Bank of Georgia Group PLC

First Quarter 2023 Results

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www.bankofgeorgiagroup.com

ABOUT BANK OF GEORGIA GROUP PLC

Bank of Georgia Group PLC (the "**Company**" or the **"Group"** and on the LSE: **BGEO LN**) is a UK-incorporated holding company. The Group mainly comprises: 1) retail banking and payments business (Retail Banking or RB); 2) SME (small and medium-sized enterprises) banking (SME Banking); and 3) corporate banking and investment banking operations (Corporate and Investment Banking or CIB) in Georgia.

JSC Bank of Georgia ("**Bank of Georgia**", "**BOG**", or the "**Bank**"), a systematically important and leading universal bank in Georgia, is the core entity of the Group. Bank of Georgia is a digital banking leader in Georgia, serving more than 1.6 million monthly active retail customers and more than 83 thousand monthly active business clients.

Enabled by high levels of customer satisfaction and the strength of our customer franchise, we have consistently delivered a return on average equity above 20%. We focus on customer relationships – supporting our clients at every step of their journeys, creating products and services that fulfil their needs and delivering positive experiences across different touch points. We are committed to creating shared opportunities and building long-term value – underpinned by the highest standards of corporate governance and a strong risk management framework and guided by our purpose – helping people achieve more of their potential.

1Q23 RESULTS AND CONFERENCE CALL DETAILS

Bank of Georgia Group PLC announces the Group's consolidated financial results for the first quarter of 2023. Unless otherwise noted, numbers in this announcement are given for 1Q23, the year-on-year comparisons are with 1Q22 and the q-o-q comparisons are with 4Q22 figures adjusted for one-off items that the Group posted in 4Q22 as reported in its previous release. The results are based on International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, are unaudited and derived from management accounts. The results announcement is also available on the Company's website at www.bankofgeorgiagroup.com.

A webinar with investors and analysts will be held on 17 May 2023, at 14:00 BST.

Webinar instructions:

Please click the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/98959296329?pwd=cUZRdVpMMjhaTWQxTkdxd0xRaFdvQT09

Webinar ID: 989 5929 6329
Passcode: **816902**

Or use the following international dial-in numbers available at: https://bankofgeorgia.zoom.us/u/apbvfc4Yw

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FORWARD-LOOKING STATEMENTS

This announcement 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; geopolitical risk; credit risk; liquidity and funding risk; capital risk; market risk; regulatory and legal risk; conduct risk; financial crime risk; information security and data protection risks; operational risk; human capital risk; model risk; strategic risk; reputational risk; climate-related 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 2022. 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 DEVELOPMENTS

Strong economic growth

In the first quarter of 2023, economic activity remained strong despite the lasting headwinds from the ongoing war in Ukraine and tight global financial conditions. According to preliminary data, year-on-year real GDP growth normalised to 7.2% in 1Q23 after growing at double-digit rates during the last two years. The overall growth was broad-based, with main contributions from construction, financials, transport and logistics, trade and hospitality sectors. The economic activity was driven by strong external demand as well as robust domestic expenditure. Moreover, slower inflation tends to increase real income of households and boost consumption spending. The contractionary impacts of tight monetary policy and ongoing fiscal consolidation are partially offset by solid external inflows.

Resilient external sector

Georgia's export of goods continued a solid growth trend in 1Q23, increasing by 24.7% year-on-year. Import of goods also increased by 21.0% year-on-year in 1Q23 on the back of strong economic activity. The widening trade deficit was balanced by a continued recovery in tourism inflows and increased money transfers from abroad. In 1Q23, tourism revenues increased by 102.0% year-on-year, while remittances grew by 130.3%. Overall, external inflows are expected to remain strong as the possible normalisation of money transfers should be offset by a lasting recovery in international tourism.

Healthy bank lending growth

In the first quarter of 2023, year-on-year total bank lending posted 13.8% growth on a constant currency basis vs 12.1% y-o-y growth in full year 2022. Recently, lending growth has lagged behind economic growth due to tight lending conditions on the back of high interest rates. As a result, bank loans to GDP ratio decreased to 62.4% in 2022, down 9.4 ppts vs 2021 level. This sizable decrease in financial leverage in 2022 created healthy room for credit growth in the future. In 1Q23, local currency lending remained the main driver of bank credit growth leading to a sustained reduction in bank loan dollarisation, which stood at 44.3% at 31 March 2023, down 6.0 ppts year-on-year. Importantly, the contribution of business lending to bank credit growth has started to increase in the first quarter of 2023 indicating more productive and growth-friendly use of credit.

Continued fiscal consolidation

After sizable improvements in fiscal performance in 2022, the Government of Georgia remains committed to further fiscal consolidation. In 2023, the fiscal deficit is planned to decrease by an additional 0.3 ppts (from 3.1% in 2022) and the total public debt to GDP ratio is planned to be reduced by an additional 1.3 ppts (from 39.6% in 2022). The plan is underpinned by fiscal discipline and strong economic performance. Consolidated budget tax revenues increased by 12.7% year-on-year in 1Q23 on the back of robust economic activity. The ongoing consolidation helps rebuild fiscal buffers and ensure fiscal sustainability. It also supports the central bank's disinflation efforts.

Reduced inflation and tight monetary policy

Headline CPI inflation dropped to 2.7% year-on-year in April 2023 (vs 9.8% in December 2022). Recent reduction in global commodity prices and GEL appreciation contributed to weakening price pressures on imported goods. Domestic inflation is also declining, however, at a slower pace. Inflation is expected to remain low amid decreasing commodity prices, strong GEL, normalisation of economic growth and fiscal consolidation. Thanks to improved inflation outlook, the NBG signalled a gradual easing of tight monetary policy. The central bank cut its policy rate by 50 bps to 10.5% on 10 May 2023 after maintaining the rate at 11% for more than a year. According to the NBG's current guidance, inflation is expected to remain below the 3% target in the second half of 2023, which will help re-anchor medium term inflation expectations.

Strong GEL

Sustained external inflows, tight monetary policy, and improved sentiment have supported the local currency. GEL appreciated by an additional 7.6% against USD during 4M23 on top of a 12.5% appreciation in 2022. In the medium term, GEL is expected to stabilise around the current level supported by resilient external inflows and a positive growth outlook.

1Q23 FINANCIAL HIGHLIGHTS

GEL thousands	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
INCOME STATEMENT HIGLIGHTS					
Net interest income	371,900	271,450	37.0%	334,645	11.1%
Net fee and commission income	112,301	58,832	90.9%	97,932	14.7%
Net foreign currency gain	70,652	64,484	9.6%	125,395	-43.7%
Net other income	8,656	983	780.6%	26,930	-67.9%
Operating income	**563,509**	**395,749**	**42.4%**	**584,902**	**-3.7%**
Operating expenses	(164,169)	(138,355)	18.7%	(181,062)	-9.3%
Profit from associates	218	126	73.0%	128	70.3%
Operating income before cost of risk	**399,558**	**257,520**	**55.2%**	**403,968**	**-1.1%**
Cost of risk	(48,298)	7,567	NMF	(52,675)	-8.3%
Net operating income before non-recurring items	**351,260**	**265,087**	**32.5%**	**351,293**	**0.0%**
Net non-recurring items	(60)	48	NMF	329	NMF
Profit before income tax expense and one-off items	**351,200**	**265,135**	**32.5%**	**351,622**	**-0.1%**
Income tax expense	(49,871)	(24,563)	103.0%	(25,723)	93.9%
Profit before one-off items	**301,329**	**240,572**	**25.3%**	**325,899**	**-7.5%**
One-off items	-	-	-	311,825	-100.0%
Profit (reported)	**301,329**	**240,572**	**25.3%**	**637,724**	**-52.7%**
Basic earnings per share	**6.55**	**5.06**	**29.4%**	**14.10**	**-53.5%**
Diluted earnings per share	**6.44**	**5.00**	**28.8%**	**13.61**	**-52.7%**

GEL thousands	Mar-23	Mar-22	Change y-o-y	Dec-22	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	9,413,665	6,785,761	38.7%	10,367,600	-9.2%
Cash and cash equivalents	*2,661,659*	*1,632,690*	*63.0%*	*3,584,843*	*-25.8%*
Amounts due from credit institutions	*2,180,151*	*1,978,568*	*10.2%*	*2,433,028*	*-10.4%*
Investment securities	*4,571,855*	*3,174,503*	*44.0%*	*4,349,729*	*5.1%*
Loans to customers and finance lease receivables[1]	16,992,844	16,289,380	4.3%	16,861,706	0.8%
Property and equipment	405,838	384,828	5.5%	398,855	1.8%
Total assets	**27,703,082**	**24,270,229**	**14.1%**	**28,901,900**	**-4.1%**
Client deposits and notes	18,309,528	14,517,253	26.1%	18,261,397	0.3%
Amounts owed to credit institutions	3,805,154	4,676,861	-18.6%	5,266,653	-27.8%
Borrowings from DFIs	*1,692,346*	*2,114,220*	*-20.0%*	*1,867,454*	*-9.4%*
Short-term loans from central banks	*1,270,718*	*1,772,605*	*-28.3%*	*1,715,257*	*-25.9%*
Loans and deposits from commercial banks	*842,090*	*790,036*	*6.6%*	*1,683,942*	*-50.0%*
Debt securities issued	607,910	1,415,940	-57.1%	645,968	-5.9%
Total liabilities	**23,209,698**	**20,996,390**	**10.5%**	**24,653,078**	**-5.9%**
Total equity	**4,493,384**	**3,273,839**	**37.3%**	**4,248,822**	**5.8%**
Book value per share	**98.51**	**68.77**	**43.2%**	**94.07**	**4.7%**

Ratios for the 4Q22 throughout the announcement, unless otherwise stated, were adjusted for a one-off GEL 391.1 million other income due to the settlement of an outstanding legacy claim and a one-off GEL 79.3 million income tax expense due to an amendment to the corporate taxation model in Georgia applicable to financial institutions.

KEY RATIOS	1Q23	1Q22	4Q22
ROAA	4.4%	4.1%	4.7%
ROAE	27.9%	30.7%	33.7%
Net interest margin	6.4%	5.3%	5.7%
Loan yield	12.5%	11.1%	12.0%
Liquid assets yield	4.3%	4.3%	4.2%
Cost of funds	4.5%	5.0%	4.6%
Cost of client deposits and notes	3.6%	3.7%	3.4%
Cost of amounts owed to credit institutions	8.3%	8.2%	8.5%
Cost of debt securities issued	7.2%	7.0%	7.5%
Cost/income	29.1%	35.0%	31.0%
NPLs to gross loans	2.4%	2.5%	2.7%
NPL coverage ratio	72.8%	97.3%	66.4%
NPL coverage ratio, adjusted for discounted value of collateral	128.7%	153.0%	128.9%
Cost of credit risk ratio	1.0%	0.8%	0.9%
NBG (Basel III) CET 1 capital adequacy ratio	n/a	13.7%	14.7%
Minimum regulatory requirement	*n/a*	*11.8%*	*11.6%*
NBG (Basel III) Tier I capital adequacy ratio	n/a	15.4%	16.7%
Minimum regulatory requirement	*n/a*	*14.1%*	*13.8%*
NBG (Basel III) Total capital adequacy ratio	n/a	19.7%	19.8%
Minimum regulatory requirement	*n/a*	*17.6%*	*17.2%*
IFRS-based NBG (Basel III) CET 1 capital adequacy ratio[2]	19.5%	n/a	17.7%
Minimum regulatory requirement	*14.5%*	*n/a*	*n/a*
IFRS-based NBG (Basel III) Tier I capital adequacy ratio[2]	21.4%	n/a	19.7%
Minimum regulatory requirement	*16.8%*	*n/a*	*n/a*
IFRS-based NBG (Basel III) Total capital adequacy ratio[2]	23.3%	n/a	21.7%
Minimum regulatory requirement	*19.7%*	*n/a*	*n/a*

[1] Throughout this announcement, gross loans to customers and respective allowance for impairment are presented net of expected credit loss (ECL) on contractually accrued interest income. These do not have an effect on the net loans to customers balance. Management believes that netted-off balances provide the best representation of the loan portfolio position.
[2] Capital ratios as at 31 December 2022 are based on IFRS accounting, are presented on a management basis and are not officially approved by the NBG on the basis that they were not mandatory as of December 2022.

In the first quarter of 2023, we changed the segmentation, splitting the MSME Banking segment from Retail Banking. The comparative periods have been restated accordingly. In addition, the majority of Micro segment portfolio was transferred to the SME Banking segment, while the remaining Micro segment portfolio was transferred to the Mass Retail segment under Retail Banking.

STRATEGIC HIGHLIGHTS[3]

	Mar-23	Mar-22	Change y-o-y	Dec-22	Change q-o-q
ACTIVE CUSTOMERS					
Number of monthly active retail customers	1,670,591	1,428,957	16.9%	1,632,439	2.3%
Number of monthly active legal entities	83,401	65,323	27.7%	81,342	2.5%
DIGITAL					
Monthly active digital users (Digital MAU: retail customers)	1,173,845	892,286	31.6%	1,121,434	4.7%
Share of MAU in total active retail customers	70.3%	62.4%		68.7%	
DAU/MAU	46.9%	44.6%		47.6%	

Volume in GEL thousands	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
DIGITAL					
Number of transactions in mBank and iBank (thousands)	53,493	35,269	51.7%	52,466	2.0%
Volume of transactions in mBank and iBank	12,456,195	6,530,073	90.8%	14,430,342	-13.7%
Product offloading rate[4]	44.0%	37.9%		44.2%	
PAYMENTS					
Number of active POS terminals (in-store and online)	35,299	28,579	23.5%	34,884	1.2%
Number of active merchants (in-store and online)	15,121	11,727	28.9%	14,507	4.2%
Volume of transactions in BOG's acquiring (in-store and online)	2,993,654	1,922,390	55.7%	3,223,209	-7.1%
CUSTOMER SATISFACTION					
Net promoter score (NPS)[5]	57.6	53.8		58.4	

DELIVERING VALUE IN THE FIRST QUARTER

Operating income before cost of risk was up 55.2% y-o-y in the first quarter to GEL 399.6 million

- The Group ended the first quarter with operating income of GEL 563.5 million, up 42.4% y-o-y, driven by a strong performance across core revenue lines, with net interest income up 37.0% y-o-y and net fee and commission income up 90.9% y-o-y.
- Net interest margin increased by 70 bps q-o-q, and 110 bps y-o-y, to 6.4%, reflecting higher loan yields across the lending portfolio.

Asset quality remained strong

- Cost of credit risk ratio was 1.0% in 1Q23 (0.8% in 1Q22 and 0.9% in 4Q22), in line with our normalised through the cycle level.
- NPLs to gross loans decreased to 2.4% as at 31 March 2023 (2.5% as at 31 March 2022 and 2.7% as at 31 December 2022), mainly driven by reduced NPLs in CIB.

Robust bottom-line growth and high profitability

- The Group's profit amounted to GEL 301.3 million in 1Q23 (up 25.3% y-o-y and down 7.5% q-o-q when compared with profit adjusted for one-off items). Profit before income tax expense was flat q-o-q, while income tax expense almost doubled q-o-q due to tax rate changes announced in December 2022, resulting in a lower profit for the first quarter vs the previous quarter.
- ROAE stood at 27.9% in 1Q23 (30.7% in 1Q22 and 33.7% in 4Q22).

Loan growth picked up during the quarter

- Loan book grew 4.3% y-o-y and 0.8% q-o-q during the first quarter. On a constant currency basis, the loan book increased by 15.1% y-o-y and by 3.0% q-o-q.
- Client deposits and notes grew by 26.1% y-o-y and 0.3% q-o-q in 1Q23 in nominal terms. On a constant currency basis, client

[3] Data in this section presented for JSC Bank of Georgia (standalone).

[4] During the first quarter of 2023, we changed the methodology of calculating product offloading rate by excluding the activation of SMS notifications from the category of a product activation. The previous periods have been restated. Product offloading includes the activation of cards, deposits, and consumer loans, and is calculated by dividing the number of activations of specific products in digital channels by the number of total activations of the same product categories for a given period.

[5] Bank-wide NPS based on an external research by IPM Georgia, surveying a random sample of customers with face-to-face interviews.

deposits and notes grew by 42.4% y-o-y and 3.3% q-o-q.

Strong capital and liquidity positions

- At 31 March 2023, the Bank's IFRS-based Basel III Common Equity Tier 1, Tier 1, and Total capital adequacy ratios stood at 19.5%, 21.4%, and 23.3%, respectively, all comfortably above the minimum requirements of 14.5%, 16.8% and 19.7%, respectively.
- The IFRS-based NBG liquidity coverage ratio stood at 129.8% at 31 March 2023, above the 100% minimum requirement.

Capital distribution

- On 16 February 2023, the Board announced an increase in the share buyback and cancellation programme by up to GEL 148 million.
- Since the announcement of the Company's share buyback and cancellation programme on 30 June 2022, the Group has repurchased 2,684,436 shares from which 2,501,936 shares have been already cancelled as of 11 May 2023.
- On 14 April 2023, the Company confirmed that a final dividend for financial year 2022 of GEL 5.80 per ordinary share payable in Pounds Sterling at the prevailing rate would be put to shareholder approval at the AGM on 19 May 2023. This would make a total dividend paid in respect of the Group's 2022 earnings of GEL 7.65 per share.

Strong franchise growth

- Bank of Georgia's monthly active retail clients increased by 16.9% y-o-y as at 31 March 2023 to 1.7 million individuals, and the number of monthly active legal entities, that is business clients, was up 27.7% y-o-y to 83 thousand entities.
- Monthly active digital users among retail clients (digital MAU) was up 31.6% y-o-y and up 4.7% q-o-q to 1.2 million as at 31 March 2023. The share of digital MAU in monthly active individuals increased to 70.3% as of 31 March 2023, up from 62.4% at 31 March 2022 and 68.7% at 31 December 2022, reflecting the increasing adoption of our market-leading digital mobile and internet banking platforms.

Digital channels

- The share of products sold through digital channels stood at 44.0% in 1Q23 compared with 37.9% a year ago and broadly flat q-o-q.
- The share of transactions executed via mBank/iBank was 60.7% in 1Q23, vs 53.7% in 1Q22, vs 58.2% in 4Q22.
- In the fourth quarter of 2022 we launched *sCoolApp*, the first financial mobile application for school students in Georgia. Our goal is to increase financial literacy of young people by enabling access to digital financial services and educational content. As at 31 March 2023, more than 45 thousand school students were monthly active users of our *sCoolApp*. While sCoolApp is designed for school students of all ages, the average age of the app user is 14.

Payments

- Bank of Georgia's market share in acquiring increased to 51.9% in March 2023 vs 46.2% in March 2022. The volume of payment transactions executed through BOG's offline and online terminals was up 55.7% y-o-y in the first quarter of 2023.
- Bank of Georgia's cards were used for payments at least once by 1.1 million individuals in March 2023 (up 33.3% y-o-y, and up 4.1% q-o-q).

Customer satisfaction

- Net Promoter Score (NPS) was broadly stable during the first quarter and stood at 57.6.

Other developments

- On 5 May 2023, Fitch upgraded JSC Bank of Georgia's Long-Term Issuer Default Rating (IDR) to 'BB' from 'BB-'. Fitch noted that the upgrade reflected the Bank's strong performance through the cycle, including through several economic downturns as well as the resilience of the Bank's business profile, profitability and capitalisation.

CHIEF EXECUTIVE OFFICER'S STATEMENT

After an outstanding business performance during 2022, I am pleased to report that this year has seen the Group get off to a great start, with the business delivering strong year-on-year top-line growth and profitability in the first quarter.

Net interest income was up 37.0% y-o-y, supported by a higher-than-expected 110 basis point increase in the net interest margin. Net fee and commission income was up 90.9% y-o-y to GEL 112.3 million, underpinned by the strength of our payments business, and boosted by higher advisory fees, which tend to be volatile and even excluding those fees we saw a robust fee income growth. FX gains normalised from last year's exceptional levels, at GEL 70.7 million in the first quarter. This, combined with positive operating leverage, resulted in a 55.2% y-o-y increase in operating income before cost of risk to GEL 399.6 million. Bottom-line growth was strong as well – profit up 25.3% year-on-year to GEL 301.3 million, translating into an ROAE of 27.9%. On the portfolio side, loan growth picked up – at 15.1% year-on-year in constant currency, and, importantly, asset quality remained healthy. The year-on-year deposit growth was significant - 42.4% in constant currency, reflecting high levels of local economic activity and the strength of our brand and customer franchise.

We continued to deliver on our strategic priorities – providing top-quality, relevant products and excellent customer experience, ensuring that we remain the go-to banking and payments provider in Georgia, with the go-to retail financial SuperApp – now used monthly by 1.2 million individuals or 70% of total monthly active retail clients, up from 62% a year ago. This is a remarkable achievement by the team, keeping in mind that three years ago less than 50% of our active retail clients used our mobile and internet banking platforms regularly. The payments business also delivered strong results, with acquiring payments volumes up 55.7% y-o-y in the first quarter. We are focused on enabling the cashless economy in Georgia by providing seamless payment methods and a variety of loyalty benefits to our card holders – in March 2023, 1.1 million individuals paid with our cards, a 33.3% increase from a year ago - and fast, simple and innovative merchant solutions to our increasing merchant acquiring client base.

Bank of Georgia continues to operate with an excellent level of liquidity and high capital levels. CET1 ratio, now reported on an IFRS basis, was 19.5% at 31 March 2023 - 500 basis points above the minimum requirement. In addition, the one-off gain of GEL 391.1 million, recorded in the fourth quarter of last year is held at the holding company level and does not affect the Bank's capital ratios. In February we increased the share buyback and cancellation programme by up to GEL 148 million, and since the launch of the programme in June 2022 we have already repurchased and cancelled 2,501,936 shares, representing 5.1% of our issued share capital. In addition, we have announced that a final dividend for 2022 of GEL 5.80 per share would be put to shareholder approval at the upcoming AGM this week.

This strong business performance has been supported by continued positive momentum in the Georgian economy. Estimated year-on-year real GDP growth was 7.2% in the first quarter, and full year real GDP growth is now forecasted at 5.8%. GEL continued to appreciate during the quarter - by 5.4% against the US Dollar, in addition to the 12.5% appreciation during 2022. Further positive news is that we are now seeing a downward trend in inflation – at 2.7% in April 2023 versus 9.8% in December 2022. Inflation is expected to remain below the 3% target in the second half of 2023. The NBG has recently cut the monetary policy rate by 50 basis points, and we believe the rate will ease further in the second half of this year.

I have mentioned previously that we believe Georgia's role in the region will continue to strengthen, bringing in additional investments and economic activity in the energy, transport, and logistics sectors over the next few years. We now see increased resilience of the economy, with reduced leverage, high levels of reserves, GEL strength and declining inflation. We continue to expect strong and profitable growth of our business and are on track to deliver a good performance in 2023.

In closing, I want to thank our customers for choosing us every day and our employees for their drive and commitment to this organisation. And, I want to thank you, our shareholders, for your continued support of our vision and strategy.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
16 May 2023

DISCUSSION OF RESULTS

*The Group's business consists of four key business segments. (1) **Retail Banking (RB)** operations in Georgia, comprising sub-segments that serve mass retail (Mass Retail), and mass affluent and high-net-worth clients (Premium Banking). (2) **Corporate and Investment Banking (CIB)** operations in Georgia serving corporate and institutional customers and providing capital markets and brokerage services through JSC Galt & Taggart. (3) **SME** (small and medium-sized enterprises) **Banking** operations in Georgia serving small and medium businesses. (4) JSC Belarusky Narodny Bank (**BNB**) serving retail and SME clients in Belarus.*

GEL thousands, unless otherwise noted	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
OPERATING INCOME					
Interest income	630,162	521,294	20.9%	607,652	3.7%
Interest expense	(258,262)	(249,844)	3.4%	(273,007)	-5.4%
Net interest income	**371,900**	**271,450**	**37.0%**	**334,645**	**11.1%**
Fee and commission income	186,015	106,673	74.4%	170,458	9.1%
Fee and commission expense	(73,714)	(47,841)	54.1%	(72,526)	1.6%
Net fee and commission income	**112,301**	**58,832**	**90.9%**	**97,932**	**14.7%**
Net foreign currency gain	70,652	64,484	9.6%	125,395	-43.7%
Net other income	8,656	983	780.6%	26,930	-67.9%
Operating income	**563,509**	**395,749**	**42.4%**	**584,902**	**-3.7%**
Net interest margin	6.4%	5.3%		5.7%	
Average interest earning assets	23,527,652	20,879,275	12.7%	23,154,159	1.6%
Average interest bearing liabilities	23,114,788	20,371,447	13.5%	23,547,485	-1.8%
Average net loans and finance lease receivables	16,905,386	16,130,302	4.8%	16,420,526	3.0%
Average net loans and finance lease receivables, GEL	8,938,055	7,409,484	20.6%	8,681,922	3.0%
Average net loans and finance lease receivables, FC	7,967,331	8,720,818	-8.6%	7,738,604	3.0%
Average client deposits and notes	18,347,615	14,217,208	29.1%	17,785,715	3.2%
Average client deposits and notes, GEL	7,140,531	5,591,900	27.7%	6,627,550	7.7%
Average client deposits and notes, FC	11,207,084	8,625,308	29.9%	11,158,165	0.4%
Average liquid assets	9,587,683	6,573,713	45.8%	9,871,678	-2.9%
Average liquid assets, GEL	3,055,862	3,141,884	-2.7%	3,395,553	-10.0%
Average liquid assets, FC	6,531,821	3,431,829	90.3%	6,476,125	0.9%
Liquid assets yield	4.3%	4.3%		4.2%	
Liquid assets yield, GEL	8.5%	8.8%		8.7%	
Liquid assets yield, FC	2.3%	0.1%		1.8%	
Loan yield	12.5%	11.1%		12.0%	
Loan yield, GEL	16.0%	15.8%		15.7%	
Loan yield, FC	8.5%	7.1%		7.7%	
Cost of funds	4.5%	5.0%		4.6%	
Cost of funds, GEL	9.0%	9.2%		9.1%	
Cost of funds, FC	1.5%	2.1%		1.5%	
Cost/income	29.1%	35.0%		31.0%	

Performance highlights

Net interest income

- **Net interest income:** Interest income increased by 20.9% y-o-y, while interest expense growth was 3.4% y-o-y. Overall, net interest income amounted to GEL 371.9m (up 37.0% y-o-y and up 11.1% q-o-q).
- **Net interest margin** was 6.4% in the first quarter (up 110 bps y-o-y and up 70 bps q-o-q). The increase was driven by higher loan yields across the lending portfolio, especially in foreign currency, and decreased cost of funds.
  - **Loan yield** was 12.5% in 1Q23, up 140 bps y-o-y and up 50 bps q-o-q. The y-o-y increase was mainly driven by foreign currency loans (8.5% in 1Q23 vs 7.1% in 1Q22 and 7.7% in 4Q22), reflecting the policy rate hikes by the FED and ECB. Loan yield on GEL loans also increased to 16.0% in 1Q23 vs 15.8% in 1Q22 and 15.7% in 4Q22.
  - **Cost of funds** was 4.5% in 1Q23, down 50 bps y-o-y and down 10 bps q-o-q. GEL cost of funds was down 20 bps y-o-y and down 10 bps q-o-q to 9.0% in the first quarter. Foreign currency cost of funds was down 60 bps y-o-y and remained flat q-o-q at 1.5%. The Group has continued to benefit from the inflows and the increased share of lower cost funding sources.

Net non-interest income

- **Net fee and commission income** was GEL 112.3m in 1Q23 (up 90.9% y-o-y and up 14.7% q-o-q). The year-on-year increase was mainly driven by settlement operations as well as a significant advisory fee generated by the Group's investment banking arm, Galt & Taggart, amounting to GEL 27 million in the first quarter. Advisory fees tend to be volatile, and without the contribution of advisory fees, we still had a very significant year-on-year growth, supported by the strength of our payments business.
- **Net foreign currency gain** normalised during the first quarter of 2023 and amounted to GEL 70.7m in the first quarter (up 9.6% y-o-y and down 43.7% q-o-q).
- **Net other income** of GEL 8.7m in 1Q23 (up 8.8x y-o-y and down 67.9% q-o-q) was mainly driven by net gains from derecognition of financial assets and net real estate gains.

Overall, the Group generated **operating income of GEL 563.5m in 1Q23** (up 42.4% y-o-y), driven by strong income generation across core revenue lines.

GEL thousands	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
OPERATING EXPENSES, COST OF RISK, PROFIT					
Salaries and other employee benefits	(95,939)	(78,329)	22.5%	(93,698)	2.4%
Administrative expenses	(39,353)	(33,702)	16.8%	(54,931)	-28.4%
Depreciation, amortisation and impairment	(28,086)	(24,627)	14.0%	(31,717)	-11.4%
Other operating expenses	(791)	(1,697)	-53.4%	(716)	10.5%
Operating expenses	**(164,169)**	**(138,355)**	**18.7%**	**(181,062)**	**-9.3%**
Profit from associates	218	126	73.0%	128	70.3%
Operating income before cost of risk	**399,558**	**257,520**	**55.2%**	**403,968**	**-1.1%**
Expected credit loss on loans to customers	(43,096)	(29,856)	44.3%	(37,535)	14.8%
Expected credit loss on finance lease receivables	(259)	(1,284)	-79.8%	472	NMF
Other expected credit loss and impairment charge on other assets and provisions	(4,943)	38,707	NMF	(15,612)	-68.3%
Cost of risk	**(48,298)**	**7,567**	**NMF**	**(52,675)**	**-8.3%**
Net operating income before non-recurring items	**351,260**	**265,087**	**32.5%**	**351,293**	**0.0%**
Net non-recurring items	(60)	48	NMF	329	NMF
Profit before income tax and one-off items	**351,200**	**265,135**	**32.5%**	**351,622**	**-0.1%**
Income tax expense	(49,871)	(24,563)	103.0%	(25,723)	93.9%
Profit before one-off items	**301,329**	**240,572**	**25.3%**	**325,899**	**-7.5%**
One-off other income	-	-	-	391,100	-100.0%
One-off income tax expense	-	-	-	(79,275)	-100.0%
Profit (reported)	**301,329**	**240,572**	**25.3%**	**637,724**	**-52.7%**

Operating expenses and efficiency

- Operating expenses amounted to GEL 164.2m in 1Q23 (up 18.7% y-o-y and down 9.3% q-o-q). The year-on year increase was mainly associated with overall business growth and was also driven by continuing investments in strategic areas, particularly IT. Operating expenses in the first quarter also included employee costs related to the termination of service of some senior and executive management members.
- Notably, the Group delivered positive operating leverage y-o-y and q-o-q in 1Q23, improving the cost to income ratio to 29.1% in 1Q23 vs 35.0% in 1Q22 vs 31.0% in 4Q22.

Cost of risk

- Cost of credit risk ratio was 1.0% in 1Q23 (0.8% in 1Q22 and 0.9% in 4Q22). The ECL charge posted during the first quarter amounted to GEL 43.4m, mainly driven by Retail Banking exposures and partly offset by some recoveries in Corporate and Investment Banking.

Profitability

- The Group's profit before income tax amounted to GEL 351.2m (up 32.5% y-o-y and down 0.1% q-o-q).
- The income tax expense doubled as expected following the recently announced tax change, up 103.0% y-o-y and up 93.9% q-o-q.

	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	9,413,665	6,785,761	38.7%	10,367,600	-9.2%
Liquid assets, GEL	3,263,073	3,266,943	-0.1%	3,461,218	-5.7%
Liquid assets, FC	6,150,592	3,518,818	74.8%	6,906,382	-10.9%
Net loans and finance lease receivables	16,992,844	16,289,380	4.3%	16,861,706	0.8%
Net loans and finance lease receivables, GEL	9,098,292	7,573,935	20.1%	8,854,286	2.8%
Net loans and finance lease receivables, FC	7,894,552	8,715,445	-9.4%	8,007,420	-1.4%
Client deposits and notes	18,309,528	14,517,253	26.1%	18,261,397	0.3%
Client deposits and notes, GEL	7,398,331	5,751,994	28.6%	6,692,834	10.5%
Client deposits and notes, FC	10,911,197	8,765,259	24.5%	11,568,562	-5.7%
Amounts owed to credit institutions	3,805,154	4,676,861	-18.6%	5,266,653	-27.8%
Borrowings from DFIs	1,692,346	2,114,220	-20.0%	1,867,454	-9.4%
Short-term loans from central banks	1,270,718	1,772,605	-28.3%	1,715,257	-25.9%
Loans and deposits from commercial banks	842,090	790,036	6.6%	1,683,942	-50.0%
Debt securities issued	607,910	1,415,940	-57.1%	645,968	-5.9%

Loan book

- Net loans and finance lease receivable amounted to GEL 16,992.8m at 31 March 2023, up 4.3% y-o-y and up 0.8% q-o-q in nominal terms. Growth on a constant-currency basis was 15.1% y-o-y and 3.0% q-o-q. On a constant currency basis, each segment recorded a strong growth of loan book: RB - up 12.6% y-o-y and up 2.4% q-o-q; SME Banking - up 18.2% y-o-y and up 2.7% q-o-q, and CIB - up 18.3% y-o-y and up 3.5% q-o-q.

- The de-dollarisation trend continued as the share of GEL-denominated loans increased to 53.5% at 31 March 2023 vs 46.5% at 31 March 2022 and vs 52.5% at 31 December 2022.
- The NPL ratio decreased to 2.4 % as at 31 March 2023 (down 10 bps y-o-y and down 30 bps q-o-q). The decrease was mainly driven by the recovery of some CIB clients. The NPL coverage ratio stood at 72.8% at 31 March 2023 vs 97.3% at 31 March 2022 and vs 66.4% at 31 December 2022. NPL coverage is supported by a high level of collateralisation of the NPL portfolio.
- The positive asset quality trend is also reflected in an improvement in stage 3 loans to gross loans to 2.9% at 31 March 2023 (4.1% at 31 March 2022 and 3.4% at 31 December 2022).

GEL thousands, unless otherwise noted	Mar-23	Mar-22	Change y-o-y	Dec-22	Change q-o-q
NON-PERFORMING LOANS					
NPLs	423,181	424,405	-0.3%	471,577	-10.3%
NPLs to gross loans	2.4%	2.5%		2.7%	
NPLs to gross loans, RB	2.0%	1.1%		2.1%	
NPLs to gross loans, SME	3.2%	3.0%		3.2%	
NPLs to gross loans, CIB	2.4%	3.9%		3.4%	
NPL coverage ratio	72.8%	97.3%		66.4%	
NPL coverage ratio adjusted for the discounted value of collateral	128.7%	153.0%		128.9%	
Stage 3 ratio[6]	2.9%	4.1%		3.4%	

Deposits

- Client deposits and notes amounted to 18,309.5m at 31 March 2023 (up 26.1% y-o-y and up 0.3% q-o-q). On a constant currency basis deposits increased by 42.4% y-o-y and 3.3% q-o-q, reflecting the strength of the Bank's deposit franchise. The year-on-year growth was mainly driven by increased current accounts and demand deposits.
- On a constant currency basis, each segment recorded a strong y-o-y growth of deposits: RB – up 42.0% y-o-y; SME Banking – up 35.3% y-o-y, and CIB – up 36.0% y-o-y.
- 59.6% of client deposits and notes were denominated in foreign currency at 31 March 2022, vs 60.4% at 31 March 2022 vs 63.3% at 31 December 2022.

Liquid assets

- Liquid assets amounted to GEL 9,413.7m at 31 March 2023 (up 38.7% y-o-y, down 9.2% q-o-q). The y-o-y growth was mainly driven by a substantial growth of client deposits. The share of liquid assets to total assets stood at 34.0% at 31 March 2023 vs 28.0% at 31 March 2022 vs 35.9% at 31 December 2022.

Capital position

- In January 2023, the NBG transitioned to IFRS-based accounting. For comparability reasons, we present capital ratios as at 31 December 2022 based on the IFRS accounting that are presented on management basis and are not officially approved by the NBG on the basis that they were not mandatory as of December 2022.
- During the first quarter, the Bank's Basel III CET1 capital ratio increased by 180 bps, Tier1 capital ratio increased by 170 bps, while Total capital ratio increased by 160 bps and stood at 19.5%, 21.4%, and 23.3%, respectively, all comfortably above the minimum requirements of 14.5%, 16.8%, 19.7%, respectively. The movement in capital adequacy ratios in 1Q23 and the potential impact of a 10% devaluation of a local currency is as follows:

	31 Dec 2022	1Q23 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	31 Mar 2023	Potential impact of a 10% GEL devaluation
CET1 capital adequacy ratio	17.7%	1.4%	-0.1%	0.4%	0.0%	0.0%	19.5%	-0.9%
Tier I capital adequacy ratio	19.7%	1.4%	-0.1%	0.4%	0.0%	0.0%	21.4%	-0.8%
Total capital adequacy ratio	21.7%	1.4%	-0.1%	0.3%	0.0%	0.0%	23.3%	-0.8%

The Bank's expected minimum capital requirements for December 2023 are expected to be 14.5%, 16.8% and 19.7% for CET 1 ratio, Tier 1 ratio, and Total capital ratio respectively.

The full loading of Basel III capital requirements was completed in March 2023. In March 2023, the Financial Stability Committee (FSC) of the NBG set the cycle-neutral countercyclical capital buffer (base rate) at 1%. A 12-month period has been given to banks to satisfy the requirement from March 2024.

[6] Includes Stage 3 loans and defaulted POCI loans.

SEGMENT RESULTS[7]

In the first quarter of 2023 we split the SME Banking segment from Retail Banking and transferred the majority of the Micro portfolio, where customers had business-related needs, to SME Banking. The remaining Micro portfolio has been transferred to Mass Retail. The SME segment has grown significantly over the past few years. In addition, the value proposition for business clients has been different from the value proposition for retail customers, leading to our decision to change the segmentation. The comparative figures have been restated accordingly to reflect this change.

RETAIL BANKING (RB)

GEL thousands, unless otherwise noted	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net interest income	175,843	126,447	39.1%	157,992	11.3%
Net fee and commission income	61,855	40,061	54.4%	69,795	-11.4%
Net foreign currency gain	42,344	25,570	65.6%	63,692	-33.5%
Net other income	5,030	1,331	277.9%	11,690	-57.0%
Operating income	**285,072**	**193,409**	**47.4%**	**303,169**	**-6.0%**
Salaries and other employee benefits	(52,522)	(45,145)	16.3%	(50,207)	4.6%
Administrative expenses	(25,014)	(21,623)	15.7%	(35,248)	-29.0%
Depreciation, amortisation and impairment	(21,897)	(18,217)	20.2%	(24,433)	-10.4%
Other operating expenses	(494)	(1,127)	-56.2%	(394)	25.4%
Operating expenses	**(99,927)**	**(86,112)**	**16.0%**	**(110,282)**	**-9.4%**
Profit from associates	203	118	72.0%	115	76.5%
Operating income before cost of risk	**185,348**	**107,415**	**72.6%**	**193,002**	**-4.0%**
Cost of risk	(40,921)	(48,652)	-15.9%	(40,409)	1.3%
Profit before non-recurring items and income tax expense	**144,427**	**58,763**	**145.8%**	**152,593**	**-5.4%**
Net non-recurring items	(1)	69	NMF	502	NMF
Profit before income tax expense	**144,426**	**58,832**	**145.5%**	**153,095**	**-5.7%**
Income tax expense	(20,851)	(6,064)	NMF	(10,912)	91.1%
Profit before one-off items	**123,575**	**52,768**	**134.2%**	**142,183**	**-13.1%**
One-off income tax expense	-	-	-	(33,147)	-100.0%
Profit (reported)	**123,575**	**52,768**	**134.2%**	**109,036**	**13.3%**
BALANCE SHEET HIGHLIGHTS					
Net loans and finance lease receivables	7,391,585	6,937,715	6.5%	7,304,874	1.2%
Net loans and finance lease receivables, GEL	5,508,293	4,701,489	17.2%	5,307,288	3.8%
Net loans and finance lease receivables, FC	1,883,292	2,236,226	-15.8%	1,997,586	-5.7%
Client deposits	10,662,623	8,675,497	22.9%	10,923,787	-2.4%
Client deposits, GEL	3,049,203	2,350,805	29.7%	2,863,880	6.5%
Client deposits, FC	7,613,420	6,324,692	20.4%	8,059,907	-5.5%
Of which:					
Time deposits	5,405,244	5,217,535	3.6%	5,329,886	1.4%
Time deposits, GEL	1,975,868	1,628,867	21.3%	1,801,029	9.7%
Time deposits, FC	3,429,376	3,588,668	-4.4%	3,528,857	-2.8%
Current accounts and demand deposits	5,257,379	3,457,962	52.0%	5,593,901	-6.0%
Current accounts and demand deposits, GEL	1,073,335	721,938	48.7%	1,062,851	1.0%
Current accounts and demand deposits, FC	4,184,044	2,736,024	52.9%	4,531,050	-7.7%
Assets under management	1,962,682	1,814,979	8.1%	1,953,970	0.4%
KEY RATIOS					
ROAE	31.6%	16.4%		36.2%	
Net interest margin	5.7%	4.8%		5.0%	
Loan yield	14.3%	13.4%		13.9%	
Loan yield, GEL	16.9%	17.0%		16.7%	
Loan yield, FC	6.7%	5.6%		6.3%	
Cost of funds	5.1%	6.3%		5.4%	
Cost of deposits	2.7%	2.8%		2.5%	
Cost of deposits, GEL	8.2%	8.5%		8.1%	
Cost of deposits, FC	0.7%	0.7%		0.6%	
Cost of time deposits	4.7%	4.0%		4.5%	
Cost of time deposits, GEL	11.2%	11.1%		11.2%	
Cost of time deposits, FC	1.3%	1.1%		1.2%	
Cost of current accounts and demand deposits	0.6%	0.7%		0.6%	
Current accounts and demand deposits, GEL	2.7%	2.8%		2.4%	
Current accounts and demand deposits, FC	0.2%	0.0%		0.2%	
Cost / income ratio	35.1%	44.5%		36.4%	
Cost of credit risk ratio	2.2%	2.8%		2.0%	

[7] In segment results, relevant ratios for 4Q22 were adjusted for a one-off GEL 391.1 million other income due to the settlement of an outstanding legacy claim and a one-off GEL 79.3 million income tax expense due to an amendment to the corporate taxation model in Georgia applicable to financial institutions.
In segment results, loan and deposit portfolios are given for JSC Bank of Georgia standalone.

Performance highlights

- In the first quarter of 2023, RB recorded strong y-o-y growth in operating income before cost of risk – up 72.6% amounting to GEL185.3m. The year-on-year increase was driven by strong revenue generation across key revenue lines – net interest income up 39.1% y-o-y, supported by a 90 basis point y-o-y increase in the net interest margin, and net fee and commission income up 54.4% y-o-y. The quarter-on-quarter decrease was mainly driven by seasonally lower net fee and commission income and reduced FX gain. Operating expenses were up 16.0% y-o-y in the first quarter and down 9.4% compared with 4Q22 and amounted to GEL 99.9m.
- RB's NIM stood at 5.7% in 1Q23, vs 4.8% in 1Q22 vs 5.0% in 4Q22. Both the y-o-y and the q-o-q increase was driven by higher loan yield and decreased cost of funds.
- Cost of credit risk ratio was 2.2% in 1Q22 (down 60 bps y-o-y and up 20 bps q-o-q). Product-wise, the cost of credit risk was mainly driven by the unsecured consumer loans, where we saw an improving trend, and the unsecured loans to self-employed borrowers.
- Overall, in 1Q23, RB generated a profit in the amount of GEL 123.6m (up 134.2% y-o-y and down 13.1% q-o-q when compared with 4Q22 profit adjusted for one-off income tax expense).

Portfolio highlights

- RB's net loans and finance lease receivables stood at GEL 7,391.6m (up 6.5% y-o-y and up 1.2% q-o-q) as at 31 March 2023. On a constant currency basis, loan book increased by 12.6% y-o-y and by 2.4% q-o-q. The growth was mainly driven by consumer and mortgage loans.
- 74.5% of the loan book was denominated in GEL as at 31 March 2023, vs 67.8% at 31 March 2022 and 72.7% at 31 December 2022.
- Client deposits and notes stood at GEL 10,662.6m as at 31 March 2023 (up 22.9% y-o-y and down 2.4% q-o-q). On a constant currency basis, deposits increased by 42.0% y-o-y and by 1.2% q-o-q. The y-o-y increase in deposits was mainly driven by current accounts and demand deposits.
- The share of GEL-denominated client deposits has been broadly stable, at 28.6% at 31 March 2023 vs 27.1% at 31 March 2022 and 26.2% at 31 December 2022.

SME BANKING

GEL thousands, unless otherwise noted	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net interest income	58,732	47,079	24.8%	54,265	8.2%
Net fee and commission income	8,096	5,383	50.4%	11,205	-27.7%
Net foreign currency gain	7,668	6,584	16.5%	13,550	-43.4%
Net other income	1,681	140	NMF	1,297	29.6%
Operating income	**76,177**	**59,186**	**28.7%**	**80,317**	**-5.2%**
Salaries and other employee benefits	(14,371)	(12,155)	18.2%	(14,394)	-0.2%
Administrative expenses	(3,982)	(4,329)	-8.0%	(7,292)	-45.4%
Depreciation, amortisation and impairment	(2,909)	(2,875)	1.2%	(3,698)	-21.3%
Other operating expenses	(88)	(274)	-67.9%	(87)	1.1%
Operating expenses	**(21,350)**	**(19,633)**	**8.7%**	**(25,471)**	**-16.2%**
Profit from associates	15	8	87.5%	13	15.4%
Operating income before cost of risk	**54,842**	**39,561**	**38.6%**	**54,859**	**0.0%**
Cost of risk	(8,425)	(2,138)	NMF	(3,846)	119.1%
Profit before non-recurring items and income tax expense	**46,417**	**37,423**	**24.0%**	**51,013**	**-9.0%**
Net non-recurring items	-	-	-	-	-
Profit before income tax expense	**46,417**	**37,423**	**24.0%**	**51,013**	**-9.0%**
Income tax expense	(6,855)	(3,882)	76.6%	(3,438)	99.4%
Profit before one-off items	**39,562**	**33,541**	**18.0%**	**47,575**	**-16.8%**
One-off income tax expense	-	-	-	(12,475)	-100.0%
Profit (reported)	**39,562**	**33,541**	**18.0%**	**35,100**	**12.7%**
BALANCE SHEET HIGHLIGHTS					
Net loans and finance lease receivables	4,090,877	3,802,638	7.6%	4,064,034	0.7%
Net loans and finance lease receivables, GEL	2,292,302	1,789,916	28.1%	2,208,103	3.8%
Net loans and finance lease receivables, FC	1,798,575	2,012,722	-10.6%	1,855,931	-3.1%
Client deposits	1,469,031	1,182,124	24.3%	1,508,932	-2.6%
Client deposits, GEL	873,755	596,108	46.6%	852,922	2.4%
Client deposits, FC	595,276	586,016	1.6%	656,010	-9.3%
Of which:					
Time deposits	72,543	81,734	-11.2%	65,626	10.5%
Time deposits, GEL	49,536	40,251	23.1%	41,930	18.1%
Time deposits, FC	23,007	41,483	-44.5%	23,696	-2.9%
Current accounts and demand deposits	1,396,488	1,100,390	26.9%	1,443,306	-3.2%
Current accounts and demand deposits, GEL	824,219	555,857	48.3%	810,992	1.6%
Current accounts and demand deposits, FC	572,269	544,533	5.1%	632,314	-9.5%
KEY RATIOS					
ROAE	21.3%	21.3%		25.7%	
Net interest margin	4.9%	4.2%		4.4%	
Loan yield	11.0%	9.2%		10.5%	
Loan yield, GEL	13.9%	12.9%		13.7%	
Loan yield, FC	7.4%	6.0%		6.7%	
Cost of funds	6.2%	5.5%		6.1%	
Cost of deposits	1.3%	1.1%		1.0%	
Cost of deposits, GEL	2.6%	2.3%		2.5%	
Cost of deposits, FC	-0.6%	-0.2%		-1.0%	
Cost of time deposits	5.9%	6.1%		7.3%	
Cost of time deposits, GEL	8.5%	10.5%		11.0%	
Cost of time deposits, FC	0.9%	0.9%		1.0%	
Cost of current accounts and demand deposits	1.0%	0.8%		0.7%	
Current accounts and demand deposits, GEL	2.3%	1.8%		2.0%	
Current accounts and demand deposits, FC	-0.6%	-0.3%		-1.1%	
Cost / income ratio	28.0%	33.2%		31.7%	
Cost of credit risk ratio	0.7%	0.3%		0.3%	

Performance highlights

- In the first quarter of 2023 we split the SME Banking segment from Retail Banking and transferred the majority of the Micro segment to SME Banking. As at 31 March 2023, SME Banking served more than 80,000 monthly active business clients (up 28.2% y-o-y). The significant client growth during the past year was driven by increased activity, economically as well as at Bank of Georgia, growing merchant acquiring business, as well as improved digital capabilities.
- In 1Q23, SME Banking's operating income before cost of risk amounted to GEL 54.8m (up 38.6% y-o-y and flat q-o-q). The year-on year increase was strong across key revenue lines, with net interest income up 24.8% y-o-y to GEL 58.7m and net fee and commission income up 50.4% to GEL 8.1m. Operating expenses were up 8.7% y-o-y and down 16.2% q-o-q in 1Q23 to GEL 21.4m.
- Net interest margin stood at 4.9% in 1Q23 – up 70bps y-o-y and up 50bps q-o-q, supported by higher loan yields in both y-o-y and q-o-q perspective.
- Cost of credit risk ratio stood at 0.7% in 1Q23 (0.3% in 1Q22 and 0.3% in 4Q22), mainly driven by unsecured small business loans.
- In 1Q23 SME Banking's profit amounted to GEL 39.6m (up 18.0% y-o-y and down 16.8% q-o-q when compared with 4Q22 profit adjusted for one-off income tax expense).

Portfolio highlights

- Net loans and finance receivables stood at GEL 4,090.9m at 31 March 2023, up 7.6% y-o-y and up 0.7% q-o-q. On a constant currency basis, loan book increased by 18.2% y-o-y and by 2.7% q-o-q in 1Q23.
- GEL-denominated loans represented 56.0% of total SME loans at 31 March 2023, compared with 47.1% at 31 March 2022 and 54.3% at 31 December 2022.
- Client deposits and notes amounted to GEL 1,469.0m at 31 March 2023, up 24.3% y-o-y and down 2.6% q-o-q. On a constant currency basis, deposits increased by 35.3% y-o-y and decreased by 0.7% q-o-q in 1Q23.
- GEL-denominated deposits represented 59.5% of total SME deposits at 31 March 2023, compared with 50.4% at 31 March 2022 and 56.5% at 31 December 2022.

CORPORATE AND INVESTMENT BANKING (CIB)

GEL thousands, unless otherwise noted	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net interest income	126,776	87,581	44.8%	113,648	11.6%
Net fee and commission income	40,477	12,294	229.2%	14,157	185.9%
Net foreign currency gain	10,166	20,370	-50.1%	33,612	-69.8%
Net other income	1,947	2,986	-34.8%	11,503	-83.1%
Operating income	**179,366**	**123,231**	**45.6%**	**172,920**	**3.7%**
Salaries and other employee benefits	(19,718)	(14,519)	35.8%	(20,388)	-3.3%
Administrative expenses	(4,664)	(3,446)	35.3%	(7,232)	-35.5%
Depreciation, amortisation and impairment	(1,352)	(2,238)	-39.6%	(1,685)	-19.8%
Other operating expenses	(96)	(335)	-71.3%	(437)	-78.0%
Operating expenses	**(25,830)**	**(20,538)**	**25.8%**	**(29,742)**	**-13.2%**
Profit from associates	-	-	-	-	-
Operating income before cost of risk	**153,536**	**102,693**	**49.5%**	**143,178**	**7.2%**
Cost of risk	2,627	84,724	-96.9%	(5,210)	NMF
Profit before non-recurring items and income tax expense	**156,163**	**187,417**	**-16.7%**	**137,968**	**13.2%**
Net non-recurring items	-	-	-	-	-
Profit before income tax expense	**156,163**	**187,417**	**-16.7%**	**137,968**	**13.2%**
Income tax expense	(20,990)	(14,617)	43.6%	(9,145)	129.5%
Profit before one-off items	**135,173**	**172,800**	**-21.8%**	**128,823**	**4.9%**
One-off other income	-	-	-	391,100	-100.0%
One-off income tax expense	-	-	-	(33,653)	-100.0%
Profit (reported)	**135,173**	**172,800**	**-21.8%**	**486,270**	**-72.2%**
BALANCE SHEET HIGHLIGHTS					
Net loans and finance lease receivables	4,925,460	4,846,686	1.6%	4,926,264	0.0%
Net loans and finance lease receivables, GEL	1,281,315	1,054,455	21.5%	1,321,797	-3.1%
Net loans and finance lease receivables, FC	3,644,145	3,792,231	-3.9%	3,604,467	1.1%
Client deposits	5,334,463	4,194,888	27.2%	4,824,646	10.6%
Client deposits, GEL	3,627,344	2,922,461	24.1%	3,021,179	20.1%
Client deposits, FC	1,707,119	1,272,427	34.2%	1,803,467	-5.3%
Of which:					
Time deposits	1,793,234	1,392,549	28.8%	1,520,701	17.9%
Time deposits, GEL	1,668,576	1,270,350	31.3%	1,412,130	18.2%
Time deposits, FC	124,658	122,199	2.0%	108,571	14.8%
Current accounts and demand deposits	3,541,229	2,802,339	26.4%	3,303,945	7.2%
Current accounts and demand deposits, GEL	1,958,768	1,652,111	18.6%	1,609,049	21.7%
Current accounts and demand deposits, FC	1,582,461	1,150,228	37.6%	1,694,896	-6.6%
Letters of credit and guarantees (off-balance sheet exposures)	1,766,109	1,706,792	3.5%	1,812,231	-2.5%
Assets under management	1,509,256	1,409,515	7.1%	1,480,894	1.9%
KEY RATIOS					
ROAE	28.9%	63.5%		36.5%	
Net interest margin	6.8%	5.4%		6.3%	
Loan yield	11.2%	9.1%		10.2%	
Loan yield, GEL	15.4%	14.7%		14.8%	
Loan yield, FC	9.7%	7.6%		8.6%	
Cost of funds	3.0%	2.6%		3.2%	
Cost of deposits	6.7%	6.3%		6.2%	
Cost of deposits, GEL	9.9%	9.4%		9.7%	
Cost of deposits, FC	0.1%	0.0%		-0.2%	
Cost of time deposits	10.5%	10.2%		11.0%	
Cost of time deposits, GEL	11.1%	11.6%		11.6%	
Cost of time deposits, FC	1.5%	0.0%		1.4%	
Cost of current accounts and demand deposits	4.7%	4.3%		3.7%	
Current accounts and demand deposits, GEL	8.7%	7.7%		7.8%	
Current accounts and demand deposits, FC	0.0%	-0.1%		-0.3%	
Cost / income ratio	14.4%	16.7%		17.2%	
Cost of credit risk ratio	-0.4%	-3.3%		0.0%	
Concentration of top ten clients	6.0%	6.4%		5.9%	

Performance highlights

- In 1Q23, CIB posted a strong y-o-y growth in operating income before cost of risk. It was up 49.5% y-o-y to GEL 153.5m. The top-line growth was mainly driven by strong net interest income generation as well as substantial growth in net fee and commission income that was driven by a significant advisory fee income recorded by the Group's investment banking arm Galt & Taggart in the amount of GEL 27 million.
- CIB's NIM increased to 6.8% in 1Q23 (up 140 bps y-o-y and up 50 bps q-o-q), mainly driven by higher loan yields both in GEL and foreign currency.
- In 1Q23, CB's cost of credit risk ratio was a net gain of 0.4%, attributable to some recoveries. Notably, the positive cost of risk in the first quarter of 2022 was driven by significant recoveries as well as a reversal of expenses previously paid for some legal fees.
- In the first quarter of 2023 CIB's profit amounted to GEL 135.2m (down 21.8% y-o-y and up 4.9% q-o-q when compared with 4Q22 profit adjusted for one-off items).

Portfolio highlights

- Net loans and finance receivables stood at GEL 4,925.5m at 31 March 2023, up 1.6% y-o-y and flat q-o-q. On a constant currency basis, loan book increased by 18.3% y-o-y and by 3.5% q-o-q in 1Q23.
- GEL-denominated loans represented 26.0% of total CIB loans at 31 March 2023, compared with 21.8% at 31 March 2022 and 26.8% at 31 December 2022.
- The concentration of top ten CIB clients was 6.0% at 31 March 2023 (6.4% at 31 March 2022 and 5.9% at 31 December 2022).
- Client deposits and notes amounted to GEL 5,334.5m at 31 March 2023, up 27.2% y-o-y and up 10.6% q-o-q. On a constant currency basis, deposits increased by 36.0% y-o-y and by 12.4% q-o-q in 1Q23.
- GEL-denominated deposits represented 68.0% of total CIB deposits at 31 March 2023, compared with 69.7% at 31 March 2022 and 62.6% at 31 December 2022.

SELECTED FINANCIAL INFORMATION

INCOME STATEMENT

GEL thousands, unless otherwise noted	BANK OF GEORGIA GROUP PLC CONSOLIDATED 1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
Interest income	630,162	521,294	20.9%	607,652	3.7%
Interest expense	(258,262)	(249,844)	3.4%	(273,007)	-5.4%
Net interest income	**371,900**	**271,450**	**37.0%**	**334,645**	**11.1%**
Fee and commission income	186,015	106,673	74.4%	170,458	9.1%
Fee and commission expense	(73,714)	(47,841)	54.1%	(72,526)	1.6%
Net fee and commission income	**112,301**	**58,832**	**90.9%**	**97,932**	**14.7%**
Net foreign currency gain	70,652	64,484	9.6%	125,395	-43.7%
Net other income (excluding one-off other income)	8,656	983	780.6%	26,930	-67.9%
One-off other income	-	-	-	391,100	-100.0%
Net other income	**8,656**	**983**	**780.6%**	**418,030**	**-97.9%**
Operating income	**563,509**	**395,749**	**42.4%**	**976,002**	**-42.3%**
Salaries and other employee benefits	(95,939)	(78,329)	22.5%	(93,698)	2.4%
Administrative expenses	(39,353)	(33,702)	16.8%	(54,931)	-28.4%
Depreciation, amortisation and impairment	(28,086)	(24,627)	14.0%	(31,717)	-11.4%
Other operating expenses	(791)	(1,697)	-53.4%	(716)	10.5%
Operating expenses	**(164,169)**	**(138,355)**	**18.7%**	**(181,062)**	**-9.3%**
Profit from associates	218	126	73.0%	128	70.3%
Operating income before cost of risk	**399,558**	**257,520**	**55.2%**	**795,068**	**-49.7%**
Expected credit loss on loans to customers	(43,096)	(29,856)	44.3%	(37,535)	14.8%
Expected credit loss on finance lease receivables	(259)	(1,284)	-79.8%	472	NMF
Other expected credit loss and impairment charge on other assets and provisions	(4,943)	38,707	NMF	(15,612)	-68.3%
Cost of risk	**(48,298)**	**7,567**	**NMF**	**(52,675)**	**-8.3%**
Net operating income before non-recurring items	**351,260**	**265,087**	**32.5%**	**742,393**	**-52.7%**
Net non-recurring items	(60)	48	NMF	329	NMF
Profit before income tax expense	**351,200**	**265,135**	**32.5%**	**742,722**	**-52.7%**
Income tax expense (excluding one-off income tax expense)	(49,871)	(24,563)	103.0%	(25,723)	93.9%
One-off income tax expense	-	-	-	(79,275)	-100.0%
Income tax expense	**(49,871)**	**(24,563)**	**103.0%**	**(104,998)**	**-52.5%**
Profit	**301,329**	**240,572**	**25.3%**	**637,724**	**-52.7%**
Attributable to:					
– shareholders of the Group	300,048	239,715	*25.2%*	636,607	*-52.9%*
– non-controlling interests	1,281	857	*49.5%*	1,117	*14.7%*
Basic earnings per share	**6.55**	**5.06**	**29.4%**	**14.10**	**-53.5%**
Diluted earnings per share	**6.44**	**5.00**	**28.8%**	**13.61**	**-52.7%**

BALANCE SHEET

BANK OF GEORGIA GROUP PLC CONSOLIDATED

GEL thousands, unless otherwise noted	**Mar-23**	**Mar-22**	**Change y-o-y**	**Dec-22**	**Change q-o-q**
Cash and cash equivalents	2,661,659	1,632,690	63.0%	3,584,843	-25.8%
Amounts due from credit institutions	2,180,151	1,978,568	10.2%	2,433,028	-10.4%
Investment securities	4,571,855	3,174,503	44.0%	4,349,729	5.1%
Loans to customers and finance lease receivables	16,992,844	16,289,380	4.3%	16,861,706	0.8%
Accounts receivable and other loans	25,481	3,847	562.4%	397,990	-93.6%
Prepayments	47,417	47,277	0.3%	43,612	8.7%
Inventories	22,318	10,698	108.6%	17,096	30.5%
Right-of-use assets	116,490	85,420	36.4%	117,387	-0.8%
Investment properties	155,301	222,931	-30.3%	166,546	-6.8%
Property and equipment	405,838	384,828	5.5%	398,855	1.8%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	157,292	145,177	8.3%	149,441	5.3%
Income tax assets	1,344	172	NMF	864	55.6%
Other assets	301,701	215,125	40.2%	317,886	-5.1%
Assets held for sale	30,040	46,262	-35.1%	29,566	1.6%
Total assets	**27,703,082**	**24,270,229**	**14.1%**	**28,901,900**	**-4.1%**
Client deposits and notes	18,309,528	14,517,253	26.1%	18,261,397	0.3%
Amounts owed to credit institutions	3,805,154	4,676,861	-18.6%	5,266,653	-27.8%
Debt securities issued	607,910	1,415,940	-57.1%	645,968	-5.9%
Lease liability	110,917	93,807	18.2%	114,470	-3.1%
Accruals and deferred income	106,887	86,154	24.1%	106,366	0.5%
Income tax liabilities	122,607	49,887	145.8%	99,533	23.2%
Other liabilities	146,695	156,488	-6.3%	158,691	-7.6%
Total liabilities	**23,209,698**	**20,996,390**	**10.5%**	**24,653,078**	**-5.9%**
Share capital	1,550	1,618	-4.2%	1,563	-0.8%
Additional paid-in capital	486,418	478,149	1.7%	505,723	-3.8%
Treasury shares	(55)	(58)	-5.2%	(83)	-33.7%
Capital redemption reserve	68	-	-	55	23.6%
Other reserves	24,689	(38,626)	NMF	14,564	69.5%
Retained earnings	3,962,224	2,818,269	40.6%	3,709,751	6.8%
Total equity attributable to shareholders of the Group	**4,474,894**	**3,259,352**	**37.3%**	**4,231,573**	**5.8%**
Non-controlling interests	18,490	14,487	27.6%	17,249	7.2%
Total equity	**4,493,384**	**3,273,839**	**37.3%**	**4,248,822**	**5.8%**
Total liabilities and equity	**27,703,082**	**24,270,229**	**14.1%**	**28,901,900**	**-4.1%**
Book value per share	**98.51**	**68.77**	**43.2%**	**94.07**	**4.7%**

BELARUSKY NARODNY BANK (BNB)

GEL thousands, unless otherwise noted	1Q23	1Q22	Change y-o-y	4Q22	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net interest income	10,533	10,325	2.0%	8,721	20.8%
Net fee and commission income	1,873	1,054	77.7%	2,740	-31.6%
Net foreign currency gain	10,474	11,960	-12.4%	14,541	-28.0%
Net other income	195	(3,225)	NMF	2,620	-92.6%
Operating income	**23,075**	**20,114**	**14.7%**	**28,622**	**-19.4%**
Operating expenses	(17,243)	(12,263)	40.6%	(15,693)	9.9%
Operating income before cost of risk	**5,832**	**7,851**	**-25.7%**	**12,929**	**-54.9%**
Cost of risk	(1,579)	(26,367)	-94.0%	(3,210)	-50.8%
Net non-recurring items	(59)	(21)	181.0%	(173)	-65.9%
Profit before income tax	**4,194**	**(18,537)**	**NMF**	**9,546**	**-56.1%**
Income tax expense	(1,175)	-	-	(2,228)	-47.3%
Profit	**3,019**	**(18,537)**	**NMF**	**7,318**	**-58.7%**

GEL thousands, unless otherwise noted	Mar-23	Mar-22	Change y-o-y	Dec-22	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Cash and cash equivalents	523,502	218,316	139.8%	640,018	-18.2%
Amounts due from credit institutions	74,829	8,764	753.8%	74,778	0.1%
Investment securities	69,903	50,693	37.9%	60,361	15.8%
Loans to customers and finance lease receivables	561,819	649,218	-13.5%	538,166	4.4%
Other assets	66,558	44,484	49.6%	68,043	-2.2%
Total assets	**1,296,611**	**971,475**	**33.5%**	**1,381,366**	**-6.1%**
Client deposits and notes	996,767	556,649	79.1%	1,034,124	-3.6%
Amounts owed to credit institutions	113,785	301,572	-62.3%	172,389	-34.0%
Debt securities issued	8,977	7,772	15.5%	2,745	227.0%
Other liabilities	25,405	11,171	127.4%	20,670	22.9%
Total liabilities	**1,144,934**	**877,164**	**30.5%**	**1,229,928**	**-6.9%**
Total equity	**151,677**	**94,311**	**60.8%**	**151,438**	**0.2%**
Total liabilities and equity	**1,296,611**	**971,475**	**33.5%**	**1,381,366**	**-6.1%**

BNB has continued to be focused on its core domestic retail and small business customers. The y-o-y operating income growth was predominantly driven by net fee and commission income generation and positive net other income compared with a loss in 1Q22. However, the increase in operating expenses more than offset the top-line growth, resulting in reduced operating income before cost of risk. Overall, profit for the first quarter amounted to GEL 3.0 million (compared with a net loss of GEL 18.5 million posted in the first quarter of 2022 as the Group then reassessed its assets in BNB resulting in a negative P&L effect of GEL 31.4 million in 1Q22).

BNB's capital ratios, calculated in accordance with the National Bank of the Republic of Belarus's standards, were above the minimum requirements at 31 March 2023 - Tier 1 capital adequacy ratio at 13.0% (minimum requirement of 7.0%) and Total capital adequacy ratio at 17.2% (minimum requirement of 12.5%).

KEY RATIOS

	BANK OF GEORGIA GROUP PLC CONSOLIDATED		
	1Q23	**1Q22**	**4Q22**
ROAA (adjusted)	4.4%	4.1%	4.7%
ROAA (unadjusted)	4.4%	4.1%	9.1%
ROAE (adjusted)	27.9%	30.7%	33.7%
RB ROAE	*31.6%*	*16.4%*	*36.2%*
SME ROAE	*21.3%*	*21.3%*	*25.7%*
CIB ROAE	*28.9%*	*63.5%*	*36.5%*
ROAE (unadjusted)	27.9%	30.7%	66.1%
RB ROAE	*31.6%*	*16.4%*	*27.7%*
SME ROAE	*21.3%*	*21.3%*	*18.9%*
CIB ROAE	*28.9%*	*63.5%*	*138.1%*
Net interest margin	6.4%	5.3%	5.7%
RB NIM	*5.7%*	*4.8%*	*5.0%*
SME NIM	*4.9%*	*4.2%*	*4.4%*
CIB NIM	*6.8%*	*5.4%*	*6.3%*
Loan yield	12.5%	11.1%	12.0%
RB loan yield	*14.3%*	*13.4%*	*13.9%*
SME loan yield	*11.0%*	*9.2%*	*10.5%*
CIB loan yield	*11.2%*	*9.1%*	*10.2%*
Liquid assets yield	4.3%	4.3%	4.2%
Cost of funds	4.5%	5.0%	4.6%
Cost of client deposits and notes	3.6%	3.7%	3.4%
RB cost of client deposits and notes	*2.7%*	*2.8%*	*2.5%*
SME cost of client deposits and notes	*1.3%*	*1.1%*	*1.0%*
CIB cost of client deposits and notes	*6.7%*	*6.3%*	*6.2%*
Cost of amounts owed to credit institutions	8.3%	8.2%	8.5%
Cost of debt securities	7.2%	7.0%	7.5%
Operating leverage, Y-o-Y	23.7%	1.5%	34.1%
Operating leverage, Q-o-Q	5.7%	12.6%	-1.5%
Efficiency			
Cost/income (adjusted)	29.1%	35.0%	31.0%
RB cost/income	*35.1%*	*44.5%*	*36.4%*
SME cost/income	*28.0%*	*33.2%*	*31.7%*
CIB cost/income	*14.4%*	*16.7%*	*17.2%*
Cost/income (unadjusted)	29.1%	35.0%	18.6%
RB cost/income	*35.1%*	*44.5%*	*36.4%*
SME cost/income	*28.0%*	*33.2%*	*31.7%*
CIB cost/income	*14.4%*	*16.7%*	*5.3%*
Liquidity			
NBG liquidity coverage ratio	n/a	116.2%	132.4%
IFRS-based NBG liquidity coverage ratio	129.8%	n/a	n/a
Liquid assets to total liabilities	40.6%	32.3%	42.1%
Net loans to client deposits and notes	92.8%	112.2%	92.3%
Net loans to client deposits and notes + DFIs	85.0%	97.9%	83.8%
Leverage (times)	5.2	6.4	5.8
Asset quality:			
NPLs (in GEL)	423,181	424,405	471,577
NPLs to gross loans	2.4%	2.5%	2.7%
NPL coverage ratio	72.8%	97.3%	66.4%
NPL coverage ratio adjusted for the discounted value of collateral	128.7%	153.0%	128.9%
Cost of credit risk ratio	1.0%	0.8%	0.9%
RB cost of credit risk ratio	*2.2%*	*2.8%*	*2.0%*
SME cost of credit risk ratio	*0.7%*	*0.3%*	*0.3%*
CIB cost of credit risk ratio	*-0.4%*	*-3.3%*	*0.0%*
Capital adequacy:			
NBG (Basel III) CET1 capital adequacy ratio	n/a	13.7%	14.7%
Minimum regulatory requirement	*n/a*	*11.8%*	*11.6%*
NBG (Basel III) Tier I capital adequacy ratio	n/a	15.4%	16.7%
Minimum regulatory requirement	*n/a*	*14.1%*	*13.8%*
NBG (Basel III) Total capital adequacy ratio	n/a	19.7%	19.8%
Minimum regulatory requirement	*n/a*	*17.6%*	*17.2%*
IFRS-based NBG (Basel III) CET 1 capital adequacy ratio	19.5%	n/a	n/a
Minimum regulatory requirement	*14.5%*	*n/a*	*n/a*
IFRS-based NBG (Basel III) Tier I capital adequacy ratio	21.4%	n/a	n/a
Minimum regulatory requirement	*16.8%*	*n/a*	*n/a*
IFRS-based NBG (Basel III) Total capital adequacy ratio	23.3%	n/a	n/a
Minimum regulatory requirement	*19.7%*	*n/a*	*n/a*
FX rates			
GEL/USD exchange rate (period-end)	2.5604	3.1013	2.7020
GEL/GBP exchange rate (period-end)	3.1624	4.0732	3.2581
Shares outstanding			
Ordinary shares outstanding - period end	45,428,046	47,396,266	44,982,831
Treasury shares outstanding - period end	1,664,487	1,773,162	2,516,151
Total shares outstanding – period end	**47,092,533**	**49,169,428**	**47,498,982**

ADDITIONAL OPERATING DATA[8]

	1Q23	1Q22	4Q22
Our employees at period-end:			
Bank of Georgia (standalone)	6,795	6,261	6,597
BNB	801	589	774
Others	1,035	1,058	1,020
Total	**8,631**	**7,908**	**8,391**
Our network at period-end			
Number of branches	210	211	211
Number of ATMs	1,015	990	1,006
Number of BOG Pay terminals	3,177	3,122	3,145
Cards			
Number of cards issued	393,552	276,023	504,114
Number of cards outstanding	3,126,446	2,342,189	2,966,405
BOG Pay terminals			
Number of transactions via BOG Pay terminals	20,818,203	19,090,517	22,394,969
Volume of transactions via BOG Pay terminals *(GEL thousands)*	3,919,291	3,112,873	4,478,695

[8] Data in this section presented for Bank of Georgia (standalone).

GLOSSARY

Strategic terms

- **Active merchant** At least one transaction executed within the past month
- **Active POS terminal** At least one transaction executed within the past month
- **Digital daily active user (Digital DAU)** Average daily number of retail customers who logged into our mBank/iBank at least one within the past month
- **Digital monthly active user (Digital MAU)** Number of retail customers who logged into our mBank/iBank at least once within the past month; when referring to business customers, Digital MAU means number of business customers who logged into our Business mBank/iBank at least once within the past month
- **MAU (Monthly active user - retail or business)** Number of customers who satisfied pre-defined activity criteria within the past month

Ratio definitions

- **Alternative performance measures (APMs)** In this announcement the management uses various APMs, which we believe provide additional useful information for understanding the financial performance of the Group. These APMs are not defined by International Financial Reporting Standards, and also may not be directly comparable with other companies who use similar measures. We believe that these APMs provide the best representation of our financial performance as these measures are used by the management to evaluate the Group's operating performance and make day-to-day operating decisions
- **Basic earnings per share** Profit for the period attributable to shareholders of the Group divided by the weighted average number of outstanding ordinary shares over the same year
- **Book value per share** Total equity attributable to shareholders of the Group divided by ordinary shares outstanding at period-end; Ordinary shares outstanding at period-end equals number of ordinary shares at period-end less number of treasury shares at period-end
- **Cost of credit risk ratio** Expected loss on 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 (annualised where applicable)
- **Cost of deposits** Interest expense on client deposits and notes for the period divided by monthly average client deposits and notes over the same period (annualised where applicable)
- **Cost of funds** Interest expense for the period divided by monthly average interest bearing liabilities over the same period (annualised)
- **Cost to income ratio** Operating expenses divided by operating income
- **Interest-bearing liabilities** Amounts owed to credit institutions, client deposits and notes, and debt securities issued
- **Interest-earning assets (excluding cash)** Amounts due from credit institutions, investment securities (but excluding corporate shares) and net loans to customers and finance lease receivables
- **Leverage (times)** Total liabilities divided by total equity
- **Liquid assets** Cash and cash equivalents, amounts due from credit institutions and investment securities
- **Liquidity coverage ratio (LCR)** High-quality liquid assets divided by net cash outflows over the next 30 days (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS.
- **Loan yield** Interest income from 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 (annualised where applicable)
- **NBG (Basel III) Common Equity Tier I (CET1) capital adequacy ratio** Common Equity Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS.
- **NBG (Basel III) Tier I capital adequacy ratio** Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS.
- **NBG (Basel III) Total capital adequacy ratio** Total regulatory capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS.
- **Net interest margin (NIM)** Net interest income for the period divided by monthly average interest earning assets excluding cash over

the same period (annualised where applicable)

- **Net stable funding ratio (NSFR)** Available amount of stable funding divided by the required amount of stable funding (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS.
- **Non-performing loans (NPLs)** The principal and/or interest payments on loans overdue for more than 90 days; or the exposures experiencing substantial deterioration of their creditworthiness and the debtors assessed as unlikely to pay their credit obligation(s) in full without realisation of collateral
- **NPL coverage ratio** Allowance for expected credit loss of loans and finance lease receivables divided by NPLs
- **NPL coverage ratio adjusted for discounted value of collateral** Allowance for expected credit loss of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for expected credit loss)
- **One-off items** Significant items that do not arise during the ordinary course of business
- **Operating leverage** Percentage change in operating income less percentage change in operating expenses
- **Return on average total assets (ROAA)** Profit for the period divided by monthly average total assets for the same period (annualised where applicable)
- **Return on average total equity (ROAE)** Profit for the period attributable to shareholders of the Group divided by monthly average equity attributable to shareholders of the Group for the same period (annualised where applicable)
- **NMF** Not meaningful

COMPANY INFORMATION

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Share price information

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