BANK OF GEORGIA
GROUP PLC

Bank of Georgia Group PLC

3Q23 and 9M23 Results

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3Q23 AND 9M23 FINANCIAL HIGHLIGHTS

2Q23 and thus 9M23 Net other income was adjusted for a one-off GEL 21.1 million other income related to the settlement of an outstanding legacy claim. As a result, ROAE, ROAE, and Cost:income ratios were adjusted for this one-off item as well. Comparisons given in text are with adjusted figures of respective periods. You can see the unadjusted P&L on page 18 and unadjusted ratios on page 19.

GEL thousands	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
INCOME STATEMENT HIGLIGHTS								
Net interest income	**419,976**	**295,071**	**42.3%**	**395,909**	**6.1%**	**1,187,785**	**847,691**	**40.1%**
Net fee and commission income	118,949	79,662	49.3%	89,165	33.4%	320,416	219,559	45.9%
Net foreign currency gain	97,790	150,686	-35.1%	100,018	-2.2%	268,460	340,699	-21.2%
Net other income	5,738	1,092	425.5%	82,083	-93.0%	96,476	9,162	953.0%
Operating income	**642,453**	**526,511**	**22.0%**	**667,175**	**-3.7%**	**1,873,137**	**1,417,111**	**32.2%**
Operating expenses	**(185,314)**	**(160,870)**	**15.2%**	**(179,365)**	**3.3%**	**(528,849)**	**(460,125)**	**14.9%**
Profit from associates	302	250	20.8%	682	-55.7%	1,202	626	92.0%
Operating income before cost of risk	**457,441**	**365,891**	**25.0%**	**488,492**	**-6.4%**	**1,345,490**	**957,612**	**40.5%**
Cost of risk	(35,805)	(48,048)	-25.5%	(32,152)	11.4%	(116,255)	(66,392)	75.1%
Net operating income before non-recurring items	**421,636**	**317,843**	**32.7%**	**456,340**	**-7.6%**	**1,229,235**	**891,220**	**37.9%**
Net non-recurring items	58	428	-86.4%	1	NMF	-	708	-100.0%
Profit before income tax expense and one-off items	**421,694**	**318,271**	**32.5%**	**456,341**	**-7.6%**	**1,229,235**	**891,928**	**37.8%**
Income tax expense	(64,330)	(28,053)	129.3%	(68,878)	-6.6%	(183,079)	(85,653)	113.7%
Profit adjusted for one-off items	**357,364**	**290,218**	**23.1%**	**387,463**	**-7.8%**	**1,046,156**	**806,275**	**29.8%**
One-off in other income	-	-	-	21,061	NMF	21,061	-	NMF
Profit	**357,364**	**290,218**	**23.1%**	**408,524**	**-12.5%**	**1,067,217**	**806,275**	**32.4%**
Basic earnings per share	**8.12**	**6.27**	**29.5%**	**9.14**	**-11.2%**	**23.76**	**17.13**	**38.7%**
Diluted earnings per share	**7.92**	**6.19**	**27.9%**	**8.94**	**-11.4%**	**23.22**	**16.99**	**36.7%**

GEL thousands	Sep-23	Sep-22	Change y-o-y	Jun-23	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	10,258,057	9,486,712	8.1%	9,067,120	13.1%
Cash and cash equivalents	*2,959,832*	*2,773,069*	*6.7%*	*2,155,256*	*37.3%*
Amounts due from credit institutions	*1,878,849*	*2,406,119*	*-21.9%*	*1,931,461*	*-2.7%*
Investment securities	*5,419,376*	*4,307,524*	*25.8%*	*4,980,403*	*8.8%*
Loans to customers and finance lease receivables[1]	19,010,599	16,162,942	17.6%	18,282,017	4.0%
Property and equipment	430,181	400,874	7.3%	411,018	4.7%
All remaining assets	1,150,976	938,456	22.6%	957,063	20.3%
Total assets	**30,849,813**	**26,988,984**	**14.3%**	**28,717,218**	**7.4%**
Client deposits and notes	21,743,543	17,193,088	26.5%	19,647,354	10.7%
Amounts owed to credit institutions	3,163,001	4,937,760	-35.9%	3,120,305	1.4%
Borrowings from DFIs	*2,084,165*	*1,940,822*	*7.4%*	*1,636,522*	*27.4%*
Short-term loans from central banks	*180,099*	*2,060,324*	*-91.3%*	*442,127*	*-59.3%*
Loans and deposits from commercial banks	*898,737*	*936,614*	*-4.0%*	*1,041,656*	*-13.7%*
Debt securities issued	425,560	774,152	-45.0%	621,229	-31.5%
All remaining liabilities	782,531	470,621	66.3%	795,318	-1.6%
Total liabilities	**26,114,635**	**23,375,621**	**11.7%**	**24,184,206**	**8.0%**
Total equity	**4,735,178**	**3,613,363**	**31.0%**	**4,533,012**	**4.5%**
Book value per share	**107.64**	**78.81**	**36.6%**	**102.25**	**5.3%**

KEY RATIOS	3Q23	3Q22	2Q23	9M23	9M22
ROAA	4.8%	4.4%	5.6%	4.9%	4.3%
ROAE	30.7%	32.4%	34.6%	31.1%	32.0%
Net interest margin	6.6%	5.3%	6.6%	6.5%	5.3%
Loan yield	12.6%	11.6%	12.7%	12.6%	11.4%
Liquid assets yield	4.7%	4.2%	4.7%	4.6%	4.3%
Cost of funds	4.7%	4.9%	4.8%	4.7%	5.0%
Cost of client deposits and notes	4.2%	3.6%	4.1%	4.0%	3.6%
Cost of amounts owed to credit Institutions	8.0%	9.1%	8.3%	8.3%	9.0%
Cost of debt securities issued	8.6%	7.3%	7.9%	8.0%	7.1%
Cost:income ratio	28.8%	30.6%	26.9%	28.2%	32.5%
NPLs to gross loans	2.4%	2.4%	2.4%	2.4%	2.4%
NPL coverage ratio	69.1%	89.4%	70.4%	69.1%	89.4%
NPL coverage ratio adjusted for the discounted value of collateral	122.1%	138.0%	126.4%	122.1%	138.0%
Cost of credit risk ratio	0.6%	1.0%	0.8%	0.8%	0.8%
NBG (Basel III) CET 1 capital adequacy ratio	n/a	14.8%	n/a	n/a	14.8%
Minimum regulatory requirement	*n/a*	*11.6%*	*n/a*	*n/a*	*11.6%*
NBG (Basel III) Tier 1 capital adequacy ratio	n/a	17.0%	n/a	n/a	17.0%
Minimum regulatory requirement	*n/a*	*13.8%*	*n/a*	*n/a*	*13.8%*
NBG (Basel III) Total capital adequacy ratio	n/a	20.3%	n/a	n/a	20.3%
Minimum regulatory requirement	*n/a*	*17.2%*	*n/a*	*n/a*	*17.2%*
IFRS based NBG (Basel III) CET 1 capital adequacy ratio	18.5%	n/a	18.7%	18.5%	n/a
Minimum regulatory requirement	*14.7%*	*n/a*	*14.6%*	*14.7%*	*n/a*
IFRS based NBG (Basel III) Tier 1 capital adequacy ratio	20.4%	n/a	20.6%	20.4%	n/a
Minimum regulatory requirement	*16.9%*	*n/a*	*16.9%*	*16.9%*	*n/a*
IFRS based NBG (Basel III) Total capital adequacy ratio	22.7%	n/a	22.6%	22.7%	n/a
Minimum regulatory requirement	*19.9%*	*n/a*	*19.8%*	*19.9%*	*n/a*

[1] Throughout this announcement, 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.

CHIEF EXECUTIVE OFFICER'S STATEMENT

We delivered another strong quarter, demonstrating a strong year-on-year operating income and profit growth and a return on equity above 30%. In the first nine months of 2023, profit (adjusted for one-off income) amounted to GEL 1,046.2 million, up 29.8% year-on-year, with ROAE at 31.1%. These figures reflect the Group's consistency in delivering its strategic objectives and the ongoing progress in building our customer franchise.

Our goal is to be relevant in our customers' daily lives, with top-quality services and user experience. Bank of Georgia's Net Promoter Score (NPS) among the population remained broadly stable, at 59, one of the best results worldwide for a universal bank. Throughout the quarter, we remained focused on deepening engagement with our growing customer base across all key segments. Bank of Georgia added more than 41 thousand active Retail customers during the third quarter, and more than 193 thousand over the last twelve months. A lot of work is being put into our retail financial superapp and other digital channels, including our mobile app for businesses. In September 2023, Digital MAU in Retail reached 1.3 million individuals, up 25.6% from a year ago. The daily use (DAU/MAU) of retail mobile app and internet banking was 46.8%, up 1.6 ppts year-on-year – a strong result, when compared with other major global apps. Business Digital MAU stood at 69 thousand customers, up 31.9% year-on-year. Importantly, the share of retail products sold in digital channels in the third quarter increased to 47.1%, up from 37.9% in 3Q22 and 42.5% in 2Q23.

Our payments business continues to grow, with the volume of transactions in Bank of Georgia's acquiring up 46.3% y-o-y in the third quarter, representing a market share of 55.2%, compared with 48.9% a year ago. In September 2023, 1.2 million Retail customers used BOG cards to make a payment at least once, up 24.8% year-on-year. This is a very good result, supported by our top-of-mind loyalty programme, and we see further upside in Georgia as the economy becomes more cashless.

Bank of Georgia maintains a strong balance sheet, with significant buffers above its minimum capital requirements, supported by strong internal capital generation and further balance sheet de-dollarisation, which improves capital efficiency. An interim dividend of GEL 3.06 per ordinary share was paid to ordinary shareholders of the Group on 27 October 2023. The GEL 62 million share buyback and cancellation programme is ongoing.

The Georgian economy has maintained its growth momentum, underpinned by domestic consumption and investment spending. External sector inflows remained solid, supporting economic activity, which has returned to more normal levels following two unusually strong years of economic growth. The estimated year-on-year real GDP growth in the first nine months of 2023 was 6.8%, and full-year real GDP growth is expected at a similar level. In the third quarter of 2023, inflation remained below the central bank's target, and thanks to this improved inflation outlook, the National Bank of Georgia reduced the monetary policy rate by an additional 50 basis points to 10.0% in 3Q23. Increased international reserves and the improved fiscal position cushion the economy from external shocks and support the positive growth outlook.

The good news from last week is that the European Commission recommended that the Council of the European Union grant Georgia candidate status, a decision to be made in December 2023 – a critical step forward for Georgia on its journey to EU membership. I believe this will deepen the country's engagement with the EU and support the positive growth dynamics going forward. Against this macro backdrop, we remain well-positioned to continue to support our customers, and deliver strong growth and high profitability.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
13 November 2023

MACROECONOMIC DEVELOPMENTS

Strong economic growth

The Georgian economy maintained its strong recent performance in the first nine months of 2023, driven by robust domestic consumption and investment spending. External demand continued to grow, but at a slower pace. The ongoing recovery in international tourism and gradual exit from tight monetary policy also supported the strong economic performance. According to preliminary data, real GDP growth was 6.8% in 9M23, with main contributions from trade, information and communication, and construction activities. Real GDP growth is expected at 6.8% in 2023 driven by strong domestic spending along with resilient external inflows. Geopolitical instability in the region and tight global financial conditions contribute to downside risks to the outlook. In September 2023, a military conflict unfolded again between Azerbaijan and Nagorno-Karabakh, the contested, majority-Armenian territory within Azerbaijan's internationally recognised borders. Apart from the ensuing human suffering, this conflict was largely contained, and it has not had any major negative impact on the Georgian economy. We believe the risk of further military escalations going forward has reduced significantly.

Resilient external sector

Georgia's international trade in goods slowed in 3Q23 due to last year's high base and falling commodity prices, with exports increasing by 1.6% and imports up 7.9%, year-on-year. However, the amount of trade flows remained solid on the back of strong economic activity. The widening trade deficit was partially offset by robust growth in tourism revenues and solid remittance inflows. In 3Q23, tourism revenues increased by 5.3% year-on-year, while the number of tourist visits recovered to 92.6% of the 2019 level, suggesting room for further growth. Remittances continued to contract from last year's record-high levels. Declining migrant-related inflows were substituted by increased money transfers from the EU and the US leading to a decrease in total remittances of only 15.1% year-on-year in 3Q23. Overall, external inflows are expected to remain robust on the back of strong external demand and diversified income sources.

Healthy bank lending

Total bank lending remained on a sustainable growth path in the third quarter of 2023, increasing by 14.9% on a constant currency basis, following the 13.5% y-o-y growth in the previous quarter. In 3Q23, local and foreign currency lending contributed evenly to bank credit growth, while loan dollarisation stood at a historically low level of 45.0% at 30 September 2023 (45.4% as at September 2022). Importantly, the growth in legal entity lending surpassed the growth in household loans during the third quarter of 2023. This indicates a more productive allocation of funds with favourable effects on medium-term economic growth prospects. The quality of the banking sector's credit portfolio remained sound, with low non-performing loans ratio.

Updated macroprudential policy

On October 18th, the National Bank of Georgia announced several updates to its macroprudential policy. It increased the minimum allowed amount of a foreign currency loan from GEL 200,000 to GEL 300,000, while exempting hedged borrowers (borrowers with incomes in the same currency as the loan currency) from this regulation, starting from the beginning of 2024. In addition, effective from November 1st, the central bank reinstated the maximum maturity on unsecured consumer loans to 4 years, after keeping it at 3 years since August 2022. These amendments are expected to reinforce loan dedollarisation, while ensuring access to finance.

Continued fiscal consolidation

After sizeable improvements in fiscal performance in 2022, the Government of Georgia remains committed to further fiscal consolidation. In 2023, the fiscal deficit is planned to decrease to 2.8% of GDP (from 3.1% of GDP in 2022), and the total public debt to GDP ratio is planned to be reduced to 38.4% (from 39.8% in 2022). The plan is underpinned by demonstrated fiscal discipline and strong economic performance. Thanks to robust economic growth, consolidated budget tax revenues increased by 19.4% year-on-year in the first nine months of 2023. The ongoing consolidation helps strengthen fiscal buffers and ensure fiscal sustainability.

Low inflation

Inflation remained low on the back of reducing domestic price pressures and declining import prices. Headline CPI inflation was 0.8% year-on-year in October 2023, a significant decrease from 9.8% registered at the end of 2022. Inflation is expected to remain below the central bank's 3% target throughout the rest of the year. Nonetheless, upside risks to inflation persist considering the strong domestic economic performance and geopolitical instability in the region. The National Bank of Georgia kept its policy rate unchanged at 10.0% on October 25th, but is expected to continue a gradual exit from tight monetary policy.

Stable GEL

The sustained external inflows continue to support the local currency. Despite some weakening in recent months, GEL remained broadly unchanged against USD in the first ten months of 2023, after a 12.5% appreciation in 2022. In the medium term, GEL is expected to maintain its current position, supported by resilient external inflows and a positive growth outlook.

DELIVERING VALUE IN 3Q23 AND 9M23

The Group's business consists of four key business segments. (1) ***Retail Banking (RB)*** *operations in Georgia, comprising sub-segments that serve mass retail (Mass Retail), and mass affluent and high-net-worth clients (Premium Banking). (2)* ***SME Banking (SME)*** *operations in Georgia, serving small and medium-sized businesses. (3)* ***Corporate and Investment Banking (CIB)*** *operations in Georgia, serving corporate and institutional customers and providing capital markets and brokerage services through JSC Galt & Taggart. (4) JSC Belarusky Narodny Bank (****BNB****), serving retail and SME clients in Belarus.*

Strategic Review

The following figures are given for JSC Bank of Georgia unless otherwise stated

ACTIVE CUSTOMERS	Sep-23	Sep-22	Change y-o-y	Jun-23	Change q-o-q
Number of monthly active retail customers	1,739,336	1,545,984	12.5%	1,698,137	2.4%
Number of monthly active legal entities	91,862	75,561	21.6%	87,499	5.0%
DIGITAL					
Monthly active digital users (Digital MAU: retail customers)	1,262,867	1,005,248	25.6%	1,220,726	3.5%
Share of MAU in total active retail customers	72.6%	65.0%		71.9%	
DAU/MAU	46.8%	45.2%		47.7%	
Volume in GEL thousands	**3Q23**	**3Q22**	**Change y-o-y**	**2Q23**	**Change q-o-q**
DIGITAL					
Number of transactions in mBank,iBank and sCoolApp (thousands)[2]	62,564	44,423	40.8%	60,483	3.4%
Share of products sold digitally[3]	47.1%	37.9%		42.5%	
PAYMENTS					
Number of active POS terminals (in-store and online)	37,419	32,813	14.0%	35,939	4.1%
Number of active merchants (in-store and online)	17,315	13,560	27.7%	16,539	4.7%
Volume of transactions in BOG's acquiring (in-store and online)	4,047,230	2,765,831	46.3%	3,469,449	16.7%
CUSTOMER SATISFACTION					
Net promoter score (NPS)[4]	58.7	60.0		61.4	
OUR EMPLOYEES AT PERIOD-END:					
Bank of Georgia (standalone)	7,185	6,428	11.8%	6,936	3.6%
BNB	799	710	12.5%	810	-1.4%
Others	1,085	1,036	4.7%	1,079	0.6%
Group total	**9,069**	**8,174**	**10.9%**	**8,825**	**2.8%**
OUR NETWORK AT PERIOD-END (BOG STANDALONE)					
Full-scale branches[5]	90	88	2.3%	88	2.3%
Transactional branches	101	119	-15.1%	103	-1.9%
Total branches[6]	**191**	**207**	**-7.7%**	**191**	**0.0%**
Number of ATMs	1,022	994	2.8%	1,018	0.4%
Number of BOG Pay terminals	3,164	3,152	0.4%	3,174	-0.3%

Strong franchise growth

- Bank of Georgia had 1.7 million monthly active retail clients as at 30 September 2023, up 12.5% y-o-y and up 2.4% q-o-q. Significant growth was recorded in Premium Banking – 38.5% y-o-y and 11.5% q-o-q. In September 2023 the number of active SOLO clients was 116 thousand, and the share of Premium Banking active clients in total Retail Banking active clients stood at 6.8% as at 30 September 2023 vs 5.5% as at 30 September 2022 and 6.2% as at 30 June 2023.
- Monthly active legal entities, that is business clients, were up 21.6% y-o-y and up 5.0% q-o-q to 92 thousand entities. The growth was predominantly driven by small businesses.
- Monthly active digital users among retail clients (Digital MAU) increased by 25.6% y-o-y and by 3.5% q-o-q to 1.3 million users as at 30 September 2023. The share of Digital MAU in monthly active individuals increased to 72.6% as at 30 September 2023, up from 65.0% as at 30 September 2022 and 71.9% as at 30 June 2023, highlighting the extensive adoption of our market-leading financial superapp and internet banking platform.

2 In 2Q23, we changed the methodology of calculating the number of transactions and now include payments, transfers, currency conversions, P2P transactions, cash-ins and cash-withdrawals. Product sales were excluded from the count of transactions. The previous periods have been restated.
3 In 2Q23, we changed the methodology of calculating the share of products sold digitally and currently include all types of products sold by the Bank. The previous periods have been restated.
4 Bank-wide NPS is based on external research by IPM Georgia, surveying a random sample of customers with face-to-face interviews.
5 In 3Q23, we separated full-scale branches where customers can access all types of products and services from transactional branches where we do not sell all products. Full-scale branches include SOLO lounges, 4B-special branches for business clients, and the Wealth Management office, and transactional branches include Express and metro branches as well as pawn shops.
6 The figure for June 2023 was revised due to a change in the status of a branch that was initially temporarily closed and included in the total figure.

Financial superapp and other digital channels

- Bank of Georgia is successfully developing its retail financial superapp to tailor product offerings and user experience to customer needs. In October, the Bank launched trivia-style gamification in the app, engaging users in different activities, including those increasing awareness of financial products and services. By answering questions users can accumulate coins during the game and redeem the coins for vouchers at partner merchants. The main goal of this game is to increase engagement with the app and to show a myriad of benefits of using the app. In the third quarter, the Bank also added "Stories" to the retail mobile app, encompassing a variety of content, including lifestyle offers, banking insights, and non-financial information.
- The share of products sold through digital channels stood at 47.1% in 3Q23, compared with 37.9% in 3Q22 and 42.5% in 2Q23. We see improvement opportunities in this area and keep working on designing better product journeys in digital channels.
- In October 2023 Bank of Georgia won several global subcategories at the Global Finance's 2023 World's Best Digital Bank Awards Ceremony in London. The awards included Best Mobile Banking App (Corporate/Institutional) and Best in Lending and Best in Bill Payment & Presentment (Consumer).
- Since the launch of *sCoolApp* – the first financial mobile application for school students in Georgia – last year, the Bank has deepened its relationships with the youth segment. As of 30 September 2023, we reached the 2023 year-end target of *sCoolApp* MAU, surpassing the milestone of 70 thousand school students.

Payments

- Bank of Georgia's market share in acquiring increased to 55.2% in September 2023 vs 48.9% in September 2022 and 53.7% in June 2023. The volume of payment transactions executed through BOG's in-store and online terminals was up 46.3% y-o-y and up 16.7% q-o-q in the third quarter of 2023.
- Bank of Georgia's cards were used for payments at least once by 1.2 million individuals in September 2023 (up 24.8% y-o-y and up 3.1% q-o-q) – important progress towards a more cashless economy in Georgia.

Customer satisfaction

- Net Promoter Score (NPS) remained stable in the third quarter, standing at a high level of 59 (60 in 3Q22 and 61 in 2Q23).

Financial Review

2Q23 and thus 9M23 Net other income was adjusted for a one-off GEL 21.1 million other income related to the settlement of an outstanding legacy claim. As a result, ROAE, ROAE, and Cost:income ratios were adjusted for this one-off item as well. Comparisons given in text are with adjusted figures of respective periods. You can see the unadjusted P&L on page 18 and unadjusted ratios on page 19.

GEL thousands, unless otherwise noted	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
OPERATING INCOME								
Interest income	706,871	574,626	23.0%	666,423	6.1%	2,003,455	1,649,229	21.5%
Interest expense	(286,895)	(279,555)	2.6%	(270,514)	6.1%	(815,670)	(801,538)	1.8%
Net interest income	**419,976**	**295,071**	**42.3%**	**395,909**	**6.1%**	**1,187,785**	**847,691**	**40.1%**
Fee and commission income	168,108	147,207	14.2%	167,685	0.3%	521,808	389,007	34.1%
Fee and commission expense	(49,159)	(67,545)	-27.2%	(78,520)	-37.4%	(201,392)	(169,448)	18.9%
Net fee and commission income	**118,949**	**79,662**	**49.3%**	**89,165**	**33.4%**	**320,416**	**219,559**	**45.9%**
Net foreign currency gain	97,790	150,686	-35.1%	100,018	-2.2%	268,460	340,699	-21.2%
Net other income	5,738	1,092	425.5%	82,083	-93.0%	96,476	9,162	953.0%
Operating income	**642,453**	**526,511**	**22.0%**	**667,175**	**-3.7%**	**1,873,137**	**1,417,111**	**32.2%**
Net interest margin	6.6%	5.3%		6.6%		6.5%	5.3%	
Average interest-earning assets	25,307,677	21,908,999	15.5%	24,199,262	4.6%	24,322,348	21,320,068	14.1%
Average interest-bearing liabilities	24,147,396	22,437,533	7.6%	22,801,290	5.9%	23,390,246	21,306,689	9.8%
Average net loans and finance lease receivables	18,636,788	16,081,414	15.9%	17,487,836	6.6%	17,684,518	16,125,112	9.7%
Average net loans and finance lease receivables, GEL	9,965,205	8,207,464	21.4%	9,374,776	6.3%	9,421,854	7,790,164	20.9%
Average net loans and finance lease receivables, FC	8,671,583	7,873,950	10.1%	8,113,060	6.9%	8,262,664	8,334,948	-0.9%
Average client deposits and notes	20,707,605	16,467,683	25.7%	18,970,013	9.2%	19,414,405	15,244,045	27.4%
Average client deposits and notes, GEL	9,388,326	6,378,171	47.2%	8,224,919	14.1%	8,298,064	6,017,763	37.9%
Average client deposits and notes, FC	11,319,279	10,089,512	12.2%	10,745,094	5.3%	11,116,341	9,226,282	20.5%
Average liquid assets	9,251,171	8,961,650	3.2%	8,991,162	2.9%	9,283,928	7,631,943	21.6%
Average liquid assets, GEL	3,400,897	3,374,212	0.8%	3,254,340	4.5%	3,235,705	3,276,484	-1.2%
Average liquid assets, FC	5,850,274	5,587,438	4.7%	5,736,822	2.0%	6,048,223	4,355,459	38.9%
Liquid assets yield	4.7%	4.2%		4.7%		4.6%	4.3%	
Liquid assets yield, GEL	8.4%	8.9%		8.5%		8.5%	8.9%	
Liquid assets yield, FC	2.5%	1.1%		2.5%		2.4%	0.6%	
Loan yield	12.6%	11.6%		12.7%		12.6%	11.4%	
Loan yield, GEL	15.6%	16.0%		15.7%		15.8%	15.9%	
Loan yield, FC	9.1%	7.0%		9.1%		8.9%	7.1%	
Cost of funds	4.7%	4.9%		4.8%		4.7%	5.0%	
Cost of funds, GEL	8.7%	9.5%		9.0%		8.9%	9.5%	
Cost of funds, FC	1.7%	1.7%		1.6%		1.6%	1.9%	

Cost of client deposits and notes	4.2%	3.6%		4.1%		4.0%	3.6%	
Cost of client deposits and notes, GEL	8.4%	8.5%		8.6%		8.4%	8.3%	
Cost of client deposits and notes, FC	0.7%	0.5%		0.6%		0.6%	0.6%	
Cost:income ratio	28.8%	30.6%		26.9%		28.2%	32.5%	

Net interest income

- **Interest income** in 3Q23 was up 23.0% y-o-y and up 6.1% q-o-q to GEL 706.9m. In 9M23, interest income amounted to GEL 2,003.5m, up 21.5% y-o-y. The y-o-y increase in interest income in the periods presented was mostly attributable to increased loan portfolio and higher loan yield (up 100 bps y-o-y in 3Q23 and up 120 bps y-o-y in 9M23). The q-o-q increase is mainly related to loan growth during the quarter.
- **Interest expense** in 3Q23 was up 2.6% y-o-y and up 6.1% q-o-q to GEL 286.9m. In 9M23, interest expense amounted to GEL 815.7m, up 1.8% y-o-y. Although the deposit portfolio grew strongly y-o-y and the cost of deposits was up in 3Q23 vs 3Q22 and up in 9M23 vs 9M22, the overall funding cost decreased y-o-y in 3Q23 and 9M23, as the share of higher-cost funding sources decreased within interest-bearing liabilities. On a q-o-q basis, the deposit portfolio and the respective cost were up, while the overall cost of funds was 10 bps lower.
- **Net interest margin** was 6.6% in the third quarter (up 130 bps y-o-y and flat q-o-q). NIM in 9M23 stood at 6.5% (up 120 bps y-o-y).

Net non-interest income

- **Net fee and commission income** was GEL 118.9m in 3Q23 (up 49.3% y-o-y and up 33.4% q-o-q). Both the y-o-y and the q-o-q increases were mainly driven by net income generated from settlement operations. In addition, in the third quarter the Group amended the accounting model for payment systems charges in line with revisions to charging policy from market participants and adjusted net fee and commission income for a positive net effect of GEL 25.0m. The adjustment was also introduced in respect of certain fees and commissions on a net basis where applicable in accordance with IFRS requirements. The changes were applied prospectively as the effect was not significant to affect prior period results. In 9M23, net fee and commission income amounted to GEL 320.4m, up 45.9% y-o-y, mainly due to settlement operations and advisory services.
- **Net foreign currency (FX) gain** has broadly normalised, following last year's higher activity levels, and amounted to GEL 97.8m in the third quarter (down 35.1% y-o-y and down 2.2% q-o-q). In the first nine months of 2023, the net foreign currency gain amounted to GEL 268.5m (down 21.2% y-o-y).
- **Net other income** amounted to GEL 5.7m in 3Q23 (up 5.3x y-o-y and down 93.0% q-o-q). The q-o-q decrease was mainly driven by the higher net gains on the sale of repossessed assets posted in 2Q23. In 9M23 net other income (adjusted for a GEL 21.1m one-off other income related to the settlement of the legacy claim) was GEL 96.5m, up 10.5x y-o-y, driven by the significant net gains on the sale of repossessed assets in 2Q23.

Overall, the Group generated **operating income of GEL 642.5m in 3Q23** (up 22.0% y-o-y and down 3.7% q-o-q). The y-o-y increase in 3Q23 was mainly driven by strong net interest income generation, while the q-o-q decrease was due to the significant net other income in the previous quarter. In the first nine months of 2023, the operating income (adjusted for a GEL 21.1m one-off other income) amounted to GEL 1,873.1m, up 32.2% y-o-y, driven by strong income generation across key revenue lines and supported by the significant gains from the sale of repossessed assets in 2Q23.

GEL thousands	**3Q23**	**3Q22**	**Change y-o-y**	**2Q23**	**Change q-o-q**	**9M23**	**9M22**	**Change y-o-y**
OPERATING EXPENSES, COST OF RISK, PROFIT								
Salaries and other employee benefits	(106,739)	(94,641)	12.8%	(102,832)	3.8%	(305,510)	(268,321)	13.9%
Administrative expenses	(46,081)	(38,398)	20.0%	(45,506)	1.3%	(130,940)	(109,519)	19.6%
Depreciation, amortisation and impairment	(31,247)	(27,209)	14.8%	(30,259)	3.3%	(89,592)	(79,372)	12.9%
Other operating expenses	(1,247)	(622)	100.5%	(768)	62.4%	(2,807)	(2,913)	-3.6%
Operating expenses	**(185,314)**	**(160,870)**	**15.2%**	**(179,365)**	**3.3%**	**(528,849)**	**(460,125)**	**14.9%**
Profit from associates	302	250	20.8%	682	-55.7%	1,202	626	92.0%
Operating income before cost of risk	**457,441**	**365,891**	**25.0%**	**488,492**	**-6.4%**	**1,345,490**	**957,612**	**40.5%**
Expected credit loss on loans to customers	(27,762)	(38,002)	-26.9%	(34,894)	-20.4%	(105,752)	(91,143)	16.0%
Expected credit loss on finance lease receivables	(1,437)	(1,500)	-4.2%	447	NMF	(1,248)	(3,680)	-66.1%
Other expected credit loss and impairment charge on other assets and provisions	(6,606)	(8,546)	-22.7%	2,295	NMF	(9,255)	28,431	NMF
Cost of risk	**(35,805)**	**(48,048)**	**-25.5%**	**(32,152)**	**11.4%**	**(116,255)**	**(66,392)**	**75.1%**
Net operating income before non-recurring items	**421,636**	**317,843**	**32.7%**	**456,340**	**-7.6%**	**1,229,235**	**891,220**	**37.9%**
Net non-recurring items	58	428	-86.4%	1	NMF	-	708	-100.0%
Profit before income tax expense and one-off items	**421,694**	**318,271**	**32.5%**	**456,341**	**-7.6%**	**1,229,235**	**891,928**	**37.8%**
Income tax expense	(64,330)	(28,053)	129.3%	(68,878)	-6.6%	(183,079)	(85,653)	113.7%
Profit adjusted for one-off items	**357,364**	**290,218**	**23.1%**	**387,463**	**-7.8%**	**1,046,156**	**806,275**	**29.8%**
One-off in other income	-	-	-	21,061	NMF	21,061	-	NMF
Profit	**357,364**	**290,218**	**23.1%**	**408,524**	**-12.5%**	**1,067,217**	**806,275**	**32.4%**

Operating expenses and efficiency

- Operating expenses amounted to GEL 185.3m in 3Q23 (up 15.2% y-o-y and up 3.3% q-o-q). In 9M23, the operating expenses amounted to GEL 528.8m (up 14.9% y-o-y). The increase in the periods presented was mainly associated with overall business growth and continuing investments in strategic areas.
- The Group's cost to income ratio was 28.8% in 3Q23 (30.6% in 3Q22 and 26.9% in 2Q23). In the first nine months of 2023, the cost to income ratio was 28.2% vs 32.5% in the first nine months of 2022.

Cost of risk

- The cost of credit risk ratio was 0.6% in 3Q23 (1.0% in 3Q22 and 0.8% in 2Q23). The expected credit loss charge on loans and finance lease receivables posted during the third quarter amounted to GEL 29.2m, mainly driven by the Retail and SME segments. The y-o-y and the q-o-q decrease in cost of credit risk ratio was mainly driven by a reduction in the Retail Banking cost of credit risk. The cost of credit risk ratio was 0.8% in 9M23 (0.8% in 9M22).

Profitability

- The Group's profit was GEL 357.4m in 3Q23 (up 23.1% y-o-y and down 7.8% q-o-q). For 9M23, profit (adjusted for one-off other income) was GEL 1,046.2m (up 29.8% y-o-y).
- Return on average equity was 30.7% in 3Q23 (32.4% in 3Q22 and 34.6% in 2Q23). For 9M23, adjusted ROAE was 31.1% (32.0% in 9M22).

GEL thousands	Sep-23	Sep-22	Change y-o-y	Jun-23	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	10,258,057	9,486,712	8.1%	9,067,120	13.1%
Liquid assets, GEL	3,879,223	3,374,039	15.0%	3,224,489	20.3%
Liquid assets, FC	6,378,834	6,112,673	4.4%	5,842,631	9.2%
Net loans and finance lease receivables	19,010,599	16,162,942	17.6%	18,282,017	4.0%
Net loans and finance lease receivables, GEL	10,225,451	8,503,690	20.2%	9,795,309	4.4%
Net loans and finance lease receivables, FC	8,785,148	7,659,252	14.7%	8,486,708	3.5%
Client deposits and notes	21,743,543	17,193,088	26.5%	19,647,354	10.7%
Client deposits and notes, GEL	10,027,311	6,440,570	55.7%	8,636,127	16.1%
Client deposits and notes, FC	11,716,232	10,752,518	9.0%	11,011,227	6.4%
Amounts owed to credit institutions	3,163,001	4,937,760	-35.9%	3,120,305	1.4%
Borrowings from DFIs	2,084,165	1,940,822	7.4%	1,636,522	27.4%
Short-term loans from central banks	180,099	2,060,324	-91.3%	442,127	-59.3%
Loans and deposits from commercial banks	898,737	936,614	-4.0%	1,041,656	-13.7%
Debt securities issued	425,560	774,152	-45.0%	621,229	-31.5%
Risk-weighted assets (JSC Bank of Georgia standalone)	20,881,399	19,410,175	7.6%	20,104,124	3.9%

Loan book

- Net loans and finance lease receivables amounted to GEL 19,010.6m at 30 September 2023, up 17.6% y-o-y and up 4.0% q-o-q in nominal terms. Growth on a constant-currency basis was 19.0% y-o-y and 3.4% q-o-q respectively. On a constant currency basis, each segment recorded a strong growth of loan book: RB - up 13.8% y-o-y and up 3.9% q-o-q; SME - up 13.7% y-o-y and up 1.6% q-o-q, and CIB - up 25.8% y-o-y and up 2.0% q-o-q.
- The de-dollarisation trend continued as the share of GEL-denominated loans increased to 53.8% at 30 September 2023 vs 52.6% at 30 September 2022 and 53.6% at 30 June 2023.
- The NPLs to gross loans ratio stood at 2.4% as at 30 September 2023 (flat both y-o-y and q-o-q). The NPL ratios in Retail and CIB were broadly stable compared with 30 June 2023. A slight increase in the SME NPL ratio was due to a single defaulted borrower.
- The positive asset quality trend is reflected in an improvement in Stage 3 loans to gross loans on a y-o-y basis, to 2.8% at 30 September 2023 vs 3.5% at 30 September 2022. The Stage 3 loans ratio remained flat on a q-o-q basis.

GEL thousands, unless otherwise noted	Sep-23	Sep-22	Change y-o-y	Jun-23	Change q-o-q
NON-PERFORMING LOANS					
NPLs (in GEL thousands)	470,808	398,229	18.2%	443,202	6.2%
NPLs to gross loans	2.4%	2.4%		2.4%	
NPLs to gross loans, RB	2.0%	1.6%		2.0%	
NPLs to gross loans, SME	3.6%	2.7%		3.2%	
NPLs to gross loans, CIB	2.2%	3.1%		2.3%	
NPL coverage ratio	69.1%	89.4%		70.4%	
NPL coverage ratio adjusted for the discounted value of collateral	122.1%	138.0%		126.4%	
Stage 3 ratio	2.8%	3.5%		2.8%	

Deposits

- Client deposits and notes amounted to GEL 21,743.5m at 30 September 2023 (up 26.5% y-o-y and up 10.7% q-o-q). On a constant currency basis deposits increased by 29.4% y-o-y and 9.7% q-o-q, reflecting the strength of the Bank's deposit franchise. The growth was particularly strong in individual resident deposits, where our market share increased to 42.4% as at 30 September 2023, from 40.0% as at 30 September 2022 and 40.8% as at 30 June 2023.
- The year-on-year and the quarter-on-quarter growth was driven by both current/demand and time deposits.
- De-dollarisation of deposits increased as the share of GEL-denominated deposits in total deposits stood at 46.1% at 30 September 2023, vs 37.5% at 30 September 2022 and 44.0% at 30 June 2023.

Liquid assets and liquidity position

- Liquid assets amounted to GEL 10,258.1m at 30 September 2023 (up 8.1% y-o-y and up 13.1% q-o-q). The share of liquid assets to total assets stood at 33.3% at 30 September 2023 vs 35.2% at 30 September 2022 and 31.6% at 30 June 2023.
- Bank of Georgia continues to operate with comfortable levels of liquidity. At 30 September 2023 the Bank's IFRS-based Liquidity Coverage Ratio (LCR) stood at 135.7% (121.4% at 30 September 2022 and 111.1% at 30 June 2023), above the minimum requirement of 100%[7]. The increase in LCR was primarily a result of growing deposit portfolio as well as attracting DFI funding to support overall loan growth and liquidity buffers. The Net Stable Funding Ratio also stood at a high level of 134.5% at 30 September 2023 (130.9% at 30 September 2022 and 128.2% at 30 June 2023). The loan-to-deposit ratio was down to 87.4% in 3Q23 vs 94.0% in 3Q22 and 93.1% in 2Q23.

Capital position

- The Bank continues to operate with robust capital adequacy levels. At 30 September 2023, the Bank's Basel III CET1, Tier1, and Total capital ratios stood at 18.5%, 20.4%, and 22.7%, respectively, all comfortably above the minimum requirements of 14.7%, 16.9%, 19.9%, respectively. The movement in capital adequacy ratios in 3Q23 and the potential impact of a 10% devaluation of a local currency is as follows:

	30 June 2023	3Q23 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	30 Sep 2023	Buffer above min requirement	Potential impact of a 10% GEL devaluation
CET 1 capital adequacy	18.7%	1.6%	-0.7%	-0.1%	-1.0%	0.0%	18.5%	3.8%	-0.9%
Tier 1 capital adequacy	20.6%	1.6%	-0.8%	-0.1%	-1.0%	0.0%	20.4%	3.5%	-0.9%
Total capital adequacy	22.6%	1.6%	-0.9%	0.0%	-1.0%	0.3%	22.7%	2.8%	-0.8%

- The Bank's minimum capital requirements for December 2023 are expected to be 14.7%, 16.9% and 19.9% for CET 1 ratio, Tier 1 ratio, and Total capital ratio respectively.
- The full loading of Basel III capital requirements was completed in March 2023.

Capital return

- In August 2023, the Board of Directors declared an interim dividend of GEL 3.06 per ordinary share in respect of the period ended 30 June 2023 to ordinary shareholders of Bank of Georgia Group PLC. The interim dividend was paid on 27 October 2023.
- In addition, the Board announced a further share buyback and cancellation programme totalling GEL 62 million. The Company commenced the share buyback and cancellation programme in October 2023, and as at 31 October 2023 the Company bought back 83,826 ordinary shares at a total cost of GEL 9.2 million, out of which 75,425 shares were cancelled as of 2 November 2023.

[7] In January 2023, the NBG transitioned to IFRS-based accounting. The LCR and NSFR figures for 30 September 2022 are not IFRS-based.

SEGMENT RESULTS[8]

In the first quarter of 2023 we split the SME Banking segment from Retail Banking and transferred the majority of the Micro portfolio, where customers had business-related needs, to SME Banking. The remaining Micro portfolio has been transferred to Mass Retail. The SME segment has grown significantly over the past few years. In addition, the value proposition for business clients has been different from the value proposition for retail customers, leading to our decision to change the segmentation. The comparative figures have been restated accordingly to reflect this change.

RETAIL BANKING (RB)

GEL thousands, unless otherwise noted	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	334,596	304,382	9.9%	325,328	2.8%	973,507	857,280	13.6%
Interest expense	(123,622)	(156,523)	-21.0%	(140,583)	-12.1%	(401,944)	(450,096)	-10.7%
Net interest income	**210,974**	**147,859**	**42.7%**	**184,745**	**14.2%**	**571,563**	**407,184**	**40.4%**
Net fee and commission income	91,696	55,237	66.0%	63,540	44.3%	217,091	151,701	43.1%
Net foreign currency gain	49,407	77,793	-36.5%	49,273	0.3%	141,024	170,733	-17.4%
Net other income	2,800	2,970	-5.7%	6,252	-55.2%	14,081	7,208	95.4%
Operating income	**354,877**	**283,859**	**25.0%**	**303,810**	**16.8%**	**943,759**	**736,826**	**28.1%**
Salaries and other employee benefits	(59,744)	(49,818)	19.9%	(57,300)	4.3%	(169,566)	(143,522)	18.1%
Administrative expenses	(29,558)	(23,288)	26.9%	(29,131)	1.5%	(83,703)	(69,542)	20.4%
Depreciation, amortisation and impairment	(23,950)	(21,121)	13.4%	(23,706)	1.0%	(69,554)	(62,113)	12.0%
Other operating expenses	(815)	(280)	191.1%	(435)	87.4%	(1,745)	(1,690)	3.3%
Operating expenses	**(114,067)**	**(94,507)**	**20.7%**	**(110,572)**	**3.2%**	**(324,568)**	**(276,867)**	**17.2%**
Profit from associates	278	233	19.3%	670	-58.5%	1,151	585	96.8%
Operating income before cost of risk	**241,088**	**189,585**	**27.2%**	**193,908**	**24.3%**	**620,342**	**460,544**	**34.7%**
Cost of risk	(19,358)	(42,934)	-54.9%	(24,030)	-19.4%	(84,308)	(123,687)	-31.8%
Profit before non-recurring items and income tax	**221,730**	**146,651**	**51.2%**	**169,878**	**30.5%**	**536,034**	**336,857**	**59.1%**
Net non-recurring items	-	427	-100.0%	-	-	-	737	-100.0%
Profit before income tax expense	**221,730**	**147,078**	**50.8%**	**169,878**	**30.5%**	**536,034**	**337,594**	**58.8%**
Income tax expense	(34,188)	(11,937)	186.4%	(25,260)	35.3%	(80,299)	(32,430)	147.6%
Profit	**187,542**	**135,141**	**38.8%**	**144,618**	**29.7%**	**455,735**	**305,164**	**49.3%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables	8,059,209	7,122,276	13.2%	7,735,461	4.2%	8,059,209	7,122,276	13.2%
Net loans and finance lease receivables, GEL	6,157,169	5,149,910	19.6%	5,822,945	5.7%	6,157,169	5,149,910	19.6%
Net loans and finance lease receivables, FC	1,902,040	1,972,366	-3.6%	1,912,516	-0.5%	1,902,040	1,972,366	-3.6%
Client deposits and notes	11,728,532	10,132,637	15.8%	11,254,776	4.2%	11,728,532	10,132,637	15.8%
Client deposits and notes, GEL	3,662,528	2,565,187	42.8%	3,400,861	7.7%	3,662,528	2,565,187	42.8%
Client deposits and notes, FC	8,066,004	7,567,450	6.6%	7,853,915	2.7%	8,066,004	7,567,450	6.6%
of which:								
Time deposits	6,026,685	5,191,780	16.1%	5,647,213	6.7%	6,026,685	5,191,780	16.1%
Time deposits, GEL	2,340,575	1,675,509	39.7%	2,148,081	9.0%	2,340,575	1,675,509	39.7%
Time deposits, FC	3,686,110	3,516,271	4.8%	3,499,132	5.3%	3,686,110	3,516,271	4.8%
Current accounts and demand deposits	5,701,847	4,940,857	15.4%	5,607,563	1.7%	5,701,847	4,940,857	15.4%
Current accounts and demand deposits, GEL	1,321,953	889,678	48.6%	1,252,780	5.5%	1,321,953	889,678	48.6%
Current accounts and demand deposits, FC	4,379,894	4,051,179	8.1%	4,354,783	0.6%	4,379,894	4,051,179	8.1%
Assets under management	2,312,568	2,001,693	15.5%	2,123,364	8.9%	2,312,568	2,001,693	15.5%
KEY RATIOS								
ROAE	46.9%	37.3%		37.0%		38.7%	29.8%	
Net interest margin	6.3%	5.1%		5.8%		6.0%	4.9%	
Loan yield	14.0%	14.0%		14.3%		14.2%	13.7%	
Loan yield, GEL	16.5%	17.2%		16.7%		16.7%	17.1%	
Loan yield, FC	6.2%	5.9%		7.0%		6.6%	5.8%	
Cost of funds	4.4%	5.9%		5.2%		4.9%	6.1%	
Cost of client deposits and notes	3.0%	2.6%		2.9%		2.9%	2.7%	
Cost of client deposits and notes, GEL	8.1%	8.6%		8.3%		8.2%	8.6%	
Cost of client deposits and notes, FC	0.8%	0.5%		0.7%		0.7%	0.6%	
Cost of time deposits	5.2%	4.3%		5.1%		5.0%	4.2%	
Cost of time deposits, GEL	11.1%	11.3%		11.3%		11.2%	11.3%	
Cost of time deposits, FC	1.5%	0.9%		1.3%		1.3%	1.0%	
Cost of current accounts and demand deposits	0.8%	0.6%		0.7%		0.7%	0.6%	
Cost of current accounts and demand deposits, GEL	2.9%	3.1%		2.9%		2.8%	3.0%	
Cost of current accounts and demand deposits, FC	0.2%	0.0%		0.2%		0.2%	0.0%	
Cost:income ratio	32.1%	33.3%		36.4%		34.4%	37.6%	
Cost of credit risk ratio	0.8%	2.2%		1.2%		1.4%	2.2%	

Performance highlights

- In 3Q23, operating income grew 25.0% y-o-y and 16.8% q-o-q, amounting to GEL 354.9m. In the first nine months of 2023, operating income amounted to GEL 943.8m (up 28.1% y-o-y). The increase in all periods presented was driven by growth in both net interest income and net fee and commission income. FX gains have started to normalise and were flat in 3Q23 vs 2Q23. On a y-o-y basis, FX gains were down both in 3Q23 and 9M23 given the unusually high base in 2022.
- In 3Q23, operating expenses were up 20.7% y-o-y and up 3.2% q-o-q and amounted to GEL 114.1m. In 9M23, operating

[8] In Segment Results, loan and deposit portfolios are given for JSC Bank of Georgia standalone.

expenses amounted to GEL 324.6m (up 17.2% y-o-y). The increase in operating expenses was driven by business growth and continuing investments in strategic areas.

- The cost of credit risk ratio improved in 3Q23 to 0.8% (down 140 bps y-o-y and down 40 bps q-o-q). In 9M23, the cost of credit risk ratio was 1.4% (vs 2.2% in 9M22). The reduced cost of credit risk ratio y-o-y was predominantly driven by a significant improvement in the quality of unsecured consumer loans.
- Overall, in 3Q23, RB generated a profit of GEL 187.5m (up 38.8% y-o-y and up 29.7% q-o-q). In 9M23, the profit amounted to GEL 455.7m (up 49.3% y-o-y).

Portfolio highlights

- RB's net loans and finance lease receivables stood at GEL 8,059.2m (up 13.2% y-o-y and up 4.2% q-o-q) as at 30 September 2023. On a constant currency basis, the loan book increased by 13.8% y-o-y and by 3.9% q-o-q. Both the y-o-y and the q-o-q growth was mainly driven by consumer loans, and mortgage loans.
- 76.4% of the loan book was denominated in GEL at 30 September 2023 vs 72.3% at 30 September 2022 and 75.3% at 30 June 2023.
- Client deposits and notes stood at GEL 11,728.5m at 30 September 2023 (up 15.8% y-o-y and up 4.2% q-o-q). On a constant currency basis, deposits increased by 18.9% y-o-y and by 3.1% q-o-q. The strong y-o-y increase in deposits was mainly driven by time deposits, followed by current accounts and demand deposits.
- The share of GEL-denominated client deposits increased to 31.2% as at 30 September 2023 vs 25.3% at 30 September 2022 and 30.2% at 30 June 2023.

SME BANKING

GEL thousands, unless otherwise noted	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	143,980	123,499	16.6%	137,338	4.8%	407,680	344,145	18.5%
Interest expense	(78,088)	(70,257)	11.1%	(72,697)	7.4%	(218,415)	(195,617)	11.7%
Net interest income	**65,892**	**53,242**	**23.8%**	**64,641**	**1.9%**	**189,265**	**148,528**	**27.4%**
Net fee and commission income	10,834	7,847	38.1%	10,083	7.4%	29,013	23,587	23.0%
Net foreign currency gain	10,307	13,418	-23.2%	11,212	-8.1%	29,187	29,633	-1.5%
Net other income	1,157	618	87.2%	2,252	-48.6%	5,090	1,206	322.1%
Operating income	**88,190**	**75,125**	**17.4%**	**88,188**	**0.0%**	**252,555**	**202,954**	**24.4%**
Salaries and other employee benefits	(15,593)	(15,957)	-2.3%	(15,222)	2.4%	(45,186)	(43,406)	4.1%
Administrative expenses	(5,787)	(5,222)	10.8%	(6,142)	-5.8%	(15,911)	(14,730)	8.0%
Depreciation, amortisation and impairment	(3,029)	(3,295)	-8.1%	(3,013)	0.5%	(8,951)	(9,495)	-5.7%
Other operating expenses	(102)	(56)	82.1%	(85)	20.0%	(275)	(405)	-32.1%
Operating expenses	**(24,511)**	**(24,530)**	**-0.1%**	**(24,462)**	**0.2%**	**(70,323)**	**(68,036)**	**3.4%**
Profit from associates	24	17	41.2%	12	100.0%	51	41	24.4%
Operating income before cost of risk	**63,703**	**50,612**	**25.9%**	**63,738**	**-0.1%**	**182,283**	**134,959**	**35.1%**
Cost of risk	(13,450)	(1,393)	NMF	(3,618)	NMF	(25,493)	(4,757)	NMF
Profit before income tax expense	**50,253**	**49,219**	**2.1%**	**60,120**	**-16.4%**	**156,790**	**130,202**	**20.4%**
Income tax expense	(8,043)	(4,033)	99.4%	(9,231)	-12.9%	(24,129)	(12,872)	87.5%
Profit	**42,210**	**45,186**	**-6.6%**	**50,889**	**-17.1%**	**132,661**	**117,330**	**13.1%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables	4,422,394	3,919,477	12.8%	4,335,770	2.0%	4,422,394	3,919,477	12.8%
Net loans and finance lease receivables, GEL	2,537,288	2,126,656	19.3%	2,426,919	4.5%	2,537,288	2,126,656	19.3%
Net loans and finance lease receivables, FC	1,885,106	1,792,821	5.1%	1,908,851	-1.2%	1,885,106	1,792,821	5.1%
Client deposits and notes	1,744,883	1,296,424	34.6%	1,627,971	7.2%	1,744,883	1,296,424	34.6%
Client deposits and notes, GEL	1,071,511	732,725	46.2%	1,003,422	6.8%	1,071,511	732,725	46.2%
Client deposits and notes, FC	673,372	563,699	19.5%	624,549	7.8%	673,372	563,699	19.5%
of which:								
Time deposits	95,154	64,880	46.7%	82,413	15.5%	95,154	64,880	46.7%
Time deposits, GEL	60,648	40,750	48.8%	54,194	11.9%	60,648	40,750	48.8%
Time deposits, FC	34,506	24,130	43.0%	28,219	22.3%	34,506	24,130	43.0%
Current accounts and demand deposits	1,649,729	1,231,544	34.0%	1,545,558	6.7%	1,649,729	1,231,544	34.0%
Current accounts and demand deposits, GEL	1,010,863	691,975	46.1%	949,228	6.5%	1,010,863	691,975	46.1%
Current accounts and demand deposits, FC	638,866	539,569	18.4%	596,330	7.1%	638,866	539,569	18.4%
KEY RATIOS								
ROAE	21.7%	25.6%		27.1%		23.4%	23.3%	
Net interest margin	4.9%	4.3%		5.1%		5.0%	4.2%	
Loan yield	11.4%	10.2%		11.4%		11.3%	9.8%	
Loan yield, GEL	13.8%	13.5%		13.9%		13.9%	13.4%	
Loan yield, FC	8.2%	6.5%		8.2%		8.0%	6.3%	
Cost of funds	6.5%	6.2%		6.4%		6.4%	6.1%	
Cost of client deposits and notes	1.9%	1.0%		1.7%		1.6%	1.0%	
Cost of client deposits and notes, GEL	3.3%	2.5%		3.1%		3.0%	2.4%	
Cost of client deposits and notes, FC	-0.4%	-0.9%		-0.5%		-0.5%	-0.5%	
Cost of time deposits	7.7%	6.2%		8.1%		7.3%	6.1%	
Cost of time deposits, GEL	11.3%	10.6%		11.3%		10.5%	10.7%	
Cost of time deposits, FC	1.1%	0.8%		1.4%		1.1%	0.8%	
Cost of current accounts and demand deposits	1.6%	0.7%		1.4%		1.3%	0.7%	
Cost of current accounts and demand deposits, GEL	2.8%	2.0%		2.6%		2.6%	1.9%	
Cost of current accounts and demand deposits, FC	-0.4%	-1.0%		-0.6%		-0.5%	-0.6%	
Cost:income ratio	27.8%	32.7%		27.7%		27.8%	33.5%	
Cost of credit risk ratio	1.1%	0.0%		0.4%		0.7%	0.1%	

Performance highlights

- In 3Q23, SME's operating income amounted to GEL 88.2m (up 17.4% y-o-y and flat q-o-q). In 9M23, operating income was GEL 252.6m (up 24.4% y-o-y). The y-o-y increases were mainly driven by strong net income generation, while on a q-o-q basis, net interest income and net fee and commission growth was offset by reduced net FX gains and net other income.
- Operating expenses were down 0.1% y-o-y and up 0.2% q-o-q in 3Q23 to GEL 24.5m. Operating expenses in 9M23 were GEL 70.3m, up 3.4% y-o-y.
- The cost of credit risk ratio stood at 1.1% in 3Q23 (0.0% in 3Q22 and 0.4% in 2Q23). The q-o-q increase was mainly driven by a transfer of one borrower to Stage 3. In the first nine months of 2023, the cost of credit risk ratio was 0.7% (0.1% in 9M22).
- Overall, in 3Q23, SME generated a profit of GEL 42.2m (down 6.6% y-o-y and down 17.1% q-o-q). Compared with 3Q22, the bottom line was negatively affected by increased cost of risk and increased effective tax rate. In 9M23, profit amounted to GEL 132.7m (up 13.1% y-o-y).

Portfolio highlights

- Net loans and finance receivables stood at GEL 4,422.4m at 30 September 2023, up 12.8% y-o-y and up 2.0% q-o-q. On a constant currency basis, the loan book increased by 13.7% y-o-y and by 1.6% q-o-q in 3Q23.
- GEL-denominated loans increased to 57.4% of total SME loans at 30 September 2023, compared with 54.3% at 30 September 2022 and 56.0% at 30 June 2023.
- Client deposits and notes amounted to GEL 1,744.9m at 30 September 2023, up 34.6% y-o-y and up 7.2% q-o-q. On a constant currency basis, deposits increased by 36.2% y-o-y and by 6.6% q-o-q in 3Q23.
- GEL-denominated deposits represented 61.4% of total SME deposits at 30 September 2023, compared with 56.5% at 30 September 2022 and 61.6% at 30 June 2023.

CORPORATE AND INVESTMENT BANKING (CIB)

GEL thousands, unless otherwise noted	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	209,961	131,625	59.5%	187,659	11.9%	572,054	393,746	45.3%
Interest expense	(80,637)	(45,366)	77.7%	(52,343)	54.1%	(180,638)	(130,623)	38.3%
Net interest income	**129,324**	**86,259**	**49.9%**	**135,316**	**-4.4%**	**391,416**	**263,123**	**48.8%**
Net fee and commission income	13,756	11,658	18.0%	13,476	2.1%	67,709	35,386	91.3%
Net foreign currency gain	28,367	42,057	-32.6%	28,688	-1.1%	67,221	90,381	-25.6%
Net other income	1,698	(2,752)	NMF	73,519	-97.7%	77,164	2,796	2659.8%
Operating income	**173,145**	**137,222**	**26.2%**	**250,999**	**-31.0%**	**603,510**	**391,686**	**54.1%**
Salaries and other employee benefits	(22,245)	(21,224)	4.8%	(21,099)	5.4%	(63,062)	(60,590)	4.1%
Administrative expenses	(6,005)	(4,275)	40.5%	(5,257)	14.2%	(15,926)	(10,847)	46.8%
Depreciation, amortisation and impairment	(1,085)	(1,252)	-13.3%	(1,329)	-18.4%	(3,765)	(3,607)	4.4%
Other operating expenses	(100)	(209)	-52.2%	(164)	-39.0%	(361)	(846)	-57.3%
Operating expenses	**(29,435)**	**(26,960)**	**9.2%**	**(27,849)**	**5.7%**	**(83,114)**	**(75,890)**	**9.5%**
Operating income before cost of risk	**143,710**	**110,262**	**30.3%**	**223,150**	**-35.6%**	**520,396**	**315,796**	**64.8%**
Cost of risk	(5,875)	(5,263)	11.6%	(9,209)	-36.2%	(12,457)	84,670	NMF
Profit before income tax expense and one-off items	**137,835**	**104,999**	**31.3%**	**213,941**	**-35.6%**	**507,939**	**400,466**	**26.8%**
Income tax expense	(20,217)	(7,914)	155.5%	(30,960)	-34.7%	(72,167)	(34,895)	106.8%
Profit adjusted for one-off items	**117,618**	**97,085**	**21.1%**	**182,981**	**-35.7%**	**435,772**	**365,571**	**19.2%**
One-off in other income	-	-	-	21,061	NMF	21,061	-	NMF
Profit	**117,618**	**97,085**	**21.1%**	**204,042**	**-42.4%**	**456,833**	**365,571**	**25.0%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables	5,664,297	4,579,637	23.7%	5,505,971	2.9%	5,664,297	4,579,637	23.7%
Net loans and finance lease receivables, GEL	1,518,653	1,205,020	26.0%	1,531,884	-0.9%	1,518,653	1,205,020	26.0%
Net loans and finance lease receivables, FC	4,145,644	3,374,617	22.8%	3,974,087	4.3%	4,145,644	3,374,617	22.8%
Client deposits and notes	7,419,153	4,974,592	49.1%	5,932,446	25.1%	7,419,153	4,974,592	49.1%
Client deposits and notes, GEL	5,664,043	3,175,024	78.4%	4,350,967	30.2%	5,664,043	3,175,024	78.4%
Client deposits and notes, FC	1,755,110	1,799,568	-2.5%	1,581,479	11.0%	1,755,110	1,799,568	-2.5%
of which:								
Time deposits	2,902,554	1,710,185	69.7%	2,210,574	31.3%	2,902,554	1,710,185	69.7%
Time deposits, GEL	2,774,497	1,599,201	73.5%	2,107,503	31.6%	2,774,497	1,599,201	73.5%
Time deposits, FC	128,057	110,984	15.4%	103,071	24.2%	128,057	110,984	15.4%
Current accounts and demand deposits	4,516,599	3,264,407	38.4%	3,721,872	21.4%	4,516,599	3,264,407	38.4%
Current accounts and demand deposits, GEL	2,889,546	1,575,823	83.4%	2,243,464	28.8%	2,889,546	1,575,823	83.4%
Current accounts and demand deposits, FC	1,627,053	1,688,584	-3.6%	1,478,408	10.1%	1,627,053	1,688,584	-3.6%
Letters of credit and guarantees (off-balance sheet exposures)	1,929,058	1,728,654	11.6%	1,830,546	5.4%	1,929,058	1,728,654	11.6%
Assets under management	1,927,240	1,301,022	48.1%	1,655,321	16.4%	1,927,240	1,301,022	48.1%

2Q23 and thus 9M23 Net other income was adjusted for a one-off GEL 21.1 million other income related to the settlement of an outstanding legacy claim. As a result, ROAE, ROAE, and Cost:income ratios were adjusted for this one-off item as well. Comparisons given in text are with adjusted figures of respective periods.

KEY RATIOS	3Q23	3Q22	2Q23	9M23	9M22
ROAE	22.3%	29.9%	36.4%	29.1%	40.6%
Net interest margin	6.1%	5.1%	6.9%	6.6%	5.3%
Loan yield	11.8%	8.9%	11.5%	11.5%	9.1%
Loan yield, GEL	14.5%	14.7%	14.8%	15.0%	14.7%
Loan yield, FC	10.8%	7.1%	10.3%	10.3%	7.4%
Cost of funds	4.5%	2.6%	3.3%	3.6%	2.6%
Cost of client deposits and notes	7.3%	6.2%	7.5%	7.1%	6.1%
Cost of client deposits and notes, GEL	9.6%	9.7%	10.2%	9.7%	9.2%
Cost of client deposits and notes, FC	0.2%	-0.1%	0.0%	0.1%	-0.1%
Cost of time deposits	9.9%	10.8%	10.4%	10.1%	10.1%
Cost of time deposits, GEL	10.3%	11.3%	10.8%	10.5%	10.9%
Cost of time deposits, FC	2.3%	1.5%	2.0%	1.9%	1.0%
Cost of current accounts and demand deposits	5.7%	3.4%	5.8%	5.4%	4.0%
Cost of current accounts and demand deposits, GEL	8.9%	7.6%	9.6%	9.0%	7.7%
Cost of current accounts and demand deposits, FC	0.1%	-0.2%	-0.1%	0.0%	-0.2%
Cost:income ratio	17.0%	19.6%	11.1%	13.8%	19.4%
Cost of credit risk ratio	0.2%	0.1%	0.5%	0.1%	-1.3%
Concentration of top ten clients	5.3%	5.7%	6.5%	5.3%	5.7%

Performance highlights

- In 3Q23, CIB's operating income was up 26.2% y-o-y and down 31.0% q-o-q to GEL 173.1m. The y-o-y growth was mainly driven by strong net interest income generation. The q-o-q reduction, however, was due to much lower net other income following the significant gains from the sale of repossessed assets in 2Q23. In addition, net interest income was 4.4% lower compared with the prior quarter, on the back of increased funding costs. In 9M23, CIB's operating income was up 54.1% y-o-y, driven by strong net interest income, net fee and commission income and net other income generation. Net fee and commission income was supported by a significant advisory fee generated by our investment bank Galt & Taggart in 1Q23, and net other income was supported by the gains from the sale of repossessed assets booked in 2Q23.
- Operating expenses were up 9.2% y-o-y and up 5.7% q-o-q in 3Q23, amounting to GEL 29.4m. In 9M23, operating expenses grew 9.5% y-o-y, standing at GEL 83.1m.

- In 3Q23, CIB's cost of credit risk ratio was 0.2% (up 10 bps y-o-y and down 30 bps q-o-q). In 9M23, the cost of credit risk ratio was 0.1% vs -1.3% in 9M22 (as CIB recorded significant recoveries during 2022).
- Overall, in 3Q23 CIB posted a profit of GEL 117.6m, up 21.1% y-o-y and down 35.7% q-o-q. Profit (adjusted for one-off other income) in the first nine months of 2023 amounted to GEL 435.8m, up 19.2% y-o-y. The q-o-q reduction of the bottom-line was due to a decrease in CIB's top-line in the third quarter of 2023.

Portfolio highlights

- Net loans and finance receivables stood at GEL 5,664.3m at 30 September 2023 (up 23.7% y-o-y and up 2.9% q-o-q). On a constant currency basis, the loan book increased by 25.8% y-o-y and by 2.0% q-o-q in 3Q23.
- GEL-denominated loans represented 26.8% of total CIB loans at 30 September 2023, compared with 26.3% at 30 September 2022 and 27.8% at 30 June 2023.
- The concentration of top ten CIB clients was 5.3% of total gross loans at 30 September 2023 (5.7% at 30 September 2022 and 6.5% at 30 June 2023).
- Client deposits and notes amounted to GEL 7,419.2m at 30 September 2023 (up 49.1% y-o-y and up 25.1% q-o-q). On a constant currency basis, deposits increased by 51.1% y-o-y and by 24.6% q-o-q in 3Q23.
- GEL-denominated deposits increased to 76.3% of total CIB deposits at 30 September 2023, compared with 63.8% at 30 September 2022 and 73.3% at 30 June 2022.

BELARUSKY NARODNY BANK (BNB)

GEL thousands, unless otherwise noted	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Net interest income	13,757	7,691	78.9%	11,196	22.9%	35,485	28,790	23.3%
Net fee and commission income	2,728	4,864	-43.9%	1,801	51.5%	6,402	8,760	-26.9%
Net foreign currency gain	9,709	17,418	-44.3%	10,845	-10.5%	31,028	49,952	-37.9%
Net other income	270	359	-24.8%	267	1.1%	733	(1,451)	NMF
Operating income	**26,464**	**30,332**	**-12.8%**	**24,109**	**9.8%**	**73,648**	**86,051**	**-14.4%**
Operating expenses	(17,524)	(14,900)	17.6%	(16,413)	6.8%	(51,179)	(39,738)	28.8%
Operating income before cost of risk	**8,940**	**15,432**	**-42.1%**	**7,696**	**16.2%**	**22,469**	**46,313**	**-51.5%**
Cost of risk	2,878	1,542	86.6%	4,705	-38.8%	6,003	(22,618)	NMF
Net non-recurring items	58	1	NMF	1	NMF	-	(29)	-100.0%
Profit before income tax expense	**11,876**	**16,975**	**-30.0%**	**12,402**	**-4.2%**	**28,472**	**23,666**	**20.3%**
Income tax expense	(1,882)	(4,169)	-54.9%	(3,427)	-45.1%	(6,484)	(5,456)	18.8%
Profit	**9,994**	**12,806**	**-22.0%**	**8,975**	**11.4%**	**21,988**	**18,210**	**20.7%**

GEL thousands, unless otherwise noted	Sep-23	Sep-22	Change y-o-y	Jun-23	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Cash and cash equivalents	478,219	523,360	-8.6%	507,871	-5.8%
Amounts due from credit institutions	22,749	12,269	85.4%	21,227	7.2%
Investment securities	103,970	50,151	107.3%	86,047	20.8%
Loans to customers and finance lease receivables	865,569	495,764	74.6%	688,811	25.7%
Other assets	85,706	69,370	23.5%	73,884	16.0%
Total assets	**1,556,213**	**1,150,914**	**35.2%**	**1,377,840**	**12.9%**
Client deposits and notes	1,219,291	811,653	50.2%	1,085,307	12.3%
Amounts owed to credit institutions	111,969	176,585	-36.6%	87,999	27.2%
Debt securities issued	11,271	5,481	105.6%	10,526	7.1%
Other liabilities	33,600	21,171	58.7%	28,506	17.9%
Total liabilities	**1,376,131**	**1,014,890**	**35.6%**	**1,212,338**	**13.5%**
Total equity	**180,082**	**136,024**	**32.4%**	**165,502**	**8.8%**
Total liabilities and equity	**1,556,213**	**1,150,914**	**35.2%**	**1,377,840**	**12.9%**

BNB has continued to be focused on its core domestic retail and small business customers. The y-o-y decrease in operating income in 3Q23 and 9M23 was due to a high base in 2022, which was particularly driven by net fee and commission income and net foreign currency gains. The q-o-q increase in operating income was mainly driven by net interest income.

In the first nine months of 2023, profit increased by 20.7% to GEL 22.0m reflecting the lower cost of risk. The high cost of risk in 9M22 was related to a reassessment of our assets in BNB due to deteriorated expectations earlier in 2022.

BNB's capital ratios, calculated in accordance with the National Bank of the Republic of Belarus' standards, were above the minimum requirements at 30 September 2023 - Tier 1 capital adequacy ratio at 10.3% (minimum requirement of 7.0%) and Total capital adequacy ratio at 13.9% (minimum requirement of 12.5%).

SELECTED CONSOLIDATED FINANCIAL INFORMATION

GEL thousands, unless otherwise noted	3Q23	3Q22	Change y-o-y	2Q23	Change q-o-q	9M23	9M22	Change y-o-y
INCOME STATEMENT								
Interest income	706,871	574,626	23.0%	666,423	6.1%	2,003,455	1,649,229	21.5%
Interest expense	(286,895)	(279,555)	2.6%	(270,514)	6.1%	(815,670)	(801,538)	1.8%
Net interest income	**419,976**	**295,071**	**42.3%**	**395,909**	**6.1%**	**1,187,785**	**847,691**	**40.1%**
Fee and commission income	168,108	147,207	14.2%	167,685	0.3%	521,808	389,007	34.1%
Fee and commission expense	(49,159)	(67,545)	-27.2%	(78,520)	-37.4%	(201,392)	(169,448)	18.9%
Net fee and commission income	**118,949**	**79,662**	**49.3%**	**89,165**	**33.4%**	**320,416**	**219,559**	**45.9%**
Net foreign currency gain	97,790	150,686	-35.1%	100,018	-2.2%	268,460	340,699	-21.2%
Net other income without one-offs	5,738	1,092	425.5%	82,083	-93.0%	96,476	9,162	953.0%
One-off other income	-	-	-	21,061	NMF	21,061	-	NMF
Net other income	**5,738**	**1,092**	**425.5%**	**103,144**	**-94.4%**	**117,537**	**9,162**	**1182.9%**
Operating income	**642,453**	**526,511**	**22.0%**	**688,236**	**-6.7%**	**1,894,198**	**1,417,111**	**33.7%**
Salaries and other employee benefits	(106,739)	(94,641)	12.8%	(102,832)	3.8%	(305,510)	(268,321)	13.9%
Administrative expenses	(46,081)	(38,398)	20.0%	(45,506)	1.3%	(130,940)	(109,519)	19.6%
Depreciation, amortisation and impairment	(31,247)	(27,209)	14.8%	(30,259)	3.3%	(89,592)	(79,372)	12.9%
Other operating expenses	(1,247)	(622)	100.5%	(768)	62.4%	(2,807)	(2,913)	-3.6%
Operating expenses	**(185,314)**	**(160,870)**	**15.2%**	**(179,365)**	**3.3%**	**(528,849)**	**(460,125)**	**14.9%**
Profit from associates	302	250	20.8%	682	-55.7%	1,202	626	92.0%
Operating income before cost of risk	**457,441**	**365,891**	**25.0%**	**509,553**	**-10.2%**	**1,366,551**	**957,612**	**42.7%**
Expected credit loss on loans to customers	(27,762)	(38,002)	-26.9%	(34,894)	-20.4%	(105,752)	(91,143)	16.0%
Expected credit loss on finance lease receivables	(1,437)	(1,500)	-4.2%	447	NMF	(1,248)	(3,680)	-66.1%
Other expected credit loss and impairment charge on other assets and provisions	(6,606)	(8,546)	-22.7%	2,295	NMF	(9,255)	28,431	NMF
Cost of risk	**(35,805)**	**(48,048)**	**-25.5%**	**(32,152)**	**11.4%**	**(116,255)**	**(66,392)**	**75.1%**
Net operating income before non-recurring items	**421,636**	**317,843**	**32.7%**	**477,401**	**-11.7%**	**1,250,296**	**891,220**	**40.3%**
Net non-recurring items	58	428	-86.4%	1	NMF	-	708	-100.0%
Profit before income tax expense	**421,694**	**318,271**	**32.5%**	**477,402**	**-11.7%**	**1,250,296**	**891,928**	**40.2%**
Income tax expense	(64,330)	(28,053)	129.3%	(68,878)	-6.6%	(183,079)	(85,653)	113.7%
Profit	**357,364**	**290,218**	**23.1%**	**408,524**	**-12.5%**	**1,067,217**	**806,275**	**32.4%**
Attributable to:								
– shareholders of the Group	355,803	288,918	23.2%	406,803	-12.5%	1,062,654	802,900	32.4%
– non-controlling interests	1,561	1,300	20.1%	1,721	-9.3%	4,563	3,375	35.2%
Basic earnings per share	**8.12**	**6.27**	**29.5%**	**9.14**	**-11.2%**	**23.76**	**17.13**	**38.7%**
Diluted earnings per share	**7.92**	**6.19**	**27.9%**	**8.94**	**-11.4%**	**23.22**	**16.99**	**36.7%**

GEL thousands, unless otherwise noted	Sep-23	Sep-22	Change y-o-y	Jun-23	Change q-o-q
BALANCE SHEET					
Cash and cash equivalents	2,959,832	2,773,069	6.7%	2,155,256	37.3%
Amounts due from credit institutions	1,878,849	2,406,119	-21.9%	1,931,461	-2.7%
Investment securities	5,419,376	4,307,524	25.8%	4,980,403	8.8%
Loans to customers and finance lease receivables	19,010,599	16,162,942	17.6%	18,282,017	4.0%
Accounts receivable and other loans	48,860	5,547	780.8%	47,754	2.3%
Prepayments	42,785	45,814	-6.6%	50,854	-15.9%
Inventories	22,718	16,629	36.6%	24,153	-5.9%
Right-of-use assets	144,422	102,568	40.8%	133,889	7.9%
Investment properties	132,896	174,725	-23.9%	143,815	-7.6%
Property and equipment	430,181	400,874	7.3%	411,018	4.7%
Goodwill	39,116	33,351	17.3%	39,116	0.0%
Intangible assets	165,475	149,344	10.8%	162,049	2.1%
Income tax assets	786	171	NMF	-	-
Other assets	524,586	366,363	43.2%	324,448	61.7%
Assets held for sale	29,332	43,944	-33.3%	30,985	-5.3%
Total assets	**30,849,813**	**26,988,984**	**14.3%**	**28,717,218**	**7.4%**
Client deposits and notes	21,743,543	17,193,088	26.5%	19,647,354	10.7%
Amounts owed to credit institutions	3,163,001	4,937,760	-35.9%	3,120,305	1.4%
Debt securities issued	425,560	774,152	-45.0%	621,229	-31.5%
Lease liability	145,517	101,973	42.7%	129,044	12.8%
Accruals and deferred income	106,042	92,632	14.5%	94,460	12.3%
Income tax liabilities	158,956	24,794	541.1%	155,856	2.0%
Other liabilities	372,016	251,222	48.1%	415,958	-10.6%
Total liabilities	**26,114,635**	**23,375,621**	**11.7%**	**24,184,206**	**8.0%**
Share capital	1,511	1,587	-4.8%	1,511	0.0%
Additional paid-in capital	459,630	424,087	8.4%	479,875	-4.2%
Treasury shares	(69)	(88)	-21.6%	(58)	19.0%
Capital redemption reserve	107	-	-	107	0.0%
Other reserves	29,458	(18,568)	NMF	31,961	-7.8%
Retained earnings	4,225,583	3,189,848	32.5%	4,001,239	5.6%
Total equity attributable to shareholders of the Group	**4,716,220**	**3,596,866**	**31.1%**	**4,514,635**	**4.5%**
Non-controlling interests	18,958	16,497	14.9%	18,377	3.2%
Total equity	**4,735,178**	**3,613,363**	**31.0%**	**4,533,012**	**4.5%**
Total liabilities and equity	**30,849,813**	**26,988,984**	**14.3%**	**28,717,218**	**7.4%**
Book value per share	**107.64**	**78.81**	**36.6%**	**102.25**	**5.3%**

KEY RATIOS	3Q23	3Q22	2Q23	9M23	9M22
Profitability					
ROAA (adjusted)	4.8%	4.4%	5.6%	4.9%	4.3%
ROAA (unadjusted)	*4.8%*	*4.4%*	*5.9%*	*5.0%*	*4.3%*
ROAE (adjusted)	30.7%	32.4%	34.6%	31.1%	32.0%
RB ROAE	*46.9%*	*37.3%*	*37.0%*	*38.7%*	*29.8%*
SME ROAE	*21.7%*	*25.6%*	*27.1%*	*23.4%*	*23.3%*
CIB ROAE	*22.3%*	*29.9%*	*36.4%*	*29.1%*	*40.6%*
ROAE (unadjusted)	30.7%	32.4%	36.5%	31.7%	32.0%
RB ROAE	*46.9%*	*37.3%*	*37.0%*	*38.7%*	*29.8%*
SME ROAE	*21.7%*	*25.6%*	*27.1%*	*23.4%*	*23.3%*
CIB ROAE	*22.3%*	*29.9%*	*40.6%*	*30.5%*	*40.6%*
Net interest margin	6.6%	5.3%	6.6%	6.5%	5.3%
RB NIM	*6.3%*	*5.1%*	*5.8%*	*6.0%*	*4.9%*
SME NIM	*4.9%*	*4.3%*	*5.1%*	*5.0%*	*4.2%*
CIB NIM	*6.1%*	*5.1%*	*6.9%*	*6.6%*	*5.3%*
Loan yield	12.6%	11.6%	12.7%	12.6%	11.4%
RB loan yield	*14.0%*	*14.0%*	*14.3%*	*14.2%*	*13.7%*
SME loan yield	*11.4%*	*10.2%*	*11.4%*	*11.3%*	*9.8%*
CIB loan yield	*11.8%*	*8.9%*	*11.5%*	*11.5%*	*9.1%*
Liquid assets yield	4.7%	4.2%	4.7%	4.6%	4.3%
Cost of funds	4.7%	4.9%	4.8%	4.7%	5.0%
Cost of client deposits and notes	4.2%	3.6%	4.1%	4.0%	3.6%
RB cost of client deposits and notes	*3.0%*	*2.6%*	*2.9%*	*2.9%*	*2.7%*
SME cost of client deposits and notes	*1.9%*	*1.0%*	*1.7%*	*1.6%*	*1.0%*
CIB cost of client deposits and notes	*7.3%*	*6.2%*	*7.5%*	*7.1%*	*6.1%*
Cost of amounts owed to credit institutions	8.0%	9.1%	8.3%	8.3%	9.0%
Cost of debt securities issued	8.6%	7.3%	7.9%	8.0%	7.1%
Operating leverage, Y-o-Y	6.8%	25.7%	23.3%	17.2%	14.8%
Operating leverage, Q-o-Q	-7.0%	6.4%	9.1%	n/a	n/a
Cost:income ratio (adjusted)	28.8%	30.6%	26.9%	28.2%	32.5%
RB cost:income ratio	*32.1%*	*33.3%*	*36.4%*	*34.4%*	*37.6%*
SME cost:income ratio	*27.8%*	*32.7%*	*27.7%*	*27.8%*	*33.5%*
CIB cost:income ratio	*17.0%*	*19.6%*	*11.1%*	*13.8%*	*19.4%*
Cost:income ratio (unadjusted)	28.8%	30.6%	26.1%	27.9%	32.5%
RB cost:income ratio	*32.1%*	*33.3%*	*36.4%*	*34.4%*	*37.6%*
SME cost:income ratio	*27.8%*	*32.7%*	*27.7%*	*27.8%*	*33.5%*
CIB cost:income ratio	*17.0%*	*19.6%*	*10.2%*	*13.3%*	*19.4%*
Liquidity					
NBG liquidity coverage ratio	n/a	121.4%	n/a	n/a	121.4%
IFRS-based liquidity coverage ratio	135.7%	n/a	111.1%	135.7%	n/a
Liquid assets to total liabilities	39.3%	40.6%	37.5%	39.3%	40.6%
Net loans to client deposits and notes	87.4%	94.0%	93.1%	87.4%	94.0%
Net loans to client deposits and notes + DFIs	79.8%	84.5%	85.9%	79.8%	84.5%
Leverage (times)	5.5	6.5	5.3	5.5	6.5
Asset quality:					
NPLs (in GEL thousands)	470,808	398,229	443,202	470,808	398,229
NPLs to gross loans	2.4%	2.4%	2.4%	2.4%	2.4%
NPL coverage ratio	69.1%	89.4%	70.4%	69.1%	89.4%
NPL coverage ratio adjusted for the discounted value of collateral	122.1%	138.0%	126.4%	122.1%	138.0%
Cost of credit risk ratio	0.6%	1.0%	0.8%	0.8%	0.8%
RB cost of credit risk ratio	*0.8%*	*2.2%*	*1.2%*	*1.4%*	*2.2%*
SME cost of credit risk ratio	*1.1%*	*0.0%*	*0.4%*	*0.7%*	*0.1%*
CIB cost of credit risk ratio	*0.2%*	*0.1%*	*0.5%*	*0.1%*	*-1.3%*
Capital adequacy:					
NBG (Basel III) CET 1 capital adequacy ratio	n/a	14.8%	n/a	n/a	14.8%
Minimum regulatory requirement	*n/a*	*11.6%*	*n/a*	*n/a*	*11.6%*
NBG (Basel III) Tier 1 capital adequacy ratio	n/a	17.0%	n/a	n/a	17.0%
Minimum regulatory requirement	*n/a*	*13.8%*	*n/a*	*n/a*	*13.8%*
NBG (Basel III) Total capital adequacy ratio	n/a	20.3%	n/a	n/a	20.3%
Minimum regulatory requirement	*n/a*	*17.2%*	*n/a*	*n/a*	*17.2%*
IFRS based NBG (Basel III) CET 1 capital adequacy ratio	18.5%	n/a	18.7%	18.5%	n/a
Minimum regulatory requirement	*14.7%*	*n/a*	*14.6%*	*14.7%*	*n/a*
IFRS based NBG (Basel III) Tier 1 capital adequacy ratio	20.4%	n/a	20.6%	20.4%	n/a
Minimum regulatory requirement	*16.9%*	*n/a*	*16.9%*	*16.9%*	*n/a*
IFRS based NBG (Basel III) Total capital adequacy ratio	22.7%	n/a	22.6%	22.7%	n/a
Minimum regulatory requirement	*19.9%*	*n/a*	*19.8%*	*19.9%*	*n/a*
FX rates					
GEL/USD exchange rate (period-end)	*2.6783*	*2.8352*	*2.6177*	2.6783	2.8352
GEL/GBP exchange rate (period-end)	*3.2852*	*3.0751*	*3.3132*	3.2852	3.0751
Shares outstanding					
Ordinary shares outstanding (period-end)	43,816,379	45,637,351	44,151,341	43,816,379	45,637,351
Treasury shares outstanding (period-end)	2,098,344	2,592,234	1,763,382	2,098,344	2,592,234
Total shares outstanding (period-end)	45,914,723	48,229,585	45,914,723	45,914,723	48,229,585

GLOSSARY

Strategic terms

- **Active merchant** At least one transaction executed within the past month
- **Active POS terminal** At least one transaction executed within the past month
- **Digital daily active user (Digital DAU)** Average daily number of retail customers who logged into our mBank/iBank at least one within the past month
- **Digital monthly active user (Digital MAU)** Number of retail customers who logged into our mBank/iBank at least once within the past month; when referring to business customers, Digital MAU means number of business customers who logged into our Business mBank/iBank at least once within the past month
- **MAU (Monthly active user - retail or business)** Number of customers who satisfied pre-defined activity criteria within the past month
- **Payment MAU** Number of retail customers who made at least one payment with a BOG card within the past month

Ratio definitions

- **Alternative performance measures (APMs)** In this announcement the management uses various APMs, which we 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 the 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 period
- **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 ratio** 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 (annualised where applicable)
- **Cost of deposits** Interest expense on client deposits and notes for the period divided by monthly average client deposits and notes over the same period (annualised where applicable)
- **Cost of funds** Interest expense for the period divided by monthly average interest-bearing liabilities over the same period (annualised where applicable)
- **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 divided by net cash outflows over the next 30 days (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS
- **Loan yield** Interest income from 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 (annualised where applicable)
- **NBG (Basel III) Common Equity Tier 1 (CET1) capital adequacy ratio** Common Equity Tier 1 capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS
- **NBG (Basel III) Tier 1 capital adequacy ratio** Tier 1 capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS

- **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. Calculations are made for Bank of Georgia standalone, based on IFRS
- **Net interest margin (NIM)** Net interest income for the period divided by monthly average interest earning assets excluding cash over the same period (annualised where applicable)
- **Net stable funding ratio (NSFR)** Available amount of stable funding divided by the required amount of stable funding (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS
- **Non-performing loans (NPLs)** The principal and/or interest payments on loans overdue for more than 90 days; or the exposures experiencing substantial deterioration of their creditworthiness and the debtors assessed as unlikely to pay their credit obligation(s) in full without realisation of collateral
- **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)
- **One-off items** Significant items that do not arise during the ordinary course of business
- **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 (annualised where applicable)
- **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 (annualised where applicable)
- **NMF** Not meaningful

Constant currency basis

To calculate the q-o-q growth of loans and deposits without the currency exchange rate effect, we used the USD/GEL exchange rate of 2.6177 as of 30 June 2023. To calculate the y-o-y growth without the currency exchange rate effect, we used the USD/GEL exchange rate of 2.8352 as of 30 September 2022.

ABOUT BANK OF GEORGIA GROUP PLC

Bank of Georgia Group PLC (the "**Company**" – LSE: **BGEO LN** or the **"Group"** when referring to the group companies as a whole) is a UK-incorporated holding company. The Group mainly comprises: 1) retail banking and payments business (Retail Banking or RB); 2) SME (small and medium-sized enterprises) banking (SME Banking); and 3) corporate banking and investment banking operations (Corporate and Investment Banking or CIB) in Georgia.

JSC Bank of Georgia ("**Bank of Georgia**", "**BOG**", or the "**Bank**"), a systematically important and leading universal bank in Georgia, is the core entity of the Group. Bank of Georgia is a digital banking leader in Georgia, serving more than 1.7 million monthly active retail customers and c.92 thousand monthly active business clients.

Enabled by high levels of customer satisfaction and the strength of our customer franchise, we have consistently delivered a return on average equity above 20%. We focus on customer relationships – supporting our clients at every step of their journeys, creating products and services that fulfil their needs and delivering positive experiences across different touchpoints. We are committed to creating shared opportunities and building long-term value – underpinned by the highest standards of corporate governance and a strong risk management framework and guided by our purpose – helping people achieve more of their potential.

3Q23 AND 9M23 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 2023. Unless otherwise noted, numbers in this announcement are given for 3Q23, the year-on-year comparisons are with 3Q22 and the q-o-q comparisons are with 2Q23 adjusted figures. The results are based on International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, are unaudited and derived from management accounts. The results announcement is also available on the Company's website at www.bankofgeorgiagroup.com.

A conference call with investors and analysts will be held on 14 November 2023, at 14:00 GMT.

Webinar instructions:
Please click the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/98142792675?pwd=VFNOTGwyWXBJMW96VzZsdGFjU2Yydz09

Webinar ID: 981 4279 2675
Passcode: 816902

Or use the following international dial-in numbers available at: https://bankofgeorgia.zoom.us/u/aeuS7cLEJh
Webinar ID: 981 4279 2675#
Passcode: 816902

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: macro risk, including domestic instability; geopolitical risk; credit risk; liquidity and funding risk; capital risk; market risk; regulatory and legal risk; conduct risk; financial crime risk; information security and data protection risks; operational risk; human capital risk; model risk; strategic risk; reputational risk; climate-related risk; and other key factors that could adversely affect our business and financial performance, as indicated elsewhere in this document and in past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2022 and in the 2Q23 and 1H23 results release. 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.

COMPANY INFORMATION

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Stock listing

London Stock Exchange PLC's Main Market for listed securities
Ticker: "BGEO.LN"

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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.
Investor Centre Web Address: https://www-uk.computershare.com/Investor/#Home?cc=uk
Investor Centre Shareholder Helpline: +44 (0)370 873 5866

Share price information

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