

## *Q2 2005 Results & 1H 2005 Performance Overview*



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*August 1, 2005*

## *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.



## Q2 2005 & YTD 2005 Performance Overview

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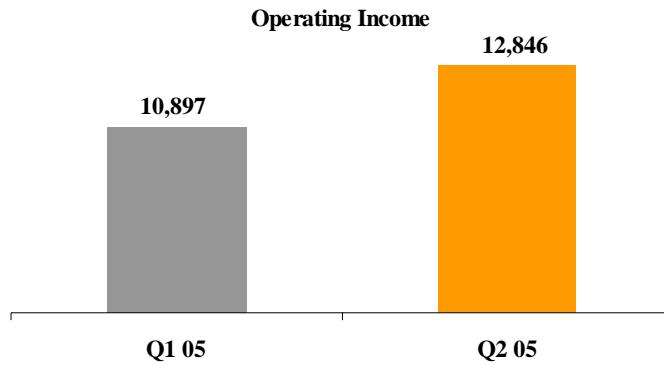


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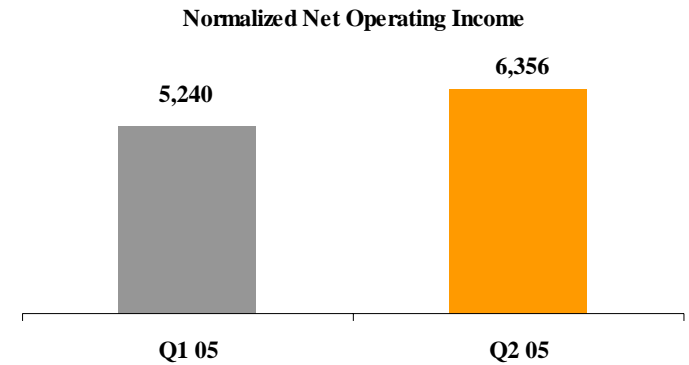
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# Q2 2005 Results Overview

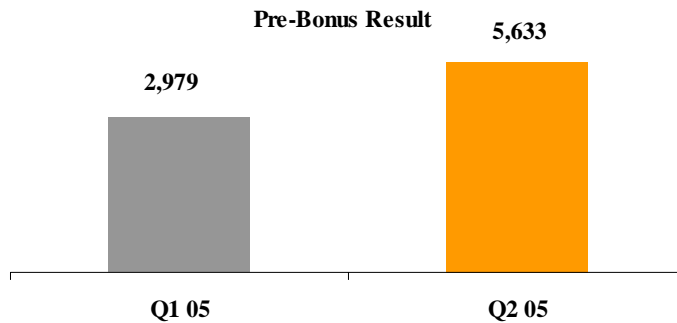
GEL '000



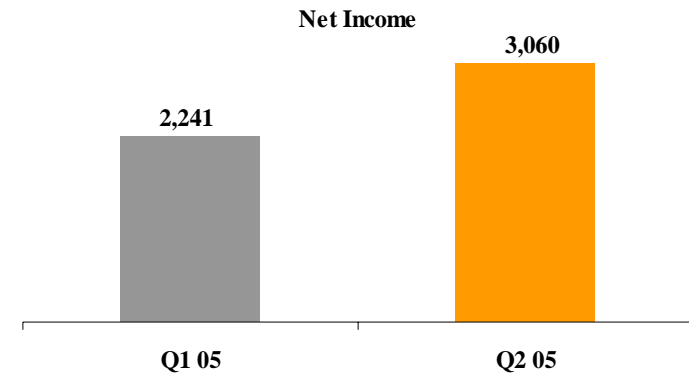
GEL '000



GEL '000



GEL '000



Note: January, February and March 2005 results include TUB on a combined basis



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# Q2 2005 Results Overview Continued

## GEL'000

unless otherwise noted

	Q2 2005	Q1 2005	Q2 2004*	Growth		1H 2005	1H 2004*	Growth Y-O-Y
				Q-O-Q	Y-O-Y			
Operating Income	12,846	10,897	9,172	17.9%	40.1%	23,743	21,390	11.0%
Net Interest Income	8,402	6,965	5,946	20.6%	41.3%	15,367	14,216	8.1%
Non-Interest Income	4,444	3,932	3,226	13.0%	37.8%	8,376	7,174	16.8%
Recurring Operating Costs	(6,490)	(5,657)	(5,959)	14.7%	8.9%	(12,147)	(12,646)	-3.9%
Normalized Net Operating Income	6,356	5,240	3,213	21.3%	97.8%	11,896	8,744	36.0%
Pre-Bonus Result	5,633	2,979	608	89.1%	826.5%	8,613	5,026	71.4%
Net Income	3,060	2,241	159	36.5%	1824.5%	5,301	3,299	60.7%
EPS (Basic, GEL)	0.27	0.20	0.02			0.46	0.33	
EPS (Diluted, GEL)	0.26	0.19	0.02			0.44	0.33	

## US\$'000

unless otherwise noted

	Q2 2005	Q1 2005	Q2 2004*	Growth		1H 2005	1H 2004*	Growth Y-O-Y
				Q-O-Q	Y-O-Y			
GEL/USD period average	1.82	1.83	1.95			1.83	2.00	
Operating Income	7,041	5,960	4,708	18.1%	49.5%	13,000	10,685	21.7%
Net Interest Income	4,605	3,809	3,052	20.9%	50.9%	8,414	7,101	18.5%
Non-Interest Income	2,436	2,150	1,656	13.3%	47.1%	4,586	3,584	28.0%
Recurring Operating Costs	(3,557)	(3,094)	(3,059)	15.0%	16.3%	(6,651)	(6,317)	5.3%
Normalized Net Operating Income	3,484	2,866	1,649	21.6%	111.2%	6,513	4,368	49.1%
Pre-Bonus Result	3,087	1,629	312	89.5%	889.2%	4,716	2,511	87.8%
Net Income	1,677	1,226	82	36.8%	1954.9%	2,902	1,648	76.1%
EPS (Basic, US\$)	0.15	0.11	0.01			0.25	0.17	
EPS (Diluted, US\$)	0.14	0.10	0.01			0.24	0.17	

\* 2004 data includes TUB



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# Q2 2005 Key Performance Metrics

<i>GEL '000, unless otherwise noted</i>	Q2 2005	Q1 2005	Q2 2004	1 H 2005	1 H 2004
Net Interest Margin % (Net Interest Income/(Gross Loans to Banks + Customers + Treasuries))	13.2%	12.6%	14.1% **	13.0%	15.5% *
Headcount, FTEs	1,018	909	1,061 *		
Cost/Income Ratio, %	67.4%	65.3%	65.5% *	66.4%	65.5% *
Normalized Cost/Income Ratio, %	66.1%	58.7%	58.9% *	63.0%	64.3% *
Costs (excluding Non-Recurring Costs)/Assets, %	2.4%	2.1%	2.4% **	4.3%	4.8% *
Normalized Costs/Assets, %	2.3%	1.9%	2.1% **	4.1%	4.7% *
Capital Adequacy Ratio (Basel)	19.6%	23.2%	21.2% **		
ROAE, % (annualized)	18.0%	15.9%	1.1% **	17.1%	11.8% *
ROAA, % (annualized)	3.3%	2.6%	0.3% **	3.0%	2.6% *

\* data includes TUB on a combined basis

\*\* data does not include TUB



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# Balance Sheet Highlights

<i>GEL '000, unless otherwise noted</i>	6/30/2005	3/31/2005* proforma	Growth Q-O-Q
<b>Loan Portfolio</b>	<b>239,980</b>	<b>217,703</b>	<b>10.2%</b>
<b>Retail</b>	90,871	73,344	<b>23.9%</b>
Provisions	(5,602)	(5,317)	5.4%
Net Retail Loans	85,269	68,027	25.3%
<b>Corporate</b>	142,083	133,475	<b>6.4%</b>
Provisions	(17,382)	(17,889)	-2.8%
Net Corporate Loans	124,701	115,586	7.9%
<b>Banks</b>	<b>7,026</b>	<b>10,884</b>	<b>-35.5%</b>
Provisions	(141)	(218)	-35.5%
Net Loans to Banks	6,885	10,667	-35.5%
<b>Total Earning Assets</b>	<b>263,282</b>	<b>242,274</b>	<b>8.7%</b>
<b>Total Assets</b>	<b>365,084</b>	<b>338,773</b>	<b>7.8%</b>
Deposits and Current Account Balances	245,536	228,382	7.5%
Retail	134,886	122,928	9.7%
Corporate	107,259	104,998	2.2%
Banks	3,391	456	643.9%
Borrowed Funds	45,798	42,869	6.8%
<b>Total Liabilities</b>	<b>305,184</b>	<b>282,075</b>	<b>8.2%</b>
<b>Equity</b>	<b>59,900</b>	<b>56,698</b>	<b>5.6%</b>
<b>Total Liabilities and Equity</b>	<b>365,084</b>	<b>338,773</b>	<b>7.8%</b>
Shares Outstanding ('000 shares)	11,465	11,408	
Book Value per Share	5.22	4.97	

\* Includes TUB on a combined basis



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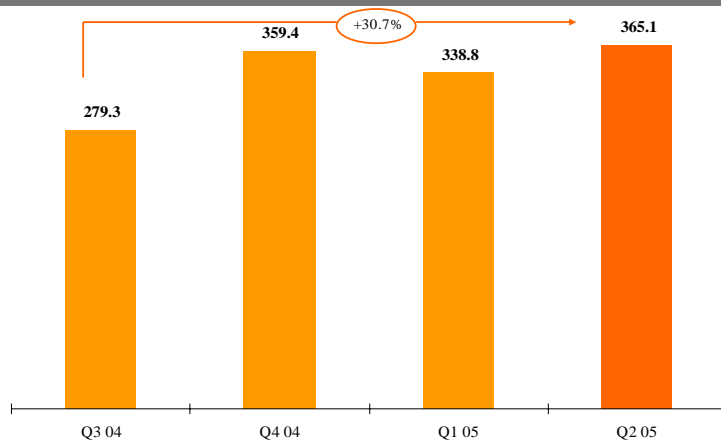
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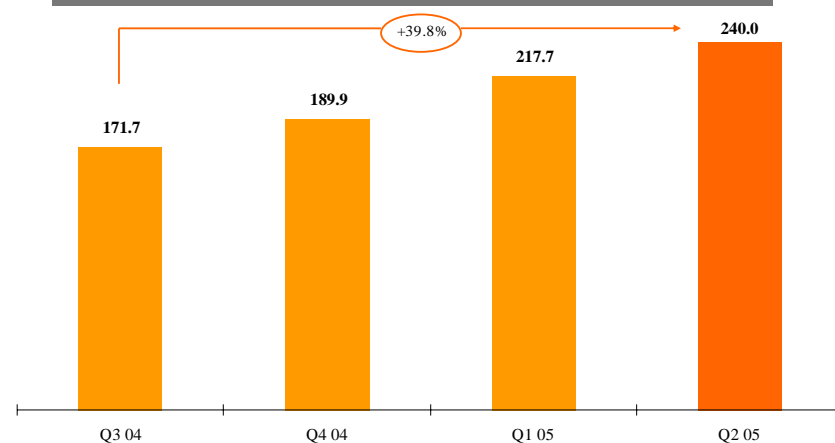
August 1, 2005

# Balance Sheet Highlights Cont'd

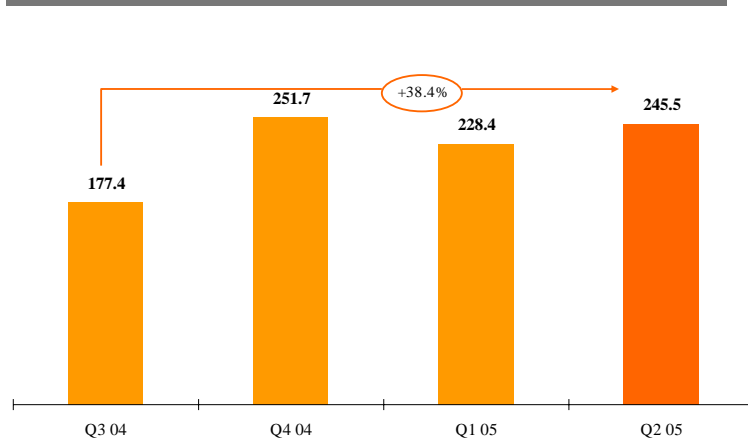
**Total Assets (e-o-p, GEL mln)**



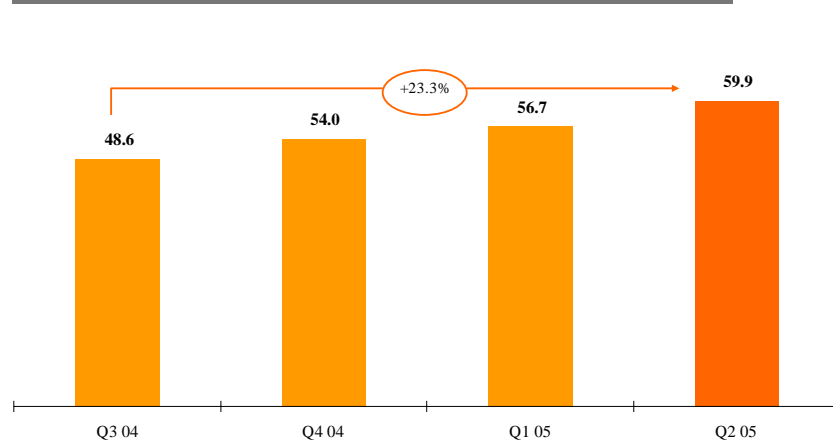
**Loans (e-o-p, GEL mln)**



**Deposits (e-o-p, GEL mln)**



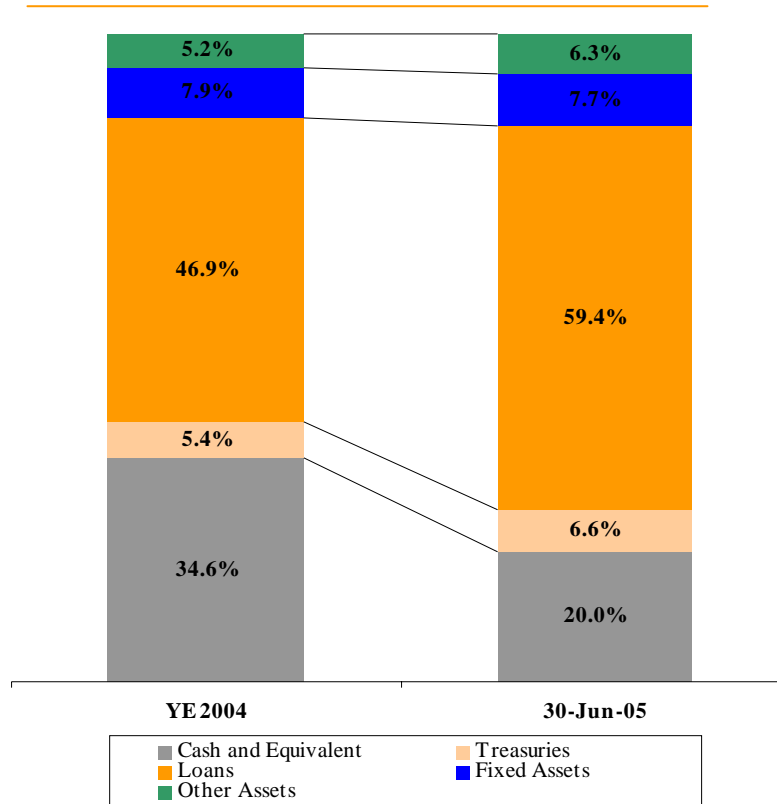
**Shareholders' Equity (e-o-p, GEL mln)**



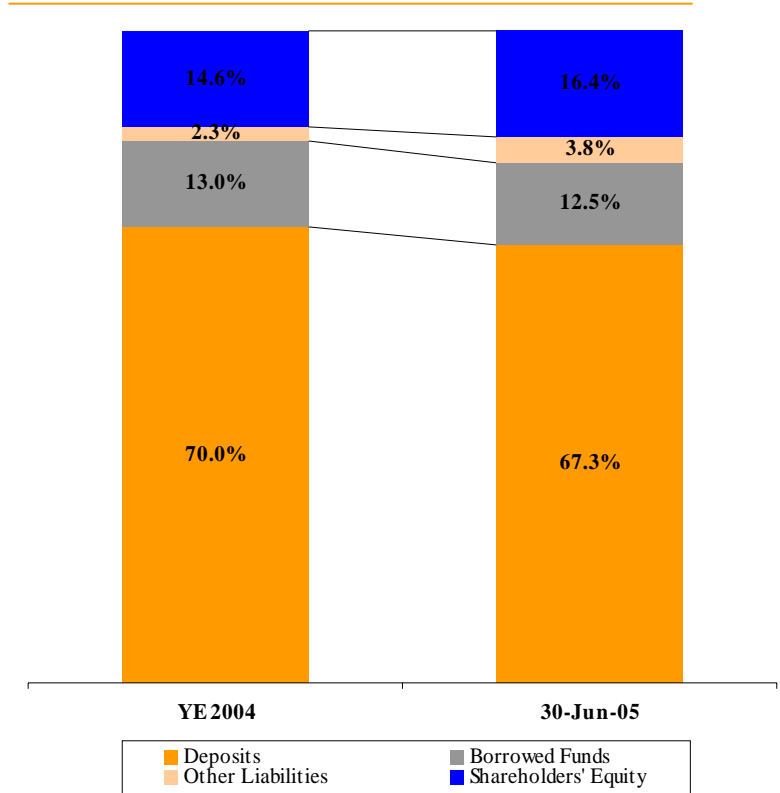


# Changing Balance Sheet Composition Geared Towards Higher Profitability

**Total Assets, %**

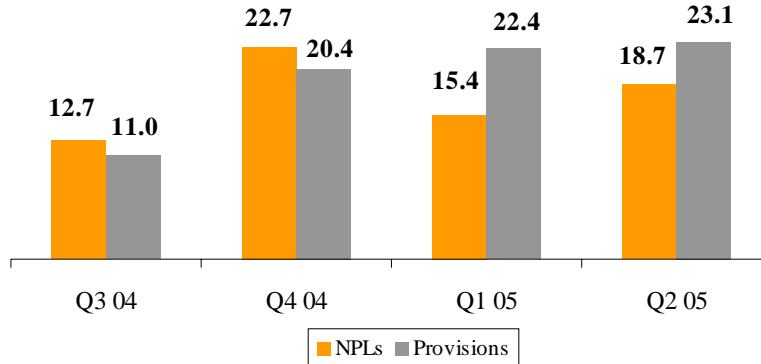


**Total Liabilities and Shareholders' Equity, %**

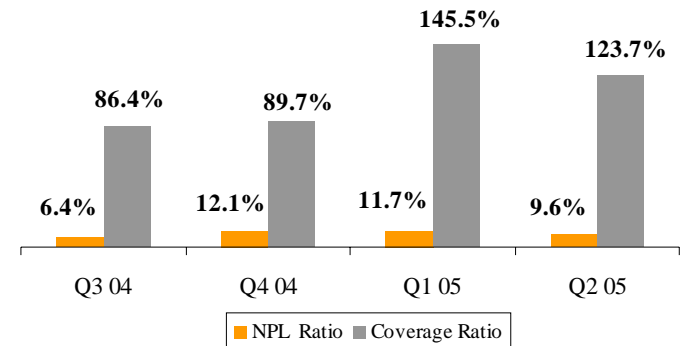


# Diversified Loan Book And Conservative Provisioning Policy

NPLs vs Provisions (e-o-p, GEL mln)



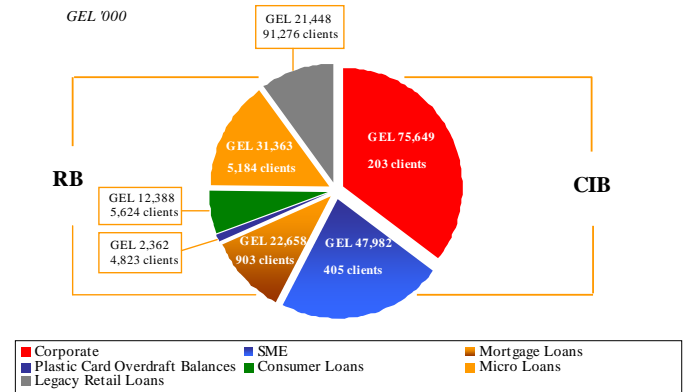
NPL Ratio vs Coverage Ratio



Provisions as % of NPLs



Loan Portfolio Diversification (by volume and number of clients)



NPL=Overdue more than 90 days; NPL Ratio = NPLs/Total Loans; Coverage Ratio=Provisions/NPLs



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# Improving Asset Quality While Expanding The Loan Book

<i>GEL mln, unless otherwise noted</i>	Q1 04	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05
Overdues*	14.6	11.7	11.9	14.7	11.5	7.0
NPLs**	9.9	9.9	12.7	22.7	15.4	18.7
NPLs/Total Loans	6.4%	6.3%	7.5%	13.6%	7.9%	9.2%
NPL coverage ratio (Provisions/NPLs)	94.0%	87.2%	86.4%	89.7%	145.5%	123.7%
Provisions/Total Loans	6.1%	5.5%	6.4%	12.1%	11.7%	9.6%

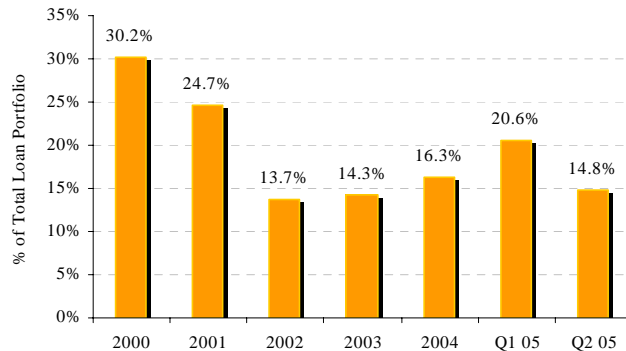
\*Overdue more than 30 days but less than 90 days \*\* Overdue more than 90 days

## Loan Portfolio Risk by Loan Categories

<i>GEL mln, unless otherwise noted</i>	Dec-04	Dec-04	Mar-05*	Mar-05*	Apr-05	Apr-05	May-05	May-05	Jun-05	Jun-05
Standard (2% provision)	131.6	78%	176.2	81%	191.6	83.1%	185.0	82.4%	202.6	84.4%
Watch (10% provision)	14.7	9%	14.8	7%	13.5	5.8%	14.7	6.6%	11.3	4.7%
Substandard (30% provision)	4.2	3%	6.9	3%	5.6	2.4%	6.6	3.0%	8.2	3.4%
Doubtful (50%-70% provision)	8.2	5%	5.9	3%	7.4	3.2%	7.1	3.2%	6.1	2.6%
Loss (100% provision)	10.3	6%	12.8	6%	12.5	5.4%	11.2	5.0%	11.8	4.9%
Total	169.0	100%	216.6	100%	230.6	100%	224.7	100%	240.0	100%

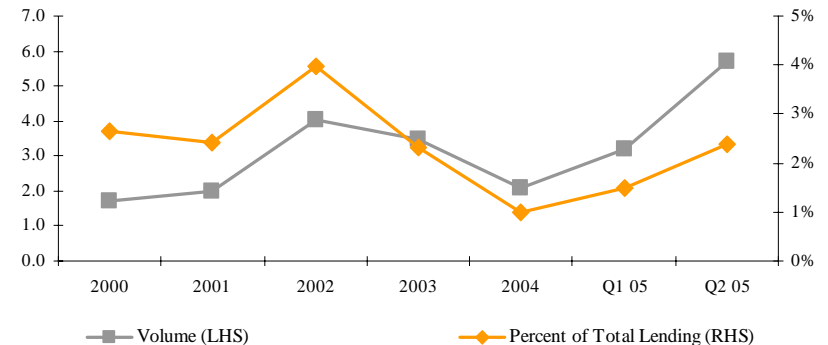
\* March 05 includes TUB

## Top Ten Borrower Concentration



## Insider Loans

*GEL mln*



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# 1H 2005 Consolidated Group Performance

GEL, unless otherwise noted	BOG		BOG Group
	consolidated		
	Jun-05	Jun-05	Difference
GEL/US\$ Exchange Rate, average	1.83	1.83	
GEL/EUR Exchange Rate, average	2.35	2.35	
<b>Operating Income</b>			
Interest Income	21,060,144	21,060,389	245
Interest Expense	(5,692,854)	(5,662,984)	29,870
<b>Net Interest Income</b>	<b>15,367,290</b>	<b>15,397,404</b>	<b>30,114</b>
Commission Income	5,647,960	5,976,757	328,797
Commission Expenses	(991,897)	(1,007,664)	(15,767)
<b>Net Commission Income</b>	<b>4,656,063</b>	<b>4,969,092</b>	<b>313,029</b>
Income from Documentary Operations	1,223,289	1,223,289	-
Expense from Documentary Operations	(329,625)	(329,625)	-
<b>Net Income From Documentary Operations</b>	<b>893,664</b>	<b>893,664</b>	<b>-</b>
Other Non-interest Income	122,970	3,135,552	3,012,581
Other Non-interest Expenses	-	(1,320,030)	(1,320,030)
<b>Net Other Non-Interest Income</b>	<b>122,970</b>	<b>1,815,522</b>	<b>1,692,551</b>
<b>FX Trading Income</b>	<b>2,703,222</b>	<b>2,656,952</b>	<b>(46,270)</b>
<b>Non-interest Income</b>	<b>8,375,920</b>	<b>10,335,230</b>	<b>1,959,310</b>
<b>Total Operating Income</b>	<b>23,743,210</b>	<b>25,732,634</b>	<b>1,989,424</b>
<b>Recurring Operating Costs</b>			
Personnel Cost (excluding bonus)	(5,943,694)	(6,636,053)	(692,359)
Health Insurance & Pension Costs	(39,905)	(39,905)	-
Consulting, TA & Development Costs	(135,355)	(145,673)	(10,318)
Marketing, PR & Advertising	(525,533)	(534,097)	(8,564)
Depreciation	(1,611,811)	(1,758,406)	(146,595)
Other operating expenses	(3,909,790)	(4,424,830)	(515,040)
<b>Total Recurring Operating Costs</b>	<b>(12,166,088)</b>	<b>(13,538,963)</b>	<b>(1,372,875)</b>
<b>Normalized Net Operating Income</b>	<b>11,577,122</b>	<b>12,193,671</b>	<b>616,549</b>
Non-recurring costs	(873,453)	(952,242)	(78,789)
<b>Profit (pre-bonus) Before Provisions</b>	<b>10,703,669</b>	<b>11,241,429</b>	<b>537,760</b>
Provisions	(3,111,022)	(3,348,467)	(237,445)
Gains on asset sale & recovery	1,020,035	1,020,035	-
<b>Pre-Bonus Result</b>	<b>8,612,682</b>	<b>8,912,997</b>	<b>300,315</b>
Guaranteed Compensation Expenses	(118,000)	(118,000)	-
ESOP Expenses	-	-	-
Bonus	(2,618,980)	(2,621,023)	(2,043)
<b>Pre-Tax Income</b>	<b>5,875,702</b>	<b>6,173,974</b>	<b>298,272</b>
Profit Tax	(574,259)	(680,932)	(106,673)
<b>Net Income</b>	<b>5,301,443</b>	<b>5,493,042</b>	<b>191,599</b>
Minority interest	-	63,263	63,263
<b>Consolidated net income</b>	<b>5,301,443</b>	<b>5,556,305</b>	<b>254,862</b>

GEL, unless otherwise noted	BOG		BOG Group
	consolidated		
	Jun-05	Jun-05	
GEL/US\$ Exchange Rate, e-o-p	1.81	1.81	
GEL/EUR Exchange Rate, e-o-p	2.20	2.20	
<b>Cash</b>	<b>32,751,370</b>	<b>32,751,832</b>	
<b>Balances with NBG</b>	<b>31,717,074</b>	<b>31,717,074</b>	
Correspondent account	7,998,395	7,998,395	
Regulatory fund	23,718,679	23,718,679	
<b>Cash Balances with Banks</b>	<b>8,530,242</b>	<b>9,277,302</b>	
In resident banks	788	747,847	
In nonresident banks	8,529,455	8,529,455	
<b>Treasuries</b>	<b>23,939,090</b>	<b>24,126,711</b>	
<b>Other fixed income instruments</b>	<b>-</b>	<b>2,399,791</b>	
Gross Loans, of which	239,979,609	238,802,085	
Loans to Banks	7,025,526	7,025,526	
Loans to Clients	232,954,082	231,776,558	
Provisions for Loan Losses	(23,124,368)	(23,124,368)	
<b>Net Loans</b>	<b>216,855,241</b>	<b>215,677,717</b>	
<b>Accrued Interest and Dividends</b>	<b>2,375,818</b>	<b>2,345,907</b>	
Gross Investments	8,085,149	814,993	
Provisions	(103,375)	(103,375)	
<b>Net Investments</b>	<b>7,981,774</b>	<b>711,618</b>	
Gross property owned	3,119,350	3,119,350	
Provisions	(1,101,459)	(1,101,459)	
<b>Net property owned</b>	<b>2,017,891</b>	<b>2,017,891</b>	
Fixed Assets	28,206,628	30,244,331	
<b>Fixed &amp; Intangible Assets</b>	<b>30,224,520</b>	<b>32,262,223</b>	
Gross Other assets	8,838,011	12,356,555	
Provisions	(46,625)	(46,625)	
<b>Net Other Assets</b>	<b>8,791,386</b>	<b>12,309,930</b>	
Goodwill	1,917,416	4,493,364	
<b>Total Assets</b>	<b>365,083,932</b>	<b>368,073,470</b>	
<b>Deposits</b>	<b>245,535,516</b>	<b>242,611,043</b>	
Interbank deposits	3,390,843	3,390,843	
Client deposits	242,144,673	239,220,200	
<b>Borrowed Funds</b>	<b>45,797,659</b>	<b>46,634,248</b>	
Residents	8,042,570	8,042,570	
Nonresidents	37,755,089	38,591,678	
Payable Interest and Dividends	6,120,871	6,103,595	
Other Liabilities	7,729,519	11,081,704	
<b>Total Liabilities</b>	<b>305,183,565</b>	<b>306,430,590</b>	
<b>Minority Interest</b>	<b>-</b>	<b>1,677,768</b>	
Ordinary Shares	11,465,214	11,465,214	
Preferred Shares	-	-	
Treasury shares	-	(61,557)	
Retained Earnings and Revaluation Reserves	43,133,710	43,005,150	
Net Profit	5,301,443	5,556,305	
<b>Shareholders' Equity</b>	<b>59,900,367</b>	<b>59,965,112</b>	
<b>Total Liabilities and Shareholders Equity</b>	<b>365,083,932</b>	<b>368,073,470</b>	



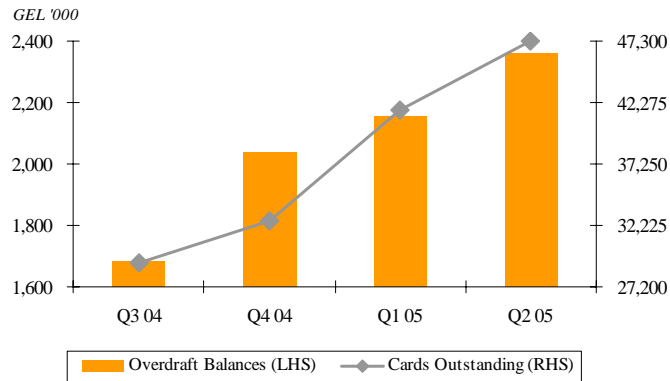
# Strategic Business Unit Overview

Bank of Georgia Group				
BCI	CIB	RB	A&WM	
3/4	2	1/2	1	Market Position
N/A	GEL 121.3 mln	GEL 90.2 mln	AUM/C GEL 23.4 mln	Earning Assets
GEL 6.3 mln	N/A	N/A	GEL 0.9 mln	Total Assets
GEL 3.1 mln	GEL 10.2 mln	GEL 11.2 mln	GEL 0.2 mln	Revenue
N/A	GEL 7.5 mln	GEL 3.8 mln	GEL 0.06 mln	NNOI
GEL 0.4 mln	GEL 6.3 mln	GEL 3.1 mln	GEL 0.07 mln	PBR
GEL 0.4 mln	GEL 3.5 mln	GEL 1.6 mln	GEL 0.06 mln	Net Income
7.1%	62.9%	28.8%	1.2%	Contribution to Group Net Income
	<i>Including GLC</i>	<i>Including Georgian Card</i>		

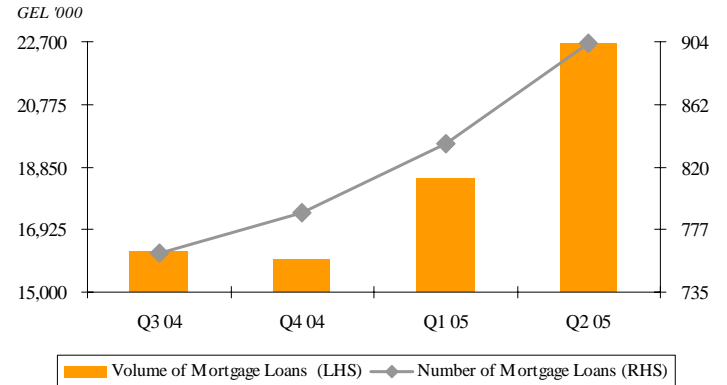


# Retail Banking Overview

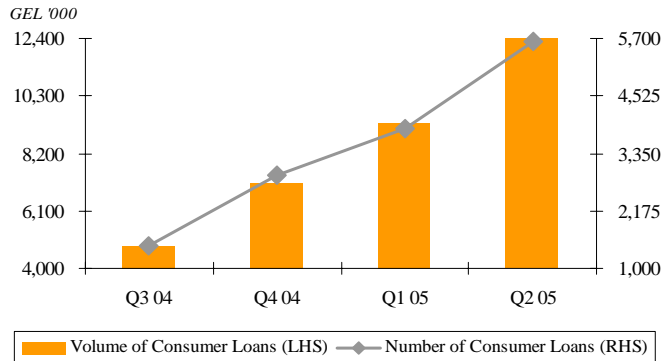
## Plastic Cards



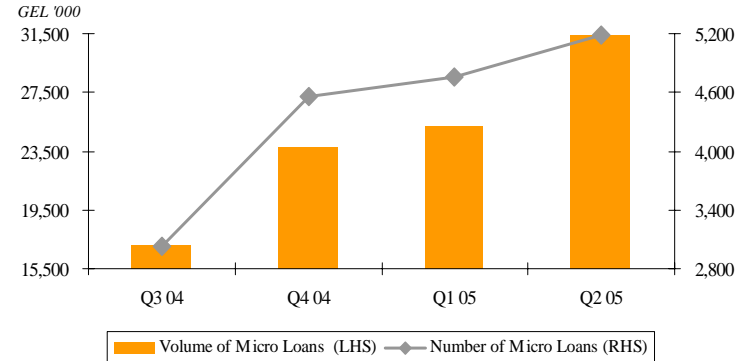
## Mortgage Loans



## Consumer Loans



## Micro Loans



# Retail Banking: Aggressive Product Innovation

	New product	Date launched	Volume Sold, 1H 05	Notes
Mortgages	Hypo+	March 31, 2005	GEL 10.3 mln	GEL 6.4 mln sold in July 05
Car Loans	Auto+	May 15, 2005	GEL 0.5 mln	GEL 0.3 mln sold in July 05
Consumer Loans		2003	GEL 10.7 mln	GEL 3.3 mln sold in July 05
Micro Loans	MicroLoan+ ( <i>Legacy Micro Loans retained in product lineup</i> )	March 10, 2005	GEL 24.4 mln ( <i>MicroLoan+ &amp; Legacy</i> )	GEL 6.4 mln sold in July 05 ( <i>MicroLoan+ &amp; Legacy</i> )
Niche Products	MeloMoney	July 7, 2005		
	Traveler+	July 10, 2005	N.A.	
	Student Loan+			To be launched in August 05
Plastic Cards	OneCard ( <i>for Private banking clients</i> )	2004		
	ArtCards			To be launched in September 05
Current Accounts	Enhanced Current Accounts	March 7, 2005	N.A.	
Deposits	Deposit+			To be launched in September 05



# July 2005 Highlights

- Georgian Card has migrated to the new platform
- 40 new ATMs are being rolled out, amounting to the largest ATM network in Georgia
- Several new niche retail products designed/launched in July
- Private & Expat Banking ([www.privatebanking.ge](http://www.privatebanking.ge)) launched
- Cisco call center software installed
- BCI opened a branch in Batumi
- Nominated by Euromoney The Best Bank in Georgia
- Metropol initiated research coverage of the stock
- Profit & Loss Statement Highlights:
  - Net Interest Income GEL 3.0 mln
  - Net Non-Interest Income GEL 1.8 mln (the highest monthly result YTD)
  - Total Operating Income GEL 4.8 mln (the highest monthly result YTD)
  - Normalized Net Operating Income GEL 2.6 mln (the highest monthly result YTD)
  - Pre-Bonus Result GEL 2.0 mln (the highest monthly result YTD)
  - Net Income GEL 1.2 mln (the highest monthly result YTD)
- Balance Sheet Highlights
  - Net Loans GEL 234 mln (up 8% m-o-m)
  - Total Assets GEL 387 mln (up 6% m-o-m)
  - Deposits GEL 260 mln (up 6% m-o-m)
  - Shareholders' Equity GEL 61 mln (up 2% m-o-m)
  - Book Value per share GEL 5.33 (up from GEL 5.22 at the end of June 05)





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## A Turnaround In Progress



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*August 1, 2005*

# Development Milestones

## New Management Team Takes Over

GEL 230.1 mln GEL 151.0 mln GEL 121.4 mln GEL 54.6 mln	GEL 279.2 mln GEL 171.7 mln GEL 177.4 mln GEL 48.6 mln	GEL 359.4 mln GEL 189.9 mln GEL 251.7 mln GEL 54.0 mln	GEL 338.8 mln GEL 217.7 mln GEL 228.4 mln GEL 56.7 mln	GEL 365.1 mln GEL 240.0 mln GEL 245.5 mln GEL 59.9 mln		<b>Total Assets (e-o-p)</b> <b>Total Loan Book (e-o-p)</b> <b>Deposits (e-o-p)</b> <b>Equity (e-o-p)</b>
		6	9	11	12	<b>Number of Western-trained Professionals</b>
		TUB (GEL 11.3 mln) BCI (GEL 3.9 mln) Georgian Card (increased from 19% to 51%, GEL 625 K)	Galt & Taggart (increased from 35% to 90%, GEL 377 K)		GLC (increased from 60% to 87.3%, GEL 628 K)	<b>Key Acquisitions</b>
Retail Banking Corporate Banking Trade Finance Foreign Exchange	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	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance Leasing Pensions	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance Leasing Pensions Private Banking	<b>Key Business Lines</b>
BSTDB US\$ 3 mln BSTDB II US\$ 1 mln DEG EUR 1.5 mln DEG-Hypo EUR 2 mln DEG III EUR 3 mln AKA Bank EUR 5 mln EBRD US\$ 4 mln EBRD US\$ 7 mln IFC US\$ 3 mln IFC US\$ 5 mln			KfW US 4.5 mln guarantee facility	EBRD US\$ 10 mln		<b>International Lenders</b>
EBRD (since 1998) DEG invests		Post-Communist Opportunities Fund invests	Firebird Avrora Fund, Firebird Republics Fund, Firebird Global Master Fund, East Capital, Ostinvestor clients invest		Firebird funds increase their respective stakes Two additional institutional funds invest	<b>Institutional Shareholders</b>



# Our Vision & Mission

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

Our mission is to create long-term value and deliver by 2007 ROE of 20%+ by building a relationship-driven, client-facing integrated financial services company based on the core values of *excellence in execution, teamwork, integrity and trust.*

*Retail  
Banking*

*The largest Georgian retail bank, offering consumers the broadest range of services through multiple channels*

*Corporate &  
Investment  
Banking*

*Among the select leaders in corporate banking*

*The undisputed leader in investment banking*

*Integrated offering to large corporates through strong client coverage culture*

*Insurance*

*A leading player in the non-life sector, cross-selling insurance to corporates*

*A leading life insurance and pensions provider*

*Asset &  
Wealth  
Management*

*A leading share of the domestic institutional business*

*The undisputed domestic leader in wealth management, with niche appeal to sophisticated non-resident investors*

*A player in private equity and venture capital*



# Achieving Our Mission: Tactical Objectives

Develop a diversified, stable and recurring earnings flow



*Enhance profitability*

- Clean up the loan book (Q4 2004)
- Optimize headcount (Q4 2004)
- Better overhead & procurement cost control (Q4 2004)
- Streamline and optimize the branch network footprint (Q4 2005)

*Expand the core franchise*



- Integrated CIB client coverage (Q4 2004) and enhanced SME coverage (Q4 2005)
- Cards: Enhanced Current Accounts, payroll services, Georgian Card platform upgrade, ATM network expansion (Q3 2005)
- Mortgage & consumer finance: Hypo+, Auto +, developer and merchant alliances (1H 2005)

Gradually increase the share of fees & commissions in total income



*Participate in the banking sector consolidation*

- Currently 21 licensed banks in the country
- We expect no more than 13 banks to remain by YE 2007

*Leverage our brand and market position to build investment banking, asset management and insurance businesses*

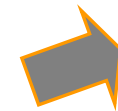


- Structured products: leasing (Q4 2004), Loan Participation Notes (2H 2005), syndications (2H 2005), project finance (2006)
- Private Banking (Q4 2004)
- Pensions & life insurance (Q2 2005)
- Merchant banking/private equity (2005/2006)

*Supplement the funding of the bank's growth through deposits by disciplined capital management*

- Maintain NBG Tier I capital ratio of 10%-12% through 2006
- KfW Credit Guarantee (Q1 2005)
- EBRD Participation Facility (1H 2005)
- Debut bond issue (Q3 2005)
- Equity capital increase (2005)
- Subordinated debt (2005/2006)

Target 2007 multiples  
P/BV 2.0x  
P/E 10.0x-12.0x



*Increase share price & liquidity*

- Investor Relations (Q3 2004)
- Stable dividend payout ratio commensurate with growth stance (2005)
- International listing (2006)



Create by YE 2007 (or sooner) conditions for successful exit via trade sale

- Book Value greater than GEL 85 mln (currently GEL 61.2 mln)
- Net Income greater than GEL 15 mln



# Building An Integrated Business Model

*Benefits of the integrated business model*

*Strong management*

*Shared expertise*

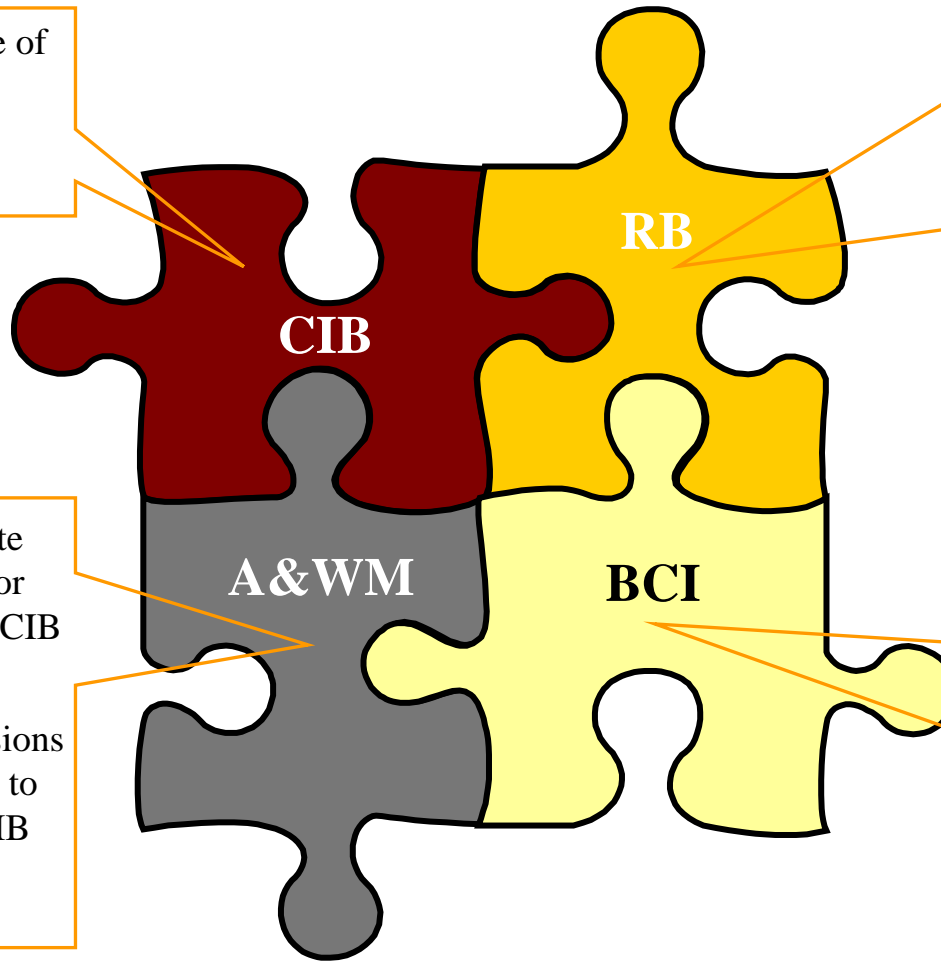
*Cross-sell synergies*

*Shared services & infrastructure*

*Cost efficiency*

*One firm*

Integrated coverage of top 100 corporate clients



Benefit from derived demand for consumer & mortgage lending from the payroll services client base

Market BCI and A&WM retail products through branch network

Cross-sell Private Banking to senior management of CIB clients

Cross-sell pensions & life insurance to employees of CIB clients

Enrich the RB product packages (Auto+, Hypo+, etc)

Cross-sell insurance to CIB clients

*Through our integrated business model, we aim to become by 2007 a benchmark of modern banking in the Caucasus:*

*Proactive CRM + Sole point of access for all products = Highest customer satisfaction*

*Nationwide distribution + Usage of self-service channels + Robust back office = High cost efficiency*



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Q2 2005 Results & 1H 2005 Performance Overview

August 1, 2005

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# Supportive Shareholders & Lenders

## BoG Shareholder Structure

July/22/2005	Shares	%
EBRD	1,548,878	13.5%
Victor Gelovani	1,471,675	12.8%
Former TUB & BCI Shareholders	902,110	7.9%
Galt & Taggart Securities (nominees)	1,665,356	14.5%
Firebird Avrora Fund	1,026,261	9.0%
Firebird Republics Fund	1,025,873	8.9%
Firebird Global Fund	341,500	3.0%
Lado Gurgenedze	144,000	1.3%
Sulkhan Gvalia	257,835	2.2%
<i>Subtotal</i>	8,383,488	73.1%
DEG	1,250,000	10.9%
Free Float	1,831,726	16.0%
<i>Subtotal</i>	3,081,726	26.9%
<b>Shares Outstanding</b>	<b>11,465,214</b>	<b>100.0%</b>

## Institutional and Retail Shareholders

- Several foreign portfolio shareholders, among which, in addition to the Firebird Funds, are East Capital Bering Fund, Post-Communist Opportunities Fund, Diamond Age Capital Advisors and others.
- More than 50 non-resident individuals
- Approximately 1,800 domestic retail shareholders



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## Core Shareholders

- Management currently owns approximately 465,000 shares and approximately 624,600 options
- New management share ownership plan has been introduced and 32 professionals equitized



EAST CAPITAL



FIREBIRD MANAGEMENT LLC

## Key Lenders



US\$ 17.4 mln

EUR 0.2 mln



US\$ 6.2 mln



EUR 4.5 mln



US\$ 0.6 mln



EUR 0.7 mln

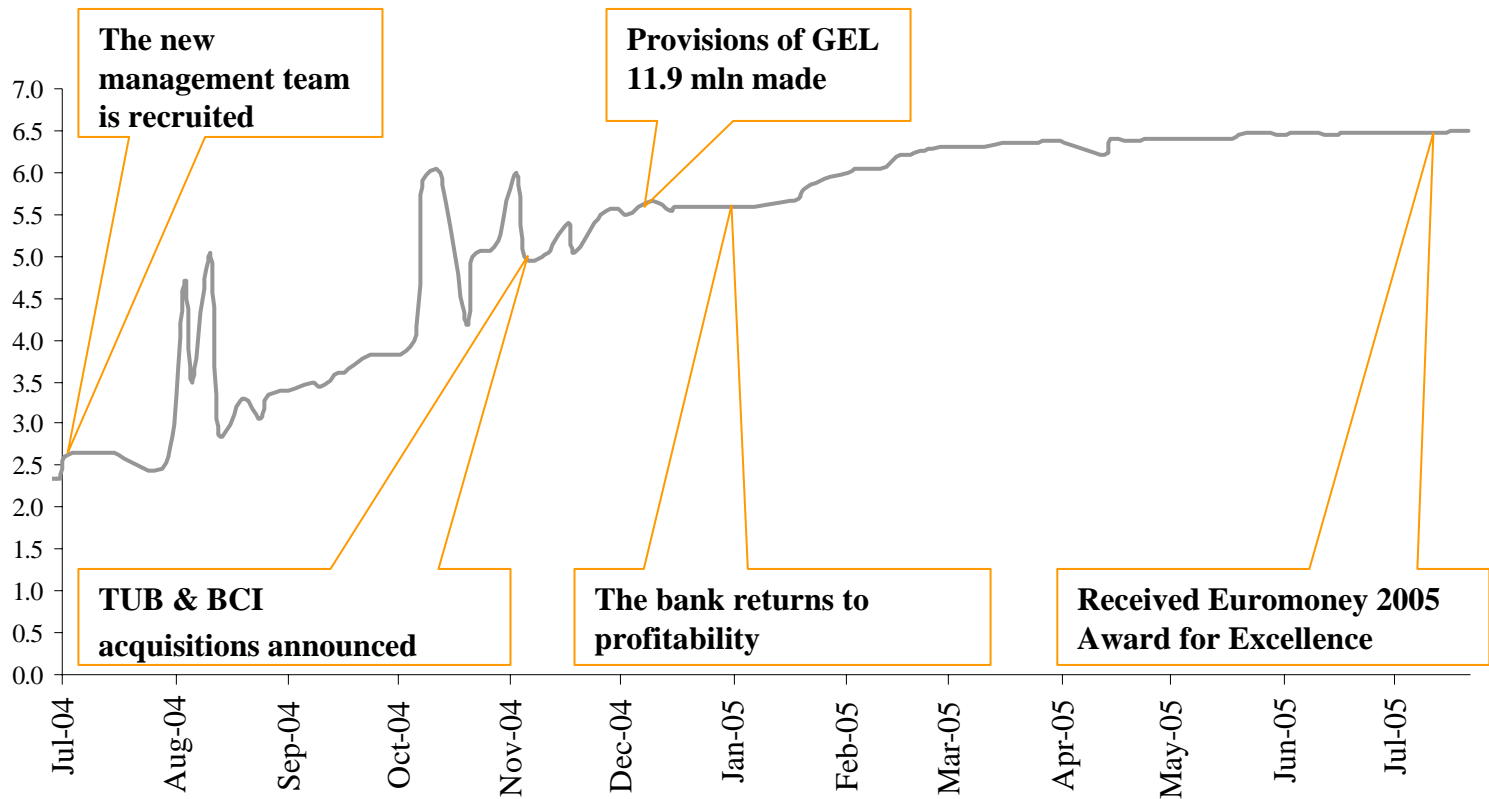
# Investment Case

- A “leveraged play” on Georgia’s economic growth
- Winning strategy for medium-term profitable growth
- Banking sector consolidator
- Solid historical performance due to core franchise strength
- Diversified revenue streams being built through product innovation in the context of an integrated business model
- Disciplined capital management
- Sophisticated management team, comprising more than 10 individuals with Western banking & finance background and education
- Evolving corporate culture
- Cost efficiencies are being realized
- Transparency and good governance
- Emphasis on investor relations, retail-lot liquidity and international stock exchange listing
- **Zealous focus on creating attractive exit opportunities by 2007 (or sooner)**
- The only investable banking stock in Georgia (and the Caucasus)





# Share Price Performance



	Share Price (GEL)	Shares Outstanding (mln)	MCAP GEL mln
Jan 01 '04	2.03	9.9	20.1
Dec 31 '04	5.60	11.3	63.3
July 22 '05	6.50	11.5	74.5

**2004 Share Price Performance 175%**

**2005 YTD Share Price Performance 16%**

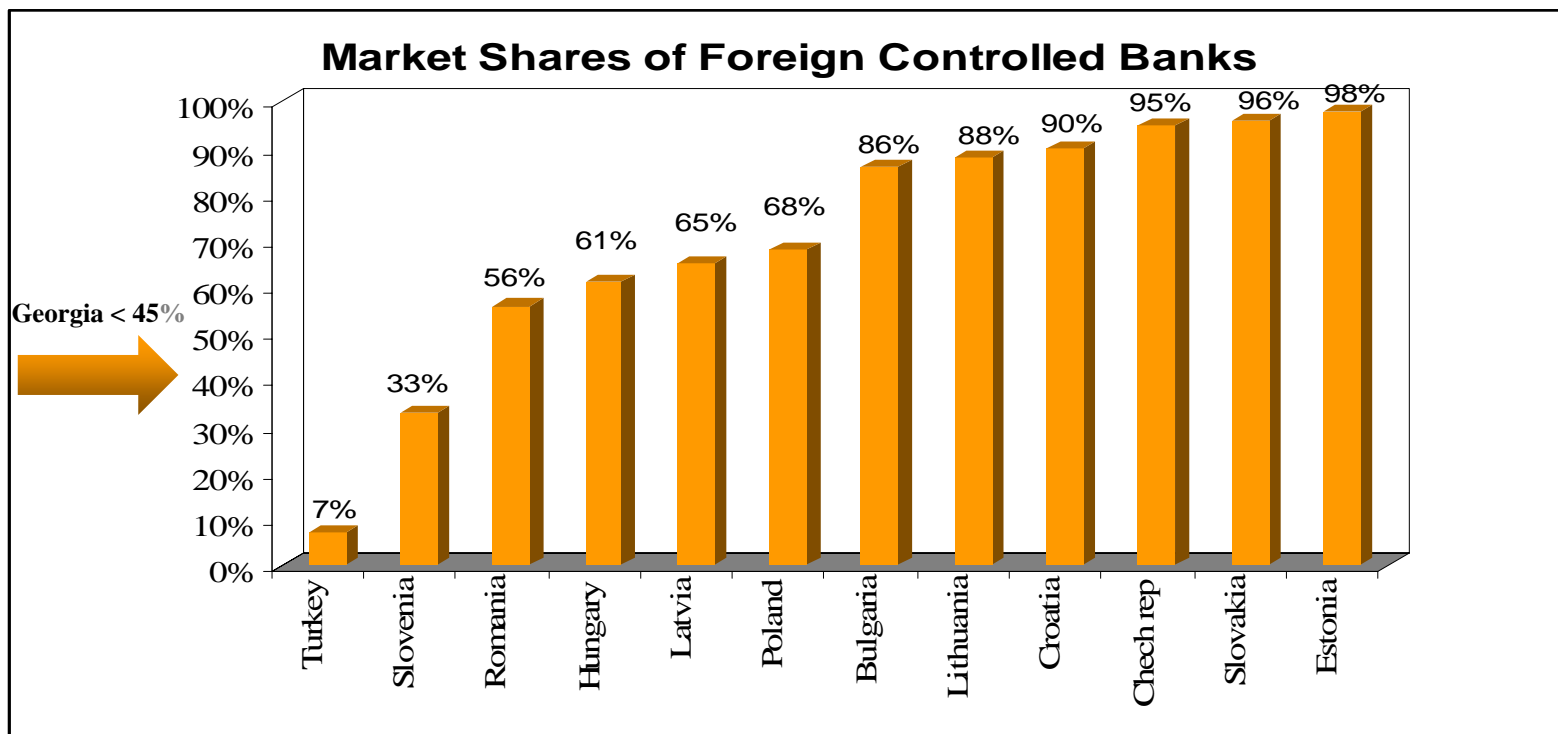
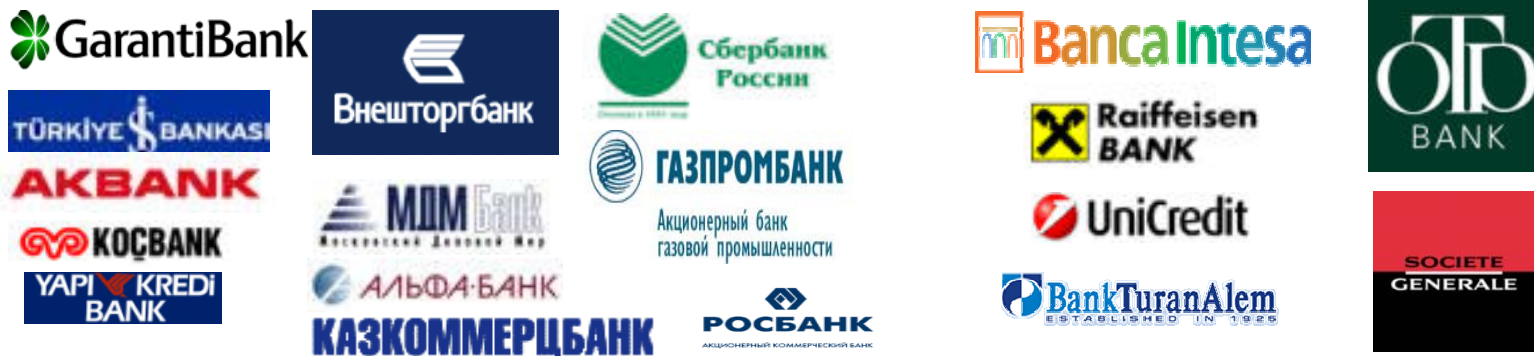


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# Ample Exit Opportunities

Selected  
Potential  
Buyers



Source: UCI, Bank of Georgia estimates



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