BANK OF GEORGIA

Tbilisi, 1 September, 2008

1.42 GEL/US$ 1H 2008 period end
1.50 GEL/US$ 1H 2008 average
1.44 GEL/US$ Q2 2008 average
1.67 GEL/US$ 1H 2007 period end
1.70 GEL/US$ 1H 2007 average
1.69 GEL/US$ Q2 2007 average

JSC BANK OF GEORGIA ANNOUNCES CONSOLIDATED Q2 2008 & 1H 2008 RESULTS

Millions, unless otherwise noted	*Q2 2008*		**Growth y-o-y** [1]
Bank of Georgia (Consolidated, Unaudited, IFRS-based)	**US$**	**GEL**	
Total Operating Income (Revenue)[2]	**60.6**	**85.9**	**64.8%**
Recurring Operating Costs	**34.5**	**48.9**	**74.6%**
Normalised Net Operating Income[3]	**26.1**	**37.1**	**53.4%**
Consolidated EPS (Basic), GEL & US$[4]	**0.64**	**0.91**	**22.7%**
Consolidated EPS (Fully Diluted), GEL & US$[5]	**0.64**	**0.91**	**22.8%**
Net Income	**20.0**	**28.3**	**51.6%**
ROAA,[6] **Annualised, %**		**3.5%**	
ROA, [7] **Annualised, %**		**3.3%**	
ROAE,[8] **Annualised, %**		**14.8%**	
ROE,[9]**Annualised, %**		**14.5%**	

Millions, unless otherwise noted	*1H 2008*		**Growth y-o-y** [1]
Bank of Georgia (Consolidated, Unaudited, IFRS-based)	**US$**	**GEL**	
Total Operating Income (Revenue)[2]	**117.8**	**167.0**	**79.2%**
Recurring Operating Costs	**65.8**	**93.3**	**87.1%**
Normalised Net Operating Income[3]	**52.0**	**73.7**	**70.1%**
Net Income	**42.5**	**60.3**	**86.2%**
Consolidated EPS (Basic), GEL & US$[4]	**1.41**	**2.00**	**56.3%**
Consolidated EPS (Fully Diluted), GEL & US$[5]	**1.36**	**1.93**	**62.4%**
ROAA,[6] **Annualised, %**		**3.8%**	
ROA, [7] **Annualised, %**		**3.5%**	
ROAE,[8] **Annualised, %**		**17.3%**	
ROE,[9]**Annualised, %**		**15.4%**	

[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] Basic EPS equals Net Income of the period divided by weighted average outstanding shares for the period.
[5] Fully Diluted EPS equals Net Income of the period divided by the number of outstanding ordinary shares as of the period end plus number of ordinary shares in contingent liabilities.
[6] Return on Average Total Assets equals Net Income for the period divided by the average Total Assets for the period.
[7] Return on Assets equals Net Income for the period divided by the Total Assets at the end of the period.
[8] Return on Average Total Shareholders' Equity equals Net Income for the period divided by the average Total Shareholders' Equity for the period.
[9] Return on Equity equals Net Income for the period divided by the Total Equity at the end of the period.

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 34 % market share by total assets (all data according to the NBG as of July 31, 2008). The bank has 142 branches and over 880,000 retail and more than 128,000 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 a wide range of 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) & 'Ba2/NP' (LC)

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The financial information as of Q2 2008, six months 2008, Q2 2007 and six months 2007 contained in this news report is unaudited and reflects the best estimates of management. The bank's actual results may differ significantly from the amounts reflected herein as a result of various factors.

Bank of Georgia (LSE: BGEO, GSE: GEB) (the "Bank"), Georgia's leading universal bank, announced today its Q2 2008 and 1H 2008 consolidated results (IFRS-based, derived from management accounts), reporting a Q2 2008 Net Income of GEL 28.3 million (up 51.6% y-o-y) and Consolidated Basic EPS of US$0.64 (up 22.7% y-o-y) and a 1H 2008 Net Income of GEL 60.3 million (up 86.2% y-o-y) and Consolidated Basic EPS of US$1.41 (up 56.3% y-o-y).

Q2 2008 Summary

In Q2 2008 the Bank's Total Operating Income (Revenue) grew by 64.8% y-o-y (up 6.0% q-o-q[10]) to GEL 85.9 million. Net Interest Income increased to GEL 55.8 million (up 80.7% y-o-y and 12.2% q-o-q) and Net Non-Interest Income amounted to GEL 30.1 million (up 41.6% y-o-y and down 4.0% q-o-q) . The Interest Income growth during the quarter was mainly driven by the increased interest rates on banking products and the increased share of higher-yielding retail loans in the Bank's loan portfolio. The Net Interest Margin increased to 9.1% in Q2 2008 from 8.9% in Q1 2008 and 8.5% in Q2 2007. The q-o-q decrease in Net Non-Interest Income (includes Foreign Currency Related Income, Net Fee and Commission Income, Net Income from Documentary Operations and Net Other Non-Interest Income) was mainly due to the decrease in Foreign Currency Related Income (GEL 10.4 million, up 71.4 % y-o-y and down 21.3% q-o-q), which was caused by a lower volatility of Lari in Q2 as compared to high volatility in Q1 2008. Net Fee and Commission Income stood at GEL 10.2 million (up 81.5% y-o-y and down 0.1% q-o-q) and Net Income from Documentary Operations increased to GEL 1.9 million (up 39.6% y-o-y and 29.4% q-o-q). Net Other Non-Interest Income was GEL 7.7 million, down 7.2% y-o-y and up 18.0% q-o-q.

Consolidated Recurring Operating Costs for the quarter grew 74.6% y-o-y (9.9% q-o-q) to GEL 48.9 million driven mainly by the increase in personnel costs in Georgia and Ukraine and costs associated with new branches in Georgia. Net Normalized Operating Income ("NNOI") increased 53.4% y-o-y (up 1.2% q-o-q) to GEL 37.1 million

The Bank's Consolidated Net Non-Recurring Income of GEL 3.4 million in Q2 2008 is comparable to GEL 8.5 million it reported in Q1 2008. In Q1 and Q2 2008 the Consolidated Net Non-Recurring Income was mainly driven by the revaluation of the real estate properties held by JSC SB Real Estate, a real estate investment company managed by Galt & Taggart Asset Management, in which the Bank beneficially owns a significant equity stake. Currently, SB Real Estate financial statements are fully consolidated into the Bank's financial statements. The Bank reported a consolidated Net Income of GEL 28.3 million for Q2 2008, a 51.6% growth on a year-on-year basis and a 11.2% decrease q-o-q.

The Bank's Consolidated ROAE amounted to 14.8% in Q2 2008 compared with a consolidated ROAE of 19.6% in Q1 2008 and 14.4% in Q1 2007. Consolidated ROAA was 3.5% in Q1 2008 compared with 4.2% in Q1 2008 and 3.8% in Q1 2007.

Bank of Georgia's banking operations in Georgia, which are provided through JSC Bank of Georgia, reported a standalone Net Income of GEL 28.4 million (up 77.6% y-o-y and 11.9% q-o-q). The Bank's subsidiaries showed mixed results in Q2 2008. The Bank's Ukrainian subsidiary, Universal Bank for Development and Partnership ("UBDP"), reported a Net Income of GEL 0.7 million in Q2, reversing a Net Loss of GEL 0.7 million in Q1 2008. Galt & Taggart Securities, the Bank's fully-owned investment banking subsidiary, which witnessed rapidly deteriorating market conditions in Ukraine and Georgia in Q2, reported a quarterly Net Loss of GEL 2.6 million. Aldagi BCI, the Bank's fully-owned Georgian Insurance subsidiary, reported a quarterly Net Income of GEL 36,000 compared with Net Loss of GEL 0.4 million in Q1 2008.

On 13 May 2008 Bank of Georgia announced that it signed an agreement to acquire 70% equity interest in a Belarusian bank, Belarusky Narodny Bank ("BNB"), for the total consideration of US$34.2 million (P/BV of circa 1.99x based on BNB's 2007 Audited Financial statements). The BNB acquisition was completed just a few days before the end of the reporting period. Therefore, BNB's 1H 2008 results were not included in the Bank's consolidated 1H 2008 results and the Bank's equity interest in BNB was reported as Investments in Other Business Entities on the Bank's 30 June 2008 consolidated Balance Sheet. As of 30 June 2008 BNB had total assets of US$45.5 million, net loans of US$25.8 million, client deposits of US$12.9 million and a total shareholders' equity of US$25.6 million. BNB's net income for 1H 2008 amounted US$1.9 million.

[10] q-o-q compares Q2 2008 results with Q1 2008 results

In June 2008 Bank of Georgia Bank of Georgia and its fully-owned subsidiary Galt & Taggart Bank (formerly Cascade Bank-Georgia, acquired by the Bank in July 2007) merged pursuant to the resolution of the Annual General Meeting of Shareholders ("AGM") of Bank of Georgia, held on 30 May 2008. No consideration was paid during the merger. Bank of Georgia became JSC Galt & Taggart Bank's legal successor. Bank of Georgia's authorized share capital, existing shareholders' ownership interests and the management structure remained unchanged. The purpose of the merger was to simplify the Bank of Georgia's corporate structure.

Despite continued difficult market conditions, Bank of Georgia raised US$166 million in debt funding in Q2 2008, including approximately US$26 million in Lari-denominated short-term promissory notes, a US$30 million subordinated loan from Dutch and German development banks FMO and DEG and US$110 million two-year Loan Passthrough Notes (Bloomberg: BKGORG) arranged by JPMorgan (the facility was increased by a further US$30 million in July 2008).

The Bank's AGM also approved an increase of Bank of Georgia's Authorized Share Capital by 7,000,000 shares, which will be reserved for general funding purposes. The issuance of newly authorized shares by the Management Board will be possible only with the approval of the Supervisory Board within five years of the AGM.

1H 2008 Summary

In 1H 2008 the Bank's Total Operating Income (Revenue) increased by 79.2% y-o-y to GEL 167.0 million, driven by a 85.4% increase y-o-y in Net Interest Income and a 69.4% increase y-o-y in Net Non-Interest Income. Total Recurring Operating Costs increased by 87.1% y-o-y to GEL 93.3 million. NNOI grew 70.1% y-o-y to GEL 73.7 million and Net Income increased by 86.2% y-o-y to GEL 60.3 million.

On 30 June 2008 the Bank's consolidated Total Assets amounted to GEL 3.4 billion (up 77.3% y-o-y, up 15.1% year-to-date and an 8.0% increase in Q2 2008 compared with Q1 2008 or q-o-q). Gross Loans reached GEL 2,107 million (up 98.9% increase y-o-y, up 20.2% year-to-date and up 13.5% q-o-q). Corporate Gross Loans to Clients in Georgia stood at GEL 880.6 million (up 54.3% y-o-y, up 9.1% year-to-date and up 7.2% q-o-q). Retail Gross Loans to Clients in Georgia reached GEL 921.9 million (up 110.0% y-o-y, up 43.1% year-to-date and up 22.2% q-o-q). Wealth Management Gross Loans To Clients in Georgia amounted to GEL 42.6 million (up 30.3% y-o-y, down 3.6% year-to-date and up 22.3% q-o-q). UBDP accounted for 10.6% and 12.6% of the Bank's Total Assets and Total Gross Loans, respectively.

The combined share of Retail and Wealth Management (excluding UBDP) in Bank of Georgia's Gross Loans To Clients increased to 52.4% as of 30 June 2008 from 46.0% as of 31 December 2007.

As of 30 June 2008 the Bank's consolidated Total Liabilities reached GEL 2.6 billion (up 72.9% y-o-y, up 9.3% year-to-date and up 9.1% q-o-q). Against the background of intensifying competition for deposits in Georgia and a 10.9% appreciation of Georgian Lari against the US dollar in 1H 2008, Client Deposits in Georgia reached GEL 1.2 billion (up 46.8% y-o-y, up 11.7% year-to-date and up 9.5% q-o-q). Bank of Georgia's Consolidated Client Deposits increased to GEL 1,395 million (up 68.5% y-o-y, up 2.9% year-to-date and up 5.2% q-o-q).

As of 30 June 2008 Bank of Georgia on standalone basis held market share of 34.0%, 33.3% and 29.7% by total assets, gross loans, and deposits, respectively in Georgia[11]. In 1H 2008 Bank of Georgia accounted for 61.0% of the total Net Income in the Georgian banking sector compared with 35.5% in 1H 2007.

As of 30 June 2008 the Bank's Shareholders' Equity amounted to GEL 783.1 million, an increase of GEL 225.1 million year-to-date and GEL 379.0 million y-o-y. The year-to-date growth was mainly due to 1H 2008 Net Income of GEL 60.3 million, as well as a capital increase implemented through the placement of four million new ordinary shares in the form of GDRs on 13 February 2008, which raised gross proceeds of US$100 million.

In 1H 2008 the Bank's Consolidated ROAE amounted to 17.3% compared with a consolidated ROAE of 16.6% in 1H 2007 and 17.7% for the full year 2007. Consolidated ROAA stood at 3.8% compared with an ROAA of 3.9% in 1H 2007 and 3.8%

[11] 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

for the full year 2007. The Bank's equity book value per share stood at GEL 25.06 (US$17.67) as at 30 June 2008, up 57.0% y-o-y and up 22.0% year-to-date.

Business Unit Overview

Corporate Banking (CB)[12]

Discussion of Results

Allocated Revenues grew 48.9% y-o-y to GEL 46.9 million in 1H 2008, while Allocated Recurring Costs increased by 59.3% y-o-y. NNOI grew 44.8% y-o-y to GEL 32.7 million, contributing 44.4% to the consolidated NNOI. Net Income grew 49.2% y-o-y to GEL 22.9 million, contributing 38.0% to the consolidated Net Income.

On a quarterly basis, Allocated Revenues in Q2 2008 grew 28.5% y-o-y to GEL 22.8 million, down 5.2% q-o-q, while Allocated Recurring Costs grew to GEL 7.2 million 36.8% y-o-y, up 3.8% q-o-q. Q2 2008 NNOI grew by 25.0% y-o-y to GEL 15.6 million, down 8.8% q-o-q, while Q2 2008 Net Income increased by 57.4% y-o-y to GEL 12.4 million, up 18.0% q-o-q.

CB Gross Loans grew 54.3% y-o-y to GEL 880.6 million (up 9.1% year-to-date). Allocated Client Deposits stood at GEL 681.5 million up 38.4% y-o-y and up by 1.8% year-to-date.

Highlights

- Major new corporate client acquisitions include Turkish gas station chain Petrol Ofisi Georgia, a Ukrainian Airlines representative office and Electricity System Commercial Operator.
- Increased the number of corporate clients using the Bank's payroll services from approximately 700 at the end of 2007 to over 850 by 30 June 2008.
- Approximately 6,000 legal entities opened accounts at the bank in 1H 2008, bringing the total number of CB clients to approximately 71,000.

Retail Banking (RB)

Discussion of Results

Allocated Revenues grew 93.4% y-o-y to GEL 81.5 million in 1H 2008, while Allocated Recurring Costs increased by 81.6% y-o-y to GEL 38.7 million. NNOI grew 105.5% y-o-y to GEL 42.8 million, contributing 58.1% to the consolidated NNOI. Net Income grew 74.6% y-o-y to GEL 25.8 million, contributing 42.7% to the bank's consolidated Net Income.

On a quarterly basis, Allocated Revenues in Q2 2008 grew 87.4% y-o-y to GEL 43.8 million, up 16.0% q-o-q, while Allocated Recurring Costs grew to GEL 20.6 million 73.9% y-o-y, up 14.4% q-o-q. Q2 2008 NNOI grew by 101.4% y-o-y to GEL 23.1 million, up 17.6% q-o-q, while quarterly Net Income in Q2 2008 increased by 66.0% y-o-y to GEL 12.8 million, a decrease of 0.9% q-o-q.

RB Gross Loans grew 110.0% y-o-y to GEL 921.9 million (up 43.1% year-to-date), driven by the increased lending activity due to high demand for mortgages, car loans, consumer loans, credit cards and other retail banking products. Allocated Client Deposits grew 47.8% y-o-y to GEL 403.4 million (up 18.6% year-to-date).

[12] The Corporate Banking business unit was previously referred to as Corporate and Investment Banking ("CIB")

Highlights

- Increased the number of retail current accounts from approximately 705,000 at the beginning of the year to over 880,000 as at 30 June 2008.
- Launched a new universal remote banking platform for multiple communication channels, including Internet, voice telephony and mobile.
- Jointly with Populi, the leading Georgian supermarket chain, launched a co-branded credit card, Populi Credit, which is targeted at Populi or any other convenience/grocery store customers; over 4,000 cards were issued since the launch with a total approved credit limit of GEL 2.1 million.
- Opened 17 new branches (service centers) in Georgia, bringing the total number of branches to 134 by 30 June 2008.
- Stepped up the issuance of credit cards, as the number of credit cards issued reached approximately 68,800 in 1H 2008 compared with 22,701 credit cards issued in 1H 2007. In 1H 2008 over 144,000 debit cards were issued, compared with approximately 164,500 debit cards issued during 1H 2007
- Continued acquiring new merchants as the installed POS terminal footprint grew to 2,452 compared wtih 1,594 at the end of 2007.
- The total number of cards serviced by Georgian Card grew from 876,263 at year end 2007 to approximately 1,054,080 by 30 June 2008, while the number of transaction authorisations processed by Georgian Card in 1H 2008 grew 120.1% y-o-y to approximately 15.7 million. The volume of transactions processed grew to GEL 1,035 million, up 149.7% y-o-y.
- Continued investing in electronic banking channels; the number of ATMs grew to 363 by 30 June 2008 (up from 250 at the end of 2007), number of mobile banking users reached 42,119, up 6.1% from the beginning of the year, and the number of registered Internet banking users grew 256.6% y-o-y to over 200,000. In Q2 2008 Person- to- Person Money transfer feature was added to Bank of Georgia's ATM network.
- Increased car loan originations for 1H 2008 to GEL 41.4 million (up 158.5% y-o-y and 42.6% q-o-q). Car loans outstanding by 30 June 2008 stood at GEL 63.2 million, up 184.2% y-o-y (70.6% year-to-date).
- Increased mortgage loan originations to GEL 164.4 million in 1H 2008 (up 156.8% y-o-y and 12.1% q-o-q). Mortgage loans outstanding on 30 June 2008 stood at GEL 283.1 million, up 167.7% y-o-y, (up 56.7% year-to-date).

Wealth Management (WM)

Discussion of Results

Allocated Revenues for WM was GEL 2.9 million in 1H 2008, an increase of 35.2% y-o-y. Net Income grew 14.0% y-o-y to GEL 1.0 million, contributing 1.6% to consolidated Net Income.

WM Gross Loans stood at GEL 42.6 million an increase of 30.3% y-o-y and a decrease of 3.6% year-to-date due to the repayment of several sizeable loans in Q1 2008. Allocated Client Deposits increased by 44.6% y-o-y and up 17.5% year-to-date to GEL 81.6 million.

- Launched Club 24, a private club for Wealth Management clients in Georgia. At Club 24 the Bank's WM clients have access to a full range of banking products offered by Bank of Georgia and also benefit from the club's dining and entertainment facilities, conference rooms, onsite travel agent, real estate brokerage, tax advisory, insurance and a concierge services.
- Purchased office space and recruited head of the office for the Bank's Wealth Management business in Tel Aviv, Israel. Registration of the Bank's representative office with Bank of Israel is currently in progress.

Ukraine

Discussion of Results

UBDP's Total Operating Income (Revenue) amounted to GEL 13.3 million in 1H 2008, while Recurring Costs stood at GEL 14.3 million), resulting in a Net Loss of GEL 40,000.

On a quarterly basis, UBDP's Revenue increased by 3.7% compared to Q1 2008 to GEL 6.8 million and Q2 2008 Net Income reached GEL 0.66 million, reversing Q1 2008's Net Loss of GEL 0.70 million.

UBDP's Total Assets grew by 2.9% year-to-date to GEL 360.3 million and Gross Loans to Clients increased by 17.2% to GEL 265.4 million in 1H 2008. Client Deposits dropped 31.7% year-to-date to GEL 180.2 million, mostly a result of the departure of several corporate clients and increased competition for deposits in 1H 2008. UBDP's Total Assets increased to GEL 360.3 million (up 2.9% year-to-date), while Total Liabilities reached GEL 292.1 million (up 3.0% year-to-date).

Highlights

- Shareholders' Meeting of UBDP held on 16 May 2008 approved the increase of UBDP's capital from UAH 140 million to UAH 265 million through the issue of 125 million new shares at UAH 1 per share.
- Launched Micro and Small Enterprise ("MSE") Lending Program, which is being implemented through a newly-established MSE department, which currently employs 20 MSE lending managers.
- Increased number of retail current accounts from approximately 44,000 at YE 2007 to over 45,700 as at 30 June 2008
- Increased number of corporate current accounts from approximately 4,710 at YE 2007 to over 5,000 as at 30 June 2008
- Launched the program for rationalization of UBDP operations, including headcount and branch network. An ongoing headcount optimization resulted in reduction of UBDP's staff from 814 at year-end 2007 to 781 on 30 June 2008 and closure of five unprofitable branches.

Galt & Taggart Securities (GTS)

Discussion of Results

Difficult capital markets in Georgia (GTS Index decreased by 30.9% in 1H 2008) and Ukraine (the PFTS Index decreased by 34.6% in 1H08) had a negative impact on Galt & Taggart Securities ("GTS"), Bank of Georgia's fully-owned investment banking subsidiary. In 1H 2008 GTS Revenue of GEL 0.6 million represents a 94.8% decrease y-o-y and a Net Loss of GEL 4.4 million, compared with 1H 2007 Net Income of GEL 7.7 million. GTS' Revenue and Net Loss for 1H 2008 includes the loss from trading activities of GEL 2.3 million, which reflects loss on GTS' proprietary trading book in Ukraine. Due to its bearish outlook on markets for the remainder of 2008, GTS largely disposed of its proprietary trading book in July and August 2008. GTS also launched a cost optimization program, which it expects to complete by the end of September.

In 1H 2008 Galt & Taggart Securities continued to hold the leading position in equities trading in Georgia, with an approximate market share of 84.6% in terms of trading volume and ranked #4 among broker-dealers with an approximately 7.0% market share by equities trading volume in Ukraine. In 1H 2008 GTS opened corporate finance offices in Belarus and Azerbaijan and establishing a trading presence in Uzbekistan.

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 Galt & Taggart Capital ("GTC"), 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 GTC owns 52.08% equity stake. The financial results of GTAM, GTC and SBRE are fully consolidated in the Bank's financial results. As of 30 June 2008 Assets Under Management of Galt & Taggart Asset Management (GTAM) stood at approximately US$149 million, an increase of 89.5%

since the year end 2007 and 14.7% since 31 March 2008. AM revenues grew to GEL 14.1 million in 1H 2008, up 719.5% y-o-y. Net Income stood at GEL 11.6 million in 1H 2008 and contributed 19.2% to the consolidated Net Income. A gain of GEL 11.2 million from the revaluation of real estate properties owned by SBRE is included in AM revenues and Net Income. The gain has been included in the Net Non-Recurring Income line of the Bank's Income Statement for 1H 2008.

Insurance

Discussion of Results

Gross Premiums Written of Aldagi BCI, the bank's fully-owned Georgian insurance subsidiary, increased by 75.0% y-o-y to GEL 29.8 million. Net Premiums Earned grew 170.9% y-o-y to GEL 17.5 million. Revenues increased by 0.8% y-o-y to GEL 4.4 million. Net Loss for 1H 2008 equaled GEL 0.4 million. The loss was mainly due to Aldagi BCI's participation in the state healthcare program for socially vulnerable citizens and school teachers launched in Q4 2007, which brought 84,000 new clients to Aldagi BCI. The program which was originally scheduled to end in September – December 2008, was extended for another year at increased premiums per participant. Unlike other major Georgian insurance companies, Aldagi BCI chose not to participate in a new similar program aimed at 550,000 socially vulnerable citizens announced in Q1 2008.

Highlights

- Major new corporate client acquisitions include EnergoPro, a leading energy distribution company in Georgia and Ashtrom, an Israel-based main subcontractor of the Millennium Challenge Georgia's infrastructure projects in Georgia.
- Opened two new branch of Aldagi BCI's My Family Clinic in Tbilisi and Batumi.
- Purchased a 55.0% equity stake in a newly opened 35 bed hospital in Kutaisi, the second largest city in Georgia.
- Acquired a 19.5% equity interest in JSC GPC, the third largest pharmacy chain in Georgia on 1 July 2008.

Comments

"We are pleased to report strong Q2 results despite operating in an increasingly challenging market environment.

On the one hand, strict anti-inflationary measures successfully implemented by the Georgian government, including a high benchmark interest rate and reduced government spending, resulted in a slowdown in deposit formation in the Georgian banking system and increased competition for deposits. On the other hand, negative news flow from Abkhazia and South Ossetia, which started in April 2008 following the NATO summit in Bucharest, added to investors' concerns caused by the global credit crisis and worrying macroeconomic news from several countries in our region. This, in turn, presented further challenges to the Bank in terms of the cost of wholesale funding and its availability. At the same time, in Ukraine we witnessed a weakening macroeconomic environment, including a high rate of inflation and liquidity shortages in the banking system.

Despite the challenging market environment, the Bank's Q2 2008 results were strong and growth prospects were sound supported by our undisputed leadership position in both corporate and retail banking segments. The strong development of our retail business in Georgia was particularly satisfying. We also made good progress in integrating our Ukrainian operation recruiting an experienced new CEO for UBDP, as well as several other senior team members, rationalizing the headcount and the branch network. We were also successful in entering a promising Belarusian market through the acquisition of BNB.

Responding to the new realities in our target markets and globally, we made adjustments to the Bank's strategy. In Q2 2008 the Bank's management increasingly focused on maximizing the value of our key business units, such as banking operation in Georgia, UBDP and BNB. Following the acquisition of BNB, the Bank's international acquisition strategy was put on hold until 2009. We also started reviewing of our positions in several non-core subsidiaries, including Aldagi BCI, GTAM and GTC, with a view to minimizing our management resource dedicated to these subsidiaries and optimizing their development prospects. For example, in Q2 2008 we started searching for a strategic investor for Aldagi BCI, and considered the sale of GTAM and a partial divestment of the Bank's stake in GTC.

In the aftermath of the conflict between Russia and Georgia in August 2008, sharp focus on the Bank's key asset – banking business in Georgia, is even more important. Fortunately, the Bank's physical assets sustained a very limited damage during the conflict. Two of our branches were damaged and three ATMs destroyed. However, significant deposit outflow caused by the conflict and the impact that the conflict will likely to have on the Bank's ability to raise financing in the international capital markets in the short-term could have negative implications for the Bank's short-and medium-term prospects.

Therefore, for the next several months the Bank's management's main focus shall be on re-building our banking operations in Georgia and strengthening our funding base.

- Working with our corporate and retail clients whose ability to repay loans has been temporarily impaired as the result of the conflict. In each case our objective is to find a customer-focused solution, which would allow our clients to resume servicing their loans on normal schedule;
- Working with our depositors, who withdrew their funds from Bank of Georgia and other banks with the goal of restoring the Bank's deposit base as soon as; and
- Working with the International Financial Institutions who expressed their confidence in the Georgian economy during the conflict and committed to providing considerable amount of financing to Georgian companies and the banking sector, in particular.

Finally, I would like to note the dedication, professionalism and discipline demonstrated by our employees, who kept our branches working even during the tensest days of the conflict", commented ***Nicholas Enukidze***, Chairman of the Supervisory Board.

In the opinion of Bank of Georgia's management, the report enables investors to make an informed assessment of the results and activities in the group for the period.

SEGMENT RESULTS

Total Operating Income (Revenue)	Growth y-o-y	1H 2008	Share	1H 2007	Share
Corporate & Investment Banking	48.9%	46,926	28.1%	31,512	33.8%
Retail Banking	93.4%	81,508	48.8%	42,143	45.2%
Wealth Management	35.2%	2,888	1.7%	2,137	2.3%
Ukraine	NMF	13,248	7.9%	n.a.	n.a
Galt & Taggart Securities	-94.8%	612	0.4%	11,850	12.7%
Asset Management	719.5%	14,081	8.4%	1,718	1.8%
Insurance	0.8%	4,400	2.6%	4,364	4.7%
Corporate Center/Eliminations	NMF	3,353	2.0%	(516)	-0.6%
Total Operating Income (Revenue)	**79.2%**	**167,016**	**100.0%**	**93,207**	**100.0%**

Total Recurring Operating Costs					
Corporate & Investment Banking	59.3%	14,198	15.2%	8,914	17.9%
Retail Banking	81.6%	38,699	41.5%	21,311	42.7%
Wealth Management	56.6%	1,333	1.4%	851	1.7%
Ukraine	NMF	14,266	15.3%	n.a	n.a
Galt & Taggart Securities	168.6%	5,929	6.4%	2,207	4.4%
Asset Management	91.0%	4,183	4.5%	2,190	4.4%
Insurance	30.5%	4,429	4.7%	3,395	6.8%
Corporate Center/Eliminations	-6.5%	10,303	11.0%	11,016	22.1%
Total Recurring Operating Costs	**87.1%**	**93,339**	**100.0%**	**49,885**	**100.0%**

Net Income					
Corporate & Investment Banking	49.2%	22,881	38.0%	15,337	47.4%
Retail Banking	74.6%	25,754	42.7%	14,749	45.6%
Wealth Management	14.0%	985	1.6%	864	2.7%
Ukraine	NMF	(40)	-0.1%	n.a.	n.a.
Galt & Taggart Securities	NMF	(4,407)	-7.3%	7,713	23.8%
Asset Management	NMF	11,564	19.2%	(393)	-1.2%
Insurance	NMF	(335)	-0.6%	762	2.4%
Corporate Center/Eliminations	NMF	3,849	6.4%	(6,679)	-20.6%
Net Income	**86.2%**	**60,253**	**100.0%**	**32,352**	**100.0%**

Basic EPS Contribution	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate & Investment Banking	25.1%	0.76	38.0%	0.61	47.4%
Retail Banking	46.4%	0.86	42.7%	0.58	45.6%
Wealth Management	-4.4%	0.03	1.6%	0.03	2.7%
Ukraine	NMF	(0.00)	-0.1%	n.a.	n.a.
Galt & Taggart Securities	NMF	(0.15)	-7.3%	0.31	23.8%
Asset Management	NMF	0.38	19.2%	(0.02)	-1.2%
Insurance	NMF	(0.01)	-0.6%	0.03	2.4%
Corporate Center/Eliminations	NMF	0.13	6.4%	(0.26)	-20.6%
Total	**56.2%**	**2.00**	**100.0%**	**1.28**	**100.0%**

SEGMENT RESULTS CONT'D

Total Operating Income (Revenue)	Growth y-o-y	Q2 2008	Share	Q1 2008	Share	Q2 2007	Share	Growth q-o-q
Corporate & Investment Banking	28.5%	22,841	26.6%	24,085	29.7%	17,778	34.1%	-5.2%
Retail Banking	87.4%	43,782	51.0%	37,727	46.5%	23,359	44.8%	16.0%
Wealth Management	-4.9%	1,247	1.5%	1,641	2.0%	1,311	2.5%	-24.0%
Ukraine	NMF	6,746	7.9%	6,503	8.0%	-	0.0%	n.a.
Galt & Taggart Securities	NMF	(1,006)	-1.2%	1,617	2.0%	10,434	20.0%	NMF
Asset Management	19.8%	1,678	2.0%	12,402	15.3%	1,401	2.7%	-86.5%
Insurance	19.4%	2,600	3.0%	1,801	2.2%	2,177	4.2%	44.4%
Corporate Center/Eliminations	NMF	8,034	9.4%	(4,681)	-5.8%	(4,308)	-8.3%	NMF
Total Operating Income (Revenue)	**64.8%**	**85,921**	**100.0%**	**81,094**	**100.0%**	**52,152**	**100.0%**	**6.0%**

Total Recurring Operating Costs								
Corporate & Investment Banking	36.8%	7,230	14.8%	6,968	15.7%	5,287	18.9%	3.8%
Retail Banking	73.9%	20,647	42.3%	18,052	40.6%	11,871	42.4%	14.4%
Wealth Management	26.6%	677	1.4%	656	1.5%	535	1.9%	3.2%
Ukraine	NMF	7,098	14.5%	7,168	16.1%	-	0.0%	-1.0%
Galt & Taggart Securities	79.4%	2,130	4.4%	3,799	8.5%	1,187	4.2%	-43.9%
Asset Management	11.7%	1,368	2.8%	2,815	6.3%	1,224	4.4%	-51.4%
Insurance	49.9%	2,616	5.4%	1,812	4.1%	1,745	6.2%	44.3%
Corporate Center/Eliminations	15.6%	7,095	14.5%	3,207	7.2%	6,140	21.9%	121.2%
Total Recurring Operating Costs	**74.6%**	**48,861**	**100.0%**	**44,478**	**100.0%**	**27,988**	**100.0%**	**9.9%**

Net Income								
Corporate & Investment Banking	57.4%	12,383	43.7%	10,498	32.9%	7,866	42.1%	18.0%
Retail Banking	66.0%	12,819	45.2%	12,936	40.5%	7,722	41.3%	-0.9%
Wealth Management	-50.7%	314	1.1%	670	2.1%	638	3.4%	-53.1%
Ukraine	NMF	657	2.3%	(697)	-2.2%	-	0.0%	NMF
Galt & Taggart Securities	NMF	(2,553)	-9.0%	(1,854)	-5.8%	7,396	39.6%	37.7%
Asset Management	NMF	3,418	12.1%	8,147	25.5%	(237)	-1.3%	-58.1%
Insurance	-89.9%	36	0.1%	(371)	-1.2%	360	1.9%	NMF
Corporate Center/Eliminations	NMF	1,261	4.5%	2,588	8.1%	(5,056)	-27.1%	-51.3%
Net Income	**51.6%**	**28,335**	**100.0%**	**31,918**	**100.0%**	**18,690**	**100.0%**	**-11.2%**

Basic EPS Contribution	Growth y-o-y	Contribution	Share	Contribution	Share	Contribution	Share	Growth q-o-q
Corporate & Investment Banking	28.8%	0.40	44.1%	0.36	32.9%	0.31	42.1%	11.7%
Retail Banking	35.2%	0.41	45.4%	0.44	40.5%	0.31	41.3%	-6.7%
Wealth Management	-61.3%	0.01	1.1%	0.02	2.1%	0.03	3.4%	-57.3%
Ukraine	NMF	0.02	2.5%	(0.02)	-2.2%	-	0.0%	NMF
Galt & Taggart Securities	NMF	(0.08)	-9.1%	(0.06)	-5.8%	0.29	39.6%	30.8%
Asset Management	NMF	0.11	11.6%	0.28	25.5%	(0.01)	-1.3%	-62.1%
Insurance	NMF	0.00	0.2%	(0.01)	-1.2%	0.01	1.9%	NMF
Corporate Center/Eliminations	NMF	0.04	4.3%	0.09	8.1%	(0.20)	-27.1%	-55.6%
Total	**23.0%**	**0.91**	**100.0%**	**1.09**	**100.0%**	**0.74**	**100.0%**	**-16.7%**

SEGMENT RESULTS CONT'D

Total Assets	Growth y-o-y	1H 2008	Share	1H 2007	Share
Corporate & Investment Banking	49.8%	1,451,055	42.7%	968,859	50.5%
Retail Banking	103.8%	1,509,137	44.4%	740,564	38.6%
Wealth Management	27.1%	70,060	2.1%	55,125	2.9%
Ukraine	NMF	360,276	10.6%	n.a.	NMF
Galt & Taggart Securities	100.3%	105,627	3.1%	52,722	2.7%
Asset Management	120.9%	117,629	3.5%	53,239	2.8%
Insurance	60.9%	71,084	2.1%	44,189	2.3%
Corporate Center/Eliminations	NMF	(284,160)	-8.4%	3,135	0.2%
Total Assets	**77.3%**	**3,400,708**	**100.0%**	**1,917,833**	**100.0%**

Loans to Clients, Gross					
Corporate & Investment Banking	54.3%	880,574	41.8%	570,618	53.9%
Retail Banking	110.0%	921,933	43.8%	439,112	41.5%
Wealth Management	30.3%	42,627	2.0%	32,712	3.1%
Ukraine	NMF	265,360	12.6%	n.a.	n.a.
Galt & Taggart Securities	NMF	-	0.0%	-	0.0%
Asset Management	NMF	-	0.0%	-	0.0%
Insurance	NMF	-	0.0%	-	-
Corporate Center/Eliminations	NMF	(3,750)	-0.2%	16,756	1.6%
Total Loans to Clients	**98.9%**	**2,106,744**	**100.0%**	**1,059,197**	**100.0%**

Total Liabilities					
Corporate & Investment Banking	47.4%	1,159,402	44.3%	786,613	52.0%
Retail Banking	80.3%	899,135	34.3%	498,748	32.9%
Wealth Management	42.6%	104,433	4.0%	73,233	4.8%
Ukraine	NMF	292,064	11.2%	n.a.	n.a.
Galt & Taggart Securities	166.6%	54,232	2.1%	20,342	1.3%
Asset Management	21.4%	34,878	1.3%	28,734	1.9%
Insurance	29.5%	52,231	2.0%	40,346	2.7%
Corporate Center/Eliminations	NMF	21,284	0.8%	65,810	4.3%
Total Liabilities	**72.9%**	**2,617,659**	**100.0%**	**1,513,826**	**100.0%**

Client Deposits					
Corporate Banking	38.4%	681,546	48.8%	492,580	59.5%
Retail Banking	47.8%	403,427	28.9%	272,899	33.0%
Wealth Management	44.5%	81,594	5.8%	56,448	6.8%
Ukraine	NMF	180,212	12.9%	n.a.	n.a.
Galt & Taggart Securities	702.7%	48,599	3.5%	6,054	0.7%
Asset Management	NMF	-	0.0%	-	0.0%
Insurance	NMF	-	0.0%	-	0.0%
Corporate Center/Eliminations	NMF	-	0.0%	-	0.0%
Total Client Deposits	**68.5%**	**1,395,376**	**100.0%**	**827,981**	**100.0%**

Book Value Per Share	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate & Investment Banking	29.5%	9.33	37.2%	7.21	45.1%
Retail Banking	104.2%	19.52	77.9%	9.56	59.9%
Wealth Management	53.6%	-1.10	-4.4%	-0.72	-4.5%
Ukraine	NMF	2.18	8.7%	n.a.	n.a.
Galt & Taggart Securities	28.5%	1.64	6.6%	1.28	8.0%
Asset Management	173.3%	2.65	10.6%	0.97	6.1%
Insurance	297.1%	0.60	2.4%	0.15	1.0%
Corporate Center/Eliminations	294.4%	-9.77	-39.0%	-2.48	-15.5%
Book Value Per Share	**56.9%**	**25.06**	**100.0%**	**15.97**	**100.0%**

1H 2008 INCOME STATEMENT DATA

Period Ended	1H 2008		1H 2007		Growth[3]
Consolidated, IFRS Based	**US$[1]**	**GEL**	**US$[2]**	**GEL**	**Y-O-Y**
000s, unless otherwise noted	**(Unaudited)**		**(Unaudited)**		
Interest Income	138,770	196,777	59,377	99,130	98.5%
Interest Expense	64,300	91,177	25,267	42,183	116.1%
Net Interest Income	**74,471**	**105,599**	**34,110**	**56,946**	**85.4%**
Fee & Commission Income	17,088	24,230	7,834	13,079	85.3%
Fee & Commission Expense	2,744	3,890	932	1,555	150.2%
Net Fee & Commission Income	**14,344**	**20,340**	**6,903**	**11,524**	**76.5%**
Income From Documentary Operations	2,988	4,237	1,807	3,016	40.5%
Expense On Documentary Operations	647	917	601	1,003	-8.6%
Net Income From Documentary Operations	**2,341**	**3,320**	**1,206**	**2,013**	**64.9%**
Net Foreign Currency Related Income	**16,665**	**23,631**	**6,197**	**10,346**	**128.4%**
Net Insurance Income	2,379	3,373	2,110	3,523	-4.2%
Brokerage Income	2,003	2,841	911	1,521	86.7%
Asset Management Income	629	892	-	-	NMF
Realized Net Investment Gains (Losses)	(528)	(748)	1,840	3,072	-124.4%
Other	5,477	7,767	2,552	4,261	82.3%
Net Other Non-Interest Income	**9,961**	**14,125**	**7,414**	**12,377**	**14.1%**
Net Non-Interest Income	**43,312**	**61,416**	**21,719**	**36,261**	**69.4%**
Total Operating Income (Revenue)	**117,782**	**167,016**	**55,829**	**93,207**	**79.2%**
Personnel Costs	37,369	52,989	18,195	30,377	74.4%
Selling, General & Administrative Costs	16,435	23,305	5,934	9,906	135.3%
Procurement & Operations Support Expenses	4,475	6,346	2,693	4,496	41.1%
Depreciation & Amortization	6,131	8,694	2,540	4,241	105.0%
Other Operating Expenses	1,415	2,006	518	866	131.8%
Total Recurring Operating Costs	**65,825**	**93,339**	**29,880**	**49,885**	**87.1%**
Normalized Net Operating Income	**51,958**	**73,676**	**25,949**	**43,322**	**70.1%**
Net Non-Recurring Income (Costs)	8,365	11,862	1,157	1,932	513.9%
Profit Before Provisions	**60,323**	**85,538**	**27,106**	**45,254**	**89.0%**
Net Provision Expense	**10,328**	**14,645**	**2,877**	**4,803**	**204.9%**
Pre-Tax Income	**49,995**	**70,893**	**24,230**	**40,452**	**75.3%**
Income Tax Expenses	7,504	10,640	4,851	8,099	31.4%
Net Income	**42,491**	**60,253**	**19,379**	**32,352**	**86.2%**

Weighted Average Number of Shares Outstanding (*000s*)		30,106		25,258	19.2%
Fully Diluted Number of Shares Period End (*000s*)		31,248		27,248	14.7%
EPS (Basic)	1.41	2.00	0.77	1.28	56.3%
EPS (Fully Diluted)	1.36	1.93	0.71	1.19	62.4%

[1] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4180 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 30 June 2008

[2] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6695 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 30 June 2007

[3] Growth calculations based on GEL values

[4] Not meaningful

Q2 2008 INCOME STATEMENT DATA

Period Ended	Q2 2008		Q1 2008		Growth[3]	Q2 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)**					
Interest Income	73,481	104,196	62,724	92,580	12.5%	33,589	56,076	85.8%
Interest Expense	34,106	48,362	29,007	42,815	13.0%	15,080	25,175	92.1%
Net Interest Income	**39,375**	**55,834**	**33,716**	**49,765**	**12.2%**	**18,509**	**30,901**	**80.7%**
Fee & Commission Income	8,787	12,460	7,975	11,771	5.9%	3,990	6,661	87.1%
Fee & Commission Expense	**1,619**	2,296	1,080	1,594	44.1%	636	1,063	116.1%
Net Fee & Commission Income	7,167	**10,163**	**6,895**	**10,177**	**-0.1%**	**3,353**	**5,598**	**81.5%**
Income From Documentary Operations	1,615	2,290	1,319	1,947	17.6%	1,105	1,845	24.1%
Expense On Documentary Operations	294	417	339	500	-16.6%	301	503	-17.1%
Net Income From Documentary Operations	**1,321**	**1,873**	**980**	**1,447**	**29.4%**	**804**	**1,342**	**39.6%**
Net Foreign Currency Related Income	**7,338**	**10,405**	**8,961**	**13,226**	**-21.3%**	**3,636**	**6,071**	**71.4%**
Net Insurance Income	1,224	1,736	1,109	1,638	6.0%	859	1,434	21.0%
Brokerage Income	1,104	1,566	864	1,275	22.9%	306	512	206.1%
Asset Management Income	174	246	438	646	-61.9%	-	-	NMF[5]
Realized Net Investment Gains (Losses)	-265	(375)	-253	(373)	0.7%	1,797	3,000	-112.5%
Other	3,154	4,472	2,232	3,294	35.8%	1,973	3,294	35.8%
Net Other Non-Interest Income	**5,392**	**7,645**	**4,390**	**6,480**	**18.0%**	**4,936**	**8,240**	**-7.2%**
Net Non-Interest Income	**21,218**	**30,087**	**21,226**	**31,329**	**-4.0%**	**12,729**	**21,251**	**41.6%**
Total Operating Income (Revenue)	**60,593**	**85,921**	**54,942**	**81,094**	**6.0%**	**31,238**	**52,152**	**64.8%**
Personnel Costs	19,224	27,260	17,432	25,729	6.0%	10,471	17,481	55.9%
Selling, General & Administrative Costs	8,463	12,001	7,659	11,304	6.2%	3,293	5,497	118.3%
Procurement & Operations Support Expenses	2,286	3,242	2,103	3,104	4.5%	1,393	2,326	39.4%
Depreciation & Amortization	3,289	4,664	2,730	4,029	15.8%	1,363	2,276	105.0%
Other Operating Expenses	1,195	1,695	211	312	443.9%	245	408	314.9%
Total Recurring Operating Costs	**34,458**	**48,862**	**30,134**	**44,478**	**9.9%**	**16,765**	**27,988**	**74.6%**
Normalized Net Operating Income	**26,135**	**37,059**	**24,808**	**36,617**	**1.2%**	**14,473**	**24,163**	**53.4%**
Net Non-Recurring Income (Costs)	2,393	3,394	5,737	8,468	-59.9%	1,180	1,969	72.3%
Profit Before Provisions	**28,528**	**40,453**	**30,545**	**45,085**	**-10.3%**	**15,653**	**26,133**	**54.8%**
Net Provision Expense	**5,073**	**7,194**	**5,048**	**7,451**	**-3.4%**	**1,669**	**2,786**	**158.2%**
Pre-Tax Income	**23,455**	**33,259**	**25,497**	**37,634**	**-11.6%**	**13,984**	**23,347**	**42.5%**
Income Tax Expenses	3,473	4,924	3,873	5,716	-13.8%	2,790	4,658	5.7%
Net Income	**19,982**	**28,335**	**21,625**	**31,918**	**-11.2%**	**11,194**	**18,689**	**51.6%**
Weighted Average Number of Shares Outstanding (*000s*)		31,247		29,237	6.9%		25,289	23.6%
Fully Diluted Number of Shares Period End (*000s*)		31,248		31,244	0.01%		27,248	14.7%
EPS (Basic)	0.64	0.91	0.74	1.09	-16.9%	0.44	0.74	22.7%
EPS (Fully Diluted)	0.64	0.91	0.69	1.02	-11.2%	0.44	0.74	22.8%

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

[2] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4760 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 March 2008

[3] Growth calculations based on GEL values

[4] Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6695 per US$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 30 June 2007

[5] Not meaningful

BALANCE SHEET DATA

	30-Jun-08		Growth[2]	31-Dec-07		Growth[2]	30-Jun-07	
Consolidated, IFRS Based	**US$[1]**	**GEL**	**YTD**	**US$[3]**	**GEL**	**Y-O-Y**	**US$[4]**	**GEL**
000s, unless otherwise noted	**(Unaudited)**			**(Audited)**			**(Unaudited)**	
Cash & Cash Equivalents	110,338	156,460	-57.7%	232,642	370,273	61.4%	58,054	96,922
Loans & Advances To Credit Institutions	271,852	385,487	102.8%	119,413	190,057	54.4%	149,545	249,666
Mandatory Reserve With NBG/NBU	66,263	93,962	-35.0%	90,872	144,631	43.4%	39,254	65,534
Other Accounts With NBG/NBU	65,179	92,424	160.4%	22,303	35,497	20.2%	46,073	76,918
Balances With & Loans To Other Banks	140,410	199,102	1905.3%	6,238	9,929	85.7%	64,219	107,214
Available-For-Sale Securities	58,357	82,750	69.8%	30,616	48,729	1067.9%	4,244	7,085
Treasuries & Equivalents	12,689	17,993	-77.4%	50,111	79,757	-68.6%	34,288	57,244
Other Fixed Income Instruments	61,860	87,717	-22.2%	70,814	112,708	-62.6%	140,610	234,748
Gross Loans To Clients	1,485,715	2,106,744	20.2%	1,100,842	1,752,100	98.9%	634,440	1,059,197
Less: Reserve For Loan Losses	(31,289)	(44,368)	49.2%	-18,689	-29,745	91.5%	(13,878)	(23,170)
Net Loans To Clients	1,454,426	2,062,376	19.7%	1,082,153	1,722,355	99.1%	620,561	1,036,027
Investments In Other Business Entities, Net	103,516	146,786	264.5%	25,303	40,273	516.8%	14,255	23,799
Property & Equipment Owned, Net	183,888	260,752	27.4%	128,585	204,656	119.7%	71,093	118,690
Intangible Assets Owned, Net	5,618	7,967	111.2%	2,370	3,772	168.2%	1,779	2,970
Goodwill	78,842	111,798	-0.4%	70,505	112,216	158.8%	25,880	43,206
Tax Assets - Current & Deferred	752	1,066	-31.5%	978	1,557	-80.9%	1,273	2,125
Prepayments & Other Assets	56,106	79,559	18.3%	42,258	67,258	76.9%	27,164	45,350
Total Assets	**2,398,242**	**3,400,708**	**15.1%**	**1,855,750**	**2,953,611**	**77.3%**	**1,148,747**	**1,917,832**
Client Deposits	984,045	1,395,376	2.9%	851,644	1,355,476	68.5%	495,945	827,981
Deposits & Loans From Banks	88,125	124,962	89.9%	41,349	65,811	129.2%	32,651	54,510
Borrowed Funds	637,266	903,644	8.1%	525,248	835,984	73.0%	312,803	522,225
Issued Fixed Income Securities	3,333	4,726	-5.3%	3,137	4,993	258.4%	790	1,319
Insurance Related Liabilities	33,950	48,141	16.5%	25,968	41,330	89.0%	15,261	25,478
Tax Liabilities - Current & Deferred	27,390	38,840	4.4%	23,378	37,209	203.1%	7,837	13,084
Accruals & Other Liabilities	71,912	101,971	86.0%	34,441	54,817	47.4%	41,466	69,228
Total Liabilities	**1,846,022**	**2,617,659**	**9.3%**	**1,505,165**	**2,395,620**	**73.0%**	**906,753**	**1,513,825**
Ordinary Shares	22,036	31,248	15.1%	17,061	27,155	23.5%	15,157	25,304
Share Premium	319,040	452,399	43.4%	198,175	315,415	81.3%	149,460	249,523
Treasury Shares	(882)	(1,251)	-28.0%	(1,091)	(1,737)	2.4%	(732)	(1,222)
Retained Earnings	96,017	136,152	113.2%	40,122	63,858	117.2%	37,541	62,675
Revaluation & Other Reserves	43,619	61,852	-8.2%	42,318	67,354	96.8%	17,120	28,582
Net Income For The Period	42,491	60,253	-20.3%	47,526	75,642	100.8%	19,379	32,352
Shareholders' Equity Excluding Minority Interest	**522,322**	**740,653**	**35.2%**	**344,111**	**547,687**	**86.2%**	237,924	397,214
Minority Interest	29,899	42,396	311.5%	6,474	10,304	524.1%	4,069	6,793
Total Shareholders' Equity	**552,221**	**783,049**	**40.3%**	**350,585**	**557,991**	**93.6%**	**241,993**	**404,007**
Total Liabilities & Shareholders' Equity	**2,398,243**	**3,400,708**	**15.1%**	**1,855,750**	**2,953,611**	**77.3%**	**1,148,746**	**1,917,832**
Shares Outstanding		31,247,511			27,154,918			25,304,087
Book Value Per Share	17.67	25.06	21.4%	12.95	20.62	56.8%	9.56	15.97

[1] Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.4180 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 June 2008

[2] Growth calculations based on GEL values

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

[4] Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.6695 per US$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 30 March 2007

KEY RATIOS

	1H 2008	1H 2007
Profitability Ratios		
ROAA [1], Annualised	3.8%	3.9%
ROA	3.5%	3.4%
ROAE[2], Annualised	17.3%	16.6%
ROE	15.4%	16.0%
Interest Income To Average Interest Earning Assets [3], Annualised	16.3%	14.6%
Cost Of Funds [4], Annualised	8.0%	7.2%
Net Spread [5]	8.3%	7.5%
Net Interest Margin [6], Annualised	8.7%	8.4%
Net Interest Margin Normalized [35], Annualised	8.7%	8.4%
Loan Yield [7], Annualised	19.2%	21.0%
Interest Expense To Interest Income	46.3%	42.6%
Net Non-Interest Income To Average Total Assets, Annualised	3.9%	4.4%
Net Non-Interest Income To Revenue [8]	36.8%	38.9%
Net Fee And Commission Income To Average Interest Earning Assets [9], Annualised	1.7%	1.7%
Net Fee And Commission Income To Revenue	12.2%	12.4%
Operating Leverage [10]	9.3%	13.9%
Total Operating Income (Revenue) To Total Assets, Annualised	9.8%	9.7%
Recurring Earning Power [11], Annualised	5.4%	7.0%
Net Income To Revenue	36.1%	34.7%
Efficiency Ratios		
Operating Cost To Average Total Assets [12], Annualised	5.9%	4.5%
Cost To Average Total Assets [13], Annualised	5.1%	5.8%
Cost / Income [14]	48.8%	51.4%
Cost / Income, Normalized [37]	55.9%	53.5%
Cost/Income Distributed Non-Recurring	53.0%	51.5%
Cost / Income, Bank of Georgia, Standalone [15]	43.0%	48.3%
Cost/Income, Normalized, Bank of Georgia, Standalone	43.7%	50.7%
Cash Cost / Income	43.6%	46.9%
Total Employee Compensation Expense To Revenue [16]	31.7%	32.6%
Total Employee Compensation Expense To Cost	65.0%	63.3%
Total Employee Compensation Expense To Average Total Assets, Annualised	3.3%	3.7%
Liquidity Ratios		
Net Loans To Total Assets [17]	60.6%	54.0%
Average Net Loans To Average Total Assets	58.4%	52.7%
Interest Earning Assets To Total Assets	75.1%	82.3%
Average Interest Earning Assets To Average Total Assets	76.0%	81.6%
Liquid Assets To Total Assets [18]	18.7%	30.2%
Net Loans To Client Deposits	147.8%	125.1%
Average Net Loans To Average Client Deposits	136.2%	129.7%
Net Loans To Total Deposits [19]	135.7%	117.4%
Net Loans To Total Liabilities	78.8%	68.4%
Total Deposits To Total Liabilities	58.1%	58.3%
Client Deposits To Total Deposits	91.8%	93.8%
Client Deposits To Total Liabilities	53.3%	54.7%
Current Account Balances To Client Deposits	39.3%	56.4%
Demand Deposits To Client Deposits	5.5%	10.0%
Time Deposits To Client Deposits	55.2%	33.7%
Total Deposits To Total Assets	44.7%	46.0%
Client Deposits To Total Assets	41.0%	43.2%
Client Deposits To Total Equity (Times) [20]	1.78	2.05
Due From Banks / Due To Banks [21]	308.5%	458.0%
Total Equity To Net Loans	38.0%	39.0%
Leverage (Times) [22]	3.3	3.7

KEY RATIOS CONT'D

	1H 2008	1H 2007
Asset Quality		
NPLs (in GEL) [23]	32,086	18,012
NPLs To Gross Loans To Clients [24]	1.5%	1.7%
Cost of Risk [25], Annualized	1.5%	1.1%
Cost of Risk Normalized [36], Annualized	1.5%	1.1%
Reserve For Loan Losses To Gross Loans To Clients [26]	2.1%	2.2%
NPL Coverage Ratio [27]	138.3%	128.6%
Equity To Average Net Loans To Clients	42.2%	46.1%
Capital Adequacy		
Equity To Total Assets	23.0%	21.1%
BIS Tier I Capital Adequacy Ratio, consolidated [28]	25.0%	24.7%
BIS Total Capital Adequacy Ratio, consolidated [29]	25.8%	24.5%
NBG Tier I Capital Adequacy Ratio [30]	15.8%	15.8%
NBG Total Capital Adequacy Ratio [31]	15.1%	19.2%
Per Share Values		
Basic EPS (GEL) [32]	2.00	1.28
Basic EPS (US$)	1.41	0.77
Fully Diluted EPS (GEL) [33]	1.93	1.19
Fully Diluted EPS (US$)	1.36	0.71
Book Value Per Share (GEL) [34]	25.06	15.97
Book Value Per Share (US$)	17.67	9.56
Ordinary Shares Outstanding - Weighted Average, Basic	30,106,091	25,258,491
Ordinary Shares Outstanding - Period End	31,247,511	25,304,087
Ordinary Shares Outstanding - Fully Diluted	31,247,511	27,248,162
Selected Operating Data		
Full Time Employees (FTEs)	5,909	2,796
FTEs, Bank of Georgia Standalone	3,619	2,103
Total assets per FTE [23] (GEL Thousands)	576	686
Total Assets per FTE, Bank of Georgia Standalone (GEL Thousands)	940	912
Number Of Active Branches	134	104
Number Of ATMs	363	166
Number Of Cards (Thousands)	847	432
Number Of POS Terminals	2,452	616

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 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