

Primary Credit Analysts:

Alise Ross
London
(44) 20-7176-7222
alise_ross@
standardandpoors.com

Secondary Credit Analyst:

Magar Kouyoumdjian
London
(44) 20-7176-7217
magar_kouyoumdjian@
standardandpoors.com

Additional Contact: Financial
Institutions Ratings Europe
FIG_Europe@
standardandpoors.com

Bank of Georgia 'B+/B' Ratings Assigned; Outlook Stable

LONDON (Standard & Poor's) July 17, 2006—Standard & Poor's Ratings Services said today that it assigned its 'B+/B' counterparty credit ratings to the Bank of Georgia (BoG). The outlook is stable.

“The ratings reflect the high Bank Industry Country Risk Assessment (BICRA) prevalent in the transitional and small Georgian economy, systemic funding constraints, weak asset quality, and relatively high untested growth,” said Standard & Poor's credit analyst Alise Ross. Positive rating factors include BoG's strong market position, and adequate capitalization and profitability.

The stable outlook reflects the expectation that recent business restructuring and commercial initiatives are placing BoG well to exploit the positive economic trends resulting in improvements in profitability, asset quality, and deposit base funding. It is also expected that capital will be maintained at supportive levels, providing a cushion of comfort in an unpredictable environment, and that the funding lines currently being negotiated will remove the current short-term funding pressures.

“Future upward rating movements would be dependent on a longer track record of demonstrated management financial turnaround, the robustness of the newly installed credit risk systems and quality of the new portfolio, and improvements in the operating, regulatory, and legal environment,” added Ms. Ross.

Negative rating pressures could result from a reversal of current economic expectations leading to a deterioration in asset quality and profitability, or a significant leveraging of the debt levels and reduction in supportive capital levels.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation area, select Find a Rating, then Credit Ratings Search.

Publication Date

July 17, 2006

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280. Copyright 2005 by The McGraw-Hill Companies, Inc. Reproduction in whole or in part prohibited except by permission. All rights reserved. Information has been obtained by Standard & Poor's from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, Standard & Poor's or others, Standard & Poor's does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities.

Standard & Poor's uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from Standard & Poor's, our parent, The McGraw-Hill Companies, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 212-438-7280 or write us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or by the underwriters participating in the distribution thereof. The fees generally vary from US\$2,000 to over US\$1,500,000. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-9823; or by e-mail to: research_request@standardandpoors.com.