

JSC Bank of Georgia 1H 2006 Results

Tbilisi, July 27, 2006

1.77 GEL/US\$ period end
1.81 GEL/US\$ period average

JSC Bank of Georgia Announces 1H 2006 Results

IFRS, unaudited, not reviewed, derived from management accounts
GEL mln, unless otherwise noted

	1H 2006	Growth y-o-y ¹
Bank of Georgia (Standalone, IFRS, Unaudited)		
Net Interest Income	24.8	34%
Net Non-Interest Income	13.5	61%
Normalized Net Operating Income (NNOI) ²	21.6	48%
Net Income	8.4	48%
BCI (Unaudited)		
Gross Premiums Written	7.0	75%
Net Operating Profit	1.5	73%
Net Income	0.5	82%
Galt & Taggart Securities (Unaudited)		
Revenue	1.3	557%
Net Income	0.8	1168%
Bank of Georgia (Consolidated, IFRS, Unaudited)		
Revenue	42.2	47%
Net Income	9.4	56%
Consolidated EPS (Basic), GEL	0.61	15.6%
Consolidated EPS (Diluted), GEL	0.58	17.2%
ROAA (annualized) ³	3.2%	
ROAE (annualized) ³	18.9%	

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, announced today 1H 06 standalone and consolidated results (unaudited, not reviewed, derived from management accounts), reporting 1H 06 standalone Net Income of GEL 8.4 mln (up 48 % y-o-y) and 1H 06 consolidated Net Income of GEL 9.4 mln (up 56% y-o-y).

Total assets of the bank increased on a standalone basis from the beginning of the year by GEL 256 mln to GEL 712 mln as at June 30, 2006, a 56% increase YTD (compared to a 32% increase in the total banking sector assets in Georgia). As a result, the bank's market share by total assets has grown from 17.8 % at the beginning of the year to 21.2 % at June 30, 2006. Net Loans of the bank on a standalone basis increased from the beginning of the year by GEL 159 mln to GEL 456

¹Compared to the same period last year

²Normalized for the Net Non-Recurring costs

³Six month average annualized

Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank.

About Bank of Georgia

Bank of Georgia is a leading Georgian universal bank. The bank markets and distributes a wide spectrum of retail products through its extensive branch network, and offers a full range of commercial banking and investment banking services to corporate clients. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, offers a wide range of corporate and retail insurance products (through its newly launched *Chemebi* retail brand). As at June 30, 2006, the bank had GEL 729.5 million in assets and GEL 105.9 million in equity. In 1H 2006, the bank earned net income of GEL9.4 million. The bank has a B-/B with Stable outlook from FitchRatings, B3/NP (FC), Baa3/P-3 (LC) ratings with Stable outlook from Moody's and B+/B with Stable outlook from Standard & Poor's.

For more information, please contact:

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The financial information as of and for the six months ended June 30, 2006 contained in this news report is unaudited and reflects the best estimates of management. The bank's actual results may differ significantly from the amounts reflected herein as a result of various factors. The bank's results for an interim period are not necessarily indicative of what its results will be for the full year.

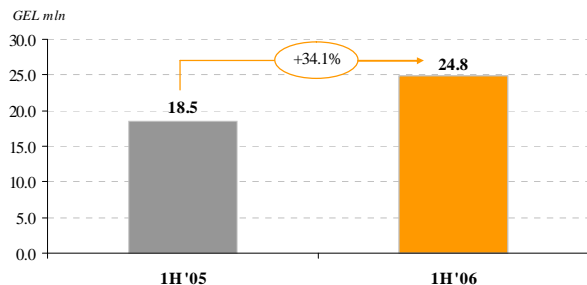
mln as at June 30, 2006, a 53.5% increase YTD. Client Deposits increased on a standalone basis by 60.1% YTD to GEL 434.2 mln as at June 30, 2006.

Galt & Taggart Securities reported 1H 06 Net Income of GEL 0.8 mln, while BCI reported 1H 06 Net Income of GEL 0.5 mln. As a result, the bank's 1H 06 consolidated Net Income reached GEL 9.4 mln, a 56% increase y-o-y. The bank's consolidated total assets stood at GEL 729.5 mln as at June 30, 2006, with shareholders' equity reaching GEL 105.9 mln, or GEL 6.96 per share (Basic).

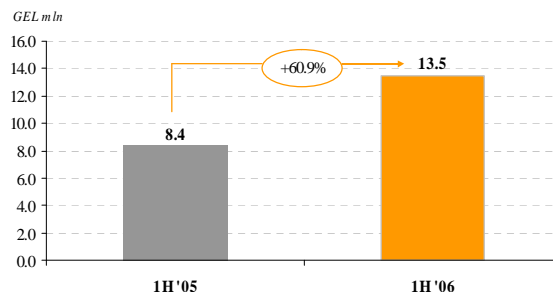
"I wish to congratulate my colleagues on the bank's solid performance in the past six months. We have maintained a high growth rate without compromising asset quality or profitability. I am particularly pleased with our market share gains. We have every reason to look forward to further profitable growth in the second half of the year", commented **Lado Gurgenidze**, Chairman of the Supervisory Board.

Cumulative Performance 1H 2006 vs. 1H 2005

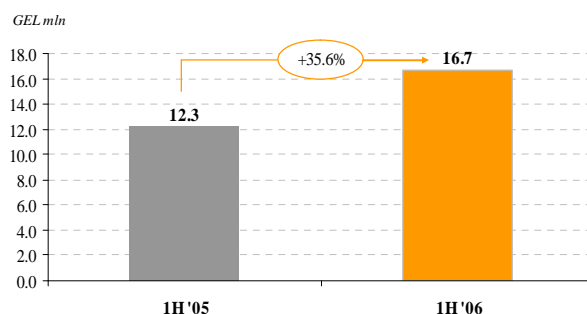
Net Interest Income



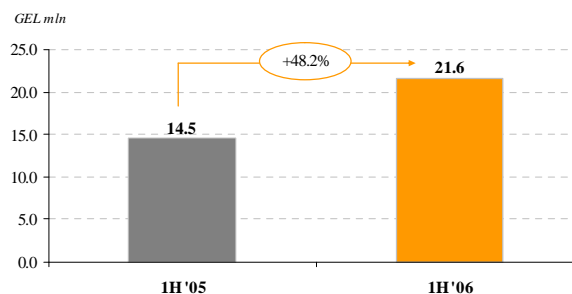
Net Non-Interest Income



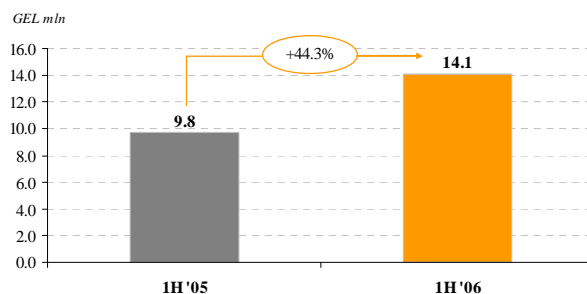
Recurring Operating Costs



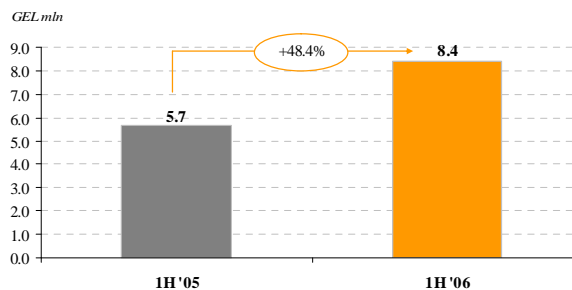
Normalized Net Operating Income



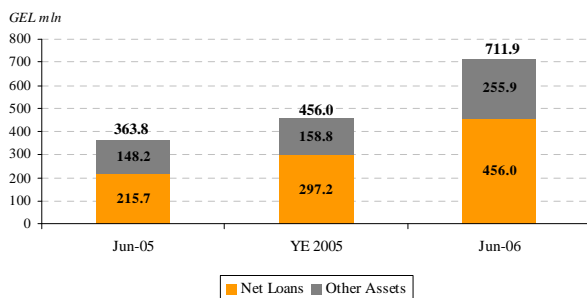
Pre-Bonus Result



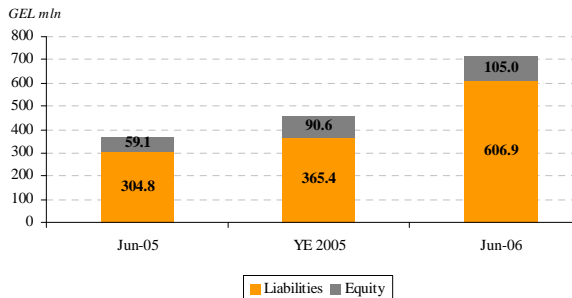
Net Income



Assets



Liabilities & Shareholders' Equity



Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank.

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INCOME STATEMENT DATA

JSC Bank of Georgia Standalone, IFRS GEL, unless otherwise noted GEL/US\$ average exchange rate	1H 06 y-o-y growth	Unaudited June-06	Audited 12/31/2005	Unaudited June-05
		1.81	1.81	1.83
Operating Income				
Interest Income*	53.0%	37,007,195	51,115,733	24,191,257
Interest Expense	114.4%	12,207,364	12,882,304	5,692,854
Net Interest Income	34.1%	24,799,830	38,233,429	18,498,403
Fee & Commission Income	50.7%	8,511,232	13,035,903	5,647,960
Fee & Commission Expenses	22.4%	1,214,253	2,105,997	991,897
Net Fee & Commission Income	56.7%	7,296,979	10,929,906	4,656,063
Income From Documentary Operations	79.3%	2,193,508	2,807,882	1,223,289
Expense From Documentary Operations	76.1%	580,352	803,964	329,625
Net Income From Documentary Operations	80.5%	1,613,156	2,003,918	893,664
Net Income From Foreign Exchange Operations	71.9%	4,646,137	6,470,241	2,703,222
Net Other Non-Interest Income (Loss)	-165.1%	(79,995)	243,741	122,970
Net Non-Interest Income	60.9%	13,476,276	19,647,806	8,375,920
Total Operating Income	42.4%	38,276,107	57,881,235	26,874,322
Recurring Operating Costs				
Personnel Costs	26.6%	7,523,262	12,422,903	5,943,694
Health Insurance & Pension Costs	283.2%	152,919	160,657	39,905
Consulting, TA & Development Costs	94.8%	263,701	311,648	135,355
Marketing, PR & Advertising	58.6%	833,706	999,056	525,533
Depreciation	25.5%	2,022,215	3,491,954	1,611,811
Other Operating Expenses	45.4%	5,916,918	8,885,447	4,069,790
Total Recurring Operating Costs	35.6%	16,712,720	26,271,665	12,326,088
Normalized Net Operating Income	48.2%	21,563,387	31,609,570	14,548,234
Net Non-Recurring Costs	-22.5%	677,285	1,962,044	873,453
Income (Pre-Bonus) Before Provisions	52.7%	20,886,102	29,647,526	13,674,781
Provisions*	43.8%	7,099,134	9,012,148	4,937,738
Gains On Asset Sale & Recovery	-71.1%	294,678	1,840,501	1,020,035
Pre-Bonus Result	44.3%	14,081,646	22,475,879	9,757,078
Guaranteed Compensation Expenses	244.7%	406,734	232,000	118,000
ESOP expenses	NMF	637,002	-	-
Bonuses	6.2%	2,780,174	6,000,001	2,618,980
Pre-Tax Income	46.1%	10,257,737	16,243,878	7,020,098
Income Tax	36.7%	1,850,869	2,881,194	1,354,375
Net Income	48.4%	8,406,868	13,362,684	5,665,723

*Written Off Interest Income of overdue loans have been written back and relevant provision have been created

Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank.

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BALANCE SHEET DATA

<i>JSC Bank of Georgia Standalone, IFRS</i> <i>GEL, unless otherwise noted</i>	YTD Growth	Unaudited 6/30/2006	Audited 12/31/2005
GEL/US\$ e-o-p exchange rate		1.77	1.79
Cash	50.2%	37,420,740	24,907,867
Balances With NBG	67.0%	55,526,412	33,249,740
Cash Balances With Banks	77.9%	52,143,560	29,314,610
Treasuries	NMF	-	7,700,513
Other Fixed Income Instruments	-36.9%	1,130,235	1,791,329
Net Loans	53.5%	456,048,986	297,191,784
Accrued Interest And Dividends	18.0%	6,844,709	5,801,236
Net Investments	89.8%	17,503,817	9,221,425
Fixed & Intangible Assets	12.7%	41,827,705	37,115,121
Other Assets	433.2%	41,566,551	7,795,366
Goodwill	1.3%	1,917,416	1,892,000
TOTAL ASSETS	56.1%	711,930,131	455,980,991
Deposits	54.3%	449,935,770	291,602,828
Interbank Deposits	-25.1%	15,777,691	21,062,795
Client Deposits	60.5%	434,158,079	270,540,033
Borrowed Funds	122.1%	121,488,935	54,702,186
Residents	260.4%	25,319,000	7,024,500
Non-Residents	101.7%	96,169,935	47,677,686
Payable Interest and Dividends	148.8%	10,500,761	4,220,846
Other Liabilities	68.1%	24,976,114	14,853,698
TOTAL LIABILITIES	66.1%	606,901,579	365,379,558
Ordinary Shares	5.5%	15,537,891	14,728,704
Retained Earnings And Revaluation Reserves	29.7%	81,083,793	62,510,045
Net Income For The Period	-37.1%	8,406,867	13,362,684
SHAREHOLDERS' EQUITY	15.9%	105,028,552	90,601,433
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	56.1%	711,930,131	455,980,991
<i>Shares Outstanding</i>		<i>15,537,891</i>	<i>14,728,704</i>

Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank..

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JSC Bank of Georgia Standalone 1H 2006 Results, IFRS, Unaudited

Tbilisi, July 27, 2006

RATIOS	Unaudited June-06	Unaudited June-05
<i>JSC Bank of Georgia Standalone</i>		
Profitability		
Recurring Earning Power (annualized),%	7.2	7.5
Interest Expense/Interest Income,%	33.0	23.5
Net Fee & Commission Income/Total Operating Income,%	19.1	17.3
Net Fee & Commission Income/Average Earning Assets (annualized),%	2.9	3.1
Interest Income/Average Interest Earning Assets (annualized), %	14.9	16.1
Interest Expense/Average Interest Bearing Liabilities (annualized), %	5.3	3.9
Net Spread,%	9.5	12.2
Net Interest Margin,%	10.0	12.3
Cost of Funds (annualized),%	5.3	3.9
Net Non-Interest Income/Total Operating Income,%	35.2	31.2
Efficiency		
Cost/Income Ratio (normalized),%	53.7	56.1
Cost/Income Ratio,%	55.4	59.3
Cost/Average Total Assets (normalized, annualized),%	7.0	10.0
Cost/Average Total Assets (annualized),%	7.3	8.8
Personnel Costs/Average Total Assets (annualized),%	3.9	4.8
Personnel Costs/Total Operating Income,%	30.0	32.4
Personnel Costs/Total Recurring Operating Costs,%	68.8	70.7
Net Income/Total Operating Income,%	22.0	21.1
Liquidity		
Net Loans/Total Assets,%	64.1	59.3
Net Loans/Client Deposits,%	105.0	89.1
Net Loans/Total Deposits,%	101.4	87.8
Net Loans/Total Liabilities,%	75.1	70.8
Average Net Loans/Average Total Assets,%	64.5	29.7
Average Net Loans/Average Client Deposits,%	106.9	89.1
Interest Earning Assets/Total Assets, %	85.2	83.6
Average Interest Earning Assets/Average Total Assets,%	85.3	83.0
Liquid Assets/Total Assets,%	20.5	26.6
Total Deposits/Total Assets,%	63.2	67.5
Total Deposits/Total Liabilities,%	74.1	80.6
Client Deposits/Total Deposits,%	96.5	98.6
Client Deposits/Shareholders' Equity (times)	4.1	4.1
Due from Banks/Due to Banks,%	143.9	136.1
Time Deposits/Total Client Deposits,%	35.0	39.0
Demand Deposits/Total Client Deposits,%	6.8	11.2
Current Account Balances/Total Client Deposits,%	58.2	49.7
Asset Quality		
NPLs/Gross Loans,%	7.5	7.8
LLR/Gross Loans,%	8.4	9.6
Provisions/Average Gross Loans, %	1.7	2.3
LLR/NPLs, %	111.4	123.7
Income Before Provisions/Net Loans (annualized),%	9.2	12.7
Shareholders' Equity/Net Loans,%	23.0	27.4
Leverage (Total Liabilities/Equity), times	5.8	5.2
Capital Adequacy		
Tier I Ratio (BIS),%	15.0	18.3
Capital Adequacy Ratio (Tier I + Tier II, BIS),%	17.9	21.8
Shareholders' Equity/Total Assets,%	14.8	16.2
Average Shareholders' Equity/Average Total Assets,%	16.8	15.6

DEFINITIONS

Interest Earning Assets include Cash Balances With NBG and Banks + Treasuries + Other Fixed Income Instruments + Gross Loans

Net Interest Margin=Net Interest Income/Average Interest Earning Assets

Cost of Funds=Interest Expense/(Average Total Deposits + Borrowed Funds)

Cost/Income Ratio (normalized) excludes Non-Recurring Costs

Liquid Assets= Cash + Cash Balances With NBG and Banks + Treasuries + Other Fixed Income Instruments

Due from Banks=Cash With Banks + Loans To Banks

Due To Banks=Bank Deposits+Borrowed Funds (Residents only)

Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank.

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INCOME STATEMENT DATA

	1H 06	Unaudited	Audited	Unaudited
<i>JSC Bank of Georgia Consolidated, IFRS</i>	y-o-y growth	June-06	12/31/2005	Jun-05
<i>GEL, unless otherwise noted</i>				
GEL/US\$ average exchange rate		1.78	1.81	1.83
Operating Income				
Interest Income	54.6%	37,411,467	51,662,733	24,191,501
Interest Expense	115.5%	12,203,026	12,863,304	5,662,984
Net Interest Income	36.1%	25,208,440	38,799,429	18,528,517
Fee & Commission Income	65.0%	9,864,082	13,839,903	5,976,757
Fee & Commission Expenses	41.0%	1,420,369	1,580,997	1,007,664
Net Fee & Commission Income	69.9%	8,443,713	12,258,906	4,969,092
Income from Documentary Operations	79.3%	2,193,508	2,945,882	1,223,289
Expense from Documentary Operations	76.2%	580,907	803,964	329,625
Net Income From Documentary Operations	80.4%	1,612,601	2,141,918	893,664
Net Income from Foreign Exchange Operations	73.7%	4,615,833	6,512,241	2,656,952
Net Other Non-Interest Income	81.2%	3,025,341	4,271,741	1,669,809
Net Non-Interest Income	73.7%	17,697,487	25,184,806	10,189,517
Total Operating Income	49.4%	42,905,928	63,984,235	28,718,034
Recurring Operating Costs				
Personnel Costs	26.3%	8,649,492	14,944,903	6,850,992
Health Insurance & Pension Costs	-66.4%	13,405	-	39,905
Consulting, TA & Development Costs	81.0%	263,701	311,648	145,673
Marketing, PR & Advertising	56.1%	833,706	1,241,102	534,097
Depreciation	34.1%	2,357,581	4,229,954	1,758,406
Other Operating Expenses	94.9%	7,484,714	11,157,058	3,840,943
Total Recurring Operating Costs	48.8%	19,602,598	31,884,665	13,170,016
Normalized Net Operating Income	49.9%	23,303,330	32,099,570	15,548,018
Net Non-Recurring Costs	-56.4%	414,872	1,962,044	952,242
Income (Pre-Bonus) Before Provisions	56.8%	22,888,457	30,137,526	14,595,775
Provisions	42.2%	7,616,424	9,012,148	5,357,281
Gains On Asset Sale & Recovery	-71.1%	294,678	1,840,501	1,020,035
Pre-Bonus Result	51.7%	15,566,711	22,965,879	10,258,530
Guaranteed Compensation Expenses	244.7%	406,734	232,000	118,000
ESOP expenses	NMF	637,002	-	-
Bonuses	4.8%	2,941,440	6,000,001	2,807,420
Pre-Tax Income	57.9%	11,581,535	16,733,878	7,333,109
Income Tax	46.3%	2,179,470	3,107,194	1,490,004
Net Income	60.9%	9,402,065	13,626,684	5,843,106
EPS (Basic)	19.3%	0.61		0.51
EPS (Diluted)	21.0%	0.58		0.48

*written off Interest Income of overdue loans have been written back and relevant provision have been created

Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank.

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BALANCE SHEET DATA

<i>JSC Bank of Georgia Consolidated, IFRS</i>	YTD Growth	Unaudited	Audited
<i>GEL, unless otherwise noted</i>		6/30/2006	12/31/2005
GEL/US\$ e-o-p exchange rate		1.77	1.79
Cash	49.6%	37,916,918	25,350,867
Balances With NBG	70.1%	56,556,047	33,249,740
Cash Balances With Banks	83.1%	54,256,798	29,625,610
Treasuries	NMF	-	8,309,513
Other Fixed Income Instruments	332.8%	7,753,344	1,791,329
Gross Loans, of which	56.0%	495,312,619	317,506,584
Loans to Banks	204.3%	7,000,000	2,300,000
Loans to Clients	54.9%	488,312,619	315,206,584
Provisions for Loan Losses	137.5%	(42,477,783)	-17,887,833
Net Loans	54.0%	452,834,835	293,999,784
Accrued Interest And Dividends	27.0%	7,368,279	5,801,236
Net Investments	195.1%	3,025,862	1,025,425
Net Property and Equipment, Intangible Assets	19.1%	47,135,251	39,572,121
Other Assets	100.7%	32,335,665	16,114,366
Goodwill	428.5%	30,281,019	5,730,000
TOTAL ASSETS	58.4%	729,464,018	460,569,991
Deposits	57.3%	448,820,368	285,329,828
Interbank deposits	-24.3%	15,947,422	21,062,795
Client deposits	63.8%	432,872,946	264,267,033
Borrowed Funds	122.5%	126,366,183	56,781,186
Payable Interest and Dividends	151.8%	10,630,103	4,220,846
Other Liabilities	60.3%	36,515,955	22,775,698
TOTAL LIABILITIES	68.6%	622,332,608	369,107,558
Ordinary Shares	5.5%	15,537,891	14,728,704
Treasury Shares	90.9%	(154,645)	(81,000)
Retained Earnings And Revaluation Reserves	31.0%	81,083,111	61,881,045
Net Income For The Period	-31.0%	9,402,065	13,626,684
SHAREHOLDERS' EQUITY	17.4%	105,868,423	90,155,433
Minority Interest	-3.4%	1,262,987	1,307,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	58.4%	729,464,018	460,569,991
<i>Shares Outstanding</i>		<i>15,537,891</i>	<i>14,728,704</i>

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RATIOS	Unaudited	Unaudited
<i>JSC Bank of Georgia Consolidated</i>	June-06	June-05
ROAE,%	18.9	20.1
ROAA,%	3.2	3.2
Interest Expense/Interest Income,%	32.6	23.4
Net Non-Interest Income/Total Operating Income,%	41.2	35.5
Cost/Income Ratio (normalized), %	55.0	56.0
Cost/Income Ratio, %	55.9	59.4
Personnel Costs/Average Total Assets,%	4.3	5.4
Personnel Costs/Total Operating Income,%	29.5	34.2
Personnel Costs/Total Recurring Operating Costs,%	64.5	74.5
Net Income/Total Operating Income,%	21.9	20.3
Leverage (Total Liabilities/Equity), Times	5.8	5.0
Shareholders' Equity/ Total Assets,%	14.7	16.6
Average Shareholders' Equity/Average Total Assets,%	16.7	15.9
Book Value per Share (Basic)	6.96	5.34
Book Value Per Share (Diluted)	6.66	5.04
Share price *	12.90	6.48

**GSE closing price on the last trading day of the period*

Note: The income statement data include the effect of the inclusion of Loan Book and Provisions attributed to the acquisitions of the Intellect Bank's assets & liabilities in February 2006. The numbers may be subject to adjustment following the full integration of Intellect Bank

The financial information as of and for the six months ended 30 June 2006 contained in this news report is unaudited and reflects the best estimates of management. The bank's actual results may differ significantly from the amounts reflected herein as a result of various factors. The bank's results for an interim period are not necessarily indicative of what its results will be for the full year.