Bank of Georgia Group PLC

First Quarter 2022 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 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.

1Q22 RESULTS AND CONFERENCE CALL DETAILS

Bank of Georgia Group PLC announces the Group's consolidated financial results for the first quarter of 2022. Unless otherwise noted, numbers in this announcement are given for 1Q22 and comparisons are for 1Q21. 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.

An investor and analyst conference call will be held on 11 May 2022, at 14:00 BST / 15:00 CET / 09:00 EST.

Webinar instructions:

Please use the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/97971760262?pwd=NlB5OWEwS0FVa3Q4WlJHZWkvWHBRUT09
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Passcode: **858439**

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Participants joining via Zoom can use the "raise hand" feature at the bottom of the screen to ask questions. Participants dialing in can press *9 to raise hand and ask questions.

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MACROECONOMIC DEVELOPMENTS

The first quarter of 2022 was defined by the impact of the ongoing Russia-Ukraine war and elevated uncertainty about the conflict itself and its implications for the rest of the world. The war has intensified supply shocks, exacerbating inflationary pressures and threatening regional and global growth. Despite Georgia's economic exposure to Russia and Ukraine - total inflows from both countries to Georgia in 2021 accounted for 9.7% of GDP - the downside impact on Georgia's growth momentum is expected to be limited given the country's resilience demonstrated during the COVID-19 pandemic as well as its strong track record of prudent macroeconomic policies. Our investment banking arm, Galt & Taggart, has recently revised the 2022 real GDP growth forecast to 4.5%, down from the pre-war projection of 5.0% but higher than the base case of 3.0% projected shortly after the outbreak of the war, considering the strong growth achieved in the first quarter of 2022. Ongoing war, geopolitical tensions and related uncertainty are key risks to growth, while the pandemic risk has reduced significantly.

Real GDP growth in 1Q22 was 14.4%, partially reflecting last year's low base, coupled with strong external inflows and robust domestic demand. Although the growth in goods exports and remittances has decelerated since the outbreak of the war, tourism revenues have continued a steady recovery. Reduced remittances from the regional economies have been offset by robust inflows from EU countries, resulting in a 9.2% year-on-year increase in remittances in 1Q22. Disruptions in goods trade with Russia and Ukraine have been compensated by higher-valued commodity-based exports to other countries, delivering a 43.3% year-on-year increase in goods exports in 1Q22. The recovery in tourism arrivals has flattened, but tourism revenues have increased to 68.1% of the 2019 pre-pandemic level in the first quarter of 2022.

Inflation remains a significant challenge as the war in Ukraine has driven global commodity and food prices up. Annual CPI inflation in Georgia was 11.8% in March 2022 (a 2.5% month-on-month increase). The NBG increased the refinancing rate by an additional 50 bps to 11.0% in March 2022. Given the tight monetary policy, inflation is expected to fall gradually over the course of the year, averaging around 9.0%. Tight monetary policy coupled with resilient external inflows have contributed to a relatively stable local currency. As at 31 March 2022, GEL had depreciated by only 0.1% year-to-date.

COVID-19 cases in Georgia have dropped sharply, and all restrictions have been fully lifted. We expect this positive dynamic to drive a recovery in the hospitality sector in 2022.

Notwithstanding increased uncertainty and challenges amid the ongoing military conflict in Ukraine, the Group delivered a strong performance in the first quarter of 2022, ending the quarter with a profit of GEL 240.6mln and a return on average equity of 30.7%, while maintaining strong capital and liquidity positions.

Next we present the Group's 1Q22 performance highlights and Chief Executive Officer's letter, before going into greater detail.

1Q22 FINANCIAL RESULTS HIGHLIGHTS

GEL thousands	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
INCOME STATEMENT HIGHLIGHTS					
Net interest income	**271,450**	**212,332**	**27.8%**	**270,071**	**0.5%**
Net fee and commission income	58,832	48,650	20.9%	64,100	-8.2%
Net foreign currency gain	64,484	19,176	236.3%	34,495	86.9%
Net other income	983	23,482	-95.8%	10,579	-90.7%
Operating income	**395,749**	**303,640**	**30.3%**	**379,245**	**4.4%**
Operating expenses	**(138,355)**	**(107,359)**	**28.9%**	**(150,772)**	**-8.2%**
Profit / (loss) from associates	126	167	-24.6%	128	-1.6%
Operating income before cost of risk	**257,520**	**196,448**	**31.1%**	**228,601**	**12.7%**
Cost of risk	7,567	(44,117)	NMF	(7,744)	NMF
Net operating income before non-recurring items	**265,087**	**152,331**	**74.0%**	**220,857**	**20.0%**
Net non-recurring items	48	17	182.4%	(62)	NMF
Profit before income tax expense	**265,135**	**152,348**	**74.0%**	**220,795**	**20.1%**
Income tax expense	(24,563)	(13,424)	83.0%	(20,076)	22.4%
Profit	**240,572**	**138,924**	**73.2%**	**200,719**	**19.9%**

GEL thousands	Mar-22	Mar-21	Change y-o-y	Dec-21	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	6,785,761	6,968,871	-2.6%	6,047,616	12.2%
Cash and cash equivalents	*1,632,690*	*2,361,663*	*-30.9%*	*1,520,562*	*7.4%*
Amounts due from credit institutions	*1,978,568*	*2,200,803*	*-10.1%*	*1,931,390*	*2.4%*
Investment securities	*3,174,503*	*2,406,405*	*31.9%*	*2,595,664*	*22.3%*
Loans to customers and finance lease receivables[1]	16,289,380	14,601,275	11.6%	16,168,973	0.7%
Property and equipment	384,828	385,352	-0.1%	378,808	1.6%
Total assets	**24,270,229**	**22,752,245**	**6.7%**	**23,430,076**	**3.6%**
Client deposits and notes	14,517,253	14,003,209	3.7%	14,038,002	3.4%
Amounts owed to credit institutions	4,676,861	4,039,250	15.8%	4,318,445	8.3%
Borrowings from DFIs	*2,114,220*	*2,222,967*	*-4.9%*	*2,135,301*	*-1.0%*
Short-term loans from central banks	*1,772,605*	*772,647*	*129.4%*	*1,413,333*	*25.4%*
Loans and deposits from commercial banks	*790,036*	*1,043,636*	*-24.3%*	*769,811*	*2.6%*
Debt securities issued	1,415,940	1,653,399	-14.4%	1,518,685	-6.8%
Total liabilities	**20,996,390**	**20,064,595**	**4.6%**	**20,337,168**	**3.2%**
Total equity	**3,273,839**	**2,687,650**	**21.8%**	**3,092,908**	**5.8%**

KEY RATIOS	1Q22	1Q21	4Q21
ROAA	4.1%	2.5%	3.5%
ROAE	30.7%	21.5%	26.4%
Net interest margin	5.3%	4.5%	5.3%
Liquid assets yield	4.3%	3.1%	4.0%
Loan yield	11.1%	10.4%	11.0%
Cost of funds	5.0%	4.5%	4.8%
Cost / income	35.0%	35.4%	39.8%
NPLs to Gross loans to clients	2.5%	3.6%	2.4%
NPL coverage ratio	97.3%	77.5%	95.5%
NPL coverage ratio, adjusted for discounted value of collateral	153.0%	127.8%	147.7%
Cost of credit risk ratio	0.8%	0.8%	-0.2%
NBG (Basel III) CET1 capital adequacy ratio	13.7%	11.2%	13.2%
NBG (Basel III) Tier I capital adequacy ratio	15.4%	13.3%	15.0%
NBG (Basel III) Total capital adequacy ratio	19.7%	18.6%	19.3%

[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.

1Q22 PERFORMANCE HIGHLIGHTS

- **Strong quarterly results underpinning robust profitability.** The Group generated operating income before cost of risk of GEL 257.5mln in 1Q22, up 31.1% y-o-y and up 12.7% q-o-q. Our profit for the quarter was GEL 240.6mln, up 73.2% y-o-y and up 19.9% q-o-q. ROAE was 30.7% in 1Q22 (21.5% in 1Q21 and 26.4% in 4Q21).
- **Net interest margin** was 5.3% in 1Q22, up 80bps y-o-y and flat q-o-q. The y-o-y increase in NIM was mainly driven by an increase in loan yield and the successful deployment of some excess liquidity over the last 12 months.
- **Strong net fee and commission income generation**. Net fee and commission income was up 20.9% y-o-y and down 8.2% q-o-q in the seasonally quieter first quarter. The strong y-o-y increase was driven by higher fee and commission income generation from settlement operations in Retail Banking, and settlement operations, guarantees and letters of credit issued by Corporate and Investment Banking and currency conversion operations. The q-o-q decrease in net fee and commission income reflected the impact of seasonally lower activity in the first quarter.
- **Operating expenses**. We have continued investing in IT-related programmes, digitalisation and marketing, in line with our strategic priorities, while maintaining a key focus on efficiency and cost control. Our cost to income ratio improved to 35.0% in 1Q22 (35.4% in 1Q21 and 39.8% in 4Q21).
- **Loan book increased by 11.6% y-o-y and by 0.7% q-o-q at 31 March 2022.** Growth on a constant-currency basis was 19.0% y-o-y and 1.0% q-o-q. Strong y-o-y growth was primarily driven by consumer, micro and SME portfolios.
- **Client deposits and notes increased by 3.7% y-o-y and by 3.4% q-o-q at 31 March 2022**. On a constant-currency basis, client deposits and notes were up 10.6% y-o-y and up 3.6% q-o-q.
- **Cost of credit risk.** The cost of credit risk ratio was 0.8% in 1Q22 (cost of credit risk ratio of 0.8% in 1Q21 and a net gain of 0.2% in 4Q21), driven by a higher ECL charge posted in the Retail Banking segment reflecting fast growth of unsecured consumer loan portfolio, as well as higher provisions required for the Group's operations in Belarus. These were partially offset by strong recoveries in Corporate and Investment Banking. See details on page 9.
- **Asset quality.** NPLs to gross loans stood at 2.5% at 31 March 2022, compared with 3.6% at 31 March 2021 and 2.4% at 31 December 2021. The NPL coverage ratio increased to 97.3% at 31 March 2022 (77.5% at 31 March 2021 and 95.5% at 31 December 2021), and the NPL coverage ratio adjusted for a discounted value of collateral was 153.0% at 31 March 2022 (127.8% at 31 March 2021 and 147.7% at 31 December 2021). The significant y-o-y decrease in NPLs to gross loans and the increase in NPL coverage ratios at 31 March 2022 were primarily driven by more customers returning to regular repayments, especially in the Retail Banking segment.
- **Strong capital adequacy position.** The Bank's capital adequacy ratios continue to increase on a quarterly basis, 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 13.7%, 15.4% and 19.7%, respectively, above the minimum required levels of 11.8%, 14.1% and 17.6%, respectively, at 31 March 2022. The q-o-q increase in capital ratios was driven by the Bank's strong internal capital generation, partially offset by the impact of business growth.
- **Strong liquidity and funding positions.** At 31 March 2022, after successfully deploying some excess liquidity during the quarter, the Bank's liquidity coverage ratio stood at 116.2% and the net stable funding ratio was 130.7%, both comfortably above the 100% minimum required levels.
- **Good progress in strategic areas.** The Bank has continued to develop digital products and deliver superior customer experience. We had 892,316 monthly active users of our retail mBank/iBank as at 31 March 2022 (up 22.7% y-o-y and up 4.6% q-o-q), with 44.6% of these customers using our mobile and internet banking platforms on a daily basis. Product offloading to digital channels reached 35.0% in the first quarter of 2022, up from 19.3% in 1Q21 and up from 28.4% in 4Q21 (see details on page 14). We have continued to develop our payments business and achieved further market share gains in the number and volume of payment transactions that go through our POS terminals in 1Q22.

CHIEF EXECUTIVE OFFICER'S STATEMENT

The first quarter of 2022 was heavily influenced by the ongoing war in Ukraine, and we are extremely saddened by the level of unnecessary human suffering that is continuing unabated. Our thoughts and prayers remain with the Ukrainian people, as we all hope for a speedy resolution of the conflict. Given Georgia's recent past, this has been an emotional time for our team, but organisationally we have ensured that we remain focused on our business imperatives. Employee engagement remains critical in challenging times, and I have spent much time visiting branches, listening to our employees and ensuring that business momentum remains strong.

I am proud, therefore, that Bank of Georgia Group delivered strong first quarter performance, with a 30.3% y-o-y increase in operating income, a 73.2% y-o-y increase in profit to GEL 240.6 million, and a return on equity of 30.7%. Strong top- and bottom-line growth was supported by the resilience of the Georgian economy in the face of the regional challenges. At the start of the war in Ukraine, we initially revised our GDP growth expectation for Georgia for 2022 down to around 3.0%, with downside risks if the conflict became prolonged. As the last two months have evolved, however, Georgia's economy has experienced strong growth momentum supported by resilient external inflows. The Georgian Lari has consequently remained robust over the last three months. As a result of these dynamics, we now expect Georgian real GDP growth in 2022 to be around 4.5%. High levels of inflation will remain an economic challenge, but given the tight monetary policy, we do expect inflationary pressures to reduce during the rest of the year.

This report goes into significant detail on the core business trends but, from my perspective, our continuing franchise growth, combined with strength in the payments business and increasing use of our financial mobile app were key to achieving such strong y-o-y net interest income and fee and commission growth (27.8% and 20.9%, respectively) in the first quarter. Strong client-driven foreign exchange commissions also supported an overall 30.3% y-o-y growth in operating income. We have continued to invest in digitalisation, and technological and advanced data analytics capabilities, whilst still improving our cost to income ratio.

Our balance sheet has also remained strong. Overall lending growth was more subdued at 1.0% on a constant-currency basis during the quarter, as strong growth in the consumer, micro and SME portfolios was offset by many Georgian corporates being relatively conservative in their investment plans during these uncertain times. Asset quality also remained robust within the quarter. We experienced an increase in the cost of credit risk in Retail Banking, mainly reflecting the fast growth of our unsecured consumer lending portfolio, but this was partially offset by some significant recoveries in the Corporate and Investment banking business. We have also reassessed our assets in BNB, our bank in Belarus, considering the deteriorated macroeconomic environment, resulting in a total of GEL 49.3 million negative effect on equity. The Group's remaining exposure in Belarus is GEL 76.1 million, representing 2.3% of the Group's total equity.

At Bank of Georgia, we are focused on our key strategic priorities, building our customer franchise with excellent customer experience, digitalisation and our ESG agenda at the forefront. We have maintained NPS at a high level of 54%, made good progress in the number of monthly active digital users – at 892 thousand in March 2022, up 22.7% compared with prior year, increased product offloading to digital channels to 35%, and these results, in combination with ROAE above 30% and cost to income ratio of 35%, reflect the underlying strength of our business, despite challenging external circumstances. Whilst we still experience elevated levels of uncertainty, I expect the Georgian economy to continue its recent growth momentum, and we remain well-positioned to continue delivering our targeted combination of strong growth and high profitability.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
10 May 2022

DISCUSSION OF RESULTS

The Group's business comprises 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	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
Interest income	521,294	428,580	21.6%	509,563	2.3%
Interest expense	(249,844)	(216,248)	15.5%	(239,492)	4.3%
Net interest income	**271,450**	**212,332**	**27.8%**	**270,071**	**0.5%**
Fee and commission income	106,673	76,446	39.5%	113,664	-6.2%
Fee and commission expense	(47,841)	(27,796)	72.1%	(49,564)	-3.5%
Net fee and commission income	**58,832**	**48,650**	**20.9%**	**64,100**	**-8.2%**
Net foreign currency gain	64,484	19,176	236.3%	34,495	86.9%
Net other income	983	23,482	-95.8%	10,579	-90.7%
Operating income	**395,749**	**303,640**	**30.3%**	**379,245**	**4.4%**
Net interest margin	5.3%	4.5%		5.3%	
Average interest earning assets	20,879,275	18,932,570	10.3%	20,257,844	3.1%
Average interest bearing liabilities	20,371,447	19,345,778	5.3%	19,696,541	3.4%
Average net loans and finance lease receivables	16,130,302	14,340,661	12.5%	15,825,253	1.9%
Average net loans and finance lease receivables, GEL	7,409,484	5,873,004	26.2%	7,155,129	3.6%
Average net loans and finance lease receivables, FC	8,720,818	8,467,657	3.0%	8,670,124	0.6%
Average client deposits and notes	14,217,208	13,942,631	2.0%	13,717,739	3.6%
Average client deposits and notes, GEL	5,591,900	5,313,836	5.2%	5,270,841	6.1%
Average client deposits and notes, FC	8,625,308	8,628,795	0.0%	8,446,898	2.1%
Average liquid assets	6,573,713	6,732,512	-2.4%	6,023,591	9.1%
Average liquid assets, GEL	3,141,884	2,600,231	20.8%	2,811,276	11.8%
Average liquid assets, FC	3,431,829	4,132,281	-17.0%	3,212,315	6.8%
Liquid assets yield	4.3%	3.1%		4.0%	
Liquid assets yield, GEL	8.8%	7.6%		8.3%	
Liquid assets yield, FC	0.1%	0.1%		0.1%	
Loan yield	11.1%	10.4%		11.0%	
Loan yield, GEL	15.8%	14.8%		15.5%	
Loan yield, FC	7.1%	7.2%		7.2%	
Cost of funds	5.0%	4.5%		4.8%	
Cost of funds, GEL	9.2%	7.8%		8.9%	
Cost of funds, FC	2.1%	2.8%		2.2%	
Cost / income	35.0%	35.4%		39.8%	

Performance highlights

- **The Group generated strong operating income of GEL 395.7mln in 1Q22 (up 30.3% y-o-y and up 4.4% q-o-q).** The y-o-y increase was driven by strong net interest income (up 27.8% y-o-y), net fee and commission income (up 20.9% y-o-y) and net foreign currency gains (up 236.3% y-o-y). The q-o-q increase was mainly driven by strong net foreign currency gains (up 86.9% q-o-q).
- **NIM was 5.3% in 1Q22 (up 80bps y-o-y and flat q-o-q).** The y-o-y increase in NIM was mainly driven by an increase in loan yield (up 70bps y-o-y), coupled with the successful deployment of some excess liquidity. During the first quarter of 2022, we saw broad stability in the q-o-q margin, as expected.
- **Liquid assets yield.** Liquid assets yield was 4.3% in 1Q22 (up 120bps y-o-y and up 30bps q-o-q). The y-o-y and q-o-q increases were driven by higher yields of local currency liquid assets (up 120bps y-o-y and up 50bps q-o-q in 1Q22), reflecting the NBG's monetary policy rate changes (the NBG increased the monetary policy rate four times by a cumulative of 250bps during 2021 and by an additional 50bps in March 2022). The foreign currency denominated liquid assets yield remained flat y-o-y and q-o-q.
- **Cost of funds** was 5.0% in 1Q22 (up 50bps y-o-y and up 20bps q-o-q). Local currency denominated cost of funds was up 140bps y-o-y and up 30bps q-o-q in 1Q22, reflecting the NBG's monetary policy rate changes. The cost of foreign currency denominated funds was down 70bps y-o-y and down 10bps q-o-q in 1Q22, as a result of deposit re-pricing during 2021.

- **Net fee and commission income** amounted to GEL 58.8mln in 1Q22 (up 20.9% y-o-y and down 8.2% q-o-q). The strong y-o-y increase was driven by higher fee and commission income generation from the settlement operations, guarantees and letters of credit issued by the Corporate and Investment Banking business and our client-driven currency conversion operations. The q-o-q decrease in net fee and commission income was mainly driven by lower fee and commission income generation from the settlement operations on the back of seasonally quieter first quarter.
- **Net foreign currency gain** was GEL 64.5mln in 1Q22, up 236.3% y-o-y and up 86.9% q-o-q on the back of higher currency volatility and client-driven flows during the period.
- **Net other income** was down y-o-y and q-o-q in 1Q22, partly due to the high base in 2021 as a result of significant net gains from the sale of real estate properties and investment securities. In addition, considering the ongoing external challenges related to the Russia-Ukraine war and the deteriorated macroeconomic outlook for Belarus, we recorded a GEL 4.4mln net loss on the revaluation of investment property of our subsidiary in Belarus in the first quarter of 2022.

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

GEL thousands, unless otherwise noted	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
Salaries and other employee benefits	(78,329)	(60,223)	30.1%	(80,501)	-2.7%
Administrative expenses	(33,702)	(23,563)	43.0%	(43,552)	-22.6%
Depreciation, amortisation and impairment	(24,627)	(22,561)	9.2%	(25,256)	-2.5%
Other operating expenses	(1,697)	(1,012)	67.7%	(1,463)	16.0%
Operating expenses	**(138,355)**	**(107,359)**	**28.9%**	**(150,772)**	**-8.2%**
Profit / (loss) from associate	126	167	-24.6%	128	-1.6%
Operating income before cost of risk	**257,520**	**196,448**	**31.1%**	**228,601**	**12.7%**
Expected credit loss on loans to customers	(29,856)	(28,236)	5.7%	9,836	NMF
Expected credit loss on finance lease receivables	(1,284)	(931)	37.9%	(3,406)	-62.3%
Other expected credit loss and impairment charge on other assets and provisions	38,707	(14,950)	NMF	(14,174)	NMF
Cost of risk	**7,567**	**(44,117)**	**NMF**	**(7,744)**	**NMF**
Net operating income before non-recurring items	**265,087**	**152,331**	**74.0%**	**220,857**	**20.0%**
Net non-recurring items	48	17	182.4%	(62)	NMF
Profit before income tax	**265,135**	**152,348**	**74.0%**	**220,795**	**20.1%**
Income tax expense	(24,563)	(13,424)	83.0%	(20,076)	22.4%
Profit	**240,572**	**138,924**	**73.2%**	**200,719**	**19.9%**

- **Operating expenses.** Operating expenses were up 28.9% y-o-y and down 8.2% q-o-q in 1Q22. The y-o-y increase was mainly driven by strong business growth and continuing investments in digital and IT-related programmes, amid the higher inflationary environment, while the q-o-q decrease partially reflected seasonal trends. Our cost to income ratio improved to 35.0% in 1Q22, down from 35.4% in 1Q21 and 39.8% in 4Q21.
- **Cost of risk** in 1Q22 reflected a combination of the following factors:
  - **Cost of credit risk ratio** was 0.8% in 1Q22 (cost of credit risk ratio of 0.8% in 1Q21 and a net gain of 0.2% in 4Q21). The Group recorded ECL provisions on loans to customers and finance lease receivables in the amount of GEL 50.2mln for the Retail Banking business. The higher than normal ECL in Retail Banking was mainly driven by increased sales of unsecured consumer loans as we redesigned the lending process in digital channels in 2021. Furthermore, the Group recorded a GEL 21.5mln E/CL provisions on loans to customers and finance lease receivables of BNB in the light of the revised macroeconomic outlook. These were partially offset by a net ECL reversal of GEL 41.6mln in the Corporate and Investment Banking segment in 1Q22, reflecting a number of recoveries during the quarter.
  - **Expected credit loss and impairment charge on other assets and provisions** in 1Q22 mainly comprised a GEL 44.3mln recovery of some previously paid legal fees.
- **Quality of the loan book**. The y-o-y decline in the NPLs to gross loans ratio and the increase in the NPL coverage ratios at 31 March 2022 were mainly driven by more customers returning to regular repayments, especially in the Retail Banking segment. The NPLs to gross loans ratio was broadly stable q-o-q:

GEL thousands, unless otherwise noted	Mar-22	Mar-21	Change y-o-y	Dec-21	Change q-o-q
NON-PERFORMING LOANS					
NPLs	424,405	534,626	-20.6%	394,720	7.5%
NPLs to gross loans	2.5%	3.6%		2.4%	
NPLs to gross loans, RB	1.8%	3.3%		1.8%	
NPLs to gross loans, CIB	3.9%	4.0%		3.6%	
NPL coverage ratio	97.3%	77.5%		95.5%	
NPL coverage ratio adjusted for the discounted value of collateral	153.0%	127.8%		147.7%	

- **BNB – the Group's banking subsidiary in Belarus –** Considering the deteriorated macroeconomic outlook amid the ongoing war in Ukraine, we reassessed the assets of BNB, resulting in a negative P&L effect of GEL 31.4mln (comprising a GEL 4.4 mln net loss on the revaluation of investment property, a GEL 21.5mln ECL provisions on loans to customers and finance lease receivables, a GEL 5.5mln other expected credit loss and impairment charge on other assets and provisions) and a negative GEL 17.9mln effect through other comprehensive income as a result of the revaluation of investment securities. The Group's remaining exposure in Belarus is GEL 76.1 million, representing 2.3% of the Group's total equity. BNB's capital ratios stood above the requirements of the National Bank of the Republic of Belarus (the "**NBRB**") at 31 March 2022 as those are calculated in accordance with NBRB standards. At 31 March 2022, the total capital adequacy ratio was 15.3%, above the 12.5% minimum requirement, while Tier I capital adequacy ratio was 11.8%, above the NBRB's 7.0% minimum requirement. For BNB's financial results highlights, see page 22.

- **Overall, the Group recorded a profit** of GEL 240.6mln in 1Q22 (up 73.2% y-o-y and up 19.9% q-o-q). The Group's ROAE was 30.7% in 1Q22 (21.5% in 1Q21 and 26.4% in 4Q21).

BALANCE SHEET HIGHLIGHTS

GEL thousands, unless otherwise noted	**Mar-22**	**Mar-21**	**Change y-o-y**	**Dec-21**	**Change q-o-q**
Liquid assets	6,785,761	6,968,871	-2.6%	6,047,616	12.2%
Liquid assets, GEL	3,266,943	2,515,544	29.9%	2,819,195	15.9%
Liquid assets, FC	3,518,818	4,453,327	-21.0%	3,228,421	9.0%
Net loans and finance lease receivables	16,289,380	14,601,275	11.6%	16,168,973	0.7%
Net loans and finance lease receivables, GEL	7,573,935	6,029,913	25.6%	7,348,911	3.1%
Net loans and finance lease receivables, FC	8,715,445	8,571,362	1.7%	8,820,062	-1.2%
Client deposits and notes	14,517,253	14,003,209	3.7%	14,038,002	3.4%
Amounts owed to credit institutions	4,676,861	4,039,250	15.8%	4,318,445	8.3%
Borrowings from DFIs	2,114,220	2,222,967	-4.9%	2,135,301	-1.0%
Short-term loans from central banks	1,772,605	772,647	129.4%	1,413,333	25.4%
Loans and deposits from commercial banks	790,036	1,043,636	-24.3%	769,811	2.6%
Debt securities issued	1,415,940	1,653,399	-14.4%	1,518,685	-6.8%
LIQUIDITY AND CAPITAL ADEQUACY RATIOS					
Net loans / client deposits and notes	112.2%	104.3%		115.2%	
Net loans / client deposits and notes + DFIs	97.9%	90.0%		100.0%	
Liquid assets / total assets	28.0%	30.6%		25.8%	
Liquid assets / total liabilities	32.3%	34.7%		29.7%	
NBG liquidity coverage ratio	116.2%	149.3%		124.0%	
NBG (Basel III) CET1 capital adequacy ratio	13.7%	11.2%		13.2%	
NBG (Basel III) Tier I capital adequacy ratio	15.4%	13.3%		15.0%	
NBG (Basel III) Total capital adequacy ratio	19.7%	18.6%		19.3%	

Our balance sheet remains highly liquid (NBG liquidity coverage ratio of 116.2%) **and strongly capitalised** (NBG Basel III CET1 capital adequacy ratio of 13.7%) **with a well-diversified funding base** (client deposits and notes to total liabilities of 69.1%) at 31 March 2022.

- **Liquidity.** Liquid assets stood at GEL 6,785.8mln at 31 March 2022, down 2.6% y-o-y and up 12.2% q-o-q. The NBG liquidity coverage ratio was 116.2% at 31 March 2022 (149.3% at 31 March 2021 and 124.0% at 31 December 2021), comfortably above the 100% minimum requirement level.
- **Loan book.** Our net loan book and finance lease receivables reached GEL 16,289.4mln at 31 March 2022, up 11.6% y-o-y and up 0.7% q-o-q. Growth on a constant-currency basis was 19.0% y-o-y and 1.0% q-o-q. GEL-denominated portfolio increased by 25.6% y-o-y and by 3.1% q-o-q at 31 March 2022, and represented 46.5% of total portfolio (41.3% at 31 March 2021 and 45.5% at 31 December 2021). The share of Retail Banking net loan book and finance lease receivables in the Bank's net loans and finance lease receivables was 68.9% at 31 March 2022 (65.8% at 31 March 2021 and 67.0% 31 December 2021).
- **Net loans to customer funds and Development Finance Institutions (DFI) ratio**. Our net loans to customer funds and DFI ratio stood at 97.9% at 31 March 2022, compared with 90.0% at 31 March 2021 and 100.0% at 31 December 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 13.7%, 15.4% and 19.7%, respectively, at 31 March 2022, comfortably above the minimum required levels of 11.8%, 14.1% and 17.6%, respectively. The movement in capital adequacy ratios in 1Q22 and the potential impact of a 10% devaluation of the local currency on different levels of capital is as follows:

	31 December 2022	**1Q22 profit**	**Business growth**	**Currency impact**	**31 March 2022**	**Potential impact of a 10% GEL devaluation**
CET1 capital adequacy ratio	13.2%	0.9%	-0.4%	0.0%	13.7%	-0.9%
Tier I capital adequacy ratio	15.0%	0.9%	-0.5%	0.0%	15.4%	-0.9%
Total capital adequacy ratio	19.3%	0.9%	-0.5%	0.0%	19.7%	-0.8%

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	11.8%	12.1%
Tier 1 capital requirement	14.1%	14.5%
Total capital requirement	17.6%	17.6%

Capital distribution. 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 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.

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	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
INCOME STATEMENT HIGHLIGHTS[2]					
Net interest income	**173,526**	**135,330**	**28.2%**	**161,167**	**7.7%**
Net fee and commission income	45,444	37,624	20.8%	50,116	-9.3%
Net foreign currency gain	32,154	11,595	177.3%	17,234	86.6%
Net other income	1,471	9,073	-83.8%	3,527	-58.3%
Operating income	**252,595**	**193,622**	**30.5%**	**232,044**	**8.9%**
Salaries and other employee benefits	(57,300)	(41,868)	36.9%	(59,875)	-4.3%
Administrative expenses	(25,952)	(18,742)	38.5%	(33,965)	-23.6%
Depreciation, amortisation and impairment	(21,092)	(19,210)	9.8%	(21,622)	-2.5%
Other operating expenses	(1,401)	(680)	106.0%	(1,079)	29.8%
Operating expenses	**(105,745)**	**(80,500)**	**31.4%**	**(116,541)**	**-9.3%**
Profit / (loss) from associate	126	167	-24.6%	128	-1.6%
Operating income before cost of risk	**146,976**	**113,289**	**29.7%**	**115,631**	**27.1%**
Cost of risk	(50,790)	(31,327)	62.1%	(20,003)	153.9%
Net operating income before non-recurring items	**96,186**	**81,962**	**17.4%**	**95,628**	**0.6%**
Net non-recurring items	69	156	-55.8%	(11)	NMF
Profit before income tax expense	**96,255**	**82,118**	**17.2%**	**95,617**	**0.7%**
Income tax expense	(9,946)	(6,003)	65.7%	(7,897)	25.9%
Profit	**86,309**	**76,115**	**13.4%**	**87,720**	**-1.6%**
BALANCE SHEET HIGHLIGHTS[2]					
Net loans	10,740,353	9,079,628	18.3%	10,349,776	3.8%
Net loans, GEL	6,491,405	5,003,957	29.7%	6,201,310	4.7%
Net loans, FC	4,248,948	4,075,671	4.3%	4,148,466	2.4%
Client deposits	9,857,622	8,977,991	9.8%	9,557,682	3.1%
Client deposits, GEL	2,946,915	2,339,089	26.0%	2,904,521	1.5%
Client deposits, FC	6,910,707	6,638,902	4.1%	6,653,161	3.9%
of which:					
Time deposits	5,299,269	5,365,754	-1.2%	5,462,952	-3.0%
Time deposits, GEL	1,669,119	1,205,764	38.4%	1,534,172	8.8%
Time deposits, FC	3,630,150	4,159,990	-12.7%	3,928,780	-7.6%
Current accounts and demand deposits	4,558,353	3,612,237	26.2%	4,094,730	11.3%
Current accounts and demand deposits, GEL	1,277,796	1,133,325	12.7%	1,370,349	-6.8%
Current accounts and demand deposits, FC	3,280,557	2,478,912	32.3%	2,724,381	20.4%
Assets under management	1,814,979	1,659,461	9.4%	1,503,529	20.7%
KEY RATIOS[2]					
ROAE	18.0%	20.9%		19.7%	
Net interest margin	4.7%	4.1%		4.4%	
Cost of credit risk ratio	1.9%	1.4%		0.7%	
Cost of funds	6.0%	5.3%		6.0%	
Loan yield	11.9%	11.1%		11.7%	
Loan yield, GEL	15.9%	15.2%		15.6%	
Loan yield, FC	5.8%	6.1%		5.8%	
Cost of deposits	2.6%	2.7%		2.5%	
Cost of deposits, GEL	7.2%	5.9%		6.8%	
Cost of deposits, FC	0.6%	1.6%		0.8%	
Cost of time deposits	4.1%	3.9%		3.9%	
Cost of time deposits, GEL	11.1%	9.5%		10.7%	
Cost of time deposits, FC	1.1%	2.3%		1.4%	
Cost of current accounts and demand deposits	0.7%	1.0%		0.7%	
Cost of current accounts and demand deposits, GEL	2.4%	2.4%		2.2%	
Cost of current accounts and demand deposits, FC	0.0%	0.3%		0.0%	
Cost / income ratio	41.9%	41.6%		50.2%	

[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 Premium Banking. The comparative periods have been restated accordingly.

Performance highlights

- **Retail Banking generated strong operating income of GEL 252.6mln in 1Q22 (up 30.5% y-o-y and up 8.9% q-o-q).** Strong net interest income and net fee and commission income generation together with higher net foreign currency gains were the main contributors to the y-o-y increase in operating income, while net interest income and client-driven net foreign currency gains drove the q-o-q growth in operating income in the first quarter of 2022.
- RB net interest income was up 28.2% y-o-y and up 7.7% q-o-q in 1Q22. **NIM was 4.7% in 1Q22 (up 60bps y-o-y and up 30bps q-o-q).** The increase in NIM was mainly driven by higher loan yield (up 80bps y-o-y and up 20bps q-o-q in 1Q22) coupled with the successful deployment of some excess liquidity.
- **RB net loan book was GEL 10,740.4mln at 31 March 2021, up 18.3% y-o-y and up 3.8% q-o-q. On a constant currency basis, net loan book increased by 24.2% y-o-y and by 4.0% q-o-q in 1Q22.** The local currency denominated loan book increased by 29.7% y-o-y and by 4.7% q-o-q, while the foreign currency denominated loan book increased by 4.3% y-o-y and by 2.4% q-o-q in 1Q22. As a result, the local currency denominated loan book represented 60.4% of the Retail Banking loan book at 31 March 2022, compared with 55.1% at 31 March 2021 and 59.9% at 31 December 2021. The consumer loan portfolio, which has historically been most sensitive to foreign currency risk, is now almost completely de-dollarised, while the share of retail mortgage loans in local currency was 51.6% at 31 March 2022, compared with 46.3% at 31 March 2021 and 50.5% at 31 December 2021.
- The y-o-y loan book growth was mainly driven by strong growth of the consumer, micro and SME portfolios:

RETAIL BANKING LOAN BOOK BY PRODUCTS

GEL thousands, unless otherwise noted	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
Loan originations					
Consumer loans	808,569	455,590	77.5%	858,067	-5.8%
Mortgage loans	319,661	420,064	-23.9%	484,407	-34.0%
Micro loans	413,170	408,581	1.1%	497,325	-16.9%
SME loans	364,333	371,256	-1.9%	434,009	-16.1%
Outstanding balance					
Consumer loans	2,724,182	1,809,839	50.5%	2,567,361	6.1%
Mortgage loans	3,987,191	3,812,962	4.6%	3,956,204	0.8%
Micro loans	2,101,736	1,783,166	17.9%	1,980,691	6.1%
SME loans	1,703,041	1,505,649	13.1%	1,608,857	5.9%

- **RB client deposits stood at GEL 9,857.6mln at 31 March 2022, up 9.8% y-o-y and up 3.1% q-o-q.** The share of foreign currency denominated deposits was 70.1% at 31 March 2022, down from 73.9% at 31 March 2021 and up from 69.6% at 31 December 2021. The cost of foreign currency denominated deposits was 0.6% in 1Q22 (down 100bps y-o-y and down 20bps q-o-q), while the cost of local currency denominated deposits was 7.2% in 1Q22 (up 130bps y-o-y and up 40bps q-o-q). The spread between the cost of RB's client deposits in local currency and foreign currency was 6.6ppts in 1Q22 (GEL: 7.2%; FC: 0.6%), compared with 4.3ppts in 1Q21 (GEL: 5.9%; FC: 1.6%) and 6.0ppts in 4Q21 (GEL: 6.8%; FC: 0.8%).
- **Retail Banking net fee and commission income** was up 20.8% y-o-y and down 9.3% q-o-q in 1Q22. The y-o-y increase was mainly driven by strong performance in settlement operations and our client-driven currency conversion operations, whereas the q-o-q decrease was mainly due to seasonally quieter first quarter.
- **Retail Banking's cost of credit risk ratio** was 1.9% in 1Q22 (1.4% in 1Q21 and 0.7% in 4Q21). Higher cost of credit risk ratio in the first quarter was mainly driven by the fast growth of our unsecured consumer loan portfolio.

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

Volume information in GEL thousands	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
Retail Banking active customers[3]					
Number of new active customers	57,743	34,754	66.1%	59,306	-2.6%
Number of active customers	1,491,460	1,344,651	10.9%	1,456,505	2.4%
Cards					
Number of cards issued	276,023	191,547	44.1%	432,685	-36.2%
Number of cards outstanding	2,342,189	2,111,254	10.9%	2,290,716	2.2%
Express Pay terminals					
Number of Express Pay terminals	3,122	3,125	-0.1%	3,134	-0.4%
Number of transactions via Express Pay terminals	19,090,517	16,784,029	13.7%	21,102,054	-9.5%
Volume of transactions via Express Pay terminals	3,112,873	2,322,601	34.0%	3,426,763	-9.2%
POS terminals					
Number of desks	27,706	22,889	21.0%	27,286	1.5%
Number of contracted merchants	17,794	13,298	33.8%	17,404	2.2%
Number of POS terminals	39,086	30,053	30.1%	38,514	1.5%
Number of transactions via POS terminals	44,998,835	27,455,781	63.9%	44,609,427	0.9%
Volume of transactions via POS terminals	1,305,111	705,118	85.1%	1,386,223	-5.9%
Mobile and internet banking					
Number of monthly active users [4]	892,316	727,367	22.7%	852,733	4.6%
Number of transactions via internet bank	1,019,795	918,907	11.0%	1,093,956	-6.8%
Volume of transactions via internet bank	659,219	584,089	12.9%	629,887	4.7%
Number of transactions via mobile bank	34,249,288	21,242,482	61.2%	34,308,520	-0.2%
Volume of transactions via mobile bank	5,870,854	3,279,566	79.0%	5,994,578	-2.1%

- **The Bank had around 1.5 million monthly active Retail Banking customers** at 31 March 2022, up 10.9% y-o-y and up 2.4% q-o-q, reflecting the strength of our franchise and the increasing engagement of our customers. In the first quarter of 2022, we changed the definition of active customer to account only for those customers who were active within the past month.

- **Digital channels**. We have continued to develop our digital channels and provide superior digital experience. 96.6% of total transactions were executed through digital channels[5] in 1Q22.

  - **mBank and iBank.** We continuously develop our mobile application and internet banking platform to increase customer activity and product sales through these channels. At 31 March 2022, 892,316 individuals were monthly active users (MAU) of our mBank/iBank, up 22.7% y-o-y and up 4.6% q-o-q. 44.6% of these individuals were daily active users. The share of MAU in active individual customers was 62.4% at 31 March 2022, compared with 56.4% at 31 March 2021 and 61.2% at 31 December 2021. The number and volume of transactions done via mBank/iBank increased significantly y-o-y in 1Q22. In the first quarter of 2022, 53.7% of total transactions went through mBank/iBank, an increase from 45.9% in 1Q21 and 50.9% in 4Q21. We are now focusing on increasing the product offloading rate and have made good progress. In 1Q22, product offloading to digital channels was 35.0%, up from 19.3% in 1Q21 and 28.4% in 4Q21.

  - **Business iBank and mBank.** The number of active Business iBank and mBank users reached 42,899 at 31 March 2022 (up 33.2% y-o-y and up 3.5% q-o-q). The number and volume of transactions through mBank/iBank also grew strongly y-o-y in 1Q22 (up 56.6% and 46.0%, respectively). Overall, 97.7% of transactions of legal entities were executed through Business iBank/mBank in 1Q22.

- **Our premium banking segment** comprises two directions – SOLO and Wealth Management. Following structural changes in senior management, starting from 3Q21, we reclassified the Wealth Management business from Corporate and Investment Banking to the Retail Banking segment, under Premium Banking. The comparative periods have been restated accordingly:

  - **SOLO continued to grow and invest in its lifestyle brand.** We have 11 SOLO lounges - nine are located in Tbilisi, the capital of Georgia, and two in major regional cities of Georgia. The number of active SOLO clients reached 71,886 at 31 March 2022 (60,363 at 31 March 2021 and 68,818 at 31 December 2021). While active SOLO clients represent around 5% of our active Retail Banking client base, they contributed 27.9% to our Retail Banking gross loan book, 32.5% to Retail Banking deposits, 24.0% and 17.8% to Retail Banking net interest income and net fee and commission income, respectively, in 1Q22. The net fee and commission income from the SOLO segment was GEL 6.3mln in 1Q22 (down 6.6% y-o-y and down 38.9% q-o-q).

[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 within the past month. Active business customer – a legal entity that used Business mBank or iBank at least once, or 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 (different for micro, SME, or corporate clients) within the past month.
[4] Users with at least one mBank or iBank login within the past month.
[5] Digital channels comprise mBank and iBank, Express Pay terminals, ATMs, web platforms and call center.

   - **Wealth Management continues to focus on profitable growth by diversifying its offerings.** Wealth Management has a strong international presence and diversified customer base across multiple geographies. We served 1,492 active wealth management customers from 70 countries as at 31 March 2022, compared with 1,396 active customers as at 31 March 2021 and 1,440 active customers as at 31 December 2021.

   - **Wealth Management's AUM was GEL 1,815.0mln at 31 March 2022, up 9.4% y-o-y and up 20.7% q-o-q**. The 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 was GEL 740.9mln at 31 March 2022, down 17.0% y-o-y and down 15.8% q-o-q.

- **MSME banking.** The number of MSME segment active clients reached 62,387 at 31 March 2022, up 15.6% y-o-y and up 0.8% q-o-q. MSME's gross loan portfolio reached GEL 4,208.0mln (up 20.9% y-o-y and up 6.4% q-o-q) and client deposits and notes amounted to GEL 1,182.1mln at 31 March 2022 (up 20.8% y-o-y and up 2.6% q-o-q). The MSME segment generated strong operating income of GEL 69.5mln in 1Q22 (up 30.4% y-o-y and up 6.6% q-o-q).

- **Our digital ecosystem** comprises four business verticals: real estate marketplace (area.ge), e-commerce marketplace (extra.ge), point of sale solutions (optimo.ge), and logistics services (izibox.ge). Throughout the first quarter, we have continued to develop these businesses, including a redesign of mobile application for extra.ge, the launch of the HORECA functionality on optimo.ge and the addition of other new functionalities.

  500 Georgia Acceleration programme (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 completed the programme and joined our Digital Area ecosystem. In 3Q21, four winning startups 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.

  Since 2018, the Group has invested c.US$ 9.1 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 86.3mln in 1Q22 (up 13.4% y-o-y and down 1.6% q-o-q). Retail Banking ROAE was 18.0% in 1Q22 (20.9% in 1Q21 and 19.7% in 4Q21).

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	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
INCOME STATEMENT HIGHLIGHTS[6]					
Net interest income	**87,581**	**68,650**	**27.6%**	**96,619**	**-9.4%**
Net fee and commission income	12,294	9,416	30.6%	13,175	-6.7%
Net foreign currency gain	20,370	4,035	404.8%	13,788	47.7%
Net other income	2,986	14,771	-79.8%	6,377	-53.2%
Operating income	**123,231**	**96,872**	**27.2%**	**129,959**	**-5.2%**
Salaries and other employee benefits	(14,519)	(13,092)	10.9%	(14,387)	0.9%
Administrative expenses	(3,446)	(3,088)	11.6%	(5,397)	-36.1%
Depreciation, amortisation and impairment	(2,238)	(2,196)	1.9%	(2,313)	-3.2%
Other operating expenses	(335)	(221)	51.6%	(341)	-1.8%
Operating expenses	**(20,538)**	**(18,597)**	**10.4%**	**(22,438)**	**-8.5%**
Operating income before cost of risk	**102,693**	**78,275**	**31.2%**	**107,521**	**-4.5%**
Cost of risk	84,724	(12,035)	NMF	12,730	565.5%
Net operating income before non-recurring items	**187,417**	**66,240**	**182.9%**	**120,251**	**55.9%**
Net non-recurring items	-	(73)	-100.0%	(1)	-100.0%
Profit before income tax expense	**187,417**	**66,167**	**183.2%**	**120,250**	**55.9%**
Income tax expense	(14,617)	(6,695)	118.3%	(11,247)	30.0%
Profit	**172,800**	**59,472**	**190.6%**	**109,003**	**58.5%**
BALANCE SHEET HIGHLIGHTS[8]					
Net loans and finance lease receivables	4,846,686	4,722,191	2.6%	5,100,938	-5.0%
Net loans and finance lease receivables, GEL	1,054,455	979,614	7.6%	1,113,914	-5.3%
Net loans and finance lease receivables, FC	3,792,231	3,742,577	1.3%	3,987,024	-4.9%
Client deposits	4,194,888	4,560,098	-8.0%	4,015,449	4.5%
Client deposits, GEL	2,922,461	2,835,949	3.1%	2,559,463	14.2%
Client deposits, FC	1,272,427	1,724,149	-26.2%	1,455,986	-12.6%
Time deposits	1,392,549	1,861,804	-25.2%	1,258,019	10.7%
Time deposits, GEL	1,270,350	1,614,239	-21.3%	1,106,874	14.8%
Time deposits, FC	122,199	247,565	-50.6%	151,145	-19.2%
Current accounts and demand deposits	2,802,339	2,698,294	3.9%	2,757,430	1.6%
Current accounts and demand deposits, GEL	1,652,111	1,221,710	35.2%	1,452,589	13.7%
Current accounts and demand deposits, FC	1,150,228	1,476,584	-22.1%	1,304,841	-11.8%
Letters of credit and guarantees, standalone (off-balance sheet item)	1,706,792	1,640,556	4.0%	1,728,569	-1.3%
Assets under management	1,409,515	1,432,001	-1.6%	1,469,315	-4.1%
RATIOS[8]					
ROAE	63.5%	23.9%		39.2%	
Net interest margin	5.4%	4.3%		5.8%	
Cost of credit risk ratio	-3.3%	-0.2%		-1.8%	
Cost of funds	3.2%	2.8%		3.0%	
Loan yield	9.1%	8.6%		9.2%	
Loan yield, GEL	14.7%	12.2%		14.3%	
Loan yield, FC	7.6%	7.6%		7.8%	
Cost of deposits	6.3%	5.6%		5.6%	
Cost of deposits, GEL	9.4%	8.1%		8.4%	
Cost of deposits, FC	0.0%	0.8%		0.3%	
Cost of time deposits	10.2%	8.3%		9.0%	
Cost of time deposits, GEL	11.6%	9.2%		10.1%	
Cost of time deposits, FC	0.0%	1.9%		1.9%	
Current accounts and demand deposits	4.3%	3.1%		4.0%	
Current accounts and demand deposits, GEL	7.7%	6.3%		7.1%	
Current accounts and demand deposits, FC	-0.1%	0.6%		0.1%	
Cost / income ratio	16.7%	19.2%		17.3%	
Concentration of top ten clients	6.4%	9.5%		8.3%	

[6] 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's** operating income was GEL 123.2mln in 1Q22 (up 27.2% y-o-y and down 5.2% q-o-q). The y-o-y increase was driven by strong net interest income and net fee and commission income generation as well as higher net foreign currency gains, while the q-o-q decrease was due to reduced net interest income, net fee and commission income and net other income compared with the previous quarter, partially offset by strong net foreign currency gains during the quarter.
- CIB's net interest income increased by 27.6% y-o-y and decreased by 9.4% q-o-q in the first quarter of 2022. **CIB's NIM was 5.4% in 1Q22 (up 110bps y-o-y and down 40bps q-o-q).** The q-o-q decrease in NIM was mainly driven by lower loan yield (down 10bps q-o-q) coupled with increased cost of funds (up 20bps q-o-q).
- **CIB's net fee and commission income was GEL 12.3mln in 1Q22 (up 30.6% y-o-y and down 6.7% q-o-q).** The y-o-y growth was largely driven by strong income generation from settlement operations and guarantees and letters of credit issued, whereas the q-o-q decrease was due to lower activity in the first quarter.
- **CIB's loan book and dollarisation**. CIB's net loans and finance lease receivables stood at GEL 4,846.7mln at 31 March 2022, up 2.6% y-o-y and down 5.0% q-o-q. On a constant currency basis, CIB's portfolio was up 12.8% y-o-y and down 4.5% q-o-q. Foreign currency denominated net loans represented 78.2% of CIB's loan portfolio at 31 March 2022 (79.3% at 31 March 2021 and 78.2% at 31 December 2021). At 31 March 2022, 41.4% of gross CIB loans were issued in foreign currency with minimal exposure to foreign currency risk, while 37.1% of gross CIB loans were issued in foreign currency with exposure to foreign currency risk. The concentration of top ten CIB clients was down to 6.4% at 31 March 2022 (9.5% at 31 March 2021 and 8.3% at 31 December 2021).
- **Dollarisation of CIB deposits** was 30.3% at 31 March 2022, compared with 37.8% at 31 March 2021 and 36.3% at 31 December 2021.
- **Net other income**. The y-o-q and the q-o-q decrease was due to the high base last year driven by net gains from the sale of real estate properties and investment securities.
- **CIB's cost of risk in 1Q22 reflected a combination of the following factors:**
  - **Cost of credit risk.** CIB's cost of credit risk was a net gain of 3.3% in 1Q22 (a net gain of 0.2% in 1Q21 and a net gain of 1.8% in 4Q21). The Group recorded a GEL 41.6mln reversal of provisions on loans to customers and finance lease receivables in 1Q22, primarily driven by the recovery of several corporate loans during the period.
  - **Expected credit loss and impairment charge on other assets and provisions** in the first quarter of 2022 mainly comprised a GEL 44.3mln reversal of expenses previously paid for some legal fees.
- As a result, **CIB recorded a profit** of GEL 172.8mln in the first quarter of 2022 (up 190.6% y-o-y and up 58.5% q-o-q). CIB's ROAE was 63.5% in 1Q22 (23.9% in 1Q21 and 39.2% in 4Q21).

Performance highlights of Investment Management operations

- We offer investment management services through our subsidiary, **Galt & Taggart**, a leading investment bank in Georgia, comprising brokerage services, debt and equity capital markets research and corporate advisory. We focus on profitable growth by unlocking the potential of retail brokerage and fully digitising our brokerage services.
- **The Investment Management's AUM**, consisting of Galt & Taggart brokerage client assets, stood at GEL 1,409.5mln at 31 March 2022, down 1.6% y-o-y and down 4.1% q-o-q.
- Our brokerage business demonstrated solid performance in the first quarter of 2022. Gross revenue was GEL 2.3mln in 1Q22 (up 13.1% y-o-y and up 19.7% q-o-q). Our online brokerage offered in partnership with Saxo Bank, under a white label agreement, and *BoG Investments*, offered in partnership with a U.S. brokerage house DriveWealth, generated a gross revenue of GEL 1.5mln in 1Q22 (up 1.3% y-o-y and up 16.3% q-o-q).
  - We see 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 insignificant. **We are now extending our offerings to the wider retail and mass affluent segments.**
- Galt & Taggart's investment banking direction has an extensive track record of providing corporate advisory and capital markets services in Georgia, participating in and arranging some of the biggest transactions in the country:
  - In January 2022, Galt & Taggart acted as the sole placement agent and manager for the inaugural US$ 15 million bond issuance by the largest shopping mall operator in Georgia. The bonds were successfully placed at the lowest fixed coupon of 6.75% for the first time by non-financial issuers on the local market.
  - In 2021, Galt & Taggart was awarded a contract to lead capital market support programme funded by the European Union and implemented by the EBRD's Capital & Financial Markets Development team. Key objective of the programme is to facilitate the development of capital markets in Georgia. In the first quarter of 2022, the first phase of the programme, which included identifying barriers and possibilities of the Georgian capital market, was completed. Currently, the second phase, involving the implementation of a capital market incentive mechanism and increasing understanding of capital markets, is in progress.
- Galt & 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. Currently, we have more than 7,600 unique subscribers, and our research is available on major international platforms, including Bloomberg, Capital IQ, and Refinitiv.

SELECTED FINANCIAL AND OPERATING INFORMATION

INCOME STATEMENT	BANK OF GEORGIA GROUP CONSOLIDATED				
GEL thousands, unless otherwise noted	**1Q22**	**1Q21**	**Change y-o-y**	**4Q21**	**Change q-o-q**
Interest income	521,294	428,580	21.6%	509,563	2.3%
Interest expense	(249,844)	(216,248)	15.5%	(239,492)	4.3%
Net interest income	**271,450**	**212,332**	**27.8%**	**270,071**	**0.5%**
Fee and commission income	106,673	76,446	39.5%	113,664	-6.2%
Fee and commission expense	(47,841)	(27,796)	72.1%	(49,564)	-3.5%
Net fee and commission income	**58,832**	**48,650**	**20.9%**	**64,100**	**-8.2%**
Net foreign currency gain	64,484	19,176	**236.3%**	34,495	**86.9%**
Net other income	983	23,482	**-95.8%**	10,579	**-90.7%**
Operating income	**395,749**	**303,640**	**30.3%**	**379,245**	**4.4%**
Salaries and other employee benefits	(78,329)	(60,223)	30.1%	(80,501)	-2.7%
Administrative expenses	(33,702)	(23,563)	43.0%	(43,552)	-22.6%
Depreciation, amortisation and impairment	(24,627)	(22,561)	9.2%	(25,256)	-2.5%
Other operating expenses	(1,697)	(1,012)	67.7%	(1,463)	16.0%
Operating expenses	**(138,355)**	**(107,359)**	**28.9%**	**(150,772)**	**-8.2%**
Profit / (loss) from associates	126	167	-24.6%	128	-1.6%
Operating income before cost of risk	**257,520**	**196,448**	**31.1%**	**228,601**	**12.7%**
Expected credit loss on loans to customers	(29,856)	(28,236)	5.7%	9,836	NMF
Expected credit loss on finance lease receivables	(1,284)	(931)	37.9%	(3,406)	-62.3%
Other expected credit loss and impairment charge on other assets and provisions	38,707	(14,950)	NMF	(14,174)	NMF
Cost of risk	**7,567**	**(44,117)**	**NMF**	**(7,744)**	**NMF**
Net operating income before non-recurring items	**265,087**	**152,331**	**74.0%**	**220,857**	**20.0%**
Net non-recurring items	48	17	182.4%	(62)	NMF
Profit before income tax expense	**265,135**	**152,348**	**74.0%**	**220,795**	**20.1%**
Income tax expense	(24,563)	(13,424)	83.0%	(20,076)	22.4%
Profit	**240,572**	**138,924**	**73.2%**	**200,719**	**19.9%**
Profit attributable to:					
– shareholders of the Group	239,715	138,214	*73.4%*	199,889	*19.9%*
– non-controlling interests	857	710	*20.7%*	830	*3.3%*
Earnings per share (basic)	**5.06**	**2.87**	**76.3%**	**4.25**	**19.1%**
Earnings per share (diluted)	**5.00**	**2.87**	**74.2%**	**4.12**	**21.4%**

BALANCE SHEET	BANK OF GEORGIA GROUP CONSOLIDATED				
GEL thousands, unless otherwise noted	**Mar-22**	**Mar-21**	**Change y-o-y**	**Dec-21**	**Change q-o-q**
Cash and cash equivalents	1,632,690	2,361,663	-30.9%	1,520,562	7.4%
Amounts due from credit institutions	1,978,568	2,200,803	-10.1%	1,931,390	2.4%
Investment securities	3,174,503	2,406,405	31.9%	2,595,664	22.3%
Loans to customers and finance lease receivables	16,289,380	14,601,275	11.6%	16,168,973	0.7%
Accounts receivable and other loans	3,847	6,051	-36.4%	3,680	4.5%
Prepayments	47,277	33,921	39.4%	40,878	15.7%
Inventories	10,698	10,775	-0.7%	11,514	-7.1%
Right-of-use assets	85,420	81,056	5.4%	80,186	6.5%
Investment property	222,931	246,441	-9.5%	226,849	-1.7%
Property and equipment	384,828	385,352	-0.1%	378,808	1.6%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	145,177	129,044	12.5%	144,251	0.6%
Income tax assets	172	3,668	-95.3%	292	-41.1%
Other assets	215,125	208,135	3.4%	246,947	-12.9%
Assets held for sale	46,262	44,305	4.4%	46,731	-1.0%
Total assets	**24,270,229**	**22,752,245**	**6.7%**	**23,430,076**	**3.6%**
Client deposits and notes	14,517,253	14,003,209	3.7%	14,038,002	3.4%
Amounts owed to credit institutions	4,676,861	4,039,250	15.8%	4,318,445	8.3%
Debt securities issued	1,415,940	1,653,399	-14.4%	1,518,685	-6.8%
Lease liabilities	93,807	97,488	-3.8%	87,662	7.0%
Accruals and deferred income	86,154	59,455	44.9%	80,157	7.5%
Income tax liabilities	49,887	57,541	-13.3%	110,868	-55.0%
Other liabilities	156,488	154,253	1.4%	183,349	-14.7%
Total liabilities	**20,996,390**	**20,064,595**	**4.6%**	**20,337,168**	**3.2%**
Share capital	1,618	1,618	0.0%	1,618	0.0%
Additional paid-in capital	478,149	532,787	-10.3%	492,243	-2.9%
Treasury shares	(58)	(34)	70.6%	(75)	-22.7%
Other reserves	(38,626)	61,857	NMF	(3,223)	NMF
Retained earnings	2,818,269	2,079,362	35.5%	2,588,463	8.9%
Total equity attributable to shareholders of the Group	**3,259,352**	**2,675,590**	**21.8%**	**3,079,026**	**5.9%**
Non-controlling interests	14,487	12,060	20.1%	13,882	4.4%
Total equity	**3,273,839**	**2,687,650**	**21.8%**	**3,092,908**	**5.8%**
Total liabilities and equity	**24,270,229**	**22,752,245**	**6.7%**	**23,430,076**	**3.6%**
Book value per share	**68.77**	**55.59**	**23.7%**	**65.65**	**4.8%**

BELARUSKY NARODNY BANK (BNB)

INCOME STATEMENT HIGHLIGHTS	1Q22	1Q21	Change y-o-y	4Q21	Change q-o-q
GEL thousands, unless otherwise stated					
Net interest income	10,325	8,347	23.7%	12,277	-15.9%
Net fee and commission income	1,054	1,570	-32.9%	769	37.1%
Net foreign currency gain	11,960	3,546	237.3%	3,473	244.4%
Net other income	(3,225)	(237)	NMF	930	NMF
Operating income	**20,114**	**13,226**	**52.1%**	**17,449**	**15.3%**
Operating expenses	(12,263)	(8,342)	47.0%	(12,000)	2.2%
Operating income before cost of risk	**7,851**	**4,884**	**60.7%**	**5,449**	**44.1%**
Cost of risk	(26,367)	(755)	NMF	(471)	NMF
Net non-recurring items	(21)	(66)	-68.2%	(50)	-58.0%
Profit before income tax expense	**(18,537)**	**4,063**	**NMF**	**4,928**	**NMF**
Income tax expense	-	(726)	-100.0%	(932)	-100.0%
Profit	**(18,537)**	**3,337**	**NMF**	**3,996**	**NMF**

BALANCE SHEET HIGHLIGHTS	Mar-22	Mar-21	Change y-o-y	Dec-21	Change q-o-q
GEL thousands, unless otherwise stated					
Cash and cash equivalents	218,316	192,338	13.5%	186,050	17.3%
Amounts due from credit institutions	8,764	66,673	-86.9%	8,719	0.5%
Investment securities	50,693	94,952	-46.6%	69,794	-27.4%
Loans to customers and finance lease receivables	649,218	705,261	-7.9%	662,297	-2.0%
Other assets	44,484	50,418	-11.8%	54,060	-17.7%
Total assets	**971,475**	**1,109,642**	**-12.5%**	**980,920**	**-1.0%**
Client deposits and notes	556,649	587,724	-5.3%	516,634	7.7%
Amounts owed to credit institutions	301,572	347,018	-13.1%	309,812	-2.7%
Debt securities issued	7,772	20,761	-62.6%	7,327	6.1%
Other liabilities	11,171	17,498	-36.2%	12,490	-10.6%
Total liabilities	**877,164**	**973,001**	**-9.8%**	**846,263**	**3.7%**
Total equity	**94,311**	**136,641**	**-31.0%**	**134,657**	**-30.0%**
Total liabilities and equity	**971,475**	**1,109,642**	**-12.5%**	**980,920**	**-1.0%**

KEY RATIOS	1Q22	1Q21	4Q21
Profitability			
ROAA, annualised	4.1%	2.5%	3.5%
ROAE, annualised	30.7%	21.5%	26.4%
RB ROAE	*18.0%*	*20.9%*	*19.7%*
CIB ROAE	*63.5%*	*23.9%*	*39.2%*
Net interest margin, annualised	5.3%	4.5%	5.3%
RB NIM	*4.7%*	*4.1%*	*4.4%*
CIB NIM	*5.4%*	*4.3%*	*5.8%*
Loan yield, annualised	11.1%	10.4%	11.0%
RB Loan yield	*11.9%*	*11.1%*	*11.7%*
CIB Loan yield	*9.1%*	*8.6%*	*9.2%*
Liquid assets yield, annualised	4.3%	3.1%	4.0%
Cost of funds, annualised	5.0%	4.5%	4.8%
Cost of client deposits and notes, annualised	3.7%	3.8%	3.5%
RB Cost of client deposits and notes	*2.6%*	*2.7%*	*2.5%*
CIB Cost of client deposits and notes	*6.3%*	*5.6%*	*5.6%*
Cost of amounts owed to credit institutions, annualised	8.2%	6.2%	8.3%
Cost of debt securities issued	7.0%	6.9%	6.8%
Operating leverage, y-o-y	1.5%	9.3%	-0.4%
Operating leverage, q-o-q	12.6%	10.9%	-8.8%
Efficiency			
Cost / income	35.0%	35.4%	39.8%
RB Cost / income	*41.9%*	*41.6%*	*50.2%*
CIB Cost /income	*16.7%*	*19.2%*	*17.3%*
Liquidity			
NBG liquidity coverage ratio (minimum requirement 100%)	116.2%	149.3%	124.0%
Liquid assets to total liabilities	32.3%	34.7%	29.7%
Net loans to client deposits and notes	112.2%	104.3%	115.2%
Net loans to client deposits and notes + DFIs	97.9%	90.0%	100.0%
Leverage (times)	6.4	7.5	6.6
Asset quality:			
NPLs (GEL thousands)	424,405	534,626	394,720
NPLs to gross loans to clients	2.5%	3.6%	2.4%
NPL coverage ratio	97.3%	77.5%	95.5%
NPL coverage ratio, adjusted for discounted value of collateral	153.0%	127.8%	147.7%
Cost of credit risk, annualised	0.8%	0.8%	-0.2%
RB Cost of credit risk	*1.9%*	*1.4%*	*0.7%*
CIB Cost of credit risk	*-3.3%*	*-0.2%*	*-1.8%*
Capital adequacy:			
NBG (Basel III) CET1 capital adequacy ratio	13.7%	11.2%	13.2%
Minimum regulatory requirement	*11.8%*	*7.8%*	*11.5%*
NBG (Basel III) Tier I capital adequacy ratio	15.4%	13.3%	15.0%
Minimum regulatory requirement	*14.1%*	*9.8%*	*13.6%*
NBG (Basel III) Total capital adequacy ratio	19.7%	18.6%	19.3%
Minimum regulatory requirement	*17.6%*	*13.8%*	*17.7%*
Selected operating data:			
Total assets per FTE	3,069	3,054	2,998
Number of active branches, of which:	211	211	211
- Express branches	*106*	*105*	*106*
- Bank of Georgia branches	*94*	*95*	*94*
- SOLO lounges	*11*	*11*	*11*
Number of ATMs	990	963	989
Number of cards outstanding, of which:	2,342,189	2,111,255	2,290,716
- Debit cards	*2,173,562*	*1,877,281*	*2,114,813*
- Credit cards	*168,627*	*233,974*	*175,903*
Number of POS terminals	39,086	30,053	38,514
Number of Express Pay terminals	3,122	3,125	3,134
FX Rates:			
GEL/US$ exchange rate (period-end)	3.1013	3.4118	3.0976
GEL/GBP exchange rate (period-end)	4.0732	4.6929	4.1737

	Mar-22	Mar-21	Dec-21
Full-time employees (FTE), of which:	**7,908**	**7,450**	**7,816**
- Full-time employees, BOG standalone	6,261	5,889	*6,207*
- Full-time employees, BNB	589	536	*547*
- Full-time employees, other	1,058	1,025	*1,062*

Shares outstanding	Mar-22	Mar-21	Dec-21
Ordinary shares	47,396,266	48,130,454	46,900,982
Treasury shares	1,773,162	1,038,974	2,268,446
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

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Share price information

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