

Tbilisi, September 20, 2005



## Bank of Georgia Announces Sale Of A Significant Stake, Commencement Of Trading Of Call Warrants On The Vienna Stock Exchange And Placement Of 500,000 New Shares

Bank of Georgia (GSE: GEB), a leading Georgian bank, announced today that Bank Austria Creditanstalt has purchased 1,212,000 common shares of the bank, amounting to a 9.9% stake, and has issued Call Warrants against them. The Call Warrants, structured by CA IB equity brokerage and investment banking unit of Bank Austria Creditanstalt, are listed on the *Dritter Markt* (Structured Products segment) of the Vienna Stock Exchange and are tradable both on the Vienna Stock Exchange and OTC. The Call Warrants have been placed by CA IB with European institutional investors seeking equity exposure to Bank of Georgia. Galt & Taggart Securities, the investment banking subsidiary of Bank of Georgia, acted as local broker on the transaction.

"We are very pleased that Bank Austria Creditanstalt, together with its investment banking unit CA IB, have completed the first structured equity finance transaction in Georgia and (we believe) Caucasus. The Call Warrants allow major institutional investors to gain equity exposure to Bank of Georgia. While we have been successful in attracting several institutional investors in the past few months, we have been missing out on several important segments of the institutional investor universe, namely those onshore and offshore investment funds who cannot trade in exotic securities unless a recognized international custodian is involved. As none of the international custodians are currently active in Georgia, our shares had, until now, been inaccessible to those types of institutional investors. We appreciate the structuring acumen and creativity of CA IB and Bank Austria Creditanstalt, and look forward to our further cooperation. It is my understanding that, subject to permission by the National Bank of Georgia, Bank Austria Creditanstalt and CA IB intend to purchase additional shares of Bank of Georgia with a view to increasing the number of Call Warrants on offer to their clients on the Vienna Stock Exchange. This amounts to a breakthrough, bringing the rapidly reforming Georgian economy one step closer to international capital markets", commented **Lado Gurgenidze**, Chief Executive Officer of Bank of Georgia.

**Fritz Schweiger**, Chairman of the Board of CA IB International Markets, commented, "By taking Bank of Georgia's shares on a brokerage account, Bank Austria Creditanstalt facilitated this successful transaction. However, this is not a strategic investment for Bank Austria Creditanstalt, it is to be considered as a pure trading transaction. Our expertise in structuring complex equity transactions in Central and Eastern Europe puts us in the position to offer international investors attractive and flexible investment instruments."

In an unrelated development, Bank of Georgia announced today that it has sold 500,000 newly issued common shares to East Capital Holding AB, at the price of GEL 7.20 per share. "We appreciate East Capital's continued interest in our shares and look forward to elevating our cooperation with them in the near future", stated **Lado Gurgenidze**.

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### 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 (through its affiliate, Galt & Taggart Securities) services to corporate clients. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, offers a wide range of corporate and retail insurance products. As at August 31, 2005, the bank had GEL 410 million in assets and GEL 67 million in equity.

### About Bank Austria Creditanstalt (BA-CA)

The undisputed leader in Austrian banking sector, BA-CA operates a leading international banking network in the growth region of Central and Eastern Europe (CEE). With total assets of approximately EUR 155 billion and market share of 20 per cent, BA-CA is by far the largest bank in Austria. BA-CA is represented throughout Austria with a network of about 400 offices. In CEE, BA-CA is among the leading banks with more than 1,000 offices in 11 countries, serving approximately 4.7 million customers.

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