



INVESTMENT
PLATFORM

CAPTURING GROWTH OPPORTUNITIES

Investor Presentation: 3Q17 & 9M17 results

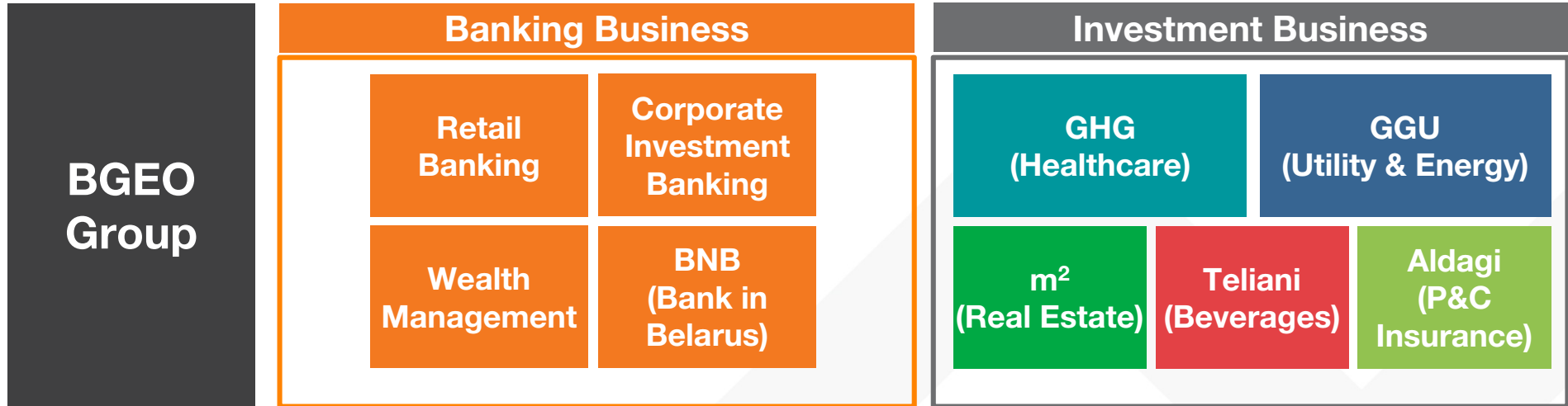
www.bgeo.com

Disclaimer

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 BGEO 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; corporate loan portfolio exposure risk; regional tensions; regulatory risk; cyber security, information systems and financial crime risk; investment business strategy risk; and other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports, including the 'Principal Risks and Uncertainties' included in BGEO Group PLC's Annual Report and Accounts 2016 and in its Half Year 2017 Results announcement. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in BGEO Group PLC or any other entity, including any future entity such as BGEO Investments PLC or Bank of Georgia PLC, and must not be relied upon in any way in connection with any investment decision. BGEO Group PLC undertakes 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.

CONTENT

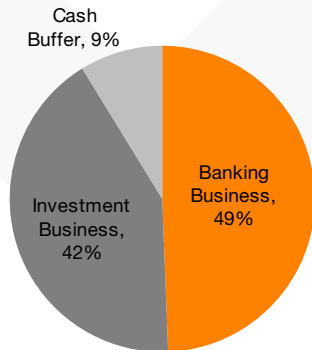
| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| Georgian Macro Overview | 96 |
| Appendices | 117 |



Capital Allocation¹ (9M 2017, GELmIn)

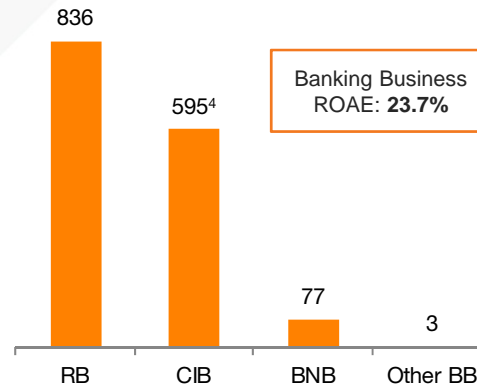
Total Capital – GEL 3,075mIn

GEL 269mIn at 30 September 2017, of which GEL 10.5mIn is pledged as collateral for borrowings from Georgian commercial banks

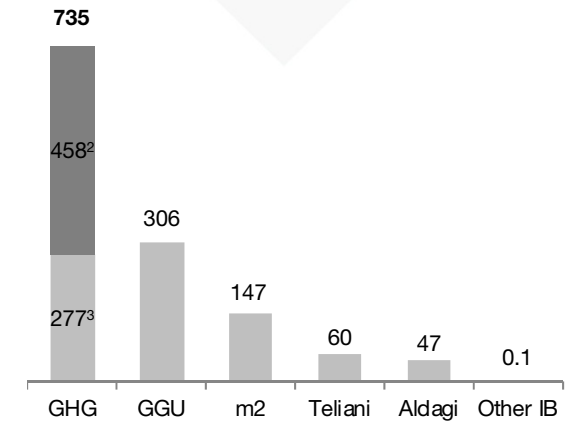


Capital allocated to BB – GEL 1,511mIn

9M17 ROAE 29.1% 17.1% 12.3% n.m.



Capital allocated to IB – GEL 1,295mIn



1. Comprises the sum of the following items: a book value of equity attributable to shareholders of BGEO Group of GEL 2,363mIn, GEL 458mIn market value adjustment to GHG's equity's book value and long term borrowing of GEL 254mIn.
2. Market value of BGEO Group's equity interests in GHG as of 30 September 2017.
3. Book value of GHG's Equity attributable to shareholders of the BGEO Group.
4. Corporate Investment Banking and Wealth Management are presented together under CIB

BGEO Group profit contribution



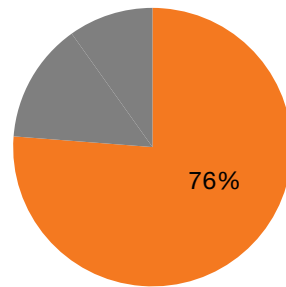
Data for 9M17
unless otherwise stated

At a glance

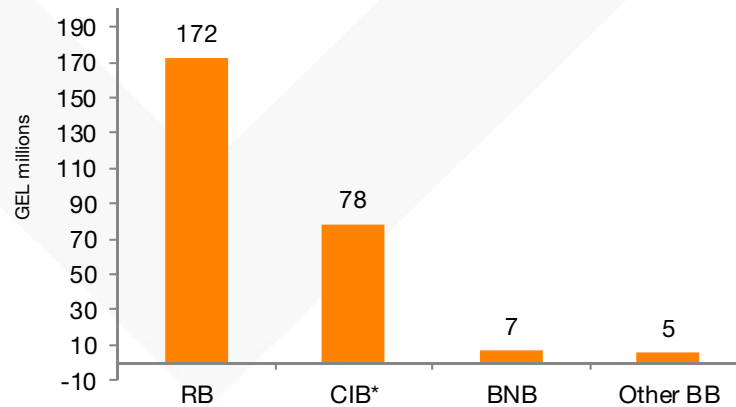
By businesses

9M 2017 Profit - GEL 345mln

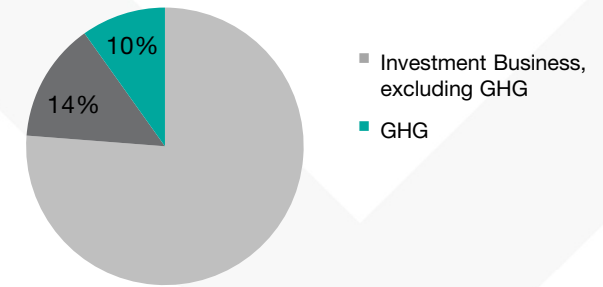
Banking Business



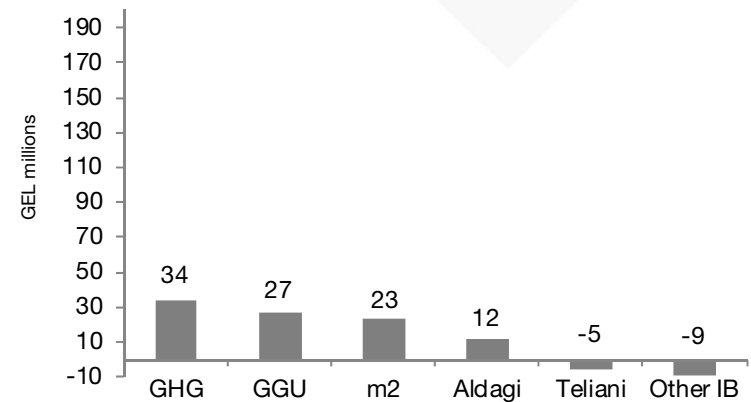
GEL 262mln



Investment Business



GEL 83mln

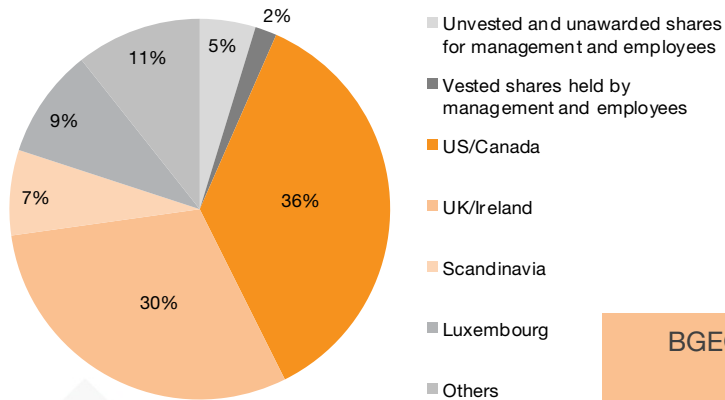


* Corporate Investment Banking and Wealth Management are presented together under CIB

BGEO shareholder structure and share price

BGEO shareholder structure

As of 29 September 2017



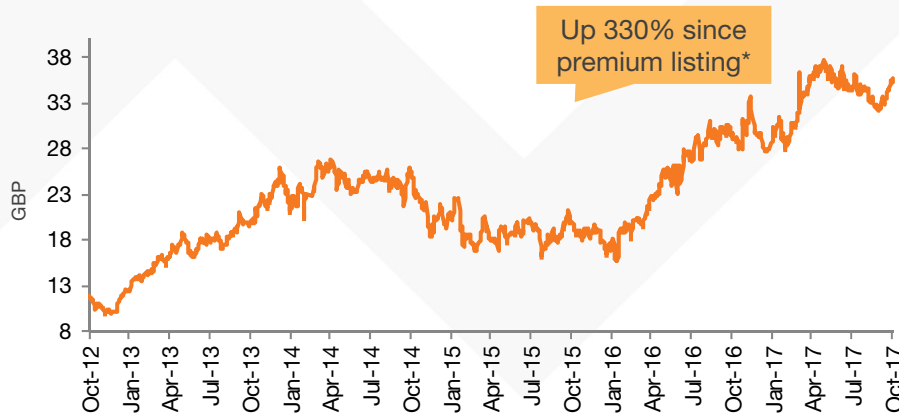
BGEO has been included in the **FTSE 250** and **FTSE All-share Index Funds** since 18 June 2012

BGEO top shareholders

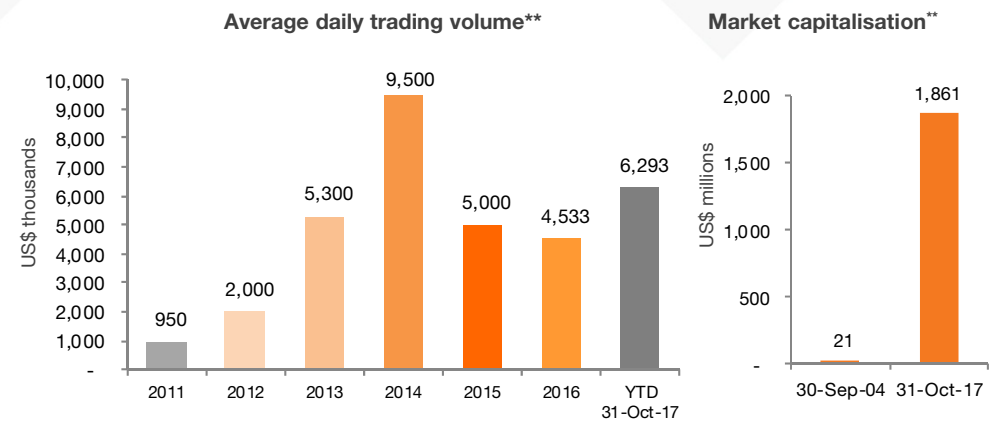
As of 29 September 2017

| Rank | Shareholder name | Ownership |
|------|-----------------------------------|-----------|
| 1 | Harding Loevner LP | 8.40% |
| 2 | Schroder Investment Management | 4.53% |
| 3 | LGM Investments Ltd | 3.42% |
| 4 | Westwood International Advisors | 3.37% |
| 5 | Norges Bank Investment Management | 3.28% |
| 6 | JP Morgan Asset Management | 3.02% |

BGEO share price performance



x154 growth in market capitalisation



Note*: Share price change calculated from the last price of BGEO LI on 27 February 2012 to the price of BGEO LN on 31 October 2017

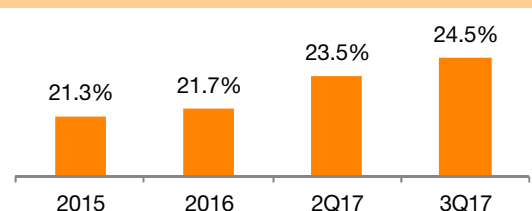
Note**: Source: Bloomberg

Successful track record of delivering strong results

Banking Business

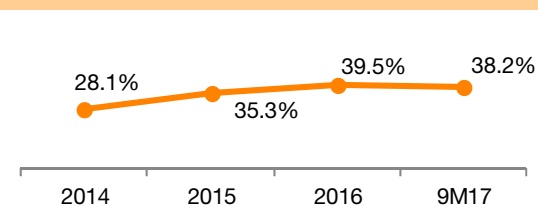
1

**ROAE
20%+**



2

**Retail loan
book growth
20%+**



Investment Business

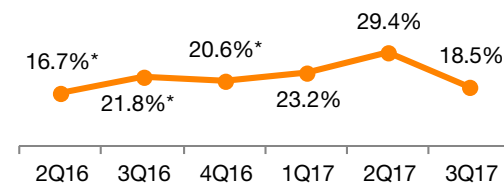
3

**Min. IRR
of 20%**

**121% IRR from GHG IPO
75% IRR from m² Real Estate
projects**

4

**Profit
up to 20%****



Solid Capital Return Track Record



Regular Dividends

- **Regular dividends:** linked to recurring profit from Banking Business. Aiming 25-40% dividend payout ratio
- **GEL 435.2mln** cash dividend paid since 2010 resulting in **DPS CAGR'10-16 of 43.3%** and **payout ratio above 30%** over past 5 years



Management trust buybacks

- **GEL 128.7mln** share buy-backs since 2015
- In 2017YTD, we repurchased GEL40mln



Share Buyback & Cancellation

- Existing **US\$50mln** share buy back program to be implemented over 2 years is in place with no changes
- In 2017YTD, we repurchased US\$ 5.0mln

BGEO Group results highlights

Quarterly P&L

| GEL thousands unless otherwise noted | BGEO Consolidated | | | | | Banking Business | | | | | Investment Business | | | | |
|---|-------------------|------------------|---------------|------------------|--------------|------------------|-----------------|--------------|-----------------|--------------|---------------------|-----------------|---------------|-----------------|---------------|
| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q |
| Net banking interest income | 168,603 | 136,357 | 23.6% | 160,099 | 5.3% | 167,788 | 137,753 | 21.8% | 160,308 | 4.7% | - | - | - | - | - |
| Net fee and commission income | 32,754 | 30,327 | 8.0% | 31,027 | 5.6% | 33,141 | 30,723 | 7.9% | 31,402 | 5.5% | - | - | - | - | - |
| Net banking foreign currency gain | 19,614 | 21,567 | -9.1% | 19,282 | 1.7% | 19,614 | 21,567 | -9.1% | 19,282 | 1.7% | - | - | - | - | - |
| Net other banking income | 2,375 | 3,822 | -37.9% | 780 | NMF | 2,653 | 4,168 | -36.3% | 1,047 | 153.4% | - | - | - | - | - |
| Gross insurance profit | 9,997 | 9,687 | 3.2% | 9,418 | 6.1% | - | - | - | - | - | 10,753 | 10,317 | 4.2% | 10,010 | 7.4% |
| Gross healthcare and pharmacy profit | 50,793 | 35,517 | 43.0% | 51,333 | -1.1% | - | - | - | - | - | 50,793 | 35,517 | 43.0% | 51,333 | -1.1% |
| Gross real estate profit | 4,147 | 10,040 | -58.7% | 22,679 | -81.7% | - | - | - | - | - | 4,404 | 10,040 | -56.1% | 22,914 | -80.8% |
| Gross utility and energy profit | 25,853 | 16,942 | 52.6% | 21,935 | 17.9% | - | - | - | - | - | 25,942 | 17,011 | 52.5% | 22,032 | 17.7% |
| Gross other investment profit | 16,256 | 5,172 | NMF | 13,864 | 17.3% | - | - | - | - | - | 16,248 | 5,247 | NMF | 13,794 | 17.8% |
| Revenue | 330,392 | 269,431 | 22.6% | 330,417 | 0.0% | 223,196 | 194,211 | 14.9% | 212,039 | 5.3% | 108,140 | 78,132 | 38.4% | 120,083 | -9.9% |
| Operating expenses | (135,559) | (101,363) | 33.7% | (133,071) | 1.9% | (85,354) | (72,623) | 17.5% | (80,786) | 5.7% | (51,729) | (30,100) | 71.9% | (53,590) | -3.5% |
| Operating income before cost of credit risk / EBITDA | 194,833 | 168,068 | 15.9% | 197,346 | -1.3% | 137,842 | 121,588 | 13.5% | 131,253 | 4.8% | 56,411 | 48,032 | 17.4% | 66,493 | -15.2% |
| Profit from associates | 167 | 256 | -34.8% | 606 | -72.4% | 147 | - | NMF | 394 | -62.7% | 20 | 256 | -92.2% | 212 | -90.6% |
| Depreciation and amortisation of investment business | (13,739) | (9,755) | 40.8% | (12,787) | 7.4% | - | - | - | - | - | (13,739) | (9,755) | 40.8% | (12,787) | 7.4% |
| Net foreign currency loss from investment business | (6,470) | (1,291) | NMF | (64) | NMF | - | - | - | - | - | (6,470) | (1,291) | NMF | (64) | NMF |
| Interest income from investment business | 1,266 | 2,198 | -42.4% | 1,783 | -29.0% | - | - | - | - | - | 4,367 | 2,304 | 89.5% | 3,513 | 24.3% |
| Interest expense from investment business | (11,898) | (8,878) | 34.0% | (13,385) | -11.1% | - | - | - | - | - | (14,419) | (10,536) | 36.9% | (15,515) | -7.1% |
| Operating income before cost of credit risk | 164,159 | 150,598 | 9.0% | 173,499 | -5.4% | 137,989 | 121,588 | 13.5% | 131,647 | 4.8% | 26,170 | 29,010 | -9.8% | 41,852 | -37.5% |
| Cost of credit risk | (38,818) | (35,591) | 9.1% | (42,645) | -9.0% | (36,832) | (34,340) | 7.3% | (40,016) | -8.0% | (1,986) | (1,251) | 58.8% | (2,629) | -24.5% |
| Profit before non-recurring items and income tax | 125,341 | 115,007 | 9.0% | 130,854 | -4.2% | 101,157 | 87,248 | 15.9% | 91,631 | 10.4% | 24,184 | 27,759 | -12.9% | 39,223 | -38.3% |
| Net non-recurring items | (2,312) | 35,157 | NMF | (2,708) | -14.6% | (1,376) | 3,471 | NMF | (1,017) | 35.3% | (936) | 31,686 | NMF | (1,691) | -44.6% |
| Profit before income tax expense | 123,029 | 150,164 | -18.1% | 128,146 | -4.0% | 99,781 | 90,719 | 10.0% | 90,614 | 10.1% | 23,248 | 59,445 | -60.9% | 37,532 | -38.1% |
| Income tax expense | (10,188) | (8,614) | 18.3% | (4,520) | 125.4% | (7,850) | (4,853) | 61.8% | (3,284) | 139.0% | (2,338) | (3,761) | -37.8% | (1,236) | 89.2% |
| Profit | 112,841 | 141,550 | -20.3% | 123,626 | -8.7% | 91,931 | 85,866 | 7.1% | 87,330 | 5.3% | 20,910 | 55,684 | -62.4% | 36,296 | -42.4% |
| Earnings per share (basic) | 2.82 | 3.55 | -20.6% | 3.10 | -9.0% | 2.43 | 2.22 | 9.5% | 2.30 | 5.6% | 0.39 | 1.33 | -70.6% | 0.80 | -51.1% |
| Earnings per share (diluted) | 2.70 | 3.55 | -23.9% | 2.98 | -9.4% | 2.33 | 2.22 | 4.8% | 2.21 | 5.2% | 0.37 | 1.33 | -71.9% | 0.77 | -51.3% |

* Note: Banking Business and Investment Business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations are provided in annex on pages 117-118.

BGEO Group results highlights

Nine months P&L

| GEL thousands unless otherwise noted | BGEO Consolidated | | | Banking Business | | | Investment Business | | |
|---|-------------------|------------------|--------------|------------------|------------------|--------------|---------------------|-----------------|---------------|
| | 9M17 | 9M16 | Change y-o-y | 9M17 | 9M16 | Change y-o-y | 9M17 | 9M16 | Change y-o-y |
| Net banking interest income | 489,037 | 393,069 | 24.4% | 488,976 | 396,001 | 23.5% | - | - | - |
| Net fee and commission income | 93,567 | 87,280 | 7.2% | 94,736 | 88,140 | 7.5% | - | - | - |
| Net banking foreign currency gain | 58,596 | 55,496 | 5.6% | 58,596 | 55,496 | 5.6% | - | - | - |
| Net other banking income | 5,937 | 8,962 | -33.8% | 6,715 | 10,045 | -33.2% | - | - | - |
| Gross insurance profit | 29,638 | 24,512 | 20.9% | - | - | - | 31,548 | 26,899 | 17.3% |
| Gross healthcare and pharmacy profit | 154,468 | 92,641 | 66.7% | - | - | - | 154,468 | 92,641 | 66.7% |
| Gross real estate profit | 29,545 | 18,453 | 60.1% | - | - | - | 30,293 | 18,453 | 64.2% |
| Gross utility and energy profit | 65,233 | 16,942 | NMF | - | - | - | 65,502 | 17,011 | 285.1% |
| Gross other investment profit | 34,416 | 12,124 | NMF | - | - | - | 34,326 | 12,242 | 180.4% |
| Revenue | 960,437 | 709,479 | 35.4% | 649,023 | 549,682 | 18.1% | 316,137 | 167,246 | 89.0% |
| Operating expenses | (389,371) | (272,858) | 42.7% | (243,193) | (207,708) | 17.1% | (150,306) | (69,186) | 117.2% |
| Operating income before cost of credit risk / EBITDA | 571,066 | 436,621 | 30.8% | 405,830 | 341,974 | 19.0% | 165,831 | 98,060 | 69.1% |
| Profit from associates | 1,287 | 4,074 | -68.4% | 1,055 | - | NMF | 232 | 4,074 | -94.3% |
| Depreciation and amortisation of investment business | (37,997) | (19,823) | 91.7% | - | - | - | (37,997) | (19,823) | 91.7% |
| Net foreign currency loss from investment business | (5) | (4,687) | -99.9% | - | - | - | (5) | (4,687) | -99.9% |
| Interest income from investment business | 4,801 | 3,539 | 35.7% | - | - | - | 10,879 | 4,737 | 129.7% |
| Interest expense from investment business | (35,590) | (12,757) | NMF | - | - | - | (42,263) | (17,368) | 143.3% |
| Operating income before cost of credit risk | 503,562 | 406,967 | 23.7% | 406,885 | 341,974 | 19.0% | 96,677 | 64,993 | 48.7% |
| Cost of credit risk | (130,708) | (101,121) | 29.3% | (124,868) | (97,144) | 28.5% | (5,840) | (3,977) | 46.8% |
| Profit before non-recurring items and income tax | 372,854 | 305,846 | 21.9% | 282,017 | 244,830 | 15.2% | 90,837 | 61,016 | 48.9% |
| Net non-recurring items | (8,391) | (12,222) | -31.3% | (4,087) | (44,300) | -90.8% | (4,304) | 32,078 | NMF |
| Profit before income tax expense | 364,463 | 293,624 | 24.1% | 277,930 | 200,530 | 38.6% | 86,533 | 93,094 | -7.0% |
| Income tax (expense) benefit | (19,823) | 46,210 | NMF | (15,541) | 23,662 | NMF | (4,282) | 22,548 | NMF |
| Profit | 344,640 | 339,834 | 1.4% | 262,389 | 224,192 | 17.0% | 82,251 | 115,642 | -28.9% |
| Earnings per share (basic) | 8.56 | 8.12 | 5.4% | 6.90 | 5.77 | 19.7% | 1.66 | 2.35 | -29.6% |
| Earnings per share (diluted) | 8.20 | 8.12 | 1.0% | 6.61 | 5.77 | 14.7% | 1.59 | 2.35 | -32.5% |

* Note: Banking Business and Investment Business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations are provided in annex on pages 117-118.

BGEO Group results highlights

Balance Sheet

| GEL thousands unless otherwise noted | BGEO Consolidated | | | | | Banking Business | | | | | Investment Business | | | | |
|--|-------------------|-------------------|--------------|-------------------|--------------|-------------------|------------------|--------------|-------------------|--------------|---------------------|------------------|--------------|------------------|--------------|
| | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q | Sep-17 | Sep-16 | Change y-o-y | Sep-17 | Change q-o-q | Sep-17 | Sep-16 | Change y-o-y | Sep-17 | Change q-o-q |
| Liquid assets | 4,128,332 | 3,313,188 | 24.6% | 3,942,743 | 4.7% | 4,068,147 | 3,104,865 | 31.0% | 3,775,371 | 7.8% | 439,616 | 407,035 | 8.0% | 549,425 | -20.0% |
| Cash and cash equivalents | 1,721,811 | 1,197,687 | 43.8% | 1,454,387 | 18.4% | 1,648,098 | 1,090,320 | 51.2% | 1,401,728 | 17.6% | 345,137 | 239,953 | 43.8% | 349,166 | -1.2% |
| Amounts due from credit institutions | 985,120 | 944,061 | 4.3% | 1,090,259 | -9.6% | 950,775 | 844,782 | 12.5% | 976,811 | -2.7% | 60,565 | 164,021 | -63.1% | 152,634 | -60.3% |
| Investment securities | 1,421,401 | 1,171,440 | 21.3% | 1,398,097 | 1.7% | 1,469,274 | 1,169,763 | 25.6% | 1,396,832 | 5.2% | 33,914 | 3,061 | NMF | 47,625 | -28.8% |
| Loans to customers and finance lease receivables | 6,917,211 | 5,676,225 | 21.9% | 6,517,773 | 6.1% | 6,951,493 | 5,715,737 | 21.6% | 6,579,996 | 5.6% | - | - | - | - | - |
| Property and equipment | 1,537,012 | 1,224,620 | 25.5% | 1,453,730 | 5.7% | 343,282 | 329,538 | 4.2% | 336,909 | 1.9% | 1,189,395 | 895,082 | 32.9% | 1,112,486 | 6.9% |
| Total assets | 13,963,050 | 11,286,088 | 23.7% | 13,171,740 | 6.0% | 11,813,231 | 9,564,686 | 23.5% | 11,094,468 | 6.5% | 2,575,191 | 1,983,779 | 29.8% | 2,528,807 | 1.8% |
| Client deposits and notes | 6,252,228 | 4,700,324 | 33.0% | 5,319,398 | 17.5% | 6,549,904 | 4,900,490 | 33.7% | 5,655,341 | 15.8% | - | - | - | - | - |
| Amounts due to credit institutions | 2,774,525 | 2,740,926 | 1.2% | 3,077,869 | -9.9% | 2,350,438 | 2,396,969 | -1.9% | 2,602,303 | -9.7% | 459,158 | 380,745 | 20.6% | 538,534 | -14.7% |
| Borrowings from DFI | 1,435,236 | 1,280,795 | 12.1% | 1,343,492 | 6.8% | 1,172,530 | 1,188,544 | -1.3% | 1,088,054 | 7.8% | 262,707 | 92,251 | NMF | 255,438 | 2.8% |
| Short-term loans from NBG | 590,014 | 604,608 | -2.4% | 999,159 | -40.9% | 590,014 | 604,608 | -2.4% | 999,159 | -40.9% | - | - | - | - | - |
| Loans and deposits from commercial banks | 749,275 | 855,523 | -12.4% | 735,218 | 1.9% | 587,894 | 603,817 | -2.6% | 515,090 | 14.1% | 196,451 | 288,494 | -31.9% | 283,096 | -30.6% |
| Debt securities issued | 1,691,260 | 1,036,086 | 63.2% | 1,582,431 | 6.9% | 1,298,641 | 722,089 | 79.8% | 1,312,990 | -1.1% | 479,142 | 317,619 | 50.9% | 319,033 | 50.2% |
| Total liabilities | 11,299,163 | 8,897,339 | 27.0% | 10,628,342 | 6.3% | 10,292,745 | 8,087,612 | 27.3% | 9,649,000 | 6.7% | 1,431,790 | 1,072,104 | 33.5% | 1,430,877 | 0.1% |
| Total equity | 2,663,887 | 2,388,749 | 11.5% | 2,543,398 | 4.7% | 1,520,486 | 1,477,074 | 2.9% | 1,445,468 | 5.2% | 1,143,401 | 911,675 | 25.4% | 1,097,930 | 4.1% |

Key Ratios*

BANKING BUSINESS RATIOS

| | 3Q17 | 3Q16 | 2Q17 | 9M17 | 9M16 |
|---|--------|--------|--------|--------|--------|
| ROAA | 3.2% | 3.6% | 3.2% | 3.2% | 3.3% |
| ROAE | 24.5% | 24.3% | 23.5% | 23.7% | 22.4% |
| Net Interest Margin | 7.3% | 7.3% | 7.3% | 7.3% | 7.4% |
| Loan Yield | 14.3% | 14.1% | 14.3% | 14.2% | 14.2% |
| Liquid assets yield | 3.5% | 3.1% | 3.4% | 3.4% | 3.1% |
| Cost of Funds | 4.8% | 4.7% | 4.8% | 4.7% | 4.8% |
| Cost of Client Deposits and Notes | 3.5% | 3.6% | 3.6% | 3.5% | 4.0% |
| Cost of Amounts Due to Credit Institutions | 6.5% | 6.5% | 6.6% | 6.4% | 6.1% |
| Cost of Debt Securities Issued | 7.9% | 6.6% | 7.1% | 7.2% | 7.0% |
| Cost / Income | 38.2% | 37.4% | 38.1% | 37.5% | 37.8% |
| NPLs to Gross Loans to Clients | 4.1% | 4.4% | 4.4% | 4.1% | 4.4% |
| NPL Coverage Ratio | 93.6% | 86.5% | 90.2% | 93.6% | 86.5% |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 132.8% | 131.1% | 131.5% | 132.8% | 131.1% |
| Cost of Risk | 2.0% | 2.3% | 2.2% | 2.2% | 2.2% |
| NBG (Basel II) Tier I Capital Adequacy Ratio | 11.1% | 11.0% | 10.6% | 11.1% | 11.0% |
| NBG (Basel II) Total Capital Adequacy Ratio | 16.2% | 16.2% | 15.6% | 16.2% | 16.2% |

* For the definitions of Key ratios, refer to page 129

Board of Directors of BGEO Group PLC

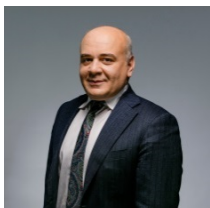
7 non-executive Board of Director members; 7 Independent members, including the Chairman and the Vice Chairman



Neil Janin, Chairman of the Board; Chairman of the Nomination Committee, 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



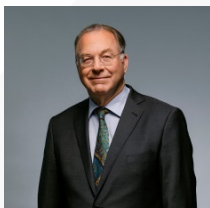
Kim Bradley, Chairman of the Risk Committee, Independent Director
experience: Goldman Sachs AM, Senior Executive at GE Capital, President of Societa Gestione Crediti, Board Chairman at Archon Capital Deutschland



Irakli Gilauri, Group CEO
experience: formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland



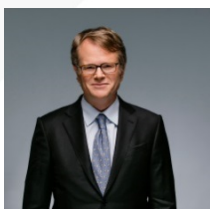
Hanna Loikkanen, Independent Director
experience: currently advisor to East Capital Private Equity AB; Non-Executive Director of PJSC Rosbank previously: Senior executive at East Capital, FIM Group Russia, Nordea Finance, SEB



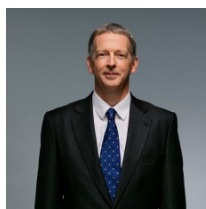
David Morrison, Senior Independent Director, Chairman of the Audit Committee
experience: Senior partner at Sullivan & Cromwell LLP prior to retirement



Tamaz Georgadze, Independent Director
experience: Partner at McKinsey & Company in Berlin, Founded SavingGlobal GmbH, aide to President of Georgia



Al Breach, Chairman of the Remuneration Committee, Independent Director
experience: Head of Research, Strategist & Economist at UBS; Russia and CIS economist at Goldman Sachs



Jonathan Muir, Independent Director
experience: formerly Board Advisor of BGEO, CEO of LetterOne Holdings SA and a CEO of LetterOne Investment Holdings; previously: CFO and Vice President of Finance and Control of TNK-BP; Partner at Ernst & Young

BGEO Robust corporate governance compliant with UK Corporate Governance Code

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

BGEO Group PLC



Irakli Gilauri, Group CEO
formerly EBRD banker; MS in banking from CASS Business School, London; BBS from University of Limerick, Ireland



Avto Namicheishvili, Group Legal Counsel
Previously partner at Begiashvili & Co, law firm in Georgia; LLM from CEU, Hungary



Ekaterina Shavgulidze, Head of Business Development
Previously Head of Investor Relations and Funding at BGEO; Supervisory Board Member and Chief Executive Officer of healthcare services business; Associate Finance Director at AstraZeneca, UK; MBA from Wharton Business School



Giorgi Alpaidze, Group CFO
Previously Head of the Group Finance, Funding and Investor Relations, Senior manager at Ernst & Young LLP (USA). BBA from the European School of Management in Georgia.



Kaha Kiknavelidze, CEO of Bank of Georgia
Previously managing partner of Rioni Capital, London based fund; prior to this, Executive Director at UBS; Over 15 years experience in the equity markets

GHG



Nikoloz Gamkrelidze, CEO, Georgia Healthcare Group
Previously Group CFO, CEO of Aldagi BCI and JSC My Family Clinic; World Bank Health Development Project; Masters degree in International Health Management from Imperial College London, Tanaka Business School

GGU



Archil Gachechiladze, CEO, Georgia Global Utilities
With the Group since 2009. Previously Deputy CEO of the Bank, BGEO Group CFO, Deputy CEO of TBC Bank; Lehman Brothers Private Equity, London; MBA from Cornell University

m²



Irakli Burdiladze, CEO, m² Real Estate
Previously CFO at GMT Group, Georgian real estate developer; Masters degree from John Hopkins University

Teliani



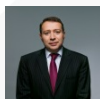
Shota Kobelia, CEO, Teliani Valley
With the Group since 2009. Previously Chief Commercial Officer in Pernod Ricard Georgia; Masters degree in international sales marketing from Bordeaux Business School, France

Aldagi



Giorgi Baratashvili, CEO, Aldagi
With the Group since 2004. Previously Head of Corporate Clients Division of Aldagi, Deputy CEO of Aldagi in charge of strategic management for corporate sales and corporate account management. Masters degree in International Law

JSC Bank of Georgia



Kaha Kiknavelidze, CEO of Bank of Georgia
Previously managing partner of Rioni Capital, London based fund; prior to this, Executive Director at UBS; Over 15 years experience in the equity markets



David Tsiklauri, Deputy CEO, CFO
Previously Deputy CEO in charge of Corporate Investment Banking at BOG and TBC Bank, Vice President of the Capital Markets and Treasury Solutions team at Deutsche Bank; MBA degree from London Business School



Levan Kulijanishvili, Deputy CEO, COO
With the Group since 1997. 20 years of experience at BOG. Formerly Group CFO, Deputy CEO, Finance, Head of Security and Internal Audit at Bank of Georgia; Holds MBA from Grenoble School of Business, in Grenoble, France



Mikheil Gomarteli, Deputy CEO, Emerging and Mass Retail Banking.
With the Group since 1997. 20 years work experience at BOG, including co-head of retail banking, head of business development and head of strategy and planning; Undergraduate degree in economics from Tbilisi State University



Ramaz Kukuladze, Deputy CEO, SOLO and MSME Banking
Previously Deputy CEO of Bank Republic Société Générale, Deputy CEO of Silknet (telecommunications company), Deputy CEO of the Bank, CEO of BCI, insurance company; Executive MBA degree from IE Business School



Vasil Khodeli, Deputy CEO, Corporate Investment Banking
With the Group since 1998. Previously head of Corporate Banking, Bank since 2004. More than 20 years of banking experience. Holds an MBA degree from Grenoble School of Business, in Grenoble, France



George Chiladze, Deputy CEO, Chief Risk Officer
With the Group since 2008. Formerly Deputy CEO in Finance, Deputy CEO at Partnership Fund, Programme trading desk at Bear Stearns NY; Ph.D. in physics from John Hopkins University in Baltimore



Alexander Katsman, Deputy CEO, HRM and Branding
With the Group since 2010. Previously Head of Branding Department at the Bank. Before joining the bank he was a partner at Sarke, the largest communications' group in Georgia; EMBA from the Berlin School of Creative Leadership

On the 3rd of July, 2017 we announced our **intention to demerge** BGEO Group PLC (“BGEO Group”) into two entities

Proposed-demerger

1. London-listed banking business (Bank of Georgia Group PLC – “Bank of Georgia” or “Bank”)

Bank of Georgia will continue to be a fully-licensed and regulated, systemically important, universal banking business focused on Georgia with industry-leading characteristics

2. London-listed investment business (BGEO Investments PLC – “BGEO Investments”)

BGEO Investments will be the only professionally managed publicly listed Georgia-focused investment platform with over 10-year track record of successfully investing in growing companies in the Georgian economy

The implementation of the demerger is subject to shareholder approval and is expected to be completed in 1H 2018

Rationale

Clear play from investor and execution perspective

- Optionality for investors to make own choice when taking investment decisions:
 - Pure play banking story in Georgia
 - Diversified investment vehicle in Georgia
- Separate management teams with sharpened focus and more aligned incentives

More business opportunities as a result of more flexibility in strategy and execution

Regulatory clarity and flexibility – as a separate entity, BGEO Investments would not be subject to the banking regulatory regime thereby improving its ability and flexibility to allocate capital, take advantage of various investment opportunities and better execute its growth strategy

Both strategies remain largely unchanged

Bank of Georgia strategy is expected to remain largely unchanged:

- A return on average equity of over 20%
- Growth of banking business customer lending of 15%-20%
- Maintaining a strong capital base and liquidity position
- An unchanged dividend policy, targeting a dividend payout in the 25-40% of earnings range

BGEO Investments will continue to pursue the same dividend and capital returns policy as the Investment Business of BGEO Group:

- Strive to capitalise on Georgia’s fast-growing economy, which provides opportunities in a number of underdeveloped sectors;
- Target a minimum IRR of 25%;
- Retain its current capital return policy, whereby BGEO Investments expects to buyback and cancel its shares and/or pay special dividends linked to exits from its investments; and
- Consider potential exits, starting with its already announced plan to IPO GGU in 2-3 years’ time

Both will maintain strong corporate governance standards

Bank of Georgia

Kaha Kiknavelidze as CEO will continue to lead Bank of Georgia and Neil Janin, currently the Non-Executive Chairman of BGEO Group, will become the Non-Executive Chairman of Bank of Georgia

BGEO Investments

The senior management team of BGEO Investments will be led by Irakli Gilauri as Chairman and CEO. The Board of BGEO Investments will maintain strong corporate governance standards and a talented team of high calibre independent directors

Full separation to unlock additional long-term value for shareholders

Bank of Georgia

More business:

- Enhanced flexibility and stronger focus on further expansion of corporate franchise, regaining corporate clients
- Opportunity to gain access to BGEO Investments portfolio companies

Higher efficiency:

- More efficient capital structure, financing and balance sheet
- Less regulatory scrutiny and disclosure requirements

BGEO Investments

- **Will be the only professionally managed publicly listed investment company** in Georgia benefiting from scarcity of competitors
- **Wider access to investment opportunities:** ability to establish more efficient and direct dialogue with Georgian corporates
- Opportunity to cooperate with leading Georgian banks which can be another channel of bringing new deals
- Enhanced flexibility to allocate capital and pursue growth strategy more effectively
- As a separate entity, BGEO Investments would not be subject to the banking regulatory regime thereby improving its ability and flexibility to allocate capital, take advantage of various investment opportunities and better execute its growth strategy

Overall

Clear play

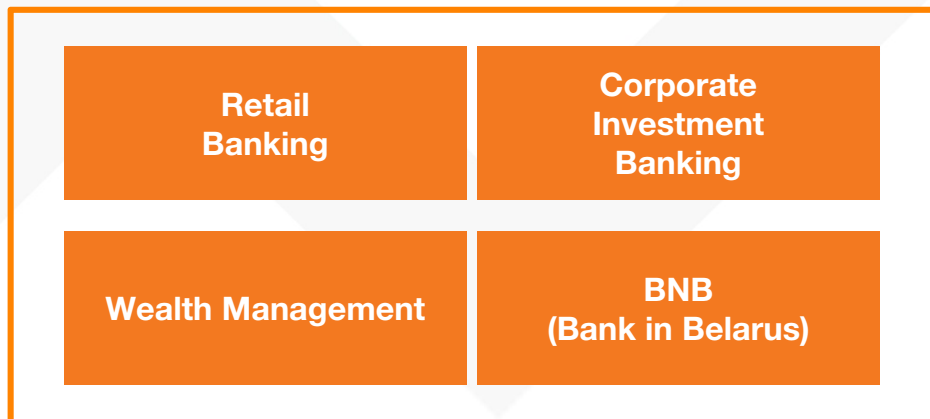
- Two leaders in their respective sectors which are strongly positioned to pursue significant growth opportunities coming from rapidly growing Georgian economy
- Independent and more focused management teams with management rewards more directly aligned with business and stock market performance
- Separate and more focused companies with clearer strategy and separate market valuations
- Optionality for investors to make own choice when taking investment decisions:
 - Pure play banking story in Georgia
 - Diversified investment vehicle in Georgia
- Potential for cost of equity decrease

Structure after demerger

- BGEO Investments to hold 9.9% shares in Bank of Georgia
- Creation of two distinct London-listed entities
- Strong management team: Kaha Kiknavelidze as CEO will continue to lead Bank of Georgia and Irakli Gilauri as Chairman and CEO to lead BGEO Investments
- Both entities will maintain strong corporate governance standards



Bank of Georgia



BGEO Investments

| LSE listed | Private | |
|----------------------------|---|-----------------------------------|
| 57% GHG (Healthcare) | 100% m ² (Real Estate) | 100% GGU (Utility & energy) |
| 9.9% Bank of Georgia | 100% Aldagi (P&C Insurance) | 72% Teliani (Beverages) |

BGEO – Rationale for proposed demerger

Two distinct entities to unlock additional long-term value for shareholders

Structure post proposed demerger



Bank of Georgia

Retail
Banking

Corporate
Investment
Banking

Wealth Management

BNB
(Bank in Belarus)



BGEO Investments

Private companies

100%
GGU
(Utility & energy)

100%
Aldagi
(P&C Insurance)

72%
Teliani Valley
(Beverages)

100%
M²
(Real Estate)

Public companies

57%
GHG
(Healthcare)

9.9%
Bank of Georgia

Benefits of the proposed demerger

Business flexibility

Growth opportunities

Regulatory clarity and flexibility

Efficient capital structure

Improved management focus

Alignment of incentives

Investor clarity and understanding

Proposed demerger is progressing

Timeline

- Formal Board decision to implement demerger expected by year end
- AGM expected in April 2018
- Completion is expected by 30 June 2018

Tax Impact

- Targeting tax efficient structure for shareholders, including UK and the US
- Engaged with HMRC on the proposed demerger related taxation matters
- Positive response from HMRC to statutory clearance application
- Based on the opinion of US tax counsel, a) shareholders of the BGEO Group should not recognize gain or loss as a result of the demerger and b) investment business is not expected to have PFIC status

Listing and Indexation

- Bank of Georgia expected to remain in FTSE 250 post demerger
- Relevant listing procedures for BGEO Investments to be listed on LSE are in process

Corporate Governance

- Key Board positions settled, no cross-directorships post demerger
- Strong corporate governance based on heritage of BGEO as a long-standing premium listed financial institution

Eurobond

- BGEO continues to consider a US\$350mln bond push down to Bank of Georgia

Management – Bank of Georgia and BGEO Investments

Bank of Georgia Management



Kaha Kiknavelidze, CEO of Bank of Georgia

With the Group since 2008. Originally joined as member of the Bank's Supervisory Board and Audit Committee. Kaha founded and managed Rioni Capital Partners LLP, a London-based investment management company until his appointment as a CEO of the Bank. Kaha has served in a number of roles at UBS and Troika Dialog. Holds an MBA from Emory University.



David Tsiklauri, Deputy CEO, CFO

Joined the Group as Deputy CEO in charge of Corporate Investment Banking in 2017 from TBC, where he was a Deputy CEO in charge of Corporate Banking since 2014. Before joining TBC Bank, David served as the Vice President of the Capital Markets and Treasury Solutions team at Deutsche Bank. Holds an MBA from London Business School.



Levan Kulijanishvili, Deputy CEO, Chief Operating Officer

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.



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.



Ramaz Kukuladze, Deputy CEO, SOLO and MSME Banking

With the Group since 2006. Joined as Deputy CEO, Corporate Banking. Left the Group in 2009 and rejoined the Group in February 2017. Prior to rejoining the Group, Ramaz held the role of Chief Commercial Officer and Deputy CEO at Bank Republic since 2013. Holds an MBA from IE Business School.



Vasil Khodeli, Deputy CEO, Corporate Investment Banking

With the Group since 1998. Previously served as Head of Corporate Banking of the Bank since 2004. He has more than 20 years of banking experience and has held various roles with the. Holds an MBA degree from Grenoble Business School.



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.



Alexander Katsman, Deputy CEO, HRM and Branding

With the Group since 2010. Sasha joined the Bank after graduating from the Berlin School of Creative Leadership EMBA Programme to transform conventional marketing communication and PR into a brand value creating branding department. Sasha led the development of a new brand platform with the eminent slogan Feel the Future and is now on another journey of transformation involving HR and brand management.

BGEO Investments Management



Irakli Gilauri, Chairman & CEO

With the Group since 2004. Formerly an EBRD (European Bank for Reconstruction and Development) banker, joined the Bank as CFO. Over the last decade, Irakli's leadership has been instrumental in creating major players in a number of Georgian industries, including banking, healthcare, utilities and energy, real estate, insurance and wine. Holds an MS in banking from CASS Business School.



Avto Namicheishvili, Group Legal Counsel

With the Group since 2007. Joined as a General Counsel at the Bank, and has since played a key role in all of the Group's equity and debt raises on the capital markets, and over 25 mergers and acquisitions. Prior, was a Partner at a leading Georgian law firm. Holds LLM in international business law from Central European University, Hungary.



Ekaterina Shavgulidze, Head of Business Development

With the Group since 2011. Joined as a CEO of healthcare services business. Most recently Eka played a key role in the GHG IPO as a Group Head of IR. Prior, she was an Associate Finance Director at AstraZeneca, UK. Holds an MBA from Wharton Business School.



Giorgi Alpaizze, Group CFO

With Group since 2016. Previously Head of the Group's Finance, Funding and Investor Relations. He has extensive international experience in banking, accounting and finance. He joined the Group from Ernst & Young LLP's Greater New York City's assurance practice, where he was a senior manager. BBA from the European School of Management in Georgia.



Nikoloz Gamkrelidze, CEO, Georgia Healthcare Group

With the Group since 2005. Our healthcare business story starts with Nick, who started it in 2006, and has successfully led it through outstanding growth and most recently the IPO on the London Stock Exchange. Holds an MA in international healthcare management from the Tanaka Business School of Imperial College London.



Archil Gachechiladze, CEO, Georgia Global Utilities

With the Group since 2009. Joined as a Deputy CEO in charge of corporate banking. He launched the Bank's industry and macro research, brokerage, and advisory businesses, as well as leading investments in GGU and launched Hydro Investments. Prior, he was an Associate at Lehman Brothers Private Equity in London, and worked at Salford Equity Partners, EBRD, KPMG, Barents, and the World Bank. Holds MBA with distinction from Cornell University and is CFA charterholder



Irakli Burdiladze, CEO, m² Real Estate

With the Group since 2006. Joined as a CFO at the Bank. Before taking leadership of real estate business in 2010, he served as the COO of the Bank. Prior he was a CFO at a leading real estate developer and operator in Georgia. Holds a graduate degree in International Economics and International Relations from the Johns Hopkins University School of Advanced International Studies.



Shota Kobelia, CEO, Teliani Valley

With the Group since 2009. Having previously worked at Pernod Ricard in the USA and Easter Europe, joined Teliani to build up Ukrainian distribution. In 2010, became CEO for Teliani Valley and developed it from a small and loss-making winery into a major beverage group with own distribution channels on the main markets. Holds MS in Sales & Marketing from Bordeaux Business School.



Giorgi Baratashvili, CEO, Aldagi

With the Group since 2004. Joined as the Head of Corporate Clients Division of Aldagi. Before taking the leadership of our P&C insurance business in 2014, he served as Deputy CEO of Aldagi in charge of strategic management for corporate sales and corporate account management. Holds the Master Diploma in International Law.

BGEO Investments

GHG

GGU

m²

Teliani

Aldagi

CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

Banking Business results in 2017 vs. our targets & priorities

| | | Targets | 9M17 | 9M16 | Progress |
|-------------------|--|-----------------------|------------|------------|----------|
| KEY TARGETS | 1 ROAE | 20%+ | 23.7% | 22.4% | ✓ |
| | 2 Retail Banking Growth | 20%+ | 38.2% | 19.5% | ✓ |
| PRIORITIES | 1 Grow RB's share in loan book | 65% | 68.4% | 60.2% | ✓ |
| | 2 Increase Mass Retail Product to Client Ratio | 3.0 | 1.8 | 1.7 | ➔ |
| | 3 Increase number of Solo clients | To 40,000 | 28,492 | 16,964 | ✓ |
| | 4 De-concentrate Corporate Loan Book | Top 10 borrowers: 10% | 10.4% | 11.9% | ✓ |
| | 5 Become a regional private banking hub | AUM: GEL 2.5bln | GEL 1.8bln | GEL 1.4bln | ➔ |
| FINANCIAL METRICS | 1 NIM | 7.25% - 7.75% | 7.3% | 7.4% | ✓ |
| | 2 Cost / Income | c. 35% | 37.5% | 37.8% | ➔ |
| | 3 NPL coverage ratio | 80-120% | 93.6% | 86.5% | ✓ |
| | 4 Cost of Risk | c.2.0% | 2.2% | 2.2% | ✓ |

Banking Business – Updated guidance

| | | Targets |
|-------------------|--|-----------------|
| KEY TARGETS | 1 ROAE | 20%+ |
| | 2 Total Banking Business loan book growth | 15% - 20% |
| PRIORITIES | 1 Increase Mass Retail product to client ratio | 3.0 |
| | 2 Increase number of Solo clients | To 40,000 |
| | 3 Become a regional private banking hub | AUM: GEL 2.5bln |
| FINANCIAL METRICS | 1 NIM | 7%+ |
| | 2 Cost / income | c.35% |
| | 3 NPL coverage ratio | 80-120% |
| | 4 Cost of risk (through the cycle) | c.2.0% |
| | 5 Dividend payout ratio | 25-40% |

Banking Business results highlights

P&L Highlights

GEL thousands unless otherwise noted

| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| Net banking interest income | 167,788 | 137,753 | 21.8% | 160,308 | 4.7% | 488,976 | 396,001 | 23.5% |
| Net fee and commission income | 33,141 | 30,723 | 7.9% | 31,402 | 5.5% | 94,736 | 88,140 | 7.5% |
| Net banking foreign currency gain | 19,614 | 21,567 | -9.1% | 19,282 | 1.7% | 58,596 | 55,496 | 5.6% |
| Net other banking income | 2,653 | 4,168 | -36.3% | 1,047 | 153.4% | 6,715 | 10,045 | -33.2% |
| Revenue | 223,196 | 194,211 | 14.9% | 212,039 | 5.3% | 649,023 | 549,682 | 18.1% |
| Operating expenses | (85,354) | (72,623) | 17.5% | (80,786) | 5.7% | (243,193) | (207,708) | 17.1% |
| Operating income before cost of credit risk / EBITDA | 137,842 | 121,588 | 13.5% | 131,253 | 4.8% | 405,830 | 341,974 | 19.0% |
| Profit from associates | 147 | - | NMF | 394 | -62.7% | 1,055 | - | NMF |
| Operating income before cost of credit risk | 137,989 | 121,588 | 13.5% | 131,647 | 4.8% | 406,885 | 341,974 | 19.0% |
| Cost of credit risk | (36,832) | (34,340) | 7.3% | (40,016) | -8.0% | (124,868) | (97,144) | 28.5% |
| Profit before non-recurring items and income tax | 101,157 | 87,248 | 15.9% | 91,631 | 10.4% | 282,017 | 244,830 | 15.2% |
| Net non-recurring items | (1,376) | 3,471 | NMF | (1,017) | 35.3% | (4,087) | (44,300) | -90.8% |
| Profit before income tax expense | 99,781 | 90,719 | 10.0% | 90,614 | 10.1% | 277,930 | 200,530 | 38.6% |
| Income tax expense | (7,850) | (4,853) | 61.8% | (3,284) | 139.0% | (15,541) | 23,662 | NMF |
| Profit | 91,931 | 85,866 | 7.1% | 87,330 | 5.3% | 262,389 | 224,192 | 17.0% |
| Earnings per share (basic) | 2.43 | 2.22 | 9.5% | 2.30 | 5.6% | 6.90 | 5.77 | 19.7% |
| Earnings per share (diluted) | 2.33 | 2.22 | 4.8% | 2.21 | 5.2% | 6.61 | 5.77 | 14.7% |

Balance Sheet Highlights

GEL thousands unless otherwise noted

| | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|--|-------------------|------------------|-----------------|-------------------|-----------------|
| Liquid assets | 4,068,147 | 3,104,865 | 31.0% | 3,775,371 | 7.8% |
| Cash and cash equivalents | 1,648,098 | 1,090,320 | 51.2% | 1,401,728 | 17.6% |
| Amounts due from credit institutions | 950,775 | 844,782 | 12.5% | 976,811 | -2.7% |
| Investment securities | 1,469,274 | 1,169,763 | 25.6% | 1,396,832 | 5.2% |
| Loans to customers and finance lease receivables | 6,951,493 | 5,715,737 | 21.6% | 6,579,996 | 5.6% |
| Property and equipment | 343,282 | 329,538 | 4.2% | 336,909 | 1.9% |
| Total assets | 11,813,231 | 9,564,686 | 23.5% | 11,094,468 | 6.5% |
| Client deposits and notes | 6,549,904 | 4,900,490 | 33.7% | 5,655,341 | 15.8% |
| Amounts due to credit institutions | 2,350,438 | 2,396,969 | -1.9% | 2,602,303 | -9.7% |
| Borrowings from DFI | 1,172,530 | 1,188,544 | -1.3% | 1,088,054 | 7.8% |
| Short-term loans from NBG | 590,014 | 604,608 | -2.4% | 999,159 | -40.9% |
| Loans and deposits from commercial banks | 587,894 | 603,817 | -2.6% | 515,090 | 14.1% |
| Debt securities issued | 1,298,641 | 722,089 | 79.8% | 1,312,990 | -1.1% |
| Total liabilities | 10,292,745 | 8,087,612 | 27.3% | 9,649,000 | 6.7% |
| Total equity | 1,520,486 | 1,477,074 | 2.9% | 1,445,468 | 5.2% |

Key Ratios*

| | 3Q17 | 3Q16 | 2Q17 | 9M17 | 9M16 |
|---|--------|--------|--------|--------|--------|
| ROAA | 3.2% | 3.6% | 3.2% | 3.2% | 3.3% |
| ROAE | 24.5% | 24.3% | 23.5% | 23.7% | 22.4% |
| Net Interest Margin | 7.3% | 7.3% | 7.3% | 7.3% | 7.4% |
| Loan Yield | 14.3% | 14.1% | 14.3% | 14.2% | 14.2% |
| Liquid assets yield | 3.5% | 3.1% | 3.4% | 3.4% | 3.1% |
| Cost of Funds | 4.8% | 4.7% | 4.8% | 4.7% | 4.8% |
| Cost of Client Deposits and Notes | 3.5% | 3.6% | 3.6% | 3.5% | 4.0% |
| Cost of Amounts Due to Credit Institutions | 6.5% | 6.5% | 6.6% | 6.4% | 6.1% |
| Cost of Debt Securities Issued | 7.9% | 6.6% | 7.1% | 7.2% | 7.0% |
| Cost / Income | 38.2% | 37.4% | 38.1% | 37.5% | 37.8% |
| NPLs to Gross Loans to Clients | 4.1% | 4.4% | 4.4% | 4.1% | 4.4% |
| NPL Coverage Ratio | 93.6% | 86.5% | 90.2% | 93.6% | 86.5% |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 132.8% | 131.1% | 131.5% | 132.8% | 131.1% |
| Cost of Risk | 2.0% | 2.3% | 2.2% | 2.2% | 2.2% |
| NBG (Basel II) Tier I Capital Adequacy Ratio | 11.1% | 11.0% | 10.6% | 11.1% | 11.0% |
| NBG (Basel II) Total Capital Adequacy Ratio | 16.2% | 16.2% | 15.6% | 16.2% | 16.2% |

* For the definitions of Key ratios, refer to page 129

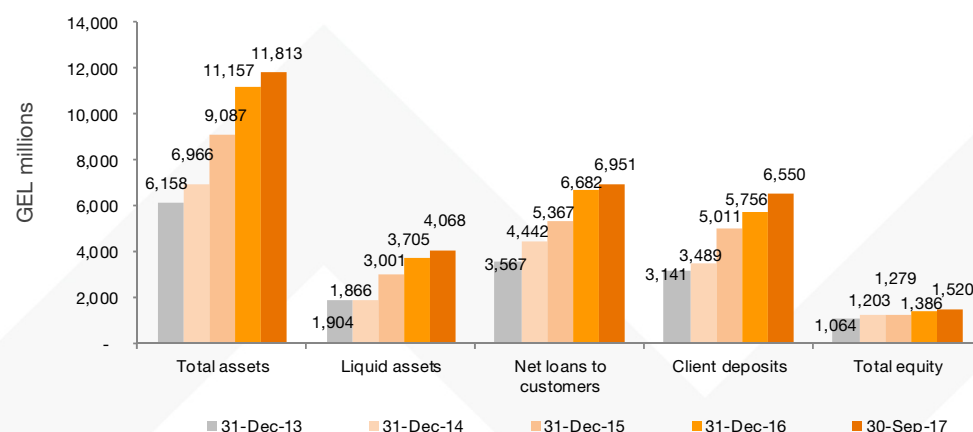
BOG - The leading bank in Georgia

- **Leading market position¹** in Georgia by **assets** (33.3%), **loans** (31.7%), **client deposits** (33.5%) and **equity** (29.6%)
- **Underpenetrated market with stable growth perspectives:** Real GDP average annual growth rate of 4.9 % for 2006-2016; 2.7% real GDP growth in 2016 and 4.4% y-o-y growth in 3Q17 according to Geostat. Loans/GDP grew from 9.0% to 55.7% in the period of 2003-2016; Deposits/GDP grew from 8.0% to 50.1% over the same period
- **Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 278 branches, 829 ATMs, 2,823 Express Pay Terminals and 2.3 million customers as of 30 September 2017
- **Georgian company with credit ratings from global rating agencies:** Moody's: 'Ba3/Ba2' (foreign and local currency), Fitch Ratings: 'BB-'; outlooks are 'Stable'
- **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
- **In August 2016,** BOG completed its liability management exercise and redeemed its 2017 Eurobonds outstanding in the amount of US\$ 362mln
- **In July 2016,** BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon. Bonds were trading at 5.341%² on 31 October 2017
- **In June 2017,** BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. The Issuance, described as a landmark transaction for Georgia, was the first international local currency bond offering from the wider CIS region (excluding Russia) in the past ten years. Bonds were trading at 10.764%² on 31 October 2017
- **Sustainable growth combined with strong capital, liquidity and robust profitability**

Balance Sheet

Banking Business

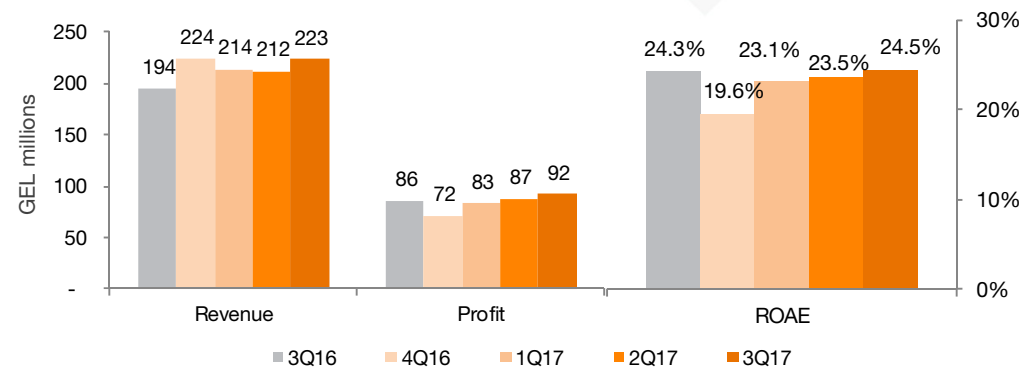
CAGR 2014-9M17: **+19.0%** **+22.4%** **+19.5%** **+21.7%** **+10.0%**



Income Statement

Banking Business

3Q17 change y-o-y: **+14.9%** **+7.1%**

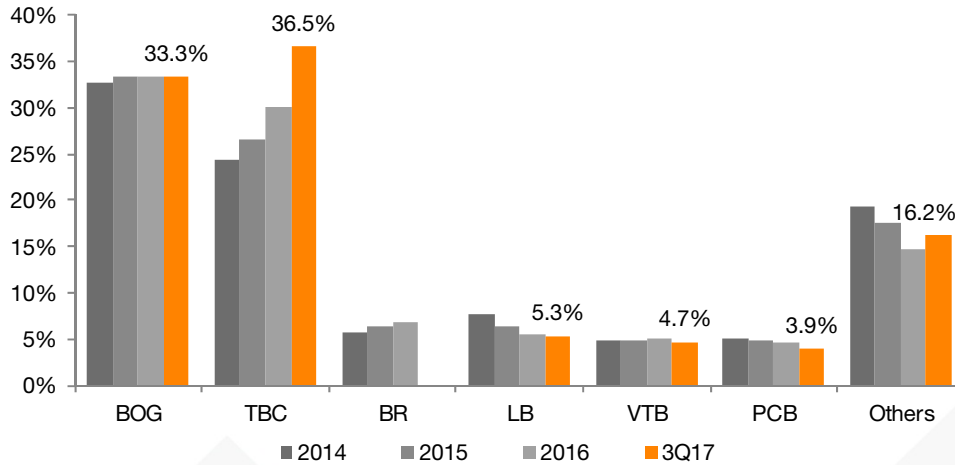


¹ Market data based on standalone accounts as published by the National Bank of Georgia (NBG) as of 30 September 2017 www.nbg.gov.ge

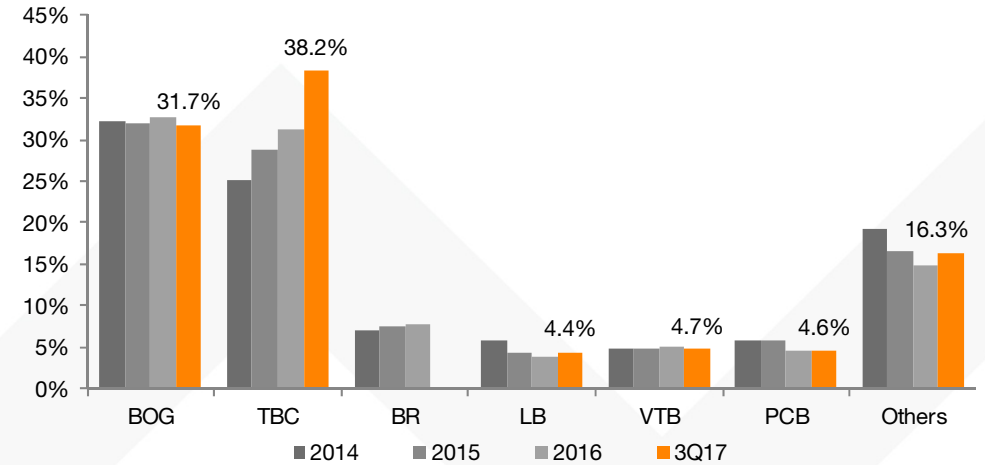
² Source: Bloomberg

BOG - The competition

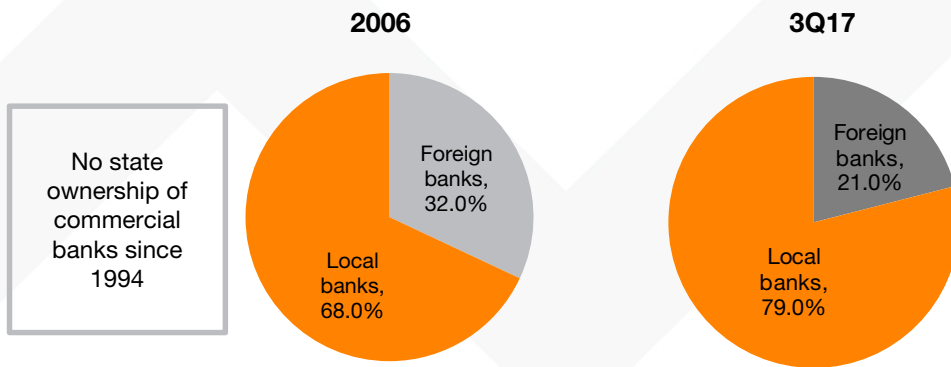
Peer group's market share in total assets



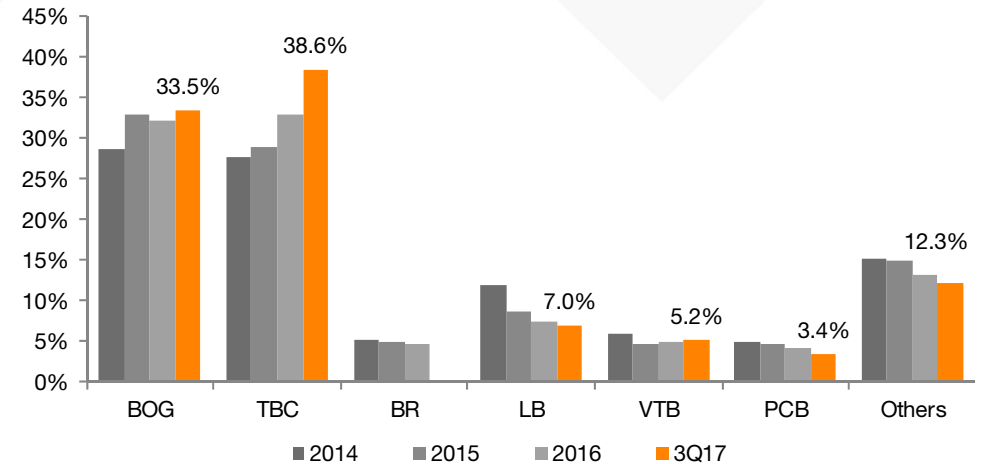
Peer group's market share in gross loans



Foreign banks market share by assets



Peer group's market share in client deposits



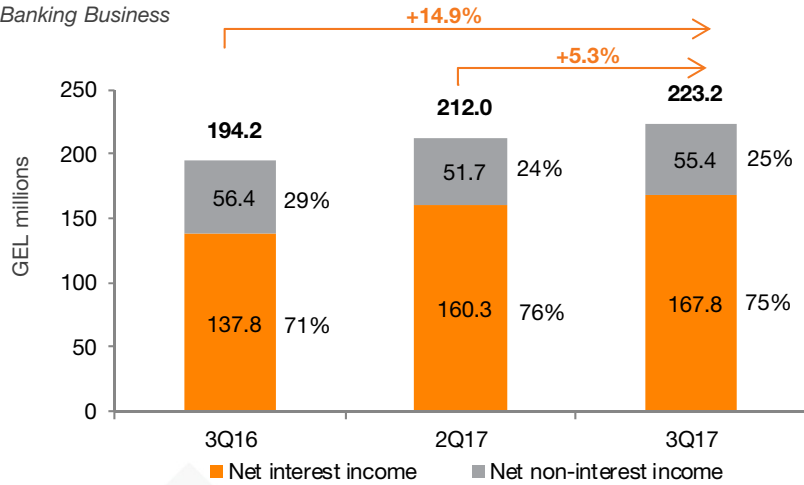
(1) All data based on standalone accounts as reported to the NBG and as published by the NBG www.nbg.gov.ge as of 30 September 2017

(2) TBC's market shares for 3Q17 include Bank Republic numbers

Banking Business - Strong underlying performance

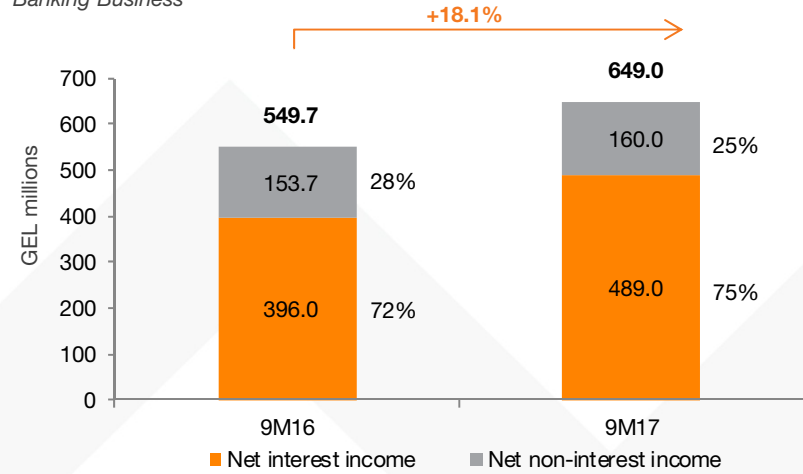
Revenue growth | *quarterly*

Banking Business



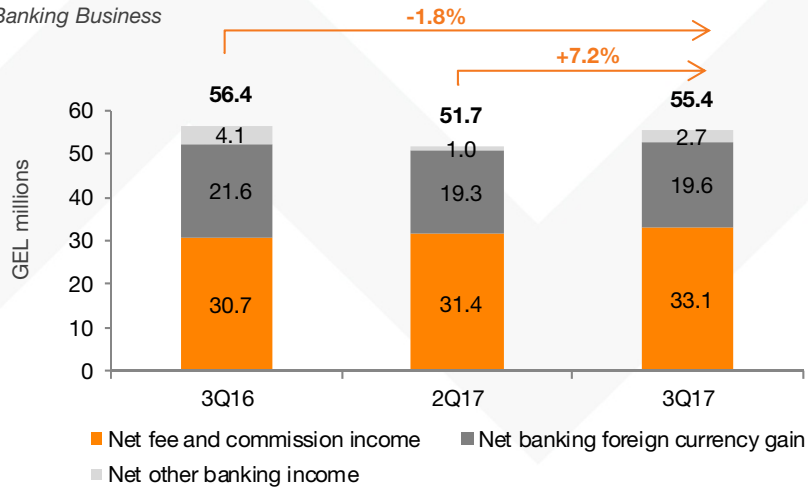
Revenue growth | *nine months*

Banking Business

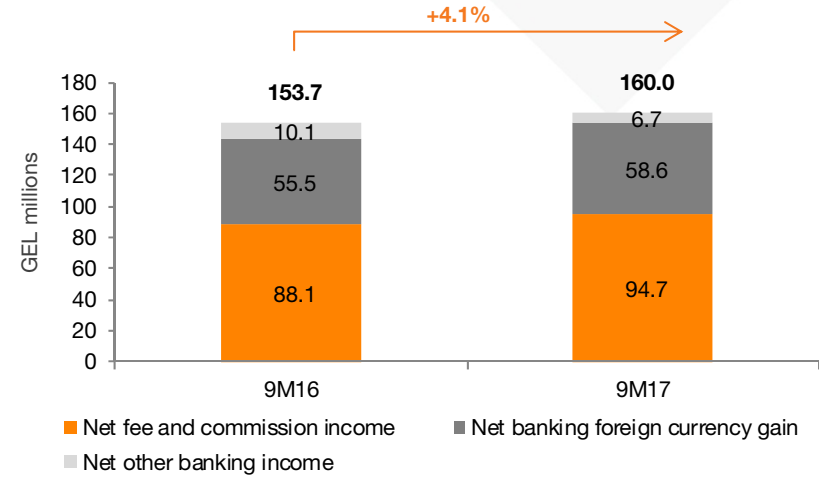


Net non-interest income | *quarterly*

Banking Business



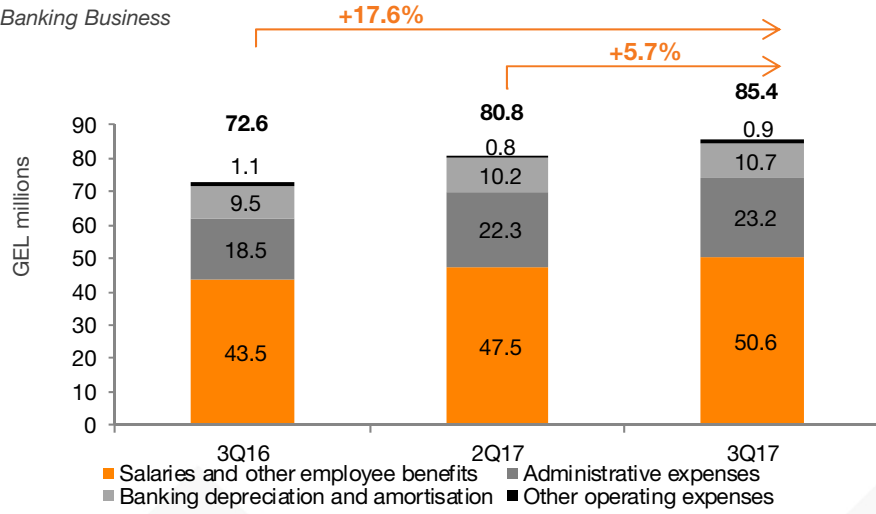
Net non-interest income | *nine months*



Banking Business - Strong underlying performance

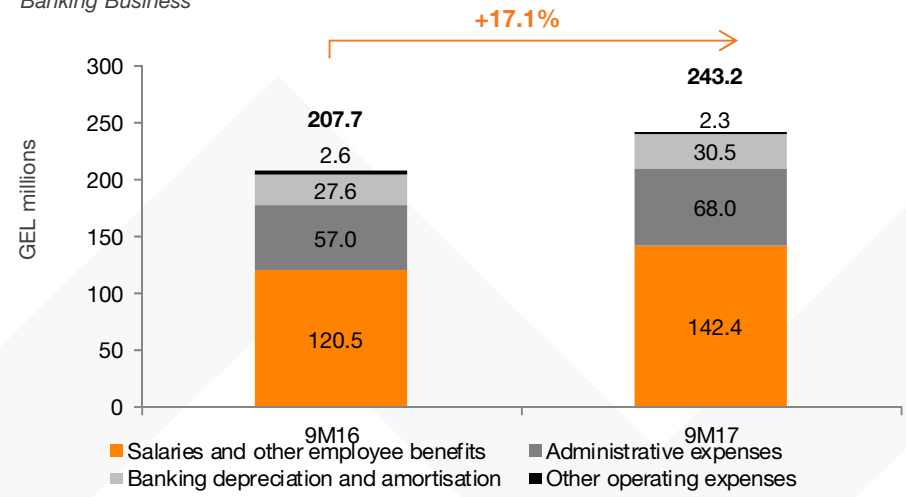
Operating expenses | *quarterly*

Banking Business



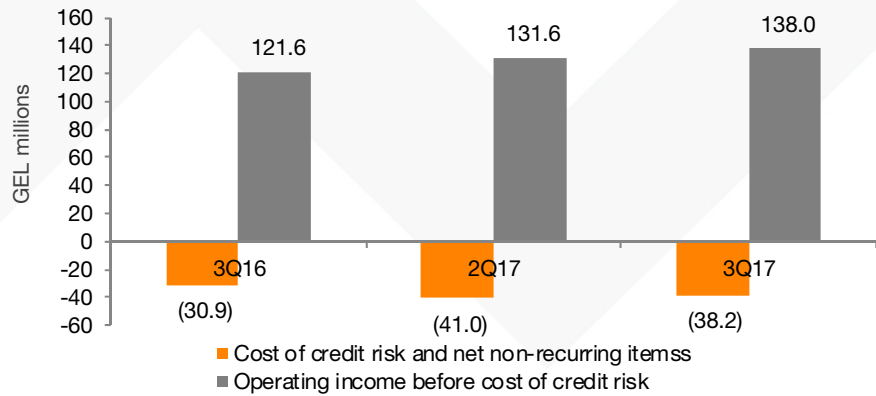
Operating expenses | *nine months*

Banking Business



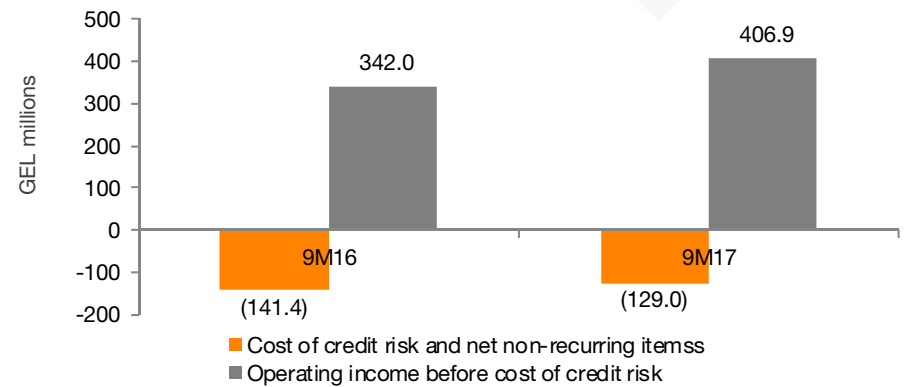
Operating income before cost of credit risk | *quarterly*

Banking Business



Operating income before cost of credit risk | *nine months*

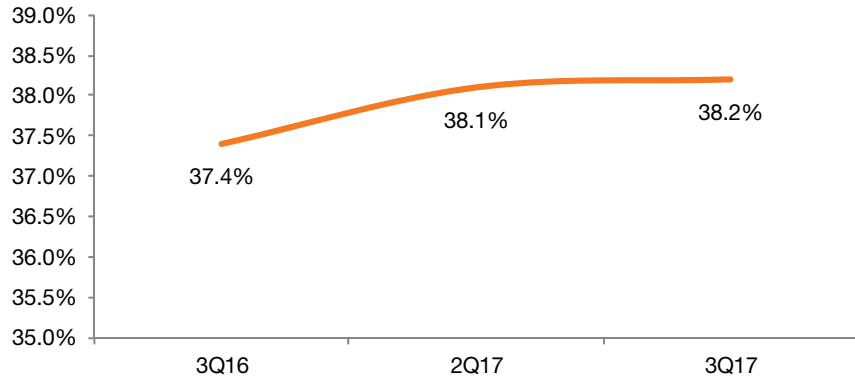
Banking Business



Banking Business - Focus on efficiency

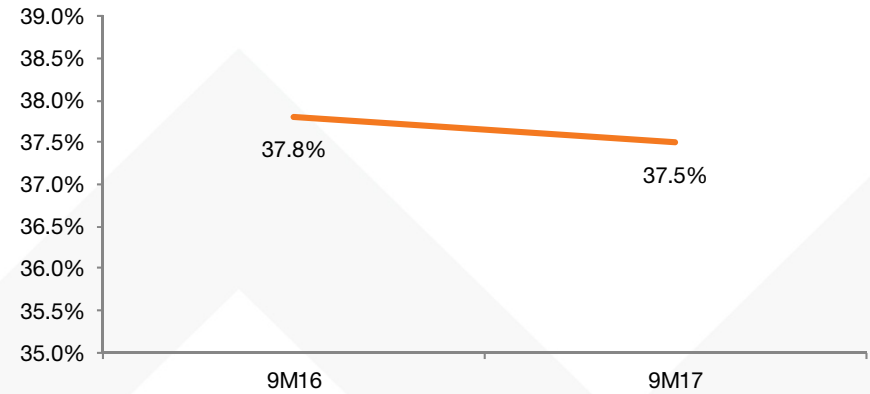
Cost / Income | *quarterly*

Banking Business



Cost / Income | *nine months*

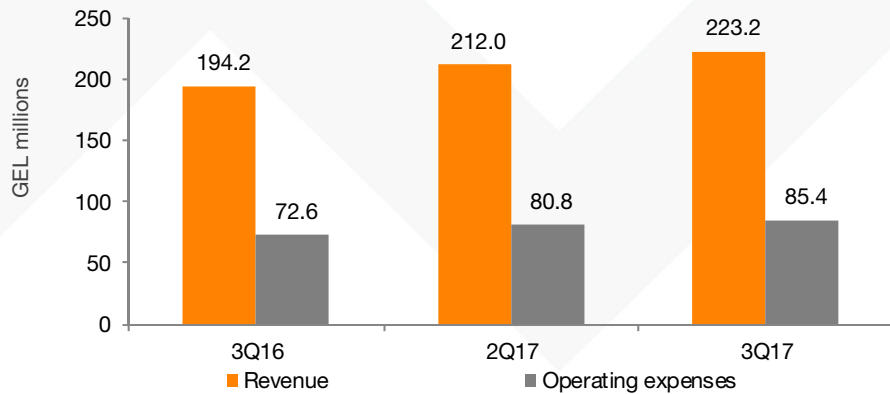
Banking Business



Revenue and operating expenses | *quarterly*

Banking Business

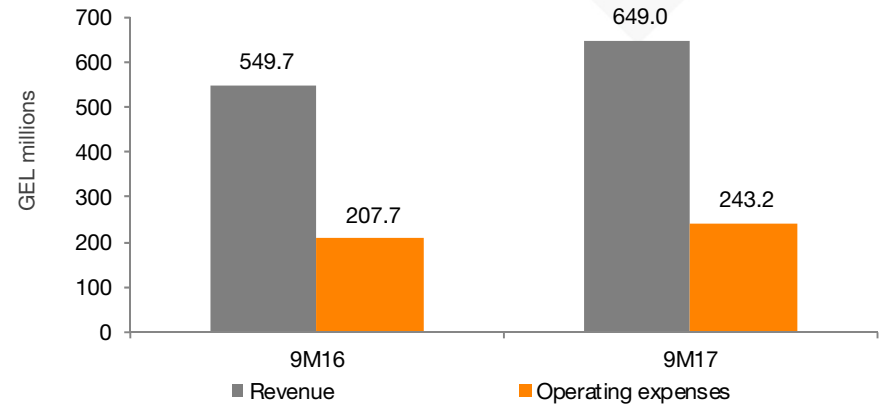
**Operating Leverage: -2.6% y-o-y
-0.4% q-o-q**



Revenue and operating expenses | *nine months*

Banking Business

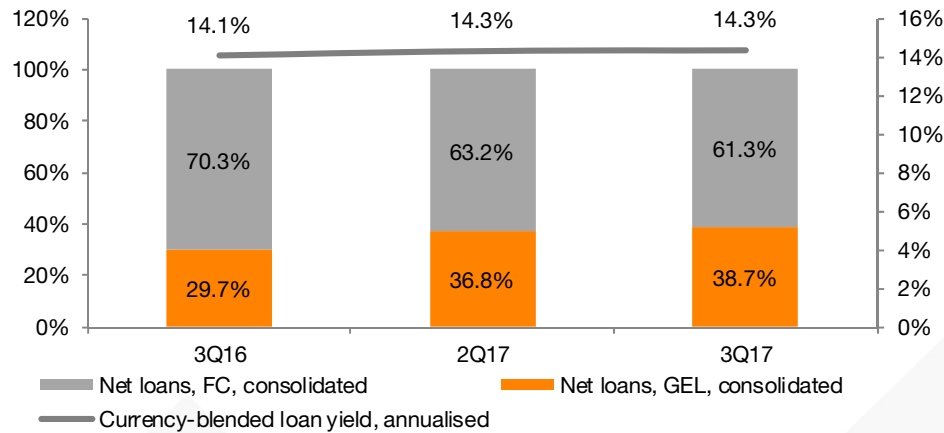
Operating Leverage: +1.0% y-o-y



Banking Business - Growing income notwithstanding the pressure on yields

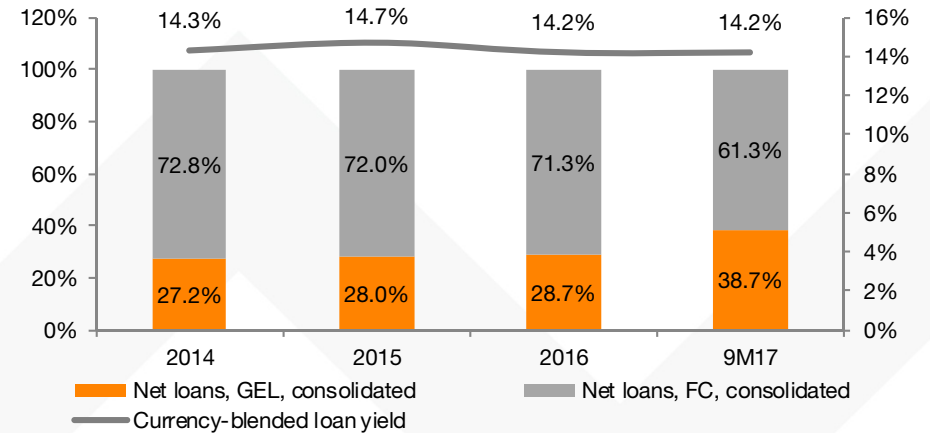
Loan Yields | quarterly

Banking Business



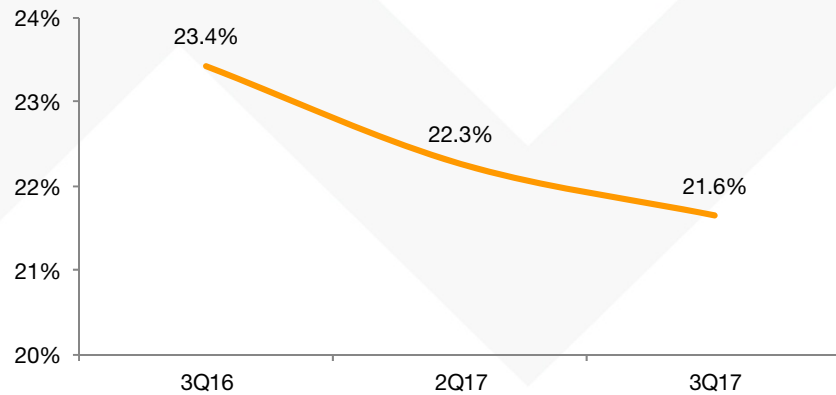
Loan Yields | annual & nine months

Banking Business



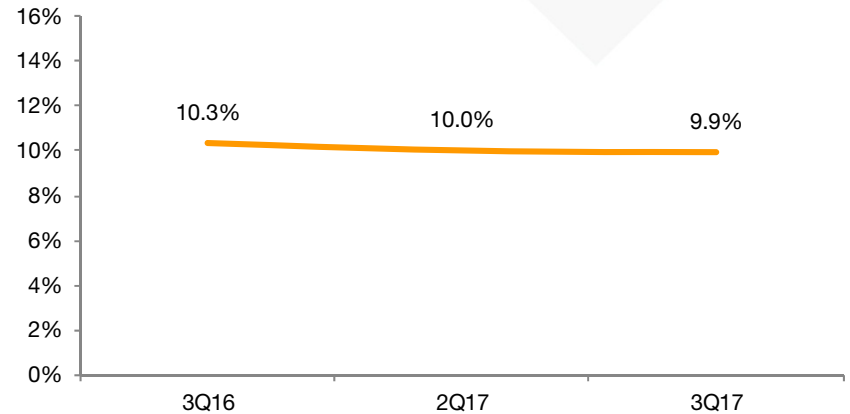
Loan Yields, Local currency | quarterly

Banking Business



Loan Yields, Foreign currency | quarterly

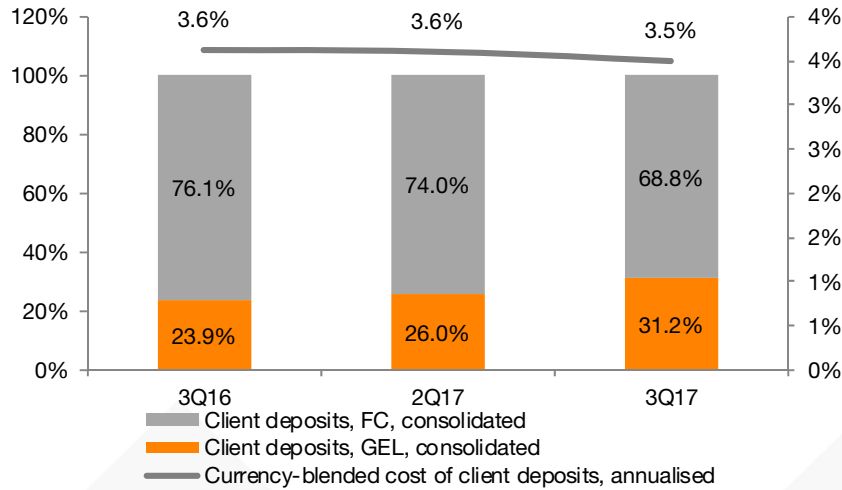
Banking Business



Banking Business - Stable cost of funding

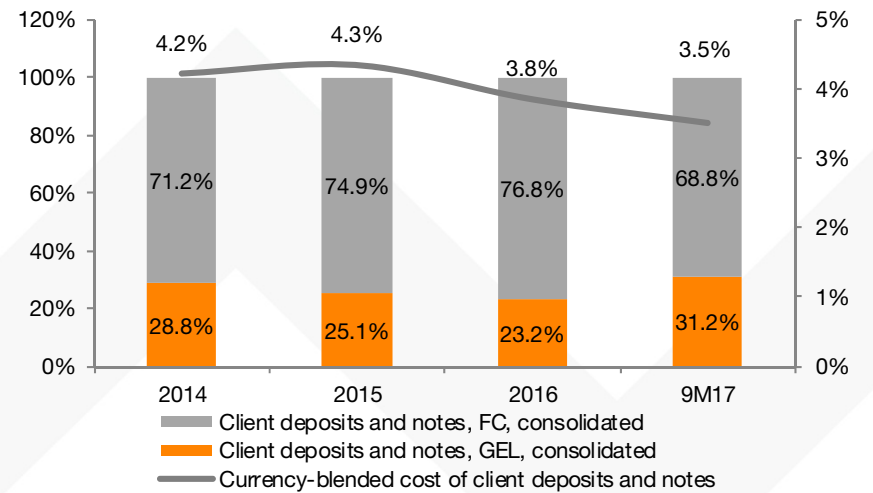
Cost of Customer Funds | quarterly

Banking Business



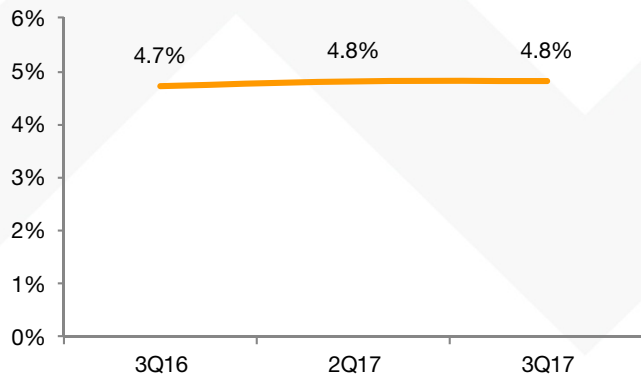
Cost of Customer Funds | annual & nine months

Banking Business



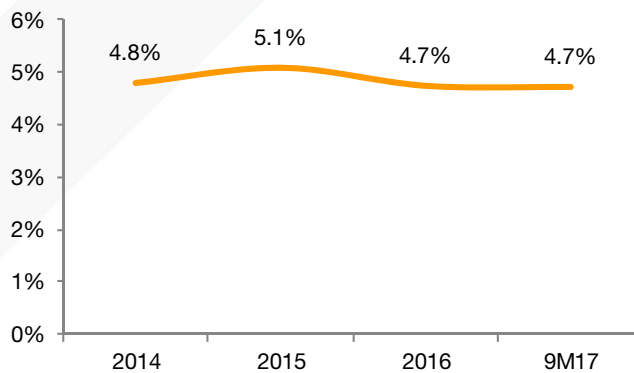
Cost of Funds | quarterly

Banking Business



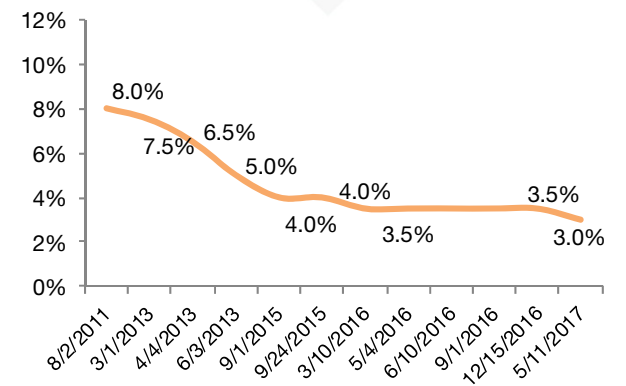
Cost of Funds | annual & nine months

Banking Business



One year US\$ deposit rate *

Banking Business

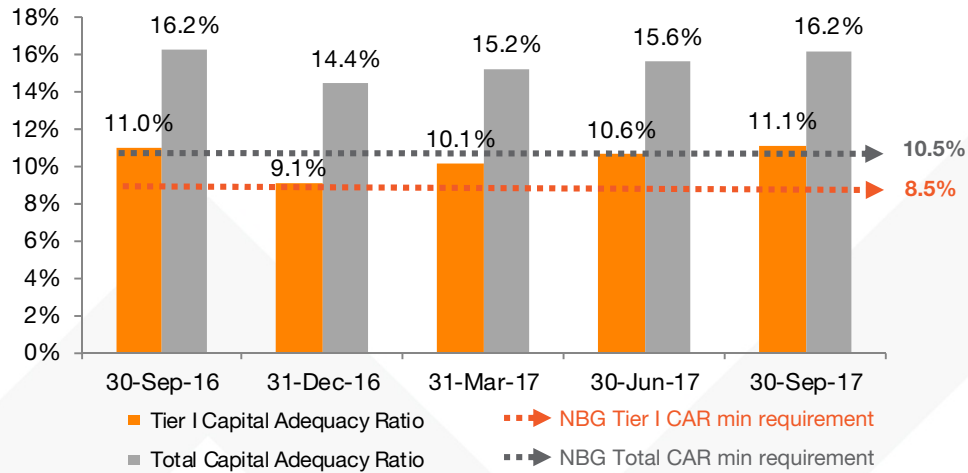


Note*: One year US\$ deposit rates in retail segment

Banking Business - Excellent capital adequacy position

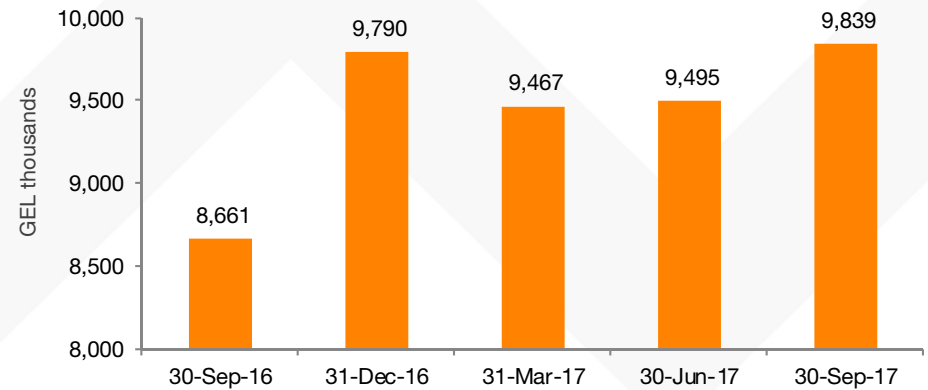
NBG (Basel 2/3), capital adequacy ratios

JSC Bank of Georgia standalone



Risk Weighted Assets NBG (Basel 2/3)

JSC Bank of Georgia standalone (BIS 2/3)

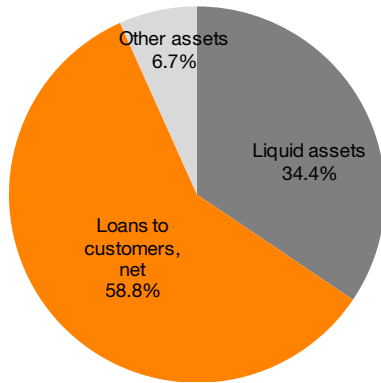


Banking Business - Diversified asset structure and loan portfolio

Total asset structure | 30 September 2017

Banking Business

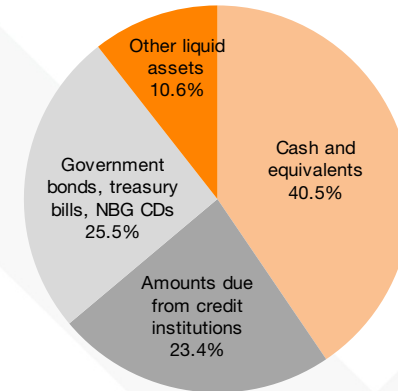
Total: GEL 11.8bln



Liquid assets | 30 September 2017

Banking Business

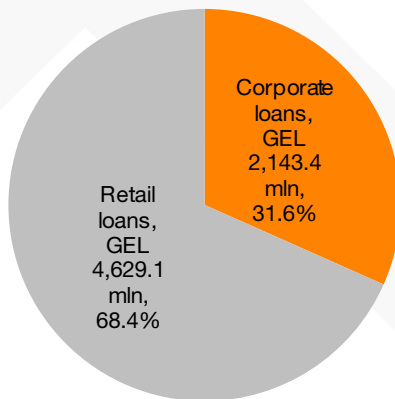
Total: GEL 4.1bln



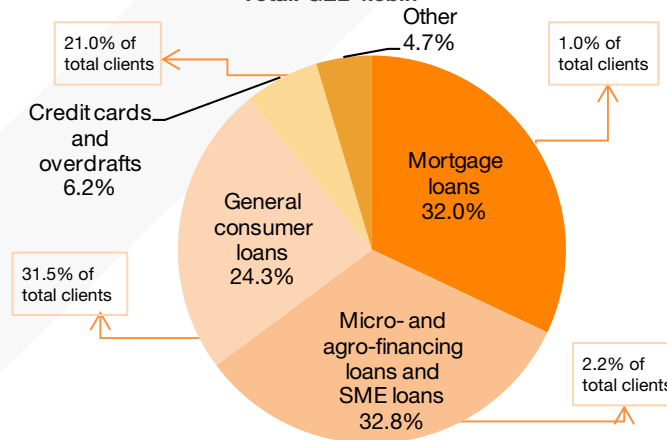
Loans breakdown | 30 September 2017

Banking Business
(excluding BNB)

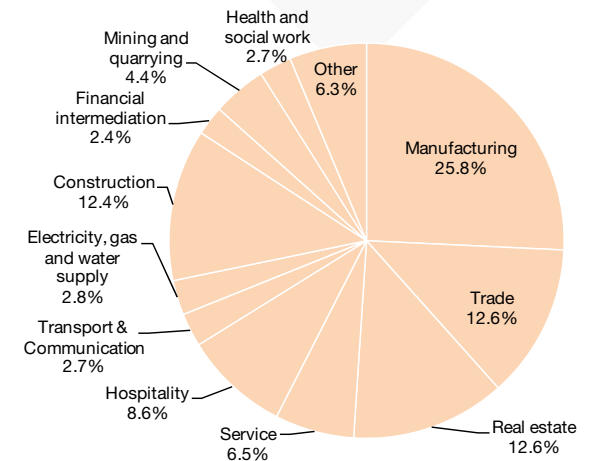
Total Gross Loans
breakdown by segments
Total: GEL 6.8bln



Retail Banking Net Loans breakdown by product
Total: GEL 4.5bln



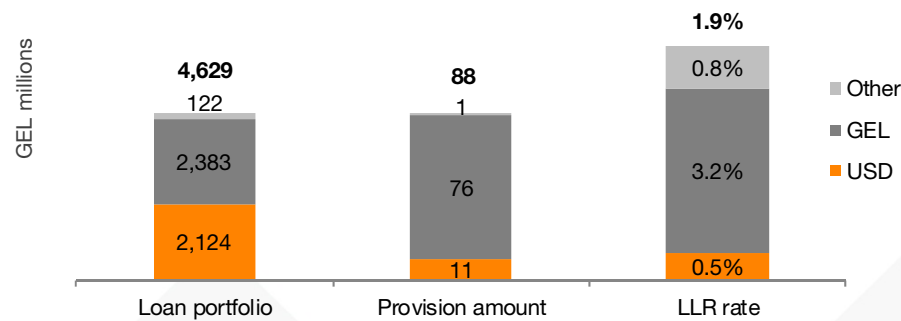
Corporate Investment Banking Gross Loans breakdown by sectors
Total: GEL 2.1bln



Banking Business - US\$ loan portfolio breakdown

Retail Banking | 30 September 2017

Banking Business

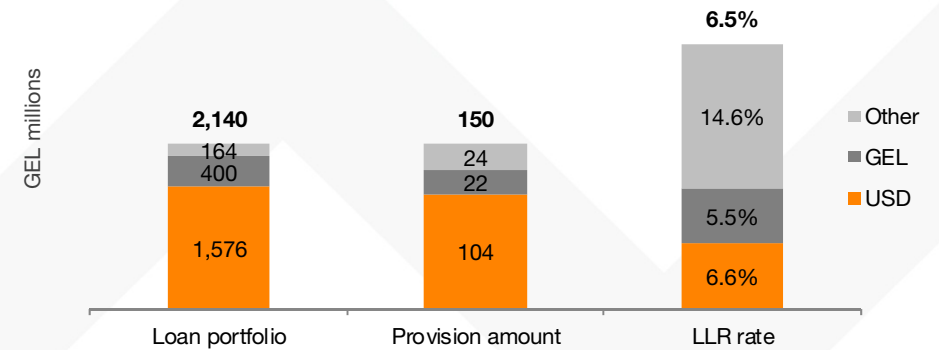


| Amounts in GEL millions | RB Loan portfolio | % of total RB loan portfolio | Mortgages | Consumer loans* | SME & Micro |
|-------------------------------|-------------------|------------------------------|--------------|-----------------|--------------|
| GEL and other currency loans* | 2,505 | 54.1% | 343 | 1,408 | 754 |
| USD loans with USD income | 449 | 9.7% | 259 | 49 | 141 |
| USD loans with non-USD income | 1,675 | 36.2% | 857 | 212 | 606 |
| Total | 4,629 | 100.0% | 1,459 | 1,669 | 1,501 |

* Includes credit cards

Corporate Investment Banking | 30 September 2017

Banking Business

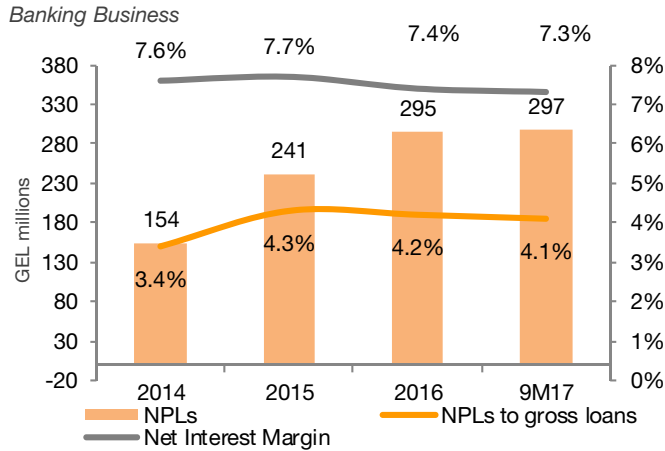


| Amounts in GEL millions | CIB Loan portfolio | % of total CIB loan portfolio |
|-------------------------------|--------------------|-------------------------------|
| GEL and other currency loans* | 564 | 26.4% |
| USD loans with USD income | 1,006 | 47.0% |
| USD loans with non-USD income | 570 | 26.6% |
| Total | 2,140 | 100.0% |

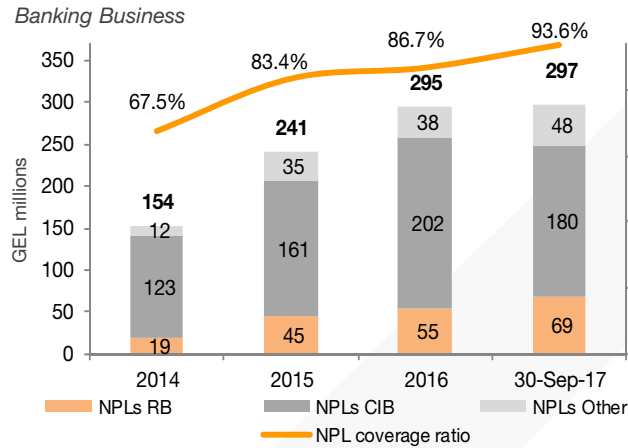
Note: standalone figures received from management accounts

Banking Business - Resilient loan portfolio quality

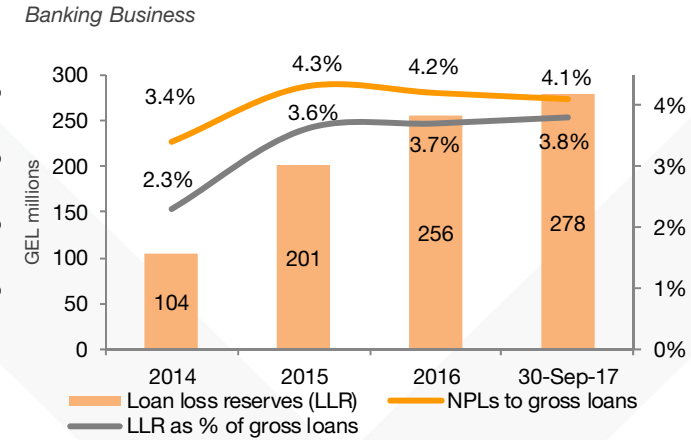
NPLs and NIM



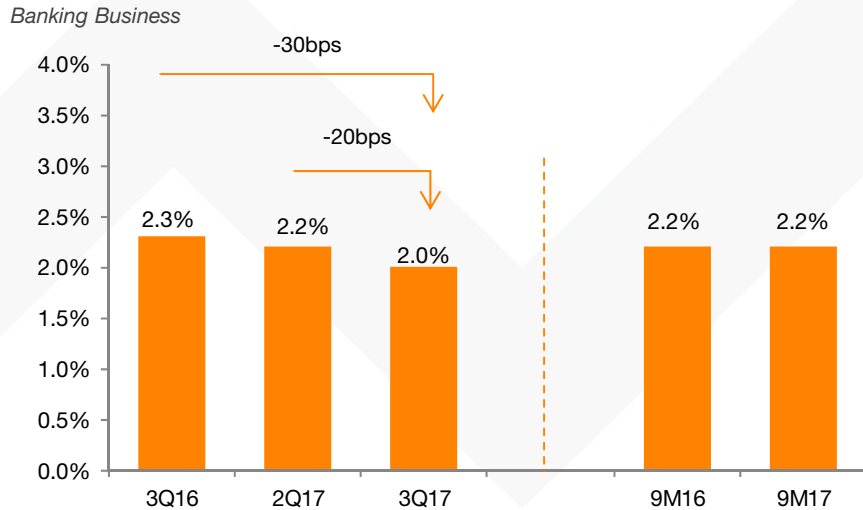
NPL composition



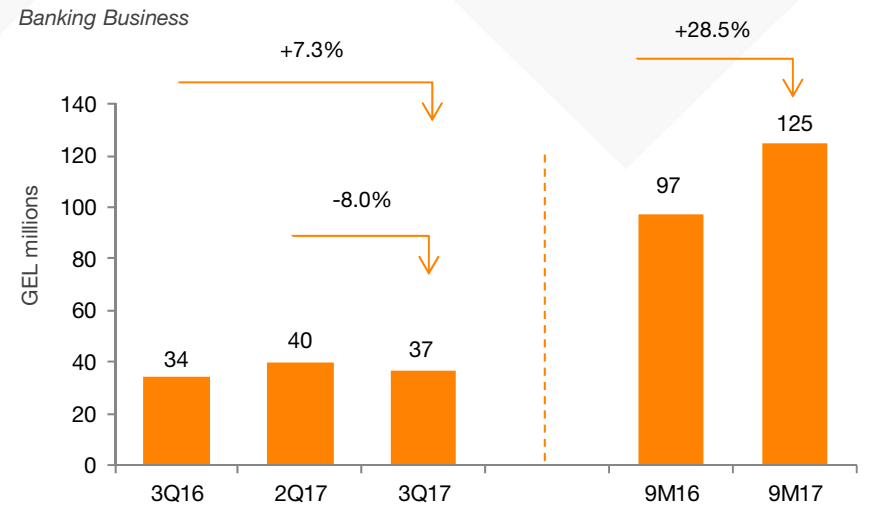
Loan loss reserve



Cost of Risk

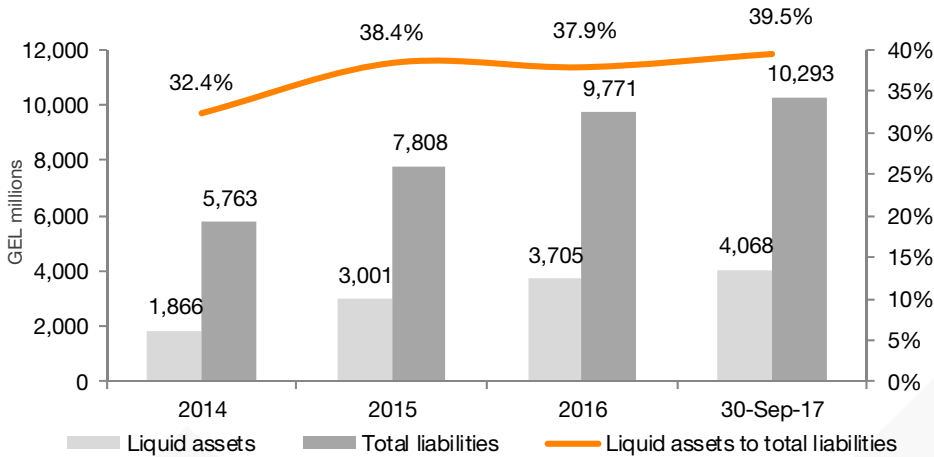


Cost of Credit risk



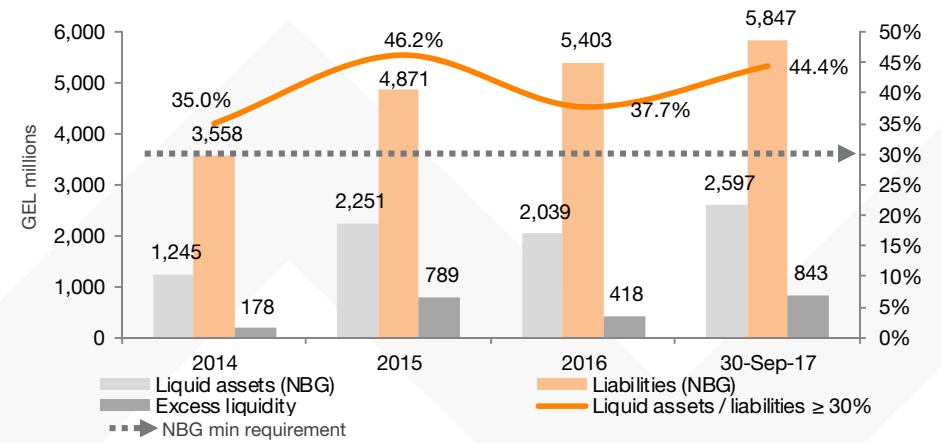
Liquid assets to total liabilities

Banking Business



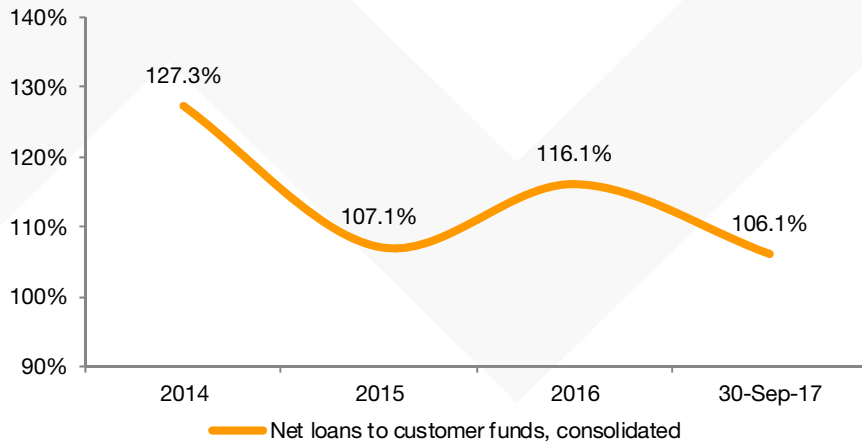
NBG liquidity ratio

BOG standalone



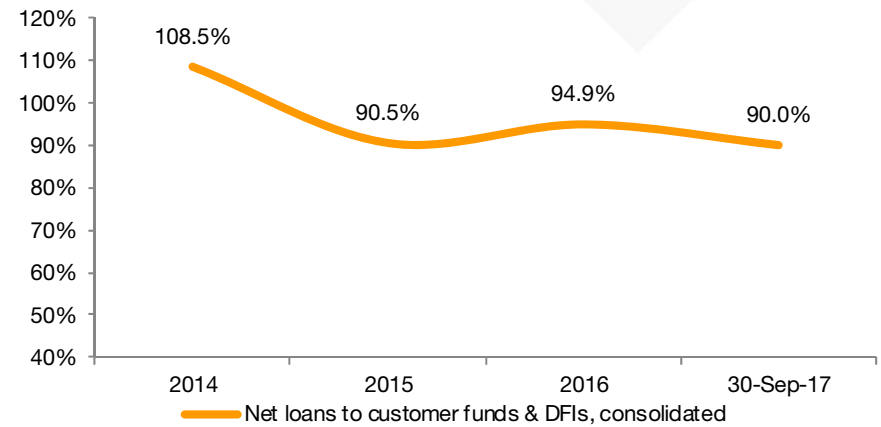
Net loans to customer funds

Banking Business



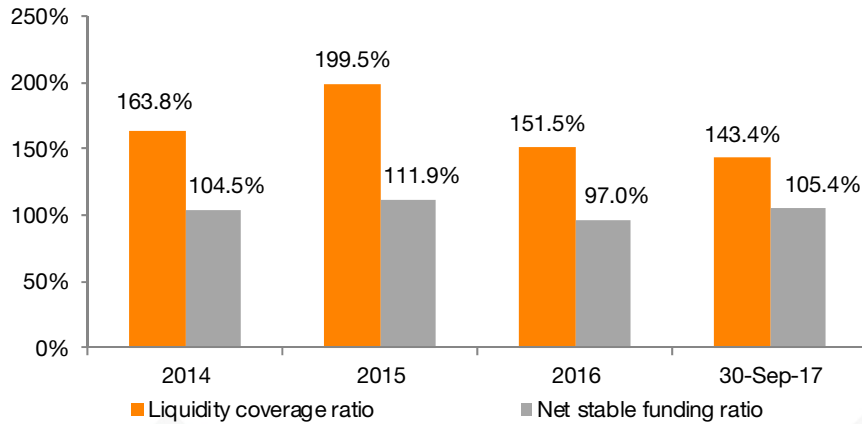
Net loans to customer funds & DFI

Banking Business



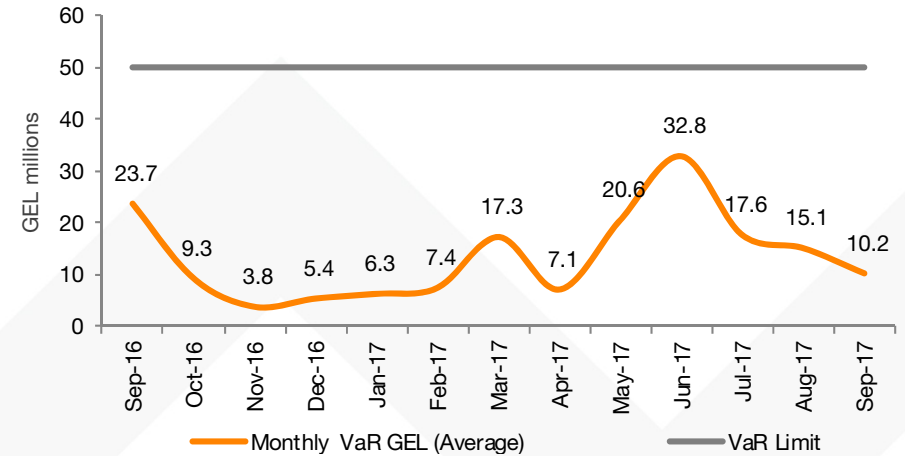
Liquidity coverage ratio & net stable funding ratio

JSC Bank of Georgia standalone



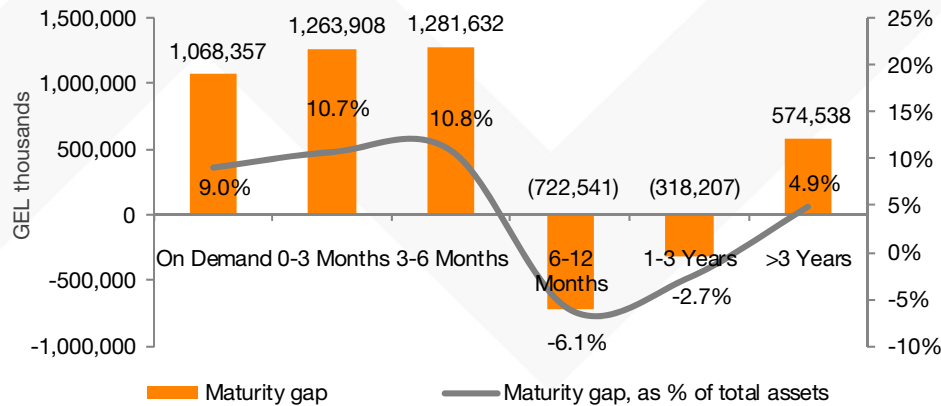
Foreign currency VAR analysis*

JSC Bank of Georgia standalone



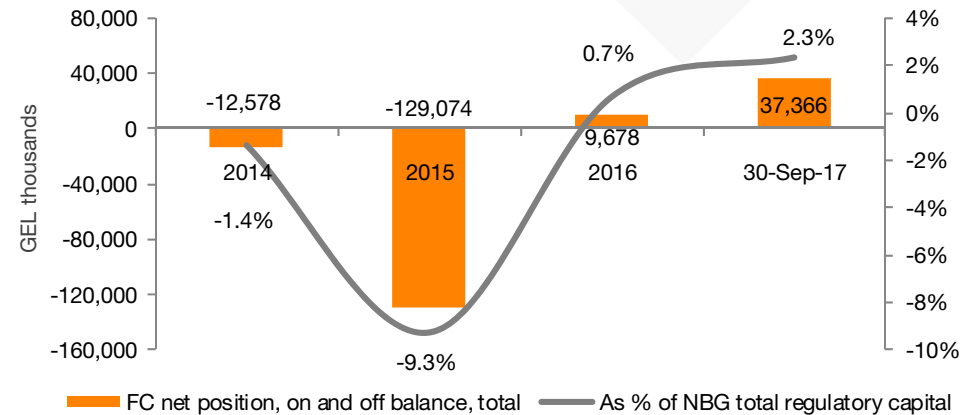
Cumulative maturity gap, 30 September 2017

Banking Business



Open currency position

JSC Bank of Georgia standalone



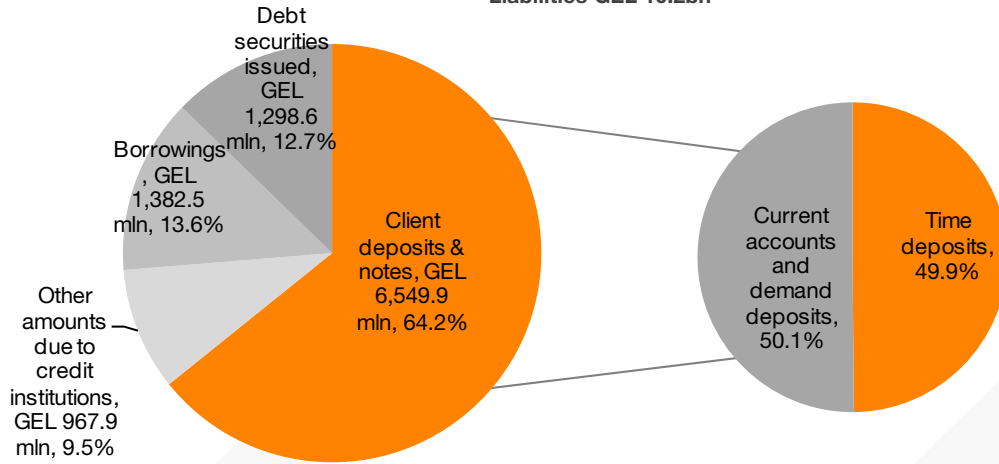
Note*: Daily VaR time series averaged for each respective months

Banking Business - Funding structure is well established

Interest Bearing Liability structure | 30 September 17

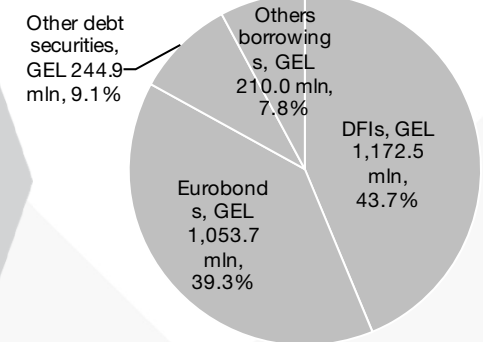
Banking Business

Interest Bearing Liabilities GEL 10.2bn



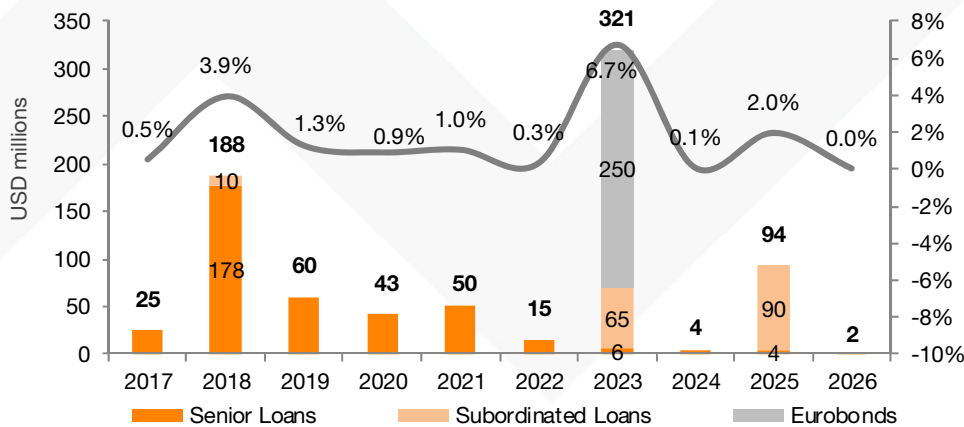
Well diversified international borrowings | 9M17

Banking Business



Borrowed funds maturity breakdown*

Banking Business



Highlights for 9M17

- **Banking Business has a well-balanced funding structure** with 64.2% of interest bearing liabilities coming from client deposits and notes, 11.5% from Developmental Financial Institutions (DFIs) and 12.7% from Eurobonds and notes issued, as of 30 September 2017
- The Bank has also been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, FMO, DEG, ADB, etc.
- As of 30 September 2017, US\$ 98.8million undrawn facilities from DFIs with up to seven year maturity
- **In July 2016**, BGEO Group issued 7 year, US\$ 350mln Eurobonds with 6.00% coupon. Bonds were trading at 5.341%** on 31 October 2017
- **In June 2017**, BOG issued 3 year, GEL 500mln local currency international bonds with 11.00% coupon. Bonds were trading at 10.764%** on 31 October 2017

Note*: converted at GEL/US\$ exchange rate of 2.4767 as of 30 September 2017

Note**: as of 31 October 2017 – source: Bloomberg

Retail Banking

Data as at 30 September 2017 for JSC Bank of Georgia standalone

| Segments | 1  Emerging Retail | 2  Mass Retail | 3  Mass Affluent | 4 MSME Micro, Small and Medium Business |
|-----------------------------------|---|--|---|---|
| Clients | 514 _k | 1,554 _k | 29 _k | 158 _k |
| Loans | GEL 253 _{mln} | GEL 1,725 _{mln} | GEL 1,066 _{mln} | GEL 1,586 _{mln} |
| Deposits | GEL 140 _{mln} | GEL 1,267 _{mln} | GEL 1,082 _{mln} | GEL 381 _{mln} |
| 9M17 Profit | GEL 26 _{mln} | GEL 77 _{mln} | GEL 29 _{mln} | GEL 36 _{mln} |
| Profit per client (annualised) | GEL 70 | GEL 67 | GEL 1,635 | GEL 343 |
| P/C ratio | 3.3 | 1.8 | 6.3 | 1.4 |
| Branches | 153 | 114 | 11 | n/a |

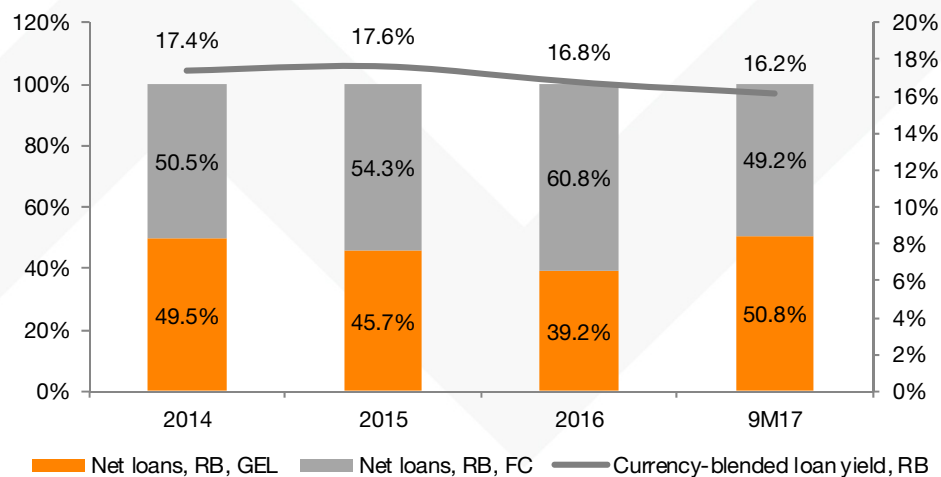
Retail Banking financial data

P&L

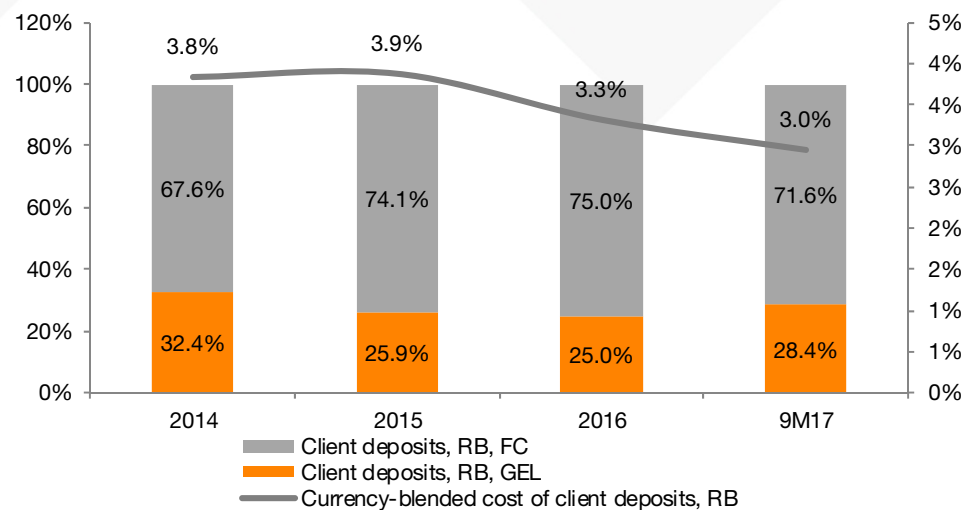
GEL thousands unless otherwise noted

| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| Net banking interest income | 122,352 | 95,507 | 28.1% | 112,575 | 8.7% | 346,437 | 262,913 | 31.8% |
| Net fee and commission income | 25,064 | 22,402 | 11.9% | 23,970 | 4.6% | 71,279 | 63,383 | 12.5% |
| Net banking foreign currency gain | 7,979 | 8,198 | -2.7% | 6,060 | 31.7% | 20,531 | 17,261 | 18.9% |
| Net other banking income | 366 | 1,097 | -66.6% | (851) | NMF | 498 | 2,843 | -82.5% |
| Revenue | 155,761 | 127,204 | 22.4% | 141,754 | 9.9% | 438,745 | 346,400 | 26.7% |
| Salaries and other employee benefits | (32,262) | (27,315) | 18.1% | (29,763) | 8.4% | (89,890) | (75,247) | 19.5% |
| Administrative expenses | (17,084) | (13,179) | 29.6% | (16,084) | 6.2% | (50,003) | (40,456) | 23.6% |
| Banking depreciation and amortisation | (9,087) | (7,910) | 14.9% | (8,644) | 5.1% | (25,721) | (22,890) | 12.4% |
| Other operating expenses | (448) | (837) | -46.5% | (511) | -12.3% | (1,435) | (1,727) | -16.9% |
| Operating expenses | (58,881) | (49,241) | 19.6% | (55,002) | 7.1% | (167,049) | (140,320) | 19.0% |
| Profit from associate | 147 | - | NMF | 394 | -62.7% | 1,055 | - | NMF |
| Operating income before cost of credit risk | 97,027 | 77,963 | 24.5% | 87,146 | 11.3% | 272,751 | 206,080 | 32.4% |
| Cost of credit risk | (22,246) | (20,691) | 7.5% | (31,746) | -29.9% | (87,678) | (56,417) | 55.4% |
| Profit before non-recurring items and income tax | 74,781 | 57,272 | 30.6% | 55,400 | 35.0% | 185,073 | 149,663 | 23.7% |
| Net non-recurring items | (1,041) | 2,297 | NMF | (760) | 37.0% | (2,284) | (30,082) | -92.4% |
| Profit before income tax | 73,740 | 59,569 | 23.8% | 54,640 | 35.0% | 182,789 | 119,581 | 52.9% |
| Income tax (expense) benefit | (5,342) | (3,147) | 69.7% | (1,776) | NMF | (10,710) | 21,710 | NMF |
| Profit | 68,398 | 56,422 | 21.2% | 52,864 | 29.4% | 172,079 | 141,291 | 21.8% |

Loan Yield

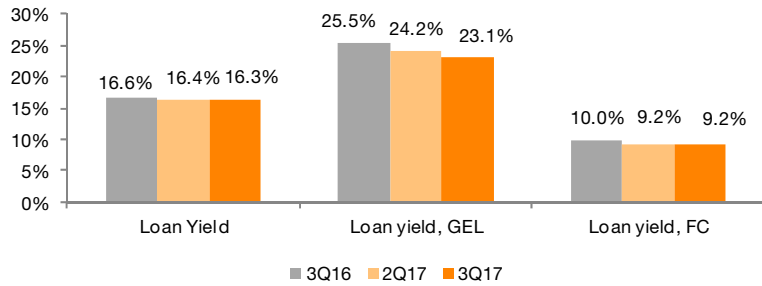


Deposit Cost

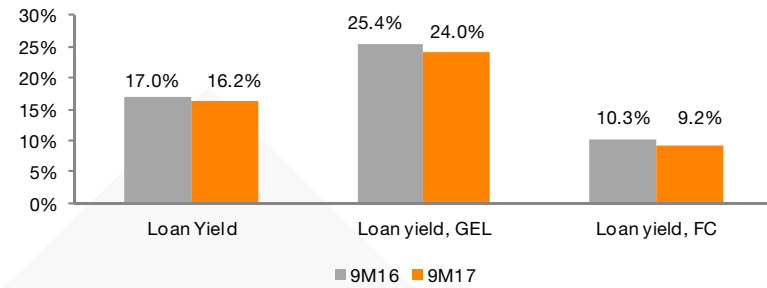


Retail Banking - Loan yield, cost of deposits & NIM

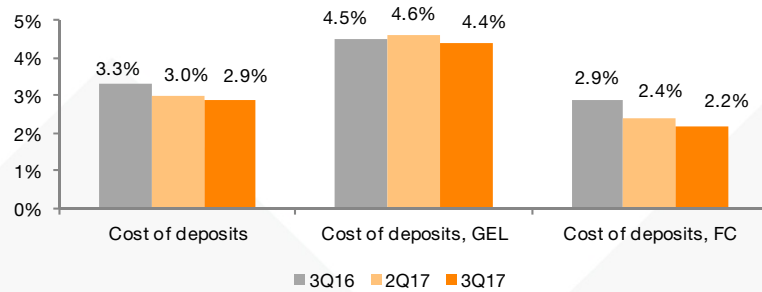
RB Loan Yield | quarterly



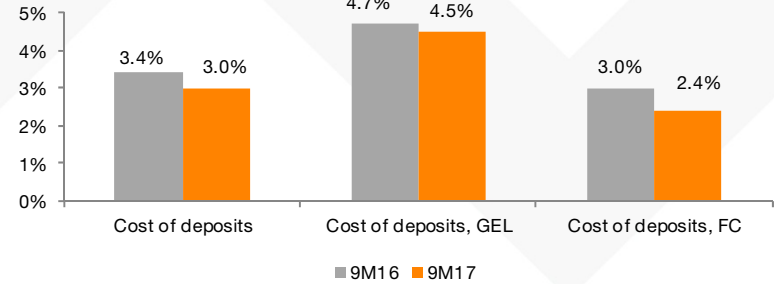
RB Loan Yield | nine months



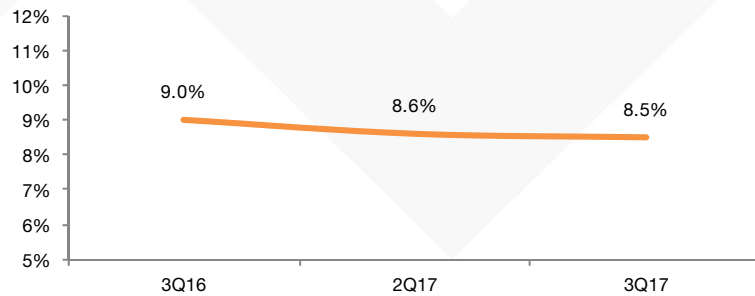
RB Cost of Deposit | quarterly



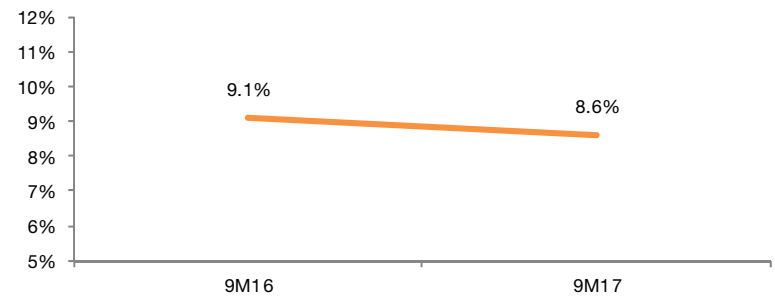
RB Cost of Deposit | nine months



RB NIM | quarterly



RB NIM | nine months



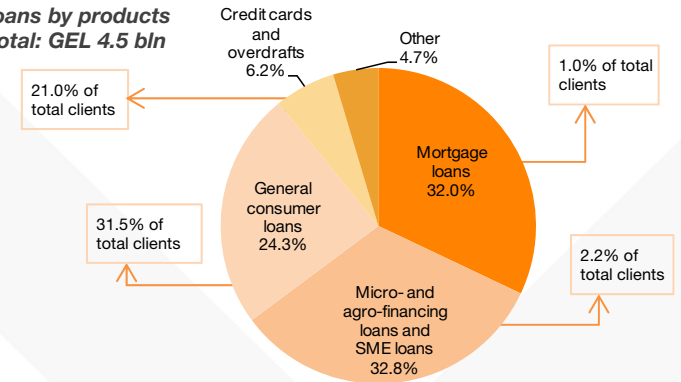
Retail Banking - Leading retail bank in Georgia

RB Client Data

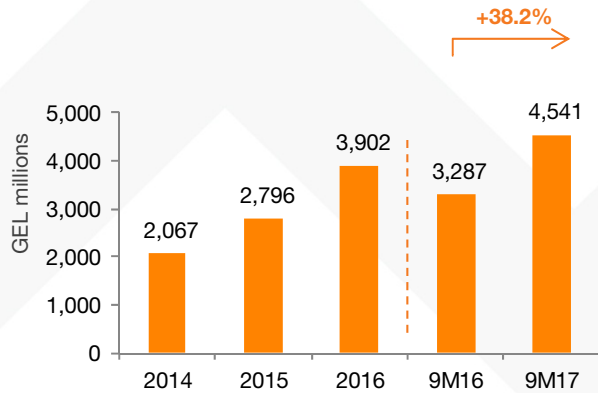
| Operating Data, GEL mln | 9M17 | % of clients | 2016 | 2015 | 2014 |
|--|------------------|--------------|------------------|------------------|------------------|
| Number of total Retail clients, of which: | 2,254,584 | | 2,141,229 | 1,999,869 | 1,451,777 |
| <i>Number of Solo clients ("Premier Banking")</i> | 28,492 | 1.3% | 19,267 | 11,869 | 7,971 |
| Consumer loans & other outstanding, volume | 1,364 | | 1,104 | 836 | 692 |
| Consumer loans & other outstanding, number | 710,432 | 31.5% | 647,441 | 625,458 | 526,683 |
| Mortgage loans outstanding, volume | 1,459 | | 1,228 | 809 | 609 |
| Mortgage loans outstanding, number | 22,857 | 1.0% | 16,300 | 12,857 | 11,902 |
| Micro & SME loans outstanding, volume | 1,501 | | 1,346 | 904 | 666 |
| Micro & SME loans outstanding, number | 50,063 | 2.2% | 36,379 | 19,045 | 16,246 |
| Credit cards and overdrafts outstanding, volume | 305 | | 291 | 306 | 135 |
| Credit cards and overdrafts outstanding, number | 473,940 | 21.0% | 442,487 | 435,010 | 199,543 |
| Credit cards outstanding, number, of which: | 744,902 | 33.0% | 800,621 | 754,274 | 116,615 |
| <i>American Express cards</i> | 90,584 | 4.0% | 9,567 | 100,515 | 110,362 |

RB Portfolio breakdown

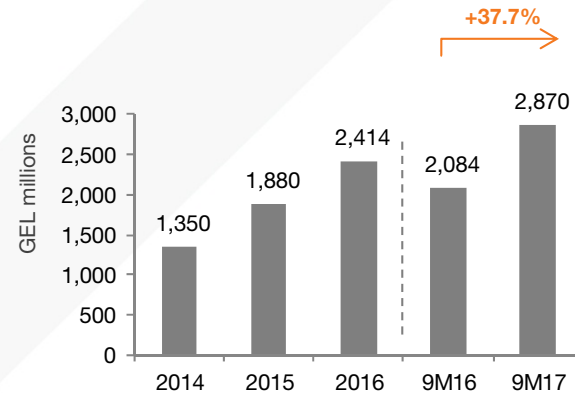
Loans by products
Total: GEL 4.5 bln



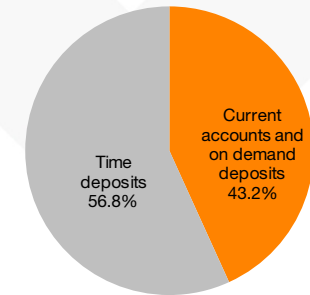
RB Loans



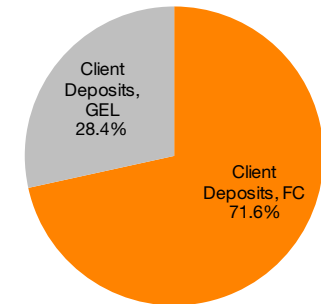
RB Deposits



Deposits by category
Total: GEL 2.9 bln



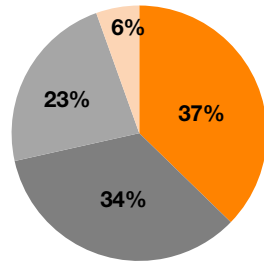
Deposits by currency
Total: GEL 2.9 bln



Retail Banking financial data, as at 30 September 2017

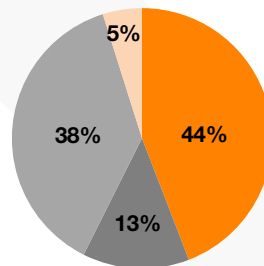
Balance sheet data

JSC Bank of Georgia Standalone



Total Loans
GEL 4,629mln

- Mass Retail (GEL 1,725mln)
- MSME (GEL 1,586mln)
- Solo (GEL 1,066mln)
- Express Bank (GEL 253mln)

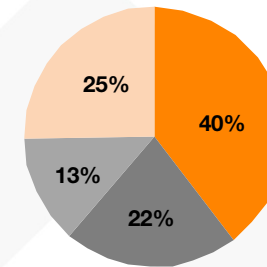


Total Deposits
GEL 2,870mln

- Mass Retail (GEL 1,267mln)
- MSME (GEL 381mln)
- Solo (GEL 1,082mln)
- Express Bank (GEL 140mln)

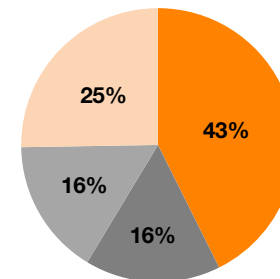
Income statement data

Net Interest Income
GEL 345mln



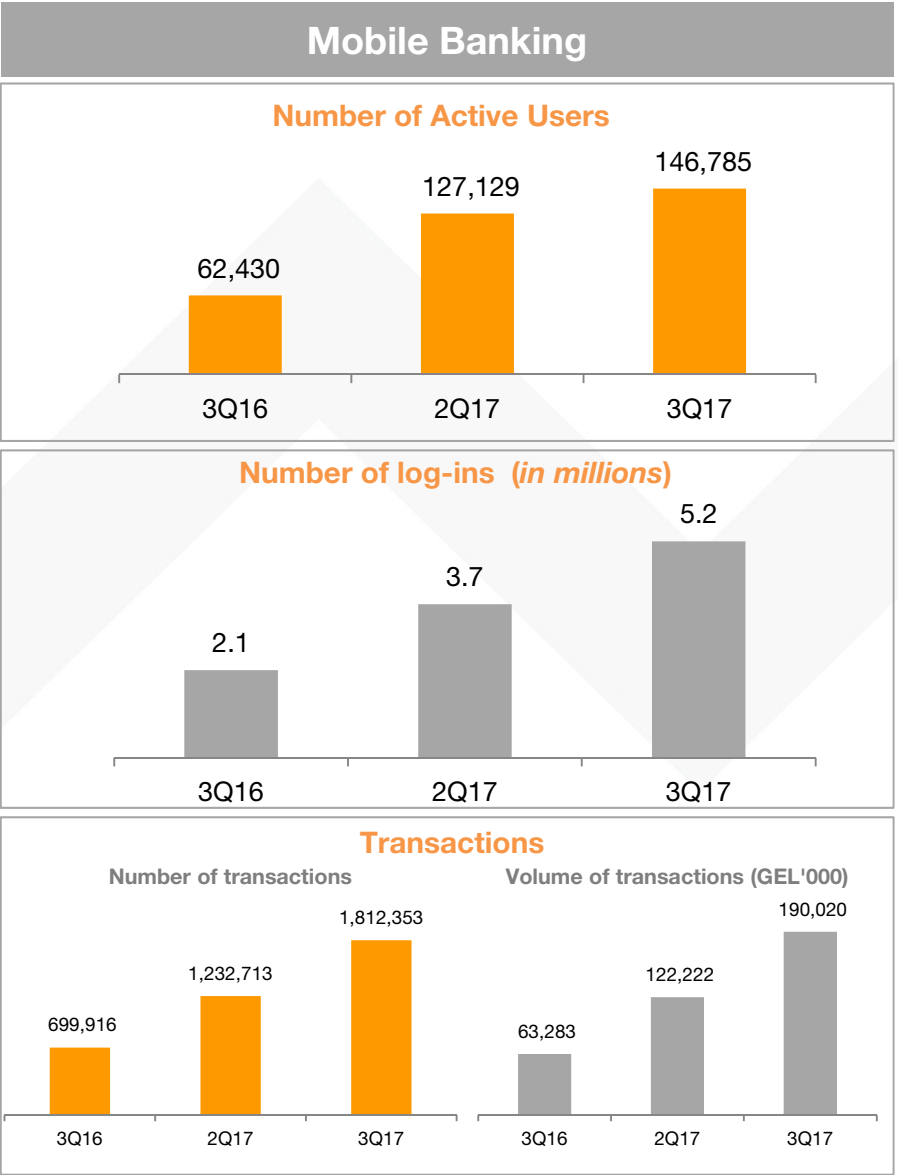
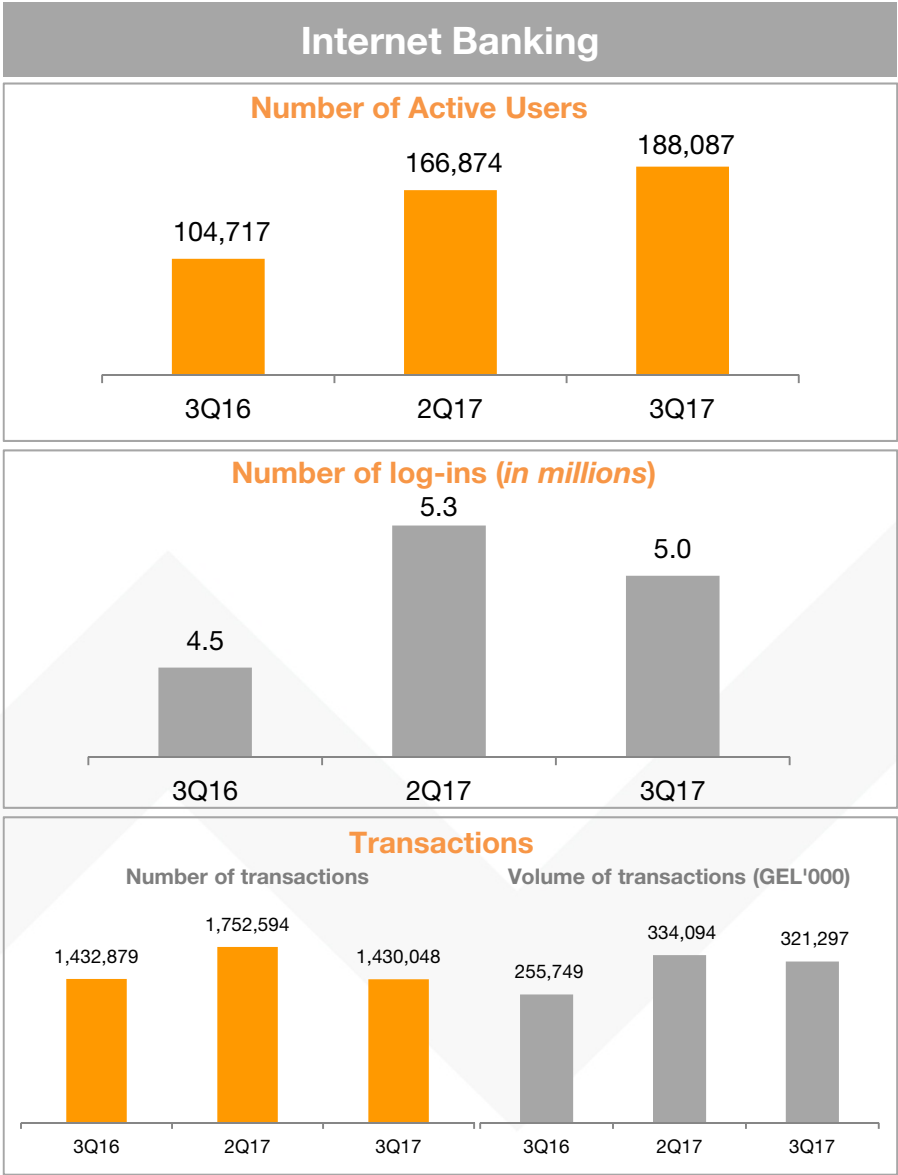
- Mass Retail (GEL 137mln)
- MSME (GEL 75mln)
- Solo (GEL 47mln)
- Express Bank (GEL 87mln)

Net Fee & Commission Income
GEL 61mln



- Mass Retail (GEL 26mln)
- MSME (GEL 10mln)
- Solo (GEL 10mln)
- Express Bank (GEL 15mln)

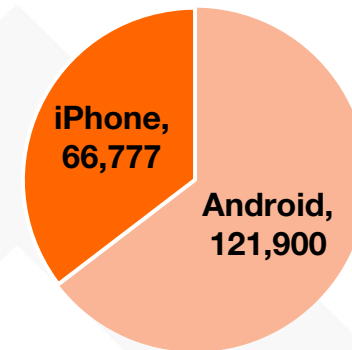
Retail Banking - Digital penetration



Retail Banking - mBank, new mobile banking application

- Launched on 29 May 2017
- **1,748,757** transactions executed since launch (including transfers and currency exchanges)
 - **1,239,241** payments made by logged-in clients
 - **21,872** payments made on pre-login page; 8% made with non-BOG cards
 - **487,644** transfers and currency exchanges

mBank downloads since 29 May 2017 **188,677**



გაიცანი mBank -
საქართველოს ბანკის
ახალი მობილბანკი **შენი**
მობილური ცხოვრებისთვის

www.mBank.ge

The image shows two smartphones displaying the mBank mobile application interface. The screen displays account balances, transaction history, and service options. The top part of the screen shows the account balance in Georgian Lari (ლ) and the amount of the transaction. Below that, there are sections for transaction history and service options.

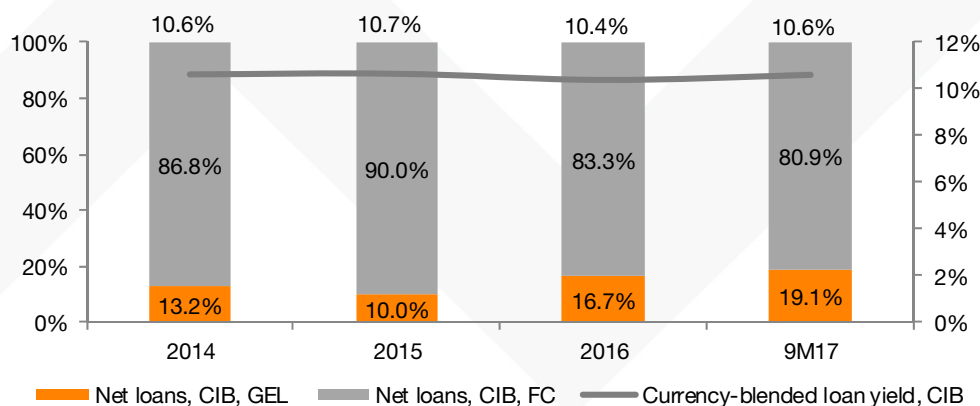
Corporate Investment Banking financial data

P&L

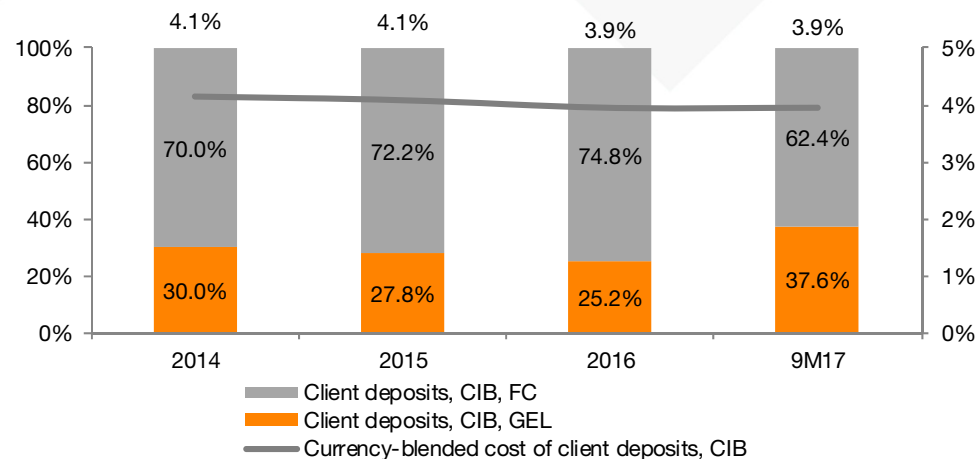
GEL thousands unless otherwise noted

| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net banking interest income | 38,550 | 34,457 | 11.9% | 37,133 | 3.8% | 113,632 | 107,940 | 5.3% |
| Net fee and commission income | 5,891 | 6,680 | -11.8% | 5,301 | 11.1% | 16,857 | 19,830 | -15.0% |
| Net banking foreign currency gain | 8,852 | 12,196 | -27.4% | 10,409 | -15.0% | 30,691 | 32,485 | -5.5% |
| Net other banking income | 2,359 | 3,244 | -27.3% | 1,929 | 22.3% | 6,547 | 7,652 | -14.4% |
| Revenue | 55,652 | 56,577 | -1.6% | 54,772 | 1.6% | 167,727 | 167,907 | -0.1% |
| Salaries and other employee benefits | (13,982) | (12,851) | 8.8% | (12,974) | 7.8% | (39,302) | (35,363) | 11.1% |
| Administrative expenses | (3,699) | (3,223) | 14.8% | (3,516) | 5.2% | (10,750) | (10,270) | 4.7% |
| Banking depreciation and amortisation | (1,339) | (1,285) | 4.2% | (1,263) | 6.0% | (3,819) | (3,862) | -1.1% |
| Other operating expenses | (187) | (246) | -24.0% | (188) | -0.5% | (532) | (702) | -24.2% |
| Operating expenses | (19,207) | (17,605) | 9.1% | (17,941) | 7.1% | (54,403) | (50,197) | 8.4% |
| Operating income before cost of credit risk | 36,445 | 38,972 | -6.5% | 36,831 | -1.0% | 113,324 | 117,710 | -3.7% |
| Cost of credit risk | (14,887) | (10,607) | 40.4% | (5,030) | NMF | (28,616) | (34,093) | -16.1% |
| Profit before non-recurring items and income tax | 21,558 | 28,365 | -24.0% | 31,801 | -32.2% | 84,708 | 83,617 | 1.3% |
| Net non-recurring items | (334) | 1,191 | NMF | (259) | 29.0% | (1,748) | (14,202) | -87.7% |
| Profit before income tax | 21,224 | 29,556 | -28.2% | 31,542 | -32.7% | 82,960 | 69,415 | 19.5% |
| Income tax (expense) benefit | (1,780) | (1,308) | 36.1% | (1,053) | 69.0% | (4,745) | 8,813 | NMF |
| Profit | 19,444 | 28,248 | -31.2% | 30,489 | -36.2% | 78,215 | 78,228 | 0.0% |

Loan Yield



Deposit Cost



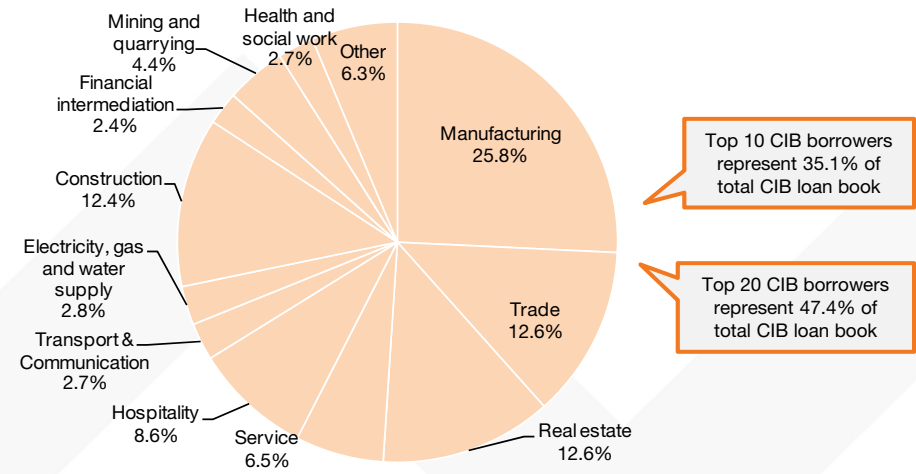
Corporate Investment Banking loan book & deposits

Highlights

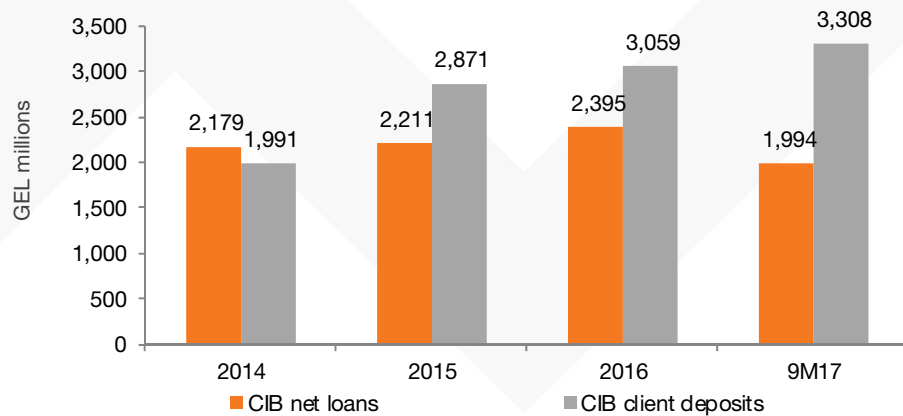
- Leading corporate bank in Georgia
- Integrated client coverage in key sectors
 - c. 2,474 clients served by dedicated relationship bankers

Portfolio breakdown, 30 September 2017

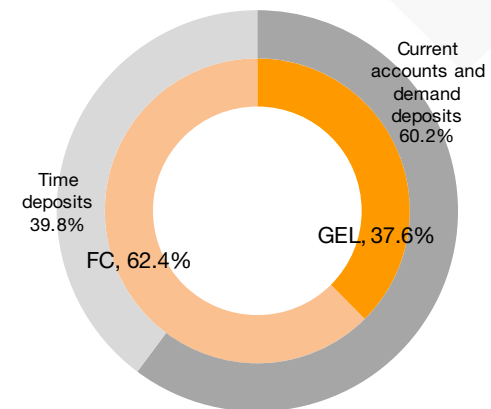
Loans by sectors



Loans & Deposits

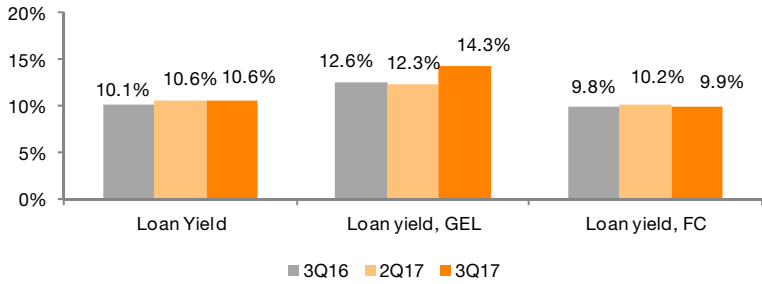


Deposits by category

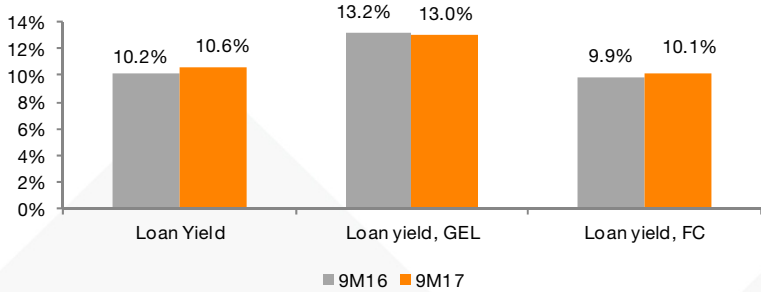


Corporate Investment Banking - Loan yield, cost of deposits & NIM

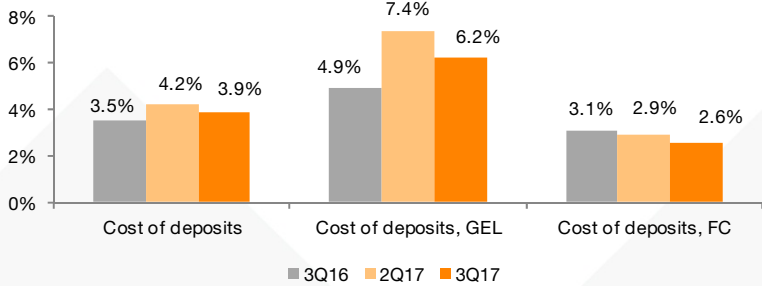
CIB Loan Yield | *quarterly*



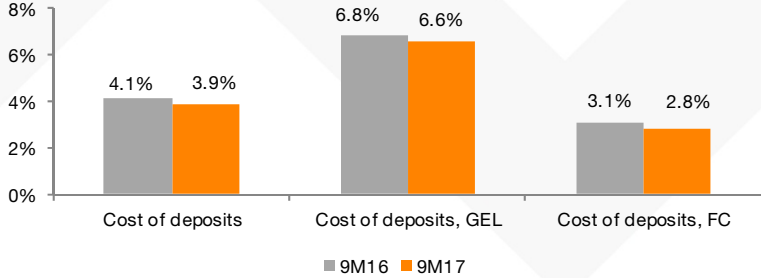
CIB Loan Yield | *nine months*



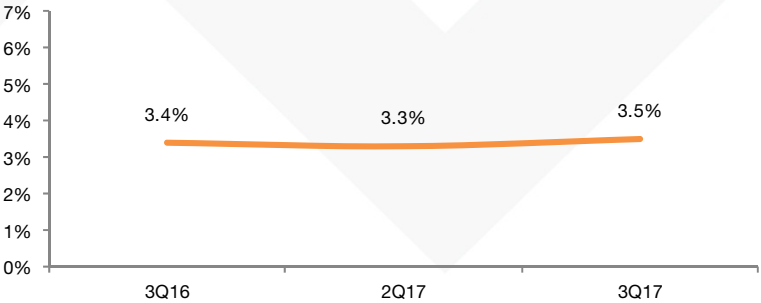
CIB Cost of Deposit | *quarterly*



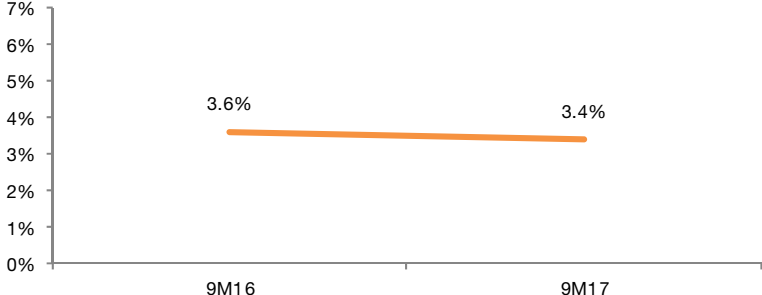
CIB Cost of Deposit | *nine months*



CIB NIM | *quarterly*



CIB NIM | *nine months*



Investment Management - Unrivalled platform for profitable growth

1

Wealth Management

- **Strong international presence:** Israel (since 2008), UK (2010), Hungary (2012), Turkey (2013) and Cyprus (2017).
- **AUM of GEL 1,818 million**, up 29.1% y-o-y
- **Diversified funding sources:**
 - Georgia 35%
 - Israel 14%
 - UK 4%
 - Germany 2%
 - Other 45%

4

Brokerage

- **Wide product coverage**



- **Exclusive partner of SAXO Bank** via While Label structure, that provides highly adaptive trading platform with professional tools, insights and world-class execution

Investment Management

2

Research

- **Sector, macro and fixed income coverage**
- **International distribution**



3

Corporate Advisory

- **Bond placement**
 - In July 2017 G&T acted as a placement agent for Evex Medical Corporation, a subsidiary of Georgia Healthcare Group, facilitating private placement of GEL 90mIn local bonds due 2022
 - In August 2017 G&T acted as a placement agent for Georgian Water and Power facilitating private placement of GEL 40mIn local bonds
 - In September 2017 G&T acted as a placement agent for Georgian Leasing Company, facilitating public placement of \$10mIn local bonds due in 2020
- **Corporate advisory platform**
 - Team with sector expertise and international M&A experience
 - Proven track record of more than 15 completed transactions over the past 8 years.

WM CLIENTS

BOG & GEORGIA

INTERNATIONAL ASSETS



GEORGIA

- Onshore economy with offshore similar benefits
- No capital gain tax on the internationally traded securities
- No accounts reporting liability
- High account safety (international custodian)
- Fast and easy way to open account and transfer in/out assets/funds

BANK OF GEORGIA

Trading and custody capabilities of international assets on all major international exchanges

Eq Eq Eq CFD Fu C Fx Fx Bo



- Equities
- Fixed Income
- CFDs
- Other



CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

Investment Business results highlights

P&L Highlights

| <i>GEL thousands unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Gross insurance profit | 10,753 | 10,317 | 4.2% | 10,010 | 7.4% | 31,548 | 26,899 | 17.3% |
| Gross healthcare and pharmacy profit | 50,793 | 35,517 | 43.0% | 51,333 | -1.1% | 154,468 | 92,641 | 66.7% |
| Gross real estate profit | 4,404 | 10,040 | -56.1% | 22,914 | -80.8% | 30,293 | 18,453 | 64.2% |
| Gross utility and energy profit | 25,942 | 17,011 | 52.5% | 22,032 | 17.7% | 65,502 | 17,011 | 285.1% |
| Gross other investment profit | 16,248 | 5,247 | NMF | 13,794 | 17.8% | 34,326 | 12,242 | 180.4% |
| Revenue | 108,140 | 78,132 | 38.4% | 120,083 | -9.9% | 316,137 | 167,246 | 89.0% |
| Operating expenses | (51,729) | (30,100) | 71.9% | (53,590) | -3.5% | (150,306) | (69,186) | 117.2% |
| EBITDA | 56,411 | 48,032 | 17.4% | 66,493 | -15.2% | 165,831 | 98,060 | 69.1% |
| Profit from associates | 20 | 256 | -92.2% | 212 | -90.6% | 232 | 4,074 | -94.3% |
| Depreciation and amortisation | (13,739) | (9,755) | 40.8% | (12,787) | 7.4% | (37,997) | (19,823) | 91.7% |
| Net foreign currency loss | (6,470) | (1,291) | NMF | (64) | NMF | (5) | (4,687) | -99.9% |
| Interest income | 4,367 | 2,304 | 89.5% | 3,513 | 24.3% | 10,879 | 4,737 | 129.7% |
| Interest expense | (14,419) | (10,536) | 36.9% | (15,515) | -7.1% | (42,263) | (17,368) | 143.3% |
| Operating income before cost of credit risk | 26,170 | 29,010 | -9.8% | 41,852 | -37.5% | 96,677 | 64,993 | 48.7% |
| Cost of credit risk | (1,986) | (1,251) | 58.8% | (2,629) | -24.5% | (5,840) | (3,977) | 46.8% |
| Profit before non-recurring items and income tax | 24,184 | 27,759 | -12.9% | 39,223 | -38.3% | 90,837 | 61,016 | 48.9% |
| Net non-recurring items | (936) | 31,686 | NMF | (1,691) | -44.6% | (4,304) | 32,078 | NMF |
| Profit before income tax | 23,248 | 59,445 | -60.9% | 37,532 | -38.1% | 86,533 | 93,094 | -7.0% |
| Income tax (expense) benefit | (2,338) | (3,761) | -37.8% | (1,236) | 89.2% | (4,282) | 22,548 | NMF |
| Profit | 20,910 | 55,684 | -62.4% | 36,296 | -42.4% | 82,251 | 115,642 | -28.9% |
| Earnings per share (basic) | 0.39 | 1.33 | -70.6% | 0.80 | -51.1% | 1.66 | 2.35 | -29.6% |
| Earnings per share (diluted) | 0.37 | 1.33 | -71.9% | 0.77 | -51.3% | 1.59 | 2.35 | -32.5% |

Balance Sheet Highlights

| <i>GEL thousands unless otherwise noted</i> | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|---|------------------|------------------|-----------------|------------------|-----------------|
| Liquid assets | 439,616 | 407,035 | 8.0% | 549,425 | -20.0% |
| Cash and cash equivalents | 345,137 | 239,953 | 43.8% | 349,166 | -1.2% |
| Amounts due from credit institutions | 60,565 | 164,021 | -63.1% | 152,634 | -60.3% |
| Investment securities | 33,914 | 3,061 | NMF | 47,625 | -28.8% |
| Property and equipment | 1,189,395 | 895,082 | 32.9% | 1,112,486 | 6.9% |
| Total assets | 2,575,191 | 1,983,779 | 29.8% | 2,528,807 | 1.8% |
| Amounts due to credit institutions | 459,158 | 380,745 | 20.6% | 538,534 | -14.7% |
| Borrowings from DFI | 262,707 | 92,251 | NMF | 255,438 | 2.8% |
| Loans and deposits from commercial banks | 196,451 | 288,494 | -31.9% | 283,096 | -30.6% |
| Debt securities issued | 479,142 | 317,619 | 50.9% | 319,033 | 50.2% |
| Total liabilities | 1,431,790 | 1,072,104 | 33.5% | 1,430,877 | 0.1% |
| Total equity | 1,143,401 | 911,675 | 25.4% | 1,097,930 | 4.1% |

Investment Business value proposition – Three pillars

1

Strong corporate governance

- **Outstanding track record in:**
 - institutionalizing businesses, creating independently run/managed institutions
 - investor reporting transparency and granularity
- **Top class board and governance**
- **Aligned shareholders' and management's interests**
 - Management compensation linked to performance
 - Equity/performance dominating compensation structure

2

Access to management

- Reputation among talented managers as the - ***“best group to work for”***
- Attracted talent have demonstrated track record of successful delivery
- **Proven DNA in turning around the companies and growing them efficiently**
- **Strong skillset in company exits**
 - LSE IPO track record
 - Divestiture skills

3

Superior access to capital

- Only investment company in Georgia
- Uniquely positioned given the access to capital in a small frontier economy, where access to capital is limited:
 - **c.US\$ 500 mln** raised in equity at LSE
 - Issued four Eurobonds totaling **US\$ 1.2 billion**
 - **US\$ 3 billion+** raised from IFIs (EBRD, IFC etc.)
- **Flexibility to use own shares as acquisition currency**

We are a Georgia focused diversified investment company targeting minimum IRR of 25%

1

Investment & Capital Management

- **Highly disciplined approach** to unlock value through opportunistic investments – acquiring early stage, developing businesses or establishing greenfield businesses
- **360° analysis to be performed** when evaluating capital returns, new investment opportunities or divestments:
 - BGEO Investments share buybacks
 - Recycling of publicly traded investments into privately held ones
 - Use of BGEO Investments shares as acquisition currency
 - Cash dividends to be considered in lieu of large exits

2

Managing portfolio companies

- Attracting and developing talent is a top priority
- Hands-on management approach to the non-public portfolio companies at early stages of their development
- Advisory approach for management of more mature phase companies
- Board participation (if needed) in publicly listed companies

3

EXITS

- **Clear exit paths** through IPO or trade sale in 5-10 years

CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| • Georgia Healthcare Group (GHG) | |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

P&L

| <i>GEL thousands; unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|------------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|
| Revenue, gross | 179,065 | 116,159 | 54.2% | 184,601 | -3.0% | 550,113 | 290,408 | 89.4% |
| Corrections & rebates | (407) | (762) | -46.6% | (660) | -38.3% | (1,690) | (1,896) | -10.9% |
| Revenue, net | 178,658 | 115,397 | 54.8% | 183,941 | -2.9% | 548,423 | 288,512 | 90.1% |
| Revenue from healthcare services | 63,598 | 58,543 | 8.6% | 65,940 | -3.6% | 195,263 | 176,639 | 10.5% |
| Revenue from pharma | 106,607 | 45,725 | 133.1% | 110,942 | -3.9% | 328,948 | 76,416 | 330.5% |
| Net insurance premiums earned | 13,959 | 16,054 | -13.0% | 13,410 | 4.1% | 41,334 | 45,182 | -8.5% |
| Eliminations | (5,506) | (4,925) | 11.8% | (6,351) | -13.3% | (17,122) | (9,725) | 76.1% |
| Costs of services | (123,467) | (76,563) | 61.3% | (130,247) | -5.2% | (383,460) | (188,109) | 103.8% |
| Cost of healthcare services | (36,916) | (31,170) | 18.4% | (37,652) | -2.0% | (112,345) | (95,567) | 17.6% |
| Cost of pharma | (80,237) | (35,915) | 123.4% | (84,822) | -5.4% | (249,467) | (60,974) | NMF |
| Cost of insurance services | (11,968) | (13,939) | -14.1% | (12,718) | -5.9% | (37,420) | (40,775) | -8.2% |
| Eliminations | 5,653 | 4,461 | 26.7% | 4,945 | 14.3% | 15,771 | 9,207 | 71.3% |
| Gross profit | 55,191 | 38,834 | 42.1% | 53,694 | 2.8% | 164,963 | 100,403 | 64.3% |
| Salaries and other employee benefits | (18,759) | (10,841) | 73.0% | (18,424) | 1.8% | (54,911) | (26,993) | 103.4% |
| General and administrative expenses | (11,600) | (7,985) | 45.3% | (11,400) | 1.8% | (36,352) | (17,253) | 110.7% |
| Impairment of receivables | (918) | (172) | NMF | (1,003) | -8.5% | (3,042) | (2,388) | 27.4% |
| Other operating income | 2,200 | (109) | NMF | 3,229 | -31.9% | 6,611 | (31) | NMF |
| EBITDA | 26,114 | 19,727 | 32.4% | 26,096 | 0.1% | 77,269 | 53,738 | 43.8% |
| EBITDA healthcare services | 16,616 | 17,794 | -6.6% | 18,295 | -9.2% | 51,730 | 52,782 | -2.0% |
| EBITDA pharmacy | 8,817 | 1,788 | NMF | 8,921 | -1.2% | 26,424 | 2,342 | NMF |
| EBITDA insurance services | 681 | 145 | NMF | (781) | NMF | (544) | (1,386) | -60.8% |
| Eliminations | - | - | - | (341) | NMF | (341) | - | NMF |
| <i>EBITDA Margin healthcare services</i> | 26.0% | 30.0% | | 27.5% | | 26.3% | 29.6% | |
| <i>EBITDA Margin pharmacy</i> | 8.3% | 3.9% | | 8.0% | | 8.0% | 3.1% | |
| Depreciation and amortisation | (6,384) | (5,215) | 22.4% | (6,481) | -1.5% | (18,737) | (14,261) | 31.4% |
| Net interest expense | (7,691) | (3,838) | 100.4% | (7,828) | -1.8% | (22,638) | (8,963) | 152.6% |
| Net gains/(losses) from foreign currencies | (1,336) | (263) | NMF | 986 | NMF | 2,428 | (2,487) | NMF |
| Net non-recurring income/(expense) | (872) | (49) | NMF | (1,478) | -41.0% | (4,142) | (864) | NMF |
| Profit before income tax expense | 9,831 | 10,362 | -5.1% | 11,295 | -13.0% | 34,180 | 27,163 | 25.8% |
| Income tax benefit/(expense) | (92) | (587) | -84.3% | (88) | 4.5% | (199) | 27,838 | NMF |
| <i>of which: Deferred tax adjustments</i> | - | 2,198 | | - | | - | 29,311 | |
| Profit for the period | 9,739 | 9,775 | -0.4% | 11,207 | -13.1% | 33,981 | 55,001 | -38.2% |
| Attributable to: | | | | | | | | |
| - shareholders of GHG | 6,261 | 7,125 | -12.1% | 6,172 | 1.4% | 21,265 | 44,801 | -52.5% |
| - non-controlling interests | 3,478 | 2,650 | 31.2% | 5,035 | -30.9% | 12,716 | 10,200 | 24.7% |
| <i>of which: Deferred tax adjustments</i> | - | 352 | | - | | - | 5,057 | |

Balance Sheet

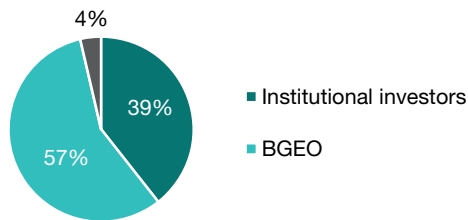
GEL thousands; unless otherwise noted

| | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|--|------------------|----------------|-----------------|------------------|-----------------|
| Total assets, of which: | 1,123,735 | 876,940 | 28.1% | 1,065,527 | 5.5% |
| Cash and bank deposits | 42,790 | 48,067 | -11.0% | 37,052 | 15.5% |
| Receivables from healthcare services | 99,387 | 73,895 | 34.5% | 96,784 | 2.7% |
| Receivables from sale of pharmaceuticals | 20,224 | 8,757 | 130.9% | 15,550 | 30.1% |
| Insurance premiums receivable | 26,085 | 31,147 | -16.3% | 26,936 | -3.2% |
| Property and equipment | 637,328 | 541,206 | 17.8% | 612,159 | 4.1% |
| Goodwill and other intangible assets | 125,550 | 65,053 | 93.0% | 124,490 | 0.9% |
| Inventory | 117,111 | 49,490 | 136.6% | 107,169 | 9.3% |
| Prepayments | 34,118 | 40,451 | -15.7% | 25,350 | 34.6% |
| Other assets | 21,142 | 18,874 | 12.0% | 20,037 | 5.5% |
| Total liabilities, of which: | 579,822 | 361,976 | 60.2% | 530,879 | 9.2% |
| Borrowed funds | 329,199 | 195,188 | 68.7% | 280,483 | 17.4% |
| Accounts payable | 92,597 | 54,179 | 70.9% | 87,691 | 5.6% |
| Insurance contract liabilities | 25,128 | 31,067 | -19.1% | 26,429 | -4.9% |
| Other liabilities | 132,898 | 81,542 | 63.0% | 136,276 | -2.5% |
| Total shareholders' equity attributable to: | 543,913 | 514,964 | 5.6% | 534,648 | 1.7% |
| Shareholders of GHG | 479,854 | 460,848 | 4.1% | 471,491 | 1.8% |
| Non-controlling interest | 69,059 | 54,116 | 18.4% | 63,157 | 1.4% |

Investors

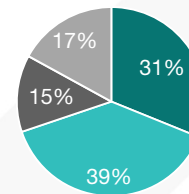
Strong support from institutional investors at IPO⁽¹⁾

Institutional Investors represent 39% of the shareholders



Geographically well-diversified institutional shareholder base⁽¹⁾

- USA & Canada
- UK & Ireland
- Luxemburg
- Other



Top Investors ⁽¹⁾

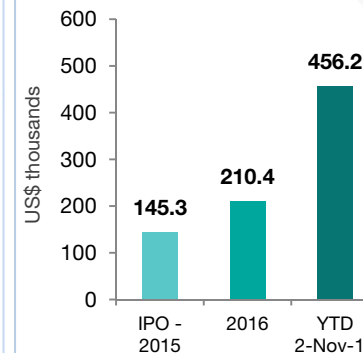
| | |
|-----------------------|-------|
| B GEO | 57.0% |
| Wellington Management | 7.5% |
| T – Rowe Price | 6.1% |

Stock trading performance

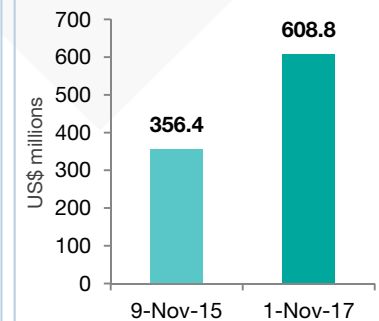
Stock Price Performance⁽²⁾



Average trading daily volume



Market Capitalisation⁽³⁾



(1) As of 29 September 2017

(2) Share price change calculated from the closing prices of GHG LN, starting from trading date 9 November 2015 to the price of GHG LN as of 2 November 2017

(3) Source: Bloomberg; Market Capitalisation of GHG as of 2 November 2017, GBP/USD exchange rate 1.3059

GHG | Georgian healthcare market & GHG market share evolvement



Georgia Healthcare Group

| Key Segments | Healthcare services | | Pharma | Medical insurance | |
|------------------------------|---|--|--|--|--|
| | Hospitals | | Pharma | Medical Insurance | |
| | Referral Hospitals | Community Hospitals | | | |
| Key Services | General and specialty hospitals offering outpatient and inpatient services in Tbilisi and major regional cities | Basic outpatient and inpatient services in regional towns and municipalities | Outpatient diagnostic and treatment services in Tbilisi and major regional cities | Wholesaler and urban-retailer, with a countrywide distribution network | Range of private insurance products purchased by individuals and employers |
| Market Size 2017 | GEL 1.2bln <i>addressable</i> ⁽¹⁾ | | GEL 0.7bln ⁽²⁾ | GEL 1.5bln ⁽²⁾ | GEL 0.09bln (1H17) ⁽³⁾ |
| Market Share | 21% by revenue 23.8% by beds (2,893), which is expected to grow to c.27% as a result of renovation and full launch of hospital facilities (additional c.450 beds); | | 2% by revenue | 29% by revenue | 30% by revenue |
| Selected Operating Data 9M17 | <p>83% 16 hospitals 2,398 beds</p> | <p>17% 21 hospitals 495 beds</p> | <p>11 clusters with 14 district Polyclinics 24 express outpatient clinic</p> | 251 pharmacies in major cities | c.110,000 individuals insured as of October 2017 |
| Financials 9M17 | <p>29% GEL 167.4 mln 2012-9M17 CAGR 55%</p> | <p>3% GEL 16.5 mln 2012-9M17 CAGR 15%</p> | <p>2% GEL 11.4 mln 2012-9M17 CAGR 39%</p> | <p>58% GEL 328.9 mln</p> | <p>8% GEL 41.3 mln 2012-9M17 CAGR 15%</p> |
| | <p>65% GEL 50.2 mln 2012-9M17 CAGR 51%</p> | <p>2% GEL 1.5 mln 2012-9M17 CAGR 30%</p> | <p>34% GEL 26.4 mln</p> | <p>-1% GEL -0.5 mln</p> | |
| | EBITDA Margin: 27.0% | | EBITDA Margin: 13.6% | EBITDA Margin: 8.0% | EBITDA Margin: -1.3% |

Sources:

- (1) Frost & Sullivan analysis, 2017, adjusted by the company to exclude the revenue from speciality beds – addressable market
- (2) Frost & Sullivan analysis 2017 addressable market, for polyclinics excluding dental services
- (3) Net of intercompany eliminations
- (4) Insurance state supervision service of Georgia (“ISSSG”), market for the first half of 2017

GHG HAS FULL PRESENCE IN GEORGIAN HEALTHCARE ECOSYSTEM

| Segment | HOSPITALS | POLYCLINICS | PHARMACY | INSURANCE |
|---------------------------|--|-------------|---------------------|--|
| Market Addressable (2017) | GEL 1.2bln | GEL 0.7bln | GEL 1.5bln | GEL 0.09bln (1H17) |
| Market shares | BY REVENUE BEDs | BY REVENUE | BY REVENUE | BY REVENUE |
| Now | 21% 24% | 2% | 29% | 30% |
| YE2018 | 25% 28% | c.5% | 30%+ | 30%+ |
| Long-term | 30%+ | c.15%+ | 30%+ | 30%+ |
| P&L targets | Improving gradually to c.30% EBITDA margin | | 8.0%+ EBITDA margin | <ul style="list-style-type: none"> • Combined ratio <97% • Claims retained within GHG >50% |

GHG long-term, high-growth story

2015-2018

Medium-term Target
(5-10 Year Horizon)

Long-term Target
(Beyond 10 Year Horizon)

Georgia 2014 or most recent year⁽¹⁾

Georgia medium-term⁽¹⁾


EM 2014 or most recent year⁽²⁾

Spending per capita (US\$)  **217** (Georgia)

 **502**

 **1,076**

Price inflation (heart surgery, US\$)  **6,500** (GHG)

 **9,000**

 **25,000**

GHG Revenue per bed (US\$)  **34,200** (GHG)

 **99k**


 **280k**

Outpatient Encounters per capita  **3.9** (Georgia)

 **5.4**

 **8.9**

Nurse to doctor ratio  **1:1.3** (Georgia)

 **4:1** (Georgia, WHO recommendation)

 **3.4:1**

Pharmaceuticals' share in total healthcare spending  **38.4%** (Georgia)

 **25%**

 **15.4%**

Significant expansion of capacity by 2025

Substantial room to grow beyond 2025

Sources:

- (1) Bed utilisation for referral hospitals; World Bank; GHG internal reporting; Management Estimates; Ministry of Finance of Georgia; Frost & Sullivan 2015; NCDC healthcare statistical yearbook 2014
- (2) WHO: Average of countries: Chile, Costa Rica, Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Russian Federation, Slovak Republic; BAML Global Hospital Benchmark, August 2014

CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| • m ² Real Estate | |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

P&L

GEL thousands, unless otherwise noted

| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| Revenue from sale of apartments | 27,530 | 53,664 | -48.7% | 15,926 | 72.9% | 61,855 | 86,991 | -28.9% |
| Cost of sold apartments | (25,532) | (47,826) | -46.6% | (15,076) | 69.4% | (57,717) | (74,592) | -22.6% |
| Net revenue from sale of apartments | 1,998 | 5,838 | -65.8% | 850 | 135.1% | 4,138 | 12,399 | -66.6% |
| Revenue from operating leases | 833 | 733 | 13.6% | 881 | -5.4% | 2,613 | 1,919 | 36.2% |
| Cost of operating leases | (142) | (83) | 71.1% | (197) | -27.9% | (422) | (180) | 134.4% |
| Net revenue from operating leases | 691 | 650 | 6.3% | 684 | 1.0% | 2,191 | 1,739 | 26.0% |
| Revaluation of commercial property | 1,297 | 951 | 36.4% | 21,306 | -93.9% | 23,082 | 951 | NMF |
| Gross real estate profit | 3,986 | 7,439 | -46.4% | 22,840 | -82.5% | 29,411 | 15,089 | 94.9% |
| Gross other profit | 163 | (31) | NMF | 47 | NMF | 221 | (19) | NMF |
| Revenue | 4,149 | 7,408 | -44.0% | 22,887 | -81.9% | 29,632 | 15,070 | 96.6% |
| Salaries and other employee benefits | (712) | (491) | 45.0% | (504) | 41.3% | (1,623) | (1,124) | 44.4% |
| Administrative expenses | (1,784) | (781) | 128.4% | (1,050) | 69.9% | (4,261) | (3,162) | 34.8% |
| Operating expenses | (2,496) | (1,272) | 96.2% | (1,554) | 60.6% | (5,884) | (4,286) | 37.3% |
| EBITDA | 1,653 | 6,136 | -73.1% | 21,333 | -92.3% | 23,748 | 10,784 | 120.2% |
| Depreciation and amortisation | (64) | (65) | -1.5% | (63) | 1.6% | (193) | (178) | 8.4% |
| Net foreign currency gain / (loss) | 73 | 179 | -59.2% | (90) | -181.1% | (211) | 1,201 | -117.6% |
| Interest income | 192 | 305 | -37.0% | 290 | -33.8% | 671 | 305 | 120.0% |
| Interest expense | (44) | (46) | -4.3% | (47) | -6.4% | (139) | (180) | -22.8% |
| Net operating income before non-recurring items | 1,810 | 6,509 | -72.2% | 21,423 | -91.6% | 23,876 | 11,932 | 100.1% |
| Net non-recurring items | (48) | (182) | -73.6% | 193 | -124.9% | 69 | 23 | 200.0% |
| Profit before income tax | 1,762 | 6,327 | -72.2% | 21,616 | -91.8% | 23,945 | 11,955 | 100.3% |
| Income tax (expense) / benefit | (1,073) | 319 | NMF | - | NMF | (1,073) | (525) | 104.4% |
| Profit | 689 | 6,646 | -89.6% | 21,616 | -96.8% | 22,872 | 11,430 | 100.1% |

1. Effective 1 January 2017, m² early adopted the new revenue recognition standard, IFRS 15, which requires revenue recognition according to the percentage of completion method. Prior to 1 January 2017, m² recognized revenues under IAS 18 upon completion and handover of the units to customers. As a result, the reported revenue figures for 2017 and 2016 are not comparable

Balance Sheet

GEL thousands, unless otherwise noted

| | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|--------------------------------------|----------------|----------------|-----------------|----------------|-----------------|
| Cash and cash equivalents | 51,434 | 40,160 | 28.1% | 52,817 | -2.6% |
| Amounts due from credit institutions | 50 | - | NMF | 386 | -87.0% |
| Investment securities | 2,974 | 2,311 | 28.7% | 2,979 | -0.2% |
| Accounts receivable | 13,749 | 677 | NMF | 6,517 | 111.0% |
| Prepayments | 35,265 | 20,374 | 73.1% | 26,312 | 34.0% |
| Inventories | 68,967 | 93,081 | -25.9% | 68,822 | 0.2% |
| Investment property, of which: | 137,197 | 101,733 | 34.9% | 136,594 | 0.4% |
| <i>Land bank</i> | 64,868 | 61,681 | 5.2% | 68,622 | -5.5% |
| <i>Commercial real estate</i> | 72,329 | 40,052 | 80.6% | 67,972 | 6.4% |
| Property and equipment | 22,429 | 1,628 | NMF | 14,486 | 54.8% |
| Other assets | 23,683 | 15,700 | 50.8% | 20,604 | 14.9% |
| Total assets | 355,748 | 275,664 | 29.1% | 329,517 | 8.0% |
| Amounts due to credit institutions | 59,643 | 38,463 | 55.1% | 56,723 | 5.1% |
| Debt securities issued | 63,288 | 46,361 | 36.5% | 60,268 | 5.0% |
| Accruals and deferred income | 72,249 | 57,889 | 24.8% | 58,654 | 23.2% |
| Other liabilities | 11,957 | 15,085 | -20.7% | 6,915 | 72.9% |
| Total liabilities | 207,137 | 157,798 | 31.3% | 182,560 | 13.5% |
| Share Capital | 4,180 | 4,180 | - | 4,180 | - |
| Additional paid-in capital | 84,788 | 84,662 | 0.1% | 86,987 | -2.5% |
| Other reserves | 7,251 | - | NMF | 4,087 | 77.4% |
| Retained earnings | 52,392 | 29,024 | 80.5% | 51,703 | 1.3% |
| Total equity | 148,611 | 117,866 | 21.1% | 146,957 | 1.1% |
| Total liabilities and equity | 355,748 | 275,664 | -1.5% | 329,517 | 8.0% |



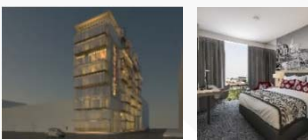
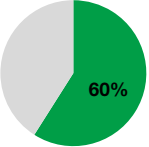
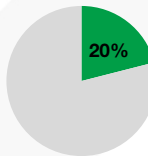
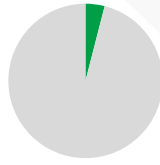
Cash flow

| <i>GEL thousands; unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash flows from operating activities | | | | | | | | |
| Proceeds from sales of apartments | 33,553 | 23,083 | 45.4% | 17,880 | 87.7% | 79,173 | 58,327 | 35.7% |
| Cash outflows for development of apartments | (24,869) | (20,977) | 18.6% | (14,191) | 75.2% | (61,421) | (62,889) | -2.3% |
| Net proceeds from yielding assets | 691 | 631 | 9.5% | 644 | 7.3% | 2,191 | 1,739 | 26.0% |
| Cash paid for operating expenses | (2,061) | (991) | 108.0% | (3,320) | -37.9% | (7,106) | (4,667) | 52.3% |
| Interest paid | (44) | (2,186) | -98.0% | (4,020) | -98.9% | (5,651) | (5,163) | 9.5% |
| Income tax paid | (110) | (315) | -65.1% | - | NMF | (3,964) | (686) | NMF |
| Net cash flows from/(used in) operating activities | 7,160 | (755) | NMF | (3,007) | NMF | 3,221 | (13,339) | -124.2% |
| Cash flows from investing activities | | | | | | | | |
| Purchase of investment properties | - | - | - | (1,401) | NMF | (1,401) | (2,281) | -38.6% |
| Capital expenditure on investment property | (7,945) | (3,139) | 153.1% | (6,754) | 17.6% | (17,697) | (5,454) | NMF |
| Purchase of property, plant and equipment | (33) | (13) | 153.8% | (2,218) | -98.5% | (2,315) | (446) | NMF |
| Net cash flows used in investing activities | (7,978) | (3,152) | 153.1% | (10,373) | -23.1% | (21,413) | (8,181) | 161.7% |
| Cash flows from financing activities | | | | | | | | |
| Repayment of debt securities issued | - | - | - | - | - | (34,099) | - | NMF |
| Contributions under share-based payment plan | (2,958) | - | NMF | - | NMF | (2,958) | (2,613) | 13.2% |
| Proceeds from borrowings | - | 2,343 | NMF | 19,421 | NMF | 19,421 | 39,724 | -51.1% |
| Repayment of borrowings | (54) | (574) | -90.6% | (55) | -1.8% | (1,275) | (1,637) | -22.1% |
| Net cash flows (used in)/from financing activities | (3,012) | 1,769 | NMF | 19,366 | -115.6% | (18,911) | 35,474 | -153.3% |
| Effect of exchange rate changes on cash and cash equivalents | 2,111 | (191) | NMF | (1,598) | NMF | (4,623) | (1,784) | 159.2% |
| Net (decrease)/increase in cash and cash equivalents | (1,719) | (2,329) | -26.2% | 4,388 | -139.2% | (41,726) | 12,171 | NMF |
| Cash and cash equivalents at the beginning of the period* | 53,203 | 42,488 | 25.2% | 48,815 | 9.0% | 93,210 | 27,989 | NMF |
| Cash and cash equivalents at the end of the period* | 51,484 | 40,160 | 28.2% | 53,203 | -3.2% | 51,484 | 40,160 | 28.2% |

* The balances include cash and cash equivalents and amounts due from credit institutions

m² at a glance – major player on Georgian real estate market



| Key Segments | 1 Residential Developments | 2 Yielding Business | 3 Fee Business |
|--|---|---|---|
| | Affordable housing | Commercial space (offices, industrial properties, high street retail) | Hotels |
| Market Size and Key Services | <p>Market: US\$ 1.0bn¹ As a residential real estate developer, m² targets mass market customers by introducing high quality and comfortable living standards in Georgia and making them affordable.</p>  | <p>Market: US\$ 2.5bn² As a property manager, m² makes opportunistic investments and manages a well diversified portfolio of yielding assets, primarily consisting of high street real estate assets, and also including industrial and office space real estate assets.</p>  | <p>Market: US\$ 2.2bn³ As a hotel developer and operator, m² targets 3-star, mixed use hotels (residential combined with hotel development). m² finances equity needs of the hotel from the profits and land value unlocked through sale of the apartments in the same development.</p>  |
| Asset base⁴ (as of 9M17) | <p><i>Includes:</i> US\$ 86 million⁴</p> <p>1. Inventory of residential real estate 2. Land bank</p>  | <p><i>Includes:</i> US\$ 29 million</p> <p>1. High street retail 2. Industrial properties: warehouses and logistics centers 3. Offices</p>  <p>Dollar denominated, inflation hedged cash flow stream</p> | <p><i>Includes:</i> US\$ 8 million</p> <p>1. Hotels (mixed use) 2. Land bank</p>  |
| Track record | <ul style="list-style-type: none"> Generated IRR ranging from 31% to 165% on 6 completed residential projects Started operations in 2010 and since: <ul style="list-style-type: none"> Completed 6 projects – 1,672 apartments, 99% sold with 139.0mln US\$ sales value, land value unlocked 16.4mln US\$ Ongoing 5 projects – 1,220 apartments, 70% sold with 69mln US\$ sales value, land value to be unlocked 17.3mln US\$ All completed projects were on budget and on schedule Land bank of value 25.8mln US\$, with c.4,690⁵ apartments | <ul style="list-style-type: none"> Generated annual yield of 9.1% in 2016 on portfolio rented out. Rent earning assets are with capital appreciation upside. m² has developed its current yielding portfolio through: <ul style="list-style-type: none"> m² retains commercial space (ground floor) at its own residential developments. This constitutes up to 29% of total yielding portfolio Acquired opportunistically the commercial space. This constitutes over 71% of total yielding portfolio | <ul style="list-style-type: none"> m² attained exclusive development agreement with Wyndham to develop Wyndham's 3-star brand Ramada Encore and 4-star brand Ramada exclusively in Georgia. Plan is to build at least 3 hotels within next 7 years with minimum 370 rooms in total. 3 projects in the pipeline: <ol style="list-style-type: none"> 2 hotels in Tbilisi: <ul style="list-style-type: none"> Ramada Encore on Kazbegi Ave. is under construction with expected opening in Dec'17; Construction for Ramada Hotel on Melikishvili Ave. has started in Sep'17 with expected opening in 2019; 1 hotel in Kutaisi – land acquired, construction start date is planned to be Dec'17; Land bank of value 0.4mln US\$ |

Strategic goal to be achieved by 2020

- Focus on franchising m² brand to develop third party land plots and generate fee income
- Increase awareness of m² franchise and its platform among the land owners

Track record contributing to m² strengths and opportunities

- m² Brand name:**
92% customer brand awareness among real estate developers in Georgia
- m² pricing power:**
 - m² apartments can sell at higher price than other brands;
 - Extensive development expertise to increase efficiency in planning and design stages and drive revenues as well as margins;
 - Knowledge of current market demand on pricing and on size and apartment mix
- m² sales:**
 - m² pre-sales power reduces equity needed to finance the projects;
 - Top three banks in Georgia provide mortgages under m² completion guarantee;
 - m² has ability to accomplish strong sales performance through dedicated sales personnel and access to finance
- m² execution:**
 - m² manages process from feasibility through apartment handover and property management;
 - m² completed all projects on time and on budget;
 - m² has discounts from contractors and can do development at much lower cost;
 - m² can do turn-key

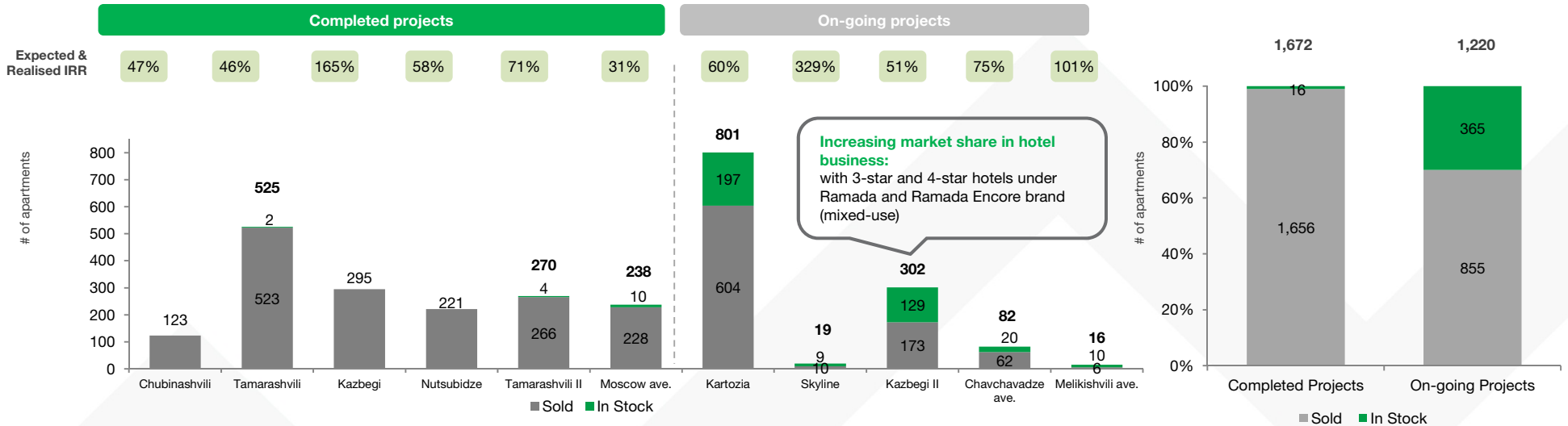
1 – US\$ value of annual transaction (incl. renovation/fit-out costs) in the capital city in 2015 (NPRG, Colliers, Company own data)
 2 – trade volume in Georgia in 2015
 3 – gross tourism inflows in 2016
 4 – Total Assets are US\$ 144mln. Pie charts do not sum-up to 100% due to Cash holdings of US\$ 21mln
 5 – Including 4,298 apartments of Digomi Project

m² - Residential development performance highlights and track record

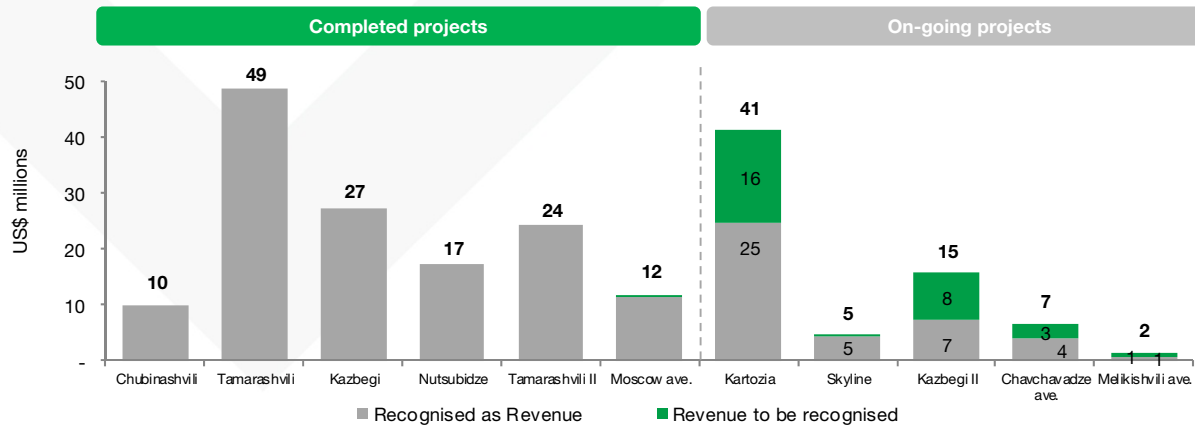
Strong sales performance

Residential projects are sold out

87% of apartments are sold-out



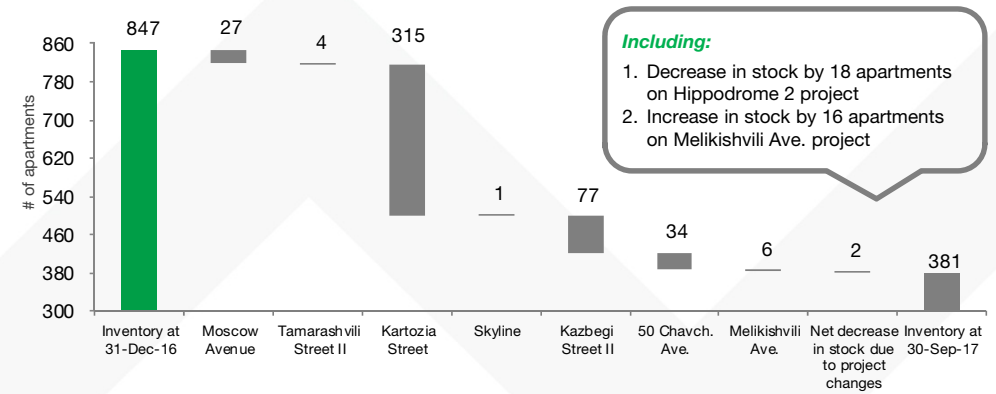
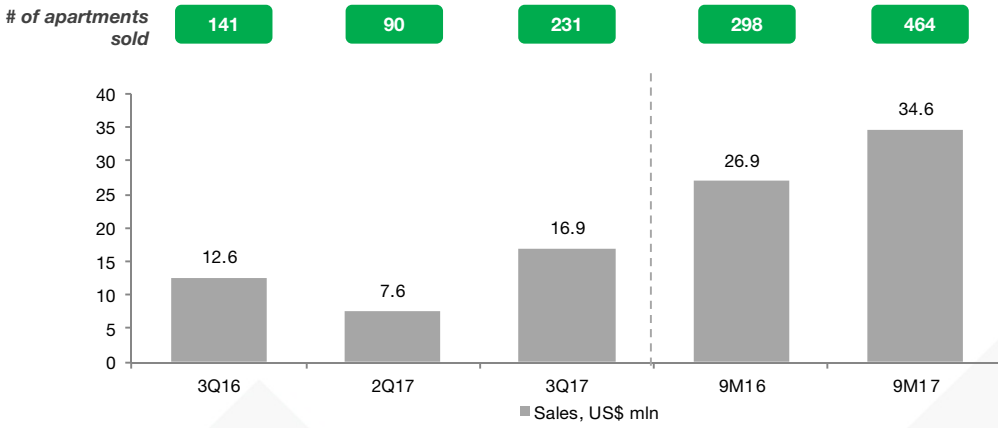
Revenue recognition on sold apartments, as of 30 September 2017



Strong sales performance

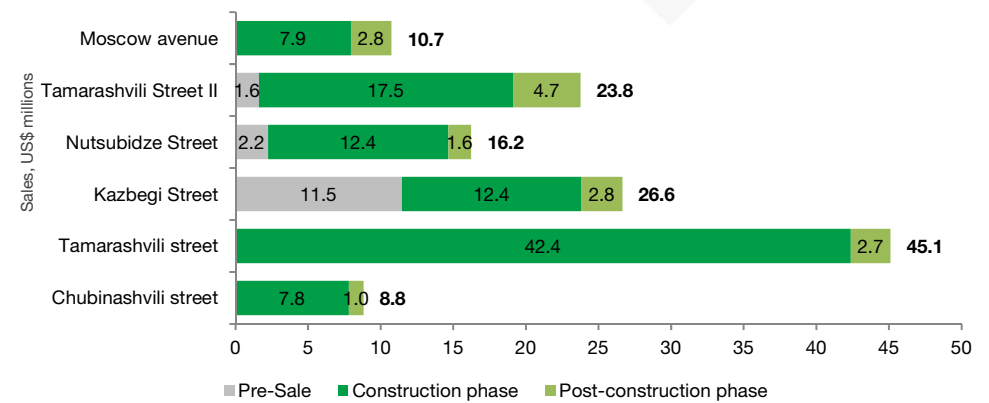
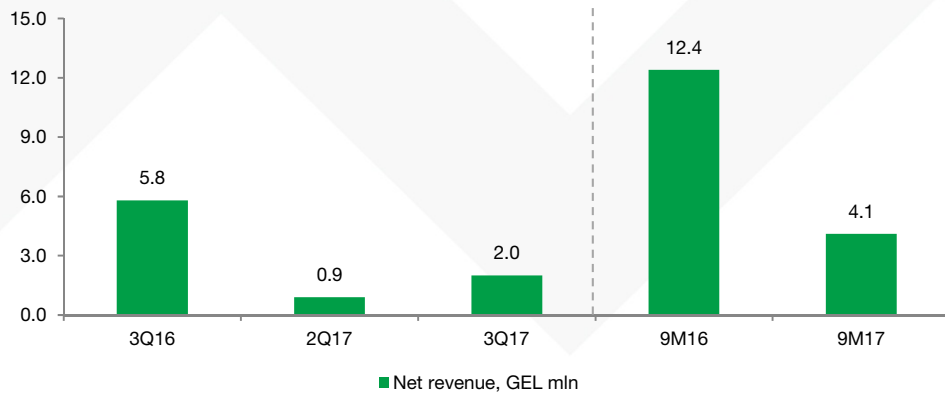
Apartments sales track record

9M17 apartments sales track record



Net revenue from sale of apartments¹

Sales track record in completed projects



1. Effective 1 January 2017, m², early adopted the new revenue recognition standard, IFRS 15, which requires revenue recognition according to the percentage of completion method. Prior to 1 January 2017, m² recognized revenues under IAS 18 upon completion and handover of the units to customers. IFRS 15 was adopted prospectively, as a result, the reported revenue figures for 2017 and 2016 are not comparable

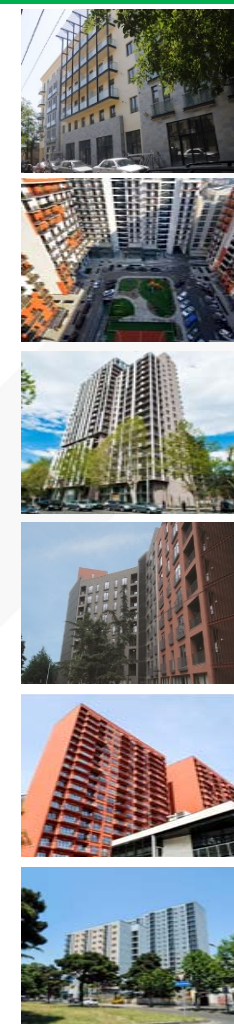
m² - Residential development track record

All projects were completed on budget and on schedule

Operating data for completed and on-going projects, as of 30 September 2017

| # | Project name | # of apartments | # of apartments sold | # of apartments sold as % of total | # of apartments available for sale | Total sq.m. | Start date (construction) | Actual/Planned Completion date (construction) | Construction completed % |
|---------------------------|------------------------|-----------------|----------------------|------------------------------------|------------------------------------|----------------|---------------------------|---|--------------------------|
| Completed projects | | 1,672 | 1,656 | 99.0% | 16 | 124,329 | | | |
| 1 | Chubinashvili street | 123 | 123 | 100.0% | - | 9,366 | Sep-10 | Aug-12 | 100% |
| 2 | Tamarashvili street | 525 | 523 | 99.6% | 2 | 40,717 | May-12 | Jun-14 | 100% |
| 3 | Kazbegi Street | 295 | 295 | 100.0% | - | 21,937 | Dec-13 | Feb-16 | 100% |
| 4 | Nutsubidze Street | 221 | 221 | 100.0% | - | 15,757 | Dec-13 | Sep-15 | 100% |
| 5 | Tamarashvili Street II | 270 | 266 | 98.5% | 4 | 21,499 | Jul-14 | Jun-16 | 100% |
| 6 | Moscow avenue | 238 | 228 | 95.8% | 10 | 15,053 | Sep-14 | Jun-16 | 100% |
| On-going projects | | 1,220 | 855 | 70.1% | 365 | 99,559 | | | |
| 7 | Kartozia Street | 801 | 604 | 75.4% | 197 | 58,443 | Nov-15 | Oct-18 | 69% |
| 8 | Skyline | 19 | 10 | 52.6% | 9 | 3,982 | Dec-15 | Oct-17 | 98% |
| 9 | Kazbegi Street II | 302 | 173 | 57.3% | 129 | 27,356 | Jun-16 | Nov-18 | 35% |
| 10 | 50 Chavchavadze ave. | 82 | 62 | 75.6% | 20 | 7,291 | Oct-16 | Oct-18 | 47% |
| 11 | 10 Melikishvili ave. | 16 | 6 | 37.5% | 10 | 2,486 | Sep-17 | May-19 | 3% |
| Total: | | 2,892 | 2,511 | 86.8% | 381 | 223,888 | | | |

Completed projects

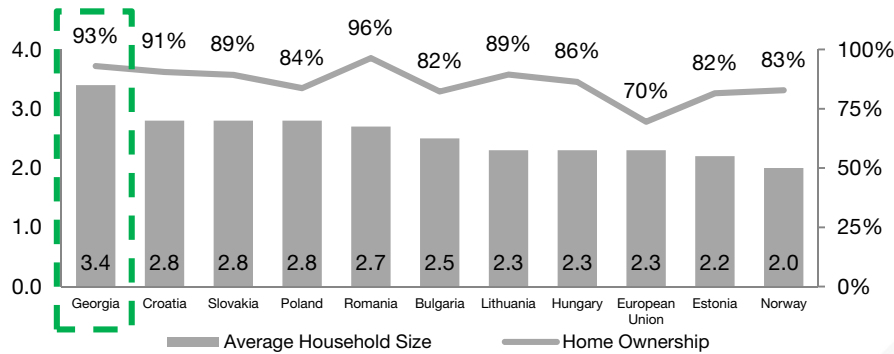


Financial data for completed and on-going projects, as of 30 September 2017

| # | Project name | Total Sales (US\$ mln) | Recognised as revenue (US\$ mln) | Deferred revenue (US\$ mln) | Deferred revenue expected to be recognised as revenue in 2017 | Total project cost | Land value unlocked (US\$) | Realised & Expected IRR |
|---------------------------|------------------------|------------------------|----------------------------------|-----------------------------|---|--------------------|----------------------------|-------------------------|
| Completed projects | | 139 | 139 | - | - | 126 | 16.4 | |
| 1 | Chubinashvili street | 10 | 10 | - | - | 8 | 0.9 | 47% |
| 2 | Tamarashvili street | 49 | 49 | - | - | 43 | 5.4 | 46% |
| 3 | Kazbegi Street | 27 | 27 | - | - | 25 | 3.6 | 165% |
| 4 | Nutsubidze Street | 17 | 17 | - | - | 17 | 2.2 | 58% |
| 5 | Tamarashvili Street II | 24 | 24 | - | - | 21 | 2.7 | 71% |
| 6 | Moscow avenue | 12 | 12 | - | - | 12 | 1.6 | 31% |
| On-going projects | | 69 | 41 | 27 | 22 | 128 | 17.3 | |
| 7 | Kartozia Street | 41 | 25 | 16 | 14 | 62 | 5.8 | 60% |
| 8 | Skyline | 5 | 5 | - | - | 10 | 3.1 | 329% |
| 9 | Kazbegi Street II | 15 | 7 | 7 | 5 | 40 | 4.3 | 51% |
| 10 | 50 Chavchavadze ave. | 7 | 4 | 3 | 3 | 12 | 3.3 | 75% |
| 11 | 10 Melikishvili ave. | 2 | 1 | 1 | - | 4 | 0.8 | 101% |
| Total: | | 208 | 180 | 27 | 22 | 254 | 33.7 | |

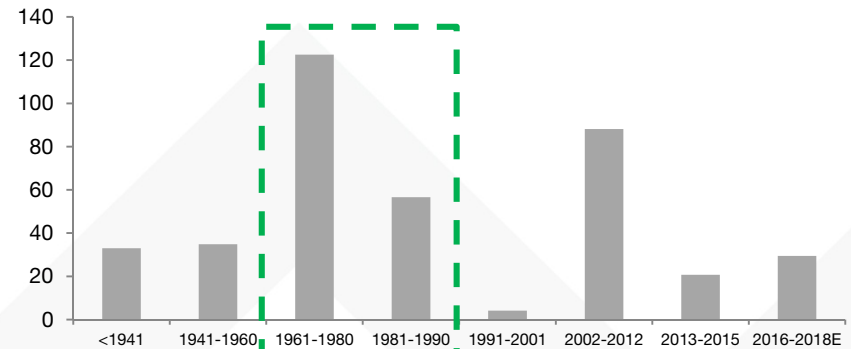
Significant growth potential in Georgian residential market

Average household size and home ownership



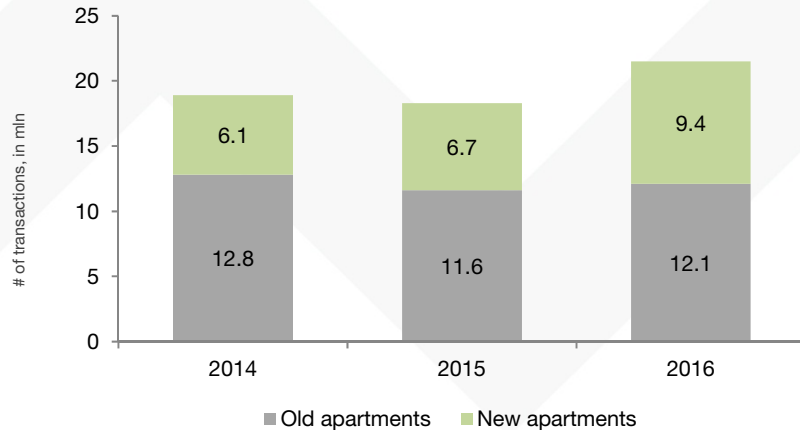
Georgia has one of the highest average household size of 3.4 people. Decrease in this number will increase the demand side for the real estate

of housing units developed by time periods

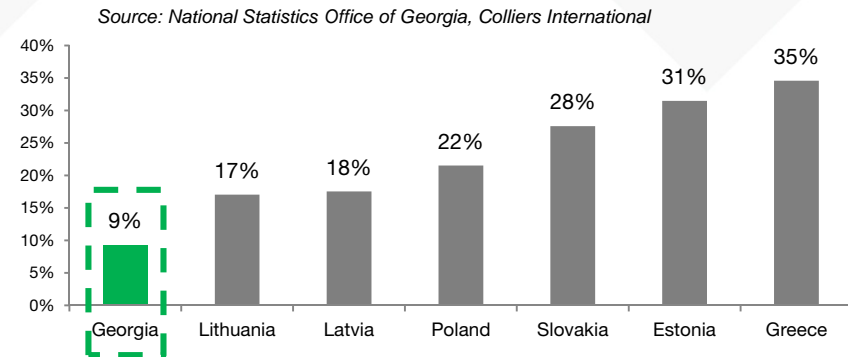


Around 120,000 (35%) of housing units in Tbilisi were built more than 40 years ago and are out of their usable lifecycle

Number of sales transactions / by unit types



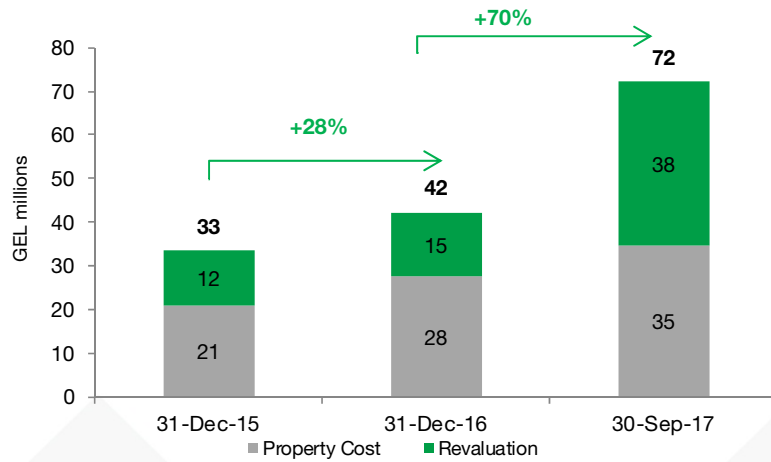
Mortgage loans as a % of GDP 2016



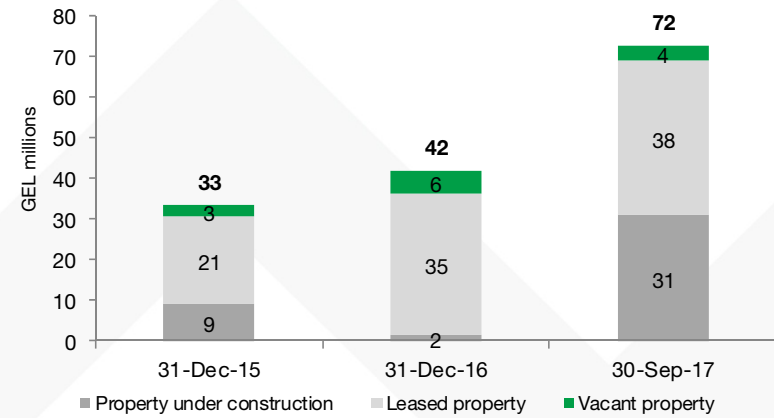
Compared to peers, Georgia has one of the lowest Mortgage Loan as a % of GDP ratio. Implying that there is a room for increase on the total value of outstanding mortgage loans.

Strong Performance

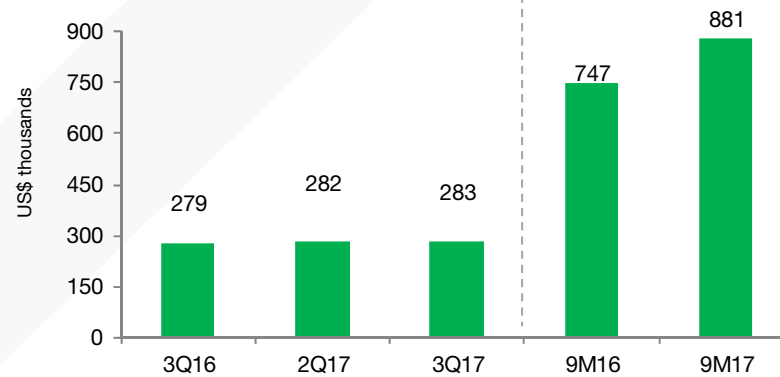
Yielding portfolio growth



Yielding portfolio composition



Net revenue from operating leases



Hotel opportunities

Develop 3 hotels during the next 3 years in Tbilisi catering to budget travelers – equity investment US\$ 16mln

Ramada (Melikishvili mixed use)



- **Hotel:** 125 rooms
- **IRR:** 23%, expected
- Start: Jun-17, Completion: Feb-19
- Total completion cost: US\$ 12.2mln
- Land value: US\$ 1.24mln
- Profit stabilized year: US\$ 1.2mln
- ADR (stabilized year): US\$ 110
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3rd year stabilized)
- ROE - 20%

Ramada Encore (Kazbegi str.15)



- **Hotel:** 152 rooms
- **IRR:** 25%, expected
- Start: Jun-16, Completion: Dec-17
- Total completion cost: US\$ 13.4mln
- Land value: US\$ 1.0mln
- Profit stabilized year: US\$ 1.6mln
- ADR (stabilized year): US\$ 115

Ramada Encore (Kutaisi hotel)

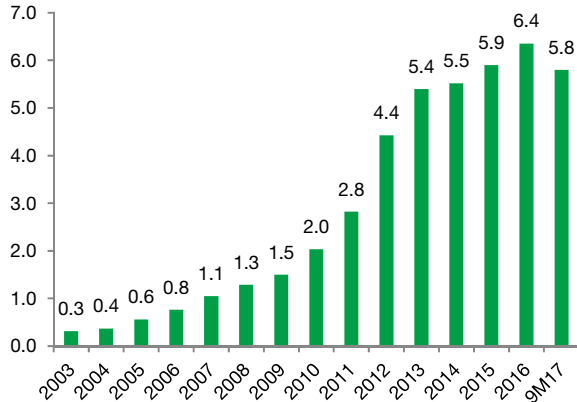


- **Hotel:** 121 rooms
- **IRR:** 22%, expected
- Start: Dec'17; Completion: Apr-19
- Total completion cost: US\$ 8.9mln
- Land value: US\$ 0.4mln
- Profit stabilized year: US\$ 0.8mln
- ADR (stabilized year): US\$ 106
- Investment per room – US\$ 70k
- Occupancy rate – 65% (3rd year stabilized)
- ROE - 20%

m² - Georgian hotel market overview

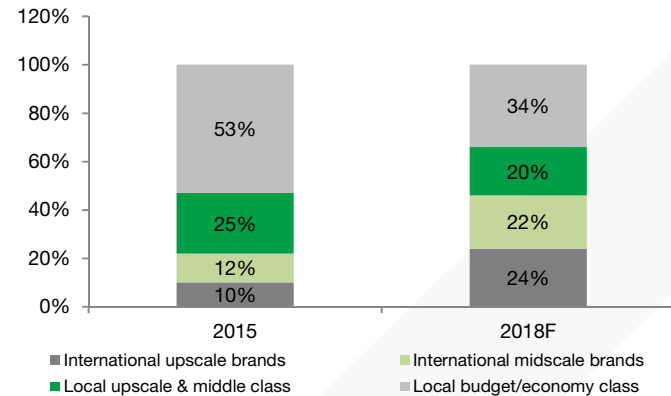
Arrivals of non-resident visitors (mln)

Source: Galt & Taggart Research



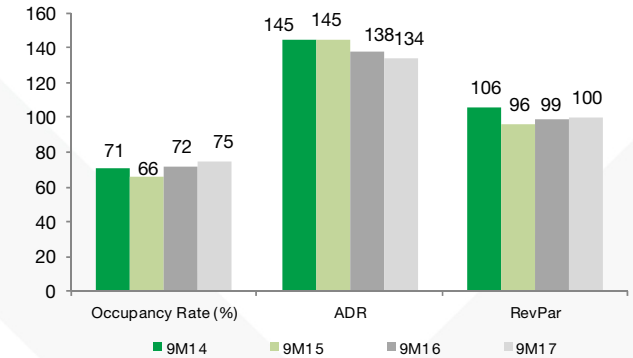
Hotel room supply | Tbilisi

Source: Colliers International



Comparison of key ratios | Tbilisi

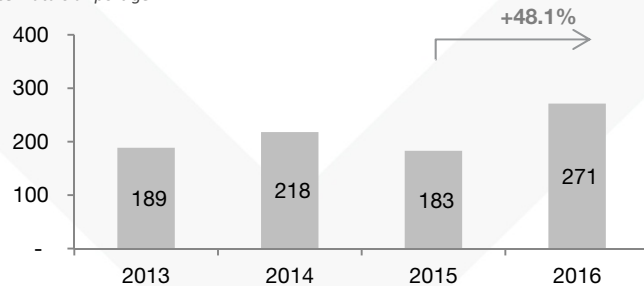
Amounts in US\$



Occupancy rate of international branded hotels was 87.2% in August 2017, while YTD occupancy rate reached 73%, up 2.0% y-o-y

Number of passengers at Kutaisi International Airport

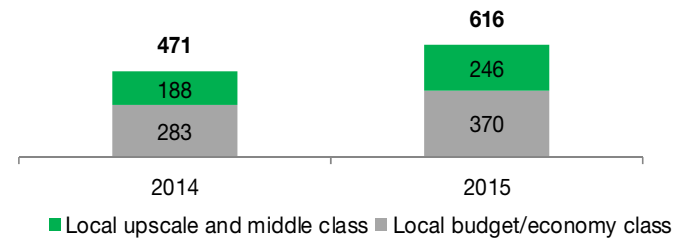
Source: kutaisiairport.ge



Kutaisi International Airport was opened in fall 2012 (with a total capacity of **600,000** passengers per year)
Starting from April 2017, the Georgian citizens have visa-free travel access to EU countries. Since, Kutaisi airport services the budget flights, the number of guests in Kutaisi is expected to grow going forward.

Number of rooms by hotel types in Kutaisi

As of today just one international brand (Best Western) is operating in Kutaisi



The number of hotel guests in Kutaisi has been growing since 2010. In 2014, number of hotel guests increased by 30% compared to 2013

TARGETS & PRIORITIES NEXT 2-3 YEARS

1 Unlocking land value by developing housing projects. Buy land opportunistically

2 Start developing 3rd party lands

3 Accumulate yielding assets from own-developed projects:

- *Mainly retain commercial real estate in residential buildings*
- *Develop hotels and apartments (mixed-use) to increase yielding business*

- *NAV (Net Asset Value) – US\$ 60.0mln*
- *Land bank – US\$ 26.2mln*
- *Yielding assets currently (excluding assets under construction) – US\$ 16.8mln*
- *Deferred revenue – US\$ 29.2mln (inc. VAT)*

Possibility to spin-off yielding properties as a listed REIT managed by m²

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| • GGU – Georgian Global Utilities | |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

GGU financial highlights

P&L

| <i>GEL thousands; unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue from water supply to legal entities | 24,840 | 22,203 | 11.9% | 20,592 | 20.6% | 63,768 | 58,542 | 8.9% |
| Revenue from water supply to individuals | 8,340 | 7,735 | 7.8% | 8,142 | 2.4% | 24,393 | 22,627 | 7.8% |
| Revenue from electric power sales | 3,788 | 2,309 | 64.1% | 1,903 | 99.1% | 6,882 | 6,471 | 6.4% |
| Revenue from technical support | 796 | 1,319 | -39.7% | 739 | 7.7% | 2,208 | 2,515 | -12.2% |
| Other income | 757 | 648 | 16.8% | 604 | 25.3% | 1,852 | 849 | 118.1% |
| Revenue | 38,521 | 34,214 | 12.6% | 31,980 | 20.5% | 99,103 | 91,004 | 8.9% |
| Provisions for doubtful trade receivables | (888) | (1,412) | -37.1% | (1,399) | -36.5% | (2,013) | (2,885) | -30.2% |
| Salaries and benefits | (3,880) | (4,732) | -18.0% | (5,601) | -30.7% | (13,739) | (13,087) | 5.0% |
| Electricity and transmission costs | (5,099) | (4,575) | 11.5% | (3,913) | 30.3% | (13,984) | (13,998) | -0.1% |
| Raw materials, fuel and other consumables | (940) | (958) | -1.9% | (436) | 115.6% | (2,167) | (2,941) | -26.3% |
| Infrastructure assets maintenance expenditure | (793) | (788) | 0.6% | (357) | 122.1% | (1,451) | (2,000) | -27.5% |
| General and administrative expenses | (971) | (1,026) | -5.4% | (893) | 8.7% | (2,726) | (2,738) | -0.4% |
| Operating taxes | (1,308) | (806) | 62.3% | (776) | 68.6% | (3,146) | (2,144) | 46.7% |
| Professional fees | (641) | (523) | 22.6% | (592) | 8.3% | (1,700) | (1,535) | 10.7% |
| Insurance expense | (252) | (258) | -2.3% | (244) | 3.3% | (782) | (524) | 49.2% |
| Other operating expenses | (1,989) | (1,890) | 5.2% | (2,109) | -5.7% | (5,543) | (5,281) | 5.0% |
| Operating expenses | (16,761) | (16,968) | -1.2% | (16,320) | 2.7% | (47,251) | (47,133) | 0.3% |
| EBITDA | 21,760 | 17,246 | 26.2% | 15,660 | 39.0% | 51,852 | 43,871 | 18.2% |
| <i>EBITDA Margin</i> | 56% | 50% | | 49% | | 52% | 48% | |
| Depreciation and amortisation | (5,299) | (4,478) | 18.3% | (5,071) | 4.5% | (15,191) | (14,140) | 7.4% |
| EBIT | 16,461 | 12,768 | 28.9% | 10,589 | 55.5% | 36,661 | 29,731 | 23.3% |
| <i>EBIT Margin</i> | 43% | 37% | | 33% | | 37% | 33% | |
| Net interest expense | (3,299) | (2,677) | 23.2% | (3,070) | 7.5% | (8,636) | (7,585) | 13.9% |
| Net non-recurring expenses | (501) | - | NMF | (251) | 99.6% | (753) | - | NMF |
| Foreign exchange gain (loss) | 276 | (246) | NMF | (141) | NMF | (194) | (652) | -70.2% |
| EBT | 12,937 | 9,845 | 31.4% | 7,127 | 81.5% | 27,078 | 21,494 | 26.0% |
| Income tax expense | (334) | (1,167) | -71.4% | (390) | -14.4% | (724) | (2,106) | -65.6% |
| Profit | 12,603 | 8,678 | 45.2% | 6,737 | 87.1% | 26,354 | 19,388 | 35.9% |
| Attributable to: | | | | | | | | |
| – Shareholders of the Group | 12,704 | 8,790 | 44.5% | 6,946 | 82.9% | 26,821 | 19,570 | 37.1% |
| – Non-controlling interests | (101) | (112) | -9.8% | (208) | -51.4% | (467) | (181) | 158.0% |

Prior to 2Q17, GGU's standalone results excluded the Group's renewable energy business results due to its absence from GGU's legal structure and insignificant size. Effective from 2Q17, we are reporting GGU results on a pro-forma basis together with renewable energy business and have retrospectively revised the comparable information accordingly.

GGU financial highlights

Balance sheet

| <i>GEL thousands; unless otherwise noted</i> | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|---|----------------|----------------|-----------------|----------------|-----------------|
| Cash and cash equivalents | 30,657 | 9,710 | NMF | 54,208 | -43.4% |
| Trade and other receivables | 25,176 | 22,725 | 10.8% | 21,846 | 15.2% |
| Prepaid taxes other than income tax | 6,740 | 4,316 | 56.2% | 1,072 | NMF |
| Prepayments | 11,108 | 988 | NMF | 5,353 | 107.5% |
| Inventories | 3,780 | 3,727 | 1.4% | 3,299 | 14.6% |
| Current income tax prepayments | 1,256 | 591 | 112.5% | 1,406 | -10.7% |
| Total current assets | 78,717 | 42,057 | 87.2% | 87,184 | -9.7% |
| Property, plant and equipment | 410,835 | 313,824 | 30.9% | 370,646 | 10.8% |
| Investment Property | 18,371 | 19,417 | -5.4% | 18,371 | 0.0% |
| Intangible assets | 1,170 | 1,144 | 2.3% | 1,324 | -11.6% |
| Restructured trade receivables | 141 | 23 | NMF | 160 | -11.9% |
| Restricted Cash | 11,449 | 2,667 | NMF | 15,041 | -23.9% |
| Other non-current assets | 25,127 | 1,020 | NMF | 10,671 | 135.5% |
| Total non-current assets | 467,093 | 338,095 | 38.2% | 416,213 | 12.2% |
| Total assets | 545,810 | 380,152 | 43.6% | 503,397 | 8.4% |
| Current borrowings | 62,498 | 19,855 | NMF | 54,300 | 15.1% |
| Trade and other payables | 22,887 | 20,572 | 11.3% | 22,261 | 2.8% |
| Provisions for liabilities and charges | 803 | 848 | -5.3% | 781 | 2.8% |
| Other taxes payable | 4,119 | 4,338 | -5.0% | 2,396 | 71.9% |
| Total current liabilities | 90,307 | 45,613 | 98.0% | 79,738 | 13.3% |
| Long term borrowings | 122,624 | 64,388 | 90.4% | 111,291 | 10.2% |
| Deferred income tax liability | - | 260 | NMF | - | - |
| Deferred income | 18,290 | - | NMF | 17,833 | 2.6% |
| Total non-current liabilities | 140,914 | 64,648 | 118.0% | 129,124 | 9.1% |
| Total liabilities | 231,221 | 110,261 | 109.7% | 208,862 | 10.7% |
| Share capital | 15,873 | 5,926 | 167.9% | 13,062 | 21.5% |
| Additional paid-in-capital | 1,623 | - | NMF | 846 | 91.8% |
| Retained earnings | 106,968 | 82,060 | 30.4% | 93,870 | 14.0% |
| Other reserve | 181,735 | 180,040 | 0.9% | 180,924 | 0.4% |
| Total equity attributable to shareholders of the Group | 306,199 | 268,026 | 14.2% | 288,702 | 6.1% |
| Non-controlling interest | 8,390 | 1,865 | NMF | 5,833 | 43.8% |
| Total equity | 314,589 | 269,891 | 16.6% | 294,535 | 6.8% |
| Total liabilities and equity | 545,810 | 380,152 | 43.6% | 503,397 | 8.4% |

Prior to 2Q17, GGU's standalone results excluded the Group's renewable energy business results due to its absence from GGU's legal structure and insignificant size. Effective from 2Q17, we are reporting GGU results on a pro-forma basis together with renewable energy business and have retrospectively revised the comparable information accordingly.

GGU financial highlights

Cash flow

| <i>GEL thousands; unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|-----------------|----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Cash received from customers | 42,950 | 36,653 | 17.2% | 35,638 | 20.5% | 109,170 | 98,844 | 10.4% |
| Cash paid to suppliers | (12,901) | (13,540) | -4.7% | (10,450) | 23.5% | (34,682) | (38,224) | -9.3% |
| Cash paid to employees | (4,565) | (4,582) | -0.4% | (5,047) | -9.6% | (13,472) | (12,367) | 8.9% |
| Interest received | 223 | 19 | NMF | 151 | 47.7% | 793 | 186 | NMF |
| Interest paid | (3,078) | (2,776) | 10.9% | (2,910) | 5.8% | (8,344) | (7,735) | 7.9% |
| Taxes paid | (2,944) | (2,572) | 14.5% | (3,826) | -23.1% | (8,528) | (9,014) | -5.4% |
| Restricted cash in Bank | - | 234 | NMF | 417 | NMF | 1,362 | 374 | NMF |
| Cash flow from operating activities | 19,685 | 13,436 | 46.5% | 13,973 | 40.9% | 46,299 | 32,064 | 44.4% |
| Maintenance capex | (5,934) | (4,549) | 30.4% | (5,369) | 10.5% | (20,136) | (13,629) | 47.7% |
| Operating cash flow after maintenance capex | 13,751 | 8,887 | 54.7% | 8,604 | 59.8% | 26,163 | 18,435 | 41.9% |
| Purchase of PPE and intangible assets | (56,778) | (8,176) | NMF | (31,116) | 82.5% | (103,225) | (23,205) | NMF |
| Restricted cash in Bank | 3,974 | - | NMF | - | NMF | (8,275) | - | NMF |
| Total cash used in investing activities | (52,804) | (8,176) | NMF | (31,116) | 69.7% | (111,500) | (23,205) | NMF |
| Proceeds from borrowings | 19,462 | 14,922 | 30.4% | 55,838 | -65.1% | 87,713 | 17,885 | NMF |
| Repayment of borrowings | (6,227) | (2,175) | NMF | (4,666) | 33.5% | (15,221) | (7,467) | 103.8% |
| Contributions under share-based payment plan | (2,345) | - | NMF | - | NMF | (2,345) | - | NMF |
| Dividends paid | - | (13,055) | NMF | - | - | - | (13,159) | NMF |
| Capital increase | 4,315 | 3,036 | 42.1% | 9,054 | -52.3% | 14,149 | 4,937 | NMF |
| Total cash flow from financing activities | 15,205 | 2,728 | NMF | 60,226 | -74.8% | 84,296 | 2,196 | NMF |
| Effect of exchange rates changes on cash | 295 | (128) | NMF | (283) | NMF | (682) | (1,073) | -36.4% |
| Total cash inflow/(outflow) | (23,553) | 3,311 | NMF | 37,431 | NMF | (1,723) | (3,647) | -52.8% |
| Cash balance | | | | | | | | |
| Cash, beginning balance | 54,210 | 6,399 | NMF | 16,777 | NMF | 32,380 | 13,357 | 142.4% |
| Cash, ending balance | 30,657 | 9,710 | NMF | 54,208 | -43.4% | 30,657 | 9,710 | NMF |

Prior to 2Q17, GGU's standalone results excluded the Group's renewable energy business results due to its absence from GGU's legal structure and insignificant size. Effective from 2Q17, we are reporting GGU results on a pro-forma basis together with renewable energy business and have retrospectively revised the comparable information accordingly.

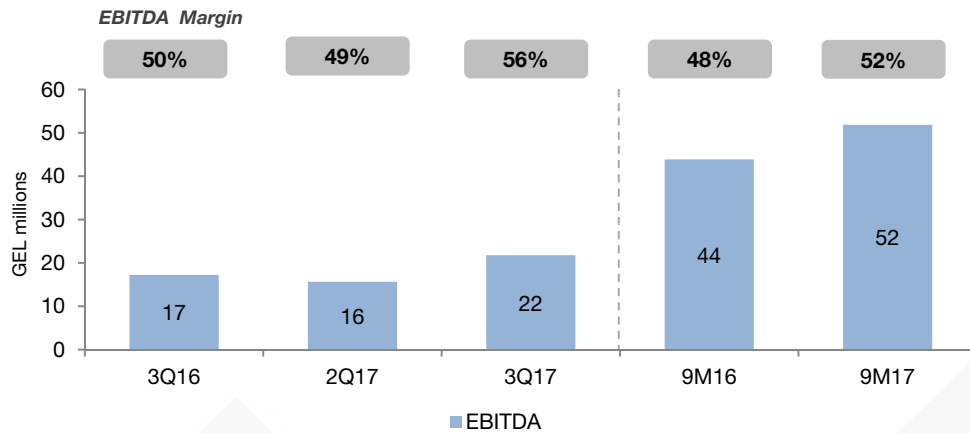
GGU business overview

| Key Segments | Utility | Energy |
|---------------------|---|--|
| Key Facts | <ul style="list-style-type: none"> ▪ Largest privately owned water utility company in Georgia with network for water supply and sanitation services - pumping stations, reservoirs, collectors, wastewater treatment plant and complementary infrastructural elements ▪ Supplier of more than 1/3 of the population with WSS services ▪ Company operates c. 3,150km of water supply and c. 2,000km of wastewater pipeline network ▪ Around 560mln m3 of potable water is supplied ▪ 374 sampling points for water quality measurement ▪ Transparent tariff methodology in line with international best practices and increased WACC starting from 2018 (15.99% from current 13.54%) | <ul style="list-style-type: none"> ▪ 3 HPPs under ownership and one under management with capacity of 149.3MW ▪ Generated power is primarily used by GGU's water business ▪ The excess amount of generated power is sold to the third party clients ▪ Investing in additional capacity for electricity generation with the goal to establish a renewable energy platform ▪ Cheap to develop – Up to US\$1.5mln for 1MW hydro and up to US\$1.3mln for wind development in Georgia ▪ Strategic partnership with RP Global (Austria) – Independent Power Producer with 30 years experience of developing, building, owning and operating renewable power plants globally |
| Current Standing | <p>REVENUE 9M17: GEL 92.2mln EBITDA 9M17: GEL 45.5mln c. 70% water losses</p> | <p>REVENUE 9M17: GEL 10.2mln EBITDA 9M17: GEL 6.4mln 149.3MW existing capacity</p> |
| Strong track record | <ul style="list-style-type: none"> ▪ Management team with extensive experience in utility business ▪ “BB-” rating affirmed by Fitch Ratings to major subsidiary of GGU – Georgian Water and Power in 2016 (currently Georgia’s sovereign rating is “BB-” and the country ceiling is BB by Fitch) ▪ Several bond placements through Georgian Water and Power in 2015-2017, first utility company in Georgia to issue local currency bonds ▪ Long-term financing obtained from international financial institutions (EIB, FMO, DEG) in the total amount of up to EUR 81.5mln through Georgian Water and Power in 3Q17 to finance capital expenditures increasing efficiency. Around 40% of total financing denominated in local currency (remaining part – in Euro) | |

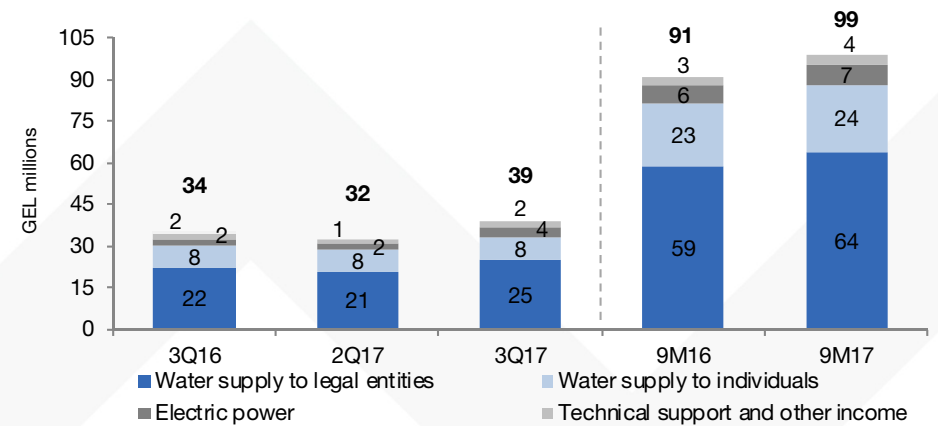
GGU performance highlights

Strong performance

EBITDA

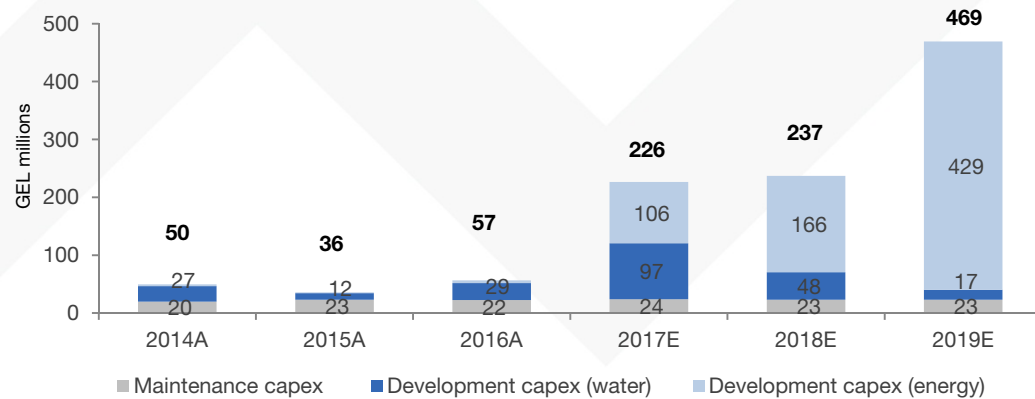


Revenue composition

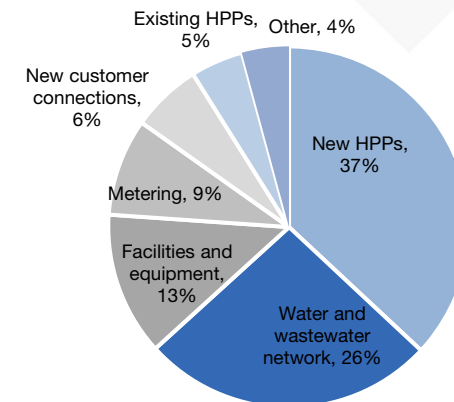


Capex

Capex¹ evolution 2014-2019E

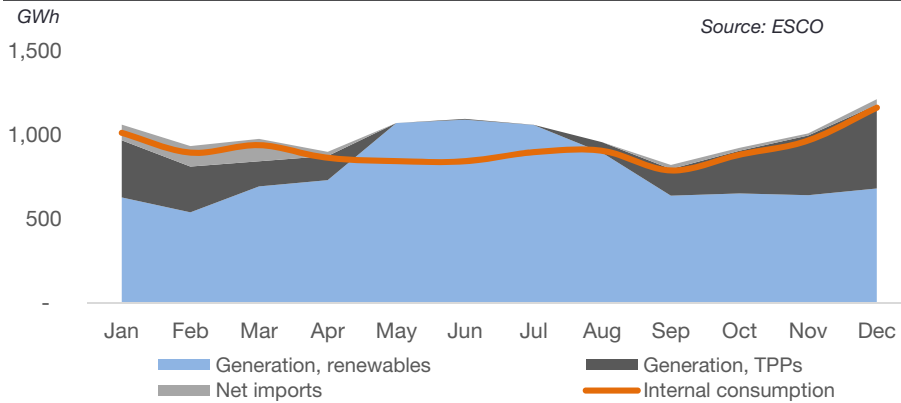


9M17 Capex breakdown



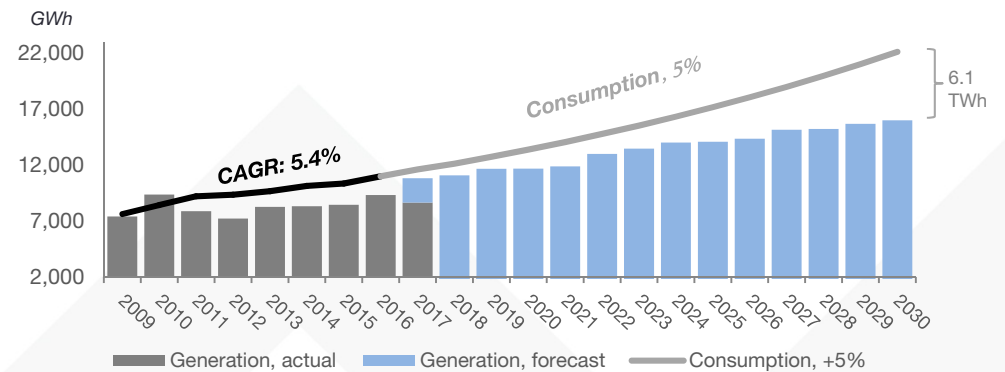
GGU - Georgian electricity market overview

Electricity supply and consumption, 2016



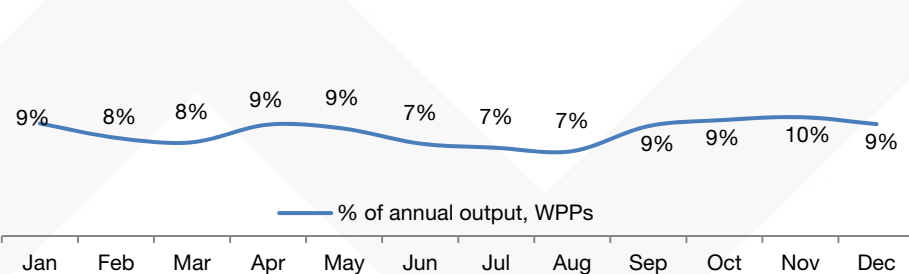
- Electricity deficit during Sep-Apr
- 8-month PPA policy in place
- 20.3% of total consumption produced by gas-fired TPPs, 4.2% - imported (2016 data)

Actual and forecasted consumption



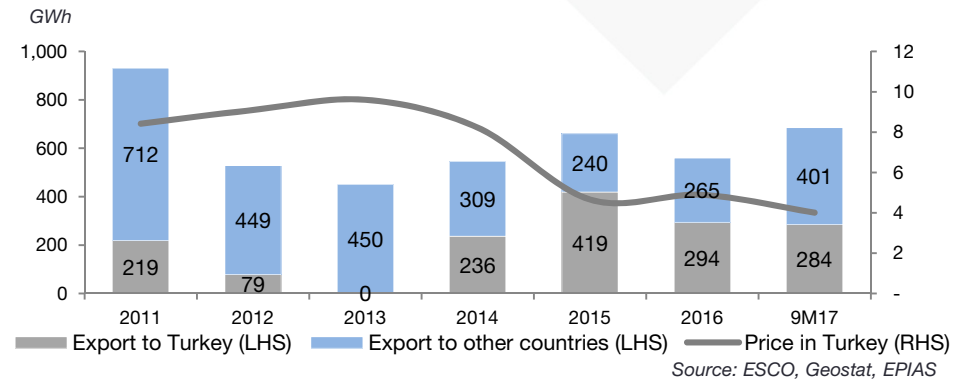
- 9% growth of internal consumption in 9m 2017
- Consumption growth forecasted at 5% CAGR in coming 15 years
- Anticipated deficit of 6.1TWh by 2030

Distribution of windfarms annual generation¹



- Compared to HPPs, wind power plants (WPPs) have more even distribution throughout the year, adding more portion of output to domestic supply deficit
- Merchant risk is c. 30% in May-Aug, as opposed to 48% on average in run-of-river HPPs

Electricity exports and prices, 2011-2017



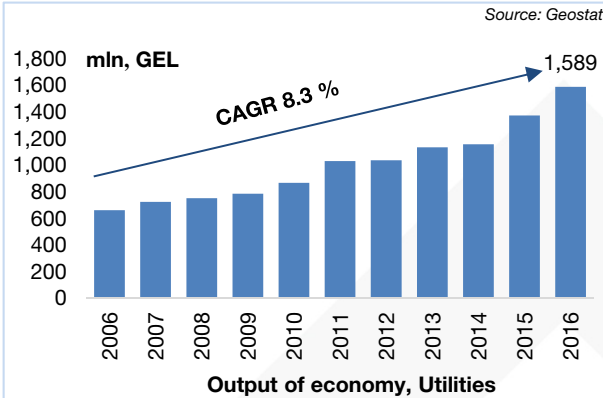
- Decreasing trend of electricity exports to Turkey since 2015 due to increased internal consumption

1. Based on preliminary measurement of GGU windfarm locations

GGU - Georgian water supply and sanitation market overview

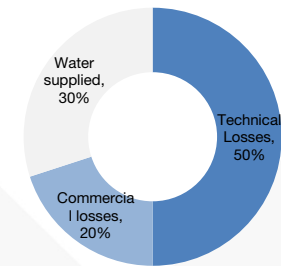
Largely privatized utility sector - high barriers to entry; reforms in progress for approximating the sector with the EU regulations

- Utilities sector represents ~3% of total economic output in Georgia and is constantly growing at a sustainable rate (CAGR 8.3% in 2006 – 2016)
- Bulk of sector players are natural monopolies and the barriers to entry are high
- Large part of the industry is privatized, except for the fraction of WSS utilities and irrigation
- Reforms are in progress in utilities sector to approximate the sector with EU energy regulations in accordance to Georgia's undertaking under the Association Agreement with the EU



Main challenge – water losses

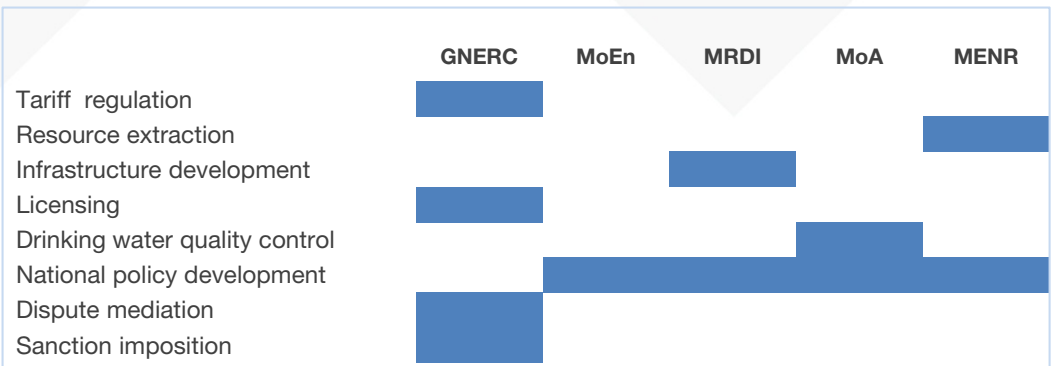
Water losses still remain to be the main challenge in the sector. In 2016, 70% of water supplied to the network was lost, about 4-5 times higher rate than that in the Western Europe
Goal: to reduce the technical water loss rate substantially in 3 years



Independent regulator that sets tariffs, manages licenses, mediates disputes and imposes sanctions

- Georgian National Energy and Water Supply Regulatory Commission (GNERC) is an independent body that regulates the utilities market
- GNERC is independent from the Government of Georgia and has no direct supervision from any state authorities and its independence is guaranteed by a legally mandated, self-sufficient revenue stream from the regulation fees paid by utility market participants (0.3% of the utility revenues)
- The sector is regulated by the set of laws, by-laws and government decrees on tariff setting, utilities (*water, electricity, natural gas*) market rules, grid / network codes, legislation on licensing, resource extraction and environmental accountability

Elements of regulatory discretion



MRDI – Ministry of Regional Development and Infrastructure

MoEn – Ministry of Energy

MoA – Ministry of Agriculture

MENR – Ministry of Environment and Natural Resources

GGU - A privately-owned natural monopoly

Business strategy

1 UTILITY

REVENUE 9M17: GEL 92.2mln
EBITDA 9M17: GEL 45.5mln

MEDIUM TERM GOAL

EBITDA 2019: GEL 70mln+

TARGETING

DIVIDEND PROVIDER

2 ENERGY

REVENUE 9M17: GEL 10.2mln
EBITDA 9M17: GEL 6.4mln
149.3MW existing capacity

EBITDA 2019: GEL 35mln+

VALUE CREATION UPSIDE

IPO in 2-3 years time

Projects going forward and forecasted EBITDA

2017

Utility projects:

Infrastructure rehabilitation and development projects in 2017-2019. Investment of GEL 255mln

Energy projects:

50 MW HPP (Svaneti Hydro)
Status – Under construction
Project cost – USD 62.7mln
Completion – by the end of 2018

2018

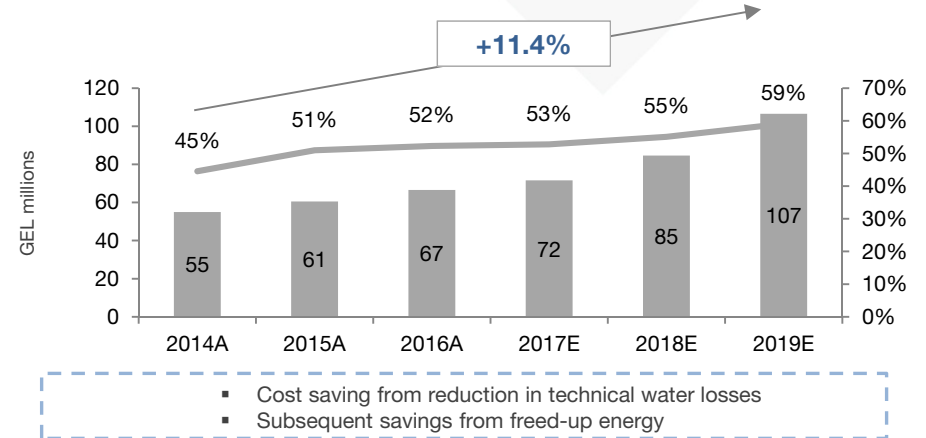
44.3 MW HPP (Zoti Hydro)

Status – Under development
Project cost – USD 57.5mln
Completion – by the end of 2020

Up to 2023 in the pipeline

Hydro: Capacity – 100 MW
Project cost per MW USD 1.2 - 1.5mln
Wind: Capacity – 100 MW
Project cost per MW: up to 1.3mln
Solar: Capacity – 50 MW
Project cost per MW: USD up to 1.1mln

CAGR'14 -19



| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| • Aldagi – P&C Insurance | |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

Aldagi financial highlights

P&L

| <i>GEL thousands, unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Gross premium written | 21,322 | 18,122 | 17.7% | 30,283 | -29.6% | 70,512 | 58,715 | 20.1% |
| Earned premiums, gross | 24,610 | 19,905 | 23.6% | 20,900 | 17.8% | 64,030 | 52,298 | 22.4% |
| Earned premiums, net | 16,707 | 13,419 | 24.5% | 15,048 | 11.0% | 46,191 | 36,579 | 26.3% |
| Insurance claims expenses, gross | (8,088) | (4,101) | 97.2% | (8,413) | -3.9% | (27,201) | (18,379) | 48.0% |
| Insurance claims expenses, net | (6,348) | (4,799) | 32.3% | (5,906) | 7.5% | (17,891) | (12,745) | 40.4% |
| Acquisition costs, net | (2,845) | (1,785) | 59.4% | (1,917) | 48.4% | (6,438) | (4,523) | 42.3% |
| Net underwriting profit | 7,514 | 6,835 | 9.9% | 7,225 | 4.0% | 21,862 | 19,311 | 13.2% |
| Investment income | 786 | 862 | -8.8% | 598 | 31.4% | 2,151 | 2,357 | -8.7% |
| Net Fee and commission income | 171 | 104 | 64.4% | 113 | 51.3% | 383 | 308 | 24.4% |
| Net investment profit | 957 | 966 | -0.9% | 711 | 34.6% | 2,534 | 2,665 | -4.9% |
| Salaries and other employee benefits | (2,304) | (2,093) | 10.1% | (2,161) | 6.6% | (6,442) | (5,737) | 12.3% |
| Selling, general administrative expenses | (876) | (785) | 11.6% | (664) | 31.9% | (2,433) | (2,193) | 10.9% |
| Depreciation & Amortisation | (245) | (189) | 29.6% | (241) | 1.7% | (720) | (572) | 25.9% |
| Impairment charges | (157) | (185) | -15.1% | (190) | -17.4% | (589) | (543) | 8.5% |
| Net other operating income | 144 | 223 | -35.4% | 19 | NMF | 333 | 472 | -29.4% |
| Operating profit | 5,033 | 4,772 | 5.5% | 4,699 | 7.1% | 14,545 | 13,403 | 8.5% |
| Foreign exchange gain / (loss) | 327 | (70) | NMF | (146) | NMF | (244) | (1,103) | -77.9% |
| Pre-tax profit | 5,360 | 4,702 | 14.0% | 4,553 | 17.7% | 14,301 | 12,300 | 16.3% |
| Income tax expense | (819) | (812) | 0.9% | (713) | 14.9% | (2,169) | (2,366) | -8.3% |
| Net profit | 4,541 | 3,890 | 16.7% | 3,840 | 18.3% | 12,132 | 9,934 | 22.1% |

Aldagi financial highlights

Balance sheet

| <i>GEL thousands, unless otherwise noted</i> | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|--|----------------|----------------|-----------------|----------------|-----------------|
| Cash and cash equivalents | 4,200 | 2,527 | 66.2% | 3,900 | 7.7% |
| Amounts due from credit institutions | 24,989 | 23,386 | 6.9% | 24,247 | 3.1% |
| Investment securities: available-for-sale | 4,344 | 3,063 | 41.8% | 4,551 | -4.5% |
| Insurance premiums receivable, net | 27,500 | 21,483 | 28.0% | 31,533 | -12.8% |
| Ceded share of technical provisions | 21,219 | 15,375 | 38.0% | 23,509 | -9.7% |
| Premises and equipment, net | 9,731 | 8,918 | 9.1% | 9,177 | 6.0% |
| Intangible assets, net | 1,363 | 1,112 | 22.6% | 1,268 | 7.5% |
| Goodwill | 13,051 | 13,051 | - | 13,051 | - |
| Deferred acquisition costs | 1,906 | 1,413 | 34.9% | 1,692 | 12.6% |
| Pension fund assets | 17,808 | 15,600 | 14.2% | 17,198 | 3.5% |
| Other assets | 5,521 | 4,345 | 27.1% | 5,466 | 1.0% |
| Total assets | 131,632 | 110,273 | 19.4% | 135,592 | -2.9% |
| Gross technical provisions | 52,567 | 43,665 | 20.4% | 55,016 | -4.5% |
| Other insurance liabilities | 10,751 | 9,357 | 14.9% | 18,171 | -40.8% |
| Current income tax liabilities | 110 | 70 | 57.1% | 636 | -82.7% |
| Pension benefit obligations | 17,808 | 15,600 | 14.2% | 17,198 | 3.5% |
| Other Liabilities | 5,395 | 5,581 | -3.3% | 4,111 | 31.2% |
| Total liabilities | 86,631 | 74,273 | 16.6% | 95,132 | -8.9% |
| Share Capital | 1,889 | 1,889 | - | 1,889 | - |
| Additional paid-in capital | 5,405 | 5,405 | - | 5,405 | - |
| Revaluation and other reserves | 422 | 359 | 17.5% | 422 | - |
| Retained earnings | 25,153 | 18,413 | 36.6% | 25,153 | - |
| Net profit | 12,132 | 9,934 | 22.1% | 7,591 | 59.8% |
| Total equity | 45,001 | 36,000 | 25.0% | 40,460 | 11.2% |
| Total liabilities and equity | 131,632 | 110,273 | 19.4% | 135,592 | -2.9% |

Aldagi financial highlights

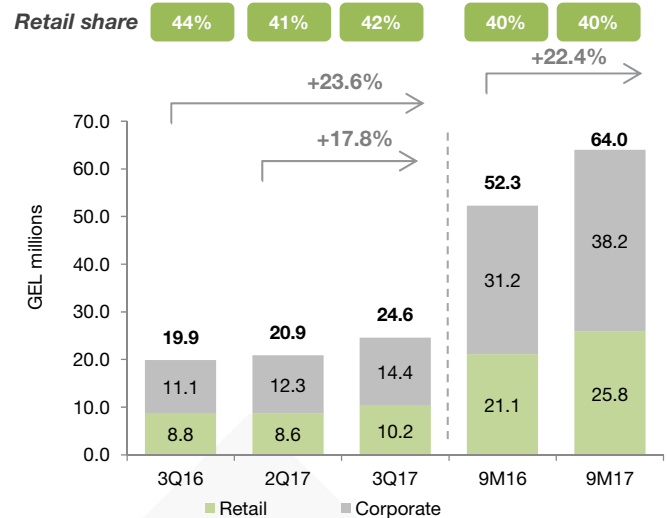
Cash flow

| <i>GEL thousands; unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|---|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|
| Cash flows from operating activities | | | | | | | | |
| Insurance premium received | 20,007 | 17,243 | 16.0% | 20,618 | -3.0% | 56,182 | 48,435 | 16.0% |
| Reinsurance premium paid | (7,189) | (5,584) | 28.8% | (2,970) | 142.1% | (12,844) | (11,307) | 13.6% |
| Insurance benefits and claims paid | (6,635) | (6,004) | 10.5% | (5,873) | 13.0% | (20,986) | (18,252) | 15.0% |
| Reinsurance claims received | 1,037 | 781 | 32.8% | 467 | 122.1% | 6,617 | 5,503 | 20.2% |
| Acquisition costs paid | (1,805) | (1,389) | 29.9% | (1,694) | 6.5% | (4,866) | (3,829) | 27.1% |
| Salaries and benefits paid | (2,201) | (1,879) | 17.1% | (5,142) | -57.2% | (9,225) | (7,461) | 23.6% |
| Interest received | 637 | 284 | 124.4% | 191 | NMF | 1,877 | 872 | 115.1% |
| Net other operating expenses paid | (981) | (446) | 120.1% | (782) | 25.3% | (2,673) | (1,522) | 75.7% |
| Net cash flows from operating activities before income tax | 2,870 | 3,005 | -4.5% | 4,814 | -40.4% | 14,081 | 12,440 | 13.2% |
| Income tax paid | (1,304) | (748) | 74.3% | (698) | 86.8% | (3,232) | (1,789) | 80.7% |
| Net cash flows from operating activities | 1,566 | 2,257 | -30.6% | 4,116 | -62.0% | 10,849 | 10,651 | 1.9% |
| Cash flows from (used in) investing activities | | | | | | | | |
| Purchase of property and equipment | (728) | (237) | NMF | (203) | NMF | (1,035) | (892) | 16.0% |
| Purchase of intangible assets | (181) | (29) | NMF | (175) | 3.4% | (375) | (416) | -9.9% |
| Loan Issued | - | (7,000) | NMF | (100) | NMF | (100) | (7,000) | -98.6% |
| Proceeds from repayment of loan issued | - | - | - | - | - | - | 1,901 | NMF |
| Proceeds from / (placement of) bank deposits | (699) | 1,610 | -143.4% | 3,596 | -119.4% | 679 | (3,550) | -119.1% |
| Purchase of available-for-sale assets | 342 | - | NMF | (2,459) | -113.9% | (2,948) | (531) | NMF |
| Net cash flows from used in investing activities | (1,266) | (5,656) | -77.6% | 659 | NMF | (3,779) | (10,488) | -64.0% |
| Cash flows from financing activities | | | | | | | | |
| Dividend Paid | - | - | - | (7,000) | NMF | (7,000) | - | NMF |
| Net cash flows from financing activities | - | - | - | (7,000) | NMF | (7,000) | - | NMF |
| Effect of exchange rates changes on cash and cash equivalents | - | (36) | NMF | (18) | NMF | (219) | (16) | NMF |
| Net decrease/(increase) in cash and cash equivalents | 300 | (3,435) | -108.7% | (2,243) | -113.4% | (149) | 147 | NMF |
| Cash and cash equivalents, beginning | 3,900 | 5,962 | -34.6% | 6,143 | -36.5% | 4,349 | 2,379 | 82.8% |
| Cash and cash equivalents, ending | 4,200 | 2,527 | 66.2% | 3,900 | 7.7% | 4,200 | 2,527 | 66.2% |

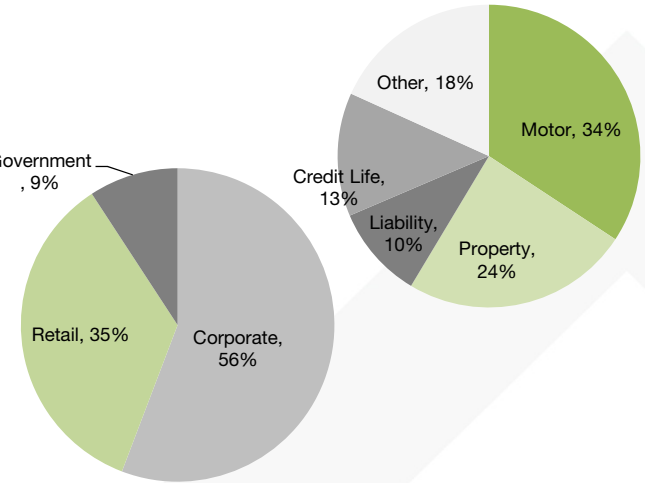
Aldagi performance highlights

Strong P&L performance

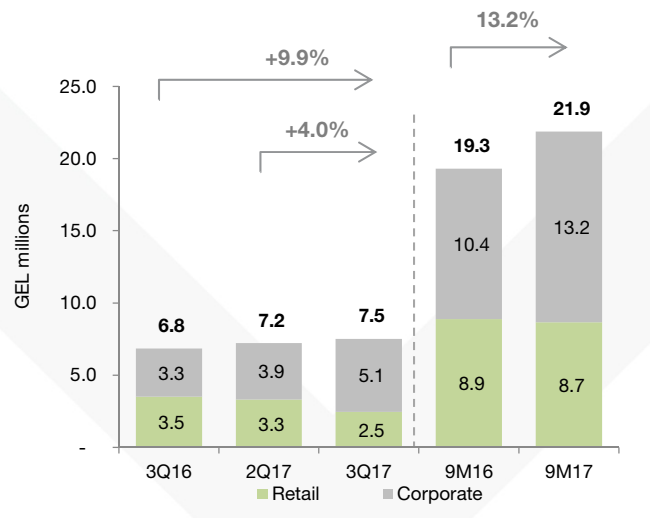
Earned premiums, gross



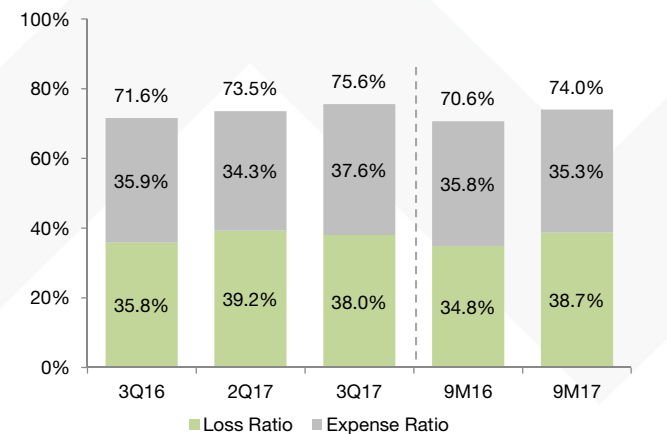
Earned premiums, gross | Composition



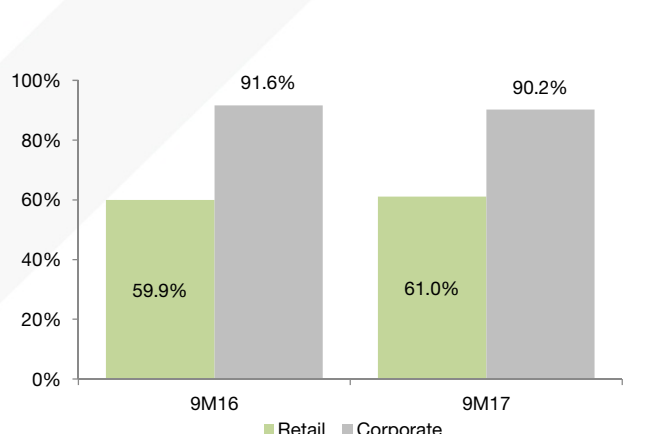
Net underwriting profit



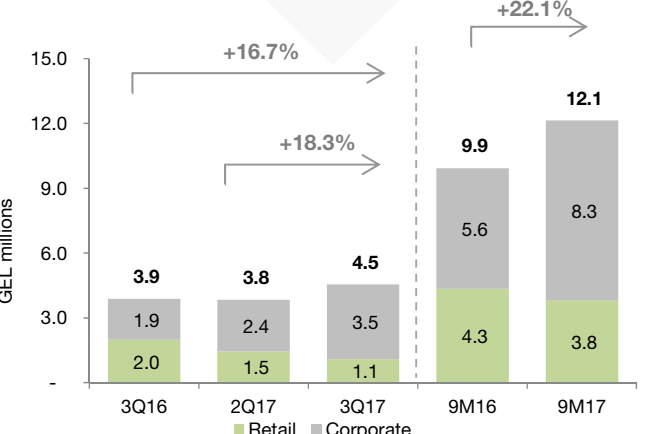
Combined ratio



Renewal ratio



Profit



Aldagi business overview

Well-diversified business model

| | | Motor | Property | Credit Life | Liability | Other |
|--|--|--|--|---|--|---|
| Key Segments | | Motor own damage, motor third party liability insurance | CAR ⁽²⁾ , Commercial property, Household Property, Machinery breakdowns insurance | Loan-linked life insurance | Financial risk, employer's liability, professional indemnity, GTPL ⁽³⁾ , FFL ⁽⁴⁾ , Household GTPL, Product liability insurance | Cargo, CPM ⁽⁵⁾ , Livestock, BBB ⁽⁶⁾ , D&O ⁽⁷⁾ , Agro insurance |
| Market Size⁽¹⁾ (2016) | | GEL 65mln | GEL 57mln | GEL 26mln | GEL 27mln | GEL 28mln |
| Aldagi market share (by earned premiums, gross) | | 37% | 37% | 28% | 38% | 29% |
| # of Clients | | Corporate - 1,158 Retail - 22,105 | Corporate - 873 Retail - 12,309 | Retail - 3 channels | Corporate - 538 Retail - 553 | Corporate - 252 Retail - 16,461 |
| Financials 9M17 | Earned Premiums, gross GEL 64.0mln | <p>2014-9M17 CAGR 18%</p> <p>C: GEL 11.0 mln R: GEL 11.0 mln</p> | <p>2014-9M17 CAGR 3%</p> <p>C: GEL 13.1 mln R: GEL 2.5 mln</p> | <p>2014-9M17 CAGR 34%</p> <p>GEL 6.3 mln</p> | <p>2014-9M17 CAGR 26%</p> <p>C: GEL 8.1 mln R: GEL 0.4 mln</p> | <p>2014-9M17 CAGR 52%</p> <p>C: GEL 6.0 mln R: GEL 5.6 mln</p> |
| | Underwriting profit, net GEL 21.9mln | <p>2014-9M17 CAGR 13%</p> <p>C: GEL 3.9 mln R: GEL 2.5 mln</p> | <p>2014-9M17 CAGR 15%</p> <p>C: GEL 3.3 mln E: GEL 1.8 mln</p> | <p>2014-9M17 CAGR 24%</p> <p>R: GEL 3.4 mln</p> | <p>2014-9M17 CAGR 24%</p> <p>C: GEL 3.4 mln</p> | <p>2014-9M17 CAGR 42%</p> <p>C: GEL 2.7 mln R: GEL 0.9 mln</p> |
| | Net profit GEL 12.1mln | <p>2014-9M17 CAGR 17%</p> <p>C: GEL 2.3 mln R: GEL -0.1 mln</p> | <p>2014-9M17 CAGR 18%</p> <p>C: GEL 1.7 mln R: GEL 1.2 mln</p> | <p>2014-9M17 CAGR 27%</p> <p>R: GEL 2.3 mln</p> | <p>2014-9M17 CAGR 33%</p> <p>C: GEL 2.3 mln</p> | <p>2014-9M17 CAGR 66%</p> <p>C: GEL 2.0 mln R: GEL 0.3 mln</p> |
| Combined ratio: 74% | | Corporate - 78% Retail - 97% | Corporate - 64% Retail - 48% | Retail - 59% | Corporate - 53% Retail - 88% | Corporate - 54% Retail - 87% |

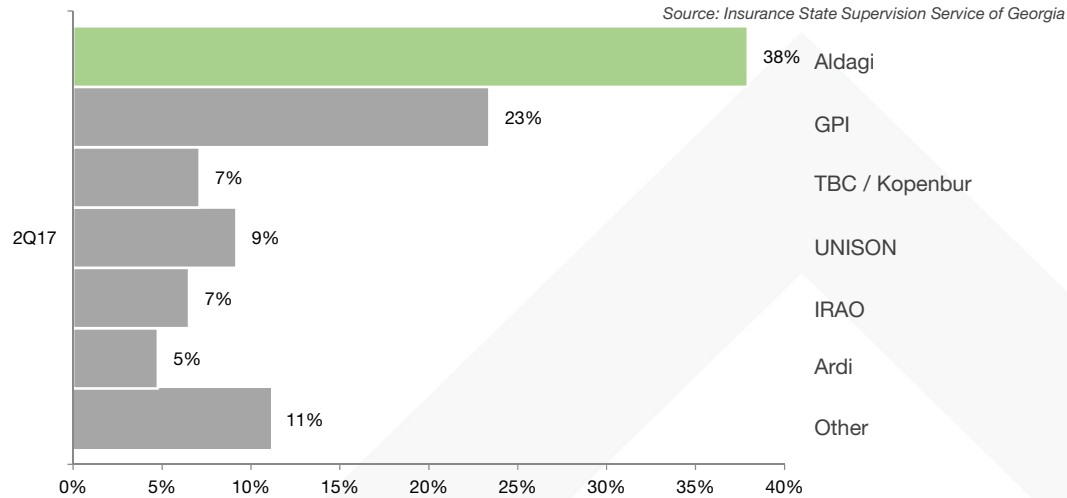
■ Corporate
■ Retail

(1) Sources: Insurance State Supervision Service of Georgia
 (2) CAR: Contractors' all risks insurance
 (3) GTPL: General third party liability insurance
 (4) FFL: Freight Forwarders' liability

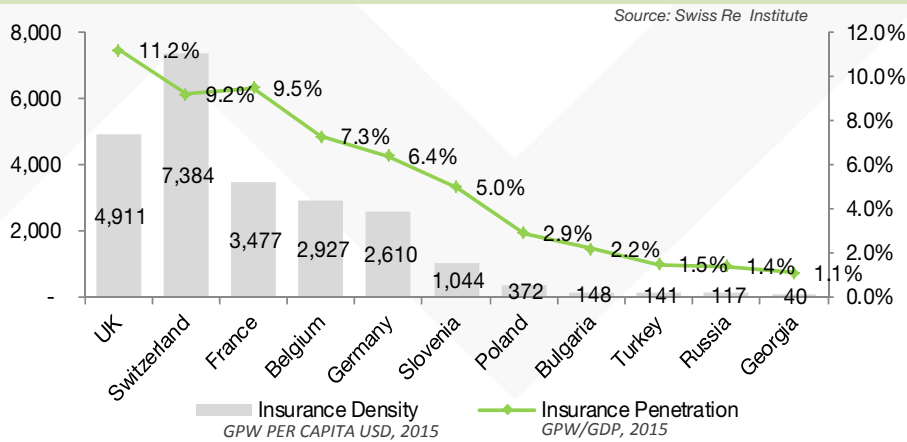
(5) CPM: Contractor's Plant And Machinery insurance
 (6) BBB: Bankers blanket bond insurance
 (7) D&O: Directors and officers liability Insurance

Georgian insurance market

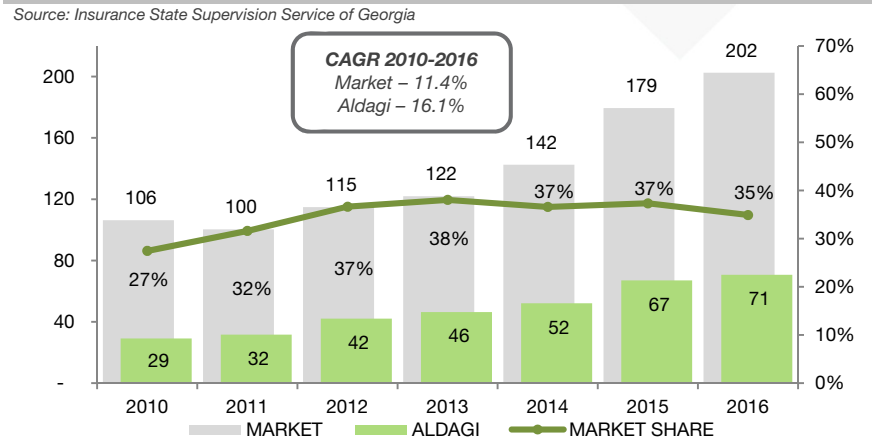
Market shares | Earned premiums, gross



Insurance penetration & density



Market & Aldagi Revenue



STRATEGIC TARGETS

c.16

MLN GEL

2017

Aldagi Profit

50

MLN GEL

2022

Retail | Penetration **Low**



- No mandatory lines, border & local MTPL, also GTPL mandatory insurance to be introduced
- Develop simple products for mass retail
- Digitalization of all processes
- More partnership with financial institutions after demerger

SME | Penetration **Zero**



- Underpenetrated market
- Developing tailored products
- Digital portal for SME

Corporate | 



- Good investment climate
- Stable economic growth
- Increase in infrastructural projects

3 BUSINESS DIRECTIONS

CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| • Teliani Valley | |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

Teliani financial highlights

P&L

| <i>GEL thousands, unless otherwise noted</i> | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|-----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Wine | 6,470 | 4,719 | 37.1% | 5,596 | 15.6% | 16,104 | 11,662 | 38.1% |
| Beer* | 11,156 | - | NMF | 2,566 | NMF | 13,722 | - | NMF |
| Distribution** | 3,849 | 3,831 | 0.5% | 4,108 | -6.3% | 11,064 | 8,810 | 25.6% |
| Revenue | 21,475 | 8,550 | 151.2% | 12,270 | 75.0% | 40,890 | 20,472 | 99.7% |
| Wine | (1,866) | (1,901) | -1.8% | (2,386) | -21.8% | (6,009) | (5,073) | 18.5% |
| Beer* | (6,277) | - | NMF | (1,403) | NMF | (7,679) | - | NMF |
| Distribution** | (2,533) | (2,305) | 9.9% | (3,081) | -17.8% | (7,671) | (5,473) | 40.2% |
| COGS | (10,676) | (4,206) | 153.8% | (6,870) | 55.4% | (21,359) | (10,546) | 102.5% |
| Gross Profit | 10,799 | 4,344 | 148.6% | 5,400 | 100.0% | 19,531 | 9,926 | 96.8% |
| <i>Gross Profit Margin</i> | 50.3% | 50.8% | | 44.0% | | 47.8% | 48.5% | |
| Salaries and other employee benefits | (2,787) | (870) | NMF | (1,566) | 78.0% | (5,488) | (2,468) | 122.4% |
| Sales and marketing Expenses | (2,667) | (1,130) | 136.0% | (2,903) | -8.1% | (6,594) | (3,188) | 106.8% |
| General and administrative expenses | (1,605) | (695) | 130.9% | (1,435) | 11.8% | (4,020) | (1,812) | 121.9% |
| Distribution expenses | (1,266) | (138) | NMF | (413) | NMF | (1,822) | (348) | NMF |
| Other operating expenses | (77) | - | NMF | - | NMF | (77) | - | NMF |
| EBITDA | 2,397 | 1,511 | 58.6% | (917) | NMF | 1,530 | 2,110 | -27.5% |
| Net foreign currency gain (loss) | (2,761) | (1,000) | NMF | (2,259) | 22.2% | (2,595) | 1,151 | NMF |
| Depreciation and amortization | (1,697) | (382) | NMF | (904) | 87.7% | (3,051) | (1,136) | NMF |
| Interest expense | (780) | (150) | NMF | (389) | 100.5% | (1,384) | (682) | 102.9% |
| Interest income | 71 | - | NMF | 31 | 129.0% | 145 | 25 | NMF |
| Net operating income before non-recurring items | (2,770) | (21) | NMF | (4,438) | -37.6% | (5,355) | 1,468 | NMF |
| Net non-recurring items | 708 | (8) | NMF | (87) | NMF | 579 | (148) | NMF |
| Profit before income tax | (2,062) | (29) | NMF | (4,525) | -54.4% | (4,776) | 1,320 | NMF |
| Income tax (expense) benefit | (30) | - | NMF | (37) | -18.9% | (66) | 55 | NMF |
| Profit | (2,092) | (29) | NMF | (4,562) | -54.1% | (4,842) | 1,375 | NMF |

* Beer segment results include revenue and cost of goods sold from lemonade production




** Distribution segment results include revenue and cost of goods sold from distribution of 'Lavazza' coffee line

Teliani financial highlights

Balance sheet

| <i>GEL thousands, unless otherwise noted</i> | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|--|-----------------|---------------|-----------------|----------------|-----------------|
| Cash and cash equivalents | 10,815 | 7,621 | 41.9% | 11,923 | -9.3% |
| Amounts due from credit institutions | 4,302 | 23,361 | -81.6% | 6,457 | -33.4% |
| Trade and other receivables | 12,026 | 5,558 | 116.4% | 8,163 | 47.3% |
| Inventory | 20,423 | 9,031 | 126.1% | 17,403 | 17.4% |
| PPE and intangible assets, net | 105,381 | 28,890 | NMF | 102,612 | 2.7% |
| Goodwill | 2,836 | - | NMF | 2,836 | - |
| Prepayments and other assets | 4,577 | 11,215 | -59.2% | 5,947 | -23.0% |
| Total assets | 160,360 | 85,676 | 87.2% | 155,341 | 3.2% |
| Trade and other payables | 14,004 | 4,697 | NMF | 15,737 | -11.0% |
| Borrowings | 67,816 | 28,819 | 135.3% | 59,204 | 14.5% |
| Short Term Borrowings | 8,848 | 21,104 | -58.1% | 3,345 | NMF |
| Long Term Borrowings | 58,968 | 7,715 | NMF | 55,859 | 5.6% |
| Other liabilities | 1,796 | 4,469 | -59.8% | 1,644 | 9.2% |
| Total liabilities | 83,616 | 37,985 | 120.1% | 76,585 | 9.2% |
| Share capital | 4,522 | 2,771 | 63.2% | 4,522 | - |
| Additional paid-in capital | 72,933 | 38,846 | 87.7% | 72,933 | - |
| Retained earnings | (2, 686) | 4,281 | -162.7% | (595) | NMF |
| Revaluation and other reserves | 1,975 | 1,793 | 10.2% | 1,896 | 4.2% |
| Total equity | 76,744 | 47,691 | 60.9% | 78,756 | -2.6% |
| Total liabilities and equity | 160, 360 | 85,676 | 87.2% | 155,341 | 3.2% |

Teliani targets & priorities (Beverage Business)

| Goal | Become leading beverages producer and distributor in Caucasus | | |
|---------------------|---|---|---|
| | Wine business | Distribution business | Beer production business |
| Business Segments |  |  |  |
| | <ul style="list-style-type: none"> c. 3,465 thousand bottles sold in 9M17 GEL 16.1mln revenue in 9M17 GEL 4.1mln EBITDA in 9M17 71% of sales from export | <ul style="list-style-type: none"> 5,100 sales points New distribution lines – “LAVAZZA “coffee & Sparkling wine “BAGRATIONI 1882” Exporting wine to 13 countries, including all FSU, Poland, Sweden, USA, Canada, China | <ul style="list-style-type: none"> Launched mainstream beer and lemonade production under ICY and Berika brands in Jun-17 and Aug-17, respectively Beer and Lemonade sales amounted to GEL 13.1mln and GEL 592 thousand in 9M17 7,270 sales points as of 9M17, planned to reach 9,900 sales points by end of 2017 10 year exclusivity with Heineken to produce beer to be sold in Georgia, Armenia and Azerbaijan (17mln population) |
| | <ul style="list-style-type: none"> Local market – market leader with 35% market share in premium HoReCa and modern trade segment based on bottle wine sales Export sales – c.4% market share of exported wine from Georgia, including Russia and c.15% excluding Russia | <ul style="list-style-type: none"> Wine distribution – market leader Other products distribution – second largest distributor on the market Lavazza coffee distribution – market leader in ground coffee and in HoReCa distribution | <ul style="list-style-type: none"> Local production – 12% market share in 3Q 2017 Imported beer – 15% market share of the super premium beer market Heineken is a highest equity valued brand in Georgia - 8.4 (out of 10) |
| Priorities for 2018 | <ul style="list-style-type: none"> Grow in line with market locally Enhance exports | <ul style="list-style-type: none"> Enhance product portfolio, becoming the leading FMCG distributor in Georgia | <ul style="list-style-type: none"> Achieve 23% market share |

Strategic sale

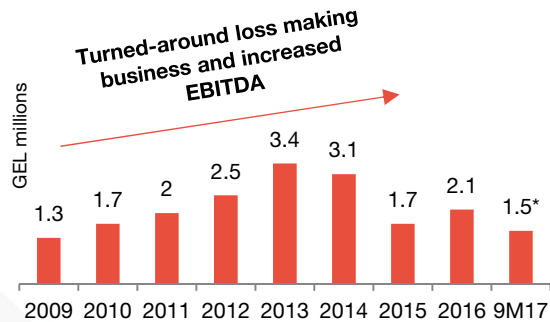
Teliani - Exclusive Heineken producer in Caucasus

Investment Rationale

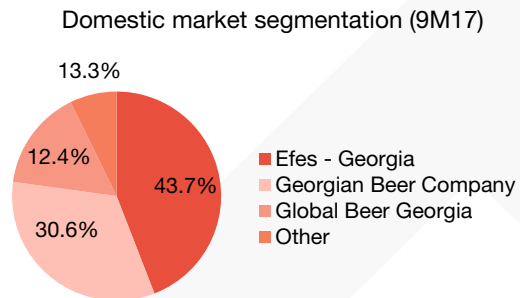


Exclusive Heineken producer in Caucasus

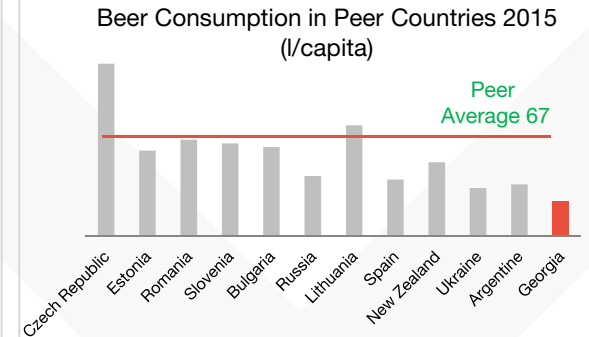
Strong management with proven track record



Highly concentrated market

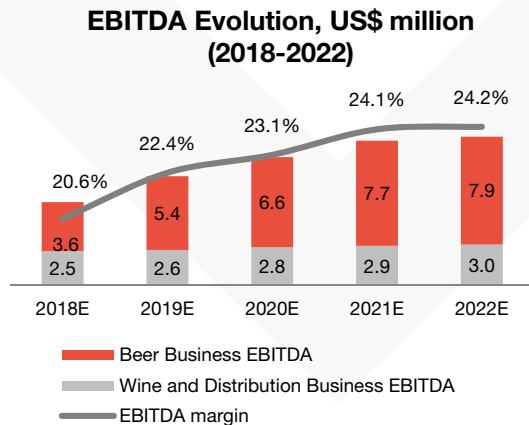


Low consumption per capita compared to peers

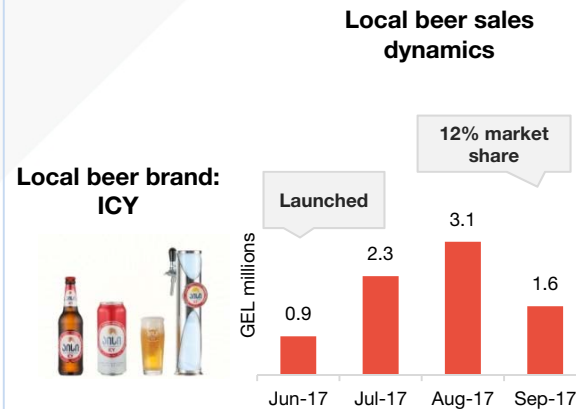


Financials

EBITDA projection



Strong performance of local beer brand



Investment

Investment

- Total investment – \$ 45.9mln, of which \$ 24.8mln is equity
- BGEO's investment – US\$ 18.6mln

Exit options

- Trade sale

* Drop in EBITDA in 9M17 is due to the launch of a new business lines - Beer & Lemonade production

CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

Georgia at a glance

General Facts

- Area: 69,700 sq km
- Population (2017): 3.7 mln
- Life expectancy: 77 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)

Economy

- Nominal GDP (Geostat) 2016: GEL 33.9 bln (US\$14.3 bln)
- Real GDP growth rate 2012-2016: 6.4%, 3.4%, 4.6%, 2.9%, 2.7%
- Real GDP 2006-16 annual average growth rate: 4.9%
- GDP per capita 2016 (PPP) per IMF: US\$ 10,044
- Annual inflation (e-o-p) 2016: 1.8%
- External public debt to GDP 2016: 35.2%

- Sovereign credit ratings:
 - S&P BB-/Stable, affirmed in May 2017
 - Moody's Ba2/Stable, affirmed in September 2017
 - Fitch BB-/Stable, affirmed in September 2017



Georgia's key economic drivers

Liberal economic policy

Top performer globally in WB Doing Business over the past 12 years

- Liberty Act (effective January 2014) ensures a credible fiscal and monetary framework:
- Public expenditure/GDP capped at 30%; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%
- Business friendly environment and low tax regime (attested by favourable international rankings)

Regional logistics and tourism hub

A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west

- Access to a market of 2.3bn customers without customs duties: Free trade agreements with EU, China, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with Hong Kong to be signed shortly; FTA with India under consideration
- Tourism revenues on the rise: tourism inflows stood at 15.1% of GDP in 2016 and arrivals reached 6.4mln visitors in 2016 (up 7.6% y-o-y). In 9M17, total international arrivals reached 5.8mln visitors (up 19.2% y-o-y), out of which tourist arrivals were up 28.8% y-o-y to 2.8mln visitors.
- Regional energy transit corridor accounting for 1.6% of the world's oil and gas transit volumes

Strong FDI

An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth

- FDI at US\$ 1,6bln (10.9% of GDP) in 2016; FDI stood at US\$ 751.0mln (10.8% of GDP) in 1H17
- FDI averaged 9.7% of GDP in 2007-2016

Support from international community

Georgia and the EU signed an Association Agreement and DCFTA in June 2014

- 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, the US and EU

Electricity transit hub potential

Developed, stable and competitively priced energy sector

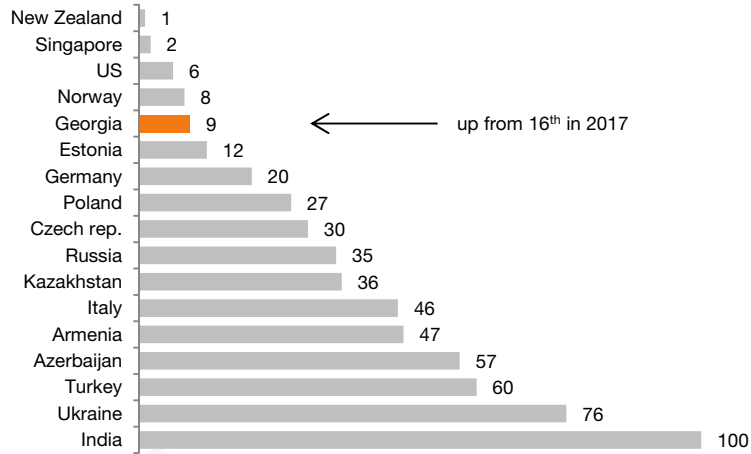
- Only 20% of hydropower capacity utilized; 120 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development
- Georgia imports natural gas mainly from Azerbaijan
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded
- Additional 5,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe

Political environment stabilised

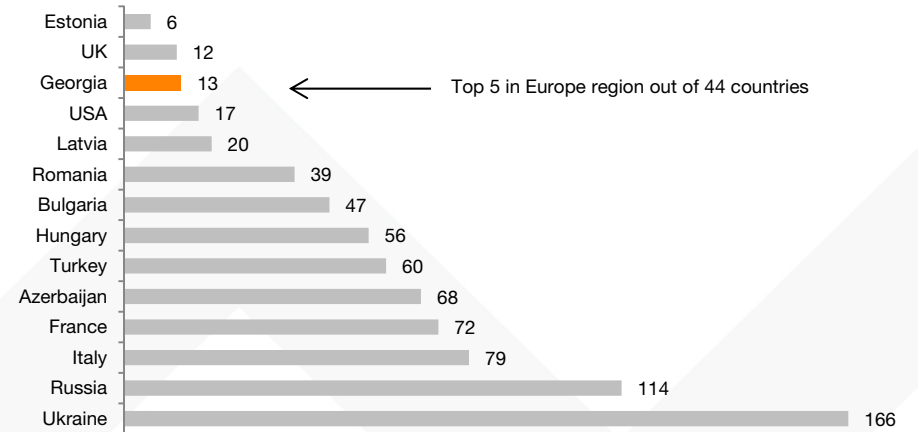
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU
- New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency
- Continued economic relationship with Russia, although economic dependence is relatively low
- Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians -The Russian side announced to ease visa procedures for Georgians citizens effective December 23, 2015
- Direct flights between the two countries resumed in January 2010
- Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia
- In 2016, Russia accounted for 9.8% of Georgia's exports and 6.9% of imports; just 3.6% of cumulative FDI over 2003-2016

Growth oriented reforms

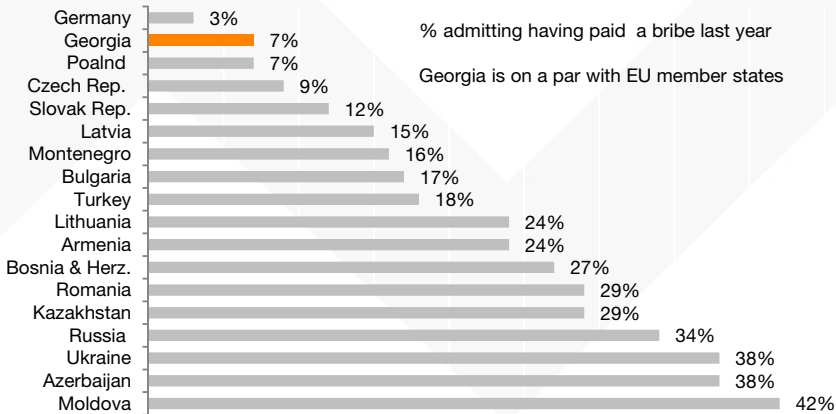
Ease of Doing Business | 2018 (WB-IFC Doing Business Report)



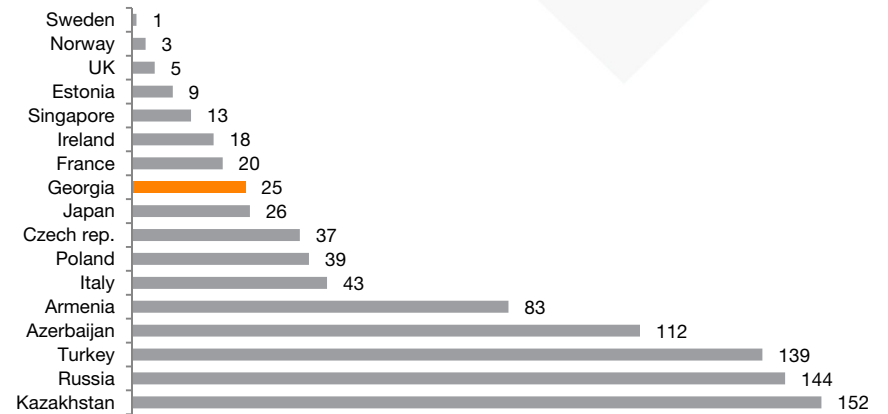
Economic Freedom Index | 2017 (Heritage Foundation)



Global Corruption Barometer | TI 2016



Business Bribery Risk, 2017 | Trace International



Sources: Transparency International, Heritage Foundation, World Bank, Trace International

Government 4-pillar of reforms

Structural Reforms

| | |
|--|--|
| Tax Reform | <ul style="list-style-type: none"> • Corporate income tax reform • Enhancing easiness of tax compliance |
| Capital Market Reform | <ul style="list-style-type: none"> • Boosting stock exchange activities • Developing of local bond market |
| Pension Reform | <ul style="list-style-type: none"> • Introduction of private pension system |
| PPP Reform | <ul style="list-style-type: none"> • Introduction of transparent and efficient PPP framework |
| Public Investment Management Framework | <ul style="list-style-type: none"> • Improved efficiency of state projects |
| Deposit Insurance | <ul style="list-style-type: none"> • Boosting private savings • Enhancing trust to financial system |
| Accounting Reform | <ul style="list-style-type: none"> • Increased transparency and financial accountability • Enhanced protection of shareholder rights |
| Association Agreement Agenda | |

Promoting Open Governance

| | |
|--|--|
| Improvement of public services offered to the private sector | <ul style="list-style-type: none"> • Creation of “Front Office” • Application of “Single Window Principle” |
| Involvement of the private sector in legislative process | <ul style="list-style-type: none"> • Discussion of draft legislation at an early stage |
| Strict monitoring of implementation of government decisions | <ul style="list-style-type: none"> • Creation of a special unit for monitoring purposes |

Promoting Transit & Tourism Hub

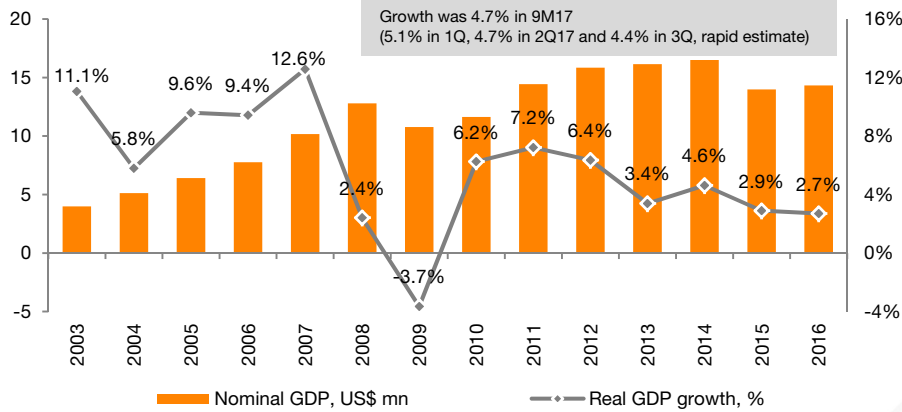
| | |
|----------|--|
| Roads | <ul style="list-style-type: none"> • Plan to finish all spinal projects by 2020 – East-West Highway, other supporting infrastructure |
| Rail | <ul style="list-style-type: none"> • Baku – Tbilisi Kars new railroad line • Railway modernization project |
| Air | <ul style="list-style-type: none"> • Tbilisi International Airport <ul style="list-style-type: none"> • 2nd runway to be constructed • International Cargo terminal |
| Maritime | <ul style="list-style-type: none"> • Anaklia deep water Black Sea port <ul style="list-style-type: none"> • Strategic location • Capable of accommodating Panamax type cargo vessels • High capacity – up to 100mln tons turnover annually • Up to USD 1bln for first phase (out of 9) in Georgia |

Education Reform

| | |
|--|--|
| General Education Reform | <ul style="list-style-type: none"> • Maximising quality of teaching in secondary schools |
| Fundamental Reform of Higher Education | <ul style="list-style-type: none"> • Based on the comprehensive research of the labor market needs |
| Improvement of Vocational Education | <ul style="list-style-type: none"> • Increase involvement of the private sector in the professional education |

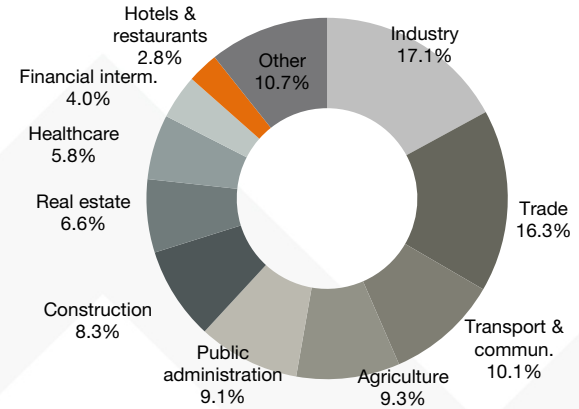
Diversified resilient economy

Gross domestic product



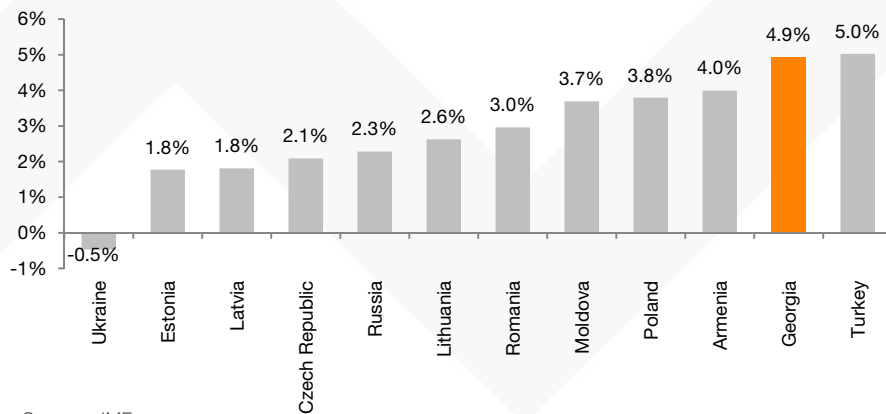
Source: Geostat

Diversified nominal GDP structure, 2016



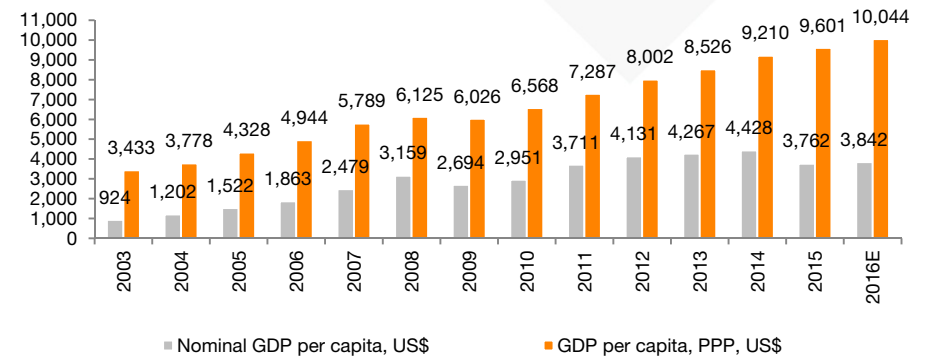
Source: Geostat

Comparative real GDP growth rates, % (2006-2016 average)



Sources: IMF

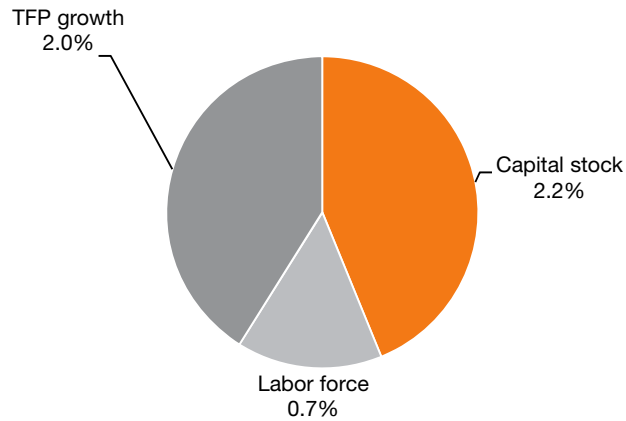
GDP per capita



Sources: IMF

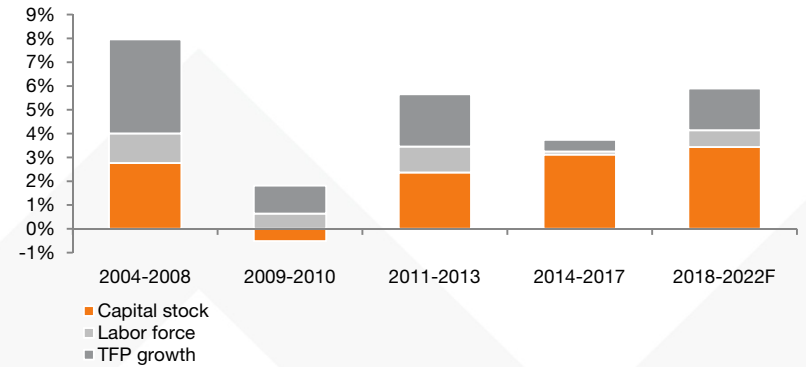
Productivity gains have been the main engine of growth since 2004

Overall contribution of capital, labour, and Total Factor Productivity (TFP) to growth, 2006-16



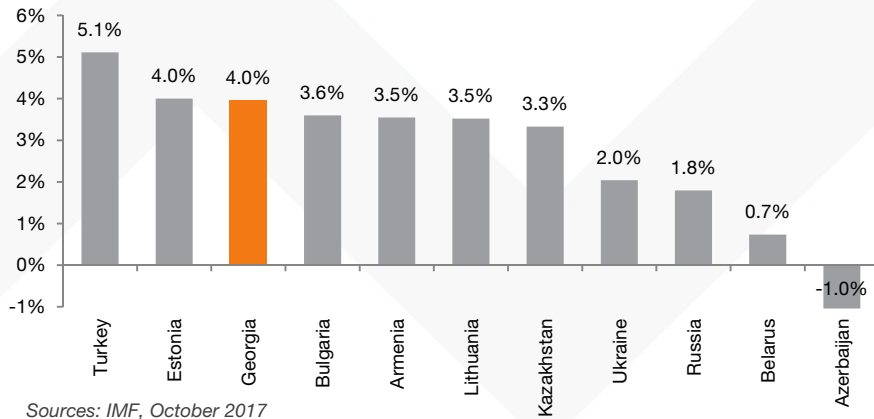
Source: GeoStat, G&T calculation

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



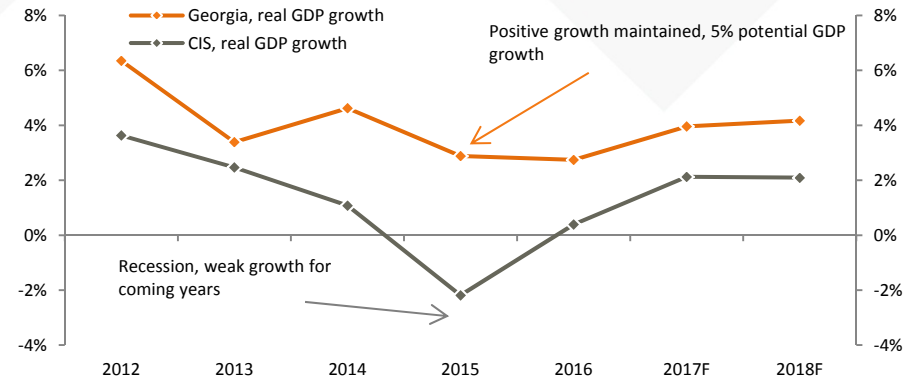
Source: GeoStat, G&T calculation

Real GDP growth projection, 2017



Sources: IMF, October 2017

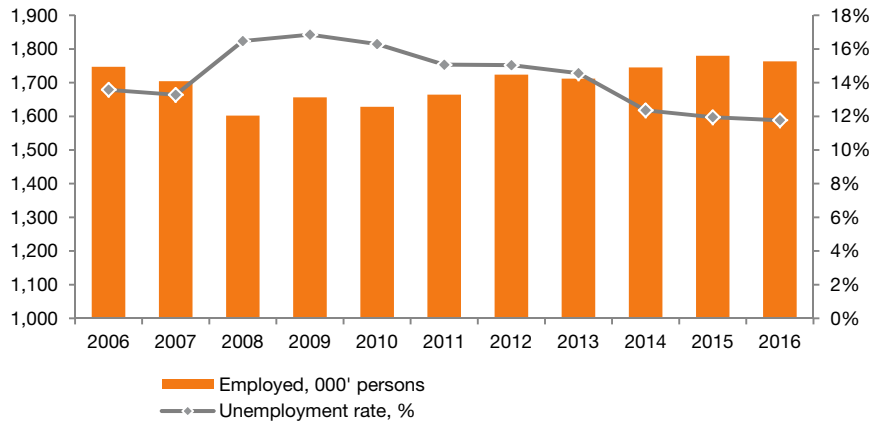
Georgia vs. CIS, effects of 2014-15 commodity price shock



Sources: IMF, October 2017

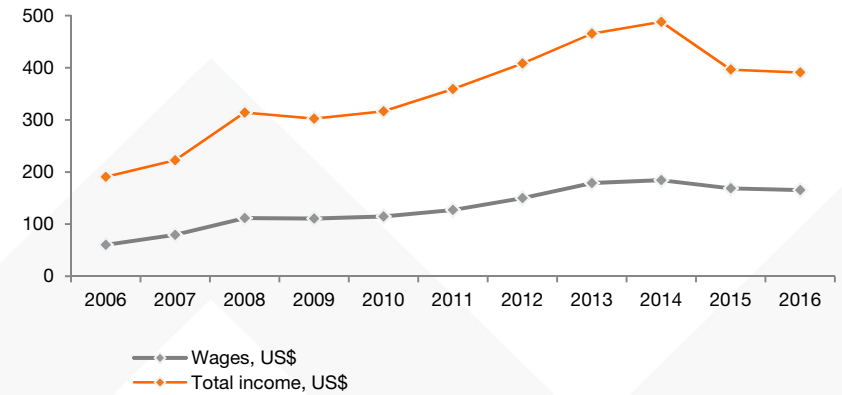
Further job creation is achievable

Unemployment rate down 0.2ppts y/y to 11.8% in 2016



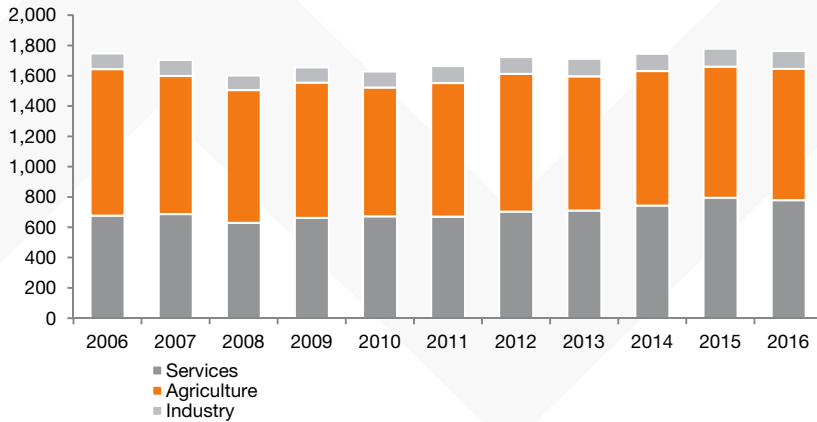
Sources: GeoStat

Average monthly wages and income per household



Sources: GeoStat

Share of services in total employment has increased



Source: GeoStat
Note: Services include construction

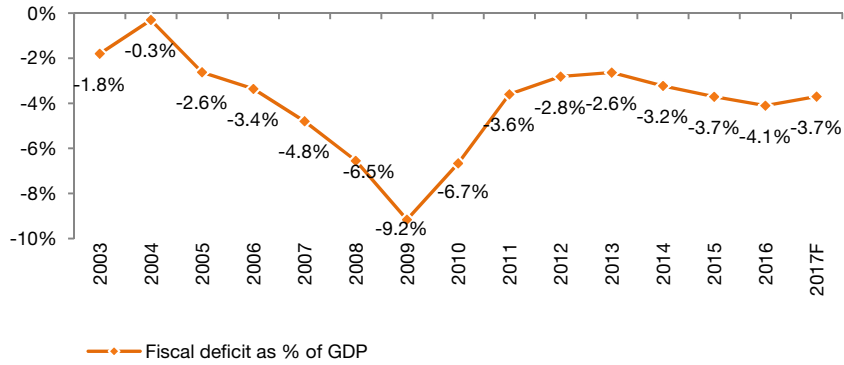
Hired workers accounted for 42.3% in total employment in 2016



Sources: GeoStat

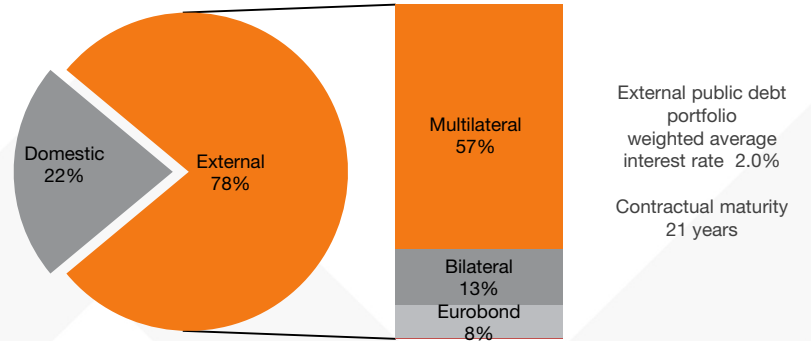
Low public debt

Fiscal deficit



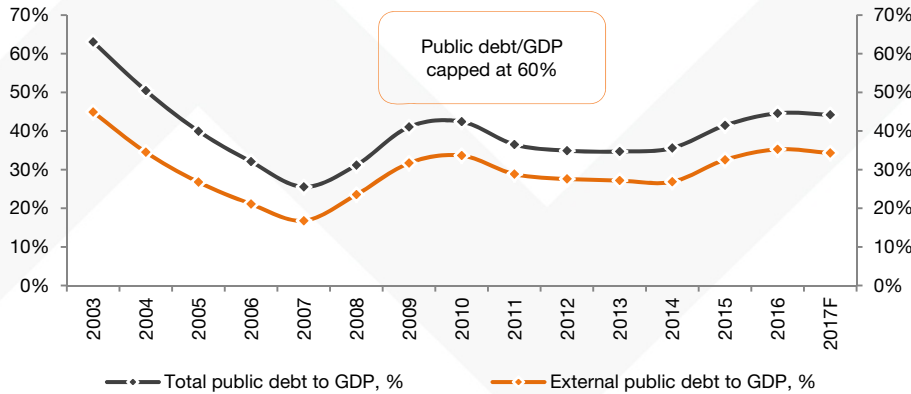
Source: Ministry of Finance of Georgia
 Note: Deficit calculated based on IMF's GFSM-1986 methodology

Breakdown of public debt



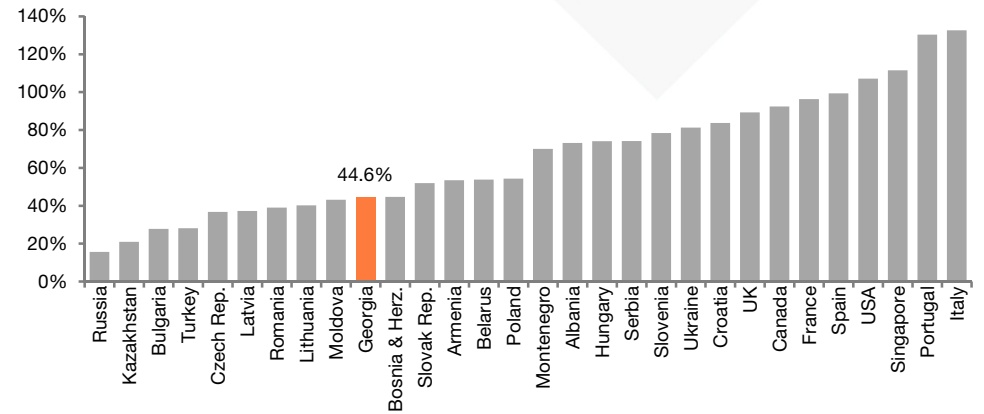
Source: Ministry of Finance of Georgia, as of Sep-2017

Public debt as % of GDP



Sources: Ministry of Finance of Georgia, Geostat

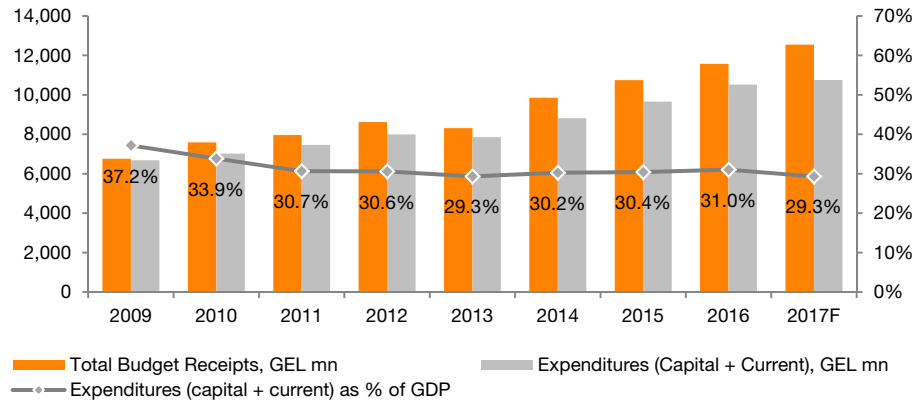
Gross government debt/GDP, 2016



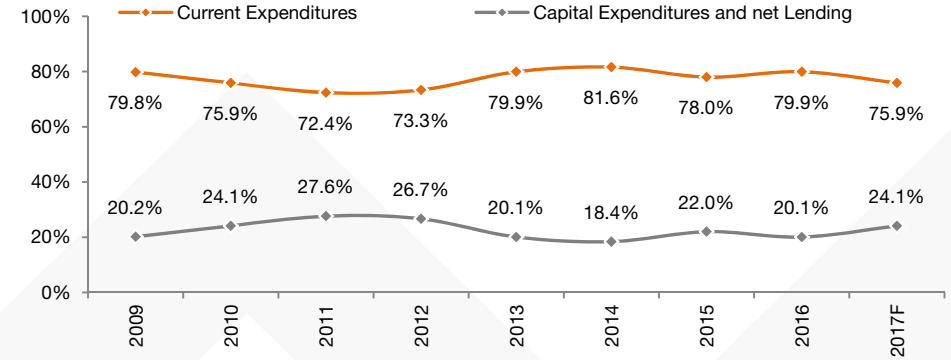
Source: IMF

Investing in infrastructure and spending low on social

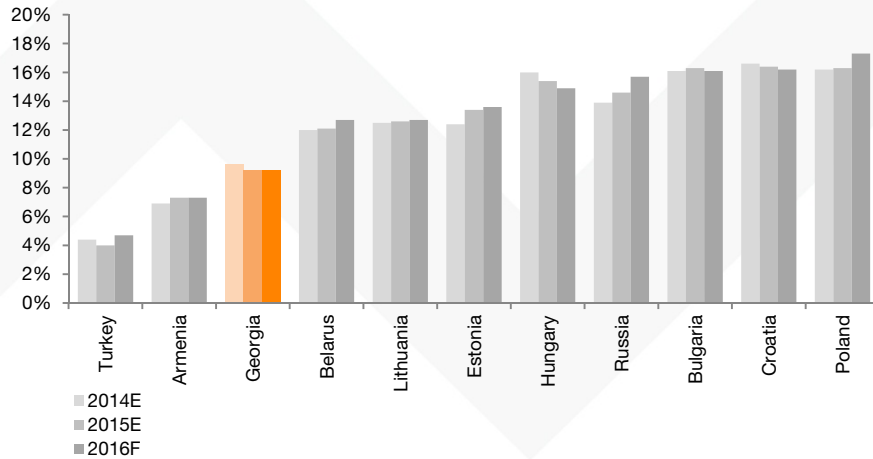
Revenues and expenditures, consolidated budget



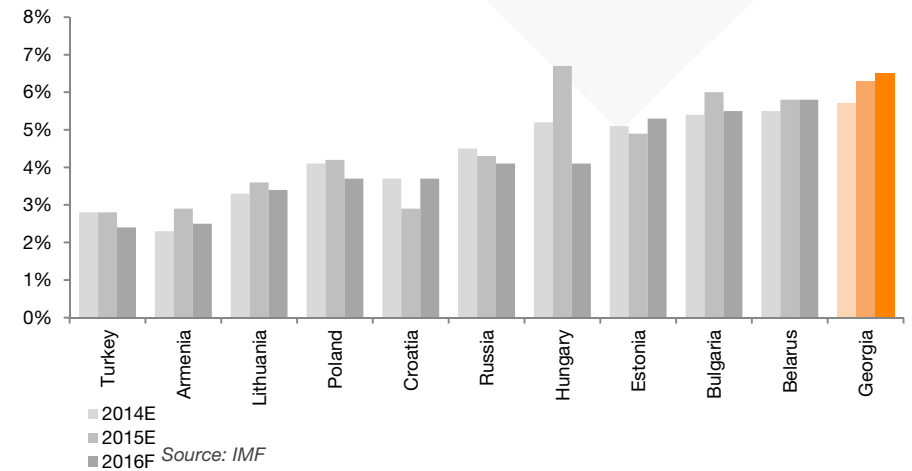
Current and capital expenditure



Government social expenditure as % of GDP

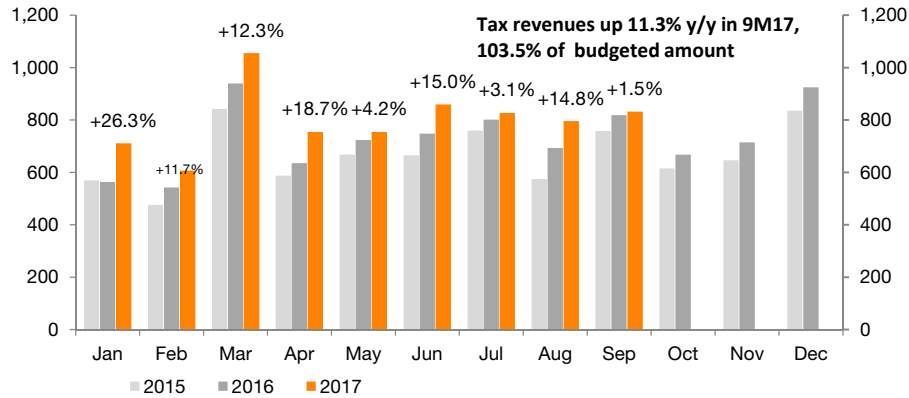


Government capital expenditure as % of GDP



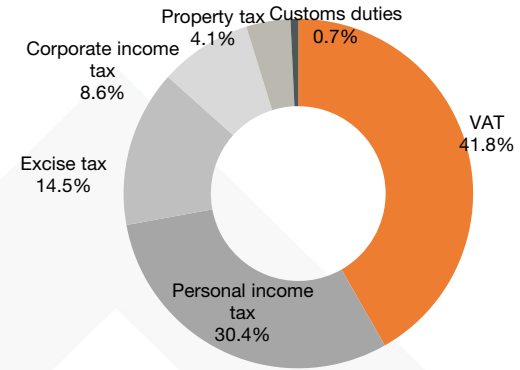
Fiscal Performance

Consolidated budget tax revenues, GEL mn



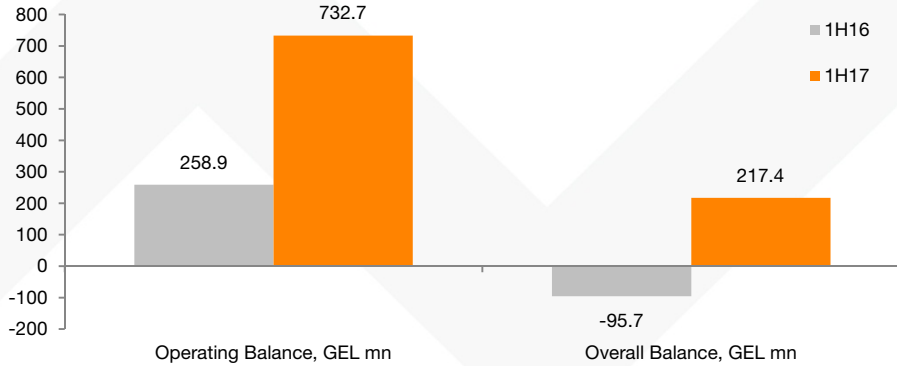
Source: Ministry of Finance

Consolidated budget tax revenues breakdown, 9M17



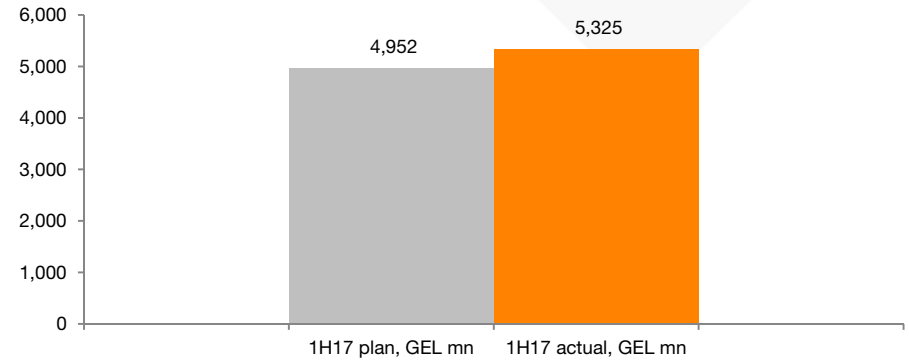
Sources: Ministry of Finance

Consolidated budget balance



Source: Ministry of Finance

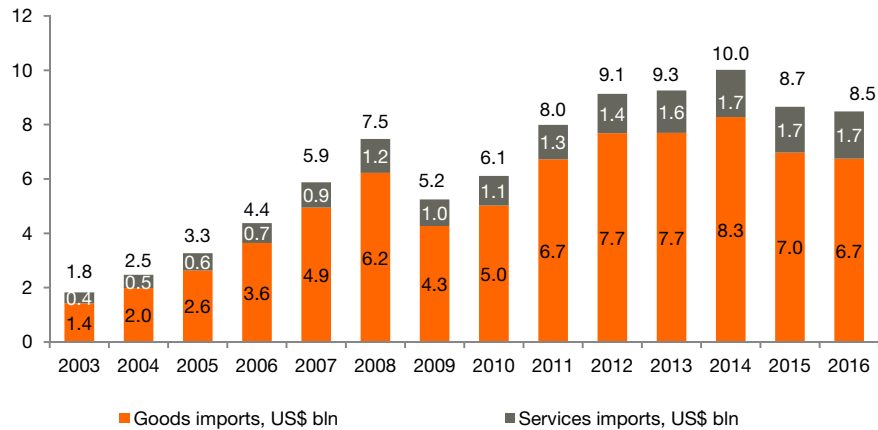
Consolidated budget revenues above budgeted in 1H17



Source: Ministry of Finance

Diversified foreign trade

Imports of goods and services



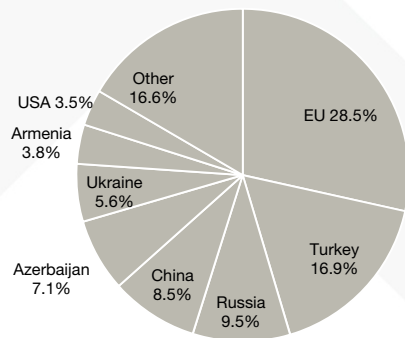
Source: NBG – BOP statistics

Exports of goods and services



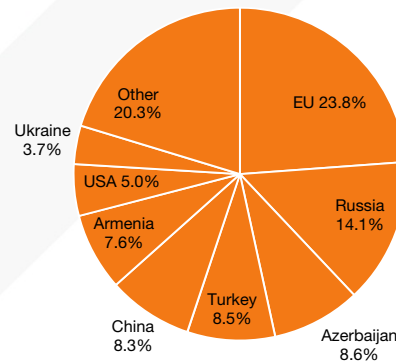
Source: NBG – BOP statistics

Imports, 9M17



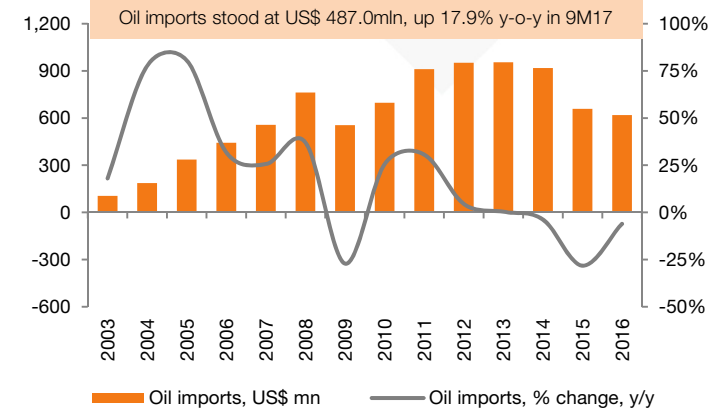
Sources: GeoStat

Exports, 9M17



Sources: GeoStat

Oil imports

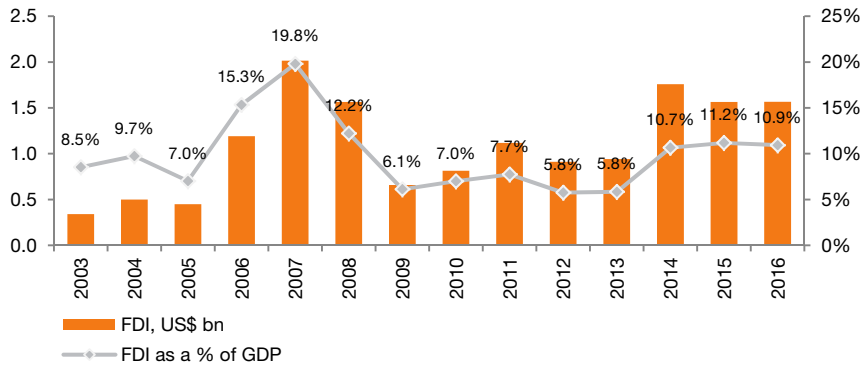


Sources: GeoStat

Diversified sources of capital

Strong foreign investor interest

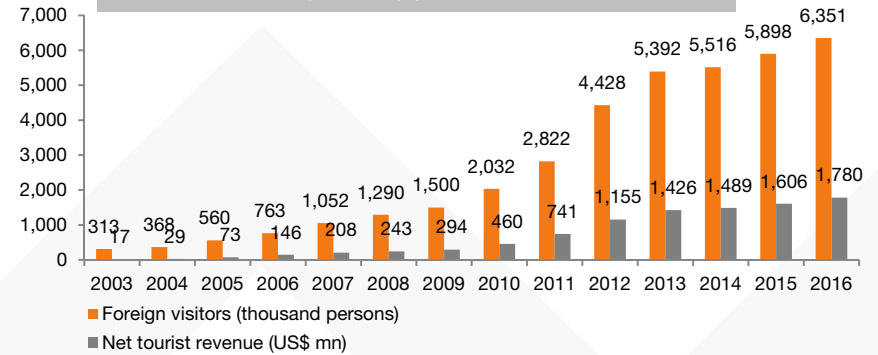
FDI stood at US\$ 751.0mln, down 5.5% y/y in 1H17



Sources: GeoStat

Tourist arrivals and revenues on the rise

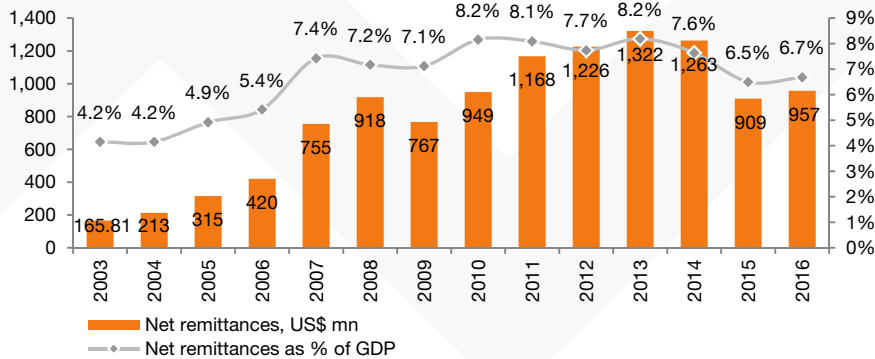
5.8mln visitors in 9M17, up 19.2% y/y
Tourism revenues up 28.5% y/y to US\$ 2.2bln in 9M17



Sources: Georgian National Tourism Agency, National Bank of Georgia

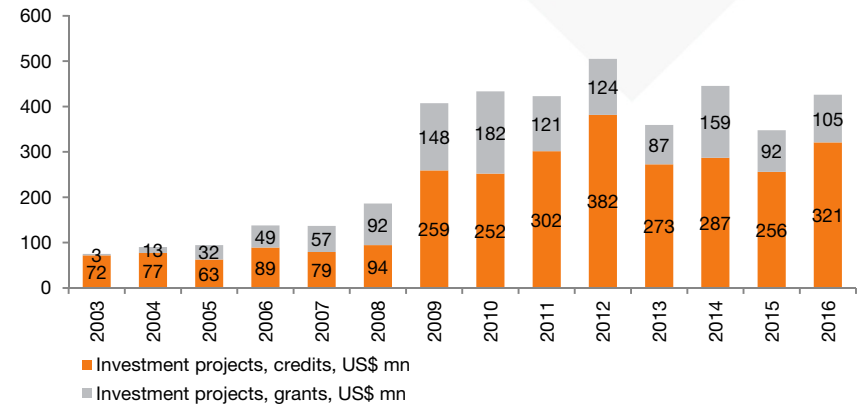
Remittances - steady source of external funding

Remittances reached US\$ 996.0mln in 9M17, up 19.7% y/y



Source: National Bank of Georgia

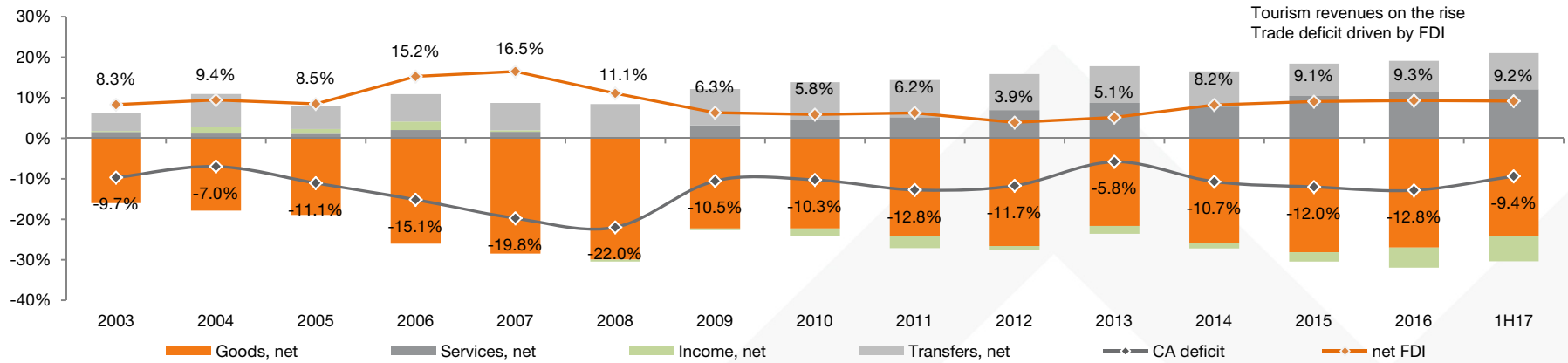
Donor funding for public infrastructure projects



Source: Ministry of Finance of Georgia

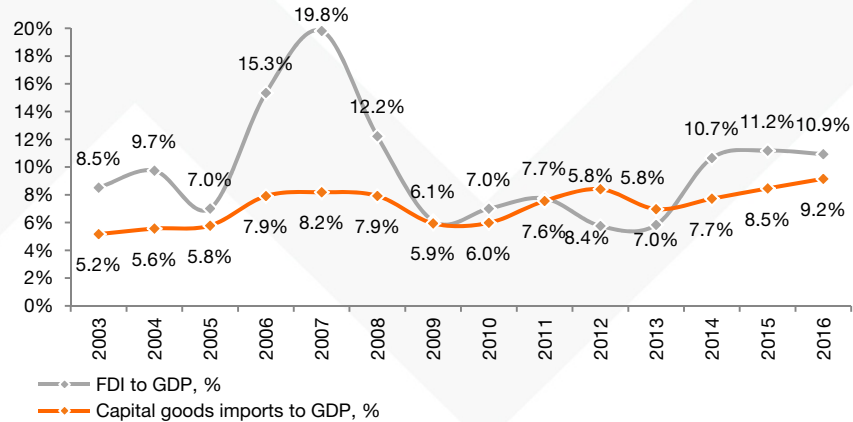
Current account deficit supported by FDI

Current account balance (% of nominal GDP)



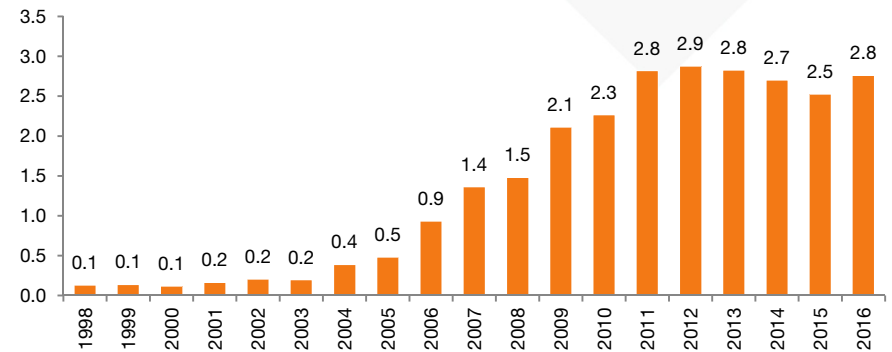
Sources: GeoStat, NBG

FDI and capital goods import



Source: GeoStat

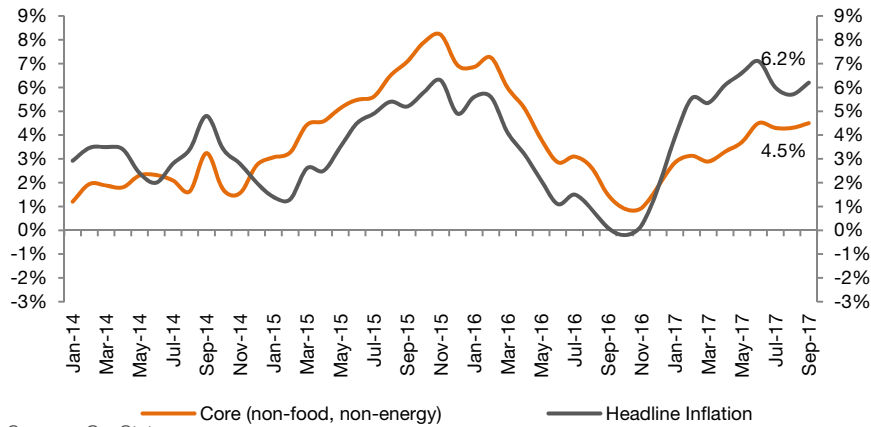
Building international reserves



Source: NBG

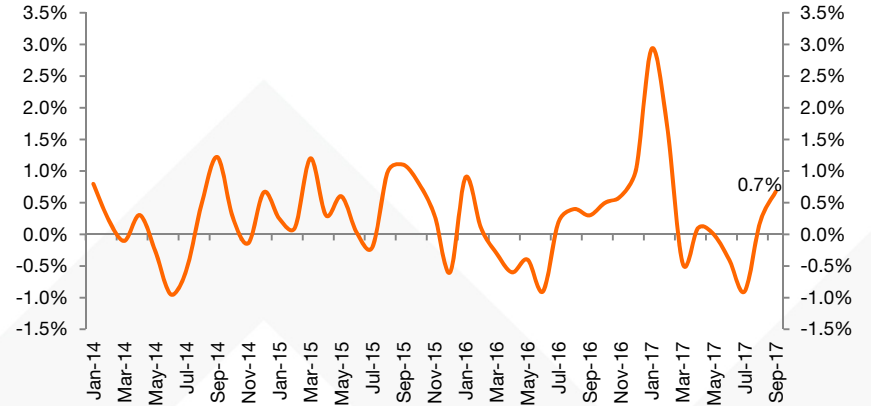
Inflation targeting since 2009

Annual inflation



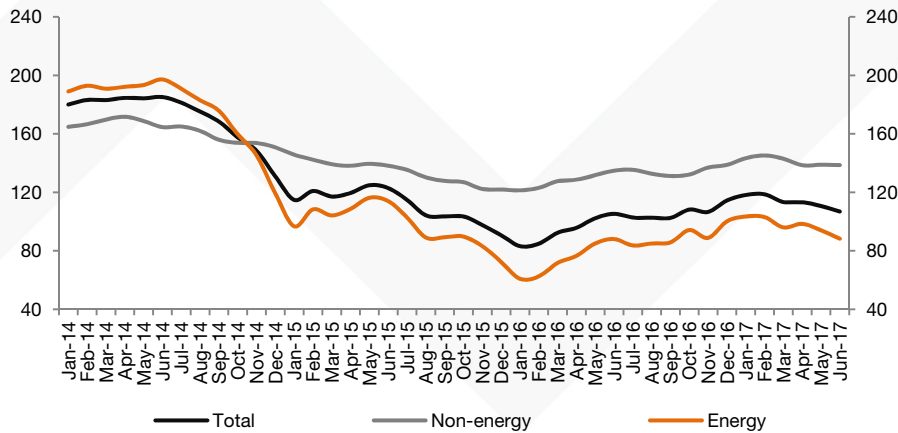
Sources: GeoStat

Monthly inflation rate



Sources: GeoStat

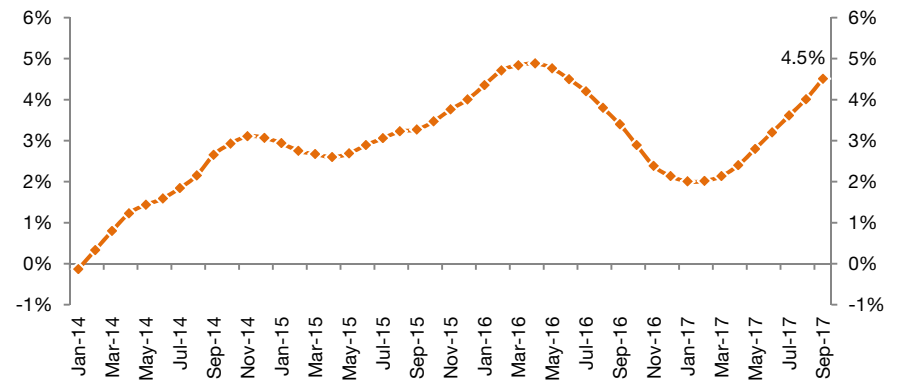
World commodity prices indices



Source: IMF

Note: Jan2005=100

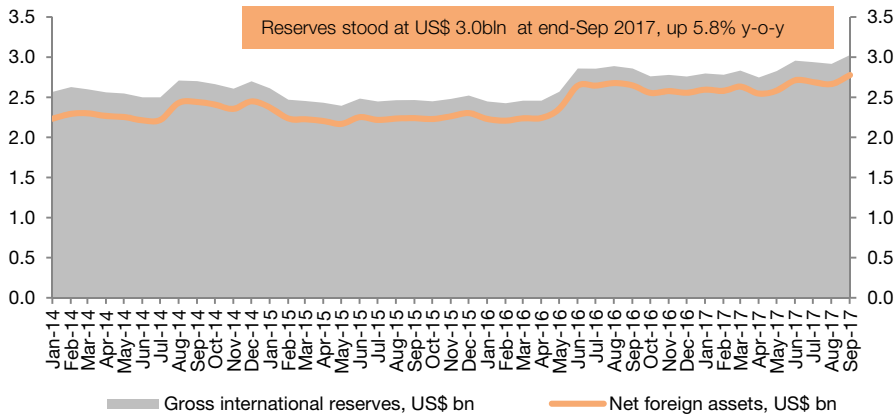
Average inflation rate



Source: GeoStat

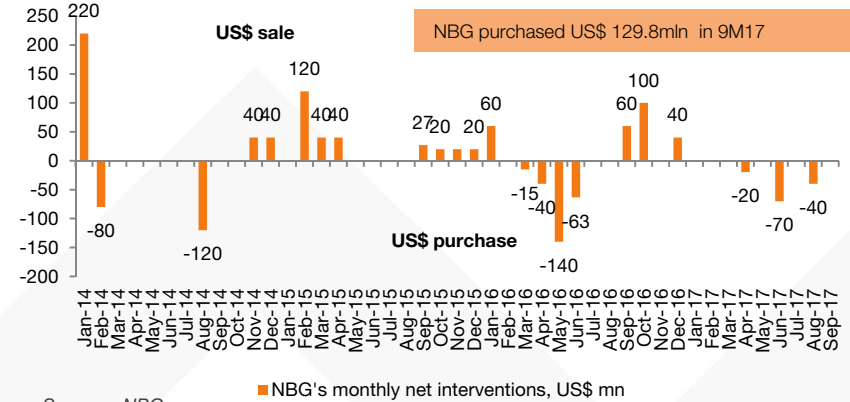
International reserves-sufficient to finance more than 3 months of imports

International reserves



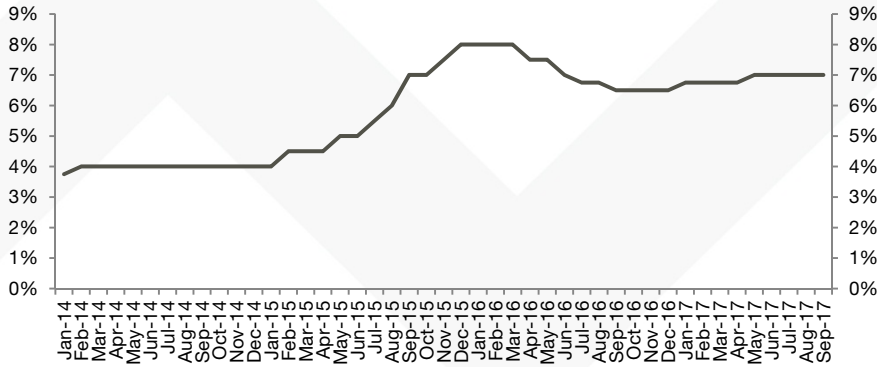
Sources: NBG

Central Bank's interventions



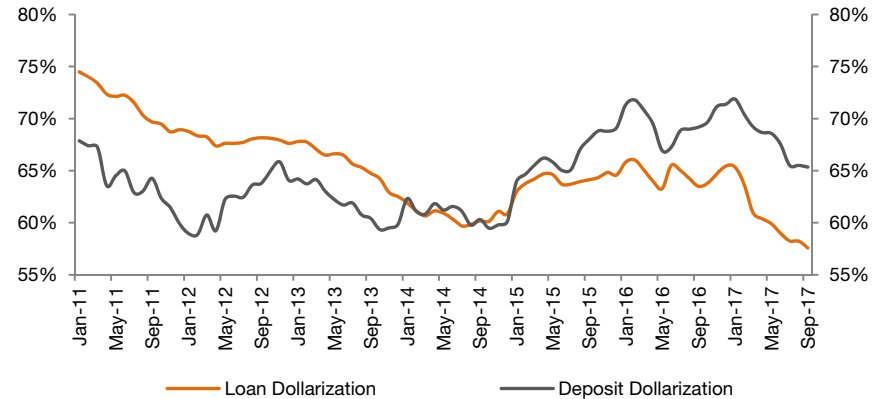
Sources: NBG

Monetary policy rate



Source: NBG

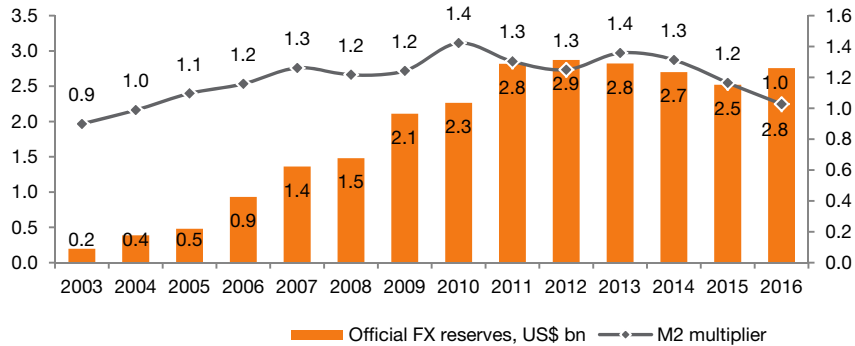
Dollarization



Source: NBG

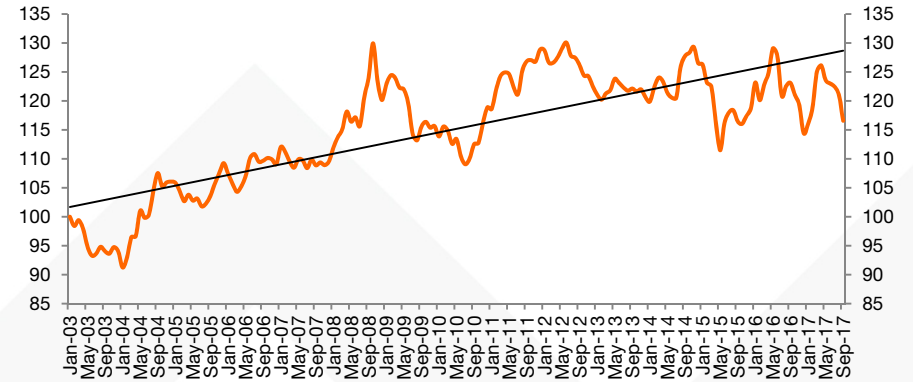
Floating exchange rate - Policy priority

FX reserves



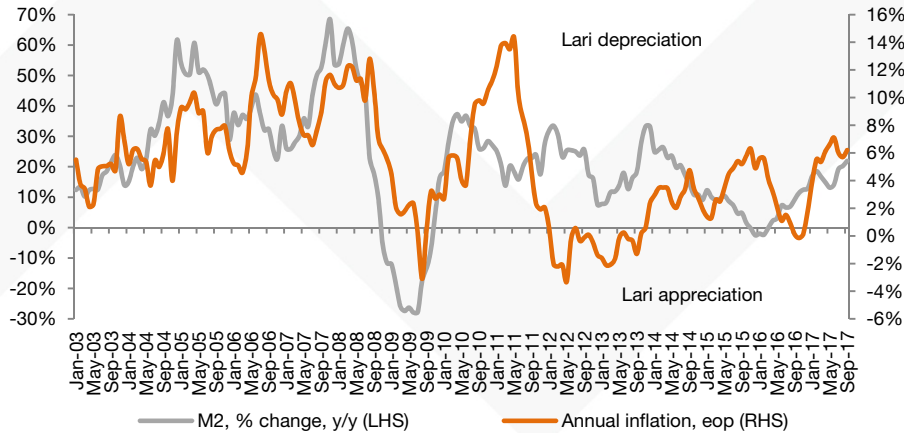
Sources: NBG

Real effective exchange rate (REER)



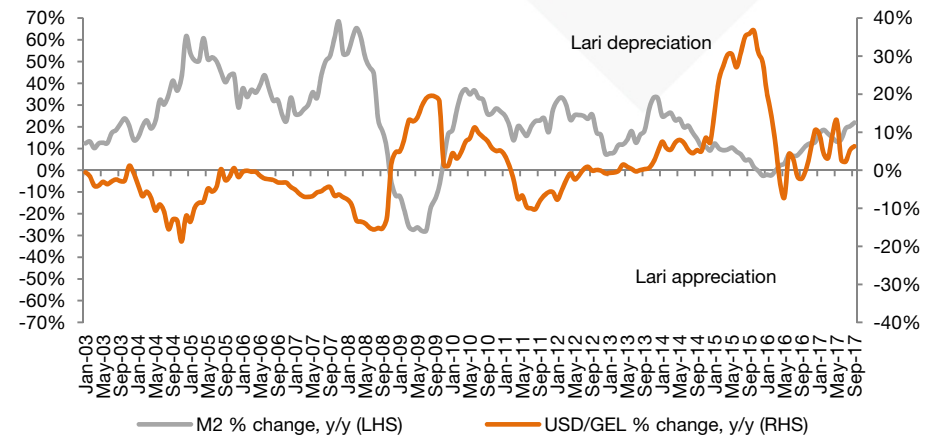
Sources: NBG Jan2003=100

M2 and annual inflation



Source: NBG

M2 and USD/GEL



Source: NBG

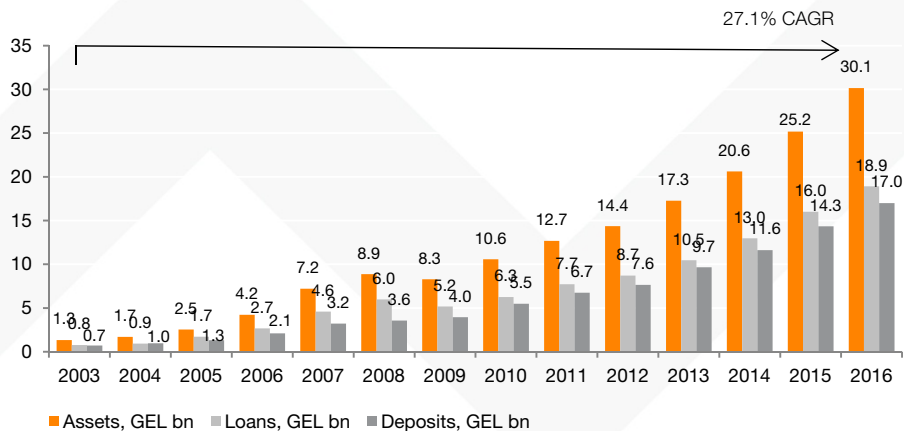
Growing and well capitalized banking sector

Summary

- **Prudent regulation ensuring financial stability**
 - High level of liquidity requirements from NBG at 30% of liabilities, resulting in banking sector liquid assets to client deposits of 40% as of Dec 2016
- **Resilient banking sector**
 - Demonstrated strong resilience towards both domestic and external shocks **without single bank going bankrupt**
 - **No nationalization** of the banks and no government ownership since 1994
 - **Very low leverage** with retail loans estimated at 28% of GDP and total loans at 54% of GDP as of 2016 resulting in low number of defaults in face of different shocks to the economy

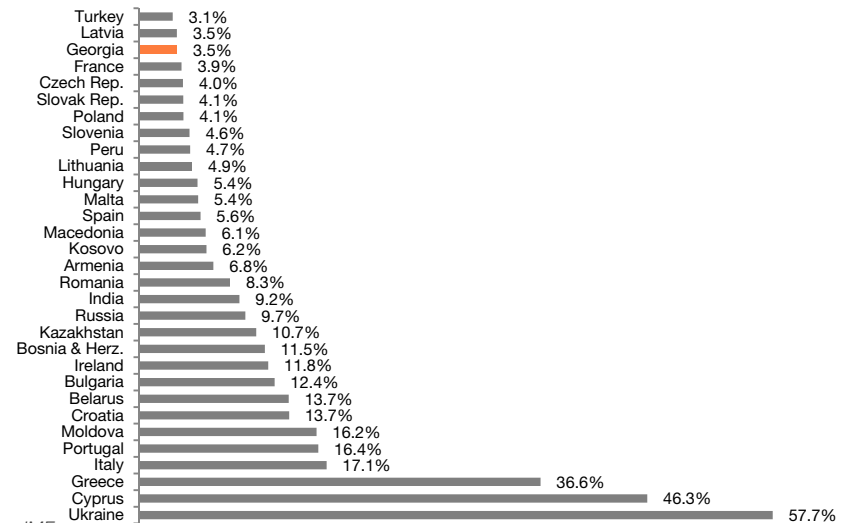
Source: National Bank of Georgia, GeoStat

Banking sector assets, loans and deposits



Source: NBG

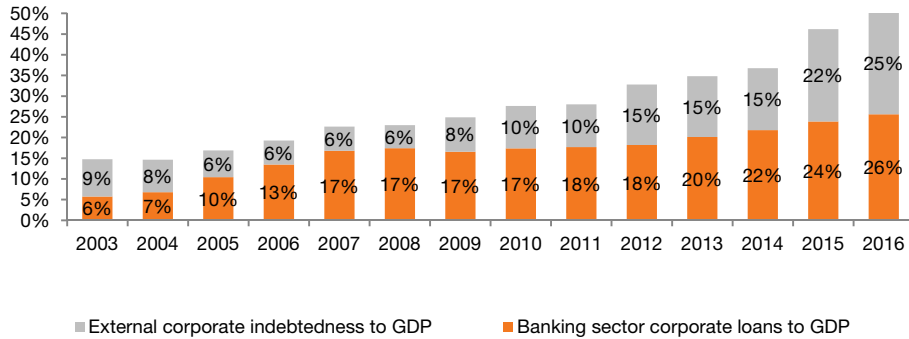
NPLs to Gross loans (%), latest 2017 data



Source: IMF

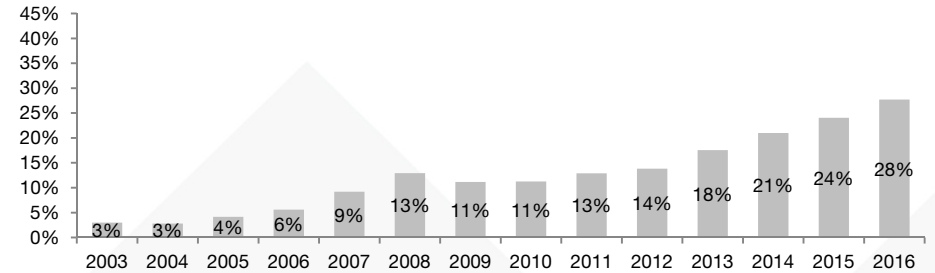
Underpenetrated retail banking sector provides room for further growth

Corporate loans to GDP



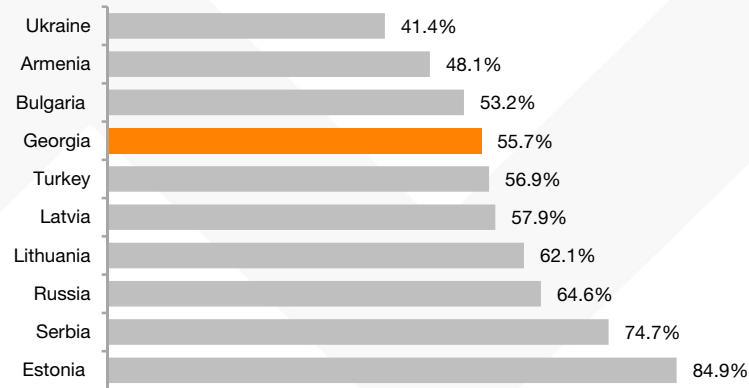
Source: NBG, GeoStat

Households loans to GDP



Source: NBG, GeoStat

Banking Sector loans to GDP, 2016



Source: IMF, Central Banks

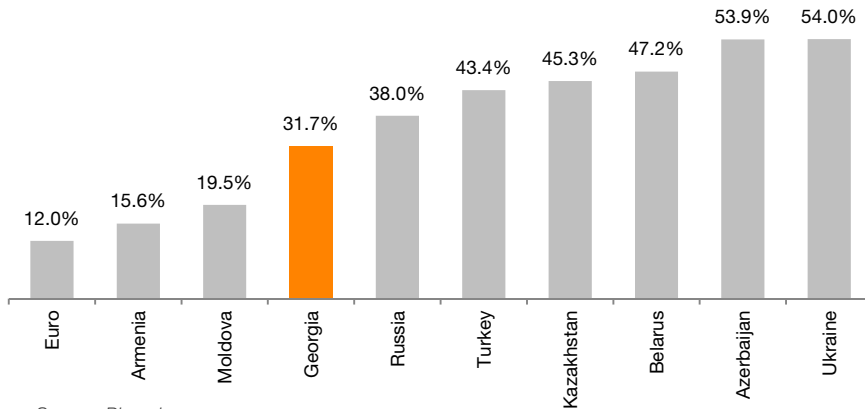
Georgian banks better placed due to sound financials

| Country | Fitch | Rating Outlook | Sector Outlook |
|------------|-------|----------------|----------------|
| Armenia | B+ | Stable | Negative |
| Azerbaijan | BB+ | Negative | Negative |
| Belarus | B- | Stable | Negative |
| Georgia | BB- | Stable | Stable |
| Kazakhstan | BBB | Stable | Negative |
| Russia | BBB- | Stable | Negative |
| Ukraine | CCC | None | Negative |

Source: Fitch

Flexible FX regime shielded reserves and supported to macro stability

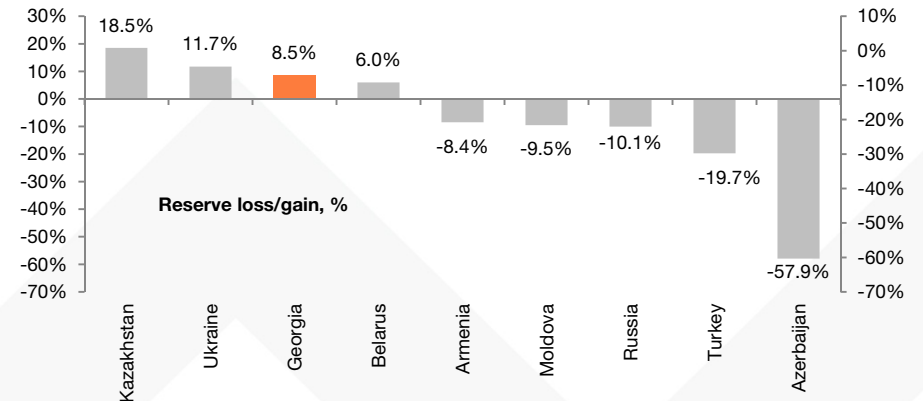
Currency weakening vs. US\$



Source: Bloomberg

Note: US\$ per unit of national currency, period 1-Aug-2014 – 25-Oct-2017

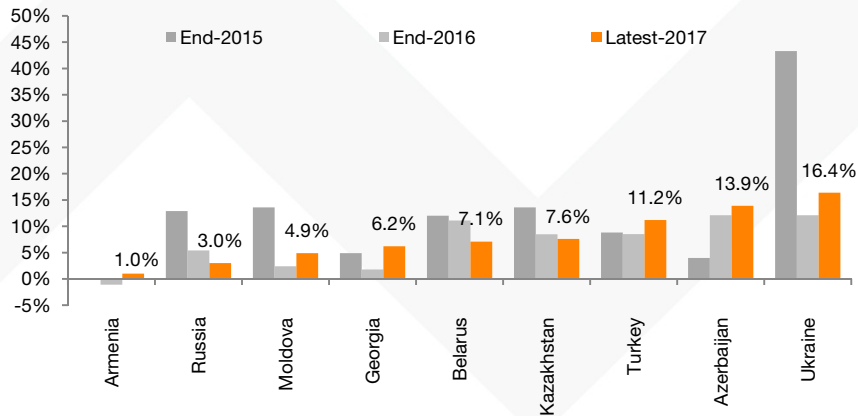
Georgia used less reserves to support GEL



Source: IMF

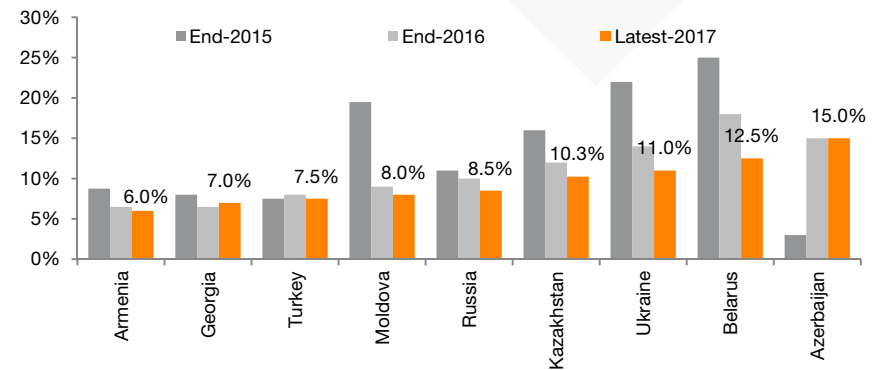
Note: Jul-2017 vs Aug-2014; Armenia's reserves exclude a US\$ 500mn Eurobond issued in March 2015

inflation increased due to one-offs in Georgia...



Source: National Statistics Offices

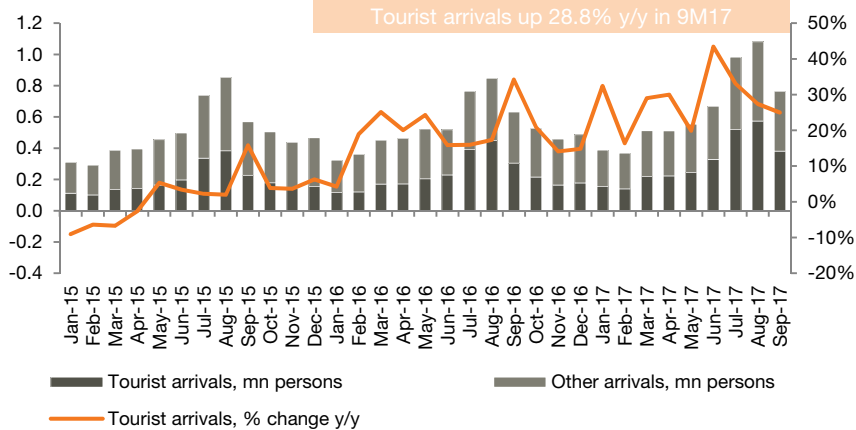
... and monetary policy rate remains low vs. peers



Source: Central banks

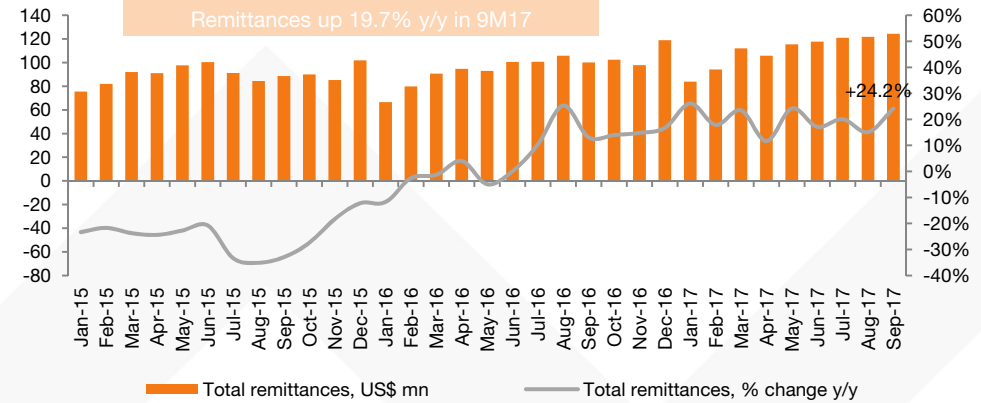
Recent trend– Tourist arrivals/revenues, exports, and remittances up

Tourist arrivals continue strong growth



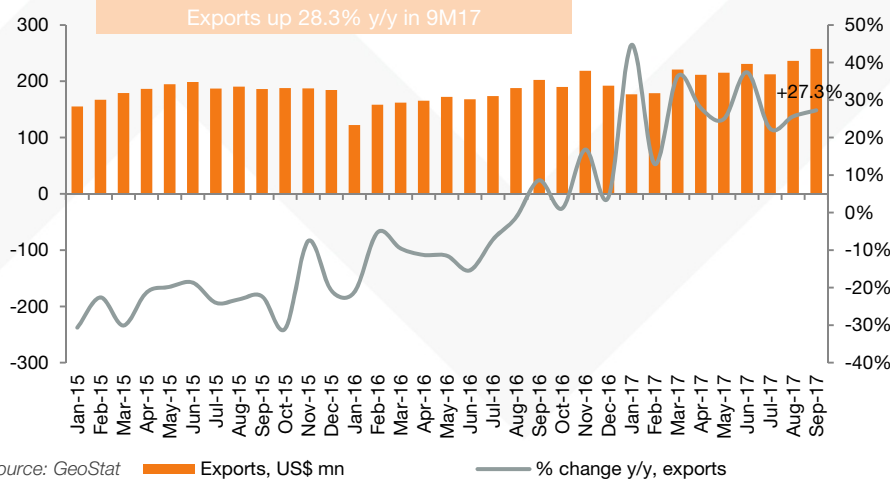
Source: GNTA

Remittances up from all major countries



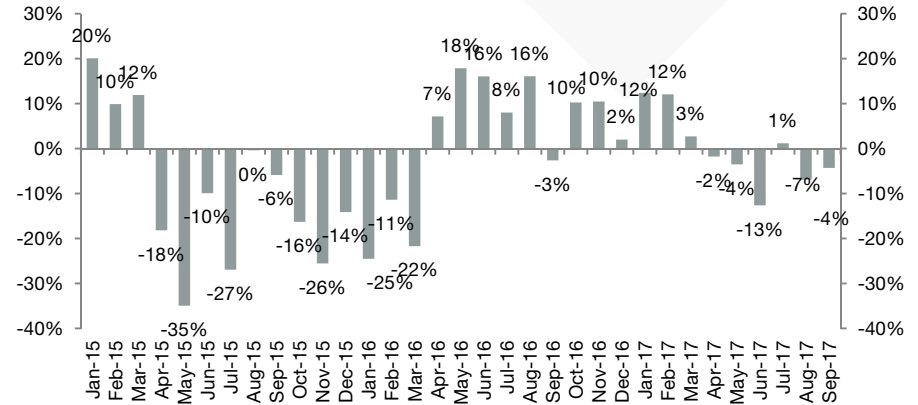
Source: NBG

Exports surged in 9M17



Source: GeoStat

Trade deficit down since Apr-17



Source: GeoStat

CONTENT

| | |
|---|-----|
| BGEO Group Overview | 4 |
| Results Discussion Banking Business | 20 |
| Results Discussion Investment Business | 50 |
| Georgian Macro Overview | 96 |
| Appendices | 117 |

BGEO Income statement – quarterly

| GEL thousands, unless otherwise noted | BGEO Consolidated | | | | | Banking Business | | | | | Investment Business | | | | | Eliminations | | |
|---|-------------------|------------------|---------------|------------------|---------------|------------------|-----------------|--------------|-----------------|--------------|---------------------|-----------------|---------------|-----------------|---------------|--------------|----------------|----------------|
| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 3Q17 | 3Q16 | 2Q17 |
| Banking interest income | 284,988 | 229,887 | 24.0% | 271,006 | 5.2% | 287,274 | 231,357 | 24.2% | 272,946 | 5.2% | - | - | - | - | - | (2,286) | (1,470) | (1,940) |
| Banking interest expense | (116,385) | (93,530) | 24.4% | (110,907) | 4.9% | (119,486) | (93,604) | 27.7% | (112,638) | 6.1% | - | - | - | - | - | 3,101 | 74 | 1,731 |
| Net banking interest income | 168,603 | 136,357 | 23.6% | 160,099 | 5.3% | 167,788 | 137,753 | 21.8% | 160,308 | 4.7% | - | - | - | - | - | 815 | (1,396) | (209) |
| Fee and commission income | 48,594 | 42,957 | 13.1% | 45,359 | 7.1% | 49,155 | 43,404 | 13.2% | 45,903 | 7.1% | - | - | - | - | - | (561) | (447) | (544) |
| Fee and commission expense | (15,840) | (12,630) | 25.4% | (14,332) | 10.5% | (16,014) | (12,681) | 26.3% | (14,501) | 10.4% | - | - | - | - | - | 174 | 51 | 169 |
| Net fee and commission income | 32,754 | 30,327 | 8.0% | 31,027 | 5.6% | 33,141 | 30,723 | 7.9% | 31,402 | 5.5% | - | - | - | - | - | (387) | (396) | (375) |
| Net banking foreign currency gain | 19,614 | 21,567 | -9.1% | 19,282 | 1.7% | 19,614 | 21,567 | -9.1% | 19,282 | 1.7% | - | - | - | - | - | - | - | - |
| Net other banking income | 2,375 | 3,822 | -37.9% | 780 | NMF | 2,653 | 4,168 | -36.3% | 1,047 | 153.4% | - | - | - | - | - | (278) | (345) | (267) |
| Net insurance premiums earned | 25,187 | 25,360 | -0.7% | 23,518 | 7.1% | - | - | - | - | - | 25,943 | 25,990 | -0.2% | 24,110 | 7.6% | (756) | (630) | (592) |
| Net insurance claims incurred | (15,190) | (15,673) | -3.1% | (14,100) | 7.7% | - | - | - | - | - | (15,190) | (15,673) | -3.1% | (14,100) | 7.7% | - | - | - |
| Gross insurance profit | 9,997 | 9,687 | 3.2% | 9,418 | 6.1% | - | - | - | - | - | 10,753 | 10,317 | 4.2% | 10,010 | 7.4% | (756) | (630) | (592) |
| Healthcare and pharmacy revenue | 164,830 | 99,745 | 65.3% | 170,792 | -3.5% | - | - | - | - | - | 164,830 | 99,745 | 65.3% | 170,792 | -3.5% | - | - | - |
| Cost of healthcare and pharmacy services | (114,037) | (64,228) | 77.6% | (119,459) | -4.5% | - | - | - | - | - | (114,037) | (64,228) | 77.6% | (119,459) | -4.5% | - | - | - |
| Gross healthcare and pharmacy profit | 50,793 | 35,517 | 43.0% | 51,333 | -1.1% | - | - | - | - | - | 50,793 | 35,517 | 43.0% | 51,333 | -1.1% | - | - | - |
| Real estate revenue | 29,935 | 55,973 | -46.5% | 38,255 | -21.7% | - | - | - | - | - | 30,192 | 55,973 | -46.1% | 38,490 | -21.6% | (257) | - | (235) |
| Cost of real estate | (25,788) | (45,933) | -43.9% | (15,576) | 65.6% | - | - | - | - | - | (25,788) | (45,933) | -43.9% | (15,576) | 65.6% | - | - | - |
| Gross real estate profit | 4,147 | 10,040 | -58.7% | 22,679 | -81.7% | - | - | - | - | - | 4,404 | 10,040 | -56.1% | 22,914 | -80.8% | (257) | - | (235) |
| Utility revenue | 36,526 | 24,738 | 47.7% | 30,335 | 20.4% | - | - | - | - | - | 36,615 | 24,807 | 47.6% | 30,432 | 20.3% | (89) | (69) | (97) |
| Cost of utility | (10,673) | (7,796) | 36.9% | (8,400) | 27.1% | - | - | - | - | - | (10,673) | (7,796) | 36.9% | (8,400) | 27.1% | - | - | - |
| Gross utility profit | 25,853 | 16,942 | 52.6% | 21,935 | 17.9% | - | - | - | - | - | 25,942 | 17,011 | 52.5% | 22,032 | 17.7% | (89) | (69) | (97) |
| Gross other investment profit | 16,256 | 5,172 | NMF | 13,864 | 17.3% | - | - | - | - | - | 16,248 | 5,247 | NMF | 13,794 | 17.8% | 8 | (76) | 70 |
| Revenue | 330,392 | 269,431 | 22.6% | 330,417 | 0.0% | 223,196 | 194,211 | 14.9% | 212,039 | 5.3% | 108,140 | 78,132 | 38.4% | 120,083 | -9.9% | (944) | (2,912) | (1,705) |
| Salaries and other employee benefits | (77,183) | (58,773) | 31.3% | (74,450) | 3.7% | (50,638) | (43,479) | 16.5% | (47,507) | 6.6% | (27,361) | (15,945) | 71.6% | (27,683) | -1.2% | 816 | 651 | 740 |
| Administrative expenses | (45,372) | (30,701) | 47.8% | (42,575) | 6.6% | (23,240) | (18,512) | 25.5% | (22,286) | 4.3% | (22,840) | (12,898) | 77.1% | (20,853) | 9.5% | 708 | 709 | 564 |
| Banking depreciation and amortisation | (10,738) | (9,476) | 13.3% | (10,197) | 5.3% | (10,738) | (9,476) | 13.3% | (10,197) | 5.3% | - | - | - | - | - | - | - | - |
| Other operating expenses | (2,266) | (2,413) | -6.1% | (5,849) | -61.3% | (738) | (1,156) | -36.2% | (796) | -7.3% | (1,528) | (1,257) | 21.6% | (5,054) | -69.8% | - | - | - |
| Operating expenses | (135,559) | (101,363) | 33.7% | (133,071) | 1.9% | (85,354) | (72,623) | 17.5% | (80,786) | 5.7% | (51,729) | (30,100) | 71.9% | (53,590) | -3.5% | 1,524 | 1,360 | 1,305 |
| Operating income before cost of credit risk / EBITDA | 194,833 | 168,068 | 15.9% | 197,346 | -1.3% | 137,842 | 121,588 | 13.4% | 131,253 | 5.0% | 56,411 | 48,032 | 17.4% | 66,493 | -15.2% | 580 | (1,552) | (400) |
| Profit from associates | 167 | 256 | -34.8% | 606 | -72.4% | 147 | - | NMF | 394 | -62.7% | 20 | 256 | -92.2% | 212 | -90.6% | - | - | - |
| Depreciation and amortisation of investment business | (13,739) | (9,755) | 40.8% | (12,787) | 7.4% | - | - | - | - | - | (13,739) | (9,755) | 40.8% | (12,787) | 7.4% | - | - | - |
| Net foreign currency loss from investment business | (6,470) | (1,291) | NMF | (64) | NMF | - | - | - | - | - | (6,470) | (1,291) | NMF | (64) | NMF | - | - | - |
| Interest income from investment business | 1,266 | 2,198 | -42.4% | 1,783 | -29.0% | - | - | - | - | - | 4,367 | 2,304 | 89.5% | 3,513 | 24.3% | (3,101) | (106) | (1,730) |
| Interest expense from investment business | (11,898) | (8,878) | 34.0% | (13,385) | -11.1% | - | - | - | - | - | (14,419) | (10,536) | 36.9% | (15,515) | -7.1% | 2,521 | 1,658 | 2,130 |
| Operating income before cost of credit risk | 164,159 | 150,598 | 9.0% | 173,499 | -5.4% | 137,989 | 121,588 | 13.5% | 131,647 | 4.8% | 26,170 | 29,010 | -9.8% | 41,852 | -37.5% | - | - | - |
| Impairment charge on loans to customers | (34,202) | (29,936) | 14.3% | (37,756) | -9.4% | (34,202) | (29,936) | 14.3% | (37,756) | -9.4% | - | - | - | - | - | - | - | - |
| Impairment charge on finance lease receivables | (781) | (3,258) | -76.0% | (67) | NMF | (781) | (3,258) | -76.0% | (67) | NMF | - | - | - | - | - | - | - | - |
| Impairment charge on other assets and provisions | (3,835) | (2,397) | 60.0% | (4,822) | -20.5% | (1,849) | (1,146) | 61.3% | (2,193) | -15.7% | (1,986) | (1,251) | 58.8% | (2,629) | -24.5% | - | - | - |
| Cost of credit risk | (38,818) | (35,591) | 9.1% | (42,645) | -9.0% | (36,832) | (34,340) | 7.3% | (40,016) | -8.0% | (1,986) | (1,251) | 58.8% | (2,629) | -24.5% | - | - | - |
| Profit before non-recurring items and income tax | 125,341 | 115,007 | 9.0% | 130,854 | -4.2% | 101,157 | 87,248 | 15.9% | 91,631 | 10.4% | 24,184 | 27,759 | -12.9% | 39,223 | -38.3% | - | - | - |
| Net non-recurring items | (2,312) | 35,157 | NMF | (2,708) | -14.6% | (1,376) | 3,471 | NMF | (1,017) | 35.3% | (936) | 31,686 | NMF | (1,691) | -44.6% | - | - | - |
| Profit before income tax | 123,029 | 150,164 | -18.1% | 128,146 | -4.0% | 99,781 | 90,719 | 10.0% | 90,614 | 10.1% | 23,248 | 59,445 | -60.9% | 37,532 | -38.1% | - | - | - |
| Income tax (expense) benefit | (10,188) | (8,614) | 18.3% | (4,520) | 125.4% | (7,850) | (4,853) | 61.8% | (3,284) | 139.0% | (2,338) | (3,761) | -37.8% | (1,236) | 89.2% | - | - | - |
| Profit | 112,841 | 141,550 | -20.3% | 123,626 | -8.7% | 91,931 | 85,866 | 7.1% | 87,330 | 5.3% | 20,910 | 55,684 | -62.4% | 36,296 | -42.4% | - | - | - |
| Attributable to: | | | | | | | | | | | | | | | | | | |
| - shareholders of BGEO | 106,278 | 135,925 | -21.8% | 117,176 | -9.3% | 91,545 | 84,936 | 7.8% | 86,961 | 5.3% | 14,733 | 50,989 | -71.1% | 30,215 | -51.2% | - | - | - |
| - non-controlling interests | 6,563 | 5,625 | 16.7% | 6,450 | 1.8% | 386 | 930 | -58.5% | 369 | 4.6% | 6,177 | 4,695 | 31.6% | 6,081 | 1.6% | - | - | - |
| Earnings per share basic | 2.82 | 3.55 | -20.6% | 3.10 | -9.0% | | | | | | | | | | | | | |
| Earnings per share diluted | 2.70 | 3.55 | -23.9% | 2.98 | -9.4% | | | | | | | | | | | | | |

BGEO Income statement – nine months

| GEL thousands, unless otherwise noted | BGEO Consolidated | | | Banking Business | | | Investment Business | | | Eliminations | | |
|---|-------------------|------------------|--------------|------------------|------------------|--------------|---------------------|-----------------|---------------|----------------|----------------|---------------|
| | 9M17 | 9M16 | Change y-o-y | 9M17 | 9M16 | Change y-o-y | 9M17 | 9M16 | Change y-o-y | 9M17 | 9M16 | Change y-o-y |
| Banking interest income | 821,325 | 669,923 | 22.6% | 827,342 | 674,053 | 22.70% | - | - | - | (6,017) | (4,130) | 45.7% |
| Banking interest expense | (332,288) | (276,854) | 20.0% | (338,366) | (278,052) | 21.70% | - | - | - | 6,078 | 1,198 | NMF |
| Net banking interest income | 489,037 | 393,069 | 24.4% | 488,976 | 396,001 | 23.5% | - | - | - | 61 | (2,932) | NMF |
| Fee and commission income | 137,102 | 121,134 | 13.2% | 138,760 | 122,382 | 13.4% | - | - | - | (1,658) | (1,248) | 32.9% |
| Fee and commission expense | (43,535) | (33,854) | 28.6% | (44,024) | (34,242) | 28.6% | - | - | - | 489 | 388 | 26.0% |
| Net fee and commission income | 93,567 | 87,280 | 7.2% | 94,736 | 88,140 | 7.5% | - | - | - | (1,169) | (860) | 35.9% |
| Net banking foreign currency gain | 58,596 | 55,496 | 5.6% | 58,596 | 55,496 | 5.6% | - | - | - | - | - | - |
| Net other banking income | 5,937 | 8,962 | -33.8% | 6,715 | 10,045 | -33.2% | - | - | - | (778) | (1,083) | -28.2% |
| Net insurance premiums earned | 74,501 | 71,038 | 4.9% | - | - | - | 76,411 | 73,425 | 4.1% | (1,910) | (2,387) | -20.0% |
| Net insurance claims incurred | (44,863) | (46,526) | -3.6% | - | - | - | (44,863) | (46,526) | -3.6% | - | - | - |
| Gross insurance profit | 29,638 | 24,512 | 20.9% | - | - | - | 31,548 | 26,899 | 17.3% | (1,910) | (2,387) | -20.0% |
| Healthcare and pharmacy revenue | 507,754 | 243,787 | 108.3% | - | - | - | 507,754 | 243,787 | 108.3% | - | - | - |
| Cost of healthcare and pharmacy services | (353,286) | (151,146) | 133.7% | - | - | - | (353,286) | (151,146) | 133.7% | - | - | - |
| Gross healthcare and pharmacy profit | 154,468 | 92,641 | 66.7% | - | - | - | 154,468 | 92,641 | 66.7% | - | - | - |
| Real estate revenue | 88,101 | 91,077 | -3.3% | - | - | - | 88,849 | 91,077 | -2.4% | (748) | - | NMF |
| Cost of real estate | (58,556) | (72,624) | -19.4% | - | - | - | (58,556) | (72,624) | -19.4% | - | - | - |
| Gross real estate profit | 29,545 | 18,453 | 60.1% | - | - | - | 30,293 | 18,453 | 64.2% | (748) | - | NMF |
| Utility revenue | 94,013 | 24,738 | NMF | - | - | - | 94,282 | 24,807 | 280.1% | (269) | (69) | NMF |
| Cost of utility | (28,780) | (7,796) | NMF | - | - | - | (28,780) | (7,796) | NMF | - | - | - |
| Gross utility profit | 65,233 | 16,942 | NMF | - | - | - | 65,502 | 17,011 | NMF | (269) | (69) | NMF |
| Gross other investment profit | 34,416 | 12,124 | 183.9% | - | - | - | 34,326 | 12,242 | NMF | 90 | (118) | NMF |
| Revenue | 960,437 | 709,479 | 35.4% | 649,023 | 549,682 | 18.1% | 316,137 | 167,246 | 89.0% | (4,723) | (7,449) | -36.6% |
| Salaries and other employee benefits | (219,165) | (157,061) | 39.5% | (142,424) | (120,491) | 18.2% | (79,032) | (38,444) | 105.6% | 2,291 | 1,874 | 22.3% |
| Administrative expenses | (130,680) | (83,582) | 56.3% | (68,046) | (57,018) | 19.3% | (64,472) | (28,726) | 124.4% | 1,838 | 2,162 | -15.0% |
| Banking depreciation and amortisation | (30,460) | (27,568) | 10.5% | (30,460) | (27,568) | 10.5% | - | - | - | - | - | - |
| Other operating expenses | (9,066) | (4,647) | 95.1% | (2,263) | (2,631) | -14.0% | (6,802) | (2,016) | NMF | - | - | - |
| Operating expenses | (389,371) | (272,858) | 42.7% | (243,193) | (207,708) | 17.1% | (150,306) | (69,186) | 117.2% | 4,128 | 4,036 | 2.3% |
| Operating income before cost of credit risk / EBITDA | 571,066 | 436,621 | 30.8% | 405,830 | 341,974 | 18.7% | 165,831 | 98,060 | 69.1% | (595) | (3,413) | -82.6% |
| Profit from associates | 1,287 | 4,074 | -68.4% | 1,055 | - | NMF | 232 | 4,074 | -94.3% | - | - | - |
| Depreciation and amortisation of investment business | (37,997) | (19,823) | 91.7% | - | - | - | (37,997) | (19,823) | 91.7% | - | - | - |
| Net foreign currency loss from investment business | (5) | (4,687) | -99.9% | - | - | - | (5) | (4,687) | -99.9% | - | - | - |
| Interest income from investment business | 4,801 | 3,539 | 35.7% | - | - | - | 10,879 | 4,737 | 129.7% | (6,078) | (1,198) | NMF |
| Interest expense from investment business | (35,590) | (12,757) | NMF | - | - | - | (42,263) | (17,368) | 143.3% | 6,673 | 4,611 | 44.7% |
| Operating income before cost of credit risk | 503,562 | 406,967 | 23.7% | 406,885 | 341,974 | 19.0% | 96,677 | 64,993 | 48.7% | - | - | - |
| Impairment charge on loans to customers | (113,299) | (88,972) | 27.3% | (113,299) | (88,972) | 27.3% | - | - | - | - | - | - |
| Impairment charge on finance lease receivables | (988) | (3,901) | -74.7% | (988) | (3,901) | -74.7% | - | - | - | - | - | - |
| Impairment charge on other assets and provisions | (16,421) | (8,248) | 99.1% | (10,581) | (4,271) | 147.7% | (5,840) | (3,977) | 46.8% | - | - | - |
| Cost of credit risk | (130,708) | (101,121) | 29.3% | (124,868) | (97,144) | 28.5% | (5,840) | (3,977) | 46.8% | - | - | - |
| Profit before non-recurring items and income tax | 372,854 | 305,846 | 21.9% | 282,017 | 244,830 | 15.2% | 90,837 | 61,016 | 48.9% | - | - | - |
| Net non-recurring items | (8,391) | (12,222) | -31.3% | (4,087) | (44,300) | -90.8% | (4,304) | 32,078 | NMF | - | - | - |
| Profit before income tax | 364,463 | 293,624 | 24.1% | 277,930 | 200,530 | 38.6% | 86,533 | 93,094 | -7.0% | - | - | - |
| Income tax (expense) benefit | (19,823) | 46,210 | NMF | (15,541) | 23,662 | NMF | (4,282) | 22,548 | NMF | - | - | - |
| Profit | 344,640 | 339,834 | 1.4% | 262,389 | 224,192 | 17.0% | 82,251 | 115,642 | -28.9% | - | - | - |
| Attributable to: | | | | | | | | | | | | |
| - shareholders of BGEO | 323,885 | 311,403 | 4.0% | 261,147 | 221,113 | 18.1% | 62,738 | 90,290 | -30.5% | - | - | - |
| - non-controlling interests | 20,755 | 28,431 | -27.0% | 1,242 | 3,079 | -59.7% | 19,513 | 25,352 | -23.0% | - | - | - |
| Earnings per share basic | 8.56 | 8.12 | 5.4% | | | | | | | | | |
| Earnings per share diluted | 8.20 | 8.12 | 1.0% | | | | | | | | | |

BGEO Balance sheet – 30 September 2017

| STATEMENT OF FINANCIAL POSITION | BGEO Consolidated | | | | | Banking Business | | | | | Investment Business | | | | | Eliminations | | |
|---|-------------------|-------------------|-----------------|-------------------|-----------------|-------------------|------------------|-----------------|-------------------|-----------------|---------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|------------------|
| | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q | Sep-17 | Sep-16 | Jun-17 |
| Cash and cash equivalents | 1,721,811 | 1,197,687 | 43.8% | 1,454,387 | 18.4% | 1,648,098 | 1,090,320 | 51.2% | 1,401,728 | 17.6% | 345,137 | 239,953 | 43.8% | 349,166 | -1.2% | (271,424) | (132,586) | (296,507) |
| Amounts due from credit institutions | 985,120 | 944,061 | 4.3% | 1,090,259 | -9.6% | 950,775 | 844,782 | 12.5% | 976,811 | -2.7% | 60,565 | 164,021 | -63.1% | 152,634 | -60.3% | (26,220) | (64,742) | (39,186) |
| Investment securities | 1,421,401 | 1,171,440 | 21.3% | 1,398,097 | 1.7% | 1,469,274 | 1,169,763 | 25.6% | 1,396,832 | 5.2% | 33,914 | 3,061 | NMF | 47,625 | -28.8% | (81,787) | (1,384) | (46,360) |
| Loans to customers and finance lease receivables | 6,917,211 | 5,676,225 | 21.9% | 6,517,773 | 6.1% | 6,951,493 | 5,715,737 | 21.6% | 6,579,996 | 5.6% | - | - | - | - | - | (34,282) | (39,512) | (62,223) |
| Accounts receivable and other loans | 177,658 | 119,381 | 48.8% | 155,463 | 14.3% | 7,681 | 23,776 | -67.7% | 4,050 | 89.7% | 174,493 | 116,236 | 50.1% | 152,309 | 14.6% | (4,516) | (20,631) | (896) |
| Insurance premiums receivable | 53,998 | 52,842 | 2.2% | 59,658 | -9.5% | - | - | - | - | - | 54,326 | 53,349 | 1.8% | 60,188 | -9.7% | (328) | (507) | (530) |
| Prepayments | 164,911 | 91,578 | 80.1% | 98,073 | 68.2% | 54,808 | 21,474 | 155.2% | 26,623 | 105.9% | 110,135 | 70,104 | 57.1% | 71,701 | 53.6% | (32) | - | (251) |
| Inventories | 230,661 | 164,567 | 40.2% | 204,433 | 12.8% | 20,893 | 9,470 | 120.6% | 9,374 | 122.9% | 209,768 | 155,097 | 35.2% | 195,059 | 7.5% | - | - | - |
| Investment property | 319,059 | 264,790 | 20.5% | 306,140 | 4.2% | 175,071 | 141,612 | 23.6% | 162,538 | 7.7% | 148,323 | 123,178 | 20.4% | 147,937 | 0.3% | (4,335) | - | (4,335) |
| Property and equipment | 1,537,012 | 1,224,620 | 25.5% | 1,453,730 | 5.7% | 343,282 | 329,538 | 4.2% | 336,909 | 1.9% | 1,189,395 | 895,082 | 32.9% | 1,112,486 | 6.9% | 4,335 | - | 4,335 |
| Goodwill | 159,570 | 107,298 | 48.7% | 159,569 | 0.0% | 33,351 | 33,453 | -0.3% | 33,453 | -0.3% | 126,219 | 73,845 | 70.9% | 126,116 | 0.1% | - | - | - |
| Intangible assets | 79,573 | 50,745 | 56.8% | 77,150 | 3.1% | 53,939 | 38,199 | 41.2% | 52,347 | 3.0% | 25,634 | 12,546 | 104.3% | 24,803 | 3.4% | - | - | - |
| Income tax assets | 6,826 | 22,874 | -70.2% | 6,453 | 5.8% | 1,582 | 13,106 | -87.9% | 1,333 | 18.7% | 5,244 | 9,768 | -46.3% | 5,120 | 2.4% | - | - | - |
| Other assets | 188,239 | 197,980 | -4.9% | 190,555 | -1.2% | 102,984 | 133,456 | -22.8% | 112,474 | -8.4% | 92,038 | 67,539 | 36.3% | 83,663 | 10.0% | (6,783) | (3,015) | (5,582) |
| Total assets | 13,963,050 | 11,286,088 | 23.7% | 13,171,740 | 6.0% | 11,813,231 | 9,564,686 | 23.5% | 11,094,468 | 6.5% | 2,575,191 | 1,983,779 | 29.8% | 2,528,807 | 1.8% | (425,372) | (262,377) | (451,535) |
| Client deposits and notes | 6,252,228 | 4,700,324 | 33.0% | 5,319,398 | 17.5% | 6,549,904 | 4,900,490 | 33.7% | 5,655,341 | 15.8% | - | - | - | - | - | (297,676) | (200,166) | (335,943) |
| Amounts due to credit institutions | 2,774,525 | 2,740,926 | 1.2% | 3,077,869 | -9.9% | 2,350,438 | 2,396,969 | -1.9% | 2,602,303 | -9.7% | 459,158 | 380,745 | 20.6% | 538,534 | -14.7% | (35,071) | (36,788) | (62,968) |
| Debt securities issued | 1,691,260 | 1,036,086 | 63.2% | 1,582,431 | 6.9% | 1,298,641 | 722,089 | 79.8% | 1,312,990 | -1.1% | 479,142 | 317,619 | 50.9% | 319,033 | 50.2% | (86,523) | (3,622) | (49,592) |
| Accruals and deferred income | 160,530 | 107,974 | 48.7% | 141,801 | 13.2% | 31,332 | 15,229 | 105.7% | 28,639 | 9.4% | 132,783 | 113,257 | 17.2% | 113,162 | 17.3% | (3,585) | (20,512) | - |
| Insurance contracts liabilities | 77,695 | 70,840 | 9.7% | 81,446 | -4.6% | - | - | - | - | - | 77,695 | 70,840 | 9.7% | 81,446 | -4.6% | - | - | - |
| Income tax liabilities | 16,238 | 28,678 | -43.4% | 12,930 | 25.6% | 14,769 | 25,912 | -43.0% | 11,363 | 30.0% | 1,469 | 2,766 | -46.9% | 1,567 | -6.3% | - | - | - |
| Other liabilities | 326,687 | 212,511 | 53.7% | 412,467 | -20.8% | 47,661 | 26,923 | 77.0% | 38,364 | 24.2% | 281,543 | 186,877 | 50.7% | 377,135 | -25.3% | (2,517) | (1,289) | (3,032) |
| Total liabilities | 11,299,163 | 8,897,339 | 27.0% | 10,628,342 | 6.3% | 10,292,745 | 8,087,612 | 27.3% | 9,649,000 | 6.7% | 1,431,790 | 1,072,104 | 33.5% | 1,430,877 | 0.1% | (425,372) | (262,377) | (451,535) |
| Share capital | 1,151 | 1,154 | -0.3% | 1,152 | -0.1% | 1,151 | 1,154 | -0.3% | 1,152 | -0.1% | - | - | - | - | - | - | - | - |
| Additional paid-in capital | 138,144 | 245,317 | -43.7% | 140,480 | -1.7% | - | 105,293 | NMF | - | - | 138,144 | 140,024 | -1.3% | 140,480 | -1.7% | - | - | - |
| Treasury shares | (54) | (37) | 45.9% | (51) | 5.9% | (54) | (37) | 45.9% | (51) | 5.9% | - | - | - | - | - | - | - | - |
| Other reserves | 152,577 | 108,442 | 40.7% | 143,308 | 6.5% | (22,593) | 5,801 | NMF | (24,983) | -9.6% | 175,170 | 102,641 | 70.7% | 168,291 | 4.1% | - | - | - |
| Retained earnings | 2,071,482 | 1,787,743 | 15.9% | 1,964,893 | 5.4% | 1,535,239 | 1,343,727 | 14.3% | 1,462,965 | 4.9% | 536,243 | 444,016 | 20.8% | 501,928 | 6.8% | - | - | - |
| Total equity attributable to shareholders of the Group | 2,363,300 | 2,142,619 | 10.3% | 2,249,782 | 5.0% | 1,513,743 | 1,455,938 | 4.0% | 1,439,083 | 5.2% | 849,557 | 686,681 | 23.7% | 810,699 | 4.8% | - | - | - |
| Non-controlling interests | 300,587 | 246,130 | 22.1% | 293,616 | 2.4% | 6,743 | 21,136 | -68.1% | 6,385 | 5.6% | 293,844 | 224,994 | 30.6% | 287,231 | 2.3% | - | - | - |
| Total equity | 2,663,887 | 2,388,749 | 11.5% | 2,543,398 | 4.7% | 1,520,486 | 1,477,074 | 2.9% | 1,445,468 | 5.2% | 1,143,401 | 911,675 | 25.4% | 1,097,930 | 4.1% | - | - | - |
| Total liabilities and equity | 13,963,050 | 11,286,088 | 23.7% | 13,171,740 | 6.0% | 11,813,231 | 9,564,686 | 23.5% | 11,094,468 | 6.5% | 2,575,191 | 1,983,779 | 29.8% | 2,528,807 | 1.8% | (425,372) | (262,377) | (451,535) |
| Book value per share | 62.99 | 56.03 | 12.4% | 59.75 | 5.4% | | | | | | | | | | | | | |

BNB - Belarusky Narodny Bank financial highlights

INCOME STATEMENT, HIGHLIGHTS

| | 3Q17 | 3Q16 | Change y-o-y | 2Q17 | Change q-o-q | 9M17 | 9M16 | Change y-o-y |
|--|---------------|---------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|
| <i>GEL thousands, unless otherwise stated</i> | | | | | | | | |
| Net banking interest income | 6,729 | 7,830 | -14.1% | 7,946 | -15.3% | 23,376 | 22,730 | 2.8% |
| Net fee and commission income | 2,287 | 1,739 | 31.5% | 2,278 | 0.4% | 6,915 | 5,469 | 26.4% |
| Net banking foreign currency gain | 2,780 | 1,175 | 136.6% | 2,818 | -1.3% | 7,396 | 5,756 | 28.5% |
| Net other banking income | 212 | 79 | NMF | 155 | 36.8% | 478 | 326 | 46.6% |
| Revenue | 12,008 | 10,823 | 10.9% | 13,197 | -9.0% | 38,165 | 34,281 | 11.3% |
| Operating expenses | (7,845) | (4,982) | 57.5% | (7,233) | 8.5% | (21,480) | (14,422) | 48.9% |
| Operating income before cost of credit risk | 4,163 | 5,841 | -28.7% | 5,964 | -30.2% | 16,685 | 19,859 | -16.0% |
| Cost of credit risk | 299 | (3,043) | NMF | (3,241) | NMF | (8,575) | (6,634) | 29.3% |
| Net non-recurring items | - | (4) | NMF | 2 | NMF | (55) | (15) | NMF |
| Profit before income tax | 4,462 | 2,794 | 59.7% | 2,725 | 63.7% | 8,055 | 13,210 | -39.0% |
| Income tax expense | (728) | (441) | 65.1% | (455) | 60.0% | (1,381) | (6,431) | -78.5% |
| Profit | 3,734 | 2,353 | 58.7% | 2,270 | 64.5% | 6,674 | 6,779 | -1.5% |

BALANCE SHEET, HIGHLIGHTS

GEL thousands, unless otherwise stated

| | Sep-17 | Sep-16 | Change y-o-y | Jun-17 | Change q-o-q |
|---|----------------|----------------|-----------------|----------------|-----------------|
| Cash and cash equivalents | 105,475 | 67,096 | 57.2% | 61,709 | 70.9% |
| Amounts due from credit institutions | 10,146 | 3,292 | 208.2% | 4,154 | 144.2% |
| Investment securities | 120,521 | 68,860 | 75.0% | 99,333 | 21.3% |
| Loans to customers and finance lease receivables | 380,326 | 327,170 | 16.2% | 369,647 | 2.9% |
| Other assets | 32,873 | 27,317 | 20.3% | 29,240 | 12.4% |
| Total assets | 649,341 | 493,735 | 31.5% | 564,083 | 15.1% |
| Client deposits and notes | 316,413 | 200,742 | 57.6% | 263,681 | 20.0% |
| Amounts due to credit institutions | 221,712 | 198,446 | 11.7% | 195,466 | 13.4% |
| Debt securities issued | 29,685 | 15,484 | 91.7% | 28,334 | 4.8% |
| Other liabilities | 4,896 | 6,978 | -29.8% | 4,730 | 3.5% |
| Total liabilities | 572,706 | 421,650 | 35.8% | 492,211 | 16.4% |
| Total equity attributable to shareholders of the Group | 76,635 | 57,826 | 32.5% | 71,872 | 6.6% |
| Non-controlling interests | - | 14,259 | NMF | - | - |
| Total equity | 76,635 | 72,085 | 6.3% | 71,872 | 6.6% |
| Total liabilities and equity | 649,341 | 493,735 | 31.5% | 564,083 | 15.1% |

Banking Business key ratios

| | 3Q17 | 3Q16 | 3Q17 | Sep-17 | Sep-16 |
|---|---------|---------|---------|---------|---------|
| Profitability | | | | | |
| ROAA, Annualised | 3.2% | 3.6% | 3.2% | 3.2% | 3.3% |
| ROAE, Annualised | 24.5% | 24.3% | 23.5% | 23.7% | 22.4% |
| <i>RB ROAE</i> | 33.4% | 31.6% | 26.5% | 29.1% | 28.4% |
| <i>CIB ROAE</i> | 13.0% | 17.9% | 20.0% | 17.1% | 17.5% |
| Net Interest Margin, Annualised | 7.3% | 7.3% | 7.3% | 7.3% | 7.4% |
| <i>RB NIM</i> | 8.5% | 9.0% | 8.6% | 8.6% | 9.1% |
| <i>CIB NIM</i> | 3.5% | 3.4% | 3.3% | 3.4% | 3.6% |
| Loan Yield, Annualised | 14.3% | 14.1% | 14.3% | 14.2% | 14.2% |
| <i>RB Loan Yield</i> | 16.3% | 16.6% | 16.4% | 16.2% | 17.0% |
| <i>CIB Loan Yield</i> | 10.6% | 10.1% | 10.6% | 10.6% | 10.2% |
| Liquid Assets Yield, Annualised | 3.5% | 3.1% | 3.4% | 3.4% | 3.1% |
| Cost of Funds, Annualised | 4.8% | 4.7% | 4.8% | 4.7% | 4.8% |
| Cost of Client Deposits and Notes, Annualised | 3.5% | 3.6% | 3.6% | 3.5% | 4.0% |
| <i>RB Cost of Client Deposits and Notes</i> | 2.9% | 3.3% | 3.0% | 3.0% | 3.4% |
| <i>CIB Cost of Client Deposits and Notes</i> | 3.9% | 3.5% | 4.2% | 3.9% | 4.1% |
| Cost of Amounts Due to Credit Institutions, Annualised | 6.5% | 6.5% | 6.6% | 6.4% | 6.1% |
| Cost of Debt Securities Issued | 7.9% | 6.6% | 7.1% | 7.2% | 7.0% |
| Operating Leverage, Y-O-Y | -2.6% | -8.6% | -0.1% | 1.0% | -6.2% |
| Operating Leverage, Q-O-Q | -0.4% | 1.9% | -5.7% | 0.0% | 0.0% |
| Efficiency | | | | | |
| Cost / Income | 38.2% | 37.4% | 38.1% | 37.5% | 37.8% |
| <i>RB Cost / Income</i> | 37.8% | 38.7% | 38.8% | 38.1% | 40.5% |
| <i>CIB Cost / Income</i> | 34.5% | 31.1% | 32.8% | 32.4% | 29.9% |
| Liquidity | | | | | |
| NBG Liquidity Ratio | 44.4% | 41.4% | 44.1% | 44.4% | 41.4% |
| Liquid Assets To Total Liabilities | 39.5% | 38.4% | 39.1% | 39.5% | 38.4% |
| Net Loans To Client Deposits and Notes | 106.1% | 116.6% | 116.4% | 106.1% | 116.6% |
| Net Loans To Client Deposits and Notes + DFIs | 90.0% | 93.9% | 97.6% | 90.0% | 93.9% |
| Leverage (Times) | 6.8 | 5.5 | 6.7 | 6.8 | 5.5 |
| Asset Quality: | | | | | |
| NPLs (in GEL) | 297,134 | 260,963 | 304,320 | 297,134 | 260,963 |
| NPLs To Gross Loans To Clients | 4.1% | 4.4% | 4.4% | 4.1% | 4.4% |
| NPL Coverage Ratio | 93.6% | 86.5% | 90.2% | 93.6% | 86.5% |
| NPL Coverage Ratio, Adjusted for discounted value of collateral | 132.8% | 131.1% | 131.5% | 132.8% | 131.1% |
| Cost of Risk, Annualised | 2.0% | 2.3% | 2.2% | 2.2% | 2.2% |
| <i>RB Cost of Risk</i> | 2.0% | 2.4% | 3.1% | 2.8% | 2.4% |
| <i>CIB Cost of Risk</i> | 2.3% | 1.9% | 0.5% | 1.0% | 1.8% |
| Capital Adequacy: | | | | | |
| NBG (Basel 2/3) Tier I Capital Adequacy Ratio | 11.1% | 11.0% | 10.6% | 11.1% | 11.0% |
| NBG (Basel 2/3) Total Capital Adequacy Ratio | 16.2% | 16.2% | 15.6% | 16.2% | 16.2% |

For the description of Key ratios, refer to page 129

Key operating data

| | 3Q17 | 3Q16 | 2Q17 | Sep-17 | Sep-16 |
|---|------------|------------|------------|-----------|-----------|
| Selected Operating Data: | | | | | |
| Total Assets Per FTE | 1,737 | 1,529 | 1,640 | 1,737 | 1,529 |
| Number Of Active Branches, Of Which: | 283 | 276 | 280 | 283 | 276 |
| - Express Branches (including Metro) | 153 | 122 | 138 | 153 | 122 |
| - Bank of Georgia Branches | 119 | 143 | 131 | 119 | 143 |
| - Solo Lounges | 11 | 11 | 11 | 11 | 11 |
| Number Of ATMs | 829 | 772 | 827 | 829 | 772 |
| Number Of Cards Outstanding, Of Which: | 2,176,761 | 1,996,836 | 2,117,652 | 2,176,761 | 1,996,836 |
| - Debit cards | 1,431,859 | 1,185,333 | 1,342,214 | 1,431,859 | 1,185,333 |
| - Credit cards | 744,902 | 811,503 | 775,438 | 744,902 | 811,503 |
| Number Of POS Terminals | 11,997 | 10,017 | 11,303 | 11,997 | 10,017 |
| FX Rates: | | | | | |
| GEL/US\$ exchange rate (period-end) | 2.4767 | 2.3297 | 2.4072 | | |
| GEL/GBP exchange rate (period-end) | 3.3158 | 3.0284 | 3.1192 | | |
| Full Time Employees, Group, Of Which: | | | | | |
| | Sep-17 | Sep-16 | Jun-17 | | |
| Total Banking Business Companies, of which: | 25,425 | 21,441 | 24,823 | | |
| - Full Time Employees, BOG Standalone | 6,801 | 6,256 | 6,764 | | |
| - Full Time Employees, BNB | 5,293 | 4,866 | 5,297 | | |
| - Full Time Employees, BNB other | 679 | 598 | 649 | | |
| - Full Time Employees, BB other | 829 | 792 | 818 | | |
| Total Investment Business Companies, of which: | 18,624 | 15,185 | 18,059 | | |
| - Full Time Employees, Georgia Healthcare Group | 15,075 | 12,360 | 14,677 | | |
| - Full Time Employees, Aldagi | 319 | 280 | 291 | | |
| - Full Time Employees, GGU | 2,501 | 2,428 | 2,428 | | |
| - Full Time Employees, m2 | 115 | 62 | 81 | | |
| - Full Time Employees, IB Other | 614 | 55 | 582 | | |
| Shares Outstanding | | | | | |
| | Sep-17 | Sep-16 | Jun-17 | | |
| Ordinary Shares Outstanding | 37,520,410 | 38,238,796 | 37,652,034 | | |
| Treasury Shares Outstanding | 1,864,302 | 1,261,524 | 1,760,286 | | |
| Total Shares Outstanding | 39,384,712 | 39,500,320 | 39,412,320 | | |

1

153 Express Branches



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

3

2,823 Express Pay Terminals



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

2

1,306,717 Express Cards for Transport payments



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

4

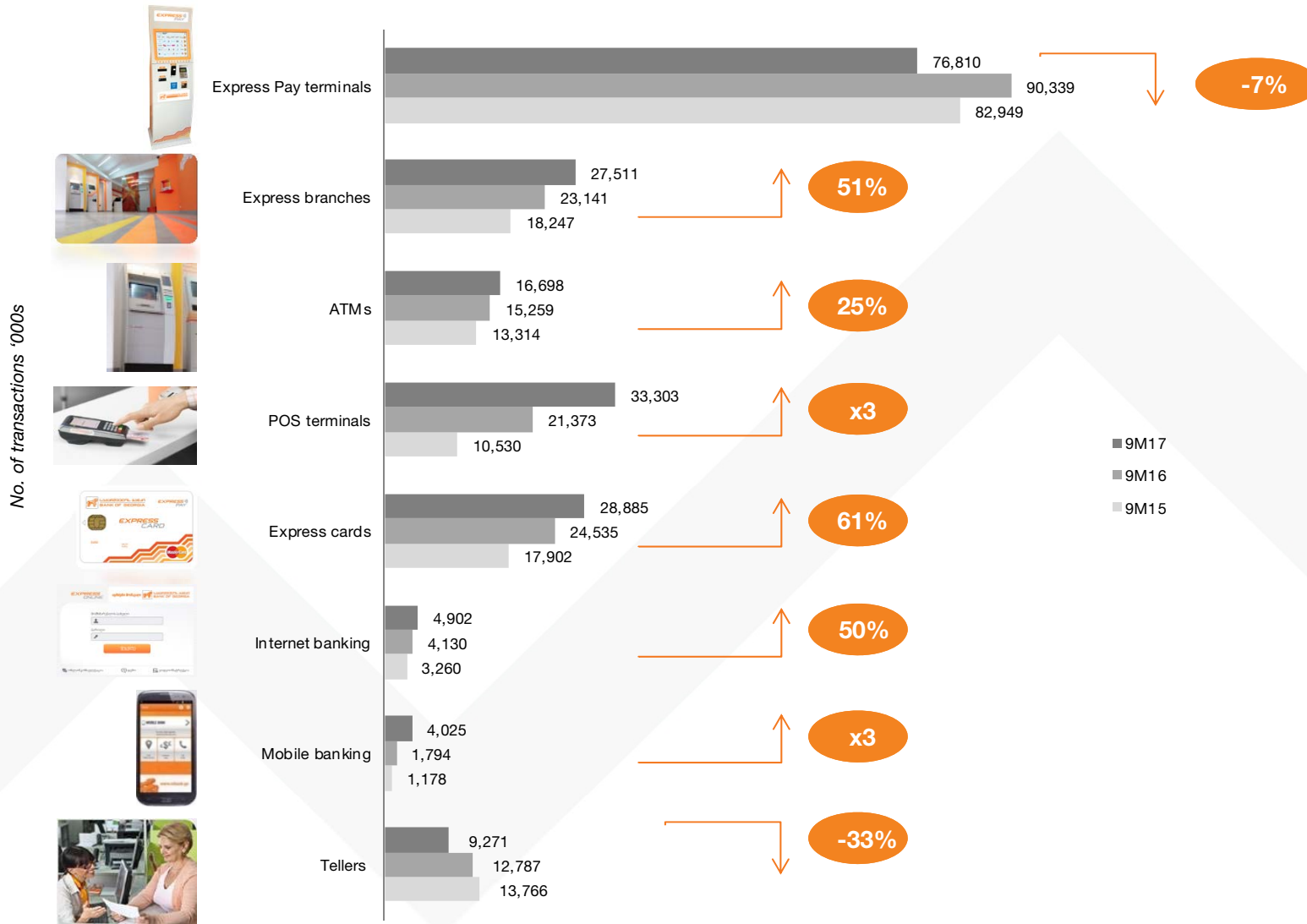
11,997 POS Terminals at 5,334 Merchants



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



Express - Capturing emerging mass market customers



Solo - A fundamentally different approach to premium banking

Through Solo, we target to **attract new clients** (currently 28,492) to significantly **increase market share** in **premium banking** from c.13% at the beginning of 2015

SOLO Lounges



New Solo offers:

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

3x higher new clients attracted per banker ratio, compared to the same period last year

Retail Banking transformation

- The transformation of retail banking operations from the product-based model into the client-centric model on track
- The implementation of the client-centric model completed in 59 branches as of 30 September 2017
- 27 additional branches are in pipeline for transformation
- Outstanding growth in sales volumes and the number of products sold to clients in transformed branches



Retail Banking - Loyalty program

LOGO:



WEB:



KEY VISUALS:



CARDS:

Express



Plus Classic



Plus Silver



Plus Gold



Retail Banking - Loyalty program partners

Points exchange

Pharmacy



Gas station



Supermarkets



Fast food



Status benefits

Health care benefits



Insurance benefit



ქცეპი

Notes to key ratios

- 1 Return on average total assets (ROAA) equals Profit for the period divided by monthly average total assets for the same period;
- 2 Return on average total equity (ROAE) equals Profit for the period attributable to shareholders of BGEO divided by monthly average equity attributable to shareholders of BGEO for the same period;
- 3 Net Interest Margin equals Net Banking Interest Income of the period divided by monthly Average Interest Earning Assets Excluding Cash for the same period; Interest Earning Assets Excluding Cash comprise: Amounts Due From Credit Institutions, Investment Securities (but excluding corporate shares) and net Loans To Customers And Finance Lease Receivables;
- 4 Loan Yield equals Banking Interest Income From Loans To Customers And Finance Lease Receivables divided by monthly Average Gross Loans To Customers And Finance Lease Receivables;
- 5 Cost of Funds equals banking interest expense of the period divided by monthly average interest bearing liabilities; interest bearing liabilities include: amounts due to credit institutions, client deposits and notes and debt securities issued;
- 6 Operating Leverage equals percentage change in revenue less percentage change in operating expenses;
- 7 Cost / Income Ratio equals operating expenses divided by revenue;
- 8 NBG liquidity ratio equals daily average liquid assets (as defined by NBG) during the months divided by daily average liabilities (as defined by NBG) during the months;
- 9 Liquid assets include: cash and cash equivalents, amounts due from credit institutions and investment securities;
- 10 Leverage (Times) equals total liabilities divided by total equity;
- 11 NPL Coverage Ratio equals allowance for impairment of loans and finance lease receivables divided by NPLs;
- 12 NPL Coverage Ratio adjusted for discounted value of collateral equals allowance for impairment of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for impairment)
- 13 Cost of Risk equals impairment charge for loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period;
- 14 NBG (Basel 2/3) Tier I Capital Adequacy ratio equals Tier I Capital divided by total risk weighted assets, both calculated in accordance with the requirements the National Bank of Georgia instructions;
- 15 NBG (Basel 2/3) Total Capital Adequacy ratio equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia instructions;
- 16 Loss ratio equals net insurance claims expense divided by net earned premiums
- 17 Expense ratio equals sum of acquisition costs and operating expenses divided by net earned premiums
- 18 Combined ratio equals sum of the loss ratio and the expense ratio
- 19 NMF – Not meaningful

BGEO Group - Company information

Registered Address

84 Brook Street
London W1K 5EH
United Kingdom
www.bgeo.com

Registered under number 7811410 in England and Wales
Incorporation date: 14 October 2011

Stock Listing

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

Contact Information

BGEO Group Investor Relations
Telephone: +44 (0) 20 3178 4052
E-mail: ir@bgeo.com
www.bgeo.com

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

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

BGEO Group shareholders can access both the latest and historical prices via our website, www.bgeo.com

www.bgeo.com