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Tbilisi, December 21, 2006

FOR IMMEDIATE RELEASE

Bank of Georgia Announces Acquisition Of Aldagi By Its Wholly-Owned Insurance Subsidiary BCI

Tbilisi, Georgia – 21 December, 2006 – JSC Bank of Georgia (LSE: BGEO; GSE: GEB), a leading universal bank in Georgia, announced today that BCI, its wholly-owned insurance subsidiary, has acquired a 100% equity interest in Aldagi, a leading insurance company in Georgia. The consideration was GEL13.2 million (US\$7.6 million¹), of which GEL2.2 million (US\$1.3 million¹) is payable after 12 months, subject to holdback provisions.

Aldagi is the leading insurance company in Georgia by Gross Premiums Written (“GPW”), with a 23% market share as at September 30 2006, according to information published by State Insurance Supervision Service of Georgia. As a result of this transaction, BCI’s pro forma market share in Georgia exceeds 40%. The overall size of the Georgian insurance (life and non-life) market measured by GPW, is estimated at approximately GEL68.5 million (US\$39.5 million¹) based on the annualized aggregate GPW of GEL51.4 million (US\$29.6 million¹) for the nine months ended 30 September 2006. Both BCI and Aldagi, which is expected to be merged into BCI by June 2007, are licensed to carry out life and non-life insurance activities.

Lado Gurgenidze, Chairman of the Supervisory Board of Bank of Georgia, commented, “I am delighted that the BCI team under Irakli Gilauri’s leadership, has completed the acquisition of Aldagi, thereby creating the market leader in the Georgian insurance market. Given the current penetration rate estimated at approximately 0.5%² of GDP, the insurance sector in Georgia is poised for rapid growth over the next few years. The acquisition price of Aldagi of GEL13.2 million (US\$7.6 million¹) results in P/GPW ratio of 0.94, and is significantly lower than the asking multiples for similar companies in Ukraine and elsewhere in the CIS. Based on our track record of the timely and successful integration of our previous acquisitions, in both banking and insurance sectors, I have full confidence in our team’s ability to realize material financial and operational synergies in the forthcoming integration of Aldagi”.

¹ GEL/US\$=1.736

² As of year-end 2005

About Bank of Georgia

Bank of Georgia, a leading universal Georgian bank, is the largest bank by total assets, gross loans and total equity in the country. The bank has 98 branches and over 380,000 retail clients. The bank offers a full range of retail banking and corporate and investment banking services to its customers across Georgia. The bank also provides a wide range of corporate and retail insurance products through its wholly-owned subsidiary, BCI, as well as asset & wealth management services.

Bank of Georgia has ‘B+/B’ rating with a stable outlook from Standard & Poor’s; ‘B3/NP’ (FC) and ‘Baa3/P-3’ (LC) ratings with a stable outlook from Moody’s; and a ‘B-/B’ credit rating with a positive outlook from FitchRatings.

For further information, please visit www.bog.ge/ir or contact:

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