



Tbilisi, April 8, 2005  
For Immediate Release

---

***Bank of Georgia and ARCI Jointly Announce The Intent To Issue Loan Participation Notes***

JSC Bank of Georgia (GSE:GEB), a leading Georgian universal bank and ARCI, a leading Georgian real estate developer, announced today that Bank of Georgia and Galt & Taggart Securities, its investment banking subsidiary, have been retained by ARCI for the intended issuance of US\$-denominated Loan Participation Notes (LPN), the first-ever issuance of such sophisticated instruments in Georgia.

Net proceeds from the LPN issue (expected to be approximately US\$800,000) will be on-lent by Bank of Georgia to ARCI to fund the construction of a new residential development in central Tbilisi. The full-recourse LPNs, which will be issued by Bank of Georgia, will have the maturity of 24 months and are expected to yield 11%-13% on an annual basis. As such, the LPNs will provide to the investor community an attractive alternative to the Treasuries and bank deposits, while having a risk profile essentially identical to that of a long-term deposit at Bank of Georgia.

“We are delighted to have been retained by ARCI for assistance with such a ground-breaking fixed income instrument. The experience Galt & Taggart will bring from acting as placement agent on this transaction will add nicely to the corporate finance franchise and brokerage the firm has built since its inception in 2000. We have the creative talent and balance sheet to assist other growth companies in Georgia in accessing the capital markets through full-recourse LPN issuance. As the market develops, I am certain that we will see limited-recourse LPNs as well. With the Treasuries now yielding no more than 13%-14% percent in Lari, we look forward to pioneering the development of the corporate fixed income market in Georgia. It is not coincidental that our incoming Head of Asset & Wealth Management has fixed-income background, having worked at the Emerging Markets Trading and Mortgage Trading Finance desks at Credit Suisse First Boston in London and New York, respectively”, commented **Lado Gurgenidze**, Chief Executive Officer of Bank of Georgia.

“We look forward to diversifying our funding sources through this ground-breaking transaction and are pleased that we will be able to give investors an opportunity to get exposure to Georgia’s rapidly growing real estate sector”, stated **Tornike Abuladze**, Executive Director of ARCI.

---

**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 March 31, 2005, the bank had GEL 337.0 million in assets.

---

**About ARCI**

ARCI, established 15 years ago, is a leading real estate developer in Georgia, focusing on the development of entire districts in Tbilisi, rather than standalone residential projects.

---

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](http://www.bog.ge/ir)

---

*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.*