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

JSC Bank of Georgia Investor Presentation

January 2010

Agenda

Topic
Introduction to Bank of Georgia
Overview of global & Georgian economies
Governance Change
Expected financial performance in Q4 2009
Management targets for 2010
Intention to pay dividends
Strategy update
Q3 2009 results

Introduction to Bank of Georgia

The leading universal bank in Georgia

- No.1 by assets (33.6%),(1) loans (31.1%),(1) client deposits (29.3%)(1) and equity (40.4%)(1)
- Leading retail banking, with top brand, best distribution network and broadest range of services of any bank in Georgia

	September 2009	June 2009	December 2008
Retail Accounts	895,000+	880,000+	866,000+
Cards Outstanding	569,000+	590,000+	639,000+
Branches	140	140	151
ATMs	380	394	416

- Leading corporate bank with approximately 81,000 legal entities and over 150,000 current accounts
- Leading card-processing, leasing, insurance, wealth management and asset management services provider
- The only Georgian entity with credit ratings from all three global rating agencies
  - S&P: 'B/B' – at the sovereign ceiling
  - Fitch Ratings: 'B/B'
  - Moody's: 'B3/NP (FC)' & 'Ba3/NP (LC)'
- Listed on the London Stock Exchange (GDRs) and Georgian Stock Exchange
  - Market Cap (LSE) US$ 225 mln as of 6 November 2009
  - Approximately 95% free float
- Issue of the first ever Eurobonds in Georgia
  - Bloomberg: BKGEO; 5 year, 9%, US$200 mln
  - B/Ba2/B (composite B+)

Investment highlights

- Undisputed leader of Georgian financial services industry with market-leading retail and corporate banking franchise
- Strongly positioned to benefit from US$4.5 bln international assistance package pledged to Georgia by international donors in the aftermath of Russia-Georgia conflict in August 2008
- Disciplined capital management, low leverage, conservative liquidity position, no exposure to sub-prime
- Sophisticated management team with Western banking & finance background
- Transparency and good governance, over 89% institutionally owned. Supervisory Board includes two large institutional shareholders and two independent directors

სააქართველოს ბანკი
BANK OF GEORGIA

The Georgian Economy in a Brightening World

January 2010

A Bright Outlook for EM

The 2008 crisis will look like an inflection point for the great EM story - an inflection point as their relative progress will accelerate. Why?

- Disinflation - even deflation - will reign in the West, meaning very low base rates:
  - Cyclical slack and large output gaps
  - "Japan disease": Private & public balance sheet issues force savings / debt repayments
  - Demographics: Slow or no population growth leads to slack
  - Globalization: Competitive forces and cheap labor have a lot further to run
  - Technology: The digital age has just begun; its deflationary power is huge

  Governments will counteract these forces with very low rates and some money printing. But to create real inflation it will require a sustained long period of such; In these years "risk" capital will flow East & South seeking growth

- Low "hard" currency rates will spur - and chase - 10+% US$ GDP growth in EM:
  - Strong domestic balance sheets and momentum mean EM domestic demand intact
  - Competitive advantages and technology transfers will spur investment and productivity
  - Very low hard currency rates are the icing on the cake

  The result? Current accounts gradually moving to deficit amidst investment booms

- Oil and other commodity prices, plus local macro policy, will be key cyclical determiners, not Western rates

Georgia's Economy – Basic Facts

- Area: 69,700 sq km
- Population: 4,631,000 (2008E)
- Life expectancy: 76.5 years
- Official language: Georgian
- Literacy: 100%
- Capital: Tbilisi
- Currency (code): Lari (GEL)
- GDP (2009F): US$12.6 billion
- GDP real growth rate 2009F: -1.5%
- GDP per capita 2009F (market): US$2,900
- GDP per capita 2009F (PPP): US$4,750
- Current account deficit 2009F: US$1.5bn, 12% of GDP
- Budget Deficit 2009F: 9.5% of GDP
- Inflation rate (October, 12-month rate) 2009: 3.2%
- External public debt / GDP 2009F: 25%

Georgia's Economy: An Open Window on Opportunity

Georgia has a good opportunity to solidify its liberal economic system and embark on increasingly rapid, long-term sustainable growth

- War and global crisis brought growth to a sharp halt in 2008, but the episode looks past
  - War and the ensuing domestic political crisis look to have passed
  - Saakashvili and government are again focusing on their domestic agenda
  - International aid package of $4.5bn over 3 years (12% of GDP pa) helped stabilize the economy - and see it through the concurrent global financial crisis

- The IFI financing (into 2011) matches the political cycle to offer a wide window
  - Presidential elections due in Jan 2013, parliamentary in 2012. Saakashvili cannot run again

- The key economic challenge? To fund and grow out of the big 12% of GDP CA deficit
  - Need to secure sustained strong FDI to fund deficit and finance investment
  - Grow exports
  - Manage inflows and build on the already sizeable fx reserve cushion

- Will she succeed? The opportunity is clear:
  - Strong EM outlook with low rates
  - The chance of 3 years of political stability
  - A remarkably liberal tax & legal framework
  - A strategic position in a neighborhood full of opportunity as well as risk - Turkey, Black Sea & Central Asia balance Russian risk

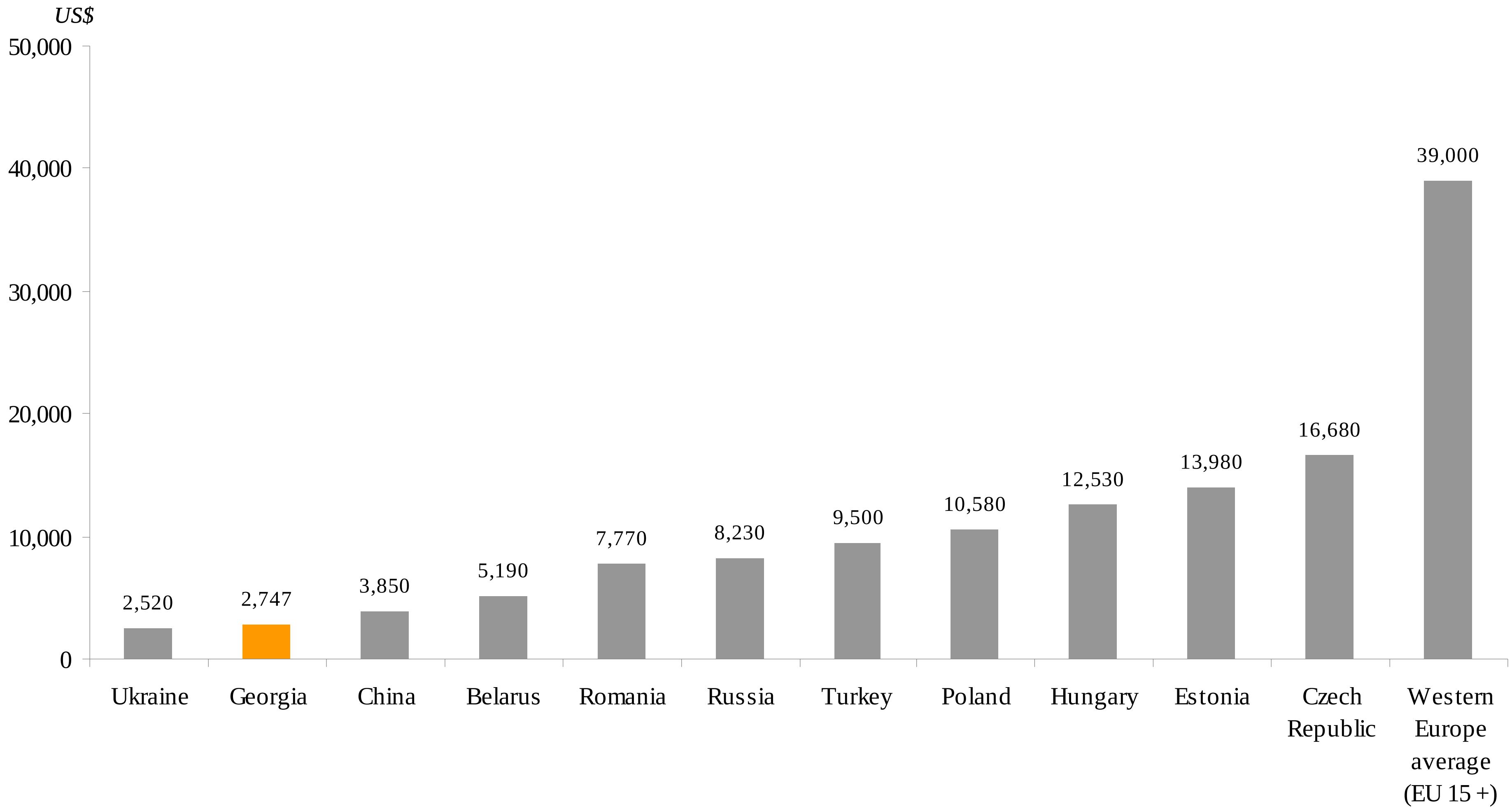
Libertarian economic policies kick-start modernization

- Tax and tax rates slashed
  - Now only 6 taxes, down from 21
  - Flat personal income tax of 20% (to come down to 15% by 2013)
  - Corporate income tax 15%
  - By 2012, no taxes on dividends, interest income, or world-wide income
  - "Liberty Act":
    - Referendum is required for an increase in tax rates
    - Budget expenditure capped at 30% of GDP (FY 2012)
    - Budget deficit capped at 3% of GDP (FY2012)
    - Public debt capped at 60% of GDP (FY2012)
    - Budget earmarks are limited
- Red tape and import duties cut
  - Free industrial zones created around Poti (port), Kutaisi (second largest city) etc. (Tax rates in zones largely 0%)
  - Customs code harmonized with EU. Customs procedures reduced from 15 to 7
  - Capital controls abolished
  - Corruption significantly reduced
    - In the World Bank's Ease of Doing Business survey in 2009 Georgia was 11th (out of 183), from 112th in 2005
    - In the 2009 Transparency International Corruption Index Georgia was 66th (4.1 score), just below Turkey (61st, 4.4), the same as Croatia and above Brazil (75th, 3.7), China (79th, 3.6), India (84th, 3.4) and Russia & Ukraine (146th= 2.2)
    - According to the International Republican Institute survey, 98% of Georgians didn't have to pay a bribe in the past 12 months
    - In Forbes Tax Misery & Reform Index, Georgia was 4th best behind Hong Kong, UAE & Qatar

Ambition: Create a fast-growing free enterprise economy that attracts investment and become regional logistical and banking hub

GDP per capita is low, leaving much room to climb

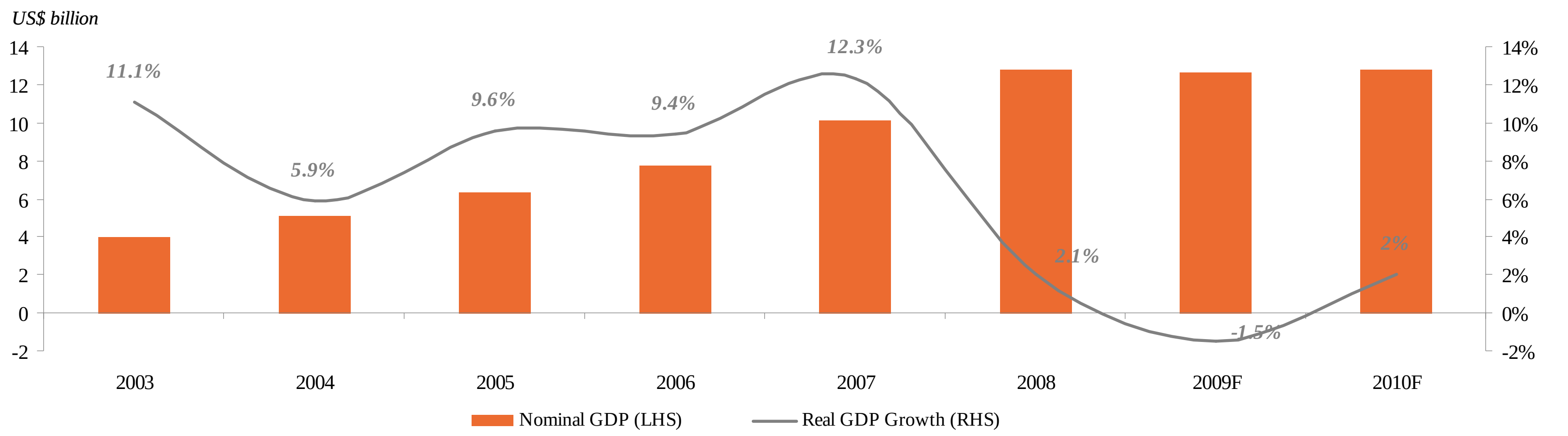
GDP per capita across countries, 2008



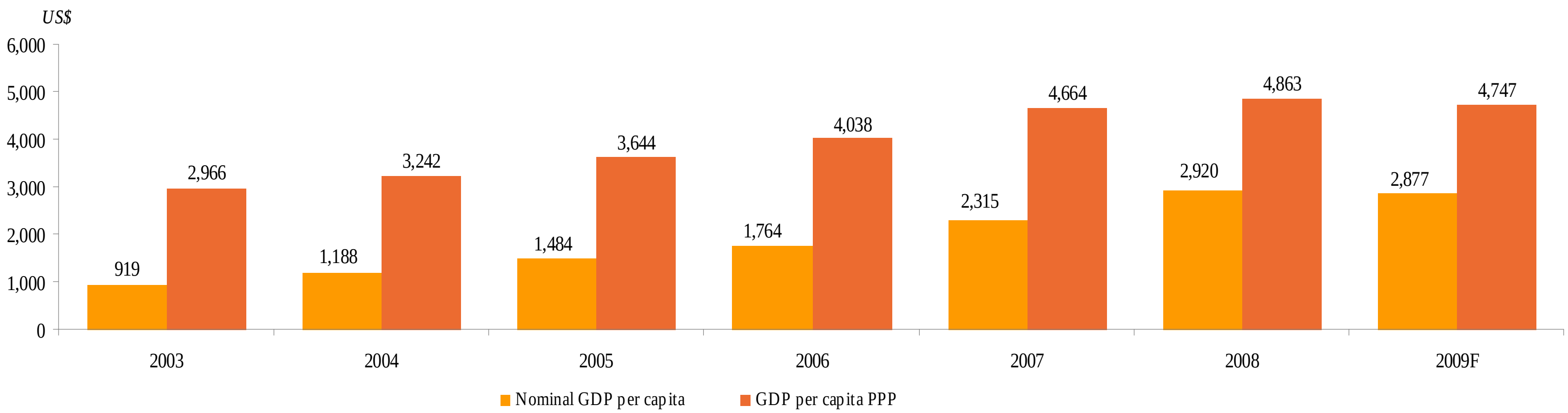
Source: National Bank of Georgia

Strong economic growth before crisis … starting again?

Gross domestic product (GDP)



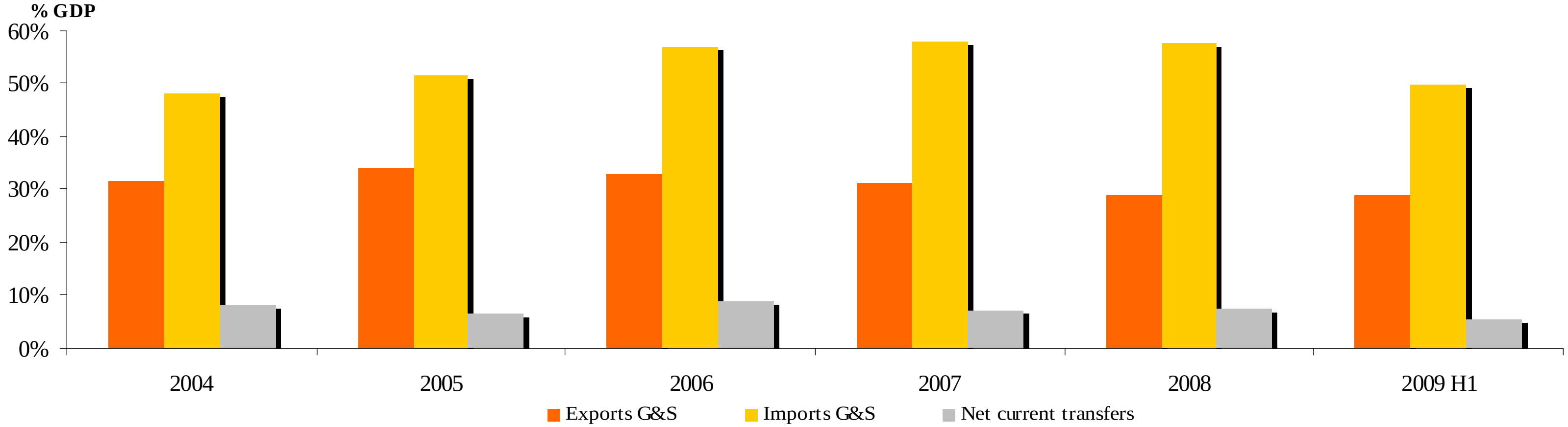
GDP per capita



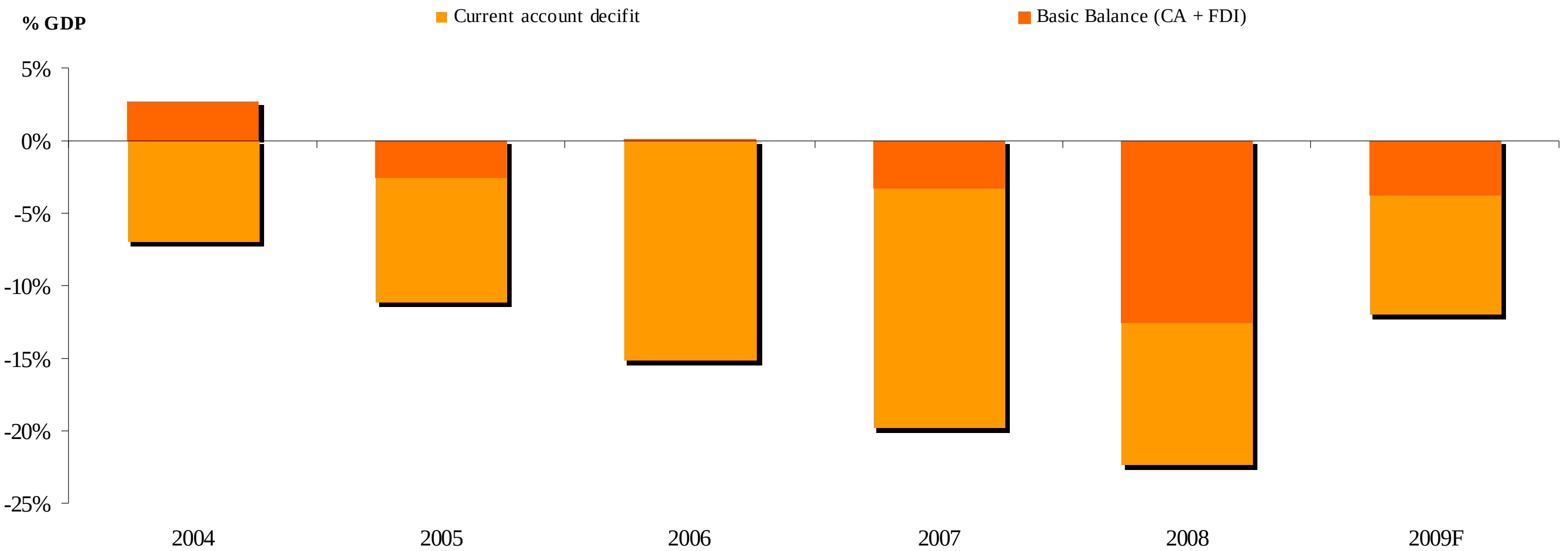
Source: State Statistics Department of Georgia

Current account deficit is big; but basic balance OK…

Exports & imports of goods & service, % GDP



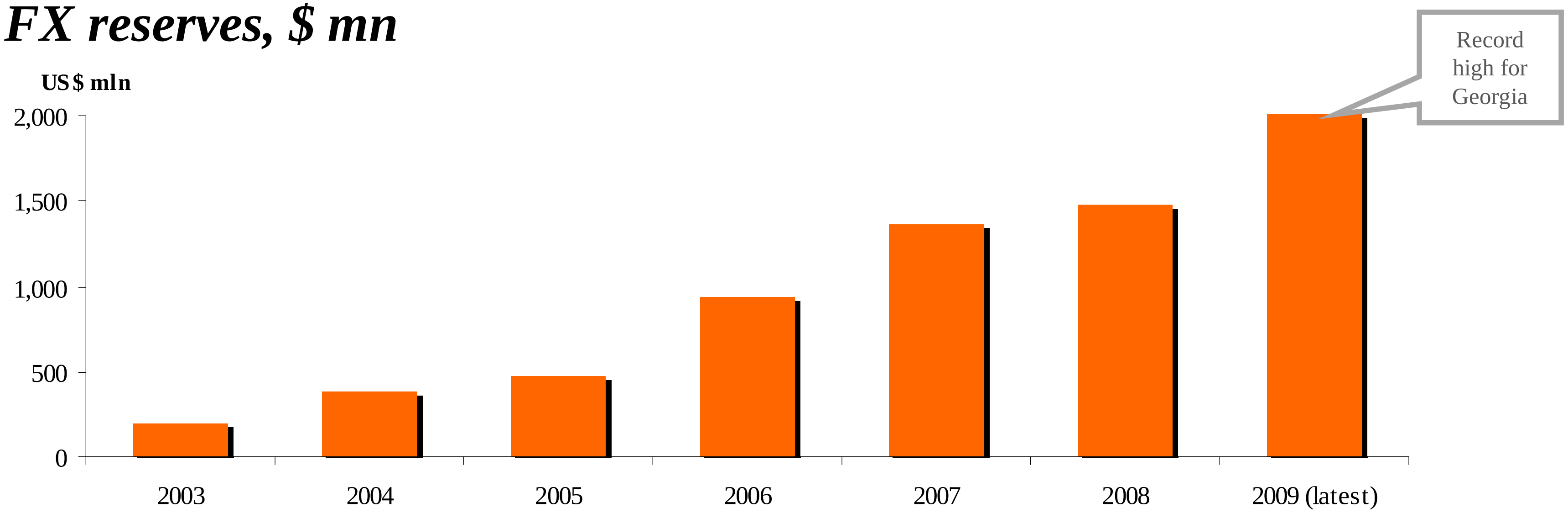
Current Account Deficit & Basic Balance, % GDP



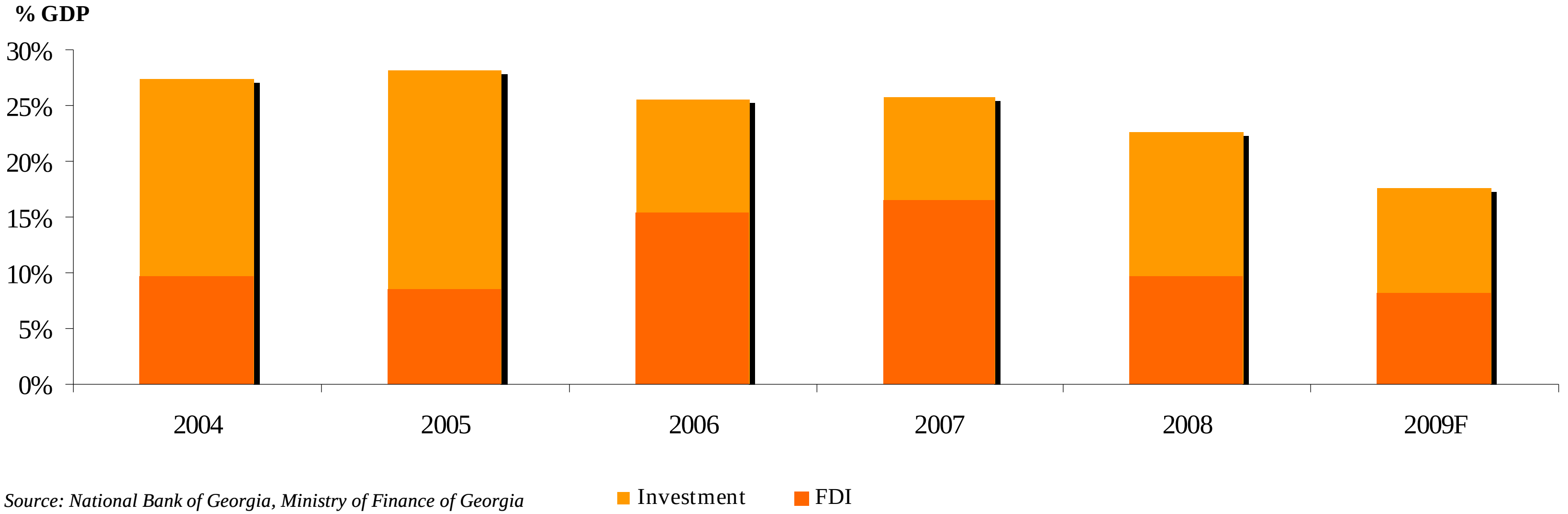
Source: National Bank of Georgia, Ministry of Finance of Georgia

…so FX reserves rose, while inflows funded investment

FX reserves, $ mn



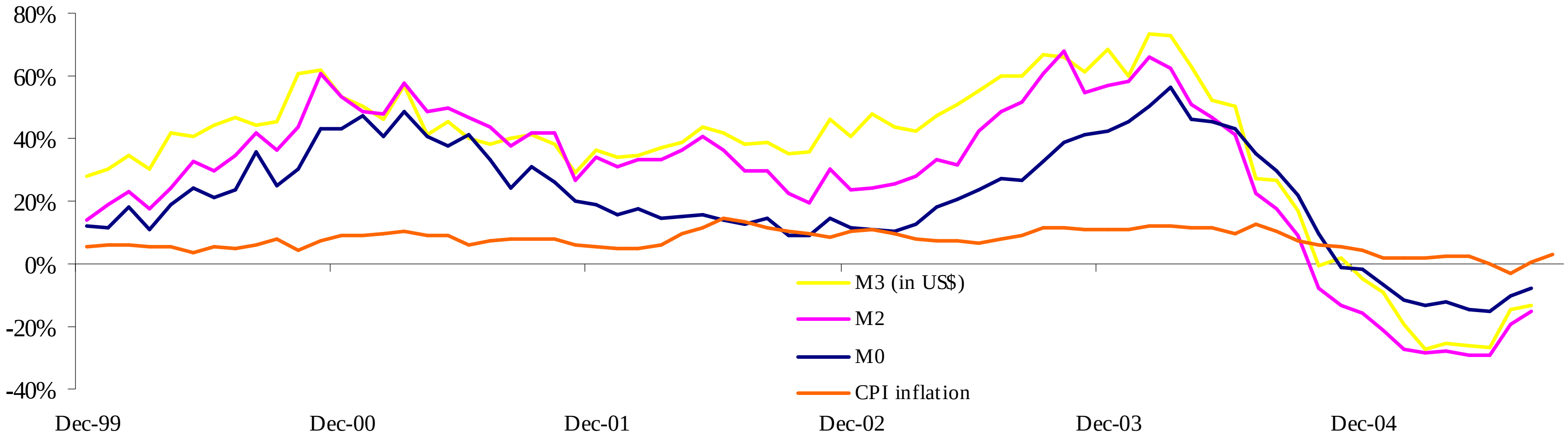
FDI & Investment, % GDP



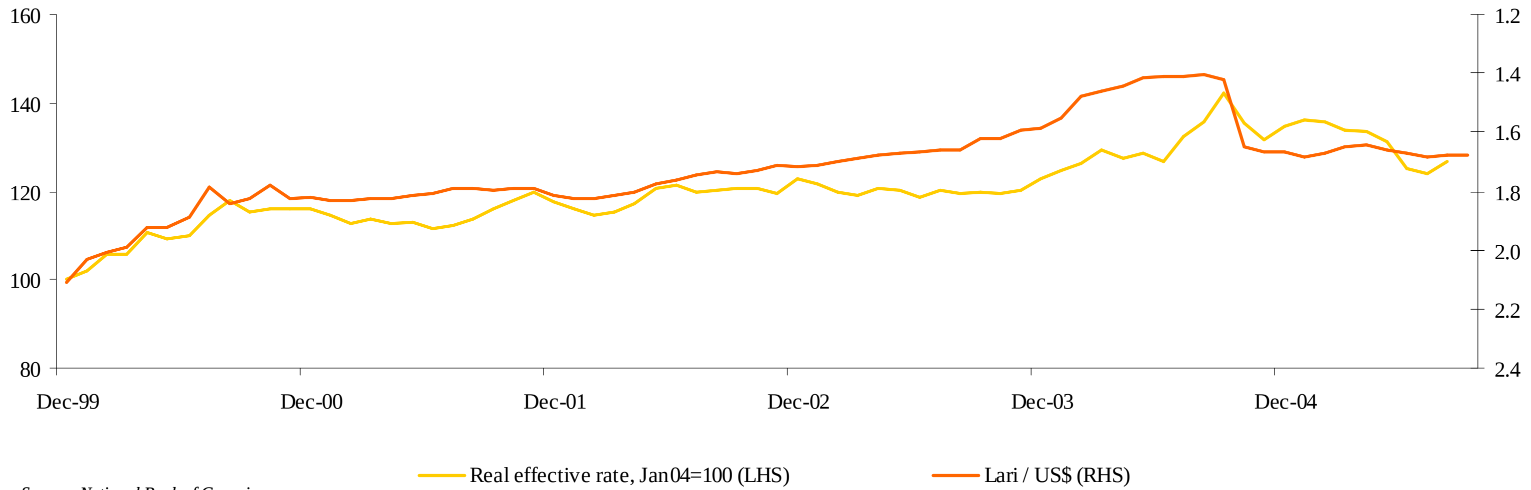
Source: National Bank of Georgia, Ministry of Finance of Georgia

Money boomed; now inflation is low and FX stable

M0, M2, M3 (in US$), CPI inflation, % yoy



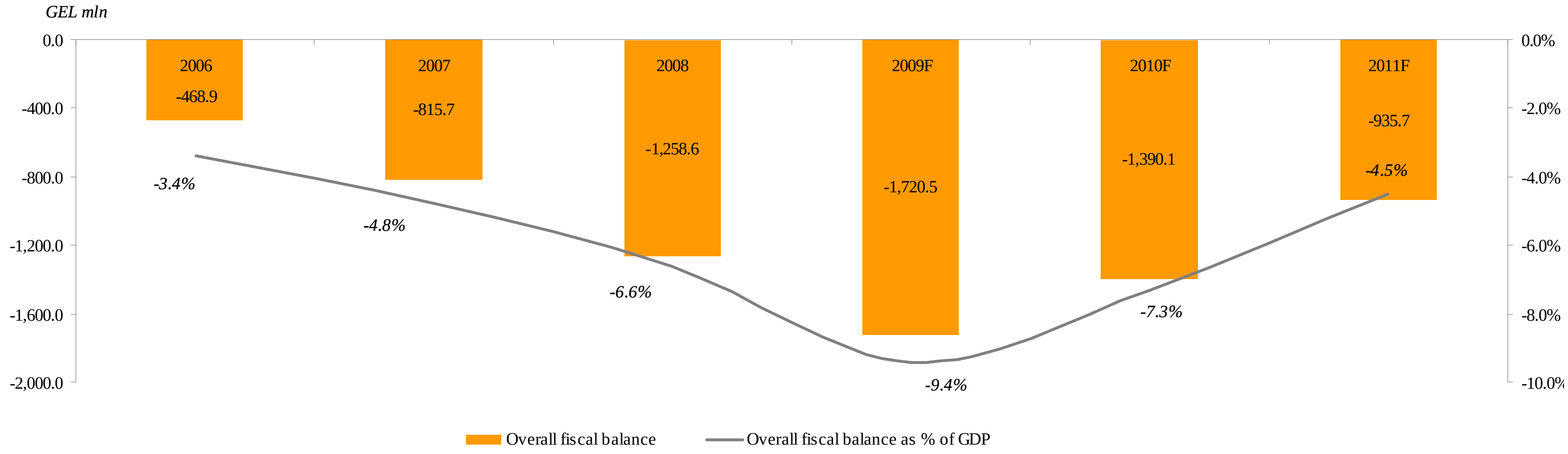
FX rates:Nominal Lari/US$ & Real Effective



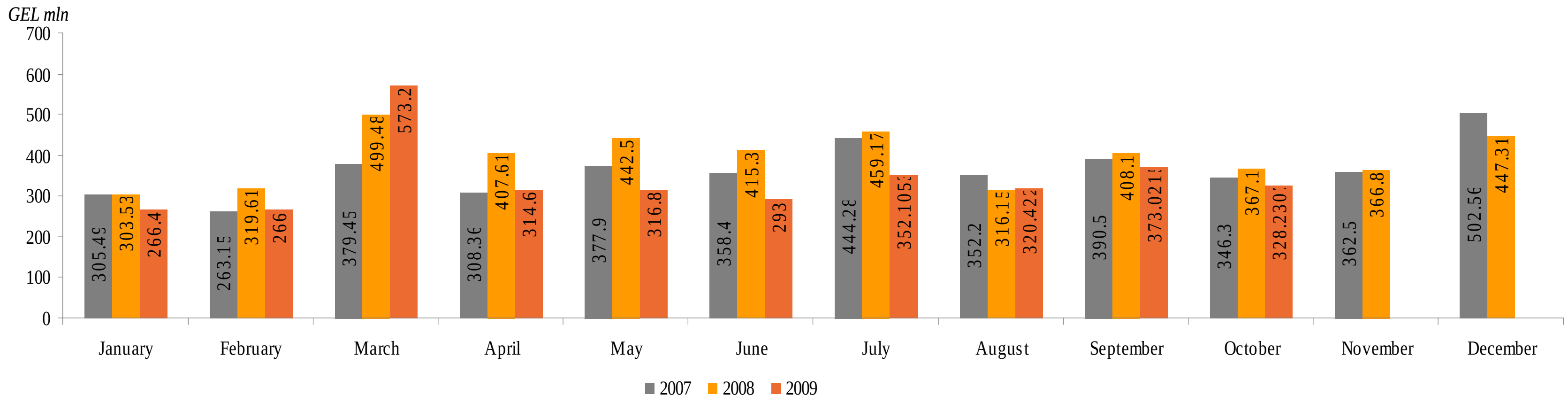
Source: National Bank of Georgia

Fiscal indicators: The worst seems past

Overall fiscal balance of the state budget, 2004-2009F



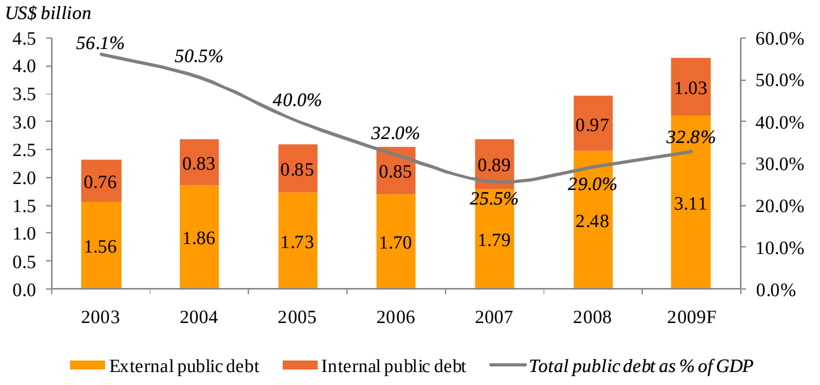
Overall fiscal balance of the state budget, 2004-2009F



Public debt

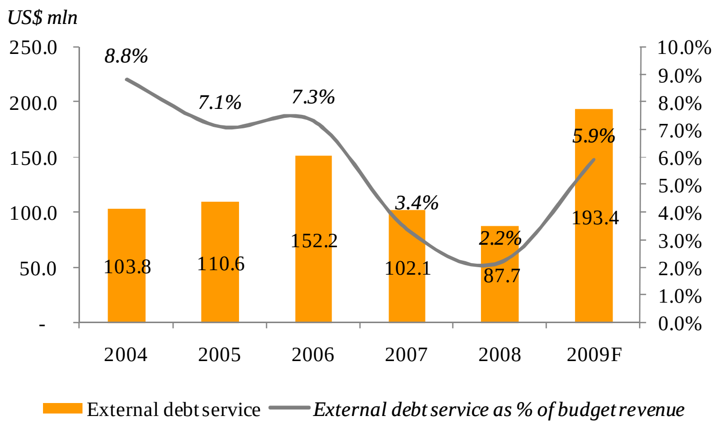
- Georgia's economy is quite unleveraged compared to other emerging market economies
- Georgia's public debt is 29% of GDP in 2008 down from 56% in 2003
- Paris club rescheduling in 2001 and 2004
- The external debt is all multilateral or bilateral and significant share is highly concessional
- This explains why the government debt service burden is low
- Eurobonds debut issuance of US$500 mln in April 2008, maturity date 2013

Breakdown of public debt



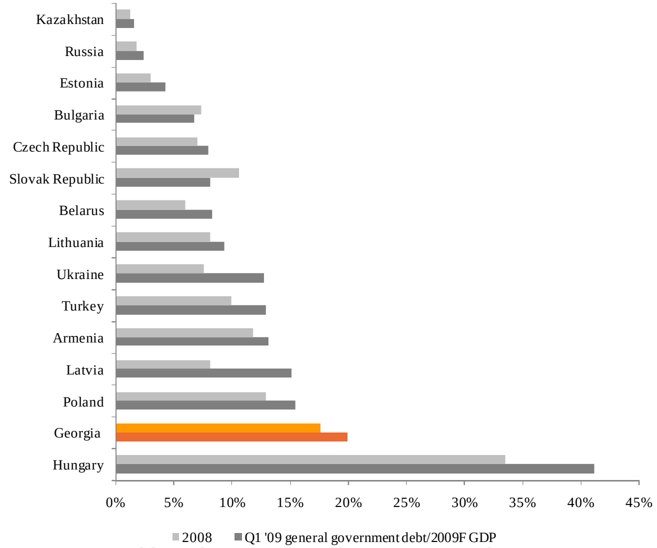
Source: "The Georgian Economy Overview", Government of Georgia Presentation, June 2009.

External public debt service



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

General government debt as % of GDP, Q1 '09



Source: World Bank, International Monetary Fund

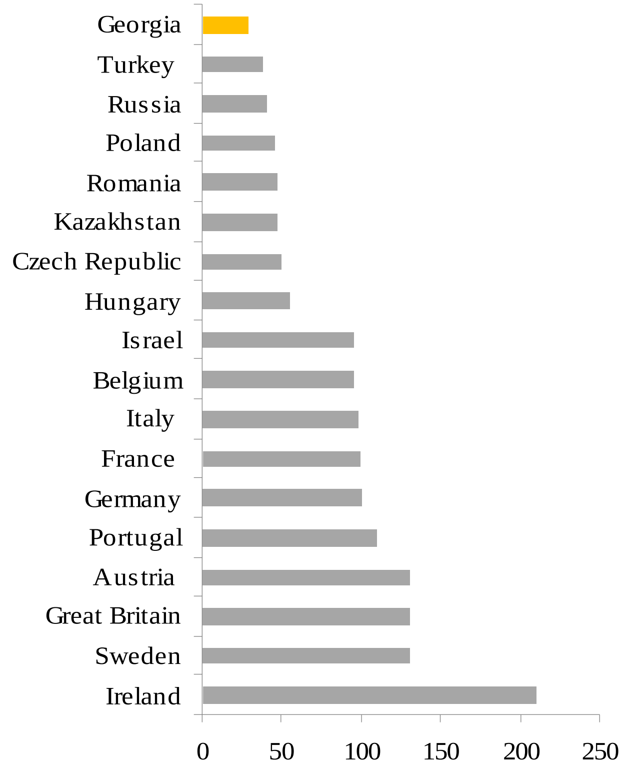
Robust Banking Sector

GEL mln	YE 2007	YE 2008	Q3 '09	As % of GDP*	Growth 2007 Y-O-Y	Growth 2008 Y-O-Y	Q3 '09, YTD	Market Share (YE 2007) Top 5 Banks	Market Share (YE 2007) Bank of Georgia	Market Share (YE 2008) Top 5 Banks	Market Share (YE 2008) Bank of Georgia	Market Share (October 2009) Top 5 Banks	Market Share (October 2009) Bank of Georgia
Total Assets	7,208	8,866	7,877	36.69%	*70.90%*	*23.00%*	-11.2%	80.00%	**35.20%**	79.26%	**32.89%**	78.50%	33.63%
Gross Loans	4,589	5,993	5,210	24.27%	*71.50%*	*30.59%*	-13.1%	81.70%	**32.70%**	81.78%	**32.87%**	81.83%	31.60%
Client Deposits**	3,511	3,845	3,644	16.97%	*50.90%*	*9.51%*	-5.2%	81.40%	**31.40%**	75.00%	**28.76%**	82.27%	29.30%
Equity	1,471	1,517	1,511	7.04%	*65.50%*	*3.14%*	-0.4%	73.30%	**33.80%**	75.69%	**40.03%**	81.18%	40.71%

**Q3 2009 banking sector data to 2009F GDP*
*** Total Deposits except for Q3 2009*
Source: National Bank of Georgia

- **Ensuring solvency and stability of the banks**
  - High BIS Capital Adequacy Ratio: Banking Sector Average – 21%, Bank of Georgia – 30%
  - High level of liquidity requirements from NBG at 20% of Liabilities
  - Low Leverage in the banking sector: Banking Sector Average – 4.2x, Bank of Georgia – 3.1x
  - Financial Supervisory Agency – established under the auspices of the National Bank of Georgia - monitors liquidity /risks of the banks and takes measures to ensure solvency of the commercial banks
- **Resilient Banking Sector**
  - Demonstrated strong resilience towards domestic challenges during the August 2008 conflict as well as towards external shocks of global financial turmoil
  - No nationalization of the banks have occurred, no government bail-out plans have been required, no Government ownership since 1995
  - No rampant liquidity issues on the market
  - No exposure to CDOs or other "toxic" assets
  - Loans to GDP ratio stands at circa 25%

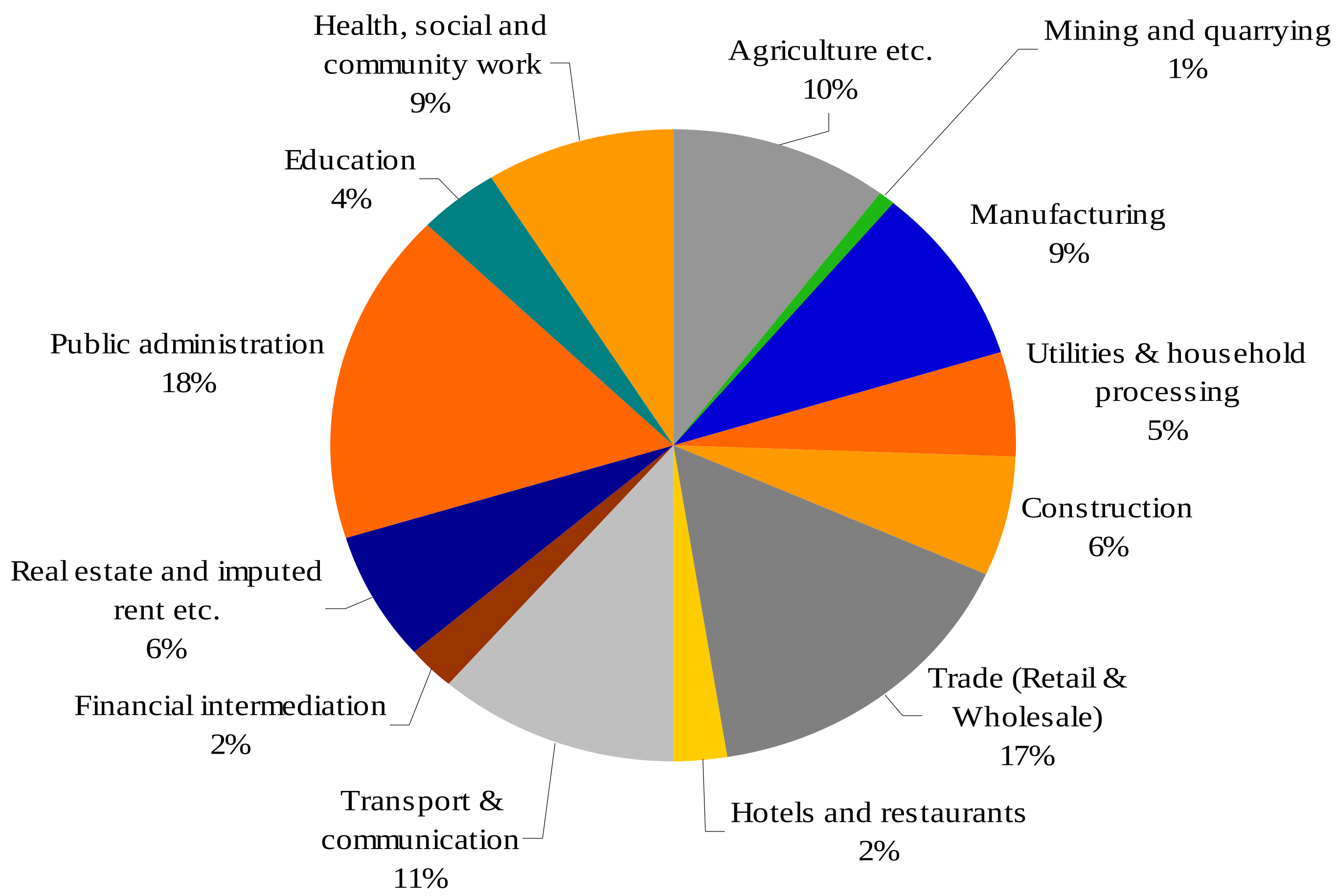
Bank debt to GDP, 2008



Source: ING, Central Banks

GDP Breakdown: Trade, Logistics, Services

GDP Breakdown, 2008

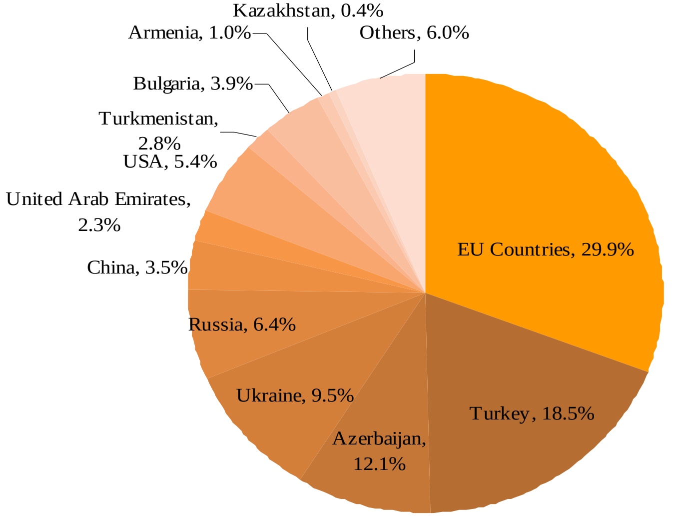


Source: National Bank of Georgia

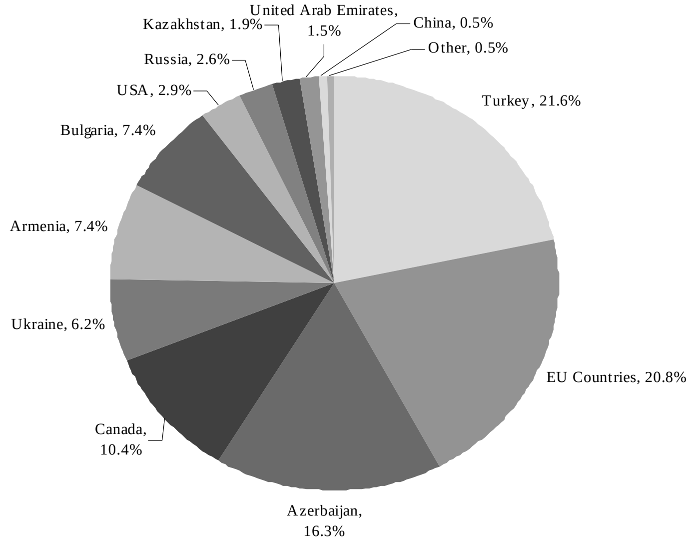
Trade structure

- WTO member since 2000
- No quantitative restrictions on trade
- Simplified customs regime since August 2006, new customs code becomes effective in January 2007
- One of the two beneficiaries of the EU GSP+ Scheme in the CIS since 2006, granting local companies the right to export 7,200 categories of goods duty-free
- As of November 2007 Georgia has entered into a free trade agreement with Turkey
- US-Georgia charter on strategic partnership envisions an update of Bilateral Investment Treaty, expansion of Georgian access to the General System of Preferences and the possibility of entry into Free Trade Agreement

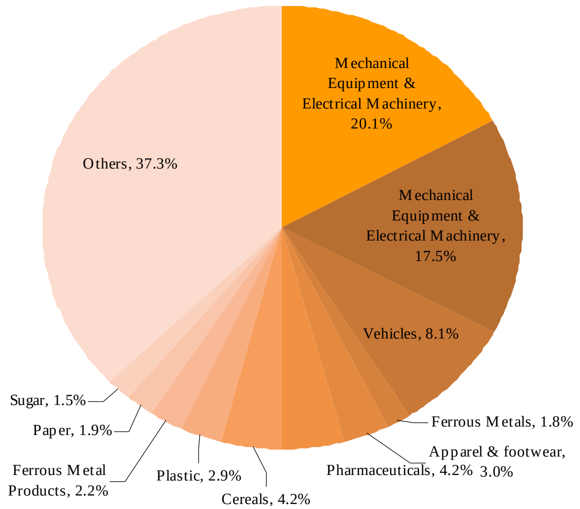
Import structure by country, 9 months 2009



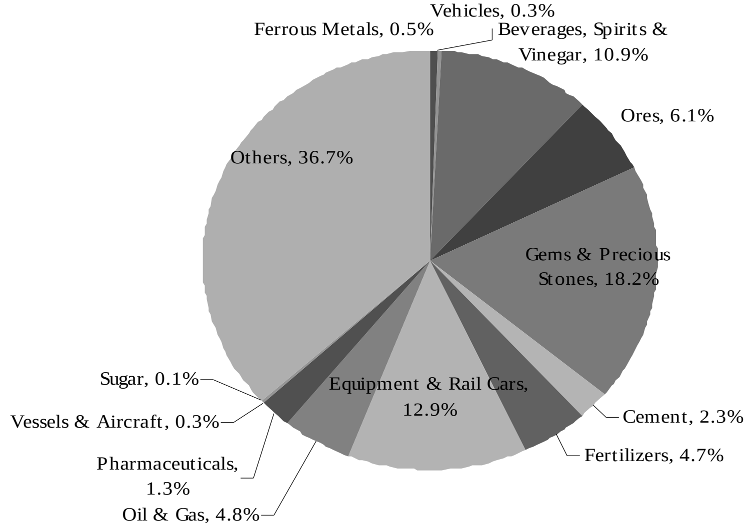
Export structure by country, 9 months 2009



Import structure by product,9 months 2009



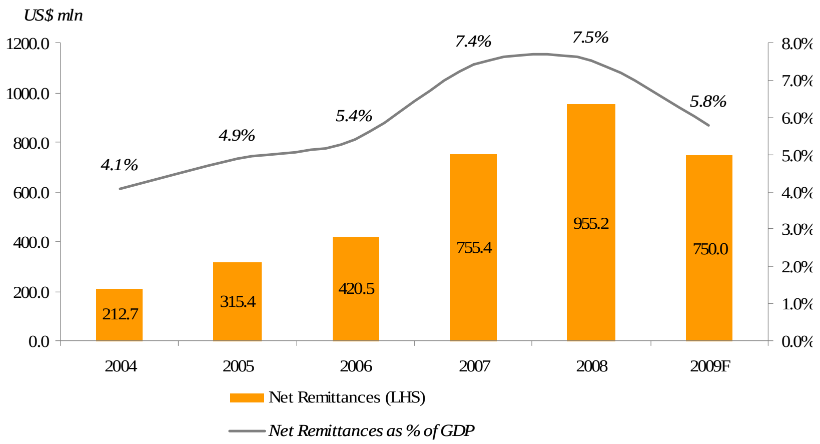
Export structure by product, 9 months 2009



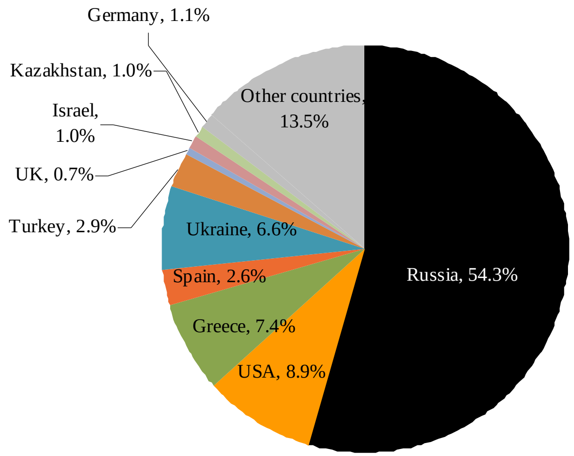
Source: State Statistics Department of Georgia

Net remittances

Net remittances, 2004-2009



Net remittances by countries, 9 months '09

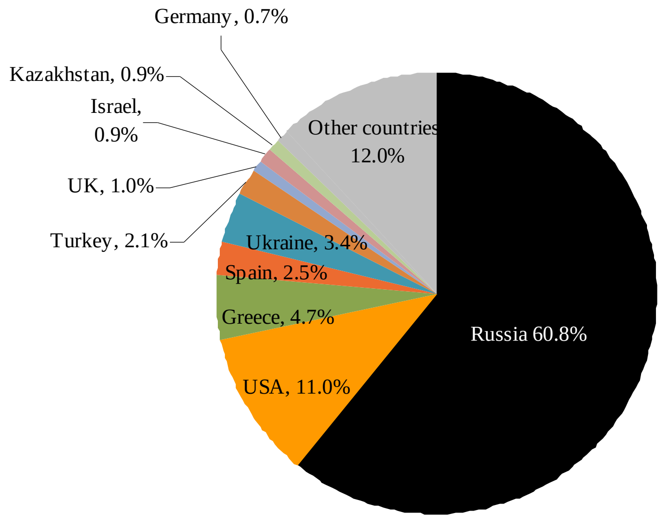


Cumulative net remittances, 2004 – 9 months '09

Country	US$ '000s	% of total
Russia	1,920,441	60.8%
USA	346,086	11.0%
Greece	147,885	4.7%
Ukraine	109,011	3.4%
Spain	79,392	2.5%
Turkey	65,449	2.1%
UK	30,595	1.0%
Israel	29,024	0.9%
Kazakhstan	29,708	0.9%
Germany	21,941	0.7%
France	15,748	0.5%
Canada	12,736	0.4%
Belgium	4,990	0.2%
Netherlands	4,046	0.1%
UAE	2,346	0.1%
Azerbaijan	(151)	0.0%
Other countries	340,839	10.8%
Total	3,160,086	100.0%

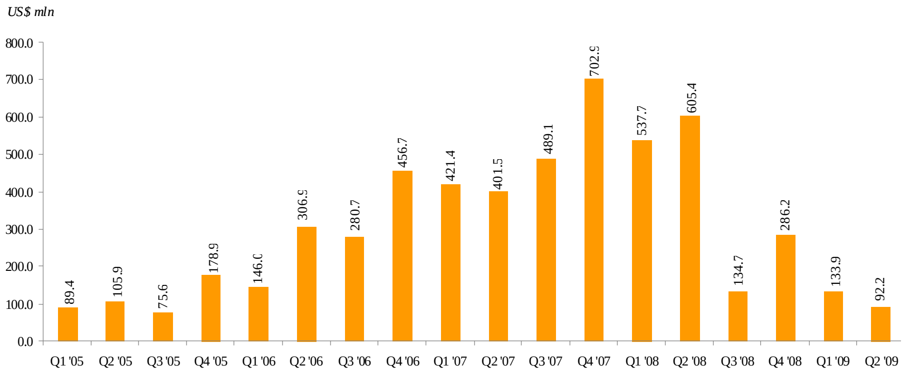
Source: National Bank of Georgia

Cumulative net remittances by countries, 2004- 9 months '09

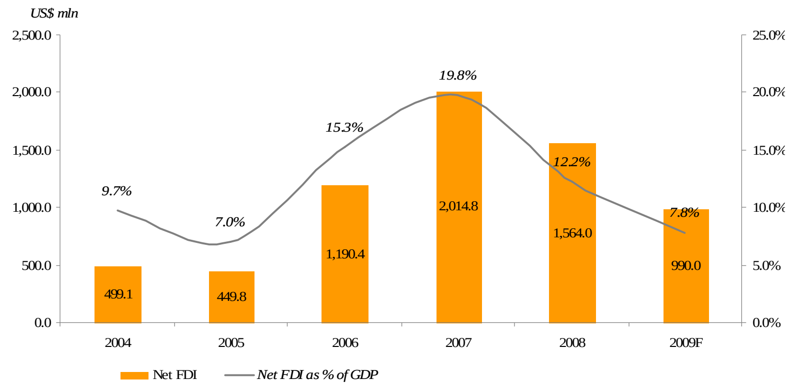


FDI

Quarterly FDI inflows



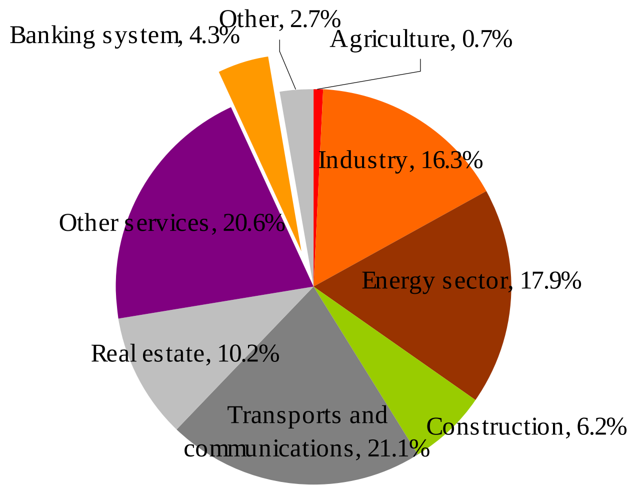
FDI Inflows



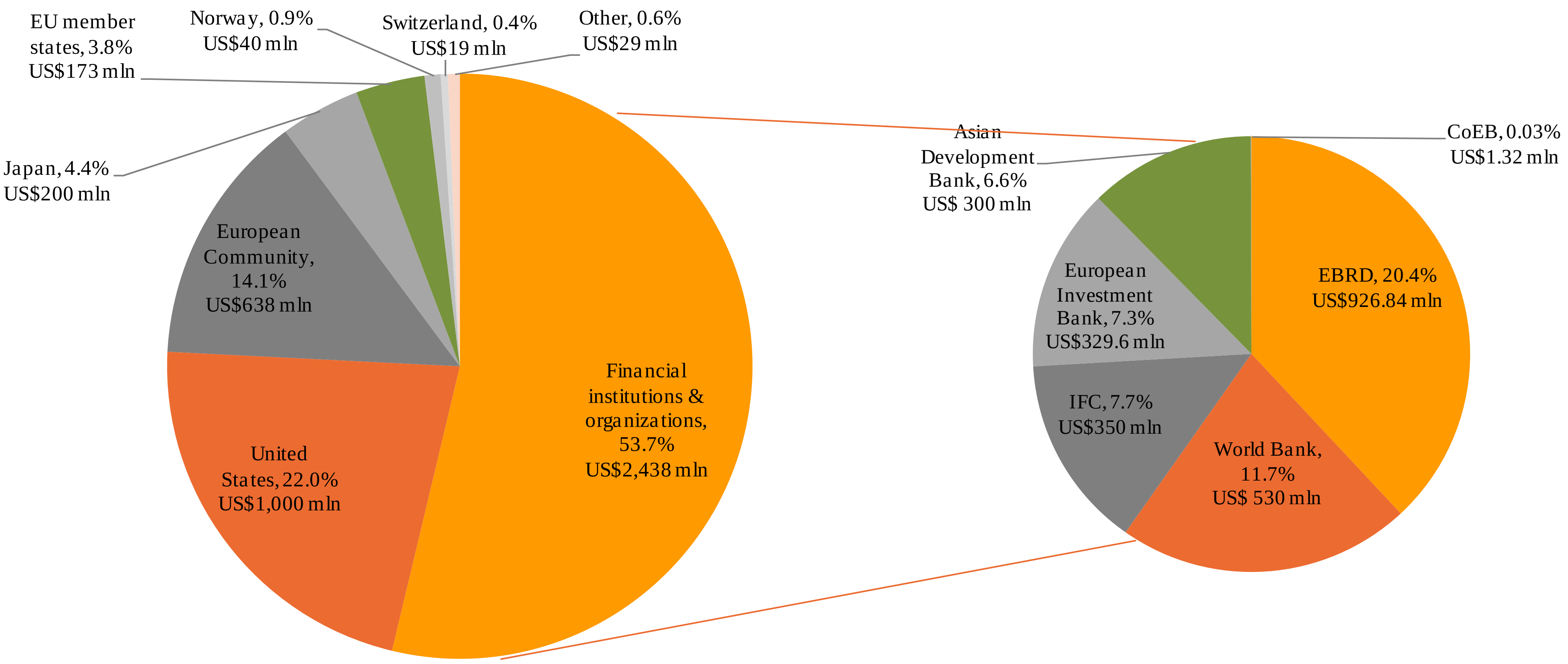
Cumulative net FDI breakdown by origin

	2004- Q2 2009	
Country	**US$ mln**	**%**
UK	782,594	12.50%
UAE	562,175	8.90%
USA	522,486	8.30%
Turkey	499,683	8.00%
Netherlands	490,444	7.80%
British Virgin Islands	429,086	6.80%
Kazakhstan	302,563	4.80%
Czech Republic	289,957	4.60%
Cyprus	289,890	4.60%
Bahamas	243,518	3.90%
Subtotal	4,412,396	70.20%
Other countries	1,871,821	29.80%
Total	**6,284,217**	**100.00%**

FDI breakdown by sectors (2007- Q2 2009)



Breakdown of pledged donor funds by countries and financial organizations



Total pledged funds: US$4,535 million

Source: Ministry of Finance of Georgia

…and more donor money to flow

Implementation of the pledge made at the international donors' conference for Georgia (Brussels, 22 October 2008)	Committed amount as of 31 August '09 (US$ mln)	Actual disbursements as of 31 August '09 (US$ mln)	Actual disbursements/Committed amount (%)	To be additionally formally committed in 2009 (pipeline)	To be received in 2009
Pubic sector					
Loans	549.6	340.4	62.2%	864.6	130.2
Grants	593.6	330.9	55.7%	459.0	170.6
Total public sector	**1,140.5**	**671.3**	**58.9%**	**1,323.6**	**300.9**
Private sector	**660.0**			**500.0**	
Total public and private	**1,800.5**			**1,823.6**	

Source: Ministry of Finance of Georgia

- 500 kv. power transmission line (EBRD, EIB, KfW)
- East-West highway improvement project (WB, Japan)
- Adjara bypass road (ADB)
- Vaziani-Gombori-Telavi road (WB)
- South Georgia road (MCG)
- Secondary and local roads (WB)
- Rehabilitation of infrastructure facilities in Batumi (KfW)
- Regional and municipal infrastructure development projects (ADB, EBRD)

Source: Ministry of Finance of Georgia

Governance change

January 2010

Enhancing governance: moving to classical two-tier board structure

- Bank of Georgia is introducing a classical two-tier board structure
  - Management board will be led by the CEO
  - Supervisory Board will be comprised of only non-executive directors, including the Chairman
- This move is aimed to further enhance Bank of Georgia's governance bringing it even closer to best market practice
- Current CEO/Executive Chairman management structure has served well when we were building the bank's internal structures
- New governance structure will be more effective now that the management team reporting to Irakli Gilauri is complete

Current governance structure

Supervisory Board
- 5 non-executive SB members
- 2 executive SB members
  - Nick Enukidze, Chairman (oversaw IR, M&A, Funding, Ukraine, Investment banking)
  - Irakli Gilauri, CEO (oversaw day-to-day management of the group)

Management Board
- Led by Irakli Gilauri, CEO
- Includes 8 deputy CEOs (from only 3 deputy CEOs in 2008)

New governance structure

Supervisory Board
- 7 non-executive SB members
  - Nick Enukidze will be nominated for election as non-executive Chairman following 2010 AGM
  - His executive responsibilities will be redistributed to Irakli Gilauri and the management board
  - Irakli Gilauri will resign from SB at 2010 AGM

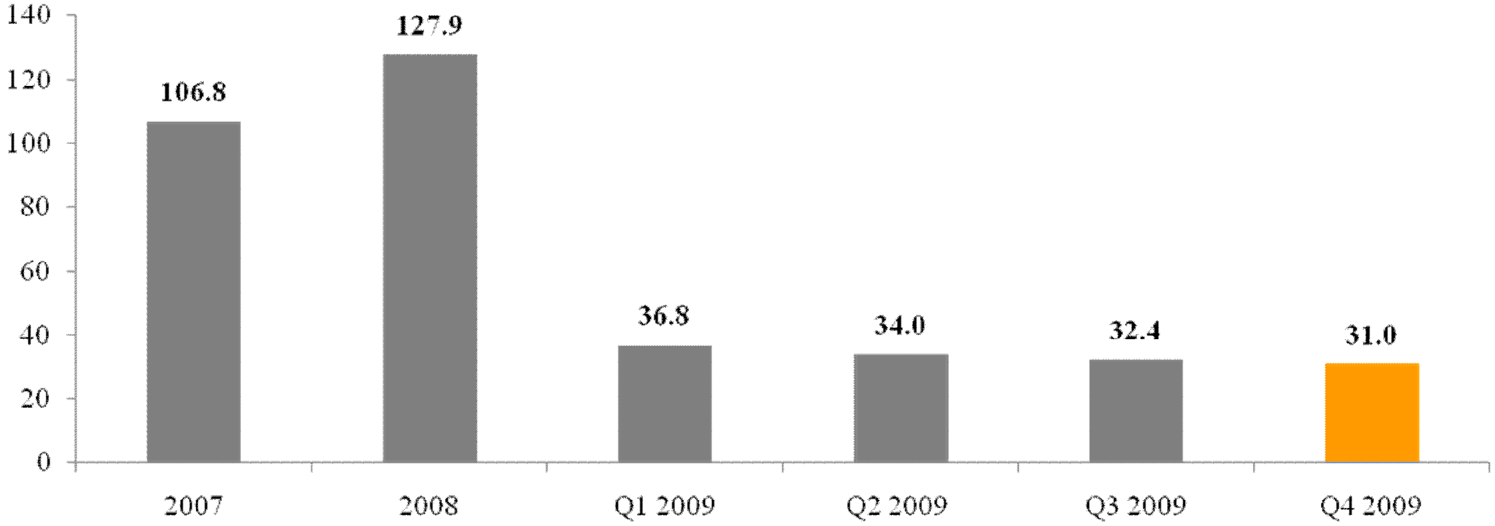
Management Board
- Led by Irakli Gilauri, CEO
- Includes 8 deputy CEOs

Expected Q4 2009 financial performance

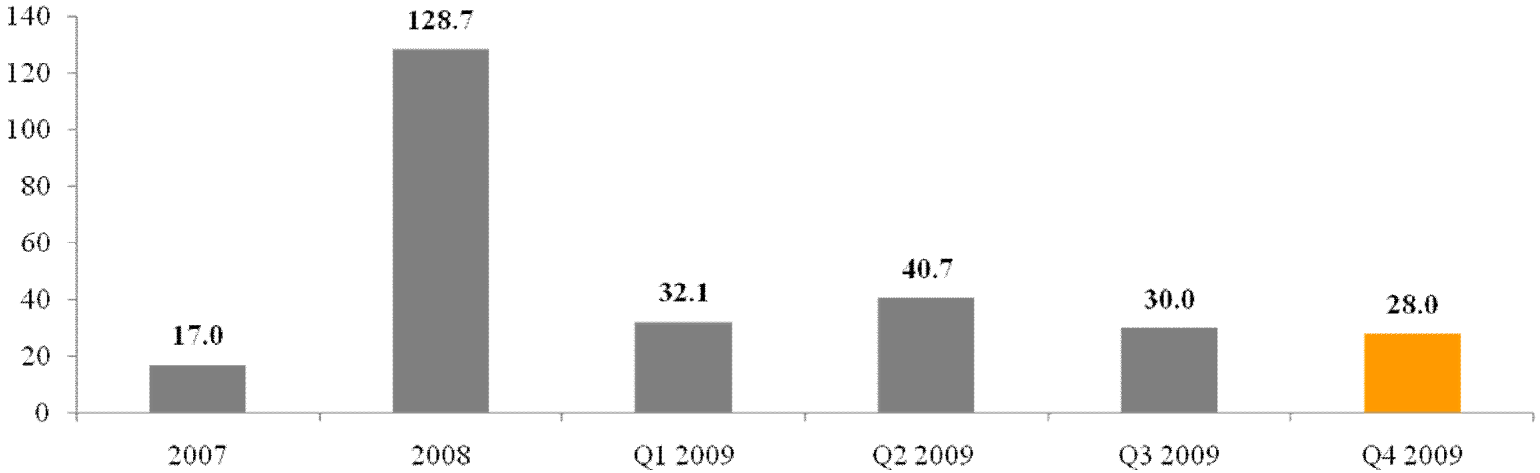
January 2010

Expected financial performance Q4 2009

Expected pre-provision profit Q4 09 (excluding one-offs)

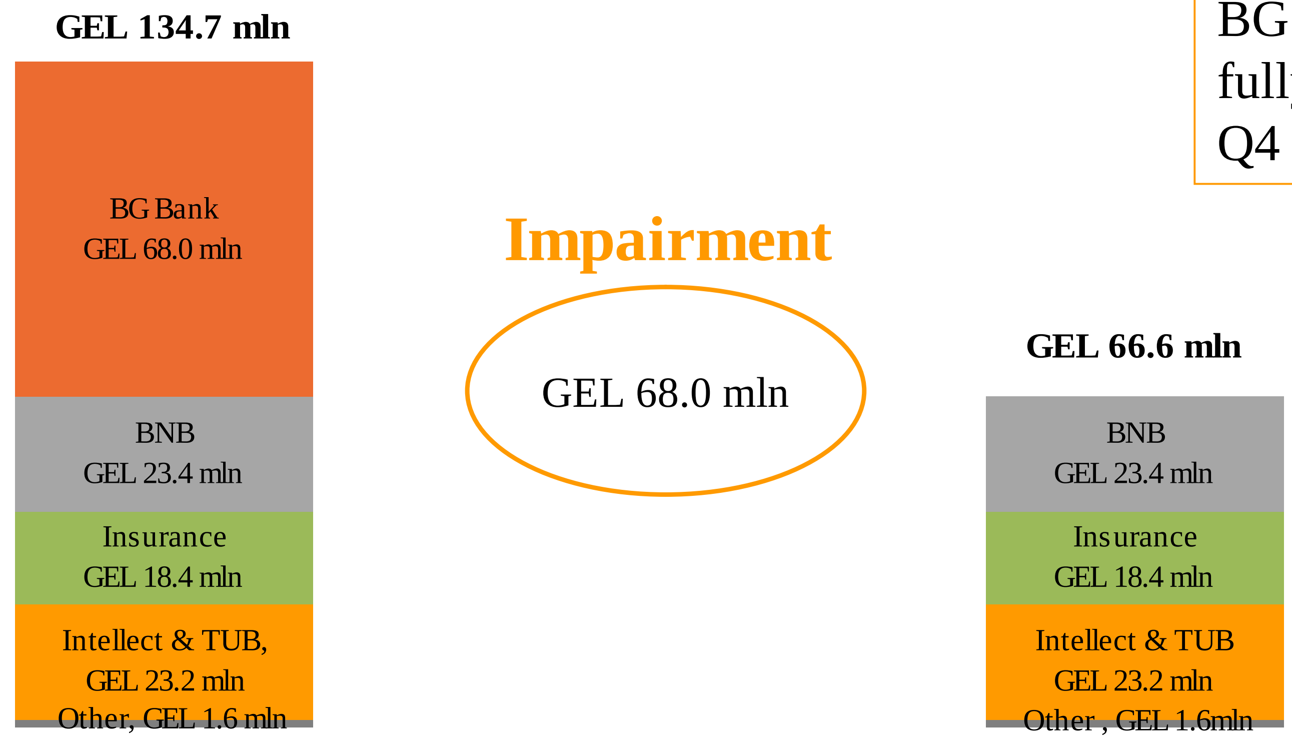


Expected net provision expense Q4 09



Goodwill write-off

BG Bank (Ukraine) fully impaired in Q4 2009



- The amount to be written off in Q4 09 represents all of the goodwill associated with BG Bank
- The Bank's allocated capital in respect to BG Bank is expected to amount GEL 33.0 million after the write off, weakening of Hryvna against Lari, and BG Bank's losses in 2009 including expected loss in Q4 2009
- According to the required periodic goodwill impairment test conducted by the Bank on all of its acquisitions, no other goodwill had to be impaired

Real estate assets mark-down

GEL'000	**Historical Cost**	**Value Before Write Down (VBWD)**	**Write Down (WD)**	**Value After Write Down (VAWD)**	**WD/VBWD**	**VAWD/ HC**
LC investments	24,287	28,265	(13,525)	14,740	-47.8%	60.7%
SBRE investments	24,435	47,356	(15,396)	31,960	-32.5%	130.8%
Other real estate assets	20,762	20,762	(6,507)	14,255	-31.3%	68.7%
Total	**69,484**	**96,384**	**(35,428)**	**60,956**	**-36.8%**	**87.7%**

- Provided that current operation environment continues, the Bank does not expect further write-downs in respect of either LC or SBRE investments in coming year
- We have seen number of secondary real estate transactions picking up and real estate prices stabilizing
- The Bank originally invested a total of GEL 16.9 million in LC and SBRE
- Net asset value of LC and SBRE attributable to the Bank after the write-down will amount to GEL 20.5 million, well above the historical cost of the Bank's investment

After the write downs total regulatory capital ratio of Bank of Georgia is expected to decrease from Q3 2009 level 21.2% to 20.4% as of 1st of January 2010 and Tier I from 20.4% to 17.6%, respectively

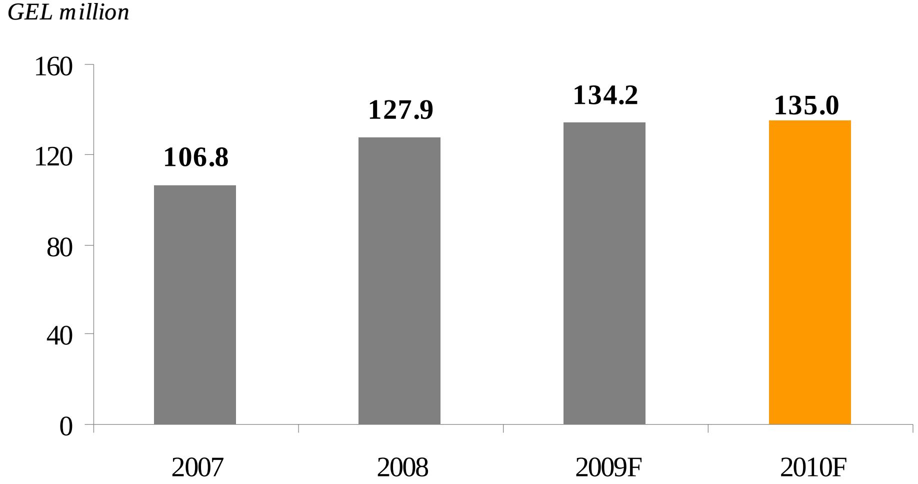
Management targets for 2010

January 2010

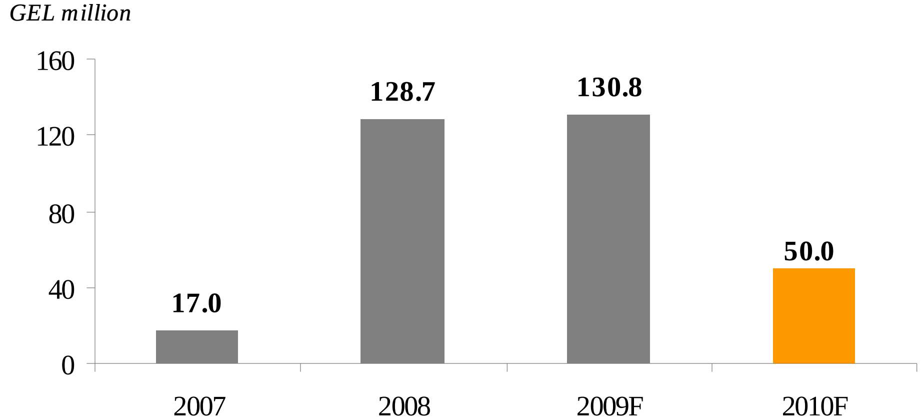
Targeted financial performance 2010

Target pre-provision profit 2010

- 2009 Pre provision profit is normalized for goodwill write-off, investment and real estate mark-downs



Target net provision expense 2010



Assumptions

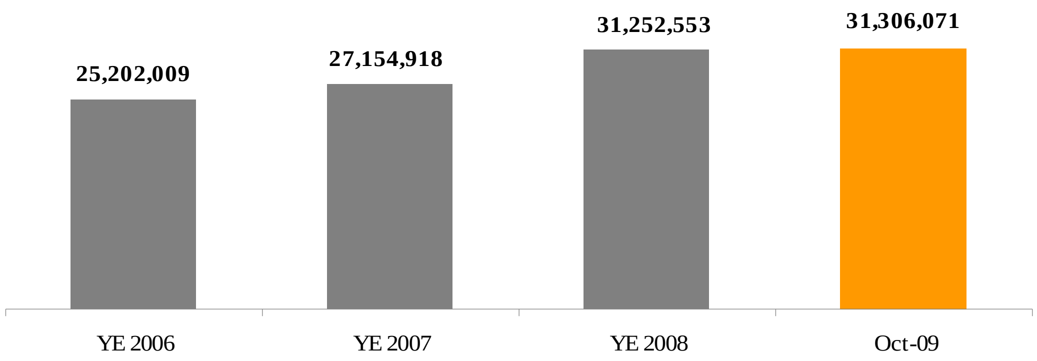
- 2010 real GDP growth of 2%* in Georgia
- 2010 inflation rate of 3.2%* in Georgia
- The GEL/US$ exchange rate remains stable during 2010
- Geo-political stability is sustained in the region

Intention to pay dividends

January 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

Strategy

January 2010

Strategy from 2004 to 2008

- ***Growth! Growth! Growth!*** –Universal banking model focusing on market share growth in Georgia
- Particular emphasis on high margin retail banking business and number of retail customers driven by novel product offerings
- Investing in consumer driven non-core businesses to benefit from the growth of Georgia's economy
- Expand in CIS banking markets through acquisitions in order to create new "pockets" of growth

What was done

- Market share in total assets in Georgia grew from 17% to 33% - achieving 721% balance sheet growth over 4 years
- Number of retail current accounts grew from c.50,000 to over 895,000 and share of retail portfolio in total loan book increased from 38% to 53%
- Acquired banks in Ukraine and Belarus
- Invested in two most rapidly growing sectors through Liberty Consumer, an investment company focusing on consumer segment and SB Real Estate – real estate investment company

Shortfalls

- Ukraine
- Investing in non-core assets: profit contribution marginal for BoG, not worth of management time and conflict of interest with the Bank's core banking activity
- Having realized our shortfalls, we have adapted our strategy and further enhanced management team

Strategy 2009 - 2012

Grow at the Right Price to become more Efficient, Deposit Funded Lending Machine

- Maintain market share around 30% in the major balance sheet items in Georgia
- Continue to focus on universal banking model in Georgia with particular emphasis on under-leveraged retail banking (retail loans to GDP of c. 8%)
- Grow retail business through differentiated products and services to target different retail segment with particular emphasis on "mass affluent" segment
- Target small banks in Georgia for acquisition at around one times book to capture synergies & growth
- Expand Wealth Management business internationally by building presence in developed countries to help contain net loan to deposit ratio. Stepping up deposit "imports" will enable us to tap debt capital markets with relatively favorable terms
- Divest non-core assets (Liberty Consumer and SB Real Estate) over time
- Focus on specific banking operations in Ukraine and Belarus, before considering any other international acquisition in emerging markets

Getting Things Done

- BoG gained 2.8% market share in retail deposits and 0.4% market share in total client deposits YTD
- Maintained retail business infrastructure during the downturn & launched, for the first time in Georgia, Premier Banking (under the Solo brand) to penetrate "mass affluent" segment
- As part of "mass affluent" retail strategy, won tender to exclusively issue and acquire American Express cards in Georgia for 7 years. BoG started issuing AmEx credit cards in November
- Opened Wealth Management offices in Tel Aviv (now covering Jordan as well) and most recently one in Kiev. As a result, 56.6% (GEL 74.4 mln) of Wealth Management deposits are held by non-residents, while Wealth Management deposits grew by 36% YTD
- Bought state-of-the-art core banking software with build in CRM (Temenos) & HR talent management software (Softscape) to further increase efficiency
- Focused operations on Trade Finance, Wealth Management & Brokerage in Ukraine and on Premier Banking and SME in Belarus

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Immediate Priorities - Georgia

- As operating environment is improving we intend to take advantage of high liquidity (excess liquidity of GEL 360 mln as of end of October 2009) and strong capital (CAR - 20%) to step up lending in underleveraged Georgian economy (banking debt to GDP of c. 25%)
- In order to capture new business, we are decreasing interest rates on corporate and retail loans
- Aggressively stepping up lending to top corporate clients in Georgia, including refinancing their loans with other Georgian banks
  - Lending rates decreased from 16% - 18% to 14.5% -16.5%
- Focus on retail lending in Georgia with particular emphasis on micro loans, consumer loans and mortgages of up to US$ 100,000
  - Minimum rate on micro loans has been decreased from 26% to 17%
  - Minimum rate on mortgages has been decreased from 16.5% to 14.5%
- At the same time we made two rounds of interest rate cuts on retail deposits
  - On 1-year US Dollar deposits interest has been cut from 11.75% to 10.5%. Further interest rate cuts are expected in 1H 2010
- We are also in process of aggressively decreasing interest rates on corporate account balances on case by case basis
- Focus on loan recoveries. Loan loss reserves amounts to GEL 123 mln in BoG standalone accounts

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Lending Opportunities in Corporate Sector in Georgia

- On the back of deleveraging in 2009, we expect lending to pick-up in 2010
- We see following opportunities in corporate sector in Georgia:
  - Underleveraged utility sector (circa 9% loans to sector GDP)
  - Underleveraged healthcare sector, which is under privatization and needs to be rebuilt (circa 2% loans to sector GDP)
  - Food processing and agribusiness, substituting imported goods (circa 3.5% loans to sector GDP)
  - Hydropower sector, which is gearing for exports to Turkey
- While BoG has significant market share in the retail and corporate banking segments, SME is still underpenetrated
- BoG's SME loan portfolio is only GEL 70 mln (circa 4% of BoG loan book) or estimated market share of circa 15%
- BoG can leverage its corporate banking business to grow its market share in SME segment

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Immediate Priorities – Internationally

- Belarus (Belarusky Narodny Bank – BNB):
  - Inject EUR 10.5 mln in order to meet new minimum regulatory capital requirement of EUR 25 mln from 1st of January 2010
  - We also see new capital requirement as opportunity to acquire small bank(s), which can not meet new minimum capital requirement in Belarus to leverage up BNB and gain synergies
  - We are also in discussion with IFIs as potential equity partners (and lenders), with BoG to maintain majority stake
  - Lending to high margin, unattended SME sector, interest rates on SME lending vary between 18% to 22% in US$
  - Target 1% population of Belarus (c. 100,000) through novel Premier Banking offerings
- Ukraine (BG Bank):
  - Focus on further downscaling retail business and stepping up trade finance, integrating wealth management business with brokerage.
  - Number of branches has been decreased from 38 Q1 2008 to 18 branches by Q3 2009 and headcount reduced from 824 to 617
  - Leverage on Georgian corporate banking and brokerage to build trade finance business in Ukraine to capture part of the US$ 1.0 bln trade between Georgian and Ukraine and nearly US$ 4 bln trade between Belarus and Ukraine
  - Focus on loan recovery. Loan loss reserves amounts to GEL 50 mln or 27% of gross loan book of BG Bank

Q3 2009 Results Overview

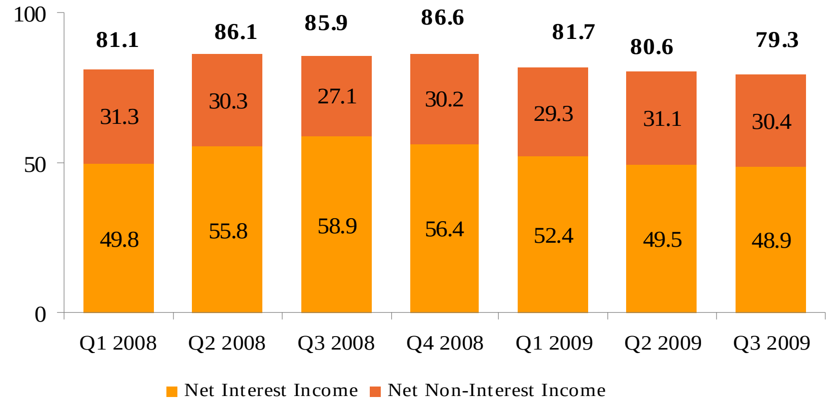
January 2010

Revenue

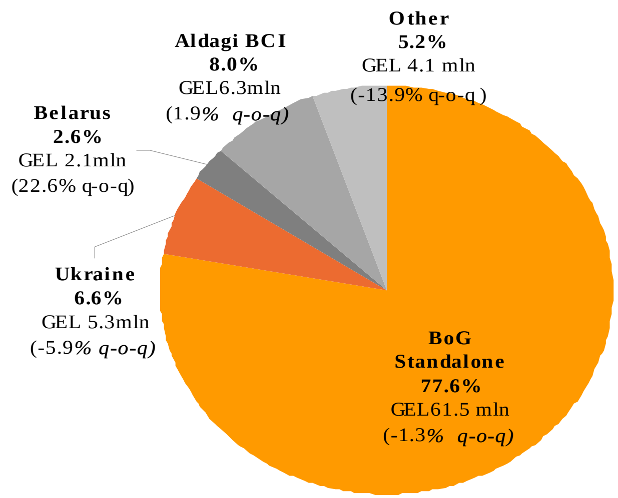
- In Q3 2009 Total operating Income/Revenue was GEL 79.3 mln (-1.6% q-o-q decline)
- In 9 months 2009 Total operating Income/Revenue was GEL 241.6 mln (-4.5% y-o-y decline)
- Georgia accounts for 90.8% of total consolidated revenues, BG Bank 6.6% and BNB 2.6%
- Even though our excess liquidity in Georgia exceeded GEL 320 mln, our net interest margin stayed unchanged at 9.1% in Q3 2009

Revenue

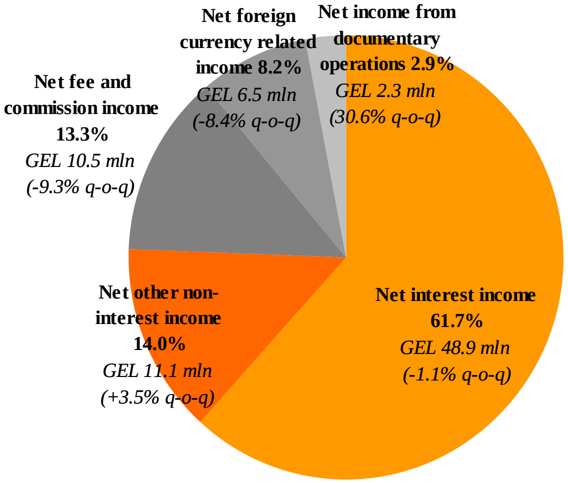
GEL mln



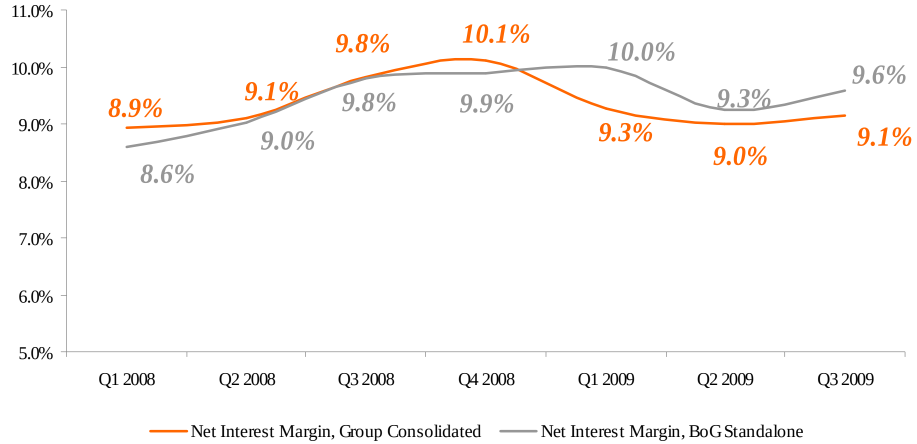
Revenue by segments Q3 2009



Composition of revenue Q3 2009



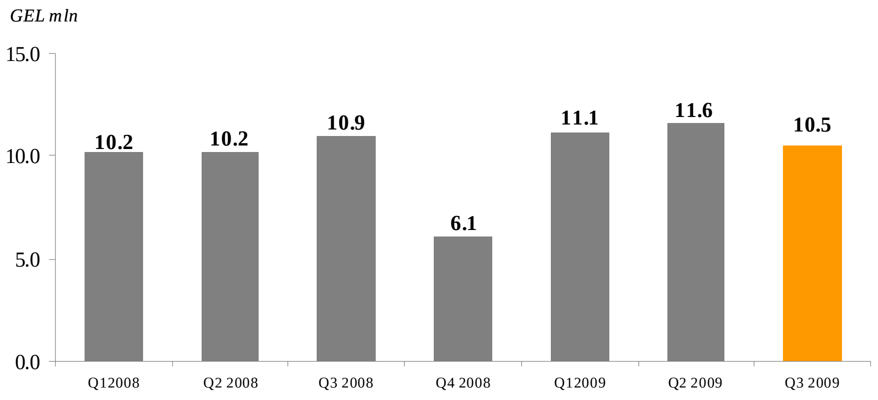
Net interest margin (annualized)



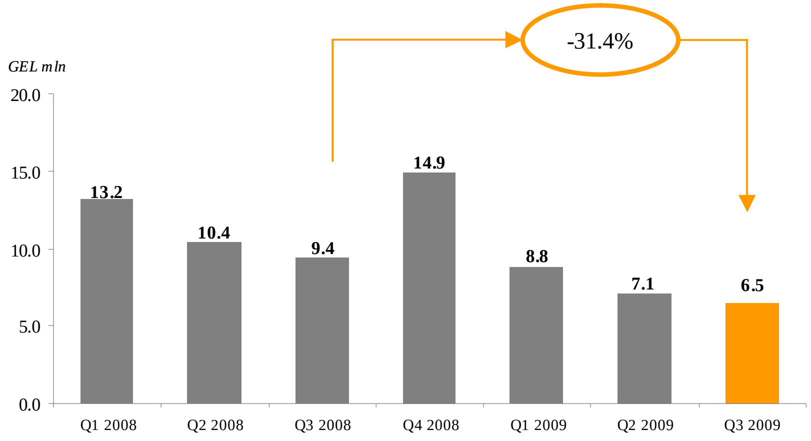
Revenue cont'd

- 2009 YTD Net Foreign Currency related income, decreased by 32.5%, due to the decrease of FX transaction volumes in Georgia and Ukraine
- 2009 YTD Income from documentary operations increased by 26.4%
- 2009 YTD Net Other Non Interest Income increased by 103.7%, mostly due to the increase in brokerage (+21.5% YTD) and insurance (+123.2% YTD) income

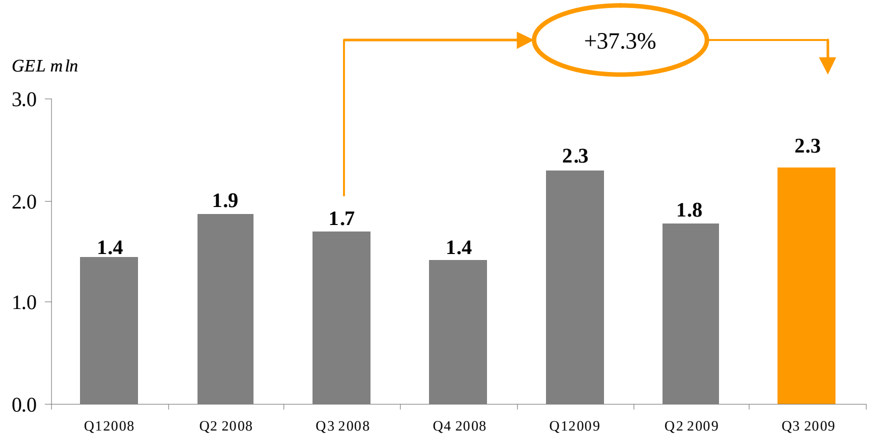
Net fee & commission income



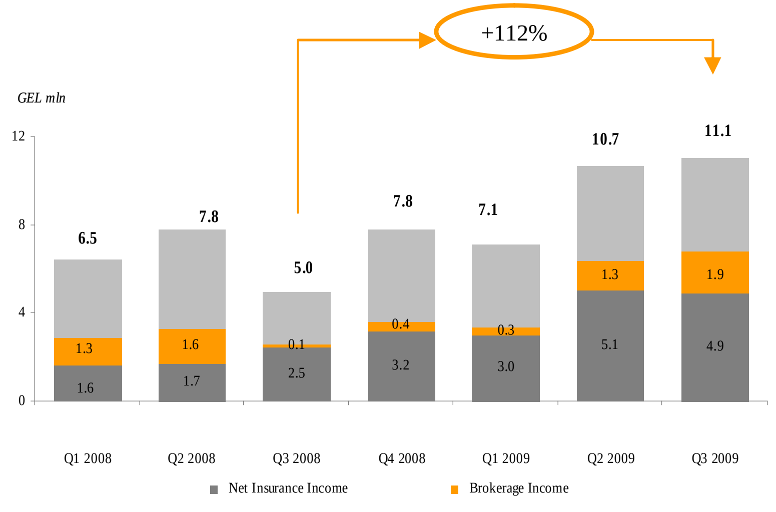
Net foreign currency related income



Income from documentary operations



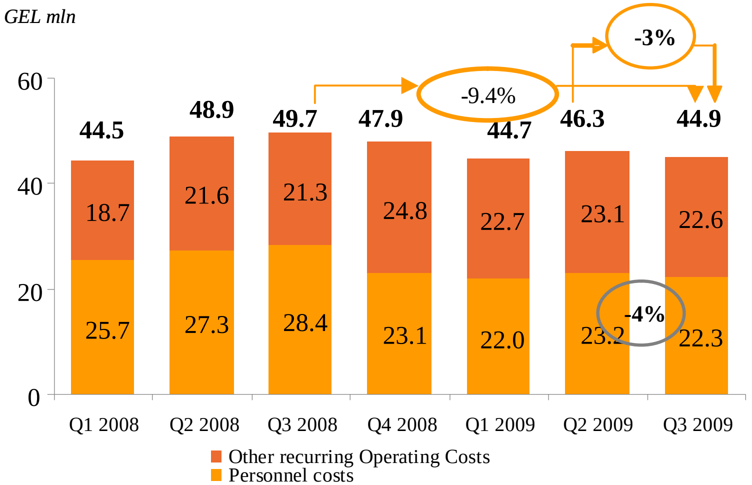
Other non-interest income



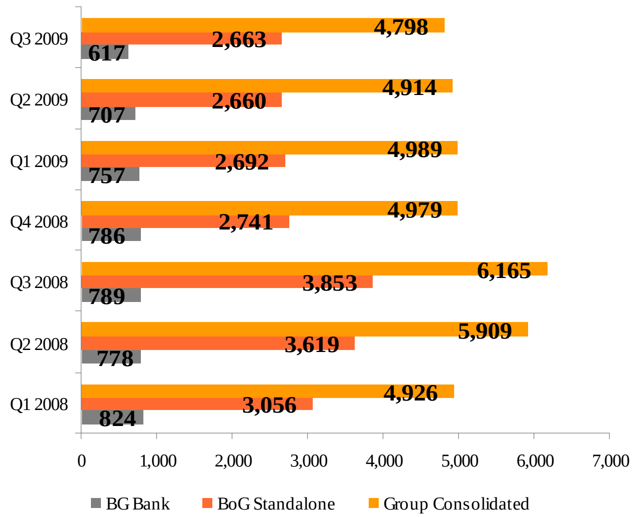
Costs

- 2009 YTD Total Recurring Operating costs decreased by 4.9%
- 2009 YTD personnel costs decreased by 17.0%
- 2009 YTD headcount reductions amounted to 181

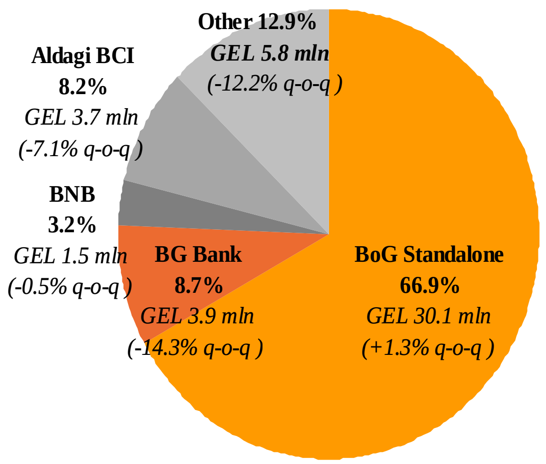
Recurring operating costs



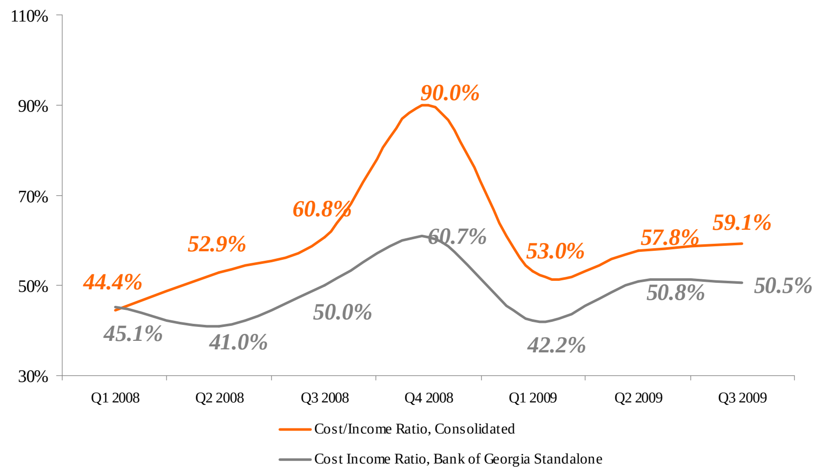
Employees



Recurring operating cost by segments, Q3 2009



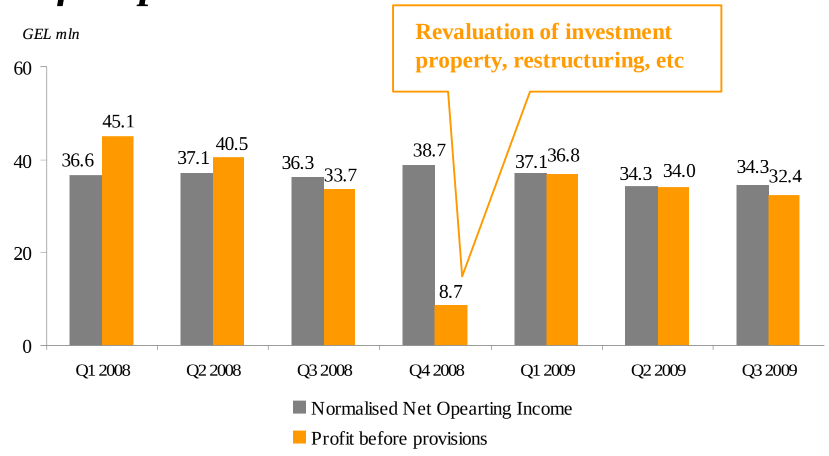
Cost Income Ratio



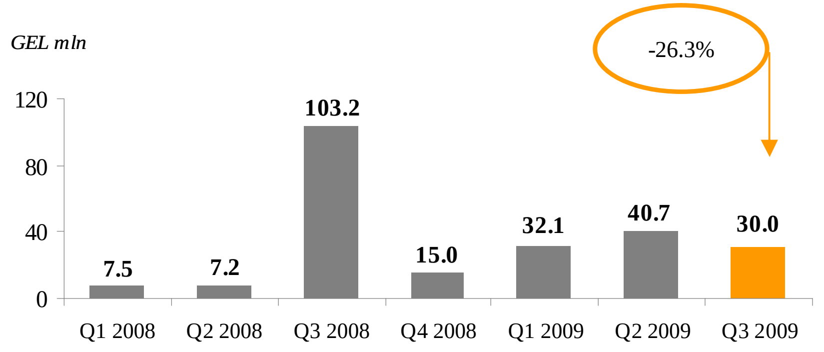
Operating profit, Provision expense

- Consolidated Net provision expenses of improved by 26.3% q-o-q
- Bank of Georgia Standalone Net provision expenses declined by 40.2% q-o-q
- BG Bank's Net provision expense grew by 17.1% q-o-q which drove overall changes higher
- Net income for Q3 2009 was GEL 2.6 mln. 2009 YTD Net income was GEL 3.4 mln (161.2% y-o-y growth)

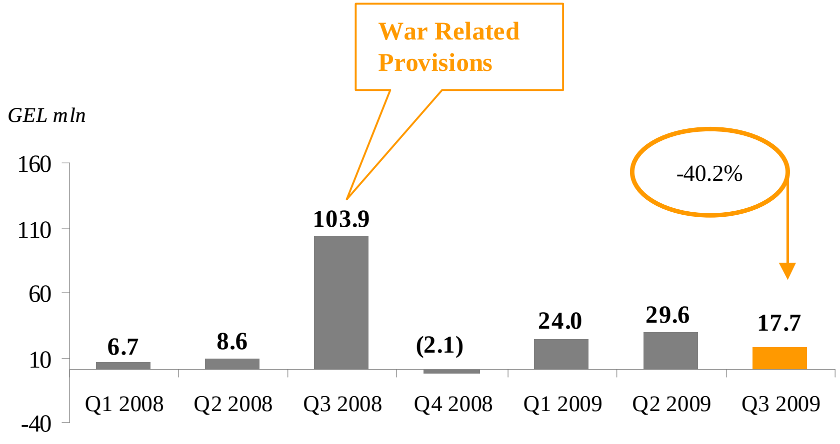
Normalized net operating income, profit before provisions



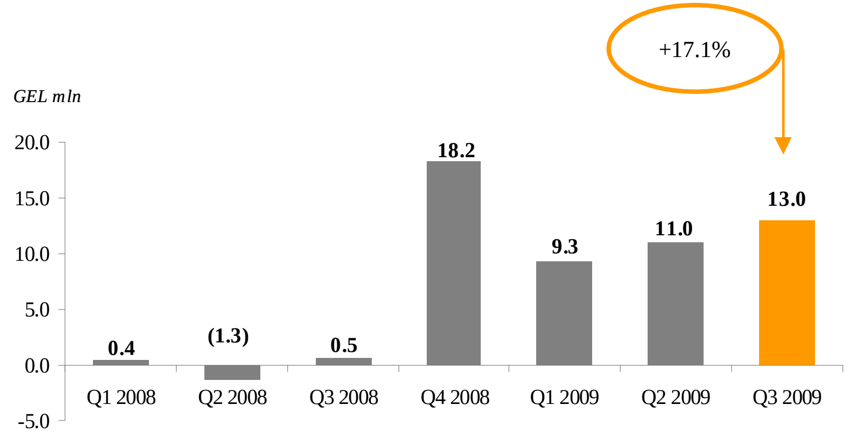
Net provision expense BoG Consolidated



Net provision expense BoG Standalone



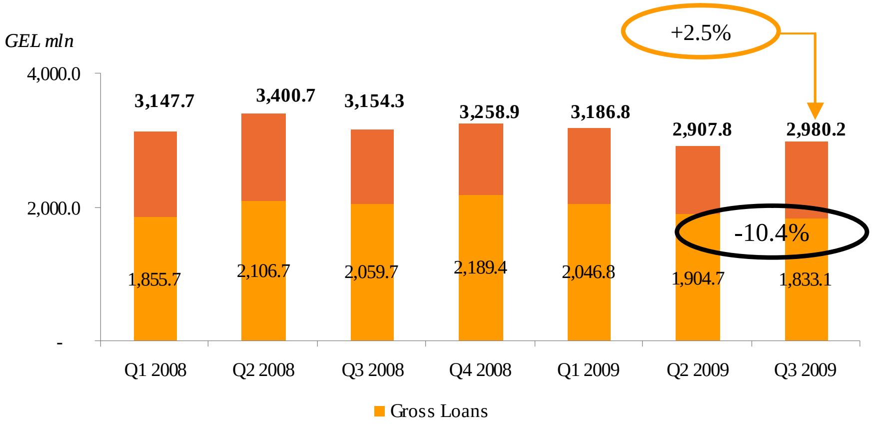
Net provision expense BG Bank Standalone



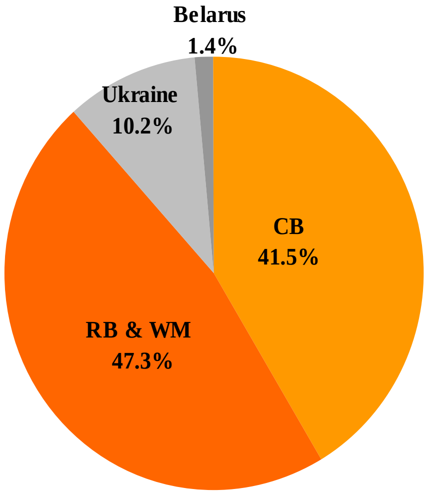
Assets & liabilities

- Total assets declined by 5.5% y-o-y
- Gross loans declined by 11.0% y-o-y

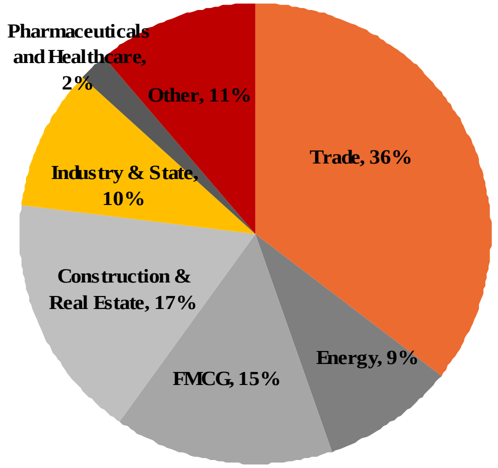
Total assets



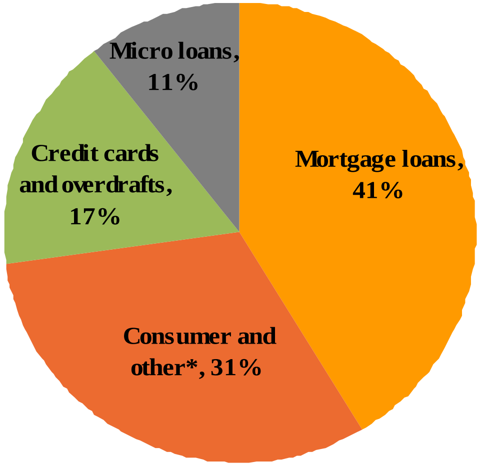
Loan book



Corporate loan book breakdown



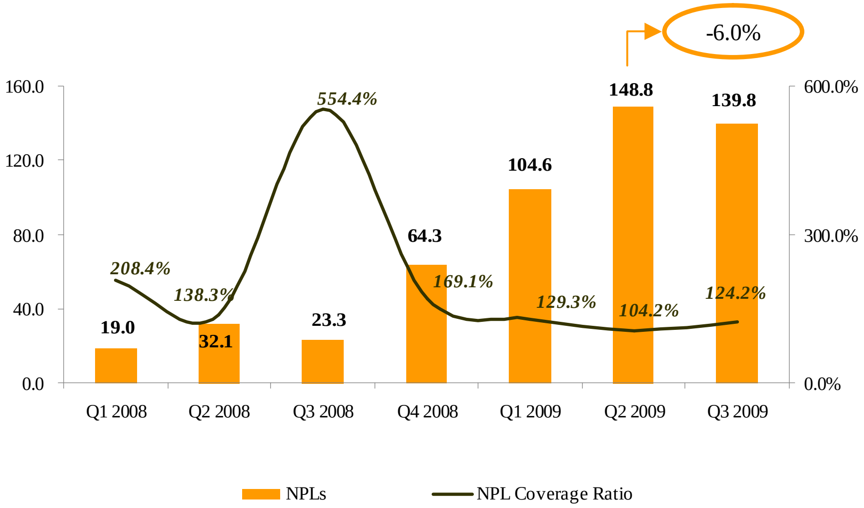
Retail loan book breakdown



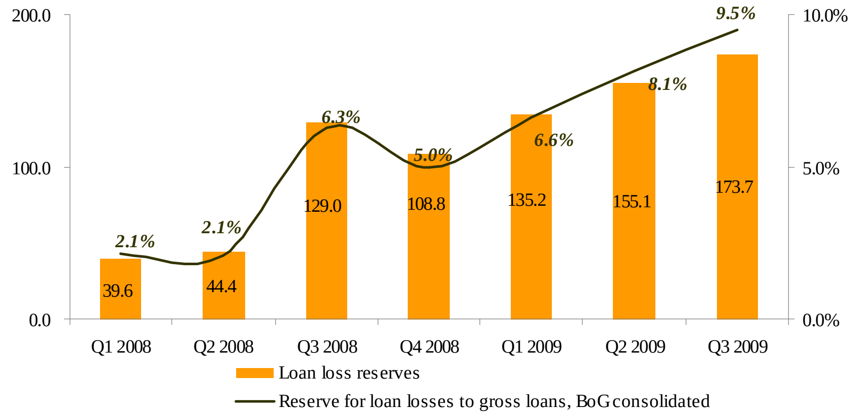
Loan portfolio quality

- Consolidated NPLs of GEL 139.8 million improved by 6% q-o-q driven by 2.4% q-o-q decrease of Bank of Georgia Standalone NPLs GEL 115.9 million

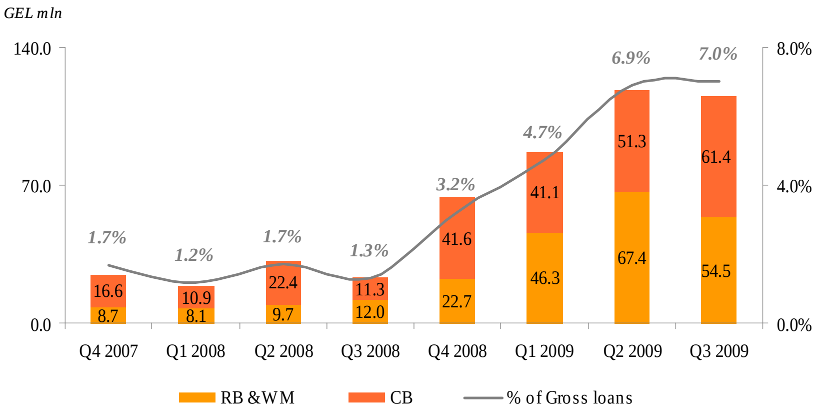
NPLs Consolidated



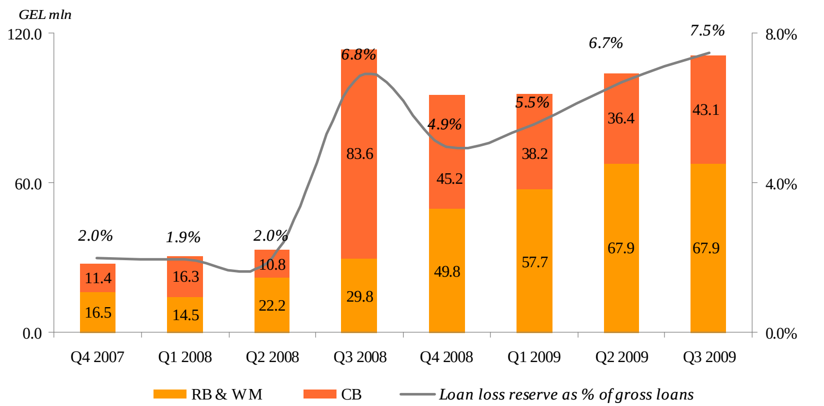
Loan loss reserve, Consolidated



NPLs, BoG Standalone



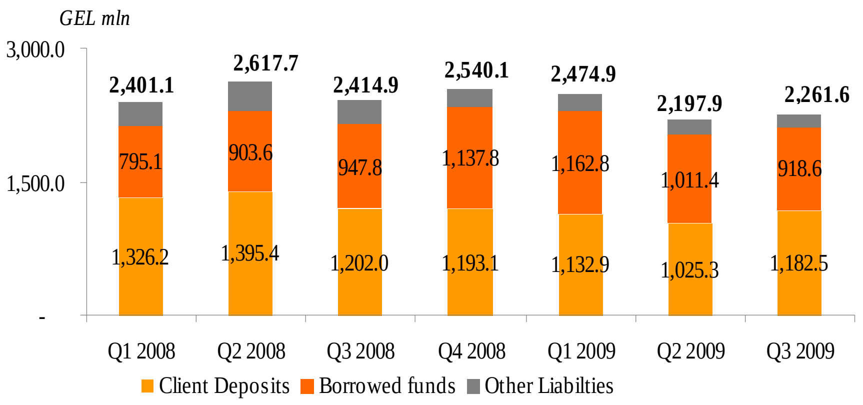
Loan loss reserve, BoG Standalone



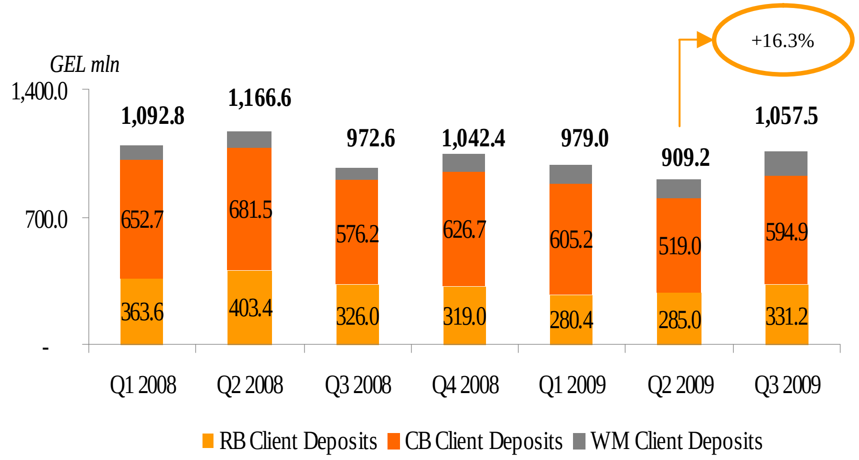
Client deposits, BoG Standalone

- WM client deposits grew 35.9% YTD 2009 and 86.3% y-o-y
- RB client deposits grew 3.8% YTD 2009 and 16.2% q-o-q
- CB client deposits grew 14.3% q-o-q and declined 5.1% YTD
- Market share of retail deposits grew by 2.4% YTD

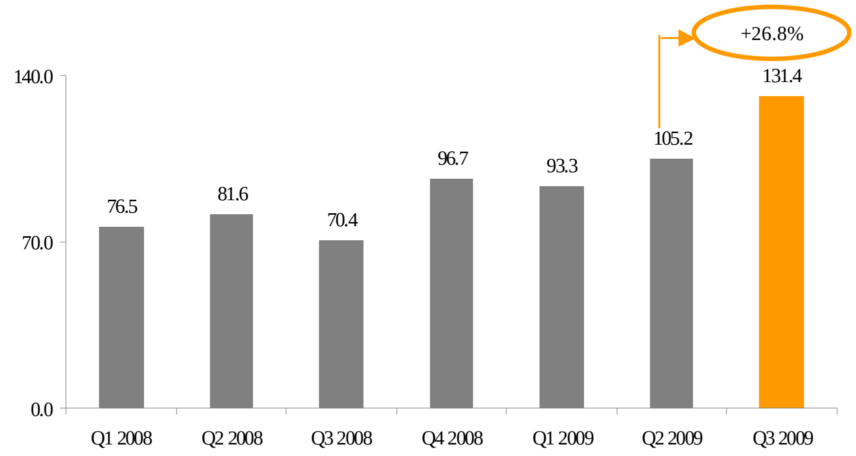
Total liabilities



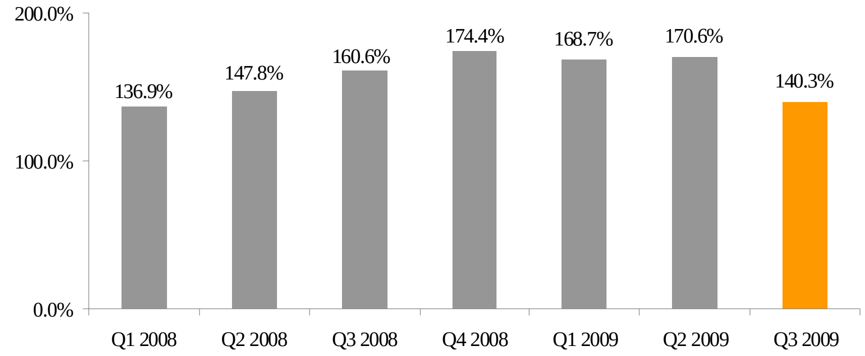
Client deposits, BoG Standalone



WM Client deposits

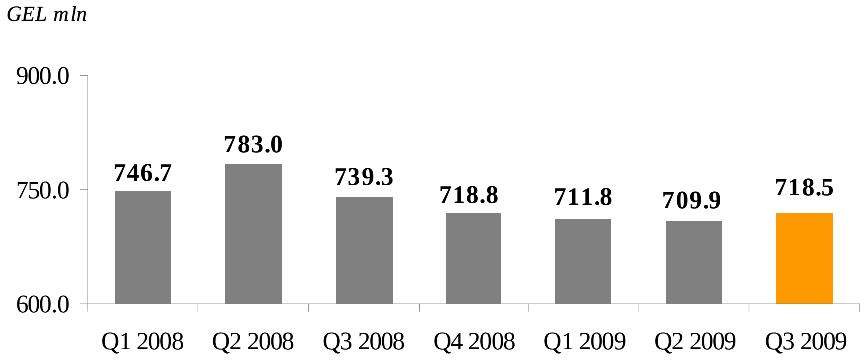


Net loans/Client deposits

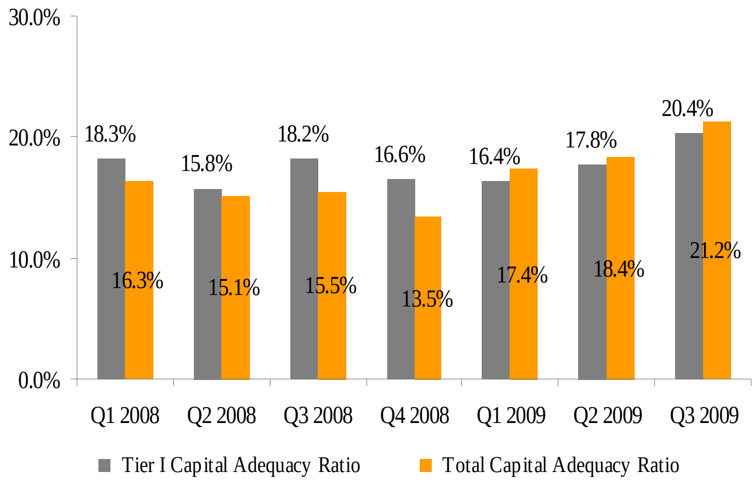


Equity & Capital adequacy

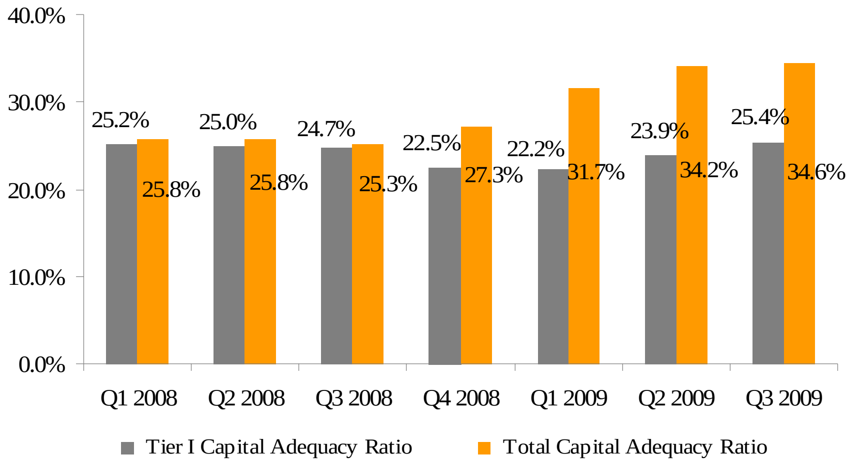
Total Shareholder's equity



NBG capital adequacy ratios, BoG Standalone



BIS capital adequacy ratios, BoG Consolidated



Highlights

- Total Capital Adequacy Ratio of Bank of Georgia Standalone grew to 21.2% from 18.4% in Q2 2009
- Tier 1 Capital adequacy Ratio of Bank of Georgia Standalone grew to 20.4% from 17.8% in Q2 2009
- Both ratios by NBG standards
- The increase mostly a result of the Georgian FSA's decision to reduce the risk-weighting of foreign currency denominated loans from 175% to 150%

Summary

- Operating environment in Georgia is improving and 2010 looks promising for Bank of Georgia:
  - NPLs stabilized – 6% q-o-q decrease in Q3 2009
  - Consumer confidence and economic activity is increasing – 15% q-o-q increase in client deposits in Q3 2009
  - National Bank of Georgia has highest FX reserves in Georgia's history – US$2+ bn, a 56% increase in FX reserves YTD
- 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***

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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