

# RESULTS CALL PRESENTATION

**2Q24 & 1H24 Performance**

22 August 2024  
[www.bankofgeorgiagroup.com](http://www.bankofgeorgiagroup.com)

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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; geopolitical risk; credit risk; liquidity and funding risk; capital risk; market risk; regulatory and legal risk; conduct risk; financial crime risk; information security and data protection risks; operational risk; human capital risk; model risk; strategic risk; reputational risk; climate-related 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 2023 and 2Q24 Results Release document. 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.

# Strong 1H24 performance, further enhanced by Ameriabank consolidation

## Highlights of the quarter

Profit  
**GEL 430m**  
up 11.0% y-o-y

ROAE  
**28.0%**

C/I  
**35.6%**

**GEL 3.38**/ordinary share interim dividend declared

Share buyback and cancellation programme  
**GEL 73.4 million**

## Highlights of the first half of the year

Profit  
**GEL 799m**  
up 16.0% y-o-y

ROAE  
**28.4%**

C/I  
**33.0%**

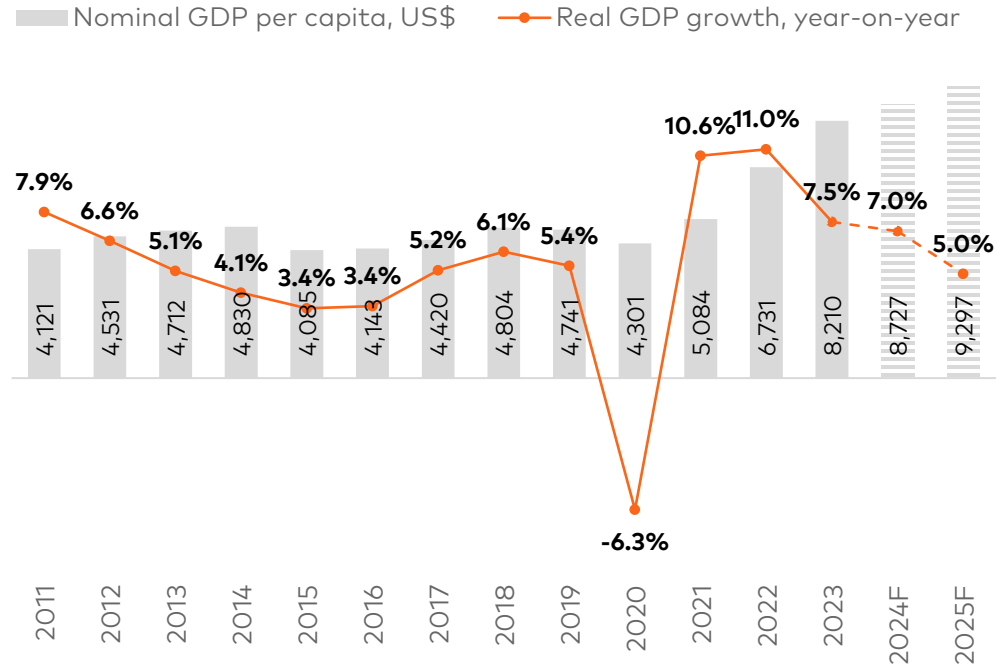
2Q24 and 1H24 ROAE was adjusted for one-off negative goodwill and acquisition-related costs resulting from the Ameriabank acquisition.  
1H24 profit includes Armenian Financial Services' profit from 2Q24 only, as it was consolidated at the end of March 2024.

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# Georgian and Armenian economies maintain strong growth fueled by robust consumption spending and resilient external demand

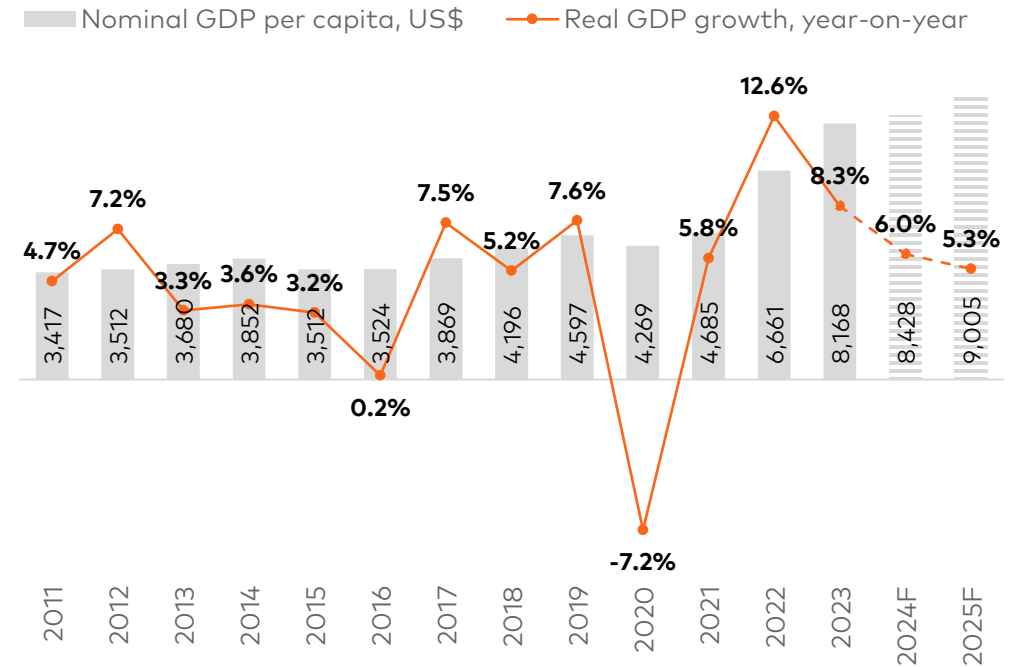
## Economic growth in Georgia



Rapid estimate of year-on-year economic growth	
1Q24	2Q24
<b>8.4%</b>	<b>9.5%</b>

Source: Geostat, Bank of Georgia

## Economic growth in Armenia

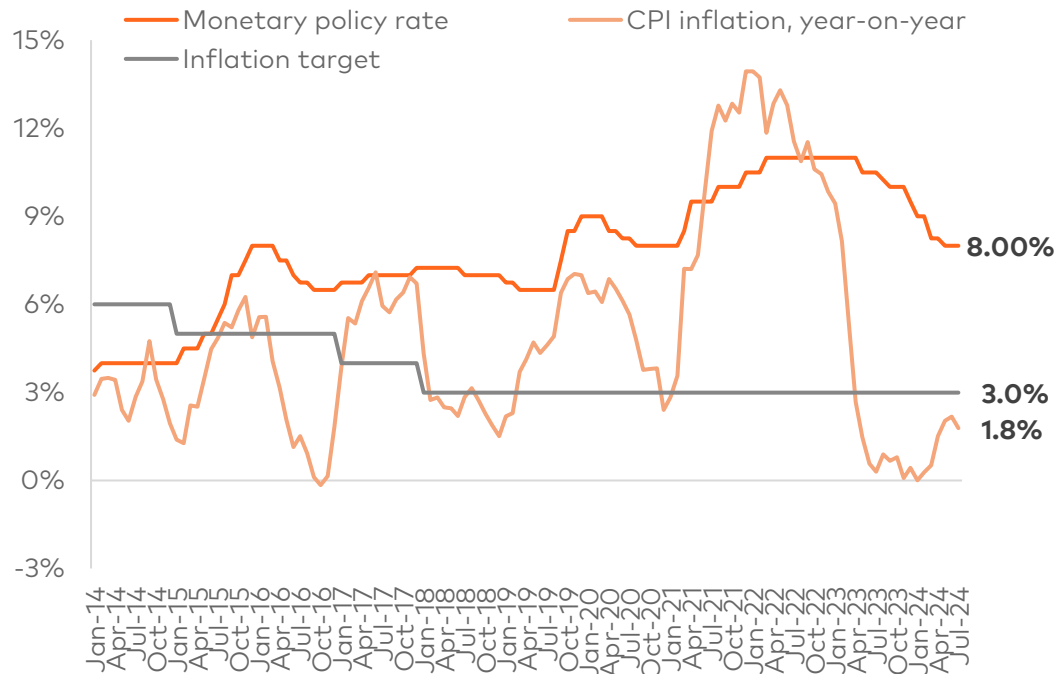


Real GDP growth, year-on-year	
1Q24	2Q24
<b>6.6%</b>	<b>6.4%</b>

Source: Armstat, IMF

# Both in Georgia and Armenia, inflation remains low allowing the central banks to continue easing the monetary policy

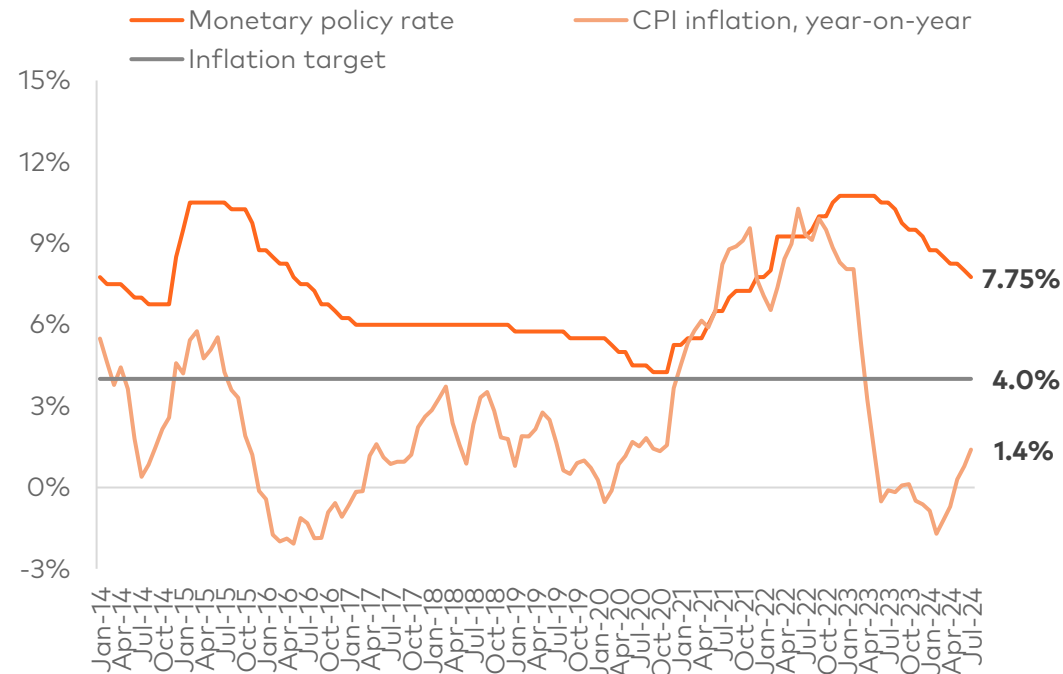
## Inflation and monetary policy in Georgia



Year-on-year inflation	Last 5-year average	Jun-24	Jul-24
<b>Headline CPI</b>	<b>6.5%</b>	<b>2.2%</b>	<b>1.8%</b>
<b>Core CPI</b>	<b>4.7%</b>	<b>1.4%</b>	<b>1.1%</b>

Source: Geostat, NBG  
 Note: Core CPI inflation excludes food, energy, regulated tariffs, and tobacco products

## Inflation and monetary policy in Armenia



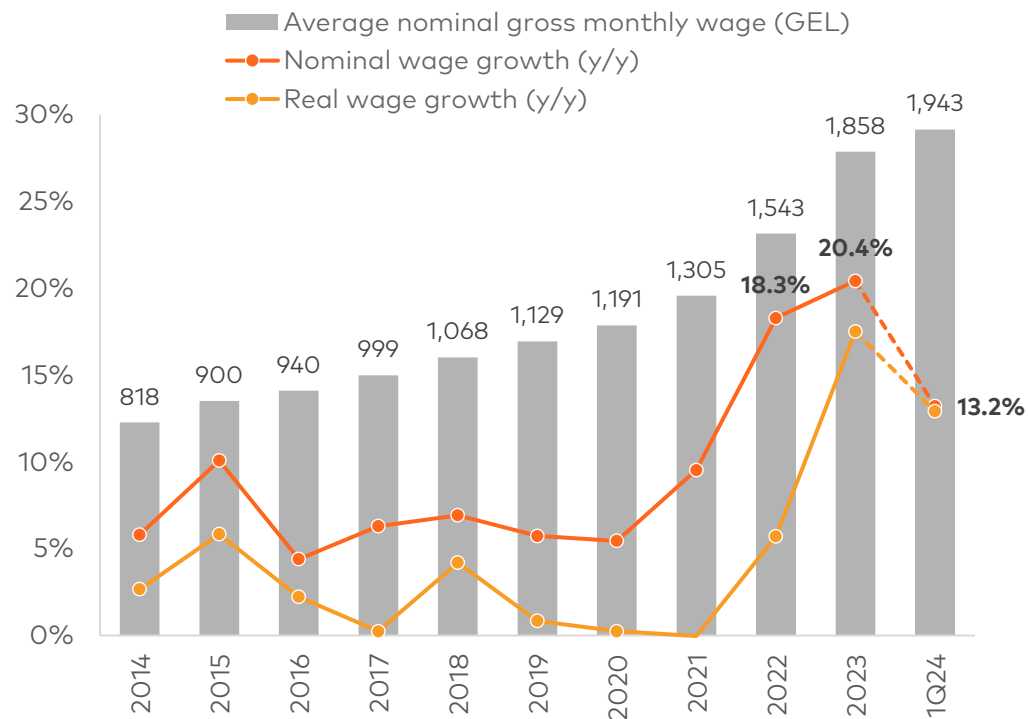
Year-on-year inflation	Last 5-year average	Jun-24	Jul-24
<b>Headline CPI</b>	<b>3.8%</b>	<b>0.8%</b>	<b>1.4%</b>
<b>Core CPI</b>	<b>4.1%</b>	<b>0.0%</b>	<b>0.3%</b>

Source: Armstat, CBA

# Robust consumption spending in Georgia and Armenia has been supported by improved labor market conditions

## Labor market conditions in Georgia

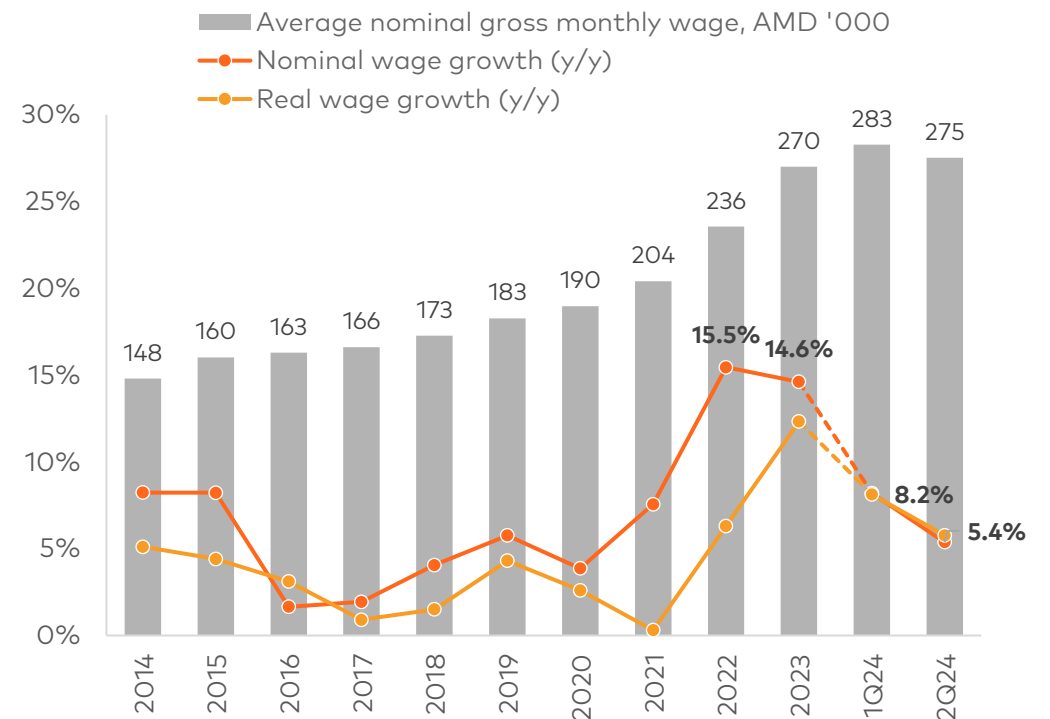
	2023	1Q24	2Q24
<b>Unemployment rate</b>	<b>16.4%</b>	<b>14.0%</b>	<b>13.7%</b>
<b>Participation rate</b>	<b>53.3%</b>	<b>55.0%</b>	<b>54.5%</b>



Source: Geostat

## Labor market conditions in Armenia

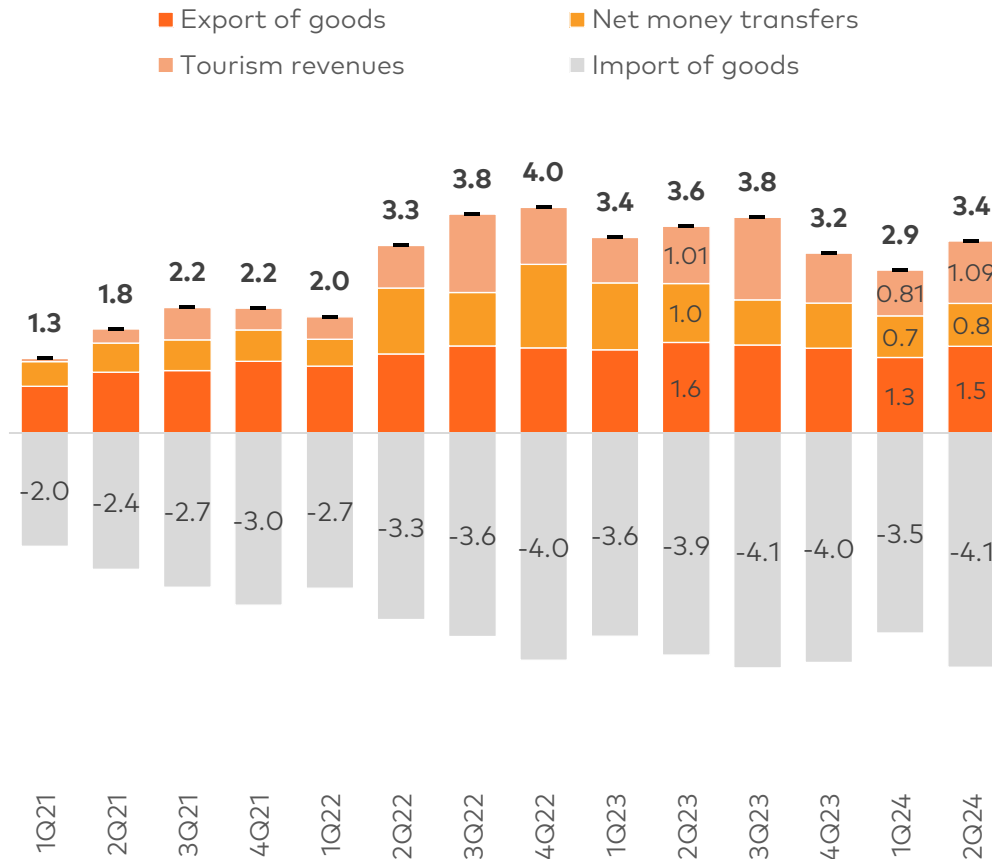
	2023	1Q24
<b>Unemployment rate</b>	<b>12.6%</b>	<b>15.5%</b>
<b>Participation rate</b>	<b>59.5%</b>	<b>57.7%</b>



Source: Armstat

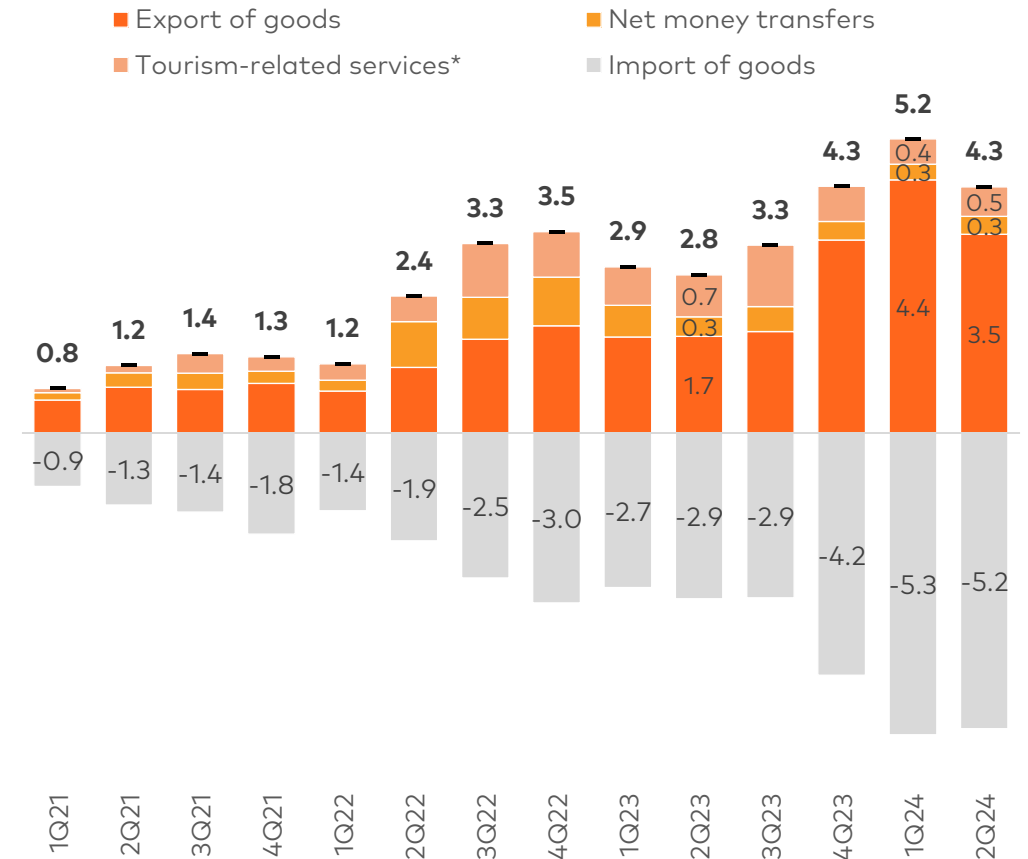
# In Georgia and Armenia, external sector inflows are normalising, while import of goods remains strong due to robust consumption

## Main sources of external sector inflows and outflows in Georgia, US\$ bn



Source: Geostat, NBG

## Main sources of external sector inflows and outflows in Armenia, US\$ bn

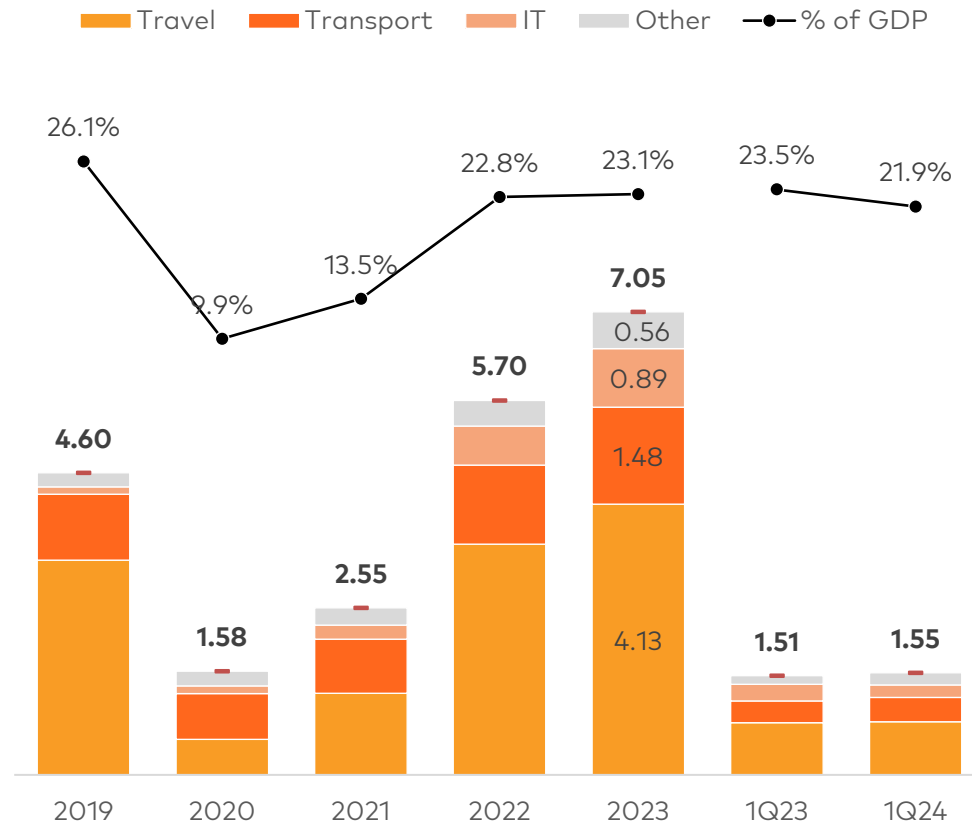


Source: Armstat, CBA  
\*Estimated value for 2Q24



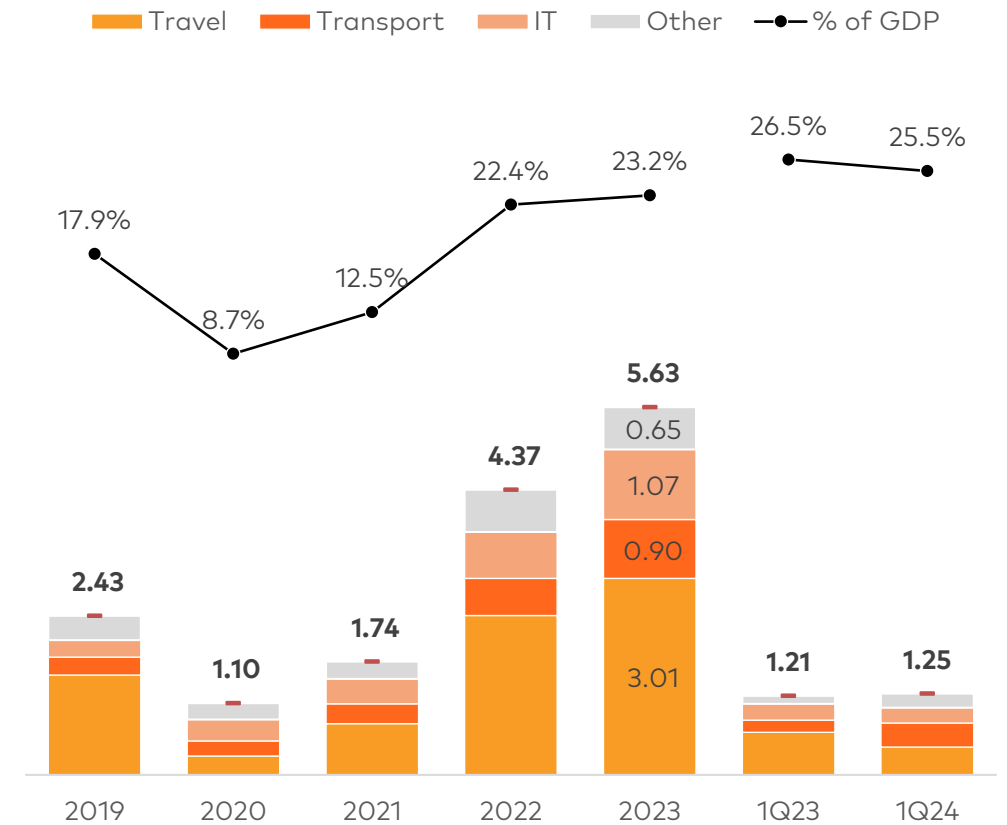
# Service exports continue to expand in Georgia and Armenia, boosting productivity and creating a resilient source of hard currency inflows

## Export of services from Georgia, US\$ bn.



Source: NBG, Geostat

## Export of services from Armenia, US\$ bn.



Source: CBA, Armstat

# GEL and AMD supported by sustained FX inflows and strong economic growth outlooks

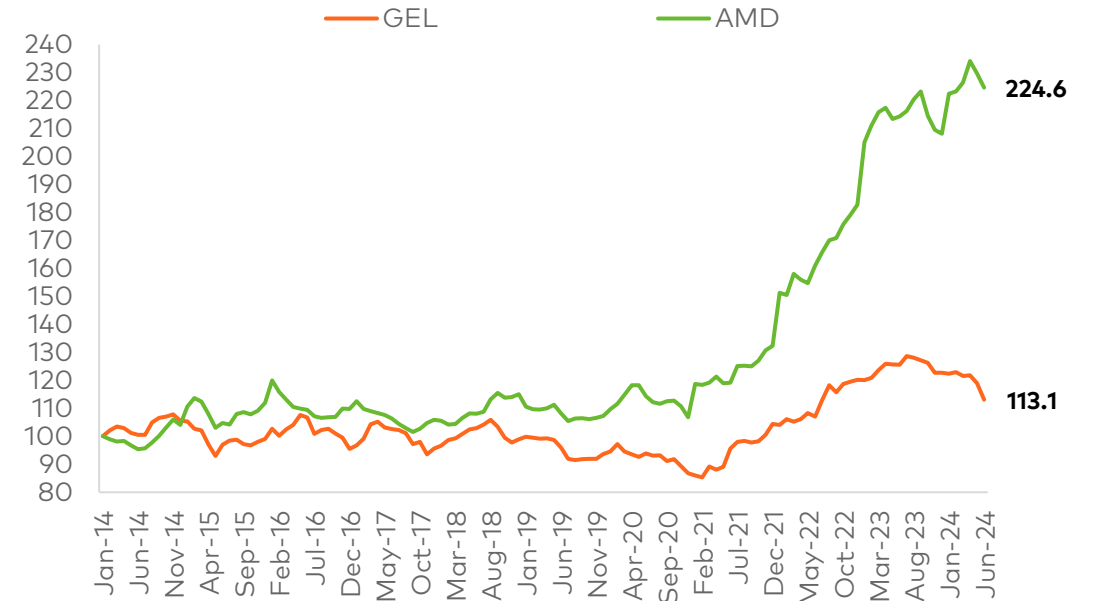
## Currency movements vs. US\$, 12/31/2023 – 8/20/2024



Source: Corresponding central banks  
 Note: +/- means appreciation/depreciation vs. USD

- In the medium term, GEL and AMD are expected to remain stable backed by resilient external sector inflows

## GEL and AMD real effective exchange rates, Jan-2014 = 100



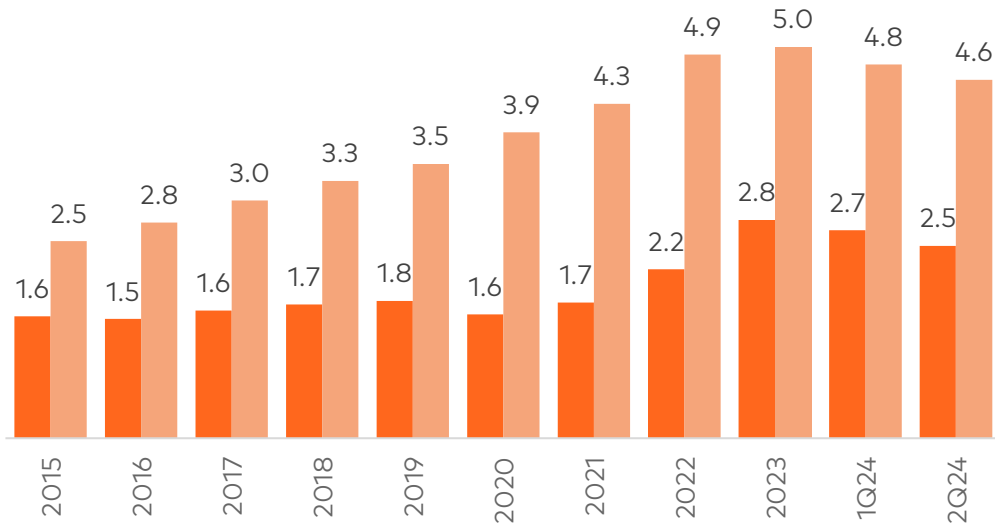
Source: NBG, CBA  
 Note: +/- means real appreciation/depreciation

- Previous real appreciations of GEL and AMD started to ease due to lower inflation in Georgia and Armenia versus trading partners

# Solid international reserves and demonstrated fiscal discipline underpinning the resilience of the Georgian and Armenian economies

## International reserves in Georgia, end of period

■ Net international reserves, US\$ bn ■ Gross international reserves, US\$ bn

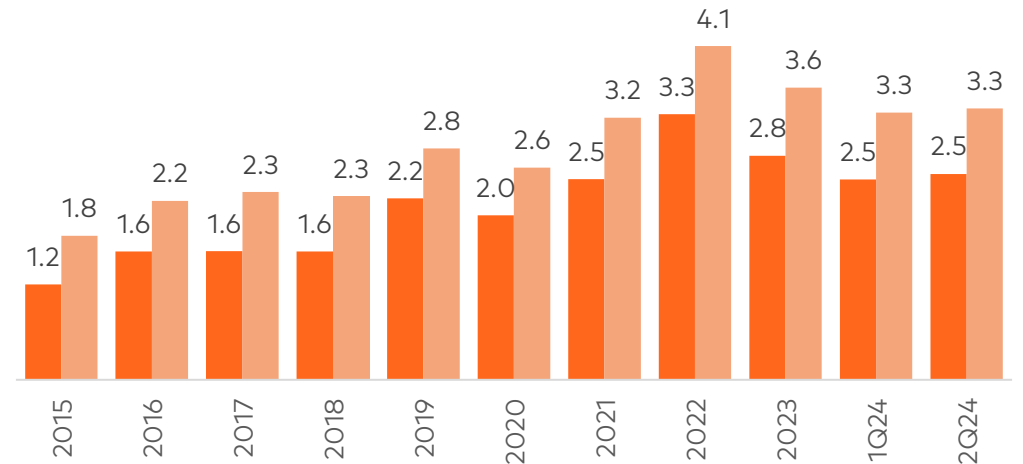


	2022	2023	2024F	2025F
<b>Fiscal balance (% of GDP)</b>	<b>-3.0%</b>	<b>-2.5%</b>	<b>-2.5%</b>	<b>-2.5%</b>
<b>Government debt (% of GDP)</b>	<b>39.2%</b>	<b>39.0%</b>	<b>37.7%</b>	<b>37.3%</b>

Source: NBG, Ministry of Finance of Georgia

## International reserves in Armenia, end of period

■ Net international reserves, US\$ bn ■ Gross international reserves, US\$ bn

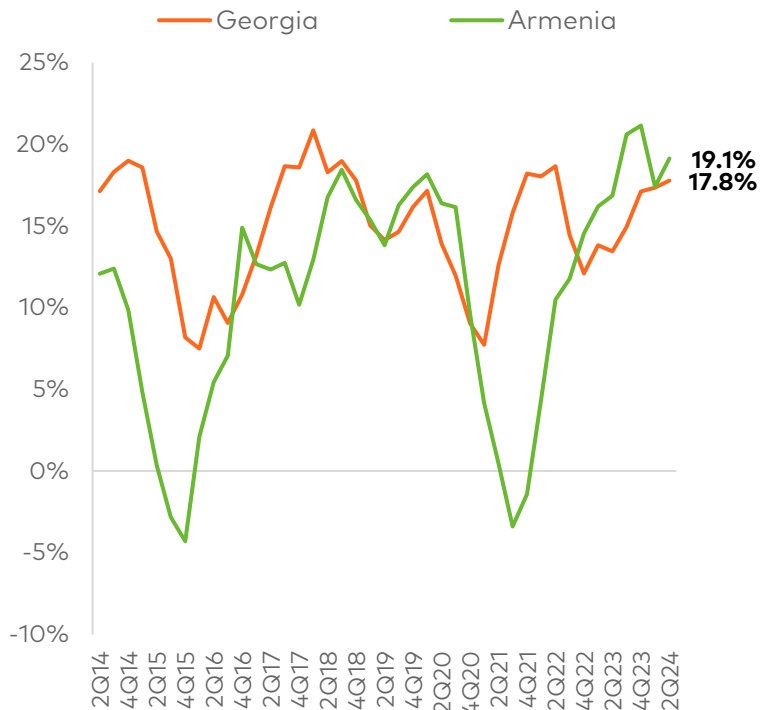


	2022	2023	2024F	2025F
<b>Fiscal balance (% of GDP)</b>	<b>-2.1%</b>	<b>-2.0%</b>	<b>-4.6%</b>	<b>-4.6%</b>
<b>Government debt (% of GDP)</b>	<b>46.7%</b>	<b>48.1%</b>	<b>49.9%</b>	<b>50.8%</b>

Source: CBA, Ministry of Finance of Armenia, IMF

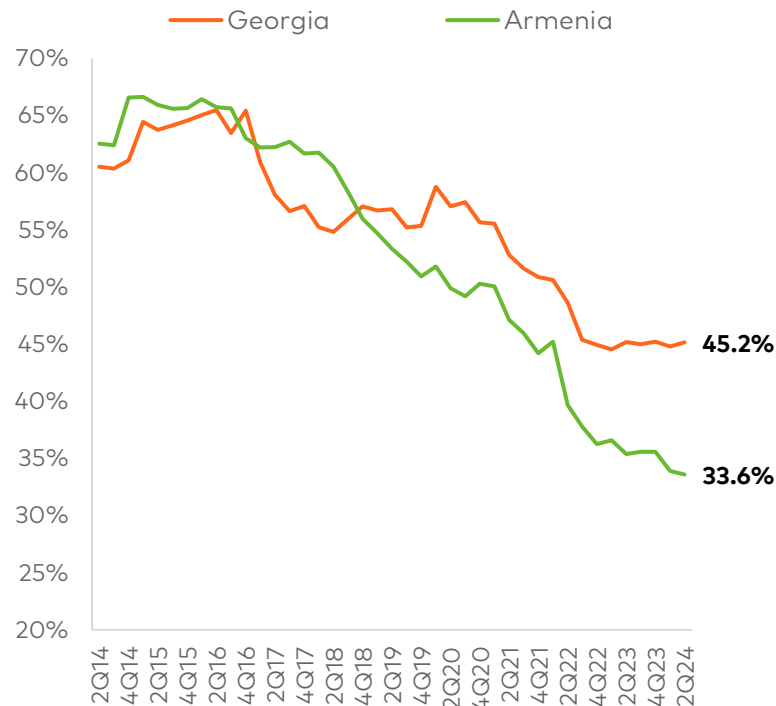
# Georgian and Armenian banking sectors are sound, with robust growth and declining dollarisation

**Bank lending growth on a constant currency basis, y-o-y**



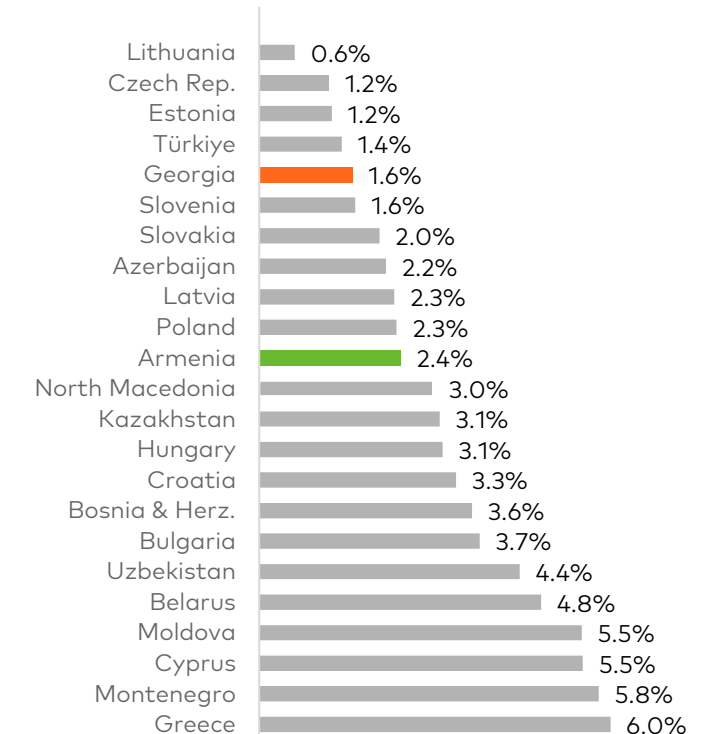
Source: NBG, CBA

**Total bank loan dollarisation**



Source: NBG, CBA

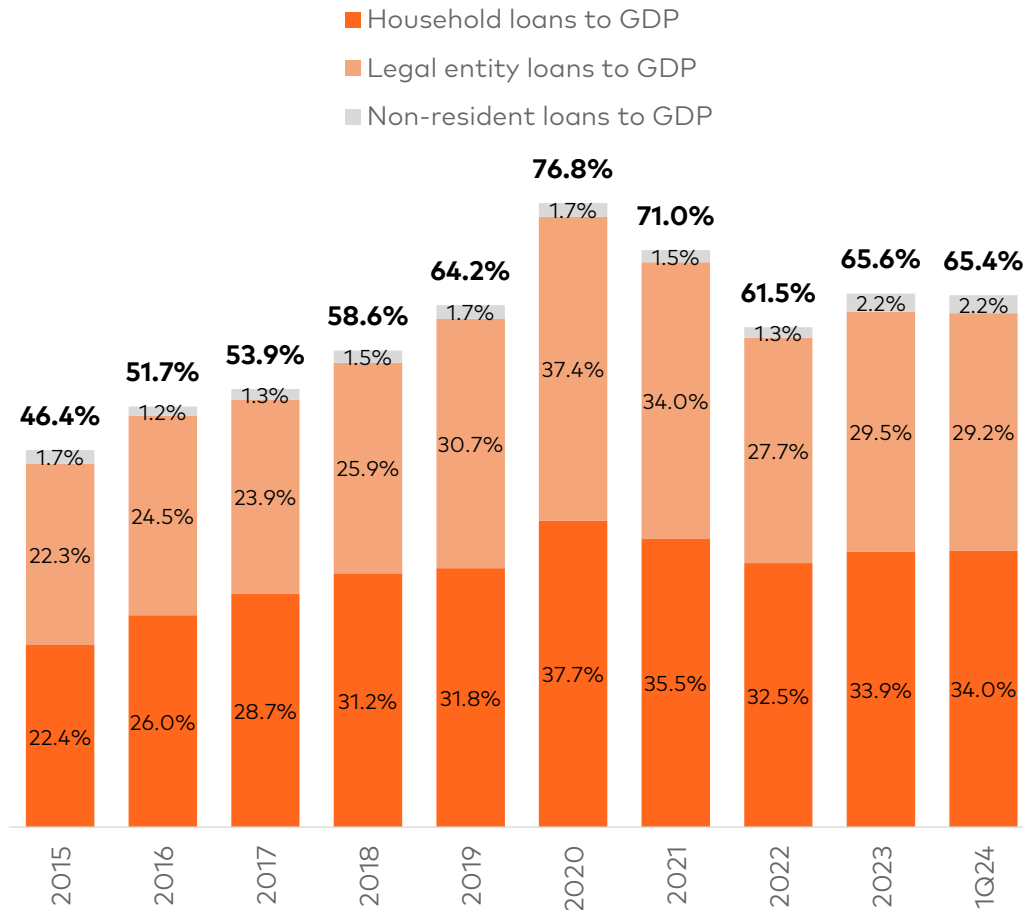
**Non-performing bank loans to total gross loans, end-March 2024 or latest available**



Source: IMF

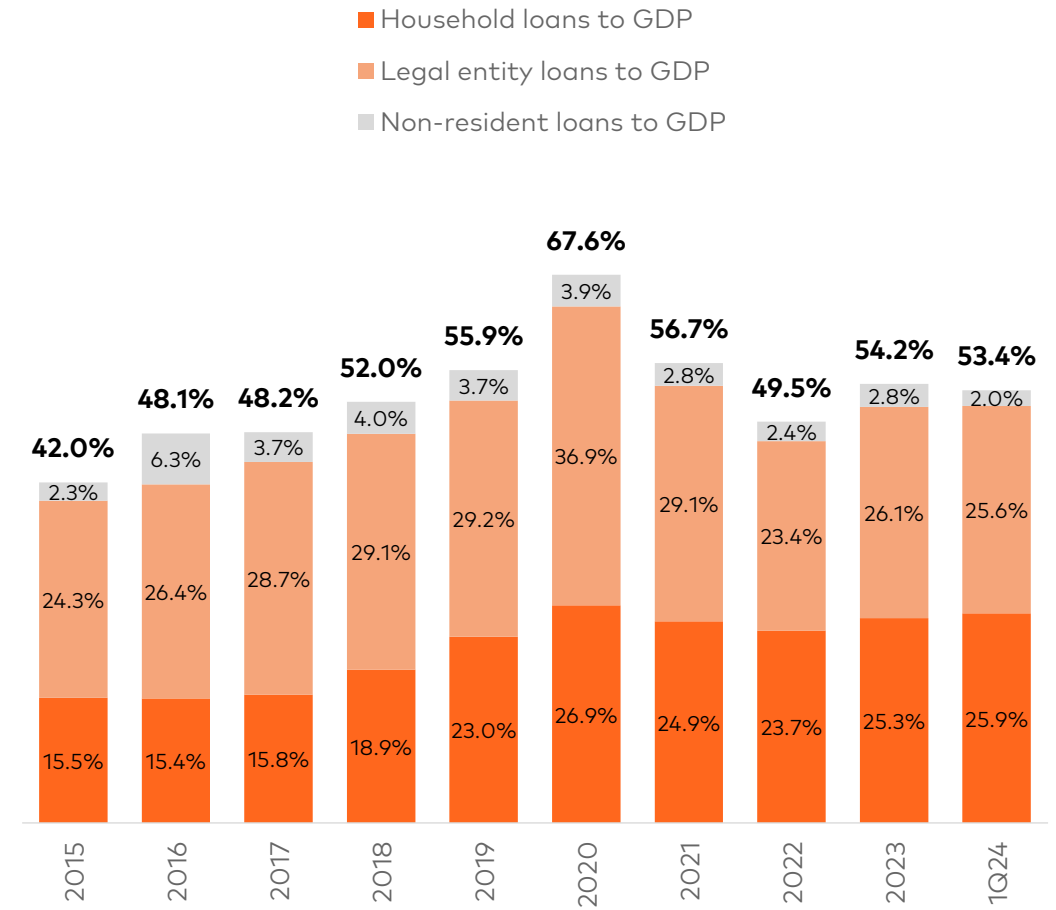
# Bank loans-to-GDP ratio is lower in Armenia, indicating more room for healthy credit expansion

## Bank loans as % of GDP in Georgia



Source: NBS, Geostat

## Bank loans as % of GDP in Armenia



Source: CBA, Armstat

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# What we focus on

## Our strategic priorities

### The main bank

Being the main bank in customers' daily lives by leveraging the digital and payments ecosystems

### Excellent customer experience

Anticipating customer needs and wants and providing relevant products and services

### Profitable growth

Growing the balance sheet profitably and focusing on areas with high growth potential

## Our enablers

Customer-centricity

Data and AI

People and culture

Brand strength

Effective risk management

## Key medium-term targets

**c.15%**

Annual loan book growth

**20%+**

ROAE

**30-50%**

Dividend and share buyback payout ratio

# Our award-winning financial apps

## Retail Financial SuperApp

### Daily banking

Bill split, money request, automatic payments, instant P2P payments to other banks, digital cards

### Savings & money management

E2E online deposits, digital "piggy bank", PFM

### Loyalty & lifestyle

Special offers from partners, gift cards, loyalty points

### Insurance marketplace

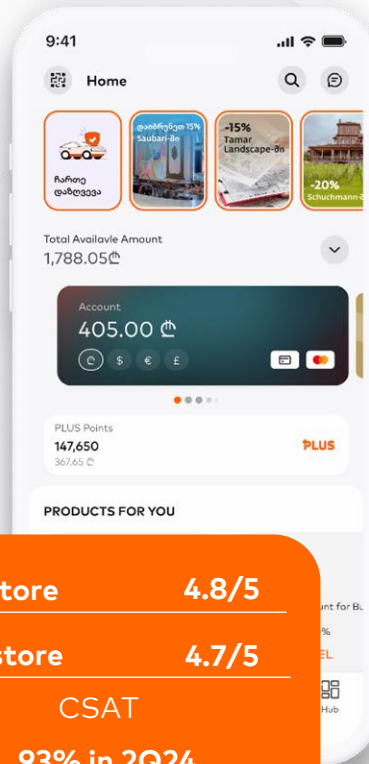
MTPL, Travel, Property

### Credit

E2E online consumer loans, credit limits & BNPL

### Investments

Retail brokerage platform



Play store	4.8/5
App store	4.7/5
CSAT	
93% in 2Q24	



## Business Mobile App

### Daily banking

Transfers & payments, packaged transfers, treasury payments, card management, payroll management\*, user access management\*

### Savings & deposits

E2E activation, collectable deposits

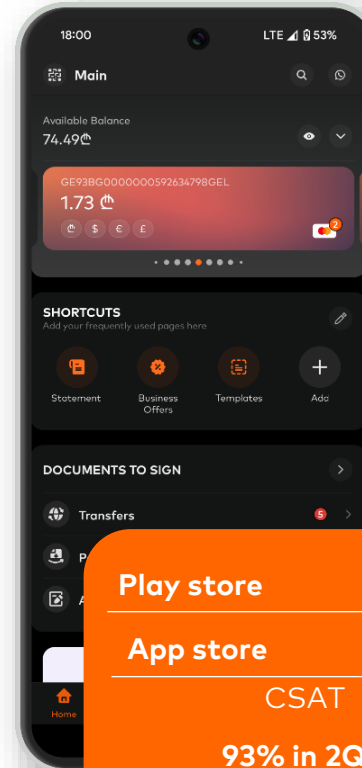
### Credit

Pre-approved loan activation, tender guarantee, factoring, credit line management, prepayments

### For merchants

Physical & e-commerce transactions history

### Business offers from third parties



Play store	4.9/5
App store	4.9/5
CSAT	
93% in 2Q24	



**Best Mobile Banking App in Central & Eastern Europe**  
Global Finance 2024



**Best Corporate/Institutional Digital Bank in Georgia**  
Global Finance 2024

\*Feature available only in iBank

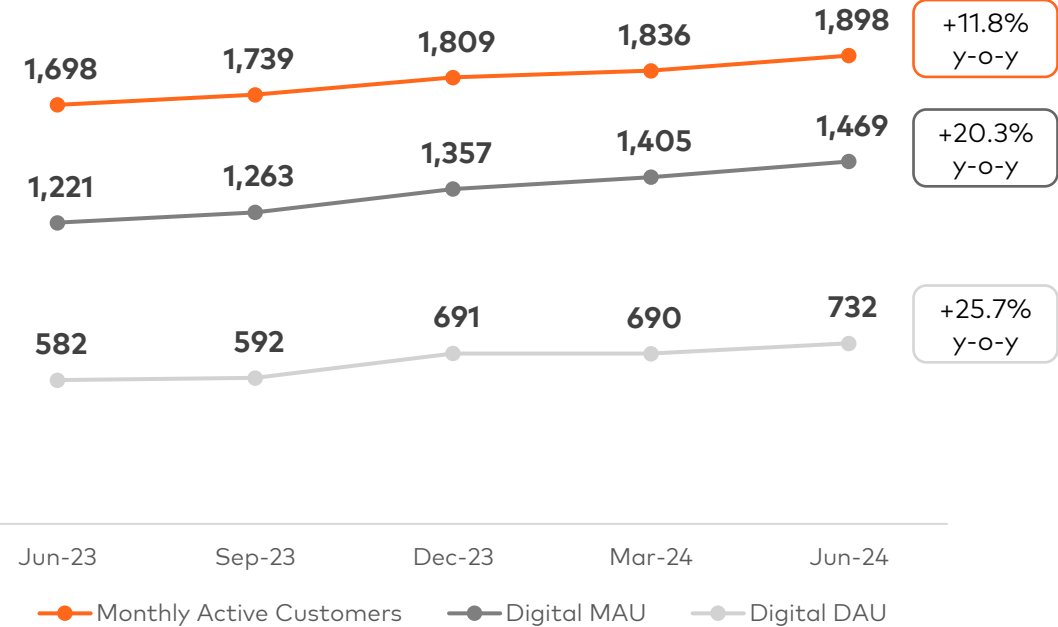


# Our customers have become more digital and engaged

Figures given for JSC Bank of Georgia standalone

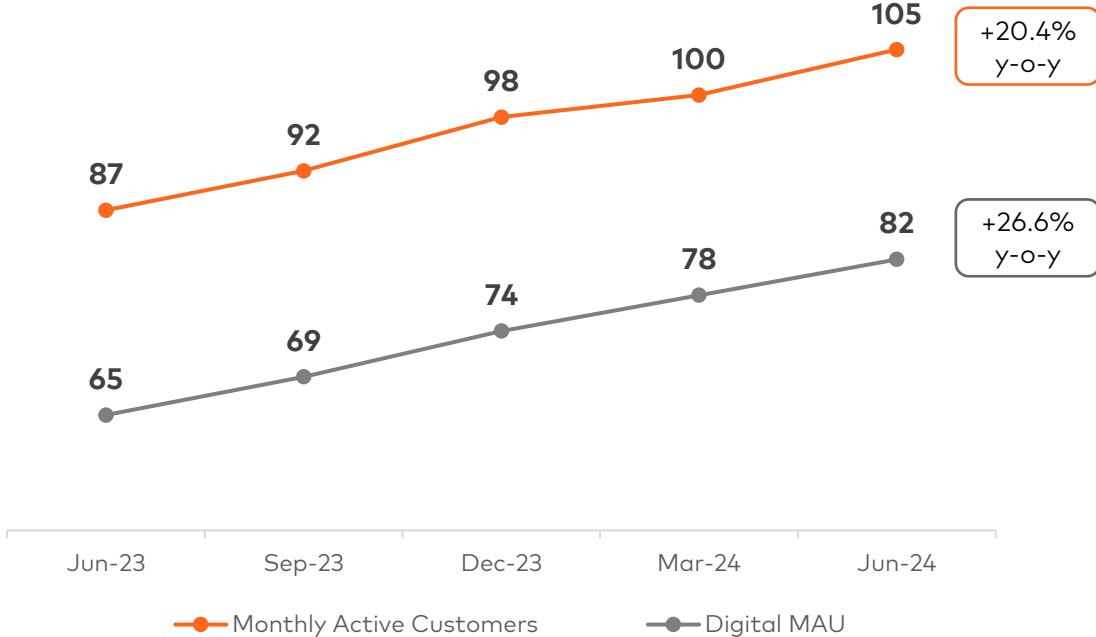
## Monthly active retail clients

thousands



## Monthly active business clients

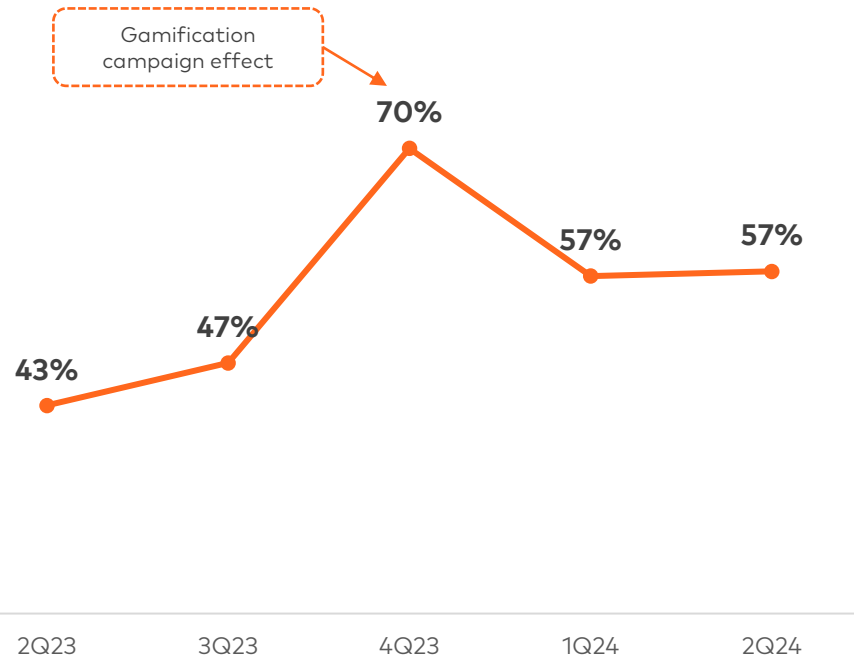
thousands



# Focusing on increasing product sales in retail digital channels

Figures given for JSC Bank of Georgia standalone

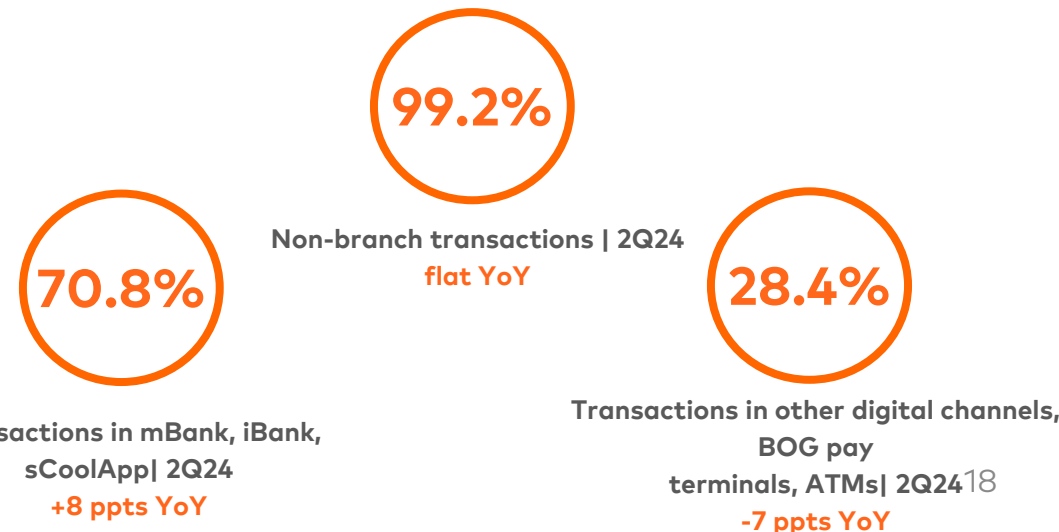
## Share of products sold digitally (Retail)



## Strong digital sales in loans (Retail)



## Transactions are nearly fully non-branch (Retail)



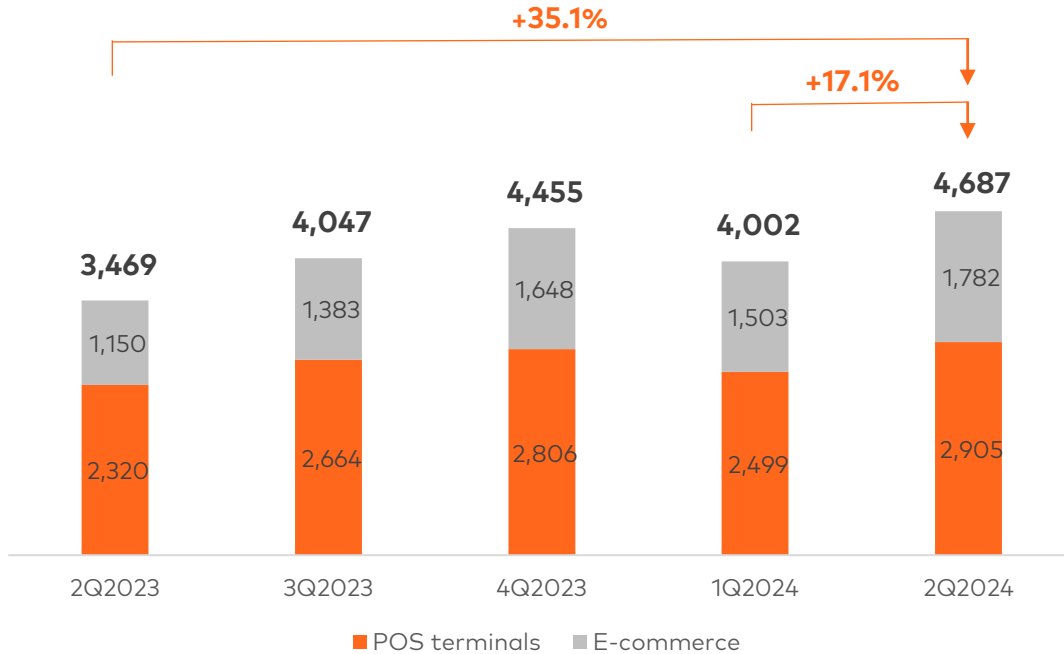
Loan digital sales includes BNPL.

# Payments business – our daily touchpoint with customers

Figures given for JSC Bank of Georgia standalone

## Acquiring - volume of payment transactions

GEL millions



**56.8%**

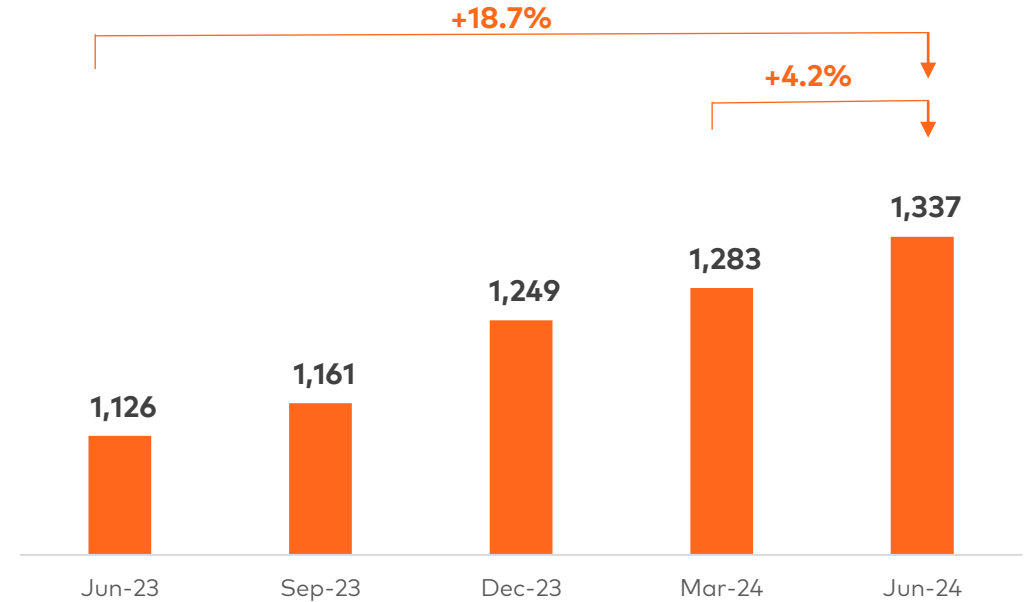
Market share in acquiring volumes | Jun 2024  
+3.1 ppts YoY

**21.0K**

Active merchants | Jun 2024  
+27.0% YoY

## Issuing – payment MAU

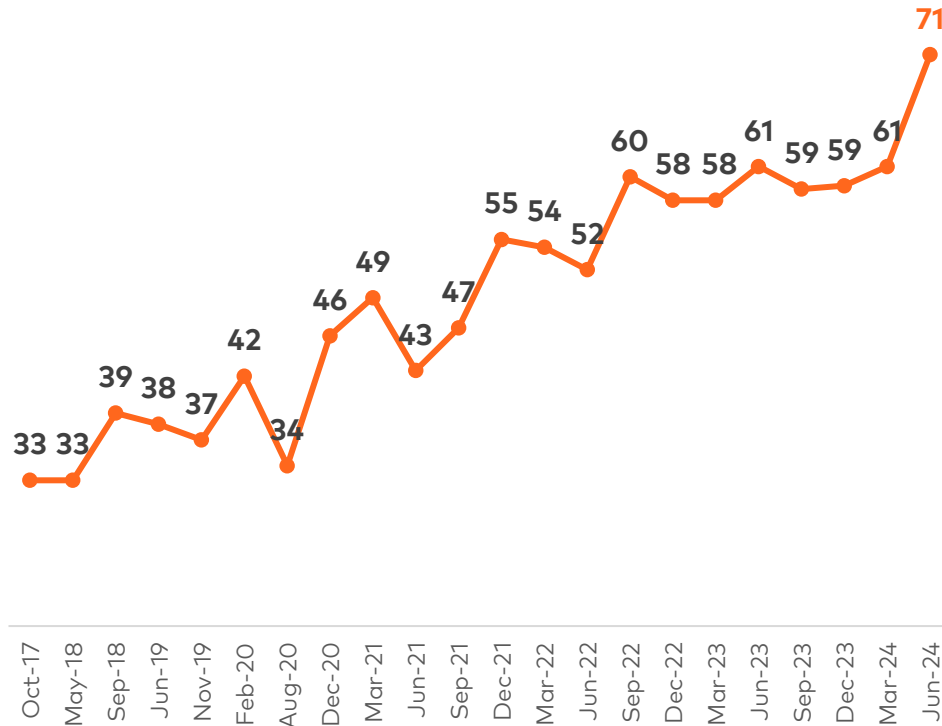
thousands



# Record-high NPS thanks to our 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

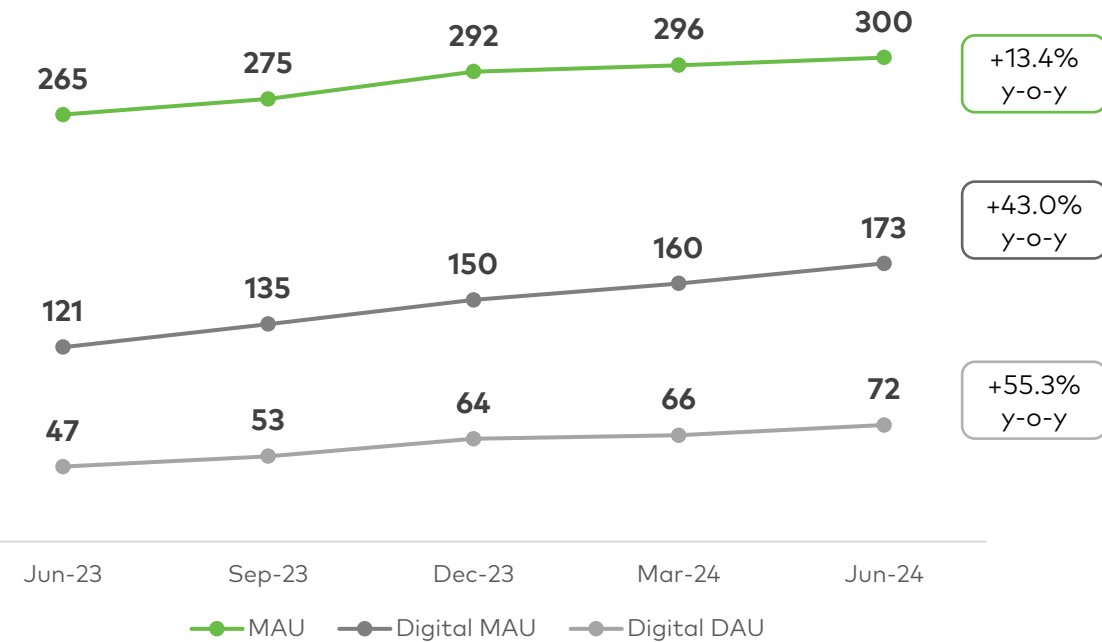


\* Based on external research by IPM Georgia, surveying a random sample of customers with face-to-face interviews.

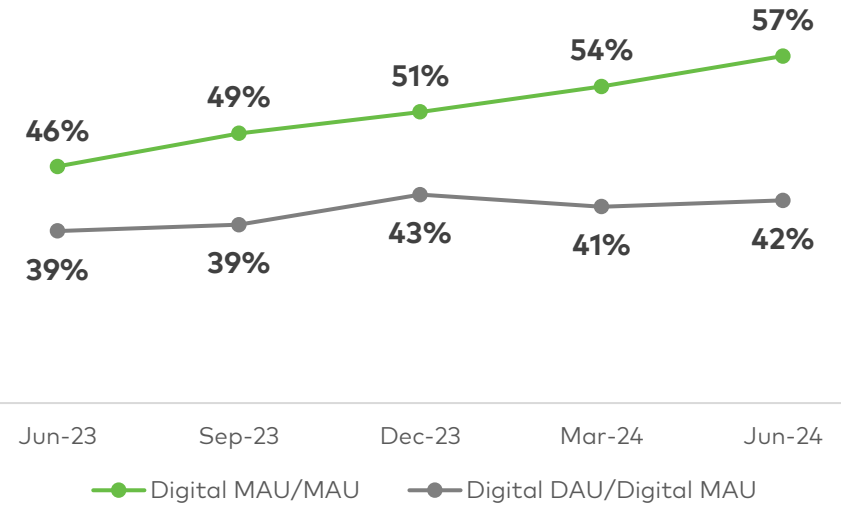
# Digitalisation momentum at Ameriabank underpins huge upside potential

## Monthly active Customers (Individuals)

thousands



## Digital engagement of active customers



\* Year-on-year comparisons are given for informational purposes only as Ameriabank was not part of the Group as at 30 June 2023.

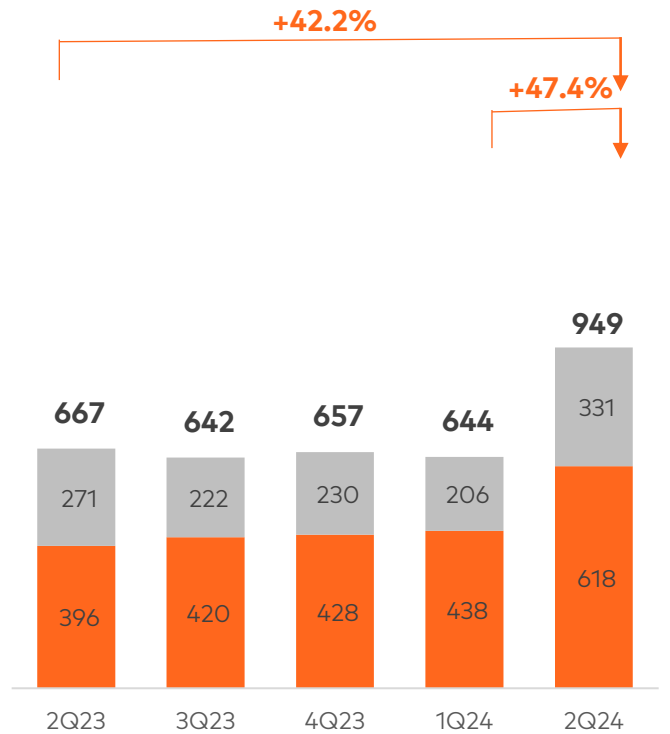
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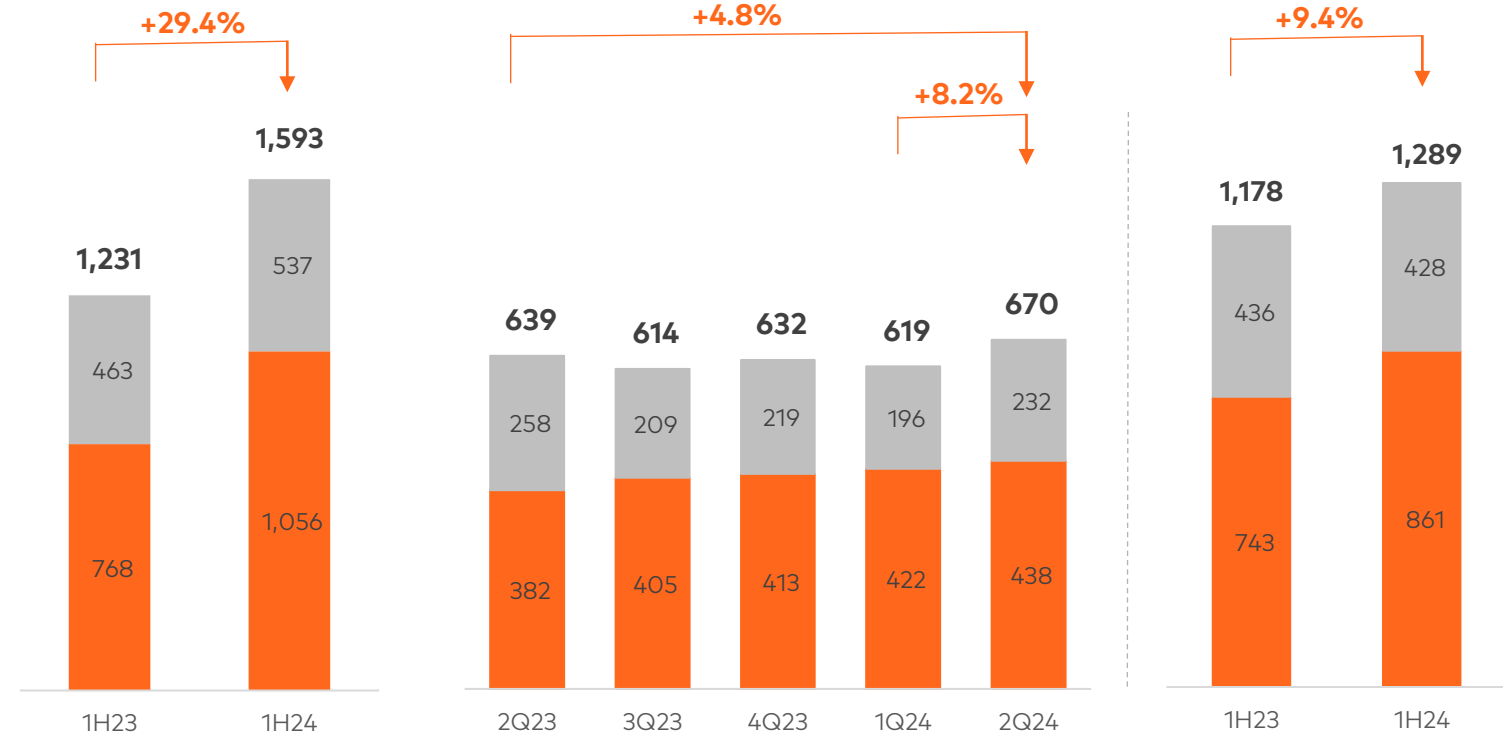
# Strong growth in GFS core revenue, Group total enhanced by the consolidation of Ameriabank

All currency data are in GEL m unless otherwise stated

## Operating income (Group)\*



## Operating income (GFS)\*



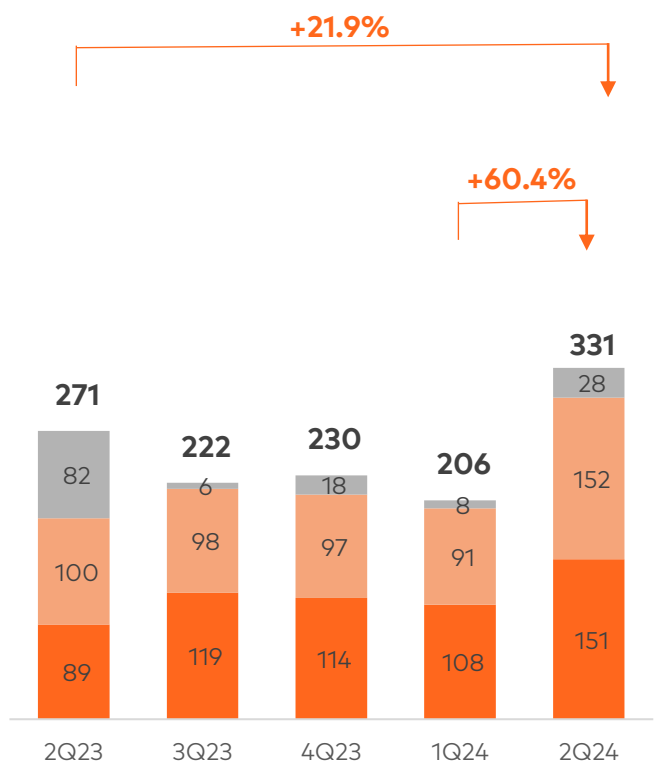
■ Net interest income ■ Net non-interest income

\*Due to the settlement of a legacy claim, the fair value revaluation of the receivable resulted in a one-off other income of GEL 21.1 million posted in 2Q23 and 1.5 million posted in 4Q23. Net other income and thus operating income were adjusted accordingly.

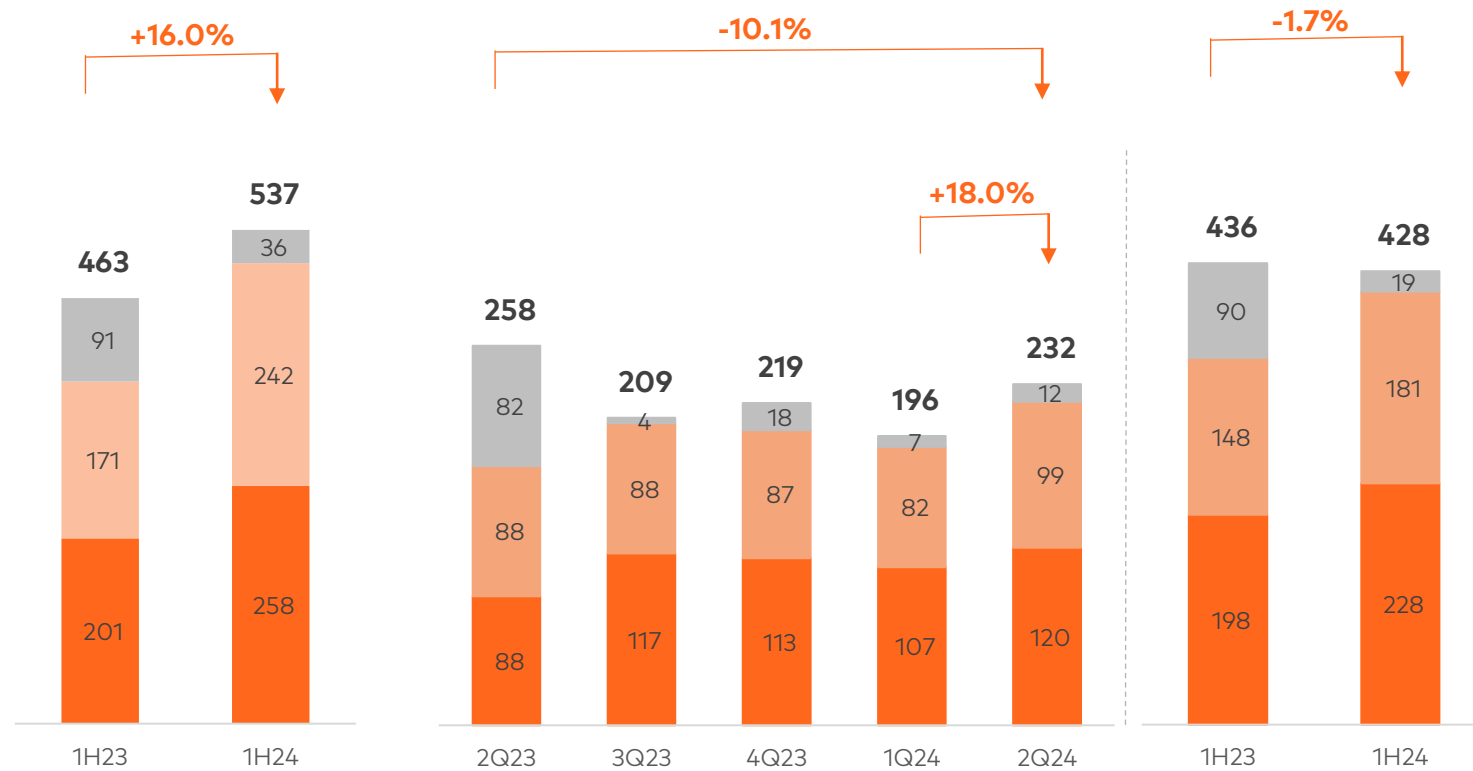
# Strong growth in GFS fees, high base of other income impacting y-o-y growths

All currency data are in GEL m unless otherwise stated

## Net non-interest income (Group)\*



## Net non-interest income (GFS)\*



■ Net fee and commission income ■ Net foreign currency gain ■ Net other income

- In GFS, strong y-o-y growth was recorded in core non-interest revenue lines in 2Q24, offset by lower net other income due to a significant GEL 68.7m gain on the sale of repossessed assets booked in 2Q23. Excluding the effect of the high base, the y-o-y growth in GFS operating income in 2Q24 would have been 17.4%

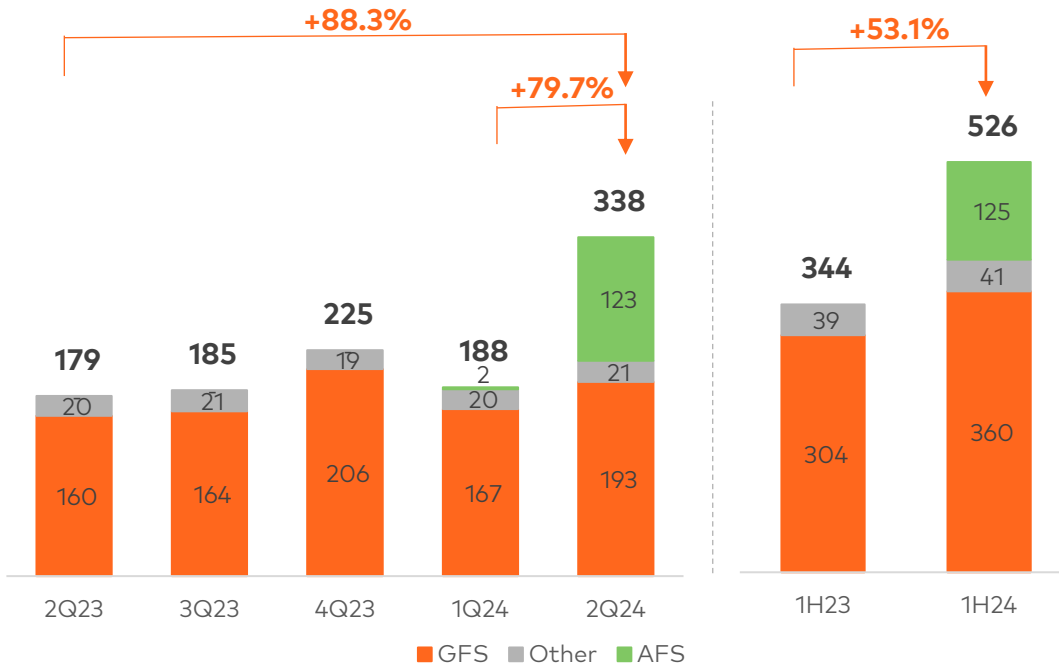
\*Due to the settlement of a legacy claim, the fair value revaluation of the receivable resulted in a one-off other income of GEL 21.1 million posted in 2Q23 and 1.5 million posted in 4Q23. Net other income and thus net non-interest income were adjusted accordingly.



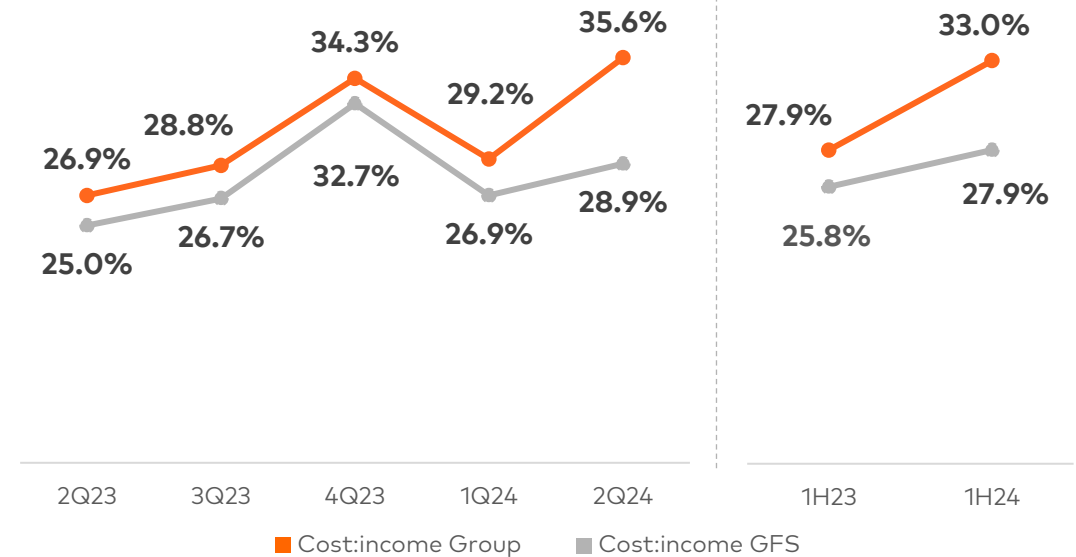
# GFS cost to income ratio below 30% while Group total impacted by the consolidation of Ameriabank in 2Q24

All currency data are in GEL m unless otherwise stated

## Operating expenses (Group)



## Cost to income ratio\*



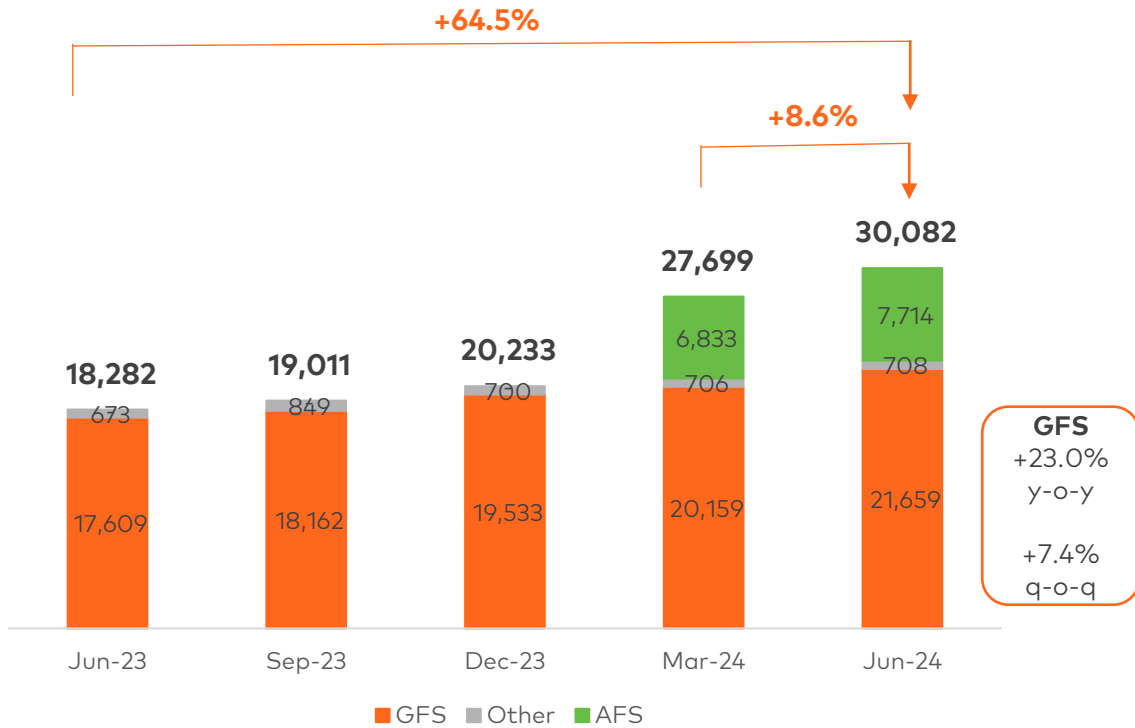
- The y-o-y and the q-o-q growth on the Group level was mainly driven by the consolidation of Ameriabank, although increases have also been experienced at GFS

\*Due to the settlement of a legacy claim, the fair value revaluation of the receivable resulted in a one-off other income of GEL 21.1 million posted in 2Q23 and 1.5 million posted in 4Q23. Net other income and thus the cost to income ratio were adjusted accordingly.

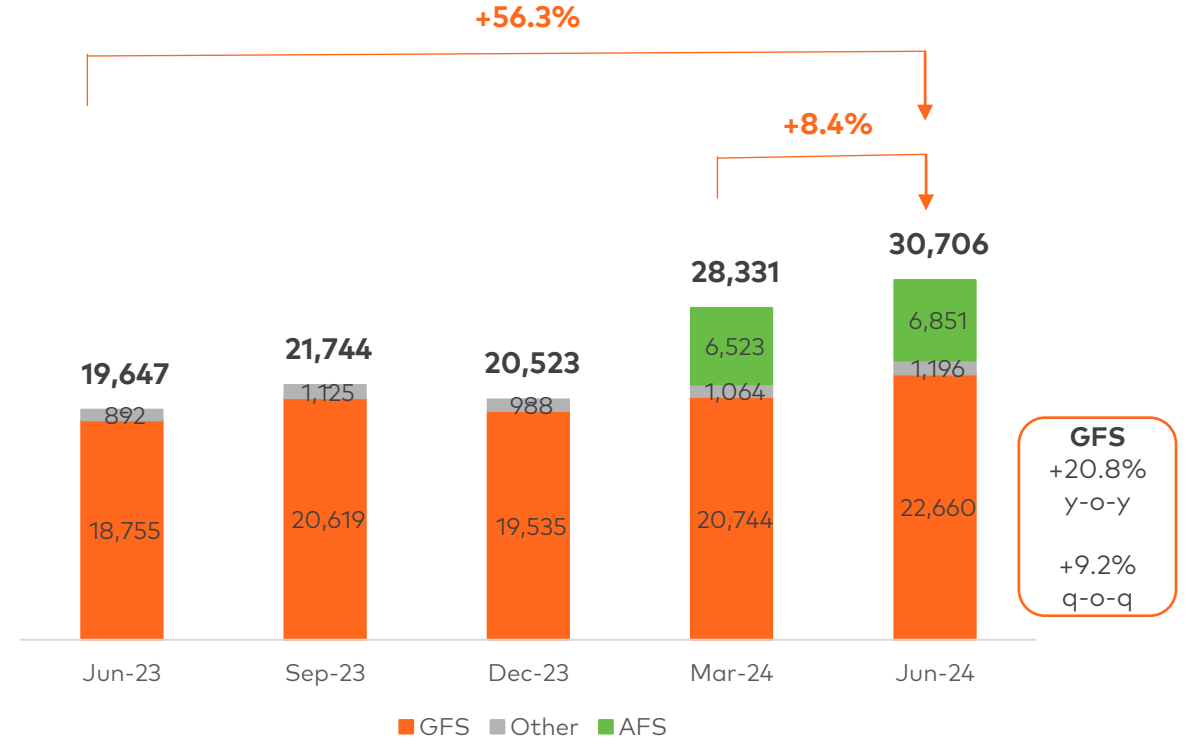
# Strong loan and deposit growth dynamics

All currency data are in GEL m unless otherwise stated

## Loan portfolio

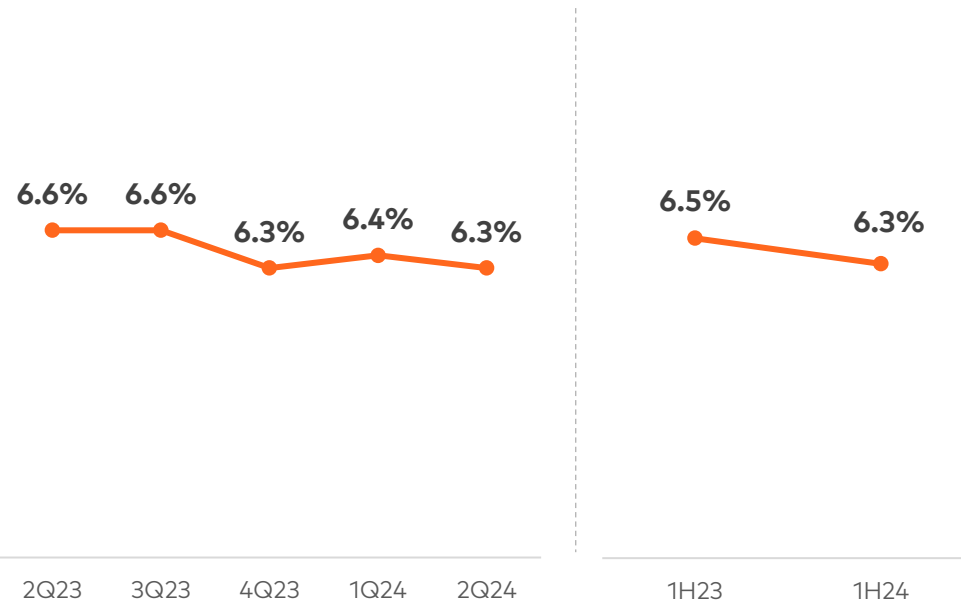


## Deposit portfolio

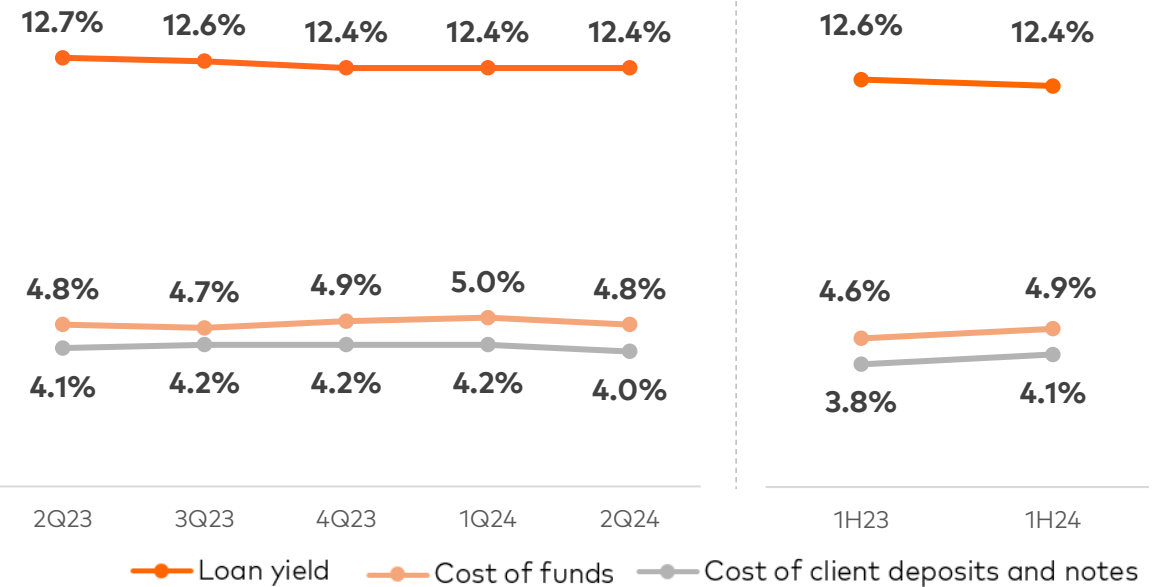


# Net interest margin broadly stable, supported by Ameriabank consolidation

## Net interest margin (Group)\*



## Loan yield, cost of funds, cost of deposits (Group)\*

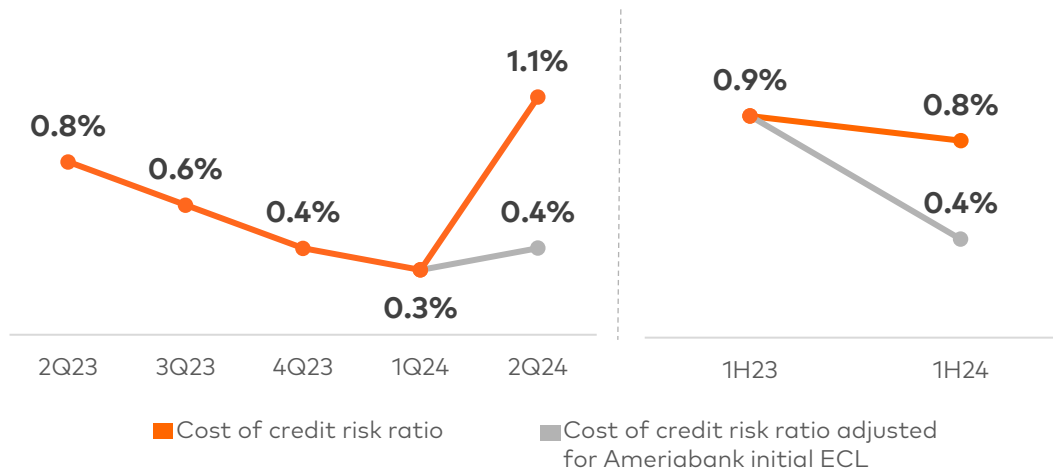


\*1Q24 and 1H24 figures adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

# Healthy loan portfolio

All currency data are in GEL m unless otherwise stated

## Cost of credit risk ratio (Group)\*

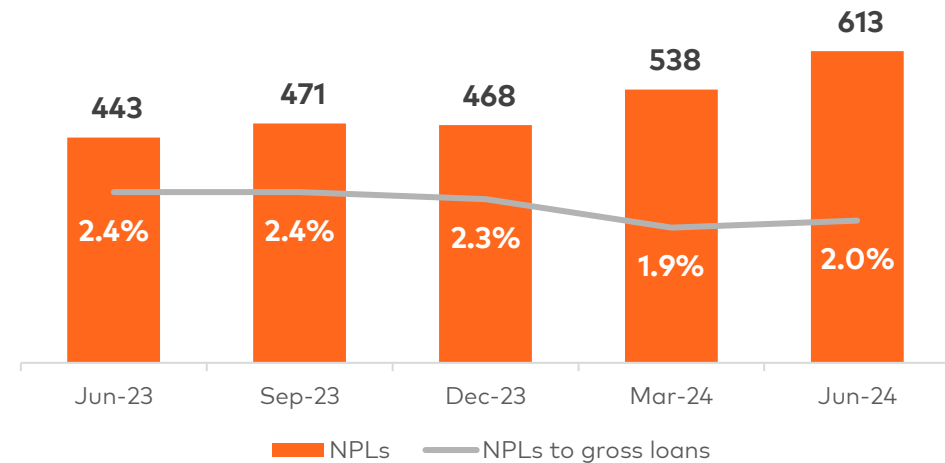


## Loan portfolio quality (Group)

### NPL coverage\*\*



### NPL coverage adjusted for the discounted value of collateral\*\*



- Cost of credit risk included GEL 49.2m initial ECL charge related to the acquisition of Ameriabank. The initial ECL charge was posted in accordance with IFRS accounting rules relevant for business combinations, requiring the Group to treat the newly-acquired portfolio as if it was a new loan issuance, thus necessitating a forward-looking ECL charge on Day 2 of the combination, even though there has been no actual deterioration in credit quality

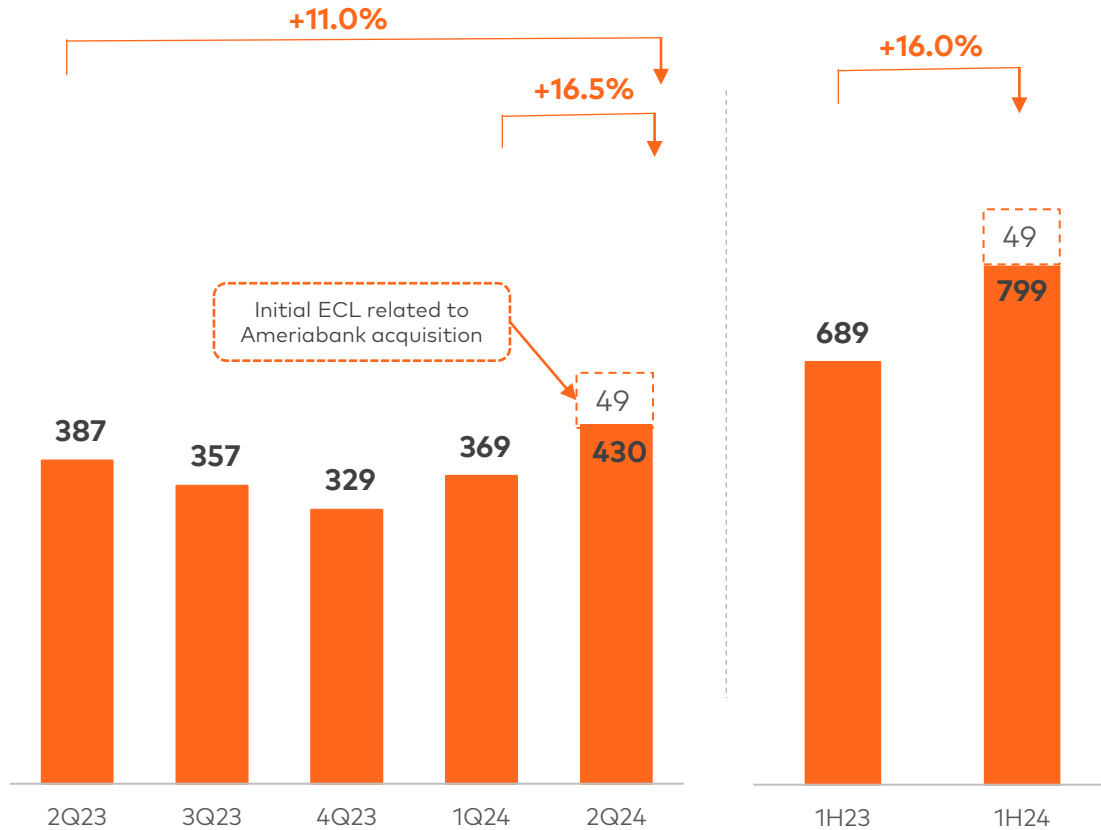
\*Cost of credit risk adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

\*\*For March 2024, the NPL coverage ratio and the NPL coverage ratio adjusted for the discounted value of collateral were adjusted to include the NPLs and respective ECL of standalone Ameriabank. The 31 March 2024 Group coverage ratio adjusted for the discounted value of collateral figures was restated to incorporate collateral cap up to outstanding loan amount for Ameriabank and ensure better presentation in line with the group policy.

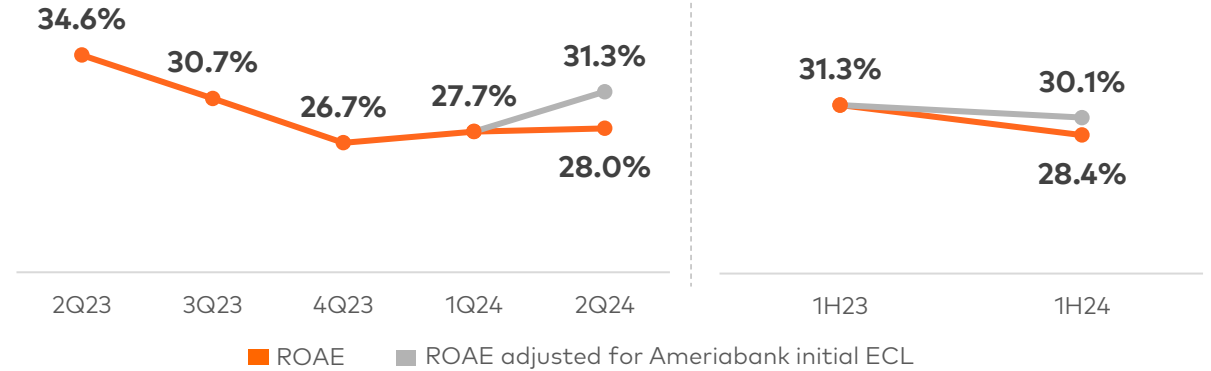
# Strong bottom-line growth and profitability

All currency data are in GEL m unless otherwise stated

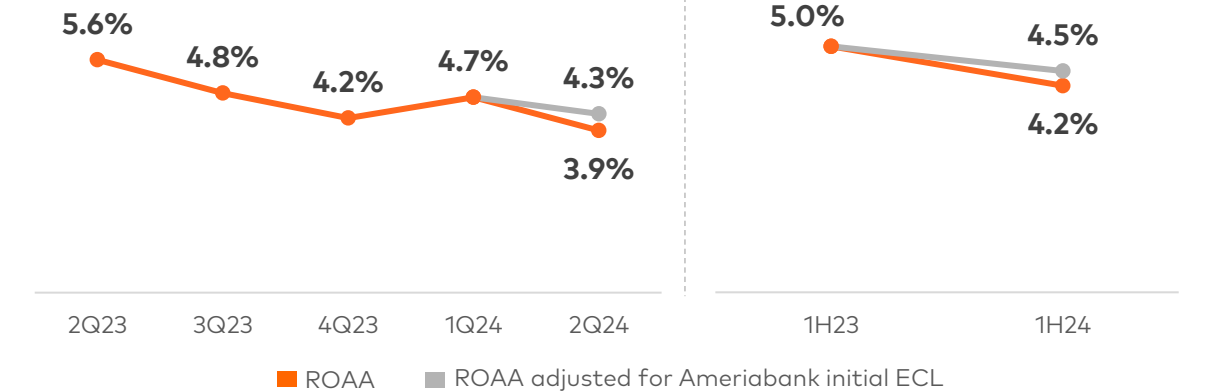
## Profit (Group)\*



## ROAE (Group)\*



## ROAA (Group)\*

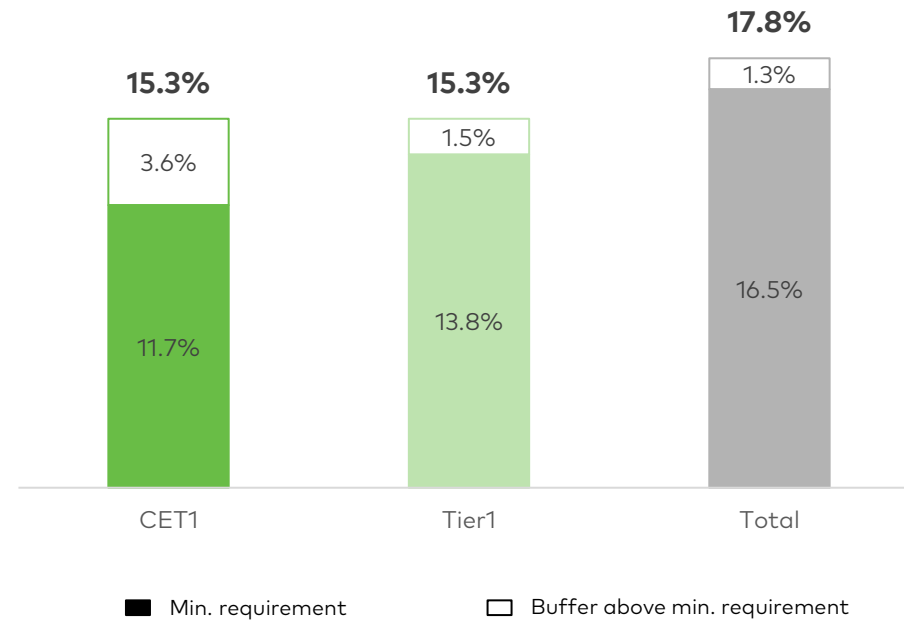
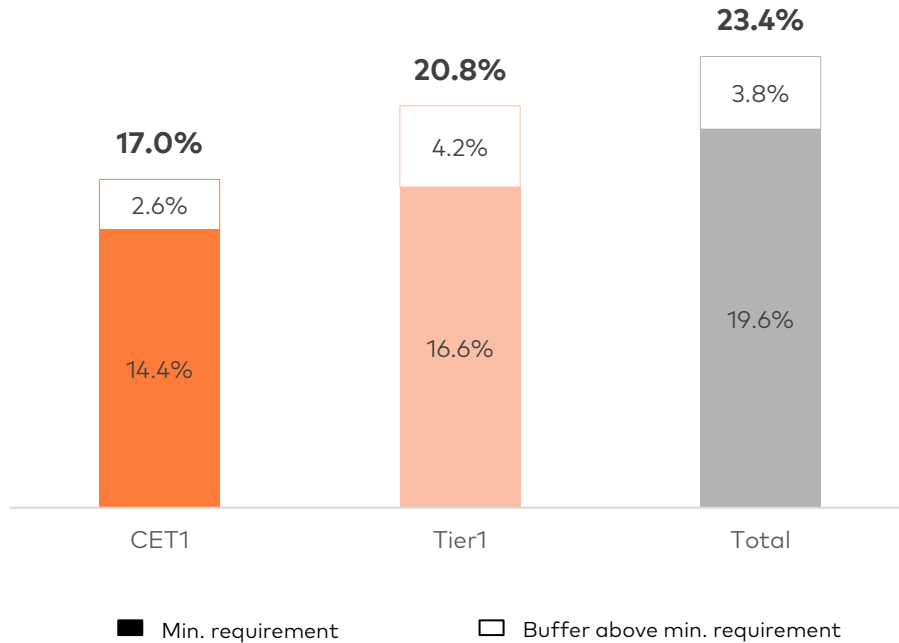


\*In 2Q24, GEL 0.7m was recorded as a one-off item due to a recovery of a small portion of the previously expensed acquisition-related advisory fee. Profit as well as ROAA and ROAE were adjusted for this one-off item.

The acquisition of Ameriabank at the end of March 2024 resulted in 1Q24 one-off items totalling GEL 668.8m comprising negative goodwill (provisional, subject to year-end audit) and acquisition-related costs. Profit as well as ROAA and ROAE were adjusted for these one-off items in 1Q24 as well as in 1H24.

Due to the settlement of a legacy claim, the fair value revaluation of the receivable resulted in a one-off other income of GEL 21.1 million posted in 2Q23 and 1.5 million posted in 4Q23. Net other income was adjusted for this one-off. As a result, profit, ROAA, and ROAE were adjusted for one-off other income.

# Strong capital positions of key operating banks (Jun-24)



- On 9 April 2024, JSC Bank of Georgia successfully priced a US\$ 300m offering of 9.5% perpetual subordinated callable additional tier 1 notes. On 28 June 2024, JSC Bank of Georgia redeemed all of aggregate principal amount of the outstanding AT1 Noted issued in 2019 equal to US\$100m. The net effect of the redemption of the outstanding US\$ 100,000,000 notes and the issuance of new US\$ 300m notes is positive 2.3 ppts on Tier 1 and Total capital ratios

# Strong liquidity positions, well above the 100% minimum requirements



NBG Liquidity coverage ratio  
**128.3%**

30 June 2024

NBG Net stable funding ratio  
**126.9%**

30 June 2024

CBA Liquidity coverage ratio  
**209.7%**

30 June 2024

CBA Net stable funding ratio  
**125.9%**

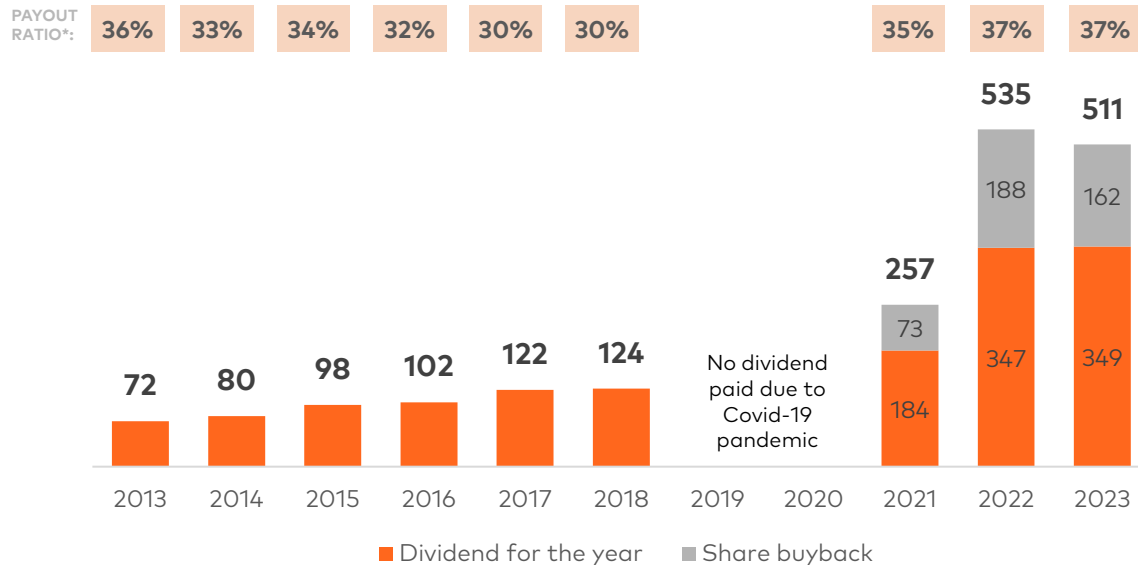
30 June 2024

# Creating long-term shareholder value

## Capital distribution

GEL millions

**Target: 30-50% dividend and buyback payout ratio**



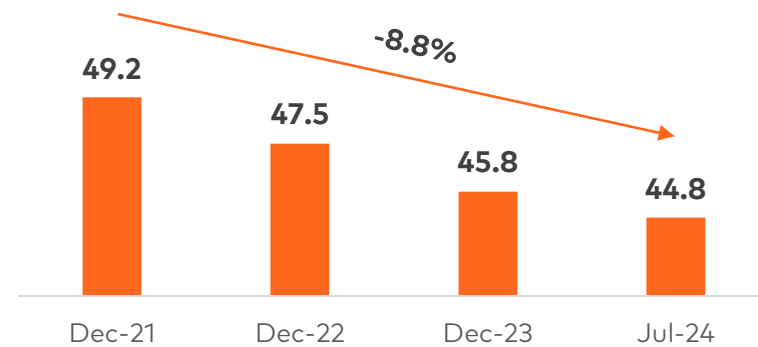
## 1H24 dividend and buyback

GEL **3.38**  
Interim dividend  
per share

GEL **73.4** million  
Share buyback and  
cancellation

## Total shares outstanding

millions



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



 **THANK YOU**