

JSC Bank of Georgia Signs an Agreement for the Acquisition of Belarusky Narodny Bank in Belarus

JSC Bank of Georgia (LSE: BGEO GSE: GEB), the leading Georgian universal bank, announced today that it has signed an agreement (the “Agreement”) to acquire a 70% equity interest in Belarusky Narodny Bank (“BNB”) for a total consideration of US\$34.2 million, which translates into P/BV of approximately 1.99x, based on BNB’s 2007 Audited IFRS financial statements. According to the Agreement, Bank of Georgia has an option to acquire the remaining 30% equity interest in BNB over the next three years.

As of 31 December 2007, BNB had total assets of US\$48.9 million and total equity of US\$24.6 million. BNB is headquartered in Minsk, has four branches and service centers (with two more branches opening in the near future) and over 100 employees.

Selected Financial Highlights of BNB

BNB Overview	2006	2007	
<i>US\$ million unless otherwise noted</i>	<i>(IFRS, Audited)</i>		
Assets.....	31.80	48.90	53.8%
Loans.....	13.35	20.60	54.3%
Total Deposits.....	16.72	23.45	40.2%
Equity.....	14.26	24.56	72.2%
Net Income.....	0.76	1.81	138.5%
ROA.....	2.4%	3.7%	
ROE.....	5.3%	7.4%	

“This acquisition marks our entry into the Belarusian market and represents another step towards the implementation of our international expansion strategy. We are excited to be one of the earlier international entrants into the promising Belarusian banking market, which in terms of assets, according to the information published by the National Bank of Belarus, increased by 43.8% to US\$ 19.4 billion during 2007. The dynamic Belarusian economy, which in 2007 displayed real GDP growth of 7.8% and nominal GDP per capita of over US\$4,000, presents exciting opportunities in both corporate and retail banking sectors. Going forward we intend to emphasise retail banking and SME coverage, building upon BNB’s solid local platform and Bank of

About Bank of Georgia

Bank of Georgia, a leading universal Georgian bank with operations in Georgia and Ukraine, is the largest bank by assets, loans, deposits and equity in Georgia, with 35% market share by total assets (all data according to the NBG as of 31 December 2007). The major component of the Galt & Taggart Index, the bank has 131 branches and over 770,000 retail and more than 120,000 corporate current accounts. The bank offers a full range of retail banking, corporate and investment banking and asset & wealth management services. The bank also provides a wide range of corporate and retail insurance products through its wholly-owned subsidiary Aldagi BCL.

Bank of Georgia has, as of the date hereof, the following credit ratings:

Standard & Poor’s	‘B+/B’	Stable
Moody’s	‘B3/NP’ (FC) & ‘Ba1/NP’ (LC)	Stable
Fitch Ratings	‘B/B’	Stable

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Georgia's industry expertise. BNB will continue to operate as a standalone bank owned and controlled by Bank of Georgia.

We were pleased to find a strong management team at BNB who are excited at the opportunity to continue building BNB's franchise as part of the Bank of Georgia group. BNB's management team will be strengthened by Taniel Gvalia, one of the veterans of Georgian banking industry, former Vice Chairman of Bank of Georgia and Chairman of the of TbilUniversalBank, acquired by Bank of Georgia in 2004. Mr. Gvalia will relocate to Minsk in May 2008 and spearhead the initial phases of the integration. Additional management support will be provided by our colleagues based in Georgia and Ukraine.

I would like to thank all my colleagues for their hard work over the past several months to make this transaction happen. We were very pleased with the constructive approach and efficiency of Belarus authorities and look forward to building a good working relationship with our new regulator in Belarus.

With this transaction our international acquisition objectives for 2008 are achieved and we will now focus our management resources on the integration of our subsidiaries in Belarus and Ukraine into Bank of Georgia group", commented *Nicholas Enukidze*, Chairman of the Board.

