Bank of Georgia Group PLC

4th quarter and full year 2021 preliminary results

Name of authorised official of issuer responsible for making notification:
Nini Arshakuni, Head of Investor Relations

www.bankofgeorgiagroup.com

ABOUT BANK OF GEORGIA GROUP PLC

Bank of Georgia Group PLC ("**Bank of Georgia Group**" or the "**Group**" and on the LSE: **BGEO LN**) is a UK incorporated holding company. The Group comprises: a) retail banking and payment business (Retail Banking); and b) corporate banking and investment banking operations (Corporate and Investment Banking) in Georgia; and c) banking operations in Belarus ("BNB").

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. The Bank is a leader in the payments business and financial mobile application, with strong retail and corporate banking franchises. In line with its digital strategy, the Group focuses on expanding its technological and advanced data analytics capabilities to offer more personalised solutions and seamless experiences to its customers to enable them to achieve more of their potential. Employee empowerment, customer satisfaction, and data-driven decision-making, together with the strength of the banking franchise, are key enablers of the Group's sustainable value creation. By building on its competitive strengths and uncovering more opportunities, the Group is committed to delivering strong profitability sustainably and maximising shareholder value.

The Group expects to benefit from the growth of the Georgian economy, and through both its Retail Banking and Corporate and Investment Banking operations, it aims to deliver on its strategy and its key medium-term objectives – at least 20% return on average equity (ROAE) and c.10% growth of its loan book.

4Q21 AND FY21 RESULTS AND CONFERENCE CALL DETAILS

Bank of Georgia Group PLC announces the Group's preliminary consolidated financial results for the fourth quarter and full year 2021. Unless otherwise noted, numbers in this announcement are given for 4Q21 and comparisons are with 4Q20. 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 Group's website at www.bankofgeorgiagroup.com.

The information in this Announcement in respect of full year 2021 preliminary results, which was approved by the Board of Directors on 21 February 2022, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. Company and Bank of Georgia Group PLC's consolidated financial statements for the year ended 31 December 2020 were filed with the Registrar of Companies, and the audit reports were unqualified and contained no statements in respect of Sections 498 (2) or (3) of the UK Companies Act 2006. Company and Bank of Georgia Group PLC's consolidated financial statements for the year ended 31 December 2021 will be included in the Annual Report and Accounts to be published in March 2022 and filed with the Registrar of Companies in due course.

An investor/analyst conference call, organised by Bank of Georgia Group, will be held on 22 February 2022, at 13:00 GMT / 14:00 CET / 08:00 EST.

Webinar instructions:

Please click the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/91633654304?pwd=SzhaVXZsWnYyY2xFWVVrbUQ2NFVUdz09
Webinar ID: **916 3365 4304**
Passcode: **710175**

Or use the following international dial-in numbers available at: https://bankofgeorgia.zoom.us/u/ab2l4MxAe1
Webinar ID: **916 3365 4304 #**
Passcode: **710175**

Participants, who will be joining through the webinar, can use the "raise hand" feature at the bottom of the screen to ask questions. Participants, who will be joining through the international dial-in number, can dial *9 to raise hand and ask questions.

CONTENTS

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: 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 document 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 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.

COVID-19 PANDEMIC AND MACROECONOMIC DEVELOPMENTS

The COVID-19 pandemic has tested the resilience of our business and impacted our performance during 2020 and 2021. The restrictions on economic activity and a halt in international tourism resulted in a 6.8% year-on-year real GDP contraction in 2020. Sizeable donor support was mainly directed to assist households and businesses, and to bolster the healthcare system.

Since March 2021, as most of the restrictions were lifted, the economy has experienced a strong rebound. Some restrictions (requiring face masks in public places, restricting large gatherings, concerts and other activities, and closing municipal transportation, among others), were in place throughout the summer, but were gradually removed in autumn 2021.

The year-on-year estimated real GDP growth was 9.1% in the third quarter and 9.5% in the fourth quarter of 2021, and the overall year-on-year estimated growth came in at 10.6% for 2021. Notably, the economy surpassed the 2019 pre-pandemic level by 3.1% in 2021. Robust growth in remittances and exports, a faster than expected rebound in tourism, coupled with fiscal stimulus and accelerated banking sector lending, have supported the recovery.

Remittances have continued their strong growth, increasing by 24.6% year-on-year in 2021, and by 35.6% compared with 2019. Goods exports also increased significantly, by 26.9% year-on-year in 2021, surpassing the pre-pandemic 2019 level by 11.7%. Notably, tourism arrivals have accelerated since April 2021, and tourism revenues in 2021 accounted for 38.1% of the 2019 level. Strong external flows contributed to a narrowing of the current account deficit in 2021, with the deficit down to 9.7% of GDP during the first nine months of 2021, from 12.1% of GDP in the same period of 2020. The rise in world commodity prices, utility price increases and pent-up demand resulted in price pressures, with annual inflation reaching 13.9% in December 2021. The NBG has raised the monetary policy rate four times during the year, with a recent raise to 10.5% in December 2021. High inflation is expected throughout the first quarter of 2022, before it comes down from spring 2022 as temporary factors subside. Strong recovery dynamics, along with a tight monetary policy and the NBG's new initiatives focused on customer deposits de-dollarisation helped the local currency partially regain its value against the US Dollar since May 2021, strengthening by 5.5% during the year. International reserves remain high at US$ 4.3 billion as at 31 December 2021.

Virus cases have picked up again since January 2022. Currently, 43.2% of Georgia's adult population is fully vaccinated. The COVID-19 new variants and vaccination delays remain the key risks and may derail the economic recovery. Currently, we do not anticipate the introduction of any major restrictions. However, if the number of virus cases continues to rise, some restrictions may be reintroduced. High inflation and the further tightening of the monetary policy rate may also have a negative impact on the growth outlook.

Based on the estimates of our brokerage and investment arm, Galt & Taggart, a 5.0% real GDP growth is expected in 2022, which is in line with the NBG's forecast, but below the International Monetary Fund (IMF) and the Government's projections (5.8% and 6.0%. respectively). We see upside to our growth forecast if tourism recovery is stronger than currently expected (we assume an 80-85% recovery in tourism compared with the 2019 level in our baseline scenario for 2022). Ongoing pandemic and regional geopolitical tensions are downside risks.

The Group's performance was supported by a continuing rebound in economic activity in the fourth quarter of 2021. Both our Retail Banking and Corporate and Investment Banking businesses delivered excellent quarterly results in 4Q21. Our lending activity was strong, we saw a significant increase in operating income, and our loan portfolio quality was better than expected during the quarter. At the same time, we focused on increasing customer satisfaction and improving our digital banking franchise while maintaining a healthy cost to income structure. As a result, we delivered a return on average equity of 26.4% in the fourth quarter and 25.8% in 2021, while maintaining strong liquidity and capital positions.

Next, we outline the Group's fourth quarter and full year 2021 results highlights and Chief Executive Officer's letter, before going into further detail.

4Q21 AND FY21 FINANCIAL RESULTS HIGHLIGHTS

GEL thousands	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Net interest income	270,071	201,596	34.0%	243,289	11.0%	953,941	777,642	22.7%
Net fee and commission income	64,100	46,958	36.5%	62,476	2.6%	232,431	165,503	40.4%
Net foreign currency gain	34,495	26,457	30.4%	33,346	3.4%	109,099	99,040	10.2%
Net other income	10,579	25,016	-57.7%	8,706	21.5%	70,206	48,474	44.8%
Operating income	**379,245**	**300,027**	**26.4%**	**347,817**	**9.0%**	**1,365,677**	**1,090,659**	**25.2%**
Operating expenses	**(150,772)**	**(118,857)**	**26.9%**	**(128,002)**	**17.8%**	**(507,952)**	**(432,635)**	**17.4%**
Profit / (loss) from associates	128	154	-16.9%	223	-42.6%	(3,781)	782	NMF
Operating income before cost of risk	**228,601**	**181,324**	**26.1%**	**220,038**	**3.9%**	**853,944**	**658,806**	**29.6%**
Cost of risk	(7,744)	(38,431)	-79.8%	(13,584)	-43.0%	(51,412)	(300,997)	-82.9%
Net operating income before non-recurring items	**220,857**	**142,893**	**54.6%**	**206,454**	**7.0%**	**802,532**	**357,809**	**124.3%**
Net non-recurring items	(62)	21	NMF	(479)	-87.1%	(590)	(41,311)	-98.6%
Profit before income tax expense	**220,795**	**142,914**	**54.5%**	**205,975**	**7.2%**	**801,942**	**316,498**	**153.4%**
Income tax expense	(20,076)	(11,065)	81.4%	(20,671)	-2.9%	(74,824)	(21,555)	NMF
Profit	**200,719**	**131,849**	**52.2%**	**185,304**	**8.3%**	**727,118**	**294,943**	**146.5%**

GEL thousands	Dec-21	Dec-20	Change y-o-y	Sep-21	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	6,047,616	6,531,357	-7.4%	5,461,809	10.7%
Cash and cash equivalents	*1,520,562*	*1,970,955*	*-22.9%*	*1,274,079*	*19.3%*
Amounts due from credit institutions	*1,931,390*	*2,016,005*	*-4.2%*	*1,904,747*	*1.4%*
Investment securities	*2,595,664*	*2,544,397*	*2.0%*	*2,282,983*	*13.7%*
Loans to customers and finance lease receivables[1]	16,168,973	14,192,078	13.9%	15,579,496	3.8%
Property and equipment	378,808	387,851	-2.3%	377,287	0.4%
Total assets	**23,430,076**	**22,035,920**	**6.3%**	**22,210,552**	**5.5%**
Client deposits and notes	14,038,002	14,020,209	0.1%	13,312,965	5.4%
Amounts owed to credit institutions	4,318,445	3,335,966	29.5%	4,037,523	7.0%
Borrowings from DFIs	*2,135,301*	*1,848,473*	*15.5%*	*1,940,614*	*10.0%*
Short-term loans from central banks	*1,413,333*	*590,293*	*139.4%*	*1,378,000*	*2.6%*
Loans and deposits from commercial banks	*769,811*	*897,200*	*-14.2%*	*718,909*	*7.1%*
Debt securities issued	1,518,685	1,585,545	-4.2%	1,537,593	-1.2%
Total liabilities	**20,337,168**	**19,486,005**	**4.4%**	**19,302,798**	**5.4%**
Total equity	**3,092,908**	**2,549,915**	**21.3%**	**2,907,754**	**6.4%**

KEY RATIOS	4Q21	4Q20	3Q21	2021	2020
ROAA	3.5%	2.4%	3.3%	3.2%	1.5%
ROAE	26.4%	21.3%	25.7%	25.8%	13.0%
Net interest margin	5.3%	4.4%	5.0%	4.9%	4.6%
Liquid assets yield	4.0%	3.0%	3.6%	3.5%	3.4%
Loan yield	11.0%	10.4%	10.6%	10.6%	10.5%
Cost of funds	4.8%	4.6%	4.7%	4.6%	4.7%
Cost / income	39.8%	39.6%	36.8%	37.2%	39.7%
NPLs to Gross loans to clients	2.4%	3.7%	2.6%	2.4%	3.7%
NPL coverage ratio	95.5%	76.3%	90.9%	95.5%	76.3%
NPL coverage ratio, adjusted for discounted value of collateral	147.7%	128.8%	140.9%	147.7%	128.8%
Cost of credit risk ratio	-0.2%	0.4%	0.2%	0.0%	1.8%
NBG (Basel III) CET1 capital adequacy ratio	13.2%	10.4%	12.8%	13.2%	10.4%
NBG (Basel III) Tier I capital adequacy ratio	15.0%	12.4%	14.6%	15.0%	12.4%
NBG (Basel III) Total capital adequacy ratio	19.3%	17.6%	19.2%	19.3%	17.6%

[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.

FINANCIAL RESULTS HIGHLIGHTS

- **Outstanding quarterly performance.** The Group generated strong operating income before cost of risk of GEL 228.6mln in 4Q21 (up 26.1% y-o-y and up 3.9% q-o-q) and GEL 853.9mln in 2021 (up 29.6% y-o-y). Our profit increased by 52.2% y-o-y and by 8.3% q-o-q to GEL 200.7mln in 4Q21. We delivered robust profitability, with ROAE of 26.4% in 4Q21 and 25.8% for full year 2021

- **Net interest margin** was 5.3% in 4Q21, up 90bps y-o-y and up 30bps q-o-q, and was 4.9% in 2021, up 30bps y-o-y. The increase in NIM was mainly driven by an increase in loan yields, together with the successful deployment of some excess liquidity during the second and third quarters on the back of improving levels of economic activity

- **Strong net fee and commission income generation**. Net fee and commission income was up 36.5% y-o-y and up 2.6% q-o-q in 4Q21, and up 40.4% y-o-y in 2021, primarily due to strong fee and commission income generation in our settlement operations reflecting our market-leading payments business growth. Increased fees generated from guarantees and letters of credit issued by the Corporate and Investment Banking business and higher fees generated from currency conversion operations also contributed to the y-o-y increase in net fee and commission income in 2021

- **Operating expenses**. We have continued investing in IT-related resources, digitalisation and marketing, in line with our strategic priorities, while maintaining the focus on efficiency and cost control. As a result, our cost to income ratio was down to 37.2% for full year 2021 (from 39.7% in 2020), but was up y-o-y and q-o-q in 4Q21 to 39.8% (39.6% in 4Q20 and 36.8% in 3Q21)

- **Loan book increased by 13.9% y-o-y and by 3.8% q-o-q at 31 December 2021.** Growth on a constant-currency basis was 19.8% y-o-y and 4.9% q-o-q. The y-o-y and q-o-q loan book growth reflected continued strong loan origination levels in all segments of our business, but particularly in the consumer, micro and SME lending portfolios in the Retail Banking business

- **Client deposits and notes increased by 0.1% y-o-y and by 5.4% q-o-q at 31 December 2021**. On a constant-currency basis, client deposits and notes grew by 12.5% y-o-y and by 6.3% q-o-q. A consistent stability in deposit balances of both our individual and business customers reflects the strength of our deposit franchise, notwithstanding a decline in interest rates offered to clients

- **Cost of credit risk.** The cost of credit risk ratio was a net gain of 0.2% in 4Q21 (cost of credit risk ratio of 0.4% in 4Q20 and 0.2% in 3Q21) and 0.0% in 2021 (1.8% in 2020). Having recorded a significant ECL provision in the first quarter of 2020, we are now seeing an increase in recoveries, both in our retail and corporate lending portfolios, resulting in lower than normalised level of provisions. See details on *page 9*

- **Asset quality.** NPLs to gross loans improved to 2.4% at 31 December 2021, compared with 3.7% at 31 December 2020 and 2.6% at 30 September 2021. The NPL coverage ratio increased to 95.5% at 31 December 2021 (76.3% at 31 December 2020 and 90.9% at 30 September 2021), and the NPL coverage ratio adjusted for the discounted value of collateral reached 147.7% at 31 December 2021 (128.8% at 31 December 2020 and 140.9% at 30 September 2021). The significant y-o-y decrease in NPLs to gross loans and increase in NPL coverage ratios at 31 December 2021 were primarily driven by more customers, especially in the Retail Banking segment, returning to regular repayments amid increased economic activity, following the pandemic-related grace periods

- **Strong capital adequacy position.** The Bank's capital adequacy ratios continue to increase and are comfortably above the Bank's minimum regulatory requirements. The Bank's Basel III Common Equity Tier 1, Tier 1 and Total capital adequacy ratios stood at 13.2%, 15.0% and 19.3%, respectively, all well above the minimum required levels of 11.5%, 13.6% and 17.7%, respectively, at 31 December 2021. The q-o-q increase in capital ratios was primarily driven by strong internal capital generation, coupled with the local currency appreciation during the quarter, partially offset by the impact of business growth

- **Strong liquidity and funding positions.** At 31 December 2021, after successfully deploying some excess liquidity during the second and third quarters of 2021, the Bank's liquidity coverage ratio stood at 124.0% and net stable funding ratio at 132.5%, comfortably above the 100% minimum required levels

- **mBank and iBank performance.** The Bank has continued to develop digital products and upgrade digital channels' functionalities to refine end-to-end digital journeys. As a result, we had 921,018 active digital users by year-end (up 21.2% y-o-y and up 10.8% q-o-q), with 44.2% of monthly active users engaging with these channels on a daily basis. The number and the volume of transactions via our mobile app and internet banking platform also expanded markedly (see details on *page 15*)

CHIEF EXECUTIVE OFFICER'S STATEMENT

Bank of Georgia Group delivered strong fourth quarter results, culminating in an excellent full-year performance with a 25.2% increase in operating income, a 146.5% increase in profit to GEL 727.1 million, and a full-year return on average equity of 25.8%. Full year basic earnings per share increased by 146.7% to GEL 15.22 per share. Strong top- and bottom-line growth was supported by an improving economic environment in 2021. Estimated year-on-year real GDP growth was 10.6% in 2021. Strong recovery dynamics drove customer lending growth. Our loan book was up 19.8% y-o-y, on a constant currency basis, at 31 December 2021.

Over the last two years, we have invested significantly in our digital franchise and the payments business, and we are now seeing some of the benefits of this digital transformation – most notably, in the more than 40% growth in net fee and commission income during 2021. Our franchise is growing and thriving, and we see more opportunities to improve this franchise over the next few years. The payments business performed very well – the number of transactions in our POS terminals was up 62.9% year-on-year in 4Q21 and up 50.2% year-on-year for the full year, contributing to the substantial growth in net fee and commission income. Our retail mobile app is becoming increasingly popular, as we continue to launch new digital products and refine customer experiences – active digital users increased by 21.2% year-on-year to 921,018 – that's almost 60% of our active individual customers. 44% of monthly active digital users now engage with our mobile app and internet banking platform on a daily basis. In December 2021, product offloading rate reached around 30%, and we see more upside here as we work on designing better end-to-end product journeys in digital channels.

Net Promoter Score, a metric that we closely monitor and that reflects the underlying strength of our customer franchise, improved to 55% in December 2021, compared with 46% at the end of last year. Our Employee Net Promoter Score stood at an all-time high of 61% as of December 2021, highlighting the engagement and the commitment of our employees that feed into better customer experience and the overall success of our organisation.

Lending growth in the fourth quarter of 2021 continued at a higher than targeted trend. This was particularly evident in the consumer, micro and SME portfolios. On a constant currency basis, the total loan portfolio increased by 4.9% quarter-on-quarter in 4Q21 and this, coupled with the successful deployment of excess liquidity, supported a 34.0% year-on-year and an 11.0% quarter-on-quarter increase in net interest income in 4Q21. Our net interest margin improved by 30 basis points quarter-on-quarter to 5.3% and, at the same time, we achieved further market share gains in loans to customers. Our loan portfolio is resilient and of good quality – the cost of credit risk ratio was a net gain of 0.2% in the fourth quarter, and zero for the full year as our customers' financial health has benefited from the strong economy. The NPLs to gross loans ratio improved to 2.4% at 31 December 2021, down from 3.7% a year ago, and close to pre-pandemic levels. At the same time, we have also continued to build our NPL coverage ratios.

The strength of our business and solid profitability enabled us to announce, in August, an interim dividend of GEL 1.48 per ordinary share for the period ended 30 June 2021, paid to ordinary shareholders of the Group on 5 November 2021.The Group's capital and funding position remains strong. Our capital ratios are comfortably above the minimum requirements, and we continue to generate high levels of internal capital as a result of the Bank's high return on average equity combined with strong asset quality in our lending portfolios. Furthermore, our book value per share increased by 22.9% over the last twelve months, notwithstanding the resumption of dividend payments.

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. 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, in line with the Group's dividend and capital distribution policy.

Overall, we have continued to deliver a strong performance, enabled by our continuously improving digital and data analytics capabilities and the ongoing systematic focus on customer satisfaction and employee empowerment. We have a great team, and we focus a lot on attracting and retaining top talent, especially in tech-related fields. We expect strong economic growth in 2022, despite the downside risks, and we are well positioned across key areas to unlock more opportunities going forward, and to continue delivering a combination of strong growth and high profitability.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
21 February 2022

DISCUSSION OF RESULTS

The Group's business is composed of three segments. (1) ***Retail Banking*** *operations in Georgia principally provide consumer loans, mortgage loans, overdrafts, credit cards and other credit facilities, funds transfers and settlement services, and the handling of customers' deposits for both individuals and legal entities. Retail Banking targets mass retail, mass affluent and high-net-worth clients segments, together with small and medium-sized enterprises and micro businesses. (2)* ***Corporate and Investment Banking*** *comprises Corporate Banking and Investment Management operations in Georgia. Corporate Banking principally provides loans and other credit facilities, funds transfers and settlement services, trade finance services, documentary operations support and the handling of saving and term deposits for corporate and institutional customers. The Investment Management business principally provides brokerage services through Galt & Taggart. (3)* ***BNB****, comprising JSC Belarusky Narodny Bank, principally provides retail and corporate banking services to clients in Belarus.*

OPERATING INCOME

GEL thousands, unless otherwise noted	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
Interest income	509,563	420,398	21.2%	466,265	9.3%	1,851,044	1,595,427	16.0%
Interest expense	(239,492)	(218,802)	9.5%	(222,976)	7.4%	(897,103)	(817,785)	9.7%
Net interest income	**270,071**	**201,596**	**34.0%**	**243,289**	**11.0%**	**953,941**	**777,642**	**22.7%**
Fee and commission income	113,664	77,382	46.9%	105,992	7.2%	390,829	274,458	42.4%
Fee and commission expense	(49,564)	(30,424)	62.9%	(43,516)	13.9%	(158,398)	(108,955)	45.4%
Net fee and commission income	**64,100**	**46,958**	**36.5%**	**62,476**	**2.6%**	**232,431**	**165,503**	**40.4%**
Net foreign currency gain	34,495	26,457	30.4%	33,346	3.4%	109,099	99,040	10.2%
Net other income	10,579	25,016	-57.7%	8,706	21.5%	70,206	48,474	44.8%
Operating income	**379,245**	**300,027**	**26.4%**	**347,817**	**9.0%**	**1,365,677**	**1,090,659**	**25.2%**
Net interest margin	5.3%	4.4%		5.0%		4.9%	4.6%	
Average interest earning assets	20,257,844	18,211,749	11.2%	19,349,551	4.7%	19,510,848	16,870,166	15.7%
Average interest bearing liabilities	19,696,541	18,732,227	5.1%	18,849,526	4.5%	19,409,266	17,292,171	12.2%
Average net loans and finance lease receivables	15,825,253	13,848,691	14.3%	15,160,944	4.4%	15,057,524	12,966,440	16.1%
Average net loans and finance lease receivables, GEL	7,155,129	5,603,018	27.7%	6,705,860	6.7%	6,493,966	5,193,750	25.0%
Average net loans and finance lease receivables, FC	8,670,124	8,245,673	5.1%	8,455,084	2.5%	8,563,558	7,772,690	10.2%
Average client deposits and notes	13,717,739	13,272,191	3.4%	13,507,002	1.6%	13,766,622	11,773,198	16.9%
Average client deposits and notes, GEL	5,270,841	4,943,412	6.6%	5,295,351	-0.5%	5,290,089	4,104,920	28.9%
Average client deposits and notes, FC	8,446,898	8,328,779	1.4%	8,211,651	2.9%	8,476,533	7,668,278	10.5%
Average liquid assets	6,023,591	6,460,344	-6.8%	5,673,999	6.2%	6,283,441	5,691,417	10.4%
Average liquid assets, GEL	2,811,276	2,661,240	5.6%	2,384,419	17.9%	2,651,356	2,401,482	10.4%
Average liquid assets, FC	3,212,315	3,799,104	-15.4%	3,289,580	-2.3%	3,632,085	3,289,935	10.4%
Liquid assets yield	*4.0%*	*3.0%*		*3.6%*		*3.5%*	*3.4%*	
Liquid assets yield, GEL	*8.3%*	*7.1%*		*8.1%*		*7.9%*	*7.6%*	
Liquid assets yield, FC	*0.1%*	*0.0%*		*0.1%*		*0.1%*	*0.3%*	
Loan yield	*11.0%*	*10.4%*		*10.6%*		*10.6%*	*10.5%*	
Loan yield, GEL	*15.5%*	*15.2%*		*15.2%*		*15.1%*	*15.3%*	
Loan yield, FC	*7.2%*	*7.1%*		*6.9%*		*7.1%*	*7.4%*	
Cost of funds	*4.8%*	*4.6%*		*4.7%*		*4.6%*	*4.7%*	
Cost of funds, GEL	*8.9%*	*7.7%*		*8.5%*		*8.2%*	*7.9%*	
Cost of funds, FC	*2.2%*	*2.9%*		*2.4%*		*2.5%*	*3.0%*	
Cost / income	*39.8%*	*39.6%*		*36.8%*		*37.2%*	*39.7%*	

Performance highlights

- **The Group generated excellent operating income of GEL 379.2mln in 4Q21 (up 26.4% y-o-y and up 9.0% q-o-q), ending 2021 with operating income of GEL 1,365.7mln (up 25.2% y-o-y).** The increase in operating income in all periods presented was primarily driven by strong net interest income (up 34.0% y-o-y and up 11.0% q-o-q in 4Q21, and up 22.7% y-o-y in 2021) and net fee and commission income (up 36.5% y-o-y and up 2.6% q-o-q in 4Q21, and up 40.4% y-o-y in 2021) generation on the back of a strong economic rebound in 2021. The y-o-y increase both in 4Q21 and in 2021 was also supported by strong net foreign currency gains (up 30.4% y-o-y and up 3.4% q-o-q in 4Q21, and up 10.2% y-o-y in 2021)
- **Our NIM was 5.3% in 4Q21 (up 90bps y-o-y and up 30bps q-o-q) and 4.9% in 2021 (up 30bps y-o-y).** The increase in NIM during all periods presented was primarily driven by an increase in loan yields (up 60bps y-o-y and up 40bps q-o-q in 4Q21, and up 10bps y-o-y in 2021) as well as the successful deployment of some excess liquidity during the second and third quarters of 2021. The impact of the GEL 500 million local currency bonds repayment in June 2020 also contributed to the y-o-y NIM increase in 2021
- **Liquid assets yield.** Liquid assets yield was 4.0% in 4Q21 (up 100bps y-o-y and up 40bps q-o-q) and 3.5% in 2021 (up 10bps y-o-y). The local currency denominated liquid assets yield movement (up 120bps y-o-y and up 20bps q-o-q in 4Q21, and up 30bps y-o-y in 2021) directly reflected the NBG's monetary policy rate changes (the NBG decreased monetary policy rate by a cumulative of 100bps since April 2020, but increased the policy rate four times by a cumulative of 250bps during 2021). As for the foreign currency denominated liquid assets yield, a 20bps y-o-y decline in 2021 largely reflected the cut in the US Fed

rate in March 2020 (the NBG accrues interest rate on banks' US Dollar obligatory reserves at the US Fed rate upper band minus 50bps)

- **Cost of funds** was 4.8% in the fourth quarter of 2021 (up 20bps y-o-y and up 10bps q-o-q) and 4.6% in 2021 (down 10bps y-o-y). Local currency denominated cost of funds was up 120bps y-o-y and up 40bps q-o-q in 4Q21, mirroring the NBG's monetary policy rate changes. On a full year basis, the 30bps y-o-y increase in local currency denominated cost of funds in 2021 reflected the NBG's monetary policy rate changes, partially offset by the impact of the repayment of the GEL 500mln local currency bonds due at the beginning of June 2020. The cost of foreign currency denominated funds was down 70bps y-o-y and down 20bps q-o-q in 4Q21, and down 50bps y-o-y in 2021, largely driven by the Libor rate decline, as well as the Bank's attracting some borrowings from credit institutions at lower rates in 2021
- **Net fee and commission income** amounted to GEL 64.1mln in 4Q21 (up 36.5% y-o-y and up 2.6% q-o-q) and GEL 232.4mln in 2021 (up 40.4% y-o-y). The outstanding performance was primarily driven by a strong fee and commission income generation in our settlement operations. Furthermore, increased fees generated from guarantees and letters of credit issued by the Corporate and Investment Banking business and fees generated from currency conversion operations also contributed to a higher fee income on a y-o-y basis both in 4Q21 and full year 2021
- **Net foreign currency gain** was up 30.4% y-o-y and up 3.4% q-o-q in 4Q21, and up 10.2% y-o-y in 2021. The movement in net foreign currency gain directly reflected the level of currency volatility and client-driven flows during the periods presented
- **Net other income** during 2021 mainly comprised net gains from the sale of real estate properties and investment securities, primarily generated during the first half of 2021

NET OPERATING INCOME BEFORE NON-RECURRING ITEMS; COST OF RISK; PROFIT

GEL thousands, unless otherwise noted	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
Salaries and other employee benefits	(80,501)	(64,243)	25.3%	(71,551)	12.5%	(281,087)	(239,607)	17.3%
Administrative expenses	(43,552)	(31,617)	37.7%	(32,342)	34.7%	(129,524)	(105,531)	22.7%
Depreciation, amortisation and impairment	(25,256)	(21,283)	18.7%	(23,448)	7.7%	(93,618)	(82,937)	12.9%
Other operating expenses	(1,463)	(1,714)	-14.6%	(661)	121.3%	(3,723)	(4,560)	-18.4%
Operating expenses	**(150,772)**	**(118,857)**	**26.9%**	**(128,002)**	**17.8%**	**(507,952)**	**(432,635)**	**17.4%**
Profit / (loss) from associate	128	154	-16.9%	223	-42.6%	(3,781)	782	NMF
Operating income before cost of risk	**228,601**	**181,324**	**26.1%**	**220,038**	**3.9%**	**853,944**	**658,806**	**29.6%**
Expected credit loss on loans to customers	9,836	(14,579)	NMF	(8,192)	NMF	(1,452)	(236,983)	-99.4%
Expected credit loss on finance lease receivables	(3,406)	(381)	NMF	70	NMF	(4,950)	(8,025)	-38.3%
Other expected credit loss and impairment charge on other assets and provisions	(14,174)	(23,471)	-39.6%	(5,462)	159.5%	(45,010)	(55,989)	-19.6%
Cost of risk	**(7,744)**	**(38,431)**	**-79.8%**	**(13,584)**	**-43.0%**	**(51,412)**	**(300,997)**	**-82.9%**
Net operating income before non-recurring items	**220,857**	**142,893**	**54.6%**	**206,454**	**7.0%**	**802,532**	**357,809**	**124.3%**
Net non-recurring items	(62)	21	NMF	(479)	-87.1%	(590)	(41,311)	-98.6%
Profit before income tax	**220,795**	**142,914**	**54.5%**	**205,975**	**7.2%**	**801,942**	**316,498**	**153.4%**
Income tax expense	(20,076)	(11,065)	81.4%	(20,671)	-2.9%	(74,824)	(21,555)	NMF
Profit	**200,719**	**131,849**	**52.2%**	**185,304**	**8.3%**	**727,118**	**294,943**	**146.5%**

- **Operating expenses.** In the second quarter of 2020, we initiated cost optimisation measures, the impact of which has been reflected in subsequent quarters. Our cost to income ratio was 39.8% in 4Q21, slightly up from 39.6% in 4Q20 and up from 36.8% in 3Q21, mainly driven by strong business growth, increased investments in IT-related resources and digitalisation, and increased marketing activity. For full year 2021, cost to income ratio improved to 37.2%, from 39.7% in 2020
- **Cost of risk** in 4Q21 and 2021 reflected a combination of the following factors:
  - **Cost of credit risk ratio** was a net gain of 0.2% in 4Q21 (cost of credit risk ratio of 0.4% in 4Q20 and 0.2% in 3Q21) and 0.0% in 2021 (1.8% in 2020). The 1.8% cost of credit risk ratio in 2020 reflected the IFRS 9 ECL reserve builds, created for the full economic cycle in the first quarter of 2020, related to the deterioration of the macroeconomic environment and expected creditworthiness of borrowers on the back of the COVID-19 pandemic. The Group continuously revisits the assumptions to reflect better visibility and up-to-date macroeconomic forecasts, as well as in-depth analyses of the financial standing and the creditworthiness of borrowers. As a result, the Group recorded additional ECL provisions on loans to customers and finance lease receivables in the amount of GEL 18.1mln for the Retail Banking business, and a net ECL reversal of GEL 23.8mln for the Corporate and Investment Banking segment in 4Q21. Given that there is still high uncertainty regarding the duration and the impact of the COVID-19 pandemic, we continue to monitor new developments
  - **Expected credit loss and impairment charge on other assets and provisions** in 4Q21 was mainly related to impairment charge on other assets, while for full year 2021 it mainly comprised expenses accrued for certain legal fees and impairment charges on other assets, partially offset by an ECL reversal on guarantees issued
- **Quality of the loan book**. The decline in the NPLs to gross loans ratio and the increase in NPL coverage ratios at 31 December 2021, were mainly driven by more customers, especially in the Retail Banking segment, returning to regular repayments amid increased economic activity, following the pandemic-related grace periods:

GEL thousands, unless otherwise noted	Dec-21	Dec-20	Change y-o-y	Sep-21	Change q-o-q
NON-PERFORMING LOANS					
NPLs	394,720	545,837	-27.7%	413,626	-4.6%
NPLs to gross loans	2.4%	3.7%		2.6%	
NPLs to gross loans, RB	1.8%	3.5%		2.2%	
NPLs to gross loans, CIB	3.6%	4.0%		3.2%	
NPL coverage ratio	95.5%	76.3%		90.9%	
NPL coverage ratio adjusted for the discounted value of collateral	147.7%	128.8%		140.9%	

- **BNB – the Group's banking subsidiary in Belarus – remains strongly capitalised**, with capital adequacy ratios well above the requirements of the National Bank of the Republic of Belarus ("**NBRB**"). At 31 December 2021, total capital adequacy ratio was 15.5%, well above the 12.5% minimum requirement, while Tier I capital adequacy ratio was 10.0%, again above the NBRB's 7.0% minimum requirement. ROAE was 11.5% in 4Q21 (19.1% in 4Q20 and 7.9% in 3Q21) and 10.6% in 2021 (8.4% in 2020). *For financial results highlights of BNB, see page 22*

- **Net non-recurring items** in 2020 primarily comprised GEL 39.7mln one-off net losses on the modification of financial assets recorded mostly in March 2020, related to the three-month payment holidays on principal and interest payments offered to our retail banking clients to reduce the need to physically visit the branches and thus reduce the spread of the virus. In addition, in 1Q20, the Bank incurred GEL 1.2mln one-off costs to donate 20,000 COVID-19 laboratory tests, 10 ventilators, 50,000 face masks and 60,000 gloves to the Ministry of Health of Georgia. These costs were classified as non-recurring items

- **Overall, the Group recorded a profit** of GEL 200.7mln in 4Q21 (up 52.2% y-o-y and up 8.3% q-o-q) and GEL 727.1mln in 2021 (up 146.5% y-o-y). The Group's ROAE was 26.4% in 4Q21 (21.3% in 4Q20 and 25.7% in 3Q21) and 25.8% in 2021 (13.0% in 2020, reflecting the COVID-19 pandemic impact)

BALANCE SHEET HIGHLIGHTS

GEL thousands, unless otherwise noted	Dec-21	Dec-20	Change y-o-y	Sep-21	Change q-o-q
Liquid assets	6,047,616	6,531,357	-7.4%	5,461,809	10.7%
Liquid assets, GEL	2,819,195	2,694,091	4.6%	2,420,845	16.5%
Liquid assets, FC	3,228,421	3,837,266	-15.9%	3,040,964	6.2%
Net loans and finance lease receivables	16,168,973	14,192,078	13.9%	15,579,496	3.8%
Net loans and finance lease receivables, GEL	7,348,911	5,803,576	26.6%	6,968,809	5.5%
Net loans and finance lease receivables, FC	8,820,062	8,388,502	5.1%	8,610,687	2.4%
Client deposits and notes	14,038,002	14,020,209	0.1%	13,312,965	5.4%
Amounts owed to credit institutions	4,318,445	3,335,966	29.5%	4,037,523	7.0%
Borrowings from DFIs	2,135,301	1,848,473	15.5%	1,940,614	10.0%
Short-term loans from central banks	1,413,333	590,293	139.4%	1,378,000	2.6%
Loans and deposits from commercial banks	769,811	897,200	-14.2%	718,909	7.1%
Debt securities issued	1,518,685	1,585,545	-4.2%	1,537,593	-1.2%
LIQUIDITY AND CAPITAL ADEQUACY RATIOS					
Net loans / client deposits and notes	115.2%	101.2%		117.0%	
Net loans / client deposits and notes + DFIs	100.0%	89.4%		102.1%	
Liquid assets / total assets	25.8%	29.6%		24.6%	
Liquid assets / total liabilities	29.7%	33.5%		28.3%	
NBG liquidity coverage ratio	124.0%	138.6%		112.7%	
NBG (Basel III) CET1 capital adequacy ratio	13.2%	10.4%		12.8%	
NBG (Basel III) Tier I capital adequacy ratio	15.0%	12.4%		14.6%	
NBG (Basel III) Total capital adequacy ratio	19.3%	17.6%		19.2%	

Our balance sheet remains highly liquid (NBG liquidity coverage ratio of 124.0%) **and strongly capitalised** (NBG Basel III CET1 capital adequacy ratio of 13.2%) **with a well-diversified funding base** (client deposits and notes to total liabilities of 69.0%) at 31 December 2021.

- **Liquidity.** Liquid assets stood at GEL 6,047.6mln at 31 December 2021, down 7.4% y-o-y and up 10.7% q-o-q. The notable decrease over the year was mainly due to the Bank's having deployed some excess liquidity in the second and third quarters of 2021, after maintaining excess liquidity throughout 2020 for risk mitigation purposes amid the COVID-19 crisis. As a result, the NBG Liquidity coverage ratio was 124.0% at 31 December 2021, down from 138.6% at 31 December 2020 and up from 112.7% at 30 September 2021, comfortably above the 100% minimum requirement level

- **Loan book.** Our net loan book and finance lease receivables reached GEL 16,169.0mln at 31 December 2021, up 13.9% y-o-y and up 3.8% q-o-q. Growth on a constant-currency basis was 19.8% y-o-y and 4.9% q-o-q. At 31 December 2021, the retail loan book represented 67.0% of the total loan portfolio (65.4% at 31 December 2020 and 66.0% 30 September 2021). Local currency portfolio experienced strong y-o-y and q-o-q growth of 26.6% and 5.5%, respectively, partly driven by the NBG's de-dollarisation initiatives and our goal to increase the share of local currency loans in our portfolio

- **Net loans to customer funds and Development Finance Institutions (DFI) ratio**. Our net loans to customer funds and DFI ratio, which is closely monitored by the management, stood at 100.0% at 31 December 2021, compared with 89.4% at 31 December 2020 and 102.1% at 30 September 2021

- **Strong capital position.** As a result of our robust operating performance and strong internal capital generation, the Bank's Basel III Common Equity Tier 1, Tier 1 and Total capital adequacy ratios stood at 13.2%, 15.0% and 19.3%, respectively, at 31 December 2021, all comfortably above the minimum required levels of 11.5%, 13.6% and 17.7%, respectively. The movement in capital adequacy ratios in 4Q21 and the potential impact of a 10% devaluation of the local currency on different levels of capital is as follows:

	30 September 2021	4Q21 profit	Business growth	GEL appreciation	31 December 2021	Potential impact of a 10% GEL devaluation
CET1 capital adequacy ratio	12.8%	1.0%	-0.7%	0.1%	13.2%	-0.8%
Tier I capital adequacy ratio	14.6%	1.0%	-0.7%	0.1%	15.0%	-0.7%
Total capital adequacy ratio	19.2%	1.0%	-1.0%	0.1%	19.3%	-0.6%

The Bank'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:

Expected minimum capital requirements for 2022-2023

	Dec-22	Dec-23
CET1 capital requirement	11.9%	12.2%
Tier 1 capital requirement	14.2%	14.6%
Total capital requirement	17.8%	17.8%

Capital distribution. In August 2021, the Board of Directors declared an interim dividend of GEL 1.48 per share in respect of the period ended 30 June 2021 to ordinary shareholders of Bank of Georgia Group PLC. The interim dividend was paid on 5 November 2021. The Board also announced that, as a result of higher than expected levels of lending growth in the near term, it expected the dividend/share buyback payout ratio in respect of 2021 and 2022 to be approximately 35-40%. The Group's capital and funding position remains strong. Our capital ratios are comfortably above the minimum requirements, and we continue to generate high levels of internal capital as a result of the Bank's high return on average equity, combined with strong asset quality in our lending portfolios. 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. 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, in line with the Group's dividend and capital distribution policy

Dividend and capital distribution policy. *Bank of Georgia Group PLC's capital distribution policy incorporates a progressive ordinary cash dividend, supplemented by additional share repurchases as and when appropriate. It is the Board's overall capital distribution policy to target a dividend/share buyback payout ratio in the range of 30-50% of annual profits. The Board expects to ensure healthy capital ratios, above minimum regulatory requirements, and take into consideration expected future capital requirements, including the full loading of Basel III requirements on our minimum capital ratios, ongoing regulatory capital developments and the growth opportunities available to Bank of Georgia*

Dividends will be paid on a semi-annual basis, with the interim dividend expected to be paid in cash and represent, under normal circumstances, around 40% of the total dividend for the year

DISCUSSION OF SEGMENT RESULTS

RETAIL BANKING (RB)[2]

Retail Banking provides consumer loans, mortgage loans, overdrafts, credit card facilities and other credit facilities as well as funds transfers and settlement services and the handling of customer deposits for both individuals and legal entities (SMEs and micro businesses only). RB is represented by the following sub-segments: (1) mass retail segment, (2) mass affluent segment (through our SOLO brand) and high-net-worth individuals (through our Wealth Management private banking services in Georgia and internationally through representative offices in London and Istanbul, and a subsidiary in Tel Aviv), and (3) SMEs and micro businesses – MSMEs.

GEL thousands, unless otherwise noted	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
INCOME STATEMENT HIGHLIGHTS[2]								
Net interest income	**161,167**	**130,418**	**23.6%**	**147,155**	**9.5%**	**582,531**	**497,155**	**17.2%**
Net fee and commission income	50,116	34,976	43.3%	46,685	7.3%	178,928	121,973	46.7%
Net foreign currency gain	17,234	14,057	22.6%	18,805	-8.4%	58,139	59,677	-2.6%
Net other income	3,527	13,987	-74.8%	3,477	1.4%	25,869	24,755	4.5%
Operating income	**232,044**	**193,438**	**20.0%**	**216,122**	**7.4%**	**845,467**	**703,560**	**20.2%**
Salaries and other employee benefits	(59,875)	(47,363)	26.4%	(52,888)	13.2%	(205,055)	(176,243)	16.3%
Administrative expenses	(33,965)	(24,942)	36.2%	(25,846)	31.4%	(102,138)	(81,749)	24.9%
Depreciation, amortisation and impairment	(21,622)	(18,122)	19.3%	(19,925)	8.5%	(80,127)	(70,151)	14.2%
Other operating expenses	(1,079)	(1,112)	-3.0%	(435)	148.0%	(2,595)	(2,886)	-10.1%
Operating expenses	**(116,541)**	**(91,539)**	**27.3%**	**(99,094)**	**17.6%**	**(389,915)**	**(331,029)**	**17.8%**
Profit / (loss) from associate	128	154	-16.9%	223	-42.6%	(3,781)	782	NMF
Operating income before cost of risk	**115,631**	**102,053**	**13.3%**	**117,251**	**-1.4%**	**451,771**	**373,313**	**21.0%**
Cost of risk	(20,003)	(19,046)	5.0%	(10,587)	88.9%	(72,351)	(183,160)	-60.5%
Net operating income before non-recurring items	**95,628**	**83,007**	**15.2%**	**106,664**	**-10.3%**	**379,420**	**190,153**	**99.5%**
Net non-recurring items	(11)	149	NMF	(338)	-96.7%	20	(39,898)	NMF
Profit before income tax expense	**95,617**	**83,156**	**15.0%**	**106,326**	**-10.1%**	**379,440**	**150,255**	**152.5%**
Income tax expense	(7,897)	(5,340)	47.9%	(10,375)	-23.9%	(32,956)	(6,137)	NMF
Profit	**87,720**	**77,816**	**12.7%**	**95,951**	**-8.6%**	**346,484**	**144,118**	**140.4%**
BALANCE SHEET HIGHLIGHTS[2]								
Net loans	10,349,776	8,767,685	18.0%	9,791,060	5.7%	10,349,776	8,767,685	18.0%
Net loans, GEL	6,201,310	4,812,246	28.9%	5,847,362	6.1%	6,201,310	4,812,246	28.9%
Net loans, FC	4,148,466	3,955,439	4.9%	3,943,698	5.2%	4,148,466	3,955,439	4.9%
Client deposits	9,557,682	8,608,488	11.0%	9,175,451	4.2%	9,557,682	8,608,488	11.0%
Client deposits, GEL	2,904,521	2,314,180	25.5%	2,607,683	11.4%	2,904,521	2,314,180	25.5%
Client deposits, FC	6,653,161	6,294,308	5.7%	6,567,768	1.3%	6,653,161	6,294,308	5.7%
of which:								
Time deposits	5,462,952	5,098,692	7.1%	5,279,621	3.5%	5,462,952	5,098,692	7.1%
Time deposits, GEL	1,534,172	1,089,220	40.9%	1,388,413	10.5%	1,534,172	1,089,220	40.9%
Time deposits, FC	3,928,780	4,009,472	-2.0%	3,891,208	1.0%	3,928,780	4,009,472	-2.0%
Current accounts and demand deposits	4,094,730	3,509,796	16.7%	3,895,830	5.1%	4,094,730	3,509,796	16.7%
Current accounts and demand deposits, GEL	1,370,349	1,224,960	11.9%	1,219,270	12.4%	1,370,349	1,224,960	11.9%
Current accounts and demand deposits, FC	2,724,381	2,284,836	19.2%	2,676,560	1.8%	2,724,381	2,284,836	19.2%
Assets under management	1,503,529	1,611,826	-6.7%	1,522,005	-1.2%	1,503,529	1,611,826	-6.7%
KEY RATIOS[2]								
ROAE	19.7%	22.1%		23.4%		21.4%	11.0%	
Net interest margin	4.4%	4.0%		4.2%		4.2%	4.1%	
Cost of credit risk ratio	0.7%	0.6%		0.4%		0.7%	2.1%	
Cost of funds	6.0%	5.4%		5.6%		5.6%	5.5%	
Loan yield	11.7%	11.1%		11.4%		11.3%	11.4%	
Loan yield, GEL	15.6%	15.4%		15.3%		15.3%	15.4%	
Loan yield, FC	5.8%	6.0%		5.7%		5.9%	6.5%	
Cost of deposits	2.5%	2.9%		2.5%		2.6%	2.9%	
Cost of deposits, GEL	6.8%	6.0%		6.3%		6.2%	6.2%	
Cost of deposits, FC	0.8%	1.8%		1.1%		1.2%	1.8%	
Cost of time deposits	3.9%	4.1%		3.8%		3.8%	4.2%	
Cost of time deposits, GEL	10.7%	9.7%		9.9%		9.9%	9.9%	
Cost of time deposits, FC	1.4%	2.6%		1.7%		1.9%	2.6%	
Current accounts and demand deposits	0.7%	1.0%		0.8%		0.8%	0.9%	
Current accounts and demand deposits, GEL	2.2%	2.4%		2.3%		2.3%	2.4%	
Current accounts and demand deposits, FC	0.0%	0.3%		0.1%		0.1%	0.3%	
Cost / income ratio	50.2%	47.3%		45.9%		46.1%	47.1%	

[2] Following structural changes in senior management, starting from the third quarter of 2021, we reclassified Wealth Management business from Corporate and Investment Banking to Retail Banking segment, under SOLO – Premium Banking. The comparative periods have been restated accordingly.

Performance highlights

- **Retail Banking generated outstanding operating income of GEL 232.0mln in the fourth quarter of 2021 (up 20.0% y-o-y and up 7.4% q-o-q) and GEL 845.5mln in 2021 (up 20.2% y-o-y).** Strong net interest income and net fee and commission income generation were the main contributors to the increase in operating income in all periods presented, while solid net foreign currency gains also contributed to the y-o-y growth in 4Q21
- Retail Banking net interest income was up 23.6% y-o-y and up 9.5% q-o-q in 4Q21 and up 17.2% y-o-y in 2021, largely reflecting the 18.0% y-o-y growth in customer lending. **RB NIM was 4.4% in 4Q21 (up 40bps y-o-y and up 20bps q-o-q) and 4.2% in 2021 (up 10bps y-o-y).** The increase in NIM primarily reflected the increase in local currency loan yields, coupled with the successful deployment of excess liquidity during the second and third quarters of 2021 on the back of a rebound in economic activity. Retail Banking net interest income also benefited from the growth of the local currency denominated loan portfolio, which generated 9.8ppts and 9.4ppts higher yield than the foreign currency denominated loan portfolio in 4Q21 and 2021, respectively
- **Retail Banking net loan book reached GEL 10,349.8mln at 31 December 2021, up 18.0% y-o-y and up 5.7% q-o-q. On a constant currency basis, Retail Banking loan book increased by 22.7% y-o-y and by 6.6% q-o-q in 4Q21.** The local currency denominated loan book increased by 28.9% y-o-y and by 6.1% q-o-q, while the foreign currency denominated loan book increased by 4.9% y-o-y and by 5.2% q-o-q in 4Q21. As a result, the local currency denominated loan book accounted for 59.9% of the Retail Banking loan book at 31 December 2021, compared with 54.9% at 31 December 2020 and 59.7% at 30 September 2021. The consumer loan portfolio, which is typically most sensitive to foreign currency risk, is now almost completely de-dollarised, while the share of retail mortgage loans in local currency was 50.5% at 31 December 2021, compared with 45.7% at 31 December 2020
- The y-o-y and q-o-q loan book growth reflected continued strong loan origination levels in most segments of the Retail Banking business, driven by a strong rebound in economic activity during 2021. A fully redesigned lending process in the consumer and MSME segments also significantly boosted loan portfolio growth:

RETAIL BANKING LOAN BOOK BY PRODUCTS

GEL thousands, unless otherwise noted	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
Loan originations								
Consumer loans	858,067	518,313	65.5%	781,670	9.8%	2,737,779	1,473,388	85.8%
Mortgage loans	484,407	647,580	-25.2%	389,722	24.3%	1,747,404	1,429,682	22.2%
Micro loans	497,325	391,914	26.9%	424,506	17.2%	1,736,510	1,045,992	66.0%
SME loans	434,009	362,858	19.6%	369,869	17.3%	1,564,334	1,118,559	39.9%
Outstanding balance								
Consumer loans	2,567,361	1,763,017	45.6%	2,247,988	14.2%	2,567,361	1,763,017	45.6%
Mortgage loans	3,956,204	3,733,658	6.0%	3,827,592	3.4%	3,956,204	3,733,658	6.0%
Micro loans	1,980,691	1,701,501	16.4%	1,986,655	-0.3%	1,980,691	1,701,501	16.4%
SME loans	1,608,857	1,424,330	13.0%	1,495,325	7.6%	1,608,857	1,424,330	13.0%

- **Retail Banking client deposits amounted to GEL 9,557.7mln at 31 December 2021, up 11.0% y-o-y and up 4.2% q-o-q.** The dollarisation level of deposits was down to 69.6% at 31 December 2021, from 73.1% at 31 December 2020 and 71.6% at 30 September 2021. The cost of foreign currency denominated deposits was 0.8% in 4Q21 (down 100bps y-o-y and down 30bps q-o-q) and 1.2% in 2021 (down 60bps y-o-y), while the cost of local currency denominated deposits was 6.8% in 4Q21 (up 80bps y-o-y and up 50bps q-o-q) and 6.2% in 2021 (flat y-o-y). The spread between the cost of RB's client deposits in GEL and foreign currency was 6.0ppts in 4Q21 (GEL: 6.8%; FC: 0.8%), compared with 4.2ppts in 4Q20 (GEL: 6.0%; FC: 1.8%) and 5.2ppts in 3Q21 (GEL: 6.3%; FC: 1.1%). On a full year basis, the spread was 5.0ppts in 2021 (GEL: 6.2%; FC: 1.2%) and 4.4ppts in 2020 (GEL: 6.2%; FC: 1.8%)
- **Retail Banking net fee and commission income**. Net fee and commission income generation was outstanding, increasing by 43.3% y-o-y and by 7.3% q-o-q in the fourth quarter of 2021, and by 46.7% y-o-y in 2021. The increase was mainly driven by strong performance in settlement operations in all periods presented, reflecting improving economic activity during 2021. Higher fees generated from currency conversion operations also contributed to the y-o-y increase in net fee and commission income both in 4Q21 and full year 2021
- **Retail Banking's cost of credit risk ratio** was 0.7% both in 4Q21 (0.6% in 4Q20 and 0.4% in 3Q21) and 2021 (2.1% in 2020). The 2.1% cost of credit risk ratio in 2020 reflected the IFRS 9 ECL reserve builds created for the full economic cycle in the first quarter of 2020, related to the deterioration of the macroeconomic environment and expected creditworthiness of borrowers as a result of the COVID-19 pandemic. The Group continuously revisits the assumptions used in the reserve builds to reflect better visibility of the creditworthiness of borrowers and up-to-date macroeconomic forecasts. Based on the ongoing analyses, the Group recorded additional ECL reserves on loans to customers in the Retail Banking segment in 4Q21, resulting in a 0.7% cost of credit risk ratio for the quarter

- **Our Retail Banking business continued to deliver strong results across our core strategic pillars,** as demonstrated by the following performance indicators:

Volume information in GEL thousands	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
Retail Banking active customers[3]								
Number of new active customers	59,306	44,215	34.1%	44,368	33.7%	181,678	153,133	18.6%
Number of active customers	1,635,689	1,485,559	10.1%	1,530,270	6.9%	1,635,689	1,485,559	10.1%
Cards								
Number of cards issued	432,685	255,333	69.5%	214,650	101.6%	1,052,067	714,272	47.3%
Number of cards outstanding	2,290,716	2,137,744	7.2%	2,078,033	10.2%	2,290,716	2,137,744	7.2%
Express Pay terminals								
Number of Express Pay terminals	3,134	3,020	3.8%	3,130	0.1%	3,134	3,020	3.8%
Number of transactions via Express Pay terminals	21,102,054	21,002,305	0.5%	19,553,431	7.9%	77,491,726	80,295,072	-3.5%
Volume of transactions via Express Pay terminals	3,426,763	2,601,145	31.7%	3,170,504	8.1%	11,767,105	8,559,210	37.5%
POS terminals								
Number of desks	27,286	21,331	27.9%	25,544	6.8%	27,286	21,331	27.9%
Number of contracted merchants	17,404	11,763	48.0%	16,342	6.5%	17,404	11,763	48.0%
Number of POS terminals	38,514	27,184	41.7%	35,793	7.6%	38,514	27,184	41.7%
Number of transactions via POS terminals	44,609,427	27,378,339	62.9%	41,698,898	7.0%	150,064,673	99,895,533	50.2%
Volume of transactions via POS terminals	1,386,223	741,638	86.9%	1,270,274	9.1%	4,371,275	2,670,672	63.7%
Mobile and internet banking								
Number of active digital users[4]	921,018	759,939	21.2%	831,314	10.8%	921,018	759,939	21.2%
Number of transactions via internet bank	1,093,956	1,057,994	3.4%	1,019,281	7.3%	4,024,705	4,218,690	-4.6%
Volume of transactions via internet bank	629,887	678,385	-7.1%	618,165	1.9%	2,448,638	2,459,137	-0.4%
Number of transactions via mobile bank	34,308,520	19,538,695	75.6%	29,147,279	17.7%	110,032,781	62,525,478	76.0%
Volume of transactions via mobile bank	5,994,578	3,047,189	96.7%	5,054,719	18.6%	18,515,145	8,940,584	107.1%

- **The Bank had more than 1.6 million active retail customers** at 31 December 2021, up 10.1% y-o-y and up 6.9% q-o-q, reflecting the continuous improvements to our end-to-end customer journeys and the development of our digital channels, especially our mobile app. According to an independent research conducted in autumn 2021, Bank of Georgia repeatedly comes out as the most trusted and top-of-mind bank in Georgia

- **The number of outstanding cards** increased by 7.2% y-o-y and by 10.2% q-o-q at 31 December 2021. The increase was mainly driven by our new debit card product – PLUS card – that we launched at the end of 3Q21, together with American Express, their second debit card project worldwide and first in EMEA. This product will enable us to transfer more benefits to cardholders and merchants and, thus, to expand our loyalty programme and boost transactional activity. The number of Loyalty programme cards reached 1,481,992 at 31 December 2021, up 27.5% y-o-y and up 13.5% q-o-q

- **Digital channels**. We have continued to develop our digital channels and provide superior digital experiences to our customers. More than 96% of total transactions of individuals were executed through digital channels[5] in 4Q21 and 2021

  - **mBank and iBank digital offloading.** The Bank has continued to develop digital products and refine end-to-end digital journeys to increase the usage of these channels and move most of the activity to mBank and iBank. The functionalities of these platforms are updated every two to three weeks. We have introduced a number of innovative products and features recently, including digital card, peer-to-peer payments, bill splitting and money request, fully digital consumer lending process, online instalment loans, digital onboarding, embedded online chat, fully redesigned iBank, retail brokerage in mobile app, among others. As a result, the number of active users, as well as the number and the volume of transactions through these channels, particularly, mBank, have grown rapidly. We are also seeing increased engagement among active users, as more than 44% of monthly active users were daily users of our mBank/iBank

  - **The use of Express Pay terminals**. The Bank has a large network of self-service terminals throughout Georgia. We view self-service terminals as the key transition channel from physical to digital, and the migration has been significant over the past few years. The number of transactions via self-service terminals increased slightly in 4Q21 but declined overall in 2021, mainly due to an increase in the maximum amount that could be deposited through a self-service terminal in 2021. This also explains the increase in the volume of transactions via self-service terminals both in 4Q21 and 2021

  - **Product offloading to digital channels.** Having achieved high transactions offloading rate, the next step and a big upside for us is to further boost product sales in digital channels. Our product offloading rate[6] increased substantially to around 30% by the end of December 2021, compared with around 19% in December 2020, boosted partly by the fully redesigned digital consumer lending flow in the mobile app. The new flow is tailored to customer profiles. For example, our customers can now skip some steps in the process if we already know them. They can also see pre-approved loan limits for all products in the app and easily activate a loan. By the end of 2021, we also improved the deposit activation process

[3] 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. Active business customer – a legal entity that had at least one active credit product, or performed at least one debit transaction, or had any type of deposit with a balance above a certain threshold (varying for micro, SME, or corporate clients) during the last three months.
[4] Users that logged in to mobile or internet bank at least once during the last three months.
[5] Digital channels comprise mBank and iBank, Express Pay terminals, ATMs, web platforms and call center.
[6] Share of cards, loans and deposits activations via digital channels during the month.

in digital channels. , which will further boost our product offloading. As we continue to add innovative digital products and design better end-to-end digital journeys, we are on track to achieve our targeted product offloading rate of around 36% by June 2022

- Bank of Georgia was the first bank on the market to offer its customers the possibility to add other banks' accounts in mBank under the Open Banking standards
- **Business iBank and mBank.** Since the release of a new business internet banking platform for our MSME and corporate clients, we have focused on making the Business iBank even more useful for business transactions to incentivise the transfer of client activity to digital channels. In 2Q21, we introduced new online chat. Another big step forward was the launch of Business mBank application in 1Q21 to offer full digital experience to our business customers. We introduced bill payments and mobile POS ordering functionalities and improved onboarding and biometric authentication in our Business mBank during 4Q21. Our goal is to make the Business mBank useful for immediate business transactions, payments, accounting, money transfers, and administration, considering customer preferences and best practices. As a result, we saw a significant increase in the number of active Business iBank and mBank users, reaching 47,642 users at 31 December 2021 (up 32.0% y-o-y and up 6.2% q-o-q). We also saw a robust y-o-y and q-o-q increase in the number of transactions (up 44.3% y-o-y and up 19.5% q-o-q in 4Q21, and up 31.0% y-o-y in 2021) and the volume of transactions (up 30.5% y-o-y and up 11.7% q-o-q in 4Q21, and up 36.7% in 2021) through Business iBank/mBank. Overall, more than 97% of transactions of legal entities were executed through Business iBank/mBank in 4Q21 and in 2021

- **Our premium banking segment** comprises two directions – SOLO and Wealth Management. Following structural changes in senior management, starting from 3Q21, we reclassified Wealth Management business from Corporate and Investment Banking to Retail Banking segment, under SOLO - Premium Banking. The comparative periods have been restated accordingly:
  - **SOLO continued to grow and invest in its lifestyle brand.** We have 11 SOLO lounges, of which nine are located in Tbilisi, the capital of Georgia, and two in major regional cities of Georgia. The number of active SOLO clients reached 70,151 at 31 December 2021 (59,156 at 31 December 2020 and 67,019 at 31 September 2021). While active SOLO clients represent 4.3% of our total active Retail Banking client base, they contributed 28.3% to our Retail Banking loan book, 32.7% to Retail Banking deposits, 25.0% and 21.9% to our Retail Banking net interest income and Retail Banking net fee and commission income, respectively, in 2021. The net fee and commission income from the SOLO segment was GEL 10.4mln in 4Q21 (up 33.7% y-o-y and up 64.7% q-o-q) and GEL 31.1mln in 2021 (up 13.6% y-o-y)
  - **Wealth Management continues to focus on profitable growth through diversifying its offerings.** Wealth Management has a strong international presence and diversified customer base across multiple geographies. We served 1,503 active wealth management customers from 78 countries as at 31 December 2021, compared with 1,422 active customers as at 31 December 2020 and 1,447 active customers as at 30 September 2021
  - **Wealth Management's AUM was GEL 1,503.5mln at 31 December 2021, down 6.7% y-o-y and down 1.2% q-o-q**, primarily reflecting the local currency appreciation during 2021. AUM comprises deposits and global certificates of deposit held by Wealth Management clients. In addition, the Bank's Wealth Management customers' investments in assets which are held through Galt & Taggart, reached GEL 879.5mln at 31 December 2021, up 10.2% y-o-y and up 0.3% q-o-q. **Wealth Management deposits amounted to GEL 1,393.9mln at 31 December 2021, down 7.5% y-o-y and down 2.8% q-o-q, primarily reflecting the local currency appreciation during 2021. WM deposits grew at a compound annual growth rate (CAGR) of 4.8% over the last five-year period**. The cost of deposits was 2.5% in 4Q21 (down 40bps y-o-y and down 10bps q-o-q) and 2.6% in 2021 (down 50bps y-o-y)
- **MSME banking.** The number of MSME segment active clients reached 63,702 at 31 December 2021, up 17.1% y-o-y and up 4.3% q-o-q. MSME's gross loan portfolio reached GEL 3,955.3mln (up 20.0% y-o-y and up 7.5% q-o-q) and client deposits and notes amounted to GEL 1,152.6mln (up 20.3% y-o-y and up 9.9% q-o-q) at 31 December 2021. The MSME segment generated robust operating income of GEL 65.2mln in 4Q21 (up 13.0% y-o-y and up 14.1% q-o-q) and GEL 231.9mln in 2021 (up 16.8% y-o-y), reflecting a strong rebound in economic activity during 2021
- **Our digital ecosystem** rests on four main business verticals: real estate, e-commerce, point of sale solutions, and logistics. In 2019-2021, we launched four platforms – a real estate platform - area.ge, an online marketplace - extra.ge, an inventory management and point-of-sale solution for MSMEs – *Optimo*, and a full logistics services solution - *IZiBox*.

  In 4Q21, the Group further developed these platforms, enlarged its network of partners, introduced new features and products, and increased its customer base through active campaigns and initiatives.

  In 3Q21, *Optimo* participated in *500 Startups Singapore* – one of the largest startup acceleration programmes, with more than 200 startup applicants. *Optimo* successfully completed the acceleration process and was chosen among the top 12 shortlisted startups. Within the acceleration programme, *Optimo* will have the opportunity to receive ongoing support to enhance the product.

500 Georgia Acceleration programme[7] (launched in 2020 in partnership with 500 Startups and Georgia's Innovation and Technology Agency to help accelerate the development of Georgian and international early stage startups operating in the region). During 2020 and 2021, 28 companies from eleven different business verticals (fintech, healthcare, lifestyle, accounting services, auto and transportation, HR services, travel and hospitality, Adtech, Agtech, natural language processing and communications) completed the programme and joined our Digital Area ecosystem. In the third quarter of 2021, the winners successfully completed the final acceleration process in San Francisco. Since the launch, the participating startups have raised more than US$ 10.5 million from international investors and venture capital funds over the programme duration, created 200+ jobs, have 627,000+ users, 100+ new partnerships and generated more than GEL 8mln in revenue.

During 2018-2021, the Group has invested c.US$ 8.6 million in the development of the Digital Area Ecosystem. The Group plans an additional investment of US$ 3-8 million during 2022-2023

- **Retail Banking recorded a profit** of GEL 87.7mln in 4Q21 (up 12.7% y-o-y and down 8.6% q-o-q) and GEL 346.5mln in 2021 (up 140.4% y-o-y). Retail Banking ROAE was 19.7% in 4Q21 (22.1% in 4Q20 and 23.4% in 3Q21) and 21.4% in 2021 (11.0% in 2020, reflecting the COVID-19 pandemic impact)

[7] Previously reported preliminary results were estimates from 500 participant companies. The figures reported for 2021 are actual results.

CORPORATE AND INVESTMENT BANKING (CIB)[8]

CIB provides (1) loans and other credit facilities to Georgia's large corporate clients and other legal entities, excluding SMEs and micro businesses; (2) services such as funds transfers and settlements services, currency conversion operations, trade finance services and documentary operations as well as the handling of savings and term deposits; (3) finance lease facilities through the Bank's leasing operations arm, the Georgian Leasing Company; and (4) corporate advisory, debt and equity capital markets research and brokerage services through Galt & Taggart.

GEL thousands, unless otherwise noted	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
INCOME STATEMENT HIGHLIGHTS[8]								
Net interest income	**96,619**	**62,287**	**55.1%**	**86,825**	**11.3%**	**331,706**	**244,224**	**35.8%**
Net fee and commission income	13,175	10,617	24.1%	14,237	-7.5%	47,869	37,597	27.3%
Net foreign currency gain	13,788	10,437	32.1%	11,248	22.6%	37,619	33,161	13.4%
Net other income	6,377	9,970	-36.0%	4,982	28.0%	43,979	22,567	94.9%
Operating income	**129,959**	**93,311**	**39.3%**	**117,292**	**10.8%**	**461,173**	**337,549**	**36.6%**
Salaries and other employee benefits	(14,387)	(12,046)	19.4%	(13,053)	10.2%	(52,836)	(43,805)	20.6%
Administrative expenses	(5,397)	(4,468)	20.8%	(3,948)	36.7%	(16,781)	(15,662)	7.1%
Depreciation, amortisation and impairment	(2,313)	(2,106)	9.8%	(2,296)	0.7%	(8,551)	(8,539)	0.1%
Other operating expenses	(341)	(445)	-23.4%	(136)	150.7%	(892)	(1,041)	-14.3%
Operating expenses	**(22,438)**	**(19,065)**	**17.7%**	**(19,433)**	**15.5%**	**(79,060)**	**(69,047)**	**14.5%**
Operating income before cost of risk	**107,521**	**74,246**	**44.8%**	**97,859**	**9.9%**	**382,113**	**268,502**	**42.3%**
Cost of risk	12,730	(22,204)	NMF	(1,437)	NMF	22,662	(113,856)	NMF
Net operating income before non-recurring items	**120,251**	**52,042**	**131.1%**	**96,422**	**24.7%**	**404,775**	**154,646**	**161.7%**
Net non-recurring items	(1)	-	-	(3)	-66.7%	(78)	(1,288)	-93.9%
Profit before income tax expense	**120,250**	**52,042**	**131.1%**	**96,419**	**24.7%**	**404,697**	**153,358**	**163.9%**
Income tax expense	(11,247)	(3,957)	184.2%	(9,781)	15.0%	(38,473)	(12,684)	NMF
Profit	**109,003**	**48,085**	**126.7%**	**86,638**	**25.8%**	**366,224**	**140,674**	**160.3%**
BALANCE SHEET HIGHLIGHTS[8]								
Net loans and finance lease receivables	5,100,938	4,629,294	10.2%	5,056,142	0.9%	5,100,938	4,629,294	10.2%
Net loans and finance lease receivables, GEL	1,113,914	944,173	18.0%	1,079,894	3.2%	1,113,914	944,173	18.0%
Net loans and finance lease receivables, FC	3,987,024	3,685,121	8.2%	3,976,248	0.3%	3,987,024	3,685,121	8.2%
Client deposits	4,015,449	4,887,989	-17.9%	3,831,325	4.8%	4,015,449	4,887,989	-17.9%
Client deposits, GEL	2,559,463	3,256,015	-21.4%	2,467,897	3.7%	2,559,463	3,256,015	-21.4%
Client deposits, FC	1,455,986	1,631,974	-10.8%	1,363,428	6.8%	1,455,986	1,631,974	-10.8%
Time deposits	1,258,019	2,486,084	-49.4%	1,187,904	5.9%	1,258,019	2,486,084	-49.4%
Time deposits, GEL	1,106,874	2,235,568	-50.5%	1,017,169	8.8%	1,106,874	2,235,568	-50.5%
Time deposits, FC	151,145	250,516	-39.7%	170,735	-11.5%	151,145	250,516	-39.7%
Current accounts and demand deposits	2,757,430	2,401,905	14.8%	2,643,421	4.3%	2,757,430	2,401,905	14.8%
Current accounts and demand deposits, GEL	1,452,589	1,020,447	42.3%	1,450,728	0.1%	1,452,589	1,020,447	42.3%
Current accounts and demand deposits, FC	1,304,841	1,381,458	-5.5%	1,192,693	9.4%	1,304,841	1,381,458	-5.5%
Letters of credit and guarantees, standalone (off-balance sheet item)	1,728,569	1,585,421	9.0%	1,639,119	5.5%	1,728,569	1,585,421	9.0%
Assets under management	1,469,315	1,157,366	27.0%	1,458,115	0.8%	1,469,315	1,157,366	27.0%
RATIOS[8]								
ROAE	39.2%	20.5%		31.4%		34.6%	16.7%	
Net interest margin	5.8%	3.9%		5.5%		5.1%	4.2%	
Cost of credit risk ratio	-1.8%	0.4%		-0.3%		-1.2%	1.5%	
Cost of funds	3.0%	3.1%		2.5%		2.5%	3.1%	
Loan yield	9.2%	8.5%		8.7%		8.7%	8.6%	
Loan yield, GEL	14.3%	12.7%		14.1%		13.5%	12.8%	
Loan yield, FC	7.8%	7.6%		7.2%		7.5%	7.7%	
Cost of deposits	5.6%	5.4%		5.6%		5.5%	4.9%	
Cost of deposits, GEL	8.4%	7.8%		8.1%		8.0%	7.7%	
Cost of deposits, FC	0.3%	1.0%		0.4%		0.6%	0.7%	
Cost of time deposits	9.0%	7.9%		8.4%		8.2%	7.7%	
Cost of time deposits, GEL	10.1%	8.8%		9.2%		9.1%	8.9%	
Cost of time deposits, FC	1.9%	2.2%		2.1%		2.0%	1.9%	
Current accounts and demand deposits	4.0%	3.2%		3.8%		3.5%	3.0%	
Current accounts and demand deposits, GEL	7.1%	6.2%		6.9%		6.7%	6.2%	
Current accounts and demand deposits, FC	0.1%	0.8%		0.1%		0.3%	0.4%	
Cost / income ratio	17.3%	20.4%		16.6%		17.1%	20.5%	
Concentration of top ten clients	8.3%	9.7%		8.6%		8.3%	9.7%	

[8] Following structural changes in senior management, starting from the third quarter of 2021, we reclassified Wealth Management business from Corporate and Investment Banking to the Retail Banking segment. The comparative periods have been restated accordingly.

Performance highlights

- **Corporate and Investment Banking delivered excellent quarterly results.** CIB generated strong net interest and non-interest income during the fourth quarter and full year 2021, coupled with continuous cost discipline. As a result, the operating income before cost of risk reached GEL 107.5mln in 4Q21 (up 44.8% y-o-y and up 9.9% q-o-q) and GEL 382.1mln in 2021 (up 42.3% y-o-y)
- CIB's net interest income increased by 55.1% y-o-y and by 11.3% q-o-q during the fourth quarter of 2021 and increased by 35.8% in 2021, largely reflecting a 10.2% y-o-y lending growth. **CIB's NIM was 5.8% in 4Q21 (up 190bps y-o-y and up 30bps q-o-q) and 5.1% in 2021 (up 90bps y-o-y)**. In the fourth quarter of 2021, the y-o-y increase in NIM was mainly driven by a 70bps increase in loan yields, coupled with a 10bps decline in cost of funds, while the q-o-q increase was due to a 50bps increase in loan yields, partially offset by a 50bps increase in cost of funds. On a full year basis, a 60bps decline in cost of funds, coupled with a 10bps increase in loan yields resulted in a 90bps y-o-y increase in NIM in 2021
- **CIB's net fee and commission income reached GEL 13.2mln in 4Q21 (up 24.1% y-o-y and down 7.5% q-o-q) and GEL 47.9mln in 2021 (up 27.3% y-o-y).** The y-o-y growth in net fee and commission income in all periods presented was largely driven by strong income generation from settlement operations. For full year, the y-o-y growth was also supported by strong income from guarantees and letters of credit issued and advisory service fees
- **CIB's loan book and dollarisation**. CIB loan portfolio reached GEL 5,100.9mln at 31 December 2021, up 10.2% y-o-y and up 0.9% q-o-q. On a constant currency basis, CIB loan book was up 18.4% y-o-y and up 2.6% q-o-q. The concentration of the top 10 CIB clients was 8.3% at 31 December 2021 (9.7% at 31 December 2020 and 8.6% at 30 September 2021). Foreign currency denominated net loans represented 78.2% of CIB's loan portfolio at 31 December 2021, compared with 79.6% at 31 December 2020 and 78.6% at 30 September 2021. At 31 December 2021, 36.4% of total gross CIB loans that were issued in foreign currency had exposure to foreign currency risk, while 42.0% of total gross CIB loans that were issued in foreign currency had no or minimal exposure to foreign currency risk
- **Dollarisation of CIB deposits** was 36.3% at 31 December 2021, compared with 33.4% a year ago and 35.6% at 30 September 2021. The y-o-y increase in CIB deposit dollarisation level primarily reflected the decrease in the deposits of the Ministry of Finance of Georgia. The interest rates on local currency denominated deposits increased, while the interest rates on foreign currency deposits declined in all periods presented, and the cost of deposits in local currency remained well above the cost of foreign currency deposits, coupled with the appreciation of the local currency
- **Net other income**. Net gains from the sale of real estate properties and investment securities were the main sources of net other income during 4Q21 and 2021
- **CIB's cost of risk in 4Q21 and 2021 reflected a combination of the following factors:**
  - **Cost of credit risk.** CIB's cost of credit risk was a net gain of 1.8% in 4Q21 (cost of risk ratio of 0.4% in 4Q20 and a net gain of 0.3% in 3Q21) and a net gain of 1.2% in 2021 (cost of credit risk ratio of 1.5% in 2020). The 1.5% cost of credit risk ratio in 2020 reflected the IFRS 9 ECL reserve builds, created for the full economic cycle, related to the deterioration of the macroeconomic environment and expected creditworthiness of borrowers as a result of the COVID-19 pandemic. The Group continuously revisits the assumptions used in the reserve builds to reflect better visibility and up-to-date macroeconomic forecasts, as well as in-depth analyses of the financial standing and the creditworthiness of corporate borrowers. The Group recorded a GEL 23.8mln and a GEL 60.4mln ECL reversal on loans to customers and finance lease receivables in 4Q21 and 2021, respectively, primarily driven by the recovery of several corporate loans during these periods, partially offset by some individual write-downs
  - **Expected credit loss and impairment charge on other assets and provisions** in the fourth quarter of 2021 was mainly related to impairment charge on other assets, while for full year 2021 it mainly comprised expenses accrued for certain legal fees and impairment charges on other assets, partially offset by an ECL reversal on guarantees issued
- As a result, **CIB recorded a profit** of GEL 109.0mln in the fourth quarter of 2021 (up 126.7% y-o-y and up 25.8% q-o-q) and GEL 366.2mln in 2021 (a profit of GEL 140.7mln in 2020). CIB's ROAE was 39.2% in 4Q21 (20.5% in 4Q20 and 31.4% in 3Q21) and 34.6% in 2021 (16.7% in 2020, reflecting the COVID-19 pandemic impact)

Performance highlights of Investment Management operations

- Our Investment Management franchise covers **the leading investment bank in Georgia, Galt & Taggart**. We focus on profitable growth by unlocking the retail brokerage potential and fully digitising our brokerage services
- **The Investment Management's AUM**, which comprises Galt & Taggart brokerage client assets, reached GEL 1,469.3mln as at 31 December 2021, up 27.0% y-o-y and up 0.8% q-o-q
- **Galt & Taggart, which brings under one brand corporate advisory, debt and equity capital markets research and brokerage services, continues to develop local capital markets in Georgia**
  - **Our brokerage business demonstrated solid performance in the fourth quarter of 2021**. Gross revenue of brokerage business was GEL 1.9mln in 4Q21 (down 2.4% y-o-y and up 7.6% q-o-q) and GEL 7.5mln in 2021 (up 15.8% y-o-y). Our online brokerage offered in partnership with Saxo Bank under a white label offering and our mobile brokerage offered in partnership with a U.S. brokerage house DriveWealth, generated gross revenue of GEL 1.3mln in 4Q21 (down 15.6% y-o-y and up 26.3% q-o-q) and GEL 5.2mln in 2021 (up 3.9% y-o-y)
    - We see significant upside in the brokerage business in Georgia. Historically, we have focused on providing brokerage services to our wealth management customers, whereas the retail investor participation in the securities market has been limited. **We are now extending our offerings to the wider retail and mass affluent segments**
    - In line with the Group's overall digital strategy, we have focused on digitalising our brokerage offerings. Over the past few years we have enhanced our back- and front-end processes to improve overall customer experience and engagement. **Our single-view client dashboard**, a product combining investment banking products into a single channel, continues to improve overall customer experience and reporting tools. By the end of 2021, in partnership with Drive Wealth, we launched a new retail brokerage service – **Investments** – directly through Bank of Georgia's mobile app, mBank. We aim to provide retail investors access to the U.S. markets and provide wider options for the saving and investing of their funds
  - Important transactions completed during 2021:
    - In March 2021, Galt & Taggart, through a competitive bidding process, was awarded a contract to provide financial and legal consultancy services to Georgian State Electrosystem (GSE) and advise on accessing capital markets and raising commercial financing
    - In April 2021, Galt & Taggart acted as a Co-manager and facilitated a successful pricing of Georgia's US$ 500 million 2.750% 5-year sovereign Eurobond. Goldman Sachs International and J.P. Morgan Securities plc acted as Joint Global Coordinators and Joint Bookrunners on the transaction along with ICBC Standard Bank plc, while two local investment banks acted as Co-managers. The Eurobond was met with strong investor demand, with orders reaching US$ 2.0 billion. This marks a historic transaction for Georgia as it secured financing at the lowest coupon and yield in the history of the country
    - In May 2021, Galt & Taggart, through a competitive bidding process, was awarded a contract to design and implement support mechanism for capital markets development in Georgia. The overall objective of this project is to increase access to finance for companies through debt and equity capital markets. The project is funded by the Delegation of the European Union in Georgia and implemented by the Capital Markets Development team of European Bank for Reconstruction and Development
    - In June 2021, Galt & Taggart acted as a Co-manager and facilitated a successful pricing of Georgian Railway's US$ 500 million 4.0% 7-year Eurobond. Citigroup and J.P. Morgan acted as Joint Lead Managers and Joint Bookrunners on the transaction. The strong investor demand led to an 8.4x oversubscription as orders reached US$ 4.2 billion. This marks a historic transaction for the issuer as it secured financing at the lowest coupon and yield in its history
    - In August 2021, Galt & Taggart acted as a sell-side advisor on a US$ 30 million transaction in the real estate sector
    - In September, October and November 2021, Galt & Taggart acted as a Lead manager for the European Bank for Reconstruction and Development, facilitating three private bond placements in the total amount of GEL 313 million with up to 5 years maturity
    - In December 2021, Galt & Taggart together with a local investment bank successfully facilitated the placement of local public bonds in the amount of US$ 12 million with up to 3 years maturity
  - **Galt and Taggart is a leading research house in Georgia, supporting our brokerage business and CIB activities with an in-depth quality macro and sector research coverage**. Galt & Taggart publishes research reports on Georgia's and regional economies, key economic sectors in Georgia, regional fixed income securities, and global macro trends, among others. Currently, we have more than 6,500 unique subscribers, and our research is available on all major international platforms (Bloomberg, Capital IQ, Refinitiv, etc.)

SELECTED FINANCIAL AND OPERATING INFORMATION

INCOME STATEMENT	BANK OF GEORGIA GROUP CONSOLIDATED							
GEL thousands, unless otherwise noted	**4Q21**	**4Q20**	**Change y-o-y**	**3Q21**	**Change q-o-q**	**2021**	**2020**	**Change y-o-y**
Interest income	509,563	420,398	21.2%	466,265	9.3%	1,851,044	1,595,427	16.0%
Interest expense	(239,492)	(218,802)	9.5%	(222,976)	7.4%	(897,103)	(817,785)	9.7%
Net interest income	**270,071**	**201,596**	**34.0%**	**243,289**	**11.0%**	**953,941**	**777,642**	**22.7%**
Fee and commission income	113,664	77,382	46.9%	105,992	7.2%	390,829	274,458	42.4%
Fee and commission expense	(49,564)	(30,424)	62.9%	(43,516)	13.9%	(158,398)	(108,955)	45.4%
Net fee and commission income	**64,100**	**46,958**	**36.5%**	**62,476**	**2.6%**	**232,431**	**165,503**	**40.4%**
Net foreign currency gain	34,495	26,457	**30.4%**	33,346	**3.4%**	**109,099**	**99,040**	**10.2%**
Net other income	10,579	25,016	**-57.7%**	8,706	**21.5%**	**70,206**	**48,474**	**44.8%**
Operating income	**379,245**	**300,027**	**26.4%**	**347,817**	**9.0%**	**1,365,677**	**1,090,659**	**25.2%**
Salaries and other employee benefits	(80,501)	(64,243)	25.3%	(71,551)	12.5%	(281,087)	(239,607)	17.3%
Administrative expenses	(43,552)	(31,617)	37.7%	(32,342)	34.7%	(129,524)	(105,531)	22.7%
Depreciation, amortisation and impairment	(25,256)	(21,283)	18.7%	(23,448)	7.7%	(93,618)	(82,937)	12.9%
Other operating expenses	(1,463)	(1,714)	-14.6%	(661)	121.3%	(3,723)	(4,560)	-18.4%
Operating expenses	**(150,772)**	**(118,857)**	**26.9%**	**(128,002)**	**17.8%**	**(507,952)**	**(432,635)**	**17.4%**
Profit / (loss) from associates	128	154	-16.9%	223	-42.6%	(3,781)	782	NMF
Operating income before cost of risk	**228,601**	**181,324**	**26.1%**	**220,038**	**3.9%**	**853,944**	**658,806**	**29.6%**
Expected credit loss on loans to customers	9,836	(14,579)	NMF	(8,192)	NMF	(1,452)	(236,983)	-99.4%
Expected credit loss on finance lease receivables	(3,406)	(381)	NMF	70	NMF	(4,950)	(8,025)	-38.3%
Other expected credit loss and impairment charge on other assets and provisions	(14,174)	(23,471)	-39.6%	(5,462)	159.5%	(45,010)	(55,989)	-19.6%
Cost of risk	**(7,744)**	**(38,431)**	**-79.8%**	**(13,584)**	**-43.0%**	**(51,412)**	**(300,997)**	**-82.9%**
Net operating income before non-recurring items	**220,857**	**142,893**	**54.6%**	**206,454**	**7.0%**	**802,532**	**357,809**	**124.3%**
Net non-recurring items	(62)	21	NMF	(479)	-87.1%	(590)	(41,311)	-98.6%
Profit before income tax expense	**220,795**	**142,914**	**54.5%**	**205,975**	**7.2%**	**801,942**	**316,498**	**153.4%**
Income tax expense	(20,076)	(11,065)	81.4%	(20,671)	-2.9%	(74,824)	(21,555)	NMF
Profit	**200,719**	**131,849**	**52.2%**	**185,304**	**8.3%**	**727,118**	**294,943**	**146.5%**
Profit attributable to:								
– shareholders of the Group	199,889	131,220	*52.3%*	184,462	*8.4%*	*723,806*	*293,584*	*146.5%*
– non-controlling interests	830	629	*32.0%*	842	*-1.4%*	*3,312*	*1,359*	*143.7%*
Earnings per share (basic)	**4.25**	**2.76**	**54.0%**	**3.90**	**9.0%**	**15.22**	**6.17**	**146.7%**
Earnings per share (diluted)	**4.12**	**2.76**	**49.3%**	**3.80**	**8.4%**	**14.88**	**6.17**	**141.2%**

BALANCE SHEET	BANK OF GEORGIA GROUP CONSOLIDATED				
GEL thousands, unless otherwise noted	**Dec-21**	**Dec-20**	**Change y-o-y**	**Sep-21**	**Change q-o-q**
Cash and cash equivalents	1,520,562	1,970,955	-22.9%	1,274,079	19.3%
Amounts due from credit institutions	1,931,390	2,016,005	-4.2%	1,904,747	1.4%
Investment securities	2,595,664	2,544,397	2.0%	2,282,983	13.7%
Loans to customers and finance lease receivables	16,168,973	14,192,078	13.9%	15,579,496	3.8%
Accounts receivable and other loans	3,680	2,420	52.1%	2,591	42.0%
Prepayments	40,878	27,593	48.1%	44,540	-8.2%
Inventories	11,514	10,340	11.4%	11,418	0.8%
Right-of-use assets	80,186	83,208	-3.6%	79,174	1.3%
Investment property	226,849	231,241	-1.9%	232,446	-2.4%
Property and equipment	378,808	387,851	-2.3%	377,287	0.4%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	144,251	125,806	14.7%	140,386	2.8%
Income tax assets	292	22,033	-98.7%	479	-39.0%
Other assets	246,947	325,994	-24.2%	192,810	28.1%
Assets held for sale	46,731	62,648	-25.4%	54,765	-14.7%
Total assets	**23,430,076**	**22,035,920**	**6.3%**	**22,210,552**	**5.5%**
Client deposits and notes	14,038,002	14,020,209	0.1%	13,312,965	5.4%
Amounts owed to credit institutions	4,318,445	3,335,966	29.5%	4,037,523	7.0%
Debt securities issued	1,518,685	1,585,545	-4.2%	1,537,593	-1.2%
Lease liabilities	87,662	95,635	-8.3%	87,099	0.6%
Accruals and deferred income	80,157	53,894	48.7%	66,449	20.6%
Income tax liabilities	110,868	62,434	77.6%	92,784	19.5%
Other liabilities	183,349	332,322	-44.8%	168,385	8.9%
Total liabilities	**20,337,168**	**19,486,005**	**4.4%**	**19,302,798**	**5.4%**
Share capital	1,618	1,618	0.0%	1,618	0.0%
Additional paid-in capital	492,243	526,634	-6.5%	496,708	-0.9%
Treasury shares	(75)	(54)	38.9%	(66)	13.6%
Other reserves	(3,223)	71,227	NMF	6,139	NMF
Retained earnings	2,588,463	1,939,122	33.5%	2,390,255	8.3%
Total equity attributable to shareholders of the Group	**3,079,026**	**2,538,547**	**21.3%**	**2,894,654**	**6.4%**
Non-controlling interests	13,882	11,368	22.1%	13,100	6.0%
Total equity	**3,092,908**	**2,549,915**	**21.3%**	**2,907,754**	**6.4%**
Total liabilities and equity	**23,430,076**	**22,035,920**	**6.3%**	**22,210,552**	**5.5%**
Book value per share	**65.65**	**53.41**	**22.9%**	**61.37**	**7.0%**

BELARUSKY NARODNY BANK (BNB)

INCOME STATEMENT HIGHLIGHTS *GEL thousands, unless otherwise stated*	4Q21	4Q20	Change y-o-y	3Q21	Change q-o-q	2021	2020	Change y-o-y
Net interest income	12,277	8,888	38.1%	9,300	32.0%	39,676	36,249	9.5%
Net fee and commission income	769	1,268	-39.4%	1,515	-49.2%	5,476	5,678	-3.6%
Net foreign currency gain	3,473	1,963	76.9%	3,293	5.5%	13,341	6,202	115.1%
Net other income	930	1,240	-25.0%	496	87.5%	1,242	1,812	-31.5%
Operating income	**17,449**	**13,359**	**30.6%**	**14,604**	**19.5%**	**59,735**	**49,941**	**19.6%**
Operating expenses	(12,000)	(8,334)	44.0%	(9,676)	24.0%	(39,675)	(32,950)	20.4%
Operating income before cost of risk	**5,449**	**5,025**	**8.4%**	**4,928**	**10.6%**	**20,060**	**16,991**	**18.1%**
Cost of risk	(471)	2,819	NMF	(1,560)	-69.8%	(1,723)	(3,981)	-56.7%
Net non-recurring items	(50)	(128)	-60.9%	(138)	-63.8%	(532)	(125)	NMF
Profit before income tax expense	**4,928**	**7,716**	**-36.1%**	**3,230**	**52.6%**	**17,805**	**12,885**	**38.2%**
Income tax expense	(932)	(1,768)	-47.3%	(515)	81.0%	(3,395)	(2,734)	24.2%
Profit	**3,996**	**5,948**	**-32.8%**	**2,715**	**47.2%**	**14,410**	**10,151**	**42.0%**

BALANCE SHEET HIGHLIGHTS *GEL thousands, unless otherwise stated*	Dec-21	Dec-20	Change y-o-y	Sep-21	Change q-o-q
Cash and cash equivalents	186,050	163,193	14.0%	146,716	26.8%
Amounts due from credit institutions	8,719	20,042	-56.5%	9,245	-5.7%
Investment securities	69,794	94,459	-26.1%	85,399	-18.3%
Loans to customers and finance lease receivables	662,297	698,542	-5.2%	657,568	0.7%
Other assets	54,060	42,416	27.5%	51,087	5.8%
Total assets	**980,920**	**1,018,652**	**-3.7%**	**950,015**	**3.3%**
Client deposits and notes	516,634	589,152	-12.3%	465,203	11.1%
Amounts owed to credit institutions	309,812	234,641	32.0%	326,715	-5.2%
Debt securities issued	7,327	34,067	-78.5%	7,195	1.8%
Other liabilities	12,490	28,237	-55.8%	12,944	-3.5%
Total liabilities	**846,263**	**886,097**	**-4.5%**	**812,057**	**4.2%**
Total equity	**134,657**	**132,555**	**1.6%**	**137,958**	**-2.4%**
Total liabilities and equity	**980,920**	**1,018,652**	**-3.7%**	**950,015**	**3.3%**

KEY RATIOS	4Q21	4Q20	3Q21	2021	2020
Profitability					
ROAA, annualised	3.5%	2.4%	3.3%	3.2%	1.5%
ROAE, annualised	26.4%	21.3%	25.7%	25.8%	13.0%
RB ROAE	*19.7%*	*22.1%*	*23.4%*	*21.4%*	*11.0%*
CIB ROAE	*39.2%*	*20.5%*	*31.4%*	*34.6%*	*16.7%*
Net interest margin, annualised	5.3%	4.4%	5.0%	4.9%	4.6%
RB NIM	*4.4%*	*4.0%*	*4.2%*	*4.2%*	*4.1%*
CIB NIM	*5.8%*	*3.9%*	*5.5%*	*5.1%*	*4.2%*
Loan yield, annualised	11.0%	10.4%	10.6%	10.6%	10.5%
RB Loan yield	*11.7%*	*11.1%*	*11.4%*	*11.3%*	*11.4%*
CIB Loan yield	*9.2%*	*8.5%*	*8.7%*	*8.7%*	*8.6%*
Liquid assets yield, annualised	4.0%	3.0%	3.6%	3.5%	3.4%
Cost of funds, annualised	4.8%	4.6%	4.7%	4.6%	4.7%
Cost of client deposits and notes, annualised	3.5%	3.8%	3.6%	3.6%	3.6%
RB Cost of client deposits and notes	*2.5%*	*2.9%*	*2.5%*	*2.6%*	*2.9%*
CIB Cost of client deposits and notes	*5.6%*	*5.4%*	*5.6%*	*5.5%*	*4.9%*
Cost of amounts owed to credit institutions, annualised	8.3%	6.6%	8.0%	7.3%	7.1%
Cost of debt securities issued	6.8%	7.0%	6.8%	6.9%	7.4%
Operating leverage, y-o-y	-0.4%	-0.8%	1.1%	7.8%	-4.8%
Operating leverage, q-o-q	-8.8%	-7.3%	-1.2%	0.0%	0.0%
Efficiency					
Cost / income	39.8%	39.6%	36.8%	37.2%	39.7%
RB Cost / income	*50.2%*	*47.3%*	*45.9%*	*46.1%*	*47.1%*
CIB Cost /income	*17.3%*	*20.4%*	*16.6%*	*17.1%*	*20.5%*
Liquidity					
NBG liquidity coverage ratio (minimum requirement 100%)	124.0%	138.6%	112.7%	124.0%	138.6%
Liquid assets to total liabilities	29.7%	33.5%	28.3%	29.7%	33.5%
Net loans to client deposits and notes	115.2%	101.2%	117.0%	115.2%	101.2%
Net loans to client deposits and notes + DFIs	100.0%	89.4%	102.1%	100.0%	89.4%
Leverage (times)	6.6	7.6	6.6	6.6	7.6
Asset quality:					
NPLs (GEL thousands)	394,720	545,837	413,626	394,720	545,837
NPLs to gross loans to clients	2.4%	3.7%	2.6%	2.4%	3.7%
NPL coverage ratio	95.5%	76.3%	90.9%	95.5%	76.3%
NPL coverage ratio, adjusted for discounted value of collateral	147.7%	128.8%	140.9%	147.7%	128.8%
Cost of credit risk, annualised	-0.2%	0.4%	0.2%	0.0%	1.8%
RB Cost of credit risk	*0.7%*	*0.6%*	*0.4%*	*0.7%*	*2.1%*
CIB Cost of credit risk	*-1.8%*	*0.4%*	*-0.3%*	*-1.2%*	*1.5%*
Capital adequacy:					
NBG (Basel III) CET1 capital adequacy ratio	13.2%	10.4%	12.8%	13.2%	10.4%
Minimum regulatory requirement	*11.5%*	*7.4%*	*11.0%*	*11.5%*	*7.4%*
NBG (Basel III) Tier I capital adequacy ratio	15.0%	12.4%	14.6%	15.0%	12.4%
Minimum regulatory requirement	*13.6%*	*9.2%*	*13.2%*	*13.6%*	*9.2%*
NBG (Basel III) Total capital adequacy ratio	19.3%	17.6%	19.2%	19.3%	17.6%
Minimum regulatory requirement	*17.7%*	*13.8%*	*17.3%*	*17.7%*	*13.8%*
Selected operating data:					
Total assets per FTE	2,998	2,993	2,886	2,998	2,993
Number of active branches, of which:	211	211	212	211	211
- Express branches	*106*	*105*	*107*	*106*	*105*
- Bank of Georgia branches	*94*	*95*	*94*	*94*	*95*
- SOLO lounges	*11*	*11*	*11*	*11*	*11*
Number of ATMs	989	960	985	989	960
Number of cards outstanding, of which:	2,290,716	2,137,744	2,078,033	2,290,716	2,137,744
- Debit cards	*2,114,813*	*1,873,433*	*1,894,260*	*2,114,813*	*1,873,433*
- Credit cards	*175,903*	*264,311*	*183,773*	*175,903*	*264,311*
Number of POS terminals	38,514	27,184	35,793	38,514	27,184
Number of Express pay terminals	2,998	2,993	2,886	2,998	2,993
FX Rates:					
GEL/US$ exchange rate (period-end)	3.0976	3.2766	3.1228		
GEL/GBP exchange rate (period-end)	4.1737	4.4529	4.2198		

	Dec-21	**Dec-20**	**Sep-21**
Full time employees (FTE), of which:	**7,816**	**7,363**	**7,695**
- Full time employees, BOG standalone	*6,207*	*5,821*	*6,108*
- Full time employees, BNB	*547*	*537*	*542*
- Full time employees, other	*1,062*	*1,005*	*1,045*

Shares outstanding	**Dec-21**	**Dec-20**	**Sep-21**
Ordinary shares	46,900,982	47,530,584	47,168,814
Treasury shares	2,268,446	1,638,844	2,000,614
Total shares outstanding	**49,169,428**	**49,169,428**	**49,169,428**

GLOSSARY

- **Alternative performance measures (APMs)** In this announcement the management uses various APMs, which they believe provide additional useful information for understanding the financial performance of the Group. These APMs are not defined by International Financial Reporting Standards, and 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 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** 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
- **Cost of deposits** Interest expense on client deposits and notes of the period divided by monthly average client deposits and notes
- **Cost of funds** Interest expense of the period divided by monthly average interest bearing liabilities
- **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 (as defined by the NBG) divided by net cash outflows over the next 30 days (as defined by the NBG)
- **Loan yield** Interest income from loans to customers and finance lease receivables divided by monthly average gross loans to customers and finance lease receivables
- **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
- **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
- **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
- **Net interest margin (NIM)** Net interest income of the period divided by monthly average interest earning assets excluding cash for the same period
- **Net stable funding ratio (NSFR)** Available amount of stable funding (as defined by the NBG) divided by the required amount of stable funding (as defined by the NBG)
- **Non-performing loans (NPLs)** The principal and interest on loans overdue for more than 90 days and any additional potential losses estimated by management
- **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)
- **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
- **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
- **NMF** Not meaningful

COMPANY INFORMATION

Bank of Georgia Group PLC

Registered Address

42 Brook Street
London W1K 5DB
United Kingdom
www.bankofgeorgiagroup.com
Registered under number 10917019 in England and Wales

Secretary

Link Company Matters Limited
65 Gresham Street
London EC2V 7NQ
United Kingdom

Stock Listing

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

Contact Information

Bank of Georgia Group PLC Investor Relations
Telephone: +44(0) 203 178 4052; +995 322 444444 (7515)
E-mail: ir@bog.ge

Auditorss

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY
United Kingdom

Registrar

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

Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.
Investor Centre Web Address - www.investorcentre.co.uk.
Investor Centre Shareholder Helpline - +44 (0)370 873 5866

Share price information

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