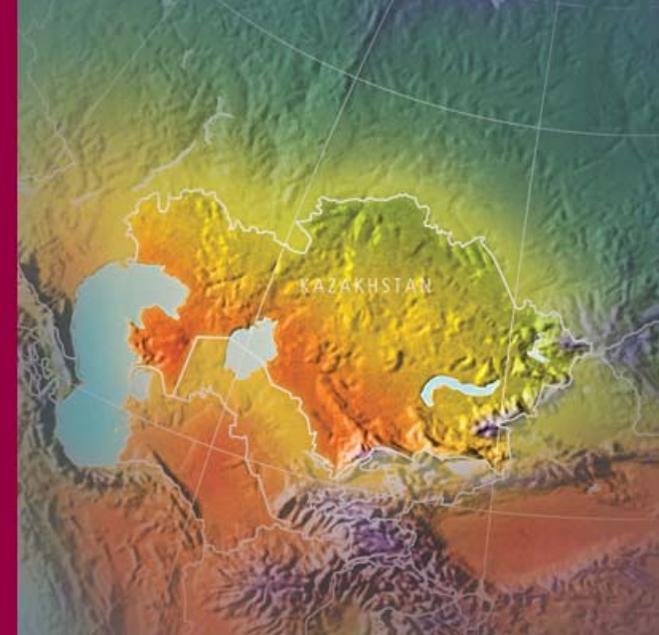


Kazakhstan

Capital Markets Summit



Lado Gurgenidze, Bank of Georgia

Bank of Georgia 1H 2006 Performance Update



საქართველოს ბანკი
BANK OF GEORGIA



FitchRatings: 'B-/B' Positive
Moody's: 'B3/NP' (FC) & 'Baa3/P-3' (LC); Stable
S&P: 'B+/B' Stable



The Georgian Financial Services Sector

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The Georgian Financial Services Sector At A Glance

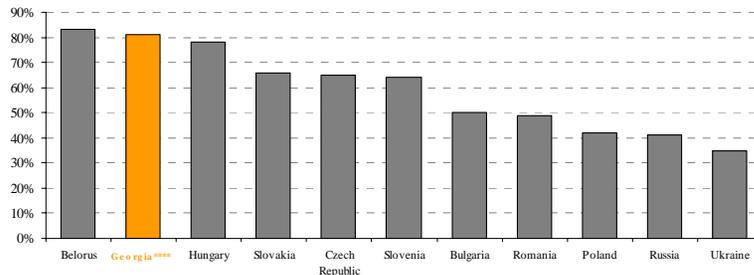
- 19 banks, but sector consolidation in progress

GEL/US\$	YE 2005	August 31, 2006	Since YE '05	Market Share			
				Top 5 Banks	Bank of Georgia	BoG Market Share Gain	
Period End							
YE 2005= 1.79							
August 31, 2006= 1.74							
	Total Assets	GEL 2,548 mln	GEL 3,519 mln	+38.1%	81.2%	21.7%	+4.9% since YE '05
	Loans	GEL 1,730 mln	GEL 2,439 mln	+41.0%	83.3%	23.0%	+4.8% since YE '05
	Deposits	GEL 1,538 mln	GEL 2,073 mln	+34.8%	85.9%	22.7%	+3.7% since YE '05
	Shareholders' Equity	GEL 479 mln	GEL 595 mln	+24.2%	70.3%	20.2%	+1.5% since YE '05
	Net Income*	GEL 62 mln	GEL 56 mln	NMF	81.7%	20.4%*	

Georgian Banking Snapshot, August 31, 2006

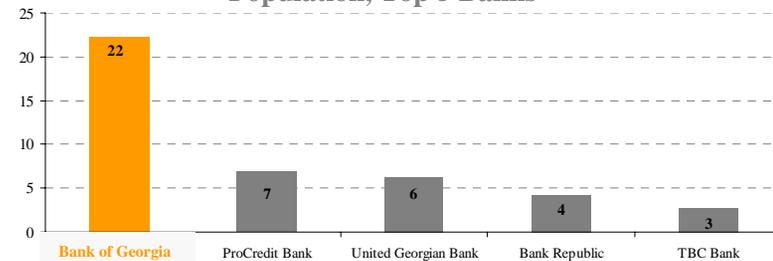
<i>GEL '000s, except for branches</i>	Assets	Loans	Deposits	Equity	Net Income	Branches
TBC Bank	868,266	613,604	546,635	106,802	13,653	12
Bank of Georgia	797,796	561,941	469,812	120,186	11,514	100**
United Georgian Bank	467,775	366,935	312,908	45,249	4,560	28
ProCredit Bank	428,583	304,367	224,507	57,016	3,651	31
Bank Republic	293,846	185,708	226,942	41,448	8,325	19
Cartu Bank	258,783	185,120	78,473	88,962	8,087	3
Other Banks	404,150	221,111	213,356	135,455	6,665	186
Total Sector	3,519,200	2,438,786	2,072,634	595,117	56,455	379

Concentration Ratios (Total Asset Mkt Shares)***, Top 5 Banks



*Based on standalone net income of GEL 11.5 mln
 ** 20 branches will be opened at the end of September 2006
 *** YE 2005
 **** August 31, 2006

Number of branches & Service Centers per Million of Georgian Population, Top 5 Banks

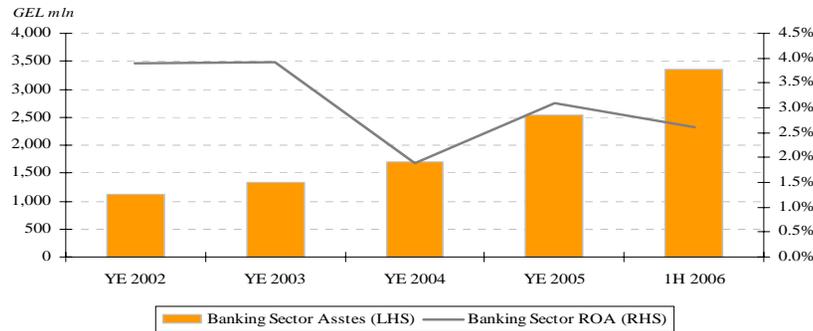




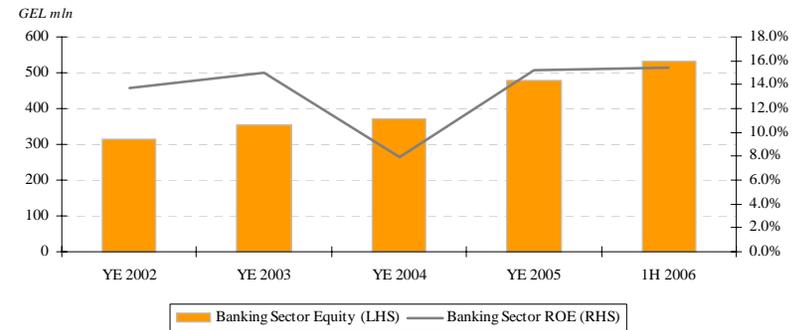
The Georgian Financial Services Sector At A Glance cont'd

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Banking Sector Assets & ROA



Banking Sector Equity & ROE



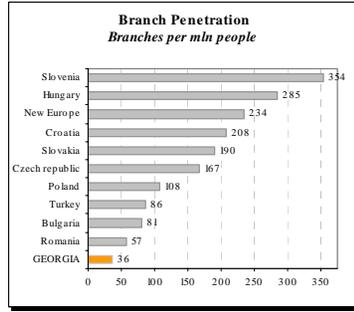
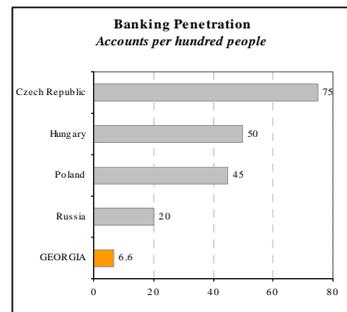
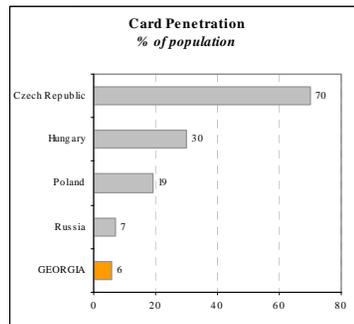
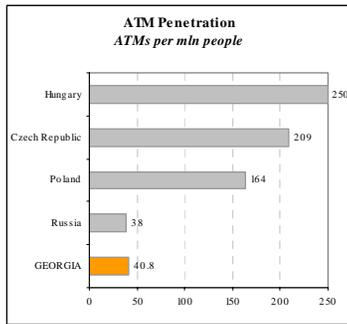
- Bank-owned insurance companies account for an approximately 62% market share
 - Bank of Georgia has an approximately 20% market share (BCI/EuroPace)
- Bank-owned leasing companies account for 100% of the leasing assets
 - Bank of Georgia (GLC) has an approximately 40% market share
- Bank-owned broker-dealers account for more than 95%* of the trading volume on the GSE
 - Bank of Georgia (Galt & Taggart) has an approximately 91.5% market share
- 2nd, 3rd and 4th largest banks are foreign-controlled
 - Bank of Georgia (approximately 70% non-resident institutional investor ownership)
 - United Georgian Bank (51% owned by VneshtorgBank)
 - ProCredit Bank Georgia (majority controlled by the ProCredit network)

* Galt & Taggart Securities estimate



The Georgian Banking Sector – Significant Growth Potential

As consumer demand for financial services becomes more sophisticated



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

YE 2005 E

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

GEORGIA

CEE & CIS

	2005	2004	2003	Poland (2005)	Czech (2005)	Hungary (2005)	Russia (2005)	Ukraine (2005)	Kazakhstan (2005)
Total Loans/GDP (%)	14.22%	9.85%	9.18%	27%	40%	53%	24%	34%	38%
Total Deposits/GDP (%)	11.30%	10.03%	8.58%	34%	67%	42%	18%	32%	24%
Banking Assets per capita (EUR)	265	151	114	4,240	9,798	2,272	2,477*	798	1,868
Banking Assets/No. of Banks (EUR mln)	60	32.5	20.6	2,239	2,710	1,054	2,465	200	837
GEL/EUR end of period	2.13	2.49	2.59						

Source: ECB, EBRD, S&P, Galt & Taggart Securities, Merrill Lynch,

National Bank of Ukraine, National Bank of Kazakhstan, National Bank of Poland, Czech National Bank, National Bank of Hungary (Magyar Nemzeti Bank),



The Georgian Banking Sector – Key Trends & Issues 2005 - 2008

October 06

- **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 availability of non-deposit funding**
 - Driven by the S&P sovereign B+/B Positive rating
 - Three banks rated
 - Bank of Georgia rated 'B-/B' Positive by Fitch; 'B3/NP' (FC) & 'Baa3/P-3' (LC) Stable by Moody's; 'B+/B' Stable by Standard & Poor's
 - TBC Bank rated 'B-/B' by Fitch;
 - ProcreditBank rated 'B/B' by Fitch
 - IFIs: EBRD, IFC, DEG, OPIC, BSTDB, FMO – active in Georgia since the mid-1990s
 - Syndicated loans
 - TBC Bank US\$21 mln from EBRD-arranged A/B loan
 - ProCredit Bank US\$15 mln EBRD-arranged A/B loan
 - Unsecured term loans
 - Bank of Georgia US\$25 mln from Citigroup, US\$25 mln from Merrill Lynch
 - TBC Bank US\$35 mln from Citigroup
 - Long-tenor facilities to fund mortgage lending
 - Bank of Georgia US\$10 mln 10-year facility from WBC
 - TBC Bank US\$ 15 mln facility from EBRD
 - Subordinated Debt
 - Bank of Georgia, US\$5 mln from Thames River Capital, US\$25 mln from a fund advised by HBK Investments L.P.
 - TBC Bank, subordinated loan from shareholder
 - Cartu Bank, subordinated loan from shareholder
 - Domestic bonds
 - Bank of Georgia
 - ProCredit Bank Georgia
 - CLNs/Eurobonds (expected 2H 2006/1H 2007)
- **Significant sector-wide growth triggers expected (2007-2008)**
 - 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, facilitating non-residents' access to Georgian financial assets
 - Introduction of the deposit insurance scheme following the further consolidation of the sector



Bank of Georgia Overview



Bank of Georgia - Our Vision & Mission

October 06

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

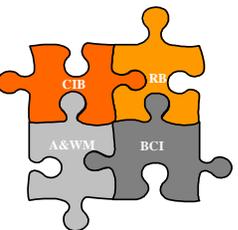
Our **mission** is to create long-term value and deliver by 2007 ROAE of 20%+ by building a relationship-driven, client-facing integrated financial services company based on the core values of *excellence in execution, teamwork, integrity and trust.*

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



Bank of Georgia – An Integrated Business Model

GEL/US\$ 1.80



Bank of Georgia Group

Insurance	CIB	RB	A&WM*	
2/3	1/2	1	1	Market Position (June 30, 2006)
GEL 5.9 mln	GEL 277.6 mln	GEL 171.5 mln	GEL 16.9 mln** GEL 144 mln (AUM/C)	Earning Assets (June 30, 2006)
GEL 15.0 mln	N/A	N/A	GEL 29.7 mln	Total Assets (June 30, 2006)
GEL 7.0 mln	GEL 14.5 mln	GEL 16.8 mln	GEL 2.3 mln	Revenue 1H 06
GEL 1.8 mln	GEL 12.2 mln	GEL 7.1 mln	GEL 1.5 mln	Normalized Net Operating Income 1H 06
GEL 1.0 mln	GEL 9.8 mln	GEL 4.5 mln	GEL 1.3 mln	Pre-Bonus Result 1H 06
GEL 0.7 mln	GEL 6.4 mln	GEL 3.0 mln	GEL 0.9 mln	Net Income 1H 06
6%	58%	27%	8%	Contribution to Group Net Income 1H 06

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

* due to immateriality excludes the BCI pension fund, which is consolidated to insurance SBU

** loans to Private Banking clients

Note: derived from management accounts based on unaudited Interim Consolidated Financials reviewed by Erns & Young





Diversified Loan Book And Conservative Provisioning Policy

October 06

CREDITINFO GEORGIA
PART OF CREDITINFO GROUP

- BoG a founding shareholder (15%) of Credit Bureau
 - Nine leading banks participating
 - Shares negative data
- Consistently conservative provisioning policy
 - NPLs range from GEL 12 mln to GEL 38 mln
 - Loan loss provisions ranging from GEL 18 mln to GEL 42 mln
 - Provisions/Loan Book ratio above 5% in 1H 2006
- Coverage ratio continuously above 100% since YE 2005
- Diversified loan book
 - 1,000+ CIB clients, more than 50% of total loan book
 - 130,000+ RB clients, more than 40% of total loan book
- Top ten borrowers accounted for slightly above 10% of total loan book in 1H '06
- Loans to group companies and related parties amounted to circa GEL 13 mln, above 3% of total loan book in 1H '06

Kazakhstan

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Bank of Georgia - Development Milestones

2000 - Q3 2004

Q4 2004

2005

1H 2006

New Management Team Takes Over

The bank has doubled in size under new management

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 711.9 mln + 155% since Q3 '04
GEL 497.9 mln + 190% since Q3 '04
GEL 434.2 mln + 146% since Q3 '04
GEL 105.0 mln + 116% since Q3 '04

Total Assets (e-o-p)
Total Loan Book (e-o-p)
Client Deposits (e-o-p)
Equity (e-o-p)

Unique management team composition for a CIS bank

0

6

15

20

Number of Western-Trained Professionals

Stellar acquisition and integration track record

TUB
BCI
Georgian Card

Galt & Taggart
GLC
EuroPace

IntellectBank, acquisition of assets & liabilities
Merchant banking acquisitions

Key Acquisitions

Increasingly diversified revenue stream

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
Merchant Banking

Key Business Lines

An established borrower in international markets

BSTDB
DEG
AKA Bank
EBRD
IFC

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 mln loan with OPIC guarantee
Citigroup US\$ 25 mln unsecured term loan
Thames River Capital US\$ 5 mln subordinated loan**
Merrill Lynch US\$ 25 mln unsecured term loan**
Fund advised by HKB US\$25 mln convertible subordinated loan**

Key Lenders

Unprecedented level of institutional interest. Institutional ownership >67% unique for a CIS bank.



Invested



Divested

*on behalf of institutional clients

** August/September 2006



საქართველოს ბანკი
BANK OF GEORGIA

Kazakhstan

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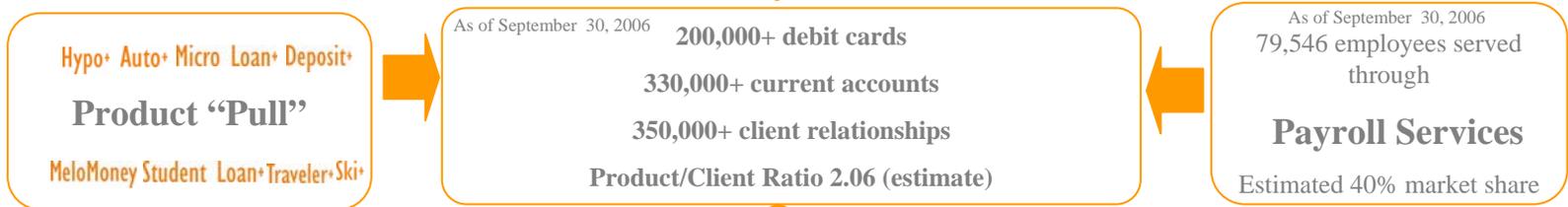


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Superior Retail Footprint & Consumer Reach

2005/Ongoing
Investment
Focus

Service
Delivery
Channels



2006/2007
Investment
Focus

Attractive
Customer
Acquisition
Channels



* 20 branches will be opened at the end of September 2006



Results Overview, Consolidated, IFRS, 1H '06 Reviewed

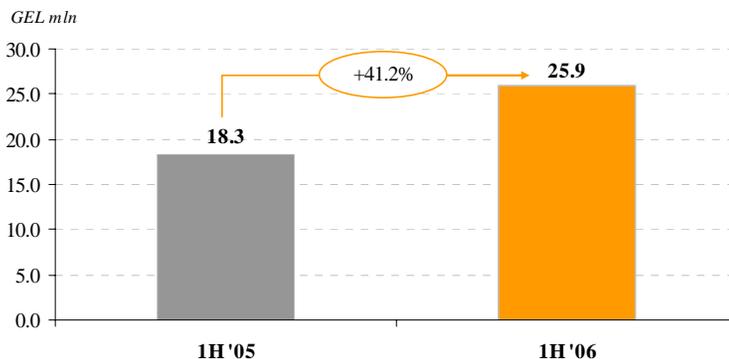
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GEL/US\$
Period Average:

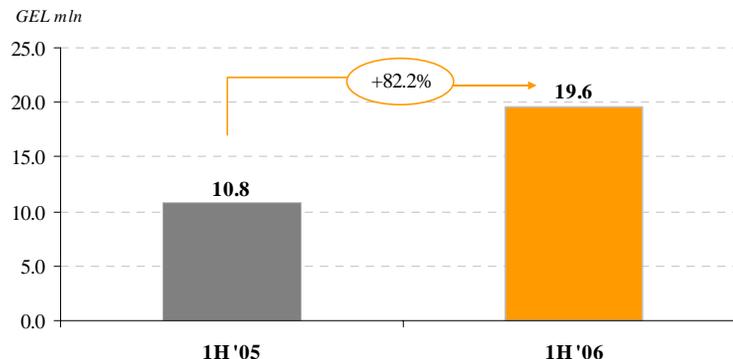
1H '05=1.83

1H '06=1.81

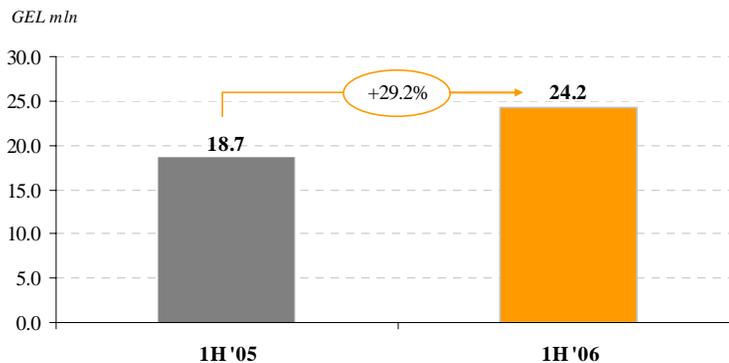
Net Interest Income



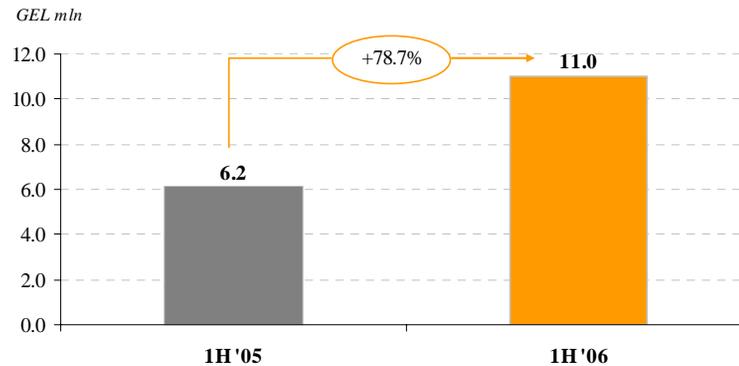
Net Fees & Commission and Non-Interest Income



Other Non-Interest Expense



Net Income



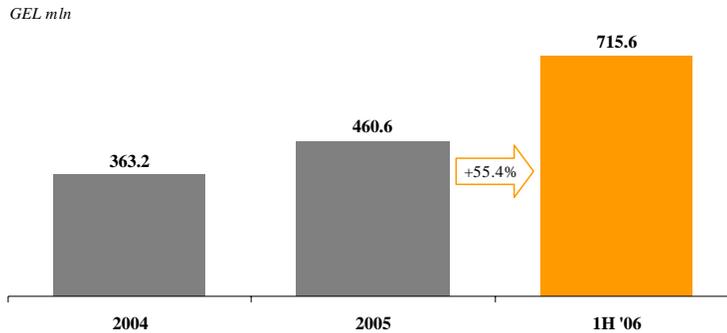


Balance Sheet Highlights, Consolidated, IFRS, 1H '06 Reviewed

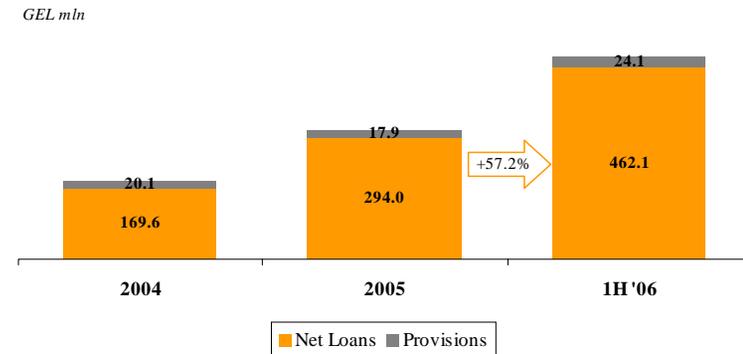
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GEL/US\$
 Period End:
 2004 = 1.83
 2005 = 1.79
 1H'06 = 1.77

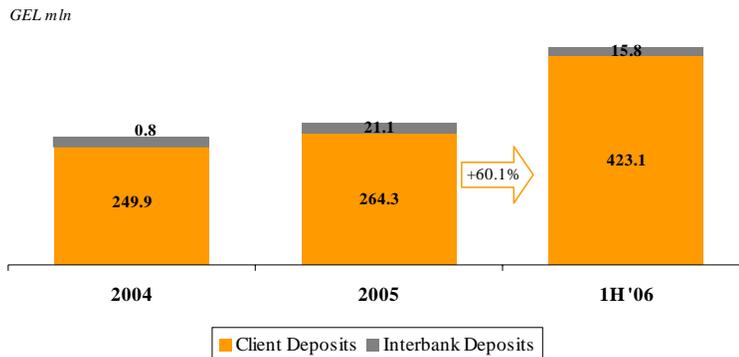
Total Assets (e-o-p)



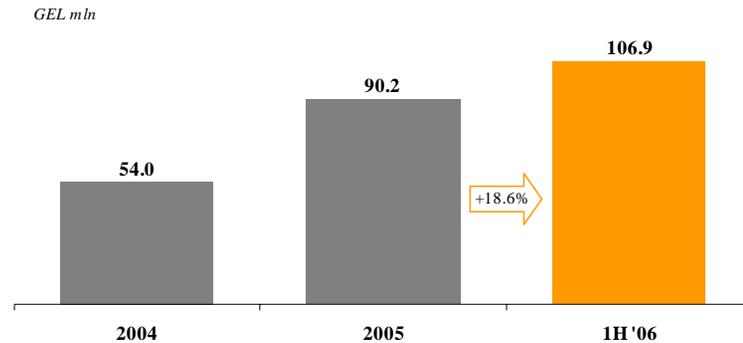
Loans (e-o-p)



Deposits (e-o-p)



Shareholders' Equity (e-o-p)





Retail Banking Overview

October 06

2006: Updating the brand

Old Logo:



New Logo:



New Retail Sub-brand



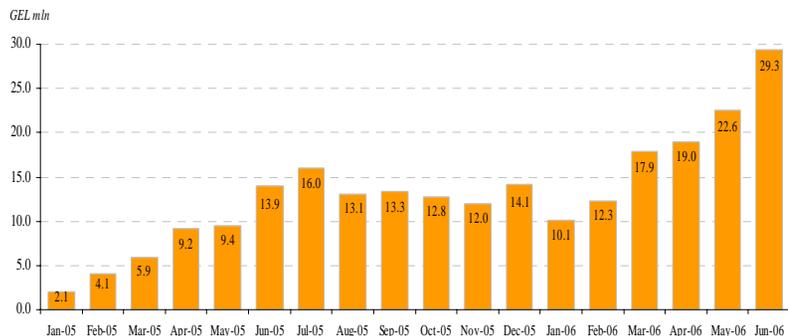
www.sb24.ge



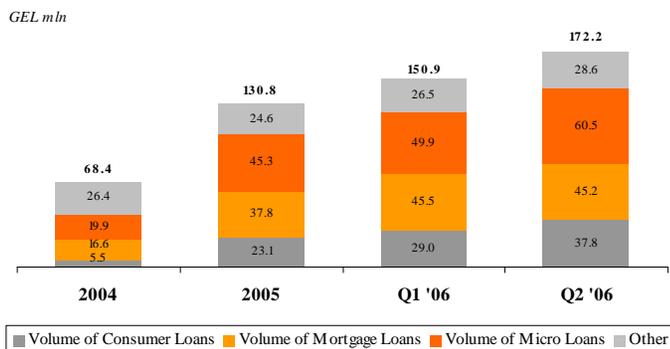
www.kandidati.ge

www.bog.ge/ir

Retail Loans Issued



Consumer, Mortgage, Micro & Other Loans***



* Including Private Banking client funds

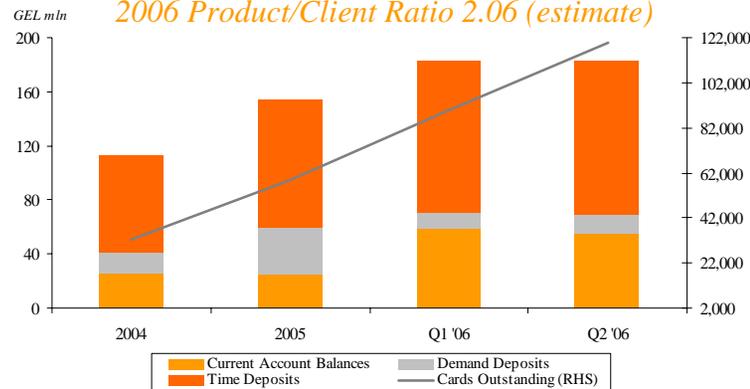
** Including IntellectBank

*** Including consumer and mortgage loans to Private Banking clients

Note: derived from management accounts

RB Client Funds*

Over 330,000** current accounts as at September 30, 2006 Product/Client Ratio 2.06 (estimate)



Leadership in Consumer Finance

— Since January 2006

– Contracts for 257 POS signed, of which

–178 exclusive

–42 outlets operating as of August 31, 2006

–21,189 consumer loans issued in the aggregate amount of GEL 47.3 mln

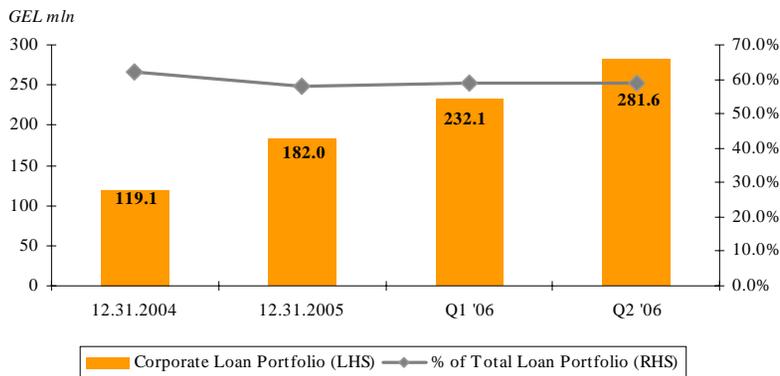


CIB Performance Review

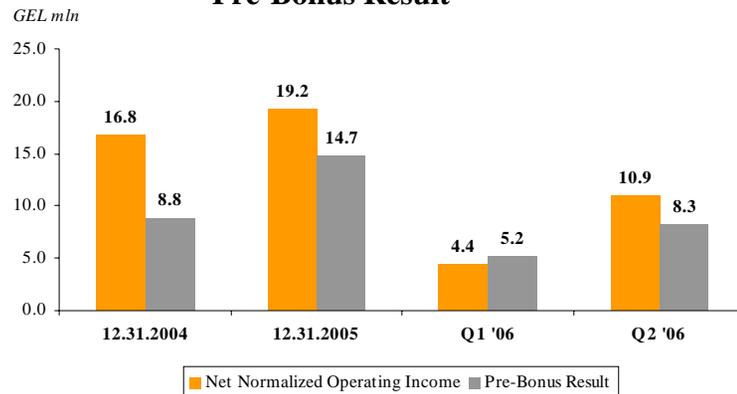
Integrated client coverage in 10 key sectors

- Construction & Real Estate
- Energy
- Fast Moving Consumer Goods
- Financial Institutions
- Foreign Organizations & Diplomatic Missions
- Pharmaceuticals & Healthcare
- Retail & Wholesale Trade
- State & Industry
- Telecommunications, Media & Technology
- Transport & Logistics
- Dedicated coverage of 503 corporate
- 1,112 SME clients
- Additional 42,000 corporate clients without dedicated coverage banker

Loan Portfolio



Normalized Net Operating Income & Pre-Bonus Result



Recent High-Profile Client Wins

Tbilisi Municipality

Sole Servicing Bank

Since 2006

MCG

Sole Servicing Bank

Since 2006

Tbilisi Metro

Sole Servicing Bank

Since 2006

ROMPETROL

Sole Servicing Bank

Since 2005

TAV Georgia

Sole Servicing Bank

Since 2005

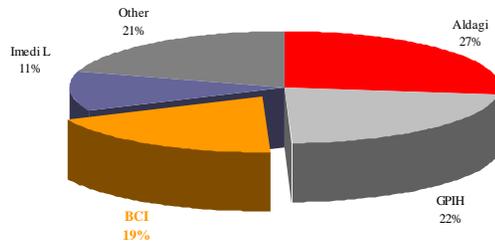
Note: derived from management accounts



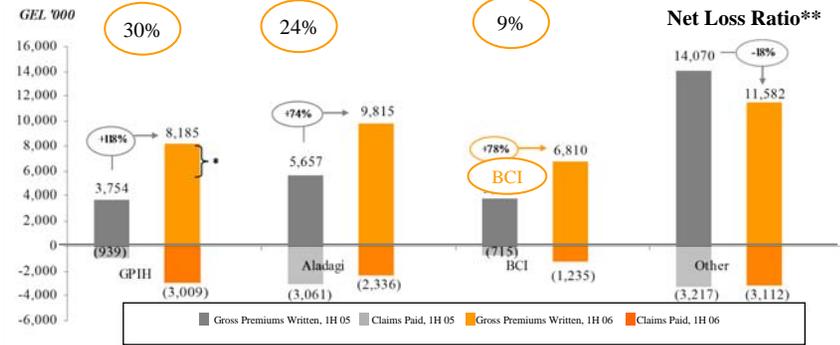
BCI Performance Review

BCI **სადაზიანებელი კომპანია**
INSURANCE COMPANY

Market Share By Gross Premiums Written, 1H '06



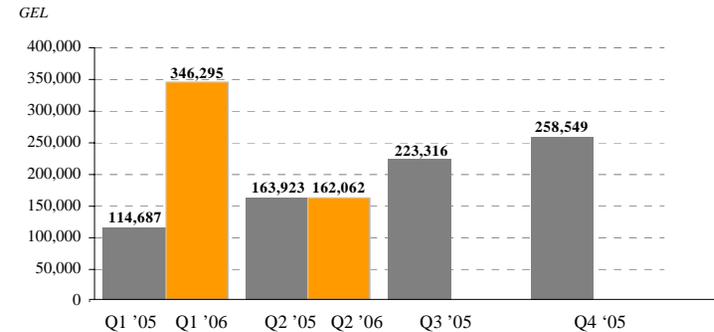
Gross Premiums Written & Total Claims Reimbursed, Y-O-Y Growth



* GEL 3 mln municipal program

** Net Loss Ratio – Claims Reimbursed by Companies/Total Premiums Written

Quarterly Net Income



Georgian Insurance Market

Market Size in 2005

GPW GEL 55 mln

Claims Reimbursed

GEL 18 mln

Market Size in 1H '06

GPW GEL 36 mln

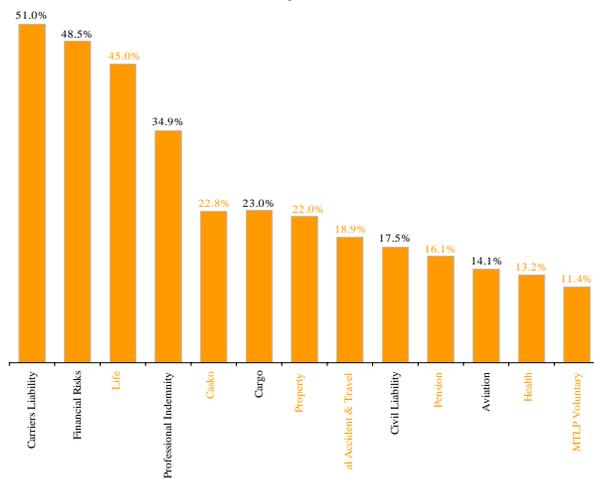
Claims Reimbursed

GEL 9 mln

GPW Breakdown By Product in 1H 2006

- Health – 29.28%
- Property – 19.03%
- Casko – 15.76%
- Civil Liability – 9.06%
- Aviation – 6.38%
- Cargo – 4.14%
- Financial Risks- 3.49%
- Personal Accident & Travel – 3.16%
- MTPL Voluntary – 3.12%
- Pension – 2.60%
- Life – 1.22%
- Professional Liability – 1.07%
- Carriers Liability – 0.95%
- Fire – 0.31%
- Performance Bond – 0.21%
- MTPL Compulsory – 0.12%
- Marine Vessels – 0.09%

BCI Market Share By Products, 1H '06



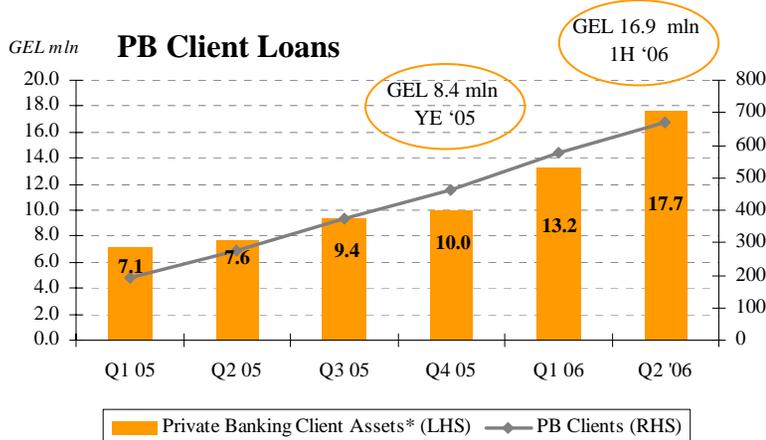
Note: derived from management accounts



Asset & Wealth Management Performance Review

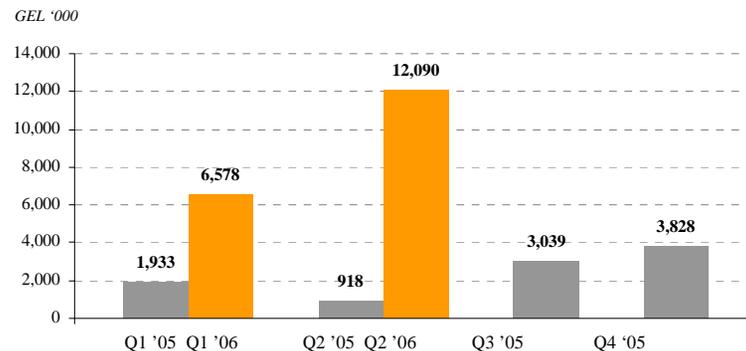
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PB Clients and Client Assets

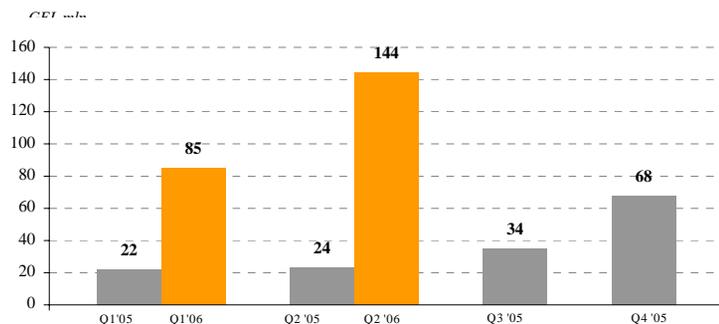


* Does not include private banking client funds & securities held at Galt & Taggart Securities

Galt & Taggart Total Assets

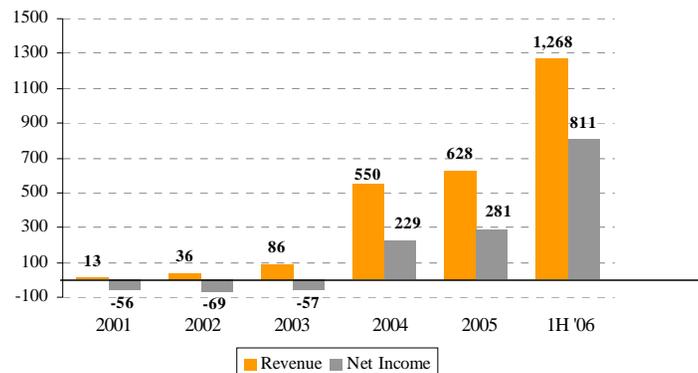


Galt & Taggart Assets Under Management & Custody



Note: derived from management accounts

Galt & Taggart Revenue and Net Income

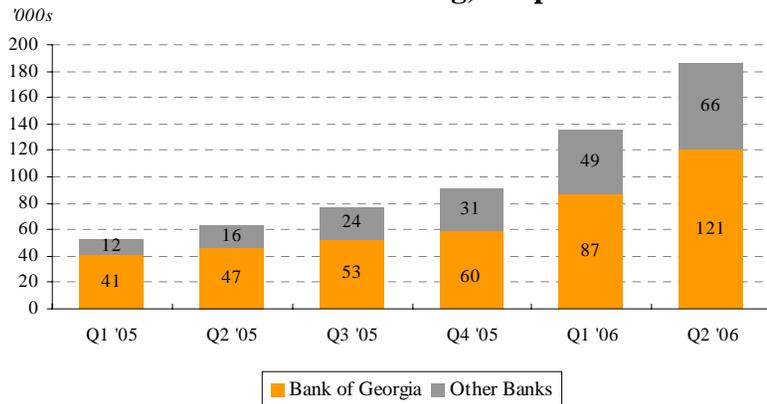




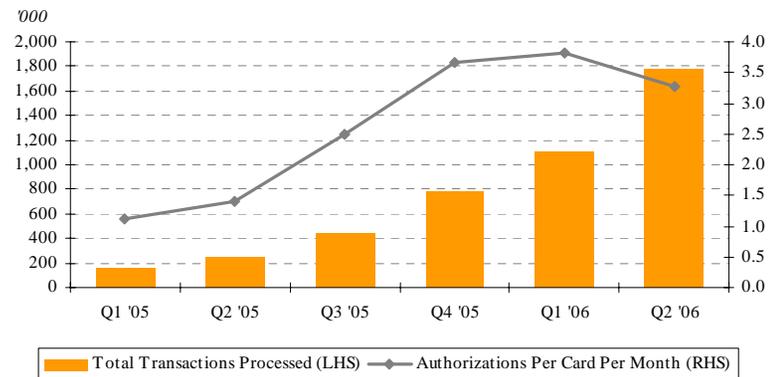
Georgian Card Performance Review



Cards Outstanding, e-o-p



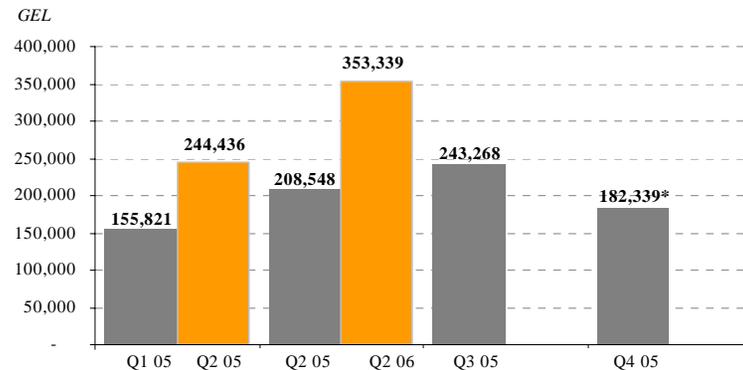
Transactions Processed



Client Banks



Revenue



* Significant tariff reduction occurred in Q4 '05

Note: derived from management accounts



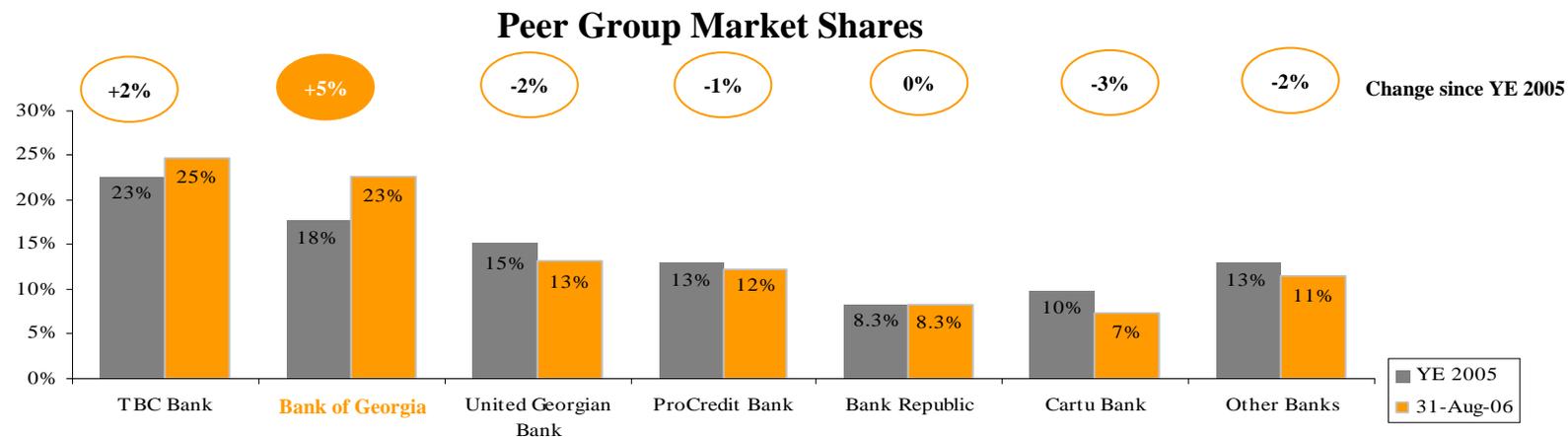
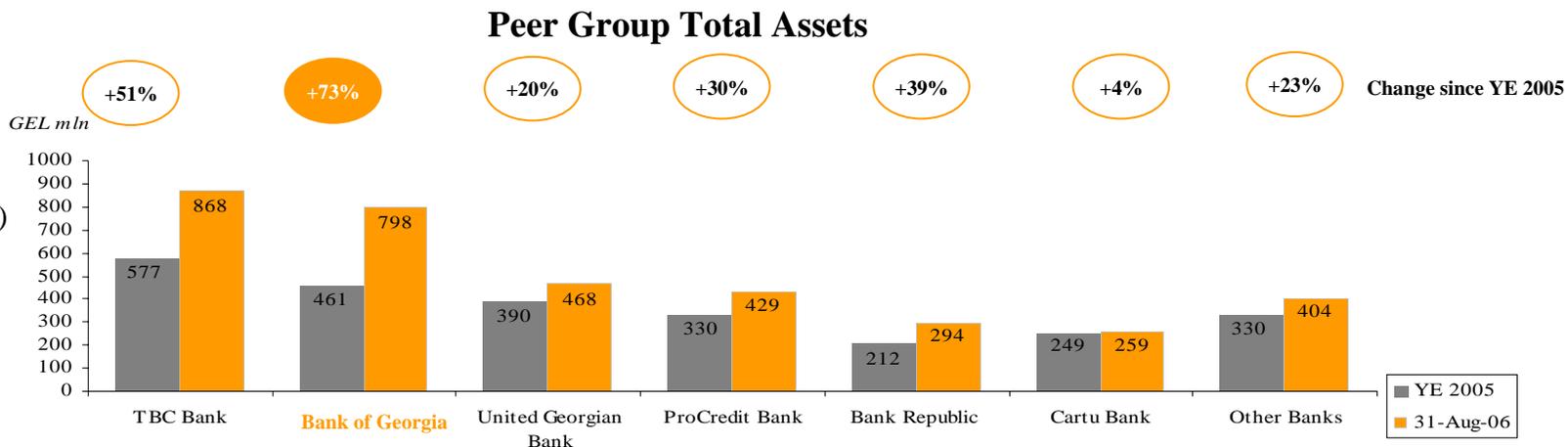


Peer Group – Total Assets & Market Shares

Total Sector Assets

GEL 3,519 mln
(August 31, 2006)

Change Since YE '05 + 38%



Notes: (1) Bank of Georgia total assets from standalone accounts as reported to the NBG
 (2) Other banks' total assets from standalone accounts as reported to the NBG
 (3) Bank of Georgia market shares calculated based on its standalone assets as reported to the NBG

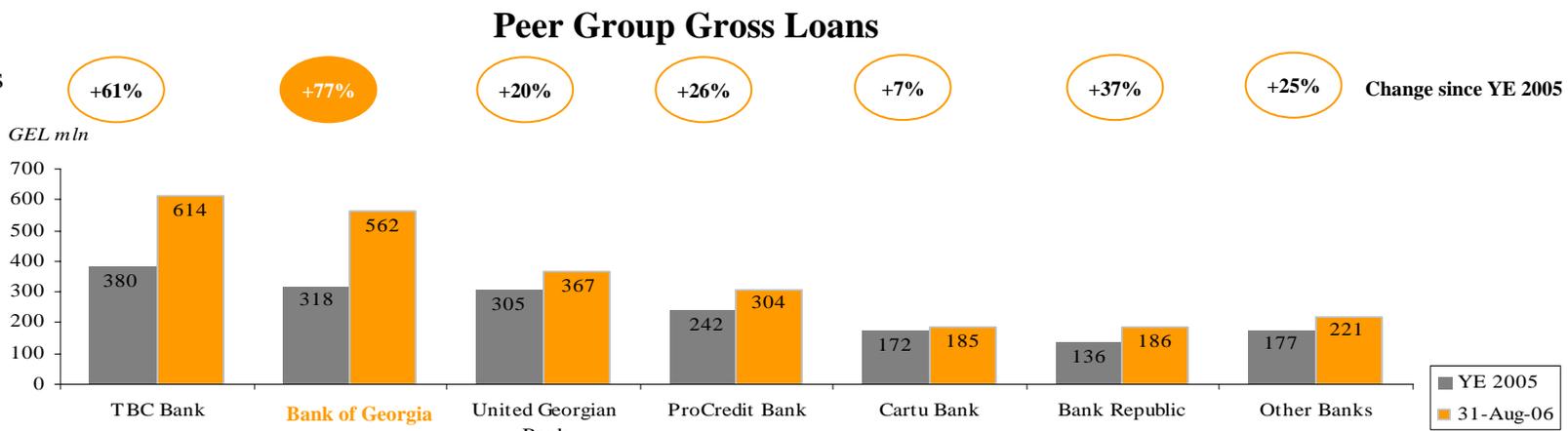


Peer Group – Gross Loans & Market Shares

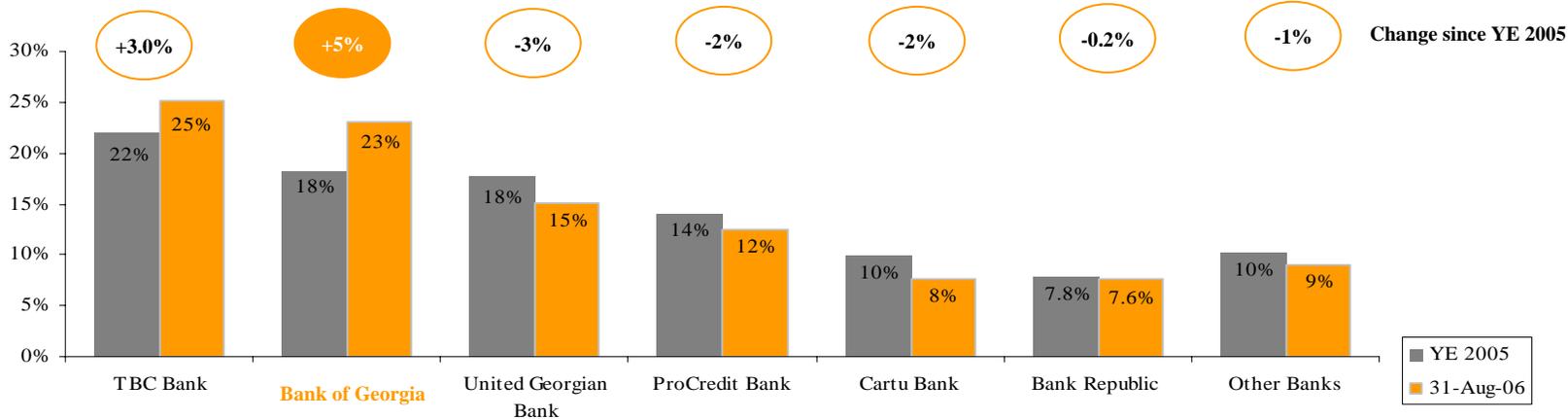
Total Sector Gross Loans

GEL 2,439 mln
(August 31, 2006)

Change since YE '05 + 41%



Peer Group Market Shares



Notes: (1) Bank of Georgia gross loans from standalone accounts as reported to the NBG
 (2) Other banks' total assets from standalone accounts as reported to the NBG
 (3) Bank of Georgia market shares calculated based on its standalone assets as reported to the NBG



Peer Group – Deposits & Market Shares

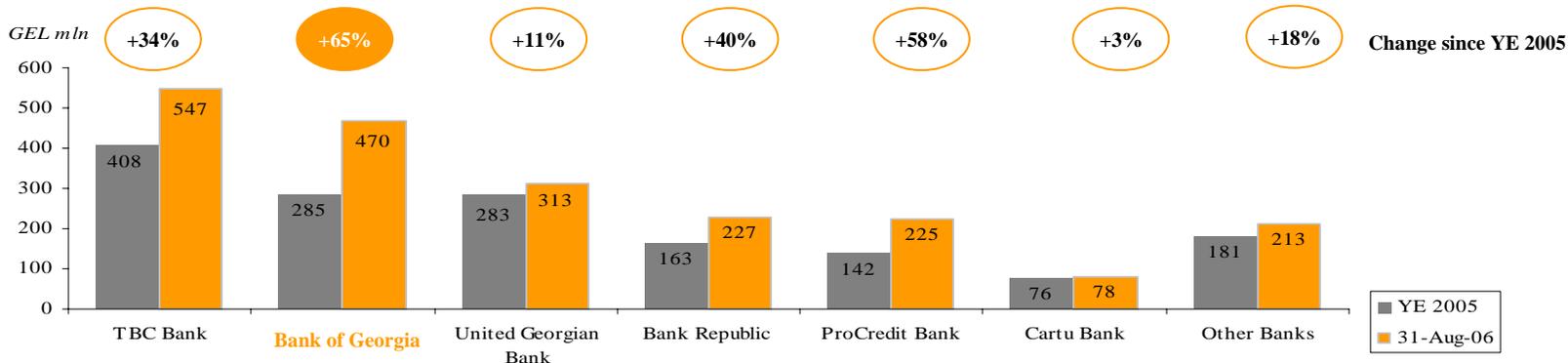
October 06

Peer Group Deposits

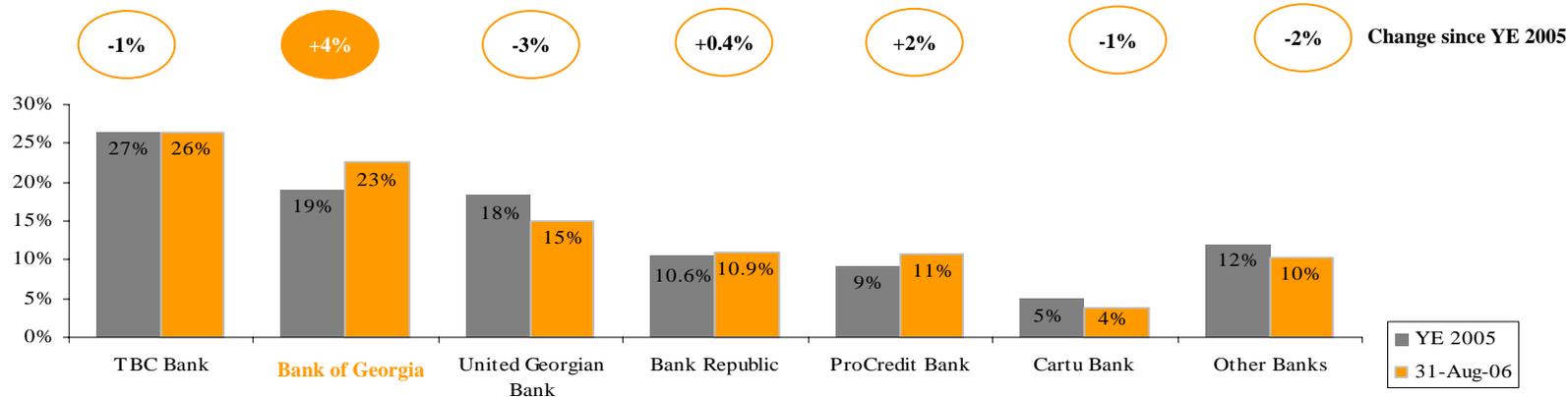
Total Sector Deposits

GEL 2,073 mln
(August 31, 2006)

Change Since
YE '05 +35%



Peer Group Market Shares



Notes: (1) Bank of Georgia total deposits from standalone accounts as reported to the NBG
 (2) Other banks' total assets from standalone accounts as reported to the NBG
 (3) Bank of Georgia market shares calculated based on its standalone assets as reported to the NBG

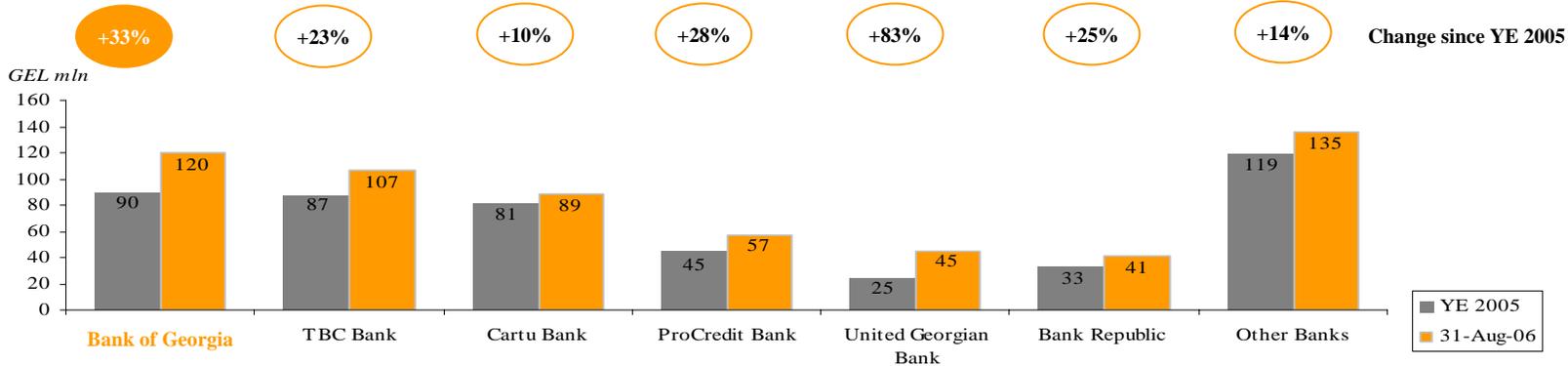


Peer Group – Shareholders' Equity & Market Shares

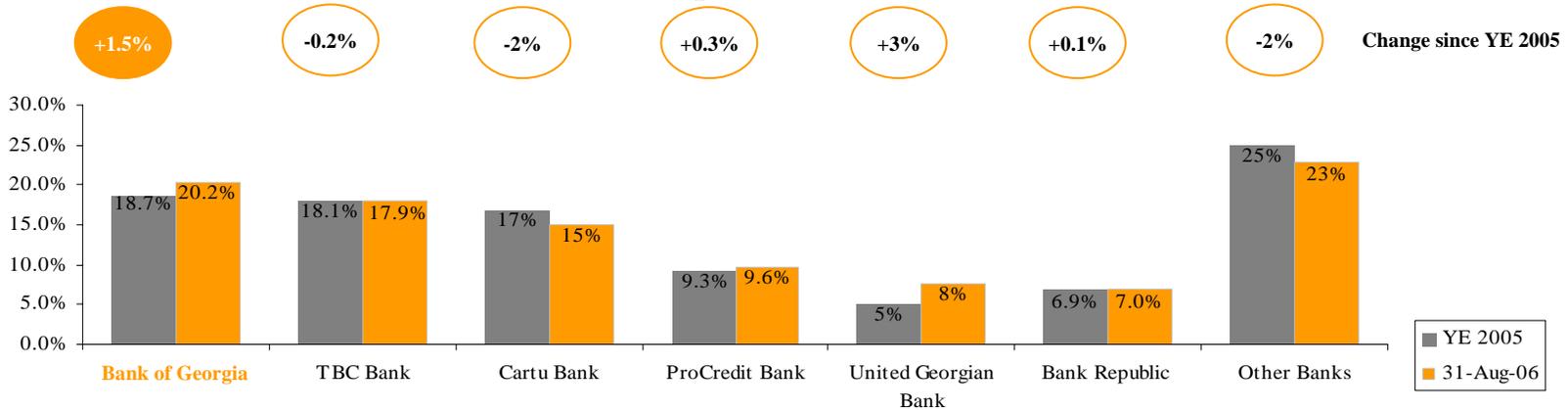
October 06

Peer Group Shareholders' Equity

Total Sector Equity
GEL 595 mln
(August 31, 2006)
Change since YE '05 + 24%



Peer Group Market Shares



Notes: (1) Bank of Georgia total equity from standalone accounts as reported to the NBG
 (2) Other banks' total assets from standalone accounts as reported to the NBG
 (3) Bank of Georgia market shares calculated based on its standalone assets as reported to the NBG



Supportive Shareholders & Lenders

BoG Shareholder Structure

Bank of Georgia Shareholding		
6-Oct-06	Shares	%
Bank Austria Creditanstalt (nominees)	4,166,242	24.90%
Firebird Avrora Fund	1,463,682	8.7%
Firebird Republics Fund	1,430,145	8.5%
Victor Gelovani	1,300,000	7.8%
East Capital Holding	846,864	5.1%
East Capital Bering Russia Fund	771,172	4.6%
East Capital Bering Ukraine Fund	570,000	3.4%
Firebird Global Master Fund	668,795	4.0%
East Capital Financial Institutions AB II	511,435	3.1%
Galt & Taggart Securities (including nominees)	785,925	4.7%
Bryum Limited	390,837	2.3%
Lado Gurgenidze	359,576	2.1%
SEB Vilniaus Bankas (nominees)	308,634	1.8%
Sulkhan Gvalia	242,998	1.5%
Tariel Gvalia	237,000	1.4%
Sub-Total	14,053,305	84.0%
Retail Free Float	2,684,329	16.0%
Total	16,737,634	100.0%

Institutional Shareholders



Custodians/Nominees



Brokers Capable of Trading BoG Shares



- Senior Executives currently own 749,098 shares. In addition, Senior Executives are entitled to receive approximately 558,000 shares pursuant to the equity compensation program
- New management share ownership plan has been introduced and 114 professionals equitized
- 48 non-resident individual shareholders
- Approximately 1,600 domestic retail shareholders



Key Lenders





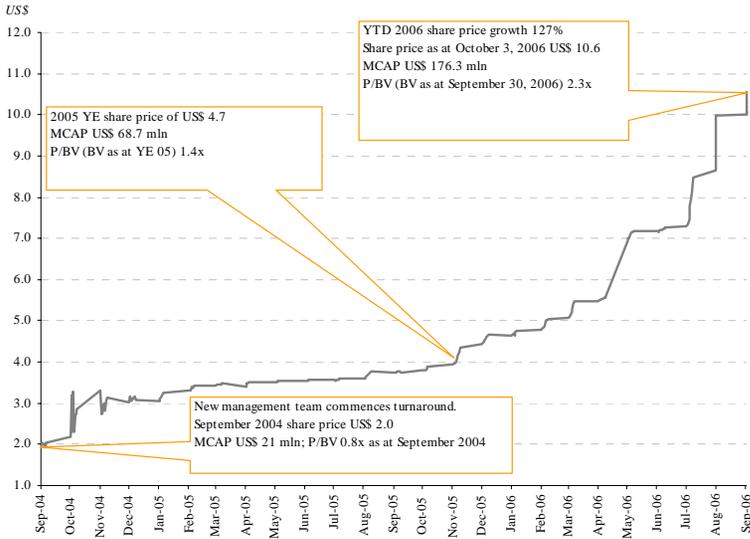
Leadership In Innovation

October 06

- 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 three rating agencies



Share Price Performance

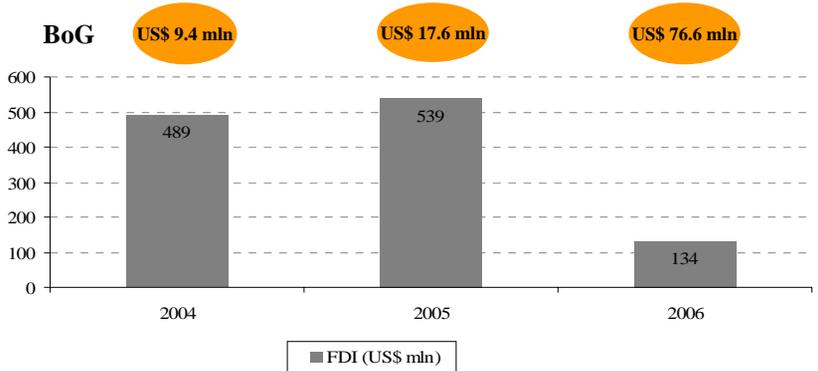


	September 30, 2006	December 31, 2005	December 31, 2004
Shares Outstanding	16.7	14.7	11.3
Price per share (US\$)	10.6	4.7	3.1
Price per share (GEL)	18.4	8.3	5.6
MCAP (US\$ mln)	176.3	68.7	35.0
MCAP (GEL mln)	306.4	122.9	63.3
MCAP/BV	2.3	1.4	1.2

Regional peers trade at significantly higher multiples

- 2004 Share Price Appreciation 175%**
- 2005 Share Price Appreciation 52%**
- 2006 YTD Share Price Appreciation 127%**

Inflows of Debt/Equity Funds in BoG vs. Total FDI



Annual Trading Volume (GEL mln)	GSE	OTC	Total
2004	21.4	6.9	28.3
2005	27.4	22.6	50.0
1H 2006	35.2	6.1	41.3
2006 YTD	40.2	29.6	69.8

Note: 2006 data for FDI as of March 31, 2006
2006 data for BoG as of August 31, 2006

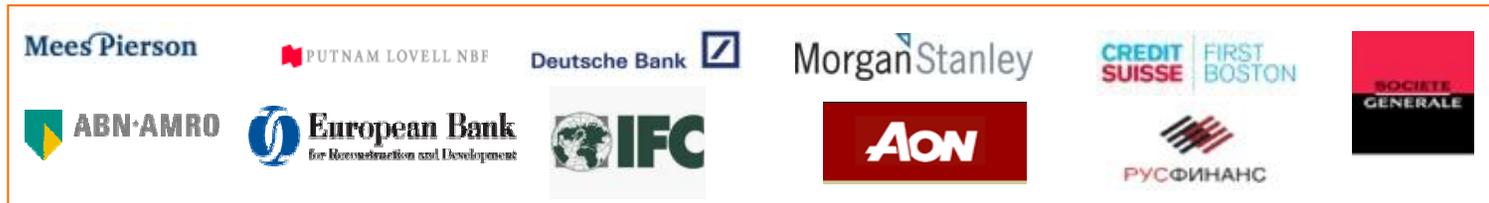


Investment Case

October 06

- A “leveraged play” on Georgia’s economic growth
- Winning strategy for medium-term profitable growth
- Financial sector consolidator: seven acquisitions in the last 21 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

Selected Prior Employers of Bank of Georgia 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)**

Kazakhstan

Capital Markets Summit



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Ample Exit Opportunities

Selected Potential Buyers

КАЗКОММЕРЦБАНК

AKBANK

Акционерный банк газовой промышленности

Member of RZB Group

Акционерный Банк Открытого Типа

АКЦИОНЕРНЫЙ КОММЕРЧЕСКИЙ БАНК

საქართველოს ბანკი



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October 06

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Appendix I

October 06

The Georgian Economy



The Georgian Economy At A Glance

October 06

In GEL mln, unless otherwise noted

	2003A	2004A	2005E	2006F	2007F	CAGR 04-07
Demographic Parameters						
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	
Macroeconomic Parameters						
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



საქართველოს ბანკი
BANK OF GEORGIA



The Georgian Economy cont'd

October 06

- 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
- The majority of customs duties abolished
- Massive deregulation and liberalization
- Dramatically reduced corruption
- Improving corporate governance practices
- No currency or capital controls since the mid-1990s

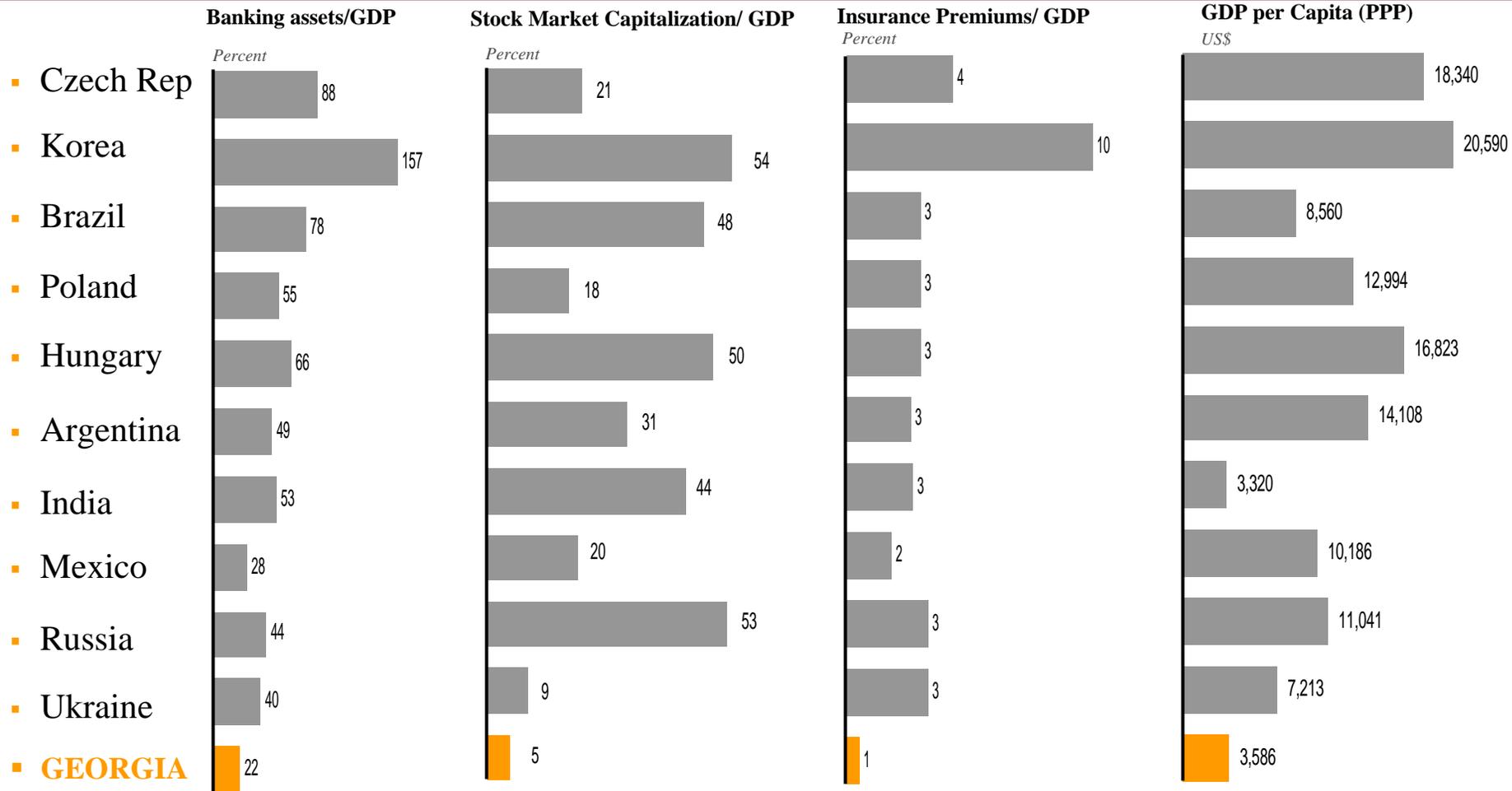
Kazakhstan

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STILL A LAGGARD AMONG EMERGING MARKETS

October 06



Note: Estimated real GPW to GDP in Russia was only about 1,7% in 2003; 2005 data for Georgia and GDP per capita (PPP); 2003 data for all other countries
 Source: Global Insight; Global Stock Market Factbook 2004; National Banks; McKinsey; International Monetary Fund

Kazakhstan

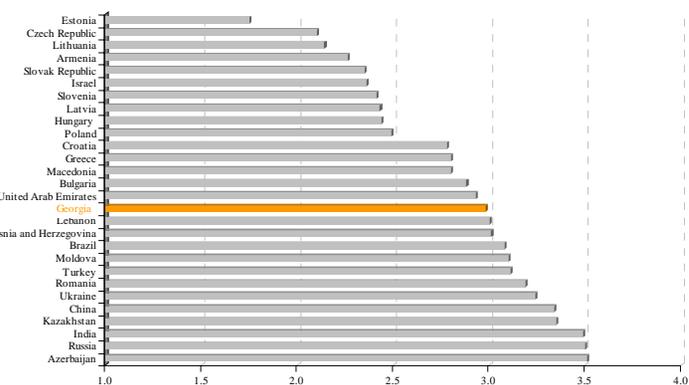
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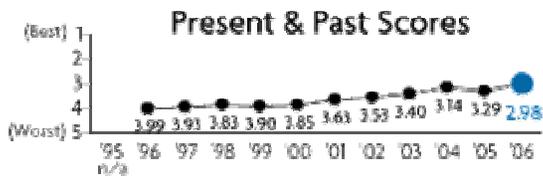
Is Poised To Catch Up With Peers As The Economy Continues To Liberalize

October 06

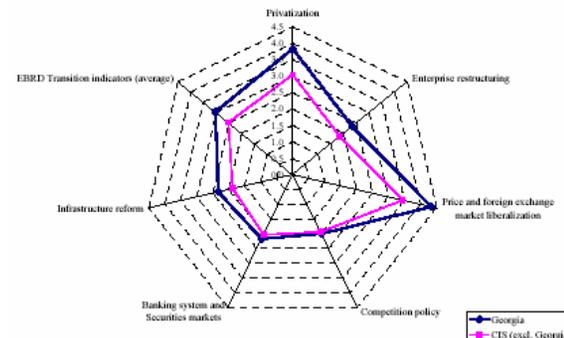
- Georgia is well ahead of many of its peers in the Heritage Foundation's 2006 Index Of Economic Freedom
- Georgia is ahead of most CIS economies in the 2005 EBRD Transition Indicators



Source: Heritage Foundation



Source: The Heritage Foundation



Source: EBRD

- Georgia is a leader of global top 10 reformers in 2006 and has leapt from 112th position to 37th in the World Bank's league table measuring the ease of doing business – ahead of both Italy and Spain

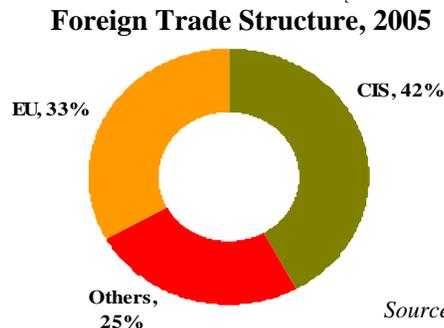
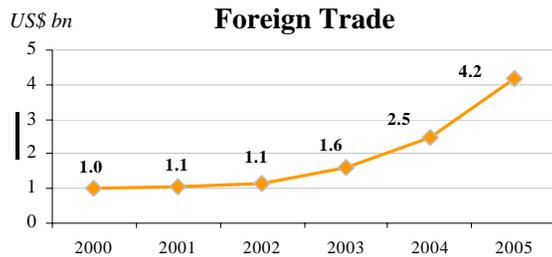
Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank
Singapore	1	Fiji	31	Slovenia	61	Turkey	91	Brazil	101
New Zealand	2	Mauritius	32	Palau	62	Macedonia, FYR	92	Suriname	102
United States	3	Antigua and Barbuda	33	Kazakhstan	63	China	93	Ecuador	103
Canada	4	Armenia	34	Uruguay	64	Ghana	94	Croatia	104
Hong Kong, China	5	France	35	Peru	65	Bosnia and Herzegovina	95	Cape Verde	105
United Kingdom	6	Slovakia	36	Hungary	66	Russia	96	Philippines	106
Denmark	7	Georgia	37	Nicaragua	67	Ethiopia	97	West Bank and Gaza	107
Australia	8	Saudi Arabia	38	Serbia	68	Yemen	98	Ukraine	108
Norway	9	Spain	39	Solomon Islands	69	Azerbaijan	99	Belarus	109
Ireland	10	Portugal	40	Montenegro	70	Nepal	100	Syria	110
Japan	11	Samoa	41	El Salvador	71	Argentina	101	Bolivia	111
Iceland	12	Namibia	42	Dominica	72	Zambia	102	Gabon	112
Sweden	13	Mexico	43	Grenada	73	Moldova	103	Tajikistan	113
Finland	14	St. Vincent and the Grenadines	44	Pakistan	74	Vietnam	104	India	114
Switzerland	15	Mongolia	45	Poland	75	Costa Rica	105	Indonesia	115
Lithuania	16	Kuwait	46	Swaziland	76	Micronesia	106	Guyana	116
Estonia	17	Taiwan, China	47	United Arab Emirates	77	Uganda	107	Benin	117
Thailand	18	Botswana	48	Jordan	78	Nigeria	108	Butan	118
Puerto Rico	19	Romania	49	Colombia	79	Greece	109	Haiti	119
Belgium	20	Jamaica	50	Tunisia	80	Malawi	110	Mozambique	120
Germany	21	Tonga	51	Panama	81	Honduras	111	CÅ'te d'Ivoire	121
Netherlands	22	Czech Republic	52	Italy	82	Paraguay	112	Tanzania	122
Korea	23	Maldives	53	Kenya	83	Gambia	113	Cambodia	123
Latvia	24	Bulgaria	54	Seychelles	84	Lesotho	114	Comoros	124
Malaysia	25	Oman	55	St. Kitts and Nevis	85	Morocco	115	Iraq	125
Israel	26	Belize	56	Lebanon	86	Algeria	116	Senegal	126
St. Lucia	27	Papua New Guinea	57	Marshall Islands	87	Dominican Republic	117	Uzbekistan	127
Chile	28	Vanuatu	58	Bangladesh	88	Guatemala	118	Mauritania	128
South Africa	29	Trinidad and Tobago	59	Sri Lanka	89	Iran	119	Madagascar	129
Austria	30	Kiribati	60	Kyrgyz Republic	90	Albania	120	Equatorial Guinea	130

Source: World Bank





Liberal Trade Regime



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
- Most customs duties were abolished 5 August 2006



Appendix II

October 06

1H 2006 Unaudited Financial Statements



Consolidated 1H 2006 Results, IFRS, Reviewed

October 06

INCOME STATEMENT DATA

	1H 06 y-o-y growth	1H 06	12/31/2005	1H 05	12/31/2004	12/31/2003
JSC Bank of Georgia, Consolidated, IFRS, Audited*						
<i>GEL '000s, unless otherwise noted</i>						
Interest income						
Loans to customers	69.7%	36,351	47,247	21,427	31,432	30,004
Debt securities owned	-73.1%	430	2,664	1,601	1,654	2,295
Amounts due from credit institutions	36.0%	1,227	1,525	902	672	-
Net investment in lease	250.0%	385	396	110	-	-
	59.7%	38,393	51,832	24,040	33,758	32,299
Interest expense						
Amounts owed to customers	85.1%	7,665	9,162	4,141	6,819	5,347
Amounts owed to credit institutions	205.8%	4,783	3,893	1,564	3,100	2,533
Debt securities issued	NMF	50	26	-	-	-
	119.1%	12,498	13,081	5,705	9,919	7,880
Net interest income	41.2%	25,895	38,751	18,335	23,839	24,419
Impairment of interest earning assets	95.6%	7,085	6,228	3,622	20,511	4,105
Net interest income after impairment of interest earning assets	76.0%	25,895	32,523	14,713	3,328	20,314
Fees and commissions income	67.5%	11,912	16,753	7,112	13,059	11,751
Fees and commissions expense	56.3%	(1,665)	(2,385)	(1,065)	(2,745)	(2,895)
Net fees and commissions income	69.5%	10,247	14,368	6,047	10,314	8,856
Gains less losses from foreign currencies:	74.5%	4,602	6,507	2,638	4,848	3,868
Net insurance premiums earned	110.5%	3,749	4,028	1,781	-	-
Other operating income	241.4%	1,014	566	297	152	42
Other non-interest income	98.6%	9,365	11,101	4,716	5,000	3,910
Salaries and other employee benefits	21.3%	13,351	23,219	11,007	12,896	9,060
Administrative expenses	61.6%	8,254	10,883	5,108	9,372	8,006
Depreciation, amortization and impairment	25.6%	2,530	4,230	2,014	2,609	2,231
Net insurance claims incurred	71.5%	813	786	474	-	-
Impairment of other assets and provisions	108.1%	(1,155)	280	(555)	1,559	1,493
Other operating expenses	-41.1%	392	1,860	666	336	705
Other non-interest expense	29.2%	24,185	41,257	18,714	26,772	21,495
Income (loss) before income tax expense	110.5%	14,237	16,735	6,762	(8,130)	11,585
Income tax expense (benefit)	441.5%	3,211	3,108	593	(781)	2,431
Net income (loss) for the year	78.7%	11,026	13,627	6,169	(7,349)	9,154

* six month numbers are based on the unaudited Interim Consolidated Financials reviewed by Ernst & Young

* six month numbers are based on the unaudited Interim Consolidated Financials reviewed by Ernst & Young

Kazakhstan

Capital Markets Summit



Consolidated 1H 2006 Results, IFRS, Reviewed

October 06

BALANCE SHEET DATA

JSC Bank of Georgia, Consolidated, IFRS, Audited*

GEL '000s, unless otherwise noted

Assets

	YTD Growth	1H 06	12/31/2005
Cash and cash equivalents	89.0%	108,160	57,236
Amounts due from credit institutions	43.6%	47,954	33,398
Loans to customers, net	50.6%	447,883	297,376
Net investment in lease	14.9%	4,958	4,314
Total investment securities	-78.5%	2,283	10,607
Property and equipment, net	35.4%	48,509	35,815
Intangible assets, net	228.6%	25,254	7,685
Income tax assets	-88.0%	309	2,570
Prepayments	619.6%	3,274	455
Other assets	142.9%	26,999	11,114
Total assets	55.4%	715,583	460,570

Liabilities

Amounts owed to credit institutions	75.4%	138,308	78,873
Amounts owed to customers	64.8%	444,889	269,952
Debt securities issued	16.6%	1,333	1,143
Income tax liabilities	35.4%	2,825	2,087
Provisions	NMF	0	975
Other liabilities	32.7%	21,337	16,078
Total liabilities	64.9%	608,692	369,108

Equity

Share capital	5.5%	15,538	14,729
Share premium	13.5%	37,382	32,922
Treasury shares	91.4%	-155	-81
Retained earnings	27.8%	47,828	37,427
Other reserves	-1.0%	5,313	5,369
Total equity attributable to shareholders	17.2%	105,906	90,366
Minority interest	-10.1%	985	1,096
Total equity	16.9%	106,891	91,462
Total liabilities and equity	55.4%	715,583	460,570

* six month numbers are based on the unaudited Interim Consolidated Financials reviewed by Ernst & Young

KEY RATIOS

JSC Bank of Georgia, Consolidated, IFRS, Audited

	1H 2006	YE 2005	2004
Profitability ratios:			
ROA (annualised ^(*) (1))	3.7%	3.3%	NMF
ROAE (annualised ^(*) (2))	22.2%	18.5%	NMF
Net interest margin(3)	11.8%	13.0%	12.1%
Interest expense to interest income	32.6%	25.2%	29.4%
Net fee and commission income to total operating income(4)	22.5%	22.4%	26.3%
Interest income to average interest earning assets(3)	17.5%	17.4%	17.1%
Cost of funds (5)	5.3%	4.0%	4.2%
Net spread(6)	12.1%	13.4%	12.9%
Net non-interest income to total operating income(7)	43.1%	39.7%	39.1%
Efficiency ratios:			
Other non-interest expense to average total assets	8.2%	10.0%	9.0%
Salaries and other employee benefits to total operating income (8) (4)	29.3%	36.2%	32.9%
Salaries and other employee benefits to other non-interest expense (8)	55.2%	56.3%	48.2%
Liquidity ratios:			
Net loans to total assets	62.6%	64.6%	46.8%
Net loans to amounts owed to customers	100.7%	110.2%	67.4%
Net loans to total deposits(9)	80.8%	96.8%	61.6%
Net loans to total liabilities	73.6%	80.6%	55.2%
Interest earning assets to total assets(3)	72.9%	76.9%	66.7%
Liquid assets to total assets(10)	15.4%	14.2%	33.7%
Total deposits to total assets(9)	77.5%	66.7%	76.0%
Amounts owed to customers to total deposits	80.2%	87.9%	91.4%
Amounts owed to customers to total equity (times)	4.2	3.0	4.5
Amounts due from credit institutions to amounts owed to credit institutions, except for borrowings from international credit institutions	43.7%	89.9%	107.8%
Total equity to net loans	23.9%	30.8%	32.6%
Leverage, times(11)	5.7	4.0	5.5
Asset quality (at period end):			
Allowance for loan impairment to gross loans(3) (12)	5.1%	5.4%	10.1%
Impairment of interest earning assets to average gross loans	3.6%	2.5%	12.1%
Capital adequacy:			
Shareholders' equity to total assets	14.9%	19.9%	15.3%
Tier I capital adequacy ratio(13)	16.9%	23.8%	32.2%
Total capital adequacy ratio(13) (14)	14.8%	24.7%	33.8%

* Six month average annualised in 2006.

NOTES TO FINANCIAL STATEMENTS

1. Bank average per year.
 2. Net non-interest income is calculated as the difference between net interest income and other non-interest income.
 3. Net loans to total assets is calculated as the difference between net loans and total assets.
 4. Net interest margin is calculated as the difference between net interest income and net interest expense.
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 9. Net interest margin is calculated as the difference between net interest income and net interest expense.
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 11. Net interest margin is calculated as the difference between net interest income and net interest expense.
 12. Net interest margin is calculated as the difference between net interest income and net interest expense.
 13. Net interest margin is calculated as the difference between net interest income and net interest expense.
 14. Net interest margin is calculated as the difference between net interest income and net interest expense.





Caution Regarding Forward-Looking Statements

October 06

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.