



საქართველოს ბანკი
BANK OF GEORGIA

FitchRatings: 'B-/B' Positive

Moody's: 'B3/NP' (FC) & 'Baa3/P-3' (LC); Stable

S&P: 'B+/B' Stable

Bank of Georgia 1H 2006 Performance Update

October, 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

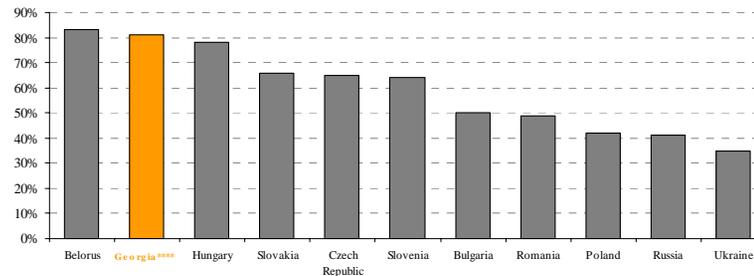
- 19 banks, but sector consolidation in progress

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

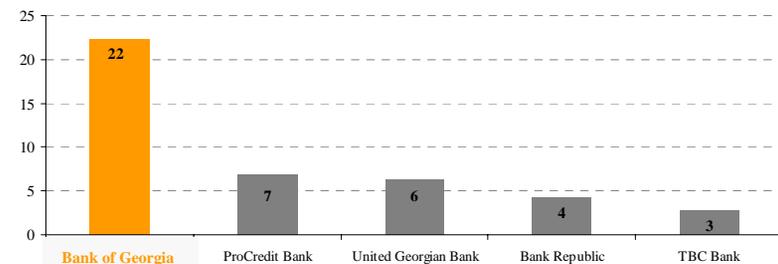
Georgian Banking Snapshot, August 31, 2006

GEL '000s, except for branches	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



Number of branches & Service Centers per Million of Georgian Population, 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

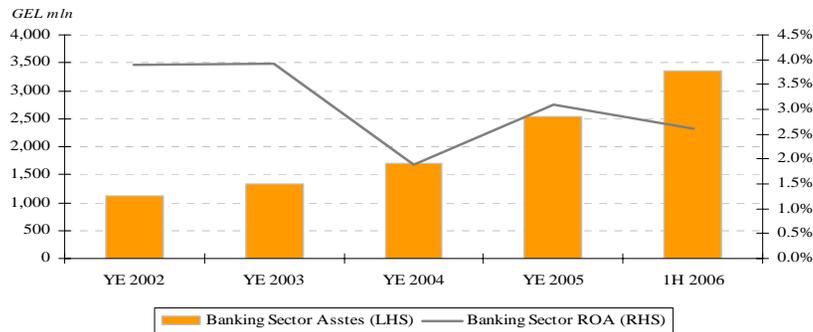


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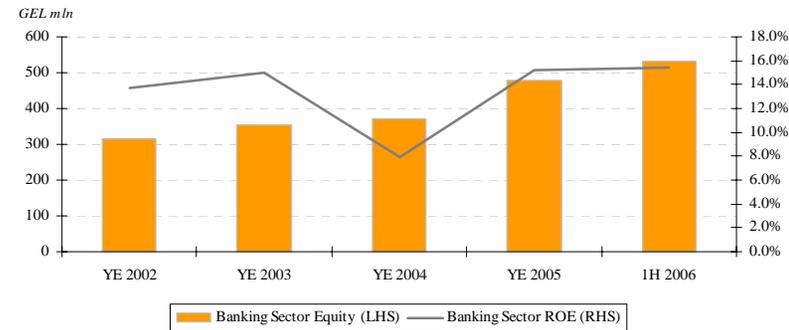
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The Georgian Financial Services Sector At A Glance cont'd

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

2004/2005

Basic products

Current Accounts
Transfers
Cards/ATMs
Internet banking
Branch banking

2005/2006

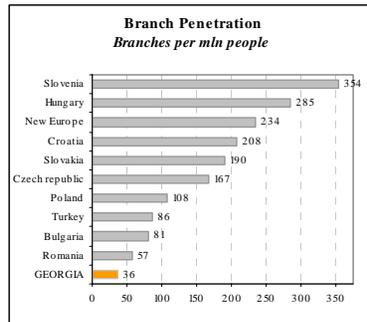
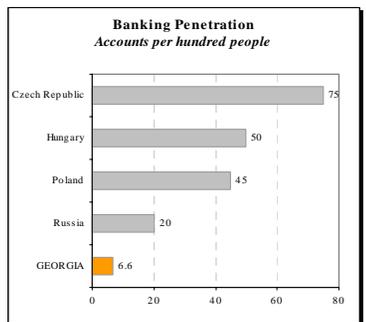
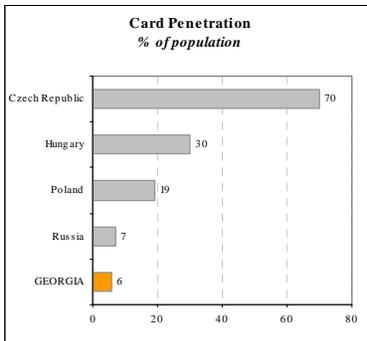
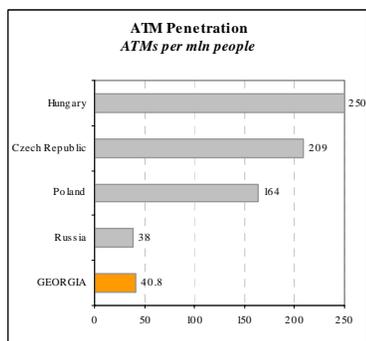
Credit products

Mortgages
Consumer loans
Credit cards

2007/2008

Savings products/ Deposit substitution

Asset management
Pensions/Life insurance



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

Intermediated
Retail Financial
Assets

YE 2005 E
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, NBS, 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).

*US\$



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

- **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



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Bank of Georgia - Our Vision & Mission

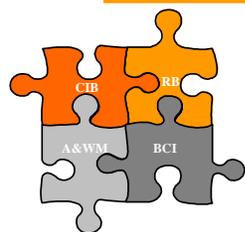
Our **vision** is to be recognized as *the best financial services company in Georgia.*

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

	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 Ernst & Young

Diversified Loan Book And Conservative Provisioning Policy

- 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



Bank of Georgia - Development Milestones

2000 - Q3 2004

Q4 2004

2005

1H 2006

New Management Team Takes Over

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 707.3 mln GEL 477.7 mln GEL 434.2 mln GEL 106.0 mln	+ 153% since Q3 '04 + 178% since Q3 '04 + 146% since Q3 '04 + 118% since Q3 '04	Total Assets (e-o-p) Total Loan Book (e-o-p) Client Deposits (e-o-p) Equity (e-o-p)
0	6	15	20		Number of Western-Trained Professionals
	TUB BCI Georgian Card	Galt & Taggart GLC EuroPace	IntellectBank, acquisition of assets & liabilities Merchant banking acquisitions		Key Acquisitions
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
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 HBK US\$25 mln convertible subordinated loan**		Key Lenders

The bank has doubled in size under new management

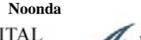
Unique management team composition for a CIS bank

Stellar acquisition and integration track record

Increasingly diversified revenue stream

An established borrower in international markets

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



Invested

Divested

**on behalf of institutional clients*

*** August/September 2006*



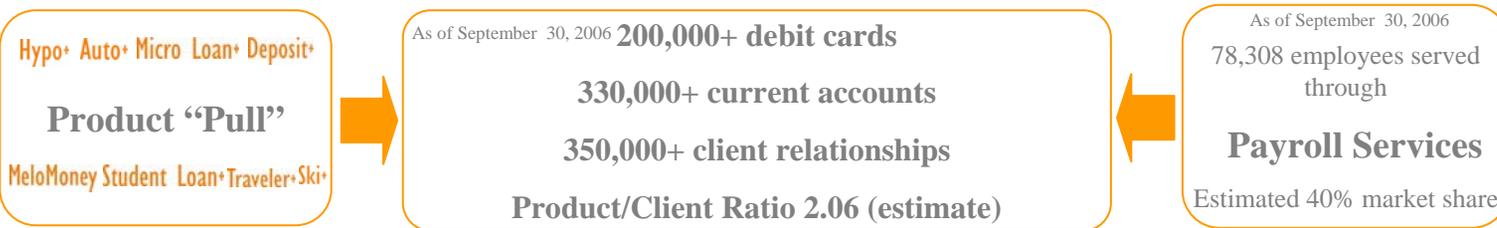
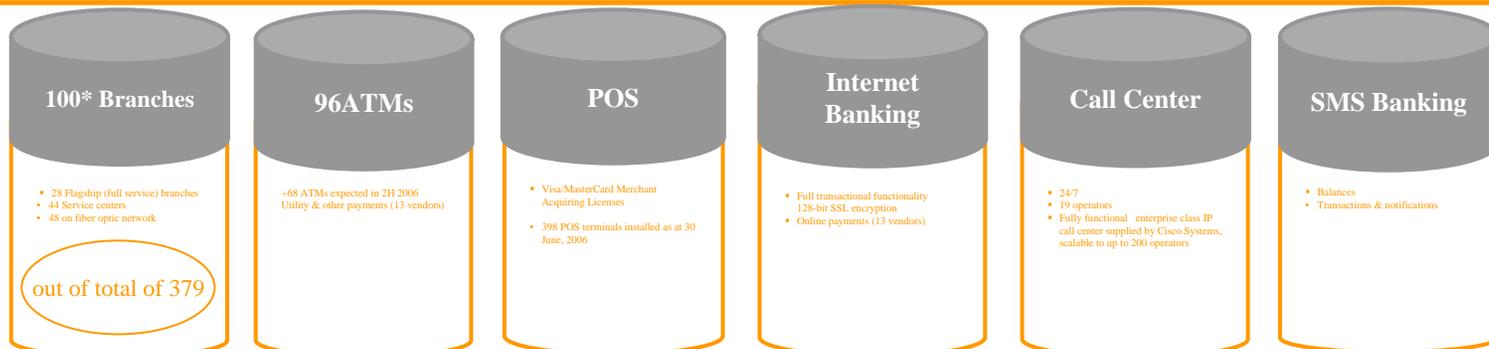
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BANK OF GEORGIA

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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



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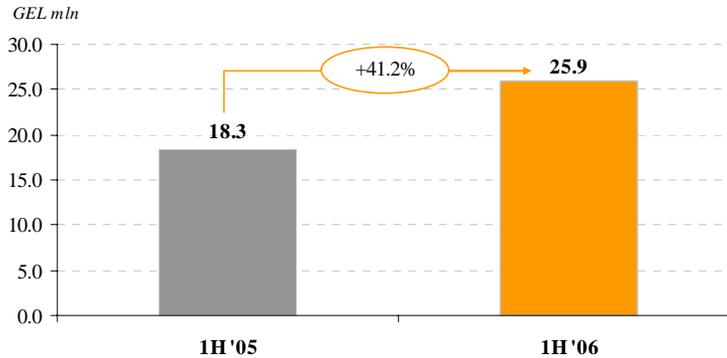
Results Overview, Consolidated, IFRS, 1H '06 Reviewed

GEL/US\$
Period Average:

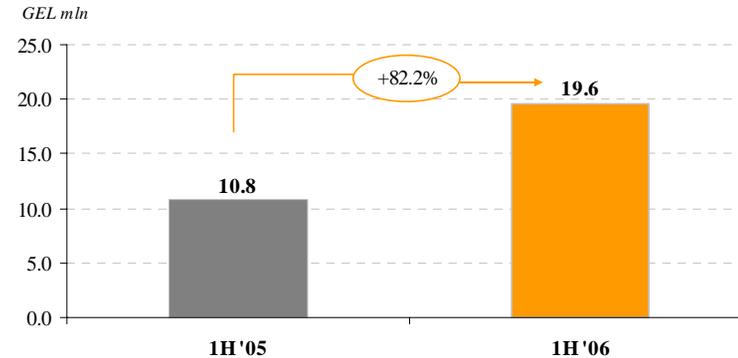
1H '05=1.83

1H '06=1.81

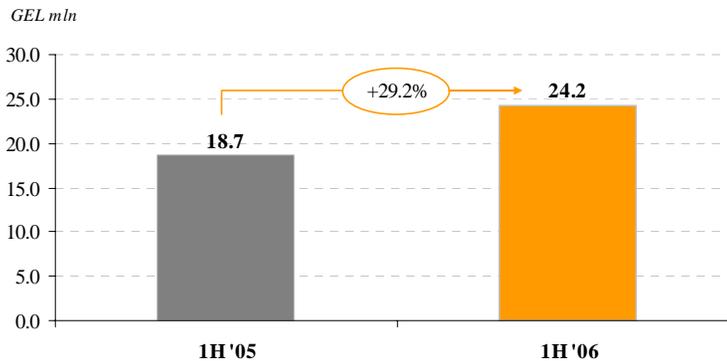
Net Interest Income



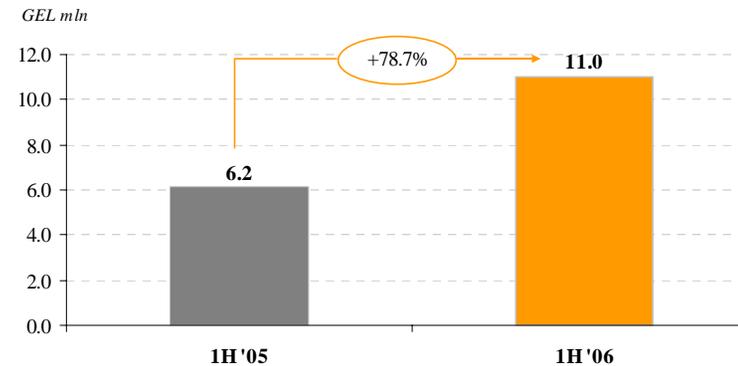
Net Fees & Commission and Non-Interest Income



Other Non-Interest Expense



Net Income



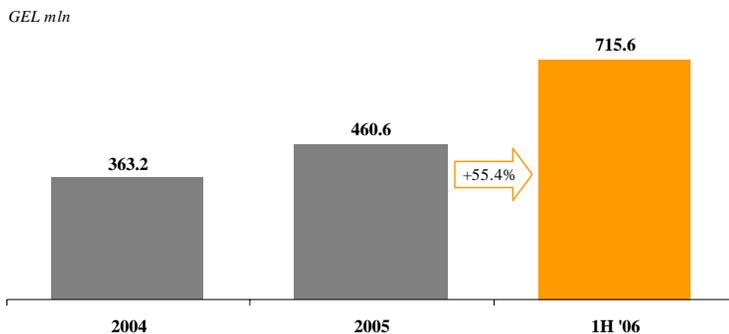
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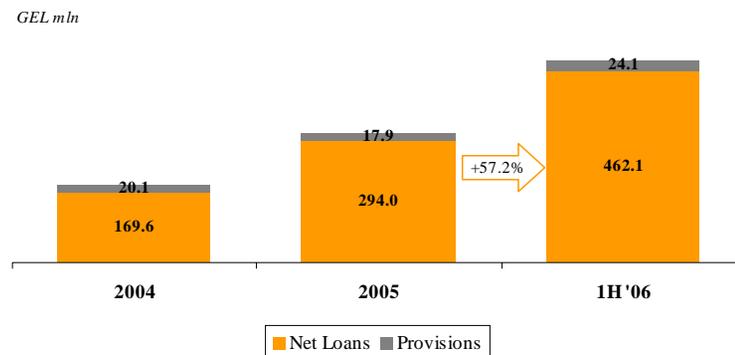
Balance Sheet Highlights, Consolidated, IFRS, 1H '06 Reviewed

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

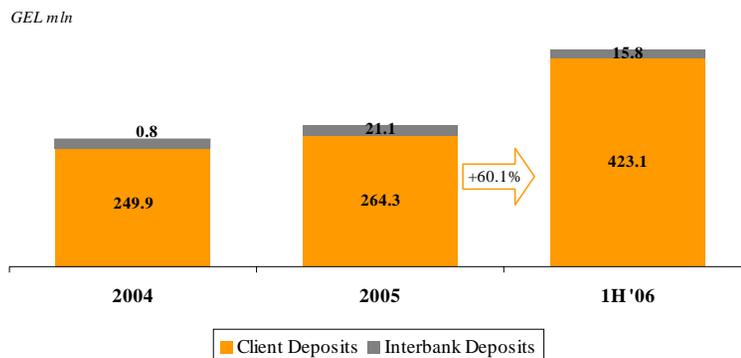
Total Assets (e-o-p)



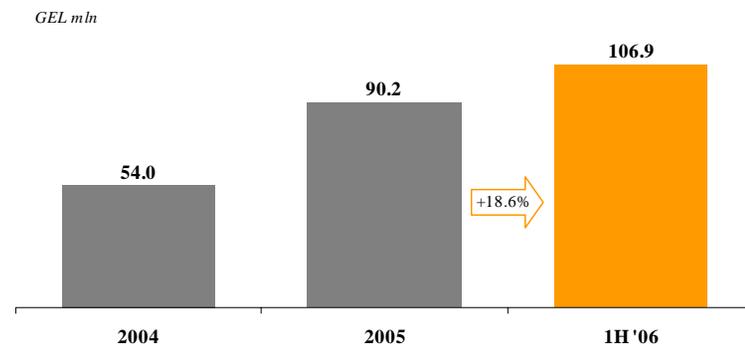
Loans (e-o-p)



Deposits (e-o-p)



Shareholders' Equity (e-o-p)



Retail Banking Overview

2006: Updating the brand



New Retail Sub-brand



www.sb24.ge

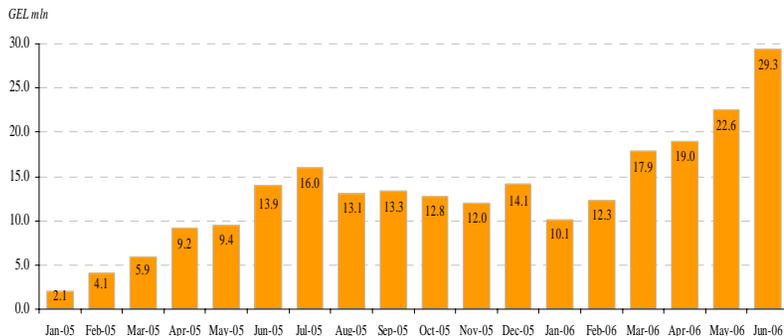


www.kandidati.ge



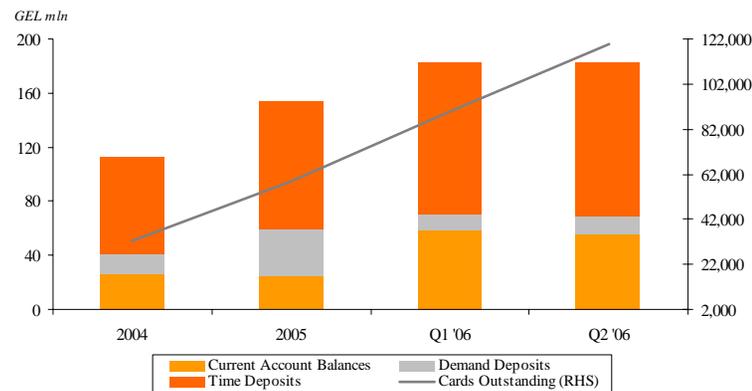
www.bog.ge/ir

Retail Loans Issued

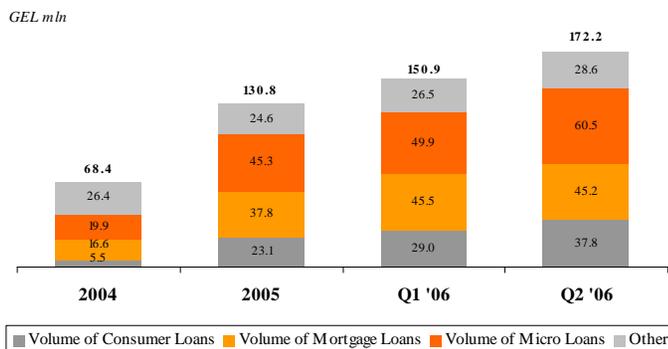


RB Client Funds*

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



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

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



October 2006

15

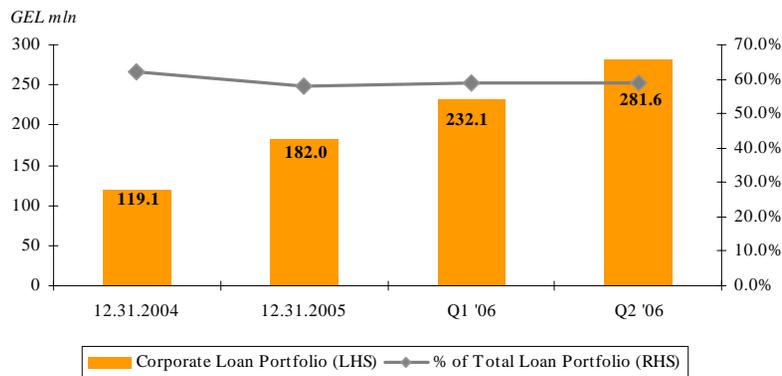
CIB Performance Review

Integrated client coverage in 10 key sectors

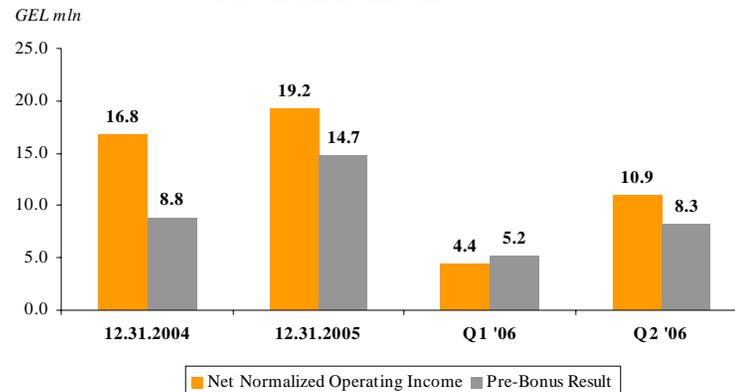
- Construction & Real Estate
- Energy
- Fast Moving Consumer Goods
- Financial Institutions
- Foreign Organizations & Diplomatic Missions
- Pharmaceuticals & Healthcare
- Retail & Wholesale Trade
- State & Industry
- Telecommunications, Media & Technology
- Transport & Logistics

- 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

 <p>Tbilisi Municipality</p> <p>Sole Servicing Bank</p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2006</p>	 <p>MCG</p> <p>Sole Servicing Bank</p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2006</p>	 <p>TBILISI METRO</p> <p>Sole Servicing Bank</p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2006</p>	 <p>ROMPETROL</p> <p>Sole Servicing Bank</p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2005</p>	 <p>TAV Georgia</p> <p>Sole Servicing Bank</p>  <p>საქართველოს ბანკი BANK OF GEORGIA</p> <p>Since 2005</p>
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Note: derived from management accounts

Georgian Insurance Market

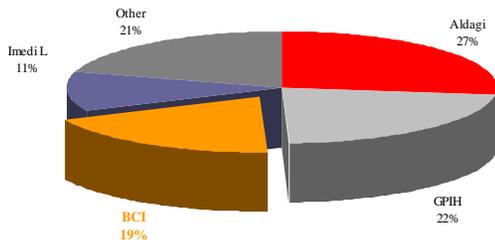
Market Size in 2005
GPW GEL 55 mln
Claims Reimbursed
GEL 18 mln

Market Size in 1H '06
GPW GEL 36 mln
Claims Reimbursed
GEL 9 mln

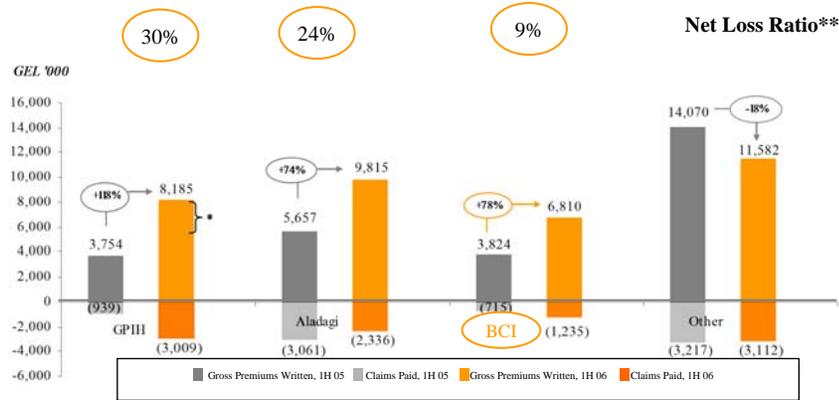
GPW Breakdown By
Product in 1H 2006

- 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%

Market Share By Gross Premiums Written, 1H '06



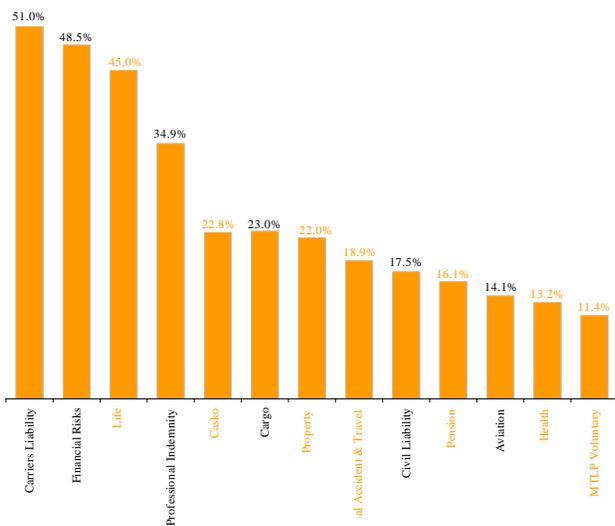
Gross Premiums Written & Total Claims Reimbursed, Y-O-Y Growth



* GEL 3 mln municipal program

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

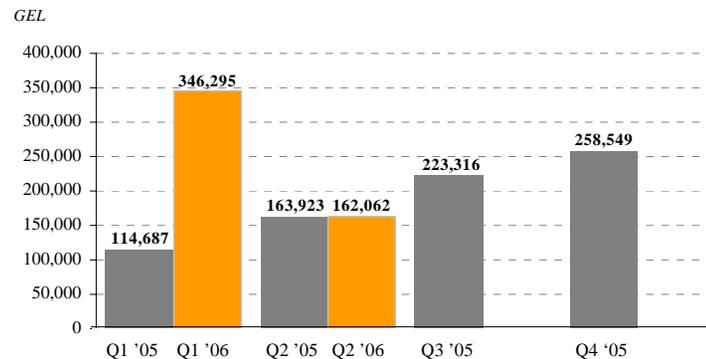
BCI Market Share By Products, 1H '06



Note: derived from management accounts

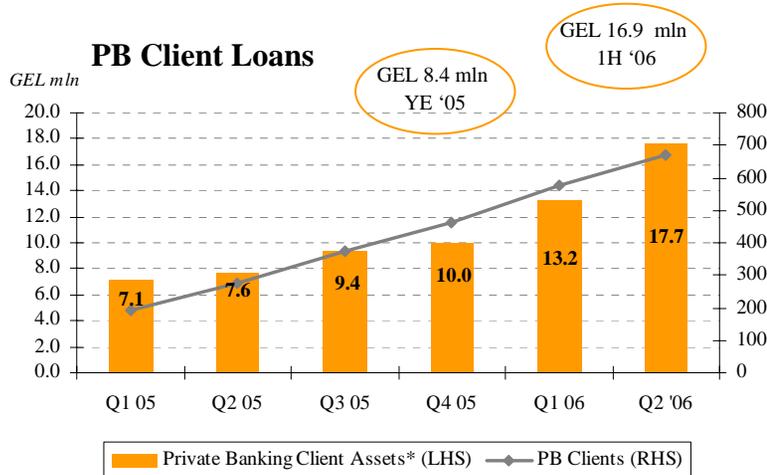


Quarterly Net Income



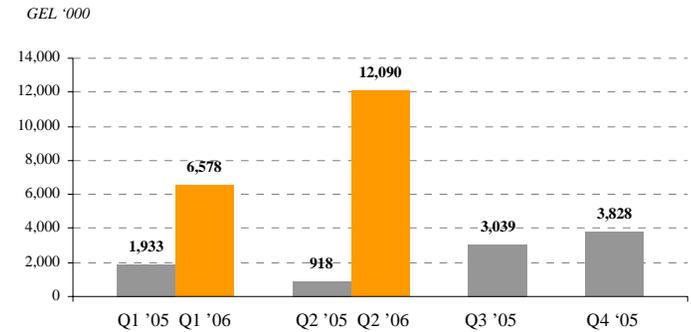
Asset & Wealth Management Performance Review

PB Clients and Client Assets

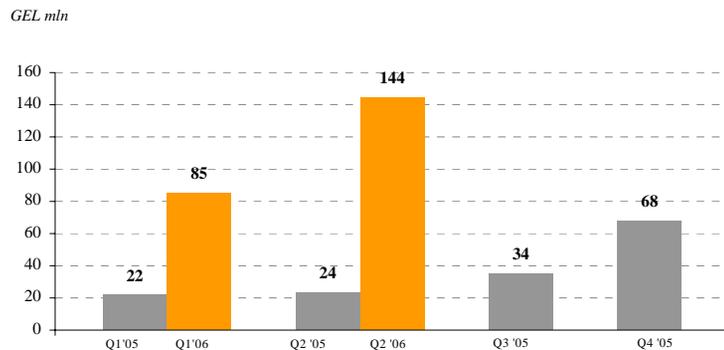


* Does not include private banking client funds & securities held at Galt & Taggart Securities

Galt & Taggart Total Assets

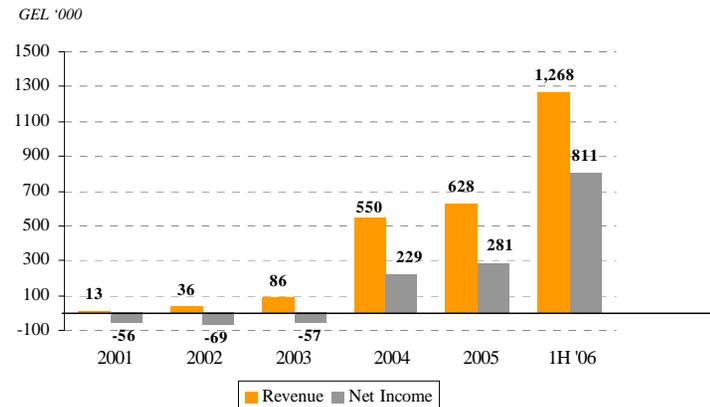


Galt & Taggart Assets Under Management & Custody



Note: derived from management account

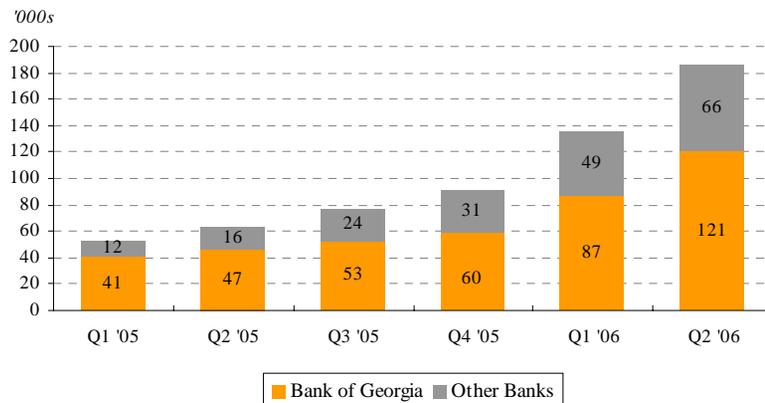
Galt & Taggart Revenue and Net Income



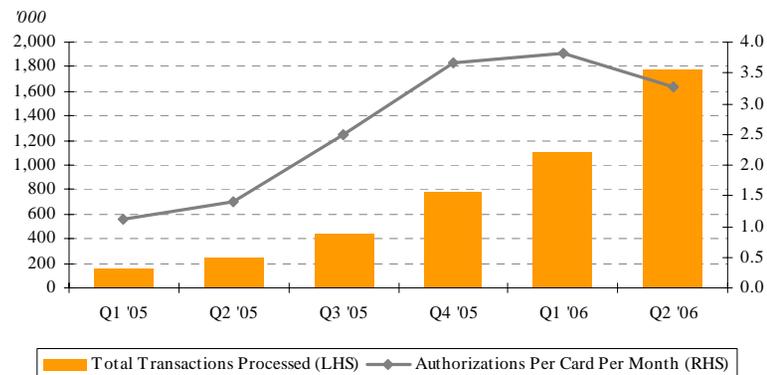
Georgian Card Performance Review



Cards Outstanding, e-o-p



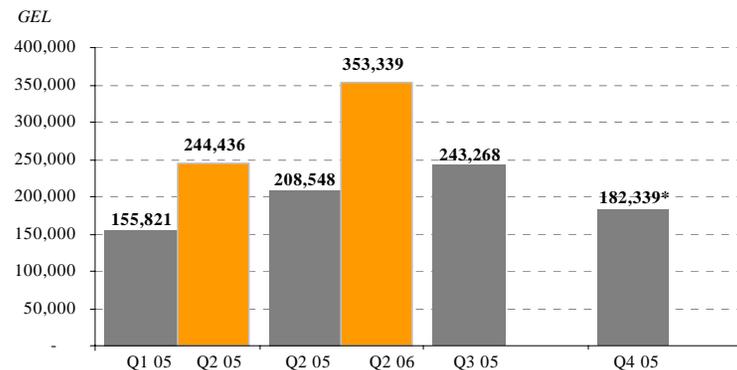
Transactions Processed



Client Banks



Revenue



* Significant tariff reduction occurred in Q4 '05

Note: derived from management accounts

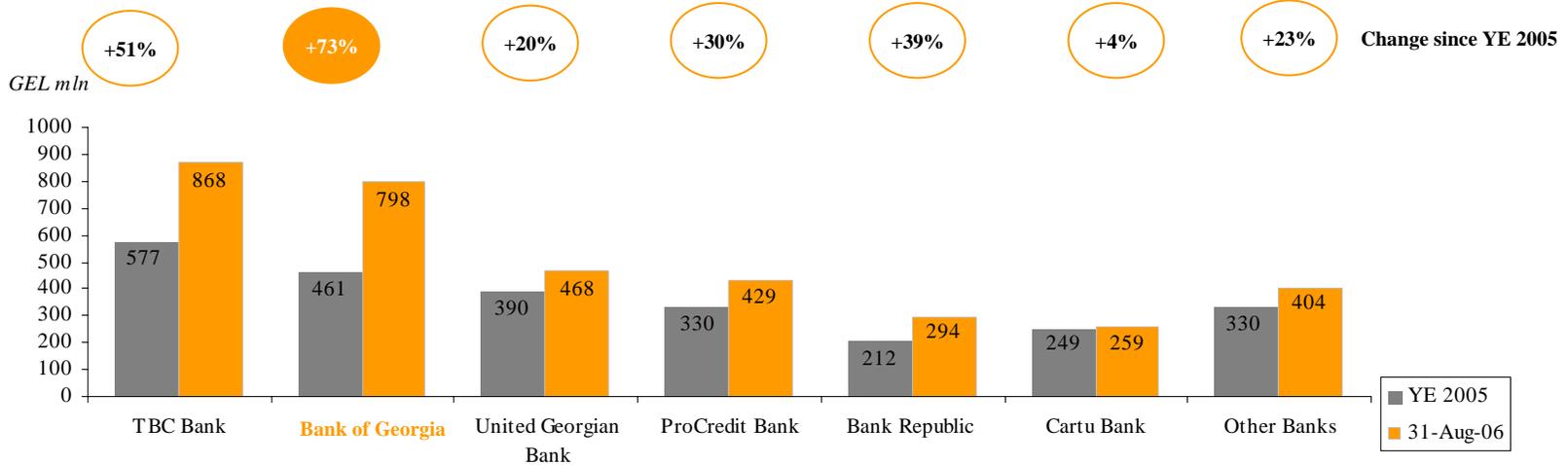
Peer Group – Total Assets & Market Shares

Total Sector Assets

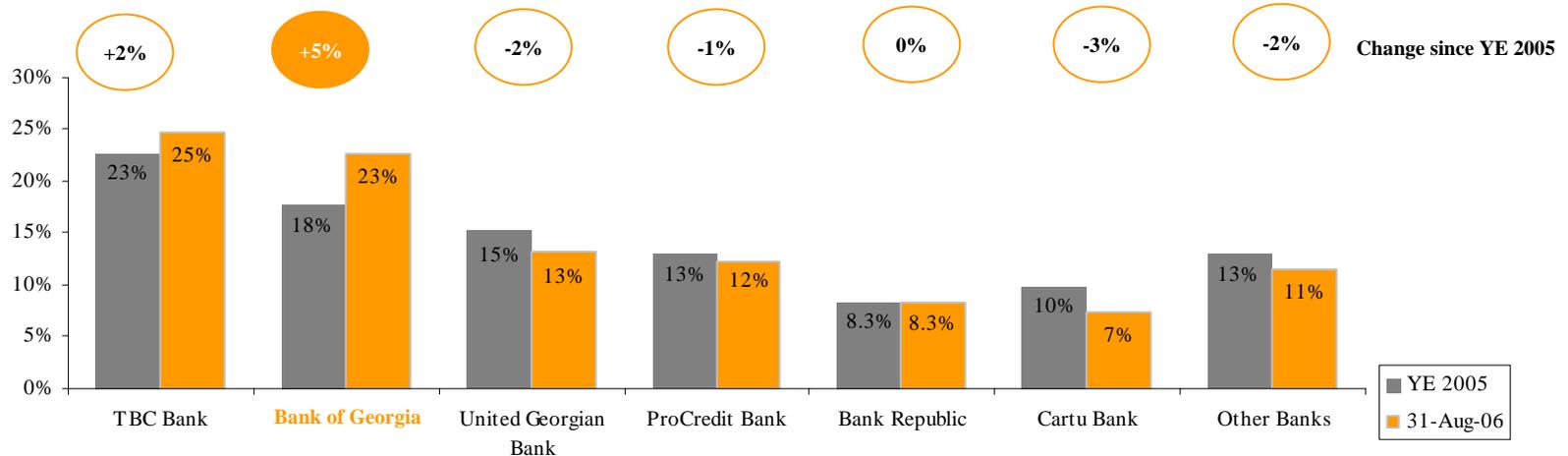
GEL 3,519 mln
(August 31, 2006)

Change Since
YE '05 + 38%

Peer Group Total Assets



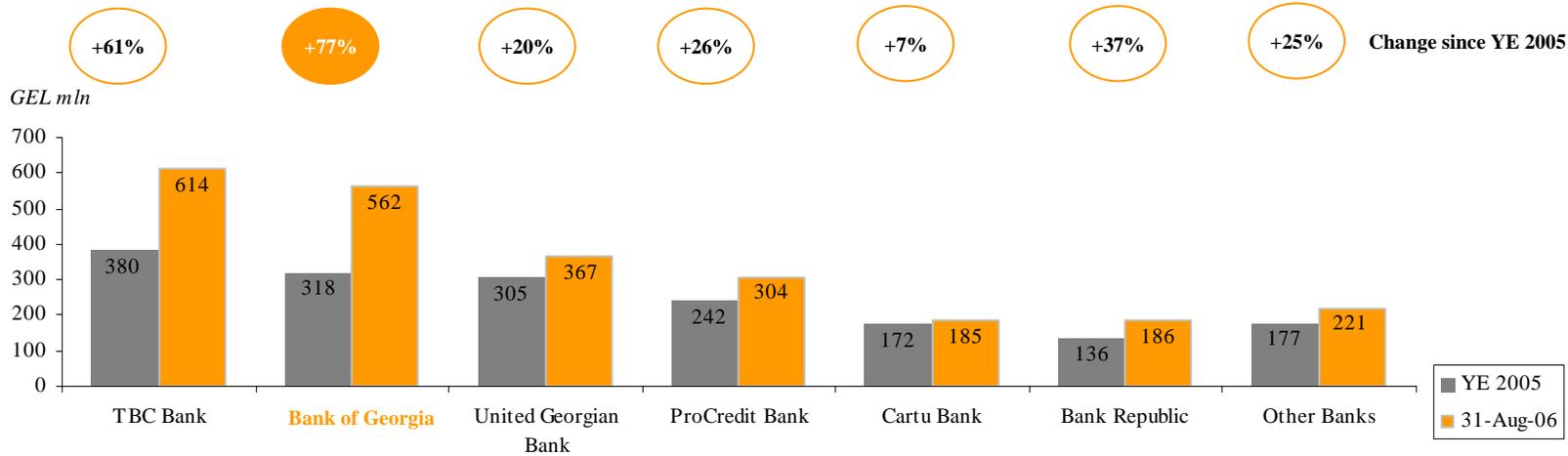
Peer Group Market Shares



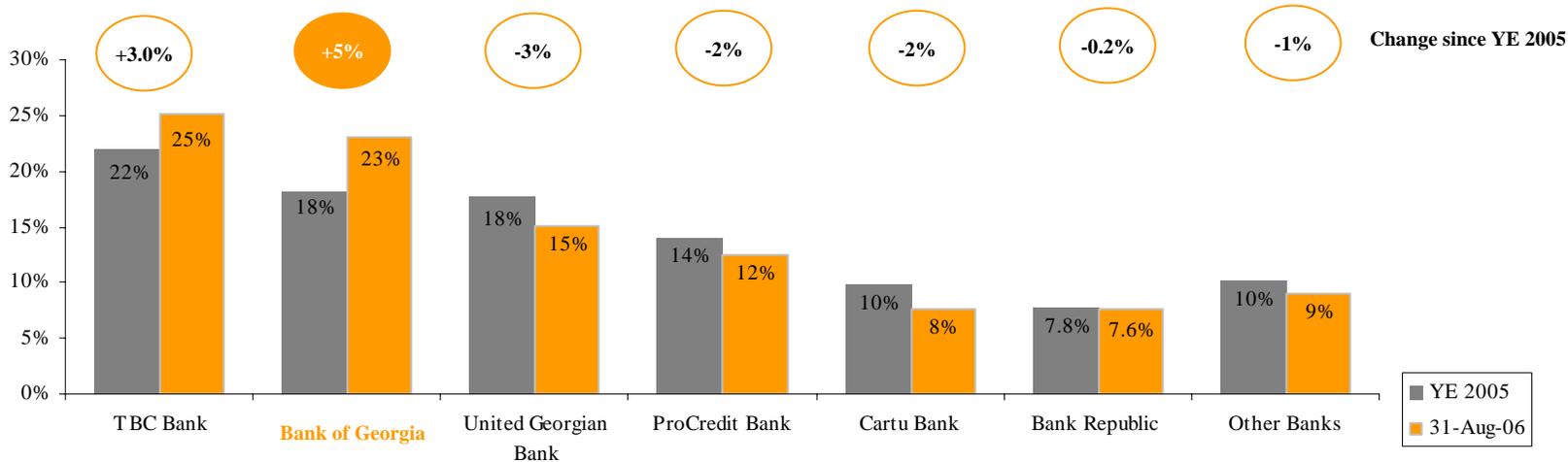
Notes: (1) Bank of Georgia total assets from standalone accounts as reported to the NBG
 (2) Other banks' total assets from standalone accounts as reported to the NBG
 (3) Bank of Georgia market shares calculated based on its standalone assets as reported to the NBG

Peer Group – Gross Loans & Market Shares

Peer Group Gross Loans



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

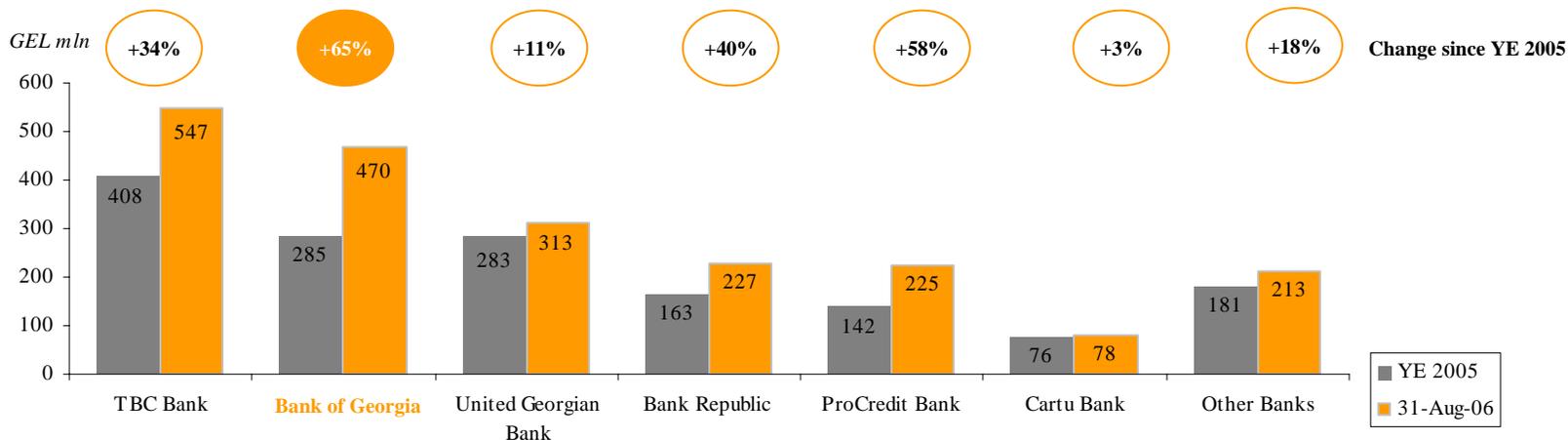
Peer Group – Deposits & Market Shares

Total Sector Deposits

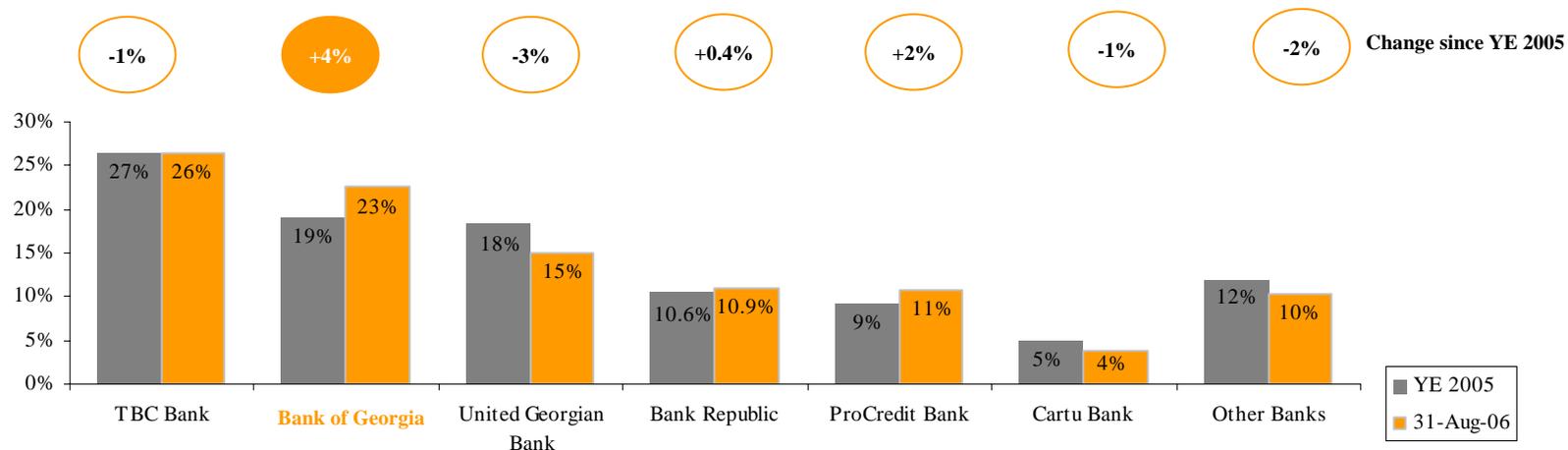
GEL 2,073 mln
(August 31, 2006)

Change Since
YE '05 + 35%

Peer Group Deposits



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



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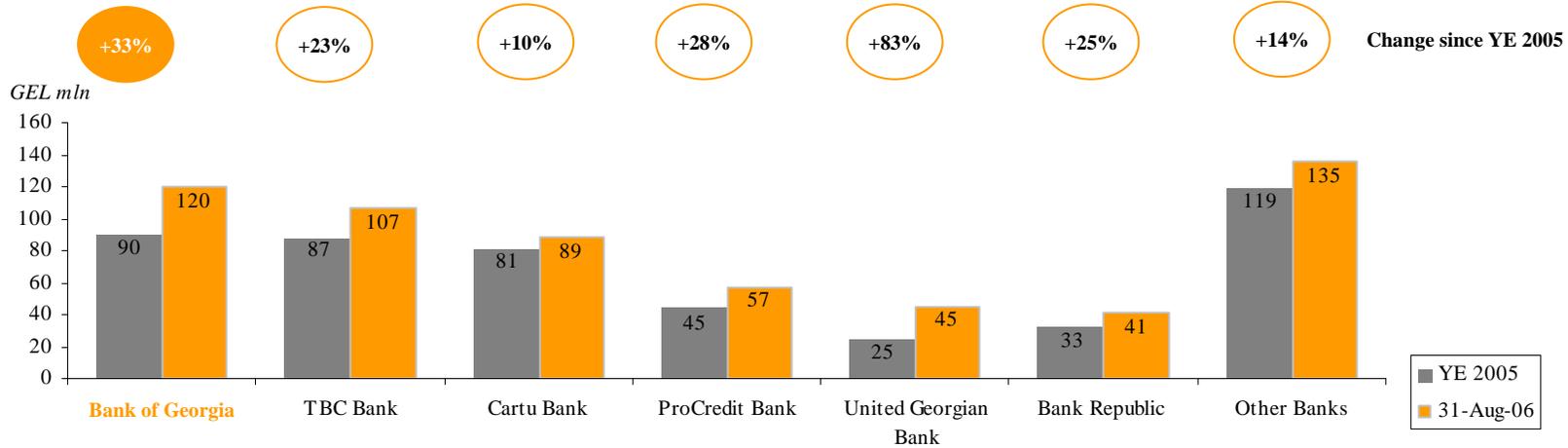
Peer Group – Shareholders' Equity & Market Shares

Total Sector Equity

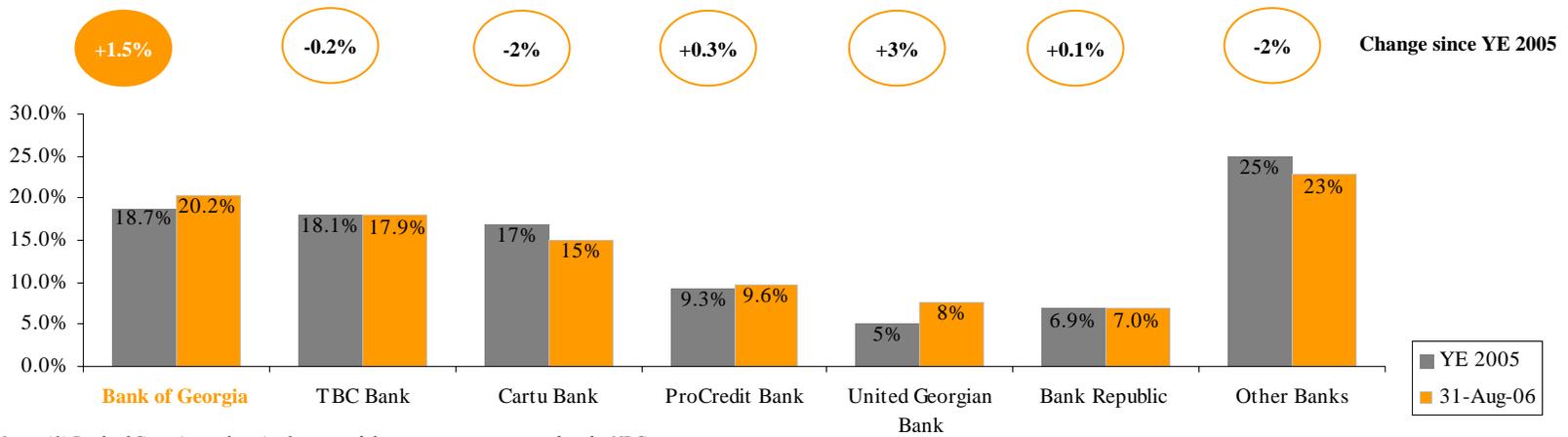
GEL 595 mln
(August 31, 2006)

Change since
YE '05 + 24%

Peer Group Shareholders' Equity



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	Shares	%
6-Oct-06		
Bank Austria Creditanstalt (nominees)	4,166,242	24.90%
Firebird Avrova 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%

Key Lenders



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Institutional Shareholders



Custodians/Nominees



Brokers Capable of Trading BoG Shares



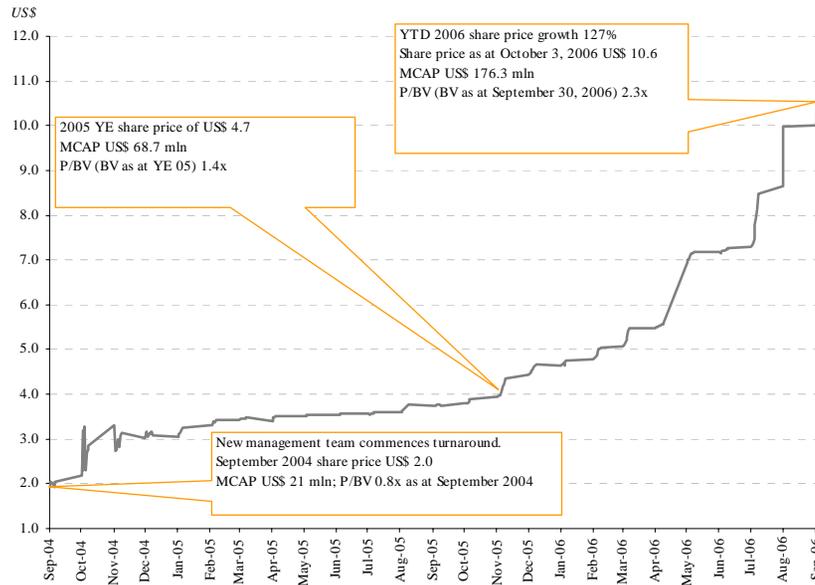
- Senior Executives currently own 749,098 shares. In addition, Senior Executives are entitled to receive approximately 558,000 shares pursuant to the equity compensation program
- New management share ownership plan has been introduced and 114 professionals equitized
- 48 non-resident individual shareholders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

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 three rating agencies



Share Price Performance

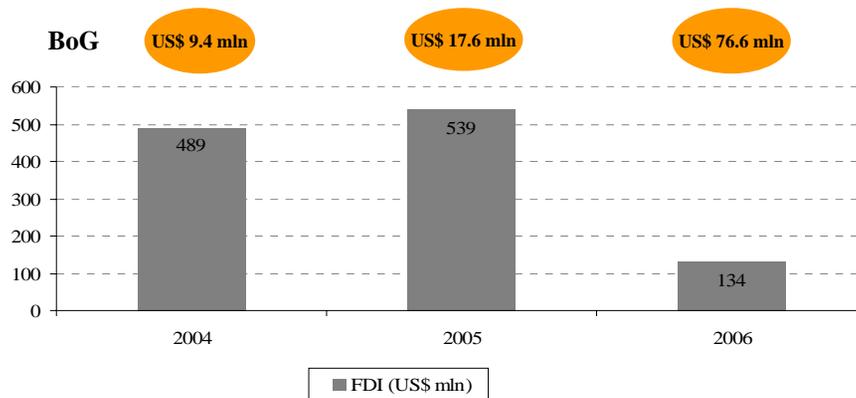


	September 30, 2006	December 31, 2005	December 31, 2004
Shares Outstanding	16.7	14.7	11.3
Price per share (US\$)	10.6	4.7	3.1
Price per share (GEL)	18.4	8.3	5.6
MCAP (US\$ mln)	176.3	68.7	35.0
MCAP (GEL mln)	306.4	122.9	63.3
MCAP/BV	2.3	1.4	1.2

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



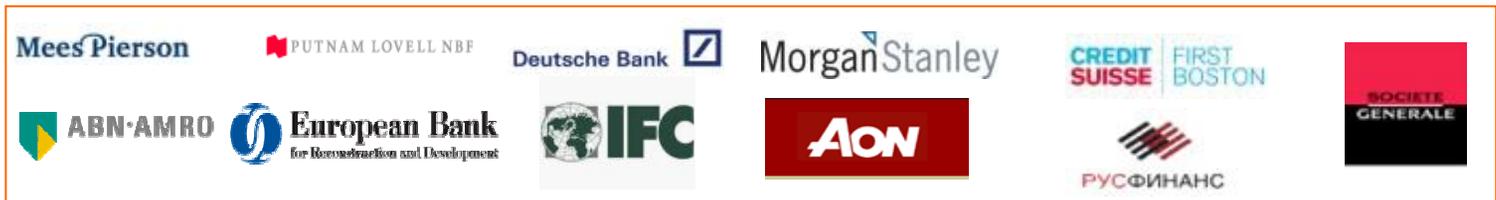
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Investment Case

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

Ample Exit Opportunities

Selected
Potential
Buyers



КАЗКОММЕРЦБАНК



AKBANK



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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
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

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
- 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

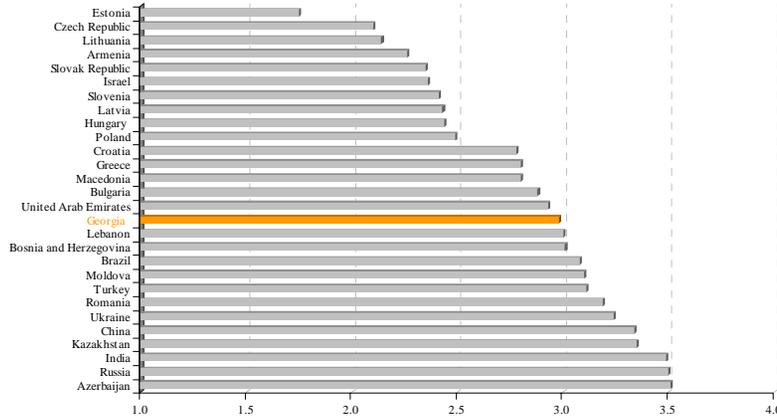
STILL A LAGGARD AMONG EMERGING MARKETS



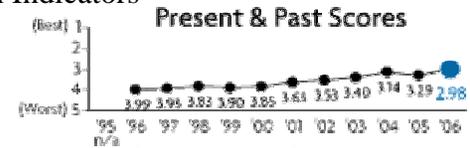
Note: Estimated real GPW to GDP in Russia was only about 1,7% in 2003; 2005 data for Georgia and GDP per capita (PPP); 2003 data for all other countries
 Source: Global Insight; Global Stock Market Factbook 2004; National Banks; McKinsey; International Monetary Fund

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

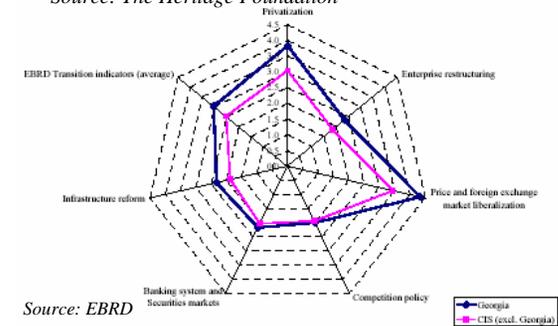
- Georgia is well ahead of many of its peers in the Heritage Foundation's 2006 Index Of Economic Freedom
- Georgia is ahead of most CIS economies in the 2005 EBRD Transition Indicators



Source: Heritage Foundation



Source: The Heritage Foundation



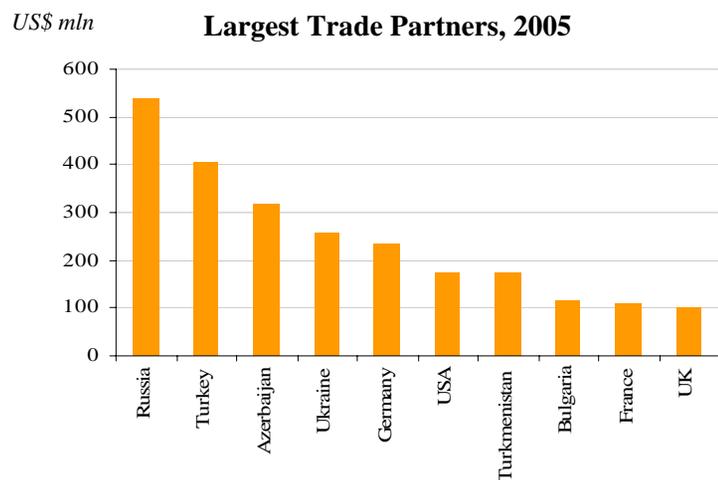
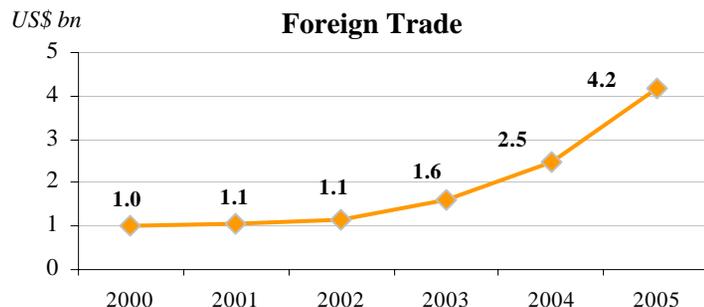
Source: EBRD

- 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

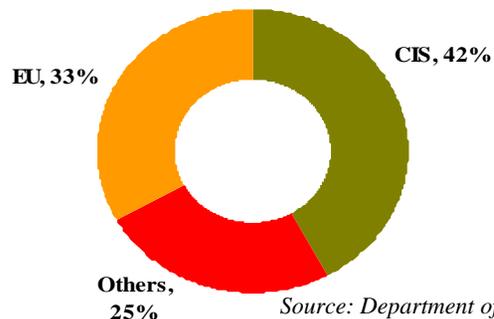
Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank
Singapore	1	Fiji	31	Slovenia	61	Turkey	91	Brazil	101
New Zealand	2	Mauritius	32	Palau	62	Macedonia, FYR	92	Suriname	102
United 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	Bhutan	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	C�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



Foreign Trade 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
- Most customs duties were abolished 5 August 2006



1H 2006 Audited Financial Statements



Consolidated 1H 2006 Results, IFRS, Reviewed

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

Consolidated 1H 2006 Results, IFRS, Reviewed

BALANCE SHEET DATA

	YTD Growth	1H 06	12/31/2005
JSC Bank of Georgia, Consolidated, IFRS, Audited*			
<i>GEL '000s, unless otherwise noted</i>			
Assets			
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



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Caution Regarding Forward-Looking Statements

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.