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## OFFER BY BANK OF GEORGIA HOLDINGS PLC

### FREQUENTLY ASKED QUESTIONS

20 December 2011

*The questions and answers below are intended to assist the shareholders and GDR holders of JSC Bank of Georgia in understanding certain key aspects of the tender offer. They have no legal effect and do not create any legal relations or constitute investment advice. Reading the questions and answers below is no substitute for reviewing the offer documentation relating to the tender offer in full.*

- **What is the recommended tender offer?**

The recommended tender offer is an offer by the UK registered Bank of Georgia Holdings Plc ("**BGH**") to shareholders of the Georgia registered JSC Bank of Georgia (the "**Bank**") to acquire their shares in the Bank in consideration for shares in BGH (the "**BGH Shares**").

BGH has offered to acquire all of the entire issued and to be issued ordinary share capital of the Bank, including ordinary shares (the "**Bank Shares**") as well as those shares represented by global depositary receipts ("**GDRs**"), in consideration for BGH Shares (referred herein as the "**Offer**") on the following terms: for each Bank Share (whether held directly or through a GDR): 1 BGH Share.

The Supervisory Board and Management Board of the Bank have unanimously recommended that their shareholders and GDR holders (together the "**Existing Holders**") accept the Offer, as they have committed to do in respect of their own Bank Shares.

Following the Offer (assuming it is declared wholly unconditional):

- Existing Holders who participate in the Offer will receive shares in BGH;
- BGH will hold the Bank Shares in respect of which acceptances under the Offer were received; and
- BGH will be admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange.

The Offer will only complete if, subject to the satisfaction or waiver (to the extent that any such condition is capable of waiver) of the other conditions (see below), BGH receives acceptances in respect of at least 80% of the Bank Shares (or such lower percentage, being more than 75%, as determined by BGH).

If the Offer is completed, the Bank will become a subsidiary company of BGH.

- **Why is the Offer taking place?**

The Bank believes that the acquisition of the Bank by BGH pursuant to the Offer and the admission to the premium segment of the London Stock Exchange of BGH Shares (which will in turn allow BGH to become eligible for FTSE Index inclusion) will:

- enable the Bank of Georgia group to strengthen and broaden its investor base;
- increase the liquidity of its securities, the profile of the group and its exposure to a wider investor community; and
- demonstrate its commitment to the robust corporate governance arrangements according to which it operates its business.

- **Is there a cash alternative in the Offer?**

No cash alternative is being offered in the Offer.

- **Who is eligible to participate in the Offer?**

The Offer concerns all Existing Holders of the Bank.

Unless determined otherwise by BGH and permitted by applicable law and regulation, the Offer will not be capable of acceptance from or within Australia, Canada, Japan, Russia, Ukraine or any other jurisdiction where the extension or acceptance of the Offer would violate the laws of that jurisdiction.

- **What is the timetable for the Offer?**

The Offer is expected to close at 5.00 p.m. (London time) / 9.00 p.m. (Tbilisi time) / 12.00 noon (New York Time) on 24 February 2012 (the "**Expiration Time**").

Please be aware that your bank, broker and/or relevant clearing system may have an earlier deadline for receiving your instructions.

If you are a holder of Bank Shares, you must accept the Offer before the Expiration Time or an earlier date and/or time if instructed by your bank, broker and/or clearing system.

If you are a holder of GDRs, you must instruct the Exchange Agent to accept the Offer before 10.00 p.m. (London time) / 5.00 p.m. (New York Time) on 20 February 2012 / 2.00 a.m. (Tbilisi time) on 21 February 2012 (the "**GDR Expiration Time**") or an earlier date and/or time if instructed by your bank, broker and/or clearing system.

- **As a holder of Bank Shares, how do I accept the Offer?**

If you wish to exchange your Bank Shares for BGH Shares, you need to accept the Offer.

Details of how to accept the Offer are described in Part IV "Information on the Offer" and paragraph 5.2 "Acceptance by Bank Shareholders" of Part B "Further Terms of the Offer" of Part XVIII "Conditions to and Further Terms of the Offer" of the Prospectus.

In summary, if you are a registered owner of Bank Shares, to accept the Offer you should:

- open a brokerage account with the Georgian Exchange Agent (if you do not already have one) or, if you hold Bank Shares through a broker, ask your broker to open a brokerage account with the Georgian Exchange Agent;
- complete and sign a Form of Acceptance appended to the Prospectus and send it to the Georgian Exchange Agent or make the acceptance orally to the designated representative of the Georgian Exchange Agent or, if you hold Bank Shares through a broker, instruct your broker to submit a completed Form of Acceptance or oral acceptance to the Georgian Exchange Agent;
- complete and sign a Certification Form appended to the Prospectus and send it to the Georgian Exchange Agent or, if you hold Bank Shares through a broker, instruct your broker to submit a completed Certification Form to the Georgian Exchange Agent;
- complete and sign an instruction form provided by the Georgian Exchange Agent with respect to the transfer of Bank Shares and the delivery of shares in BGH and send it to the Georgian Exchange Agent or, if you hold Bank Shares through a broker, instruct your broker to submit a completed instruction form to the Georgian Exchange Agent; and

- transfer the Bank Shares that you are tendering for acceptance to your nominee or broker's account with the Georgian Exchange Agent or, if you hold Bank Shares through a broker, instruct your broker to withdraw the Bank Shares from their account and transfer such Bank Shares to your nominee or broker's account with the Georgian Exchange Agent;

in each case to be completed or received by the Georgian Exchange Agent before the Expiration Time.

- **As a holder of GDRs, how do I give an instruction to accept the Offer?**

If you wish to exchange your GDRs for BGH Shares, you need to submit an instruction to the Exchange Agent to accept the Offer.

Details of how to submit an instruction to accept the Offer are described in Part IV "Information on the Offer" and paragraphs 5.3 "Acceptance by Regulation S GDR Holders" and 5.4 "Acceptance by Rule 144A GDR Holders" of Part B "Further Terms of the Offer" of Part XVIII "Conditions to and Further Terms of the Offer" of the Prospectus.

In summary, if you are a DTC participant and hold GDRs through DTC, to give an instruction to the Exchange Agent to accept the Offer in respect of all or a portion of your GDRs you should:

- transmit your instruction through DTC's ATOP as soon as possible and at the very latest by the cut-off date and time set by DTC, which will be earlier than the GDR Expiration Time. If you hold GDRs through a bank, broker or other securities intermediary, you should contact your securities intermediary and instruct them to accept the offer and determine the cut-off date and time that is applicable to you; and
- complete, sign and return to the Exchange Agent a Certification Form and a Delivery Instruction Notice to be received by the Exchange Agent before the GDR Expiration Time.

In summary, if you are a Clearstream or Euroclear participant and hold GDRs through Clearstream or Euroclear, to give an instruction to the Exchange Agent to accept the Offer in respect of all or a portion of your GDRs you should:

- transmit your electronic instruction to Clearstream or Euroclear (as applicable) in the manner specified by that clearing system as soon as possible and at the very latest by the cut-off date and time set by that clearing system, which will be earlier than the GDR Expiration Time. Clearstream and Euroclear will each establish its own cut-off date and time for the submission of instructions by GDR holders wishing to participate in the Offer. Further, Clearstream and Euroclear participants may set their own earlier cut-off dates and times for customers to give instructions to accept the Offer. If you hold GDRs through a bank, broker or other securities intermediary, you should contact your securities intermediary and instruct them to accept the offer and determine the cut-off date and time that is applicable to you; and
- complete, sign but not return (unless expressly requested to do so by the relevant clearing system, the Exchange Agent or BGH) the Certification Form.

In order to effect your acceptance instructions the Exchange Agent will instruct the registered owner of the Bank Shares underlying your GDRs (being the Custodian for the Depositary as issuer of your GDRs) to accept the Offer before the Expiration Time in a similar manner to all other holders of Bank Shares and as described above.

- **Have any Existing Holders accepted the Offer?**

The Bank has received from certain Existing Holders commitments to participate in the Offer in the form of irrevocable undertakings, indications of intention to participate in the Offer in the form of non-binding letters of intent, and expressions of interest to participate in the Offer, together representing in aggregate approximately 74.9% of the share capital of the Bank (including Bank Shares expected to be issued on the conversion of certain convertible subordinated loans).

- **What are the conditions to completion of the Offer?**

Further details of the other conditions to completion of the Offer are described in Part XVII "Conditions to and Further Terms of the Offer" of the Prospectus. The conditions to completion of the Offer include (amongst others):

- the 80% acceptance condition (or such lower percentage as BGH may decide if BGH acquires or agrees to acquire more than 75% of the voting rights of the Bank Shares);
- the BGH Shares (including the BGH Shares to be delivered pursuant to the Offer) being admitted to the premium listing segment of the Official List and being admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**");
- compliance with all statutory and regulatory obligations and the obtaining of all necessary authorisations in any relevant jurisdictions; and
- governmental and regulatory approvals in relation to the Offer, including without limitation, the approval by the National Bank of Georgia of the acquisition by BGH of more than 50% of the share capital of the Bank having been received and remaining in full force and effect.

BGH may waive, in whole or in part, any of the above conditions (to the extent that such conditions are capable of waiver).

- **How much will my exchange of Bank Shares cost?**

There are no specific costs payable in relation to the exchange of your Bank Shares for BGH Shares. However, the registrars and/or individual brokers may charge you for the exchange in accordance with their tariffs. For further information you should consult your broker or financial adviser.

- **How much will my exchange of GDRs cost?**

If GDR holders exchange their GDRs for shares in BGH pursuant to the Offer, such holders will not be required to pay the cancellation fee of US\$0.05 per GDR ordinarily payable under the deposit agreement by a GDR holder who surrenders its GDRs and requests delivery to it of the Bank Shares underlying its GDRs as the Bank has agreed to pay the cancellation fee on their behalf.

However, the registrars and/or individual brokers may charge you for the exchange in accordance with their tariffs. For further information you should consult your broker or financial adviser.

- **If I accept the Offer or instruct the acceptance of the Offer, when will I receive my BGH Shares?**

On the date of Admission of BGH Shares to the Official List and trading on the London Stock Exchange if you are receiving BGH Shares in uncertificated form. Based on the current expected timetable, settlement of the Offer and Admission is expected to occur on 28 February 2012. If you elect to receive BGH Shares in certificated form, you will receive the BGH Shares up to 14 days after such date.

- **As a holder of Bank Shares, if I accept the Offer, can I change my mind?**

Yes, you may revoke your acceptance of the Offer, in whole or in part, at any time until the Expiration Time by sending a signed written notice indicating your revocation of acceptance of the Offer by fax, post or hand (during normal business hours) to the Georgian Exchange Agent. Your written notice must be received by the Georgian Exchange Agent before the Expiration Time.

Please be aware that your bank, broker and/or relevant clearing system may have an earlier deadline to receive your notice for forwarding to the Georgian Exchange Agent.

- **As a holder of GDRs, if I give an instruction to accept the Offer, can I change my mind?**

Yes, you may revoke your instruction to accept the Offer, in whole or in part, at any time until the GDR Expiration Time by sending a notice indicating your revocation of your instruction to the Exchange Agent to accept the Offer through DTC, Euroclear or Clearstream, as the case may be, in accordance with the policies and procedures of the relevant clearing system. Your notice must be received by the GDR Expiration Time.

Please be aware that your bank, broker and/or relevant clearing system may have an earlier deadline to receive your notice.

- **What will happen if I do not accept the Offer or do not submit an instruction to accept the Offer?**

If you do not accept the Offer or do not submit an instruction to accept the Offer, you will not be issued with BGH Shares and you will continue to hold your Bank Shares and/or GDRs (as applicable).

The GDRs will initially continue to be traded on the London Stock Exchange. However, if the Offer is declared wholly unconditional and sufficient acceptances under the Offer are received and/or sufficient Bank Shares (including those Bank Shares represented by GDRs) are otherwise acquired, the Bank intends to apply for the cancellation of the listing of the GDRs on the Official List and for the cancellation of trading of the GDRs on the London Stock Exchange. Immediately upon such delisting of the GDRs the GDR programme will be terminated. Any remaining GDR holders would then receive the relevant number of Bank Shares in exchange for their GDRs.

If the BGH Shares are successfully admitted to the Official List and admitted to trading on the London Stock Exchange, the Bank may consider applying to the Georgian Stock Exchange to cancel the Georgian listing of the Bank Shares. In such circumstances, holders of Bank Shares who have not accepted the Offer would be left with an unlisted security.

**Settlement of the Offer will lead to reduced liquidity in, and market value of, the untendered Bank Shares and GDRs. Delisting will reduce significantly the liquidity and marketability of any GDRs in respect of which the Offer has not been accepted. Additionally, it is anticipated that holders of Bank Shares who do not validly accept the Offer will hold Bank Shares for which there may be no listing and, accordingly, the liquidity and marketability of such shares is likely to be significantly and adversely affected.**

**If the deposit agreement relating to the GDRs is terminated, the Depositary will give notice to the holders of GDRs that cancellation of the facility will occur. If a holder of GDRs surrenders its GDRs and requests delivery of the Bank Shares underlying its GDRs, the relevant GDRs will be cancelled and the Bank Shares delivered to such holder. If a holder of GDRs does not request delivery to it of the Bank Shares underlying its GDRs within the time specified by the deposit agreement, such Bank Shares will be sold on behalf of the GDR holder by the Depositary and the net proceeds of sale remitted to the relevant GDR holder upon surrender of its GDRs.**

- **Where can I find more information on the Offer?**

At the following websites: [www.bogh.co.uk](http://www.bogh.co.uk) and [www.bankofgeorgia.ge](http://www.bankofgeorgia.ge).

Questions and requests for assistance in connection with the Offer (and the relevant acceptance procedures in connection thereto) may be directed to the Georgian Information Agent (with respect to Bank Shares) and the Information Agent (with respect to GDRs) using the following contact details:

In respect of Bank Shares, the Georgian Information Agent:

**Joint Stock Company BG Capital**

By post: 7 Chavchavadze Ave.  
0179 Tbilisi  
Georgia

By telephone: +995 322 44 46 85  
By email: [bo@bgcap.ge](mailto:bo@bgcap.ge)

In respect of GDRs, the Information Agent:

**DF King Worldwide**

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

Calls to the Georgian Information Agent or Information Agent shall not incur any additional costs, other than 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 Tender 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.

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