

1.48 GEL/US\$ Q1 2008 period end
1.55 GEL/US\$ Q1 2008 average
1.70 GEL/US\$ Q1 2007 period end
1.71 GEL/US\$ Q1 2007 average

JSC BANK OF GEORGIA ANNOUNCES CONSOLIDATED Q1 2008 RESULTS

Millions, unless otherwise noted

	Q1 2008		Growth y-o-y ¹
	Bank of Georgia Consolidated US\$	GEL	
Bank of Georgia (Consolidated, Unaudited, IFRS Based)			
Total Operating Income (Revenue)²	54.9	81.1	98%
Recurring Operating Costs	30.1	44.5	103%
Normalised Net Operating Income³	24.8	36.6	91%
Net Income	21.6	31.9	134%
Consolidated EPS (Basic), GEL & US\$⁴	0.74	1.09	101%
Consolidated EPS (Fully Diluted), GEL & US\$⁵	0.69	1.02	104%
ROAA⁶, %		4.2	
ROA⁷, %		4.1	
ROAE⁸, %		19.6	
ROE⁹, %		17.1	

Bank of Georgia (LSE: BGEO, GSE: GEB), the leading Georgian universal bank, announced today its Q1 2008 consolidated results (IFRS based, derived from management accounts), reporting record quarterly Net Income of GEL 31.9 million, (up 133.6% y-o-y and 24.9% q-o-q) or consolidated Basic EPS of US\$0.74 (up 101.5% y-o-y and 16.0% q-o-q).

¹ Compared to the same period in 2007; growth calculations based on GEL values.

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

³ Normalised for Net Non-Recurring Costs.

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

⁵ Fully Diluted EPS equals 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 Net Income for the period divided by the average Total Assets for the period.

⁷ Return on Assets equals Net Income for the period divided by the Total Assets at the end of the period.

⁸ Return on Average Total Shareholders' Equity equals Net Income for the period divided by the average Total Shareholders' Equity for the period.

⁹ Return on Equity equals Net Income for the period divided by the Total Equity at the end of the period.

About Bank of Georgia

Bank of Georgia, the leading universal Georgian bank with operations in Georgia and Ukraine, is the largest bank by assets, loans, deposits and equity in Georgia, with 33.7% market share by total assets (all data according to the NBG as of March 31, 2008). The major component of the Galt & Taggart Index, the bank has 131 branches and over 770,000 retail and more than 120,000 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, Aldagi 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
FitchRatings	'B+/B'	Stable
Moody's	'B3/NP' (FC) & 'Ba1/NP' (LC)	

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The financial information as of Q1 2008 and Q1 2007 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.

Q1 2008 Summary

Total Operating Income (Revenue) grew by 97.5% y-o-y (up 18.7% q-o-q) to GEL 81.1 million in Q1 2008. Net Interest Income of GEL 49.8 million grew by 91.1% y-o-y (up 16.6% q-o-q), driven by the loan book growth, mainly in retail banking. Strong growth of the retail loan book also contributed to the strengthening of Net Interest Margin, which increased to 8.9% in Q1 2008 from 8.1% in Q4 2007. Net Non-Interest Income of GEL 31.3 million increased by 108.7% y-o-y (up 22.2% q-o-q) and was mostly driven by solid growth in Foreign Currency Related Income (GEL 13.2 million, up 209.3% y-o-y and 37.3% q-o-q), Net Fee and Commission Income and Net Income from Documentary Operations (GEL 11.6 million, up 76.2% y-o-y and 21.9% q-o-q), and Net Other Non-Interest Income (GEL 6.5 million, up 56.6% y-o-y and 0.2% q-o-q). Recurring Operating Costs¹ grew to GEL 44.5 million, an increase of 103.1% y-o-y (up 31.8% q-o-q). The growth was mostly driven by increased personnel and administrative expenses due to branch and headcount expansion in Georgia, as well as rearrangement of compensation structure and new senior hiring in Ukraine. Net Normalised Operating Income (“NNOI”)¹ was up 91.1% y-o-y (up 5.9% q-o-q) to GEL 36.6 million in Q1 2008.

The bank’s consolidated Total Assets reached GEL 3.2 billion by 31 March 2008, up 92.7% y-o-y (up 6.6% year-to-date), while Gross Loans amounted to GEL 1,856 million, a 122.1% increase y-o-y (up 5.9% year-to-date). Corporate Gross Loans to Clients in Georgia grew by 1.8% year-to-date to GEL 821.4 million, retail Gross Loans to Clients in Georgia grew by 17.2% year-to-date to GEL 754.7 million and private banking Gross Loans To Clients in Georgia decreased by 21.1% year-to-date to GEL 34.9 million. As of 31 March 2008 the combined share of retail and private banking (excluding Universal Bank of Development and Partnership (“UBDP”), the bank’s Ukrainian Subsidiary) in Bank of Georgia’s Gross Loans To Clients, increased to 49.3% from 43.8% as of 31 March 2007. UBDP’s Total Assets grew by 2.8% year-to-date and amounted to GEL 360.0 million and Gross Loans to Clients increased by 12.6% to GEL 254.9 million in Q1 2008. UBDP accounted for approximately 11.4% and 13.7% of the Bank’s Total Assets and Total Gross Loans, respectively.

The bank’s consolidated Total Liabilities reached GEL 2.4 billion by 31 March 2008, up 92.4% y-o-y (up 0.2% year-to-date). Client Deposits in Georgia reached GEL 1.1 billion up 84.4% y-o-y (up 2.1% year-to-date), slower growth reflecting intensifying competition for deposits in Georgia and 6.91% appreciation of Georgian Lari against the US dollar year-to-date). Client Deposits in Ukraine experienced a decrease of GEL 51.8 million (19.3% decrease year-to-date) caused by the departure of several sizable depositors in Ukraine due to UBDP’s restructuring. Bank of Georgia’s Consolidated Client Deposits were GEL 1,326 million as at 31 March 2008, representing an increase of 120.2% y-o-y and a decrease of 2.2% year-to-date.

As of 31 March 2008 Bank of Georgia on standalone basis held market share of 33.7%, 32.2% and 28.3% in Georgia by total assets, gross loans, and deposits respectively². On a year-on-year basis, the bank’s market shares grew by 0.7%, 4.6% and 3.4% by total assets, gross loans and deposits, respectively. The strong P&L performance resulted in Bank of Georgia capturing 47.1%² banking market share by Net Income in Georgia on a standalone basis in Q1 2008, which compares to 26.7% in Q1 2007.

Total Shareholders’ Equity grew y-o-y by GEL 361.4 million at the end of Q1 2008 (GEL 188.7 million year-to-date) and amounted to GEL 746.7 million. The year-to-date growth was mainly attributed to Q1 2008 Net Income of GEL 31.9 million, as well as a capital increase through the placement of four million new ordinary shares in the form of GDRs on 13 February 2008, which raised gross proceeds of US\$100 million.

Despite the capital increase in February 2007, Bank of Georgia’s Consolidated ROAE increased to 19.6% in Q1 2008 as compared to consolidated ROAE of 14.4% in Q1 2007 and 17.7% for the full year 2007. Consolidated ROAA grew to 4.2% in Q1 2008 from 3.8% in Q1 2007 and 3.8% for the full year 2007. Equity book value per share stood at GEL 23.90 (US\$16.19) as at 31 March 2008, up 55.3% y-o-y (up 15.9% year-to-date).

¹ Starting in Q1 2008 Bonuses and Share Based Compensation Expense is included in the calculation of the Recurring Operating Costs. For the purposes of this press release for all previous reporting periods Recurring Operating Costs are recalculated using the new methodology and NNOI is adjusted to the changes in the calculation methodology of Recurring Operating Costs.

² 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 (non-IFRS, based on National Bank of Georgia requirements) filed by Georgian banks. Deposit market share is calculated based on the amount of total deposits, including client and interbank deposits

The Extraordinary Meeting of Shareholders (the “EGM”) held on 22 February 2007, acknowledged the resignation of Lado Gurgenidze as the Chairman of the Supervisory Board of Bank of Georgia and elected Mr. Kaha Kiknavelidze as a new member of the Supervisory Board. Subsequently, Mr. Nicholas Enukidze, Vice Chairman of the Supervisory Board since November 2006 and Acting Chairman since November 2007, was elected as Chairman of the Supervisory Board by the Supervisory Board.

Strategic Business Unit and Business Unit Overview

Corporate Banking (CB)³

Discussion Of Results

In Q1 2008 CB continued to successfully leverage Bank of Georgia’s position as the leading financial institution in Georgia, increasing its operating efficiency and profitability. Allocated Revenues grew 75.4% y-o-y to GEL 24.1 million (up 7.2% q-o-q). Operating leverage of CB has improved, as the growth rate of allocated Recurring Costs (up 92.1% y-o-y and down by 13.6% q-o-q) lagged the growth rate of the allocated Revenues. NNOI grew 69.4% y-o-y to GEL 17.1 million (up 18.9% q-o-q), contributing 46.7% to the consolidated NNOI. Net Income grew 40.5% y-o-y to GEL 10.5 million (up 56.6% q-o-q), contributing 32.9% to the consolidated Net Income. Gross Loans grew 82.2% y-o-y to GEL 821.4 million (up 1.8% year-to-date). Allocated Client Deposits stood at GEL 652.7 million up 109.5% increase y-o-y and down by 2.5% year-to-date, which was caused by the notably increased competition for deposits in Q1 2008 driven by wholesale funding constraints and higher interest rate environment resulting from significant increase in benchmark interest rate. Allocated Total CB Assets amounted to GEL 1,431 million, up 106.5% y-o-y (up 0.7% year-to-date), while allocated Total CB Liabilities stood at GEL 1,079 million, up 78.6% y-o-y (down by 2.1% year-to-date).

Highlights

- Major new corporate client acquisitions include Alon Group Israel, an investment company, JSC Caucasus Energy and Infrastructure, a fund investing in energy and infrastructure assets in Georgia, and Georgian Trading Company, a high end (Bali, Trussardi etc.) apparel retailer in Tbilisi.
- Increased the number of corporate clients using the bank’s payroll services from approximately 700 at the end of 2007 to over 850 by 31 March 2008. By the end of Q1 2008, the number of individual clients serviced through the corporate payroll programs administered by the bank increased from approximately 150,000 at the beginning of the year to 153,984.
- Approximately 4,000 legal entities opened accounts at the bank in Q1 2008, bringing the total to approximately 68,000.

Retail Banking (RB)

Discussion Of Results

In Q1 2008 we continued to witness vibrant demand for loans from our retail customers. Retail banking business in Georgia continued its impressive growth making significant contribution to the bank’s loan portfolio growth and net interest margin. Allocated Revenues grew 100.9% y-o-y to GEL 37.7 million (up 35.1% q-o-q). Operating leverage of RB has improved, as the growth rate of allocated Recurring Costs (up 91.2% y-o-y and 93.2% q-o-q), driven primarily by the branch and headcount expansion, lagged behind the growth rate of the allocated Revenues. NNOI grew 110.6% y-o-y to GEL 19.7 million (up 5.9% q-o-q), contributing 53.7% to the consolidated NNOI. Net Income grew 84.1% y-o-y to GEL 12.9 million (up 113.5% q-o-q), contributing 40.5% to the bank’s consolidated Net Income. Gross Loans grew 124.4% y-o-y to GEL 754.7 million (up 17.2% year-to-date), driven by the increased lending activity due to high demand for mortgages, car loans, consumer loans, credit cards and other retail banking products. Allocated Client Deposits grew 56.5% y-o-y to GEL 363.6

³ Previously Corporate Banking business unit was referred to as Corporate and Investment Banking (“CIB”)

million (up 6.9% year-to-date), reflecting increased competition for deposits. Allocated Total RB Assets amounted to GEL 1,313 million, up 153.2% y-o-y (up 16.7% year-to-date), while allocated Total RB Liabilities reached GEL 751.7 million, up 66.8% y-o-y (up 5.9% year-to-date).

Highlights

- Increased the number of retail current accounts from approximately 705,000 at the beginning of the year to over 770,000 as at 31 March 2008.
- Opened 14 new branches (service centers) in Georgia, bringing the total number of branches to 131 by 31 March 2008.
- Remodeled four pilot branches based on new brand concept and design developed by Allen International, a UK based integrated strategic design consultancy. The pilot branches included two pioneering mortgage centers in Georgia.
- Stepped up the issuance of credit cards, as the number of credit cards issued reached approximately 38,500 during Q1 2008 compared to 5,861 credit cards issued in Q1 2007. As of 31 March 2008, the number of credit cards outstanding amounted to 147,075, up from 108,616 at the beginning of the year. Increased the issuance of debit cards, with over 70,000 debit cards issued in Q1 2008, compared to approximately 63,000 debit cards issued during Q1 2007. The number of debit cards outstanding increased from approximately 538,000 at the beginning of the year to approximately 595,468 by 31 March 2008.
- Continued to make gains in merchant acquiring as the installed POS terminal footprint grew to 2,063 compared to 1,594 at year end 2007.
- Total number of cards serviced by Georgian Card grew from 876,263 at year end 2007 to 977,572 by 31 March 2008, while the number of transaction authorisations processed by Georgian Card in Q1 2008 grew 146.3% y-o-y to approximately 7.2 million. The volume of transactions processed grew to GEL 496.7 million, up 189.8% y-o-y.
- Continued investing in the electronic banking channels, as the number of ATMs grew to 310 by 31 March 2008 (up from 250 at the end of 2007), number of mobile banking users reached 44,002 up 10.8% from the beginning of the year and number of registered Internet banking users grew 44.2% to over 165,000.
- Increased car loan originations for Q1 2008 to GEL 17.1 million (up 419.7% y-o-y and 46.2% q-o-q). Car loans outstanding by 31 March 2008 stood at GEL 46.5 million, up 305.0% y-o-y (25.4% year-to-date). Increased mortgage loan originations to GEL 77.5 million in Q1 2008 (up 161.5% y-o-y and 18.9% q-o-q). Mortgage loans outstanding on 31 March 2008 stood at GEL 222.4 million, up 175.2% y-o-y (up 23.1% year-to-date).
- Launched a new mortgage strategy in Georgia designed to provide integrated real estate development, real estate brokerage and mortgage lending service to retail clients. Under the new strategy the bank has entered into a joint venture with JSC Iberia Real Estate, a leading Georgian real estate development company, aimed at developing over 55,000 sq/m of economy class residential housing over the next three years. Presto, a real estate brokerage established by Bank of Georgia which is leveraging the bank's extensive branch network to build its distribution capabilities, will serve as the exclusive sales agent and Bank of Georgia will provide customized mortgage products for the properties developed by the joint venture.
- Jointly with Magti, Georgia's leading Mobile Operator, launched a co-branded credit card (MagtiCard) distributed to Magti's top 60,000 retail customers, which will serve as the platform for the introduction of Georgia's first credit based mobile service for retail customers. A 50% discount on roaming services and 25% discount on international calls offered by Magti to MagtiCard holders makes this card particularly attractive for Magti's business-oriented customers.
- Won a tender for the exclusive right for management of municipal bus payment system, which will be seamlessly integrated with Tbilisi metro (subway) payment system already managed by the bank since September 2006. As the result, Bank of Georgia will have access to an estimated 900,000 residents of Tbilisi who use municipal transport regularly. Bank of Georgia's contactless debit cards will be introduced as the most convenient method of payment of transport fare. As a pilot project, a student contact less co-branded debit card (BaliCard), which can be used to pay metro fare, was successfully introduced in Q4 2007.

Wealth Management (WM)

Discussion Of Results

In Q1 2008 Bank of Georgia's WM unit focused on streamlining its operations in Georgia, including the appointment of Mr. Givi Giorgadze, former head of corporate business at Aldagi BCI, as the new Head of WM in Georgia, and developing an offshore private banking offering for the markets with large Georgian communities, which could provide an important source

of client deposits for the bank. Mr. Zurab Maisuradze, former Head of WM in Georgia will spearhead the development of the offshore private banking. Allocated Revenues for WM was GEL 1.6 million in Q1 2008 increasing 98.8% y-o-y (down by 0.7% q-o-q). Allocated Recurring Costs of GEL 0.7 million grew 107.3% y-o-y (down 17.8% q-o-q). Net Income grew 196.6% y-o-y (up 17.8% q-o-q) to GEL 0.7 million, contributing 2.1% to the consolidated Net Income. Gross Loans which stood at GEL 34.9 million grew 17.2% y-o-y, but decreased 21.1% year-to-date due to the repayment of several sizeable loans in Q1 2008. Allocated Client Deposits increased by 40.8% y-o-y (up 10.1% year-to-date) to GEL 76.5 million. Allocated Total WM Assets amounted to GEL 61.3 million, up 34.0% y-o-y (down 27.4% year-to-date), while allocated Total WM Liabilities reached GEL 94.3 million, up 28.2% y-o-y (down 0.6% year-to-date).

Ukraine

Discussion Of Results

In Q1 2008 UBDP underwent a significant change in terms of its transparency, organizational structure and risk processes, which resulted in the departure of several corporate clients, a number of high-profile additions to the management team and the rearrangement of UBDP's compensation structure. As a result, in Q1 2008, UBDP's Revenue decreased by 6.9% q-o-q to GEL 6.5 million and Net Loss for the period stood at GEL 0.7 million, as compared to Net Income of GEL 1.7 million for Q4 2007. Gross Loans reached GEL 254.9 million, up 12.6% year-to-date and Client Deposits amounted to GEL 216.0 million, down 19.3% year-to-date. UBDP's Total Assets increased to GEL 360.0 million (up 2.8% year-to-date), while Total Liabilities reached GEL 291.7 million (up 2.9% year-to-date).

Galt & Taggart Securities

Discussion Of Results

Galt & Taggart Securities, Bank of Georgia's wholly-owned investment banking subsidiary, was negatively affected by challenging capital markets and resulting slowdown in trading activity and losses on proprietary trading book in Q1 2008. Revenue of GEL 1.6 million in Q1 2008 represents a 14.2% increase y-o-y and a 26.6% decrease q-o-q. Recurring Operating Costs amounted to GEL 3.8 million, as compared to the Recurring Operating Costs of GEL 1.0 million in Q1 2007. The growth of Recurring Operating Costs reflects the build-out of Galt & Taggart Securities operations in Ukraine and Georgia over the last year. Galt & Taggart Securities recorded a net loss of GEL 1.9 million in Q1 2008.

In Q1 2008 Galt & Taggart Securities continued to hold the leading position in equities trading in Georgia, with an approximately 86.3% market share in terms of trading volume and ranked #10 among broker-dealers with an approximately 2.7% market share by equities trading volume in Ukraine.

Asset Management

Galt & Taggart Asset Management (GTAM), the bank's asset management arm, continued its strong development in Q1 2008. Assets Under Management of GTAM stood at approximately US\$125 million as of 31 March 2008, an increase of 65.2% since the year end 2007 and 86.8% increase since its establishment in October 2007. Revenues grew to GEL 12.4 million in Q1 2008, up 3806.8% y-o-y (down 39.9% q-o-q). Recurring Operating Costs increased 191.5% y-o-y (94.0% q-o-q) to GEL 2.8 million. Net Income stood at GEL 8.2 million in Q1 2008 and contributed 25.5% to the consolidated Net Income. Assets grew to GEL 94.3 million as at 31 March 2008, up 144.1% y-o-y (up 20.0% year-to-date). Liabilities reached GEL 32.7 million by 31 March 2008, up 87.0% y-o-y (down 2.7% year-to-date). Galt & Taggart Capital and SB Real Estate, funds managed by GTAM and majority owned by the bank, are currently fully consolidated in Bank of Georgia's financial statements and are reported under Asset Management business unit.

Insurance

Discussion Of Results

Aldagi BCI, the bank's wholly-owned Georgian insurance subsidiary, showed a strong growth in Gross Premiums Written combined with a marginal loss for the quarter, which was mainly due to Aldagi BCI's participation in a the state health care program for socially vulnerable citizens and school teachers launched in Q4 2007, which brought 84,000 new clients to Aldagi BCI. This program will end in September 2008. Unlike other major Georgian insurance companies, Aldagi BCI chose not to participate in a new similar program aimed at 550,000 socially vulnerable citizens announced in Q1 2008. Gross Premiums Written of Aldagi BCI, the bank's wholly-owned insurance subsidiary, increased by 56.5% y-o-y to GEL 13.6 million (up 18.9% q-o-q). Net Premiums Earned grew 147.2% y-o-y to GEL 8.0 million (up 39.6% q-o-q). Revenues decreased by 17.7% y-o-y to GEL 1.8 million (up 1120.5% q-o-q). Net Loss equaled GEL 0.4 million in Q1 2008. Total Insurance Assets amounted to GEL 64.9 million, up 39.7% y-o-y (up 2.1% year-to-date) while Total Insurance Liabilities reached GEL 47.7 million, up 14.3% y-o-y (up 5.2% year-to-date) as at 31 March 2008.

Highlights

- Major new corporate client acquisitions include EnergoPro, a leading energy distribution company in Georgia and Ashrom, an Israel-based main subcontractor of the Millennium Challenge Georgia's infrastructure projects in Georgia.
- Opened the third branch of Aldagi BCI's My Family Clinic in Tbilisi.

Comments

"We are very pleased to report strong Q1 2008 results. Our profitability remains robust driven by our market-leading retail banking franchise and corporate banking businesses in Georgia. Throughout Q1 2008, despite the interest rate increase on loans, we continued to witness vibrant demand for lending products from customers in Georgia. At the same time, competition for deposits has increased notably driven by wholesale funding constraints and higher interest rate environment resulting from significant increase in benchmark interest rate of the National Bank of Georgia. In these challenging market conditions, we made it our priority to continue capturing profitable growth opportunities while maintaining a disciplined approach to capital management and risk control.

In Q1 2008 we continued our work on the integration and repositioning for growth of our Ukrainian business and expect to see improvement in the operating results later this year. Our investment banking business, which was negatively affected by turbulent capital markets, concentrated on improving its operations and closer alignment with the banking businesses in Georgia and Ukraine. At the same time our investments made over last several years in funds managed by GTAM showed impressive performance making important contribution to our bottom line", commented *Nicholas Enukidze*, Chairman of the Supervisory Board.

SEGMENT RESULTS

Total Operating Income (Revenue)	Growth y-o-y	Q1 2008	Share	Q1 2007	Share
Corporate & Investment Banking	75.4%	24,085	29.7%	13,734	33.5%
Retail Banking	100.9%	37,727	46.5%	18,783	45.8%
Wealth Management	98.8%	1,641	2.0%	825	2.01%
Ukraine	NMF	6,503	8.0%	n.a.	n.a.
Galt & Taggart Securities	14.2%	1,617	2.0%	1,417	3.5%
Asset Management	3806.8%	12,402	15.3%	317	0.8%
Insurance	-17.7%	1,801	2.2%	2,187	5.3%
Corporate Center/Eliminations	NMF	-4,681	-5.8%	3,791	9.2%
Total Operating Income (Revenue)	97.5%	81,094	100.0%	41,055	100.0%

Total Recurring Operating Costs					
Corporate & Investment Banking	92.1%	6,968	15.8%	3,628	16.6%
Retail Banking	91.2%	18,052	40.6%	9,441	43.1%
Wealth Management	107.3%	656	1.5%	316	1.4%
Ukraine	NMF	7,168	16.1%	n.a.	n.a.
Galt & Taggart Securities	272.4%	3,799	8.5%	1,020	4.7%
Asset Management	191.5%	2,815	6.3%	966	4.4%
Insurance	9.9%	1,812	4.1%	1,650	7.5%
Corporate Center/Eliminations	-34.2%	3,207	7.2%	4,876	22.3%
Total Recurring Operating Costs	103.1%	44,478	100.0%	21,897	100.00%

Net Income					
Corporate & Investment Banking	40.5%	10,498	32.9%	7,471	54.7%
Retail Banking	84.1%	12,936	40.5%	7,027	51.4%
Wealth Management	196.6%	670	2.1%	226	1.7%
Ukraine	NMF	-697	-2.2%	n.a.	n.a.
Galt & Taggart Securities	NMF	-1,854	-5.8%	317	2.3%
Asset Management	NMF	8,147	25.5%	-156	-1.1%
Insurance	NMF	-371	-1.2%	401	2.9%
Corporate Center/Eliminations	NMF	2,588	8.1%	-1,623	-11.9%
Net Income	133.6%	31,918	100.00%	13,663	100.0%

Basic EPS Contribution	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate & Investment Banking	21.2%	0.36	33.0%	0.30	55.6%
Retail Banking	58.8%	0.44	40.4%	0.28	51.9%
Wealth Management	155.8%	0.02	1.8%	0.01	1.9%
Ukraine	NMF	-0.02	-1.8%	n.a.	n.a.
Galt & Taggart Securities	NMF	-0.06	-5.5%	0.01	1.9%
Asset Management	NMF	0.28	25.7%	-0.01	-1.9%
Insurance	NMF	-0.01	-0.9%	0.02	3.7%
Corporate Center/Eliminations	NMF	0.09	8.3%	-0.06	-11.1%
Total	101.5%	1.09	100.0%	0.54	100.0%

SEGMENT RESULTS CONT'D

Total Assets	Growth y-o-y	Q1 2008	Share	Q1 2007	Share
Corporate & Investment Banking	106.5%	1,431,303	45.5%	693,108	42.4%
Retail Banking	153.2%	1,313,114	41.7%	518,651	31.8%
Wealth Management	34.0%	61,319	1.9%	45,765	2.8%
Ukraine	NMF	360,022	11.4%	n.a.	NMF
Galt & Taggart Securities	144.5%	82,549	2.6%	33,759	2.1%
Asset Management	144.1%	94,303	3.0%	38,629	2.4%
Insurance	39.7%	64,901	2.1%	46,454	2.8%
Corporate Center/Eliminations	NMF	-259,714	-8.3%	257,159	15.7%
Total Assets	92.7%	3,147,797	100.0%	1,633,525	100.0%

Loans to Clients, Gross

Corporate & Investment Banking	82.2%	821,373	44.3%	450,866	54.0%
Retail Banking	124.4%	754,649	40.7%	336,253	40.3%
Wealth Management	17.2%	34,867	1.9%	29,757	3.6%
Ukraine	NMF	254,923	13.7%	n.a.	NMF
Galt & Taggart Securities	NMF	-	NMF	-	NMF
Asset Management	NMF	-	NMF	-	NMF
Insurance	NMF	-	NMF	-	NMF
Corporate Center/Eliminations	NMF	-10,133	-0.5%	18,464	2.2%
Total Loans to Clients	122.1%	1,855,678	100.0%	835,339	100.0%

Total Liabilities

Corporate & Investment Banking	78.6%	1,078,595	44.9%	603,994	48.4%
Retail Banking	66.8%	751,719	31.3%	450,539	36.1%
Wealth Management	28.2%	94,261	3.9%	73,552	5.9%
Ukraine	NMF	291,663	12.1%	n.a.	NMF
Galt & Taggart Securities	105.2%	27,003	1.1%	13,161	1.1%
Asset Management	87.0%	32,651	1.4%	17,456	1.4%
Insurance	14.3%	47,695	2.0%	41,744	3.3%
Corporate Center/Eliminations	62.1%	77,474	3.2%	47,787	3.8%
Total Liabilities	92.4%	2,401,061	100.0%	1,248,233	100.0%

Client Deposits

Corporate Banking	109.5%	652,712	49.2%	311,603	51.7%
Retail Banking	56.5%	363,584	27.4%	232,392	38.6%
Wealth Management	40.8%	76,460	5.8%	54,295	9.0%
Ukraine	NMF	215,991	16.3%	n.a.	NMF
Galt & Taggart Securities	345.9%	17,428	1.3%	3,909	0.6%
Asset Management	NMF	-	0.0%	-	0.0%
Insurance	NMF	-	0.0%	-	0.0%
Corporate Center/Eliminations	NMF	-	0.0%	-	0.0%
Total Client Deposits	120.2%	1,326,175	100.0%	602,199	100.0%

Book Value Per Share

Book Value Per Share	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate & Investment Banking	238.1%	11.29	47.2%	3.53	23.1%
Retail Banking	543.1%	17.97	75.2%	2.70	17.7%
Wealth Management	NMF	-1.05	-4.4%	-1.1	-7.2%
Ukraine	NMF	2.19	9.2%	n.a.	NMF
Galt & Taggart Securities	117.9%	1.78	7.4%	0.82	5.4%
Asset Management	135.3%	1.97	8.2%	0.84	5.5%
Insurance	195.2%	0.55	2.3%	0.19	1.2%
Corporate Center/Eliminations	NMF	-10.79	-45.1%	8.29	54.3%
Book Value Per Share	56.6%	23.90	100.0%	15.26	100.0%

INCOME STATEMENT DATA

Period Ended	Q1 2008		Q1 2007		Growth ³ Y-O-Y
	US\$ ¹	GEL	US\$ ²	GEL	
Consolidated, IFRS Based					
<i>000s, unless otherwise noted</i>	(Unaudited)		(Unaudited)		
Interest Income	62,724	92,580	25,326	43,054	115.0%
Interest Expense	29,007	42,815	10,005	17,008	151.7%
Net Interest Income	33,716	49,765	15,321	26,046	91.1%
Fee & Commission Income	7,975	11,771	3,776	6,419	83.4%
Fee & Commission Expense	1,080	1,594	290	493	223.6%
Net Fee & Commission Income	6,895	10,177	3,486	5,926	71.7%
Income From Documentary Operations	1,319	1,947	689	1,171	66.2%
Expense On Documentary Operations	339	500	294	500	0.0%
Net Income From Documentary Operations	980	1,447	395	671	115.7%
Net Foreign Currency Related Income	8,961	13,226	2,515	4,276	209.3%
Net Insurance Income	1,109	1,638	1,229	2,089	-21.6%
Brokerage Income	864	1,275	594	1,010	26.2%
Asset Management Income	438	646	-	-	NMF ⁴
Realized Net Investment Gains (Losses)	(253)	(373)	42	71	NMF ⁴
Other	2,232	3,294	569	967	240.6%
Net Other Non-Interest Income	4,390	6,480	2,434	4,137	56.6%
Net Non-Interest Income	21,226	31,329	8,829	15,010	108.7%
Total Operating Income (Revenue)	54,942	81,094	24,150	41,055	97.5%
Personnel Costs	17,432	25,730	7,586	12,897	99.5%
Selling, General & Administrative Costs	7,659	11,304	2,594	4,409	156.4%
Procurement & Operations Support Expenses	2,103	3,104	1,276	2,170	43.0%
Depreciation & Amortization	2,730	4,029	1,156	1,965	105.1%
Other Operating Expenses	211	312	269	457	-31.8%
Total Recurring Operating Costs	30,134	44,478	12,881	21,897	103.1%
Normalized Net Operating Income	24,808	36,616	11,269	19,158	91.1%
Net Non-Recurring Income (Costs)	5,737	8,468	(22)	(37)	NMF ⁴
Profit Before Provisions	30,545	45,085	11,247	19,121	135.8%
Net Provision Expense	5,048	7,451	1,186	2,017	269.5%
Pre-Tax Income	25,497	37,634	10,061	17,104	120.0%
Income Tax Expenses	3,873	5,716	2,024	3,441	66.1%
Net Income	21,624	31,918	8,037	13,663	133.6%
Weighted Average Number of Shares Outstanding (000s)		29,237		25,217	15.9%
Fully Diluted Number of Shares Period End (000s)		31,244		27,230	14.7%
EPS (Basic)	0.74	1.09	0.32	0.54	101.4%
EPS (Fully Diluted)	0.69	1.02	0.30	0.50	103.6%

¹ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4760 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 31 March 2008

² Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.7000 per US\$1.00, such rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia as at 31 March 2007

³ Growth calculations based on GEL values

⁴ Not meaningful

BALANCE SHEET DATA

Consolidated, IFRS Based <i>000s, unless otherwise noted</i>	31-Mar-08		Growth ² YTD	31-Dec-07		Growth ² Y-O-Y	31-Mar-07	
	US\$ ¹ (Unaudited)	GEL		US\$ ³ (Audited)	GEL		US\$ ⁴ (Unaudited)	GEL
Cash & Cash Equivalents	146,001	215,497	-41.8%	232,642	370,273	164.8%	47,871	81,381
Loans & Advances To Credit Institutions	157,305	232,182	22.2%	119,413	190,057	-16.5%	163,647	278,199
Mandatory Reserve With NBG/NBU	59,344	87,591	-39.4%	90,872	144,631	46.9%	35,067	59,614
Other Accounts With NBG/NBU	34,463	50,868	43.3%	22,303	35,497	278.1%	7,914	13,454
Balances With & Loans To Other Banks	63,498	93,723	844.0%	6,238	9,929	-54.3%	120,666	205,132
Available-For-Sale Securities	34,830	51,409	5.5%	30,616	48,729	9727.3%	308	523
Treasuries & Equivalents	18,726	27,639	-65.3%	50,111	79,757	-41.0%	27,552	46,838
Other Fixed Income Instruments	190,534	281,229	149.5%	70,814	112,708	43.7%	115,156	195,766
Gross Loans To Clients	1,257,235	1,855,678	5.9%	1,100,842	1,752,100	122.1%	491,376	835,339
Less: Reserve For Loan Losses	-26,818	-39,584	33.1%	-18,689	-29,745	85.8%	-12,533	-21,307
Net Loans To Clients	1,230,416	1,816,094	5.4%	1,082,153	1,722,355	123.1%	478,843	814,033
Investments In Other Business Entities, Net	45,623	67,339	67.2%	25,303	40,273	202.0%	13,116	22,297
Property & Equipment Owned, Net	167,416	247,107	20.7%	128,585	204,656	144.1%	59,547	101,230
Intangible Assets Owned, Net	4,220	6,229	65.1%	2,370	3,772	109.7%	1,747	2,970
Goodwill	74,679	110,227	-1.8%	70,505	112,216	163.9%	24,573	41,773
Tax Assets - Current & Deferred	2,371	3,499	124.7%	978	1,557	1812.8%	108	183
Prepayments & Other Assets	60,533	89,346	32.8%	42,258	67,258	84.9%	28,431	48,333
Total Assets	2,132,654	3,147,797	6.6%	1,855,750	2,953,611	92.7%	960,898	1,633,526
Client Deposits	898,493	1,326,175	-2.2%	851,644	1,355,476	120.2%	354,235	602,199
Deposits & Loans From Banks	29,541	43,602	-33.7%	41,349	65,811	22.4%	20,959	35,631
Borrowed Funds	538,668	795,074	-4.9%	525,248	835,984	50.7%	310,265	527,451
Issued Fixed Income Securities	9,173	13,540	171.2%	3,137	4,993	-31.3%	671	1,141
Insurance Related Liabilities	29,221	43,130	4.4%	25,968	41,330	3681.5%	11,591	19,705
Tax Liabilities - Current & Deferred	18,357	27,095	-27.2%	23,378	37,209	149.1%	6,399	10,878
Accruals & Other Liabilities	103,282	152,445	178.1%	34,441	54,817	197.6%	30,135	51,230
Total Liabilities	1,626,736	2,401,062	0.2%	1,505,165	2,395,620	92.4%	734,255	1,248,234
Ordinary Shares	21,168	31,244	15.1%	17,061	27,155	23.8%	14,850	25,245
Share Premium	302,975	447,191	41.8%	198,175	315,415	73.0%	152,081	258,538
Treasury Shares	-1,250	-1,846	6.3%	-1,091	-1,737	59.3%	(681)	(1,158)
Retained Earnings	97,705	144,213	125.8%	40,122	63,858	136.5%	35,869	60,977
Revaluation & Other Reserves	42,537	62,784	-6.8%	42,318	67,354	175.5%	13,407	22,791
Net Income For The Period	21,624	31,918	-57.8%	47,526	75,642	133.6%	8,037	13,663
Shareholders' Equity Excluding Minority Interest	484,759	715,505	30.6%	344,111	547,687	88.3%	223,562	380,055
Minority Interest	21,159	31,230	203.1%	6,474	10,304	496.3%	3,081	5,237
Total Shareholders' Equity	505,918	746,735	33.8%	350,585	557,991	93.8%	226,642	385,292
Total Liabilities & Shareholders' Equity	2,132,654	3,147,797	6.6%	1,855,750	2,953,611	92.7%	960,898	1,633,526
Shares Outstanding		31,244,092	15.1%		27,154,918	23.8%		25,244,609
Book Value Per Share	16.19	23.90	15.9%	12.95	20.62	55.3%	9.05	15.39

¹ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.4760 per US\$1.00, such exchange rate being the official Georgian Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 March 2008

² Growth calculations based on GEL values

³ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.5916 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 December 2007

⁴ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.7000 per US\$1.00, such exchange rate being the official Georgia Lari to U.S. dollar period-end exchange rate as reported by the National Bank of Georgia on 31 March 2007

KEY RATIOS

	Q1 2008	Q1 2007
Profitability Ratios		
ROAA ¹ , Annualised	4.2%	3.8%
ROA	4.1%	3.3%
ROAE ² , Annualised	19.6%	14.3%
ROE	17.1%	14.2%
Interest Income To Average Interest Earning Assets ³ , Annualised	16.6%	15.1%
Cost Of Funds ⁴ , Annualised	7.7%	7.0%
Net Spread ⁵	8.9%	8.1%
Net Interest Margin ⁶ , Annualised	8.9%	9.1%
Net Interest Margin Normalized ³⁵ , Annualised	8.9%	9.1%
Loan Yield ⁷ , Annualised	18.9%	21.2%
Interest Expense To Interest Income	46.2%	39.5%
Net Non-Interest Income To Average Total Assets, Annualised	4.1%	4.2%
Net Non-Interest Income To Revenue ⁸	38.6%	36.6%
Net Fee And Commission Income To Average Interest Earning Assets ⁹ , Annualised	1.8%	2.1%
Net Fee And Commission Income To Revenue	12.5%	14.4%
Operating Leverage ¹⁰	33.4%	38.6%
Total Operating Income (Revenue) To Total Assets, Annualised	10.3%	10.0%
Recurring Earning Power ¹¹ , Annualised	4.8%	6.9%
Net Income To Revenue	39.4%	33.3%
Efficiency Ratios		
Operating Cost To Average Total Assets ¹² , Annualised	5.8%	6.1%
Cost To Average Total Assets ¹³ , Annualised	4.7%	6.2%
Cost / Income ¹⁴	44.4%	53.4%
Cost / Income, Normalized ³⁷	54.8%	53.3%
Cost / Income, Bank of Georgia, Standalone ¹⁵	45.1%	50.1%
Cash Cost / Income	39.4%	48.6%
Total Employee Compensation Expense To Revenue ¹⁶	31.7%	31.4%
Total Employee Compensation Expense To Cost	71.5%	58.8%
Total Employee Compensation Expense To Average Total Assets, Annualised	3.4%	3.6%
Liquidity Ratios		
Net Loans To Total Assets ¹⁷	57.7%	49.7%
Average Net Loans To Average Total Assets	58.0%	52.9%
Interest Earning Assets To Total Assets	74.9%	81.6%
Average Interest Earning Assets To Average Total Assets	73.1%	80.2%
Liquid Assets To Total Assets ¹⁸	22.9%	33.2%
Net Loans To Client Deposits	136.9%	135.2%
Average Net Loans To Average Client Deposits	132.0%	129.8%
Net Loans To Total Deposits ¹⁹	132.6%	127.7%
Net Loans To Total Liabilities	75.6%	65.2%
Total Deposits To Total Liabilities	57.0%	48.2%
Client Deposits To Total Deposits	96.8%	94.4%
Client Deposits To Total Liabilities	55.2%	48.2%
Current Account Balances To Client Deposits	43.8%	61.0%
Demand Deposits To Client Deposits	7.0%	5.5%
Time Deposits To Client Deposits	49.3%	33.5%
Total Deposits To Total Assets	43.5%	39.0%
Client Deposits To Total Assets	42.1%	36.8%
Client Deposits To Total Equity (Times) ²⁰	1.78	1.55
Due From Banks / Due To Banks ²¹	532.5%	780.8%
Total Equity To Net Loans	41.1%	47.7%
Leverage (Times) ²²	3.2	3.2

KEY RATIOS CONT'D

	Q1 2008	Q1 2007
Asset Quality		
NPLs (in GEL) ²³	18,992	21,059
NPLs To Gross Loans To Clients ²⁴	1.0%	2.5%
Cost of Risk ²⁵ , Annualized	1.7%	1.0%
Cost of Risk Normalized ³⁶ , Annualized	1.7%	1.0%
Reserve For Loan Losses To Gross Loans To Clients ²⁶	2.1%	2.6%
NPL Coverage Ratio ²⁷	208.4%	101.2%
Equity To Average Net Loans To Clients	42.2%	51.5%
Capital Adequacy:		
Equity To Total Assets	23.7%	23.7%
BIS Tier I Capital Adequacy Ratio, consolidated ²⁸	25.2%	34.1%
BIS Total Capital Adequacy Ratio, consolidated ²⁹	25.8%	34.8%
NBG Tier I Capital Adequacy Ratio ³⁰	18.3%	19.2%
NBG Total Capital Adequacy Ratio ³¹	16.3%	22.5%
Per Share Values:		
Basic EPS (GEL) ³²	1.09	0.54
Basic EPS (US\$)	0.74	0.32
Fully Diluted EPS (GEL) ³³	1.02	0.50
Fully Diluted EPS (US\$)	0.69	0.30
Book Value Per Share (GEL) ³⁴	23.90	15.39
Book Value Per Share (US\$)	16.19	9.05
Ordinary Shares Outstanding - Weighted Average, Basic	29,237,387	25,216,510
Ordinary Shares Outstanding - Period End	31,244,092	25,244,609
Ordinary Shares Outstanding - Fully Diluted	31,244,092	27,230,351
Selected Operating Data:		
Full Time Employees (FTEs)	4,926	2,558
FTEs, Bank of Georgia Standalone	3,056	1,933
Total assets per FTE ²³ (GEL Thousands)	639	640
Total Assets per FTE, Bank of Georgia Standalone (GEL Thousands)	1,030	847
Number Of Active Branches	131	103
Number Of ATMs	310	146
Number Of Cards (Thousands)	743	344
Number Of POS Terminals	2,063	497

NOTES TO KEY RATIOS

- 1 Return On Average Total Assets (ROAA) equals Net Income of the period divided by quarterly Average Total Assets for the same period;
- 2 Return On Average Total Equity (ROAE) equals 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 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 Interest Income To Average Interest Earning Assets less Cost Of Funds;
- 6 Net Interest Margin equals Net Interest Income of the period divided by quarterly Average Interest Earning Assets of the same period;
- 7 Loan Yield equals Interest Income, less Net Provision Expense, 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 percentage change in Revenue less percentage change in Total Costs;
- 11 Recurring Earning Power equals Profit Before Provisions of the period divided by average Total Assets of the same period;
- 12 Operating Cost equals Total Recurring Operating Costs;
- 13 Cost includes Total Recurring Operating Costs and Net Non-Recurring Costs (Income);
- 14 Cost/Income Ratio equals Costs of the period divided by Total Operating Income (Revenue);
- 15 Cost/ Income, Bank of Georgia, standalone, equals 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;
- 17 Net Loans equal 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 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 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 Gross Loans To Clients;
- 25 Cost Of Risk equals Net Provision For Loan Losses of the period, plus provisions for (less recovery of) other assets, divided by quarterly average Gross Loans To Clients over the same period;
- 26 Reserve For Loan Losses To Gross Loans To Clients equals 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 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 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 Accord I;
- 29 BIS Total Capital Adequacy Ratio equals 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 Accord I;
- 30 NBG Tier I Capital Adequacy Ratio equals 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 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 Net Income of the period divided by the weighted average number of outstanding ordinary shares over the same period;
- 33 Fully Diluted EPS equals 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 Equity as of the period end, plus Treasury Shares, divided by the total number of Outstanding Ordinary shares as of the same date.
- 35 Net Interest Margin Normalized equals Net Interest Income of the period, less interest income generated by non-performing loans through the date of their write-off, divided by quarterly Average Interest Earning Assets of the same period;
- 36 Cost Of Risk Normalized equals Net Provision For Loan Losses of the period, less provisions for the interest income generated by non-performing loans through the date of their write-off, plus provisions for (less recovery of) other assets, divided by quarterly average Gross Loans To Clients over the same period;
- 37 Cost / Income Normalized equals Recurring Operating Costs divided by Total Operating Income (Revenue) for the same period