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BANK OF GEORGIA ANNOUNCES TENDER OFFER FOR ALL OUTSTANDING SHARES

- **One Bank of Georgia Holdings Plc Share offered in exchange for one existing Bank share or GDR**
- **On completion of the tender offer, Bank of Georgia Holdings Plc shares will have a premium listing on the London Stock Exchange and be eligible for FTSE index inclusion**

Bank of Georgia Holdings plc ("BGH") today announces the launch of a tender offer (the "Offer") to acquire the entire issued and to be issued share capital, including those shares represented by GDRs, of JSC Bank of Georgia (the "Bank"), the leading¹ bank in Georgia.

Under the terms of the Offer, all existing Bank securities holders are entitled to exchange their existing GDRs and/or shares on a one-for-one basis for ordinary shares in BGH (the "BGH Shares"). BGH has been incorporated in England and Wales as a public limited liability company and is intended to be the holding company for the Bank of Georgia group of companies (the "Group").

Application will be made for all of the BGH Shares to be admitted to the premium segment of the Official List of the UK Listing Authority ("UKLA") and for the BGH Shares to be admitted to trading ("Admission") on the main market of the London Stock Exchange (the "LSE").

Following Admission, the Bank intends to apply to the UKLA and the LSE for cancellation of the listing of its GDRs and may consider applying to the Georgian Stock Exchange for cancellation of the listing of its shares (the "Bank Shares") from the Georgian Stock Exchange.

The launch of the Offer follows an announcement by the Bank on 5 September 2011 that BGH would seek a premium listing on the Official List of the UKLA and FTSE Index inclusion in order to increase the liquidity of the Group's securities and broaden its investor base. A premium listing in London will also support the

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

About Bank of Georgia

Bank of Georgia is the leading Georgian bank, based on total assets (with a 36% market share), total 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.

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

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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Group's strategy of growing the business whilst maintaining profitability and asset quality. Furthermore this move is in-line with the Group's established culture of transparency and robust corporate governance.

Irakli Gilauri, CEO of Bank of Georgia, commented:

"We have been greatly encouraged by the positive response to our premium listing plans since we announced them in September. The strong level of support we have received from our shareholders is reflected in the scale of commitments already made to exchange their current holdings for the proposed premium listed shares. We believe our shareholders recognise that such a listing is appropriate and beneficial for the Bank of Georgia Group, which has a large free float and an established track record of high corporate governance standards, and will support us in presenting our strong growth story to an even wider number of UK and other international investors."

Timetable

The Offer will open for acceptance from 21 December 2011 and is expected to close at 5:00 p.m. (London time) on 24 February 2012. The deadline for holders of GDRs to accept the Offer is 5:00 p.m. (New York time)/ 10:00 p.m. (London time) on 20 February 2012. The results of the Offer are expected to be announced on or around 27 February 2012 and dealings in the BGH Shares are expected to commence at 8:00 a.m. (London time) on 28 February 2012.

Conditions of the Offer

The Offer is conditional on, among other things, valid acceptances being received (and not, where permitted, withdrawn) by no later than 5.00 p.m. (London time) on 24 February 2012 (or such later time(s) and/or date(s) as BGH may decide) in respect of not less than 80% in nominal value of the Bank Shares and of the voting rights attached to those shares (or such lower percentage as BGH may decide; provided that BGH shall have acquired or agreed to acquire Bank Shares carrying in aggregate more than 75% of the voting rights then normally exercisable at a general meeting of the Bank).

The Offer is also conditional on Admission to trading of the BGH Shares on the main market of the LSE, as well as other conditions customary for this type of offering.

If the Offer is declared wholly unconditional, it will result in the Bank becoming a subsidiary of BGH.

Undertakings Received

The Bank and BGH have received commitments to participate in the Offer in the form of irrevocable undertakings from certain major shareholders, European Bank for Reconstruction and Development ("EBRD") and International Finance Corporation ("IFC") (in connection with the Bank's convertible subordinated loans from the EBRD and IFC and as described in the announcement of the Bank made on 15 December 2011), members of the Supervisory Board and the Management Board of the Bank and management and employees of the Bank who hold, in total, 29.9% of the shares of the Bank (in share or GDR form), including Bank Shares that are expected to be issued pursuant to the conversion of the EBRD and IFC's convertible subordinated loans ("Fully-Diluted Shares").

The Bank and BGH have also received indications of intention to participate in the Offer in the form of non-binding letters of intent from investors holding, in total, 35.3% of the Bank's Fully Diluted Shares. In addition, holders of 9.7% of the Fully Diluted Shares of the Bank have expressed their interest in participating in the Offer, bringing the total to 74.9% of the Fully Diluted Shares of the Bank.

ING Bank N.V., London Branch, is acting as sole financial adviser and sponsor to BGH in connection with the proposed listing. The Bank of New York Mellon is acting as Exchange Agent for the GDRs in connection with

the Offer. Joint Stock Company BG Capital is acting as Georgian Exchange Agent for the Bank Shares in connection with the Offer.

Corporate Governance

Following Admission, the Group intends to maintain its robust corporate governance arrangements, which it has further strengthened in anticipation of the Offer and Admission. As a premium listed company, BGH will be subject to more extensive and rigorous ongoing reporting and compliance obligations than those that the Bank is currently subject to by virtue of its listing of GDRs. In particular, BGH will be required to comply with additional disclosure requirements pursuant to the Disclosure and Transparency Rules and the Listing Rules of the Financial Services Authority (the "FSA"), which the directors believe will provide investors with enhanced transparency.

Further Information

The Offer Documents and any announcements with respect to the Offer will be made available at: www.bogh.co.uk and www.bankofgeorgia.ge. For information and documentation regarding the Offer, including any required Forms of Acceptance and Certification Forms, please contact the Georgian Information Agent (in respect of Bank Shares) or the Information Agent (in respect of GDRs) at:

In respect of Bank Shares: the Georgian Information Agent

Joint Stock Company BG Capital

By post: 7 Chavchavadze Ave./11 Mosashvili Str.
0179 Tbilisi
Georgia

By telephone: +995 322 44 46 85

By email: bo@bgcap.ge

In respect of GDRs: the Information Agent

DF King Worldwide

	London	New York
By post:	One Ropemaker Street London EC2Y 9AW	48 Wall Street New York NY 10005
By telephone:	European Help Line 00 800 5464 5464 (toll free in Europe) +44 20 7920 9700	North American Help Line +1 (800) 549 6650 (toll free in North America) +1 (212) 269 5550
By email:	BoG@king-worldwide.com	BoG@king-worldwide.com

Calls to the Georgian Information Agent or Information Agent may incur additional costs, in addition to the relevant service provider's network extras. Calls to the helpline from outside Georgia or the UK or the US (as applicable) will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

For legal reasons, the helpline will only be able to provide information contained in the Offer Documents and will be unable to give advice on the merits of the Offer or as to whether or not you should accept the Offer or provide any other financial, tax, legal or investment advice.

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 Offer documentation published or to be published by BGH in due course in connection with the Offer and Admission. Copies of the Prospectus will, following publication, be available from BGH’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.

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 FSA, is acting as Sponsor and financial adviser for BGH and no-one else in connection with Admission and the Offer. ING will not regard any other person (whether or not a recipient of this announcement) as a client in relation to Admission or the Offer and will not be responsible to anyone other than BGH for providing the protections afforded to clients of ING, or for providing advice in relation to Admission, the 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.

The 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, BGH will not file a Schedule TO. The 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 LSE. The 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 BGH’s control and all of which are based on its respective 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, BGH 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.

In the United Kingdom the Offer will only be made pursuant to the Prospectus.

The date of Admission may be influenced by things such as market conditions. There is no guarantee that the Admission will occur.

Tbilisi, 20 December, 2011

This announcement is not a tender offer announcement for the purposes of Georgian law. The 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.

Neither ING, nor any of its respective directors, officers, employees, advisors or agents accepts any responsibility or liability whatsoever for/or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to BGH, the Bank or their subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith.
