



საქართველოს ბანკი
BANK OF GEORGIA

Financing Georgia's Future

Q3 2004 Performance Update & Investor Presentation

This presentation is neither an offer to sell, nor a solicitation of an offer to buy, any securities

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.



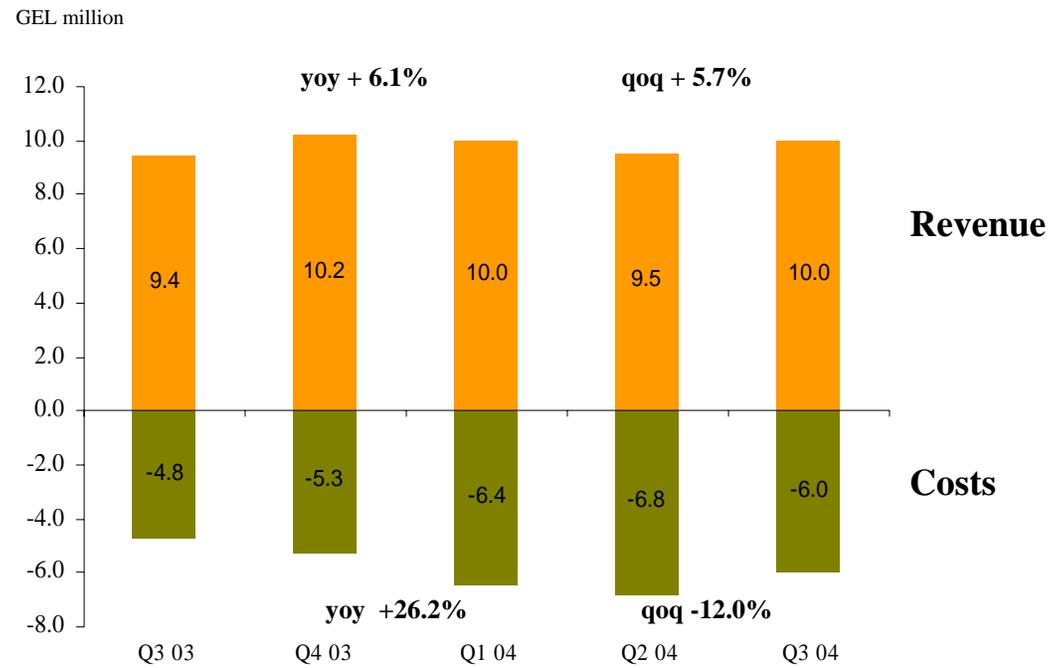
Q3 2004 Highlights

Q3 2004 Highlights

- Revenues GEL10.0 million, +6% qoq
- Expenses GEL 6.0 million, -12% qoq
- Operating Profit GEL 4.0 million, + 51% qoq
- Net Profit GEL 0.5 million, +209% qoq
- Net Interest Margin 10%, -70 qoq

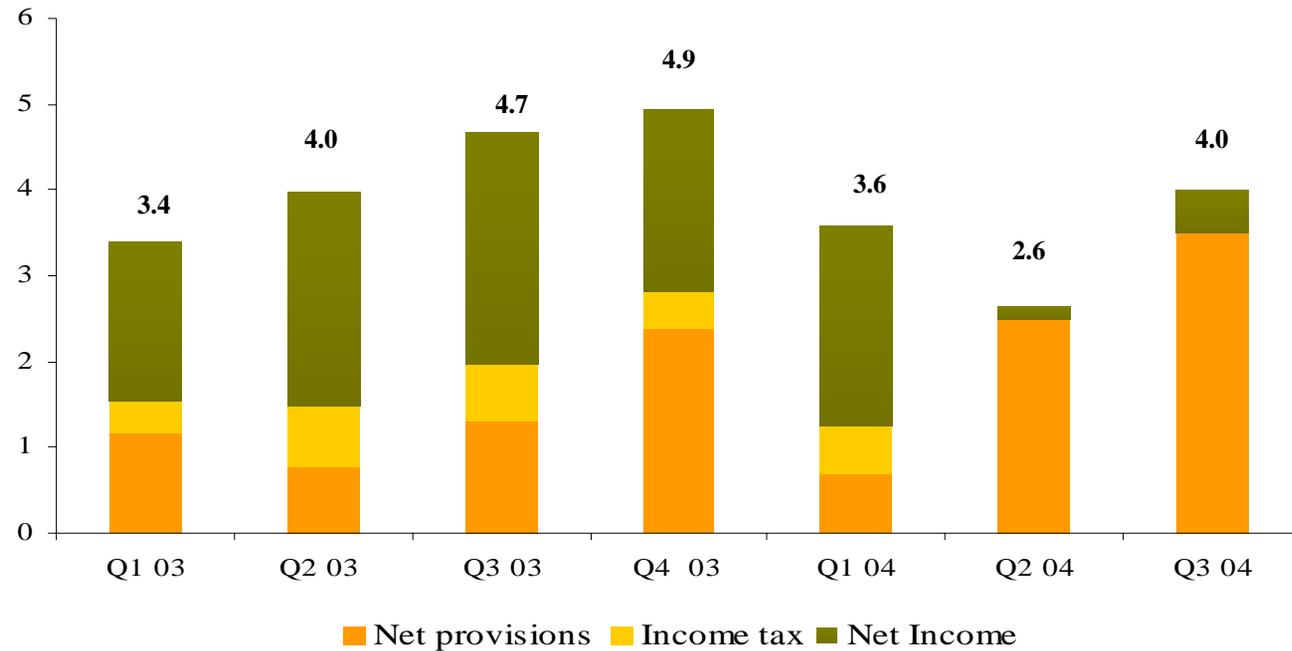


Quarterly Performance - Revenue and Costs

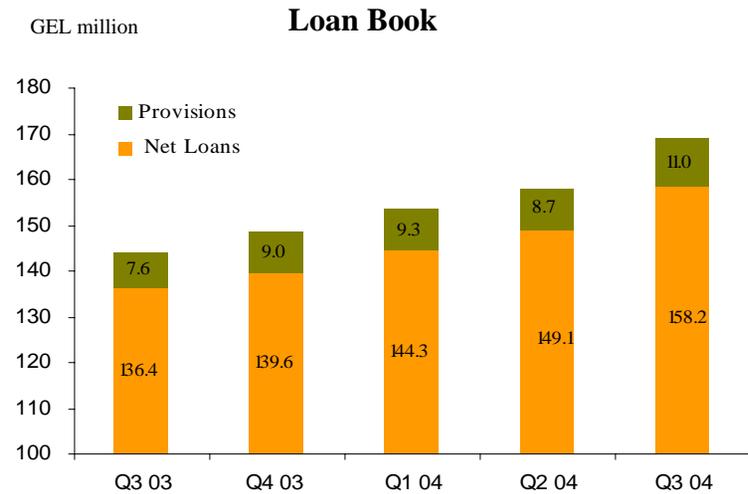


Quarterly Performance – Operating Profit

GEL million



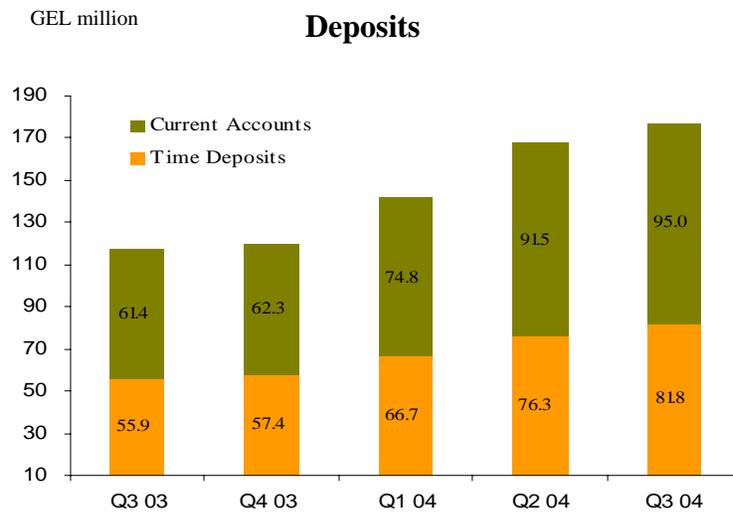
Loans and Deposits



- **Loan Book Growth**

yoy **16.0%**

qoq **6.1%**



- **Deposit Growth**

yoy **50.7%**

qoq **5.4%**



Bank of Georgia At A Glance

<i>GEL mln, unless otherwise noted</i>	YE 2003	Market Share	30-Sep-04
Assets	230.12	17.2%	279.25
Loans, <i>of which</i>	141.78	19.4%	158.21
Retail Loans	59.22	23.1%	56.36
Corporate Loans	82.56	16.5%	101.85
Deposits	126.17	17.2%	177.43
Risk Weighted Assets	312.42	NA	357.21
Shares outstanding	9,855,606	NMF	8,489,610 *
Book Value per share, GEL	5.54	NMF	5.72
Tier I Capital, % of RWA	11.8%	NMF	10.6%
# of Accounts	118,124	NA	206,466
# of Cards	17,474	35.0%	30,429
Branches & Service Centers	50	NMF	50
ATMs	12	NA	16
Employees	878	NMF	944

* *Excluding treasury shares*



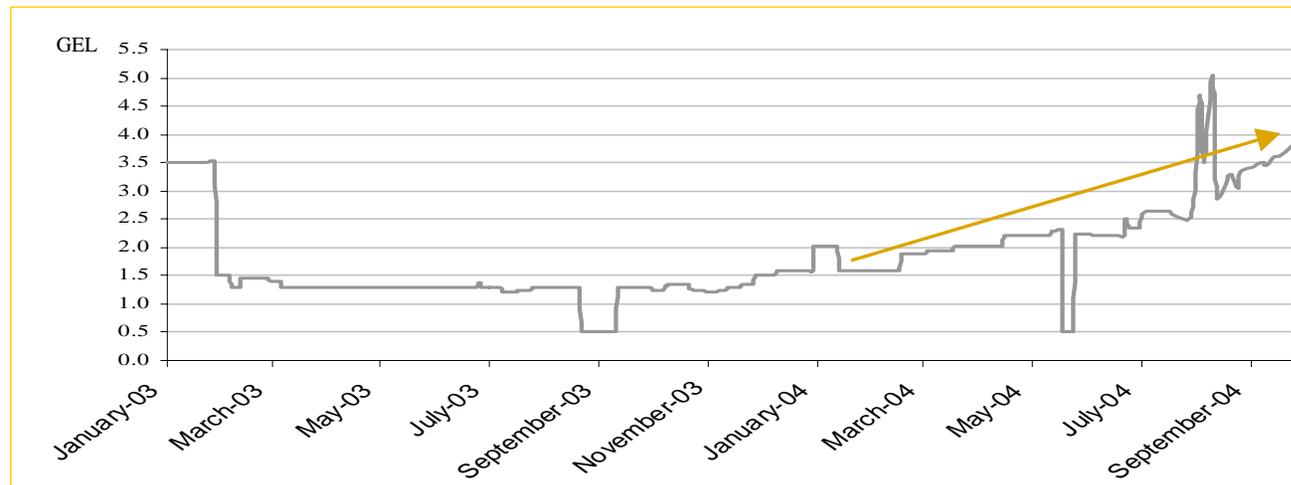
The only investable stock in Georgia

GEB Stock Trading & Liquidity Developments

	2001	2002	2003	Q1 2004	Q2 2004	Q3 2004
Trading Volume, GEL	4,871,737	800,816	229,359	65,803	695,507	8,513,555
Growth, y-o-y %	328.8%	-83.6%	-71.4%	13.2%	1202.9%	31787.2%
As % of MCap	15.2%	2.3%	1.1%	0.3%	3.0%	22.3%
As % of GTBCI	43.5%	15.5%	36.2%	68.4%	74.8%	78.1%
As % of the GSE	37.3%	9.5%	13.2%	5.1%	4.5%	59.0%
Shares Traded	2,533,964	513,492	152,594	35,159	300,033	1,967,437
Growth, y-o-y %	343.6%	-79.7%	-70.3%	-15.4%	662.8%	9216.4%
As % of Shares Outstanding	25.3%	5.1%	1.5%	0.4%	3.0%	20.0%
As % of GTBCI	59.4%	21.4%	10.5%	70.6%	35.9%	24.8%
As % of GSE	23.3%	4.5%	1.9%	0.9%	2.7%	17.0%

GEL mln **MCAP**
Jan 01 '04 **20.3**
Sep 30 '04 **38.1**

**YTD Stock
Price
Performance**
87%



საბანკოების ბანკი
BANK OF GEORGIA
www.bog.ge/ir

Source: The GSE, Galt & Taggart Securities
**Q3 2004 PERFORMANCE UPDATE &
INVESTOR PRESENTATION**

10/7/2004

Supportive shareholders & lenders

BoG Shareholder Structure

August 26, 2004	Shares	%
Victor Gelovani	1,471,675	17.3%
EBRD	1,548,878	18.2%
DEG	1,250,000	14.7%
G&T Securities	534,265	6.3%
<i>Subtotal</i>	<i>4,804,818</i>	<i>56.6%</i>
TBC Bank	1,118,082	13.2%
Free Float	2,566,710	30.2%
<i>Subtotal</i>	<i>3,684,792</i>	<i>43.4%</i>
Shares outstanding	8,489,610	100.0%
Treasury shares	1,365,996	
<i>Total issued shares</i>	<i>9,855,606</i>	
Options, warrants and similar instruments	644,000	

Core Shareholders

- Management currently owns approximately 200,000 shares
- New management share ownership plan has been introduced



Institutional & Retail Shareholders

- Several foreign portfolio shareholders
- Several sophisticated non-resident individuals (mostly investment bankers & asset management professionals)
- Approximately 1,700 domestic retail shareholders

Key Lenders



US\$7.6 mln



US\$6.2 mln



EUR5.1 mln



US\$3.0 mln



EUR0.7 mln



Key developments 2003/YTD 2004

Retail Banking	Corporate & Investment Banking	Asset Management	Insurance
<p>Consumer loan portfolio grew from GEL39 mln at YE 2002 to GEL59 mln at YE 2003 and GEL56 mln at 30 September 2004</p> <p>Default rates on mortgages, car loans and consumer finance are currently less than 1%.</p> <p>Debit cards in circulation grew from 6,916 at YE 2002 to 15,332 at YE 2003 and 25,991 at 30 September 2004</p> <p>At 30 September 2004, 3,198 credit cards were issued</p> <p>The bank remains the largest card issuer in Georgia with market share greater than 35%</p> <p>At 30 September 2004, the bank provided payroll services to 25 corporate clients</p>	<p>Assets</p> <p>Corporate loan book grew from GEL58 mln at YE 2002 to GEL 83 mln at YE 2003 and GEL104 mln at 30 September 2004</p> <p>The slower growth of the corporate loan book reflects the bank's focus on credit quality as it further diversifies its corporate client base and expands into the mid-market segment</p> <p>Loans with maturities over one year increased from 50% (at YE 2002) to 64% at 30 September 2004</p> <p>Liabilities</p> <p>The bank is in the process of optimizing its liquidity model to better manage its funding base and reduce the cost of higher-rate corporate accounts</p> <p>Fees & Commissions</p> <p>In 2003, the bank was recognized by EBRD as the best trade finance house in Georgia</p>	<p>Client assets at Galt & Taggart Securities grew from GEL 0.73 mln in January 2003 to GEL 27.2 mln as at September 30, 2004</p> <p>A back office system has been purchased by Galt & Taggart and is currently being tested</p> <p>The future lineup of retail asset management offerings is being reviewed</p>	<p>No direct presence in the insurance market</p> <p>No <i>bancassurance</i> strategy or distribution agreements in place</p>



Recent performance overview

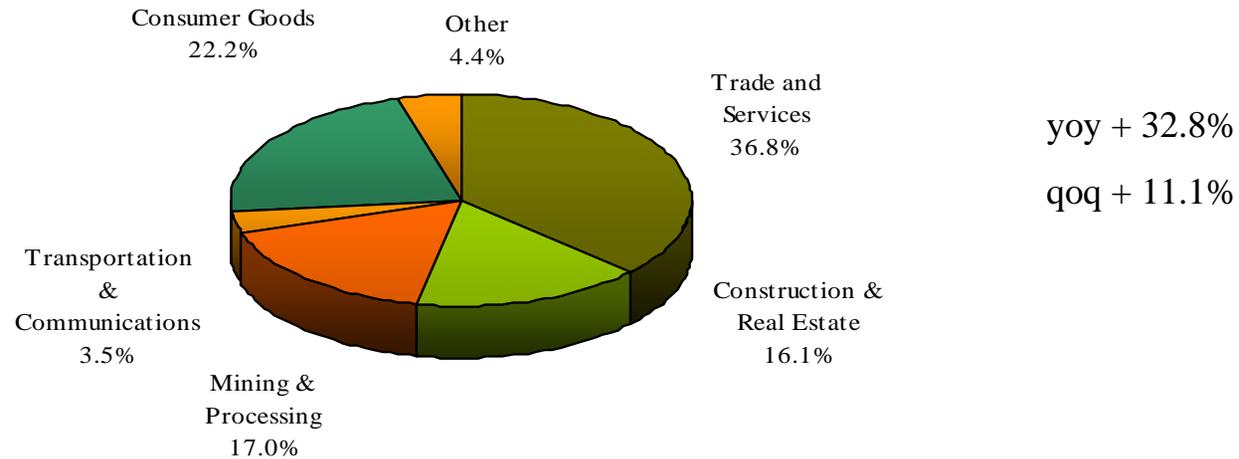
<i>GEL '000, unless otherwise noted Year ending December 31st</i>	2001	2002	2003	CAGR '01-'03	YTD 2004*
Net Interest Income	16,614	17,935	24,419	21.2%	18,015
Interest Income	22,532	25,119	32,299	19.7%	25,116
From Loans	21,353	22,675	30,004	18.5%	23,426
From securities (T-Bills)	525	1,924	2,295	109.1%	1,277
Other	654	520	0	na	414
Interest Expenses	5,918	7,184	7,880	15.4%	7,101
Deposits	3,788	4,648	5,347	18.8%	5,004
Borrowed Funds	2,127	2,519	2,533	9.1%	2,098
Other	3	17	0	na	0
Non-Interest Income (Net)	8,875	8,934	12,639	19.3%	11,452
Net commissions	5,566	6,151	8,771	25.5%	6,504
FX trading income	2,427	2,582	3,868	26.2%	3,589
Other non-interest income	882	201	0	na	1,359
Total Income	25,489	26,869	37,058	20.6%	29,467
Personnel costs	6,735	7,731	9,060	16.0%	9,509
Administrative expenses	6,450	7,768	8,584	15.4%	7,837
Depreciation	990	1,402	2,231	50.1%	1,897
Total Operating Costs	14,175	16,901	19,875	18.4%	19,242
Operating Profit	11,314	9,968	17,183	23.2%	10,225
Net provisions	1,726	1,473	5,598	80.1%	6,693
Extraordinary income (loss)	0	0	0	na	0
Pre-Tax Profit	9,588	8,495	11,585	9.9%	3,532
Income tax	1,918	1,391	2,431	12.6%	564
Net Income	7,670	7,104	9,154	9.2%	2,968
<i>*quarterly results are unaudited</i>					
Dividends paid (GEL mln)	2.0	1.8	2.1		
ROE (to avg. BV)	18.6%	15.7%	19.0%		
ROA (to avg. Assets)	5.7%	4.0%	4.5%		
Net Interest Margin		14.0%	16.0%		
Cost/Income ratio	55.6%	62.8%	54.2%		65.3%
Personnel Cost/ Total Operating Cost	47.5%	44.8%	45.1%		49.4%



Lending overview

Total Portfolio = GEL158.2 mln (as of September 30, 2004)

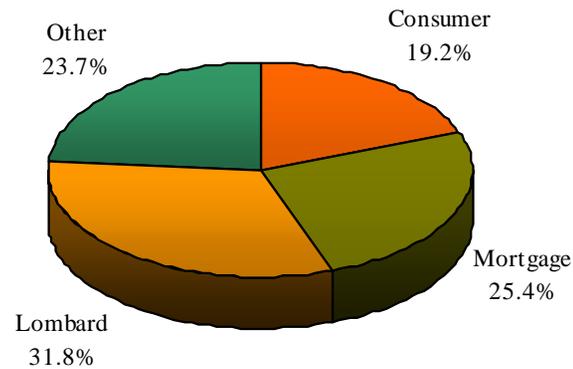
- **Corporate Lending** *Total Portfolio = GEL 101.9 mln*



Lending overview

Total Portfolio = GEL158.2 mln (as of September 30, 2004)

Retail Lending *Total Portfolio = GEL 56.4 mln; Total number of clients = 94,524*



Retail	Number of Loans	Avg. Loan Size (GEL'000s)
Consumer	4,844	2.2
Mortgage	751	19.0
Lombard	86,522	0.2
Other	2,407	5.5



Balance Sheet

<i>As of December 31st</i>	2001	2002	2003	CAGR '01-'03	YTD 2004*
Cash and balance with NBG, CA	28,429	46,738	59,743	45.0%	74,649
Debt securities (including Treasuries)	5,808	9,395	1,683	-46.2%	8,464
Treasuries	5,808	9,395	1,683	-46.2%	8,464
Other	0	0	0	na	0
Factoring	1,295	0	0	-100.0%	0
Net loans and advances to clients	81,646	98,362	141,780	31.8%	158,206
Gross loans	86,480	103,932	151,042	20.4%	169,167
Provisions	4,834	5,570	9,262	24.2%	10,961
Corporate securities (equity investments)	526	588	1,049	41.2%	1,032
Fixed assets	16,821	18,322	22,049	14.5%	23,619
Other assets	1,092	3,300	3,818	87.0%	13,278
Total Assets	135,617	176,705	230,122	30.3%	279,248
Interbank deposits	1,992	3,042	4,765	54.7%	634
Client deposits	68,025	98,207	121,408	33.6%	176,797
Time deposits	30,039	43,406	66,509	48.8%	81,821
Current Accounts	37,986	54,801	54,899	20.2%	94,977
Borrowed Funds	22,982	27,786	47,637	44.0%	47,018
Other liabilities	1,317	1,040	1,671	12.6%	6,203
Total Liabilities	94,316	130,075	175,481	36.4%	230,653
Shareholders' Equity	41,301	46,630	54,641	0	48,594
Share capital	9,856	9,856	9,856	0.0%	9,856
Share premium	4,530	4,530	4,530	0.0%	0
Retained earnings & reserves	19,245	25,140	31,101	17.4%	35,771
Profit for the year	7,670	7,104	9,154	6.1%	2,968
Total Liabilities and Shareholders' Equity	135,617	176,705	230,122	30.3%	279,248
Net Loans/Deposits	116.6%	97.1%	112.4%		89.2%
Net Loans/Client Deposits	120.0%	100.2%	116.8%		89.5%
Net Loans y-o-y growth		20.5%	44.1%		47.1% **
Client Deposits y-o-y growth		44.4%	23.6%		38.6% **

*quarterly results are unaudited

**estimate

US\$ and other FX loans 86% of total loans

US\$ and other FX deposits 78% of total deposits

Diversified funding base: Deposits 50% Loans 50% Of non-equity funding



Asset quality

Asset Quality

<i>GEL mln, unless otherwise noted</i>	Q3 03	Q4 03	Q1 04	Q2 04	Q3 04
Overdues*	11.1	8.9	14.6	11.7	11.9
NPL**	5.2	9.6	9.9	9.9	12.7
NPL/Loans	3.6%	6.4%	6.4%	6.3%	7.5%
NPL coverage ratio	144.4%	94.0%	94.0%	87.2%	86.4%

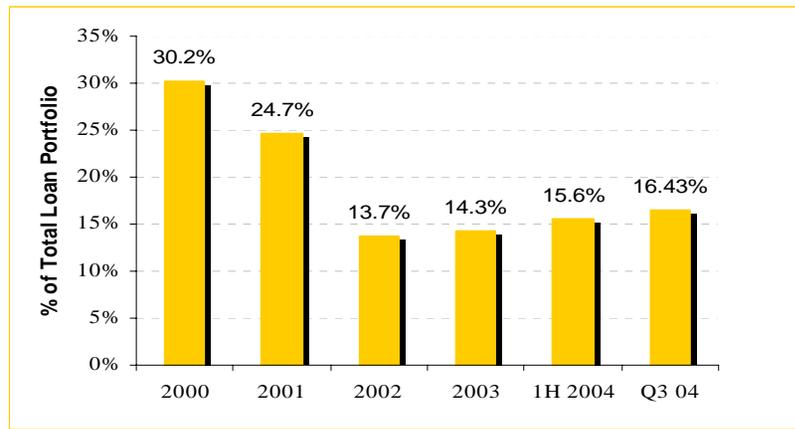
* Overdue more than 30 days

** Overdue more than 90 days

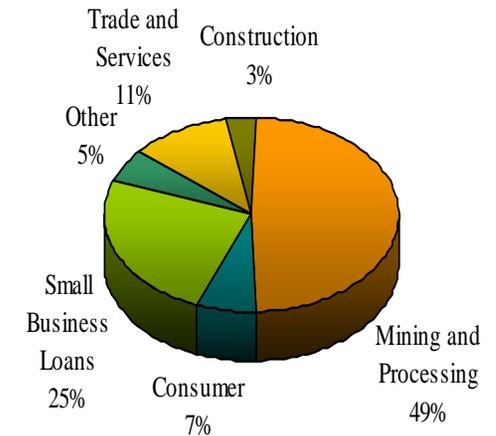
Loan Portfolio Risk by Rating Classes

<i>GEL mln, unless otherwise noted</i>	Dec-03	Dec-03	Sep-04	Sep-04
Standard (2% provision)	131.4	88%	144.5	85%
Watch (10% provision)	8.9	6%	11.9	7%
Sub-standard (30% provision)	5.0	3%	6.9	4%
Doubtful (50% provision)	1.2	1%	2.1	1%
Loss (100% provision)	3.4	2%	3.8	2%
Total	149.8	100%	169.2	100%

Top Ten Borrower Concentration



NPLs by sector, Q3 2004



Insider & Related-party Lending

<i>GEL mln unless otherwise noted</i>	Amount	Share
2000	1.7	2.7%
2001	2.0	2.4%
2002	4.1	4.0%
2003	3.5	2.3%
Q3 2004	2.1	1.2%



Outlook and growth drivers

Outlook for October-December 2004

- **Stable FX, Treasury yields**
- **Strong loan growth**
- **Moderate decrease in margins**
- **Continuing growth in Fees & Commissions (+ consolidation of G&T)**
- **Cost reduction initiatives launched**
- **Additional net provisions of up to GEL 2 mln made**

Main drivers of growth

- **Reduced tax burden through the new, streamlined tax code**
- **Improving transparency of the economy**
- **BTC & gas pipelines**
- **Inflow of funds from the Millennium Challenge**
- **New US\$1 bn aid package**
- **Successful restructuring of the Paris Club debt**
- **Privatization**
- **Continuing inflows of funds from the diaspora**
- **Payroll services**
- **Expat banking**
- **Retail, retail, retail**



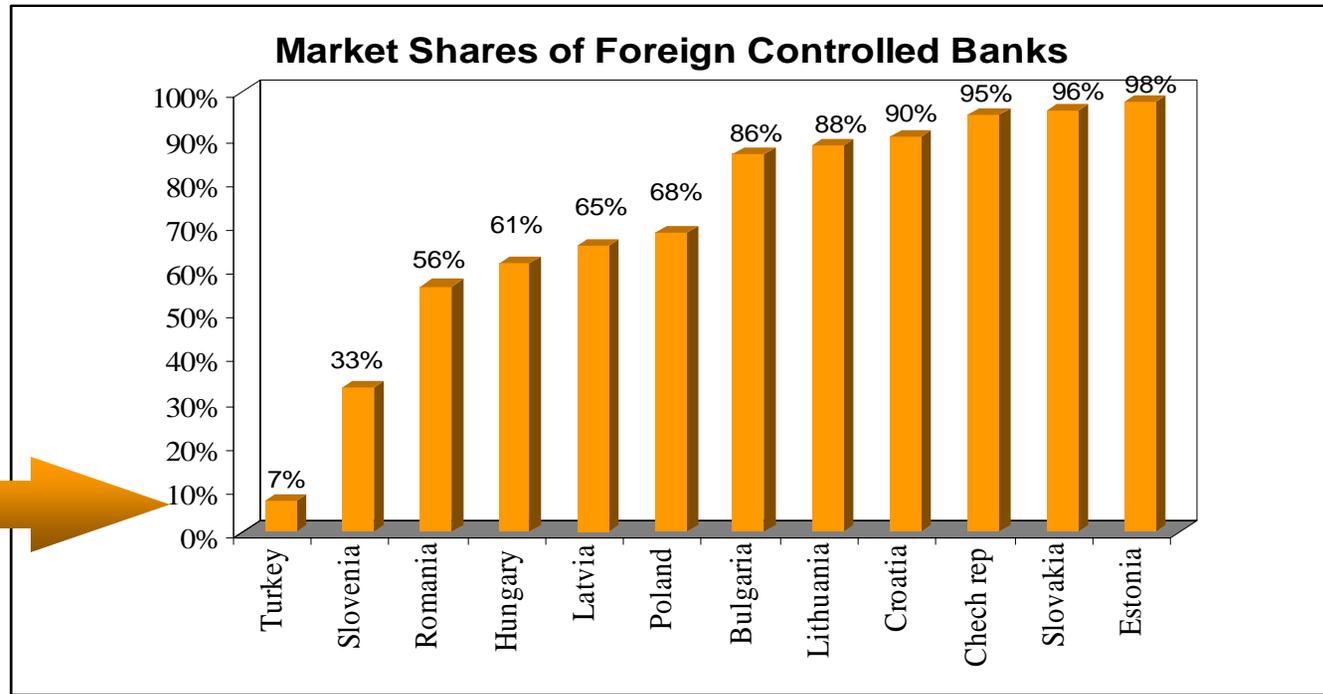
Bank of Georgia Investment Case

- *The second-largest bank in Georgia by both assets and capital*
- *A leading retail bank by both retail loans and deposits*
- *One of the leaders in corporate banking and the undisputed leader (through Galt & Taggart Securities) in investment banking*
- *Significant ambitions in asset management*
- *Aspiring entrant into the insurance market*
- *Business based on financial intermediation between unrelated parties*
- *Has led the market in the establishment of a transparent legal and ownership structure*

- **A “leveraged play” on Georgia’s economic growth**
- **Winning strategy for medium-term profitable growth**
- **Zealous focus on creating attractive exit opportunities by 2007**
- **Solid historical performance due to core franchise strength**
- **Diversified revenue streams being built through product innovation**
- **Disciplined capital management**
- **Management team enhancement largely completed**
- **Evolving corporate culture**
- **Cost efficiencies to be realized within the next six months**
- **Transparency and good governance**
- **New emphasis on investor relations and retail-lot liquidity**
- **The only investable banking stock in Georgia (and the Caucasus)**



Ample exit opportunities



Source: UCI, Bank of Georgia estimates



საქართველოს ბანკი
BANK OF GEORGIA
www.bog.ge/ir

Q3 2004 PERFORMANCE UPDATE &
INVESTOR PRESENTATION

10/7/2004

18

Our Mission & Vision

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.***

<p>Retail Banking</p>	<p><i>The largest Georgian retail bank, offering consumers the broadest range of services through multiple channels</i></p>
<p>Corporate & Investment Banking</p>	<p><i>Among the select leaders in corporate banking</i></p> <p><i>The undisputed investment banking leader</i></p> <p><i>Integrated offering to large corporates through strong client coverage culture</i></p>
<p>Asset Management</p>	<p><i>A leading share of the domestic institutional business</i></p> <p><i>The undisputed domestic leader in wealth management, with niche appeal for sophisticated non-resident investors</i></p> <p><i>A player in private equity and venture capital</i></p>
<p>Insurance</p>	<p><i>A player in the non-life sector, cross-selling insurance to corporate clients</i></p> <p><i>A leading life insurance and pensions provider</i></p>



Strategic objectives

We will achieve our mission by accomplishing the following strategic objectives

Develop a diversified, stable and recurring earnings flow

Gradually increase the share of fees & commissions in total income

*Target 2007 multiples
P/BV 2.0x
P/E 8.0x-10.0x*

Enhance profitability

- Streamline and optimize the branch network footprint (YE 2004)
- Clean up the loan book (Q4 2004)
- Optimize headcount in the head office (Q1 2005)
- Consider outsourcing certain services (2005)

Expand the core franchise

- Cards: aggressively market payroll services; merchant acquiring
- Mortgage & consumer finance
- Enhance coverage of SMEs
- Integrated corporate client coverage with Galt & Taggart

Participate in the banking sector consolidation

- Currently 27 licensed banks in the country
- We expect no more than eight banks to remain by YE 2006

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

- Pensions & life insurance (YE 2004)
- Discretionary asset management residents/non-residents (2005)
- Recruit a “heavy hitter” Head of Asset Management (2005)
- Retail funds (YE 2005)
- Private equity/venture capital (2005/2006)

Supplement the funding of the bank’s growth through deposits with disciplined capital management

- Achieve/maintain Tier I capital ratio of 12%-14% through 2006
- Common shares placements (Q4 2004/1H 2005)
- Convertible bonds placement (Q4 2004/Q1 2005)
- Subordinated debt (IFC etc)

Increase share price & liquidity

- Investor Relations Launched(Q3 2004): quarterly reporting, regular roadshows
- Stable dividend payout ratio commensurate with growth stance
- Market-making in retail lots by Galt & Taggart (1H 2005)

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

- Book Value greater than GEL 85 mln (currently GEL 48.6 mln)
- Net Income greater than GEL 15 mln



Operating environment 2004-2005

Retail Banking	Corporate & Investment Banking	Asset Management
<p>Increasing disposable incomes, consumer sophistication and trust in banks have boosted demand for retail banking services</p> <p>Decreasing tax rates and increasing payroll transparency is boosting demand for cards</p> <p>Retail lending remains highly profitable, and default rates have so far been low</p> <p>Due to legislative gaps, mortgage lending remains a “softly” collateralized product</p> <p>Retail deposit market has grown strongly, but personal savings will remain a relatively expensive source of funding until deposit insurance is launched</p>	<p>Strong economic growth and increased demand for financing and value-added services from corporates</p> <p>Growing sophistication of the management of the largest corporates</p> <p>Dramatic decline in Treasury yields will foster the development of corporate bond market</p> <p>Improving access of top corporates to international funding sources</p> <p>High risks in corporate lending generally and poor transparency of SMEs in particular</p> <p>Increasing competition for corporate business</p>	<p>Favorable legislative changes have paved way to rapid developments of private pensions</p> <p>Declining Treasury yields will result in the emergence of new (corporate) fixed income instruments, paving the way for retail funds</p> <p>Lack of liquidity at the GSE impedes the creation of equity funds</p> <p>Declining deposit rates and Treasury yields will boost the interest of the affluent clients in non-Georgian assets – an area of natural advantage for Galt & Taggart</p>

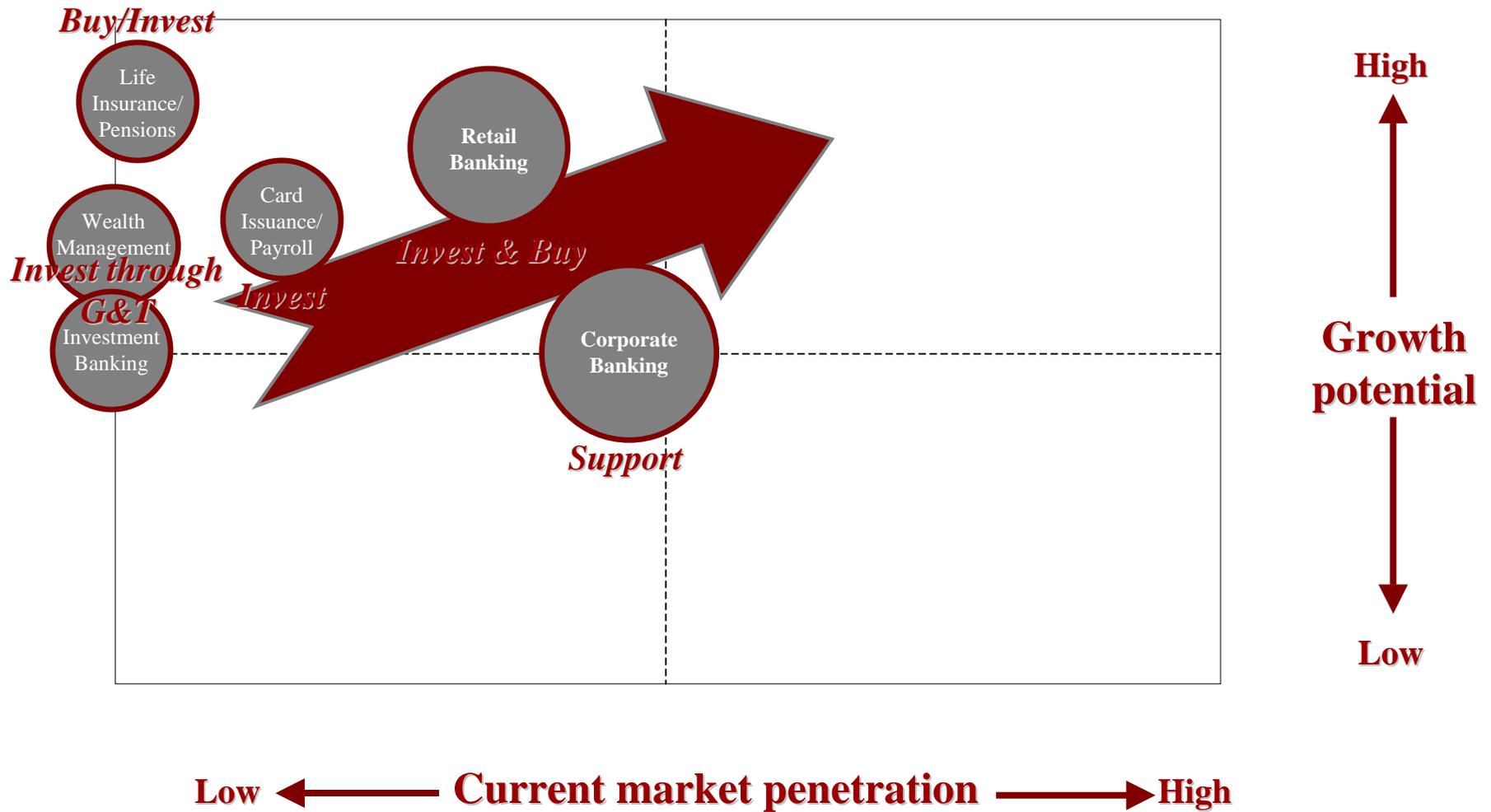


Strategic Action Plan



Retail Banking	Corporate & Investment Banking	Asset Management	Insurance
<p>Play an active role in the establishment of credit bureau</p> <p>Roll out CRM and credit analytics</p> <p>Focus retail lending on lower risk products, such as car loans, consumer finance, mortgages [and credit cards]</p> <p>Target the growing middle-class customer segment (monthly income of GEL 750-2,000), which is currently very underbanked</p> <p>Establish direct sales channels (including point-of-sale consumer loans) to reduce reliance on branch network; regularly evaluate the bottom 10% of the branches</p>	<p>Establish integrated Client Coverage with Galt & Taggart</p> <p>Roll out CRM</p> <p>Expand customer base in the large & mid-sized corporate segment</p> <p>Aggressively market payroll services</p> <p>Enhance penetration of the SME market</p> <p>Implement improved credit and market risk management procedures and systems</p> <p>Maintain focus on asset quality, rather than growth, in corporate lending</p> <p>Focus business with the top corporates on products/services that international banks/markets do not provide</p>	<p>Consolidate control of Galt & Taggart</p> <p>Develop Asset Management as the third Strategic Business Unit of the bank</p> <p>However, limit initial spending on business development until a “heavy hitting” head of Asset Management is recruited (in 2H 2005)</p> <p>Focus on the following key markets</p> <ul style="list-style-type: none"> -Private clients/DAM -Personal pensions -Corporate pension funds -Retail -Institutional (private equity) 	<p>Consider a <i>bancassurance</i> strategy</p> <p>Consider establishing a greenfield insurance subsidiary</p> <p>Consider acquisition opportunities</p>

Developing a diversified portfolio of businesses



Source: Bank of Georgia, Galt & Taggart Securities



Building an integrated business model

Benefits of the integrated business model

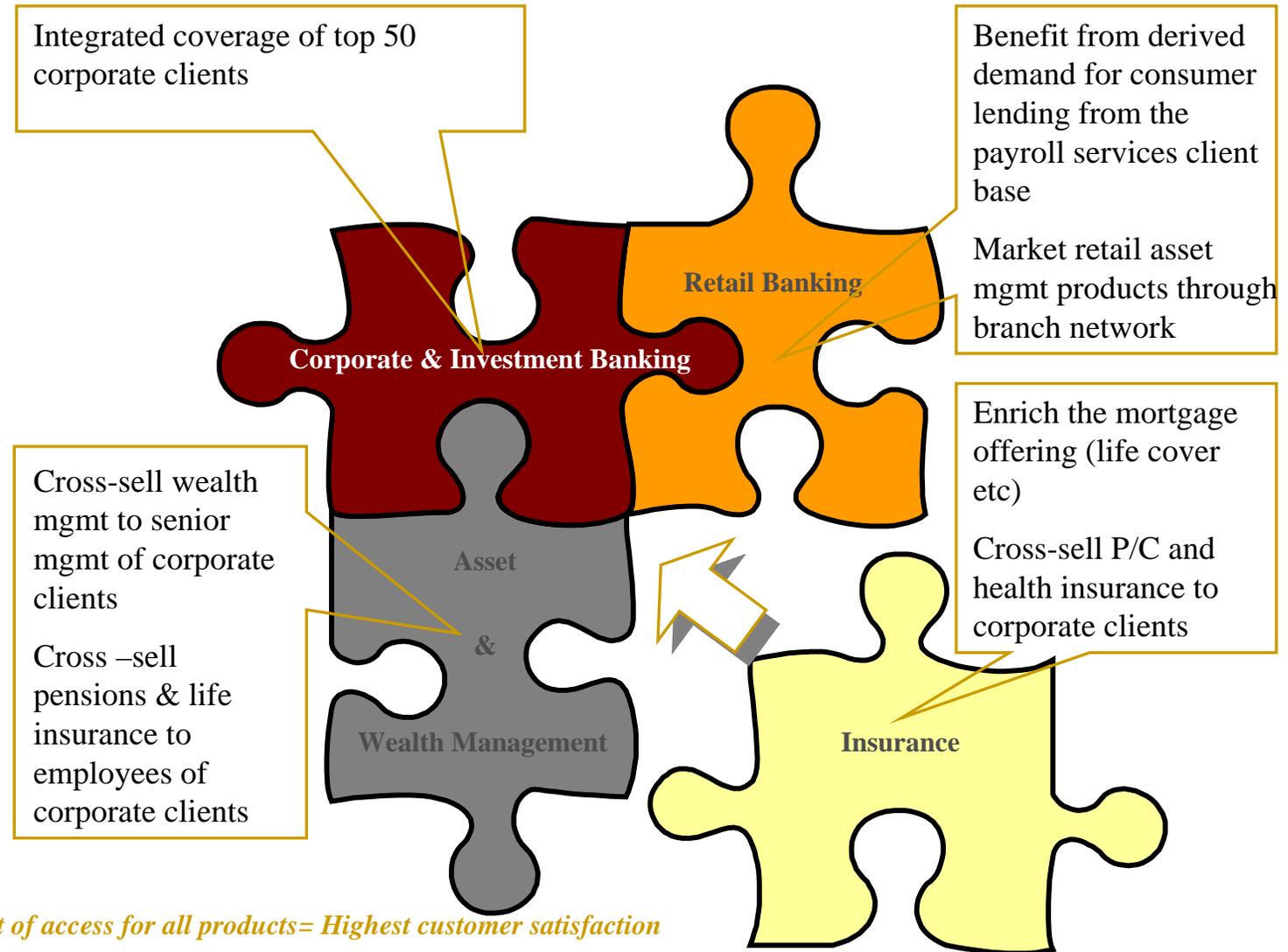
- Strong management
- Shared expertise
- Cross-sell synergies
- Shared services
- Cost efficiency

One firm

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



The Georgian Financial Services Market



The Georgian economy

<i>In GEL '000, unless otherwise noted</i>	2002A	2003A	2004F
Demographic Parameters			
Population, thousand people, of which	4,586	4,546	4,591
Economically active	2,175	2,096	2,130
% of Total population	47.4%	46.1%	46.4%
Retired	1,065	992	996
% of Total population	23.2%	21.8%	21.7%
Under 18	1,144	1,154	1,175
% of Total population	25.0%	25.4%	25.6%
Household size, people per household	3.76	3.75	3.74
Number of households, thousands, of which	1,219	1,212	1,228
Number of households, thousands, within the Banking Coverage Area (BCA)	707	727	761
As % of total households	58%	60%	62%
SMEs	21,000	24,000	30,000
Macroeconomic Parameters			
Nominal GDP	7,284,438	8,024,324	9,035,328
Real GDP Growth, %	5.4	8.4	6.5
GDP per capita (GEL)	1,588	1,765	1,968
CPI, GEL, e-o-p, %	5.4	2.5	3.9
GDP Deflator, y-o-y, %	4.2	4.3	5.7
GEL/US\$, avg	2.19	2.15	1.90
GEL/US\$, e-o-p	2.09	2.08	1.92
Consolidated State Budget Revenues	1,247,775	1,461,314	1,937,692
Consolidated State Budget Deficit	216,467	224,910	249,375
As % of GDP	2.97%	2.80%	2.76%

- **High GDP growth**
- **Appreciating currency**
- **Improving fiscal performance**



The Georgian banking sector

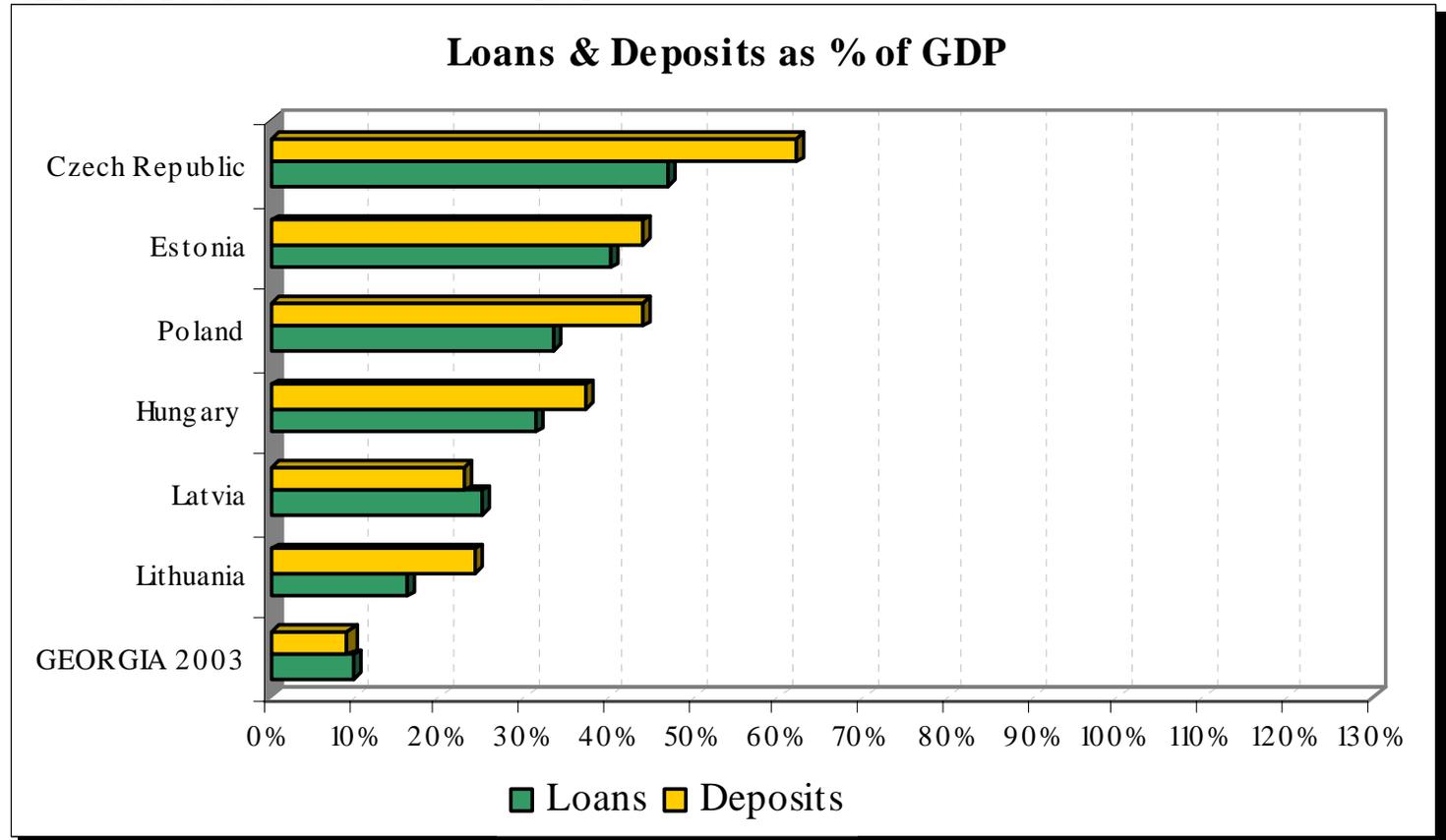
Georgia is one of the most underbanked markets in Emerging Europe...

	Georgia (2003)	CIS (2002)	Balkans (2002)	CEE (2002)	EU (2001)
Total Loans/GDP (%)	9.79%	17%	14%	32%	172%
Total Deposits/GDP (%)	9.15%	22%	25%	53%	186%
Banking Assets per capita (EUR)	113	628	695	4,336	64,535
Banking Assets/No. of Banks (EUR mln)	19.1	92	173	1,375	5,288

Source: ECB, EBRD, NBG, Galt & Taggart

GEL/EUR as Dec 31 03

2.592



2001 data unless otherwise noted

Source: UBM, Galt & Taggart Securities



საბანკო სისტემის განვითარება
BANK OF GEORGIA
www.bog.ge/ir

Q3 2004 PERFORMANCE UPDATE &
INVESTOR PRESENTATION

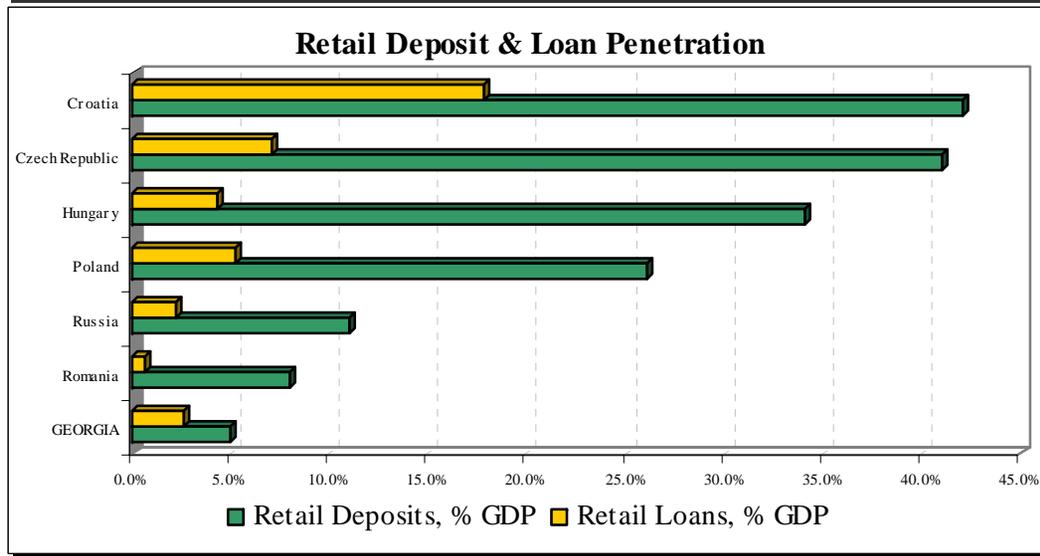
10/7/2004

27

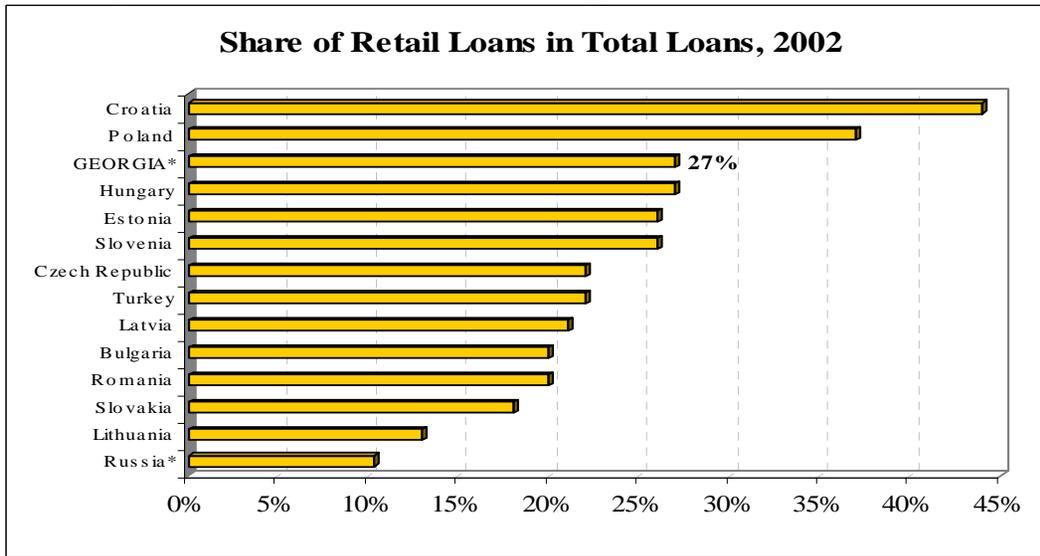
Retail banking

Retail deposit base is small, although retail lending comprises a relatively high share of the overall loan portfolio (thanks to low-end lombard loans)

Retail banking in the modern sense of the word is dramatically underdeveloped and, as such, poised for rapid growth...



Source: Alfa Bank, Russian Standard Bank, Galt & Taggart Securities

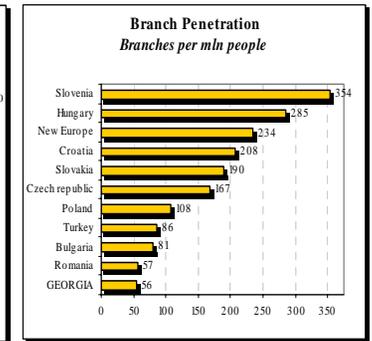
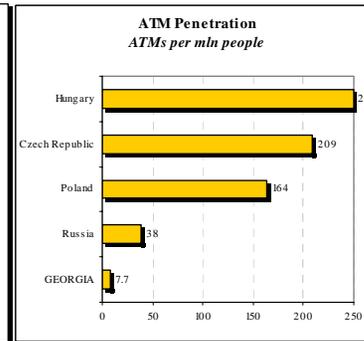
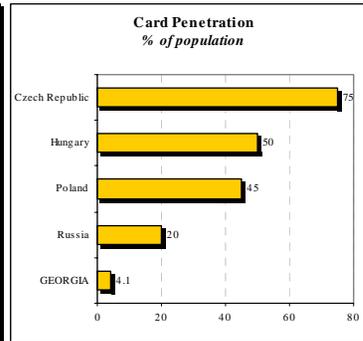
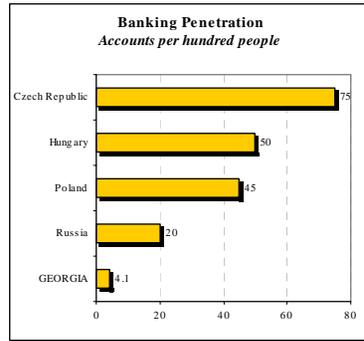
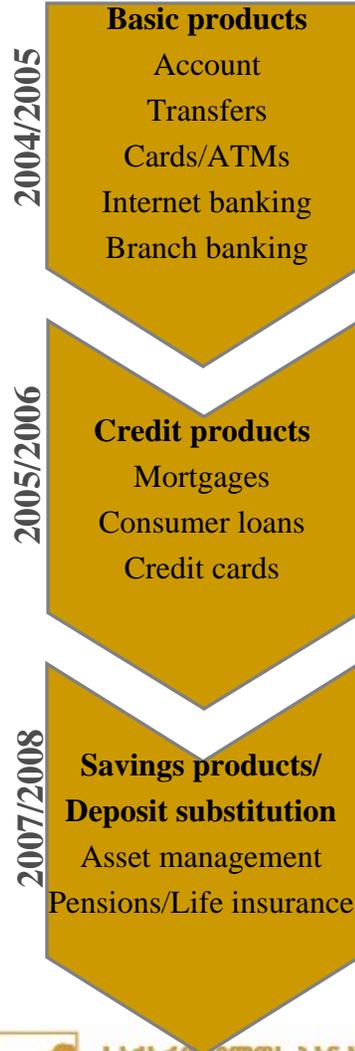


Source: UCI, RSB, Galt & Taggart Securities



Retail banking

...as consumer demand for financial services becomes more sophisticated



Source: GFK, Pentor, McKinsey, Galt & Taggart Securities' estimates

YE 2003

Mortgage loan stock outstanding GEL 72.2 mln

Number of mortgages 2,682

Number of credit cards in circulation 5,063

As % of total cards in circulation 10%

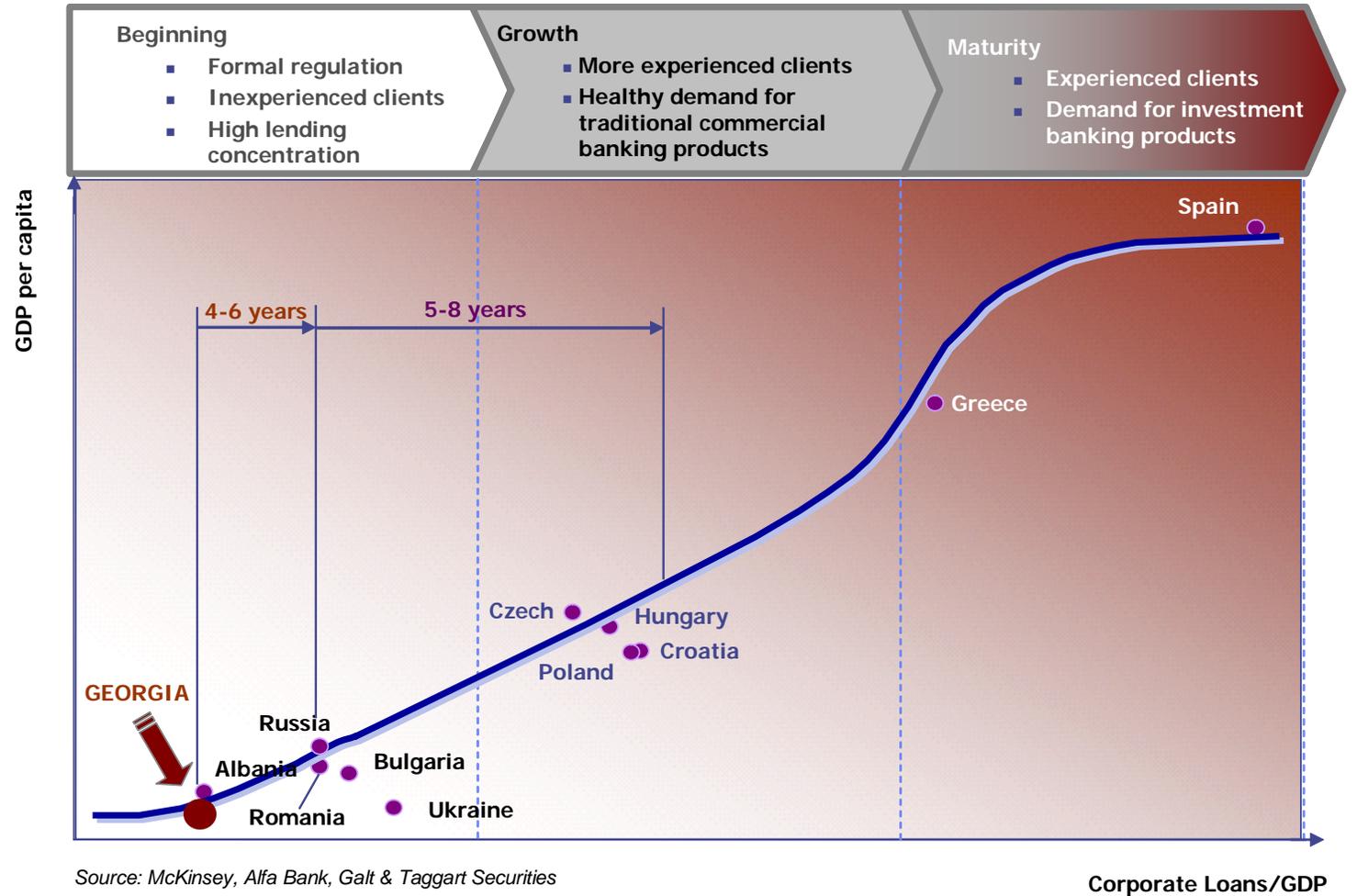
	Georgia		Russia	Romania	Bulgaria	Turkey	Hungary	Poland	Czech Rep
% of Total retail financial assets									
	GEL mln								
Cash	751	64.2%	67%	NA	NA	NA	14%	11%	13%
% of Intermediated retail financial assets									
Consumer Bank Deposits	396	94.3%	85%	97%	92%	88%	58%	75%	78%
Securities & Mutual Funds	23	5.5%	6%	1%	0%	10%	26%	10%	10%
Pension Funds & Life Insurance	0.79	0.1%	9%	2%	5%	1%	16%	15%	11%
Subtotal Intermediated retail financial assets	420	100%	100%	100%	100%	100%	100%	100%	100%
Total retail financial assets	1,171								

Source: McKinsey, EFIC, NBG, GSE, Galt & Taggart Securities' estimates



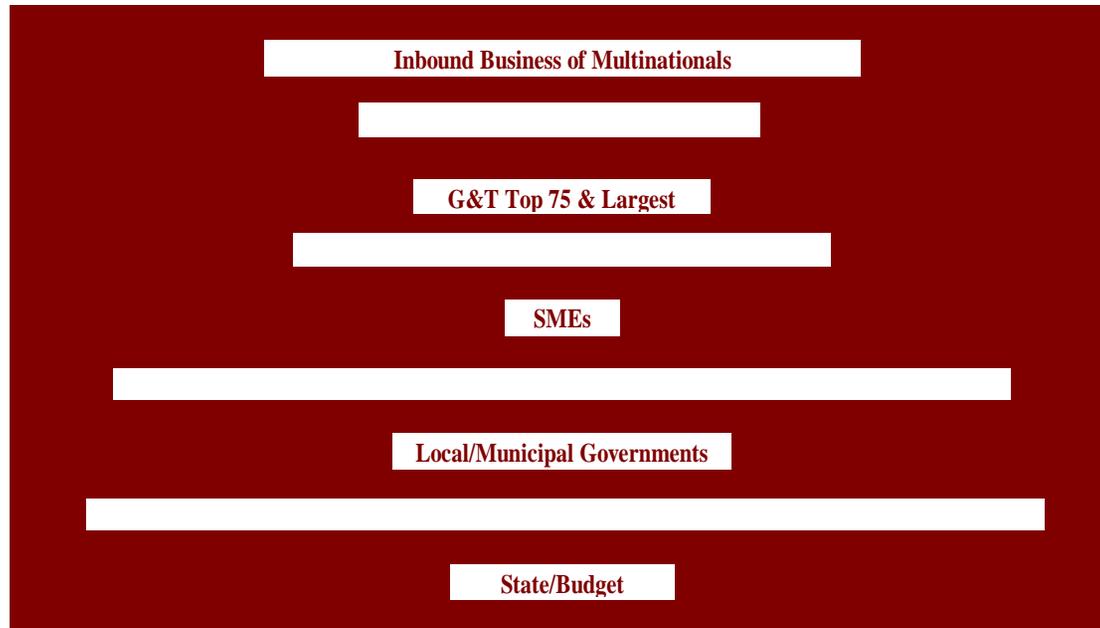
საბანკო-ფინანსო ბანკი
BANK OF GEORGIA
www.bog.ge/ir

Corporate banking: the beginning of evolution cycle



Corporate banking: sizing the market 2004-2006

Introduction



The Georgian Wholesale Banking Market

Source: Galt & Taggart Securities

Service/Product	Banking Wallet Size p.a.*
Cash Management, FX, Local Salary & Pensions, Custody, Corporate Finance	15
Loans, FX, Trade Finance, Asset Based Finance, Salary & Pensions, Corporate Finance, ECM/DCM	60
Loans, FX, Trade Finance, Salary & Pensions, Corporate Finance	25
Transaction Services, DCM	10
Transaction Services, State Pensions & Benefits, DCM, Privatization Advisory	25

135

*GEL mln, aggregate per segment

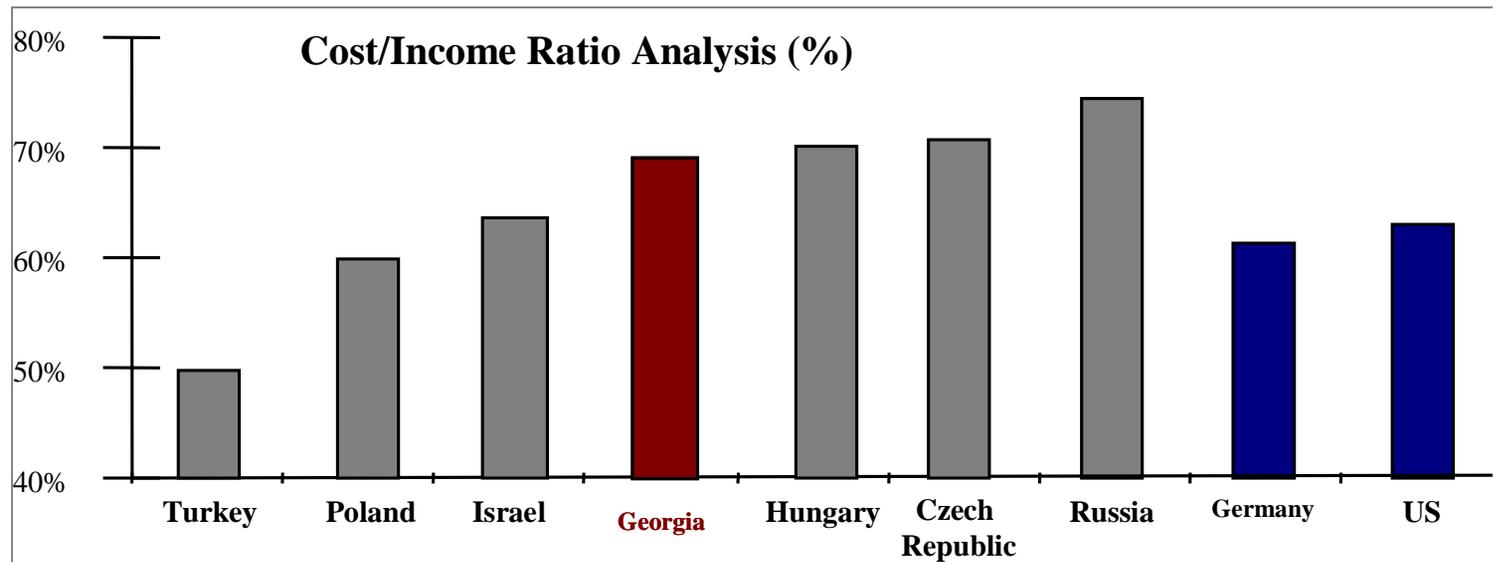
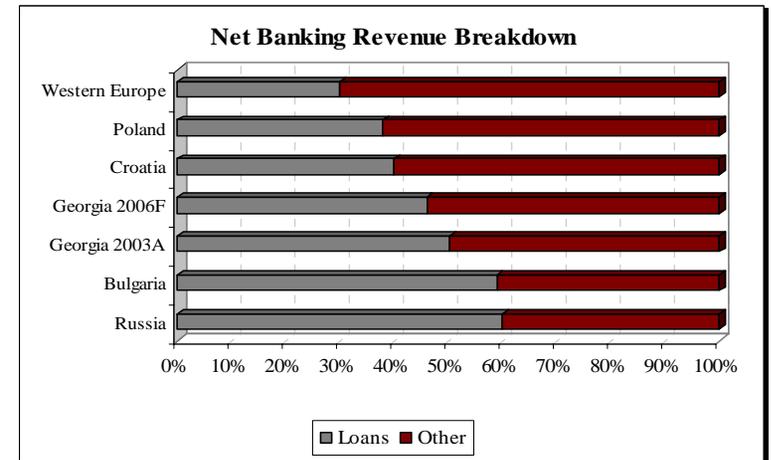
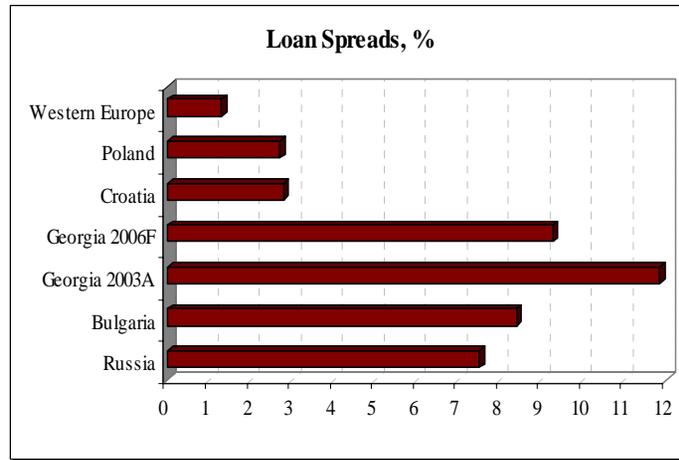


Preparing for an era of decreasing yields

As the spreads continue to decline, while the Lari remains strong

The banking sector's priority is to maintain and expand sustainable base for earnings growth by:

- *Building a diversified stream of revenues with emphasis on fees and commissions*
- and*
- *Cost reduction and containment by optimizing headcount and branch network and investing in scalable IT platforms*



The Georgian insurance sector

Very low insurance penetration and density rates

<i>In GEL '000, unless otherwise noted</i>	2000	2001	2002	2003
Number of insurance companies	17	22	27	25
Gross premium income	18,088	25,392	25,305	38,417
Gross premium income as % of GDP	0.30%	0.38%	0.35%	0.48%
Gross premium income per capita, GEL	3.9	5.5	5.5	8.5
Reinsurance share	8,051	10,379	11,471	19,697
As % of Gross premium	45%	41%	45%	51%
Premiums (net of reinsurance)	10,037	15,013	13,834	18,720
As % of Gross premium	55%	59%	55%	49%
Claims paid (gross)	3,436	8,269	9,234	12,601
Claims paid by reinsurer	1,221	2,323	3,423	4,688
Claims paid by domestic companies	2,215	5,946	5,810	7,912
As % of Total Claims	64%	72%	63%	63%
Net (of reinsurance and claims) premiums	7,822	9,067	8,023	10,808
As % of Gross premium	43%	36%	32%	28%

Breakdown of Insurance Premiums Collected

<i>%, unless otherwise noted</i>	Life	Motor	Fire & Property	Health	Accident	Liability	Transport	Other
Georgia, 2003, GEL mln	0.2	3.2	12.7	6.8	1.1	6.1	6.5	1.9
Georgia, 2003, %	0.6	8.3	33.0	17.8	2.9	15.8	16.8	4.9
Russia, 2001	2	15	40	29	3	7	2	2
Poland & Czech Republic, 2001	38	39	10	1	3	3	1	3
Western Europe, 1990	43	20	13	6	6	4	3	4
Western Europe, 2001	61	14	8	5	5	3	1	3

Source: McKinsey, Galt & Taggart Securities

Q3 2004 PERFORMANCE UPDATE &
INVESTOR PRESENTATION

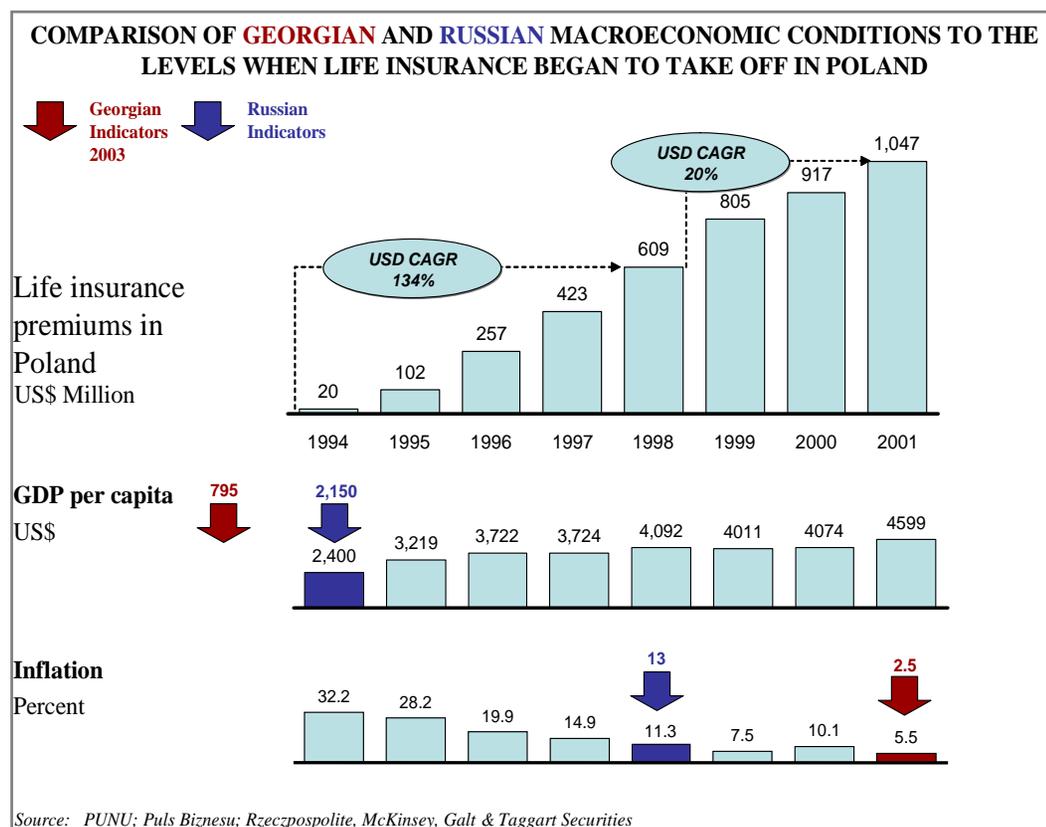
10/7/2004

33



საბანკოების ბანკი
BANK OF GEORGIA
www.bog.ge/ir

The Georgian insurance sector



Breakdown of insurance premiums by types of insurance

In GEL '000, unless otherwise noted	2000	2001	2002	2003
Property	2,534	4,481	5,736	9,666
Medical	3,011	6,325	4,198	6,842
Obligatory Fire	3,987	4,314	2,785	2,993
Compulsory MTPL	3,747	2,731	2,425	2,241
Civil Liability	576	1,276	2,373	4,339
Land Vehicles	768	1,090	1,885	3,870
Accidents and Sicknesses	1,109	881	1,107	1,109
Carriers Liability	465	836	930	1,405
Cargo	562	810	913	1,266
Voluntary MTPL	547	694	803	947
Financial Risks	240	562	678	1,050
Aviation	390	959	486	1,178
Pension Insurance	0	3	440	821
Life	122	233	271	213
Professional Liability	0	195	250	319
Vessels	31	0	25	158
Total	18,088	25,391	25,305	38,416
Non Life	17,966	25,155	24,594	37,383
Life and Pension	122	237	711	1,034



The Georgian insurance sector

- The sector is highly concentrated, with four companies accounting for almost 70% of the market

	Insurance Premium Breakdown in 2003				Market Shares in 2003			
	Aldagi	Imedi-L	BCI	GPIH	Aldagi	Imedi-L	BCI	GPIH
Property	13.4%	53.1%	16.4%	24.8%	12.3%	46.7%	7.7%	11.5%
Medical	8.5%	22.7%	1.2%	15.3%	11.0%	28.2%	0.8%	10.0%
Obligatory Fire	8.4%	4.0%	6.0%	3.3%	24.8%	11.5%	9.1%	4.9%
Compulsory MTPL	3.1%	0.4%	13.6%	0.0%	12.4%	1.5%	27.5%	0.0%
Civil Liability	15.8%	4.7%	21.3%	22.2%	32.2%	9.2%	22.2%	22.9%
Land Vehicles	25.7%	2.2%	12.7%	9.1%	58.8%	4.8%	14.8%	10.5%
Accidents and Sicknesses	6.6%	2.7%	2.0%	1.2%	53.0%	21.0%	8.1%	4.7%
Carriers Liability	0.5%	5.6%	4.8%	8.0%	3.3%	33.8%	15.6%	25.4%
Cargo	4.0%	1.3%	8.8%	2.0%	27.9%	8.9%	31.4%	7.0%
Voluntary MTPL	6.9%	1.3%	2.4%	0.6%	64.4%	12.0%	11.3%	2.9%
Financial Risks	2.7%	0.5%	5.3%	0.0%	22.4%	4.3%	22.7%	0.0%
Aviation	4.3%	0.9%	2.9%	5.4%	32.4%	6.5%	11.0%	20.3%
Pension Insurance	0.0%	0.0%	0.0%	5.1%	0.0%	0.0%	0.0%	27.6%
Life	0.1%	0.0%	0.1%	0.5%	2.4%	0.1%	1.2%	11.5%
Professional Liability	0.0%	0.0%	2.2%	0.4%	0.0%	0.8%	30.9%	5.6%
Vessels	0.0%	0.4%	0.5%	2.3%	0.0%	21.4%	14.8%	63.8%
Total	100.0%	100.0%	100.0%	100.0%	23.0%	22.1%	11.8%	11.6%

