



***JSC Bank of Georgia Receives A US\$25 Million Convertible Subordinated Loan From
A Fund Advised By HBK Investments L.P.***

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, announced today that it has entered into a US\$25 million ten-year convertible subordinated loan facility agreement (the “Loan”) with a fund advised by HBK Investments L.P. (“HBK”), one of the leading hedge fund managers in the world.

The Loan, which has been fully disbursed, has the annual interest rate of 4% (four percent). HBK has an option to convert the Convertible Loan into shares of Bank of Georgia over two years from the date of the disbursement at a 20% premium to a future event-driven reference market price. If the conversion option is not exercised, the interest rate on the Loan will step up in two years to a spread over a reference rate. Bank of Georgia has an option to prepay the Loan at the expiration of the conversion period and on the fifth anniversary of the disbursement date.

“We continue building our Tier II capital base with this important transaction, which is the first ever convertible subordinated loan obtained by a Georgian bank. We are pleased that the loan, in which several parties expressed interest, was obtained from HBK, one of the oldest institutional clients of Galt & Taggart Securities”, commented **Lado Gurgenzidze**, Chairman of the Supervisory Board.

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, and the bank and its subsidiaries offer asset and wealth management services. As at September 30, 2006, the bank had GEL 849.6 million in assets and GEL135.7 million in equity. In 1H 2006, the bank earned consolidated net income of GEL 11.0 million. The bank has a B-/B with Positive outlook from FitchRatings, B3/NP (FC), Baa3/P-3 (LC) ratings with Stable outlook from Moody's and B+/B with Stable outlook from Standard & Poor's.

For more information, please contact:

Lado Gurgenzidze, Chairman of the Supervisory Board
Irakli Gilauri, Chief Executive Officer
Irakli Burdiladze, Chief Financial Officer
Macca Ekizashvili, Head of Investor Relations
Thea Jokhadze, Head of Funding

+995 32 444 103
+995 32 444 109
+995 32 444 111
+995 32 444 256
+995 32 444 192

lgurgenzidze@bog.ge
igilauri@bog.ge
iburdiladze@bog.ge
ir@bog.ge
tjokhadze@bog.ge

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

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The financial information as of and for the nine months ended 30 September 2006 is unaudited and reflects the best estimates of management. The Bank's actual results may differ significantly from the amounts reflected herein as a result of various factors. The Bank's results for an interim period are not necessarily indicative of what its results will be for the full year.