

1.71 GEL/US\$ period end
1.73 GEL/US\$ Q4 2006 average
1.78 GEL/US\$ 2006 year average

JSC BANK OF GEORGIA ANNOUNCES ITS CONSOLIDATED Q4 2006 AND FULL-YEAR 2006 RESULTS

Millions, unless otherwise noted

	Q4 2006		Growth y-o-y ¹
	Unaudited		
	GEL	US\$	
Bank of Georgia (Consolidated, IFRS Based)			
Total Operating Income (Revenue)²	40.2	23.4	106%
Recurring Operating Costs	17.2	10.0	74%
Normalized Net Operating Income³	23.0	13.4	139%
Pre-Bonus Result	17.5	10.2	149%
Net Income	10.3	6.0	113%
Consolidated EPS (Basic), GEL & US\$⁴	0.55	0.32	

Millions, unless otherwise noted

	YTD 2006		Growth y-o-y ¹
	Unaudited		
	GEL	US\$	
Bank of Georgia (Consolidated, IFRS Based)			
Total Operating Income (Revenue)²	111.1	64.8	75%
Recurring Operating Costs	49.6	28.9	56%
Normalized Net Operating Income³	61.5	35.9	94%
Pre-Bonus Result	46.1	26.9	95%
Net Income	27.6	16.1	102%
Consolidated EPS (Basic), GEL & US\$⁴	1.67	0.97	47%
Consolidated EPS (Fully Diluted), GEL & US\$⁵	1.01	0.59	12%
ROAA⁶	3.5%		
ROAE⁷	17.1%		

¹ Compared to the same period in 2005; growth calculations based on GEL.

² Revenue includes Net Interest Income and Net Non-Interest Income.

³ Normalized for the Net Non-Recurring Costs.

⁴ Basic EPS equals to Net Income of the period divided by weighted average outstanding shares for the period.

⁵ EPS Fully Diluted equals to Net Income of the period divided by the number of outstanding ordinary shares as of the period end plus number of ordinary shares in contingent liabilities.

⁶ Return on Average Total Assets equals to Net Income for the year divided by quarterly average Total Assets for the year.

⁷ Return on Average Total Shareholders' Equity equals Net Income for the year divided by quarterly average Total Shareholders' Equity for the year.

About Bank of Georgia

Bank of Georgia, a leading universal Georgian bank with operations in Georgia and Ukraine, is the largest bank by assets, loans and equity in Georgia. The major component of the Galt & Taggart Index, the bank has 101 branches and over 400,000 retail and approximately 47,000 corporate current accounts. The bank offers a full range of retail banking and corporate and investment banking services to its customers across Georgia. The bank also provides a wide range of corporate and retail insurance products through its wholly-owned subsidiary, BCI, as well as asset & wealth management services.

Bank of Georgia has, as of the date hereof, the following credit ratings:

Standard & Poor's	'B+/B'	Stable
Moody's	'B3/NP' (FC) & 'Baa3/P-3' (LC)	Stable
FitchRatings	'B/B'	Stable

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The financial information as of the fourth quarter 2006 and the year ended 31 December 2006 contained in this news report is unaudited and reflects the best estimates of management. The bank's actual results may differ significantly from the amounts reflected herein as a result of various factors.

Bank of Georgia (LSE: BGEO, GSE: GEB), a leading Georgian universal bank, announced today its Q4 2006 and full-year 2006 consolidated results (IFRS Based, unaudited, derived from management accounts), reporting record Net Income of GEL 10.3 million in Q4 2006 (up 113% y-o-y), or GEL 0.55 per share (up 2% y-o-y).

For the full year 2006, the bank reported a record Net Income of GEL 27.6 million in 2006 (up 102% y-o-y), or GEL 1.67 per share (up 47% y-o-y).

Q4 2006 Summary

The bank's Q4 2006 Normalized Net Operating Income ("NNOI"), a key metric observed by the management, increased 139% y-o-y to GEL 23.0 million, driven by Net Interest Income of GEL 26.2 million, (up 122% y-o-y) and Net Non-Interest Income of GEL 14.0 million (up 81% y-o-y). Pre-Bonus Result ("PBR"), another key metric observed by the management, grew 149% y-o-y to GEL 17.5 million in Q4 2006.

Full-Year 2006 Summary

On a full year 2006 basis, the bank reported strong consolidated results with a record Net Income of GEL 27.6 million, up 102% y-o-y. Revenue grew 75% y-o-y to GEL 111.1 million, driven by a 74% increase y-o-y of Net Interest Income and a 76% increase y-o-y of Net Non-Interest Income, and more than offset the 56% y-o-y growth of Recurring Operating Costs to GEL 49.6 million. As a result of the improved operating leverage, NNOI grew 94% y-o-y to GEL 61.5 million. PBR grew 95% y-o-y to a record GEL 46.1 million due to Net Non-Recurring Cost containment and modest growth of Cost of Credit (2.9% in 2006 vs. 2.5% in 2005). BCI and Galt & Taggart Securities, the key wholly-owned subsidiaries of the bank, generated standalone Net Income of GEL 0.8 million and GEL 1.8 million, respectively.

The bank's consolidated Total Assets reached GEL 1.2 billion by the year end 2006, up 169% y-o-y, with the bank overtaking in October 2006 the former leader to become the largest Georgian bank by assets (as well as by loans and equity). The bank's corporate, retail and private banking Gross Loans To Clients grew by 129%, 131% and 172% y-o-y, respectively, to GEL 409.2 million, GEL 281.6 million and GEL 23.0 million, respectively, contributing to the 137% y-o-y growth of Net Loans To Clients to GEL 714.2 million, up 137%. The balance sheet growth in 2006 resulted in an approximately 10% market share gain by assets and approximately 8% market share gain by gross loans, resulting in the market share of approximately 28% and 27% by total assets and gross loans, respectively, at the year end.⁸ The bank's non-deposit funding base grew 347% y-o-y to GEL 223.5 million at the year end, which includes the debt funding raised from Citigroup, Merrill Lynch, Thames River Capital, HBK Investments and World Business Capital, among others. Client Deposits (GEL 579.2 million at the year end) increased by 115% y-o-y, contributing to a 5.5 % market share gain by total deposits.

Rapid growth across the board throughout the year, as well as the effect of the equity increase following the listing of Bank of Georgia shares in the form of GDRs on the London Stock Exchange in November 2006, resulted in ROAE of 17.1% for the year, while ROAA remained flat compared at 3.5%. The equity book value per share stood at GEL 14.8 at the year end, up 137% y-o-y.

⁸ Market share data are derived from the information published by the National Bank of Georgia (www.nbg.gov.ge) and represent an aggregation of standalone financial information filed by Georgian banks.

Strategic Business Unit Overview

Corporate & Investment Banking (CIB)

Discussion Of Results

Allocated Revenues grew 58% y-o-y, impacted by the growth in Net Interest Income and Net Non Interest Income. Operating leverage of CIB has improved, as the growth rate of allocated Costs (13% y-o-y, driven primarily by the headcount expansion and higher performance-based compensation) lagged the allocated Revenues. Net Loans grew 133% y-o-y to GEL 394.2 million, driven by increased lending to high-end corporates and rapid growth of the SME loan book. Client Deposits grew 154% y-o-y to GEL 295.1 million.

Highlights

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

Retail Banking (RB)

Discussion Of Results

Allocated Revenues grew 74% y-o-y, impacted by the growth in Net Interest Income and Net Non Interest Income. Operating leverage of RB has improved, as the growth rate of allocated Costs (57% y-o-y, driven primarily by the branch and headcount expansion and higher performance-based compensation) lagged the allocated Revenues. Net Loans grew 135% y-o-y to GEL 271.1 million, while Client Deposits grew 43% y-o-y to GEL 205.7 million, driven primarily by the growth of Current Account Balances and Demand Deposits.

Highlights

- Increased the number of retail current accounts from 141,000 at the beginning of the year to more than 415,000 at the year end.
- Launched several important client acquisition initiatives, including co-branded loyalty debit card products jointly with Aversi, the leading pharmacy chain, GeoCell, a leading mobile operator, and Populi, the leading branded grocery store chain.
- Increased the number of branches (service centers) from 56 at the beginning of the year to 99 at the year end, including 11 branches acquired from Intellect Bank and 23 branches opened in all stations of the Tbilisi Metro (subway).
- Increased the number of debit cards outstanding from 63,000 at the beginning of the year to 285,000 at the year end and continued to make gains in merchant acquiring as the installed POS footprint grew to 471. Total number of cards in service by Georgian Card grew from 91,000 at the beginning of the year to 370,000 at the year end, while the number of transaction authorisations processed by Georgian Card grew 400% y-o-y to approximately 8.0 million (compared to approximately 1.6 million in 2005).

- Continued investing in the electronic channels, as the number of ATMs grew to 124 at the year end (up from 37 at the beginning of the year), number of mobile banking users reached 13,700, and number of registered Internet banking users grew 776% y-o-y to 37,377.
- Commenced point-of-sale (POS) consumer lending effort to complement the branch-based general-purpose consumer lending, installing 89 points of presence on the retailers' premises by year-end. POS loan originations of GEL 31.0 million in 2006 resulted in POS loans outstanding of GEL 22.2 million at the year end.
- Mortgage loan originations of GEL 51.6 million resulted in mortgage loans outstanding at the year end of GEL 64.5 million, up 96% from the prior year.
- Car loan originations of GEL 9.8 million resulted in car loans outstanding at the year end of GEL 9.8 million, up 250% from the prior year.
- Credit cards were launched at the end of the year.

Insurance

Discussion Of Results

Standalone Revenues of BCI, the bank's wholly-owned insurance subsidiary, grew 44% y-o-y, impacted by the growth in both corporate and consumer lines of business, with standalone Gross Premiums Written up 28% y-o-y to GEL 10.1 million. Standalone Operating Costs were GEL 4.1 million, up 37% y-o-y, and standalone Net Claims Incurred were GEL 2.0 million, up 157% y-o-y, reflecting the growth of the business.

Highlights

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

Asset & Wealth Management (A&WM)

Discussion Of Results⁹

Allocated Revenues grew 217% y-o-y, impacted by the growth of Net Interest Income (driven primarily by the growth of the Private Banking loan book) and Net Non Interest Income (driven primarily by the 368% y-o-y growth of standalone Revenues of Galt & Taggart Securities (Georgia)), to GEL 5.2 million. The growth of standalone Revenues of Galt & Taggart Securities (Georgia) was driven primarily by Commissions From Brokerage (GEL 1.6 million, up 239% y-o-y), Gains From Trading Securities (GEL 0.6 million, up 2,656% y-o-y), and Asset Management & Administration Fees (GEL 0.5 million, up 1,219% y-o-y). Allocated Costs grew 255% y-o-y, impacted primarily by the consolidation of Galt & Taggart Capital and its portfolio companies into A&WM, growth of standalone Recurring Operating Costs of Galt & Taggart Securities due to headcount growth and higher performance-based and other compensation, and growth in Commissions, Depository and Stock Exchange Fees at Galt & Taggart Securities (Georgia) due to the growth of the brokerage volume of business, while allocated Private Banking Costs of GEL 1.1 million were up 11% y-o-y. As the earnings contribution of Private Banking and Galt & Taggart Securities (Georgia) were offset by the consolidated loss of Galt & Taggart Capital (and certain portfolio companies), impacted primarily by the start-up costs of the business, while the BCI Pension Fund had negligible impact on earnings, allocated Net Income of A&WM was GEL 0.5 million.

⁹ In 2006, A&WM comprised Private Banking, Galt & Taggart Securities (Georgia), the asset management activities related to the BCI pension fund and Galt & Taggart Capital.

Highlights

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

Comments

“In 2006, we continued to expand our business through a combination of organic growth, development of alternative distribution channels and selected acquisitions. We opened a record number of branches, gained over 250,000 new retail clients, expanded our coverage of corporate clients and continued to invest in our technology and people. In 2006, we achieved a number of significant milestones: became the first Georgian company to have been listed on the main market of the London Stock Exchange; became the first Georgian entity to have been rated by all three major rating agencies; expanded into Ukraine through the establishment of Galt & Taggart Securities (Ukraine) and purchase of a small stake in a Ukrainian bank; and entered the merchant banking business through the establishment of Galt & Taggart Capital. I am pleased that our progress has been noticed, as both *Euromoney* and *The Banker* named us the bank of the year in Georgia in 2006. Above all, I am delighted that we were able to grow our Basic EPS 47% y-o-y to GEL 1.67”, said **Lado Gurgenidze**, Chairman of the Supervisory Board.

Commenting on 2007, **Gurgenidze** added, “our 2007 objectives are clear: continuing to invest in all areas of our domestic franchise to sustain growth, while remaining highly disciplined in credit management, continuing our regional expansion through selective acquisitions and investments in Ukraine and elsewhere, and keeping a keen eye on the expansion-driven growth of our cost base to ensure that we operate as effectively and efficiently as possible during the current high-growth phase”.

INCOME STATEMENT DATA

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

BANK OF GEORGIA 2006 SEGMENT RESULTS

(GEL, thousands)	Total Operating Income (Revenues)			Net Income		
	2006	Y-O-Y Growth	2005	2006	Y-O-Y Growth	2005
CIB	33,222	58%	20,996	14,420	96%	7,365
RB	42,809	74%	24,658	8,417	123%	3,775
A&WM ⁵	5,151	217%	1,626	461	246%	133
Insurance	5,012	44%	3,470	271	8%	250
Corporate Center/Other	24,863	96%	12,684	3,983	89%	2,103
TOTAL	111,056	75%	63,434	27,552	102%	13,626

¹ Converted to U.S. dollars for convenience using a period end exchange rate of GEL1.7135 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period end exchange rate as reported by National Bank of Georgia as at 31 December 2006.

² Converted to U.S. dollars for convenience using a period end exchange rate of GEL1.7925 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period end exchange rate as reported by National Bank of Georgia as at 31 December 2005.

³ Not Applicable

⁴ Not Meaningful

⁵ For the full year 2006, the bank's merchant banking operation including, without limitation, G&T Capital results have been consolidated into A&WM. On a standalone basis, i.e. excluding the start up cost of Galt & Taggart Capital, A&WM posted standalone Net Income of GEL 1.8 million. In 2007, the bank intends to separate A&WM into several business units and will report segment results accordingly.

BALANCE SHEET DATA

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

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

² Compared to the same period of 2005; growth calculations based on GEL values.

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

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

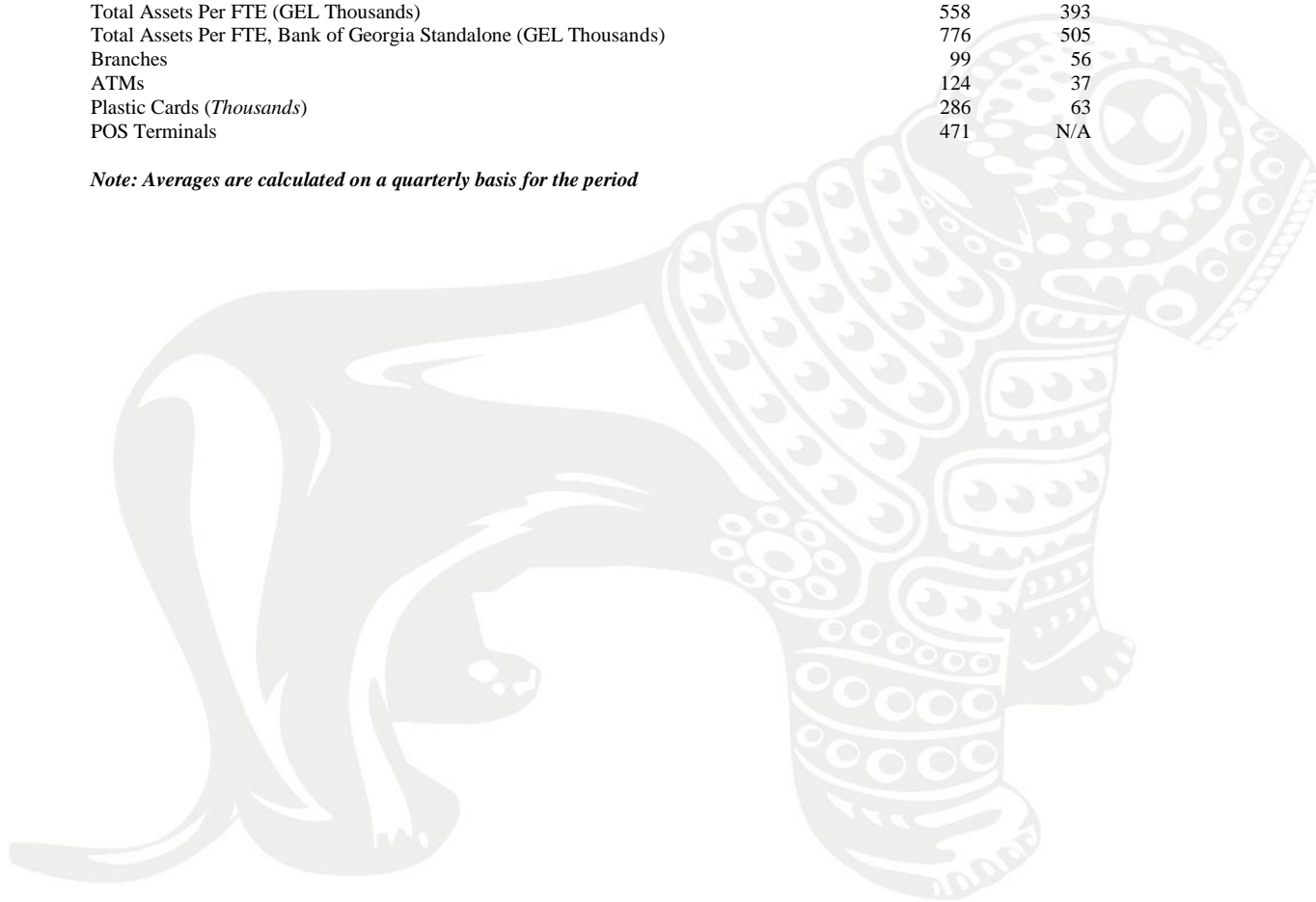
KEY RATIOS

	2006	2005
Consolidated Unless Otherwise Noted		
IFRS Based, Unaudited		
Profitability Ratios		
ROAA ¹	3.5%	3.5%
ROAE ²	17.1%	20.1%
Interest Income To Average Interest Earning Assets ³	16.7%	18.3%
Cost Of Funds ⁴	5.8%	4.2%
Net Spread ⁵	10.9%	14.1%
Net Interest Margin ⁶	11.2%	13.7%
Loan Yield ⁷	17.2%	18.2%
Interest Expense To Interest Income	33.2%	25.2%
Net Non-Interest Income To Average Total Assets	5.6%	6.3%
Net Non-Interest Income To Revenue ⁸	39.2%	38.9%
Net Fee And Commission Income To Average Interest Earning Assets ⁹	3.5%	4.9%
Net Fee And Commission Income To Revenue	18.8%	21.7%
Operating Leverage ¹⁰	23.8%	1.5%
Recurring Earning Power ¹¹	7.8%	7.6%
Net Income To Revenue	24.8%	21.5%
Efficiency Ratios		
Operating Cost To Average Total Assets ¹²	6.4%	8.1%
Cost To Average Total Assets ¹³	7.8%	10.3%
Cost / Income ¹⁴	55.1%	63.8%
Cost / Income, Bank of Georgia, Standalone ¹⁵	51.2%	62.0%
Total Employee Compensation Expense To Revenue ¹⁶	30.8%	36.6%
Total Employee Compensation Expense To Cost	55.9%	57.4%
Total Employee Compensation Expense To Average Total Assets	4.4%	5.9%
Liquidity Ratios		
Net Loans To Total Assets ¹⁷	57.5%	65.3%
Average Net Loans To Average Total Assets	61.7%	58.6%
Interest Earning Assets To Total Assets	78.8%	75.6%
Average Interest Earning Assets To Average Total Assets	77.5%	72.0%
Liquid Assets To Total Assets ¹⁸	26.6%	15.4%
Net Loans To Client Deposits	123.3%	111.8%
Average Net Loans To Average Client Deposits	115.3%	90.7%
Net Loans To Total Deposits ¹⁹	120.6%	101.0%
Net Loans To Total Liabilities	82.0%	81.5%
Total Deposits To Total Liabilities	68.0%	80.7%
Client Deposits To Total Deposits	97.8%	90.3%
Client Deposits To Total Liabilities	66.5%	72.9%
Current Account Balances To Client Deposits	60.7%	42.0%
Demand Deposits To Client Deposits	6.2%	13.5%
Time Deposits To Client Deposits	33.1%	44.6%
Total Deposits To Total Assets	47.7%	64.7%
Client Deposits To Total Assets	46.6%	58.5%
Client Deposits To Total Equity (Times) ²⁰	1.56	2.95
Due From Banks / Due To Banks ²¹	548%	131%
Total Equity To Net Loans	51.9%	30.3%
Leverage (Times) ²²	2.3	4.0
Asset Quality		
NPLs (in GEL) ²³	16,266,200	14,428,952
NPLs To Gross Loans To Clients ²⁴	2.2%	4.5%
Cost Of Credit ²⁵	2.9%	2.5%
Reserve For Loan Losses To Gross Loans To Clients ²⁶	3.8%	5.3%
NPL Coverage Ratio ²⁷	171.6%	117.9%
Total Equity To Average Net Loans To Clients	77.0%	39.7%
Capital Adequacy:		
Total Equity To Total Assets	29.9%	19.8%
BIS Tier I Capital Adequacy Ratio ²⁸	35.6%	23.0%
BIS Total Capital Adequacy Ratio ²⁹	38.2%	24.0%
NBG Tier I Capital Adequacy Ratio ³⁰	23.2%	11.1%
NBG Total Capital Adequacy Ratio ³¹	28.5%	13.0%

Note: Averages are calculated on a quarterly basis for the period

	2006	2005
Per Share Values:		
Basic EPS (GEL) ³²	1.67	1.14
Basic EPS (US\$)	0.97	0.63
Fully Diluted EPS (GEL) ³³	1.01	0.90
Fully Diluted EPS (US\$)	0.59	0.50
Book Value Per Share (GEL) ³⁴	14.75	6.22
Book Value Per Share (US\$)	8.61	3.47
<i>Change y-o-y</i>	<i>137%</i>	<i>26%</i>
Ordinary Shares Outstanding - Weighted Average	16,505,701	11,980,471
Ordinary Shares Outstanding - Period End	25,202,009	14,728,704
Ordinary Shares Outstanding - Fully Diluted	27,229,418	15,115,373
Selected Operating Data:		
Full Time Employees (FTE)	2,226	1,174
FTEs, Bank of Georgia Standalone	1,601	914
Total Assets Per FTE (GEL Thousands)	558	393
Total Assets Per FTE, Bank of Georgia Standalone (GEL Thousands)	776	505
Branches	99	56
ATMs	124	37
Plastic Cards (<i>Thousands</i>)	286	63
POS Terminals	471	N/A

Note: Averages are calculated on a quarterly basis for the period



NOTES TO KEY RATIOS

- 1 Return On Average Total Assets (ROAA) equals to Net Income of the period divided by quarterly Average Total Assets for the same period;
- 2 Return On Average Total Equity (ROAE) equals to Net Income of the period divided by quarterly Average Total Equity for the same period;
- 3 Average Interest Earning Assets are calculated on a quarterly basis; Interest Earning Assets include: Loans And Advances To Credit Institutions, Treasuries And Equivalents, Other Fixed Income Instruments and Net Loans to Clients;
- 4 Cost Of Funds equals to Interest Expense of the period divided by quarterly Average Interest Bearing Liabilities; Interest Bearing Liabilities Include: Client Deposits, Deposits And Loans From Banks, Borrowed Funds and Issued Fixed Income Securities;
- 5 Net Spread equals to Interest Income To Average Interest Earning Assets less Cost Of Funds;
- 6 Net Interest Margin equals to Net Interest Income of the period divided by quarterly Average Interest Earning Assets of the same period;
- 7 Loan Yield equals to Interest Income, less Net Provisions For Loan Losses, plus Recovery For Other Assets, divided by quarterly Average Gross Loans To Clients;
- 8 Revenue equals Total Operating Income;
- 9 Net Fee And Commission Income includes Net Income From Documentary Operations of the period;
- 10 Operating Leverage equals to percentage change in Revenue less percentage change in Total Costs;
- 11 Recurring Earning Power equals to Profit Before Provisions and Bonuses of the period divided by average Total Assets of the same period;
- 12 Operating Cost equals to Total Recurring Operating Costs;
- 13 Cost includes Total Recurring Operating Costs, Net Non-Recurring Costs (Income) and Bonuses & Share Based Compensation Expenses;
- 14 Cost/Income Ratio equals to Costs of the period divided by Total Operating Income (Revenue);
- 15 Cost/Income, Bank of Georgia, standalone, equals to non-consolidated Total Costs of the bank of the period divided by non-consolidated Revenue of the bank of the same period;
- 16 Total Employee Compensation Expense includes Personnel Costs and Bonuses & Share-Based Compensation Expenses;
- 17 Net Loans equal to Net Loans To Clients;
- 18 Liquid Assets include: Cash And Cash Equivalents, Other Accounts With NBG, Balances With And Loans To Other Banks, Treasuries And Equivalents and Other Fixed Income Securities as of the period end and are divided by Total Assets as of the same date;
- 19 Total Deposits include Client Deposits and Deposits And Loans from Banks;
- 20 Total Equity equals Total Shareholders' Equity;
- 21 Due From Banks/Due To Banks equals to Loans And Advances To Credit Institutions divided by Deposits And Loans From Banks;
- 22 Leverage (Times) equals Total Liabilities as of the period end divided by Total Equity as of the same date;
- 23 NPLs (in GEL) equals to total gross non-performing loans as of the period end; non-performing loans are loans that have debts in arrears for more than 90 calendar days;
- 24 Gross Loans equals to Gross Loans To Clients;
- 25 Cost Of Credit equals to Net Provision For Loan Losses of the period, less recovery of other assets, divided by quarterly average Net Loans To Clients over the same period;
- 26 Reserve For Loan Losses To Gross Loans To Clients equals to reserve for loan losses as of the period end divided by gross loans to clients as of the same date;
- 27 NPL Coverage Ratio equals to Reserve For Loan losses as of the period end divided by NPLs as of the same date;
- 28 BIS Tier I Capital Adequacy Ratio equals to Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Capital Accord I;
- 29 BIS Total Capital Adequacy Ratio equals to Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of Basel Capital Accord I;
- 30 NBG Tier I Capital Adequacy Ratio equals to Tier I Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements the National Bank of Georgia;
- 31 NBG Total Capital Adequacy Ratio equals to Total Capital as of the period end divided by Total Risk Weighted Assets as of the same date, both calculated in accordance with the requirements of the National Bank of Georgia;
- 32 Basic EPS equals to Net Income of the period divided by the weighted average number of outstanding Ordinary Shares over the same period;
- 33 Fully Diluted EPS equals to net income of the period divided by the number of outstanding Ordinary Shares as of the period end plus number of ordinary shares in contingent liabilities;
- 34 Book Value Per Share equals to Total Equity plus Treasury Shares, divided by the total number of outstanding Ordinary Shares.