

London, 4 June 2013

Bank of Georgia further cuts deposit rates

Bank of Georgia Holdings PLC (“BGH”), the holding company of JSC Bank of Georgia (“the Bank”), Georgia’s leading bank announces that the Bank has decreased interest rates on its foreign currency (predominantly US\$ denominated) and Georgian Lari (GEL) retail, corporate and wealth management term deposits, in line with the bank’s strategy and general trend across the Georgian economy. Interest rates have been reduced by up to 150 bps on one year US\$ denominated deposits. Since the year-end 2012, the interest rates on US\$ denominated deposits have been reduced by 300 bps. The contractual rate on foreign currency 12 month deposit were brought down to 5.0%, the lowest ever rate offered by a Georgian bank. Interest rates on the deposits with different maturities have been adjusted accordingly.

“We are delighted that the strength of our franchise and strong liquidity levels enable us to make further reductions on client deposits on the back of continuous deposit inflows since the year-end. As a result of active liability management we have reached a record low cost of deposits in Q1 2013 and the subsequent interest rate cuts are expected to further improve our cost of funds.

The interest rate cuts also reflect our efforts to support the de-dollarisation of our balance sheet. The reduced rates on the US\$ denominated deposits make GEL denominated deposits more attractive for our customers. At the same time, we expect de-dollarisation of the asset side of the balance sheet as we seek to capitalise on the recently introduced GEL lending programme by the National Bank of Georgia (the NBG), which involves a repo transaction with the NBG ultimately providing our clients with floating rate loans denominated in the national currency linked to the NBG’s refinancing rate,” commented *Irakli Gilauri*, Chief Executive Officer.

About Bank of Georgia Holdings PLC

Bank of Georgia Holdings PLC is a UK-incorporated holding company of Bank of Georgia. Bank of Georgia is the leading Georgian bank, based on total assets (with a 36.1% market share), total loans (with a 34.1% market share) and total deposits (with a 32.9% market share) as of 31 March 2013, 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.

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

Standard & Poor’s	‘BB-/B’
Fitch Ratings	‘BB-/B’
Moody’s	‘B1/NP’ (FC) & ‘Ba3/NP’ (LC)

For further information, please visit www.bgh.co.uk, www.bog.ge/ir or contact:

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