



London, 24 May 2018

Demerger Update: Bank of Georgia Group PLC Capital Reduction

Bank of Georgia Group PLC ("BOGG") announces that its planned reduction of capital (including capitalising the merger reserve created in connection with the Scheme and as described in its prospectus dated 26 March 2018, the "**Prospectus**") became effective on 23 May 2018 ("**Reduction of Capital**"). The Reduction of Capital is a legal and accounting adjustment and is not expected to have any direct impact on the market value of the BOGG shares.

As announced on 21 May 2018, the Reduction of Capital is one of a number of conditions to the Demerger. The Demerger and Georgia Capital Admission are both still expected to occur on 29 May 2018, as set out in more detail in the announcement released by BOGG on 21 May 2018 entitled "*Demerger Update - Scheme Effective*". The Reduction of Capital has created distributable reserves for BOGG, and as announced on 26 March 2018, it is intended that the BOGG Board will recommend the payment of a dividend in an aggregate amount of approximately GEL 120 million following the Demerger.

Capitalised terms used in this announcement have the meanings given to them in the Prospectus unless otherwise defined herein.

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

About Bank of Georgia Group PLC

The Group: Bank of Georgia Group PLC ("Bank of Georgia Group" or the "Group" – LSE: **BGEO LN**) is a UK incorporated holding company, the new parent company of BGEO Group PLC which combines a **Banking Business** and an **Investment Business** ahead of the imminent demerger on 29 May 2018. The demerger, which will result into **Investment Business's** separation from the Group, was approved at the 2018 Annual General Meeting on 30 April 2018. Bank of Georgia Group PLC will be the holding company of the **Banking Business** following the demerger completion and effective from 29 May 2018.

Banking Business comprises: a) retail banking and payment services, b) corporate investment banking and wealth management operations and c) banking operations in Belarus ("BNB"). JSC Bank of Georgia ("Bank of Georgia", "BOG" or the "Bank") is the core entity of the Group's Banking Business. The Banking Business targets to benefit from the underpenetrated banking sector in Georgia through both its retail banking and corporate investment banking services and aims to deliver on its strategy: (1) at least 20% ROAE, and (2) 15%-20% growth of its loan book.

Investment Business or **Georgia Capital** comprise stakes in Georgia Global Utilities ("Utility and Energy Business" or "GGU"), m² Real Estate ("Real Estate Business" or "m²"), Teliani Valley ("Beverage Business" or "Teliani"), Aldagi ("Property and Casualty Insurance Business" or "Aldagi"), Georgia Healthcare Group PLC ("Healthcare Business" or "GHG") – an LSE (London Stock Exchange) premium-listed company and has a 19.9% interest in the **Banking Business**. Georgia's fast-growing economy provides opportunities in a number of underdeveloped local sectors and Georgia Capital targets to capture these significant growth opportunities in the Georgian corporate sector.

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

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| Fitch Ratings | 'BB-/B' |
| Moody's | 'Ba3/NP' (FC) & 'Ba2/NP' (LC) |

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

Kaha Kiknvelidze
Group CEO
+995 322 444 126
k.kiknvelidze@bog.ge

Michael Oliver
Adviser to the CEO
+44 203 178 4034
moliver@bgeo.com

David Tsiklauri
Group CFO
+995 322 444 108
dtsiklauri@bog.ge

Natia Kalandarishvili
Head of Investor Relations
+995 322 444 444 (9282)
ir@bog.ge