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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

19 February 2024

Bank of Georgia Group PLC

Proposed acquisition of Ameriabank CJSC

Bank of Georgia Group PLC ("BOGG" or the "Group") announces the proposed acquisition of 100 per cent. of a leading bank in Armenia, Ameriabank CJSC ("Ameriabank"), for approximately \$303.6 million. This acquisition will significantly enhance the Group's presence and growth opportunities within a fast-growing and attractive market.

The Board and Management of Bank of Georgia Group PLC are pleased to announce that conditional agreement has been reached to acquire 100% of the total issued share capital of Ameriabank CJSC (the "**Acquisition**"). BOGG believes that significant value can be derived from capitalising on opportunities within Armenia through this acquisition of a leading Armenian bank and by leveraging BOGG's experience and expertise as it integrates Ameriabank into the wider Group (the "**Enlarged Group**"). The Acquisition is conditional upon the approval of the Group's shareholders and regulatory approvals.

Key highlights:

- The Group is set to acquire Ameriabank, a leading universal bank in Armenia, which has an attractive franchise, in an attractive market, with similar characteristics to Georgia.
- Significant upside potential from leveraging the Group's existing customer focus and digital/payments capabilities.
- Approximately \$303.6 million cash transaction fully financed by surplus capital of the Group at an attractive valuation; maximising shareholder return while preserving the strong capital ratios of JSC Bank of Georgia ("**JSC BOG**"). Acquisition price of 0.65x net asset value as at 31 October 2023 and 2.6x P/E 2023.
- 90% of Ameriabank will be acquired upon completion of the Acquisition, with a 10% shareholding to be retained by the European Bank for Reconstruction & Development ("**EBRD**") subject to a Shareholders' (Put and Call Option) Agreement.

- No shareholder dilution expected for existing shareholders.¹ The Board and Management believe the Acquisition will be immediately EPS and RoAE accretive, with JSC BOG maintaining a strong capital position.
- It is intended that the BOGG Dividend and Capital Distribution Policy for the Enlarged Group, subject to trading and prospects being satisfactory, will remain unchanged with a target pay-out ratio in the range of 30-50% of annual profits

Mel Carvill, Chairman of the Board of Directors of Bank of Georgia Group PLC commented:

"This transaction is a significant milestone for the Group and a new chapter in our strategic development. Through Ameriabank we are set to enter Armenia, one of the fastest-growing economies in the region. Ameriabank has a well-regarded and experienced management team, and I am delighted that they will stay on after the transaction is closed.

The Board believes this transaction will enable the Group to substantially increase scale and unlock additional growth opportunities as our impressive results in digitalisation, payments and customer franchise growth can be applied to Ameriabank's further development. This transaction is immediately earnings enhancing, using the Group's existing cash resources, with no dilution for existing shareholders. The Board unanimously views it as an excellent opportunity to create more value for our shareholders."

Archil Gachechiladze, Chief Executive Officer of Bank of Georgia Group PLC commented:

"Today we announced the proposed conditional purchase of 100% of the shares in a leading universal bank in Armenia. Ameriabank is a growing and profitable bank, that is top of mind locally, with a strong customer franchise. We see Ameriabank as an attractive platform to increase scale and further grow our business by translating some of the successes that the Group has already delivered in the Georgian market. I would like to thank Ameriabank's team for their cooperation, and I look forward to working with them to unlock growth opportunities in one of the best-performing economies in the region."

Following the closing of the transaction and with Ameriabank on board, the Group also intends to change its name, marking a new chapter in its development, with two leading universal banks in attractive high-growth markets.

The Investor Presentation relating to the proposed Acquisition will be available shortly on the Group's website at <https://bankofgeorgiagroup.com/reports/presentations>.

The Circular will be published by the Group in connection with the Acquisition in due course and any capitalised terms used in this Announcement and not otherwise defined shall have the meaning given to them in the Circular. The Circular will also be available in electronic form on the Group's website at <https://bankofgeorgiagroup.com/information/meetings>.

BOGG's Preliminary Results for the year-ended 31 December 2023 are expected to be published shortly after the BOGG General Meeting of Shareholders, to be held on 14 March 2024.

Analysts and Investors

A presentation and Q&A session for analysts and investors will take place at 11:00 am GMT on 19 February 2024 via conference call. To participate in the call please use the following dial-in details:

¹ The sole instance of possible dilution is pursuant to the terms and conditions of the Shareholders' (Put and Call Option) Agreement as will be further described in Part III of the Circular, as the Company will have the discretion to pay the Put Price or Call Price, as applicable, either in cash or via the issuance of new BOGG ordinary shares

Webinar instructions:

Please click the link below to join the webinar:

<https://bankofgeorgia.zoom.us/j/95898719653?pwd=MG96UitWM1pZU05jcmJ6aWt4MWRvdz09>

International dial-in numbers are available at: <https://bankofgeorgia.zoom.us/j/95898719653?pwd=MG96UitWM1pZU05jcmJ6aWt4MWRvdz09>

Webinar ID: 958 9871 9653

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Background to and reasons for the Acquisition

The Board believes there is a compelling rationale for the Acquisition. The Board believes that Ameriabank is a good strategic fit to the Group and that the Acquisition is attractive as it is expected to provide significant commercial and financial benefits to the Group as outlined below:

The Armenian economy and banking sector have certain attractive characteristics similar to those in the Group's current principal operating country, Georgia, and the Board considers this as an attractive market for expansion that fits very well with BOGG's current footprint.

- ***High-growth economy with similar size and growth to Georgia:*** Armenia is a neighbouring country to Georgia of a similar size having a population of 3.0 million and nominal GDP of USD 20 billion as of 2022 according to the IMF compared to the 3.7 million population and USD 25 billion nominal GDP of Georgia in the same time period. According to the World Bank, the Armenian economic environment enjoys sound macroeconomic policies, including active inflation targeting, adherence to a fiscal rule, and sound financial sector oversight. The IMF also notes that the flexible exchange rate has served Armenia well in absorbing external shocks, while building reserve buffers. The foregoing has contributed to the Armenian economy demonstrating attractive growth rates, with real GDP having grown at c.5% on average per annum since 2018, which is in line with the real GDP growth rates reported by Georgia during the same period as per IMF. Similar to Georgia, Armenia is expected to continue delivering strong economic growth with expected real GDP growth rates of c.5% per annum over the next few years, according to the IMF World Economic Outlook October 2023.
- ***Supportive environment for further growth due to low banking sector penetration:*** The overall Armenian economy is generally less leveraged when compared with the Georgian economy, with loans to households at 23.7% of GDP and loans to legal entities at 23.4% of GDP as at 31 December 2022, according to the estimates based on the Armenian Central Bank and Statistical Committee data (compared with 33.3% and 28.2%, respectively, in Georgia, according to the National Bank of Georgia and the National Statistics Office of Georgia), creating a supportive environment for further banking sector growth in coming years as the economic and banking sector growth would potentially converge to the levels of Georgia.
- ***Financially prudent banking sector with low market share concentration levels offering scope for further consolidation:*** The Armenian banking sector demonstrates broadly strong indicators of financial soundness, including capital adequacy and non-performing loan ratios, according to IMF 2022 data. This resembles the Georgian banking sector from a financial soundness perspective, but at the same time the banking sector in Armenia is significantly more fragmented with 18 commercial banks operating in the country. The top three Armenian banks (including Ameriabank) held a market share of 43.1% of total assets as at 31 December 2022 according to CBA. This presents further consolidation opportunities for the Group in addition to the organic growth of the market.

Ameriabank is one of the leading universal banks in Armenia and has an attractive franchise with significant upside potential from leveraging BOGG's customer focus and digital capabilities.

- Market leading position in corporate segment and increasing market share in retail segment boosted by improving digital offerings:** Ameriabank is a highly attractive franchise displaying many complementary characteristics to the Group. It has a leading #1 market position in Armenia based on loan portfolio size (19.6% market share) and #2 market position based on the deposit portfolio² size (17.3% market share) as at 31 December 2023. The strength of its deposit franchise is demonstrated by the continuous growth of its customer deposits, with a CAGR of 19.6% during 2020-2022. Ameriabank also has a particularly strong foothold in the corporate segment, being a market leader with #1 market position (22.5% market share) in loans to legal entities as at 31 December 2023. Further, Ameriabank has been very successful in growing its retail franchise in recent years supported by continued developments in its digitalisation, which allowed it to grow its market share in loans to individuals from 9.8% in 2018 to 15.6% as at 31 December 2023.
- Well-managed bank with prudent risk policies and strong profitability track record:** Ameriabank has a strong financial profile, with capital and liquidity ratios above their minimum regulatory requirements. Its LCR and NSFR ratios are also significantly above their minimum regulatory requirements. Ameriabank has also adopted adequate credit risk management policies with suitable coverage ratios.
- Significant additional growth potential of Ameriabank within BOGG by using the Group's experience and know-how in retail products, digitalisation and payment business:** The Board believes that Ameriabank has significant growth potential and further scope to improve commercial performance, particularly in retail. This is expected to be achieved by combining Ameriabank's existing franchise strengths with the Group's expertise, stemming from BOGG's proven track record and leading digital products and payments capabilities. Although Ameriabank is a leading player in its own market, it had fewer than 420,000 individual customers as at 31 December 2023 (out of a population of approximately 3.0 million). The Board believes that there is a significant scope for growth in this area, and that the Group's existing assets and infrastructure will enable it to realise these potential growth benefits, as the Group has already proven in Georgia. Ameriabank is also one of the leading payments acquirers in Armenia, with further potential upside on the back of the Group's strong expertise in this area, as well as supported by favourable market fundamentals, as the Armenian economy is predicted to become increasingly cashless over the next few years.

The side-by-side comparison of the number of customers and the levels of digitalisation of BOGG and Ameriabank based on management data as at and for the nine months ended 30 September 2023 is presented below:

	BOGG ¹	Ameriabank CJSC
Number of customers, individuals, <i>thousands</i> (Sep-23)	1,739 ²	392
.....		
Number of customers as % of population ³ , (Sep-23) ..	47%	15%
Digital MAU as % of total customers, individuals (Sep-23)	73% ²	34%
.....		
Share of digital banking ⁴ transactions in total transactions, (for the 9 months ended September 2023)..	63%	48%

Notes:

- (1) Includes the Georgian banking subsidiary only
- (2) Monthly active clients are stated
- (3) Based on population data provided by the IMF as of December 2022. 2.96 million in Armenia and 3.67 million in Georgia
- (4) Including transactions via mobile / internet banking

² Includes debt securities issued

- **Well-regarded and experienced management team to stay on after the Acquisition:** Ameriabank has been run by a professional and experienced management team. It has also operated with well-established corporate governance practices and a well-defined focus on ESG principles. The management team, including the Chairman of the Ameriabank Board, has agreed to remain in the business and run Ameriabank for at least 18 months following the closing of the Acquisition.

The Acquisition offers multiple strategic benefits to BOGG allowing it to diversify its revenue streams, unlock further growth potential and increase scale. The Acquisition also has a strong financial rationale that fulfils strict internal financial criteria set by BOGG and is expected to result in significant value creation for Shareholders.

- **Following years of dynamic growth, the Group has achieved leading market share in Georgia and an expansion geographically unlocks further growth potential beyond the local Georgian market:** By focusing on its strategic priorities, BOGG has already achieved significant customer franchise growth and strong results and currently operates with c.40% market share in Georgia. While Georgia continues to offer an attractive growth profile with further benefits and potential revenue streams to be unlocked with increasing digitalisation and economic development, BOGG operates in a market where its market leadership is already well-established, and the Board believes that the Acquisition will offer the opportunity for the Enlarged Group to grow further with Ameriabank’s market share opportunities still not fully realised and where BOGG’s experience could help it boost its market position going forward.
- **Acquisition would significantly increase the scale of the Group and diversify its business:** The Acquisition would facilitate a significant increase in the scale of the Group and, as a result, Ameriabank would represent a meaningful part of the Enlarged Group after the transaction completes. The following table sets forth certain financial information for BOGG and Ameriabank side by side as at and for the nine months ended 30 September 2023:

	As at and for the nine months ended 30 September 2023	
	BOGG	Ameriabank CJSC
	<i>GEL million</i>	
Net loans.....	19,011	6,085
Assets	30,850	8,973
Deposits.....	21,744	6,012
Net Income	1,067	230

Notes:

Financial information for BOGG is taken from the 9 months ended September 2023 IFRS results as reported by BOGG and the financial information for Ameriabank is taken from the 9 months ended September 2023 IFRS results as reported by Ameriabank. The NBG’s official exchange rate of AMD/1000:GEL 6.7049/6.7446 (avg/eop) for the nine months ended 30 September 2023 was used for conversion

- **Acquisition expected to have an immediate accretive impact on BOGG’s EPS and to boost RoAE:** In addition to the standalone financial strengths of Ameriabank, the Board and Management expect the Acquisition to have an immediately positive impact on BOGG’s financial profile and outlook.
- **Ameriabank has been a profitable franchise throughout the cycle:** Ameriabank represents a profitable franchise that has reported positive net income throughout the cycle (including during

COVID-19 and in the aftermath of the Russian invasion of Ukraine), has delivered double-digit RoAE in four out of five prior years and reported RoAE of 29.6% in 2022.

- ***Cash transaction using surplus capital of the Group at an attractive valuation; maximising shareholder return while preserving the strong capital ratios of JSC BOG:*** At an Acquisition price of 0.65x net asset value with reference to net asset value as at 31 October 2023, implying a 2.6x P/E³ based on Ameriabank’s reported preliminary results for the full year 2023, the Board believes that the Acquisition has been agreed at an attractive price given the immediate earnings enhancement and potential opportunities afforded by the Acquisition. The transaction is being financed by existing cash, deploying surplus capital, while allowing JSC BOG to maintain capital ratios comfortably above the minimum requirements. No equity issuance is required and thus there is no dilution for existing Shareholders.⁴

In summary, the Board believes that the Acquisition has a strong strategic and financial rationale that meets its strict internal financial criteria.

Armenia is a neighbouring country to Georgia of a similar size and with similar culture, making it an attractive market for the Group to expand into. The Board believes that by acquiring one of the leading banks in the Armenian market the Group will add another strong revenue-generating platform with the expectation of increased earnings potential for the Group in the short, medium and long term.

The Acquisition allows BOGG to diversify its profile by obtaining a franchise with a critical mass and strong brand awareness (Ameriabank is the top-of-mind bank in Armenia⁵), operating in a market that is attractive given its relevant size, macroeconomic situation and lower banking penetration levels compared to other developing countries. Ameriabank would also further complement BOGG’s existing profile as BOGG’s market leading position in Georgia would be supported by a leading financial institution in Armenia with #1 market position, based on loan portfolio size. BOGG’s strong profitability profile would further benefit from Ameriabank’s attractive financial track-record and outlook with expected EPS accretion and a boost in RoAE of BOGG in 2024 following the Acquisition. Additionally, BOGG sees significant opportunity for growth and enhanced profitability of Ameriabank with potential to develop its retail and SME franchises, further digitalisation and improved operational efficiency which could be achieved by leveraging the extensive experience and know-how of BOGG.

Financial Effects of the Acquisition

The Group expects that the Acquisition will generate significant value for Shareholders, through enhanced growth prospects, as detailed above.

The impact of the Acquisition on the capital ratios of the Group’s current largest banking operation, JSC BOG, has been estimated as 1.0-1.1%. JSC BOG’s capital ratios are expected to remain comfortably above the minimum regulatory requirements of the National Bank of Georgia following the Acquisition.

Following the Acquisition, and subject to the Enlarged Group’s trading and prospects being satisfactory, it is intended that the BOGG Dividends and Capital Distribution Policy will remain unchanged with a target pay-out ratio in the range of 30-50% of annual profits.

³ Price-to-earnings ratio, calculated on the basis of Ameriabank’s 2023 net income of \$117mm based on unaudited financial statements of Ameriabank for FY’2023 and using the CBA’s official average exchange rate of USD 1:AMD 392.54 for the year ended 31 December 2023

⁴ The sole instance of possible dilution is pursuant to the terms and conditions of the Shareholders' (Put and Call Option) Agreement which will be further described in Part III of the Circular, as the Company has the discretion to pay the Put Price or Call Price, as applicable, either in cash or via the issuance of new BOGG ordinary shares

⁵ Based on 4Q23 research conducted by “Invia” CJSC

As mentioned above, the Acquisition is expected to have an immediate accretive impact on BOGG's EPS, and to boost RoAE.

Transaction Timetable and Conditionality

The Acquisition constitutes a Class 1 transaction for BOGG under the Listing Rules. Accordingly, the approval of BOGG Shareholders is required and will be sought at the General Meeting expected to take place on 14 March 2024 (see *Expected Timetable of Principal Events* below). The Circular containing the notice convening the General Meeting will be published in due course. In addition, the Acquisition is subject to the satisfaction of other conditions including receipt of regulatory and anti-trust approvals.

The timing of the satisfaction of certain of the conditions to Completion is uncertain given the involvement of relevant regulators, but it is currently expected that Completion will occur in the first quarter of 2024.

Expected Timetable of Principal Events

All times shown are London times unless otherwise stated. All dates and times are based on the current expectations of BOGG and are subject to change, which will depend, among other things, on the date on which the Conditions to the Acquisition are satisfied or, where applicable, waived. If any of the dates and/or times in this expected timetable change materially, the revised dates and/or times will be notified to BOGG Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.

Event	Time and Date
Publication and posting of the Circular, the Notice of General Meeting and the Form of Proxy	19 February 2024
Latest time and date for receipt of Form of Proxy, CREST Proxy Instructions and electronic registration of proxy appointment	11:00 a.m. on 12 March 2024
Record Time for entitlement to vote at the BOGG General Meeting	6:00 p.m. on 12 March 2024 ⁽¹⁾
General Meeting	11:00 a.m. on 14 March 2024
Expected date of Completion of the Acquisition (subject to BOGG Shareholder approval)	On the third Business Day after the General Meeting ⁽²⁾

Notes:

(1) If the General Meeting is adjourned, the Record Time for the adjourned General Meeting will be 6:00 p.m. (UK time) on the date which is not later than 48 hours, excluding non-working days, before the date set for the adjourned General Meeting

(2) Subject to the satisfaction or (if capable of waiver) waiver of the Conditions

Enquiries

Bank of Georgia Group PLC

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About Bank of Georgia Group PLC

Bank of Georgia Group PLC (LSE: BGEO LN) is a FTSE-250 company. Its core entity is JSC Bank of Georgia ("Bank of Georgia", "BOG", or the "Bank"), a digital banking leader in Georgia that provides a suite of banking and financial services to retail clients and businesses. By building on its competitive strengths, the Group is committed to delivering strong profitability sustainably and maximising shareholder value.

Legal Entity Identifier: 213800XKDG12NQG8VC53

1. Information on Ameriabank

History of Ameriabank

Ameriabank was established on 24 July 1992 under the laws of the Republic of Armenia under the name of Armenian Import-Export Bank CJSC, or Armimpexbank CJSC, and was registered with the CBA on 8 September 1992. In May 2008, Armimpexbank CJSC was renamed to "Ameriabank CJSC".

In April 1995, a foreign investor, Computeron Industrials Establishments, purchased the majority of shares of Ameriabank. In August 2007, the main shareholding of Ameriabank (96%) was obtained by TDA Holdings Limited (which was renamed to Ameria Group (CY) Limited in November 2011 (currently IMAST Group (CY) Limited). Between 2007 and 2013, the major shareholder IMAST Group (CY) Limited increased its equity ownership to 100%.

Initially primarily operating as a corporate and investment bank, Ameriabank experienced significant growth during 2007-2009, when the Armenian economy was in recession due to the financial crisis. In June 2010, the CBA approved and registered a merger between Ameriabank and Cascade Bank CJSC, whereby Ameriabank was the successor entity and Cascade Bank CJSC ceased to exist. Thereafter, Ameriabank evolved to become a universal bank, expanding the scope of services offered to its clients, and developing its retail banking business.

Ameriabank's longstanding relationships with international financial institutions matured into a new phase in December 2015 with EBRD investing USD 30 million for an equity stake in Ameriabank. In 2018, the Asian Development Bank (ADB) also made an equity investment equivalent of up to USD 30 million – the first equity investment by ADB in Armenia. As of the date of this announcement, the statutory fund of Ameriabank is AMD 54,466,380,000 (USD 138,390,579⁶) consisting of 117,132 ordinary nominal shares with a par value of AMD 465,000 (USD 1,181⁷) each.

Current Operations

Ameriabank is a leading financial institution in the Armenian market and a major contributor to the Armenian economy. Being a dynamically developing universal bank, Ameriabank provides a variety of products and services through its omni-channel distribution platform. Ameriabank has adopted a customer-focused approach to ensure service quality and modern banking experience in an evolving digital environment.

The principal activities of Ameriabank are deposit taking and customer account maintenance, lending, issuing guarantees, cash and settlement operations, payments, operations with securities, and foreign exchange.

The activities of Ameriabank are regulated by the CBA. The majority of Ameriabank's assets and liabilities are located in Armenia. As at 31 December 2023, Ameriabank had 1,812 employees and 26 branches, from which it conducts business throughout Armenia. The registered address of the head office of Ameriabank is 2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia.

Ameriabank has two wholly-owned subsidiaries, "Invia" CJSC and "Dinno" CJSC, which were incorporated on 21 April 2023 and 28 April 2023, respectively. "Dinno" CJSC is a fintech company, whose main activity is the development and marketing of digital products and technology solutions. "Invia" CJSC is a research and development company, whose main activity is conducting research and analysis (including macro, sectoral, and market studies), strategic and business planning, other

⁶ Calculated using the CBA's official a fixed exchange rate of USD 1:AMD 393.57 for 31 December 2022

⁷ See footnote 5.

consulting services mainly in the spheres of human resources management, digitisation and technology implementation, and also providing legal, financial, accounting and tax consultancy.

As at 31 December 2022 Ameriabank's total assets stood at GEL 8,577 million (USD 3,174 million⁸).

Summary of financial information on Ameriabank

The table below shows Ameriabank's financial performance in GEL for each of the past three years and, unless otherwise indicated, has been prepared in accordance with UK adopted International Accounting Standards and consistently with the accounting policies adopted by BOGG in preparing its consolidated financial statements for the year ended 31 December 2022:

	Year ended 31 December		
	2022	2021	2020
	<i>(Thousands of Georgian Lari)</i>		
Net interest income	331,171	253,409	217,231
Operating income before cost of risk	386,284	186,469	193,717
Cost of risk	(17,905)	(33,831)	(122,582)
Profit before income tax expense	368,379	152,638	71,135
Income tax expense	(71,164)	(28,490)	(13,880)
Profit for the year	297,215	124,148	57,255

Further detailed financial information on Ameriabank is to be provided in the Circular.

2. Current Trading, Trends and Future Prospects of the Enlarged Group

The beginning of 2022 was marked by the Russia-Ukraine war and geopolitical tensions, which followed Covid-19 pandemic-related economic dislocation in 2021. These, amongst other causes, resulted in a sharp increase in food and energy prices and an acceleration of inflation. As a result, Central banks around the world proactively increased interest rates to fight inflation, bringing an end to the long-lasting low interest rate environment. Whilst geopolitical tensions continued in 2023 (with significant conflicts in Ukraine and Nagorno-Karabakh, in particular), prices of food and consumer goods rose less quickly, meaning that inflation began to fall towards the end of 2023, and as a result, interest rates began to plateau.

BOGG

Year ended 31 December 2022

BOGG's performance in the financial year ended 31 December 2022 was supported by the strong growth, 11.0%, of the Georgian economy in 2022. The Georgian economy demonstrated resilience thanks to a safe and business-friendly environment and its convenient geographical location. Consequently, a considerable number of highly skilled regional migrants and international companies relocated or set up operations in Georgia. Georgia also attracted international cargo forwarders, providing a convenient transport and logistics corridor for international trade flows. Given the growing interest towards the country, external inflows surged, international trade expanded and investment activity started to gain momentum. Increased consumption and investment spending coupled with strong external inflows underpinned Georgia's double-digit real GDP growth during the last two years. On the back of increased export proceeds, surging remittances and a steady recovery in tourism revenues, external balance improved further, supporting a stronger Georgian Lari. The appreciation of the Lari, accompanied by rapid growth in revenues, resulted in a reduced debt burden of the private sector – below 2019 levels. In 2022, unemployment decreased by 3.3 ppts to 17.3% and fiscal

⁸ Calculated using the NBG's official exchange rate of USD 1:GEL 2.7020 for 31 December 2022

parameters improved thanks to strong economic activity. The strong track record of the Georgian economy and solid support of international institutions contributed to rising interest among international investors, with FDI inflows reaching a record high of USD 2.1 billion in 2022. From a banking sector perspective, the systemic banking risk remained relatively low. This was supported by prudent regulation and oversight from the regulator, the NBG, which ensured the resilience of the sector to potential external shocks. As a result of financial stability policy measures implemented by the NBG, the sector continued to lend and support the Georgian economy in 2022 without difficulty.

Supported by a favourable macro backdrop, BOGG produced strong results in 2022, whilst continuing to support its customers and employees. BOGG ended the financial year ended 31 December 2022 with operating income (adjusted for one-off items) of GEL 2.0 billion, up 46.6% year-on-year. This was driven by a strong performance across core revenue lines, with a higher-than-expected increase in net foreign currency gains on the back of customer inflows and increased transactional activity. Operating expenses were well-managed, with cost to income ratio (adjusted for one-off items) improved to 32.0% in 2022 vs 37.2% in 2021. Cost of credit risk ratio was 0.8% in 2022, in line with the Group's normalised level, as loan portfolio quality remained healthy. Strong customer franchise, increased transactional activity and prudently managed loan book led to a GEL 1.4 billion in net profit recorded for 2022, up 98.6% year-on-year. Net profit adjusted for significant one-off items in 2022 was GEL 1.1 billion, still up by a significant 55.7% y-o-y.

Nine months ended 30 September 2023

In the first nine months of 2023, the Georgian economy has maintained its growth momentum, underpinned by domestic consumption and investment spending. Following consecutive double-digit periods of growth in 2021 and 2022, GDP growth in the first nine months of 2023 remained solid at 7.7%. Inflation decreased sharply to below the NBG's target inflation, and as a result, the NBG started to reduce monetary policy rate, with these reductions anticipated to continue into 2024. Georgian Lari remained broadly unchanged against USD in the first nine months of 2023, after a 12.5% appreciation in 2022.

In the first nine months of 2023, BOGG had strong operating and financial results. BOGG added more than 41,000 active retail customers during the third quarter of 2023, and more than 193,000 over the prior twelve months. The number of active retail clients reached 1.7 million as of September 2023, out of which 1.3 million are digitally active. Customer satisfaction remained at a high level. BOGG further increased acquiring market share to 55.2% in September 2023 vs 48.9% in September 2022.

The Group's core revenue lines remained strong. The strong growth was recorded in the net interest income, and the net fee and commission income, while, as expected, the net foreign currency gains normalised after abnormal FX gains in 2022. Overall, operating income in the first nine months of 2023 amounted to GEL 1.9 billion, up 32.2% year-on-year.

In the first nine months of 2023, the cost of credit risk was 0.8% - unchanged compared with the first nine months of 2022. Non-performing loans: gross loans also remained unchanged at 2.4%. Both ratios reflect the Group's high quality loan portfolio.

The Group's profit amounted to GEL 1.0 billion, up 29.8% year-on-year, with RoAE at 31.1%.

Ameriabank

The effect of the Russia-Ukraine conflict and the overall geopolitical situation on Armenia's economy has been mixed. On the one hand, the disruption of traditional international trade routes and relations due to sanctions imposed on Russia caused a further increase in international prices, which pushed prices higher in Armenia as well: 12-month cumulative inflation reached 8.6% in 2022, which was still the lowest inflation level in the region. On the other hand, the influx of remittances and high-skilled labour into the Armenian market had a significant positive effect on the economy: GDP growth was 12.6% - the highest in the last 15 years, mainly supported by the trade, service, construction and

manufacturing sectors. FDI increased by 41.4% year-on-year, while net remittances registered a three-fold growth year-on-year, driven by the inflows of migrants and capital as a result of the Russia-Ukraine war. Though high demand for local currency resulted in AMD appreciation, it was still relatively stable compared with other regional currencies.

The Armenian economy maintained strong growth momentum in 2023, with 2023 year-on-year GDP growth for the first nine months of the 2023 at 9.2%. The main drivers of growth were service and trade-related sectors, with construction and agriculture sectors contributing positively as well. Inflation reduced to 2.8% year-on-year for the first nine months of 2023. Amid deflationary trends, the CBA started to ease the monetary policy, resulting in a more positive sentiment and upward revision of the economic growth prospects.

Against the backdrop of the positive economic situation, both S&P Global Ratings and Fitch upgraded Armenia's sovereign credit ratings from 'B+' to 'BB-', outlook stable, in 2023, citing improved prospects for Armenia's economy, stronger fiscal and external metrics and reduced vulnerability to external shocks.

The financial year ended 31 December 2022 was a year of strong growth and improved efficiency for Ameriabank. Ameriabank exceeded its pre-pandemic profitability levels and posted record high levels of profitability and efficiency, with profit for the year reaching GEL 297.2 million (USD 101.9 million⁹) (up 139.4% year-on-year), RoAE of 29.6% and Cost to income ratio of 39.6%.

Ameriabank has continued its growth trajectory throughout 2023, developing its franchise and delivering strong profitability. As reported in Ameriabank's preliminary full year results for the year ended 31 December 2023, net interest income was GEL 502.9 million (USD 191.4 million)¹⁰, net fee and commission income amounted to GEL 92.3 million (USD 35.1 million)¹¹, profit for the year reached GEL 308.7 million (USD 117.5 million)¹². Total gross loans¹³ amounted to GEL 6,653.6 million (USD 2,474.0 million).¹⁴ Total assets stood at GEL 9,377.7 million (USD 3,486.9 million)¹⁵. Total deposits stood at GEL 6,039.1 million (USD 2,245.5 million)¹⁶. Shareholders' equity increased to GEL 1,302.5 million (USD 484.3 million)¹⁷ as at 31 December 2023. Return on average equity for the full year 2023 stood at 24.9%.¹⁸

In 2023 the CBA introduced a number of changes to capital buffer requirements, effectively increasing Tier 1 and Total Capital requirements to 13.3% and 16.0% respectively. As at 31 December 2023, Ameriabank's Tier 1 and Total capital ratios stood at 14.1% and 16.8% respectively, fully compliant with the regulatory requirements. Tier 1 and total capital requirements were further increased by 0.5% in January 2024 due to an increase in conservation buffer requirement.

The Enlarged Group

Looking ahead, BOGG will focus on emerging opportunities in Georgia and Armenia – capturing business growth opportunities across the Enlarged Group, realising potential synergies from leveraging BOGG's know-how and experience proven in the domestic market that is adjacent and culturally close

⁹ Calculated using the NBG's official average exchange rate of USD 1:GEL 2.9162 for the year ended 31 December 2022

¹⁰ Calculated using the NBG's official average exchange rate of AMD 1000:GEL 6.7034 for the year ended 31 December 2023; GEL figure was converted to USD using the NBG's official average exchange rate of USD 1:GEL 2.6280 for the year ended 31 December 2023

¹¹ See footnote 10

¹² See footnote 10

¹³ Includes receivables from finance lease, factoring and letters of credit

¹⁴ Calculated using the NBG's official exchange rate of AMD 1000:GEL 6.6528 for 31 December 2023; GEL figure was converted to USD using the NBG's official exchange rate of USD 1:GEL 2.6894 for 31 December 2023

¹⁵ See footnote 14

¹⁶ See footnote 14

¹⁷ See footnote 14

¹⁸ Calculated as net income for the period divided by average shareholders' equity for the period as reported by Ameriabank (based on GEL figures)

to Armenia for future growth of the Enlarged Group. At the same time, BOGG will continue to progress with its strategic priorities.

Annex I

Principal Terms of the Acquisition

Overview

Under the terms of the Acquisition Agreement dated 18 February 2024 and entered into between the Group, JSC BOG, and each of IMAST Group (CY) Limited; European Bank for Reconstruction and Development ("**EBRD**"); Asian Development Bank; Afeyan Foundation for Armenia Inc.; and ESPS Holding Limited (together, the "**Sellers**") and the Shareholders' (Put and Call Option) Agreement entered into between the Group, JSC BOG and EBRD on the same date (and becoming effective on and from Completion), the Sellers have conditionally agreed to sell 100% of the shares of Ameriabank (117,132 ordinary shares) to JSC BOG (a subsidiary of the Group) and to the Group.

It is intended that the Group will acquire a 70% shareholding in Ameriabank, and that JSC BOG will acquire a 30% shareholding. To achieve the parties' aims:

- 2.1 the Sellers have agreed to sell and the Group and JSC BOG have agreed to purchase 105,419 shares in Ameriabank equal to 90% of Ameriabank's total issued share capital, with the Group acquiring 60% of Ameriabank's total issued share capital (70,279 shares) and JSC BOG acquiring 30% of Ameriabank's total issued share capital (35,140 shares), on the terms set out in the Acquisition Agreement (the "**Initial Acquisition**"); and
- 2.2 following Completion of the Initial Acquisition, EBRD will retain 11,713 shares in Ameriabank, equal to 10% of Ameriabank's total issued share capital (the "**Option Shares**"), which Option Shares will be subject to the terms of the Shareholders' (Put and Call Option) Agreement, which will provide (i) EBRD with the right to put the Option Shares to the Group; and (ii) the Group with the right to call the Option Shares from EBRD, with the call option exercisable by the Group at any time until the third anniversary of Completion, and the put option exercisable on and from the third anniversary of Completion, for a period of 180 days from the third anniversary of Completion. Upon exercise of the put or call option, the Group will acquire the Option Shares.

The total base consideration for the Acquisition will be USD 303,588,374 which is 0.65 times the net asset value of Ameriabank as at 31 October 2023, with interest to apply from 1 February 2024 as further described below. The net asset value of Ameriabank as recorded in the Ameriabank Management Accounts for 31 October 2023 has been reviewed and confirmed by, Ameriabank's auditors, KPMG Armenia LLC. The consideration in respect of the Initial Acquisition will be satisfied in cash, with 92.4% (USD 252,471,424, plus interest) of the price for the shares the subject of the Initial Acquisition payable at Completion and 7.6% (USD 20,758,631, plus interest) payable on the date falling 6 months from the date of Completion, with the deferred portion of the consideration being subject to deductions for any warranty claim brought by the Group and JSC BOG in connection with a breach of certain warranties contained in the Acquisition Agreement. The consideration in respect of the acquisition of the Option Shares (which will also attract interest as further described below) will be payable on the exercise of the put or call option, as applicable, under the Shareholders' (Put and Call Option) Agreement.

The Group will pay c.66.67% of the consideration with respect to the Initial Acquisition (approximately USD 182,153,543, plus interest) and JSC BOG will pay c.33.33% of the consideration with respect to the Initial Acquisition (approximately USD 91,076,512, plus interest), in each case directly to the Sellers.

Upon the exercise of the put or call option, the Group will pay 100% of the consideration with respect to the acquisition of the Option Shares (approximately USD 30,358,319, plus interest), the form of consideration being at the Group's sole discretion, either in cash or in the form of shares issued in the Group, directly to EBRD.

Conditions to the Acquisition

Under the terms of the Acquisition Agreement, Completion is conditional upon satisfaction (or waiver) of the following conditions (the "**Conditions**"):

(a) Approval of the Resolution

The passing of the Resolution at the BOGG General Meeting;

(b) Regulatory Approvals

The NBG, the CPC and the CBA having granted their approval for the Acquisition to proceed;

(c) Ameriabank Financial Condition

Ameriabank having a capital ratio of at least 16.5% as per the binding capital requirements applicable to Ameriabank under CBA regulations, as evidenced in its most recent submission to the CBA prior to Completion;

(d) Material Adverse Change

No (i) outbreak of war (with war having been declared by a nation state or hostilities having reached a grave and serious level beyond that of localised armed conflict or border disputes) within Armenia and/or Georgia; or (ii) material disruption in commercial banking or securities settlement or clearance services in Armenia or Georgia (and/or a general moratorium on commercial banking activities) having occurred since the date of the Acquisition Agreement, provided that such event is having a material and adverse impact, and is reasonably likely to continue having a material and adverse impact on the business, operations, and/or assets of Ameriabank from the date of the Acquisition Agreement; and

(e) Sanctions

No Sanctions having been imposed on any of the Sellers, JSC BOG, the Group or on Ameriabank as a result of which the consummation of the Acquisition by JSC BOG and the Group would be prohibited.

Completion shall occur on the third Business Day after the satisfaction (or, if capable of waiver, waiver) of such conditions, or on such other Business Day as the parties to the Acquisition Agreement may agree in writing.

Sanctions considerations

It is a matter of public record that Ruben Vardanyan, the ultimate beneficial owner of IMAST Group (CY) Limited, which is the Seller of the largest minority stake in Ameriabank, is the subject of Ukrainian sanctions. The Group took external legal advice from multiple law firms to ensure that such Ukrainian sanctions would not prohibit the Acquisition from proceeding. This was unanimously confirmed on the basis that there is no Ukrainian nexus to the proposed Acquisition. It is also noted that a thorough analysis was undertaken to ensure that the proposed Acquisition would not be in breach of any other sanctions regimes which are relevant and/or applicable to the Acquisition and that neither Mr.

Vardanyan, nor any of the Sellers, are currently in any way subject to UK, US, EU, UN, Georgian, Armenian or any other sanctions regimes that would prevent the Acquisition from proceeding. Relevant contractual protections included in the Acquisition Agreement which relate to any relevant change in the sanctions position of a Seller, including a condition precedent to Completion, will be further described in detail in Part III of the Circular.

IMPORTANT NOTICES

The information contained in this announcement is inside information as stipulated under the UK Market Abuse Regulation. Upon publication of this announcement, this inside information is now considered to be in the public domain.

Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction. Any failure to comply with this restriction may constitute a violation of such laws or regulations. Persons into whose possession this announcement or other information referred to herein comes should inform themselves about, and observe, any restrictions in such laws or regulations.

This announcement has been prepared for the purpose of complying with the applicable law and regulation of the United Kingdom and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.

This announcement does not constitute or form part of any offer, invitation to sell, otherwise dispose of or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities nor shall it or any part of it, nor the fact of its distribution, form the basis of, or be relied on in connection with, any contract commitment or investment decision.

This announcement may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "envisages", "plans", "projects", "anticipates", "targets", "aims", "expects", "intends", "may", "will" or "should or, in each case their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Group's current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's or Ameriabank's results of operations, financial positions, liquidity, prospects, growth or strategies and the industries in which they operate. Forward-looking statements speak only as of the date on which they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, the Group disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement. Nothing in this announcement should be construed as a profit estimate or profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of the Group for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Group.

Completion of the Acquisition is subject to the satisfaction of a number of conditions as more fully described in this announcement. Consequently, there can be no certainty that completion of the Acquisition will be forthcoming.

This announcement is not a prospectus and has been prepared solely for the Acquisition referred to in this announcement. The Circular will be published by the Group in connection with the Acquisition in due course.

Certain figures in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the percentage change of numbers contained in this announcement may not confirm exactly with the total figure given.

Cavendish Capital Markets Ltd ("**Cavendish**") which is authorised and regulated by the FCA in the United Kingdom is acting exclusively as sponsor for the Group and no one else in connection with the Acquisition and will not be responsible to anyone other than the Group for providing the protections afforded to its clients or for providing any advice in connection with the Acquisition and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Acquisition, the contents of this announcement or any other matter or arrangement referred to in this announcement.

J.P. Morgan Securities plc ("**J.P. Morgan**") which is authorised in the United Kingdom by the Prudential Regulation Authority (the "**PRA**") and regulated by the PRA and the Financial Conduct Authority, is acting as financial adviser exclusively for the Group and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than the Group for providing the protections afforded to clients of J.P. Morgan or its affiliates, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cavendish and J.P. Morgan by the Financial Services and Markets Act 2000, as amended (the "FSMA") or the regulatory regime established thereunder, neither Cavendish or J.P. Morgan nor any of their respective affiliates accept any responsibility or liability whatsoever and make no representations or warranties, express or implied, in relation to the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by the Group, or on the Group's behalf in connection with the Group, the Enlarged Group or the Acquisition and nothing contained in this announcement is, or shall be, relied upon as a promise or representation in this respect, whether or not as to the past or the future in connection with the Group or the Acquisition. Cavendish and J.P. Morgan and their respective affiliates accordingly disclaim to the fullest extent permitted by applicable law all and any duty, liability or responsibility whatsoever (whether direct or indirect and whether arising in tort, contract, under statute or otherwise (save as referred to above)) which they might otherwise be found to have in respect of this announcement or any such statement or otherwise.