



BANK OF GEORGIA
GROUP PLC

RESULTS CALL PRESENTATION

3Q21 and 9M21 Financial Results

11 November 2021

www.bankofgeorgiagroup.com



This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: macroeconomic risk, including currency fluctuations and depreciation of the Lari; regional and domestic instability; loan portfolio quality risk; regulatory risk; liquidity risk; capital risk; financial crime risk; cyber-security, information security and data privacy risk; operational risk; COVID-19 pandemic impact risk; climate change risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2020 and in 2Q21 and 1H21 results announcement. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

 **COVID-19 PANDEMIC AND MACROECONOMIC HIGHLIGHTS**

 **GROUP OVERVIEW AND STRATEGY**

 **3Q21 AND 9M21 RESULTS**

COVID-19 STATISTICS IN GEORGIA

Source: www.stopcov.ge, NCDC at 16:00, 10 November 2021

766,818

Confirmed cases

55,562

Active cases

700,568

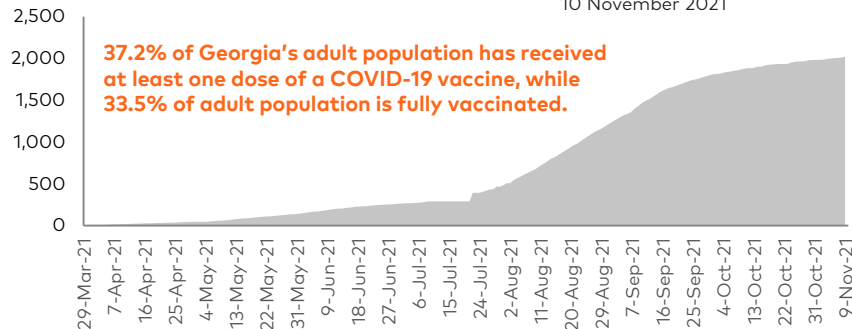
Recovered

2,018,336

Total administered vaccine doses

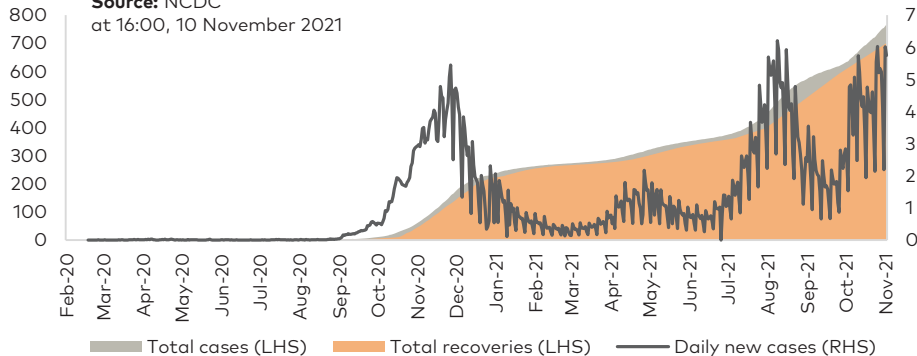
CUMULATIVE VACCINATIONS, 000' doses

Source: NCDC, ourworldindata 10 November 2021



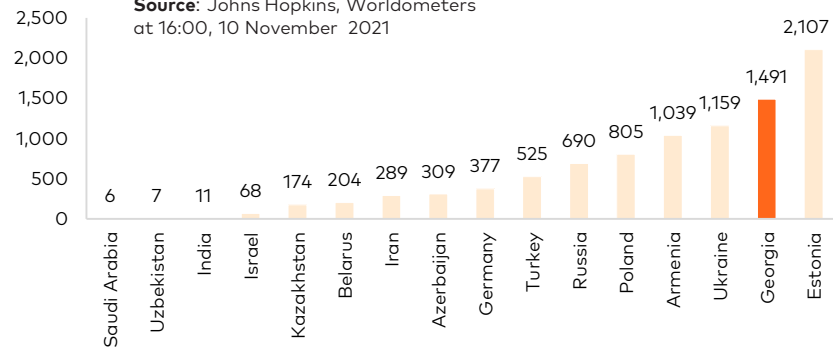
COVID-19 STATISTICS IN GEORGIA, 000' PERSONS

Source: NCDC at 16:00, 10 November 2021



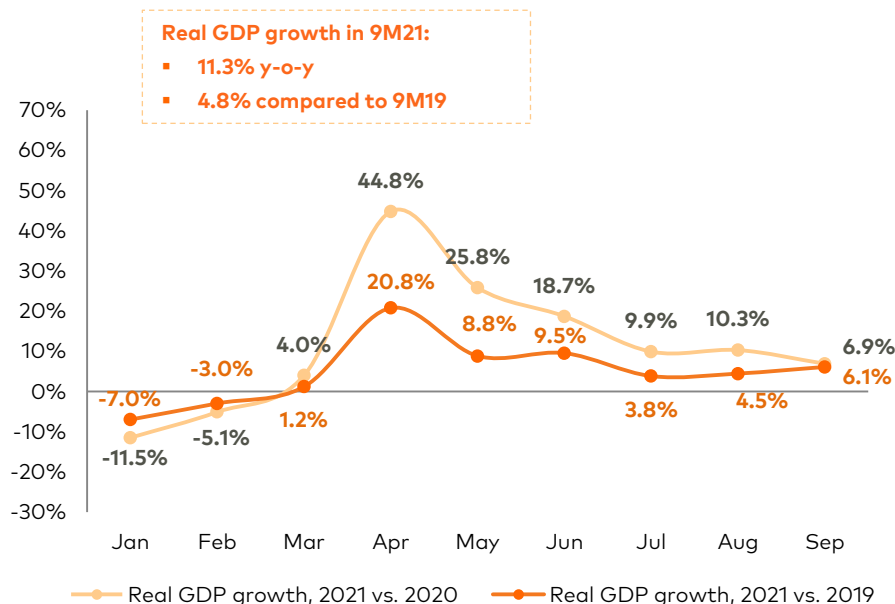
COVID-19 ACTIVE CASES PER 100,000 PERSONS

Source: Johns Hopkins, Worldometers at 16:00, 10 November 2021



REAL GDP GROWTH IN 2021 EXCEEDING 2019 LEVEL

Source: Geostat



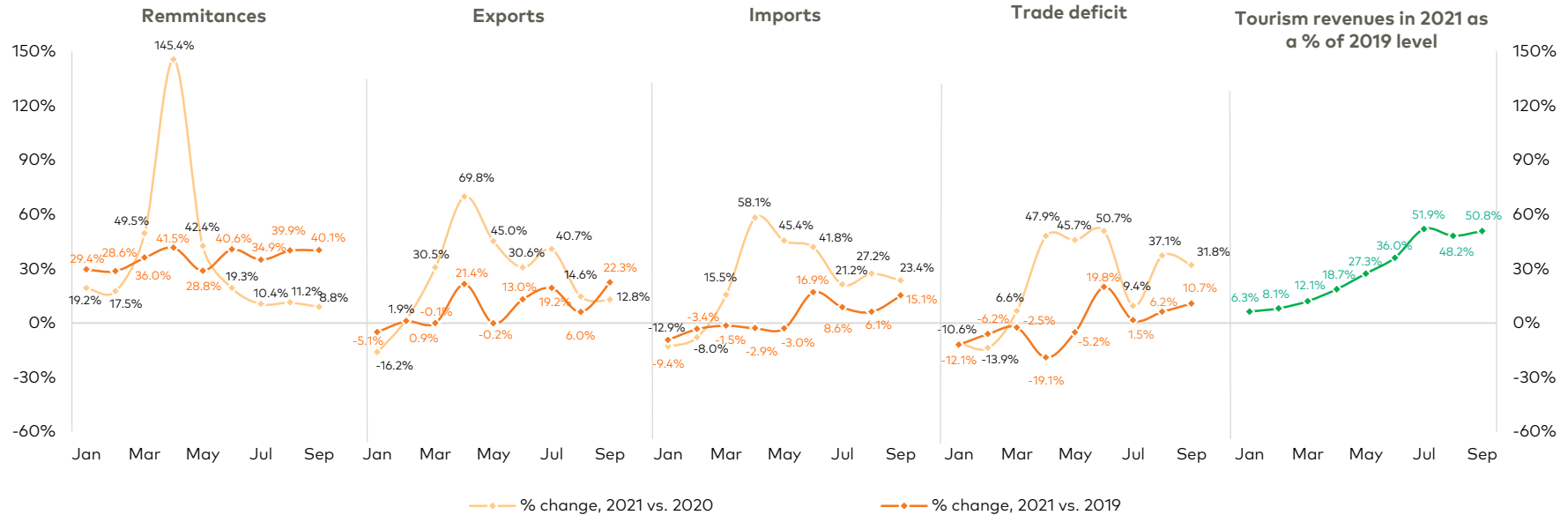
- GDP contracted by 6.2% in 2020 and by 4.5% in 1Q21, mainly due to COVID-19 pandemic-related mobility restrictions
- With restrictions gradually eased, recovery has gained impressive momentum since 2Q21, with real GDP up 29.9% y-o-y in 2Q21 and up 9.0% y-o-y in 3Q21
- Overall, real GDP growth during the first nine months of 2021 was 11.3% y-o-y, exceeding the 9M19 pre-pandemic level by 4.8%
- Robust growth in remittances and exports, and a faster than expected rebound in tourism, along with fiscal stimulus and accelerated banking sector lending, have supported the recovery

In the first nine months of 2021:

- Exports were up 24.0% y-o-y and up 9.0% compared to the first nine months of 2019
- Remittances were up 27.8% y-o-y and up 35.7% compared to the first nine months of 2019
- Tourism revenues accounted for c.34% of 2019 levels, with tourism arrivals accelerating since April 2021

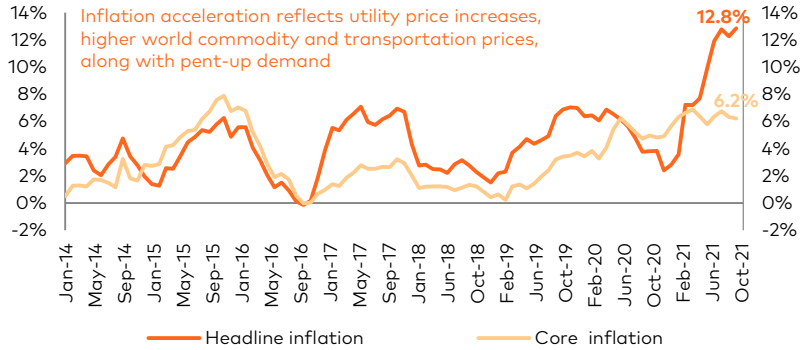
EXPORTS, REMITTANCES, IMPORTS AND TOURISM REVENUES SHOWING STRONG REBOUND

Source: Geostat, NBG, GNTA



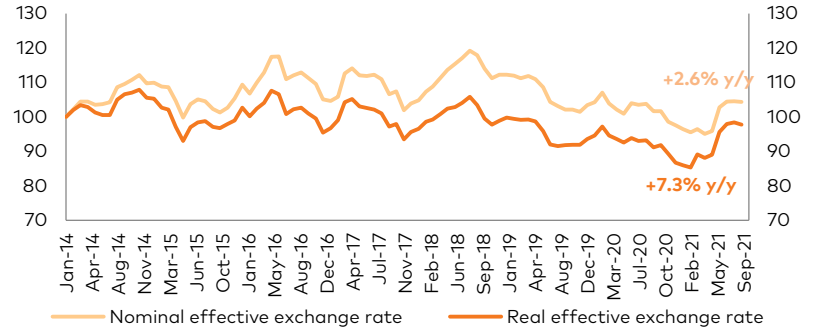
ANNUAL INFLATION

Source: Geostat

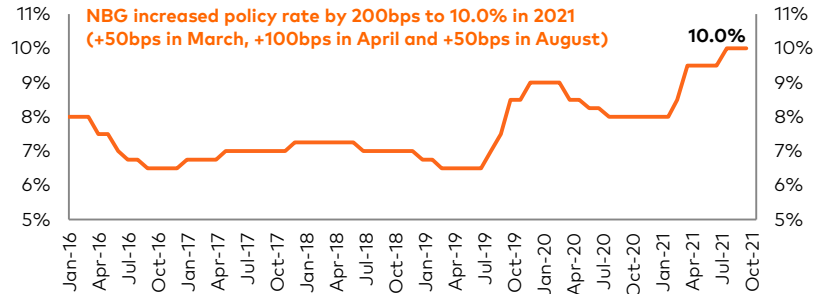


NOMINAL AND REAL EFFECTIVE EXCHANGE RATE (JAN2014=100)

Source: NBG

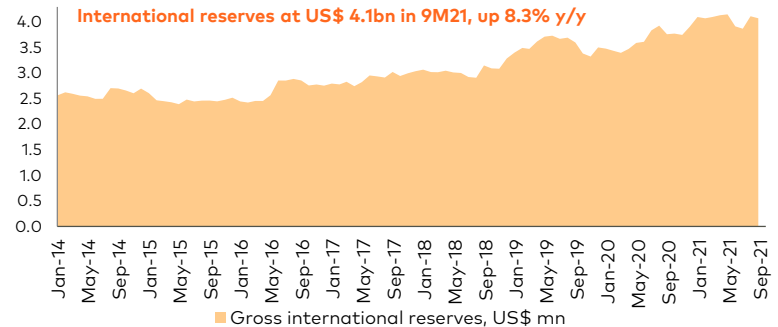


MONETARY POLICY RATE



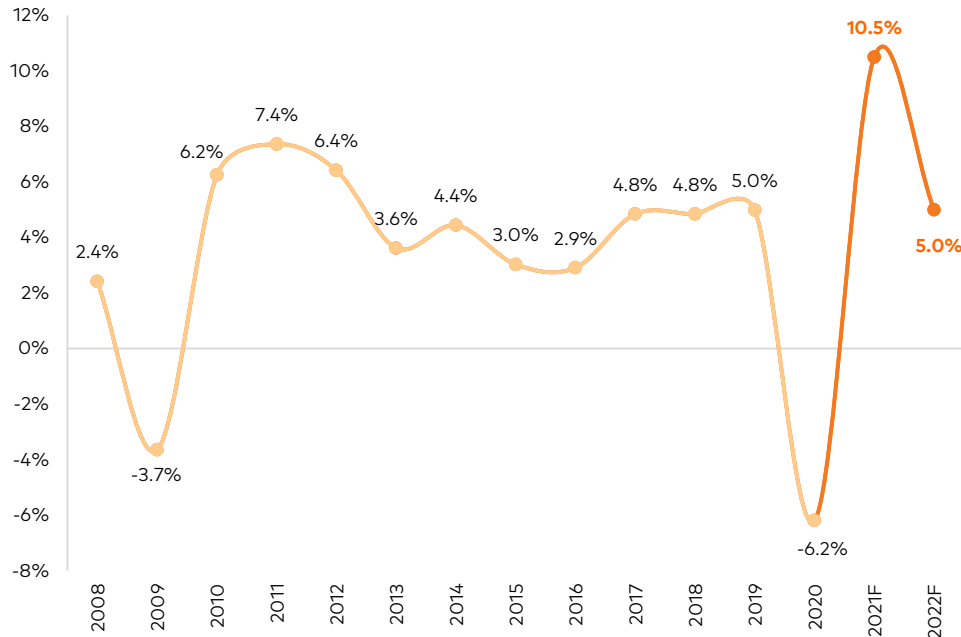
INTERNATIONAL RESERVES

Source: NBG



GEORGIA'S ECONOMIC GROWTH FORECAST

Source: Geostat, Galt & Taggart



- Our brokerage and investment arm, Galt & Taggart has revised 2021 real GDP growth forecast up to 10.5% from the previous forecast of 9.5%
- The government and international financial institutions have also revised Georgia's 2021 economic growth forecast up, taking into account better than expected recovery dynamics
- Downside risks to growth are less probable now as no full-scale lockdown is anticipated and possible post-election political instability is unlikely to weigh on growth

 **COVID-19 PANDEMIC AND MACROECONOMIC HIGHLIGHTS**

 **GROUP OVERVIEW AND STRATEGY**

 **3Q21 AND 9M21 RESULTS**



BANK OF GEORGIA
GROUP PLC

RETAIL BANKING

**Mass
Retail**

SOLO

MSME

CORPORATE AND INVESTMENT BANKING

Leader in payments and financial mobile app

- 51% of total POS payments transactions are executed in BOG POS terminals
- c.9.7mln transactions executed in mobile app per month, increased by 69% y-o-y
- More than 96% of daily transactions of individuals executed through digital channels

Strongest retail banking franchise

- 40% market share in deposits of individuals
- 39% market share in loans to individuals
- Most trusted bank and top of mind bank in Georgia*
- NPS** of 47% in September 2021

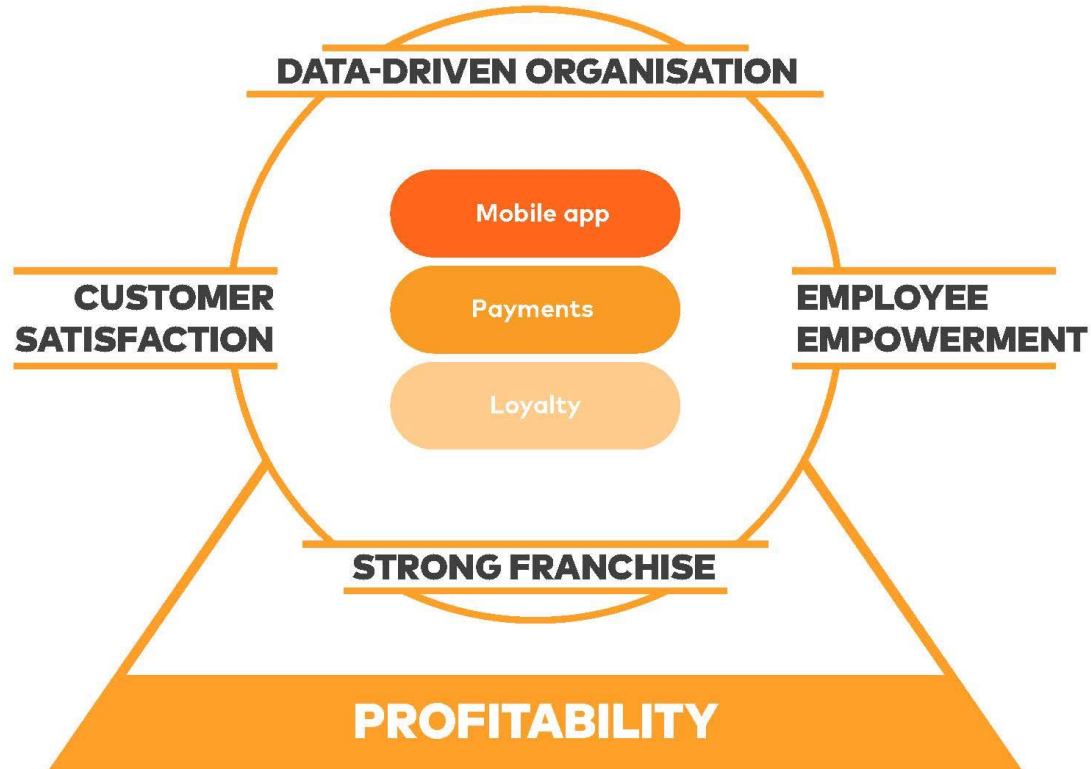
Sustainable high profitability

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

* Based on Spring 2021 external research by IPM Georgia

** Based on Autumn 2021 external research by IPM Georgia

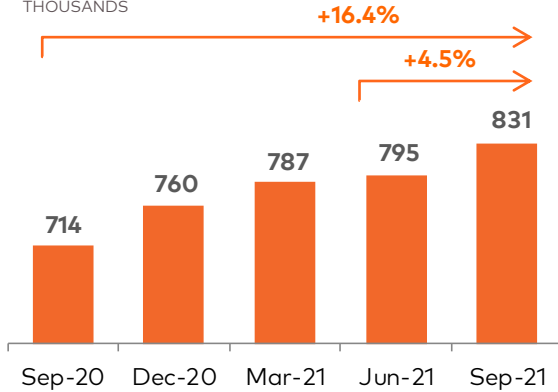
BANK OF THE FUTURE



MBANK/IBANK STATISTICS*

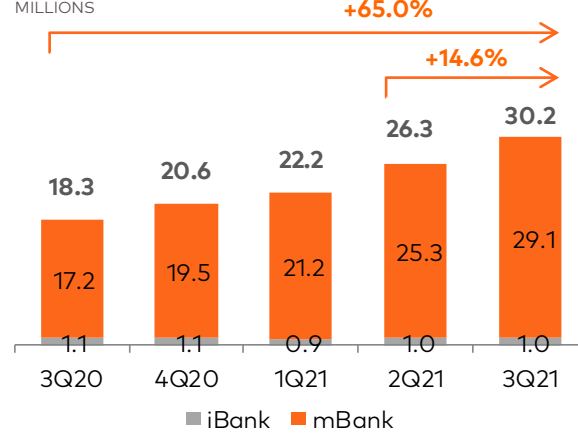
Number of active users**

THOUSANDS



Number of transactions

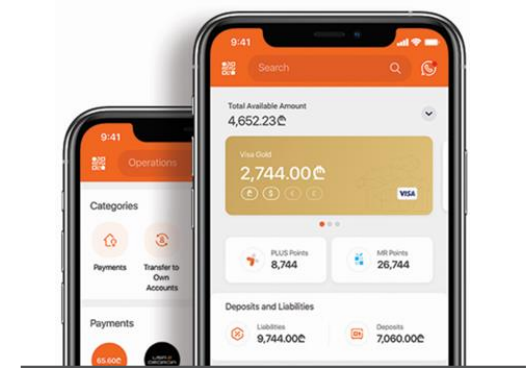
MILLIONS



41.2%

Daily active users/monthly active users

NEXT STEP:
BUILDING THE
SUPER APP



c.9.7mln
Transactions per month

88.7%
Customer Satisfaction Score



★★★★★ 4.8



★★★★★ 4.8

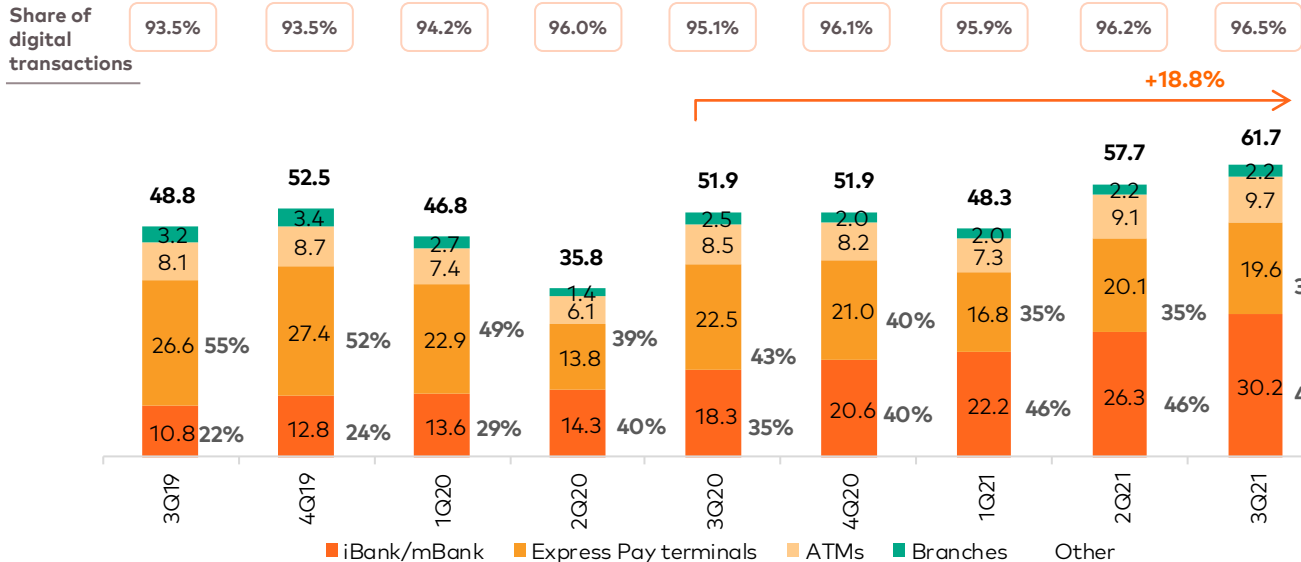
* Information on this slide depicts the usage of internet and mobile banking platforms by individual customers

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

STRONG TRANSACTIONS OFFLOADING TO DIGITAL CHANNELS*

NUMBER OF TRANSACTIONS

MILLIONS



3,130

Express pay terminals
flat y-o-y
-0.4% q-o-q

212

Branches**
+0.5% y-o-y
+0.5% q-o-q

831k

mBank/iBank active users***
+16.4% y-o-y
+4.5% q-o-q

985

ATMs
+4.0% y-o-y
+1.3% q-o-q

- Strong presence in Georgia via our self-service Express Pay terminals
- Continuous migration of customers activity to mBank/iBank from Express Pay terminals — 27% of customers activity migrated to mBank/iBank during the past two years
- More than 96% of daily transactions executed through digital channels

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

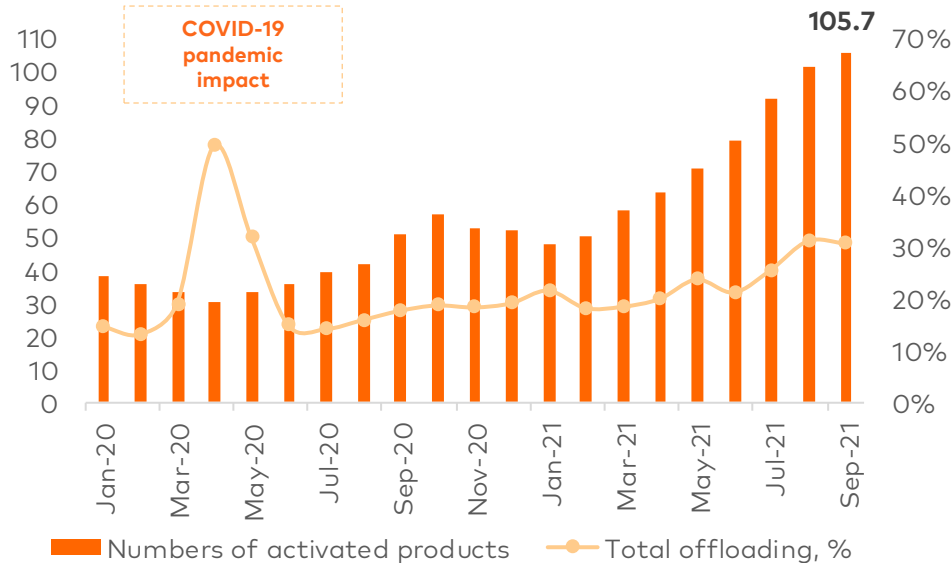
** Includes representative offices of Wealth Management business, which was reclassified from Corporate and Investment Banking to Retail Banking segment in 3Q21

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

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

PRODUCT OFFLOADING*

THOUSANDS



- Continuously developing our digital products and refining **end-to-end digital journeys**. Our digital channels' functionalities are updated every two to three weeks
- Digital consumer lending process** improvements launched at the end of June 2021
- Further improvements planned in **deposit activation process** in digital channels by the end of 2021

31% Product offloading rate Sep-21

c.36% Planned product offloading rate by Jun-22

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

MARKET POTENTIAL

c.1.3 mln

Georgians living abroad in need of daily banking services in Georgia

US\$ 1.9 bln

Transferred in 2020
+8.8% y-o-y

c.350 k

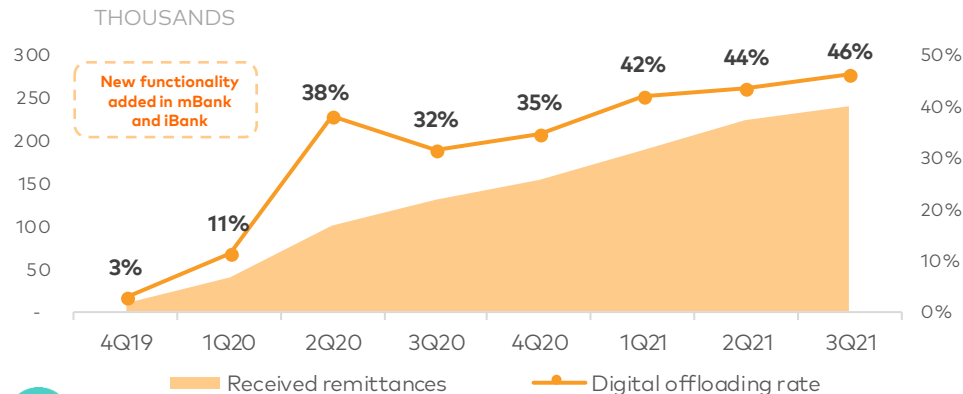
Customers with high potential for loans and deposits*

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

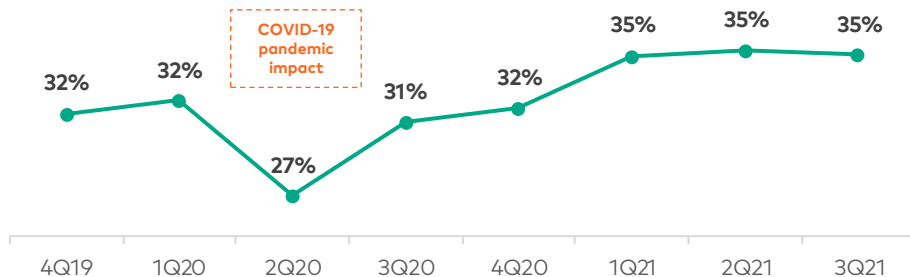
* More than three transfers in the last 12 months

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

NUMBER OF RECEIVED REMITTANCES AT BOG THROUGH DIGITAL CHANNELS

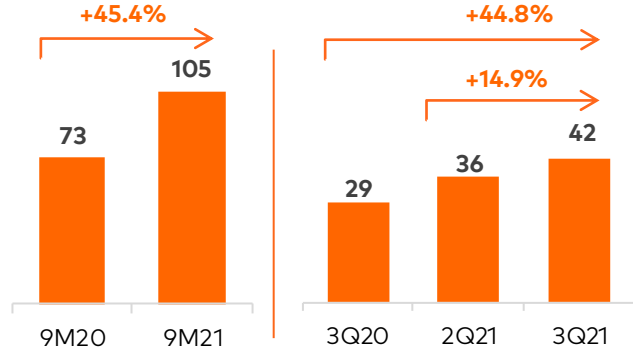


BOG MARKET SHARE IN TOTAL REMITTANCE INFLOWS**



NUMBER OF PAYMENTS TRANSACTIONS AT BOG TERMINALS

MILLIONS



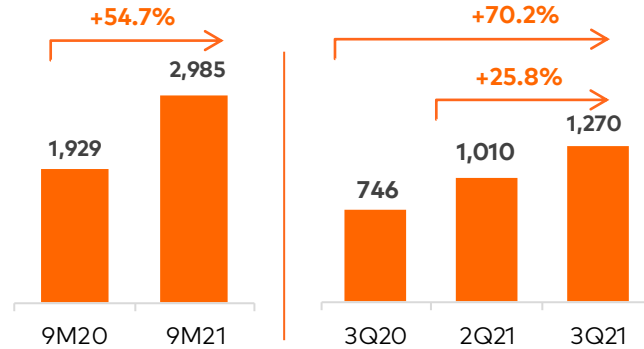
51%

Share by number of POS payments transactions in BOG's POS terminals | 9M21*

+2ppts YoY

VOLUME OF PAYMENTS TRANSACTIONS AT BOG TERMINALS

GEL MILLIONS



49%

Share by volume of POS payments transactions in BOG's POS terminals | 9M21*

+1ppts YoY

35k

Multifunctional POS terminals
+39.2% y-o-y

1.4mln

Mass Retail, SOLO and WM active customers**
+3.6% y-o-y

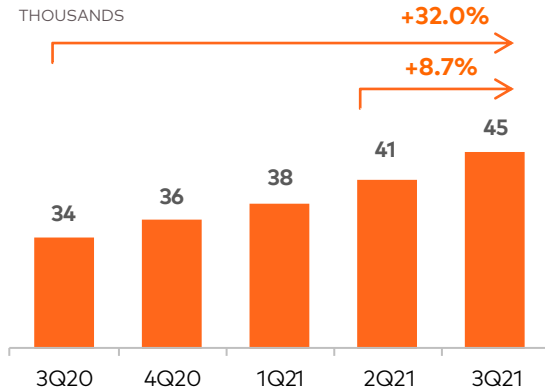
* Based on the National Bank of Georgia and Bank of Georgia data

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

BUSINESS MBANK/IBANK STATISTICS*

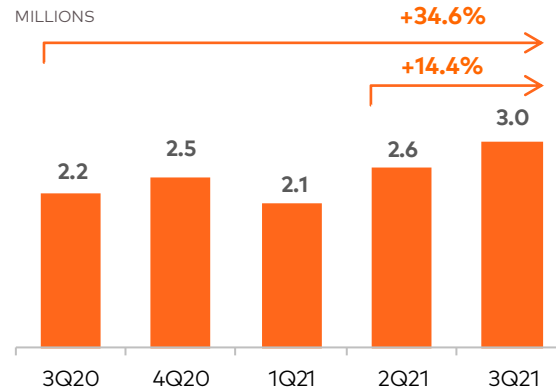
Number of active users**

THOUSANDS

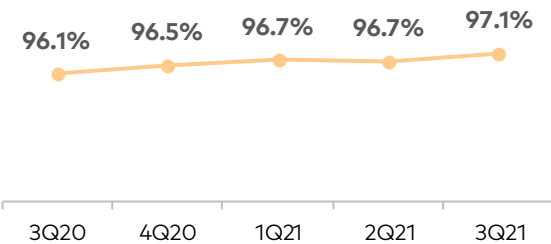


Number of transactions

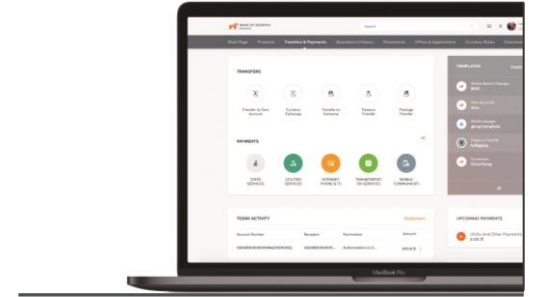
MILLIONS



Transactions offloading rate



New financial mobile application launched in 1Q21



924k Transactions per month

73.3% Customer Satisfaction Score

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

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

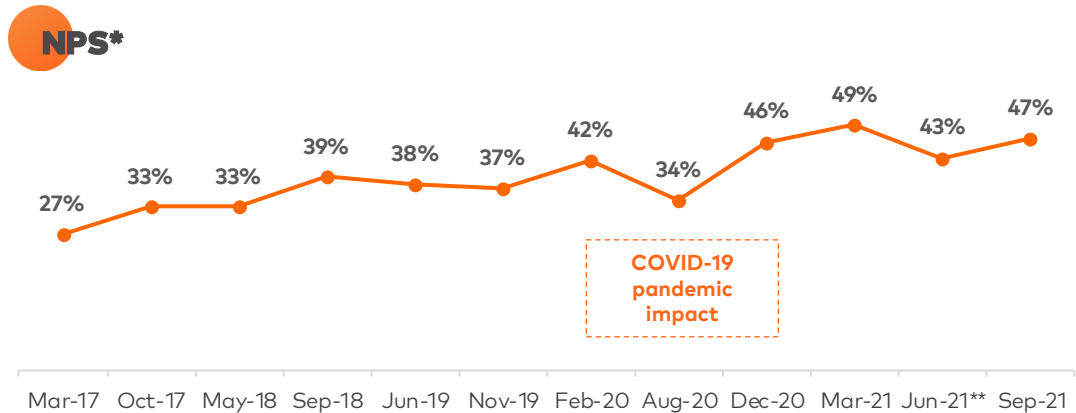
FOCUS ON INCREASING CUSTOMER SATISFACTION BY:

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

Anticipating customer needs, wants, and future behavior

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

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



* Based on external research conducted by IPM Georgia

** NPS of all major banks has fallen due to the recent raise in the NBG's Monetary Policy Rate

Re-design of employee experiences

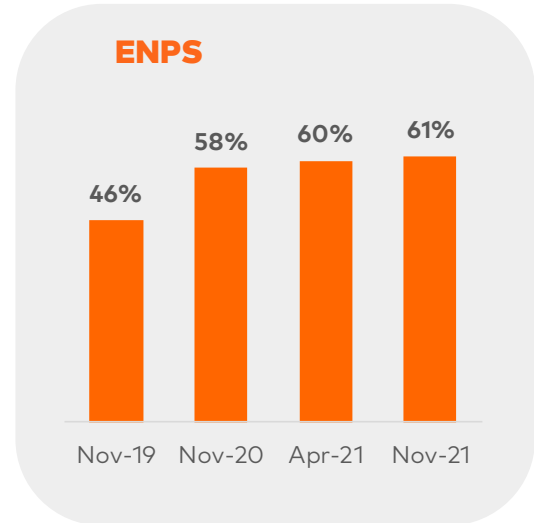
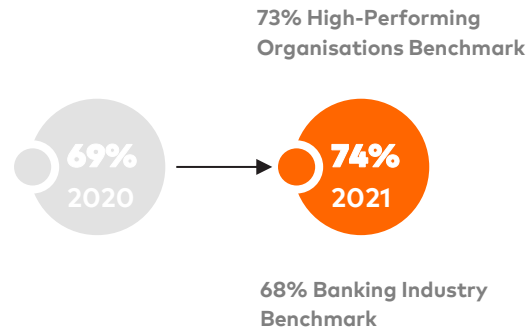
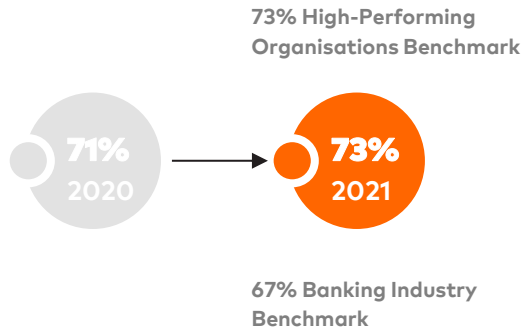
New talent development strategy

High-trust environment

Values-based organisation

Employees feel more engaged

and enabled



122

Data models running online, covering different business processes

63%

Automation rate for retail lending process in 9M21

36%

Contribution in sales process, powered by data-driven models in 9M21

KEY DATA-RELATED INITIATIVES IMPLEMENTED DURING 9M21

- Implementation of non-financial recommender engine
- Data and AI trainings for middle management
- Predicting and improving NPS with data-driven models
- Improvement of natural language understanding capabilities
- Improvement of customer churn analytics

DATA IN BANKING

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

DATA BEYOND BANKING

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

 **COVID-19 PANDEMIC AND MACROECONOMIC HIGHLIGHTS**

 **GROUP OVERVIEW AND STRATEGY**

 **3Q21 AND 9M21 RESULTS**

Outstanding profitability

ROAE

3Q21

25.7%

Strong interest and F&C income generation

Operating income

3Q21

GEL 348mln

+25.8% y-o-y
+3.8% q-o-q

Resilient loan portfolio quality and high cost efficiencies

Cost of credit risk

3Q21

0.2%

Strong portfolio growth

Loan growth

30 Sep 2021

GEL 15.6bln

+14.3% y-o-y *
+5.3% q-o-q *

Strong capital and liquidity positions

CET 1 capital

30 Sep 2021

12.8%

Minimum requirement
11.0%

Net profit

3Q21

GEL 185mln

+24.9% y-o-y
-8.3% q-o-q

Net F&C income

3Q21

GEL 62mln

+37.2% y-o-y
+9.2% q-o-q

Cost to income

3Q21

36.8%

Deposits growth

30 Sep 2021

GEL 13.3bln

+2.5% y-o-y **
-4.5% q-o-q **

Liquidity coverage

30 Sep 2021

112.7%

Minimum requirement
100%

* Growth on a constant currency basis was 17.7% y-o-y and 6.5% q-o-q

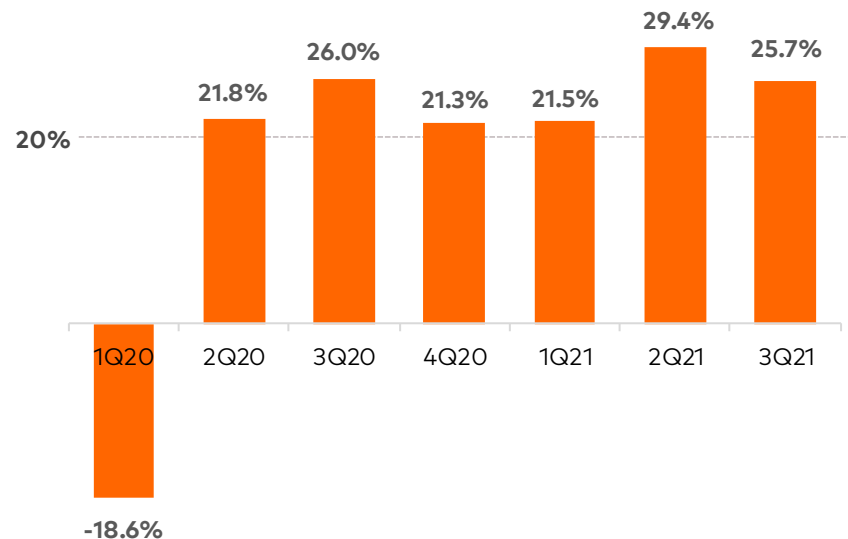
** Growth on a constant currency basis was 5.9% y-o-y and a decline of 3.6% q-o-q

OUTSTANDING QUARTERLY PERFORMANCE

Bank of Georgia's performance has been very strong in 3Q21:

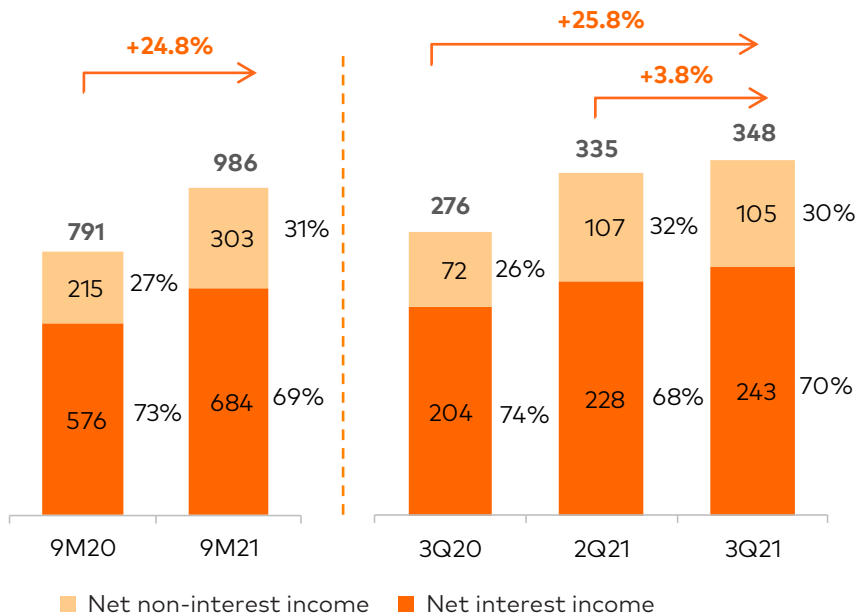
- **Strong balance sheet growth** with better than expected levels of lending in consumer, micro and SME portfolios
- **Strong operating income performance.** Net interest income up 6.6% q-o-q, coupled with strong net fee and commission income generation, up 9.2% q-o-q, on the back of a strong performance in the payments and settlement operations
- **Net interest margin of 5.0%**, up 30 basis points q-o-q in 3Q21
- **Costs well-managed**, with 36.8% cost to income ratio, while continuing to invest in IT-related resources, digitalisation and marketing
- **Lending portfolio performing extremely well.** Annualised cost of credit risk ratio was 0.2% in 3Q21. The non-performing loans ratio improved to 2.6% from 3.5% in 2Q21
- **Robust capital adequacy ratios**, comfortably above the increased minimum regulatory requirements. We do not utilise capital buffers previously released by the NBG
- **Superior levels of profitability.** Despite a still challenging operating environment, delivering ROAE of 25.7% in 3Q21, the sixth consecutive quarter of delivering profitability above 20% during the pandemic

TRACK RECORD OF STRONG PROFITABILITY



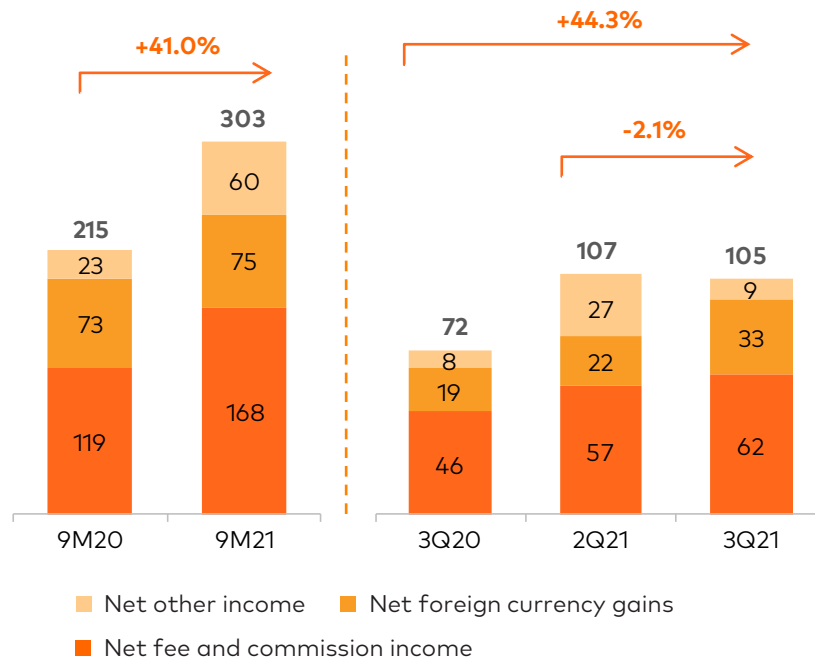
OPERATING INCOME

GEL MILLIONS



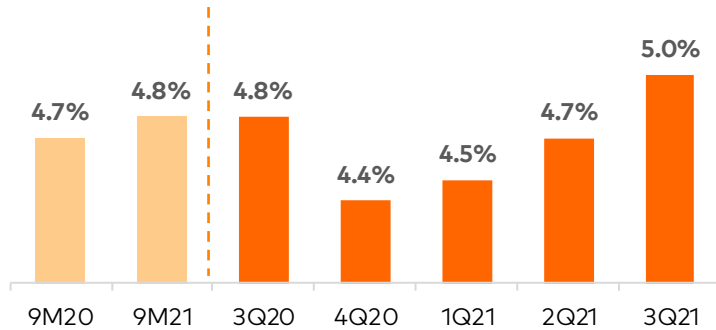
NET NON-INTEREST INCOME

GEL MILLIONS



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

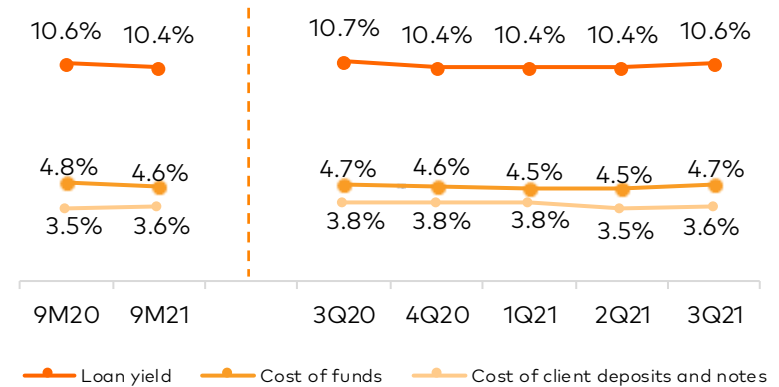
NET INTEREST MARGIN



NIM UP IN 3Q21 DUE TO

- Successful deployment of excess liquidity during the second and third quarters of 2021 on the back of a rebound in economic activity in 2021

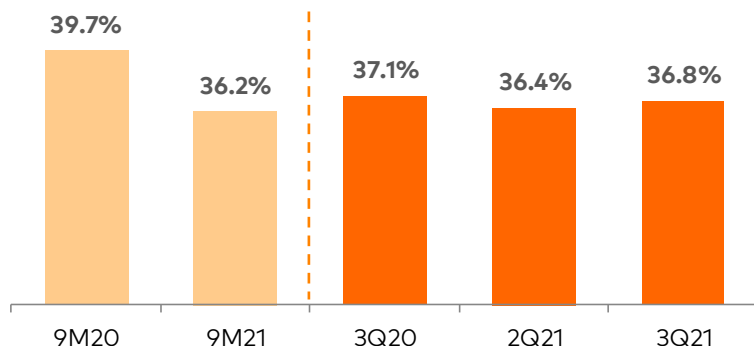
LOAN YIELD, COST OF FUNDS, COST OF DEPOSITS



NIM OUTLOOK

Broadly stable margin going forward

COST TO INCOME RATIO

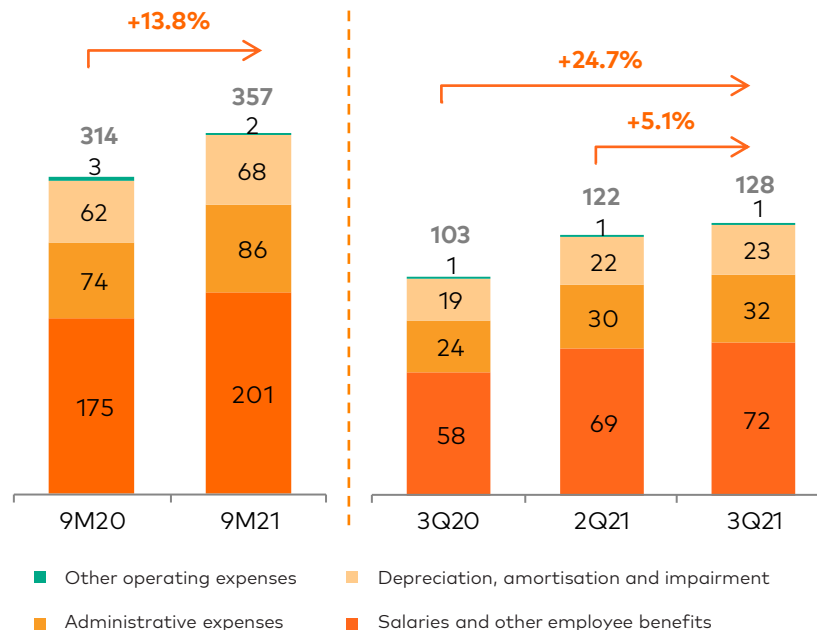


- Continued investment in IT-related resources, digitalisation and marketing, in line with strategic priorities, whilst maintaining focus on efficiency and cost control
- Cost optimisation measures initiated in 2Q20, the impact of which has been reflected in subsequent quarters

c.35%
Medium-term guidance

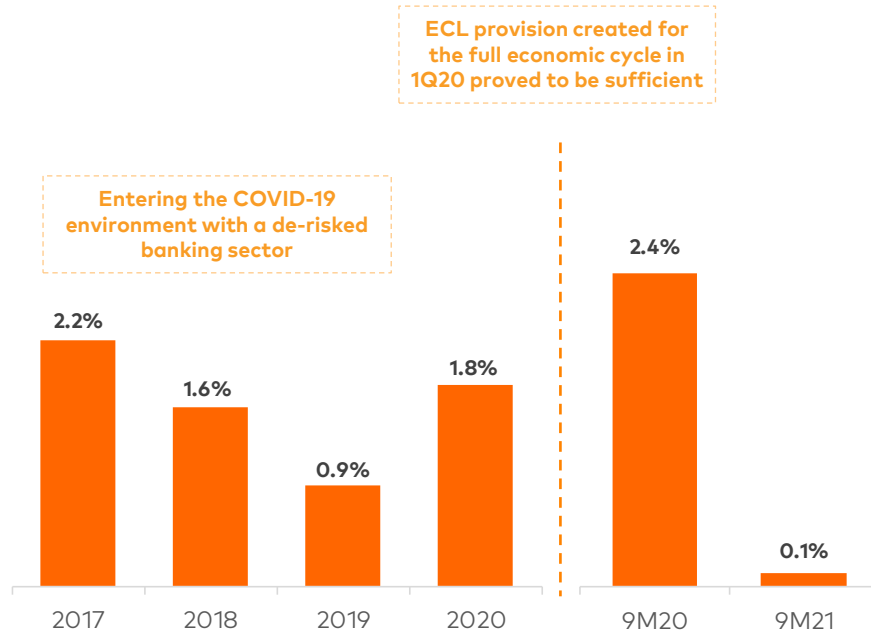
OPERATING EXPENSES

GEL MILLIONS



- Other operating expenses
- Administrative expenses
- Depreciation, amortisation and impairment
- Salaries and other employee benefits

COST OF CREDIT RISK RATIO



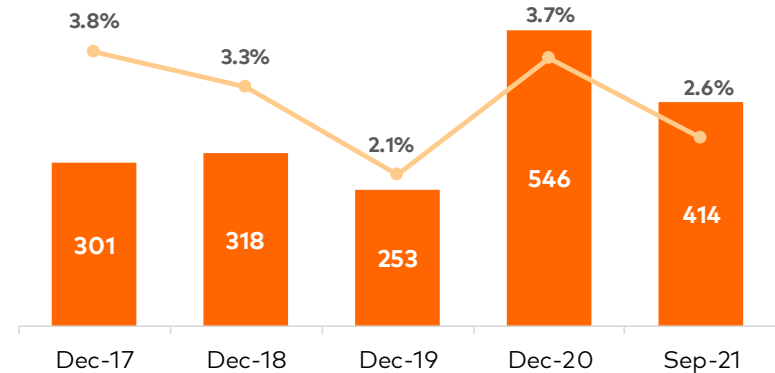
LOAN PORTFOLIO QUALITY

NPL coverage

92.7% 90.5% 80.9% 76.3% 90.9%

NPL coverage adjusted for collateral value

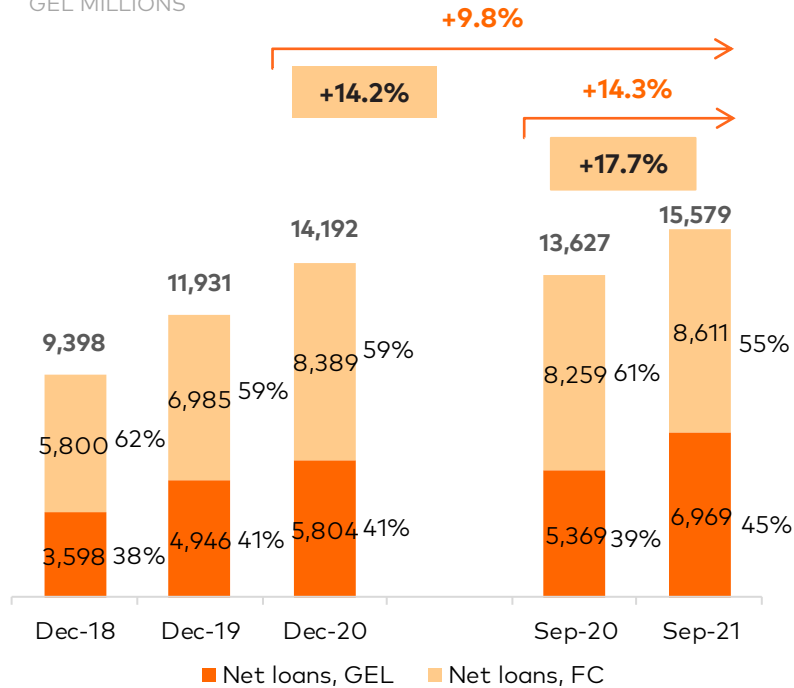
130.6% 129.9% 139.6% 128.8% 140.9%



■ NPLs, GEL millions —●— NPLs to gross loans

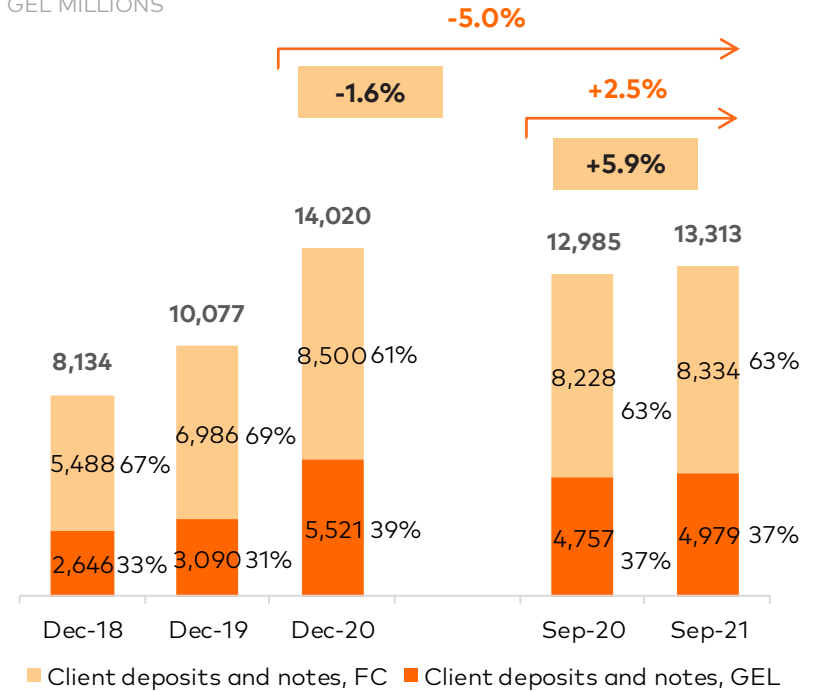
LOAN PORTFOLIO

GEL MILLIONS



DEPOSIT PORTFOLIO

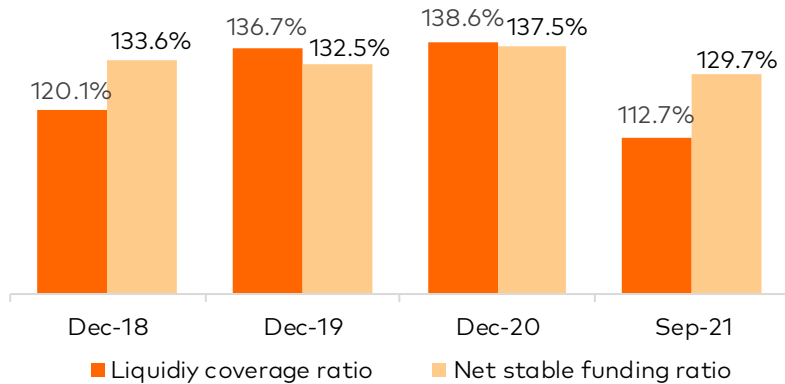
GEL MILLIONS



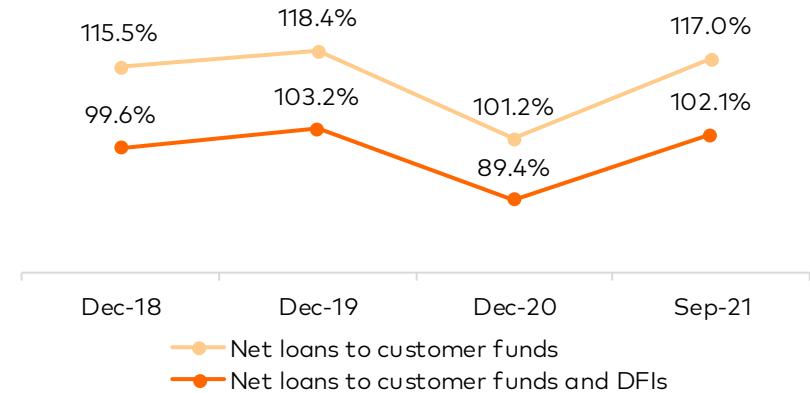
■ Growth on a constant currency basis

LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIOS

JSC Bank of Georgia standalone (Basel III liquidity)



NET LOANS TO CUSTOMER FUNDS AND DFIs

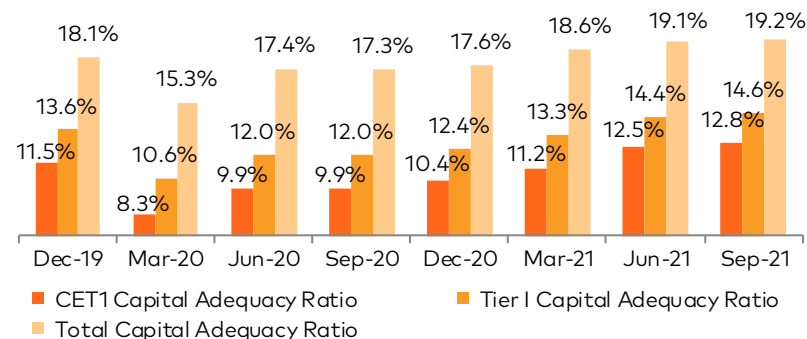


- Excess liquidity maintained for risk mitigation purposes, on the back of the COVID-19 crisis, successfully deployed during the second and third quarters of 2021
- Strong support from International Financial Institutions

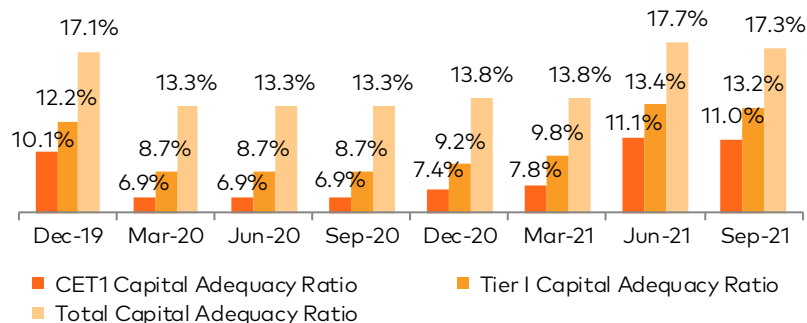
NBG'S COVID-19 RESPONSE AND CURRENT UPDATE

- Release of capital buffers:** In April 2020, as part of its updated supervisory plan as a response to the COVID-19 pandemic, the NBG released Pillar 2 and conservation buffers, which reduced the minimum regulatory capital requirements at the time
- Capital distribution:** During the period that banks partially or fully utilised the reduced buffers, banks have not been able to make any form of capital distribution
- General COVID-19-related loan loss provision:** The Bank recorded c.GEL 400 million general provision (c.3.3% of the Bank's lending portfolio) under the Bank's local regulatory accounting basis in March 2020, reflecting the NBG's expectations of estimated credit losses on the Bank's lending book for the full economic cycle
- Subsequently, the NBG has announced a **released capital buffers rebuild plan** and has updated the timeline for the phase-in of additional Basel III capital requirements for the banking sector
- Rebuild of capital buffers:** As a result of robust operating performance and strong internal capital generation, the Bank has confirmed to the NBG that since May 2021, it no longer utilises, or expects to utilise, any of the Pillar 2 or conservation buffers that were waived last year. **Consequently, there is no longer any regulatory restriction for Bank of Georgia on making any capital distributions**
- Dividends:** In August 2021, the Group declared an interim dividend of GEL 1.48 per ordinary share for the period ended 30 June 2021, paid to shareholders on 5 November 2021

CAPITAL ADEQUACY RATIOS



MINIMUM REGULATORY REQUIREMENTS



CAPITAL RATIOS EVOLUTION AND UPDATE ON MINIMUM CAPITAL REQUIREMENTS

CAPITAL RATIOS EVOLUTION DURING 9M21

	Capital ratios DEC-20	9M21 profit	Business growth	GEL appreciation	Dividend	Tier 2 facility impact	Capital ratios SEP-21	Potential impact of 10% GEL devaluation
CET1 capital adequacy ratio	10.4%	4.0%	-1.6%	0.4%	-0.4%	-	12.8%	-0.8%
Tier I capital adequacy ratio	12.4%	4.0%	-1.8%	0.4%	-0.4%	-	14.6%	-0.7%
Total capital adequacy ratio	17.6%	4.0%	-2.1%	0.3%	-0.4%	-0.2%	19.2%	-0.5%

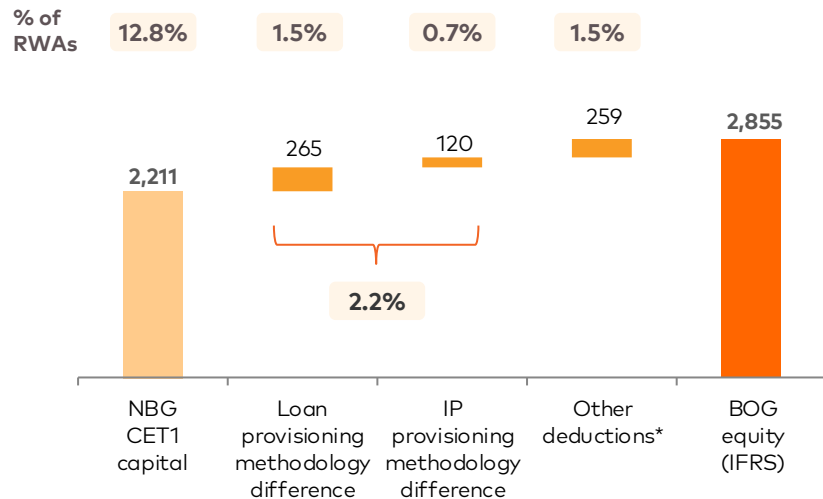
EXPECTED MINIMUM CAPITAL REQUIREMENTS FOR 2021-2023

Bank of Georgia's ongoing minimum capital adequacy ratios reflecting the full phase-in of Basel III capital requirements, which remain subject to ongoing annual regulatory reviews, are currently expected to be as follows:

	DEC-21	DEC-22	DEC-23
CET1 capital requirement	11.5%	11.9%	12.2%
Tier I capital requirement	13.7%	14.2%	14.6%
Total capital requirement	17.8%	17.8%	17.8%

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

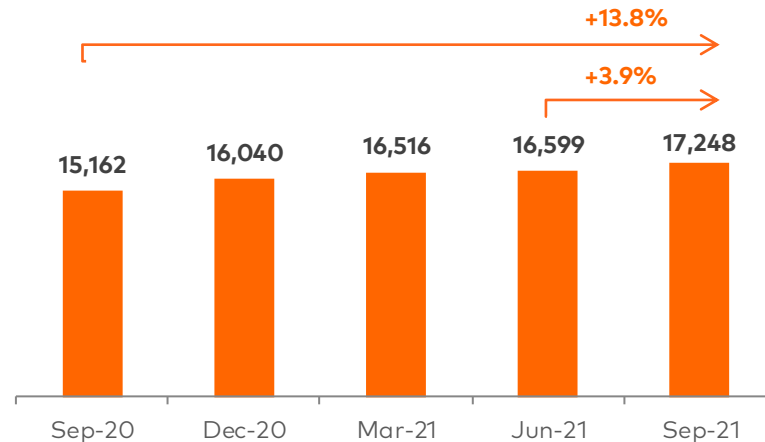
GEL MILLIONS



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

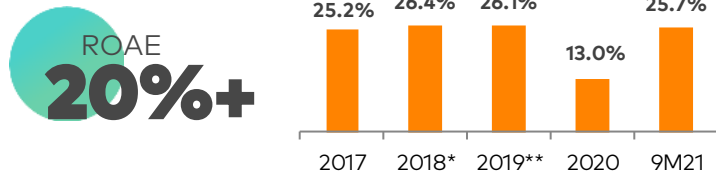
RISK WEIGHTED ASSETS

GEL MILLIONS

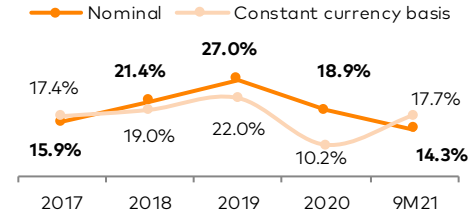


- Existing additional capital buffers (within **c.2.2%** of risk-weighted assets) reflecting the differences in the provisioning methodology between the NBG and IFRS 9
- The NBG plans to transition to IFRS-based financial reporting during 2022

Medium-term loan book growth target revised from c.15% to c.10%



Loan book growth YoY
c.10%



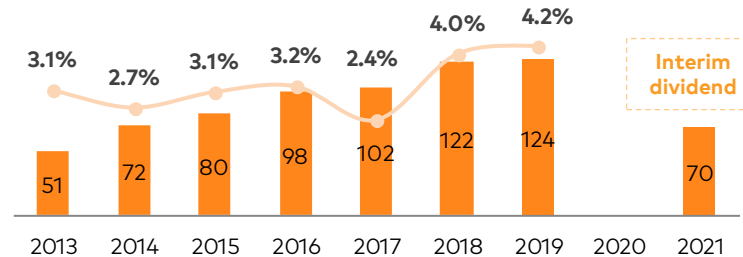
ROBUST CAPITAL MANAGEMENT TRACK RECORD

- **Maintain regular progressive semi-annual dividend payouts:** aiming **30-50%** dividend/share buyback payout ratio
- Given higher levels of lending growth in the near term, the Board currently expects the payout ratio to be approximately **35-40%** over the next two years
- **GEL 648mln+** cash dividend paid during 2013-2019
- **An interim dividend of GEL 1.48 per ordinary share was paid on 5 November 2021**

REGULAR DIVIDENDS

GEL MILLIONS

PAYOUT RATIO:



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

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

*** Dividend yield is calculated based on the closing price of shares immediately prior to ex-dividend date

Legend: Total dividend paid during the year (orange bar), Dividend yield*** (orange line)



THANK YOU