

# RESULTS CALL PRESENTATION

**1Q24 Performance**

29 May 2024  
[www.bankofgeorgiagroup.com](http://www.bankofgeorgiagroup.com)

## Disclaimer: forward-looking statements

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# The Group delivered a strong performance in 1Q24

Profit (adjusted)  
**GEL 369m**  
up 22.5% y-o-y

ROE (adjusted)  
**27.7%**

Cost:income  
**29.2%**

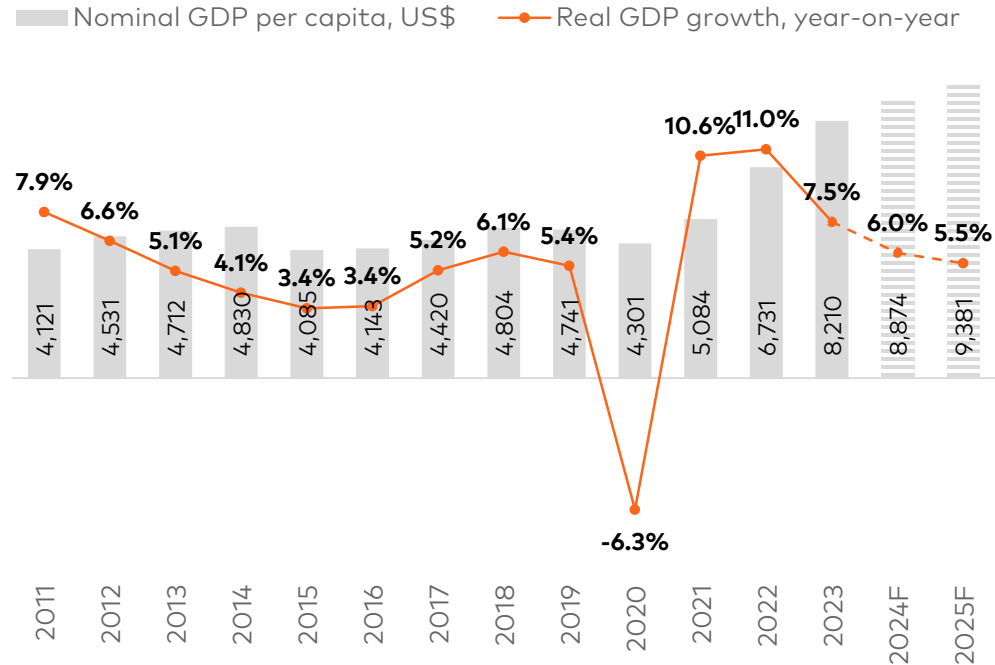
Profit is adjusted for the one-off gain on bargain purchase and acquisition-related costs totalling GEL 668.8m resulting from the Ameriabank acquisition. ROE was adjusted accordingly.

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- | MACROECONOMIC HIGHLIGHTS**
- | GROUP OVERVIEW AND STRATEGY
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# Strong economic growth persists, supported by robust consumption and investment spending, while inflation is below the NBG's target

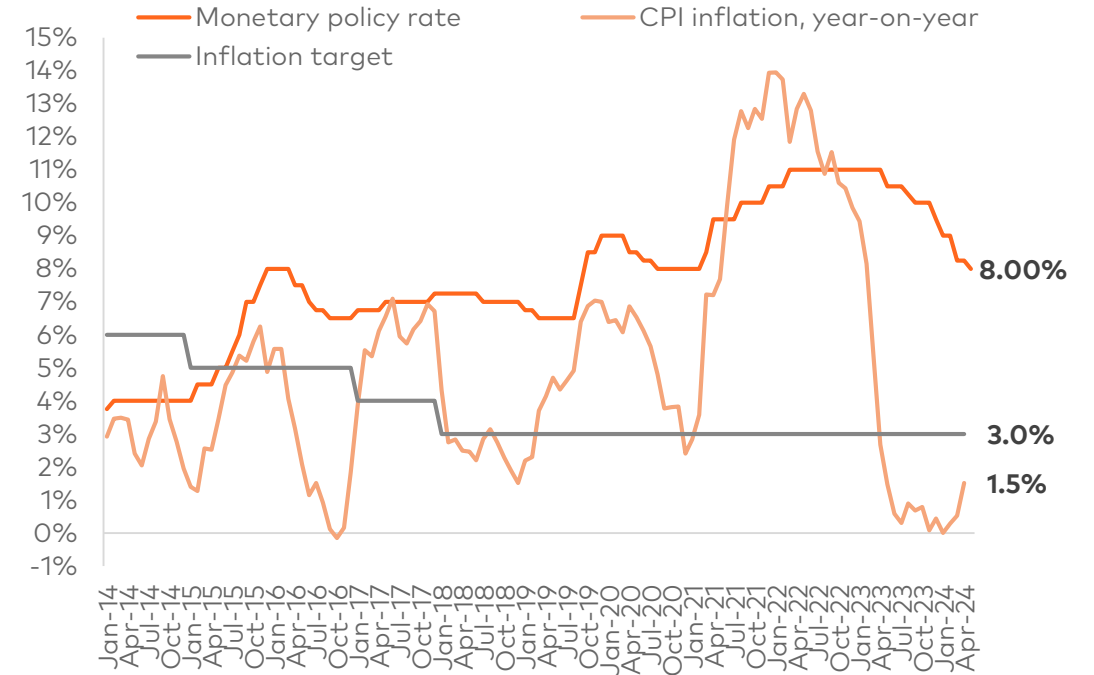
## Economic growth in Georgia



| Rapid estimate of year-on-year economic growth |             |             |             |
|--|-------------|-------------|-------------|
| Jan-24   | Feb-24      | Mar-24      | 1Q24        |
| <b>5.8%</b>                                    | <b>9.5%</b> | <b>8.2%</b> | <b>7.8%</b> |

Source: Geostat, Bank of Georgia

## Inflation and monetary policy in Georgia

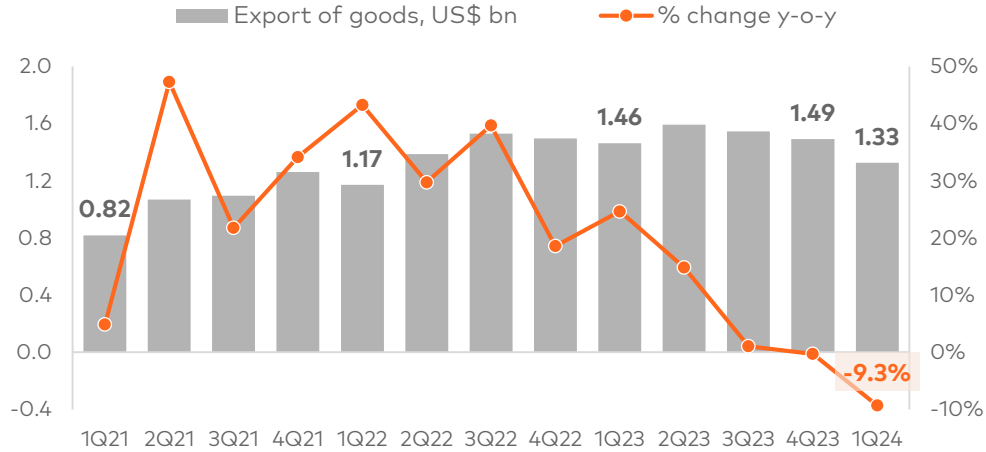


|                     | Year-on-year inflation | Last 5-year average | Mar-24      | Apr-24      |
|---------------------|------------------------|---------------------|-------------|-------------|
| <b>Headline CPI</b> | <b>6.7%</b>            | <b>6.7%</b>         | <b>0.5%</b> | <b>1.5%</b> |
| <b>Core CPI</b>     | <b>4.7%</b>            | <b>4.7%</b>         | <b>2.3%</b> | <b>2.3%</b> |

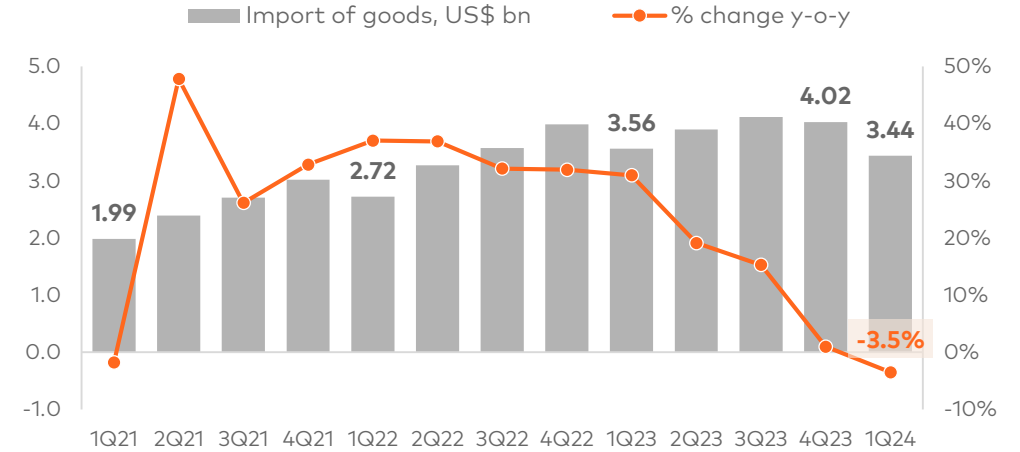
Source: Geostat, NBG

# Both inflows and outflows of the external sector are slowing from last year's high base, leading to stable net inflows to Georgia

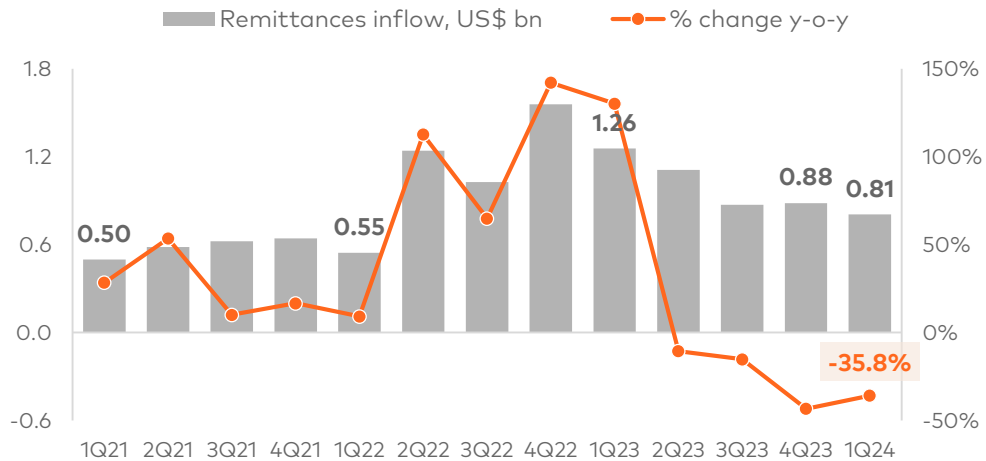
## Export of goods



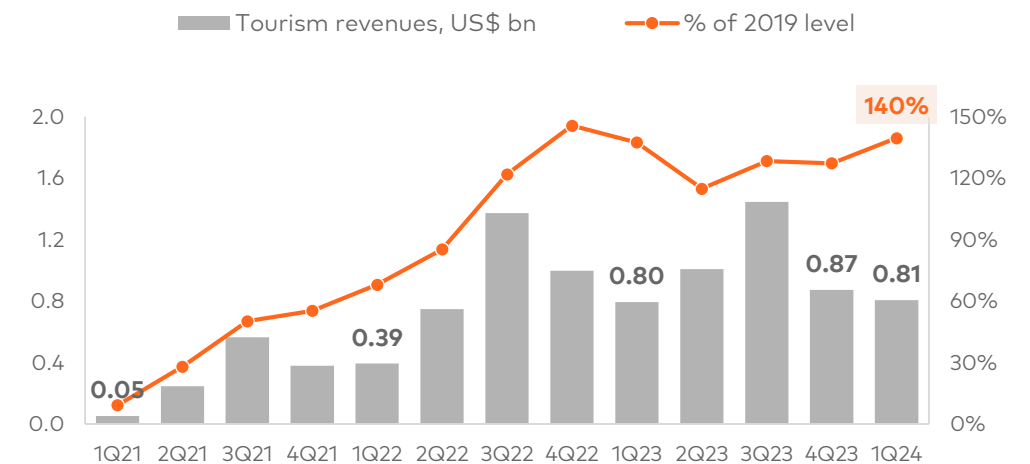
## Import of goods



## Remittances



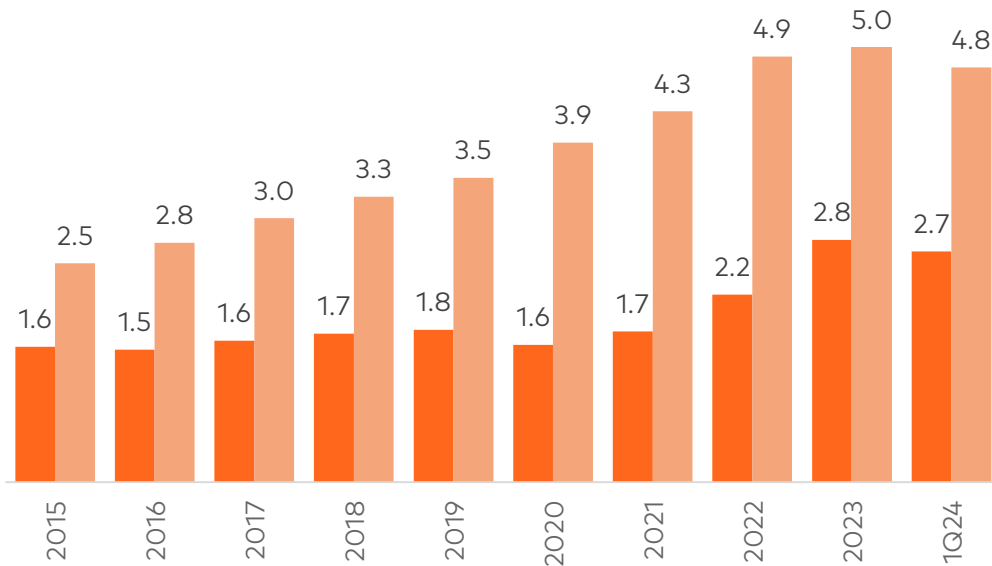
## Tourism inflows



# Solid international reserves and stable public debt cushion the Georgian economy from external shocks

## International reserves, end of period

- Net international reserves, USD bn
- Gross international reserves, USD bn

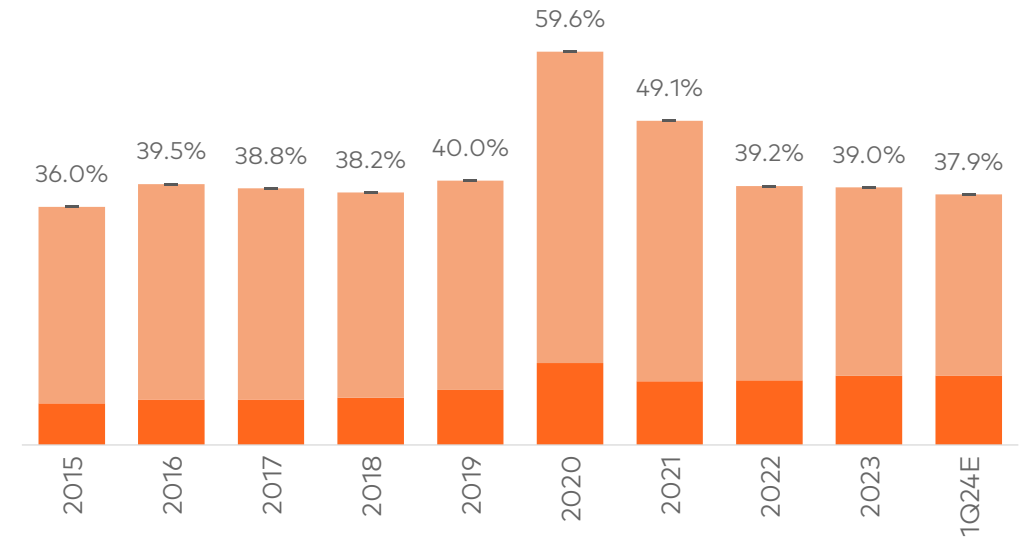


| Net purchase of FX by the NBG (USD m) |             |             |            |              |            |
|---------------------------------------|-------------|-------------|------------|--------------|------------|
| 2019                                  | 2020        | 2021        | 2022       | 2023         | 1Q24       |
| <b>72</b>                             | <b>-916</b> | <b>-355</b> | <b>565</b> | <b>1,279</b> | <b>214</b> |

Source: NBG

## Public debt as % of GDP, end of period

- Domestic public debt to GDP
- External public debt to GDP
- Total public debt to GDP

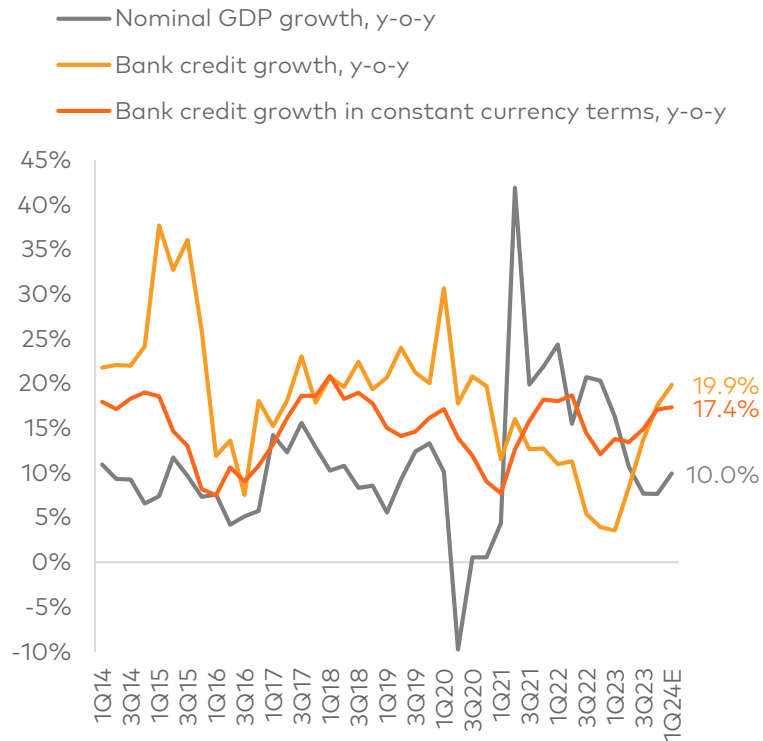


| Fiscal deficit as % of GDP |              |              |              |              |              |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| 2019                       | 2020         | 2021         | 2022         | 2023         | 2024E        |
| <b>-2.1%</b>               | <b>-9.2%</b> | <b>-6.0%</b> | <b>-3.0%</b> | <b>-2.4%</b> | <b>-2.5%</b> |

Source: MOF, Geostat

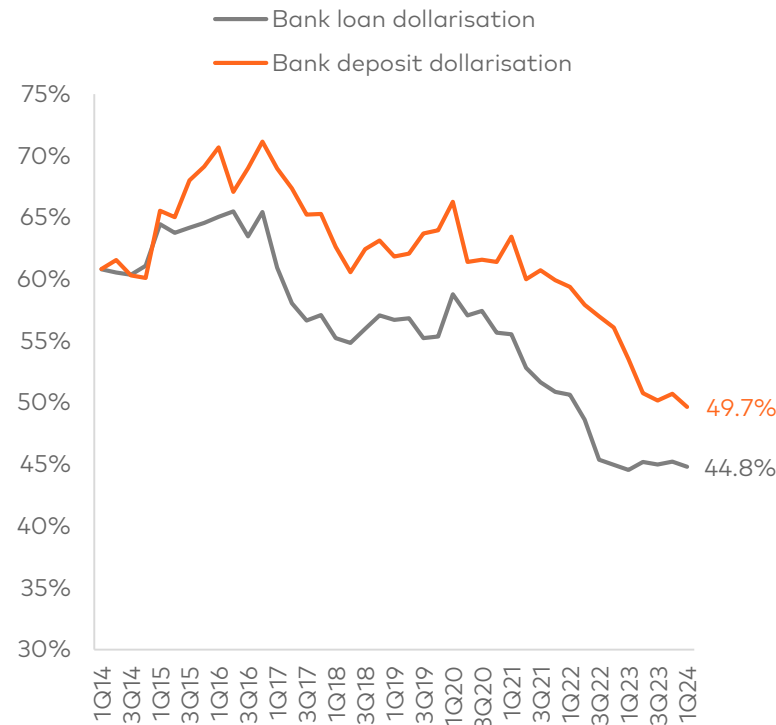
# Healthy Georgian banking sector, with robust growth and falling dollarisation

## Bank loan book growth vs. GDP growth in Georgia



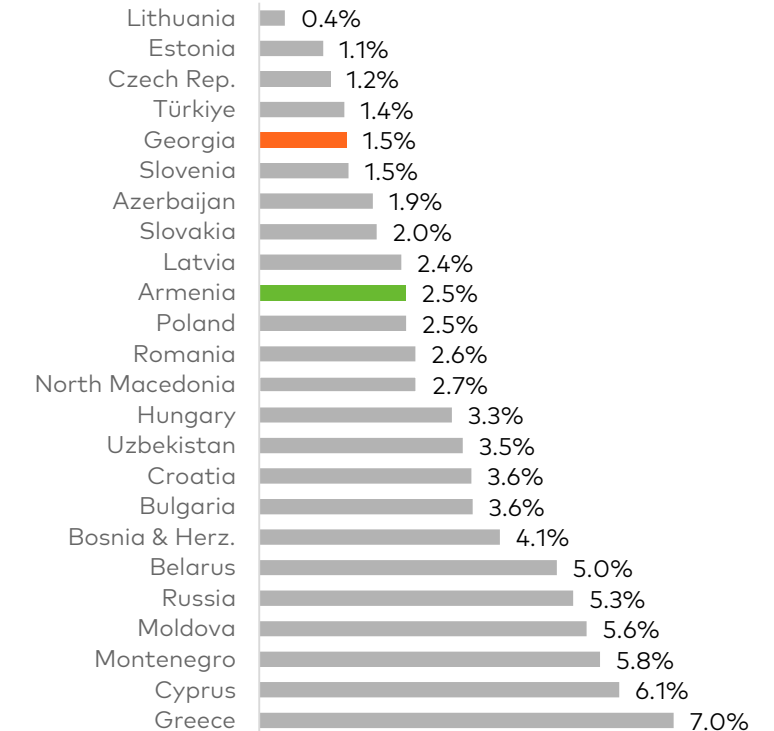
Source: NBG, Geostat, BOG

## Loan and deposit dollarisation in Georgia



Source: NBG

## Non-performing bank loans to total gross loans, end-2023 or latest available

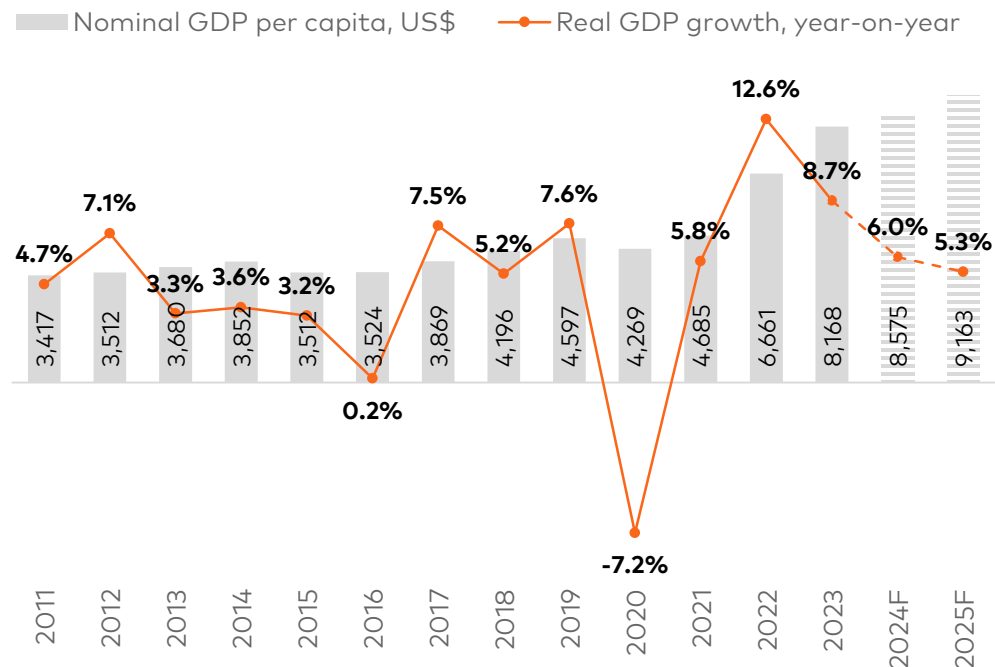


Source: IMF



# The Armenian economy maintains strong growth momentum driven by industry and trade, while inflation remains in negative territory

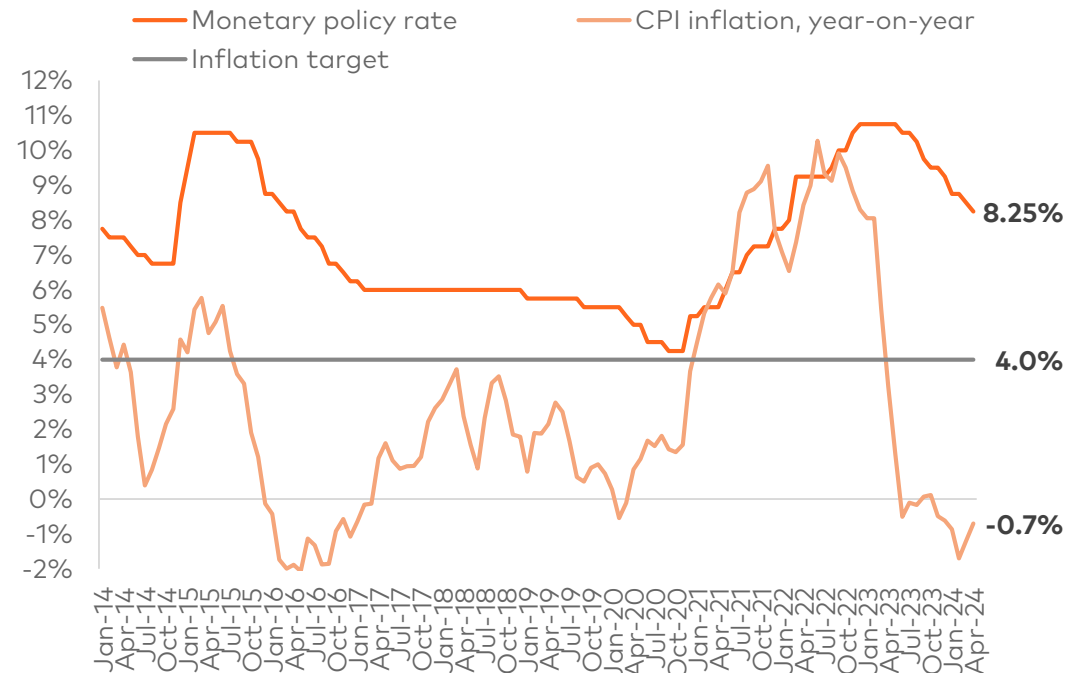
## Economic growth in Armenia



|                               |             |
|-------------------------------|-------------|
|                               | 1Q24        |
| Real GDP growth, year-on-year | <b>9.2%</b> |

Source: Armstat, IMF

## Inflation and monetary policy in Armenia

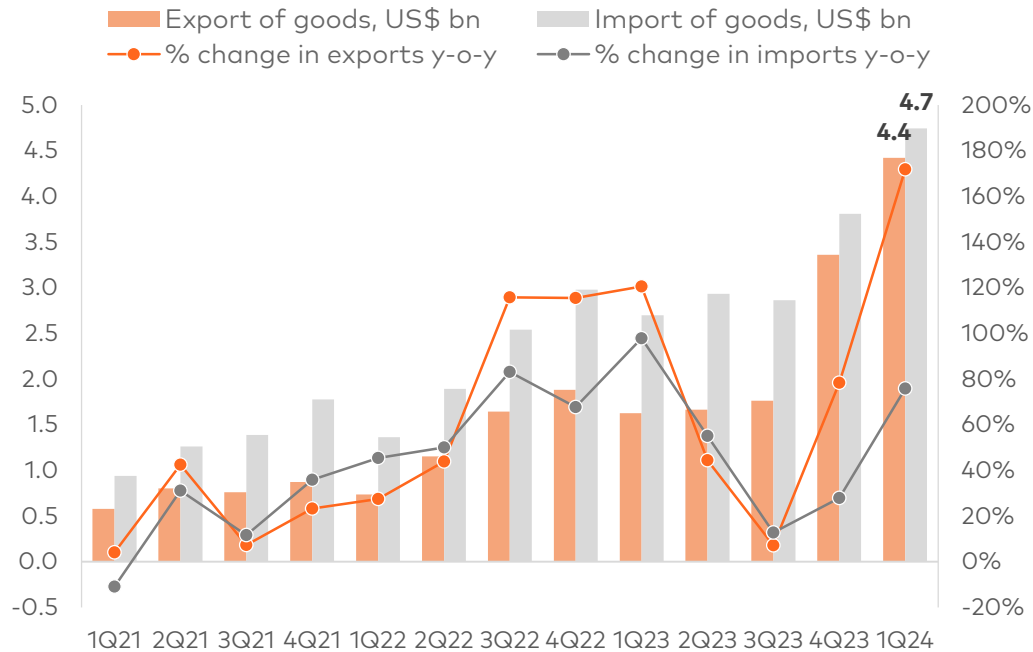


|                        | Last 5-year average | Mar-24       | Apr-24       |
|------------------------|---------------------|--------------|--------------|
| Year-on-year inflation |                     |              |              |
| <b>Headline CPI</b>    | <b>3.9%</b>         | <b>-1.2%</b> | <b>-0.7%</b> |
| <b>Core CPI</b>        | <b>4.1%</b>         | <b>-0.7%</b> | <b>-0.5%</b> |

Source: Armstat, CBA

# Marked improvements in trade balance and strong overall external sector inflows in Armenia

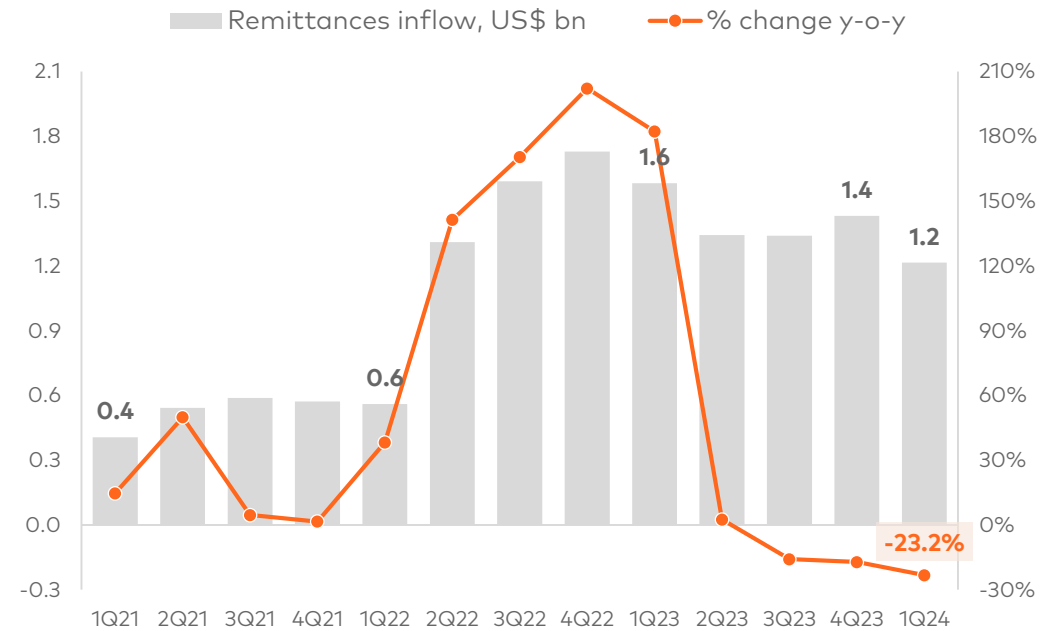
## External trade of Armenia



Source: Armstat

- Recent strong growth in external trade was driven by exports of gold and jewellery

## Remittances in Armenia



Source: CBA

Note: Remittances include total commercial and non-commercial transfers of individuals through the banking system

- The decline in money transfers was due to falling inflows from Russia

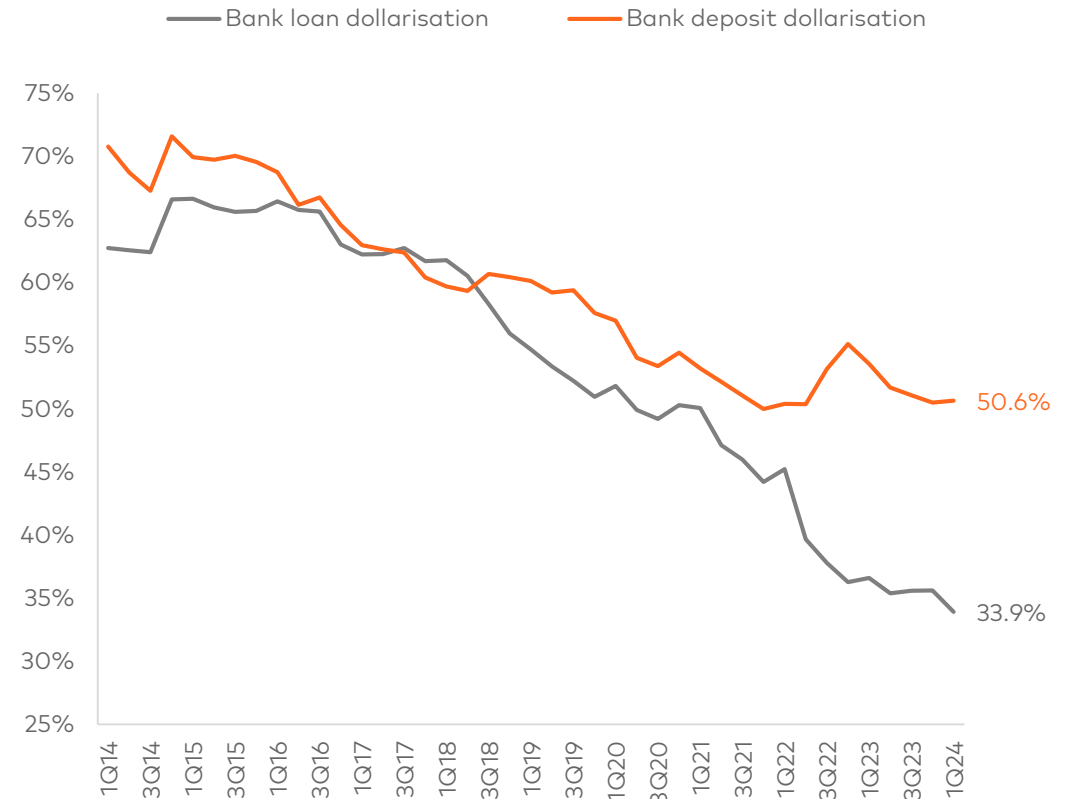
# Sound Armenian banking sector with steady growth and declining dollarisation

## Bank loan book growth vs. GDP growth in Armenia



Source: CBA, Armstat

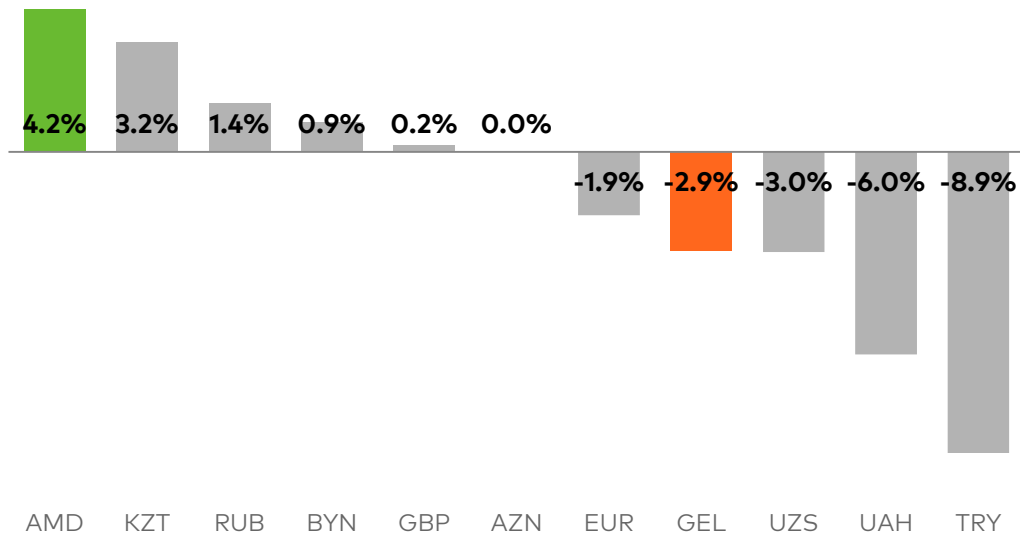
## Loan and deposit dollarisation in Armenia



Source: CBA

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

## Currency movements vs. US\$, 12/31/2023 – 5/27/2024

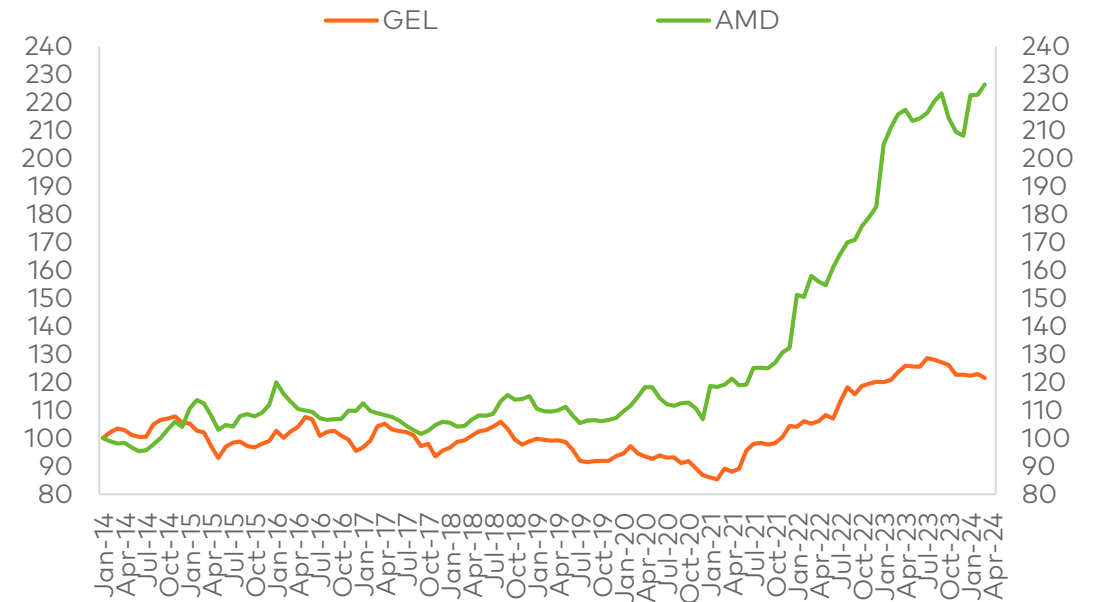


Source: NBG

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

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# Who we are

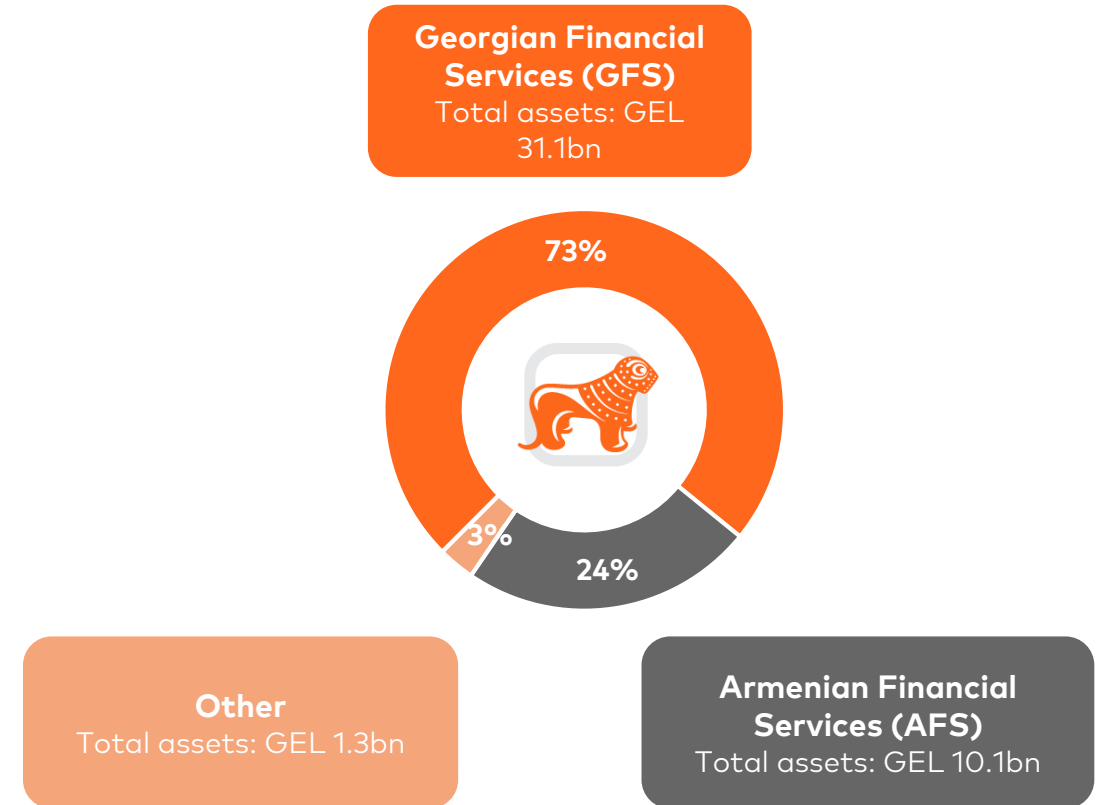
Operating leading, customer-focused, universal banks in Georgia and Armenia

Strong growth momentum underpinned by one of the fastest growing economies in EMEA

Diversified institutional investor base

Track record of high profitability and superior returns for shareholders

Highest standards of corporate governance and a strong focus on ESG



# 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 segments 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%**

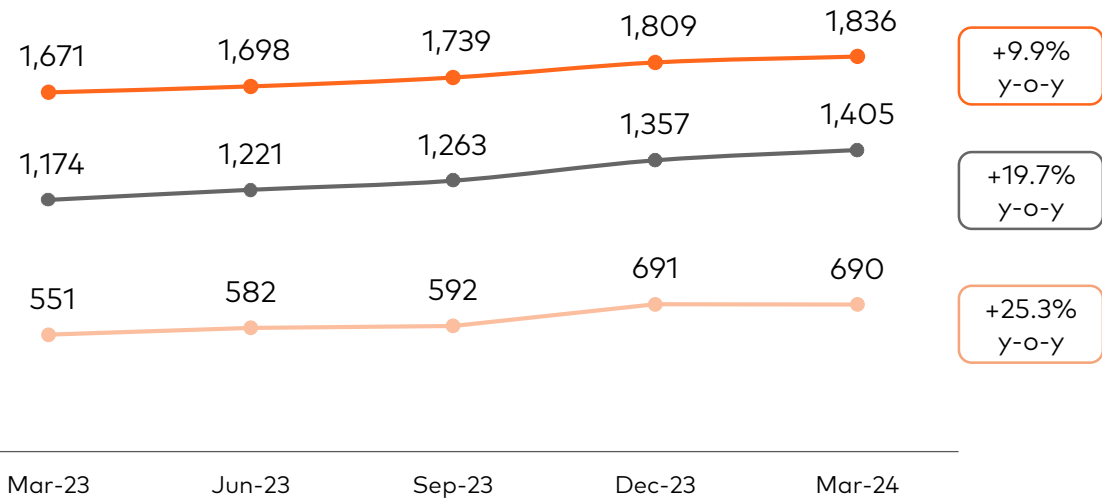
Dividend and share buyback payout ratio

# Our retail customers have become more digital and engaged

Figures given for JSC Bank of Georgia standalone

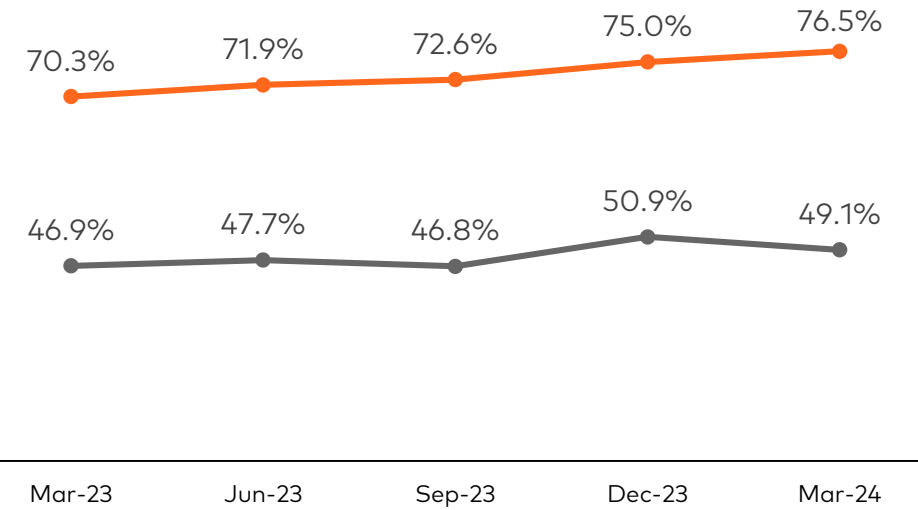
## Monthly active users (Retail)

thousands



MAU Digital MAU Digital DAU

## Digital engagement of active customers



Digital MAU/MAU Digital DAU/Digital MAU

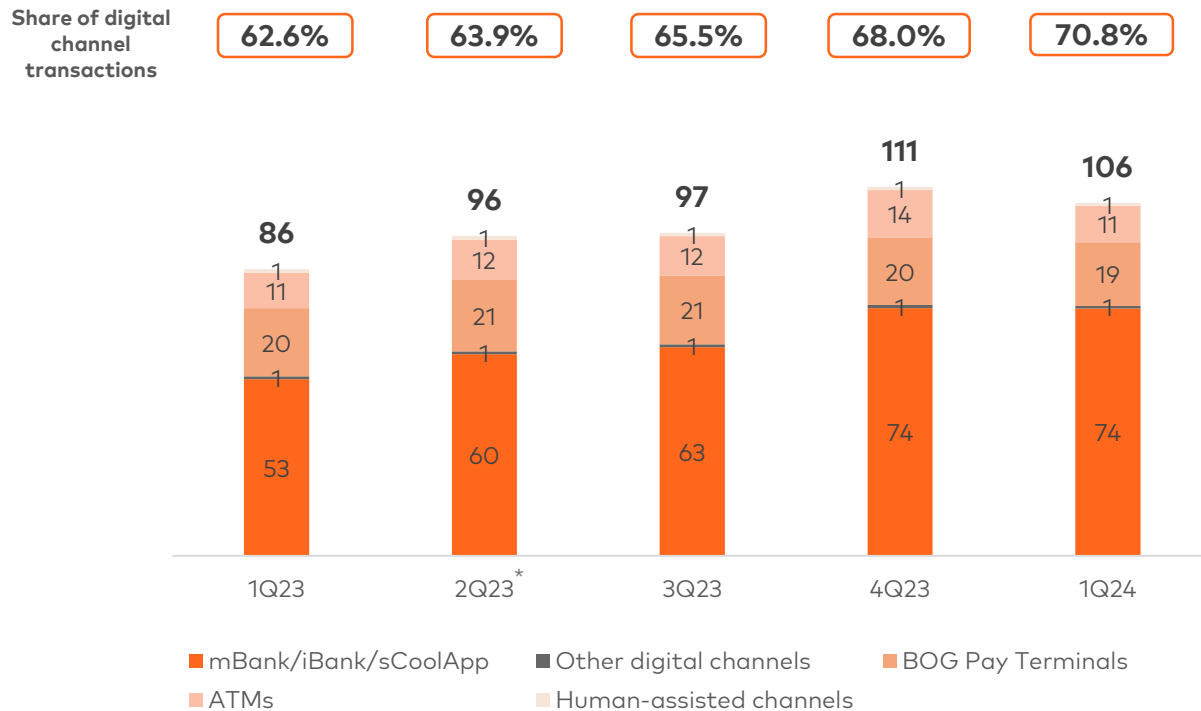


# Focusing on increasing product sales in retail digital channels

Figures given for JSC Bank of Georgia standalone

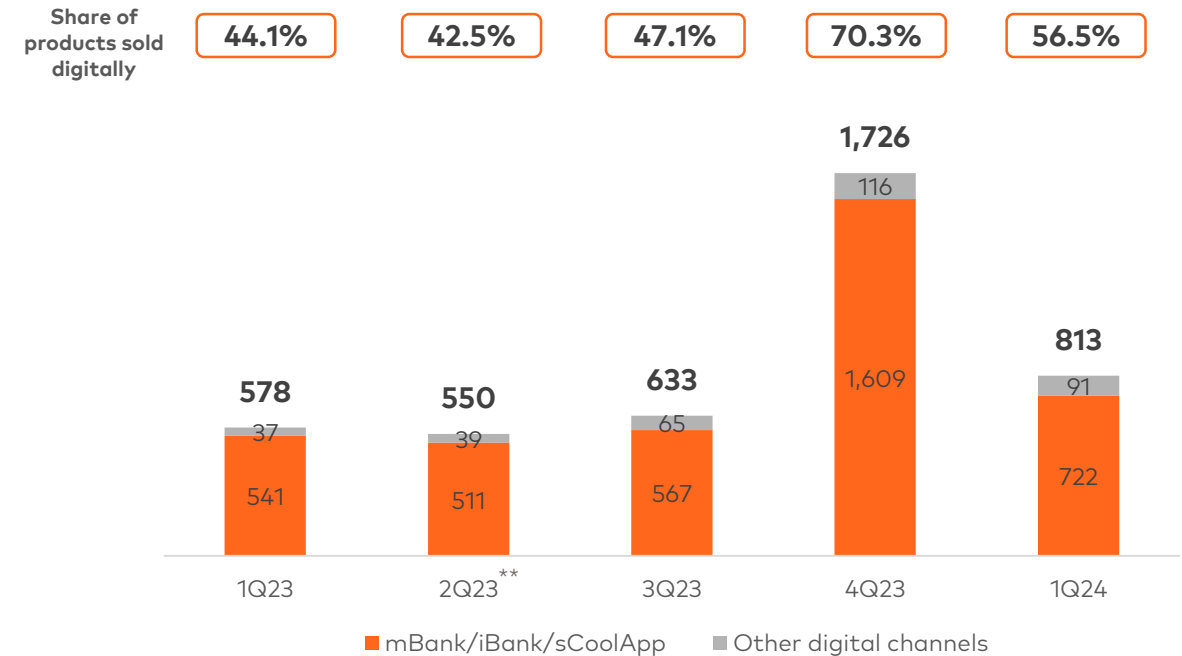
## Number of transactions

millions



## Products sales in digital channels

thousands



- The q-o-q decrease in product sales in digital channels in 1Q24 was due to a high base of the prior quarter as gamification in BOG APP during 4Q23 significantly boosted product activations

\*In 2Q23, we changed the methodology of calculating the number of transactions and now include payments, transfers, currency conversions, P2P transactions, cash-ins and cash-withdrawals. Product sales were excluded from the count of transactions. The previous periods have been restated. Other digital channels include smaller-scale channels such as bogpay.ge. Human-assisted channels include branches and a call center. Share of digital channel transactions: Sum of number of transactions made through mBank, iBank, sCoolApp and other digital channels divided by total number of transactions made.

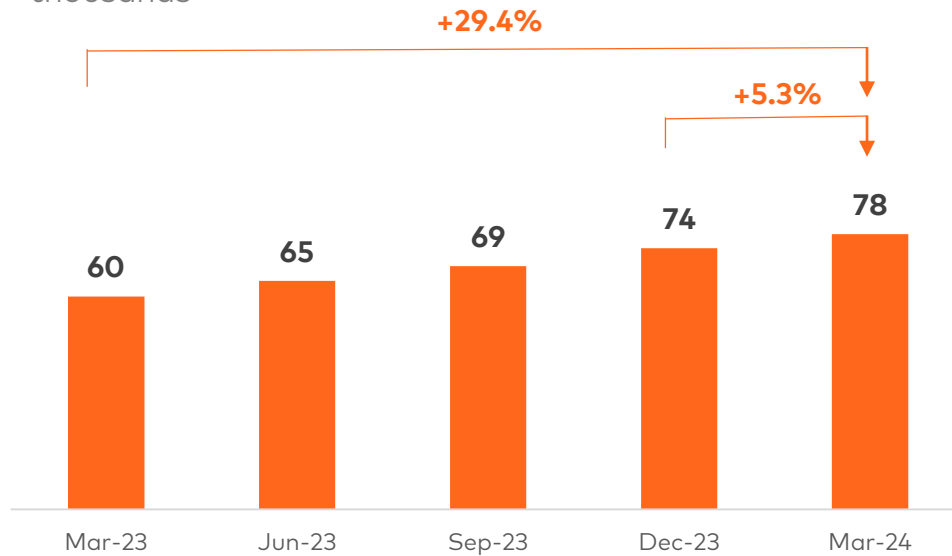
\*\*In 2Q23, we changed the methodology of calculating the share of products sold digitally and currently include all types of products sold by the Bank. The previous periods have been restated. Share of products sold digitally: Sum of products sold through mBank, iBank, sCoolApp and other digital channels divided by total number of products sold.

# Strong growth in users of business digital channels

Figures given for JSC Bank of Georgia standalone

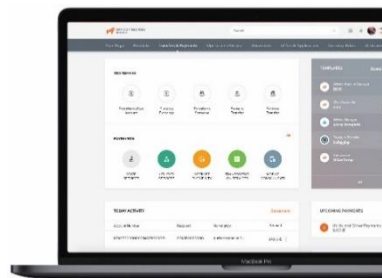
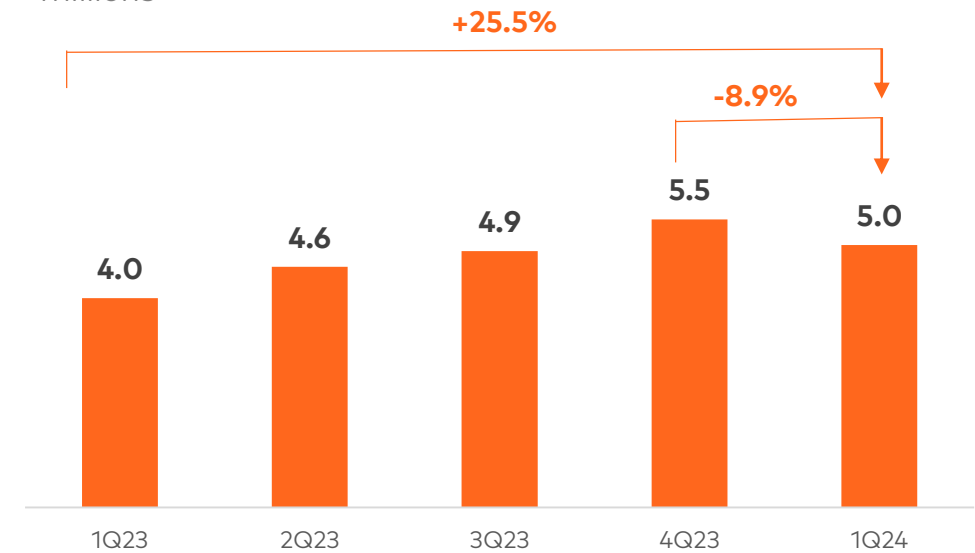
## Monthly active digital users

thousands



## Number of transactions

millions



**87%** Customer Satisfaction Score (1Q24)  
+3 pts y-o-y



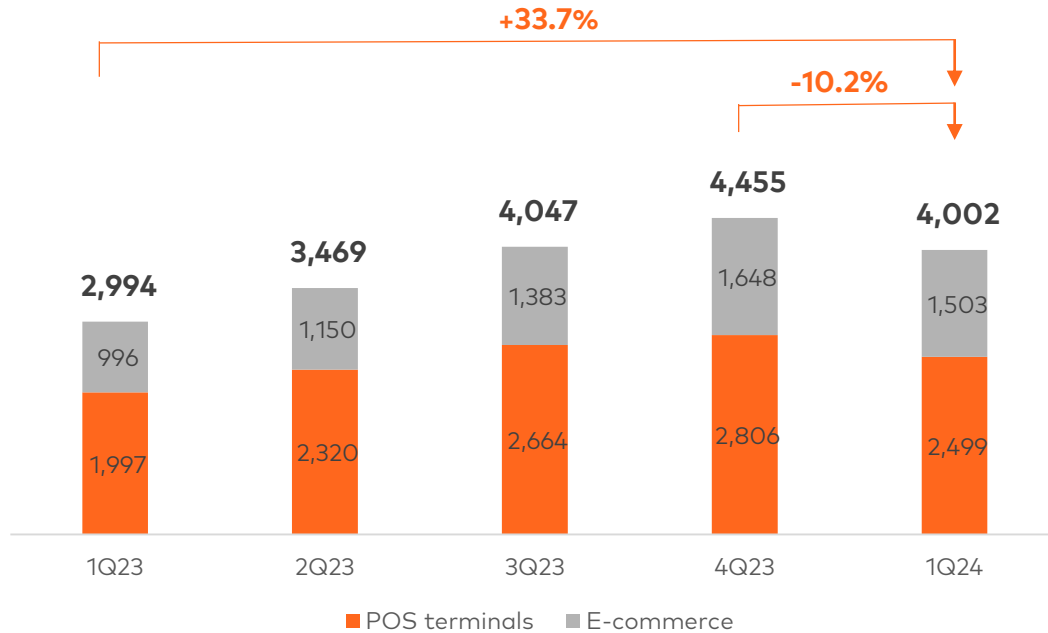
**90%** Customer Satisfaction Score (1Q24)  
+4 pts y-o-y

# Payments business – our daily touchpoint with customers

Figures given for JSC Bank of Georgia standalone

## Acquiring - volume of payment transactions

GEL millions



**55.5%**

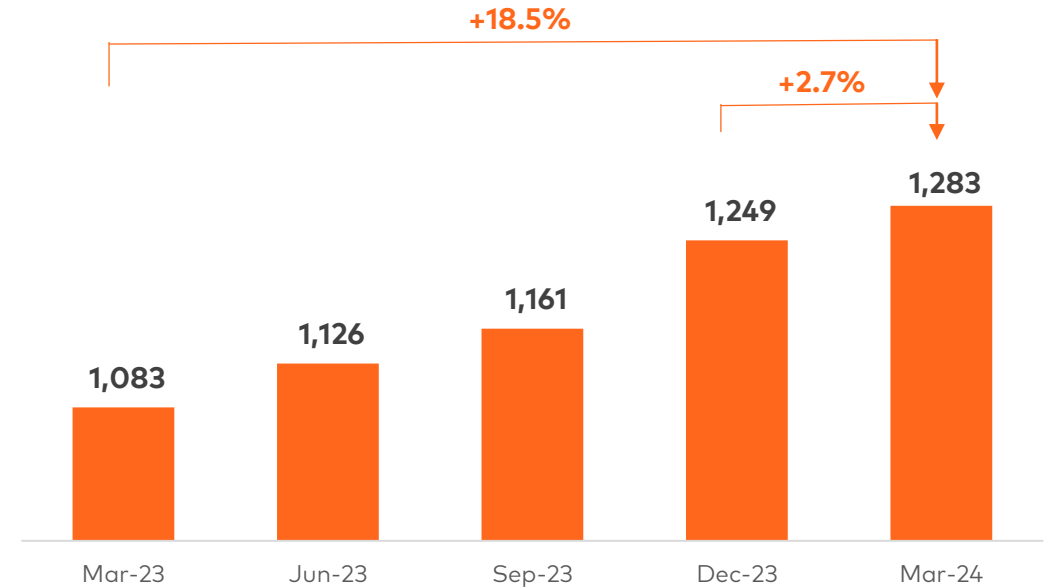
Market share in acquiring volumes | Mar 2024  
+3.6 ppts YoY

**18.9K**

Active merchants | Mar 2024  
+24.8% YoY

## Issuing – payment MAU

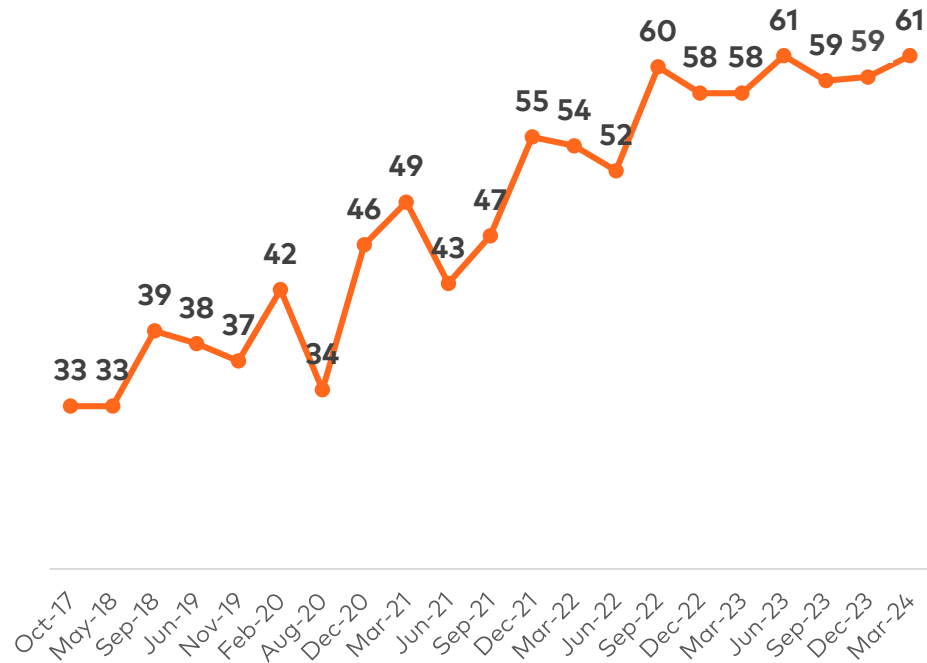
thousands



# 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

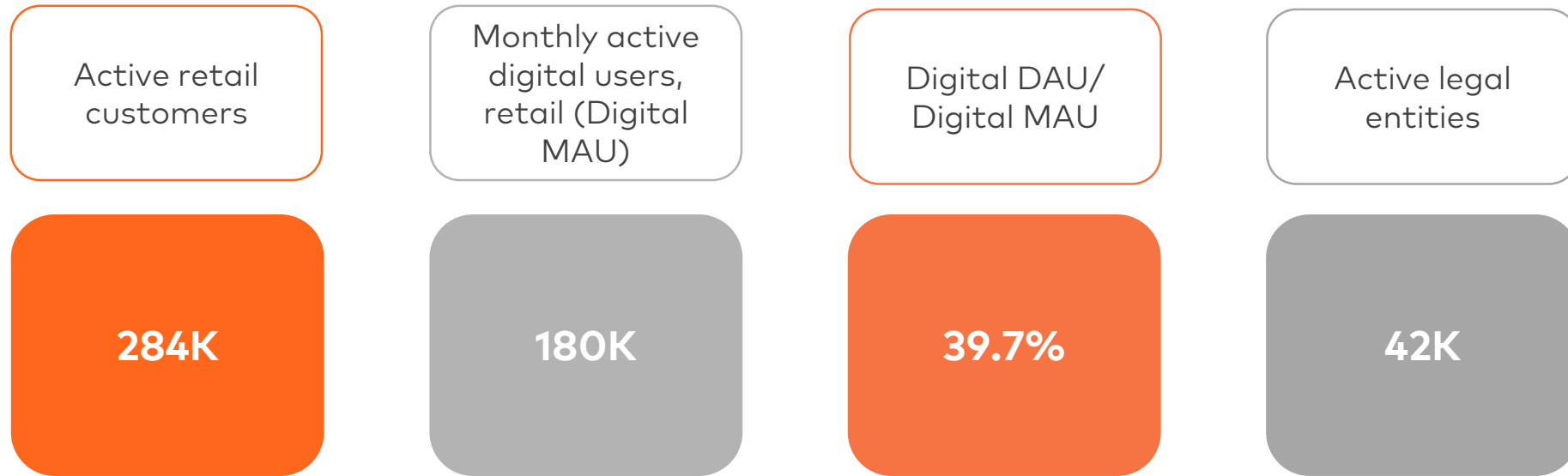
Harnessing strong **human relationships** with **data analytics** for dynamic customer insights

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



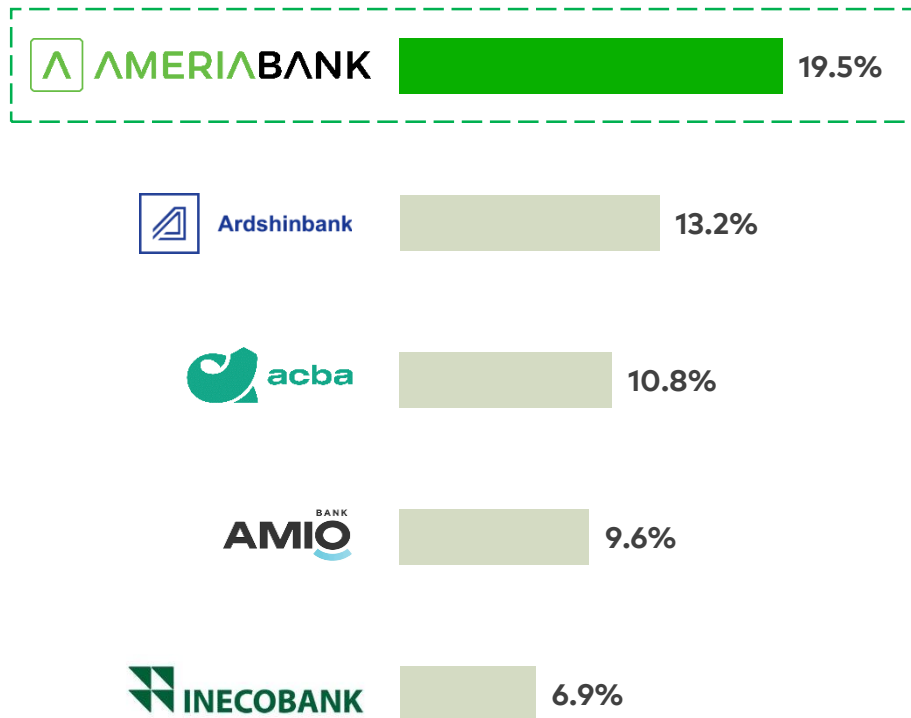
\* Based on external research by IPM Georgia, surveying a random sample of customers with face-to-face interviews.

# Ameriabank's operational highlights in Mar-24

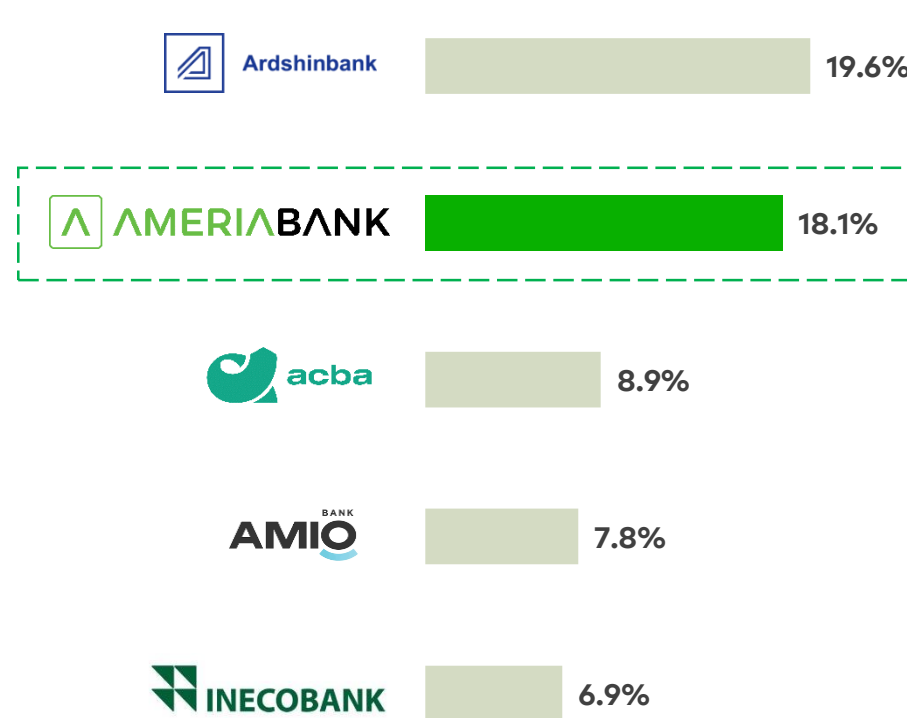


# Ameriabank has a leading position on the market with further room for growth

## Loans market share, Mar-24



## Deposits\* market share, Mar-24



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# Financial highlights of 1Q24

**Profit\***

**369M**

+22.5% y-o-y  
+12.3% q-o-q

**ROAE\***

**27.7%**

**Cost of risk\*\***

**0.3%**

**Cost:income**

**29.2%**

**Net loans**

31 Mar 2024

**GEL 27.7bn**

+63.0% y-o-y    +20.1% y-o-y  
+36.9% q-o-q    +3.4% q-o-q

*On a constant  
currency basis\*\*\**

**Deposits**

31 Mar 2024

**GEL 28.3bn**

+54.7% y-o-y    +15.9% y-o-y  
+38.0% q-o-q    +6.4% q-o-q

*On a constant  
currency basis\*\*\**

\*Figures adjusted for the one-off gain on bargain purchase and acquisition-related costs totalling GEL 668.8m resulting from the Ameriabank acquisition.

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

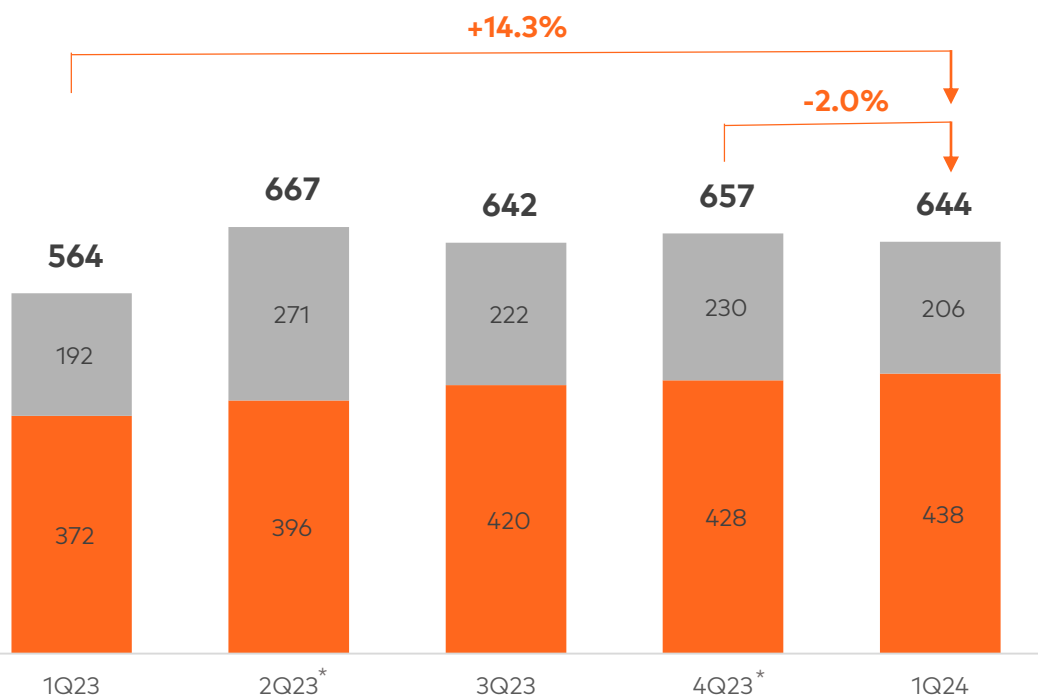
\*\*\*Growth on a constant currency basis does not include Ameriabank's acquisition effect.



# Strong underlying performance

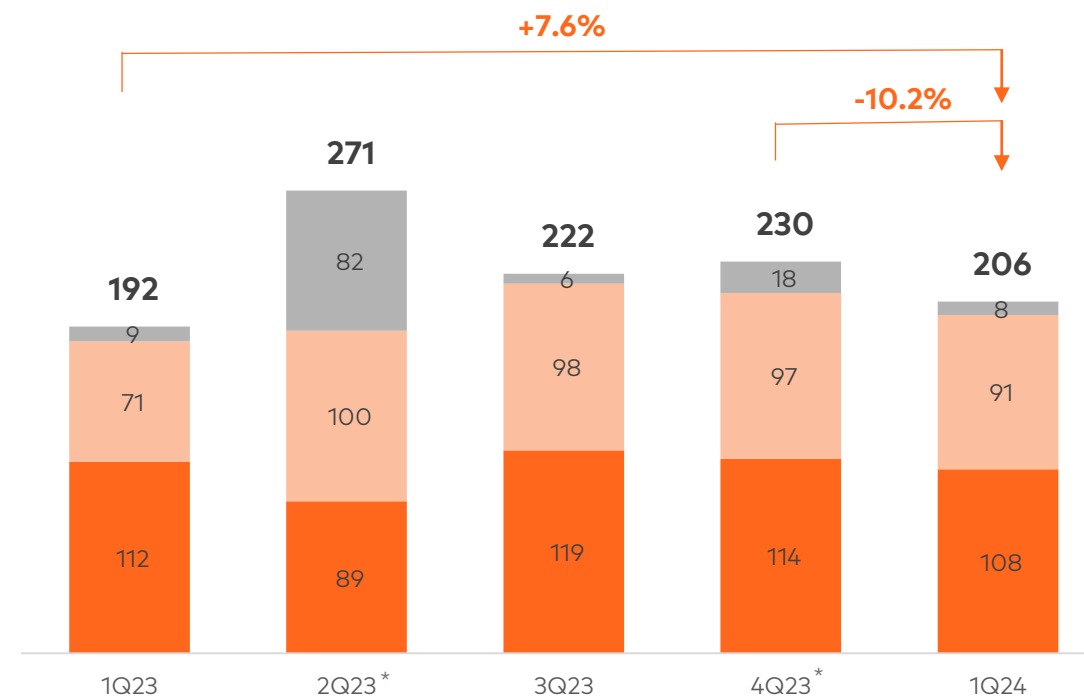
All currency data are in GEL m unless otherwise stated

## Operating income



■ Net interest income ■ Net non-interest income

## Net non-interest income



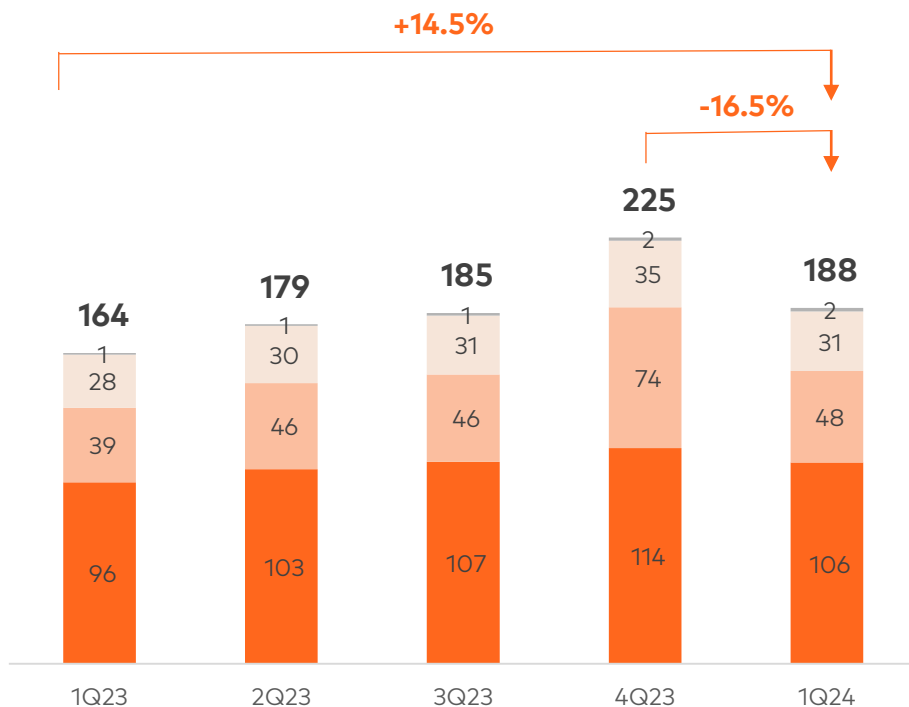
■ Net fee and commission income ■ Net foreign currency gain ■ Net other income

\*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 has been adjusted for this one-off.

# Investing for growth while maintaining the focus on efficiency

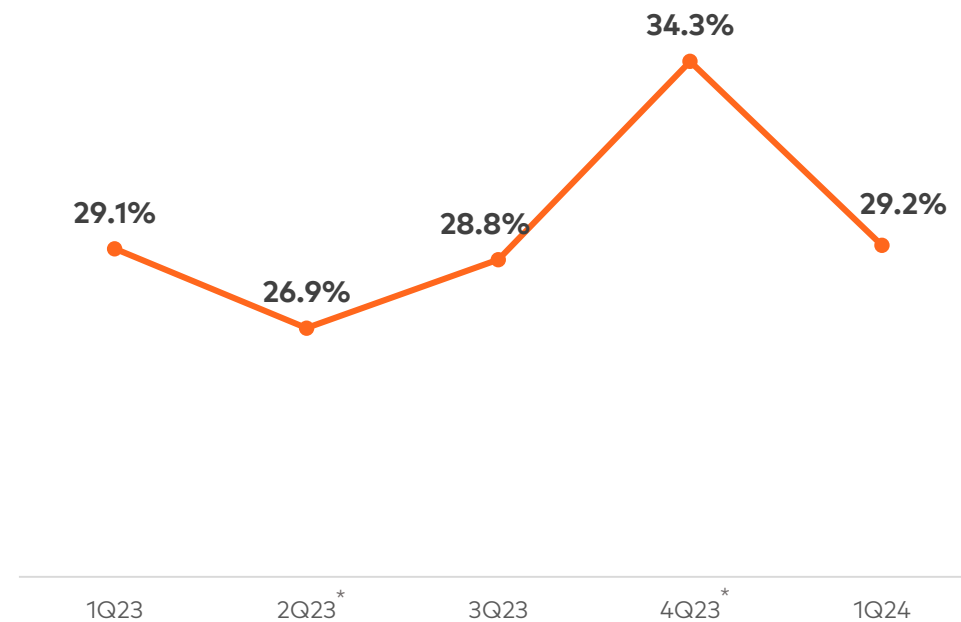
All currency data are in GEL m unless otherwise stated

## Operating expenses



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

## Cost to income ratio

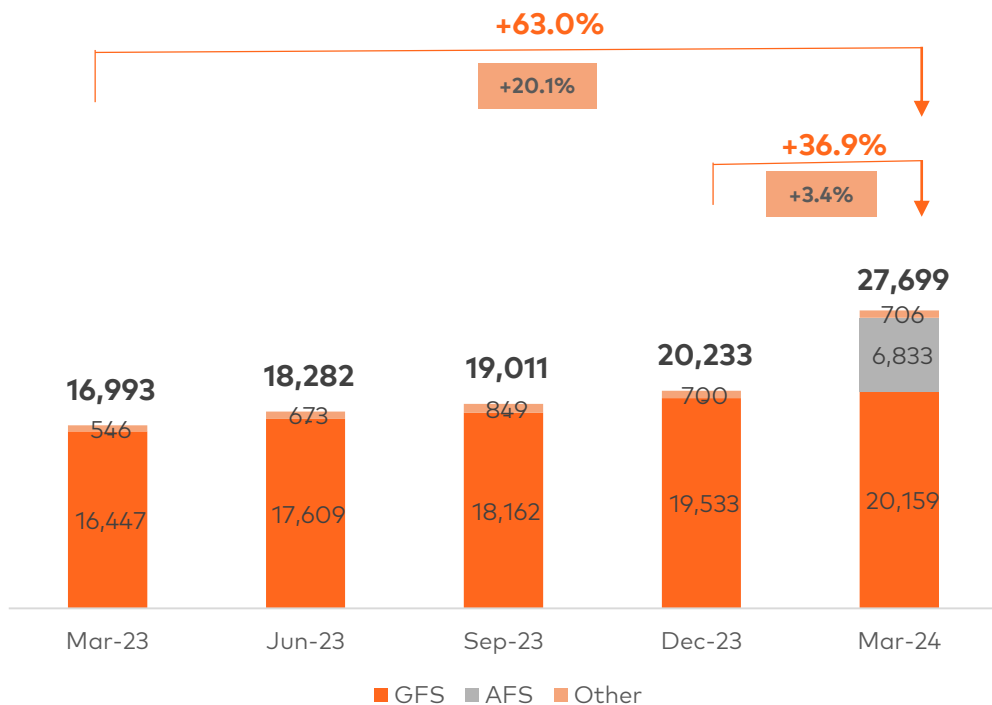


\*Due to the settlement of a legacy claim, the fair value revaluation of the receivable resulted in a one-off other income of GEL 21.1 million posted in 2Q23 and 1.5 million posted in 4Q23. Net other income and thus the cost to income ratio was adjusted accordingly.

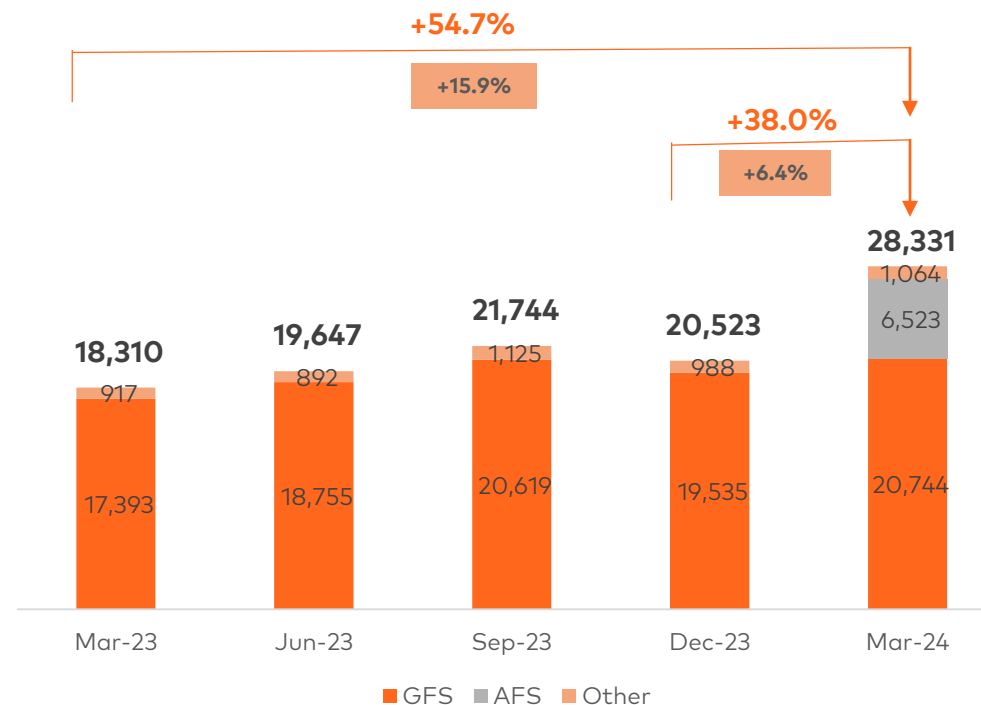
# Strong loan and deposit growth dynamics

All currency data are in GEL m unless otherwise stated

## Loan portfolio



## Deposit portfolio

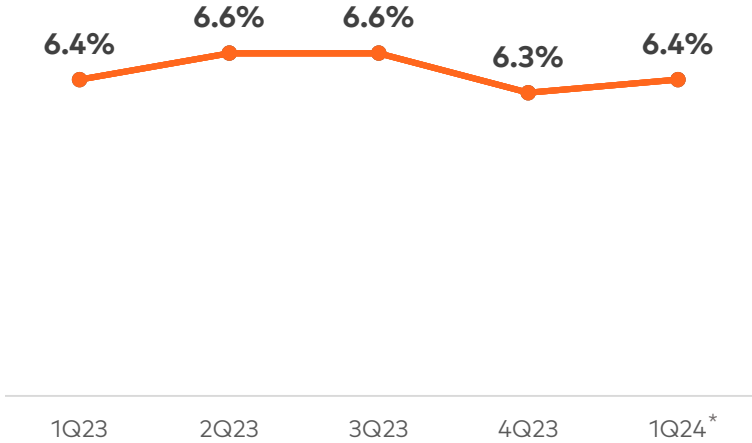


■ Growth on a constant currency basis\*

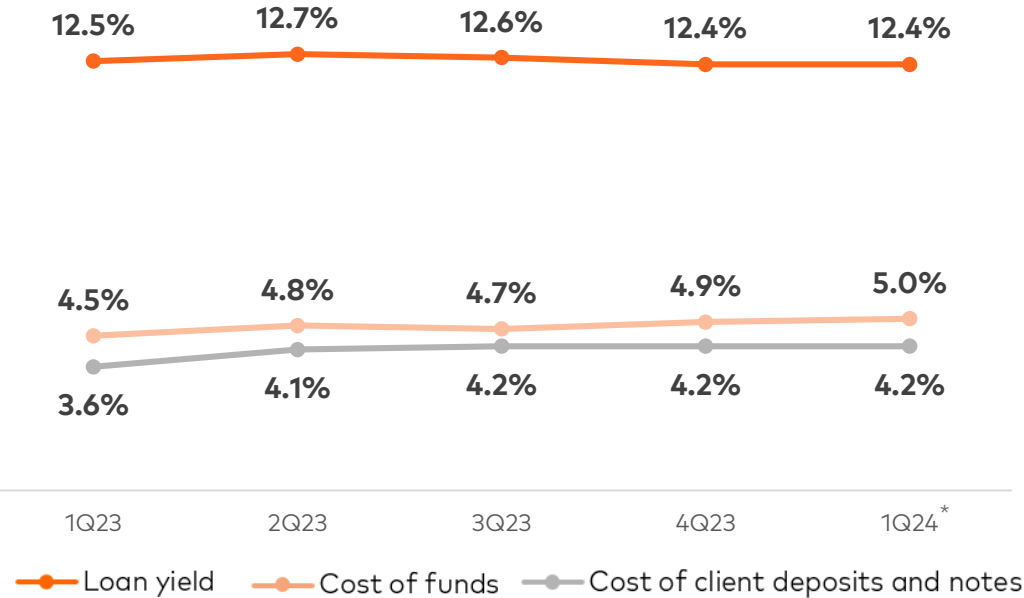
\*Growth on a constant currency basis does not include Ameriabank's acquisition effect.

# Net interest margin broadly stable

## Net interest margin



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

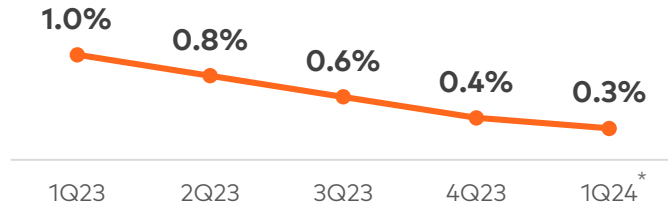


\*1Q24 figures adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

# Healthy loan portfolio

All currency data are in GEL m unless otherwise stated

## Cost of credit risk ratio



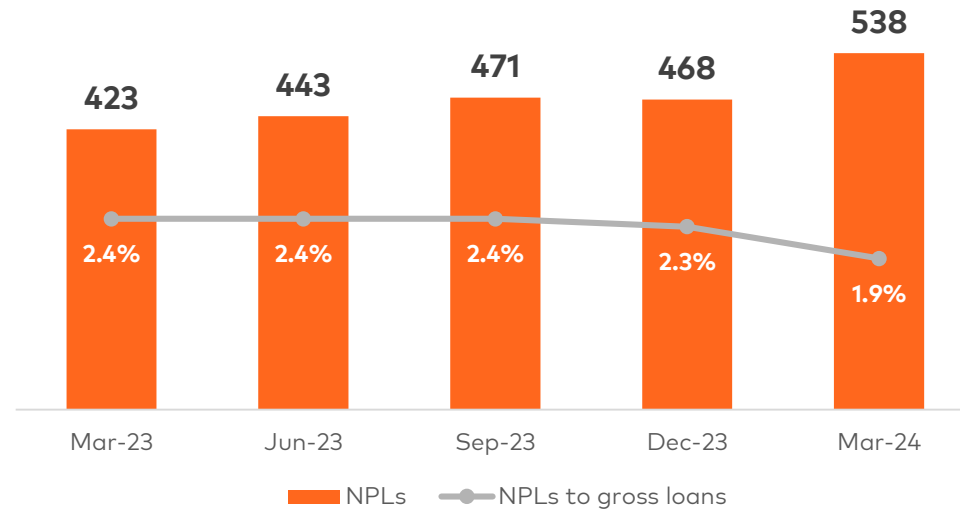
- The cost of credit risk ratio was 0.3% in 1Q24 (1.0% in 1Q23 and 0.4% in 4Q23). All sub-segments of GFS performed strongly

## Loan portfolio quality

NPL coverage



NPL coverage adjusted for the discounted value of collateral



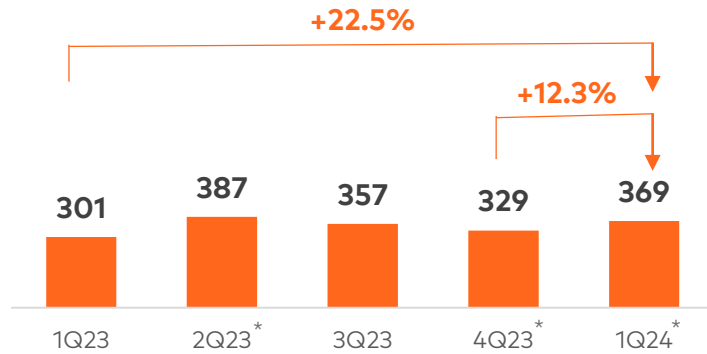
\*1Q24 figure adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

\*\*1Q24 NPL coverage ratios have been adjusted to include the NPLs and respective ECL of standalone Ameriabank.

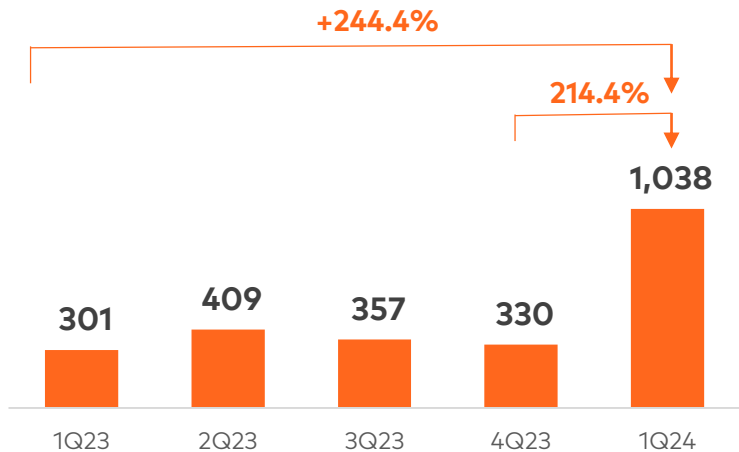
# Robust bottom-line growth and profitability

All currency data are in GEL m unless otherwise stated

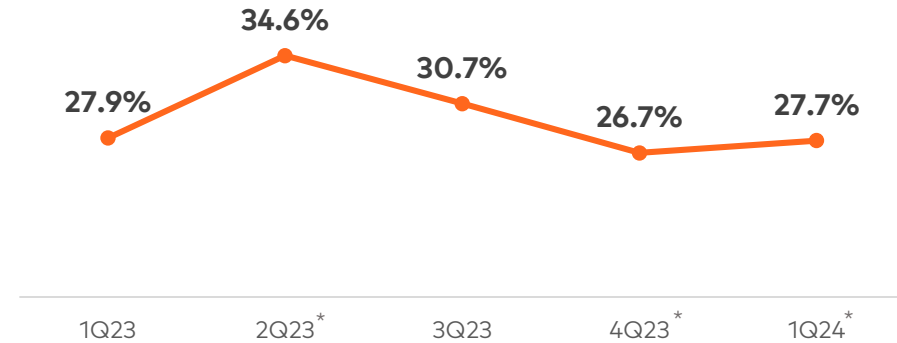
## Profit (adjusted)



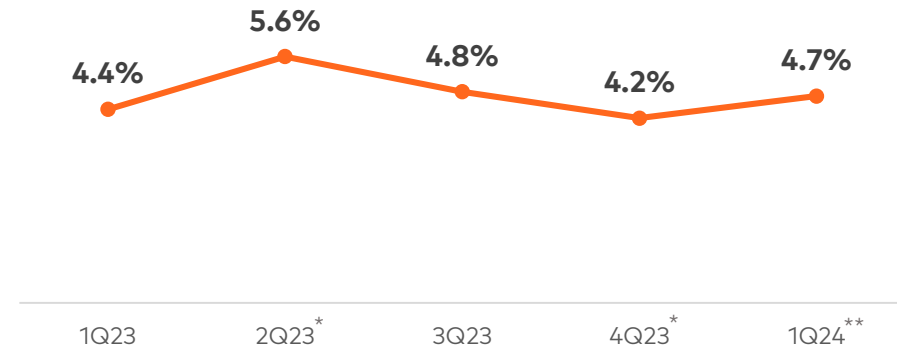
## Profit (reported)



## ROE



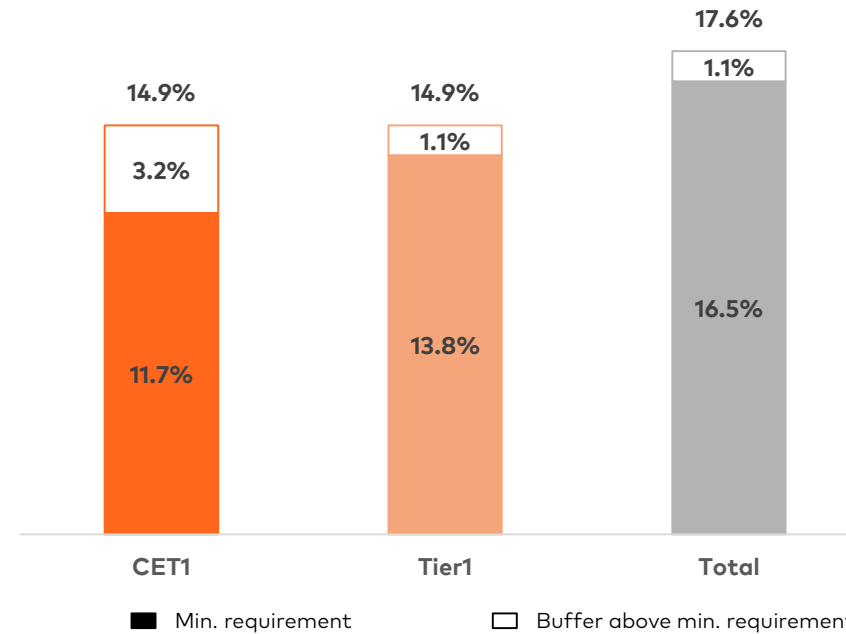
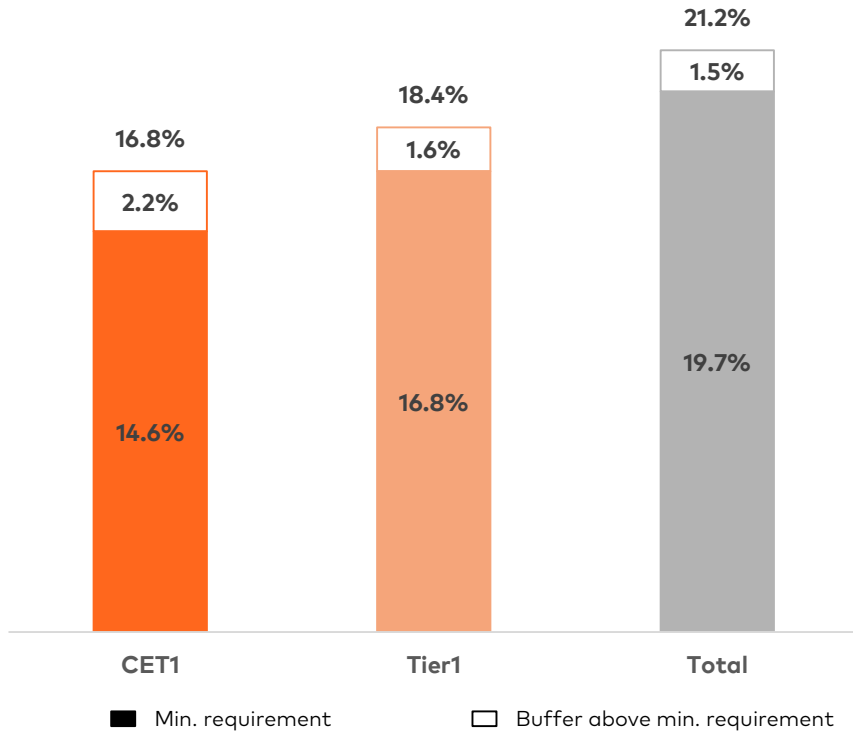
## ROA



\*1Q24 figures adjusted for the one-off gain on bargain purchase and acquisition-related costs totalling GEL 668.8m resulting from the Ameriabank acquisition. 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 has been adjusted for this one-off.

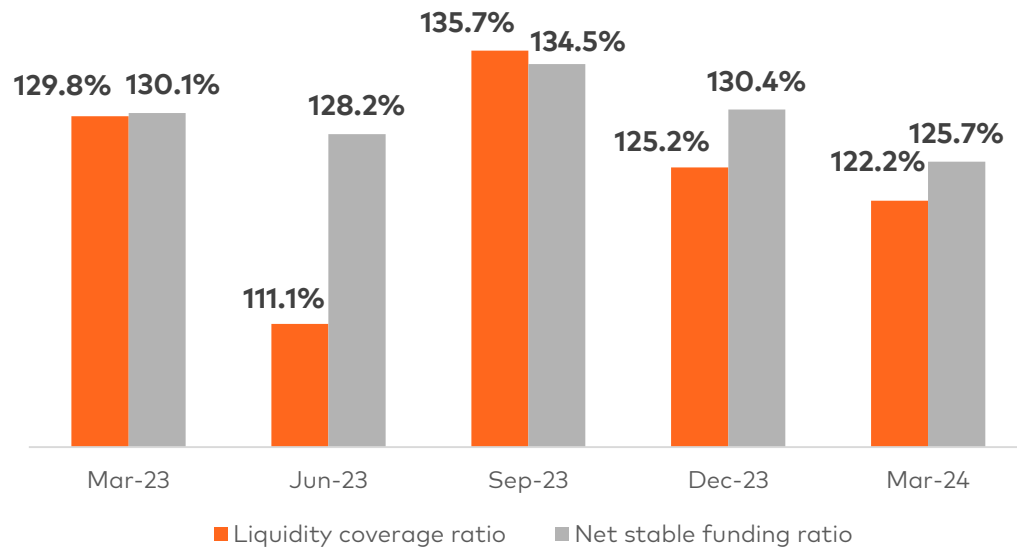
\*\*ROAA is also adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

# Strong capital positions as at 31 March 2024



- On 9 April 2024, JSC Bank of Georgia successfully priced a US\$ 300,000,000 offering of 9.5% perpetual subordinated callable additional tier 1 notes. On 22 March 2024, JSC Bank of Georgia issued a notice that it will redeem all of aggregate principal amount of the outstanding AT1 Notes issued in 2019 equal to US\$ 100,000,000 on 28 June 2024. The net effect of the redemption of the outstanding US\$ 100,000,000 notes and the issuance of new US\$ 300,000,000 notes is positive 2.3 ppts on Tier 1 and Total capital ratios.

# Strong liquidity positions



Liquidity coverage ratio\*  
**270.4%**  
31 March 2024

Net stable funding ratio\*  
**129.8%**  
31 March 2024

- Bank of Georgia and Ameriabank have maintained strong liquidity levels, well above the 100% minimum regulatory requirements

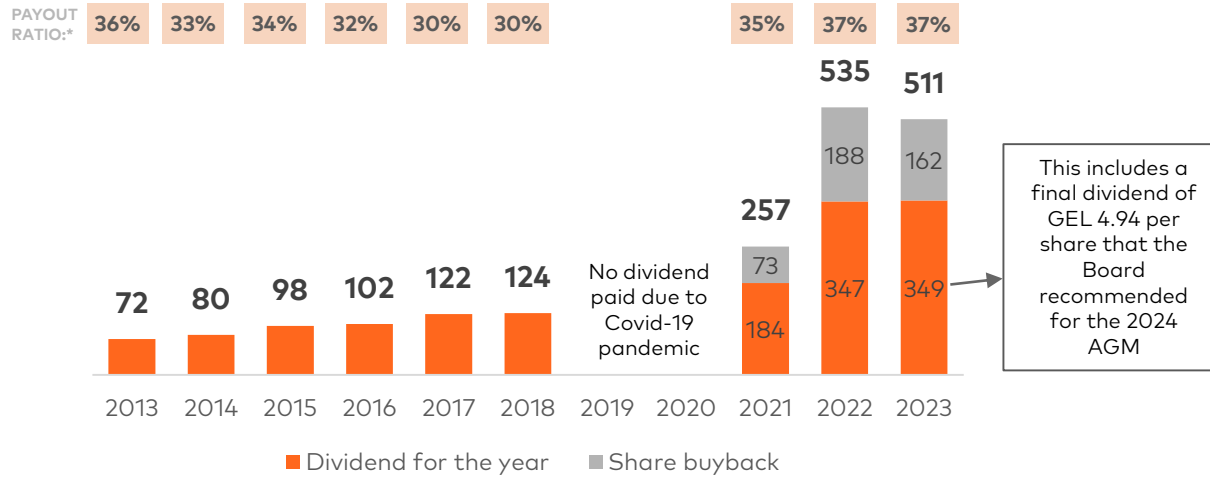
\* Ratios are based on Central Bank of Armenia's accounting and are not IFRS based figures.



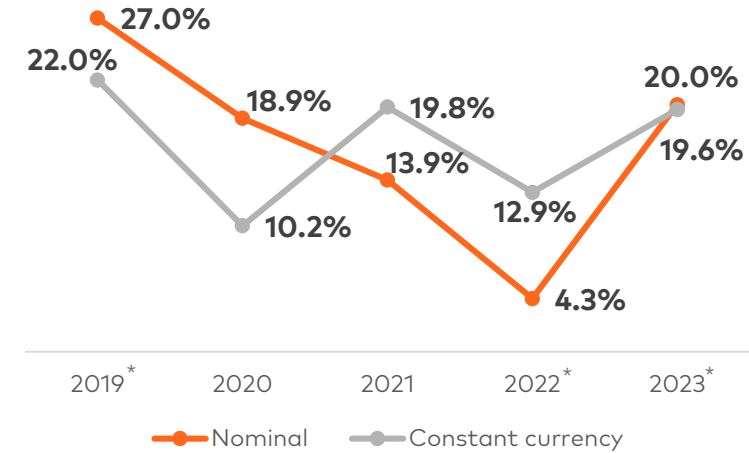
# Track record of growth and strong performance

## Capital distribution

GEL millions

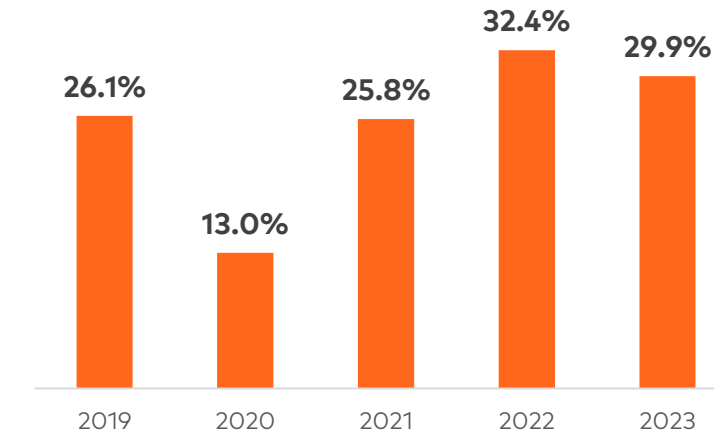


- Bank of Georgia Group PLC has confirmed that the final dividend of GEL 4.94 per ordinary share will be put to shareholder approval at the AGM on 17 June 2024
- The share buyback and cancellation programme is ongoing. The total number of shares cancelled since the launch of the Buyback Programme in August 2023 is 493,792



Loan book YoY growth

**c.15%**  
(Revised in April 2024)



ROAE

**20%+**

2019 ROAE and profit were adjusted for GEL 14.2m (net of income tax) termination costs of a former CEO and executive management.

2022 ROAE and profit were adjusted for a one-off GEL 391.1m other income related to the settlement of a legacy claim, and a one-off GEL 79.3m income tax expense due to an amendment to the corporate taxation model in Georgia applicable to financial institutions.

2023 ROAE and profit were adjusted for a one-off GEL 22.6 million other income related to the fair value revaluation of the receivable due to the settlement of a legacy claim.

Total amount of dividend paid for 2023 may change depending on the number of shares eligible for a dividend

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**THANK YOU**