



BANK OF GEORGIA

BANK OF GEORGIA GROUP PLC

Investor Presentation

4Q19 and FY19 Financial Results

13 February 2020

www.bankofgeorgiagroup.com

DISCLAIMER – FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; regional instability; loan portfolio quality; regulatory risk; liquidity risk; operational risk, cyber security, information systems and financial crime risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's 2Q19 and 1H19 results announcement and in Annual Report and Accounts 2018. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

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BANK OF GEORGIA GROUP OVERVIEW



BANK OF GEORGIA
GROUP PLC

Banking Business

**Retail
Banking**

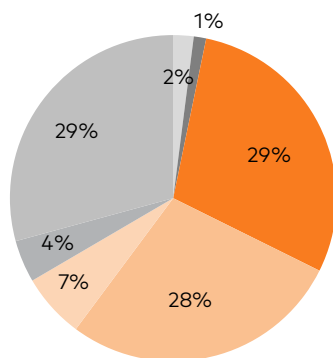
**Corporate and
Investment
Banking**

**Wealth
Management**

**BNB
(Bank in Belarus)**

Shareholder structure

As of 31 December 2019



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

Top shareholders

As of 31 December 2019

Rank	Shareholder name	Ownership
1	JSC Georgia Capital*	19.90%
2	Harding Loevner LP	4.78%
3	JP Morgan Asset Management (UK) Ltd	3.52%
4	Dimensional Fund Advisors (DFA) LP	2.90%
5	Vanguard Group Inc	2.82%
6	Van Eck Global	2.78%
7	Norges Bank Investment Management	2.65%
8	GLG Partners LP	2.65%
9	Jupiter Asset Management	2.47%
10	Grandeur Peak Global Advisors LLC	2.40%

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

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



BANK OF GEORGIA

* JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group Shareholders, as long as JSC Georgia Capital's percentage holding in Bank of Georgia Group PLC is greater than 9.9%

** Includes 19.9% shareholding of JSC Georgia Capital

DELIVERING ON GROUP STRATEGY

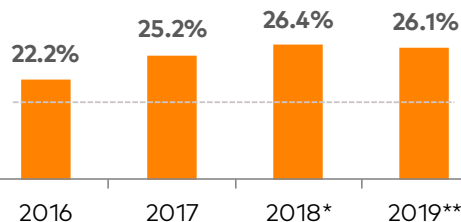


SUCCESSFUL TRACK RECORD OF DELIVERING STRONG RESULTS

BANKING BUSINESS KEY TARGETS

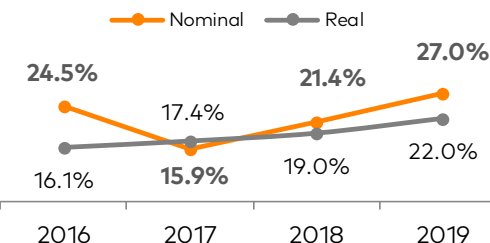
1

ROAE
20%+



2

Loan book
growth
c.15%



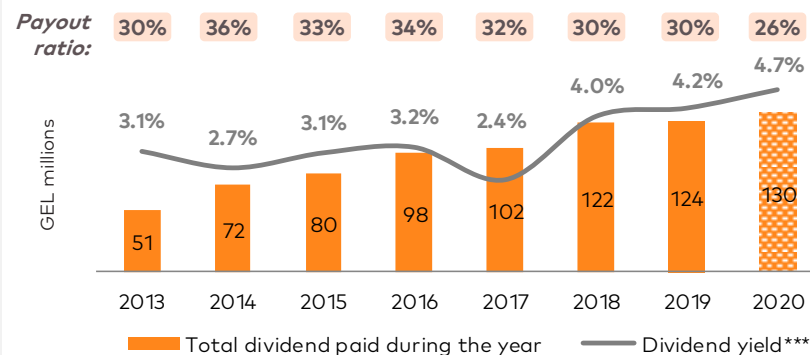
3

Robust
Capital
Management
Track
Record



- **Capital position:** We aim to maintain **+200bps buffer** for CET1 and Tier 1 capital ratios over minimum regulatory requirement during the medium term
- **Maintain regular dividend payouts:** Aiming **25-40%** dividend payout ratio
- **GEL 648mln+** cash dividend paid during 2013-2019, within the targeted **payout range** over past 7 years

Regular Dividends



BANK OF GEORGIA

* 2018 ROAE adjusted for GEL 30.3mln demerger related costs, GEL 8.0mln demerger related corporate income tax gain, GEL 30.3mln one-off impact of re-measurement of deferred tax balances and GEL 3.9mln (net of income tax) termination costs of the former CEO

** 2019 ROAE adjusted for GEL 14.2mln (net of income tax) termination costs of the former CEO and executive management

*** Dividend yield for 2013-2019 years is calculated based on the closing price of the shares immediately prior to ex-dividend date. At the 2020 Annual General Meeting, the Board intends to recommend an annual dividend for 2019 of GEL 2.67 per share (GEL 130mln in total) payable in British Pounds Sterling at the prevailing rate. Dividend yield for 2020 is calculated based on the closing price of the shares on 31 January 2020



MACRO DEVELOPMENTS

- The Georgian economy continued to deliver strong real growth numbers, estimated at **5.2%** in 2019
- The country's current account deficit reduced significantly to estimated **4.1%** of GDP in 2019, down from the 2016 highs of **12.4%**, reflecting healthy growth in exports and lower imports; trends that we expect to see continued
- While the impact of fewer Russian tourists on the economy has been small, the negative expectations have partly resulted in the **6.0%** depreciation of the GEL vs US Dollar exchange rate since 20 June 2019, before strengthening in December and early 2020. This did however have an impact on headline inflation, which increased to **7.0%** in December 2019
- To curb this inflation, the National Bank of Georgia increased the monetary policy rate from **6.5% to 9.0%** in the second half of 2019
- On 11 October 2019, **S&P Global Ratings upgraded the Georgia's sovereign credit rating by one notch to BB**, a testament to the positive changes as a result of the Government's recent reforms
- With a ranking of **7th**, **Georgia remains in the top 10 of best places in the world to do business in 2020** according to the World Bank's ranking
- Exports are showing healthy growth, while imports are shrinking, resulting in the **expected current account deficit falling below 5% of GDP, down from the 2016 highs**

GROUP DEVELOPMENTS

- **A new base year** - a new environment with a successfully reshuffled portfolio, lower NIM and lower cost of credit risk on the back of new regulations, leading to **lower systemic risk**, resulting in **growing operating income and a strong profitability**
- Our new mission established: **we are here to help people achieve more of their potential**. A new brand platform adopted and first new brand campaign launched. **Bank of Georgia is the brand that stands for taking action and doing something about it; we are here to empower and support our customers and employees**. The Bank clearly comes out **"top of mind"** and is regarded as the **most trusted financial institution** through all age groups of Georgian population
- **New CSR strategy** aligned with new mission - to help people achieve more of their potential. Focusing on three main pillars: **education, employment and MSME development**
- Two main strategic pillars: **customer satisfaction and employee engagement**. The KPIs of the top management revised to include NPS/ ENPS scores. Investment made in the leading **customer experience management platform, Medallia**, to help us capture and prioritise large amounts of customer feedback. Already rolled out throughout the Bank's digital channels and planned to be expanded to the call center and branches in 2020
- **Investments in digital capabilities** - doubling digital staff over a 12 month period (announced in June 2019). Results already evident - a significantly higher number of mobile banking transactions of individual customers (35.9 million in 2019, up 129.2% y-o-y). **Overall, more than 93% of daily transactions now performed through digital channels**



REBASE YEAR | RESULTS HIGHLIGHTS*



Income Statement **

Banking Business	4Q19	4Q18	Change y-o-y	3Q19	Change q-o-q	2019	2018	Change y-o-y
<i>GEL thousands unless otherwise noted</i>								
Net interest income	207,091	187,438	10.5%	200,992	3.0%	789,419	739,604	6.7%
Net fee and commission income	46,558	41,344	12.6%	48,009	-3.0%	180,014	153,182	17.5%
Net foreign currency gain	37,177	53,358	-30.3%	32,233	15.3%	119,363	129,437	-7.8%
Net other income / (expense)	18,439	(9,073)	NMF	3,728	NMF	21,474	7,815	NMF
Operating income	309,265	273,067	13.3%	284,962	8.5%	1,110,270	1,030,038	7.8%
Operating expenses	(121,545)	(100,857)	20.5%	(107,917)	12.6%	(419,946)	(378,517)	10.9%
Profit from associates	153	318	-51.9%	194	-21.1%	789	1,339	-41.1%
Operating income before cost of risk	187,873	172,528	8.9%	177,239	6.0%	691,113	652,860	5.9%
Cost of risk	(14,232)	(40,778)	-65.1%	(15,223)	-6.5%	(107,584)	(160,225)	-32.9%
Net operating income before non-recurring items	173,641	131,750	31.8%	162,016	7.2%	583,529	492,635	18.5%
Net non-recurring items	(1,591)	(2,185)	-27.2%	(5,019)	-68.3%	(10,723)	(22,643)	-52.6%
Profit before income tax expense and one-off costs	172,050	129,565	32.8%	156,997	9.6%	572,806	469,992	21.9%
Income tax expense	(15,515)	(10,888)	42.5%	(22,697)	-31.6%	(58,619)	(34,948)	67.7%
Profit adjusted for one-off costs	156,535	118,677	31.9%	134,300	16.6%	514,187	435,044	18.2%
One-off termination costs of former CEO and executive management (after tax), one-off demerger related expenses (after tax) and one-off impact of re-measurement of deferred tax balances	-	(3,861)	NMF	-	-	(14,236)	(56,402)	-74.8%
Profit	156,535	114,816	36.3%	134,300	16.6%	499,951	378,642	32.0%

Balance Sheet

Key Ratios

GEL thousands unless otherwise noted

	Dec-19	Dec-18	Change y-o-y	Sep-19	Change q-o-q
Liquid assets	5,559,500	4,540,032	22.5%	5,099,111	9.0%
Cash and cash equivalents	2,153,624	1,215,799	77.1%	1,369,194	57.3%
Amounts due from credit institutions	1,619,072	1,305,216	24.0%	1,834,195	-11.7%
Investment securities	1,786,804	2,019,017	-11.5%	1,895,722	-5.7%
Loans to customers and finance lease receivables	11,931,262	9,397,747	27.0%	11,339,745	5.2%
Property and equipment	379,788	344,059	10.4%	364,405	4.2%
Total assets	18,569,497	14,798,303	25.5%	17,540,692	5.9%
Client deposits and notes	10,076,735	8,133,853	23.9%	9,613,718	4.8%
Amounts owed to credit institutions	3,934,123	2,994,879	31.4%	3,437,718	14.4%
Borrowings from DFIs	1,486,044	1,302,679	14.1%	1,355,426	9.6%
Short-term loans from NBG	1,551,953	1,118,957	38.7%	1,271,027	22.1%
Loans and deposits from commercial banks	896,126	573,243	56.3%	811,265	10.5%
Debt securities issued	2,120,064	1,730,414	22.5%	2,175,820	-2.6%
Total liabilities	16,418,589	13,000,030	26.3%	15,500,833	5.9%
Total equity	2,150,908	1,798,273	19.6%	2,039,859	5.4%

Banking Business	4Q19	4Q18	3Q19	2019	2018
ROAA**	3.4%	3.3%	3.2%	3.1%	3.2%
ROAE**	29.9%	27.0%	26.8%	26.1%	26.4%
Net interest margin	5.4%	6.0%	5.4%	5.6%	6.5%
Loan yield	11.4%	12.8%	11.5%	11.7%	13.5%
Liquid assets yield	3.7%	3.8%	3.2%	3.5%	3.8%
Cost of funds	4.7%	5.0%	4.5%	4.6%	5.0%
Cost of client deposits and notes	3.0%	3.4%	2.9%	3.0%	3.5%
Cost of amounts owed to credit institutions	7.4%	7.9%	6.8%	7.1%	7.3%
Cost of debt securities issued	7.9%	7.8%	7.7%	7.7%	7.8%
Cost / Income***	39.3%	36.9%	37.9%	37.8%	36.7%
NPLs to gross loans to clients	2.1%	3.3%	2.9%	2.1%	3.3%
NPL coverage ratio	80.9%	90.5%	85.3%	80.9%	90.5%
NPL coverage ratio, adjusted for discounted value of collateral	139.6%	129.9%	129.3%	139.6%	129.9%
Cost of credit risk ratio	0.2%	1.1%	0.5%	0.9%	1.6%
NBG (Basel III) CET1 capital adequacy ratio	11.5%	12.2%	11.1%	11.5%	12.2%
NBG (Basel III) Tier I capital adequacy ratio	13.6%	12.2%	13.3%	13.6%	12.2%
NBG (Basel III) Total capital adequacy ratio	18.1%	16.6%	16.8%	18.1%	16.6%

* The detailed financials of the Group are presented on pages 66-71

** The full year 2019 income statement adjusted profit excludes GEL 14.2mln one-off employee costs (net of income tax) related to former CEO and executive management termination benefits. The amount is comprised of GEL 12.4mln (gross of income tax) excluded from salaries and other employee benefits and GEL 4.0mln (gross of income tax) excluded from non-recurring items. The income statement adjusted profit in 4Q18 excludes GEL 3.9mln one-off employee costs (net-of income tax) related to the former CEO termination benefits, which is comprised of GEL 4.4mln (gross of income tax) excluded from non-recurring items. In addition to this, the full year 2018 income statement adjusted profit excludes GEL 52.5mln demerger related expenses (net of income tax) and one-off impact of re-measurement of deferred tax balances. ROAE and ROAA have been adjusted accordingly for all periods presented. Full IFRS income statement is presented on pages 66 and 67.

*** The full year cost/income ratio adjusted for GEL 12.4mln one-off employee costs (gross of income tax) related to termination benefits of the former executive management

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THE LEADING BANK IN GEORGIA

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



BOG – Leading Bank in Attractive Banking Sector

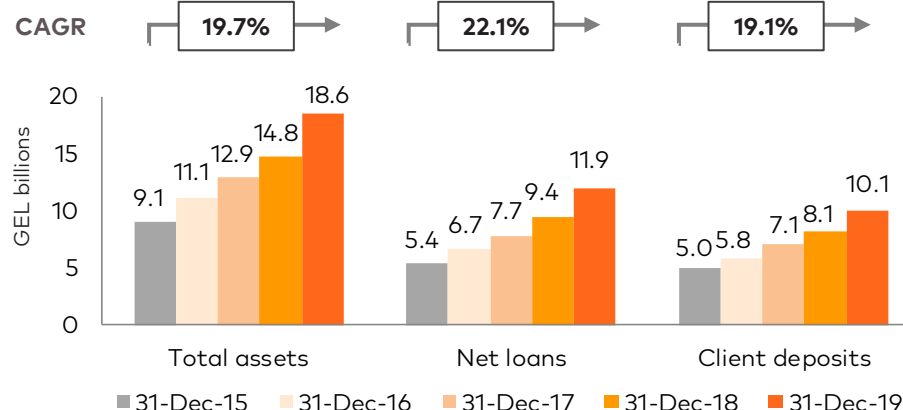
- **Top Systemically important financial institution in Georgia**
- **Market position in Georgia** by assets (36.3%), loans (34.9%), client deposits (36.3%) and equity (29.8%) as of 31 December 2019*
- **Market with stable growth perspectives:** Real GDP average annual growth rate of 4.5% for 2007-2018; 5.2% estimated real GDP growth in 2019 according to Geostat. Loans to GDP was 64.5% and Deposits to GDP was 53.0% at 31 December 2019
- **Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 267 branches, 933 ATMs, 3,217 Express Pay Terminals and more than 2.5 million customers as of 31 December 2019
- **Sustainable high profitability** with average ROAE of more than 20% over the last four years on the back of solid NIM, low cost of credit risk and stringent cost control
- **Resilient credit profile:** Well-capitalised, diversified and high quality loan book and strong liquidity profile
- **High standards of transparency and governance:** The first entity from Georgia to be listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006

Credit ratings from global rating agencies

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

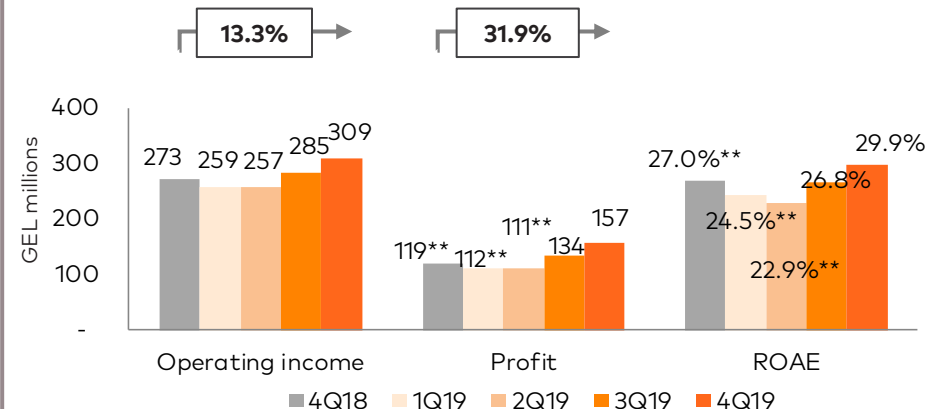
Balance Sheet Highlights

Banking Business



Income Statement Highlights

Banking Business

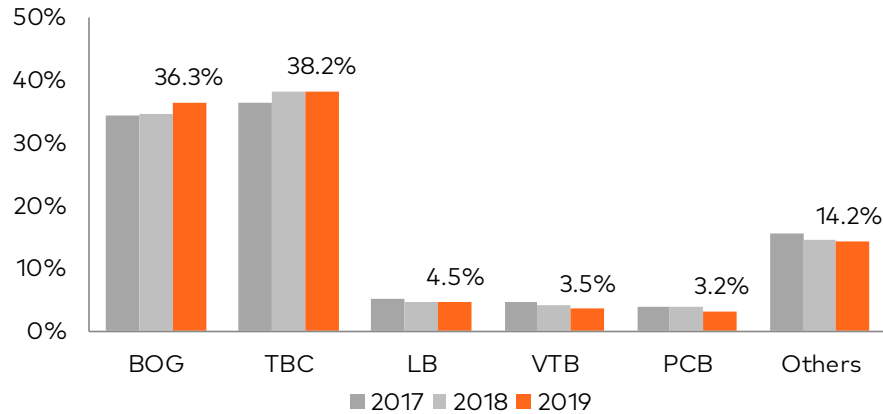


THE COMPETITION

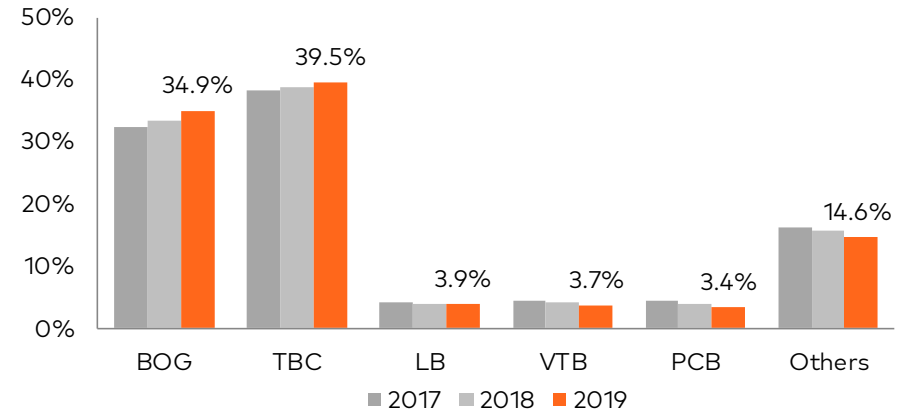
Leading market position in Georgia by assets (36.3%), loans (34.9%), client deposits (36.3%) and equity (29.8%)



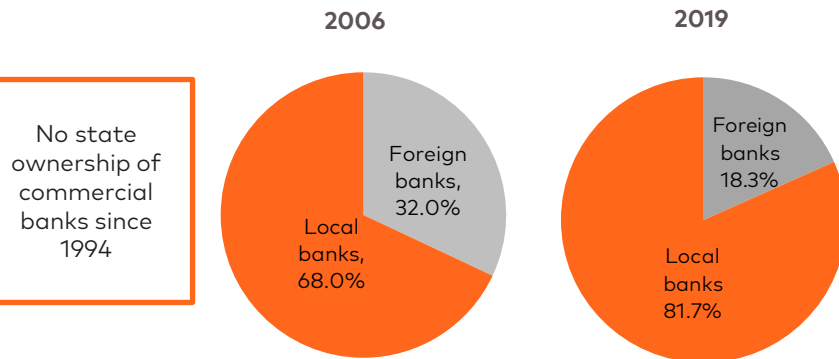
Peer group's market share in total assets



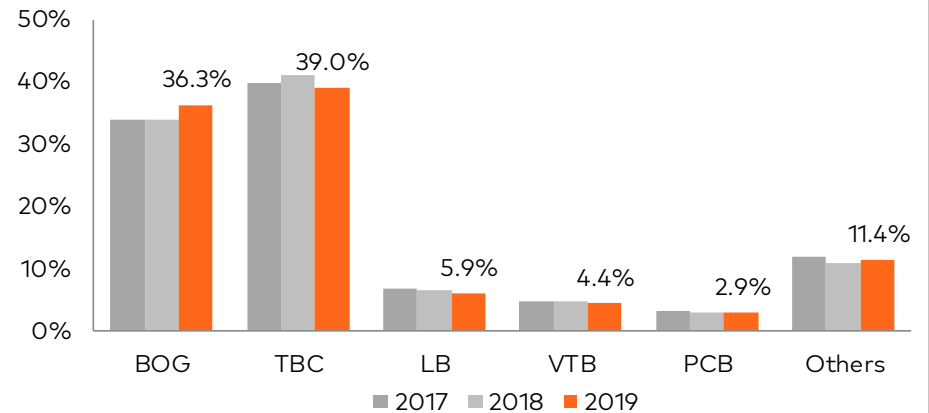
Peer group's market share in gross loans



Foreign banks market share by assets



Peer group's market share in client deposits

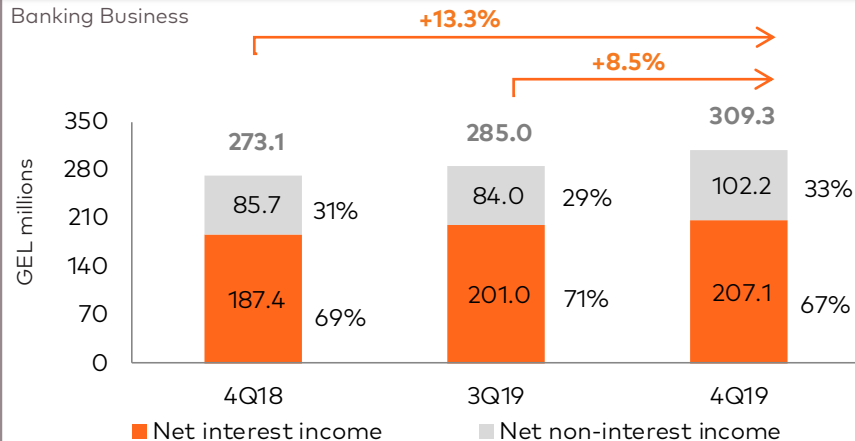


STRONG UNDERLYING PERFORMANCE



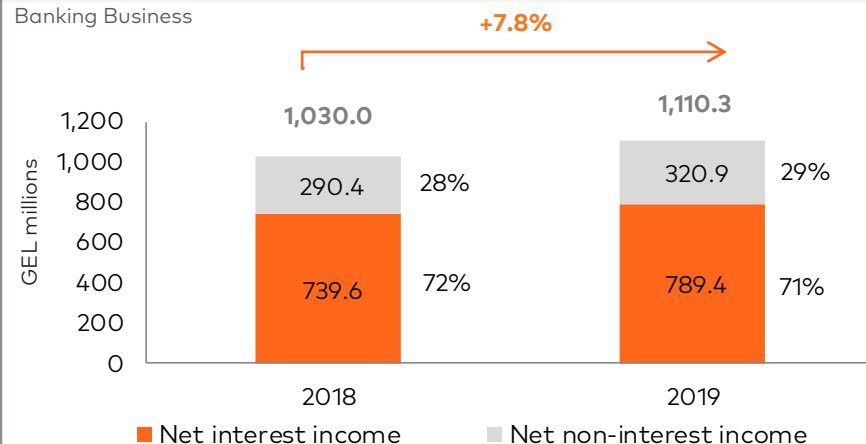
Operating income | quarterly

Banking Business



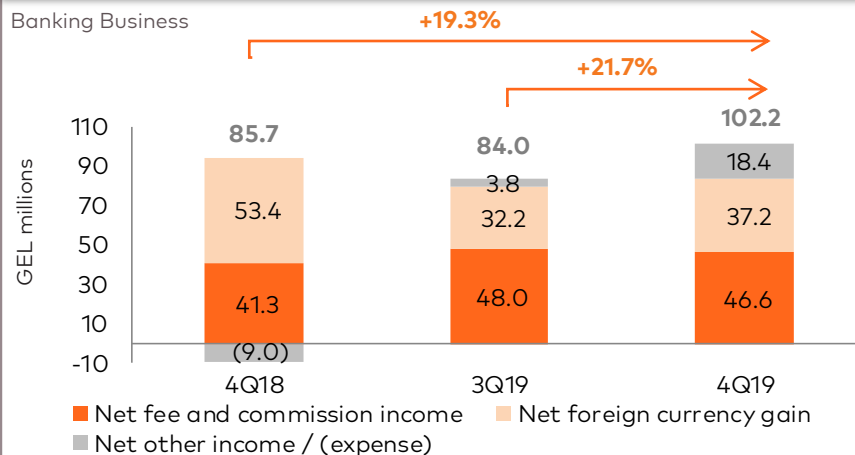
Operating income | full year

Banking Business



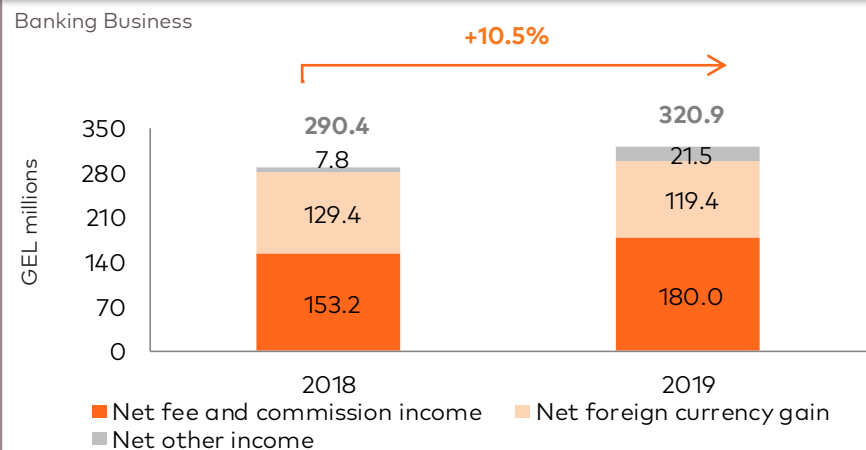
Net non-interest income | quarterly

Banking Business



Net non-interest income | full year

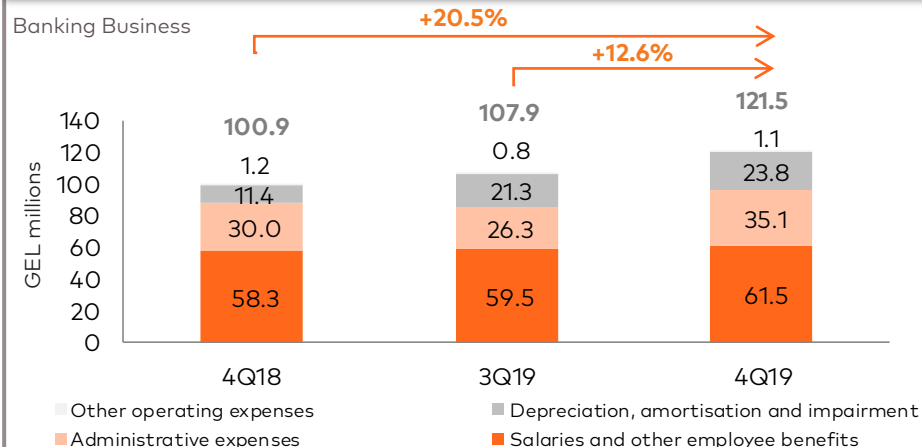
Banking Business



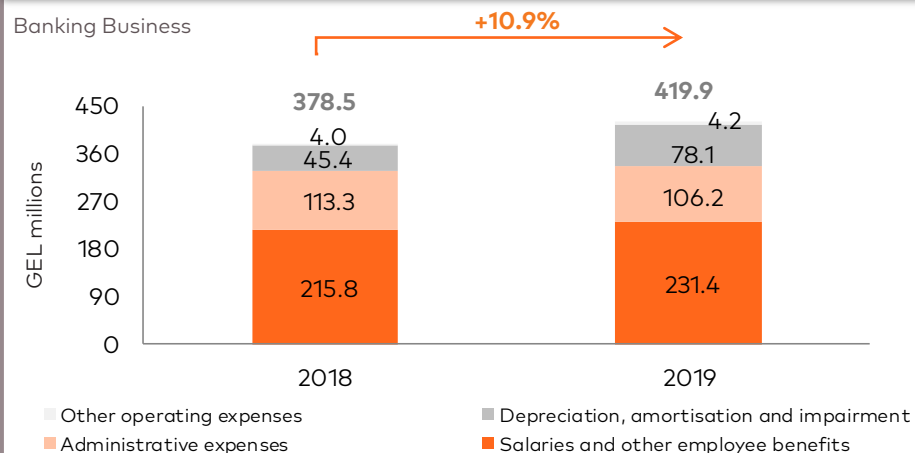
STRONG UNDERLYING PERFORMANCE



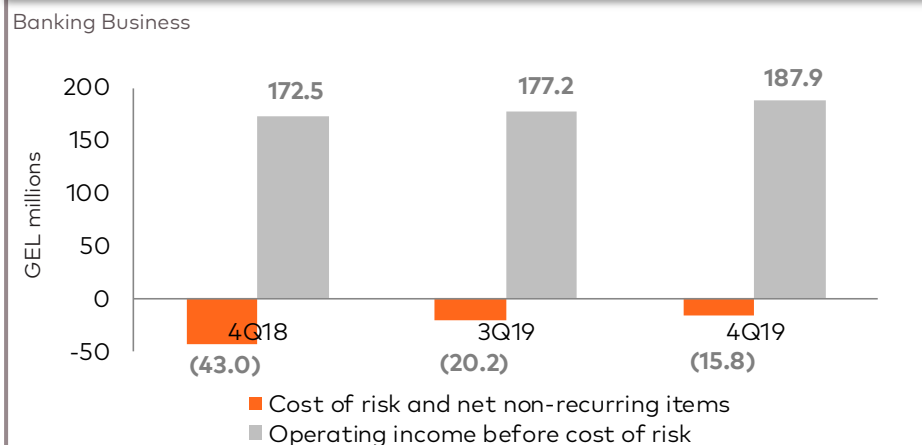
Operating expenses* | quarterly



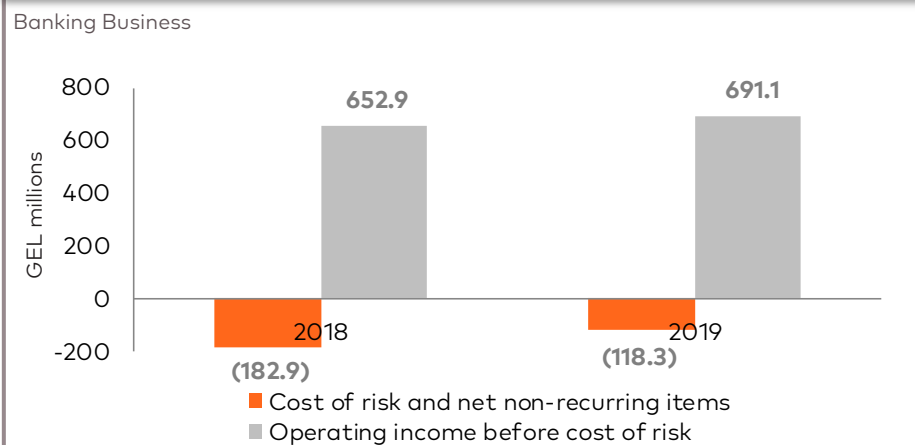
Operating expenses* | full year



Operating income before cost of risk* | quarterly



Operating income before cost of risk* | full year

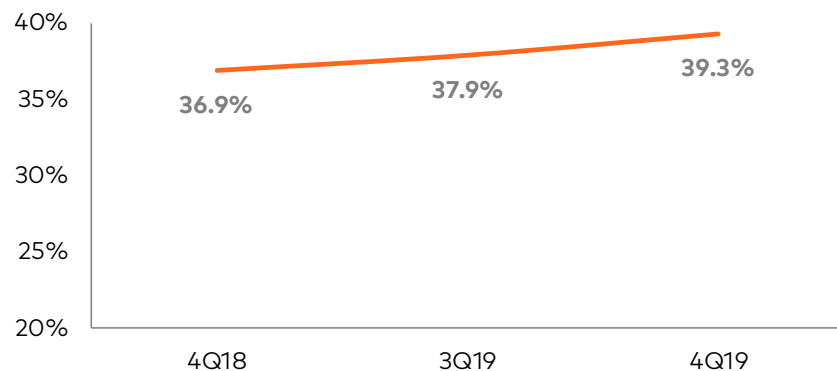


FOCUS ON EFFICIENCY



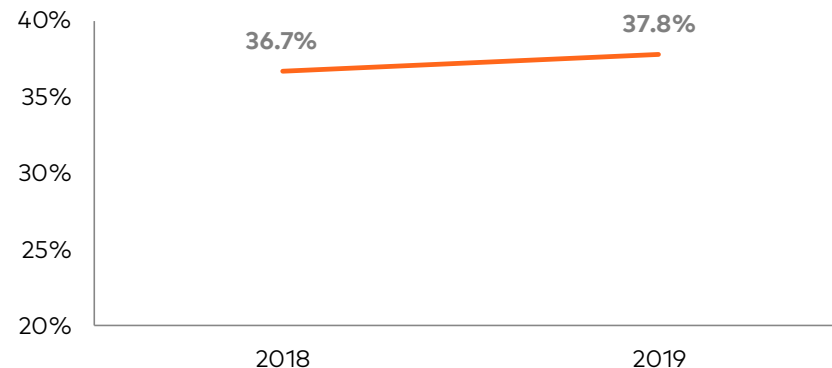
Cost / Income | quarterly

Banking Business



Cost / Income* | full year

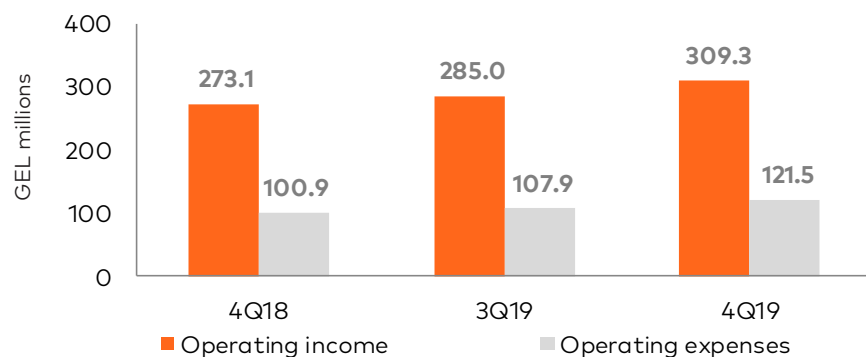
Banking Business



Operating income and operating expenses | quarterly

Banking Business

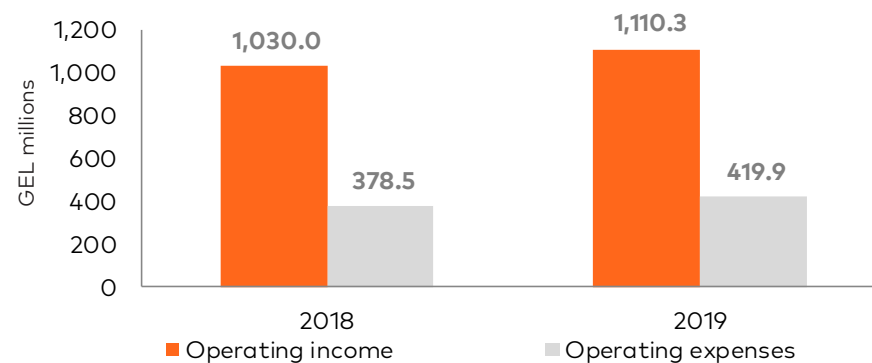
**Operating Leverage*: -7.3% y-o-y
-4.1% q-o-q**



Operating income and operating expenses* | full year

Banking Business

Operating Leverage*: -3.2% y-o-y



BANK OF GEORGIA

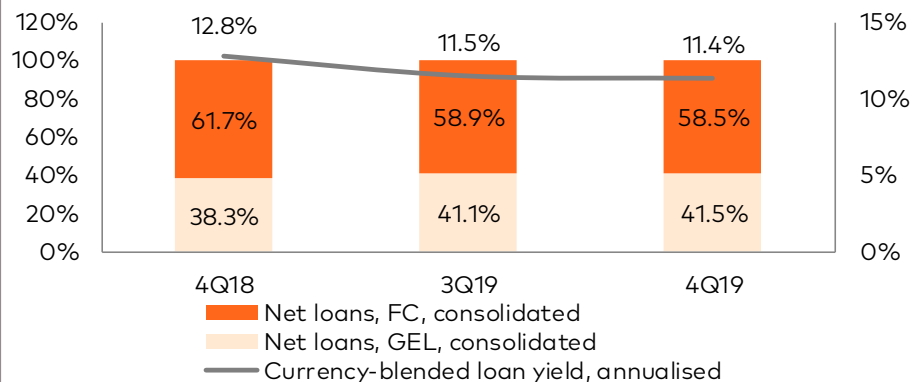
* Operating expenses, operating leverage and cost/income ratio are adjusted for one-off costs. Please see details on one-offs on pages 66-67 for all the periods presented.

SOLID INCOME NOTWITHSTANDING THE PRESSURE ON YIELDS



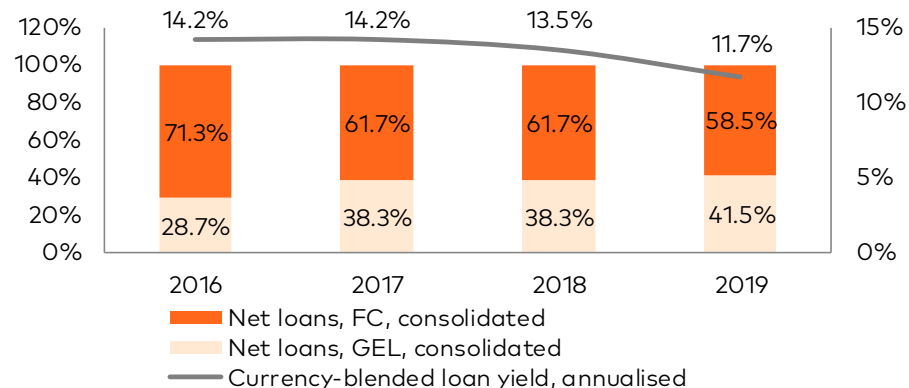
Loan Yields | quarterly

Banking Business



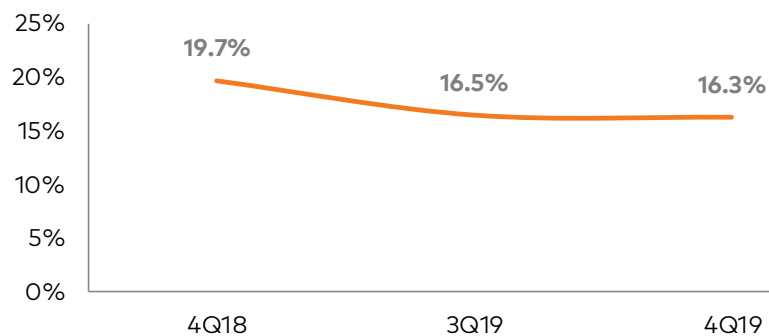
Loan Yields | full year

Banking Business



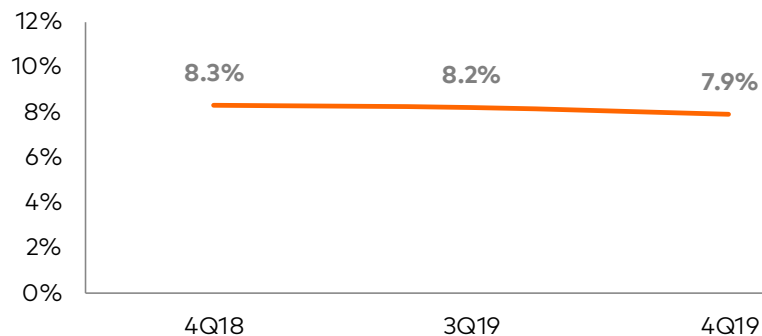
Loan Yields, Local currency | quarterly

Banking Business



Loan Yields, Foreign currency | quarterly

Banking Business

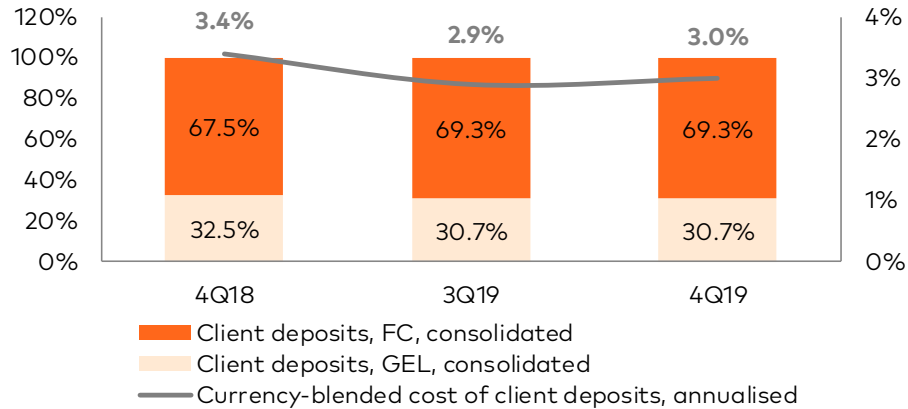


STABLE COST OF FUNDING



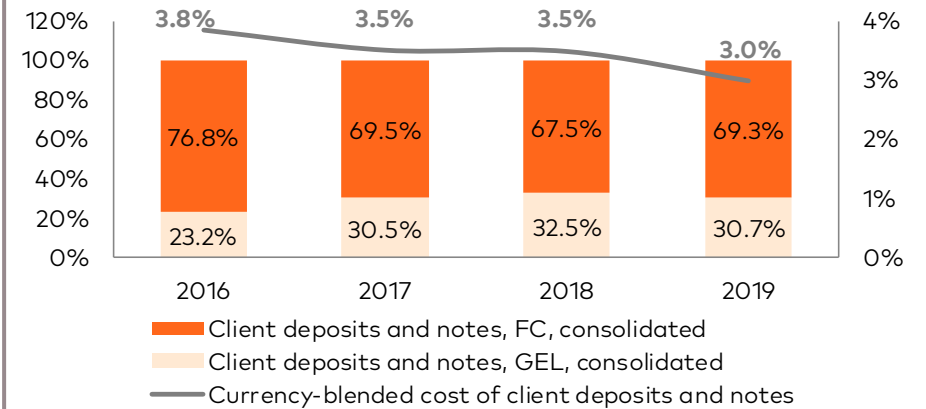
Cost of Customer Funds | quarterly

Banking Business



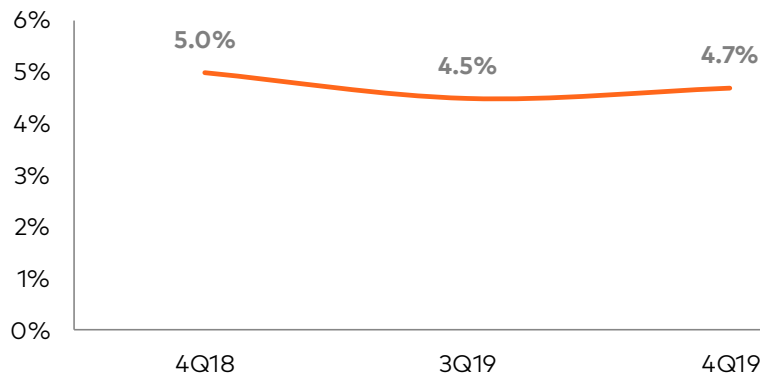
Cost of Customer Funds | full year

Banking Business



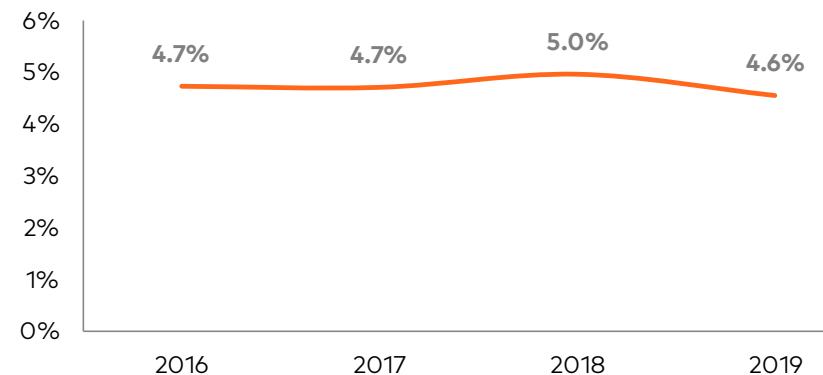
Cost of Funds | quarterly

Banking Business



Cost of Funds | full year

Banking Business



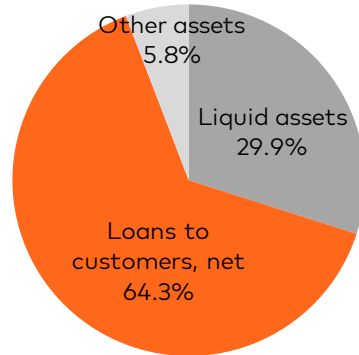
DIVERSIFIED ASSET STRUCTURE AND LOAN PORTFOLIO



Total asset structure | 31 Dec 2019

Banking Business

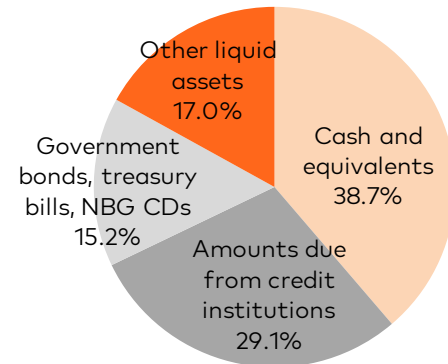
Total: **GEL 18.6bln**



Liquid assets | 31 Dec 2019

Banking Business

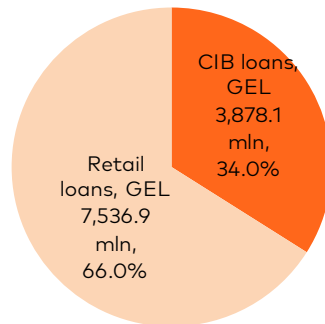
Total: **GEL 5.6bln**



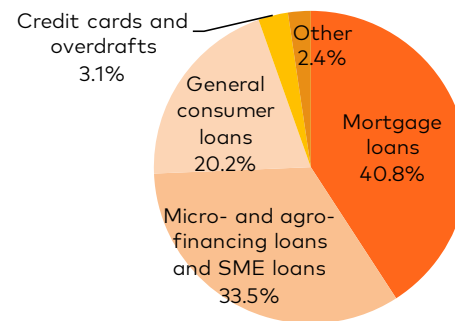
Loans breakdown | 31 Dec 2019

Bank of Georgia
Standalone

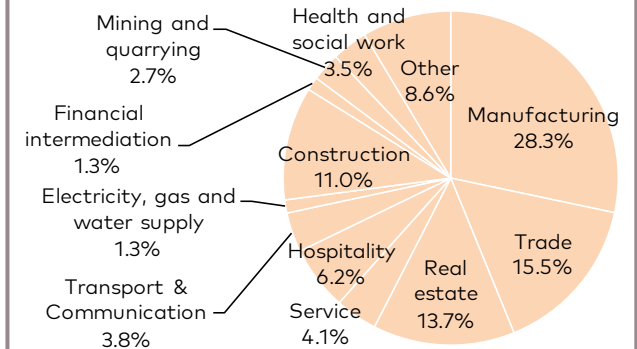
Total Gross Loans breakdown by segments Total: **GEL 11.4bln**



Retail Banking Net Loans breakdown by product Total: **GEL 7.4bln**



Corporate and Investment Banking Gross Loans breakdown by sectors Total: **GEL 3.9bln**

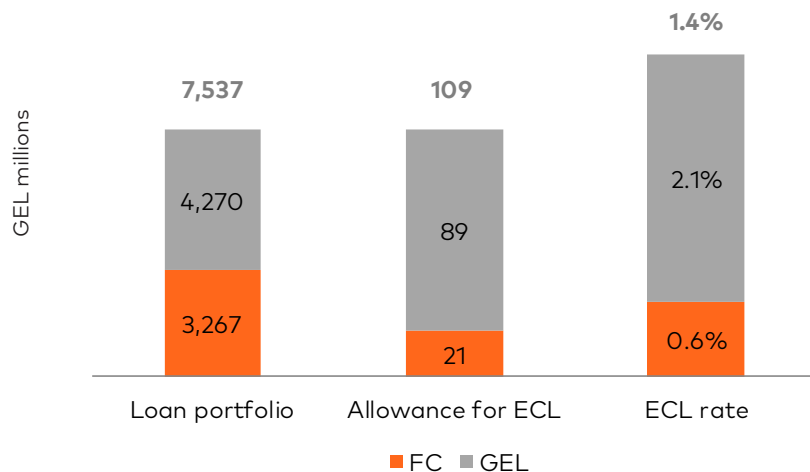


LOAN PORTFOLIO BREAKDOWN



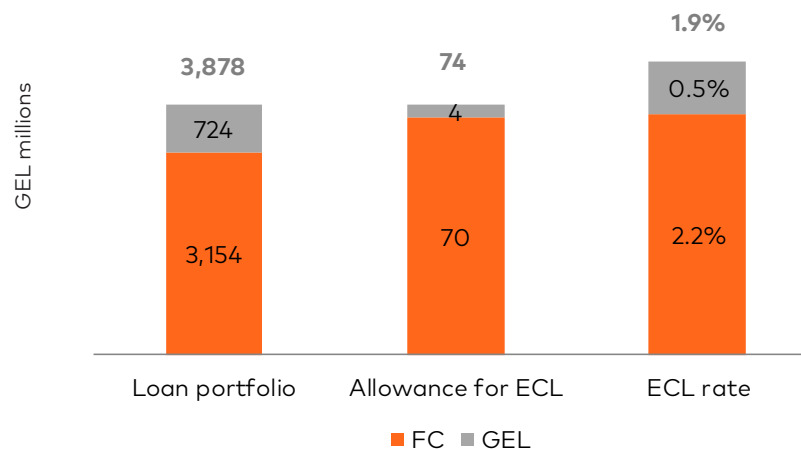
Retail Banking | 31 Dec 2019

JSC Bank of Georgia standalone



Corporate and Investment Banking | 31 Dec 2019

JSC Bank of Georgia standalone



Amounts in GEL millions	RB Loan portfolio	% of total RB loan portfolio	Mortgages	Consumer loans*	SME & Micro
GEL loans*	4,270	56.7%	1,284	1,716	1,269
FC loans not exposed to FC risk	546	7.2%	432	75	39
FC loans exposed to FC risk	2,721	36.1%	1,326	180	1,215
Total	7,537	100.0%	3,043	1,971	2,523

* Includes credit cards

Amounts in GEL millions	CB & WM Loan portfolio	% of total CIB loan portfolio
GEL loans*	724	18.7%
FC loans not exposed to FC risk	1,543	39.8%
FC loans exposed to FC risk	1,611	41.5%
Total	3,878	100.0%

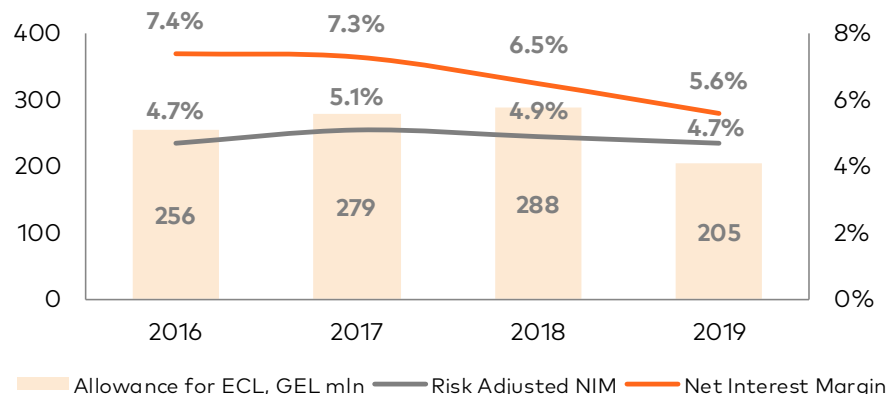
* Includes credit cards

RESILIENT LOAN PORTFOLIO QUALITY



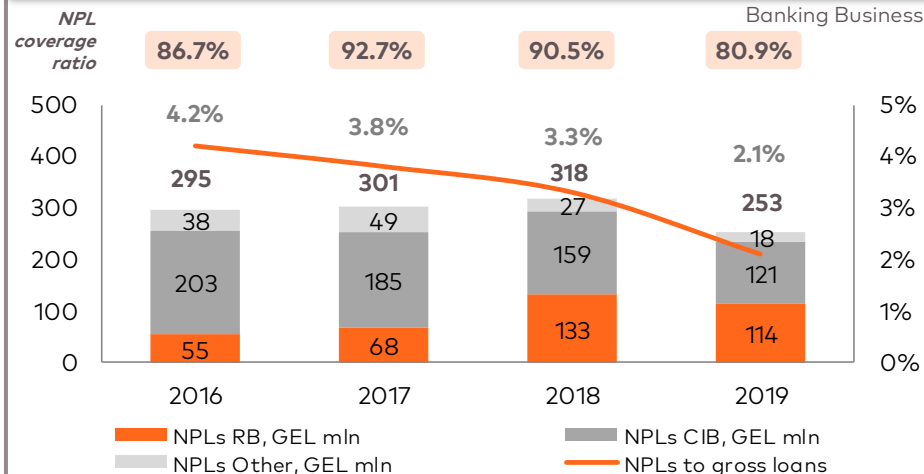
Expected credit loss and NIM

Banking Business



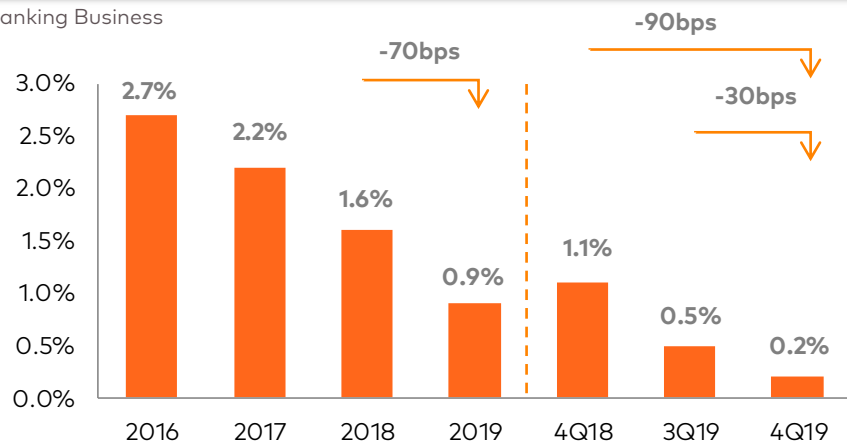
NPL composition

Banking Business



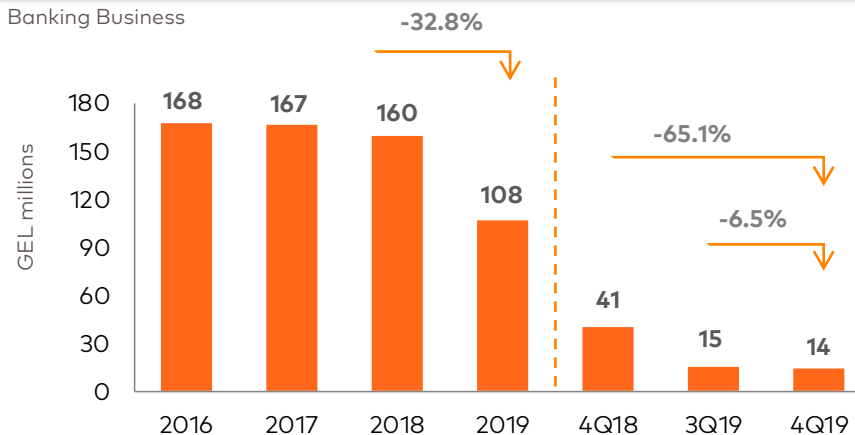
Cost of Credit Risk

Banking Business



Cost of Risk

Banking Business



COST OF CREDIT RISK DECOMPOSITION



Cost of credit risk

Retail Banking cost of credit risk	2017	2018	2019
Retail Banking cost of credit risk, <i>as reported</i>	2.5%	2.1%	1.2%
Retail Banking cost of credit risk, excluding high-yield portfolio	1.3%	1.2%	1.0%

Retail Banking cost of credit risk decomposition	2017	2018	2019
Mortgage loans	0.1%	0.0%	0.1%
MSME loans	0.6%	0.4%	0.5%
Consumer loans, excluding high-yield portfolio	0.5%	0.7%	0.4%
High-yield portfolio	1.3%	1.0%	0.2%
Total	2.5%	2.1%	1.2%

Total cost of credit risk decomposition	2017	2018	2019
CIB loans	0.5%	0.2%	0.1%
Mortgage loans	0.0%	0.0%	0.1%
MSME loans	0.4%	0.3%	0.3%
Consumer loans, excluding high-yield portfolio	0.3%	0.5%	0.3%
High-yield portfolio	0.8%	0.6%	0.2%
Other (BNB and GLC)	0.2%	0.0%	-0.1%
Total	2.2%	1.6%	0.9%

Key takeaways

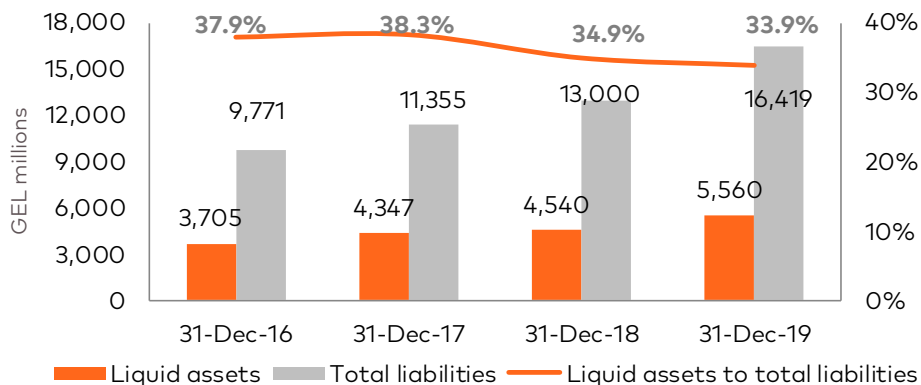
- Of 2.5% of Retail Banking cost of credit risk ratio in 2017, 1.3% was attributable to the high-yield loan portfolio, as compared to only 0.2% in 2019, as a result of change in regulatory environment and phase-out of high-yield portfolio since 2nd quarter 2018
- The cost of credit risk ratio of the Retail Banking loan portfolio excluding the high-yielding loans has been around 1.0-1.3% historically, and has been improving during 2019
- The decline in the overall cost of credit risk of the loan portfolio is attributable of the reshuffling of the loan book on the back of regulatory changes since second quarter 2018

STRONG LIQUIDITY



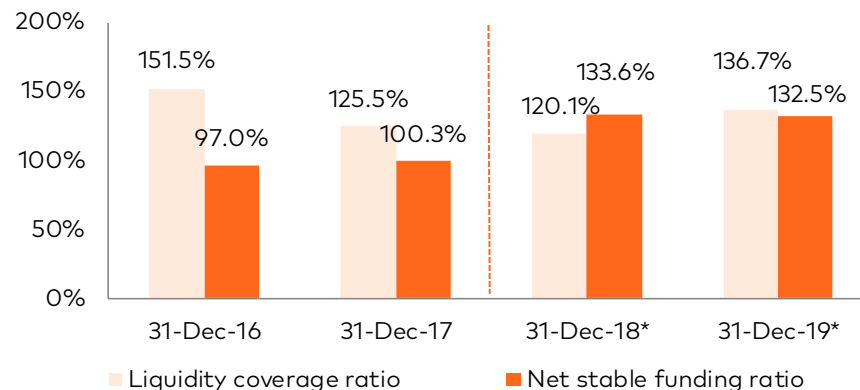
Liquid assets to total liabilities

Banking Business



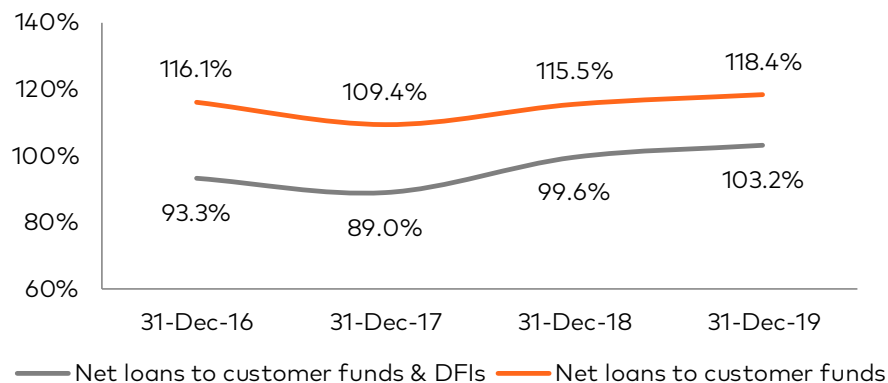
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone (Basel III Liquidity)



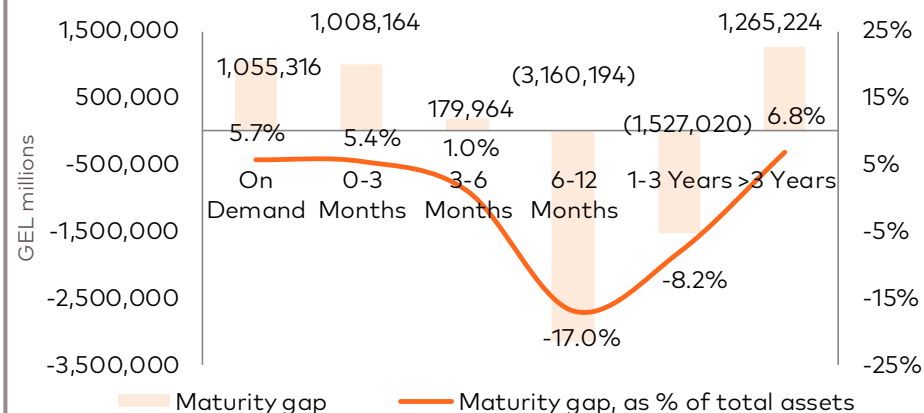
Net loans to customer funds & DFI

Banking Business



Cumulative maturity gap | 31 Dec 2019

Banking Business



STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



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

Transition to Basel III Standards:

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

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

- Currency induced credit risk ("CICR") buffer** was introduced instead of additional 75% weighting of FX denominated loans. 56% of CICR buffer should be held on CET1 level, 75% on Tier 1 level and 100% on total capital
- General Risk Assessment Program ("GRAPE")** for individual banks: GRAPE buffer is currently set at 2.6%. GRAPE buffer will be reviewed annually and will be phased-in on different levels of capital according to the below schedule:

	31-Dec-17	31-Dec-18	31-Mar-20	31-Mar-21	31-Mar-22
CET 1	0%	15%	30%	45%	56%
Tier 1	0%	20%	40%	60%	75%
Total Capital	0%	100%	100%	100%	100%

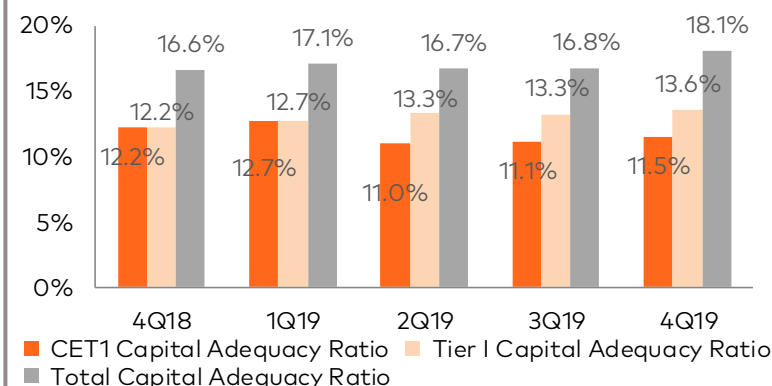
- Credit Portfolio Concentration buffer**, effective from 1 April 2018 and phased in over the four year period on different levels of capital according to the above schedule
- Net Stress Test buffer** effective from 1 October 2020
- In the view of above, Bank of Georgia is subject to the following minimum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

	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20 Estimate*	31-Dec-21 Estimate*	Fully Loaded Estimate* from 31-Dec-22
CET 1	8.1%	9.5%	10.1%	10.9%	11.8%	12.1%
Tier 1	9.9%	11.4%	12.2%	13.1%	14.1%	14.5%
Total Capital	12.4%	15.9%	17.1%	17.1%	17.6%	17.6%

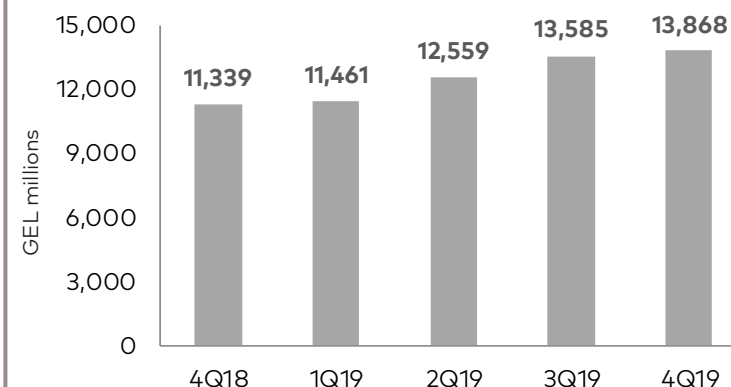
* Indicated minimum capital adequacy ratios contain Pillar 1 and Pillar 2 buffer estimates. Range provides our best minimum and maximum estimates of the variable buffers

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

Capital Adequacy Ratios



Risk Weighted Assets



STRONG NBG (BASEL III) CAPITAL ADEQUACY POSITION



Capital Management

Issuance of AT1 Capital Notes in March 2019

- In March 2019, the Bank issued inaugural US\$ 100 million Additional Tier 1 capital perpetual subordinated notes. It is reflected in the capital ratios since April 2019 after the receipt of the regulatory approval on the classification as AT1 instrument. At the time of issuance, the instrument added approximately 230bps to the Bank's Tier 1 capital ratio

Tier 2 subordinated club facility

- In December 2019, the Bank signed a ten-year US\$ 107mln subordinated syndicated loan agreement arranged by FMO. The facility is expected to be treated as a Bank Tier 2 capital instrument (upon disbursement and approval of the National Bank of Georgia). Of the total facility, US\$ 52mln was already drawn-down and the regulatory approval on classification was received in December 2019. The undrawn part of the facility is expected to be utilised as needed within six months of 2020

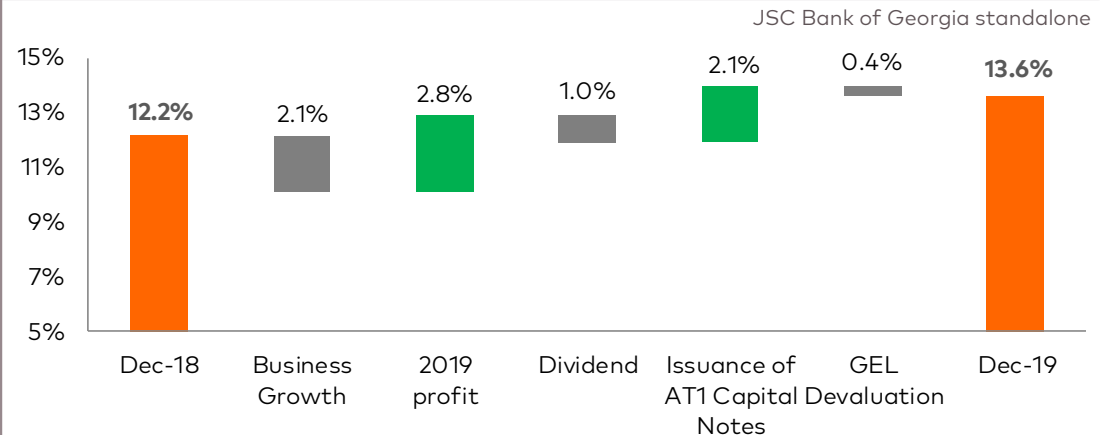
Capital Adequacy

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

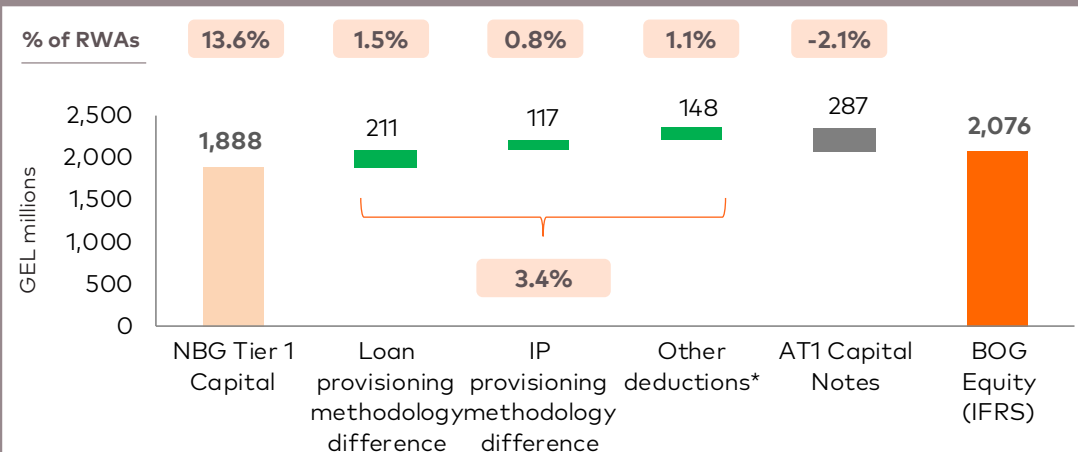
Capital Buffer

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

Tier 1 Capital Adequacy Ratio Evolution



BOG Equity vs. Tier 1 Regulatory Capital | 31 Dec 2019



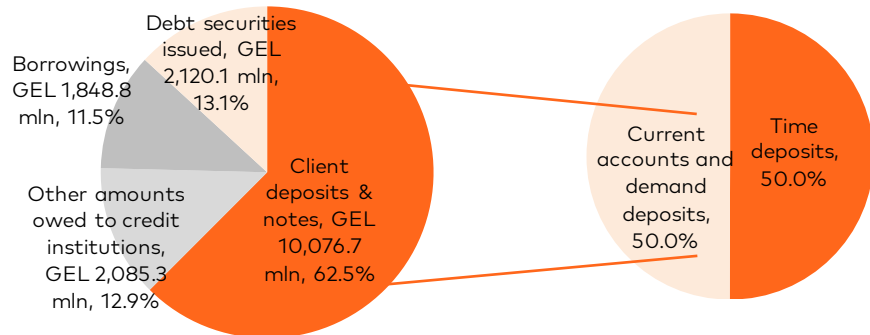
WELL-ESTABLISHED FUNDING STRUCTURE



Interest Bearing Liabilities structure | 31 Dec 2019

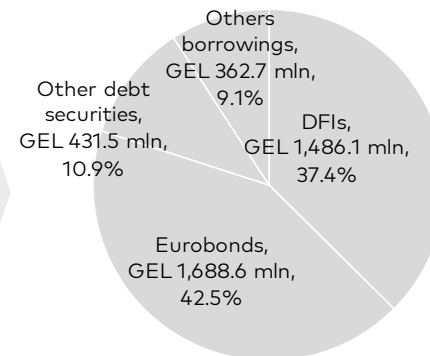
Banking Business

Interest Bearing Liabilities **GEL 16.1bln**



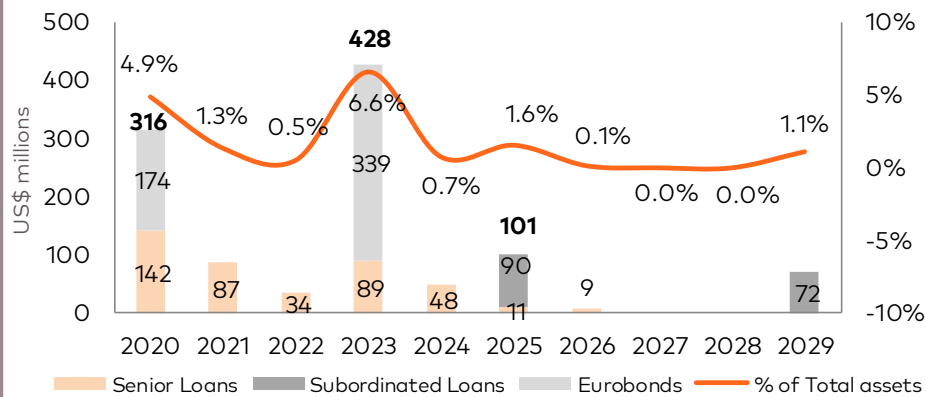
Well diversified international borrowings | Dec-19

Banking Business



Borrowed funds maturity breakdown*

Banking Business



Highlights for 2019

- Group has a well-balanced funding structure with 62.5% of interest bearing liabilities coming from client deposits and notes, 9.2% from Developmental Financial Institutions (DFIs) and 10.5% from Eurobonds and notes issued, at 31 December 2019
- At 31 December 2019, c.GEL 320 million undrawn facilities from DFIs with up to ten years maturity
- In **December 2019**, the Bank signed a ten-year US\$ 107mln subordinated syndicated loan arranged by FMO in collaboration with other participating lenders. The facility is expected to be treated as a Bank Tier 2 capital instrument (upon disbursement and approval of the National Bank of Georgia) under the Basel III framework
- In **July 2016**, BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon (bonds were pushed down to BOG in March 2018). Bonds were trading at 4.133%** on 31 January 2020
- In **June 2017**, BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. Bonds were trading at 9.238%** on 31 January 2020
- In **March 2019**, BOG issued US\$ 100mln 11.125% Additional Tier 1 capital perpetual subordinated notes callable after 5.25 years and on every subsequent interest payment date, subject to prior consent of the NBG. Notes were trading at 9.704%** on 31 January 2020



BANK OF GEORGIA




* converted at GEL/US\$ exchange rate of 2.8677 at 31 December 2019

** source: Bloomberg

RETAIL BANKING HIGHLIGHTS



Data as at 31 December 2019 for JSC Bank of Georgia standalone

	1  BANK OF GEORGIA EXPRESS	2  BANK OF GEORGIA	3  SOLO	4  BANK OF GEORGIA BUSINESS
Segments	Emerging Retail	Mass Retail	Mass Affluent	MSME
Clients	543 k	1,727 k	55 k	221 k
Loans	GEL 279 mln	GEL 2,321 mln	GEL 2,239 mln	GEL 2,697 mln
Deposits	GEL 315 mln	GEL 2,372 mln	GEL 2,218 mln	GEL 808 mln
2019 Profit*	GEL 18 mln	GEL 133 mln	GEL 80 mln	GEL 94 mln
P/C ratio	3.3	1.7	5.1	1.4
Branches	162	93	12	n/a



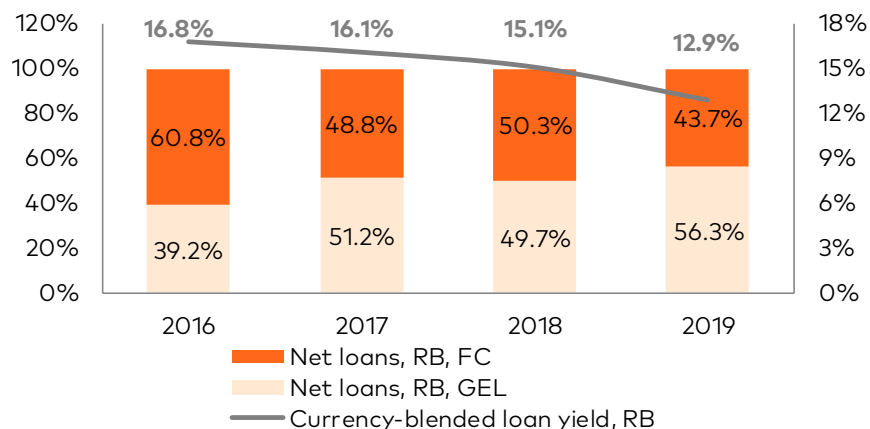
RETAIL BANKING HIGHLIGHTS



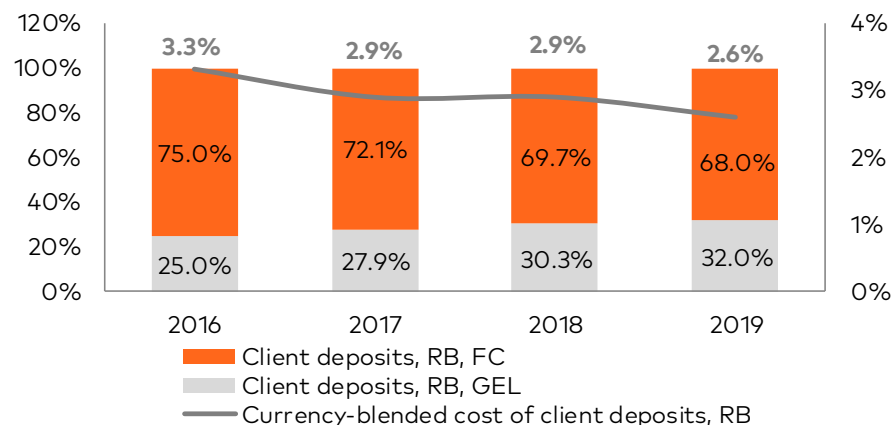
Income Statement Highlights*

<i>GEL thousands unless otherwise noted</i>	4Q19	4Q18	Change y-o-y	3Q19	Change q-o-q	2019	2018	Change y-o-y
Net interest income	134,839	136,895	-1.5%	142,202	-5.2%	545,701	546,873	-0.2%
Net fee and commission income	32,775	32,915	-0.4%	36,696	-10.7%	136,510	118,858	14.9%
Net foreign currency gain	14,795	24,047	-38.5%	14,410	2.7%	51,009	56,357	-9.5%
Net other income / (expense)	9,233	(5,420)	NMF	581	NMF	8,230	1,372	NMF
Operating income	191,642	188,437	1.7%	193,889	-1.2%	741,450	723,460	2.5%
Salaries and other employee benefits	(39,683)	(37,052)	7.1%	(37,732)	5.2%	(147,982)	(138,635)	6.7%
Administrative expenses	(22,593)	(21,620)	4.5%	(17,585)	28.5%	(70,968)	(84,323)	-15.8%
Depreciation, amortisation and impairment	(20,383)	(9,857)	106.8%	(17,973)	13.4%	(66,136)	(39,134)	69.0%
Other operating expenses	(625)	(639)	-2.2%	(379)	64.9%	(2,286)	(2,332)	-2.0%
Operating expenses	(83,284)	(69,168)	20.4%	(73,669)	13.1%	(287,372)	(264,424)	8.7%
Profit from associate	153	318	-51.9%	194	-21.1%	789	1,339	-41.1%
Operating income before cost of risk	108,511	119,587	-9.3%	120,414	-9.9%	454,867	460,375	-1.2%
Cost of risk	(7,118)	(37,486)	-81.0%	(16,831)	-57.7%	(89,879)	(130,715)	-31.2%
Net operating income before non-recurring items	101,393	82,101	23.5%	103,583	-2.1%	364,988	329,660	10.7%
Net non-recurring items	68	(779)	NMF	(575)	NMF	(846)	(13,529)	-93.7%
Profit before income tax expense and one-off costs	101,461	81,322	24.8%	103,008	-1.5%	364,142	316,131	15.2%
Income tax expense	(8,910)	(6,155)	44.8%	(14,060)	-36.6%	(35,396)	(21,389)	65.5%
Profit adjusted for one off costs	92,551	75,167	23.1%	88,948	4.1%	328,746	294,742	11.5%
One-off costs (after tax)	-	(2,939)	NMF	-	-	(10,142)	(36,483)	-72.2%
Profit	92,551	72,228	28.1%	88,948	4.1%	318,604	258,259	23.4%

Loan Yield



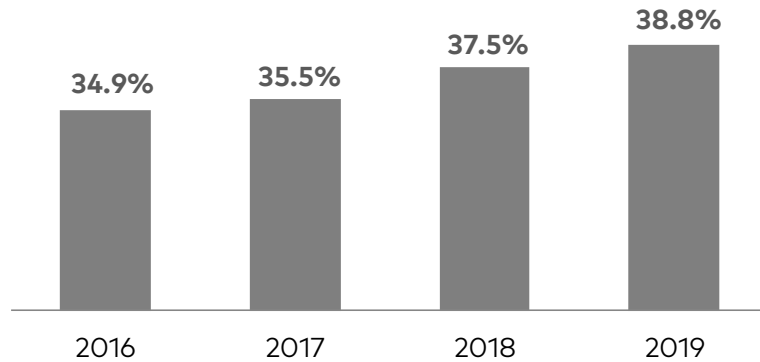
Deposit Cost



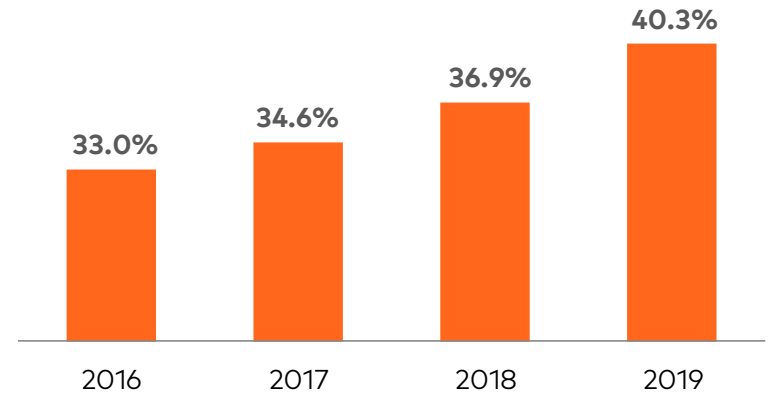
RETAIL BANKING LOANS AND DEPOSITS



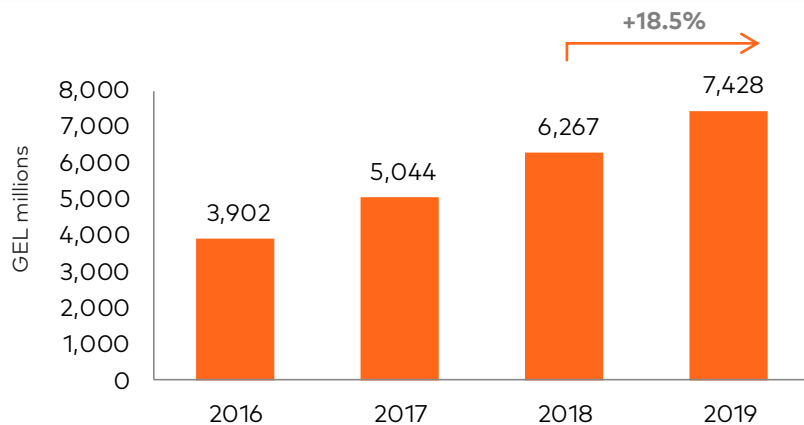
Market share - Loans*



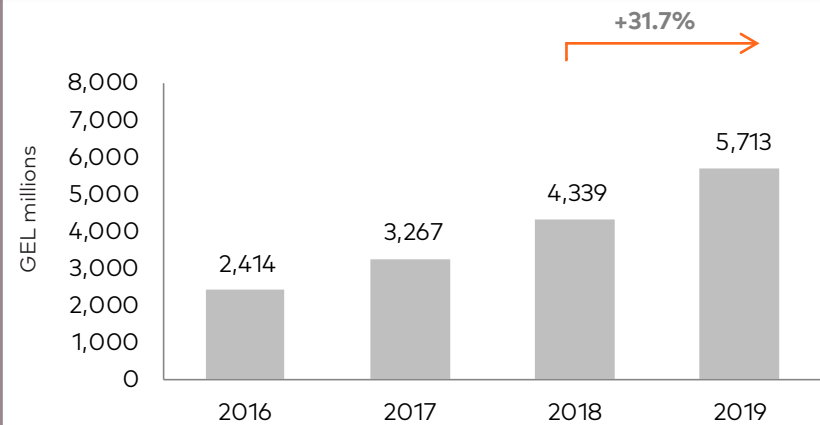
Market Share – Deposits *



Retail Banking Loans



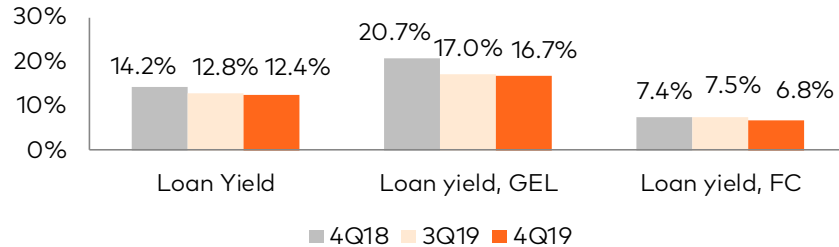
Retail Banking Deposits



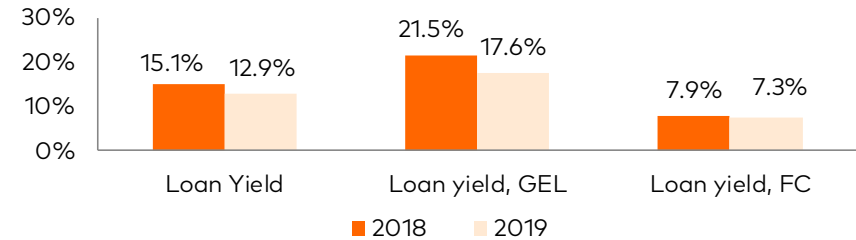
RETAIL BANKING LOAN YIELD, COST OF DEPOSITS & NIM



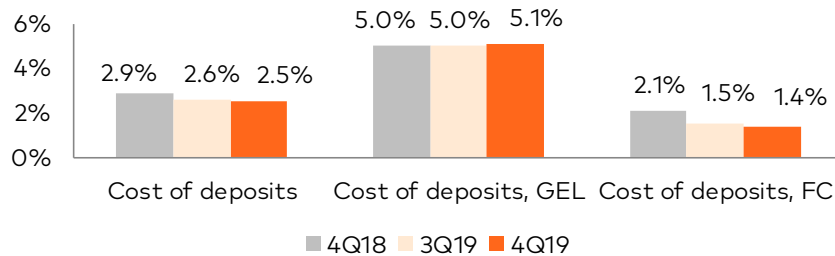
RB Loan Yield I quarterly



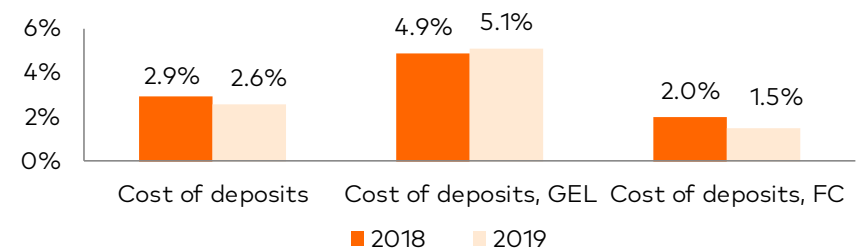
RB Loan Yield I full year



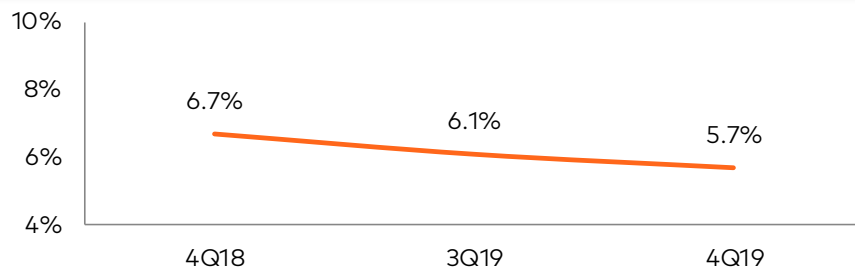
RB Cost of Deposit I quarterly



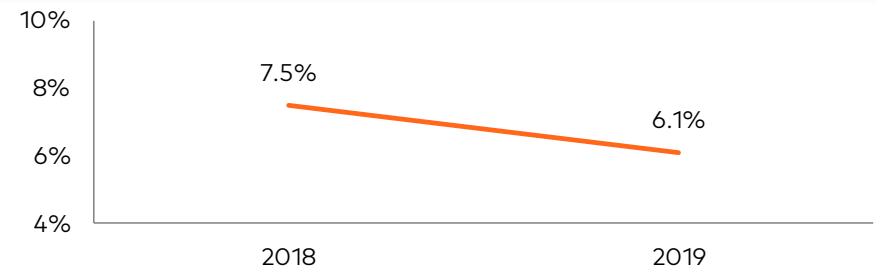
RB Cost of Deposit I full year



RB NIM I quarterly



RB NIM I full year



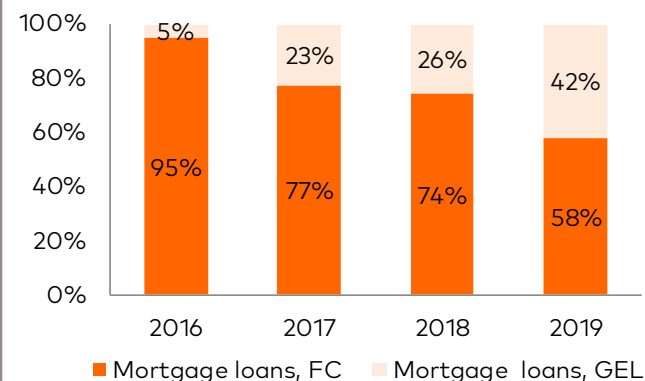
RETAIL BANKING - LEADING RETAIL BANK IN GEORGIA



RB Client Data

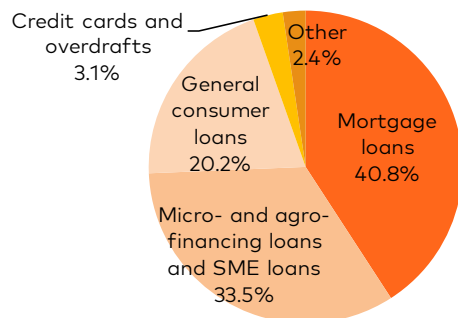
Operating Data, GEL mln	2019	2018	2017	2016
Number of total Retail clients, of which:	2,540,466	2,440,754	2,315,038	2,141,229
<i>Number of Solo clients</i>	54,542	44,292	32,104	19,267
Consumer loans & other outstanding, volume	1,726	1,555	1,480	1,104
Consumer loans & other outstanding, number	472,791	566,740	738,694	647,441
Mortgage loans outstanding, volume	3,043	2,539	1,706	1,228
Mortgage loans outstanding, number	46,907	39,007	26,643	16,300
Micro & SME loans outstanding, volume	2,523	2,005	1,637	1,346
Micro & SME loans outstanding, number	81,739	68,832	53,732	36,379
Credit cards and overdrafts outstanding, volume	245	290	308	291
Credit cards and overdrafts outstanding, number	395,012	454,512	480,105	442,487
Credit cards outstanding, number, of which:	395,536	547,038	673,573	800,621
<i>American Express cards</i>	99,307	105,899	97,178	79,567

Mortgage Loans Dollarisation

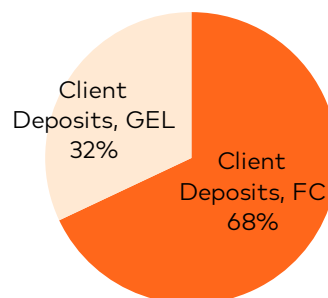


RB Portfolio | 31 December 2019

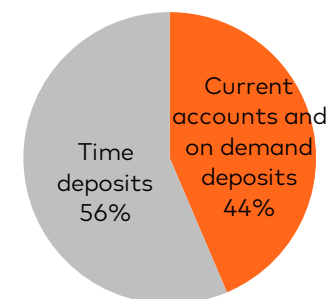
Net Loans by products
Total: **GEL 7.4bln**



Deposits by currency
Total: **GEL 5.7bln**



Deposits by category
Total: **GEL 5.7bln**



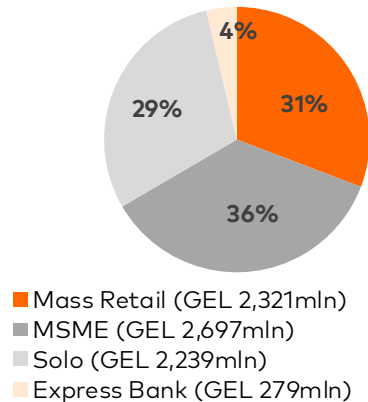
DIVERSIFIED RETAIL PORTFOLIOS AND INCOME STREAMS



Balance Sheet | 31 Dec 2019

JSC Bank of Georgia Standalone

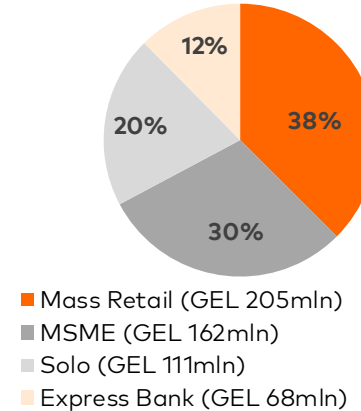
Total Gross Loans
GEL 7,537mln



Income Statement | 2019

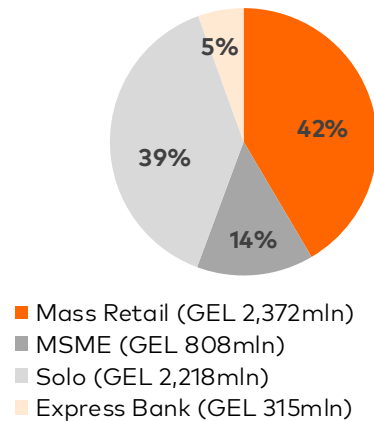
JSC Bank of Georgia Standalone

Net Interest Income
GEL 546mln



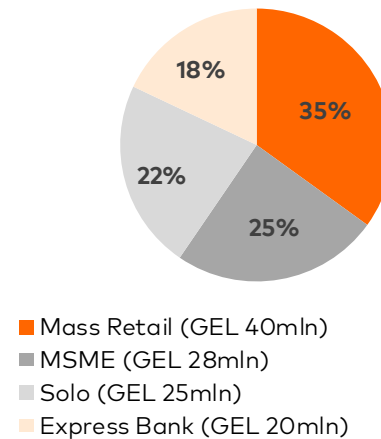
JSC Bank of Georgia Standalone

Total Deposits
GEL 5,713mln



JSC Bank of Georgia Standalone

Net Fee & Commission Income
GEL 113mln

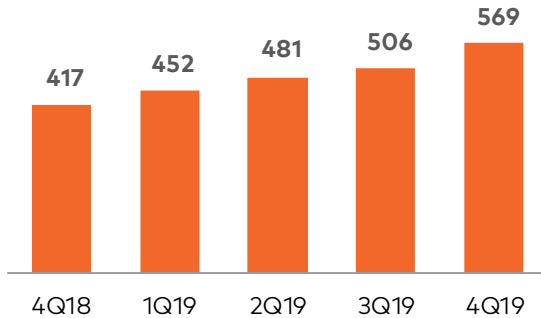


RETAIL BANKING | DIGITAL PENETRATION

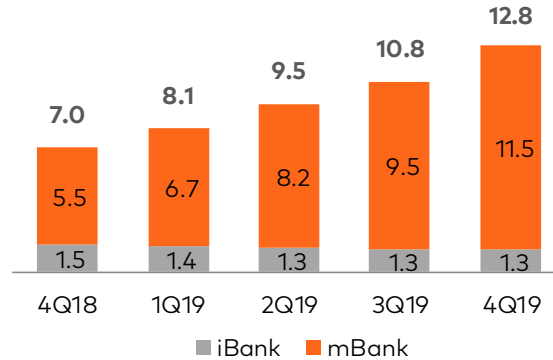


mBank/iBank statistics

Number of Active Users | '000

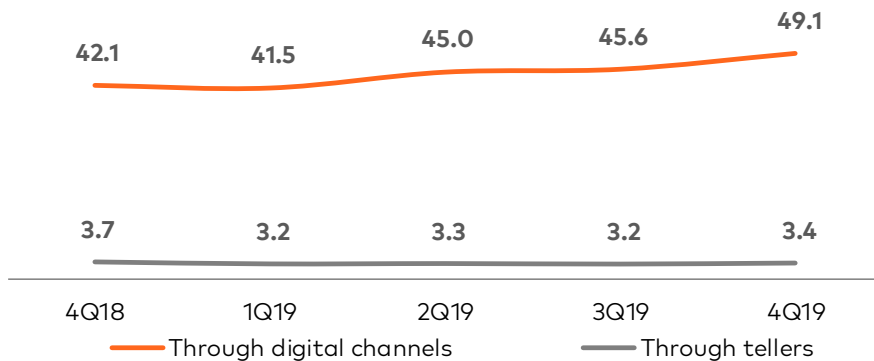


Number of transactions (millions)

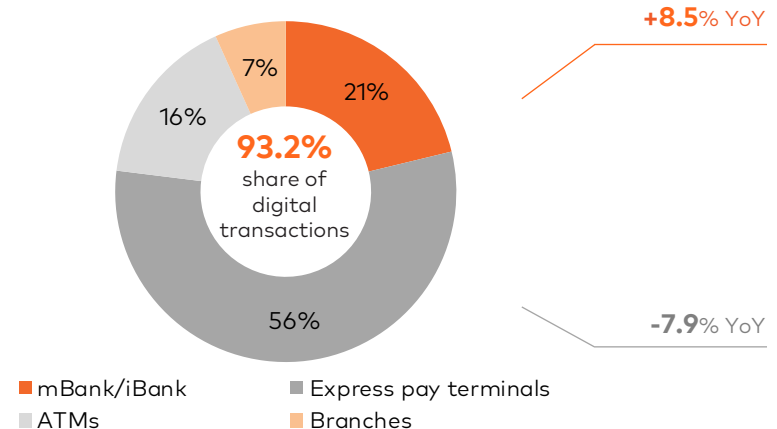


Digital vs non-digital transactions

Number of transactions in millions



Transactions breakdown by channel | 2019



DIGITAL AREA ECOSYSTEM OVERVIEW



MSME

Merchant services

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

HR solutions

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

Business intelligence /accounting

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



RETAIL

Real estate ecosystem

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

Online marketplace

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

Auto ecosystem

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





Current standing and next steps

SINCE AUGUST 2018



area.ge full scale launch



extra.ge acquisition and beta launch



Merchant services full scale launch



Auto ecosystem active development in progress

COMING SOON - 2020



extra.ge full scale re-launch



Auto ecosystem full scale launch



HR solutions MVP launch



BI/Accounting MVP launch

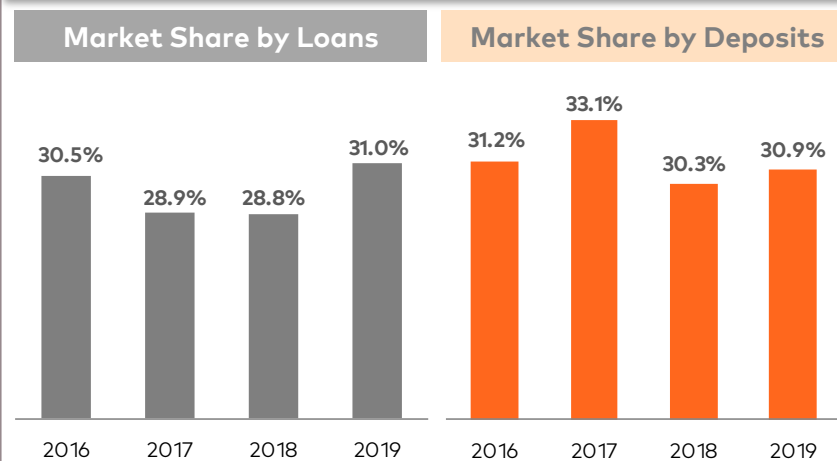
CORPORATE AND INVESTMENT BANKING HIGHLIGHTS



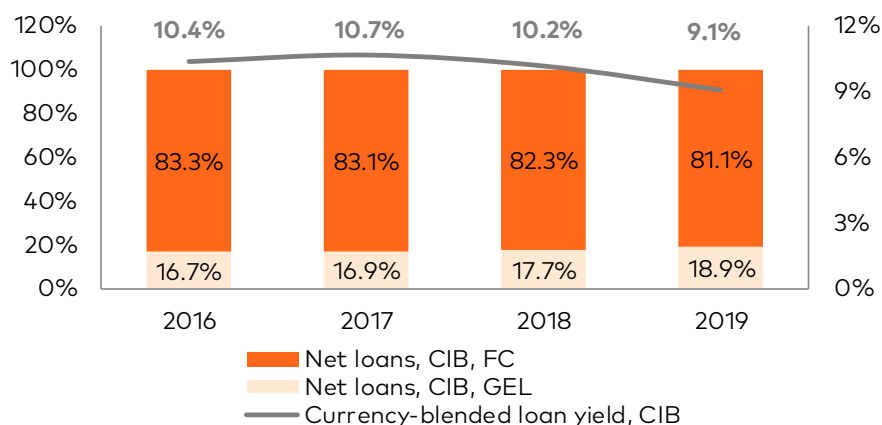
Income Statement Highlights*

<i>GEL thousands unless otherwise noted</i>	4Q19	4Q18	Change y-o-y	3Q19	Change q-o-q	2019	2018	Change y-o-y
Net interest income	65,642	43,696	50.2%	51,827	26.7%	217,874	165,723	31.5%
Net fee and commission income	11,928	6,939	71.9%	9,826	21.4%	37,018	26,680	38.7%
Net foreign currency gain	14,341	23,984	-40.2%	13,510	6.2%	49,355	54,702	-9.8%
Net other income / (expense)	9,212	(3,451)	NMF	3,300	179.2%	13,506	6,699	101.6%
Operating income	101,123	71,168	42.1%	78,463	28.9%	317,753	253,804	25.2%
Salaries and other employee benefits	(15,495)	(14,645)	5.8%	(15,304)	1.2%	(57,975)	(54,792)	5.8%
Administrative expenses	(8,989)	(4,921)	82.7%	(5,866)	53.2%	(22,886)	(17,409)	31.5%
Depreciation, amortisation and impairment	(2,387)	(1,122)	112.7%	(2,416)	-1.2%	(8,437)	(4,945)	70.6%
Other operating expenses	(295)	(347)	-15.0%	(241)	22.4%	(1,042)	(1,175)	-11.3%
Operating expenses	(27,166)	(21,035)	29.1%	(23,827)	14.0%	(90,340)	(78,321)	15.3%
Operating income before cost of risk	73,957	50,133	47.5%	54,636	35.4%	227,413	175,483	29.6%
Cost of risk	(7,389)	(3,408)	116.8%	1,239	NMF	(14,548)	(25,888)	-43.8%
Net operating income before non-recurring items	66,568	46,725	42.5%	55,875	19.1%	212,865	149,595	42.3%
Net non-recurring items	(217)	(619)	-64.9%	(3)	NMF	(293)	(6,597)	-95.6%
Profit before income tax expense and one-off costs	66,351	46,106	43.9%	55,872	18.8%	212,572	142,998	48.7%
Income tax expense	(5,344)	(3,570)	49.7%	(7,444)	-28.2%	(19,819)	(10,014)	97.9%
Profit adjusted for one-off costs	61,007	42,536	43.4%	48,428	26.0%	192,753	132,984	44.9%
One-off costs (after tax)	-	(922)	NMF	-	-	(4,094)	(13,846)	-70.4%
Profit	61,007	41,614	46.6%	48,428	26.0%	188,659	119,138	58.4%

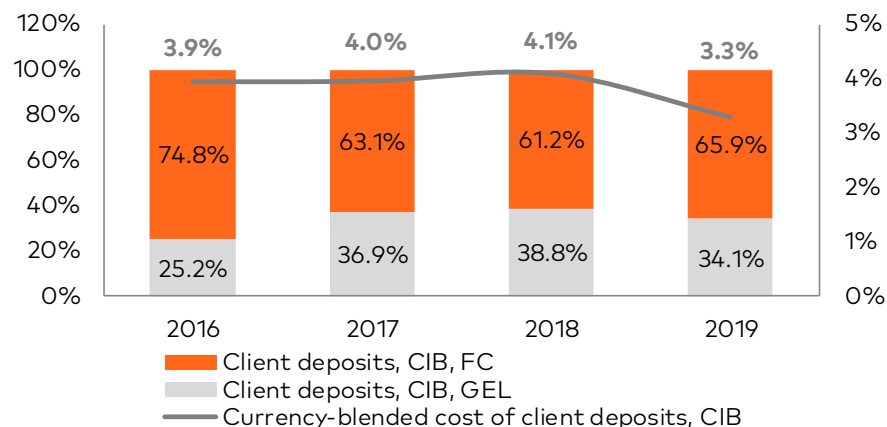
Market Position**



Loan Yield



Deposit Cost



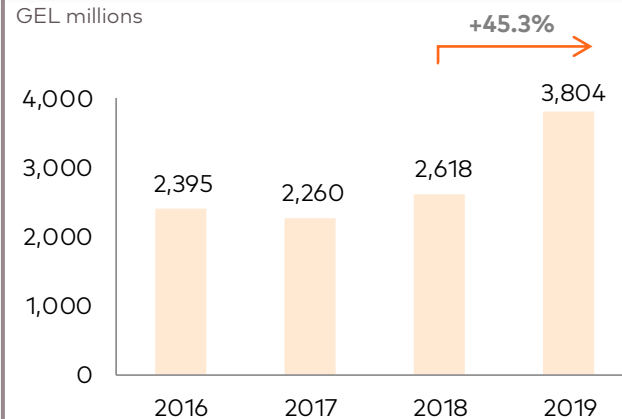
CIB LOAN BOOK & DEPOSITS



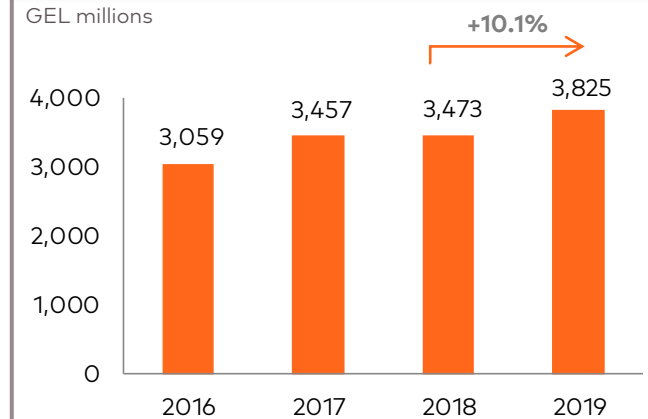
Highlights

- **Leading corporate bank in Georgia**
- Integrated client coverage in key sectors
- **2,701** corporate clients served by dedicated relationship bankers

CIB Loans

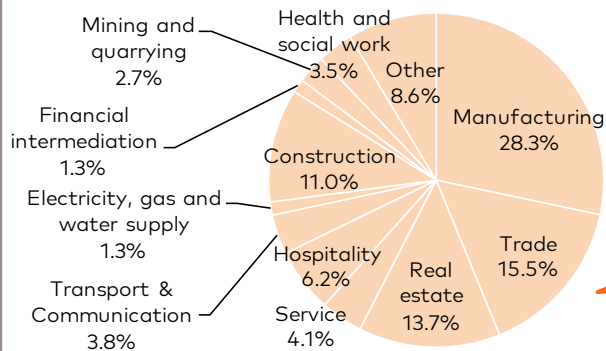


CIB Deposits



Portfolio breakdown | 31 December 2019

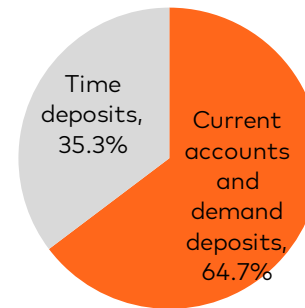
Loans by sectors



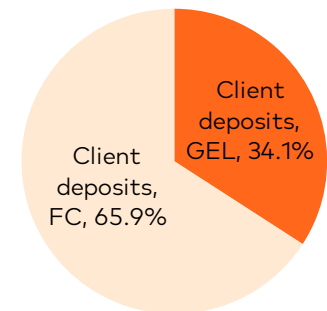
Top 10 CIB borrowers represent **30.9%** of total CIB loan book

Top 20 CIB borrowers represent **42.0%** of total CIB loan book

Deposits by category



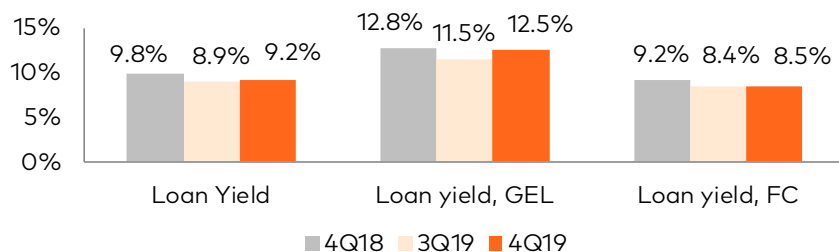
Deposits by currency



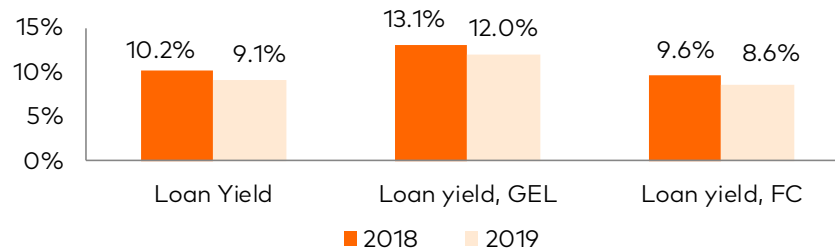
CIB LOAN YIELD, COST OF DEPOSITS & NIM



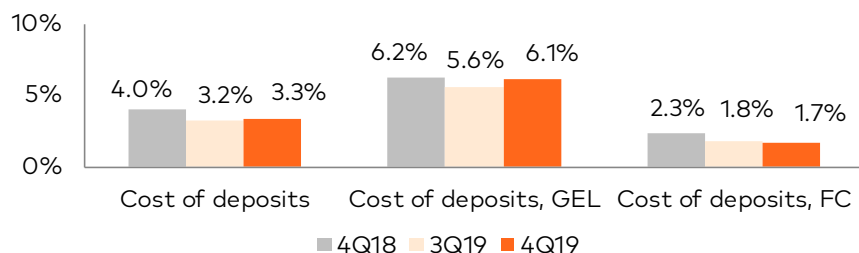
CIB Loan Yield I quarterly



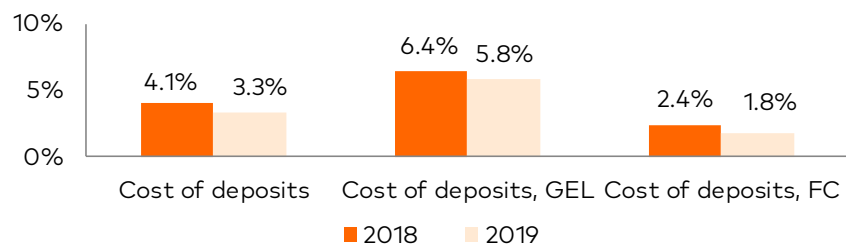
CIB Loan Yield I full year



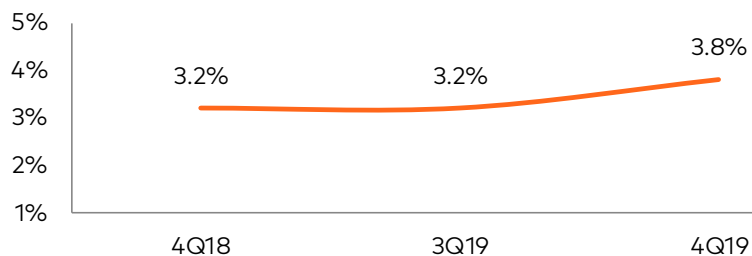
CIB Cost of Deposit I quarterly



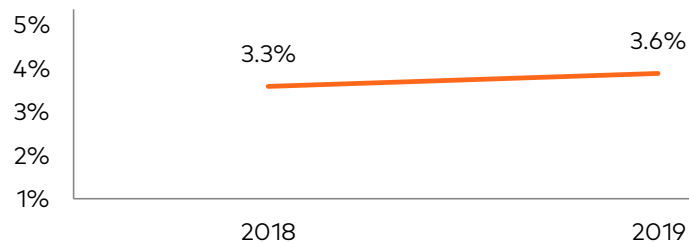
CIB Cost of Deposit I full year



CIB NIM I quarterly



CIB NIM I full year



BUILDING BLOCKS TO BECOME THE FINANCIAL SERVICES HUB



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

Strong international presence:

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



■ **AUM of GEL 2,567.2 million**, up 13.0% y-o-y

Diversified funding sources:

- Georgia 36%
- Israel 10%
- UK 2%
- Germany 2%
- CIS 22%
- Other 28%

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

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

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





Galt & Taggart - Largest Investment Bank in Georgia

Brokerage

- The leading brokerage house in the region
- The only international sub-custodian in the region
- The leading investment bank in the region
- **Wide product coverage** and **Exclusive partner of SAXO Bank** via White Label structure, that provides highly adaptive trading platform with professional tools, insights and world-class execution



Research

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



DCM/ECM

- During 2019, Galt & Taggart acted as:
 - lead manager for several international finance institutions (IFIs) facilitating placement of c.GEL 320mln local public and private bond issuances denominated in Georgian Lari
 - lead manager for several Georgian corporates and microfinance organisations facilitating placement of c.GEL 205mln local public bond issuances denominated both in Georgian Lari and US\$
 - co-manager of Bank of Georgia's inaugural US\$ 100mln international Additional Tier 1 bond issuance, in March 2019
 - buy-side advisor for Bank of Georgia Group on acquisition of extra.ge online platform, in May 2019
 - sole sell-side advisor of Linnaeus Capital Partners B.V. on a sale of 100% shareholding in Lilo1- logistics center, in June 2019
 - In May 2019, Galt & Taggart participated in a competitive tender process and won a three year exclusive mandate to manage the private pension fund of a large Georgian corporate client

Corporate Advisory

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



Best Investment Bank in Georgia
2019, 2018, 2017, 2016, 2015

CONTENTS



■ Group Overview	4
■ Results Discussion	9
■ Georgian Macro Overview	39
■ Appendices	63

GEORGIA AT A GLANCE



General Facts

- Area: 69,700 sq km
- Population (2019): 3.7 mln
- Life expectancy: 74 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)



Economy

- Nominal GDP (Geostat) 2019E: GEL 49.4 bln (US\$17.6 bln)
- Real GDP growth rate 2015-2019E: 3.0%, 2.9%, 4.8%, 4.8%, 5.2%
- Real GDP 2011-2019E annual average growth rate: 4.7%
- GDP per capita 2019E (PPP): US\$ 13,443
- Annual inflation (e-o-p) 2019: 7.0%
- External public debt to GDP 2019E: 31.9%

Sovereign Credit Ratings

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

GEORGIA'S KEY ECONOMIC DRIVERS



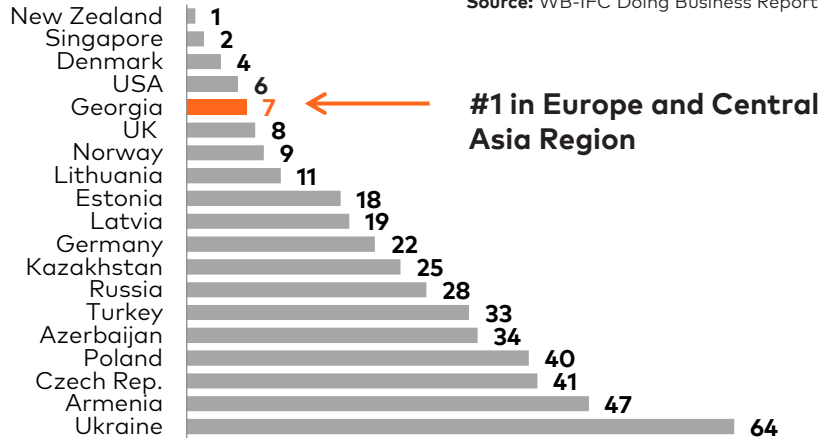
Liberal economic policy	<p>Top performer globally in WB Doing Business over the past 12 years</p> <ul style="list-style-type: none"> Liberty Act ensures a credible fiscal and monetary framework Fiscal deficit/GDP capped at 3%; Government debt/GDP capped at 60% Business friendly environment and low tax regime (attested by favourable international rankings)
Regional logistics and tourism hub	<p>A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west</p> <ul style="list-style-type: none"> Access to a market of 2.8bn customers without customs duties: Free trade agreements with EU, China, CIS, Turkey, Hong Kong and with EFTA countries. The GSP with USA, Canada and Japan Tourism revenues on the rise: tourism inflows stood at 18.7% of GDP in 2019 and total international arrivals reached 9.4mln visitors in 2019 (up 7.8% y-o-y), out of which tourist arrivals were up 6.8% y-o-y to 5.1mln visitors. Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes
Strong FDI	<p>An influx of foreign investors on the back of the economic reforms</p> <ul style="list-style-type: none"> FDI stood at US\$ 1.3bln (7.2% of GDP) in 2018 FDI averaged 8.8% of GDP in 2010-2018
Support from international community	<p>Georgia and the EU signed an Association Agreement and DCFTA in June 2014</p> <ul style="list-style-type: none"> Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free entrance to the EU countries from 28 March 2017 Discussions commenced with the USA to drive inward investments and exports Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs
Electricity transit hub potential	<p>Developed, stable and competitively priced energy sector</p> <ul style="list-style-type: none"> Only 25% of hydropower capacity utilized; 150 renewable (HPPs/WPPs/SPPs) energypower plants are in various stages of construction or development Georgia imports natural gas mainly from Azerbaijan Significantly boosted transmission capacity with 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe
Political environment	<ul style="list-style-type: none"> Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU Constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia Despite resumed economic ties, exposure to Russia remains moderate. In 2019, Russia accounted for 13.2% of Georgia's exports and 10.8% of imports; just 3.6% of cumulative FDI over 2003-9M19

GROWTH ORIENTED REFORMS



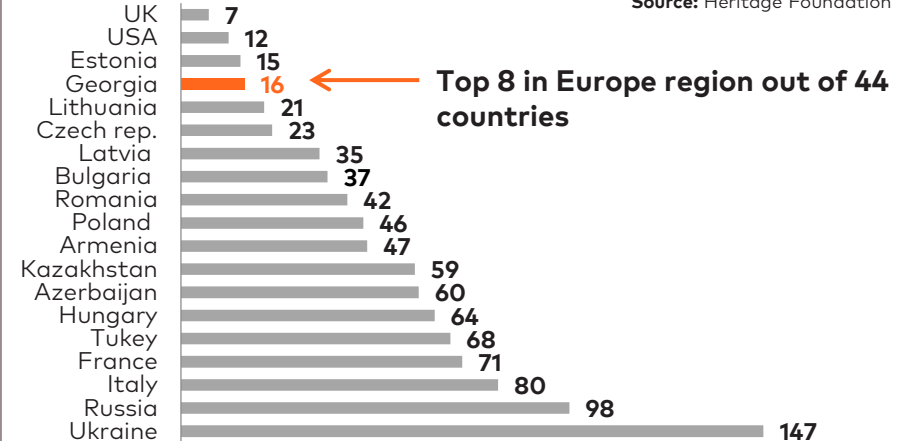
Ease of Doing Business | 2020

Source: WB-IFC Doing Business Report



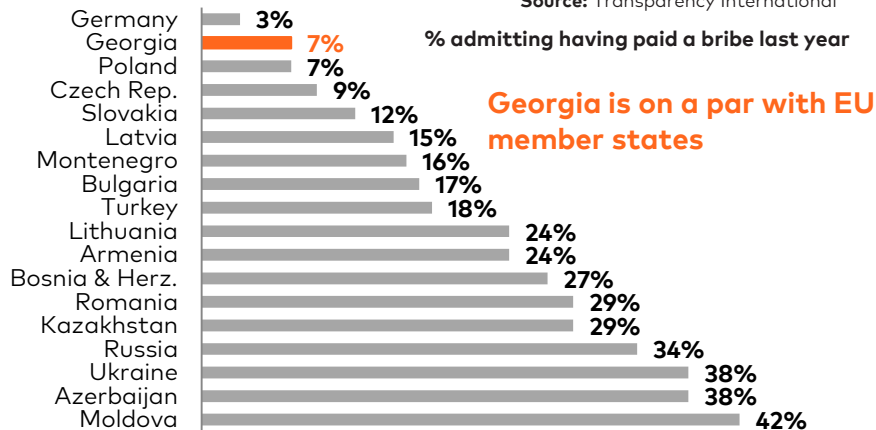
Economic Freedom Index | 2019

Source: Heritage Foundation



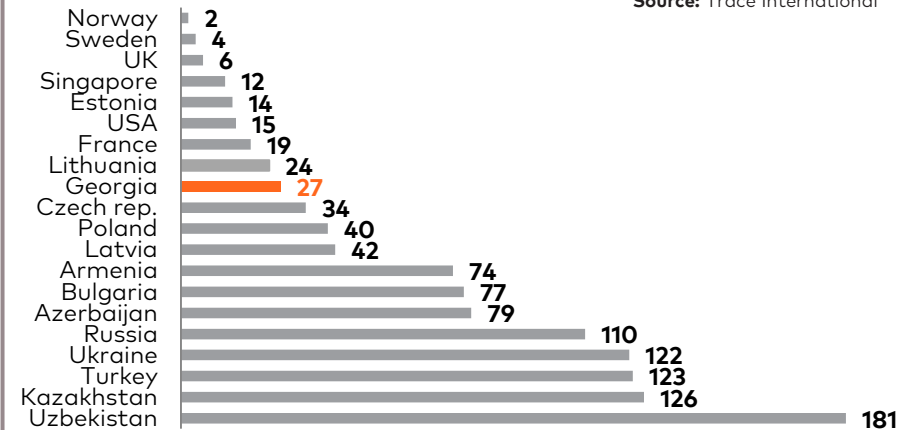
Global Corruption Barometer | 2017

Source: Transparency International



Business Bribery Risk | 2019

Source: Trace International





Ongoing structural reforms

- **Tax reform**
 - Corporate income tax reform
 - Enhancing easiness of tax compliance
 - Favorable tax rates for SME development
- **Enhance business environment**
 - New insolvency law
- **Capital market reform**
 - Boosting stock exchange activities
 - Developing of local bond market
- **Pension reform**
 - Implementation of private pension system
- **PPP reform**
 - Transparent and efficient PPP framework
- **Deposit insurance**
 - Boosting private savings
 - Strengthening trust to financial system
- **Responsible lending**
 - Decrease household exposure over indebtedness
- **EU-Georgia association agreement agenda**
 - Deepening economic and political relations with EU
- **Public investment management framework**
 - Improved efficiency of state projects
- **General education reform**
 - Maximising quality of teaching in secondary schools
- **Fundamental reform of higher education**
 - Based on the comprehensive research of the labor market needs
- **Improvement of vocational education**
 - Increase involvement of the private sector in the professional education
- **Promoting transit and tourism hub**
 - Development/enhancement of road, rail, air, maritime infrastructure
- **Inclusive government**
 - Involvement of the private sector in legislative process
- **Accounting reform**
 - Increased transparency and financial accountability
 - Enhanced protection of shareholder rights

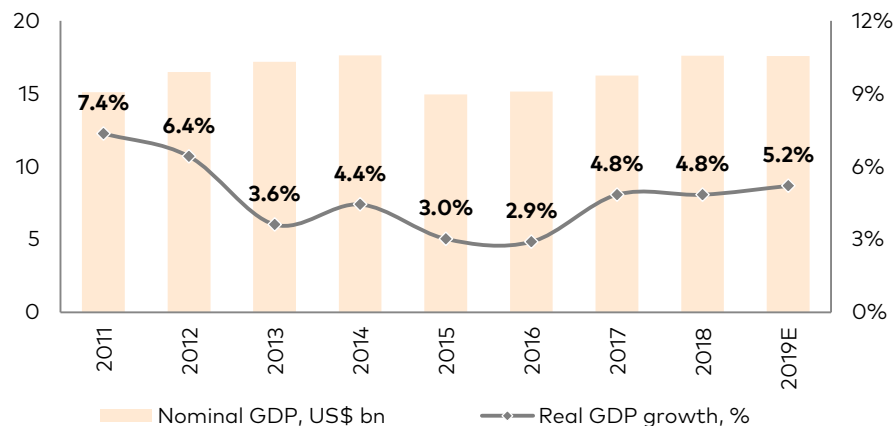


DIVERSIFIED RESILIENT ECONOMY



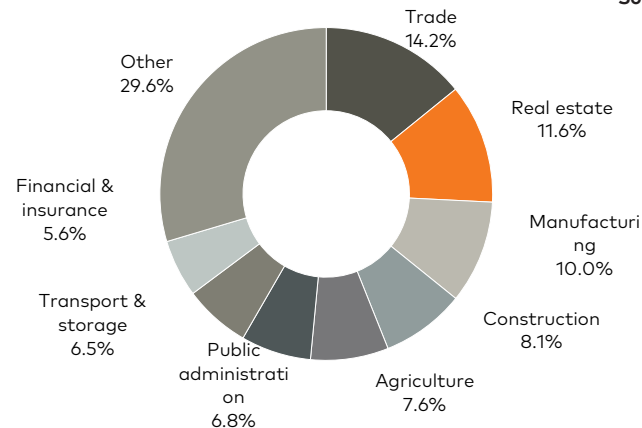
Gross domestic product

Source: Geostat



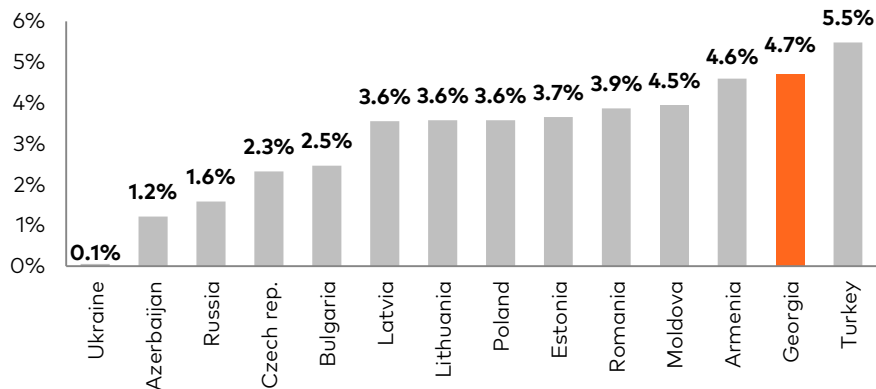
Diversified nominal GDP structure, 9M19

Source: Geostat



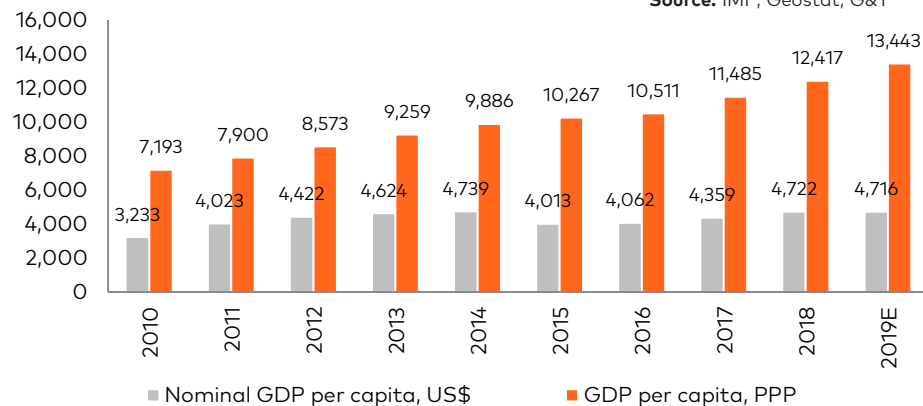
Comparative real GDP growth rates, % (2011-2019E average)

Source: IMF, Geostat



GDP per capita

Source: IMF, Geostat, G&T

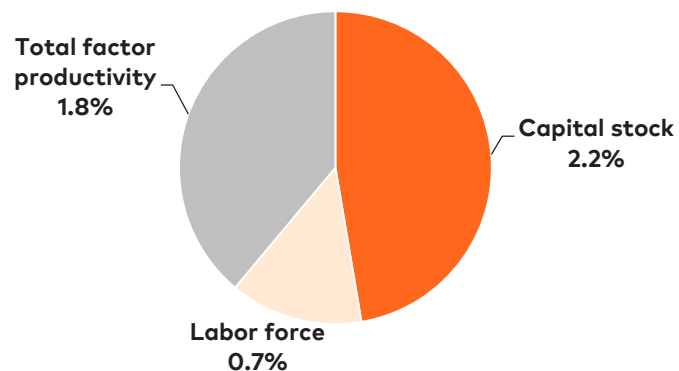


CAPITAL AND PRODUCTIVITY HAVE BEEN THE MAIN ENGINES OF GROWTH SINCE 2004



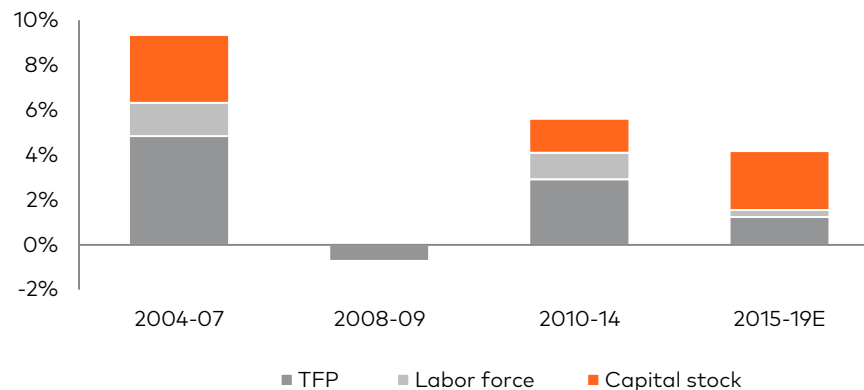
Overall contribution of capital, labor, and Total Factor Productivity (TFP) to growth, 2011-2019E

Source: Geostat, Galt & Taggart



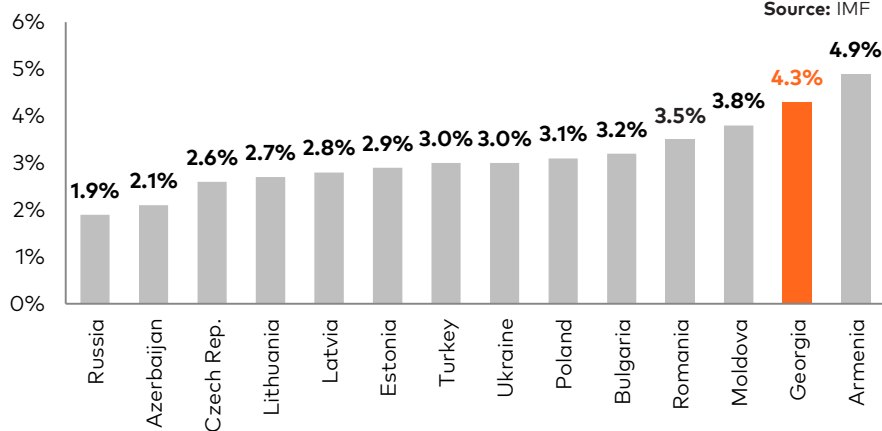
Contributions of capital, labor, and TFP to growth during periods

Source: Geostat, Galt & Taggart



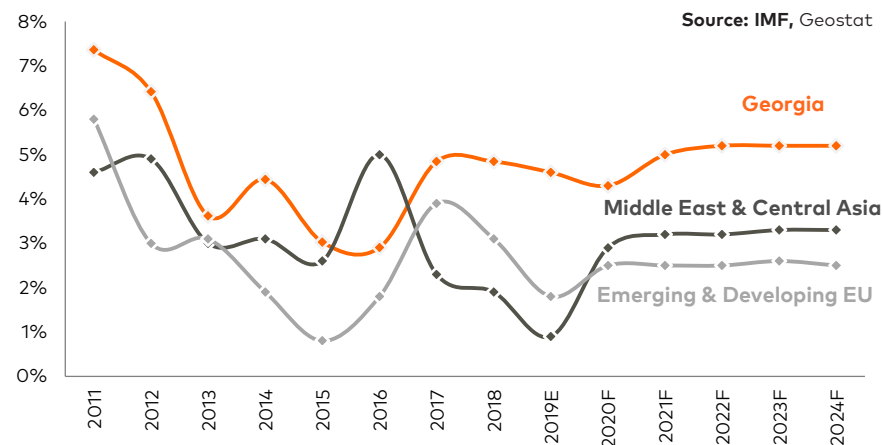
Real GDP growth projection, 2020

Source: IMF



Real GDP growth: Georgia, Middle East & Central Asia, Emerging & Developing EU

Source: IMF, Geostat

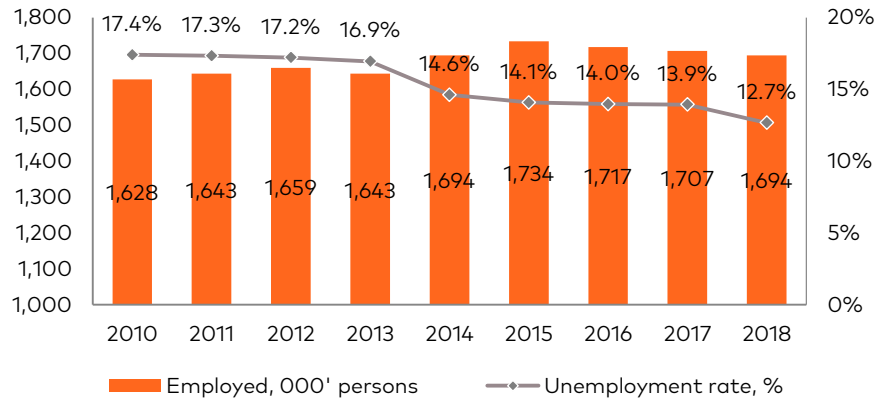


FURTHER JOB CREATION IS ACHIEVABLE



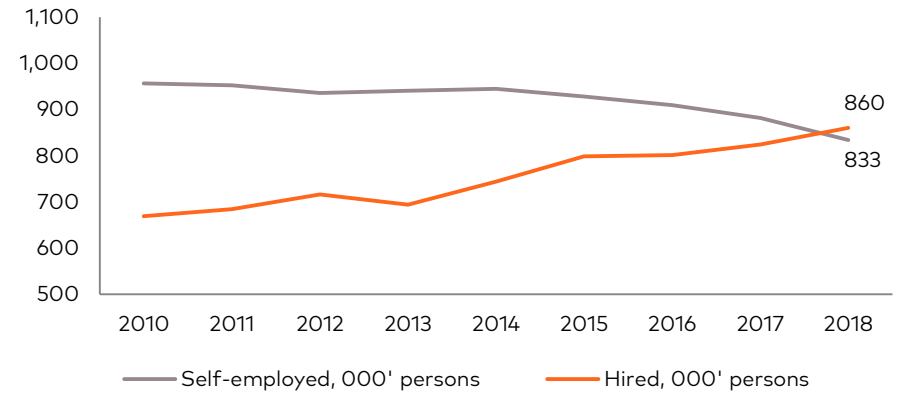
Unemployment rate down 1.3ppts y/y to 12.7% in 2018

Source: Geostat



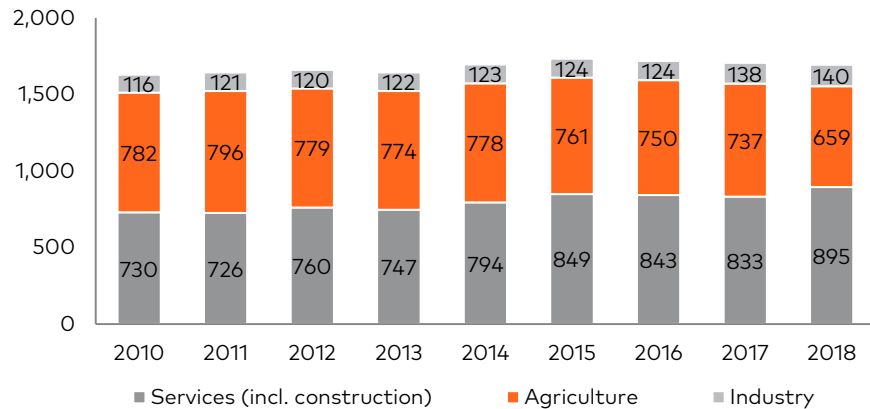
Hired workers on the rise

Source: Geostat



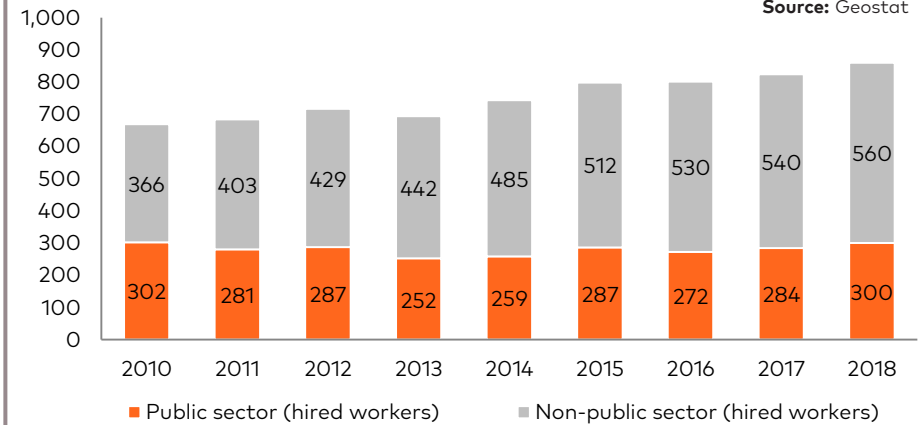
Share of services in total employment on the rise

Source: Geostat



Private sector creates jobs

Source: Geostat

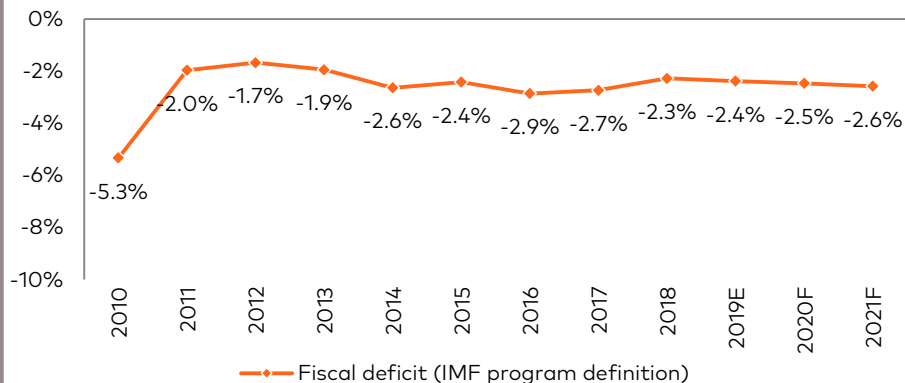


LOW PUBLIC DEBT



Fiscal deficit

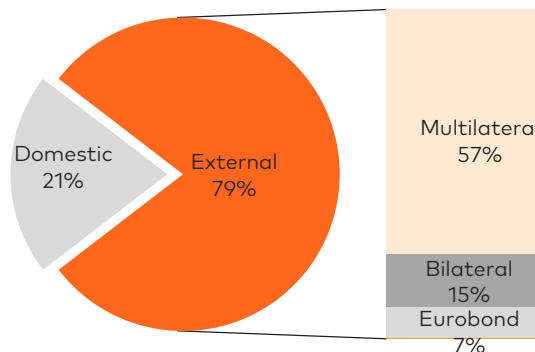
Source: MoF, IMF



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

Breakdown of public debt

Source: MoF, as of December 2019

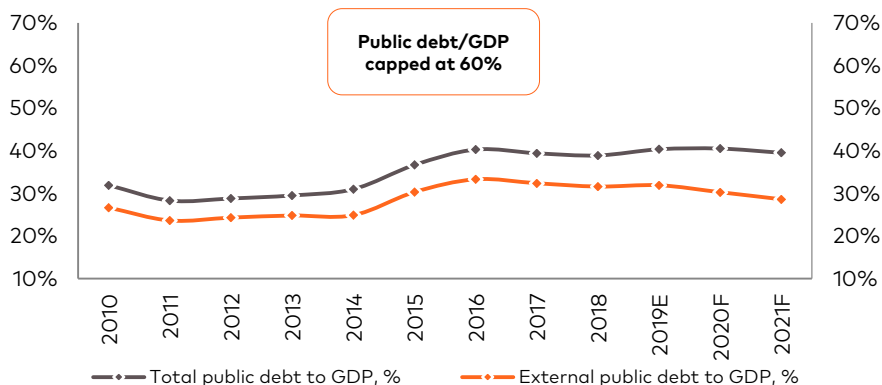


External public debt portfolio weighted average interest rate 2.1%

Contractual maturity 22 years

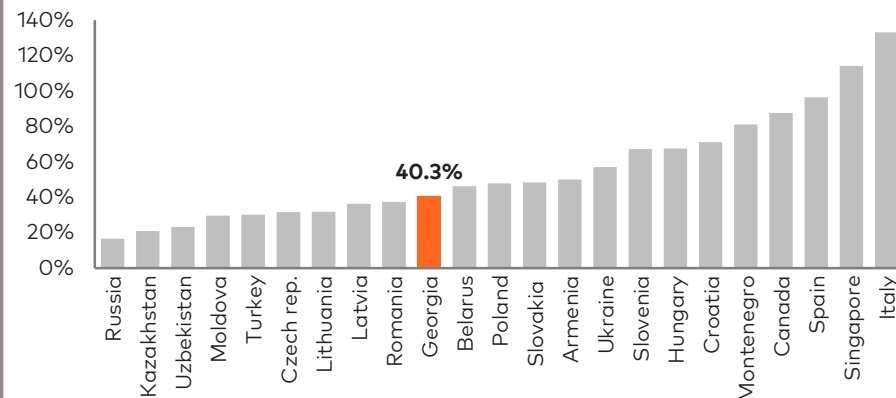
Public debt as % of GDP

Source: IMF, MoF, Geostat



Gross government debt/GDP, 2019E

Source: IMF, MoF, Galt & Taggart

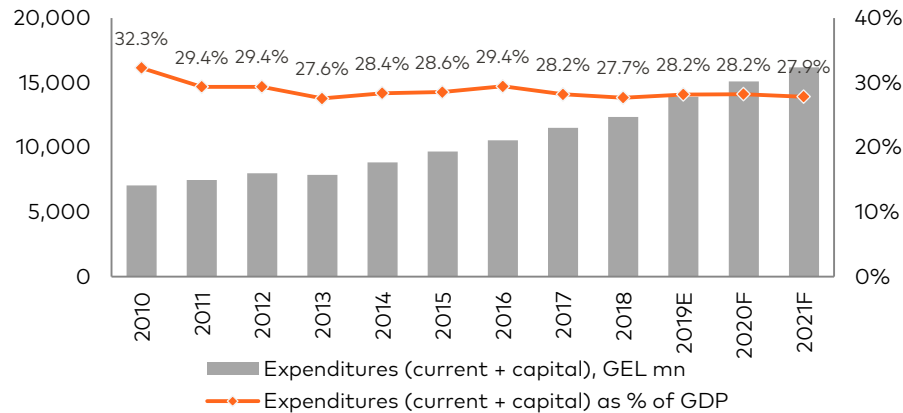


INVESTING IN INFRASTRUCTURE AND SPENDING LOW ON SOCIAL



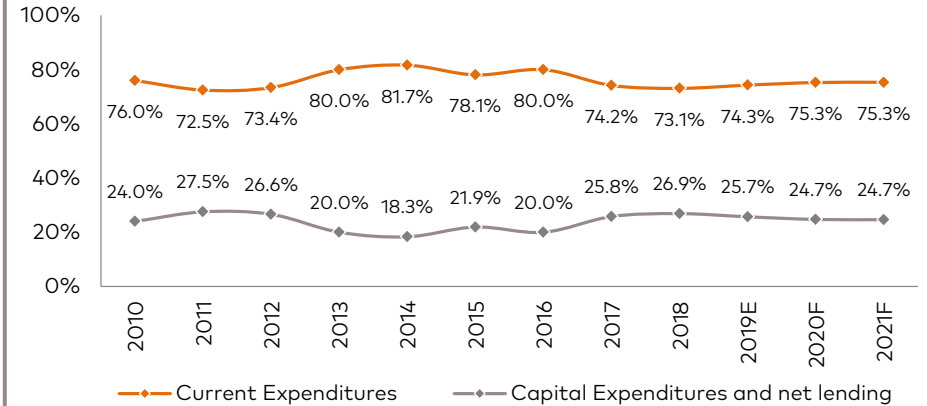
Budget expenditures

Source: MoF, Geostat



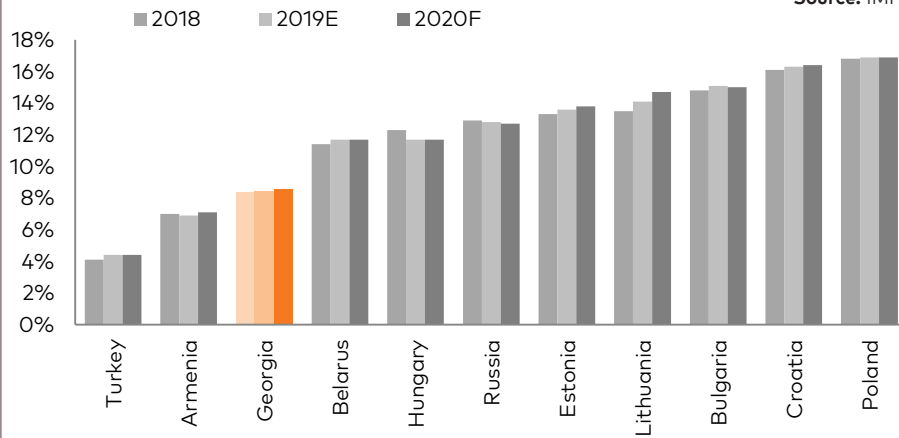
Expenditure breakdown: current vs. capital

Source: MoF



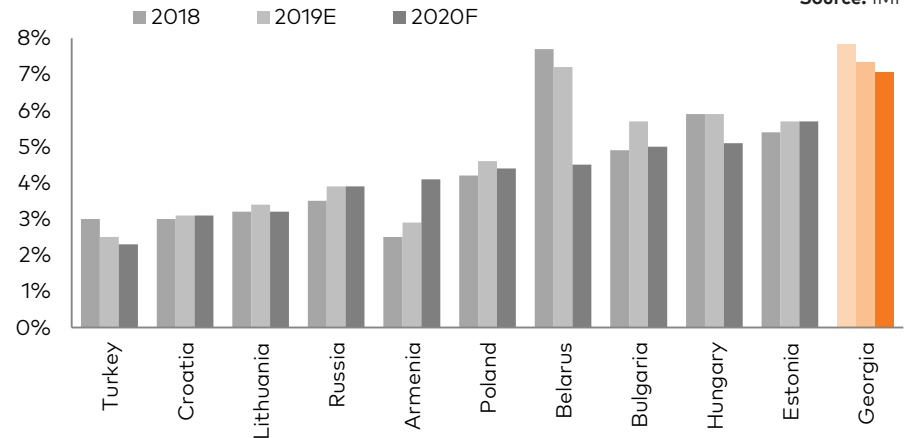
Government social expenditure as % of GDP

Source: IMF



Government capital expenditure as % of GDP

Source: IMF

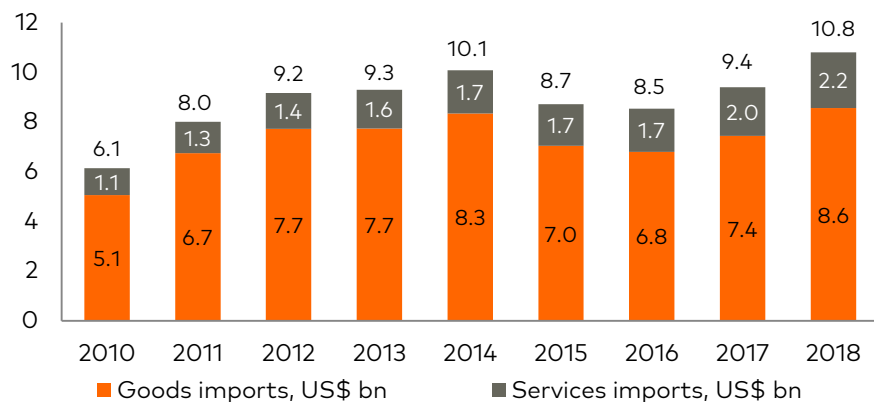


DIVERSIFIED FOREIGN TRADE



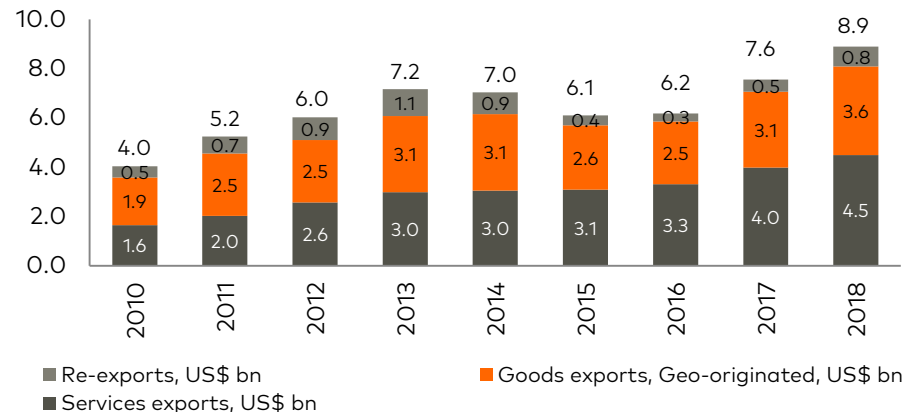
Imports of goods and services

Source: NBG – BOP statistics



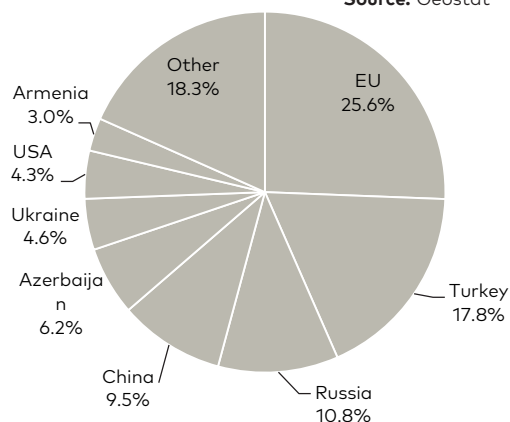
Exports of goods and services

Source: NBG – BOP statistics



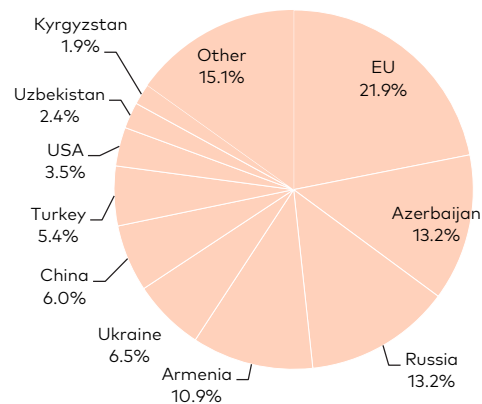
Goods imports, 2019

Source: Geostat



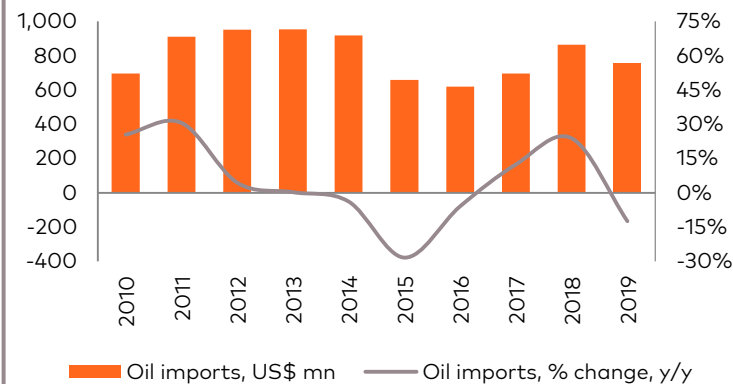
Goods exports, 2019

Source: Geostat



Oil imports

Source: GeoStat

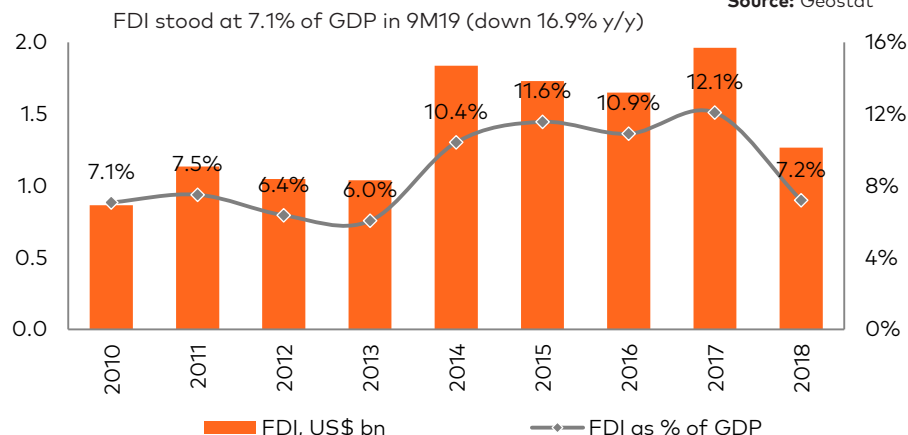


DIVERSIFIED SOURCES OF CAPITAL



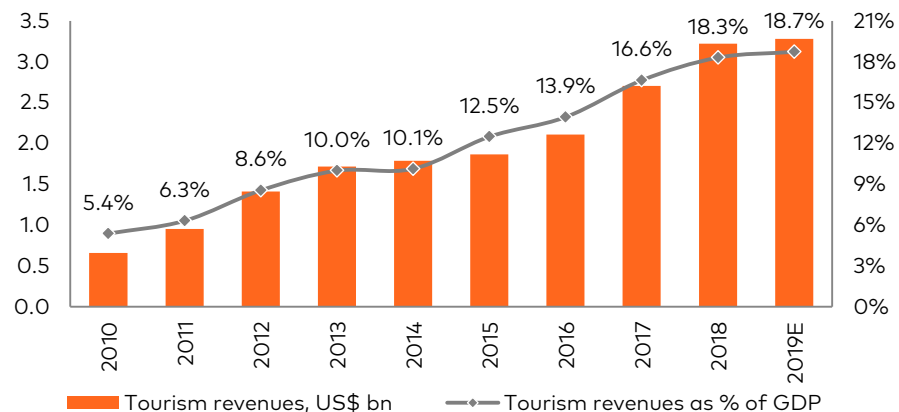
Strong foreign investor interest

Source: Geostat



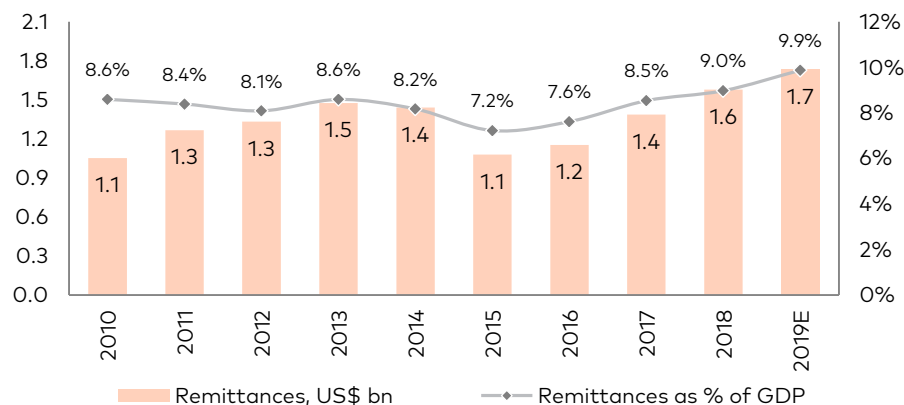
Tourist arrivals and revenues on the rise

Source: NBG, Geostat



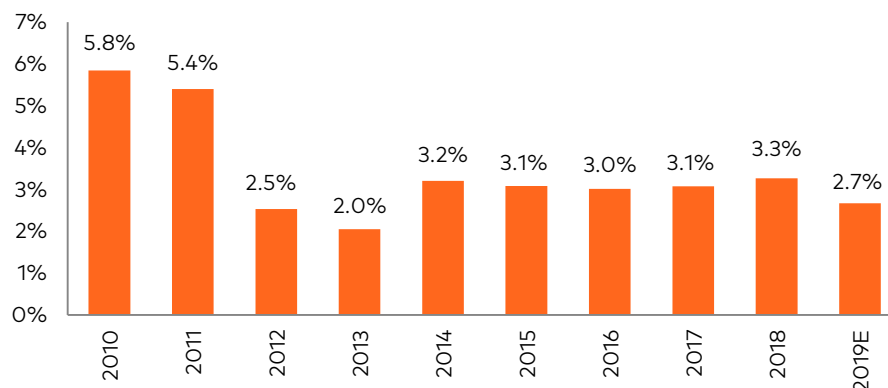
Remittances - steady source of external funding

Source: NBG, Geostat



Public external borrowing for capex, % of GDP

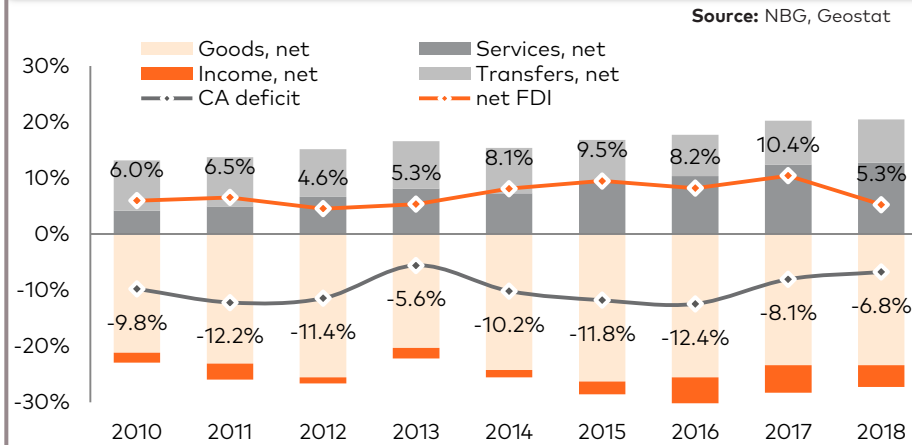
Source: MOF, Geostat



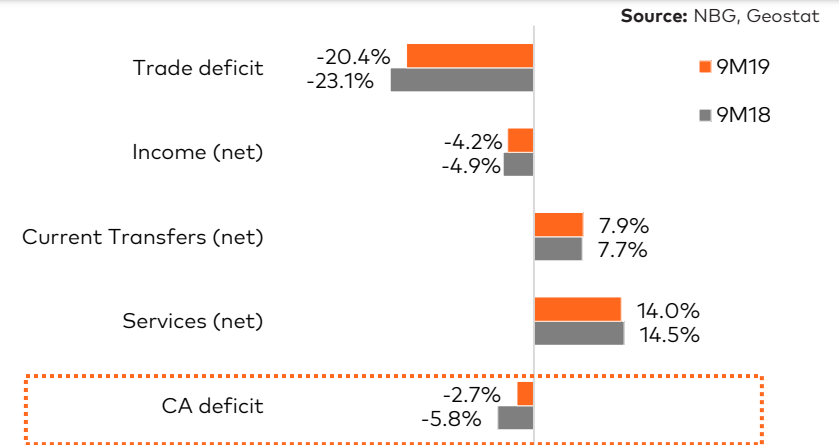
CURRENT ACCOUNT DEFICIT SUPPORTED BY FDI



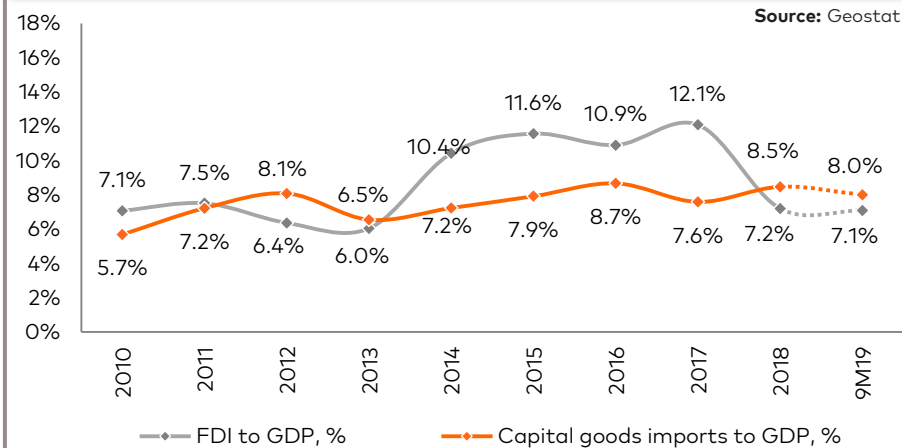
Current account balance (% of nominal GDP)



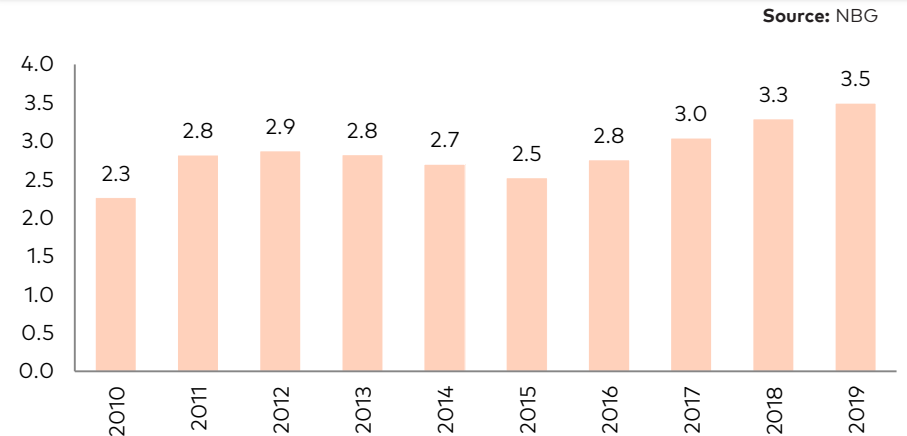
CA deficit at record low 2.7% of GDP in 9M19



FDI and capital goods import



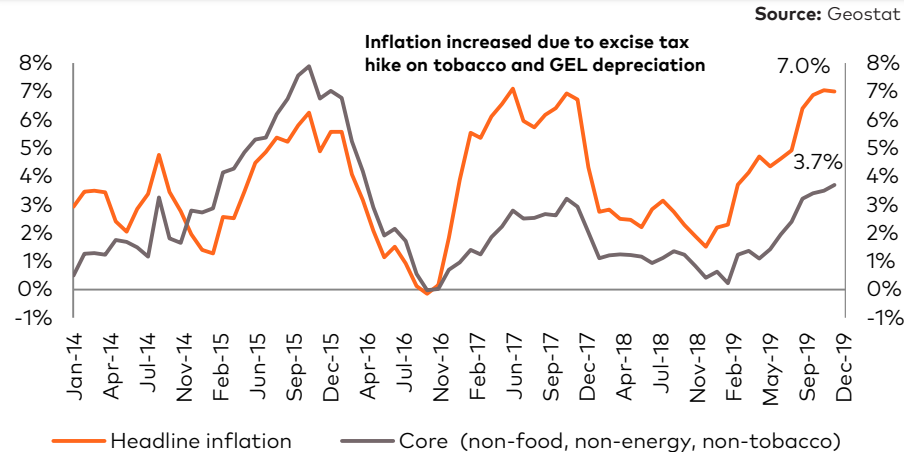
Building international reserves, US\$ bn



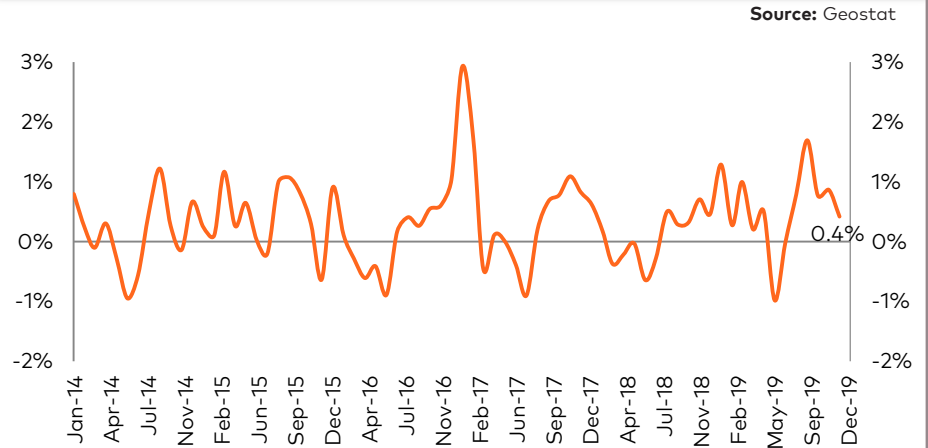
INFLATION TARGETING SINCE 2009



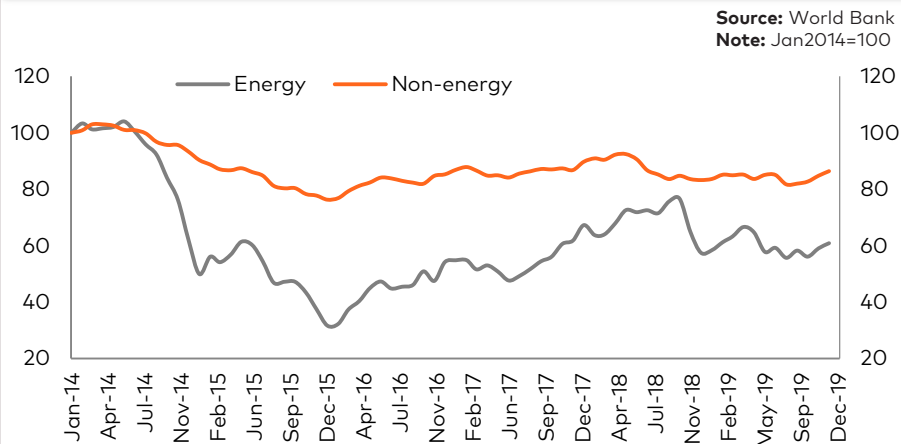
Annual Inflation



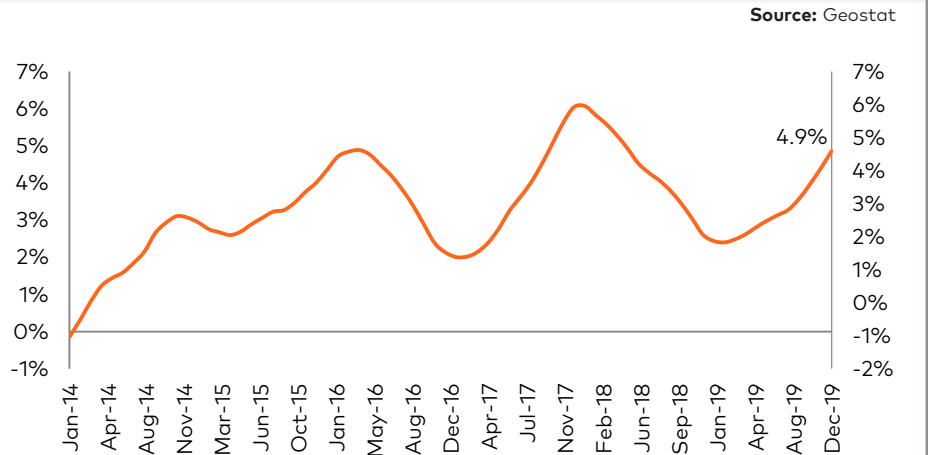
Monthly inflation



World commodity prices



Average inflation

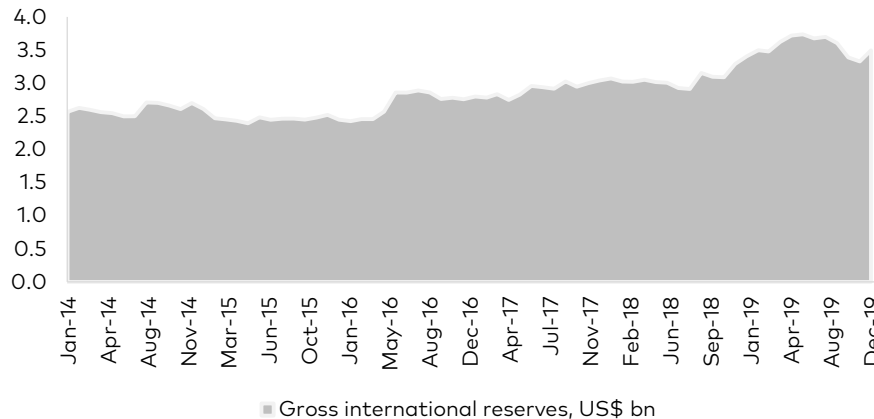


INTERNATIONAL RESERVES SUFFICIENT TO FINANCE MORE THAN 3 MONTHS OF IMPORTS



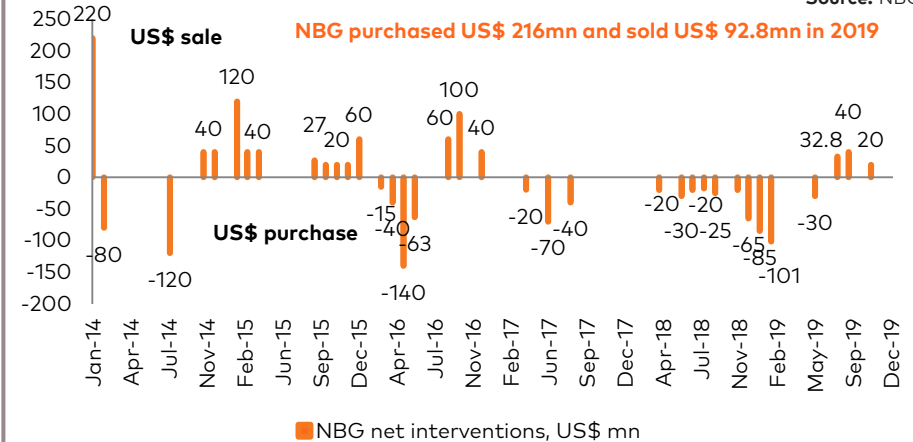
International reserves

Source: NBG



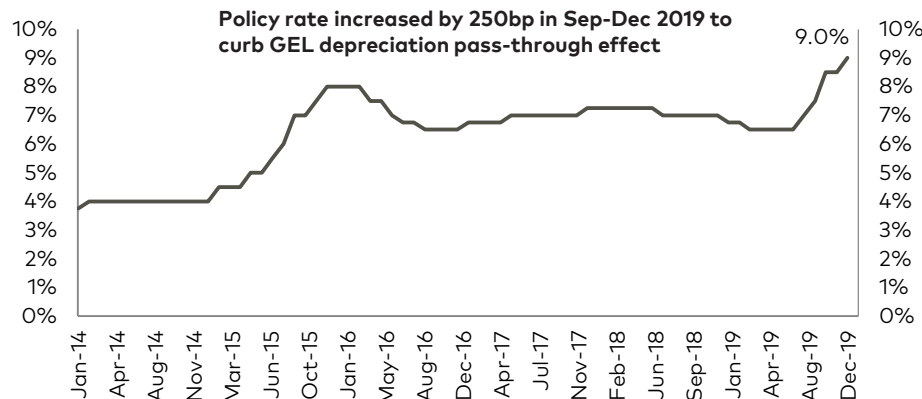
Central Bank's interventions

Source: NBG



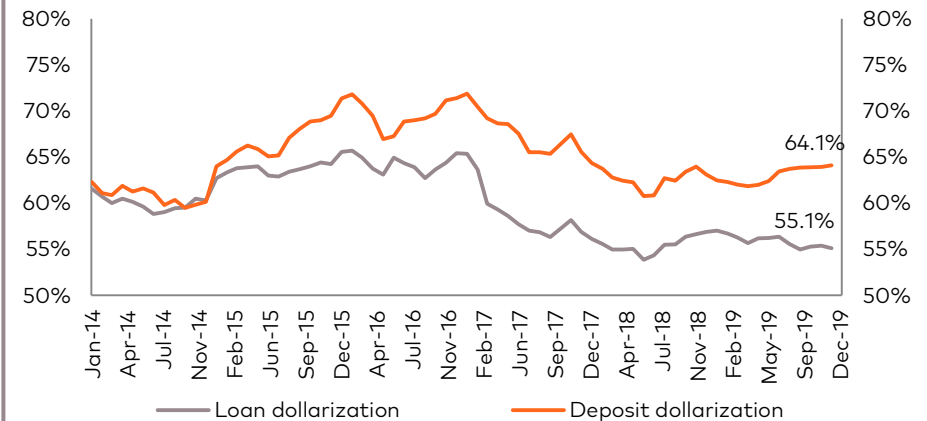
Monetary policy rate

Source: NBG



Loan and deposit dollarization

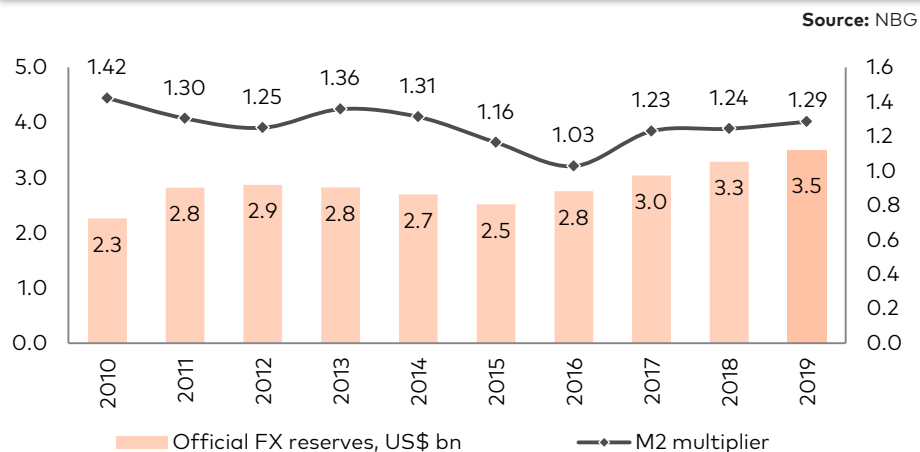
Source: NBG



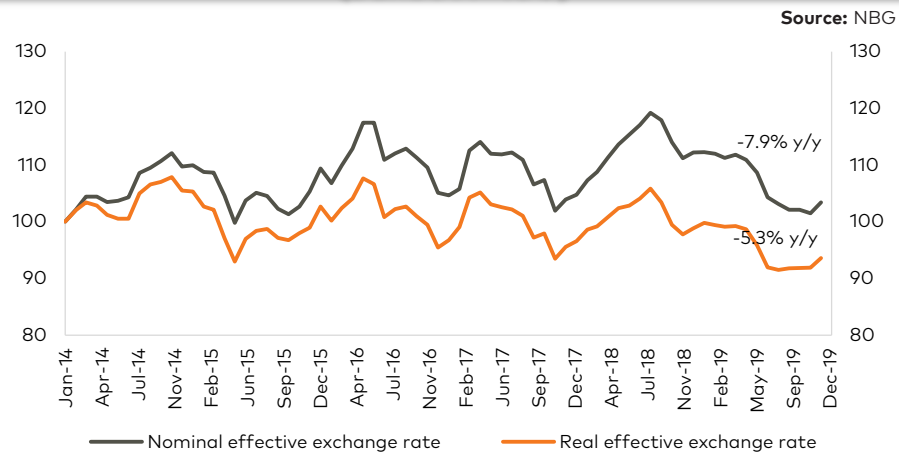
FLOATING EXCHANGE RATE - POLICY PRIORITY



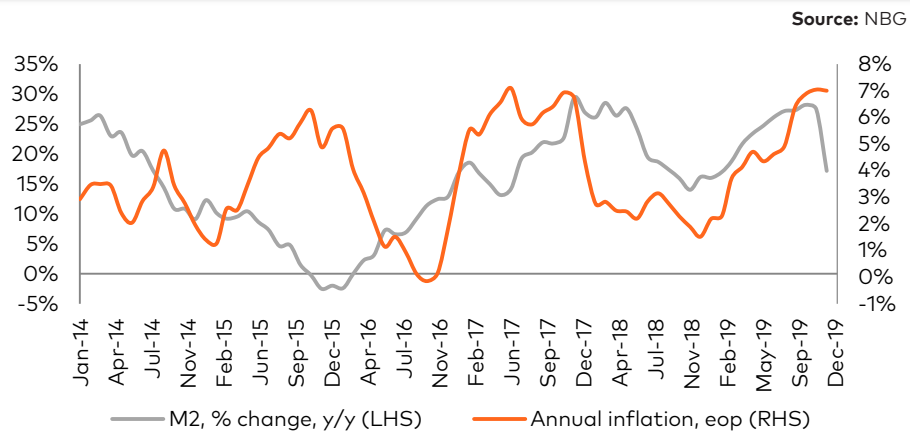
FX reserves



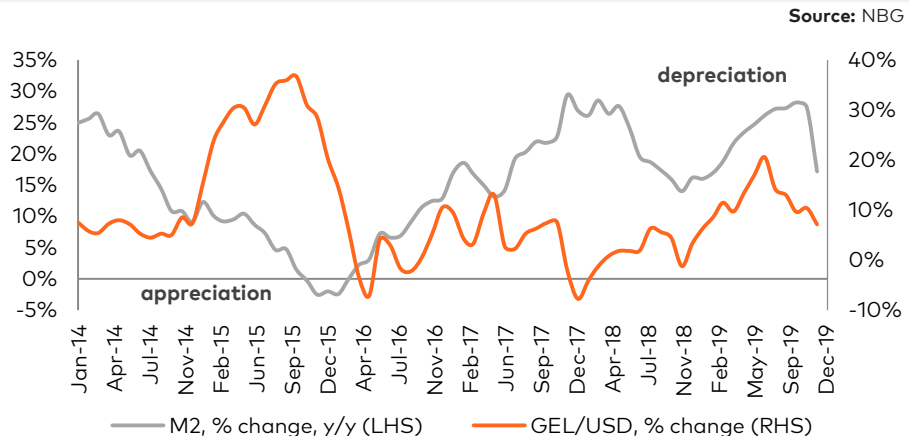
Nominal and Real effective exchange rate (Jan2014=100)



M2 and annual inflation



M2 and USD/GEL



GROWING AND WELL-CAPITALISED BANKING SECTOR

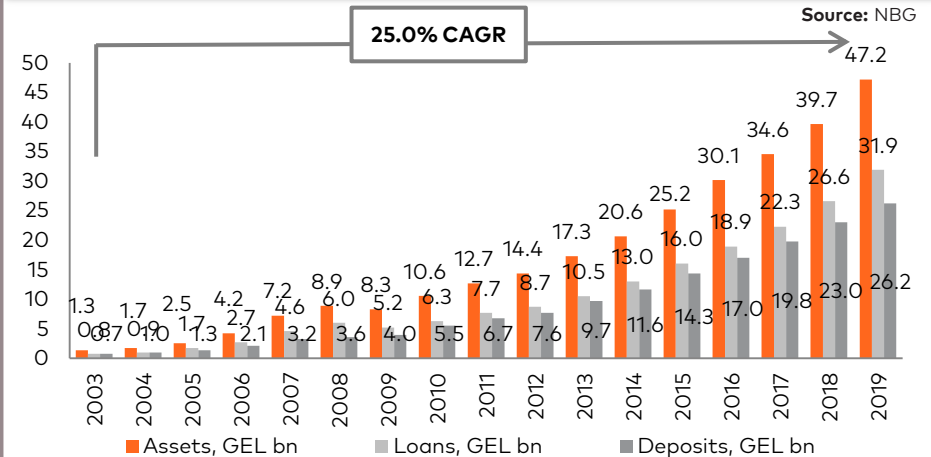


Summary

- Prudent regulation and oversight ensuring financial stability
- Demonstrated strong resilience towards both domestic and external shocks **without single bank going bankrupt**
- No nationalization** of the banks and no government ownership since 1994
- Resilient to different shocks to the economy**, room for healthy credits growth with retail loans at 33.2% of GDP and total loans at 64.5% of GDP in 2019

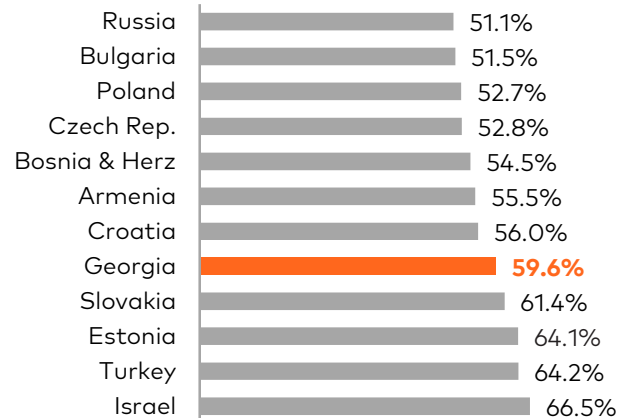
Source: National Bank of Georgia, Geostat

Banking sector assets, loans and deposits



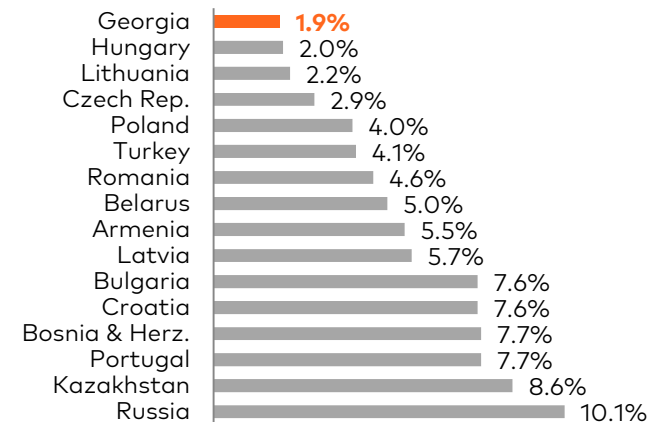
Banking Sector loans to GDP, 2018

Source: IMF, NBG



Non-performing loans, latest-2019

Source: IMF, NBG

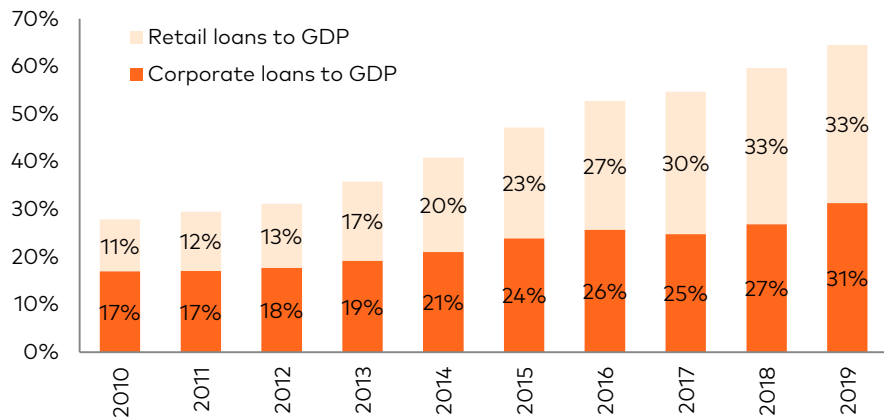


GROWING ECONOMY SUPPORTS HEALTHY CREDIT GROWTH



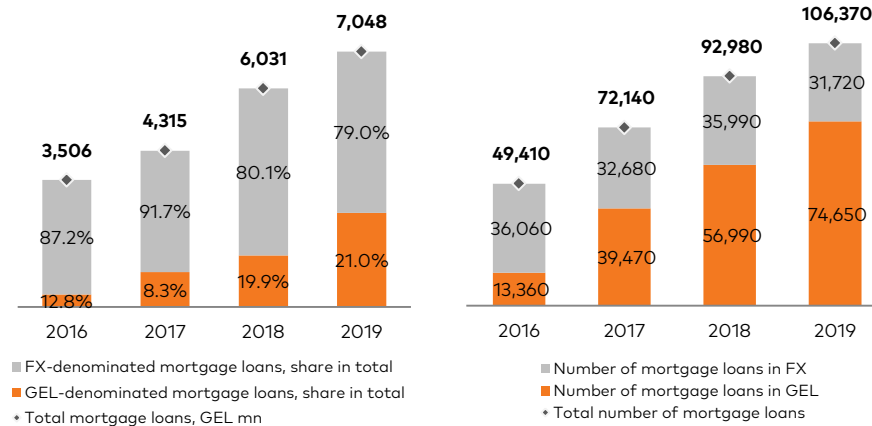
Banking sector corporate & retail loans to GDP

Source: NBG, Geostat



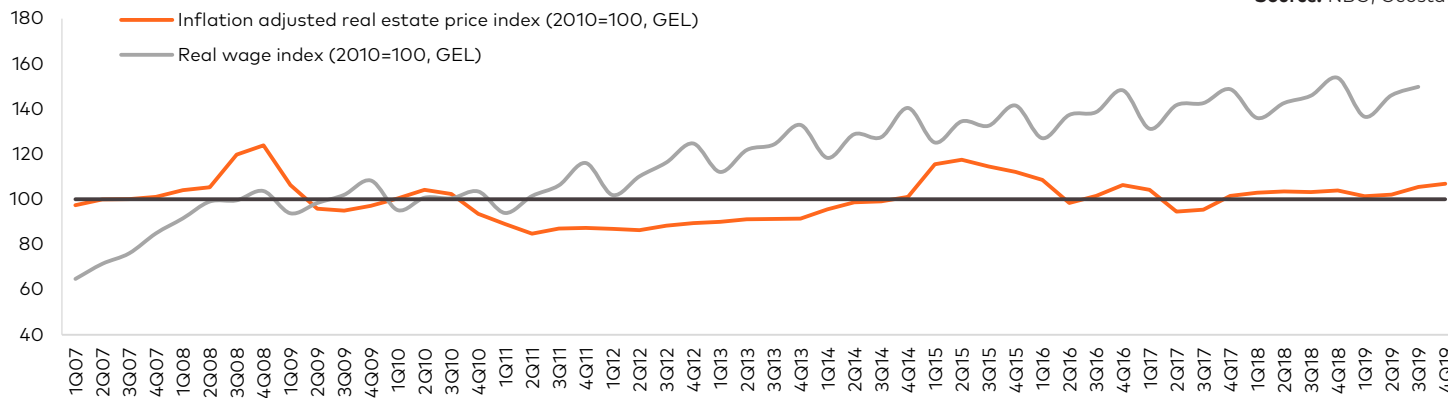
Mortgage loans

Source: NBG



Real estate price index

Source: NBG, Geostat



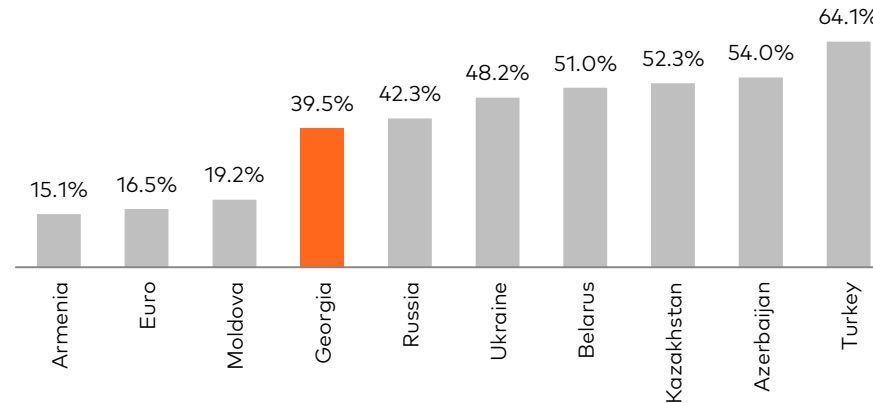
FLEXIBLE FX REGIME SUPPORTS TO MACRO STABILITY



Currency weakening vs. US\$

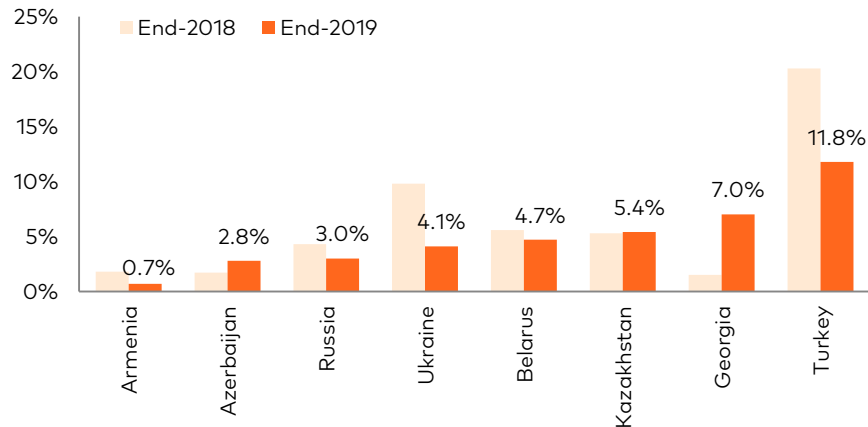
Source: Bloomberg

Note: US\$ per unit of national currency, period 1-Aug-2014 –31-December-2019



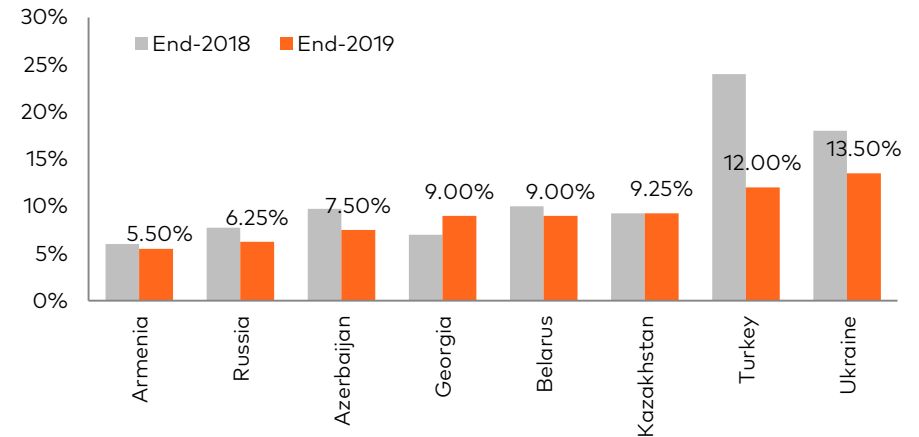
Inflation: Georgia and peers

Source: National Statistics Offices



Monetary policy rate: Georgia and peers

Source: Central banks



RECENT TREND - REAL GDP AND ITS COMPONENTS



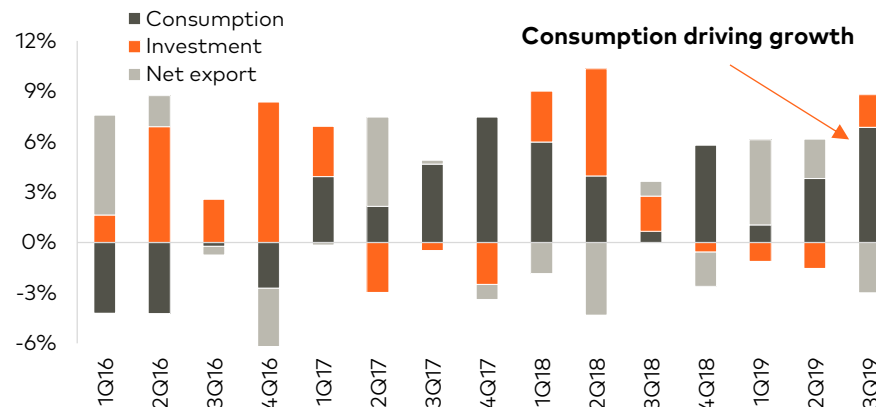
Real GDP growth by quarter, % change y/y

Source: Geostat



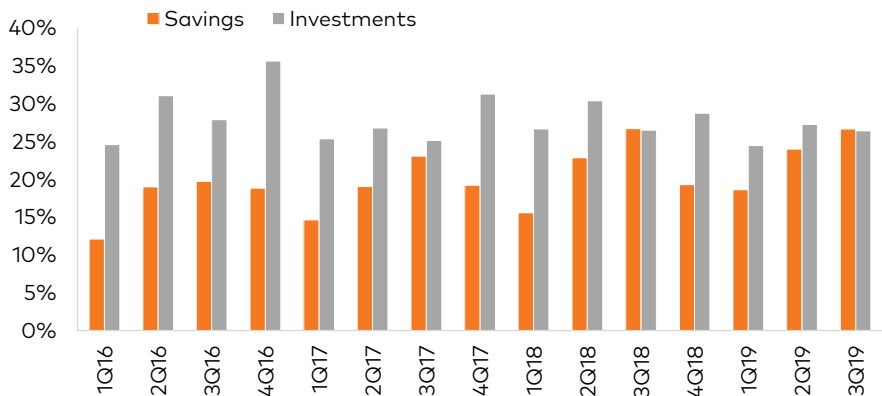
Contribution to real GDP growth

Source: Geostat, Galt & Taaqart



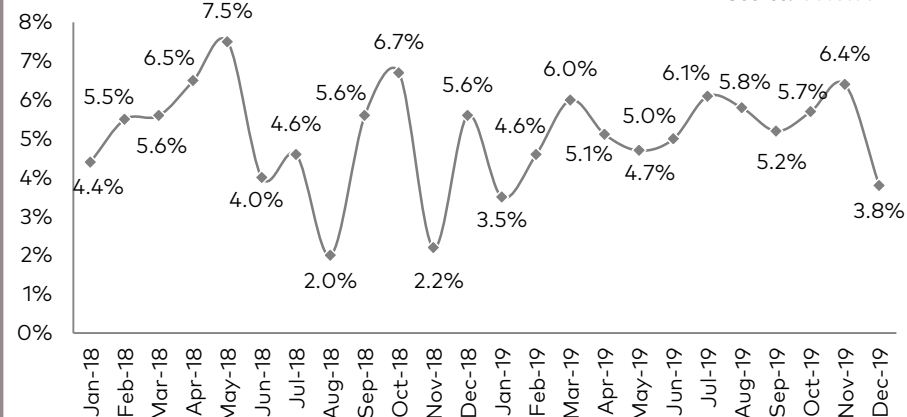
Savings and investment to GDP

Source: Geostat



Real GDP growth by month, % change y/y

Source: Geostat

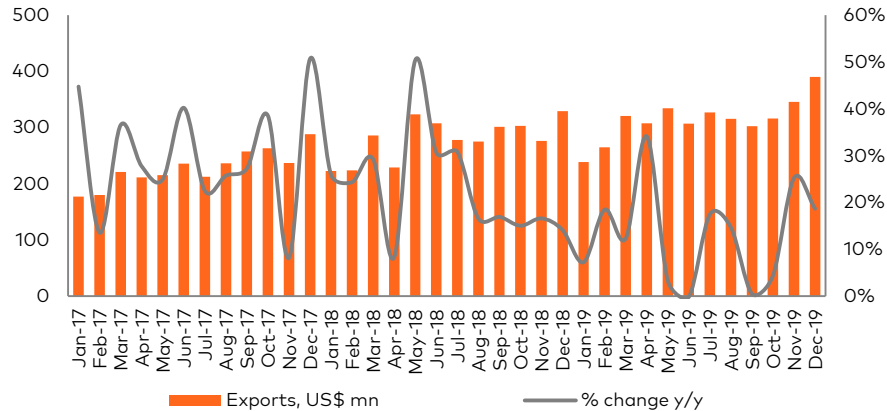


RECENT TREND – GOODS TRADE DEFICIT DOWN



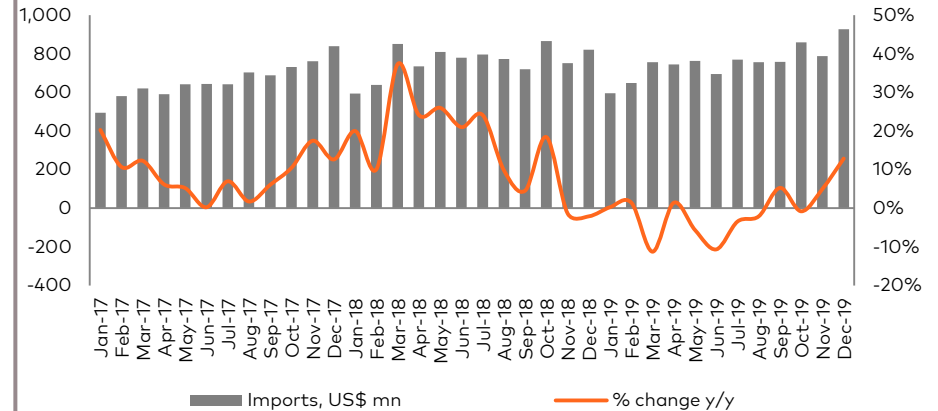
Exports up 12.4% y/y in 2019

Source: Geostat



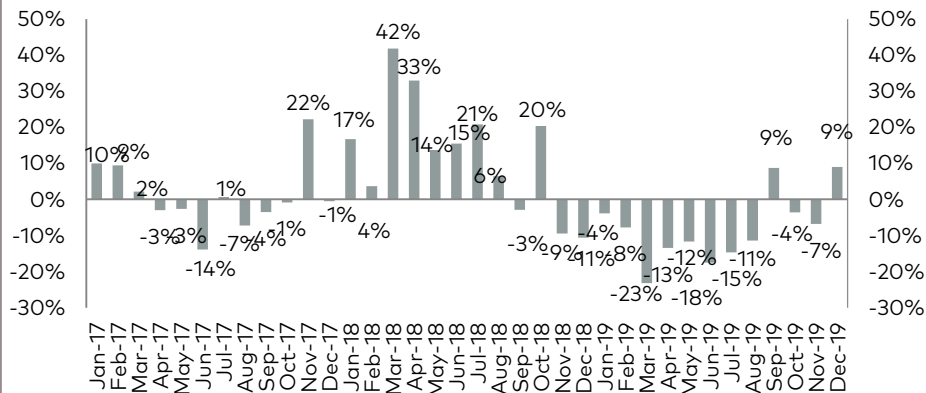
Imports down 0.8% y/y in 2019

Source: Geostat



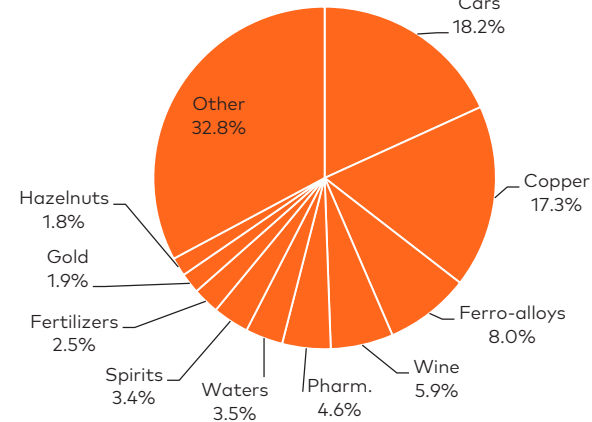
Trade deficit down 8.5% y/y in 2019

Source: Geostat



Exports by commodity, 2019

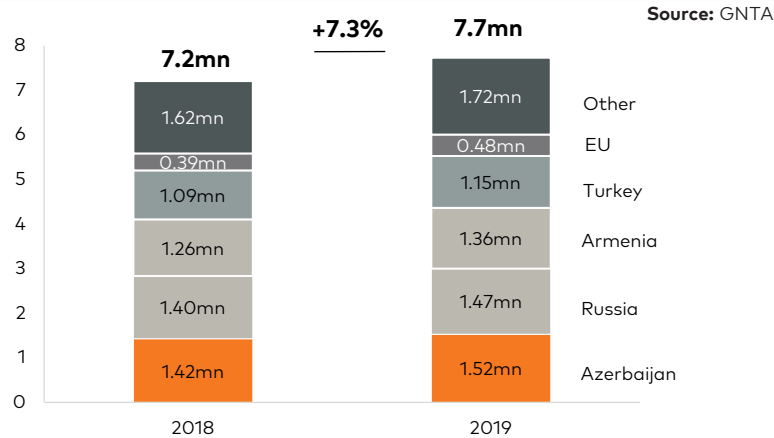
Source: Geostat



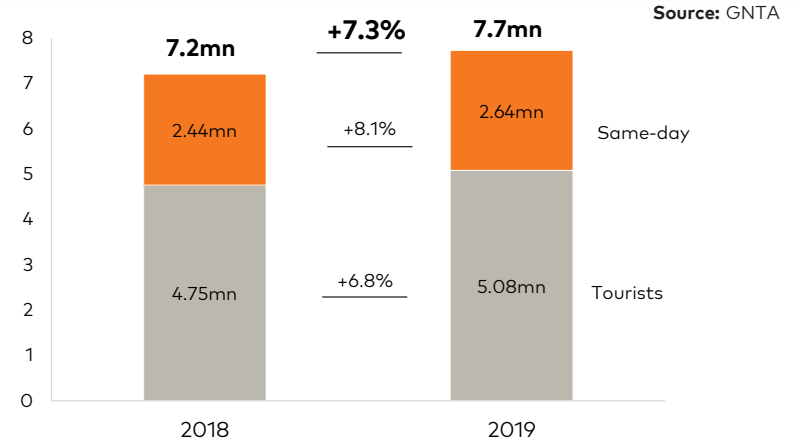
RECENT TREND – TOURIST ARRIVALS UP DESPITE RUSSIA'S FLIGHT BAN



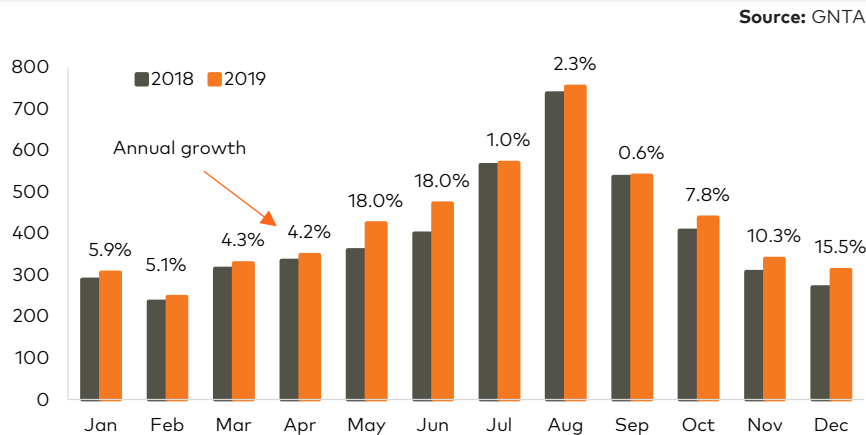
International visitors by country



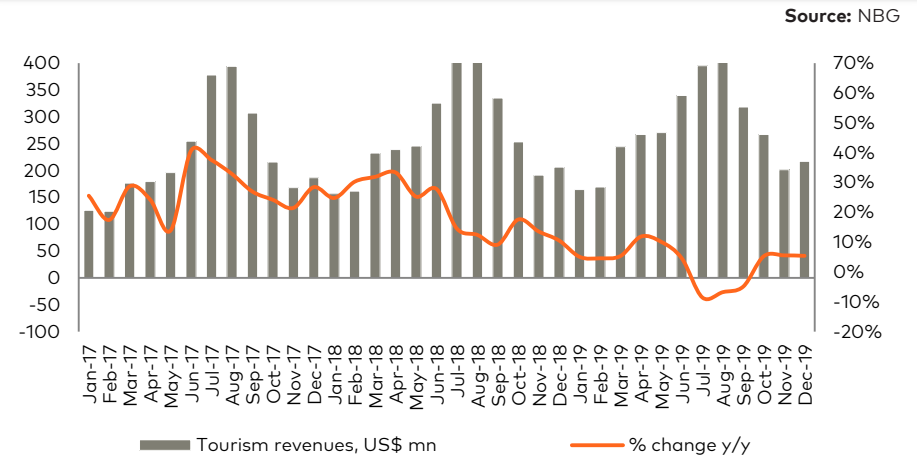
International visitors by type



Tourist arrivals by month



Tourism revenues at US\$ 3.3bn in 2019

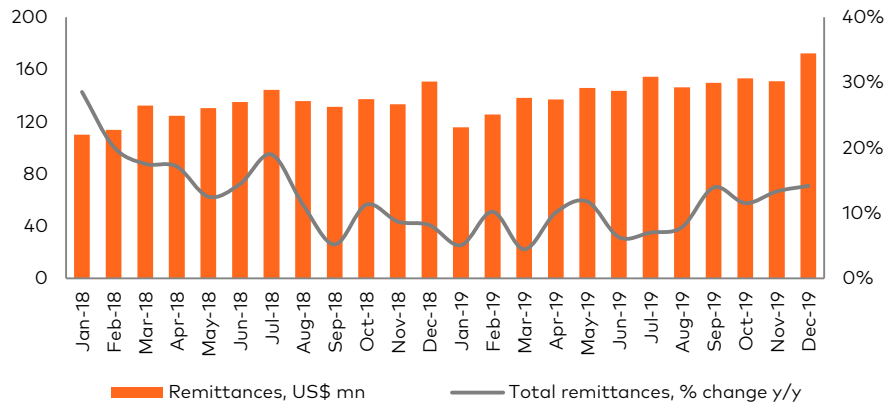


RECENT TREND – REMITTANCES AT US\$ 1.7bn IN 2019



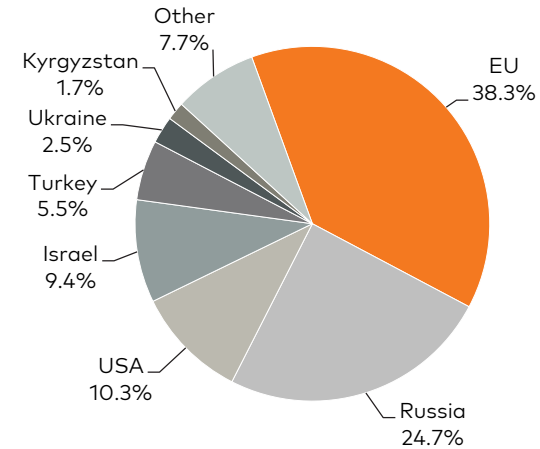
Remittances up 9.7% y/y in 2019

Source: NBG



Remittances by county, 2019

Source: NBG

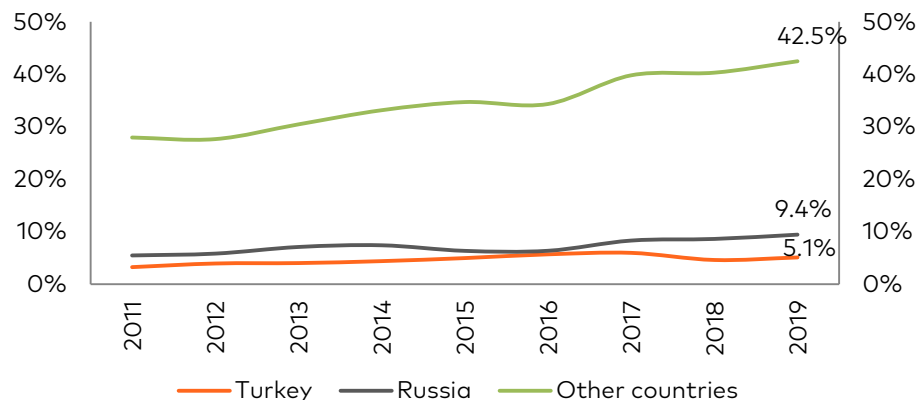


EXPOSURE TO PARTNER COUNTRIES WELL DIVERSIFIED



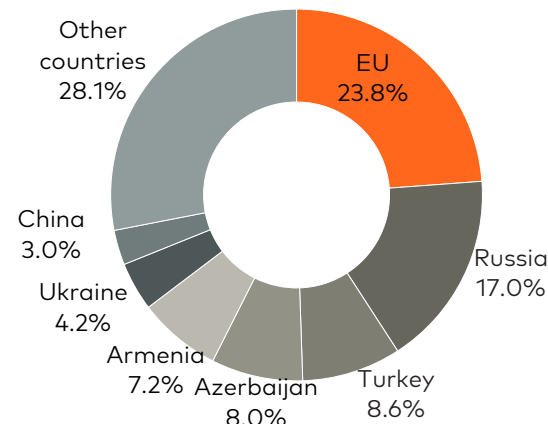
Exports, tourism, FDI and remittances, % of GDP

Source: Geostat, NBG, GNTA, Galt & Taggart



Well diversified economic linkages, 2019 (exports, tourism, FDI and remittances), share in total

Source: Geostat, NBG, GNTA, Galt & Taggart



Summary

In 2019:

- The EU (38% of total) remains the largest source of remittances, while Russia's share continue to decline (25% of total)
- The EU remains Georgia's largest FDI provider
- Azerbaijan remains the top export market accounting for 13% of the total
- Tourism sector demonstrated resilience to Russia's direct flight ban - strong growth of tourist arrivals from EU and other countries fully compensated reduced Russian tourist in 2H19.

Economic linkages breakdown

Source: Geostat, NBG, GNTA, Galt & Taggart

% of GDP, 2019	Exports	Tourism	FDI	Remittances	Total
Total	21.5%	18.6%	7.1%	9.9%	57.0%
EU	4.7%	2.4%	3.1%	3.8%	14.0%
Russia	2.8%	3.9%	0.2%	2.4%	9.4%
Turkey	1.2%	2.2%	1.2%	0.5%	5.1%
Ukraine	1.4%	0.7%	0.0%	0.2%	2.3%
Azerbaijan	2.8%	1.2%	0.3%	0.1%	4.5%
Armenia	2.3%	1.5%	0.1%	0.1%	4.0%
China	1.3%	0.2%	0.3%	0.0%	1.7%
Other countries	4.9%	6.5%	1.9%	2.7%	16.0%

CONTENTS



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■ Results Discussion	9
■ Georgian Macro Overview	39
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Robust Corporate Governance based on UK Corporate Governance Code



Neil Janin, Independent Non-Executive Chairman

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



Archil Gachechiladze, Chief Executive Officer

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



Hanna Loikkanen, Senior Independent Non-Executive Director

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



Al Breach, Independent Non-Executive Director

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



Tamaz Georgadze, Independent Non-Executive Director

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



Jonathan Muir, Independent Non-Executive Director

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



Cecil Quillen, Independent Non-Executive Director

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



Véronique McCarroll, Independent Non-Executive Director

Experience: 30 years' in Financial Services; Currently, Head of Strategy for Digital banking across Europe at Orange; formerly: Executive Director at Crédit Agricole CIB, Partner at McKinsey & Company, Oliver Wyman and Andersen/ Ernst & Young

HIGHLY EXPERIENCED MANAGEMENT TEAM



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



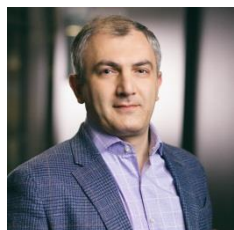
Archil Gachechiladze, Chief Executive Officer

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



Sulkhan Gvalia, Chief Financial Officer

With the Group since 2004. Previously, founder and CEO of E-Space Limited, Tbilisi. Held various positions with the Group, such as Chief Risk Officer and Head of Corporate Banking. Prior to joining the Group, served as Deputy CEO of TbilUniversalBank, prior to its acquisition by the Bank. Also, serves as non-executive independent director at Inecobank (Armenia) since 2018. Holds a law degree from Tbilisi State University.



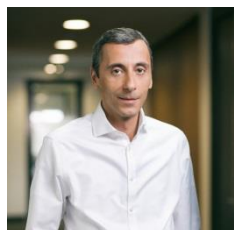
Levan Kulijanishvili, Deputy CEO, Operations

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



George Chiladze, Deputy CEO, Chief Risk Officer

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



Mikheil Gomarteli, Deputy CEO, Emerging and Mass Retail Banking

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



Vakhtang Bobokhidze, Deputy CEO, Information Technologies

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



Giorgi Pailodze, Deputy CEO, Corporate and Investment Banking

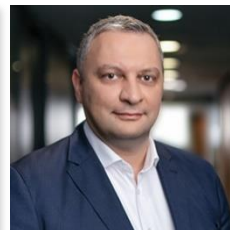
With the Group since June 2019. Previously, Vice President at Evercore in London (2017-2019) and New York (2015-2017), spent two years in corporate and investment banking in Citigroup in New York (2013-2015). He started his banking career in Georgia and held various managerial roles at TBC Bank and HSBC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

HIGHLY EXPERIENCED MANAGEMENT TEAM



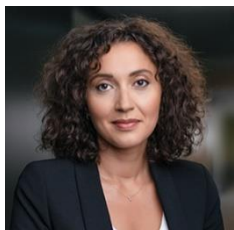
Etuna Iremadze, Head of SOLO Business Banking

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



Zurab Masurashvili, Head of SME Business Banking

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



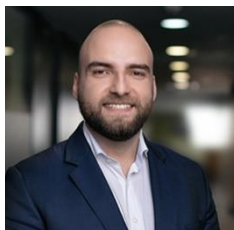
Ekaterine Liluashvili, Head of Wealth Management

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



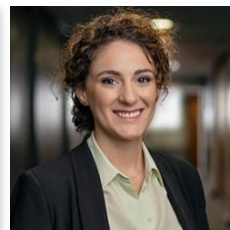
Andro Ratiani, Head of Innovation

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



Levan Gomshiashvili, Chief Marketing Officer

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



Nutsa Gogilashvili, Head of Customer Experience and Human Capital Management

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



Nino Suknidze, General Counsel, Georgia

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

BANK OF GEORGIA GROUP INCOME STATEMENT



<i>GEL thousands, unless otherwise noted</i>	Bank of Georgia Group Consolidated				
	4Q19	4Q18	Change y-o-y	3Q19	Change q-o-q
Interest income	393,480	345,760	13.8%	366,721	7.3%
Interest expense	(186,389)	(158,322)	17.7%	(165,729)	12.5%
Net interest income	207,091	187,438	10.5%	200,992	3.0%
Fee and commission income	77,472	62,350	24.3%	76,166	1.7%
Fee and commission expense	(30,914)	(21,006)	47.2%	(28,157)	9.8%
Net fee and commission income	46,558	41,344	12.6%	48,009	-3.0%
Net foreign currency gain	37,177	53,358	-30.3%	32,233	15.3%
Net other income	18,439	(9,073)	NMF	3,728	NMF
Operating income	309,265	273,067	13.3%	284,962	8.5%
Salaries and other employee benefits	(61,504)	(58,331)	5.4%	(59,539)	3.3%
Administrative expenses	(35,131)	(30,010)	17.1%	(26,251)	33.8%
Depreciation, amortisation and impairment	(23,815)	(11,365)	109.5%	(21,320)	11.7%
Other operating expenses	(1,095)	(1,151)	-4.9%	(807)	35.7%
Operating expenses	(121,545)	(100,857)	20.5%	(107,917)	12.6%
Profit from associates	153	318	-51.9%	194	-21.1%
Operating income before cost of risk	187,873	172,528	8.9%	177,239	6.0%
Expected credit loss / impairment charge on loans to customers	(7,985)	(25,783)	-69.0%	(13,617)	-41.4%
Expected credit loss / impairment charge on finance lease receivables	451	514	-12.3%	(333)	NMF
Other expected credit loss / impairment charge on other assets and provisions	(6,698)	(15,509)	-56.8%	(1,273)	NMF
Cost of risk	(14,232)	(40,778)	-65.1%	(15,223)	-6.5%
Net operating income before non-recurring items	173,641	131,750	31.8%	162,016	7.2%
<i>Net non-recurring items (excluding one-offs)</i>	(1,591)	(2,185)	-27.2%	(5,019)	-68.3%
<i>One-off termination costs of former CEO (1)</i>	-	(4,401)	NMF	-	-
Net non-recurring items	(1,591)	(6,586)	-75.8%	(5,019)	-68.3%
Profit before income tax expense	172,050	125,164	37.5%	156,997	9.6%
<i>Income tax expense (excluding one-offs)</i>	(15,515)	(10,888)	42.5%	(22,697)	-31.6%
<i>Income tax benefit related to one-off termination costs of former CEO (2)</i>	-	540	NMF	-	-
Income tax expense	(15,515)	(10,348)	49.9%	(22,697)	-31.6%
Profit	156,535	114,816	36.3%	134,300	16.6%
One-off items (1)+(2)	-	(3,861)	NMF	-	-
Profit attributable to:					
– shareholders of the Group	155,823	114,240	36.4%	133,687	16.6%
– non-controlling interests	712	576	23.6%	613	16.2%
Earnings per share (basic)	3.30	2.40	37.5%	2.81	17.4%
Earnings per share (diluted)	3.29	2.40	37.1%	2.81	17.1%



BANK OF GEORGIA GROUP INCOME STATEMENT



GEL thousands, unless otherwise noted

	Bank of Georgia Group Consolidated			Banking Business			Discontinued Operations			Eliminations		
	2019	2018	Change y-o-y	2019	2018	Change y-o-y	2019	2018	Change y-o-y	2019	2018	Change y-o-y
Interest income	1,437,161	1,322,297	8.7%	1,437,161	1,327,085	8.3%	-	-	-	-	(4,788)	NMF
Interest expense	(647,742)	(580,544)	11.6%	(647,742)	(587,481)	10.3%	-	-	-	-	6,937	NMF
Net interest income	789,419	741,753	6.4%	789,419	739,604	6.7%	-	-	-	-	2,149	NMF
Fee and commission income	284,193	228,769	24.2%	284,193	229,670	23.7%	-	-	-	-	(901)	NMF
Fee and commission expense	(104,179)	(76,107)	36.9%	(104,179)	(76,488)	36.2%	-	-	-	-	381	NMF
Net fee and commission income	180,014	152,662	17.9%	180,014	153,182	17.5%	-	-	-	-	(520)	NMF
Net foreign currency gain	119,363	128,762	-7.3%	119,363	129,437	-7.8%	-	-	-	-	(675)	NMF
Net other income / (expense)	21,474	7,262	NMF	21,474	7,815	NMF	-	-	-	-	(553)	NMF
Operating income	1,110,270	1,030,439	7.7%	1,110,270	1,030,038	7.8%	-	-	-	-	401	NMF
Salaries and other employee benefits(excluding one-offs)	(231,443)	(214,761)	7.8%	(231,443)	(215,816)	7.2%	-	-	-	-	1,055	NMF
One-off termination costs of executive management (1)	(12,412)	-	NMF	(12,412)	-	NMF	-	-	-	-	-	-
Salaries and other employee benefits	(243,855)	(214,761)	13.5%	(243,855)	(215,816)	13.0%	-	-	-	-	1,055	NMF
Administrative expenses	(106,157)	(112,654)	-5.8%	(106,157)	(113,264)	-6.3%	-	-	-	-	610	NMF
Depreciation, amortisation and impairment	(78,118)	(45,442)	71.9%	(78,118)	(45,442)	71.9%	-	-	-	-	-	-
Other operating expenses	(4,228)	(3,995)	5.8%	(4,228)	(3,995)	5.8%	-	-	-	-	-	-
Operating expenses	(432,358)	(376,852)	14.7%	(432,358)	(378,517)	14.2%	-	-	-	-	1,665	NMF
Profit from associates	789	1,339	-41.1%	789	1,339	-41.1%	-	-	-	-	-	-
Operating income before cost of risk	678,701	654,926	3.6%	678,701	652,860	4.0%	-	-	-	-	2,066	NMF
Expected credit loss / impairment charge on loans to customers	(94,155)	(139,499)	-32.5%	(94,155)	(139,499)	-32.5%	-	-	-	-	-	-
Expected credit loss / impairment charge on finance lease receivables	(885)	(164)	NMF	(885)	(164)	NMF	-	-	-	-	-	-
Other expected credit loss / impairment charge on other assets and provisions	(12,544)	(20,562)	-39.0%	(12,544)	(20,562)	-39.0%	-	-	-	-	-	-
Cost of risk	(107,584)	(160,225)	-32.9%	(107,584)	(160,225)	-32.9%	-	-	-	-	-	-
Net operating income before non-recurring items	571,117	494,701	15.4%	571,117	492,635	15.9%	-	-	-	-	2,066	NMF
Net non-recurring items (excluding one-offs)	(10,723)	(22,471)	-52.3%	(10,723)	(22,643)	-52.6%	-	-	-	-	172	NMF
One-off termination costs of former CEO, one-off demerger related expenses (2)	(3,985)	(34,685)	-88.5%	(3,985)	(34,685)	-88.5%	-	-	-	-	-	-
Net non-recurring items	(14,708)	(57,156)	-74.3%	(14,708)	(57,328)	-74.3%	-	-	-	-	172	NMF
Profit before income tax expense from continuing operations	556,409	437,545	27.2%	556,409	435,307	27.8%	-	-	-	-	2,238	NMF
Income tax expense (excluding one-offs)	(58,619)	(34,948)	67.7%	(58,619)	(34,948)	67.7%	-	-	-	-	-	-
Income tax benefit related to one-off termination costs, one-off demerger related expenses and one-off impact of re-measurement of deferred tax balances (3)	2,161	(21,717)	NMF	2,161	(21,717)	NMF	-	-	-	-	-	-
Income tax expense	(56,458)	(56,665)	-0.4%	(56,458)	(56,665)	-0.4%	-	-	-	-	-	-
Profit from continuing operations	499,951	380,880	31.3%	499,951	378,642	32.0%	-	-	-	-	2,238	NMF
Profit from discontinued operations	-	107,898	NMF	-	-	-	-	110,136	NMF	-	(2,238)	NMF
Profit	499,951	488,778	2.3%	499,951	378,642	32.0%	-	110,136	NMF	-	-	-
One-off items (1)+(2)+(3)	(14,236)	(56,402)	-74.8%	(14,236)	(56,402)	-74.8%	-	-	-	-	-	-
Profit attributable to:												
- shareholders of the Group	497,664	468,996	6.1%	497,664	377,075	32.0%	-	91,921	NMF	-	-	-
- non-controlling interests	2,287	19,782	-88.4%	2,287	1,567	45.9%	-	18,215	NMF	-	-	-
Profit from continuing operations attributable to:												
- shareholders of the Group	497,664	379,313	31.2%	497,664	377,075	32.0%	-	-	-	-	2,238	NMF
- non-controlling interests	2,287	1,567	45.9%	2,287	1,567	45.9%	-	-	-	-	-	-
Profit from discontinued operations attributable to:												
- shareholders of the Group	-	89,683	NMF	-	-	-	-	91,921	NMF	-	(2,238)	NMF
- non-controlling interests	-	18,215	NMF	-	-	-	-	18,215	NMF	-	-	-
Earnings per share (basic)	10.45	10.78	-3.1%									
- earnings per share from continuing operations	10.45	8.72	19.8%									
- earnings per share from discontinued operations	-	2.06	NMF									
Earnings per share (diluted)	10.42	10.71	-2.7%									
- earnings per share from continuing operations	10.42	8.66	20.3%									
- earnings per share from discontinued operations	-	2.05	NMF									

BANK OF GEORGIA GROUP BALANCE SHEET



GEL thousands, unless otherwise noted

	Bank of Georgia Group Consolidated				
	Dec-19	Dec-18	Change y-o-y	Sep-19	Change q-o-q
Cash and cash equivalents	2,153,624	1,215,799	77.1%	1,369,194	57.3%
Amounts due from credit institutions	1,619,072	1,305,216	24.0%	1,834,195	-11.7%
Investment securities	1,786,804	2,019,017	-11.5%	1,895,722	-5.7%
Loans to customers and finance lease receivables	11,931,262	9,397,747	27.0%	11,339,745	5.2%
Accounts receivable and other loans	3,489	2,849	22.5%	4,475	-22.0%
Prepayments	42,632	44,294	-3.8%	43,795	-2.7%
Inventories	12,297	13,292	-7.5%	11,257	9.2%
Right-of-use assets	96,095	-	NMF	106,130	-9.5%
Investment property	225,073	151,446	48.6%	193,499	16.3%
Property and equipment	379,788	344,059	10.4%	364,405	4.2%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	106,290	83,366	27.5%	95,829	10.9%
Income tax assets	282	19,451	-98.6%	7,682	-96.3%
Other assets	143,154	126,008	13.6%	202,426	-29.3%
Assets held for sale	36,284	42,408	-14.4%	38,987	-6.9%
Total assets	18,569,497	14,798,303	25.5%	17,540,692	5.9%
Client deposits and notes	10,076,735	8,133,853	23.9%	9,613,718	4.8%
Amounts owed to credit institutions	3,934,123	2,994,879	31.4%	3,437,718	14.4%
Debt securities issued	2,120,064	1,730,414	22.5%	2,175,820	-2.6%
Lease liabilities	94,616	-	NMF	105,285	-10.1%
Accruals and deferred income	52,471	47,063	11.5%	41,521	26.4%
Income tax liabilities	37,918	28,855	31.4%	39,251	-3.4%
Other liabilities	102,662	64,966	58.0%	87,520	17.3%
Total liabilities	16,418,589	13,000,030	26.3%	15,500,833	5.9%
Share capital	1,618	1,618	0.0%	1,618	0.0%
Additional paid-in capital	492,072	480,555	2.4%	498,593	-1.3%
Treasury shares	(64)	(51)	25.5%	(53)	20.8%
Other reserves	(7,481)	30,515	NMF	28,472	NMF
Retained earnings	1,655,256	1,277,732	29.5%	1,502,248	10.2%
Total equity attributable to shareholders of the Group	2,141,401	1,790,369	19.6%	2,030,878	5.4%
Non-controlling interests	9,507	7,904	20.3%	8,981	5.9%
Total equity	2,150,908	1,798,273	19.6%	2,039,859	5.4%
Total liabilities and equity	18,569,497	14,798,303	25.5%	17,540,692	5.9%
Book value per share	45.36	37.59	20.7%	42.69	6.3%



BNB FINANCIAL HIGHLIGHTS



INCOME STATEMENT, HIGHLIGHTS	4Q19	4Q18	Change y-o-y	3Q19	Change q-o-q	2019	2018	Change y-o-y
<i>GEL thousands, unless otherwise stated</i>								
Net interest income	7,194	6,471	11.2%	7,447	-3.4%	27,586	25,894	6.5%
Net fee and commission income	1,602	1,356	18.1%	1,956	-18.1%	7,169	7,805	-8.1%
Net foreign currency gain	6,548	5,261	24.5%	5,405	21.1%	20,688	16,605	24.6%
Net other income	92	332	-72.3%	57	61.4%	463	745	-37.9%
Operating income	15,436	13,420	15.0%	14,865	3.8%	55,906	51,049	9.5%
Operating expenses	(9,493)	(8,785)	8.1%	(9,135)	3.9%	(35,366)	(32,261)	9.6%
Operating income before cost of risk	5,943	4,635	28.2%	5,730	3.7%	20,540	18,788	9.3%
Cost of risk	(7)	670	NMF	293	NMF	(2,691)	(3,069)	-12.3%
Net non-recurring items	(46)	(7)	NMF	(1)	NMF	(110)	(717)	-84.7%
Profit before income tax expense	5,890	5,298	11.2%	6,022	-2.2%	17,739	15,002	18.2%
Income tax expense	(1,261)	(1,163)	8.4%	(1,193)	5.7%	(3,404)	(3,545)	-4.0%
Profit	4,629	4,135	11.9%	4,829	-4.1%	14,335	11,457	25.1%

BALANCE SHEET, HIGHLIGHTS	Dec-19	Dec-18	Change y-o-y	Sep-19	Change q-o-q
<i>GEL thousands, unless otherwise stated</i>					
Cash and cash equivalents	212,777	110,340	92.8%	170,787	24.6%
Amounts due from credit institutions	12,742	19,664	-35.2%	22,534	-43.5%
Investment securities	81,573	67,734	20.4%	101,511	-19.6%
Loans to customers and finance lease receivables	580,876	432,657	34.3%	556,541	4.4%
Other assets	55,102	50,155	9.9%	59,397	-7.2%
Total assets	943,070	680,550	38.6%	910,770	3.5%
Client deposits and notes	608,777	389,001	56.5%	588,647	3.4%
Amounts owed to credit institutions	144,621	162,823	-11.2%	132,648	9.0%
Debt securities issued	69,438	38,163	82.0%	72,931	-4.8%
Other liabilities	11,038	5,300	108.3%	8,239	34.0%
Total liabilities	833,874	595,287	40.1%	802,465	3.9%
Total equity	109,196	85,263	28.1%	108,305	0.8%
Total liabilities and equity	943,070	680,550	38.6%	910,770	3.5%

BANKING BUSINESS KEY RATIOS



	4Q19	4Q18	3Q19	2019	2018
Profitability					
ROAA, annualised **	3.4%	3.3%	3.2%	3.1%	3.2%
ROAA, annualised (unadjusted)	3.4%	3.2%	3.2%	3.1%	2.8%
ROAE, annualised **	29.9%	27.0%	26.8%	26.1%	26.4%
<i>RB ROAE **</i>	31.4%	28.4%	30.7%	28.6%	30.3%
<i>CIB ROAE **</i>	28.5%	28.5%	24.6%	25.6%	22.8%
ROAE, annualised (unadjusted)	29.9%	26.2%	26.8%	25.4%	22.9%
Net interest margin, annualised	5.4%	6.0%	5.4%	5.6%	6.5%
<i>RB NIM</i>	5.7%	6.7%	6.1%	6.1%	7.5%
<i>CIB NIM</i>	3.8%	3.2%	3.2%	3.6%	3.3%
Loan yield, annualised	11.4%	12.8%	11.5%	11.7%	13.5%
<i>RB Loan yield</i>	12.4%	14.2%	12.8%	12.9%	15.1%
<i>CIB Loan yield</i>	9.2%	9.8%	8.9%	9.1%	10.2%
Liquid assets yield, annualised	3.7%	3.8%	3.2%	3.5%	3.8%
Cost of funds, annualised	4.7%	5.0%	4.5%	4.6%	5.0%
Cost of client deposits and notes, annualised	3.0%	3.4%	2.9%	3.0%	3.5%
<i>RB Cost of client deposits and notes</i>	2.5%	2.9%	2.6%	2.6%	2.9%
<i>CIB Cost of client deposits and notes</i>	3.3%	4.0%	3.2%	3.3%	4.1%
Cost of amounts owed to credit institutions, annualised	7.4%	7.9%	6.8%	7.1%	7.3%
Cost of debt securities issued	7.9%	7.8%	7.7%	7.7%	7.8%
Operating leverage, y-o-y ***	-7.3%	3.8%	-5.2%	-3.2%	2.9%
Operating leverage, q-o-q ***	-4.1%	-2.3%	1.2%	0.0%	0.0%
Efficiency					
Cost / Income ***	39.3%	36.9%	37.9%	37.8%	36.7%
<i>RB Cost / Income ***</i>	43.5%	36.7%	38.0%	38.8%	36.6%
<i>CIB Cost / Income ***</i>	26.9%	29.6%	30.4%	28.4%	30.9%
Cost / Income (unadjusted)	39.3%	36.9%	37.9%	38.9%	36.7%
Liquidity					
NBG liquidity ratio (<i>minimum requirement 30%</i>)	31.1%	31.9%	36.8%	31.1%	31.9%
NBG liquidity coverage ratio (<i>minimum requirement 100%</i>)	136.7%	120.1%	118.5%	136.7%	120.1%
Liquid assets to total liabilities	33.9%	34.9%	32.9%	33.9%	34.9%
Net loans to client deposits and notes	118.4%	115.5%	118.0%	118.4%	115.5%
Net loans to client deposits and notes + DFIs	103.2%	99.6%	103.4%	103.2%	99.6%
Leverage (times)	7.6	7.2	7.6	7.6	7.2
Asset Quality:					
NPLs (in GEL)	252,695	318,356	339,118	252,695	318,356
NPLs to gross loans to clients	2.1%	3.3%	2.9%	2.1%	3.3%
NPL coverage ratio	80.9%	90.5%	85.3%	80.9%	90.5%
NPL coverage ratio, adjusted for discounted value of collateral	139.6%	129.9%	129.3%	139.6%	129.9%
Cost of credit risk, annualised	0.2%	1.1%	0.5%	0.9%	1.6%
<i>RB Cost of credit risk</i>	0.2%	1.7%	0.9%	1.2%	2.1%
<i>CIB Cost of credit risk</i>	0.5%	-0.2%	-0.2%	0.2%	0.8%
Capital Adequacy:					
NBG (Basel III) CET1 capital adequacy ratio	11.5%	12.2%	11.1%	11.5%	12.2%
<i>Minimum regulatory requirement</i>	10.1%	9.5%	9.5%	10.1%	9.5%
NBG (Basel III) Tier I capital adequacy ratio	13.6%	12.2%	13.3%	13.6%	12.2%
<i>Minimum regulatory requirement</i>	12.2%	11.4%	11.6%	12.2%	11.4%
NBG (Basel III) Total capital adequacy ratio	18.1%	16.6%	16.8%	18.1%	16.6%
<i>Minimum regulatory requirement</i>	17.1%	15.9%	16.1%	17.1%	15.9%

* For the description of Key Ratios, refer to page 77

** 4Q18 and the full year 2019 ratios are adjusted for one-off employee costs related to termination benefits of the former CEO and executive management. The full year 2018 ratios are adjusted for one-off employee costs related to termination benefits of the former CEO, demerger related expenses and one-off impact of re-measurement of deferred tax balances

*** The full year 2019 results are adjusted for one-off employee costs related to termination benefits of the former executive management

KEY OPERATING DATA



Selected operating data:

	Dec-19	Dec-18	Sep-19
Total assets per FTE	2,515	1,995	2,402
Number of active branches, of which:	272	276	276
- Express branches (including Metro)	162	165	167
- Bank of Georgia branches	98	99	97
- Solo lounges	12	12	12
Number of ATMs	933	876	911
Number of cards outstanding, of which:	2,145,060	2,177,273	2,121,830
- Debit cards	1,749,524	1,630,235	1,674,105
- Credit cards	395,536	547,038	447,725
Number of POS terminals	21,870	16,870	21,088
Number of Express Pay terminals	3,217	3,115	3,231

FX Rates:

GEL/US\$ exchange rate (period-end)	2.8677	2.6766	2.9552
GEL/GBP exchange rate (period-end)	3.7593	3.3955	3.6319

Full time employees (FTE), of which:

	7,383	7,416	7,304
- Full time employees, BOG standalone	5,879	5,828	5,706
- Full time employees, BNB	565	669	584
- Full time employees, BB other	939	919	1,014

Shares outstanding

Ordinary shares	47,210,876	47,626,147	47,574,153
Treasury shares	1,958,552	1,543,281	1,595,275
Total shares outstanding	49,169,428	49,169,428	49,169,428

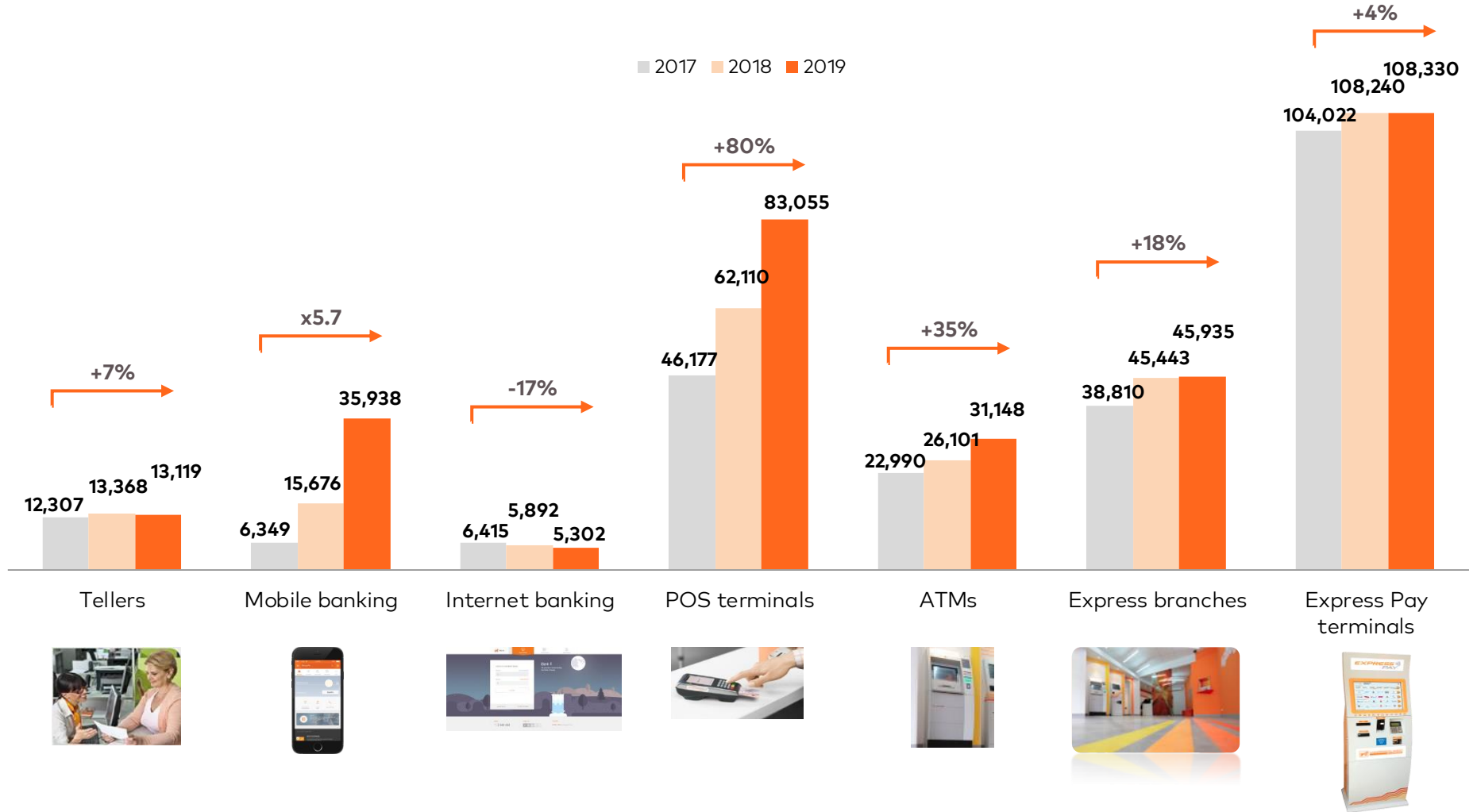


MULTICHANNEL PERFORMANCE



Number of Transactions '000s

■ 2017 ■ 2018 ■ 2019



SOLO - A FUNDAMENTALLY DIFFERENT APPROACH TO PREMIUM BANKING



At 31 December 2019, we were serving **54,542 Solo clients** through **12 Solo lounges**

SOLO Lounges



Solo offers:

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



Solo Club

Launched in 2Q17, a membership group within Solo, which offers exclusive access to Solo products and offers ahead of other Solo clients, continues to increase its client base. At 31 Dec 2019, Solo Club had 5,482 members, up 43.3% y-o-y and up 6.4% q-o-q

SOLO – THINKING AHEAD OF CUSTOMERS NEEDS



Banking

Customer-centric
approach
maximisation

Lifestyle

TOP AFFLUENT

Advisory services in
banking and lifestyle
solutions

MASS AFFLUENT

Personal banking
and lifestyle
offering



EDUCATION



TRAVEL

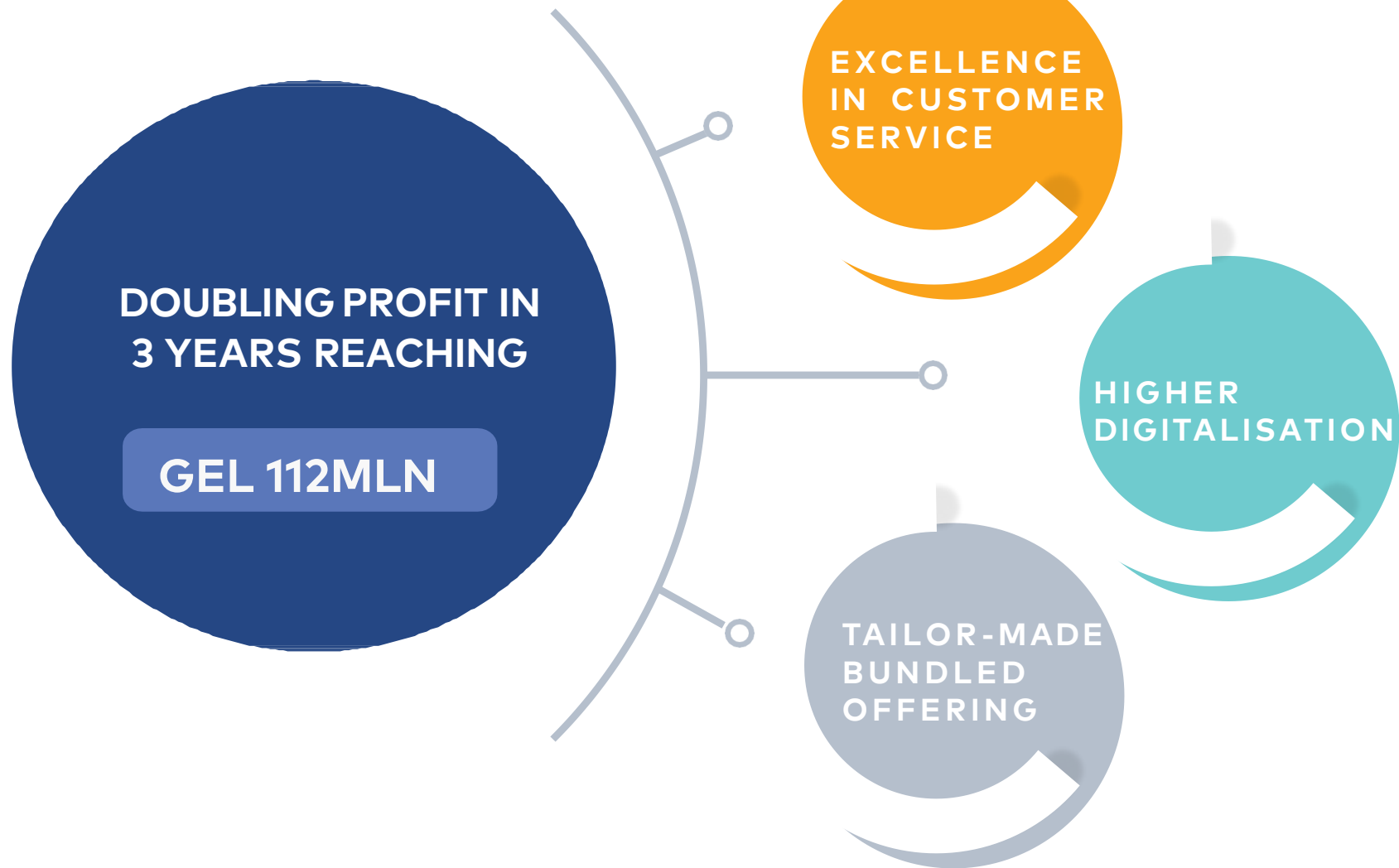


ENTERTAINMENT



HEALTH

SOLO - A MID-TERM KEY OBJECTIVE



RETAIL BANKING – CLIENT-CENTRIC MODEL



At 31 December 2019, we have **76** branches operating on our client-centric model



NOTES TO KEY RATIOS



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

**Registered Address**

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United Kingdom

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Secretary

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65 Gresham Street
London EC2V 7NQ
United Kingdom

Stock Listing

London Stock Exchange PLC's Main Market for listed securities
Ticker: "BGEO.LN"

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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

Investor Centre Web Address - www.investorcentre.co.uk
Investor Centre Shareholder Helpline - +44 (0)370 873 5866

Share price information

Shareholders can access both the latest and historical prices via the website,
www.bankofgeorgiagroup.com

