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CREATING OPPORTUNITIES

XII CIS and Baltic Region Bond Congress

Baku May 2015





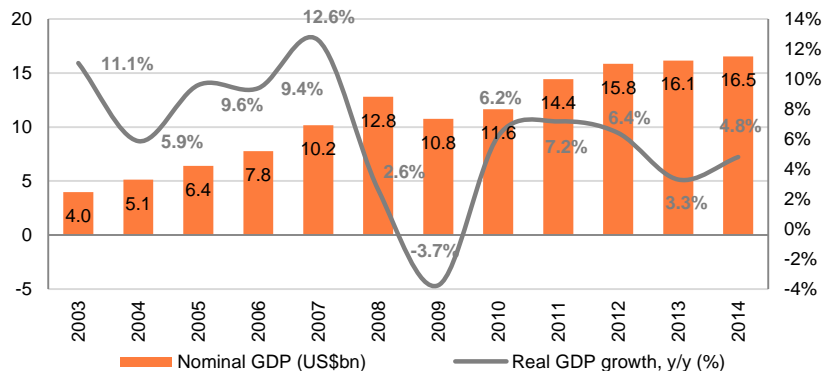
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Georgian Economic Overview



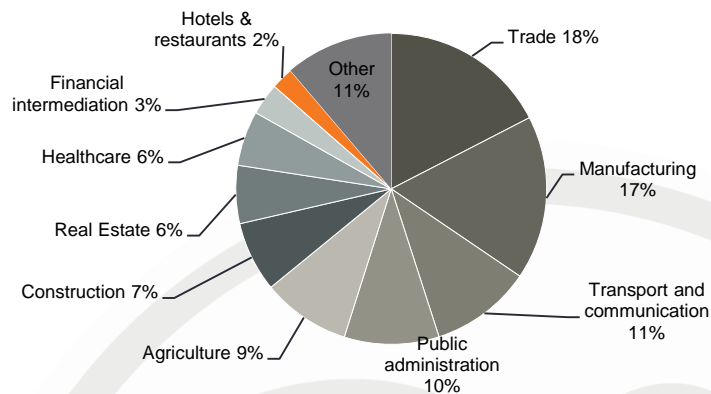
Georgian Economy: Growth Oriented Reforms

Gross domestic product



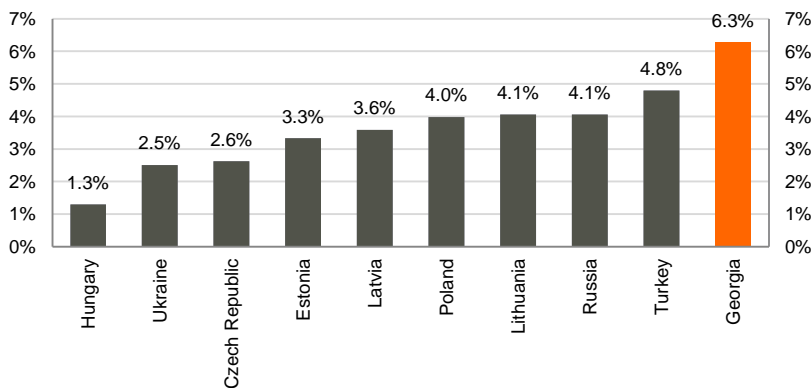
Source: GeoStat

Diversified nominal GDP structure, FY 2014



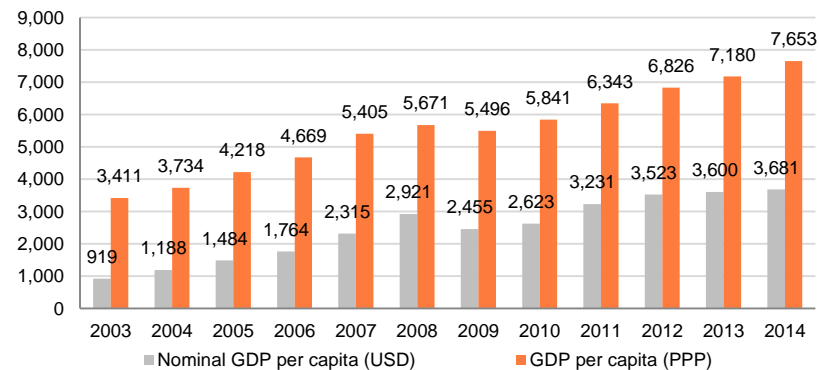
Source: GeoStat

Comparative GDP growth rates, 2003-2014, %



Source: IMF, GeoStat

GDP per capita

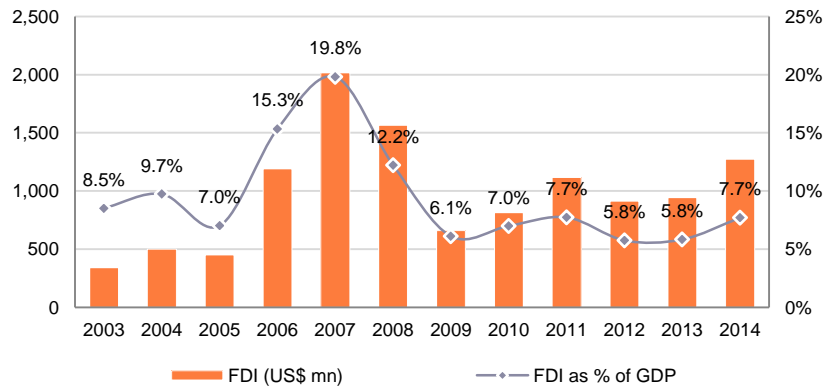


Source: IMF, GeoStat



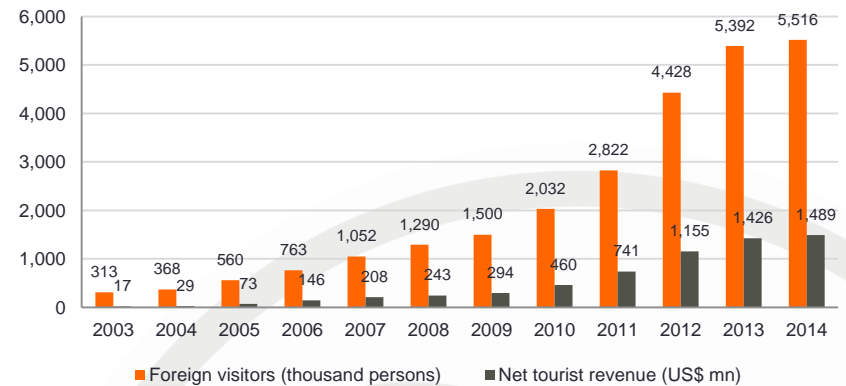
Georgian Economy: Growth Oriented Reforms

FDI Inflows



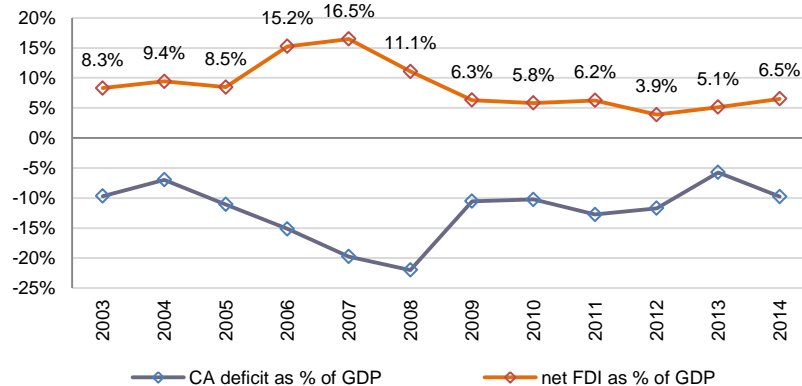
Source: GeoStat

Number of tourists



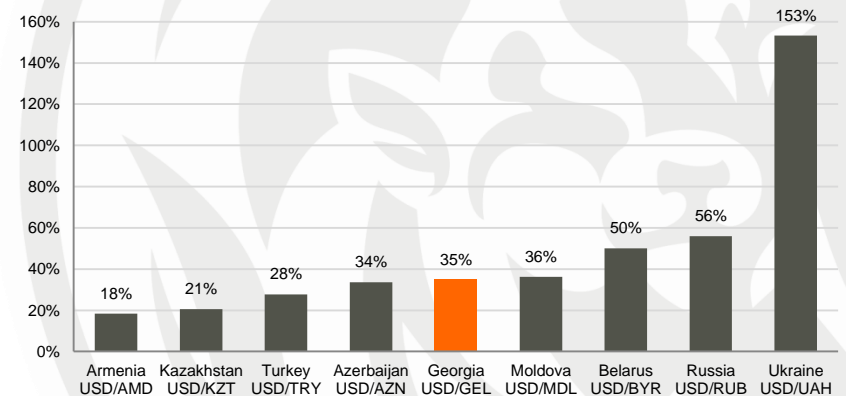
Source: GNTA, NBG

Current account deficit and FDI



Source: GeoStat

Currency devaluation by countries*

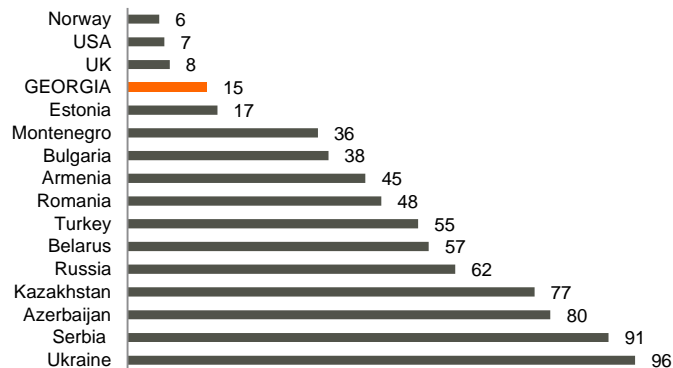


* From 1 January 2014 to 13 May 2015
Source: Central Bank of each country



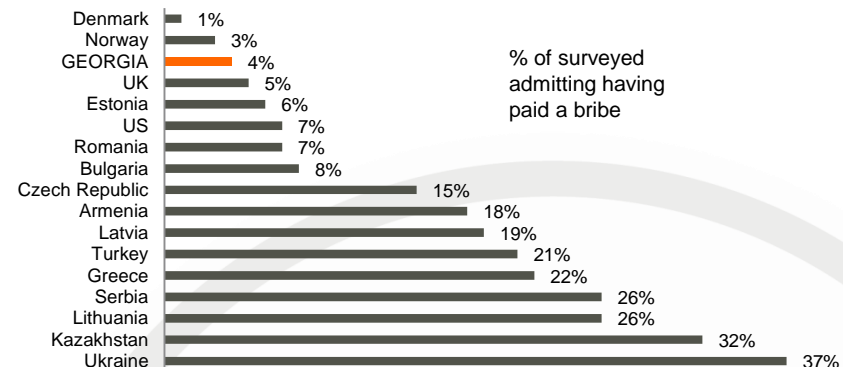
Georgian Economy: Growth Oriented Reforms

Ease of doing business



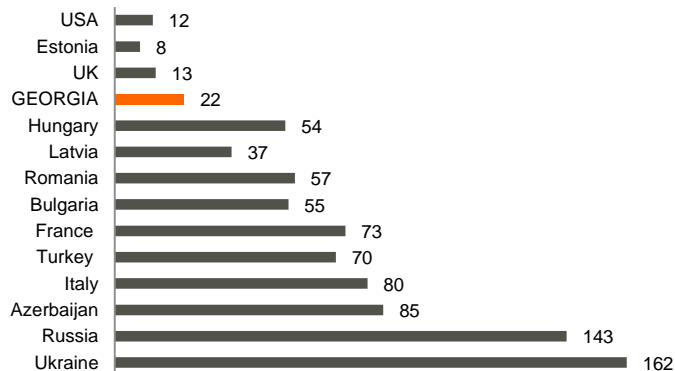
Source: WB

Global corruption barometer



Source: Transparency International

Economic Freedom Index, 2015



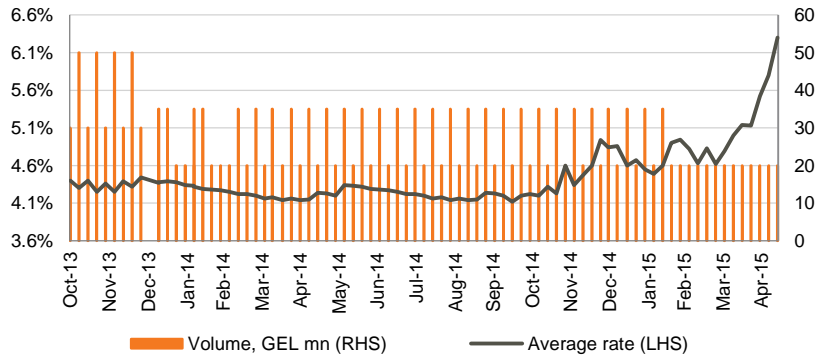
Source: Heritage Foundation

Georgia sovereign credit ratings

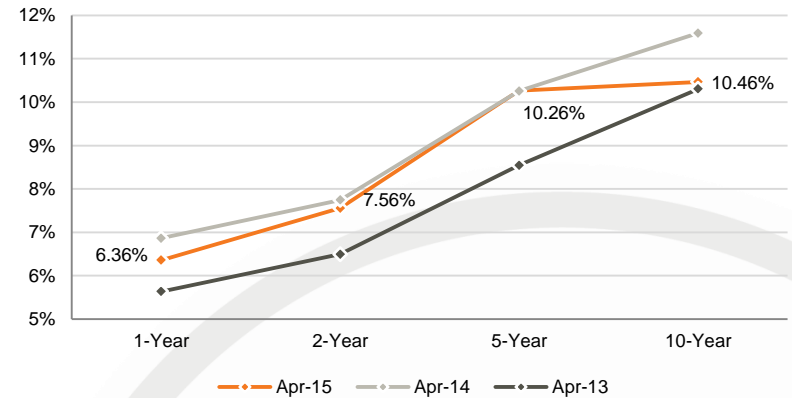


Georgian Government Treasury Bills and Notes

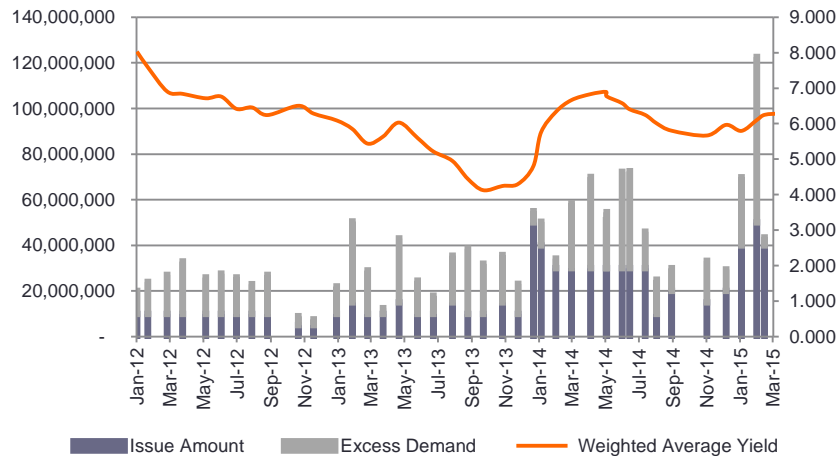
NBG Certificates of Deposits (weighted average rate)



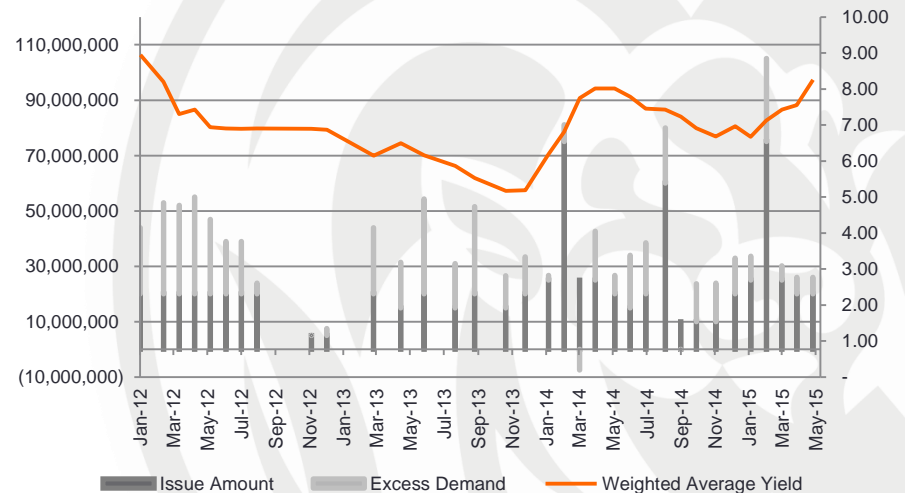
T-bills / T-notes, yield curve



1 Year T-Bills



2 Year T-Notes



Georgian Quasi-sovereign Entities Leading in Eurobonds issue



Georgian Sovereign Eurobonds GEORG; US\$ 500mn; Coupon: 6.875%; Maturity: 04/21



Georgian Oil and Gas Corporation Eurobonds GEOROG; US\$ 250mn; Coupon: 6.875%; Maturity: 05/17



Bank of Georgia Eurobonds GEBGG; US\$ 400mn; Coupon: 7.75%; Maturity: 07/17

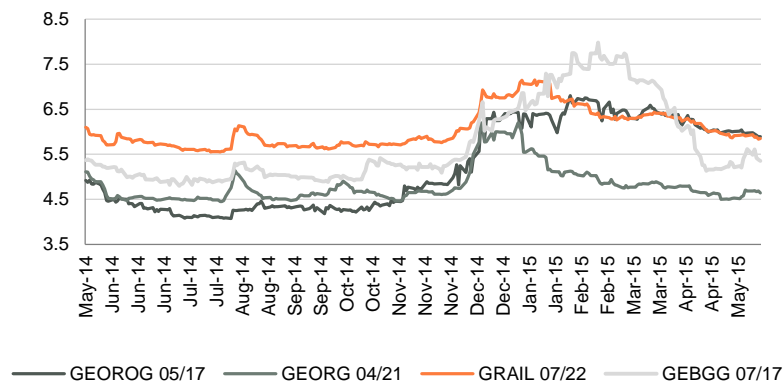


Georgian Railway Eurobonds GRAIL; US\$ 500mn; Coupon: 7.75%; Maturity: 07/22

Georgian Eurobonds performance

	GOGC 05/17	GEBGG 07/17	GEORG 04/21	GRAIL* 07/22
Amount, US\$ mn	250	400	500	500
Issue date	05/12	07/12	04/11	07/12
Maturity date	05/17	07/17	04/21	07/22
Coupon, %	6.875	7.750	6.875	7.750
Fitch/S&P/ Moody's	BB-/B+/-	BB-/BB-/Ba3	BB-/BB-/Ba3	BB-/BB-/
Mid price, US\$	101.9	104.8	111.4	111.1
Mid yield, %	5.9	5.4	4.6	5.8
Z-spread, bps	449.2	463.7	282.9	396.1

Georgia Eurobonds, YTM (%)



**Georgian Railway has also issued another Eurobond, with maturity in 07/15, which was bought back by the issuer and only \$27.5mn is outstanding.*





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**Leading Investment Banking and Investment
Management Services Company in Georgia**

Bank of Georgia Holdings – Group at a glance

Group Structure



BANK OF GEORGIA
HOLDINGS PLC

Banking Business



საბანკო სისტემა
BANK OF GEORGIA

Retail Banking

#1 Retail Bank in Georgia

- 1.5mln retail clients
- 219 branches
- 2,239 Express Pay terminals
- 721,909 Express cards
- GEL 2,067mln net loans
- GEL 1,350mln client deposits

PrivatBank Georgia

- 436K retail clients
- 92 branches
- GEL 298mln net loans
- GEL 340mln client deposits

Corporate Banking

#1 Corporate Bank in Georgia

- 6k clients
- GEL 2,161mln loans
- GEL 1,186mln client deposits



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- Investment Banking
- Wealth Management
- Asset Management
- Brokerage Services
- Research
- AUM of GEL 1,027.1mln
- WM client deposits GEL 805mln
- Fee & commission income of GEL 8.8mln

Other Banking Businesses

EXPRESS
TECHNOLOGIES

ALDAGI



საბანკო სისტემა
GEORGIAN LEASING COMPANY



БЕЛАРУСКИ НАРОДНЫ БАНК
BELARUSKY NARODNY BANK

Investment Business



GEORGIA
HEALTHCARE
GROUP



მძივანო ქონება
REAL ESTATE

GGU

Water utility and hydro

Healthcare Business

#1 Healthcare company in Georgia

- Revenue of GEL 189.7mln
- EBITDA of 37.8mln

Healthcare services

- 39 healthcare facilities
- 2,140 beds
- Over 2/3 of population covered
- Market share of 22.0%

Health insurance

- 36.7% market share
- Insuring 192k people

Real Estate Business

#1 Real Estate company in Georgia

- 2 completed projects and 4 under construction
- Total sales 1,327 apartments worth US\$111.2mln since 2011
- 99% sale in completed project
- 66% pre-sales for on-going 4 projects
- Total mortgages sold GEL 58.3mln

Utilities (GGU)

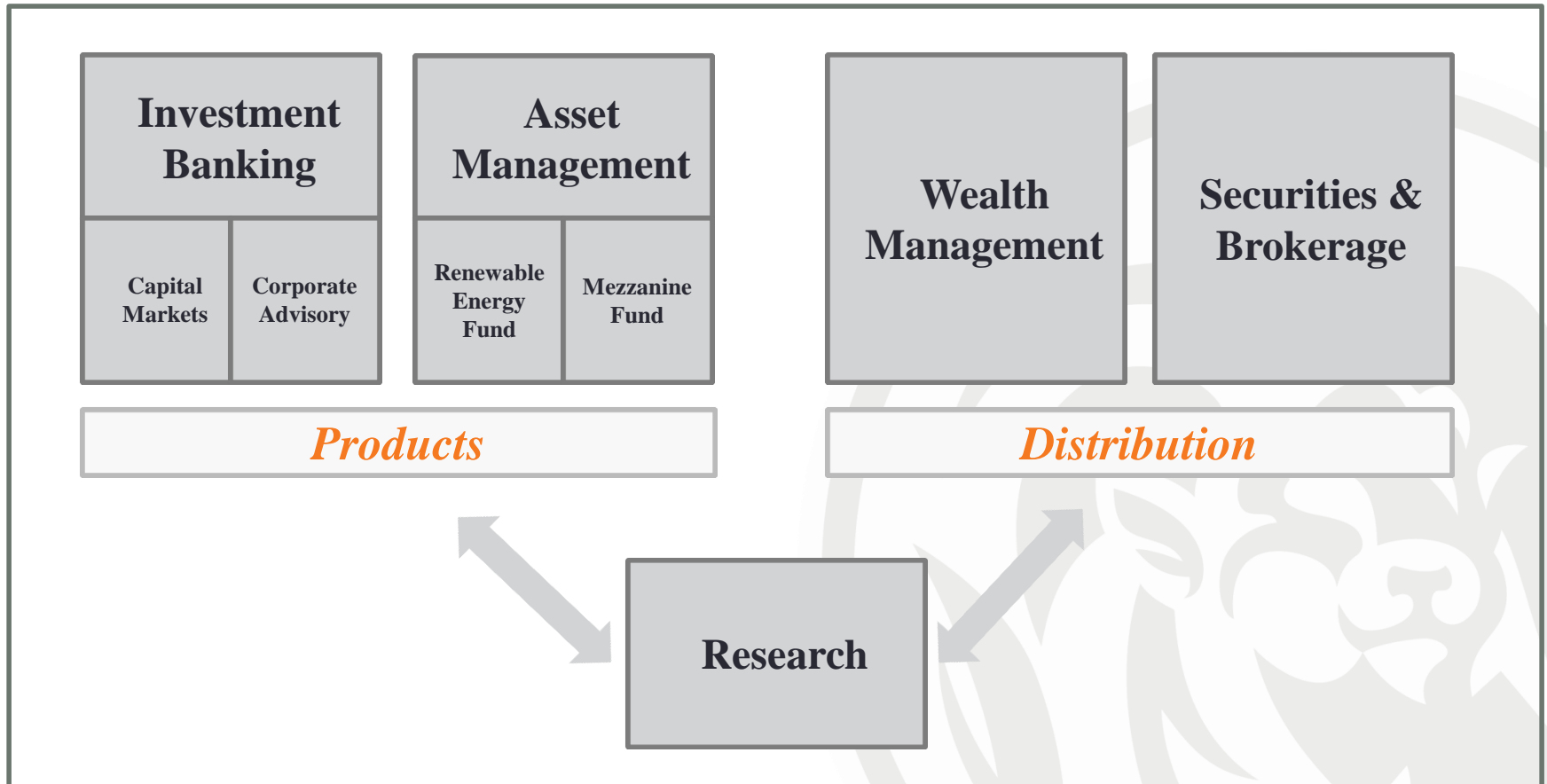
Major player on the market

- Provides water and wastewater services to 1.4mln people (1/3 of Georgia)
- Operates 3 hydro facilities with 143MW capacity
- Acquisition of 25% shareholding with an option to acquire additional 24.9%
- 2014 EBITDA of GEL49.1mln¹



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Galt & Taggart – A Full Spectrum of Financial Services





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Investment Banking – Capital Markets



Capital Markets - Profit Center With Significant Potential

Capital Markets

Debt Capital Markets

- Galt & Taggart helps regional companies raise money by tapping local and international debt capital markets
- We have completed more than 15 transactions
- Global Georgian Bond market as of may 2015:
 - Eurobond - USD 1.7bn
 - Government bonds - GEL 1.7bn
 - IFI placements - GEL 0.4bn
 - Corporate bonds – GEL 120mn
- Galt & Taggart provides debt financing services through project finance, corporate bonds and Eurobonds, syndicated loans, etc.

Equity Capital Markets

- A proven track record of more than 20 equity deals makes us the advisor of choice in the Caucasus region.
- Galt & Taggart provides equity financing services through initial public offerings, secondary public offerings, private placements and consultancy in takeover bids



Brokerage With Unparalleled Regional Expertise

Leading brokerage in the region

- Sales and trading execution capabilities on all major international exchanges, including LSE, NYSE, Frankfurt, OMX and NASDAQ
- Trading capabilities in regional frontier markets

International sub-custodian in the region

- Bank of Georgia custody is the only international sub-custodian (through State Street and Citi) in the region
- Direct participant in Euroclear and Clearstream safekeeping systems

Expanding access to international markets

- Our relationship with Bank of Georgia Wealth Management gives us access to a broad product distribution capacity unmatched by other regional brokerages
- Institutional backing from Bank of Georgia provides us with the support and ability to interact closely with international investors

High professional standards

- Our trading desk provides top-quality services to Georgian and international clients working in close co-operation with our research team
- High reporting standards and transparency ensure protection of our clients' assets

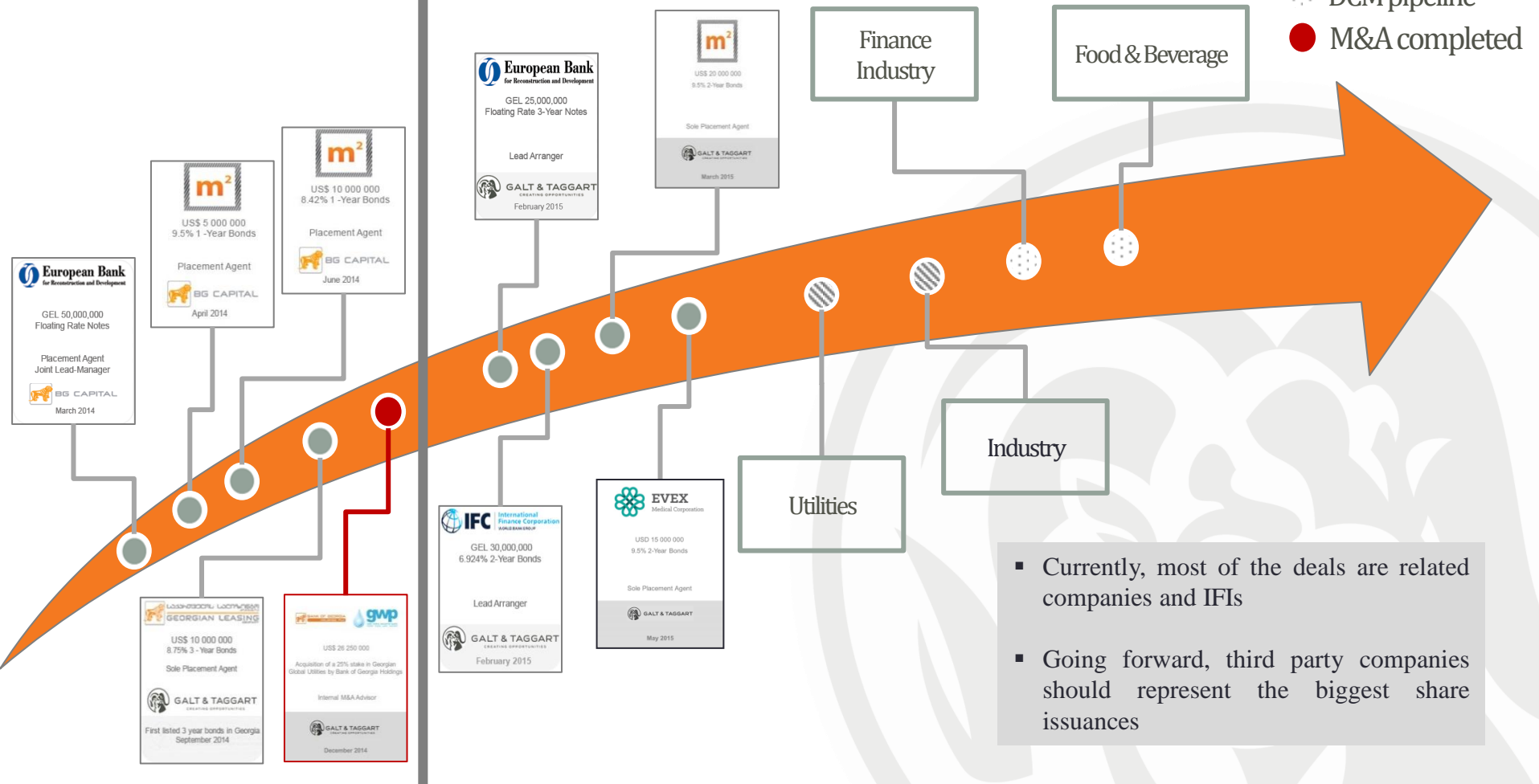


Galt & Taggart - Undisputed Leader With its Track Record

2014

2015

- DCM completed
- ▨ DCM in progress
- ⋯ DCM pipeline
- M&A completed



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Galt & Taggart Issuance Driven by IFIs and BOGH Group Companies

Bond Features	ERRD FRN 03/16 GEL	M2 9.5% 04/15 USD	M2 8.42% 06/15 USD	GLC 8.75% 09/17 USD	ERRD FRN 02/18 GEL	IFC 6.924% 02/17 GEL	M2 Real Estate 9.5 % 03/17 USD	EVEX 9.5% 05/17 USD
ISIN	GE8790603202	GE2700503214	GE2700503222	GE2700603246	GE8790603277	GE8790603285	GE270060329	GE2700603303
Type of issuance (public/private)	Private	Public	Public	Public	Private	Private	Public	Public
Issue date	13/03/2014	23/04/2014	11/06/2014	20/09/14	13/02/2015	17/02/2015	20/03/2015	19/05/2015
Duration (years)	2	1	1	3	3	2	2	2
Maturity date	13/03/2016	23/04/2015	11/06/2015	20/09/2017	13/02/2018	17/02/2017	20/03/2017	19/05/2017
Coupon rate, %	Bond is flat to the NBG 3- month CD rate	9.500	8.420	8.750	Bond is flat to the NBG 3- month CD rate plus 20bps	6.924	9.500	9.500
Issue amount	100	5,000	10,000	10,000	25	300	20,000	15,000
Currency	GEL	USD	USD	USD	GEL	GEL	USD	USD
Nominal price	500,000	1,000	1,000	1,000	1,000,000	100,000	1,000	1,000
Issue volume	50,000,000	5,000,000	10,000,000	10,000,000	25,000,000	30,000,000	20,000,000	15,000,000



Capital Markets Formation is Underway

Some of the main elements

- *Government approved a list of IFIs for which taxation is similar to that of Government bonds* 
- *NBG agreed to consider IFI bonds as liquid assets (same as government bonds)* 
- *NBG allowed USD transactions for USD denominated bonds* 
- *First case of tax waiving for bondholders based on a free float ratio (GLC)* 
- *NBG accepted GEL denominated corporate bonds as liquid and agreed to allow borrowing against it* 
- *Ministry Of Finance to remove capital gains tax and income tax on bonds in any conditions* 
- *NBG to allow banks to hold related companies' bonds (with or without cap) without requiring collateral (110%)* 





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Georgian Stock Exchange



Georgian Corporate securities market structure

Georgian Stock Exchange

The only organized securities market in Georgia since 2000, formed with the assistance of USAID;

Georgian Securities Central Depositary

Central clearing depositary, 99% owned by Georgian Stock Exchange; other shareholders are clearing banks. Settlement of the trades (payment and security delivery) occurring on the exchange is guaranteed on the same day (T+0), which avoids the risk of counterparty and trade failure.

Registrars

All the securities of accountable companies are dematerialized (according to the law) and ownership rights are recorded by independent registrars (licensed by regulator National bank of Georgia). Currently there are 3 registrars in Georgia.

Clearing Banks

Transferring of funds mobilized for trading on the exchange are executed by 4 local banks on the basis of agreement with Georgian Stock Exchange. These banks are Bank of Georgia, TBC bank, Catru bank and VTB Bank.

Brokerage Companies

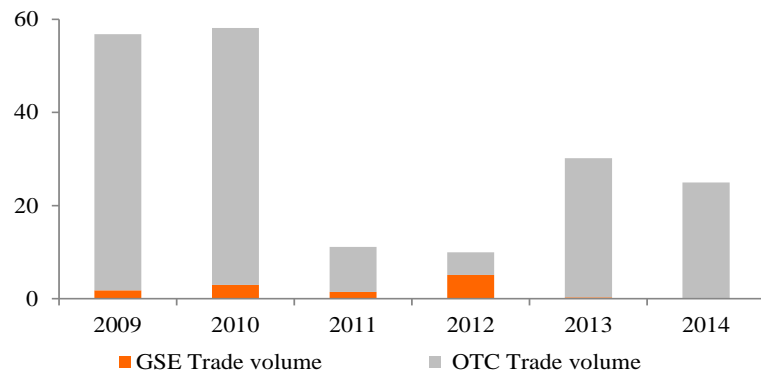
Trading with the listed securities on GSE is possible through brokerage companies. There are 7 licensed brokerage companies, among which the largest is Galt & Taggart with the market share in the range of 60-80%



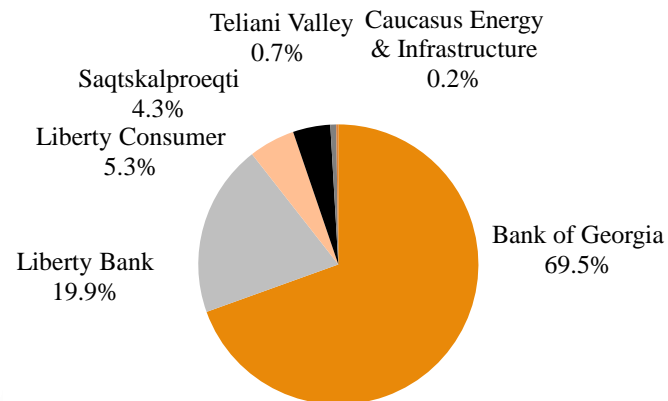
Georgian Stock Exchange

- As of December 31, 2014 **129** companies were admitted on GSE (4 of which are on A and B listing at GSE).
- In the GSE system only 6 securities were traded during 2014 - total trade volume USD 473K.

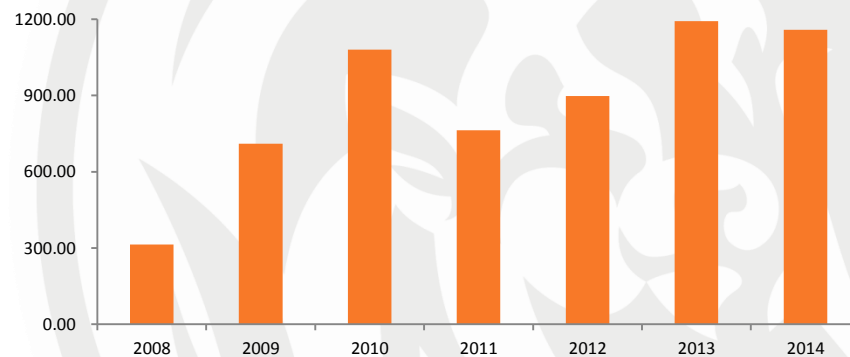
Total volume of trades 2009-2014 (in USD m)



Volume of trades in GSE trading system in 2014



Market capitalization of listed companies (in USD m)

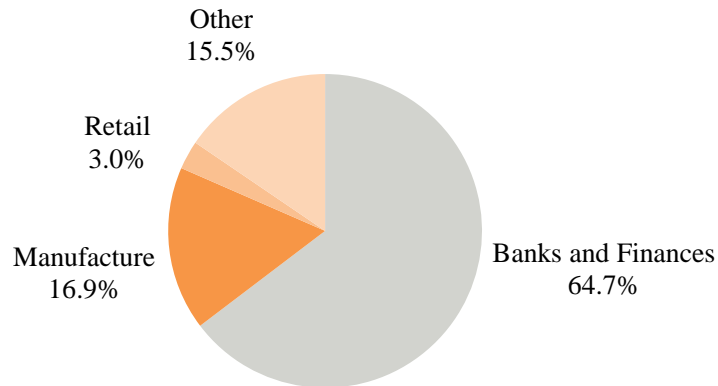


*GSE Capitalization is calculated including those companies which have not been traded for years



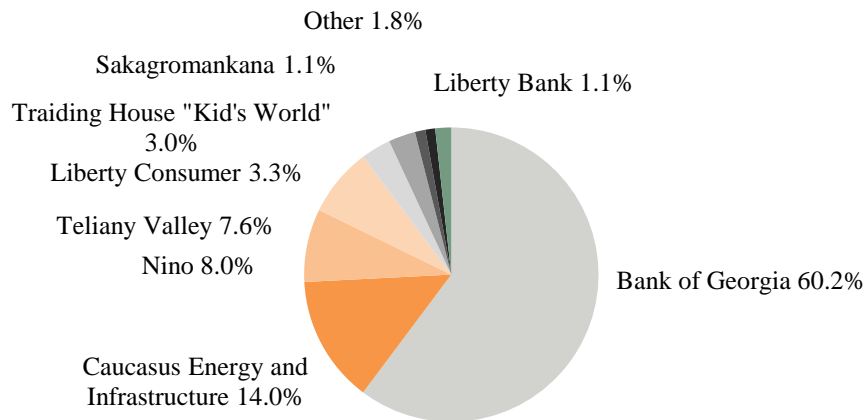
OTC Market (GSE Fixing) in 2014

OTC trade volume according to Industries



- In 2014, OTC trades of 33 securities were fixed at GSE
- Total volume amounted USD 25mn

OTC Traded volume according to the issuers



































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Selected Transactions



Galt & Taggart's Selected Transactions

 <p>EVEX Medical Corporation</p> <p>USD 15 000 000 9.5% 2-Year Bonds</p> <p>Sole Placement Agent</p> <p> GALT & TAGGART</p> <p>May 2015</p>	 <p>m² შპს რეალური ქონება REAL ESTATE</p> <p>USD 20 000 000 9.5% 2-Year Bonds</p> <p>Sole Placement Agent</p> <p> GALT & TAGGART</p> <p>March 2015</p>	 <p>European Bank for Reconstruction and Development</p> <p>GEL 25 000 000 Floating Rate 3-Year Notes</p> <p>Lead Arranger</p> <p> GALT & TAGGART</p> <p>February 2015</p>	 <p>IFC International Finance Corporation WORLD BANK GROUP</p> <p>GEL 30 000 000 6.924% 2-Year Bonds</p> <p>Lead Arranger</p> <p> GALT & TAGGART</p> <p>February 2015</p>	 <p>BANK OF GEORGIA საქართველოს ბანკი</p> <p>gwp საერთაშორისო გლობალური უნივერსალი</p> <p>USD 26 250 000 Acquisition of a 25% stake in Georgian Global Utilities by Bank of Georgia Holdings</p> <p>Sole M&A Advisor</p> <p> GALT & TAGGART</p> <p>December 2014</p>
 <p>სადასაქმო კომპანია GEORGIAN LEASING COMPANY</p> <p>USD 10 000 000 8.75% 3-Year Bonds</p> <p>Sole Placement Agent</p> <p> GALT & TAGGART</p> <p>September 2014</p>	 <p>m²</p> <p>USD 10 000 000 8.42% 1-Year Bonds</p> <p>Sole Placement Agent</p> <p> GALT & TAGGART</p> <p>June 2014</p>	 <p>m²</p> <p>USD 5 000 000 9.5% 1-Year Bonds</p> <p>Sole Placement Agent</p> <p> GALT & TAGGART</p> <p>April 2014</p>	 <p>European Bank for Reconstruction and Development</p> <p>GEL 50 000 000 Floating Rate 2-Year Bonds</p> <p>Placement Agent Joint Lead Manager</p> <p> GALT & TAGGART</p> <p>March 2014</p>	 <p>noco</p> <p>Acquisition of 53.45% share capital of JSC POPULI by Ioli Supermarket Ltd</p> <p>Broker</p> <p> GALT & TAGGART</p> <p>July 2012</p>
 <p>MINISTRY OF FINANCE OF GEORGIA</p> <p>GEL 99 790 245 23.63% of total issue of Georgian Government Treasury notes and bonds sold on auctions during 2012</p> <p>Broker</p> <p> GALT & TAGGART</p> <p>During 2012</p>	 <p>BANK OF GEORGIA საქართველოს ბანკი</p> <p>USD 78 118 135 7.75% 5-Year Eurobond</p> <p>Broker</p> <p> GALT & TAGGART</p> <p>During 2012</p>	 <p>TELIANI VALLEY</p> <p>USD 2 830 520 Private placement of 28.8% share capital</p> <p>Sole Placement Agent</p> <p> GALT & TAGGART</p> <p>August 2011</p>	 <p>WESTA</p> <p>USD 46 295 634 IPO of 25% stake on the WSE</p> <p>Lead Manager</p> <p> GALT & TAGGART</p> <p>May 2011</p>	 <p>LB LIBERTY BANK</p> <p>GEL 8 291 950 Private placement of a 12% equity stake</p> <p>Sole Placement Agent / Bookrunner</p> <p> GALT & TAGGART</p> <p>April 2011</p>





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THANK YOU

