

JSC Bank of Georgia completes the sale of 19.99% equity interest in BNB to IFC

JSC Bank of Georgia (LSE: BGEO) (the “Bank”), Georgia’s leading universal bank announced today that IFC, a member of the World Bank Group has completed the purchase of 19.99% equity interest in Belarusky Narodny Bank (the “BNB”), the Bank’s subsidiary in the Republic of Belarus. According to the Framework Share Purchase Agreement signed by Bank of Georgia and IFC on 24 June 2010, Bank of Georgia sold 553,481,041 common shares of BNB for the consideration of BYR 24,694 million (US\$8.2 million), or BYR 44.6 per share (the “Purchase Price”). BNB’s book value prior to the capital injection by Bank of Georgia in December 2009 was BYR 55,952 million (US\$18.6 million) and stood at BYR 99,877 million (US\$33.1 million) as of 31 December 2009.

Under the terms of the Shareholders Agreement entered into with IFC, IFC has a put option on its shares exercisable from 15 January 2015 until 1 January 2017 at the price equal to the higher of i) the then-current fair market value and ii) the lower of (1) the Purchase Price and (2) two times the book value.

In addition, the Bank also announces that BNB has signed Loan Agreement with IFC in the amount of up to US\$ 5 million. The loan carries an interest rate of LIBOR + 4% per annum and has a maturity of 4.5 years repayable in six semiannual equal installments starting in June 2012.

“I am delighted that together with IFC we have completed these milestone transactions for BNB. The participation of IFC as a shareholder and lender will undoubtedly increase BNB’s competitiveness and will provide an invaluable support in the development of the bank. I would like to thank Avto Namicheishvili, Deputy CEO (Legal) for structuring this complex transaction in multiple jurisdictions as well as the teams at IFC, BNB and Bank of Georgia for the outstanding work on his deal“, commented **Irakli Gilauri**, Chief Executive Officer.

Thomas Lubeck, IFC Regional Head, Caucasus, commented: “It is the IFC’s role to promote cross-border investments and thus contribute to development of regional economic ties and support local markets and companies. We look forward to a success of this project, which will be for benefit of both Belarus and Georgia banking sectors”.

About IFC

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. IFC fosters sustainable economic growth in developing countries by supporting private sector development, mobilizing capital for private enterprise, and providing advisory and risk mitigation services to businesses and governments. IFC’s new investments totaled \$14.5 billion in fiscal 2009, helping channel capital into developing countries during the financial crisis. For more information, visit www.ifc.org

Note: BYR converted into US\$ for convenience using an exchange rate of BYR 3,014.00 per US\$1.00, being the official exchange rate as reported by the National Bank of the Republic of Belarus on 7 July 2010.

About Bank of Georgia

Bank of Georgia is the leading Georgian bank offering a broad range of corporate and investment banking, retail banking, wealth management and insurance services to its customers in Georgia, Ukraine and Belarus. Bank of Georgia is the largest bank in Georgia by assets, loans, deposits and equity, with 34.8% market share by total assets (all data according to the NBG as of 30 April 2010). The bank has 137 branches and approximately 1 million retail and more than 157,000 corporate current accounts.

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

Standard & Poor’s	‘B/B’
FitchRatings	‘B/B’
Moody’s	‘B3/NP’ (FC) & ‘Ba3/NP’ (LC)

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