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BANK OF GEORGIA GROUP TO SEEK A PREMIUM LISTING ON THE LONDON STOCK EXCHANGE AND TO INCORPORATE A NEW HOLDING COMPANY IN THE UK

- **Move will enhance profile and broaden investor base**
- **Positions Group for FTSE Index inclusion**
- **UK equity investors to have access to Georgia, fast-growing emerging market**

JSC Bank of Georgia (“the Bank”), the leading¹ bank in Georgia today announces its intention to seek a premium listing of a new public limited liability company to be incorporated in England and Wales (the “Newco”) which it is proposed will be the holding company for the Bank of Georgia group of companies (the “Group”).

The Group intends to seek a premium listing and FTSE index inclusion, in order to increase the liquidity of its securities and broaden its investor base. These objectives are supported by the Group’s established culture of transparency and robust corporate governance.

The Group expects to make a formal tender offer to existing investors in Q4 2011 as described below. ING Bank N.V., London Branch is acting as sole financial adviser and sponsor to the Bank in connection with the proposed listing.

The Bank’s Global Depositary Receipts (GDRs) have been listed on the London Stock Exchange since 2006 and its shares have been listed in Georgia since 2000. As more fully described below (see “About Bank of Georgia”), Bank of Georgia is the leading bank in the country, where the current ratio of bank loans to GDP is approximately only 30%. The Bank’s management believe that the Bank is well positioned to continue to benefit from the potential for increasing use of financial services by Georgian customers as the country’s economy develops.

Georgia recorded preliminary real GDP growth of 6.4% in 2010 and 5.8% in Q1 2011². In addition, foreign reserves³ held by the National Bank of Georgia increased from US\$ 1.53 billion in June 2008 to US\$ 2.78 billion in June 2011⁴. The Bank’s management believes that this growth has assisted the country to emerge from the global financial crisis stronger. The IMF has commended Georgia’s macroeconomic conditions and the Government’s policies in areas such as budgetary discipline⁵. In addition, Georgia is regarded as a key regional transportation and logistics hub and a geopolitically important location for cross country trade and energy transit.

¹ Based on total assets, with a 36% market share, total gross loans, with a 36% market share and total client deposits, with a 34% market share as of 30 June 2011, all data based on standalone financial information filed by banks in Georgia with the National Bank of Georgia

² According to the National Statistics Office of Georgia

³ Defined as official reserve assets in accordance with National Bank of Georgia classification

⁴ Source: National Bank of Georgia

⁵ Source: IMF – Georgia – 2011 Article IV Consultation Mission Concluding Statement, February 22, 2011

Irakli Gilauri, CEO of Bank of Georgia, commented:

“We believe Bank of Georgia offers UK equity investors exposure to a fast-growing emerging market through a leveraged play that has demonstrated its resilience in recent years. We are well-capitalised and strongly positioned to take advantage of opportunities in the Georgian market, through our strong corporate and retail franchises and synergistic businesses with growth potential.”

Neil Janin, Chairman of the Supervisory Board of Bank of Georgia, added:

“The culture of transparency and the adherence to robust corporate governance policies strongly positions the Bank for a premium listing and the FTSE Index inclusion. This move is a natural next step for the Bank to further enhance its profile and broaden its investor base.”

Tender offer

It is envisaged that Newco will be introduced as the holding company of the Group by way of a tender offer made by Newco to the investors in the Bank for their shares in the Bank (whether held directly or in the form of GDRs) in exchange for which such investors would be offered shares (the “Newco Shares”) in the capital of Newco (the “Tender Offer”).

About Bank of Georgia

Bank of Georgia is the leading Georgian bank, based on total assets (with a 36% market share), total gross loans (with a 36% market share) and client deposits (with a 34% market share) as of 30 June 2011, all data based on standalone financial information filed by banks in Georgia with the National Bank of Georgia. The Bank offers a broad range of corporate banking, retail banking, wealth management, brokerage and insurance services to its clients. The Bank has over 140 branches and serves approximately one million retail and corporate clients.

In its latest unaudited 1H 2011 financial results, which were released on 16 August 2011, the Bank reported a Return on Average Equity (ROAE)⁶ of 22%, and recorded a year-on-year increase in Q2 2011 net income of 139%. Bank of Georgia maintains a strong capital base with a Core Tier 1 Capital Adequacy Ratio (Basel I) of over 18%. Bank of Georgia combines strong growth (CAGR of 45% of total assets since December 2004 to June 2011) with a progressive dividend policy, which it has had in place since 2010.

DISCLAIMER:

This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any transferable securities referred to in this announcement except solely on the basis of information contained in the prospectus (the “Prospectus”) and any Tender Offer documentation proposed to be published by Newco in due course in connection with the proposed Tender Offer and the admission of Newco Shares to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities (the “Admission”). Copies of the Prospectus will, following publication, be available from Newco’s registered office.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. The information in this announcement is subject to change.

⁶ ROAE equals Net Income from Continued Operations Excluding Minority Interests of the period divided by Average Total Equity Excluding Minority Interest for the same period.

The contents of this announcement, which has been prepared by and is the sole responsibility of Bank of Georgia, have been approved by ING Bank N.V., London Branch (“ING”), 60 London Wall, London, EC2M 5TQ, solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000.

ING, which is authorised and regulated in the United Kingdom by the Financial Services Authority (the “FSA”), is acting exclusively for the Bank and (when incorporated) Newco and no-one else in connection with the Admission and the Tender Offer. ING will not regard any other person (whether or not a recipient of this announcement) as a client in relation to the Admission or the Tender Offer and will not be responsible to anyone other than the Bank and (when incorporated) Newco for providing the protections afforded to clients of ING, or for providing advice in relation to the Admission, the Tender Offer or any other matters described in this announcement.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, in or into the United States or to U.S. persons, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offering of the securities will be made in the United States.

If and when made, the Tender Offer will be subject to Regulation 14E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Bank’s shares are not registered under the Exchange Act and, therefore, Newco will not file a Schedule TO. The Tender Offer will be made in respect of the shares of the Bank. The Bank’s shares are listed on the Georgian Stock Exchange and the majority of these shares are represented by GDRs listed on the London Stock Exchange and the Tender Offer will be subject to Georgian and English disclosure requirements.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Bank’s and (when incorporated) Newco’s control and all of which are based on its directors’ current beliefs and expectations about future events. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “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. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Bank’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Bank’s business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date of this announcement and cannot be relied upon as a guide to future performance.

Each of the Bank, Newco (when incorporated) and ING and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise, unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the FSA.

If and when made, the Tender Offer will only be made in the United Kingdom pursuant to the Prospectus.

The dates of the Admission and the Tender Offer may be influenced by things such as market conditions. There is no guarantee that the Admission and the Tender Offer will occur and you should not base your financial decisions on the Bank’s intentions at this stage in relation to the Admission and the Tender Offer.

This announcement is not a tender offer announcement for the purposes of Georgian law. If and when made, the Tender Offer will be made in accordance with the requirements of Georgian law.

This announcement is not an advertisement of any securities for the purposes of Georgian law.

Tbilisi, 5 September, 2011

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

Standard & Poor's	'B/B'
FitchRatings	'B+/B'
Moody's	'B1/NP' (FC) & 'Ba3/NP' (LC)

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