

*FitchRatings: 'B/B' Stable*

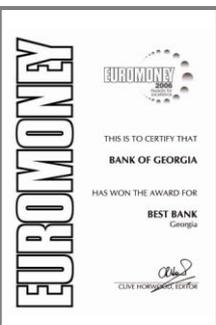
*Moody's: 'B3/NP' (FC) & 'Baa3/P-3' (LC); Stable*

*Standard & Poor's: 'B+/B' Stable*

*LSE: BGEO*

*GSE: GEB*

*Berlin-Bremen Boerse: B7D1*



## Bank of Georgia Nine Months 2006 Results Overview



საქართველოს ბანკი  
**BANK OF GEORGIA**

February, 2007

# Introduction To Bank Of Georgia

## The leading universal bank in Georgia

- ✦ Top bank in Georgia
  - ✦ no. 1 by assets (c.27.9%)<sup>(1)</sup>, loans (c.26.5%)<sup>(1)</sup> & equity (c.39.9%)<sup>(1)</sup>
  - ✦ no. 2 by deposits (c.24.5%)<sup>(1)</sup>
  - ✦ 10.2% market share gain in total assets to c.27.9%, 8.2% market share gain in loans to c.26.5% and 5.5% market share gain in total deposits to c.24.5% y-o-y by December 2006
  - ✦ leadership in retail banking, with
    - ✦ 405,000 retail accounts
    - ✦ 270,000+ cards issued
    - ✦ 99 branches
    - ✦ 124 ATMs
  - ✦ top brand, best distribution network and broadest range of services of any bank in Georgia
- ✦ Leading corporate and investment banking franchise
  - ✦ top broker with c.83%<sup>(2)</sup> market share of total trading volume on the Georgian Stock Exchange
- ✦ Leading insurance, asset & wealth management and leasing services provider
- ✦ Top credit rating in Georgia
  - ✦ S&P: 'B+/B' Stable – at the sovereign ceiling
  - ✦ Moody's: 'B3/NP' (FC) & 'Baa3/P-3' (LC); Stable
  - ✦ Fitch Ratings: 'B/B' Stable
- ✦ Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
  - ✦ Market Cap (LSE) US\$706.5 mln as of 8 February 2007
  - ✦ LSE: BGEO
  - ✦ GSE: GEB

**A 'leveraged play' on Georgia's economic growth**

**Diversified revenue streams and disciplined capital management**

**Domestic universal banking strategy driving profitable growth**

**Domestic sector consolidator and aspirations for regional expansion**

**Sophisticated management team with Western banking & finance background and education**

**Transparency and good governance, 82% institutionally owned, majority of Board seats held by large shareholders and an independent director**

Notes: (1) As of December 2006

(2) As of September 2006

# *Georgian Banking Sector*

# Georgian Banking Sector

GEL/US\$

Period End

YE 2005= 1.79

YE 2006= 1.71

(US\$m)	YE 2005	YE 2006	Since YE 2005	Market Share (YE 2006)		BoG market share gain since YE 2005 (%)
				Top 5 Banks	Bank of Georgia	
Total Assets	1,421	2,467	73.6%	80.1%	27.9%	+ 10.2%
Gross Loans	965	1,565	62.1%	83.2%	26.5%	+ 8.2%
Deposits	858	1,359	58.3%	82.2%	24.5%	+ 5.5%
Shareholders' Equity	267	524	96.0%	78.3%	39.9%	+ 21.1%
Net Income	35	54	57.5%	80.8%	23.6%	+ 2.9%

## Peer Group's market shares in Total Assets

Asset growth since YE 2005

+161%

+65%

+21%

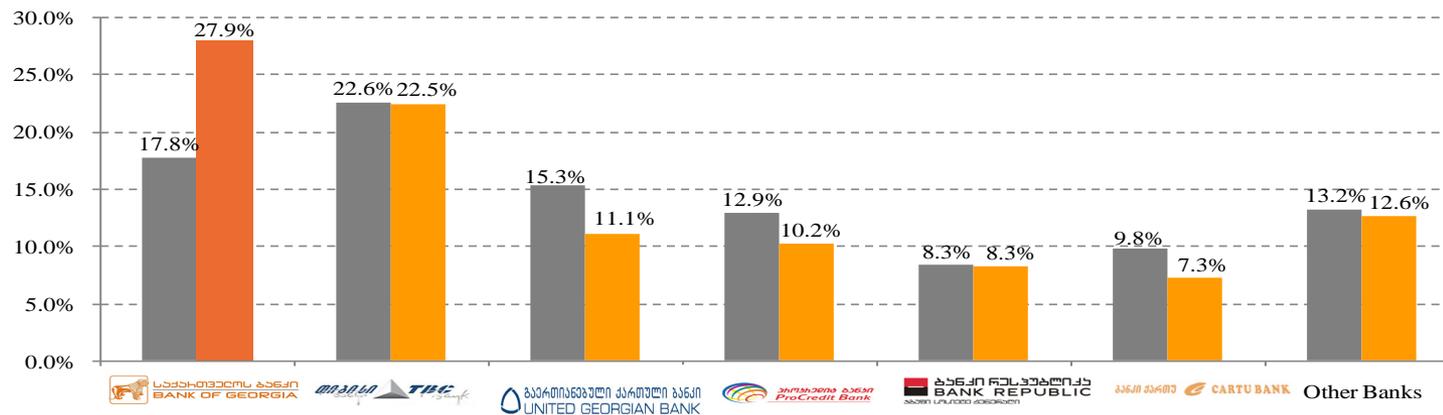
+31%

+65%

+23%

+58%

■ YE 2005  
■ YE 2006



Notes:

- (1) 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](http://www.nbg.gov.ge)
- (2) Change in peer group total assets calculations based on GEL values

# Georgian Banking Sector cont'd

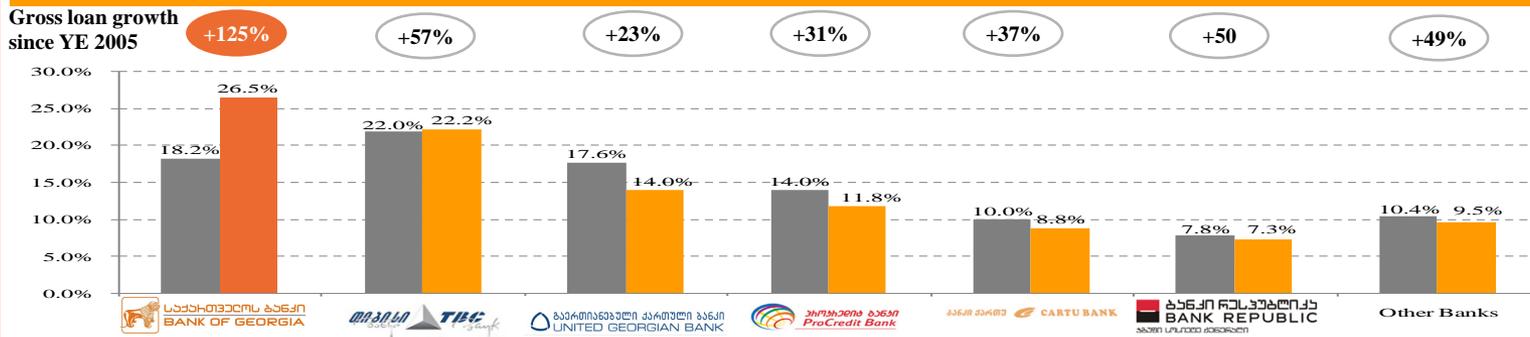
GEL/US\$

Period End  
YE 2005= 1.79

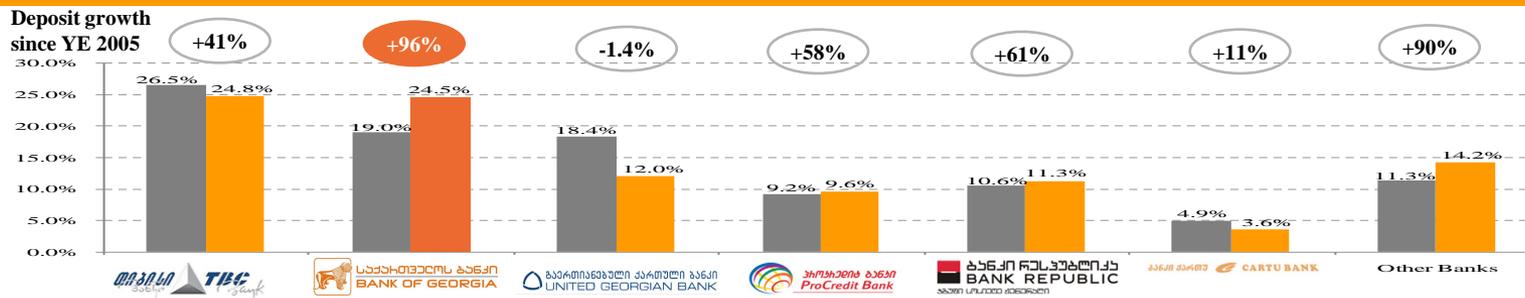
YE 2006 = 1.71

■ YE 2005  
■ YE 2006

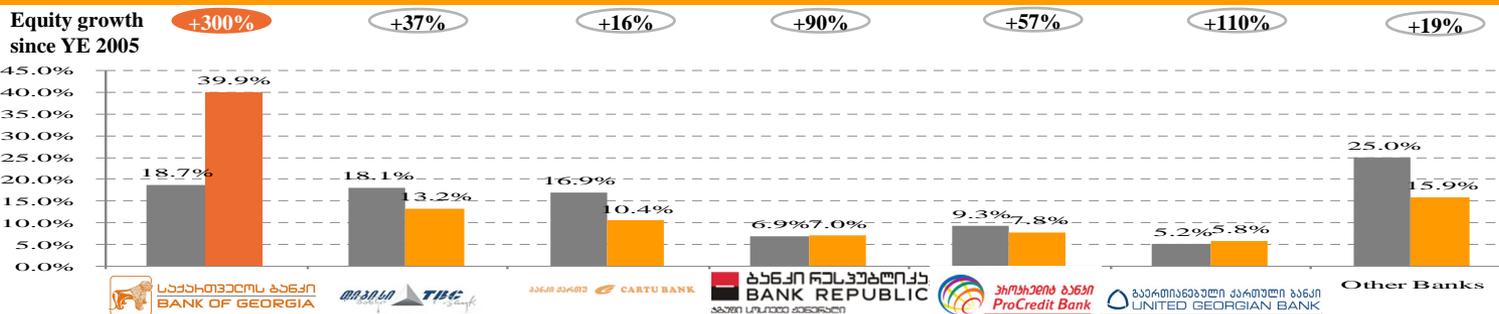
## Peer Group's market shares in Gross Loans



## Peer Group's market shares in Deposits



## Peer Group's market shares in Equity



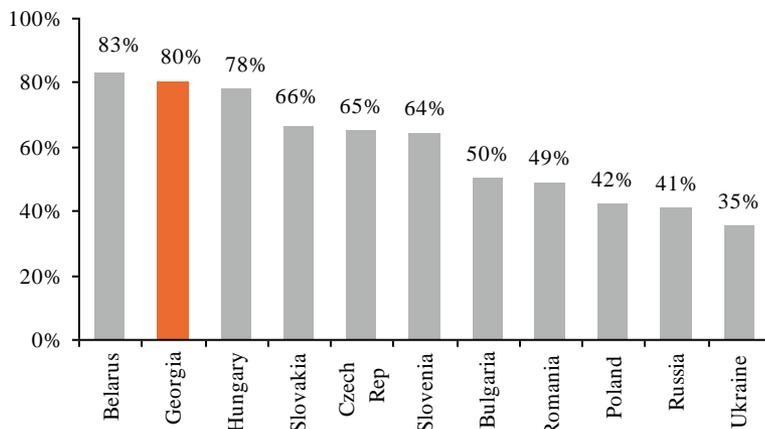
Notes:

(1) 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](http://www.nbg.gov.ge)

(2) Change in peer group gross loans, peer group deposits and peer group equity calculations based on GEL values

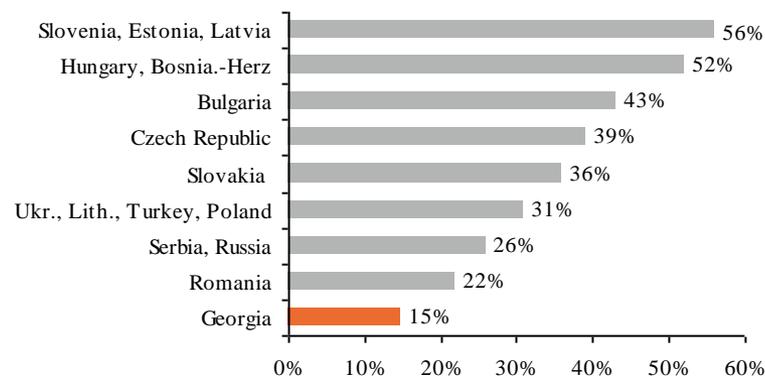
# Market Potential And High Degree Of Concentration

## Market Shares of Top 5 Banks by Assets



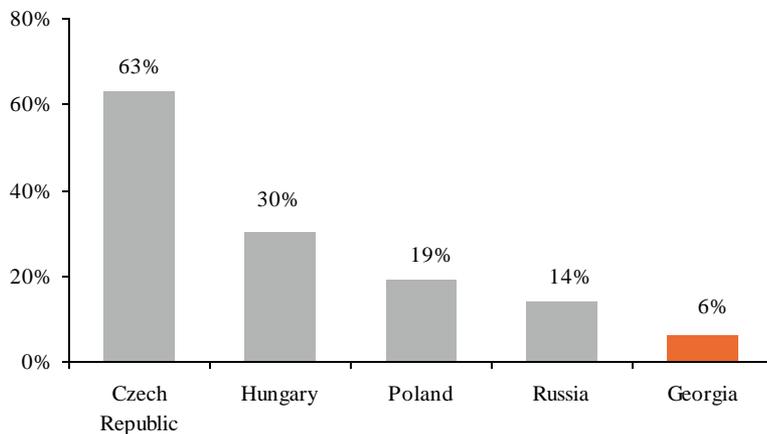
Sources: Georgia data from NBG 30 September 2006, other countries data from JP Morgan research, August 2006, RZB CEE Banking Sector Report, September 2006

## Gross loans to GDP (% , 2005)



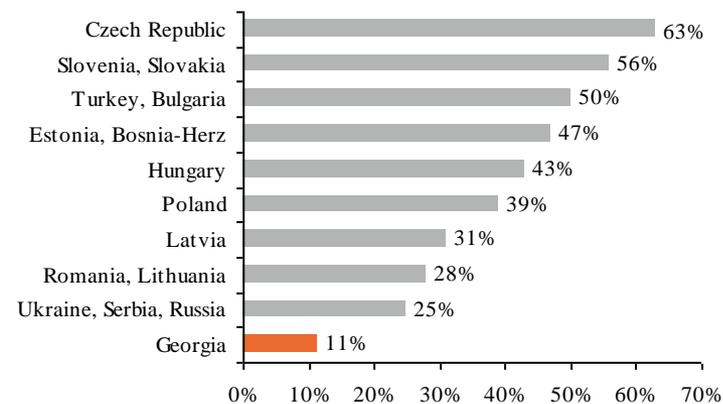
Source: ECB, local Central Banks

## Card penetration (% of population, 2005)



Source: National Bank of Georgia, Merrill Lynch

## Total deposits to GDP (% , 2005)



Source: ECB, local Central Banks

# *The Georgian Economy*



# The Georgian Economy

- ⌘ High GDP growth
- ⌘ Stable currency
- ⌘ Strong fiscal performance
- ⌘ **Low level of dependence on a single source of energy supply**
- ⌘ Increasing consumer spending with very low levels of consumer indebtedness
- ⌘ Significant government spending on infrastructure, driving productivity growth
- ⌘ Reasonable interest rate environment
- ⌘ No currency or capital control since the mid-1990s
- ⌘ New simplified tax code, with reduced payroll tax and VAT, and flat 12% personal income tax
- ⌘ The majority of customs duties abolished, simplified new customs code
- ⌘ Extensive deregulation and liberalization
- ⌘ Significantly reduced corruption
- ⌘ Improving corporate governance practices
- ⌘ Increased foreign investor activity
- ⌘ **Ahead of most CIS economies in the 2005 EBRD Transition Indicators, third lowest level of 'corruption'**
- ⌘ **Named number one reformer by World Bank (Doing Business 2007)**
- ⌘ **Well ahead of its CIS peers in the Heritage Foundation 2006 Index of Economic Freedom**

Increasing recognition of Georgia's successful economic growth



# The Georgian Economy At A Glance

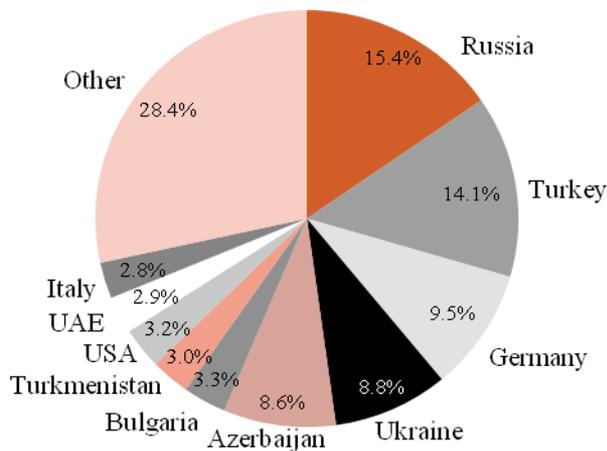
	2003	2004	2005	2006E
<b>Economic Activity</b>				
Nominal GDP (US\$m)	3,995	5,166	6,401	7,669
Nominal GDP (GELm)	8,582	9,846	11,629	14,068
Real GDP Growth (y-o-y; %)	11.1	5.9	9.3	8.0
GDP per Capita (US\$)	877	1,139	1,416	1,688
Population (e-o-p; m)	4,555	4,535	4,521	4,544
Unemployment (%)	11.5	12.6	13.8	12.5
<b>Inflation</b>				
CPI (year-end;%)	7.0	7.5	6.2	8.2
<b>External Balance</b>				
Total Exports (FOB; US\$m)	1,273	1,631	2,168	2,391
Exports as % of GDP	31.9	31.6	33.9	31.2
Total Imports (CIF; US\$m)	1,856	2,491	3,312	3,756
Trade Balance (US\$m)	-636	-916	-1,214	-1,449
Current Account Balance (US\$m)	-371	-348	-693	-802
As % of GDP	(9.3)	(6.7)	(10.8)	(10.5)
Capital Account Balance (US\$m)	378	524	790	1,010
Net FDI (US\$m)	336	490	539	765
As % of GDP	8.4	9.5	8.4	8.5
Gross FX Reserves (including Gold and SDRs; US\$m)	192	384	475	734
Import Cover (Gross Reserves in Days of Imports)	38	56	52	61
<b>Fiscal Balance and Debt Indicators</b>				
State Budget Revenues (GELm)	932	1,773	2,608	3,538
State Budget Expenditures (GELm)	1,119	1,924	2,617	3,828
Budget Balance (GELm)	-186	-151	-9	-290
as % of GDP	(2.2)	(1.5)	(0.1)	(2.1)
Foreign Debt (US\$m)	1,754	1,762	1,651	1,631
Foreign Debt (% of GDP)	43.9	34.1	25.8	21.3
<b>Exchange Rate</b>				
GEL:US\$ (average)	2.15	1.92	1.81	1.78

Source: Galt & Taggart Securities "Georgian Economy At A Glance", Ministry of Economic Development, Ministry of Finance, State Statistics Department

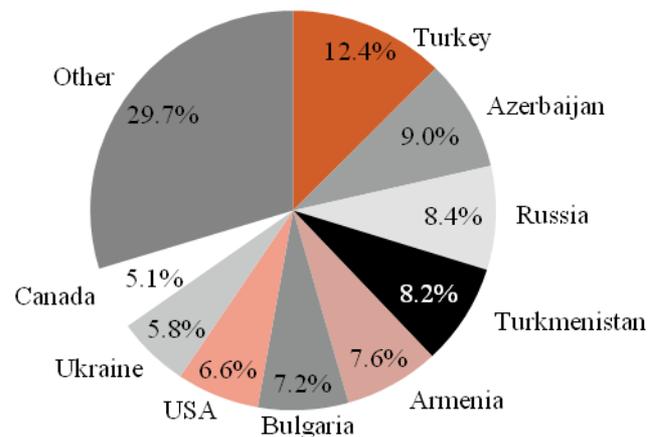
# Trade Structure

- # WTO member since 2001
- # No quantitative restrictions on trade
- # Simplified customs regime since August 2006, new customs code becomes effective in January 2007
- # One of the two beneficiaries of the EU GSP+ Scheme in the CIS since 2006, granting duty-free export for 7,200 various products
- # As of January 2006 Georgia obtained GSP+ status with Turkey

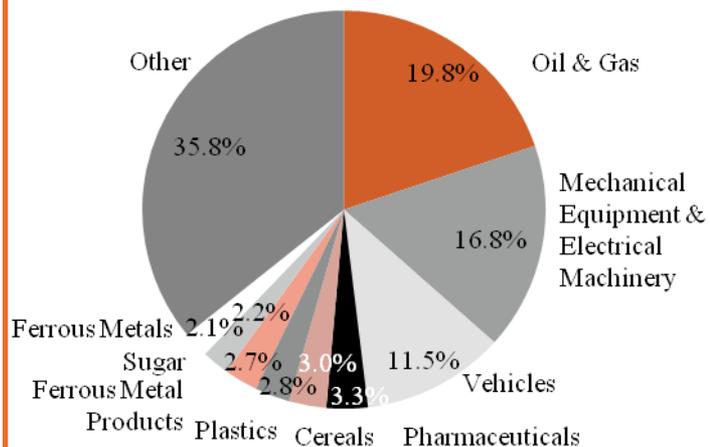
## Import Structure by Country, Jan-Nov 2006



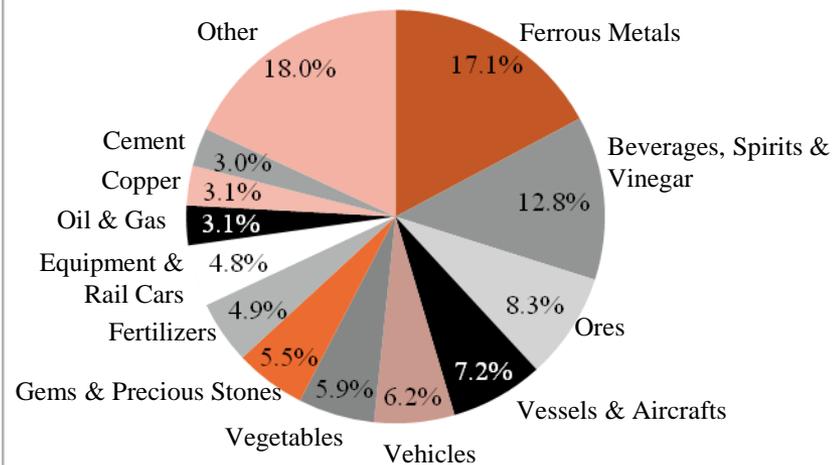
## Export Structure by Country, Jan-Nov 2006



## Import Structure by Product, Jan-Nov 2006



## Export Structure by Product, Jan-Nov 2006



Source: State Statistics Department

# Key Drivers Of Economic Growth

## Export-led growth with sufficient diversity

- ✚ Agricultural product exports of US\$143m in 2005
- ✚ Ferroalloy exports of US\$305m in 2005 and US\$150m in 1H2006
- ✚ Aircraft, rail car, vessels and vehicles exports of US\$186m in 2005 and US\$140m 1H2006
- ✚ Fertilizers exports of US\$61m in 2005 and US\$33m 1H2006
- ✚ Machinery exports of US\$64m in 2005 and US\$44m in 1H2006
- ✚ Oil and gas pipelines
  - ✚ Russia-Georgia-Armenia pipeline – 5.8 bcm/year
  - ✚ Shah-Deniz (BTE) gas pipeline - 6.6 bcm/year
  - ✚ Iran-Azerbaijan-Georgia (IAG) gas pipeline – 3.5 bcm/year
  - ✚ Baku-Supsa oil pipeline – 5.75 mt/year
  - ✚ Baku-Tbilisi-Ceyhan (BTC) oil pipeline - 50 mt/year
- ✚ Batumi and Poti ports processed in 2005 7.5m tons of cargo and up to 14.0m tons of crude oil 2005

## Rapidly increasing domestic consumption

- ✚ Consumer spending in 2005 - US\$3.2bn
- ✚ Total estimated pent-up housing demand of up to US\$1.6bn
  - ✚ estimated average household size of 3.7, far higher than in most CEE/CIS peers
  - ✚ new construction has not caught up with the cumulative deterioration of the Soviet-built housing stock
  - ✚ less than 10,000 households have mortgages
- ✚ Consumer debt per capita stood at US\$60 as of 30 September 2006
- ✚ Organized retail trade (supermarkets, hypermarkets, consumer electronics & white goods, etc) account for a low share of total
  - ✚ accelerating growth of new store openings as consumers' purchasing habits evolve
  - ✚ an estimated US\$1.7bn (26% of GDP) investment in fixed assets in 2005

## Economic Growth is Supported by

- ✚ FDI as of 30 September 2006 are US\$712 mln
- ✚ Increased international borrowing by corporates forecast at US\$260m in 2006
- ✚ Net Remittances as of 30 September 2006 are US\$466 mln (US\$488 mln in 2005)
- ✚ Increasing consumer spending
- ✚ Sustained government spending

Source: Ministry of Economic Development, Ministry of Finance, State Statistics Department

# *Business Overview*



# Bank of Georgia – Development Milestones

Development period	2000-3Q 2004	4Q 2004	2005	2006-2007 YTD		
<b>New management takes over</b>						
	<b>IFRS Consolidated<sup>(1)</sup></b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>September 2006</b>	<b>Growth since YE 2003<sup>(2)</sup></b>
☞ The bank has tripled in size under new management	<b>Total Assets (e-o-p)</b>	US\$110.9m	US\$199.0m	US\$ 256.9m	US\$493.5m	345%
	<b>Total Loan Book (e-o-p)</b>	US\$72.8m	US\$103.5m	US\$175.3m	US\$335.2m	360%
	<b>Client Deposits (e-o-p)</b>	US\$58.6m	US\$138.2m	US\$150.6m	US\$269.6m	360%
	<b>Equity (e-o-p)</b>	US\$26.3m	US\$30.4m	US\$51.0m	US\$79.0m	200%
☞ Unique management team composition for a CIS bank	<b>Number of Western-Trained Professionals</b>	0	6	15	20	
☞ Stellar acquisition and integration track record	<b>Key Acquisitions</b>		TUB BCI Georgian Card	Galt & Taggart GLC EuroPace	IntellectBank, acquisition of assets & liabilities Merchant banking acquisitions Galt & Taggart Ukraine established 10% of a Ukrainian bank acquired 100% of insurance company Aldagi acquired by BCI	
☞ Increasingly diversified revenue stream	<b>Key Business Lines</b>	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance Leasing Pensions	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking (in Georgia and Ukraine) Insurance Leasing Pensions Private Banking POS Consumer Loans Merchant Banking	
☞ An established borrower in international markets	<b>Key Lenders</b>	BSTDB DEG AKA Bank EBRD IFC		KfW US\$3.5m guarantee facility EBRD US\$10m facility GEL2.0m bond placement Commerzbank US\$3.8m	World Business Capital US\$10m loan with OPIC guarantee Citigroup US\$25m unsecured term loan Thames River Capital US\$5m subordinated loan Merrill Lynch US\$25m unsecured term loan HBK Investments US\$25m convertible subordinated loan FMO US\$12.5 mln seven year loan	
☞ Unprecedented level of institutional interest. Institutional ownership >80% unique for a CIS bank	<b>Institutional Ownership</b>	28%	37%	50%	85%	

Notes: (1) Converted at exchange rates of GEL/US\$ of 2.075 (2003), 1.825 (2004), 1.793 (2005) and 1.736 (September 2006)

(2) Growth rates calculated using amounts in US\$

# Bank of Georgia - Our Vision & Mission

## One Firm

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

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

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

### Objectives set in October 2004

<b>Retail Banking</b>	<ul style="list-style-type: none"> <li>▪ The largest Georgian retail bank, offering consumers the broadest range of services through multiple channels</li> </ul>	✓ Achieved
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>▪ A leader in corporate banking, bank of choice for inbound foreign corporates</li> <li>▪ The undisputed leader in investment banking</li> <li>▪ Integrated offering to large corporates through strong client coverage culture</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved</li> <li>✓ Achieved</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>▪ A leading player in the non-life sector, cross-selling insurance to corporates</li> <li>▪ A leading life insurance and pensions provider</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved</li> </ul>
<b>Asset &amp; Wealth Management</b>	<ul style="list-style-type: none"> <li>▪ The undisputed domestic leader in wealth management, with niche appeal to sophisticated non-resident investors</li> <li>▪ A leading player in domestic private equity and venture capital</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved</li> </ul>

# Strategy

---

- ❑ Consolidate leading position in the domestic banking market
- ❑ Promote the further growth of the retail banking business
- ❑ Leverage strong position in retail banking for cross-selling other financial services
- ❑ Further diversify the business, including funding base and loan portfolio
- ❑ Continue improving risk management policies and procedures
- ❑ Actively pursue sensible regional expansion opportunities

# Retail Banking - No. 1 Retail Bank In Georgia

New Retail Sub-brand

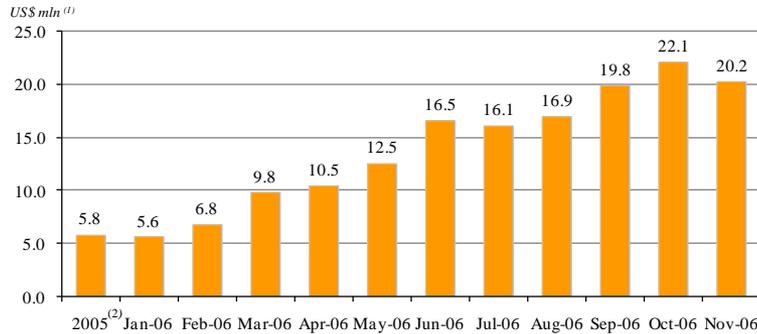


www.sb24.ge



www.kandidati.ge

## Retail Loans Issued



(1) Converted at monthly period end GEL/US\$ exchange rates

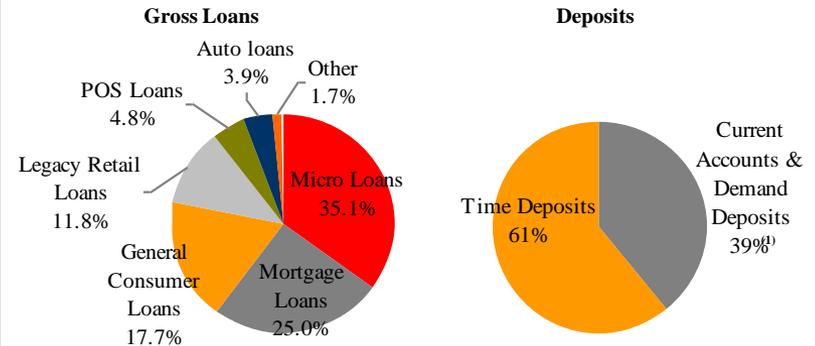
(2) Monthly average

## Leadership in Consumer Finance

Since January 2006 to 30 November 2006

- contracts for 373 POS signed, of which
  - 279 exclusive
  - 70 outlets operating
- 55,750 consumer loans issued in the aggregate amount of US\$46.3 mln

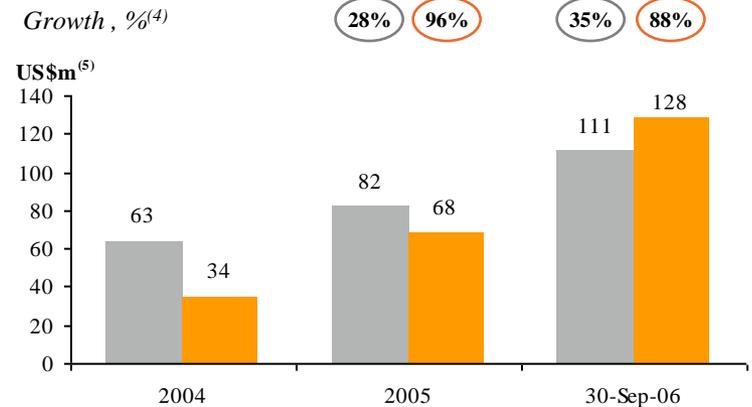
## Retail loan portfolio and client deposits (September 30, 2006)



Total retail loans S\$128.3m<sup>(2)</sup>

Total retail deposits US\$110.6m<sup>(2)</sup>

## Retail loan portfolio and client deposits growth<sup>(3)</sup>



Notes:

■ Retail deposits ■ Retail loans

(1) Current accounts & demand deposits include card balances

(2) Converted at GEL/US\$ exchange rate of 1.736 (Q3 06)

(3) Deposits include current accounts, demand deposits and time deposits

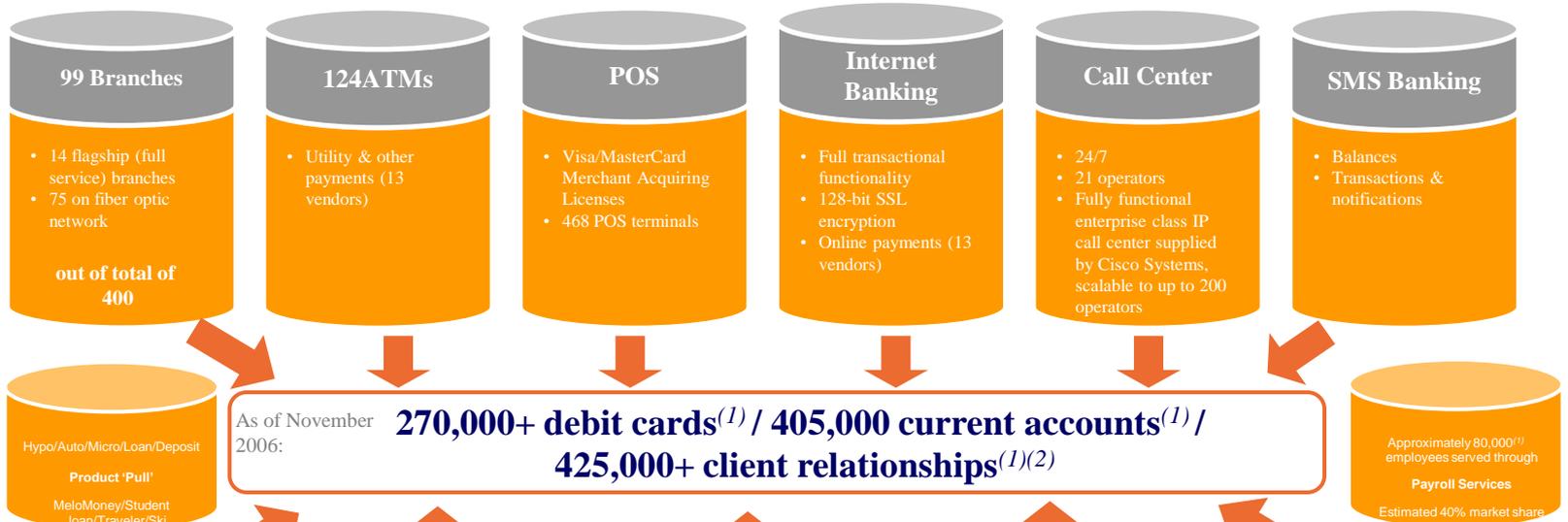
(4) Year-on-year growth for 2005; year-to-date growth for September 30, 2006

(5) Converted at GEL/US\$ 1.736 (September 30, 2006), 1.793 (2005), and 1.825 (2004)

# Superior Retail Footprint & Consumer Reach

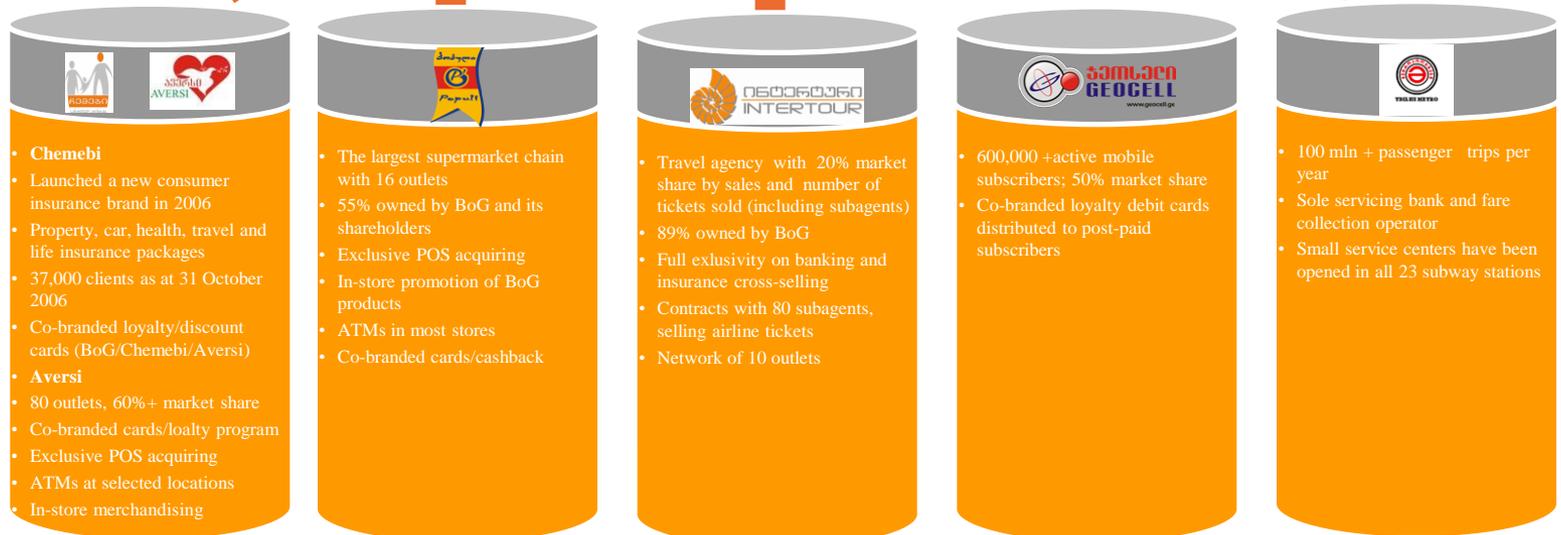
2005/Ongoing  
Investment Focus

Service Delivery  
Channels



2006/2007  
Investment Focus

Alternative  
Customer  
Acquisition  
Channels



Notes: (1) As of 30 November 2006; (2) Includes clients with current accounts and clients who do not have current account but are serviced by Bank of Georgia

# Corporate & Investment 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

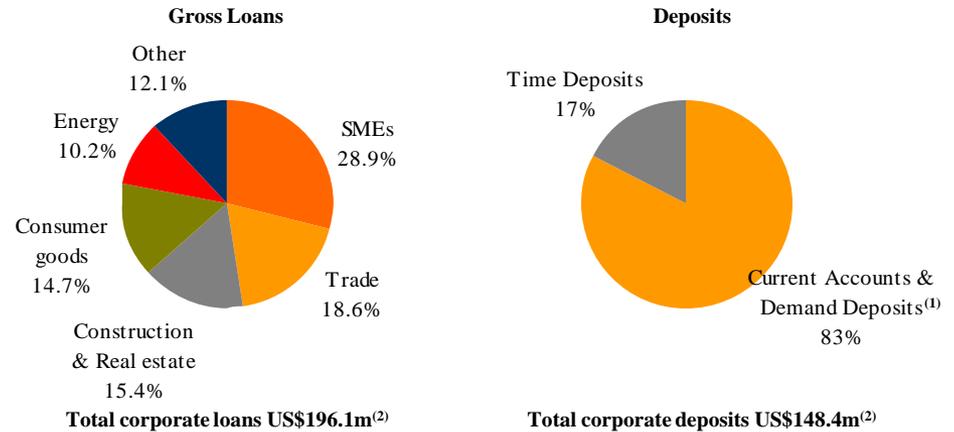
- No.1 corporate and investment bank in Georgia based on customer deposits (circa 28% market share<sup>(1)</sup>)
- 2nd largest<sup>(1)</sup> corporate loan portfolio of Georgian banks
- Integrated client coverage in key sectors
- 43,900<sup>(2)</sup> clients of which 2,026 served by dedicated relationship bankers
- High-profile clients include: Tbilisi Municipality, Millennium Challenge Georgia, Tbilisi Metro, Rompetrol, TAV Urban, Lukoil, Georgian Railway, Magti GSM, Geocell, Port of Poti, Port of Batumi, Iberia Refreshment (Pepsi Bottler)
- 50% market share in trade finance and documentary operations<sup>(3)</sup>: export-import loans, letters of credit and guarantees
- 2nd largest leasing company in Georgia<sup>(3)</sup> – Georgian Leasing Company (GLC)
- Galt & Taggart – investment banking relationship platform for key corporate clients

### Notes:

- (1) As of November 2006, source: National Bank of Georgia
- (2) As of November 2006
- (3) Management estimates



## Corporate loan portfolio and client deposits (September 30, 2006)



## Corporate loan portfolio and client deposits growth<sup>(3)</sup>



### Notes:

- (1) Current accounts & demand deposits include card balances
- (2) Converted at GEL/US\$ exchange rate of 1.736 (Q3 '06)
- (3) Deposits include current accounts, demand deposits and time deposits
- (4) Year-on-year growth for 2005; year-to-date growth for September 30, 2006
- (5) Converted at GEL/US\$ 1.736 (September 30, 2006), 1.793 (2005) and 1.825 (2004)

# BCI Insurance

## Size of Georgian Insurance Market

### 2005

- GPW GEL55m
- Claims Reimbursed GEL18m

### 1H 2006

- GPW GEL36m
- Claims Reimbursed GEL9m

## GPW Breakdown By Product in 1H 2006

Health	29.3%
Property	19.0%
Casco	15.7%
Civil Liability	9.0%
Aviation	6.4%
Cargo	4.1%
Financial Risks	3.5%
Personal Accident & Travel	3.2%
MTPL Voluntary	3.1%
Pension	2.6%
Life	1.2%
Professional Liability	1.1%
Carriers Liability	1.0%
Fire	0.3%
Performance Bond	0.2%
MTPL Compulsory	0.1%
Marine Vessels	0.1%

## Overview

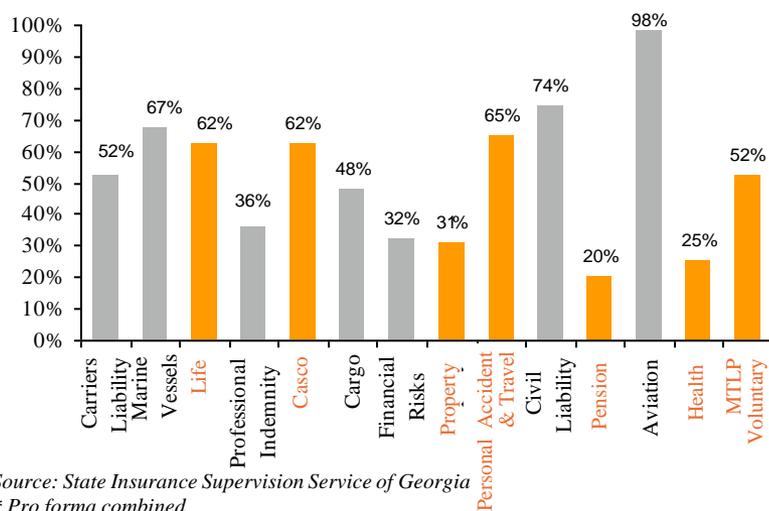
- Small insurance market (US\$35m GPW)<sup>(1)(2)</sup>, but rapidly growing due to low insurance services penetration of c. 0.5% of GDP<sup>(3)</sup>
- Acquisition of BCI in November 2004
- Acquisition of EuroPace in October 2005
- Binding MOU subject to approvals, signed with shareholders of Aldagi in November 2006 (GEL13.2m or US\$7.6m consideration)<sup>(2)</sup>
- Launch of *Chemebi* brand in February 2006 as umbrella for 5 consumer product lines – motor, health, life, property and travel insurance
- Strict reinsurance policies with renowned reinsurers: Hannover Re, Munich Re, AIG, Lloyds and SCOR

Notes: (1) Source: State Insurance Supervision Service of Georgia

(2) Converted at GEL/US\$ 1.736

(3) GDP 2005

## BCI & Aldagi Market Share by Products (Q3 2006)\*

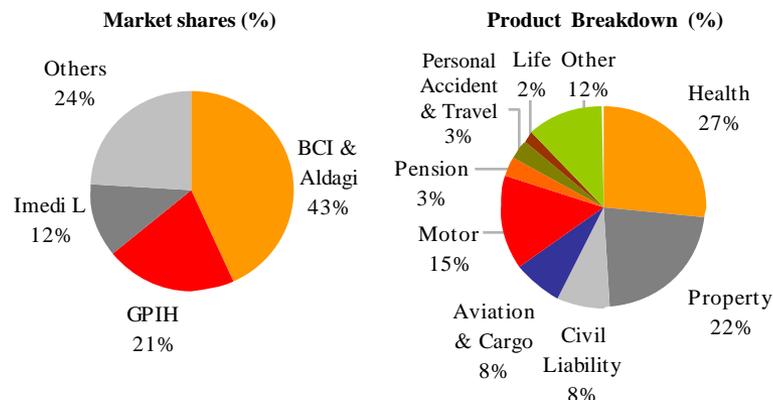


Source: State Insurance Supervision Service of Georgia

\* Pro forma combined

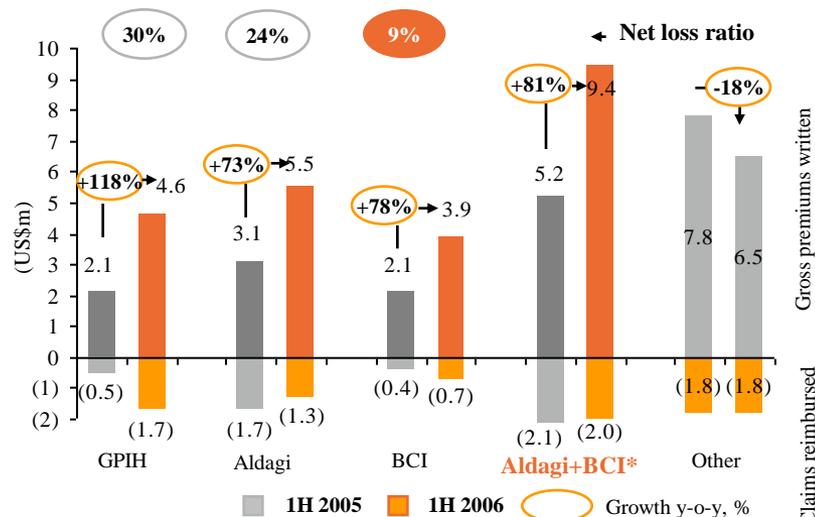


## Georgian Insurance by GPW (Q3 2006)



Source: State Insurance Supervision Service of Georgia

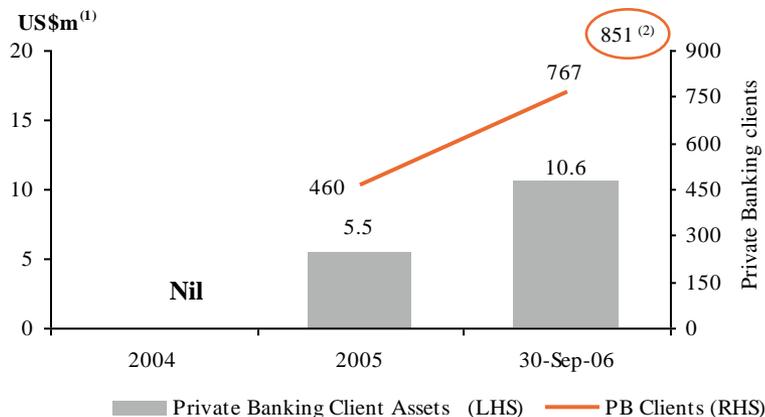
## Gross Premiums Written & Total Claims Reimbursed



Note: Converted at GEL/US\$ 1.773 (1H 200) and 1.813 (1H 2005)

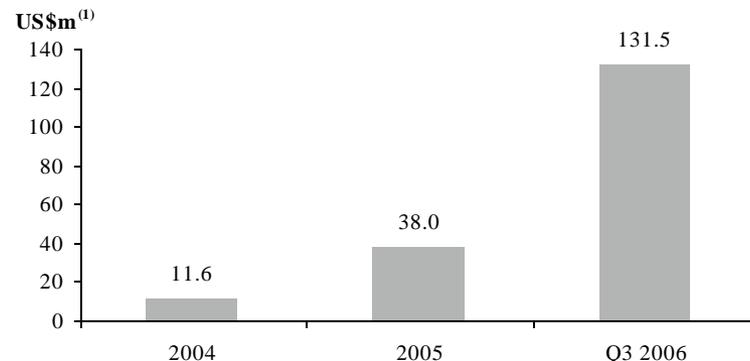
# Asset & Wealth Management Performance Review

## Private Banking Clients and Client Assets



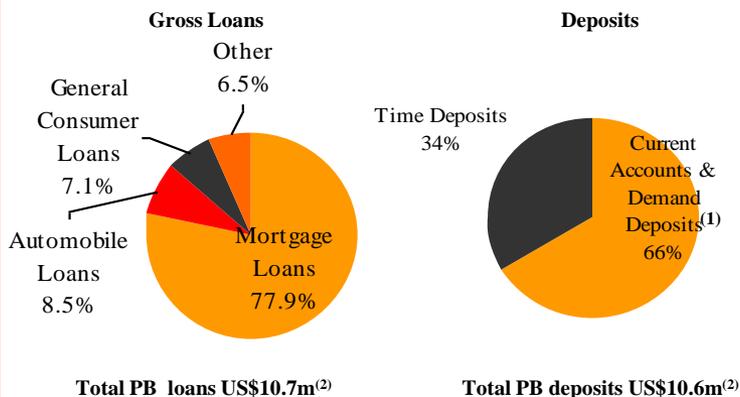
Notes: (1) Converted at exchange rates of GEL/US\$ 1.825 (2004), 1.793 (2005) and 1.736 (3Q '06)  
(2) Number of PB clients at 30 November 2006

## Galt & Taggart Client Assets Under Custody



Note: (1) Converted at exchange rates of GEL/US\$ 1.825 (2004), 1.793 (2005) and 1.736 (3Q 2006)

## Private Banking Loans and Deposits (September 30, 2006)



Notes: (1) Current accounts & demand deposits include card balances  
(2) Converted at GEL/US\$ exchange rate of 1.736 (Q3 2006)

## Galt & Taggart Overview

- ☐ A&WM consists of
  - ☐ private banking services under Bank of Georgia brand
  - ☐ pension fund management and administration under BCI brand ('BCI Pension Scheme' established in June 2005)
  - ☐ broker-dealer services
  - ☐ custodial and asset management services provided by Galt and Taggart Securities to resident and non-resident institutional and retail clients
- ☐ Trading in Georgian equity and fixed income securities
- ☐ Equity research in Georgian and English
- ☐ In October 2006 Galt & Taggart Ukraine was established
  - ☐ 8 staff members have been employed
  - ☐ Engages in Investment Banking and Asset Management
  - ☐ Has acquired appropriate licenses from Ukrainian authorities

# Key Profit And Loss And Balance Sheet data

IFRS Consolidated, (US\$m)	Year Ended			Nine months ended September-06
	2003	2004	2005	
<b>Profit and Loss</b>				
Interest Income	15.6	18.5	28.9	36.4
Interest Expense	3.8	5.4	7.3	12.6
Net Interest Income (before provision)	11.8	13.1	21.6	23.8
<b>Net Interest Income (after provision)</b>	<b>9.8</b>	<b>1.8</b>	<b>18.1</b>	<b>17.7</b>
Net fees and commission income	4.3	5.7	8.0	9.2
Other non-interest income	1.9	2.7	6.2	8.6
Other non-interest expense	10.4	14.7	23.0	22.8
Profit/(loss) before taxation	5.6	(4.5)	9.3	12.7
<b>Net Income for the year</b>	<b>4.4</b>	<b>(4.0)</b>	<b>7.6</b>	<b>10.0</b>
<b>Balance Sheet</b>				
Amounts due from credit institutions	7.8	14.0	18.6	32.4
Loans to customers, net	68.3	93.1	165.9	322.8
<b>Total Assets</b>	<b>110.9</b>	<b>199.0</b>	<b>256.9</b>	<b>493.5</b>
Amounts owed to credit institutions	24.2	26.5	44.0	128.6
Amounts owed to customers	59.6	138.2	150.6	269.6
Total liabilities	84.6	168.6	205.9	414.5
Total equity	26.3	30.4	51.0	79.0
<b>Total Liabilities and Equity</b>	<b>110.9</b>	<b>199.0</b>	<b>256.9</b>	<b>493.5</b>

Note: IFRS financials translated at exchange rates of GEL/US\$ 2.075 (2003), 1.825 (2004), 1.793 (2005) and 1.736 (September 2006)

# Key Ratios

IFRS Consolidated, (US\$m)	Year Ended			Nine months ended September-06
	2003	2004	2005	
<b>Profitability ratios</b>				
ROAA (annualised) <sup>(1)</sup>	n/a	n/a	3.3%	3.5%
ROAE (annualised) <sup>(5)</sup>	n/a	n/a	18.5%	20.2%
Net interest margin <sup>(6)</sup>	n/a	10.9%	11.9%	10.0%
Interest income to average IEA <sup>(6)</sup>	n/a	15.5%	15.9%	15.3%
Interest expense to interest income	24.4%	29.4%	25.2%	34.5%
Net fee and commission income to total operating income <sup>(7)</sup>	23.8%	26.3%	22.4%	22.0%
Cost of funds <sup>(8)</sup>	n/a	4.2%	4.0%	5.6%
Net spread <sup>(9)</sup>	n/a	11.3%	11.8%	9.7%
Net non-interest income to total operating income <sup>(10)</sup>	34.3%	39.1%	39.7%	42.8%
<b>Liquidity ratios</b>				
Net loans to total assets	61.6%	46.8%	64.6%	65.4%
Net loans to total deposits <sup>(12)</sup>	94.9%	61.6%	96.8%	99.7%
Interest earning assets to total assets <sup>(6)</sup>	73.4%	73.7%	83.7%	83.7%
Total deposits to total assets <sup>(12)</sup>	64.9%	76.0%	66.7%	65.6%
<b>Asset quality</b>				
Allowance for loan impairment to gross loans <sup>(13)</sup>	6.1%	10.1%	5.4%	3.7%
Allowance of IEA to average gross loans	3.2%	12.1%	2.5%	3.2%
<b>Capital adequacy<sup>(14)</sup></b>				
Consolidated Tier 1 capital adequacy ratio <sup>(15)</sup>	39.6%	32.1%	23.0%	19.2%
Consolidated Total capital adequacy ratio <sup>(15)(16)</sup>	45.0%	33.8%	24.0%	25.2%
Standalone Tier I capital adequacy ratio <sup>(17)</sup>	39.6%	31.8%	23.6%	19.8%
Standalone Total capital adequacy ratio <sup>(17)(18)</sup>	45.0%	36.3%	23.8%	24.4%

Notes: Please see appendix for relevant ratio definitions

# Appendix

---

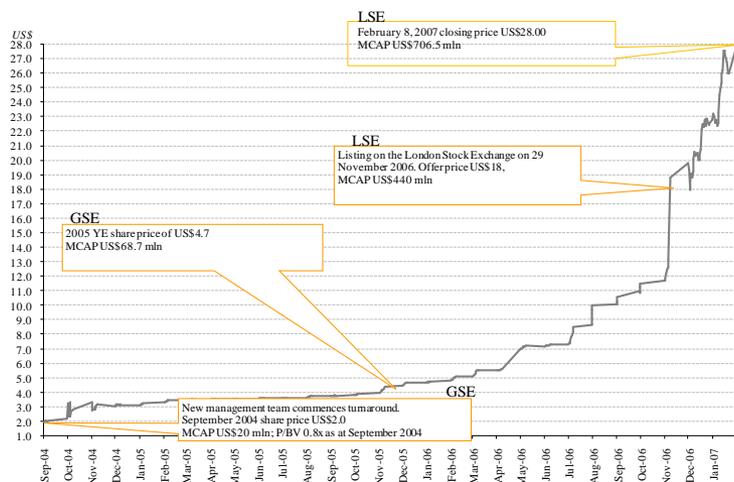


# Share Price Performance And Ownership Structure

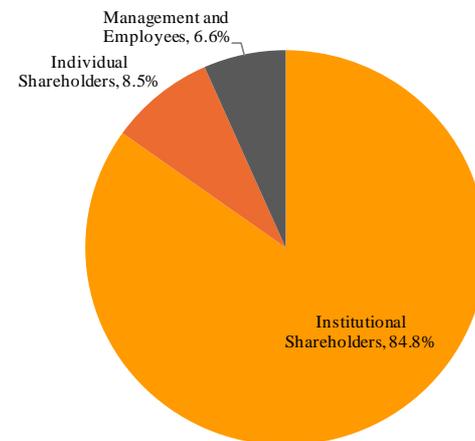
## BoG GDR Listing on LSE Facts & Figures

- ☞ Total size of the offer US\$159,843,723
- ☞ Gross Proceeds to the Bank US\$134 million
- ☞ Headline demand US\$653 million (4.7x oversubscribed)
- ☞ 103 investors bought GDRs with the offering
- ☞ Offer price US\$18 per GDR (1 GDR = 1 share)
- ☞ LSE closing price on 8 February 2007 US\$28.00 per GDR

## Bank of Georgia Share and GDR Price Performance



## Ownership structure



31-Dec-06	GDRs*	Call Warrants**	Local Shares	Total	%
<b>Institutional Shareholders</b>	<b>9,990,538</b>	<b>4,166,242</b>	<b>7,226,057</b>	<b>21,382,837</b>	<b>84.8%</b>
<b>Individual Shareholders</b>	-	-	2,147,482	2,147,482	8.5%
<b>Management and Employees</b>	<b>850,000</b>	-	<b>821,690</b>	<b>1,671,690</b>	<b>6.6%</b>
<i>Fully Vested</i>	68,667	-	771,176	839,843	3.3%
<i>Awarded but unvested</i>	137,333	-	50,514	187,847	0.7%
<i>Employee Benefit Trust</i>	644,000	-	-	644,000	2.6%
<b>Total Shares Outstanding</b>	<b>10,840,538</b>	<b>4,166,242</b>	<b>10,195,229</b>	<b>25,202,009</b>	<b>100%</b>
Adjusted for Galt & Taggart Securities' Proprietary Book <sup>(1)</sup>	-	-	(221,581)	(221,581)	-0.9%
<b>Adjusted Total Shares Outstanding</b>	<b>10,840,538</b>	<b>4,166,242</b>	<b>9,973,648</b>	<b>24,980,428</b>	
<b>Dilution Projections</b>					
Conversion of the HBK Investments subordinated loan <sup>(2)</sup>	-	-	1,157,407	1,157,407	
Guaranteed share compensation <sup>(3)</sup>	-	-	125,001	125,001	
Employee Benefit Trust <sup>(4)</sup>	650,000	-	-	650,000	
<b>Diluted Shares</b>	<b>11,490,538</b>	<b>4,166,242</b>	<b>11,256,056</b>	<b>26,912,836</b>	
Galt & Taggart Securities' Proprietary Book	-	-	221,581	221,581	
<b>Fully Diluted Shares</b>	<b>11,490,538</b>	<b>4,166,242</b>	<b>11,477,637</b>	<b>27,134,417</b>	

<sup>1</sup> Treated as treasury shares as per IFRS

<sup>2</sup> May convert at any time through 29 September 2008

<sup>3</sup> To be issued in nine monthly installments of 13,889 shares through September 2007

<sup>4</sup> To be authorized and issued at the next AGM

\* Bank of New York acts as depositary bank of the Bank of Georgia GDR holders following the initial public offering of the bank's shares in the form of GDRs on the London Stock Exchange in late November and early December 2006

\*\* Bank Austria Creditanstalt holds shares on behalf of call warrants on Bank of Georgia's shares, which are listed on Vienna Stock Exchange

# Ratios

## Notes on ratio calculations

- (1) Return on average total assets
- (5) Return on average total equity
- (6) Net interest income before impairment of interest earning assets divided by average interest earning assets. Interest earning assets include time deposits with credit institutions with effective maturity up to 90 days. Amounts due from credit institutions, loans to customers, minimum lease payments receivable and investment securities
- (7) Total operating income includes net interest income before impairment of interest earning assets, net fees and commissions income and other non-interest income
- (8) Cost of funds equals interest expense over the average of amounts owed to credit institutions, amounts owed to customers and debt securities issued
- (9) Net spread is calculated as the difference between interest income to average interest earning assets and interest expense to average interest bearing liabilities
- (10) Net non-interest income is the sum of net fees and commissions income and other non-interest income
- (12) Total deposits include amounts owed to customers and amounts owed to credit institutions except for the borrowings from credit institutions
- (13) Allowance for loan impairment amounted to GEL 21.3 million as of 30 September 2006 and GEL 16.9 million, GEL 19.1 million and GEL 9.3 million as of 31 December 2005, 2004 and 2003, respectively
- (14) The bank's capital adequacy ratios are expected to have increased significantly as a result of the offering of new shares in the form of GDRs that took place in late November and early December 2006.
- (15) The consolidated Tier I capital adequacy ratio calculated in accordance with Basel Capital Accord standards. The consolidated Tier I capital adequacy ratio of the Bank equals the consolidated Tier I capital divided by the consolidated risk weighted assets. The consolidated Tier I capital amounted to GEL 130.8 million as of 30 September 2006, and GEL 84.9 million, GEL 48.6 million and GEL 49.0 million as of 31 December 2005, 2004, and 2003, respectively. The consolidated risk weighted assets amounted to GEL 679.9 million as of 30 September 2006 and GEL 368.4 million, GEL 151.1 million and GEL 123.9 million as of 31 December 2005, 2004 and 2003, respectively.
- (16) The consolidated total capital adequacy ratio calculated in accordance with Basel Capital Accord standards. The consolidated total capital adequacy ratio of the Bank equals regulatory capital (Tier I + Tier II - deductions) divided by the consolidated risk weighted assets. The consolidated regulatory capital (Tier I + Tier II - deductions) amounted to GEL 171.4 million as at 30 September 2006 and GEL 88.3 million, GEL 51.0 million and GEL 55.8 million as at 31 December, 2005, 2004 and 2003, respectively
- (17) The standalone Tier I capital adequacy ratio calculated in accordance with Basel Capital Accord standards. The standalone Tier I capital adequacy ratio of Bank of Georgia equals standalone Tier I capital divided by standalone risk weighted assets. The standalone Tier I capital amounted to GEL 130.9 million as of 30 September 2006. The standalone risk weighted assets amounted to GEL 660.4 million as at September 30, 2006.
- (18) The standalone total capital adequacy ratio is calculated in accordance with Basel Capital Accord standards. The standalone total capital adequacy ratio of the Bank equals the standalone regulatory capital (Tier I + Tier II - deductions) divided by the standalone risk weighted assets. The standalone regulatory capital (Tier I + Tier II - deductions) amounted to GEL 161.2 as at 30 September 2006.

# *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.