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***Bank of Georgia Announces the Acquisition of British-Caucasian Insurance Company (BCI)***

JSC Bank of Georgia (GSE: GEB), a leading Georgian bank, announced today that it has acquired a 45% equity interest in BCI and signed a binding Memorandum of Understanding to acquire the remaining 55% in BCI, one of the leading insurance companies of Georgia.

The 45% equity interest has been acquired by the bank for the cash consideration of GEL 1,767,150, 85% of which is payable upon closing. The acquisition of the remaining 55% equity interest in BCI for cash and Bank of Georgia shares, which is subject to regulatory and Bank of Georgia shareholder approvals, is expected to close in December.

**Lado Gurgenidze**, Chief Executive Officer of Bank of Georgia, commented "I am delighted to have reached the agreement with the BCI shareholders. The addition of a broad spectrum of insurance products to the bank's services is in line with the bank's integrated business model that encompasses the cross-selling of services and shared expertise and infrastructure. By entering the insurance market, the bank will enrich its retail banking services and will be able to cross-sell insurance products to its corporate clients. We are also looking forward to realizing synergies between BCI's life insurance and pension offerings and the asset management expertise of Galt & Taggart Securities, which has over GEL 26 million of client assets. Last but not least, I look forward to working closely with Ramaz Kukuladze, who will continue to manage BCI under the new ownership."

**Ramaz Kukuladze**, Chief Executive Officer of BCI, added "I am very pleased that BCI and Bank of Georgia have joined forces in the further development of the currently under-insured Georgian market. I believe that the synergies that will be captured by this union will propel BCI to the dominant position in the Georgian market."

The two companies plan to hold a joint presentation of their combined services offerings in early December.

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**About Bank of Georgia**

Bank of Georgia is a leading Georgian universal bank, with an approximately 20.7 % market share in loans and 20.2 % 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 September 30, 2004, the bank had GEL 279.2 million in assets. In 2003, the bank earned net income of GEL 9.2 million.

**About BCI**

BCI, in partnership with its British and US shareholders, is one of the leading companies in the Georgian Insurance market. During its six years of existence, company built the reputation of reliable, trustworthy company, comprised with professional staff entirely oriented on customers' requirements. BCI makes every effort to guarantee to its policyholders the continued security and stability of their lives, assets and business.

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