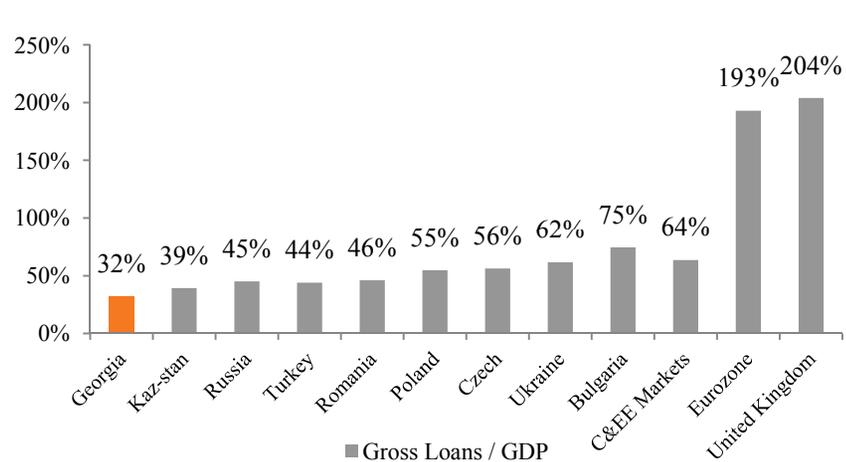
Increasing comfort in saving in GEL and at Bank of Georgia in particular

Public debt / GDP, frontier markets



Sources: Citi, National Bank of Georgia, CIA

Gross Loans / GDP



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

Attractive growth potential

Forward Looking Statements

The forward-looking statements contained in this presentation are based upon the current beliefs and expectations of JSC Bank of Georgia's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause JSC Bank of Georgia's actual results to differ materially from those described in this presentation can be found in JSC Bank of Georgia's Annual Report for the year ended 31 December 2011 which has been filed with the UK's Financial Services Authority and is available on Bank of Georgia's website www.bankofgeorgia.ge/ir and on the London Stock Exchange website (www.londonstockexchange.com). JSC Bank of Georgia does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of this presentation