Bank of Georgia Group PLC

3rd quarter and the first nine months of 2021 results

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www.bankofgeorgiagroup.com

ABOUT BANK OF GEORGIA GROUP PLC

The Group: Bank of Georgia Group PLC ("**Bank of Georgia Group**" or the "**Group**" and on the LSE: **BGEO LN**) is a UK incorporated holding company, which comprises: a) retail banking and payment services (Retail Banking); and b) corporate banking and investment banking operations (Corporate and Investment Banking) in Georgia; and c) banking operations in Belarus ("BNB").

JSC Bank of Georgia ("**Bank of Georgia**", "**BOG**", or the "**Bank**"), the systematically important and leading universal bank in Georgia, is the core entity of the Group. The Bank is a leader in payments business and financial mobile application, with the strong retail and corporate banking franchise in Georgia. With a continued focus on increasing digitalisation and expanding technological and data analytics capabilities, the Group aims to offer more personalised solutions and seamless experiences to its customers to enable them to achieve more of their potential. Employee empowerment, customer satisfaction, and data-driven decisions, coupled with the strong banking franchise, are key enablers in enhancing and developing the Group's strategic objectives. With all these strategic building blocks the Group has laid the groundwork for the bank of the future, and is committed to delivering strong profitability and maximising shareholder value.

The Group aims to benefit from growth of the Georgian economy, and through both its Retail Banking and Corporate and Investment Banking services aims to deliver on its strategy, which is based on achieving at least 20% return on average equity (ROAE) and c.10% growth of its loan book in the medium term.

3Q21 AND 9M21 RESULTS AND CONFERENCE CALL DETAILS

Bank of Georgia Group PLC announces the Group's consolidated financial results for the third quarter and the first nine months of 2021. Unless otherwise noted, numbers in this announcement are for 3Q21 and comparisons are with 3Q20. The results are based on International Financial Reporting Standards ("**IFRS**") as adopted by the United Kingdom, are unaudited and derived from management accounts. This results announcement is also available on the Group's website at www.bankofgeorgiagroup.com.

An investor/analyst conference call, organised by Bank of Georgia Group, will be held on 11 November 2021, at 13:00 GMT / 14:00 CET / 08:00 EST.

Webinar instructions:

Please click the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/93637090046?pwd=RTc3d1N4OTd6QVl0WjNGak14d0c2UT09
Webinar ID: **936 3709 0046**
Passcode: **058936**

Or use the following international dial-in numbers available at: https://bankofgeorgia.zoom.us/u/adt9Qtrwyn
Webinar ID: **936 3709 0046#**
Passcode: **058936**

Participants, who will be joining through the webinar, can use the "raise hand" feature at the bottom of the screen to ask questions. Participants, who will be joining through the international dial-in number, can dial *9 to raise hand and ask questions.

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FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: macroeconomic risk, including currency fluctuations and depreciation of the Lari; regional and domestic instability; loan portfolio quality risk; regulatory risk; liquidity risk; capital risk; financial crime risk; cyber-security, information security and data privacy risk; operational risk; COVID-19 pandemic impact risk; climate change risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2020 and in 2Q21 and 1H21 results announcement. No part of this 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.

COVID-19 PANDEMIC AND MACROECONOMIC DEVELOPMENTS

The COVID-19 pandemic has tested the resilience of our business and our customers, colleagues and communities. The pandemic and the measures introduced by the government, the National Bank of Georgia (the "NBG"), and the Group since the beginning of 2020 have had a major impact on our performance during 2020 and 2021.

Strict lockdown measures introduced at the onset of the pandemic led to the containment of the virus in early 2020. However, as the restrictions were eased in the summer of 2020, a second wave of virus cases hit Georgia later in the year. The government introduced a partial lockdown from the end of November 2020 to early February 2021, leading to a decline in COVID-19 cases and allowing the gradual reopening of the domestic economy from March 2021. Mobility restrictions to contain the COVID-19 spread and a halt in international tourism resulted in a 6.2% year-on-year real GDP contraction in 2020. Sizeable donor support was mainly directed to assist households and businesses, and to strengthen the healthcare system.

Since March 2021, with the removal of most of the restrictions, the economy has swiftly gained traction, and the economic indicators have significantly exceeded expectations. Virus cases picked up again significantly in July-August 2021, and the government responded by the reintroduction of temporary restrictions in August (wearing face masks in public places, restricting large gatherings, concerts and other activities, and closing municipal transportation, among others), which have already largely been lifted. That said, the year-on-year estimated real GDP growth was 29.9% in the second quarter and 9.0% in the third quarter of 2021, and the overall year-on-year estimated growth came in at 11.3% in the first nine months of 2021. Robust growth in remittances and exports, and a faster than expected rebound in tourism, along with fiscal stimulus and accelerated banking sector lending, have supported the recovery. Notably, the economy has surpassed the pre-pandemic level since the second quarter and the estimated real GDP growth compared to the first nine months of 2019 was 4.8%.

Remittances have continued their strong growth trend and were up 27.8% year-on-year in the first nine months of 2021, and up 35.7% compared to equivalent 2019 levels. Goods exports have also increased significantly, by 24.0% year-on-year in the first nine months of the year, surpassing pre-pandemic level by 9.0%. Notably, tourism arrivals accelerated from April 2021 and tourism revenues in the first nine months of 2021 accounted for c.34% of 2019 levels. Strong external flows are expected to contribute to narrowing the current account deficit in 2021. The rise in world commodity prices, utility price increases and pent-up demand resumed price pressures in 2021 with annual inflation reaching 12.3% in September 2021. The NBG has responded by raising the monetary policy rate three times this year, reaching 10.0% in August 2021. A high inflation level is expected to continue throughout the year, before coming down in 2022 as temporary factors fade. Strong recovery dynamics, along with a tight monetary policy and the NBG's new initiatives focused on customer deposits de-dollarisation helped the local currency to partially regain its value against the US Dollar since May 2021, strengthening by 7.4% during the second quarter of 2021 and by 1.2% during the third quarter of 2021. Importantly, international reserves remain high at US$ 4.1 billion as of 30 September 2021.

Virus cases have picked up again since October 2021. Currently, 33.5% of Georgia's adult population is fully vaccinated. Vaccination progress is quite low in comparison with the government's plan to vaccinate 60% of the adult population by the end of 2021. If numbers of virus cases continue to rise, we do not rule out the possibility of tightening of certain restrictions, however, the introduction of a full-scale lockdown is not anticipated. High inflation and the possibility of further tightening of the monetary policy rate by the NBG may also have a significant impact on the growth outlook.

Based on the estimates of our brokerage and investment arm, Galt & Taggart, we currently expect real GDP growth of 10.5% in 2021, revised upwards from our previous forecast of 9.5% growth. The government and international financial institutions also revised Georgia's 2021 economic growth forecast upward taking into account better than expected recovery dynamics.

Our third quarter results were strongly supported by the significant economic activity, notwithstanding the temporary restrictions put in place in August 2021. Both our Retail Banking and Corporate and Investment Banking businesses delivered excellent quarterly results in 3Q21. Our lending activity was strong, we saw a significant increase in operating income, particularly in net interest income and net fee and commission income generation, and significant strengthening in our loan book quality during the quarter. At the same time, we continued our focus on customer satisfaction and improving our digital banking franchise while maintaining a very healthy cost to income structure. As a result, we delivered a return on average equity of 25.7% in the third quarter and the first nine months of 2021, while maintaining strong liquidity and capital positions.

We next outline the Group's third quarter and the first nine months of 2021 results highlights and the Chief Executive Officer's letter, before going into further detail.

3Q21 AND 9M21 FINANCIAL RESULTS HIGHLIGHTS

GEL thousands	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Net interest income	243,289	204,030	19.2%	228,249	6.6%	683,869	576,047	18.7%
Net fee and commission income	62,476	45,532	37.2%	57,206	9.2%	168,332	118,545	42.0%
Net foreign currency gain	33,346	19,179	73.9%	22,082	51.0%	74,604	72,583	2.8%
Net other income	8,706	7,750	12.3%	27,438	-68.3%	59,627	23,457	154.2%
Operating income	**347,817**	**276,491**	**25.8%**	**334,975**	**3.8%**	**986,432**	**790,632**	**24.8%**
Operating expenses	**(128,002)**	**(102,612)**	**24.7%**	**(121,818)**	**5.1%**	**(357,179)**	**(313,778)**	**13.8%**
Profit / (loss) from associates	223	214	4.2%	(4,299)	NMF	(3,909)	628	NMF
Operating income before cost of risk	**220,038**	**174,093**	**26.4%**	**208,858**	**5.4%**	**625,344**	**477,482**	**31.0%**
Cost of risk	(13,584)	(10,942)	24.1%	14,033	NMF	(43,669)	(262,566)	-83.4%
Net operating income before non-recurring items	**206,454**	**163,151**	**26.5%**	**222,891**	**-7.4%**	**581,675**	**214,916**	**NMF**
Net non-recurring items	(479)	254	NMF	(67)	NMF	(528)	(41,332)	-98.7%
Profit before income tax expense	**205,975**	**163,405**	**26.1%**	**222,824**	**-7.6%**	**581,147**	**173,584**	**NMF**
Income tax expense	(20,671)	(15,051)	37.3%	(20,654)	0.1%	(54,749)	(10,491)	NMF
Profit	**185,304**	**148,354**	**24.9%**	**202,170**	**-8.3%**	**526,398**	**163,093**	**NMF**

GEL thousands	Sep-21	Sep-20	Change y-o-y	Jun-21	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	5,461,809	6,339,663	-13.8%	5,904,270	-7.5%
Cash and cash equivalents	*1,274,079*	*2,154,224*	*-40.9%*	*1,719,058*	*-25.9%*
Amounts due from credit institutions	*1,904,747*	*1,980,195*	*-3.8%*	*2,035,487*	*-6.4%*
Investment securities	*2,282,983*	*2,205,244*	*3.5%*	*2,149,725*	*6.2%*
Loans to customers and finance lease receivables[1]	15,579,496	13,627,144	14.3%	14,789,371	5.3%
Property and equipment	377,287	390,401	-3.4%	387,014	-2.5%
Total assets	**22,210,552**	**21,166,953**	**4.9%**	**21,851,510**	**1.6%**
Client deposits and notes	13,312,965	12,985,039	2.5%	13,944,383	-4.5%
Amounts owed to credit institutions	4,037,523	3,757,646	7.4%	3,224,577	25.2%
Borrowings from DFIs	*1,940,614*	*1,807,472*	*7.4%*	*1,927,225*	*0.7%*
Short-term loans from central banks	*1,378,000*	*874,153*	*57.6%*	*398,186*	*NMF*
Loans and deposits from commercial banks	*718,909*	*1,076,021*	*-33.2%*	*899,166*	*-20.0%*
Debt securities issued	1,537,593	1,628,188	-5.6%	1,515,511	1.5%
Total liabilities	**19,302,798**	**18,795,816**	**2.7%**	**19,038,149**	**1.4%**
Total equity	**2,907,754**	**2,371,137**	**22.6%**	**2,813,361**	**3.4%**

KEY RATIOS	3Q21	3Q20	2Q21	9M21	9M20
ROAA	3.3%	3.0%	3.6%	3.2%	1.1%
ROAE	25.7%	26.0%	29.4%	25.7%	9.9%
Net interest margin	5.0%	4.8%	4.7%	4.8%	4.7%
Liquid assets yield	3.6%	3.3%	3.3%	3.4%	3.5%
Loan yield	10.6%	10.7%	10.4%	10.4%	10.6%
Cost of funds	4.7%	4.7%	4.5%	4.6%	4.8%
Cost / income	36.8%	37.1%	36.4%	36.2%	39.7%
NPLs to Gross loans to clients	2.6%	3.8%	3.5%	2.6%	3.8%
NPL coverage ratio	90.9%	76.8%	73.1%	90.9%	76.8%
NPL coverage ratio, adjusted for discounted value of collateral	140.9%	131.4%	122.2%	140.9%	131.4%
Cost of credit risk ratio	0.2%	0.2%	-0.6%	0.1%	2.4%
NBG (Basel III) CET1 capital adequacy ratio	12.8%	9.9%	12.5%	12.8%	9.9%
NBG (Basel III) Tier I capital adequacy ratio	14.6%	12.0%	14.4%	14.6%	12.0%
NBG (Basel III) Total capital adequacy ratio	19.2%	17.3%	19.1%	19.2%	17.3%

[1] Throughout this announcement, the gross loans to customers and respective allowance for impairment are presented net of expected credit loss (ECL) on contractually accrued interest income. These do not have an effect on the net loans to customers balance. Management believes that netted-off balances provide the best representation of the loan portfolio position.

KEY FINANCIAL RESULTS HIGHLIGHTS

- **Strong quarterly performance.** The Group generated strong operating income before cost of risk of GEL 220.0mln in 3Q21 (up 26.4% y-o-y and up 5.4% q-o-q) and GEL 625.3mln in 9M21 (up 31.0% y-o-y), with robust profitability – ROAE of 25.7% both in the third quarter and the first nine months of 2021
- **Net interest margin** was 5.0% in 3Q21, up 20bps y-o-y and up 30bps q-o-q, and was 4.8% in 9M21, up 10bps y-o-y. The increase in NIM primarily reflected successful deployment of excess liquidity during the second and third quarters on the back of rebound in economic activity in 2021
- **Strong net fee and commission income generation**. Net fee and commission income was up 37.2% y-o-y and up 9.2% q-o-q in 3Q21 and up 42.0% y-o-y in 9M21, primarily reflecting strong fee and commission income generation in our settlement operations reflecting our market-leading payments business growth. Increases in advisory service fees and currency conversion operations also contributed to higher net fee and commission income generation. Furthermore, increased fees generated from guarantees and letters of credit issued by our Corporate and Investment Banking business also resulted in higher fee income on a y-o-y basis both in 3Q21 and 9M21
- **Operating expenses**. We have continued investing in IT-related resources, digitalisation and marketing, in line with our strategic priorities, whilst maintaining our focus on efficiency and cost control. As a result, our cost to income ratio stood at 36.8% in 3Q21 (down from 37.1% in 3Q20 and slightly up from 36.4% in 2Q21) and 36.2% in 9M21 (down from 39.7% in 9M20)
- **Loan book increased by 14.3% y-o-y and by 5.3% q-o-q at 30 September 2021.** Growth on a constant-currency basis was 17.7% y-o-y and 6.5% q-o-q. The y-o-y and q-o-q loan book growth reflected continued strong loan origination levels in all segments of our business, but particularly in the consumer, micro and SME lending portfolios
- **Client deposits and notes increased by 2.5% y-o-y and decreased by 4.5% q-o-q at 30 September 2021**. On a constant-currency basis, client deposits and notes grew by 5.9% y-o-y and decreased by 3.6% q-o-q. This strong deposit franchise reflects a consistent stability in deposit balances of both our individual and business customers, notwithstanding a decline in interest rates offered to the clients
- **Cost of credit risk.** The cost of credit risk ratio was 0.2% in 3Q21 (0.2% in 3Q20 and a net gain of 0.6% in 2Q21) and 0.1% in 9M21 (2.4% in 9M20). Having recorded a significant ECL provision in the first quarter of 2020, we are now seeing an increase in recoveries, both in our retail and corporate lending portfolios, resulting in lower than normalised level of provisions. See details on *page 9*
- **Asset quality.** NPLs to gross loans improved to 2.6% at 30 September 2021, compared with 3.8% at 30 September 2020 and 3.5% at 30 June 2021. The NPL coverage ratio increased to 90.9% at 30 September 2021 (76.8% at 30 September 2020 and 73.1% at 30 June 2021), and the NPL coverage ratio adjusted for the discounted value of collateral reached 140.9% at 30 September 2021 (131.4% at 30 September 2020 and 122.2% at 30 June 2021). The significant y-o-y decrease in NPLs to gross loans and increase in NPL coverage ratios at 30 September 2021, was primarily driven by more customers returning to regular repayments following pandemic-related grace periods as a result of increased economic activity, especially in the Retail Banking segment
- **Strong capital adequacy position.** The Bank's capital adequacy ratios continue to increase, and are comfortably above the Bank's minimum regulatory requirements. The Bank's Basel III Common Equity Tier 1, Tier 1 and Total capital adequacy ratios stood at 12.8%, 14.6% and 19.2%, respectively, all well above the minimum required levels of 11.0%, 13.2% and 17.3%, respectively, at 30 September 2021. The q-o-q increase in capital ratios was primarily driven by strong internal capital generation, coupled with the local currency appreciation impact during the quarter, partially offset by the impact of business growth and the declaration of an interim dividend to shareholders in August 2021
- **Strong liquidity and funding positions.** As at 30 September 2021, after successfully deploying excess liquidity during the second and third quarters, the Bank's liquidity coverage ratio was 112.7% and net stable funding ratio was 129.7%, still comfortably above the 100% minimum required levels
- **JSC Bank of Georgia and Green for Growth Fund have signed a US$ 20 million-equivalent loan agreement** with a maturity of five years in local currency. The facility aims to promote sustainable green investments for businesses and households, and provide access to increasingly demanded long-term local currency funding. The new funding will enable Bank of Georgia to on-lend to corporate and micro, small and medium-sized business clients to finance sustainable green investments. It is estimated by Green for Growth Fund that the funding will contribute to additional primary energy savings of 12,800 MWh/a and CO_2 reductions of 3,200 t/a

CHIEF EXECUTIVE OFFICER'S STATEMENT

Bank of Georgia Group delivered strong third quarter results. We saw excellent top- and bottom-line growth, and a return on average equity of 25.7% during the quarter. The Group's operations have been supported by the improving macroeconomic environment. Estimated year-on-year real GDP growth was 11.3% in the first nine months of 2021, and expected real GDP growth for the full year has been revised upwards to 10.5%.

Our franchise is thriving, and we see more upside as we go forward. In the third quarter of 2021, the payments business performed very well – the number of transactions in our POS terminals was up 44.8% year-on-year and up 14.9% quarter-on-quarter, contributing to a 37.2% year-on-year and a 9.2% quarter-on-quarter growth of net fee and commission income in 3Q21. Our retail mobile app is becoming more popular – active digital users increased by 16.4% year-on-year in the third quarter to 831,314, representing 57% of active individual customers. The number of mobile app transactions was up 69.5% year-on-year and up 15.0% quarter-on-quarter in 3Q21. In the first half of 2021, product offloading rate was around 21%, and this increased substantially to 31% by the end of September 2021, boosted in part by the fully redesigned digital consumer lending flow in the app.

Lending growth in the third quarter of 2021 continued the higher than expected trend we achieved in the second quarter. This is particularly evident in the consumer, micro and SME portfolios, driven by our fully redesigned lending processes in the consumer and SME segments, and we expect this trend to continue for the rest of the year. On a constant currency basis, the total loan portfolio increased by 6.5% quarter-on-quarter in 3Q21 and this, coupled with the successful deployment of excess liquidity, supported a 19.2% year-on-year and a 6.6% quarter-on-quarter increase in net interest income in 3Q21. Our net interest margin improved by 30 basis points quarter-on-quarter and, at the same time, we achieved further market share gains. The quality of our loan portfolio is robust – the cost of credit risk ratio stood at 0.2%, and the NPLs to gross loans ratio decreased to 2.6% in the third quarter of 2021.

Net Promoter Score, a metric that we closely monitor and that reflects the underlying strength of our customer franchise, improved to 47% in September 2021 after a slight dip in June 2021. Our Employee Net Promoter Score stands at 61% as of November 2021, an all-time high result.

The strength of our business and solid profitability enabled us to announce, in August, an interim dividend of GEL 1.48 per ordinary share for the period ended 30 June 2021, paid to shareholders of the Group on 5 November 2021. Ongoing internal capital generation ensured that our capital ratios continued to increase in the third quarter of 2021. Furthermore, our book value per share increased by 23.6% over the last twelve months, notwithstanding the resumption of dividend payments.

The economic rebound is strong but some challenges remain, specifically relating to the ongoing pandemic situation, and increased price pressures, which we expect to subside over the next twelve months. We expect the adult vaccination rate to pick up gradually from the current 33.5%. Some political tensions around recent regional elections remain, but we do not expect changes in the status quo.

Overall, we have continued to deliver a robust performance, enabled by the continuously improving digital and data analytics capabilities and ongoing focus on customer satisfaction and employee empowerment. We have great team, and we focus a lot on attracting and retaining tech talent. We are well positioned across key areas to unlock more opportunities going forward.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
10 November 2021

DISCUSSION OF RESULTS

The Group's business is composed of three segments. (1) ***Retail Banking*** *operations in Georgia principally provides consumer loans, mortgage loans, overdrafts, credit cards and other credit facilities, funds transfer and settlement services, and handling customers' deposits for both individuals as well as legal entities. Retail Banking targets mass retail, mass affluent and high-net-worth clients segments, together with small and medium enterprises and micro businesses. (2)* ***Corporate and Investment Banking*** *comprises Corporate Banking and Investment Management operations in Georgia. Corporate Banking principally provides loans and other credit facilities, funds transfers and settlement services, trade finance services, documentary operations support and handles saving and term deposits for corporate and institutional customers. The Investment Management business principally provides brokerage services through Galt & Taggart. (3)* ***BNB****, comprising JSC Belarusky Narodny Bank, principally provides retail and corporate banking services to clients in Belarus.*

OPERATING INCOME

GEL thousands, unless otherwise noted	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
Interest income	466,265	407,666	14.4%	446,636	4.4%	1,341,482	1,175,029	14.2%
Interest expense	(222,976)	(203,636)	9.5%	(218,387)	2.1%	(657,613)	(598,982)	9.8%
Net interest income	**243,289**	**204,030**	**19.2%**	**228,249**	**6.6%**	**683,869**	**576,047**	**18.7%**
Fee and commission income	105,992	71,793	47.6%	94,727	11.9%	277,165	197,076	40.6%
Fee and commission expense	(43,516)	(26,261)	65.7%	(37,521)	16.0%	(108,833)	(78,531)	38.6%
Net fee and commission income	**62,476**	**45,532**	**37.2%**	**57,206**	**9.2%**	**168,332**	**118,545**	**42.0%**
Net foreign currency gain	33,346	19,179	73.9%	22,082	51.0%	74,604	72,583	2.8%
Net other income	8,706	7,750	12.3%	27,438	-68.3%	59,627	23,457	154.2%
Operating income	**347,817**	**276,491**	**25.8%**	**334,975**	**3.8%**	**986,432**	**790,632**	**24.8%**
Net interest margin	5.0%	4.8%		4.7%		4.8%	4.7%	
Average interest earning assets	19,349,551	16,928,476	14.3%	19,351,021	0.0%	19,236,800	16,427,415	17.1%
Average interest bearing liabilities	18,849,526	17,323,145	8.8%	19,574,436	-3.7%	19,250,947	16,833,871	14.4%
Average net loans and finance lease receivables, currency blended	15,160,944	12,997,553	16.6%	14,852,631	2.1%	14,802,630	12,679,609	16.7%
Average net loans and finance lease receivables, GEL	6,705,860	5,141,167	30.4%	6,230,683	7.6%	6,276,985	5,047,531	24.4%
Average net loans and finance lease receivables, FC	8,455,084	7,856,386	7.6%	8,621,948	-1.9%	8,525,645	7,632,078	11.7%
Average client deposits and notes, currency blended	13,507,002	12,252,445	10.2%	13,889,287	-2.8%	13,740,809	11,294,784	21.7%
Average client deposits and notes, GEL	5,295,351	4,506,618	17.5%	5,284,975	0.2%	5,266,645	3,834,714	37.3%
Average client deposits and notes, FC	8,211,651	7,745,827	6.0%	8,604,312	-4.6%	8,474,164	7,460,070	13.6%
Average liquid assets, currency blended	5,673,999	5,708,834	-0.6%	6,574,819	-13.7%	6,305,218	5,448,671	15.7%
Average liquid assets, GEL	2,384,419	2,409,989	-1.1%	2,652,100	-10.1%	2,564,327	2,314,102	10.8%
Average liquid assets, FC	3,289,580	3,298,845	-0.3%	3,922,719	-16.1%	3,740,891	3,134,569	19.3%
Liquid assets yield, currency blended	*3.6%*	*3.3%*		*3.3%*		*3.4%*	*3.5%*	
Liquid assets yield, GEL	*8.1%*	*7.7%*		*7.9%*		*7.8%*	*7.8%*	
Liquid assets yield, FC	*0.1%*	*0.1%*		*0.2%*		*0.1%*	*0.4%*	
Loan yield, currency blended	*10.6%*	*10.7%*		*10.4%*		*10.4%*	*10.6%*	
Loan yield, GEL	*15.2%*	*15.6%*		*14.9%*		*15.0%*	*15.3%*	
Loan yield, FC	*6.9%*	*7.5%*		*7.0%*		*7.0%*	*7.5%*	
Cost of funds, currency blended	*4.7%*	*4.7%*		*4.5%*		*4.6%*	*4.8%*	
Cost of funds, GEL	*8.5%*	*7.8%*		*7.8%*		*8.0%*	*8.0%*	
Cost of funds, FC	*2.4%*	*3.0%*		*2.7%*		*2.6%*	*2.9%*	
Cost / income	*36.8%*	*37.1%*		*36.4%*		*36.2%*	*39.7%*	

Performance highlights

- **The Group generated outstanding operating income of GEL 347.8mln in 3Q21 (up 25.8% y-o-y and up 3.8% q-o-q), ending nine months of 2021 with operating income of GEL 986.4mln (up 24.8% y-o-y).** The y-o-y and q-o-q increase in operating income was primarily driven by strong net interest income (up 19.2% y-o-y and up 6.6% q-o-q in 3Q21, and up 18.7% y-o-y in 9M21), net fee and commission income (up 37.2% y-o-y and up 9.2% q-o-q in 3Q21, and up 42.0% y-o-y in 9M21) and net foreign currency gains (up 73.9% y-o-y and up 51.0% q-o-q in 3Q21, and up 2.8% y-o-y in 9M21) generation, on the back of the significant rebound in economic activity in 2021
- **Our NIM was 5.0% in 3Q21 (up 20bps y-o-y and up 30bps q-o-q) and 4.8% in 9M21 (up 10bps y-o-y).** The increase in NIM during the presented periods was primarily driven by successful deployment of excess liquidity during the second and third quarters of 2021. The impact of the GEL 500 million local currency bonds repayment in June 2020 also contributed to the NIM increase y-o-y during the first nine months of 2021
- **Liquid assets yield.** Currency blended liquid assets yield was 3.6% in 3Q21 (up 30bps y-o-y and q-o-q) and 3.4% in 9M21 (down 10bps y-o-y). The local currency denominated liquid assets yield movement (up 40bps y-o-y and up 20bps q-o-q in 3Q21, and flat y-o-y in 9M21) directly reflected the NBG's monetary policy rate changes (the NBG decreased monetary policy rate by a cumulative of 100bps since April 2020, but increased the policy rate three times by a cumulative of 200bps during 9M21). As for the foreign currency denominated liquid assets yield, 30bps y-o-y decline in 9M21 largely reflected the

cut in the US Fed in March 2020 (the NBG accrues interest rate on banks' US Dollar obligatory reserves at the US Fed rate upper bound minus 50bps)

- **Cost of funds** was 4.7% in the third quarter of 2021 (flat y-o-y and up 20bps q-o-q) and 4.6% in the first nine months of 2021 (down 20bps y-o-y). Local currency denominated cost of funds was up 70bps both y-o-y and q-o-q in 3Q21, mirroring the NBG's monetary policy rate changes. On a nine months basis, local currency denominated cost of funds stood flat, reflecting the impact of the repayment of the GEL 500mln local currency bonds due in the beginning of June 2020, offset by the NBG's monetary policy rate changes. The cost of foreign currency denominated funds was down 60bps y-o-y and down 30bps q-o-q in 3Q21, and down 30bps y-o-y in 9M21, largely driven by the Libor rate decline, as well as attracting certain borrowings from credit institutions at lower rates in 2021
- **Net fee and commission income** reached GEL 62.5mln in 3Q21 (up 37.2% y-o-y and up 9.2% q-o-q) and GEL 168.3mln in 9M21 (up 42.0% y-o-y). The outstanding performance in all periods presented was mainly driven by a strong fee and commission income generation in our settlement operations. Increase in advisory service fees and currency conversion operations also contributed to higher net fee and commission income generation. Furthermore, increased fees generated from guarantees and letters of credit issued by the Corporate and Investment Banking business also resulted in higher fee income on a y-o-y basis both in 3Q21 and 9M21
- **Net foreign currency gain** was up 73.9% y-o-y and up 51.0% q-o-q in 3Q21, and up 2.8% y-o-y in 9M21. The movement in net foreign currency gain directly reflected the level of currency volatility and client-driven flows during the periods presented
- **Net other income** during the first nine months of 2021 mainly comprised net gains from the sale of real estate properties and investment securities, primarily generated during the first half of 2021

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

GEL thousands, unless otherwise noted	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
Salaries and other employee benefits	(71,551)	(58,171)	23.0%	(68,812)	4.0%	(200,586)	(175,365)	14.4%
Administrative expenses	(32,342)	(24,443)	32.3%	(30,068)	7.6%	(85,973)	(73,914)	16.3%
Depreciation, amortisation and impairment	(23,448)	(19,125)	22.6%	(22,354)	4.9%	(68,363)	(61,654)	10.9%
Other operating expenses	(661)	(873)	-24.3%	(584)	13.2%	(2,257)	(2,845)	-20.7%
Operating expenses	**(128,002)**	**(102,612)**	**24.7%**	**(121,818)**	**5.1%**	**(357,179)**	**(313,778)**	**13.8%**
Profit / (loss) from associate	223	214	4.2%	(4,299)	NMF	(3,909)	628	NMF
Operating income before cost of risk	**220,038**	**174,093**	**26.4%**	**208,858**	**5.4%**	**625,344**	**477,482**	**31.0%**
Expected credit loss on loans to customers	(8,192)	(5,836)	40.4%	25,140	NMF	(11,288)	(222,404)	-94.9%
Expected credit loss on finance lease receivables	70	(2,371)	NMF	(683)	NMF	(1,543)	(7,644)	-79.8%
Other expected credit loss and impairment charge on other assets and provisions	(5,462)	(2,735)	99.7%	(10,424)	-47.6%	(30,838)	(32,518)	-5.2%
Cost of risk	**(13,584)**	**(10,942)**	**24.1%**	**14,033**	**NMF**	**(43,669)**	**(262,566)**	**-83.4%**
Net operating income before non-recurring items	**206,454**	**163,151**	**26.5%**	**222,891**	**-7.4%**	**581,675**	**214,916**	**NMF**
Net non-recurring items	(479)	254	NMF	(67)	NMF	(528)	(41,332)	-98.7%
Profit before income tax	**205,975**	**163,405**	**26.1%**	**222,824**	**-7.6%**	**581,147**	**173,584**	**NMF**
Income tax expense	(20,671)	(15,051)	37.3%	(20,654)	0.1%	(54,749)	(10,491)	NMF
Profit	**185,304**	**148,354**	**24.9%**	**202,170**	**-8.3%**	**526,398**	**163,093**	**NMF**

- **Operating expenses.** We continued investing in IT-related resources as part of our agile transformation process, focus on digitalisation and investments in marketing, and at the same time maintained our focus on cost efficiencies. In the second quarter of 2020, we initiated cost optimisation measures, the impact of which has been reflected in subsequent quarters. Our cost to income ratio was 36.8% in 3Q21, down from 37.1% in 3Q20 and slightly up from 36.4% in 2Q21. On a nine months basis, cost to income ratio improved to 36.2% in 9M21 from 39.7% in 9M20
- **Cost of risk** in 3Q21 and 9M21 reflected a combination of the following factors:
  - **Cost of credit risk ratio** stood at 0.2% in 3Q21 (cost of credit risk ratio of 0.2% in 3Q20 and a net gain of 0.6% in 2Q21) and 0.1% in 9M21 (2.4% in 9M20). The 2.4% cost of credit risk ratio in 9M20 reflected the IFRS 9 ECL reserve builds, created for the full economic cycle in the first quarter of 2020, related to the deterioration of the macroeconomic environment and expected creditworthiness of borrowers as a result of the COVID-19 pandemic impact. The Group continuously revisits the assumptions to reflect better visibility and up-to-date macroeconomic forecast scenarios, as well as in-depth analyses of the financial standing and the creditworthiness of borrowers. As a result, the Group recorded additional ECL provisions on loans to customers and finance lease receivables in the amount of GEL 10.2mln for the Retail Banking business, and net ECL reversal of GEL 3.8mln for the Corporate and Investment Banking segment in 3Q21. Given that we are operating in a rapidly changing environment with a high level of uncertainty with regard to both the length and the severity of the COVID-19 impact, we continue to monitor new facts and circumstances on a continuous basis
  - **Expected credit loss and impairment charge on other assets and provisions** in the third quarter of 2021 mainly related to impairment charge on other assets, while during the first nine months of 2021 it mainly comprised expenses accrued for certain legal fees and impairment charges on other assets, partially offset by ECL reversal on guarantees issued

- **Quality of the loan book**. The decline in the ratio of NPLs to gross loans and increase in NPL coverage ratios at 30 September 2021, was mainly driven by more customers returning to regular repayments following pandemic-related grace periods as a result of increased economic activity, especially in the Retail Banking segment:

GEL thousands, unless otherwise noted	Sep-21	Sep-20	Change y-o-y	Jun-21	Change q-o-q
NON-PERFORMING LOANS					
NPLs	413,626	530,631	-22.1%	524,964	-21.2%
NPLs to gross loans	2.6%	3.8%		3.5%	
NPLs to gross loans, RB	2.2%	2.8%		3.3%	
NPLs to gross loans, CIB	3.2%	5.8%		3.7%	
NPL coverage ratio	90.9%	76.8%		73.1%	
NPL coverage ratio adjusted for the discounted value of collateral	140.9%	131.4%		122.2%	

- **BNB – the Group's banking subsidiary in Belarus – continues to perform well and remain strongly capitalised**, with capital adequacy ratios well above the requirements of the National Bank of the Republic of Belarus ("**NBRB**"). At 30 September 2021, total capital adequacy ratio was 16.2%, well above the 12.5% minimum requirement, while Tier I capital adequacy ratio was 10.6%, again above the NBRB's 7.0% minimum requirement. ROAE was 7.9% in 3Q21 (2.2% in 3Q20 and 12.8% in 2Q21) and 10.2% in 9M21 (4.7% in 9M20). *For financial results highlights of BNB, see page 22*

- **Net non-recurring items** in the first nine months of 2020 primarily comprised GEL 39.7mln one-off net losses on modification of financial assets recorded mostly in March 2020. These losses were related to the three-month payment holidays on principal and interest payments offered to our retail banking clients to reduce the requirement for customers to physically visit the branches and reduce the risk of the spread of the virus. In addition, in 1Q20, the Bank incurred GEL 1.2mln one-off costs to finance and donate 20,000 COVID-19 laboratory tests, 10 ventilators, 50,000 face masks and 60,000 gloves to the Ministry of Health of Georgia, to help curb the spread of the virus. These costs were classified as non-recurring items

- **Overall, the Group recorded profit** of GEL 185.3mln in 3Q21 (up 24.9% y-o-y and down 8.3% q-o-q) and GEL 526.4mln in 9M21 (compared with the profit of GEL 163.1mln in 9M20). The Group's ROAE was 25.7% in 3Q21 (26.0% in 3Q20 and 29.4% in 2Q21) and 25.7% in the first nine months of 2021 (9.9% in 9M20, reflecting the COVID-19 pandemic impact)

BALANCE SHEET HIGHLIGHTS

GEL thousands, unless otherwise noted	Sep-21	Sep-20	Change y-o-y	Jun-21	Change q-o-q
Liquid assets	5,461,809	6,339,663	-13.8%	5,904,270	-7.5%
Liquid assets, GEL	2,420,845	2,567,410	-5.7%	2,388,405	1.4%
Liquid assets, FC	3,040,964	3,772,253	-19.4%	3,515,865	-13.5%
Net loans and finance lease receivables	15,579,496	13,627,144	14.3%	14,789,371	5.3%
Net loans and finance lease receivables, GEL	6,968,809	5,368,636	29.8%	6,438,426	8.2%
Net loans and finance lease receivables, FC	8,610,687	8,258,508	4.3%	8,350,945	3.1%
Client deposits and notes	13,312,965	12,985,039	2.5%	13,944,383	-4.5%
Amounts owed to credit institutions	4,037,523	3,757,646	7.4%	3,224,577	25.2%
Borrowings from DFIs	1,940,614	1,807,472	7.4%	1,927,225	0.7%
Short-term loans from central banks	1,378,000	874,153	57.6%	398,186	NMF
Loans and deposits from commercial banks	718,909	1,076,021	-33.2%	899,166	-20.0%
Debt securities issued	1,537,593	1,628,188	-5.6%	1,515,511	1.5%
LIQUIDITY AND CAPITAL ADEQUACY RATIOS					
Net loans / client deposits and notes	117.0%	104.9%		106.1%	
Net loans / client deposits and notes + DFIs	102.1%	92.1%		93.2%	
Liquid assets / total assets	24.6%	30.0%		27.0%	
Liquid assets / total liabilities	28.3%	33.7%		31.0%	
NBG liquidity coverage ratio	112.7%	147.0%		124.5%	
NBG (Basel III) CET1 capital adequacy ratio	12.8%	9.9%		12.5%	
NBG (Basel III) Tier I capital adequacy ratio	14.6%	12.0%		14.4%	
NBG (Basel III) Total capital adequacy ratio	19.2%	17.3%		19.1%	

Our balance sheet remains highly liquid (NBG liquidity coverage ratio of 112.7%) **and strongly capitalised** (NBG Basel III CET1 capital adequacy ratio of 12.8%) **with a well-diversified funding base** (client deposits and notes to total liabilities of 69.0%) at 30 September 2021.

- **Liquidity.** Liquid assets stood at GEL 5,461.8mln at 30 September 2021, down 13.8% y-o-y and down 7.5% q-o-q. The notable decrease over the year was mostly attributable to excess liquidity placed with credit institutions in 2020, as the Bank maintained excess liquidity since the pandemic outbreak for risk mitigation purposes on the back of the current COVID-19 crisis. Since 2Q21, the Bank started successfully deploying excess liquidity, which is reflected in q-o-q decline of liquid assets balances. As a result, the NBG Liquidity coverage ratio was 112.7% at 30 September 2021, down from 147.0% at 30 September 2020 and down from 124.5% at 30 June 2021, still comfortably above the 100% minimum requirement level

- **Loan book.** Our net loan book and finance lease receivables reached GEL 15,579.5mln at 30 September 2021, up 14.3% y-o-y and up 5.3% q-o-q. Growth on a constant-currency basis was 17.7% y-o-y and 6.5% q-o-q. At 30 September 2021, the retail loan book represented 66.0% of the total loan portfolio (66.3% at 30 September 2020 and 65.9% 30 June 2021). Local currency portfolio experienced strong y-o-y and q-o-q growth of 29.8% and 8.2%, respectively, which was partially driven by the government's de-dollarisation initiatives and our goal to increase the share of local currency loans in our portfolio

- **Net loans to customer funds and Development Finance Institutions (DFI) ratio**. Our net loans to customer funds and DFI ratio, which is closely monitored by management, stood at 102.1% at 30 September 2021, compared with 92.1% at 30 September 2020 and 93.2% at 30 June 2021
- **Diversified funding base**. Debt securities issued decreased by 5.6% y-o-y and increased by 1.5% q-o-q at 30 September 2021. The y-o-y decrease was largely attributable to the appreciation of the local currency during the third quarter of 2021
- **Strong capital position.** As a result of robust operating performance and strong internal capital generation, the Bank's Basel III Common Equity Tier 1, Tier 1 and Total capital adequacy ratios stood at 12.8%, 14.6% and 19.2%, respectively, at 30 September 2021, all comfortably above the minimum required levels of 11.0%, 13.2% and 17.3%, respectively. The movement in capital adequacy ratios in 3Q21 and the potential impact of a 10% devaluation of local currency on different levels of capital is as follows:

	30 June 2021	3Q21 profit	Business growth	GEL appreciation	Dividend	30 September 2021	Potential impact of 10% GEL devaluation
CET1 capital adequacy ratio	12.5%	1.3%	-0.7%	0.1%	-0.4%	12.8%	-0.8%
Tier I capital adequacy ratio	14.4%	1.3%	-0.8%	0.1%	-0.4%	14.6%	-0.7%
Total capital adequacy ratio	19.1%	1.3%	-0.9%	0.1%	-0.4%	19.2%	-0.5%

Dividends. In August 2021, the Board of Directors declared an interim dividend of GEL 1.48 per share in respect of the period ended 30 June 2021, to ordinary shareholders of Bank of Georgia Group PLC, which has been paid on 5 November 2021.

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

Expected minimum capital requirements for 2021-2023

	Dec-21	Dec-22	Dec-23
CET1 capital requirement	11.5%	11.9%	12.2%
Tier 1 capital requirement	13.7%	14.2%	14.6%
Total capital requirement	17.8%	17.8%	17.8%

DISCUSSION OF SEGMENT RESULTS

RETAIL BANKING (RB)[2]

Retail Banking provides consumer loans, mortgage loans, overdrafts, credit card facilities and other credit facilities as well as funds transfer and settlement services and the handling of customer deposits for both individuals and legal entities (SME and micro businesses only). RB is represented by the following sub-segments: (1) mass retail segment, (2) the mass affluent segment (through our SOLO brand) and high-net-worth individuals (through our Wealth Management private banking services in Georgia and internationally through representative offices in London and Istanbul, and a subsidiary in Tel Aviv), and (3) SME and micro businesses – MSME.

GEL thousands, unless otherwise noted	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
INCOME STATEMENT HIGHLIGHTS [2]								
Net interest income	147,155	133,402	10.3%	138,879	6.0%	421,363	366,739	14.9%
Net fee and commission income	46,685	34,973	33.5%	44,504	4.9%	128,813	86,997	48.1%
Net foreign currency gain	18,805	14,847	26.7%	10,504	79.0%	40,905	45,620	-10.3%
Net other income	3,477	4,736	-26.6%	9,792	-64.5%	22,341	10,766	107.5%
Operating income	**216,122**	**187,958**	**15.0%**	**203,679**	**6.1%**	**613,422**	**510,122**	**20.3%**
Salaries and other employee benefits	(52,888)	(42,697)	23.9%	(50,424)	4.9%	(145,179)	(128,881)	12.6%
Administrative expenses	(25,846)	(18,468)	40.0%	(23,585)	9.6%	(68,173)	(56,807)	20.0%
Depreciation, amortisation and impairment	(19,925)	(15,972)	24.7%	(19,371)	2.9%	(58,505)	(52,029)	12.4%
Other operating expenses	(435)	(552)	-21.2%	(400)	8.7%	(1,516)	(1,773)	-14.5%
Operating expenses	**(99,094)**	**(77,689)**	**27.6%**	**(93,780)**	**5.7%**	**(273,373)**	**(239,490)**	**14.1%**
Profit / (loss) from associate	223	214	4.2%	(4,299)	NMF	(3,909)	628	NMF
Operating income before cost of risk	**117,251**	**110,483**	**6.1%**	**105,600**	**11.0%**	**336,140**	**271,260**	**23.9%**
Cost of risk	(10,587)	(16,061)	-34.1%	(10,433)	1.5%	(52,348)	(164,115)	-68.1%
Net operating income before non-recurring items	**106,664**	**94,422**	**13.0%**	**95,167**	**12.1%**	**283,792**	**107,145**	**NMF**
Net non-recurring items	(338)	219	NMF	211	NMF	30	(40,046)	NMF
Profit before income tax expense	**106,326**	**94,641**	**12.3%**	**95,378**	**11.5%**	**283,822**	**67,099**	**NMF**
Income tax expense	(10,375)	(8,016)	29.4%	(8,682)	19.5%	(25,060)	(798)	NMF
Profit	**95,951**	**86,625**	**10.8%**	**86,696**	**10.7%**	**258,762**	**66,301**	**NMF**
BALANCE SHEET HIGHLIGHTS [2]								
Net loans, currency blended	9,791,060	8,496,621	15.2%	9,264,544	5.7%	9,791,060	8,496,621	15.2%
Net loans, GEL	5,847,362	4,554,034	28.4%	5,400,006	8.3%	5,847,362	4,554,034	28.4%
Net loans, FC	3,943,698	3,942,587	0.0%	3,864,538	2.0%	3,943,698	3,942,587	0.0%
Client deposits, currency blended	9,175,451	8,284,026	10.8%	8,767,828	4.6%	9,175,451	8,284,026	10.8%
Client deposits, GEL	2,607,683	2,163,384	20.5%	2,430,767	7.3%	2,607,683	2,163,384	20.5%
Client deposits, FC	6,567,768	6,120,642	7.3%	6,337,061	3.6%	6,567,768	6,120,642	7.3%
of which:								
Time deposits, currency blended	5,279,621	5,034,451	4.9%	5,146,481	2.6%	5,279,621	5,034,451	4.9%
Time deposits, GEL	1,388,413	1,100,336	26.2%	1,262,156	10.0%	1,388,413	1,100,336	26.2%
Time deposits, FC	3,891,208	3,934,115	-1.1%	3,884,325	0.2%	3,891,208	3,934,115	-1.1%
Current accounts and demand deposits, currency blended	3,895,830	3,249,575	19.9%	3,621,347	7.6%	3,895,830	3,249,575	19.9%
Current accounts and demand deposits, GEL	1,219,270	1,063,048	14.7%	1,168,611	4.3%	1,219,270	1,063,048	14.7%
Current accounts and demand deposits, FC	2,676,560	2,186,527	22.4%	2,452,736	9.1%	2,676,560	2,186,527	22.4%
Assets under management	1,522,005	1,696,826	-10.3%	1,522,240	0.0%	1,522,005	1,696,826	-10.3%
KEY RATIOS [2]								
ROAE	23.4%	26.2%		22.1%		22.2%	7.0%	
Net interest margin, currency blended	4.2%	4.4%		4.1%		4.2%	4.2%	
Cost of credit risk ratio	0.4%	0.7%		0.3%		0.7%	2.7%	
Cost of funds, currency blended	5.6%	5.5%		5.4%		5.4%	5.6%	
Loan yield, currency blended	11.4%	11.6%		11.1%		11.2%	11.5%	
Loan yield, GEL	15.3%	15.8%		15.2%		15.2%	15.5%	
Loan yield, FC	5.7%	6.7%		5.9%		5.9%	6.7%	
Cost of deposits, currency blended	2.5%	3.1%		2.6%		2.6%	2.9%	
Cost of deposits, GEL	6.3%	6.4%		5.9%		6.0%	6.2%	
Cost of deposits, FC	1.1%	1.9%		1.4%		1.3%	1.8%	
Cost of time deposits, currency blended	3.8%	4.4%		3.7%		3.8%	4.3%	
Cost of time deposits, GEL	9.9%	10.2%		9.1%		9.5%	9.9%	
Cost of time deposits, FC	1.7%	2.7%		2.1%		2.1%	2.7%	
Current accounts and demand deposits, currency blended	0.8%	1.0%		0.9%		0.9%	0.9%	
Current accounts and demand deposits, GEL	2.3%	2.5%		2.5%		2.4%	2.4%	
Current accounts and demand deposits, FC	0.1%	0.3%		0.2%		0.2%	0.2%	
Cost / income ratio	45.9%	41.3%		46.0%		44.6%	46.9%	

[2] Following structural changes in senior management, starting from the third quarter of 2021, we reclassified Wealth Management business from Corporate and Investment Banking to Retail Banking segment, particularly, SOLO – premium business banking. The comparative periods have been restated accordingly.

Performance highlights

- **Retail Banking generated outstanding operating income of GEL 216.1mln in the third quarter of 2021 (up 15.0% y-o-y and up 6.1% q-o-q) and GEL 613.4mln in the first nine months of 2021 (up 20.3% y-o-y).** Robust net interest income and net fee and commission income generation were the main contributors to the y-o-y increase in operating income in 3Q21, while strong net foreign currency gains also contributed to q-o-q growth
- Retail Banking net interest income was up 10.3% y-o-y and up 6.0% q-o-q in 3Q21 and up 14.9% y-o-y in 9M21, largely reflecting the 15.2% y-o-y growth in customer lending. **RB NIM was 4.2% both in 3Q21 (down 20bps y-o-y and up 10bps q-o-q) and in 9M21 (flat y-o-y).** The q-o-q increase in NIM in 3Q21 was primarily attributable to 30bps increase in currency blended loan yields, partially offset by 20bps increase in cost of funds. Retail Banking net interest income also benefited from the growth of the local currency denominated loan portfolio, which generated 9.6ppts and 9.3ppts higher yield than the foreign currency denominated loan portfolio in 3Q21 and 9M21, respectively
- **Retail Banking net loan book reached GEL 9,791.1mln at 30 September 2021, up 15.2% y-o-y and up 5.7% q-o-q. On a constant currency basis, retail loan book increased by 17.7% y-o-y and by 6.6% q-o-q in 3Q21.** The local currency denominated loan book increased by 28.4% y-o-y and by 8.3% q-o-q, while the foreign currency denominated loan book was flat y-o-y and increased by 2.0% q-o-q in 3Q21, the latter mainly reflecting the appreciation of the local currency during the period. As a result, the local currency denominated loan book accounted for 59.7% of the Retail Banking loan book at 30 September 2021, compared with 53.6% at 30 September 2020 and 58.3% at 30 June 2021. The consumer loan portfolio, which is typically most sensitive to foreign currency risk, is now almost completely de-dollarised, while the share of retail mortgage loans in local currency was 49.7% at 30 September 2021
- The y-o-y and q-o-q loan book growth reflected continued strong loan origination levels in most of the segments of Retail Banking business, largely driven by the rebound in economic activity in 2021. Outstanding growth in the consumer and SME segments was primarily the result of the fully redesigned lending processes in these segments:

RETAIL BANKING LOAN BOOK BY PRODUCTS

GEL thousands, unless otherwise noted	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
Loan originations								
Consumer loans	781,670	448,172	74.4%	642,450	21.7%	1,879,711	955,075	96.8%
Mortgage loans	389,722	459,596	-15.2%	453,211	-14.0%	1,262,997	782,102	61.5%
Micro loans	424,506	301,439	40.8%	406,099	4.5%	1,239,185	654,078	89.5%
SME loans	369,869	353,294	4.7%	389,201	-5.0%	1,130,326	755,701	49.6%
Outstanding balance								
Consumer loans	2,247,988	1,737,043	29.4%	1,981,332	13.5%	2,247,988	1,737,043	29.4%
Mortgage loans	3,827,592	3,550,606	7.8%	3,770,534	1.5%	3,827,592	3,550,606	7.8%
Micro loans	1,986,655	1,687,567	17.7%	1,870,061	6.2%	1,986,655	1,687,567	17.7%
SME loans	1,495,325	1,308,007	14.3%	1,431,902	4.4%	1,495,325	1,308,007	14.3%

- **Retail Banking client deposits amounted to GEL 9,175.5mln at 30 September 2021, up 10.8% y-o-y and up 4.6% q-o-q.** The dollarisation level of deposits was down to 71.6% at 30 September 2021, from 73.9% at 30 September 2020 and 72.3% at 30 June 2021. The cost of foreign currency denominated deposits was 1.1% in 3Q21 (down 80bps y-o-y and down 30bps q-o-q) and 1.3% in 9M21 (down 50bps y-o-y), while the cost of local currency denominated deposits was 6.3% in 3Q21 (down 10bps y-o-y and up 40bps q-o-q) and 6.0% in 9M21 (down 20bps y-o-y). The spread between the cost of RB's client deposits in GEL and foreign currency was 5.2ppts in 3Q21 (GEL: 6.3%; FC: 1.1%), compared with 4.5ppts in 3Q20 (GEL: 6.4%; FC: 1.9%) and 4.5ppts in 2Q21 (GEL: 5.9%; FC: 1.4%). On a nine months basis, the spread was 4.7ppts in 9M21 (GEL: 6.0%; FC: 1.3%) and 4.4ppts in 9M20 (GEL: 6.2%; FC: 1.8%)
- **Retail Banking net fee and commission income**. Net fee and commission income generation was extremely strong, increasing by 33.5% y-o-y and by 4.9% q-o-q in the third quarter of 2021 and by 48.1% in the first nine months of 2021. The increase was mainly driven by strong performance in settlement and currency conversion operations, reflecting the strong economic activity during the period
- **Retail Banking's cost of credit risk ratio** was 0.4% in 3Q21 (down from 0.7% in 3Q20 and slightly up from 0.3% in 2Q21) and 0.7% in 9M21 (down from 2.7% in 9M20). The 2.7% cost of credit risk ratio in 9M20 reflected the IFRS 9 ECL reserve builds created for the full economic cycle in the first quarter of 2020, related to the deterioration of the macroeconomic environment and expected creditworthiness of borrowers as a result of the COVID-19 pandemic impact. The Group continuously revisits the assumptions used in the reserve builds to reflect better visibility of the creditworthiness of borrowers and up-to-date macroeconomic forecast scenarios. Based on the ongoing analyses, the Group recorded additional ECL reserves on loans to customers in the Retail Banking segment in 3Q21, resulting in a 0.4% cost of credit risk ratio during the quarter

- **Our Retail Banking business continued to further execute our strategy of continuous digitalisation,** as demonstrated by the following performance indicators:

Volume information in GEL thousands	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
Retail Banking active customers [3]								
Number of new active customers	44,368	53,346	-16.8%	43,250	2.6%	122,372	109,352	11.9%
Number of active customers	1,530,270	1,471,816	4.0%	1,521,443	0.6%	1,530,270	1,471,816	4.0%
Cards								
Number of cards issued	214,650	213,686	0.5%	213,185	0.7%	619,382	458,939	35.0%
Number of cards outstanding	2,078,033	2,184,591	-4.9%	2,079,783	-0.1%	2,078,033	2,184,591	-4.9%
Express Pay terminals								
Number of Express Pay terminals	3,130	3,130	0.0%	3,141	-0.4%	3,130	3,130	0.0%
Number of transactions via Express Pay terminals	19,553,431	22,508,942	-13.1%	20,052,212	-2.5%	56,389,672	59,292,767	-4.9%
Volume of transactions via Express Pay terminals	3,170,504	2,380,932	33.2%	2,847,236	11.4%	8,340,341	5,958,065	40.0%
POS terminals								
Number of desks	25,544	20,465	24.8%	24,537	4.1%	25,544	20,465	24.8%
Number of contracted merchants	16,342	9,829	66.3%	15,839	3.2%	16,342	9,829	66.3%
Number of POS terminals	35,793	25,706	39.2%	33,772	6.0%	35,793	25,706	39.2%
Number of transactions via POS terminals	41,698,898	28,790,910	44.8%	36,300,567	14.9%	105,455,246	72,517,194	45.4%
Volume of transactions via POS terminals	1,270,274	746,195	70.2%	1,009,660	25.8%	2,985,052	1,929,034	54.7%
Mobile and internet banking								
Number of active digital users [4]	831,314	714,459	16.4%	795,240	4.5%	831,314	714,459	16.4%
Number of transactions via internet bank	1,019,281	1,080,287	-5.6%	992,560	2.7%	2,930,749	3,160,696	-7.3%
Volume of transactions via internet bank	618,165	543,202	13.8%	616,498	0.3%	1,818,752	1,780,752	2.1%
Number of transactions via mobile bank	29,147,279	17,197,028	69.5%	25,334,501	15.0%	75,724,261	42,986,783	76.2%
Volume of transactions via mobile bank	5,054,719	2,463,558	105.2%	4,186,281	20.7%	12,520,567	5,893,395	112.5%

- We believe that active customers' definition provides the best representation of the Bank's operating performance, scale of the business and franchise, and is used by the management to evaluate the performance. Therefore, we started reporting this measure, replacing the number of total customers for all segments as reported previously. The Bank had a client base of more than 1.5 million active retail customers at 30 September 2021, up 4.0% y-o-y, reflecting our continuously increasing offering of cost-effective remote channels and improvements in our products and services in many key areas. Based on independent research conducted in spring 2021, Bank of Georgia is regarded as the most trusted financial institution and top of mind bank in Georgia

- **The number of outstanding cards** decreased by 4.9% y-o-y at 30 September 2021, primarily due to the slower customer activity on the back of the COVID-19 impact in 2020. However, the rebound in economic activity in 2021 is already reflected in strong issuance of new cards during the quarter. The number of Loyalty programme Plus+ cards reached 1,304,174 at 30 September 2021, up 23.1% y-o-y and up 1.7% q-o-q

- **Digital channels**. We have continued to develop our digital channels and provide superior digital experiences to our customers. More than 96% of total daily transactions of individuals were executed through digital channels[5] in 3Q21 and 9M21

  - **mBank and iBank digital offloading.** The Bank has continued to develop digital products and upgrade digital channels' functionalities to refine end-to-end digital journeys and incentivise transferring customer activity to digital channels. New innovative products and features have been introduced recently, including digital card, peer-to-peer payments, bill splitting and money request, fully digital consumer lending process, online instalment loans, digital onboarding, embedded online chat, the fully redesigned iBank, among others. As a result of increased investments and efforts, the number of active users, as well as the number and volume of transactions through these channels, particularly, mBank, continue to expand rapidly. Furthermore, we continue to see increased engagement of active users, as more than 41% of these customers are now using our mBank on a daily basis

  - **The use of Express Pay terminals**. The Bank has a large network of self-service terminals throughout Georgia, which are used extensively by our customers. Self-service terminals are viewed as the key transition channel from physical to digital, and the migration has been significant over the past few years. The decline in number of transactions via self-service terminals during the periods presented is primarily reflective of the maximum limit increase on the amount that can be deposited through the self-service terminal in 2021. This also explains increase in the volume of transactions via self-service terminals both in 3Q21 and 9M21

  - **Business iBank and mBank.** Since the release of a new business internet banking platform for our MSME and corporate clients, we have focused on making the Business iBank even more useful for business transactions to further incentivise the transfer of client activity to digital channels. In 2Q21, we have introduced new online chat to our customers.

[3] Active individual customer – an individual, who has used the Bank's any channel at least once, has performed at least one debit transaction, has been a payroll customer, had at least one active credit product, or had any type of deposit with above certain threshold balance during last three months. Active business customer – a legal entity, who had at least one active credit product, has performed at least one debit transaction, or had any type of deposit with above certain threshold balance (varying for micro, SME, or corporate clients) during last three months.
[4] The users that log-in in internet and mobile bank at least once in three months.
[5] Digital channels comprise mBank and iBank, Express Pay terminals, ATMs, web platforms and call center.

Furthermore, we launched the Business mBank application in 1Q21 to offer full digital experience to our business customers, and we have introduced bill payments functionality in our mBank in 3Q21. Our goal is to make the Business mBank useful for immediate business transactions, payments, accounting, money transfers, and administration, taking into consideration customer preferences and best practices. Our business customers are now able to have a single view of their finances on-the-go. As a result, we saw a significant increase in number of active Business iBank and mBank users, reaching 44,844 users at 30 September 2021 (up 32.0% y-o-y and up 8.7% q-o-q). We also saw a robust y-o-y and q-o-q increase in the number (up 34.6% y-o-y and up 14.4% q-o-q in 3Q21, and up 25.5% y-o-y in 9M21) and volume (up 37.5% y-o-y and 3.2% q-o-q in 3Q21, and 39.4% in 9M21) of transactions through Business iBank and mBank. Overall, c.97% of daily transactions of legal entities were executed through the Business iBank and mBank in the third quarter and the first nine months of 2021

- **Product offloading to digital channels.** Having achieved high transactions offloading rate to digital channels, the next step and a big upside for us is to further boost product sales in digital channels. In the first half of 2021, our product offloading rate[6] was 21% and this increased substantially to around 31% by the end of September 2021, boosted in part by the fully redesigned digital consumer lending flow in the app that is now tailored to customer profiles. For example, customers can skip some steps in the process if the Bank already has information on them. They can also see pre-approved loan limits for all products in the app and easily active a loan. As we continue to add innovative digital products and design better end-to-end digital journeys, we are on track to achieve our targeted level of product offloading rate of around 36% by June 2022
- Bank of Georgia was the first bank on the market to offer its customers possibility to add other banks' accounts in mBank under the Open Banking standards

▪ **Our premium banking segment** comprises two directions – SOLO and Wealth Management. Following structural changes in senior management, starting from the third quarter of 2021, we reclassified Wealth Management business from Corporate and Investment Banking to Retail Banking segment, particularly, premium business banking. The comparative periods have been restated accordingly:

- **SOLO, our premium banking brand, continued its growth and investment in its lifestyle brand.** We have 11 SOLO lounges, of which nine are located in Tbilisi, the capital of Georgia, and two in major regional cities of Georgia. The number of active SOLO clients reached 67,019 at 30 September 2021 (57,688 at 30 September 2020 and 65,396 at 30 June 2021). While active SOLO clients currently represent 4.4% of our total active retail client base, they contributed 28.8% to our retail loan book, 32.8% to our retail deposits, 24.7% and 19.2% to our net retail interest income and to our net retail fee and commission income in 9M21, respectively. The net fee and commission income from the SOLO segment was GEL 20.7mln in 9M21, up 5.6% y-o-y). At 30 September 2021, SOLO Club – a membership group within SOLO, which offers exclusive access to SOLO products and offers ahead of other SOLO clients at a higher fee – had 5,697 members, up 2.6% y-o-y and up 1.2% q-o-q
- **Wealth Management continues to focus on profitable growth through diversifying its offerings.** Wealth Management has a strong international presence and diversified customer base across multiple geographies. We served 1,447 active wealth management customers from 79 countries as at 30 September 2021, compared with 1,395 active customers as at 30 September 2020 and 1,433 active customers as at 30 June 2021
- **Wealth Management's AUM reached GEL 1,522.0mln at 30 September 2021, down 10.3% y-o-y and flat q-o-q**. This comprises: a) deposits of Wealth Management franchise clients and b) Global certificates of deposit held by Wealth Management clients. **Wealth Management deposits amounted to GEL 1,433.9mln at 30 September 2021, down 9.5% y-o-y and up 0.1% q-o-q, growing at a compound annual growth rate (CAGR) of 7.7% over the last five-year period**. The cost of deposits was 2.6% in 3Q21 (down 60bps y-o-y and flat q-o-q) and 2.6% in 9M21 (down 50bps y-o-y)

▪ **MSME banking.** The number of MSME segment active clients reached 61,054 at 30 September 2021, up 14.5% y-o-y and up 3.9% q-o-q. MSME's gross loan portfolio reached GEL 3,677.7mln (up 15.3% y-o-y and up 5.4% q-o-q) and client deposits and notes amounted to GEL 1,048.5mln (up 19.6% y-o-y and up 7.3% q-o-q) at 30 September 2021. The MSME segment generated robust operating income of GEL 57.1mln in 3Q21 (up 16.1% y-o-y and up 1.7% q-o-q) and GEL 166.7mln in the first nine months of 2021 (up 18.4% y-o-y), reflecting the strong rebound in economic activity during 2021

▪ **Our digital ecosystem** rests on four main business verticals: real estate, e-commerce, logistics, and point of sale. In 2019-9M21, we launched four platforms – real estate platform area.ge, online marketplace extra.ge, inventory management and point-of-sale solution for MSMEs *Optimo* and a full logistics services solution - *IZiBox*.

During the third quarter of 2021, the Group has further developed these platforms, enlarging its network of partners, introducing new features and products, and increasing its customer base through active campaigns and initiatives.

[6] Share of cards, loans and deposits activations via digital channels during the month.

In 3Q21, an inventory and order management platform Optimo participated in *500 Startups Singapore* – one of the largest stratup acceleration programme, with more than 200 startup applicants. Optimo successfully completed the acceleration process and was chosen among the top 12 shortlisted startups. Within the acceleration programme, Optimo will have the opportunity to receive ongoing support to enhance further development of the platform.

500 Georgia Acceleration programme (launched in 2020 in partnership with 500 Startups and Georgia's Innovation and Technology Agency to help accelerate the development of Georgian and international early stage startups operating in the region). During 2020 and 2021, 28 companies from eleven different business verticals (fintech; healthcare; lifestyle; accounting services; auto and transportation; HR services; travel and hospitality; Adtech; Agtech; Natural Language Processing and communications) completed the programme, and joined our Digital Area ecosystem. In August 2021, the winners have successfully completed the final acceleration process in San Francisco. Since the launch, the participating startups have raised more than US$ 8 million from external international investors and venture capital funds over the programme duration, have 400+ jobs created, have 627,000+ users, 100+ new partnerships and generate more than GEL 12 million in revenue.

During 2018-9M21, the Group has invested c.US$ 8.4 million in the development of the Digital Area Ecosystem. The Group plans an additional investment in the range of US$ 3-10 million during 2021-2023

- **Retail Banking recorded a profit** of GEL 96.0mln in 3Q21 (up 10.8% y-o-y and up 10.7% q-o-q) and GEL 258.8mln in 9M21 (compared with the profit of GEL 66.3mln in 9M20), reflecting the strong economic activity in 2021. Retail Banking ROAE was 23.4% in 3Q21 (26.2% in 3Q20 and 22.1% in 2Q21) and 22.2% in 9M21 (7.0% in 9M20, reflecting the COVID-19 pandemic impact)

CORPORATE AND INVESTMENT BANKING (CIB)[7]

CIB provides (1) loans and other credit facilities to Georgia's large corporate clients and other legal entities, excluding SME and micro businesses; (2) services such as fund transfers and settlements services, currency conversion operations, trade finance services and documentary operations as well as handling savings and term deposits; (3) finance lease facilities through the Bank's leasing operations arm, the Georgian Leasing Company; and (4) brokerage services through Galt & Taggart.

GEL thousands, unless otherwise noted	**3Q21**	**3Q20**	**Change y-o-y**	**2Q21**	**Change q-o-q**	**9M21**	**9M20**	**Change y-o-y**
INCOME STATEMENT HIGHLIGHTS [7]								
Net interest income	86,825	61,889	40.3%	79,612	9.1%	235,087	181,937	29.2%
Net fee and commission income	14,237	9,271	53.6%	11,041	28.9%	34,694	26,980	28.6%
Net foreign currency gain	11,248	4,374	157.2%	8,549	31.6%	23,831	22,725	4.9%
Net other income	4,982	3,304	50.8%	17,848	-72.1%	37,602	12,596	NMF
Operating income	**117,292**	**78,838**	**48.8%**	**117,050**	**0.2%**	**331,214**	**244,238**	**35.6%**
Salaries and other employee benefits	(13,053)	(10,818)	20.7%	(12,304)	6.1%	(38,450)	(31,759)	21.1%
Administrative expenses	(3,948)	(4,124)	-4.3%	(4,348)	-9.2%	(11,385)	(11,194)	1.7%
Depreciation, amortisation and impairment	(2,296)	(2,084)	10.2%	(1,746)	31.5%	(6,239)	(6,433)	-3.0%
Other operating expenses	(136)	(193)	-29.5%	(194)	-29.9%	(548)	(596)	-8.1%
Operating expenses	**(19,433)**	**(17,219)**	**12.9%**	**(18,592)**	**4.5%**	**(56,622)**	**(49,982)**	**13.3%**
Operating income before cost of risk	**97,859**	**61,619**	**58.8%**	**98,458**	**-0.6%**	**274,592**	**194,256**	**41.4%**
Cost of risk	(1,437)	6,568	NMF	23,405	NMF	9,933	(91,652)	NMF
Net operating income before non-recurring items	**96,422**	**68,187**	**41.4%**	**121,863**	**-20.9%**	**284,525**	**102,604**	**NMF**
Net non-recurring items	(3)	(1)	NMF	(1)	NMF	(77)	(1,288)	-94.0%
Profit before income tax expense	**96,419**	**68,186**	**41.4%**	**121,862**	**-20.9%**	**284,448**	**101,316**	**NMF**
Income tax expense	(9,781)	(7,111)	37.5%	(10,750)	-9.0%	(27,226)	(8,727)	NMF
Profit	**86,638**	**61,075**	**41.9%**	**111,112**	**-22.0%**	**257,222**	**92,589**	**NMF**
BALANCE SHEET HIGHLIGHTS [7]								
Net loans and finance lease receivables, currency blended	5,056,142	4,308,996	17.3%	4,783,900	5.7%	5,056,142	4,308,996	17.3%
Net loans and finance lease receivables, GEL	1,079,894	757,300	42.6%	994,781	8.6%	1,079,894	757,300	42.6%
Net loans and finance lease receivables, FC	3,976,248	3,551,696	12.0%	3,789,119	4.9%	3,976,248	3,551,696	12.0%
Client deposits, currency blended	3,831,325	4,212,711	-9.1%	4,752,182	-19.4%	3,831,325	4,212,711	-9.1%
Client deposits, GEL	2,467,897	2,629,867	-6.2%	3,356,443	-26.5%	2,467,897	2,629,867	-6.2%
Client deposits, FC	1,363,428	1,582,844	-13.9%	1,395,739	-2.3%	1,363,428	1,582,844	-13.9%
Time deposits, currency blended	1,187,904	1,858,186	-36.1%	2,403,869	-50.6%	1,187,904	1,858,186	-36.1%
Time deposits, GEL	1,017,169	1,585,608	-35.8%	2,205,710	-53.9%	1,017,169	1,585,608	-35.8%
Time deposits, FC	170,735	272,578	-37.4%	198,159	-13.8%	170,735	272,578	-37.4%
Current accounts and demand deposits, currency blended	2,643,421	2,354,525	12.3%	2,348,313	12.6%	2,643,421	2,354,525	12.3%
Current accounts and demand deposits, GEL	1,450,728	1,044,259	38.9%	1,150,733	26.1%	1,450,728	1,044,259	38.9%
Current accounts and demand deposits, FC	1,192,693	1,310,266	-9.0%	1,197,580	-0.4%	1,192,693	1,310,266	-9.0%
Letters of credit and guarantees, standalone (off-balance sheet item)	1,639,119	1,520,262	7.8%	1,623,571	1.0%	1,639,119	1,520,262	7.8%
Assets under management	1,458,115	1,043,164	39.8%	1,394,789	4.5%	1,458,115	1,043,164	39.8%
RATIOS [7]								
ROAE	*31.4%*	*28.9%*		*42.6%*		*32.8%*	*15.3%*	
Net interest margin, currency blended	*5.5%*	*4.2%*		*4.9%*		*4.9%*	*4.3%*	
Cost of credit risk ratio	*-0.3%*	*-0.8%*		*-2.4%*		*-1.0%*	*1.9%*	
Cost of funds, currency blended	*2.5%*	*3.0%*		*2.4%*		*2.5%*	*3.1%*	
Loan yield, currency blended	*8.7%*	*8.6%*		*8.5%*		*8.6%*	*8.7%*	
Loan yield, GEL	*14.1%*	*13.0%*		*13.3%*		*13.2%*	*13.0%*	
Loan yield, FC	*7.2%*	*7.7%*		*7.3%*		*7.4%*	*7.7%*	
Cost of deposits, currency blended	*5.6%*	*5.2%*		*5.0%*		*5.4%*	*4.7%*	
Cost of deposits, GEL	*8.1%*	*7.8%*		*7.4%*		*8.0%*	*7.6%*	
Cost of deposits, FC	*0.4%*	*0.8%*		*0.6%*		*0.6%*	*0.6%*	
Cost of time deposits, currency blended	*8.4%*	*7.7%*		*7.4%*		*8.2%*	*7.6%*	
Cost of time deposits, GEL	*9.2%*	*8.6%*		*8.1%*		*9.0%*	*9.0%*	
Cost of time deposits, FC	*2.1%*	*2.2%*		*2.1%*		*2.0%*	*1.8%*	
Current accounts and demand deposits, currency blended	*3.8%*	*3.2%*		*3.2%*		*3.4%*	*2.9%*	
Current accounts and demand deposits, GEL	*6.9%*	*6.5%*		*6.3%*		*6.5%*	*6.1%*	
Current accounts and demand deposits, FC	*0.1%*	*0.5%*		*0.4%*		*0.4%*	*0.3%*	
Cost / income ratio	*16.6%*	*21.8%*		*15.9%*		*17.1%*	*20.5%*	
Concentration of top ten clients	*8.6%*	*9.5%*		*8.8%*		*8.6%*	*9.5%*	

[7] Following structural changes in senior management, starting from the third quarter of 2021, we reclassified Wealth Management business from Corporate and Investment Banking to Retail Banking segment. The comparative periods have been restated accordingly.

Performance highlights

- **Corporate and Investment Banking delivered outstanding quarterly results.** CIB generated solid net interest and non-interest income during the third quarter and the first nine months of 2021, coupled with continuous cost discipline. As a result, the operating income before cost of risk amounted to GEL 97.9mln in 3Q21 (up 58.8% y-o-y and slightly down 0.6% q-o-q) and GEL 274.6mln in 9M21 (up 41.4% y-o-y)
- CIB's net interest income increased by 40.3% y-o-y and by 9.1% q-o-q during the third quarter of 2021 and increased by 29.2% in the first nine months of 2021, largely reflecting 17.3% y-o-y lending growth. **CIB's NIM was 5.5% in 3Q21 (up 130bps y-o-y and up 60bps q-o-q) and 4.9% in 9M21 (up 60bps y-o-y)**. In the third quarter of 2021, y-o-y increase in NIM was primarily driven by 50bps decline in cost of funds, coupled with 10bps increase in currency blended loan yields, while q-o-q increase in NIM was due to 20bps increase in currency blended loan yields, partially offset by 10bps increase in cost of funds. On a nine months basis, 60bps decline in cost of funds was partially offset by 10bps decline in currency blended loan yields, resulting in 60bps increase in NIM y-o-y during 9M21
- **CIB's net fee and commission income reached GEL 14.2mln in 3Q21 (up 53.6% y-o-y and up 28.9% q-o-q) and GEL 34.7mln in 9M21 (up 28.6% y-o-y).** The growth in net fee and commission income in all periods presented was largely driven by strong income generation from guarantees and letters of credit issued, advisory service fees and income from settlement operations
- **CIB's loan book and dollarisation**. CIB loan portfolio reached GEL 5,056.1mln at 30 September 2021, up 17.3% y-o-y and up 5.7% q-o-q. On a constant currency basis, CIB loan book was up 22.3% y-o-y and up 7.5% q-o-q. The concentration of the top 10 CIB clients was 8.6% at 30 September 2021 (9.5% at 30 September 2020 and 8.8% at 30 June 2021). Foreign currency denominated net loans represented 78.6% of CIB's loan portfolio at 30 September 2021, compared with 82.4% at 30 September 2020 and 79.2% at 30 June 2021. At 30 September 2021, 38.2% of total gross CIB loans were issued in foreign currency with exposure to foreign currency risk with regard to income, while 40.6% of total gross CIB loans were issued in foreign currency with no or minimal exposure to foreign currency risk
- **Dollarisation of CIB deposits** was 35.6% at 30 September 2021, compared with 37.6% a year ago and 29.4% at 30 June 2021. De-dollarisation of CIB's deposit portfolio y-o-y was primarily supported by the increase in interest rates differential on local and foreign currency funds, coupled with the appreciation of the local currency. The interest rates increased on local currency denominated deposits in all periods presented, and the cost of deposits in local currency remained well above the cost of foreign currency deposits
- **Net other income** generated in the third quarter of 2021 mainly comprised net gains from the sale of real estate properties. Net gains from the sale of real estate properties and investment securities were the main sources of net other income during the first nine months of 2021
- **CIB's cost of risk in 3Q21 and 9M21 reflected a combination of the following factors:**
  - **Cost of credit risk.** CIB's cost of credit risk was a net gain of 0.3% in 3Q21 (a net gain of 0.8% in 3Q20 and a net gain of 2.4% in 2Q21) and a net gain of 1.0% in 9M21 (cost of credit risk ratio of 1.9% in 9M20). The 1.9% cost of credit risk ratio in 9M20 reflected the IFRS 9 ECL reserve builds, created for the full economic cycle related to the deterioration of the macroeconomic environment and expected creditworthiness of borrowers as a result of the COVID-19 pandemic impact. The Group continuously revisits the assumptions used in the reserve builds to reflect better visibility and up-to-date macroeconomic forecast scenarios, as well as in-depth analyses of the financial standing and the creditworthiness of corporate borrowers. The Group recorded a GEL 3.8mln and a GEL 36.6mln ECL reversal on loans to customers and finance lease receivables in 3Q21 and 9M21, respectively, primarily driven by the recovery of several corporate loans during these periods
  - **Expected credit loss and impairment charge on other assets and provisions** in the third quarter of 2021 mainly related to impairment charge on other assets, while during the first nine months of 2021 it mainly comprised expenses accrued for certain legal fees and impairment charges on other assets, partially offset by ECL reversal on guarantees issued
- As a result, **CIB recorded a profit** of GEL 86.6mln in the third quarter of 2021 (up 41.9% y-o-y and down 22.0% q-o-q) and GEL 257.2mln in the first nine months of 2021 (profit of GEL 92.6mln in 9M20). CIB's ROAE was 31.4% in 3Q21 (28.9% in 3Q20 and 42.6% in 2Q21) and 32.8% in 9M21 (15.3% in 9M20, reflecting the COVID-19 pandemic impact)

Performance highlights of Investment Management operations

- Our Investment Management franchise covers **the leading investment bank in Georgia, Galt & Taggart**. Our strategic objective is to focus on profitable growth through unlocking the retail brokerage potential and fully digitalising brokerage services
- **The Investment Management's AUM**, which comprises Galt & Taggart brokerage client assets, reached GEL 1,458.1mln as at 30 September 2021, up 39.8% y-o-y and up 4.5% q-o-q
- **Galt & Taggart, which brings under one brand corporate advisory, debt and equity capital markets research and brokerage services, continues to develop local capital markets in Georgia**
  - **Our brokerage business demonstrated solid performance in the third quarter of 2021**. Gross revenue of brokerage business was GEL 1.7mln in 3Q21 (up 29.9% y-o-y and down 5.8% q-o-q) and GEL 5.6mln in 9M21 (up 23.6% y-o-y). Our online brokerage offered in partnership with Saxo Bank under a white label offering generated gross revenue of GEL 1.0mln in 3Q21 (up 7.8% y-o-y and down 17.4% q-o-q) and GEL 3.8mln in 9M21 (up 12.9% y-o-y)
    - We see significant upsides in the brokerage business in Georgia. Historically, we have focused on providing brokerage services to our wealth management customers, whereas the retail investor participation in the securities market has been limited. **We are extending our offerings to the wider retail and mass affluent segments**
    - In line with the Group's overall digital strategy, we are digitalising our brokerage offerings. Over the past few years we have significantly enhanced our back- and front-end processes to improve overall customer experience and engagement with brokerage services. **Our single-view client dashboard**, a product combining investment banking products into a single channel, continues to improve overall customer experience and reporting tools. **By the end of 2021, we plan to launch a mobile application** to increase the usage and participation of the retail segment in this business and to further improve customer experiences
  - Important transactions completed during the first nine months of 2021:
    - In March 2021, Galt & Taggart, through a competitive bidding process, was awarded a contract to provide financial and legal consultancy services to Georgian State Electrosystem (GSE) and advise on accessing capital markets and raising commercial financing
    - In April 2021, Galt & Taggart acted as a Co-manager and facilitated a successful pricing of Georgia's US$ 500 million 2.750% 5-year sovereign Eurobond. Goldman Sachs International and J.P. Morgan Securities plc acted as Joint Global Coordinators and Joint Bookrunners on the transaction along with ICBC Standard Bank plc, while two local investment banks acted as Co-managers. The Eurobond was met with strong investor demand, with orders reaching US$ 2.0 billion. This marks a historic transaction for Georgia as it secured financing at the lowest coupon and yield in the history of the country
    - In May 2021, Galt & Taggart, through a competitive bidding process, was awarded a contract to design and implement support mechanism for capital markets development in Georgia. The overall objective of this project is to increase access to finance for companies through debt and equity capital markets. The Project is funded by the Delegation of the European Union in Georgia and implemented by the Capital Markets Development team of European Bank for Reconstruction and Development
    - In June 2021, Galt & Taggart acted as a Co-manager and facilitated a successful pricing of Georgian Railway's US$ 500 million 4.0% 7-year Eurobond. Citigroup and J.P. Morgan acted as Joint Lead Managers and Joint Bookrunners on the transaction. The strong investor demand led to 8.4x oversubscription as orders reached US$ 4.2 billion. This marks a historic transaction for the issuer as it secured financing at the lowest coupon and yield in its history
    - In August 2021, Galt & Taggart acted as a sell-side advisor on a US$ 30 million transaction in the real estate sector
    - In September and October 2021, Galt & Taggart acted as a Lead manager for European Bank for Reconstruction and Development, facilitating two private bond placements in the total amount of GEL 185 million with up to 5 years maturity
  - **Galt and Taggart is a leading research house in Georgia supporting our brokerage business and CIB activities with an in-depth quality macro and sector research coverage**. Galt & Taggart publishes research reports on Georgia's and regional economies, key economic sectors in Georgia, regional fixed income securities, and global macro trends, among others. Currently, we have more than 6,500 unique subscribers, and our research is available on all major international platforms (Bloomberg, Capital IQ, Refinitiv, etc.)

SELECTED FINANCIAL AND OPERATING INFORMATION

INCOME STATEMENT	BANK OF GEORGIA GROUP CONSOLIDATED							
GEL thousands, unless otherwise noted	**3Q21**	**3Q20**	**Change y-o-y**	**2Q21**	**Change q-o-q**	**9M21**	**9M20**	**Change y-o-y**
Interest income	466,265	407,666	14.4%	446,636	4.4%	1,341,482	1,175,029	14.2%
Interest expense	(222,976)	(203,636)	9.5%	(218,387)	2.1%	(657,613)	(598,982)	9.8%
Net interest income	**243,289**	**204,030**	**19.2%**	**228,249**	**6.6%**	**683,869**	**576,047**	**18.7%**
Fee and commission income	105,992	71,793	47.6%	94,727	11.9%	277,165	197,076	40.6%
Fee and commission expense	(43,516)	(26,261)	65.7%	(37,521)	16.0%	(108,833)	(78,531)	38.6%
Net fee and commission income	**62,476**	**45,532**	**37.2%**	**57,206**	**9.2%**	**168,332**	**118,545**	**42.0%**
Net foreign currency gain	33,346	19,179	73.9%	22,082	51.0%	74,604	72,583	2.8%
Net other income	8,706	7,750	12.3%	27,438	-68.3%	59,627	23,457	154.2%
Operating income	**347,817**	**276,491**	**25.8%**	**334,975**	**3.8%**	**986,432**	**790,632**	**24.8%**
Salaries and other employee benefits	(71,551)	(58,171)	23.0%	(68,812)	4.0%	(200,586)	(175,365)	14.4%
Administrative expenses	(32,342)	(24,443)	32.3%	(30,068)	7.6%	(85,973)	(73,914)	16.3%
Depreciation, amortisation and impairment	(23,448)	(19,125)	22.6%	(22,354)	4.9%	(68,363)	(61,654)	10.9%
Other operating expenses	(661)	(873)	-24.3%	(584)	13.2%	(2,257)	(2,845)	-20.7%
Operating expenses	**(128,002)**	**(102,612)**	**24.7%**	**(121,818)**	**5.1%**	**(357,179)**	**(313,778)**	**13.8%**
Profit / (loss) from associates	223	214	4.2%	(4,299)	NMF	(3,909)	628	NMF
Operating income before cost of risk	**220,038**	**174,093**	**26.4%**	**208,858**	**5.4%**	**625,344**	**477,482**	**31.0%**
Expected credit loss on loans to customers	(8,192)	(5,836)	40.4%	25,140	NMF	(11,288)	(222,404)	-94.9%
Expected credit loss on finance lease receivables	70	(2,371)	NMF	(683)	NMF	(1,543)	(7,644)	-79.8%
Other expected credit loss and impairment charge on other assets and provisions	(5,462)	(2,735)	99.7%	(10,424)	-47.6%	(30,838)	(32,518)	-5.2%
Cost of risk	**(13,584)**	**(10,942)**	**24.1%**	**14,033**	**NMF**	**(43,669)**	**(262,566)**	**-83.4%**
Net operating income before non-recurring items	**206,454**	**163,151**	**26.5%**	**222,891**	**-7.4%**	**581,675**	**214,916**	**NMF**
Net non-recurring items	(479)	254	NMF	(67)	NMF	(528)	(41,332)	-98.7%
Profit before income tax expense	**205,975**	**163,405**	**26.1%**	**222,824**	**-7.6%**	**581,147**	**173,584**	**NMF**
Income tax expense	(20,671)	(15,051)	37.3%	(20,654)	0.1%	(54,749)	(10,491)	NMF
Profit	**185,304**	**148,354**	**24.9%**	**202,170**	**-8.3%**	**526,398**	**163,093**	**NMF**
Profit attributable to:								
– shareholders of the Group	184,462	147,704	24.9%	201,239	-8.3%	523,915	162,363	NMF
– non-controlling interests	842	650	29.5%	931	-9.6%	2,483	730	NMF
Earnings per share (basic)	**3.90**	**3.11**	**25.4%**	**4.21**	**-7.4%**	**10.98**	**3.41**	**NMF**
Earnings per share (diluted)	**3.80**	**3.11**	**22.2%**	**4.19**	**-9.3%**	**10.79**	**3.41**	**NMF**

BALANCE SHEET

GEL thousands, unless otherwise noted	BANK OF GEORGIA GROUP CONSOLIDATED				
	Sep-21	**Sep-20**	**Change y-o-y**	**Jun-21**	**Change q-o-q**
Cash and cash equivalents	1,274,079	2,154,224	-40.9%	1,719,058	-25.9%
Amounts due from credit institutions	1,904,747	1,980,195	-3.8%	2,035,487	-6.4%
Investment securities	2,282,983	2,205,244	3.5%	2,149,725	6.2%
Loans to customers and finance lease receivables	15,579,496	13,627,144	14.3%	14,789,371	5.3%
Accounts receivable and other loans	2,591	4,935	-47.5%	2,475	4.7%
Prepayments	44,540	32,021	39.1%	33,903	31.4%
Inventories	11,418	11,406	0.1%	10,476	9.0%
Right-of-use assets	79,174	85,859	-7.8%	81,865	-3.3%
Investment property	232,446	221,517	4.9%	235,649	-1.4%
Property and equipment	377,287	390,401	-3.4%	387,014	-2.5%
Goodwill	33,351	33,351	0.0%	33,351	0.0%
Intangible assets	140,386	117,941	19.0%	138,341	1.5%
Income tax assets	479	40,484	-98.8%	190	152.1%
Other assets	192,810	216,159	-10.8%	189,311	1.8%
Assets held for sale	54,765	46,072	18.9%	45,294	20.9%
Total assets	**22,210,552**	**21,166,953**	**4.9%**	**21,851,510**	**1.6%**
Client deposits and notes	13,312,965	12,985,039	2.5%	13,944,383	-4.5%
Amounts owed to credit institutions	4,037,523	3,757,646	7.4%	3,224,577	25.2%
Debt securities issued	1,537,593	1,628,188	-5.6%	1,515,511	1.5%
Lease liabilities	87,099	98,522	-11.6%	91,670	-5.0%
Accruals and deferred income	66,449	43,474	52.8%	54,626	21.6%
Income tax liabilities	92,784	70,854	31.0%	74,704	24.2%
Other liabilities	168,385	212,093	-20.6%	132,678	26.9%
Total liabilities	**19,302,798**	**18,795,816**	**2.7%**	**19,038,149**	**1.4%**
Share capital	1,618	1,618	0.0%	1,618	0.0%
Additional paid-in capital	496,708	513,407	-3.3%	511,273	-2.8%
Treasury shares	(66)	(54)	22.2%	(52)	26.9%
Other reserves	6,139	38,201	-83.9%	11,975	-48.7%
Retained earnings	2,390,255	1,807,432	32.2%	2,275,882	5.0%
Total equity attributable to shareholders of the Group	**2,894,654**	**2,360,604**	**22.6%**	**2,800,696**	**3.4%**
Non-controlling interests	13,100	10,533	24.4%	12,665	3.4%
Total equity	**2,907,754**	**2,371,137**	**22.6%**	**2,813,361**	**3.4%**
Total liabilities and equity	**22,210,552**	**21,166,953**	**4.9%**	**21,851,510**	**1.6%**
Book value per share	**61.37**	**49.67**	**23.6%**	**58.86**	**4.3%**

BELARUSKY NARODNY BANK (BNB)

INCOME STATEMENT HIGHLIGHTS *GEL thousands, unless otherwise stated*	3Q21	3Q20	Change y-o-y	2Q21	Change q-o-q	9M21	9M20	Change y-o-y
Net interest income	9,300	8,735	6.5%	9,752	-4.6%	27,399	27,361	0.1%
Net fee and commission income	1,515	1,220	24.2%	1,622	-6.6%	4,707	4,410	6.7%
Net foreign currency gain / (loss)	3,293	(42)	NMF	3,029	8.7%	9,868	4,238	132.8%
Net other income / (expense)	496	(110)	NMF	53	NMF	313	573	-45.4%
Operating income	**14,604**	**9,803**	**49.0%**	**14,456**	**1.0%**	**42,287**	**36,582**	**15.6%**
Operating expenses	(9,676)	(7,812)	23.9%	(9,656)	0.2%	(27,675)	(24,616)	12.4%
Operating income before cost of risk	**4,928**	**1,991**	**147.5%**	**4,800**	**2.7%**	**14,612**	**11,966**	**22.1%**
Cost of risk	(1,560)	(1,449)	7.7%	1,061	NMF	(1,254)	(6,799)	-81.6%
Net non-recurring items	(138)	36	NMF	(277)	-50.2%	(481)	2	NMF
Profit before income tax	**3,230**	**578**	**NMF**	**5,584**	**-42.2%**	**12,877**	**5,169**	**149.1%**
Income tax (expense) / benefit	(515)	76	NMF	(1,222)	-57.9%	(2,463)	(966)	155.0%
Profit	**2,715**	**654**	**NMF**	**4,362**	**-37.8%**	**10,414**	**4,203**	**147.8%**

BALANCE SHEET HIGHLIGHTS *GEL thousands, unless otherwise stated*	Sep-21	Sep-20	Change y-o-y	Jun-21	Change q-o-q
Cash and cash equivalents	146,716	155,782	-5.8%	122,271	20.0%
Amounts due from credit institutions	9,245	14,614	-36.7%	56,967	-83.8%
Investment securities	85,399	74,936	14.0%	95,899	-10.9%
Loans to customers and finance lease receivables	657,568	702,231	-6.4%	657,473	0.0%
Other assets	51,087	47,394	7.8%	45,624	12.0%
Total assets	**950,015**	**994,957**	**-4.5%**	**978,234**	**-2.9%**
Client deposits and notes	465,203	596,360	-22.0%	493,355	-5.7%
Amounts owed to credit institutions	326,715	209,535	55.9%	329,063	-0.7%
Debt securities issued	7,195	49,214	-85.4%	6,583	9.3%
Other liabilities	12,944	22,188	-41.7%	15,696	-17.5%
Total liabilities	**812,057**	**877,297**	**-7.4%**	**844,697**	**-3.9%**
Total equity	**137,958**	**117,660**	**17.3%**	**133,537**	**3.3%**
Total liabilities and equity	**950,015**	**994,957**	**-4.5%**	**978,234**	**-2.9%**

KEY RATIOS	3Q21	3Q20	2Q21	9M21	9M20
Profitability					
ROAA, annualised	3.3%	3.0%	3.6%	3.2%	1.1%
ROAE, annualised	25.7%	26.0%	29.4%	25.7%	9.9%
RB ROAE	*23.4%*	*26.2%*	*22.1%*	*22.2%*	*7.0%*
CIB ROAE	*31.4%*	*28.9%*	*42.6%*	*32.8%*	*15.3%*
Net interest margin, annualised	5.0%	4.8%	4.7%	4.8%	4.7%
RB NIM	*4.2%*	*4.4%*	*4.1%*	*4.2%*	*4.2%*
CIB NIM	*5.5%*	*4.2%*	*4.9%*	*4.9%*	*4.3%*
Loan yield, annualised	10.6%	10.7%	10.4%	10.4%	10.6%
RB Loan yield	*11.4%*	*11.6%*	*11.1%*	*11.2%*	*11.5%*
CIB Loan yield	*8.7%*	*8.6%*	*8.5%*	*8.6%*	*8.7%*
Liquid assets yield, annualised	3.6%	3.3%	3.3%	3.4%	3.5%
Cost of funds, annualised	4.7%	4.7%	4.5%	4.6%	4.8%
Cost of client deposits and notes, annualised	3.6%	3.8%	3.5%	3.6%	3.5%
RB Cost of client deposits and notes	*2.5%*	*3.1%*	*2.6%*	*2.6%*	*2.9%*
CIB Cost of client deposits and notes	*5.6%*	*5.2%*	*5.0%*	*5.4%*	*4.7%*
Cost of amounts owed to credit institutions, annualised	8.0%	6.9%	6.9%	7.0%	7.3%
Cost of debt securities issued	6.8%	7.0%	7.0%	6.9%	7.5%
Operating leverage, y-o-y	1.1%	1.9%	23.9%	10.9%	-6.4%
Operating leverage, q-o-q	-1.2%	17.8%	-3.1%	0.0%	0.0%
Efficiency					
Cost / income	36.8%	37.1%	36.4%	36.2%	39.7%
RB Cost / income	*45.9%*	*41.3%*	*46.0%*	*44.6%*	*46.9%*
CIB Cost /income	*16.6%*	*21.8%*	*15.9%*	*17.1%*	*20.5%*
Liquidity					
NBG liquidity coverage ratio (minimum requirement 100%)	112.7%	147.0%	124.5%	112.7%	147.0%
Liquid assets to total liabilities	28.3%	33.7%	31.0%	28.3%	33.7%
Net loans to client deposits and notes	117.0%	104.9%	106.1%	117.0%	104.9%
Net loans to client deposits and notes + DFIs	102.1%	92.1%	93.2%	102.1%	92.1%
Leverage (times)	6.6	7.9	6.8	6.6	7.9
Asset quality:					
NPLs (GEL thousands)	413,626	530,631	524,964	413,626	530,631
NPLs to gross loans to clients	2.6%	3.8%	3.5%	2.6%	3.8%
NPL coverage ratio	90.9%	76.8%	73.1%	90.9%	76.8%
NPL coverage ratio, adjusted for discounted value of collateral	140.9%	131.4%	122.2%	140.9%	131.4%
Cost of credit risk, annualised	0.2%	0.2%	-0.6%	0.1%	2.4%
RB Cost of credit risk	*0.4%*	*0.7%*	*0.3%*	*0.7%*	*2.7%*
CIB Cost of credit risk	*-0.3%*	*-0.8%*	*-2.4%*	*-1.0%*	*1.9%*
Capital adequacy:					
NBG (Basel III) CET1 capital adequacy ratio	12.8%	9.9%	12.5%	12.8%	9.9%
Minimum regulatory requirement	*11.0%*	*6.9%*	*11.1%*	*11.0%*	*6.9%*
NBG (Basel III) Tier I capital adequacy ratio	14.6%	12.0%	14.4%	14.6%	12.0%
Minimum regulatory requirement	*13.2%*	*8.7%*	*13.4%*	*13.2%*	*8.7%*
NBG (Basel III) Total capital adequacy ratio	19.2%	17.3%	19.1%	19.2%	17.3%
Minimum regulatory requirement	*17.3%*	*13.3%*	*17.7%*	*17.3%*	*13.3%*
Selected operating data:					
Total assets per FTE	2,886	2,976	2,863	2,886	2,976
Number of active branches, of which:	212	211	211	212	211
- Express branches	*107*	*105*	*105*	*107*	*105*
- Bank of Georgia branches	*94*	*95*	*95*	*94*	*95*
- SOLO lounges	*11*	*11*	*11*	*11*	*11*
Number of ATMs	985	947	972	985	947
Number of cards outstanding, of which:	2,078,033	2,184,591	2,079,786	2,078,033	2,184,591
- Debit cards	*1,894,260*	*1,879,970*	*1,889,213*	*1,894,260*	*1,879,970*
- Credit cards	*183,773*	*304,621*	*190,573*	*183,773*	*304,621*
Number of POS terminals	35,793	25,706	33,772	35,793	25,706
Number of Express pay terminals	*3,130*	*3,130*	*3,141*	*3,130*	*3,130*
FX Rates:					
GEL/US$ exchange rate (period-end)	3.1228	3.2878	3.1603		
GEL/GBP exchange rate (period-end)	4.2198	4.2255	4.3754		

	Sep-21	Sep-20	Jun-21
Full time employees (FTE), of which:	**7,695**	**7,112**	**7,633**
- Full time employees, BOG standalone	*6,108*	*5,598*	*6,050*
- Full time employees, BNB	*542*	*538*	*543*
- Full time employees, other	*1,045*	*976*	*1,040*

Shares outstanding	Sep-21	Sep-20	Jun-21
Ordinary shares	47,168,814	47,528,417	47,578,565
Treasury shares	2,000,614	1,641,011	1,590,863
Total shares outstanding	**49,169,428**	**49,169,428**	**49,169,428**

GLOSSARY

- **Alternative performance measures (APMs)** In this announcement the management uses various APMs, which they believe provide additional useful information for understanding the financial performance of the Group. These APMs are not defined by International Financial Reporting Standards, and also may not be directly comparable with other companies who use similar measures. We believe that these APMs provide the best representation of our financial performance as these measures are used by management to evaluate the Group's operating performance and make day-to-day operating decisions
- **Basic earnings per share** Profit for the period attributable to shareholders of the Group divided by the weighted average number of outstanding ordinary shares over the same year
- **Book value per share** Total equity attributable to shareholders of the Group divided by ordinary shares outstanding at period-end; Ordinary shares outstanding at period-end equals number of ordinary shares at period-end less number of treasury shares at period-end
- **Cost of credit risk** Expected loss on loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period
- **Cost of funds** Interest expense of the period divided by monthly average interest bearing liabilities
- **Cost to income ratio** Operating expenses divided by operating income
- **Interest-bearing liabilities** Amounts owed to credit institutions, client deposits and notes, and debt securities issued
- **Interest-earning assets (excluding cash)** Amounts due from credit institutions, investment securities (but excluding corporate shares) and net loans to customers and finance lease receivables
- **Leverage (times)** Total liabilities divided by total equity
- **Liquid assets** Cash and cash equivalents, amounts due from credit institutions and investment securities
- **Liquidity coverage ratio (LCR)** High quality liquid assets (as defined by the NBG) divided by net cash outflows over the next 30 days (as defined by NBG)
- **Loan yield** Interest income from loans to customers and finance lease receivables divided by monthly average gross loans to customers and finance lease receivables
- **NBG (Basel III) Common Equity Tier I (CET1) capital adequacy ratio** Common Equity Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG instructions
- **NBG (Basel III) Tier I capital adequacy ratio** Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG instructions
- **NBG (Basel III) Total capital adequacy ratio** Total regulatory capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG instructions
- **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 NBG)
- **Non-performing loans (NPLs)** The principal and interest on loans overdue for more than 90 days and any additional potential losses estimated by management
- **NPL coverage ratio** Allowance for expected credit loss of loans and finance lease receivables divided by NPLs
- **NPL coverage ratio adjusted for discounted value of collateral** Allowance for expected credit loss of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for expected credit loss)
- **Operating leverage** Percentage change in operating income less percentage change in operating expenses
- **Return on average total assets (ROAA)** Profit for the period divided by monthly average total assets for the same period
- **Return on average total equity (ROAE)** Profit for the period attributable to shareholders of the Group divided by monthly average equity attributable to shareholders of the Group for the same period
- **NMF** Not meaningful

COMPANY INFORMATION

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Share price information

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