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## ***Bank of Georgia Signs a Credit Guarantee Agreement with KfW***

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, announced today that it has signed a Credit Guarantee Framework Agreement with KfW Entwicklungsbank, the German development bank. Selected as a partner bank in a tender announced by KfW in 2004, Bank of Georgia will get access to the Credit Guarantee Fund (“CGF”). The CGF will facilitate the borrowing by Bank of Georgia (for instance, via a credit line) in international capital markets of up to US\$ 4,500,000. These funds shall then be on-lent to Small and Medium Sized Enterprises (“SMEs”). Savings Banks Foundation for International Cooperation will provide support in the establishment of lending procedures.

“I am delighted that Bank of Georgia has been selected as a partner bank of CGF at a time when the bank is in the process of implementing a series of strategic initiatives aimed at providing better financing opportunities for its clients in the small and medium size business sector. The guarantee to be provided by KfW based on the agreement signed today will enhance the bank’s ability to draw upon international funds to on-lend to the SMEs with loan maturities of up to five years,” commented **Lado Gurgendidze**, Chief Executive Officer.

“We are happy that we have partnered with a bank dedicated to the further strengthening of its already significant presence in the SME sector, the most vibrant and growing segment in the Georgian economy. The loans of up to EUR 150,000 equivalent issued with the KfW guarantee will be used by the borrowers to finance their working capital and fixed assets. The CGF will also provide technical assistance to Bank of Georgia that entails the training of specialized staff and advice on setting up adequate lending procedures,” noted **Christian Calov**, KfW’s representative in Tbilisi. “The CGF helps Georgian banks move closer to European standards and it gives European banks an opportunity to work in the Caucasus region”.

In addition to Bank of Georgia, two other local banks have also been selected for participation in the CGF. KfW is implementing the CGF project on behalf of the German Federal Government. An identical scheme is implemented in Armenia and one may be launched in Azerbaijan in the near future.

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### **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. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, has an approximately 12% market share. As at December 31, 2004, the bank had GEL 322.3 million in assets.

### **About KfW**

KfW Entwicklungsbank (KfW development bank) finances investment and accompanying services on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Its primary goal is to sustainably improve the economic and social conditions of the people in developing countries. KfW Entwicklungsbank supports its partner in overcoming structural obstacles and initiating an economically sustainable and socially just development.

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For more information, please contact:

**Lado Gurgendidze, Chief Executive Officer**

+995 32 444 103

lgurgendidze@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)

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