



The Banker



Bank of the Year 2007
GEORGIA

The Banker



Bank of the Year 2006
Georgia

Standard & Poor's: 'B/B'
Fitch Ratings: 'B/B'
Moody's: 'B3/NP' (FC) & 'Ba1/NP' (LC)

LSE: BGEO
GSE: GEB
Berlin-Bremen Boerse: B7D1

Reuters: BGEO.L
Bloomberg: BGEO.LI

Bank of Georgia Q3 2008 results overview



საქართველოს ბანკი
BANK OF GEORGIA

December 2008

Introduction to Bank of Georgia

The leading universal bank in Georgia

- ☑ No.1 by assets (circa 32.9%),⁽¹⁾ loans (circa 32.6%),⁽¹⁾ deposits (circa 27.8%)⁽¹⁾ and equity (circa 37.3%)⁽¹⁾
- ☑ Leading retail banking, with top brand, best distribution network and broadest range of services of any bank in Georgia

	September 2008	June 2008	March 2008	YE '07	YE '06
☑ Retail Accounts	904,000+	880,000+	770,000+	705,000+	425,000+
☑ Cards Outstanding	767,000+	847,000+	740,000+	640,000+	285,000+
☑ Branches	140	134	131	117	100
☑ ATMs	386	363	310	250	124

- ☑ Leading corporate bank with approximately 73,000 legal entities and over 133,000 current accounts
- ☑ Leading card-processing, leasing, insurance, wealth management and asset management services provider
- ☑ The only Georgian entity with credit ratings from all three global rating agencies
 - ☑ S&P: 'B/B' – at the sovereign ceiling
 - ☑ Fitch Ratings: 'B/B'
 - ☑ Moody's: 'B3/NP (FC)' & 'Ba1/NP (LC)'
- ☑ Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
 - ☑ Market Cap (LSE) US\$217 mln as of 31 October 2008
 - ☑ Approximately 95% free float
- ☑ Issue of the first ever Eurobonds in Georgia
 - ☑ Bloomberg: BKGEO; 5 year, 9%, US\$200 mln
 - ☑ B/Ba2/B (standalone composite B+)

Investment highlights

- ☑ Undisputed leader of Georgian financial services industry with market-leading retail and corporate banking franchise
- ☑ Strongly positioned to benefit from US\$4.5 bln international assistance package pledged to Georgia by international donors in the aftermath of Russia-Georgia conflict in August 2008
- ☑ Disciplined capital management, low leverage, conservative liquidity position, no exposure to sub-prime
- ☑ Sophisticated management team with Western banking & finance background
- ☑ Transparency and good governance, over 89% institutionally owned. Supervisory Board includes two large institutional shareholders and two independent directors

Notes: (1) As of 30 September 2008; based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia www.nbg.gov.ge

Bank of Georgia Q3 2008 & nine months 2008 results overview

Nine months 2008 P&L results highlights

Millions, unless otherwise noted

Bank of Georgia (Consolidated, IFRS Based)	Nine months 2008		Nine months 2007		Growth, Y-O-Y ¹
	GEL	US\$	GEL	US\$	
	<i>Unaudited</i>		<i>Unaudited</i>		
Net Interest Income	164.5	117.0	90.4	54.5	81.9%
Net Non-Interest Income	88.5	63.0	59.0	35.6	50.0%
Total Operating Income (Revenue) ²	252.9	180.0	149.4	90.1	69.3%
Recurring Operating Costs	143.0	101.8	79.0	47.6	81.0%
Normalized Net Operating Income ³	110.0	78.3	70.4	42.5	56.2%
Net Provision Expense	117.8	83.9	7.9	4.7	1396.2%
Net Income/(Loss)	1.3	0.9	49.9	30.1	-97.4%
Consolidated EPS (Basic), GEL & US\$ ⁴	0.04	0.03	1.95	1.17	-97.8%
Consolidated EPS (Fully Diluted), GEL & US\$ ⁵	0.04	0.03	1.83	1.10	-97.4%
ROAA, Annualised ⁶	0.1%		3.5%		
ROA, Annualised	0.03%		2.8%		
ROAE, Annualised ⁷	0.2%		16.2%		
ROE, Annualised	0.1%		14.3%		

Includes extraordinary provisions related to Russia-Georgia conflict in August 2008

¹ Compared to the same period in 2007; growth calculations based on GEL values.

² Revenue includes Net Interest Income and Net Non-Interest Income.

³ Normalized for Net Non-Recurring Costs.

⁴ Basic EPS equals Net Income of the period divided by weighted average outstanding shares for the period.

⁵ Fully Diluted EPS equals Net Income of the period divided by the number of outstanding ordinary shares as of the period end plus number of ordinary shares in contingent liabilities.

⁶ Return on Average Total Assets equals annualised Net Income for the period divided by the average Total Assets for the period.

⁷ Return on Average Total Shareholders' Equity equals annualised Net Income for the period divided by the average Total Shareholders' Equity for the period.

Q3 2008 P&L highlights

Millions, unless otherwise noted

Bank of Georgia (Consolidated, IFRS Based)	Q3 2008		Q2 2008		Q3 2007		Growth, Y-O-Y ¹	Growth, Q-O-Q ¹
	GEL	US\$	GEL	US\$	GEL	US\$		
	<i>Unaudited</i>		<i>Unaudited</i>					
Net Interest Income	58.9	41.9	55.8	39.4	33.5	20.2	75.9%	5.4%
Net Non-Interest Income	27.1	19.3	30.1	21.2	22.7	13.7	19.1%	-10.1%
Total Operating Income (Revenue) ²	85.9	61.1	85.9	60.6	56.2	33.9	52.9%	0.0%
Recurring Operating Costs	49.6	35.3	48.9	34.5	29.1	17.6	70.5%	1.6%
Normalized Net Operating Income ³	36.3	25.8	37.1	26.1	27.1	16.3	34.1%	-2.1%
Net Provision Expense	103.2	73.4	7.2	5.1	3.1	1.9	3258.6%	1334.1%
Net Income	(59.0)	(42.0)	28.3	20.0	17.5	10.6	NMF	-308.1%
Consolidated EPS (Basic), GEL & US\$ ⁴	-1.89	-1.34	0.91	0.64	0.67	0.40	-382.5%	-308.1%
Consolidated EPS (Fully Diluted), GEL & US\$ ⁵	-1.89	-1.34	0.91	0.64	0.64	0.39	-393.5%	-308.1%
ROAA, Annualised ⁶	-7.2%		3.5%		3.2%			
ROA, Annualised ⁷	-7.5%		3.3%		2.9%			
ROAE, Annualised ⁸	-30.9%		14.8%		16.1%			
ROE, Annualised ⁹	-31.9%		14.5%		15.1%			

Includes extraordinary provisions related to Russia-Georgia conflict in August 2008

¹ Compared to the same period in 2007; growth calculations based on GEL values

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⁷ Return on Average Total Shareholders' Equity equals annualised Net Income for the period divided by the average Total Shareholders' Equity for the period.

September 2008 Balance Sheet results highlights

Millions, unless otherwise noted

Bank of Georgia (Consolidated, IFRS)	Sep-08		Q2 2008		Q4 2007		Sep-07	
	GEL	US\$	GEL	US\$	GEL	US\$	GEL	US\$
	(Unaudited)		(Unaudited)		(Audited)		(Unaudited)	
Net Loans	1,930.6	1,374.1	2,062.4	1,454.4	1,722.4	1,082.2	1,277.2	770.3
Total Assets	3,154.3	2,245.0	3,400.7	2,398.2	2,953.6	1,855.7	2,403.3	1,449.5
Total Deposits	1,324.9	943.0	1,520.3	1,072.2	1,421.3	893.0	1,133.7	683.8
Borrowed Funds	947.8	674.6	903.6	637.3	821.7	516.3	687.5	414.7
Total Liabilities	2,414.9	1,718.8	2,617.7	1,846.0	2,395.6	1,505.2	1,938.3	1,169.1
Shareholders' Equity	739.3	526.2	783.0	552.2	558.0	350.6	465.0	280.5
Book Value Per Share, GEL & US\$	23.66	16.84	25.06	17.67	20.55	12.91	17.12	10.33
Tier I Capital Adequacy (BIS) ¹	24.7%		25.0%		25.0%		23.2%	
Total Capital Adequacy (BIS) ²	25.3%		25.8%		22.0%		23.3%	
Tier I Capital Adequacy (NBG) ^{3,5}	18.2%		15.8%		13.2%		14.0%	
Total Capital Adequacy (NBG) ^{4,5}	15.5%		15.1%		13.1%		16.9%	

	Growth, Q-O-Q	Growth, YTD	Growth, Y-O-Y
Net Loans	-6.4%	12.1%	51.2%
Total Assets	-7.2%	6.8%	31.2%
Total Deposits	-12.9%	-6.8%	16.9%
Borrowed Funds	4.9%	15.4%	37.9%
Total Liabilities	-7.7%	0.8%	24.6%
Shareholders' Equity	-5.6%	32.5%	59.0%
Book Value Per Share	-5.6%	15.1%	38.2%
Tier I Capital Adequacy (BIS)	-1.3%	-1.1%	6.5%
Total Capital Adequacy (BIS)	-2.0%	14.6%	8.4%
Tier I Capital Adequacy (NBG)	15.7%	38.2%	30.3%
Total Capital Adequacy (NBG)	2.4%	18.4%	-8.6%

¹ BIS Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I.

² BIS Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I.

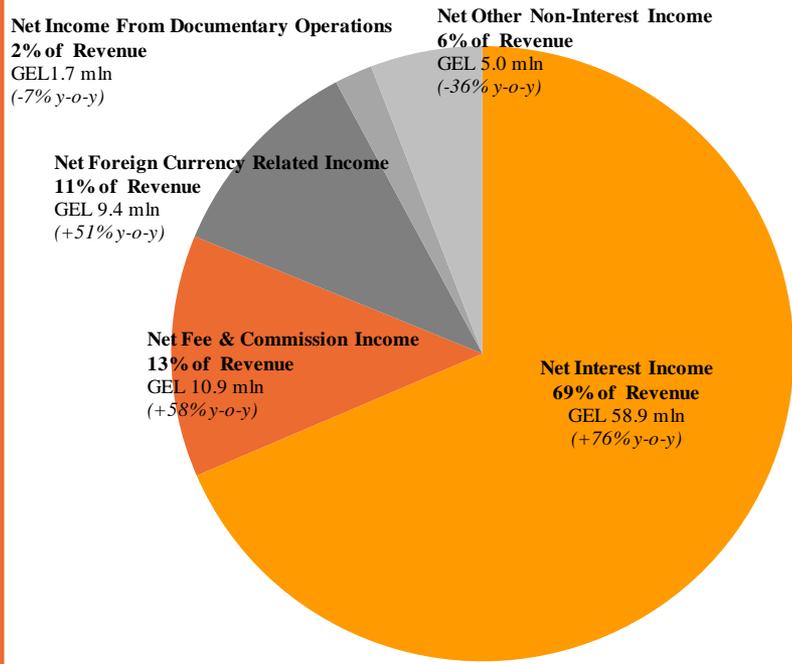
³ NBG Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of the National Bank of Georgia.

⁴ NBG Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of the National Bank of Georgia.

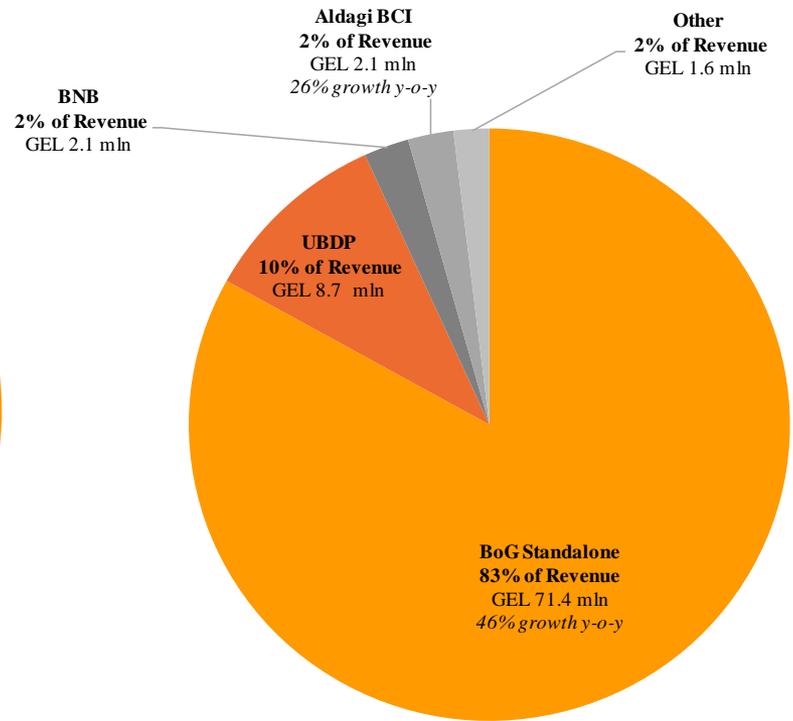
⁵ In Q3 2008 risk weighting of foreign currency denominated assets decreased from 200% to 175%

Composition of revenue in Q3 2008

Composition of Revenue, Q3 2008



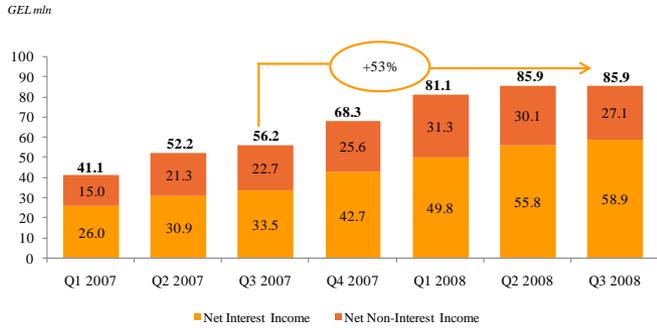
Revenue by Segments, Q3 2008



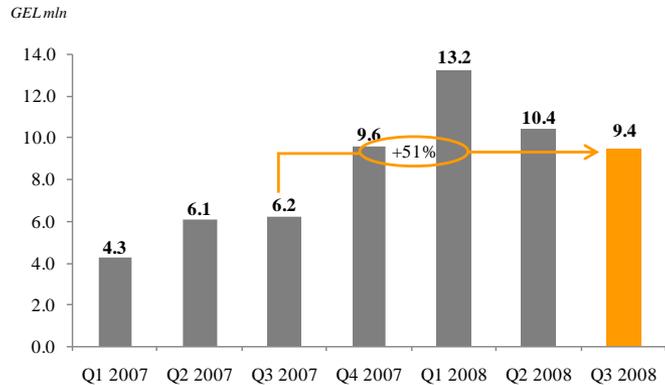
Total Revenue: GEL 85.9 million (53% y-o-y growth, 0.01% q-o-q decline)

Analysis of revenue

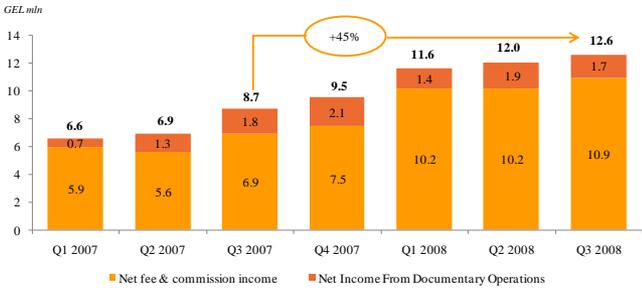
Revenue growth



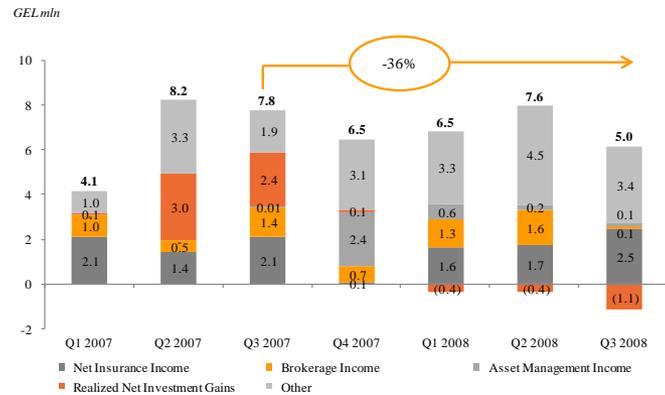
Net foreign currency related income



Net fee & commission income & income from documentary operations

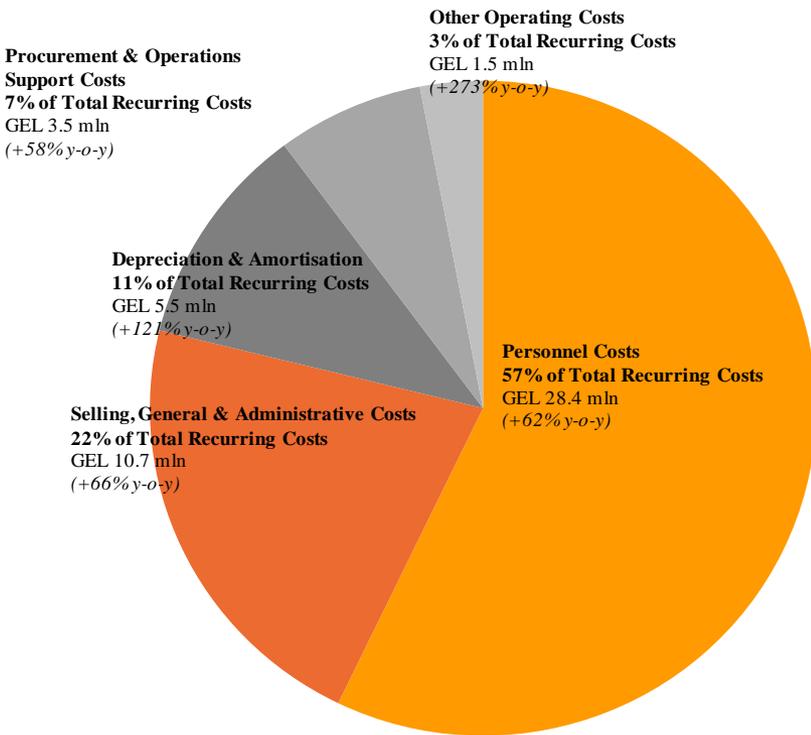


Other non-interest income

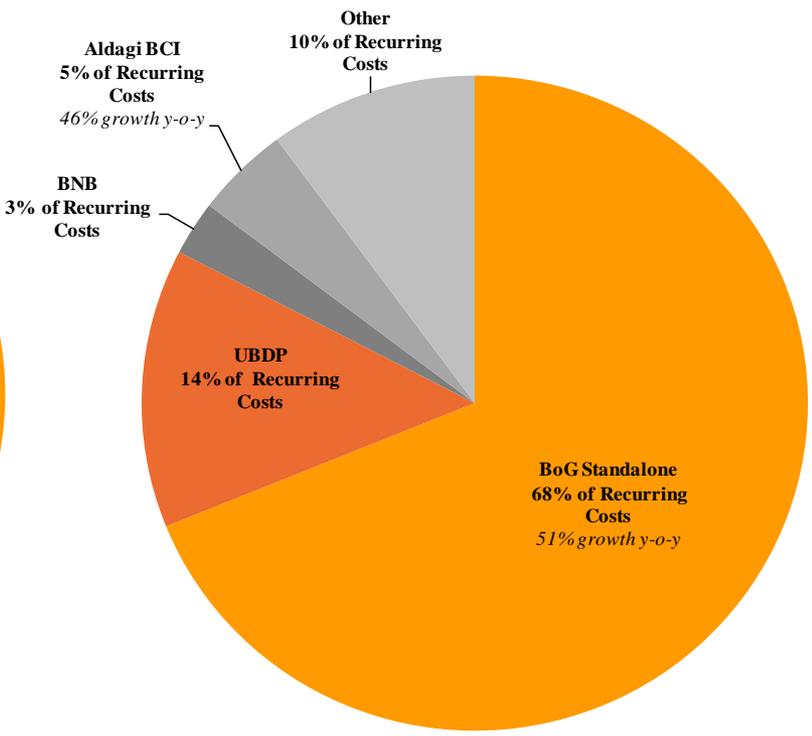


Analysis of recurring operating costs

Recurring operating cost structure, Q3 2008



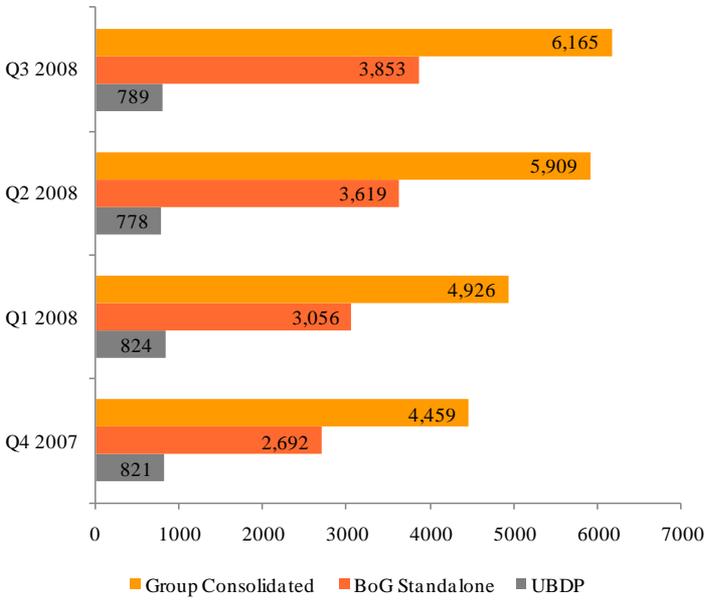
Recurring operating cost structure by segments, Q3 2008



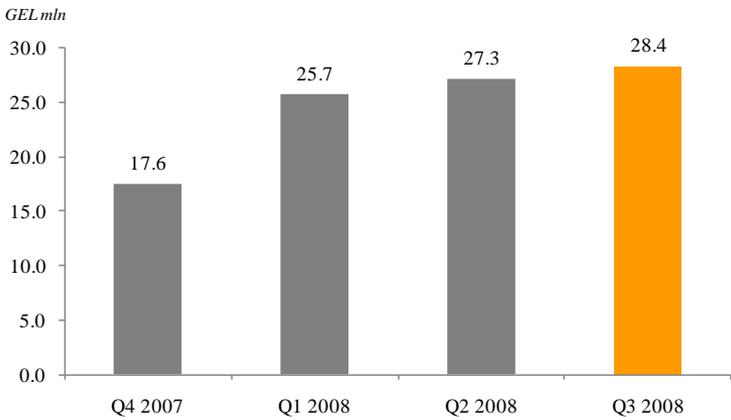
Total recurring operating costs: GEL 49.6 million in Q3 2008 (71% growth y-o-y, 1.6% growth q-o-q)

Analysis of recurring operating costs cont'd

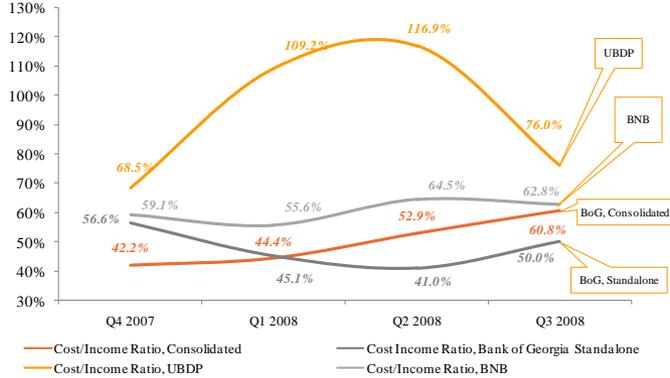
Employees



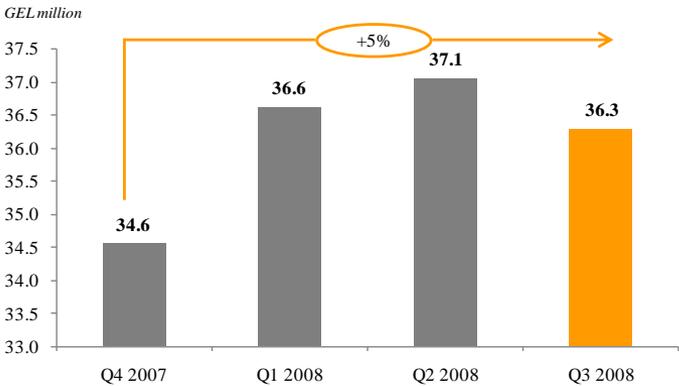
Personnel Costs



Cost/Income ratio

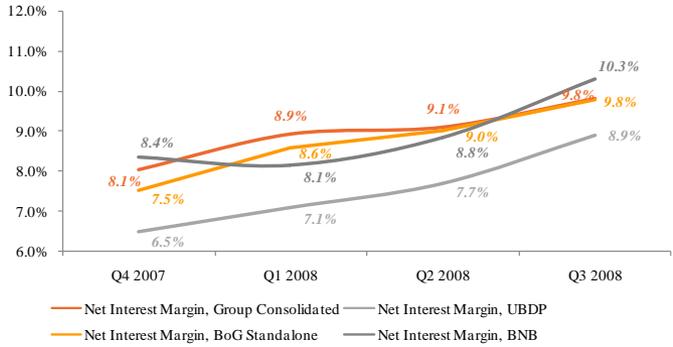


Normalised Net Operating Income

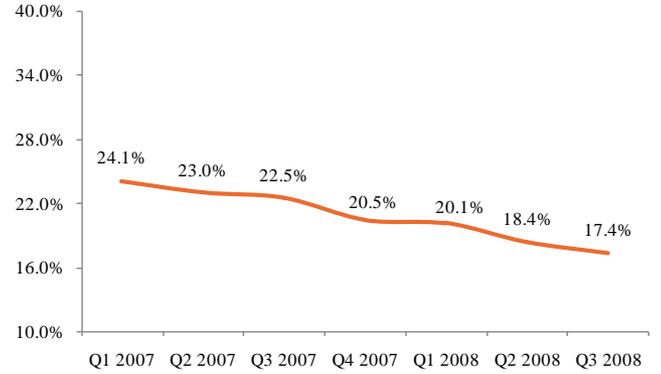


NIM & loan yields

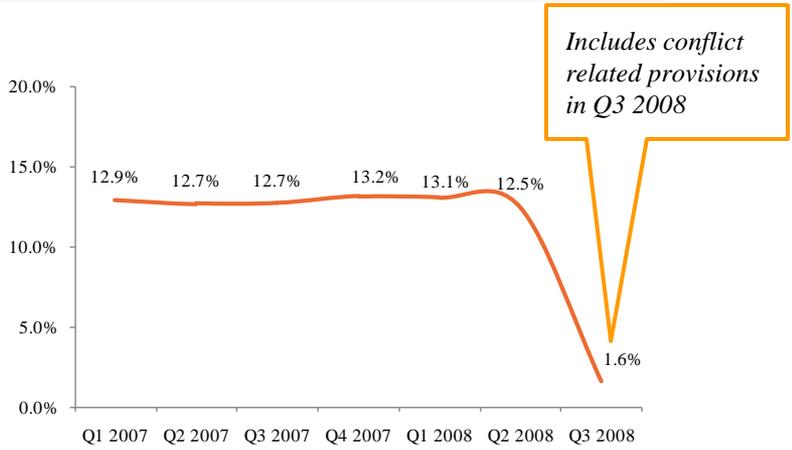
Net Interest Margin (annualised)*



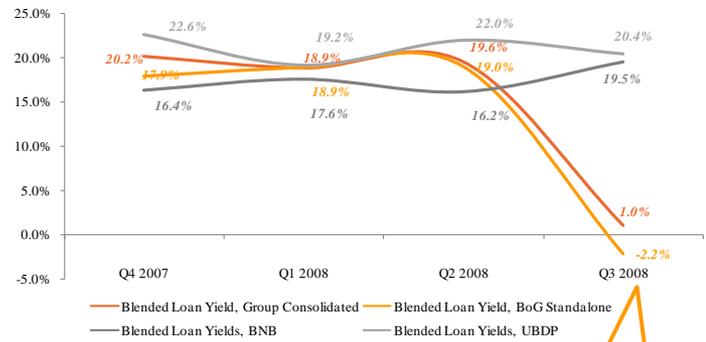
RB & WM loan yield (annualised)*



CB loan yield (annualised)*



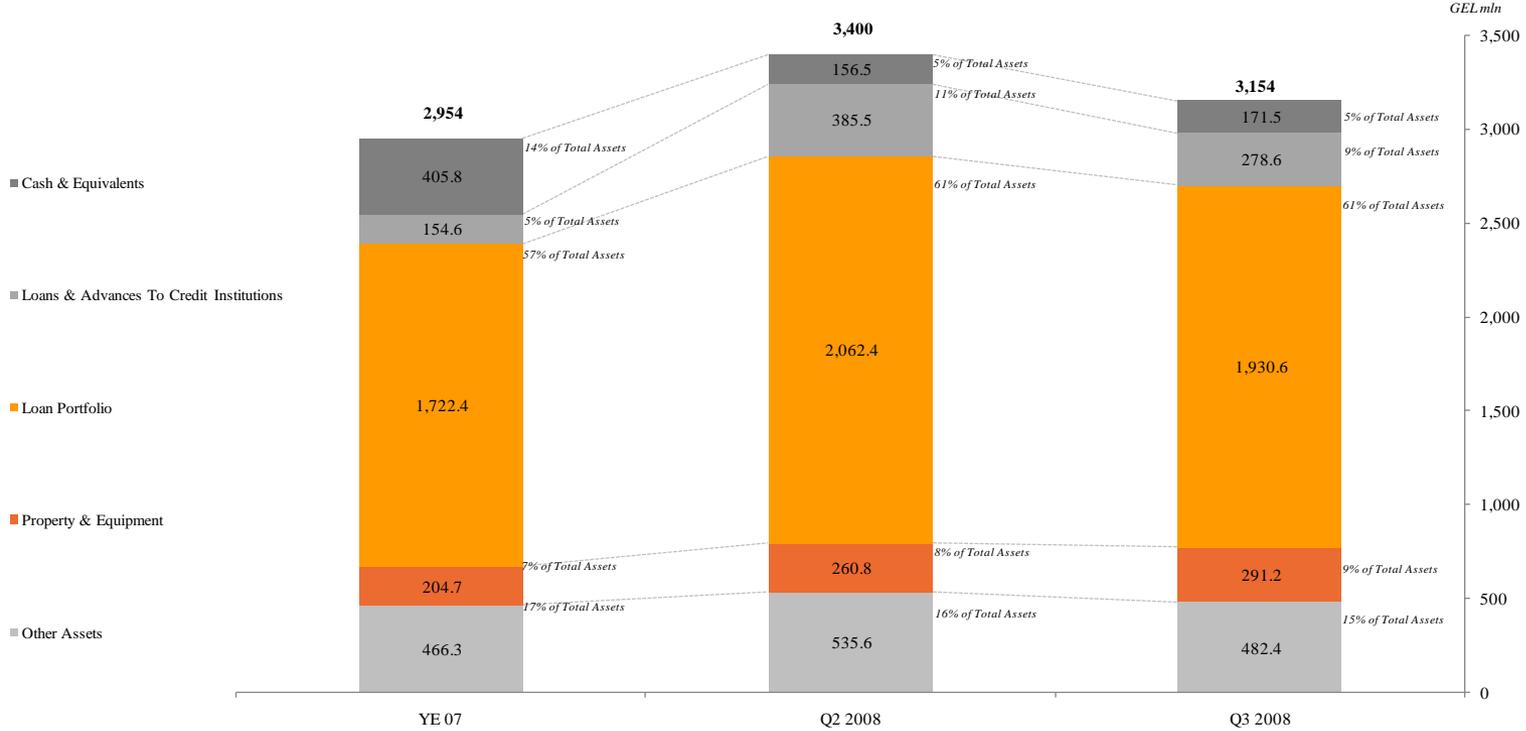
Blended loan yield (annualised)*



* Based on consolidated data, including Corporate Center where all loan recoveries are allocated

Includes conflict related provisions in Q3 2008

Composition of assets as at 30 September 2008

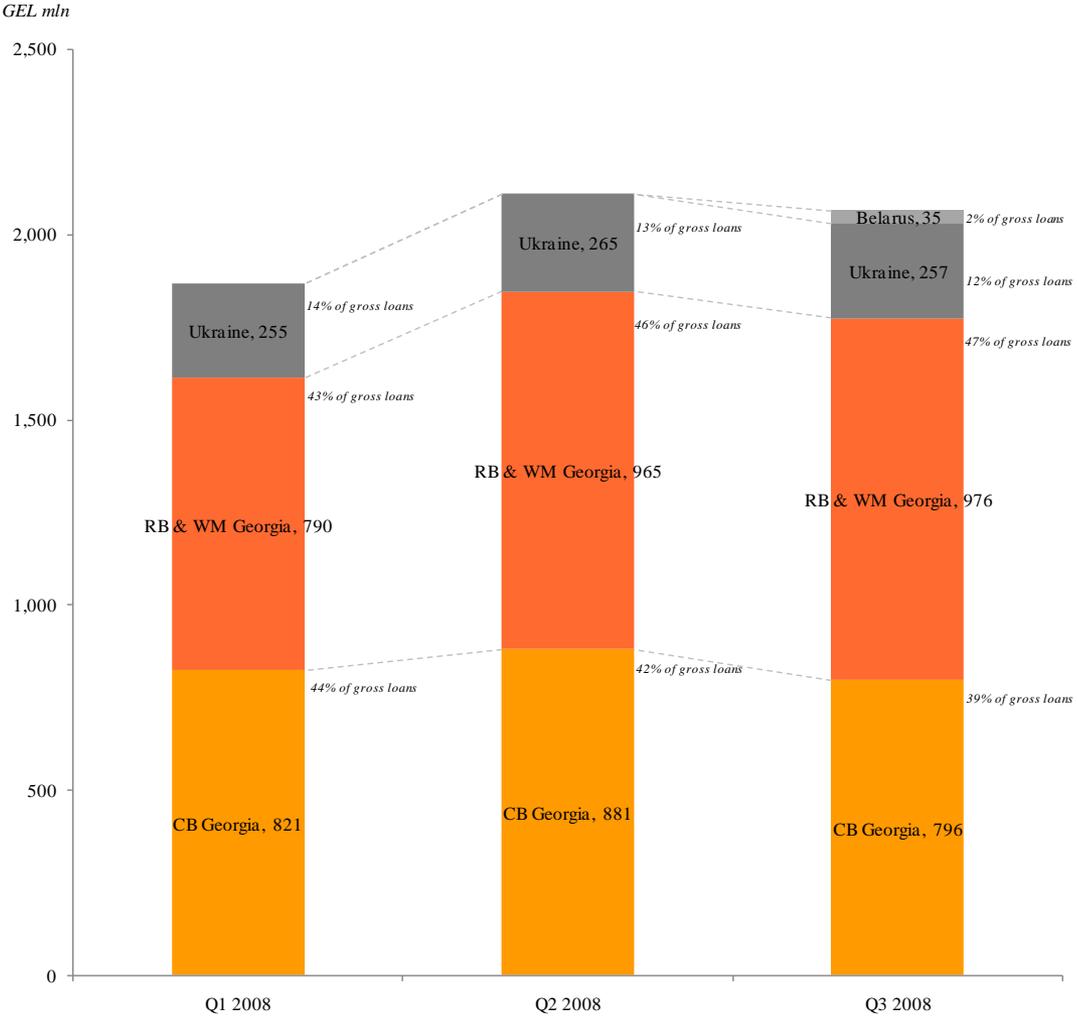


	YE 2007	Q2 2008	Q3 2008
Available-For-Sale Securities	42.4	82.8	50.6
Treasuries And Equivalents	192.5	18.0	18.1
Other Fixed Income Instruments	6.3	87.7	16.5
Investments In Other Business Entities & Investment Property	40.3	146.8	104.2
Intangible Assets Owned & Goodwill	116.0	119.8	144.0
Tax Assets, Current And Deferred	1.6	1.1	0.9
Prepayments And Other Assets	67.3	79.6	148.1
Total	466.3	535.6	482.4

¹ Net loans include net finance lease receivables



Composition of gross loan book as at 30 September 2008



RB & WM account for 55% and CB accounts for 45% of BoG standalone loan portfolio

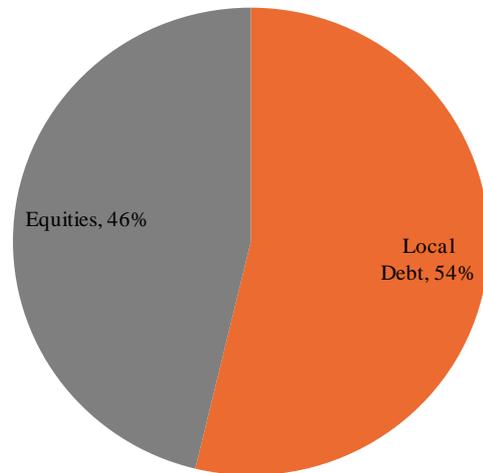
Gross loan book Q3 2008: GEL 2,060 million

Note: includes loans allocated to corporate center/eliminations



Securities portfolio as at 30 September 2008

Breakdown of securities portfolio, 30 September 2008



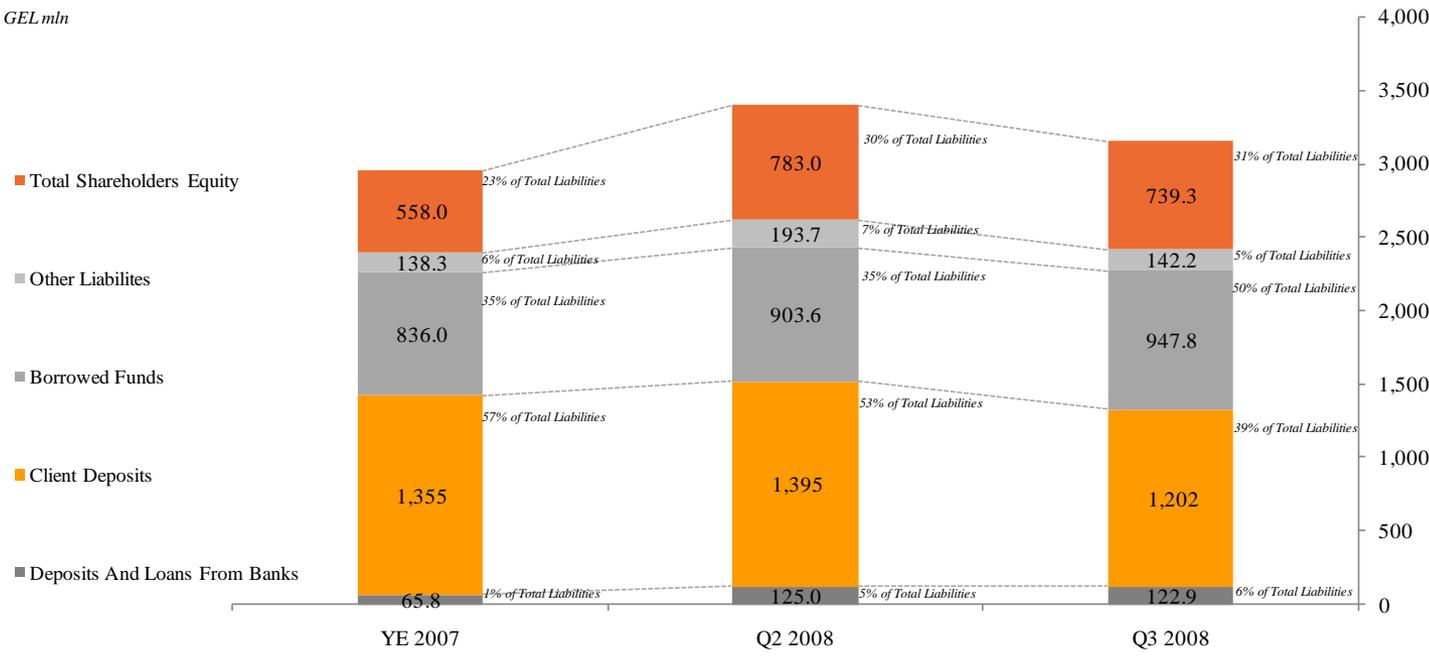
Total securities portfolio: GEL 51 million

Breakdown of securities investments

GEL 000's

	Exposure to		
	Sovereign	Equity	Total
GTS	-	2,067	2,067
GTC/GTAM	-	21,339	21,339
UBDP	26,628	-	26,628
Other	591	-	591
Total	27,219	23,406	50,625

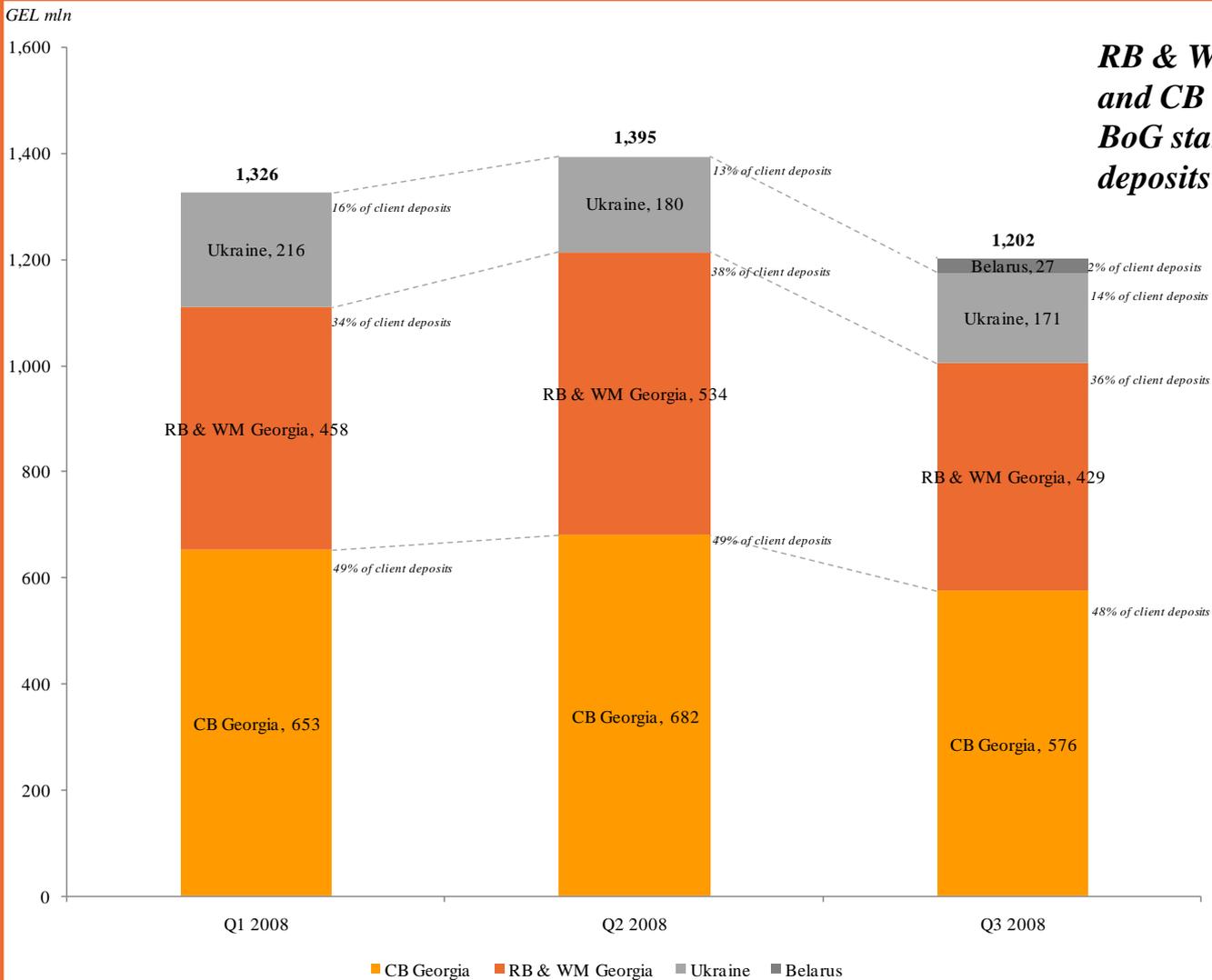
Liabilities breakdown as at 30 September 2008



	YE 2007	Q2 2008	Q3 2008
Issued Fixed Income Securities	5.0	4.7	4.7
Insurance Related Liabilities	41.3	48.1	57.7
Tax Liabilities, Current And Deferred	37.2	38.8	26.7
Accruals And Other Liabilities	54.8	102.0	53.1
Other liabilities	138.3	193.7	142.2

Total Liabilities 30 September 2008: GEL 2,415 million

Client deposits breakdown



RB & WM account for 41% and CB accounts for 59% of BoG standalone client deposits

Client deposits Q3 2008: GEL 1,202 million

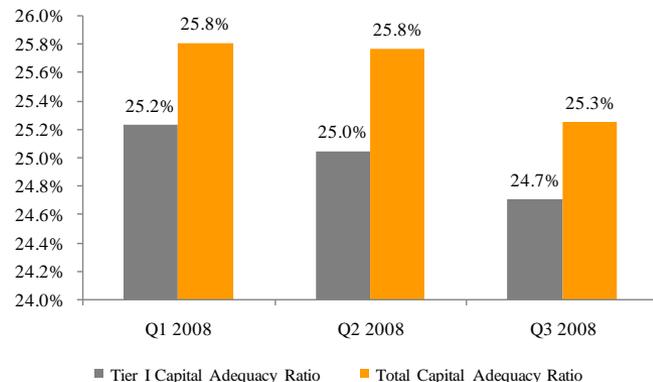
Note: RB & WM client deposits include deposits at Galt & Taggart Securities



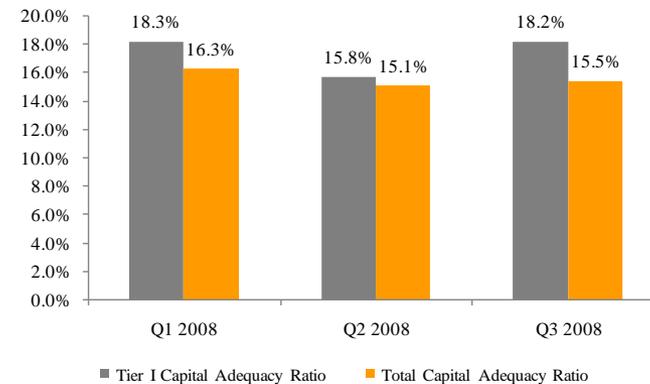
Capital adequacy & wholesale funding

Capital adequacy

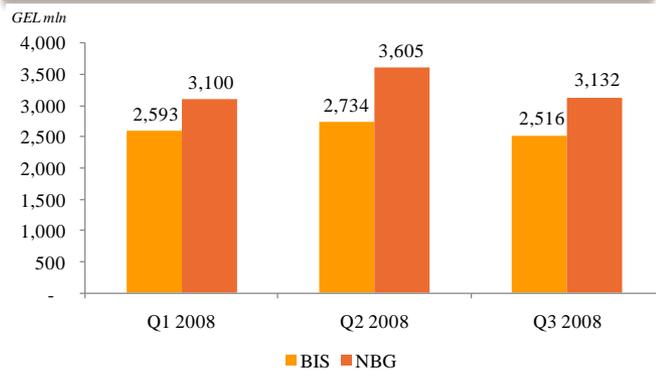
BIS capital adequacy ratios, BoG consolidated



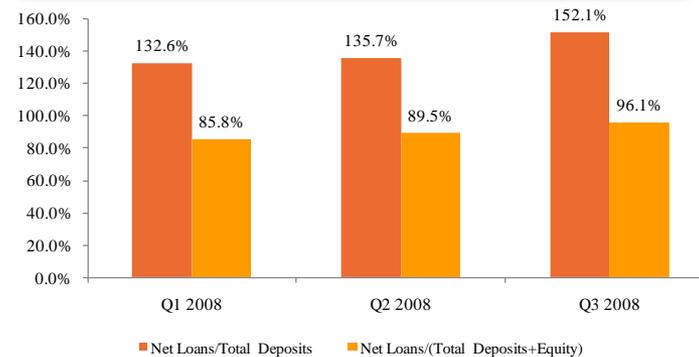
NBG capital adequacy ratios, BoG standalone



Risk-weighted assets BIS vs. NBG



Net loans/deposits & loans/(deposits+equity), BoG consolidated



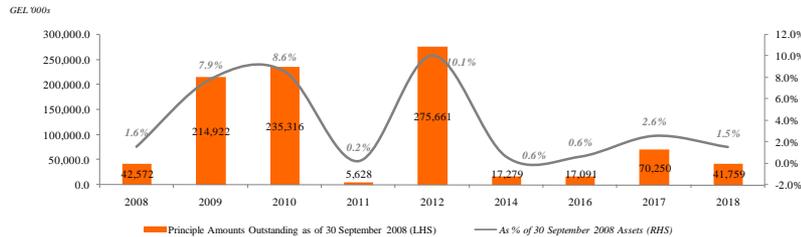
International borrowings

Selected international loans

Key Lenders	Principle Amount Outstanding as at 30 September 2008	Maturity
Syndicated Loan arranged by Citi and ADB, 2 nd Tranche	US\$43.5 million	2009
Senior Term Loan from Merrill Lynch	US\$65.0 million	2009
Loan Passthrough Notes (Put in 2009)	US\$ 140 million	2010*
Syndicated Loan arranged by Citi and ADB, 3 rd Tranche	US\$25 million	2010
Eurobonds	US\$200 million	2012
Senior Term Loan from FMO	US\$12.5 million	2014
Subordinated Loan from Thames River Capital (Call in 2011)	US\$5.0 million	2016
Senior Term Loan from WorldBusiness Capital	US\$8.6 million	2016
Subordinated Loan from HBK Investments (Call in 2012)	US\$15.0 million	2017
Subordinated Loan from Merrill Lynch (Call in 2012)	US\$35.0 million	2017
Senior Term Loan from WorldBusiness Capital (GLC)	US\$5.2 million	2017
Subordinated loan from FMO and DEG (Call in 2013)	US\$ 30 million	2018
Total	US\$584.8	

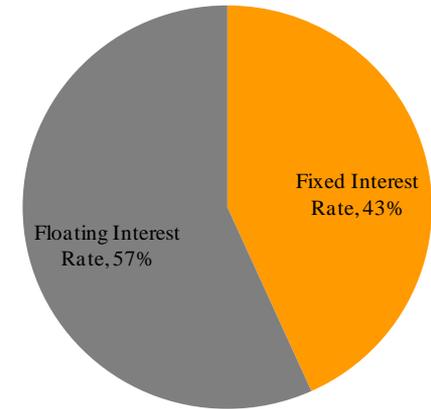
Note: excluding credit lines as part of documentary business

International borrowings by maturities

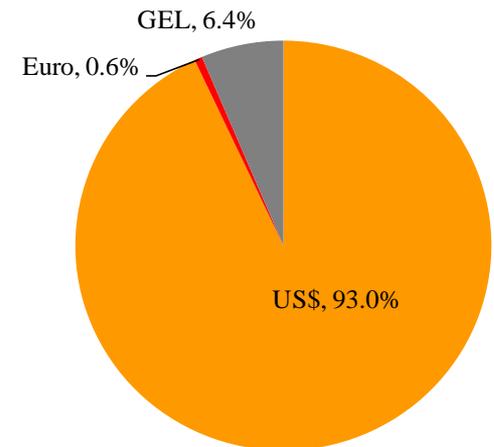


* Puttable in June 2009

International borrowings - fixed vs. floating rates, 30 September 2008



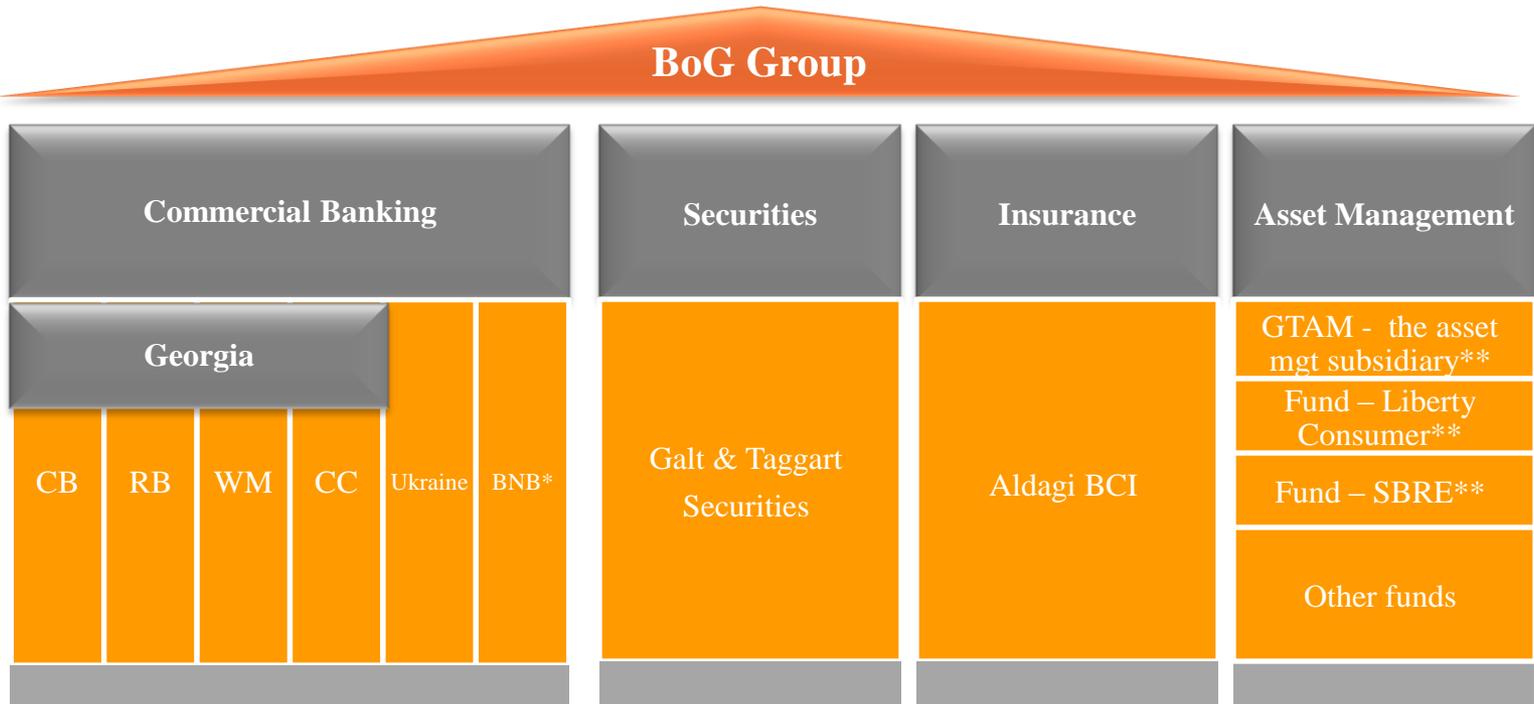
International borrowings by currencies, 30 September 2008



Business overview

Group structure: business lines

Reporting Lines



* Belarusky Narodny Bank acquired in June 2008

** BoG owns approximately 65% of Liberty Consumer (formerly called Galt & Taggart Capital), which in turn owns approximately 52% of SBRE. There fore both Liberty Consumer and SBRE are fully consolidated in BoG financials. BoG owns small minority stakes in other funds managed by GTAM

Bank of Georgia nine months 2008 business unit results

30 September 2008 (GEL '000)	CB	RB	WM	Ukraine	Belarus	GTS	AM	Insurance	CC/Eliminations	Total
Total Operating Income (Revenue)	71,606	132,129	4,372	21,963	2,087	(1,322)	14,557	6,501	1,036	252,929
Net Income/(Loss)	(22,749)	37,243	579	682	1,020	(6,699)	11,154	(361)	(19,574)	1,295
Total Assets	1,228,414	1,506,102	73,357	336,787	66,719	79,618	119,230	83,221	(339,193)	3,154,255
Total Liabilities	1,048,423	873,506	96,949	229,249	29,735	36,222	36,529	64,921	(617)	2,414,917

30 September 2007 (GEL '000)	CB	RB	WM	Ukraine	Belarus	GTS	AM	Insurance	CC/Eliminations	Total
Total Operating Income (Revenue)	49,057	65,326	3,476	-	-	18,703	2,403	6,032	4,381	149,379
Net Income	22,058	20,891	1,361	-	-	10,926	(1,152)	645	(4,863)	49,868
Total Assets	1,235,060	919,474	70,084	-	-	51,442	57,822	54,339	15,112	2,403,333
Total Liabilities	1,081,302	628,565	83,924	-	-	14,230	30,926	39,258	60,136	1,938,341

Y-O-Y Growth	CB	RB	WM	Ukraine	Belarus	GTS	AM	Insurance	CC/Eliminations	Total
Total Operating Income (Revenue)	45.96%	102.26%	25.78%	NMF	NMF	-107.07%	505.73%	7.78%	-76.34%	69.32%
Net Income/(Loss)	-203.13%	78.27%	-57.46%	NMF	NMF	NMF	NMF	NMF	NMF	-97.40%
Total Assets	-0.54%	63.80%	4.67%	NMF	NMF	54.77%	106.20%	53.15%	NMF	31.25%
Total Liabilities	-3.04%	38.97%	15.52%	NMF	NMF	154.55%	18.12%	65.37%	NMF	24.59%

30 September 2008 (Share)	CB	RB	WM	Ukraine	Belarus	GTS	AM	Insurance	CC/Eliminations	Total
Total Operating Income (Revenue)	28.31%	52.24%	1.73%	8.68%	0.83%	-0.52%	5.76%	2.57%	0.41%	100.00%
Net Income/(Loss)	-1756.89%	2876.28%	44.70%	52.63%	78.76%	-517.39%	861.46%	-27.85%	-1511.71%	100.00%
Total Assets	38.94%	47.75%	2.33%	10.68%	2.12%	2.52%	3.78%	2.64%	-10.75%	100.00%
Total Liabilities	43.41%	36.17%	4.01%	9.49%	1.23%	1.50%	1.51%	2.69%	-0.03%	100.00%

30 September 2007 (Share)	CB	RB	WM	Ukraine	Belarus	GTS	AM	Insurance	CC/Eliminations	Total
Total Operating Income (Revenue)	32.84%	43.73%	2.33%	0.00%	0.00%	12.52%	1.61%	4.04%	2.93%	100.00%
Net Income/(Loss)	44.23%	41.89%	2.73%	0.00%	0.00%	21.91%	-2.31%	1.29%	-9.75%	100.00%
Total Assets	51.39%	38.26%	2.92%	0.00%	0.00%	2.14%	2.41%	2.26%	0.63%	100.00%
Total Liabilities	55.78%	32.43%	4.33%	0.00%	0.00%	0.73%	1.60%	2.03%	3.10%	100.00%

Bank of Georgia Q3 2008 business unit results

Q3 2008 (GEL '000)	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	24,680	50,621	1,485	8,714	2,087	(1,934)	477	2,101	(2,316)	85,914
Net Income/(Loss)	(45,630)	11,488	(406)	721	1,020	(2,292)	(410)	(26)	(23,423)	(58,958)

Q2 2008 (GEL '000)	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	22,841	43,782	1,247	6,746	-	(1,006)	1,678	2,600	8,034	85,921
Net Income/(Loss)	12,383	12,819	314	657	-	(2,553)	3,418	36	1,261	28,335

Q3 2007 (GEL '000)	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	17,545	23,184	1,339	-	-	6,853	685	1,668	4,897	56,172
Net Income/(Loss)	6,721	6,142	497	-	-	3,213	(758)	(116)	1,816	17,515

Y-O-Y Growth	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	40.66%	118.35%	10.84%	NMF	NMF	NMF	-30.44%	25.94%	NMF	52.95%
Net Income/(Loss)	-778.93%	87.03%	-181.70%	NMF	NMF	NMF	NMF	NMF	NMF	NMF

Q-O-Q Growth	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	8.05%	15.62%	19.06%	29.18%	NMF	NMF	-71.61%	-19.19%	NMF	-0.01%
Net Income/(Loss)	NMF	NMF	NMF	NMF	NMF	-10.23%	NMF	NMF	NMF	-308.07%

Q3 2008 (Share)	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	28.73%	58.92%	1.73%	10.14%	2.43%	-2.25%	0.55%	2.45%	-2.70%	100.00%
Net Income	77.39%	-19.49%	0.69%	-1.22%	-1.73%	3.89%	0.70%	0.04%	39.73%	100.00%

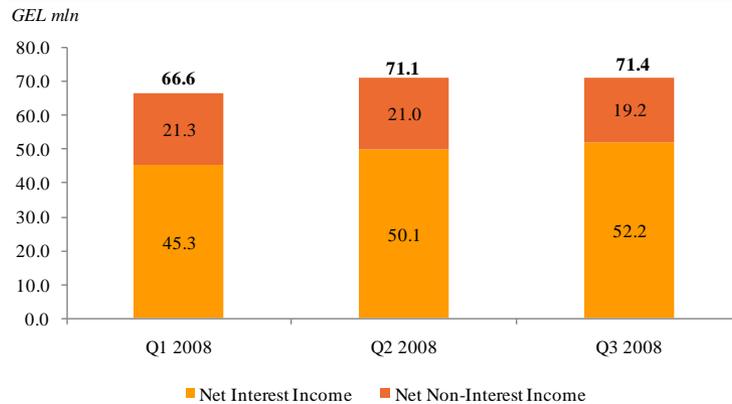
Q2 2008 (Share)	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	26.58%	50.96%	1.45%	7.85%	0.00%	-1.17%	1.95%	3.03%	9.35%	100.00%
Net Income/(Loss)	43.70%	45.24%	1.11%	2.32%	0.00%	-9.01%	12.06%	0.13%	4.45%	100.00%

Q3 2007 (Share)	CB	RB	WM	Ukraine	Belarus	GTS	AM Insurance	CC/Eliminations	Total	
Total Operating Income (Revenue)	31.24%	41.27%	2.38%	0.00%	0.00%	12.20%	1.22%	2.97%	8.72%	100.00%
Net Income/(Loss)	38.37%	35.07%	2.84%	0.00%	0.00%	18.35%	-4.33%	-0.66%	10.37%	100.00%

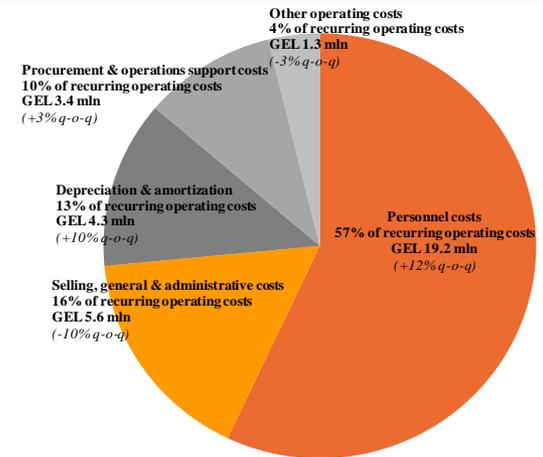
BoG standalone results overview

BoG standalone performance

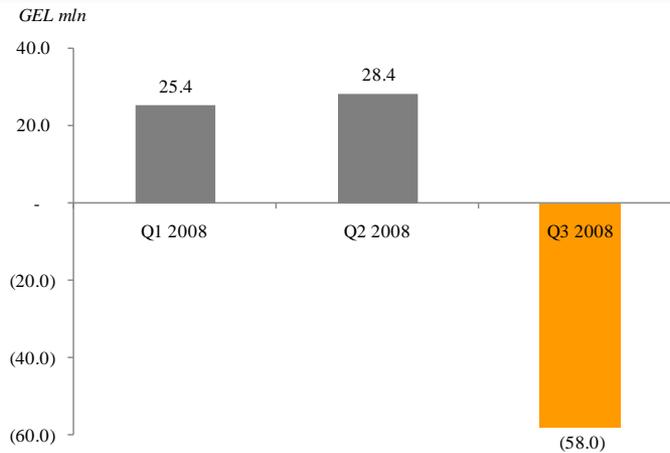
Revenue growth



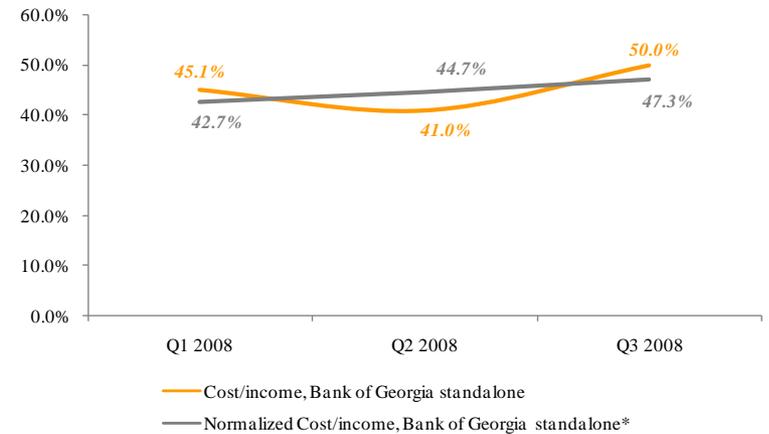
Recurring operating cost structure, Q3 2008



Net income



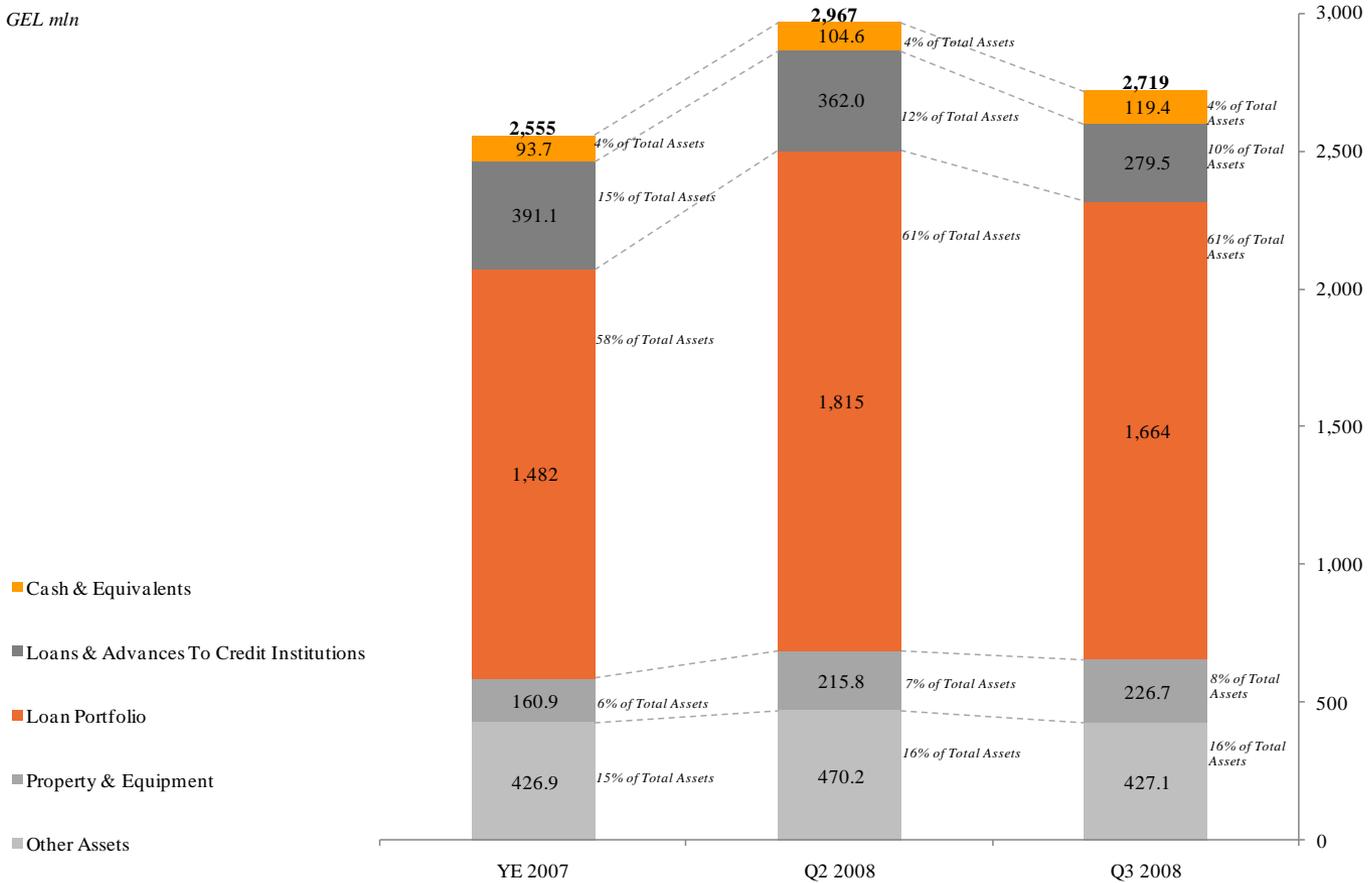
Cost/income ratio



* Normalized for non-recurring costs

Composition of assets as at 30 September 2008

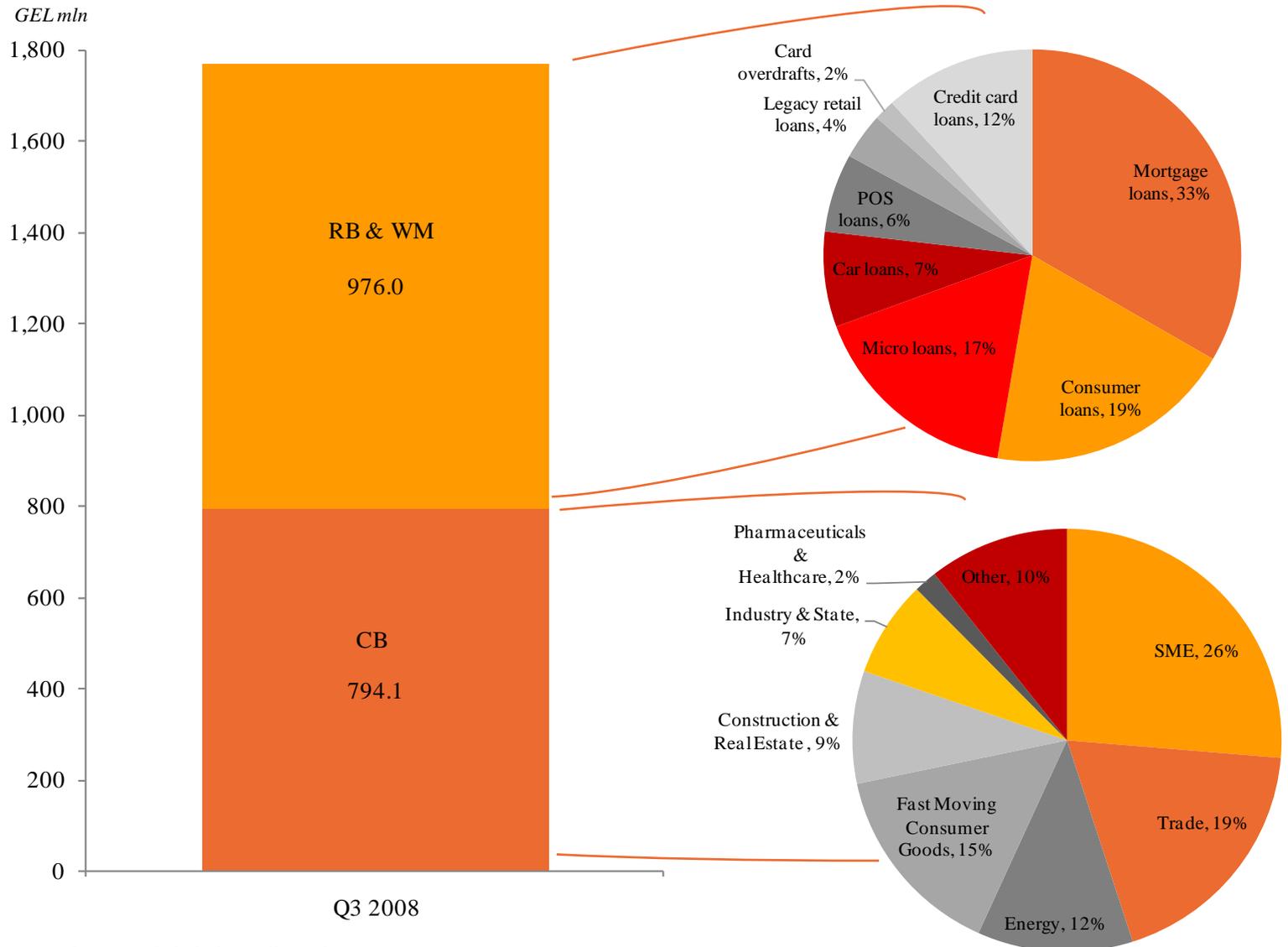
GEL mln



Breakdown of other assets

GEL Million	YE 2007	Q2 2008	Q3 2008
Treasuries And Equivalents	37.8	18.0	18.1
Other Fixed Income Instruments	152.2	87.7	16.5
Investments In Other Business Entities, Net	191.4	314.2	315.2
Intangible Assets Owned, Net	1.9	3.7	4.0
Goodwill	22.0	22.6	22.6
Tax Assets, Current And Deferred	2.3	-	-
Prepayments And Other Assets	19.2	23.9	50.8
Other assets	426.9	470.2	427.1

Analysis of the loan book

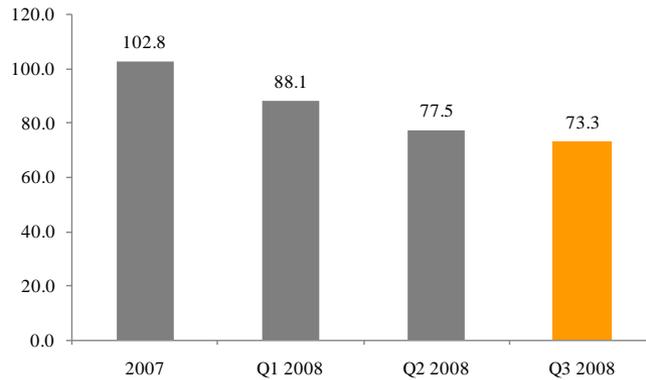


Note: does not include the loans allocated to corporate center

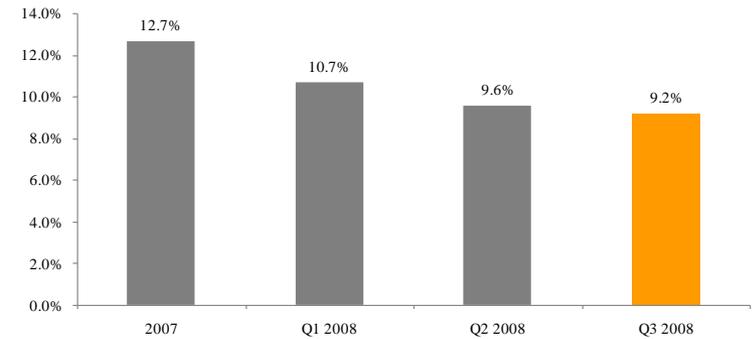
CB exposure to real estate

CB exposure to real estate

CB gross loans to construction and real estate sector, 30 September 2008



CB gross loans to construction and real estate sector as % of CB gross loans, 30 September 2008



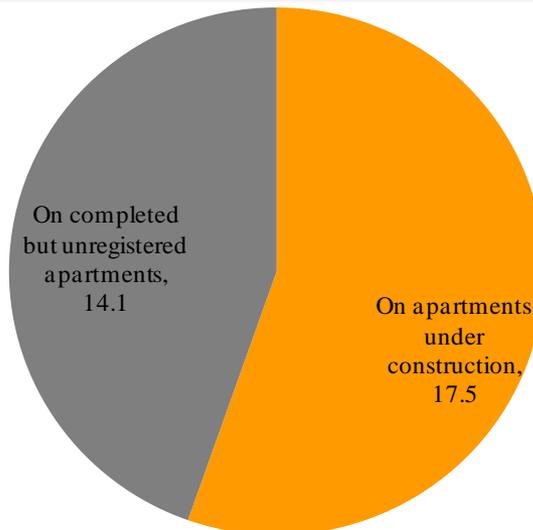
Note: BoG standalone, does not include Ukraine and Belarus

BoG standalone – mortgage portfolio (Georgia)

	Number of loans	Loan amount, GEL	Outstanding, GEL	Collateral value, GEL	Original loan to value	Outstanding mortgage to original value
2002	2	120,804	73,614	168,600	71.7%	43.7%
2003	6	133,974	30,076	217,073	61.7%	13.9%
2004	50	1,047,284	424,158	1,759,531	59.5%	24.1%
2005	301	11,922,586	8,143,792	19,476,562	61.2%	41.8%
2006	674	29,029,419	21,969,086	50,812,308	57.1%	43.2%
2007	2,410	128,098,255	113,733,603	273,150,339	46.9%	41.6%
Q1 2008	1,350	67,097,349	64,351,859	118,114,443	56.8%	54.5%
Q2 2008	1,876	92,183,013	89,492,796	169,895,355	54.3%	52.7%
Q3 2008	848	31,252,582	29,459,493	64,985,514	48.1%	45.3%
Total	7,517	360,885,264	327,678,475	698,579,724	51.7%	46.9%

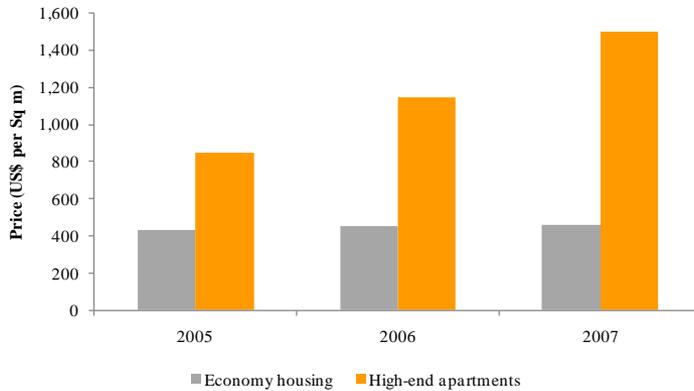
Note: mortgage loans outstanding include RB, WM and corporate center mortgage loans outstanding

Volume of loans on real estate projects under construction



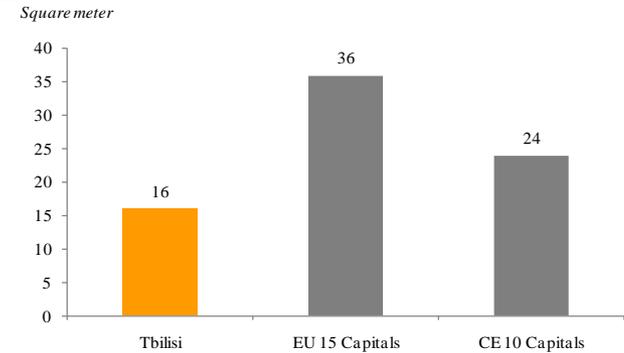
Tbilisi residential real estate market highlights

Tbilisi residential prices, 2007



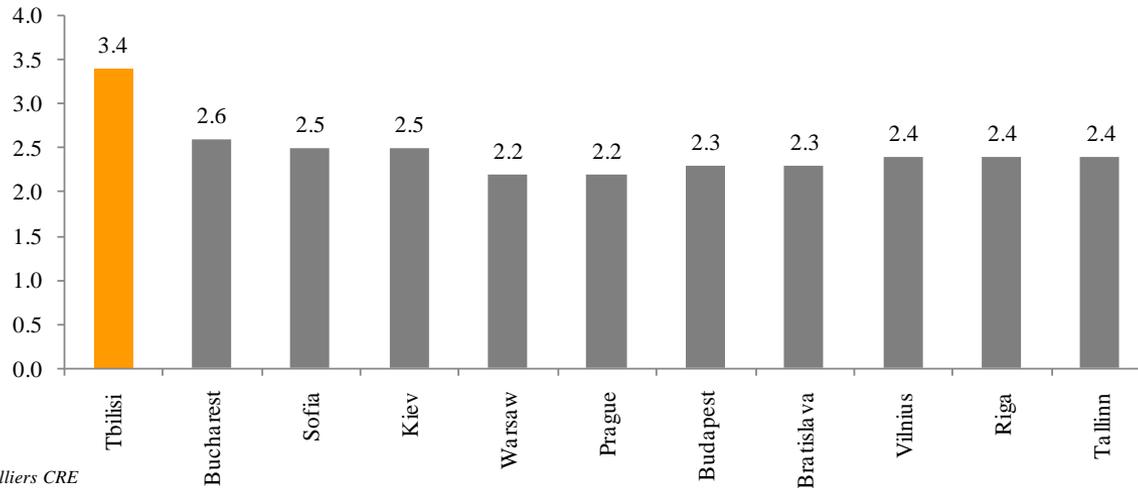
Source: Colliers CRE

Average living space per person, 2007



Source: Colliers CRE

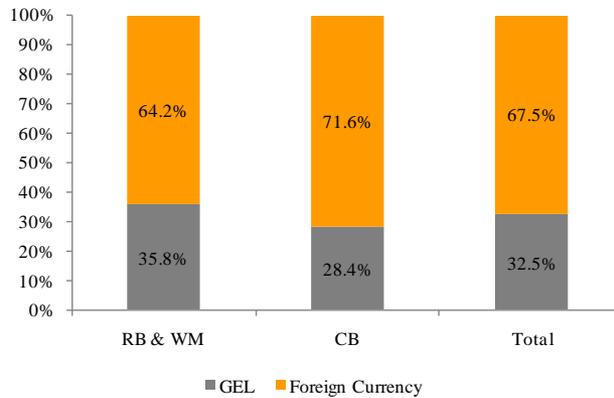
Average household size, 2007



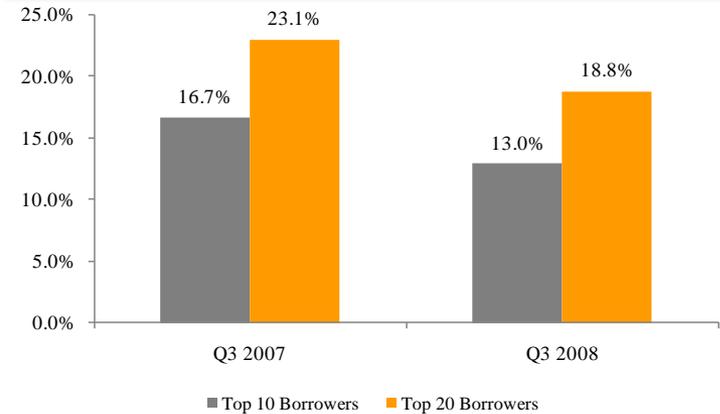
Source: Colliers CRE

Analysis of the loan book

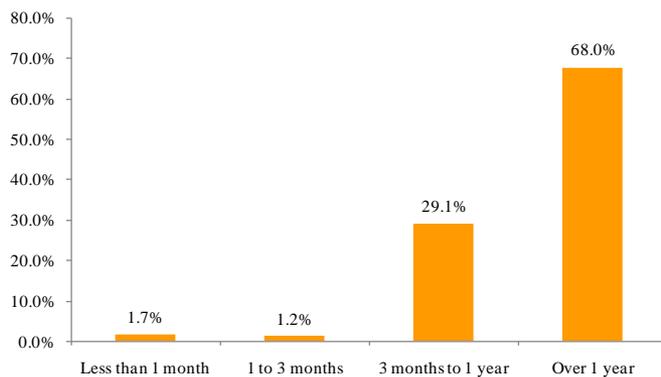
Loans by currency, 30 September 2008 (BoG standalone)



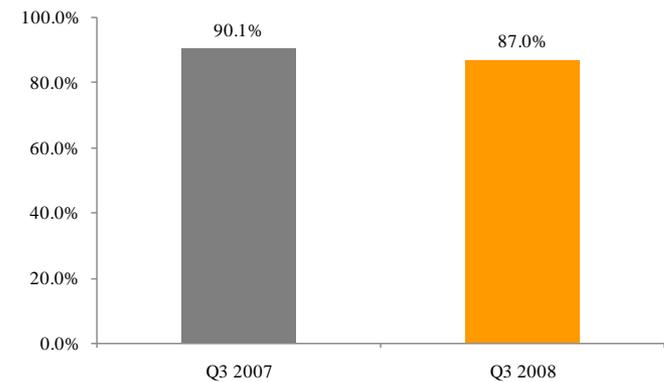
Loan concentration (BoG standalone)



Loans by maturity, 30 September 2008 (BoG standalone)

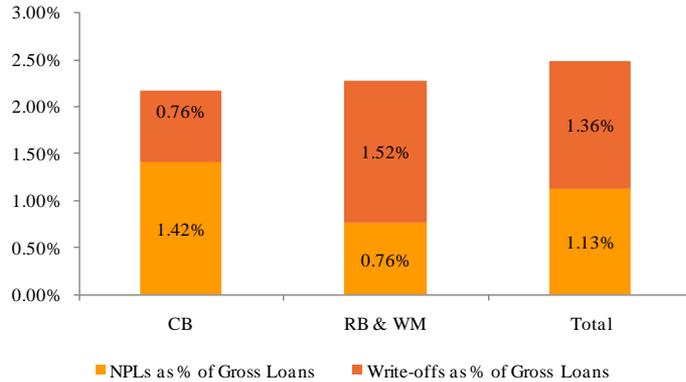


Loan Book collateralization (BoG standalone)

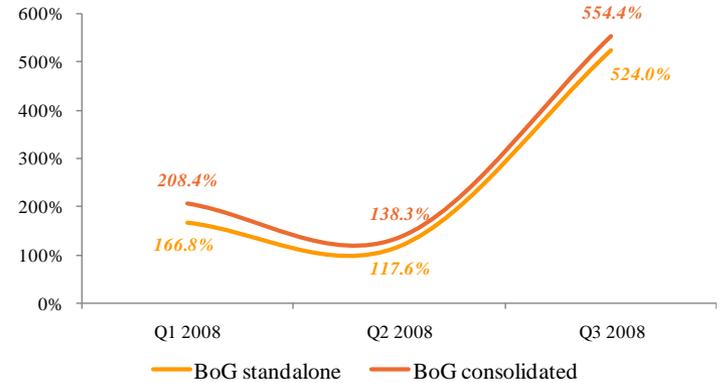


Provisioning policy

NPLs & write-offs, 30 September 2008 (BoG standalone)

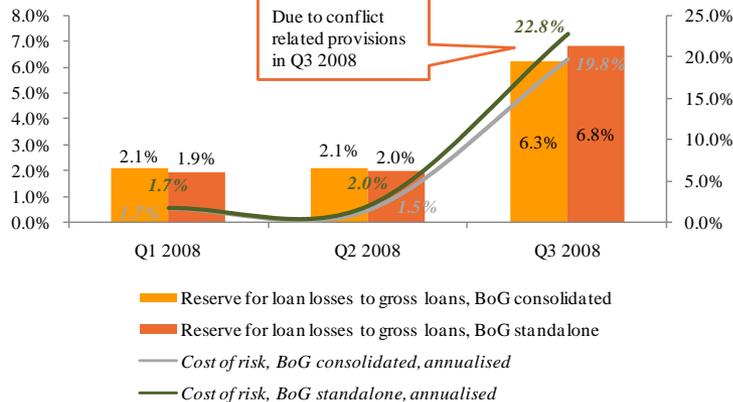


NPL coverage ratio, BoG standalone

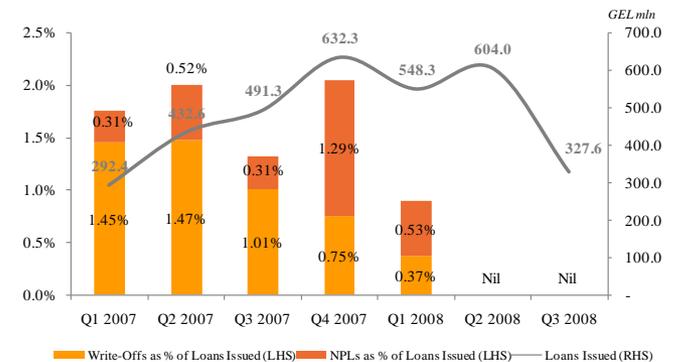


Note: NPLs include 90 days overdue loans including principal and/or interest payments

Reserve for loan losses to gross loans

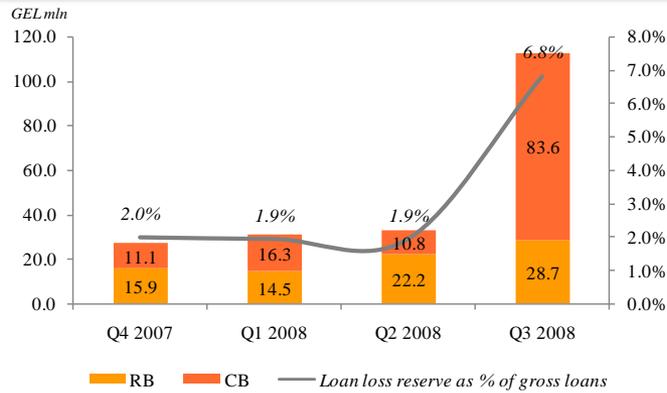


Impairment seasoning, Q3 2008



Provisioning policy cont'd – BoG standalone

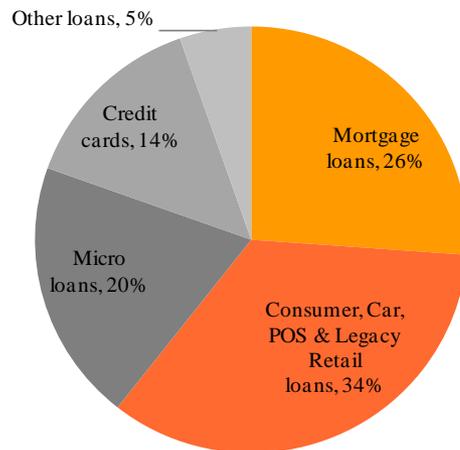
Loan loss reserve, 30 September 2008



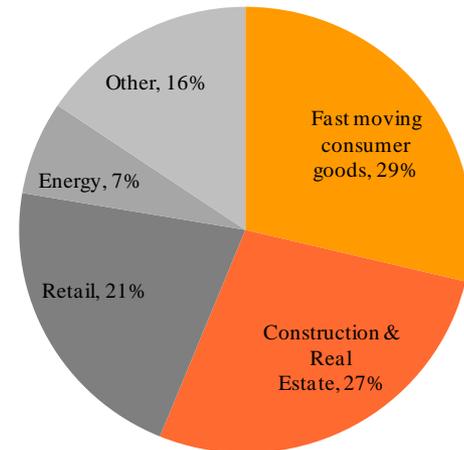
NPLs, 30 September 2008



RB & WM loan loss reserve breakdown by loan type, 30 September 2008

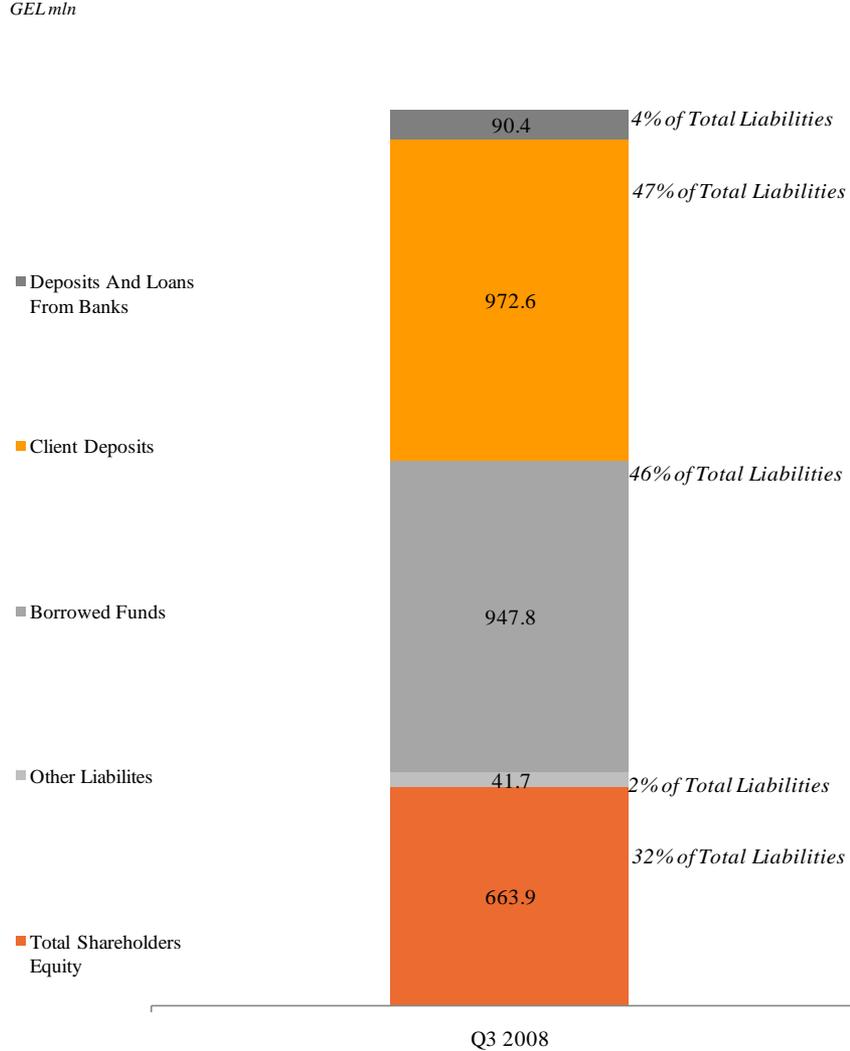


CB loan loss reserve breakdown by loan type, 30 September 2008

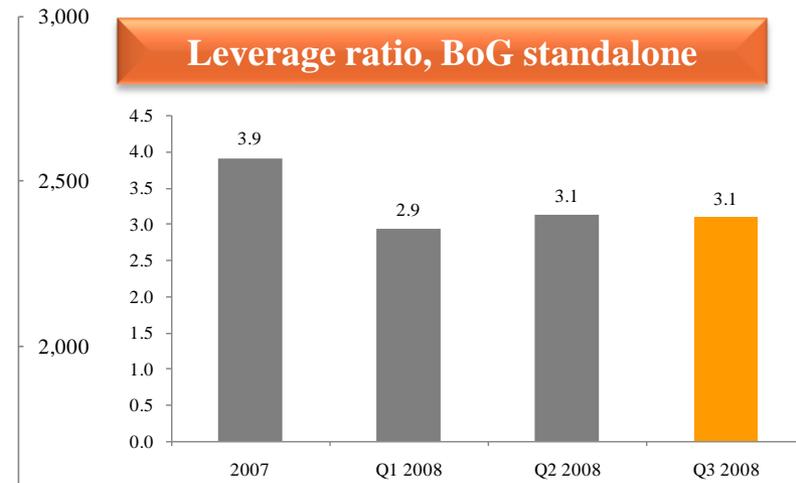


BoG standalone liabilities

GEL mln

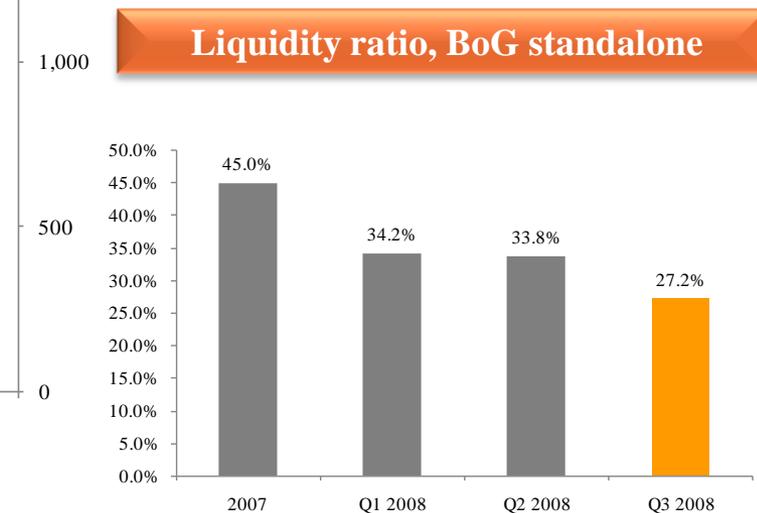


Leverage ratio, BoG standalone



Leverage (Times) equals Total Liabilities as of the period end divided by Total Equity as of the same date

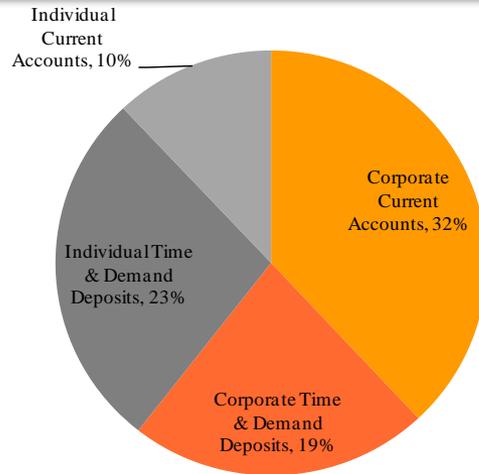
Liquidity ratio, BoG standalone



Liquidity ratio is calculated by dividing liquid assets by Total Liabilities

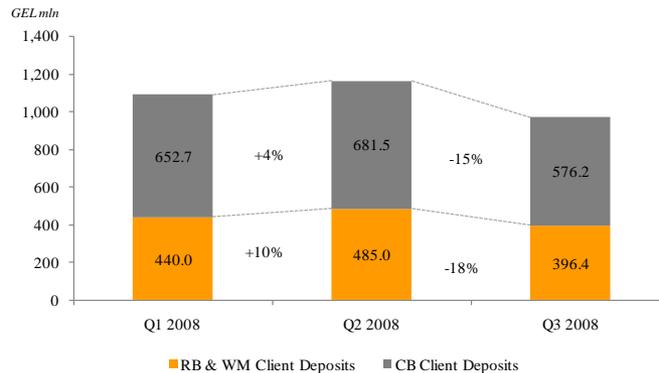
Analysis of deposits

Client deposit breakdown, 30 September 2008

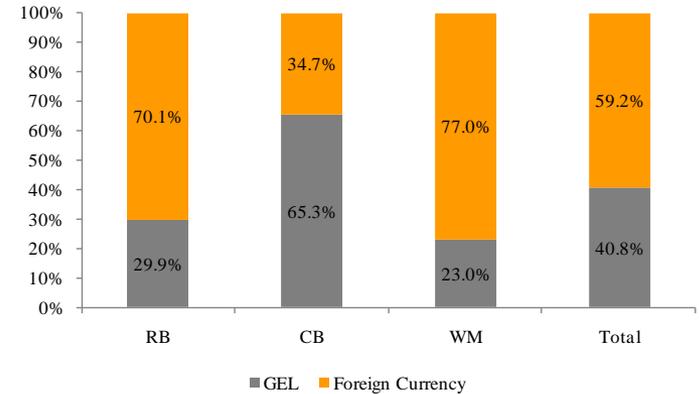


Total Deposits: GEL 1,063 million (-3% y-o-y)

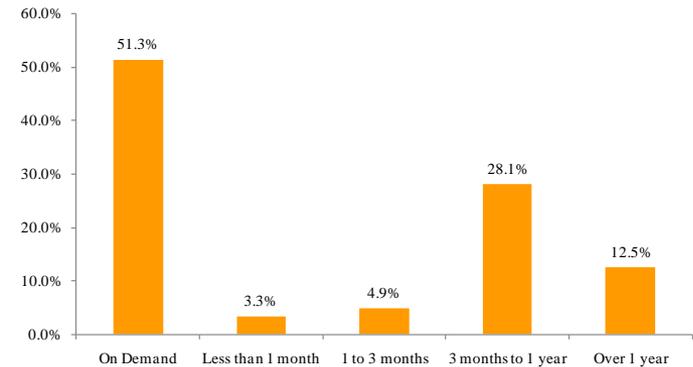
CB, RB & WM deposits, BoG standalone



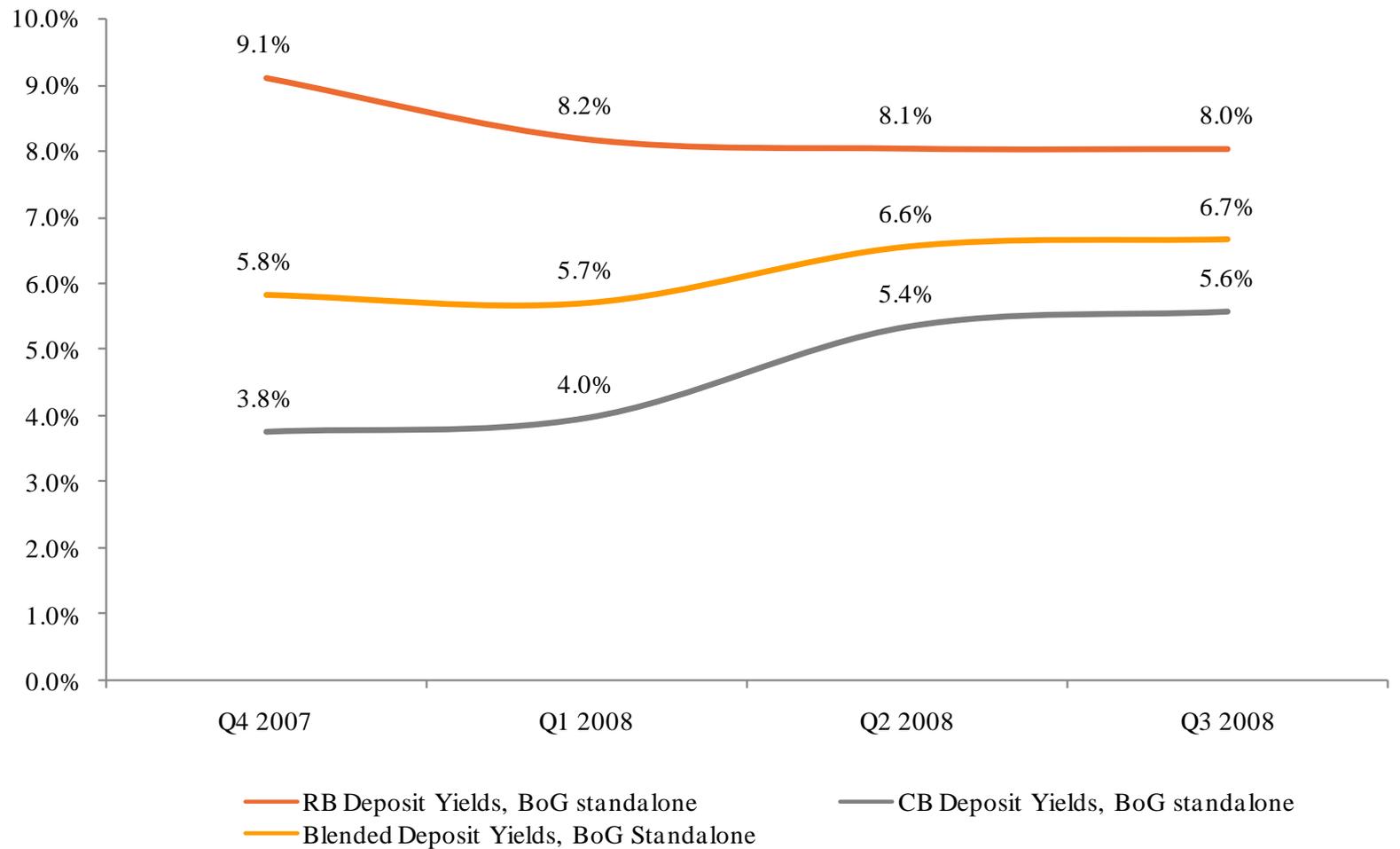
Client deposits by currency, 30 September 2008, BoG standalone



Deposits by maturity, 30 September 2008, BoG standalone

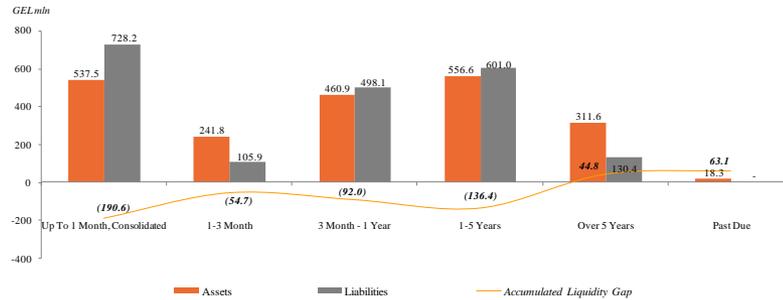


Deposit yields

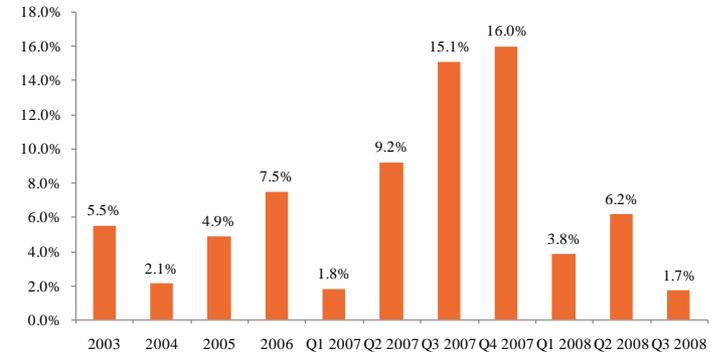


Risk management

Liquidity risk management, Q3 2008



Currency risk management, Q2 2008



Notes:

- (1) Liquidity & Currency Risk Management calculations are based on the National Bank of Georgia requirements
- (2) Liquidity risk management and currency risk management are based on standalone numbers
- (3) Breakdown of securities portfolio and securities investments are based on consolidated numbers

Corporate banking

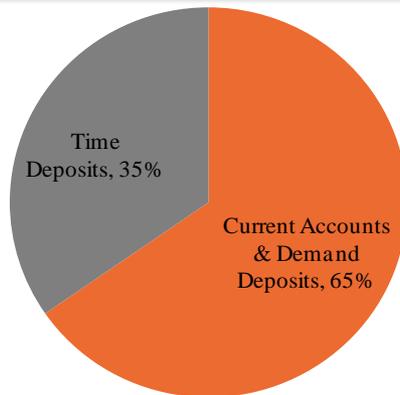
Integrated client coverage in the following key sectors

- 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
- SME

Overview

- No.1 corporate bank in Georgia
- Circa 35% market share based on customer deposits⁽¹⁾
- Circa 26% market share based on corporate loans⁽²⁾
- Integrated client coverage in key sectors
- 73,000+ clients of which 8,881 served by dedicated relationship bankers
- Circa 45% market share in trade finance and documentary operations⁽²⁾
- Second largest leasing company in Georgia⁽²⁾ – Georgian Leasing Company (GLC)
- Increased the number of corporate clients using the Bank’s payroll services from approximately 700 at the end of 2007 to over 944 by 30 September 2008
- Approximately 2,200 legal entities opened accounts at the bank in Q3 2008, bringing the total number of current accounts to approximately 133,000

Corporate client deposits (30 September 2008)



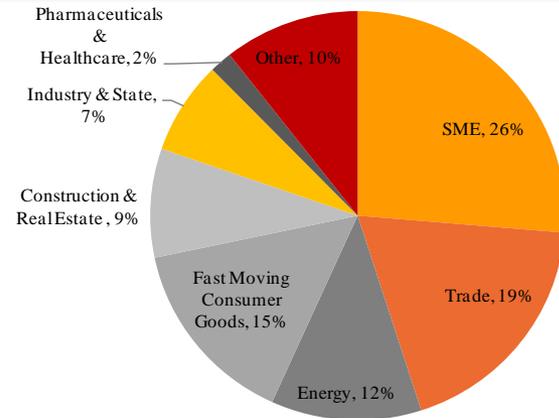
Total corporate deposits: GEL 576 mln

Notes:

- (1) As of September 2008, source: National Bank of Georgia, does not include interbank deposits
- (2) Management estimates (based on the NBG data)

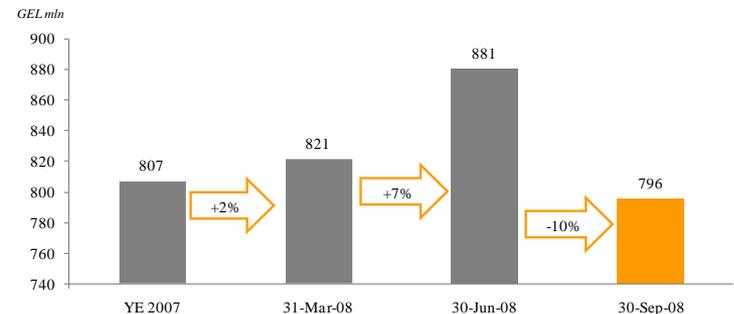


Corporate loan portfolio (30 September 2008)



Total corporate loans: GEL 796 mln

Corporate gross loan portfolio growth

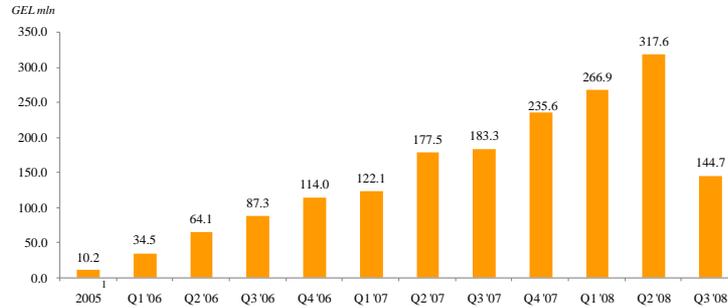


Note: does not include Ukraine

Retail Banking – No. 1 retail bank in Georgia

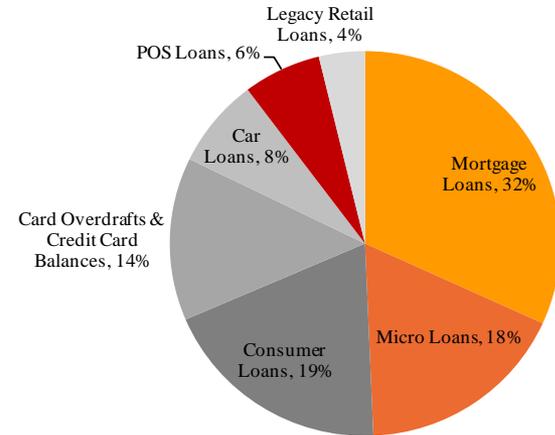


Retail loans originated



(1) Monthly average

RB loan portfolio (30 September 2008)



Total retail loans: GEL 931 mln

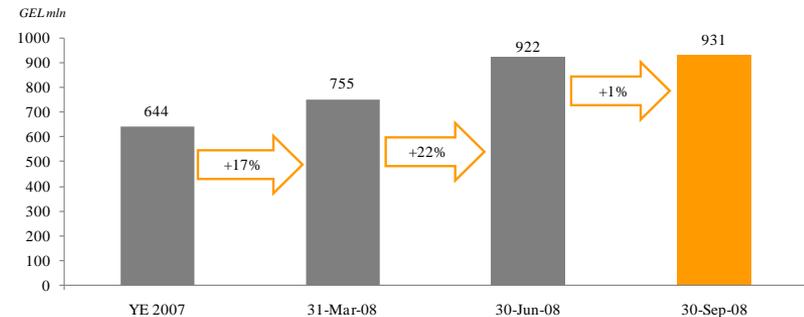
Note: does not include Ukraine & Belarus

Leadership in consumer lending

	YE 2006	YE 2007	Sep-08
POS Contracts Signed	454	969	1,310
Exclusive	310	870	1,185
Outlets Operating	89	278	391
Outlets Served	251	640	1,148
Number of Consumer Loans Outstanding*	23,338	50,120	67,252
Volume of Consumer Loans Outstanding (GEL mln)*	49.5	119.6	178.9
Relationship With Car Dealers	21	30	33
Exclusive	10	12	12
Presence In Outlets	4	8	11
Credit Cards Outstanding	356	108,616	173,998

* data does not include WM Consumer Loans

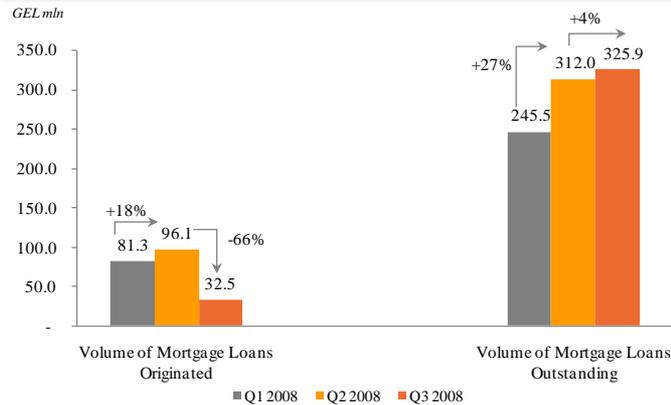
Retail gross loan portfolio growth



Note: does not include Ukraine

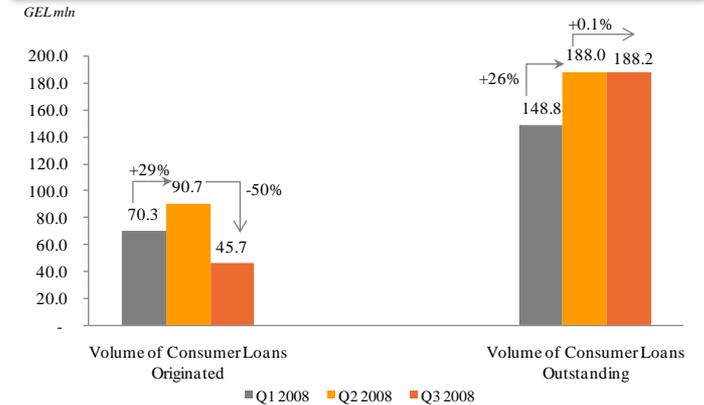
Loan origination

Mortgage loans

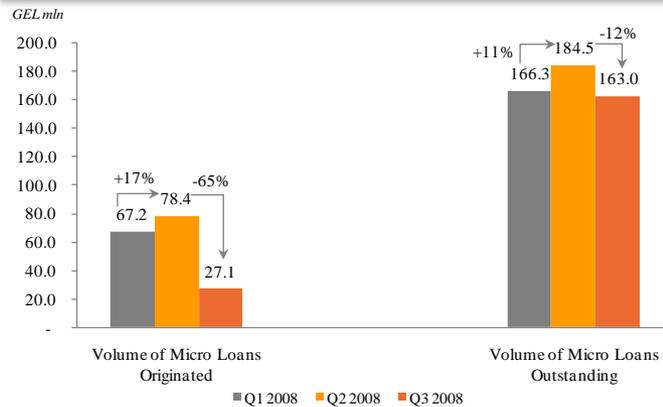


Note: includes RB and WM mortgage loans only

Consumer loans

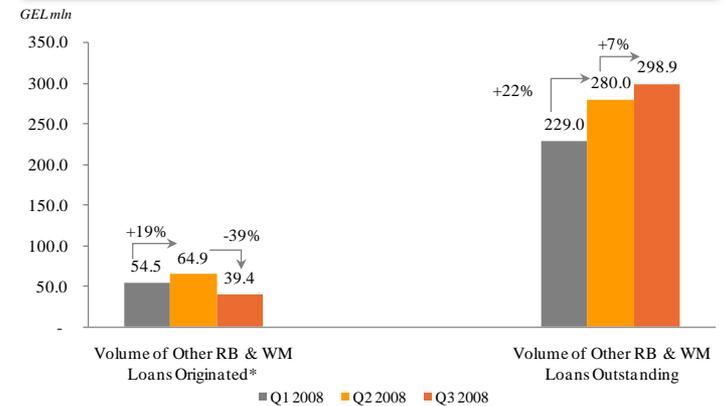


Micro loans



Note: does not include Ukraine

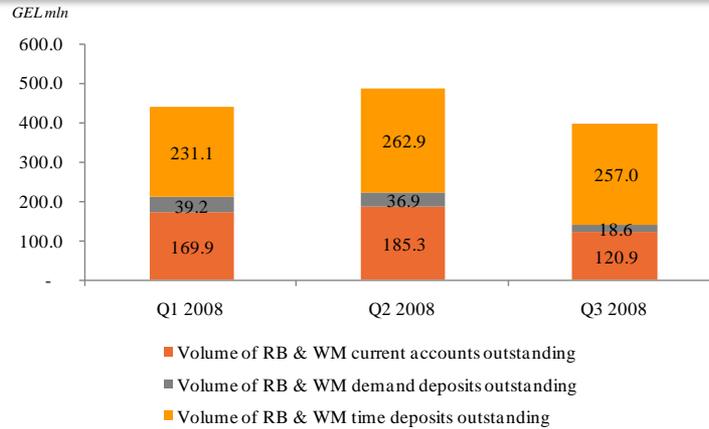
Other RB & WM loans



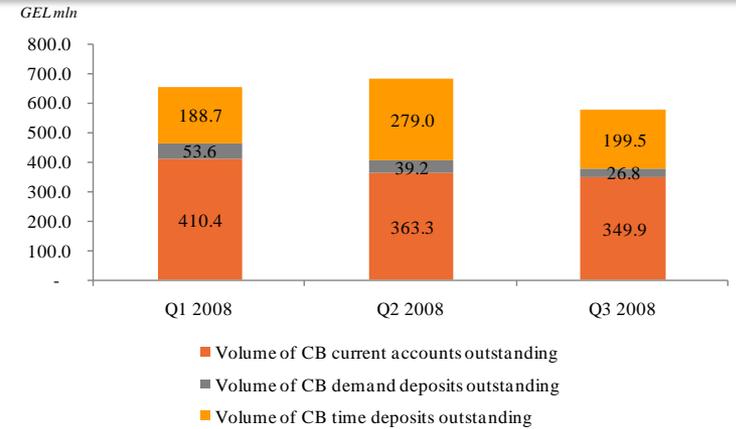
* Other RB & WM Retail Loans Originated include POS and car loans originated

Deposit origination

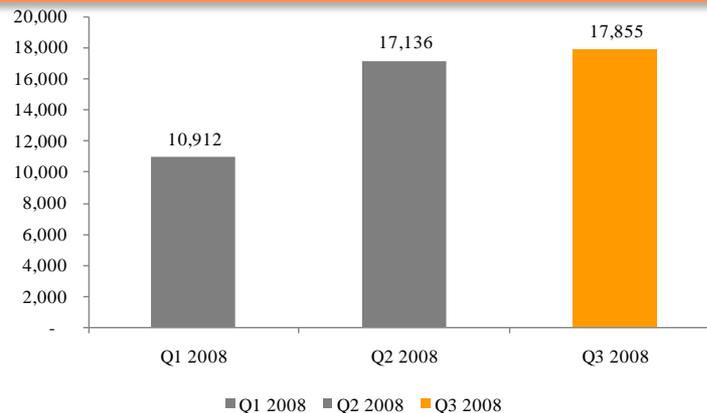
Volume of deposits outstanding (RB & WM)



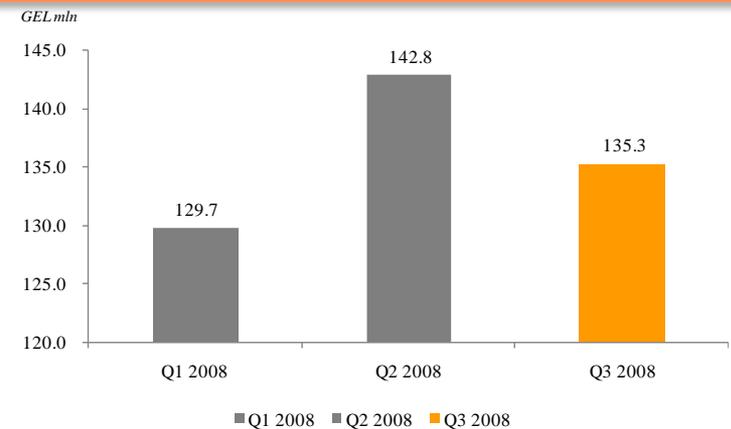
Volume of deposits outstanding (CB)



Number of RB & WM time deposits issued

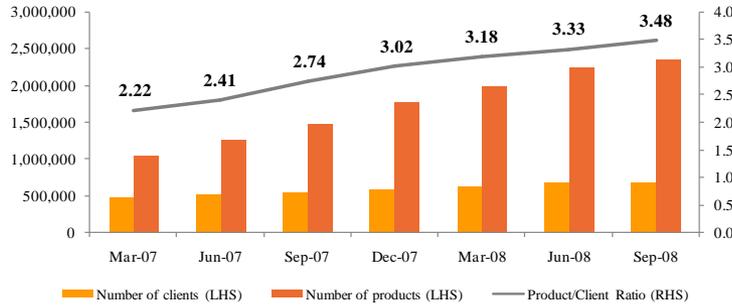


Volume of RB & WM time deposits issued

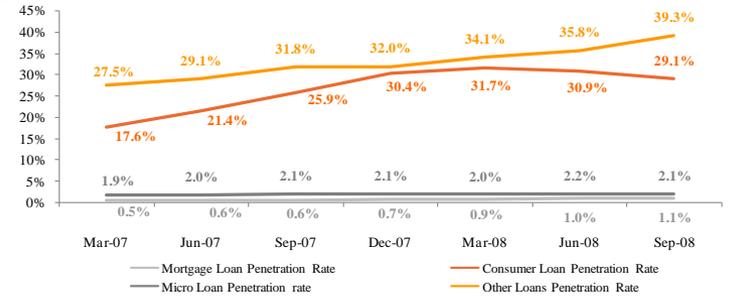


RB cross-selling

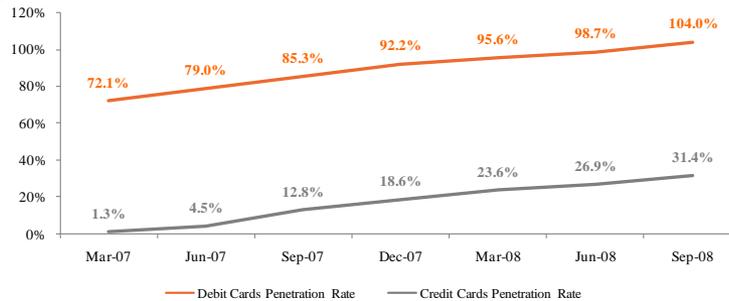
Product/client ratio



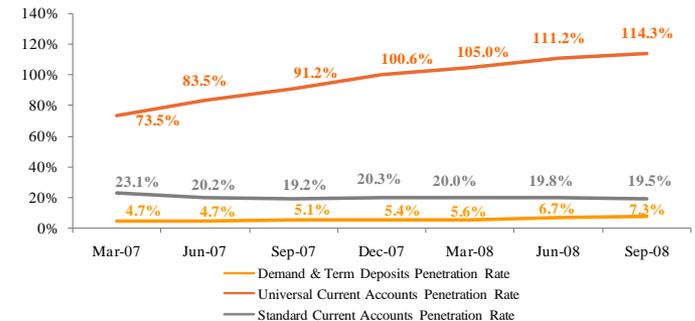
RB loans penetration rate*



Cards penetration rate*



Current accounts & deposits penetration rate*



* Calculated as percentage of Bank of Georgia clients for the period

Card processing

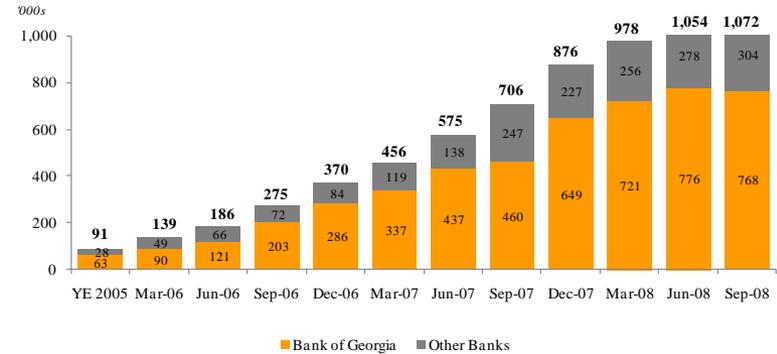


- 56% ownership of Georgian Card
- Migration to TietoEnator Transmaster in 2005
- Enhanced functionality and new product support

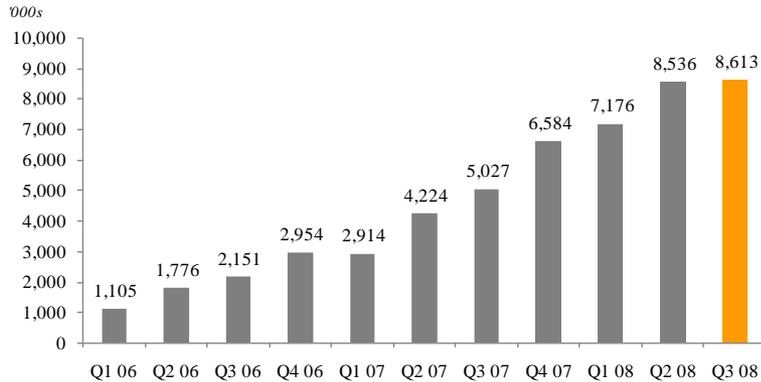
Client banks



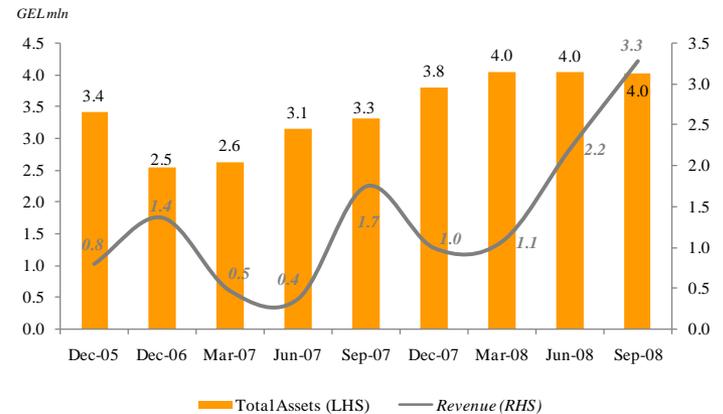
Number of cards serviced by Georgian Card



Transaction authorisations by Georgian Card

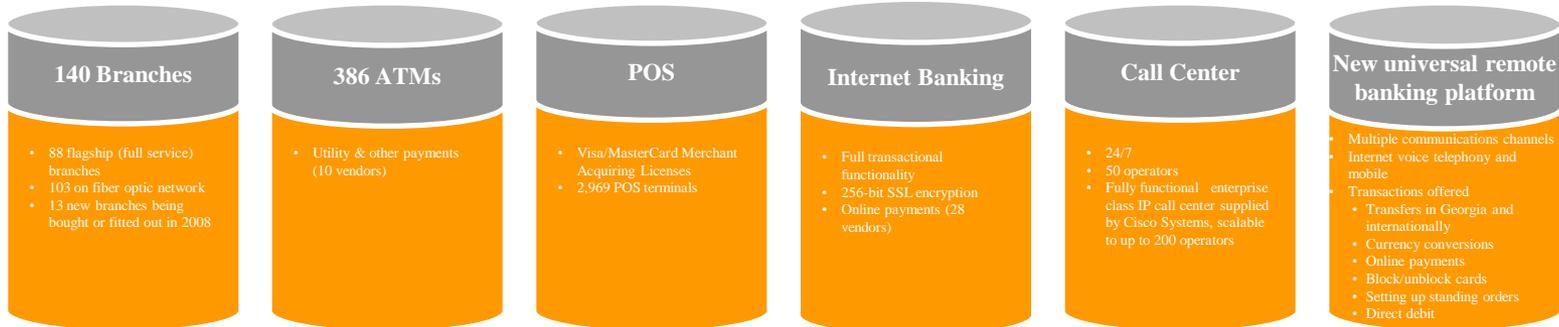


Georgian Card's revenue & assets



Superior retail footprint & consumer reach

Service delivery channels



As of 30 September 2008:
593,000+ debit cards/904,000+ current accounts

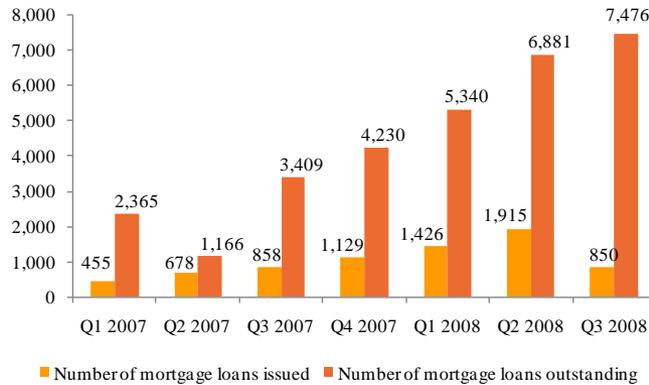


Alternative customer acquisition channels

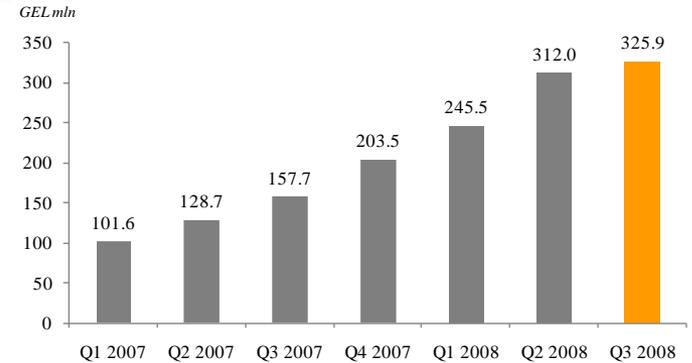


Analysis of mortgage portfolio

Number of mortgage loans issued & outstanding



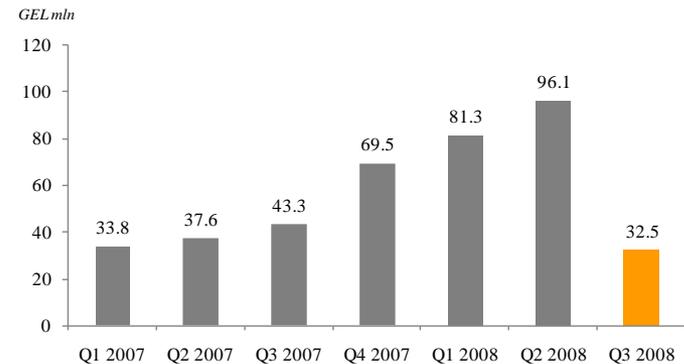
Volume of mortgage loans outstanding



Typical mortgage terms

- 🏠 Rate: 16% - 18%
- 🏠 Tenor: 10-25 years
- 🏠 Currency: US\$
- 🏠 LTV: Normally 70% - 80%

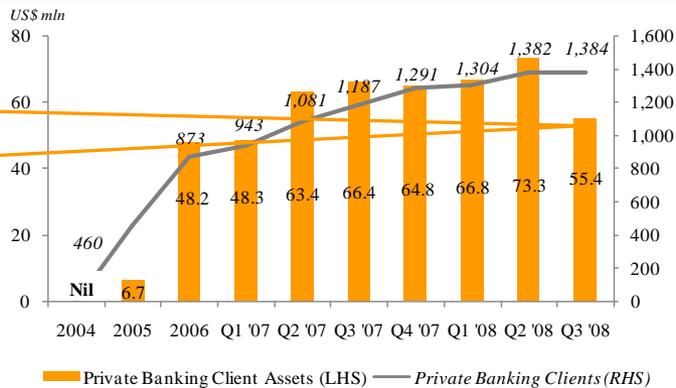
Volume of mortgage loans issued



Wealth Management (WM) performance review

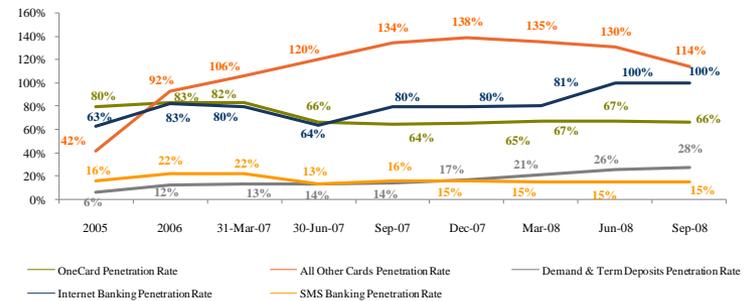
Client deposit outflow during and in the aftermath of the conflict

WM clients and client assets

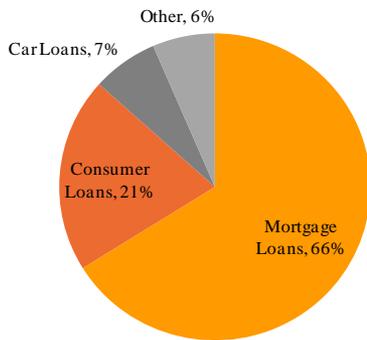


Notes: (1) Converted at exchange rates of GEL/US\$, 1.793 (2005), 1.714 (2006), 1.700 (Q1 2007), 1.670 (Q2 2007), 1.66 (Q3 2007), 1.59 (Q4 2007), 1.48 (Q1 2008), 1.42 (Q2 2008) and 1.41 (Q3 2008)
 (2) PB Client Assets include: Balances on OneCard Accounts, Credit Balances on Other Cards, Credit Balances on Regular Current Accounts, Demand & Time Deposits, Brokerage & Asset Management Accounts, Pensions

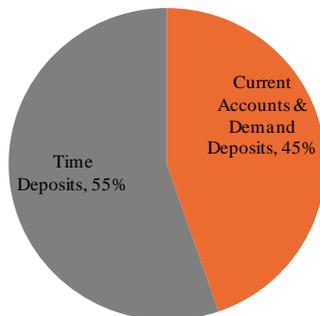
WM products penetration



WM loans and deposits (30 September 2008)

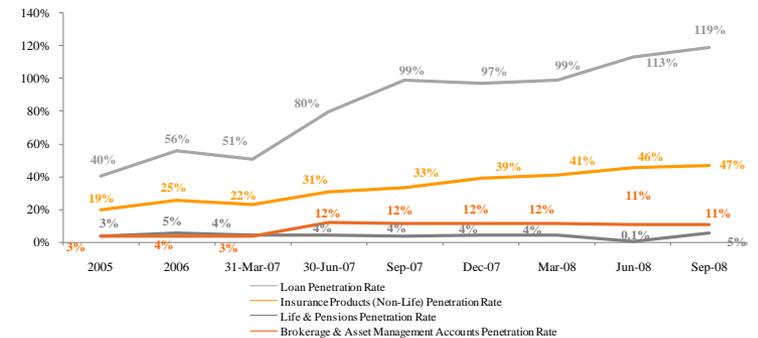


Total PB loans: GEL 45 mln



Total PB deposits: GEL 70 mln

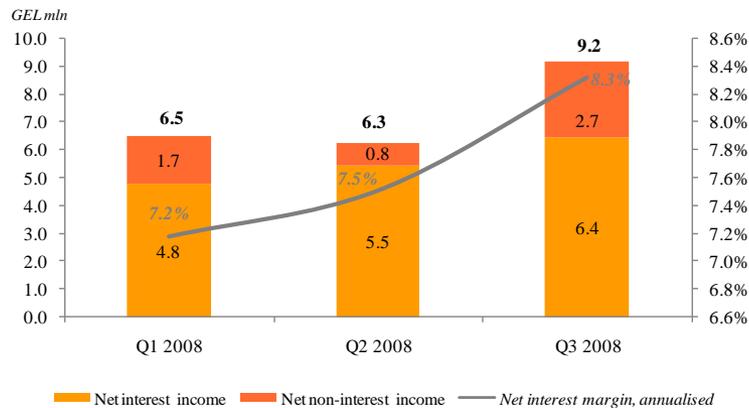
WM products penetration cont'd



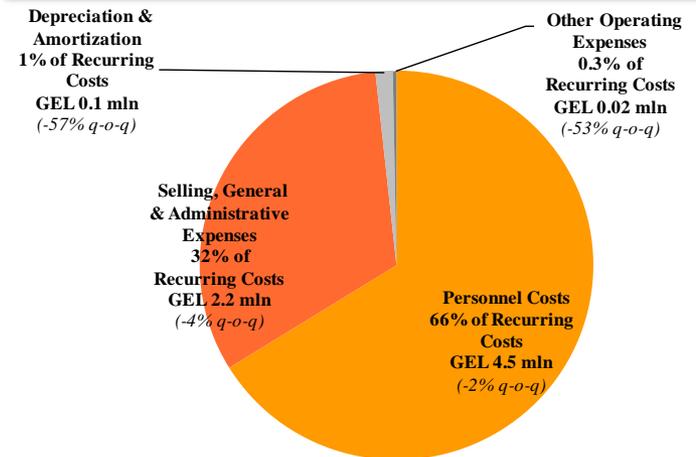
UBDP standalone results overview

Ukraine (UBDP) performance

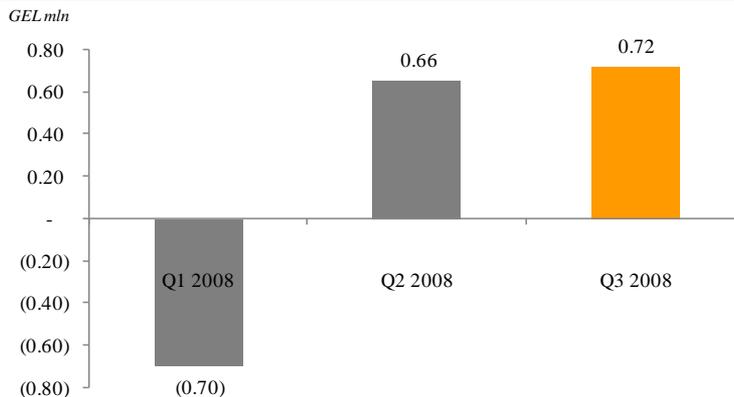
Revenue growth



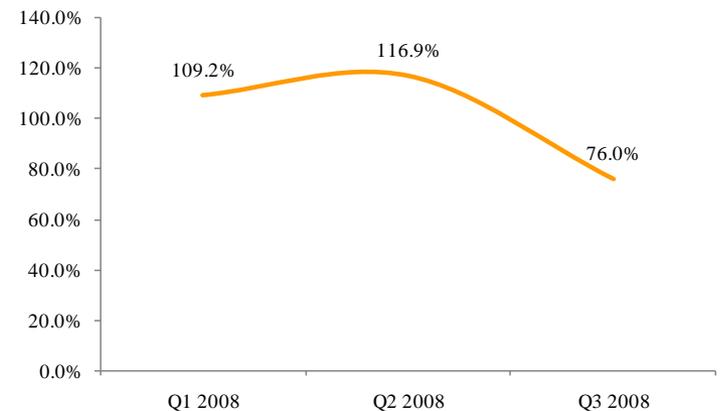
Recurring operating cost structure, Q3 2008



Net income

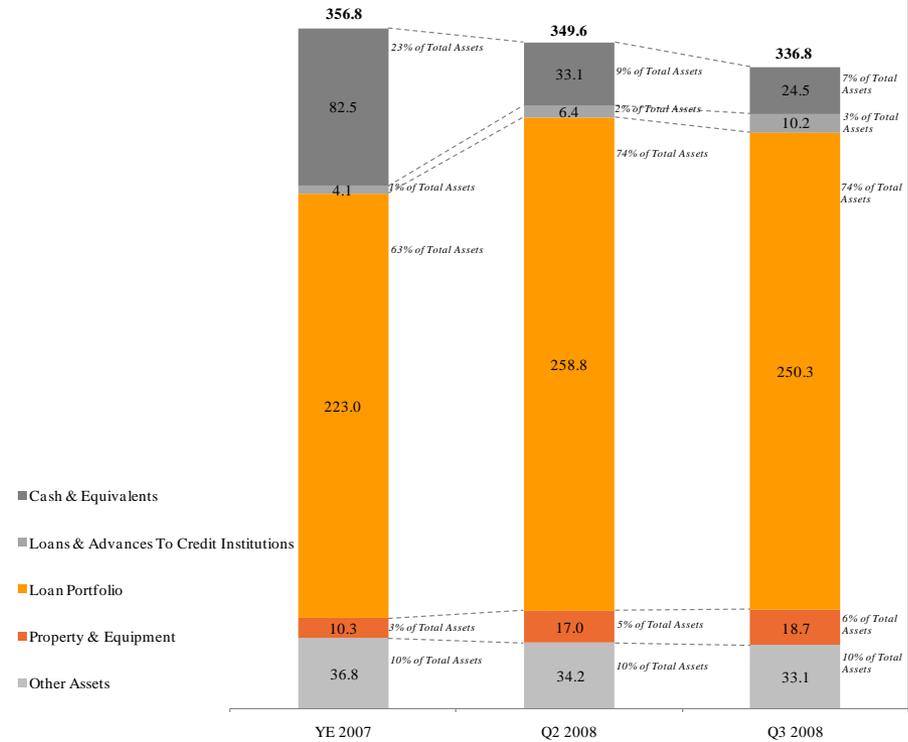


Cost/income ratio

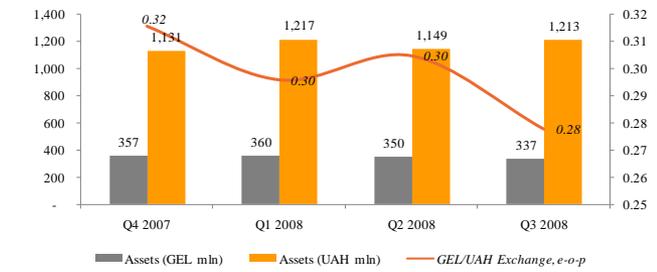


Ukraine (UBDP) assets as at 30 September 2008

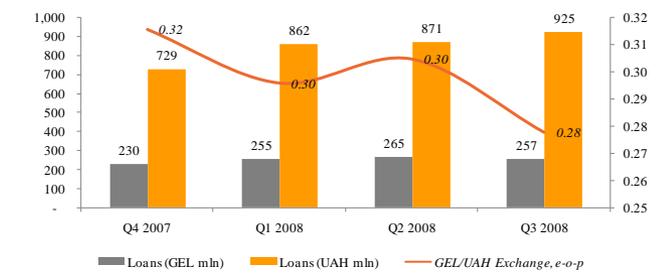
GEL mln



Asset growth



Gross loan book growth

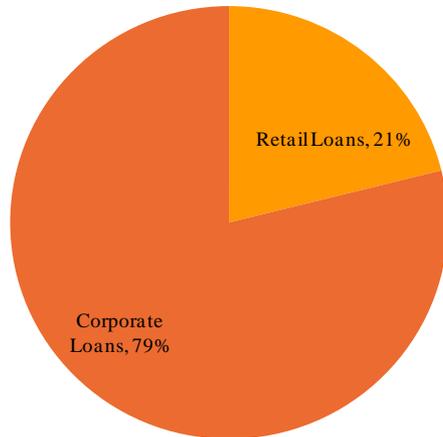


GEL million	YE 2007	Q2 2008	Q3 2008
Available-For-Sale Securities	35.6	28.9	26.6
Intangible Assets Owned, Net	0.8	0.9	0.9
Prepayments And Other Assets	0.4	4.3	5.5
Other assets	36.8	34.2	33.1

Low leverage (at 2.1x)
c. 4% growth despite challenging market conditions in Ukraine
No int'l loan refinancing in 2008/09

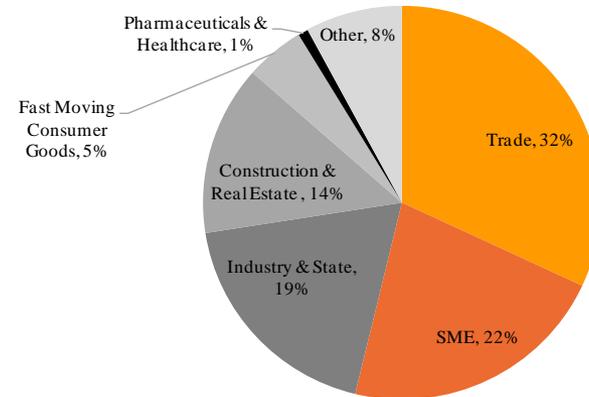
Ukraine (UBDP) loan portfolio

Loan portfolio breakdown, 30 September 2008



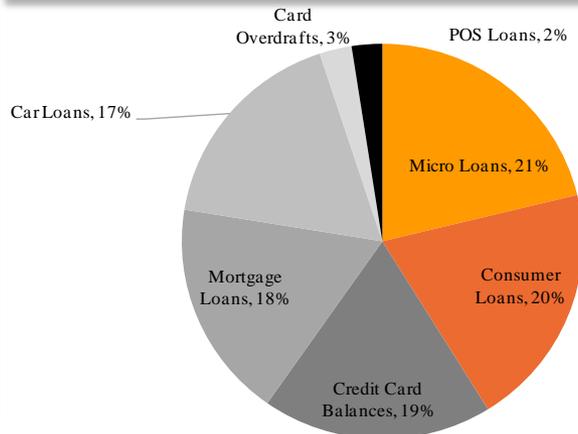
Gross loans: GEL 257 million

Corporate loan portfolio breakdown, 30 September 2008



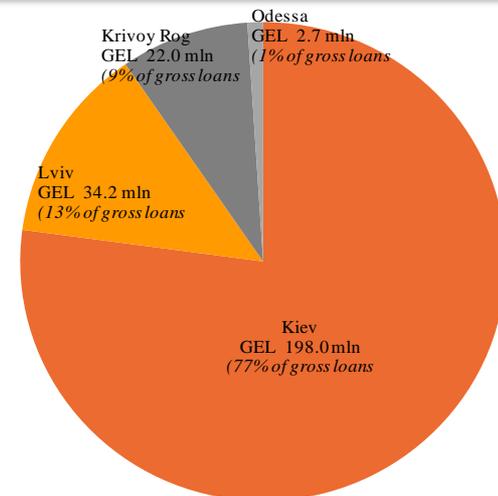
Gross corporate loans: GEL 203 million

Retail loan portfolio breakdown, 30 September 2008



Gross retail loans: GEL 54 mln

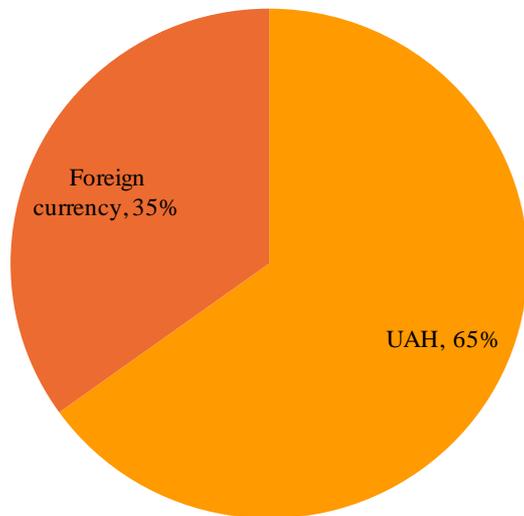
Loans by geographic region



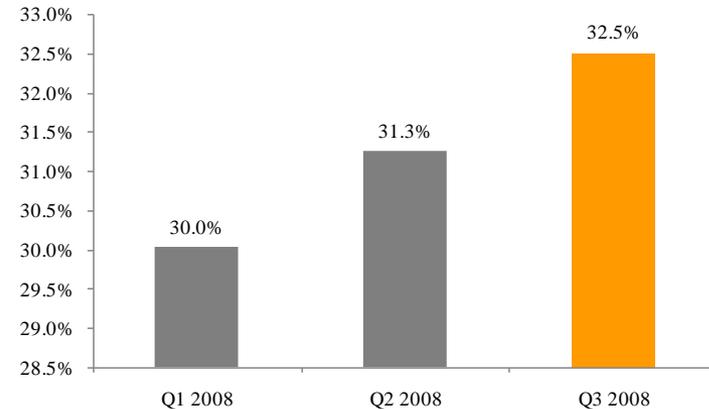
Limited exposure to real estate in both retail and corporate segments

Ukraine (UBDP) analysis of the loan book

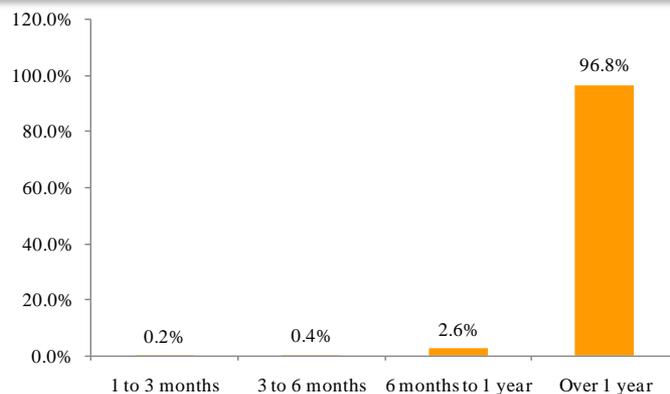
Loans by currency, 30 September 2008



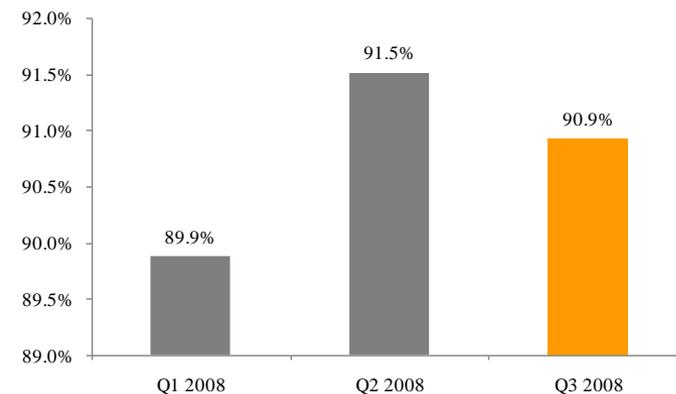
Top ten borrower concentration



Loans by maturity, 30 September 2008

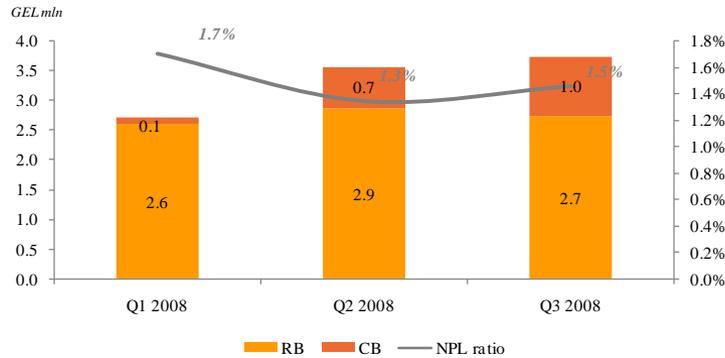


Loan book collateralization

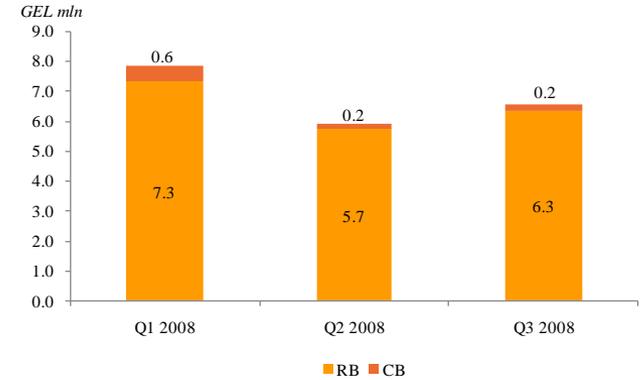


Ukraine (UBDP) provisioning policy

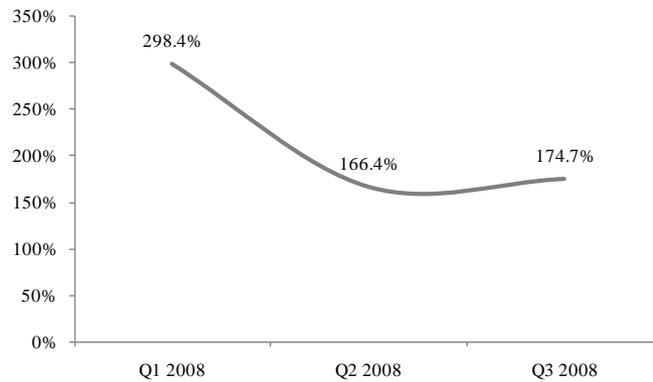
NPLs



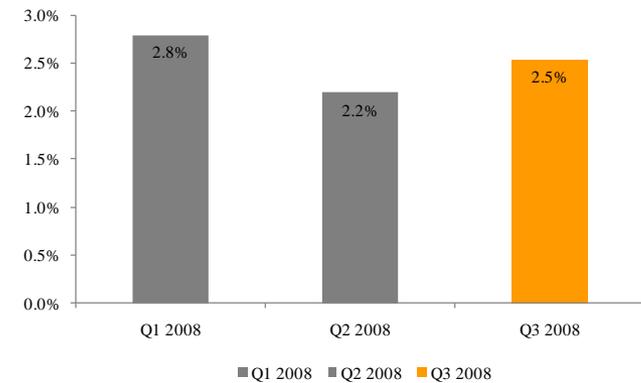
Loan loss reserve



NPL coverage ratio

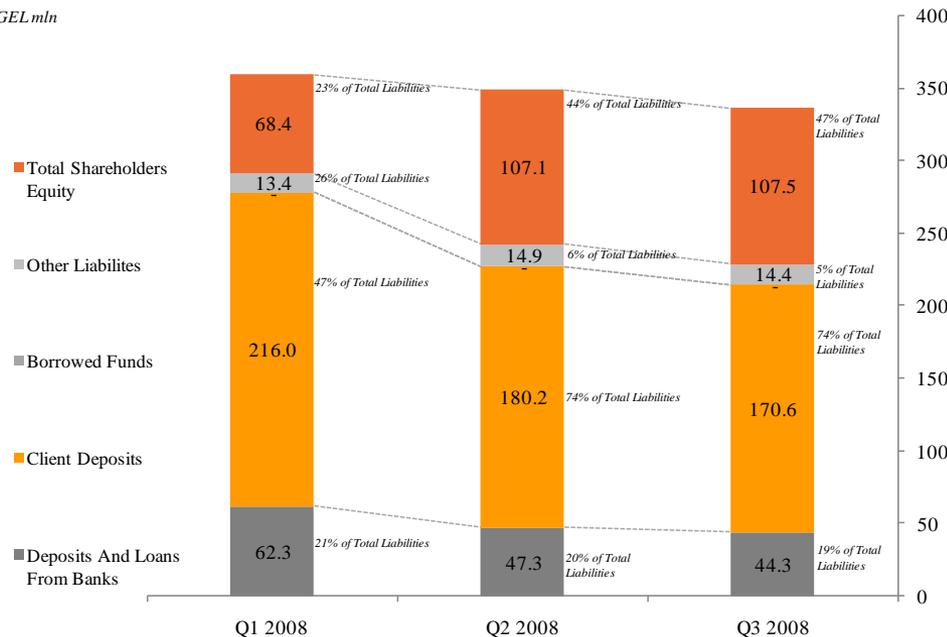


Reserve for loan losses to gross loans



Ukraine (UBDP) standalone liabilities breakdown

GEL mln

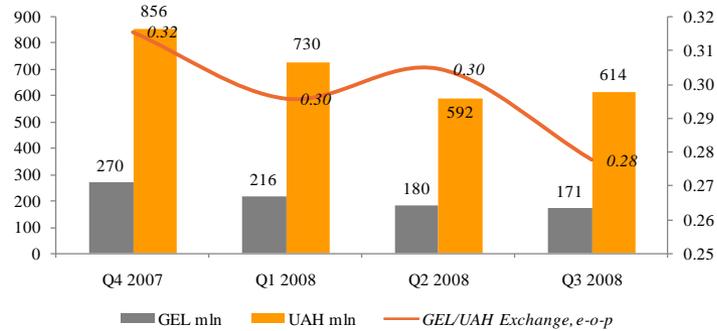


	Q1 2008	Q2 2008	Q3 2008
Issued Fixed Income Securities	5.7	4.7	4.7
Tax Liabilities, Current And Deferred	5.2	4.8	4.7
Accruals And Other Liabilities	2.5	5.4	5.0
Other liabilities	13.4	14.9	14.4

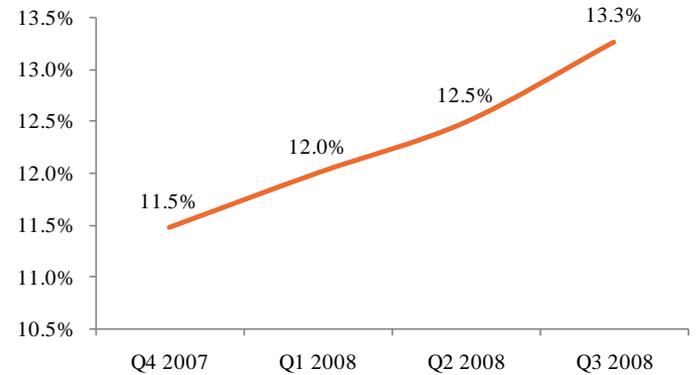
* assuming that the capital increase approved by AGM in May 2008 is registered with NBG

Ukraine (UBDP) client deposits

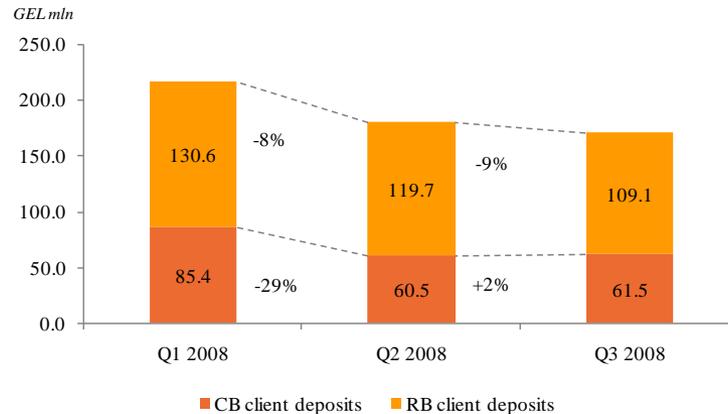
Client deposits



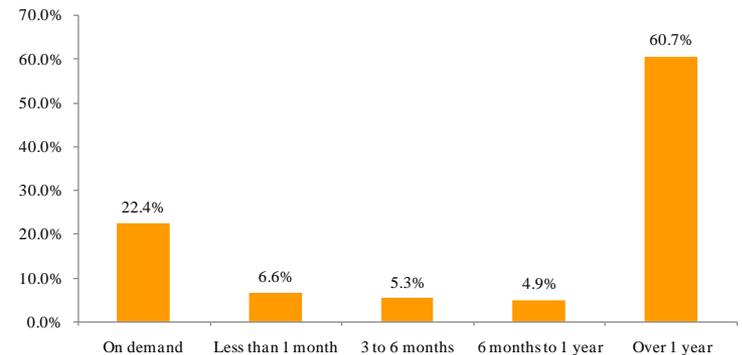
Deposit yields



CB & RB client deposits

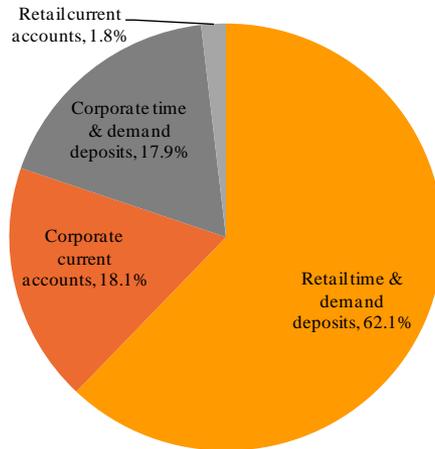


Deposits by maturity, 30 September 2008



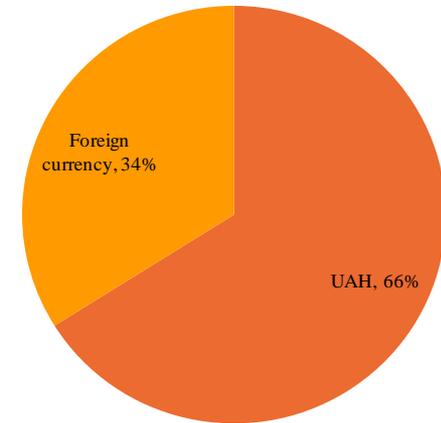
Ukraine (UBDP) analysis of deposits

Client deposits breakdown, 30 September 2008



Client deposits: GEL 171 mln

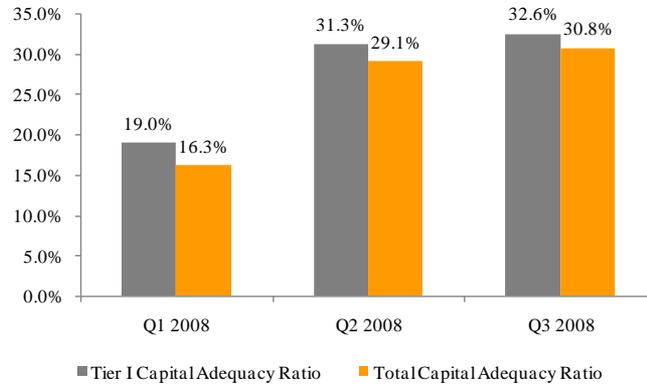
Client deposits by currency, 30 September 2008



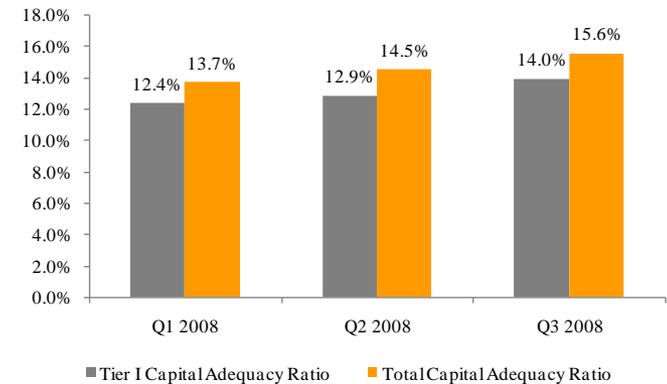
Client deposits: GEL 171 mln

Ukraine (UBDP) capital adequacy

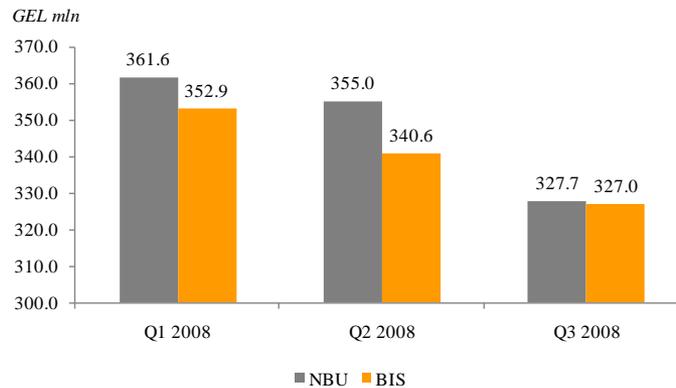
BIS capital adequacy ratios



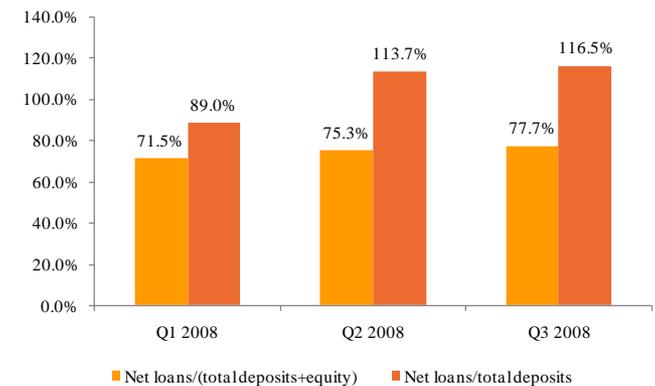
NBU capital adequacy ratios



Risk-weighted assets BIS vs. NBU



Net loans/deposits & Loans/(deposits+equity)



Belarus (BNB)

Belarus (BNB) balance sheet as at 30 September 2008

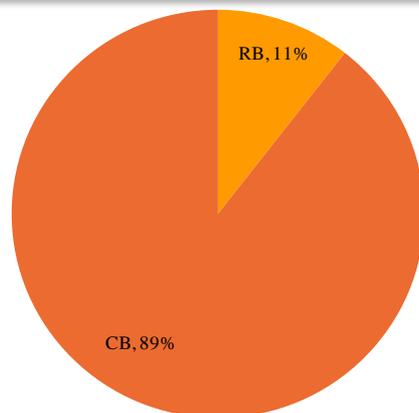
<i>Thousands, unless otherwise noted</i>	Sep-08	
	(Unaudited)	
	GEL	US\$
Cash And Cash Equivalents	4,863	3,461
Loans And Advances To Credit Institutions	10,003	7,120
Mandatory Reserves With NBRB	1,460	1,039
Other Accountns With NBRB	-	-
Balances With And Loans To Other Banks	8,543	6,080
Available-For-Sale Securities	-	-
Treasuries And Equivalents	-	-
Other Fixed Income Instruments	-	-
Loans To Clients, Gross	34,681	24,684
Less: Reserve For Loan Losses	(628)	(447)
Net Loans To Clients	34,053	24,237
Investments In Other Business Entities, Net	-	-
Property And Equipment Owned, Net	16,904	12,032
Intangible Assets Owned, Net	34	24
Goodwill	-	-
Tax Assets, Current And Deferred	-	-
Prepayments And Other Assets	862	613
Total Assets	66,719	47,487
Client Deposits	26,558	18,903
Deposits And Loans From Banks	2,754	1,960
Borrowed Funds	-	-
Issued Fixed Income Securities	-	-
Insurance Related Liabilities	-	-
Tax Liabilities, Current And Deferred	173	123
Accruals And Other Liabilities	249	178
Total Liabilities	29,735	21,164
Share Capital - Ordinary Shares	29,204	20,786
Share Premium	-	-
Treasury Shares	-	-
Retained Earnings	(6,137)	(4,368)
Revaluation And Other Reserves	12,897	9,179
Net Income For The Period	1,020	726
Shareholders Equity Excluding Minority Interest	36,984	26,323
Minority Interest	-	-
Total Shareholders Equity	36,984	26,323
Total Liabilities And Shareholders Equity	66,719	47,487

Belarus (BNB) Q3 2008 P&L

	Q3 2008	
	GEL	US\$
<i>Thousands, unless otherwise noted</i>		
	(Unaudited)	
Interest Income	1,697	1,208
Interest Expense	470	334
Net Interest Income	1,228	874
Fees & Commission Income	367	261
Fees & Commission Expense	50	36
Net Fees & Commission Income	317	226
Income From Documentary Operations	-	-
Expense On Documentary Operations	-	-
Net Income From Documentary Operations	-	-
Net Foreign Currency Related Income	543	386
Net Insurance Income (Loss)	-	-
Brokerage And Investments Banking Income	-	-
Asset Management Income	-	-
Net Investment Gains (Loss)	-	-
Other	-	-
Net Other Non-Interest Income	-	-
Net Non-Interest Income	860	612
Total Recurring Income (Revenue)	2,087	1,486
Personnel Costs	660	470
Selling, General & Administrative Expenses	141	100
Procurement & Operations Support Expenses	198	141
Depreciation And Amortization	140	100
Other Operating Expenses	176	125
Total Recurring Operating Costs	1,315	936
Normalized Net Operating Income (Loss)	773	550
Net Non-Recurring Income (Costs)	9	7
Profit Before Provisions	782	556
Net Provision Expense	(340)	(242)
Pre-Tax Income	1,122	798
Income Tax Expense / (Benefit)	102	72
Net Income	1,020	726

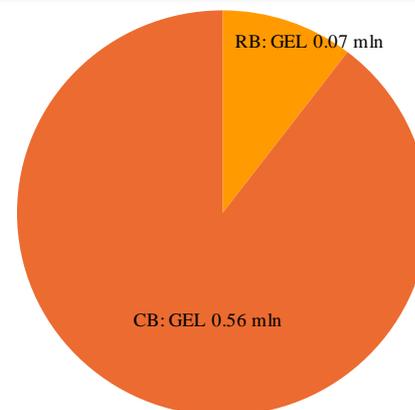
Belarus (BNB) loan portfolio as at 30 September 2008

Loan Portfolio Breakdown, 30 September 2008



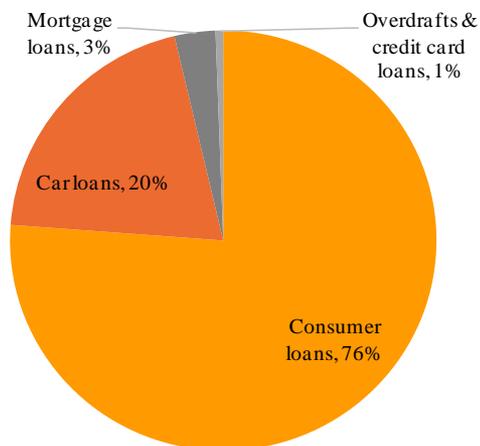
Gross loans: GEL 35 mln

Loan loss reserve, 30 September 2008



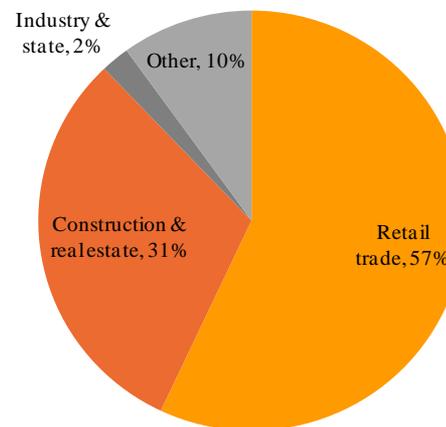
Loan loss reserve: GEL 1 mln

RB Loan Portfolio Breakdown, 30 September 2008



RB loans: GEL 4 mln

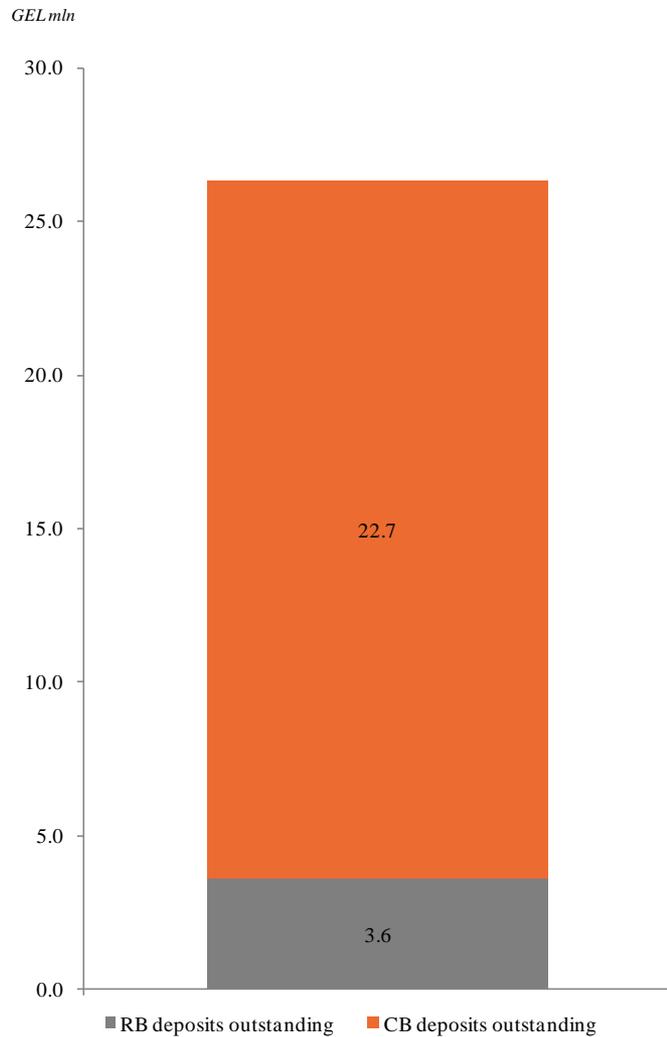
CB Loan Portfolio Breakdown, 30 September 2008



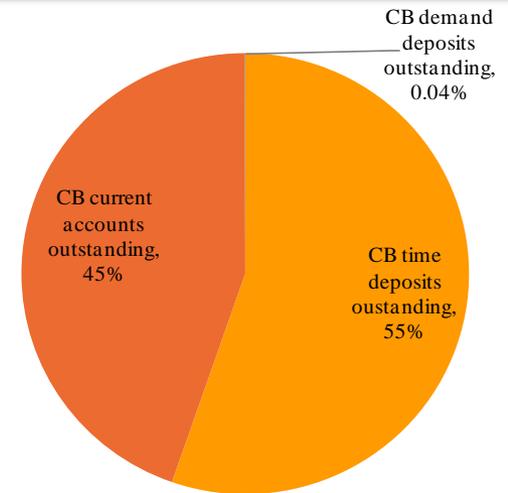
CB loans: GEL 31 mln

Belarus (BNB) client deposits as at 30 September 2008

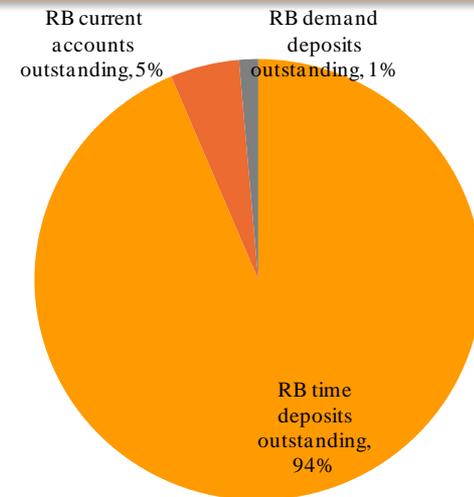
Client deposits breakdown, 30 September 2008



CB client deposits breakdown, 30 September 2008



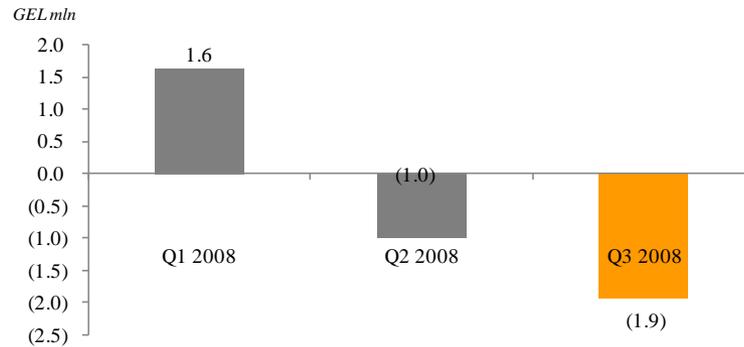
RB client deposits breakdown, 30 September 2008



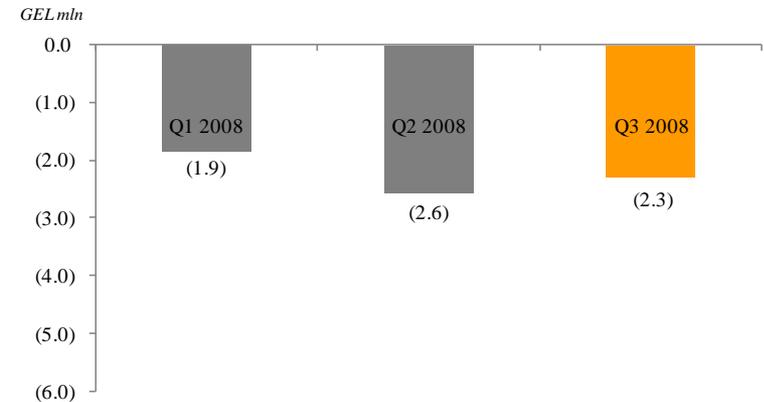
Galt & Taggart securities

Galt & Taggart Securities

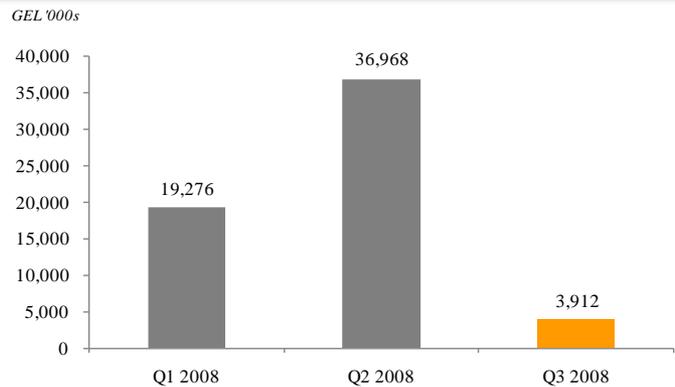
Revenue



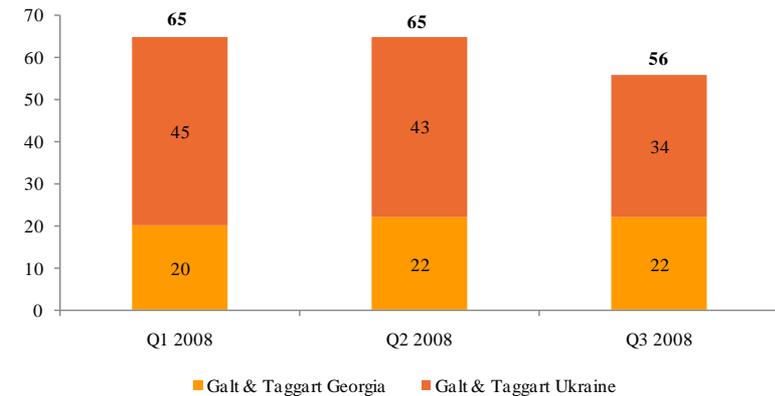
Net income/(loss)



Proprietary book

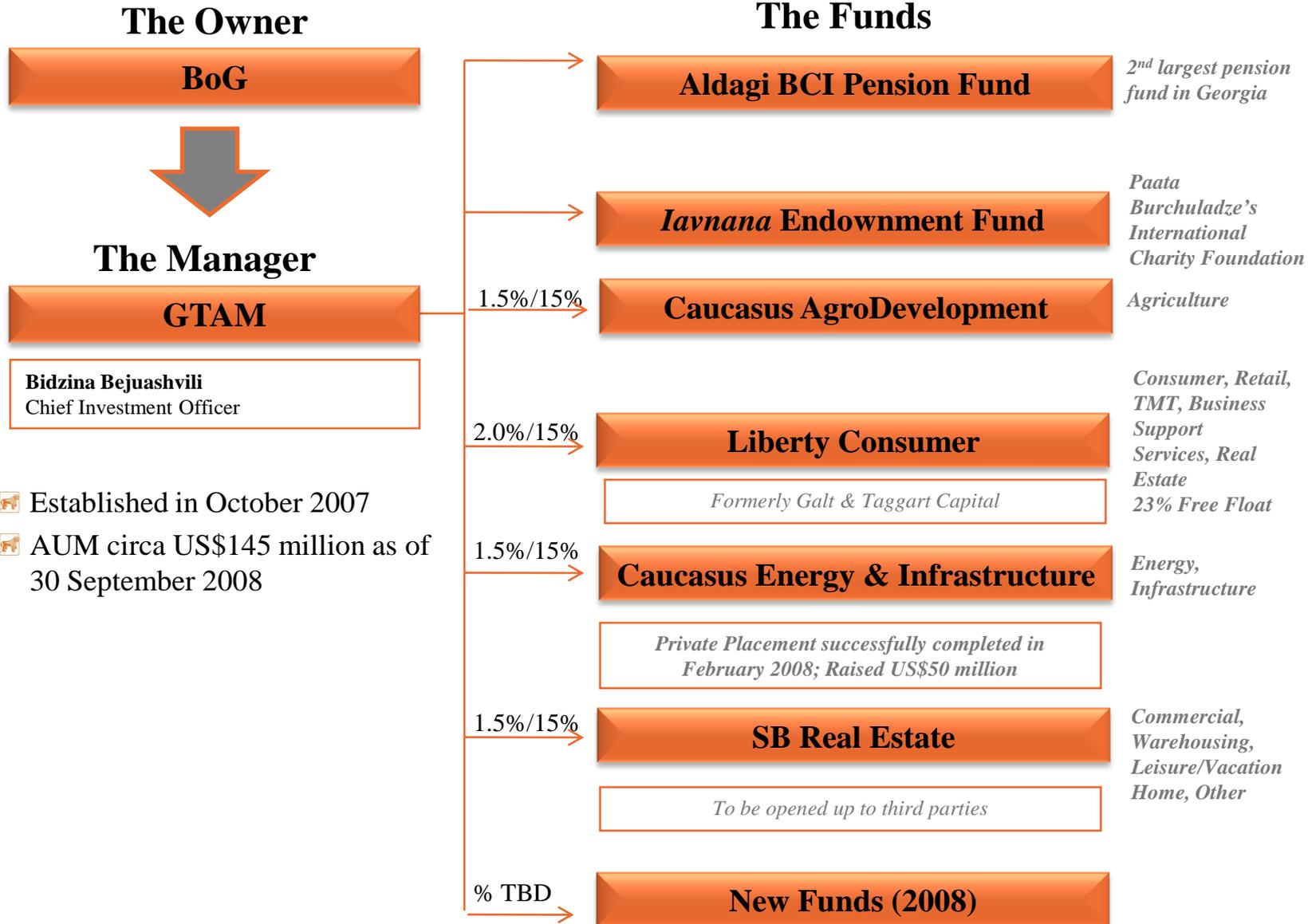


Headcount



Asset management

Asset Management review



Asset Management review cont'd

Liberty Consumer*

- MCAP: circa US\$47 million as at 30 September 2008
- GSE: GTC
- Investments include consumer, retail, TMT, business support services & real estate sectors

* Formerly Galt & Taggart Capital

Caucasus Energy & Infrastructure (CEI)

- MCAP: circa US\$57 million as at 30 September 2008
- GSE: NRGY
- Successfully completed its first private placement in February 2008, raising US\$50 million
- Aims at investing in small and medium-sized hydro plants in Georgia, as well as infrastructure projects in the region

Aldagi BCI Pension Fund

- NAV: circa US\$ 1.2 million as at 30 September 2008
- Second largest Pension Fund in Georgia

SB Real Estate (SBRE)

- NAV: circa US\$34 million as at 30 September 2008 (last NAV valuation done as of 30 June 2008)
- 14 properties in the portfolio

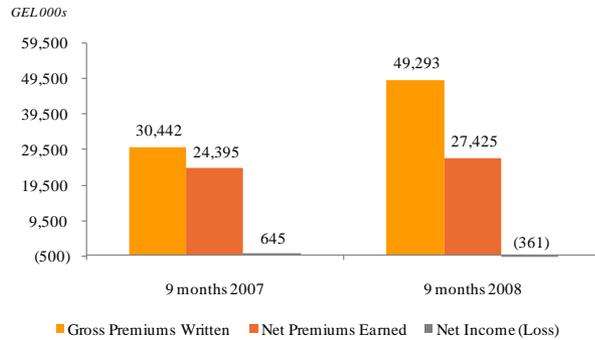
Insurance

Aldagi BCI (Insurance)

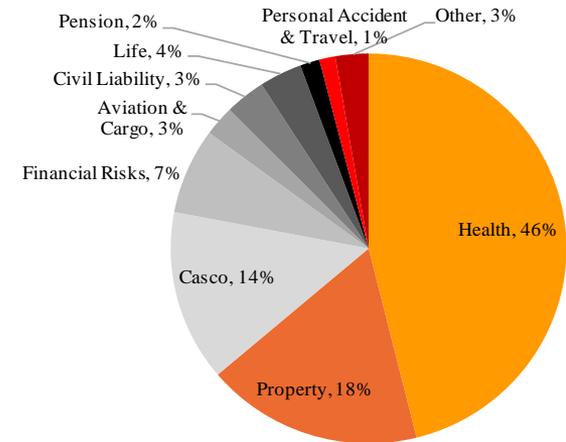
Size of the Georgian Insurance Market

GEL mln	YE'07	YE'06	YE'05
GPW	119.3	70	55
Claims Reimbursed	39.5	23	18

Aldagi BCI GPW, net premiums earned & net income/(loss)

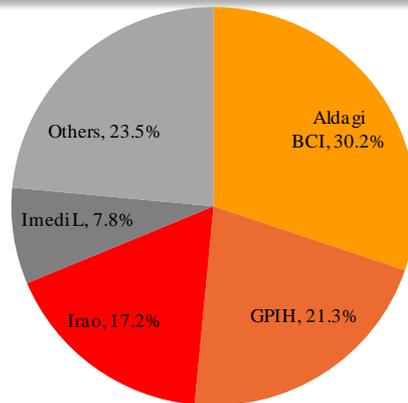


Georgian insurance market product breakdown (Q1 2008)



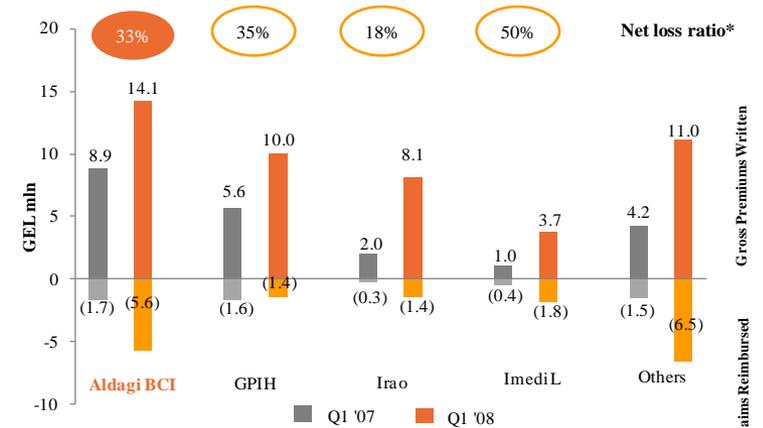
Source: State Insurance Supervision Service of Georgia

Aldagi BCI market share by GPW (31 March 2008)



Source: State Insurance Supervision Service of Georgia

Gross premiums written & total claims reimbursed



* Net Loss Ratio equals Claims Reimbursed by Companies divided by Total Premiums Written

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Chief Executive Officer

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Macca Ekizashvili

Head of Investor Relations

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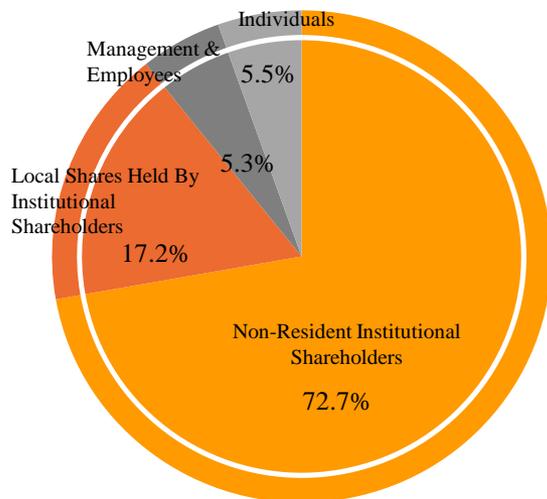
Appendices

Bank of Georgia shareholder structure, management & price performance

Ownership structure & share price performance

Broadly owned by over 100 institutional accounts

Ownership structure, September 2008



30-Sep-08	Total	%
GDR Holders*	22,566	72.7%
Local Shares Held by Institutional Shareholders	5,334	17.2%
Management & Employees**	1,652	5.3%
Local Shares Held by Domestic and Foreign Retail Shareholders	1,698	5.5%
Total Shares Outstanding	31,250	100.7%
Adjusted for Galt & Taggart Securities' Proprietary Book ⁽¹⁾	(166)	
Adjusted Total Shares Outstanding	31,029	

⁽¹⁾ Treated as treasury shares as per IFRS

*through BNY Nominees Limited

** includes GDRs held by Employee Benefit Trust

Note: certain shareholder data is based on management's estimates

Supervisory board

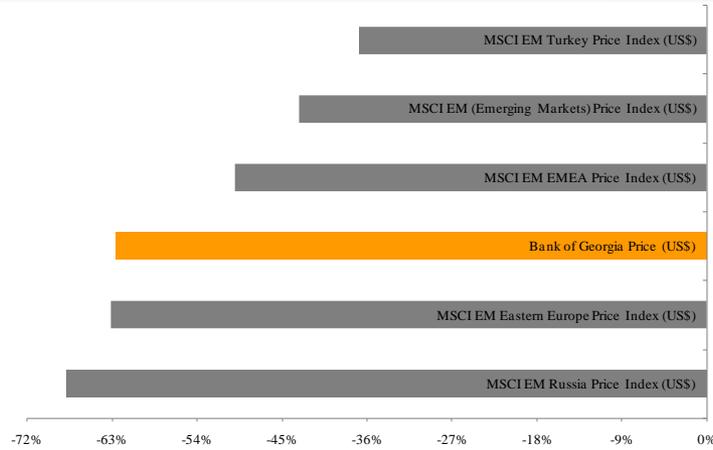
Nicholas Enukidze	Chairman of the supervisory board
Allan Hirst	Vice chairman of the supervisory board, independent member
Ian Hague	Member, Firebird Management LLC
Jyrki Talvitie	Member, East Capital
Kaha Kiknavelidze	Independent member

Management board

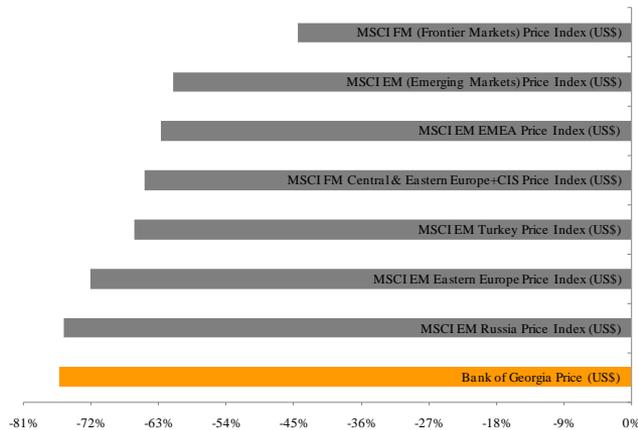
Irakli Gilauri	Chief executive officer
Sulkhan Gvalia	Deputy chief executive officer
George Chiladze	Chief financial officer
Murtaz Kikoria	Deputy chief executive officer
Avto Namicheishvili	Deputy chief executive officer
Ramaz Kukuladze	Deputy chief executive officer
Irakli Burdiladze	Chief operating officer
Konstantin Poloskov	Chief executive officer, UBDP

2006-YTD 2008 price performance

Bank of Georgia price vs. selected MSCI indices, November 2006 –YTD 2008



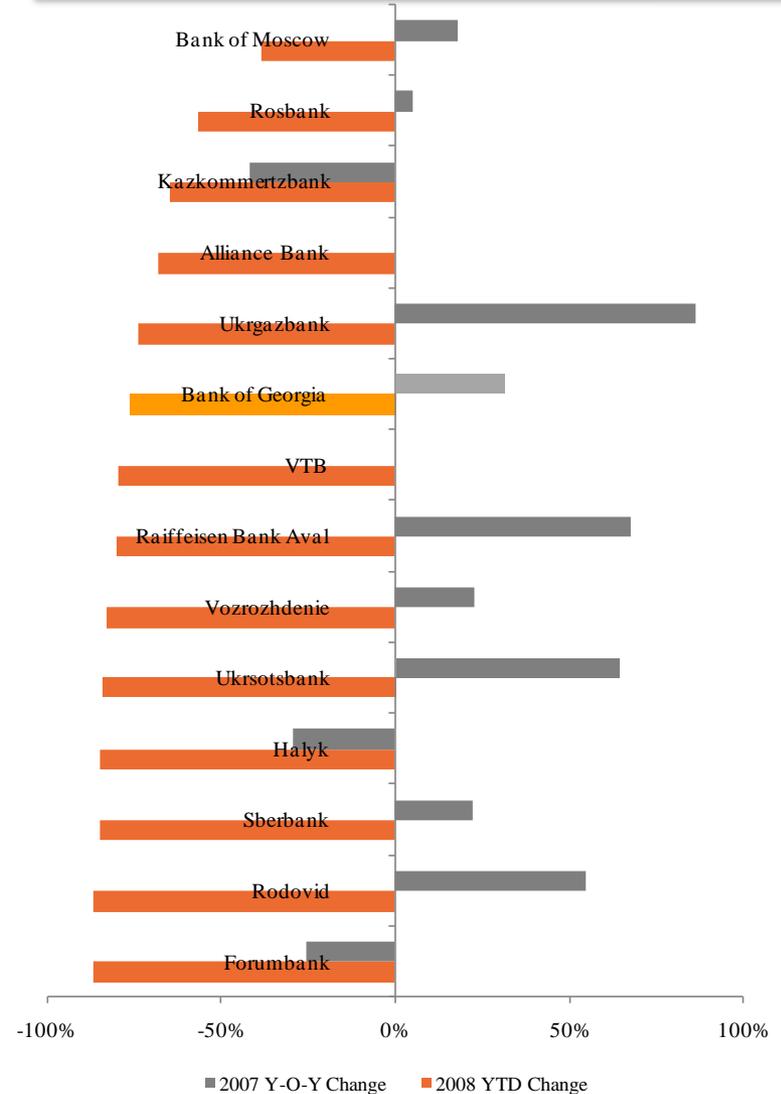
Bank of Georgia price vs. selected MSCI indices, YTD 2008



Source: MSCI Barra



Bank of Georgia price vs. CIS banks 2007 & YTD 2008 price performance



Source: Bloomberg

Analyst coverage



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Georgian banking sector – key trends 2006-YTD 2008

Georgian banking sector – key trends 2006/YTD 2008

GEL/US\$

Period End

YE 2006= 1.71

YE 2007=1.59

Sep-2008=1.41

<i>GEL mln</i>	Growth								Market Share (YE 2006)		Market Share (YE 2007)		Market Share (Sep-2008)	
	YE 2006	YE 2007	Jun-08	Sep-08	2008 YTD	As % of GDP*	2006 Y-O-Y	2007 Y-O-Y	Top 5 Banks	Bank of Georgia	Top 5 Banks	Bank of Georgia	Top 5 Banks	Bank of Georgia
Total Assets	4,217	7,208	8,606	8,235	14.2%	48.4%	65.9%	70.9%	80.1%	27.9%	80.0%	35.2%	76.9%	32.9%
Gross Loans	2,676	4,589	5,531	5,439	18.5%	32.0%	55.0%	71.5%	83.2%	26.5%	81.7%	32.7%	81.8%	32.6%
Deposits	2,327	3,511	4,075	3,699	5.3%	21.8%	51.4%	50.9%	82.2%	24.5%	81.4%	31.4%	75.9%	27.8%
Equity	889	1,471	1,792	1,725	17.3%	10.1%	87.4%	65.5%	78.3%	39.9%	73.3%	33.8%	73.6%	37.3%
Net Income/(Loss)	93	109	76	(37)	NMF	-0.2%	50.5%	17.5%	80.8%	23.6%	NMF	41.9%	NMF	NMF

- ☐ 22 banks as at 31 July 2008
 - ☐ Minimum capital requirement GEL 12 mln and growing
 - ☐ Since 1 January 2007 local presence established by HSBC, Halyk, Privat, JSC Kor Bank
- ☐ No state ownership since 1995
- ☐ Very open to foreign ownership
 - ☐ All leading banks have meaningful foreign capital participation
- ☐ Significant IT/infrastructure and marketing spend drives increasing retail banking penetration
- ☐ Increasing adoption of the universal banking business model, following the lead of **Bank of Georgia**
- ☐ Increasing availability of non-deposit funding key to sustained growth
 - ☐ Four top banks are rated
 - ☐ Domestic bonds, Eurobonds, CLNs, unsecured term loans, syndicated loans, subordinated debt
 - ☐ A small structural funding gap exists
 - ☐ Real estate boom competes for consumer savings
 - ☐ The economy and consumers significantly underlent (all-in consumer debt per capita US\$142 at 30 June 2008)

Note: All data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia www.nbg.gov.ge
 * YE 2007 Total Assets/2007 GDP, YE 2007 Gross Loans/2007 GDP, YE 2007 Deposits/2007 GDP, YE 2007 Equity/2007 GDP, 2007 Net Income/2007 GDP

Significant regulatory changes

-  In Q3 2008 the following important regulatory changes took place in Georgia
 -  Minimum reserve requirement has been decreased from 13% to 5%
 -  Liquidity ratio has been decreased from 30% to 20%
 -  Risk weighting of foreign currency denominated loans has been decreased from 200% to 175%

Peer group's market share in total assets

Peer Group's market shares in total assets, September 2008

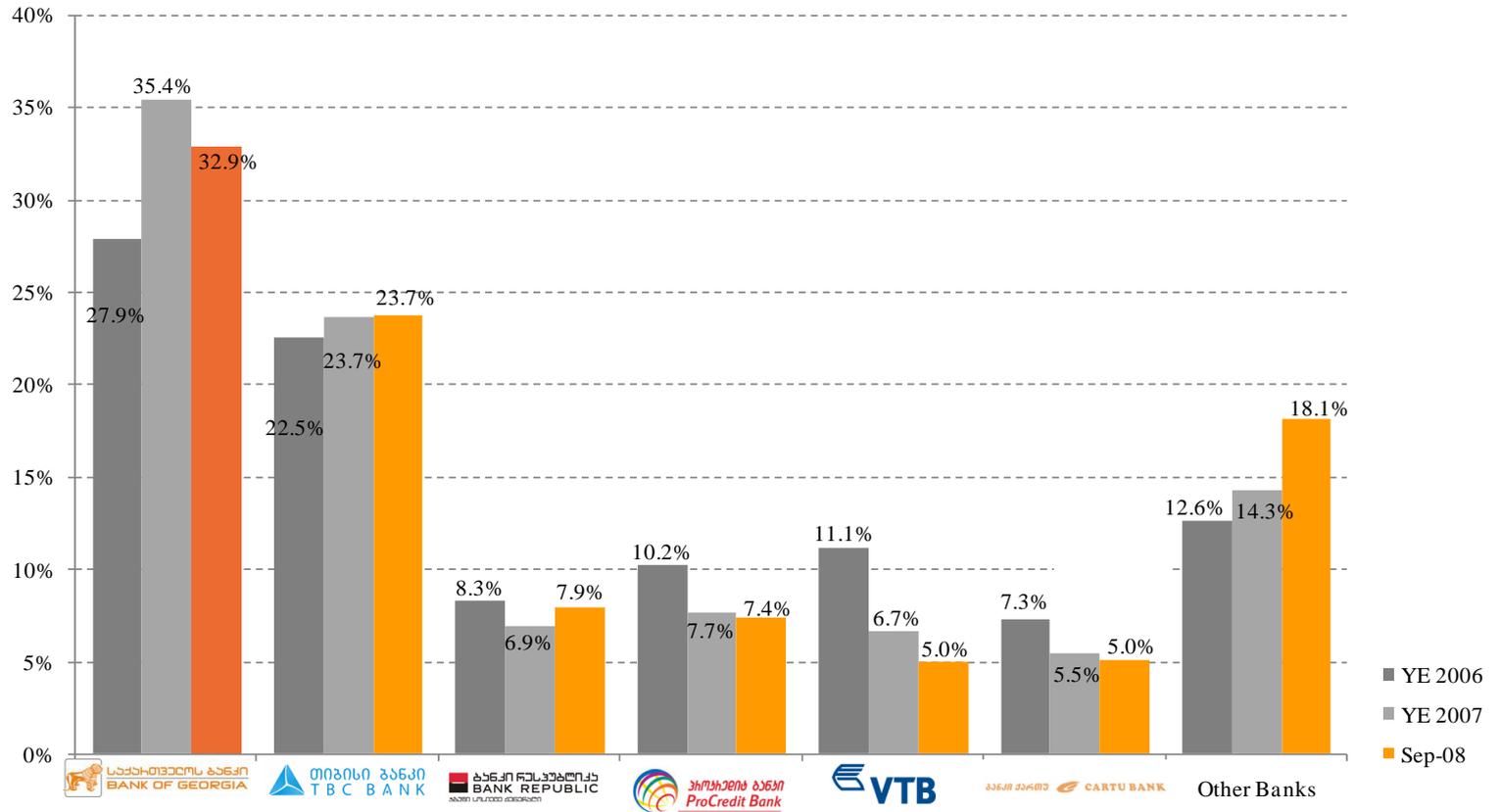
GEL/US\$

Period End

YE 2006 = 1.71

YE 2007=1.59

Sep-2008=1.41



Note: all data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia www.nbg.gov.ge

Peer group's market share in gross loans

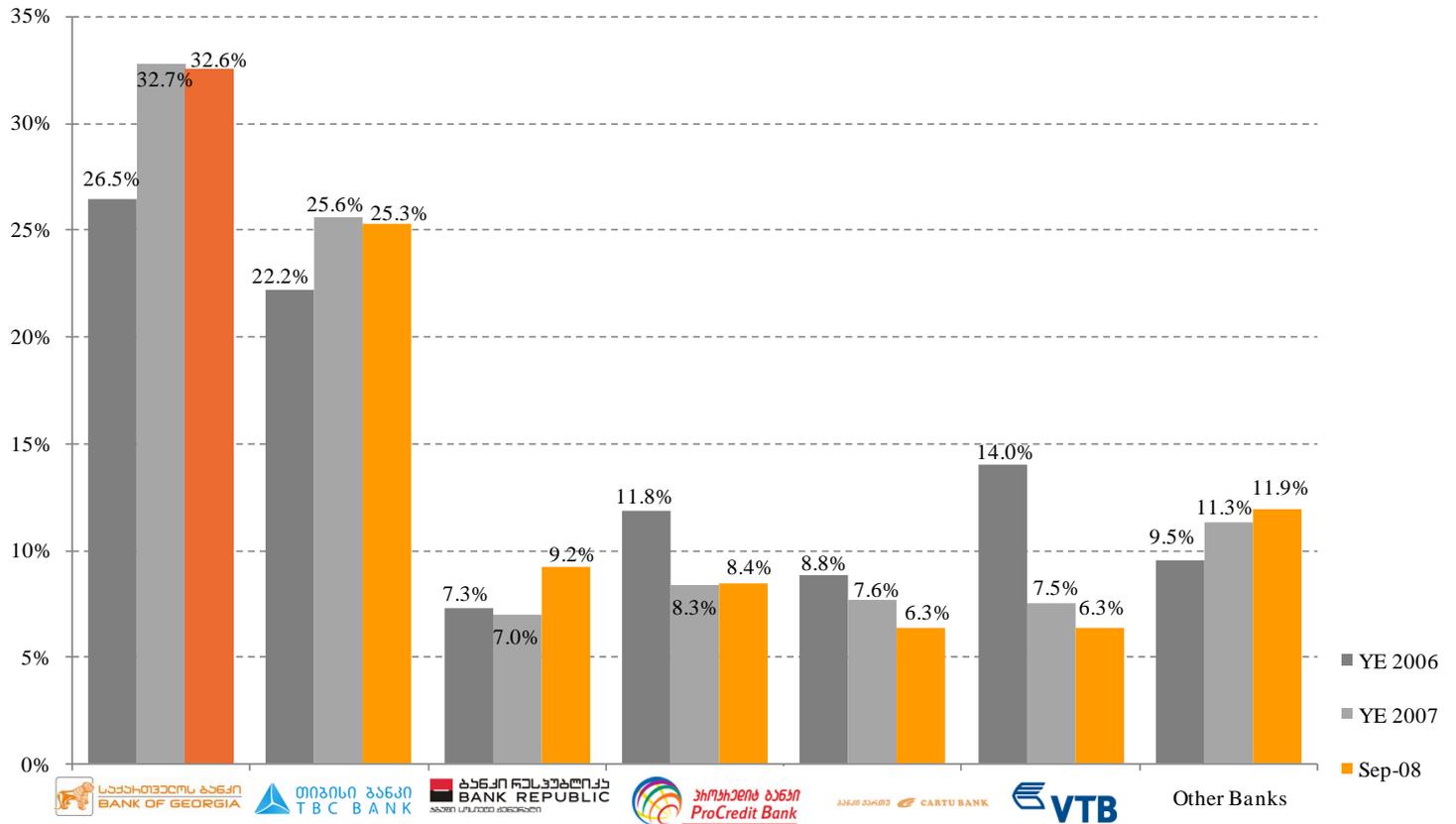
Peer Group's market shares in gross loans, September 2008

GEL/US\$

Period End
YE 2006 = 1.71

YE 2007=1.59

Sep-2008=1.41



Note: all data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia www.nbg.gov.ge

Peer group's market share in deposits

GEL/US\$

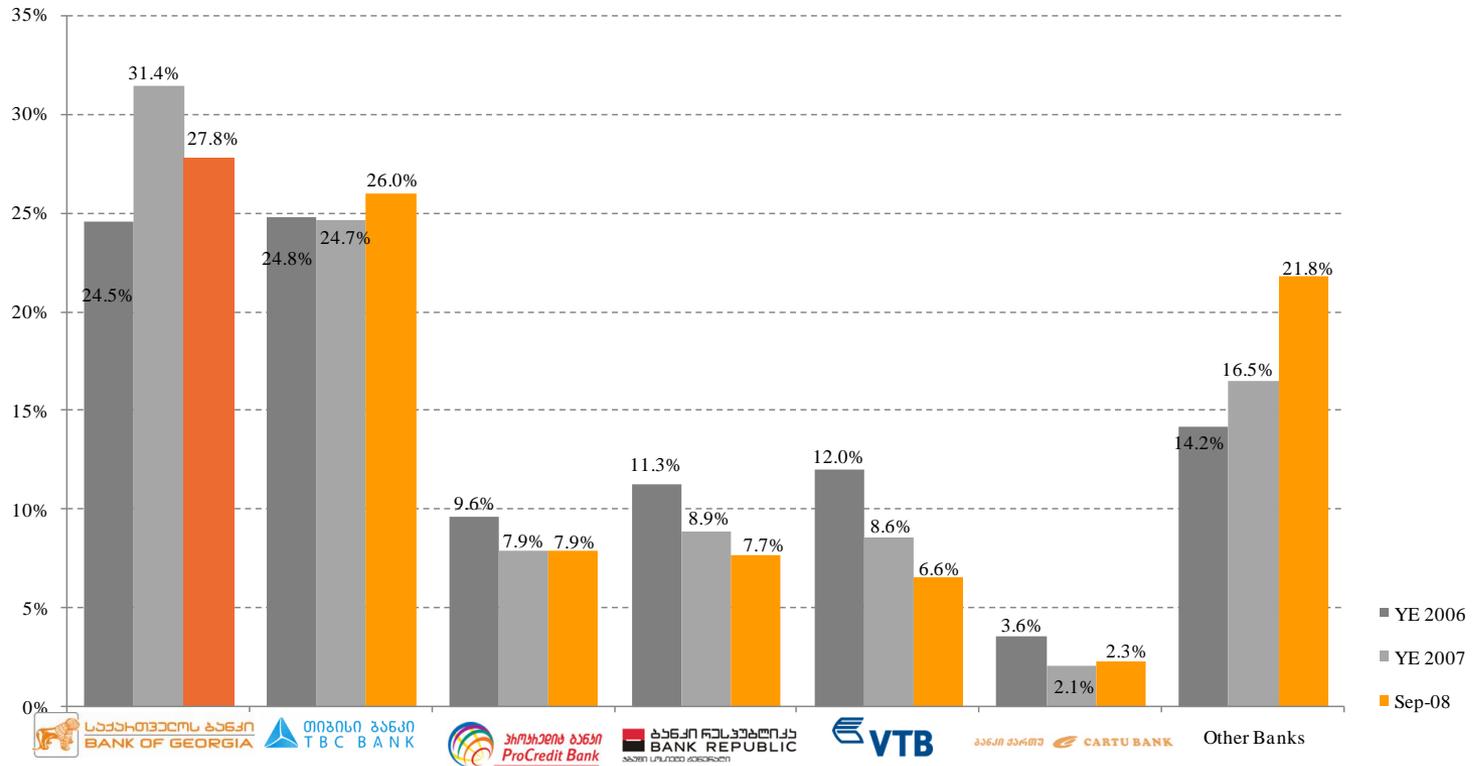
Period End

YE 2006 = 1.71

YE 2007=1.59

Sep-2008=1.41

Peer Group's market shares in deposits, Sep-2008

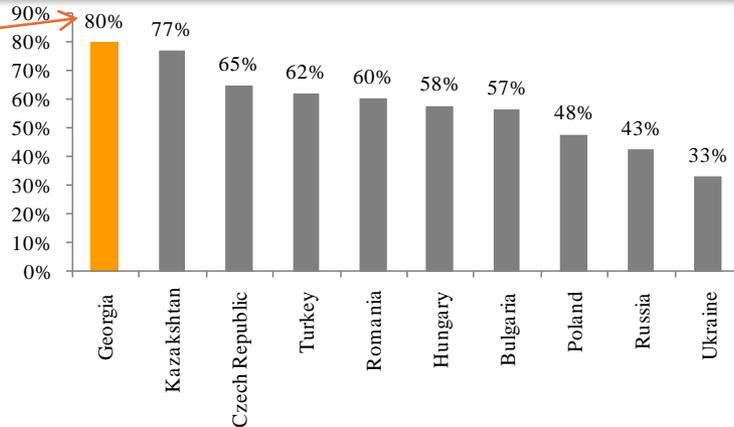


Note: all data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia www.nbg.gov.ge

Market potential and high degree of concentration

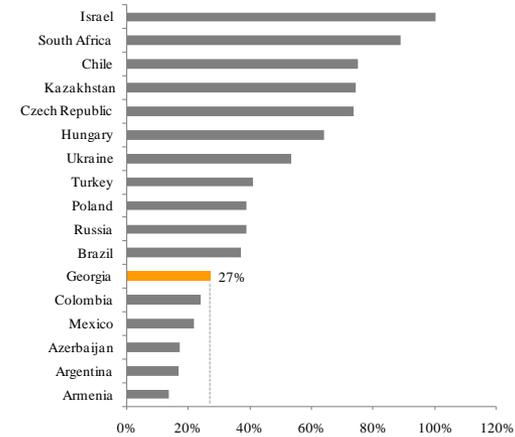
The highest degree of market concentration in CEE benefits large, entrenched domestic players

Market shares of top 5 banks by assets (2007)



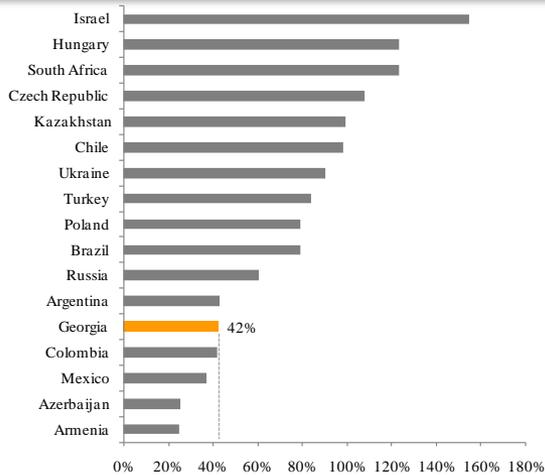
Note: 2006 data for Czech Republic, Hungary and Poland
Sources: National Bank of Georgia, CA IB

Gross loans to GDP (% , 2007E)



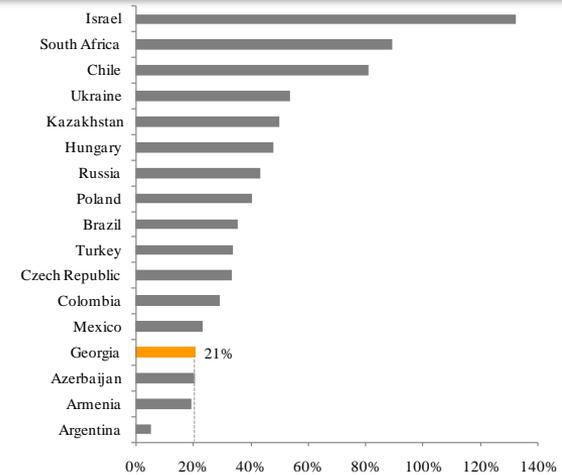
Note: data for South Africa, Chile, Brazil, Argentina, Colombia and Mexico is as of YE 2006
Source: National Bank of Georgia, National Bank of Ukraine, data from Deutsche Bank

Banking assets to GDP (% , 2007E)



Note: data for South Africa, Chile, Turkey, Brazil, Argentina, Colombia and Mexico is as of YE 2006
Source: National Bank of Georgia, National Bank of Ukraine, Deutsche Bank

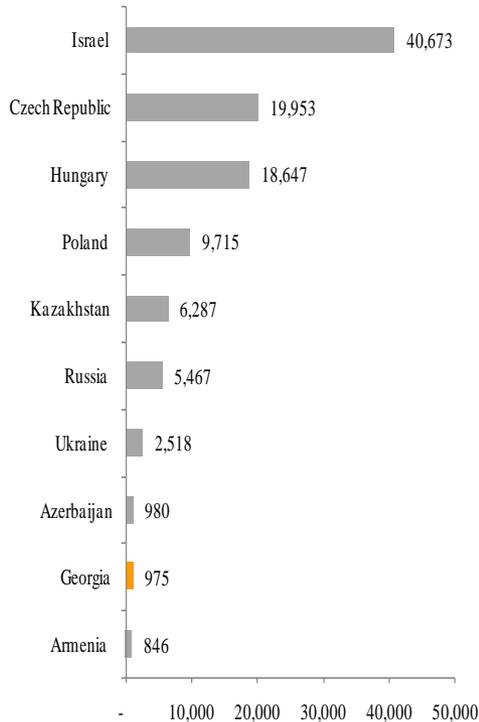
Deposits to GDP (% , 2007E)



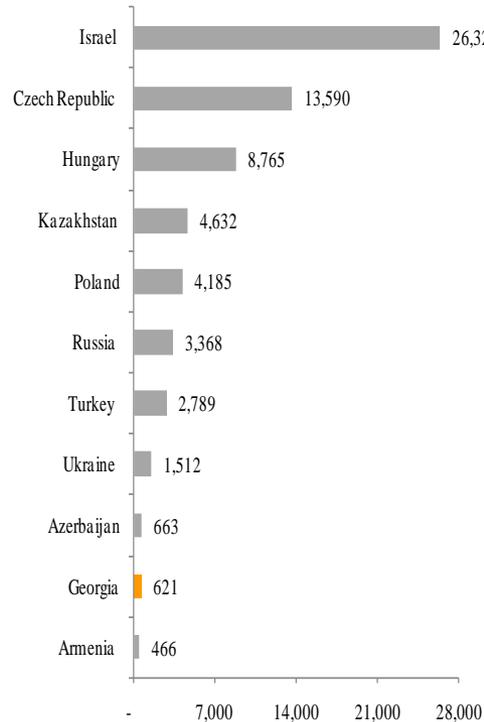
Note: data for South Africa, Chile, Brazil, Argentina, Colombia and Mexico is as of YE 2006
Source: National Bank of Georgia, National Bank of Ukraine, Deutsche Bank

The Georgian banking sector in the regional context

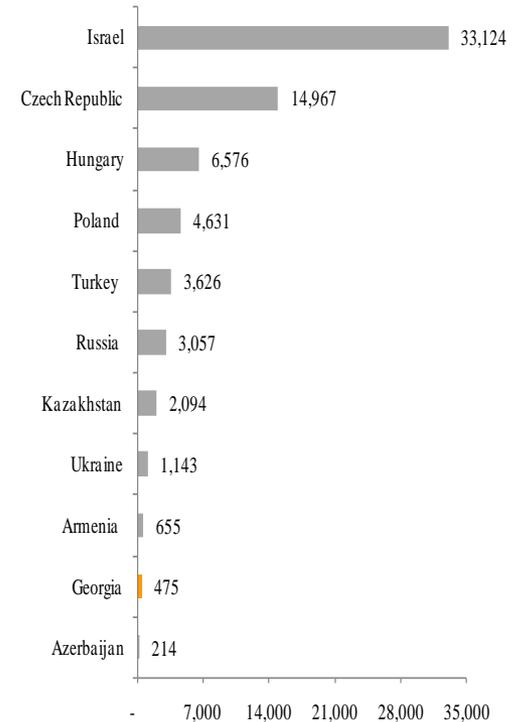
**Banking assets per capita
YE 2007E (US\$)**



**Gross loans per capita
YE 2007E (US\$)**



**Deposits per capita
YE 2007E (US\$)**



Source: Galt & Taggart Securities

Bank of Georgia Q3 2008 & Year-To-Date 2008 financials

Income Statement data – 9 months 2008

Period Ended Consolidated, IFRS Based <i>000s, unless otherwise noted</i>	9 months 2008		9 months 2007		Growth ³ Y-O-Y
	US\$ ¹ (Unaudited)	GEL	US\$ ² (Unaudited)		
Interest Income	217,192	305,155	99,637	165,198	84.7%
Interest Expense	100,145	140,704	45,115	74,800	88.1%
Net Interest Income	117,047	164,451	54,522	90,398	81.9%
Fee & Commission Income	26,615	37,394	13,023	21,592	73.2%
Fee & Commission Expense	4,349	6,110	1,908	3,163	93.2%
Net Fee & Commission Income	22,266	31,284	11,115	18,429	69.8%
Income From Documentary Operations	4,608	6,474	3,215	5,330	21.5%
Expense On Documentary Operations	1,043	1,465	907	1,503	-2.5%
Net Income From Documentary Operations	3,565	5,009	2,308	3,827	30.9%
Net Foreign Currency Related Income	23,536	33,068	9,999	16,579	99.5%
Net Insurance Income	4,151	5,833	3,380	5,605	4.1%
Brokerage Income	2,104	2,956	1,735	2,877	2.7%
Asset Management Income	740	1,040	9	14	7121.3%
Realized Net Investment Gains (Losses)	(1,346)	(1,892)	3,321	5,506	NMF ⁴
Other	7,958	11,181	3,706	6,144	82.0%
Net Other Non-Interest Income	13,607	19,118	12,151	20,146	-5.1%
Net Non-Interest Income	62,974	88,478	35,574	58,981	50.0%
Total Operating Income (Revenue)	180,021	252,929	90,096	149,379	69.3%
Personnel Costs	57,909	81,362	28,876	47,877	69.9%
Selling, General & Administrative Costs	24,229	34,042	9,886	16,392	107.7%
Procurement & Operations Support Expenses	7,039	9,890	4,065	6,741	46.7%
Depreciation & Amortization	10,072	14,152	4,047	6,710	110.9%
Other Operating Expenses	2,505	3,520	767	1,272	176.8%
Total Recurring Operating Costs	101,755	142,966	47,642	78,991	81.0%
Normalized Net Operating Income	78,266	109,963	42,453	70,388	56.2%
Net Non-Recurring Income (Costs)	6,588	9,257	(83)	(138)	NMF ⁴
Profit Before Provisions	84,854	119,220	42,370	70,250	69.7%
Net Provision Expense/(Benefit)	83,855	117,816	4,749	7,874	1396.2%
Pre-Tax Income	999	1,404	37,621	62,375	-97.7%
Income Tax Expenses	78	109	7,544	12,508	-99.1%
Net Income	922	1,295	30,077	49,868	-97.4%
Weighted Average Number of Shares Outstanding (<i>000s</i>)		30,451		25,638	18.8%
Fully Diluted Number of Shares Period End (<i>000s</i>)		31,250		27,249	14.7%
EPS (Basic)	0.03	0.04	1.17	1.95	-97.8%
EPS (Fully Diluted)	0.03	0.04	1.10	1.83	-97.7%

¹ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4050 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 30 September 2008

² Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6580 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 30 September 2007

³ Growth calculations based on GEL values

⁴ Not meaningful

Income Statement data – Q3 2008

Period Ended	Q3 2008		Q2 2008		Growth ³ Q-O-Q	Q3 2007		Growth Y-O-Y
	US\$ ¹ (Unaudited)	GEL	US\$ ² (Unaudited)	GEL		US\$ ⁴ (Unaudited)	GEL	
<i>000s, unless otherwise noted</i>								
Interest Income	77,138	108,379	73,481	104,196	4.0%	39,848	66,068	64.0%
Interest Expense	35,250	49,527	34,106	48,362	2.4%	19,672	32,617	51.8%
Net Interest Income	41,888	58,852	39,375	55,834	5.4%	20,176	33,451	75.9%
Fee & Commission Income	9,369	13,164	8,787	12,460	5.7%	5,134	8,513	54.6%
Fee & Commission Expense	1,580	2,220	1,619	2,296	-3.3%	970	1,608	38.1%
Net Fee & Commission Income	7,789	10,944	7,167	10,163	7.7%	4,165	6,905	58.5%
Income From Documentary Operations	1,592	2,237	1,615	2,290	-2.3%	1,396	2,314	-3.3%
Expense On Documentary Operations	390	548	294	417	31.4%	302	500	9.6%
Net Income From Documentary Operations	1,202	1,689	1,321	1,873	-9.8%	1,094	1,814	-6.9%
Operations								
Net Foreign Currency Related Income	6,716	9,437	7,338	10,405	-9.3%	3,759	6,233	51.4%
Net Insurance Income	1,750	2,459	1,224	1,736	41.7%	1,256	2,082	18.1%
Brokerage Income	82	115	1,104	1,566	-92.7%	818	1,355	-91.5%
Asset Management Income	105	148	174	246	-39.9%	9	14	926.7%
Realized Net Investment Gains (Losses)	(814)	(1,144)	(265)	(375)	204.7%	1,468	2,434	NMF ⁵
Other	2,430	3,414	3,154	4,472	-23.7%	1,135	1,883	81.3%
Net Other Non-Interest Income	3,553	4,992	5,392	7,645	-34.7%	4,686	7,769	-35.7%
Net Non-Interest Income	19,261	27,062	21,218	30,087	-10.1%	13,704	22,720	19.1%
Total Operating Income (Revenue)	61,149	85,914	60,593	85,921	0.0%	33,879	56,172	52.9%
Personnel Costs	20,194	28,372	19,225	27,260	4.1%	10,555	17,500	62.1%
Selling, General & Administrative Costs	7,642	10,738	8,463	12,001	-10.5%	3,912	6,486	65.6%
Procurement & Operations Support	2,523	3,545	2,286	3,242	9.3%	1,354	2,245	57.9%
Expenses								
Depreciation & Amortization	3,885	5,458	3,289	4,664	17.0%	1,490	2,470	121.0%
Other Operating Expenses	1,077	1,514	1,195	1,695	-10.7%	245	406	272.8%
Total Recurring Operating Costs	35,321	49,626	34,458	48,862	1.6%	17,555	29,106	70.5%
Normalized Net Operating Income	25,827	36,287	26,135	37,059	-2.1%	16,324	27,066	34.1%
Net Non-Recurring Income (Costs)	(1,854)	(2,605)	2,393	3,394	-176.8%	(1,248)	(2,070)	25.9%
Profit Before Provisions	23,973	33,682	28,528	40,453	-16.7%	15,076	24,996	34.7%
Net Provision Expense	73,432	103,171	5,073	7,194	1334.1%	1,853	3,072	3258.6%
Pre-Tax Income	(49,459)	(69,489)	23,455	33,259	NMF⁵	13,223	21,924	NMF⁵
Income Tax Expenses/(Benefit)	(7,496)	(10,531)	3,473	4,924	NMF ⁵	2,659	4,409	NMF ⁵
Net Income	(41,963)	(58,958)	19,982	28,335	NMF⁵	10,564	17,515	NMF⁵
Weighted Average Number of Shares Outstanding (000s)		31,250		31,247	0.01%		26,222	19.2%
Fully Diluted Number of Shares Period End (000s)		31,250		31,248	0.01%		27,249	14.7%
EPS (Basic)	(1.34)	(1.89)	0.64	0.91	NMF ⁵	0.40	0.67	NMF ⁵
EPS (Fully Diluted)	(1.34)	(1.89)	0.64	0.91	NMF ⁵	0.39	0.64	NMF ⁵

¹ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4050 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 30 September 2008

² Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4180 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 30 June 2008

³ Growth calculations based on GEL values

⁴ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6580 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 30 September 2007

⁵ Not meaningful

Balance Sheet data

Consolidated, IFRS Based 000s, unless otherwise noted	30-Sep-08		Growth ² YTD	31-Dec-07		Growth ² Y-O-Y	30-Sep-07	
	US\$ ¹ (Unaudited)	GEL		US\$ ³ (Audited)	GEL		US\$ ⁴ (Unaudited)	GEL
Cash & Cash Equivalents	122,030	171,452	-5.7%	232,642	370,273	83.7%	56,280	93,312
Loans & Advances To Credit Institutions	198,307	278,622	46.6%	119,413	190,057	-16.4%	201,004	333,265
Mandatory Reserve With NBG/NBU/NBRB	107,474	25,478	-82.4%	90,872	144,631	-66.3%	45,548	75,518
Other Accounts With NBG/NBU/NBRB	107,474	151,002	325.4%	22,303	35,497	65.4%	55,064	91,296
Balances With & Loans To Other Banks	72,699	102,142	928.7%	6,238	9,929	-38.6%	100,393	166,452
Available-For-Sale Securities	36,032	50,625	3.9%	30,616	48,729	391.6%	6,211	10,298
Treasuries & Equivalents	12,852	18,057	-77.4%	50,111	79,757	-69.3%	35,435	58,751
Other Fixed Income Instruments	11,713	16,457	-85.4%	70,814	112,708	-93.1%	144,272	239,203
Gross Loans To Clients	1,465,947	2,059,656	17.6%	1,100,842	1,752,100	58.1%	785,712	1,302,711
Less: Reserve For Loan Losses	(91,832)	(129,024)	333.8%	-18,689	-29,745	405.3%	(15,401)	(25,535)
Net Loans To Clients	1,374,116	1,930,632	12.1%	1,082,153	1,722,355	51.2%	770,311	1,277,176
Investments In Other Business Entities, Net	74,174	104,214	158.8%	25,303	40,273	-28.5%	87,899	145,736
Property & Equipment Owned, Net	207,246	291,181	42.3%	128,585	204,656	109.0%	84,042	139,341
Intangible Assets Owned, Net	6,580	9,245	145.1%	2,370	3,772	215.3%	1,768	2,932
Goodwill	95,894	134,731	20.1%	70,505	112,216	210.8%	26,149	43,355
Tax Assets - Current & Deferred	663	932	-40.1%	978	1,557	-72.3%	2,026	3,360
Prepayments & Other Assets	105,414	148,107	37.5%	42,258	67,258	63.4%	34,141	56,605
Total Assets	2,245,021	3,154,255	4.9%	1,855,750	2,953,611	28.9%	1,449,538	2,403,334
Client Deposits	855,539	1,202,033	-11.3%	851,644	1,355,476	12.9%	642,436	1,065,158
Deposits & Loans From Banks	87,458	122,878	86.7%	41,349	65,811	79.2%	41,348	68,556
Borrowed Funds	674,592	947,801	13.4%	525,248	835,984	37.9%	414,667	687,518
Issued Fixed Income Securities	3,368	4,731	-5.2%	3,137	4,993	NMF	-	-
Insurance Related Liabilities	41,064	57,694	39.6%	25,968	41,330	75.2%	19,856	32,922
Tax Liabilities - Current & Deferred	19,018	26,720	-28.2%	23,378	37,209	30.4%	12,360	20,493
Accruals & Other Liabilities	37,764	53,059	-3.2%	34,441	54,817	-16.7%	38,416	63,694
Total Liabilities	1,718,802	2,414,917	0.8%	1,505,165	2,395,620	24.6%	1,169,084	1,938,341
Ordinary Shares	22,242	31,250	15.1%	17,061	27,155	15.1%	16,378	27,154
Share Premium	323,544	454,579	44.1%	198,175	315,415	49.7%	183,117	303,607
Treasury Shares	(715)	(1,005)	-42.1%	-1,091	-1,737	-43.6%	(1,074)	(1,781)
Retained Earnings	96,275	135,267	111.8%	40,122	63,858	116.1%	37,746	62,583
Revaluation & Other Reserves	46,010	64,644	-4.0%	42,318	67,354	268.9%	10,570	17,525
Net Income For The Period	922	1,295	-98.3%	47,526	75,642	-97.4%	30,077	49,868
Shareholders' Equity Excluding Minority Interest	488,277	686,030	25.3%	344,111	547,687	49.5%	276,813	458,956
Minority Interest	37,942	53,308	417.4%	6,474	10,304	783.0%	3,641	6,037
Total Shareholders' Equity	526,219	739,338	32.5%	350,585	557,991	59.0%	280,454	464,993
Total Liabilities & Shareholders' Equity	2,245,021	3,154,255	6.8%	1,855,750	2,953,611	31.2%	1,449,538	2,403,334
Shares Outstanding		31,250	15.1%		27,155	23.5%		25,304
Book Value Per Share	16.84	23.66	14.8%	12.95	20.62	48.2%	9.63	15.97

¹ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.4050 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 September 2008

² Growth calculations based on GEL values

³ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.5916 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 December 2007

⁴ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6580 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 September 2007

Key ratios

	9 months 2008	9 months 2007
Profitability Ratios		
ROAA ¹ , Annualised	0.1%	3.5%
ROA	0.03%	2.8%
ROAE ² , Annualised	0.2%	16.2%
ROE	0.1%	14.3%
Interest Income To Average Interest Earning Assets ³ , Annualised	17.2%	14.4%
Cost Of Funds ⁴ , Annualised	8.2%	7.3%
Net Spread ⁵	8.9%	7.1%
Net Interest Margin ⁶ , Annualised	9.2%	7.9%
Net Interest Margin Normalized ³⁵ , Annualised	9.2%	7.9%
Loan Yield ⁷ , Annualised	12.9%	20.6%
Interest Expense To Interest Income	46.1%	45.3%
Net Non-Interest Income To Average Total Assets, Annualised	3.7%	4.2%
Net Non-Interest Income To Revenue ⁸	35.0%	39.5%
Net Fee And Commission Income To Average Interest Earning Assets ⁹ , Annualised	1.8%	1.6%
Net Fee And Commission Income To Revenue	12.4%	12.3%
Operating Leverage ¹⁰	0.3%	11.3%
Total Operating Income (Revenue) To Total Assets, Annualised	10.7%	8.3%
Recurring Earning Power ¹¹ , Annualised	5.0%	6.4%
Net Income To Revenue	0.5%	33.4%
Efficiency Ratios		
Operating Cost To Average Total Assets ¹² , Annualised	6.0%	4.1%
Cost To Average Total Assets ¹³ , Annualised	5.6%	5.6%
Cost / Income ¹⁴	52.9%	53.0%
Cost / Income, Normalized ³⁷	55.5%	N/A
Cost/Income Distributed Non-Recurring	56.5%	52.9%
Cost / Income, Standalone ¹⁵	45.4%	48.8%
Cost/Income, Normalized, Bank of Georgia, Standalone	44.9%	N/A
Cash Cost / Income	47.3%	48.5%
Total Employee Compensation Expense To Revenue ¹⁶	32.2%	32.1%
Total Employee Compensation Expense To Cost	60.8%	60.5%
Total Employee Compensation Expense To Average Total Assets, Annualised	3.4%	3.4%
Liquidity Ratios		
Net Loans To Total Assets ¹⁷	61.2%	53.1%
Average Net Loans To Average Total Assets	59.1%	52.6%
Interest Earning Assets To Total Assets	71.1%	79.4%
Average Interest Earning Assets To Average Total Assets	74.8%	81.1%
Liquid Assets To Total Assets ¹⁸	16.2%	30.6%
Net Loans To Client Deposits	160.6%	119.9%
Average Net Loans To Average Client Deposits	141.8%	125.4%
Net Loans To Total Deposits ¹⁹	145.7%	112.7%
Net Loans To Total Liabilities	79.9%	65.9%
Total Deposits To Total Liabilities	54.9%	58.5%
Client Deposits To Total Deposits	90.7%	94.0%
Client Deposits To Total Liabilities	49.8%	55.0%
Current Account Balances To Client Deposits	39.2%	57.2%
Demand Deposits To Client Deposits	3.8%	9.6%
Time Deposits To Client Deposits	57.1%	33.1%
Total Deposits To Total Assets	42.0%	47.2%
Client Deposits To Total Assets	38.1%	44.3%
Client Deposits To Total Equity (Times) ²⁰	1.6	2.3
Due From Banks / Due To Banks ²¹	226.7%	486.1%
Total Equity To Net Loans	38.3%	36.4%
Leverage (Times) ²²	3.3	4.2

Key ratios cont'd

	9 months 2008	9 months 2007
Asset Quality		
NPLs (in GEL) ²³	23,274	16,711
NPLs To Gross Loans To Clients ²⁴	1.1%	1.3%
Cost of Risk ²⁵ , Annualized	8.1%	1.0%
Cost of Risk Normalized ²⁶ , Annualized	8.1%	1.0%
Reserve For Loan Losses To Gross Loans To Clients ²⁶	6.3%	2.0%
NPL Coverage Ratio ²⁷	554.4%	152.8%
Equity To Average Net Loans To Clients	39.5%	46.8%
Capital Adequacy		
Equity To Total Assets	23.4%	19.3%
BIS Tier I Capital Adequacy Ratio, consolidated ²⁸	24.7%	23.2%
BIS Total Capital Adequacy Ratio, consolidated ²⁹	25.3%	23.3%
NBG Tier I Capital Adequacy Ratio ³⁰	18.2%	14.0%
NBG Total Capital Adequacy Ratio ³¹	15.5%	16.9%
Per Share Values		
Basic EPS (GEL) ³²	0.04	1.95
Basic EPS (US\$)	0.03	1.17
Fully Diluted EPS (GEL) ³³	0.04	1.83
Fully Diluted EPS (US\$)	0.03	1.10
Book Value Per Share (GEL) ³⁴	23.66	17.12
Book Value Per Share (US\$)	16.84	10.33
Ordinary Shares Outstanding - Weighted Average, Basic	30,450,867	25,637,740
Ordinary Shares Outstanding - Period End	31,250,211	27,154,099
Ordinary Shares Outstanding - Fully Diluted	31,250,211	27,249,100
Selected Operating Data		
Full Time Employees (FTEs)	6,165	3,992
FTEs, Standalone	3,853	2,388
Total assets per FTE ²³ (GEL Thousands)	511.6	602.0
Total Assets per FTE, Standalone (GEL Thousands)	818.6	1006.4
Number Of Active Branches	139	108
Number Of ATMs	386	185
Number Of Cards (Thousands)	918	529
Number Of POS Terminals	2,969	1,093

Ratio definitions

Ratio definitions

- 1 Return On Average Total Assets (ROAA) equals Net Income of the period divided by quarterly Average Total Assets for the same period;
- 2 Return On Average Total Equity (ROAE) equals Net Income of the period divided by quarterly Average Total Equity for the same period;
- 3 Average Interest Earning Assets are calculated on a quarterly basis; Interest Earning Assets include: Loans And Advances To Credit Institutions, Treasuries And Equivalents, Other Fixed Income Instruments and Net Loans to Clients;
- 4 Cost Of Funds equals Interest Expense of the period divided by quarterly Average Interest Bearing Liabilities; Interest Bearing Liabilities Include: Client Deposits, Deposits And Loans From Banks, Borrowed Funds and Issued Fixed Income Securities;
- 5 Net Spread equals Interest Income To Average Interest Earning Assets less Cost Of Funds;
- 6 Net Interest Margin equals Net Interest Income of the period divided by quarterly Average Interest Earning Assets of the same period;
- 7 Loan Yield equals Interest Income, less Net Provision Expense, divided by quarterly Average Gross Loans To Clients;
- 8 Revenue equals Total Operating Income;
- 9 Net Fee And Commission Income includes Net Income From Documentary Operations of the period ;
- 10 Operating Leverage equals percentage change in Revenue less percentage change in Total Costs;
- 11 Recurring Earning Power equals Profit Before Provisions of the period divided by average Total Assets of the same period;
- 12 Operating Cost equals Total Recurring Operating Costs;
- 13 Cost includes Total Recurring Operating Costs and Net Non-Recurring Costs (Income);
- 14 Cost/Income Ratio equals Costs of the period divided by Total Operating Income (Revenue);
- 15 Cost/ Income, standalone, equals non-consolidated Total Costs of the bank of the period divided by non-consolidated Revenue of the bank of the same period;
- 16 Total Employee Compensation Expense includes Personnel Costs;
- 17 Net Loans equal Net Loans To Clients;
- 18 Liquid Assets include: Cash And Cash Equivalents, Other Accounts With NBG, Balances With And Loans To Other Banks, Treasuries And Equivalents and Other Fixed Income Securities as of the period end and are divided by Total Assets as of the same date;
- 19 Total Deposits include Client Deposits and Deposits And Loans from Banks;
- 20 Total Equity equals Total Shareholders' Equity;
- 21 Due From Banks/ Due To Banks equals Loans And Advances To Credit Institutions divided by Deposits And Loans From Banks;
- 22 Leverage (Times) equals Total Liabilities as of the period end divided by Total Equity as of the same date;
- 23 NPLs (in GEL) equals total gross non-performing loans as of the period end; non-performing loans are loans that have debts in arrears for more than 90 calendar days;
- 24 Gross Loans equals Gross Loans To Clients;
- 25 Cost Of Risk equals Net Provision For Loan Losses of the period, plus provisions for (less recovery of) other assets, divided by quarterly average Gross Loans To Clients over the same period;
- 26 Reserve For Loan Losses To Gross Loans To Clients equals reserve for loan losses as of the period end divided by gross loans to clients as of the same date;
- 27 NPL Coverage Ratio equals Reserve For Loan losses as of the period end divided by NPLs as of the same date;
- 28 BIS Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I;
- 29 BIS Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Accord I;
- 30 NBG Tier I Capital Adequacy Ratio equals Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of the National ;
- 31 NBG Total Capital Adequacy Ratio equals Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of the National ;
- 32 Basic EPS equals Net Income of the period divided by the weighted average number of outstanding ordinary shares over the same period;
- 33 Fully Diluted EPS equals net income of the period divided by the number of outstanding ordinary shares as of the period end plus number of ordinary shares in contingent liabilities;
- 34 Book Value Per Share equals Equity as of the period end, plus Treasury Shares, divided by the total number of Outstanding Ordinary shares as of the same date.
- 35 Net Interest Margin Normalized equals Net Interest Income of the period, less interest income generated by non-performing loans through the date of their write-off, divided by quarterly Average Interest Earning Assets of the same period;
- 36 Cost Of Risk Normalized equals Net Provision For Loan Losses of the period, less provisions for the interest income generated by non-performing loans through the date of their write-off, plus provisions for (less recovery of) other assets, divided by quarterly average Gross Loans To Clients over the same period;
- 37 Cost / Income Normalized equals Recurring Operating Costs divided by Total Operating Income (Revenue) for the same period

Bank of Georgia 2007 audited, IFRS financial statements

2007 audited, IFRS balance sheet

Thousands of Georgian Lari

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	405,770	108,045
Trading securities	6,342	–
Amounts due from credit institutions	154,560	65,475
Loans to customers, net	1,675,681	684,842
Finance lease receivables, net	46,674	9,091
Investment securities:		
- available-for-sale	42,387	9,887
- held-to-maturity	192,464	187,244
Investments in associates	5,208	496
Investment property	35,065	1,224
Property and equipment, net	204,656	66,828
Goodwill and other intangible assets, net	115,989	43,429
Current and deferred income tax assets	1,557	–
Prepayments	5,942	3,476
Other assets, net	61,316	33,289
Total assets	2,953,611	1,213,326
Liabilities		
Amounts due to credit institutions	901,795	224,381
Amounts due to customers	1,355,476	559,646
Debt securities issued	4,993	1,073
Current and deferred income tax liabilities	37,209	8,138
Provisions	1,003	672
Other liabilities	95,144	44,558
Total liabilities	2,395,620	838,468
Equity		
Share capital	27,155	25,202
Additional paid-in capital	315,415	277,440
Treasury shares	(1,737)	(1,004)
Other reserves	67,354	5,257
Retained earnings	136,342	63,746
Total equity attributable to shareholders of the Bank	544,529	370,641
Minority interests	13,462	4,217
Total equity	557,991	374,858
Total liabilities and equity	2,953,611	1,213,326

2007 audited, IFRS income statement

Thousands of Georgian Lari

	<u>2007</u>	<u>2006</u>
Interest income		
Loans to customers	203,759	92,612
Investment securities – held-to-maturity	23,394	414
Investment securities – available-for-sale	1,073	792
Amounts due from credit institutions	9,942	5,310
Finance lease receivables	4,136	1,143
	242,304	100,271
Interest expense		
Amounts due to credit institutions	(58,072)	(14,128)
Amounts due to customers	(53,419)	(19,245)
Debt securities issued	(594)	(176)
	(112,085)	(33,549)
Net interest income	130,219	66,722
Loan impairment charge	(17,409)	(13,766)
Net interest income after loan impairment charge	112,810	52,956
Fee and commission income	48,358	28,139
Fee and commission expense	(6,610)	(3,453)
Net fee and commission income	41,748	24,686
Net gains from trading securities	2,930	–
Net gains from investment securities available-for-sale	2,481	–
Net gains from revaluation of investment property	16,362	–
Net gains/(losses) from foreign currencies:		
- dealing	22,395	12,049
- translation differences	4,315	(107)
Net insurance premiums earned	14,260	6,260
Other operating income	9,903	4,222
Other non-interest income	72,646	22,424
Salaries and other employee benefits	(75,639)	(33,316)
General and administrative expenses	(36,164)	(20,649)
Depreciation, amortization and impairment	(9,863)	(5,887)
Net insurance claims incurred	(8,799)	(1,827)
Other operating expenses	(7,392)	(3,654)
Reversal of impairment of other assets and provisions	365	170
Other non-interest expenses	(137,492)	(65,163)
Profit before income tax expense	89,712	34,903
Income tax expense	(14,070)	(8,131)
Profit for the year	75,642	26,772

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.