



BANK OF GEORGIA
HOLDINGS PLC

Corporate Banking

Speaker: Sulkhvan Gvalia, Deputy CEO

November 2013

Discussion topics

Bank of Georgia: Unique value proposition

Corporate banking: financial statements

Loan book & deposit portfolio

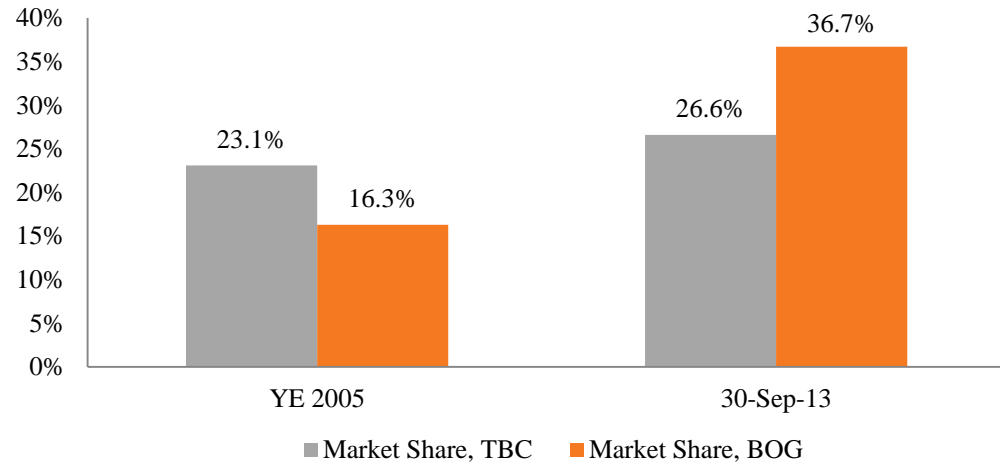
Trade finance export financing

Leading bank in the corporate sector

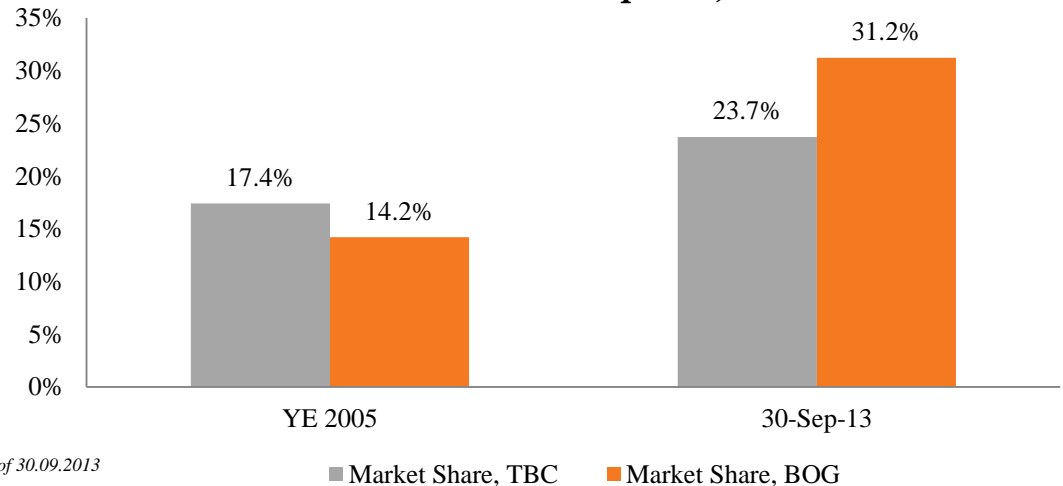
Position on the market

- 36.7% share by corporate loans and 31.2% share by corporate deposits*
- 7,247 corporate clients
- 1.44x larger regulatory capital than #2 bank**
- Access to cheaper long-term funding through superior access to trade finance lines
- Professional team- Unique training course financed by 207 K Gel (Fitch 7 City Learning; WSP, GEC Developments)

Market share in CB loans, BOG vs TBC



Market share in CB client deposits, BOG vs TBC



*Based on NBG reporting of all legal entities as of 30.09.2013
 ** as of 30.06.2013

Discussion topics

Bank of Georgia: Unique value proposition

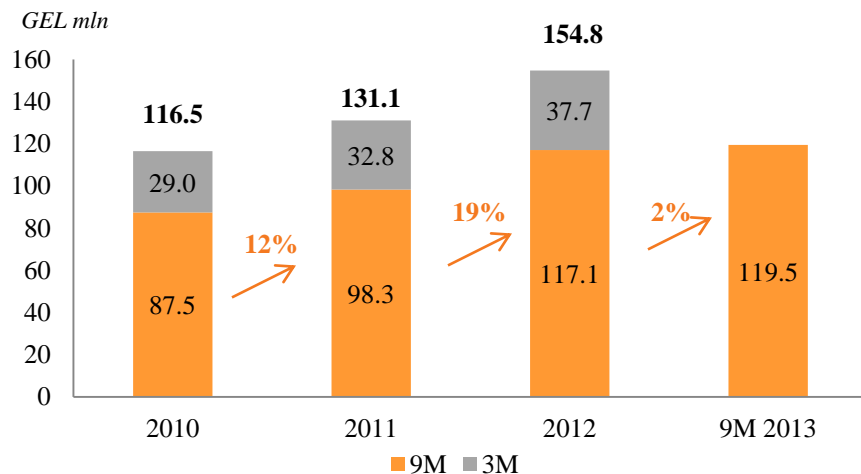
Financial statements

Loan book & deposit portfolio

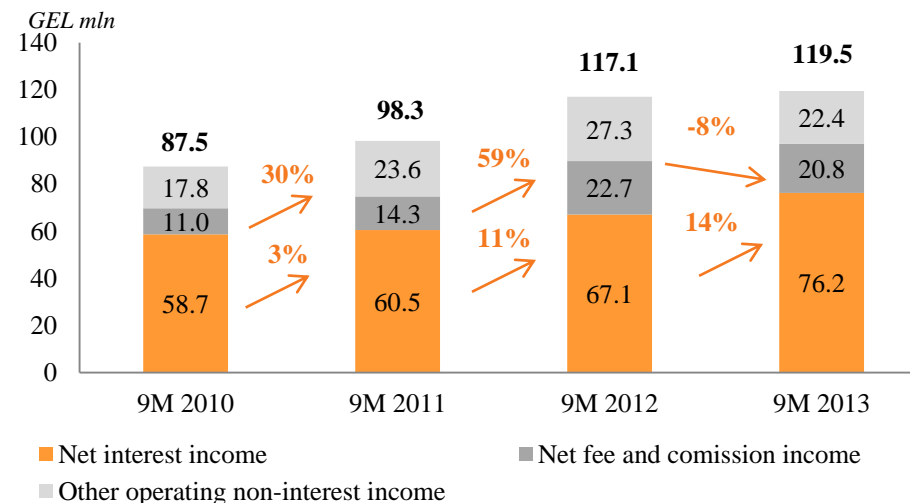
Trade finance export financing

Corporate banking delivers profitable growth

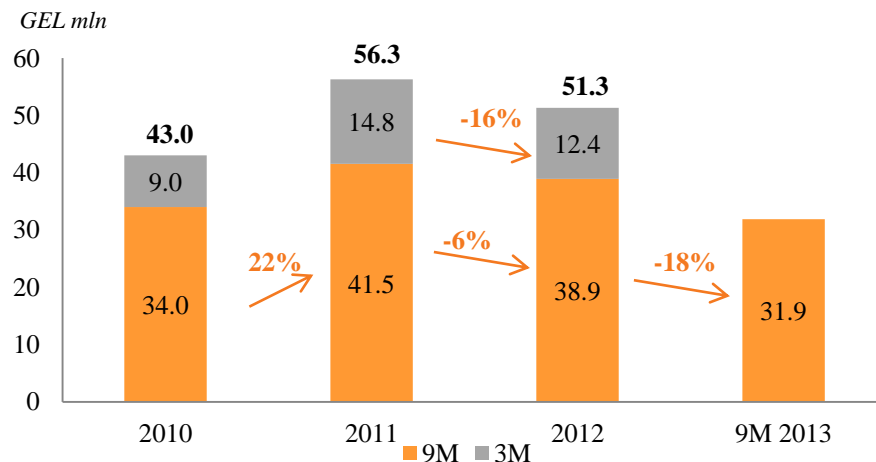
Revenue



Revenue breakdown



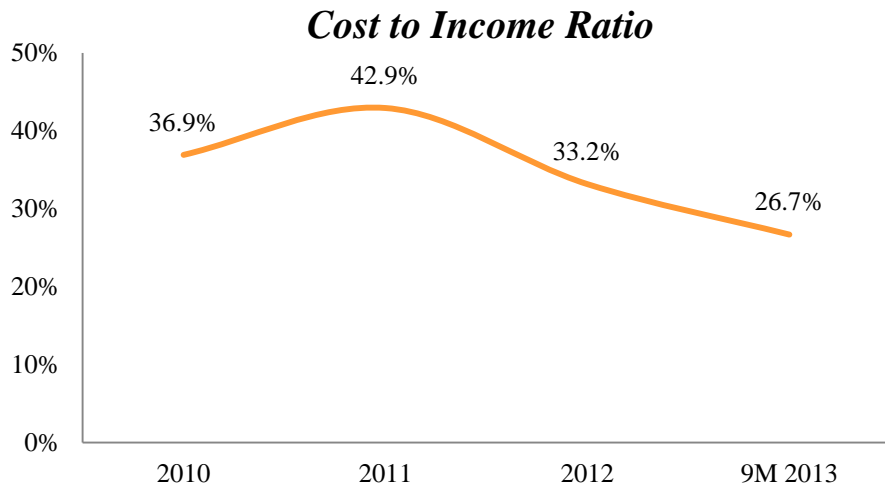
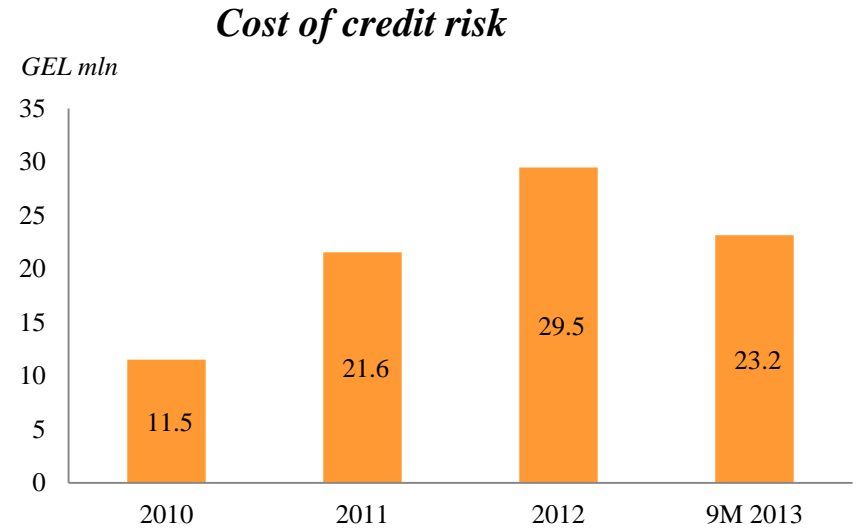
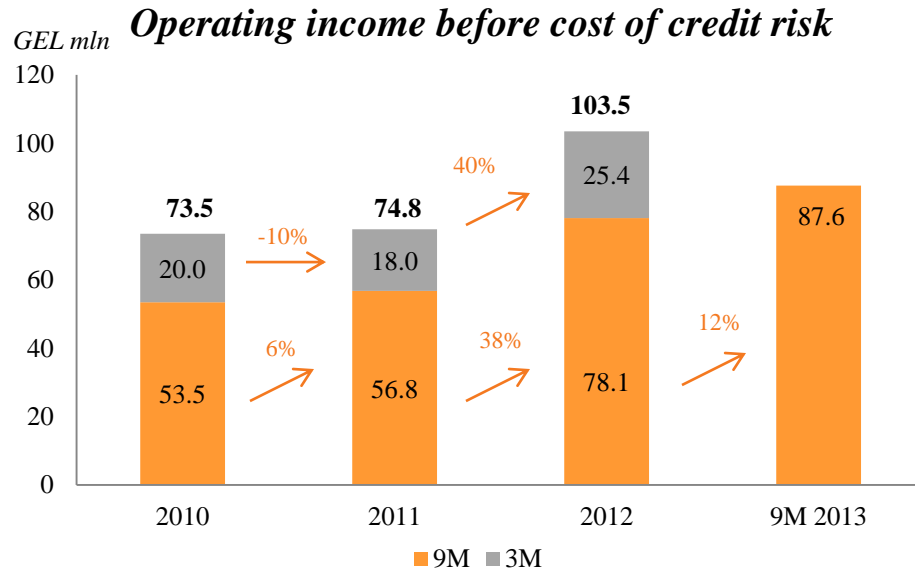
Operating expenses



Revenue growth driven by 13.7% growth of net interest income

Strong operating leverage as corporate banking costs decline 18.1% y-o-y compared to 2.1% revenue growth

Corporate banking improved cost of risk and profitability



- Improved efficiency with Cost to Income ratio down to 26.7% from 33.2% since YE 2012
- Operating income before cost of risk growth of 12.2% in 9m 2013 to the record GEL 87.6 million

Discussion topics

Bank of Georgia: Unique value proposition

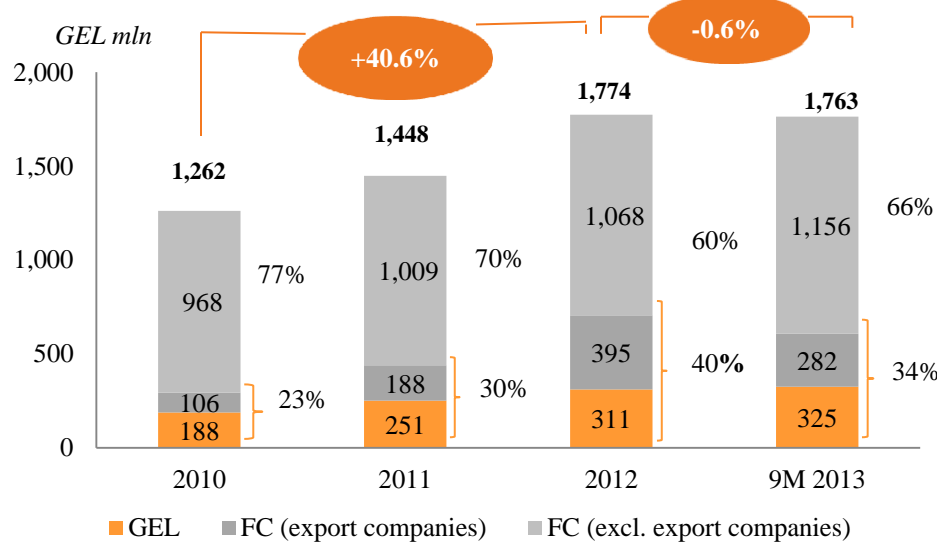
Financial statements

Loan book & deposit portfolio

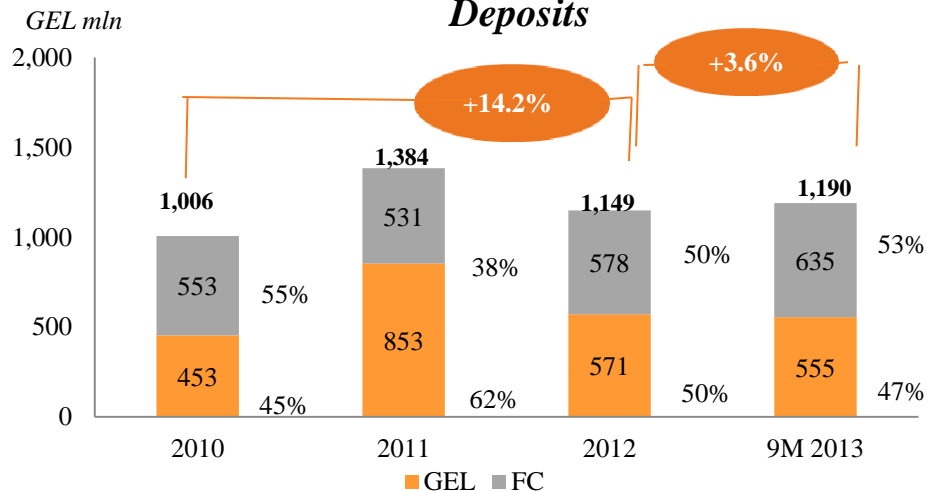
Trade finance export financing

Growing and maintaining healthy margins

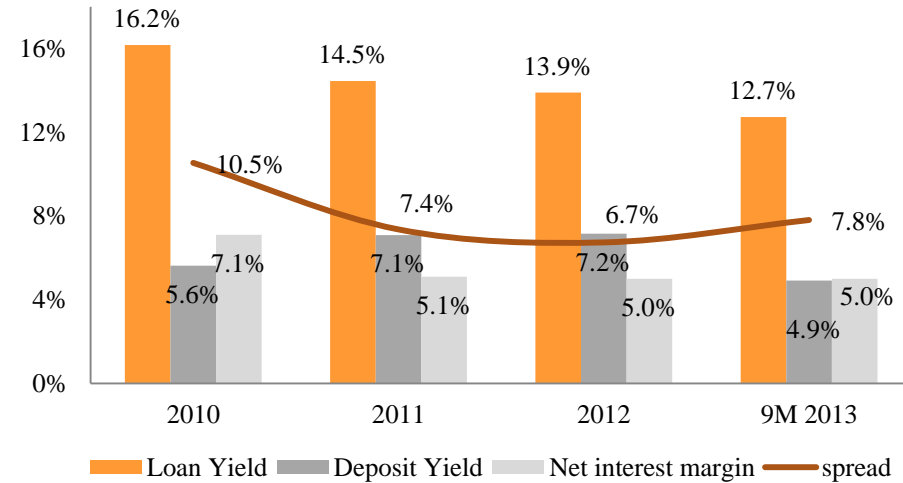
Loan portfolio, gross



Deposits



Loan yield, deposit cost, NIM, Spread



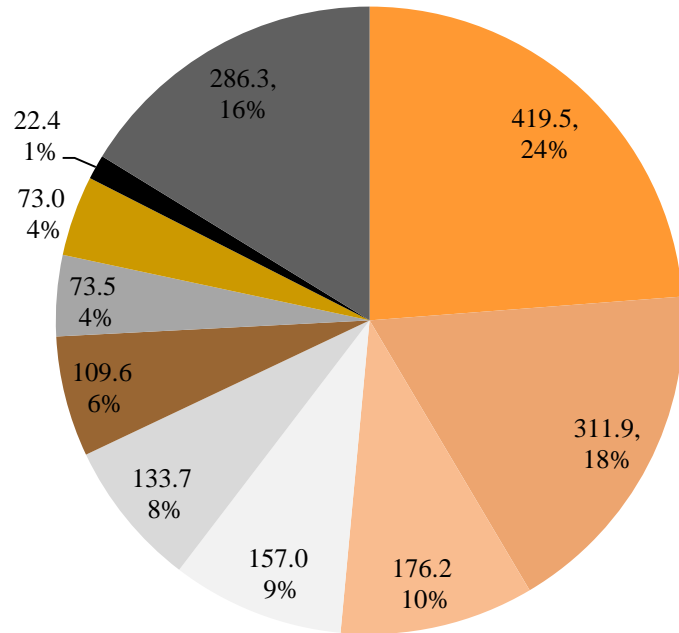
- Since YE 2012 CB loan book has stayed stable at GEL 1.7 bn and CB client deposits at GEL 1.7 bn
- Sharp reduction in CB deposit rates in 2013
- Improved spread by 1.1% from 6.7% YE 2012 to 7.8% as of 30.09.2013
- High yield in 2010 caused by “Early Lending” started by BOG

* CB Standalone

Diversified and stable loan book

Loan book by sectors 30.09.2013

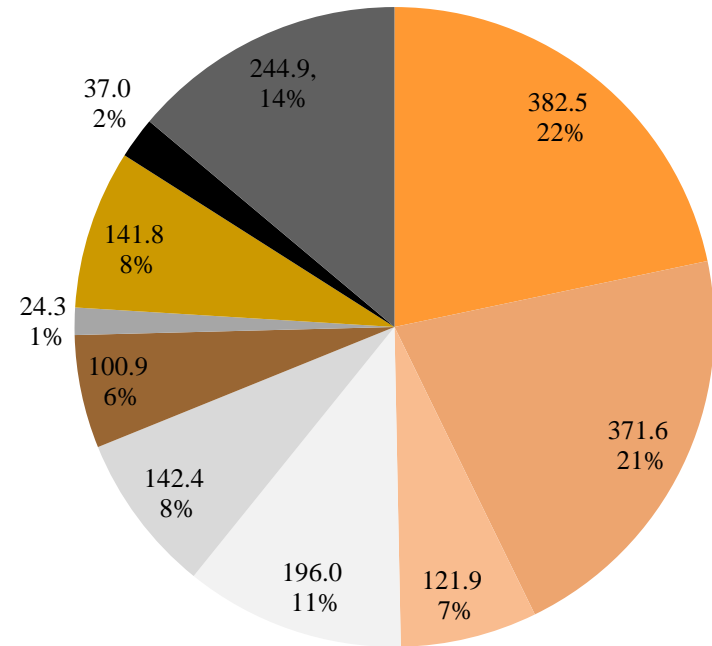
GEL mln



**Standalone CB loan book :
GEL 1,763 mln**

Loan book by sectors 30.09.2012

GEL mln

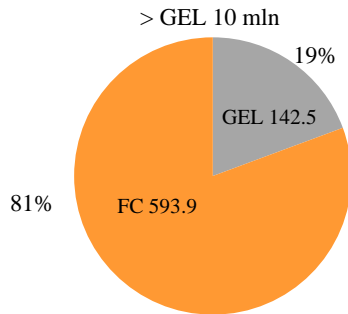


**Standalone CB loan book :
GEL 1,763 mln**

Diversified CB loan book structure* as of 30 September 2013

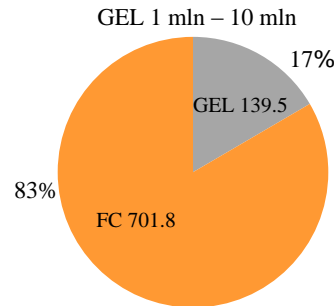
Loan book breakdown

Large corporate



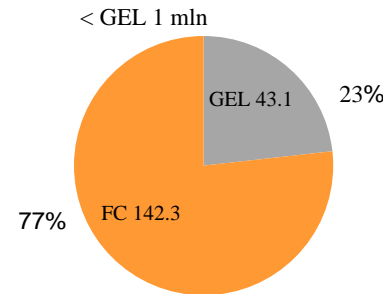
GEL 736.5 mln

Mid corporate



GEL 841.3 mln

Small corporate



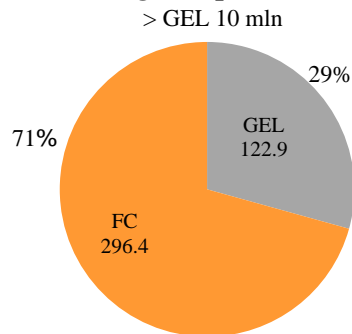
GEL 185.4 mln

Robust corporate loan book, with mid-sized loans accounting for 48% of the CB loan book and 25% of total loan book

**Standalone CB loan book :
GEL 1,763 mln**

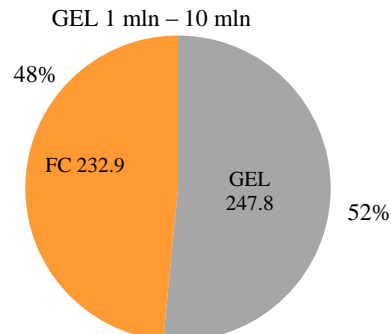
Client deposit breakdown

Large corporate



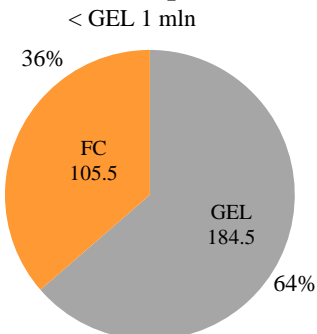
GEL 419.4ml

Mid corporate



GEL 480.7 mln

Small corporate




GEL 290.0 mln

**Standalone CB client deposits:
GEL 1,190 mln**

* CB Standalone

Strengthening platform for sustainable growth in 2014

Industries to focus

 Energy

 Agriculture

 Tourism


 Healthcare


 Export oriented companies

 Focus on quality and profitability

 Unique project financing in energy sector:
“Akhmeta SHPP”

 Installed capacity: 9.4 MW

 Annual production 48.5 GWH

 Financed in collaboration with EBRD & KFW
(total project US\$9.6 mln)

Discussion topics

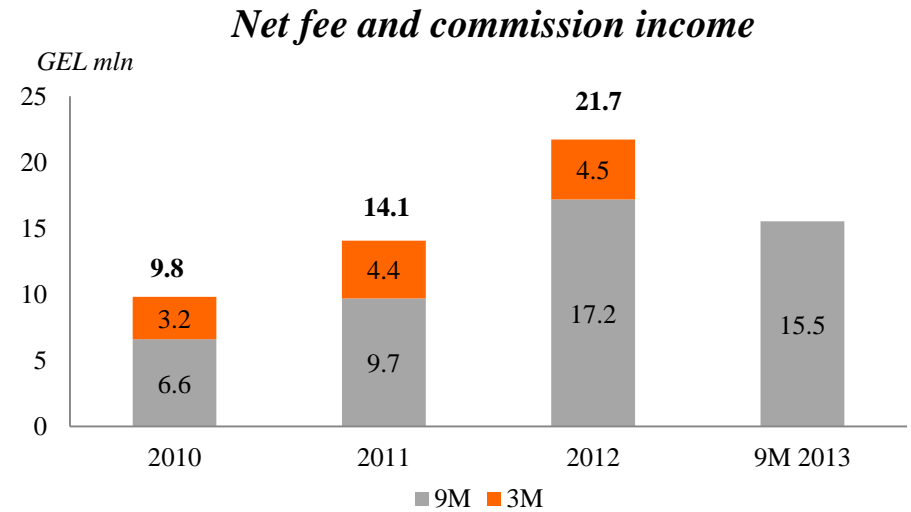
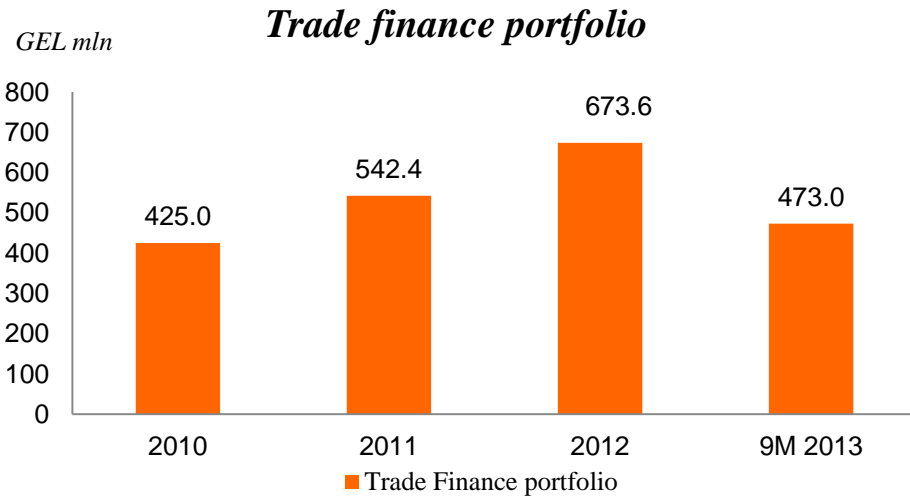
Bank of Georgia: Unique value proposition

Financial statements

Loan book & deposit portfolio

Trade finance export financing

Trade finance business growth boosting CB's non-interest income



A total of US\$265.1mln in trade finance limits



Competitive advantage on Georgian market

- 🏠 The only bank having done Export Finance deal in Georgia
- 🏠 The only bank in Georgia that has insurance cover from Chinese ECAs
- 🏠 The largest provider of Export Finance in Georgia

Export finance partner agencies



Top deal in export financing

- 🏠 The Borrower: Meqanizatori LLC, Provider of agricultural services and lease of agricultural machinery:
- 🏠 Purpose: acquisition of brand new agricultural equipment
- 🏠 Total Project cost: US\$57.8 mln
- 🏠 Advance Payment: 15% of total Project cost
- 🏠 Total facility: US\$49.1 mln (current exposure - US\$33 mln)
- 🏠 Term of the facility: 5 years, 10 semi-annual equal repayments

Supplier

- 🏠 Maschio Gaspardo, Italy
- 🏠 Kuhn, France
- 🏠 Claas, Germany
- 🏠 New Holland (CNH), Switzerland
- 🏠 John Deere, USA

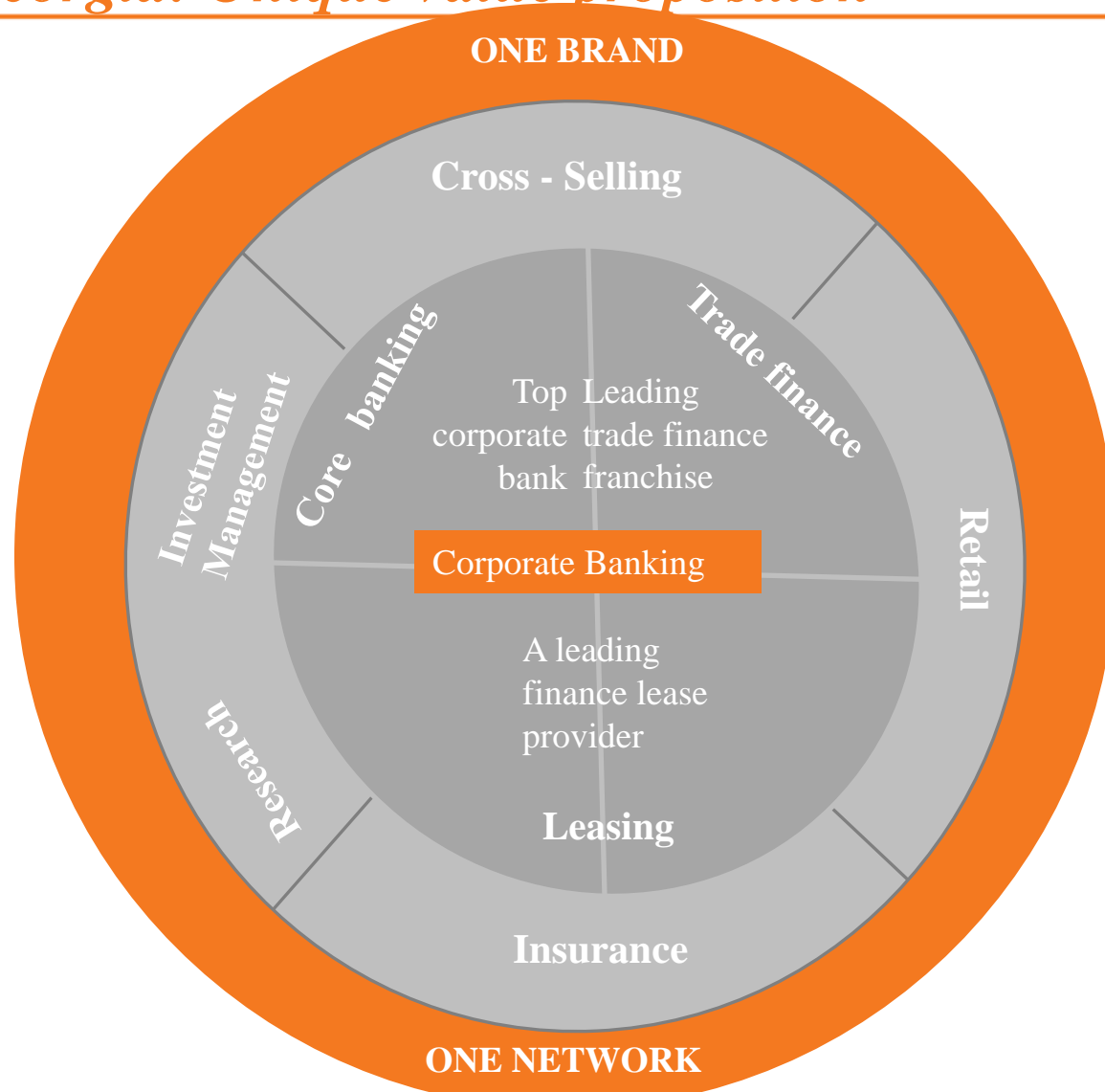
Providers of facility to BOG and ECAs covering the Deal

- 🏠 BNP Paribas – US\$17.5 mln , risk covered by SACE, Italy
- 🏠 US\$3.8 mln, Direct Guarantee
- 🏠 Akabank, through Commerzbank - \$4 mln; risk covered by Hermes, Germany
- 🏠 Akabank, through RBS – US\$8.2 mln, risk covered by ECGD, UK
- 🏠 Deere Credit – US\$15.6 mln Direct Facility

Bank of Georgia: Unique value proposition

Unbeatable competitive advantage

- 🏆 Superior client coverage
- 🏆 Market insight and corporate access
- 🏆 Robust balance sheet and strong capital
- 🏆 Cross selling



Q&A

Forward Looking Statements

This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and JSC Bank of Georgia and/or the Bank of Georgia Holdings' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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