

Tbilisi, October 4, 2005



JSC Bank of Georgia Announces Its Q3 2005 Results

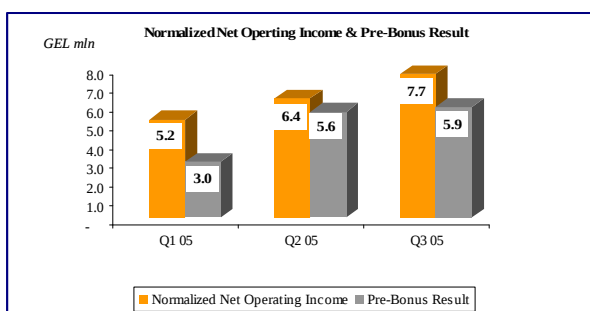
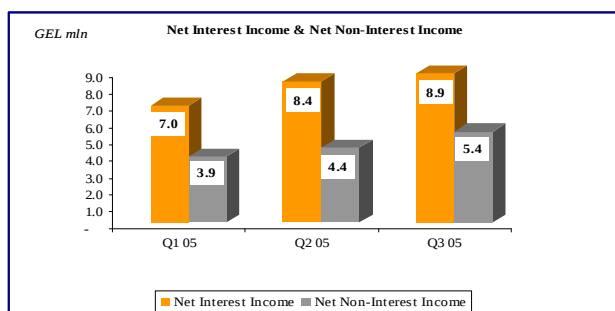
- Net Interest Income of GEL 8.9 million, up GEL 0.5 million, or 5.8% q-o-q (a 35.4% increase y-o-y)
- Net Non-Interest Income of GEL 5.4 million, up GEL 1.0 million, or 21.7% q-o-q (a 13.2% increase y-o-y)
- Normalized Net Operating Income (NNOI) of GEL 7.7 million, up GEL 1.3 million, or 20.6% q-o-q (a 44.1% increase y-o-y)
- Pre-Bonus Result (PBR) of GEL 5.9 million, up GEL 0.3 million, or 4.5 % q-o-q (a 310.5% increase y-o-y)
- Net Income of GEL 3.5 million, up GEL 0.5 million, or 15.6 % q-o-q (an 183.6% increase y-o-y)

Bank of Georgia (GSE: GEB), a leading Georgian universal bank, announced today its September 2005 and Q3 2005 results, reporting this year's highest monthly and quarterly Net Income of GEL 1.2 million and GEL 3.5 million, respectively.

"I am pleased that our continuous emphasis on cost containment has resulted in a 9.1% decrease m-o-m in total costs (including non-recurring costs) to GEL 2.2 million in September 2005. Our YTD recurring cash costs (excluding depreciation) are down 2.0% y-o-y. The decrease in costs more than offset a 3.3% m-o-m decrease of Operating Income of GEL 4.7 million in September 2005, which, coupled with an 18.5% m-o-m decrease in provisions, resulted in PBR of GEL 2.0 million, up 4.9% m-o-m. Net Income exceeded GEL 1.2 million in September 2005, up 3.8% m-o-m. It is noteworthy that September 2005 marked an outstanding performance of our Treasury Department, with the Net Income from Foreign Exchange and Translation Operations reaching GEL 0.7 million, the highest monthly result in the bank's history", commented **Irakli Gilauri**, Chief Financial Officer.

On a quarterly basis, Net Interest Income in Q3 2005 increased by 5.8% q-o-q to GEL 8.9 million, as the loan portfolio of the bank continues to grow. The 21.7% q-o-q growth of Non-Interest Income contributed to the 20.6% growth q-o-q of NNOI to GEL 7.7 million, and a 15.6% q-o-q growth of Net Income to GEL 3.5 million.

"I am pleased that the bank's strong P&L performance is complemented by the growth of our balance sheet. As of September 30, 2005, our net loan portfolio amounted to GEL 265 million, up 57% y-o-y (up 22.3% q-o-q), while total assets reached GEL 431.7 million, a 20% increase y-o-y (up 18% q-o-q). With the launch of the new deposit range and ArtCards in September, we have largely completed the modernization of our retail product lineup in Q3, and will now be shifting our focus to the quality-of-service improvements in our branch network. Also, now that the upgrade and extension of our ATM network to 40 new-generation ATMs has been implemented successfully, we will turn our attention to the further enrichment of the user experience in our electronic banking channels. The successful placement of 1,500,000 newly issued common shares of the bank to several international institutional investors was another important milestone for the bank. As a result, our equity capital (book value) now exceeds GEL 74 million and book value per share (basic) reached GEL 5.73 as of September 30, 2005", commented **Lado Gurgenidze**, Chief Executive Officer.



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 (through its affiliate, Galt & Taggart Securities) services to corporate clients. Additionally, BCI, the wholly-owned insurance subsidiary of the bank, offers a wide range of corporate and retail insurance products. As at September 30, 2005, the bank had GEL 432 million in assets and GEL 74 million in equity.

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