

### *JSC Bank of Georgia provides strategy implementation update*

JSC Bank of Georgia (LSE: BGEO) (the “Bank”), Georgia’s leading universal bank today provided an update on the implementation of the Bank’s strategy outlined in the Strategy Update Presentation released by the Bank on 31 October 2008.

In line with the Bank’s cost control effort, which was highlighted as one of Bank’s strategic priorities for 2009, on 26 December 2008 the Bank completed the reorganization of its banking business in Georgia. The reorganization mainly involved retail business lines most impacted by the decline in lending volumes due to the economic slowdown and had no impact on the Bank’s international operations and non-banking subsidiaries.

Point-of-Sale (POS) lending and mobile sales units were closed. General consumer and mortgage lending units were merged and downsized. Significant downsizing also took place in the micro finance and SME businesses and relevant support units. As the result of the reorganization the Bank’s headcount was reduced by 830 FTEs, resulting in an expected annual cost saving of approximately GEL12.6 million.

“Downsizing staff is never easy. However, we had to adjust our business to the new market realities.

Going forward our retail business will increasingly focus on our credit card offering, which will serve as substitute for POS and some general consumer lending products. The board believes that the exclusive partnership agreement for credit card acquiring and issuing signed by the Bank with American Express earlier this month will be particularly important for development of our credit card business.

The priorities for our retail business in Georgia for 2009 also include further improving our customer service, upgrading our service centers to Bank of Georgia’s new design prepared by Allen International, as well as improving the efficiency of our IT systems,” commented **Nicholas Enukidze**, Chairman of the Supervisory Board.

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#### **About Bank of Georgia**

Bank of Georgia, the leading universal Georgian bank with operations in Georgia and Ukraine, is the largest bank by assets, loans, deposits and equity in Georgia, with 33% market share by total assets (all data according to the NBG as of 30 September, 2008). The bank has 140 branches and over 904,000 retail and more than 133,000 corporate current accounts. The bank offers a full range of retail banking and corporate and investment banking services to its customers across Georgia. The bank also provides corporate and retail insurance products through its wholly-owned subsidiary, Aldagi BCI, as well as asset & wealth management services

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) & ‘Ba1/NP’ (LC),

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