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**BANK OF GEORGIA**



*FitchRatings: 'B-'/ 'B-'; Stable*  
*Moody's: B3 (FC) & Baa3 (LC); Stable*

## Bank of Georgia Performance Update

June, 2006

# The Georgian Financial Services Sector



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BANK OF GEORGIA

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# The Georgian Financial Services Sector At A Glance

- 19 banking licenses, but sector consolidation in progress

	YE 2005	May 31, 2006	Since YE '05	Top 5 Banks	Bank of Georgia	GEL/US\$ Period End YE 2005= 1.79 May 31, 2006= 1.80
<b>Total Assets</b>	GEL 2,548 mln	GEL 3,224 mln	+26.5%	80.7%	<b>21.1%</b>	+3.3% since YE '05
<b>Loans</b>	GEL 1,730 mln	GEL 2,122 mln	+22.6%	84.2%	<b>21.3%</b>	+3.3% since YE '05
<b>Deposits</b>	GEL 1,538 mln	GEL 1,924 mln	+25.1%	85.7%	<b>21.9%</b>	+1.3% since YE '05
<b>Shareholders' Equity</b>	GEL 479 mln	GEL 516 mln	+2.9%	73.1%	<b>19.9%</b>	+1.1% since YE '05
<b>Net Income</b>	GEL 62 mln	GEL 32 mln	NMF	84.3%	<b>20.8%</b>	

- Bank-owned insurance companies account for an approximately 62% market share
  - Bank of Georgia has an approximately 20% market share (BCI/EuroPace)
- Bank-owned leasing companies account for 100% of the leasing assets
  - Bank of Georgia (GLC) has an approximately 25% market share
- Bank-owned broker-dealers account for more than 97% of the trading volume on the GSE
  - Bank of Georgia (Galt & Taggart) has an approximately 45% market share
- 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> largest banks are foreign-controlled
  - Bank of Georgia (70% non-resident institutional investor ownership)
  - United Georgian Bank (51% owned by VneshtorgBank)
  - ProCredit Bank Georgia (majority controlled by the ProCredit network)

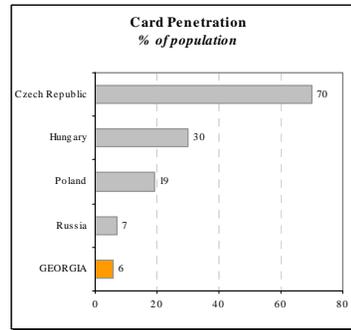
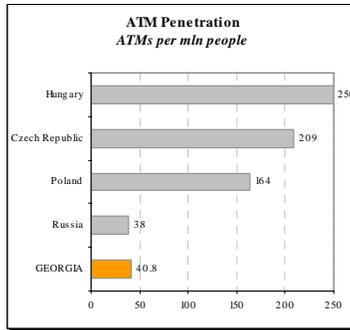
# The Georgian Banking Sector – Significant Growth Potential

As consumer demand for financial services becomes more sophisticated

2004/2005

## Basic products

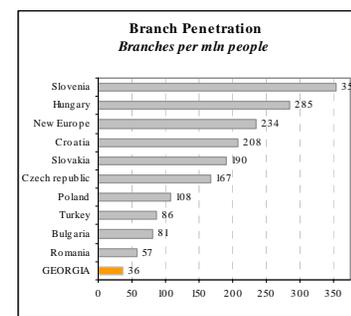
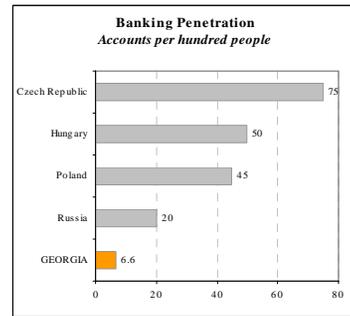
Current Accounts  
Transfers  
Cards/ATMs  
Internet banking  
Branch banking



2005/2006

## Credit products

Mortgages  
Consumer loans  
Credit cards



2007/2008

## Savings products/ Deposit substitution

Asset management  
Pensions/Life insurance

Intermediated  
Retail Financial  
Assets

GEL 1,023 mln

Total Retail  
Financial Assets

GEL 2,344 mln

Total Consumer  
Loan Stock Per  
Capita (including  
mortgages)

GEL 129

Cards in  
circulation

Circa 254,000

Source: GFK, Pentor, McKinsey, Galt & Taggart Securities' estimates;  
Georgia 2005 1H data

	Georgia (2005)	Georgia (2004)	Georgia (2003)	CIS (2002)	Balkans (2002)	CEE (2002)	EU (2001)
Total Loans/GDP (%)	14.22%	9.85%	9.18%	17%	14%	32%	172%
Total Deposits/GDP (%)	11.30%	10.03%	8.58%	22%	25%	53%	186%
Banking Assets per capita (EUR)	265	151	114	628	695	4,336	64,535
Banking Assets/No. of Banks (EUR mln)	60	32.5	20.6	92	173	1,375	5,288
GEL/EUR end of period	2.13	2.49	2.59				

Source: ECB, EBRD, NBG, Galt & Taggart



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# The Georgian Banking Sector – Key Trends & Issues 2005 - 2007

- **Increasing adoption of the universal banking business model, following the lead of Bank of Georgia**
- **Significant IT/infrastructure and marketing spend drives increasing retail banking penetration**
- **Increasing foreign investment in small banks**
  - Salford/Standard Bank (December 2004)
  - TuranAlem/SilkRoad bank (March 2005)
  - Cascade Holdings/Emporiki Bank Georgia (January 2006)
- **Increasing availability of non-deposit funding**
  - Driven by the S&P sovereign B+ rating
  - Three banks rated (Bank of Georgia 'B-/B' by Fitch; B3 (FC) & Baa3 (LC) by Moody's; TBC rated 'B-/B' by Fitch; ProcreditBank rated 'B' by Fitch)
  - IFIs: EBRD, IFC, DEG, OPIC, BSTDB
  - Syndicated loans (TBC Bank US\$ 21 mln from EBRD-arranged A/B loan)
  - Unsecured term loans (Bank of Georgia US\$25 mln from Citigroup, TBC Bank US\$ 35 mln from Citigroup)
  - Long-tenor mortgage facilities (Bank of Georgia US\$10 mln 10-year facility from WBC)
  - Domestic bonds (Bank of Georgia, ProCredit Bank Georgia)
  - CLNs/Eurobonds (expected 2H 2006/1H 2007)
- **Significant sector-wide growth triggers expected (2006-2008)**
  - Gradual relaxation of the tough NBG capital adequacy & liquidity ratios
  - Strengthened and improved bank supervision and strict AML/KYC regime improve confidence in the banking sector
  - Financial sector liberalization under way, dramatically facilitating non-residents' access to Georgian financial assets
  - Introduction of the deposit insurance scheme following the consolidation of the sector further (in 2008)



# Bank of Georgia Overview



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# Bank of Georgia - Our Vision & Mission

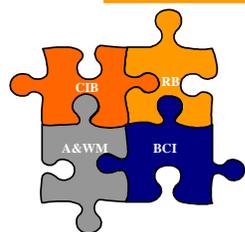
Our **vision** is to be recognized as *the best financial services company in Georgia.*

Our **mission** is to create long-term value and deliver by 2007 ROAE of 20%+ by building a relationship-driven, client-facing integrated financial services company based on the core values of *excellence in execution, teamwork, integrity and trust.*

Retail Banking	The largest Georgian retail bank, offering consumers the broadest range of services through multiple channels	✓ Achieved
Corporate & Investment Banking	A leader in corporate banking, bank of choice for inbound foreign corporates	✓ Achieved
	The undisputed leader in investment banking	✓ Achieved
	Integrated offering to large corporates through strong client coverage culture	✓ Achieved
Insurance	A leading player in the non-life sector, cross-selling insurance to corporates	✓ Achieved
	A leading life insurance and pensions provider	✓ In Progress
Asset & Wealth Management	A leading share of the domestic institutional business	✓ In Progress
	The undisputed domestic leader in wealth management, with niche appeal to sophisticated non-resident investors	✓ Achieved
	A player in private equity and venture capital	✓ Planning Stage



# Bank of Georgia – An Integrated Business Model



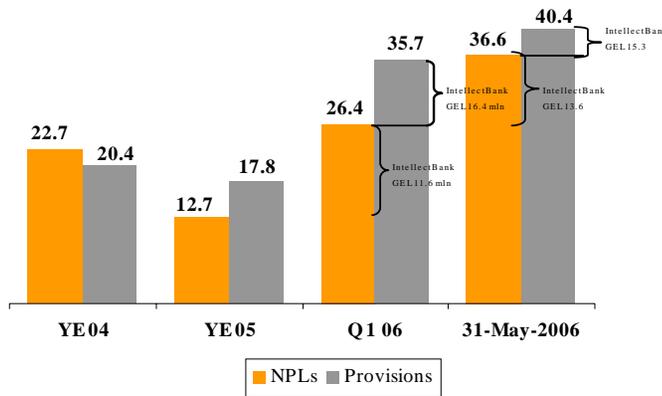
## Bank of Georgia Group

	BCI/Europace	CIB	RB	A&WM	
	2/3	1/2	1	1	Market Position (March 31, 2006)
	N/A	GEL 208.5 mln	GEL 136.4 mln	GEL 98.2 mln	Earning Assets (March 31, 2006)
	GEL 10.4 mln	N/A	N/A	GEL 19.8 mln	Total Assets (March 31, 2006)
	GEL 3.9 mln	GEL 5.8 mln	GEL 6.9 mln	GEL 0.5 mln	Revenue Q1 '06
	GEL 0.7 mln	GEL 4.4 mln	GEL 2.4 mln	GEL 0.2 mln	Normalized Net Operating Income Q1 '06
	GEL 0.5 mln	GEL 5.2 mln	GEL 1.7 mln	GEL 0.2 mln	Pre-Bonus Result Q1 '06
	GEL 0.3 mln	GEL 2.9 mln	GEL 1.0 mln	GEL 0.1 mln	Net Income Q1 '06
	7%	68%	23%	2%	Contribution to Group Net Income Q1 '06

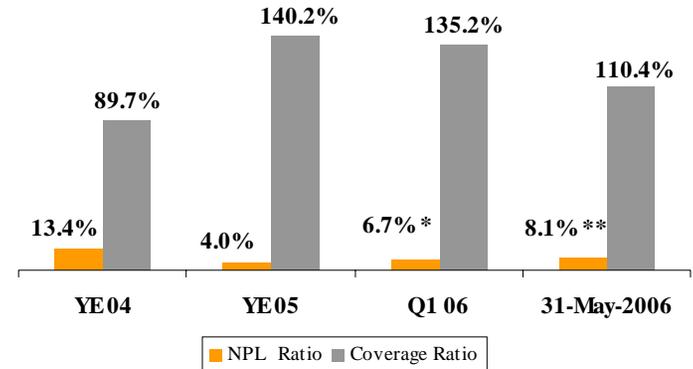
*One Firm*  
*Strong management*  
*Shared expertise*  
*Cross-sell synergies*  
*Shared services & infrastructure*  
*Cost efficiency*

# Diversified Loan Book And Conservative Provisioning Policy

### NPLs vs Provisions (e-o-p, GEL mln)



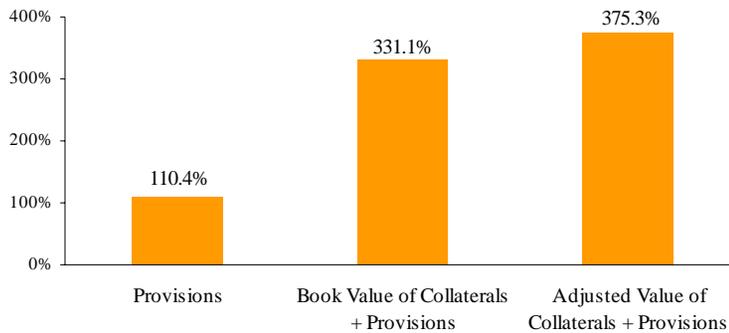
### NPL Ratio vs Coverage



\* 2.9% increase due to the addition of IntellectBank's loan book

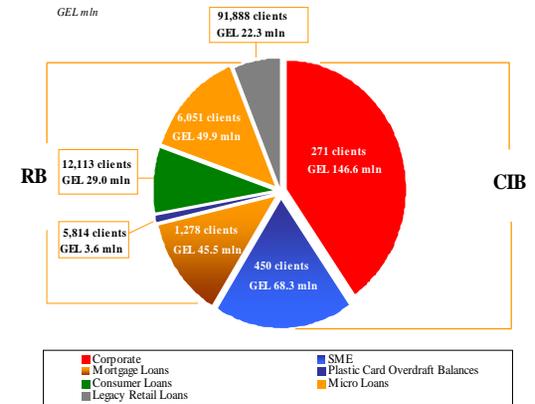
\*\* 3.0% increase due to the addition of IntellectBank's loan book

### Provisions as % of NPLs as at May 31, 2006



### Loan Portfolio Diversification Q1 '06

(by volume and number of clients)



NPL=Overdue more than 90 days (except for 2004 and 2003); NPL Ratio = NPLs/Total Loans;

Coverage Ratio=Provisions/NPLs



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# Improving Asset Quality While Expanding The Loan Book

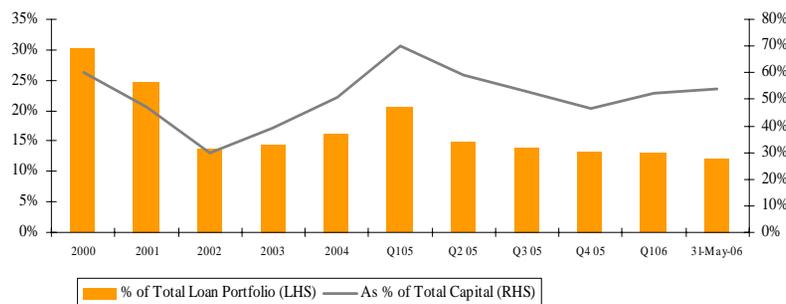
## Asset Quality

<i>GEL mln, unless otherwise noted</i>	Q3 04	YE '04	YE '05	Q1 06	31-May-06
NPLs*	12.7	22.7	12.7	26.4	36.6
NPLs/Total Loans	7.5%	13.4%	4.0%	6.7%	8.1%
NPL coverage ratio (Provisions/NPLs)	86.4%	89.7%	140.2%	135.2%	110.4%
Provisions/Total Loans	6.4%	12.1%	5.6%	9.0%	8.9%

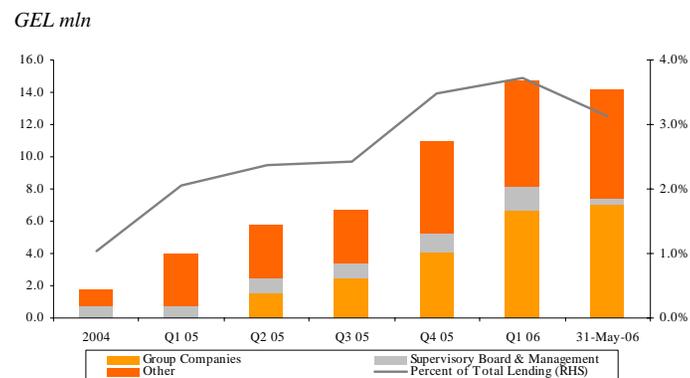
\* Overdue more than 90 days in 2005

<i>GEL mln, unless otherwise noted</i>	YE '04	YE '04	YE '05	YE '05	Q1 '06	Q1 '06	May-06	May-06
Standard (2% provision)	131.6	78%	281.9	89.5%	339.1	85.8%	389.0	86.1%
Watch (10% provision)	14.7	9%	13.2	4.2%	21.0	5.3%	23.7	5.2%
Substandard (30% provision)	4.2	3%	9.0	2.8%	6.3	1.6%	7.0	1.5%
Doubtful (50%-70% provision)	8.2	5%	6.1	2.0%	7.9	2.0%	8.3	1.8%
Loss (100% provision)	10.3	6%	4.9	1.6%	21.0	5.3%	23.9	5.3%
<b>Total</b>	<b>169.0</b>	<b>100%</b>	<b>315.1</b>	<b>100%</b>	<b>395.3</b>	<b>100.0%</b>	<b>451.9</b>	<b>100.0%</b>

## Top Ten Borrower Concentration



## Loans to Group Companies and Related Parties



# Bank of Georgia - Development Milestones

## New Management Team Takes Over

*The bank has doubled in size under new management*

*Unique management team composition for a CIS bank*

*Stellar acquisition and integration track record*

*Increasingly diversified revenue stream*

*An established borrower in international markets*

*Unprecedented level of institutional interest. Institutional ownership >60% unique for a CIS bank.*

2000 - Q3 2004	Q4 2004	2005	2006 YTD	
GEL 279.2 mln GEL 171.7 mln GEL 177.4 mln GEL 48.6 mln	GEL 361.4 mln GEL 192.1 mln GEL 251.5 mln GEL 54.2 mln	GEL 456.0 mln GEL 317.5 mln GEL 270.5 mln GEL 90.6 mln	GEL 680.9 mln + 143.8% since Q3 '04 GEL 451.9 mln + 163.3% since Q3 '04 GEL 349.8 mln + 130.5% since Q3 '04 GEL 102.8 mln + 111.5% since Q3 '04	<b>Total Assets (e-o-p)</b> <b>Total Loan Book (e-o-p)</b> <b>Client Deposits (e-o-p)</b> <b>Equity (e-o-p)</b>
	6	15	20	<b>Number of Western-Trained Professionals</b>
	TUB (US\$ 6.2 mln) BCI (US\$ 2.1 mln) Georgian Card (increased from 19% to 51%, US\$ 343 K)	Galt & Taggart (increased from 35% to 90%, US\$ 206K) GLC (increased from 60% to 87.3%, US\$ 350 K) EuroPace 100% acquisition by BoG and BCI (US\$ 1.4 mln)	IntellectBank, acquisition of assets & liabilities	<b>Key Acquisitions</b>
Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance Leasing Pensions Private Banking	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance Leasing Pensions Private Banking POS Consumer Loans	<b>Key Business Lines</b>
BSTDB US\$ 4 mln DEG EUR 6.5 mln AKA Bank EUR 5 mln EBRD US\$ 11 mln IFC US\$ 8 mln		KfW US\$ 3.5 mln guarantee facility EBRD US\$ 10 mln GEL 2.0 mln Bond Placement Commerzbank US\$ 3.8 mln	World Business Capital US\$ 10 million/10 year loan with OPIC guarantee Citigroup US\$ 25 mln 18 month unsecured term loan facility	<b>Key Lenders</b>
EBRD (since 1998) DEG invests	Post-Communist Opportunities Fund, Firebird Avrova Fund, Firebird Republics Fund, Firebird Global Master Fund invest	Ostinvestor clients invest The Firebird funds and East Capital Bering Fund increase their respective stakes Several hedge funds invest East Capital Holding increases its stake East Capital Bering Ukraine Fund invests Bank Austria Creditanstalt purchases a large block on behalf of institutional client and issues Call Warrants against BoG stock tradable on the Vienna Stock Exchange SEB Vilniaus Bankas purchases a large block on behalf of Finasta DEG divests	Hedge funds continue investing East Capital increases its respective stake Bank Austria Creditanstalt purchases a large block on behalf of Julius Baer; Farallon Capital; Griffin Capital; Noonday; Danske Capital; DWS; RAB Capital' Springer; East Capital; EBRD divests	<b>Institutional Shareholders</b>



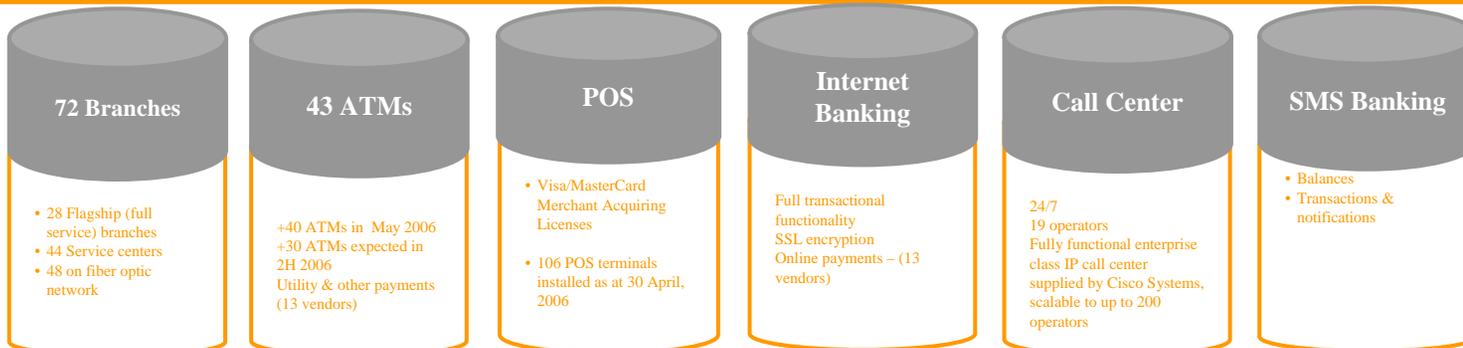
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# Superior Retail Footprint & Consumer Reach

2005/Ongoing  
Investment  
Focus

Service  
Delivery  
Channels



As of May 2006:

**103,000+ debit cards**

**228,000+ current accounts**

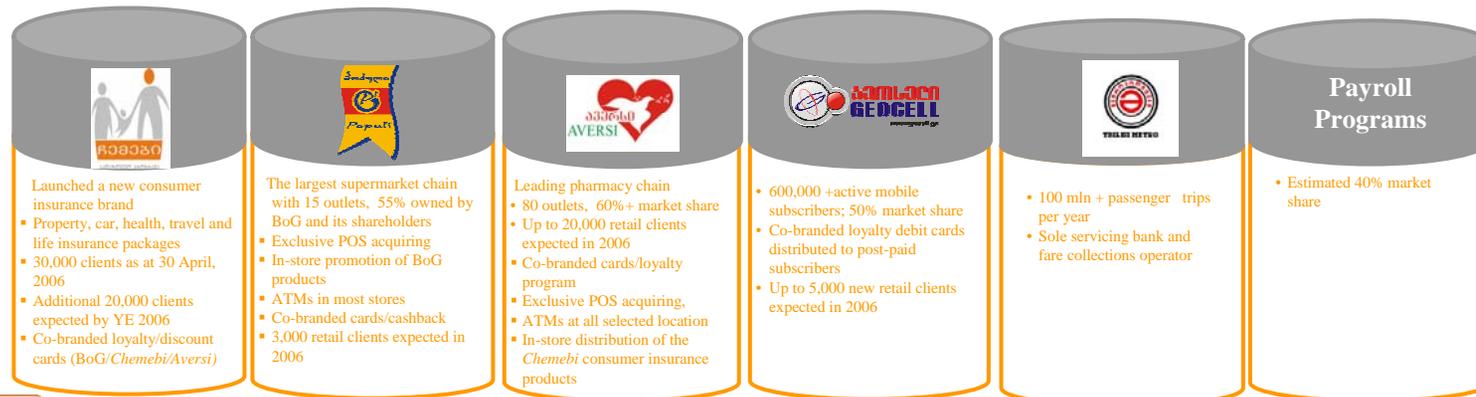
**250,000+ client relationships**

**Product/Client Ratio 1.7**



2006/2007  
Investment  
Focus

Customer  
Acquisition  
Channels



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# 2006 YTD Accomplishments

- Total assets grew to GEL 680.9 mln (US\$ 378.3 mln) from GEL 455.9 mln (US\$ 254.7 mln) at the YE 2005 – up 50.1% YTD
  - May 31, 2006 Total Assets YTD growth 49% vs. 27% for the banking sector
- As at May 31, 2006 Revenue, Pre-Bonus Result, Net Income up 77%, 24% and 54% y-o-y, respectively
- Acquisition of IntellectBank
  - 25,000 retail clients
  - Approximately 7,000 active cardholders, 49% equity interest in UFC
  - Active partner of Anelik, MoneyGram, WesternUnion and other money transfer businesses
  - 14 additional service centers, bringing our total to 72
  - Estimated 2006 pre-tax post-synergies earnings contribution of GEL 2.6 mln
- Ahead of schedule on the annual debt funding plan
  - GEL 20 mln (US\$ 11 mln) 2 year, 6.2% bullet loan
  - US\$10 mln 10-year loan at 2.75% over LIBOR loan partially guaranteed by OPIC
  - US\$ 25 mln 18-month unsecured term loan from Citigroup partially hedged by purchasing CDS
  - Annual debt funding plan revised from US\$ 100 mln to US\$ 150 mln

# 2006 YTD Accomplishments



- **Good progress on co-branded retail initiatives**
  - **Chemebi**
    - A new umbrella consumer insurance brand
    - Property, car, health, travel and life insurance packages
    - Co-branded loyalty/discount cards (BoG/*Chemebi*/Aversi)
    - Up to 20,000 additional bank clients expected in 2006
  - **GeoCell** (a mobile operator with 800,000+ active subscribers and 50% market share)
    - Co-branded cards distributed to GeoCell's post-paid client base, loyalty program, other projects
    - UP to 5,000 additional bank clients expected in 2006
  - **Populi** (the largest supermarket chain with 15 outlets, 9% owned by BoG, 23% owned by Firebird)
    - Exclusive POS acquiring, in-store promotion of BoG products, ATMs in most stores, co-branded cards/cashback
    - Up to 3,000 additional bank clients expected in 2006
  - **Aversi** – (the leading pharmacy chain with 80 outlets)
    - Co-branded cards/loyalty program, exclusive POS acquiring, ATMs at selected locations, in-store distribution of the *Chemebi* consumer insurance products
    - Up to 20,000 additional bank clients expected in 2006
  - **Metro** (Tbilisi Subway)
    - Service Centers, ATMs at selected stations
    - 100 mln+ passenger trips per year
- **High-Profile Client Wins**
  - The sole servicing bank of **Millennium Challenge Georgia** (US\$295 mln committed US funding over the next five years)
  - The servicing bank and the sole financial advisor to **TAV-Urban** the Tbilisi and Batumi airports BOT operator (a US\$ 95 mln project)
  - Announced as the winner in the tender for the sole servicing bank of the **Tbilisi Metro** (subway, circa 100 mln passenger trips per year)
  - Announced the winner in the tender for the sole servicing bank of the **Tbilisi Municipality** (annual budget circa GEL 380 mln)
- **The first and only Georgian entity to be rated by two rating agencies**
  - FitchRatings rates Bank of Georgia at Foreign and Local Currency Issuer Default 'B-', Short-term currency & Local Currency 'B'; Stable Outlook
  - Moody's rates Bank of Georgia at B3/NP Foreign Currency and Baa3/P-3 Local Currency; Stable Outlook



# Q1 '06 Results Overview

GEL/US\$  
Period Avg:

Q1 '05=1.83

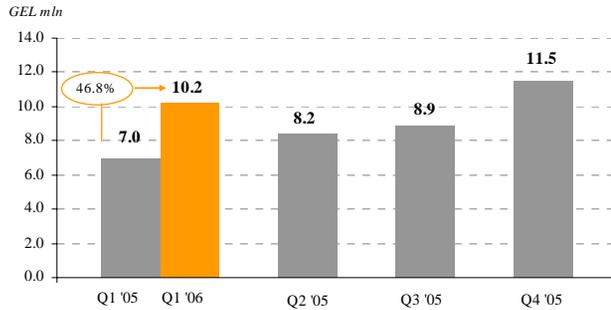
Q2 '05=1.82

Q3 '05=1.80

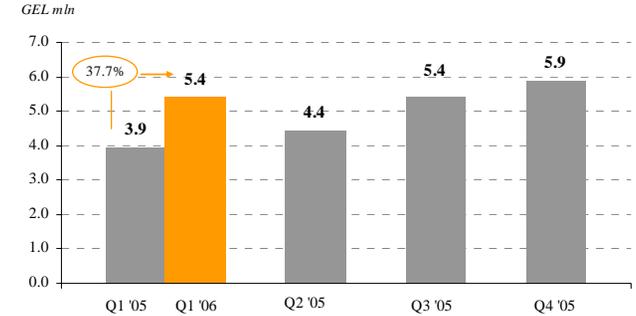
Q4 '05=1.79

Q1 '06=1.82

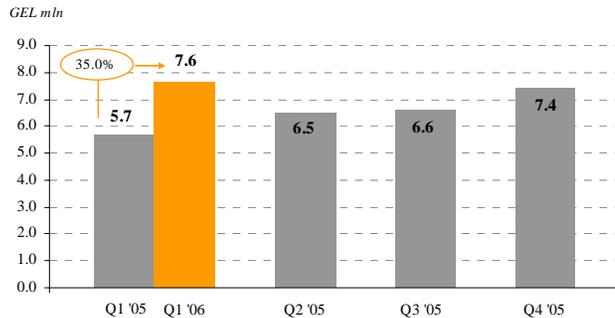
## Net Interest Income



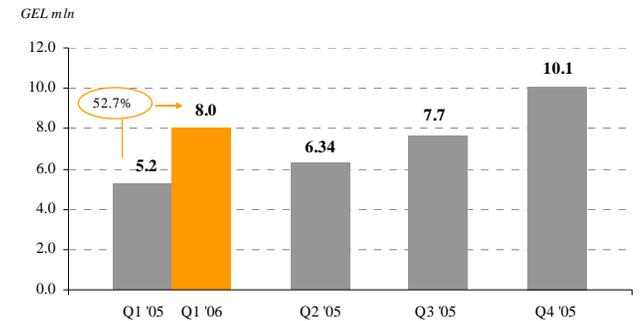
## Net Non-Interest Income



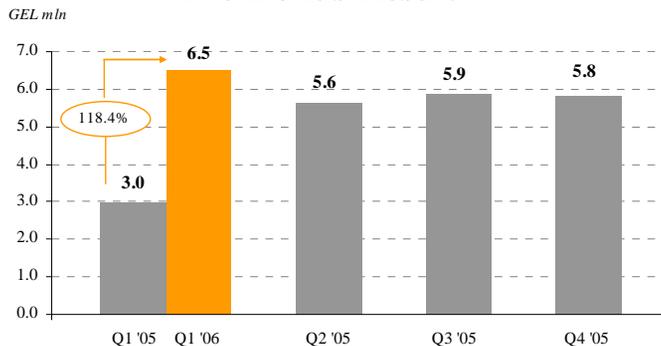
## Recurring Operating Costs



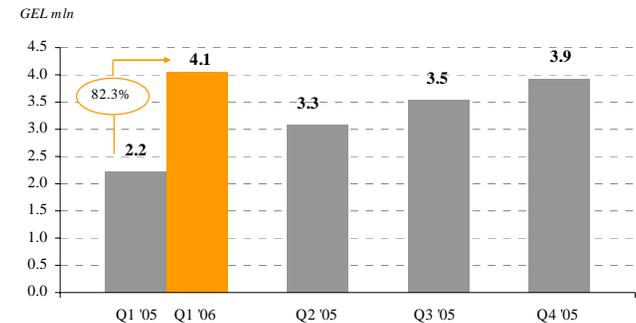
## Normalized Net Operating Income



## Pre-Bonus Result



## Net Income



# Balance Sheet Highlights

GEL/US\$

Period End:

2004 = 1.83

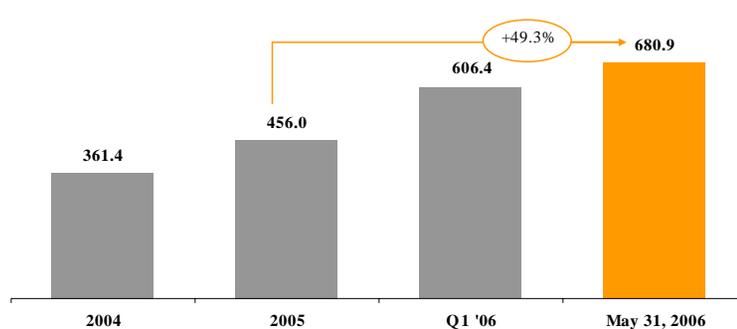
2005 = 1.79

Q1'06 = 1.83

May '06 = 1.80

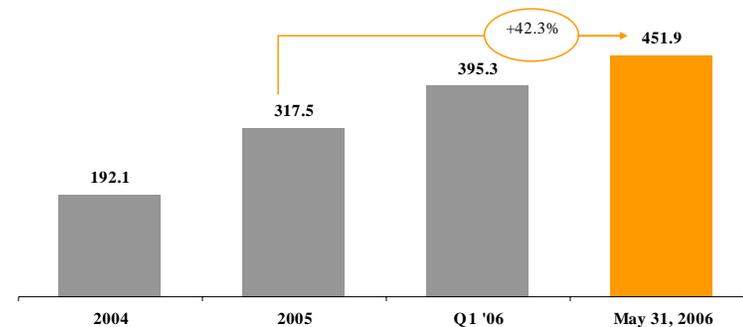
## Total Assets (e-o-p)

GEL mln



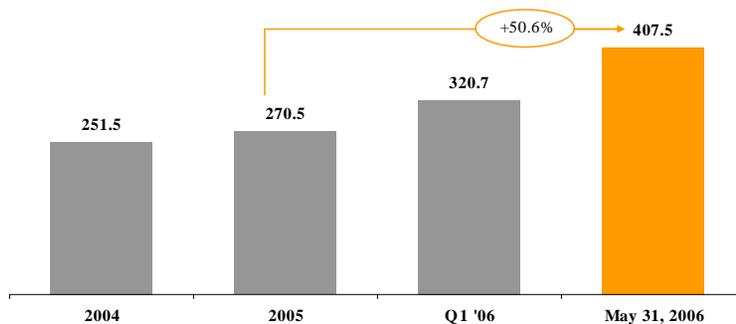
## Gross Loans (e-o-p)

GEL mln



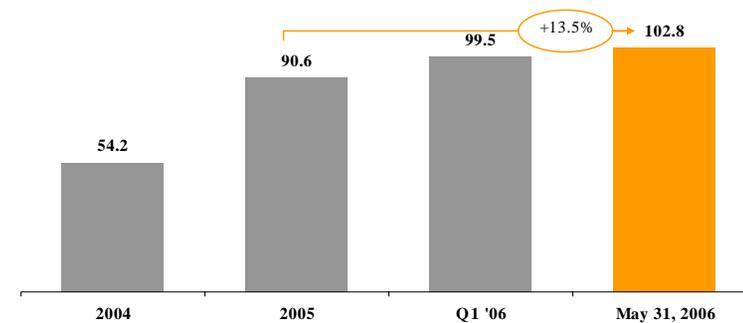
## Client Deposits (e-o-p)

GEL mln



## Shareholders' Equity (e-o-p)

GEL mln



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# Retail Banking Overview

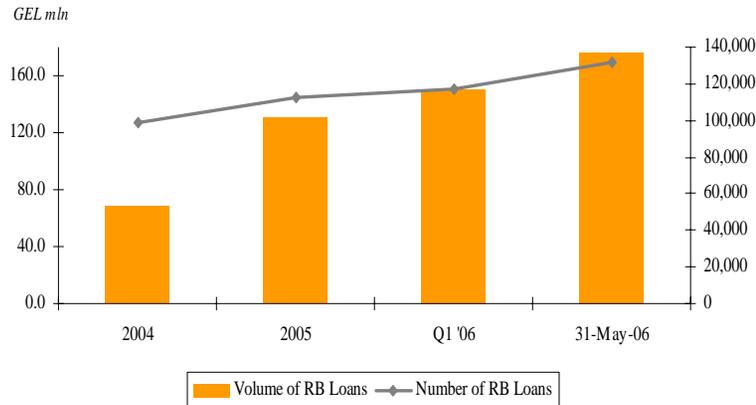
2006:  
Updating  
the brand



New Retail  
Sub-brand

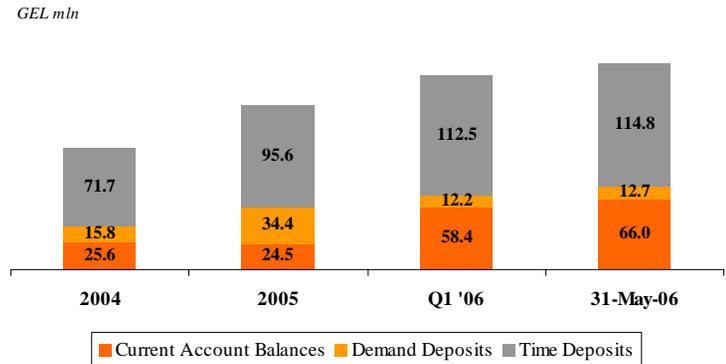


## RB Loans

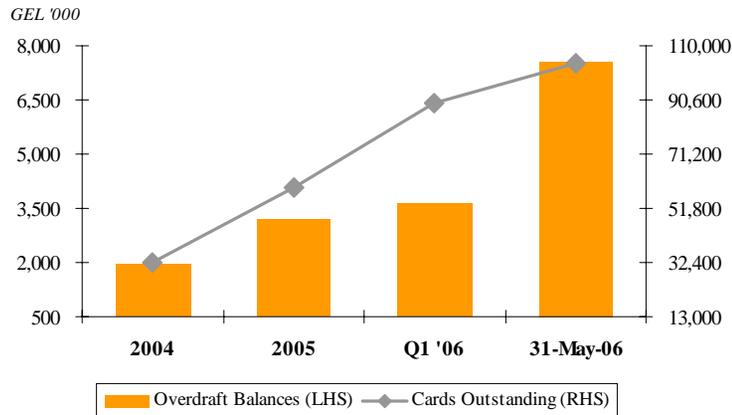


## RB Client Funds

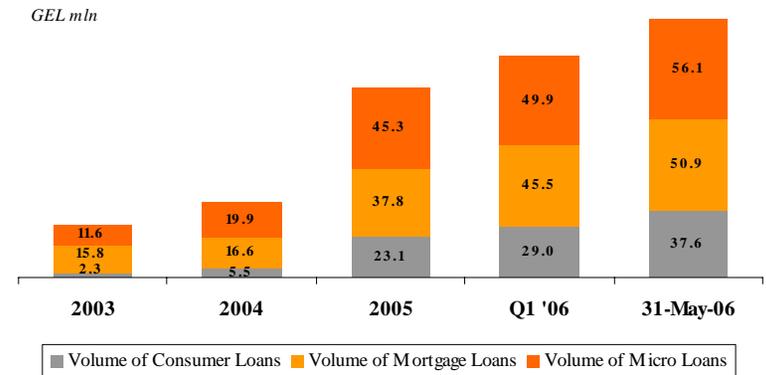
Over 228,000\* current accounts as at May 31, 2006



## Plastic Cards



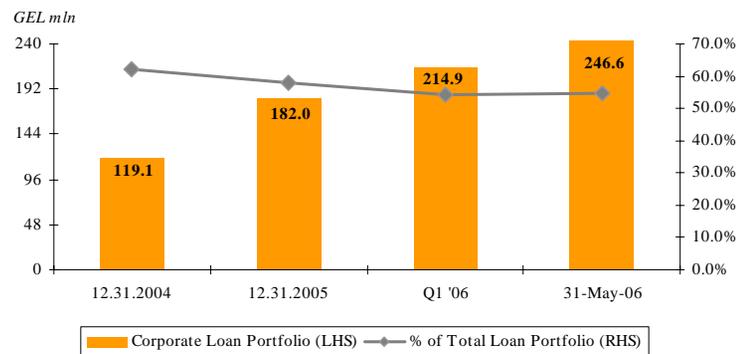
## Consumer, Mortgage & Micro Loans



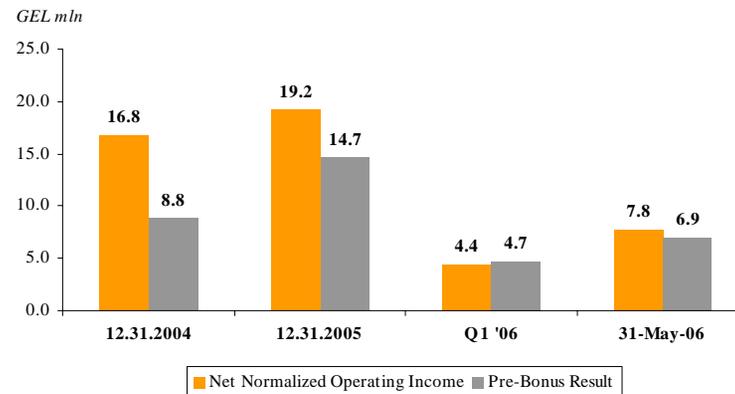
\* including IntellectBank

# CIB Performance Review

## CIB Loan Portfolio



## CIB NNOI & PBR

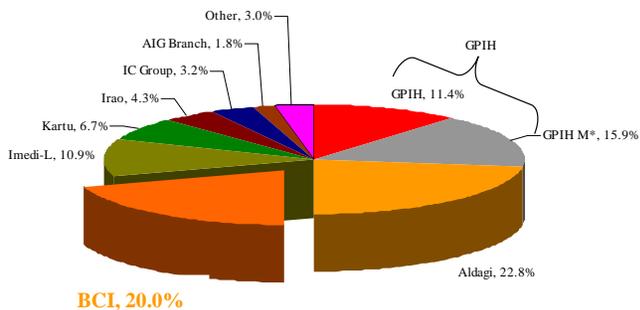


## Recent High-Profile Client Wins

 <p><b>Tbilisi Municipality</b></p> <p><b>Sole Servicing Bank</b></p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2006</p>	 <p><b>MCG</b></p> <p><b>Sole Servicing Bank</b></p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2006</p>	<p>Tepe Akfen Urban</p>  <p><b>TAV Georgia</b></p> <p><b>Sole Servicing Bank</b></p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2005</p>	 <p><b>TBILISI METRO</b></p> <p><b>Sole Servicing Bank</b></p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2006</p>	 <p><b>ROMPETROL</b></p> <p><b>Sole Servicing Bank</b></p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2005</p>
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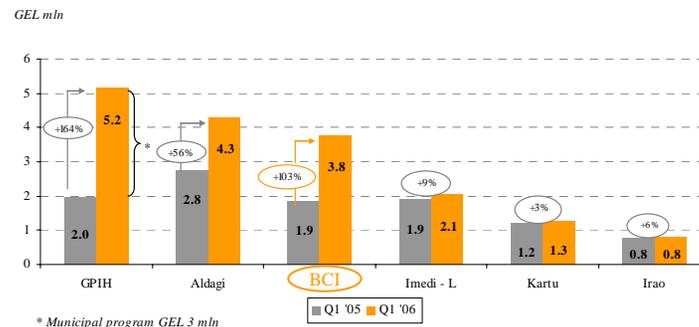
# BCI Performance Review

## Market Share By Gross Premiums Written, Q1 '06

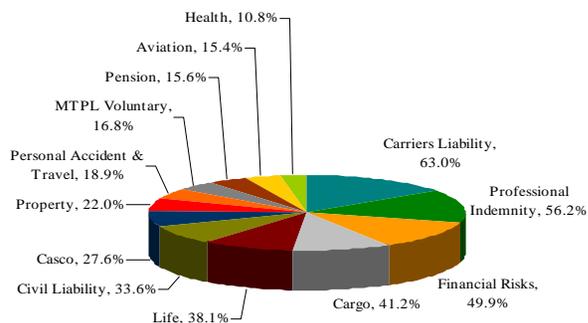


\* Municipal Program GEL 3 mln

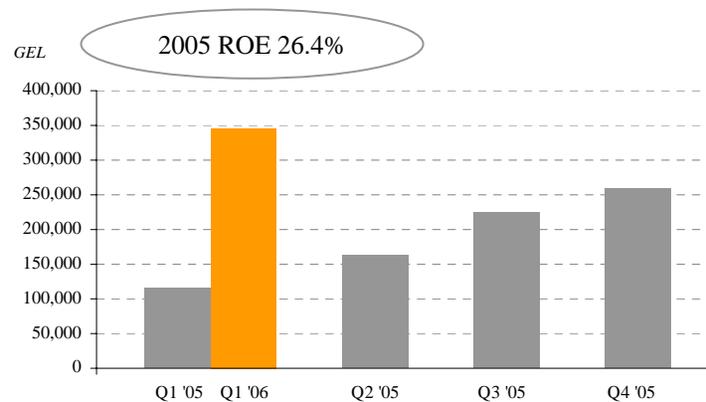
## Gross Premiums Written Y-O-Y Growth



## Gross Premiums Written & Claims Paid

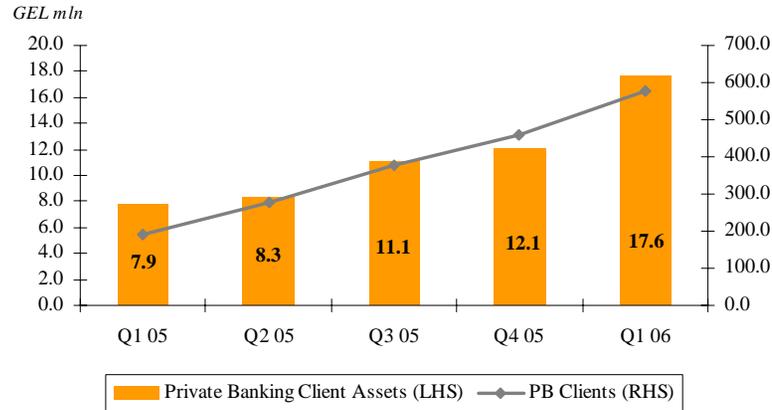


## Quarterly Net Income

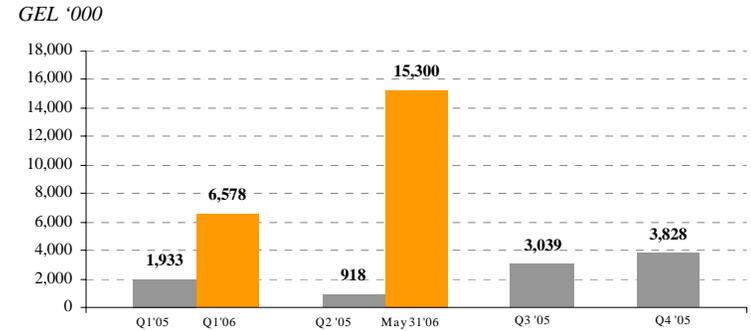


# Asset & Wealth Management Performance Review

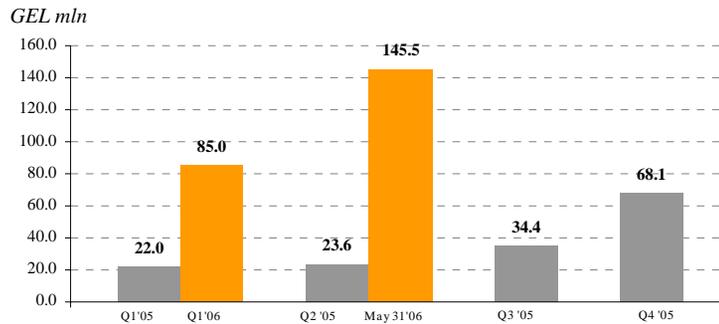
## PB Clients and Client Assets



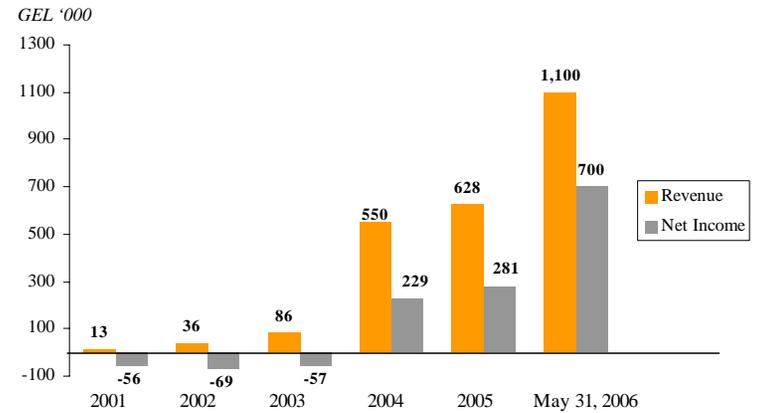
## Galt & Taggart Total Assets



## Galt & Taggart Assets Under Management & Custody

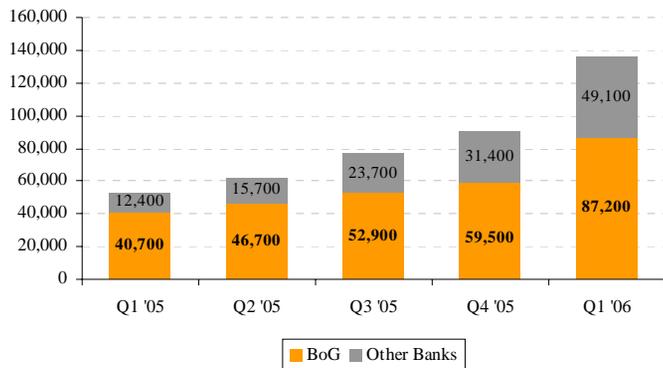


## Galt & Taggart Revenue and Net Income

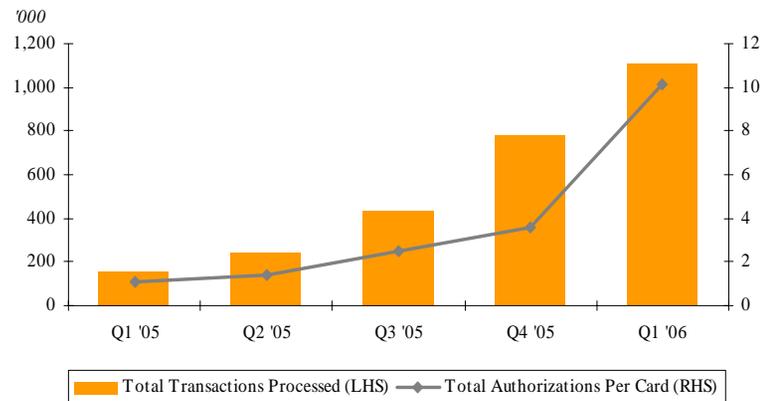


# Georgian Card Performance Review

## Cards Outstanding, e-o-p



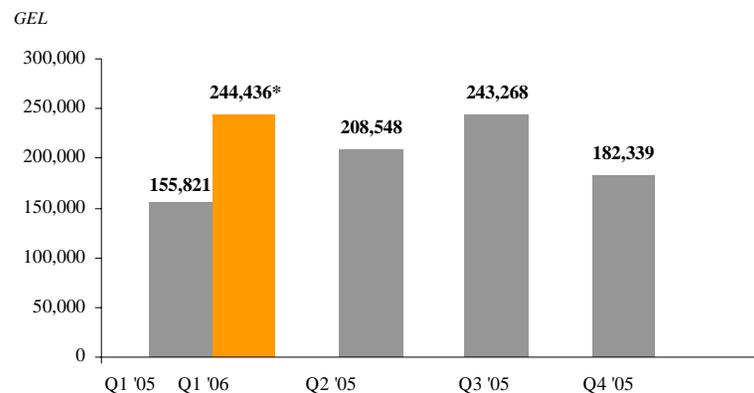
## Transactions Processed



## Client Banks



## Revenue

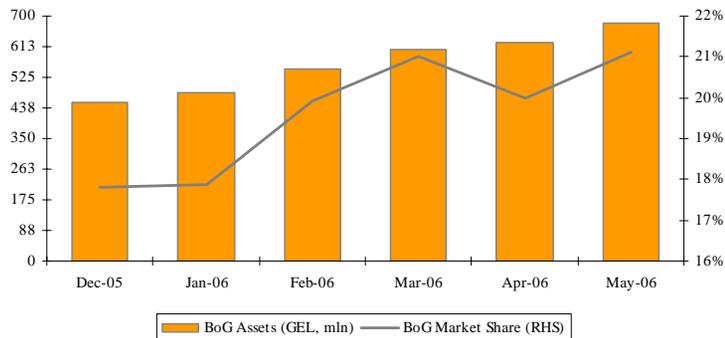


\* Significant tariff reduction occurred in Q4 '05

# BoG Market Share Dynamics – Balance Sheet

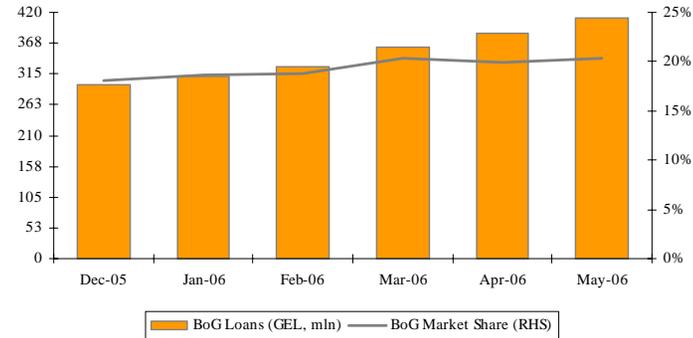
## Total Assets

GEL mln



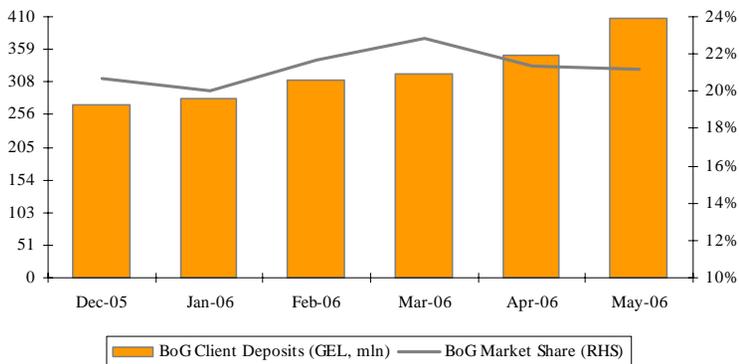
## Net Loans

GEL mln



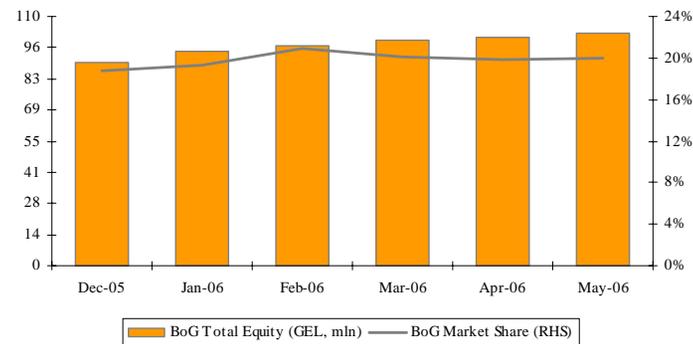
## Client Deposits

GEL mln



## Shareholders' Equity

GEL mln



# Gaining Market Share

**YTD through  
May 31 '06:**

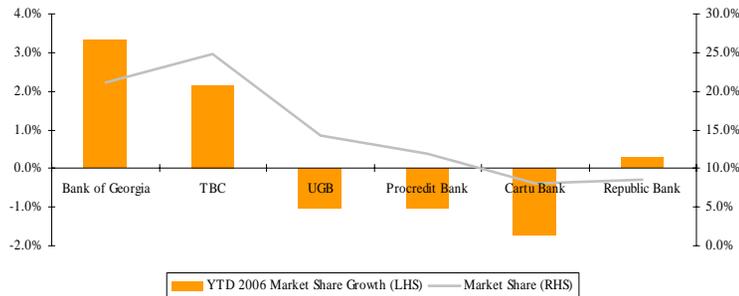
• No. 1 by Net Income:  
GEL 6.6 mln; 20.8%

Closest Competition:  
GEL 6.5 mln; 20.2%

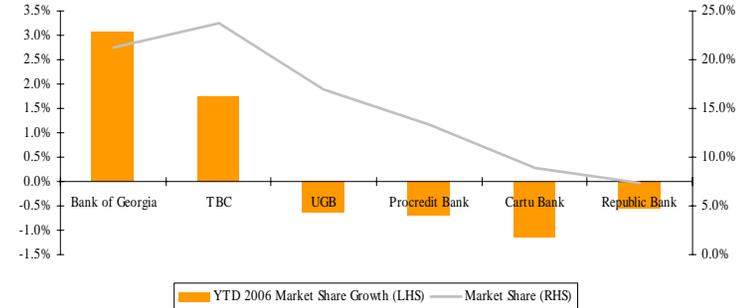
• No. 1 by Equity:  
GEL 103 mln; 21.7%

Closest Competition:  
GEL 99 mln; 19.2%

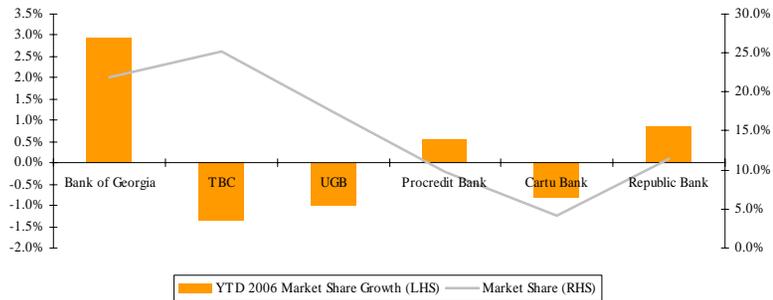
## Total Assets



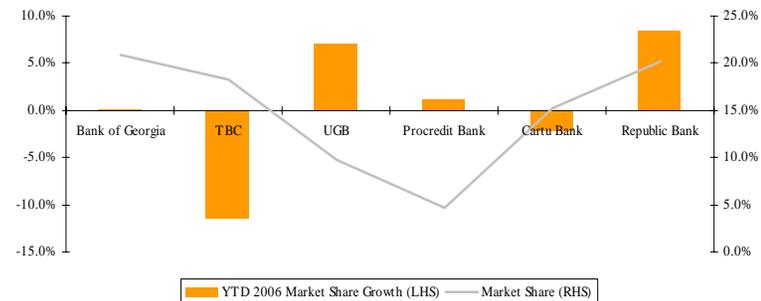
## Net Loans



## Client Deposits



## Net Income



# Supportive Shareholders & Lenders

## BoG Shareholder Structure

Bank of Georgia Shareholding		
19-May-06	Shares	%
Bank Austria Creditanstalt	3,552,142	22.9%
Firebird Avrova Fund	1,356,219	8.7%
Firebird Republics Fund	1,355,706	8.7%
Victor Gelovani	1,300,000	8.4%
East Capital Holding	846,864	5.5%
East Capital Bering Fund	771,172	5.0%
G&T Securities (nominees)	665,111	4.3%
East Capital Bering Ukraine Fund	670,000	4.3%
Firebird Global Master Fund	637,999	4.1%
East Capital Financial Institutions AB II	404,800	2.6%
Lado Gurgenidze	361,243	2.3%
SEB Vilnius Bankas (nominees)	331,200	2.1%
Sulkhan Gvalia	260,667	1.7%
Tariel Gvalia	238,095	1.5%
<b>Sub-Total</b>	<b>12,751,218</b>	<b>82.1%</b>
Free Float	2,778,340	17.9%
<b>Total</b>	<b>15,529,558</b>	<b>100.0%</b>

## Key Lenders



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## Institutional Shareholders



Noonday



## Custodians/Nominees



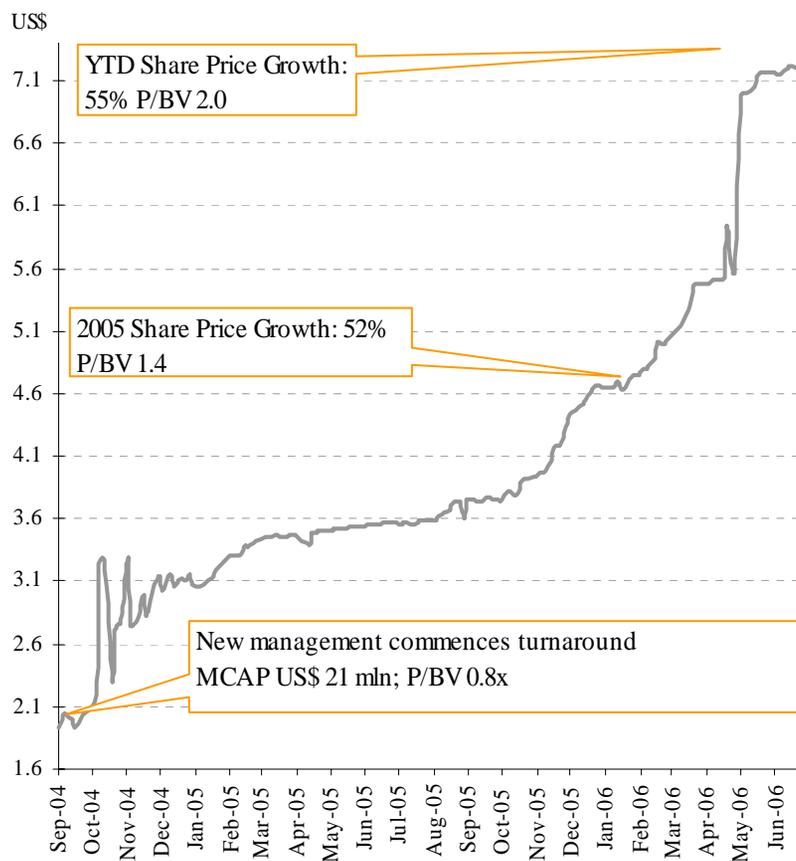
- Management currently owns approximately 741,685 shares and approximately 541,665 options/share grant entitlements
- New management share ownership plan has been introduced and 40 professionals equitized
- 40 non-resident individual shareholders
- Approximately 1,800 domestic retail shareholders

# Leadership In Innovation

- The first Georgian bank to adopt a CIB integrated client coverage model
- The first Georgian bank to introduce packaged Retail Banking products
- The first Georgian bank to introduce *bancassurance*
- The first Georgian bank to launch Private Banking
- The first successful live migration to a new card processing platform in Georgia
- The first co-branded cards in Georgia
- The first LBO transaction in Georgia
- The first cross-border M&A transaction advisory by a Georgian investment bank
- The first corporate bond issue in Georgia
- The first structured equity transaction in Georgia
- The first research coverage of a Georgian company by a non-resident brokerage house
- The first Georgian entity to be rated by two rating agencies



# Share Price Performance



	20-Jun 2006	31-Dec 2005	31-Dec 2004
Shares Outstanding (mln)	15.5	14.7	11.3
Share Price (US\$)	7.20	4.66	3.10
Share Price (GEL)	12.79	8.35	5.60
MCAP (US\$ mln)	111.8	68.6	35.0
MCAP (GEL mln)	198.6	122.9	63.3
MCAP/BV	2.0	1.4	1.2

Regional peers trade at significantly higher multiples

**2004 Share Price Appreciation 175%**

**2005 Share Price Appreciation 52%**

**2006 YTD Share Price Appreciation 55%**

Annual Trading Volume (GEL mln)	GSE	OTC
2004	21.4	6.9
2005	27.4	22.6
2006 YTD	33.4	3.0

# Investment Case

- A “leveraged play” on Georgia’s economic growth
- Winning strategy for medium-term profitable growth
- Financial sector consolidator: seven acquisitions in the last 18 months
- Strong retail “pull” due to core franchise strength
- Diversified revenue streams being built through product innovation in the context of an integrated business model
- Disciplined capital management
- Sophisticated management team and strong staff, comprising more than 15 individuals with Western banking & finance background and education

## *Prior Employers of BoG Management Team Members*



- Results-oriented corporate culture stressing teamwork, initiative and accountability
- Transparency and good governance
- Emphasis on investor relations, retail-lot liquidity and international stock exchange listing
- Zealous focus on creating attractive exit opportunities by 2008
- **The only investable banking stock in Georgia (and the Caucasus)**

# Ample Exit Opportunities

Selected  
Potential  
Buyers



КАЗКОММЕРЦБАНК



AKBANK



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BANK OF GEORGIA

[www.bog.ge/ir](http://www.bog.ge/ir)

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## The Georgian Economy

# The Georgian Economy At A Glance

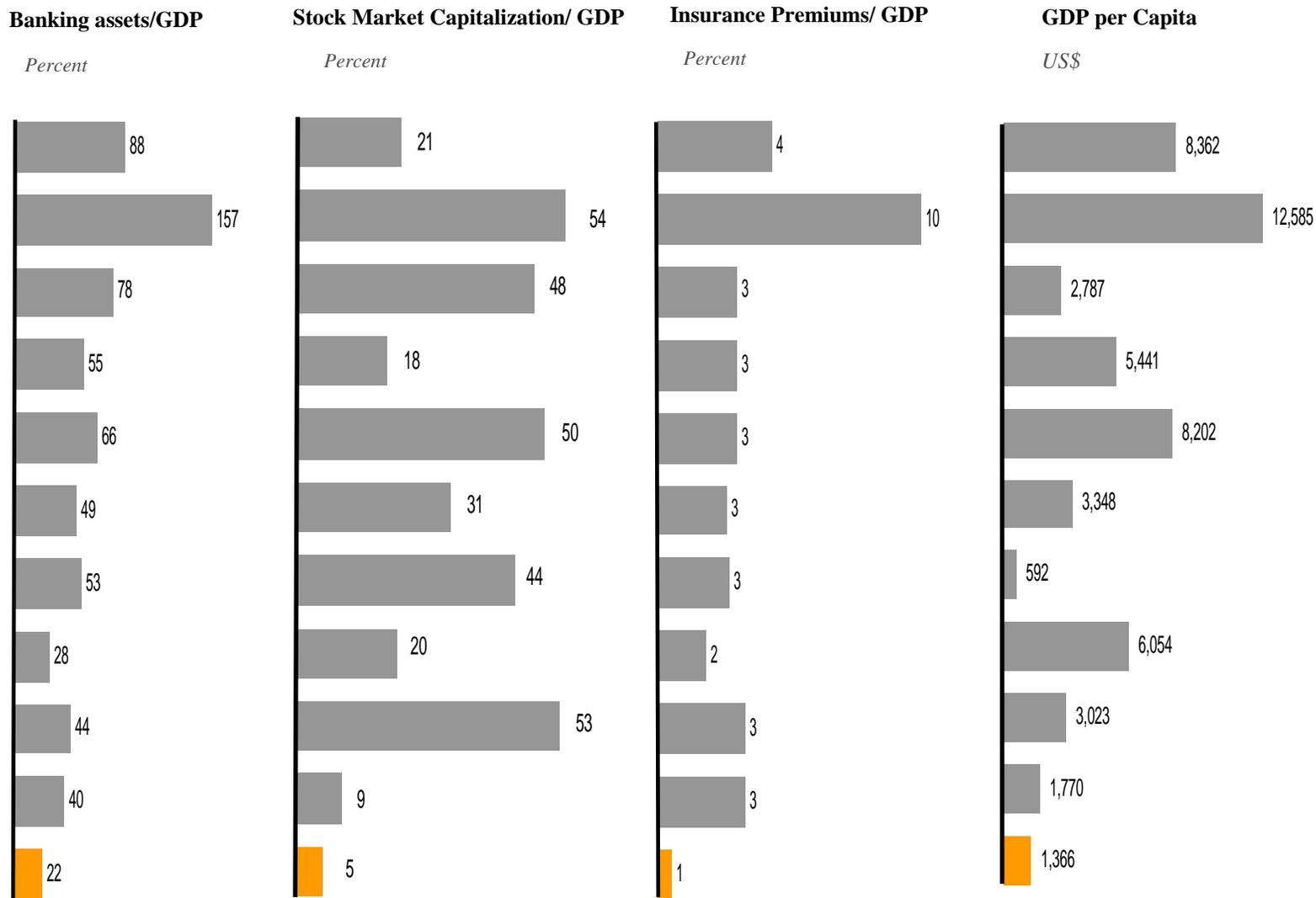
<i>In GEL mln, unless otherwise noted</i>	2003A	2004A	2005E	2006F	2007F	CAGR 04-07
<b>Demographic Parameters</b>						
Population, of which	4.55	4.54	4.56	4.58	4.60	0.5%
Economically active	2.11	2.11	2.13	2.14	2.16	0.7%
% of Total Population	46.5%	46.6%	46.7%	46.8%	46.9%	
Number of Households, thousands	1,220	1,200	1,212	1,231	1,239	
<b>Macroeconomic Parameters</b>						
Nominal GDP	8,560	9,506	11,149	12,412	14,649	15.5%
Real GDP Growth, %	11.1	6.2	9.3	10.2	10.5	
GDP Per Capita (GEL)	1,883	2,096	2,446	2,710	3,182	14.9%
CPI, GEL, e-o-p, %	6.9	7.5	6.1	5.1	8.7	
GDP Deflator, y-o-y, %	3.2	5.9	5.5	4.5	7.1	
GEL/US\$, avg	2.14	1.91	1.81	1.79	1.80	-2.0%
GEL/US\$, e-o-p	2.05	1.83	1.79	1.78	1.79	-0.7%
Consolidated State Budget Revenues	1,320	2,282	2,507	3,029	3,807	18.6%
Consolidated State Budget Deficit	202	130	524	385	425	48.4%
<i>As % of GDP</i>	2.36%	1.37%	4.70%	3.10%	2.90%	
Debt to GDP Ratio	44.42	33.17	27.71	N.A.	N.A.	
Debt to Exports Ratio	143.27	112.22	89.1	N.A.	N.A.	
Exports, FOB (US\$ mln)	465.3	648.4	867.1	N.A.	N.A.	36.5%
NBG Currency Reserves, (US\$ mln)	190.9	382.9	474.2	N.A.	N.A.	57.6%

Source: State Statistics Department; National Bank of Georgia; Galt & Taggart Securities' estimates

# *The Georgian Economy cont'd*

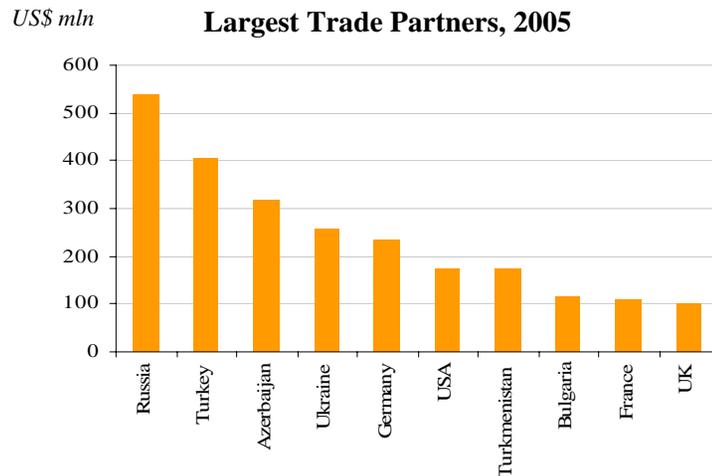
- High GDP growth
- Stable currency
- Strong fiscal performance
- Increasing consumer spending with very low levels of consumer indebtedness
- Unprecedented government spending on infrastructure, resulting in increased productivity
- Reasonable interest rate environment
- Increased foreign investor activity
- Progressive new tax code
- Massive deregulation and liberalization
- Dramatically reduced corruption
- Improving corporate governance practices
- No currency or capital controls since the mid-1990s
- Abolition of all customs duties planned by 2008

# STILL A LAGGARD AMONG EMERGING MARKETS

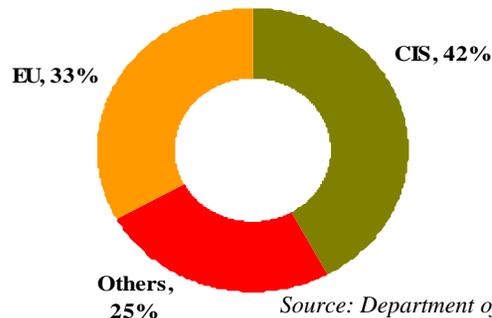


Note: Estimated real GPW to GDP in Russia was only about 1,7% in 2003; 2005 data for Georgia; 2003 data for all other countries  
 Source: Global Insight; Global Stock Market Factbook 2004; National Banks; McKinsey

# Liberal Trade Regime



**Import/Export Structure, 2005**



Source: Department of Statistics of the Ministry of Economic Development of Georgia

- WTO member since 2001
- Trade turnover grew by 66% during 2005
- Georgia has no quantitative restrictions (quotas) on trade
- Limited number of export/import licenses; the number of permits for import & export reduced from 14 to 8 in 2005
- Trade relations with most of Georgia's trade partners are based on the Most Favored Nation status, providing lower tariffs for WTO members
- In 2005, Georgia became one of the two beneficiaries of the new EU Generalized Systems of Preferences (GSP) Plus scheme in the CIS and one of the 15 beneficiaries in the world. As of January '06, Georgia obtained a GSP+ status with Turkey



# *Appendix II*

---

## Q1 '06, May and YTD 2006 Unaudited Financial Statements



# Income Statement Highlights

INCOME STATEMENT	Q1 '06	Q1' 05	Change y-o-y	Q1 '06	Q1 '05	Change y-o-y
	(US\$ mln)		(%)	(GEL mln)		(%)
Interest Income	8.4	5.4	55.1	15.2	9.8	54.6
Interest Expenses	2.7	1.6	75.4	5.0	2.8	74.9
<b>Net Interest Income</b>	<b>5.6</b>	<b>3.8</b>	<b>46.8</b>	<b>10.2</b>	<b>7.0</b>	<b>46.4</b>
<b>Net Non-Interest Income</b>	<b>3.0</b>	<b>2.2</b>	<b>37.7</b>	<b>5.4</b>	<b>3.9</b>	<b>37.3</b>
<b>Total Operating Income</b>	<b>8.6</b>	<b>6.0</b>	<b>43.5</b>	<b>15.6</b>	<b>10.9</b>	<b>43.1</b>
Recurring Operating Costs	4.2	3.2	35.0	7.6	5.7	32.1
<b>Normalized Net Operating Income</b>	<b>4.4</b>	<b>2.9</b>	<b>52.7</b>	<b>8.0</b>	<b>5.2</b>	<b>52.3</b>
Profit (Pre-Bonus) Before Provisions	4.4	2.5	76.7	8.0	4.5	76.2
Net Provisions	0.9	1.3	-30.4	1.6	2.3	-30.6
<b>Pre-Bonus Result</b>	<b>3.6</b>	<b>1.6</b>	<b>118.4</b>	<b>6.5</b>	<b>3.0</b>	<b>117.8</b>
Bonus (Paid & Accrued)	0.7	0.4	86.6	1.3	0.7	86.1
<b>Pre-Tax Income</b>	<b>2.6</b>	<b>1.2</b>	<b>111.1</b>	<b>4.7</b>	<b>2.2</b>	<b>110.5</b>
Estimated Profit Tax	0.3	0	NMF	0.6	0	NMF
<b>Net Income</b>	<b>2.2</b>	<b>1.2</b>	<b>82.6</b>	<b>4.1</b>	<b>2.2</b>	<b>82.1</b>
<b>EPS (Basic)</b>	<b>0.14</b>	<b>0.11</b>	<b>30.0</b>	<b>0.26</b>	<b>0.20</b>	<b>30.9</b>



# Balance Sheet Highlights

BALANCE SHEET	US\$ mln		Change	GEL mln		Change
	Q1 '06	YE 2005	YTD (%)	Q1 '06	YE 2005	YTD (%)
<b>TOTAL ASSETS</b>	<b>331.9</b>	<b>253.4</b>	<b>33.7</b>	<b>606.3</b>	<b>453.7</b>	<b>31.1</b>
Cash & Due From Banks	69.0	48.9	44.1	126.0	87.5	41.3
Securities	2.8	5.3	-46.9	5.0	9.5	-47.9
Net Loans	196.8	166.1	20.9	359.6	297.4	18.6
<b>TOTAL LIABILITIES</b>	<b>277.4</b>	<b>203.2</b>	<b>39.4</b>	<b>506.8</b>	<b>363.6</b>	<b>36.7</b>
Deposits	175.5	151.5	18.3	320.7	271.1	16.1
Borrowed Funds	70.7	30.6	136.1	129.2	54.7	131.6
<b>TOTAL EQUITY</b>	<b>54.5</b>	<b>50.3</b>	<b>10.6</b>	<b>99.5</b>	<b>90.0</b>	<b>8.3</b>



# Q1 '06 Performance, IFRS, Unaudited

	BOG Standalone
	Mar-06
GEL, unless otherwise noted	
<b>Operating Income</b>	
Interest Income	15,190,427
Interest Expense	(4,967,099)
<b>Net Interest Income</b>	<b>10,223,328</b>
Commission Income	3,649,253
Commission Expenses	(419,805)
<b>Net Commission</b>	<b>3,229,447</b>
Income from Documentary Operations	626,872
Expense from Documentary Operations	(261,926)
<b>Net Income From Doc. Operations</b>	<b>364,946</b>
Other Non-interest Income	9,512
Other Non-interest Expenses	-
<b>Net Other Non-interest Income</b>	<b>9,512</b>
<b>FX Trading Income</b>	<b>1,810,846</b>
<b>Non-interest Income</b>	<b>5,414,751</b>
<b>Total Operating Income</b>	<b>15,638,079</b>
<b>Recurring Operating Costs</b>	
Personnel Cost (excluding bonus)	(3,508,673)
Health Insurance & Pension Costs	(79,637)
Consulting, TA & Development Costs	(121,858)
Marketing, PR & Advertising	(343,509)
Depreciation	(1,025,534)
Other operating expenses	(2,557,854)
<b>Total Recurring Operating Costs</b>	<b>(7,637,066)</b>
<b>Normalized Net Operating Income</b>	<b>8,001,013</b>
Non-recurring costs	(24,145)
<b>Profit (pre-bonus) Before Provisions</b>	<b>7,976,869</b>
Provisions	(1,606,157)
Gains on asset sale & recovery	136,742
<b>Pre-Bonus Result</b>	<b>6,507,454</b>
Guaranteed Compensation Expenses	(203,367)
ESOP Expenses	(318,501)
Bonus	(1,300,776)
<b>Pre-Tax Income</b>	<b>4,684,809</b>
Profit Tax	(631,410)
<b>Net Income</b>	<b>4,053,399</b>
Minority interest	-
<b>Consolidated Net Income</b>	<b>4,053,399</b>

	BOG Standalone
	Mar-06
GEL, unless otherwise noted	
<b>Cash</b>	<b>37,171,324</b>
<b>Balances with NBG</b>	<b>37,666,249</b>
Correspondent account	4,221,938
Regulatory fund	33,444,311
<b>Cash Balances with Banks</b>	<b>51,173,430</b>
In resident banks	11,590,920
In nonresident banks	39,582,510
<b>Treasuries</b>	<b>3,944,692</b>
<b>Other fixed income instruments</b>	<b>1,094,063</b>
Gross Loans, of which	395,314,002
Loans to Banks	9,725,532
Loans to Clients	385,588,470
Provisions for Loan Losses	(35,724,759)
<b>Net Loans</b>	<b>359,589,243</b>
<b>Accrued Interest and Dividends</b>	<b>3,704,434</b>
Gross Investments	10,148,533
Provisions	(279,699)
<b>Net Investments</b>	<b>9,868,834</b>
Gross property owned	2,464,476
Provisions	(1,086,351)
<b>Net property owned</b>	<b>1,378,126</b>
Fixed Assets & Intangilbe	36,194,617
<b>Property and equipment, Fixed &amp; Intangible Assets</b>	<b>37,572,743</b>
Gross Other assets	62,980,562
Provisions	(335,155)
<b>Net Other Assets</b>	<b>62,645,406</b>
Goodwill	1,917,416
<b>Total Assets</b>	<b>606,347,834</b>
<b>Deposits</b>	<b>323,733,673</b>
Interbank deposits	3,049,389
Client deposits	320,684,284
- Deposits of Individuals	182,365,356
- Deposits of Legal Entities	138,318,928
<b>Borrowed Funds</b>	<b>129,153,358</b>
Residents	23,118,100
Nonresidents	106,035,258
Payable Interest and Dividends	10,746,126
Other Liabilities	43,201,130
<b>Total Liabilities</b>	<b>506,834,286</b>
<b>Minority Interest</b>	<b>-</b>
Ordinary Shares	15,464,558
Preferred Shares	-
Treasury Shares	-
Retained Earnings and Revaluation Reserves	79,995,591
Net Profit	4,053,399
<b>Shareholders Equity</b>	<b>99,513,548</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>606,347,834</b>

# Standalone May and YTD 2006 Results, IFRS, Unaudited

## INCOME STATEMENT DATA

	Unaudited US\$	Unaudited	Y-O-Y	Unaudited	Audited
JSC Bank of Georgia Standalone, IFRS GEL, unless otherwise noted GEL/US\$ average exchange rate	May-06 YTD 1.81	May-06 YTD 1.81	Growth	May-05 YTD 1.83	12/31/2005 1.81
<b>Operating Income</b>					
Interest Income	15,410,728	27,962,765	62.0%	17,260,840	51,115,733
Interest Expense	5,352,838	9,712,725	105.6%	4,725,152	12,882,304
<b>Net Interest Income</b>	<b>10,057,890</b>	<b>18,250,041</b>	<b>45.6%</b>	<b>12,535,688</b>	<b>38,233,429</b>
Fee & Commission Income	3,739,392	6,785,127	49.6%	4,534,110	13,035,903
Fee & Commission Expenses	528,630	959,200	15.4%	831,351	2,105,997
<b>Net Fee &amp; Commission Income</b>	<b>3,210,762</b>	<b>5,825,927</b>	<b>57.3%</b>	<b>3,702,760</b>	<b>10,929,906</b>
Income from Documentary Operations	838,763	1,521,935	52.8%	996,327	2,807,882
Expense from Documentary Operations	262,519	476,341	73.4%	274,739	803,964
<b>Net Income From Documentary Operations</b>	<b>576,244</b>	<b>1,045,594</b>	<b>44.9%</b>	<b>721,587</b>	<b>2,003,918</b>
<b>Net Income from Foreign Exchange Operations</b>	<b>1,943,790</b>	<b>3,527,007</b>	<b>62.5%</b>	<b>2,170,317</b>	<b>6,470,241</b>
<b>Net Other Non-Interest Income</b>	<b>16,047</b>	<b>29,117</b>	<b>-71.5%</b>	<b>102,231</b>	<b>243,741</b>
<b>Net Non-Interest Income</b>	<b>5,746,842</b>	<b>10,427,645</b>	<b>55.7%</b>	<b>6,696,895</b>	<b>8,717,900</b>
<b>Total Operating Income</b>	<b>15,804,732</b>	<b>28,677,686</b>	<b>49.1%</b>	<b>19,232,583</b>	<b>57,881,235</b>
<b>Recurring Operating Costs</b>					
Personnel Costs	3,388,896	6,149,152	24.6%	4,933,592	12,422,903
Health Insurance & Pension Costs	70,273	127,510	552.8%	19,534	160,657
Consulting, TA & Development Costs	115,273	209,163	114.8%	97,388	311,648
Marketing, PR & Advertising	334,764	607,430	39.4%	435,765	999,056
Depreciation	949,097	1,722,137	29.6%	1,329,320	3,491,954
Other Operating Expenses	2,594,157	4,707,099	45.4%	3,237,135	8,885,447
<b>Total Recurring Operating Costs</b>	<b>7,452,461</b>	<b>13,522,490</b>	<b>34.5%</b>	<b>10,052,734</b>	<b>26,271,665</b>
<b>Normalized Net Operating Income</b>	<b>8,352,271</b>	<b>15,155,196</b>	<b>65.1%</b>	<b>9,179,849</b>	<b>31,609,570</b>
Net Non-Recurring Costs	339,682	616,353	0.9%	610,759	1,962,044
<b>Profit (Pre-Bonus) Before Provisions</b>	<b>8,012,589</b>	<b>14,538,843</b>	<b>69.7%</b>	<b>8,569,091</b>	<b>29,647,526</b>
Provisions	2,031,018	3,685,282	33.5%	2,761,283	9,012,148
Gains On Asset Sale & Recovery	105,668	191,734	-79.9%	954,799	1,840,501
<b>Pre-Bonus Result</b>	<b>6,087,239</b>	<b>11,045,296</b>	<b>63.3%</b>	<b>6,762,606</b>	<b>22,475,879</b>
Guaranteed Compensation Expenses	186,798	338,945	242.4%	99,000	232,000
ESOP expenses	292,552	530,835	NMF	-	-
<b>Bonuses</b>	<b>1,201,860</b>	<b>2,180,776</b>	<b>2.5%</b>	<b>2,127,814</b>	<b>6,000,001</b>
<b>Pre-Tax Income</b>	<b>4,406,029</b>	<b>7,994,740</b>	<b>76.3%</b>	<b>4,535,793</b>	<b>16,243,878</b>
Income Tax	716,930	1,300,869	303.7%	322,259	2,881,194
<b>Net Income</b>	<b>3,689,100</b>	<b>6,693,871</b>	<b>58.9%</b>	<b>4,213,534</b>	<b>13,362,684</b>



# Standalone May and YTD 2006 Results, IFRS, Unaudited

## BALANCE SHEET DATA

<i>JSC Bank of Georgia Standalone, IFRS GEL, unless otherwise noted</i>	<i>Unaudited US\$ 5/31/2006</i>	<b>Unaudited 5/31/2006</b>	<b>YTD Growth</b>	<b>Audited 12/31/2005</b>
GEL/US\$ e-o-p exchange rate	<i>1.80</i>	<i>1.80</i>		<b>1.79</b>
Cash	25,081,189	45,146,140	81.3%	24,907,867
Balances With NBG	30,756,392	55,361,505	66.5%	33,249,740
Cash Balances With Banks	33,984,075	61,171,336	108.7%	29,314,610
Treasuries	110,598	199,076	-97.4%	7,700,513
Other Fixed Income Instruments	621,283	1,118,310	-37.6%	1,791,329
<b>Net Loans</b>	<b>228,636,795</b>	<b>411,546,231</b>	<b>38.5%</b>	<b>297,191,784</b>
Accrued Interest And Dividends	2,733,621	4,920,519	-15.2%	5,801,236
Net Investments	9,952,911	17,915,240	94.3%	9,221,425
Fixed & Intangible Assets	22,242,841	40,037,113	7.9%	37,115,121
Other Assets	23,091,400	41,564,519	433.2%	7,795,366
Goodwill	1,065,231	1,917,416	1.3%	1,892,000
<b>TOTAL ASSETS</b>	<b>378,276,336</b>	<b>680,897,405</b>	<b>49.3%</b>	<b>455,980,991</b>
<b>Deposits</b>	<b>234,611,202</b>	<b>422,300,164</b>	<b>44.8%</b>	<b>291,602,828</b>
Interbank Deposits	8,198,748	14,757,746	-29.9%	21,062,795
Client Deposits	226,412,454	407,542,418	50.6%	270,540,033
<b>Borrowed Funds</b>	<b>66,188,601</b>	<b>119,139,482</b>	<b>117.8%</b>	<b>54,702,186</b>
<b>Payable Interest and Dividends</b>	<b>5,539,977</b>	<b>9,971,958</b>	<b>136.3%</b>	<b>4,220,846</b>
<b>Other Liabilities</b>	<b>14,828,072</b>	<b>26,690,530</b>	<b>79.7%</b>	<b>14,853,698</b>
<b>TOTAL LIABILITIES</b>	<b>321,167,852</b>	<b>578,102,134</b>	<b>58.2%</b>	<b>365,379,558</b>
Ordinary Shares	8,627,532	15,529,558	5.4%	14,728,704
Retained Earnings And Revaluation Reserves	44,762,134	80,571,841	28.9%	62,510,045
Net Income For The Period	3,718,817	6,693,871	-49.9%	13,362,684
<b>SHAREHOLDERS' EQUITY</b>	<b>57,108,483</b>	<b>102,795,270</b>	<b>13.5%</b>	<b>90,601,433</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>378,276,336</b>	<b>680,897,405</b>	<b>49.3%</b>	<b>455,980,991</b>



# Standalone May and YTD 2006 Results, IFRS, Unaudited

## KEY RATIOS

### RATIOS

*JSC Bank of Georgia Standalone*

	Unaudited May-06	Unaudited May-05
Interest Expense/Interest Income	34.7%	27.4%
Interest Income/Average Interest Earning Assets*	17.3%	18.0%
Interest Income/Average Interest Earning Assets**	13.0%	12.5%
Interest Expense/Average Interest Bearing Liabilities	5.3%	2.6%
Net Spread*	12.0%	15.5%
Net Spread**	7.8%	10.0%
Net Interest Margin	11.3%	13.1%
Net Interest Margin**	8.5%	9.1%
Net Non-Interest Income/Total Operating Income	36.4%	34.8%
Fee & Commission Income/Average Earning Assets	1.3%	1.4%
Cost/Average Assets (normalized)***	2.9%	3.4%
Cost/Income Ratio (normalized)***	57.8%	63.8%
Personnel Costs/Total Operating Income	32.5%	37.3%
Net Income/Total Operating Income	23.3%	21.9%
Capital Adequacy Ratio (Tier I + Tier II, BIS)	17.6%	18.0%
Net Loans/Total Assets	60.4%	56.8%
Net Loans/Total Liabilities	71.2%	68.0%
Net Loans/Client Deposits	101.0%	84.6%
Average Interest Earning Assets/Total Assets*	57.1%	64.5%
Average Interest Earning Assets/Total Assets**	75.6%	92.8%
Liquid Assets/Total Assets	23.9%	21.3%
Total Deposits/Total Liabilities	73.0%	80.5%
Time Deposits/Total Client Deposits	36.7%	40.1%
Demand Deposits/Total Client Deposits	7.3%	10.0%
Current Account Balances/Total Client Deposits	56.0%	49.9%
Client Deposits/Total Deposits	96.5%	99.8%
Client Deposits/Shareholders' Equity	396.5%	406.2%
Provisions/Gross Loans	8.9%	10.0%
NPLs/Gross Loans****	8.7%	11.1%
Leverage (Total Liabilities/Equity)	5.6	5.1

\*Interest Earning Assets does not include interest earning cash balances with NBG and other bank and other fixed income instruments

\*\* Interest Earning Assets includes interest earning cash balances with NBG and other banks and other fixed income instruments

\*\*\*Costs normalized to Non-Recurring Costs

\*\*\*\*NPLs includes loans classified as Substandard, Doubtful and Loss



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# Consolidated May and YTD 2006 Results, IFRS, Unaudited

## INCOME STATEMENT DATA

	<i>Unaudited US\$</i>	<b>Unaudited</b>	<b>Y-O-Y</b>	<b>Unaudited</b>	<b>Audited</b>
<i>JSC Bank of Georgia Consolidated, IFRS</i>	<i>May-06</i>	<b>May-06</b>	<b>Growth</b>	<b>May-05</b>	<b>12/31/2005</b>
<i>GEL, unless otherwise noted</i>	<i>YTD</i>	<b>YTD</b>		<b>YTD</b>	
GEL/US\$ average exchange rate	<i>1.80</i>	<b>1.80</b>		<b>1.83</b>	<b>1.81</b>
<b>Operating Income</b>					
Interest Income	15,655,052	28,179,094	63.7%	17,212,445	51,662,733
Interest Expense	5,408,546	9,735,384	107.0%	4,703,325	12,863,304
<b>Net Interest Income</b>	<b>10,246,506</b>	<b>18,443,711</b>	<b>47.4%</b>	<b>12,509,119</b>	<b>38,799,429</b>
Fee & Commission Income	4,371,780	7,869,204	68.7%	4,663,871	13,839,903
Fee & Commission Expenses	743,901	1,339,022	71.1%	782,394	1,580,997
<b>Net Fee &amp; Commission Income</b>	<b>3,627,879</b>	<b>6,530,182</b>	<b>68.2%</b>	<b>3,881,477</b>	<b>12,258,906</b>
Income from Documentary Operations	845,520	1,521,935	53.2%	993,556	2,945,882
Expense from Documentary Operations	264,942	476,896	73.6%	274,740	803,964
<b>Net Income From Documentary Operations</b>	<b>580,577</b>	<b>1,045,039</b>	<b>45.4%</b>	<b>718,816</b>	<b>2,141,918</b>
<b>Net Income from Foreign Exchange Operations</b>	<b>1,942,478</b>	<b>3,496,460</b>	<b>61.7%</b>	<b>2,162,796</b>	<b>6,512,241</b>
<b>Net Other Non-Interest Income</b>	<b>1,378,506</b>	<b>2,481,311</b>	<b>124.5%</b>	<b>1,105,248</b>	<b>4,271,741</b>
<b>Net Non-Interest Income</b>	<b>7,529,440</b>	<b>13,552,992</b>	<b>72.2%</b>	<b>7,868,338</b>	<b>12,925,900</b>
<b>Total Operating Income</b>	<b>17,775,946</b>	<b>31,996,703</b>	<b>57.0%</b>	<b>20,377,457</b>	<b>63,984,235</b>
<b>Recurring Operating Costs</b>					
Personnel Costs	4,376,862	7,878,352	36.8%	5,759,816	14,944,903
Health Insurance & Pension Costs	631	1,136	-98.8%	92,540	0
Consulting, TA & Development Costs	116,201	209,163	18.6%	176,373	311,648
Marketing, PR & Advertising	337,822	608,080	31.6%	462,020	1,241,102
Depreciation	1,102,562	1,984,611	48.5%	1,336,679	4,229,954
Other Operating Expenses	2,768,299	4,982,939	59.0%	3,134,226	11,157,058
<b>Total Recurring Operating Costs</b>	<b>8,702,378</b>	<b>15,664,280</b>	<b>42.9%</b>	<b>10,961,654</b>	<b>31,884,665</b>
<b>Normalized Net Operating Income</b>	<b>9,073,568</b>	<b>16,332,423</b>	<b>73.5%</b>	<b>9,415,804</b>	<b>32,099,570</b>
Net Non-Recurring Costs	196,633	353,940	-48.7%	689,548	1,962,044
<b>Profit (Pre-Bonus) Before Provisions</b>	<b>8,876,935</b>	<b>15,978,483</b>	<b>83.1%</b>	<b>8,726,256</b>	<b>30,137,526</b>
Provisions	1,820,179	3,276,322	18.6%	2,761,784	9,012,148
Gains On Asset Sale & Recovery	106,519	191,734	-79.9%	955,315	1,840,501
<b>Pre-Bonus Result</b>	<b>7,163,275</b>	<b>12,893,895</b>	<b>86.3%</b>	<b>6,919,787</b>	<b>22,965,879</b>
Guaranteed Compensation Expenses	188,303	338,945	242.4%	99,000	232,000
ESOP expenses	294,908	530,835	NMF	-	-
Bonuses	1,326,293	2,387,328	12.2%	2,127,813	6,000,001
<b>Pre-Tax Income</b>	<b>5,353,771</b>	<b>9,636,787</b>	<b>105.3%</b>	<b>4,692,973</b>	<b>16,733,878</b>
Income Tax	921,644	1,658,960	310.5%	404,097	3,107,194
<b>Net Income</b>	<b>4,432,126</b>	<b>7,977,827</b>	<b>86.0%</b>	<b>4,288,876</b>	<b>13,626,684</b>



# Consolidated May and YTD 2006 Results, IFRS, Unaudited

## BALANCE SHEET DATA

<i>JSC Bank of Georgia Consolidated, IFRS GEL, unless otherwise noted</i>	<i>Unaudited US\$ 5/31/2006</i>	<i>Unaudited 5/31/2006</i>	<i>YTD Growth</i>	<i>Audited 12/31/2005</i>
GEL/US\$ e-o-p exchange rate	1.80	1.80		1.79
Cash	25,344,352	45,619,834	80.0%	25,350,867
Balances With NBG	31,295,752	56,332,354	69.4%	33,249,740
Cash Balances With Banks	35,451,388	63,812,498	115.4%	29,625,610
Treasuries	332,858	599,145	-92.8%	8,309,513
Other Fixed Income Instruments	3,510,744	6,319,339	252.8%	1,791,329
<b>Net Loans</b>	<b>227,116,804</b>	<b>408,810,248</b>	<b>39.1%</b>	<b>293,999,784</b>
Accrued Interest And Dividends	2,587,923	4,658,261	-19.7%	5,801,236
Net Investments	1,073,721	1,932,698	88.5%	1,025,425
Fixed & Intangible Assets	24,603,647	44,286,564	11.9%	39,572,121
Other Assets	17,439,822	31,391,679	94.8%	16,114,366
Goodwill	14,281,746	25,707,144	348.6%	5,730,000
<b>TOTAL ASSETS</b>	<b>383,038,757</b>	<b>689,469,762</b>	<b>49.7%</b>	<b>460,569,991</b>
<b>Deposits</b>	<b>231,117,206</b>	<b>416,010,971</b>	<b>45.8%</b>	<b>285,329,828</b>
Interbank deposits	8,260,914	14,869,645	-29.4%	21,062,795
Client deposits	222,856,292	401,141,326	51.8%	264,267,033
<b>Borrowed Funds</b>	<b>67,841,791</b>	<b>122,115,224</b>	<b>115.1%</b>	<b>56,781,186</b>
Payable Interest and Dividends	5,539,356	9,970,841	136.2%	4,220,846
Other Liabilities	20,113,589	36,204,461	59.0%	22,775,698
<b>TOTAL LIABILITIES</b>	<b>324,611,943</b>	<b>584,301,497</b>	<b>58.3%</b>	<b>369,107,558</b>
Ordinary Shares	8,627,532	15,529,558	5.4%	14,728,704
Treasury Shares		(146,673)	81.1%	(81,000)
Retained Earnings And Revaluation Reserves	44,796,085	80,632,954	30.3%	61,881,045
Net Income For The Period	4,432,126	7,977,827	-41.5%	13,626,684
<b>SHAREHOLDERS' EQUITY</b>	<b>57,774,257</b>	<b>103,993,663</b>	<b>15.3%</b>	<b>90,155,433</b>
Minority Interest	652,556	1,174,602		1,307,000
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>383,038,757</b>	<b>689,469,762</b>	<b>49.7%</b>	<b>460,569,991</b>
<i>Shares Outstanding</i>	<i>15,529,558</i>	<i>15,529,558</i>		<i>14,728,704</i>

### RATIOS

*JSC Bank of Georgia Consolidated*

	<i>Unaudited May-06</i>	<i>Unaudited May-05</i>
ROAE	19.5%	18.2%
ROAA	3.3%	2.9%
Cost/Income Ratio (normalized)	59.1%	64.7%
Personnel Costs/Total Operating Income	34.8%	39.6%
Net Income/Total Operating Income	24.9%	21.0%
Net Loans/Total Assets	59.3%	56.2%
Net Loans/Total Liabilities	70.0%	67.6%
Leverage (Total Liabilities/Equity)	5.6	5.1
Book Value per Share (Basic)	6.76	5.14
Book Value Per Share (Diluted)	6.53	4.86
Share price *	12.86	6.46

\*GSE closing price on the last trading day of the period



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This presentation contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to the implementation of strategic initiatives and other statements relating to our business development and financial performance.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, (1) general market, macroeconomic, governmental, legislative and regulatory trends, (2) movements in local and international currency exchange rates, interest rates and securities markets, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties and developments in the markets in which they operate, (6) management changes and changes to our group structure and (7) other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this presentation and in our past and future filings and reports, including those filed with the NSCG.

We are under no obligation (and expressly disclaim any such obligations to) update or alter our forward-looking statements whether as a result of new information, future events, or otherwise.