

London, 16 December 2022

Additional Response to 2022 AGM Voting Outcome

At Bank of Georgia Group PLC's (the "**Group**") 2022 AGM on 20th June 2022, the shareholder vote to approve the Directors' Remuneration Policy (resolution 4) was passed with a majority of 67.62%. Given that a significant minority voted against this resolution, the Board of Directors provides the following information about the Group's recent shareholder consultation, and as an update to the statement made on that date.

The Remuneration Committee was pleased that the resolution was approved, but recognised that a meaningful proportion of shareholders did not support the resolution. Since the AGM, the Committee, represented by its Chair and the Senior Independent Director, Hanna Loikkanen, and management representatives have held discussions with a significant proportion of our major shareholders, in particular with those who voted against the resolution to approve the Directors' Remuneration Policy. In addition, discussions have been held with wider stakeholders, in particular Glass Lewis - the proxy voting agency - who recommended shareholders vote against the Policy, to understand their specific concerns in relation to the Directors' Remuneration Policy.

By way of background, at the June 2022 AGM, the Group put forward an updated Directors' Remuneration Policy in accordance with the normal three-year voting cycle, but also as specifically required under the then new National Bank of Georgia regulatory code on remuneration, where NBG was seeking to follow the EU Capital Rights Directive: strengthening banks by reducing risk taking. In having to make a number of regulatory driven changes, our previous shareholder approved Remuneration Policy and the existing CEO's employment contract were rendered void, and in need of renegotiation. In amending the Remuneration Policy, the Remuneration Committee sought to:

- Design a new Policy to maintain our existing strong long-term alignment between management and shareholder outcomes with a significant proportion of the salary and variable pay paid in long-term vesting shares.
- To focus on economic neutrality for the redesigned Policy and the CEO employment contract.
- To clarify the fixed nature of the CEO contract for the entire term of the contract, with no renegotiation or salary uplift in 2023 and 2024. There are no inflation-linked increases over the length of the contract.
- Ensure that the new CEO's contract term was to the end of 2024, with extended malus and clawback, to encourage long-term stability in leadership for the Bank.
- Ensure that the new Policy takes into account pay and conditions across the Group.

All of these requirements were built into the new Policy which we had extensively discussed with major shareholders in advance. We also made additional enhancements to the Policy in response to specific institutional investor feedback from our major shareholder liaison ahead of proposing the Policy - including that under the proposed Policy the total vesting and holding period be increased to eight years from the

beginning of the work year (an increase from six years under the previous Policy). In our feedback from major shareholders, no shareholder objected to the basis of the proposed Policy.

Following our recent outreach, to a total of approximately 50% of our investor base, a significant majority of our largest investors remain overwhelmingly supportive of our Executive Director and the Group's strategic ambitions. Shareholders recognise our Remuneration Policy appropriately aligns executive pay with performance, and highlighted the importance of the Committee's ongoing commitment to stretching performance targets and greater disclosure around the variable pay. They also emphasised the need to remain competitive in the local and regional talent market, and expect the Remuneration Committee and the Board to take the necessary measures to position the Group accordingly. One investor did request greater discussion in the Remuneration Report, where appropriate, with regard to the context of the regional recruitment market. There was also investor satisfaction that the pension of the executive director is completely aligned to the Georgian workforce.

Following our recent consultation meetings, we were very pleased with the high quality level of engagement which confirmed that, with the new Policy having been approved by shareholders in June 2022, the focus of our shareholders and proxy agencies should now be on ensuring the implementation of the new Policy.

In addition, we have set out below the actions we have taken to address shareholder concerns:

- With the new Policy having been approved, we are committed to a period of stability in our approach to executive remuneration, and confirm that our intention is for our new Policy to remain in effect for three years. We re-iterate that, notwithstanding the recent global inflationary pressures, there will be no inflation-linked increases over the length of the contract, with no renegotiation or salary uplift in 2023 or 2024.
- We remain committed to pay for performance and our long-term management and shareholder outcomes alignment, which our shareholders have supported for many years.
- We will continue to focus on setting stretching performance targets and improving the transparency and quality of disclosure in the Directors' Remuneration Report, which shareholders recognised improved significantly with recent years' inclusion of minimum and stretch targets and weightings.
- We will continue to engage regularly with shareholders and other stakeholders and commit to ensuring that we consult with major shareholders ahead of any further major regulatory change impacting our Remuneration Policy.

The Committee would like to thank shareholders for their engagement and the Board, as always, continues to be available to shareholders on such matters.