Standard & Poor's: 'B/B'
Fitch Ratings: 'B/B'
Moody's: 'B3/NP' (FC) & 'Ba1/NP' (LC)

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

Reuters: BGEO.L
Bloomberg: BGEO.LI

Bank of Georgia Strategy Update

"Playing Profitable Defense"

October 2008

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BOG Group's strategy and management priorities in 2008 and 2009

Evolution of BOG strategy in 2008

	1H 2008	Q3 2008	Q4 2008
Market environment	Challenging global debt capital markets Slow deposit formation in Georgia due to anti-inflation measures	Deteriorating global capital markets Georgia-Russia conflict Developing problems in Ukrainian banking system	Deepening global financial crisis Post-war int'l financial assistance to Georgia Financial crisis in Ukraine
Strategy and management priorities	Georgia: focus on rapid growth and importing deposits through private banking Ukraine: restructure operations to position for rapid growth in 2009 Continue limited int'l expansion – acquisition in Belarus Focus mgt attention on core banking business. Reduce position in non-core businesses	Georgia: crisis management. Focus on liquidity, funding and loan book quality Ukraine: prepare for the expected banking crisis Suspend international expansion until "dust settles" Transactions with non-core assets on hold due to the conflict in Georgia and global crisis	Georgia: focus on funding from International Financial Institutions (IFI), deposit acquisition and risk management Ukraine: protect liquidity, selectively explore opportunities presented by the crisis Belarus: strengthen mgt team to position for future growth Renew transactions with non-core subsidiaries

BOG strategy and management priorities in 2009

	2009
Expected market environment	Difficult global economic environment combined with challenging debt and equity capital markets Recovery of the Georgian economy from the post-war shock catalyzed by the inflow of international financial assistance Continued financial challenges in Ukraine resulting in devaluation of hryvna and economic slowdown
Strategy and management priorities	Continue working with the IFIs on funding which was pledged to Georgia within the framework of post-war international financial assistance Rebalance credit risk policy in line with the challenging market environment Focus on deposit-gathering introducing innovative products and aggressive marketing and PR campaign Focus on efficiency and cost control Continue streamlining group management structure focusing, in particular, on risk management, financial control and compliance Reduce the Bank's involvement in its non-core subsidiaries, including insurance and asset management

Capital and wholesale funding

Capital adequacy, leverage and liquidity

- Despite conflict-related loss of deposits and extraordinary loan loss provisions, Bank of Georgia has a strong capital base, solid liquidity position and clearly visible wholesale funding pipeline

Capital

- National Bank of Georgia ("NBG") requires
  - Tier 1 Capital Adequacy Ratio ("CAR") - at least 8%
  - Total CAR – at least 12%
- On 30 September 2008, the bank's Capital Adequacy Ratios were as follows:
  - By NBG standards: Tier 1 CAR – 18.2; Total CAR – 15.5%
  - By BIS standards: Tier 1 CAR - 24.7%; Total CAR – 25.3%
- Due to high weighting assigned to all foreign-currency denominated loans under NBG standards and high dollarization of the loan portfolio, the bank's CARs calculated by NBG standards are typically well below corresponding CARs calculated by BIS standards

Leverage

- On 30 September 2008, the bank's leverage ratio (total liabilities to shareholders equity) was 3.27x down from 3.35x in June 2008

Liquidity

- NBG requires Georgian banks to maintain the Liquidity Ratio of at least 20%
- Bank of Georgia's NBG Liquidity Ratio stood at approximately 34% on 31 July 2008 and decreased due to the Conflict to 27% as of 30 September 2008 still well above the NBG requirement of 20%

Funding – repayment schedule in 2008/2009

2008	- First tranch of the syndicated loan received in August 2007 in the amount of US$55 mln repaid on 4 August 2008 - No other significant repayments due in 2008

2009	- January 2009
	  - US$65 mln 13-months loan facility arranged by Merril Lynch
	- February 2009
	  - Second tranch of the syndicated loan received in August 2007 in the amount of US$43.5 mln
	- June 2009
	  - 2-year Loan Passthrough Notes arranged by JP Morgan in the amount of US$140 mln
	  - The Notes were issued in June 2008 and mature in June 2010, however the Noteholders have a right to exercise a put option on the Notes after one year from the issuance
	- September 2009
	  - GEL58 mln facility provided by NBG in the aftermath of the conflict

Debt funding pipeline

- The Bank is in active discussions with several IFIs regarding wholesale funding in the amount of up to US$240 mln
  - On 20 October 2008, Bank of Georgia issued a press release confirming that it is in discussions with IFC and other potential lenders on a potential funding transaction, including up to US$100 mln to be provided by IFC and up to US$100 mln from other potential lenders. The funding package under discussion includes senior, subordinated, and convertible subordinated loan facilities
  - On 27 October 2008, Oversees Private Investment Corporation (“OPIC”) announced that pending the approval by OPIC’s Board of Directors in December, OPIC hopes to provide up to $40 mln in financing to Bank of Georgia to enable the bank to expand its residential mortgage lending in Georgia

- In 2009, BOG plans to continue actively exploring opportunities for IFI funding

- Market conditions permitting, Bank of Georgia also plans to explore possibilities of raising debt financing in the international capital markets. However, we do not expect to be able to attract sizeable amounts of wholesale debt funding from international capital markets at least until 2H 2009

Strategy and priorities of core business units

Bank of Georgia group structure

BoG Group

Segment	Company	% of group assets	% of group NNOI Q3 08
Commercial Banking	BOG Georgia	78%	82%
Commercial Banking	UBDP Ukraine	11%	1%
Commercial Banking	BNB Belarus	2%	1%
Securities	Galt & Taggart Securities	3%	-7%
Insurance	Aldagi BCI (Georgia)	3%	-0.1%
Asset Management	GTAM, manages following funds: Fund – Liberty Consumer; Fund – SBRE; Fund – CEI; Fund - CAD	4%	9%

Core Business Units

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BANK OF GEORGIA

BOG – strategy and key priorities

- Rebuild deposit base depleted during the conflict
  - Offer innovative retail deposit products, such as "Green Deposit" and "Investment Deposit" recently launched by Bank of Georgia
  - Work closely with corporate clients offering attractive flexible deposit terms and bundled loan and deposit products
  - Support new products through intensive marketing and PR campaign
- Rebalance credit risk policy in line with the new market environment
  - Conservative approach
  - Focus on export oriented industries with "lighter" funding needs
  - Real estate:
    - Focus on economy-class housing projects, such as SB Iberia, under BOG's integrated mortgage strategy
    - On 27 October 2008, OPIC announced that it has committed to provide US$6.3 mln direct loan to SB Iberia for the construction of an apartment building for moderate-income families in Tbilisi
    - Work closely with the bank's client developers, whose ability to repay was impaired by the conflict, to find a customer-focused solution allowing clients to resume servicing their loans on normal schedule
- Develop and implement a cost control program with the following objectives:
  - To reduce costs by 10% in Q1 2009 as compared to Q4 2008
  - Achieve consolidated normalized cost/income ratio of below 55%
- The cost control program would include scaling down the bank's branch network development program in Georgia while focusing on increasing its efficiency through targeted IT investments

UBDP – strategy and key priorities

- The immediate priorities at UBDP are driven by the ongoing financial turmoil in Ukraine
  - Ultra-conservative liquidity management
  - Minimize negative effects of hryvna devaluation on the loan book
  - Preserve and expand deposit base
  - Explore opportunities presented by the turmoil
- Build up the deposit base focusing on SMEs and high-net worth private banking clients and piggy-backing on deposit products developed in Georgia (e.g. “Investment Deposit”)
- Continued cost control aimed at reducing cost/income ratio to below 80% in 1H 2009
- Until the “dust settles” maintain a ultra-conservative credit risk policy with primary focus on SME and micro lending products
- Market environment permitting, explore the opportunities for independent third-party funding for UBDP

BNB – strategy and key priorities

- Reassess BNB development objectives in light of the new market environment
  - Development of the retail network
  - Product portfolio
  - Credit risk policy

- Strengthen management team and management practices
  - Hired Head of Retail, Head of HR and Head of Marketing
  - Searching for COO

- Continue focusing on SME segment, launch micro lending

- Explore the possibility of a debt/equity investment by a third-party investor (preferably IFI) in BNB

Strategy and key priorities for non-banking subsidiaries

Non-banking subsidiaries

- The main objective for the restructuring of the bank's position in its non-banking subsidiaries is to focus managements efforts on the group's core businesses – BOG, UBDP and BNB

Aldagi BCI	- Attract a strategic investor, which would provide management expertise and funding required for Aldagi BCI's further development - BOG expects that as part of the transaction Aldagi BCI would enter into a long-term strategic partnership agreement with BOG enabling BOG to distribute Aldagi BCI's insurance products in Georgia on commission basis
Galt & Taggart Securities	- Scale down operations in line with challenging environment in equity capital markets in Ukraine and Georgia - A significant cost cutting program was implemented at Galt & Taggart Securities in Q3 2008, which will benefit the banks P&L starting in 4Q 2008
Asset Management	- Divest GTAM, the bank's asset management subsidiary - Significantly reduce/divest the bank's 65% equity stake in JSC Liberty Consumer (formerly Galt & Taggart Capital), an investment vehicle listed on the Georgian Stock Exchange Managed by GTAM

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.