London, 8 July 2021

Correction to expected minimum capital requirements table - Jun-21 changed to Jul-21

Bank of Georgia Group announces update on minimum capital requirements

In April 2020, Bank of Georgia (the "**Bank**") announced details of the National Bank of Georgia's (the "**NBG**") updated supervisory plan for the Georgian banking sector, which was mainly focused on the capital adequacy and liquidity initiatives that allowed the banking sector to support financially stressed customers through the global COVID-19 pandemic. From a capital adequacy perspective, a number of capital buffers were released, which reduced the minimum regulatory capital requirements at the time. During the period that banks partially or fully utilised the reduced Pillar 2 and conservation buffers, banks have not been able to make any form of capital distribution. Subsequently, the NBG has announced a released capital buffers rebuild plan and has updated the timeline for the phase-in of additional Basel III capital requirements for the banking sector.

Throughout the pandemic, and the consequent significant reduction in economic activity, Bank of Georgia has delivered strong operating performance, with good operating income, well-managed costs, and robust asset quality. This has led to consistently delivering return on equity in excess of 20% over the last four quarters, and maintaining capital adequacy ratios comfortably above our minimum regulatory requirements.

As a result, considering the Bank's strong capital position, to ensure flexibility on capital distribution to shareholders, we have now confirmed to the NBG that we are no longer utilising, or expect to utilise, any of the Pillar 2 or conservation buffers that were waived last year. Consequently, there is no longer any regulatory restriction for Bank of Georgia on making any capital distributions.

Our 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

	Jul-21	**Dec-21**	**Dec-22**	**Dec-23**
CET1 capital requirement	11.1%	11.6%	11.9%	12.2%
Tier 1 capital requirement	13.3%	13.8%	14.3%	14.7%
Total capital requirement	17.4%	17.9%	17.9%	17.9%

Over the last few months, we have continued to deliver strong operating performance and, as a result, on 31 May 2021, our respective capital adequacy ratios were: CET1 capital adequacy ratio 12.1%; Tier 1 capital adequacy ratio 14.1%; Total capital adequacy ratio 19.2%. All of these are in excess of the July 2021 expected minimum capital requirements, and the Bank continues strong internal capital generation.

The Georgian economy has recently seen a significant increase in activity, further supported by the opening of international borders and the subsequent pick-up in international tourist arrivals, which we expect to continue. Estimated real GDP growth in April 2021 was 44.8% compared to April 2020, and 20.8% growth compared to April 2019 (pre-pandemic levels), while initial estimated growth in May 2021 was 25.8% year-on-year. Our updated baseline expectation for Georgia's full year 2021 real GDP growth has therefore increased to 7.0%. In addition, the Georgian Lari has started to strengthen and has appreciated by 8.1% against the US dollar since the first quarter of 2021 to date.

Considering the updated macroeconomic outlook and greater clarity on our expected regulatory capital requirements, the Board has revised the Group's medium- to long-term guidance as follows:

- **Loan book growth**: We revise our medium- to long-term customer lending growth guidance from c.15% to c.10%. However, given the strong pick-up in demand from consumer, micro and small and medium sized enterprises sector, we expect higher lending growth in 2021;

- **Capital buffer target**: Given the increasing minimum regulatory requirements on capital adequacy and solid capital position reflecting the more conservative regulatory framework of the Georgian banking sector, the Board has decided to remove the c.200 basis points additional internal buffer target on CET1 and Tier 1 capital requirements. This will enable the Bank to have more flexibility in capital management;
- **Dividend policy**: It is the Board's current intention to change its dividend declaration policy to a semi-annual one (an interim and final dividend each year) with the first interim dividend to be considered in the second half of 2021. Ahead of the announcement of the Group's interim 2021 results in August 2021, the Board will consider likely future risk-weighted asset growth expectations, the maintenance of the Bank's CET1 and Tier 1 capital adequacy ratios in excess of ongoing minimum regulatory requirements, and the Group's capital distribution strategy going forward.

The Board has near- and long-term expectations of strong profitability and internal capital generation, accompanied by medium- to long-term strong customer lending growth, and, given the significantly improving macroeconomic outlook, is keen to resume the Group's dividend policy as soon as practicable.

Name of authorised official of issuer responsible for making notification: Natia Kalandarishvili, Head of Investor Relations and Funding

About Bank of Georgia Group PLC

Bank of Georgia Group PLC ("**Bank of Georgia Group**" or the "**Group**" - LSE: **BGEO LN**) is a UK incorporated holding company, which comprises: a) retail banking and payment services; b) corporate banking, wealth management and investment banking operations in Georgia; and c) banking operations in Belarus ("**BNB**"). **JSC Bank of Georgia** ("**Bank of Georgia**", "**BOG**" or the "**Bank**"), the systemically 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. The Group aims to benefit from growth of the Georgian economy, and through both its Retail Banking and Corporate and Investment Banking services targets to deliver on its strategy, which is based on at least 20% ROAE and c.15% growth of its loan book in the medium-term.

JSC Bank of Georgia has, as of the date hereof, the following credit ratings:

Fitch Ratings	'BB-/B'
Moody's	'Ba2/NP'

For further information, please visit www.bankofgeorgiagroup.com **or contact:**

Archil Gachechiladze	**Michael Oliver**	**Sulkhan Gvalia**	**Natia Kalandarishvili**
CEO	Adviser to the CEO	CFO	Head of Investor Relations
+995 322 444 144	+44 203 178 4034	+995 322 444 108	+995 322 444 444 (9282)
agachechiladze@bog.ge	moliver@bgeo.com	sgvalia@bog.ge	ir@bog.ge