



ISBANK GEORGIA PRESENTATION 2019



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Financial Highlights of Isbank Georgia	

Main Business Lines

Banking Services

Corporate Banking

Commercial Banking

Retail Banking

Private Banking

Capital Market Operations

Other Banking Services

Other Financial Services

Insurance

Private Pension

Asset Management

Venture Capital

Investment Banking

REIT

Leasing & Factoring

Brokerage & Custody

The Largest Private Bank

<u>Main Balance Sheet Items</u> ⁽¹⁾	Market Share (%) 2019	Rank ⁽²⁾
Total Assets	11.1	1 st
Total Loans	10.6	1 st
TL Loans	10.1	1 st
FX Loans	11.4	1 st
Consumer Loans ⁽³⁾	10.9	2 nd
Non-Retail Loans	10.4	1 st
Total Deposits	12.0	1 st
TL Deposits	10.7	1 st
FX Deposits	13.2	1 st
Demand Deposits ⁽⁴⁾	15.1	1 st
<u>Other Products & Distribution Network</u>		
Number of POS ⁽⁵⁾	10.7	3 rd
Acquiring Volume ⁽⁵⁾	16.4	3 rd
Number of Credit Cards ⁽⁵⁾	11.6	3 rd
Issuing Volume ⁽⁵⁾	14.3	3 rd
Volume of Debit Cards ⁽⁵⁾	9.0	2 nd
Number of Branches	12.5	1 st
Number of ATMs	12.3	1 st

(1) Market share calculations are based on weekly BRSA data excluding participation banks. Total assets market share is based on monthly BRSA data.

(2) Ranking among private-sector banks

(3) Including retail overdraft accounts

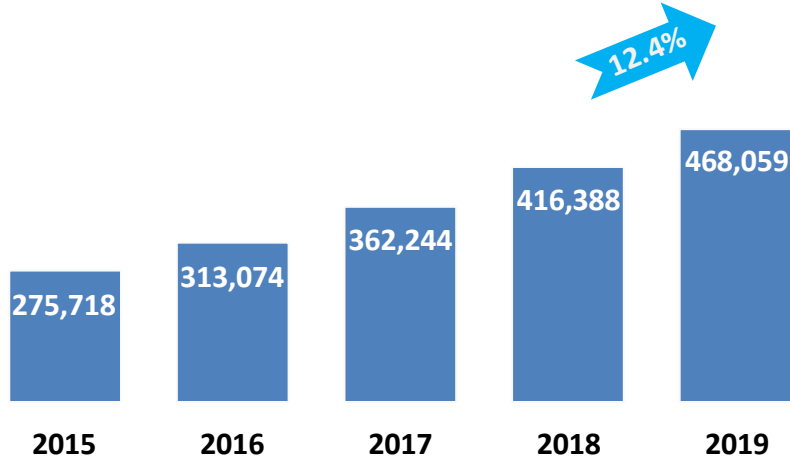
(4) Excluding interbank deposits

(5) Market share calculations are based on Interbank Card Center (BKM) data.

Growth Performance

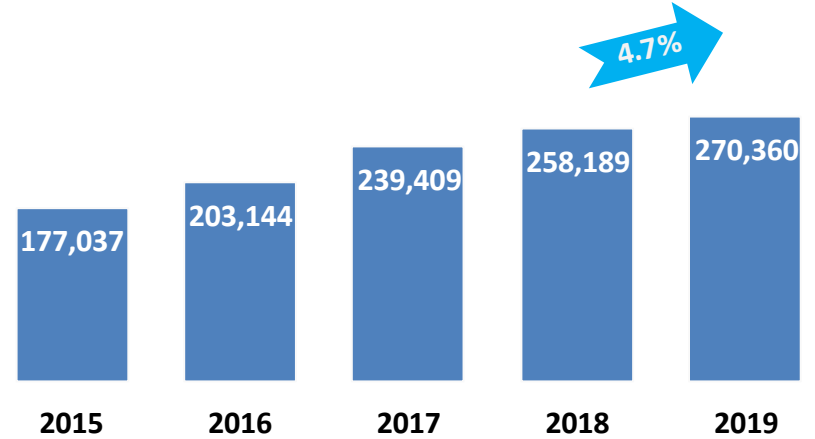
Total Assets

(TL mn.)



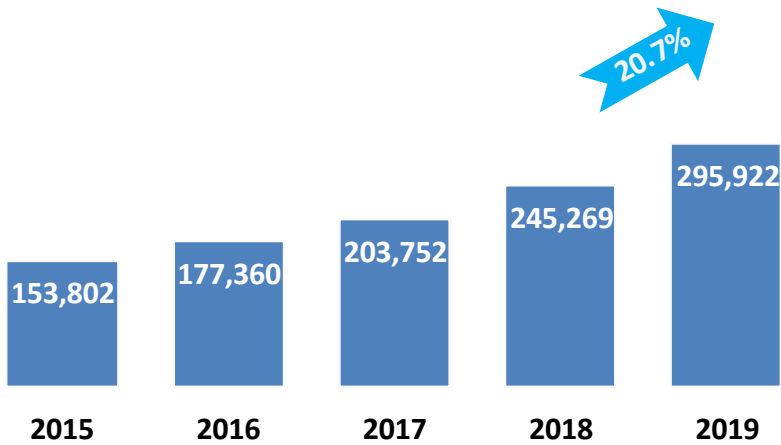
Loans

(TL mn.)



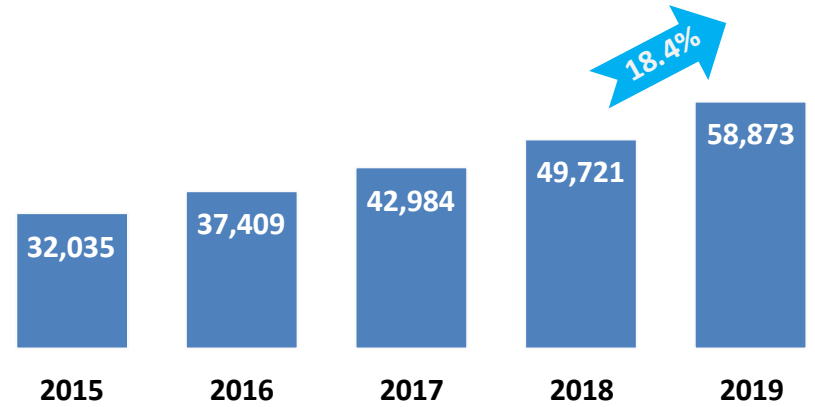
Deposits

(TL mn.)



Shareholders' Equity

(TL mn.)

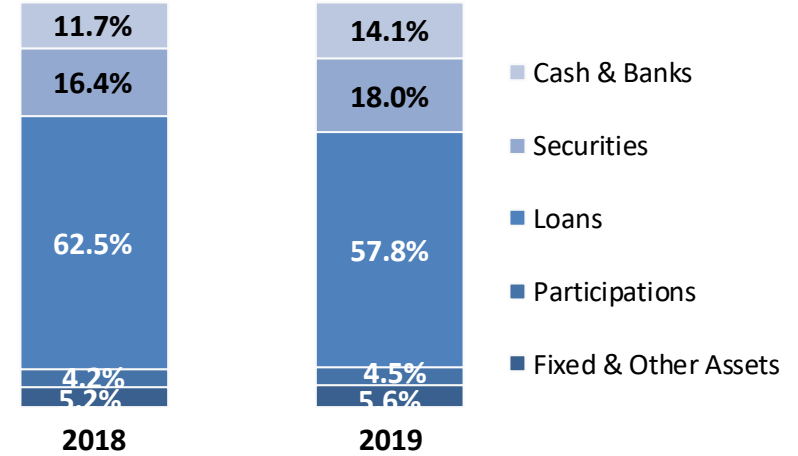


Asset Structure

Main Balance Sheet Items

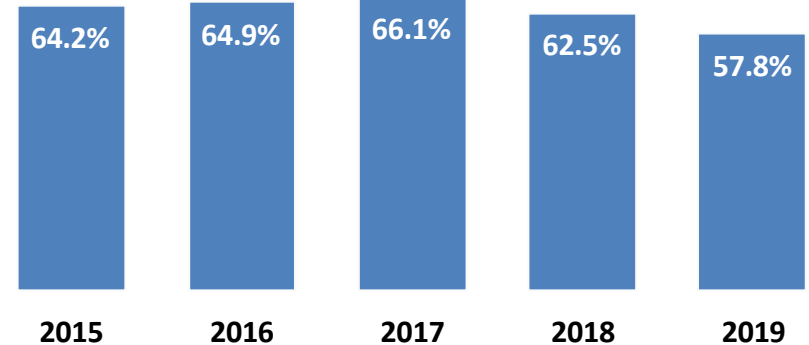
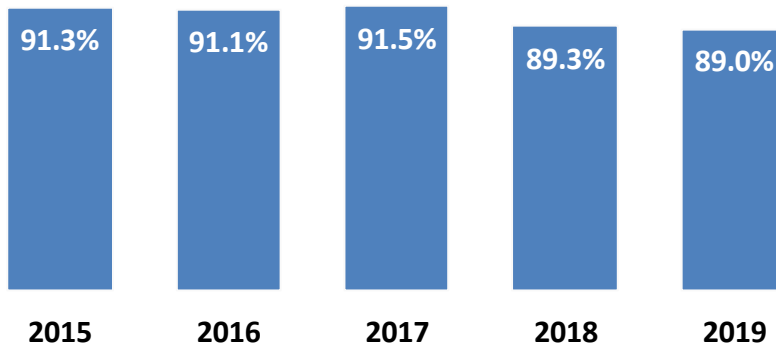
(TL mn.)	2018	2019	Change
Cash & Banks	48,519	66,188	36.4%
Securities (Net)	68,134	84,247	23.6%
Loans	258,189	270,360	4.7%
Participations (Net)	17,639	21,071	19.5%
Fixed Assets (Net)	5,997	8,478	41.4%
Other Assets	17,910	17,716	-1.1%
Total Assets	416,388	468,059	12.4%

Asset Composition



Interest Earning Assets / Total Assets

Loans / Assets



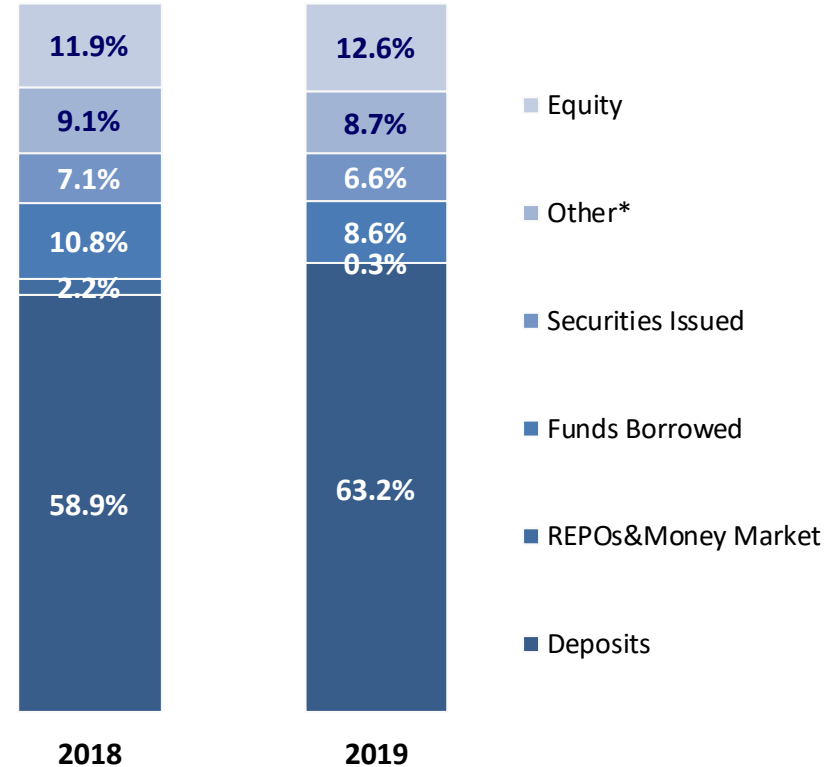
Strong Fund Generation Capability

Main Balance Sheet Items

(TL mn.)	2018	2019	Change
Deposits	245,269	295,922	20.7%
REPOs & Money Market	9,072	1,188	-86.9%
Funds Borrowed	44,793	40,251	-10.1%
Securities Issued	29,445	31,117	5.7%
Other*	38,089	40,708	6.9%
Equity	49,721	58,873	18.4%
Total Liabilities & Equity	416,388	468,059	12.4%

Largest TL funding base
among private-sector banks

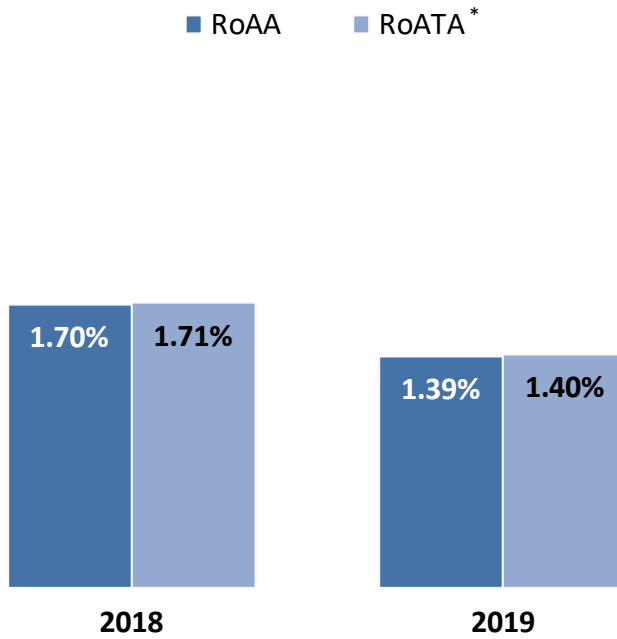
Liabilities Composition



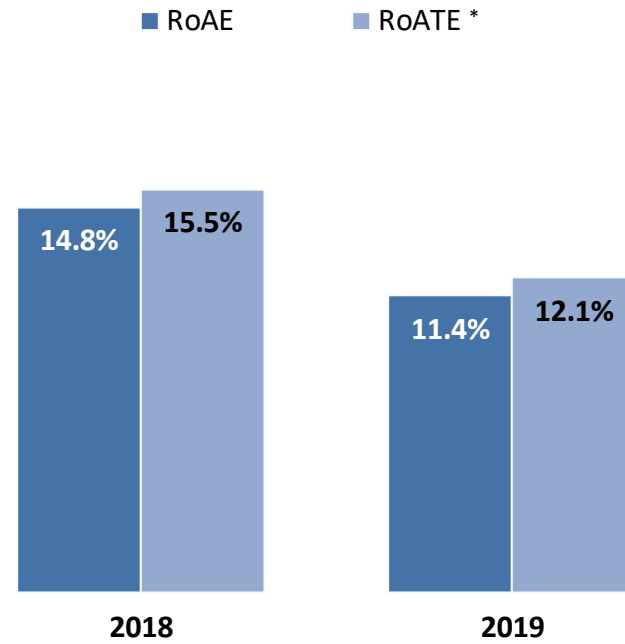
(*) Includes subordinated debt of USD 1.9 bn plus TL 1.1 bn as of 2018; USD 1.9 bn and TL 2.3 bn as of 2019.

Profitability Ratios

Return on Assets



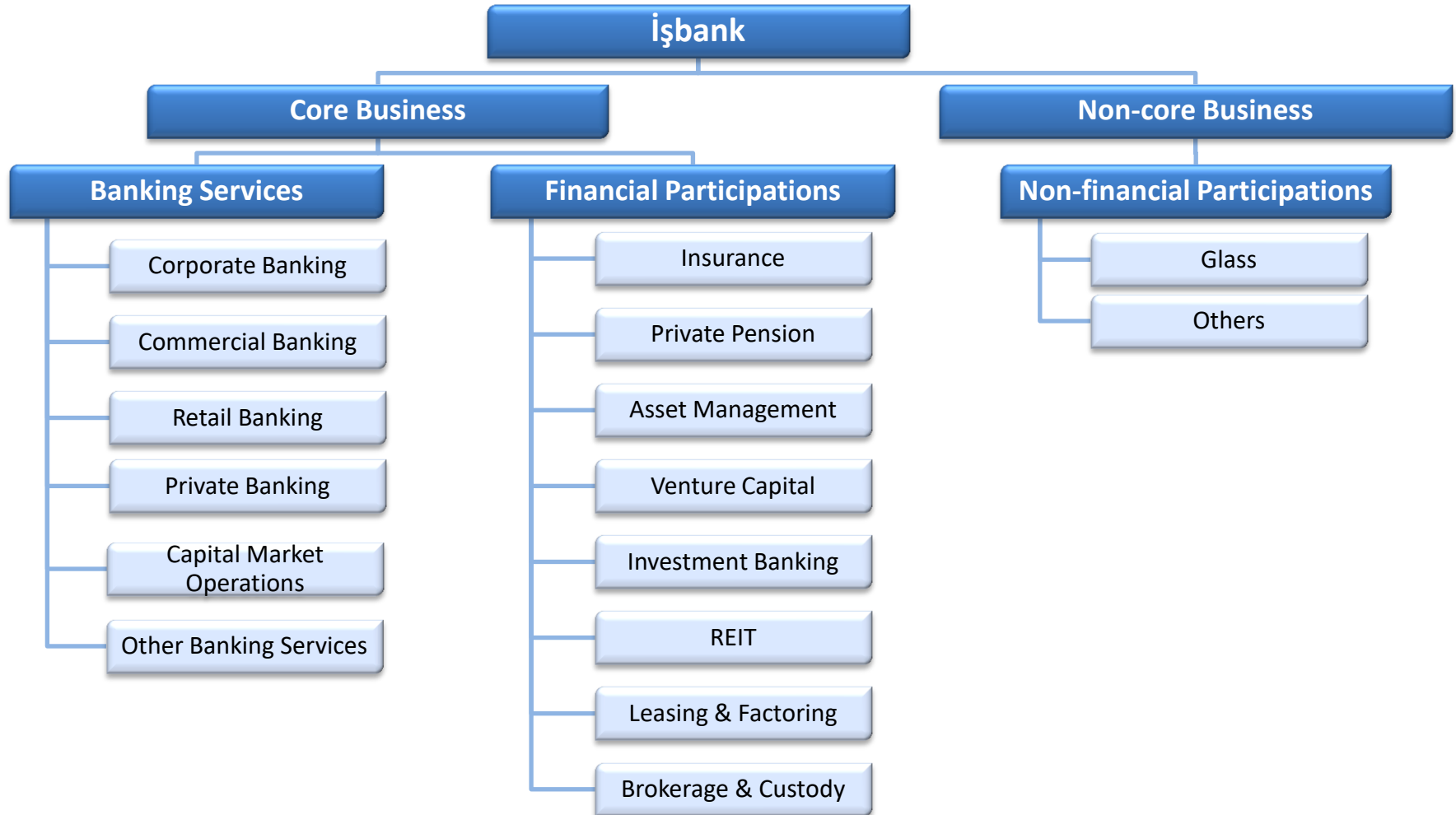
Return on Equity



(*) Tangible Equity (TE) and Tangible Assets (TA) are calculated by the deduction of M-t-M valuation differences regarding Fin. Assets Measured at FV through OCI and real estates from shareholders' equity and total assets.

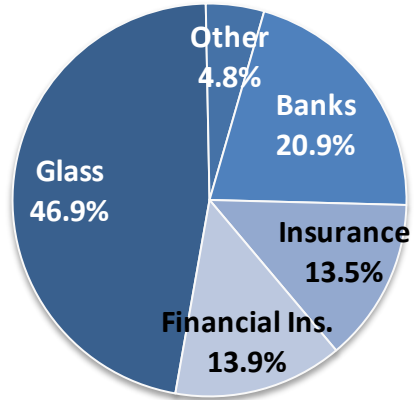
İşbank and Its Participations

... as one of the biggest conglomerates in Turkey.



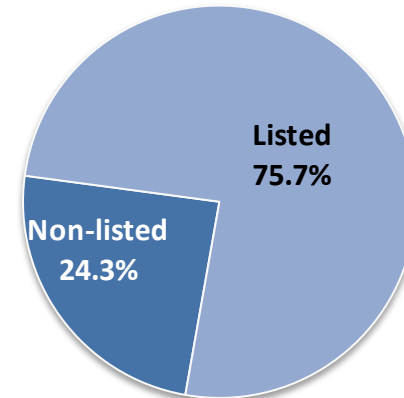
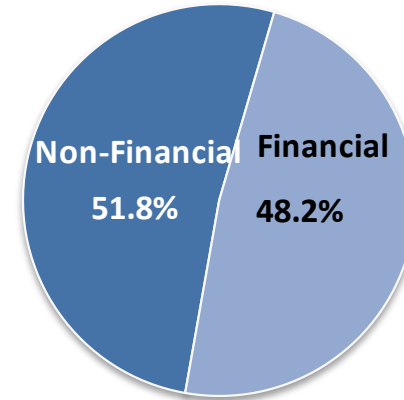
A Diversified Equity Participation Portfolio

Sectoral Breakdown*



- As of December 2019,
 - İşbank has 17 participations.
 - Share of participations in total assets is 4.5%.
- Since 2002, a total of 43 participations has been divested.

Participation Mix*



(*) According to the book values, as of 31.12.2019.

General Information



- A leading flat glass, glassware, glass packaging, glass fibre, soda ash and chromium chemicals producer in the domestic market.
- Backed by its vision, Şişecam expands its production operations into neighbouring countries.
- 67.54% share of Şişecam is held by İşbank.

Financial Information (Con., IFRS)

USD (Million)	2019/12	2018/12
Total Assets	6,579	5,307
Shareholders' Equity	3,248	3,190
Net Sales	3,066	2,968
International Sales ¹	1,500	1,819
Gross Profit	998	984
EBITDA	827	933

Market/Production Shares (%)*

	Turkey	Europe ^{2,3}	World ³
Flat Glass ⁸	69.0	20.3	3.6
Glassware	71.8 ⁶	17.4 ⁷	8.5 ⁷
Glass Packaging ⁸	58.4	7.3	2.8
Soda Ash ^{4,8}	46.0	14.5	3.15
Chromium Chemicals ^{5,8}	83	50	31



First investment outside Turkey was the acquisition of the JSC Mina in Georgia in 1997. Ksani Glassware Factory is one of the largest in Caucasus. IFC and EBRD have made investments in the Company.

1. Includes exports and sales from production abroad (as of 30.09.2019)
2. Market shares including Turkey. For Flat Glass, Glassware and Soda Ash, European market does not include Russia and Ukraine.
3. Production/capacity shares.
4. Soda products are based on heavy soda ash and light soda ash in the domestic, European and Global market. Soda ash sales within Turkey and BiH are considered in European market share.
5. Chromium chemicals are based on Basic Chromium Sulphate.
6. Market share in terms of units.
7. Market share in terms of revenue.
8. Market share in terms of tonnage.

*as of 30.09.2019

Production Plants of Şişecam

PRODUCTION PLANTS IN TURKEY

ŞİŞECAM FLAT GLASS

Trakya Cam Sanayii A.Ş.
Trakya Plant - Kırklareli
Mersin Plant - Mersin
Yenişehir Plant - Bursa
Polatlı Plant - Ankara
Şişecam Otomotiv A.Ş.
Şişecam Otomotiv Plant - Kırklareli

ŞİŞECAM GLASSWARE

Paşabahçe Cam San. Ve Tic. A.Ş.
Kırklareli Plant
Eskişehir Plant
Denizli Cam San. Ve Tic. A.Ş.
Denizli Plant
Camiş Ambalaj Sanayii A.Ş.
Tuzla Plant - İstanbul

ŞİŞECAM GLASS PACKAGING

Anadolu Cam Sanayi A.Ş.
Mersin Plant
Yenişehir Plant - Bursa
Eskişehir Plant

ŞİŞECAM CHEMICALS

Soda Sanayi A.Ş.
Soda Plant - Mersin
Kromsan Krom Bileşikleri Plant - Mersin
Camiş Madencilik
Cities in operation: Aydın, Balıkesir, Bilecik,
İstanbul, Karabük, Kırklareli, Mersin
Oxyvit Kimya San. ve Tic. A.Ş.
Mersin Plant
Şişecam Elyaf Sanayii A.Ş.
Balıkesir Plant

The Group enlarges its business area by expanding its operations to the fastest-growing countries in its region



List of Financial Participations...

Company Name	Field of Activity	Bank's Direct Share(%)	Risk Group Share (%)	Assets (USD 000) ⁽¹⁾	Shareholders' Equity (USD 000) ⁽¹⁾	Market Share (%) ⁽¹⁾	Basis for Market Share
Türkiye Sınai Kalkınma Bankası A.Ş.	Investment Bank	41.44	50.92	7,130,747	962,122	13.9 ⁽²⁾	Total Assets
İşbank AG	Banking	100.00	100.00	2,027,582	236,349	N/A	
JSC İşbank	Banking	100.00	100.00	271,420	68,669	N/A	
JSC Isbank Georgia	Banking	100.00	100.00	95,230	28,419	N/A	
Anadolu Anonim Türk Sigorta Şirketi	Insurance	-	64.31	1,658,273	365,925	11.4	Premium Income
Anadolu Hayat Emeklilik A.Ş.	Life Insurance & Private Pension	62.00	83.00	4,606,923	216,243	18.5/ 10.8 ⁽³⁾	Private Pension Funds Under Management / Life Premium Income
Milli Reasürans T.A.Ş. ⁽²⁾	Reinsurance	77.06	77.06	732,983	319,232	6.4 ⁽⁵⁾	Premium Income
İş Yatırım Menkul Değerler A.Ş. ⁽⁵⁾	Brokerage House	65.65	70.69	1,140,425	236,526	8.1	Transaction Volume
Yatırım Finansman Menkul Değerler A.Ş. ⁽⁵⁾	Brokerage House	-	98.42	157,508	19,749	4.3	Transaction Volume
İş Yatırım Ortaklığı A.Ş.	Trust Company	-	38.66	47,015	46,730	48.2	NAV
İş Portföy Yönetimi A.Ş.	Portfolio Mngt.	-	100.00	24,142	21,205	18.8	Funds Under Management
İş Finansal Kiralama A.Ş. ⁽⁵⁾	Leasing	27.79	58.29	1,543,005	216,287	9.8 ⁽²⁾	Lease Receivables
İş Faktoring A.Ş.	Factoring	-	100.00	554,368	51,018	7.9 ⁽²⁾	Factoring Receivables
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	REIT	47.90	63.70	970,519	655,387	5.0	Market Value
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Risk Venture	-	57.67	45,128	44,444	-	
Efes Varlık Yönetim A.Ş.	Asset Management	-	100.00	41,479	3,593	-	
TOTAL				21,046,747	3,491,898		

(1) As of December 31, 2019

(2) As of September 30, 2019

(3) As of December 31, 2019; total amount of funds (including state contribution) managed within private pension system is TL 119 billion while Anadolu Hayat Emeklilik accounts for %18.5 of this figure. The company's market share in life insurance market is %10.8 as of the same date.

(4) Milli Reasürans T.A.Ş. is the only reinsurance company backed by national capital operating in Turkey with a market share of 6.4%. The rest 93.6% is shared by foreign reinsurance companies.

(5) Consolidated data

Sustainability

Senior level commitment in sustainability management...



Efficient governance structure for ESG activities...



Environment-friendly buildings



Head Office



Atlas Data Center

Tuzla Technology and Operations Center



FTSE4Good

Risk assessment via **Environmental and Social Risk Evaluation Tool** for new investment projects worth more than **USD 10 million**

İşbank Exclusion List of activities which are not financed



Global Compact Network Turkey

Declaration of Sustainable Finance

Strong support for renewable energy

Share of RE projects in total energy generation projects portfolio* **68%**
(As of 31.12.2019)

Strong rights contributing to employee satisfaction (As of 31.12.2019)

Unionized employees **99%**

Female employees **51%**

Turnover rate **1.9%**

Female managers **40%**

Return from maternity leave **100%**

(*) Cash + Non-cash loans

Ratings

FitchRatings (November 12, 2019)

	Rating*
FC Issuer Default Rating	B+ / Negative / B
LC Issuer Default Rating	B+ / Stable / B
National Long Term Rating	A+(tur) / Stable
Viability Rating	b+
Support Rating	4
Support Rating Floor	B
Senior Unsecured Notes	B+
Subordinated Debt Notes	B

MOODY'S (June 18, 2019)

	Rating*
FC Bank Deposit	B3 / Negative / Not-Prime
LC Bank Deposit	B3 / Negative / Not-Prime
Senior Unsecured Debt	B3 / Negative

S&P Global (August 17, 2017)

	Rating*
FC Issuer Credit	B+ / Negative / B
LC Issuer Credit	B+ / Negative / B
Turkish National Scale	trA+ / trA-1

* Long term / Outlook (if exists) / Short term

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Key Developments

- **July, 2012** - Batumi Branch of Isbank Turkey started operations as a Branch of Türkiye İş Bankası A.Ş.
- **June, 2014** - Tbilisi Branch was opened.
- **August, 2015** - The branch was transformed into a Bank - JSC Isbank Georgia, fully owned subsidiary of Türkiye İş Bankası A.Ş.. JSC Isbank Georgia acquired general banking license and its activities are regulated by the National Bank of Georgia (NBG).
- The Bank has Head Office and one branch in Tbilisi, one branch in Batumi.
- The Bank is a member of the International Payment Systems, Society for Worldwide Interbank Financial Telecommunications (SWIFT), an additional member of VISA and a principal member of MasterCard.
- The Bank is focused to provide banking services to Corporate and Small and Medium Enterprises (SMEs); The principal activities are: deposit taking and customer account maintenance, lending and trade finance, cash and settlement operations and foreign exchange operations.
- The number of employees increased from 37 to 68 over last 4 years. As of YE 2019 the share of expatriates is 4%; the composition per gender is: male - 40%, female - 60%, staff with higher education - 96%.

Our Vision, Mission and Strategy

1. Our Vision

- To be most preferred, trustworthy, leading Turkish bank in Georgia providing wide range of banking products and services to local and international companies, as well as individuals.

2. Our Mission and Objectives

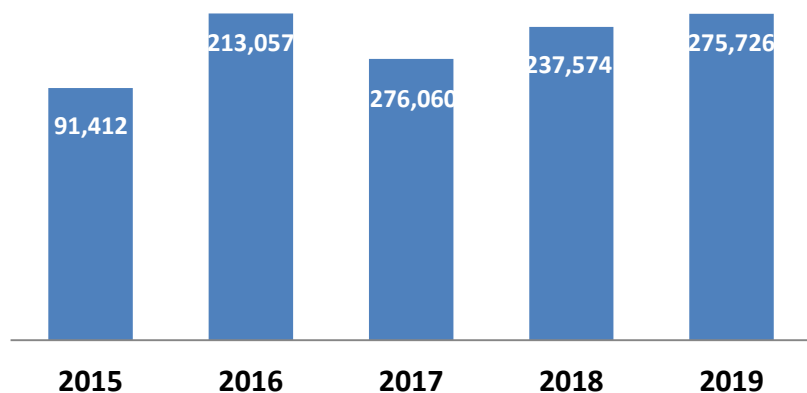
- To provide rapid, efficient and top quality solutions to meet the needs of customers;
- To enhance shareholder value consistently;
- To motivate employees in order to maximize their performance.

3. Our Strategy and Plans

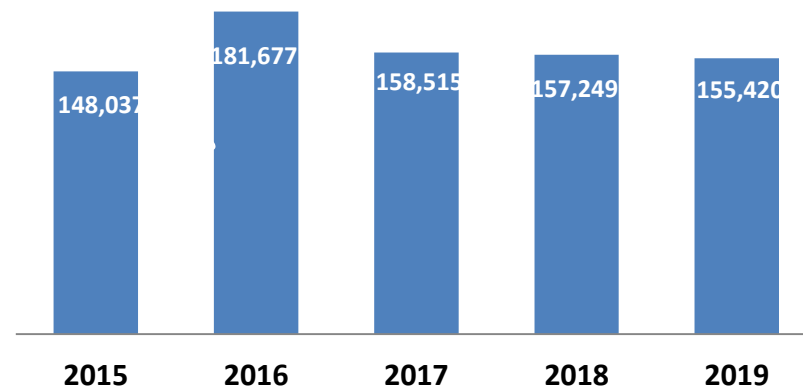
- To increase and diversify the client base as well as loan portfolio and deposits from customers;
- To continue targeting large companies and provide financing, including through syndication/risk participation with other local and foreign banks;
- To target medium and small enterprises, including through efficient utilization of the funds obtained from International Financial Institutions and other FIs;
- To increase off-balance sheet portfolio and gain share in trade finance/documentary business, considering the large trade flows between Georgia and Turkey;
- To develop digital banking.

Growth Performance

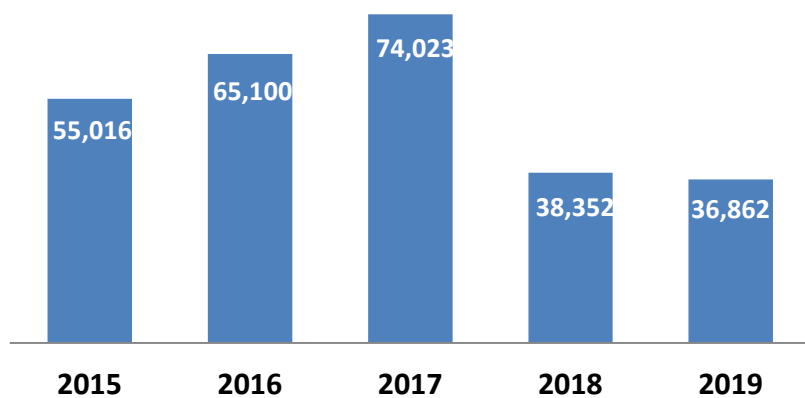
Total Assets (000'GEL)



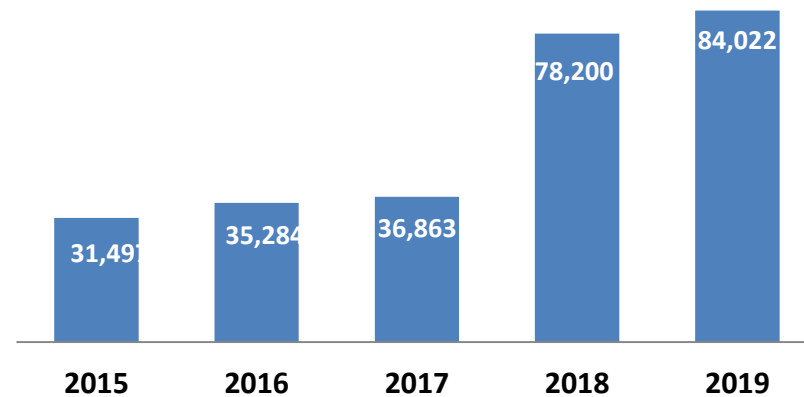
Total Gross Loans (000'GEL)



Customer Deposits (000'GEL)



Shareholders' Equity (000'GEL)

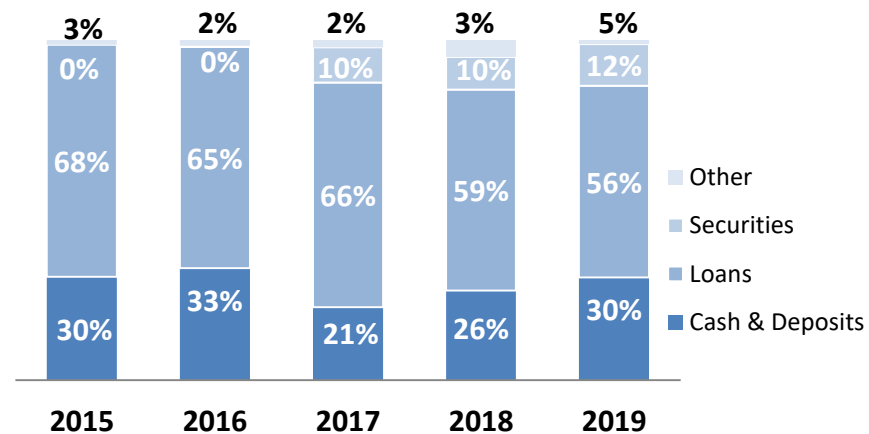


Asset Structure

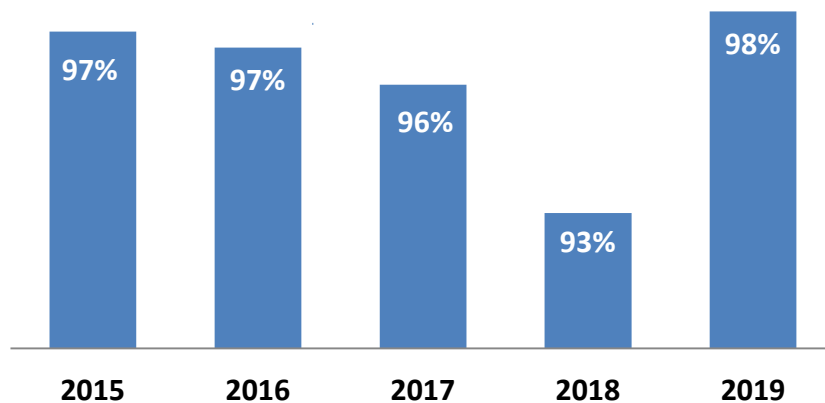
Main Balance Sheet Items

(000'GEL)	2017	2018	2019
Cash& Deposits	50,910	69,753	83,248
Securities	24,633	25,461	33,704
Loans	157,004	156,471	144,420
Fixed Assets	1,529	984	2,541
Other Assets	3,498	12,089	812
Total Assets	237,574	264,758	275,726

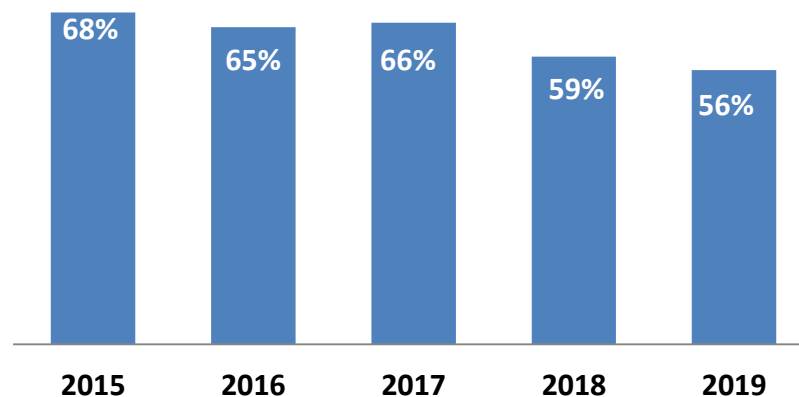
Asset Composition



Interest Earning Assets / Total Assets

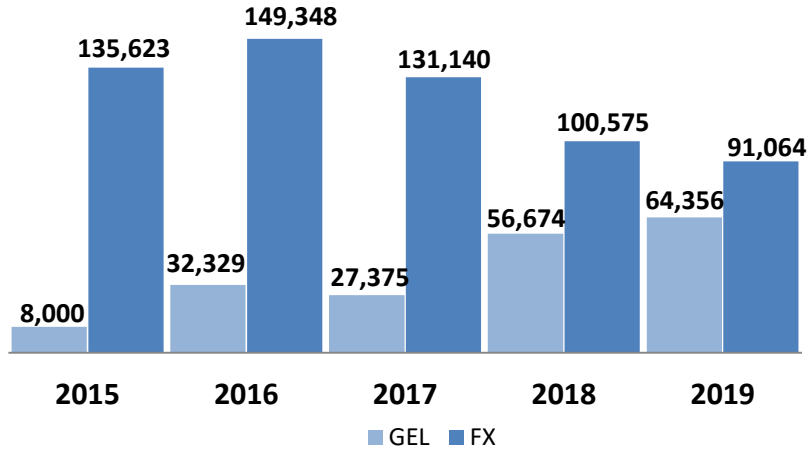


Loans / Assets

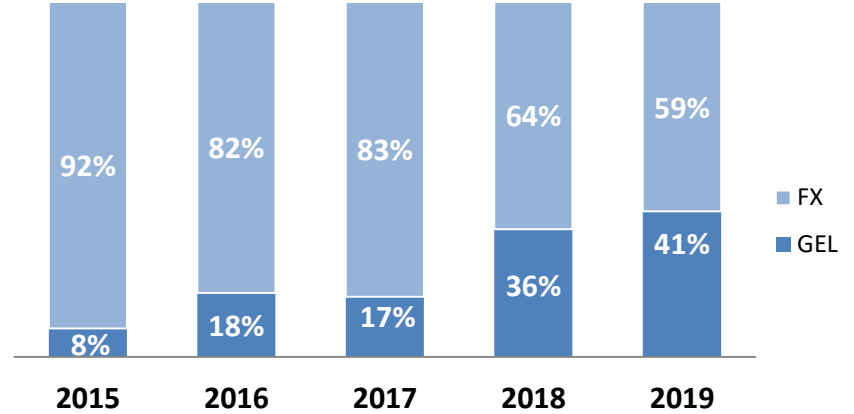


Loan Portfolio Structure

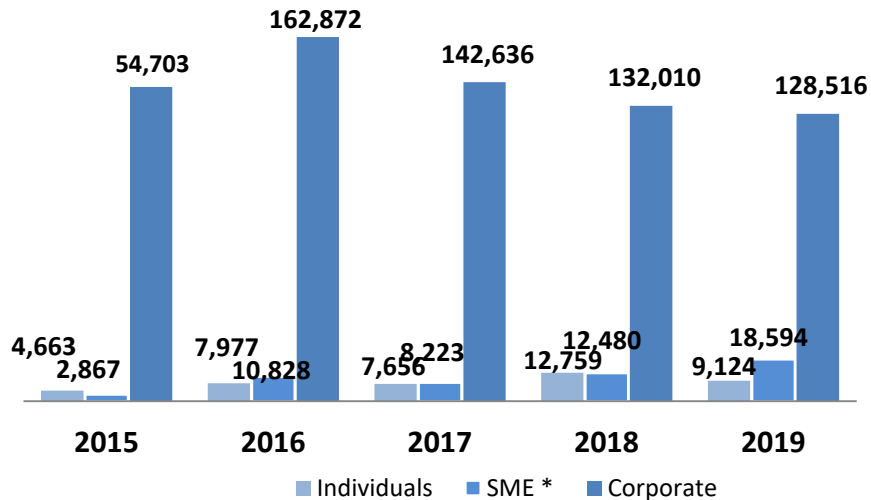
Loan Portfolio (000'GEL)



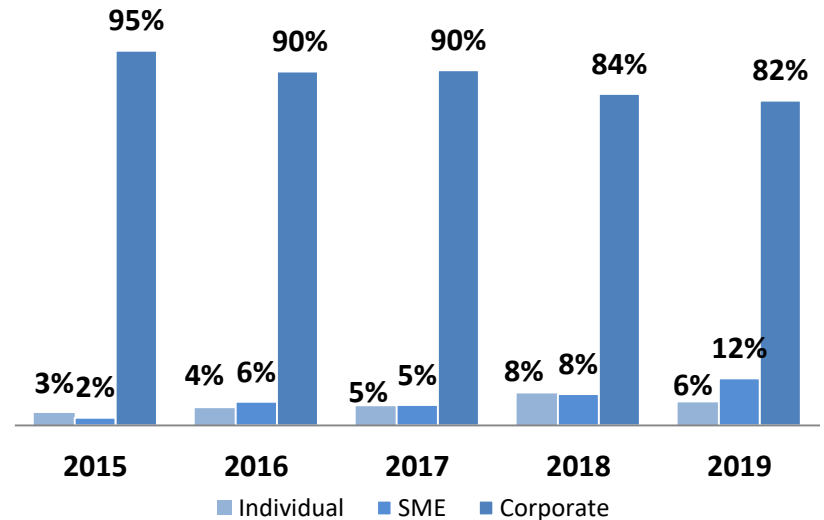
GEL / FX Mix of Loans



Loan Portfolio Segments (000'GEL)



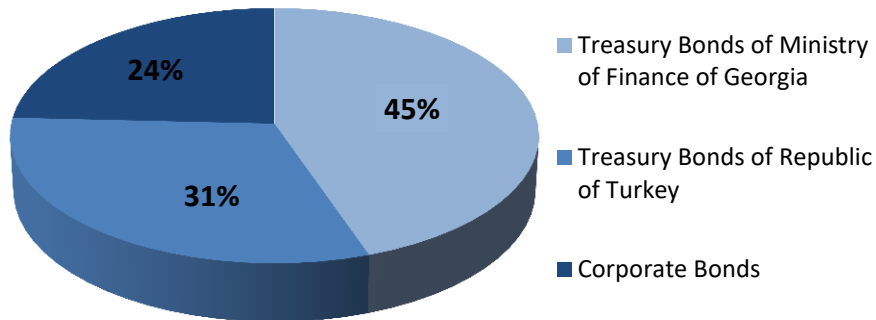
Loan Portfolio Segments (%)



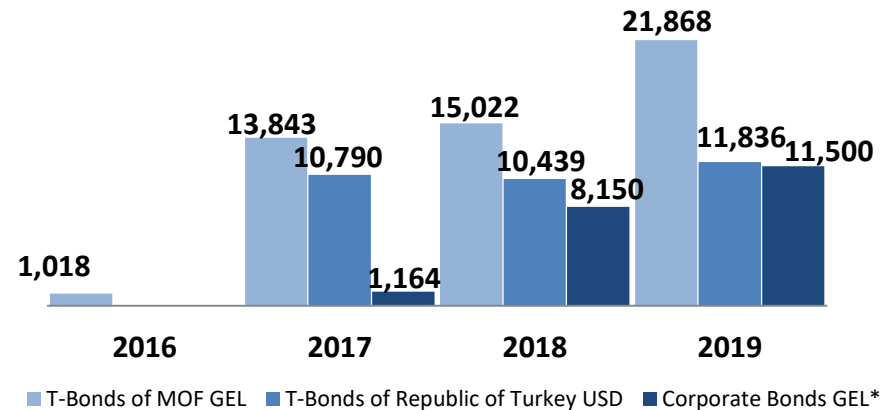
*SMEs include companies with annual Turnover less than GEL 7 mln and total Exposure less than GEL 2.5 mln

Fixed Income Securities Portfolio

Breakdown of Securities



Total Securities Portfolio (000'GEL)



* Corporate Bonds are included in the Loan to Customers as per Audited FS

- Securities (including Corporate Bonds) constitute 13% of total assets;
- 95% of Treasury Bonds of Ministry of Finance of Georgia can be pledged with NBG to take short-term refinancing loans;
- 75% of Corporate Bonds can be pledged with NBG to take short-term refinancing loans;
- Treasury Bonds of MOF of Georgia are rated BB by Fitch;
- Treasury Bonds of Republic of Turkey are rated BB- by Fitch.

Average durations:

- 2.5 years for GEL Securities
- 4 years for FX Securities

Weighted YTM:

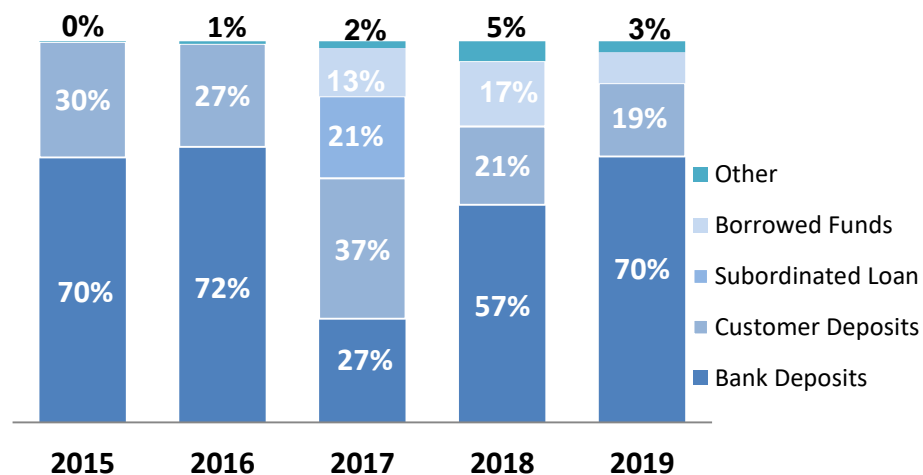
- 12% for GEL Securities
- 6.7% for FX Securities

Liabilities Structure

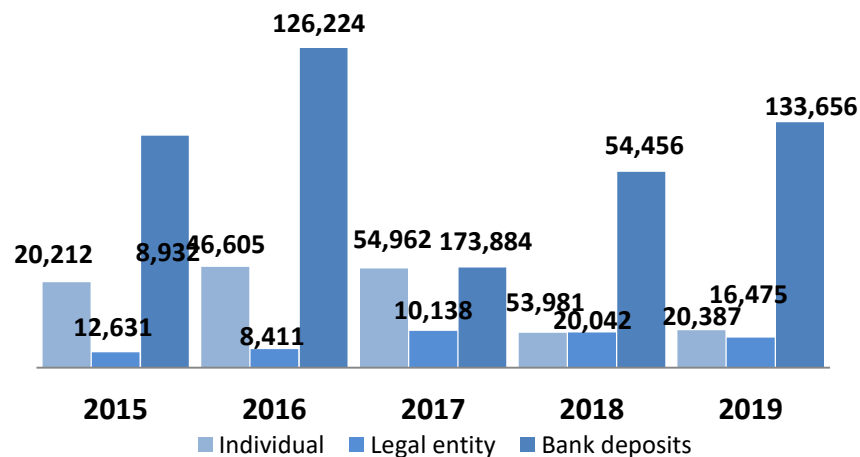
Main Balance Sheet Items

(000'GEL)	2017	2018	2019
Bank Deposits	54,456	106,509	133,656
Customer Deposits	74,023	38,352	36,862
Borrowed Funds	25,486	31,916	15,674
Sub. Loan	43,152	-	-
Other Liabilities	3,594	9,781	5,512
Total Liabilities	200,711	186,558	191,704

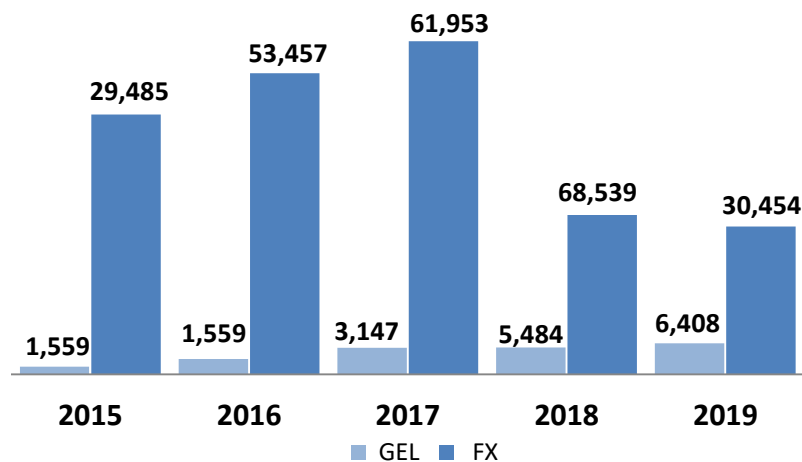
Liabilities Composition



Deposits Breakdown (000'GEL)

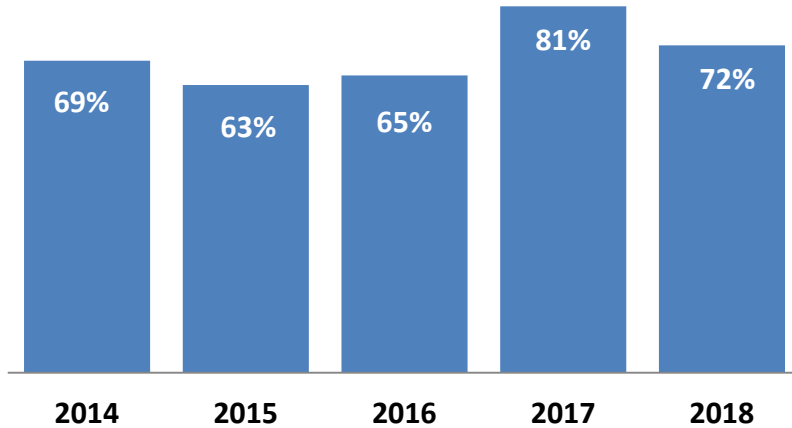


Customer Deposits (000'GEL)

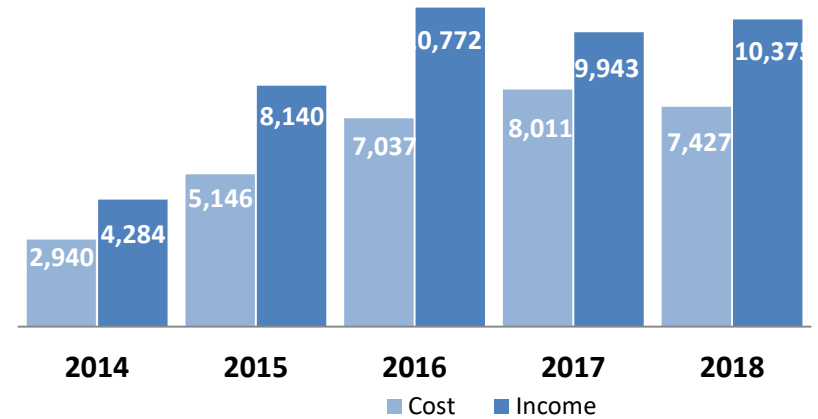


Cost Management & Profitability

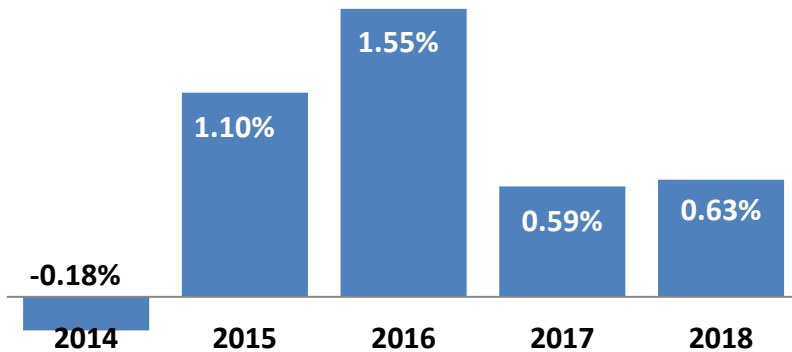
Cost / Income



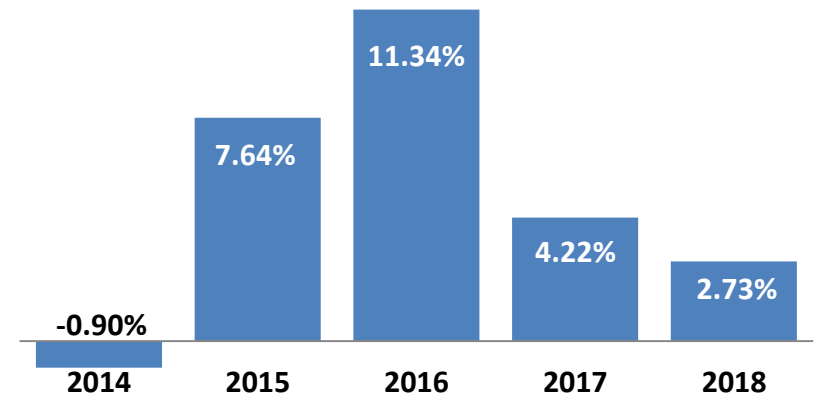
Cost / Income (000'GEL)



ROA

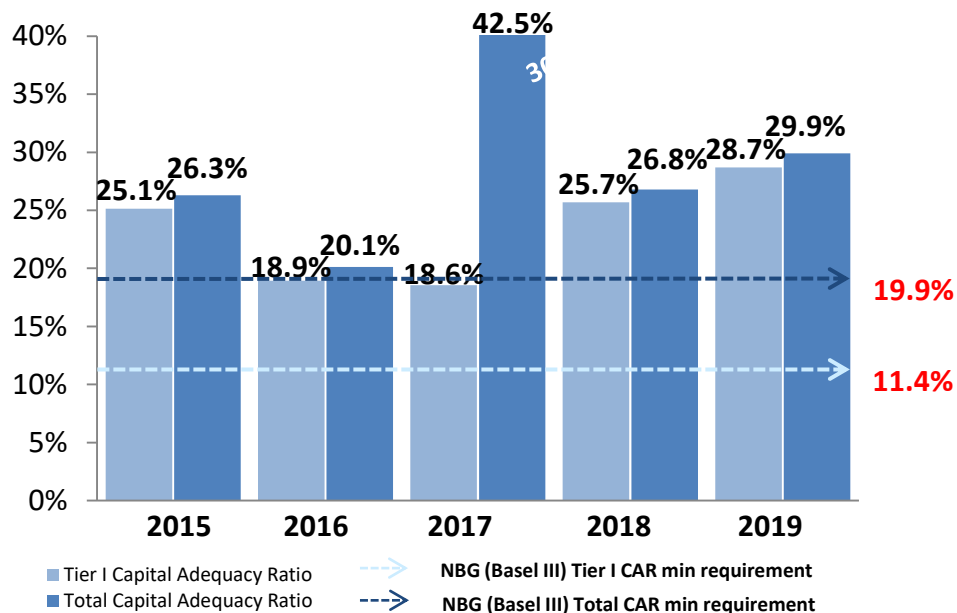


ROE

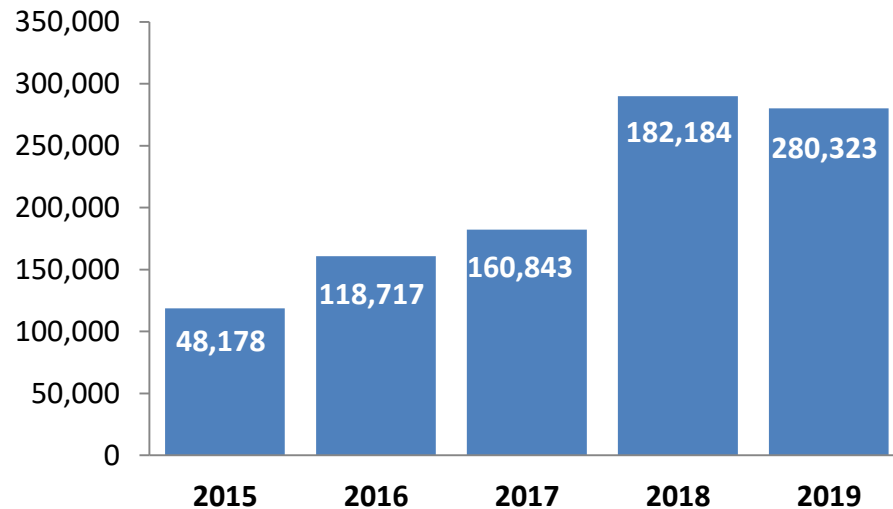


Capital Adequacy Position

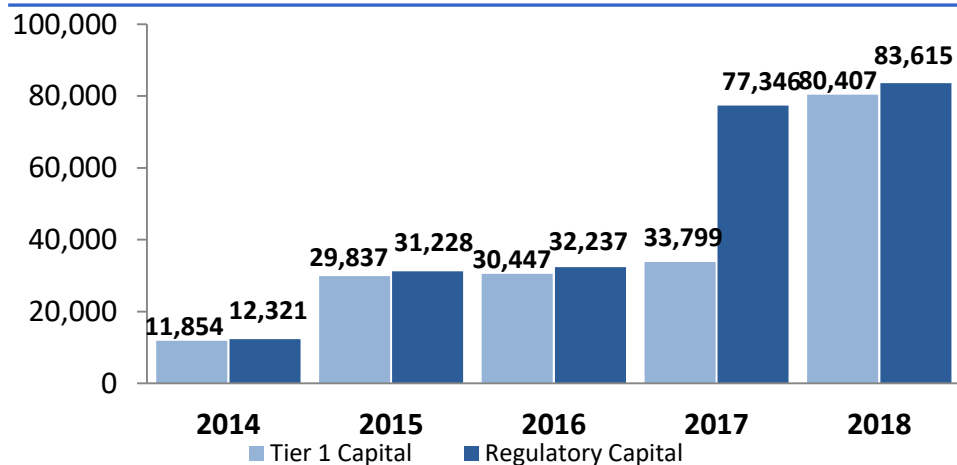
Capital Adequacy Ratios



Risk Weighted Assets (000'GEL)



Tier I and Regulatory Capital (000'GEL)



In Dec 2017 NBG introduced new capital framework in accordance to Basel III, where capital requirements are divided into Pillar 1 requirements and additional buffers under Pillar 1 and Pillar 2;

As at 31 Dec 2019 the minimum requirements for Isbank Georgia are:

- Common Equity Tier 1: 9.14%;
- Tier 1: 11.35%;
- Regulatory: 19.90%.

*2015-2016 figures are as per Basel 1; 2017 -20189 – Basel III

Income Statement

000'GEL	Audited Figures			Change Y-O-Y	
	2017	2018	2019	2017-2018	2018-2019
Interest income	18,850	14,672	17,003	-22%	16%
Interest expense	(10,595)	(6,284)	(4,542)	-41%	-38%
Net interest income	8,255	8,388	12,461	2%	157%
Fee and commission income	970	1,457	2,559	50%	76%
Fee and commission expense	(878)	(1,365)	(1,149)	55%	-19%
Net Fee and commission income	92	91	1,410	-1%	1450%
Net foreign exchange income	808	1,748	898	116%	-95%
Operating income	9,155	10,227	14,769	12%	44%
Impairment losses	380	443	(210)	17%	0%
Personnel expenses	(4,568)	(4,635)	(4,555)	1%	-2%
Other general administrative expenses	(3,229)	(2,808)	(2,548)	-13%	-10%
Profit/(Loss) before income tax	1,738	3,227	7,456	86%	131%
Income tax (expense)/benefit	(214)	(677)	(1,394)	216%	106%
Profit/(Loss) and total comprehensive income/(loss) for the year	1,524	2,550	6,062	67%	138%

Balance Sheet

000'GEL	Audited Figures			Change Y-O-Y	
	2017	2018	2019	2017-2018	2018-2019
ASSETS					
Cash and cash equivalents	21,579	38,031	57,013	76%	50%
Amounts due from Banks	434	5,155	1,627	1088%	-217%
Mandatory reserves at NBG	28,897	26,567	24,609	-8%	-8%
Securities	24,633	25,461	33,704	3%	32%
Loans to customers	157,004	156,471	155,420	0%	-1%
Property, equipment and intangible assets	1,529	984	2,541	-36%	158%
Other assets	3,498	12,089	812	246%	-1389%
Total Assets	237,574	264,758	275,726	11%	4%
LIABILITIES					
Deposits and balances from banks	54,456	106,509	133,656	96%	25%
Current accounts and deposits from customers	74,023	38,352	36,862	-48%	-4%
Other borrowed funds and Subordinated debt	68,638	31,916	15,674	-54%	-104%
Deferred tax liability	209	649	1,013	211%	56%
Other liabilities	3,385	8,132	4,499	140%	-81%
Total Liabilities	200,711	186,558	191,704	-7%	3%
EQUITY					
Share capital	30,000	69,162	69,162	100%	0%
Unrealised gains on securities available-for-sale	55	(404)	-644	-835%	59%
Retained earnings	6,808	9,442	15,504	39%	64%
Total equity	36,863	78,200	84,022	112%	7%
Total liabilities and equity	237,574	264,758	275,726	11%	4%

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