

Bank of Georgia announces the adoption of 2013-2016 Executive Compensation Policy; The extension of contracts of Deputy CEOs and management reshuffle

Bank of Georgia Holdings PLC (“**BGH**”) announces that the Board of Directors of BGH and Supervisory Board of JSC Bank of Georgia (the “**Bank**”) have extended the contracts of six Deputy Chief Executive Officers of the Bank and the CEO of Aldagi BCI for a further 2.5 to 3.5 year period starting from 1 May 2013. BGH also announces the adoption of a compensation policy for certain executives of the Bank and its subsidiaries as well as other persons who may join the Bank and be eligible by the resolution of the Supervisory Board of the Bank (the “**Compensation Policy**”) for the three year period ending in January 2016 (“**Term of the Policy**”).

BGH also reports the Bank’s executive management reshuffle that will see Archil Gachechiladze, currently Deputy CEO, Corporate Banking replace Vasil Revishvili, currently Deputy CEO, Asset and Wealth Management, whose contract shall not be extended after its expiration in May 2013. Sul Khan Gvalia, currently Deputy CEO, Risk will become Deputy CEO, Corporate Banking. The new appointments will become effective on 1 May 2013. The Bank will be announcing a search for a new Chief Risk Officer. In addition, the Bank announces that Thea Jokhadze, Head of Funding will be leaving the Bank on 20 March 2013, after which the funding functions of the Bank will be undertaken by Macca Ekizashvili, Head of Investor Relations and Funding.

In line with the changes above, the Compensation Policy, as of the date of its adoption, applies to the Chief Executive Officer and Deputy Chief Executive Officers of JSC Bank of Georgia and the CEO of Aldagi BCI, subject to their continuous service with BGH and/or other companies of BGH group (“**the Executives**”).

In May 2013, the Compensation Policy will replace the existing Senior Executive Equity Compensation Policy which has been in place since November 2010. The terms and conditions of the Compensation Policy have remained largely unchanged and are described below.

The Compensation Policy includes a fixed component including a portion payable in cash in the form of salary and a portion payable in long term deferred grants of BGH shares. Under the long-term deferred securities portion of the Compensation Policy, the eligible Executives are awarded, independent of the Executive’s performance but subject to their continuous employment, in aggregate 280,000 BGH shares (the “**Long Term Deferred Securities**”) per year with respect to the 2013, 2014 and 2015 compensation years. The Long-Term Deferred Securities will be awarded in January 2014, January 2015 and January 2016, respectively. The awarded Long Term Deferred Securities will be subject to a four-year vesting period. During the first three years after each award, 20% of the awarded Long Term Deferred Securities will vest each year and 40% will vest in the fourth year after each award.

The Compensation Policy also envisages the discretionary grants of securities. Under the discretionary securities portion of the Compensation Policy, subject to the Executives’ continuous employment, the Executives may also be awarded additional shares of BGH (the “**Discretionary Securities**”) at the sole

About Bank of Georgia Holdings plc

Bank of Georgia Holdings plc is a UK-incorporated holding company of Bank of Georgia. Bank of Georgia is the leading Georgian bank, based on total assets (with a 36.7% market share), total loans (with a 35.4% market share) and total deposits (with a 31.8% market share) as of 31 December 2012, 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.bogh.co.uk, www.bog.ge/ir or contact:

Irakli Gilauri

Chief Executive Officer
+995 322 444 109
igilauri@bog.ge

Macca Ekizashvili

Head of Investor Relations
+995 322 444 256
ir@bog.ge

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 relevant 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.

No annual cash bonuses will be paid to Executives during the Term of the Policy, except that the Compensation Policy envisages cash payments in lieu of the dividends waived in related to the awarded and unvested shares held in trust. Such cash payments will accrue with respect to awarded but unvested shares from the respective dividend payment dates and will be paid to the relevant executive upon the vesting of the relevant awards.

“We are very pleased to have adopted the compensation policy which sets a long-term incentive plan for the top executives of the Bank, facilitates further their motivation, contributing to the overall development of the Bank.” commented *Al Breach*, member of the Supervisory Board and Chairman of Remuneration Committee of Bank of Georgia and BGH.

“With the executive management team reshuffle, we believe, we are putting in place the best management structure to build on past experience and achievements to ensure the continuing success of Bank of Georgia. Our corporate bank is the country’s largest corporate lender and our trade finance business captures approximately half of the Georgian trade finance market. Having led the Bank’s corporate bank for three and half years, Archil is now entrusted with the development of our asset management business, which we consider one of our main strategic priorities. Sulkhan’s eight years experience as a Chief Risk Officer at the Bank and his comprehensive knowledge and understanding of Georgia’s corporate universe makes him the right candidate to lead our corporate banking business. I look forward to working with both Sulkhan and Archil in their new capacities,” commented *Irakli Gilauri*, Chief Executive Officer.