



BANK OF GEORGIA
GROUP PLC

RESULTS CALL PRESENTATION

4Q21 and FY21 Financial Results

22 February 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: macroeconomic risk, including currency fluctuations and depreciation of the Lari; regional and domestic instability; loan portfolio quality risk; regulatory risk; liquidity risk; capital risk; financial crime risk; cyber-security, information security and data privacy risk; operational risk; COVID-19 pandemic impact risk; climate change risk; and other key factors that 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 of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2020 and in 2Q21 and 1H21 results announcement. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

 **COVID-19 PANDEMIC AND MACROECONOMIC HIGHLIGHTS**

 **GROUP OVERVIEW AND STRATEGY**

 **4Q21 AND FY21 RESULTS**

COVID-19 STATISTICS IN GEORGIA

Source: NCDC at 12:00, 21 February 2022

1,553,668

Confirmed cases

129,978

Active cases

1,407,776

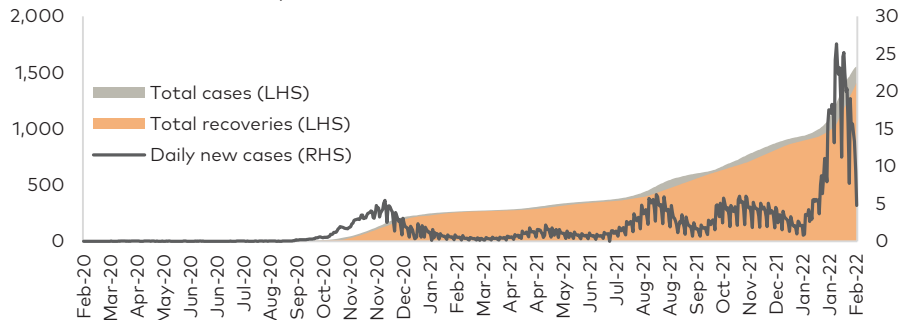
Recovered

43.2%

Of adult population fully vaccinated

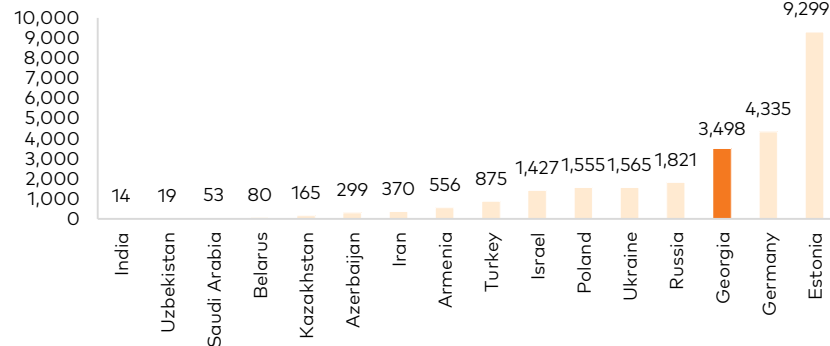
COVID-19 STATISTICS IN GEORGIA, 000' PERSONS

Source: NCDC at 12:00, 21 February 2022



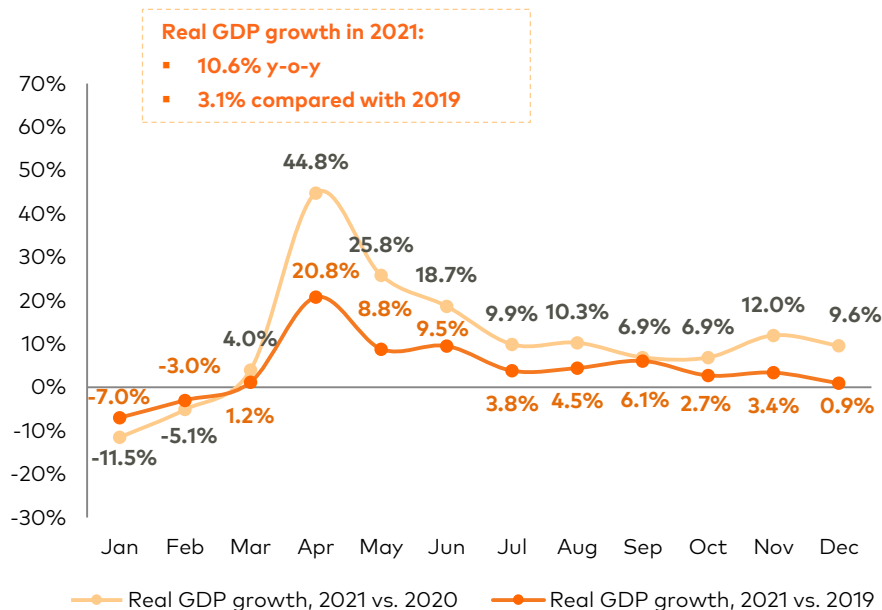
COVID-19 ACTIVE CASES PER 100,000 PERSONS

Source: Johns Hopkins, Worldometers at 12:00, 21 February 2022



REAL GDP GROWTH IN 2021 EXCEEDING 2019 LEVEL

Source: Geostat



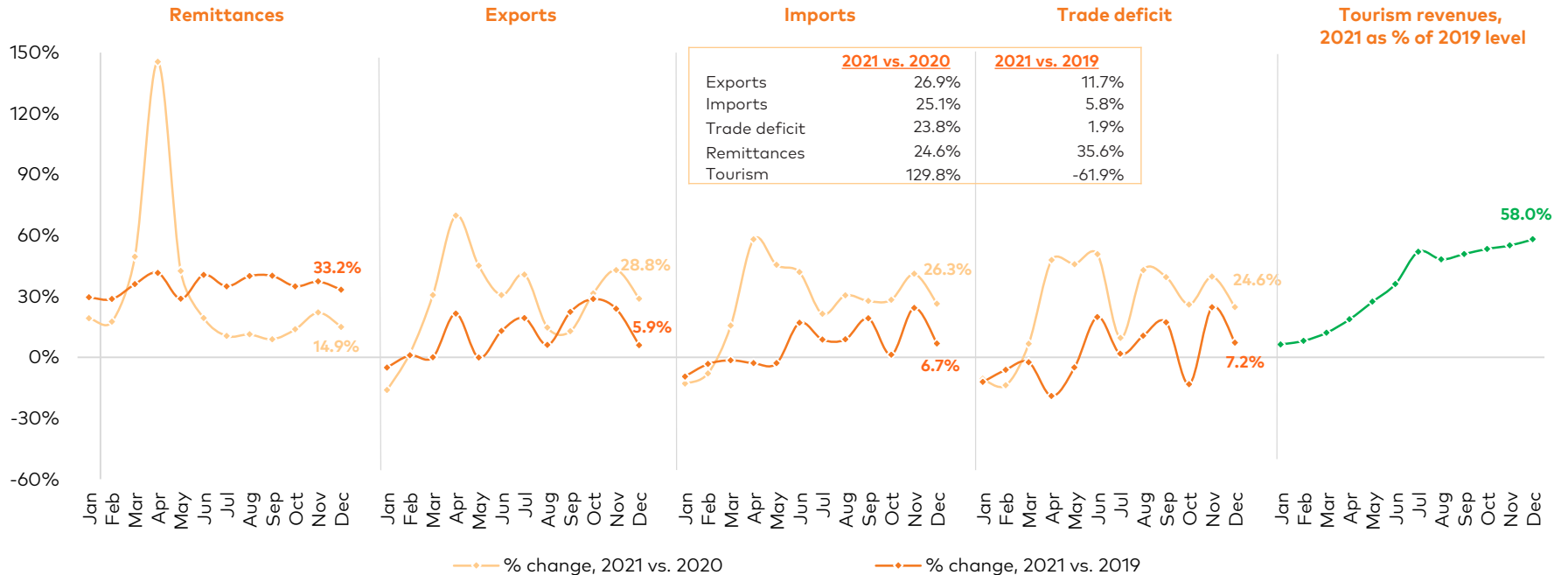
- GDP contracted by 6.8% in 2020 and by 4.1% in 1Q21, mainly due to the COVID-19-related restrictions
- As restrictions were gradually lifted, the economy has gained momentum since 2Q21, with real GDP up 28.9% y-o-y in 2Q21, up 9.1% y-o-y in 3Q21 and up 9.5% y-o-y in 4Q21
- Estimated real GDP growth was 10.6% y-o-y for full year 2021, exceeding the 2019 pre-pandemic level by 3.1%
- Robust growth in remittances and exports, and a faster than expected rebound in tourism, together with fiscal stimulus and accelerated banking sector lending, have supported the recovery

In 2021:

- Exports were up 26.9% y-o-y and up 11.7% compared with 2019
- Remittances were up 24.6% y-o-y and up 35.6% compared with 2019
- Tourism revenues were at 38.1% of the 2019 level, with tourism arrivals accelerating since April 2021

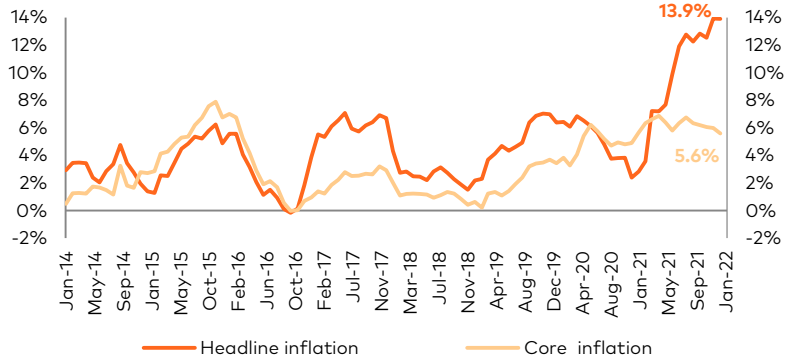
EXPORTS, REMITTANCES, IMPORTS AND TOURISM REVENUES SHOWING STRONG REBOUND

Source: Geostat, NBG, GNTA



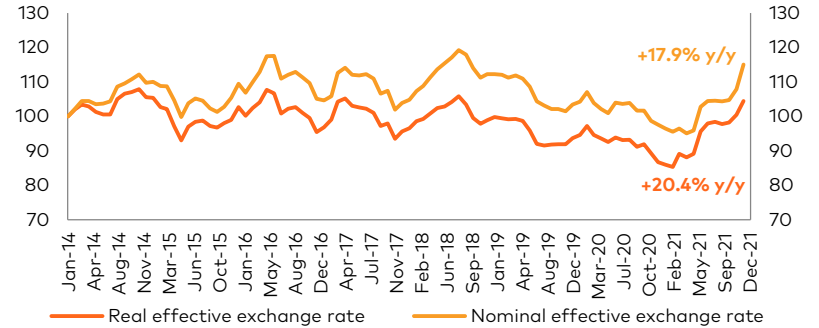
ANNUAL INFLATION

Source: Geostat



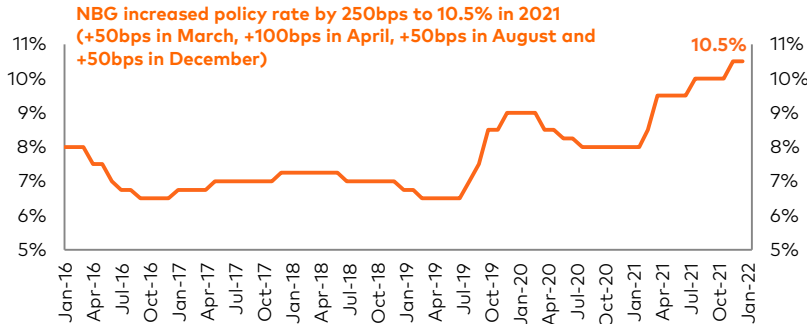
NOMINAL AND REAL EFFECTIVE EXCHANGE RATE (JAN2014=100)

Source: NBG



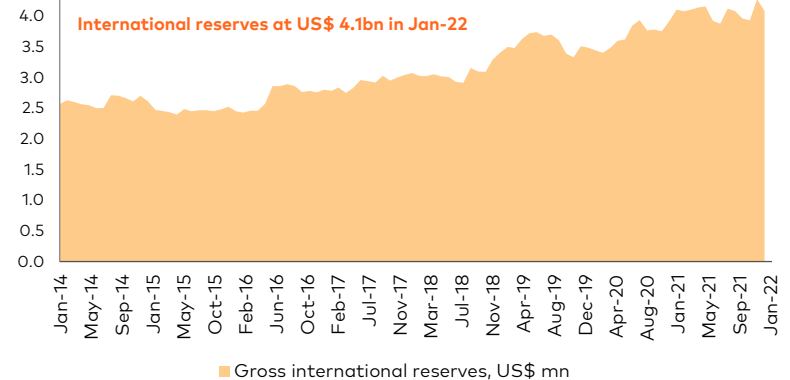
MONETARY POLICY RATE

Source: NBG



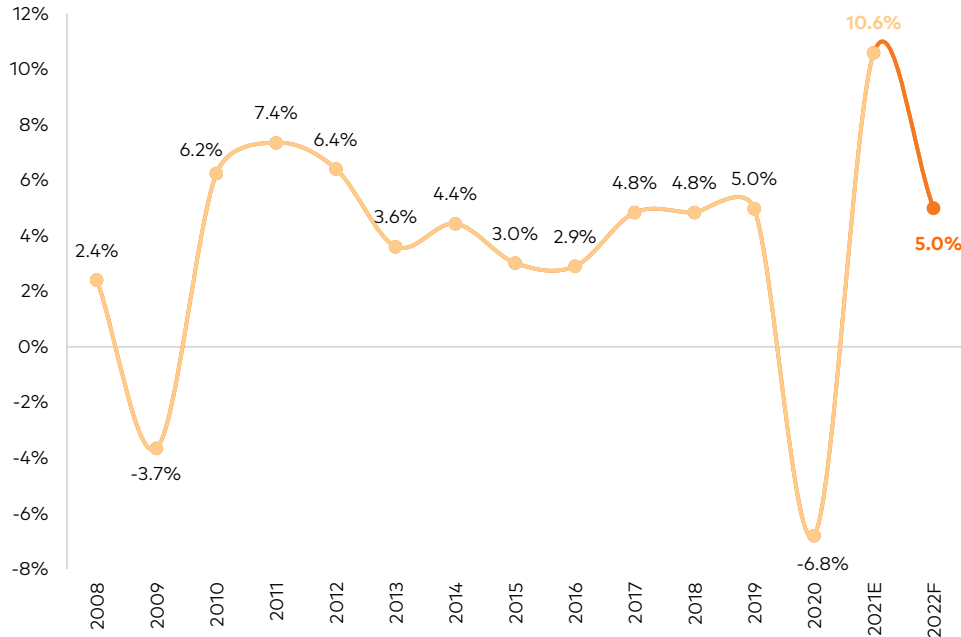
INTERNATIONAL RESERVES

Source: NBG



GEORGIA'S ECONOMIC GROWTH FORECAST

Source: Geostat, Galt & Taggart



- Our brokerage and investment arm, Galt & Taggart, forecasts a 5.0% real GDP growth in 2022, driven by a continued recovery in tourism
- Downside risks to growth are the ongoing COVID-19 pandemic and regional instability

 **COVID-19 PANDEMIC AND MACROECONOMIC HIGHLIGHTS**

 **GROUP OVERVIEW AND STRATEGY**

 **4Q21 AND FY21 RESULTS**



BANK OF GEORGIA
GROUP PLC

RETAIL BANKING

**Mass
Retail**

SOLO

MSME

CORPORATE AND INVESTMENT BANKING

Leader in payments and financial mobile app

- 51% of total POS payment transactions executed in BOG POS terminals
- c.11.4 mln transactions executed in mobile app per month, up 76% y-o-y
- 96% of transactions of individuals executed through digital channels

Strongest retail banking franchise

- 40% market share in deposits of individuals*
- 39% market share in loans to individuals*
- Most trusted bank and top of mind bank in Georgia**
- NPS of 55% in December 2021***

Sustainable high profitability

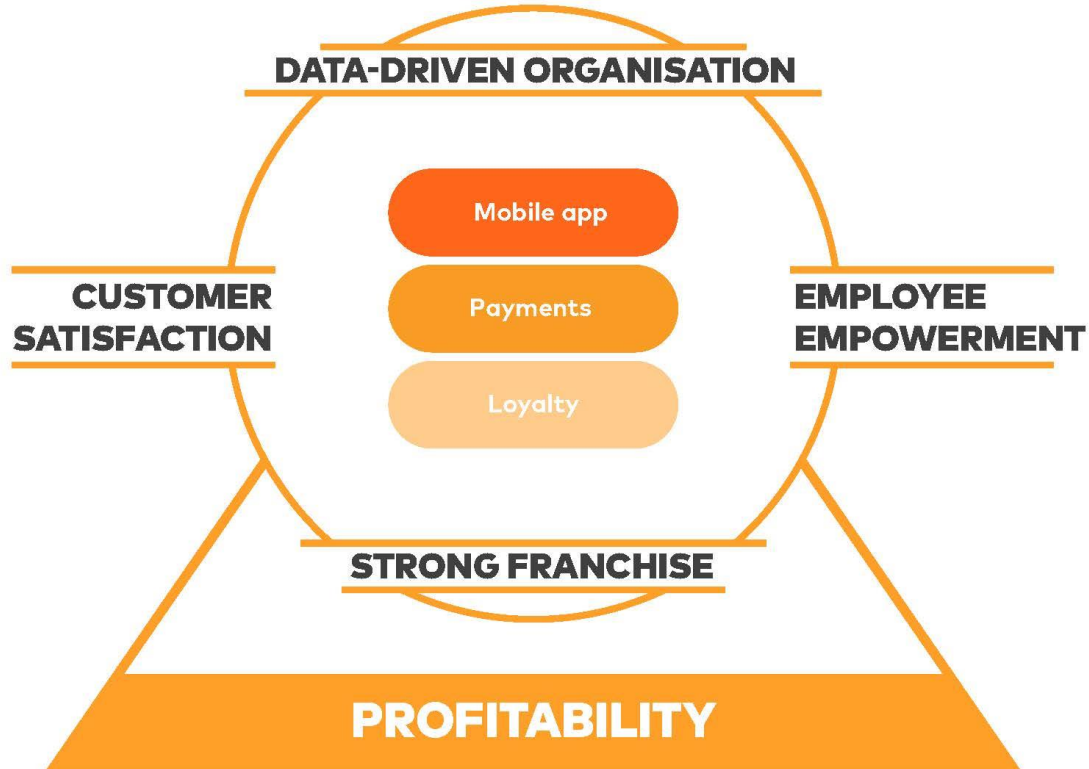
- ROAE of 20%+ over the last five years (pre-COVID-19)
- ROAE of 20%+ for the seventh consecutive quarter during the pandemic

* Based on data published by the National Bank of Georgia as at 31 December 2021

** Based on autumn 2021 external research by IPM Georgia

*** Based on December 2021 external research by IPM Georgia

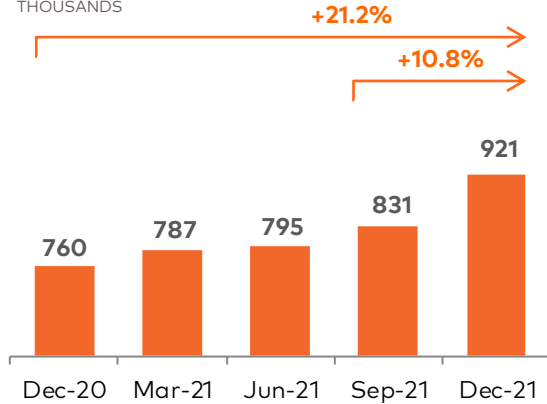
BANK OF THE FUTURE



MBANK/IBANK STATISTICS*

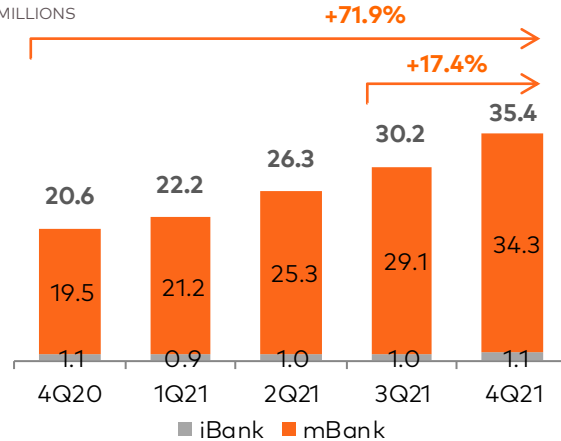
Number of active users**

THOUSANDS



Number of transactions

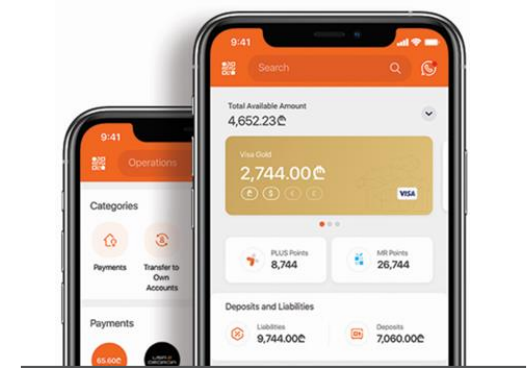
MILLIONS



44.2%
Dec-21

Daily active users/monthly active users

**NEXT STEP:
BUILDING THE
SUPER APP**



**c.11.4mln
Transactions per month**

**86.0%
Customer Satisfaction Score**



★★★★★ 4.8



★★★★★ 4.8

* Information on this slide depicts the usage of internet and mobile banking platforms by individual customers

** Active user – at least one login in the past three months

STRONG TRANSACTIONS OFFLOADING TO DIGITAL CHANNELS*

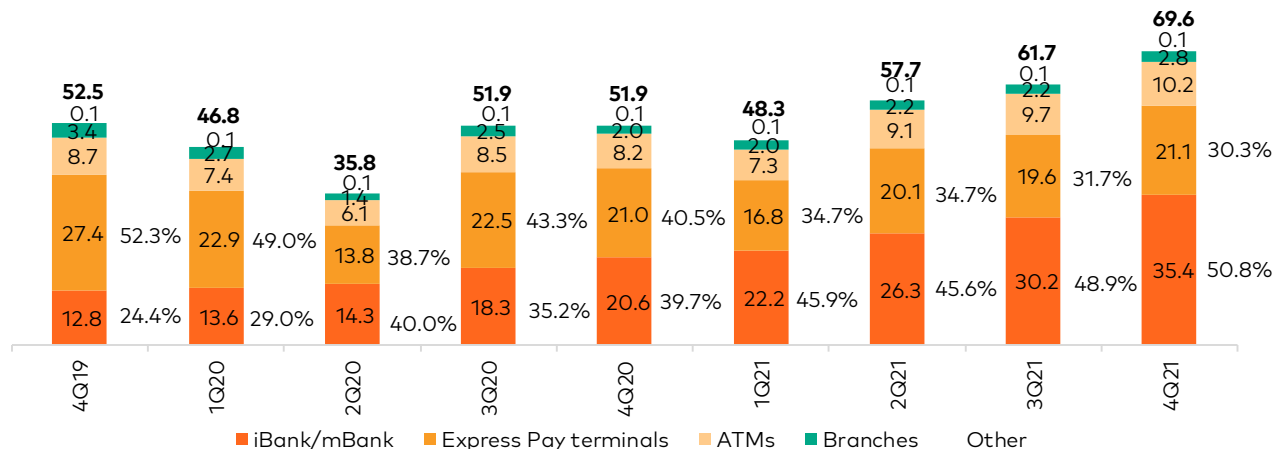
NUMBER OF TRANSACTIONS

MILLIONS

Share of digital transactions

93.5%	94.2%	96.0%	95.1%	96.1%	95.9%	96.2%	96.5%	96.0%
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+34.2%



3,134

Express Pay terminals

+3.8% y-o-y

+0.1% q-o-q

211

Branches**

Flat y-o-y

-0.5% q-o-q

921k

mBank/iBank active users***

+21.2% y-o-y

+10.8% q-o-q

989

ATMs

+3.0% y-o-y

+0.4% q-o-q

- Strong presence in Georgia with our self-service Express Pay terminals
- Continuous migration of customers' activity to mBank/iBank from Express Pay terminals – c.26% of customers' activity migrated to mBank/iBank during the past two years

* Information on this slide depicts the usage of channels by individual customers

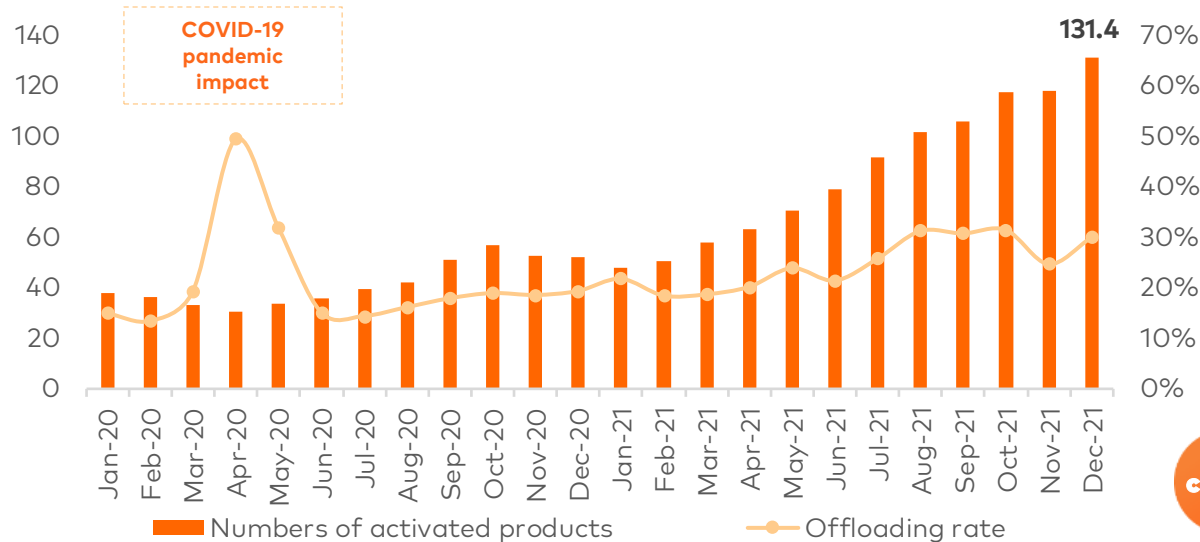
** Includes representative offices of the Wealth Management business, which was reclassified from Corporate and Investment Banking to the Retail Banking segment in 3Q21

*** Active user – at least one login in the past three months

HAVING ACHIEVED HIGH TRANSACTIONS OFFLOADING RATE TO DIGITAL CHANNELS, OUR AIM NOW IS TO INCREASE PRODUCT OFFLOADING RATE

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 digital consumer lending process** launched at the end of June 2021
- Redesigned deposit activation process** launched at the end of 2021

c.30%

Product offloading rate Dec-21

c.36%

Planned product offloading rate by Jun-22

* Mainly comprises **cards, deposits** and **loans** offloading to digital channels

MARKET POTENTIAL

c.1.3 mln

Georgians living abroad in need of daily banking services

US\$ 2.3 bln

Transferred in 2021
+24.6% y-o-y

c.350 k

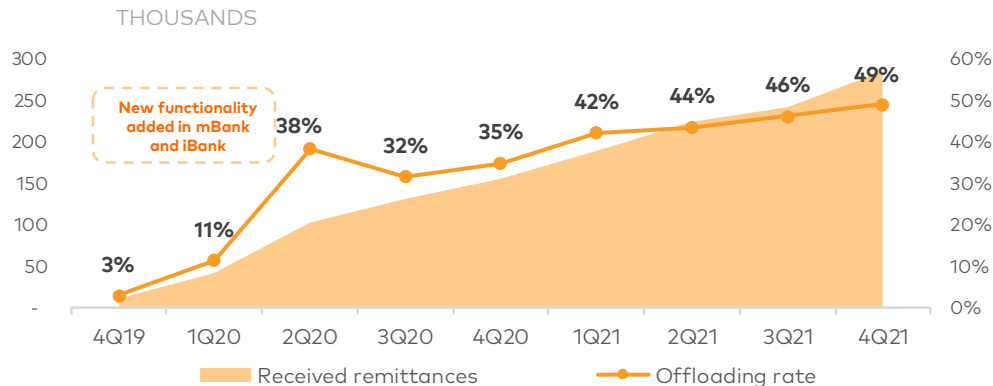
Customers with high potential for loans and deposits*

We expect to gain 35%-40% of the potential market in the medium-term

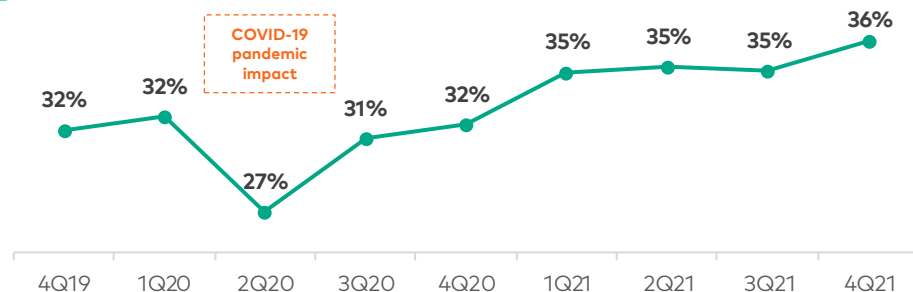
* More than three transfers in the last 12 months

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

NUMBER OF RECEIVED REMITTANCES AT BOG THROUGH DIGITAL CHANNELS

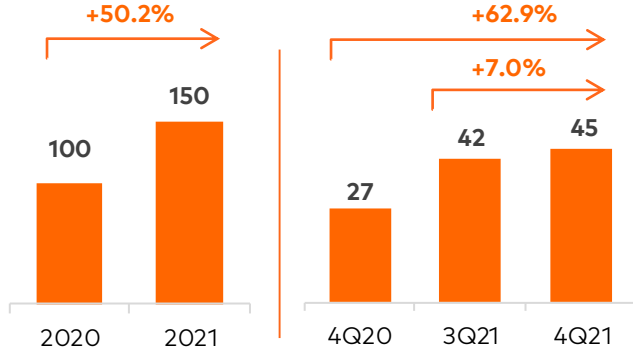


BOG MARKET SHARE IN TOTAL REMITTANCE INFLOWS**



NUMBER OF PAYMENT TRANSACTIONS IN BOG TERMINALS

MILLIONS



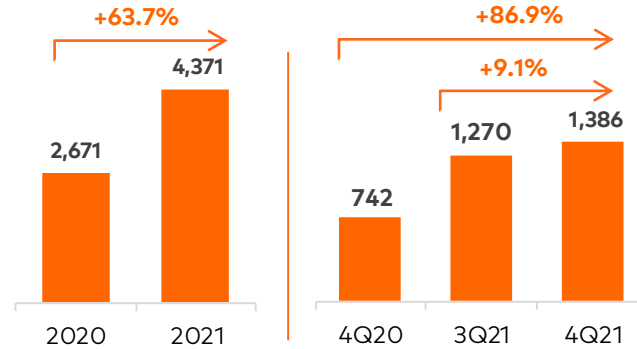
51%

Share by number of POS payment transactions in BOG's POS terminals | 2021*

+3ppts YoY

VOLUME OF PAYMENT TRANSACTIONS IN BOG TERMINALS

GEL MILLIONS



49%

Share by volume of POS payment transactions in BOG's POS terminals | 2021*

+2ppts YoY

c.39k

Multifunctional POS terminals
+41.7% y-o-y

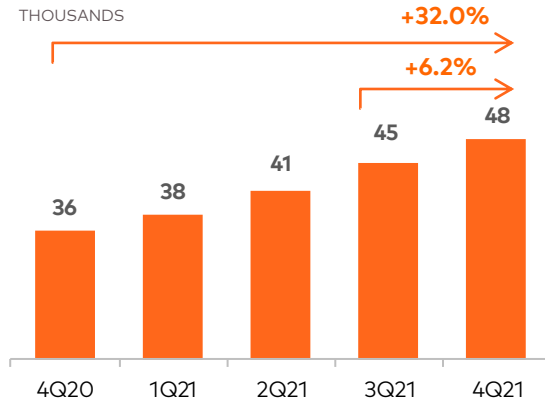
* Based on the National Bank of Georgia and Bank of Georgia data

** Active individual customer - an individual who used the Bank's any channel at least once, or performed at least one debit transaction, or was a payroll customer, or had at least one active credit product, or had any type of deposit with a balance above a certain threshold during the last three months

BUSINESS MBANK/IBANK STATISTICS*

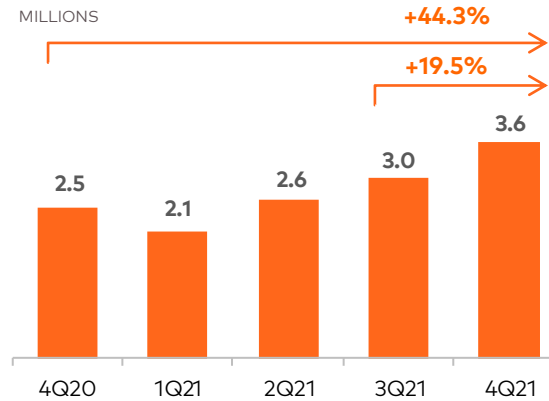
Number of active users**

THOUSANDS

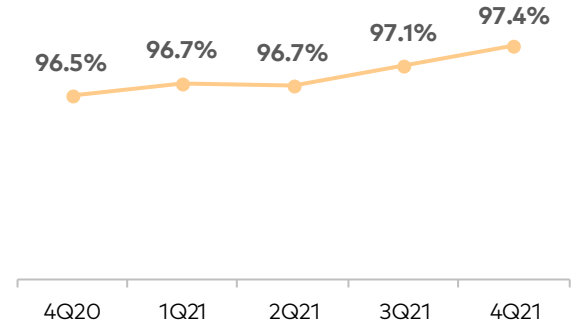


Number of transactions

MILLIONS



Transactions offloading rate



1,094k
Transactions per month

72.9%
Customer Satisfaction Score



Financial mobile application launched in 1Q21

104k+
Transactions per month

78.7%
Customer Satisfaction Score

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

**Active user – at least one login in the past three months

FOCUS ON INCREASING CUSTOMER SATISFACTION BY:

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

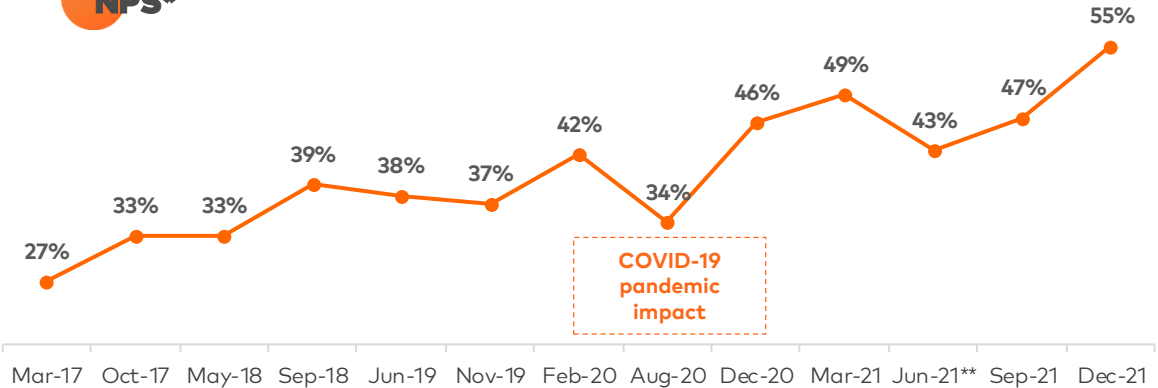
Anticipating customer needs, wants, and future behavior

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

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



NPS*



* Based on external research by IPM Georgia

** NPS of all major banks decreased due to Monetary Policy Rate hike

Re-design of employee experiences

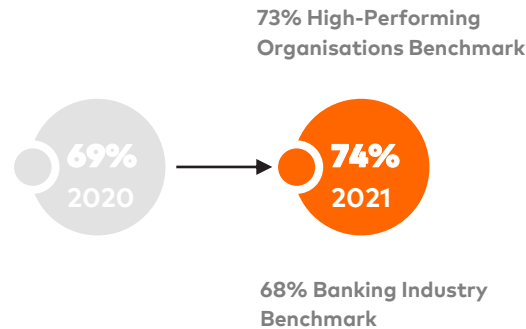
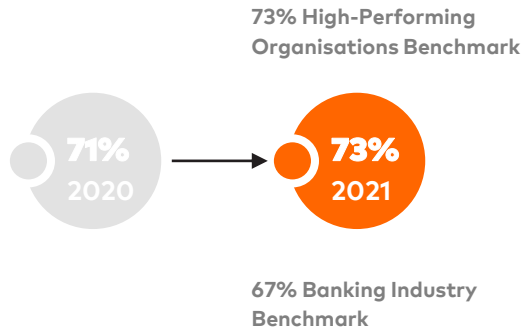
New talent development strategy

High-trust environment

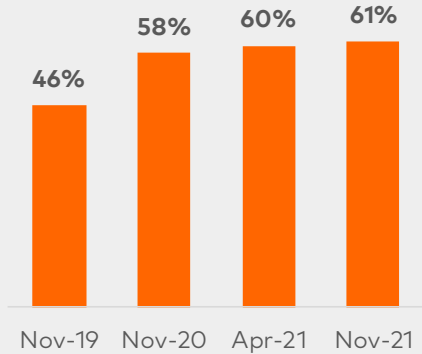
Values-based organisation

Employees feel more engaged

and enabled



ENPS



127

Data models running online, covering different business processes

70%

Automation rate in the retail lending process in 2021

40%

Contribution to sales, powered by data-driven models in 2021

KEY DATA-RELATED INITIATIVES DURING 2021

- Implementing non-financial recommender engine
- Running data and AI trainings for middle management
- Improving analytics for business customers
- Predicting and improving NPS with data-driven models
- Improving natural language understanding capabilities
- Improving customer churn analytics

DATA IN BANKING

Use of data analytics to cover core banking processes with impact on decision making, automation, sales, customer satisfaction, efficiency

DATA BEYOND BANKING

Use of data analytics for data monetisation and to create additional value for customers, the Bank, and the ecosystem

 **COVID-19 PANDEMIC AND MACROECONOMIC HIGHLIGHTS**

 **GROUP OVERVIEW AND STRATEGY**

 **4Q21 AND FY21 RESULTS**

Outstanding profitability

ROAE

4Q21

26.4%

Strong interest and F&C income generation

Operating income

4Q21

GEL 379mln

+26.4% y-o-y
+9.0% q-o-q

Resilient loan portfolio quality and high cost efficiencies

Cost of credit risk

4Q21

-0.2%

Strong portfolio growth

Loan growth

31 Dec 2021

GEL 16.2bln

+13.9% y-o-y *
+3.8% q-o-q *

Strong capital and liquidity positions

CET 1 capital

31 Dec 2021

13.2%

Minimum requirement
11.5%

Net profit

4Q21

GEL 201mln

+52.2% y-o-y
+8.3% q-o-q

Net F&C income

4Q21

GEL 64mln

+36.5% y-o-y
+2.6% q-o-q

Cost to income

4Q21

39.8%

Deposits growth

31 Dec 2021

GEL 14.0bln

+0.1% y-o-y **
+5.4% q-o-q **

Liquidity coverage

31 Dec 2021

124.0%

Minimum requirement
100%

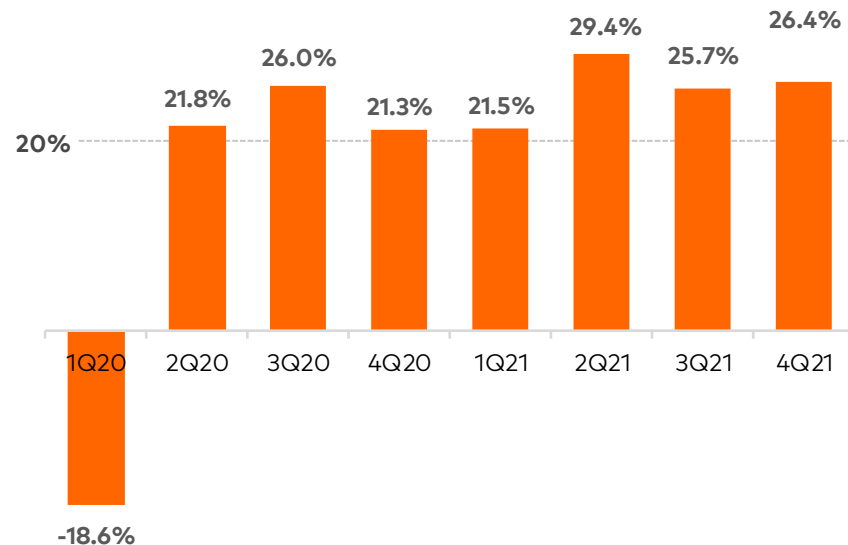
* Growth on a constant currency basis was 19.8% y-o-y and 4.9% q-o-q

** Growth on a constant currency basis was 12.5% y-o-y and 6.3% q-o-q

OUTSTANDING QUARTERLY PERFORMANCE

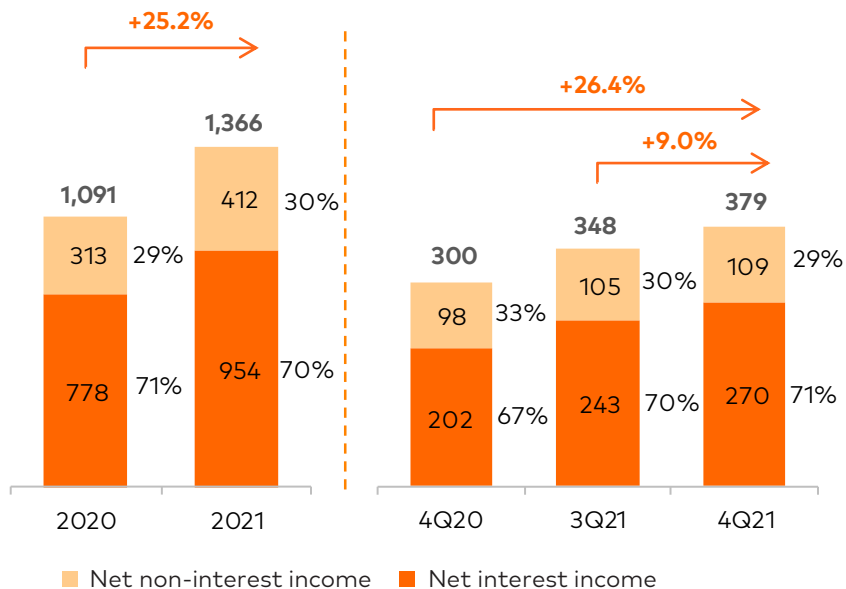
- **Strong balance sheet growth** with better than expected levels of lending in the consumer, micro and SME portfolios
- **Strong operating income performance.** Net interest income up 11.0% q-o-q, coupled with strong net fee and commission income generation, up 2.6% q-o-q, on the back of a strong performance in our settlement operations
- **Net interest margin of 5.3%**, up 30 basis points q-o-q
- **Cost to income ratio of 39.8%**, up from 36.8% in 3Q21, mainly driven by strong business growth, and increased investments in IT-related resources, digitalisation, and marketing
- **Lending portfolio performing well.** Annualised cost of credit risk ratio was a net gain of 0.2% in 4Q21. The non-performing loans ratio improved to 2.4% from 2.6% in 3Q21
- **Robust capital adequacy ratios**, comfortably above the increased minimum regulatory requirements. We no longer use the capital buffers previously released by the NBG
- **Superior levels of profitability.** Despite a still challenging operating environment, delivering ROAE of 26.4% in 4Q21, the seventh consecutive quarter of delivering profitability above 20% during the pandemic

TRACK RECORD OF STRONG PROFITABILITY



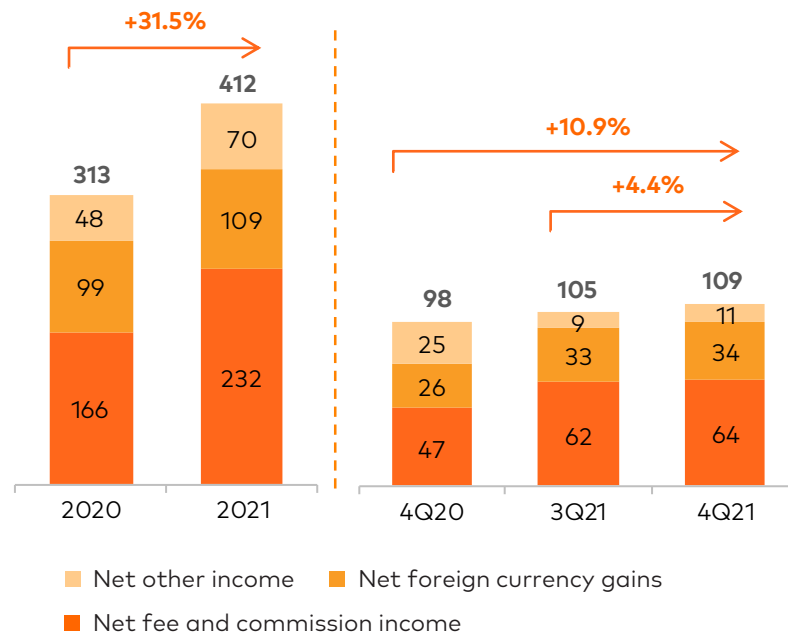
OPERATING INCOME

GEL MILLIONS



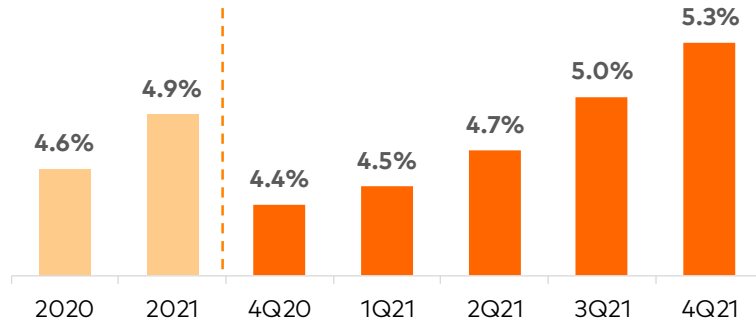
NET NON-INTEREST INCOME

GEL MILLIONS



- Strong net interest income and net fee and commission income generation driving robust top-line performance

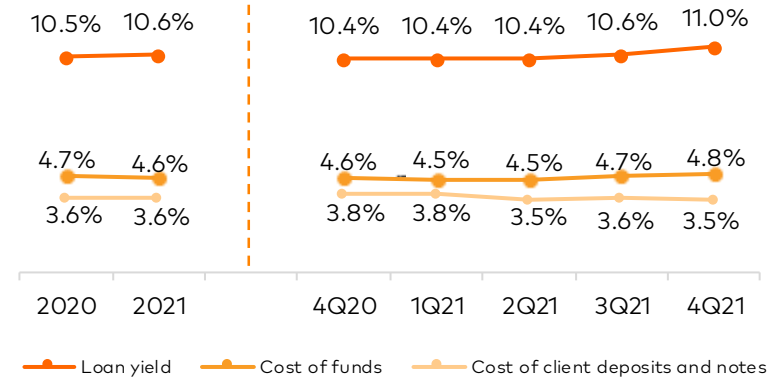
NET INTEREST MARGIN



NIM UP IN 4Q21 DUE TO

- Increase in loan yields and successful deployment of excess liquidity during the second and third quarters of 2021 on the back of a rebound in economic activity in 2021

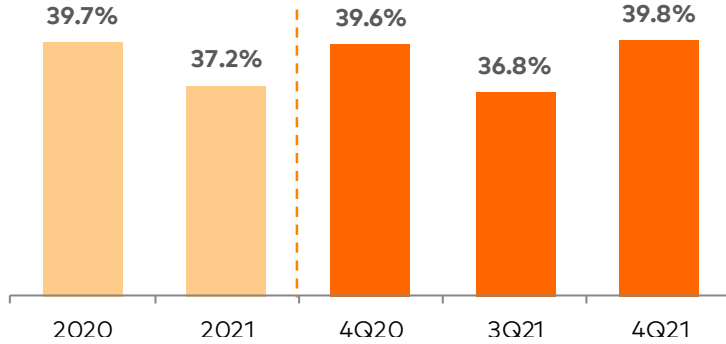
LOAN YIELD, COST OF FUNDS, COST OF DEPOSITS



NIM OUTLOOK

Broadly stable margin going forward

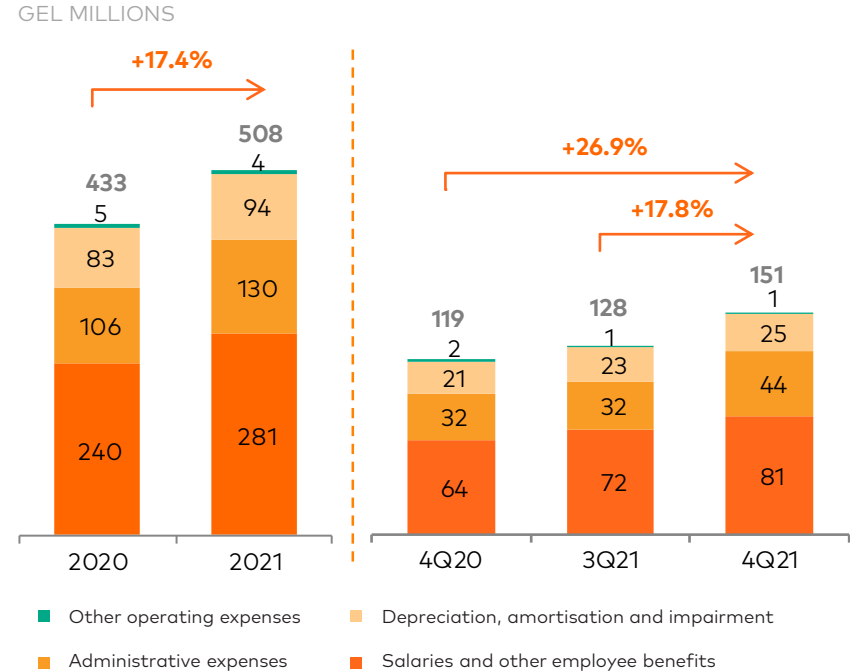
COST TO INCOME RATIO



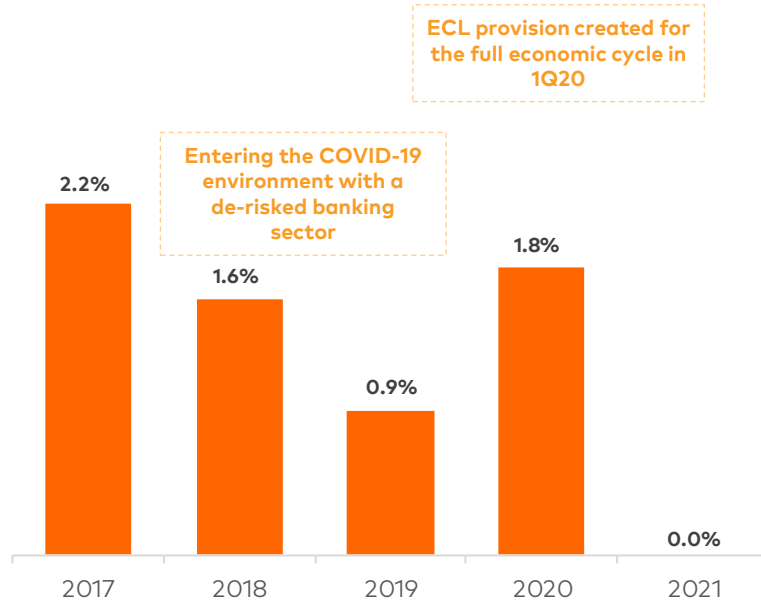
- Continuing investments in IT-related resources, digitalisation and marketing, in line with strategic priorities, while maintaining focus on efficiency and cost control
- The impact of cost optimisation measures that were initiated in 2Q20 has been reflected in subsequent quarters

c.35%
Medium-term guidance

OPERATING EXPENSES



COST OF CREDIT RISK RATIO



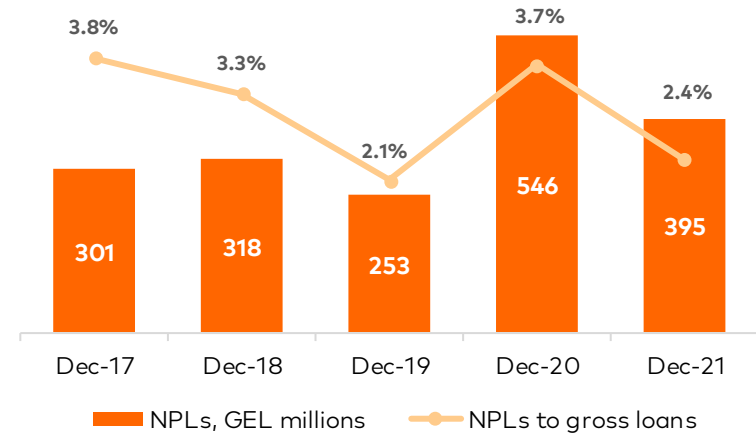
LOAN PORTFOLIO QUALITY

NPL coverage

92.7% 90.5% 80.9% 76.3% 95.5%

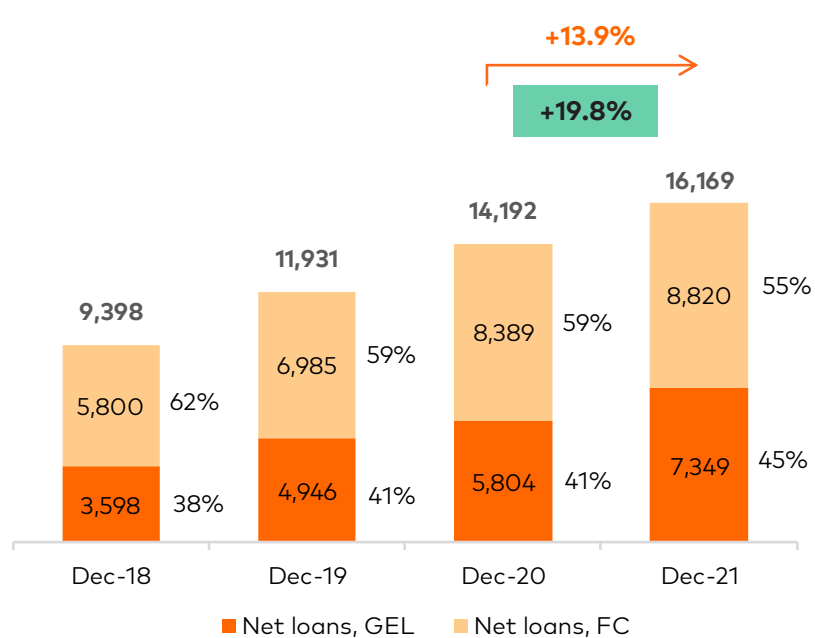
NPL coverage adjusted for collateral value

130.6% 129.9% 139.6% 128.8% 147.7%



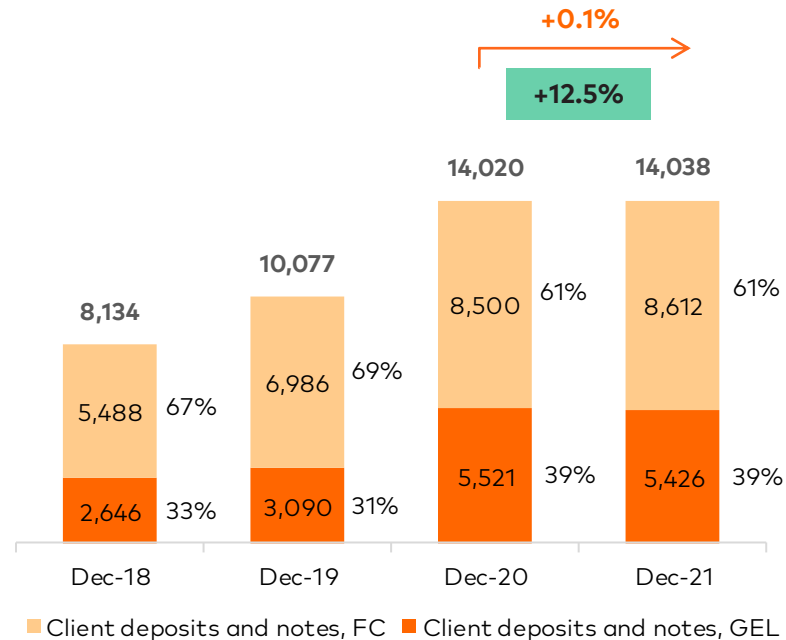
LOAN PORTFOLIO

GEL MILLIONS



DEPOSIT PORTFOLIO

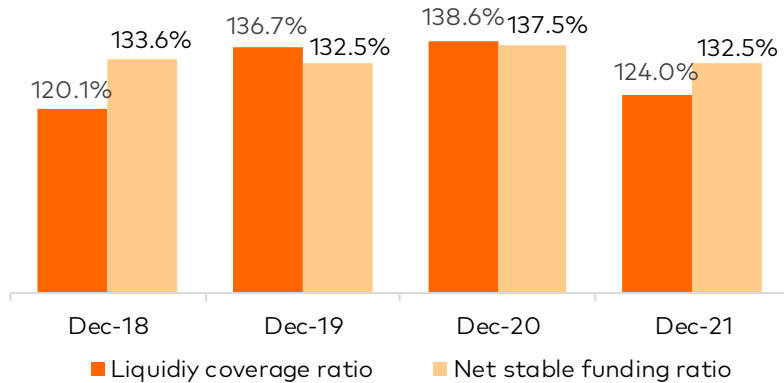
GEL MILLIONS



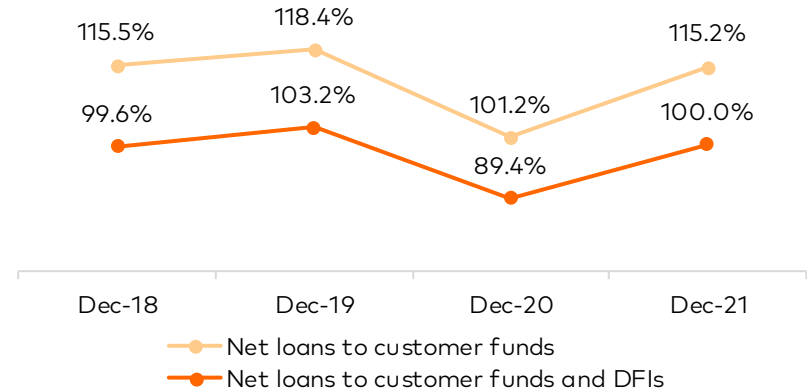
■ Growth on a constant currency basis

LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIOS

JSC Bank of Georgia standalone (Basel III liquidity)



NET LOANS TO CUSTOMER FUNDS AND DFIs



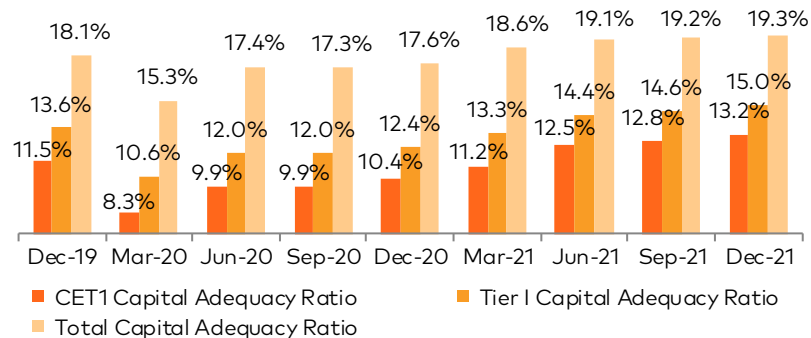
- Excess liquidity maintained for risk mitigation purposes, on the back of the COVID-19 crisis, successfully deployed during the second and third quarters of 2021
- Strong support from International Financial Institutions

NBG'S COVID-19 RESPONSE AND CURRENT UPDATE

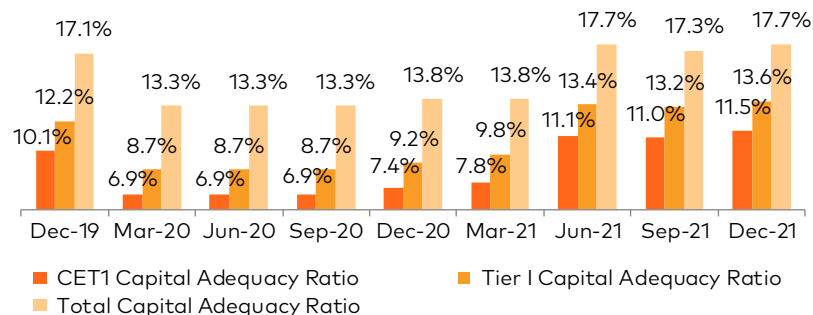
- **Release of capital buffers:** In April 2020, as part of its updated supervisory plan in response to the COVID-19 pandemic, the NBG released Pillar 2 and conservation buffers, reducing the minimum regulatory capital requirements at the time
- **Capital distribution:** During the period that banks partially or fully used the released buffers, banks could not distribute capital in any form
- **General COVID-19-related loan loss provision:** The Bank recorded c.GEL 400 million general provision (c.3.3% of the Bank's lending portfolio) under the Bank's local regulatory accounting basis in March 2020, reflecting the NBG's expectations of estimated credit losses on the Bank's lending book for the full economic cycle
- Subsequently, the NBG has announced a **released capital buffers rebuild plan** and has updated the timeline for the phase-in of additional Basel III capital requirements for the banking sector
- **Rebuild of capital buffers:** As a result of robust operating performance and strong internal capital generation, the Bank has confirmed to the NBG that since May 2021, it no longer uses or expects to use any of the Pillar 2 or conservation buffers that were waived in 2020. **Consequently, there is no longer any regulatory restriction for Bank of Georgia on making any capital distributions**

Capital distribution: In August 2021, the Group declared an interim dividend of GEL 1.48 per ordinary share for the period ended 30 June 2021, paid to shareholders on 5 November 2021. The Board intends to recommend a final dividend for 2021 of 2.33 GEL per ordinary payable in British Pounds Sterling at the prevailing rate. This will make a total dividend paid in respect of the Group's 2021 earnings of GEL 3.81 per share. In addition, the Board aims to implement a share buyback and cancellation programme

CAPITAL ADEQUACY RATIOS



MINIMUM REGULATORY REQUIREMENTS



EVOLUTION OF CAPITAL RATIOS AND UPDATE ON MINIMUM CAPITAL REQUIREMENTS

EVOLUTION OF CAPITAL RATIOS DURING 2021

	Capital ratios DEC-20	2021 profit	Business growth	GEL appreciation	Dividend	Tier 2 facility impact	Capital ratios DEC-21	Potential impact of a 10% GEL devaluation
CET1 capital adequacy ratio	10.4%	5.1%	-2.4%	0.5%	-0.4%	-	13.2%	-0.8%
Tier I capital adequacy ratio	12.4%	5.1%	-2.6%	0.5%	-0.4%	-	15.0%	-0.7%
Total capital adequacy ratio	17.6%	5.1%	-3.2%	0.4%	-0.4%	-0.2%	19.3%	-0.6%

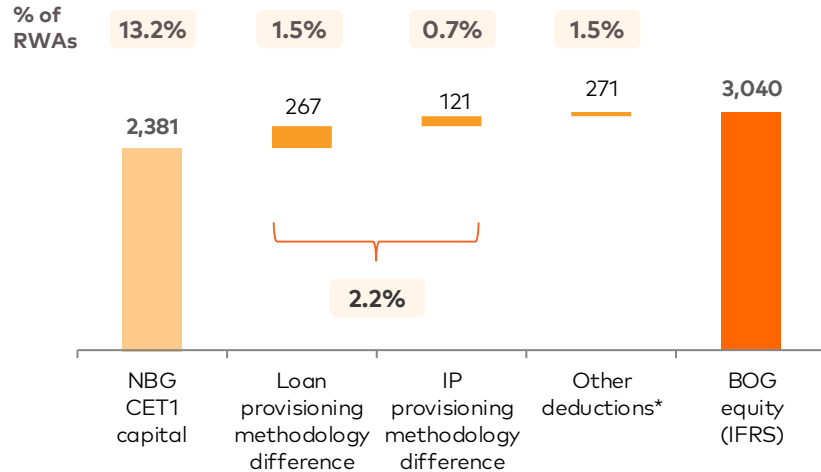
EXPECTED MINIMUM CAPITAL REQUIREMENTS FOR 2022-2023

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	DEC-23
CET1 capital requirement	11.9%	12.2%
Tier I capital requirement	14.2%	14.6%
Total capital requirement	17.8%	17.8%

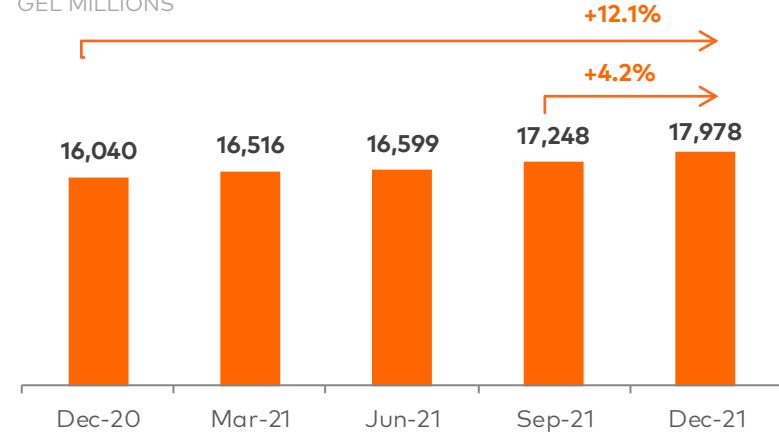
BOG EQUITY VS. CET1 REG. CAPITAL | DEC-21

GEL MILLIONS



RISK-WEIGHTED ASSETS

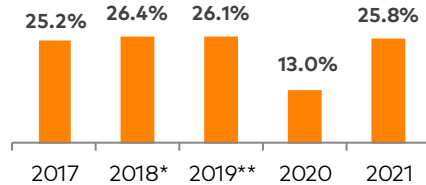
GEL MILLIONS



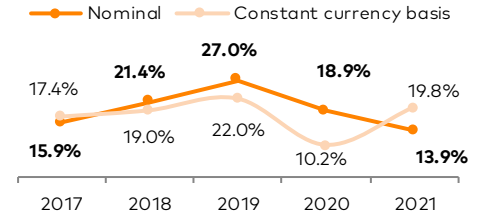
* Revaluation reserve, investments in non-financial subsidiaries and intangible assets

- Existing additional capital buffers (c.2.2% of risk-weighted assets) reflect the differences in the provisioning methodology between the NBG and IFRS 9
- The NBG plans to transition to IFRS-based financial reporting during 2022

ROAE
20%+



Loan book YoY growth
c.10%

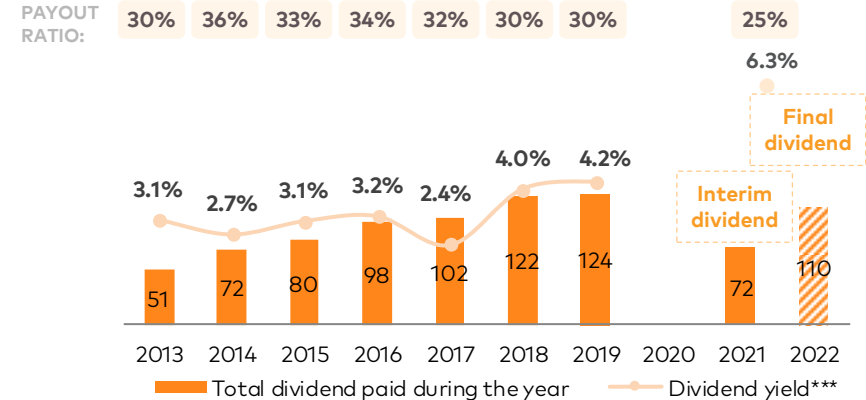


ROBUST CAPITAL MANAGEMENT TRACK RECORD

- **Maintain regular progressive semi-annual dividend payouts:** aiming at a **30-50%** dividend/share buyback payout ratio
- Given higher levels of lending growth in the near-term, the Board currently expects the dividend/share buyback payout ratio to be approximately **35-40%** over the next two years
- **Interim dividend of GEL 1.48 per ordinary share paid on 5 November 2021**
- **At the 2022 Annual General Meeting, the Board intends to recommend a final dividend for 2021 of GEL 2.33 per share payable in British Pounds Sterling at the prevailing rate**

REGULAR DIVIDENDS

GEL MILLIONS



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

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

*** Dividend yield for 2013-2019 and for interim dividend for 2021 is calculated based on the closing price of shares immediately prior to ex-dividend date. Final dividend yield is calculated based on the closing price of shares on 21 February 2022



THANK YOU