

1.83 GEL/US\$ period end
1.82 GEL/US\$ period average

Bank of Georgia Announces Its Q1 2006 Results, Delivers Record Quarterly Net Income

- Q1 '06 Net Interest Income of GEL 10.2 million, up GEL 3.3 mln or 46.8% y-o-y
- Q1 '06 Net Non-Interest Income of GEL 5.4 million, up GEL 1.5 million or 37.7% y-o-y
- Q1 '06 Operating Income (Revenue) of GEL 15.6 million, up GEL 4.7 million or 43.5% y-o-y
- Q1 '06 Net Normalized Operating Income (NNOI) of GEL 8.0 million, up GEL 2.8 million or 52.7% y-o-y
- Q1 '06 Pre-Bonus Result (PBR) of GEL 6.5 million, up GEL 3.5 million or 118.4% y-o-y
- Q1 '06 Net Income of GEL 4.1 million, up GEL 1.8 million or 82.6% y-o-y
- EPS GEL 0.26 (Basic) vs. GEL 0.20 in Q1 '05
- EPS GEL 0.25 (Diluted) vs. GEL 0.19 Q1 '05
- ROAA 2.98 %
- ROAE 16.7 %

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, announced today its unaudited Q1 2006 results, reporting its highest ever quarterly Net Income of GEL 4.1 million on a standalone basis, an 82.6% increase y-o-y.

The bank reported Net Interest Income of GEL 10.2 mln, up 46.8% y-o-y. The bank also reported the highest quarterly Net Non-Interest Income of GEL 5.4 mln in its history, a 37.7% increase y-o-y, driven by the 49% y-o-y growth of the FX Trading Income (GEL 1.8 mln) and the solid growth of 46.6% y-o-y of Net Commission Income (GEL 3.2 mln, y-o-y). Operating Income (Revenue) grew by 43% y-o-y to GEL 15.6 mln in Q1 2006. Total Recurring Operating Costs increased 35% y-o-y.

“I am pleased to report the y-o-y NNOI growth of 52.7% to GEL 8.0 mln for Q1 '06, while the Pre-Bonus Result, at GEL 6.5 mln, has more than doubled y-o-y. One of the highlights of the quarter was the acquisition of assets and liabilities of Intellect Bank in February 2006. The nearly completed integration of Intellect Bank, the ninth largest bank with a 3% market share in client deposits at the time of the acquisition, has translated into the addition of more than 20,000 retail clients to Bank of Georgia's client base, as well as 14 new service centers that bring Bank of Georgia's total to 72 branches and service centers spread across the country”, noted **Irakli Gilauri**, Chief Operating Officer.

Total assets increased by GEL 152.7 mln (US\$ 83.6 mln) to GEL 606.3 mln (US\$ 331.9 mln), a 34% increase since the beginning of the year. Net loans stood at GEL 359.6 mln, a 20.9% growth year to date that was driven by the increase of both Corporate and Retail loan books. Retail client funds grew by 18% year to date to GEL 320.1 mln as the bank served over 190,000 retail current account holders at the end of Q1 2006.

“I am delighted to note our remarkable progress in attracting non-deposit funding, having raised US\$ 46.0 mln in Q1 2006. This funding included a US\$ 25 mln 18 month senior unsecured loan from

About Bank of Georgia

Bank of Georgia is a leading Georgian universal bank. The bank markets and distributes a wide spectrum of retail products through its extensive branch network, and offers a full range of commercial banking and investment banking services to corporate clients. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, offers a wide range of corporate and retail insurance products (through its newly launched *Chemebi* retail brand). As at March 31, 2006, the bank had GEL 606.4 million in assets and GEL 99.5 million in equity. In 2005, the bank earned net income of GEL 12.8 million.

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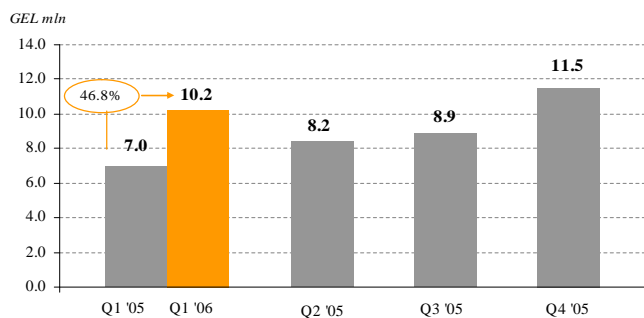
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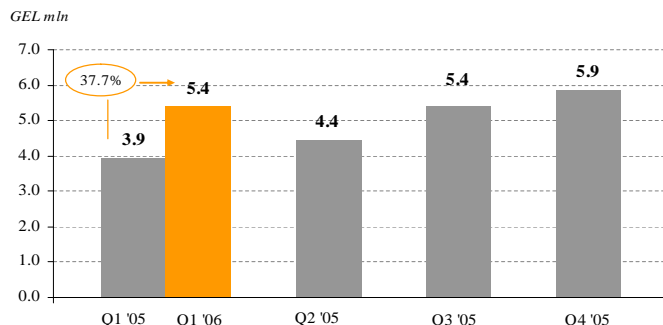
Citigroup and a US\$ 10 mln 10 year unsecured loan from WorldBusiness Capital”, commented **Irakli Gilauri**, Chief Operating Officer.

“I wish to congratulate all of my colleagues on the remarkable start of the year. During this quarter, we continued to aggressively grow and develop our retail banking franchise by launching co-branded cards and loyalty programs with the leading Georgian consumer businesses such as Geocell, a leading mobile operator, Aversis, the leading pharmacy chain and Populi, the largest grocery store chain. These initiatives are expected to further expand our retail footprint and add some 20,000 retail clients to our client base, in addition to the approximately 30,000 new clients that we expect to attract through *Chemebi*, the new consumer insurance brand launched by BCI in February. We are also proud to announce major corporate client wins in the last quarter, including Millennium Challenge Georgia (“MCG”), servicing MCG’s US\$ 295 mln committed US government funding over five years, and the TAV-Urban Consortium, the Tbilisi and Batumi Airports BOT operator (US\$ 77 mln reconstruction project). Furthermore, we have won the tender to be the sole servicing bank of the Tbilisi Metro (subway). All our SBUs performed well in Q1 2006. Corporate and Investment Banking increased its loan book 17% year to date, earning PBR of GEL 4.8 mln. BCI’s Gross Premium Written increased 103% y-o-y to GEL 3.9 mln, while its PBR grew 157% y-o-y to GEL 0.5 mln. Asset & Wealth Management generated PBR of GEL 116 thousand, up more than four times y-o-y, and attracted over 100 new private banking clients during Q1 2006, bringing the total to 577 clients. The bank’s equity capital (book value) stood at GEL 99.5 mln as at March 31, 2006, with equity book value per share reaching GEL 6.43”, noted **Lado Gurgenidze**, Chief Executive Officer.

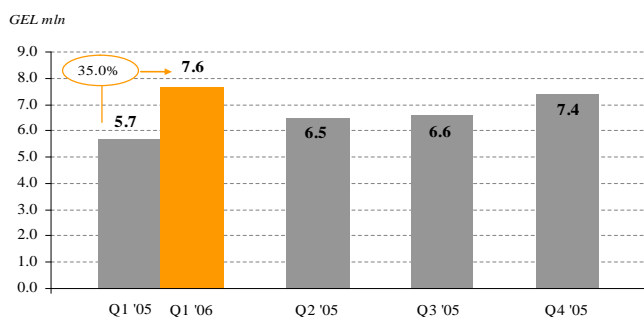
Net Interest Income



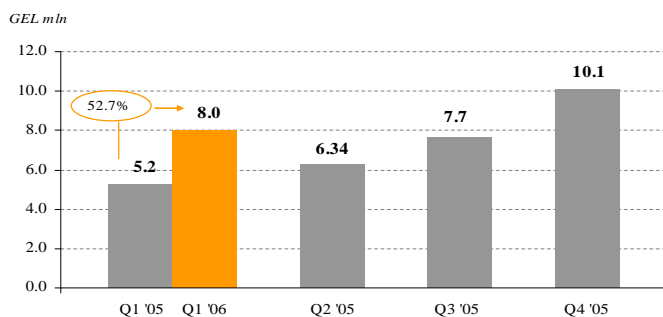
Net Non-Interest Income



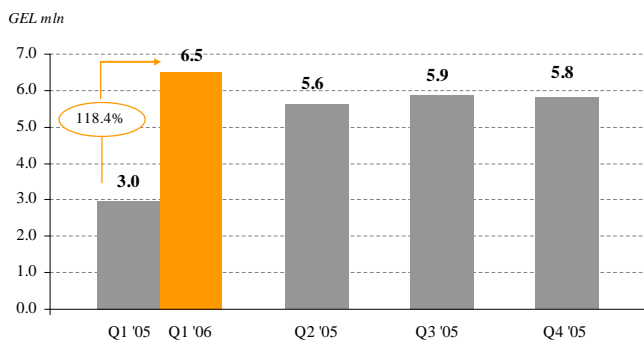
Recurring Operating Costs



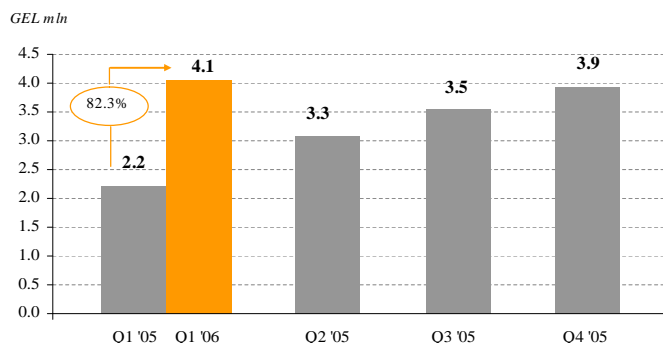
Net Normalized Operating Income



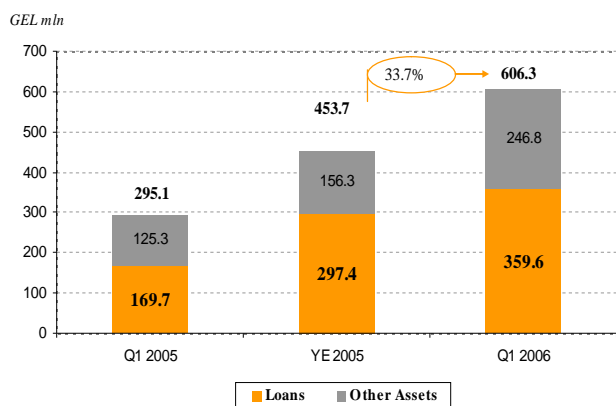
Pre-Bonus Result



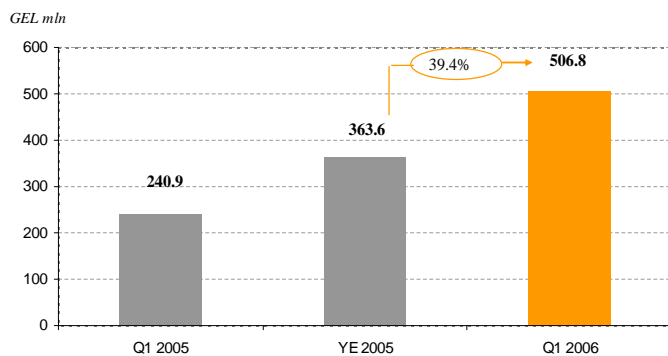
Net Income



Assets/Loans



Liabilities



INCOME STATEMENT

	<i>Unaudited US\$</i>	Unaudited	Y-O-Y	Unaudited	Unaudited
<i>JSC Bank of Georgia Standalone, IFRS</i>	<i>Q1 '06</i>	Q1 '06	Growth	Q1 '05	12/31/2005
<i>GEL, unless otherwise noted</i>					
GEL/US\$ average exchange rate	1.82	1.82		1.83	1.81
Operating Income					
Interest Income	8,368,175	15,190,427	55.1%	9,794,733	48,664,733
Interest Expense	2,736,299	4,967,099	75.4%	2,831,650	12,882,305
Net Interest Income	5,631,876	10,223,328	46.8%	6,963,083	35,782,428
Commission Income	2,010,318	3,649,253	37.4%	2,655,770	13,035,903
Commission Expenses	231,264	419,805	-7.3%	452,688	2,105,997
Net Commission Income	1,779,053	3,229,447	46.6%	2,203,082	10,929,905
Income from Documentary Operations	345,334	626,872	2.2%	613,163	2,807,882
Expense from Documentary Operations	144,291	261,926	59.1%	164,664	803,965
Net Income From Documentary Operations	201,043	364,946	-18.6%	448,499	2,003,918
Other Non-Interest Income	5,435	9,866	-85.1%	66,096	183,522
Other Non-Interest Expenses	195	354	2112.5%	16	1,780
Net Other Non-Interest Income	5,240	9,512	-85.6%	66,080	181,742
FX Trading Income	997,568	1,810,846	49.0%	1,215,697	6,542,241
Net Non-Interest Income	2,982,904	5,414,751	37.7%	3,933,358	19,657,806
Total Operating Income	8,614,780	15,638,079	43.5%	10,896,441	55,440,233
Recurring Operating Costs					
Personnel Costs	1,945,198	3,540,261	22.0%	2,901,939	12,442,922
Selling, General & Administrative Expenses	833,081	1,516,207	108.0%	728,818	4,714,949
Procurement & Operations Support Expenses	322,998	587,855	29.0%	455,561	1,989,900
Depreciation	563,480	1,025,534	28.5%	798,370	3,491,954
Other Operating Expenses	472,425	859,814	24.1%	692,804	2,925,812
Various Tax Expenses	59,007	107,393	35.8%	79,096	597,126
Total Recurring Operating Costs	4,207,143	7,637,065	35.0%	5,656,587	26,162,663
Net Normalized Operating Income	4,407,636	8,001,013	52.7%	5,239,854	29,277,571
Non-recurring costs	13,301	24,145	-96.7%	724,642	1,962,044
Profit (pre-bonus) Before Provisions	4,394,336	7,976,869	76.7%	4,515,212	27,315,526
Provisions	884,808	1,606,157	-30.4%	2,306,414	8,861,148
Gains on asset sale & recovery	75,329	136,742	-82.3%	770,543	1,840,501
Pre-Bonus Result	3,584,857	6,507,453	118.4%	2,979,341	20,294,879
Guaranteed Compensation Expenses	112,032	203,367	222.8%	63,000	232,000
Bonuses	716,578	1,300,776	86.6%	697,022	6,000,001
Pre-Tax Income	2,580,790	4,684,809	111.1%	2,219,319	14,062,878
Profit Tax	347,834	631,410	NMF	-	1,289,194
Net Income	2,232,956	4,053,399	82.6%	2,219,319	12,773,685
EPS Basic	0.14	0.26	30.0%	0.20	0.87
EPS Diluted	0.14	0.25	31.6%	0.19	0.84

BALANCE SHEET

<i>JSC Bank of Georgia Standalone, IFRS GEL, unless otherwise noted</i>	<i>Unaudited US\$ 3/31/2006</i>	Unaudited 3/31/2006	YTD Growth	Unaudited 12/31/2005
GEL/US\$ e-o-p exchange rate	1.83	1.83		1.79
Cash	20,345,552	37,171,324	49.2%	24,907,867
Balances with NBG	20,616,447	37,666,249	13.3%	33,249,739
Cash Balances with Banks	28,009,540	51,173,430	74.6%	29,314,610
Treasuries	2,159,109	3,944,692	-48.8%	7,700,513
Other fixed income instruments	598,831	1,094,063	-38.9%	1,791,329
Net Loans	196,819,509	359,589,243	20.9%	297,379,751
Accrued Interest and Dividends	2,027,605	3,704,434	9.8%	3,373,236
Net Investments	5,401,660	9,868,834	7.0%	9,221,425
Fixed Assets	20,565,267	37,572,743	1.4%	37,068,704
Other assets	34,288,673	62,645,406	709.7%	7,736,814
Goodwill	1,049,489	1,917,416	0.0%	1,917,416
TOTAL ASSETS	331,881,682	606,347,834	33.7%	453,661,404
Deposits	177,194,128	323,733,673	10.8%	292,167,823
Interbank deposits	1,669,069	3,049,389	-85.5%	21,062,794
Client deposits	175,525,060	320,684,284	18.3%	271,105,029
Borrowed Funds	70,691,493	129,153,358	136.1%	54,702,186
Payable Interest and Dividends	5,881,843	10,746,126	17.0%	9,188,107
Other Liabilities	23,645,939	43,201,130	469.1%	7,590,854
TOTAL LIABILITIES	277,413,402	506,834,286	39.4%	363,648,971
Ordinary Shares	8,464,454	15,464,558	5.0%	14,728,704
Retained Earnings and Revaluation Reserves	43,785,217	79,995,591	28.0%	62,510,045
Net Income for the Period	2,218,609	4,053,399	-68.3%	12,773,684
SHAREHOLDERS' EQUITY	54,468,280	99,513,548	10.6%	90,012,434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	331,881,683	606,347,834	33.7%	453,661,404
<i>Shares Outstanding</i>	<i>15,464,558</i>	<i>15,464,558</i>		<i>14,728,704</i>

RATIOS	Unaudited Q1 '06*	Unaudited Q1 '05	Unaudited 12/31/2005	Audited 12/31/2004
<i>JSC Bank of Georgia Standalone</i>				
ROAE, %	16.7	15.9	19.5	N/A
ROAA, %	3.0	2.7	3.3	N/A
Net Interest Margin, % *	11.2	12.6	13.2	11.4
<i>(Net Interest Income/Average Interest bearing Assets)</i>				
Cost/Income Ratio (normalized)	60.5	58.9	58.4	62.2
Personnel Costs/Total Operating Income,%	34.6	20.0	33.7	32.2
Net Income/Total Operating Income, %	25.9	19.0	23.0	N/A
Capital Adequacy Ratio (Tier I + Tier II, BIS),%	19.9	23.0	22.6	22.2
Net Loans/Total Assets, %	59.3	57.6	65.6	47.6
Net Loans/Total Liabilities,%	70.9	69.2	81.8	56.0
Net Loans/Client Deposits, %	112.1	85.7	109.7	68.4
Total Deposits/Total Liabilities, %	63.9	80.8	80.3	82.1
Time Deposits/Total Client Funds, %	43.1	38.3	45.2	37.5
Demand Deposits/Total Client Funds, %	13.2	10.2	12.9	6.3
Current Account Balances/Total Client Funds, %	43.8	51.5	41.8	56.2
Provisions/Gross Loans,%	9.0	11.7	5.6	12.1
NPLs/Gross Loans, %**	6.7	11.7	4.0	13.4
Provisions/NPLs, %	135.2	145.5	139.7	89.7
Leverage (Total Liabilities/Equity)	5.1	5.0	4.0	5.7
Book Value per Share	6.4	5.0	6.1	4.8
Share Price***	10.0	6.4	8.3	5.6

* Includes Intellect Bank, unless otherwise noted

** NPLs includes loans classified as Substandard, Doubtful and Loss

*** GSE closing price on the last trading day of the period