



BANK OF GEORGIA
HOLDINGS PLC

Credit Risk

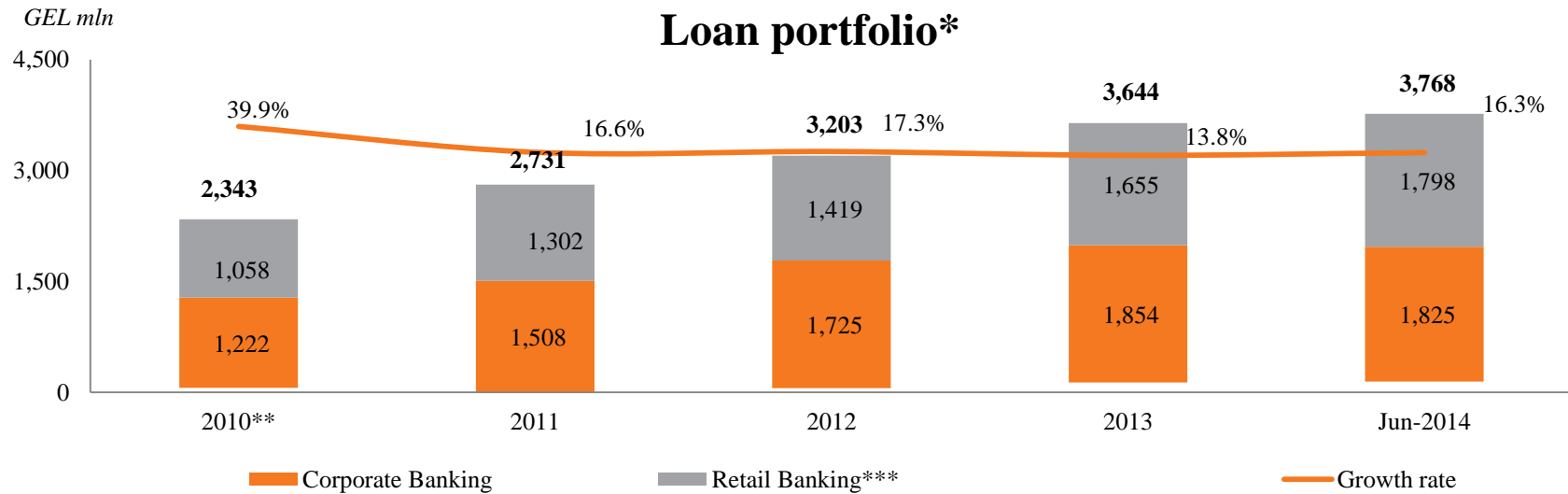
Speaker: George Chiladze, Chief Risk Officer

Discussion topics

Loan portfolio overview

Cost of risk

Loan growth picking up



Retail Banking loan book grew by more than 20% y-o-y in 1H 2014

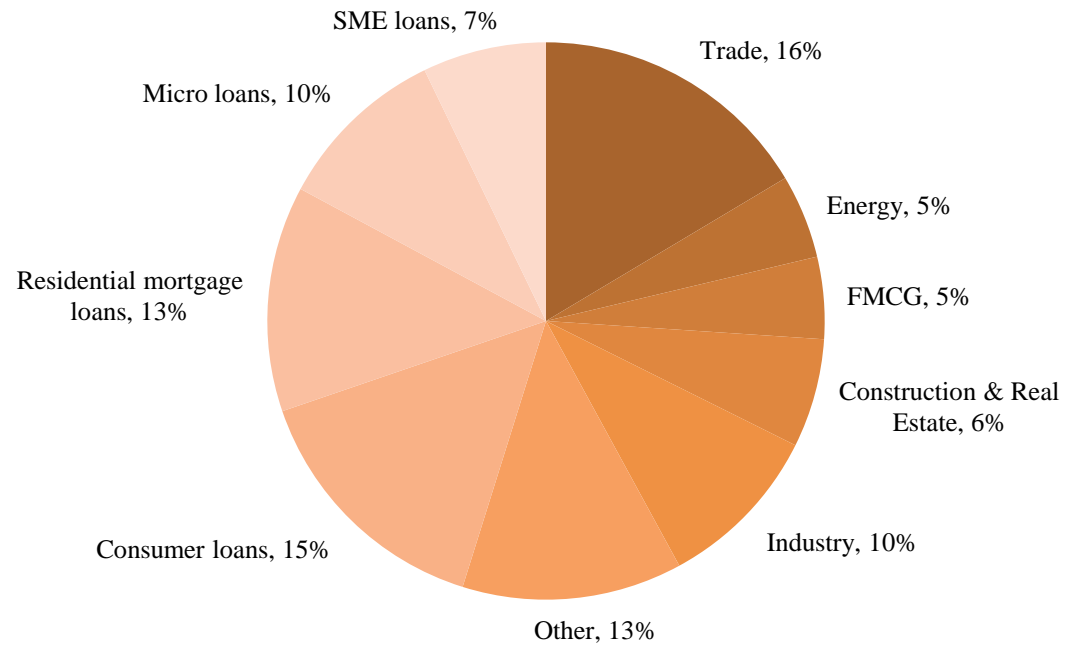
*Gross loans (incl. finance lease receivables)

**2010 data excludes Ukrainian subsidiary

***Includes Wealth Management loans

Based on consolidated data

Diversified exposure, as of 30 June 2014

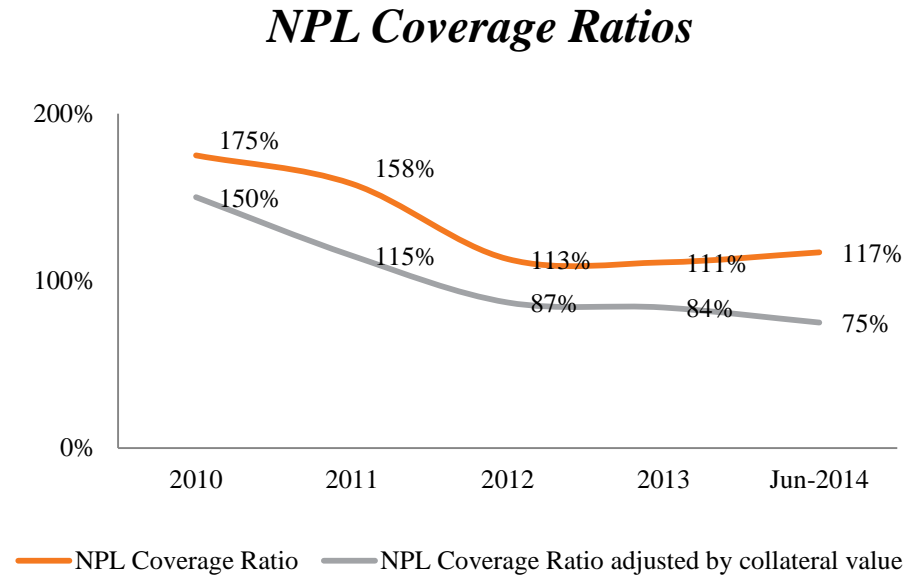
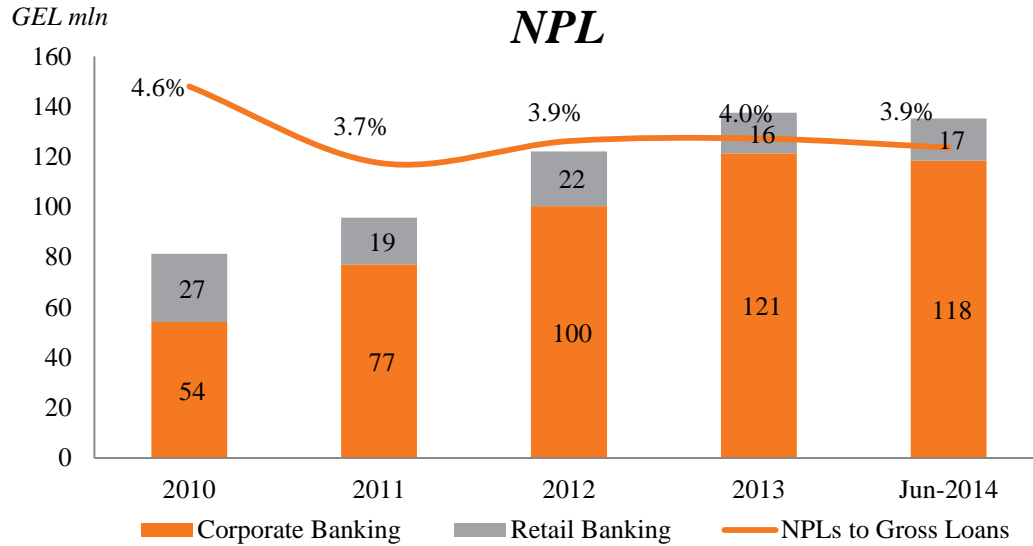


🏠 SME, Micro and mortgage loans are the drivers of the Retail Banking loan book growth

🏠 Sectors with most growth potential: Energy (HPPs), Tourism (hotels), Healthcare, Agriculture and Real Estate

Based on consolidated data

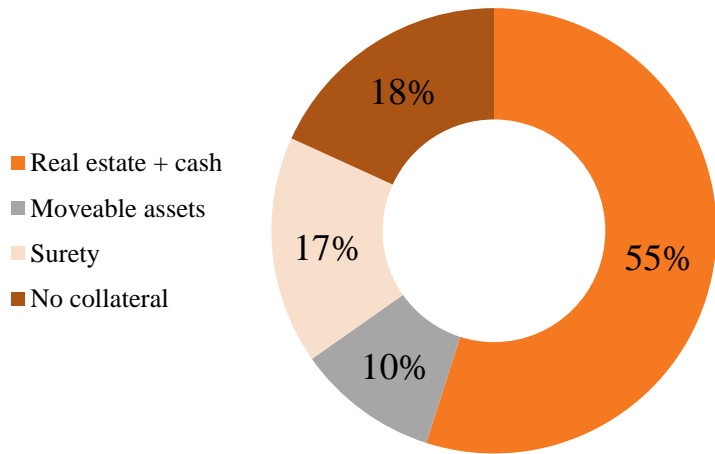
Improving loan book quality



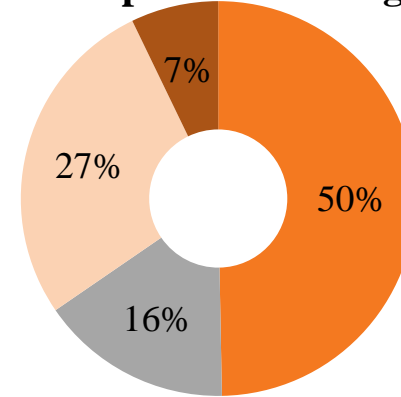
Based on consolidated data

New (better) way to look at loan collateralisation

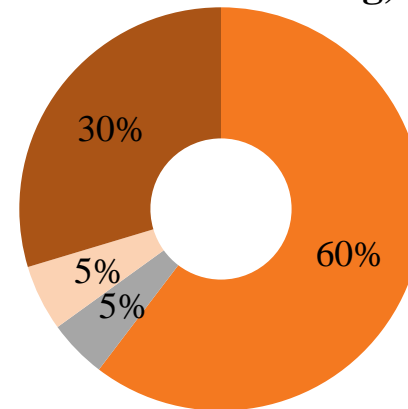
Total loan book, 30 June 2014



Corporate Banking, 30 June 2014

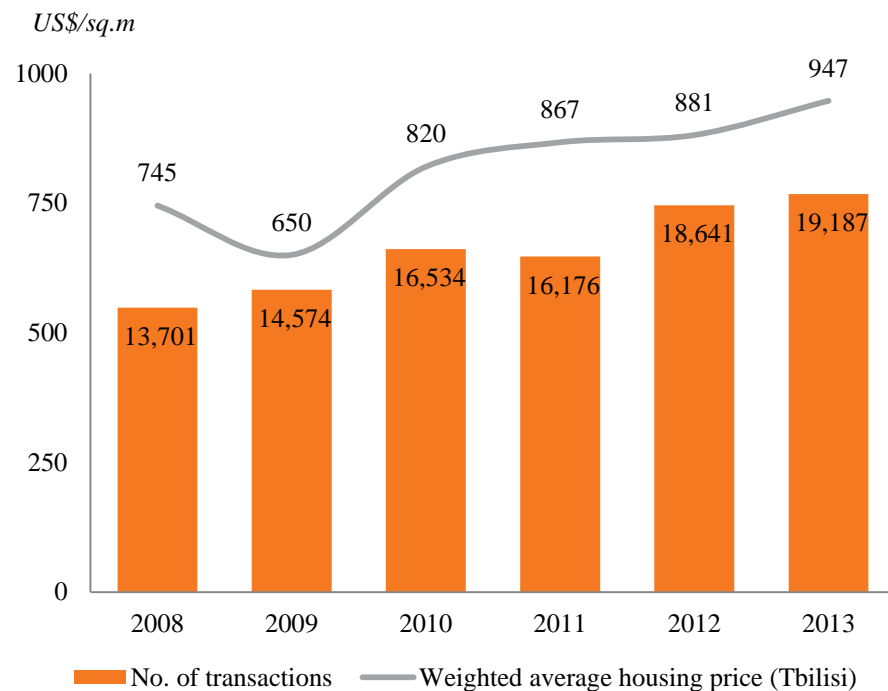


Retail Banking, 30 June 2014



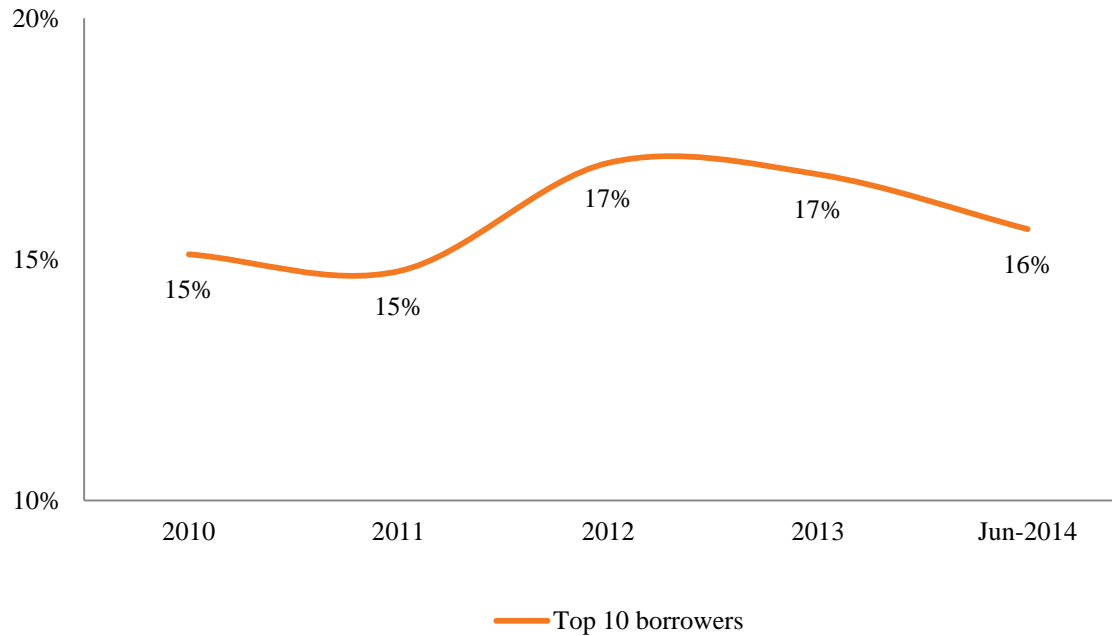
Based on standalone data

Collateral values supported by strong housing market



🏠 Moderate growth of housing prices driven by an increase in demand

Decreasing loan concentration

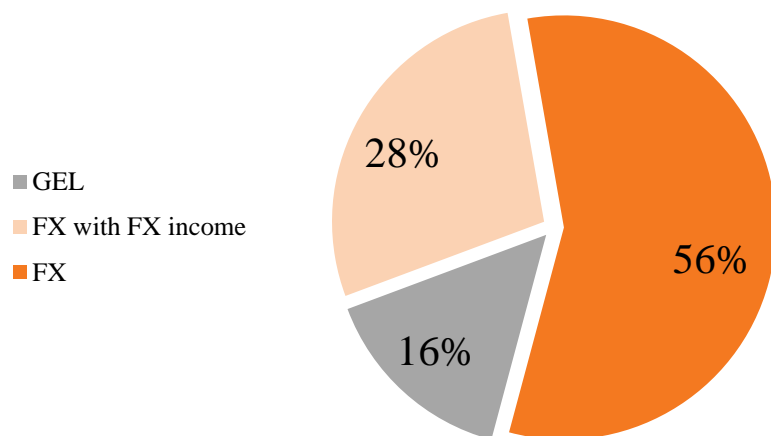


Based on consolidated data

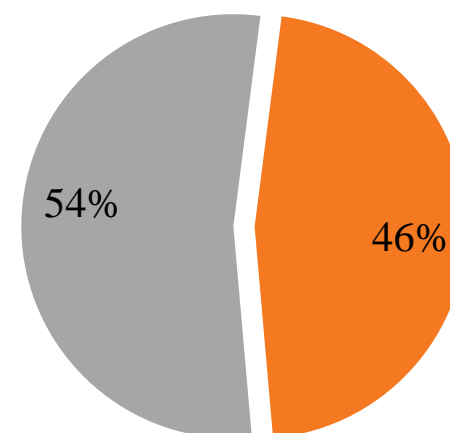
Managing FX induced credit risk

As of 30 June 2014 share of FX loans in Bank of Georgia's standalone loan portfolio was 66%

Corporate Banking




Retail Banking

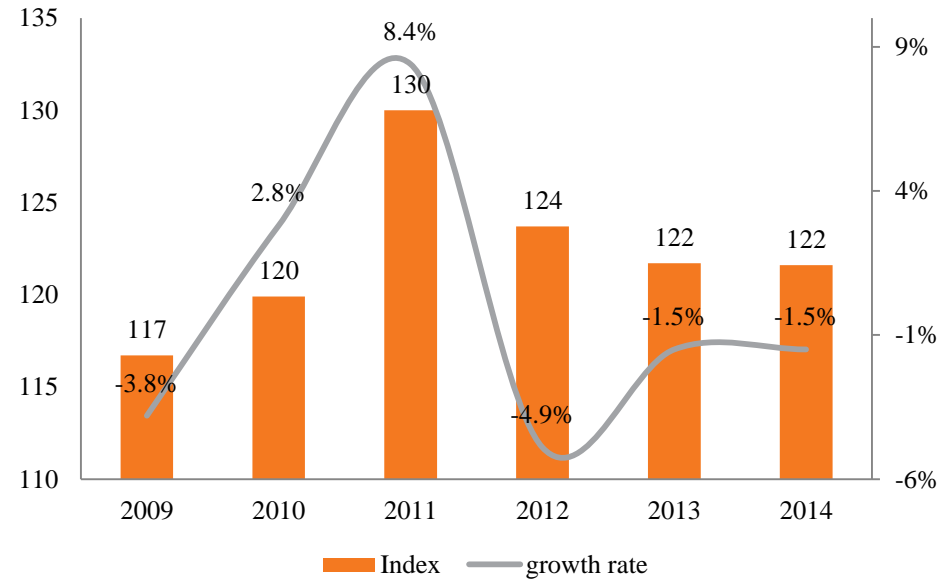


Based on standalone data

Selected macro data

 Based on GDP and balance of payment data, NBG estimated share of households with FX income in total household income was 54% in 2013

Real effective exchange rate (REER)



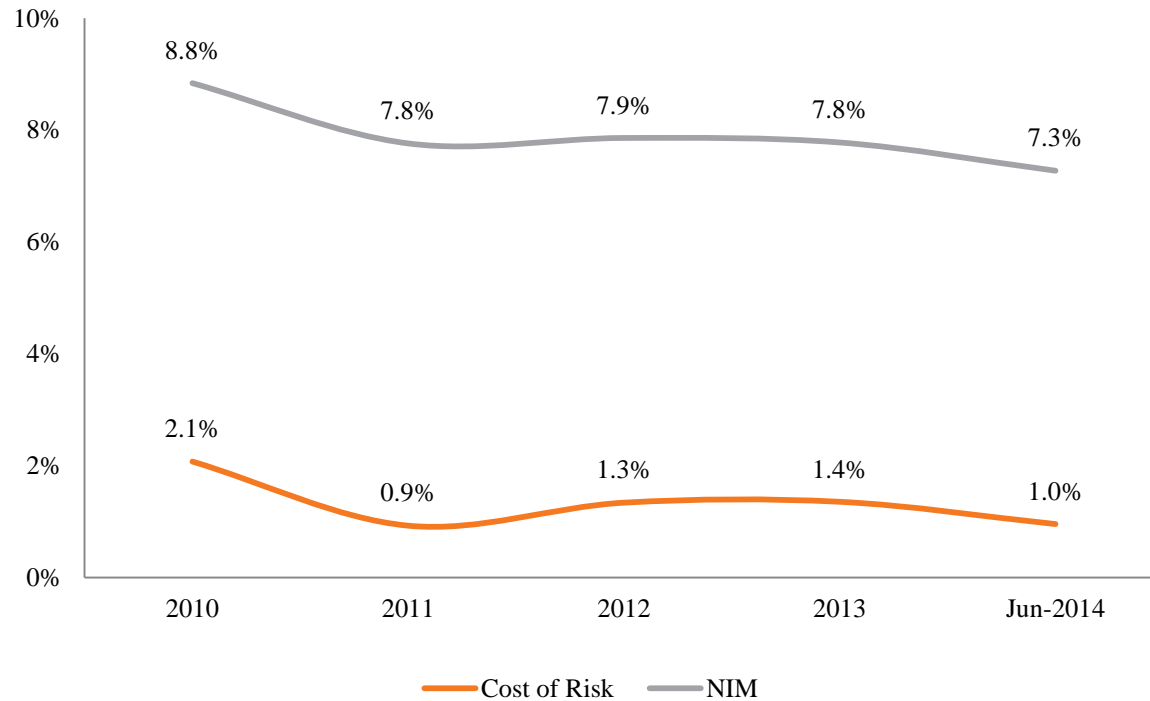
Based on consolidated data

Discussion topics

Loan portfolio overview

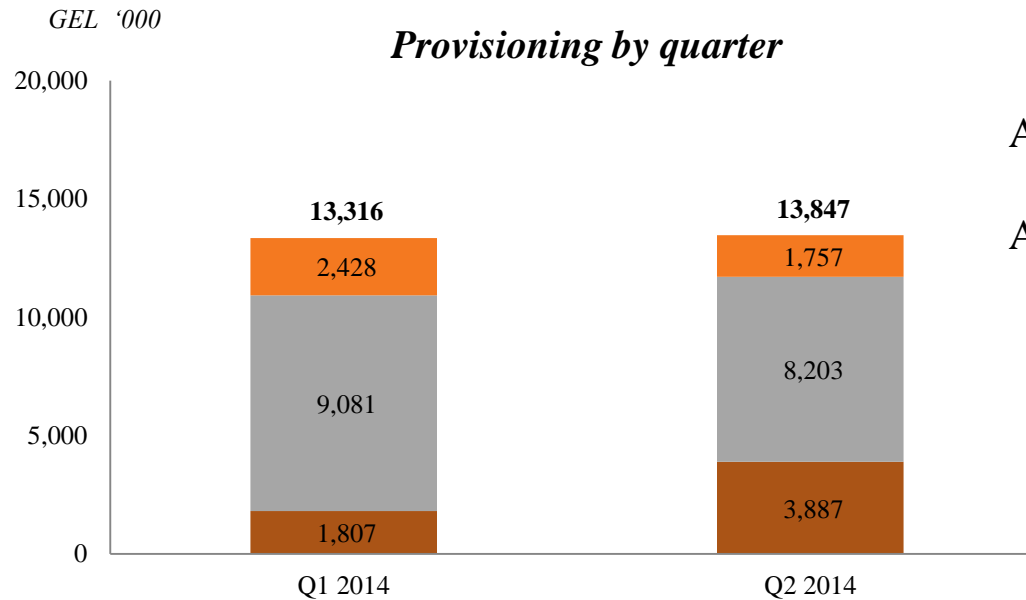
Cost of risk

Lower cost of risk supported by macro growth



Based on consolidated data

Provision charges by quarter



Average loan portfolio - GEL 3,556 million

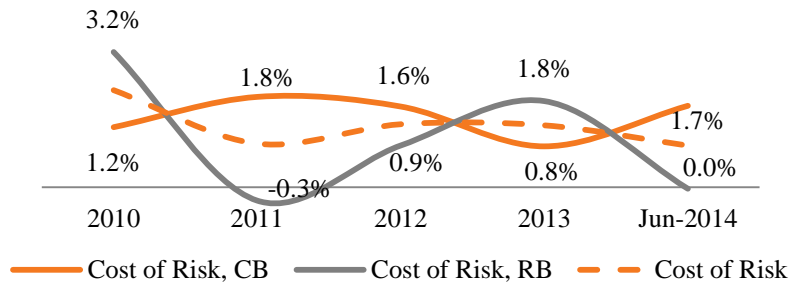
Average off-balance exposure – GEL 920 million

- Impairment of other assets
- Loans
- Provisions for off-balance sheet items (undrawn loan commitments, guarantees & LCs)

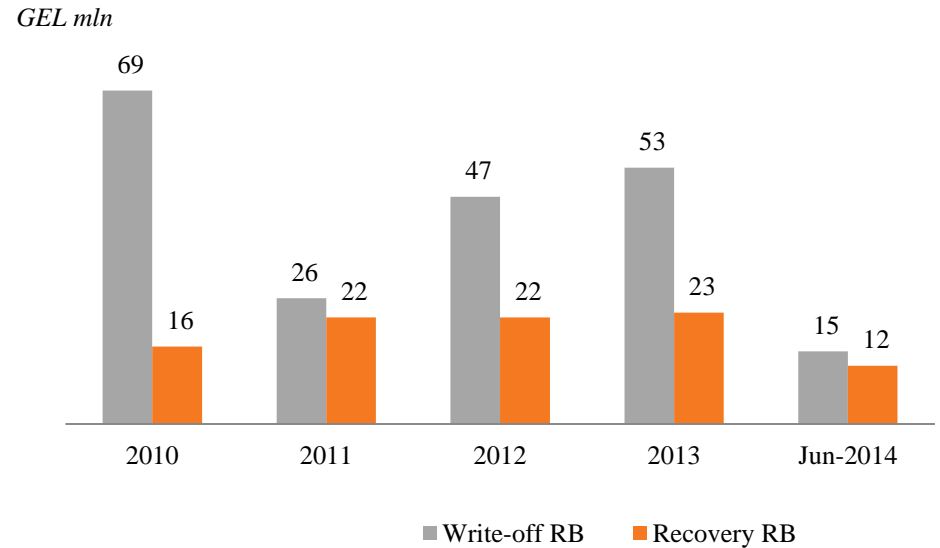
Based on consolidated data

Cost of risk breakdown by segments

Cost of risk of CB and RB

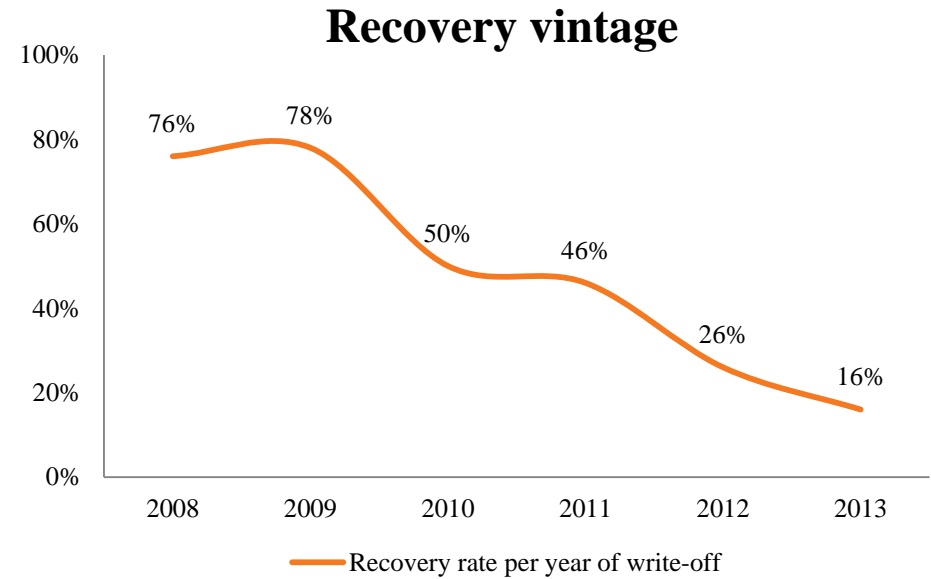
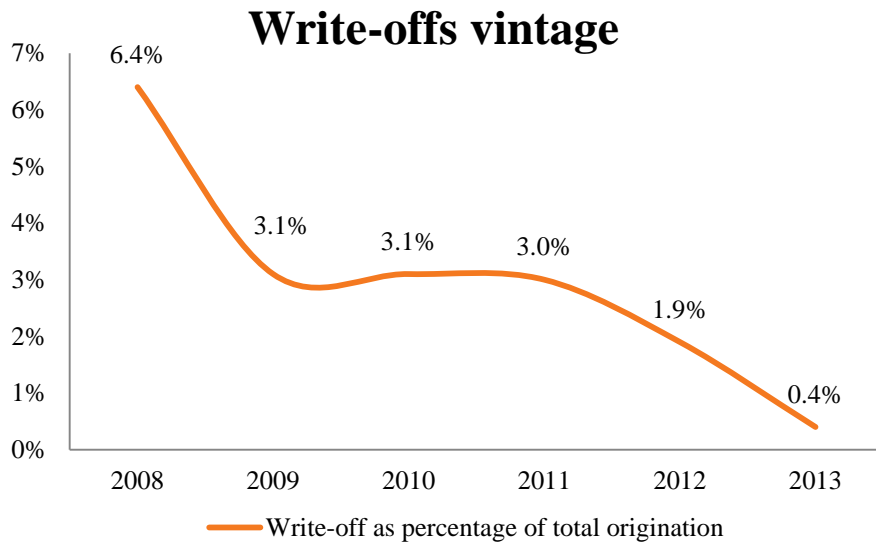


RB write offs & recoveries



Based on standalone data

Recovery & write-off



 About 62% of loans written-off from 2008 through 2011 were recovered

Based on standalone data