



Tbilisi, April 6, 2006

**JSC Bank of Georgia Announces Its Proforma Consolidated Q1 05 Results
Reports Net Income of GEL 2.2 million**

- Total Operating Income of GEL 10.9 million, up GEL 1.1 million, or 11.7 % y-o-y (a 4.7 % increase q-o-q)
- Normalized Net Operating Income of GEL 5.2 million, up GEL 1.0 million, or 22.9% y-o-y (a 11.9% increase q-o-q)
- Pre-Bonus Result of GEL 3.0 million, down GEL 0.5 million, or -14.7% y-o-y
- Net Income of GEL 2.2 million, down GEL 0.08 mln or -3.3 % y-o-y
- Group Consolidated Net Income of GEL 2.4 million, due to contributions of BCI and Galt & Taggart
- Basic EPS of GEL 0.20 per share
- Diluted EPS of GEL 0.19 per share

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, reported today a profitable Q1 2005, a result of the successful turnaround since the arrival of the new management team in October 2004.

“Normalized Net Operating Income (NNOI) – a key metric we are looking at this stage of the turnaround – reached GEL 5.2 million in Q1 05 on a proforma consolidated basis, a 22.9% increase y-o-y and 11.9% increase q-o-q. The growth in NNOI was driven by a 7.0% increase y-o-y in Net Interest Income and 20.9% increase y-o-y in Non Interest Income. Our consolidated gross loan portfolio, including inter-bank loans, reached GEL 218 million at the end of March, driven by growth in corporate lending (180 corporate loans issued, net portfolio increase of GEL 14.4 million) and consumer lending (2,717 consumer, mortgage and micro loans issued, net portfolio increase of GEL 4.7 million). I am pleased that our Net Interest Margin has remained healthy at 12.6%. We have further enhanced our leading position in the plastic cards market, issuing 10,901 cards in Q1 05 (compared with 6,765 cards issued in Q4 04), bringing total number of cards issued to 41,631. Net provisions returned to normal levels and amounted to GEL 1.4 million in Q1 05, with steady improvement month-on-month (GEL 821,181, GEL 423,690 and GEL 291,337 in January, February and March, respectively)”, commented **Lado Gurgenidze**, Chief Executive Officer.

“Due to the cost reduction and containment measures implemented by the bank’s management, Total Recurring Operating Costs decreased by 1.2% q-o-q to GEL 5.6 mln, despite a 5% increase q-o-q in personnel costs, as we have resumed selective recruitment and absorbed the TUB personnel. Our normalized Cost-Income ratio has declined below the 60% mark in Q1 05, and stood at a respectable 58.9%. The integration of TUB resulted in considerable synergies, with TUB contributing in Q1 05 GEL 760,665 to the proforma consolidated Net Income of the bank, which represents 41% of the goodwill we paid for TUB. We expect to complete the merger of TUB with Bank of Georgia in April”, commented **Irakli Gilauri**, Chief Financial Officer.

“We launched a number of new retail products in Q1 05 and have continued to work diligently on the upgrading of our IT platform, building the foundation for growth in the coming months. I am pleased to report that we continue to be successful in attracting top talent from abroad. In March, Eka Kvantrishvili, former Head of Collections at Rusfinance (the Russian consumer lending joint venture between Société Générale and Baring Vostok Capital Partners, joined as head of Collections and Special Retail Projects Coordinator. We have also agreed terms with Giorgi Paresishvili, who will join next month as the Head of Asset & Wealth Management, filling in the last gap in our senior management lineup. George is joining from Credit Suisse First Boston, where he worked in Emerging Markets Trading in London and Mortgage Trading Finance in New York. With the most painful part of the restructuring behind us and with new products, upgraded systems and strengthened management team in place we look forward to growing our franchise in 2005 and beyond”, concluded **Lado Gurgenidze**, Chief Executive Officer.

Q1 2005 Bank of Georgia Proforma Consolidated Financial Performance

<i>Unaudited (IFRS)</i> <i>GEL, unless otherwise noted</i>	Jan - 05	Feb - 05	Mar-05	Q1- 05	Y-O-Y Growth	Q-O-Q Growth
Operating Income						
Interest Income	2,972,491	3,207,273	3,617,149	9,796,913	12.6%	12.6%
Interest Expense	(977,611)	(872,149)	(981,890)	(2,831,650)	29.0%	7.1%
Net Interest Income	1,994,880	2,335,124	2,635,259	6,965,263	7.0%	15.0%
Commission Income	810,451	871,515	973,804	2,655,770	12.7%	-9.4%
Commission Expenses	(142,235)	(114,022)	(196,431)	(452,688)	11.9%	-27.1%
Net Commission Income	668,216	757,493	777,373	2,203,081	12.8%	-4.6%
Income from Documentary Operations	148,608	253,745	209,139	611,492	26.4%	9.5%
Expense from Documentary Operations	(7,167)	(2,944)	(154,553)	(164,664)	-25.4%	1.4%
Net Income From Documentary Operations	141,442	250,801	54,586	446,828	69.9%	12.9%
Other Non-Interest Income	22,364	23,112	20,620	66,096	102.9%	-26.7%
Other Non-Interest Expenses	-	-	(16)	(16)	-99.7%	-99.8%
Net Other Non-Interest Income	22,364	23,112	20,604	66,080	147.5%	-17.3%
FX Trading Income	365,383	386,908	463,406	1,215,697	20.4%	-22.5%
Non-Interest Income	1,197,404	1,418,314	1,315,969	3,931,687	20.9%	-9.7%
Total Operating Income	3,192,284	3,753,438	3,951,228	10,896,950	11.7%	4.7%
Recurring Operating Costs						
Personnel Costs	(952,052)	(974,396)	(975,491)	(2,901,939)	17.1%	4.9%
Selling, General & Administrative Expenses	(169,444)	(192,242)	(367,132)	(728,818)	-15.5%	-5.9%
Procurement & Operations Support Expenses	(123,848)	(151,377)	(180,424)	(455,649)	-17.1%	-14.4%
Depreciation	(269,913)	(252,533)	(275,924)	(798,370)	32.8%	12.0%
Other Operating Expenses	(209,466)	(245,477)	(237,773)	(692,716)	-9.0%	-14.4%
Various Tax Expenses	(51,426)	(17,593)	(10,077)	(79,096)	-67.6%	-39.3%
Total Recurring Operating Costs	(1,776,149)	(1,833,618)	(2,046,820)	(5,656,587)	2.9%	-1.2%
Normalized Net Operating Income	1,416,135	1,919,820	1,904,408	5,240,363	22.9%	11.9%
Non-recurring costs	(141,316)	(366,598)	(216,728)	(724,642)	820.8%	25.1%
Profit (pre-bonus) Before Provisions	1,274,819	1,553,222	1,687,680	4,515,721	7.9%	10.0%
Provisions	(836,429)	(651,015)	(818,970)	(2,306,414)	232.6%	-85.7%
Gains on asset sale & recovery	15,068	227,325	527,633	770,026	20689.0%	23520.4%
Pre-Bonus Result	453,458	1,129,532	1,396,343	2,979,333	-14.7%	NMF
Guaranteed Compensation Costs	-	(42,000)	(21,000)	(63,000)	N/A	N/A
Bonuses Paid or Accrued	-	(8,566)	(666,594)	(675,160)	10.2%	-2.7%
Pre-Tax Income	453,458	1,078,966	708,749	2,241,173	-22.2%	NMF
Profit Tax	-	-	-	-	-	-
Net Income (Loss)	453,458	1,078,966	708,749	2,241,173	-3.3%	NMF
<i>BCI Net Income contribution (IFRS)</i>	<i>39,213</i>	<i>11,380</i>	<i>116,744</i>	<i>167,337</i>	-	-
<i>Galt & Taggart Net Income contribution (Georgian GAAP)</i>	<i>8,556</i>	<i>13,605</i>	<i>(1,431)</i>	<i>20,730</i>	-	-
Consolidated Net Income (Loss)	501,227	1,103,951	824,062	2,429,240	-	-
RATIOS	Jan - 05	Feb - 05	Mar-05	Q1- 05		
Cost/Income*				58.9%		
Personnel Cost/Total Operating Income **				33.0%		
Personnel Cost/Total Normalized Cost				63.6%		
Annualized Normalized Net Operating Income per Employee (GEL)	17,464	23,462	23,148	21,235		
Annualized Pre-bonus Result per Employee (GEL)	6,272	13,702	16,722	11,819		
Net Interest Margin ***	11.1%	14.0%	14.0%	12.6%		
ROE (annualized)	10.1%	26.3%	15.6%	16.6%		
ROA (annualized)	1.5%	4.3%	2.6%	2.6%		
Average Net Loans/Average Total Borrowed Funds	3.57	3.58	4.53	3.61		
Average Net Loans/Average Customer Deposits	77.5%	85.7%	85.2%	83.3%		
Net Loans m-o-m growth	1.2%	4.7%	8.8%			
Client Deposits m-o-m growth	-12.3%	-5.4%	9.4%			
Provisions/Total Loan Portfolio	11.6%	11.2%	10.8%			
Leverage (Average Total Liabilities/Average Equity)	5.34	5.02	5.13			

*Total Recurring Operating Costs+ESOP Costs+Guaranteed Compensation Costs+Bonuses Paid or Accrued/Total Operating Income

**Personnel Costs+ESOP Costs+Guaranteed Compensation Costs+Bonuses Paid or Accrued/Total Operating Income

***Net Interest Income/Interest Earning Assets

About Bank of Georgia

Bank of Georgia is a leading Georgian universal bank, with an approximately 18.6 % market share in loans and 23.7 % market share in client deposits. The bank markets and distributes a wide spectrum of retail products through its extensive branch network, and offers a full range of commercial banking and investment banking (through its affiliate, Galt & Taggart Securities) services to corporate clients. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, has an approximately 12% market share. As at March 31, 2005, the bank had GEL 337 million in assets.

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