

# INVESTOR PRESENTATION

**4Q22 and FY22  
Performance**

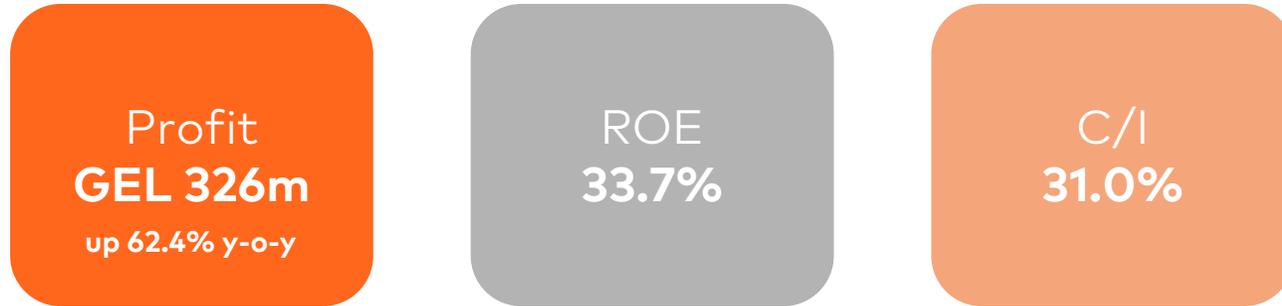
16 February 2023  
[www.bankofgeorgiagroup.com](http://www.bankofgeorgiagroup.com)

## Disclaimer – forward looking statements

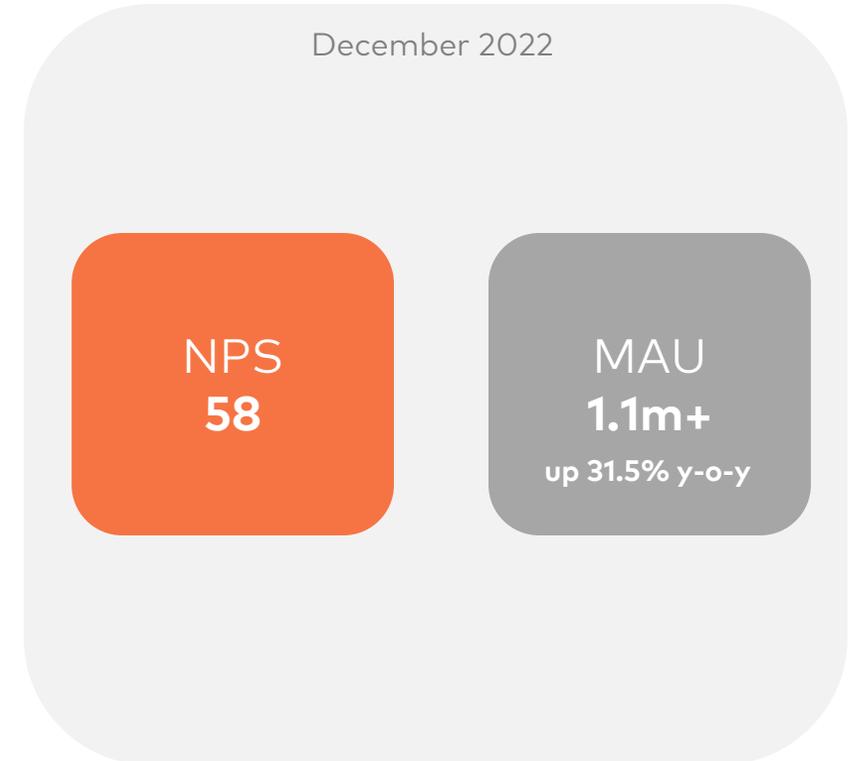
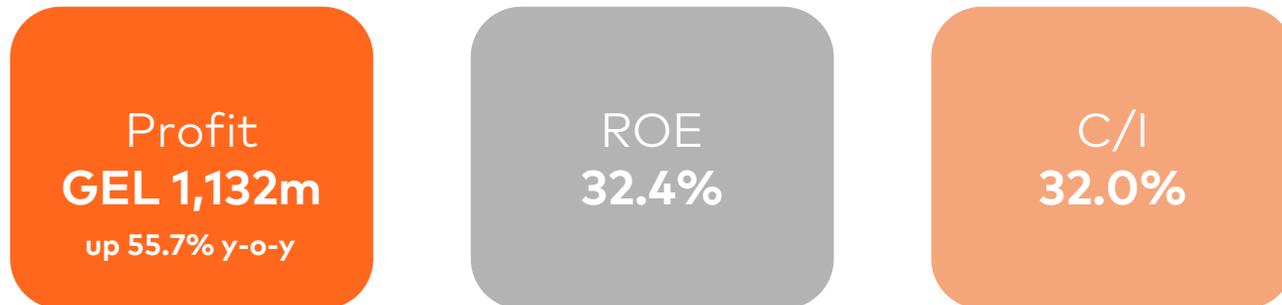
This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions,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

# Delivering value in 2022

## Highlights of the quarter



## Highlights of the year



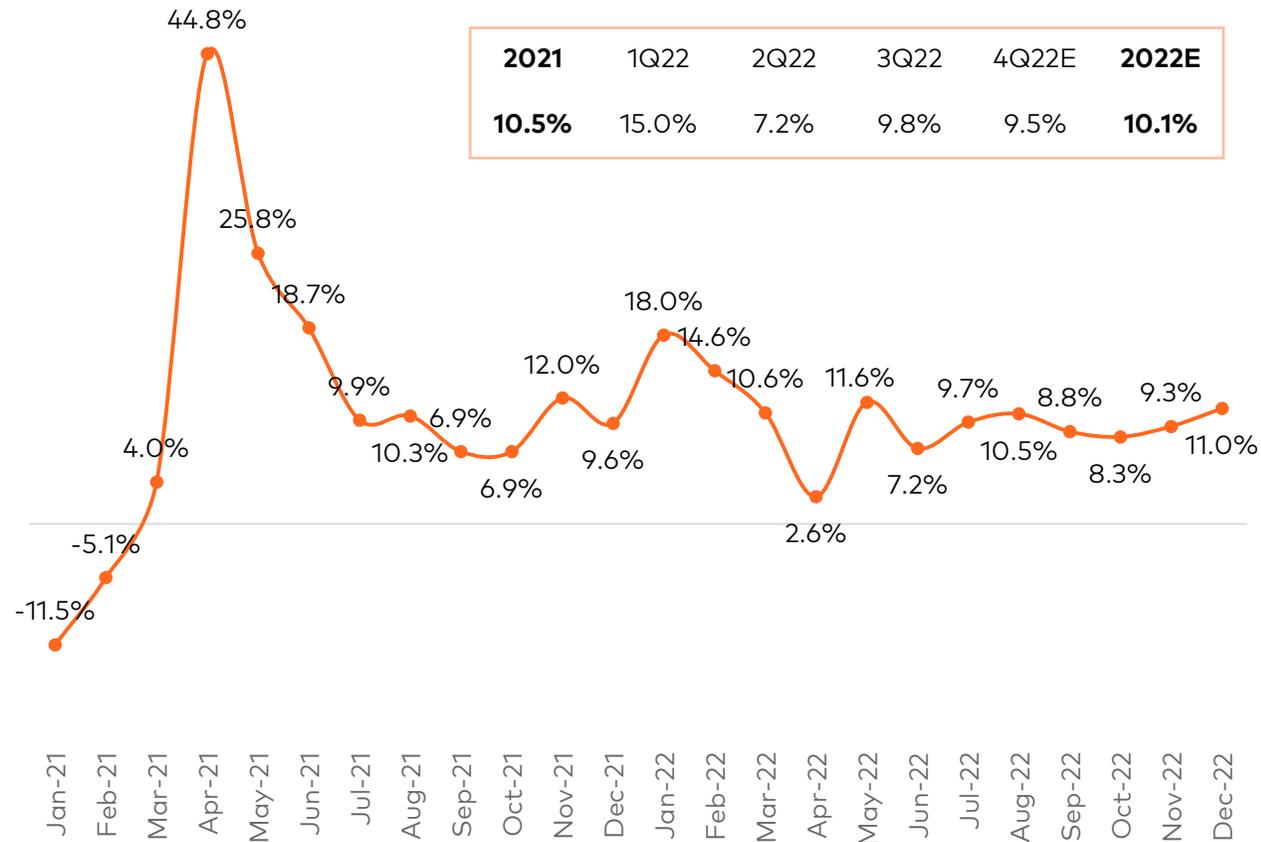
Profit, ROE, and cost to income ratio were adjusted for a one-off GEL 391.1m of other income due to the settlement of an outstanding legacy claim, and a one-off GEL 79.3m tax expense due to an amendment to the current corporate taxation model in Georgia

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- | MACROECONOMIC HIGHLIGHTS**
- | GROUP OVERVIEW AND STRATEGY
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# Strong growth momentum maintained in 4Q22

## Real GDP y-o-y growth



Source: GeoStat

### Key drivers of growth in 2022:

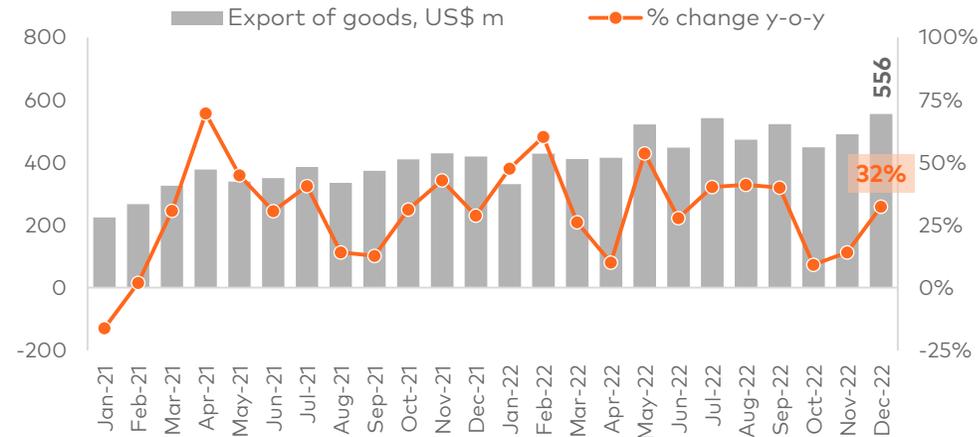
- Resilient inflows from exports and remittances, full recovery in tourism revenues
- Increased activity in transport and communication, hospitality and other services sectors
- Strong rebound in domestic investment spending

### In 4Q22:

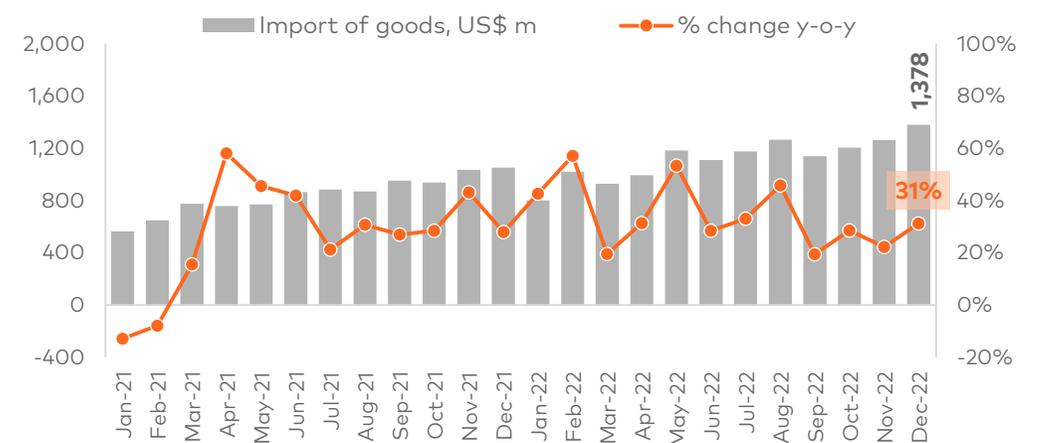
- Export of goods up 18.6% y-o-y (31.8% y-o-y growth full year 2022)
- Remittances up 142.2% y-o-y (86.1% y-o-y growth full year 2022)
- Tourism revenues exceeded 2019 level by 45.7% (7.6% growth vs. 2019 in full year 2022)

# Sustained external inflows underpinning economic growth

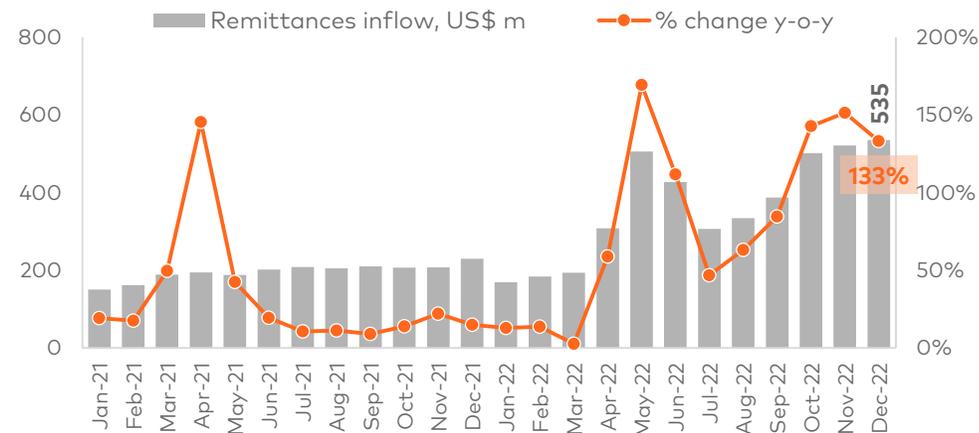
## Export of goods



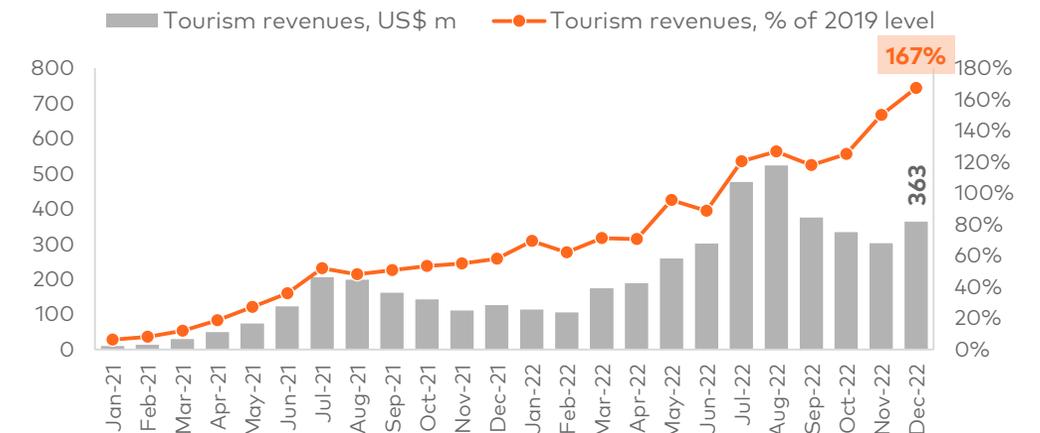
## Import of goods



## Remittances

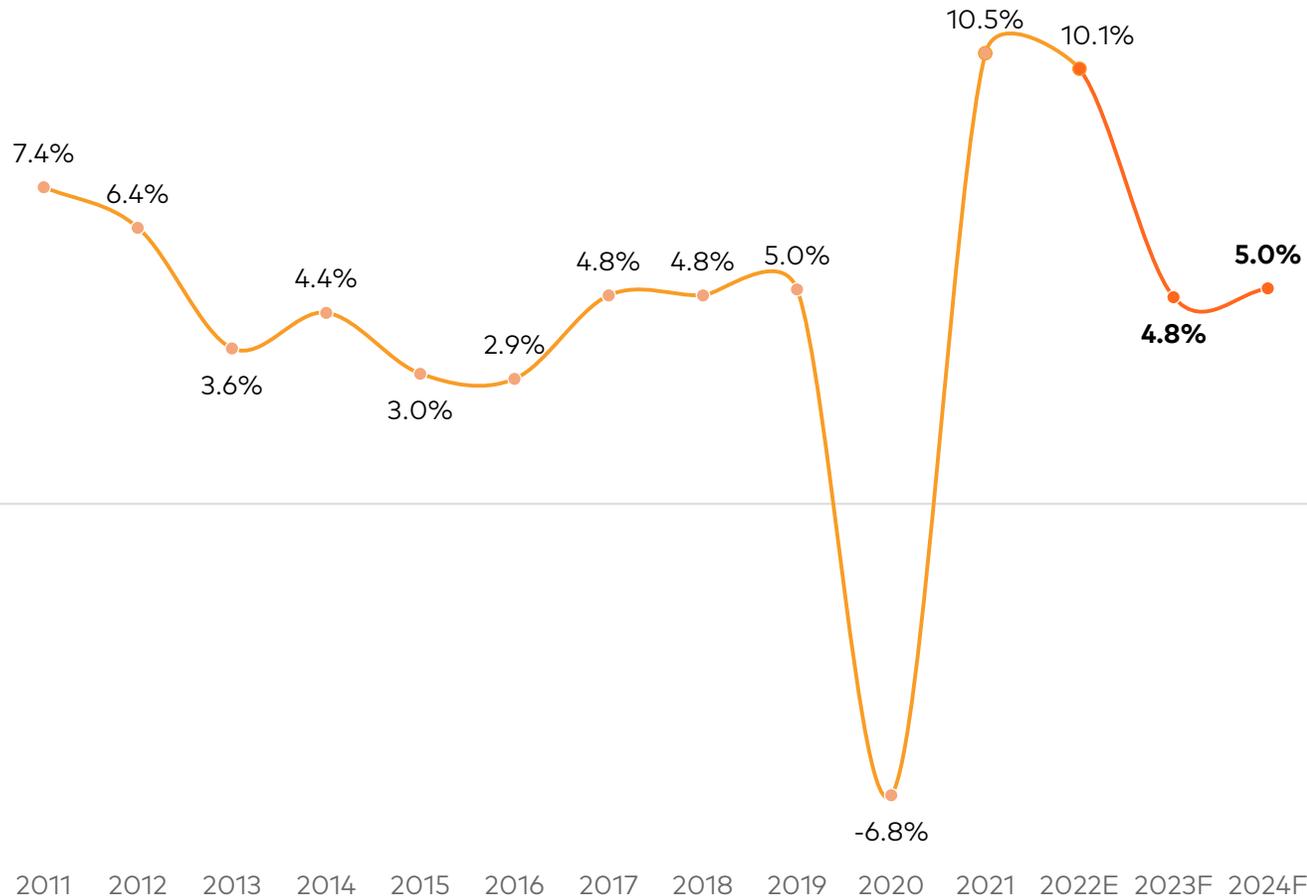


## Tourism inflows



# Expected normalisation of economic growth

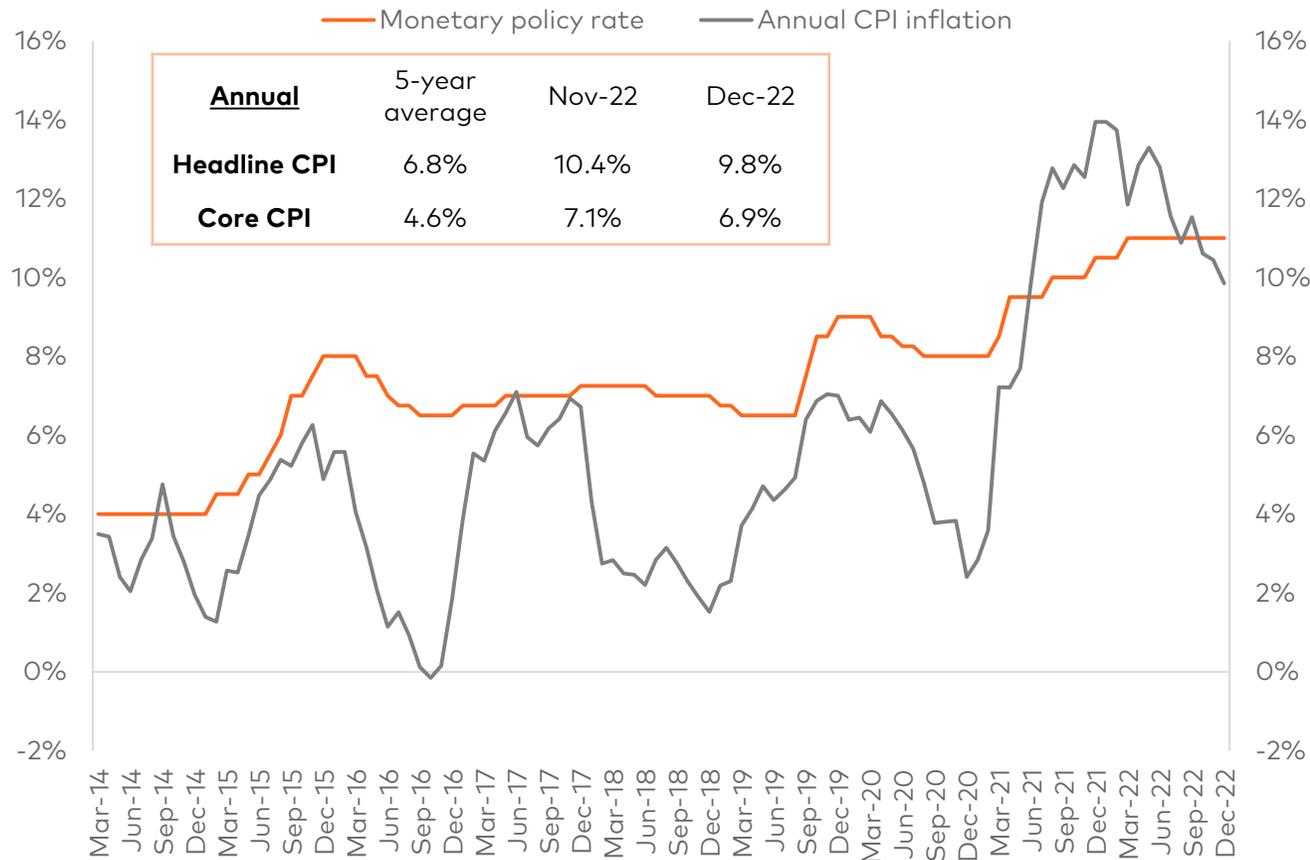
## Georgia's economic growth forecast



- In 2023, real GDP growth is expected to slow to **4.8%**, considering a high base after two consecutive years of double-digit growth
- The main drivers of growth are expected to be a continued recovery in tourism revenues, a rebound in investment expenditure, and a lasting impact of inbound migration. Consumption spending should also strengthen amid slowing inflation
- Ongoing war in Ukraine, global recession fears and high inflation are downside risks

# Inflation started to decrease amid eased commodity price pressures

## Monetary policy remains tight to curb inflation pressures

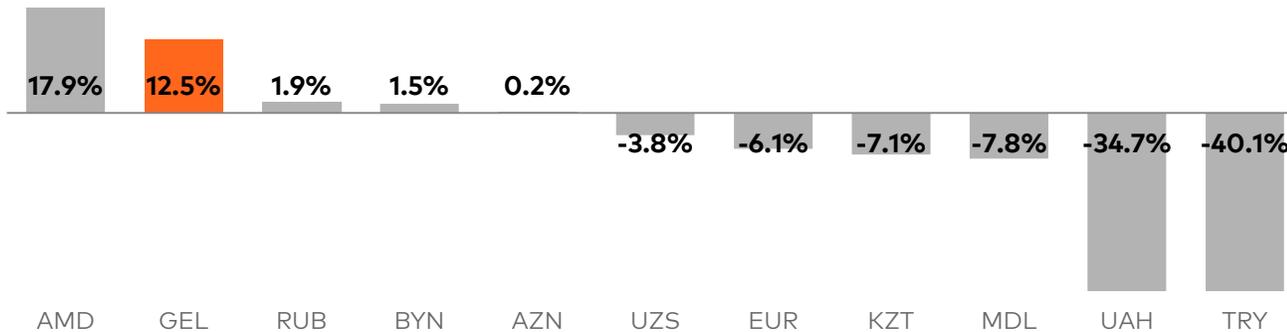


- Inflation was mainly driven by elevated food prices and demand-side price pressures
- PPI and import price inflation are on a downward trend indicating that consumer prices should keep slowing
- The NBG maintains a tight monetary policy, with the refinancing rate at 11% since March 2022
- Inflation is expected to moderate during the first half of 2023

Source: GeoStat, NBG

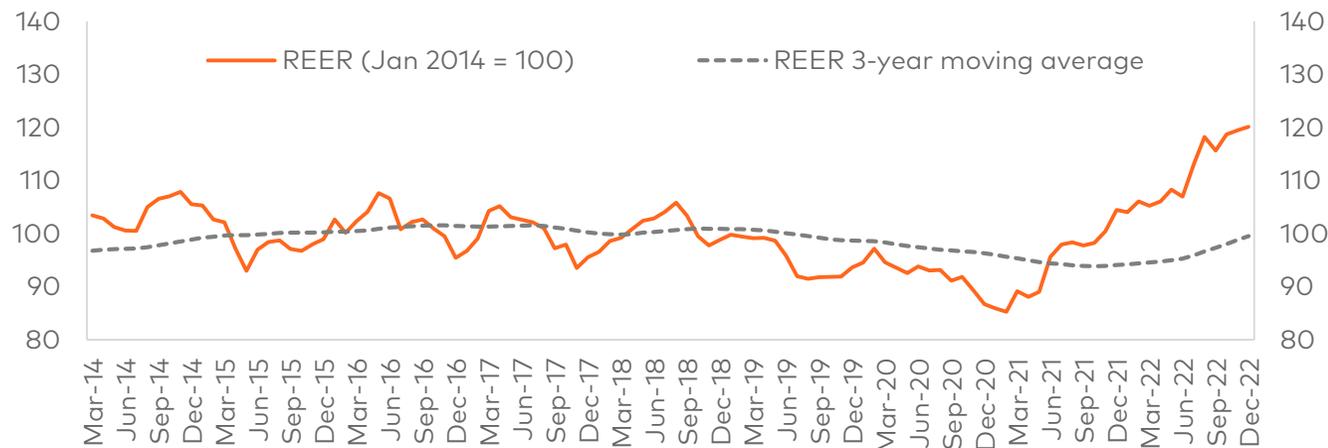
# GEL supported by sustained FX inflows and tight monetary policy

## Currency movements vs. US\$, 12/31/2021 – 12/31/2022



- GEL continued to appreciate on the back of strong external inflows, tight monetary policy, and improved sentiments. The Georgian currency gained 12.5% against the USD during 2022
- GEL is expected to remain stable in the medium term, supported by robust external inflows and positive growth outlook

## GEL real effective exchange rate

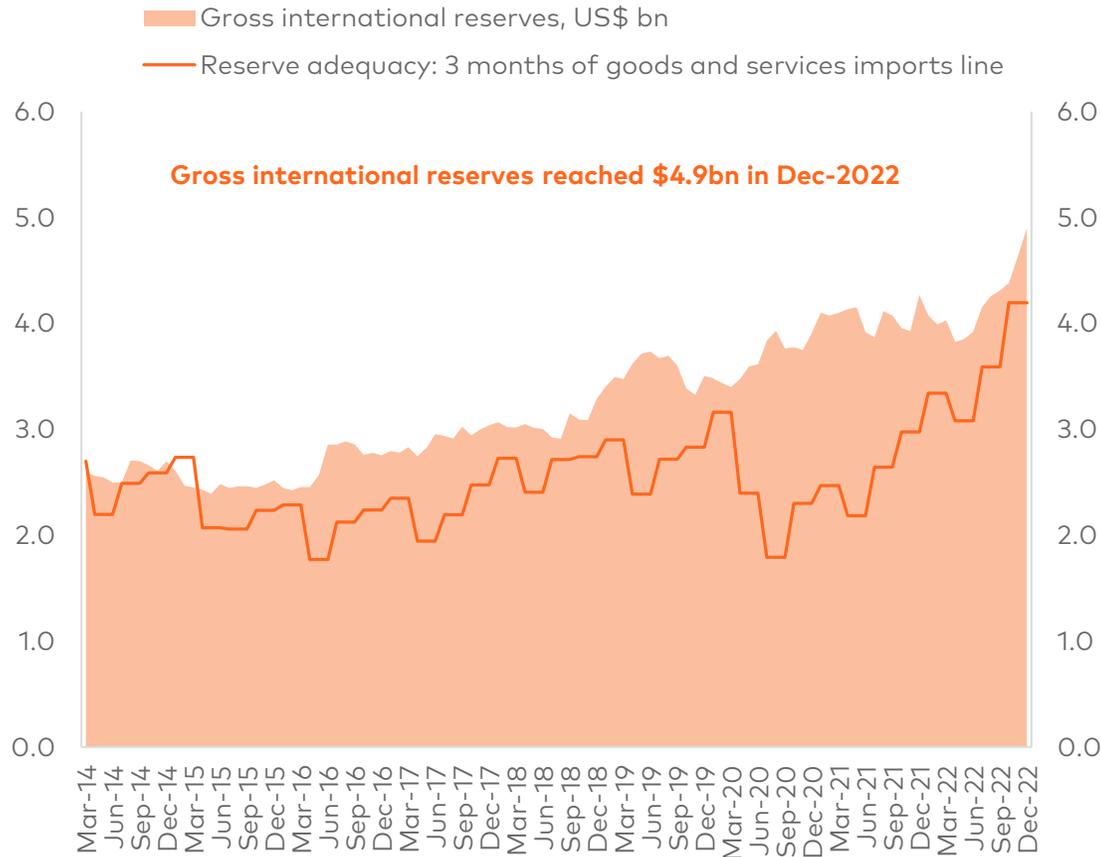


Source: NBG

Note: +/- means appreciation/depreciation of the corresponding currencies

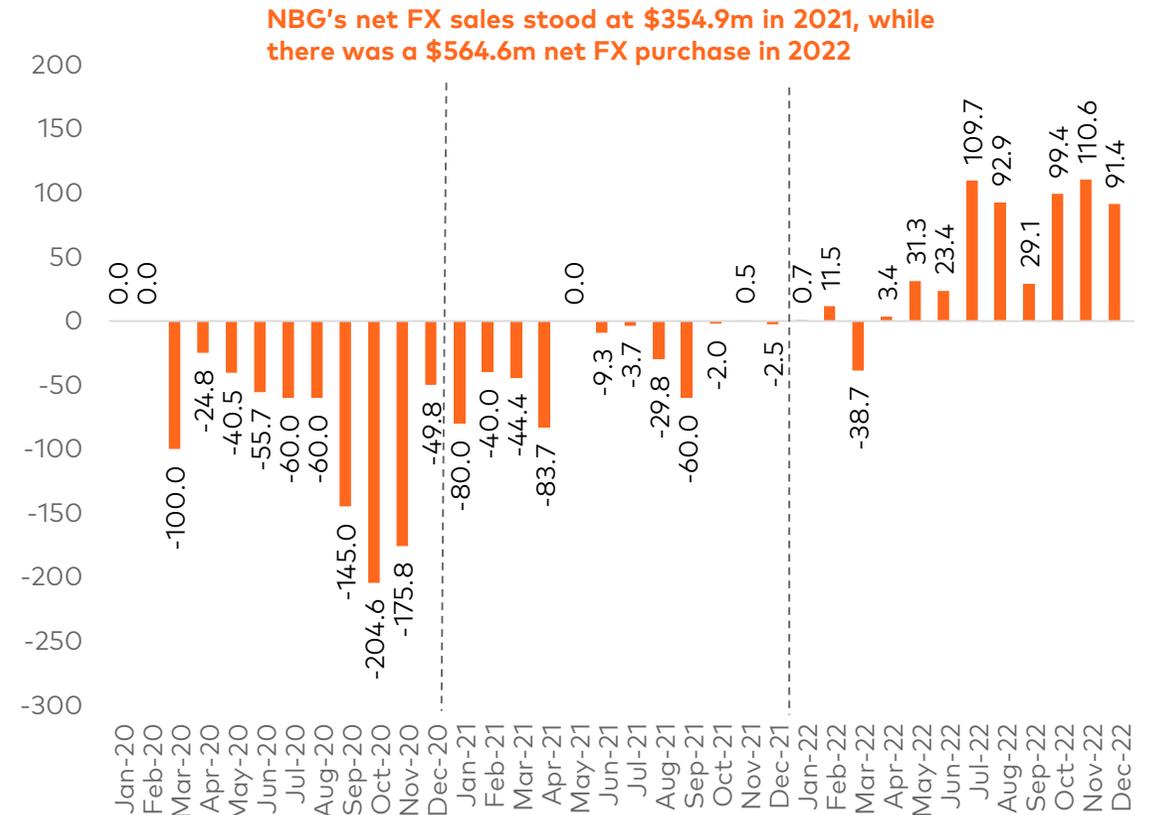
# Growing international reserves cushion the economy against external shocks

## International reserves



Source: NBG, BOG

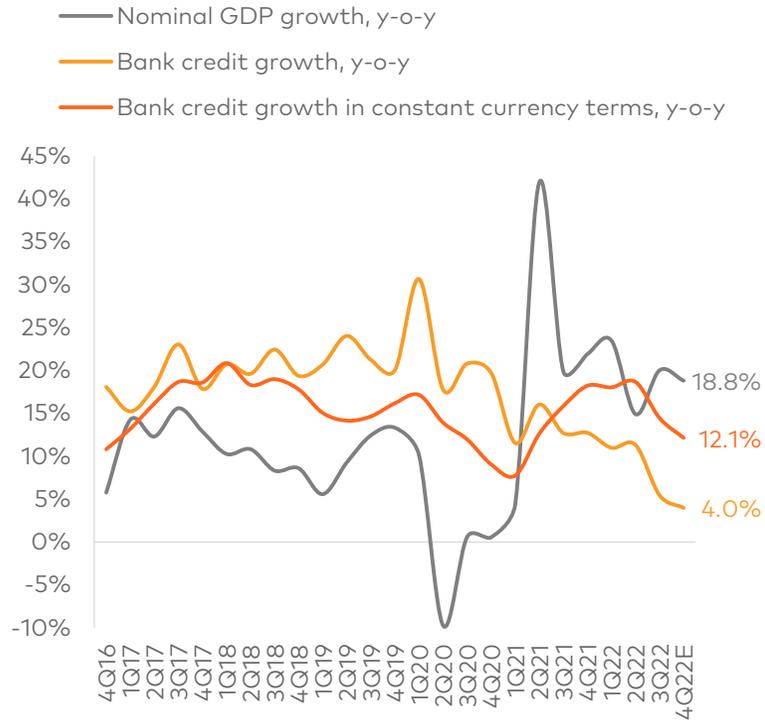
## Central bank's interventions, net purchase in US\$ m



Source: NBG

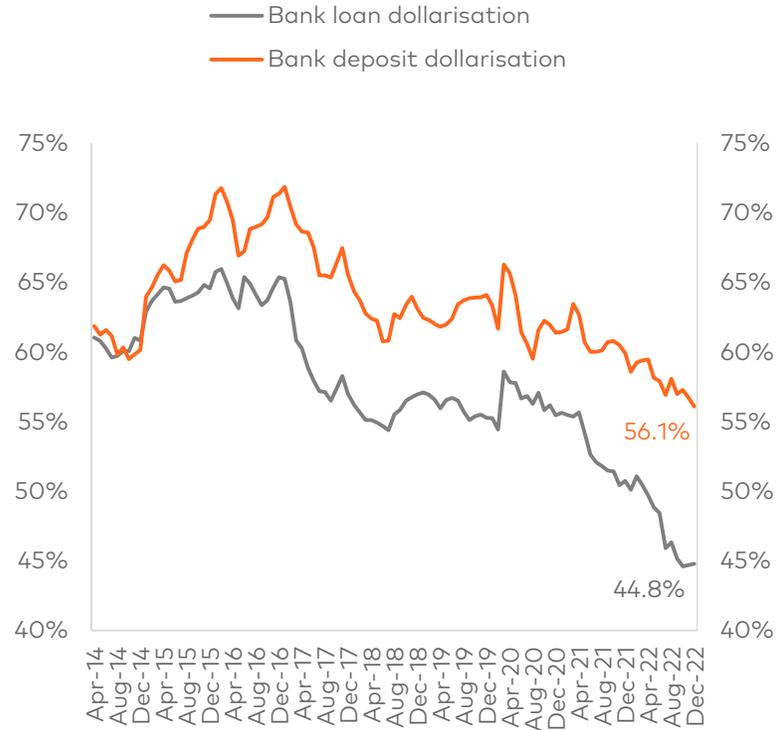
# Healthy banking sector, with dollarisation down

## Bank loan book growth vs. nominal GDP growth



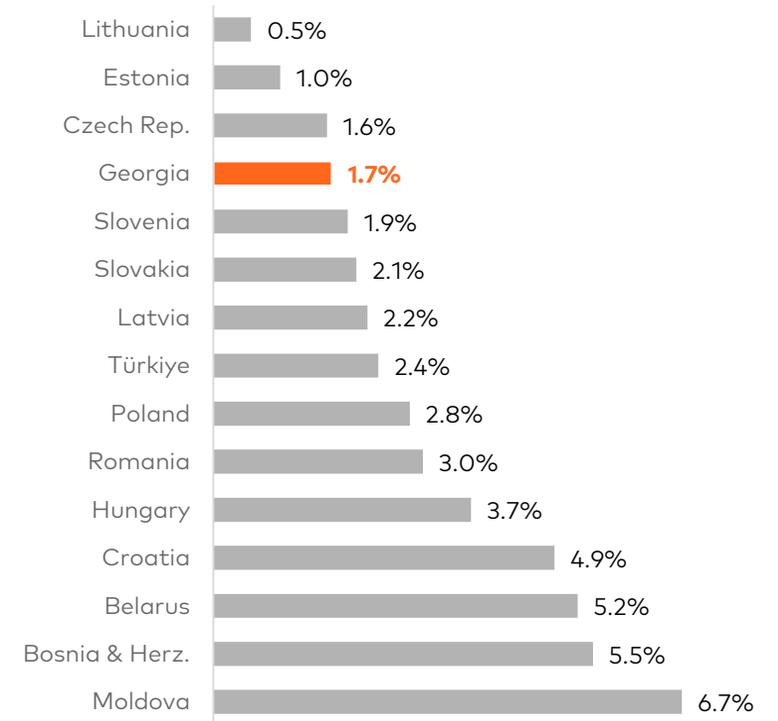
Source: NBG, GeoStat

## Loan and deposit dollarisation



Source: NBG

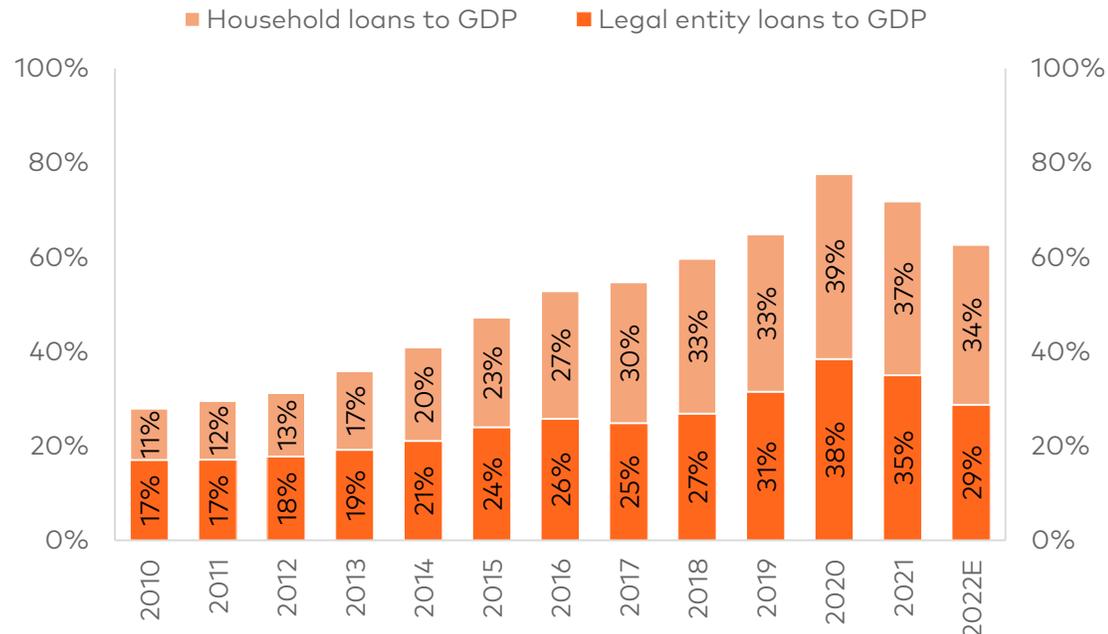
## Non-performing bank loans to total gross loans in selected countries, 1H2022



Source: IMF

# Reduced debt burden in the economy

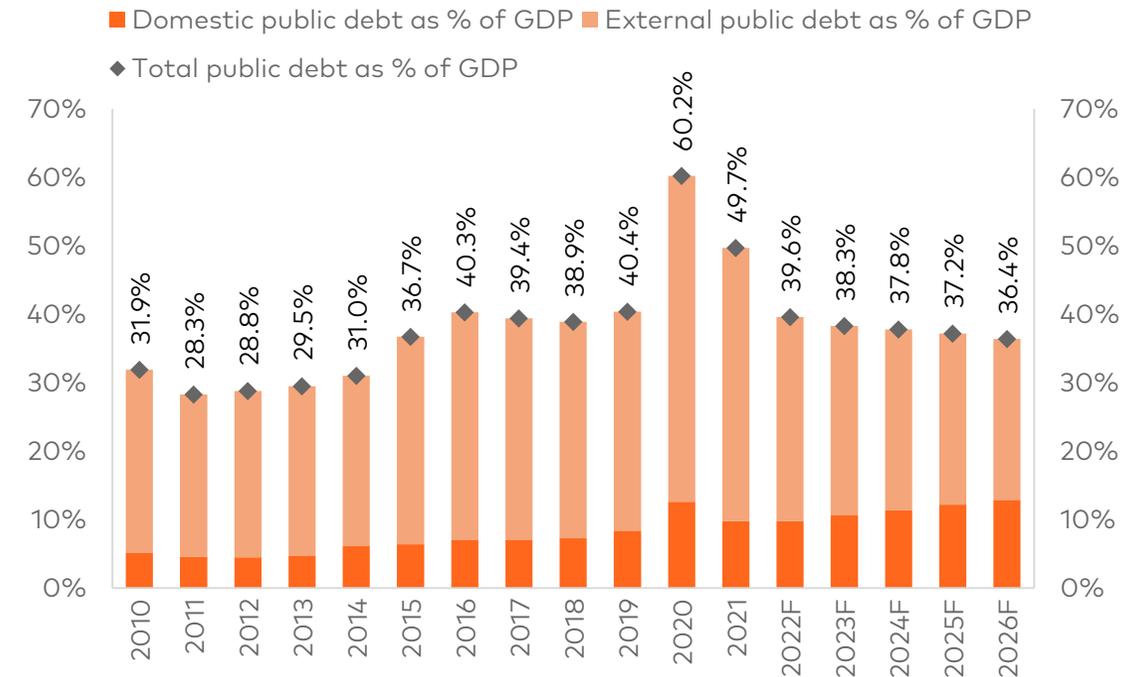
## Banking sector loans to households and legal entities as % of GDP



Source: NBG, GeoStat, BOG

- In the private sector, debt level relative to GDP is on a downward path, driven by high income growth and strong GEL
- Several big issuers, including BOG and GGU, have repurchased their outstanding bonds, thus reducing refinancing risks

## Public debt as % of GDP



Source: MOF, GeoStat, forecasts as of 2022 budget law

- Public sector has also reduced its debt burden thanks to economic growth and strong GEL
- Given the reduced debt burden and increased international reserves, the Georgian economy is well-positioned to maintain its growth momentum

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## Who we are and what we focus on

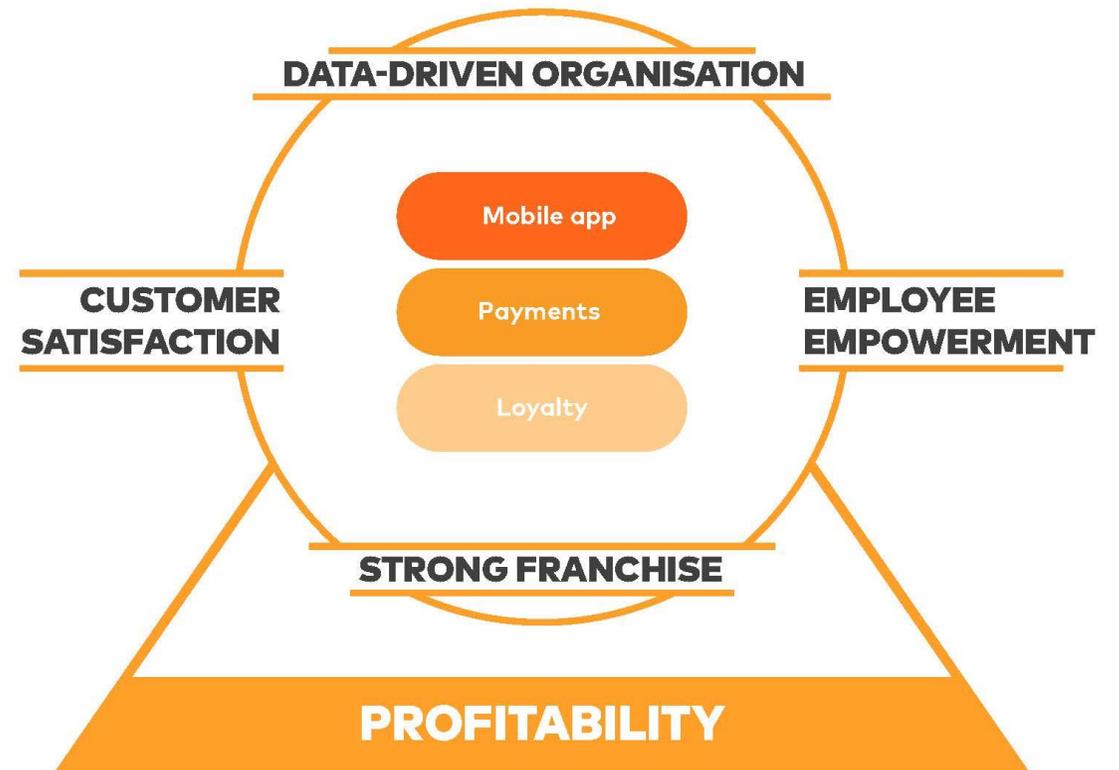
A FTSE-250 company with a diversified institutional investor base

Retail digital banking leader

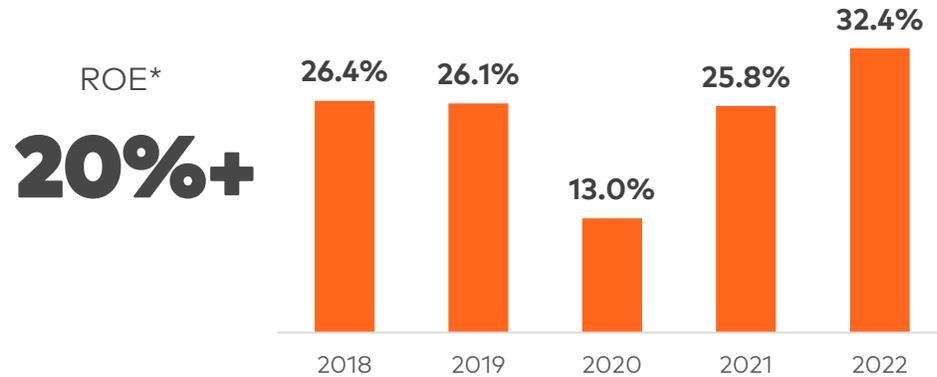
Top of mind and the most trusted bank in Georgia

Consistently delivering high profitability (ROE above 20%)

Highest standards of corporate governance and a strong focus on ESG

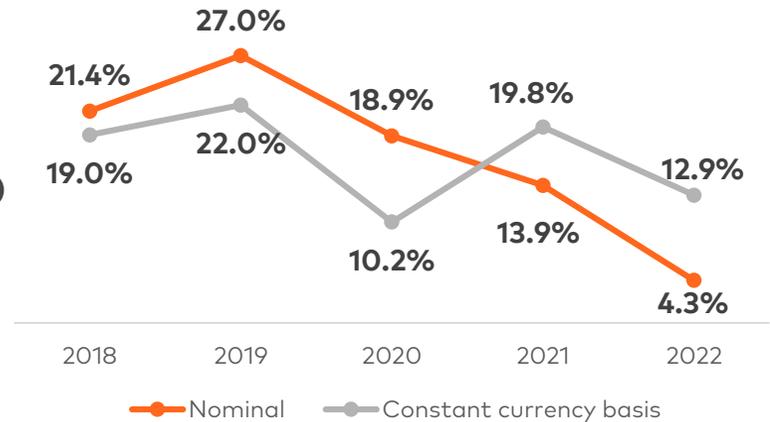


# Track record of strong performance



Loan book YoY growth

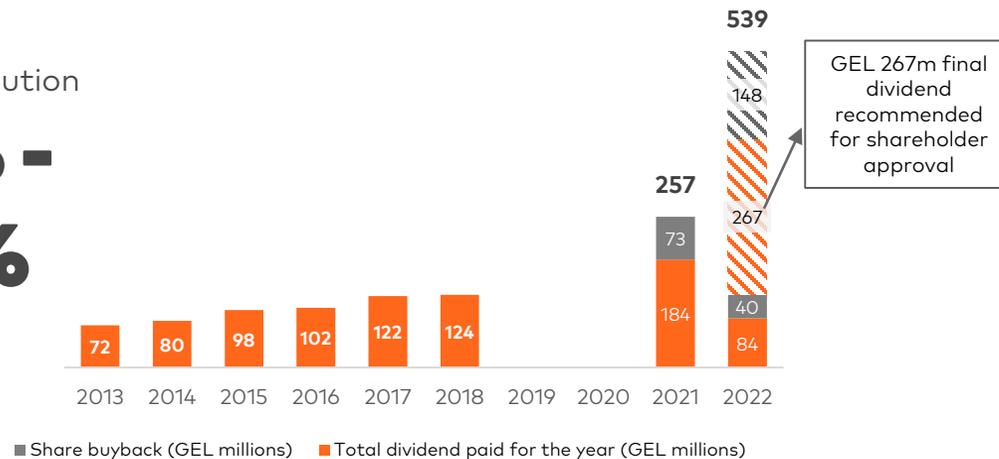
**c.10%**



PAYOUT RATIO: 36% 33% 34% 32% 30% 30% 35%\*\* 37%\*\*

## Capital distribution

**30% - 50%**



## Capital distribution

- Interim dividend of GEL 1.85 per ordinary share in respect of the period ended 30 June 2022 was paid on 20 October 2022
- The Group completed the share buyback and cancellation programme in December 2022, having bought back and cancelled 1,670,446 ordinary shares at a total cost of GEL 112.7m
- The Board intends to increase the share buyback and cancellation programme by up to GEL 148 million
- At the 2023 Annual General Meeting, the Board intends to recommend for shareholder approval a final dividend for 2022 of GEL 5.80 per share payable in Pounds Sterling at the prevailing rate. This would make a total dividend paid in respect of the Group's 2022 earnings of GEL 7.65 per share

\* 2018 ROE was adjusted for a GEL 30.3m demerger-related cost, a GEL 8.0m demerger-related corporate income tax gain, a GEL 30.3m one-off impact of re-measurement of deferred tax balances and a GEL 3.9m (net of income tax) termination cost of a former CEO

2019 ROE was adjusted for GEL 14.2m (net of income tax) termination costs of a former CEO and executive management

2022 ROE was adjusted for a one-off GEL 391.1m of other income due to the settlement of an outstanding legacy claim, and a one-off GEL 79.3m tax expense due to an amendment to the current corporate taxation model in Georgia

\*\* For the purpose of payout ratio calculation, total buyback amount is divided by outstanding shares before the beginning of the programme for the respective year

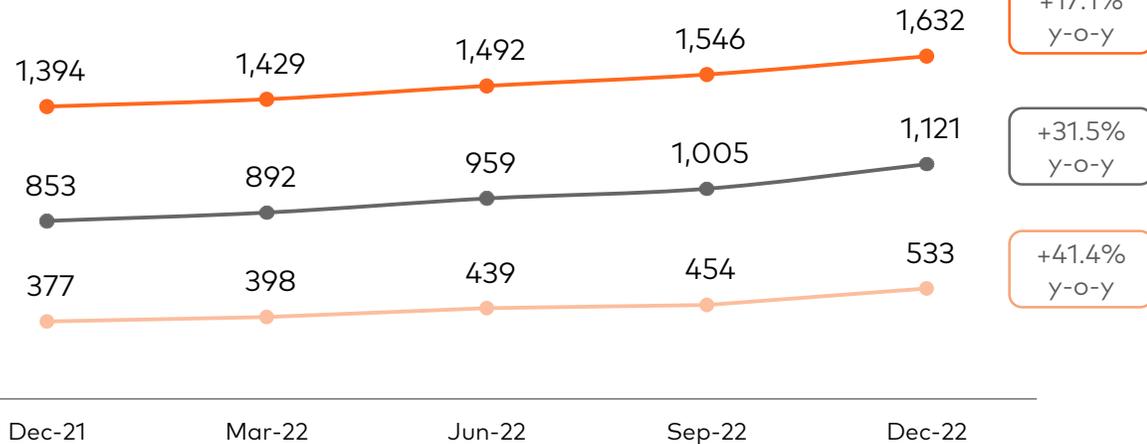
# Our customers are becoming more digital and engaged

Figures given for JSC Bank of Georgia standalone

## Active users (retail)

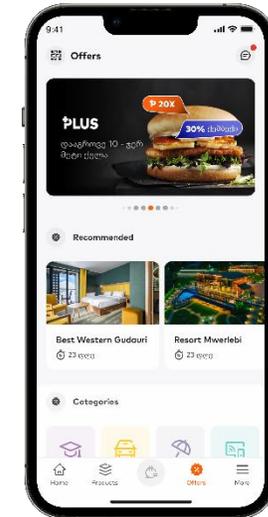
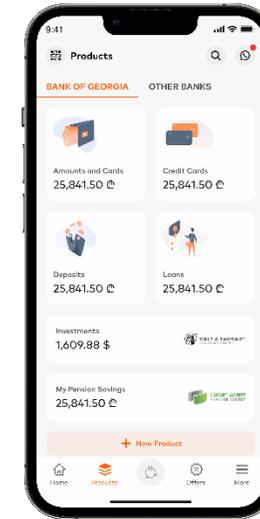
thousands

- Monthly active clients
- MAU
- DAU



$\frac{DAU}{MAU}$	44.2%	44.6%	45.8%	45.2%	47.6%
$\frac{MAU}{\text{Monthly active clients}}$	61.1%	62.4%	64.3%	65.0%	68.7%

## Building a financial super app



Play store

4.9/5

App store

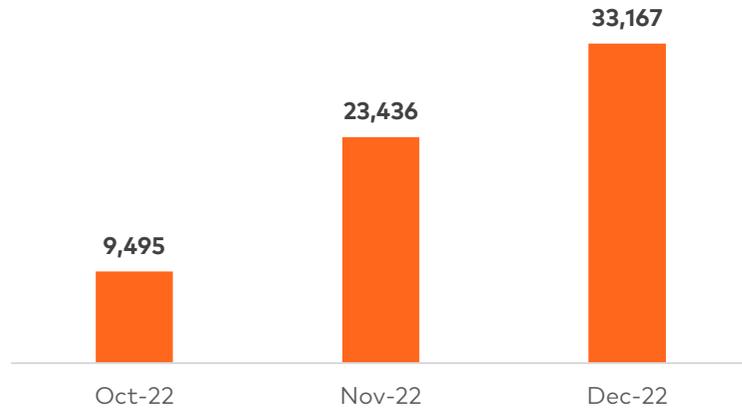
4.8/5

Customer Satisfaction Score (Dec-22)

89%  
+3 ppts y-o-y

# sCoolApp | the first financial mobile application for juniors

## Monthly active digital users



## Addressable market



Money request  
Application skins  
Animations  
Fun features

Check available balance

Special offers

sCool Card details and transactions

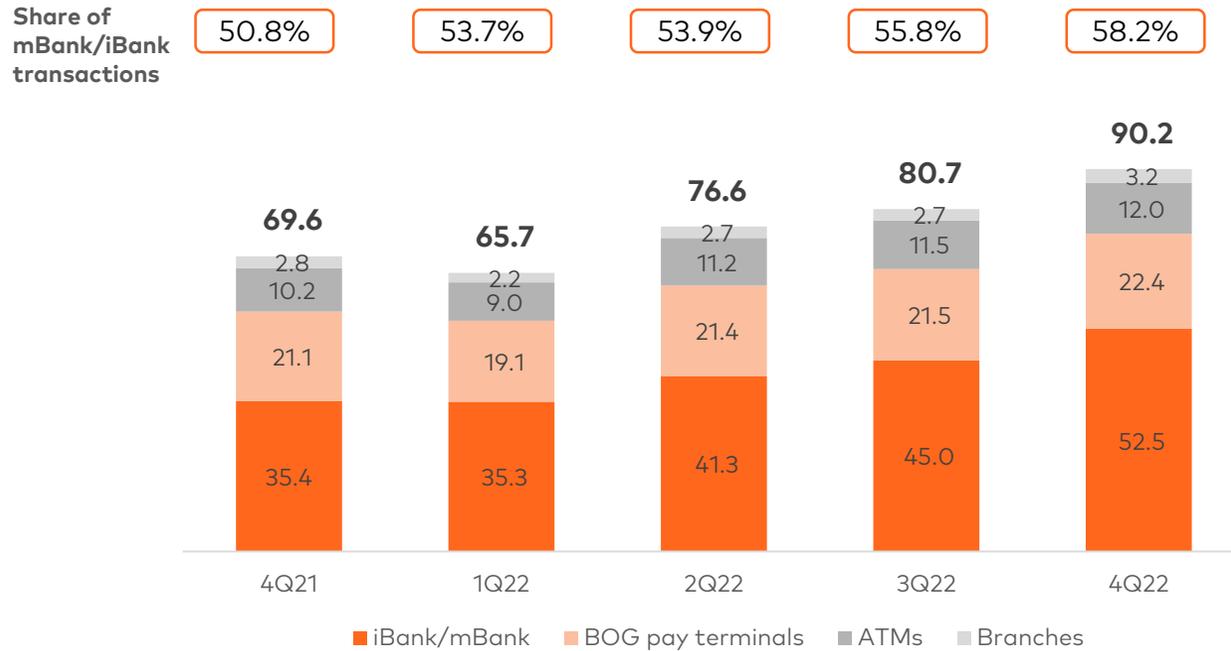
Piggy Bank

# Focusing on increasing sales in digital channels

Figures given for JSC Bank of Georgia standalone

## Number of transactions

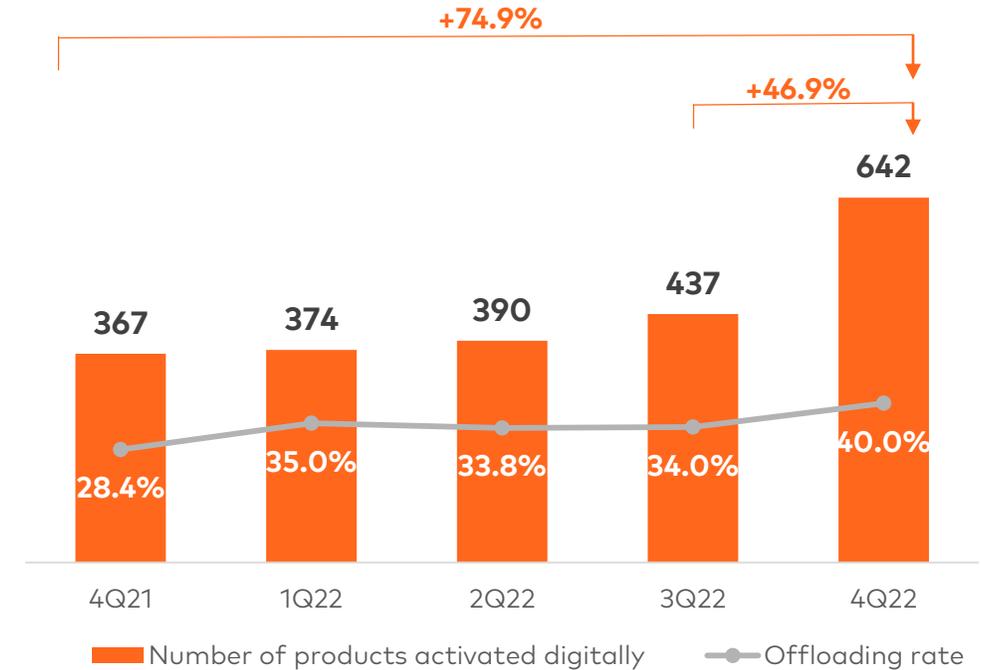
millions



- Number of transactions in mBank/iBank grew 48.2% y-o-y and 16.5% q-o-q in the fourth quarter

## Product offloading

thousands

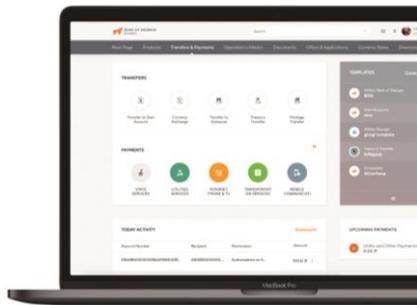
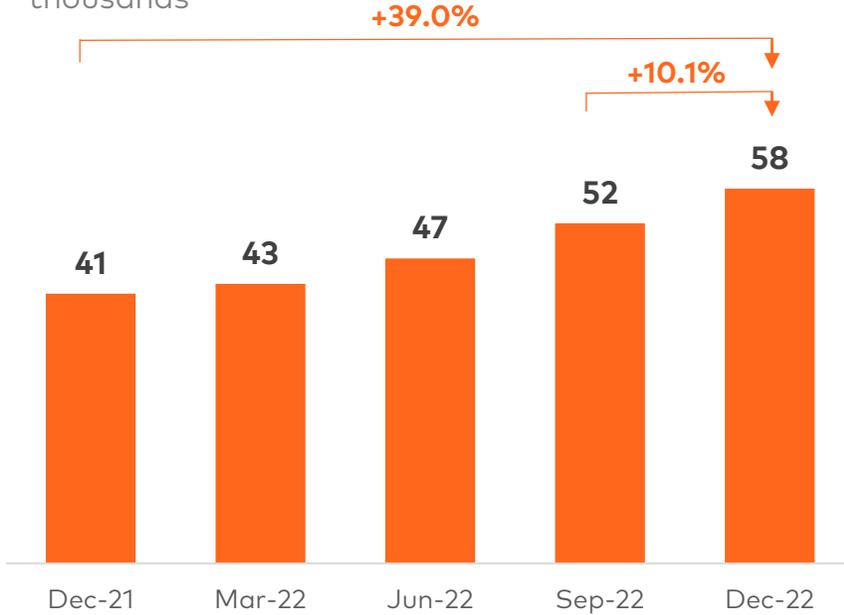


- Deposits digital offloading was **39.1%** in Dec-22, up from **29.0%** in Dec-21
- Loans digital offloading was **63.8%** in Dec-22, up from **58.6%** in Dec-21

# Full digital experience for our business customers

## Monthly active digital users

thousands



79%

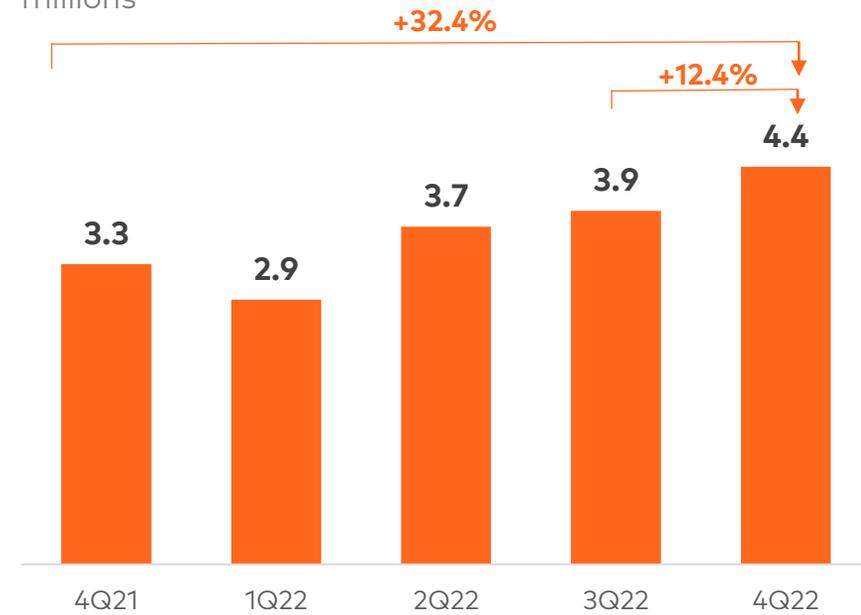
Customer Satisfaction Score (Dec-22)

+6 pts y-o-y

Figures given for JSC Bank of Georgia standalone

## Number of transactions

millions



84%

Customer Satisfaction Score (Dec-22)

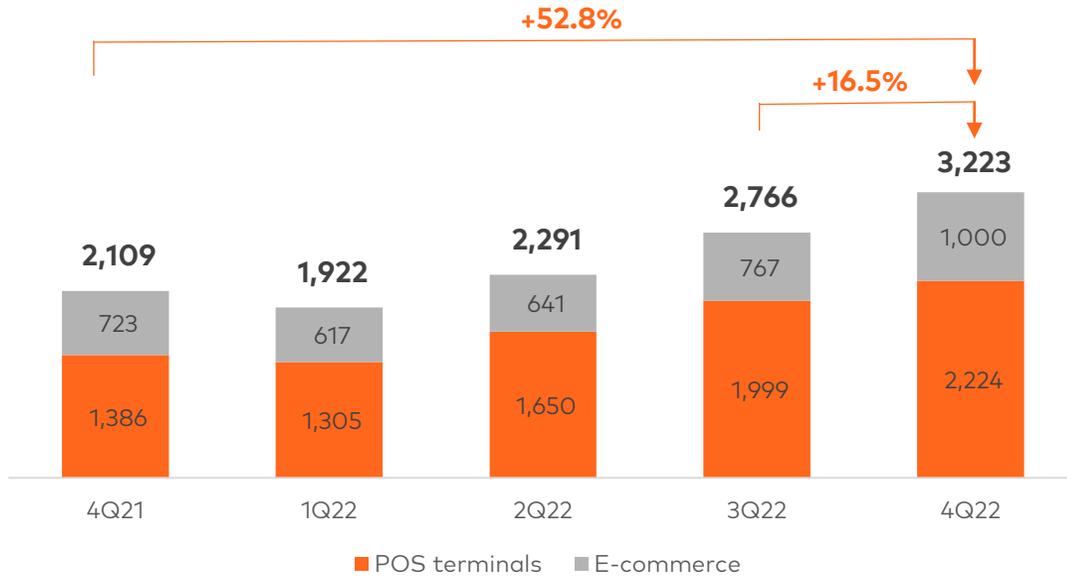
+5 pts y-o-y

# Payments business – our daily touchpoint with customers

Figures given for JSC Bank of Georgia standalone

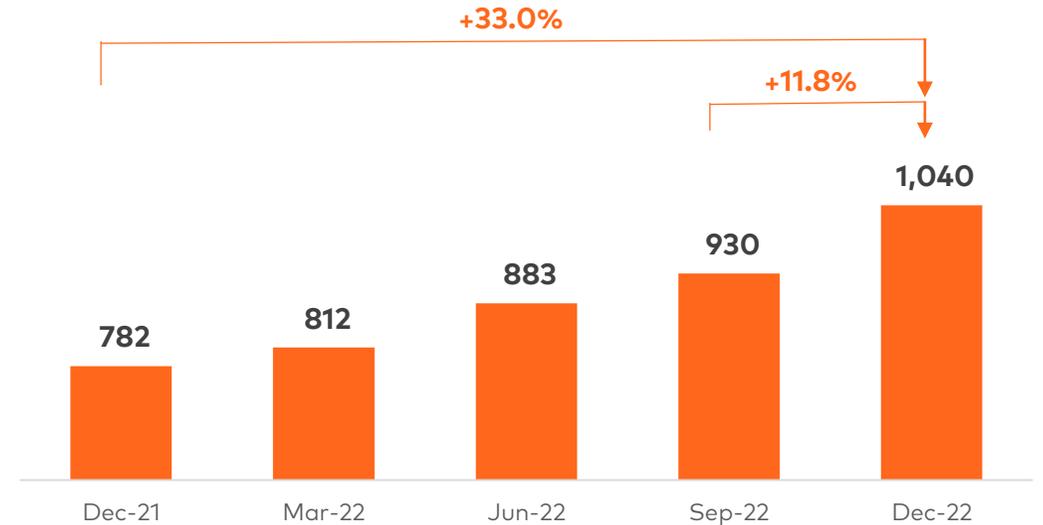
## Acquiring - volume of payment transactions

GEL millions



## Issuing – payment MAU

thousands



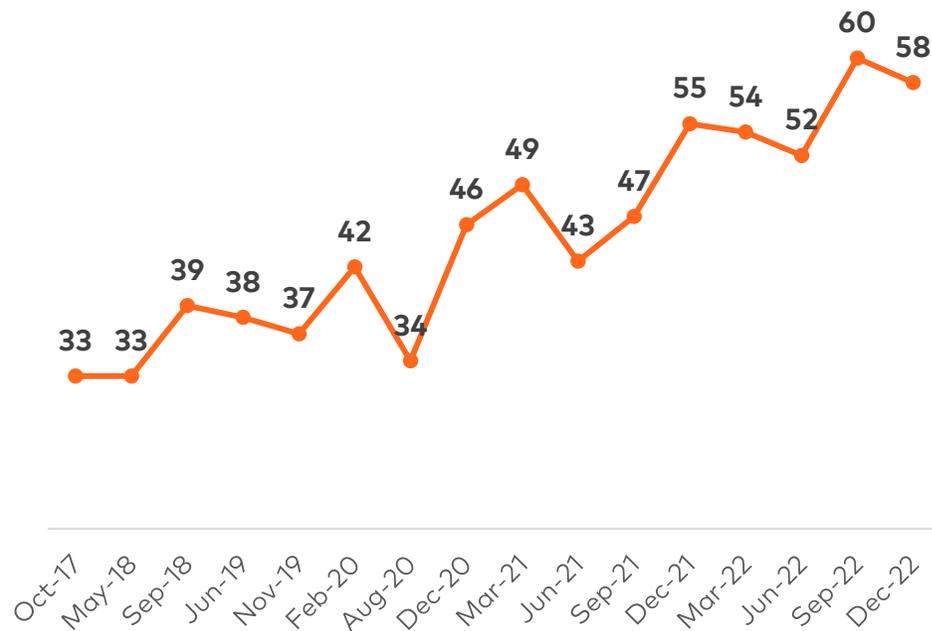
**50.3%**

Market share by volume of transactions in BOG's  
POS and e-commerce | 4Q22  
**+7.3 pts YoY**

# Fostering a customer-centric culture

Figures given for JSC Bank of Georgia standalone

## NPS\*



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

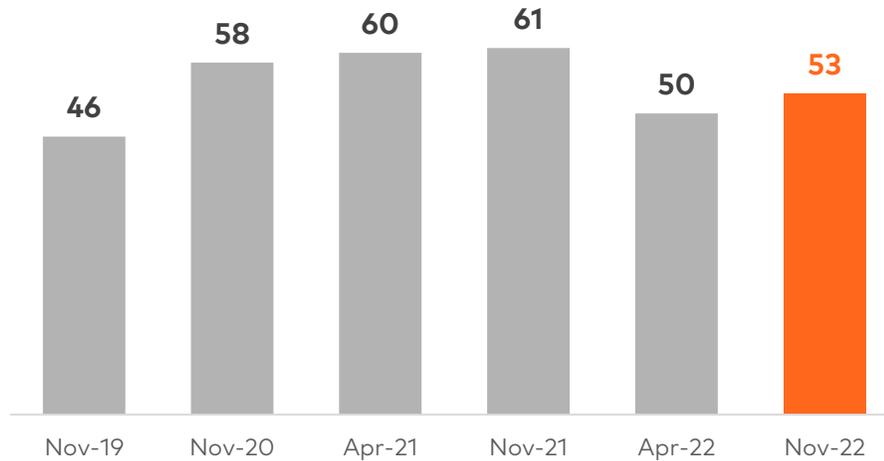
Investing in **technology** to deliver excellent customer experience



\* Based on external research by IPM Georgia

# Empowering our employees

## eNPS



Figures given for JSC Bank of Georgia standalone

- Focusing on employee experience
- Fostering a high-trust environment and strong feedback culture
- Attracting and developing top talent
- Doing business in line with our core values and business principles
- Ensuring diversity and equal opportunities in the workplace – women in managerial positions at 52% and in senior management at 40% as at 31 December 2022

### Employees are engaged

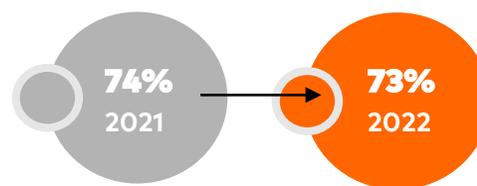
73% High-Performing Organisations Benchmark



67% Banking Industry Benchmark

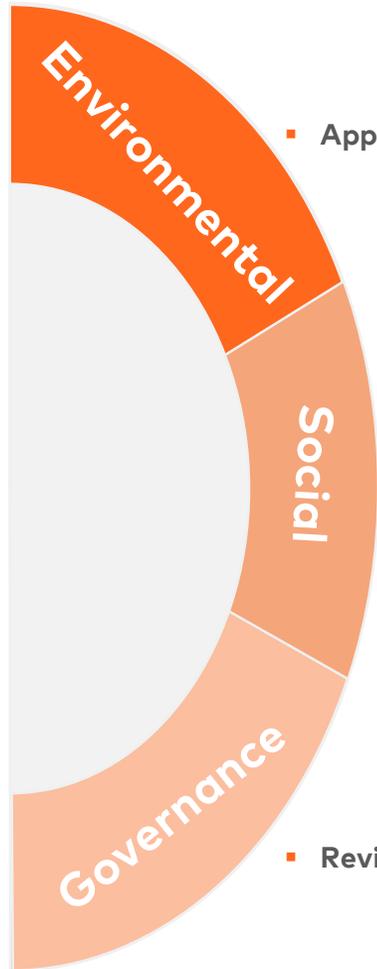
### and enabled

73% High-Performing Organisations Benchmark



68% Banking Industry Benchmark

# ESG year in review



- **Approved the Bank's Climate Strategy and Climate Risk Management Framework**
- **Reached more than 100,000 school students** with educational initiatives in our communities and through the newly launched sCoolApp
- **Opened 7 Ideathecas** - multifunctional libraries in public schools across Georgia's regions
- **Launched sCoolApp, the first financial mobile application for school students in Georgia** to increase basic financial literacy of young people by enabling access to digital financial services and a variety of educational content that will be built into the app
- **Redesigned the lending process for self-employed individuals** to make more of our credit products accessible to them
- Increased the number of individuals who use digital payments instead of cash at least once within a month (Payment MAU) to **more than 1 million (up 33.0% y-o-y)**
- Increased the number of individuals who use digital channels at least once within a month to access financial and lifestyle offerings and information to **more than 1 million (31.5% y-o-y)**.
- **Supported our SME clients with a variety of advisory and educational programmes**, aimed at enabling businesses to develop – **more than 4,000 businesses** benefitted from these initiatives
- **Revised and developed ESG-related policies based on best practice**
  - Human Rights Policy
  - Diversity and Inclusion Policy
  - Anti-Discrimination and Anti-Harassment Policy

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# Financial highlights

4Q		FY
<b>33.7%</b>	<b>ROE</b>	<b>32.4%</b>
<b>0.9%</b>	<b>Cost of credit risk ratio</b>	<b>0.8%</b>
<b>31.0%</b>	<b>Cost to income ratio</b>	<b>32.0%</b>
31 Dec 2022	<b>CET1 capital</b>	<b>14.7%</b> Minimum requirement 11.6%

**Loans**  
31 Dec 2022  
**GEL 16.9bn**

+4.3% y-o-y  
+4.3% q-o-q

+12.9% y-o-y  
+4.8% q-o-q

*On a constant currency basis*

**Deposits**  
31 Dec 2022  
**GEL 18.3bn**

+30.1% y-o-y  
+6.2% q-o-q

+43.2% y-o-y  
+8.5% q-o-q

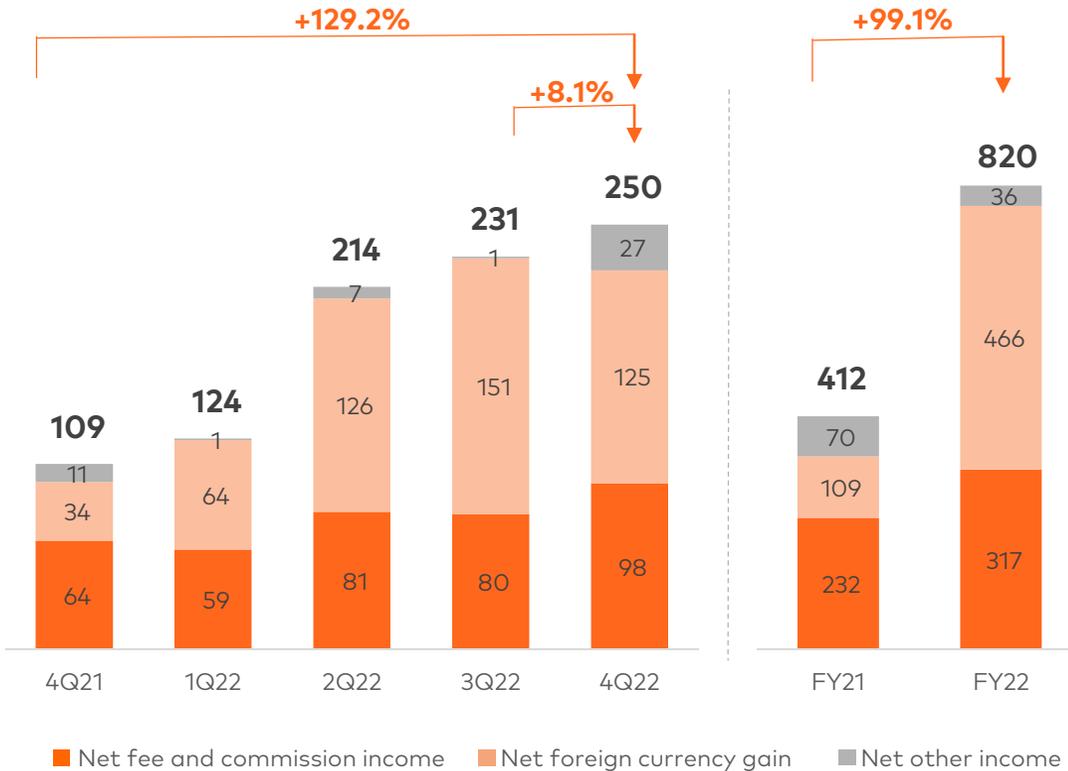
*On a constant currency basis*

4Q22 and FY22 figures adjusted for a one-off GEL 391.1m of other income due to the settlement of an outstanding legacy claim, and a one-off GEL 79.3m tax expense due to an amendment to the current corporate taxation model in Georgia

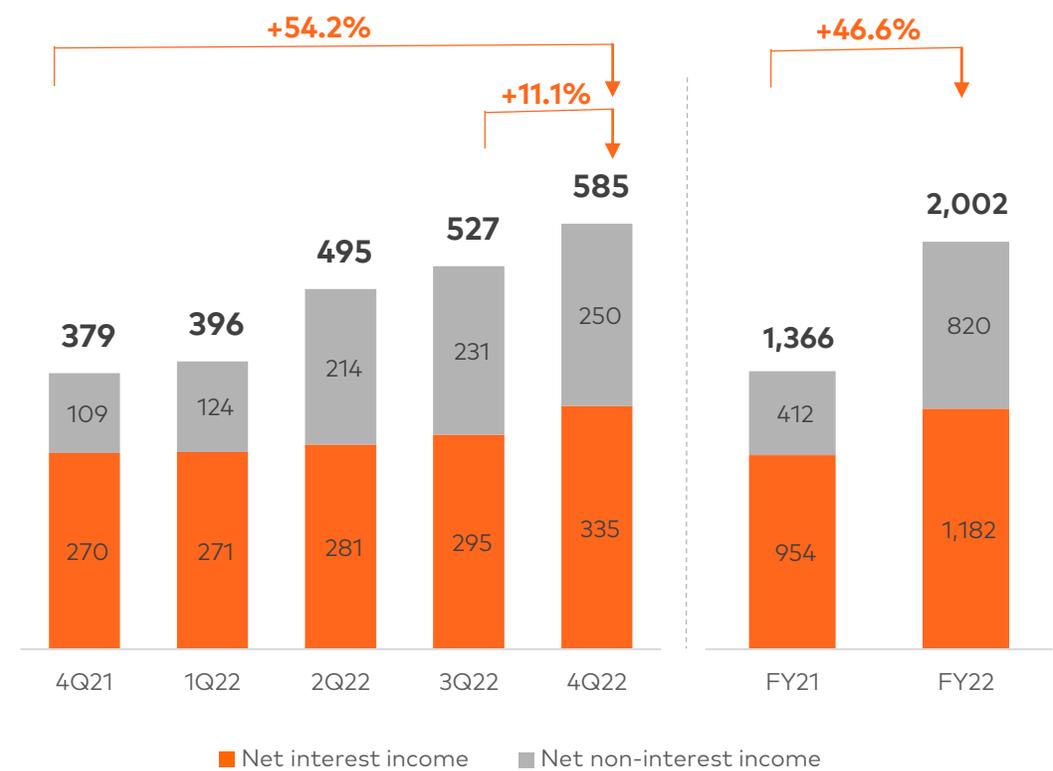
# Strong underlying performance

All currency data are in GEL m unless otherwise stated

## Net non-interest income\*



## Operating income\*

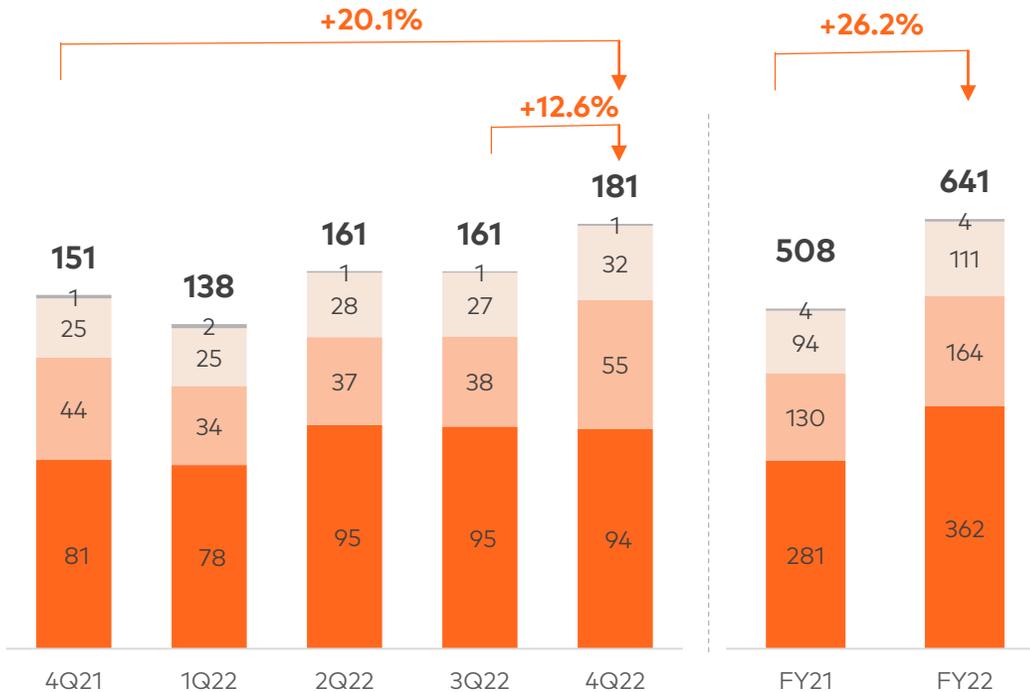


\*Adjusted data. Does not include a one-off GEL 391.1m of other income due to the settlement of and outstanding legacy claim

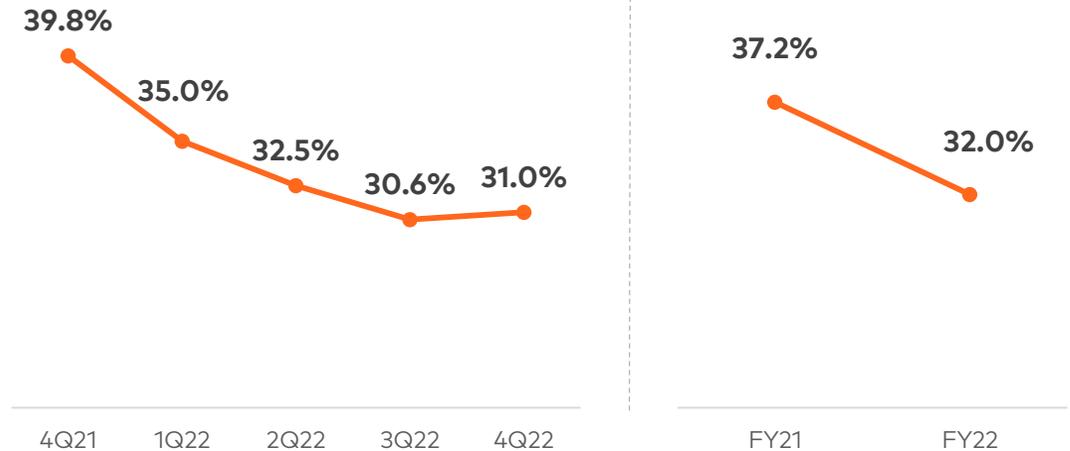
# Investing for growth while maintaining the focus on efficiency

All currency data are in GEL m unless otherwise stated

## Operating expenses



## Cost to income ratio\*



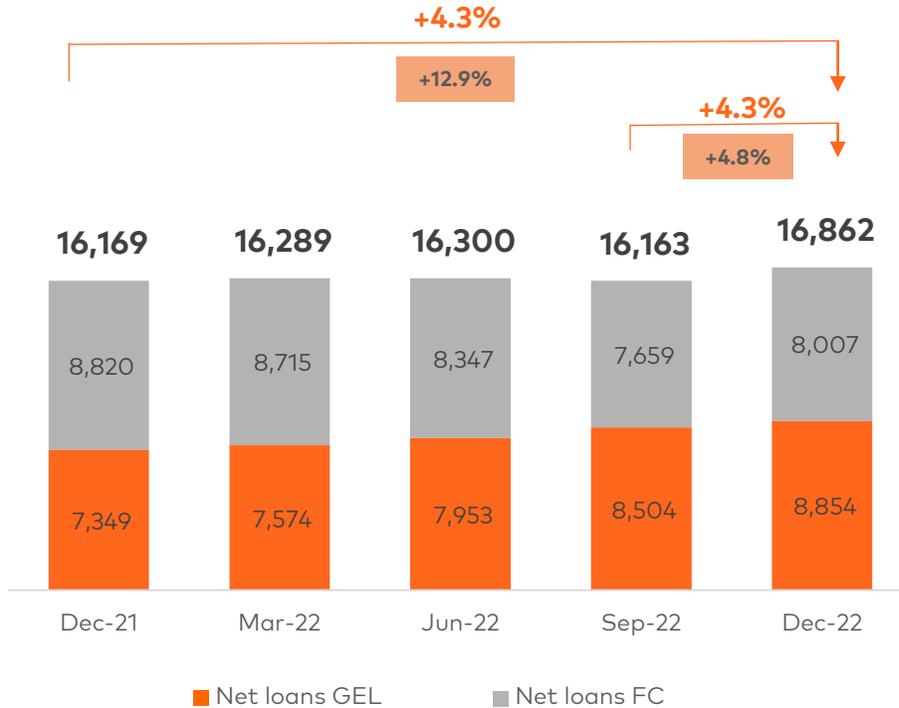
- Salaries and other employee benefits
- Administrative expenses
- Depreciation, amortisation and impairment
- Other operating expenses

\*Adjusted data. Does not include a one-off GEL 391.1m of other income due to the settlement of an outstanding legacy claim

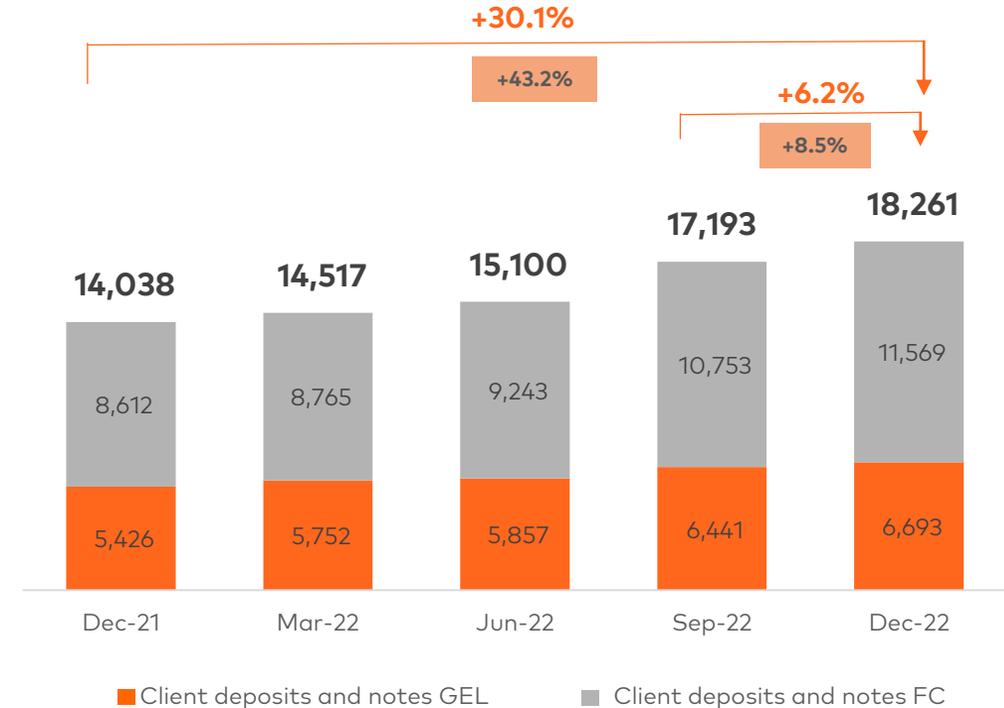
# Increased deposits reflecting the strength of our franchise

All currency data are in GEL m unless otherwise stated

## Loan portfolio



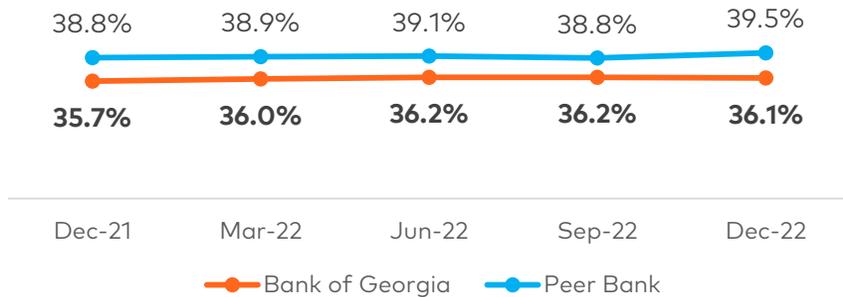
## Deposit portfolio



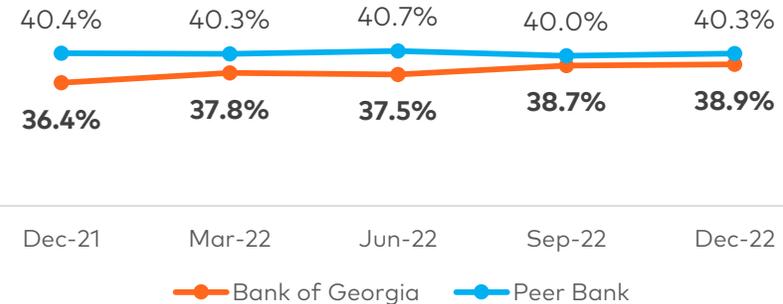
■ Growth on a constant currency basis

# Focusing on profitability while maintaining strong competitive positions

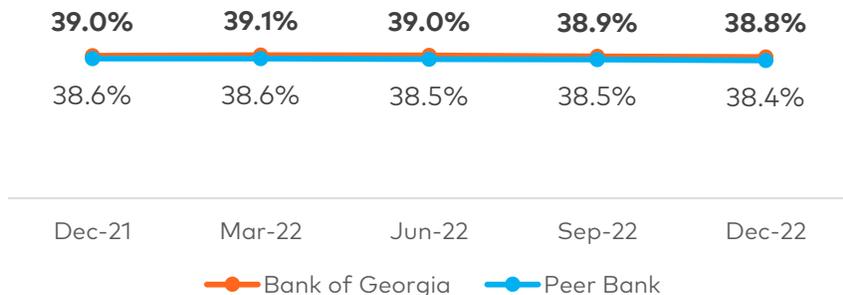
## Market share – gross loans



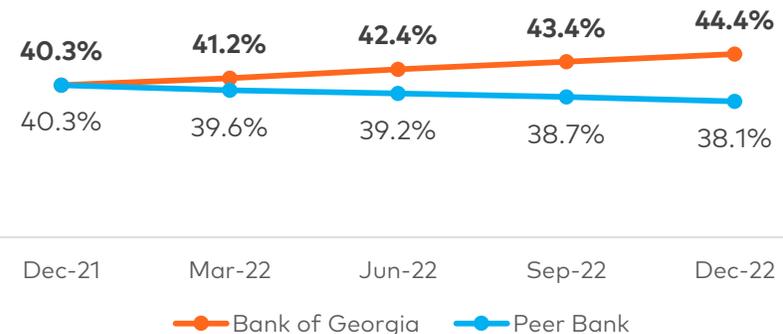
## Market share – customer deposits



## Market share – loans to individuals

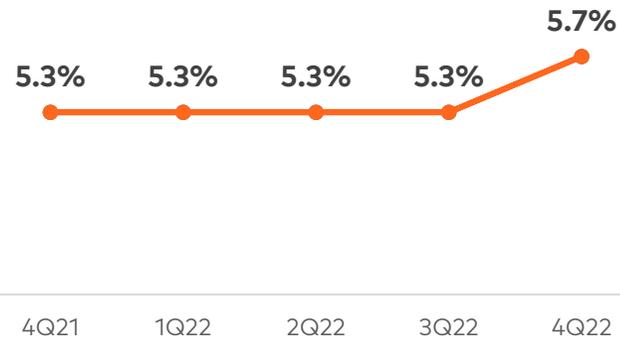


## Market share – deposits of individuals

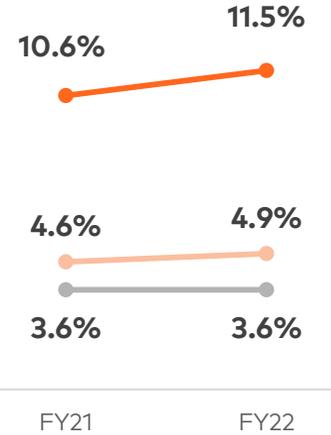
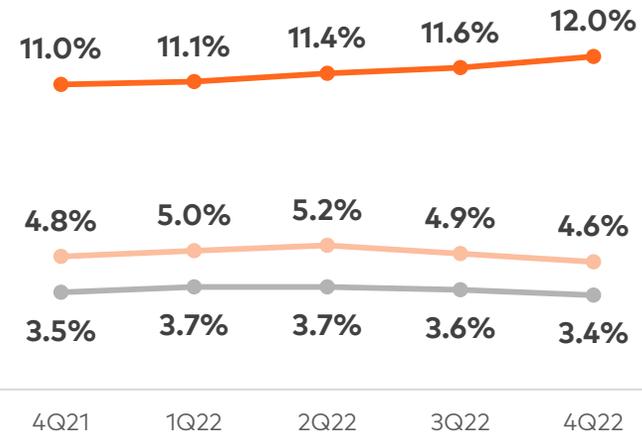


# Increase in NIM driven by higher loan yield

## Net interest margin



## Loan yield, cost of funds, cost of deposits

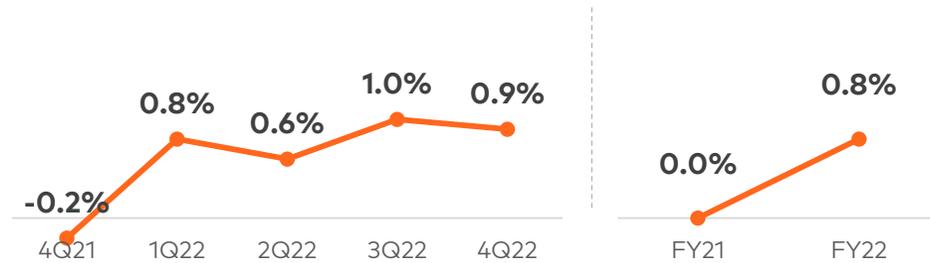


- Loan yield
- Cost of funds
- Cost of client deposits and notes

# High quality loan portfolio

All currency data are in GEL m unless otherwise stated

## Cost of credit risk ratio



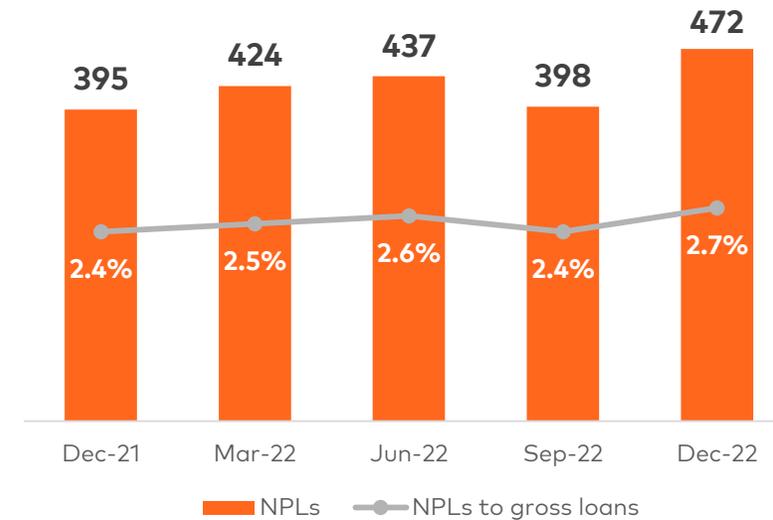
- In 2022 the cost of credit risk ratio was mainly driven by Retail Banking
- The NPL ratio increased to 2.7% at 31 December 2022 from 2.4% at 30 September 2022, mainly driven by a one-off methodological change as we have aligned our internal NPL definitions more closely to IFRS Stage 3 definitions

## Loan portfolio quality

### NPL coverage



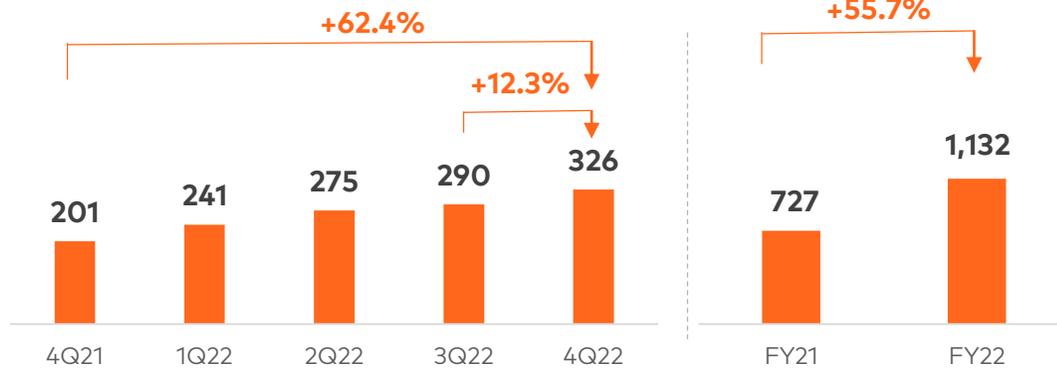
### NPL coverage adjusted for collateral value



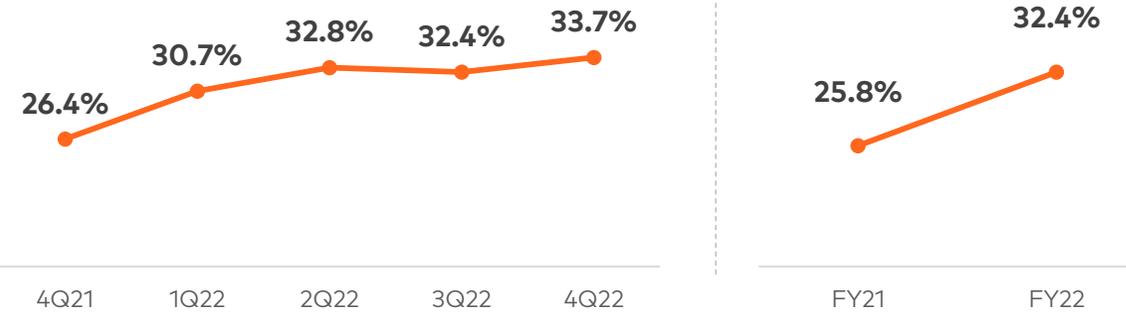
# Robust bottom-line growth and profitability

All currency data are in GEL m unless otherwise stated

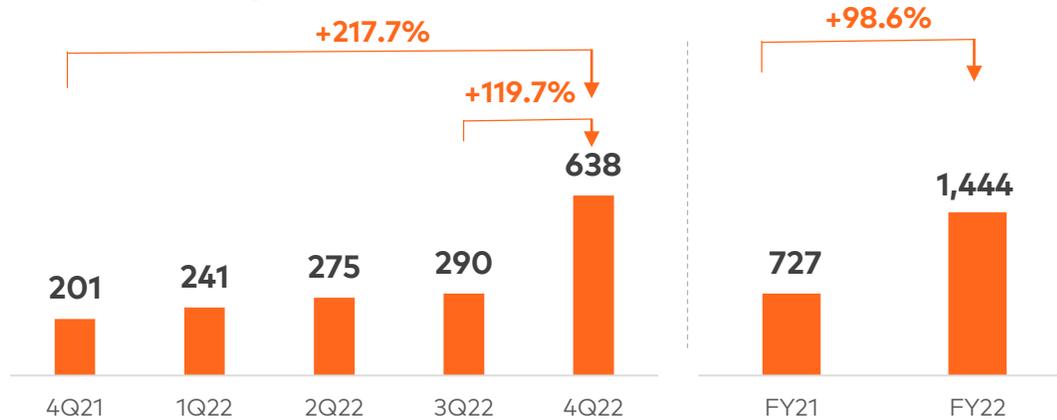
## Profit (adjusted)\*



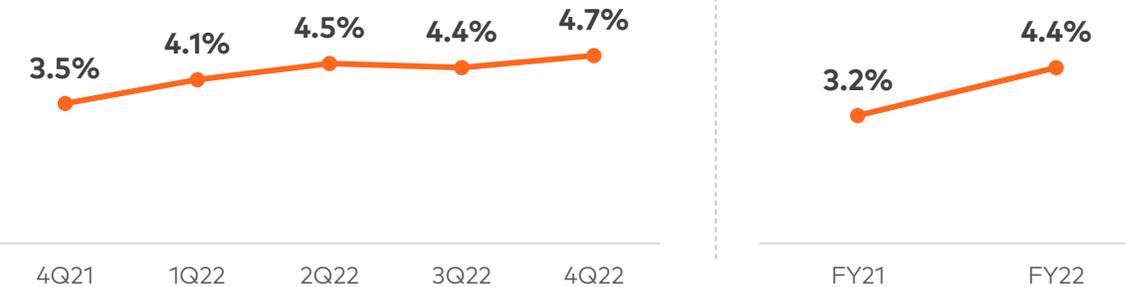
## ROE\*



## Profit (reported)



## ROA\*



\* 4Q22 and FY22 figures adjusted for a one-off GEL 391.1m of other income due to the settlement of an outstanding legacy claim, and a one-off GEL 79.3m tax expense due to an amendment to the current corporate taxation model in Georgia

# Continued strong capital generation

Figures given for JSC Bank of Georgia standalone

## Evolution of capital ratios during 4Q22

	30 Sep 2022	4Q22 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	31 Dec 2022	Minimum requirement (31 Dec 2022)	Potential impact of a 10% GEL devaluation
CET1 capital adequacy ratio	14.8%	1.1%	-0.9%	0.3%	-0.7%	0.0%	14.7%	11.6%	-1.0%
Tier1 capital adequacy ratio	17.0%	1.1%	-1.1%	0.3%	-0.7%	0.0%	16.7%	13.8%	-0.9%
Total capital adequacy ratio	20.3%	1.1%	-1.2%	0.2%	-0.7%	0.0%	19.8%	17.2%	-0.8%

## IFRS-based capital ratios

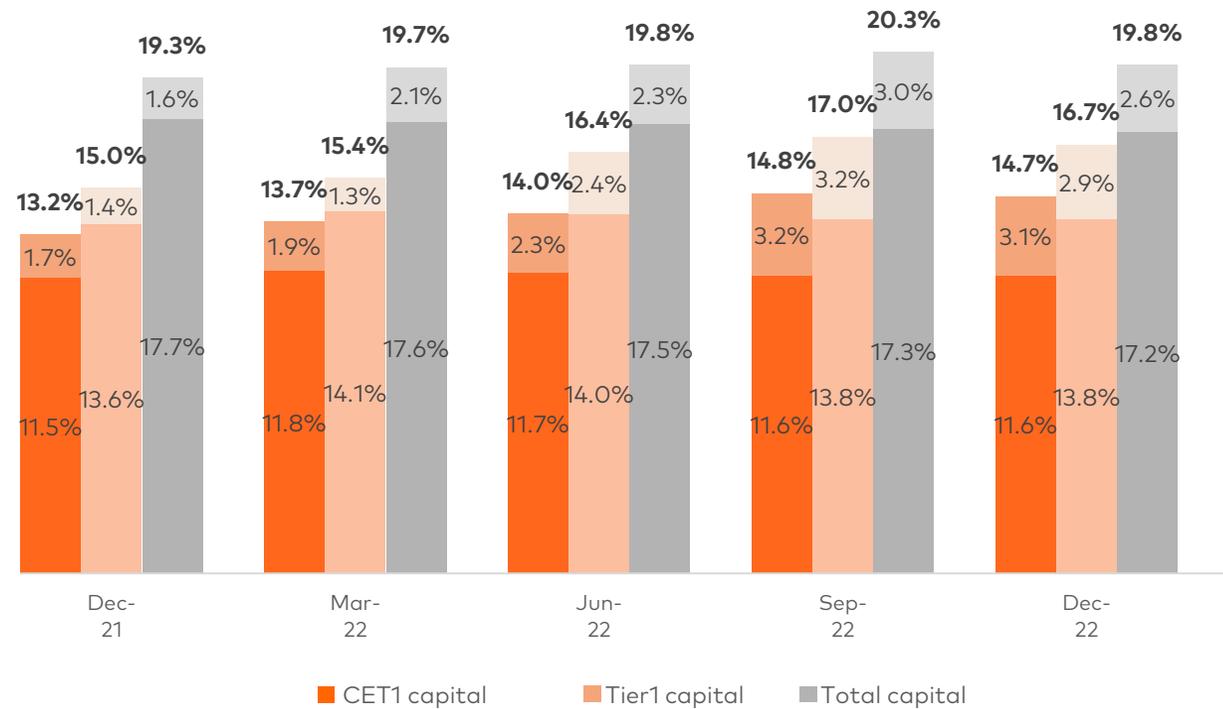
	IFRS-based capital ratios (31 Dec 2022)	Minimum requirement (31 Dec 22)	Expected minimum requirement for Dec-23
CET1 capital adequacy ratio	17.7%	14.5%	14.8%
Tier1 capital adequacy ratio	19.7%	16.7%	17.1%
Total capital adequacy ratio	21.7%	20.2%	20.2%

- Since January 2023, the NBG has transitioned to IFRS-based accounting
- The IFRS-based ratios are presented on a management basis and are not officially approved by the NBG on the basis that they were not mandatory as of the reporting date

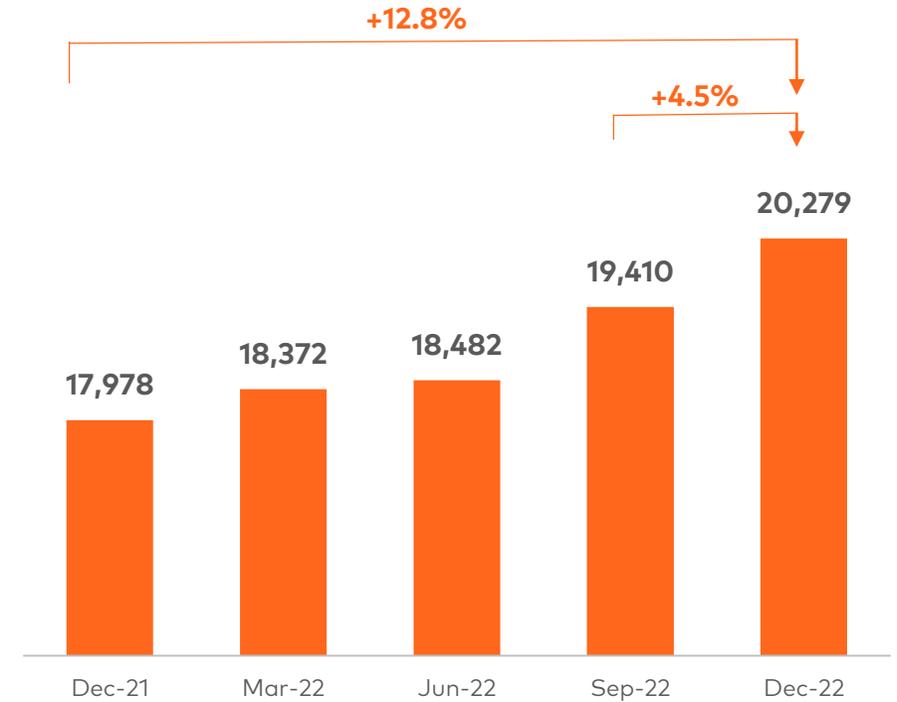
# Continued strong capital generation

Figures given for JSC Bank of Georgia standalone

## Capital adequacy ratios and minimum requirements



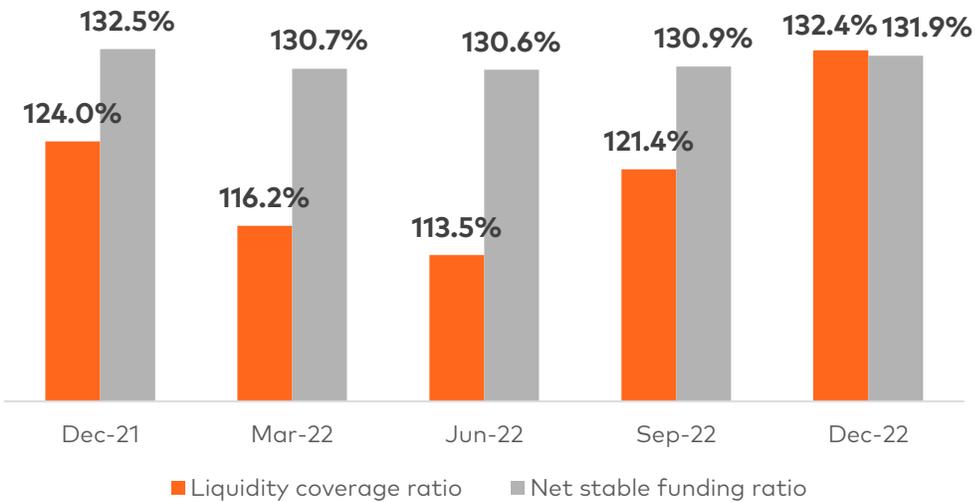
## Risk-weighted assets



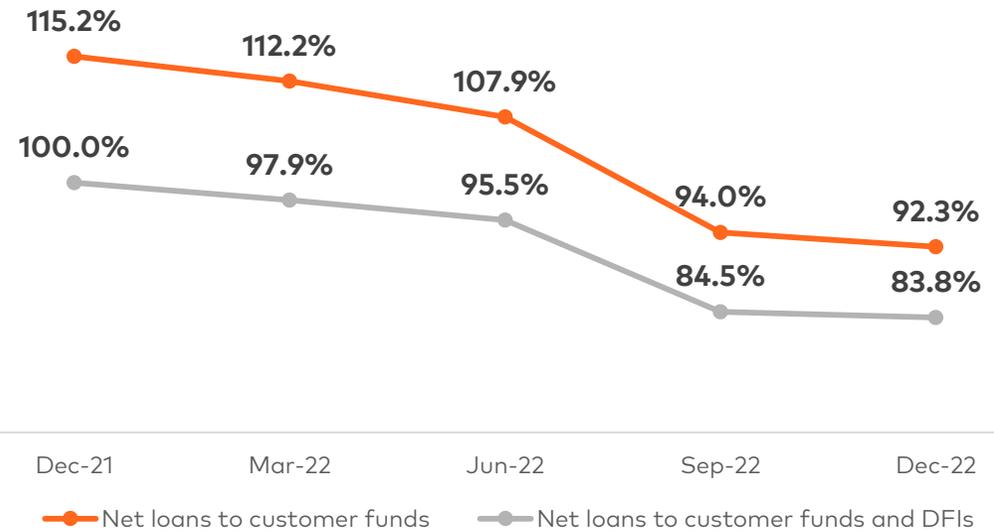
# Strong liquidity position

## Liquidity coverage and net stable funding ratios

JSC Bank of Georgia standalone (Basel III liquidity)



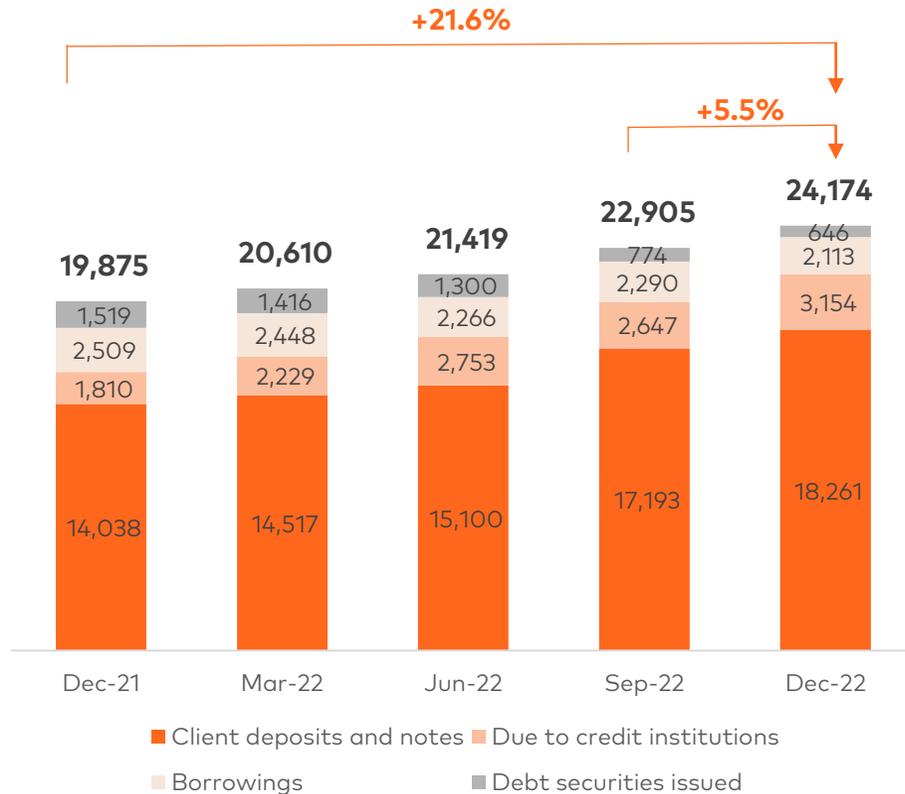
## Net loans to customer funds and DFIs



# Diversified funding structure

All currency data are in GEL m unless otherwise stated

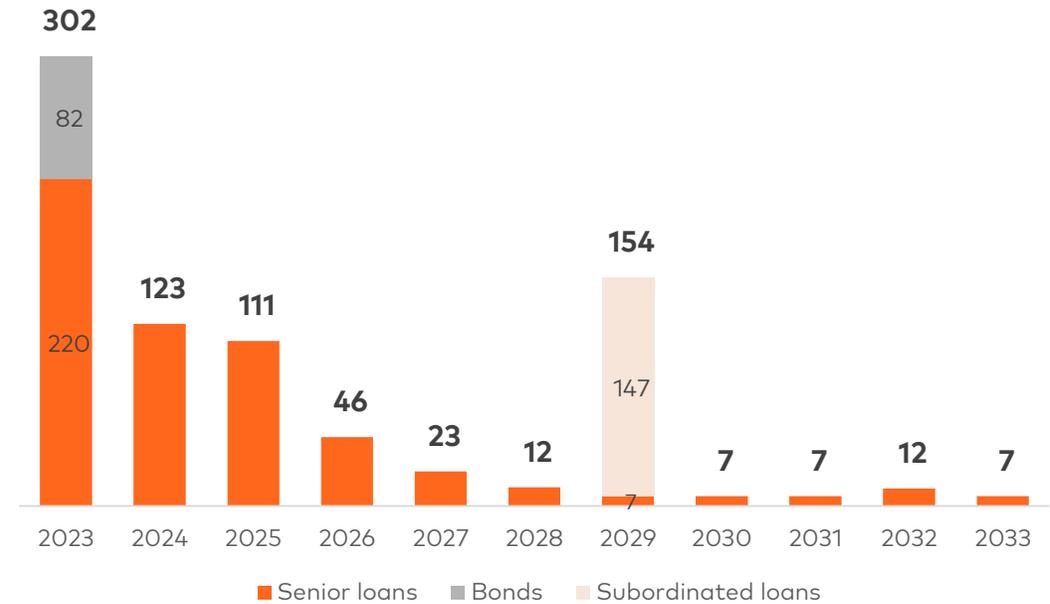
## Interest-bearing liabilities



- Client deposits and notes increased to 75.5% of interest-bearing liabilities as at 31 December 2022, compared with 70.6% as at 31 December 2021

## Borrowed funds maturity profile (USD, million)\*

As at 31 December 2022



- USD 82.0 million Eurobond due 2023 outstanding as at 31 December 2022
- c.GEL 689 million undrawn long-term facilities attracted from DFIs as 31 December 2022
- Strong long-term funding pipeline to secure resources needed for the next 12 months

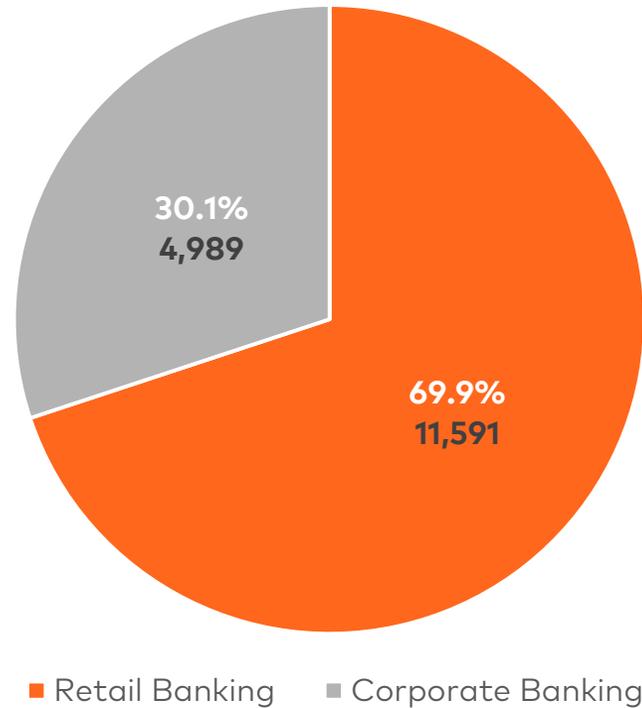
\* Converted at GEL/US\$ exchange rate of 2.7020 at 31 December 2022

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- | **APPENDICIES: ADDITIONAL INFORMATION AND SEGMENT RESULTS**

# Bank of Georgia's diversified loan book

All currency data are in GEL m unless otherwise stated



As at 31 December 2022

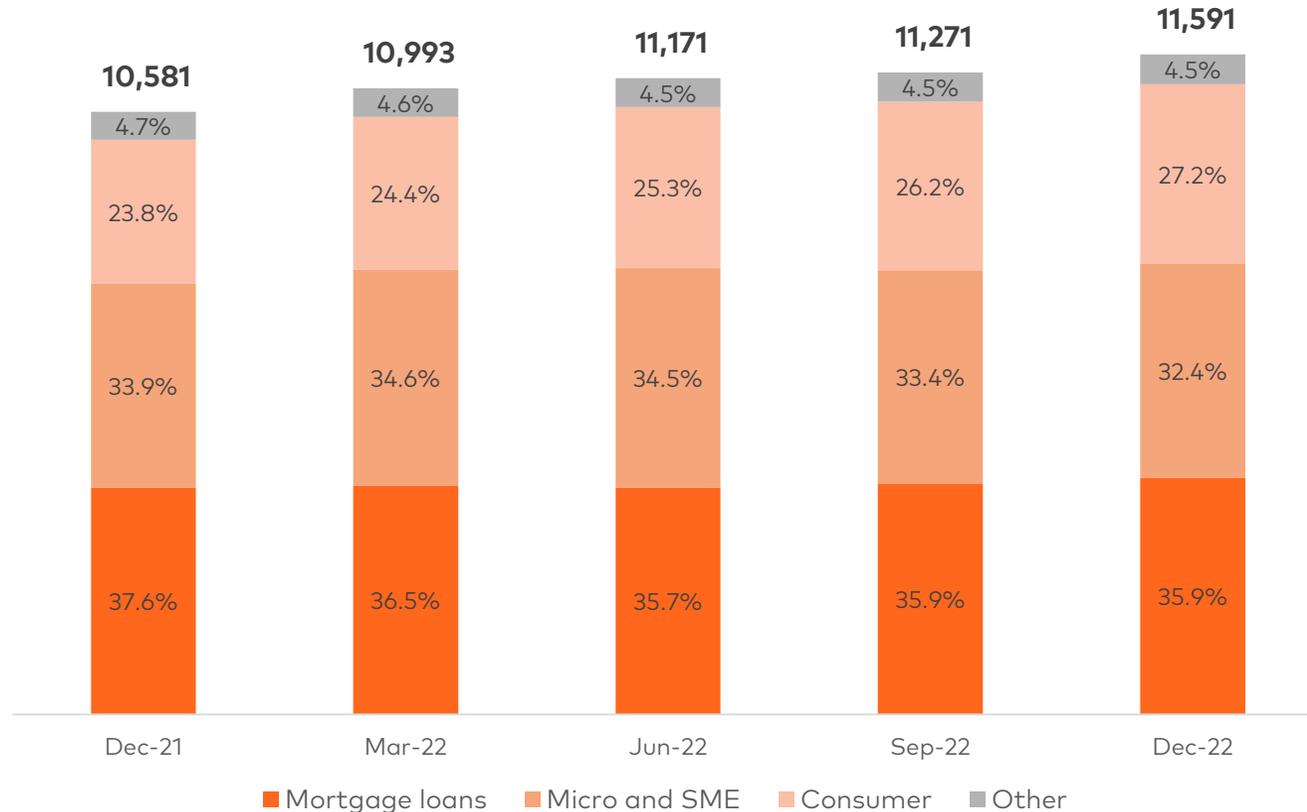
**Total gross loans: GEL 16,580m**

**Allowance for ECL: GEL 285m**

**Total net loans: GEL 16,295m**

# Retail Banking portfolio by product

All currency data are in GEL m unless otherwise stated



As at 31 December 2022

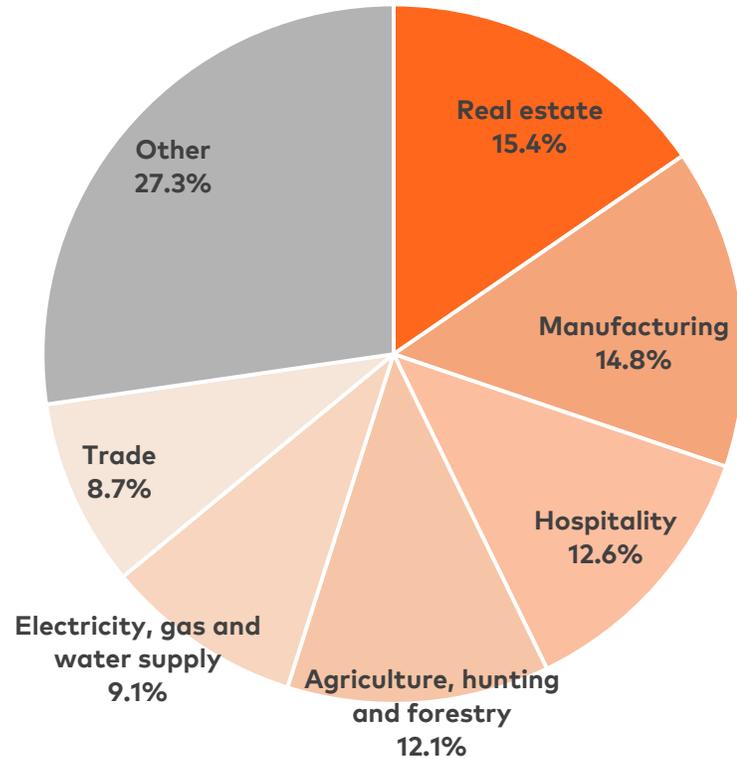
**Total gross loans: GEL 11,591m**

**Allowance for ECL: GEL 222m**

**Total net loans: GEL 11,369m**

Portfolio figures given for JSC Bank of Georgia standalone  
Other products in Retail Banking include credit cards and overdrafts, pawn loans, car loans, and POS loans

# Corporate Banking loan portfolio by sector



As at 31 December 2022

**Total gross loans: GEL 4,989m**

**Allowance for ECL: GEL 63m**

**Total net loans: GEL 4,926m**

**Top 10 CB borrowers: 20.4% of CB gross loan book**

**Top 20 CB borrowers : 31.3% of CB gross loan book**

# Borrowers and FX risk

% is given for Bank of Georgia standalone gross loan portfolios

	FC loans exposed to FX risk* (% of segment portfolio)	FC loans with no exposure to FX risk (% of segment portfolio)
<b>Retail Banking</b>	<b>28.7%</b>	<b>4.8%</b>
Mortgages	11.1%	3.3%
Consumer loans	2.8%	1.0%
MSME	14.8%	0.5%
<b>Corporate Banking</b>	<b>34.2%</b>	<b>39.0%</b>
<b>Total</b>	<b>30.3%</b>	<b>15.1%</b>

\*Loans disbursed in FC when a borrower's income is in GEL

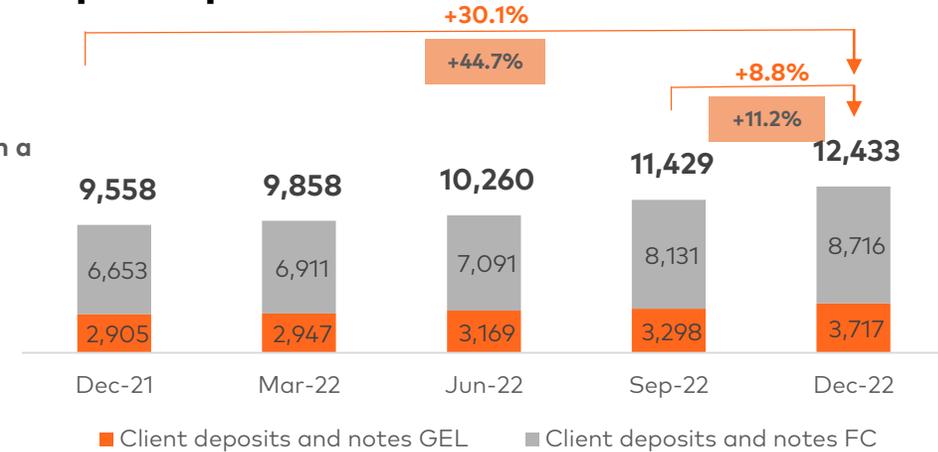
# Retail Banking – loan and deposit portfolio

All currency data are in GEL m unless otherwise stated

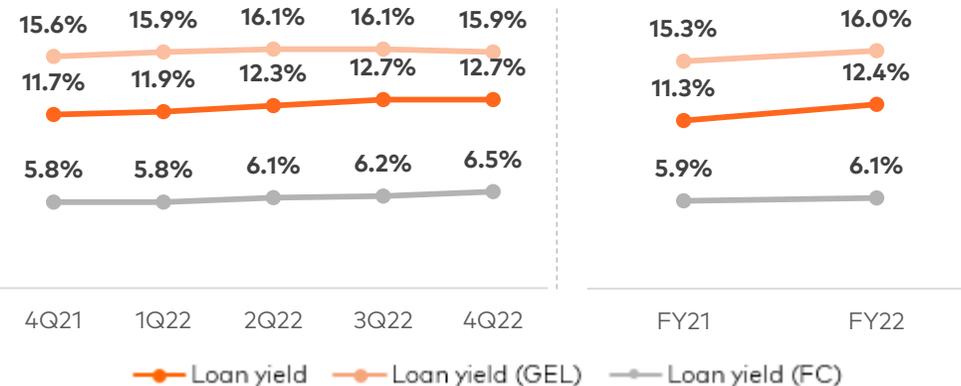
## Loan portfolio



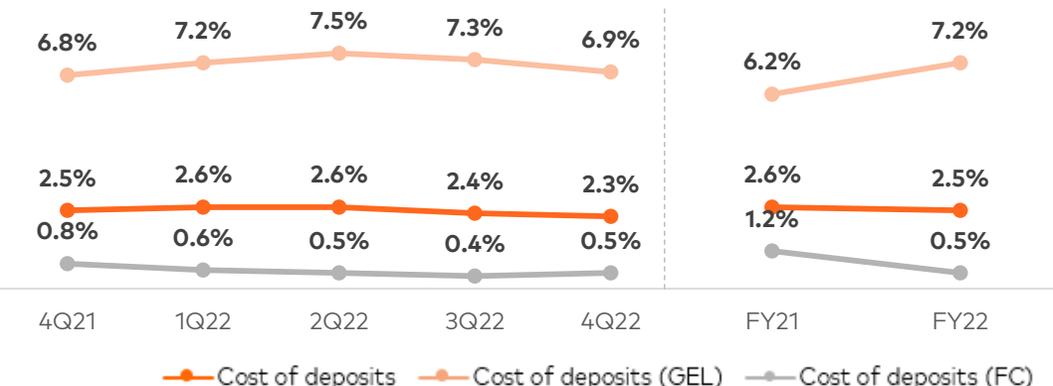
## Deposit portfolio



## Loan yield



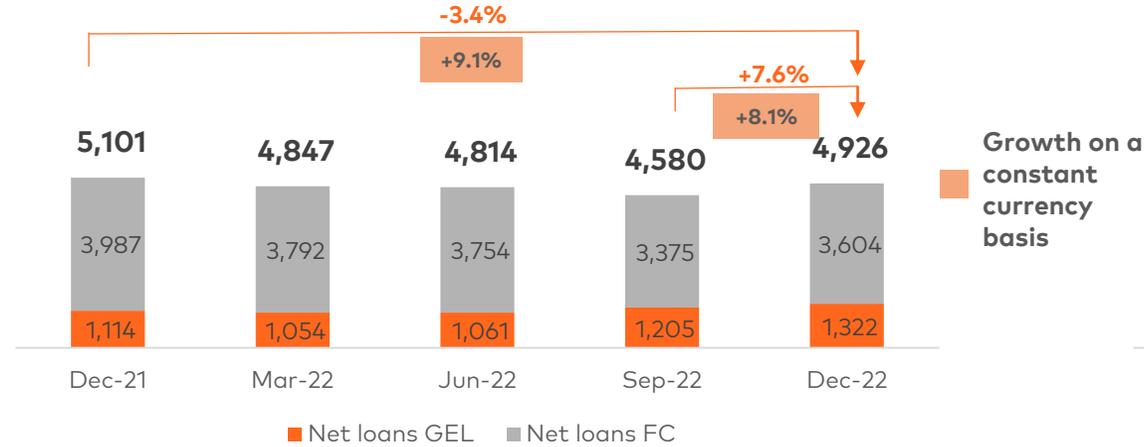
## Cost of deposits



# Corporate Banking – loan and deposit portfolio

All currency data are in GEL m unless otherwise stated

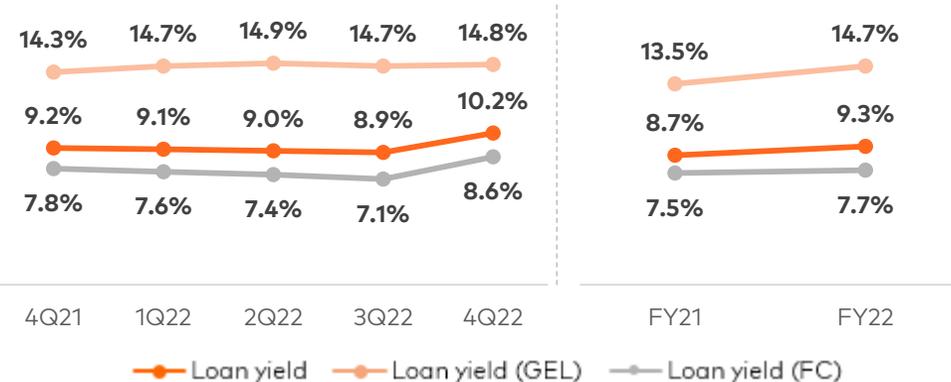
## Loan portfolio



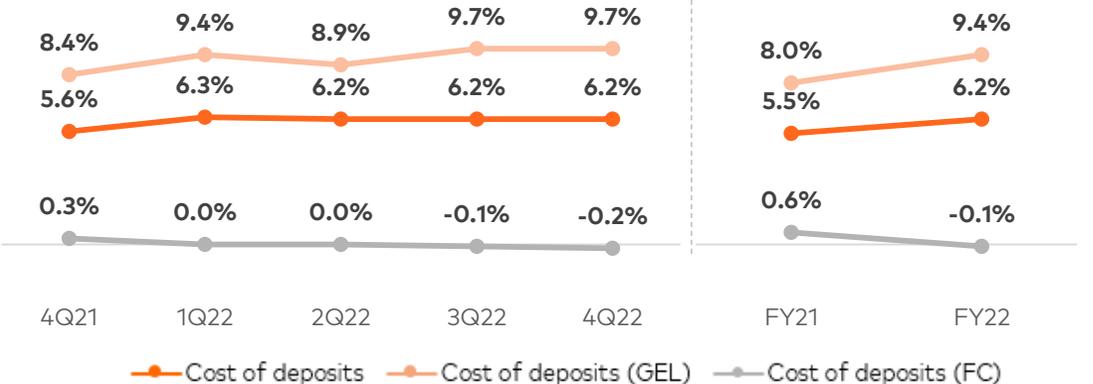
## Deposit portfolio



## Loan yield



## Cost of deposits

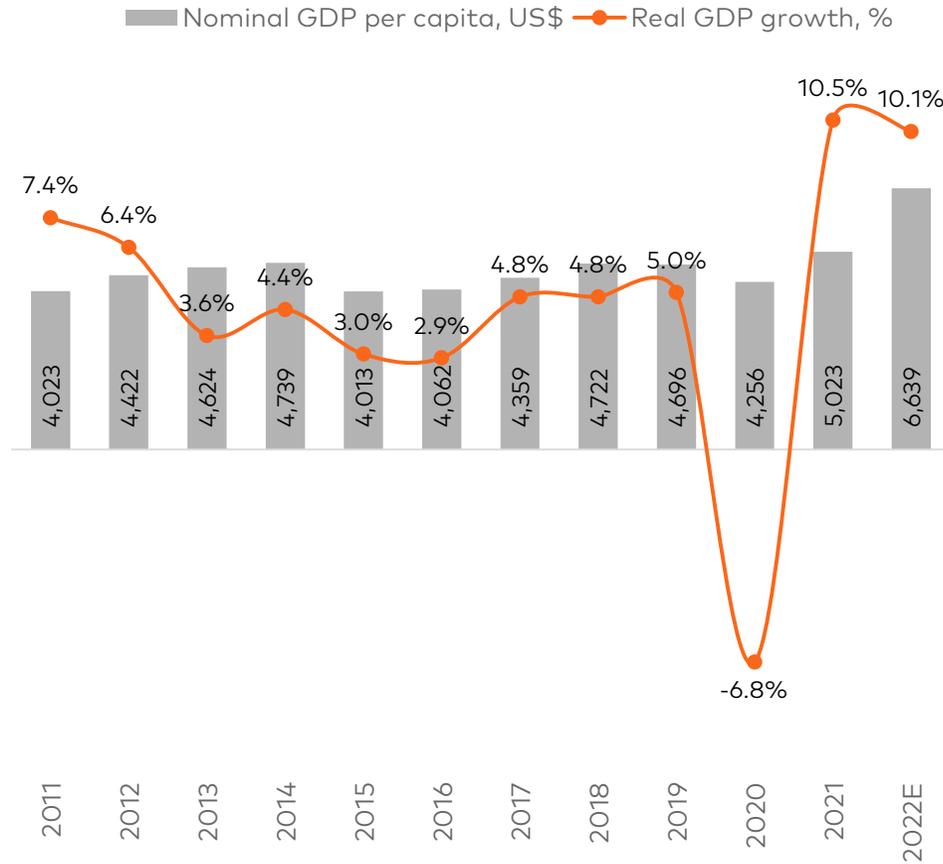


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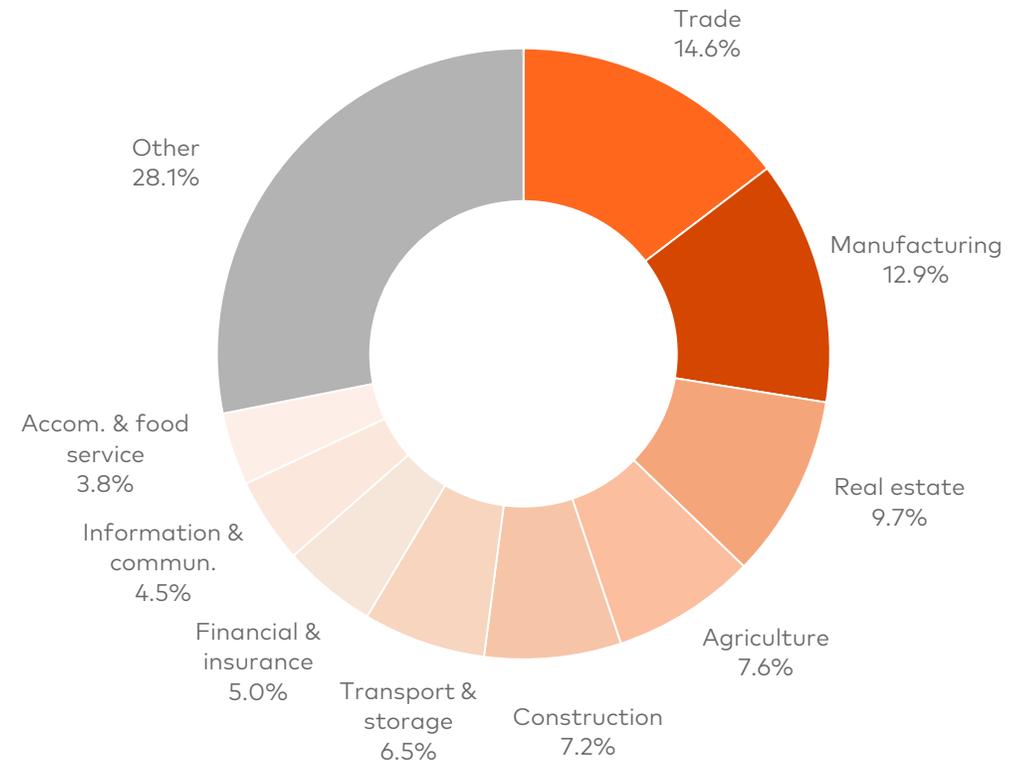
# Diversified and resilient economy

## Gross domestic product



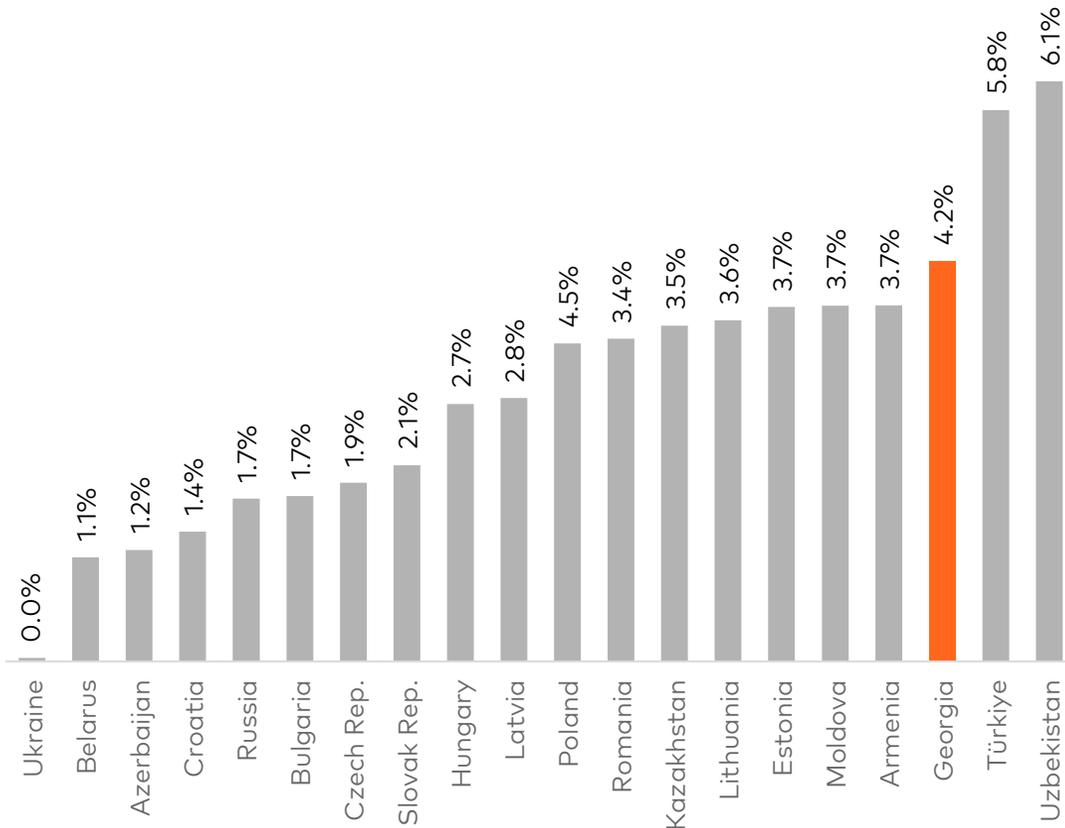
Source: GeoStat

## Nominal GDP by sector, 9M22



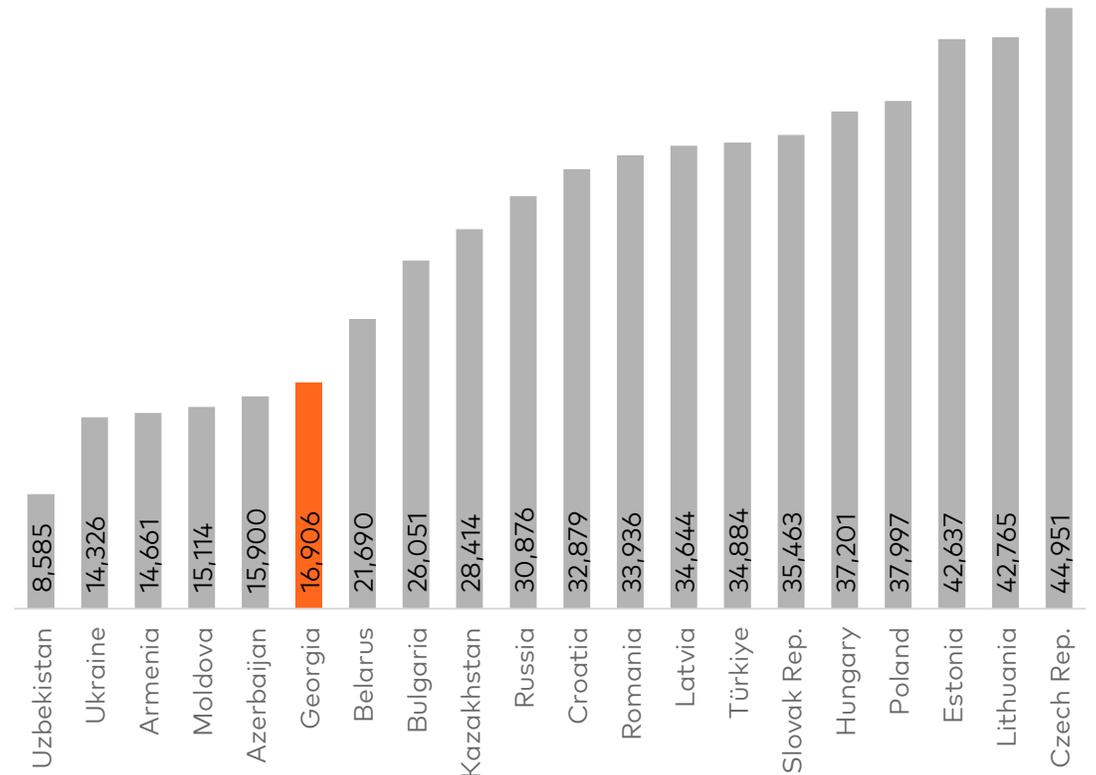
# One of the fastest-growing economies in the region with ample room for further growth

Comparative real GDP growth rates, 2011-2021 average



Source: IMF

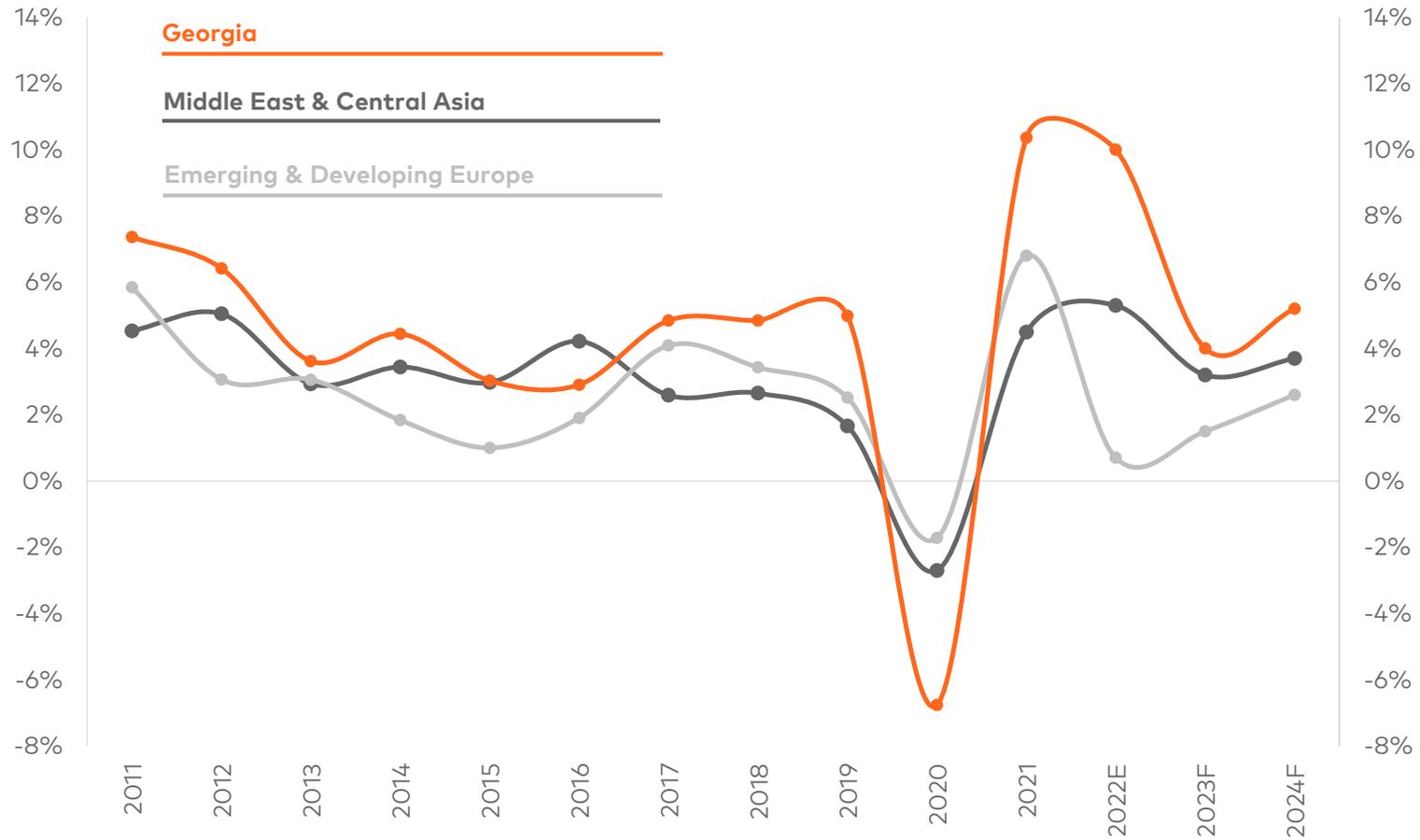
GDP per capita in PPP international dollars, 2021



Source: IMF

# Positive growth outlook amid regional instability

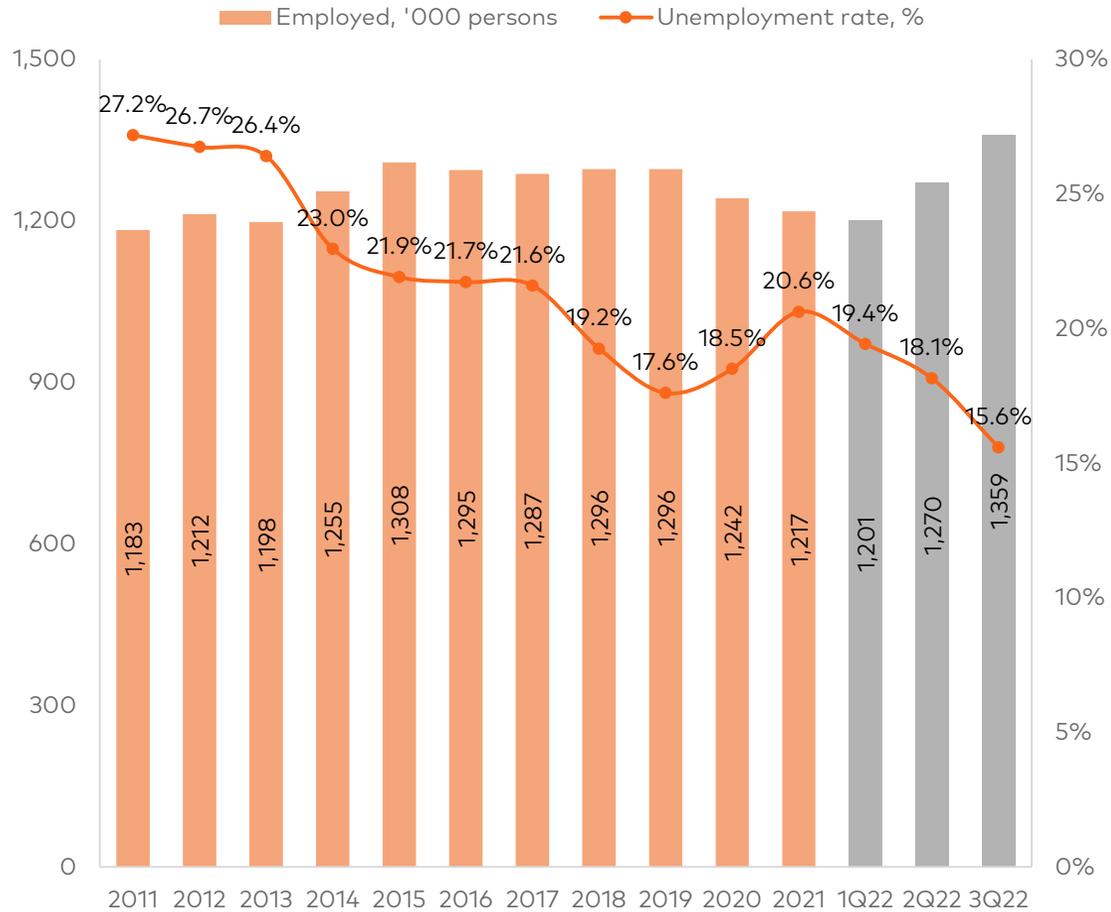
## Real GDP growth forecasts



Source: IMF World Economic Outlook, January 2023

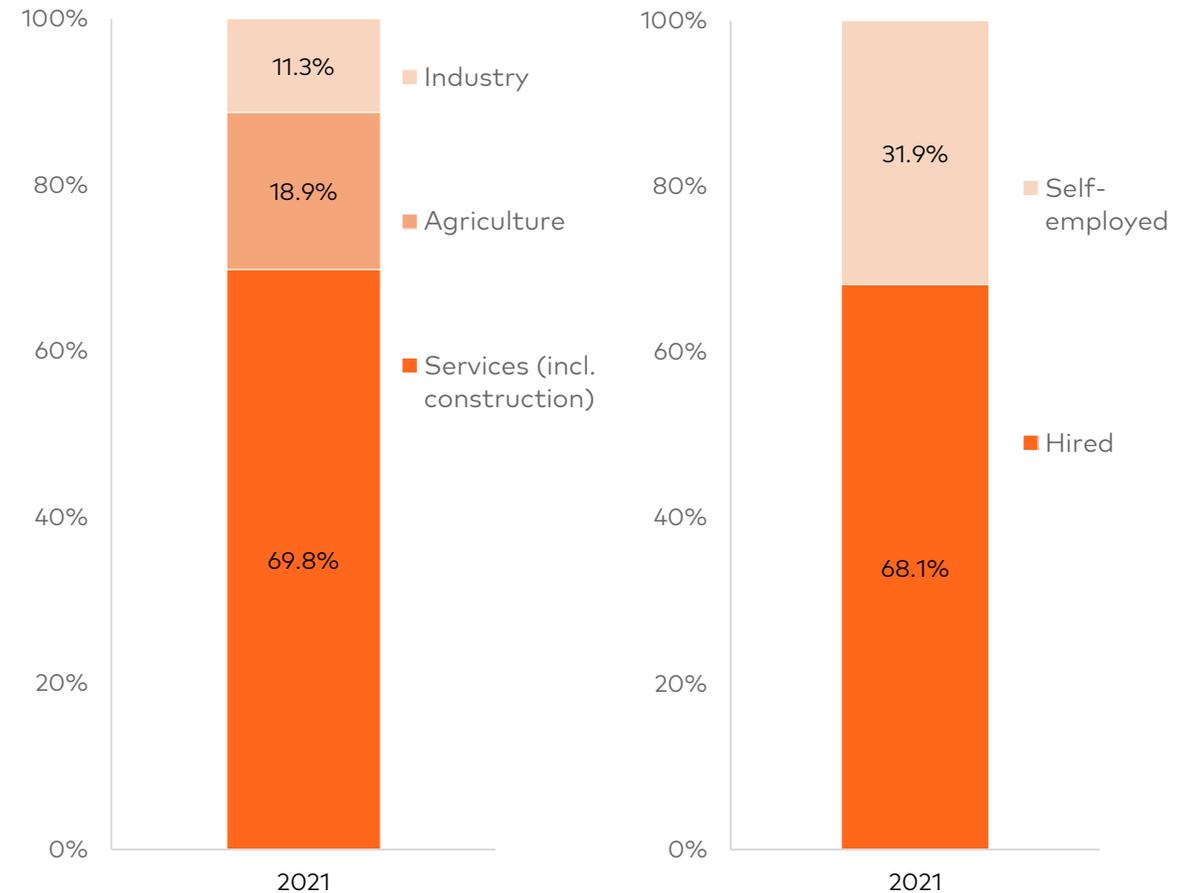
# Unemployment down to historically low levels

## Employment data



Source: GeoStat

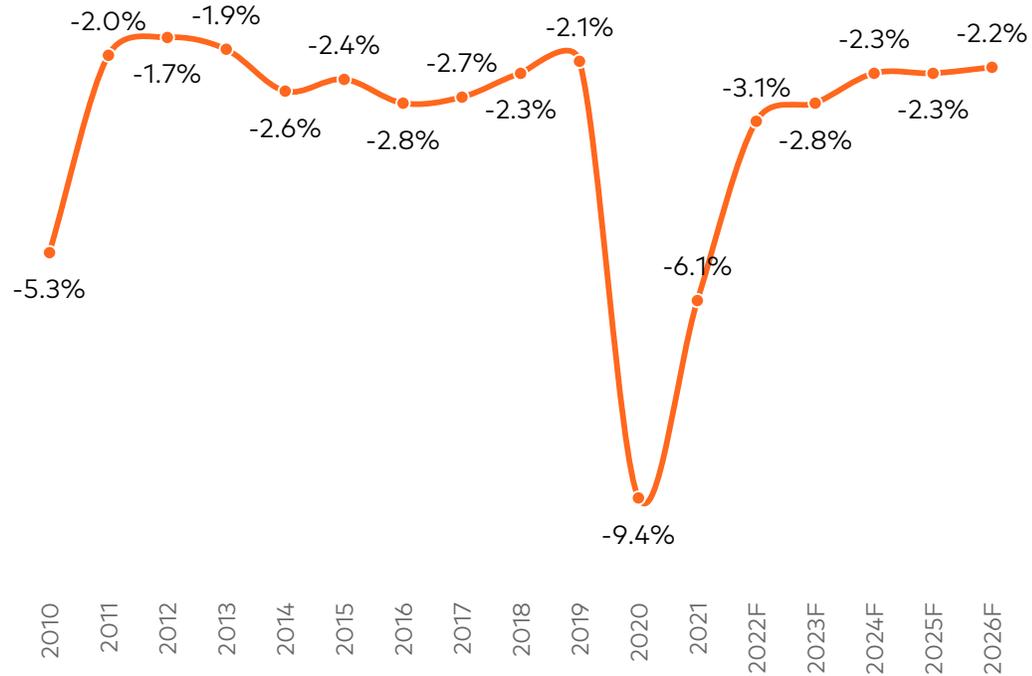
## Composition of employment



Source: GeoStat

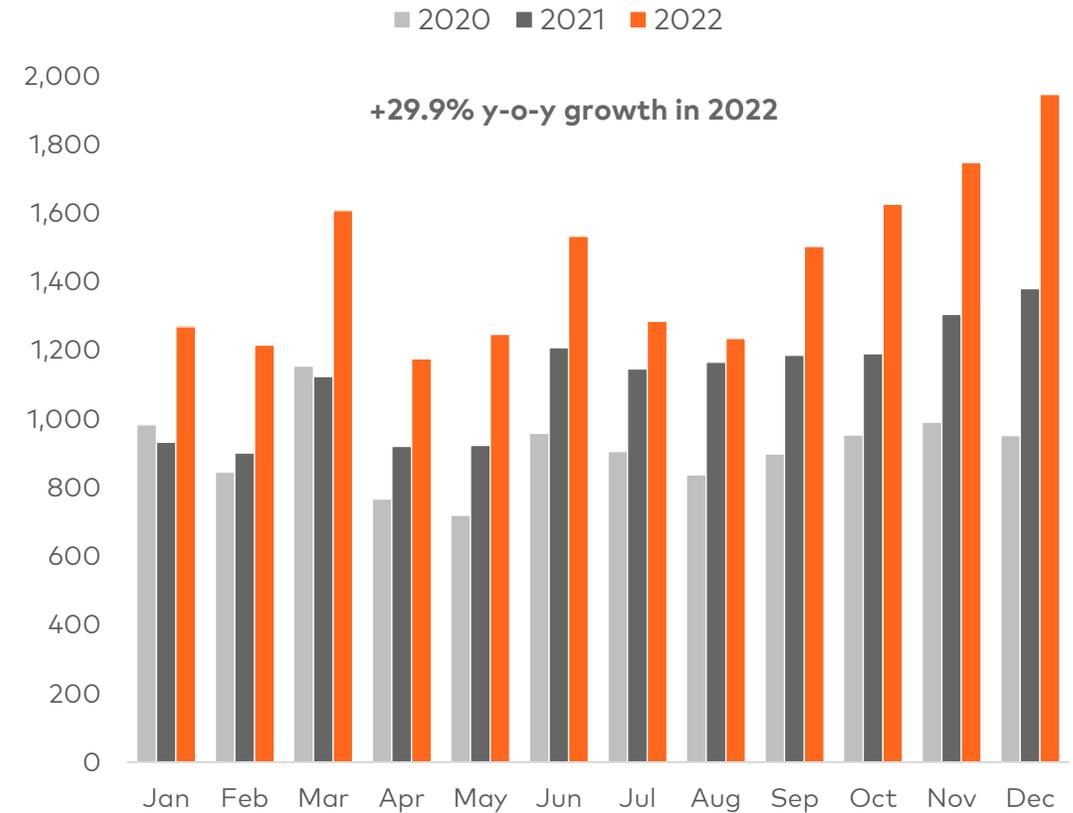
# Improved fiscal parameters on the back of strong economic growth

## Fiscal balance as % of GDP



Source: MOF, GeoStat, forecasts as of 2022 budget law  
 Note: Deficit calculated as net lending / borrowing minus budget lending

## Consolidated budget tax revenues, GEL m



Source: MOF

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# We are a FTSE-250 company with a diversified institutional investor base

## Top 10 shareholders

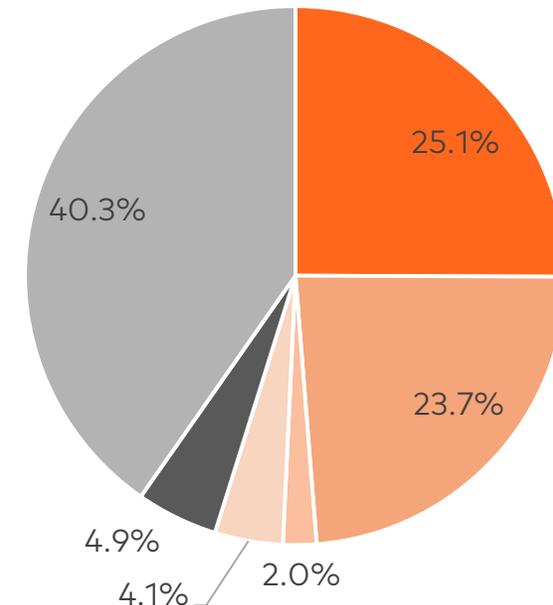
30 December 2022

	Shareholder name	Ownership
1	JSC Georgia Capital*	20.6%
2	M&G Investment Management Ltd	4.1%
3	Dimensional Fund Advisors (DFA) LP	4.1%
4	BlackRock	3.8%
5	Vanguard	3.8%
6	Fidelity	3.6%
7	Van Eck Associates Corporation	3.0%
8	Harding Loevner LP	2.9%
9	JP Morgan	2.7%
10	Gemsstock	2.5%

\* Previously, BGEO Group PLC comprised a banking business and an investment business. In 2017 BGEO Group PLC demerged into two separately listed and independently managed public companies – Bank of Georgia Group PLC, the banking business, and Georgia Capital PLC, the investment business. The demerger was completed on 29 May 2018. In 2018 Bank of Georgia Group PLC issued additional 9,784,716 shares to Georgia Capital as part of the demerger. JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group shareholders as long as JSC Georgia Capital's percentage holding in Bank of Georgia Group PLC is greater than 9.9%

## Shareholder base by country

30 December 2022



- UK and Ireland
- USA
- Scandinavia
- Luxembourg
- Unvested and unawarded shares for management and employees
- Other\*\*

\*\* Includes the 20.6% shareholding of JSC Georgia Capital

# Board of Directors – promoting sustainable value creation



## **Mel Carvill, Non-Executive Chair**

Experience: formerly Senior Independent Director of Sanne Group Plc, Head of Corporate Finance and M&A, and Strategic Planning and Chief Risk Officer at the Generali Group and President of PPF Partners. Non-Executive Director at Home Credit N.V., Chair of Aviva Life UK.



## **Véronique McCarroll, Independent Non-Executive Director**

Experience: currently Deputy CEO at Orange Bank S.A.. Formerly Executive Director at Crédit Agricole CIB, Partner at McKinsey & Company, Oliver Wyman and Andersen/ Ernst & Young.



## **Tamaz Georgadze, Independent Non-Executive Director**

Experience: Executive Director and founder of Raisin GmbH; formerly Partner at McKinsey & Company in Berlin and aide to the President of Georgia.



## **Cecil Quillen, Independent Non-Executive Director**

Experience: Partner at Linklaters LLP and leader of the firm's U.S. securities practice, with nearly 30 years of experience working on a broad spectrum of securities and finance matters. Officer of the Securities Law Committee of the International Bar Association.



## **Archil Gachechiladze, Chief Executive Officer**

Experience: With the Group since 2009 in various roles including CFO of BGEO Group and CEO of Georgian Global Utilities (previously part of BGEO Group Plc). Formerly held senior positions at KPMG, the EBRD, Lehman Brothers and TBC Bank.



## **Hanna Loikkanen, Senior Independent Non-Executive Director**

Experience: Non-Executive Director of FinnFund, Non-Executive Director of VEF Ltd and Non-Executive Board Member of Caucasus Nature Fund. Formerly worked in senior management roles at Nordea Finance, SEB and East Capital and was CEO of FIM Group.



## **Mariam Megvinetukhutsesi, Independent Non-Executive Director**

Experience: 20 years of experience in financial services including in banking appointments at the EBRD; formerly Head of Georgia's Investors Council Secretariat and Deputy CEO at TBC Bank.



## **Al Breach, Independent Non-Executive Director**

Experience: Executive Director and co-founder of Gemsstock Ltd, co-founder and Director of The Browser and Furka Advisors AG, and advisor to East Capital. Formerly a Russia and FSU economist at Goldman Sachs, and Managing Director at Brunswick UBS.



## **Jonathan Muir, Independent Non-Executive Director**

Experience: CEO of LetterOne Holdings SA and of LetterOne Investment Holdings; formerly Partner at Ernst & Young and CFO and Vice President of Finance and Control of TNK-BP.

33%

**Female**

6

**Nationalities**

# Diverse and experienced management team creating opportunities



## **Archil Gachechiladze, Chief Executive Officer**

With the Group since 2009, serving in various senior positions, including as Deputy CEO/CB, Deputy CEO/IM, CFO of BGEO Group, Deputy CEO/CIB. Over 20 years of banking and financial services experience locally and internationally, including at Lehman Brothers Private Equity, Salford Equity Partners, KPMG, World Bank, EBRD. Holds an MBA with honors from Cornell University and is a CFA charter holder.



## **Nutsa Gogilashvili, Deputy CEO\*, Head of Mass Retail Banking**

With the Group since 2016. Prior to her recent appointment, served as Head of Customer Experience and Human Capital Management. Prior to joining the Group, held various senior positions in local and international financial institutions. Holds an MSc in Finance from Bayes Business School in London.



## **Eter Iremadze, Deputy CEO, Premium Banking**

With the Group since 2006, serving in various senior positions, including as Head of SOLO and Head of Blue Chip Corporate Banking Unit. Prior to becoming Head of SOLO, served as Head of Strategic Projects Department in Georgian Global Utilities (formerly part of BGEO Group). Holds an MBA from Grenoble Graduate School of Business.



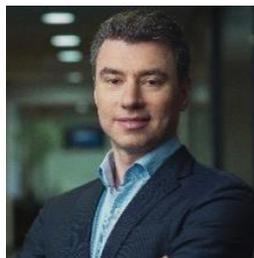
## **Zurab Kokosadze, Deputy CEO, Corporate and Investment Banking**

With the Group since 2003, serving in various senior positions, including as Head of Corporate Banking, Deputy Head of Corporate Banking, FMCG sector head. Holds an MBA from Grenoble Graduate School of Business.



## **Sulkhan Gvalia, Deputy CEO, Chief Financial Officer**

With the Group since 2004, serving in various senior positions, including as Chief Risk Officer and Head of Corporate Banking. Prior to joining the Group, he served as Deputy CEO of TbilUniversalBank. Holds a law degree from Tbilisi State University.



## **David Chkonia, Deputy CEO, Chief Risk Officer**

With the Group since 2021. Mr Chkonia was appointed as Deputy CEO, Chief Risk Officer of JSC Bank of Georgia in September 2022. Previously, held senior positions in local and international organisations, including TBC Bank, BlackRock and PIMCO. Holds a BSc from San Jose State University and an MBA from the Wharton School of the University of Pennsylvania.



## **Levan Kulijanishvili, Deputy CEO, Operations**

With the Group since 1997. Held various senior positions - Deputy CEO/CFO, Head of Internal Audit, Head of Financial Monitoring, Head of Strategy and Planning, and Head of Financial Analysis. Holds an MBA from Grenoble Graduate School of Business.



## **David Davitashvili, Deputy CEO, Information Technology**

With the Group since 2006. Appointed as Deputy CEO in charge of data analytics and information technology in August 2022. Previously, held various senior positions, including as Deputy Chief Operating Officer and Head of Internal Audit. Holds an undergraduate and master's degrees in management and microeconomics from Tbilisi State University and an Executive MBA from Bayes Business School.

# Diverse and experienced management team creating opportunities



**Mikheil Gomarteli, Deputy CEO, Strategic Projects Direction**

With the Group since 1997, serving in various senior positions. Deputy CEO since 2009, leading the Retail business. Appointed as Director of Strategic Projects Direction of JSC Bank of Georgia in September 2022. Holds an undergraduate degree in economics from Tbilisi State University.



**Zurab Masurashvili, Deputy CEO\*, Head of SME Business Banking**

With the Group since 2015. Previously, Head of Express Business, Head of MSME Business, Head of Retail Business at the Bank. Prior to joining the Group, held several positions in international organisations - EBRD, World Bank, GTZ, served as Deputy Chairman of the Board of Directors at PrivatBank. Holds a degree in Geology from Georgian Technical University.



**Ana Kostava, Chief Legal Officer**

With the Group since 2018. Prior to her recent appointment, served as Chief Legal Officer of the Bank under the direct supervision of the Deputy CEO, Chief Risk Officer, since June 2020. Before joining the Bank, held various positions in local and international companies. Ms Kostava is an Associate Lecturer at Free University of Tbilisi. Holds an LLM from the University of Cambridge.



**Levan Gomshiashvili, Chief Marketing and Digital Officer**

With the Group since 2019. Founder of HOLMES&WATSON, a creative agency, where he served as Account Manager for clients in banking and other sectors. Founder of Tbilisi School of Communication. Started his career at the Georgian Railway, covering advertising and project management. Holds an MSc in Management from the University of Edinburgh.



**Elene Okromchedlishvili, Head of Human Capital**

With the Group since 2017. Prior to her recent appointment, served as Head of Business Processes, Lean Transformation and Transactions. Previously, held various positions - Head of IFRS Reporting Unit and Head of Operational Efficiency and Cost management Unit. Holds a bachelor's degree in business administration from Free University of Tbilisi and an MBA from IE Business School.



**Andro Ratiani, CEO of Digital Area**

With the Group since 2018. Previously, Head of Innovations at Bank of Georgia. Broad experience in various global companies, including UBS AG Investment & Wealth Management Bank in New York, Wells Fargo, and IHS Markit. Holds a master's degree in technology management from Columbia University.

# ESG scores from independent rating agencies

## ISS\*



## MSCI\*\*

Bank of Georgia falls into the highest scoring range relative to global peers



## FTSE4GOOD Index

Included in the global responsible investment index FTSE4GOOD since 2017

\* ISS uses a 1-10 scale. 1 indicates lower governance risk, while 10 indicates higher governance risk versus its index or region. 1 indicates higher E&S disclosure, while 10 indicates lower E&S disclosure. Scores are as of February 2023

\*\* MSCI score is as of January 2023

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# Income statement highlights

<i>GEL thousands</i>	4Q22	4Q21	Change y-o-y	3Q22	Change q-o-q	FY22	FY21	Change y-o-y
<b>INCOME STATEMENT HIGHLIGHTS</b>								
Interest income	607,652	509,563	19.2%	574,626	5.7%	2,256,881	1,851,044	21.9%
Interest expense	(273,007)	(239,492)	14.0%	(279,555)	-2.3%	(1,074,546)	(897,103)	19.8%
<b>Net interest income</b>	<b>334,645</b>	<b>270,071</b>	<b>23.9%</b>	<b>295,071</b>	<b>13.4%</b>	<b>1,182,335</b>	<b>953,941</b>	<b>23.9%</b>
Net fee and commission income	97,932	64,100	52.8%	79,662	22.9%	317,491	232,431	36.6%
Net foreign currency gain	125,395	34,495	263.5%	150,686	-16.8%	466,094	109,099	327.2%
Net other income	26,930	10,579	154.6%	1,092	2366.1%	36,092	70,206	-48.6%
<b>Operating income</b>	<b>584,902</b>	<b>379,245</b>	<b>54.2%</b>	<b>526,511</b>	<b>11.1%</b>	<b>2,002,012</b>	<b>1,365,677</b>	<b>46.6%</b>
<b>Operating expenses</b>	<b>(181,062)</b>	<b>(150,772)</b>	<b>20.1%</b>	<b>(160,870)</b>	<b>12.6%</b>	<b>(641,186)</b>	<b>(507,952)</b>	<b>26.2%</b>
Profit (loss) from associates	128	128	0.0%	250	-48.8%	754	(3,781)	NMF
<b>Operating income before cost of risk</b>	<b>403,968</b>	<b>228,601</b>	<b>76.7%</b>	<b>365,891</b>	<b>10.4%</b>	<b>1,361,580</b>	<b>853,944</b>	<b>59.4%</b>
Cost of risk	(52,675)	(7,744)	NMF	(48,048)	9.6%	(119,068)	(51,412)	131.6%
<b>Net operating income before non-recurring items and income tax</b>	<b>351,293</b>	<b>220,857</b>	<b>59.1%</b>	<b>317,843</b>	<b>10.5%</b>	<b>1,242,512</b>	<b>802,532</b>	<b>54.8%</b>
Net non-recurring items	329	(62)	NMF	428	-23.1%	1,038	(590)	NMF
<b>Profit before income tax and one-off items</b>	<b>351,622</b>	<b>220,795</b>	<b>59.3%</b>	<b>318,271</b>	<b>10.5%</b>	<b>1,243,550</b>	<b>801,942</b>	<b>55.1%</b>
Income tax expense	(25,723)	(20,076)	28.1%	(28,053)	-8.3%	(111,376)	(74,824)	48.9%
<b>Profit adjusted for one-off items</b>	<b>325,899</b>	<b>200,719</b>	<b>62.4%</b>	<b>290,218</b>	<b>12.3%</b>	<b>1,132,174</b>	<b>727,118</b>	<b>55.7%</b>
One-off items	311,825	-	-	-	-	311,825	-	-
<b>Profit</b>	<b>637,724</b>	<b>200,719</b>	<b>217.7%</b>	<b>290,218</b>	<b>119.7%</b>	<b>1,443,999</b>	<b>727,118</b>	<b>98.6%</b>
<b>Earnings per share (basic)</b>	<b>14.10</b>	<b>4.25</b>	<b>NMF</b>	<b>6.27</b>	<b>124.9%</b>	<b>30.99</b>	<b>15.22</b>	<b>103.6%</b>
<b>Earnings per share (diluted)</b>	<b>13.61</b>	<b>4.12</b>	<b>NMF</b>	<b>6.19</b>	<b>119.9%</b>	<b>30.33</b>	<b>14.88</b>	<b>103.8%</b>

# Balance sheet highlights

GEL thousands

## BALANCE SHEET HIGHLIGHTS

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

# Key ratios

## KEY RATIOS

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

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

# Definitions

- **Cost of funds** Interest expense of the period divided by monthly average interest bearing liabilities;
- **Cost of deposits** Interest expense on client deposits and notes of the period divided by monthly average client deposits and notes
- **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 to income ratio** Operating expenses divided by operating income;
- **Interest bearing liabilities** Amounts owed to credit institutions, client deposits and notes, and debt securities issued;
- **Interest earning assets (excluding cash)** Amounts due from credit institutions, investment securities (but excluding corporate shares) and net loans to customers and finance lease receivables;
- **Leverage (times)** Total liabilities divided by total equity;
- **Liquid assets** Cash and cash equivalents, amounts due from credit institutions and investment securities;
- **Liquidity coverage ratio (LCR)** High quality liquid assets (as defined by the NBG) divided by net cash outflows over the next 30 days (as defined by the NBG);
- **Loan yield** Interest income from loans to customers and finance lease receivables divided by monthly average gross loans to customers and finance lease receivables;
- **Monthly active digital user (MAU)** A user with at least one login within past month in mBank/iBank
- **NBG (Basel III) Common Equity Tier1 capital adequacy ratio** Common Equity Tier1 capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia;
- **NBG (Basel III) Tier1 capital adequacy ratio** Tier1 capital divided by total risk weighted assets, both calculated in accordance with the requirements of the National Bank of Georgia;
- **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 National Bank of Georgia;
- **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;
- **Payment MAU** A individual with at least one card payment within the past month
- **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

## Registered Address

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Registered under number 10917019 in England and Wales

## Secretary

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## Stock Listing

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Ticker: "BGEO.LN"

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## Registrar

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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

Investor Centre Web Address - [www.investorcentre.co.uk](http://www.investorcentre.co.uk)  
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## Share price information

Shareholders can access both the latest and historical prices via the website, [www.bankofgeorgiagroup.com](http://www.bankofgeorgiagroup.com)