BANK OF GEORGIA

Tbilisi, 2 November, 2010

JSC Bank of Georgia Announces the Extension of the Contract of the CEO and New Executive Compensation Policy

JSC Bank of Georgia (LSE: BGEO) (the "Bank"), Georgia's leading universal bank announced today that the Supervisory Board of Bank of Georgia has extended the service contract of Irakli Gilauri, Chief Executive Officer of the Bank, until August 2013 and has also completed the establishment of a new Executive Compensation Policy for the Bank's Chief Executive Officer, Deputy Chief Executive Officers ("Deputy CEOs") and certain senior executives (the "Compensation Policy"). The Compensation Policy currently applies to the top nine executives of the Bank and was adopted for the three compensation years ending in January 2013 (the "Term of the Policy").

The service contracts of the Deputy CEOs and certain senior executives that are included within the Compensation Policy (the "Executives") have already been extended through May 2013. The Compensation Policy envisages guaranteed and discretionary grants of securities. No cash bonuses will be paid to the Executives during the Term of the Policy.

Under the guaranteed securities portion of the Compensation Policy, which is independent of the Executives' performance and subject to his or her continuous employment, the Executives will be awarded in aggregate 305,000 shares and/or GDRs of the Bank (the "Guaranteed Securities") per year with respect to the 2010, 2011 and 2012 compensation years. The Guaranteed Securities will be awarded on or before 10 January 2011, 10 January 2012 and 10 January 2013, respectively. The awarded Guaranteed Securities will be subject to a four-year vesting period. During the first three years after each award, 20% of the awarded Guaranteed Securities will vest each year and 40% will vest in the fourth year after each award. The average grant price (the "Grant Price") of the Guaranteed Securities is GEL 18.41 (US$ 10.28) per share. The Guaranteed Securities will be expensed by the Bank at the Grant Price from 2010 to 2017.

Under the discretionary securities portion of the Compensation Policy, which is subject to the Executives' continuous employment, the Executives may also be awarded additional shares and/or GDRs of the Bank (the "Discretionary Securities") at the sole discretion of the Supervisory Board of the Bank during the Term of the Policy. The number of the Discretionary Securities to be awarded will be determined annually by the Supervisory Board based on the performance of the Bank and the Executive and will be announced to the Executives by the end of February of the following year. Discretionary Securities will be awarded immediately upon the completion of the annual audit for the reporting year and, subject to certain additional terms and conditions, will be subject to a two-year straight line vesting period.

As per the Bank's EGM announcement dated 2 November 2010, the Bank of Georgia securities will either be bought in the open market or new shares will be issued from the authorized share capital of the Bank. In total, up to 1.5 million shares will be allotted for the purposes of the new Compensation Policy.

"We are very pleased to have adopted a new compensation structure consistent with best practice that will apply to the compensation awarded for 2010. The main change in the current structure envisages no cash bonus

About Bank of Georgia

Bank of Georgia is the leading Georgian bank offering a broad range of corporate banking, retail banking, wealth management, brokerage and insurance services to its clients in Georgia, Ukraine and Belarus. Bank of Georgia is the largest bank in Georgia by assets, loans, deposits and equity, with 34.2% market share by total assets (all data according to the NBG as of 30 September 2010). The bank has 137 branches and more than one million retail and 171,052 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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compensation being paid to the Bank's top nine executives and, what we believe to be, a fair and performance-oriented mix of fixed and variable deferred share-based compensation" commented ***Al Breach***, member of the Supervisory Board and Compensation Committee of Bank of Georgia.

"We believe the new Executive Compensation Policy provides a good balance between competitive executive compensation and the proper medium to long-term alignment of senior management's interests with the interests of our shareholders. With the introduction of the new structure of the Bank's Executive Compensation we further strengthen our commitment to the deferred, share-based compensation instruments that we have been using for the past years", noted ***David Morrison***, Vice-Chairman of the Supervisory Board of Bank of Georgia.

"After spending more than six years with the Bank, I am delighted to sign another three-year agreement and look forward to working with our shareholders, Supervisory Board and my colleagues at the Bank. Abandoning the cash bonus compensation policy and adopting a Guaranteed Securities structure is the move in the right direction for the Bank. The new securities vesting compensation policy fully reflects management's entrepreneurial spirit and its long-term commitment towards the Bank and further aligns the medium to long-term interests of the management and the shareholders" commented ***Irakli Gilauri***, Chief Executive Officer.