



BANK OF GEORGIA
GROUP PLC

RESULTS CALL PRESENTATION

2Q22 and 1H22 Performance

16 August 2022

www.bankofgeorgiagroup.com



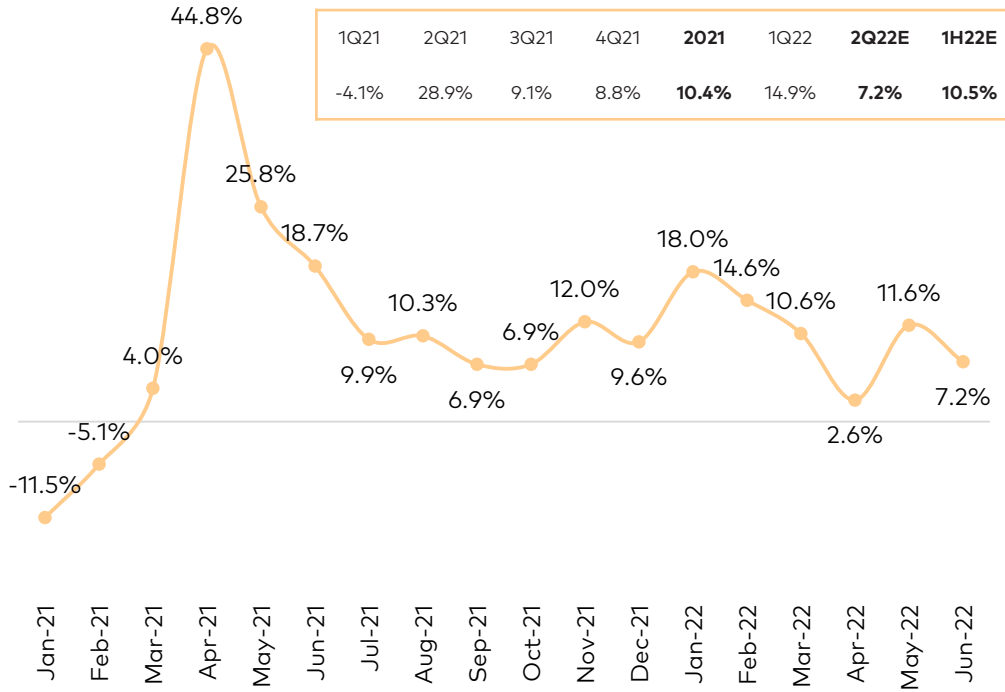
This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: macro risk, including domestic instability; regional instability risk; credit risk; liquidity and funding risk; capital risk; market risk; regulatory and legal risk; financial crime risk; information security and data protection risks; operational risk; human capital risk; COVID-19 pandemic risk; model risk; climate change risk; and other key factors that could adversely affect our business and financial performance, as indicated elsewhere in this document and in past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2021 and in 2Q22 and 1H22 results announcement. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

MACROECONOMIC HIGHLIGHTS

GROUP OVERVIEW AND STRATEGY

2Q22 and 1H22 RESULTS

Real GDP y-o-y growth: preliminary estimate



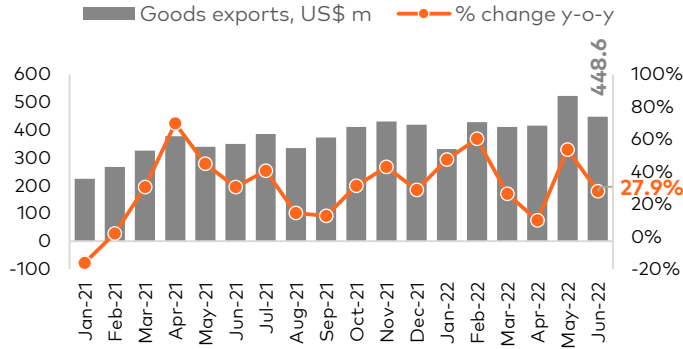
Key drivers:

- Continued recovery of tourism revenues, resilient inflows from exports and remittances
- Increased activity in the transportation, real estate, and hospitality sectors

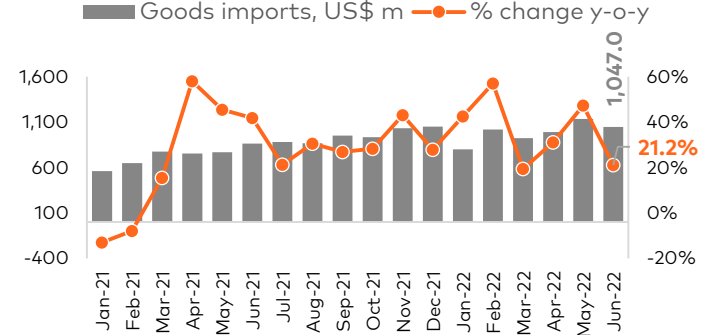
In 2Q22:

- Export of goods - up 29.8% y-o-y (35.7% y-o-y growth in 1H22)
- Remittances up 112.7% y-o-y (65.0% y-o-y growth in 1H22)
- Tourism revenues recovered to 85.3% of the 2019 level (78.5% recovery in 1H22)

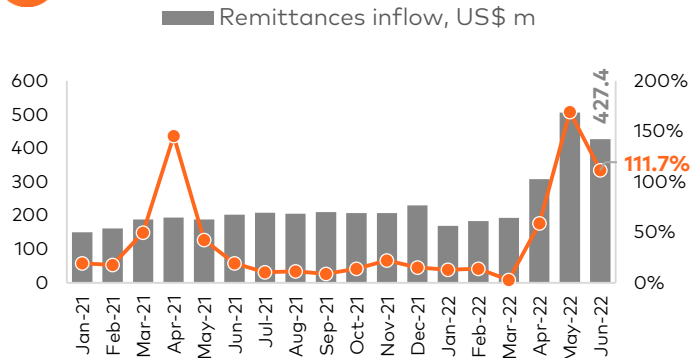
Exports of goods



Imports of goods



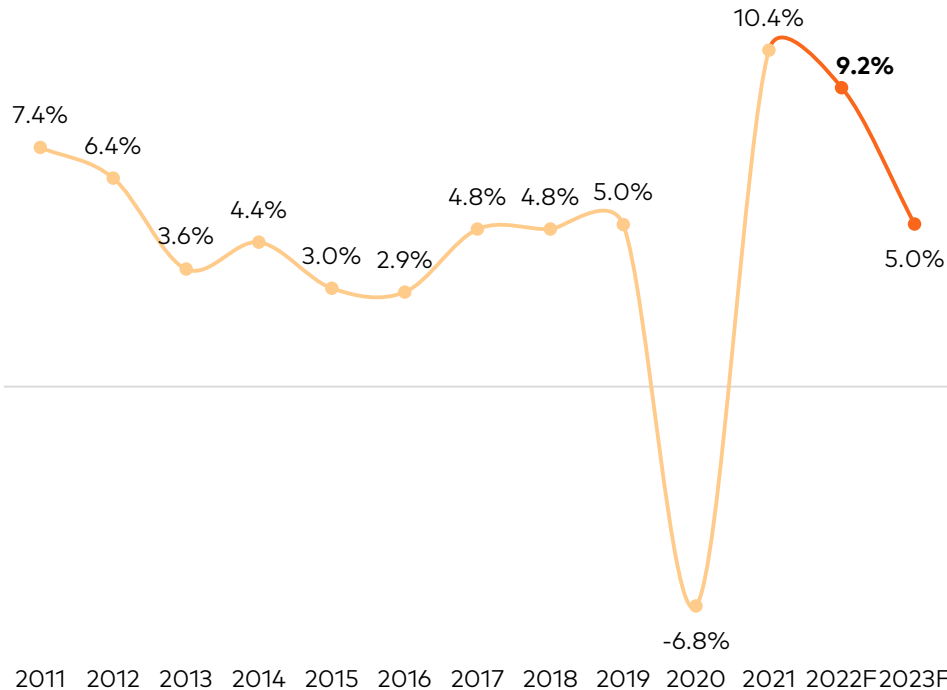
Remittances



Tourism inflows

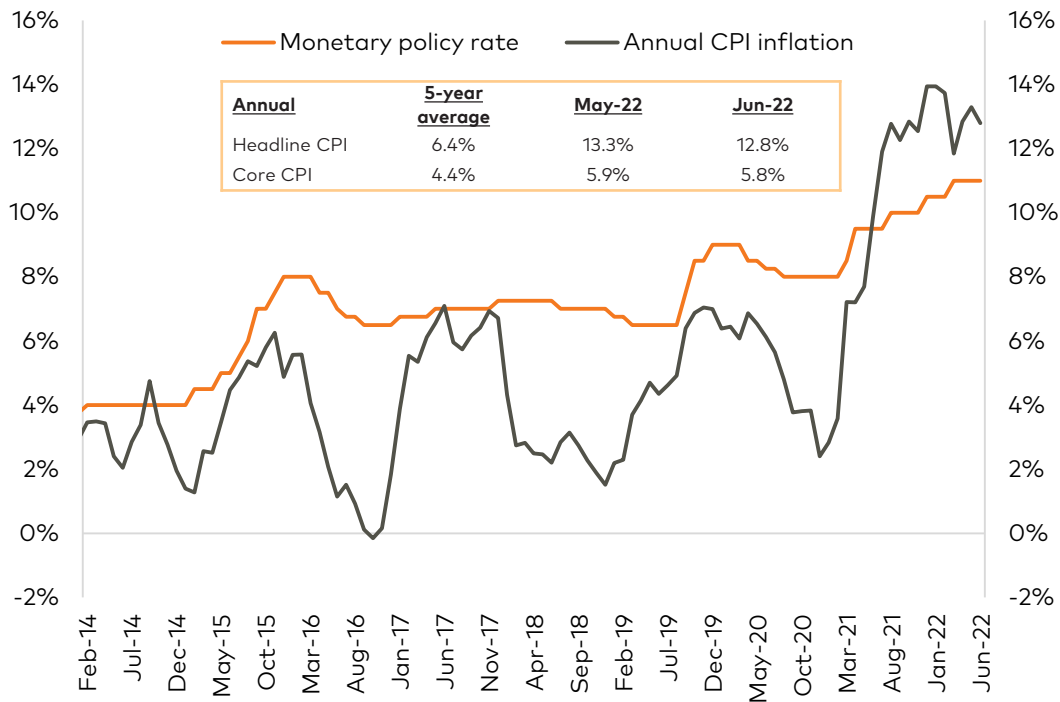


Georgia's economic growth forecast



- Considering stronger-than-expected growth in the first half of the year and promising preliminary data, Galt & Taggart has revised 2022 real GDP growth forecast up to 9.2%
- Ongoing war in Ukraine and global recession fears remain downside risks to growth

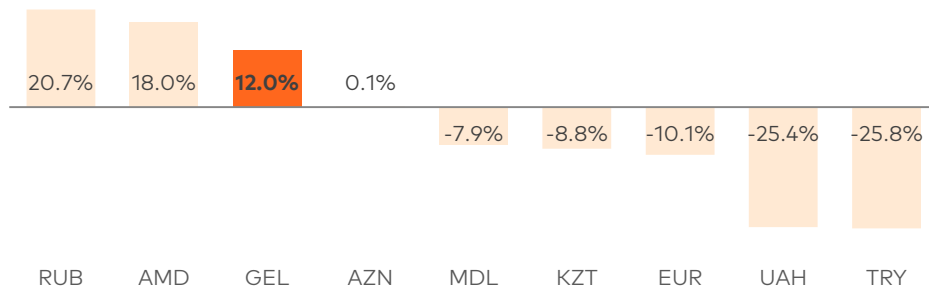
Monetary policy remains tight to curb inflation pressures



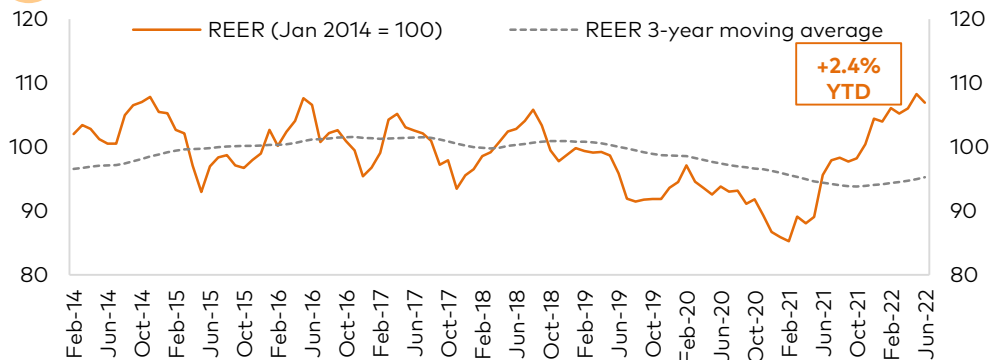
- Although current inflation is mainly driven by globally elevated food and energy prices, demand-side price pressures have also intensified. To curb inflation expectations, the NBS maintains tight monetary policy with the refinancing rate at 11% since March 2022
- Inflation is expected to moderate in the second half of 2022

Source: GeoStat, NBS.

Currency movements vs. US\$, Jan 2022 – Jul 2022



GEL real effective exchange rate



Source: Bloomberg, NBG.

Note: +/- means appreciation/depreciation.

- GEL continues to appreciate on the back of strong external inflows, tight monetary policy and improved sentiments. As of 31 July 2022, the Georgian currency gained 12.0% against the US Dollar year-to-date
- Given strong external inflows and tight monetary policy, GEL is expected to remain stable in the medium term

MACROECONOMIC HIGHLIGHTS

GROUP OVERVIEW AND STRATEGY

2Q22 and 1H22 RESULTS



BANK OF GEORGIA
GROUP PLC

RETAIL BANKING

Mass
Retail

Premium
Banking

MSME

CORPORATE AND INVESTMENT BANKING

Leader in payments and financial mobile app

- 52.3% of total volume of POS payment transactions in Georgia executed in BOG's POS terminals in 2Q22 (vs 48.0% in 2Q21)
- Number of monthly active digital users increased from 729k to 959k y-o-y and the share of monthly active digital users in total active individual clients increased y-o-y by 8.3 ppts to 64.3%
- 53.9% of total transactions in the second quarter went through mBank/iBank, up 8.3 ppts y-o-y

Strongest retail banking franchise

- 42.4% market share in deposits of individuals*
- 39.0% market share in loans to individuals*
- Most trusted bank and top of mind bank in Georgia**
- NPS of 52% in June 2022***

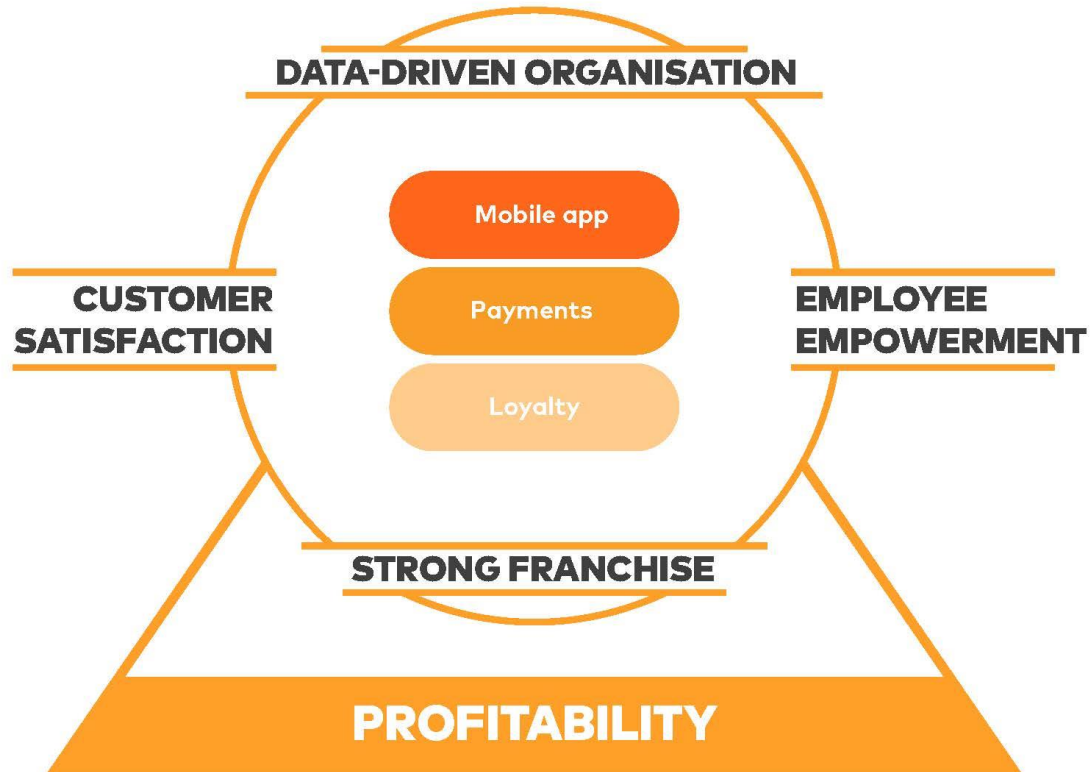
Robust profitability

- Sustainably delivering ROAE above 20%

* Based on data published by the National Bank of Georgia as at 30 June 2022.

** Based on spring 2022 external research by IPM Georgia.

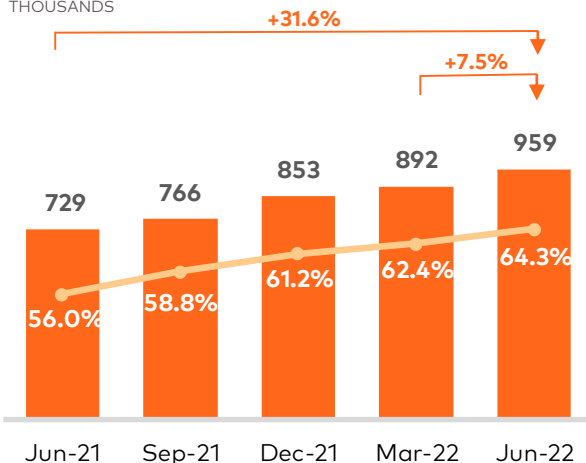
*** Based on 2Q22 external research by IPM Georgia.



MBANK/IBANK*

Number of monthly active users**

THOUSANDS



■ Number of monthly active users
— Share in monthly active customers (individuals)

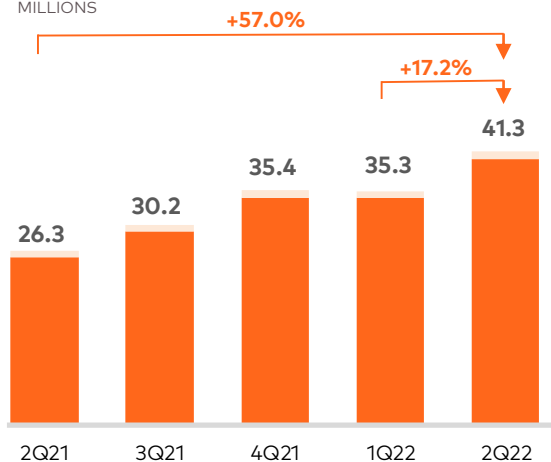
Daily active users/
monthly active users

45.8%

+5.6 pts
y-o-y

Number of transactions

MILLIONS

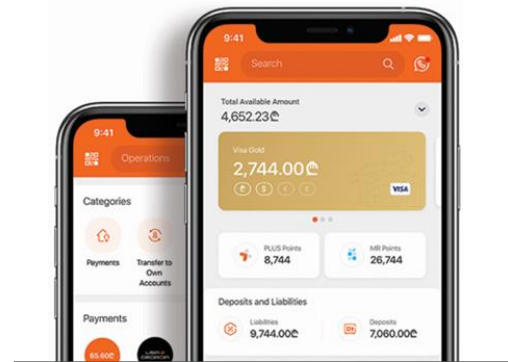


■ mBank ■ iBank

Average number of
transactions per month in
mBank

13.4m

+58.7% y-o-y



Best Mobile Banking App in Central and Eastern Europe (Global Finance, 2022)

Google play

★★★★★ 4.7

App store

★★★★★ 4.8

Customer Satisfaction
Score

91%

* Information on this slide depicts the use of mobile and internet banking platforms by individual clients.

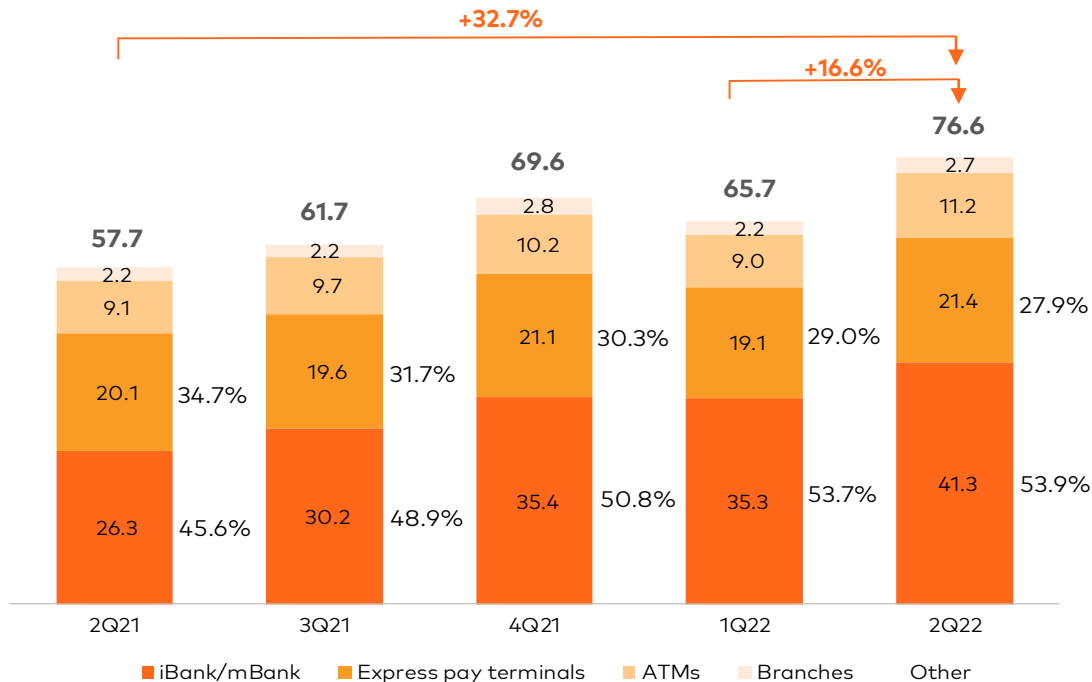
** Monthly active user – at least one login within the past month in mBank or iBank.

Increasing the share of mBank/iBank transactions*

NUMBER OF TRANSACTIONS

MILLIONS

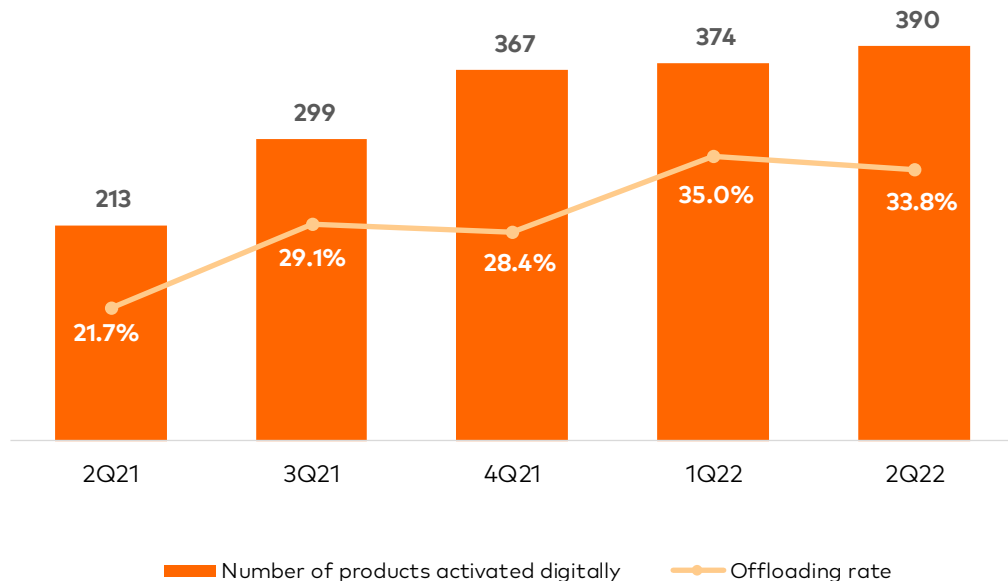
Offloading rate



* Information on this slide depicts the use of channels by individual clients.

PRODUCT OFFLOADING*

THOUSANDS



- Continuously developing our digital products and refining **end-to-end digital journeys**. The functionalities of our digital channels are updated every two to three weeks
- **Redesigned deposit activation flow** launched at the end of 2021
- **Offers Hub** added to our mobile app at the end of 2021, with personalised offers driven by our recommendation engine
- **Insurance marketplace** launched in the first quarter of 2022

34%

Product offloading rate in 2Q22

c.36%

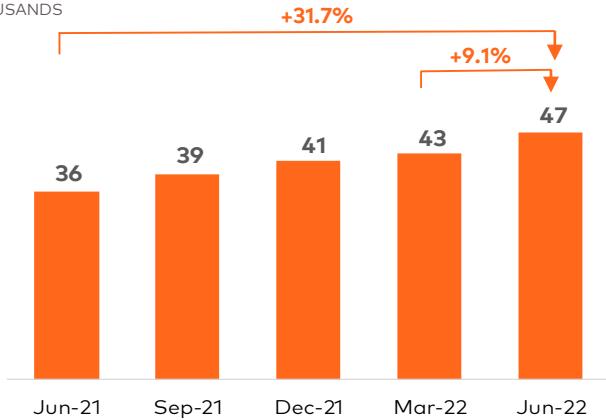
Planned product offloading rate by the end of June 2022

* Mainly comprises **card, deposit, and loan** activations in digital channels.

BUSINESS MBANK/IBANK STATISTICS*

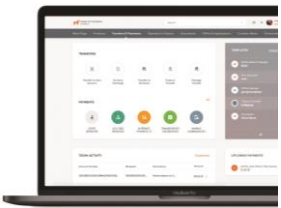
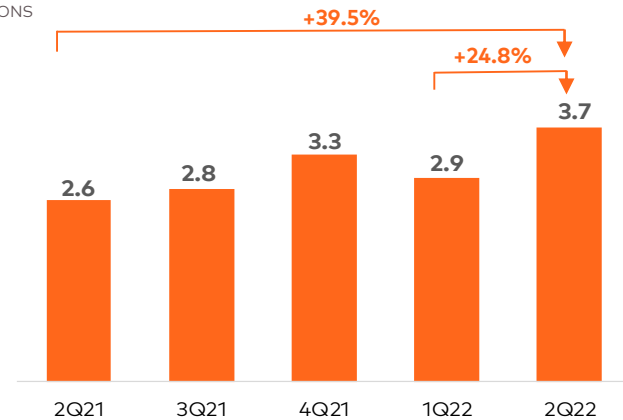
Number of monthly active users**

THOUSANDS



Number of transactions

MILLIONS



1,065k Average transactions per month

80% Customer Satisfaction Score



157k Average transactions per month

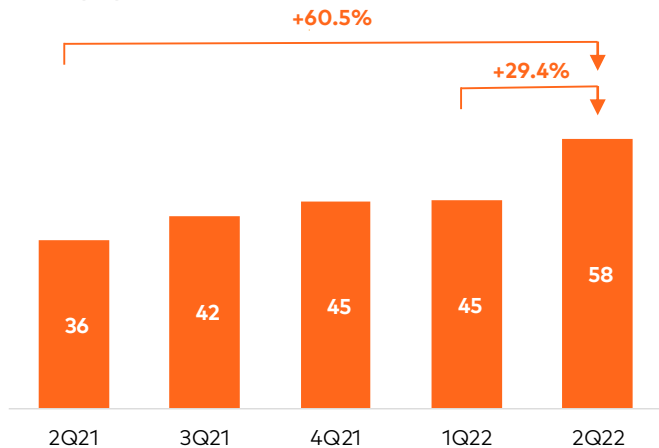
82% Customer Satisfaction Score

* Information on this slide depicts the use of internet and mobile banking platforms by legal entities.

**Monthly active user – at least one login within the past month in Business mBank or iBank.
Number of transactions in Business mBank/iBank has been corrected for 3Q21, 4Q21, and 1Q22.

NUMBER OF PAYMENT TRANSACTIONS

MILLIONS



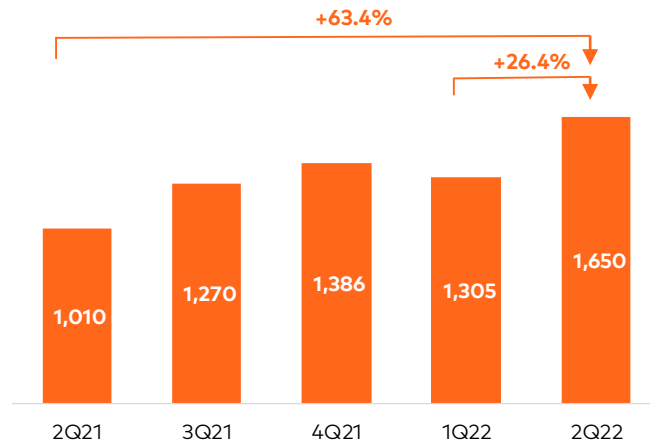
54.7%

Share by number of POS payment transactions in BOG's POS terminals | 2Q22*

+4.4 pts YoY

VOLUME OF PAYMENT TRANSACTIONS

GEL MILLIONS



52.3%

Share by volume of POS payment transactions in BOG's POS terminals | 2Q22*

+4.3 pts YoY

* Based on the National Bank of Georgia and Bank of Georgia data.

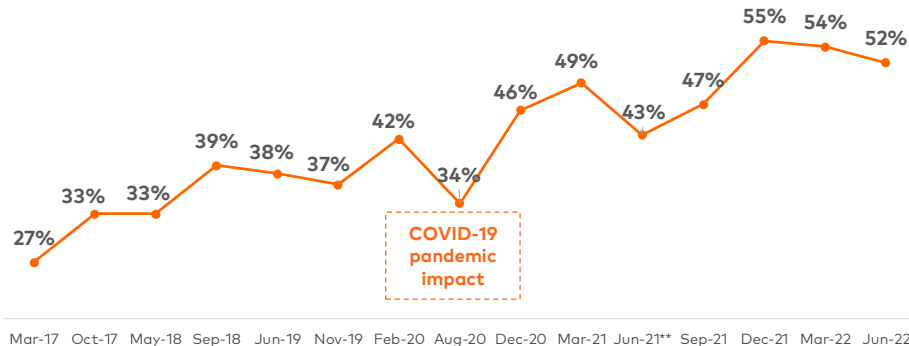
FOCUS ON INCREASING CUSTOMER SATISFACTION BY:

Engaging with customers **proactively** and responding in real time

Anticipating customer needs, wants, and future behavior

Harnessing strong human relationships with **data analytics** for dynamic customer insights

Investing in **technology** to deliver **seamless customer experience**



* Based on external research by IPM Georgia.

** NPS of all major banks decreased due to monetary policy rate hike.

MACROECONOMIC HIGHLIGHTS

GROUP OVERVIEW AND STRATEGY

2Q22 and 1H22 RESULTS

Strong top-line

Operating income

GEL 495m

+47.7% y-o-y
+25.0% q-o-q

2Q

GEL 891m

+39.5% y-o-y

1H

Outstanding profitability

Profit

GEL 275m

+36.3% y-o-y
+14.5% q-o-q

2Q

GEL 516m

+51.3% y-o-y

1H

Resilient loan portfolio quality and focus on efficiency

Cost of credit risk ratio

0.6%

2Q

0.7%

1H

Solid portfolio growth

Loans

30 Jun 2022

GEL 16.3bn

+10.2% y-o-y **
+0.1% q-o-q *

Robust capital base and liquidity position

CET 1 capital

30 Jun 2022

14.0%

Minimum requirement
11.7%

Share of non-interest income

43.2%

2Q

37.9%

1H

ROAE

32.8%

2Q

31.8%

1H

Cost to income

32.5%

2Q

33.6%

1H

Deposits

30 Jun 2022

GEL 15.1bn

+8.3% y-o-y **
+4.0% q-o-q **

Liquidity coverage

30 Jun 2022

113.5%

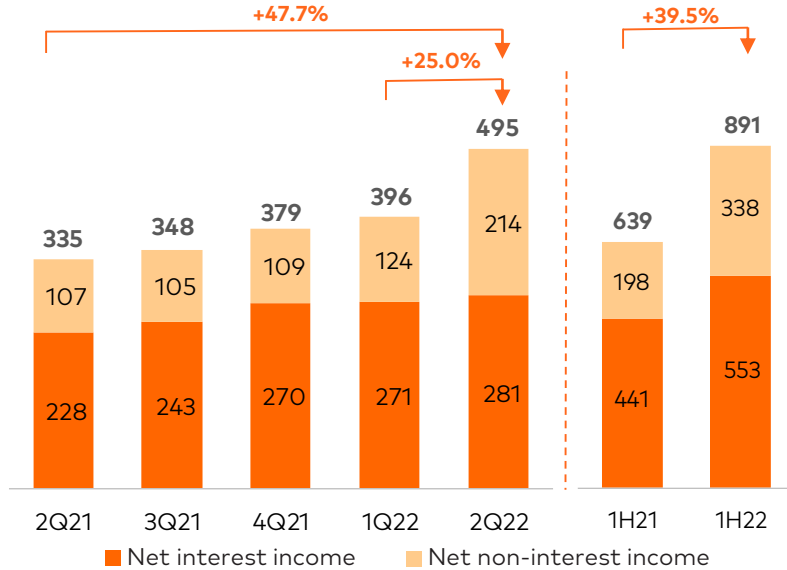
Minimum requirement
100%

* Growth on a constant currency basis was 17.8% y-o-y and 4.3% q-o-q.

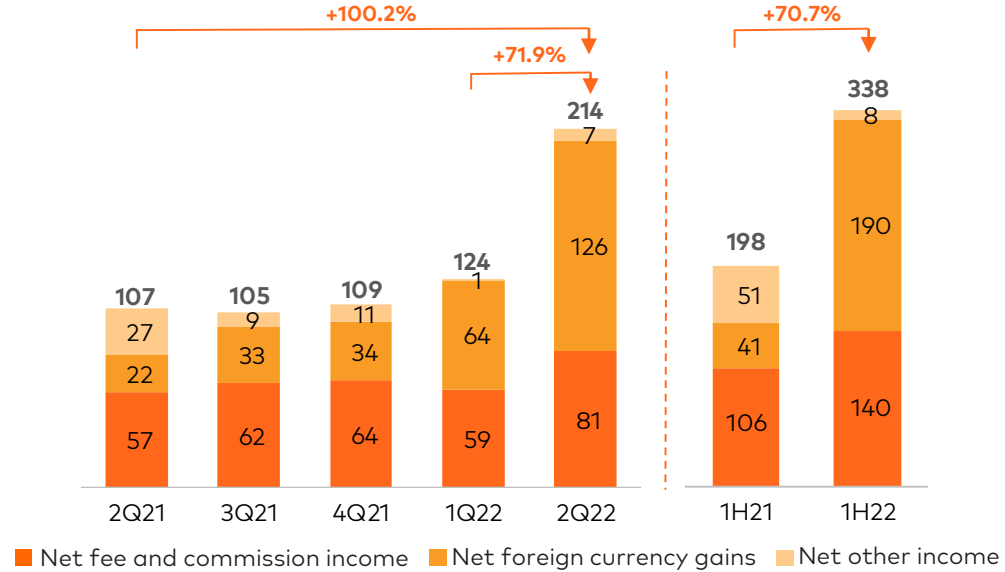
** Growth on a constant currency basis was 16.0% y-o-y and 9.1% q-o-q.

All currency data are in GEL m unless otherwise stated

OPERATING INCOME

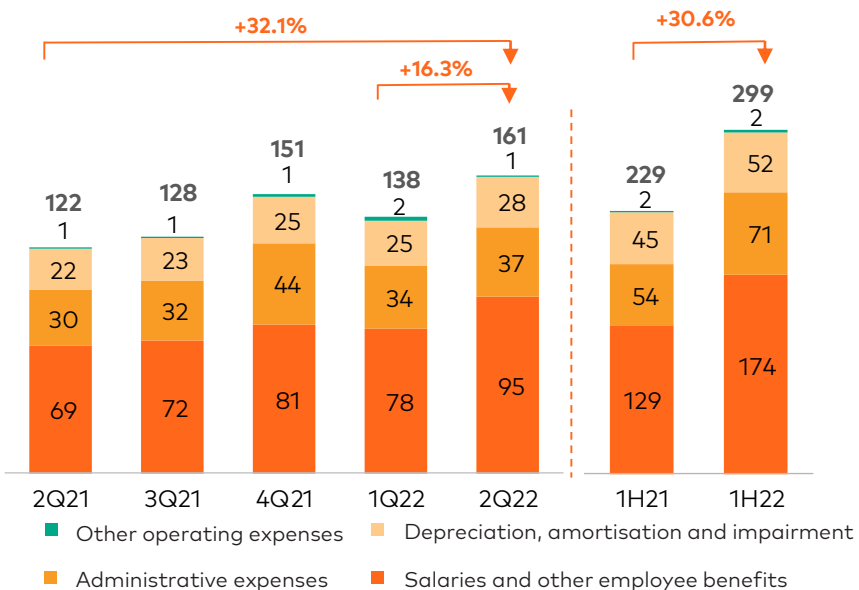


NET NON-INTEREST INCOME



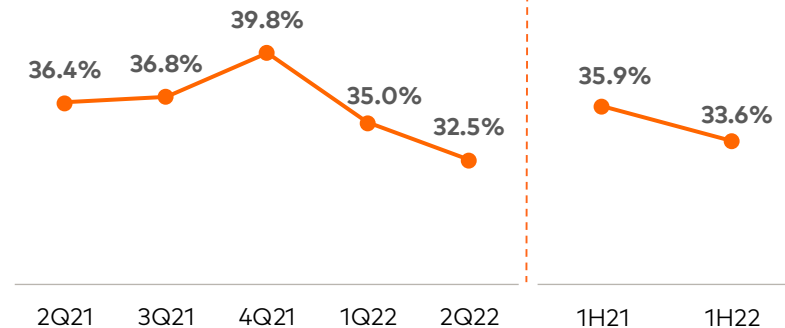
- Strong y-o-y top-line results in 2Q22 and 1H22 across revenue lines, and the q-o-q performance particularly robust on net fee and commission income and net foreign currency gain side, reflecting higher client-related volumes on the back on increased tourism and migrant flows and higher spreads due to exchange rate volatility

OPERATING EXPENSES



COST TO INCOME RATIO

All currency data are in GEL m unless otherwise stated

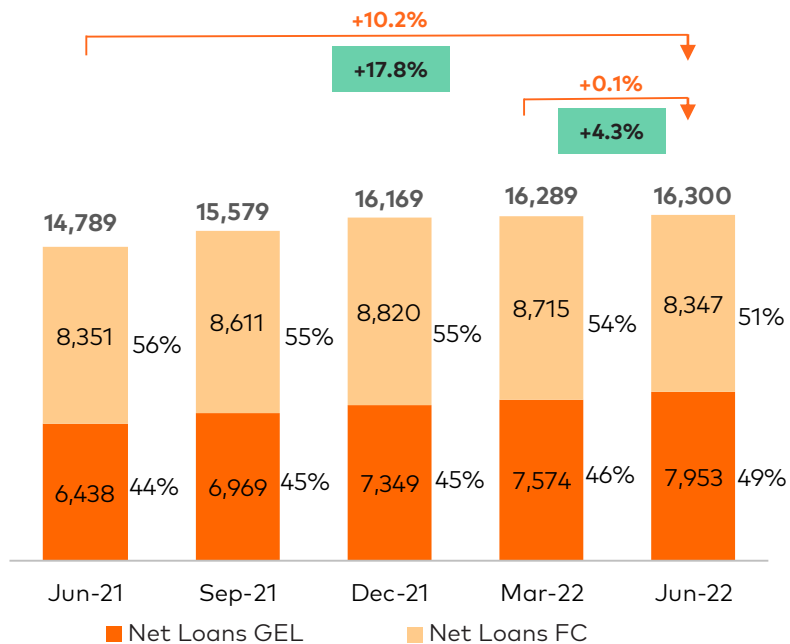


- Growth in operating expenses driven by strong business growth and continuing investments in IT and other strategic areas, in the inflationary environment
- Positive operating leverage in 2Q22 and 1H22

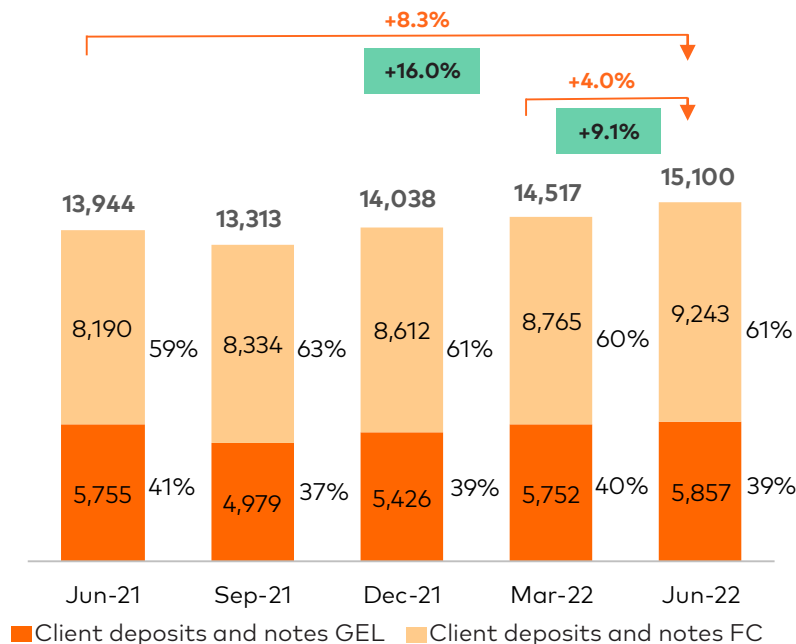
c.35%
Medium-term
guidance

All currency data are in GEL m unless otherwise stated

LOAN PORTFOLIO

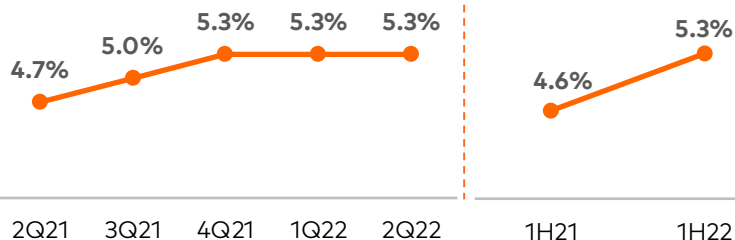


DEPOSIT PORTFOLIO



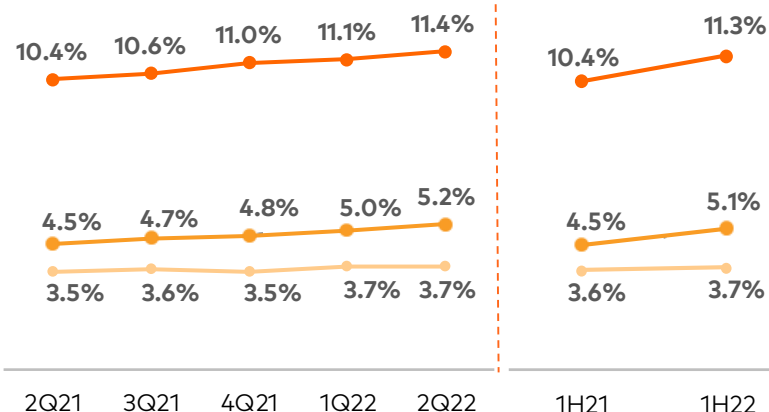
■ Growth on a constant currency basis

NET INTEREST MARGIN



- The y-o-y increase in NIM driven primarily by higher loan yield coupled with the successful deployment of excess liquidity, partly offset by increased cost of funds

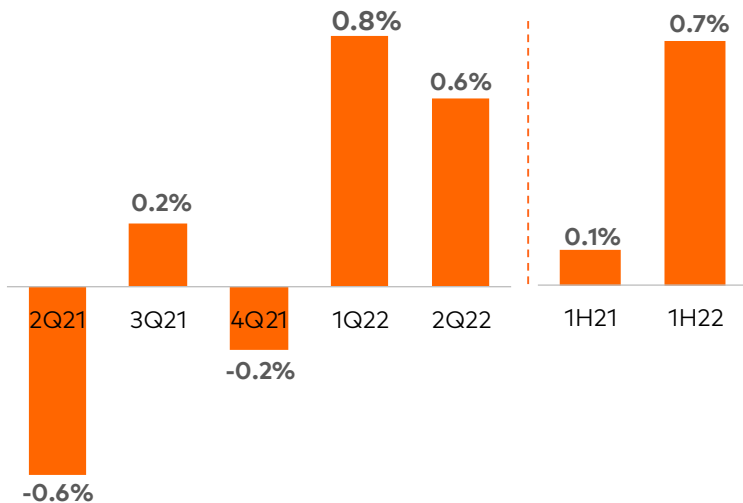
LOAN YIELD, COST OF FUNDS, COST OF DEPOSITS



- Loan yield
- Cost of funds
- Cost of client deposits and notes

All currency data are in GEL m unless otherwise stated

COST OF CREDIT RISK RATIO



- Cost of credit risk down in the second quarter of 2022 vs 1Q22, with RB's cost of credit risk stabilised during 2Q22, as expected
- NPLs to gross loans broadly stable

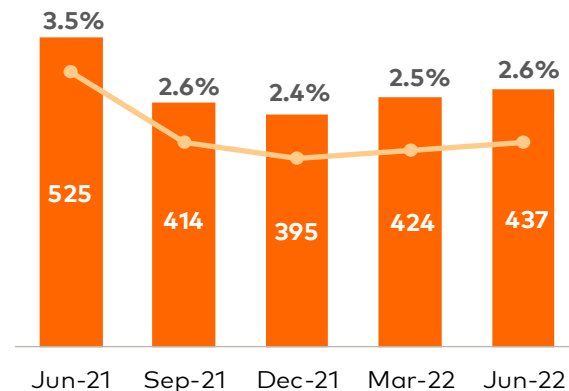
LOAN PORTFOLIO QUALITY

NPL coverage

73.1% 90.9% 95.5% 97.3% 89.6%

NPL coverage adjusted for collateral value

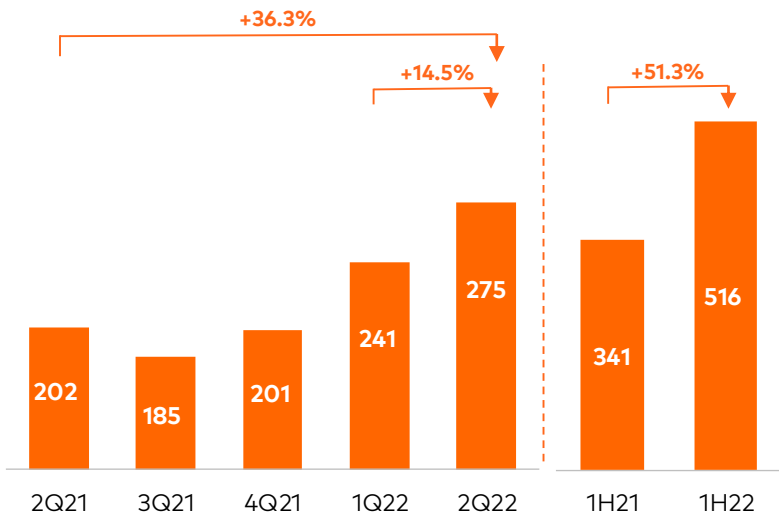
122.2% 140.9% 147.7% 153.0% 138.0%



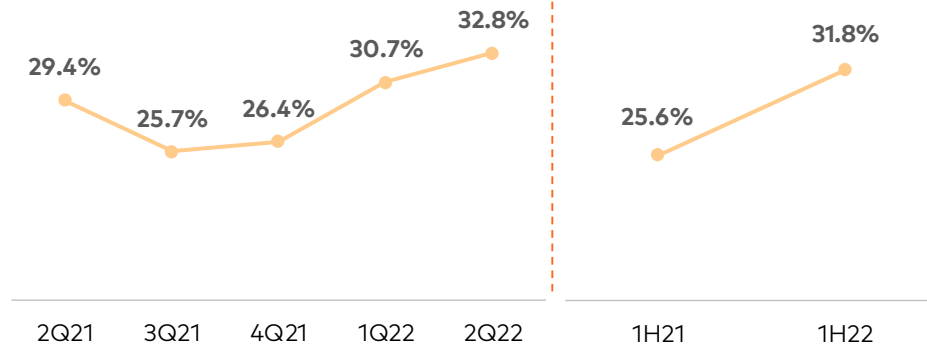
- NPLs, GEL millions
- NPLs to gross loans

All currency data are in GEL m unless otherwise stated

PROFIT

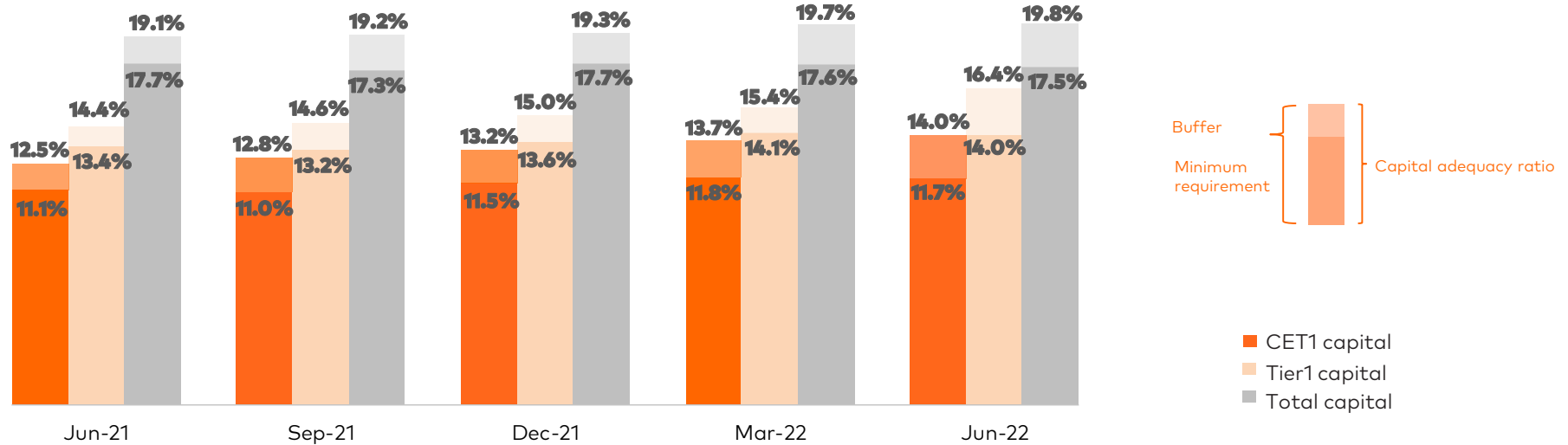


ROAE



Strong capital position, with ratios comfortably above minimum requirements

Capital adequacy ratios and minimum requirements



Capital distribution:

- On 30 June 2022, the Board announced the commencement of a GEL 72.7 million share buyback and cancellation programme which, on top of the total dividends paid in respect of the Group's 2021 earnings, increased the total dividend/share buyback payout ratio, relating to 2021 earnings, to 35.0%. This amount is fully deducted from regulatory capital as at 30 June 2022
- Considering the Group's strong performance during the first half of 2022, the Board has decided to declare an interim dividend of GEL 1.85 per ordinary share in respect of the period ended 30 June 2022, payable to ordinary shareholders of Bank of Georgia Group PLC on 20 October 2022. In addition, after the completion of the current GEL 72.7 million share buyback and cancellation programme, the Board will extend the programme by a further GEL 40 million

EVOLUTION OF CAPITAL RATIOS DURING 2Q22

| | 31 March 2022 | 2Q22 profit | Business growth | Currency impact | Capital distribution | Capital facility impact | 30 June 2022 | Potential impact of a 10% GEL devaluation |
|-------------------------------|---------------|-------------|-----------------|-----------------|----------------------|-------------------------|--------------|---|
| CET1 capital adequacy ratio | 13.7% | 1.0% | -0.4% | 0.5% | -0.8% | 0.0% | 14.0% | -0.9% |
| Tier I capital adequacy ratio | 15.4% | 1.0% | -0.5% | 0.5% | -0.8% | 0.8% | 16.4% | -0.8% |
| Total capital adequacy ratio | 19.7% | 1.0% | -0.6% | 0.4% | -0.8% | 0.1% | 19.8% | -0.7% |

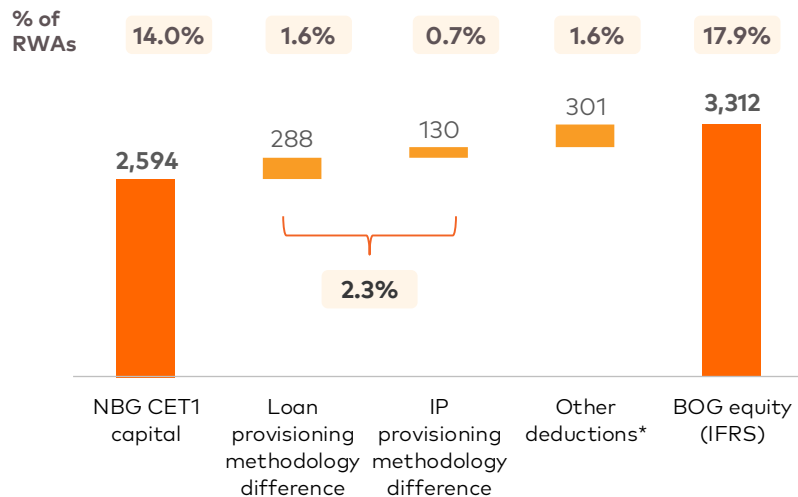
EXPECTED MINIMUM CAPITAL REQUIREMENTS FOR 2022-2023

Bank of Georgia's minimum capital requirements, reflecting the full loading of Basel III capital requirements, to be completed in 2023, which remain subject to ongoing annual regulatory reviews, are currently expected to be as follows:

| | Dec-22 requirement | Dec-23 requirement |
|----------------|--------------------|--------------------|
| CET1 capital | 11.8% | 12.1% |
| Tier I capital | 14.1% | 14.5% |
| Total capital | 17.6% | 17.6% |

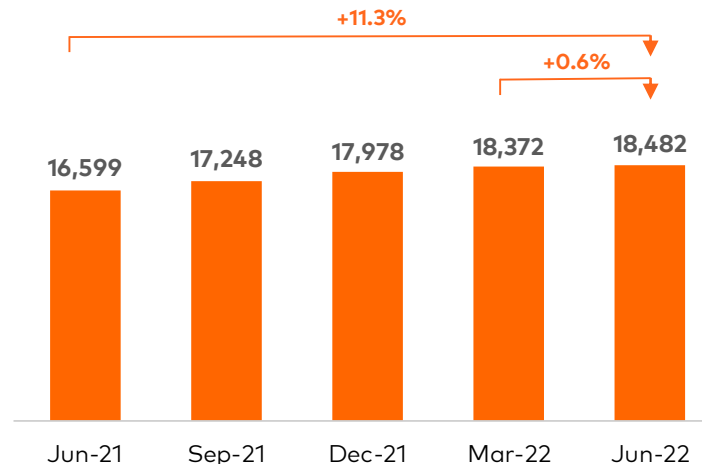
All currency data are in GEL m unless otherwise stated

BOG EQUITY VS. CET1 REGULATORY CAPITAL - JUN-22



* Revaluation reserve, investments in non-financial subsidiaries and intangible assets.

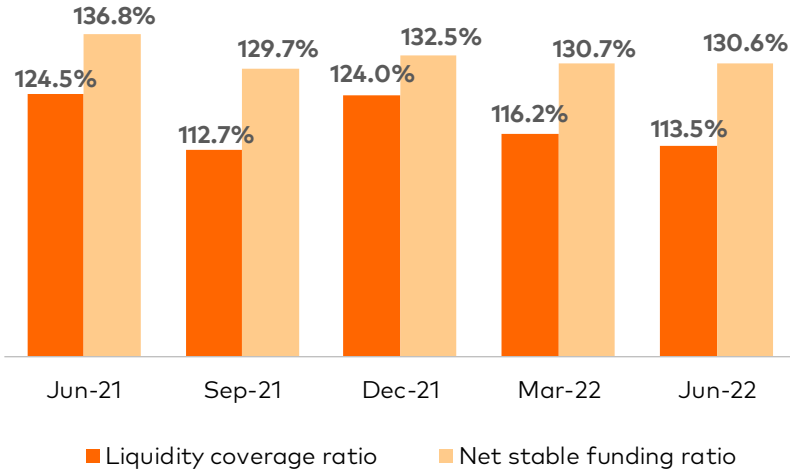
RISK-WEIGHTED ASSETS



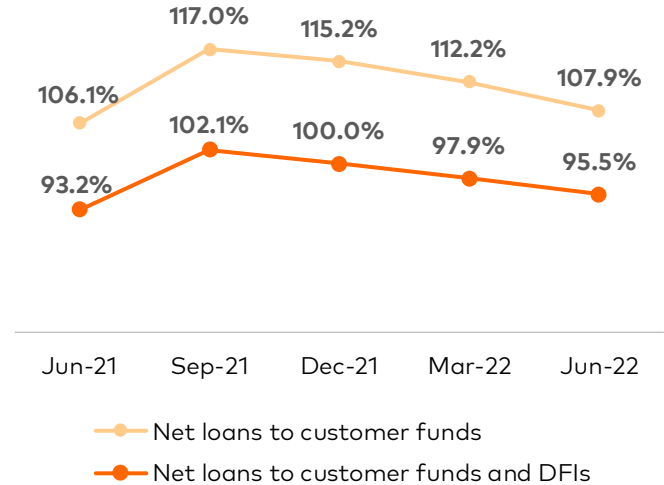
- Existing additional capital buffer (**2.3%** of risk-weighted assets) reflects the differences in provisioning methodology between IFRS 9 and the NBG
- The NBG is currently transitioning to IFRS-based financial reporting

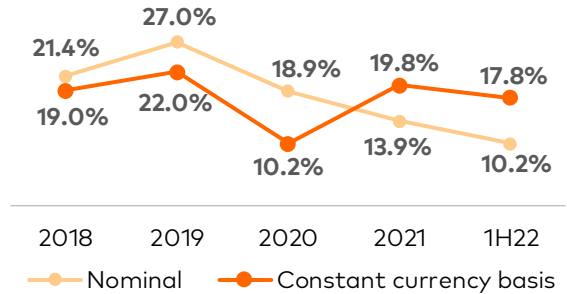
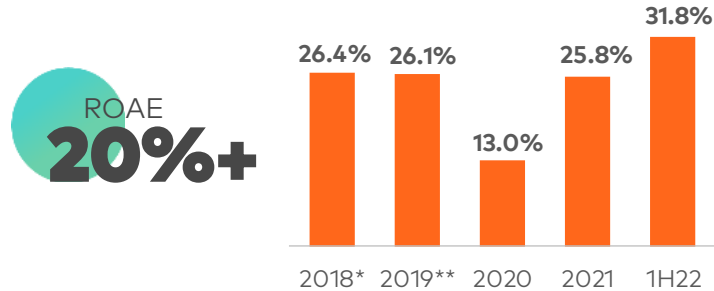
LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIOS

JSC Bank of Georgia standalone (Basel III liquidity)



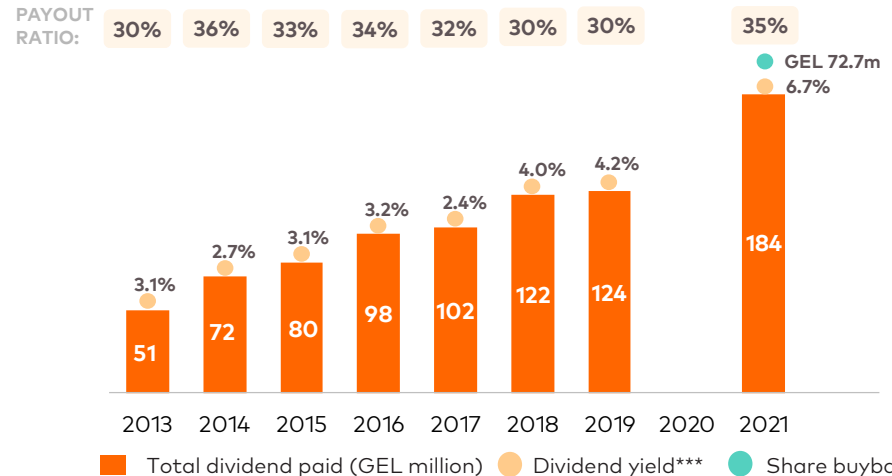
NET LOANS TO CUSTOMER FUNDS AND DFIs





CAPITAL DISTRIBUTION

- Our policy is to maintain regular progressive semi-annual dividend payouts: aiming at a **30-50% dividend/share buyback payout ratio**
- Total dividend of GEL 3.81 per ordinary share paid in respect of the Group's 2021 earnings (dividend payout ratio of 25%). In addition, on 30 June 2022, the Board announced the commencement of a GEL 72.7 million share buyback and cancellation programme, bringing the total payout ratio to **35%**
- The Board has declared an interim dividend of **GEL 1.85** per ordinary share in respect of the period ended 30 June 2022. In addition, after the completion of the current share buyback and cancellation programme, the Board will extend the programme by a further **GEL 40 million**



* Adjusted for GEL 30.3m demerger-related costs, a GEL 8.0m demerger-related corporate income tax gain, a GEL 30.3m one-off impact of re-measurement of deferred tax balances and a GEL 3.9m (net of income tax) termination costs of former CEO.

** Adjusted for GEL 14.2m (net of income tax) termination costs of former CEO and executive management.

*** Dividend yield for 2013-2021 is calculated based on the closing price of shares immediately prior to ex-dividend date.



THANK YOU