

EFSE and Bank of Georgia expand access to sustainable financing for MSEs

Tier II capital investment of USD 10 million to foster responsible lending to country's entrepreneurs

Luxembourg, 01 July 2019 – The European Fund for Southeast Europe (EFSE) has provided a subordinated loan of USD 10 million to its partner JSC Bank of Georgia to support the provision of sustainable financing to micro and small enterprises (MSEs).

JSC Bank of Georgia, a subsidiary of the Bank of Georgia Group PLC, is one of the top banks in Georgia. It has always shown a strong commitment to serving MSEs, and as such was the first partner to join EFSE in advancing sustainable entrepreneurship finance in Georgia in 2010. The newest funding aims to increase access to finance for local entrepreneurs, predominantly in local currency, to support their business development and foster long-term economic growth in the country. The investment will also contribute to further strengthening the financial standing of the bank through higher capitalisation and stronger lending capacities.

EFSE Board Chairman Christoph Tiskens said: “Bank of Georgia has been a valuable partner in helping EFSE pursue its mandate of job creation and business growth by supporting the backbone of the Georgian economy: the micro and small entrepreneurs. Leveraging on a responsible business model and professional team, the bank is well equipped to on-lend EFSE funding for maximum developmental impact.”

Archil Gachechiladze, Bank of Georgia CEO, commented: “I am pleased to see that our long-term partnership with EFSE has yielded yet another transaction aimed at further improving our capital position under the Basel III regulations, and will support further lending growth while maintaining strong capital ratios. This subordinated loan facility is our latest transaction dedicated to capital optimisation. With an ever-stronger and diversified capital structure, we are well positioned to continue growing our customer lending in 2019 and beyond.”

About EFSE

One of the largest development finance funds worldwide, the European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the Eastern Neighbourhood Region by investing in the success of micro and small enterprises as well as improved living conditions for private households. As access to financial services is key to developing this segment, EFSE focuses on helping local financial sectors strengthen their ability to provide responsible financing for this target group. Alongside its investment activities through local partners, EFSE multiplies its impact

through the EFSE Development Facility, which provides technical assistance, training, and other nonfinancial support to entrepreneurs and institutions.

EFSE was initiated by KfW Development Bank with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. As the first public-private partnership of its kind, EFSE draws its capital from donor agencies, international financial institutions, and private institutional investors.

Finance in Motion GmbH, Germany, serves as EFSE's advisor and Hauck & Aufhäuser Fund Services S.A., Luxembourg, acts as manager.

For more information on the European Fund for Southeast Europe, please visit: www.efse.lu

For more information on Finance in Motion, please visit: www.finance-in-motion.com

About the Bank of Georgia Group

The Bank of Georgia Group PLC ("the Group") 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. JSC Bank of Georgia, the leading universal bank in Georgia, is the core entity of the Group. The Group aims to benefit from superior growth of the Georgian economy through both its retail banking and corporate investment banking services and aims to deliver on its strategy, which is based on at least 20% ROAE and 15%–20% growth of its loan book.

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