



JSC Bank of Georgia cuts deposit rates and considers different wholesale funding options

JSC Bank of Georgia (LSE: BGEO GSE: GEB), Georgia's leading universal bank, announced today that it has decreased interest rates on both foreign and Georgian Lari (GEL) retail, wealth management and corporate term deposits, in line with trends across the Georgian economy. Interest rates on the Bank's foreign currency retail and corporate client deposits with different maturities have been reduced by 1.0 – 1.50 per cent.

“Our strategy of funding our loan book through deposits is continuing to prove highly effective and interest rate cuts are expected to further decrease our cost of funding. The strong deposit growth achieved in 2010 is continuing in 2011 and I am happy to report that after increasing our market share in client deposits by 3.9% in 2010 we added a further 2.4% market share in the first half of 2011. This means that as of June 2011 our market share in client deposits reached 34.6%, according to data from the National Bank of Georgia, reinforcing our market leadership. Strong deposit growth supported more than 10% year-to-date loan book growth in the first half of 2011 in Georgia.

Building on the Bank's success and decreasing the cost of our deposit funding, we have reviewed our overall financing mix and intend to explore a variety of different wholesale funding alternatives in the second half of 2011, primarily for liability management purposes. To explore possible funding alternatives in the international bond capital markets, the Bank recently appointed two international investment banks, while the Bank will also consider different bilateral loan alternatives from certain international development institutions. Any new borrowing would be expected to lower the Bank's overall cost of wholesale funding and on this basis, we will be well positioned to take full advantage of the opportunities presented by the growing economy in Georgia,” commented **Irakli Gilauri**, Chief Executive Officer.

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. 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 30 June 2011). The bank has 143 branches and more than 1.2 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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