



JSC Bank of Georgia announces management bonuses for 2010 performance

JSC Bank of Georgia (LSE: BGEO) (the “Bank”), Georgia’s leading universal bank announced today the management bonuses in respect to the performance of the financial year ended 31 December 2010. The top nine senior executives of the Bank, including Chief Executive Officer, Deputy Chief Executive Officers and certain senior executives (the “Executives”), will be awarded an aggregate of 142,000 nil cost options of Bank of Georgia ordinary shares in the form of GDRs (the “Options”). Of these 142,000 Options, 20,000 are being awarded to CEO Irakli Gilauri. The Options were approved by the Supervisory Board on 22 February 2010.

The Options were granted under the discretionary portion of the Bank’s Executive Compensation Policy, announced in 2010, which provides for fixed salaries that include a cash and guaranteed long-vesting share component, and bonuses comprised of discretionary grants of nil cost options. The current Compensation Policy covers the period through 2012 and the Bank does not intend to pay cash bonus compensation to any of the Executives during this period. The discretionary securities portion of the Compensation Policy is subject to the Executives’ continuous employment and a two-year straight line vesting period. The first tranche of the Options will vest on 1 January 2012 and the second tranche will vest 1 January 2013.

As per the Bank’s EGM announcement dated 2 November 2010, the Bank of Georgia securities issued under its Compensation Policy 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 over its 3-year span (in both discretionary and non-discretionary grants).

“I would like to congratulate my colleagues for the superb performance in 2010. The new share-based compensation structure was put in place last year to ensure continuous excellent performance of the management over the medium to long-term period. The discretionary award not only serves as recognition of the tremendous work by each of the executives during the year, but also represents the best motivator going forward”, commented *Irakli Gilauri*, Chief Executive Officer

“The move to a predominantly share-based compensation structure, including abandoning cash bonuses, for our top executives ensures the proper alignment of management’s and shareholders’ interests over the medium to long term. The Bank’s Supervisory Board believes that the new compensation policy is fair and performance oriented, and that this year’s awards reflect the outstanding commitment of the management and I would like to congratulate them on a very strong year”, noted *Al Breach*, Chairman of the Supervisory Board’s Remuneration Committee.

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 36% market share by total assets (all data according to the NBG as of 31 December 2010). The bank has 142 branches and more than one million retail and 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	‘B1/NP’ (FC) & ‘Ba3/NP’ (LC)

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