Tbilisi, 27 February, 2009

1.67 GEL/US$ December 2008 period end
1.49 GEL/US$ 2008 average
1.56 GEL/US$ Q4 2008 average
1.59 GEL/US$ December 2007 period end
1.67 GEL/US$ 2007 average
1.62 GEL/US$ Q4 2007 average

JSC BANK OF GEORGIA REPORTS FULL YEAR 2008 NET INCOME OF GEL 0.7 MILLION; ANNOUNCES CONSOLIDATED Q4 2008 & FULL YEAR 2008 RESULTS

Millions, unless otherwise noted	*Q4 2008*		Growth y-o-y [1]
Bank of Georgia (Consolidated, Unaudited, IFRS-based)	**US$**	**GEL**	
Total Operating Income (Revenue)[2]	**52.6**	**87.7**	**29%**
Recurring Operating Costs	**27.0**	**45.1**	**34%**
Normalised Net Operating Income[3]	**25.6**	**42.7**	**24%**
Net Non-Recurring Operating Costs	**18.0**	**30.0**	**NMF**
Net Provision Expenses	**9.0**	**15.0**	**83%**
Net Income/(Loss)	**(0.3)**	**(0.5)**	**NMF**

Millions, unless otherwise noted	*2008 (YTD)*		Growth y-o-y [1]
Bank of Georgia (Consolidated, Unaudited, IFRS-based)	**US$**	**GEL**	
Total Operating Income (Revenue)[2]	**204.4**	**340.7**	**55%**
Recurring Operating Costs	**112.8**	**188.0**	**60%**
Normalised Net Operating Income[3]	**91.6**	**152.6**	**50%**
Net Non-Recurring Operating Costs	**12.4**	**20.7**	**NMF**
Net Provision Expenses	**79.7**	**132.8**	**679%**
Net Income/(Loss)	**0.4**	**0.7**	**-99%**
Total Assets	**1,976.4**	**3,294.6**	**12%**
Net Loans	**1,249.9**	**2,083.7**	**21%**
Total Deposits	**790.8**	**1,318.3**	**-5%**
Tier I Capital Adequacy Ratio (BIS)[4]		**22.5%**	
Total Capital Adequacy Ratio (BIS)[5]		**27.3%**	
Tier I Capital Adequacy Ratio (NBG)		**16.6%**	
Total Capital Adequacy Ratio (NBG)		**13.5%**	
Tier 1 Capital Adequacy Ratio (NBG), as of 31 January 2009		**15.8%**	
Total Capital Adequacy Ratio (NBG), as of 31 January 2009		**16.0%**	

[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] Normalised for Net Non-Recurring Costs.
[4] 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.
[5] 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

About Bank of Georgia

Bank of Georgia, the leading universal Georgian bank with operations in Georgia, Ukraine and Belarus, is the largest bank by assets, loans, deposits and equity in Georgia, with 32.9% market share by total assets (all data according to the NBG as of 31 December 2008). The bank has 141 branches and over 856,000 retail and more than 139,000 corporate current accounts. The bank offers a full range of retail banking and corporate and investment banking services to its customers across Georgia. The bank also provides corporate and retail insurance products through its wholly-owned subsidiary, Aldagi BCI, as well as asset & wealth management services.

Bank of Georgia has, as of the date hereof, the following credit ratings:

Standard & Poor's	'B/B'
FitchRatings	'B/B'
Moody's	'B3/NP' (FC) & 'Ba1/NP' (LC)

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Bank of Georgia (LSE: BGEO, GSE: GEB) (the "Bank"), Georgia's leading bank, announced today its Q4 2008 and full year 2008 consolidated results (IFRS-based, derived from management accounts), reporting a Q4 2008 Net Loss of GEL 0.5 million and full year 2008 Net Income of GEL 0.7 million.

For the full-year 2008 the Bank reported Normalized Net Operating Income ("NNOI") of GEL 152.6 million, net provision expense of GEL 132.8 million, which increased 679.1% compared to 2007 mainly due to the conflict between Georgia and Russia in August 2008 (the "Conflict") and deterioration of the market environment caused by global economic downturn, and Net Income of GEL 0.7 million.

Q4 2008 Highlights

In Q4 2008 the GEL 41.1 NNOI generated by the Bank's Georgian banking operation (JSC Bank of Georgia on a standalone basis) was offset by:

- Net Non-Recurring Operating Costs of GEL 30.0 million, which mainly includes revaluation of investment property by the Bank and its selected subsidiaries, costs associated with the restructuring and the headcount reduction at the Bank's retail banking and insurance divisions, foreign exchange losses of the Bank's subsidiaries following the 17% devaluation of Georgian Lari on 10 November 2008, as well as increased charity and PR costs following the Conflict; and
- Net Provision Expense of GEL 15.0 million, which includes provision charge of GEL 23.3 million of BG Bank, which increased sharply due to the developing economic crisis and deteriorating market environment in Ukraine, and driven by the partial reversal of provisions taken by the Bank on its leasing subsidiary and its Georgian loan portfolio in Q3 2008 in the aftermath of the Conflict.

In Q4 2008 the Bank's key operational priorities were determined by the changes in the operating environment shaped by the deepening global financial crisis and the economic downturn in the Bank's target markets.

Wholesale funding

In December 2008 the Bank secured US$239 million long-term financing from European Bank for Reconstruction and Development ("EBRD") and International Finance Corporation ("IFC") and Overseas Private Investment Corporation ("OPIC"). As of 27 February 2009, US$189 million of this amount has been already drawn down.

Cost optimization

In December 2008 the Bank announced the reorganization of its banking business in Georgia, which mainly involved the Bank's retail businesses most impacted by the decline in lending volumes due to the economic slowdown. As the result of the reorganization the Bank's headcount reduced by 832 FTEs, resulting in an expected annual cost saving of approximately GEL 12.6 million.

Cost optimization measures were also implemented at the Bank's subsidiaries. From 30 September 2008 to 31 January 2009 BG Bank reduced headcount by 103 to 583, closing nine branches, GTS reduced staff from 58 to 32 and Aldagi BCI reduced staff by 55 to 255. Additional cost savings are being achieved by renegotiating rental agreements, implementing strict travel policy and other cost saving initiatives.

Bonuses for the Bank's senior executives for 2008 were significantly reduced due to the challenging market environment, despite strong performance and commitment demonstrated by the Bank's management team, in particular during the Conflict and in its aftermath. Executive bonuses for the Bank's top management were GEL 1.2 million in 2008 as compared to GEL 4.1 million of 2007. The Remuneration Committee agreed with the proposal of the Chairman of the Supervisory Board and Chief Executive Officer that due to the difficult market conditions they receive no cash bonus for 2008.

Q4 2008 Summary of the Bank's Consolidated Results

In Q4 2008 the Bank's total Operating Income increased by 28.9% y-o-y (up 2.1% q-o-q[6]) to GEL 87.7 million. Net Interest Income grew by 26.7% y-o-y to GEL 54.2 million, a 7.8% decrease q-o-q, largely due to the increased borrowing costs. Net Interest Margin (NIM) for the quarter stood at 9.3%, a decrease of 50 basis points from Q3 2008 NIM and an increase of 70 basis points from Q4 2007.

Net Non-Interest Income amounted to GEL 33.5 million up 23.8% q-o-q (up 32.7% y-o-y). Net Foreign Currency Related Income for the quarter grew 81.2% y-o-y to GEL 18.4 million, up 94.5% q-o-q. The growth of Net Foreign Currency Related Income was largely attributed to the increased profitability of BG Bank' FX business due to the increased volatility of Ukrainian Hryvna. Net Income from Documentary Operations of GEL 1.4 million decreased 15.9% q-o-q (down by 26.0% y-o-y) and Net Fee and Commission Income decreased by 6.3% q-o-q during the quarter (up 35.5% y-o-y), to GEL 10.3 million. The decrease was mainly caused by the reduced lending activity during the quarter. Net Other Non-Interest Income stood at GEL 3.5 million during Q4 2008, down 30.3% q-o-q and down 38.2% y-o-y. NNOI reached GEL 42.7 million, up 17.6% q-o-q and up 23.6% y-o-y.

Personnel Costs amounted to GEL 21.5 million in Q4 2008, a decrease of 24.1% q-o-q, which was due to significant reduction in bonus accruals in Q4 2008 and the reversal of GEL 7.5 million in bonuses accrued earlier in 2008.

The cost saving measure implemented in Q4 2008 resulted in a 9.2% q-o-q decrease in Consolidated Recurring Operating Costs (up 34.3% y-o-y) to GEL 45.1 million. As the result, normalized operating leverage in Q4 2008 was positive and stood at 11.2% q-o-q. Normalized Cost/Income ratio was 51.4% (Costs exclude Net Non-Recurring Costs) as compared to 57.8% in Q3 2008 and 49.3% in Q4 2007. NNOI of GEL 42.7 million for the Q4 2008 was a 17.6% q-o-q increase (up 23.6% y-o-y).

The Bank's Net Non-Recurring Cost amounted GEL 30.0 million in Q4 2008. The table below provides breakdown of the Bank's Net Non-Recurring Costs for the quarter.

Net Non-Recurring Cost Breakdown

Net Non-Reccuring Costs	**Bank of Georgia Standalone**	**SBRE**	**Insurance**	**Other**	**Total**
GEL mln					
Devaluation of Investment Property	5.1	13.1			**18.2**
Severance Payment	1.5		0.7		**2.2**
FX losses			2.1	1.8	**3.9**
Charity related to Conflict	1.6				**1.6**
Post Conflict PR and Ad. Campaign	2.2				**2.2**
Other	1.9				**1.9**
Total	**12.3**	**13.1**	**2.8**	**1.8**	**30.0**

In Q4 2008 the Bank continued its conservative approach to loan provisioning policy. The deterioration of economic environment in Ukraine and weakening of the Ukrainian Hryvna in Q4 2008, prompted extraordinary sharp increase in net loan loss provisions of BG Bank, which amounted to GEL 23.3 million in Q4 2008 as compared to GEL 0.5 million in Q3 2008 and GEL 0.1 million in Q4 2007. Total net loan loss provisions booked by the Bank on a consolidated basis amounted to GEL 15.0 million, reflecting the partial recovery of provisions booked by the Bank on its Georgia loan portfolio in Q3 2008 and its leasing subsidiary. The effect of the Conflict and the slowdown of the economies in the Bank's target markets resulted in the increase of consolidated NPLs to GEL 64.3 million or 2.9% of the consolidated gross loans at the year-end 2008. At year-end 2008 NPL coverage ratio stood at 179.6%.

[6] q-o-q compares Q4 2008 results with Q3 2008 results

In Q4 2008, the Bank further tightened its conservative lending policy. The 7.9% q-o-q increase in Net Loans to GEL 2.1 billion as of 31 December 2008, was mostly the result of the 17% devaluation of Georgian Lari, in November 2008. The Bank's Total Assets stood at GEL 3.3 billion, up 4.5% from 30 September 2008 and up 11.5% from Q4 2007.

Against the background of intensified competition for deposits and the effects of economic slowdown, the Bank's Client Deposits grew by 3.0% q-o-q to GEL 1.2 billion as of 31 December 2008. Bank of Georgia's standalone deposits grew by 9.8% q-o-q. In the Bank's view, growth in deposits was largely driven by spending of the Georgian government in December 2008, which resulted in a system-wide deposit inflow at Georgian banks and the resumed flow of funds of the Bank's international private banking clients.

In December 2008 Bank of Georgia secured US$239 million in wholesale debt funding through two transactions. On 29 December, the Bank received a US$39 million financing package from OPIC, comprising of a US$29 million 10-year senior mortgage facility and a US$10 million 10-year subordinated loan facility. On 31 December 2008 the Bank announced the signing of the agreements with IFC and EBRD providing long-term loan facilities to the Bank in an aggregate amount of US$200 million (the "IFC/EBRD Package"), comprised of senior loan (final maturity in 2014), 10-year subordinated loan and 10-year convertible subordinated loan. As of 27 February 2008 the Bank has drawn down US$ 150 from the IFC/EBRD Package. In January and February 2009 the Bank has repaid US$ 108.5 million of wholesale debt financing. This included US$65 million loan facility arranged by Merrill Lynch and the second tranche of the syndicated loan received by the Bank in August 2007 in the amount of US$43.5 million. In addition, the Bank repurchased Loan Passthrough Notes issued in June 2008 and maturing in June 2010 with the face value of US$27 million for US$24.9 million. The remaining outstanding amount of Loan Passthrough Notes is US$113 million. The Loan Passthrough Notes, which may be put back by noteholders to the Bank in June 2009, represent the Bank's only remaining international wholesale funding obligation that could become payable by the Bank in 2009.

Full Year 2008 Summary of the Bank's Consolidated Results

During 2008 the Bank's Total Operating Income (Revenue) increased by 55.2 % y-o-y to GEL 340.7 million, driven by a 67.9 % y-o-y increase in Net Interest Income and a 36.7 % y-o-y increase in Net Non-Interest Income.

Total Recurring Operating Costs increased by 60.1 % y-o-y to GEL 188.0 million. NNOI grew 49.6 % y-o-y to GEL 152.6 million. The Bank reported Net Income of GEL 0.7 million for 2008, reflecting the negative impact of the extraordinary increase in the full-year Net Provision Expense of GEL 132.8 million (mostly caused by the Conflict-related Net Provision Expense) and extraordinary increase in Net Non-Recurring Cost of GEL 20.7 million.

On 31 December 2008 the Bank's consolidated Total Assets amounted to GEL 3.3 billion, up 11.5 % y-o-y. Gross Loans stood at GEL 2.2 billion, 25.0 % increase y-o-y. The increase was mainly attributed to the loan book growth in the 1H 2008 and the Lari devaluation against US$ in November 2008. Corporate Gross Loans to Clients in Georgia stood at GEL 918.8 million (up 5.1 % y-o-y). Retail Gross Loans to Clients in Georgia reached GEL 995.0 million (up 51.6 % y-o-y). Wealth Management Gross Loans to Clients in Georgia amounted to GEL 55.5 million (up 25.6 % y-o-y). In Ukraine BG Bank's Gross Loans to Clients stood at GEL 201.3 million, 12.4 % y-o-y decrease, and accounted for 9.2 % of the Bank's Total Gross Loans. BNB's Gross Loans to Clients amounted to GEL 36.6 million, accounting for 1.7 % of the Bank's Total Gross Loans.

As of 31 December 2008 the Bank's consolidated Total Liabilities stood at GEL 2.6 billion (up 7.8 % y-o-y and up 6.9 % q-o-q). The Bank's Consolidated Client Deposits stood at GEL 1.2 billion, a decrease of 8.7% y-o-y. Despite the increase in Client Deposits in Q4 2008, the y-o-y decrease was mostly related to the effect of the Conflict and its immediate aftermath and the appreciation of Georgian Lari (31.4% in 2008) against Ukrainian Hryvna.

As of 31 December 2008 Bank of Georgia on standalone basis held market share of 32.9 %, 32.9 % and 28.8 % by total assets, gross loans, and deposits, respectively in Georgia[7].

[7] Market share data are derived from the information published by the National Bank of Georgia (www.nbg.gov.ge) and represent an aggregation of standalone financial information (non-IFRS, based on National Bank of Georgia requirements) filed by Georgian banks. Deposit market share is calculated based on the amount of total deposits, including client and interbank deposits

As of 31 December 2008 the Bank's Shareholders' Equity amounted to GEL 712.9 million, (up GEL 154.9 million y-o-y). The YTD growth of the Bank's Shareholders' Equity was mostly attributed to the capital increase through the placement of the new ordinary shares in the form of GDRs on 13 February 2008, raising US$100 million. The Bank's equity book value per share stood at GEL 22.81 (US$ 13.68) as at 31 December 2008, up 11.0 % y-o-y.

Capital Adequacy, Liquidity and Leverage

As of 31 December according to the requirement of the NBG, the Bank's Tier I Capital Adequacy Ratio was 16.6 % and Total Capital Adequacy Ratio was 13.5 %. At the same time by BIS standards, the Bank's Tier I Capital Adequacy Ratio was 22.5 % and Total Capital Adequacy Ratio was 27.3%. Following the drawdown of subordinated and convertible subordinated facilities from the IFC/EBRD package on 27 February the Bank's Total Capital Adequacy Ratio according to NBG reached 16.02%.

The Bank's NBG Average Liquidity Ratio of 27.3% as of December 2008 increased modestly from 27.2 % as of 30 September 2008, still well above the NBG requirement of 20%.

The Bank's leverage ratio (Total Liabilities to Shareholders Equity) stood at solid 3.62x as of 31 December 2008, up from 3.27x as of 30 September 2008.

JSC Bank of Georgia (Standalone)

Bank of Georgia's banking operations in Georgia, which are provided through JSC Bank of Georgia, reported Q4 2008 standalone Net Income of GEL 26.4 million, as compared to Net Loss of GEL 58.0 in Q3 2008 (up 81.5 % y-o-y). Increased profitability was due to significant reduction in bonus accruals in Q4 2008 and the reversal of (GEL 7.5 million) bonus accrual charge earlier in 2008, partial recovery of provisions taken by the Bank on its Georgian loan portfolio in Q3 2008 in the aftermath of the Conflict which more than offset the negative effect of Net Non-Recurring Costs of GEL 12.0 million.

Total Operating Income reached GEL 68.6 million down 3.9 % q-o-q and up 26.7 % y-o-y. Reflecting higher borrowing costs due to a challenging market environment, Net Interest Income reached GEL 49.7 million down 4.6% q-o-q and up 43.4 % y-o-y. Net Non-Interest Income amounted to GEL 18.9 million, down 1.8 % q-o-q and down 3.0 % y-o-y. Despite the challenging operating environment during the fourth quarter 2008, Bank of Georgia's operating leverage on normalized basis was positive and stood at 14.4 % q-o-q. NNOI for the quarter grew to GEL 41.1 million, up by 9.1 % and up 28.6 % y-o-y.

For the full-year basis 2008, Bank of Georgia reported Standalone Net Income of GEL 22.2 million, down 64.1 % y-o-y due to the Conflict related Net Non-Recurring Costs and provisions booked by the Bank on a standalone basis in Q3 2008.

In 2008 Bank of Georgia's Net Interest Income grew 56.4 % to GEL 197.3 million and Net Non-Interest Income increased by 37.9 % to GEL 80.4 million resulting in Total Operating Income for the period of GEL 277.7 million, up 50.6 % y-o-y. In 2008 Recurring Operating Costs on a standalone basis increased by 41.6 % to GEL 121.4 million, driving a 58.3 % growth of NNOI to GEL 156.2 million for the full year. Normalized operating leverage was positive and stood at 9.0% on a full-year basis.

As of 31 December 2008 Bank of Georgia's Total Assets on a standalone basis stood at GEL 3.0 billion, up 16.1 % y-o-y. The growth rate reflects the effects of the Conflict and slowdown of the economy in the second half of the year. Net Loans increased by 25.0 % y-o-y to GEL 1.9 billion.

Breakdown of the Total Gross Loans, currency, loan loss reserves and NPLs by Business Units

Bank of Georgia, Standalone

GEL million	*GEL*	*FC*	Gross Loan Book	LL Reserves	NPLs	Net Loan Book
RB + WM	*309.7*	*740.9*	1,050.6	(49.8)	33.9	1,000.8
CB	*219.6*	*703.5*	923.2	(45.2)	6.9	878.0
Corporate Centre, (mainly CB loans)	*3.4*	*10.9*	14.4	(5.2)	15.8	9.2
Total	***532.8***	***1,455.4***	**1,988.2**	**(100.2)**	**56.6**	**1,888.0**
as percent of Total Gross Loan Book	*26.8%*	*73.2%*				

In Q4 2008, the Bank's deposits in Georgia increased by GEL 95.7 million to GEL 1.1 billion, up 9.8 % q-o-q. The growth in deposits was largely driven by increased spending of the Georgian government in December 2008, which resulted in a strong system-wide inflow in Georgian banks and the resumed flow of funds of the Bank's international private banking clients.

Breakdown of Total Deposits by currency

Bank of Georgia, Stand-alone	**30-Sep-08**			**31-Dec-08**		
GEL million	***GEL***	***FC***	**Total**	***GEL***	***FC***	**Total**
RB + WM	*113.6*	*282.8*	396.4	*89.1*	*329.4*	418.5
CB	*376.3*	*199.9*	576.2	*269.0*	*380.8*	649.8
Total	***489.9***	***482.6***	**397.0**	***358.1***	***710.2***	***1,068.3***

Business Unit Overview

Corporate Banking (CB)

In Q4 2008 CB Allocated Revenues reached GEL 26.1 million, up 5.8% q-o-q and up 16.8% y-o-y, while Allocated Recurring Costs decreased to GEL 2.5 million, down 45.1% q-o-q, down by 68.8% y-o-y . NNOI grew to GEL 23.6 million, up 17.5 % q-o-q and up 65.7 % y-o-y, contributing 55.3 % to the consolidated NNOI. Q4 2008 Net Income equaled GEL 38.2 million, compared to the CB Net Loss of GEL 45.6 million in Q3 2008 and up 355.9 % y-o-y.

On an annual basis for 2008, Allocated Revenues in Q4 2008 grew 36.8 % y-o-y to GEL 97.7 million, while Allocated Recurring Costs decreased by 5.1% y-o-y to GEL 21.3 million. NNOI grew by 56.1 % y-o-y to GEL 76.4 million, contributing 50.0 % to the consolidated NNOI. CB reported Net Income equaled GEL 15.5 million, down 49.2% y-o-y, which was primarily due to Conflict related provisions booked by the Bank in Q3 2008.

CB Gross Loans stood at GEL 918.8 million, up 15.5% q-o-q and up 5.1% y-o-y. The increase in the Gross Loans in Q4 2008 was mainly due to the devaluation of Lari against the US$ in November 2008. CB Client Deposits increased by 12.6 % q-o-q since the outflow during and in the aftermath of the Conflict to GEL 649.0 million (down 5.6 % y-o-y).

In a move to increase revenue per client and clients' account balances through better understanding of the client needs, a Senior Client Coverage model has been introduced. The key element of the Senior Client Coverage model is the coverage of the Bank's top existing and targeted 50 corporate clients by the Bank's top six senior executives.

In order to help improve the debt servicing ability of its corporate client base, whose ability was impaired by the Conflict and the economic slowdown, the Bank created a Corporate Restructuring Team ("CRT") which will focus on developing a customer-focused loan restructuring solutions. CRT will also advise the Bank's credit committee on restructuring (if applicable) of corporate loans in excess of GEL 1 million.

In February 2009 the Bank announced the restructuring package of loans to 15 residential real estate projects owned by ten Georgian residential real estate companies. These residential real estate projects are near completion and are commercially viable under recently reduced real estate prices, according to the Bank's analysis. Bank of Georgia can exercise forced sales clause, which enables the Bank to sell real estate at much lower than already reduced price and recover the exposure to the real estate developer. The Bank's total exposure to the afore-mentioned 15 projects amounts to approximately GEL 39 million (US$23 million) out of GEL 79 million of the total exposure to the real estate companies.

Retail Banking (RB)

In Q4 2008 RB Allocated Revenues reached GEL 48.5 million down 4.2% q-o-q and up 73.1% y-o-y, while Allocated Recurring Costs grew to GEL 18.7 million, up 0.9 % q-o-q and up 99.9% y-o-y. In Q4 2008 NNOI stood at GEL 29.8 million down 7.1% q-o-q and up 59.7% y-o-y, contributing 69.9% to the consolidated NNOI. RB's provision charge in Q4

2008 was GEL 24.2 million as compared to GEL 17.9 million provision charge in Q3 2008. Quarterly Net Income in Q4 2008 equaled GEL 1.4 million.

On annual basis for 2008 Allocated Revenues grew 93.5% y-o-y to GEL 180.6 million, while Allocated Recurring Costs increased by 75.5% y-o-y to GEL 75.9 million. NNOI grew 109.1% y-o-y to GEL 104.7 million, contributing 68.6% to the consolidated NNOI. Net Income increased 33.5% y-o-y to GEL 38.7 million.

RB Gross Loans grew to GEL 995.0 million up by 6.9% q-o-q and up 51.6% y-o-y driven by increased lending activity due to high demand for mortgages, car loans, consumer loans, credit cards and other retail banking products predominantly in 1H 2008. RB Client Deposits (including WM client deposits) decreased 0.9% y-o-y to GEL 419.3 million (up 5.8% q-o-q).

In light of the recent developments on the Georgian market, the Bank's retail banking strategy in Georgia has been modified. The new strategic priority entails an aggressive targeting of the mass affluent client base, with an aim to enhance retail deposit base and maximize revenue per client by means of improved client service, cost control and increased efficiency. RB time deposits grew 10.6 % q-o-q to GEL 241.1 million by 31 December 2008. In line with its strategy for retail banking, the Bank launched new investment deposit product, which guarantees principal and interest and additionally allows 15% participation in oil price movement.

In December 2008 the Bank completed the reorganization mainly involving its retail business lines, which were most impacted by the decline in lending volumes due to the economic slowdown in Georgia. The reorganization involved the closure of POS lending and mobile sales units. General consumer and mortgage lending units were merged and downsized. Going forward, the Bank's main priorities for retail business will be improving efficiency of the IT systems, customer service and cost control.

The reorganization of the RB also entails the optimization of the Bank's branch network. In January and February 2009, the Bank closed down 13 branches (mostly limited-service service centers in Populi supermarket chain) translating into an expected annual cost saving of up to GEL 0.5 million. Going forward, the Bank will continue the re-evaluation of the existing branches, with profitability and size of deposit portfolio being the main criteria. By the end of February 2009 the Bank renegotiated 32 out of 97 branch rental contracts, resulting in an expected annual cost savings of approximately GEL 1 million, or approximately 14 % decrease.

Management Change

Reflecting expected slowdown in the development in the retail business in Georgia and decision to put on hold the development of the retail business in Ukraine, the management structure of Retail Business Unit has been simplified and streamlined. Mikheil Gomarteli, formerly a Co-Head of Retail Banking in charge of Sales was appointed as Deputy Chief Executive Officer overseeing Retail Banking operations in Georgia. Shahram Sharifi, formerly Global Head of Retail Banking, was appointed as Head of Strategic Projects. In this new role he will focus on Technological improvements and increasing efficiency through the implementation of new strategic IT projects. Final decision on IT investments will be made in May 2009.

Wealth Management (WM)

In 2008 Allocated Revenues for WM was GEL 5.8 million, an increase of 22.9% y-o-y. Net Income equaled GEL 788 thousand as compared to Net Income of GEL 1.9 million for 2007. On a quarterly basis, Allocated Revenues was GEL 1.4 million, up 14.8% y-o-y and down 4.3% q-o-q. Net Income amounted to GEL 209 thousand in Q4 2008.

WM Gross Loans stood at GEL 55.5 million an increase of 25.6 % y-o-y and up 22.9% q-o-q. WM Client Deposits increased by 38.0% y-o-y to GEL 96.7 million, up 37.3% q-o-q.

Growth in WM deposits in Q4 is mainly attributable to WM's non-resident clients, in particular Israeli citizens, who account for about 30% of total WM deposits.

Further developing WM client base in Israel is a strategic priority for the Bank. In 2008 the Bank established a subsidiary in Israel: Georgian Financial Investments (GFI) with the view to attract high-yield short term deposits from Israeli high net worth individual clients, corporates and institutional investors. Michael Abramovitch, who joined the Bank in Tel Aviv in 2008 from Excellence Provident Fund, has been appointed as Head of GFI.

The Bank views WM as a strategically important funding tool for the Bank. Recently WM launched several new attractive products, including Investment deposits, the return on which is linked to the movement of oil and gold price, as well as deposits linked to currency hedging.

Management Change
Structured Products Department was merged with Wealth Management Business Unit and Vasil Revishvili, formerly Head of the Structure Products Department, was appointed as the Head of the merged entity. Before joining Bank of Georgia in August 2008, Mr. Revishvili worked for four years at Pictet Asset Management in London and Geneva as Senior Investment Manager.

BG Bank (Ukraine)

In Ukraine Q4 2008 was marked by rapid deterioration of the banking market environment due to significant devaluation of Hryvna, sharp economic slowdown and liquidity problems. The deterioration of the market environment has prompted the Bank's management to put on hold its strategic development plans for BG Bank and focus on BG Bank's liquidity, deposit retention, loan portfolio quality, and scaling down of its operations.

Although BG Banks liquidity and capital position remained strong throughout Q4 2008, the likely deterioration of the loan portfolio due to the economic downturn and Hryvna devaluation became apparent. Despite its solid operating performance, in Q4 2008 BG Bank recorded a Net Loss of GEL 10.7 million mainly driven by sharply increased loan loss provision charge for the quarter (GEL 23.3 million).

BG Bank's Revenue increased to GEL 13.6 million up 56.1 % q-o-q, while Allocated Recurring Costs stood at GEL 5.3 million down 20.9 % q-o-q as the result of aggressive cost-cutting measures initiated in Q3 2008. NNOI reached GEL 8.3 million up 317.3 % q-o-q. Net Loss for the quarter stood at GEL 10.7 million as compared to Net Income of GEL 0.7 million in Q3 2008.

On annual basis, BG Bank's Total Operating Income amounted to GEL 35.6 million, while Recurring Costs stood at GEL 26.3 million. NNOI reached GEL 9.3 million contributing 6.1 % to consolidated NNOI. Net Loss for 2008 stood at GEL 10.0 million.

BG Bank's Total Assets decreased by 30.2 % y-o-y to GEL 249.0 million (down 26.1 % q-o-q), largely due to the 31.4 % the depreciation of Hryvna against Lari in 2008. Gross Loans to Clients stood at GEL 201.3 million by 31 December 2008, down by 12.4 % y-o-y and down 21.6 % q-o-q. 57.0 % of BG Bank's gross loans is issued in Hryvna and the remaining loans are issued in foreign currency.

Client Deposits dropped 52.8 % y-o-y and 25.3 % q-o-q to GEL 127.4 million. As expressed in Hryvna, BG Bank's Client Deposits in Q4 2008 remained unchanged. BG Bank's Total Liabilities stood at GEL 183.9 million at year-end 2008 as compared to GEL 286.8 million at year end 2007.

Economic downturn resulted in expected deterioration of the quality of BG Bank's loan portfolio. In Q4 2008 BG Bank booked a GEL 23.3 million loan loss provision charge as compared to loan loss provision charge of GEL 0.5 million in Q3 2008. At year-end 2008, BG Bank's NPLs stood at GEL 6.6 million, or 3.3 % of BG Bank's Gross Loan book. The NPL coverage ratio stood at 319.4 % as of 31 December 2008. Loan Loss Reserves to Gross Loans amounted to 10.5%.

BG Bank's leverage is at a healthy 2.9x. Unlike most of the banks in Ukraine, BG Bank has no international wholesale funding to be refinanced in 2009. The bank's exposure to the real estate development sector is limited to GEL 21.3 million.

As of 31 December 2008, Capital Adequacy Ratio of the BG Bank stood at 21.0% by the requirements of the National Bank of Ukraine. According to the requirement of the National Bank of Ukraine this ratio should be no less than 8%. Excess Tier I Capital as of 31 December 2008 amounted to UAH 183 million (US$23.8 million)

Market environment in Ukraine continued to deteriorate in January and February 2009. US$/UAH exchange rate depreciated further and as of 27 February stood at 7.7, the deposit outflow continued despite certain restrictions on deposit withdrawals introduced by NBU, and loan portfolio continued to deteriorate.

In this new increasingly challenging market environment BG Bank's priorities are:

- Increasing bank's deposit base, in particular retail deposits, by reducing outflow of existing deposits and acquiring new depositors;
- Working with the banks borrowers focusing on restructuring/recovery of problem loans;
- Finding additional sources of liquidity in Ukraine and internationally; and
- Cost optimization through downscaling of the operations.

Belarus

In Q4 2008 BNB's Total Operating Income increased to GEL 2.1 million, up 0.8 % q-o-q, while Recurring Costs stood at GEL 1.5 million up 16.3 % q-o-q, resulting in a Net Income of GEL 243 thousand, down 76.2 % q-o-q. On 31 December 2008 BNB's Total Assets stood at GEL 73.7 million, up 10.5 % q-o-q and Gross Loans to Clients equaled GEL 36.6 million, up 5.4 % q-o-q. Client Deposits amounted to GEL 30.7 million, up 15.7 % q-o-q, while Total Liabilities stood at GEL 32.1 million up 7.8 % q-o-q.

Total Capital Adequacy after devaluation of Belarusian Ruble by 20% stood at solid 54.5%, while Tier I Capital Adequacy Ratio amounted to 30.1%. National Bank of Belarus requires Total Capital Adequacy ratio of 8% and Tier I Capital Adequacy Ratio of 6 %.

Management Change

Constantin Tsereteli, formerly a Co-Head of Retail Banking in Georgia, has been seconded for a year as a Deputy Chief Executive Officer of BNB, with a mandate to increase efficiency of BNB's operations and to further develop BNB's business, in particular SME and Micro businesses, as well as retail business, focusing mostly on mass affluent client base for the deposit gathering purposes.

Galt & Taggart Securities (GTS)

Against the background of rapidly developing global financial crisis and falling equity markets in Georgia and Ukraine (in Q4 2008 GTS Index decreased by 40.6 % and the PFTS Index decreased by 18.4 %) GTS continued scaling down, restructuring and reducing risk profile of its business, adjusting its operation to the new market realities.

In Q4 2008 GTS staff was further downsized from 58 to 37. Headcount was further reduced in January and February 2009. Savings were also achieved through the reduction of rent expense and a stricter travel policy for GTS employees.

In Q4 2008 GTS reported a Net Loss of GEL 0.8 million, an improvement compared to Net Loss of GEL 2.3 million in Q3 2008. For the full year 2008 GTS recorded net loss of GEL 7.5 million.

Asset Management (AM)

The following key entities are included in the AM segment: Galt & Taggart Asset Management ("GTAM"), the Bank's asset management arm, majority owned by the Bank; JSC Liberty Consumer ("LC"), a GSE-listed consumer-and retail- oriented investment company managed by GTAM in which the Bank owns 65.24% equity stake and JSC SB Real Estate ("SBRE"), a real estate investment company managed by GTAM in which LC owns 52.08% equity stake.

As part of its strategy in 2008, the Bank declared its intention to review its positions in GTAM, LC and SBRE. The Bank has held discussions with potential buyers/investors for each of these assets, however due to challenging market conditions none of these transactions were completed. Going forward the Bank plans to continue exploring its options in respect of GTAM, LC and SBRE.

In Q4 2008 AM reported Net Loss of GEL 12.1 million, as compared to Net Loss of GEL 0.41 million in Q3 2008 and Net Income of GEL 13.8 million in Q4 2007. The quarterly net loss was mainly driven by the revaluation of investment real estate properties owned by SBRE following a drop in real estate prices in Georgia in 2H 2008.

On annual basis in 2008 AM reported Net Loss of GEL 0.9 million as compared to Net Income of GEL 12.7 million in 2007.

On 31 December 2008 LC had total assets of GEL 100.6 million and net book value of GEL 70.6 million and SBRE had total assets of GEL 53.2 million and net book value of GEL 38.0 million.

Insurance

Gross Premiums Written of Aldagi BCI, the bank's fully-owned Georgian insurance subsidiary, increased by 45.9 % y-o-y to GEL 61.1 million in 2008. Net Premiums Earned grew 122.6 % y-o-y to GEL 37.1 million. Revenues increased by 10.2 % y-o-y to GEL 7.5 million in 2008. Net Loss in 2008 equaled GEL 5.0 million. On a quarterly basis, Revenues increased by 30.2% y-o-y to GEL 1.0 million, while Net Loss amounted to GEL 4.6 million for Q4 2008.

Insurance business showed poor results due to non-recurring FX loss of GEL 2.1 million, a result of Lari devaluation in November 2008, severance package of (GEL 0.7 million) and the negative effect of the outstanding number of health insurance contracts in 2008. A GEL 6.7 million loss was attributed to 10 health insurance contracts during the year. Seven loss making contracts that accounted for a GEL 4.2 million loss have been cancelled in the beginning of 2009. Gross written premium has been increased significantly on two contracts, which contributed GEL 1.8 million to the 2008 losses. One of these contracts expires in Q1 2009.

In Q4 2008 the Government of Georgia announced that in 2009 it intends to increase premium on health insurance for socially vulnerable population from GEL 11.0 per person per month to GEL 15.0 and no additional health services will be included. This increase makes participation in the program for socially vulnerable economically attractive and Aldagi BCI intends to participate in tender process in 2009.

In June 2008 insurance companies in Georgia (including Aldagi BCI) increased health insurance premium on average by 250%. Aldagi BCI's loss ratio on newly acquired clients or renewed health insurance contracts (41,000 clients) under new tariffs amounted to 45%. Clean-up of old health insurance portfolio and introduction of new tariffs are expected to positively affect P&L of Aldagi BCI in 2009.

Currently, Aldagi BCI insures 205,000 people, of which 58,000 are socially vulnerable, 42,000 are insured through municipality of Tbilisi and the rest are insured through insurance programs offered by their employers.

Aldagi BCI's restructuring of its *Bancassurance* business resulted in a headcount reduction by 55 employees (on 31 January 2009 Aldagi BCI's total staff was 255), representing annual cost saving of GEL 600,000.

In 2009 Aldagi BCI's objective is to improve its profitability through better claims management, cost control and efficiency. In line with its strategy of focusing on its core businesses, the Bank continues considering its strategic options in respect of Aldagi BCI.

Comments

"We are very pleased that despite the global financial crisis and economic slowdown our Georgian banking business, which accounts for a large majority of our assets and net income, is holding up well. Being the largest bank in Georgia, we are, of course, highly dependent on the macroeconomic environment in the country. Fortunately, despite a slowdown, Georgian economy has performed well compared to other countries in our region. National currency has devalued by 17% in November without causing too much excitement amongst general population, public finances remain sound and banking system remains stable.

In Q4 the Bank successfully completed several projects which strengthened its position vis-à-vis difficult market environment. In December we secured US$239 million in wholesale funding from IFC, EBRD and OPIC, which allows the Bank to comfortably meet all our obligations on repayment of international debt through 2011.

Also in December we completed a large-scale reorganization of our retail business in Georgia, which helped to adjust our business to declining retail lending volumes and re-focus front office employees on closer work with existing client base and deposit-gathering. Anticipating deterioration in our loan book we have allocated significant resources to working on restructuring and collection of problematic corporate and retail loans.

Regrettably, some of our subsidiaries were unable to avoid losses related to the economic slowdown and currency devaluation. SBRE booked a GEL 13.1 million loss on its investment real estate portfolio for the quarter and Aldagi BCI and Georgian Leasing Company booked a GEL 3.3 million loss due to devaluation of Lari.

In Ukraine we have put on hold our development plans for BG Bank due to increasingly difficult market environment and now are focused on managing BG Bank's liquidity, deposit retention and quality of the loan portfolio. The Bank's senior management intends to be directly and actively involved in day-to-day management of BG Bank until Ukraine's macro environment and banking system show signs of a durable stability.

Due to the challenging market environment in Q4 we have been unable to move forward our strategy of reducing the Bank's involvement in Aldagi BCI, LC and SBRE. Although we held preliminary discussions with several potential investors, we were unable to progress further due the global financial crisis. However, re-focusing on our core businesses remains our strategic priority and we intend to renew discussions with potential investors as soon as the market environment permits", commented ***Nicholas Enukidze***, Chairman of the Supervisory Board.

SEGMENT RESULTS

Total Operating Income (Revenue)	Growth y-o-y	2008	Share	2007	Share
Corporate Banking	36.83%	97,723	28.69%	71,418	32.54%
Retail Banking	93.51%	180,644	53.03%	93,349	42.54%
Wealth Management	22.91%	5,793	1.70%	4,713	2.15%
Ukraine	412.06%	35,568	10.44%	6,946	3.17%
Belarus	NMF	4,192	1.23%	-	0.00%
Galt & Taggart Securities	-97.85%	485	0.14%	22,556	10.28%
Asset Management	-84.26%	3,539	1.04%	22,481	10.24%
Insurance	10.22%	7,457	2.19%	6,766	3.08%
Corporate Center/Eliminations	-160.08%	5,273	1.55%	(8,777)	-4.00%
Total Operating Income (Revenue)	**55.24%**	**340,674**	**100.00%**	**219,452**	**100.00%**

Total Recurring Operating Costs					
Corporate Banking	-5.07%	21,340	11.35%	22,481	19.14%
Retail Banking	75.45%	75,933	40.38%	43,278	36.85%
Wealth Management	67.29%	3,139	1.67%	1,876	1.60%
Ukraine	457.11%	26,317	14.00%	4,724	4.02%
Belarus	NMF	2,844	1.51%	-	0.00%
Galt & Taggart Securities	53.26%	9,989	5.31%	6,517	5.55%
Asset Management	-0.12%	6,801	3.62%	6,809	5.80%
Insurance	28.20%	9,574	5.09%	7,468	6.36%
Corporate Center/Eliminations	32.18%	32,105	17.07%	24,289	20.68%
Total Recurring Operating Costs	**60.11%**	**188,041**	**100.00%**	**117,443**	**100.00%**

Net Income/Loss					
Corporate Banking	-49.18%	15,470	2068.18%	30,441	40.24%
Retail Banking	33.50%	38,682	5171.39%	28,976	38.31%
Wealth Management	-59.33%	788	105.35%	1,938	2.56%
Ukraine	-715.39%	(10,015)	-1338.90%	1,627	2.15%
Belarus	NMF	1,263	168.85%	-	0.00%
Galt & Taggart Securities	-162.49%	(7,520)	-1005.35%	12,034	15.91%
Asset Management	-107.24%	(918)	-122.73%	12,686	16.77%
Insurance	589.36%	(4,986)	-666.58%	(723)	-0.96%
Corporate Center/Eliminations	182.37%	(32,016)	-4280.21%	(11,338)	-14.99%
Net Income	**-99.01%**	**748**	**100.00%**	**75,642**	**100.00%**

Basic EPS Contribution	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate Banking	-57.19%	0.50	2500.00%	1.17	40.34%
Retail Banking	12.46%	1.25	6250.00%	1.11	38.28%
Wealth Management	-65.74%	0.03	150.00%	0.07	2.41%
Ukraine	-618.41%	(0.32)	-1600.00%	0.06	2.07%
Belarus	NMF	0.04	200.00%	-	0.00%
Galt & Taggart Securities	-152.64%	(0.24)	-1200.00%	0.46	15.86%
Asset Management	-106.10%	(0.03)	-150.00%	0.49	16.90%
Insurance	480.72%	(0.16)	-800.00%	(0.03)	-1.03%
Corporate Center/Eliminations	137.88%	(1.05)	-5250.00%	(0.44)	-14.83%
Total	**-99.17%**	**0.02**	**100.00%**	**2.90**	**100.00%**

SEGMENT RESULTS CONT'D

Total Operating Income (Revenue)	**Growth y-o-y**	**Q4 2008**	**Share**	**Q3 2008**	**Share**	**Q4 2007**	**Share**	**Growth q-o-q**
Corporate Banking	16.80%	26,118	29.77%	24,680	28.73%	22,361	32.85%	5.83%
Retail Banking	73.13%	48,514	55.29%	50,621	58.92%	28,023	41.17%	-4.16%
Wealth Management	14.84%	1,421	1.62%	1,485	1.73%	1,237	1.82%	-4.31%
Ukraine	95.87%	13,605	15.51%	8,714	10.14%	6,946	10.20%	56.12%
Belarus	NMF	2,105	2.40%	2,087	2.43%	-	0.00%	NMF
Galt & Taggart Securities	-53.09%	1,807	2.06%	(1,934)	-2.25%	3,852	5.66%	-193.44%
Asset Management	-154.88%	(11,019)	-12.56%	477	0.55%	20,078	29.49%	-2412.13%
Insurance	30.21%	956	1.09%	2,101	2.45%	734	1.08%	-54.48%
Corporate Center/Eliminations	-127.95%	4,237	4.83%	(2,316)	-2.70%	(15,158)	-22.27%	-282.92%
Total Operating Income (Revenue)	**28.90%**	**87,744**	**100.00%**	**85,914**	**100.00%**	**68,073**	**100.00%**	**2.13%**

Total Recurring Operating Costs								
Corporate Banking	-68.83%	2,532	5.62%	4,609	9.30%	8,124	24.21%	-45.06%
Retail Banking	99.91%	18,702	41.49%	18,531	37.30%	9,355	27.88%	0.92%
Wealth Management	-109.34%	(38)	-0.08%	1,844	3.70%	403	1.20%	-102.04%
Ukraine	12.66%	5,322	11.81%	6,730	13.60%	4,724	14.08%	-20.92%
Belarus	NMF	1,529	3.39%	1,315	2.60%	-	0.00%	16.30%
Galt & Taggart Securities	84.19%	3,166	7.02%	894	1.80%	1,719	5.12%	254.14%
Asset Management	-44.52%	1,634	3.62%	984	2.00%	2,945	8.78%	66.05%
Insurance	14.41%	2,909	6.45%	2,236	4.50%	2,543	7.58%	30.14%
Corporate Center/Eliminations	149.27%	9,318	20.67%	12,484	25.20%	3,738	11.14%	-25.36%
Total Recurring Operating Costs	**34.35%**	**45,075**	**100.00%**	**49,627**	**100.00%**	**33,551**	**100.00%**	**-9.17%**

Net Income/Loss								
Corporate Banking	355.90%	38,218	-6991.11%	(45,630)	77.39%	8,383	32.53%	-183.76%
Retail Banking	-82.19%	1,440	-263.34%	11,488	-19.49%	8,085	31.37%	-87.47%
Wealth Management	-63.73%	209	-38.32%	(406)	0.69%	577	2.24%	-151.59%
Ukraine	-757.27%	(10,696)	1956.65%	721	-1.22%	1,627	6.31%	-1583.20%
Belarus	NMF	243	-44.40%	1,020	-1.73%	-	0.00%	NMF
Galt & Taggart Securities	-174.11%	(821)	150.20%	(2,292)	3.89%	1,108	4.30%	-64.18%
Asset Management	-187.25%	(12,073)	2208.38%	(410)	0.70%	13,837	53.69%	2845.04%
Insurance	237.93%	(4,625)	846.02%	(26)	0.04%	(1,369)	-5.31%	17660.31%
Corporate Center/Eliminations	92.14%	(12,442)	2275.91%	(23,423)	39.73%	(6,475)	-25.12%	-46.88%
Net Income/Loss	**-102.12%**	**(547)**	**100.00%**	**(58,958)**	**100.00%**	**25,774**	**100.00%**	**-99.07%**

Basic EPS Contribution	**Growth y-o-y**	**Contribution**	**Share**	**Contribution**	**Share**	**Contribution**	**Share**	**Growth q-o-q**
Corporate Banking	323.46%	1.25	-6250.00%	(1.51)	77.04%	0.29	30.53%	-182.75%
Retail Banking	-90.32%	0.03	-150.00%	0.37	-18.88%	0.28	29.47%	-92.51%
Wealth Management	-68.38%	0.01	-50.00%	(0.01)	0.51%	0.02	2.11%	-147.26%
Ukraine	-654.25%	(0.35)	1750.00%	0.02	-1.02%	0.06	6.32%	-1560.69%
Belarus	NMF	0.01	-50.00%	0.03	-1.53%	-	0.00%	-78.12%
Galt & Taggart Securities	-179.62%	(0.02)	100.00%	(0.07)	3.57%	0.03	3.16%	-68.58%
Asset Management	-174.37%	(0.40)	2000.00%	(0.02)	1.02%	0.53	55.79%	2122.52%
Insurance	180.08%	(0.15)	800.00%	(0.00)	0.00%	(0.05)	-5.26%	NMF
Corporate Center/Eliminations	78.56%	(0.39)	1950.00%	(0.77)	39.29%	(0.22)	-22.11%	-49.10%
Total	**-101.93%**	**(0.02)**	**100.00%**	**(1.96)**	**100.00%**	**0.95**	**100.00%**	**-99.06%**

SEGMENT RESULTS CONT'D

Total Assets	**Growth y-o-y**	**December-08**	**Share**	**December-07**	**Share**
Corporate Banking	-5.59%	1,396,447	42.39%	1,479,181	50.08%
Retail Banking	35.26%	1,503,318	45.63%	1,111,388	37.63%
Wealth Management	11.75%	84,348	2.56%	75,481	2.56%
Ukraine	-30.21%	248,964	7.56%	356,756	12.08%
Belarus	NMF	73,707	2.24%	-	0.00%
Galt & Taggart Securities	-52.39%	23,873	0.72%	50,141	1.70%
Asset Management	46.30%	109,935	3.34%	75,146	2.54%
Insurance	39.16%	86,226	2.62%	61,963	2.10%
Corporate Center/Eliminations	-9.46%	(232,193)	-7.05%	(256,445)	-8.68%
Total Assets	**11.55%**	**3,294,625**	**100.00%**	**2,953,611**	**100.00%**

Loans to Clients, Gross					
Corporate Banking	5.12%	918,790	41.78%	874,030	49.68%
Retail Banking	51.57%	995,040	45.25%	656,482	37.32%
Wealth Management	25.61%	55,527	2.52%	44,204	2.51%
Ukraine	NMF	201,314	9.15%	229,756	13.06%
Belarus	NMF	36,566	1.66%	-	0.00%
Galt & Taggart Securities	0.00%	-	0.00%	-	0.00%
Asset Management	0.00%	-	0.00%	-	0.00%
Insurance	0.00%	-	0.00%	-	0.00%
Corporate Center/Eliminations	-82.04%	(8,113)	-0.37%	(45,174)	-2.57%
Total Loans to Clients	**25.00%**	**2,199,124**	**100.00%**	**1,759,297**	**100.00%**

Total Liabilities					
Corporate Banking	-0.87%	1,205,304	46.69%	1,215,841	50.75%
Retail Banking	23.12%	921,254	35.68%	748,236	31.23%
Wealth Management	34.79%	129,995	5.04%	96,446	4.03%
Ukraine	-35.86%	183,942	7.12%	286,766	11.97%
Belarus	NMF	32,050	1.24%	-	0.00%
Galt & Taggart Securities	-9.09%	16,906	0.65%	18,596	0.78%
Asset Management	16.16%	36,928	1.43%	31,791	1.33%
Insurance	58.83%	70,495	2.73%	44,385	1.85%
Corporate Center/Eliminations	-67.36%	(15,158)	-0.59%	(46,441)	-1.94%
Total Liabilities	**7.77%**	**2,581,716**	**100.00%**	**2,395,620**	**100.00%**

Client Deposits					
Corporate Banking	-14.10%	649,037	52.43%	687,338	50.71%
Retail Banking	1.00%	322,579	26.06%	353,212	26.06%
Wealth Management	10.10%	96,702	7.81%	70,074	5.17%
Ukraine	NMF	127,359	10.29%	269,944	19.92%
Belarus	NMF	30,721	2.48%	-	0.00%
Galt & Taggart Securities	326.70%	11,451	0.93%	8,630	0.64%
Asset Management	0.00%	-	0.00%	-	0.00%
Insurance	0.00%	-	0.00%	-	0.00%
Corporate Center/Eliminations	0.00%	-	0.00%	(33,722)	-2.49%
Total Client Deposits	**12.90%**	**1,237,849**	**100.00%**	**1,355,476**	**100.00%**

Book Value Per Share	**Growth y-o-y**	**Contribution**	**Share**	**Contribution**	**Share**
Corporate Banking	-36.93%	6.12	26.81%	9.70	47.19%
Retail Banking	39.27%	18.62	81.65%	13.37	65.08%
Wealth Management	89.18%	(1.46)	-6.40%	(0.77)	-3.76%
Ukraine	-19.28%	2.08	9.12%	2.58	12.54%
Belarus	NMF	1.33	5.84%	-	0.00%
Galt & Taggart Securities	-80.81%	0.22	0.98%	1.16	5.65%
Asset Management	46.31%	2.34	10.24%	1.60	7.77%
Insurance	-22.24%	0.50	2.21%	0.65	3.15%
Corporate Center/Eliminations	-10.20%	(6.94)	-30.44%	(7.73)	-37.64%
Book Value Per Share	**11.01%**	**22.81**	**100.00%**	**20.55**	**100.00%**

STANDALONE 2008 INCOME STATEMENT DATA

Period Ended	2008		2007		Growth[3]
Standalone, IFRS Based	**US$[1]**	**GEL**	**US$[2]**		**Y-O-Y**
000s, unless otherwise noted	**(Unaudited)**		**(Unaudited)**		
Interest Income	215,813	359,761	146,392	232,997	54.4%
Interest Expense	97,462	162,469	67,139	106,858	52.0%
Net Interest Income	**118,352**	**197,292**	**79,253**	**126,138**	**56.4%**
Fee & Commission Income	26,672	44,462	20,192	32,138	38.3%
Fee & Commission Expense	4,440	7,402	3,070	4,887	51.5%
Net Fee & Commission Income	**22,231**	**37,060**	**17,122**	**27,251**	**36.0%**
Income From Documentary Operations	5,206	8,679	4,894	7,789	11.4%
Expense On Documentary Operations	1,349	2,249	1,282	2,040	10.2%
Net Income From Documentary Operations	**3,858**	**6,431**	**3,612**	**5,749**	**11.8%**
Net Foreign Currency Related Income	**21,725**	**36,215**	**15,628**	**24,874**	**45.6%**
Net Other Non-Interest Income	**402**	**669**	**252**	**401**	**67.0%**
Net Non-Interest Income	**48,215**	**80,375**	**36,614**	**58,275**	**37.9%**
Total Operating Income (Revenue)	**166,567**	**277,667**	**115,867**	**184,413**	**50.6%**
Personnel Costs	39,908	66,527	32,606	51,895	28.2%
Selling, General & Administrative Costs	14,044	23,412	9,106	14,492	61.5%
Procurement & Operations Support Expenses	7,973	13,291	5,815	9,255	43.6%
Depreciation & Amortization	9,303	15,507	5,199	8,274	87.4%
Other Operating Expenses	1,623	2,706	1,152	1,833	47.6%
Total Recurring Operating Costs	**72,851**	**121,442**	**53,877**	**85,750**	**41.6%**
Normalized Net Operating Income	**93,716**	**156,225**	**61,990**	**98,663**	**58.3%**
Net Non-Recurring Income (Costs)	(7,815)	(13,028)	(6,607)	(10,515)	23.9%
Profit Before Provisions	**85,901**	**143,198**	**55,383**	**88,148**	**62.5%**
Net Provision Expense/(Benefit)	**70,202**	**117,026**	**10,046**	**15,990**	**631.9%**
Pre-Tax Income	**15,700**	**26,171**	**45,337**	**72,158**	**-63.7%**
Income Tax Expense (Benefit)	2,355	3,926	6,451	10,268	-61.8%
Net Income	**13,345**	**22,245**	**38,885**	**61,890**	**-64.1%**

[1] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6670 per U$S1.00, 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 31 December 2008

[2] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.5916 per U$S1.00, 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 31 December 2007

[3] Growth calculations based on GEL values

STANDALONE Q4 2008 INCOME STATEMENT DATA

Period Ended	**Q4 2008**		**Q3 2008**		**Growth[3]**	**Q4 2007**		**Growth**
Standalone, IFRS Based	**US$[1]**	**GEL**	**US$[2]**	**GEL**	**Q-O-Q**	**US$[4]**	**GEL**	**Y-O-Y**
000s, unless otherwise noted	**(Unaudited)**		**(Unaudited)**			**(Unaudited)**		
Interest Income	56,238	93,748	66,867	93,948	-0.2%	44,442	70,735	32.5%
Interest Expense	26,404	44,015	29,746	41,793	5.3%	22,646	36,043	22.1%
Net Interest Income	**29,834**	**49,733**	**37,121**	**52,155**	**-4.6%**	**21,797**	**34,691**	**43.4%**
Fee & Commission Income	6,883	11,474	7,377	10,364	10.7%	6,629	10,551	8.7%
Fee & Commission Expense	1,368	2,281	1,275	1,791	27.3%	1,118	1,780	28.2%
Net Fee & Commission Income	**5,515**	**9,193**	**6,102**	**8,573**	**7.2%**	**5,511**	**8,771**	**4.8%**
Income From Documentary Operations	1,323	2,205	1,592	2,237	-1.5%	1,545	2,459	-10.3%
Expense On Documentary Operations	470	783	390	548	43.0%	337	537	46.0%
Net Income From Documentary Operations	**853**	**1,421**	**1,202**	**1,689**	**-15.9%**	**1,208**	**1,923**	**-26.1%**
Net Foreign Currency Related Income	**4,552**	**7,588**	**5,903**	**8,293**	**-8.5%**	**5,360**	**8,532**	**-11.1%**
Net Other Non-Interest Income	**402**	**669**	**466**	**655**	**2.2%**	**145**	**230**	**190.8%**
Net Non-Interest Income	**11,321**	**18,872**	**13,673**	**19,211**	**-1.8%**	**12,224**	**19,456**	**-3.0%**
Total Operating Income (Revenue)	**41,155**	**68,605**	**50,794**	**71,366**	**-3.9%**	**34,020**	**54,147**	**26.7%**
Personnel Costs	7,641	12,737	13,688	19,232	-33.8%	7,439	11,840	7.6%
Selling, General & Administrative Costs	4,206	7,011	3,950	5,550	26.3%	2,826	4,497	55.9%
Procurement & Operations Support Expenses	2,158	3,598	2,382	3,347	7.5%	1,580	2,514	43.1%
Depreciation & Amortization	2,549	4,249	3,054	4,291	-1.0%	1,614	2,570	65.4%
Other Operating Expenses	(27)	(46)	926	1,301	-103.5%	502	799	-105.7%
Total Recurring Operating Costs	**16,527**	**27,550**	**24,001**	**33,721**	**-18.3%**	**13,961**	**22,220**	**24.0%**
Normalized Net Operating Income	**24,628**	**41,055**	**26,794**	**37,645**	**9.1%**	**20,059**	**31,927**	**28.6%**
Net Non-Recurring Income (Costs)	(7,213)	(12,024)	(1,403)	(1,971)	510.2%	(6,608)	(10,517)	14.3%
Profit Before Provisions	**17,416**	**29,032**	**25,391**	**35,675**	**-18.6%**	**13,451**	**21,409**	**35.6%**
Net Provision Expense	**(1,244)**	**(2,074)**	**73,916**	**103,852**	**-102.0%**	**5,280**	**8,403**	**-124.7%**
Pre-Tax Income	**18,659**	**31,105**	**(48,525)**	**(68,177)**	**NMF**	**8,172**	**13,006**	**139.2%**
Income Tax Expenses/(Benefit)	2,799	4,666	(7,279)	(10,227)	NMF	(982)	(1,562)	-398.7%
Net Income	**15,861**	**26,440**	**(41,246)**	**(57,951)**	**NMF**	**9,153**	**14,568**	**81.5%**

[1] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6670 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 31 December 2008
[2] 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
[3] Growth calculations based on GEL values
[4] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.5916 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 31 December 2007

STANDALONE YE 2008 BALANCE SHEET DATA

	31-Dec-08		30-Sep-08		31-Dec-07		Growth[4]	Growth[4]
Standalone, IFRS Based	US$[1]	GEL	US$[2]	GEL	US$[3]	GEL	Y-O-Y	Q-O-Q
000s, unless otherwise noted	(Unaudited)		(Unaudited)		(Unaudited)			
Cash & Cash Equivalents	93,298	155,528	85,013	119,444	58,856	93,675	66.0%	30.2%
Loans & Advances To Credit Institutions	197,804	329,739	198,939	279,510	201,338	378,532	2.9%	18.0%
Mandatory Reserve With NBG	18,539	30,904	11,043	15,515	51,569	82,077	-62.3%	99.2%
Other Accounts With NBG	25,791	42,993	107,474	151,002	49,100	78,148	-45.0%	-71.5%
Balances With & Loans To Other Banks	153,474	255,842	80,422	112,994	100,669	160,225	59.7%	126.4%
Available-For-Sale & Trading Securities	-	-	-	-	-	-	NMF	NMF
Treasuries & Equivalents	4,963	8,274	12,852	18,057	23,729	37,768	-78.1%	-54.2%
Other Fixed Income Instruments	8,893	14,825	11,713	16,457	95,756	152,405	-90.3%	-9.9%
Gross Loans To Clients	1,192,652	1,988,151	1,270,888	1,785,598	967,180	1,539,364	29.2%	11.3%
Less: Reserve For Loan Losses	(60,100)	(100,187)	(86,801)	(121,956)	(18,473)	(29,402)	240.8%	-17.8%
Net Loans To Clients	1,132,552	1,887,963	1,184,087	1,663,642	948,707	1,509,962	25.0%	13.5%
Investments In Other Business Entities, Net	177,138	295,290	224,347	315,207	120,261	191,408	54.3%	-6.3%
Property & Equipment Owned, Net	147,884	246,523	161,339	226,681	96,836	154,124	60.0%	8.8%
Intangible Assets Owned, Net	2,577	4,295	2,821	3,964	1,208	1,922	123.4%	8.4%
Goodwill	13,604	22,678	16,116	22,643	13,850	22,044	2.9%	0.2%
Tax Assets - Current & Deferred	-	-	-	-	-	-	NMF	NMF
Prepayments & Other Assets	10,351	17,255	36,128	50,760	17,377	27,657	-37.6%	-66.0%
Total Assets	**1,789,065**	**2,982,372**	**1,933,355**	**2,716,364**	**1,577,918**	**2,569,495**	**18.8%**	**9.8%**
Client Deposits	640,862	1,068,318	692,225	972,576	697,804	1,110,624	-3.8%	9.8%
Deposits & Loans From Banks	35,854	59,768	64,350	90,411	15,975	25,426	135.1%	-33.9%
Borrowed Funds	674,906	1,125,069	674,592	947,801	543,066	864,344	30.2%	18.7%
Issued Fixed Income Securities	-	-	-	-	-	-	NMF	NMF
Insurance Related Liabilities	-	-	-	-	-	-	NMF	NMF
Tax Liabilities - Current & Deferred	10,350	17,254	11,274	15,840	14,215	22,624	-23.7%	8.9%
Accruals & Other Liabilities	14,015	23,363	18,375	25,817	18,322	29,161	-19.9%	-9.5%
Total Liabilities	**1,375,987**	**2,293,771**	**1,460,815**	**2,052,445**	**1,289,382**	**2,052,180**	**11.8%**	**11.8%**
Ordinary Shares	18,748	31,253	22,242	31,250	17,061	27,155	15.1%	0.0%
Share Premium	280,098	466,924	330,844	464,836	197,455	314,269	48.6%	0.4%
Treasury Shares	(700)	(1,167)	(834)	(1,171)	(958)	(1,525)	-23.5%	-0.4%
Retained Earnings	79,121	131,894	83,872	117,841	39,536	62,926	109.6%	11.9%
Revaluation & Other Reserves	22,467	37,452	39,400	55,357	33,049	52,600	-28.8%	-32.3%
Net Income (Loss) For The Period	13,345	22,245	(2,985)	(4,194)	38,885	61,890	-64.1%	-630.4%
Shareholders' Equity Excluding Minority Interest	**413,078**	**688,601**	**472,540**	**663,919**	**325,028**	**517,315**	**33.1%**	**3.7%**
Minority Interest	-	-	-	-	-	-	NMF	NMF
Total Shareholders' Equity	**413,078**	**688,601**	**472,540**	**663,919**	**325,028**	**517,315**	**33.1%**	**3.7%**
Total Liabilities & Shareholders' Equity	**1,789,065**	**2,982,372**	**1,933,355**	**2,716,364**	**1,614,410**	**2,569,495**	**16.1%**	**9.8%**

[1] Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6770 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 31 December 2008
[2] 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
[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] Growth calculations based on GEL values

CONSOLIDATED 2008 INCOME STATEMENT DATA

Period Ended	**2008**		**2007**		**Growth[3]**
Consolidated, IFRS Based	**US$[1]**	**GEL**	**US$[2]**		**Y-O-Y**
000s, unless otherwise noted	**(Unaudited)**		**(Audited)**		
Interest Income	246,965	411,690	152,239	242,304	69.91%
Interest Expense	115,780	193,006	70,423	112,085	72.20%
Net Interest Income	**131,184**	**218,684**	**81,816**	**130,219**	**67.94%**
Fee & Commission Income	30,125	50,218	25,489	40,569	23.78%
Fee & Commission Expense	5,207	8,679	2,871	4,570	89.92%
Net Fee & Commission Income	**24,918**	**41,538**	**22,618**	**35,999**	**15.39%**
Income From Documentary Operations	5,206	8,679	4,894	7,789	11.43%
Expense On Documentary Operations	1,349	2,249	1,282	2,040	10.23%
Net Income From Documentary Operations	**3,858**	**6,431**	**3,612**	**5,749**	**11.86%**
Net Foreign Currency Related Income	**30,847**	**51,422**	**16,782**	**26,710**	**92.52%**
Net Insurance Income	4,200	7,001	3,432	5,462	28.18%
Brokerage Income	2,027	3,379	2,423	3,857	-12.38%
Asset Management Income	666	1,111	1,422	2,263	-50.92%
Realized Net Investment Gains (Losses)	(2,052)	(3,421)	3,400	5,412	-163.21%
Other	8,715	14,528	2,377	3,782	284.10%
Net Other Non-Interest Income	**13,557**	**22,599**	**13,053**	**20,776**	**8.77%**
Net Non-Interest Income	**73,179**	**121,989**	**56,065**	**89,234**	**36.71%**
Total Operating Income (Revenue)	**204,363**	**340,674**	**137,881**	**219,452**	**55.24%**
Personnel Costs	61,725	102,895	47,524	75,639	36.03%
Selling, General & Administrative Costs	28,402	47,346	9,933	15,809	199.50%
Procurement & Operations Support Expenses	8,215	13,694	5,815	9,255	47.95%
Depreciation & Amortization	11,776	19,631	6,197	9,863	99.04%
Other Operating Expenses	2,684	4,475	4,320	6,876	-34.92%
Total Recurring Operating Costs	**112,802**	**188,041**	**73,789**	**117,443**	60.11%
Normalized Net Operating Income	**91,561**	**152,633**	**64,093**	**102,010**	49.63%
Net Non-Recurring Income (Costs)	(12,447)	(20,749)	2,982	4,746	-537.21%
Profit Before Provisions	**79,115**	**131,884**	**67,074**	**106,755**	**23.54%**
Net Provision Expense/(Benefit)	**79,653**	**132,782**	**10,708**	**17,043**	**679.08%**
Pre-Tax Income	**(538)**	**(898)**	**56,366**	**89,712**	**-101.00%**
Income Tax Expense (Benefit)	(987)	(1,646)	8,840	14,070	-111.70%
Net Income	**449**	**748**	**47,526**	**75,642**	**-99.01%**
Weighted Average Number of Shares Outstanding (*000s*)		30,932		26,057	18.71%
Fully Diluted Number of Shares Period End (*000s*)		31,253		27,250	14.69%
EPS (Basic)	0.01	0.02	1.82	2.90	-99.17%
EPS (Fully Diluted)	0.01	0.02	1.74	2.78	-99.14%

[1] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6670 per U$S1.00, 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 31 December 2008

[2] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.5916 per U$S1.00, 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 31 December 2007

[3] Growth calculations based on GEL values

CONSOLIDATED Q4 2008 INCOME STATEMENT DATA

Period Ended	**Q4 2008**		**Q3 2008**		**Growth[3]**	**Q4 2007**		**Growth**
Consolidated, IFRS Based	**US$[1]**	**GEL**	**US$[2]**	**GEL**	**Q-O-Q**	**US$[4]**	**GEL**	**Y-O-Y**
000s, unless otherwise noted	**(Unaudited)**		**(Unaudited)**			**(Unaudited)**		
Interest Income	63,908	106,535	77,138	108,379	-1.70%	52,844	84,106	26.67%
Interest Expense	31,375	52,302	35,250	49,527	5.60%	25,939	41,285	26.68%
Net Interest Income	**32,533**	**54,233**	**41,888**	**58,852**	**-7.85%**	**26,904**	**42,821**	**26.65%**
Fee & Commission Income	7,693	12,824	9,369	13,164	-2.58%	7,525	11,977	7.07%
Fee & Commission Expense	1,541	2,569	1,580	2,220	15.72%	2,769	4,407	-41.71%
Net Fee & Commission Income	**6,152**	**10,255**	**7,789**	**10,944**	**-6.30%**	**4,756**	**7,570**	**35.47%**
Income From Documentary Operations	1,323	2,205	1,592	2,237	-1.45%	1,545	2,459	-10.33%
Expense On Documentary Operations	470	783	390	548	42.96%	337	537	45.97%
Net Income From Documentary Operations	**853**	**1,421**	**1,202**	**1,689**	**-15.86%**	**1,208**	**1,922**	**-26.05%**
Net Foreign Currency Related Income	**11,010**	**18,354**	**6,716**	**9,437**	**94.50%**	**6,365**	**10,131**	**81.17%**
Net Insurance Income	701	1,168	1,750	2,459	-52.49%	(90)	(143)	-918.56%
Brokerage Income	254	424	82	115	268.92%	616	980	-56.77%
Asset Management Income	42	71	105	148	-52.31%	1,413	2,249	-96.86%
Realized Net Investment Gains (Losses)	(917)	(1,529)	(814)	(1,144)	33.68%	(59)	(95)	1517.15%
Other	2,008	3,347	2,430	3,414	-1.95%	1,658	2,638	26.87%
Net Other Non-Interest Income	**2,088**	**3,481**	**3,553**	**4,992**	**-30.27%**	**3,537**	**5,630**	**-38.17%**
Net Non-Interest Income	**20,103**	**33,511**	**19,261**	**27,062**	**23.83%**	**15,866**	**25,253**	**32.70%**
Total Operating Income (Revenue)	**52,636**	**87,744**	**61,149**	**85,914**	**2.13%**	**42,770**	**68,073**	**28.90%**
Personnel Costs	12,917	21,533	20,194	28,372	-24.10%	11,160	17,763	21.23%
Selling, General & Administrative Costs	7,981	13,304	7,642	10,738	23.90%	5,288	8,417	58.06%
Procurement & Operations Support Expenses	2,281	3,803	2,523	3,545	7.29%	1,580	2,515	51.23%
Depreciation & Amortization	3,287	5,479	3,885	5,458	0.39%	1,981	3,153	73.81%
Other Operating Expenses	573	955	1,077	1,514	-36.91%	1,071	1,705	-43.97%
Total Recurring Operating Costs	**27,040**	**45,075**	**35,321**	**49,627**	**-9.17%**	**21,080**	**33,551**	**34.35%**
Normalized Net Operating Income	**25,597**	**42,669**	**25,827**	**36,287**	**17.59%**	**21,690**	**34,522**	**23.60%**
Net Non-Recurring Income (Costs)	(18,000)	(30,006)	(1,854)	(2,605)	1051.71%	3,131	4,984	-702.09%
Profit Before Provisions	**7,597**	**12,664**	**23,973**	**33,682**	**-62.40%**	**24,821**	**39,506**	**-67.94%**
Net Provision Expense	**8,977**	**14,965**	**73,432**	**103,171**	**-80.67%**	**5,133**	**8,169**	**83.20%**
Pre-Tax Income	**(1,381)**	**(2,301)**	**(49,459)**	**(69,489)**	**-89.53%**	**19,689**	**31,337**	**-107.34%**
Income Tax Expenses/(Benefit)	(1,053)	(1,755)	(7,496)	(10,531)	-73.40%	3,495	5,562	-131.55%
Net Income	**(328)**	**(547)**	**(41,963)**	**(58,958)**	**-92.41%**	**16,194**	**25,774**	**-102.12%**
Weighted Average Number of Shares Outstanding (*000s*)		31,253		31,250	0.01%		27,154	15.09%
Fully Diluted Number of Shares Period End (*000s*)		31,253		31,250	0.01%		27,250	14.69%
EPS (Basic)	(0.01)	(0.02)	(1.34)	(1.89)	-92.41%	0.60	0.95	-101.84%
EPS (Fully Diluted)	(0.01)	(0.02)	(1.34)	(1.89)	-92.41%	0.59	0.95	-101.85%

[1] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6670 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 31 December 2008

[2] 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

[3] Growth calculations based on GEL values

[4] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.5916 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 31 December 2007

CONSOLIDATED YE 2008 BALANCE SHEET DATA

	31-Dec-08		31-Dec-07		Growth[3]
Consolidated, IFRS Based	**US$[1]**	**GEL**	**US$[2]**	**GEL**	**Y-O-Y**
000s, unless otherwise noted	**(Unaudited)**		**(Audited)**		
Cash & Cash Equivalents	129,786	216,354	254,945	405,770	-46.68%
Loans & Advances To Credit Institutions	187,888	313,209	97,109	154,559	102.65%
Mandatory Reserve With NBG/NBU/NBRB	23,787	39,653	51,569	82,077	-51.69%
Other Accounts With NBG/NBU/NBRB	25,791	42,993	-	-	NMF[4]
Balances With & Loans To Other Banks	138,310	230,563	45,541	72,483	218.09%
Available-For-Sale & Trading Securities	23,874	39,798	30,617	48,729	-18.33%
Treasuries & Equivalents	4,963	8,274	25,169	40,060	-79.35%
Other Fixed Income Instruments	8,893	14,825	95,756	152,405	-90.27%
Gross Loans To Clients	1,319,211	2,199,124	1,105,364	1,759,297	25.00%
Less: Reserve For Loan Losses	(69,266)	(115,467)	(23,211)	(36,943)	212.56%
Net Loans To Clients	1,249,945	2,083,658	1,082,153	1,722,355	20.98%
Investments In Other Business Entities, Net	41,847	69,759	25,304	40,273	73.21%
Property & Equipment Owned, Net	187,549	312,643	128,586	204,657	52.76%
Intangible Assets Owned, Net	5,580	9,302	3,717	5,915	57.25%
Goodwill	80,843	134,765	69,158	110,072	22.43%
Tax Assets - Current & Deferred	4,130	6,884	979	1,557	342.01%
Prepayments & Other Assets	51,080	85,151	42,258	67,258	26.60%
Total Assets	**1,976,379**	**3,294,623**	**1,855,750**	**2,953,611**	**11.55%**
Client Deposits	742,561	1,237,849	851,644	1,355,476	-8.68%
Deposits & Loans From Banks	48,240	80,416	23,530	37,451	114.73%
Borrowed Funds	674,906	1,125,069	543,066	864,344	30.16%
Issued Fixed Income Securities	3	5	3,137	4,993	-99.91%
Insurance Related Liabilities	36,448	60,759	24,646	39,226	54.89%
Tax Liabilities - Current & Deferred	15,065	25,113	23,379	37,209	-32.51%
Accruals & Other Liabilities	31,497	52,506	35,764	56,921	-7.76%
Total Liabilities	**1,548,720**	**2,581,716**	**1,505,165**	**2,395,620**	**7.77%**
Ordinary Shares	18,748	31,253	17,061	27,155	15.09%
Share Premium	271,078	451,888	198,175	315,415	43.27%
Treasury Shares	(1,218)	(2,030)	(1,091)	(1,737)	16.90%
Retained Earnings	86,731	144,580	40,122	63,858	126.41%
Revaluation & Other Reserves	19,932	33,227	42,318	67,354	-50.67%
Net Income (Loss) For The Period	449	748	47,526	75,642	-99.01%
Shareholders' Equity Excluding Minority Interest	**395,720**	**659,665**	**344,111**	**547,687**	**20.45%**
Minority Interest	31,939	53,242	6,474	10,304	416.73%
Total Shareholders' Equity	**427,659**	**712,907**	**350,585**	**557,990**	**27.76%**
Total Liabilities & Shareholders' Equity	**1,976,378**	**3,294,622**	**1,855,750**	**2,953,611**	**11.55%**
Shares Outstanding		31,253		27,155	15.09%
Book Value Per Share	13.68	22.81	12.91	20.55	10.40%

[1] Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6770 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 31 December 2008

[2] 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

[3] Growth calculations based on GEL values

[4] Not meaningful

KEY RATIOS

	Full Year 2008	Full Year 2007
Profitability Ratios		
ROAA [1], Annualised	0.02%	2.39%
ROA	0.02%	2.56%
ROAE[2], Annualised	0.11%	17.74%
ROE	0.10%	13.56%
Interest Income To Average Interest Earning Assets [3], Annualised	17.68%	15.16%
Cost Of Funds [4], Annualised	8.33%	7.63%
Net Spread [5]	9.35%	7.54%
Net Interest Margin [6], Annualised	9.39%	8.15%
Net Interest Margin Normalized [35], Annualised	9.39%	8.15%
Loan Yield [7], Annualised	13.97%	20.50%
Interest Expense To Interest Income	46.88%	46.26%
Net Non-Interest Income To Average Total Assets, Annualised	3.82%	4.45%
Net Non-Interest Income To Revenue [8]	35.81%	40.66%
Net Fee And Commission Income To Average Interest Earning Assets [9], Annualised	1.78%	2.25%
Net Fee And Commission Income To Revenue	12.19%	16.40%
Operating Leverage [10]	-30.03%	63.76%
Total Operating Income (Revenue) To Total Assets, Annualised	10.34%	7.43%
Recurring Earning Power [11], Annualised	4.13%	5.32%
Net Income To Revenue	0.22%	34.47%
Efficiency Ratios		
Operating Cost To Average Total Assets [12], Annualised	5.89%	5.85%
Cost To Average Total Assets [13], Annualised	6.54%	5.62%
Cost / Income [14]	61.29%	51.35%
Cost / Income, Normalized [37]	55.20%	53.52%
Cost / Income, Bank of Georgia, Standalone [15]	48.43%	52.20%
Cost/Income, Normalized, Bank of Georgia, Standalone	43.74%	46.50%
Cash Cost / Income	55.52%	46.86%
Total Employee Compensation Expense To Revenue [16]	30.20%	34.47%
Total Employee Compensation Expense To Cost	49.28%	67.12%
Total Employee Compensation Expense To Average Total Assets, Annualised	3.23%	3.77%
Liquidity Ratios		
Net Loans To Total Assets [17]	63.24%	58.31%
Average Net Loans To Average Total Assets	60.28%	53.53%
Interest Earning Assets To Total Assets	73.45%	70.06%
Average Interest Earning Assets To Average Total Assets	73.00%	79.63%
Liquid Assets To Total Assets [18]	16.78%	24.36%
Liquid Assets To Total Liabilities, NBG Stand-Alone	27.26%	44.96%
Liquid Assets To Total Liabilities, IFRS Consolidated	22.95%	33.46%
Net Loans To Client Deposits	168.33%	127.07%
Average Net Loans To Average Client Deposits	147.54%	125.73%
Net Loans To Total Deposits [19]	158.06%	123.65%
Net Loans To (Total Deposits + Equity)	102.58%	88.28%
Net Loans To Total Liabilities	80.71%	71.90%
Total Deposits To Total Liabilities	51.06%	58.14%
Client Deposits To Total Deposits	93.90%	97.31%
Client Deposits To Total Liabilities	47.95%	56.58%
Current Account Balances To Client Deposits	38.08%	42.35%
Demand Deposits To Client Deposits	8.74%	6.76%
Time Deposits To Client Deposits	53.18%	50.89%
Total Deposits To Total Assets	40.01%	47.16%
Client Deposits To Total Assets	37.57%	45.89%
Client Deposits To Total Equity (Times) [20]	1.74	2.43
Due From Banks / Due To Banks [21]	389.49%	412.70%
Total Equity To Net Loans	34.21%	32.40%
Leverage (Times) [22]	3.62	4.29

KEY RATIOS CONT'D

	Full Year 2008	Full Year 2007
Asset Quality		
NPLs (in GEL) [23]	64,306	25,325
NPLs To Gross Loans To Clients [24]	2.92%	1.44%
Cost of Risk [25], Annualized	6.65%	1.55%
Cost of Risk Normalized [36], Annualized	6.65%	1.55%
Reserve For Loan Losses To Gross Loans To Clients [26]	5.25%	2.10%
NPL Coverage Ratio [27]	179.56%	145.87%
Equity To Average Net Loans To Clients	37.07%	51.95%
Capital Adequacy		
Equity To Total Assets	21.64%	18.89%
BIS Tier I Capital Adequacy Ratio, consolidated [28]	22.47%	21.35%
BIS Total Capital Adequacy Ratio, consolidated [29]	27.31%	24.97%
NBG Tier I Capital Adequacy Ratio [30]	16.57%	13.19%
NBG Total Capital Adequacy Ratio [31]	13.49%	13.07%
Per Share Values		
Basic EPS (GEL) [32]	0.02	2.90
Basic EPS (US$)	0.01	1.82
Fully Diluted EPS (GEL) [33]	0.02	2.78
Fully Diluted EPS (US$)	0.01	1.74
Book Value Per Share (GEL) [34]	22.81	20.55
Book Value Per Share (US$)	13.68	12.91
Ordinary Shares Outstanding - Weighted Average, Basic	30,931,549	26,057,022
Ordinary Shares Outstanding - Period End	31,252,553	27,154,918
Ordinary Shares Outstanding - Fully Diluted	31,252,553	27,249,918
Selected Operating Data		
Full Time Employees (FTEs)	4,979	4,459
FTEs, Bank of Georgia Standalone	2,741	2,692
Total assets per FTE [23] (GEL Thousands)	662	669
Total Assets per FTE, Bank of Georgia Standalone (GEL Thousands)	1,202	1,107
Number Of Active Branches	151	117
Number Of ATMs	416	250
Number Of Cards (Thousands)	667	647
Number Of POS Terminals	2,693	1,594

NOTES TO KEY RATIOS

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, Bank of Georgia, 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 consolidated 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 the National Bank of Georgia;
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 Bank of Georgia;
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