

Bank of Georgia Announces The Addition Of New Institutional Shareholders

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, announced today about the addition of new institutional investors to its shareholder base. Bank Austria Creditanstalt purchased 2,042,349 common shares of the bank, sold by the EBRD and certain other investors, and has issued Call Warrants against them. Bank of Georgia Call Warrants, structured by CA IB equity brokerage and investment banking unit of Bank Austria Creditanstalt, have been listed on the Vienna Stock Exchange (the *Dritter Markt* segment) since September 2005. Galt & Taggart Securities, the wholly-owned investment banking subsidiary of Bank of Georgia, acted as local broker on this transaction. Bank Austria Creditanstalt currently owns, on behalf of its institutional clients, 22.9% of the bank's common shares, pursuant to the permission of the National Bank of Georgia to increase its ownership to 25%, granted in November 2005.

The Call Warrants have been purchased by a number of CA IB's institutional clients seeking to gain equity exposure to Bank of Georgia, including such prominent investors as Julius Baer Investment Mgmt., Inc (USA), Farallon Capital Mgmt., LLC (USA), Griffin Capital Management Limited (UK), RAB Capital PLC (UK), Danske Capital Finland Ltd, Danske Bank A/S, Denmark, and Noonday Global Management Ltd (UK), among others. DWS Russia EM Europe Equity Fund has also purchased The Call Warrants, increasing its exposure to Bank of Georgia. In a separate trade at the same trading session on May 2, 2006, East Capital Financial Institutions Fund II AB has purchased 385,000 common shares of Bank of Georgia, with Galt & Taggart Securities acting as broker.

In total, 2,427,349 common shares of Bank of Georgia worth GEL 30.6 million (US\$ 16.9 million) were traded on the GSE on May 2, 2006, at the weighted average price of GEL 12.62 per share.

“We appreciate the support the bank has received from the EBRD over the last six years, and are pleased that this has proven to be a successful investment for the EBRD, with the IRR, according to our calculations, exceeding 40%. The EBRD has exited the bank at the time of high and increasing institutional interest in Bank of Georgia, and we are proud to have gained so many prominent new shareholders. CA IB is to be congratulated on the successful distribution of the shares, and we appreciate the flexibility of these investors, who may have been understandably disappointed in getting share allocations (in some cases) several times smaller than their bids. The diversified shareholder base of our bank, comprising now approximately 24 institutional investors, is unique for a CIS bank and is a source of our strength. We are especially gratified that our long-standing shareholders, such as East Capital and DWS, have increased their respective stakes”, commented **Lado Gurgenidze**, Chairman of the Supervisory Board.

“The new shareholders have joined at an exciting time for the Bank of Georgia group. The bank has entered a high growth phase domestically, with asset growth of 32% in Q1 2006, significantly outpacing the growth of the Georgian banking sector, whose assets grew by a mere 14% in the same period. With the recent changes and enhancements of the group management, our planned international expansion, led by Lado Gurgenidze, is now entering the execution phase”, stated **Irakli Gilauri**, Chief Executive Officer.

About Bank of Georgia

Bank of Georgia is a leading Georgian universal bank. 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 services to corporate clients. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, offers a wide range of corporate and retail insurance products (through its newly launched *Chemebi* retail brand). As at April 30, 2006, the bank had GEL 624.7 million in assets and GEL 100.7 million in equity. In 2005, the bank earned net income of GEL 13.6 million. The bank has a B-/Stable outlook from FitchRatings and B3/NP and Baa3/P-3 local currency ratings from Moody's with Stable outlook.

For more information, please contact:

Lado Gurgenidze, Chairman of the Supervisory Board

Irakli Gilauri, Chief Executive Officer

Macca Ekizashvili, Head of Investor Relations

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

+995 32 444 103

+995 32 444 109

+995 32 444 256

lgurgenidze@bog.ge

igilauri@bog.ge

ir@bog.ge

This news report is presented for general informational purposes only and should not be construed either as an offer to sell or the solicitation of an offer to buy any securities. Certain statements in this news report are forward-looking statements and, as such, are based on the management's current expectations and are subject to uncertainty and change in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors.