



საქართველოს ბანკი
BANK OF GEORGIA

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

JSC Bank of Georgia investor presentation

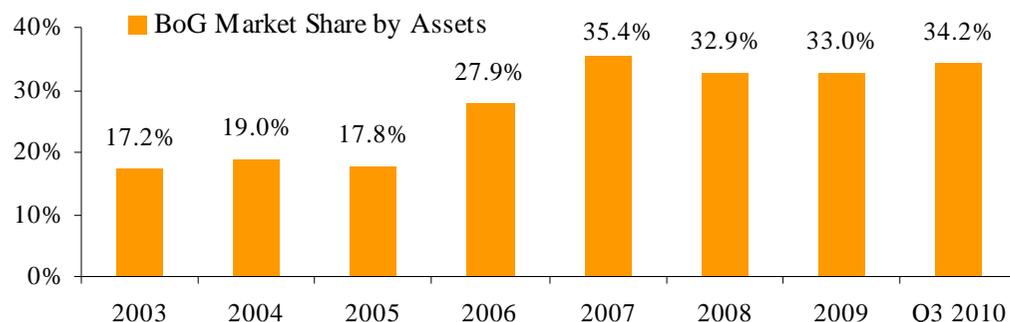
*Merrill Lynch Russia & CIS 1-1 Conference
New York, November 2010*

November 2010

Introduction to Bank of Georgia

The leading universal bank in Georgia

- ☒ No.1 by assets (34%), ⁽¹⁾ gross loans (34%), ⁽¹⁾ client deposits (30%) ⁽¹⁾ and equity (39%) ⁽¹⁾. September 2010 YTD market share gain 2.2%
- ☒ Assets of GEL 3.6 bn (USD 2.0 bn), Net Loans of GEL 2.1 bn (USD 1.1 bn), Client Deposits of GEL 1.7 bn (USD 0.9) and Equity of GEL 679.6 million (USD 376.2 bn)



- ☒ Leading retail banking, with top brand, best distribution network and broadest range of services of any bank in Georgia. Number of Retail Clients 729,500, Number of Branches 137, ATMs 388
- ☒ Leading corporate bank with approximately 90,500+ legal entities and over 171,000+ 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; Fitch Ratings: 'B+/B' – at the sovereign ceiling; Moody's: 'B3/NP (FC)' & 'Ba3/NP (LC)'
- ☒ Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
 - ☒ Market Cap (LSE) US\$ 546 mln as 10 November 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

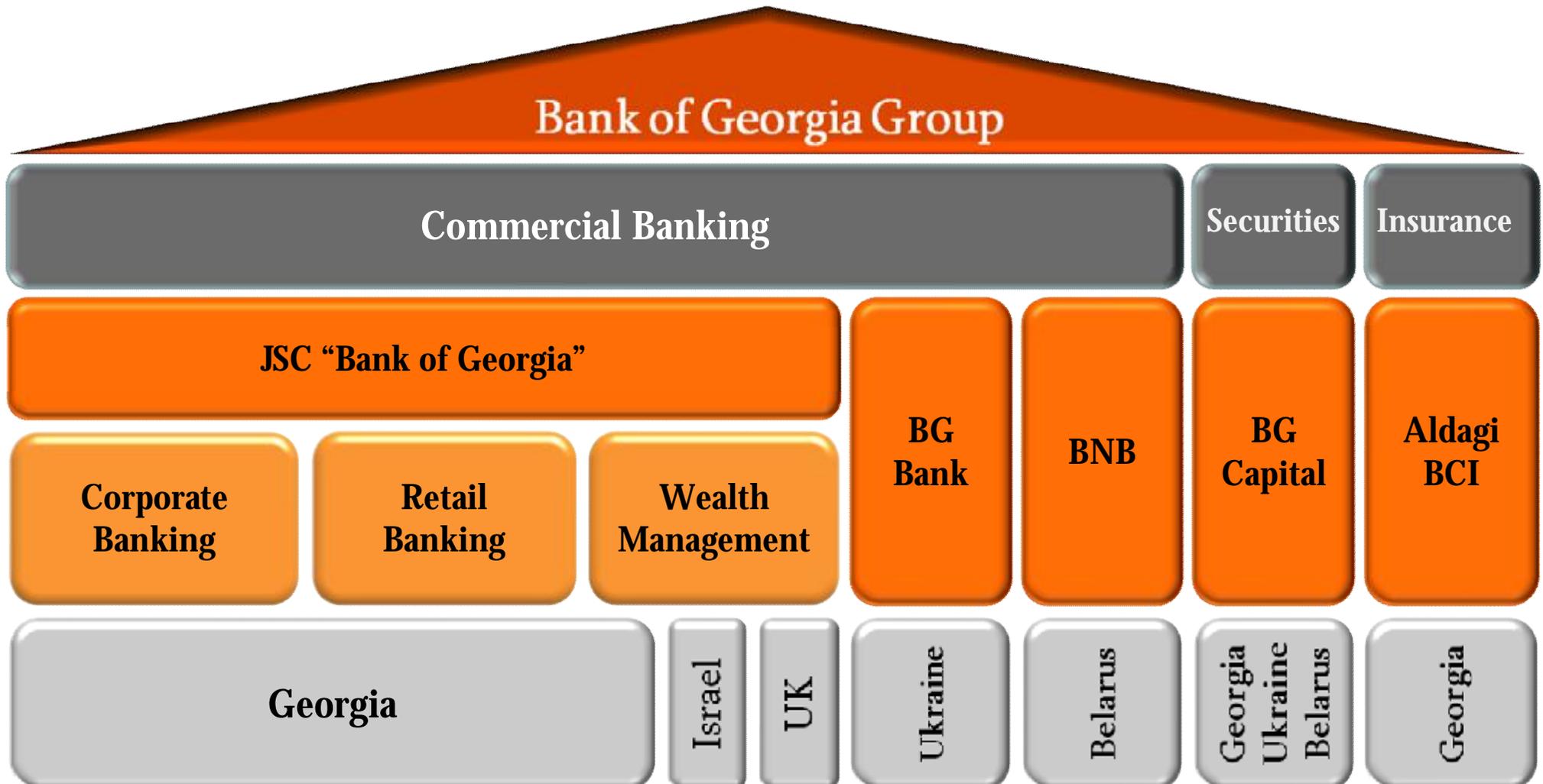
<i>Institutional Shareholders*</i>	93.0%
<i>Local Shares Held by Domestic and Foreign Retail Shareholders</i>	3.9%
<i>Management and Employees**</i>	3.1%

*through BNY Nominees Limited

** includes GDRs held as part of EECF

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

Group structure





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BANK OF GEORGIA

The Georgian Economy

November 2010

Georgia's Economy – Basic Facts

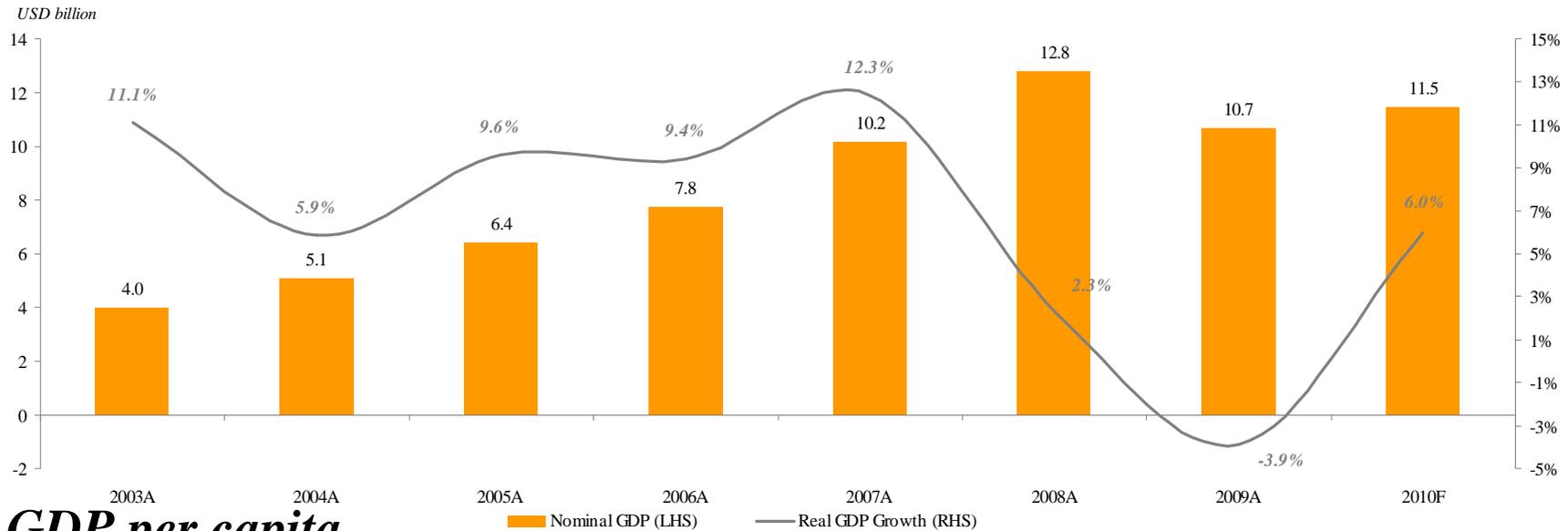
- 🏠 Area: 69,700 sq km
- 🏠 Population: 4.4 million (as of January 1, 2009)
- 🏠 Life expectancy: 76.5 years
- 🏠 Official language: Georgian
- 🏠 Literacy: 100%
- 🏠 Capital: Tbilisi
- 🏠 Currency (code): Lari (GEL)
- 🏠 GDP 2010F: US\$11.5 billion
- 🏠 GDP real growth rate 2009A: -3.9%
- 🏠 GDP real growth 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+
 - 🏠 Moody's Ba3/Stable



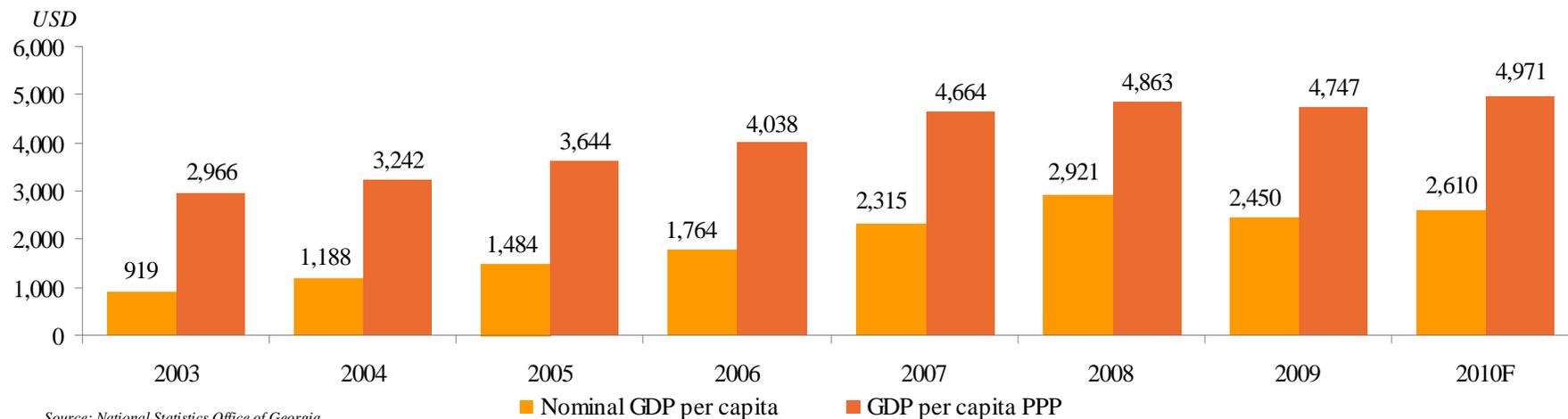
Source: Government of Georgia/IMF/Bank of Georgia estimates

Strong economic growth before crisis ... starting again?

Gross Domestic Product



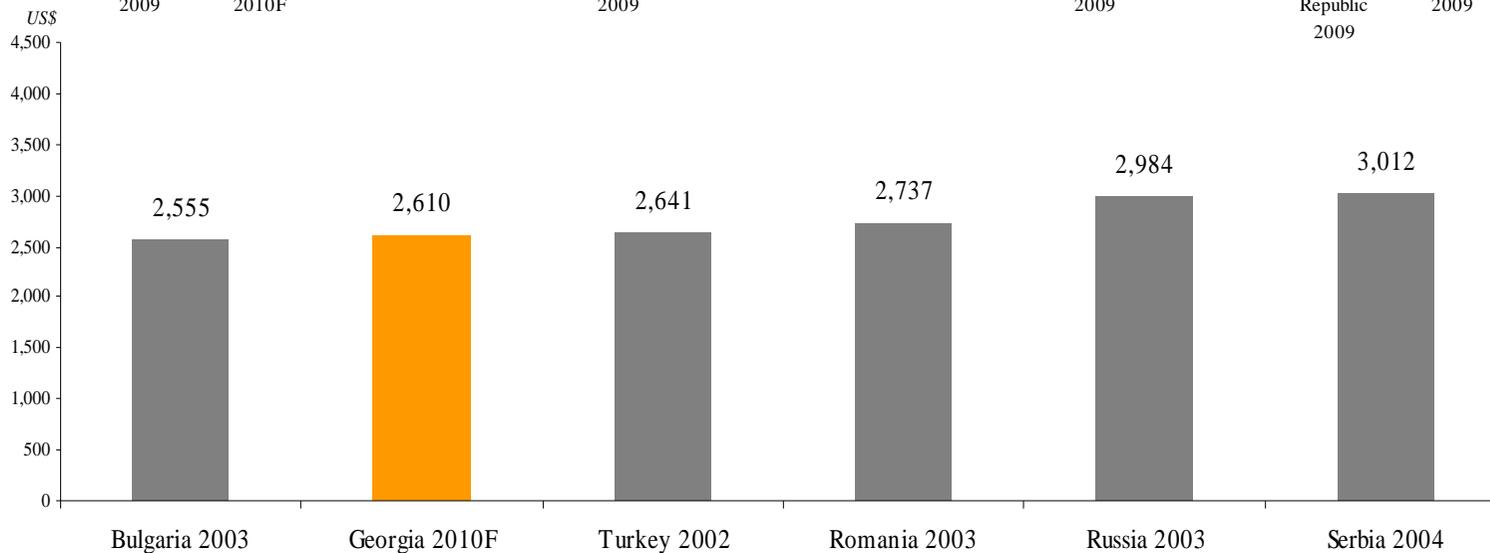
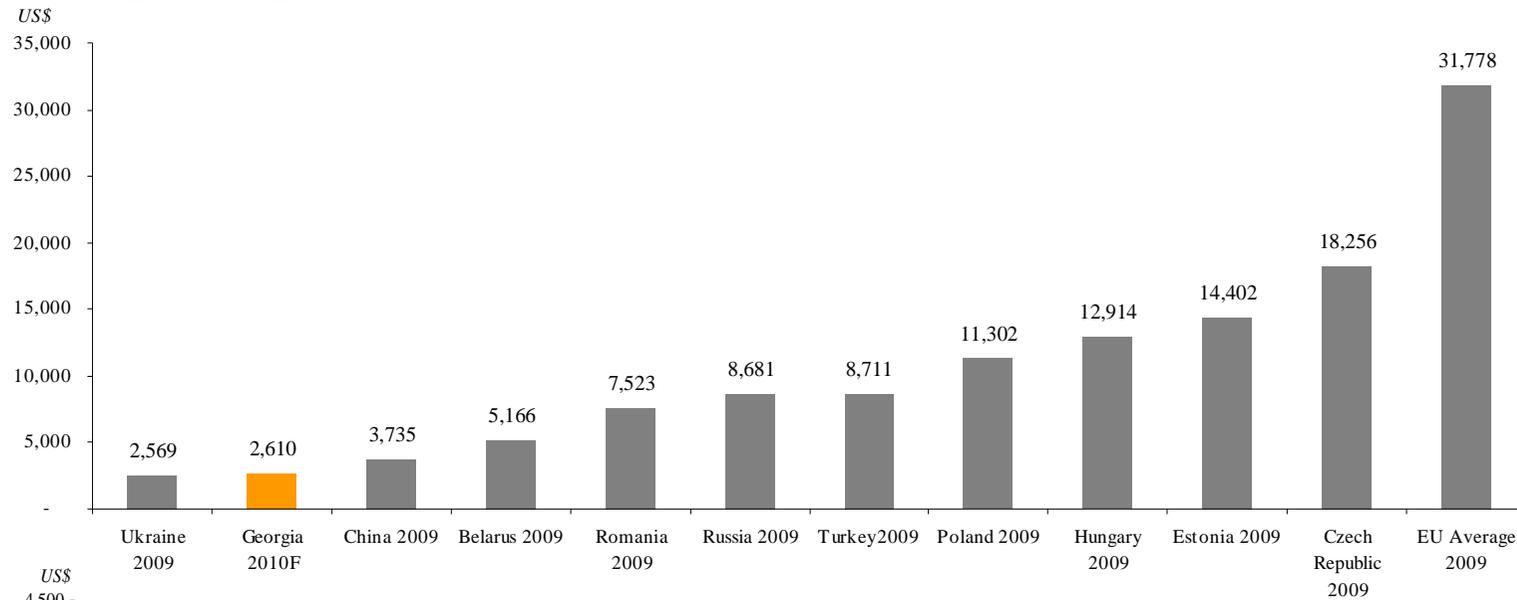
GDP per capita



Source: National Statistics Office of Georgia

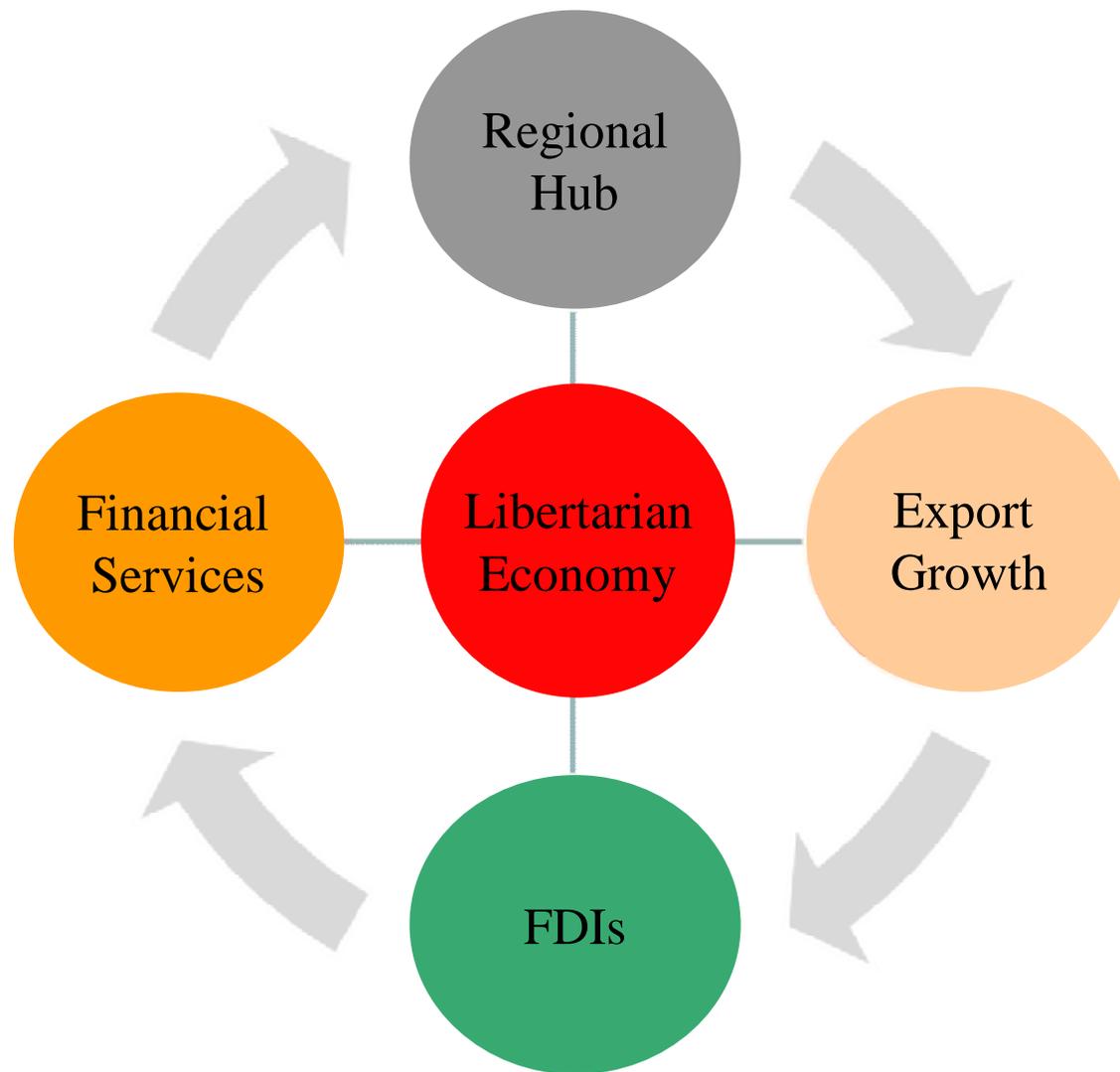
GDP per capita is low, leaving much room to climb

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 nine months 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

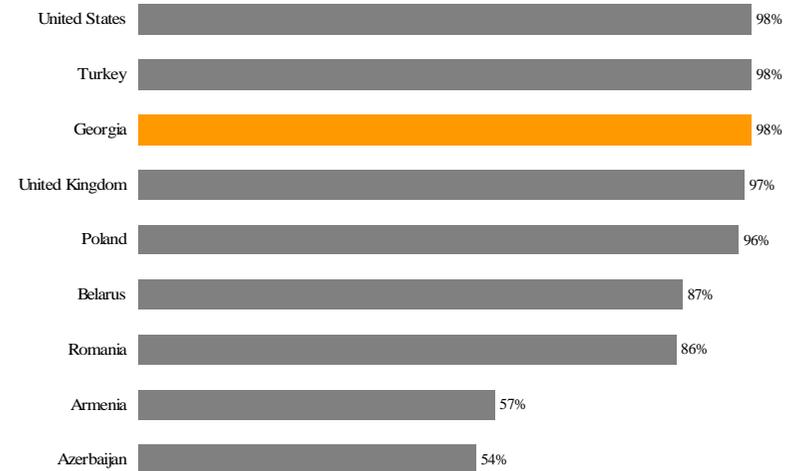
- **“Liberty Act”**

- ☞ 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

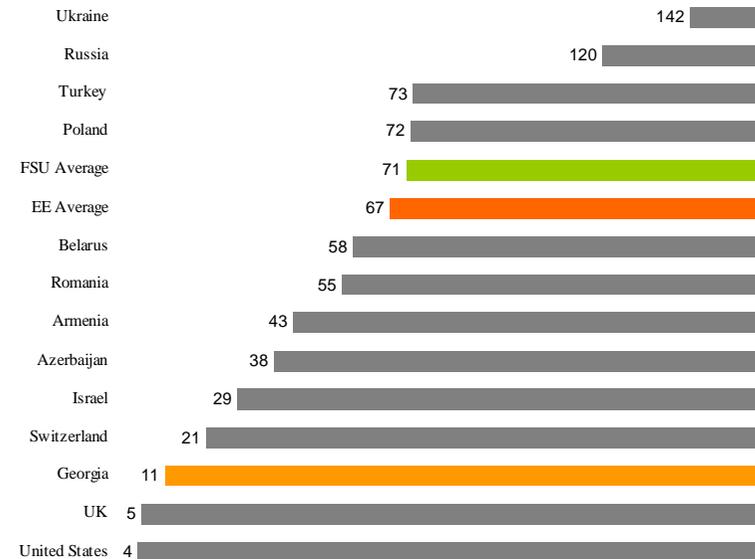
- ☞ **Corruption and Red tape slashed**

- ☞ According to IDA (International Development Association of World Bank) Georgia ranks as a top business reformer
- ☞ 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

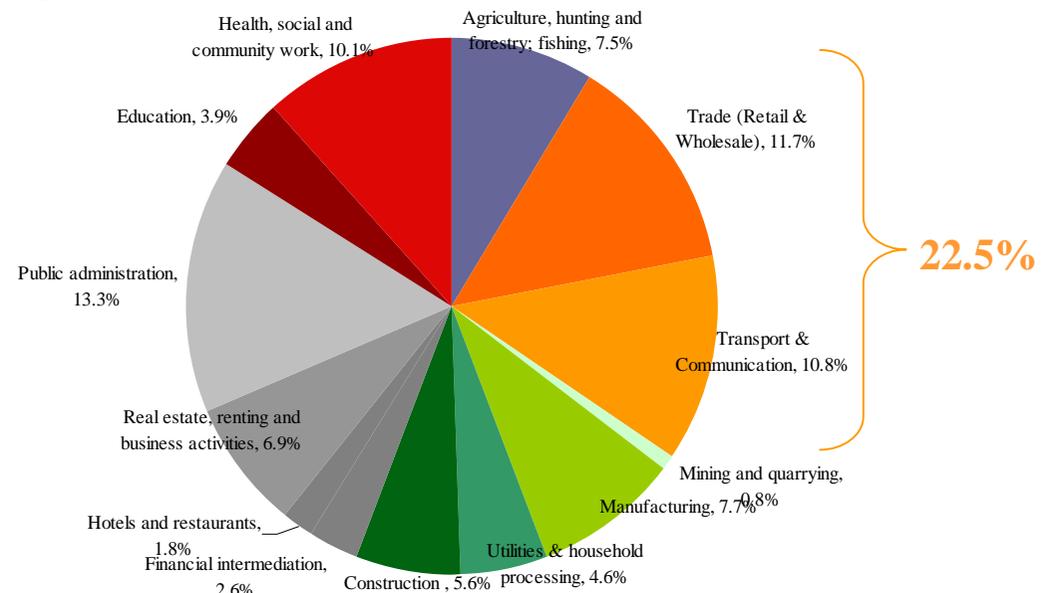
- **Baku Tbilisi Ceyhan (BTC) oil export pipeline** - operated by BP from Caspian Sea to Europe via the Turkish coast. 1.0 million bbl/day or circa 1.2% of the current World oil consumption (9% of the consumption by EU, 80% of aggregate consumption by Turkey, Romania, Bulgaria and Poland) is transported 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

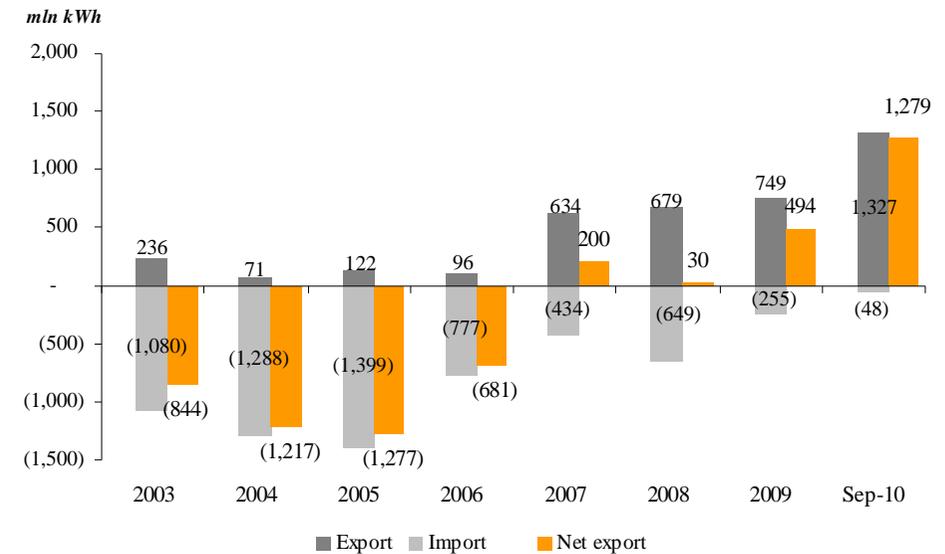


Export growth

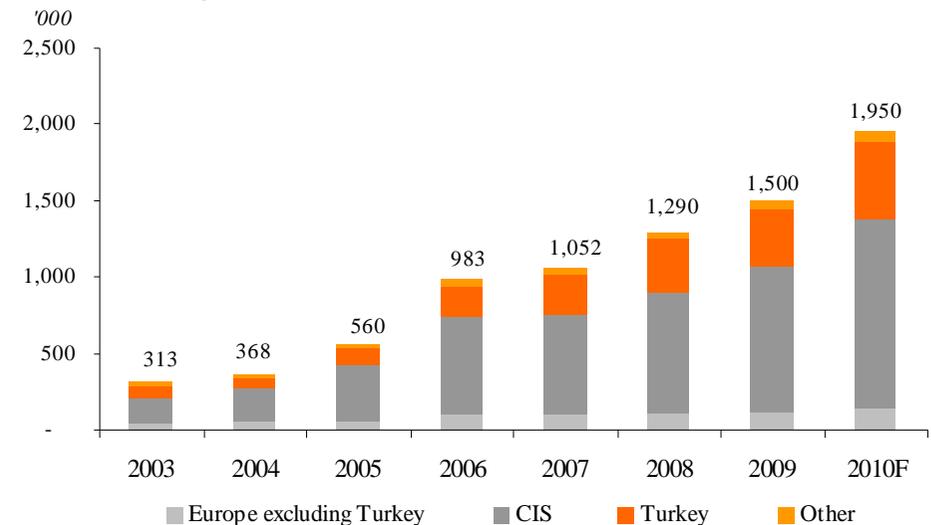
- ☞ **WTO member since 2000.** No quantitative restrictions on trade; As of November 2007 Georgia has entered into a FTA with Turkey
- ☞ **One of the two beneficiaries of the EU GSP+ Scheme** in the CIS since 2006, which grants local companies the right to export 7,200 categories of goods duty-free into the EU. **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 nine months 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 to 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

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

Electricity Export/Import

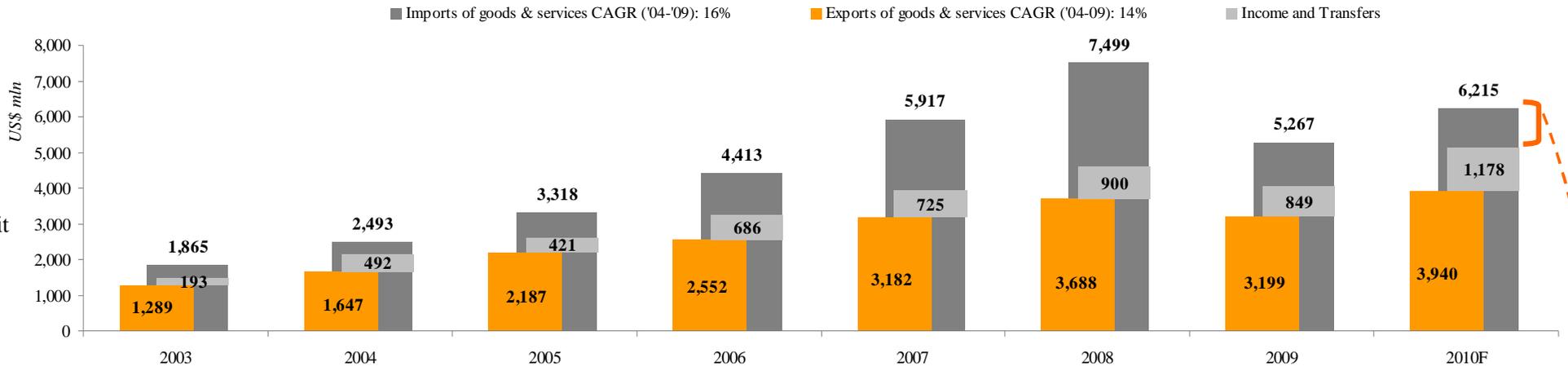


Number of tourists



Trade structure

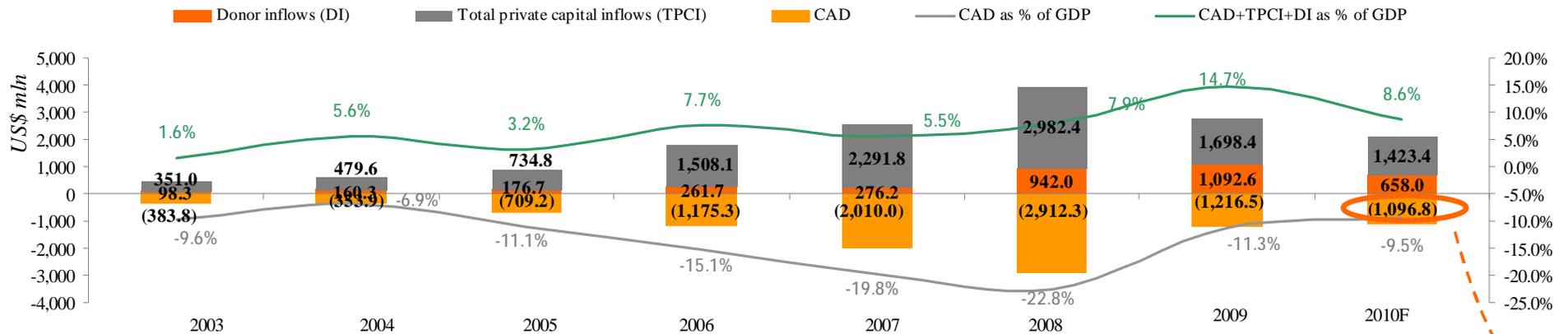
Exports and Imports*



*Export and Import of goods and services

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

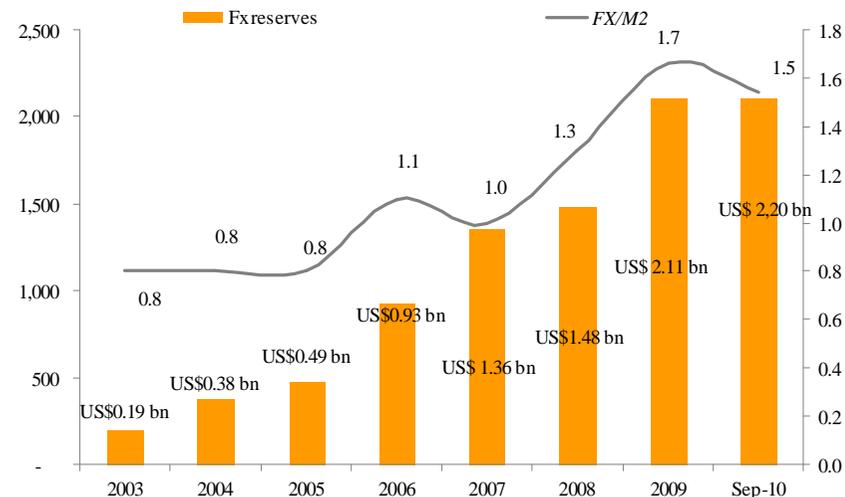
Current account Deficit amounted 9.8% of GDP in 1H 2010

GEL appreciated by 4.6% since June 2010

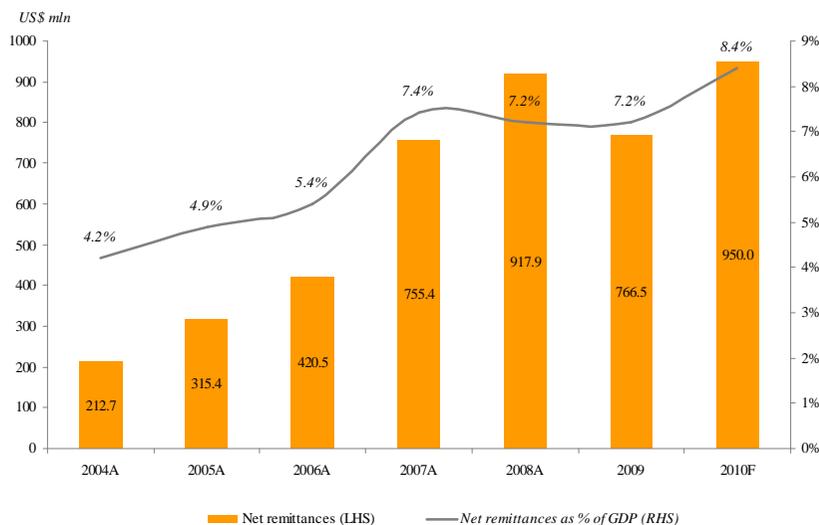
FDIs and Donor assistance

- ✦ 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

FX reserves

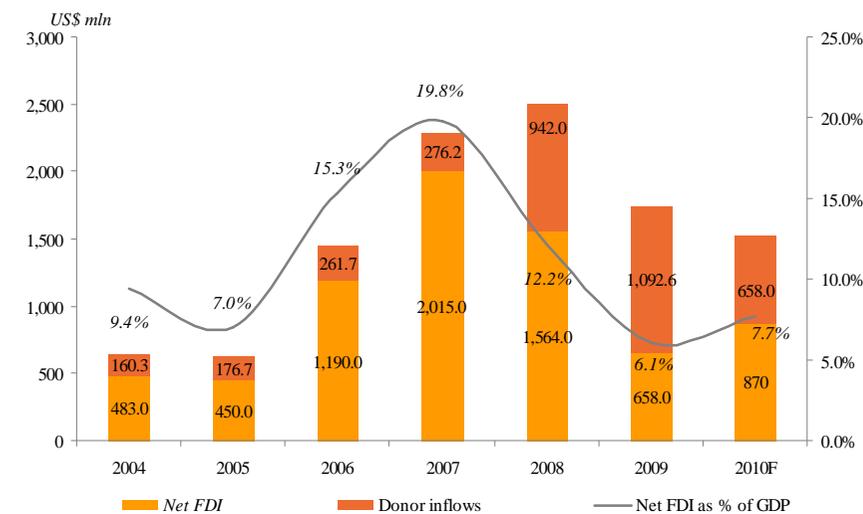


Net remittances



Source: National Statistics Office of Georgia

FDI Inflows



Source: Government of Georgia presentation

Financial intermediation

Prudent Regulation Ensuring Financial Stability

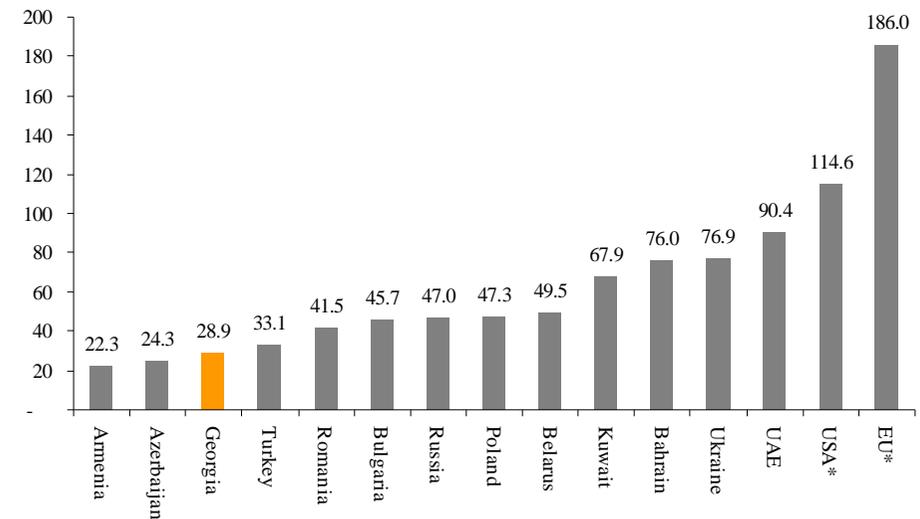
- High Regulatory Capital Requirement: Top 5 Banks average Tier I capital adequacy ratio (NBG standards) – 14.2%, **Bank of Georgia – 15.2%** (BOG standalone BIS Tier I Capital adequacy ratio 24.7%)
- High level of liquidity requirements from NBG at 30% of Liabilities, **Bank of Georgia 33.8%**

Resilient Banking Sector

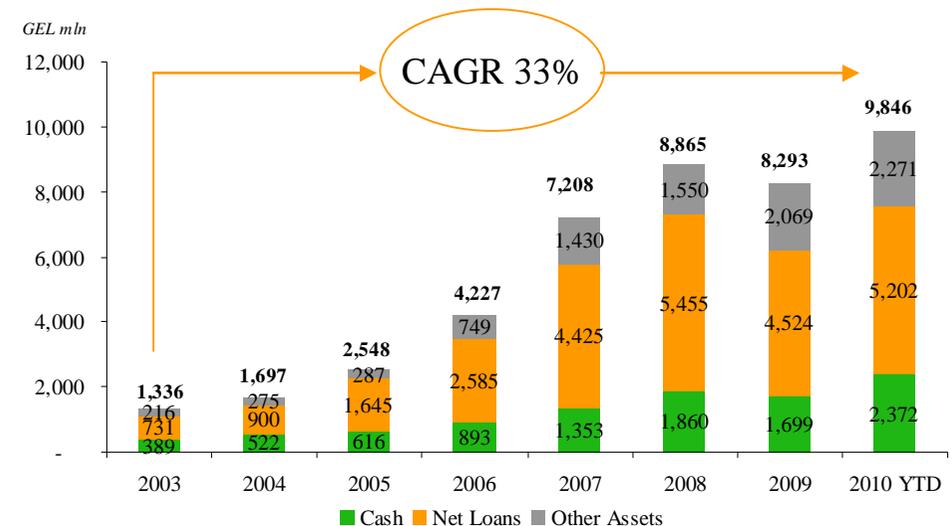
- Demonstrated strong resilience towards both domestic and external shocks** without single bank going bankrupt
- No nationalization of the banks** has occurred, no government bail-out plans have been required, no Government ownership since 1995
- Excess liquidity and excess capital** that has been accumulated 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 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 Q3 '10 at c. 6.5%)

* Includes only loans to households

Bank debt to GDP



Banking sector assets



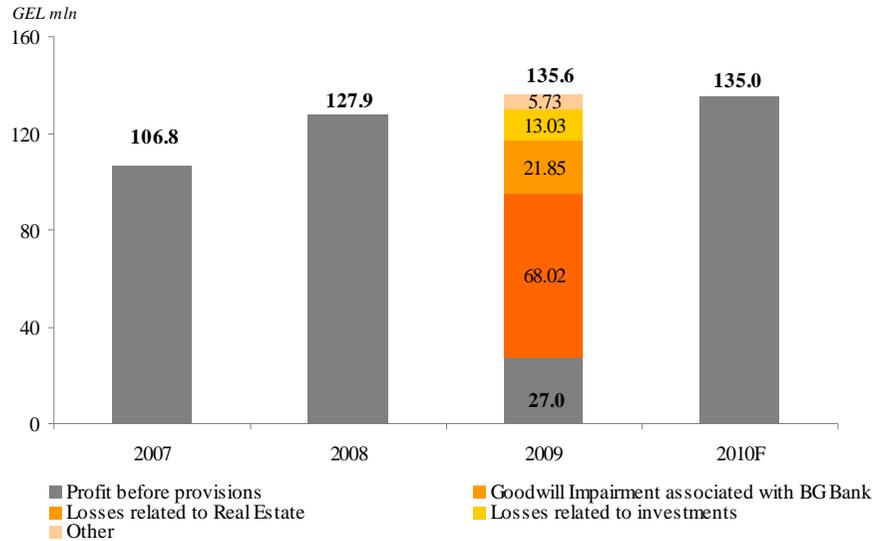


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Management target for 2010

Targeted financial performance 2010*

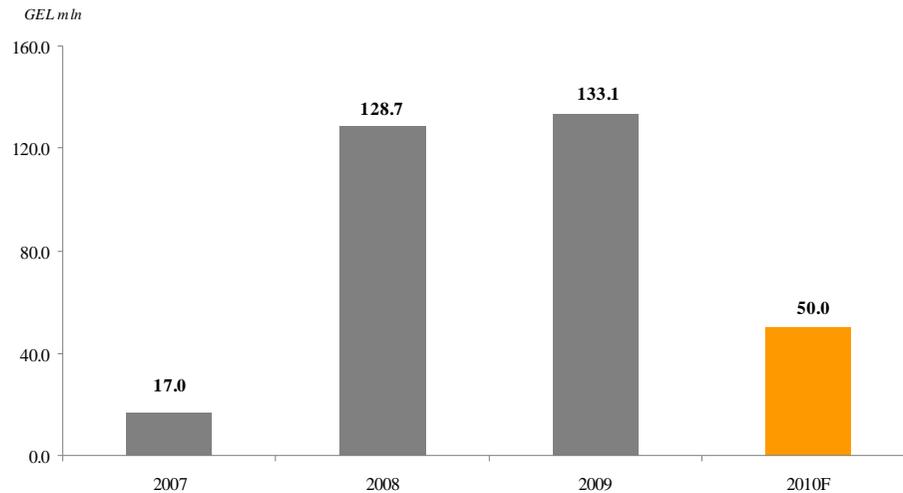
Target pre-provision profit for 2010



Assumptions

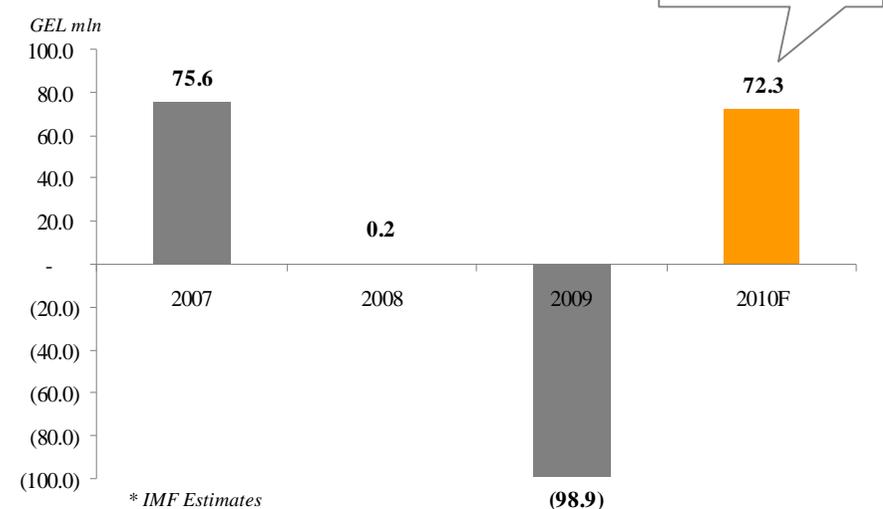
- 🏠 2010 real GDP growth of 2%* in Georgia
- 🏠 2010 inflation rate of 3.2%* in Georgia
- 🏠 The GEL/US\$ exchange rate remains stable during 2010
- 🏠 Geo-political stability is sustained in the region

Target net provision expense for 2010



* As announced in November 2009

Target net income for 2010





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Strategy

November 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 135 mln, c. 8% of total deposits in Q3 2010
- 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 18.0% YTD and Retail loans up 21.6% 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



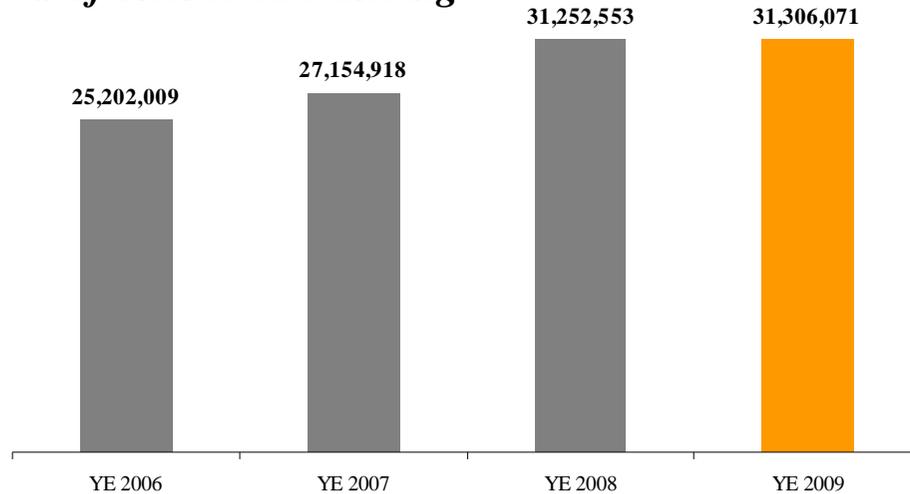
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Intention to pay dividends

November 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



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Governance

November 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*, East Capital**
- **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.**

* Expected to be replaced by Hanna Loikkanen by the EGM to be held on 22 November 2010

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*



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Q3 2010 results highlights

November 2010

Q3 and 9 months 2010 P&L results highlights

Millions unless otherwise noted

Bank of Georgia (Consolidated, IFRS-Based)

	Q3 2010		Q2 2010 ³		Growth ¹	Q3 2009		Growth ²
	GEL	US\$	GEL	US\$	Q-O-Q	GEL	US\$	Y-O-Y
	<i>(Unaudited)</i>		<i>(Unaudited)</i>			<i>(Unaudited)</i>		
Net Interest Income	56.5	31.3	51.7	28.0	9.4%	48.9	29.2	15.5%
Net Non-Interest Income	34.7	19.2	30.9	16.7	12.3%	30.4	18.1	14.1%
Total Operating Income (Revenue) ⁴	91.2	50.5	82.5	44.8	10.5%	79.3	47.3	15.0%
Recurring Operating Costs	51.0	28.2	47.8	25.9	6.7%	45.0	26.8	13.5%
Normalized Net Operating Income ⁵	40.1	22.2	34.7	18.8	15.6%	34.3	20.5	16.9%
Net Non-Recurring Income (Costs)	(1.6)	(0.9)	1.5	0.8	NMF	(1.9)	(1.1)	-13.6%
Profit Before Provisions	38.5	21.3	36.2	19.6	6.2%	32.4	19.3	18.7%
Net Provision Expense	14.2	7.9	12.6	6.8	12.8%	30.0	17.9	-52.6%
Net Income/ (Loss)	20.8	11.5	19.6	10.6	6.3%	2.6	1.6	NMF
EPS (basic)	0.66	0.37	0.63	0.34	6.3%	0.08	0.05	NMF
EPS (diluted)	0.60	0.33	0.56	0.31	6.3%	0.08	0.05	NMF

Positive consecutive q-o-q normalized operating leverage of 3.7%

Millions unless otherwise noted

Bank of Georgia (Consolidated, IFRS-Based)

	9 months 2010		9 months 2009		Growth ²
	GEL	US\$	GEL	US\$	Y-O-Y
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		
Net Interest Income	153.4	84.9	150.8	89.9	1.7%
Net Non-Interest Income	96.2	53.3	90.8	54.1	5.9%
Total Operating Income (Revenue) ⁴	249.6	138.2	241.6	144.1	3.3%
Recurring Operating Costs	145.1	80.3	135.9	81.1	6.7%
Normalized Net Operating Income ⁵	104.5	57.9	105.7	63.0	-1.1%
Net Non-Recurring Income (Costs)	(3.4)	(1.9)	(2.4)	(1.4)	40.9%
Profit Before Provisions	101.1	56.0	103.2	61.6	-2.1%
Net Provision Expense	34.2	18.9	102.8	61.3	-66.8%
Net Income/ (Loss)	57.2	31.7	3.4	2.0	NMF
EPS (basic)	1.83	1.01	0.11	0.06	NMF
EPS (diluted)	1.64	0.91	0.10	0.06	NMF

¹ Compared to Q2 2010, growth calculations based on GEL values.

² Compared to the same period in 2009; growth calculations based on GEL values.

³ Q2 2010 and 6 months 2010 Consolidated numbers have been Reviewed

⁴ Revenue includes Net Interest Income and Net Non-Interest Income.

⁵ Normalized for Net Non-Recurring Costs.

30 September 2010 Balance Sheet results highlights

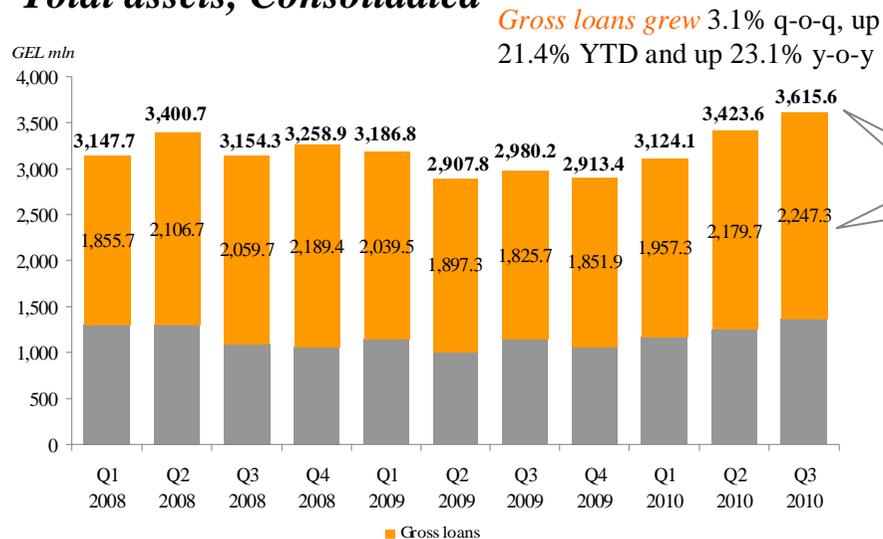
Millions, unless otherwise noted

Bank of Georgia (Consolidated, IFRS-Based)	Q3 2010		Q2 2010		Q3 2009	
	GEL	US\$	GEL	US\$	GEL	US\$
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Net Loans	2,061.4	1,141.1	1,982.5	1,075.0	1,659.3	989.4
Total Assets	3,615.6	2,001.5	3,423.6	1,856.4	2,980.2	1,777.0
Client Deposits	1,658.5	918.1	1,487.2	806.4	1,182.5	705.1
Borrowed Funds	881.5	488.0	945.6	512.7	918.6	547.7
Total Liabilities	2,936.0	1,625.4	2,773.8	1,504.1	2,261.6	1,348.5
Shareholders' Equity	679.6	376.2	649.8	352.3	718.5	428.4
Book Value Per Share, GEL & US\$	21.69	12.01	20.74	11.25	22.96	13.69
Tier I Capital Adequacy Ratio (BIS)	19.9%		20.3%			
Total Capital Adequacy Ratio (BIS)	32.6%		32.7%			
Tier I Capital Adequacy Ratio (NBG)	15.2%		15.8%			
Total Capital Adequacy Ratio (NBG)	15.7%		14.5%			

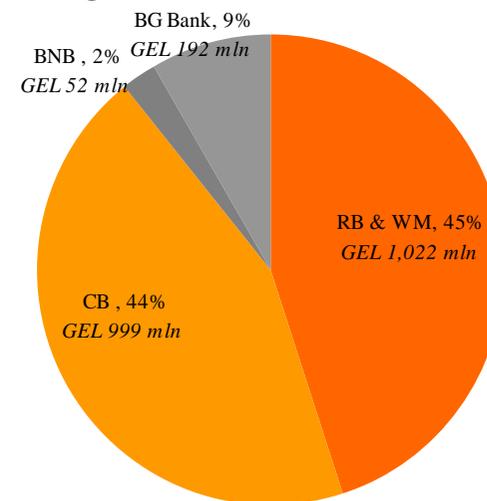
	Change	Change	Change
	Q-O-Q	YTD	Y-O-Y
Net Loans	4.0%	22.8%	24.2%
Total Assets	5.6%	24.1%	21.3%
Client Deposits	11.5%	30.3%	40.3%
Borrowed Funds	-6.8%	-3.5%	-4.0%
Total Liabilities	5.8%	26.8%	29.8%
Shareholders' Equity	4.6%	13.6%	-5.4%
Book Value Per Share,	4.6%	13.5%	-5.5%

Assets

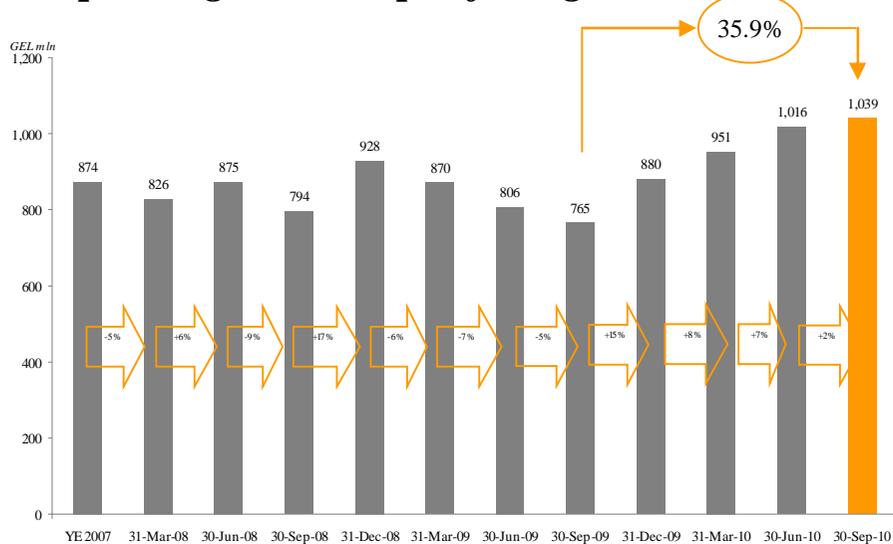
Total assets, Consolidated



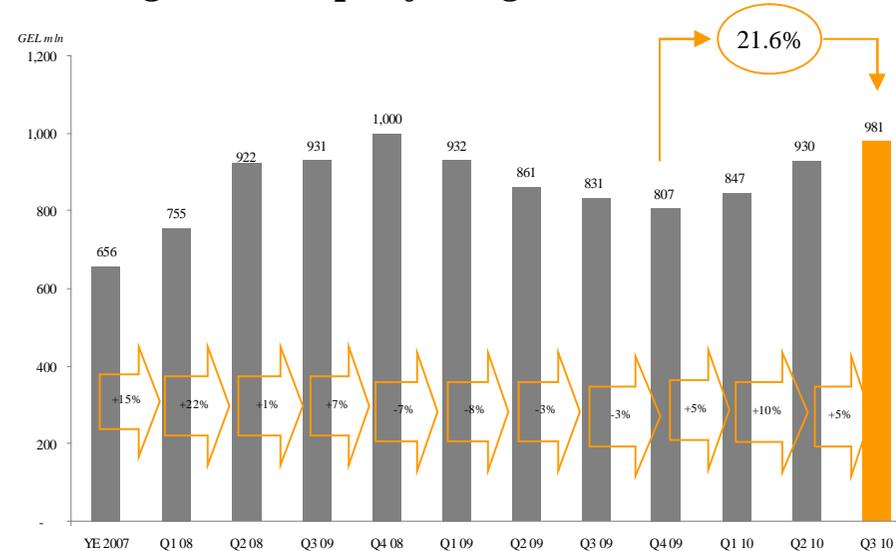
Loan book, gross, Consolidated*



Corporate gross loan portfolio growth



Retail gross loan portfolio growth



Loans

No.1 corporate bank in Georgia

Circa 30.0% market share based on customer deposits⁽¹⁾

Circa 29.6% market share based on corporate loans⁽²⁾

Integrated client coverage in key sectors

90,508 clients of which 9,242 served by dedicated relationship bankers

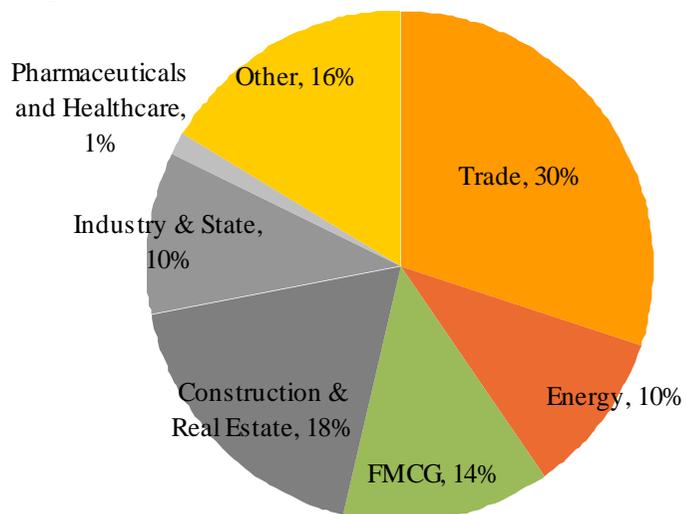
Circa 47% market share in trade finance and documentary operations⁽²⁾

Second largest leasing company in Georgia⁽²⁾ – Georgian Leasing Company (GLC)

Increased the number of corporate clients using the Bank's payroll services from 1,567 in Q2 2010 to 1,657 in Q3 2010

More than 6,000 corporate accounts were opened at the bank in Q3 2010, bringing the total number of current accounts to 171,052

Corporate loan book breakdown, BoG Standalone

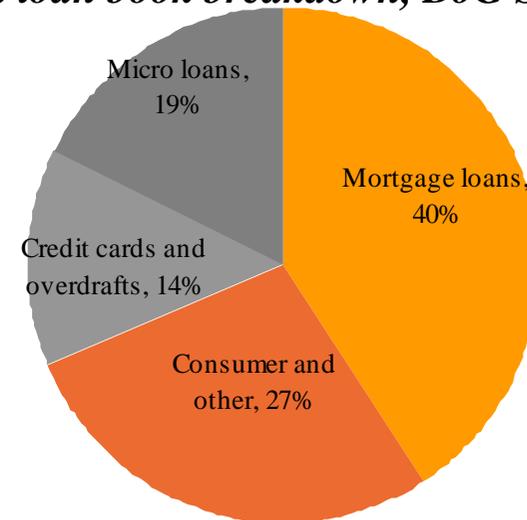


Leadership in consumer lending

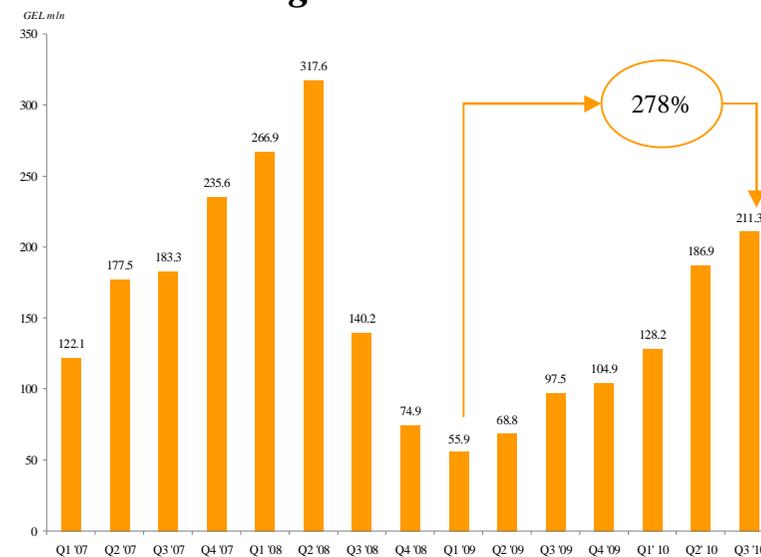
Q3 2009 Q2 2010 Q3 2010

• Number of Retail Clients	701,441	714,484	729,578
§ Number of consumer loans outstanding	53,264	52,423	58,121
• Volume of consumer loans outstanding (GEL mln)	125.6	130.9	146.9
• Credit Cards Outstanding, of which	105,040	81,119	94,480
§ American Express cards	-	19,600	34,359
• Number of Solo clients outstanding, (premier banking)	-	1,043	1,608

Retail loan book breakdown, BoG Standalone

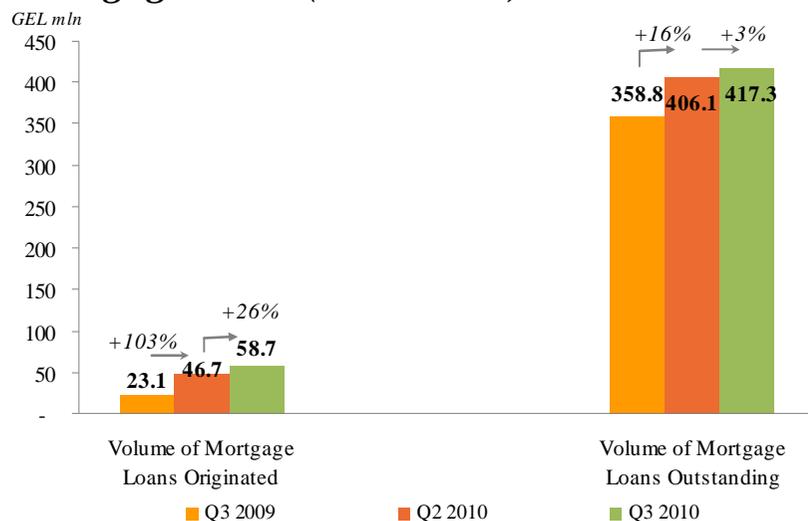


Retail loans originated

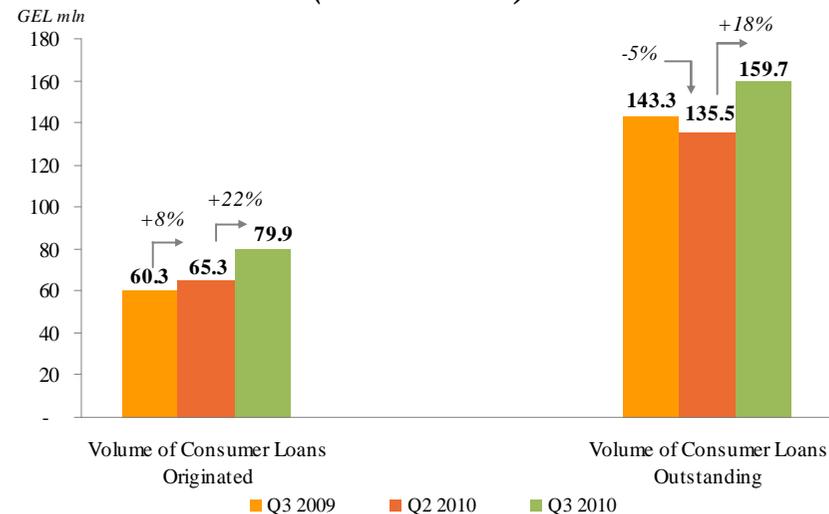


Loan origination

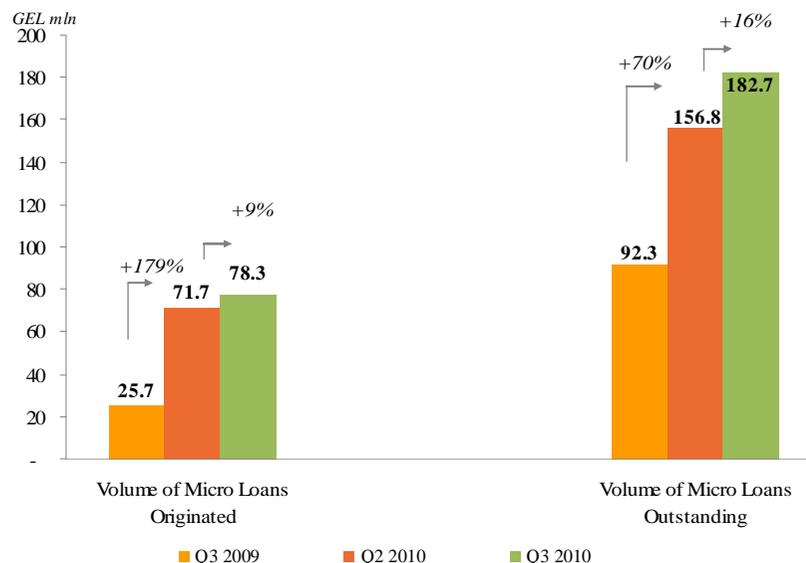
Mortgage loans (RB & WM)



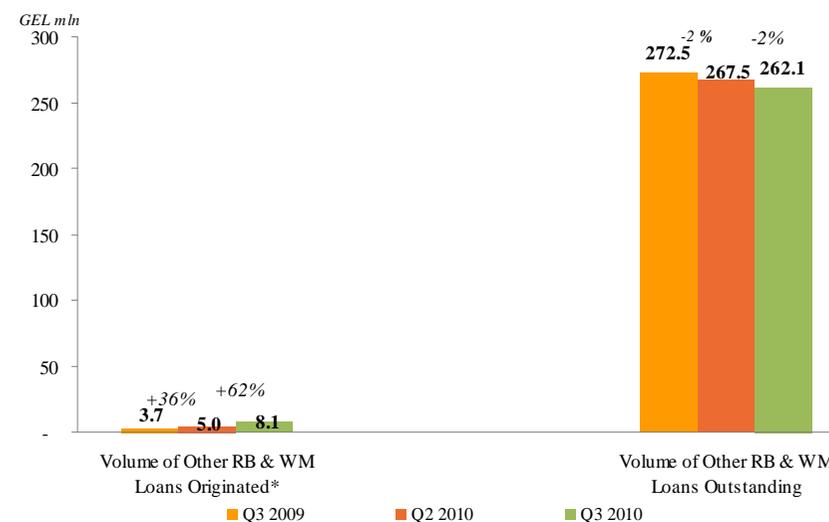
Consumer loans (RB & WM)



Micro loans (RB & WM)

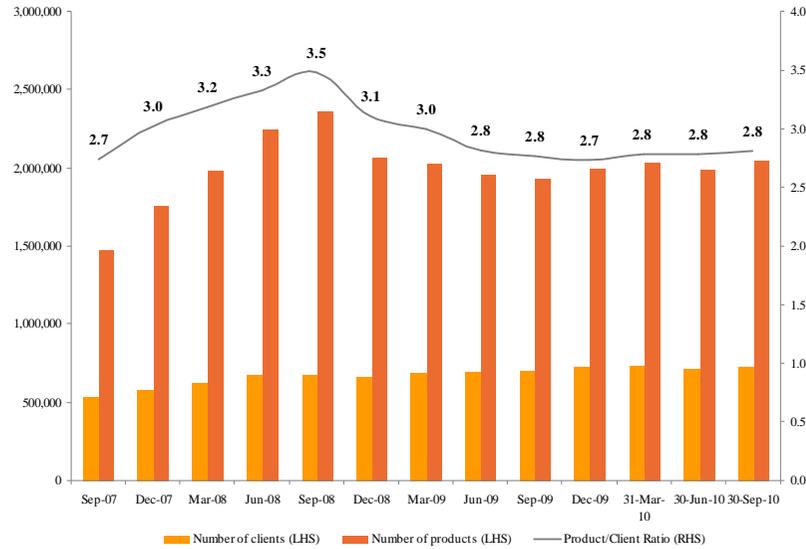


Other RB & WM loans

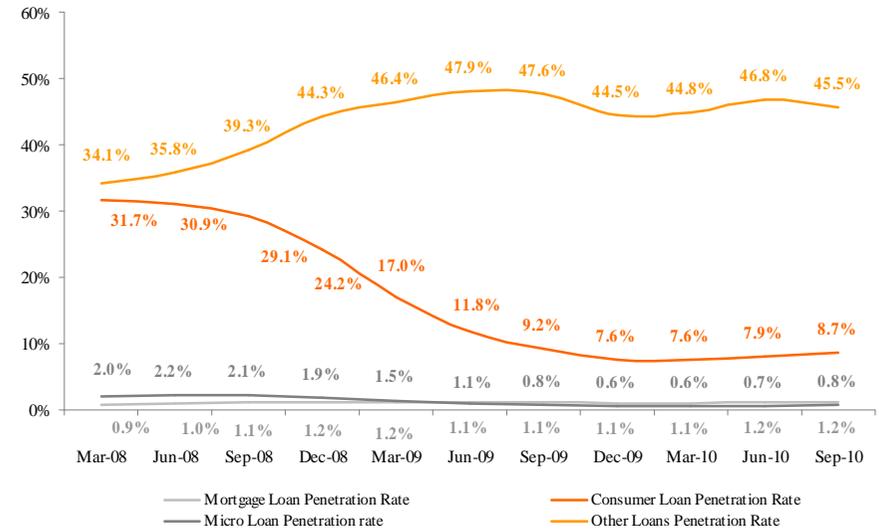


RB cross-selling

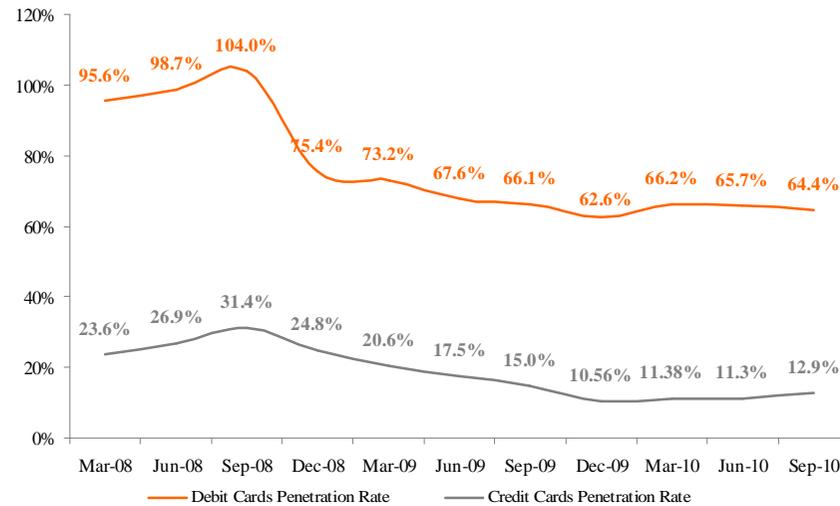
Product/client ratio



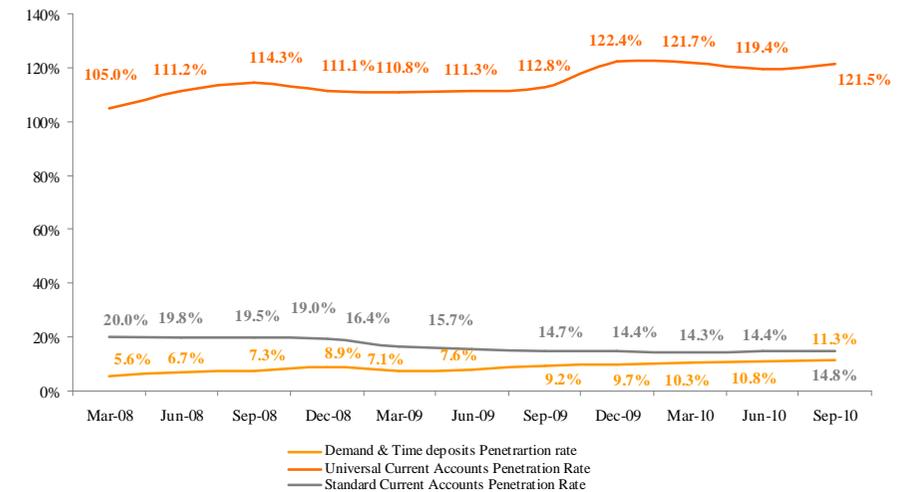
RB loans penetration rate*



Cards penetration rate*



Current accounts & deposits penetration rate*



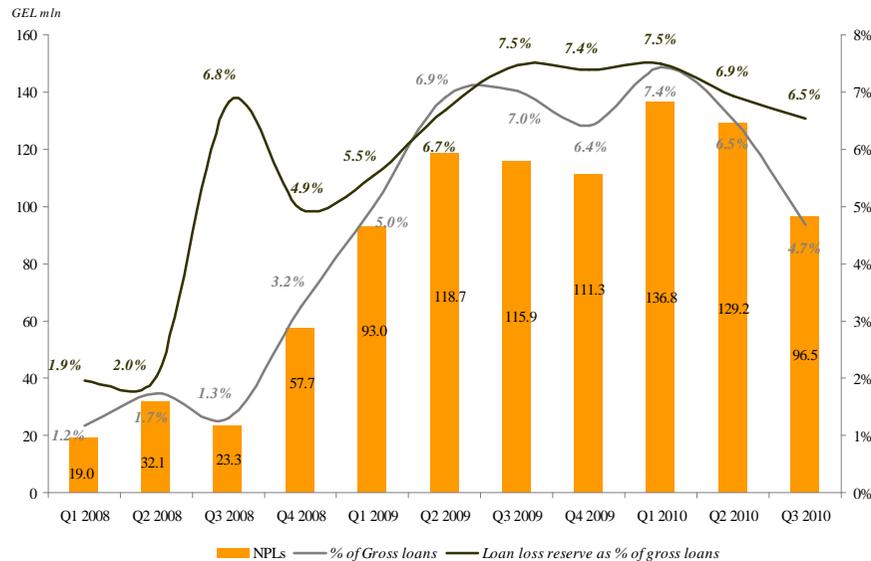
* Calculated as percentage of Bank of Georgia clients for the period

Loan portfolio quality

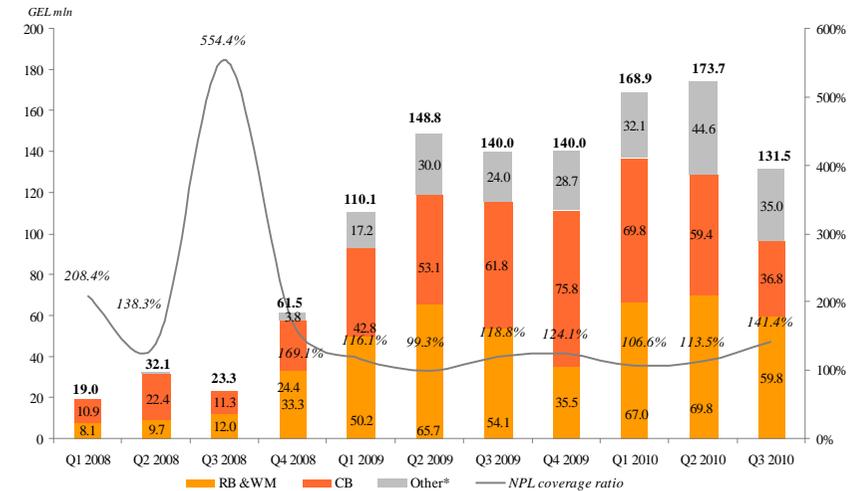
Loan quality under the following stress tests

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

NPLs, BoG Standalone

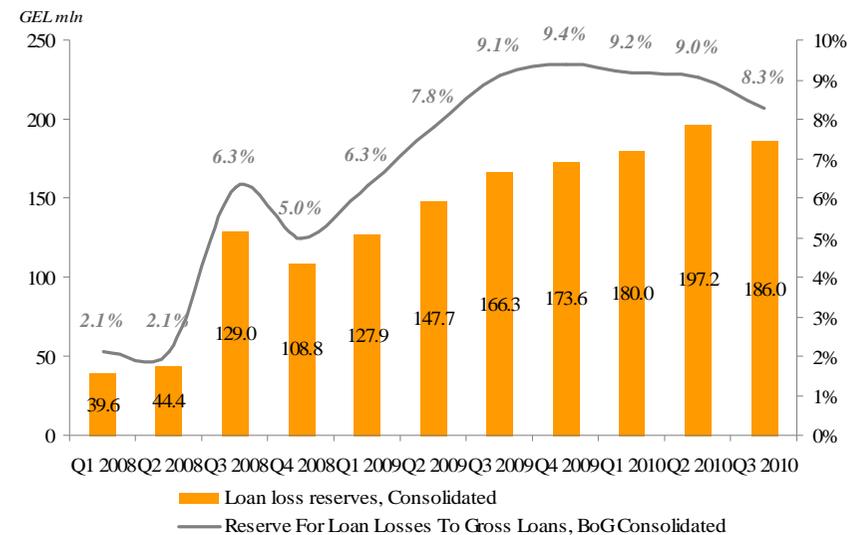


NPLs, Consolidated



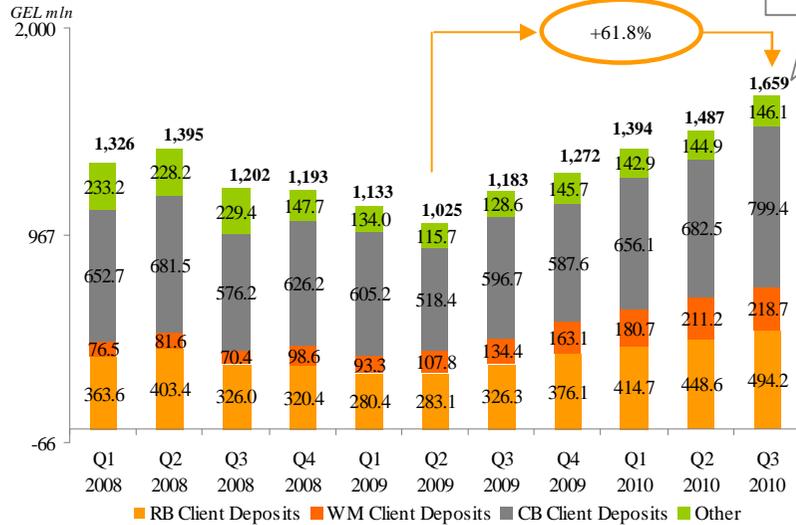
* Other NPLs include BNB and BG Bank

Loan loss reserve, Consolidated

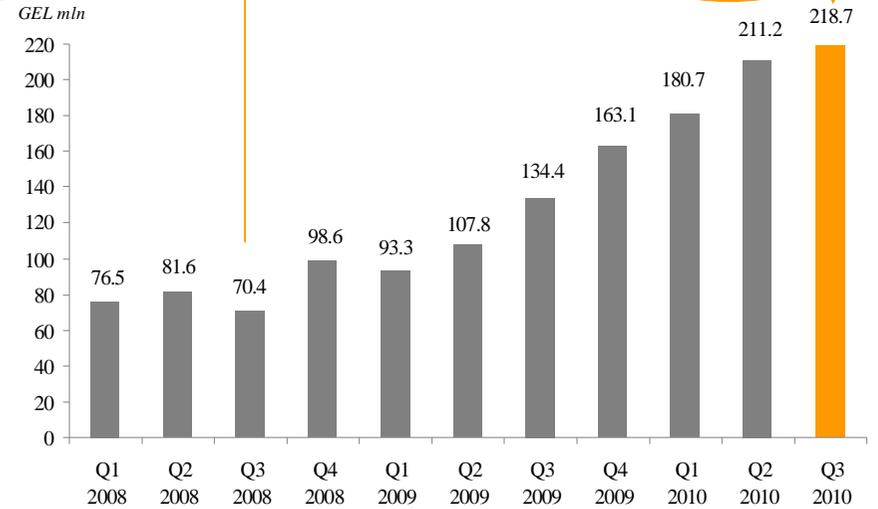


Liabilities, Consolidated

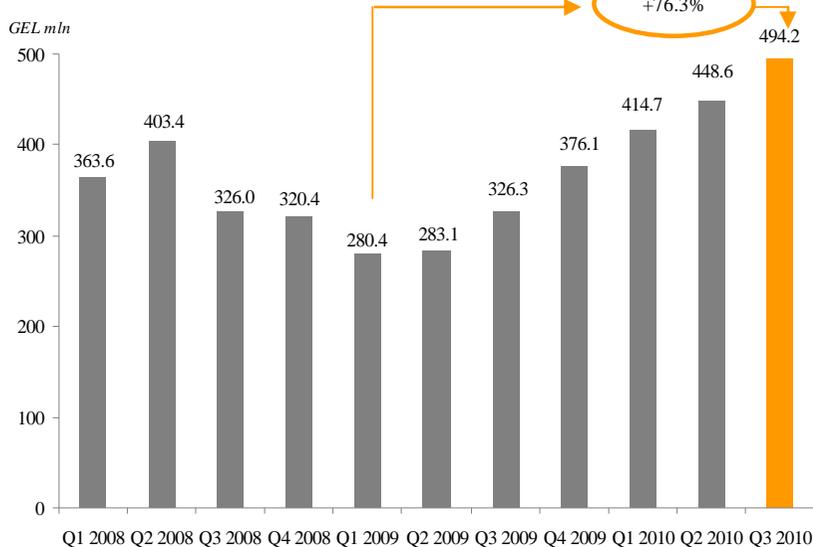
Client deposits



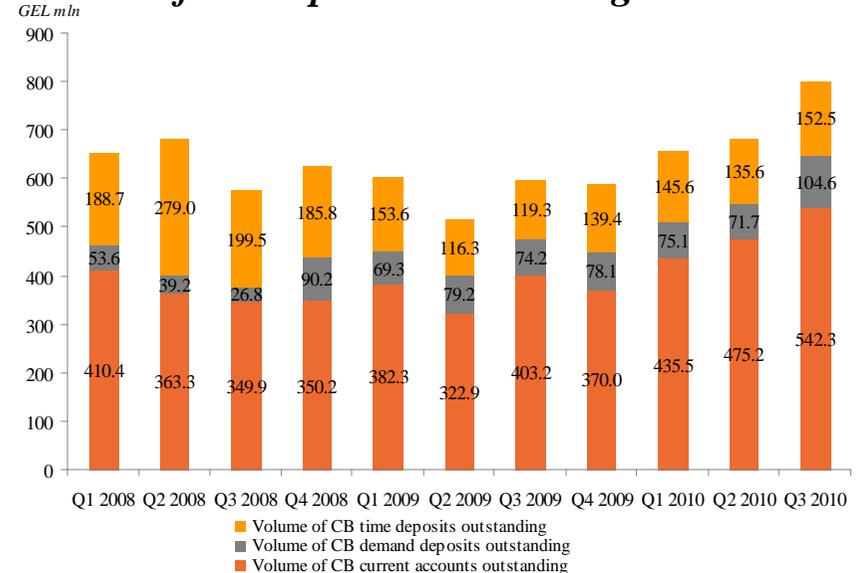
Wealth Management deposits



Retail banking deposits

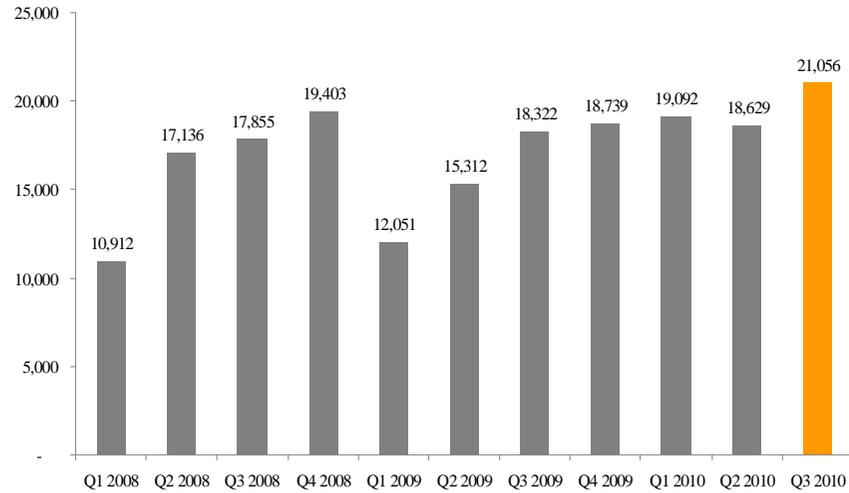


Volume of CB deposits outstanding

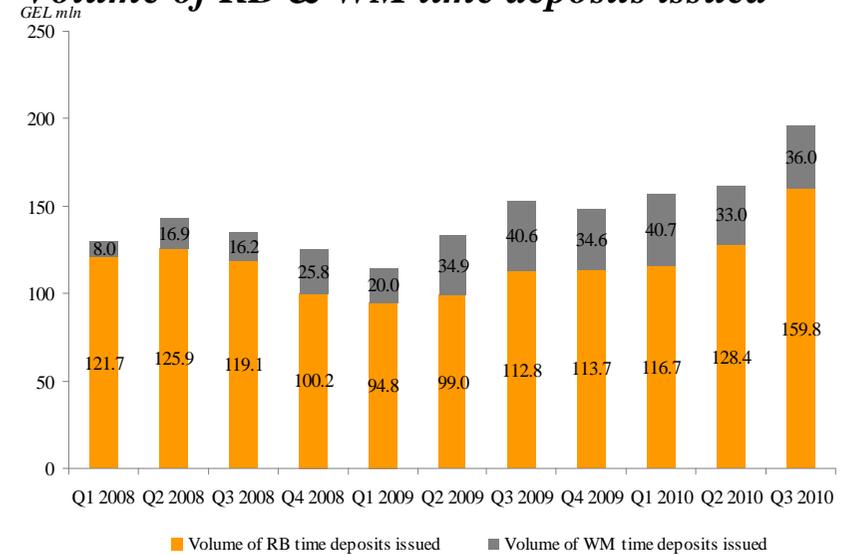


Deposits

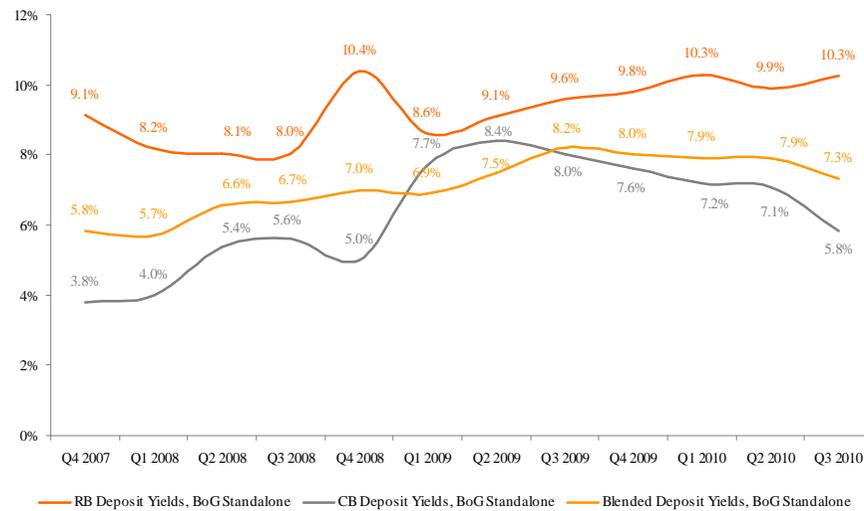
Number of RB & WM time deposits issued



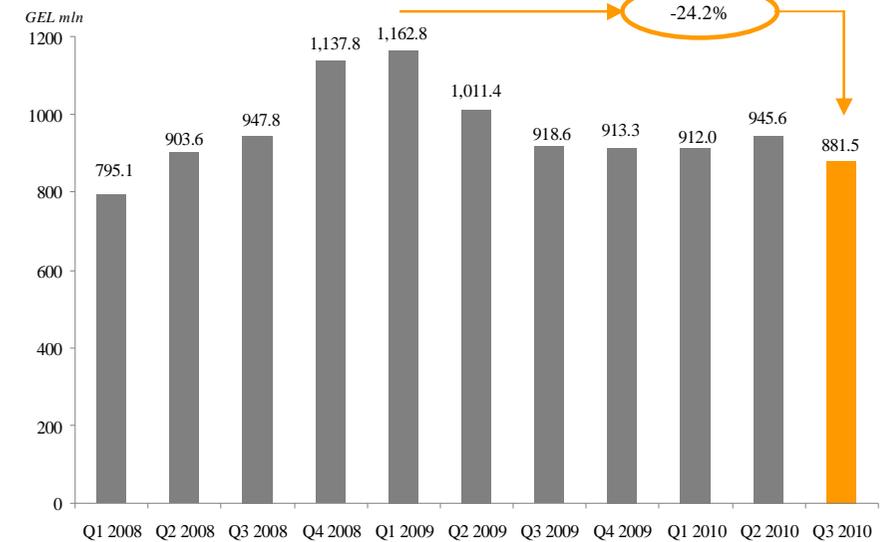
Volume of RB & WM time deposits issued



Deposit yields

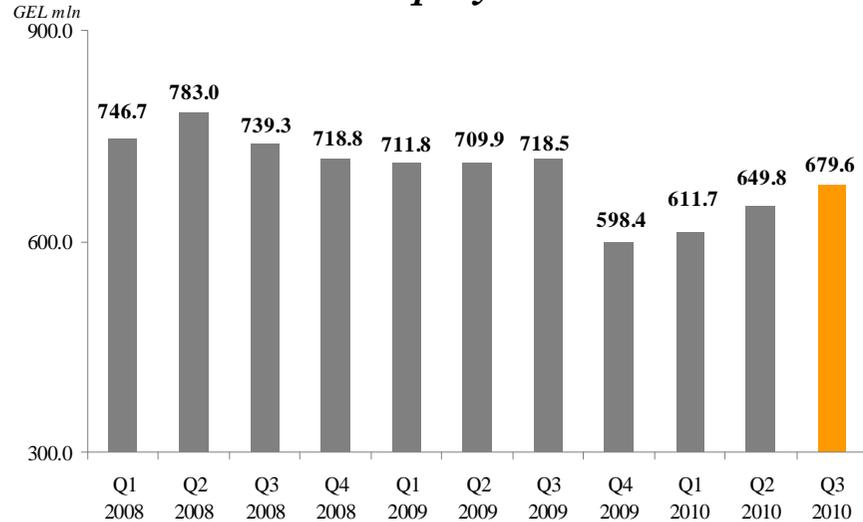


Borrowed funds



Equity & Capital adequacy

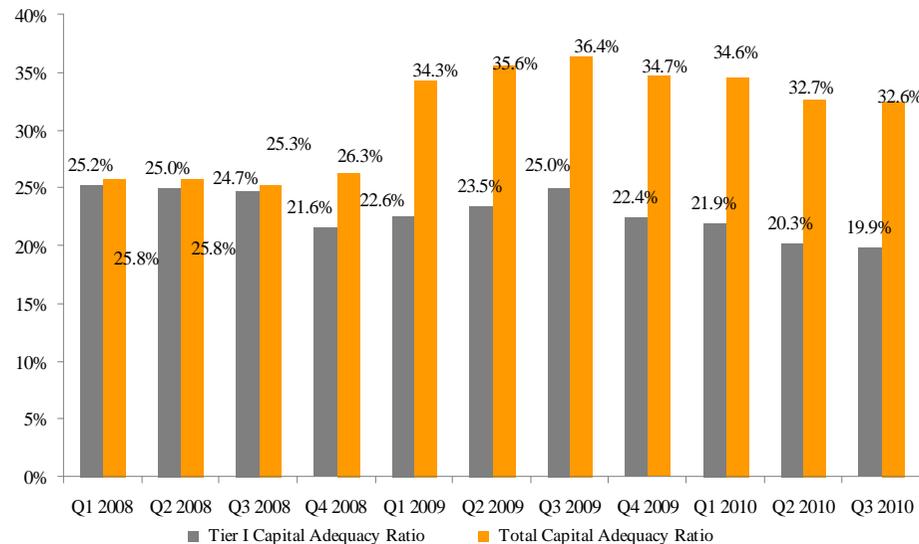
Total Shareholder's equity



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

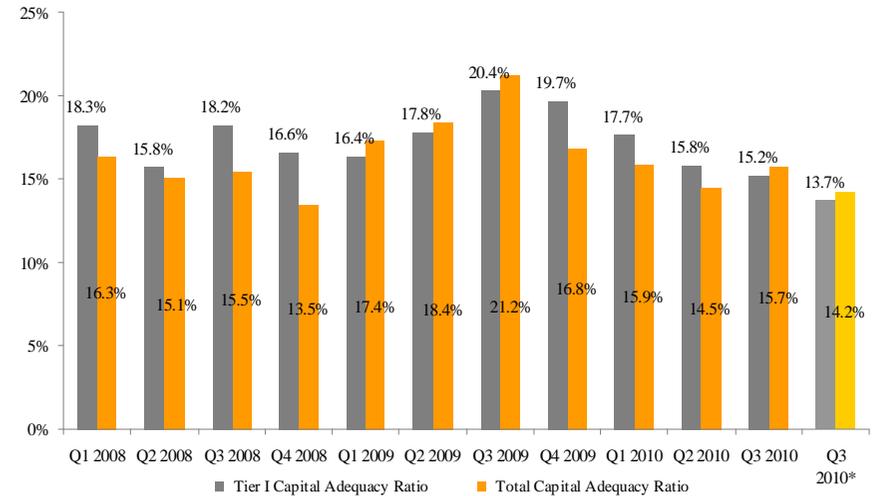
BIS capital adequacy ratios, BoG Consolidated



BGEO is just below the IPO price

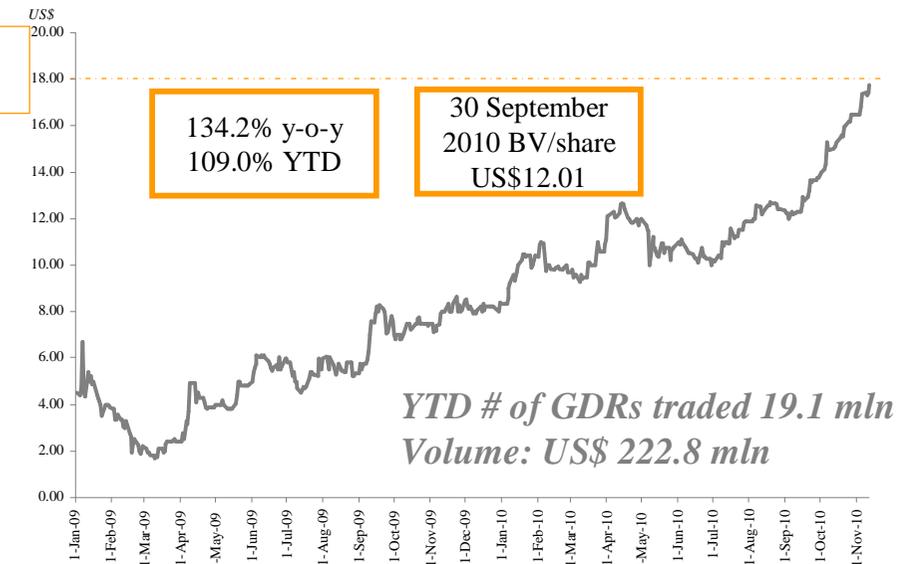
Other LSE listed CIS banks are trading 40%-60% below IPO price

NBG capital adequacy ratios, BoG Standalone



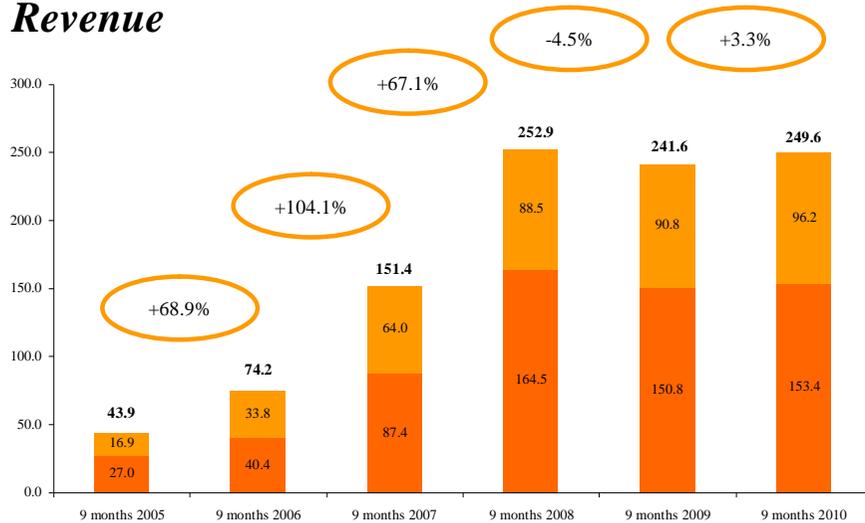
* Pro forma for new regulations

Share price performance

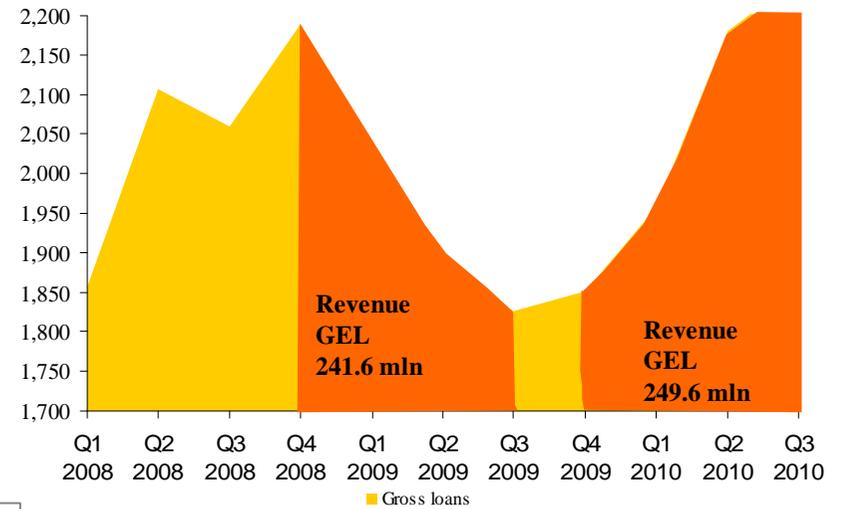


Revenue, Consolidated

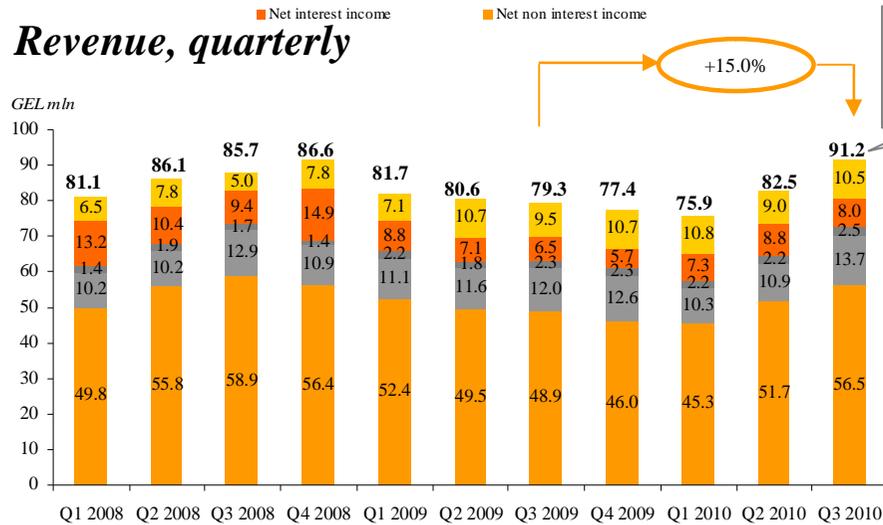
Revenue



Revenue as a function of loan book change

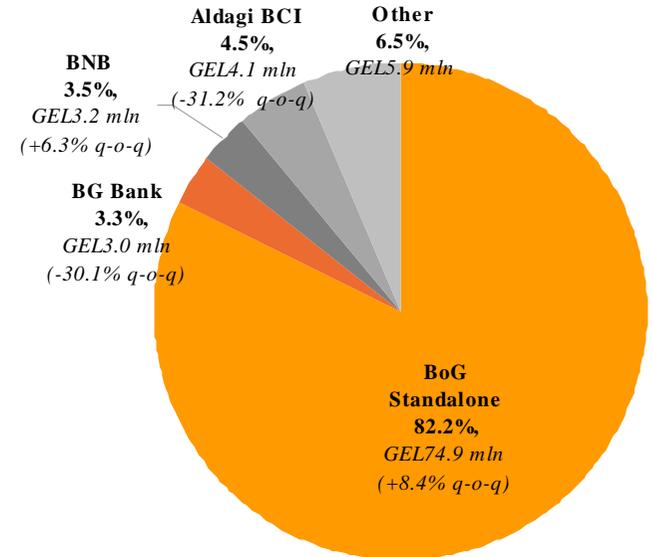


Revenue, quarterly



Record high
+10.5% q-o-q

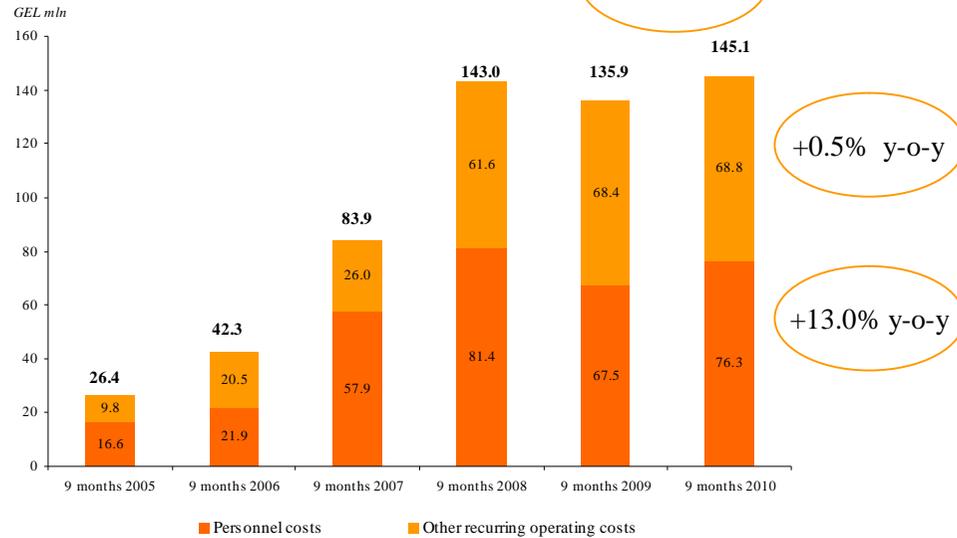
Revenue by segments Q3 2010



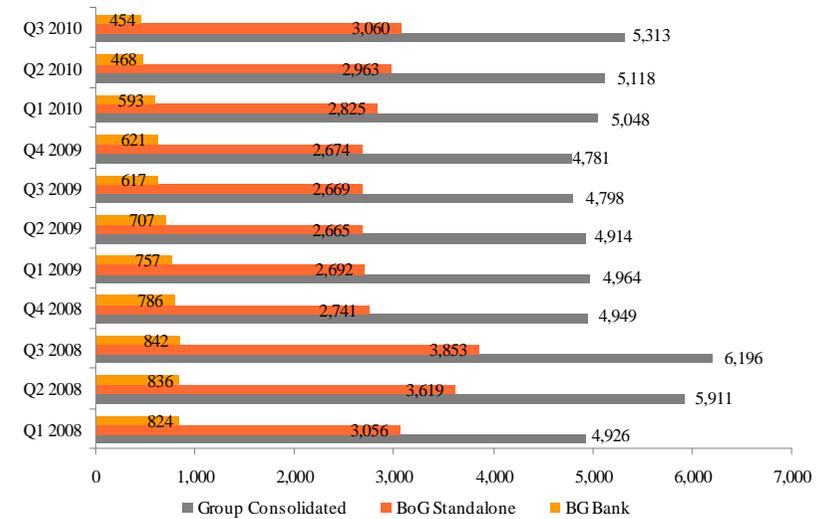
Net Interest Income
Net Fee & Commission Income
Net Income From Documentary Operations
Net foreign currency related income
Net Other Non-Interest Income

Costs, Consolidated

Recurring operating costs



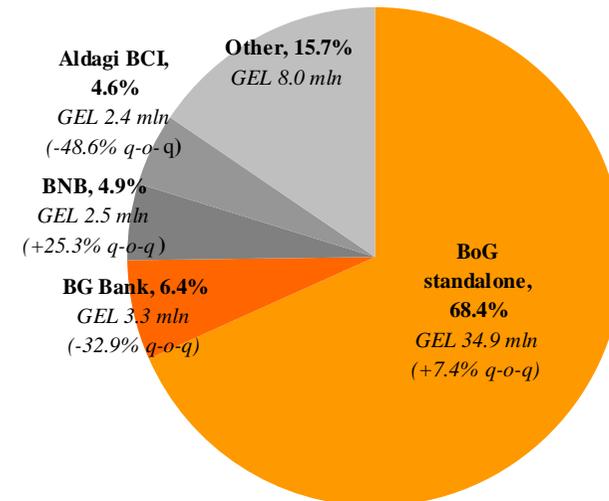
Employees



Recurring operating costs



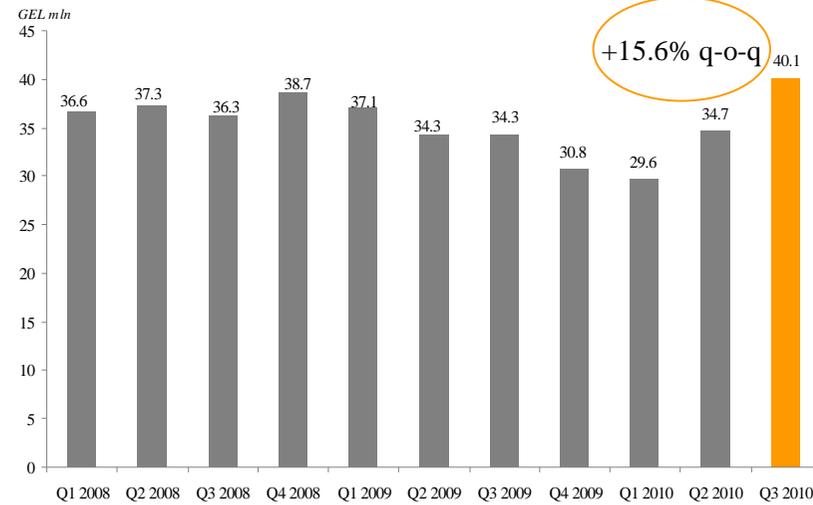
Costs by segments, Q3 2010



Operating profit, Provision expense

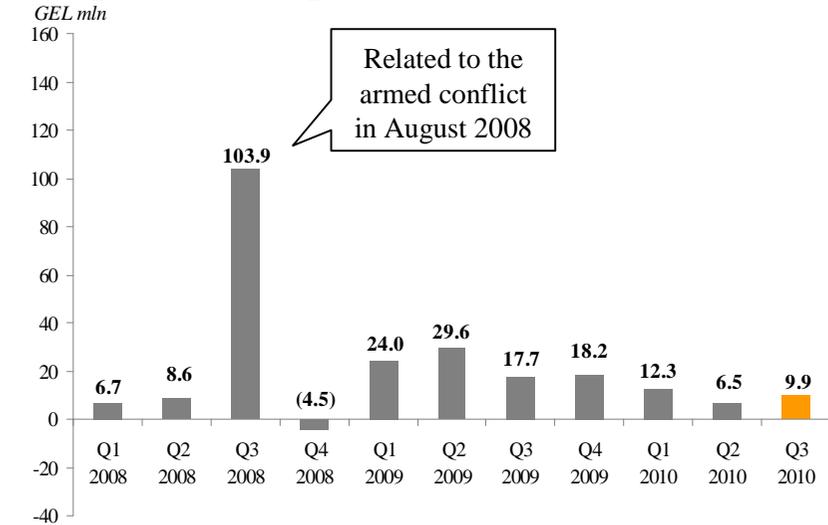
Consolidated Net Normalized Operating Income (NNOI) increased 15.6% q-o-q up 16.9% y-o-y

Normalized net operating income, Consolidated



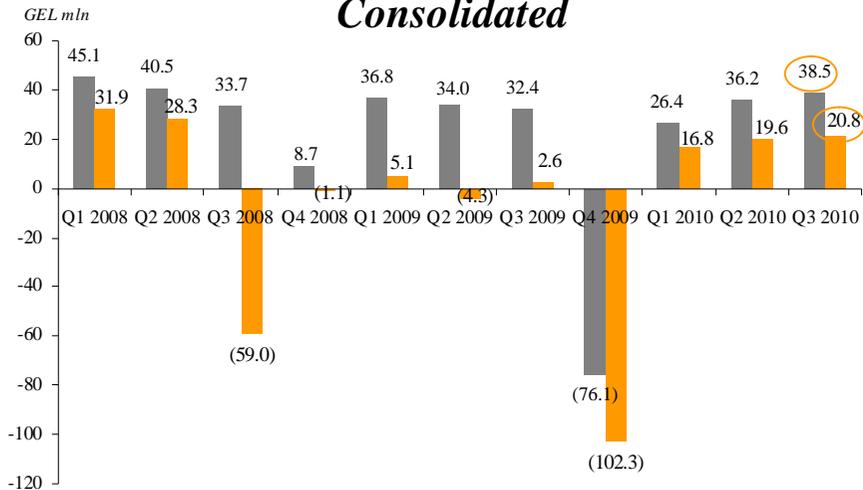
Consolidated Net provision expenses of GEL 14.2 mln in Q3 2010, GEL 12.6 mln in Q2 2010 and GEL 30.0 mln in Q3 2009 improved by 52.6% y-o-y

Net provision expense BoG standalone



Bank of Georgia Standalone Net provision expenses of Q3 2010 declined by 44.3% y-o-y

Profit (loss) before provisions/ Net Income/Loss, Consolidated



Net Income for nine months 2010 was GEL 57.2 mln

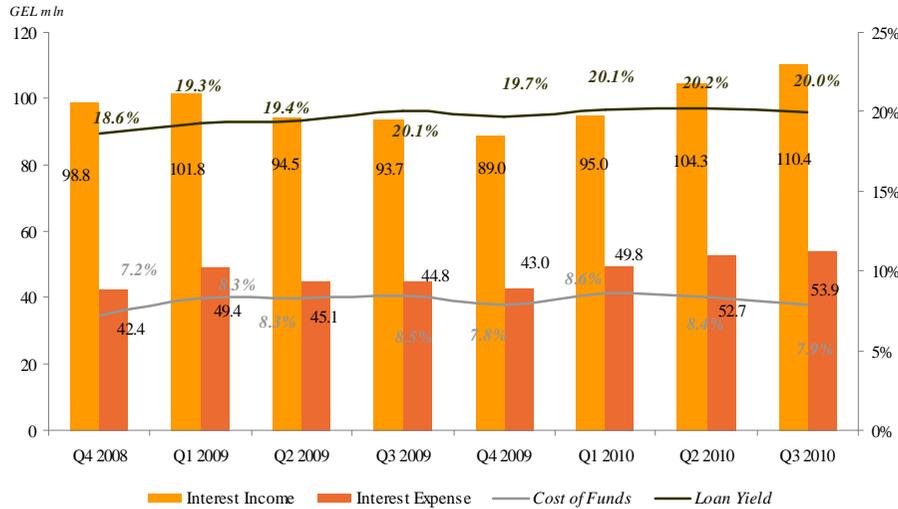
Net operating cash flow

	9m 2010	9m 2009
	<i>unaudited</i>	
Cash flow from operating activities		
Interest received	303,443	283,745
Interest paid	(151,331)	(167,643)
Fees and commissions received	54,013	49,489
Fees and commissions paid	(9,581)	(9,155)
Net realized gains from trading securities	2,564	2,169
Net realized gains from investments securities	-	277
Net realized gains from foreign currencies	24,892	19,282
Recoveries of loans to customers	15,354	8,213
Insurance premiums received	33,623	31,600
Insurance claims paid	(21,162)	(21,492)
Other operating income received	10,207	10,605
Salaries and other employee benefits paid	(70,812)	(69,405)
General and administrative and operating expenses paid	(52,558)	(54,857)
Net cash flow from operating activities	138,652	82,828
Growth rate	67.4%	

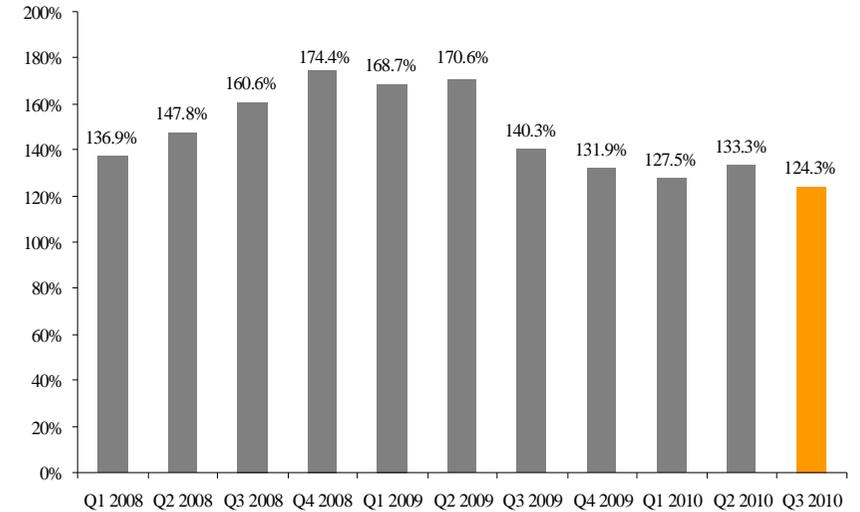
■ Profit/(Loss) Before Provisions ■ Net Income

Profitability & selected ratios

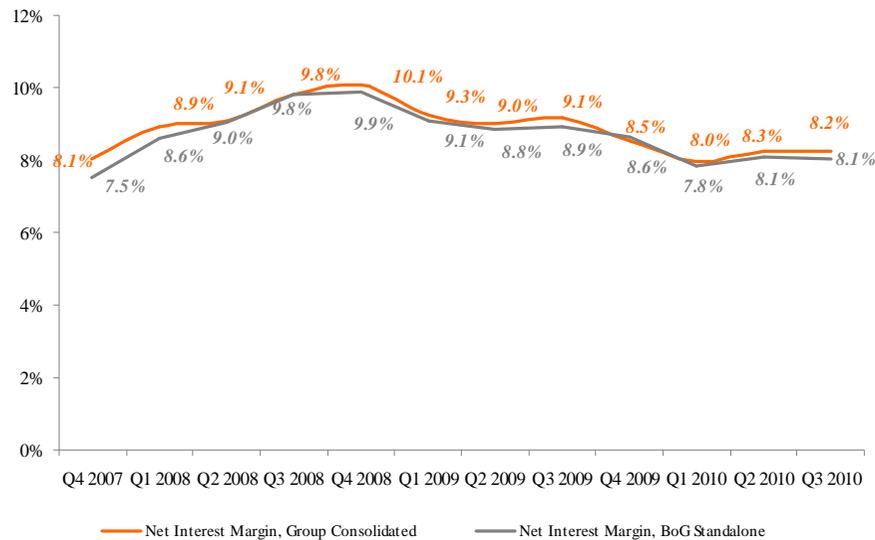
Cost of funds, Loan yields



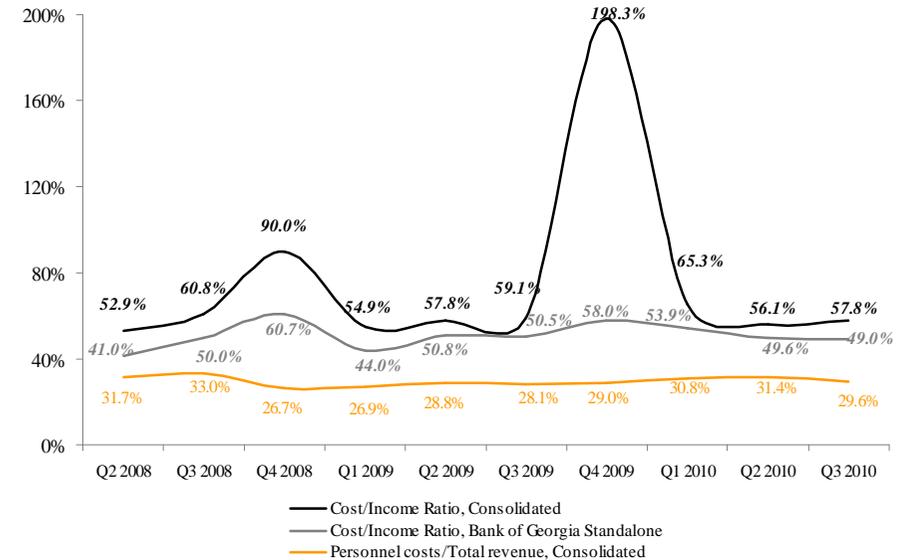
Net loans/Client deposits



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 11.5% q-o-q and 40.3% y-o-y increase in client deposits in Q3 2010; 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 nine months 2010; VAT collection up by 20%+ y-o-y in recent months, YTD 2010 trade turnover up by 16.9% y-o-y, NBG reserves still on high level at around USD 2 bln, exceeding M2 by 1.5 times
- ✦ Positive operating leverage achieved of 2.6% y-o-y and positive consecutive q-o-q normalized operating leverage of 3.7% driven by:
 - ✦ Second consecutive decrease of cost of funds, 8.6% in Q1 2010, 8.4% in Q2 2010, 7.9% in Q3 2010, as a result of deposit rate cuts
 - ✦ Solid growth of higher yielding retail loan book up 21.3% YTD
 - ✦ Increase of Net Interest Income as lending activity picked up
- ✦ Record high:
 - ✦ Revenue of GEL 91.2 mln, up 10.5% q-o-q, up 15.0% y-o-y
 - ✦ Normalized net operating income of GEL 40.1 mln, up 15.6% q-o-q, up 16.9% y-o-y
 - ✦ Gross loans up 3.1% q-o-q, up 23.1% y-o-y
 - ✦ Client deposits up 11.5% q-o-q, up 40.3% y-o-y
- ✦ 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, US\$ 50 million 7-year Financing Package agreement signed with EFSE in November 2010
- ✦ YTD loan book growth funded through deposit inflows locally and internationally. WM Representative Office opened in London

Outlook for Q4 2010

- Growth expected to continue in Q4
 - Higher yielding retail loan book expected to grow faster in 2nd half of the year
 - **Confident to deliver previously announced management target of net profit GEL 72 mln for 2010 with 10% upside risk**
- ✦ 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

November 2010

FDI and Net remittances

Cumulative net FDI breakdown by origin, 2004 – Q2 2010

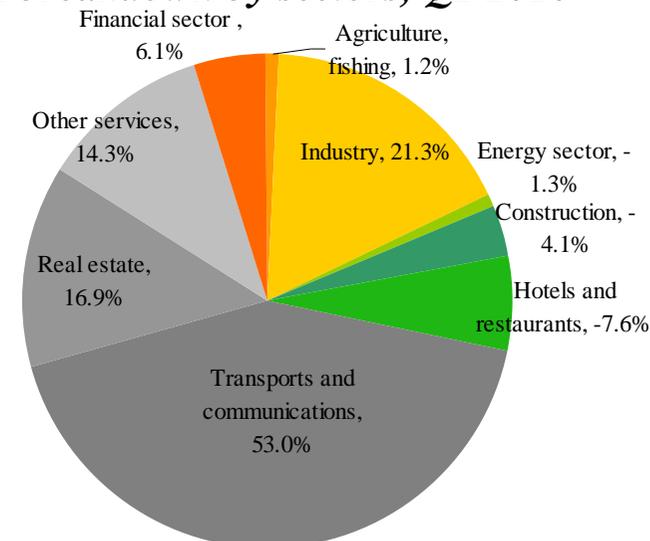
Country	US\$ '000s	% of total
UK	770,488	11.6%
UAE	613,245	9.2%
Turkey	565,356	8.5%
Netherlands	571,968	8.6%
British Virgin Islands	472,830	7.1%
Kazakhstan	258,077	3.9%
Azerbaijan	330,016	5.0%
Czech Republic	341,867	5.1%
Cyprus	275,657	4.1%
Subtotal	4,199,503	63.2%
Other countries	2,449,570	36.8%
Total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

Cumulative net remittances, 2008 – Q3 2010

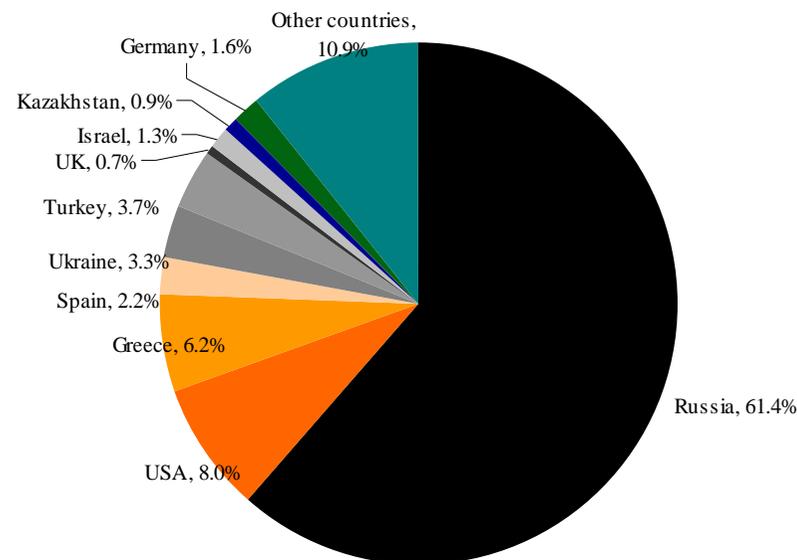
Country	US\$ '000s	% of total
Russia	1,371,750	59.8%
USA	176,903	7.7%
Greece	146,651	6.4%
Spain	54,768	2.4%
Ukraine	139,225	6.1%
Turkey	57,333	2.5%
UK	16,100	0.7%
Israel	23,326	1.0%
Kazakhstan	20,136	0.9%
Germany	21,340	0.9%
Other countries	268,224	11.7%
Total	2,295,757	100.0%

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

FDI breakdown by sectors, Q2 2010

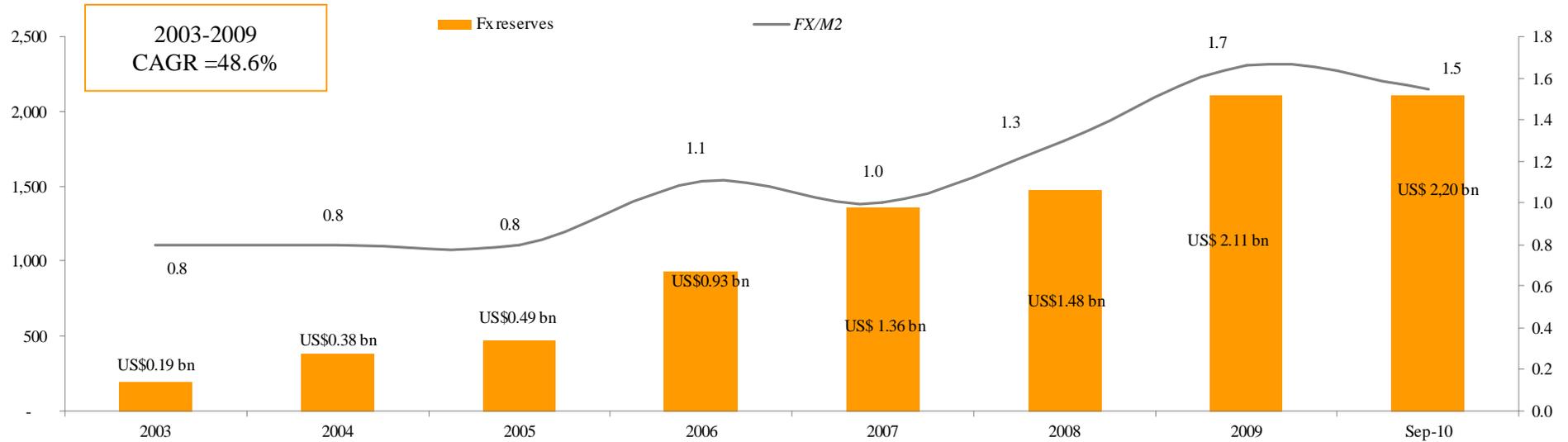


Net remittances by countries, Q3 2010

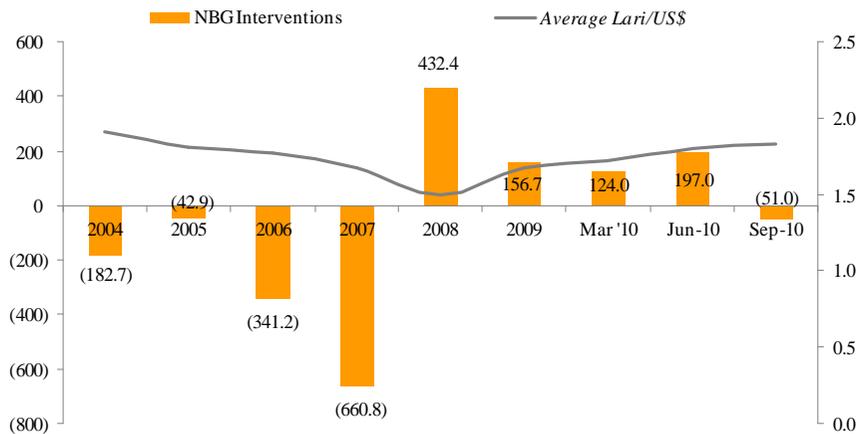


FX Reserves and Inflation

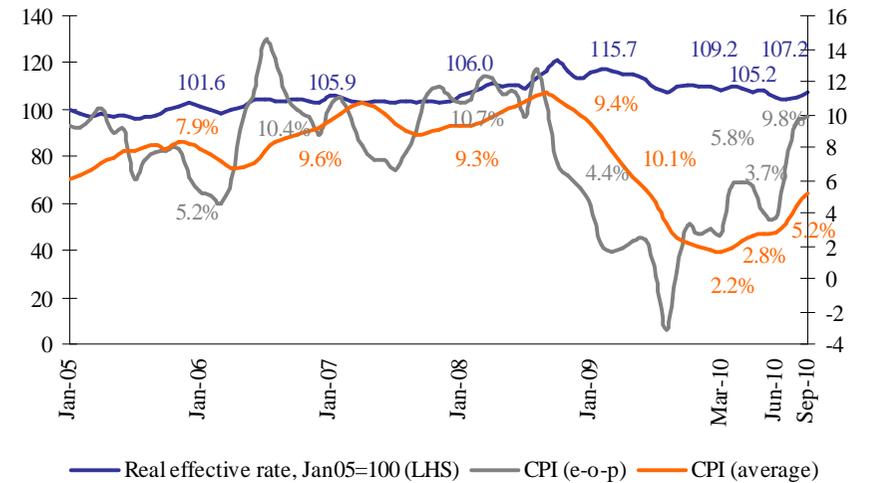
FX reserves, \$ mln



NBG interventions



Inflation

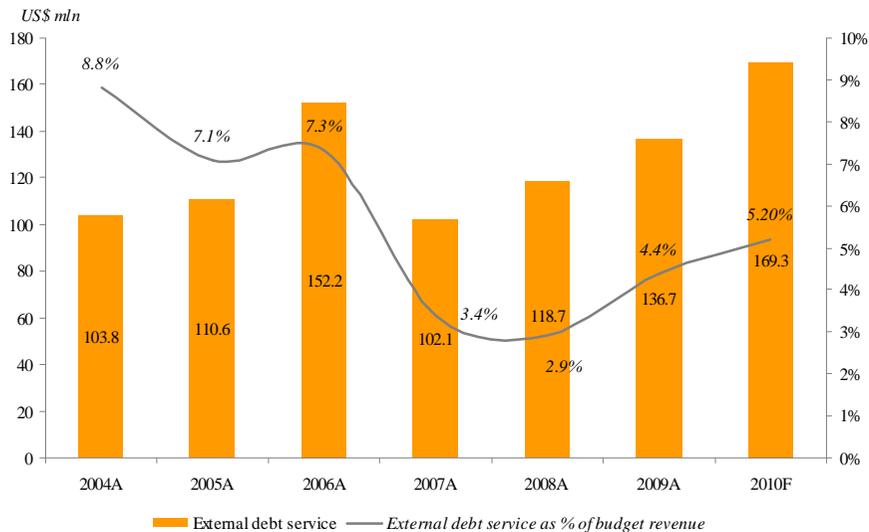


Source: National Bank of Georgia, Ministry of Finance of Georgia

Public debt: No burden to Public Finances

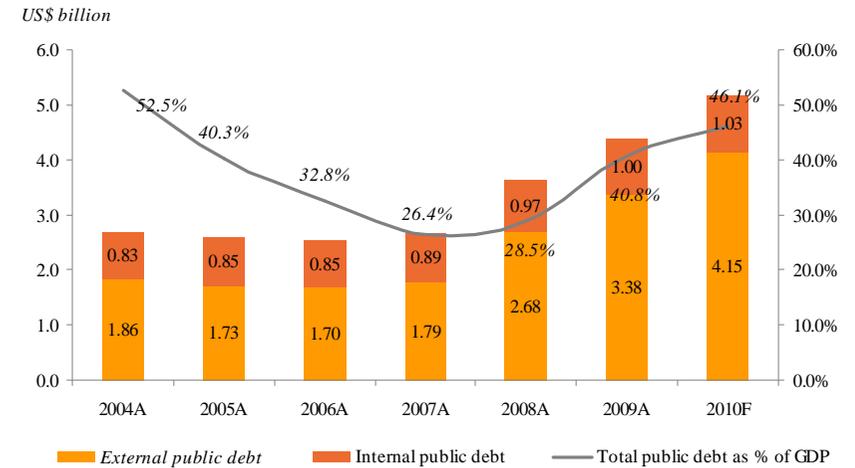
- ✦ Georgia's economy is quite unleveraged compared to other emerging market economies
- ✦ Georgia's public debt is 40.8% of GDP in 2009 down from 58.0% in 2003
- ✦ The external debt is all multilateral or bilateral and significant share is highly concessional
- ✦ This explains why the government debt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

External public debt service



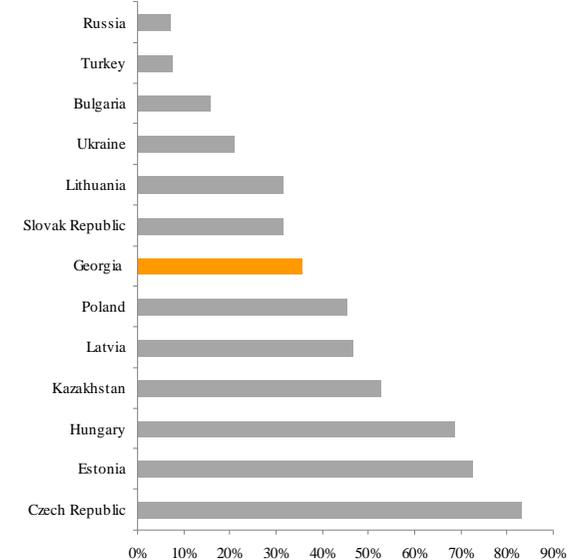
Source: "The Georgian Economy Overview", Government of Georgia Presentation, June 2009.

Breakdown of public debt



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

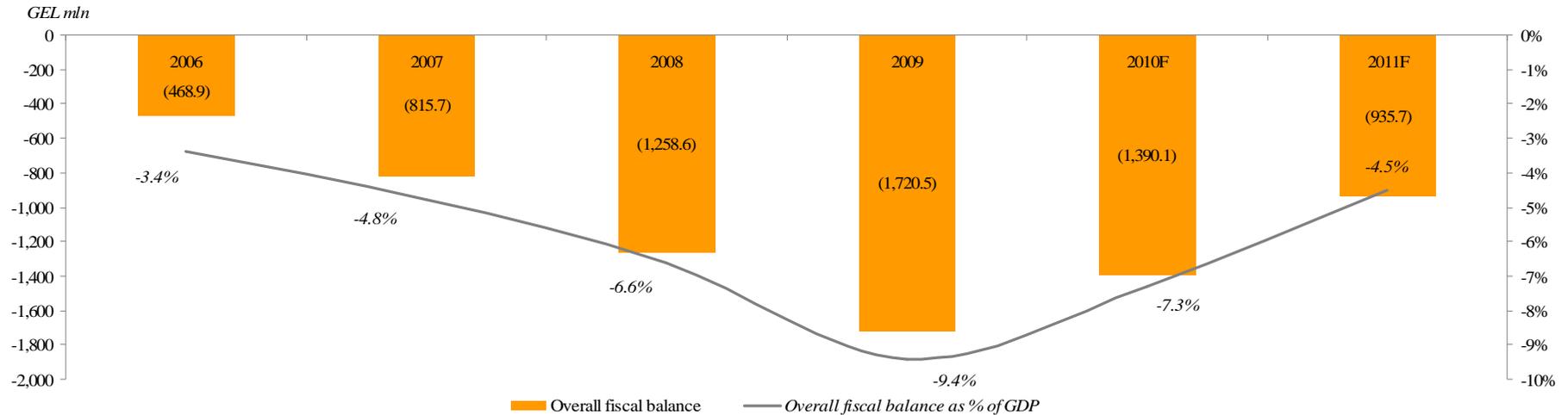
Public debt as % of GDP, 2009



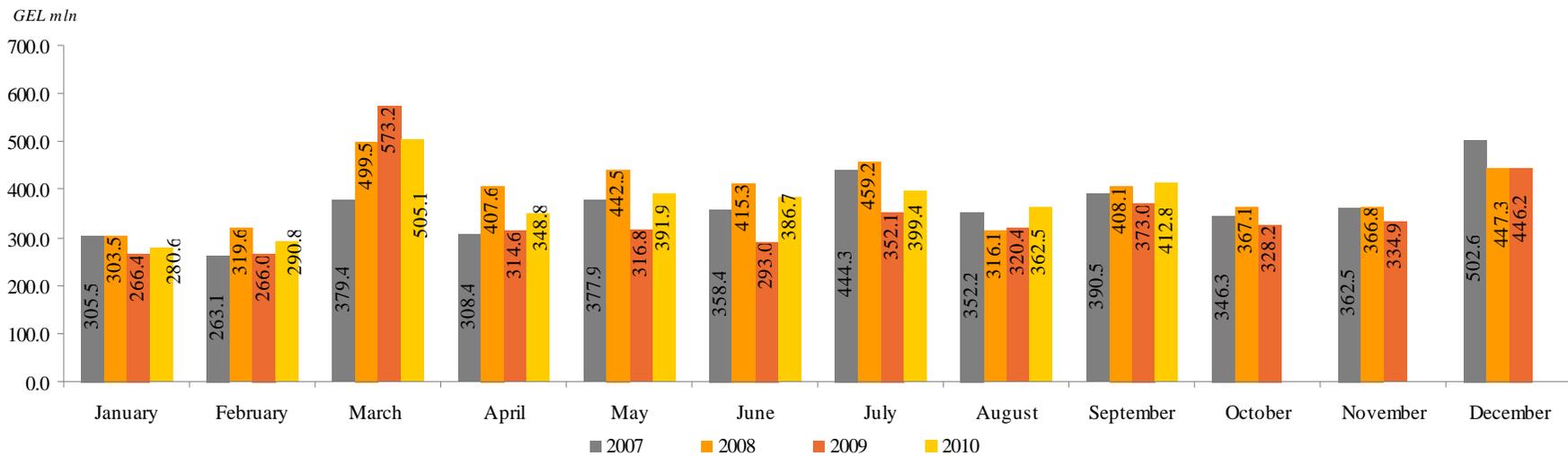
Source: World Bank, International Monetary Fund

Fiscal indicators: The worst seems past

Overall fiscal balance of the state budget



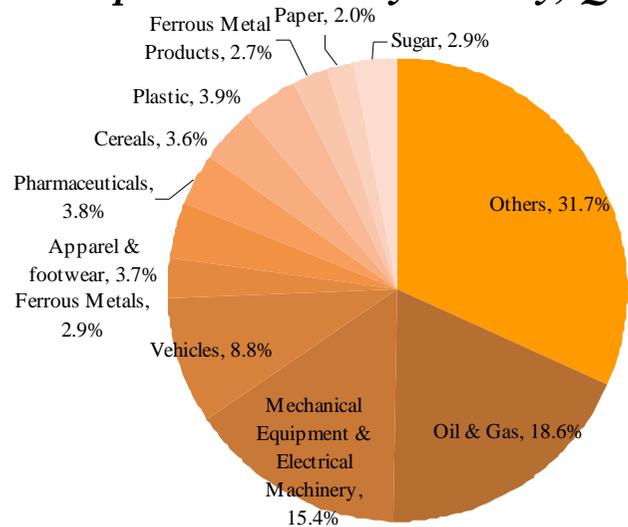
Fiscal revenue performance



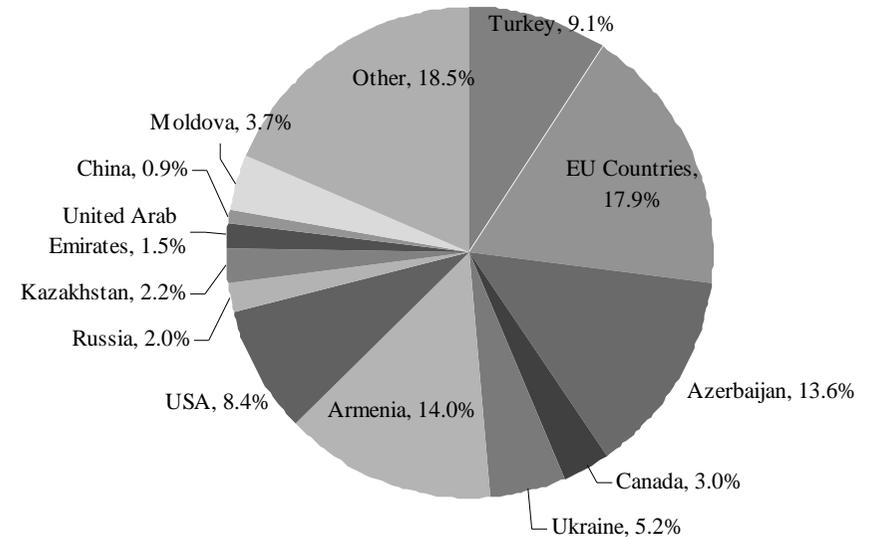
Source: National Bank of Georgia, National Statistics Office of Georgia

Trade structure

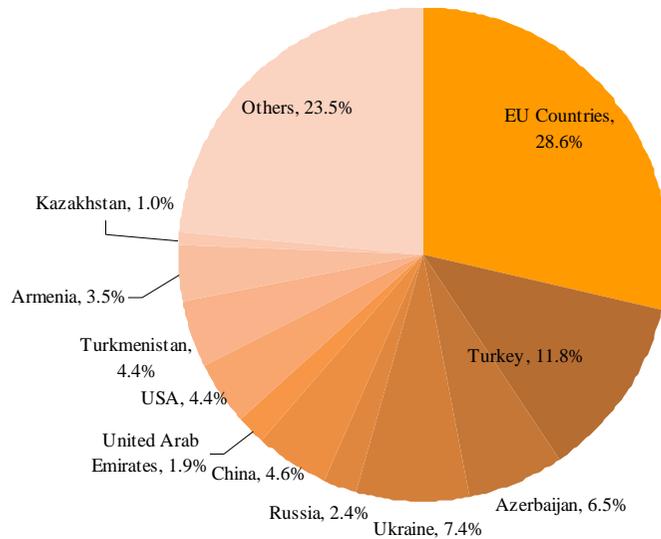
Import structure by country, Q3 2010



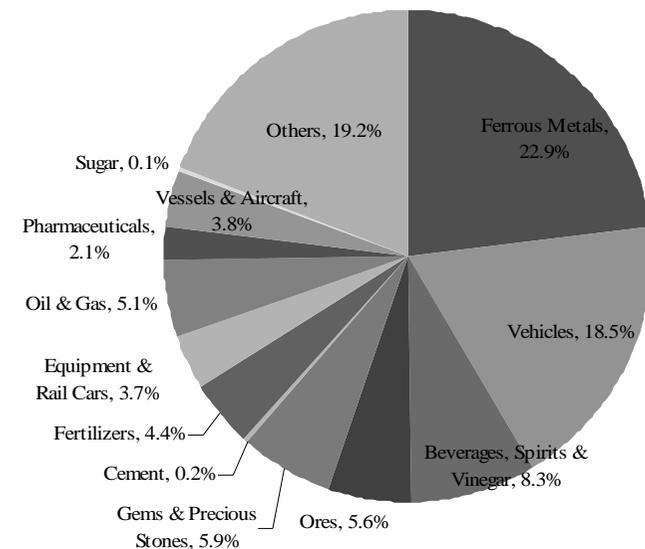
Export structure by country, Q3 2010



Import structure by product, Q3 2010



Export structure by product, Q3 2010



Source: National Statistics Office of Georgia

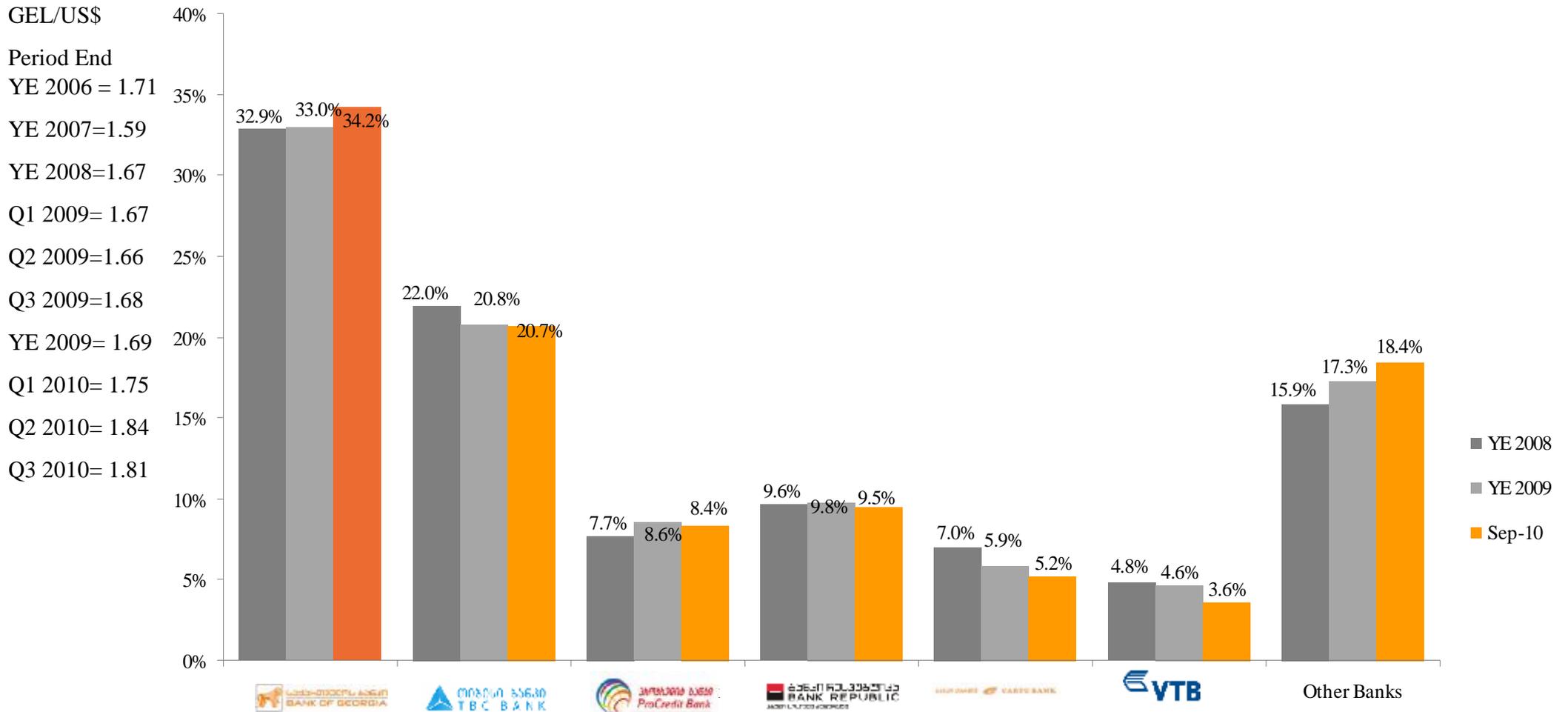


საქართველოს ბანკი
BANK OF GEORGIA

Georgian banking sector – key trends 2007- Q3 2010

November 2010

Peer group's market share in total assets



Note: 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

Peer group's market share in gross loans

GEL/US\$

Period End
YE 2006 = 1.71

YE 2007 = 1.59

YE 2008 = 1.67

Q1 2009 = 1.67

Q2 2009 = 1.66

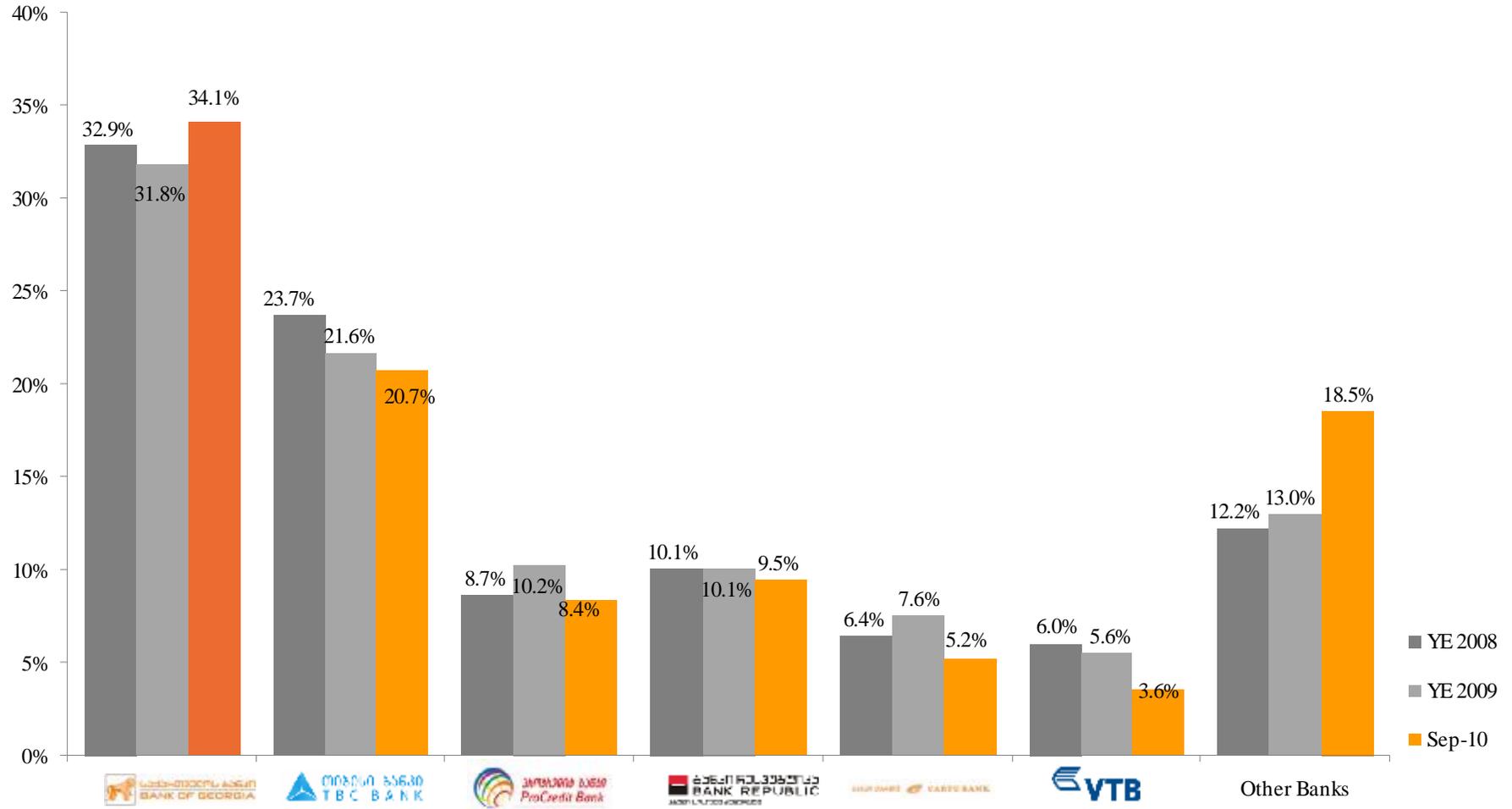
Q3 2009 = 1.68

YE 2009 = 1.69

Q1 2010 = 1.75

Q2 2010 = 1.84

Q3 2010 = 1.81



Note: 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

Peer group's market share in deposits

GEL/US\$

Period End

YE 2006 = 1.71

YE 2007 = 1.59

YE 2008 = 1.67

Q1 2009 = 1.67

Q2 2009 = 1.66

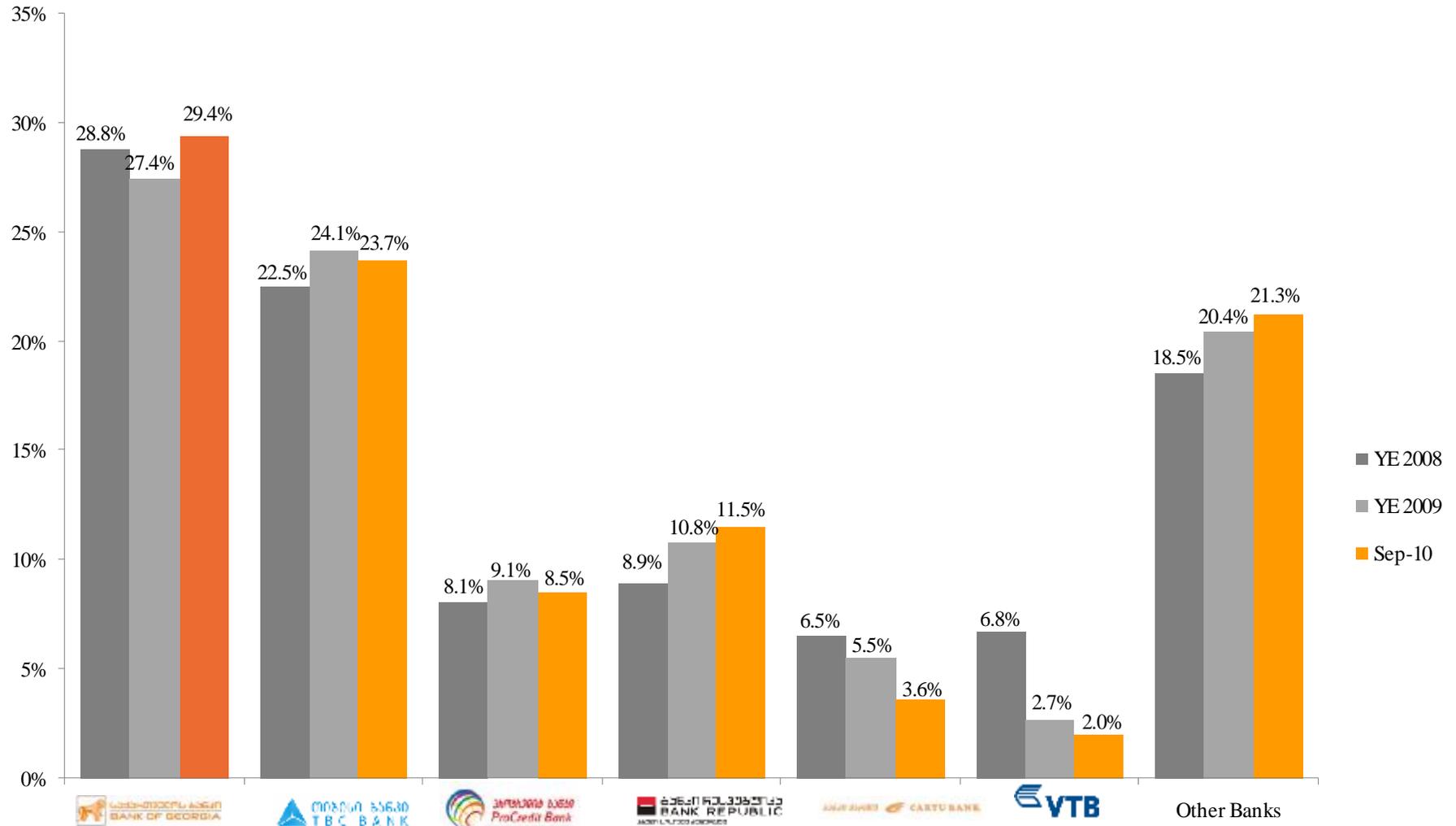
Q3 2009 = 1.68

YE 2009 = 1.69

Q1 2010 = 1.75

Q2 2010 = 1.84

Q3 2010 = 1.81



Note: 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

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.

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