

REDUCTION OF CAPITAL

Bank of Georgia Holdings plc ("**BGH**") announces that the reduction of capital described in the Prospectus issued by BGH on 20 December 2011 (the "**Reduction of Capital**") has today been approved by the High Court of Justice of England and Wales (the "**Court**").

The Court Order approving the Reduction of Capital has been registered with the Registrar of Companies today and accordingly the Reduction of Capital has now become effective. The nominal value of each of the ordinary shares in the capital of BGH (the "**BGH Shares**") has been reduced from £6.00 to £0.01 and the Reduction of Capital has created distributable reserves of approximately £299.5 million for BGH.

The Reduction of Capital is a legal and accounting adjustment and is not expected to have any direct impact on the market value of the BGH Shares.

DISCLAIMER:

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of any securities, nor any solicitation of any offer to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of, any securities.

The securities of BGH referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless they are registered with the U.S. Securities and Exchange Commission or an exemption from the registration requirements of the Securities Act is available.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

About Bank of Georgia

Bank of Georgia is the leading Georgian bank, based on total assets (with a 35.6% market share), total loans (with a 34.5% market share) and client deposits (with a 35.6% market share) as of 31 December 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.

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

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

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

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