



საქართველოს ბანკი
BANK OF GEORGIA

GROWTH AT THE RIGHT PRICE
LSE: BGEO / GSE: GEB

JSC Bank of Georgia investor presentation

VTB Capital Investment Forum Russia Calling

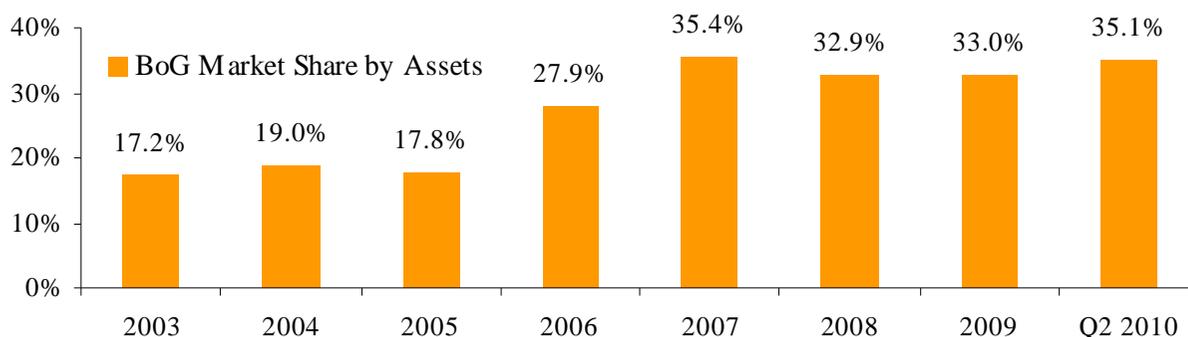
October 5-7, 2010, Moscow

October 2010

Introduction to Bank of Georgia

The leading universal bank in Georgia

- ☑ No.1 by assets (35%), ⁽¹⁾ gross loans (33%), ⁽¹⁾ client deposits (30%) ⁽¹⁾ and equity (40%) ⁽¹⁾. June 2010 YTD market share gain 2.1%
- ☑ Assets of GEL 3.5 bn (USD 1.9 bn), Net Loans of GEL 2.0 bn (USD 1.1 bn), Client Deposits of GEL 1.5 bn (USD 0.8) and Equity of GEL 649.3 million (USD 352.1 bn)



- ☑ Leading retail banking, with top brand, best distribution network and broadest range of services of any bank in Georgia. Number of Retail Clients 714,400, Number of Branches 137, ATMs 387
- ☑ Leading corporate bank with approximately 88,100+ legal entities and over 164,800+ current accounts
- ☑ Leading wealth management, insurance, brokerage, leasing and card-processing services provider
- ☑ Banking operations in Ukraine (BG Bank) and Belarus (BNB) account for less than 10% of BoG's consolidated total assets
- ☑ The only Georgian entity with credit ratings from all three global rating agencies
 - ☑ S&P: 'B/B' – at the sovereign ceiling; Fitch Ratings: 'B+/B'; Moody's: 'B3/NP (FC)' & 'Ba3/NP (LC)'
- ☑ Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
 - ☑ Market Cap (LSE) US\$ 438 mln as of 1 October 2010
 - ☑ Approximately 95% free float
- ☑ Issue of the first ever Eurobonds in Georgia
 - ☑ Bloomberg: BKGE0; 5 year, 9%, US\$200 mln (US\$ 50 mln bought back)
 - ☑ B/Ba2/B (composite B+)

Ownership Structure

Institutional Shareholders*	92.9%
Local Shares Held by Domestic and Foreign Retail Shareholders	3.8%
Management and Employees**	3.3%

*through BNY Nominees Limited

** includes GDRs held as part of EECP

⁽¹⁾ All data according to the NBG as of 30 June 2010



საქართველოს ბანკი
BANK OF GEORGIA

The Georgian Economy

October 2010

Georgia's Economy – Basic Facts

- 🏠 Area: 69,700 sq km
- 🏠 Population: 4.4 million (as of January 1, 2009)
- 🏠 Life expectancy: 76.5 years
- 🏠 Official language: Georgian
- 🏠 Literacy: 100%
- 🏠 Capital: Tbilisi
- 🏠 Currency (code): Lari (GEL)
- 🏠 GDP 2010F: US\$11.5 billion
- 🏠 GDP real growth rate 2009A: -3.9%
- 🏠 GDP real growth rate 2010F: 6.0%
- 🏠 GDP per capita 2010F (Nominal): US\$ 2,610
- 🏠 GDP per capita 2010F (PPP): US\$ 4,971
- 🏠 Budget Deficit 2010F: 6.3 % of GDP
- 🏠 Inflation rate 2010F: 6.0%
- 🏠 External public debt / GDP 2010F: 36.0%
- 🏠 Sovereign ratings:
 - 🏠 Fitch B+/Stable
 - 🏠 S&P B+/Stable/B+

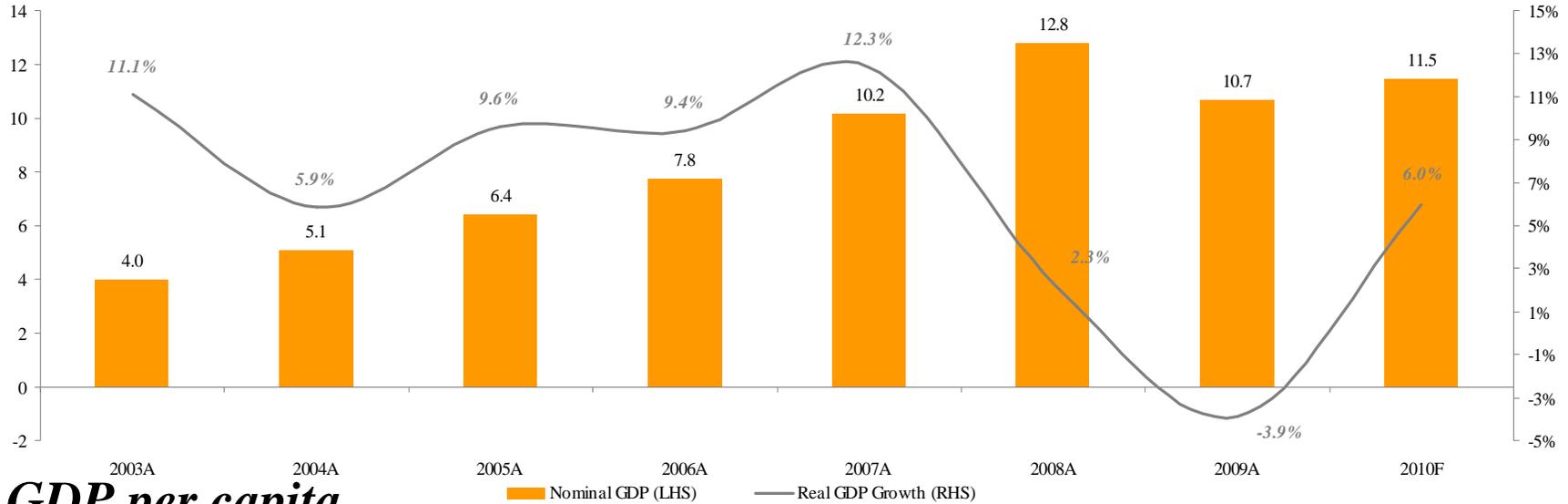


Source: Government of Georgia/IMF/Bank of Georgia estimates

Strong economic growth before crisis ... starting again?

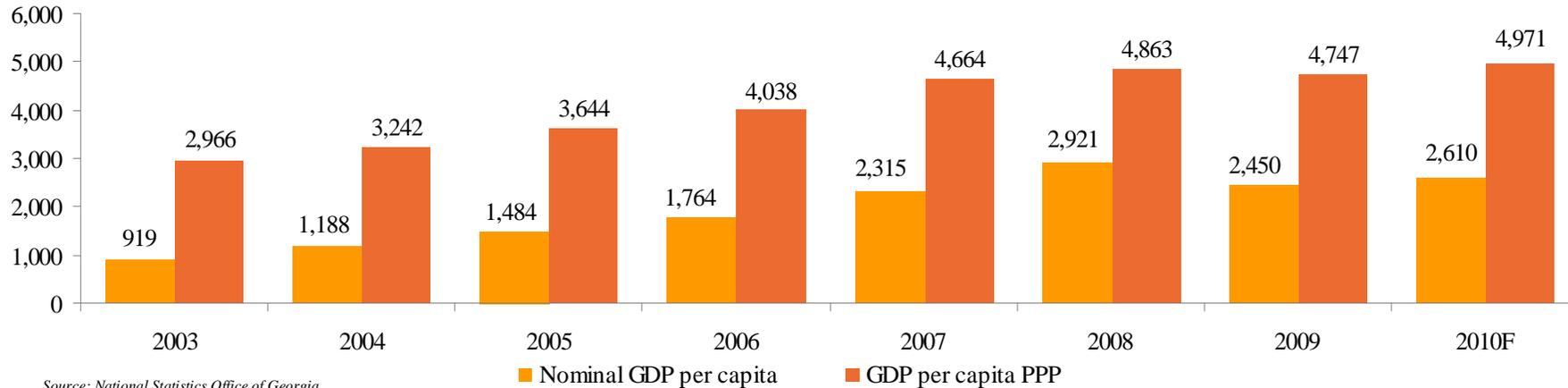
Gross Domestic Product

USD billion



GDP per capita

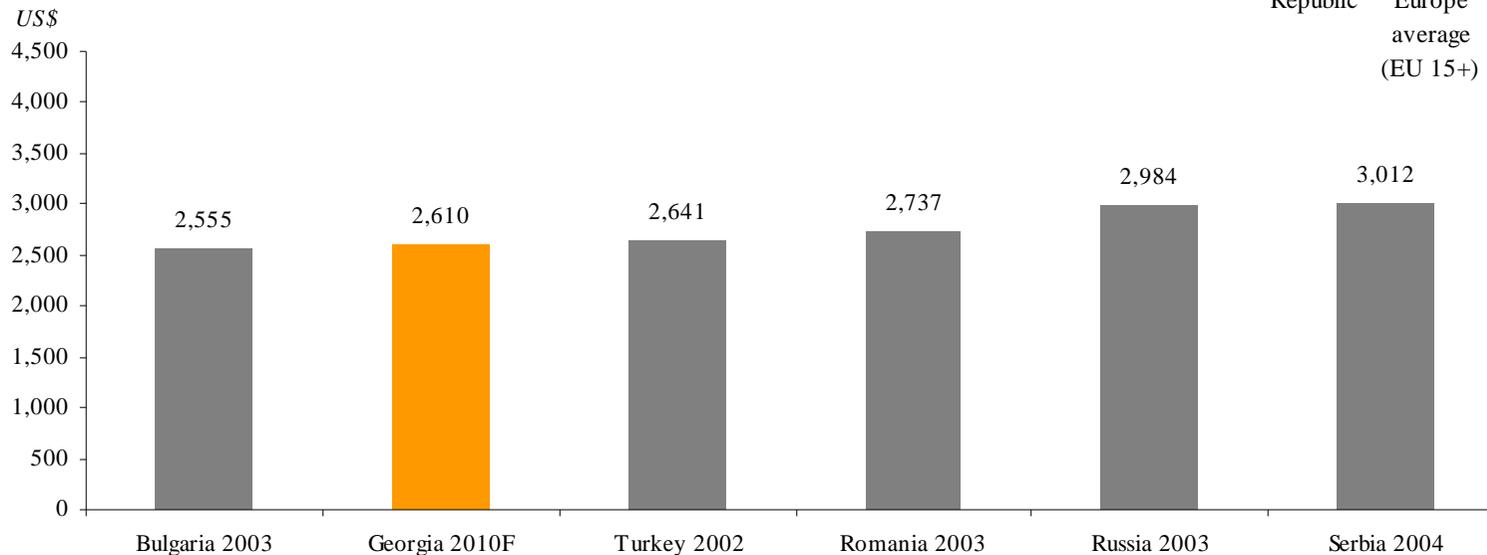
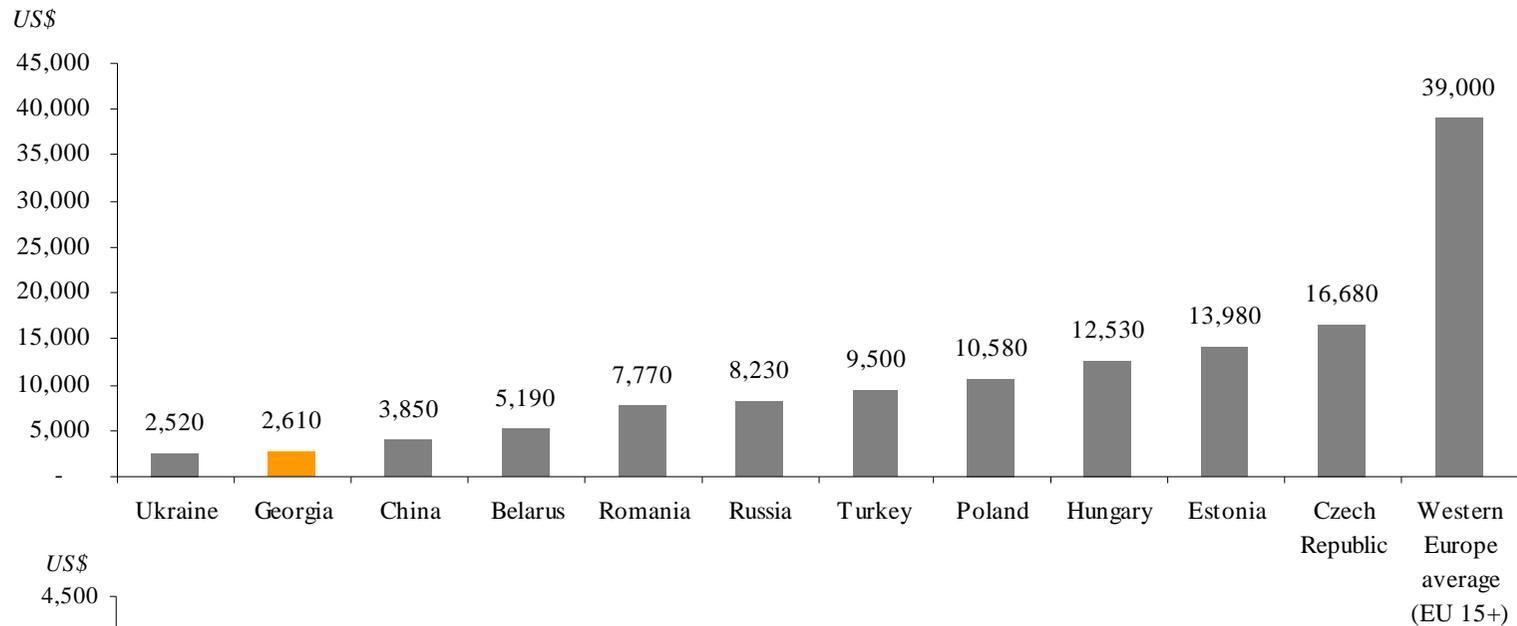
USD



Source: National Statistics Office of Georgia

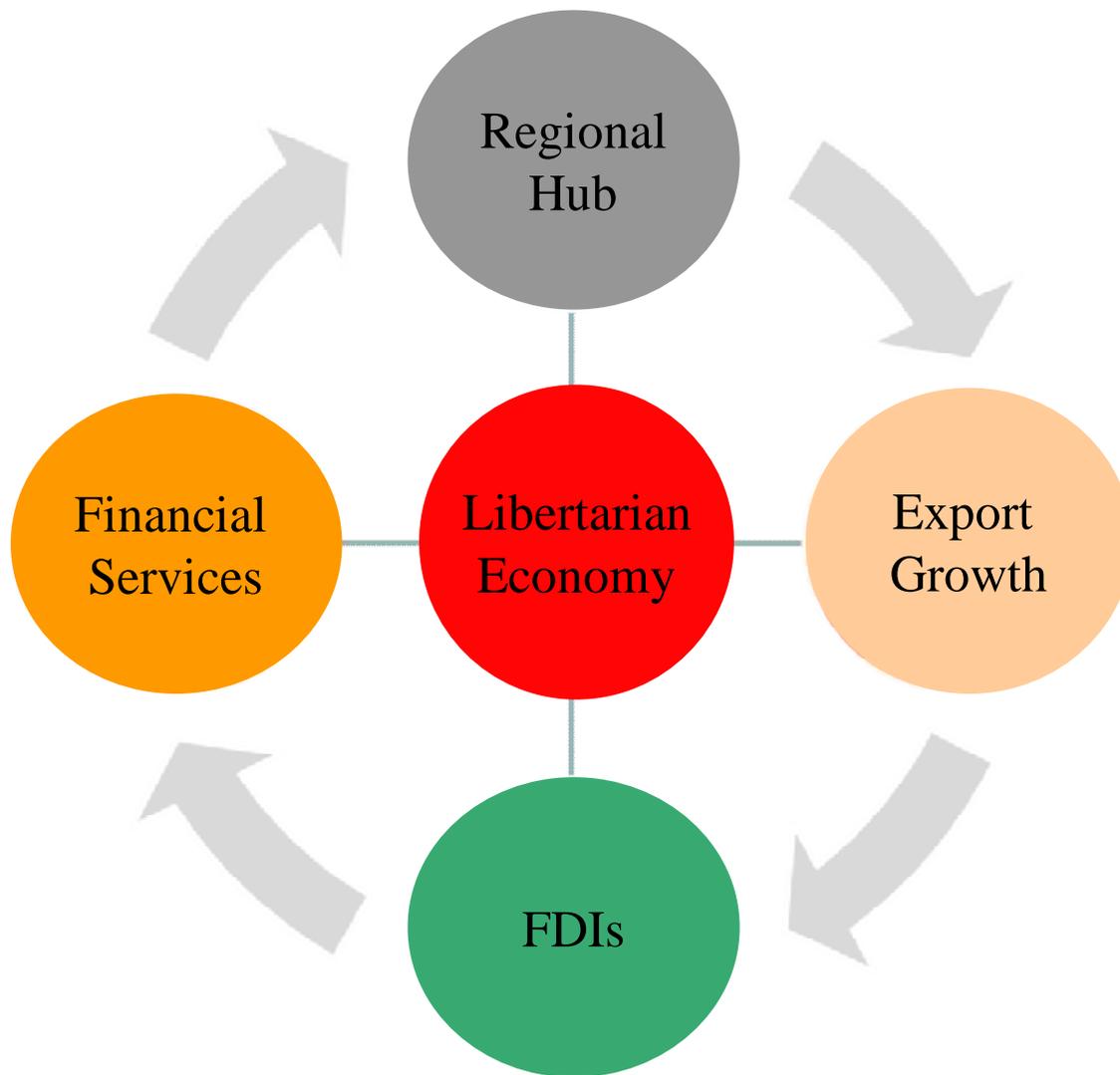
GDP per capita is low, leaving much room to climb

GDP per capita across countries



Source: IMF, National Bank of Georgia

Key Drivers of Economic Growth



- Increased importance of Georgia as regional transportation and logistics hub with geopolitically important location for cross country trade and energy transit.
- Export CAGR of 17% from 2003 to 2009; 33% y-o-y increase in 1H 2010. Net electricity exporter since 2007.
- FDI averaging at 16% of GDP during past three years, with cumulative FDI (2004 – 2009) in country reaching 60.5% of GDP as of YE 2009.
- Rapidly developing Financial sector with demonstrated resilience to crises (conservative regulation; No government bailouts) with high capital base to support the growth.

Libertarian Economic Policies Kick-start Modernization

☞ *Tax and Tax rates slashed*: Only six taxes, down from 21

- ☞ Flat personal income tax of 20% (15% by 2013)
- ☞ Corporate income tax 15%
- ☞ By 2012 no taxes on dividends, interest income or worldwide income

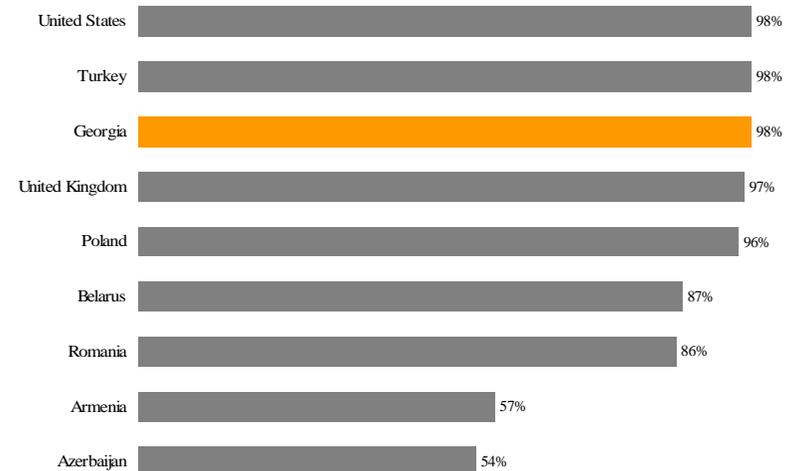
☞ *“Liberty Act”*

- ☞ Referendum is required for an increase in tax rates
- ☞ Budget expenditure capped at 30% of GDP (effective FY2012)
- ☞ Budget deficit capped at 3%, effective FY2012
- ☞ Public debt capped at 60% of GDP, effective FY2012

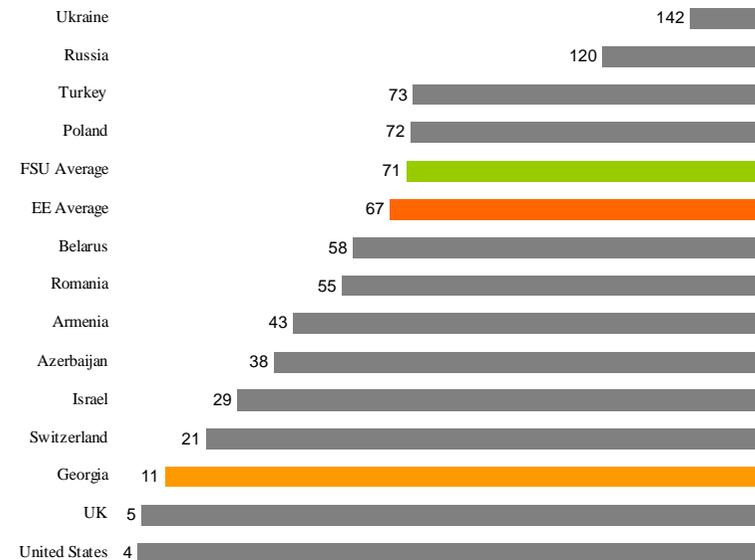
☞ *Corruption and Red tape slashed*

- ☞ Corruption significantly reduced, Transparency International ranked Georgia 7th out of 69 by Global Corruption Barometer
- ☞ 98% of Georgians didn't have to pay bribe in past year, according to International Republican Institute
- ☞ Georgia 11th out of 183 in the WB's Ease of Doing Business (up from 112 in 2005)
- ☞ Customs code harmonized with EU; Capital controls abolished since 1990s

Bribe payers index (% are not paying bribes)



Ease of doing business



Source: Transparency International, the Heritage Foundation, World Bank

Regional Hub

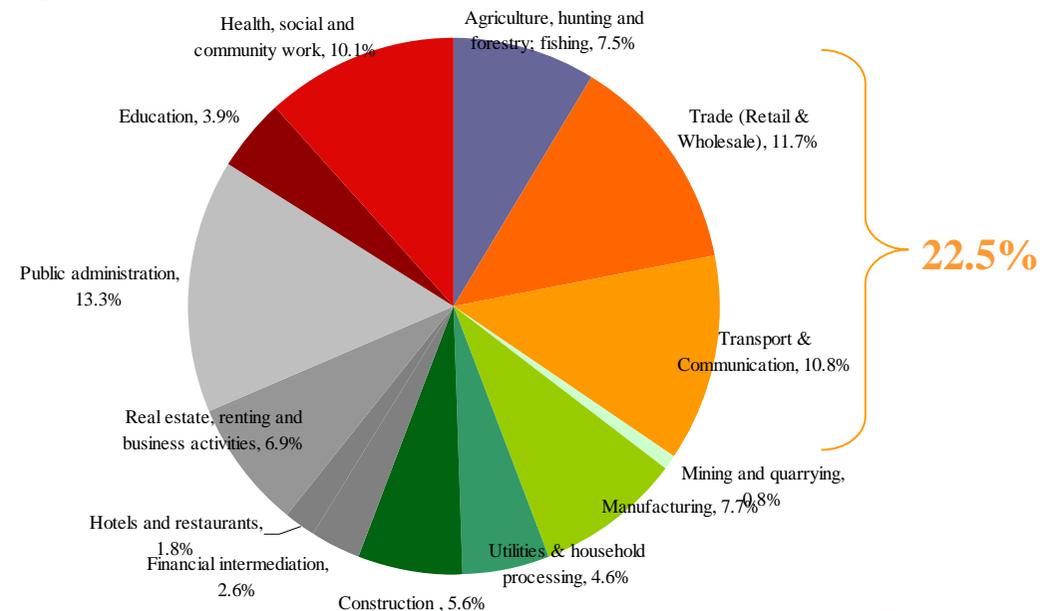
- **Baku Tbilisi Ceyhan (BTC) oil export pipeline** - operated by BP from Caspian Sea to Europe via the Turkish coast. 1.0 million bbl/day or circa 1.2% of the current World oil consumption (9% of the consumption by EU, 80% of aggregate consumption by Turkey, Romania, Bulgaria and Poland) is transported through BTC or railway; c. \$4bln invested by BP Consortium;
- **Shah-Deniz (BTE) gas pipeline (South Caucasus pipeline)** - 6.6 bcm/year operated by BP to transport gas from Caspian Sea to Turkey;
- **Iran-Azerbaijan-Georgia (IAG) gas pipeline** – 3.5 bcm/year
- **Western Route Pipeline (Baku Supsa) oil export pipeline** - 5.75 mt/year operated by BP from Caspian Sea to European Markets through the Black Sea;
- **Russia-Georgia-Armenia gas pipeline** – 5.8 bcm/year
- **Free industrial zones** created around Tbilisi, Poti (port), Kutaisi (second largest city). Tax rates in FIZ are largely 0%
- **Two sea ports.** Poti Sea Port privatized in December 2008 by Rakeen Group (UAE) to build infrastructure for operating Free Industrial Zone
- **Transportation Communication and Trade** cumulative CAGR 2004-2009 of 9.4%

Upcoming Projects

- **NABUCCO Project** is to finish by 2015, and White Stream project is flagged as “Priority Project” by EC
- **Baku-Akhalkalaki-Kars railway line** - sanctioned in 2007 building railway to link Asia and Europe
- **LNG - Azerbaijan-Georgia-Romania-Hungary Black Sea liquefied natural gas export route** will supply c.6- to 8-billion cubic meters of liquefied Azerbaijani natural gas per year to Europe via Black Sea tankers



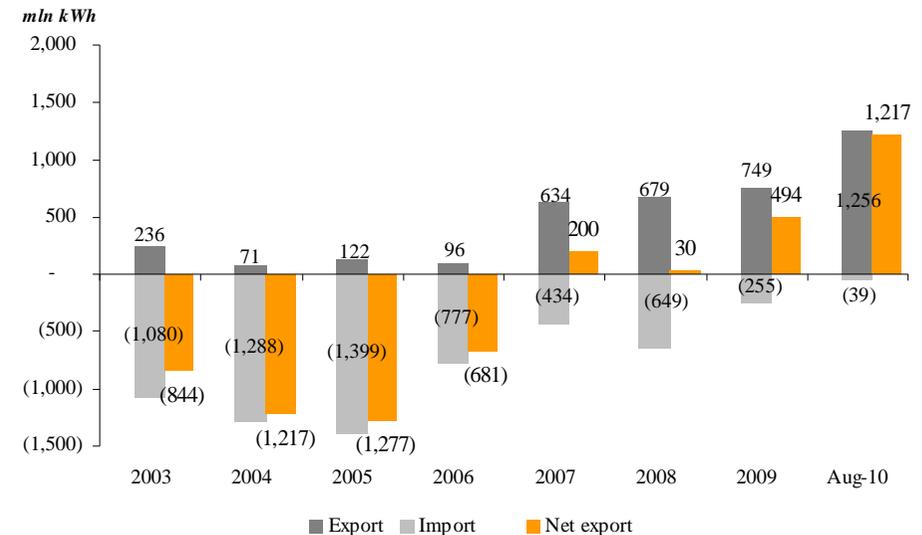
GDP Breakdown



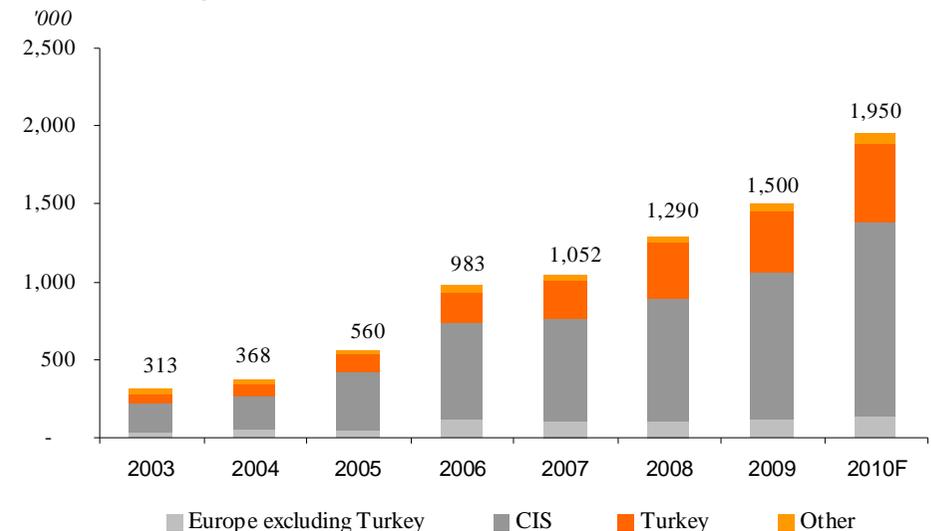
Export Growth

- **WTO member since 2000**; No quantitative restrictions on trade; As of November 2007 Georgia has entered into a FTA with Turkey
- **One of the two beneficiaries of the EU GSP+ Scheme** in the CIS since 2006, granting local companies the right to export 7,200 categories of goods duty-free. US-Georgia charter on strategic partnership envisions an update of Bilateral Investment Treaty, expansion of Georgian access to the GSP and the possibility of entry into Free Trade Agreement
- **Export growth of 33% y-o-y 1H 2010** driven by exports of main export items: agricultural products, ferroalloy, precious metals, aircraft, rail car, vessels, fertilizers and machinery
- **Significant investments made in export oriented companies:** import of capital goods amounted at c.13% of GDP from 2004 to 2009
- **Rapidly growing tourism sector** – c.US\$1.4B of donor money earmarked for investments in infrastructure. 2010 a record year in number of tourists visiting Georgia
- **Huge untapped hydro-power resources** – only 18% of Georgia’s hydro potential of 50 GWh is being utilized; 1,200 MW transmission line to Turkey will become operational in 2013 which will significantly boost export potential to Turkey

Electricity Export/Import



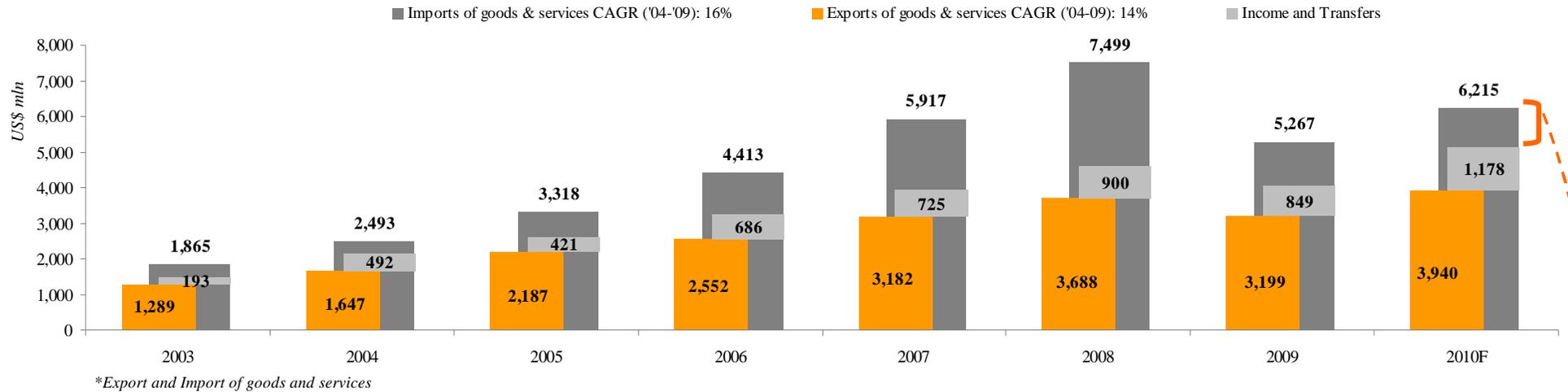
Number of tourists



Source: National Statistics Office of Georgia, Ministry of Energy of Georgia

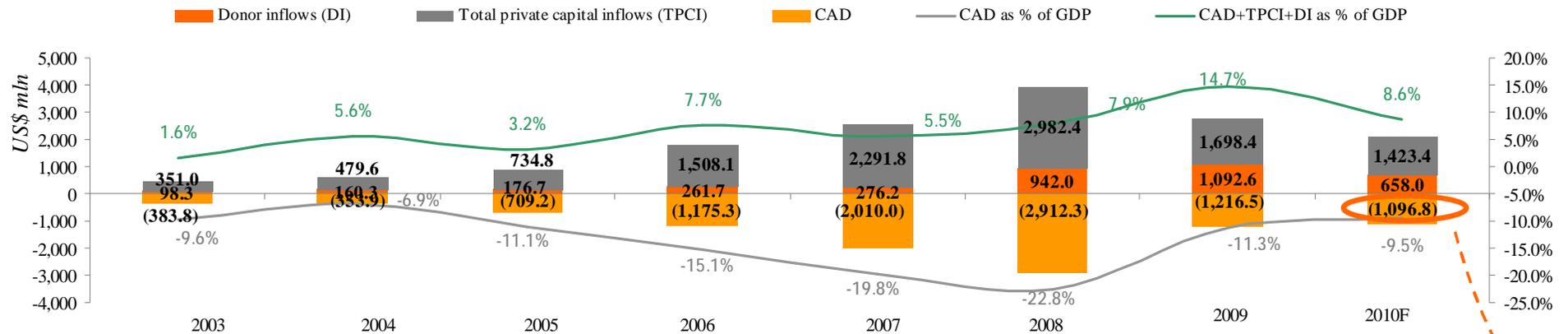
Trade Structure

Exports and Imports*



Source: Central Bank of Georgia

Current Account Deficit



Donor Inflows include both public and private sectors. Donor inflows in 2009 adjusted according to the banking sector foreign debt outflows

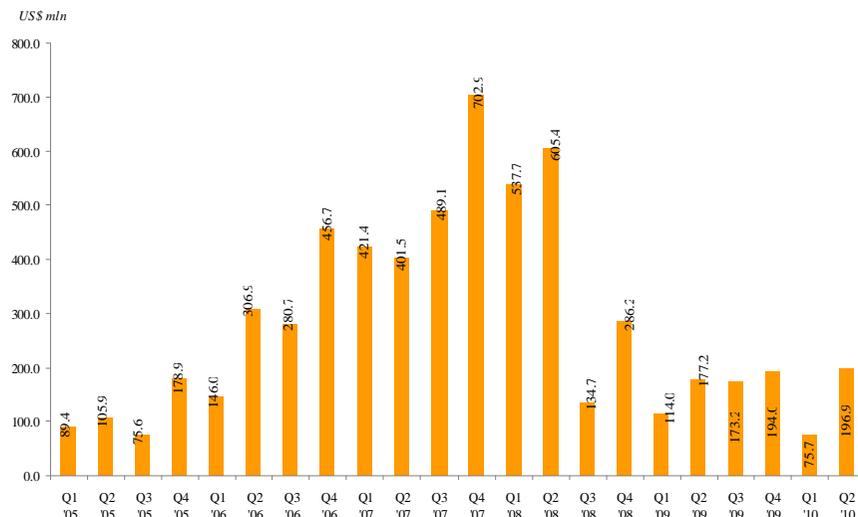
Source: Central Bank of Georgia, Ministry of Finance of Georgia

BoG Forecasts for 2010

FDIs and Donor Assistance

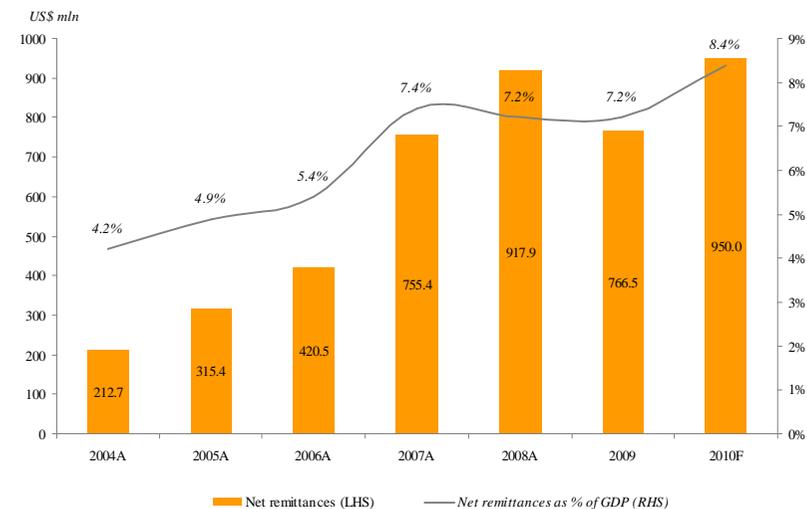
- ✦ Liberal regulatory environment for foreign businesses, resulting in FDI averaging at 16% of GDP during past three years, with cumulative FDI (2004 – 2009) in country reaching 60.5% of GDP as of YE 2009.
- ✦ Unequivocal support from the West and IFIs with total financial pledge through 2011 of US\$4.5 bln (42% of 2009 GDP). Approximately one third of the package is earmarked for financial sector. By end of FY 2010, cumulative donor commitment to Georgia under the Brussels pledge will total circa US\$4.2 billion, with possibility of further upward adjustment. As of YE 2009, US\$ 1.4 billion was disbursed
- ✦ In addition:
 - ✦ Approved access to US\$1.2 bln under SBA by IMF until 2011
 - ✦ U.S. Committed US\$ 124 mln investment in energy infrastructure development (February 2010)
 - ✦ US\$70 million from ADB for infrastructure repairs

Quarterly FDI inflows

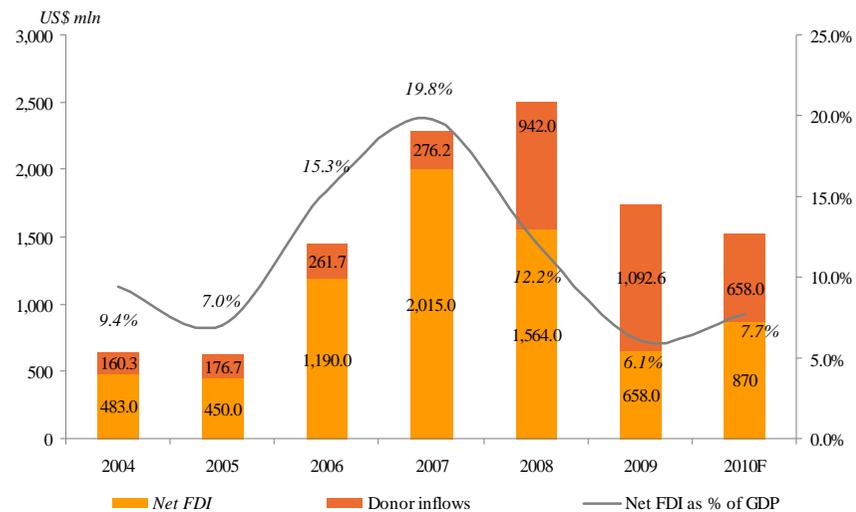


Source: National Statistics Office of Georgia

Net remittances



FDI Inflows



Source: Government of Georgia presentation

Financial Intermediation

Prudent Regulation Ensuring Financial Stability

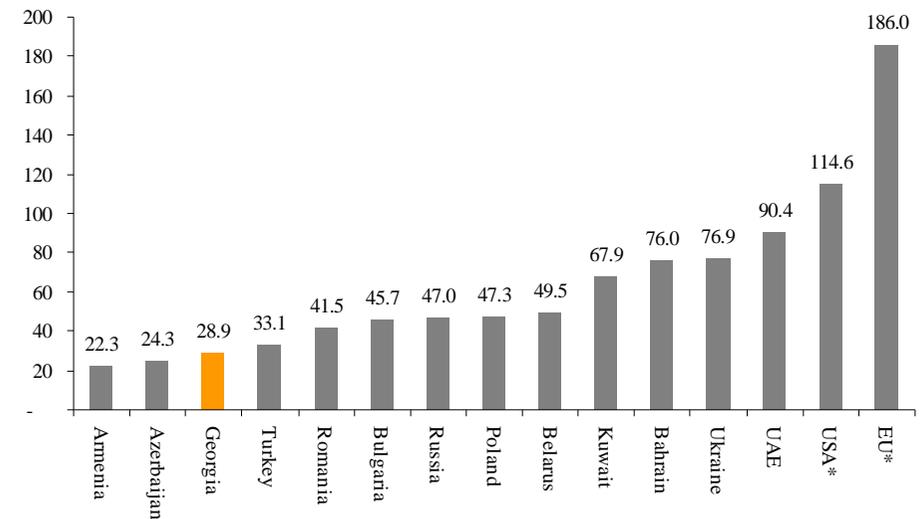
- High Regulatory Capital Requirement: Top 5 Banks average Tier I capital adequacy ratio (NBG standards)– 14.2%, **Bank of Georgia – 15.8% (BOG standalone BIS Tier I Capital adequacy ratio 24.6%)**
- High level of liquidity requirements from NBG at 30% of Liabilities, **Bank of Georgia 34.8%**

Resilient Banking Sector

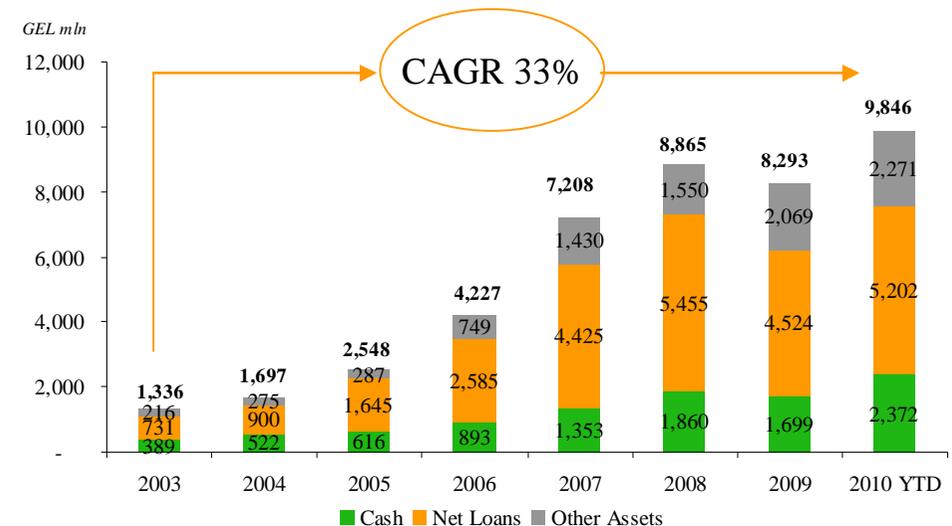
- Demonstrated strong resilience towards both domestic and external shocks** without single bank going bankrupt
- No nationalization of the banks** has occurred, no government bail-out plans have been required, no Government ownership since 1995
- Excess liquidity and excess capital** that has been accumulated by the banking sector to enable boosting the financing of the economic growth
- Very low leverage of population** with Retail Loans below 10% of GDP with and Total Loans at c. 30% of GDP resulted in contained number of defaults during the global crisis (Average LLP by BoG standalone as of end Q2'10 at c. 7%)

* Includes only loans to households

Bank debt to GDP



Banking sector assets





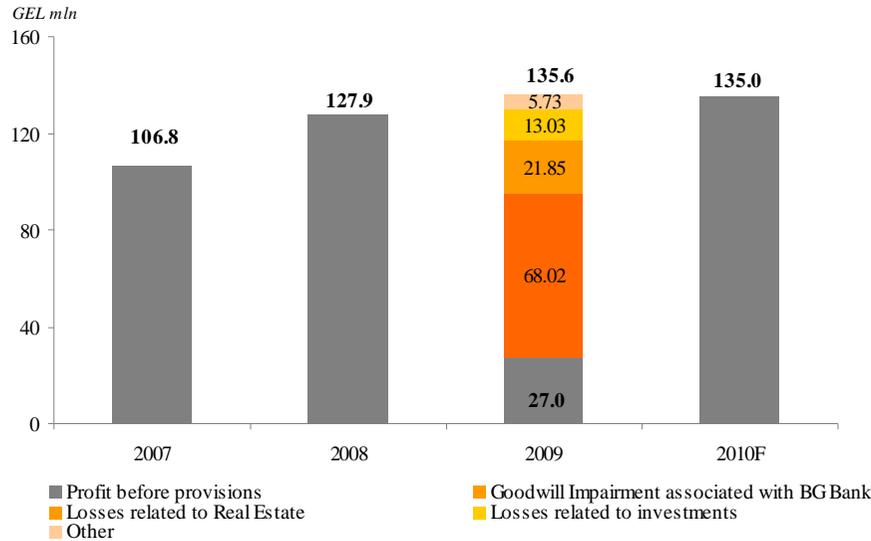
საქართველოს ბანკი
BANK OF GEORGIA

Management target for 2010

October 2010

Targeted financial performance 2010

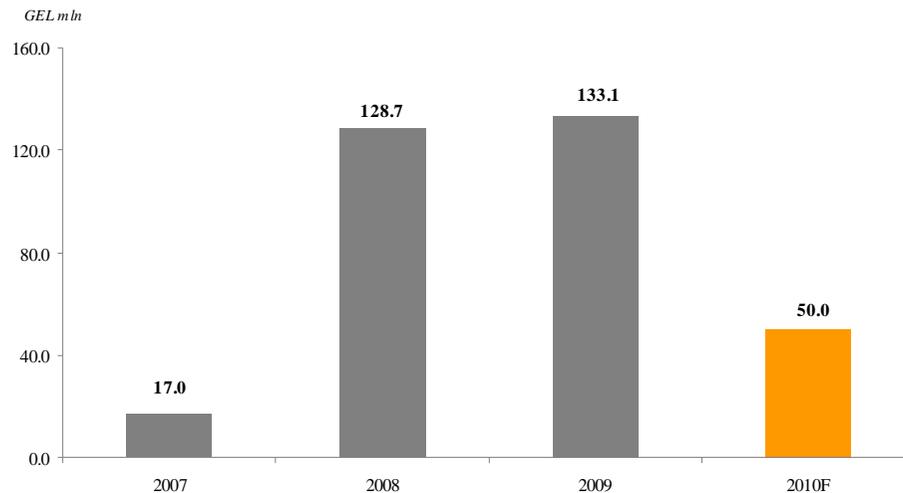
Target pre-provision profit for 2010



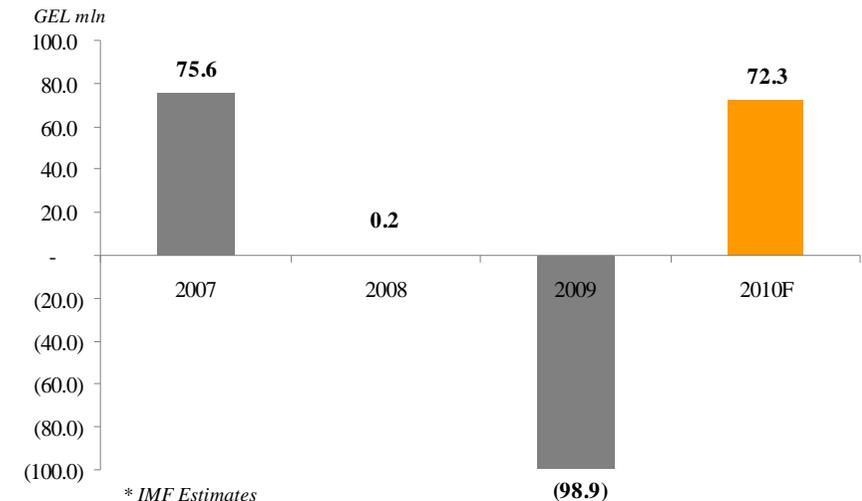
Assumptions

- 🏠 2010 real GDP growth of 2%* in Georgia
- 🏠 2010 inflation rate of 3.2%* in Georgia
- 🏠 The GEL/US\$ exchange rate remains stable during 2010
- 🏠 Geo-political stability is sustained in the region

Target net provision expense for 2010



Target net income for 2010





საქართველოს ბანკი
BANK OF GEORGIA

Strategy

October 2010

Strategic objectives: grow at the right price

More efficient

- Enhance operational efficiency through technological improvements:
 - Temenos T24*, core banking software, acquired in October '09 is in the process of implementation; Deployment of *Softscape*, talent management solution, and *CRIF*, credit scoring solution, is under way

Deposit funding

- Wealth Management services launched in Israel, Ukraine and London
- Deposits from international clients reach GEL 100 mln in '09, c. 8% of total deposits
- Premier Banking launched for the affluent client base supported by the exclusivity of Amex Card issuing and acquiring business in Georgia

Lending machine

- Despite high rate of bank debt growth in '05-'09, ample room for growth with total loans/GDP under 30%; retail loans/GDP under 10%
- Both corporate and retail lending stepped up in Georgia, Corporate loans up 15.6% YTD and Retail loans up 15.2% YTD
- Emphasis on micro loans, SMEs, consumer loans and mortgages in Georgia

Focus on International operations

- Focus on restructuring of Ukrainian operations, with options varying from further scale down to divesting
- Focus on high margin, unattended SME sector in Belarus; 19.99% of equity interest in BNB sold to IFC in 1H 2010
- First stage of restructuring of equity investment business completed
 - Controlling stake in investment management company sold



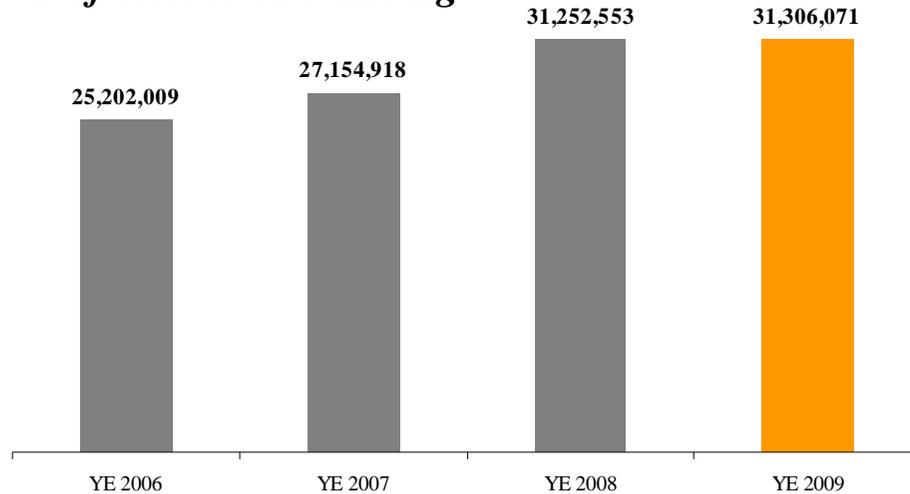
საქართველოს ბანკი
BANK OF GEORGIA

Intention to pay dividends

October 2010

Intention to pay dividends for 2010

of Shares outstanding



- ☞ The new dividend policy will serve to further increase capital management discipline as we consider investing in our growth going forward
- ☞ Estimated dividend payout for 2010 performance - GEL 9.4 million

- ☞ The Bank intends to propose the establishment of a progressive dividend policy at the 2010 AGM
- ☞ The intention is to recommend GEL 0.30 dividend per share in 2011 in respect of 2010 financial year performance
- ☞ Dividend payment is subject to management achieving 2010 financial targets outlined above
- ☞ The Bank anticipates increasing the dividend payment in the future

The new dividend policy is to set dividend payments while taking into consideration the need to maintain proper balance between the ability to finance growth and preserving progressive dividend



საქართველოს ბანკი
BANK OF GEORGIA

Governance

October 2010

A move to classical two-tier board structure

Supervisory Board

- 7 non-executive SB members; non-executive Chairman

SB members

- **Neil Janin, Independent Director**
experience: Director at McKinsey & Company in Paris; Co-chairman of the commission of the French Institute of Directors (IFA); Chase Manhattan Bank (now JP Morgan Chase) in New York and Paris; Procter & Gamble in Toronto.
- **Ian Hague, Firebird Management LLC**
- **Allan Hirst, Independent Director**
experience: 25 years at Citibank, including CEO of Citibank, Russia; various senior capacities at Citibank
- **Kaha Kiknavelidze, Independent Director**
currently managing partner of Rioni Capital, London based investment fund; previously Executive Director of Oil and Gas research team for UBS
- **Jyrki Talvitie, Independent Director**
- **David Morrison, Independent Director**
experience: senior partner at Sullivan & Cromwell LLP prior to retirement
- **Al Breach, Independent Director**
experience: Head of Research, Strategist & Economist at UBS; Russia and CIS economist at Goldman Sachs
- **Hanna Loikkanen, East Capital - Advisor to Bank of Georgia Supervisory Board.**

Management Board

- Chief Executive Officer and 9 Executive members of Management Board

MB members

- **Irakli Gilauri, CEO;** *formerly EBRD banker in Tbilisi and London, MS from CASS Business School, London*
- **Giorgi Chiladze, Finance;** *formerly CEO of BTA Bank (Georgia); Program Trading Desk at Bear Sterns, NYC*
- **Archil Gachechiladze, Corporate Banking;** *formerly Deputy CEO of TBC Bank, Georgia; Lehman Brothers Private Equity, London; MBA from Cornell University*
- **Avto Namicheishvili, Legal;** *previously partner at Begiashvili & Co, law firm in Georgia. LLM from CEU, Hungary*
- **Irakli Burdiladze, Deputy CEO in charge of SB Real Estate;** *previously CFO at GMT Group, Georgian real estate developer. Masters degree from Johns Hopkins University*
- **Sulkhan Gvalia, Risk;** *founder of TUB, Georgian bank acquired by BOG in 2004*
- **Murtaz Kikoria, acting CEO of BG Bank;** *formerly senior banker at EBRD; Head of Banking Supervision at the National Bank of Georgia.*
- **Mikheil Gomarteli, Retail Banking;** *10 years work experience at BOG*
- **Nick Shurgaia, International Business;** *previously CEO of VTB Georgia, Senior Banker at EBRD, London; MBA from LBS*
- **Vasil Revishvili, Head of Wealth Management;** *previously Head of the Investment Risk Unit and Senior Investment Manager at Pictet Asset Management in London and Geneva. MS in Finance from London Business School*



საქართველოს ბანკი
BANK OF GEORGIA

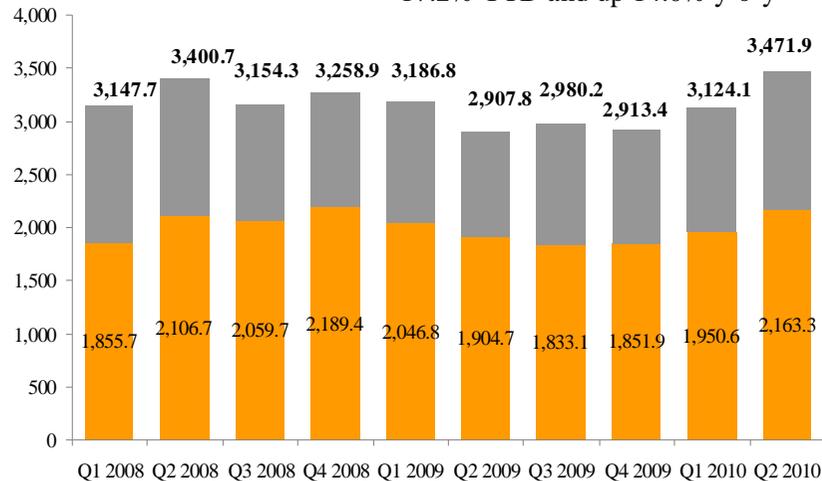
Q2 2010 results highlights

October 2010

Assets

Total assets

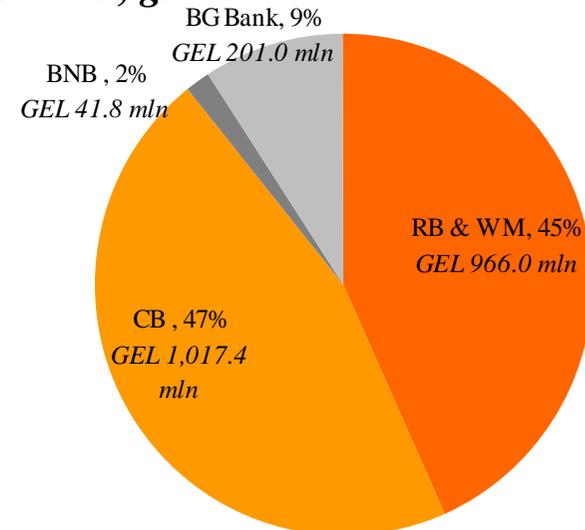
GEL mln



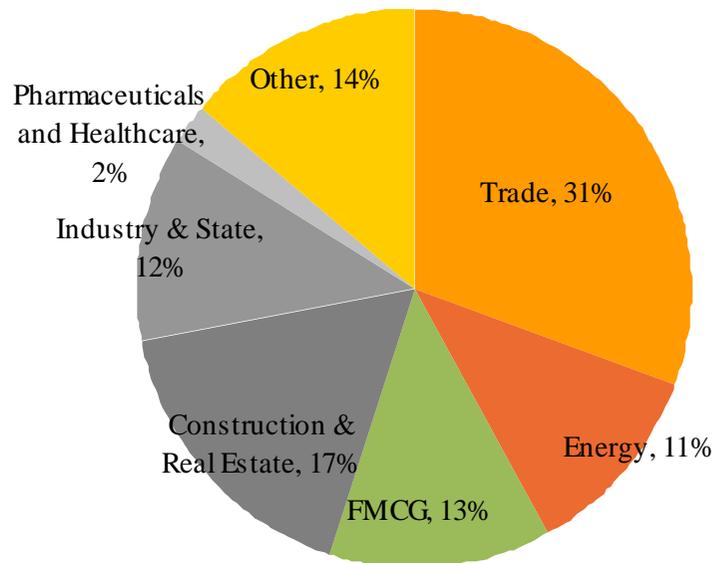
Gross loans grew 10.9% q-o-q, up 17.2% YTD and up 14.0% y-o-y

The Balance Sheet growth since the beginning of the year in 1H 2010 resulted in 2.1% market share gain by assets, 1.1% market share gain by gross loans and 2.5% market share gain by client deposits

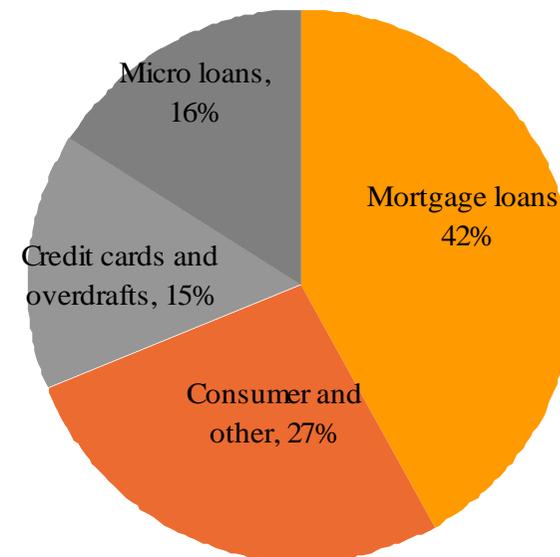
Loan book, gross



Corporate loan book breakdown, BoG Standalone



Retail loan book breakdown, BoG Standalone



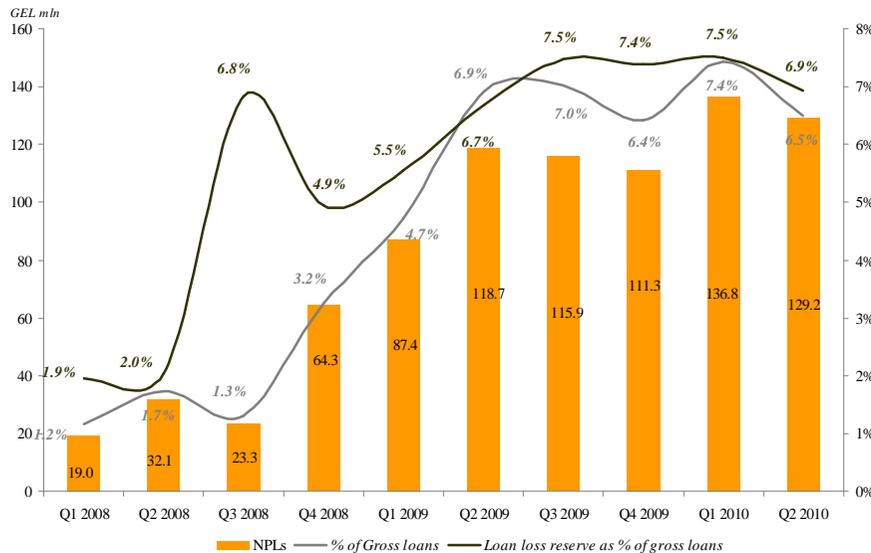
Loan portfolio quality

Loan quality under the following stress tests

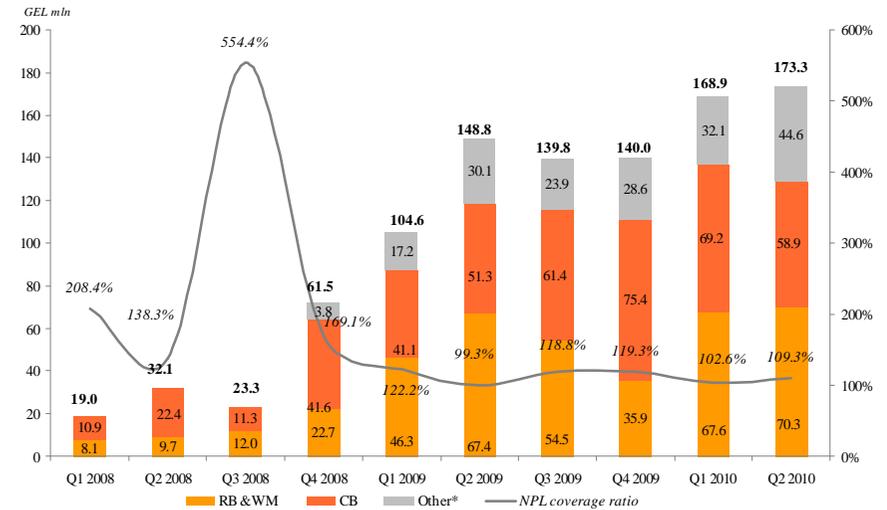
-  Domestic and international crises
-  17% devaluation of Lari against US\$ in one day in November 2008
-  Political crisis in Georgia peak in Spring 2009

 Bank of Georgia standalone NPLs declined 5.6% q-o-q to GEL 129.2 million, while BG Bank' (Ukraine) NPLs grew 45.6% q-o-q to GEL 41.9 million

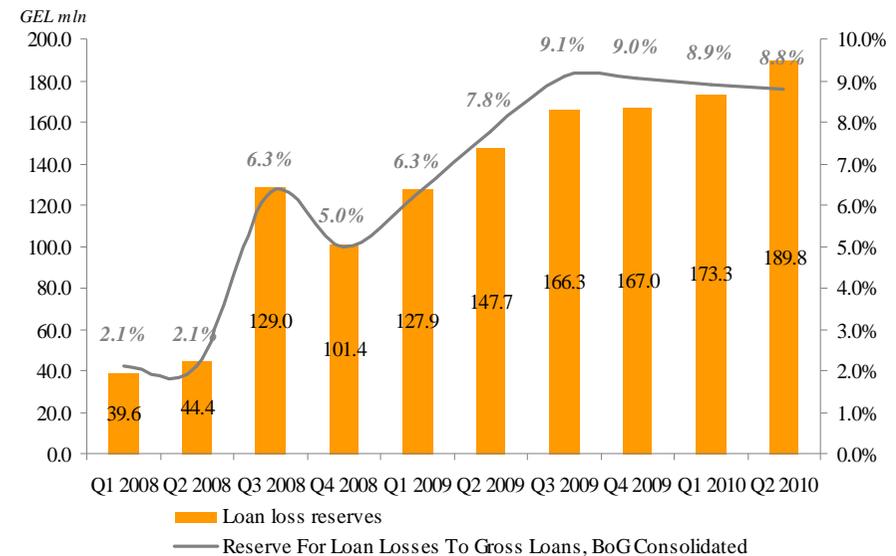
NPLs, BoG Standalone



NPLs, Consolidated

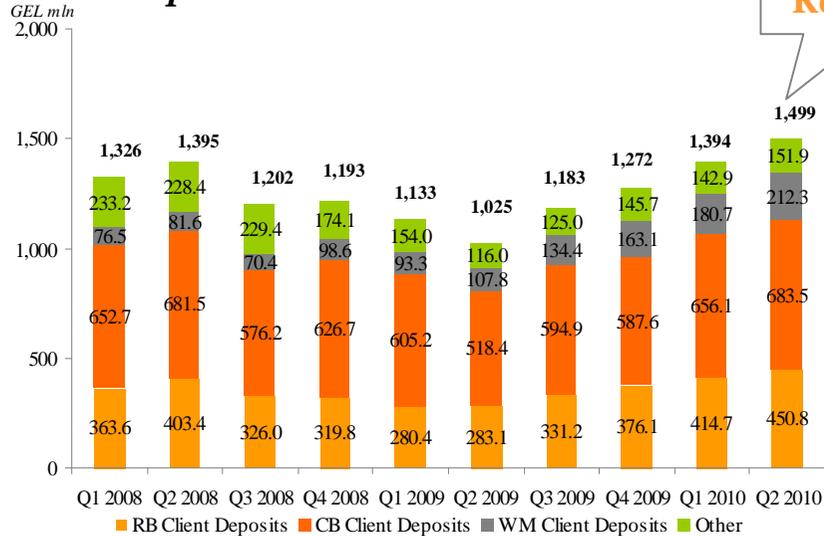


Loan loss reserve, Consolidated

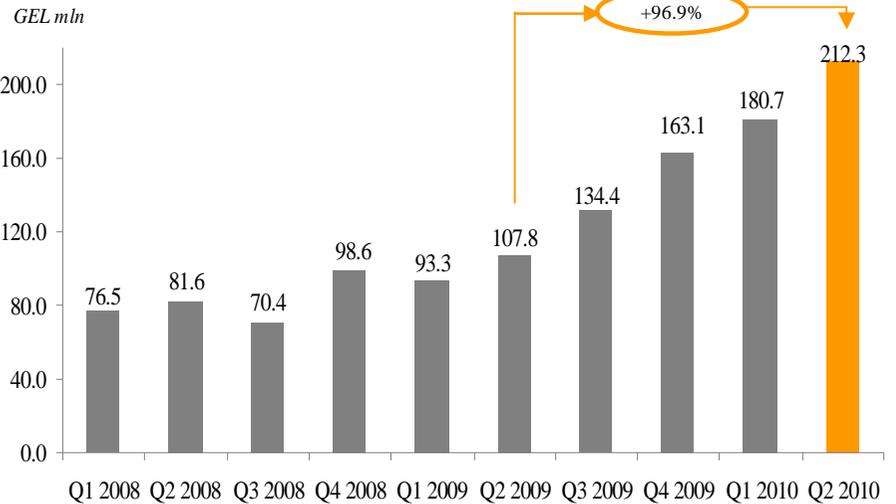


Liabilities

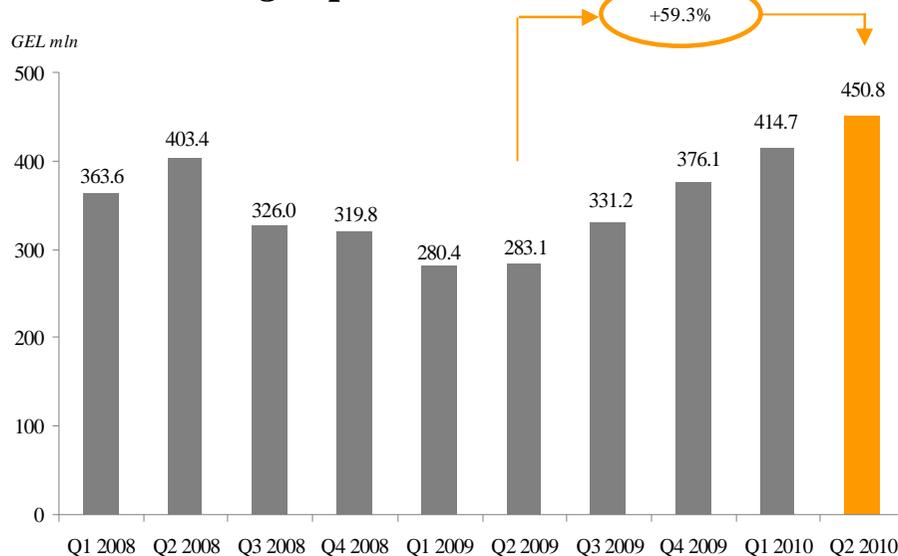
Client deposits



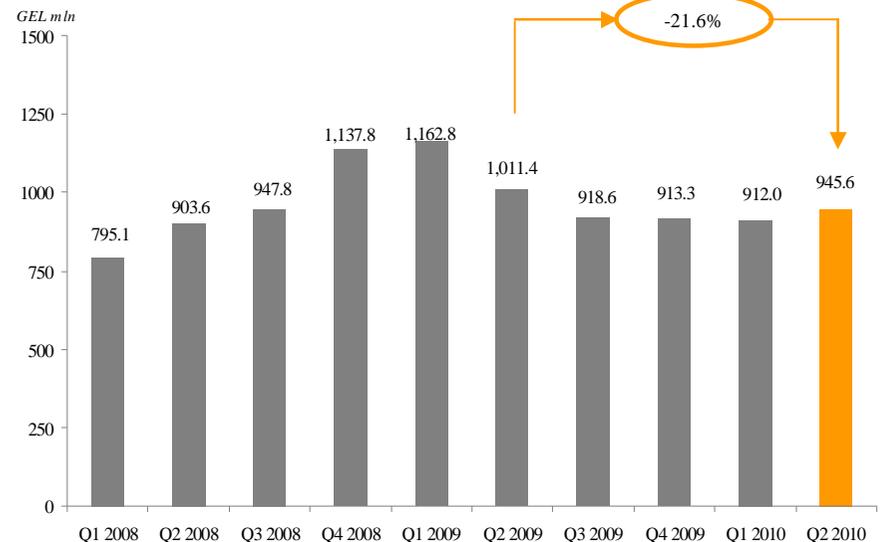
Wealth Management deposits



Retail banking deposits



Borrowed funds



Total Client deposits grew by 46.2% y-o-y in Q2 '10 (7.5% q-o-q)

WM client deposits grew 96.9% y-o-y (17.5% q-o-q) in Q2 '10

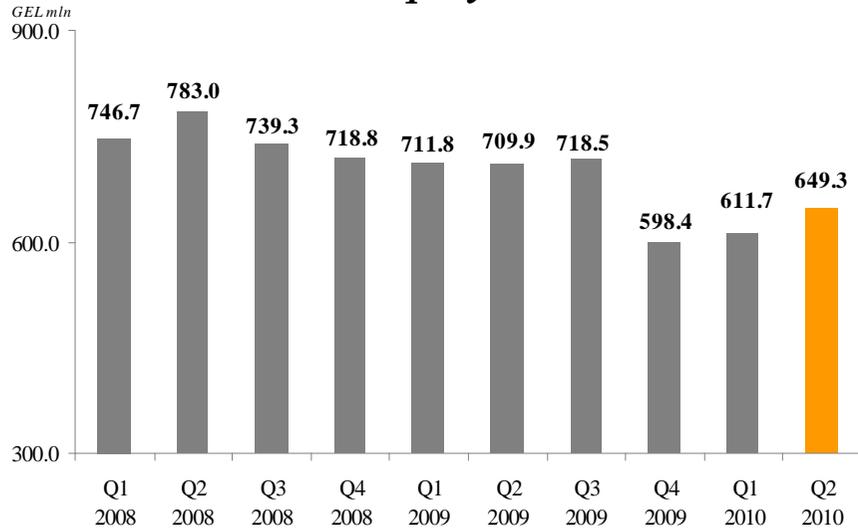
RB client deposits 59.3% y-o-y (8.7% q-o-q) in Q2 10

CB client deposits grew 31.8% y-o-y (4.2% q-o-q) in Q2 10

GEL 225 mln of **borrowed funds** repaid in 2009

Equity & Capital adequacy

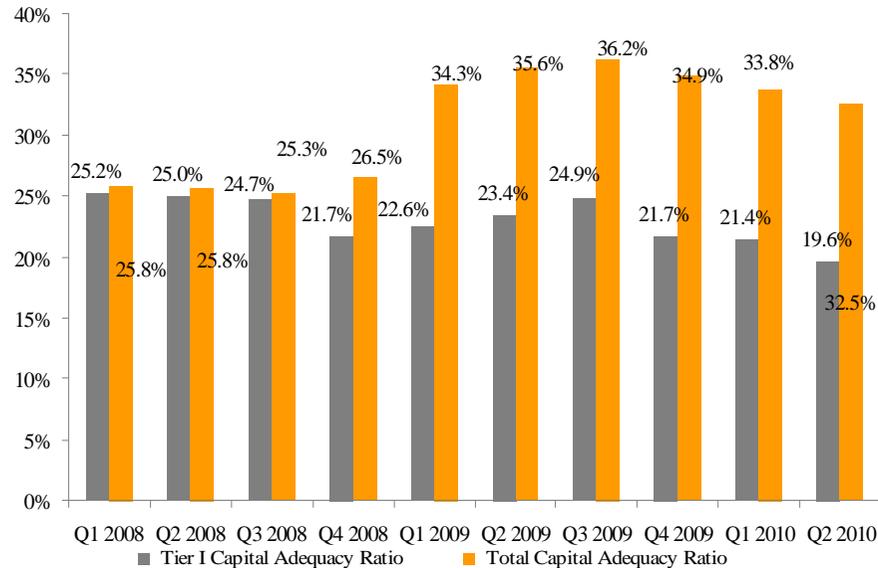
Total Shareholder's equity



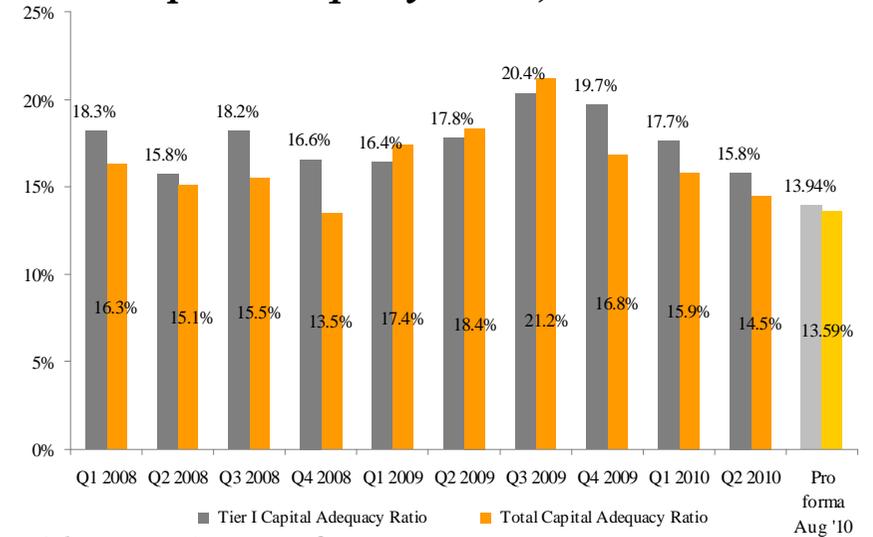
Risk weighting of FX denominated assets at 150% according to the National Bank of Georgia standards

Risk weighting of FX denominated assets will be increased to 175% from January 2010

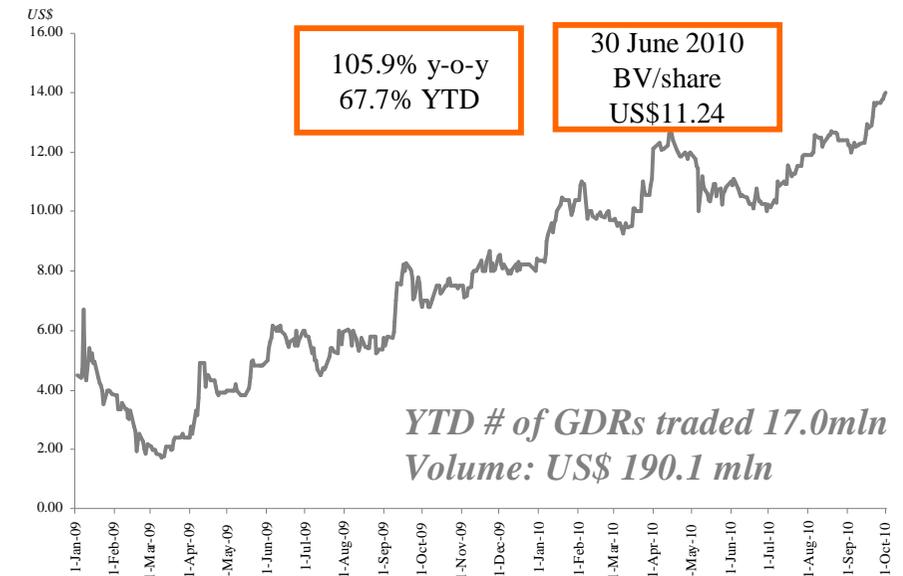
BIS capital adequacy ratios, BoG Consolidated



NBG capital adequacy ratios, BoG Standalone

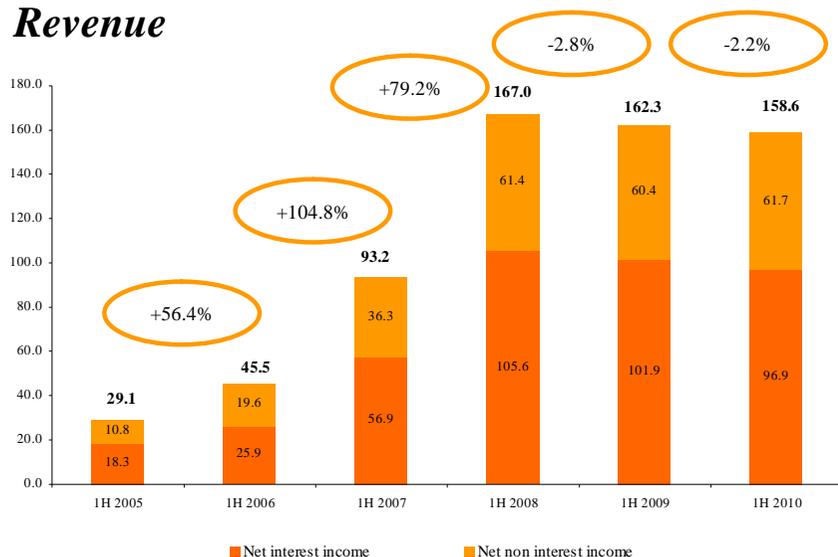


Share price performance

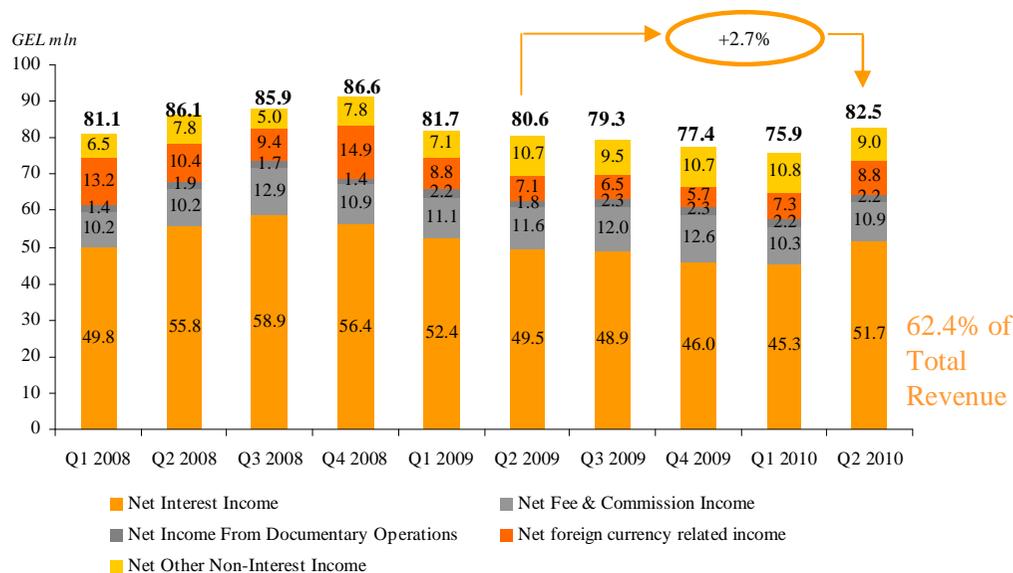


Revenue

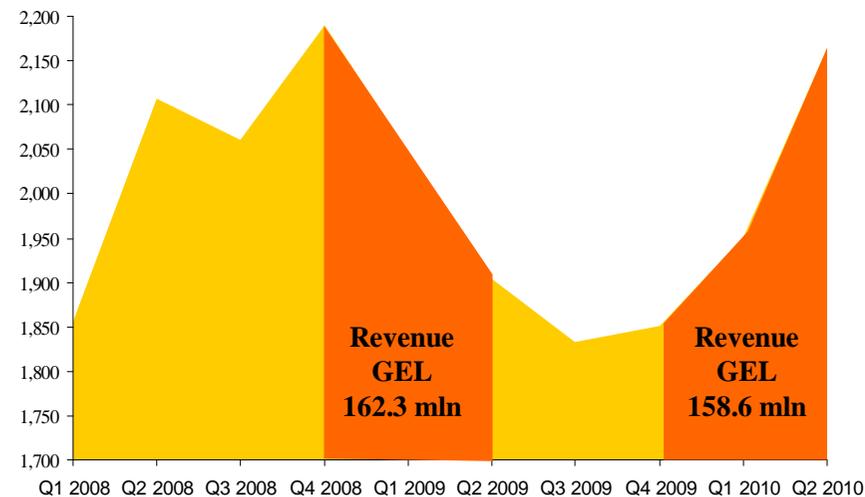
Revenue



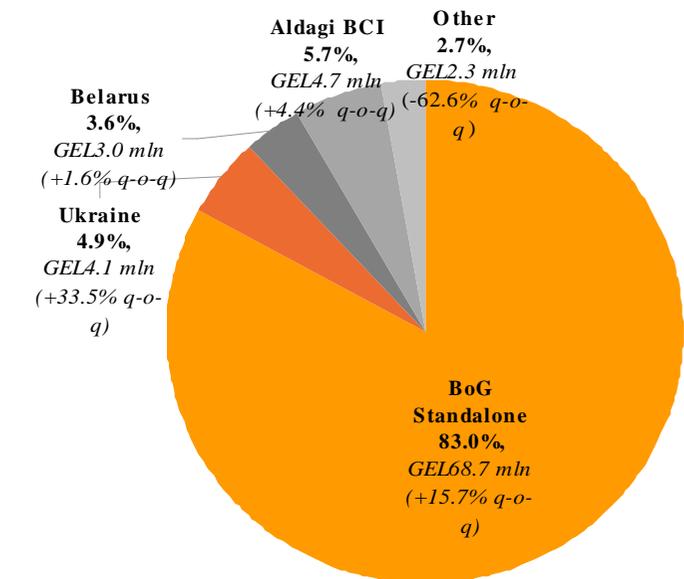
Revenue, quarterly



Revenue as a function of loan book change



Revenue by segments Q2 2010



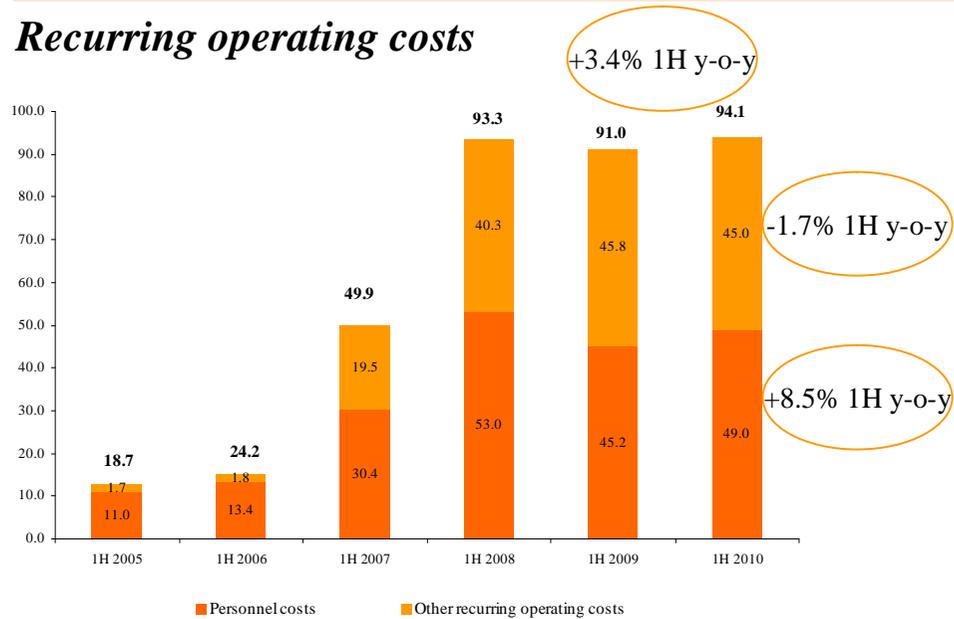
Georgia accounts for 83.0% of total consolidated revenues, BG Bank 4.9% and BNB 3.6%

Positive consolidated operating leverage achieved (16.4% q-o-q basis and 4.2% y-o-y basis) as Revenue grew 9.1% q-o-q and Total Recurring Operating Costs lagged with 3.3% q-o-q growth.

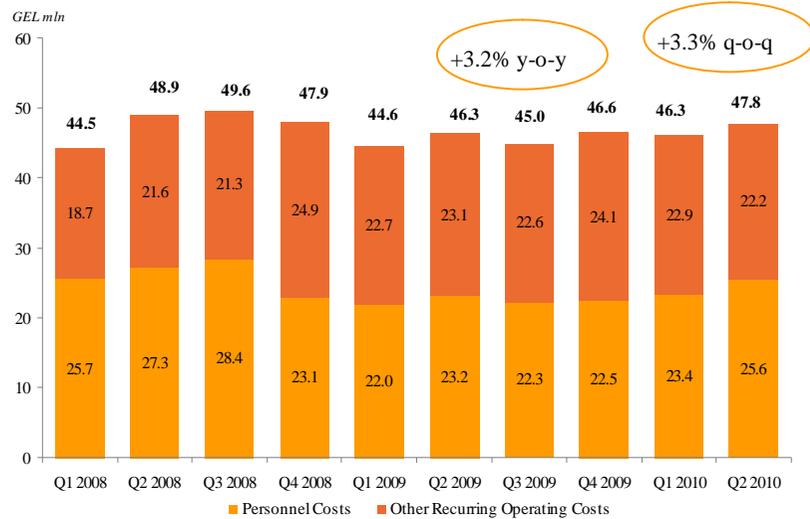
Standalone Revenue grew 15.3% q-o-q while standalone Total Recurring Operating Costs grew by 5.6% q-o-q, achieving positive standalone operating leverage 8.4% on q-o-q and 1.8% on q-o-q basis

Costs

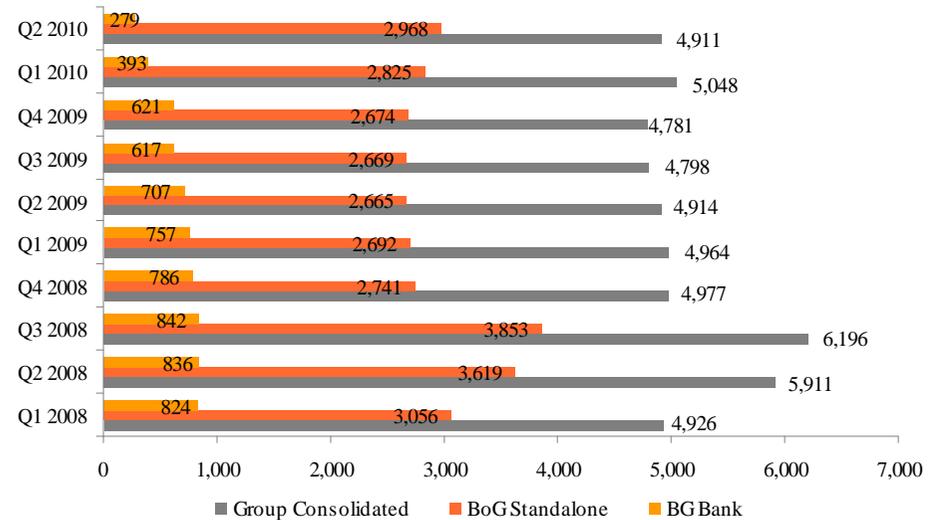
Recurring operating costs



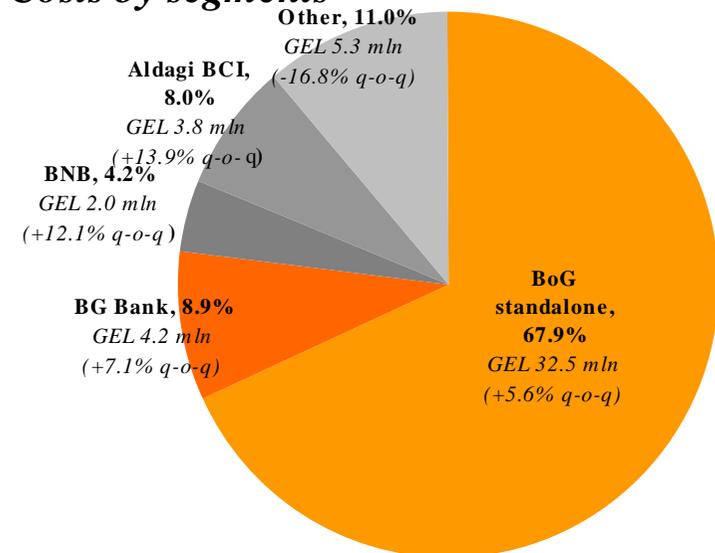
Recurring operating costs



Employees



Costs by segments



Operating profit, Provision expense

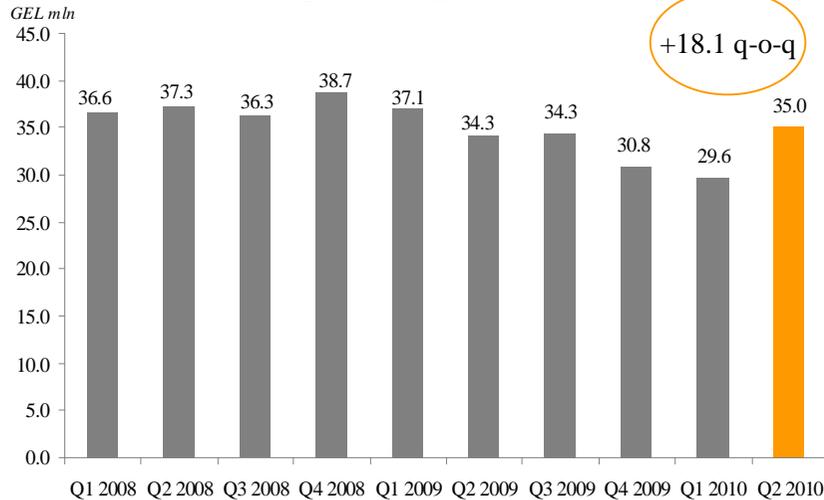
Consolidated Net Normalized Operating Income (NNOI) increased 18.1% q-o-q up 2.1% y-o-y

Consolidated Net provision expenses of GEL 13.1 mln in Q2 2010, GEL 7.4 mln in Q1 2010 and GEL 40.7 mln in Q2 2010 improved by 67.9% y-o-y

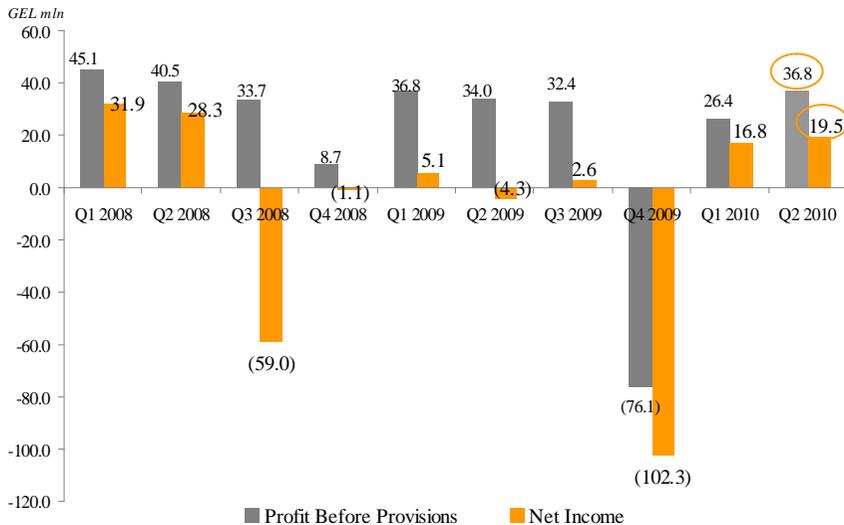
Bank of Georgia Standalone Net provision expenses declined by 79.1% y-o-y

Net Income for 1H 2010 was GEL 36.2 mln

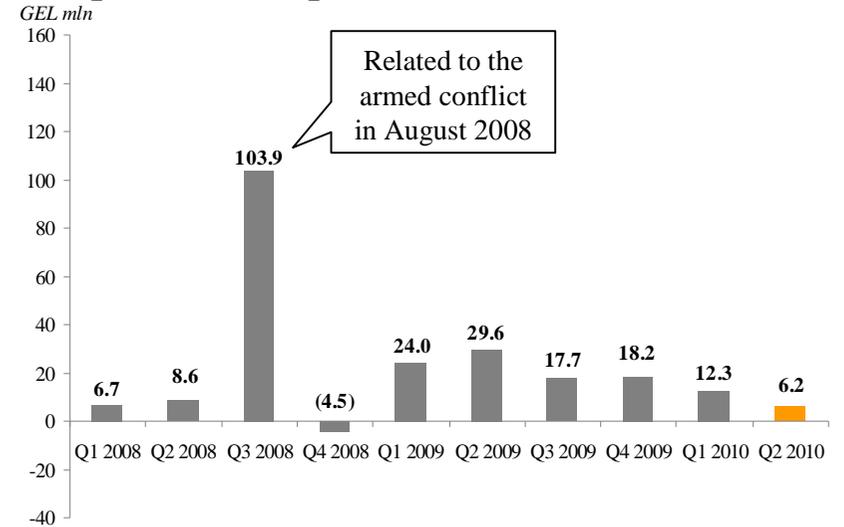
Normalized net operating income



Profit (loss) before provisions/ NI



Net provision expense BoG standalone



Net operating cash flow

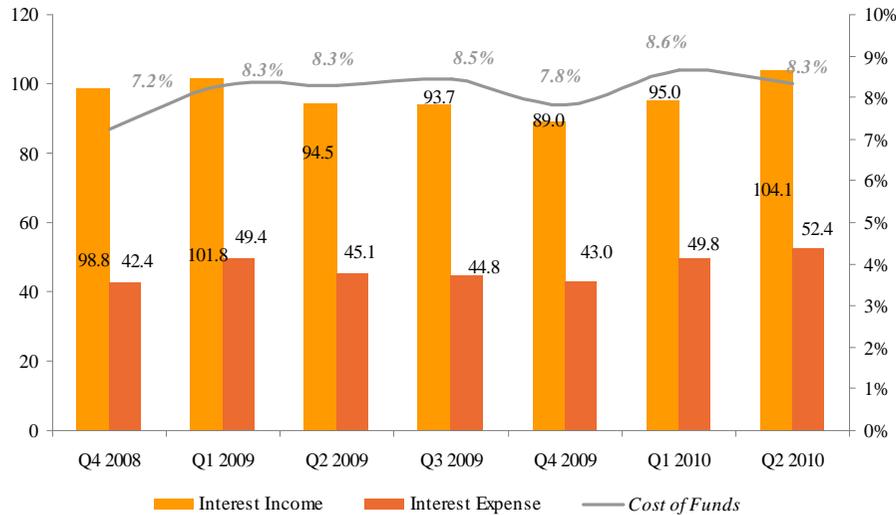
	1H 2010	1H 2009
	unaudited	
Cash flow from operating activities		
Interest received	199,514	188,779
Interest paid	(83,179)	(99,394)
Fees and commissions received	33,641	32,133
Fees and commissions paid	(6,349)	(5,313)
Net realised gains (losses) from trading securities	2,140	1,609
Net realised gains from investments securities	-	307
Net realised gains from foreign currencies	15,747	11,368
Recoveries of loans to customers	15,354	8,213
Insurance premiums received	21,827	19,314
Insurance claims paid	(13,449)	(14,632)
Other operating income received	10,580	12,939
Salaries and other employee benefits paid	(50,519)	(47,430)
General, administrative and operating expenses paid	(32,216)	(34,413)
Net cash flow from operating activities	113,091	73,480
Growth rate	53.9%	

Profitability & selected ratios

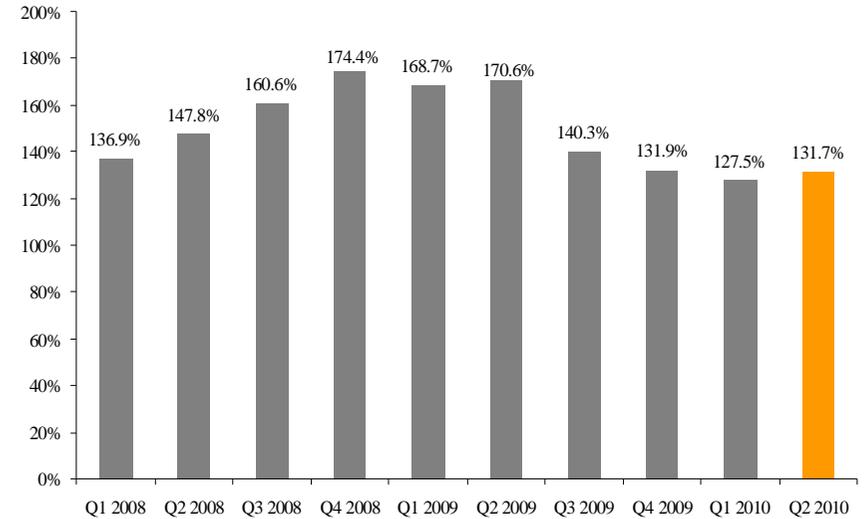
Net Interest Margin (NIM)

improved from 8.0% in Q1 2010 to 8.3% in Q2 2010 as Cost of Funds declined

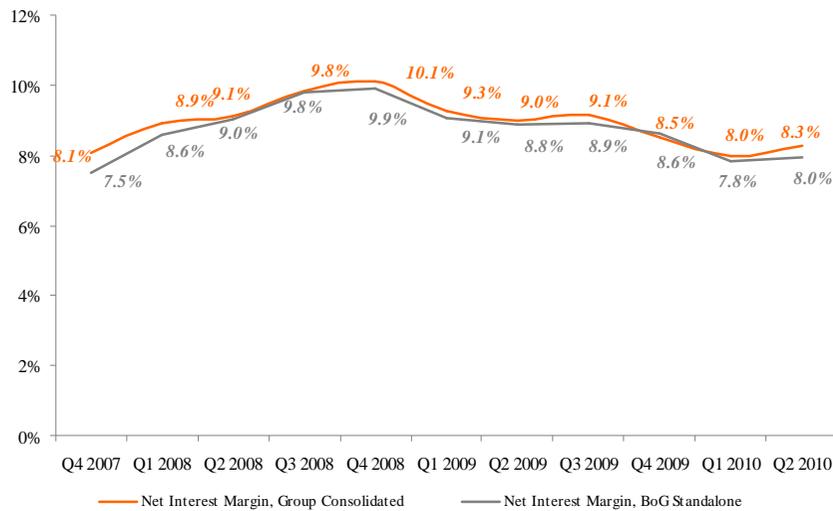
Cost of funds



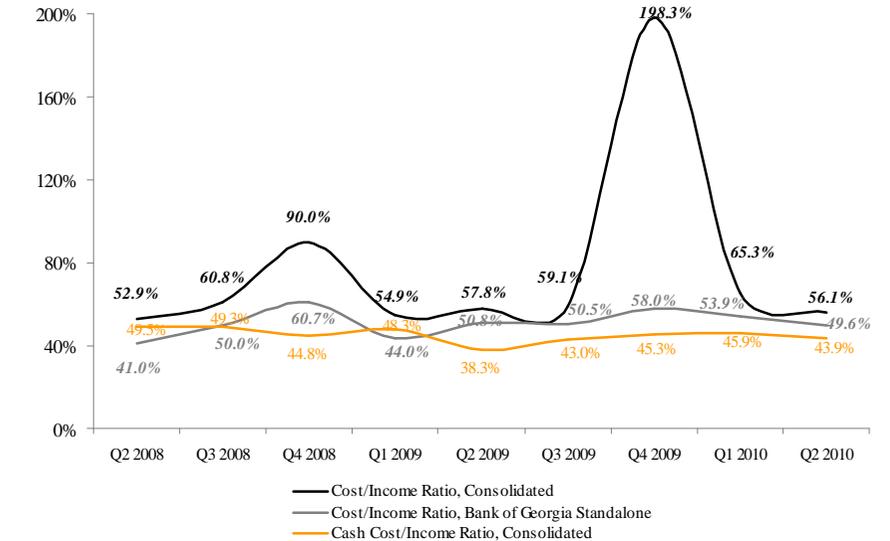
Net loans/Client deposits



Net interest margin (annualized)



Cost Income Ratio



Summary

☞ Operating environment in Georgia is improving and 2010 looks promising for Bank of Georgia:

☞ Consumer confidence and economic activity is increasing with a 7.5% q-o-q and 46.2% y-o-y increase in client deposits in Q2 2010; Q2 2010 Net remittances increased by 14.6% y-o-y; GDP real growth rate: 8.4% y-o-y Q2 2010; 6.0% 2010F; growth mainly driven by donor money inflows, export growth and credit growth in 1H 2010; VAT collection up by 20%+ y-o-y in recent months, 1H 2010 trade turnover up by 18% y-o-y, NBG reserves still on high level at around USD 2 bln, exceeding M2 by 1.5 times

☞ Strong operating leverage achieved, 16.4% q-o-q and 4.2% y-o-y basis driven by:

☞ Improvement in NIM from 8.0% to 8.3%, as our cost of funds decreased from 8.6% to 8.3%, as a result of deposit rate cuts

☞ Solid growth of higher yielding retail loan book

☞ Increase of Net Interest Income as lending activity picked up

As a result Consolidated Cost/Income ratio decreased from 65.3% in Q1 to 55.5% in Q2 2010, standalone Cost/Income ratio decreased from 53.9% in Q1 2010 to 49.9% in Q2 2010

☞ As of 31 July 2010, the outstanding Eurobonds maturing in February 2012 amounted at US\$149 million, out of original US\$ 200 million, in August 2010 the Bank has signed agreements for US\$ 50 million 5-year credit facilities with EBRD

☞ YTD loan book growth funded through deposit inflows locally and internationally. WM Representative Office opened in London

Outlook for 2H 2010

- The growth rate of balance sheet in Q3 lower than Q2 due to seasonality effect as business activities in July and August is usually low
- Growth expected to resume in Q4
- Higher yielding retail loan book expected to grow faster in 2nd half of the year
- **Confident to deliver previously announced management target for 2010**

☞ We came out strong from the downturn and are well positioned to take advantage of our high liquidity and strong capital to achieve growth at the right price....

☞by implementing our strategy to become more *efficient, deposit funded lending machine*



საქართველოს ბანკი
BANK OF GEORGIA

Economy Annex

October 2010

FDI and Net remittances

Cumulative net FDI breakdown by origin, 2004 – Q2 2010

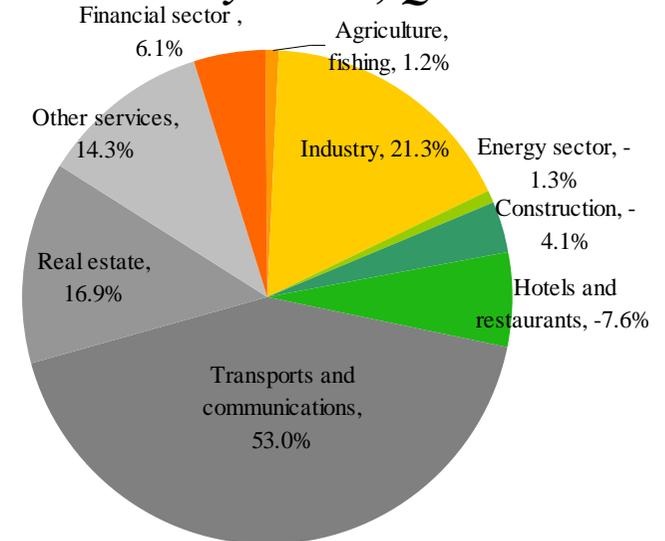
Country	US\$ '000s	% of total
UK	770,488	11.6%
UAE	613,245	9.2%
Turkey	565,356	8.5%
Netherlands	571,968	8.6%
British Virgin Islands	472,830	7.1%
Kazakhstan	258,077	3.9%
Azerbaijan	330,016	5.0%
Czech Republic	341,867	5.1%
Cyprus	275,657	4.1%
Subtotal	4,199,503	63.2%
Other countries	2,449,570	36.8%
Total	6,649,073	100.0%

Cumulative net remittances, 2007 – Q2 2010

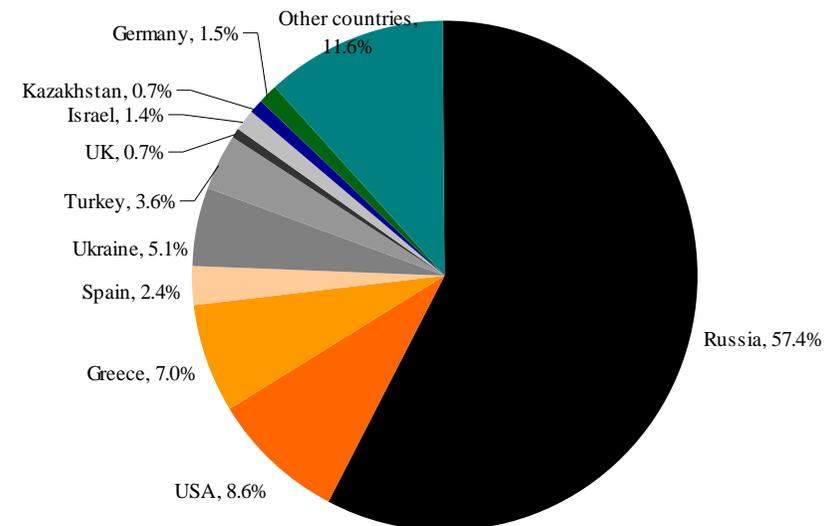
Country	US\$ '000s	% of total
Russia	1,717,761	60.8%
USA	272,138	9.6%
Greece	157,725	5.6%
Spain	78,011	2.8%
Ukraine	137,785	4.9%
Turkey	62,096	2.2%
UK	22,738	0.8%
Israel	26,879	1.0%
Kazakhstan	28,465	1.0%
Germany	21,451	0.8%
Other countries	298,575	10.6%
Total	2,823,623	100.0%

Source: National Bank of Georgia, National Statistics Office of Georgia

FDI breakdown by sectors, Q2 2010

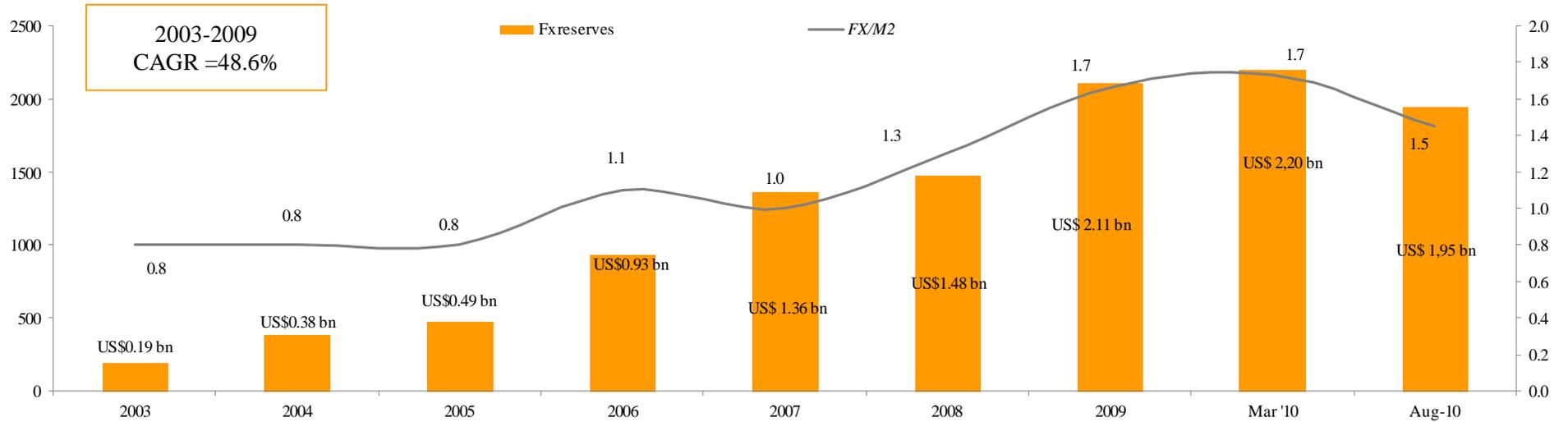


Net remittances by countries, Q2 2010

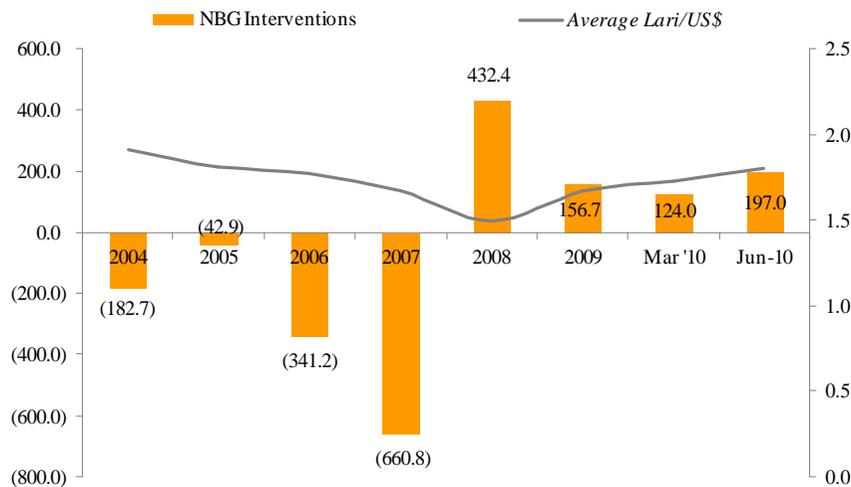


FX Reserves and Inflation

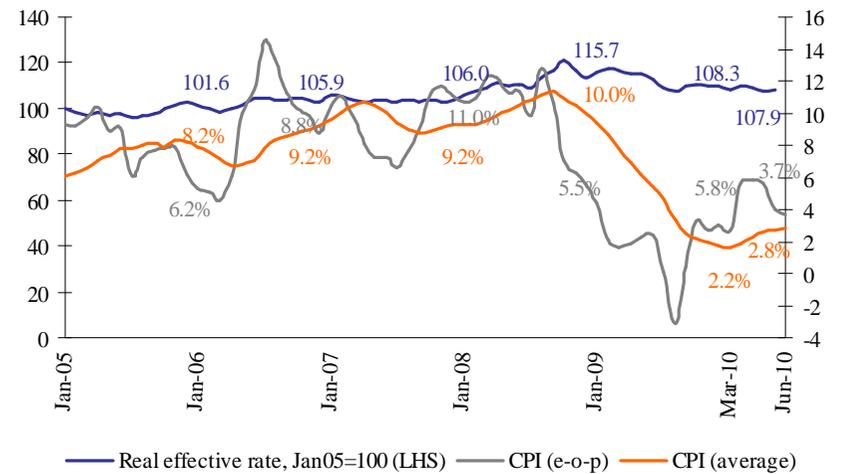
FX reserves, \$ mln



NBG Interventions



Inflation

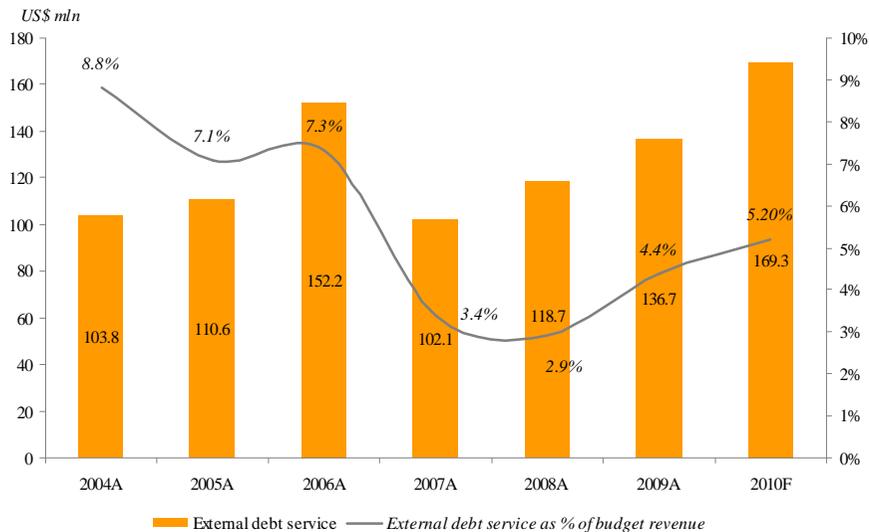


Source: National Bank of Georgia, Ministry of Finance of Georgia

Public debt: No burden to Public Finances

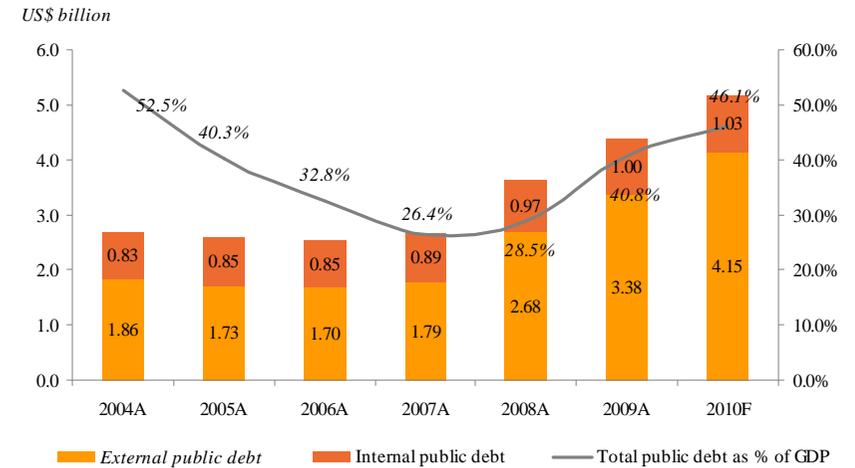
- ✦ Georgia's economy is quite unleveraged compared to other emerging market economies
- ✦ Georgia's public debt is 40.8% of GDP in 2009 down from 58.0% in 2003
- ✦ The external debt is all multilateral or bilateral and significant share is highly concessional
- ✦ This explains why the government debt service burden is low
- ✦ Eurobonds debut issuance of US\$500 mln in April 2008, maturity date 2013

External public debt service



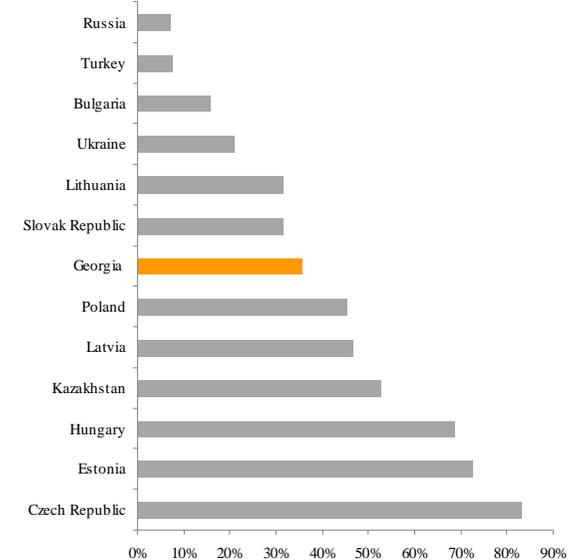
Source: "The Georgian Economy Overview", Government of Georgia Presentation, June 2009.

Breakdown of public debt



Source: "The Georgian Economy Overview", Government of Georgia Presentation,

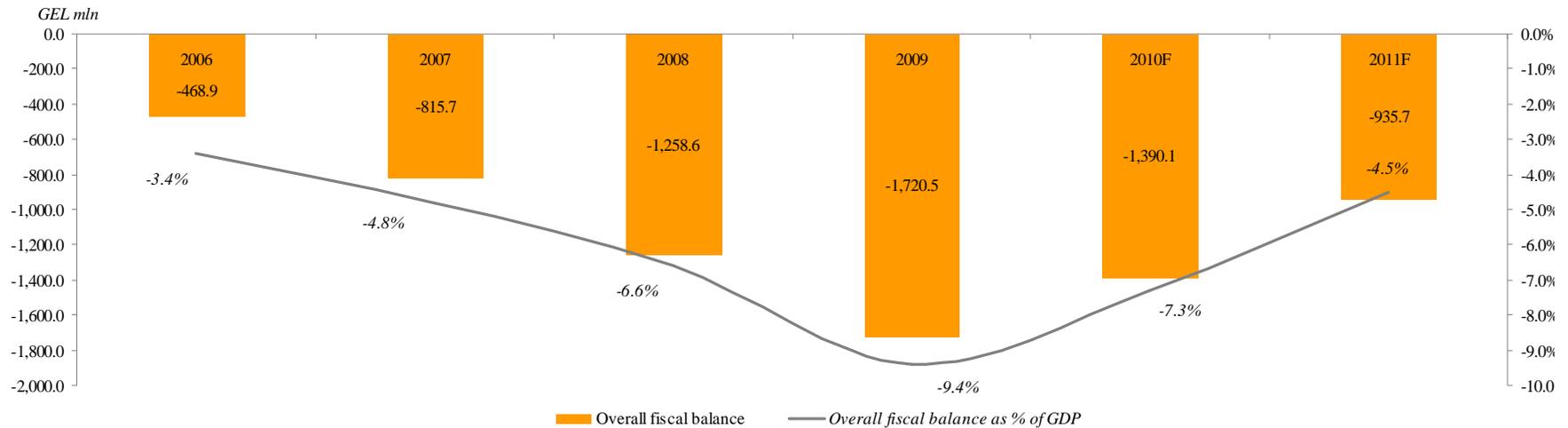
Public debt as % of GDP, 2009



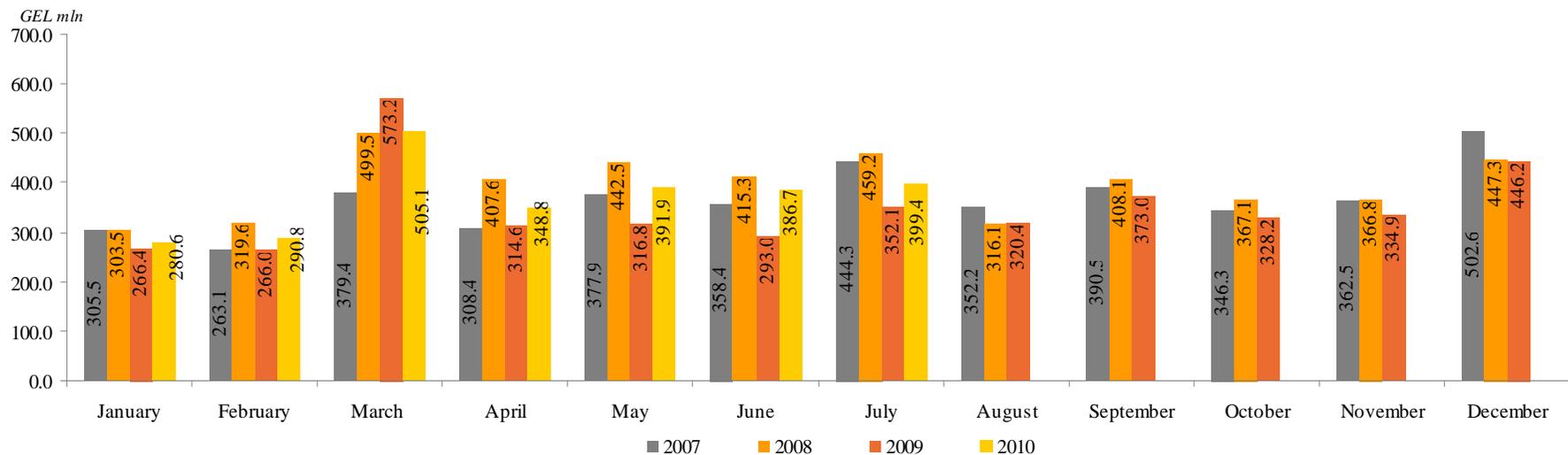
Source: World Bank, International Monetary Fund

Fiscal indicators: The worst seems past

Overall fiscal balance of the state budget, 2004-2011F



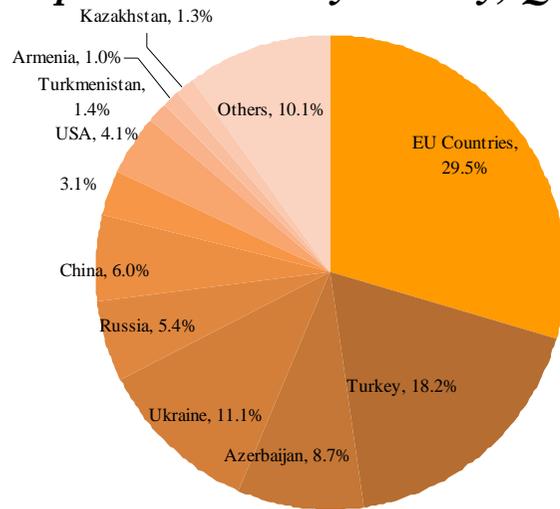
Fiscal revenue performance



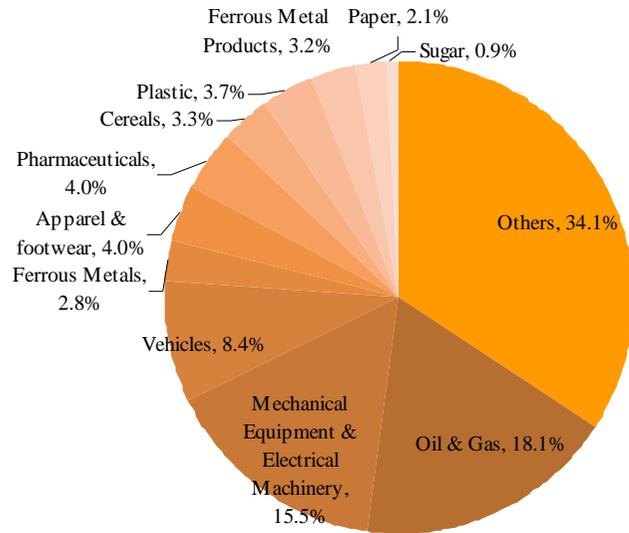
Source: National Bank of Georgia, National Statistics Office of Georgia

Trade structure

Import structure by country, Q2 2010

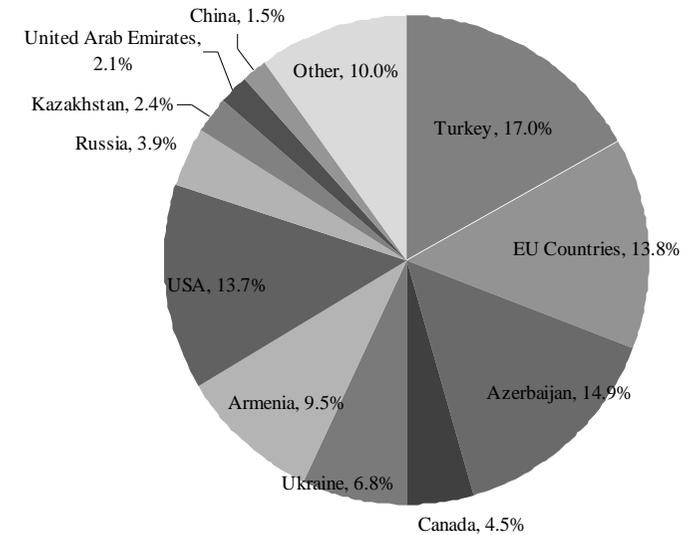


Import structure by product, Q2 2010

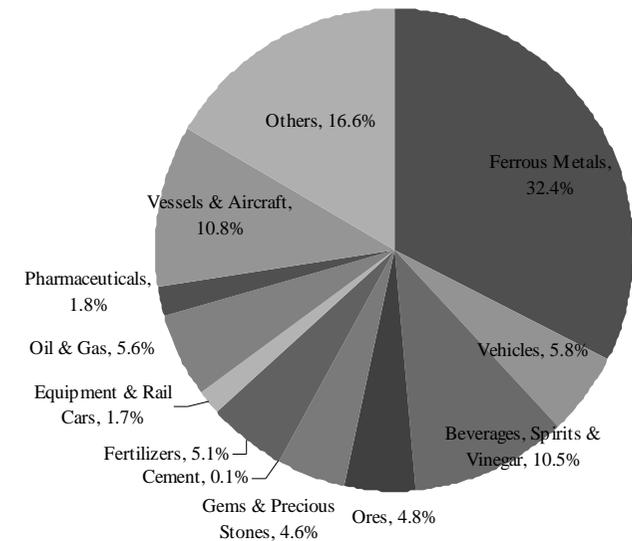


Source: National Statistics Office of Georgia

Export structure by country, Q2 2010



Export structure by product, Q2 2010



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.

Contact

Irakli Gilauri

Chief Executive Officer

+995 32 444 109

igilauri@bog.ge

Macca Ekizashvili

Head of Investor Relations

Head of Representative Office, London

84 Brook St, London, W1K 5EH

+44 203 178 4052

ir@bog.ge