

1.41 GEL/US\$ September 2008 period end
1.47 GEL/US\$ 9 month 2008 average
1.41 GEL/US\$ Q3 2008 average
1.66 GEL/US\$ September 2007 period end
1.69 GEL/US\$ September 2007 average
1.66 GEL/US\$ Q3 2007 average

JSC BANK OF GEORGIA ANNOUNCES CONSOLIDATED Q3 2008 & YEAR-TO-DATE 2008 RESULTS

<i>Millions, unless otherwise noted</i>	Q3 2008		Growth y-o-y ²
Bank of Georgia (Consolidated, Unaudited, IFRS-based¹)	US\$	GEL	
Total Operating Income (Revenue)³	61.1	85.9	53%
Recurring Operating Costs	35.3	49.6	71%
Normalised Net Operating Income⁴	25.8	36.3	34%
Net Provision Expenses	73.4	103.2	3259%
Net Income/(Loss)	(42.0)	(59.0)	NMF

<i>Millions, unless otherwise noted</i>	9 Months 2008		Growth y-o-y ²
Bank of Georgia (Consolidated, Unaudited, IFRS-based)	US\$	GEL	
Total Operating Income (Revenue)³	180.0	252.9	69%
Recurring Operating Costs	101.8	143.0	81%
Normalised Net Operating Income⁴	78.3	110.0	56%
Net Provision Expenses	83.9	117.8	1396%
Net Income/(Loss)	0.9	1.3	NMF
Total Assets	2,245	3,154	31%
Net Loans	1,374	1,931	51%
Total Deposits	943	1,325	17%
Tier 1 Capital Adequacy Ratio (BIS)⁵		24.7%	7%
Total Capital Adequacy Ratio (BIS)⁶		25.3%	8%
Tier 1 Capital Adequacy Ratio (NBG)		18.2%	30%
Total Capital Adequacy Ratio (NBG)		15.5%	-9%

¹ Except Provisions. Provisions represent management estimates.

² Compared to the same period in 2007; growth calculations based on GEL values.

³ Revenue includes Net Interest Income and Net Non-Interest Income.

⁴ Normalised for Net Non-Recurring Costs.

⁵ 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.

⁶ 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.

About Bank of Georgia

Bank of Georgia, the leading universal Georgian bank with operations in Georgia, Ukraine and Belarus, is the largest bank by assets, loans, deposits and equity in Georgia, with 33% market share by total assets (all data according to the NBG as of 30 September, 2008). The bank has 149 branches and over 904,000 retail and more than 133,000 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 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'
FitchRatings	'B/B'
Moody's	'B3/NP' (FC) & 'Ba1/NP' (LC)

For further information, please visit www.bog.ge/ir or contact:

Nicholas Enukidze

Chairman of the Supervisory Board
+995 32 444 800
nenukidze@bog.ge

Irakli Gilauri

Chief Executive Officer
+995 32 444 109
igilauri@bog.ge

Macca Ekizashvili

Head of Investor Relations
+995 32 444 256
ir@bog.ge

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The financial information as of Q2 2008, Q3 2008, nine months 2008, Q3 2007 and nine months 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.

Bank of Georgia (LSE: BGEO, GSE: GEB) (the “Bank”), Georgia’s leading universal bank, announced today its Q3 2008 and YTD 2008 consolidated results (IFRS-based, derived from management accounts), reporting a Q3 2008 Net Loss of GEL 59.0 million. The Net Loss is mainly due to the extraordinary increase in Net Provision Expense (GEL 103.2 million for the quarter) related to the military conflict between Georgia and Russia in August 2008 (the “Conflict”). Consolidated Net Income for nine months of 2008 amounted to GEL 1.3 million. Net Provision Expense for the quarter has been calculated based on management’s estimates, which, management believes, are conservative and should cover any potential loss in the loan portfolio.

Q3 2008 Summary

In Q3 2008 the Bank’s Total Operating Income (Revenue) increased by 52.9% y-o-y (q-o-q⁷) to GEL 85.9 million. Net Interest Income grew by 75.9% y-o-y (up 5.4% q-o-q) to GEL 58.9 million and Net Non-Interest Income amounted to GEL 27.1 million up 19.1% y-o-y (down 10.1% q-o-q). Increased interest rates on banking products and growing share of higher-yielding retail loans in the Bank’s loan portfolio continued to drive Interest Income growth during the quarter. The Net Interest Margin increased to 9.8% in Q3 2008 from 9.1% in Q2 2008, 8.9% in Q1 2008 and 7.6% in Q3 2007, reflecting the growth of Net Interest Income and the decrease of interest expense resulting from the deposit outflow during the quarter and the repayment of US\$55 million first tranche of the Bank’s US\$123.5 million syndicated loan received in August 2007.

The decrease of Net Income from Documentary Operations (GEL 1.7 million, down 9.8% q-o-q and down by 6.9% y-o-y) and of Net Foreign Currency Related Income (GEL 9.4 million, down by 9.3% q-o-q, and up 51.4% y-o-y), was a result of the decrease of foreign exchange trading volumes during September, in the aftermath of the Conflict, and low foreign exchange (GEL/USD) volatility during the quarter. Net Fee and Commission Income grew by 7.7% q-o-q during the quarter (up 58.5% y-o-y) and reached GEL 10.9 million.

Net Other Non-Interest Income amounted to GEL 5.0 million during Q3 2008, down 34.7% q-o-q and down 35.7% y-o-y and was largely a reflection of disrupted capital markets affecting the operations of Galt & Taggart Securities (“GTS”), the Bank’s brokerage subsidiary. The 34.7% decline in Net Other Non-Interest Income was the main contributor to the 10.1% q-o-q decrease in Net Non-Interest Income for the quarter, which amounted to GEL 27.1 million, up 19.1% y-o-y.

Consolidated Recurring Operating Costs for the quarter grew by 1.6% q-o-q (up 70.5% y-o-y) to GEL 49.6 million, resulting in Net Normalized Operating Income (“NNOI”) of GEL 36.3 million, a 34.1% increase y-o-y (down 2.1% q-o-q).

The Bank’s Net Non-Recurring Cost of GEL 2.6 million in Q3 2008 (25.9% y-o-y), was largely due to the unplanned costs associated with the Conflict.

YTD 2008 Summary

In nine months of 2008 the Bank’s Total Operating Income (Revenue) increased by 69.3% y-o-y to GEL 252.9 million, driven by an 81.9% increase y-o-y in Net Interest Income and a 50.0% increase y-o-y in Net Non-Interest Income. Total Recurring Operating Costs increased by 81.0% y-o-y to GEL 143.0 million. NNOI grew 56.2% y-o-y to GEL 110.0 million. The Bank reported Net Profit of GEL 1.3 million for nine months of 2008 due to the Conflict-related increase in Net Provision Expense to GEL 103.2 million in Q3 2008.

On 30 September 2008 the Bank’s consolidated Total Assets amounted to GEL 3.2 billion (up 31.2% y-o-y, up 6.8% year-to-date and down 7.2% in Q3 2008 as compared with Q2 2008 or q-o-q). Gross Loans stood at GEL 2,060 million (up 58.1% y-o-y, up 20% year-to-date and down 2.2% q-o-q). Corporate Gross Loans to Clients in Georgia stood at GEL 795.8 million (up 11.2% y-o-y, down 1.4% year-to-date and down 9.6% q-o-q). Retail Gross Loans to Clients in Georgia reached GEL 930.9 million (up 74.4% y-o-y, up 44.5% year-to-date and up 1.0% q-o-q). Wealth Management Gross Loans to Clients in Georgia amounted to GEL 45.2 million (up 31.6% y-o-y, up 2.2% year-to-date and up 6.0% q-o-q). UBDP accounted for 10.7% and

⁷ q-o-q compares Q3 2008 results with Q2 2008 results

12.5% of the Bank's Total Assets and Total Gross Loans, respectively. BNB accounted for 2.1% and 1.7% of the Bank's Total Assets and Total Gross Loans, respectively.

As of 30 September 2008 the Bank's consolidated Total Liabilities stood at GEL 2.4 billion (up 24.6% y-o-y, down 2.5% year-to-date and down 7.7% q-o-q). Against the background of intensifying competition for deposits in Georgia and 11.7% appreciation of Georgian Lari against the US dollar during nine months of 2008. Client Deposits in Georgia amounted to GEL 972.6 million (down 7.9% y-o-y and down 16.6% q-o-q). Bank of Georgia's Consolidated Client Deposits stood at GEL 1,202 million (up 12.9% y-o-y, down 11.3% year-to-date and down 13.9% q-o-q).

As of 30 September 2008 Bank of Georgia on standalone basis held market share of 32.9%, 32.6% and 27.8% by total assets, gross loans, and deposits, respectively in Georgia⁸.

As of 30 September 2008 the Bank's Shareholders' Equity amounted to GEL 739.3 million, (up GEL 181.4 million year-to-date, up GEL 274.4 million y-o-y and down GEL 43.7 million q-o-q). The Bank's equity book value per share stood at GEL 23.66 (US\$16.84) as at 30 September 2008, up 38.2% y-o-y, up 14.7% year-to-date and down 5.6% q-o-q.

Bank of Georgia (Standalone)

Discussion of the impact of the Conflict

Deposits

In Q3 2008, the Bank's deposits in Georgia decreased by GEL 194 million (or 16.6% q-o-q) to GEL 972.6 million. The decrease of deposits was primarily the result of retail and corporate deposit withdrawals during the Conflict, as well as unusually slow deposit inflows and high withdrawals during post-Conflict period from corporate clients, which experienced business interruptions and loss of revenue during the Conflict. The decrease in deposits during the Conflict was amplified by lending restrictions imposed on all Georgian banks by NBG until the end of August 2008. Due to this restriction, many corporate customers, who repaid their loans in August (total corporate loan repayments in August amounted to GEL 81.7 million) were unable to draw down their existing credit lines, thus affecting inflows on corporate current accounts.

The reduction of the deposits was also attributed to the appreciation of Lari against USD by approximately 1% and EURO by approximately 10% in Q3 2008 also contributed notably to the decrease in deposits.

Capital Adequacy, Liquidity and Leverage

According to the requirement of NBG Tier I Capital Adequacy Ratio should be no less than 8% and Total Capital Adequacy Ratio no less than 12%. As of 30 September 2008, the Bank's Tier I Capital Adequacy Ratio was 18.2% and Total Capital Adequacy Ratio was 15.5% by NBG standards. The Bank's Tier I Capital Adequacy Ratio was 24.7% and Total Capital Adequacy Ratio was 25.3% by BIS standards.

The Bank's NBG Liquidity Ratio stood at approximately 34% on 31 July 2008 and decreased to 27% on 30 September 2008, still well above the NBG requirement of 20%.

The Bank's leverage ratio (Total Liabilities to Shareholders Equity) stood at 3.27x as of 30 September 2008, down from 3.35x on June 2008, despite extraordinary Conflict-related loan loss provisions booked by the Bank.

Provisions

The Bank booked net loan loss provisions of GEL 103.9 million in Q3 2008, as compared to loan loss provisions of GEL 2.8 million in Q3 2007 and GEL 8.6 million in Q2 2008. The Bank's management believes that these provisions are made based on conservative assumptions and should be sufficient to cover any potential Conflict-related loss in the loan portfolio. The increased provision resulted in the NPL Coverage of 554% as of 30 September 2008.

⁸ Market share data are derived from the information published by the National Bank of Georgia (www.nbg.gov.ge) and represent an aggregation of standalone financial information (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 Bank's subsidiaries showed mixed results in Q3 2008. The Bank's Ukrainian subsidiary, Universal Bank for Development and Partnership ("UBDP"), reported its second consecutive profitable quarter since the start of the reorganization in Q4 2007. UBDP's Net Income increased 9.7% q-o-q to GEL 0.72 million in Q3 2008.

GTS, the Bank's fully-owned investment banking subsidiary, which witnessed significant market disruptions in Ukraine and Georgia in Q3, reported a quarterly Net Loss of GEL 2.3 million. Aldagi BCI, the Bank's fully-owned Georgian Insurance subsidiary, reported a quarterly Net Loss of GEL 26,000 compared with Net Income of GEL 36,000 in Q2 2008.

As of Q3 2008 the quarterly results of Belarusky Narodny Bank ("BNB") are fully consolidated into Bank of Georgia financial results for the period. As the acquisition of BNB was completed just few days before the end of the Q2 2008, the Bank's equity interest in BNB was reported as Investments in Other Business Entities on the Bank's 30 June 2008 Balance Sheet. In Q3 2008 BNB reported a Net Income of GEL 1.0 million.

Business Unit Overview

Corporate Banking (CB)⁹

Allocated Revenues grew 46.0% y-o-y to GEL 71.6 million in nine months of 2008, while Allocated Recurring Costs increased by 31.0% y-o-y to GEL 18.8 million. NNOI grew 52.2% y-o-y to GEL 52.8 million, contributing 48.0% to the consolidated NNOI. Net Income decreased by 203.1% y-o-y to Net Loss of GEL 22.7 million, which was primarily due to the extraordinary conflict-related provisions booked by the Bank.

On a quarterly basis, Allocated Revenues in Q3 2008 grew 40.7% y-o-y to GEL 24.7 million, up 8.1% q-o-q, while Allocated Recurring Costs decreased to GEL 4.6 million, down 15.3% y-o-y, down 36.2% q-o-q. Q3 2008 NNOI grew by 56.0% y-o-y to GEL 20.1 million, up 44.3% q-o-q, contributing 55.3% to the consolidated NNOI. Q3 2008 Net Loss equaled GEL 45.6 million.

CB Gross Loans grew 11.2% y-o-y to GEL 795.8 million (down 1.4% year-to-date). Allocated Client Deposits stood at GEL 576.2 million down 14.1% y-o-y and down by 14.5% year-to-date. The reduction of deposits was mainly due to an outflow of deposits during the Conflict.

Retail Banking (RB)

Allocated Revenues grew 102.3% y-o-y to GEL 132.1 million in nine months of 2008, while Allocated Recurring Costs increased by 68.7% y-o-y to GEL 57.2 million. NNOI grew 138.5% y-o-y to GEL 74.9 million, contributing 68.1% to the consolidated NNOI. Net Income decreased 78.3% y-o-y to GEL 37.2 million.

On a quarterly basis, Allocated Revenues in Q3 2008 grew 118.3% y-o-y to GEL 50.6 million, up 15.6% q-o-q, while Allocated Recurring Costs grew to GEL 18.5 million, up 46.9% y-o-y and down 10.2% q-o-q. Q3 2008 NNOI grew by 203.5% y-o-y to GEL 32.1 million, up 38.7% q-o-q, contributing 88.4% to the consolidated NNOI. Quarterly Net Loss in Q3 2008 equaled GEL 17.2 million, compared to Net Income of GEL 12.8 in Q2 2008 and Net Income of GEL 6.1 in Q3 2007.

RB Gross Loans grew 74.4% y-o-y to GEL 930.9 million (up 44.5% 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 predominantly in 1H 2008. Allocated Client Deposits increased 1.0% y-o-y to GEL 326.0 million (down 4.7% year-to-date), mainly due to the Conflict.

Wealth Management (WM)

In nine months of 2008 Allocated Revenues for WM was GEL 4.4 million, an increase of 25.8% y-o-y. Net Income equaled GEL 579 thousand as compared to Net Income of GEL 1.4 million for January – September 2007. On a quarterly basis,

⁹ The Corporate Banking business unit was previously referred to as Corporate and Investment Banking ("CIB")

Allocated Revenues was GEL 1.5 million, up 19.1% q-o-q and up 10.8% y-o-y. Net Loss amounted to GEL 400 thousand in Q3 2008.

WM Gross Loans stood at GEL 45.2 million an increase of 31.6% y-o-y and up 2.2% year-to-date. Allocated Client Deposits increased by 10.1% y-o-y (up 0.9% year-to-date) to GEL 70.4 million, largely due to the outflow of deposits during the Conflict.

Ukraine

UBDP's Total Operating Income (Revenue) amounted to GEL 22.0 million in nine months of 2008, while Recurring Costs stood at GEL 21.0 million, resulting in a Net Income of GEL 0.7 million. On a quarterly basis, UBDP's Revenue increased by 29.2% from Q2 2008 to GEL 8.7 million and Q3 2008 Net Income reached GEL 0.7 million, up 9.7% q-o-q.

UBDP's Total Assets decreased by 3.8% year-to-date to GEL 336.8 million, partially due to the 15% the appreciation of Lari against Hryvna. Gross Loans to Clients stood at GEL 256.8 million by 30 September 2008, down by 13.4% year-to-date. Client Deposits dropped 36.3 % year-to-date to GEL 170.6 million, reflecting the departure of several significant depositors due to UBDP's restructuring during 1H 2008. As expressed in Hryvna, UBDP's Client Deposits in Q3 2008 increased by UAH 23 million, up 3.8 % q-o-q. UBDP's Total Liabilities stood at GEL 229.2 million.

UBDP's leverage is expected to decrease to just above 2.0x once the UAH 125 million capital increase, approved by the UBDP's Shareholders' Meeting in May 2008, is registered by the National Bank of Ukraine. UBDP has no international wholesale funding to be refinanced in 2008 and 2009. The bank's exposure to the real estate development sector is limited.

Belarus

BNB's Total Operating Income (Revenue) amounted to GEL 2.1 million in Q3 2008, while Recurring Costs stood at GEL 1.3 million, resulting in a Net Income of GEL 1.0 million. BNB's Total Assets stood at GEL 66.7 million and Gross Loans to Clients equaled GEL 34.7 million by 30 September 2008. Client Deposits amounted to GEL 26.6 million, while Total Liabilities stood at GEL 29.7 million.

Galt & Taggart Securities (GTS)

Difficult capital markets in Georgia and Ukraine (both GTS Index and the PFTS Index decreased by 68% in nine months of 2008) had a negative impact on GTS, Bank of Georgia's fully-owned investment banking subsidiary. In Q3 2008 GTS reported a Net Loss of GEL 2.3 million in Q3 2008, which compares to Net Loss of GEL 2.6 million in Q2 2008. GTS' Revenue and Net Loss in Q3 2008 and Q2 2008 includes the loss from trading activities of GEL 5.8 million, which reflects loss on GTS' proprietary trading book in Ukraine. In Q3 2008, GTS initiated a strategic review of its operations and started the implementation of a significant cost-cutting program, including headcount reduction and tight cost control procedures, aimed at reducing its losses in Q4 2008 and returning to profitability in 2009. GTS' Q3 2008 results also include relevant severance payments related to the cost-cutting program.

Asset Management (AM)

The following key entities are included in the AM segment: Galt & Taggart Asset Management ("GTAM"), the bank's asset management arm, majority owned by the Bank; JSC Liberty Consumer (formerly JSC Galt & Taggart Capital ("GTC"), a GSE-listed consumer-and retail- oriented investment company managed by GTAM in which the Bank owns 65.24% equity stake and JSC SB Real Estate ("SBRE"), a real estate investment company managed by GTAM in which GTC owns 52.08% equity stake.

In the nine months of 2008 Revenues of Asset Management business segment amounted to GEL 14.6 million, which compares to GEL 2.4 million Revenues in the same period in 2007. Net Income for the period amounted to GEL 11.2 million as compared to GEL 1.2 million Net Loss for January – September 2007. On a quarterly basis, Revenue from Asset

Management business segment amounted to GEL 477 thousand, down 30.4% y-o-y, and down 71.6% q-o-q and Net Loss was GEL 410 thousand, down 46.0% y-o-y and down 112.0% q-o-q.

Insurance

Gross Premiums Written of Aldagi BCI, the bank's fully-owned Georgian insurance subsidiary, increased by 61.9% y-o-y to GEL 49.3 million. Net Premiums Earned grew 12.4% y-o-y to GEL 27.4 million. Revenues increased by 7.8% y-o-y to GEL 6.5 million for nine months of 2008. Net Loss for nine months of 2008 equaled GEL 361 thousand. On a quarterly basis, Revenues increased by 25.9% y-o-y to GEL 2.1 million, while Net Loss amounted to GEL 26 thousand for Q3 2008. The loss in 2008 was mainly due to Aldagi BCI's participation in the state healthcare program for socially vulnerable citizens and school teachers launched in Q4 2007, which brought 84,000 new clients to Aldagi BCI. The program which was originally scheduled to end in September – December 2008, was extended for another year at increased premiums per participant (60% upward adjustment to the premium). Unlike other major Georgian insurance companies, Aldagi BCI chose not to participate in a new similar program aimed at 550,000 socially vulnerable citizens which was launched in 2008.

Comments

“We are pleased to report that despite the conflict between Russia and Georgia in August 2008 and intensifying global financial crisis Bank of Georgia has a strong capital base, solid liquidity position and clearly visible wholesale funding pipeline.

Following the Conflict, we made significant loan loss provisions, which, in our view, are based on conservative macro economic assumptions and are more than adequate to cover all potential Conflict-related losses in the loan portfolio. Despite these provisions our capital base remains strong and well above the requirements of NBG. Our liquidity position is solid despite significant Conflict-related deposit outflow in Q3 2008. Responding to increasingly challenging market environment we plan to maintain a highly conservative approach to liquidity management. We expect to further improve our liquidity position through sizeable wholesale funding transactions mentioned in our previous press releases.

The Conflict and the global financial crisis have forced us to temporarily put on hold our plans to reduce the Bank's involvement in several of its non-core subsidiaries, including Aldagi BCI, GTAM and Liberty Consumer. However, we plan to re-launch these transactions as soon as the market environment permits”, commented *Nicholas Enukidze*, Chairman of the Supervisory Board.

SEGMENT RESULTS

Total Operating Income (Revenue)	Growth y-o-y	9 months 2008	Share	9 months 2007	Share
Corporate & Investment Banking	46.0%	71,606	28.3%	49,057	32.8%
Retail Banking	102.3%	132,129	52.2%	65,326	43.7%
Wealth Management	25.8%	4,372	1.7%	3,476	2.3%
Ukraine	NMF	21,963	8.7%	-	0.0%
Belarus	NMF	2,087	0.8%	-	0.0%
Galt & Taggart Securities	NMF	(1,322)	-0.5%	18,703	12.5%
Asset Management	505.7%	14,557	5.8%	2,403	1.6%
Insurance	7.8%	6,501	2.6%	6,032	4.0%
Corporate Center/Eliminations	-76.3%	1,036	0.4%	4,381	2.9%
Total Operating Income (Revenue)	69.3%	252,929	100.0%	149,379	100.0%

Total Recurring Operating Costs					
Corporate & Investment Banking	31.0%	18,807	13.2%	14,357	18.2%
Retail Banking	68.7%	57,230	40.0%	33,923	42.9%
Wealth Management	115.7%	3,177	2.2%	1,473	1.9%
Ukraine	NMF	20,995	14.7%	-	0.0%
Belarus	NMF	1,315	0.9%	-	0.0%
Galt & Taggart Securities	42.2%	6,823	4.8%	4,799	6.1%
Asset Management	33.7%	5,167	3.6%	3,864	4.9%
Insurance	35.3%	6,664	4.7%	4,925	6.2%
Corporate Center/Eliminations	45.6%	22,787	15.9%	15,651	19.8%
Total Recurring Operating Costs	81.0%	142,966	100.0%	78,991	100.0%

Net Income/Loss					
Corporate & Investment Banking	NMF	(22,749)	-1756.9%	22,058	44.2%
Retail Banking	78.3%	37,243	2876.3%	20,891	41.9%
Wealth Management	-57.5%	579	44.7%	1,361	2.7%
Ukraine	NMF	682	52.6%	-	0.0%
Belarus	NMF	1,020	78.8%	-	0.0%
Galt & Taggart Securities	NMF	(6,699)	-517.4%	10,926	21.9%
Asset Management	NMF	11,154	861.5%	(1,152)	-2.3%
Insurance	NMF	(361)	-27.8%	645	1.3%
Corporate Center/Eliminations	302.5%	(19,574)	-1511.7%	(4,863)	-9.8%
Net Income	-97.4%	1,295	100.0%	49,868	100.0%

Basic EPS Contribution	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate & Investment Banking	NMF	(0.75)	-1756.9%	0.87	44.2%
Retail Banking	47.8%	1.22	2876.3%	0.83	41.9%
Wealth Management	-64.7%	0.02	44.7%	0.05	2.7%
Ukraine	NMF	0.02	52.6%	-	0.0%
Belarus	NMF	0.03	78.8%	-	0.0%
Galt & Taggart Securities	NMF	(0.22)	-517.4%	0.43	21.9%
Asset Management	NMF	0.37	861.5%	(0.05)	-2.3%
Insurance	NMF	(0.01)	-27.8%	0.03	1.3%
Corporate Center/Eliminations	233.7%	(0.64)	-1511.7%	(0.19)	-9.8%
Total	-97.8%	0.04	100.0%	1.98	100.0%

SEGMENT RESULTS CONT'D

	Growth							
Total Operating Income (Revenue)	y-o-y	Q3 2008	Share	Q2 2008	Share	Q3 2007	Share	Growth q-o-q
Corporate & Investment Banking	40.7%	24,680	28.7%	22,841	26.6%	17,545	31.2%	8.1%
Retail Banking	118.3%	50,621	58.9%	43,782	51.0%	23,184	41.3%	15.6%
Wealth Management	10.8%	1,485	1.7%	1,247	1.5%	1,339	2.4%	19.1%
Ukraine	NMF	8,714	10.1%	6,746	7.9%	-	0.0%	29.2%
Belarus	NMF	2,087	2.4%	-	0.0%	-	0.0%	NMF
Galt & Taggart Securities	-128.2%	(1,934)	-2.3%	(1,006)	-1.2%	6,853	12.2%	92.3%
Asset Management	-30.4%	477	0.6%	1,678	2.0%	685	1.2%	-71.6%
Insurance	25.9%	2,101	2.4%	2,600	3.0%	1,668	3.0%	-19.2%
Corporate Center/Eliminations	-147.3%	(2,316)	-2.7%	8,034	9.4%	4,897	8.7%	NMF
Total Operating Income (Revenue)	52.9%	85,914	100.0%	85,921	100.0%	56,172	100.0%	0.0%

Total Recurring Operating Costs								
Corporate & Investment Banking	-15.3%	4,609	9.3%	7,230	14.8%	5,442	18.7%	-36.2%
Retail Banking	46.9%	18,531	37.3%	20,647	42.3%	12,611	43.3%	-10.2%
Wealth Management	196.5%	1,844	3.7%	677	1.4%	622	2.1%	172.3%
Ukraine	NMF	6,730	13.6%	7,098	14.5%	-	0.0%	-5.2%
Belarus	NMF	1,315	2.6%	-	0.0%	-	0.0%	NMF
Galt & Taggart Securities	-65.5%	894	1.8%	2,130	4.4%	2,591	8.9%	-58.0%
Asset Management	-41.2%	984	2.0%	1,368	2.8%	1,674	5.8%	-28.1%
Insurance	46.1%	2,236	4.5%	2,616	5.4%	1,530	5.3%	-14.6%
Corporate Center/Eliminations	169.4%	12,484	25.2%	7,095	14.5%	4,635	15.9%	76.0%
Total Recurring Operating Costs	70.5%	49,627	100.0%	48,861	100.0%	29,106	100.0%	1.6%

Net Income/Loss								
Corporate & Investment Banking	NMF	(45,630)	77.4%	12,383	43.7%	6,721	38.4%	NMF
Retail Banking	87.0%	11,488	-19.5%	12,819	45.2%	6,142	35.1%	-10.4%
Wealth Management	NMF	(406)	0.7%	314	1.1%	497	2.8%	NMF
Ukraine	NMF	721	-1.2%	657	2.3%	-	0.0%	9.7%
Belarus	NMF	1,020	-1.7%	-	0.0%	-	0.0%	NMF
Galt & Taggart Securities	NMF	(2,292)	3.9%	(2,553)	-9.0%	3,213	18.3%	-10.2%
Asset Management	-46.0%	(410)	0.7%	3,418	12.1%	(758)	-4.3%	NMF
Insurance	-77.6%	(26)	0.0%	36	0.1%	(116)	-0.7%	NMF
Corporate Center/Eliminations	NMF	(23,423)	39.7%	1,261	4.5%	1,816	10.4%	NMF
Net Income/Loss	NMF	(58,958)	100.0%	28,335	100.0%	17,515	100.0%	NMF

	Growth							
Basic EPS Contribution	y-o-y	Contribution	Share	Contribution	Share	Contribution	Share	Growth q-o-q
Corporate & Investment Banking	NMF	(1.51)	76.9%	0.40	44.1%	0.27	38.4%	NMF
Retail Banking	51.1%	0.37	-18.8%	0.41	45.4%	0.24	35.1%	-11.0%
Wealth Management	NMF	(0.01)	0.7%	0.01	1.1%	0.02	2.8%	NMF
Ukraine	NMF	0.02	-1.2%	0.02	2.5%	-	0.0%	5.2%
Belarus	NMF	0.03	-1.7%	-	0.0%	-	0.0%	NMF
Galt & Taggart Securities	NMF	(0.07)	3.8%	(0.08)	-9.1%	0.13	18.3%	-11.3%
Asset Management	-40.7%	(0.02)	0.9%	0.11	11.6%	(0.03)	-4.3%	NMF
Insurance	NMF	(0.00)	0.0%	0.00	0.2%	(0.00)	-0.7%	NMF
Corporate Center/Eliminations	NMF	(0.77)	39.3%	0.04	4.3%	0.07	10.4%	NMF
Total	NMF	(1.96)	100.0%	0.91	100.0%	0.69	100.0%	NMF

SEGMENT RESULTS CONT'D

Total Assets	Growth y-o-y	Sep-08	Share	Sep-07	Share
Corporate & Investment Banking	-0.5%	1,228,414	38.9%	1,235,060	51.4%
Retail Banking	63.8%	1,506,102	47.7%	919,474	38.3%
Wealth Management	4.7%	73,357	2.3%	70,084	2.9%
Ukraine	NMF	336,787	10.7%	-	0.0%
Belarus	NMF	66,719	2.1%	-	0.0%
Galt & Taggart Securities	54.8%	79,618	2.5%	51,442	2.1%
Asset Management	106.2%	119,230	3.8%	57,822	2.4%
Insurance	53.2%	83,221	2.6%	54,339	2.3%
Corporate Center/Eliminations	-2344.5%	(339,193)	-10.8%	15,112	0.6%
Total Assets	31.2%	3,154,255	100.0%	2,403,333	100.0%

Loans to Clients, Gross

Corporate & Investment Banking	11.2%	795,783	38.6%	715,338	54.9%
Retail Banking	74.4%	930,876	45.2%	533,644	41.0%
Wealth Management	31.6%	45,170	2.2%	34,316	2.6%
Ukraine	NMF	256,816	12.5%	-	0.0%
Belarus	NMF	34,681	1.7%	-	0.0%
Galt & Taggart Securities	0.0%	-	0.0%	-	0.0%
Asset Management	0.0%	-	0.0%	-	0.0%
Insurance	0.0%	-	0.0%	-	0.0%
Corporate Center/Eliminations	-118.9%	(3,671)	-0.2%	19,412	1.5%
Total Loans to Clients	58.1%	2,059,656	100.0%	1,302,711	100.0%

Total Liabilities

Corporate & Investment Banking	-3.0%	1,048,423	43.4%	1,081,302	55.8%
Retail Banking	39.0%	873,506	36.2%	628,565	32.4%
Wealth Management	15.5%	96,949	4.0%	83,924	4.3%
Ukraine	NMF	229,249	9.5%	-	0.0%
Belarus	NMF	29,735	1.2%	-	0.0%
Galt & Taggart Securities	154.5%	36,222	1.5%	14,230	0.7%
Asset Management	18.1%	36,529	1.5%	30,926	1.6%
Insurance	65.4%	64,921	2.7%	39,258	2.0%
Corporate Center/Eliminations	-101.0%	(617)	0.0%	60,136	3.1%
Total Liabilities	24.6%	2,414,917	100.0%	1,938,341	100.0%

Client Deposits

Corporate Banking	-14.1%	576,169	47.9%	670,781	63.0%
Retail Banking	1.0%	325,964	27.1%	322,798	30.3%
Wealth Management	10.1%	70,443	5.9%	63,998	6.0%
Ukraine	NMF	170,552	14.2%	-	0.0%
Belarus	NMF	26,558	2.2%	-	0.0%
Galt & Taggart Securities	326.7%	32,346	2.7%	7,581	0.7%
Asset Management	0.0%	-	0.0%	-	0.0%
Insurance	0.0%	-	0.0%	-	0.0%
Corporate Center/Eliminations	0.0%	-	0.0%	-	0.0%
Total Client Deposits	12.9%	1,202,033	100.0%	1,065,158	100.0%

Book Value Per Share	Growth y-o-y	Contribution	Share	Contribution	Share
Corporate & Investment Banking	1.7%	5.76	24.3%	5.67	33.1%
Retail Banking	88.9%	20.24	85.6%	10.72	62.6%
Wealth Management	48.0%	(0.75)	-3.2%	(0.51)	-3.0%
Ukraine	NMF	3.44	14.5%	0.00	0.0%
Belarus	NMF	1.18	5.0%	0.00	0.0%
Galt & Taggart Securities	1.3%	1.39	5.9%	1.37	8.0%
Asset Management	167.0%	2.65	11.2%	0.99	5.8%
Insurance	5.4%	0.59	2.5%	0.56	3.2%
Corporate Center/Eliminations	553.1%	(10.83)	-45.8%	(1.66)	-9.7%
Book Value Per Share	38.1%	23.66	100.0%	17.13	100.0%

NINE MONTHS 2008 INCOME STATEMENT DATA

Period Ended	9 months 2008		9 months 2007		Growth ³ Y-O-Y
	US\$ ¹	GEL	US\$ ²		
Consolidated, IFRS Based					
<i>000s, unless otherwise noted</i>	(Unaudited)		(Unaudited)		
Interest Income	217,192	305,155	99,637	165,198	84.7%
Interest Expense	100,145	140,704	45,115	74,800	88.1%
Net Interest Income	117,047	164,451	54,522	90,398	81.9%
Fee & Commission Income	26,615	37,394	13,023	21,592	73.2%
Fee & Commission Expense	4,349	6,110	1,908	3,163	93.2%
Net Fee & Commission Income	22,266	31,284	11,115	18,429	69.8%
Income From Documentary Operations	4,608	6,474	3,215	5,330	21.5%
Expense On Documentary Operations	1,043	1,465	907	1,503	-2.5%
Net Income From Documentary Operations	3,565	5,009	2,308	3,827	30.9%
Net Foreign Currency Related Income	23,536	33,068	9,999	16,579	99.5%
Net Insurance Income	4,151	5,833	3,380	5,605	4.1%
Brokerage Income	2,104	2,956	1,735	2,877	2.7%
Asset Management Income	740	1,040	9	14	7121.3%
Realized Net Investment Gains (Losses)	(1,346)	(1,892)	3,321	5,506	NMF ⁴
Other	7,958	11,181	3,706	6,144	82.0%
Net Other Non-Interest Income	13,607	19,118	12,151	20,146	-5.1%
Net Non-Interest Income	62,974	88,478	35,574	58,981	50.0%
Total Operating Income (Revenue)	180,021	252,929	90,096	149,379	69.3%
Personnel Costs	57,909	81,362	28,876	47,877	69.9%
Selling, General & Administrative Costs	24,229	34,042	9,886	16,392	107.7%
Procurement & Operations Support Expenses	7,039	9,890	4,065	6,741	46.7%
Depreciation & Amortization	10,072	14,152	4,047	6,710	110.9%
Other Operating Expenses	2,505	3,520	767	1,272	176.8%
Total Recurring Operating Costs	101,755	142,966	47,642	78,991	81.0%
Normalized Net Operating Income	78,266	109,963	42,453	70,388	56.2%
Net Non-Recurring Income (Costs)	6,588	9,257	(83)	(138)	NMF ⁴
Profit Before Provisions	84,854	119,220	42,370	70,250	69.7%
Net Provision Expense/(Benefit)	83,855	117,816	4,749	7,874	1396.2%
Pre-Tax Income	999	1,404	37,621	62,375	-97.7%
Income Tax Expenses	78	109	7,544	12,508	-99.1%
Net Income	922	1,295	30,077	49,868	-97.4%
Weighted Average Number of Shares Outstanding (000s)		30,451		25,638	18.8%
Fully Diluted Number of Shares Period End (000s)		31,250		27,249	14.7%
EPS (Basic)	0.03	0.04	1.17	1.95	-97.8%
EPS (Fully Diluted)	0.03	0.04	1.10	1.83	-97.7%

¹ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4050 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 30 September 2008

² Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6580 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 30 September 2007

³ Growth calculations based on GEL values

⁴ Not meaningful

Q3 2008 INCOME STATEMENT DATA

Period Ended	Q3 2008		Q2 2008		Growth ³	Q3 2007		Growth
	US\$ ¹	GEL	US\$ ²	GEL		Q-O-Q	US\$ ⁴	
<i>000s, unless otherwise noted</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>			<i>(Unaudited)</i>		
Interest Income	77,138	108,379	73,481	104,196	4.0%	39,848	66,068	64.0%
Interest Expense	35,250	49,527	34,106	48,362	2.4%	19,672	32,617	51.8%
Net Interest Income	41,888	58,852	39,375	55,834	5.4%	20,176	33,451	75.9%
Fee & Commission Income	9,369	13,164	8,787	12,460	5.7%	5,134	8,513	54.6%
Fee & Commission Expense	1,580	2,220	1,619	2,296	-3.3%	970	1,608	38.1%
Net Fee & Commission Income	7,789	10,944	7,167	10,163	7.7%	4,165	6,905	58.5%
Income From Documentary Operations	1,592	2,237	1,615	2,290	-2.3%	1,396	2,314	-3.3%
Expense On Documentary Operations	390	548	294	417	31.4%	302	500	9.6%
Net Income From Documentary Operations	1,202	1,689	1,321	1,873	-9.8%	1,094	1,814	-6.9%
Net Foreign Currency Related Income	6,716	9,437	7,338	10,405	-9.3%	3,759	6,233	51.4%
Net Insurance Income	1,750	2,459	1,224	1,736	41.7%	1,256	2,082	18.1%
Brokerage Income	82	115	1,104	1,566	-92.7%	818	1,355	-91.5%
Asset Management Income	105	148	174	246	-39.9%	9	14	926.7%
Realized Net Investment Gains (Losses)		(1,144)	(265)	(375)	204.7%	1,468	2,434	NMF ⁵
Other	(814)	2,430	3,154	4,472	-23.7%	1,135	1,883	81.3%
Net Other Non-Interest Income	3,553	4,992	5,392	7,645	-34.7%	4,686	7,769	-35.7%
Net Non-Interest Income	19,261	27,062	21,218	30,087	-10.1%	13,704	22,720	19.1%
Total Operating Income (Revenue)	61,149	85,914	60,593	85,921	0.0%	33,879	56,172	52.9%
Personnel Costs	20,194	28,372	19,225	27,260	4.1%	10,555	17,500	62.1%
Selling, General & Administrative Costs	7,642	10,738	8,463	12,001	-10.5%	3,912	6,486	65.6%
Procurement & Operations Support Expenses	2,523	3,545	2,286	3,242	9.3%	1,354	2,245	57.9%
Depreciation & Amortization	3,885	5,458	3,289	4,664	17.0%	1,490	2,470	121.0%
Other Operating Expenses	1,077	1,514	1,195	1,695	-10.7%	245	406	272.8%
Total Recurring Operating Costs	35,321	49,626	34,458	48,862	1.6%	17,555	29,106	70.5%
Normalized Net Operating Income	25,827	36,287	26,135	37,059	-2.1%	16,324	27,066	34.1%
Net Non-Recurring Income (Costs)		(2,605)	2,393	3,394	-176.8%	(1,248)	(2,070)	25.9%
Profit Before Provisions	(1,854)	23,973	28,528	40,453	-16.7%	15,076	24,996	34.7%
Net Provision Expense	73,432	103,171	5,073	7,194	1334.1%	1,853	3,072	3258.6%
Pre-Tax Income	(49,459)	(69,489)	23,455	33,259	NMF⁵	13,223	21,924	NMF⁵
Income Tax Expenses/(Benefit)	(7,496)	(10,531)	3,473	4,924	NMF ⁵	2,659	4,409	NMF ⁵
Net Income	(41,963)	(58,958)	19,982	28,335	NMF⁵	10,564	17,515	NMF⁵
Weighted Average Number of Shares Outstanding (000s)		31,250		31,247	0.01%		26,222	19.2%
Fully Diluted Number of Shares Period End (000s)		31,250		31,248	0.01%		27,249	14.7%
EPS (Basic)	(1.34)	(1.89)	0.64	0.91	NMF ⁵	0.40	0.67	NMF ⁵
EPS (Fully Diluted)	(1.34)	(1.89)	0.64	0.91	NMF ⁵	0.39	0.64	NMF ⁵

¹ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4050 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 30 September 2008

² Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.4180 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 30 June 2008

³ Growth calculations based on GEL values

⁴ Converted to U.S. dollars for convenience using a period-end exchange rate of GEL 1.6580 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 30 September 2007

⁵ Not meaningful

BALANCE SHEET DATA

Consolidated, IFRS Based 000s, unless otherwise noted	30-Sep-08		Growth ² YTD	31-Dec-07		Growth ² Y-O-Y	30-Sep-07	
	US\$ ¹ (Unaudited)	GEL		US\$ ³ (Audited)	GEL		US\$ ⁴ (Unaudited)	GEL
Cash & Cash Equivalents	122,030	171,452	-53.7%	232,642	370,273	83.7%	56,280	93,312
Loans & Advances To Credit Institutions	198,307	278,622	46.6%	119,413	190,057	-16.4%	201,004	333,265
Mandatory Reserve With NBG/NBU/NBRB	18,134	25,478	-82.4%	90,872	144,631	-66.3%	45,548	75,518
Other Accounts With NBG/NBU/NBRB	107,474	151,002	325.4%	22,303	35,497	65.4%	55,064	91,296
Balances With & Loans To Other Banks	72,699	102,142	928.7%	6,238	9,929	-38.6%	100,393	166,452
Available-For-Sale Securities	36,032	50,625	3.9%	30,616	48,729	391.6%	6,211	10,298
Treasuries & Equivalents	12,852	18,057	-77.4%	50,111	79,757	-69.3%	35,435	58,751
Other Fixed Income Instruments	11,713	16,457	-85.4%	70,814	112,708	-93.1%	144,272	239,203
Gross Loans To Clients	1,465,947	2,059,656	17.6%	1,100,842	1,752,100	58.1%	785,712	1,302,711
Less: Reserve For Loan Losses	(91,832)	(129,024)	333.8%	-18,689	-29,745	405.3%	(15,401)	(25,535)
Net Loans To Clients	1,374,116	1,930,632	12.1%	1,082,153	1,722,355	51.2%	770,311	1,277,176
Investments In Other Business Entities, Net	74,174	104,214	158.8%	25,303	40,273	-28.5%	87,899	145,736
Property & Equipment Owned, Net	207,246	291,181	42.3%	128,585	204,656	109.0%	84,042	139,341
Intangible Assets Owned, Net	6,580	9,245	145.1%	2,370	3,772	215.3%	1,768	2,932
Goodwill	95,894	134,731	20.1%	70,505	112,216	210.8%	26,149	43,355
Tax Assets - Current & Deferred	663	932	-40.1%	978	1,557	-72.3%	2,026	3,360
Prepayments & Other Assets	105,414	148,107	120.2%	42,258	67,258	161.6%	34,141	56,605
Total Assets	2,245,021	3,154,255	6.8%	1,855,750	2,953,611	31.2%	1,449,538	2,403,334
Client Deposits	855,539	1,202,033	-11.3%	851,644	1,355,476	12.9%	642,436	1,065,158
Deposits & Loans From Banks	87,458	122,878	86.7%	41,349	65,811	79.2%	41,348	68,556
Borrowed Funds	674,592	947,801	13.4%	525,248	835,984	37.9%	414,667	687,518
Issued Fixed Income Securities	3,368	4,731	-5.2%	3,137	4,993	NMF	-	-
Insurance Related Liabilities	41,064	57,694	39.6%	25,968	41,330	75.2%	19,856	32,922
Tax Liabilities - Current & Deferred	19,018	26,720	-28.2%	23,378	37,209	30.4%	12,360	20,493
Accruals & Other Liabilities	37,764	53,059	-3.2%	34,441	54,817	-16.7%	38,416	63,694
Total Liabilities	1,718,802	2,414,917	0.8%	1,505,165	2,395,620	24.6%	1,169,084	1,938,341
Ordinary Shares	22,242	31,250	15.1%	17,061	27,155	15.1%	16,378	27,154
Share Premium	323,544	454,579	44.1%	198,175	315,415	49.7%	183,117	303,607
Treasury Shares	(715)	(1,005)	-42.1%	-1,091	-1,737	-43.6%	(1,074)	(1,781)
Retained Earnings	96,275	135,267	111.8%	40,122	63,858	116.1%	37,746	62,583
Revaluation & Other Reserves	46,010	64,644	-4.0%	42,318	67,354	268.9%	10,570	17,525
Net Income For The Period	922	1,295	-98.3%	47,526	75,642	-97.4%	30,077	49,868
Shareholders' Equity Excluding Minority Interest	488,277	686,030	25.3%	344,111	547,687	49.5%	276,813	458,956
Minority Interest	37,942	53,308	417.4%	6,474	10,304	783.0%	3,641	6,037
Total Shareholders' Equity	526,219	739,338	32.5%	350,585	557,991	59.0%	280,454	464,993
Total Liabilities & Shareholders' Equity	2,245,021	3,154,255	6.8%	1,855,750	2,953,611	31.2%	1,449,538	2,403,334
Shares Outstanding		31,250	15.1%		27,155	23.5%		25,304
Book Value Per Share	16.84	23.66	14.8%	12.95	20.62	48.2%	9.63	15.97

¹ Converted to U.S. dollars for the convenience using a period-end exchange rate of GEL 1.4050 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 30 September 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 1.6580 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 30 September 2007

KEY RATIOS

	9 months 2008	9 months 2007
Profitability Ratios		
ROAA ¹ , Annualised	0.1%	3.5%
ROA	0.03%	2.8%
ROAE ² , Annualised	0.2%	16.2%
ROE	0.1%	14.3%
Interest Income To Average Interest Earning Assets ³ , Annualised	17.2%	14.4%
Cost Of Funds ⁴ , Annualised	8.2%	7.3%
Net Spread ⁵	8.9%	7.1%
Net Interest Margin ⁶ , Annualised	9.2%	7.9%
Net Interest Margin Normalized ³⁵ , Annualised	9.2%	7.9%
Loan Yield ⁷ , Annualised	12.9%	20.6%
Interest Expense To Interest Income	46.1%	45.3%
Net Non-Interest Income To Average Total Assets, Annualised	3.7%	4.2%
Net Non-Interest Income To Revenue ⁸	35.0%	39.5%
Net Fee And Commission Income To Average Interest Earning Assets ⁹ , Annualised	1.8%	1.6%
Net Fee And Commission Income To Revenue	12.4%	12.3%
Operating Leverage ¹⁰	0.3%	11.3%
Total Operating Income (Revenue) To Total Assets, Annualised	10.7%	8.3%
Recurring Earning Power ¹¹ , Annualised	5.0%	6.4%
Net Income To Revenue	0.5%	33.4%
Efficiency Ratios		
Operating Cost To Average Total Assets ¹² , Annualised	6.0%	4.1%
Cost To Average Total Assets ¹³ , Annualised	5.6%	5.6%
Cost / Income ¹⁴	52.9%	53.0%
Cost / Income, Normalized ³⁷	55.5%	N/A
Cost/Income Distributed Non-Recurring	56.5%	52.9%
Cost / Income, Bank of Georgia, Standalone ¹⁵	45.4%	48.8%
Cost/Income, Normalized, Bank of Georgia, Standalone	44.9%	N/A
Cash Cost / Income	47.3%	48.5%
Total Employee Compensation Expense To Revenue ¹⁶	32.2%	32.1%
Total Employee Compensation Expense To Cost	60.8%	60.5%
Total Employee Compensation Expense To Average Total Assets, Annualised	3.4%	3.4%
Liquidity Ratios		
Net Loans To Total Assets ¹⁷	61.2%	53.1%
Average Net Loans To Average Total Assets	59.1%	52.6%
Interest Earning Assets To Total Assets	71.1%	79.4%
Average Interest Earning Assets To Average Total Assets	74.8%	81.1%
Liquid Assets To Total Assets ¹⁸	16.2%	30.6%
Net Loans To Client Deposits	160.6%	119.9%
Average Net Loans To Average Client Deposits	141.8%	125.4%
Net Loans To Total Deposits ¹⁹	145.7%	112.7%
Net Loans To Total Liabilities	79.9%	65.9%
Total Deposits To Total Liabilities	54.9%	58.5%
Client Deposits To Total Deposits	90.7%	94.0%
Client Deposits To Total Liabilities	49.8%	55.0%
Current Account Balances To Client Deposits	39.2%	57.2%
Demand Deposits To Client Deposits	3.8%	9.6%
Time Deposits To Client Deposits	57.1%	33.1%
Total Deposits To Total Assets	42.0%	47.2%
Client Deposits To Total Assets	38.1%	44.3%
Client Deposits To Total Equity (Times) ²⁰	1.6	2.3
Due From Banks / Due To Banks ²¹	226.7%	486.1%
Total Equity To Net Loans	38.3%	36.4%
Leverage (Times) ²²	3.3	4.2

KEY RATIOS CONT'D

	9 months 2008	9 months 2007
Asset Quality		
NPLs (in GEL) ²³	23,274	16,711
NPLs To Gross Loans To Clients ²⁴	1.1%	1.3%
Cost of Risk ²⁵ , Annualized	8.1%	1.0%
Cost of Risk Normalized ³⁶ , Annualized	8.1%	1.0%
Reserve For Loan Losses To Gross Loans To Clients ²⁶	6.3%	2.0%
NPL Coverage Ratio ²⁷	554.4%	152.8%
Equity To Average Net Loans To Clients	39.5%	46.8%
Capital Adequacy		
Equity To Total Assets	23.4%	19.3%
BIS Tier I Capital Adequacy Ratio, consolidated ²⁸	24.7%	23.2%
BIS Total Capital Adequacy Ratio, consolidated ²⁹	25.3%	23.3%
NBG Tier I Capital Adequacy Ratio ³⁰	18.2%	14.0%
NBG Total Capital Adequacy Ratio ³¹	15.5%	16.9%
Per Share Values		
Basic EPS (GEL) ³²	0.04	1.95
Basic EPS (US\$)	0.03	1.17
Fully Diluted EPS (GEL) ³³	0.04	1.83
Fully Diluted EPS (US\$)	0.03	1.10
Book Value Per Share (GEL) ³⁴	23.66	17.12
Book Value Per Share (US\$)	16.84	10.33
Ordinary Shares Outstanding - Weighted Average, Basic	30,450,867	25,637,740
Ordinary Shares Outstanding - Period End	31,250,211	27,154,099
Ordinary Shares Outstanding - Fully Diluted	31,250,211	27,249,100
Selected Operating Data		
Full Time Employees (FTEs)	6,165	3,992
FTEs, Bank of Georgia Standalone	3,853	2,388
Total assets per FTE ²³ (GEL Thousands)	511.6	602.0
Total Assets per FTE, Bank of Georgia Standalone (GEL Thousands)	818.6	1006.4
Number Of Active Branches	139	108
Number Of ATMs	386	185
Number Of Cards (Thousands)	918	529
Number Of POS Terminals	2,969	1,093

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 NBB, 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