

London, 14 June 2018

Amendment to the current corporate taxation model applicable to financial institutions

Bank of Georgia Group PLC ("**the Group**") announces that an amendment to the current corporate taxation model applicable to financial institutions, including banks and insurance businesses ("**financial institutions**"), has become effective from 12 June 2018. The change implies a zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings starting from 1 January 2023, instead of 1 January 2019 as previously enacted in 2016. The current model implies a 15% tax rate charged to financial institutions profit before tax, regardless of the retention or distribution status. The change will have an immediate impact on deferred tax asset and deferred tax liability balances ("**deferred taxes**") attributable to previously recognised temporary differences arising from prior periods. The re-measurement of deferred taxes is estimated to result in a GEL 40-45 million one-off deferred income tax expense that will be recognised in the Group's 2nd quarter and half-year 2018 results. This impact is a reversal of the one-off deferred tax gain recognised by the Group in 2016. The Group continues to expect its effective tax rate, excluding the one-off deferred tax impact, to be in the range of 9-11% in 2018.

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 investment banking and wealth management operations and c) banking operations in Belarus ("BNB"). JSC Bank of Georgia ("Bank of Georgia", "BOG" or the "Bank"), the leading universal bank in Georgia, is the core entity of the Group. The Group 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.

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

Fitch Ratings 'BB-/B'

Moody's 'Ba3/NP' (FC) & 'Ba2/NP' (LC)

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

Kaha Kiknavelidze Group CEO +995 322 444 126 k.kiknavelidze@bog.ge Michael Oliver Adviser to the CEO +44 203 178 4034 moliver@bgeo.com **David Tsiklauri** Group CFO +995 322 444 108 <u>dtsiklauri@bog.ge</u> Natia Kalandarishvili Head of Investor Relations +995 322 444 444 (9282) ir@bog.ge