Bank of Georgia Group PLC

Fourth Quarter and Full Year 2022 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 (the "**Group**" and on the LSE: **BGEO LN**) is a UK-incorporated holding company. The Group mainly comprises: a) retail banking and payments business (Retail Banking); and b) corporate banking and investment banking operations (Corporate and Investment Banking) in Georgia.

JSC Bank of Georgia ("**Bank of Georgia**", "**BOG**", or the "**Bank**"), a systematically important and leading universal bank in Georgia, is the core entity of the Group. The Bank is a leader in the payments business and financial mobile application, with strong retail and corporate banking franchises. In line with our digital strategy, the Group focuses on expanding technological and advanced data analytics capabilities to offer more personalised solutions and seamless experiences to our customers. 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.

4Q22 AND FY22 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 2022. Unless otherwise noted, numbers in this announcement are given for 4Q22 and FY22 and comparisons are with 4Q21 and FY21. 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 2022 preliminary results, which was approved by the Board of Directors on 15 February 2023, does not constitute statutory accounts within the meaning of Section 434 of the UK Companies Act 2006. The statutory accounts for the year ended 31 December 2021 have been 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. The consolidated financial statements for the year ended 31 December 2022 will be included in the Annual Report and Accounts expected to be published in March 2023, which will be filed with the Registrar of Companies following Bank of Georgia Group PLC's Annual General Meeting.

A webinar with investors and analysts will be held on 16 February 2022, at 14:00 GMT / 15:00 CET / 09:00 EST.

Webinar instructions:

Please click the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/92928157803?pwd=eW14Q1pCcjlLZ080aWRlei9pQk9BUT09

Webinar ID: **929 2815 7803**
Passcode: **974381**

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

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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: macro risk, including domestic instability; regional instability risk; credit risk; liquidity and funding risk; capital risk; market risk; regulatory and legal risk; financial crime risk; information security and data protection risks; operational risk; human capital risk; COVID-19 pandemic risk; model risk; climate change risk; and other key factors that could adversely affect our business and financial performance, as indicated elsewhere in this document and in past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2021 and in 2Q22 and 1H22 results release. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

MACROECONOMIC DEVELOPMENTS

Strong growth momentum

During the fourth quarter, the Georgian economy maintained its recent strong momentum despite the ongoing war in Ukraine and global interest rate and inflationary trends. Continued inbound migration and relocation of capital boosted domestic demand. According to preliminary data, real GDP grew 9.5% year-on-year in the fourth quarter, and estimated real GDP growth for full year 2022 was 10.1%. The export of goods and services was the main driver of growth along with increased investment expenditure. Consumption spending slowed due to high inflation and tightened lending conditions. Nonetheless, domestic demand remains strong, supported by increased revenues from the external sector and fiscal spending. The overall growth was broad-based, with primary contributions from transport and communications, hospitality, and other services sectors.

Resilient external sector

Georgia's exports of goods moderated in 4Q22, growing 18.6% year-on-year, resulting in a 31.8% y-o-y growth in 2022. The slowdown was mainly due to a reduction in global commodity prices. Import growth remained robust on the back of strong economic activity. The widening trade deficit was offset by the continued recovery in tourism inflows and surge in money transfers from abroad. Tourism revenues exceeded the 2019 level by 45.7% in 4Q22, resulting in a 7.6% growth vs 2019 for 2022. Remittances grew 142.2% y-o-y in 4Q22 on the back of ongoing inbound migration. Given the positive dynamics in all sources of inflows, Georgia's external balance improved significantly in 2022.

Healthy bank lending growth

Bank lending slowed further in the fourth quarter of 2022, resulting in 12.1% year-on-year growth on a constant currency basis vs 14.5% y-o-y growth in 3Q22. Tighter lending conditions, driven by higher interest rates on FX loans and the NBG's decision to reduce the maximum tenor of uncollateralised consumer loans to three years, have weighed on credit demand. Local currency lending remains the primary driver of credit growth leading to a sustained reduction in bank loan dollarisation, which stood at 44.8% at 31 December 2022, down 5.9 ppts vs last year.

Improved fiscal performance

Georgia's fiscal performance continues to improve. Consolidated budget tax revenues increased by 37.3% year-on-year in 4Q22. In December 2022, the Government of Georgia revised the planned budget deficit for 2022 down to 3.1% of GDP, reflecting better-than-expected tax revenues on the back of strong economic activity. Total public debt at year-end 2022 reached 39.6% of GDP, down from 49.7% in 2021, due to GEL appreciation and strong GDP growth. Overall, the positive growth outlook and the Government's commitment to fiscal consolidation supported by IMF's stand-by facilities are expected to ensure fiscal sustainability in the following years.

Topped-out inflation and tight monetary policy

Headline CPI inflation slowed to 9.8% year-on-year in December 2022 (vs 10.4% in November 2022). The diminishing effects of strong GEL and recent reduction in global commodity prices on domestic inflation have been partially offset by increased demand-side pressures amid strong economic activity. Currently, inflation is mainly driven by elevated food prices and housing costs. Decelerating producer and import price inflation, however, indicates that consumer prices should keep slowing down over the following months. Monetary policy remains tight, with the NBG policy rate at 11.0% since March 2022. According to the NBG's current guidance, inflation is expected to approach the 3% target by the end of 2023.

Strong GEL

Strong external inflows, tight monetary policy, and improved sentiment have supported the local currency. GEL appreciated by 12.5% against USD during 2022. In January 2023, GEL further gained additional 1.9% against USD. GEL is expected to remain stable in the medium term, supported by strong external inflows and positive growth outlook.

4Q22 AND FY22 FINANCIAL HIGHLIGHTS[1]

GEL thousands	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
INCOME STATEMENT HIGLIGHTS								
Interest income	607,652	509,563	19.2%	574,626	5.7%	2,256,881	1,851,044	21.9%
Interest expense	(273,007)	(239,492)	14.0%	(279,555)	-2.3%	(1,074,546)	(897,103)	19.8%
Net interest income	**334,645**	**270,071**	**23.9%**	**295,071**	**13.4%**	**1,182,335**	**953,941**	**23.9%**
Net fee and commission income	97,932	64,100	52.8%	79,662	22.9%	317,491	232,431	36.6%
Net foreign currency gain	125,395	34,495	263.5%	150,686	-16.8%	466,094	109,099	327.2%
Net other income (without one-off items)	26,930	10,579	154.6%	1,092	2366.1%	36,092	70,206	-48.6%
Operating income	**584,902**	**379,245**	**54.2%**	**526,511**	**11.1%**	**2,002,012**	**1,365,677**	**46.6%**
Operating expenses	**(181,062)**	**(150,772)**	**20.1%**	**(160,870)**	**12.6%**	**(641,186)**	**(507,952)**	**26.2%**
Profit (loss) from associates	128	128	0.0%	250	-48.8%	754	(3,781)	NMF
Operating income before cost of risk	**403,968**	**228,601**	**76.7%**	**365,891**	**10.4%**	**1,361,580**	**853,944**	**59.4%**
Cost of risk	(52,675)	(7,744)	NMF	(48,048)	9.6%	(119,068)	(51,412)	131.6%
Net operating income before non-recurring items and income tax	**351,293**	**220,857**	**59.1%**	**317,843**	**10.5%**	**1,242,512**	**802,532**	**54.8%**
Net non-recurring items	329	(62)	NMF	428	-23.1%	1,038	(590)	NMF
Profit before income tax and one-off items	**351,622**	**220,795**	**59.3%**	**318,271**	**10.5%**	**1,243,550**	**801,942**	**55.1%**
Income tax expense	(25,723)	(20,076)	28.1%	(28,053)	-8.3%	(111,376)	(74,824)	48.9%
Profit adjusted for one-off items	**325,899**	**200,719**	**62.4%**	**290,218**	**12.3%**	**1,132,174**	**727,118**	**55.7%**
One-off items	**311,825**	-	-	-	-	**311,825**	-	-
Profit	**637,724**	**200,719**	**217.7%**	**290,218**	**119.7%**	**1,443,999**	**727,118**	**98.6%**
Earnings per share (basic)	**14.10**	**4.25**	**NMF**	**6.27**	**124.9%**	**30.99**	**15.22**	**103.6%**
Earnings per share (diluted)	**13.61**	**4.12**	**NMF**	**6.19**	**119.9%**	**30.33**	**14.88**	**103.8%**

GEL thousands	Dec-22	Dec-21	Change y-o-y	Sep-22	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	10,367,600	6,047,616	71.4%	9,486,712	9.3%
Cash and cash equivalents	*3,584,843*	*1,520,562*	*135.8%*	*2,773,069*	*29.3%*
Amounts due from credit institutions	*2,433,028*	*1,931,390*	*26.0%*	*2,406,119*	*1.1%*
Investment securities	*4,349,729*	*2,595,664*	*67.6%*	*4,307,524*	*1.0%*
Loans to customers and finance lease receivables[2]	16,861,706	16,168,973	4.3%	16,162,942	4.3%
Property and equipment	398,855	378,808	5.3%	400,874	-0.5%
Total assets	**28,901,900**	**23,430,076**	**23.4%**	**26,988,984**	**7.1%**
Client deposits and notes	18,261,397	14,038,002	30.1%	17,193,088	6.2%
Amounts due to credit institutions	5,266,653	4,318,445	22.0%	4,937,760	6.7%
Borrowings from DFIs	*1,867,454*	*2,135,301*	*-12.5%*	*1,940,822*	*-3.8%*
Short-term loans from central banks	*1,715,257*	*1,413,333*	*21.4%*	*2,060,324*	*-16.7%*
Loans and deposits from commercial banks	*1,683,942*	*769,811*	*118.7%*	*936,614*	*79.8%*
Debt securities issued	645,968	1,518,685	-57.5%	774,152	-16.6%
Total liabilities	**24,653,078**	**20,337,168**	**21.2%**	**23,375,621**	**5.5%**
Total equity	**4,248,822**	**3,092,908**	**37.4%**	**3,613,363**	**17.6%**
Book value per share	**94.07**	**65.65**	**43.3%**	**78.81**	**19.4%**

Ratios were adjusted for a one-off GEL 391.1 million of other income due to the settlement of an outstanding legacy claim, and a one-off GEL 79.3 million tax expense due to an amendment to the current corporate taxation model in Georgia.

KEY RATIOS	4Q22	4Q21	3Q22	FY22	FY21
ROAA[1]	4.7%	3.5%	4.4%	4.4%	3.2%
ROAE[1]	33.7%	26.4%	32.4%	32.4%	25.8%
Net interest margin	5.7%	5.3%	5.3%	5.4%	4.9%
Loan yield	12.0%	11.0%	11.6%	11.5%	10.6%
Liquid assets yield	4.2%	4.0%	4.2%	4.3%	3.5%
Cost of funds	4.6%	4.8%	4.9%	4.9%	4.6%
Cost of client deposits and notes	3.4%	3.5%	3.6%	3.6%	3.6%
Cost of amounts due to credit institutions	8.5%	8.3%	9.1%	8.9%	7.3%
Cost of debt securities issued	7.5%	6.8%	7.3%	7.1%	6.9%
Cost/income[1]	31.0%	39.8%	30.6%	32.0%	37.2%
NPLs to gross loans	2.7%	2.4%	2.4%	2.7%	2.4%
NPL coverage ratio	66.4%	95.5%	89.4%	66.4%	95.5%
NPL coverage ratio, adjusted for discounted value of collateral	128.9%	147.7%	138.0%	128.9%	147.7%
Cost of credit risk	0.9%	-0.2%	1.0%	0.8%	0.0%
NBG (Basel III) CET 1 capital adequacy ratio	14.7%	13.2%	14.8%	14.7%	13.2%
Minimum regulatory requirement	*11.6%*	*11.5%*	*11.6%*	*11.6%*	*11.5%*
NBG (Basel III) Tier I capital adequacy ratio	16.7%	15.0%	17.0%	16.7%	15.0%
Minimum regulatory requirement	*13.8%*	*13.6%*	*13.8%*	*13.8%*	*13.6%*
NBG (Basel III) Total capital adequacy ratio	19.8%	19.3%	20.3%	19.8%	19.3%
Minimum regulatory requirement	*17.2%*	*17.7%*	*17.2%*	*17.2%*	*17.7%*

[1] During the fourth quarter the Group also posted significant one-off items, namely a one-off GEL 391.1 million of other income due to the settlement of an outstanding legacy claim and a one-off GEL 79.3 million expense due to the amendment to the current corporate taxation model in Georgia applicable to financial institutions. Throughout the report, we have adjusted the relevant P&L lines and ratios for these one-off items to present the Group's underlying performance. You can find unadjusted P&L and ratios on pages 18 and 21.

[2] 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 HIGHLIGHTS

Operating income before cost of risk (adjusted for one-off items) was up 76.7% y-o-y in the fourth quarter to GEL 404.0 million and up 59.4% y-o-y for the full year to GEL 1,361.6 million.

- The Group delivered strong y-o-y and q-o-q top-line growth during the fourth quarter, with non-interest income generation underpinned by the growth of the Georgian economy.
- We ended the full year with operating income (adjusted for one-off items) of GEL 2,002 million, up 46.6% y-o-y, driven by a strong performance across core revenue lines, with a four-fold increase in net foreign currency gains on the back of migrant inflows, increased activity, and higher spreads throughout the year.
- The Group delivered positive operating leverage y-o-y in 4Q22 and FY22 and improved the cost to income ratio to 31.0% in 4Q22 vs 39.8% in 4Q21, and to 32.0% in FY22 vs 37.2% in FY21.

Asset quality remains strong

- Cost of credit risk ratio was 0.9% in 4Q22 (-0.2% in 4Q21 and 1.0% in 3Q22) and 0.8% in FY22 (0.0% in FY21).
- NPLs to gross loans increased to 2.7% at 31 December 2022 (2.4% at 31 December 2021 and 2.4% at 30 September 2022), driven by a one-off methodological change as we are aligning our internal NPL definitions more closely to IFRS Stage 3 definitions. Excluding this change, NPLs to gross loans ratio would have decreased to 2.2% at 31 December 2022.

Robust bottom-line growth and high profitability

- The Group's profit (adjusted for one-off items) amounted to GEL 325.9 million in 4Q22 (up 62.4% y-o-y and up 12.3% q-o-q). Profit for the full year was GEL 1,132.2 million (up 55.7% y-o-y). ROAE (adjusted) stood at 33.7% in 4Q22 (26.4% in 4Q21 and 32.4% in 3Q22), and was 32.4% in FY22 (25.8% in FY21).
- Reported profit in 4Q22 amounted to GEL 637.7 million (up 217.7% y-o-y and up 119.7% q-o-q). Reported profit for full year was GEL 1,444.0 million (up 98.6% y-o-y).

Moderate loan book growth and strength of our deposit franchise

- Loan book grew 4.3% y-o-y and 4.3% q-o-q during the fourth quarter. On a constant currency basis, the loan portfolio increased by 12.9% y-o-y and by 4.8% q-o-q.
- Significant growth of client deposits and notes was achieved again during the fourth quarter – 30.1% y-o-y and 6.2% q-o-q in nominal terms and 43.2% y-o-y and 8.5% q-o-q on a constant currency basis, mainly driven by the Retail Banking segment.

Strong capital and liquidity positions

- At 31 December 2022, the Bank's Basel III Common Equity Tier 1, Tier 1, and Total capital adequacy ratios stood at 14.7%, 16.7%, and 19.8%, respectively, all comfortably above the minimum requirements of 11.6%, 13.8% and 17.2%, respectively. The one-off other income of GEL 391.1m, recorded in the fourth quarter of the year, arose at the holding company level and is therefore not reflected in the Bank's capital ratios, which are calculated within the regulated Bank – JSC Bank of Georgia.
- Liquidity coverage ratio stood at 132.4% at 31 December 2022 vs 124.0% at 31 December 2021 and 121.4% at 30 September 2022, above the 100% minimum requirement.

Capital distribution

- On 20 October 2022, the Group paid an interim dividend of GEL 1.85 per ordinary share.
- In December 2022, we completed the GEL 112.7 million share buyback and cancellation programme, having repurchased and cancelled 1,670,446 ordinary shares.
- The Board intends to increase the share buyback and cancellation programme by up to GEL 148 million.
- At the 2023 Annual General Meeting, the Board also intends to recommend for shareholder approval a final dividend for 2022 of GEL 5.80 per share payable in Pounds Sterling at the prevailing rate. This would make a total dividend paid in respect of the Group's 2022 earnings of GEL 7.65 per share.

STRATEGIC HIGHLIGHTS[3]

	Dec-22	Dec-21	Change y-o-y	Sep-22	Change q-o-q
ACTIVE CUSTOMERS					
Number of monthly active retail customers	1,632,439	1,394,493	17.1%	1,545,984	5.6%
Number of monthly active legal entities	81,342	64,707	25.7%	75,561	7.7%
Number of monthly active customers (total)	1,713,781	1,459,200	17.4%	1,621,545	5.7%
DIGITAL					
Monthly active digital users (individual clients)	1,121,434	852,711	31.5%	1,005,248	11.6%
Share of MAU in total active individuals	68.7%	61.1%		65.0%	
DAU/MAU	47.6%	44.2%		45.2%	

Volume in GEL thousands, figures in thousands	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
DIGITAL								
Number of transactions in mBank and iBank	52,466	35,402	48.2%	45,029	16.5%	174,093	114,057	52.6%
Volume of transactions in mBank and iBank	14,430,342	6,624,465	117.8%	11,450,224	26.0%	42,330,936	20,963,783	101.9%
Product offloading rate	40.0%	28.4%		34.0%				
PAYMENTS								
Number of active POS terminals (offline and online)	34.9	27.4	27.2%	32.8	6.3%	34.9	27.4	27.2%
Volume of transactions in BOG's acquiring	3,223,209	2,108,919	52.8%	2,765,830	16.5%	10,212,789	6,858,671	48.9%
CUSTOMER SATISFACTION								
Net promoter score (NPS)	58.4	54.5		60.1				

Strong franchise growth

- We increased Bank of Georgia's customer base to 1.7 million monthly active customers at 31 December 2022 – a 17.4% increase vs 31 December 2021 and a 5.7% increase vs 30 September 2022.
- The number of monthly active digital users (MAU; individuals) was up 31.5% y-o-y and up 11.6% q-o-q to 1.1 million at 31 December 2022. The share of MAU in total active individuals increased to 68.7% at 31 December 2022, up from 61.1% at 31 December 2021 and 65.0% at 30 September 2022, reflecting the increasing adoption of our market-leading digital platforms.

Digital channels

- We significantly increased the share of product sales through digital channels - to 40.0% in 4Q22 vs 28.4% in 4Q21 and vs 34.0% in 3Q22.
- 96.4% of total transactions were non-branch transactions in 4Q22, with the share of transactions via mBank/iBank at 58.2%, up from 50.8% in 4Q21.
- In the fourth quarter we fully launched **sCoolApp**, the first financial mobile application for school students in Georgia. Our goal is to increase basic financial literacy of young people by enabling access to digital financial services and a variety of educational content that will be built into the app. At 31 December 2022, 33,167 school students were monthly active users of the app.

Payments

- Bank of Georgia's market share in acquiring increased to 50.3% in 4Q22 vs 43.0% in 4Q21. The volume of transactions executed through BOG's offline and online terminals was up 52.8% y-o-y in the fourth quarter of 2022 and up 48.9% for the full year.
- Bank of Georgia's cards were used for payments at least once by 1.0 million individuals in December 2022 (up 33.0% y-o-y, up 11.8% q-o-q).

Customer satisfaction

- Net Promoter Score (NPS) stood at 58.4 in the fourth quarter (up 3.9 points y-o-y and down 1.7 points q-o-q).

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

2022 was an unprecedented year – which started with the war in Ukraine, which shocked us all, and which, sadly, remains ongoing. Our thoughts remain with the Ukrainian people, and I hope this horrible human suffering ends soon.

Despite the high levels of uncertainty and volatility during the year, however, the Georgian economy demonstrated strong growth momentum, resulting in an estimated 10.1% real GDP growth in 2022. One of the key drivers of growth during 2022 were strong external inflows, including FX inflows that were boosted by the inbound migration of people and relocation of capital from nearby countries, as well as increased activity in the transportation sector, as the rerouting of cargo from Central Asia amplified Georgia's position as an important transport, trading and logistics corridor for the region. On the back of these developments, we saw strong nominal GDP growth, a reduced current account deficit to around 3.1% of GDP, a reduced fiscal deficit to 3.1% of GDP, and a significant strengthening of GEL, which appreciated by 12.5% against the US Dollar during 2022. Inflation and tight monetary policy are still the main challenges, but Georgia's macroeconomic risks overall reduced significantly – public debt decreased to 39.6% of GDP, from 49.7% in 2021, and banking sector loans to GDP also decreased to 62.7%, from 71.5% a year ago. In addition, gross international reserves increased by 14.7% in 2022 to USD 4.9bn.

The strength of the Georgian economy underpinned the recent growth momentum of Bank of Georgia. Our market-leading digital channels and payments solutions, coupled with top of mind customer franchise and a dedicated team with a strong customer-centric culture – ensured that we were well-positioned to benefit from the greater than expected economic growth. We reported strong financial results in the fourth quarter, culminating in an excellent full-year performance as operating income before cost of risk (adjusted for one-off items) was up 59.4% y-o-y, profit (adjusted for one-off items) was up 55.7% to GEL 1,132 million and a full-year return on average equity stood at 32.4%[4]. We maintained a strong balance sheet and continued investments in building the business. Full year basic earnings per share more than doubled to GEL 30.99 per share, and book value per share increased by 43.3% to GEL 94.07.

Over the last few years, we have invested significantly in our customer franchise and, as a result, are now delivering significant growth across our key performance metrics. The number of our monthly active retail clients grew 17.1% y-o-y to 1.6 million, which is a great result in a country of 3.6 million. Importantly, the number of monthly active digital users was up 31.5% y-o-y to 1.1 million - representing 68.7% of our monthly active customers, compared to 61.1% a year ago. During the fourth quarter, we launched the first financial mobile application for school students in Georgia – Bank of Georgia's sCoolApp – ending December with 33,167 monthly active users. Financial inclusion is one of our main focus areas, and we aim to enable children to improve their financial literacy skills through engagement with the app and the educational content that we plan to embed into this channel.

Our payments business also continued to excel, with the volume of transactions through Bank of Georgia's acquiring up 52.8% y-o-y in the fourth quarter and up 48.9% y-o-y for the full year. Now more than 1 million individuals use our cards for payments at least monthly, a 33.0% increase over the last 12 months.

On the portfolio side, our loan book increased by 12.9% y-o-y on a constant currency basis, and deposit growth was outstanding, at 43.2% y-o-y on a constant currency basis, not only supported by migrant inflows, but also by high levels of local economic activity, reflecting the strength of our brand and customer franchise.

Good profitability and the improved GEL resulted in a strong capital position, with historically high levels of capital buffers. The CET1 ratio stood at 14.7% at 31 December 2022, more than 300 basis points above the minimum requirement. In addition, the one-off gain of GEL 391.1 million, recorded in the fourth quarter of the year, arose at the holding company level and is therefore not reflected in the Bank's capital ratios, which are calculated within the regulated Bank – JSC Bank of Georgia.

Considering the Group's strong performance during 2022, at the 2023 Annual General Meeting, the Board intends to recommend a final dividend for 2022 of GEL 5.80 per share, making a total dividend for 2022 of GEL 7.65 per share. In addition, the Board intends to increase the share buyback and cancellation programme by up to GEL 148 million. This represents an overall dividend and share buyback pay-out ratio for the year ended 31 December 2022 of 37%, in line with our capital distribution policy.

Going forward, although risks remain, given the importance of the South Caucasian corridor for the Central Asian economies, we expect Georgia's role in the region to strengthen, bringing in additional investments and economic activity in the energy, transport, and logistics sectors over the next few years. On our side, we remain well-positioned to capture the benefits of increased economic activity in the country, and to sustainably deliver strong growth and high profitability.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
15 February 2023

[4] Figures adjusted for a one-off GEL 391.1 million other income due to the settlement of an outstanding legacy claim, and a one-off GEL 79.3 million tax expense due to an amendment to the current corporate taxation model in Georgia.

DISCUSSION OF RESULTS

The Group's business consists of three key business segments. (1) ***Retail Banking*** *operations in Georgia comprising sub-segments that target mass retail, mass affluent and high-net-worth clients and MSMEs. (2)* ***Corporate and Investment Banking*** *operations in Georgia serving corporate and institutional customers and providing brokerage services through Galt & Taggart. (3) JSC Belarusky Narodny Bank –* ***BNB*** *– serving retail and SME clients in Belarus.*

GEL thousands, unless otherwise noted	4Q22	4Q21	Change y-o-y	4Q22	Change q-o-q	FY22	FY21	Change y-o-y
OPERATING INCOME								
Interest income	607,652	509,563	19.2%	574,626	5.7%	2,256,881	1,851,044	21.9%
Interest expense	(273,007)	(239,492)	14.0%	(279,555)	-2.3%	(1,074,546)	(897,103)	19.8%
Net interest income	**334,645**	**270,071**	**23.9%**	**295,071**	**13.4%**	**1,182,335**	**953,941**	**23.9%**
Fee and commission income	170,458	113,664	50.0%	147,207	15.8%	559,465	390,829	43.1%
Fee and commission expense	(72,526)	(49,564)	46.3%	(67,545)	7.4%	(241,974)	(158,398)	52.8%
Net fee and commission income	**97,932**	**64,100**	**52.8%**	**79,662**	**22.9%**	**317,491**	**232,431**	**36.6%**
Net foreign currency gain	125,395	34,495	263.5%	150,686	-16.8%	466,094	109,099	327.2%
Net other income (without one-off items)	26,930	10,579	154.6%	1,092	2366.1%	36,092	70,206	-48.6%
Operating income	**584,902**	**379,245**	**54.2%**	**526,511**	**11.1%**	**2,002,012**	**1,365,677**	**46.6%**
Net interest margin	5.7%	5.3%		5.3%		5.4%	4.9%	
Average interest earning assets	23,154,159	20,257,844	14.3%	21,908,999	5.7%	21,765,305	19,510,848	11.6%
Average interest bearing liabilities	23,547,485	19,696,541	19.6%	22,437,533	4.9%	21,865,374	19,409,266	12.7%
Average net loans and finance lease receivables,	16,420,526	15,825,253	3.8%	16,081,414	2.1%	16,213,098	15,057,524	7.7%
Average net loans and finance lease receivables, GEL	8,681,922	7,155,129	21.3%	8,207,464	5.8%	8,009,664	6,493,966	23.3%
Average net loans and finance lease receivables, FC	7,738,604	8,670,124	-10.7%	7,873,950	-1.7%	8,203,434	8,563,558	-4.2%
Average client deposits and notes	17,785,715	13,717,739	29.7%	16,467,683	8.0%	15,876,171	13,766,622	15.3%
Average client deposits and notes, GEL	6,627,550	5,270,841	25.7%	6,378,171	3.9%	6,172,866	5,290,089	16.7%
Average client deposits and notes, FC	11,158,165	8,446,898	32.1%	10,089,512	10.6%	9,703,305	8,476,533	14.5%
Average liquid assets	9,871,678	6,023,591	63.9%	8,961,650	10.2%	8,178,417	6,283,441	30.2%
Average liquid assets, GEL	3,395,553	2,811,276	20.8%	3,374,212	0.6%	3,305,624	2,651,356	24.7%
Average liquid assets, FC	6,476,125	3,212,315	101.6%	5,587,438	15.9%	4,872,793	3,632,085	34.2%
Liquid assets yield	4.2%	4.0%		4.2%		4.3%	3.5%	
Liquid assets yield, GEL	8.7%	8.3%		8.9%		8.9%	7.9%	
Liquid assets yield, FC	1.8%	0.1%		1.1%		1.0%	0.1%	
Loan yield	12.0%	11.0%		11.6%		11.5%	10.6%	
Loan yield, GEL	15.7%	15.5%		16.0%		15.9%	15.1%	
Loan yield, FC	7.7%	7.2%		7.0%		7.2%	7.1%	
Cost of funds	4.6%	4.8%		4.9%		4.9%	4.6%	
Cost of funds, GEL	9.1%	8.9%		9.5%		9.4%	8.2%	
Cost of funds, FC	1.5%	2.2%		1.7%		1.8%	2.5%	

Performance highlights

Operating income

- The Group generated operating income (adjusted for one-off items) of GEL 584.9m in 4Q22 (up 54.2% y-o-y and up 11.1% q-o-q), ending the full year of 2022 with operating income (adjusted for one-off items) of GEL 2,002.0m (up 46.6% y-o-y). The y-o-y growth was strong across key revenue lines.
- Net fee and commission income was GEL 97.9m in 4Q22 (up 52.8% y-o-y and up 22.9% q-o-q). The year-on-year increase was mainly driven by settlement operations and currency conversion operations, partly offset by cash operations. The quarter-on-quarter increase was driven by settlement operations and growth in advisory and brokerage service fees. Net fee and commission income amounted to GEL 317.5m during the full year of 2022 (up 36.6% y-o-y), mainly driven by settlement operations and currency conversion operations, partly offset by cash operations.
- Net foreign currency gain amounted to GEL 125.4m in the fourth quarter (up 263.5% y-o-y and down 16.8% q-o-q), and was GEL 466.1m for full year 2022 (up 327.2% y-o-y). The key drivers of the significant y-o-y boost to net foreign currency gain were increased migrant inflows to Georgia as well as higher spreads on the back of exchange rate volatility.
- Net other income (adjusted for one-off items) of GEL 26.9m in 4Q22 (up 154.6% y-o-y and up 24.7x q-o-q) was mainly driven by net gains from revaluation of investment properties as well as sale of repossessed assets and assets held for sale. For full year, net other income (adjusted for one-off items) amounted to GEL 36.1m (down 48.6% y-o-y), mainly due significant net gains from sale of real estate properties and investment securities recorded in 2021. Full year net other income also included a net loss related to the repurchase of US$ 129,987,000 of the Bank’s US$ 350 million 6.00% Notes due 2023 under the tender offer announced and completed in September 2022.

NIM

- The increase in the net interest margin to 5.7% in the fourth quarter (up 40 bps y-o-y and up 40 bps q-o-q) was mainly driven by higher loan yield and decreased cost of funds, partially offset by higher levels of liquidity. NIM was 5.4% in FY22 (up 50 bps y-o-y), supported by increased loan yield, partly offset by increased cost of funds.
  - Loan yield was 12.0% in 4Q22, up 100 bps y-o-y and up 40 bps q-o-q. For the full year 2022, loan yield stood at 11.5% (up 90 bps y-o-y). The y-o-y increase was driven by GEL loans (15.7% in 4Q22 vs 15.5% 4Q21; 15.9% in FY22 vs 15.1% in FY21), reflecting the policy rate hikes by the NBG. Loan yield on foreign currency loans also picked up during the fourth quarter and stood at 7.7% vs 7.0% in 3Q22 and 7.2% in 4Q21, also reflecting higher interest rates globally.
  - Cost of funds was 4.6% in 4Q22, down 20 bps y-o-y and down 30 bps q-o-q. GEL cost of funds was up 20 bps y-o-y and down 40 bps q-o-q to 9.1% in the fourth quarter. Foreign currency cost of funds was down 70 bps y-o-y and down 20 bps q-o-q to 1.5%, on the back of the high volume of FC deposit inflows. For the full year, cost of funds stood at 4.9% (up 30 bps y-o-y). GEL cost of funds was 9.4% (up 120 bps y-o-y), driven by the policy rate hikes by the NBG. Foreign currency cost of funds was 1.8% (down 70 bps y-o-y).

GEL thousands	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
OPERATING EXPENSES, COST OF RISK, PROFIT								
Salaries and other employee benefits	(93,698)	(80,501)	16.4%	(94,641)	-1.0%	(362,019)	(281,087)	28.8%
Administrative expenses	(54,931)	(43,552)	26.1%	(38,398)	43.1%	(164,450)	(129,524)	27.0%
Depreciation, amortisation and impairment	(31,717)	(25,256)	25.6%	(27,209)	16.6%	(111,089)	(93,618)	18.7%
Other operating expenses	(716)	(1,463)	-51.1%	(622)	15.1%	(3,628)	(3,723)	-2.6%
Operating expenses	**(181,062)**	**(150,772)**	**20.1%**	**(160,870)**	**12.6%**	**(641,186)**	**(507,952)**	**26.2%**
Profit (loss) from associates	128	128	0.0%	250	-48.8%	754	(3,781)	NMF
Operating income before cost of risk	**403,968**	**228,601**	**76.7%**	**365,891**	**10.4%**	**1,361,580**	**853,944**	**59.4%**
Expected credit loss /impairment charge on loans to customers	(37,535)	9,836	NMF	(38,002)	-1.2%	(128,678)	(1,452)	NMF
Expected credit loss /impairment charge on finance lease receivables	472	(3,406)	NMF	(1,500)	NMF	(3,208)	(4,950)	-35.2%
Other expected credit gain (loss) and impairment charge on other assets and provisions	(15,612)	(14,174)	10.1%	(8,546)	82.7%	12,818	(45,010)	NMF
Cost of risk	**(52,675)**	**(7,744)**	**NMF**	**(48,048)**	**9.6%**	**(119,068)**	**(51,412)**	**131.6%**
Net operating income before non-recurring items and income tax	**351,293**	**220,857**	**59.1%**	**317,843**	**10.5%**	**1,242,512**	**802,532**	**54.8%**
Net non-recurring items	329	(62)	NMF	428	-23.1%	1,038	(590)	NMF
Profit before income tax	**351,622**	**220,795**	**59.3%**	**318,271**	**10.5%**	**1,243,550**	**801,942**	**55.1%**
Income tax expense	(25,723)	(20,076)	28.1%	(28,053)	-8.3%	(111,376)	(74,824)	48.9%
Profit adjusted for one-off items	**325,899**	**200,719**	**62.4%**	**290,218**	**12.3%**	**1,132,174**	**727,118**	**55.7%**
One-off in other income	391,100	-	-	-	-	391,100	-	-
One-off income tax expense	(79,275)	-	-	-	-	(79,275)	-	-
Profit	**637,724**	**200,719**	**217.7%**	**290,218**	**119.7%**	**1,443,999**	**727,118**	**98.6%**

Operating expenses and efficiency

- Operating expenses amounted to GEL 181.1m in 4Q22 (up 20.1% y-o-y and up 12.6% q-o-q). The year-on year growth was mainly driven by business growth, continuing investments in strategic areas, particularly IT, as well as the inflationary environment. The quarter-on-quarter growth was mainly driven by activities typical for the year end, including increased costs in marketing and advertising, and some consulting fees. Operating expenses amounted to GEL 641.2m for the full year, up 26.2% y-o-y.
- Notably, the Group delivered positive operating leverage y-o-y in 4Q22 and FY22, improving the cost to income ratio to 31.0% in 4Q22 vs 39.8% in 4Q21. Cost to income ratio for full year 2022 was 32.0% vs 37.2% in 2021.

Cost of risk

- Cost of credit risk ratio was 0.9% in 4Q22 (-0.2% in 4Q21 and 1.0% in 3Q22) and 0.8% in FY22 (0.0% in FY21). Expected credit loss provisions on loans and finance lease receivables posted during the fourth quarter amounted to GEL 37.1m, driven by Retail Banking.

One-off items

- We posted significant one-off items in the fourth quarter:
  - A GEL 391.1 million one-off other income relates to the settlement of a dispute over terms and enforcement of a historic collateral option with regard to an industrial asset linked to one of the Group's legacy defaulted borrowers. An outstanding claim was settled at the end of 2022 and the Group recognised the GEL 391.1 million one-off income at fair value in its consolidated financial statements. This other income arose at the holding company level and is not therefore reflected in the Bank's capital ratios, which are calculated within the regulated Bank – JSC Bank of Georgia.
  - A GEL 79.3 million one-off expense due to the re-measurement of deferred taxes as a result of an amendment to the current corporate taxation model in Georgia applicable to financial institutions, which passed into law on 28 December 2022 and became effective with regard to 2023 taxable profits. The previous taxation model, effective

for 2022 results, implied a 15% tax rate charged to banks' taxable profit before tax, regardless of retention or distribution status, although this was previously expected to change on 1 January 2023 to a zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings. This expected change did not happen, and the existing model of taxation of banks has been maintained. At the same time, the existing corporate tax rate for banks was increased from 15% to 20% for 2023 taxable earnings, and dividends issued from 2023 profits and subsequent periods will no longer be taxed (existing dividend tax rate is 5%). In addition, with effect from 2023, taxable interest income and deductible Expected Credit Losses will be defined per IFRS, instead of local National Bank of Georgia regulations.

Profitability

- The Group's profit adjusted for one-off items was GEL 325.9m in 4Q22 (up 62.4% y-o-y, up 12.3% q-o-q). For the full year, the adjusted profit was GEL 1,132.2m (up 55.7% y-o-y).
- Return on average equity (adjusted) was 33.7% in 4Q22 (26.4% in 4Q21 and 32.4% in 3Q22). For the full year 2022, adjusted ROAE was 32.4% (25.8% in FY21).

GEL thousands, unless otherwise noted	Dec-22	Dec-21	Change y-o-y	Sep-22	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	10,367,600	6,047,616	71.4%	9,486,712	9.3%
Liquid assets, GEL	3,461,218	2,819,195	22.8%	3,374,039	2.6%
Liquid assets, FC	6,906,382	3,228,421	113.9%	6,112,673	13.0%
Net loans and finance lease receivables	16,861,706	16,168,973	4.3%	16,162,942	4.3%
Net loans and finance lease receivables, GEL	8,854,286	7,348,911	20.5%	8,503,690	4.1%
Net loans and finance lease receivables, FC	8,007,420	8,820,062	-9.2%	7,659,252	4.5%
Client deposits and notes	18,261,397	14,038,002	30.1%	17,193,088	6.2%
Client deposits and notes, GEL	6,692,834	5,426,211	23.3%	6,440,570	3.9%
Client deposits and notes, FC	11,568,562	8,611,791	34.3%	10,752,518	7.6%
Amounts due to credit institutions	5,266,653	4,318,445	22.0%	4,937,760	6.7%
Borrowings from DFIs	1,867,454	2,135,301	-12.5%	1,940,822	-3.8%
Short-term loans from central banks	1,715,257	1,413,333	21.4%	2,060,324	-16.7%
Loans and deposits from commercial banks	1,683,942	769,811	118.7%	936,614	79.8%
Debt securities issued	645,968	1,518,685	-57.5%	774,152	-16.6%

Loan book

- Net loans and finance lease receivable amounted to GEL 16,861.7m at 31 December 2022, up 4.3% y-o-y and up 4.3% q-o-q in nominal terms. Growth on a constant-currency basis was 12.9% y-o-y and 4.8% q-o-q. The year-on-year nominal growth was mainly driven by consumer portfolio (up 25.4%), mortgages (up 5.1%) and SME portfolio (up 10.5%), partly offset by reduced corporate portfolio (down 4.4%) due to GEL appreciation, as the majority of corporate loans are denominated in foreign currency. The quarter-on-quarter growth in both nominal and constant currency terms was driven by corporate, SME, and consumer portfolios, partly offset by reduced micro loan book.
- De-dollarisation trend continues in y-o-y perspective, as the share of foreign currency denominated loans was 47.5% at 31 December 2022 vs 54.5% at 31 December 2021 and vs 47.4% at 30 September 2022.
- The share of non-performing loans in gross loans increased to 2.7% at 31 December 2022 (up 30 bps y-o-y and up 30 bps q-o-q), mainly driven by a one-off methodological change as we are seeking to align our internal NPL definitions more closely to IFRS Stage 3 definitions. We classified some Retail Stage 3 loans that had already been provisioned as NPLs. Consequently, the NPL coverage ratio decreased to 66.4% at 31 December 2022 vs 95.5% at 31 December 2021 and vs 89.4% at 30 September 2022. NPL coverage is supported by a high level of collateralisation of the NPL portfolio.
- The positive asset quality trend during the year is also reflected in an improvement in stage 3 loans to gross loans to 3.4% at 31 December 2022 (3.8% at 31 December 2021 and 3.5% at 30 September 2022).

GEL thousands, unless otherwise noted	Dec-22	Dec-21	Change y-o-y	Sep-22	Change q-o-q
NON-PERFORMING LOANS					
NPLs	471,577	394,720	19.5%	398,229	18.4%
NPLs to gross loans	2.7%	2.4%		2.4%	
NPLs to gross loans, RB	2.5%	1.8%		2.0%	
NPLs to gross loans, CIB	3.4%	3.6%		3.1%	
NPL coverage ratio	66.4%	95.5%		89.4%	
NPL coverage ratio adjusted for the discounted value of collateral	128.9%	147.7%		138.0%	
Stage 3 ratio[5]	3.4%	3.8%		3.5%	

[5] Includes Stage 3 loans and defaulted POCI loans

Deposits

- Client deposits and notes amounted to 18,261.4m at 31 December 2022 (up 30.1% y-o-y, up 6.2% q-o-q), mainly driven by increased migrant/client flows and subsequent growth in current and demand deposits. On a constant currency basis deposits increased by 43.2% y-o-y and 8.5% q-o-q.
- 63.3% of client deposits and notes were denominated in foreign currency at 31 December 2022, vs 61.3% at 31 December 2021 vs 62.5% at 30 September 2022.

Liquid assets

- Liquid assets increased significantly and amounted to GEL 10,367.6m at 31 December 2022 (up 71.4% y-o-y, up 9.3% q-o-q). The y-o-y growth was mainly driven by a substantial growth of client deposits. As at 31 December 2022, the share of liquid assets to total assets stood at 35.9% at 31 December 2022, vs 25.8% at 31 December 2021 vs 35.2% at 30 September 2022.

Capital position

- During the fourth quarter, the Bank's Basel III CET1 capital ratio decreased by 10 bps, Tier1 capital ratio decreased by 30 bps, while Total capital ratio decreased by 50 bps and stood at 14.7%, 16.7%, and 19.8%, respectively, all comfortably above the minimum requirements of 11.6%, 13.8%, and 17.2%, respectively. The movement in capital adequacy ratios in 4Q22 and the potential impact of a 10% devaluation of local currency is as follows:

	30 Sep 2022	4Q22 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	31 Dec 2022	Potential impact of a 10% GEL devaluation
CET1 capital adequacy ratio	14.8%	1.1%	-0.9%	0.3%	-0.7%	0.0%	14.7%	-1.0%
Tier I capital adequacy ratio	17.0%	1.1%	-1.1%	0.3%	-0.7%	0.0%	16.7%	-0.9%
Total capital adequacy ratio	20.3%	1.1%	-1.2%	0.2%	-0.7%	0.0%	19.8%	-0.8%

Since January 2023, the NBG has transitioned to IFRS-based accounting. The Bank's capital ratios and requirements as at 31 December 2022 based on the IFRS accounting were:

	Capital ratios	Capital requirements
CET1	17.7%	14.5%
Tier1	19.7%	16.7%
Total capital	21.7%	20.2%

The IFRS-based ratios in the table above are presented on a management basis and are not officially approved by the NBG on the basis that they were not mandatory as of the reporting date.

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:

	Capital requirements (Dec-23)
CET1	14.8%
Tier1	17.1%
Total capital	20.2%

Capital distribution

- In August 2022 the Board of Directors declared an interim dividend of GEL 1.85 per share in respect of the period ended 30 June 2022 to ordinary shareholders of Bank of Georgia Group PLC. The interim dividend was paid on 20 October 2022.
- In addition, the Board extended the share buyback and cancellation programme by an additional GEL 40 million. The Group completed the share buyback and cancelation programme in December 2022. Since the announcement of the Group's share buyback and cancellation programme on 30 June 2022, the Group bought back and cancelled 1,670,446 ordinary shares at a total cost of GEL 112.7 million. As at 31 December 2022, the number of shares with voting rights amounted to 47,498,982.
- The Board intends to increase the share buyback and cancellation programme by up to GEL 148 million.

- At the 2023 Annual General Meeting, the Board also intends to recommend for shareholder approval a final dividend for 2022 of GEL 5.80 per share payable in Pounds Sterling at the prevailing rate. This would make a total dividend paid, from the profits of JSC Bank of Georgia, in respect of the Group's 2022 earnings of GEL 7.65 per share.

DISCUSSION OF SEGMENT RESULTS

RETAIL BANKING (RB)

GEL thousands, unless otherwise noted	4Q22	4Q21	Change y-o-y	3Q22	Change y-o-y	FY22	FY21	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	432,542	351,458	23.1%	427,876	1.1%	1,633,958	1,266,028	29.1%
Interest expense	(220,285)	(190,291)	15.8%	(226,775)	-2.9%	(865,990)	(683,497)	26.7%
Net interest income	**212,257**	**161,167**	**31.7%**	**201,101**	**5.5%**	**767,968**	**582,531**	**31.8%**
Net fee and commission income	**81,000**	**50,116**	**61.6%**	**63,084**	**28.4%**	**256,287**	**178,928**	**43.2%**
Net foreign currency gain	77,242	17,234	348.2%	91,211	-15.3%	277,608	58,139	377.5%
Net other income	12,987	3,527	268.2%	3,588	262.0%	21,401	25,869	-17.3%
Operating income	**383,486**	**232,044**	**65.3%**	**358,984**	**6.8%**	**1,323,264**	**845,467**	**56.5%**
Salaries and other employee benefits	(64,601)	(59,875)	7.9%	(65,775)	-1.8%	(251,530)	(205,055)	22.7%
Administrative expenses	(42,540)	(33,965)	25.2%	(28,510)	49.2%	(126,811)	(102,138)	24.2%
Depreciation, amortisation and impairment	(28,131)	(21,622)	30.1%	(24,416)	15.2%	(99,739)	(80,127)	24.5%
Other operating expenses	(481)	(1,079)	-55.4%	(336)	43.2%	(2,574)	(2,595)	-0.8%
Operating expenses	**(135,753)**	**(116,541)**	**16.5%**	**(119,037)**	**14.0%**	**(480,654)**	**(389,915)**	**23.3%**
Profit from associates	128	128	0.0%	250	-48.8%	754	(3,781)	NMF
Operating income before cost of risk	**247,861**	**115,631**	**114.4%**	**240,197**	**3.2%**	**843,364**	**451,771**	**86.7%**
Cost of risk	(44,255)	(20,003)	121.2%	(44,327)	-0.2%	(172,702)	(72,351)	138.7%
Profit before non-recurring items and income tax	**203,606**	**95,628**	**112.9%**	**195,870**	**3.9%**	**670,662**	**379,420**	**76.8%**
Net non-recurring items	502	(11)	NMF	427	17.6%	1,241	20	NMF
Profit before income tax	**204,108**	**95,617**	**113.5%**	**196,297**	**4.0%**	**671,903**	**379,440**	**77.1%**
Income tax expense	(17,887)	(7,897)	126.5%	(15,970)	12.0%	(63,189)	(32,956)	91.7%
Profit adjusted for one-off income tax expense	**186,221**	**87,720**	**112.3%**	**180,327**	**3.3%**	**608,714**	**346,484**	**75.7%**
One-off income tax expense	(42,085)	-	-	-	-	(42,085)	-	-
Profit	**144,136**	**87,720**	**64.3%**	**180,327**	**-20.1%**	**566,629**	**346,484**	**63.5%**
BALANCE SHEET HIGHLIGHTS								
Net loans, standalone	11,368,907	10,349,776	9.8%	11,041,753	3.0%	11,368,907	10,349,776	9.8%
Net loans, standalone, GEL	7,515,389	6,201,310	21.2%	7,276,565	3.3%	7,515,389	6,201,310	21.2%
Net loans, standalone, FC	3,853,518	4,148,466	-7.1%	3,765,188	2.3%	3,853,518	4,148,466	-7.1%
Client deposits, standalone	12,432,717	9,557,682	30.1%	11,429,060	8.8%	12,432,717	9,557,682	30.1%
Client deposits, standalone, GEL	3,716,801	2,904,521	28.0%	3,297,912	12.7%	3,716,801	2,904,521	28.0%
Client deposits, standalone, FC	8,715,916	6,653,161	31.0%	8,131,148	7.2%	8,715,916	6,653,161	31.0%
of which:								
Time deposits	5,395,511	5,462,952	-1.2%	5,256,659	2.6%	5,395,511	5,462,952	-1.2%
Time deposits, standalone, GEL	1,842,959	1,534,172	20.1%	1,716,259	7.4%	1,842,959	1,534,172	20.1%
Time deposits, standalone, FC	3,552,552	3,928,780	-9.6%	3,540,400	0.3%	3,552,552	3,928,780	-9.6%
Current accounts and demand deposits	7,037,206	4,094,730	71.9%	6,172,401	14.0%	7,037,206	4,094,730	71.9%
Current accounts and demand deposits, standalone, GEL	1,873,842	1,370,349	36.7%	1,581,653	18.5%	1,873,842	1,370,349	36.7%
Current accounts and demand deposits, standalone, FC	5,163,364	2,724,381	89.5%	4,590,748	12.5%	5,163,364	2,724,381	89.5%
Assets under management	1,953,970	1,503,529	30.0%	2,001,693	-2.4%	1,953,970	1,503,529	30.0%
KEY RATIOS								
ROAE[6]	32.2%	19.7%		33.4%		29.0%	21.4%	
Net interest margin	4.8%	4.4%		4.8%		4.7%	4.2%	
Cost of risk	1.4%	0.7%		1.4%		1.5%	0.7%	
Cost of funds	5.6%	6.0%		6.0%		6.0%	5.6%	
Loan yield	12.7%	11.7%		12.7%		12.4%	11.3%	
Loan yield, GEL	15.9%	15.6%		16.1%		16.0%	15.3%	
Loan yield, FC	6.5%	5.8%		6.2%		6.1%	5.9%	
Cost of deposits	2.3%	2.5%		2.4%		2.5%	2.6%	
Cost of deposits, GEL	6.9%	6.8%		7.3%		7.2%	6.2%	
Cost of deposits, FC	0.5%	0.8%		0.4%		0.5%	1.2%	
Cost of time deposits	4.5%	3.9%		4.3%		4.3%	3.8%	
Cost of time deposits, GEL	11.2%	10.7%		11.3%		11.2%	9.9%	
Cost of time deposits, FC	1.2%	1.4%		0.9%		1.0%	1.9%	
Current accounts and demand deposits	0.6%	0.7%		0.6%		0.6%	0.8%	
Current accounts and demand deposits, GEL	2.3%	2.2%		2.6%		2.4%	2.3%	
Current accounts and demand deposits, FC	0.0%	0.0%		-0.1%		0.0%	0.1%	
Cost / income ratio	35.4%	50.2%		33.2%		36.3%	46.1%	

[6] Figures adjusted for a one-off GEL 42.1 million tax expense due to an amendment to the current corporate taxation model in Georgia.

Performance highlights

- Operating income amounted to GEL 383.5m in 4Q22 (up 65.3% y-o-y, up 6.8% q-o-q) and GEL 1,323.3m for FY22 (up 56.5% y-o-y). The y-o-y top-line growth was mainly driven by net interest income growth (up 31.7% y-o-y) and also by strong non-interest income generation, particularly net foreign currency gains. The q-o-q growth was mainly driven by net fee and commission income and net other income, partially offset by lower net foreign currency gains. Operating income before cost of risk for the full year amounted to GEL 843.4m (up 86.7% y-o-y), supported by strong net FX gains, up 5x.
- Operating income before cost of risk more than doubled y-o-y in 4Q22 and amounted to GEL 247.9m (up 114.4% y-o-y, up 3.2% q-o-q).
- RB's NIM stood at 4.8% in 4Q22, up 40 bps y-o-y and flat q-o-q. The y-o-y increase was driven by higher loan yield and lower cost of funds, partly offset by excess liquidity. NIM for the full year amounted to 4.7%, up 50 bps y-o-y, reflecting higher loan yield (up 110 bps y-o-y) and lower cost of funds (down 40 bps y-o-y), partly offset by excess liquidity.
- Cost of credit risk ratio was 1.4% in 4Q22 (up 70 bps y-o-y and flat q-o-q), and 1.5% for the FY22 (up 80 bps y-o-y), mainly driven by unsecured consumer and micro portfolios.
- Retail Banking's profit (adjusted for one-off item) was GEL 186.2m (up 112.3% y-o-y and up 3.3% q-o-q) in 4Q22 and GEL 608.7m in FY22 (up 75.7% y-o-y). RB's adjusted ROAE was 32.2% in 4Q22 (19.7% in 4Q21 and 33.4% in 3Q22). For the full year, adjusted ROAE stood at 29.0% (21.4% in FY22).

Portfolios

- Net loans and finance receivables stood at GEL 11,368.9m at 31 December 2022, up 9.8% y-o-y and up 3.0% q-o-q. On a constant currency basis, the loan book increased by 16.4% y-o-y and by 3.2% q-o-q in 4Q22. Loan book growth was mainly driven by consumer loans, SME loans, and mortgages both for y-o-y and q-o-q periods. The nominal reduction in micro lending largely reflected the impact of GEL's appreciation against the USD during the year. Foreign currency denominated loans represented 33.9% of total RB loans at 31 December 2022, compared with 40.1% at 31 December 2021, and 34.1% at 30 September 2022.

GEL thousands, unless otherwise noted	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
RETAIL BANKING LOAN BOOK BY PRODUCT								
Loan originations								
Consumer loans	859,120	858,067	0.1%	841,217	2.1%	3,353,673	2,737,779	22.5%
Mortgage loans	404,559	484,407	-16.5%	412,796	-2.0%	1,520,022	1,747,404	-13.0%
Micro loans	282,340	497,325	-43.2%	284,255	-0.7%	1,346,051	1,736,510	-22.5%
SME loans	467,562	434,009	7.7%	381,461	22.6%	1,582,590	1,564,334	1.2%
Outstanding balance								
Consumer loans	3,218,477	2,567,361	25.4%	3,016,506	6.7%	3,218,477	2,567,361	25.4%
Mortgage loans	4,157,864	3,956,204	5.1%	4,043,025	2.8%	4,157,864	3,956,204	5.1%
Micro loans	1,977,280	1,980,691	-0.2%	2,096,381	-5.7%	1,977,280	1,980,691	-0.2%
SME loans	1,777,902	1,608,857	10.5%	1,663,113	6.9%	1,777,902	1,608,857	10.5%

- RB client deposits increased to GEL 12,432.7m at 31 December 2022, up 30.1% y-o-y and up 8.8% q-o-q. On a constant currency basis, deposits increased by 44.7% y-o-y and by 11.2% q-o-q in 4Q22. The main growth driver was current and demand deposits. Dollarisation level of client deposits in RB is broadly stable, at 70.1% at 31 December 2022 (69.6% at 31 December 2021 and 71.1% at 30 September 2022).

CORPORATE AND INVESTMENT BANKING (CIB)

GEL thousands, unless otherwise noted	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	160,388	136,500	17.5%	131,625	21.9%	554,135	501,292	10.5%
Interest expense	(46,740)	(39,881)	17.2%	(45,366)	3.0%	(177,364)	(169,586)	4.6%
Net interest income	**113,648**	**96,619**	**17.6%**	**86,259**	**31.8%**	**376,771**	**331,706**	**13.6%**
Net fee and commission income	14,157	13,175	7.5%	11,658	21.4%	49,543	47,869	3.5%
Net foreign currency gain	33,612	13,788	143.8%	42,057	-20.1%	123,993	37,619	229.6%
Net other income (without one-off items)	11,503	6,377	80.4%	(2,752)	NMF	14,299	43,979	-67.5%
Operating income	**172,920**	**129,959**	**33.1%**	**137,222**	**26.0%**	**564,606**	**461,173**	**22.4%**
Salaries and other employee benefits	(20,388)	(14,387)	41.7%	(21,224)	-3.9%	(80,978)	(52,836)	53.3%
Administrative expenses	(7,232)	(5,397)	34.0%	(4,275)	69.2%	(18,079)	(16,781)	7.7%
Depreciation, amortisation and impairment	(1,685)	(2,313)	-27.2%	(1,252)	34.6%	(5,292)	(8,551)	-38.1%
Other operating expenses	(437)	(341)	28.2%	(209)	109.1%	(1,283)	(892)	43.8%
Operating expenses	**(29,742)**	**(22,438)**	**32.6%**	**(26,960)**	**10.3%**	**(105,632)**	**(79,060)**	**33.6%**
Profit from associates	-	-	-	-	-	-	-	-
Operating income before cost of risk	**143,178**	**107,521**	**33.2%**	**110,262**	**29.9%**	**458,974**	**382,113**	**20.1%**
Cost of risk	(5,210)	12,730	NMF	(5,263)	-1.0%	79,461	22,662	250.6%
Profit before non-recurring items and income tax	**137,968**	**120,251**	**14.7%**	**104,999**	**31.4%**	**538,435**	**404,775**	**33.0%**
Net non-recurring items	-	(1)	-100.0%	-	-	-	(78)	-100.0%
Profit before income tax	**137,968**	**120,250**	**14.7%**	**104,999**	**31.4%**	**538,435**	**404,697**	**33.0%**
Income tax expense	(9,145)	(11,247)	-18.7%	(7,914)	15.6%	(44,040)	(38,473)	14.5%
Profit adjusted for one-off items	**128,823**	**109,003**	**18.2%**	**97,085**	**32.7%**	**494,395**	**366,224**	**35.0%**
One-off in other income	391,100	-	-	-	-	391,100	-	-
One-off income tax expense	(33,653)	-	-	-	-	(33,653)	-	-
Profit	**486,270**	**109,003**	346.1%	**97,085**	**400.9%**	**851,842**	**366,224**	**132.6%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables	4,926,264	5,100,938	-3.4%	4,579,637	7.6%	4,926,264	5,100,938	-3.4%
Net loans and finance lease receivables, GEL	1,321,797	1,113,914	18.7%	1,205,020	9.7%	1,321,797	1,113,914	18.7%
Net loans and finance lease receivables, FC	3,604,467	3,987,024	-9.6%	3,374,617	6.8%	3,604,467	3,987,024	-9.6%
Client deposits	4,824,646	4,015,449	20.2%	4,974,592	-3.0%	4,824,646	4,015,449	20.2%
Client deposits, standalone, GEL	3,021,179	2,559,463	18.0%	3,175,024	-4.8%	3,021,179	2,559,463	18.0%
Client deposits, standalone, FC	1,803,467	1,455,986	23.9%	1,799,568	0.2%	1,803,467	1,455,986	23.9%
of which:								
Time deposits	1,520,701	1,258,019	20.9%	1,710,185	-11.1%	1,520,701	1,258,019	20.9%
Time deposits, standalone, GEL	1,412,130	1,106,874	27.6%	1,599,201	-11.7%	1,412,130	1,106,874	27.6%
Time deposits, standalone, FC	108,571	151,145	-28.2%	110,984	-2.2%	108,571	151,145	-28.2%
Current accounts and demand deposits	3,303,945	2,757,430	19.8%	3,264,407	1.2%	3,303,945	2,757,430	19.8%
Current accounts and demand deposits, standalone, GEL	1,609,049	1,452,589	10.8%	1,575,823	2.1%	1,609,049	1,452,589	10.8%
Current accounts and demand deposits, standalone, FC	1,694,896	1,304,841	29.9%	1,688,584	0.4%	1,694,896	1,304,841	29.9%
Letters of credit and guarantees	1,812,231	1,728,569	4.8%	1,728,654	4.8%	1,812,231	1,728,569	4.8%
Assets under management	1,480,894	1,469,315	0.8%	1,301,022	13.8%	1,480,894	1,469,315	0.8%
KEY RATIOS								
ROAE[7]	36.5%	39.2%		29.9%		39.1%	34.6%	
Net interest margin	6.3%	5.8%		5.1%		5.6%	5.1%	
Cost of risk	0.0%	-1.8%		0.1%		-1.0%	-1.2%	
Cost of funds	3.2%	3.0%		3.2%		2.6%	2.5%	
Loan yield	10.2%	9.2%		8.9%		9.3%	8.7%	
Loan yield, GEL	14.8%	14.3%		14.7%		14.7%	13.5%	
Loan yield, FC	8.6%	7.8%		7.1%		7.7%	7.5%	
Cost of deposits	6.2%	5.6%		6.2%		6.2%	5.5%	
Cost of deposits, GEL	9.7%	8.4%		9.7%		9.4%	8.0%	
Cost of deposits, FC	-0.2%	0.3%		-0.1%		-0.1%	0.6%	
Cost of time deposits	11.0%	9.0%		10.8%		10.4%	8.2%	
Cost of time deposits, GEL	11.6%	10.1%		11.3%		11.1%	9.1%	
Cost of time deposits, FC	1.4%	1.9%		1.5%		1.1%	2.0%	
Current accounts and demand deposits	3.7%	4.0%		3.4%		3.9%	3.5%	
Current accounts and demand deposits, GEL	7.8%	7.1%		7.6%		7.7%	6.7%	
Current accounts and demand deposits, FC	-0.3%	0.1%		-0.2%		-0.2%	0.3%	
Cost / income ratio[6]	17.2%	17.3%		19.6%		18.7%	17.1%	
Concentration of top ten clients	5.9%	8.3%		5.7%		5.9%	8.3%	

[7] Adjusted for a one-off GEL 391.1 million other income due to the settlement of an outstanding legacy claim, and a one-off GEL 33.7 million tax expense due to an amendment to the current corporate taxation model in Georgia.

Performance highlights

- Operating income (adjusted for one-off item) amounted to GEL 172.9m in 4Q22 (up 33.1% y-o-y, up 26.0% q-o-q) and GEL 564.6m in FY22 (up 22.4%). The year-on-year growth in 4Q22 and FY22 was driven by significant foreign currency gains posted throughout 2022 as well as net interest income generation. The q-o-q growth was mainly driven by net interest income and net other income, partially offset by lower net foreign currency gain.
- Operating income before cost of risk (adjusted for one-off item) was GEL 143.2m in 4Q22 (up 33.2% y-o-y and up 29.9% q-o-q) and GEL 459.0m in FY22 (up 20.1%).
- NIM stood at 6.3% in 4Q22, up 50 bps y-o-y and up 120 bps q-o-q, and at 5.6% in FY22, up 50 bps y-o-y. CIB's NIM was positively impacted by higher loan yield on foreign currency loans (up 80 bps y-o-y, up 150 bps q-o-q).
- Cost of risk ratio was 0.0% in 4Q22 (-1.8% in 4Q21). For the full year cost of risk ratio stood at -1.0%, driven by some recoveries.
- CIB recorded a profit (adjusted for one-off items) of GEL 128.8m in 4Q22 (up 18.2% y-o-y, up 32.7% q-o-q). For the full year profit (adjusted for one-off items) amounted to GEL 494.4m (up 35.0% y-o-y). The adjusted ROAE in was 36.5% in 4Q22, vs 39.2% in 4Q21, vs 29.9% in 3Q22. For the full year, the adjusted ROAE was 39.1% vs 34.6% in 2021.
- CIB's reported profit, due to a significant one-off, was GEL 486.3m in 4Q22, and GEL 851.8m in FY22. The unadjusted ROAE was 138.1% in 4Q22 and 67.4% for the full year.

Portfolios

- Net loans and finance receivables stood at GEL 4,926.3m at 31 December 2022, down 3.4% y-o-y and up 7.6% q-o-q. The year-on-year nominal decrease was due to GEL appreciation that resulted in a decrease of foreign currency denominated net loans and finance receivables by 9.6%. On a constant currency basis, loan book increased by 9.1% y-o-y and by 8.1% q-o-q in 4Q22. Foreign currency denominated loans represented 73.2% of total CIB loans at 31 December 2022, compared with 78.2% at 31 December 2021 and 73.7% at 30 September 2022. The concentration of top ten CIB clients was 5.9% at 31 December 2022 (8.3% at 31 December 2021 and 5.7% at September 2022).
- Client deposits and notes amounted to GEL 4,824.6m at 31 December 2022, up 20.2% y-o-y and down 3.0% q-o-q. On a constant currency basis, deposits increased by 27.3% y-o-y and decreased by 1.9% q-o-q in 4Q22. Foreign currency denominated deposits represented 37.4% of total CIB deposits at 31 December 2022, compared with 36.3% at 31 December 2021, and 36.2% at 30 September 2022.

SELECTED FINANCIAL INFORMATION

INCOME STATEMENT — **BANK OF GEORGIA GROUP PLC CONSOLIDATED**

GEL thousands, unless otherwise noted	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
Interest income	607,652	509,563	19.2%	574,626	5.7%	2,256,881	1,851,044	21.9%
Interest expense	(273,007)	(239,492)	14.0%	(279,555)	-2.3%	(1,074,546)	(897,103)	19.8%
Net interest income	**334,645**	**270,071**	**23.9%**	**295,071**	**13.4%**	**1,182,335**	**953,941**	**23.9%**
Fee and commission income	170,458	113,664	50.0%	147,207	15.8%	559,465	390,829	43.1%
Fee and commission expense	(72,526)	(49,564)	46.3%	(67,545)	7.4%	(241,974)	(158,398)	52.8%
Net fee and commission income	**97,932**	**64,100**	**52.8%**	**79,662**	**22.9%**	**317,491**	**232,431**	**36.6%**
Net foreign currency gain	125,395	34,495	**263.5%**	150,686	**-16.8%**	**466,094**	**109,099**	**327.2%**
Net other income without one-off items	26,930	10,579	154.6%	1,092	NMF	36,092	70,206	-48.6%
One-off other income	391,100	-	-	-	-	391,100	-	-
Net other income	**418,030**	**10,579**	**NMF**	**1,092**	**NMF**	**427,192**	**70,206**	**508.5%**
Operating income	**976,002**	**379,245**	**157.4%**	**526,511**	**85.4%**	**2,393,112**	**1,365,677**	**75.2%**
Salaries and other employee benefits	(93,698)	(80,501)	16.4%	(94,641)	-1.0%	(362,019)	(281,087)	28.8%
Administrative expenses	(54,931)	(43,552)	26.1%	(38,398)	43.1%	(164,450)	(129,524)	27.0%
Depreciation, amortisation and impairment	(31,717)	(25,256)	25.6%	(27,209)	16.6%	(111,089)	(93,618)	18.7%
Other operating expenses	(716)	(1,463)	-51.1%	(622)	15.1%	(3,628)	(3,723)	-2.6%
Operating expenses	**(181,062)**	**(150,772)**	**20.1%**	**(160,870)**	**12.6%**	**(641,186)**	**(507,952)**	**26.2%**
Profit (loss) from associates	128	128	0.0%	250	-48.8%	754	(3,781)	NMF
Operating income before cost of risk	**795,068**	**228,601**	**247.8%**	**365,891**	**117.3%**	**1,752,680**	**853,944**	**105.2%**
Expected credit loss /impairment charge on loans to customers	(37,535)	9,836	NMF	(38,002)	-1.2%	(128,678)	(1,452)	NMF
Expected credit loss /impairment charge on finance lease receivables	472	(3,406)	NMF	(1,500)	NMF	(3,208)	(4,950)	-35.2%
Other expected credit gain (loss) and impairment charge on other assets and provisions	(15,612)	(14,174)	10.1%	(8,546)	82.7%	12,818	(45,010)	NMF
Cost of risk	**(52,675)**	**(7,744)**	**NMF**	**(48,048)**	**9.6%**	**(119,068)**	**(51,412)**	**131.6%**
Net operating income before non-recurring items and income tax	**742,393**	**220,857**	**236.1%**	**317,843**	**133.6%**	**1,633,612**	**802,532**	**103.6%**
Net non-recurring items	329	(62)	NMF	428	-23.1%	1,038	(590)	NMF
Profit before income tax expense	**742,722**	**220,795**	**236.4%**	**318,271**	**133.4%**	**1,634,650**	**801,942**	**103.8%**
Income tax expense without one-off expense	(25,723)	(20,076)	28.1%	(28,053)	-8.3%	(111,376)	(74,824)	48.9%
One-off income tax expense	(79,275)	-	-	-	-	(79,275)	-	-
Income tax expense	**(104,998)**	**(20,076)**	**NMF**	**(28,053)**	**NMF**	**(190,651)**	**(74,824)**	**154.8%**
Profit	**637,724**	**200,719**	**217.7%**	**290,218**	**119.7%**	**1,443,999**	**727,118**	**98.6%**
Attributable to:								
– shareholders of the Group	636,607	199,889	*218.5%*	288,918	*120.3%*	*1,439,507*	*723,806*	*98.9%*
– non-controlling interests	1,117	830	*34.6%*	1,300	*-14.1%*	*4,492*	*3,312*	*35.6%*
Earnings per share (basic)	**14.10**	**4.25**	**NMF**	**6.27**	**124.9%**	**30.99**	**15.22**	**103.6%**
Earnings per share (diluted)	**13.61**	**4.12**	**NMF**	**6.19**	**119.9%**	**30.33**	**14.88**	**103.8%**

BALANCE SHEET HIGHLIGHTS

	BANK OF GEORGIA GROUP PLC CONSOLIDATED				
GEL thousands, unless otherwise noted	**Dec-22**	**Dec-21**	**Change y-o-y**	**Sep-22**	**Change q-o-q**
Cash and cash equivalents	3,584,843	1,520,562	135.8%	2,773,069	29.3%
Amounts due from credit institutions	2,433,028	1,931,390	26.0%	2,406,119	1.1%
Investment securities	4,349,729	2,595,664	67.6%	4,307,524	1.0%
Loans to customers and finance lease receivables	16,861,706	16,168,973	4.3%	16,162,942	4.3%
Accounts receivable and other loans	397,990	3,680	NMF	5,547	NMF
Prepayments	43,612	40,878	6.7%	45,814	-4.8%
Inventories	17,096	11,514	48.5%	16,629	2.8%
Right of use assets	117,387	80,186	46.4%	102,568	14.4%
Investment property	166,546	226,849	-26.6%	174,725	-4.7%
Property and equipment	398,855	378,808	5.3%	400,874	-0.5%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	149,441	144,251	3.6%	149,344	0.1%
Income tax assets	864	292	195.9%	171	NMF
Other assets	317,886	246,947	28.7%	366,363	-13.2%
Assets held for sale	29,566	46,731	-36.7%	43,944	-32.7%
Total assets	**28,901,900**	**23,430,076**	**23.4%**	**26,988,984**	**7.1%**
Client deposits and notes	18,261,397	14,038,002	30.1%	17,193,088	6.2%
Amounts due to credit institutions	5,266,653	4,318,445	22.0%	4,937,760	6.7%
Debt securities issued	645,968	1,518,685	-57.5%	774,152	-16.6%
Lease liability	114,470	87,662	30.6%	101,973	12.3%
Accruals and deferred income	106,366	80,157	32.7%	92,632	14.8%
Income tax liabilities	99,533	110,868	-10.2%	24,794	301.4%
Other liabilities	158,691	183,349	-13.4%	251,222	-36.8%
Total liabilities	**24,653,078**	**20,337,168**	**21.2%**	**23,375,621**	**5.5%**
Share capital	1,563	1,618	-3.4%	1,587	-1.5%
Additional paid-in capital	393,640	492,243	-20.0%	424,087	-7.2%
Treasury shares	(83)	(75)	10.7%	(88)	-5.7%
Other reserves	14,564	(3,223)	NMF	(18,568)	NMF
Retained earnings	3,821,889	2,588,463	47.7%	3,189,848	19.8%
Total equity attributable to shareholders of the Group	**4,231,573**	**3,079,026**	**37.4%**	**3,596,866**	**17.6%**
Non-controlling interests	17,249	13,882	24.3%	16,497	4.6%
Total equity	**4,248,822**	**3,092,908**	**37.4%**	**3,613,363**	**17.6%**
Total liabilities and equity	**28,901,900**	**23,430,076**	**23.4%**	**26,988,984**	**7.1%**
Book value per share	**94.07**	**65.65**	**43.3%**	**78.81**	**19.4%**

BELARUSKY NARODNY BANK (BNB)

GEL thousands, unless otherwise noted	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Net interest income	8,721	12,277	-29.0%	7,691	13.4%	37,511	39,676	-5.5%
Net fee and commission income	2,740	769	NMF	4,864	-43.7%	11,500	5,476	110.0%
Net foreign currency gain	14,541	3,473	318.7%	17,418	-16.5%	64,493	13,341	383.4%
Net other income	2,620	930	181.7%	359	NMF	1,170	1,242	-5.8%
Operating income	**28,622**	**17,449**	**64.0%**	**30,332**	**-5.6%**	**114,674**	**59,735**	**92.0%**
Operating expenses	(15,693)	(12,000)	30.8%	(14,900)	5.3%	(55,432)	(39,675)	39.7%
Operating income before cost of risk	**12,929**	**5,449**	**137.3%**	**15,432**	**-16.2%**	**59,242**	**20,060**	**195.3%**
Cost of risk	(3,210)	(471)	NMF	1,542	NMF	(25,827)	(1,723)	NMF
Net non-recurring items	(173)	(50)	NMF	1	NMF	(203)	(532)	-61.8%
Profit before income tax	**9,546**	**4,928**	**93.7%**	**16,975**	**-43.8%**	**33,212**	**17,805**	**86.5%**
Income tax expense	(2,228)	(932)	139.1%	(4,169)	-46.6%	(7,684)	(3,395)	126.3%
Profit	**7,318**	**3,996**	**83.1%**	**12,806**	**-42.9%**	**25,528**	**14,410**	**77.2%**

GEL thousands, unless otherwise noted	Dec-22	Dec-21	Change y-o-y	Sep-22	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Cash and cash equivalents	640,018	186,050	244.0%	523,360	22.3%
Amounts due from credit institutions	74,778	8,719	757.6%	12,269	509.5%
Investment securities	60,361	69,794	-13.5%	50,151	20.4%
Loans to customers and finance lease receivables	538,166	662,297	-18.7%	495,764	8.6%
Other assets	68,043	54,060	25.9%	69,370	-1.9%
Total assets	**1,381,366**	**980,920**	**40.8%**	**1,150,914**	**20.0%**
Client deposits and notes	1,034,124	516,634	100.2%	811,653	27.4%
Amounts due to credit institutions	172,389	309,812	-44.4%	176,585	-2.4%
Debt securities issued	2,745	7,327	-62.5%	5,481	-49.9%
Other liabilities	20,670	12,490	65.5%	21,171	-2.4%
Total liabilities	**1,229,928**	**846,263**	**45.3%**	**1,014,890**	**21.2%**
Total equity	**151,438**	**134,657**	**12.5%**	**136,024**	**11.3%**
Total liabilities and equity	**1,381,366**	**980,920**	**40.8%**	**1,150,914**	**20.0%**

BNB has continued to be focused on its core domestic retail and small business customers, with a particular focus on digitising the business, growing its customer franchise and building customer deposits. As a result, customer lending increased by 8.6% q-o-q and client deposits increased by 27.4% q-o-q during the fourth quarter.

In the first quarter of 2022, we reassessed our assets in BNB due to deteriorated expectations, resulting in a GEL 49.3m total negative effect on equity in 1Q22. Throughout the following quarters, BNB has demonstrated operational resilience and a focus on maintaining solid liquidity and capital positions. The capital ratios, calculated in accordance with the National Bank of the Republic of Belarus's standards, were above the minimum requirements at 31 December 2022 - Tier 1 capital adequacy ratio at 9.5% (minimum requirement of 7.0%) and Total capital adequacy ratio at 16.7% (minimum requirement of 12.5%).

KEY RATIOS

BANK OF GEORGIA GROUP PLC CONSOLIDATED

	4Q22	4Q21	3Q22	FY22	FY21
Profitability					
ROAA (adjusted for one-off items)	4.7%	3.5%	4.4%	4.4%	3.2%
ROAA (reported)	*9.1%*	*3.5%*	*4.4%*	*5.6%*	*3.2%*
ROAE (adjusted for one-off items)	33.7%	26.4%	32.4%	32.4%	25.8%
RB ROAE (adjusted for one-off items)	*32.2%*	*19.7%*	*33.4%*	*29.0%*	*21.4%*
CIB ROAE(adjusted for one-off items)	*36.5%*	*39.2%*	*29.9%*	*39.1%*	*34.6%*
ROAE (reported)	*66.1%*	*26.4%*	*32.4%*	*41.4%*	*25.8%*
RB ROAE (reported)	*24.9%*	*19.7%*	*33.4%*	*27.0%*	*21.4%*
CIB ROAE(reported)	*138.1%*	*39.2%*	*29.9%*	*67.4%*	*34.6%*
Net interest margin	5.7%	5.3%	5.3%	5.4%	4.9%
RB NIM	*4.8%*	*4.4%*	*4.8%*	*4.7%*	*4.2%*
CIB NIM	*6.3%*	*5.8%*	*5.1%*	*5.6%*	*5.1%*
Loan yield	12.0%	11.0%	11.6%	11.5%	10.6%
RB loan yield	*12.7%*	*11.7%*	*12.7%*	*12.4%*	*11.3%*
CIB loan yield	*10.2%*	*9.2%*	*8.9%*	*9.3%*	*8.7%*
Liquid assets yield	4.2%	4.0%	4.2%	4.3%	3.5%
Cost of funds	4.6%	4.8%	4.9%	4.9%	4.6%
Cost of client deposits and notes	3.4%	3.5%	3.6%	3.6%	3.6%
RB cost of client deposits and notes	*2.3%*	*2.5%*	*2.4%*	*2.5%*	*2.6%*
CIB cost of client deposits and notes	*6.2%*	*5.6%*	*6.2%*	*6.2%*	*5.5%*
Cost of amounts due to credit institutions	8.5%	8.3%	9.1%	8.9%	7.3%
Cost of debt securities issued	7.5%	6.8%	7.3%	7.1%	6.9%
Operating leverage, Y-O-Y (adjusted)	34.1%	-0.4%	25.7%	20.4%	7.8%
Operating leverage, Y-O-Y (reported)	137.3%	-0.4%	25.7%	49.0%	7.8%
Operating leverage, Q-O-Q	-1.5%	-8.8%	6.4%	N/A	N/A
Operating leverage, Q-O-Q (reported)	72.8%	-8.8%	6.4%	N/A	N/A
Efficiency					
Cost / income (adjusted for one-off items)	31.0%	39.8%	30.6%	32.0%	37.2%
RB cost / income	*35.4%*	*50.2%*	*33.2%*	*36.3%*	*46.1%*
CIB cost / income (adjusted for one-off items)	*17.2%*	*17.3%*	*19.6%*	*18.7%*	*17.1%*
Cost / income (reported)	*18.6%*	*39.8%*	*30.6%*	*26.8%*	*37.2%*
CIB cost / income (reported)	*5.3%*	*17.3%*	*19.6%*	*11.1%*	*17.1%*
Liquidity					
NBG liquidity coverage ratio	132.4%	124.0%	121.4%	132.4%	124.0%
Liquid assets to total assets	35.9%	25.8%	35.2%	35.9%	25.8%
Liquid assets to total liabilities	42.1%	29.7%	40.6%	42.1%	29.7%
Net loans to client deposits and notes	92.3%	115.2%	94.0%	92.3%	115.2%
Net loans to client deposits and notes + DFIs	83.8%	100.0%	84.5%	83.8%	100.0%
Leverage	5.8	6.6	6.5	5.8	6.6
Asset quality:					
NPLs (in GEL)	471,577	394,720	398,229	471,577	394,720
NPLs to gross loans to clients	2.7%	2.4%	2.4%	2.7%	2.4%
NPL coverage ratio	66.4%	95.5%	89.4%	66.4%	95.5%
NPL coverage ratio adjusted for discounted value of collateral	128.9%	147.7%	138.0%	128.9%	147.7%
Cost of credit risk	0.9%	-0.2%	1.0%	0.8%	0.0%
RB cost of credit risk	*1.4%*	*0.7%*	*1.4%*	*1.5%*	*0.7%*
CIB cost of credit risk	*0.0%*	*-1.8%*	*0.1%*	*-1.0%*	*-1.2%*
Capital Adequacy:					
NBG (Basel III) CET1 capital adequacy ratio	14.7%	13.2%	14.8%	14.7%	13.2%
Minimum regulatory requirement	*11.6%*	*11.5%*	*11.6%*	*11.6%*	*11.5%*
NBG (Basel III) Tier1 capital adequacy ratio	16.7%	15.0%	17.0%	16.7%	15.0%
Minimum regulatory requirement	*13.8%*	*13.6%*	*13.8%*	*13.8%*	*13.6%*
NBG (Basel III) Total capital adequacy ratio	19.8%	19.3%	20.3%	19.8%	19.3%
Minimum regulatory requirement	*17.2%*	*17.7%*	*17.2%*	*17.2%*	*17.7%*
FX rates					
GEL/USD exchange rate (period-end)	2.7020	3.0976	2.8352	2.7020	3.0976
GEL/GBP exchange rate (period-end)	3.2581	4.1737	3.0751	3.2581	4.1737
Shares outstanding					
Ordinary shares outstanding - period end	44,982,831	46,900,982	45,637,351	44,982,831	46,900,982
Treasury shares outstanding - period end	2,516,151	2,268,446	2,592,234	2,516,151	2,268,446
Total shares outstanding	**47,498,982**	**49,169,428**	**48,229,585**	**47,498,982**	**49,169,428**

ADDITIONAL OPERATING DATA

	4Q22	4Q21	3Q22	FY22	FY21
Our employees:					
Bank of Georgia (standalone)	6,597	6,207	6,428	6,597	6,207
BNB	774	547	710	774	547
Others	1,020	1,062	1,036	1,020	1,062
Total	**8,391**	**7,816**	**8,174**	**8,391**	**7,816**
Our network					
Number of branches	211	211	211	211	211
Number of ATMs	1,006	989	994	1,006	989
Number of BOG Pay terminals	3,145	3,134	3,152	3,145	3,134
Cards					
Number of cards issued	504,114	432,685	396,223	1,459,193	1,052,067
Number of cards outstanding	2,966,405	2,290,716	2,705,148	2,966,405	2,290,716
BOG Pay terminals					
Number of transactions via BOG Pay terminals	22,394,969	21,102,054	21,507,156	84,349,391	77,491,726
Volume of transactions via BOG Pay terminals *(GEL thousands)*	4,478,695	3,426,763	4,254,676	15,734,733	11,767,105
POS terminals					
Number of active merchants (including e-commerce)	14,507	11,442	13,560	14,507	11,442
Number of active POS terminals (including e-commerce)	34,884	27,426	32,813	34,884	27,426

GLOSSARY

- **Active merchant** At least one transaction executed within the past month
- **Active POS terminal** At least one transaction executed within the past month in BOG's POS terminal
- **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
- **Monthly active digital user (MAU)** – a user with at least one login within past month in mBank/iBank
- **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)
- **One-off items** – significant items that do not arise during ordinary course of business
- **Operating leverage** Percentage change in operating income less percentage change in operating expenses
- **Return on average total assets (ROAA)** Profit for the period divided by monthly average total assets for the same period
- **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

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Share price information

Shareholders can access both the latest and historical prices via the website
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