



Bank Of Georgia Announces An Unsolicited Approach To Some of Its Core Shareholders, Intention To Explore Strategic Alternatives

JSC Bank of Georgia (GSE:GEB), a leading Georgian universal bank, announced today that some of its key shareholders have received an unsolicited offer, made by an unnamed potential strategic buyer, to purchase their shares at GEL 6.45 per share. The offer was made without prior knowledge or recommendation of the Supervisory Board of the bank and does not, at present, appear to be open to all of the Bank of Georgia shareholders.

Lado Gurgenidze, Chief Executive Officer, commented “when the new management team embarked in October 2004 on the aggressive growth path with a view to achieving exit through a trade sale by 2007, we allowed for a possibility of an earlier approach by an interested party. In many ways, the offer received by some of our key shareholders is a testimony to the progress we have made in a short period of time in restructuring the bank. However, while we remain at all times open to a reasonable offer by any credible party, including our competitors, an offer made to a selected few runs against our philosophy of maximizing shareholder value for the benefit of all shareholders.

As we look into the medium-term future, we are cognizant of the many risks typical for the emerging market environment in which we operate, but remain nonetheless optimistic about our profitability and growth prospects. We have been exit-driven since the start of our project and, consequently, have refined our governance and management systems to make them largely bilingual and transparent. Additionally, we have nearly completed the cleanup of our loan portfolio and strengthened dramatically the credit process. These factors make a due diligence review of Bank of Georgia by any potential buyer a relatively easy and straightforward task. Based on the above factors, we would not consider an offer at GEL 6.45 per share, or approximately 1.48 times our fully diluted book value per share, attractive, even if it were extended to all shareholders. GEL 6.45 per share entails just a 7% premium over the market price of our stock of GEL 6.05 per share as of the end of the last trading session on February 10, 2005. We believe that a premium in excess of this amount would be appropriate under the circumstances.”

Victor Gelovani, Chairman of the Supervisory Board, stated “having carefully considered its options, the Supervisory Board cannot recommend to any of the bank’s shareholders that they accept the offer in its current form. In the event that some of the shareholders that were approached do indeed sell their shares, the bank may be robbed of any room for strategic maneuver, including major initiatives and potential acquisitions, as the interested party may obtain the blocking minority of the currently outstanding shares. The Supervisory Board has therefore resolved to take aggressive defensive action. The Supervisory Board is in the process of selecting a financial advisor with a view to exploring strategic alternatives. The Supervisory Board will also consider whether to accelerate the planned common share issuance. We are fortunate to have a CEO with 10 years of investment banking experience and, with the right advice and support, are confident that no feasible strategic alternative will be left unexplored.”

About Bank of Georgia

Bank of Georgia is a leading Georgian universal bank, with an approximately 16.5 % market share in loans and 21.9 % market share in deposits. The bank markets and distributes a wide spectrum of retail products through its extensive branch network, and offers a full range of commercial banking and investment banking (through its affiliate, Galt & Taggart Securities) services to corporate clients. As at December 31, 2004, the bank had GEL 322.2 million in assets.

For more information, please contact:

Lado Gurgenidze, Chief Executive Officer

+995 32 444 103

lgurgenidze@bog.ge

Irakli Gilauri, Chief Financial Officer

+995 32 444 111

igilauri@bog.ge

Macca Ekizashvili, Head of Investor Relations

+995 32 444 256

ir@bog.ge

Or visit our investor relations page at www.bog.ge/ir

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