



BANK OF GEORGIA
HOLDINGS PLC

Bank of Georgia Overview

Speaker: Irakli Gilauri, CEO

September 2012

Discussion topics

Share price performance

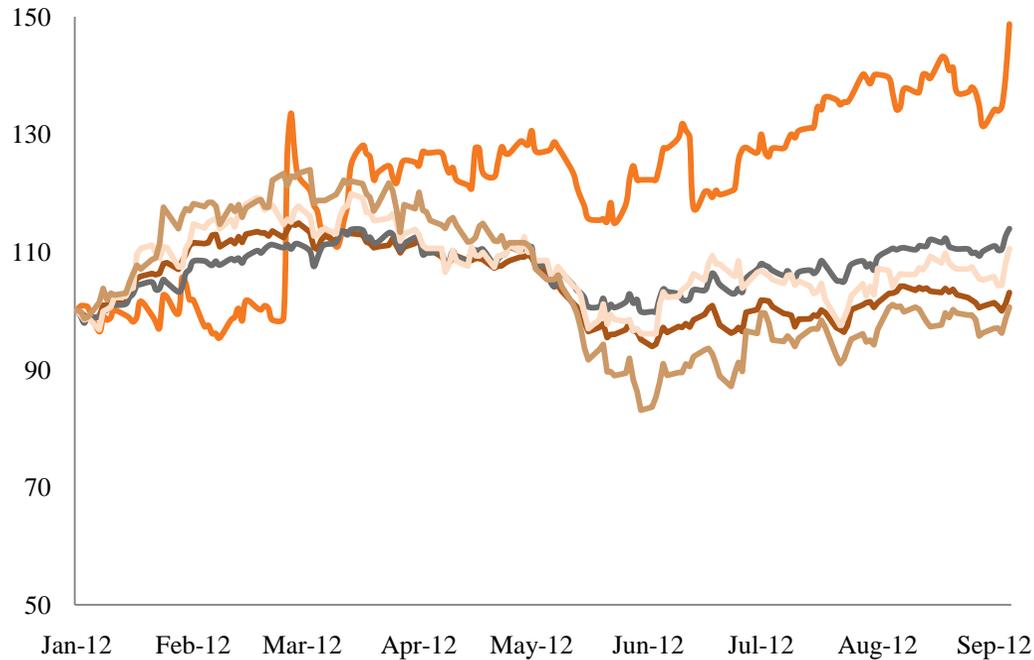
Corporate governance

Delivering on strategy targets as set out in February 2011

Competition

Financial performance

BGEO share price has outperformed the FTSE indices

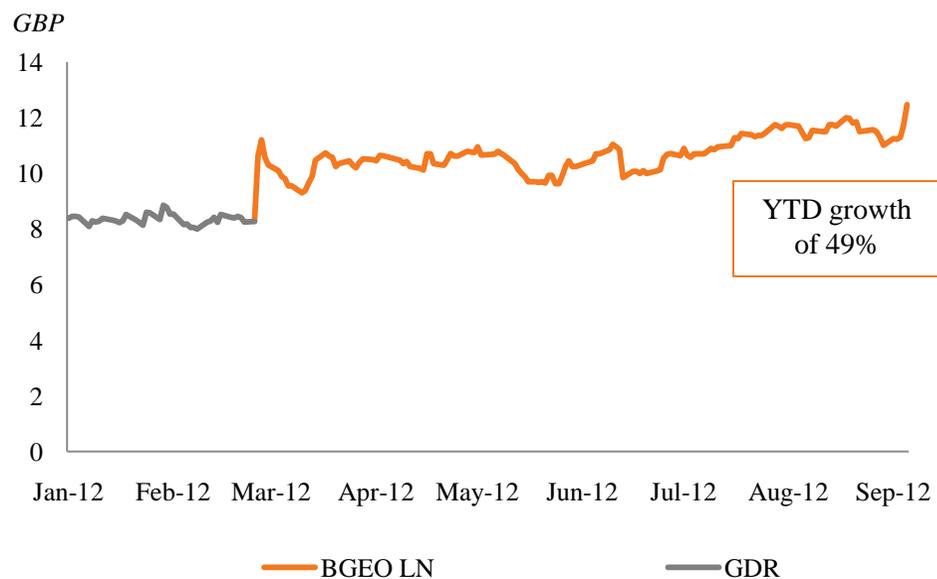


BGEO outperformed:

- MSCI EM Index by 46%
- FTSE 250 Index by 35%
- RTS Finances (Russia) by 48%
- UK Banks by 38%

— BGEO LN Equity
— MSCI EM Index
— FTSE 250 Index
— FTSE All Share UK Banks Index
— RTS Finances Index

Share price performance

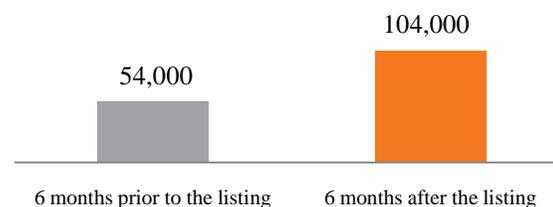


- Improvement of stock liquidity was the main reason behind the Premium Listing on the London Stock Exchange
- FTSE 250 inclusion positions us better to attract analyst coverage. At 7th September 2012 Bank of Georgia was ranked 220th in the FTSE 250 – market capitalisation of GBP 448 million
- Since the listing, 2 “bulge bracket” banks have initiated coverage on Bank of Georgia
- We are continuing to work with analysts and investors, aiming to increase the coverage and profile of BGH

Average daily trading volume

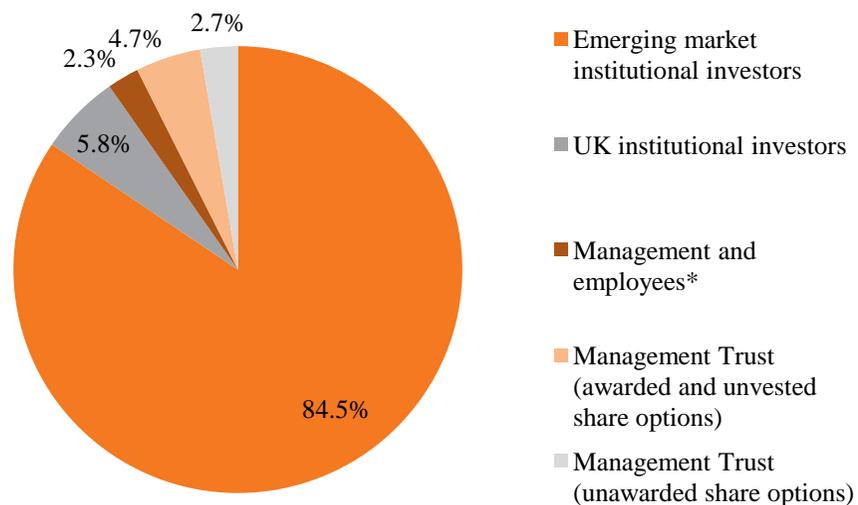


Average number of shares traded



Shareholders

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



- BGEO was included in FTSE 250 and FTSE All Share Indices from 18 June 2012, as announced by FTSE on 6 June 2012

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

Analyst coverage of Bank of Georgia Holdings plc

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

Consensus Target Price: GBP 15

2012 Net Profit Consensus: GEL 178 mln

Bank of America 
Merrill Lynch GBP 15.32

 **Oriental**
SECURITIES GBP 17.00


citi GBP 13.20


VTB Capital GBP 17.76

ING 
GBP 15.70

Renaissance
Capital GBP 13.80

seymour
pierce GBP 16.00

VisorCapital
US\$ 20.82


CONCORDE
CAPITAL GBP 14.69

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Robust corporate governance

Board of Directors of Bank of Georgia Holdings plc

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

- Neil Janin, Chairman of the Supervisory Board, Independent Director *experience: formerly director at McKinsey & Company in Paris; formerly co-chairman of the commission of the French Institute of Directors (IFA); formerly Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; Procter & Gamble in Toronto*
- David Morrison, Vice Chairman of the Supervisory Board, Independent Director *experience: senior partner at Sullivan & Cromwell LLP prior to retirement*
- Allan Hirst, Chairman of the Audit Committee, Independent Director *experience: 25 years at Citibank, including CEO of Citibank, Russia; various senior capacities at Citibank*
- Kaha Kiknavelidze, Independent Director *currently managing partner of Rioni Capital, London based investment fund; experience: previously Executive Director of Oil and Gas research team for UBS*
- Al Breach, Chairman of the Remuneration Committee, Independent Director *experience: Head of Research, Strategist & Economist at UBS; Russia and CIS economist at Goldman Sachs*
- Ian Hague, Managing partner and co-founder of Firebird Management LLC, EM hedge fund manager, c. US\$1.0 bn AUM
- Hanna Loikkanen, Representative of East Capital, Sweden-based asset manager focusing on Eastern Europe & China, EUR 3.4 bn AUM
- Irakli Gilauri, *formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland*

Audit Committee, 3 Independent Directors

Allan Hirst - Independent member, Chairman
David Morrison – Independent member
Kaha Kiknavelidze - Independent member

Remuneration Committee, 3 Independent Directors

Alasdair Breach - Independent member, Chairman
David Morrison – Independent member
Neil Janin – Independent member

Nomination Committee, 7 members, 5 Independent

Neil Janin – Independent member, Chairman
David Morrison – Independent member
Alasdair Breach – Independent member
Allan Hirst – Independent member
Kaha Kiknavelidze – Independent member
Ian Hague - member
Hanna Loikkanen - member

Robust corporate governance cont'd

Policies adopted or renewed

- 🏆 The Code of Conduct and Ethics
- 🏆 Anti-Bribery and Corruption
- 🏆 Environmental and Social
- 🏆 Risk Management (Renewed)
- 🏆 Director's Conflict Authorisation
- 🏆 Inside Information Disclosure
- 🏆 Share Dealing Code
- 🏆 Whistleblowing
- 🏆 Taking Independent Professional Advice
- 🏆 Policy on Non-Audit Services

Bank of Georgia Management Board

- 🏆 Executive Management Board led by JSC Bank of Georgia CEO
- 🏆 Management Board made up of CEO and seven Deputy CEOs in charge of Finance, Retail Banking, Corporate Banking, Asset & Wealth Management, Risk, Legal and Affordable Housing

Remuneration

- 🏆 Senior Executive Compensation Policy, adopted in 2010, applies to top nine executive members of Management Board.
- 🏆 Envisages guaranteed and discretionary awards of securities and no cash bonuses to be paid to such executives
- 🏆 Guaranteed and discretionary share options subject to four and two years vesting, respectively

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Delivery on strategy: Focus on the growing Georgian market

Restructuring &
Creation of a
Holding Co.

- 🏦 Tender Offer by Bank of Georgia Holdings PLC accepted by 98%+ shareholders
- 🏦 BGEO listed on the Premium Segment of the LSE

Delivered

ROAE of 20% by
YE 2013

- 🏦 Accomplished in 2011: ROAE 18.3%
- 🏦 1H 2012: ROAE 19.6%
- 🏦 EPS in 1H 2012 of GBP 0.99, up 28.6% y-o-y

On track

Double loan book by
YE 2013

- 🏦 YE 2010 loan book of US\$ 1,242.4 mln*
- 🏦 1H 2012 loan book of US\$ 1,777.0 mln, up by 43.1%
- 🏦 Improved asset quality: Cost of Risk of 0.9% in 1H 2012, compared to 2.1% at YE 2010

On track

Deposit funding

- 🏦 YE 2010 client deposits of US\$ 1,131 mln
- 🏦 1H 2012 client deposits of US\$ 1,667 mln, up by 47%
- 🏦 Net Loan to Deposit ratio down to 106.6% as of 30 June 2012 from 118.0% as of 31 December 2010 and from 174.4% in Q2 2009

On track

* Bank of Georgia standalone

Delivery on strategy: Focus on the growing Georgian market

Improved efficiency

-  Cost to Income Ratio 2010: 57.6%
-  Cost to Income Ratio 1H 2012: 45.6%
-  Positive operating leverage*: 1H 2012: 18.2%

Delivered

Maintain market share

 Market shares:	2010	June 2012
	%	%
Loans	35.9	35.9
Client deposits	32.2	37.2
Equity	40.5	41.7

On track

Progressive dividend policy

-  2010 dividend paid in 2011: GEL 0.30/GBP 0.11 per share
-  2011 dividend paid in 2012: GEL 0.70/GBP 0.27 per share

On track

** 1H 2011 performance adjusted for gains from Belarusian currency hedge of GEL 20.1 million*

Delivery on strategy: Focus on the growing Georgian market

Non-core
BNB: focus on ROAE

Divestment: Liberty
Consumer

BNB

 ROAE of 17.6% in 1H 2012, up from 4.1% in 2010

 1H 2012 net profit of US\$ 2.1 mln

 Equity of US\$ 25.1 mln

Divestment

 The only meaningful remaining non-core interest is Teliani Valley, with equity of US\$ 8.5 mln

Delivered

Insurance &
Healthcare

 Focus on ROAE. 25% ROAE targeted in 2010 for 2013. In 1H 2012 delivered 25.6% ROAE

 Double market share (by 2013). Delivered in 1H 2012

On track

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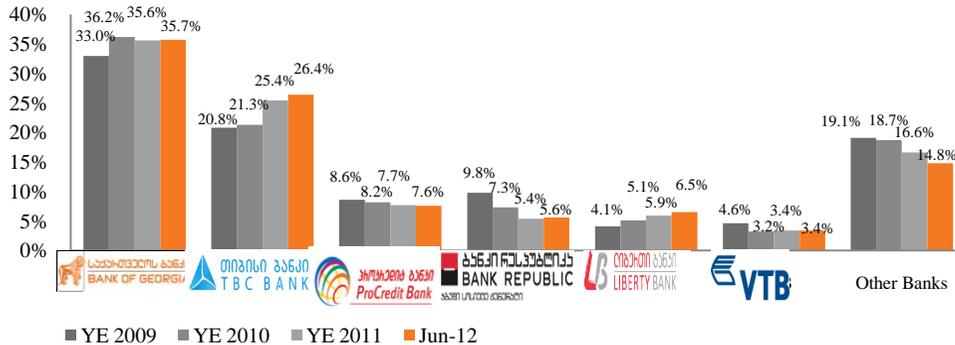
Delivering on strategy targets as set out in February 2011

Competition

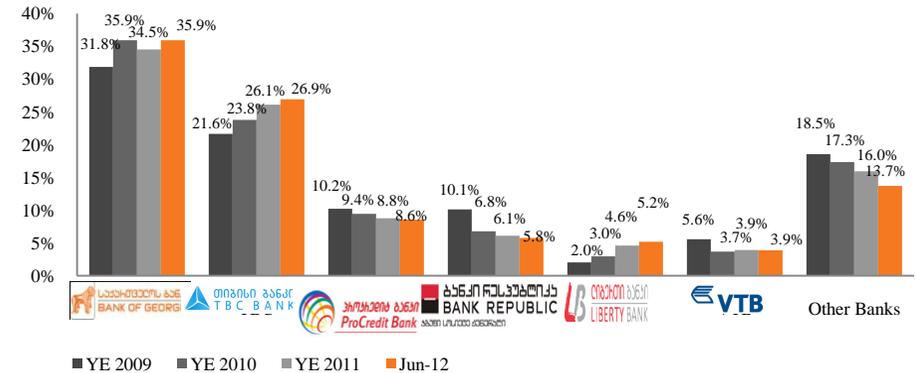
Financial performance

Competitors

Peer group's market share in total assets

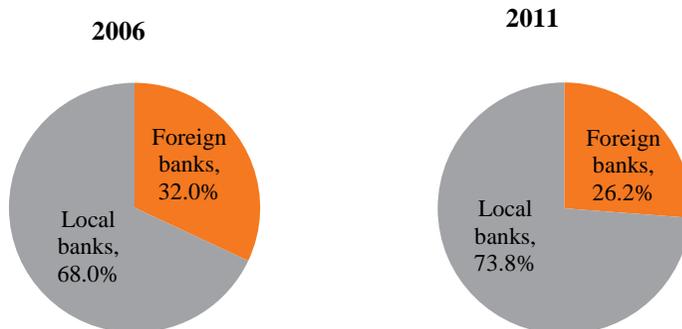


Peer group's market share in gross loans

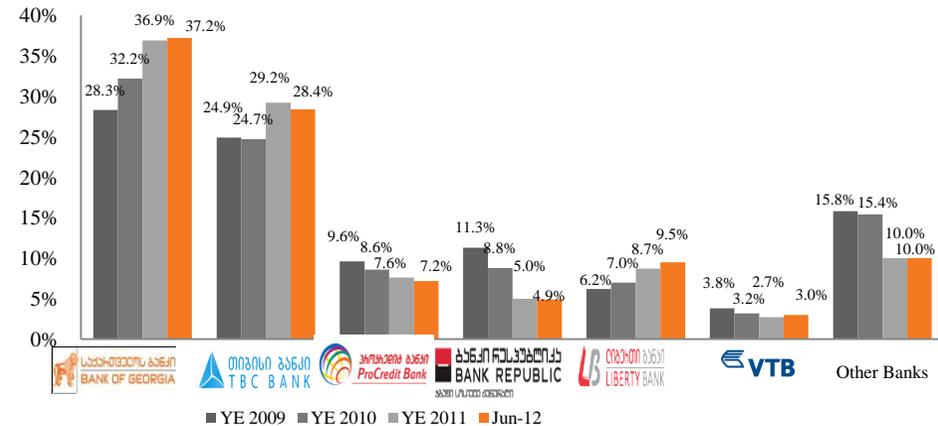


Foreign banks market share by assets

No state ownership of commercial banks since 1994



Peer group's market share in client deposits



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

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Key highlights

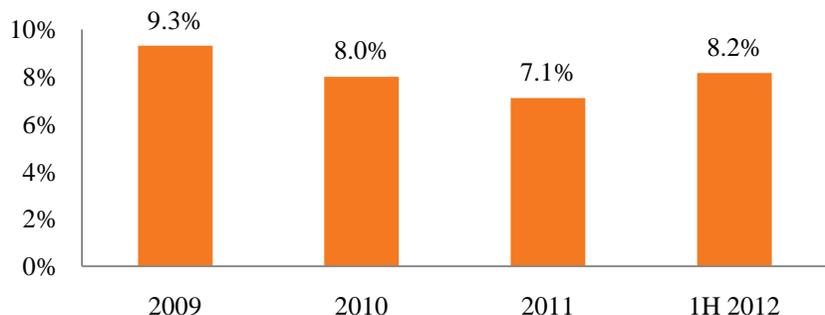
Positive operating leverage maintained with strong profitability

Diversified asset base

Excellent funding and capital position

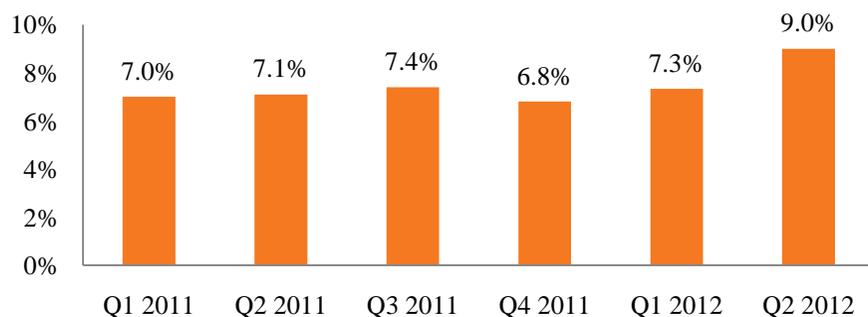
Improvements in NIM leads to record 1H 2012 profit

Net Interest Margin, annual

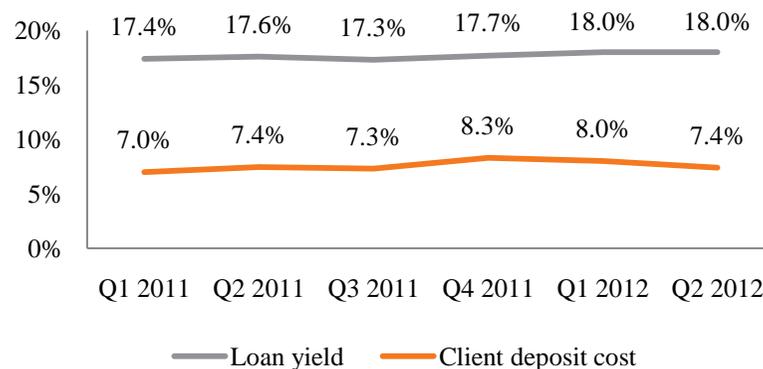


- The Q2 2012 NIM growth by 1.7 percentage points driven by reduced cost of deposits by 70 basis points in Q2 2012 and improved loan yields
- Increase in lending led to 15.6% y-o-y growth of interest income, compared to 9.5% y-o-y growth of interest expense
- Decline of costly international borrowings by 17.9% y-o-y contributed to the lower growth rate of interest expense

Net Interest Margin, quarterly

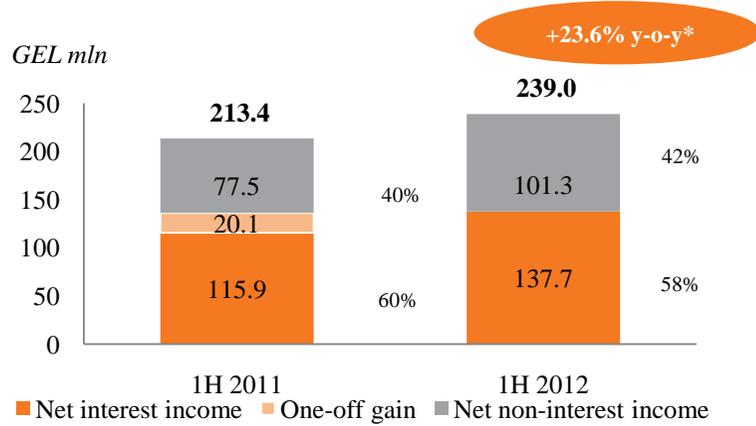


Loan yields and deposit costs, quarterly

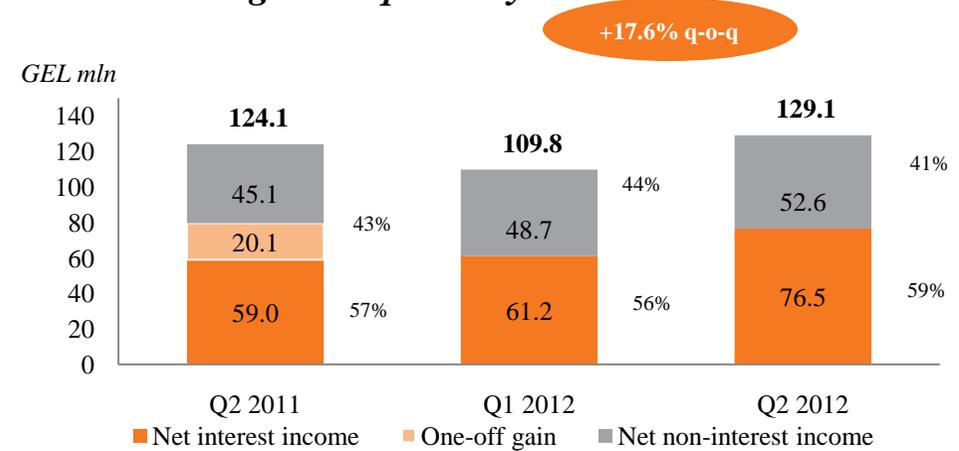


Strengthening operating leverage

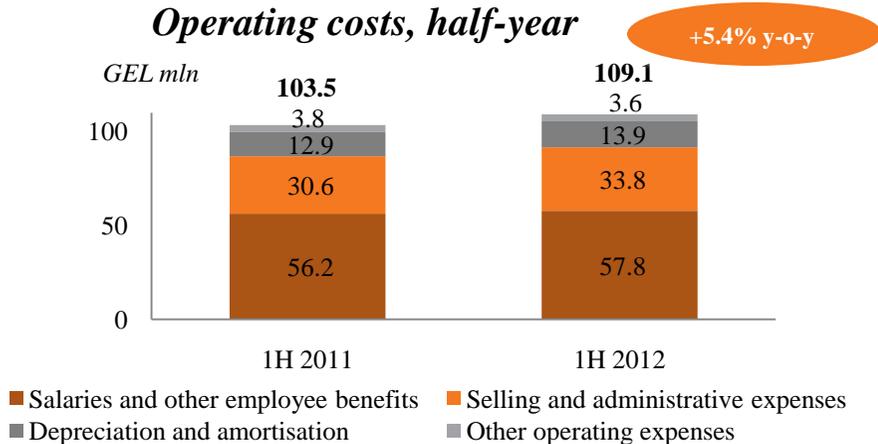
Revenue growth, half-year



Revenue growth quarterly



Operating costs, half-year



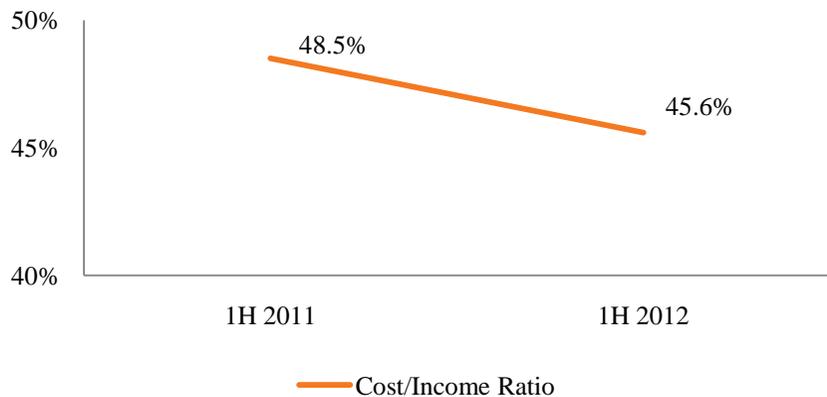
Strong revenue growth driven by rising NIM and non-interest income (40% of revenue), while at the same time containing costs

Effect of scaling-up the business is materialising

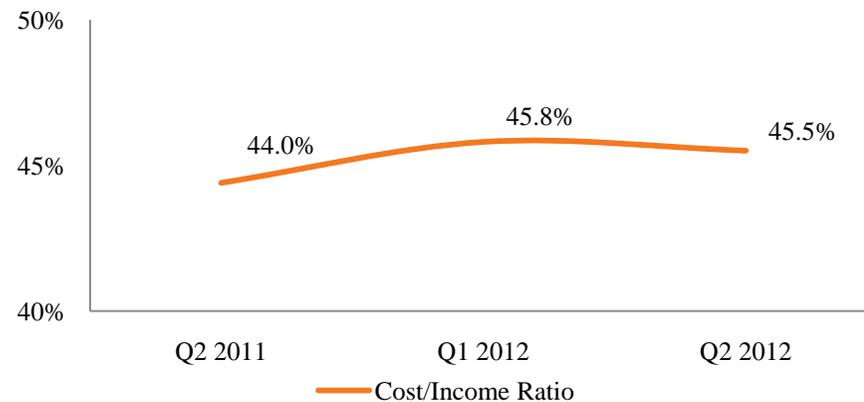
*Revenue in 2011 and revenue growth rates adjusted for one-off gains from BYR hedge

Improving efficiency

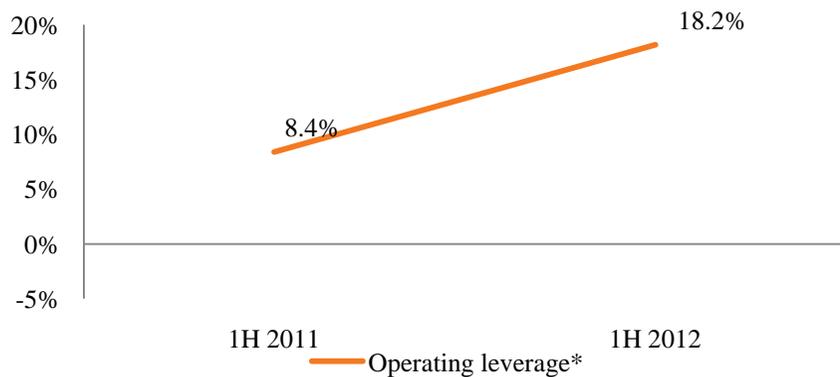
Cost / Income ratio, half-year



Cost / Income ratio, quarterly



Operating leverage, half-year



* 2011 excludes one-off gain from Belarus currency, BYR, hedge

Key highlights

Positive operating leverage maintained with strong profitability

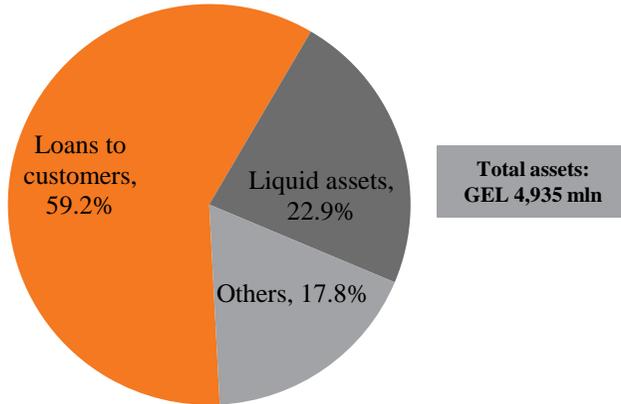
Diversified asset base

Excellent funding and capital position

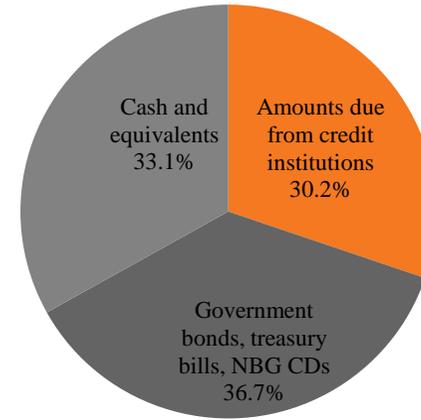
Diversified asset structure

Total asset structure, 30 June 2012

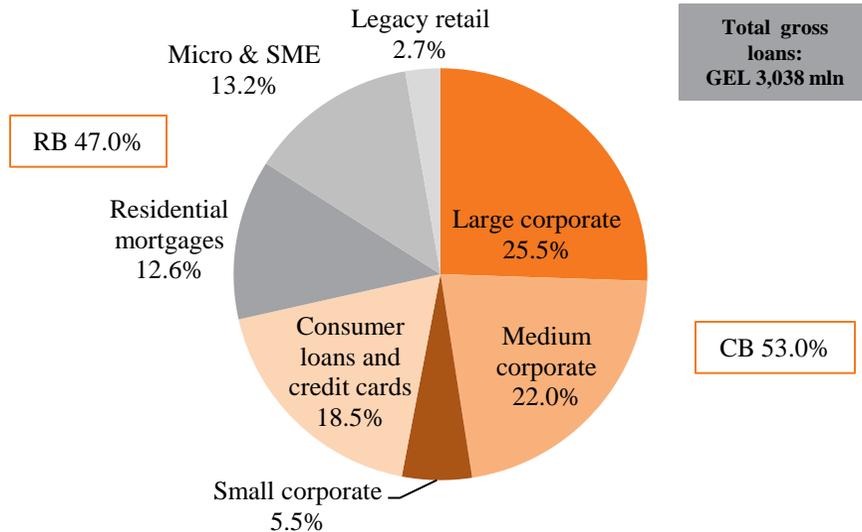
Liquid assets
GEL 1,132.5 mln,
22.9% of total
assets and 28.5%
of total liabilities



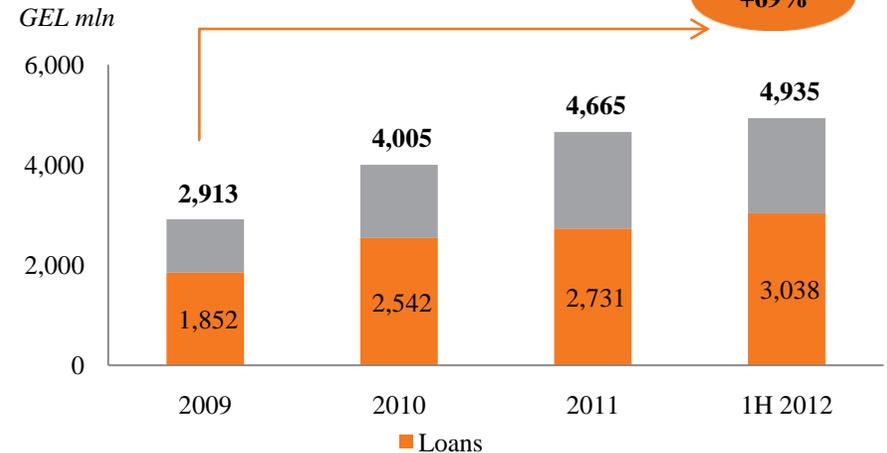
Liquid assets, 30 June 2012



Gross loans breakdown, 30 June 2012



Asset growth, 30 June 2012



Key highlights

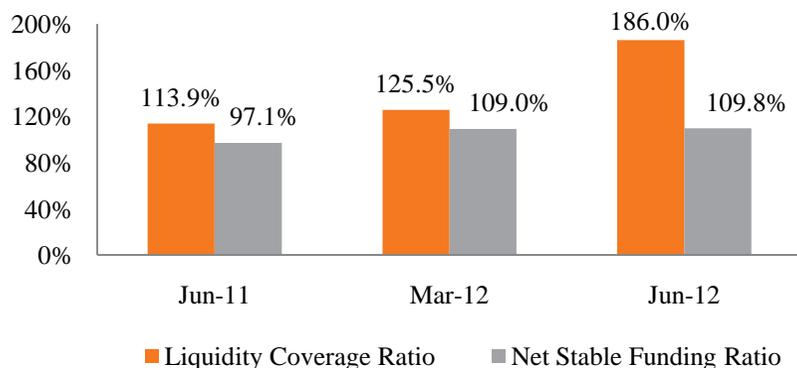
Positive operating leverage maintained with strong profitability

Diversified asset base

Excellent funding and capital position

Strong liquidity

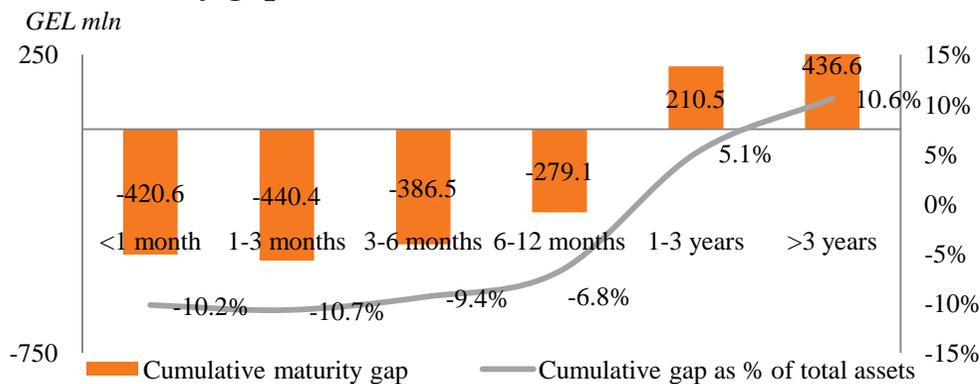
Liquidity coverage ratio & net stable funding ratio



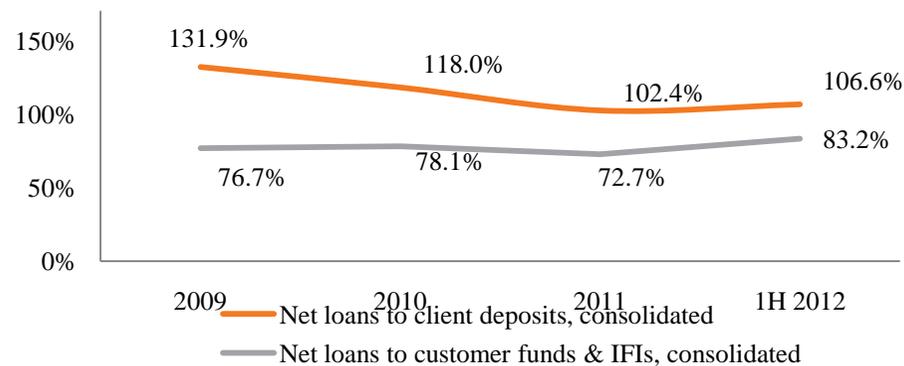
Liquid assets to total liabilities



Maturity gap

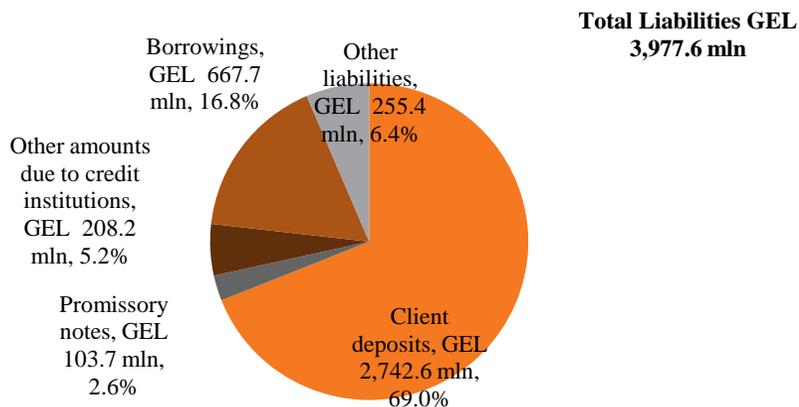


Net loans to client deposits and net loans to customer funds & IFIs

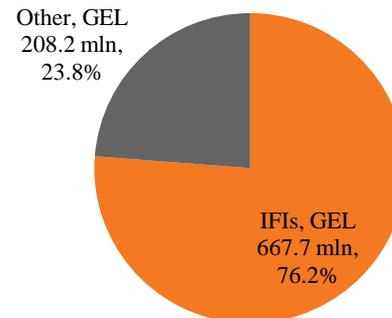


Funding structure is well-balanced, 30 June 2012

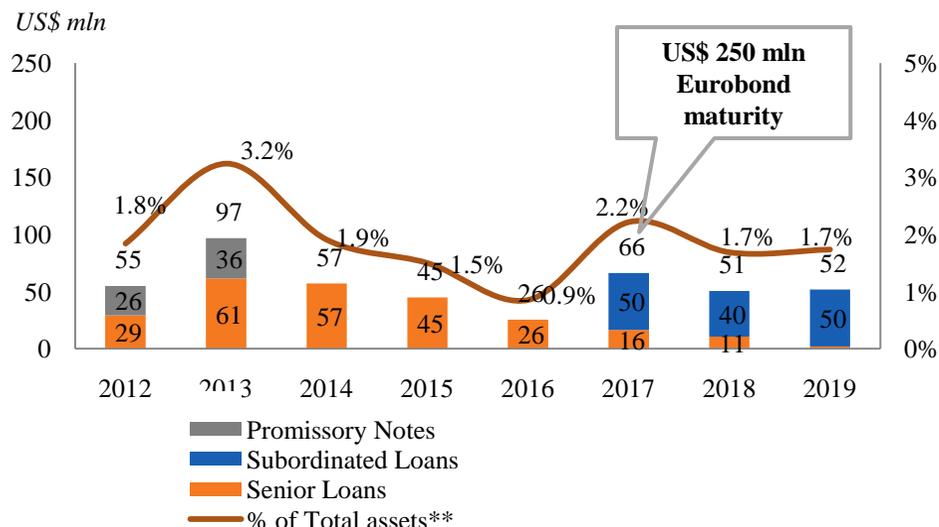
Liability structure



Well diversified borrowings



Borrowed funds maturity breakdown*



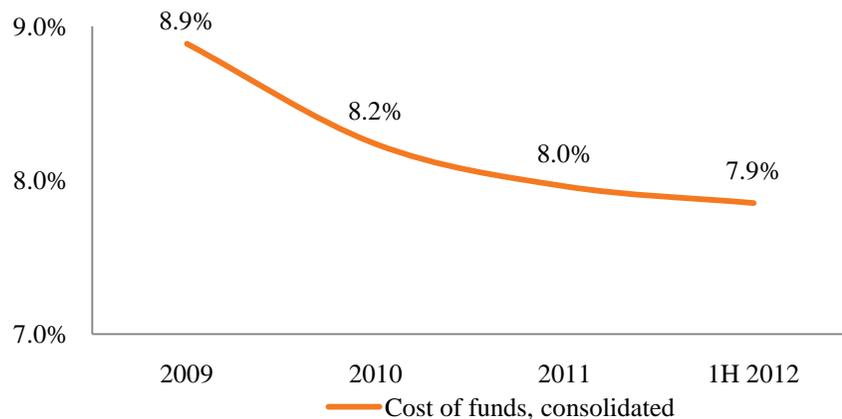
Amounts due to credit institutions

- ☐ The Bank has a well-balanced funding structure with 72% of total liabilities coming from customer funds and 17% from International Financial Institutions (IFIs) as of 30 June 2012
- ☐ The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as IFIs, such as EBRD, IFC, DEG, Asian Development Bank, etc.
- ☐ As of 30 June 2012, US\$100 mln undrawn facilities from IFIs with five to six year maturities

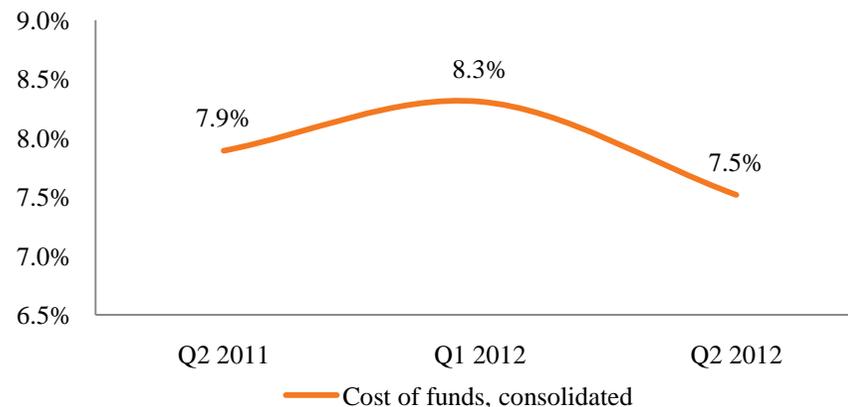
* Consolidated, converted at GEL/US\$ exchange rate of 1.6451 as of 30 June 2012
 ** Total Assets as of 30 June 2012

Cost of funds and loans to deposits

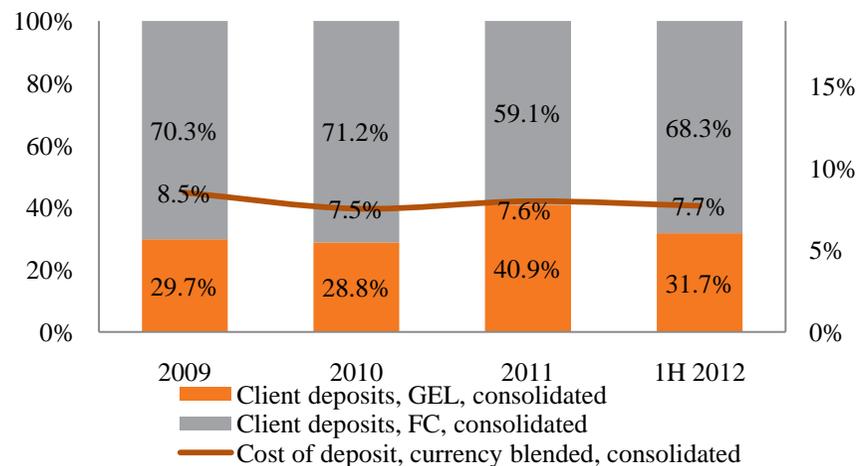
Cost of funds, annual



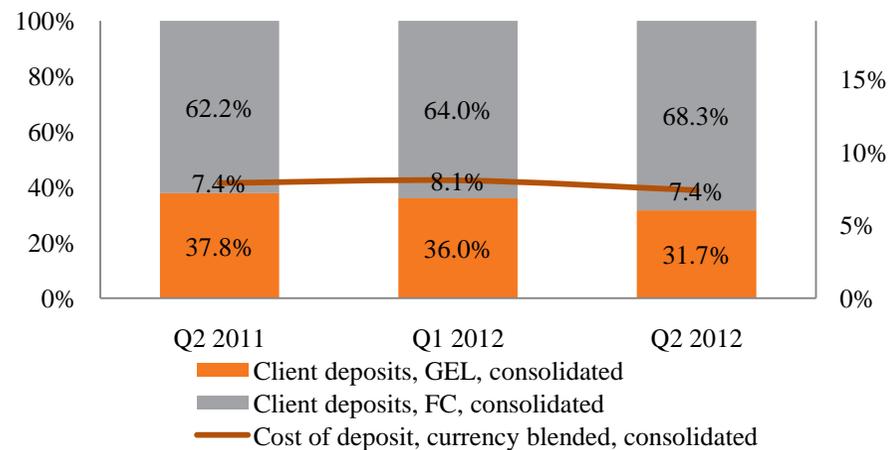
Cost of funds, quarterly



Cost of deposits, annual



Cost of deposits, quarterly

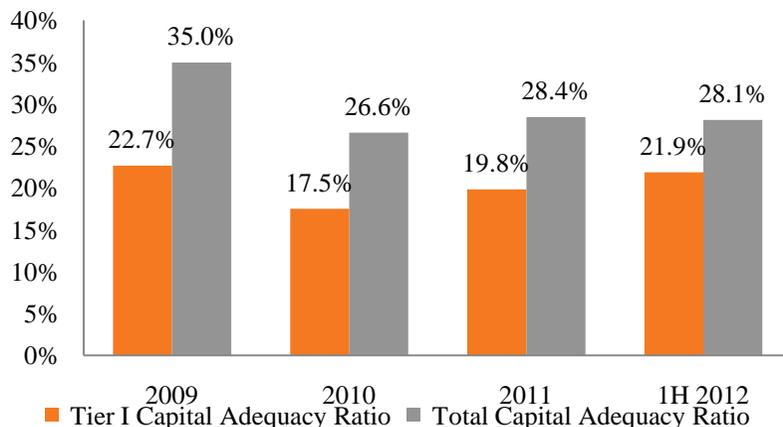


Excellent capital adequacy position

BIS capital adequacy ratios, Consolidated

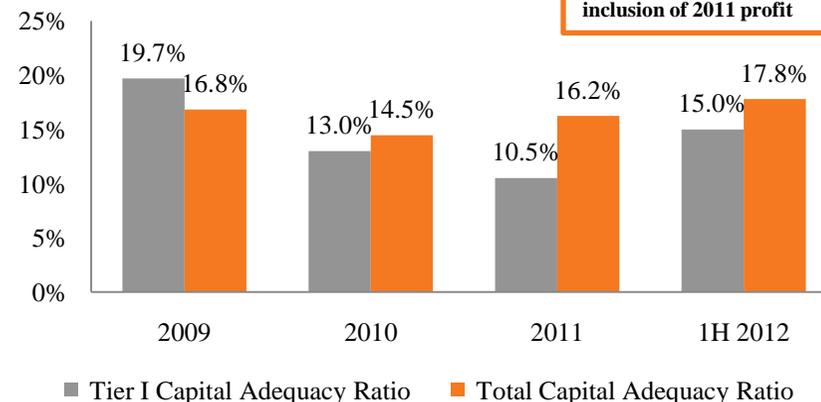
Risk weighting of FX denominated loans at 175% according to the National Bank of Georgia standards

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

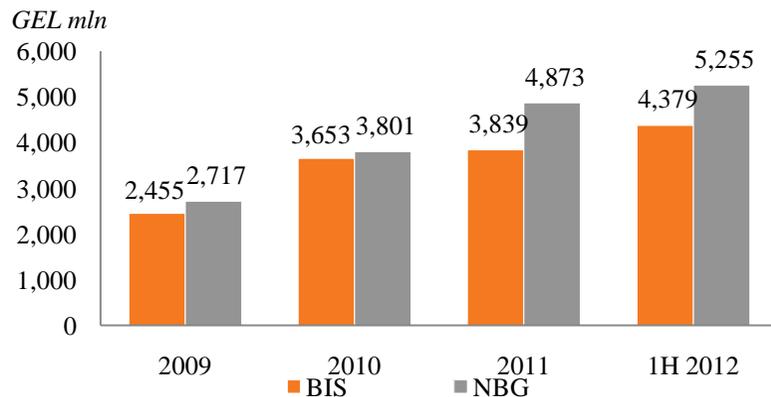


NBG capital adequacy ratios, Standalone

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



Risk-weighted assets BIS vs. NBG



NBG Tier I Capital and Total Capital

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

Q&A

Forward Looking Statements

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

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