

*Standard & Poor's: 'B+/B' Stable*  
*Moody's: 'B3/NP' (FC) & 'Baa3/P-3' (LC); Stable*  
*Fitch Ratings: 'B/B' Stable*

*LSE: BGEO*  
*GSE: GEB*  
*Berlin-Bremen Boerse: B7D1*



## Bank of Georgia Q4 '06 And Full-Year 2006 Results Overview



საქართველოს ბანკი  
**BANK OF GEORGIA**

March, 2007

# Introduction To Bank of Georgia

## The leading universal bank in Georgia

- ☞ Top bank in Georgia
  - ☞ No.1 by assets (circa 27.9%)(1), loans (circa 26.5%)(1) and equity (circa 39.9%)(1)
  - ☞ No.2 by deposits (circa 24.5%)(1)
    - ☞ 10.2% y-o-y market share gain in total assets
    - ☞ 8.2% y-o-y market share gain in loans
    - ☞ 5.5% y-o-y market share gain in total deposits
  - ☞ Leadership in retail banking, with

	February 28, 2007	YE 2006
☞ Retail Accounts	440,000+	425,000+
☞ Cards Issued	300,000+	285,000+
☞ Branches	103	99
☞ ATMs	140	124

- ☞ Top brand, best distribution network and broadest range of services of any bank in Georgia
- ☞ Leading corporate and investment banking franchise
  - ☞ Top broker with circa 90%(1) market share of total trading volume (Georgian Stock Exchange and OTC)
- ☞ Leading corporate, insurance, asset & wealth management and leasing services provider
- ☞ The only Georgian entity with credit ratings from all three global rating agencies
  - ☞ S&P: 'B+/B'; Stable – at the sovereign ceiling
  - ☞ Moody's: 'B3/NP (FC)' & 'Baa3/P-3 (LC)'; Stable
  - ☞ Fitch Ratings: 'B/B'; Stable
- ☞ Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
  - ☞ Market Cap (LSE) US\$681.2 mln as of 28 February 2007
  - ☞ LSE: BGEO
  - ☞ GSE: GEB
  - ☞ Up to 100% free float
- ☞ Issue of the first ever Euobonds in Georgia
  - ☞ Bloomberg: BKGE0; 5 year, 9%, US\$200 mln
  - ☞ B+/Ba2/B (composite BB-)

- ☞ A 'leveraged play' on Georgia's economic growth
- ☞ Diversified revenue streams and disciplined capital management
- ☞ Domestic universal banking strategy driving profitable growth
- ☞ Domestic sector consolidator and aspirations for regional expansion
- ☞ Sophisticated management team with Western banking & finance background and education
- ☞ Transparency and good governance, circa 85% institutionally owned, majority Board seats held by large shareholders and an independent director

Notes: (1) As of 31 December 2006



# *Bank of Georgia Q4 '06 And Full-Year 2006 Results Overview*

# Q4 2006 & Full-Year 2006 Results Highlights

	Q4 2006		Growth y-o-y <sup>1</sup>
	Unaudited		
	GEL	US\$	
<i>Millions, unless otherwise noted</i>			
<b>Bank of Georgia (Consolidated, IFRS Based)</b>			
<b>Total Operating Income (Revenue)<sup>2</sup></b>	40.2	23.4	106%
<b>Recurring Operating Costs</b>	17.2	10.0	74%
<b>Normalized Net Operating Income<sup>3</sup></b>	23.0	13.4	139%
<b>Pre-Bonus Result</b>	17.5	10.2	149%
<b>Net Income</b>	10.3	6.0	113%
<b>Consolidated EPS (Basic), GEL &amp; US\$<sup>4</sup></b>	0.55	0.32	
	YTD 2006		Growth y-o-y <sup>1</sup>
	Unaudited		
	GEL	US\$	
<i>Millions, unless otherwise noted</i>			
<b>Bank of Georgia (Consolidated, IFRS Based)</b>			
<b>Total Operating Income (Revenue)<sup>2</sup></b>	111.1	64.8	75%
<b>Recurring Operating Costs</b>	49.6	28.9	56%
<b>Normalized Net Operating Income<sup>3</sup></b>	61.5	35.9	94%
<b>Pre-Bonus Result</b>	46.1	26.9	95%
<b>Net Income</b>	27.6	16.1	102%
<b>Consolidated EPS (Basic), GEL &amp; US\$<sup>4</sup></b>	1.67	0.97	47%
<b>Consolidated EPS (Fully Diluted), GEL &amp; US\$<sup>5</sup></b>	1.01	0.59	12%
<b>ROAA<sup>6</sup></b>	3.5%		
<b>ROAE<sup>7</sup></b>	17.1%		

<sup>1</sup> Compared to the same period in 2005; growth calculations based on GEL

<sup>2</sup> Revenue includes Net Interest Income and Net Non-Interest Income

<sup>3</sup> Normalized for Net Non-Recurring Costs

<sup>4</sup> Basic EPS equals to Net Income of the period divided by weighted average outstanding shares as of the period end

<sup>5</sup> EPS Fully Diluted equals to Net Income for the period divided by weighted average outstanding shares as of the period end plus number of ordinary shares in contingent liabilities

<sup>6</sup> Return on Average Total Assets equals to Net Income for the year divided by quarterly average Total Assets for the year

<sup>7</sup> Return on Average Total Shareholders' Equity equals to Net Income for the year divided by quarterly average Total Shareholders' Equity for the year

# Income Statement Data

Period Ended 31 December Consolidated, IFRS Based <i>000s, unless otherwise noted</i>	Q4 '06		Y-O-Y	2006		Y-O-Y	2005	
	US\$ <sup>1</sup> (Unaudited)	GEL	Growth	US\$ <sup>1</sup> (Unaudited)	GEL	Growth	US\$ <sup>2</sup> (Audited)	GEL
Interest Income	22,173	37,993	140%	59,011	101,116	95%	28,916	51,832
Interest Expense	6,897	11,818	193%	19,619	33,618	157%	7,298	13,081
<b>Net Interest Income</b>	<b>15,276</b>	<b>26,175</b>	<b>122%</b>	<b>39,392</b>	<b>67,498</b>	<b>74%</b>	<b>21,618</b>	<b>38,751</b>
Fee & Commission Income	3,453	5,917	66%	12,914	22,129	67%	7,402	13,268
Fee & Commission Expense	981	1,680	N/A <sup>3</sup>	2,728	4,675	184%	918	1,646
<b>Net Fee &amp; Commission Income</b>	<b>2,473</b>	<b>4,237</b>	<b>18%</b>	<b>10,186</b>	<b>17,454</b>	<b>50%</b>	<b>6,484</b>	<b>11,622</b>
Income From Documentary Operations	667	1,142	26%	2,751	4,714	62%	1,625	2,913
Expense On Documentary Operations	214	367	123%	734	1,257	70%	412	739
<b>Net Income From Documentary Operations</b>	<b>453</b>	<b>776</b>	<b>5%</b>	<b>2,018</b>	<b>3,457</b>	<b>59%</b>	<b>1,213</b>	<b>2,174</b>
<b>Net Foreign Currency Related Income</b>	<b>2,409</b>	<b>4,127</b>	<b>124%</b>	<b>7,015</b>	<b>12,020</b>	<b>85%</b>	<b>3,630</b>	<b>6,507</b>
Net Insurance Income	880	1,508	47%	2,716	4,654	44%	1,809	3,242
Brokerage & Asset Management Income	726	1,244	974%	1,755	3,007	426%	319	572
Realised Net Investment Gains	304	520	NMF <sup>4</sup>	715	1,226	NMF <sup>4</sup>	-	-
Other	929	1,591	278%	1,015	1,740	207%	316	566
<b>Net Other Non-Interest Income</b>	<b>2,839</b>	<b>4,864</b>	<b>212%</b>	<b>6,202</b>	<b>10,627</b>	<b>143%</b>	<b>2,443</b>	<b>4,380</b>
<b>Net Non-Interest Income</b>	<b>8,173</b>	<b>14,004</b>	<b>81%</b>	<b>25,420</b>	<b>43,558</b>	<b>76%</b>	<b>13,770</b>	<b>24,683</b>
<b>Total Operating Income (Revenue)</b>	<b>23,448</b>	<b>40,179</b>	<b>106%</b>	<b>64,812</b>	<b>111,056</b>	<b>75%</b>	<b>35,389</b>	<b>63,434</b>
Personnel Costs	4,812	8,246	86%	13,705	23,484	43%	9,136	16,376
Selling, General & Administrative Expenses	2,708	4,641	102%	8,298	14,219	112%	3,736	6,697
Procurement & Operations Support Expenses	1,425	2,441	197%	3,100	5,312	139%	1,241	2,224
Depreciation & Amortization	1,011	1,732	58%	3,246	5,562	31%	2,360	4,230
Other Operating Expenses	71	122	-90%	570	976	-54%	1,194	2,140
<b>Total Recurring Operating Costs</b>	<b>10,027</b>	<b>17,182</b>	<b>74%</b>	<b>28,919</b>	<b>49,554</b>	<b>56%</b>	<b>17,667</b>	<b>31,667</b>
<b>Normalized Net Operating Income</b>	<b>13,421</b>	<b>22,997</b>	<b>139%</b>	<b>35,893</b>	<b>61,502</b>	<b>94%</b>	<b>17,722</b>	<b>31,767</b>
Net Non-Recurring Costs (Income)	538	922	0%	538	922	-53%	1,095	1,962
<b>Profit Before Provisions And Bonuses</b>	<b>12,883</b>	<b>22,075</b>	<b>153%</b>	<b>35,355</b>	<b>60,580</b>	<b>103%</b>	<b>16,627</b>	<b>29,805</b>
Net Provisions For Loan Losses	4,140	7,094	188%	10,364	17,759	120%	4,501	8,069
Provisions For (Recovery Of) Other Assets	(1,475)	(2,528)	219%	(1,907)	(3,268)	78%	(1,027)	(1,841)
<b>Pre-Bonus Result</b>	<b>10,218</b>	<b>17,509</b>	<b>149%</b>	<b>26,898</b>	<b>46,089</b>	<b>95%</b>	<b>13,153</b>	<b>23,577</b>
Bonuses & Share Based Compensation Expenses	2,399	4,111	86%	6,261	10,728	57%	3,817	6,843
<b>Pre-Tax Income</b>	<b>7,819</b>	<b>13,398</b>	<b>178%</b>	<b>20,637</b>	<b>35,361</b>	<b>111%</b>	<b>9,336</b>	<b>16,734</b>
Income Tax Expenses	1,837	3,147	N/A <sup>3</sup>	4,557	7,809	151%	1,734	3,108
<b>Net Income</b>	<b>5,982</b>	<b>10,251</b>	<b>113%</b>	<b>16,079</b>	<b>27,552</b>	<b>102%</b>	<b>7,602</b>	<b>13,626</b>
Weighted Average Shares Outstanding ( <i>thousands</i> )					16,506			11,980
Fully Diluted Number Of Shares At Year End ( <i>thousands</i> )					27,229			15,115
EPS (Basic)				0.97	1.67	47%	0.63	1.14
EPS (Fully Diluted)				0.59	1.01	12%	0.50	0.90

<sup>1</sup> Converted to U.S. dollars for convenience using a period end exchange rate of GEL 1.7135 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period end exchange rate as reported by the National Bank of Georgia as at 31 December 2006

<sup>2</sup> Converted to U.S. dollars for the convenience using a period end exchange rate of GEL 1.7925 per US\$1.00, such rate being the official Georgia Lari to U.S. dollar period end exchange rate as reported by the National Bank of Georgia as at 31 December 2005

<sup>3</sup> Not Applicable

<sup>4</sup> Not Meaningful

# Balance Sheet Data

The Year Ended 31 December Consolidated, IFRS Based 000s, unless otherwise noted	2006		Growth <sup>2</sup> Y-O-Y	2005	
	US\$ <sup>1</sup> (Unaudited)	GEL		US\$ <sup>3</sup> (Audited)	GEL
Cash And Cash Equivalents	74,053	126,890	140%	29,547	52,963
Loans And Advances To Credit Institutions	41,791	71,609	90%	21,016	37,671
Mandatory Reserve With NBG	35,869	61,461	112%	16,166	28,977
Other Accounts With NBG	138	236	-94%	2,384	4,273
Balances With And Loans To Other Banks	5,785	9,912	124%	2,466	4,421
Treasuries And Equivalents	109,378	187,420	8120%	1,272	2,280
Other Fixed Income Instruments	3,387	5,804	-21%	4,081	7,315
Gross Loans To Clients	433,076	742,075	133%	177,800	318,706
Less: Reserve For Loan Losses	(16,291)	(27,914)	64%	(9,493)	(17,016)
Net Loans To Clients	416,785	714,161	137%	168,307	301,690
Investments In Other Business Entities, Net	952	1,632	61%	565	1,012
Property And Equipment Owned, Net	38,755	66,407	85%	19,980	35,815
Intangible Assets Owned, Net	2,040	3,495	79%	1,091	1,955
Goodwill	21,807	37,366	552%	3,197	5,730
Tax Assets - Current And Deferred	493	845	-67%	1,434	2,570
Prepayments And Other Assets	15,266	26,159	104%	7,159	12,832
<b>Total Assets</b>	<b>724,708</b>	<b>1,241,788</b>	<b>169%</b>	<b>257,647</b>	<b>461,833</b>
Client Deposits	338,007	579,175	115%	150,601	269,952
Deposits And Loans From Banks	7,627	13,069	-55%	16,098	28,855
Borrowed Funds	130,444	223,516	347%	27,904	50,018
Insurance Related Liabilities	4,493	7,699	94%	2,210	3,962
Issued Fixed Income Securities	814	1,395	22%	638	1,143
Tax Liabilities - Current And Deferred	4,370	7,488	259%	1,164	2,087
Accruals And Other Liabilities	22,537	38,617	169%	8,008	14,354
<b>Total Liabilities</b>	<b>508,292</b>	<b>870,959</b>	<b>135%</b>	<b>206,623</b>	<b>370,371</b>
Ordinary Shares	14,708	25,202	71%	8,217	14,729
Share Premium	154,520	264,770	704%	18,367	32,922
Treasury Shares	(584)	(1,001)	1136%	(45)	(81)
Retained Earnings	24,114	41,319	74%	13,278	23,801
Revaluation And Other Reserves	5,019	8,600	60%	2,995	5,369
Net Income For The Period	16,079	27,552	102%	7,602	13,626
<b>Shareholders' Equity Excluding Minority Interest</b>	<b>213,856</b>	<b>366,442</b>	<b>306%</b>	<b>50,413</b>	<b>90,366</b>
<b>Minority Interest</b>	<b>2,560</b>	<b>4,387</b>	<b>300%</b>	<b>611</b>	<b>1,096</b>
<b>Total Shareholders' Equity</b>	<b>216,416</b>	<b>370,829</b>	<b>305%</b>	<b>51,024</b>	<b>91,462</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>724,708</b>	<b>1,241,788</b>	<b>169%</b>	<b>257,647</b>	<b>461,833</b>
Shares Outstanding (shares)		<b>25,202,009</b>			<b>14,728,704</b>
Book Value Per Share (US\$, GEL) <sup>4</sup>	<b>8.61</b>	<b>14.75</b>	137%	<b>3.47</b>	<b>6.22</b>

<sup>1</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7135 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 31 December 2006

<sup>2</sup> Compared to the same period of 2005; growth calculations based on GEL values

<sup>3</sup> Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7925 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 31 December 2005

<sup>4</sup> Book Value Per Share equals to Equity plus Treasury Shares, divided by the total number of outstanding Ordinary Shares



# Key Ratios

Consolidated Unless Otherwise Noted IFRS Based, Unaudited Profitability Ratios	December 31,	
	2006	2005
ROAA <sup>1</sup>	3.5%	3.5%
ROAE <sup>2</sup>	17.1%	20.1%
Interest Income To Average Interest Earning Assets <sup>3</sup>	16.7%	18.3%
Cost Of Funds <sup>4</sup>	5.8%	4.2%
Net Spread <sup>5</sup>	10.9%	14.1%
Net Interest Margin <sup>6</sup>	11.2%	13.7%
Loan Yield <sup>7</sup>	17.2%	18.2%
Interest Expense To Interest Income	33.2%	25.2%
Net Non-Interest Income To Average Total Assets	5.6%	6.3%
Net Non-Interest Income To Revenue <sup>8</sup>	39.2%	38.9%
Net Fee And Commission Income To Average Interest Earning Assets <sup>9</sup>	3.5%	4.9%
Net Fee And Commission Income To Revenue	18.8%	21.7%
Operating Leverage <sup>10</sup>	23.8%	1.5%
Recurring Earning Power <sup>11</sup>	7.8%	7.6%
Net Income To Revenue	24.8%	21.5%
<b>Efficiency Ratios</b>		
Operating Cost To Average Total Assets <sup>12</sup>	6.4%	8.1%
Cost To Average Total Assets <sup>13</sup>	7.8%	10.3%
Cost / Income <sup>14</sup>	55.1%	63.8%
Cost / Income, Bank of Georgia, Standalone <sup>15</sup>	51.2%	62.0%
Total Employee Compensation Expense To Revenue <sup>16</sup>	30.8%	36.6%
Total Employee Compensation Expense To Cost	55.9%	57.4%
Total Employee Compensation Expense To Average Total Assets	4.4%	5.9%

Notes: Averages are calculated on a quarterly basis for the period  
Please see the appendix for ratio definitions

# Key Ratios cont'd

## Consolidated Unless Otherwise Noted IFRS Based, Unaudited

### Liquidity Ratios

	December 31,	
	2006	2005
Net Loans To Total Assets <sup>17</sup>	57.5%	65.3%
Average Net Loans To Average Total Assets	61.7%	58.6%
Interest Earning Assets To Total Assets	78.8%	75.6%
Average Interest Earning Assets To Average Total Assets	77.5%	72.0%
Liquid Assets To Total Assets <sup>18</sup>	26.6%	15.4%
Net Loans To Client Deposits	123.3%	111.8%
Average Net Loans To Average Client Deposits	115.3%	90.7%
Net Loans To Total Deposits <sup>19</sup>	120.6%	101.0%
Net Loans To Total Liabilities	82.0%	81.5%
Total Deposits To Total Liabilities	68.0%	80.7%
Client Deposits To Total Deposits	97.8%	90.3%
Client Deposits To Total Liabilities	66.5%	72.9%
Current Account Balances To Client Deposits	60.7%	42.0%
Demand Deposits To Client Deposits	6.2%	13.5%
Time Deposits To Client Deposits	33.1%	44.6%
Total Deposits To Total Assets	47.7%	64.7%
Client Deposits To Total Assets	46.6%	58.5%
Client Deposits To Total Equity (Times) <sup>20</sup>	1.56	2.95
Due From Banks / Due To Banks <sup>21</sup>	548%	131%
Total Equity To Net Loans	51.9%	30.3%
Leverage (Times) <sup>22</sup>	2.3	4.0

### Asset Quality

NPLs (in GEL) <sup>23</sup>	16,266,200	14,428,952
NPLs To Gross Loans To Clients <sup>24</sup>	2.2%	4.5%
Cost Of Credit <sup>25</sup>	2.9%	2.5%
Reserve For Loan Losses To Gross Loans To Clients <sup>26</sup>	3.8%	5.3%
NPL Coverage Ratio <sup>27</sup>	171.6%	117.9%
Total Equity To Average Net Loans To Clients	77.0%	39.7%

Notes: Averages are calculated on a quarterly basis for the period  
Please see the appendix for ratio definitions



# Key Ratios cont'd

## Consolidated Unless Otherwise Noted IFRS Based, Unaudited

### Capital Adequacy

	December 31,	
	2006	2005
Total Equity To Total Assets	29.9%	19.8%
BIS Tier I Capital Adequacy Ratio <sup>28</sup>	35.6%	23.0%
BIS Total Capital Adequacy Ratio <sup>29</sup>	38.2%	24.0%
NBG Tier I Capital Adequacy Ratio <sup>30</sup>	23.2%	11.1%
NBG Total Capital Adequacy Ratio <sup>31</sup>	28.5%	13.0%

### Per Share Values

Basic EPS (GEL) <sup>32</sup>	1.67	1.14
Basic EPS (US\$)	0.97	0.63
Fully Diluted EPS (GEL) <sup>33</sup>	1.01	0.90
Fully Diluted EPS (US\$)	0.59	0.50
Book Value Per Share (GEL) <sup>34</sup>	14.75	6.22
Book Value Per Share (US\$)	8.61	3.47
<i>Change y-o-y</i>	<i>137%</i>	<i>26%</i>
Ordinary Shares Outstanding - Weighted Average	16,505,701	11,980,471
Ordinary Shares Outstanding - Period End	25,202,009	14,728,704
Ordinary Shares Outstanding - Fully Diluted	27,229,418	15,115,373

### Selected Operating Data





Full Time Employees (FTE)	2,226	1,174
FTEs, Bank of Georgia Standalone	1,601	914
Total Assets Per FTE (GEL Thousands)	558	393
Total Assets Per FTE, Bank of Georgia Standalone (GEL Thousands)	776	505
Branches	99	56
ATMs	124	37
Plastic Cards ( <i>Thousands</i> )	286	63
POS Terminals	471	N/A

*Notes: Averages are calculated on a quarterly basis for the period  
Please see the appendix for ratio definitions*










# *Business Overview*

# Strategic Business Unit Highlights

## Corporate & Investment Banking (CIB)











-  Won the tender to service the Tbilisi municipal government account on an exclusive basis. The Tbilisi municipal budget was approximately GEL 470 million last year, making in one of the top corporate/government clients in the country
-  Started servicing on an exclusive basis the Millennium Challenge account. Millennium Challenge is a US government structured aid program with approximately US\$300 million earmarked over a five-year period for various infrastructure-related and reform-enhancing projects in Georgia
-  Continued financing and servicing on an exclusive basis the new Tbilisi Airport terminal construction project, executed on BOT basis by TAV Urban, the leading airport operator in Turkey. The US\$62 million new terminal was opened in February 2007
-  Expanded the number of corporate clients using the bank's payroll services to over 480. At the year end, approximately 83,500 individual clients were serviced through the corporate payroll programs administered by the bank

## Retail Banking (RB)




-  Increased the number of retail current accounts from 141,000 at the beginning of the year to more than 415,000 at the year end
-  Launched several important client acquisition initiatives, including co-branded loyalty debit card products jointly with Aversi, the leading pharmacy chain, GeoCell, a leading mobile operator, and Populi, the leading branded grocery store chain
-  Increased the number of branches (service centers) from 56 at the beginning of the year to 99 at the year end, including 11 branches acquired from IntellectBank and 23 branches opened in all stations of Tbilisi Metro (subway)
-  Increased the number of debit cards outstanding from 63,000 at the beginning of the year to 285,000 at the year end and continued to make gains in merchant acquiring as the installed POS footprint grew to 471. Total number of cards in service by Georgian Card grew from 91,000 at the beginning of the year to 370,000 at the year end, while the number of transaction authorisations processed by Georgian Card grew 400% y-o-y to approximately 8.0 million (compared to approximately 1.6 million in 2005)
-  Continued investing in the electronic channels, as the number of ATMs grew to 124 at the year end (up from 37 at the beginning of the year), number of mobile banking users reached 13,700, and the number of registered Internet banking users grew 776% y-o-y to 37,377
-  Commenced point-of-sale (POS) consumer lending effort to complement the branch-based general-purpose consumer lending, installing 89 points of presence on the retailers' premises by year-end. POS loan originations of GEL 31.0 million in 2006 resulted in POS loans outstanding of GEL 22.2 million at the year end
-  Mortgage loan originations of GEL 51.6 million resulted in mortgage loans outstanding at the year end of GEL 64.5 million, up 96% from the prior year
-  Car loan originations of GEL 9.8 million resulted in car loans outstanding at the year end of GEL 9.8 million, up 250% from the prior year
-  Credit card were launched at the end of the year

# Strategic Business Unit Highlights cont'd

## Asset & Wealth Management (A&WM)

-  The number of Private Banking clients grew from 460 at the beginning of the year to 873 at the year end
-  Private Banking Client Deposits grew 567% y-o-y to GEL 65.4 million at the year end, driven primarily by the growth of Current Account Balances and Time Deposits
-  Private Banking mortgage loan originations of GEL 13.9 million resulted in mortgage loans outstanding at the year-end of GEL 17.3 million, up 248% from the prior year
-  Private Banking car loan originations of GEL 2.8 million resulted in car loans outstanding at the year-end of GEL 2.3 million, up 672% from the prior year
-  Galt & Taggart Securities (Ukraine) obtained the requisite licenses and commenced operations in November 2006
-  Assets Under Custody at Galt & Taggart Securities (Georgia) grew 391% y-o-y to GEL 339 million at the year end
-  The share of trading volume on the Georgian Stock Exchange and OTC of Galt & Taggart Securities (Georgia) in 2006 was 90%, up from 43% in 2005
-  Assets Under Management at the BCI Pension Fund grew 298% y-o-y to GEL 0.5 million at the year end, while the number of BCI Pension fund members grew from 1,049 at the beginning of the year to 2,154 at the end of the year
-  Galt & Taggart Capital raised GEL 6.2 million through a placement of ordinary shares and was admitted to trading of the Georgian Stock Exchange in November 2006
-  Named the best brokerage house in Georgia by Foreign Exchange Association of Georgia

## Insurance

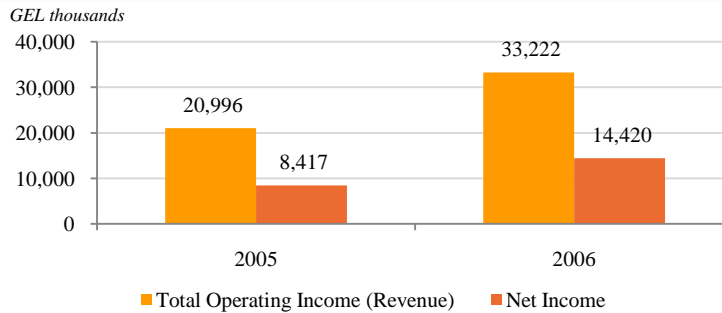
-  Completed the integration of the business of Europace, the insurance company acquired in November 2005
-  Acquired in December 2006 Aldagi, a leading insurance company in Georgia. Total consideration was GEL 13.2 million, or approximately 0.94 times Aldagi's Gross Premiums Written in 2006. The pro forma market share of BCI and Aldagi by Gross Premiums Written in 2006 exceeded 40%. Due to the fact that Aldagi was acquired substantially in December, its effect on the results of Insurance operations was immaterial
-  Launched *Chemebi*, the umbrella brand for all consumer lines of business

# Bank of Georgia 2006 Segment Results

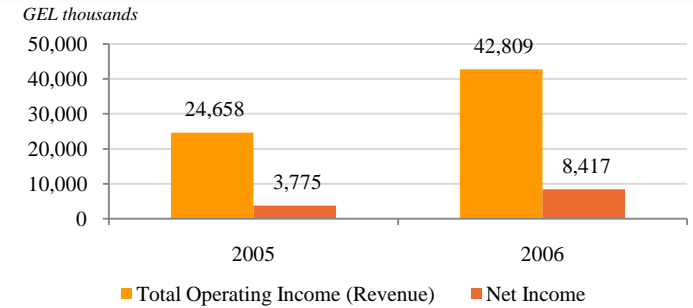
(GEL, thousands)	Total Operating Income (Revenue)		
	2006	Y-O-Y Growth	2005
CIB	33,222	58%	20,996
RB	42,809	74%	24,658
A&WM <sup>1</sup>	5,151	217%	1,626
Insurance	5,012	44%	3,470
Corporate Centre	24,863	96%	12,684
<b>Total</b>	<b>111,056</b>	<b>75%</b>	<b>63,434</b>

	Net Income		
	2006	Y-O-Y Growth	2005
CIB	14,420	96%	7,365
RB	8,417	123%	3,775
A&WM <sup>1</sup>	461	246%	133
Insurance	271	8%	250
Corporate Centre	3,983	89%	2,103
<b>Total</b>	<b>27,552</b>	<b>102%</b>	<b>13,626</b>

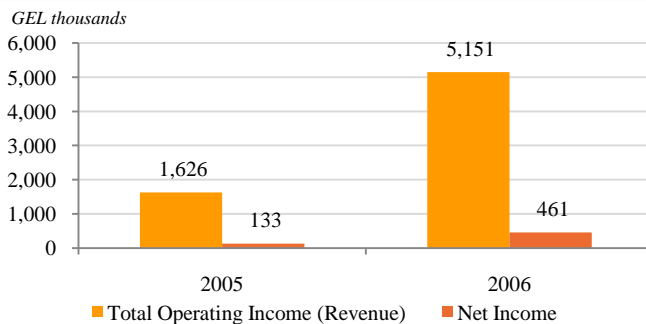
## CIB Total Operating Income (Revenue) & Net Income



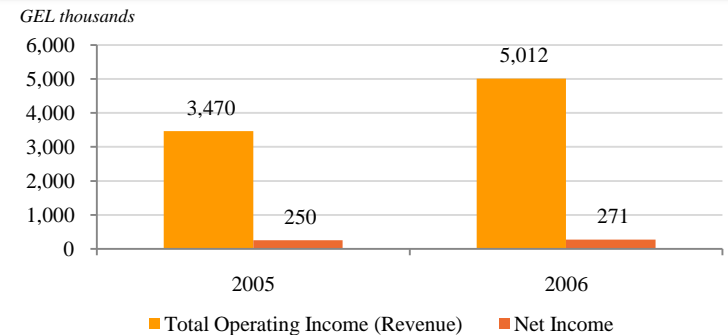
## RB Total Operating Income (Revenue) & Net Income



## A&WM Total Operating Income (Revenue) & Net Income




## Insurance Total Operating Income (Revenue) & Net Income



<sup>1</sup> For the full year 2006, the bank's merchant banking operation, including without limitation, Galt & Taggart Capital results have been consolidated into A&WM. On a standalone basis, e.g. excluding the start up cost of Galt & Taggart, A&WM posted standalone Net Income of GEL 1.8 million. In 2007, the bank intends to separate A&WM into several business units and will report segment results accordingly

# Retail Banking – No. 1 Retail Bank In Georgia

 New Retail Sub-brand



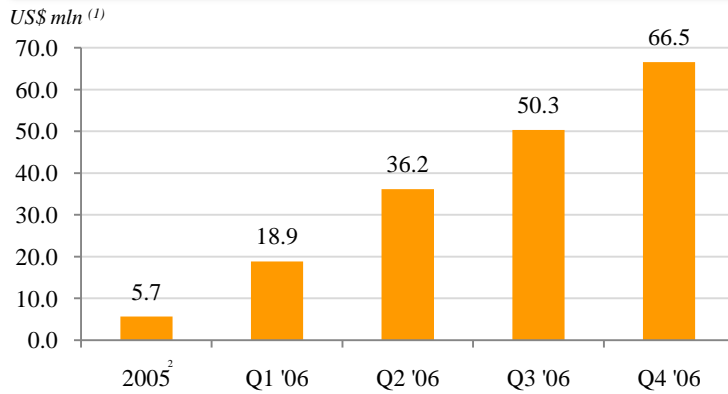
www.sb24.ge



www.kandidati.ge

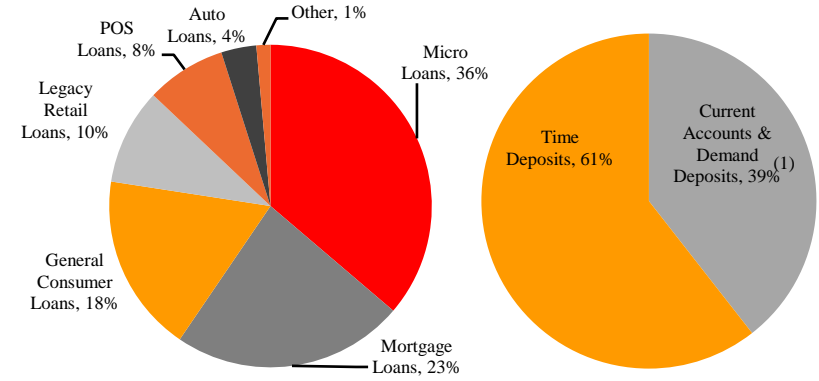


## Retail Loans Issued



(1) Converted at quarterly period end GEL/US\$ exchange rates, except for 2005 (converted at GEL/US\$ average exchange rate of 1.812)  
 (2) Monthly average










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



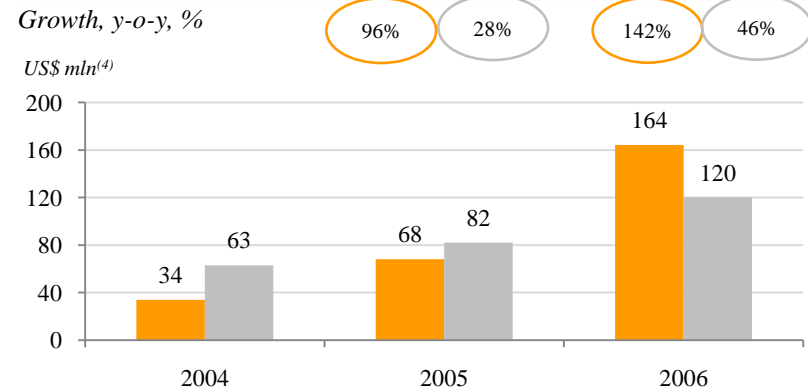
Total retail loans US\$164m<sup>(2)</sup>

Total retail deposits US\$120m<sup>(2)</sup>

## Leadership in Consumer Lending

-  As of 31 December 2006
  -  contracts for 454 POS signed, of which
    -  310 exclusive
    -  89 outlets operating
  -  66,469 consumer loans issued in the aggregate amount of US\$50.0 mln
  -  Relationship with 26 car dealers, of which
    -  22 exclusive
    -  4 presence in service outlets
  -  Credit cards introduced in December 2006

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



Notes:

- (1) Current accounts & demand deposits include card balances
- (2) Converted at GEL/US\$ exchange rate of 1.714 (2006)
- (3) Deposits include current accounts, demand deposits, card balances and time deposits
- (4) Converted at GEL/US\$ 1.714 (2006), 1.793 (2005), and 1.825 (2004)

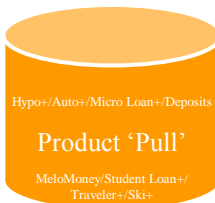
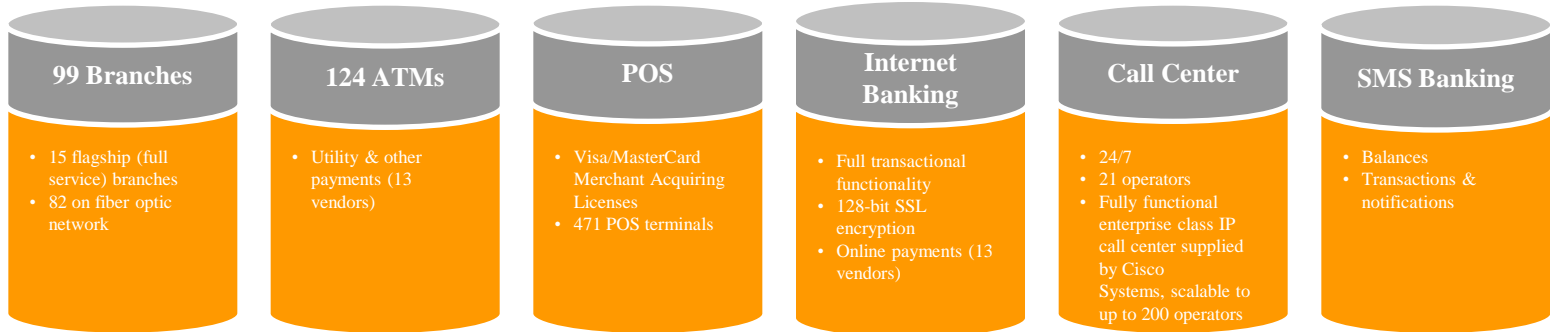


www.bog.ge/ir

# Superior Retail Footprint & Consumer Reach

2005/Ongoing  
Investment Focus

Service Delivery  
Channels

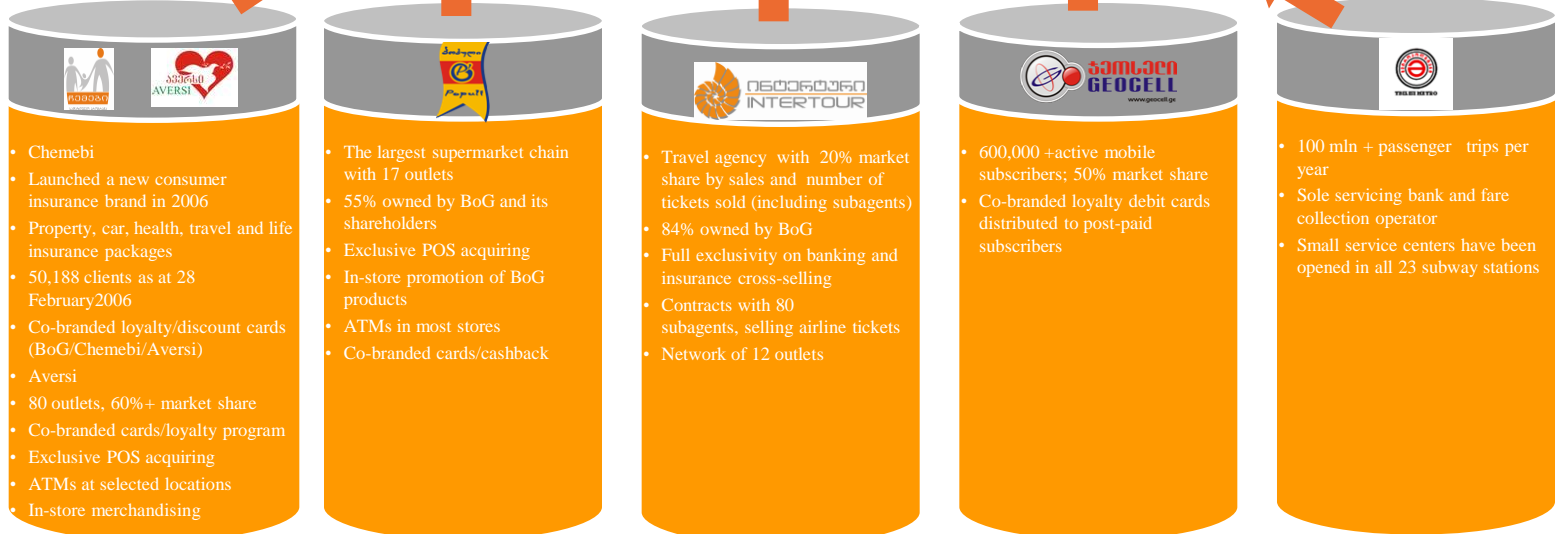


As of 31 December 2006: **285,000+ debit cards<sup>(1)</sup> / 425,000+ current accounts<sup>(1)</sup> / 458,000+ client relationships<sup>(1)(2)</sup>**



2006/2007  
Investment Focus

Alternative  
Customer  
Acquisition  
Channels



Notes: (1) As of 31 December 2006; (2) Includes clients with current accounts and clients who do not have current account but are serviced by Bank of Georgia

# Corporate & Investment Banking

## Integrated client coverage in the following key sectors

- ☞ Construction & Real Estate
- ☞ Energy
- ☞ Fast Moving Consumer Goods
- ☞ Financial Institutions
- ☞ Foreign Organizations & Diplomatic Missions
- ☞ Pharmaceuticals & Healthcare
- ☞ Retail & Wholesale Trade
- ☞ State & Industry
- ☞ Telecommunications, Media & Technology
- ☞ Transport & Logistics
- ☞ SME

## Overview

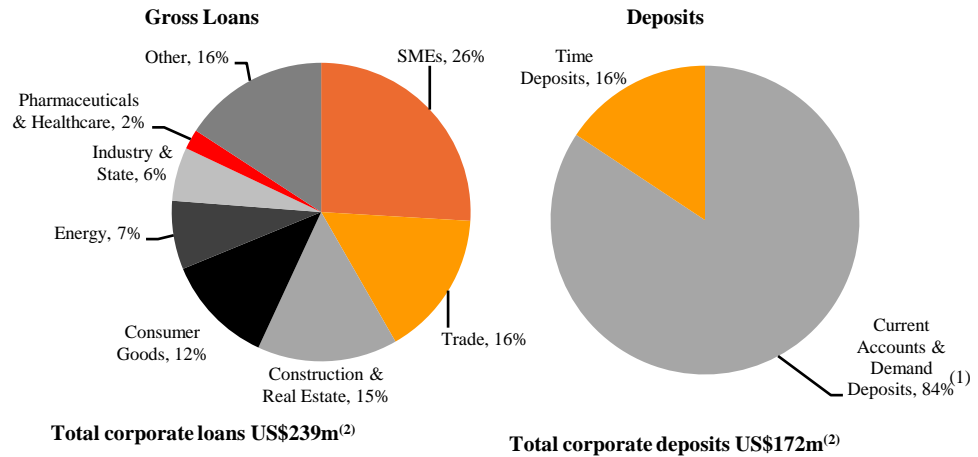
- ☞ No.1 corporate and investment bank in Georgia based on customer deposits (circa 24% market share<sup>(1)</sup>)
- ☞ 2nd largest<sup>(1)</sup> corporate loan portfolio of Georgian banks
- ☞ Integrated client coverage in key sectors
- ☞ 45,007<sup>(2)</sup> clients of which 2,906<sup>(3)</sup> served by dedicated relationship bankers
- ☞ High-profile clients include: Tbilisi Municipality, Millennium Challenge Georgia, Tbilisi Metro, Rompetrol, TAV Urban, Lukoil, Georgian Railway, Magti GSM, Geocell, Port of Poti, Port of Batumi, Iberia Refreshment (Pepsi Bottler)
- ☞ Circa 50% market share in trade finance and documentary operations<sup>(4)</sup>
- ☞ Second largest leasing company in Georgia<sup>(3)</sup> – Georgian Leasing Company (GLC)
- ☞ Galt & Taggart – investment banking relationship platform for key corporate clients

### Notes:

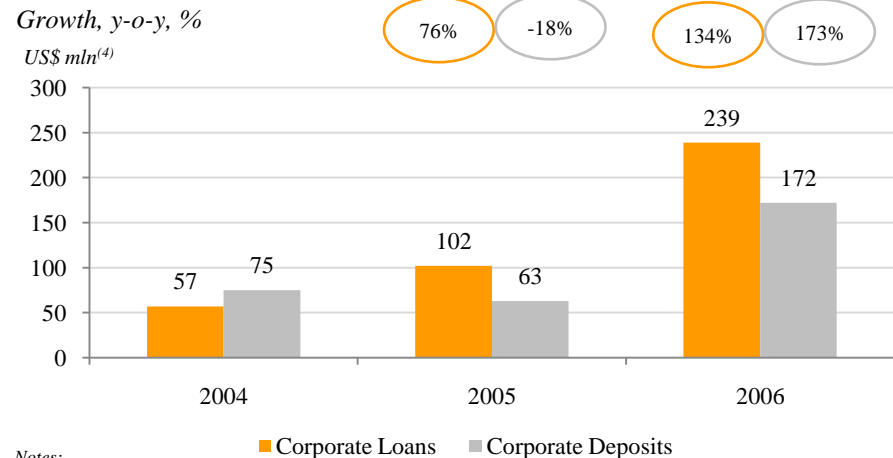
- (1) As of December 2006, source: National Bank of Georgia
- (2) As of December 2006
- (3) As of February 2007
- (4) Management estimates



## Corporate loan portfolio and client deposits (December 31, 2006)



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



### Notes:

- (1) Current accounts & demand deposits include card balances
- (2) Converted at GEL/US\$ exchange rate of 1.714 (2006)
- (3) Deposits include current accounts, card balances, demand deposits and time deposits
- (4) Converted at GEL/US\$ 1.714 (2006), 1.793 (2005) and 1.825 (2004)



# Aldagi & BCI (Insurance)

## Size of Georgian Insurance Market

2005

GPW GEL 55 million

Claims Reimbursed GEL 18 million

2006

GWP GEL 70 million

Claims Reimbursed GEL 23 million

## GPW Breakdown By Product in 2006

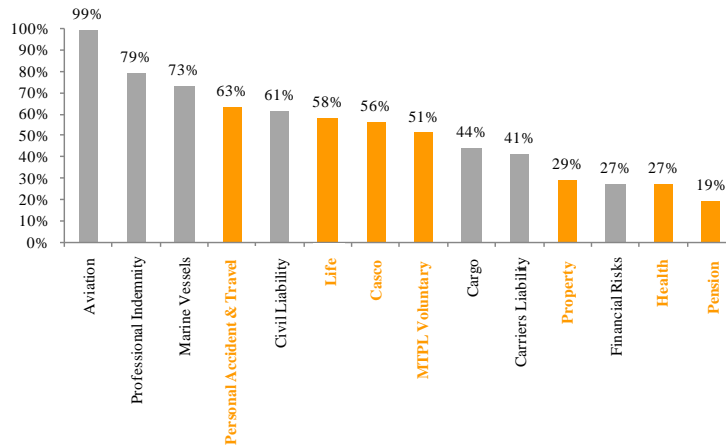
Health	36.8%
Property	30.5%
Casco	20.8%
Civil Liability	11.0%
Financial Risks	6.5%
Cargo	5.4%
Aviation	5.1%
Professional Liability	4.3%
Personal Accident & Travel	4.1%
Pension	3.8%
MTPL Voluntary	3.4%
Life	2.9%
MTPL Compulsory	1.8%
Carriers Liability	1.2%
Fire	0.2%
Performance Bond	0.2%
Marine Vessels	0.2%

## Overview

- Small insurance market (US\$41m GPW)<sup>(1)(2)</sup>, but rapidly growing due to low insurance services penetration of circa 0.5% of GDP<sup>(3)</sup>
- Acquisition of BCI in November 2004
- Acquisition of EuroPace in October 2005
- Acquisition of Aldagi in December 2006 (GEL13.2m or US\$7.7m consideration)<sup>(2)</sup>
- Launch of *Chemebi* brand in February 2006 as umbrella for five consumer product lines – motor, health, life, property and travel insurance
- Strict reinsurance policies with major reinsurers: Hannover Re, Munich Re, AIG, Lloyds and SCOR

Notes:(1) Source: State Insurance Supervision Service of Georgia  
 (2)Converted at GEL/US\$ 1.714  
 (3) GDP 2006E

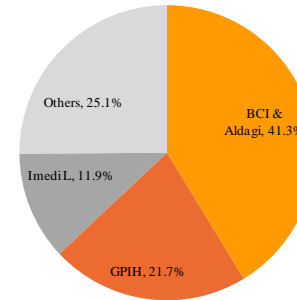
## BCI & Aldagi ProForma Market Share by Product (2006)\*



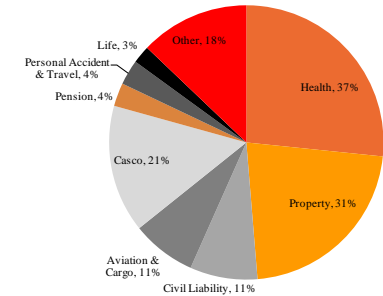
Source: State Insurance Supervision Service of Georgia  
 \* Pro forma combined

## Georgian Insurance by GPW (2006)

Market shares (%)

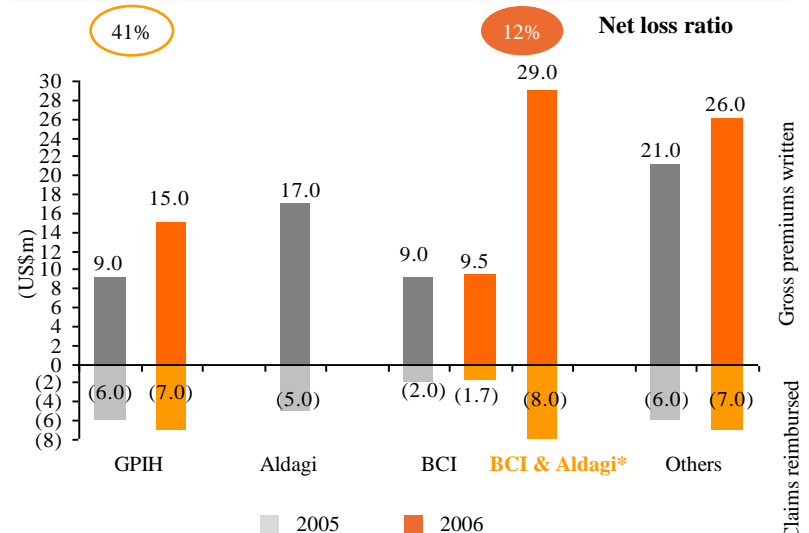


Product Breakdown (%)



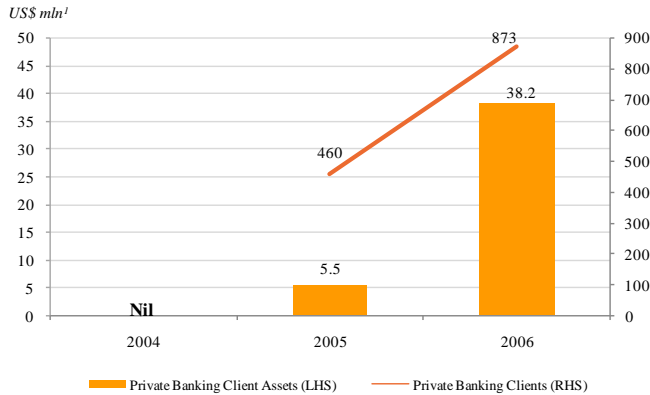
Source: State Insurance Supervision Service of Georgia

## Gross Premiums Written & Total Claims Reimbursed



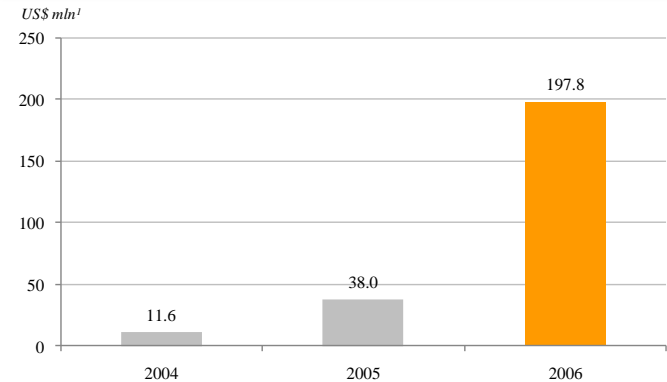
# Asset & Wealth Management Performance Review

## Private Banking Clients and Client Assets



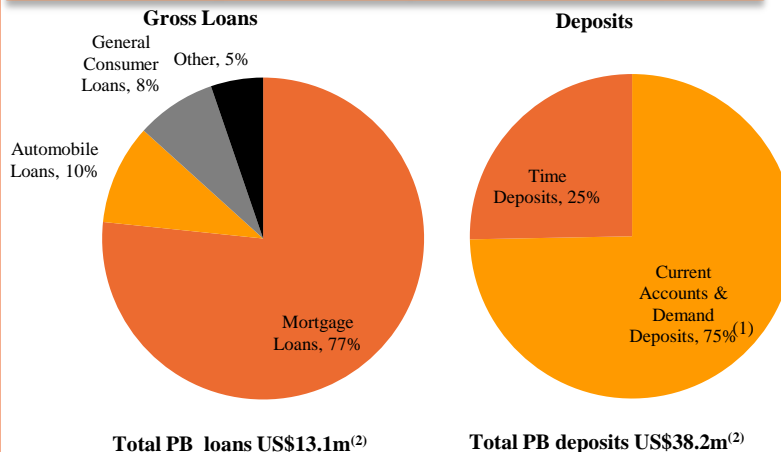
Notes: (1) Converted at exchange rates of GEL/US\$ 1.825 (2004), 1.793 (2005) and 1.714 (2006)

## Galt & Taggart Client Assets Under Custody



Note: (1) Converted at exchange rates of GEL/US\$ 1.825 (2004), 1.793 (2005) and 1.714 (2006)

## Private Banking Loans and Deposits (December 31, 2006)



Notes: (1) Current accounts & demand deposits include card balances  
 (2) Converted at GEL/US\$ exchange rate of 1.714 (2006)

## A&WM Overview

- ☞ A&WM consists of
  - ☞ Private banking services under the Bank of Georgia brand
  - ☞ Pension fund management and administration under the BCI brand ('BCI Pension Scheme' established in June 2005)
  - ☞ Broker-dealer services
  - ☞ Custodial and asset management services provided by Galt and Taggart Securities to resident and non-resident institutional and retail clients
- ☞ Trading in Georgian equity and fixed income securities
- ☞ Equity research in Georgian and English
- ☞ In November 2006 Galt & Taggart Ukraine was established
  - ☞ 8 staff members have been employed
  - ☞ Has acquired appropriate licenses from Ukrainian authorities
- ☞ 90% market share of trading volume on the Georgian Stock Exchange and OTC



Association of Developing Exchange Activities in Georgia

Awards Galt & Taggart Securities as a Best Brokerage Company in 2006



January 2007



Association of Developing Exchange Activities in Georgia

Awards Galt & Taggart Securities as the Most Active Broker in 2006



January 2007



Association of Developing Exchange Activities in Georgia

Awards Galt & Taggart Securities, as the Largest Stock Broker by Trading Volume in 2006



January 2007

# *Appendices*

# *Bank of Georgia Overview*

# Bank of Georgia – Development Milestones

Development period	2000-3Q 2004	4Q 2004	2005	2006		
<b>New management takes over</b>						
<p>The bank has tripled in size under new management</p> <p>Unique management team composition for a CIS bank</p> <p>Stellar acquisition and integration track record</p> <p>Increasingly diversified revenue stream</p> <p>An established borrower in international markets</p> <p>Unprecedented level of institutional interest. Institutional ownership &gt;80% unique for a CIS bank</p>						
	<b>IFRS Consolidated<sup>(1)</sup></b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>Growth since YE 2003<sup>(2)</sup></b>
	<b>Total Assets (e-o-p)</b>	US\$111m	US\$199m	US\$ 257m	US\$725m	553%
	<b>Total Loan Book (e-o-p)</b>	US\$73m	US\$104m	US\$175m	US\$433m	495%
	<b>Client Deposits (e-o-p)</b>	US\$57m	US\$138m	US\$151m	US\$338m	477%
	<b>Equity (e-o-p)</b>	US\$26m	US\$30m	US\$51m	US\$216m	723%
	<b>Number of Western-Trained Professionals</b>	0	6	15	20+	
	<b>Key Acquisitions</b>		TUB BCI Georgian Card	Galt & Taggart GLC EuroPace	IntellectBank, acquisition of assets & liabilities Merchant banking acquisitions Galt & Taggart Ukraine established 9.9% of a Ukrainian bank acquired Aldagi	
	<b>Key Business Lines</b>	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Insurance	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking Leasing Pensions	Retail Banking Corporate Banking Trade Finance Foreign Exchange Investment Banking (in Georgia and Ukraine) Insurance Leasing Pensions Private Banking POS Consumer Loans Merchant Banking	
	<b>Key Lenders</b>	BSTDB DEG AKA Bank EBRD IFC		KfW US\$3.5m guarantee facility EBRD US\$10m facility GEL2.0m bond placement Commerzbank US\$3.8m	World Business Capital US\$10m loan with OPIC guarantee Citigroup US\$25m unsecured term loan Thames River Capital US\$5m subordinated loan Merrill Lynch US\$25m unsecured term loan HBK Investments US\$25m convertible subordinated loan FMO US\$12.5 mln seven year loan* US\$200 mln debut Regulation S 5-year senior unsecured Eurobond issuance (February 2007)	
	<b>Institutional Ownership</b>	28%	37%	50%	85%	

# Bank Of Georgia – Our Vision & Mission







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

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

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

	<b>Objectives set in October 2004</b>	<b>Status YE 2006</b>
<b>Retail Banking</b>	<ul style="list-style-type: none"> <li>▪ The largest Georgian retail bank, offering consumers the broadest range of services through multiple channels</li> </ul>	✓ Achieved
<b>Corporate &amp; Investment Banking</b>	<ul style="list-style-type: none"> <li>▪ A leader in corporate banking, bank of choice for inbound foreign corporates</li> <li>▪ The undisputed leader in investment banking</li> <li>▪ Integrated offering to large corporates through strong client coverage culture</li> </ul>	✓ Achieved ✓ Achieved ✓ Achieved
<b>Insurance</b>	<ul style="list-style-type: none"> <li>▪ A leading player in the non-life sector, cross-selling insurance to corporates</li> <li>▪ A leading life insurance and pensions provider</li> </ul>	✓ Achieved ✓ Achieved
<b>Asset &amp; Wealth Management</b>	<ul style="list-style-type: none"> <li>▪ The undisputed domestic leader in wealth management, with niche appeal to sophisticated non-resident investors</li> <li>▪ A leading player in domestic private equity and venture capital</li> </ul>	✓ Achieved ✓ Achieved

# Strategy

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

# *Bank of Georgia Price Performance*

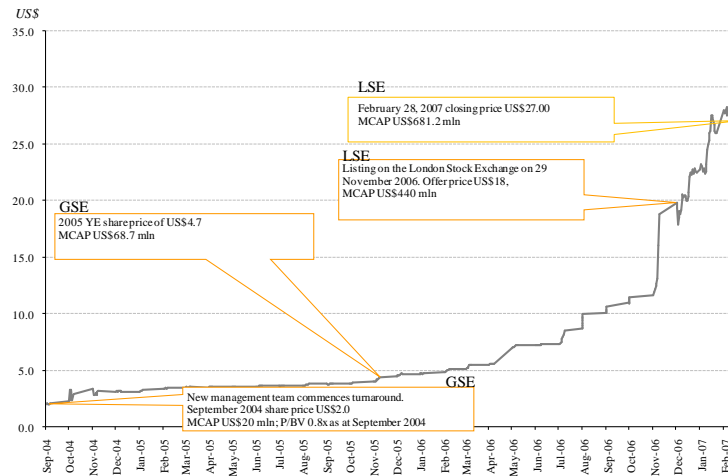


# Share Price Performance And Ownership Structure

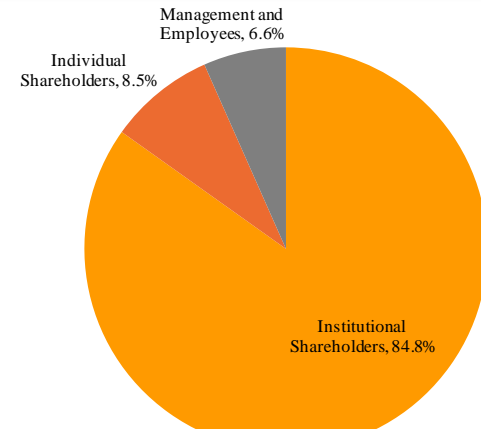
## BoG GDR Listing on LSE Facts & Figures

- ☑ Total size of the offer US\$159,843,723
- ☑ Gross proceeds to the Bank US\$134 million
- ☑ Headline demand US\$653 million (4.7x oversubscribed)
- ☑ 103 investors bought GDRs with the offering
- ☑ Offer price US\$18 per GDR (1 GDR = 1 share)
- ☑ LSE closing price on 28 February 2007 US\$27.00 per GDR

## Bank of Georgia Share and GDR Price Performance



## Ownership structure



31-Dec-06	GDRs*	Call Warrants**	Local Shares	Total	%
<b>Institutional Shareholders</b>	9,990,538	4,166,242	7,226,057	21,382,837	84.8%
<b>Individual Shareholders</b>	-	-	2,147,482	2,147,482	8.5%
<b>Management and Employees</b>	850,000	-	821,690	1,671,690	6.6%
Fully Vested	68,667	-	771,176	839,843	3.3%
Awarded but unvested	137,333	-	50,514	187,847	0.7%
Employee Benefit Trust	644,000	-	-	644,000	2.6%
<b>Total Shares Outstanding</b>	<b>10,840,538</b>	<b>4,166,242</b>	<b>10,195,229</b>	<b>25,202,009</b>	<b>100%</b>
Adjusted for Galt & Taggart Securities' Proprietary Book <sup>(1)</sup>	-	-	(221,581)	(221,581)	-0.9%
<b>Adjusted Total Shares Outstanding</b>	<b>10,840,538</b>	<b>4,166,242</b>	<b>9,973,648</b>	<b>24,980,428</b>	
<b>Dilution Projections</b>					
Conversion of the HBK Investments subordinated loan <sup>(2)</sup>	-	-	1,157,407	1,157,407	
Guaranteed share compensation <sup>(3)</sup>	-	-	125,002	125,002	
EuroPace Hold Back	-	-	95,000	95,000	
Employee Benefit Trust <sup>(4)</sup>	650,000	-	-	650,000	
<b>Diluted Shares</b>	<b>11,490,538</b>	<b>4,166,242</b>	<b>11,351,057</b>	<b>27,007,837</b>	
Galt & Taggart Securities' Proprietary Book	-	-	221,581	221,581	
<b>Fully Diluted Shares</b>	<b>11,490,538</b>	<b>4,166,242</b>	<b>11,572,638</b>	<b>27,229,418</b>	

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

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

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

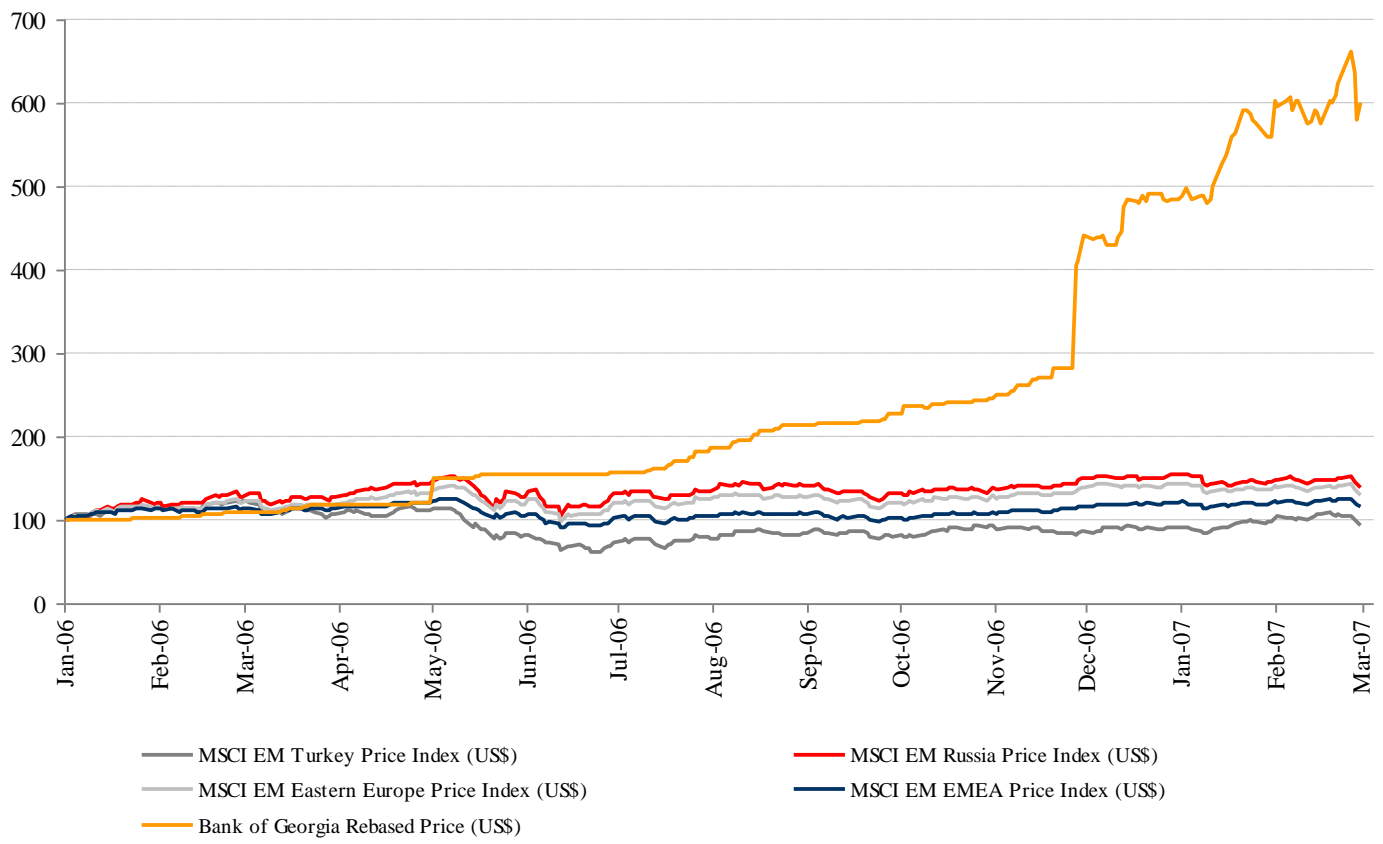
<sup>4</sup> To be authorized and issued at the next AGM

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

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

# 2006-2007 YTD Price Performance

Bank of Georgia Price vs. MSCI Indices



Source: London Stock Exchange, Georgian Stock Exchange, MSCI Barra

# *Georgian Banking Sector – Key Trends 2006*

# Georgian Banking Sector – Key Trends 2006

GEL/US\$

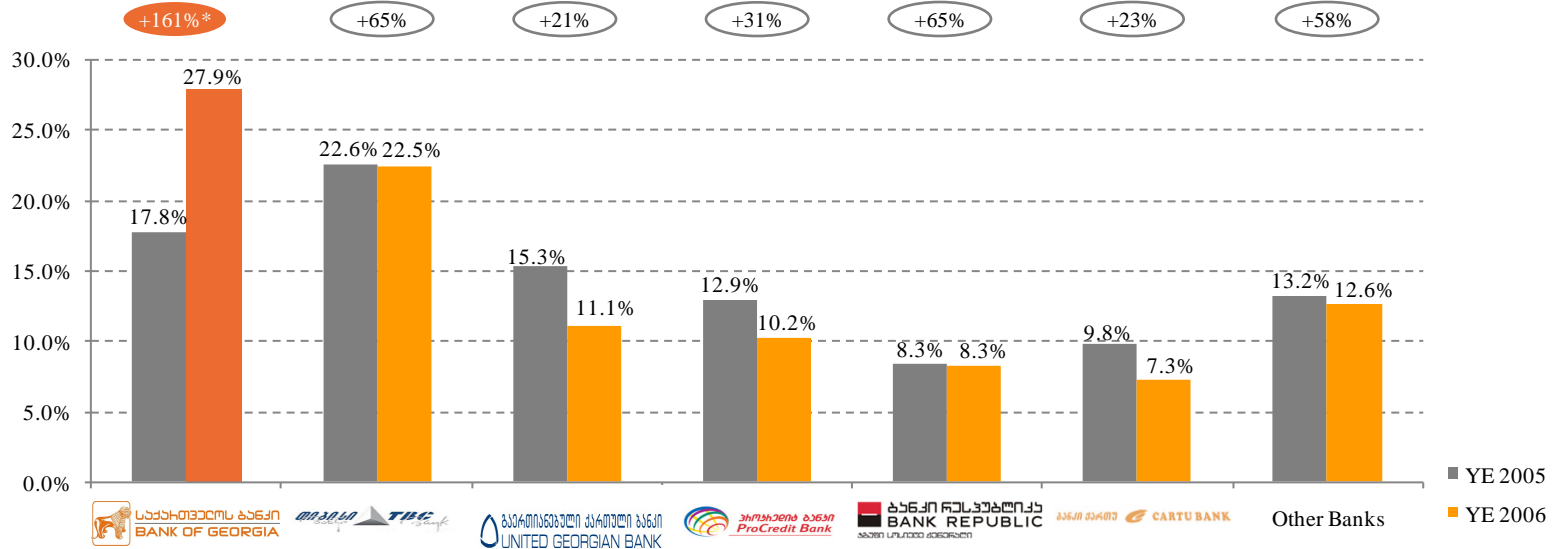
Period End  
YE 2005= 1.79  
YE 2006= 1.71

(US\$m)	YE 2005	YE 2006	As % of GDP	Since YE 2005	Market Share (YE 2006)		BoG market share gain in 2006 (%)
					Top 5 Banks	Bank of Georgia	
Total Assets	1,421	2,467	31.3%	73.6%	80.1%	27.9%	+ 10.2%
Gross Loans	965	1,565	19.9%	62.1%	83.2%	26.5%	+ 8.2%
Deposits	858	1,359	17.2%	58.3%	82.2%	24.5%	+ 5.5%
Shareholders' Equity	267	524	6.6%	96.0%	78.3%	39.9%	+ 21.1%
Net Income	35	54	0.7%	57.5%	80.8%	23.6%	

The best capitalized Georgian bank

## Peer Group's market shares in Total Assets

Asset growth in 2006



Notes:

(1) All data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia [www.nbg.gov.ge](http://www.nbg.gov.ge)

(2) Change in peer group total assets calculations based on GEL values

\* Consolidated y-o-y growth of 169%

# Georgian Banking Sector – Key Trends 2006 cont'd

Gross loan growth in 2006

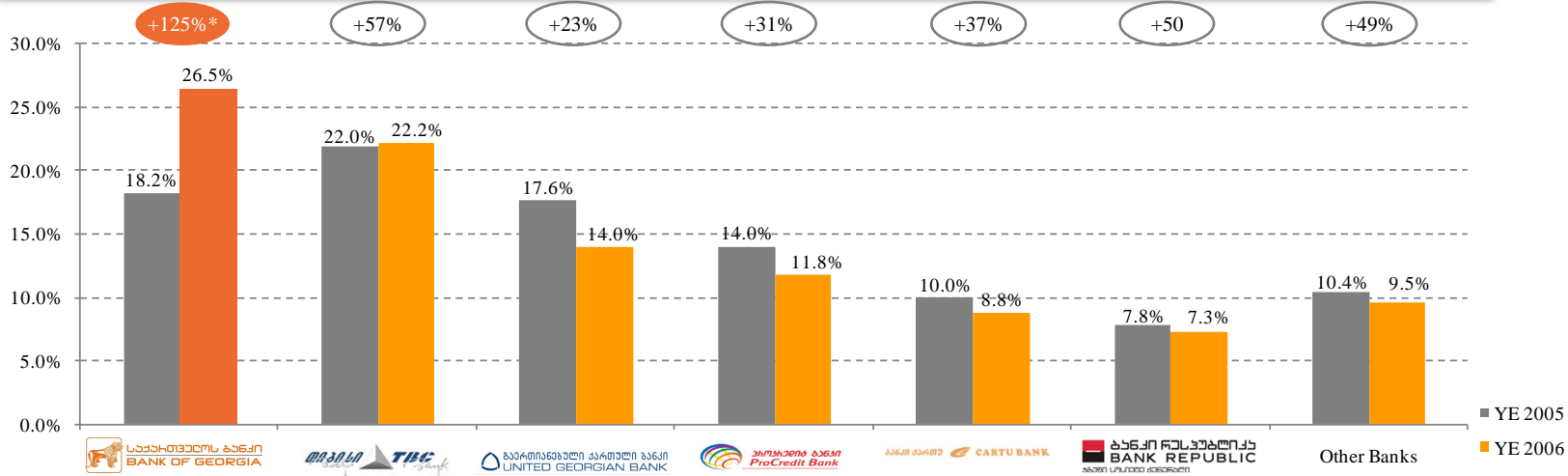
GEL/US\$

Period End

YE 2005= 1.79

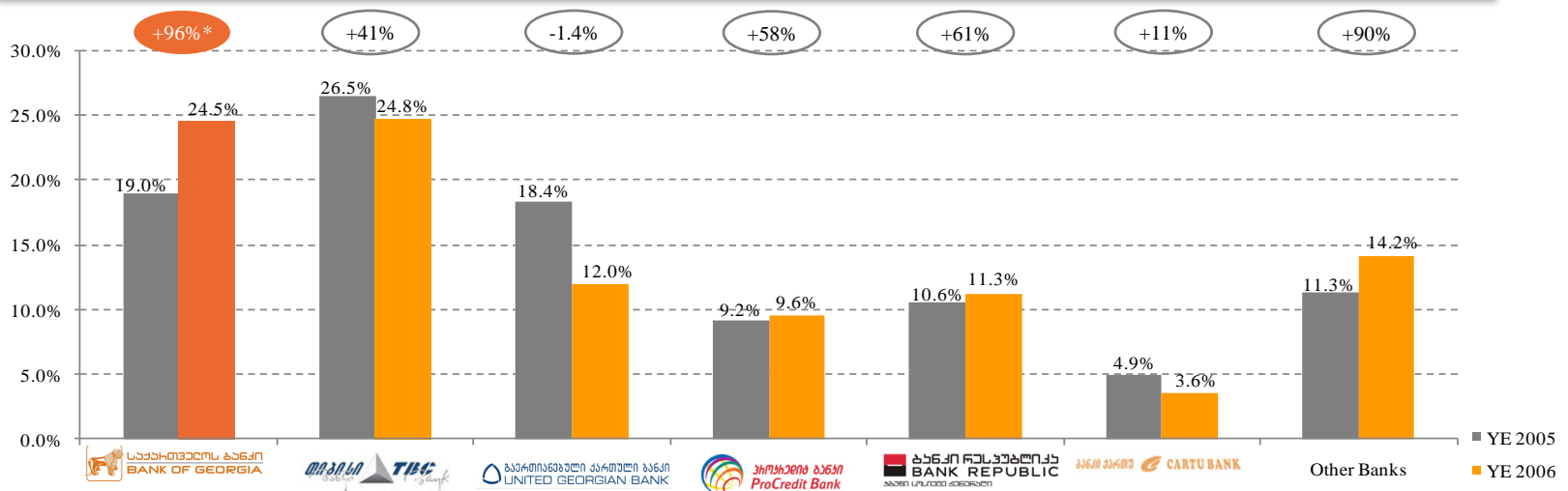
YE 2006 = 1.71

## Peer Group's market shares in Gross Loans



Deposit growth in 2006

## Peer Group's market shares in Deposits



Notes:

(1) All data based on standalone accounts as reported to the National Bank of Georgia and as published by the National Bank of Georgia [www.nbg.gov.ge](http://www.nbg.gov.ge)

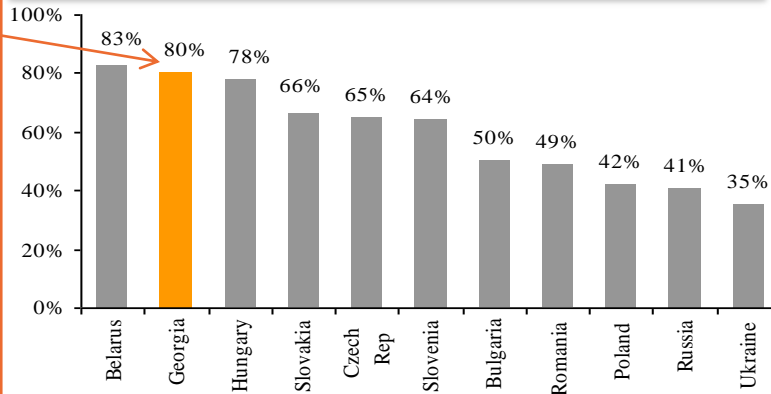
(2) Change in peer group gross loans, peer group deposits and peer group equity calculations based on GEL values

\* Consolidated y-o-y growth of 133% in gross loans and 98% in deposits

# Market Potential And High Degree Of Concentration

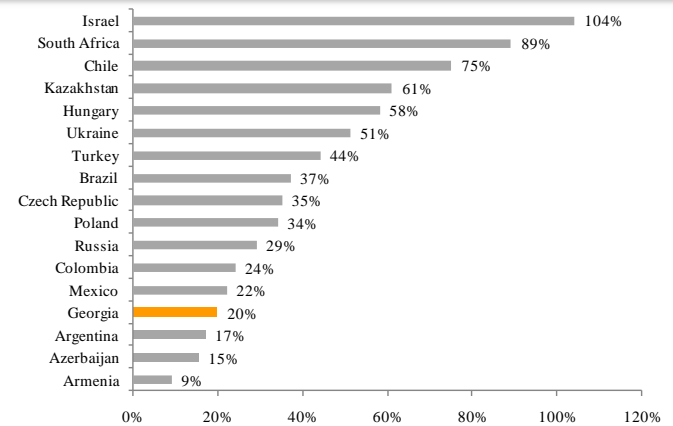
The second highest degree of market concentration in CEE benefits large, entrenched domestic players

## Market Shares of Top 5 Banks by Assets



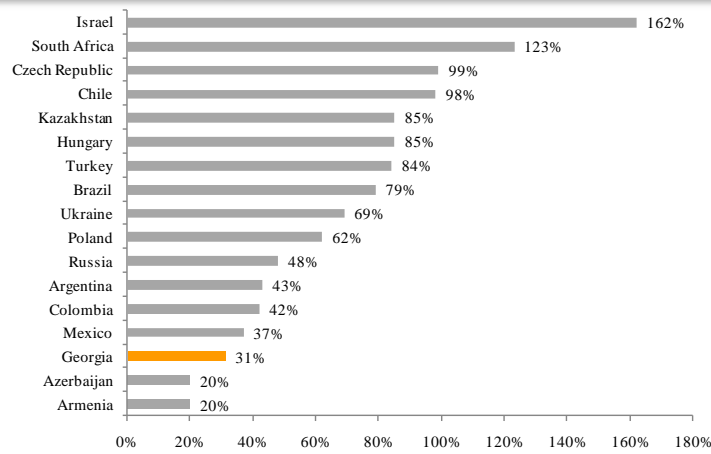
Sources: Georgia data from the NBG as of 31 December 2006, other countries data from JP Morgan, RZB

## Gross Loans to GDP (% , 2006E)



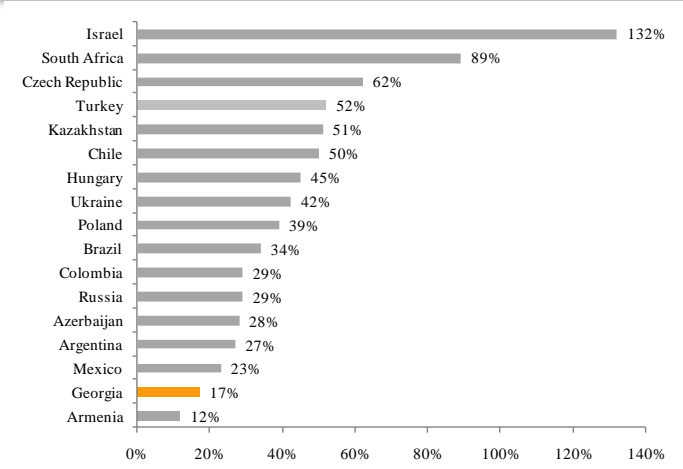
Note: 2006 actual Azerbaijan and Armenia  
Source: Georgia banking sector data from the NBG as of 31 December 2006, GDP Galt & Taggart Securities estimate; other countries data from Deutsche Bank

## Banking Assets to GDP (% , 2006E)



Note: 2006 actual data Azerbaijan and Armenia  
Source: Georgia data from the NBG as of 31 December 2006, GDP Galt & Taggart Securities estimate; other countries data from Deutsche Bank

## Deposits to GDP (% , 2006E)



Note: 2006 actual data for Azerbaijan and Armenia  
Source: Georgian banking sector data from the NBG as of 31 December 2006, GDP Galt & Taggart Securities estimate; other countries data from Deutsche Bank

# *The Georgian Economy*

# The Georgian Economy

- ⌘ High GDP growth
- ⌘ Stable currency
- ⌘ Strong fiscal performance
- ⌘ **Low level of dependence on a single source of energy supply**
- ⌘ Increasing consumer spending with very low levels of consumer indebtedness
- ⌘ Significant government spending on infrastructure, driving productivity growth
- ⌘ Reasonable interest rate environment
- ⌘ No currency or capital controls since the mid-1990s
- ⌘ New simplified tax code, with reduced payroll tax and VAT, and flat 12% personal income tax
- ⌘ The majority of customs duties abolished, simplified new customs code
- ⌘ Extensive deregulation and liberalization
- ⌘ Significantly reduced corruption
- ⌘ Improving corporate governance practices
- ⌘ Increased foreign investor activity
- ⌘ **Ahead of most CIS economies in the 2005 EBRD Transition Indicators, third lowest level of 'corruption'**
- ⌘ **Named number one reformer by World Bank (Doing Business 2006), 37<sup>th</sup> position worldwide (up from 122<sup>nd</sup> a year ago)**
- ⌘ **Well ahead of its CIS peers in the Heritage Foundation 2006 Index of Economic Freedom (35<sup>th</sup> position worldwide)**

Increasing recognition of Georgia's successful economic growth





# The Georgian Economy At A Glance

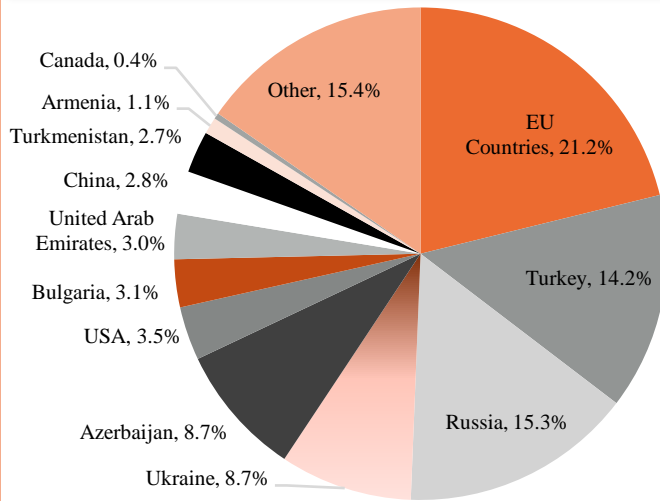
	2003	2004	2005	2006E	2007F
<b>Economic Activity</b>					
Nominal GDP (US\$ mln)	3,995	5,166	6,401	7,883	9,098
Nominal GDP (GEL mln)	8,582	9,846	11,629	14,004	16,376
Real GDP Growth (y-o-y; %)	11.1	5.9	9.3	8.0	7.1
GDP per Capita (US\$)	877	1,139	1,416	1,735	1,992
Population (e-o-p; mln)	4,555	4,535	4,521	4,544	4,567
Unemployment (%)	11.5	12.6	13.8	12.5	11.8
Implied average GEL/US\$ rate	2.15	1.92	1.81	1.78	1.80
<b>Inflation</b>					
CPI (year-end; %)	7.0	7.5	6.2	8.8	9.1
CPI (average; %)	4.8	5.7	8.2	9.2	9.3
GDP Deflator (y-o-y; %)	3.3	8.1	8.1	11.5	9.2
<b>External Balances</b>					
Total Exports (FOB; US\$ mln)	1,273	1,631	2,168	2,398	2,765
As % of GDP	31.9	31.6	33.9	30.4	30.4
Total Imports (CIF; US\$ mln)	1,856	2,491	3,312	3,806	4,921
<b>Trade Balance (US\$, mln)</b>	<b>(636)</b>	<b>(916)</b>	<b>(1,214)</b>	<b>(1,543)</b>	<b>(2,302)</b>
Balance of Services (US\$, mln)	53	56	70	135	146
Current Transfers (US\$, mln)	181	414	359	443	518
Income (US\$, mln)	31	98	91	168	206
<b>Current Account Balance (US\$, mln)</b>	<b>(371)</b>	<b>(348)</b>	<b>(693)</b>	<b>(797)</b>	<b>(1,432)</b>
As % of GDP	9.3	6.7	10.8	10.1	15.7
<b>Capital Account Balance (US\$ mln)</b>	<b>378</b>	<b>524</b>	<b>790</b>	<b>1,191</b>	<b>1,540</b>
Net FDI (US\$ mln)	336	490	539	870	969
As % of GDP	8.4	9.5	8.4	11.0	10.7
Gross FX Reserves (including Gold and SDRs; US\$ mln)	192	384	475	883	1,033
Import Cover (Gross FX Reserves as Days of Imports)	38	56	52	85	77
<b>Fiscal Balance and Debt Indicators</b>					
State Budget Revenues (GEL mln)	956	1,773	2,608	3,538	3,444
State Budget Expenditures (GEL mln)	1,119	1,924	2,617	3,828	3,870
Budget Balance (GEL; mln)	(163)	(151)	(9)	(290)	(426)
As % of GDP	(1.9)	(1.5)	(0.1)	(2.1)	(2.6)
Consolidated Budget Revenues (GEL mln)	1,320	2,282	3,257	4,057	4,266
As % of GDP	15.4	23.2	28.0	29.0	26.1
Consolidated Budget Expenditures (GEL mln)	1,522	2,412	3,281	4,346	4,692
Budget Balance (GEL; mln)	(202)	(130)	(24)	(290)	(426)
As % of GDP	(2.4)	(1.3)	(0.2)	(2.1)	(2.6)
Foreign Debt (US\$ mln)	1,754	1,762	1,651	1,604	1,724
As % of GDP	43.9	34.1	25.8	20.4	19.0
<b>Exchange Rate</b>					
GEL/US\$ (e-o-p)	2.08	1.83	1.79	1.71	1.77
GEL/US\$ (period average)	2.15	1.92	1.81	1.78	1.80

Source: Galt & Taggart Securities' estimates and projections, Ministry of Economic Development, Ministry of Finance, State Statistics Department, the National Bank of Georgia

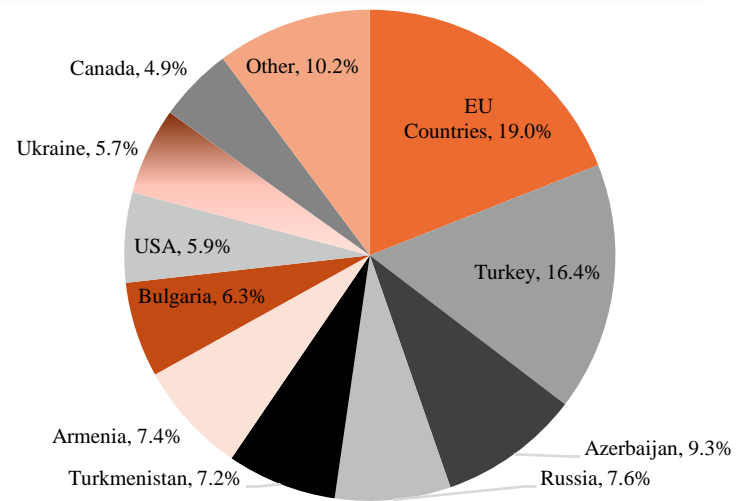
# Trade Structure

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

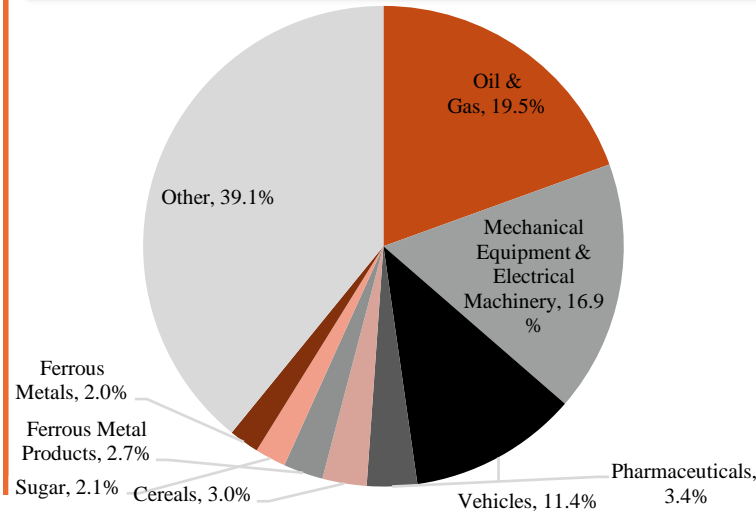
## Import Structure by Country, 2006



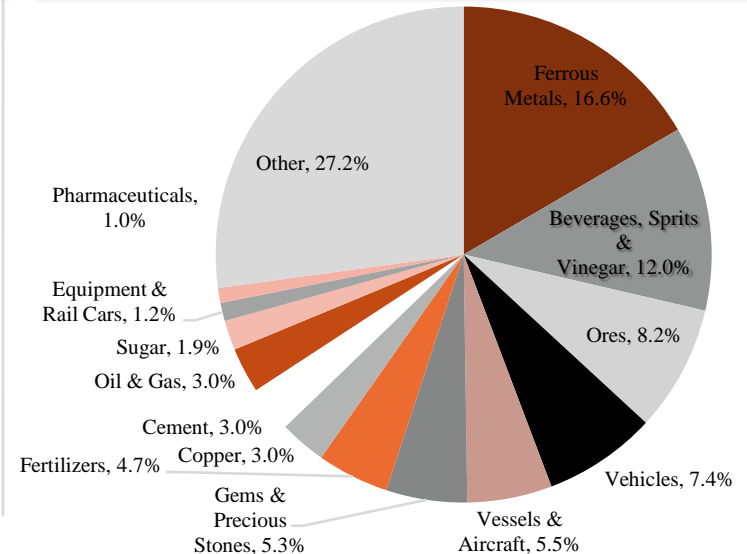
## Export Structure by Country, 2006



## Import Structure by Product, 2006



## Export Structure by Product, 2006



# Key Drivers Of Economic Growth

## Export-led growth with sufficient diversity

- ✚ Agricultural product exports of estimated US\$136m in 2006 (US\$143m in 2005)
- ✚ Ferroalloy exports of US\$305m in 2005 and estimated US\$337m in 2006
- ✚ Aircraft, rail car, vessels and vehicles exports of US\$186m in 2005 and estimated US\$241m in 2006
- ✚ Fertilizers exports of US\$61m in 2005 and estimated US\$81m in 2006
- ✚ Machinery exports of US\$64m in 2005 and estimated US\$129m in 2006
- ✚ Oil and gas pipelines
  - ✚ Russia-Georgia-Armenia gas pipeline – 5.8 bcm/year
  - ✚ Shah-Deniz (BTE) gas pipeline - 6.6 bcm/year
  - ✚ Iran-Azerbaijan-Georgia (IAG) gas pipeline – 3.5 bcm/year
  - ✚ Baku-Supsa oil pipeline – 5.75 mt/year
  - ✚ Baku-Tbilisi-Ceyhan (BTC) oil pipeline - 50 mt/year
- ✚ Batumi and Poti ports processed in 2005 7.5m tons of cargo and up to 14.0m tons of crude oil 2005
- ✚ Kulevi oil terminal operational as of 2007
- ✚ Georgian Railway processed 22.7 mln tons of cargo in 2006

## Rapidly increasing domestic consumption

- ✚ High consumer confidence
- ✚ Consumer spending in 2005 - US\$3.2bn
- ✚ Total estimated pent-up housing demand of up to US\$1.6bn
  - ✚ Estimated average household size of 3.7, far higher than in most CEE/CIS peers
  - ✚ New construction has not caught up with the cumulative deterioration of the Soviet-built housing stock
  - ✚ Less than 10,000 households have mortgages
- ✚ Consumer debt per capita stood at US\$68 as of 31 December 2006
- ✚ Organized retail trade (supermarkets, hypermarkets, consumer electronics & white goods, etc) account for a low share of total
  - ✚ Accelerating growth of new store openings as consumers' purchasing habits evolve
  - ✚ Estimated US\$1.7bn (26% of GDP) investment in fixed assets in 2005

## Economic Growth is Supported by

- ✚ Net FDI as of 30 September 2006 is US\$712 mln
- ✚ Increased international borrowing by corporates estimated at US\$260m in 2006
- ✚ Net Remittances in 2006 are US\$618mln (US\$488 mln in 2005)
- ✚ Increasing consumer spending
- ✚ Sustained government spending
- ✚ Further development of the transport & logistics infrastructure (renovated Tbilisi & Batumi airports, Kars-Akhalkalaki railroad, Dubai World's intention to operate a free economic zone near Poti)

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

# *Ratio Definitions*

# Ratio Definitions

- 1 Return On Average Total Assets (ROAA) equals to Net Income of the period divided by quarterly Average Total Assets for the same period;
- 2 Return On Average Total Equity (ROAE) equals to 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 to 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 to Interest Income To Average Interest Earning Assets less Cost Of Funds;
- 6 Net Interest Margin equals to Net Interest Income of the period divided by quarterly Average Interest Earning Assets of the same period;
- 7 Loan Yield equals to Interest Income, less Net Provisions For Loan Losses, plus Recovery For Other Assets, 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 to percentage change in Revenue less percentage change in Total Costs;
- 11 Recurring Earning Power equals to Profit Before Provisions and Bonuses of the period divided by average Total Assets of the same period;
- 12 Operating Cost equals to Total Recurring Operating Costs;
- 13 Cost includes Total Recurring Operating Costs, Net Non-Recurring Costs (Income) and Bonuses & Share Based Compensation Expenses;
- 14 Cost/Income Ratio equals to Costs of the period divided by Total Operating Income (Revenue);
- 15 Cost/Income, Bank of Georgia, standalone, equals to 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 and Bonuses & Share-Based Compensation Expenses;
- 17 Net Loans equal to 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 to 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 to 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 to Gross Loans To Clients;
- 25 Cost Of Credit equals to Net Provision For Loan Losses of the period, less recovery of other assets, divided by quarterly average Net Loans To Clients over the same period;
- 26 Reserve For Loan Losses To Gross Loans To Clients equals to 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 to 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 to 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 Capital Accord I;
- 29 BIS Total Capital Adequacy Ratio equals to 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 Capital Accord I;
- 30 NBG Tier I Capital Adequacy Ratio equals to 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 ;
- 31 NBG Total Capital Adequacy Ratio equals to 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 ;
- 32 Basic EPS equals to Net Income of the period divided by the weighted average number of outstanding Ordinary Shares over the same period;
- 33 Fully Diluted EPS equals to 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 to Total Equity plus Treasury Shares, divided by the total number of outstanding Ordinary Shares.

## *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.