



ISBANK GEORGIA PRESENTATION 2020



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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

Main Balance Sheet Items⁽¹⁾	Market Share (%) 2020	Rank⁽²⁾
Total Assets	10.5	1 st
Total Loans	10.1	1 st
TL Loans	9.5	1 st
FX Loans	11.2	1 st
Consumer Loans ⁽³⁾	10.6	1 st
Non-Retail Loans	9.9	1 st
Total Deposits	11.2	1 st
TL Deposits	8.9	2 nd
FX Deposits	13.2	1 st
Demand Deposits ⁽⁴⁾	15.6	1 st
<u>Other Products & Distribution Network</u>		
Number of POS ⁽⁵⁾	9.9	3 rd
Acquiring Volume ⁽⁵⁾	15.3	3 rd
Number of Credit Cards ⁽⁵⁾	11.6	3 rd
Issuing Volume ⁽⁵⁾	14.0	3 rd
Volume of Debit Cards ⁽⁵⁾	8.8	2 nd
Number of Branches ⁽⁶⁾	12.3	1 st
Number of ATMs	12.4	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

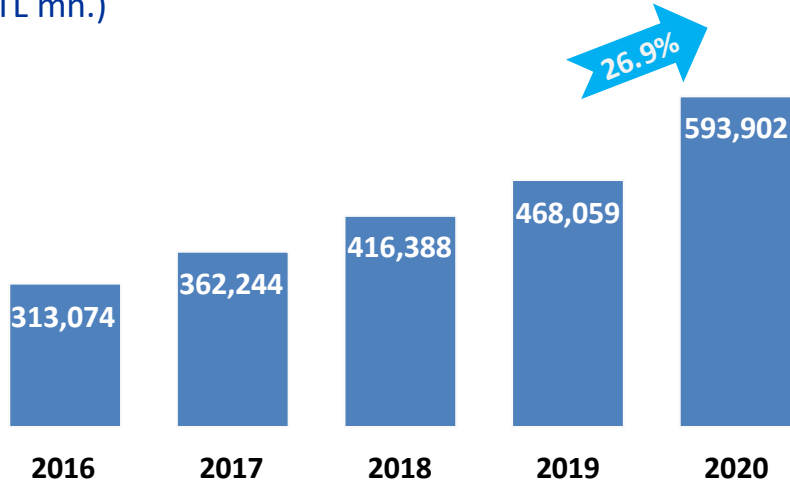
(4) Excluding interbank deposits

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

Growth Performance

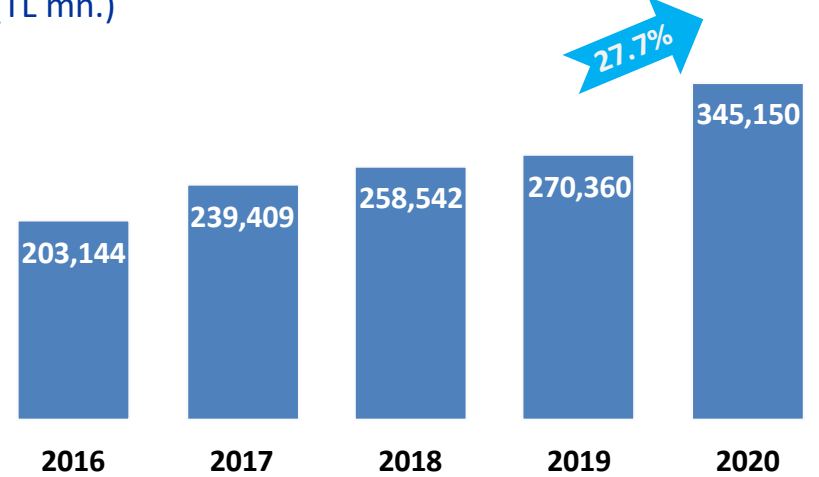
Total Assets

(TL mn.)



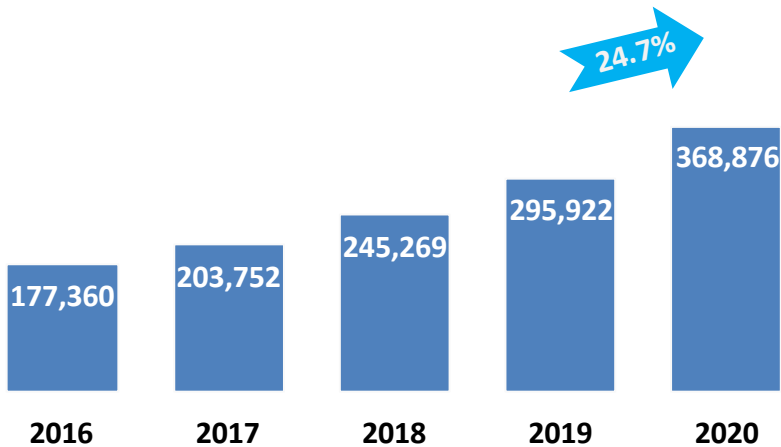
Loans

(TL mn.)



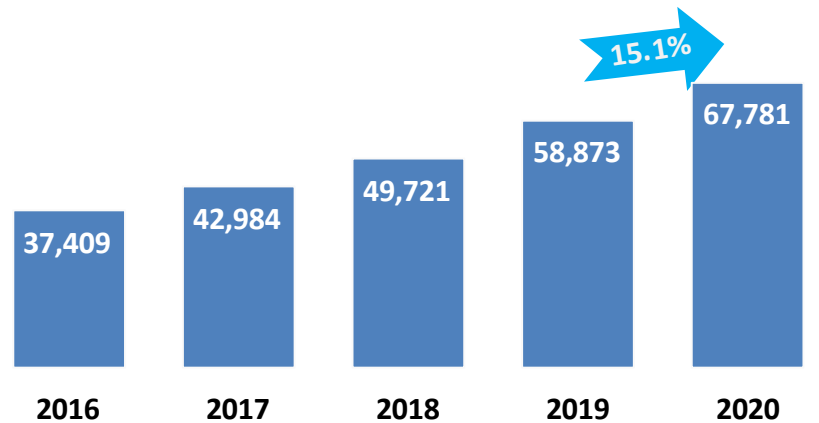
Deposits

(TL mn.)



Shareholders' Equity

(TL mn.)

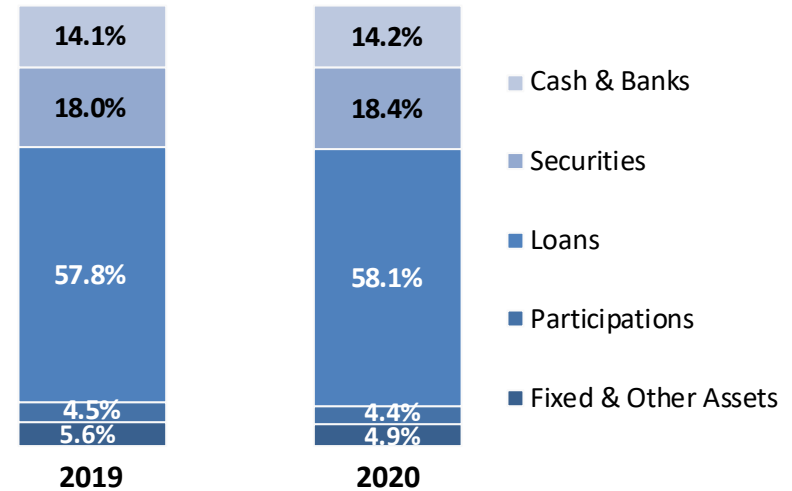


Asset Structure

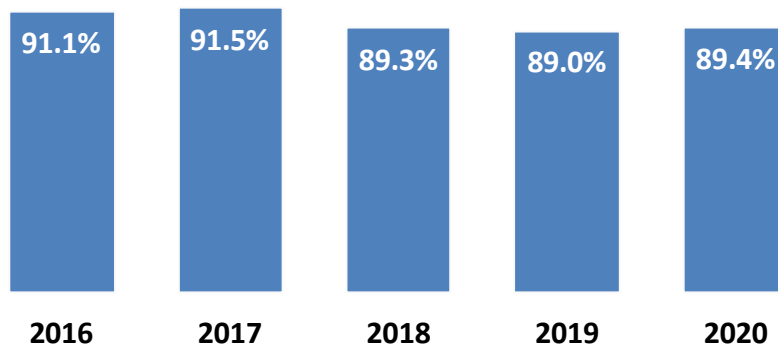
Main Balance Sheet Items

(TL mn.)	2019	2020	Change
Cash & Banks	66,188	84,438	27.6%
Securities (Net)	84,247	109,485	30.0%
Loans	270,360	345,150	27.7%
Participations (Net)	21,071	26,002	23.4%
Fixed Assets (Net)	8,478	9,161	8.1%
Other Assets	17,716	19,665	11.0%
Total Assets	468,059	593,902	26.9%

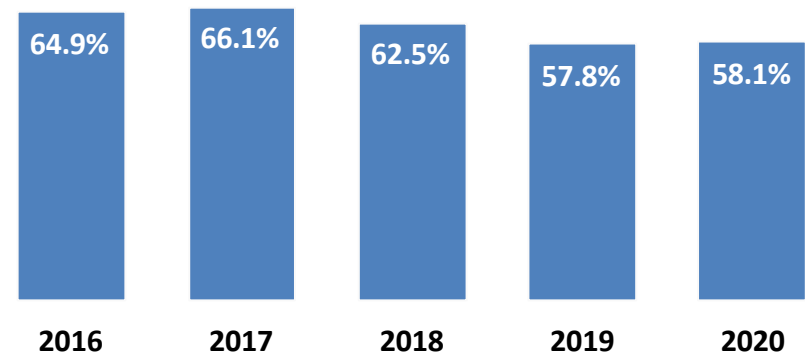
Asset Composition



Interest Earning Assets / Total Assets



Loans / Assets



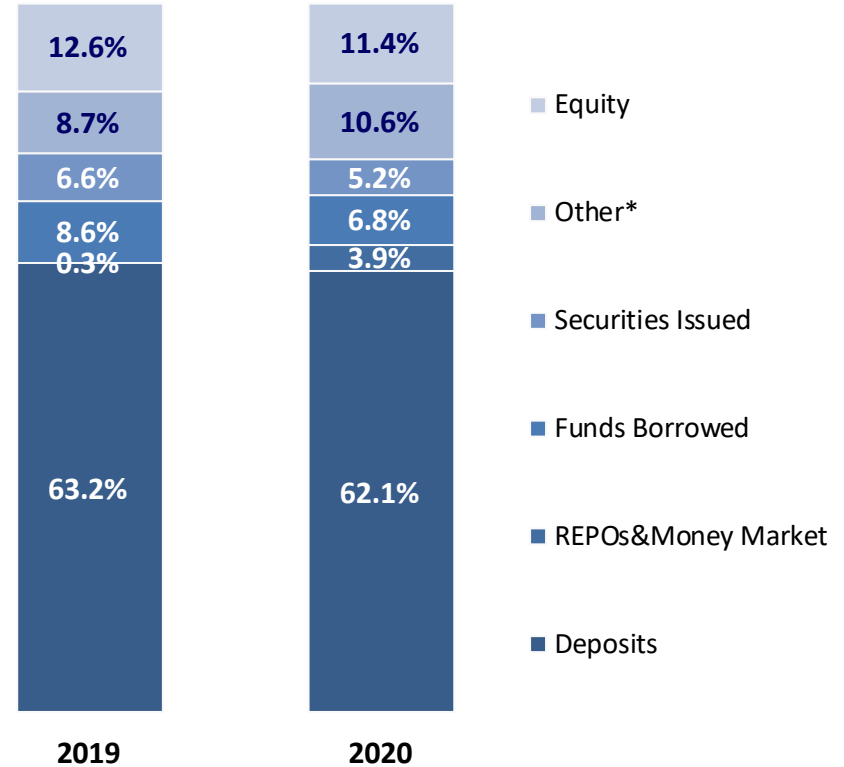
Strong Fund Generation Capability

Main Balance Sheet Items

(TL mn.)	2019	2020	Change
Deposits	295,922	368,876	24.7%
REPOs & Money Market	1,188	22,997	1,836%
Funds Borrowed	40,251	40,431	0.4%
Securities Issued	31,117	30,841	-0.9%
Other*	40,708	62,976	54.7%
Equity	58,873	67,781	15.1%
Total Liabilities & Equity	468,059	593,902	26.9%

Largest TL funding base
among private-sector banks

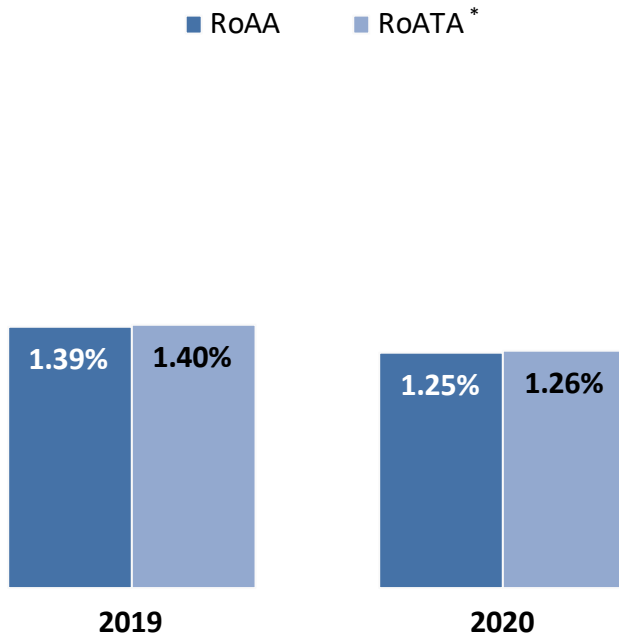
Liabilities Composition



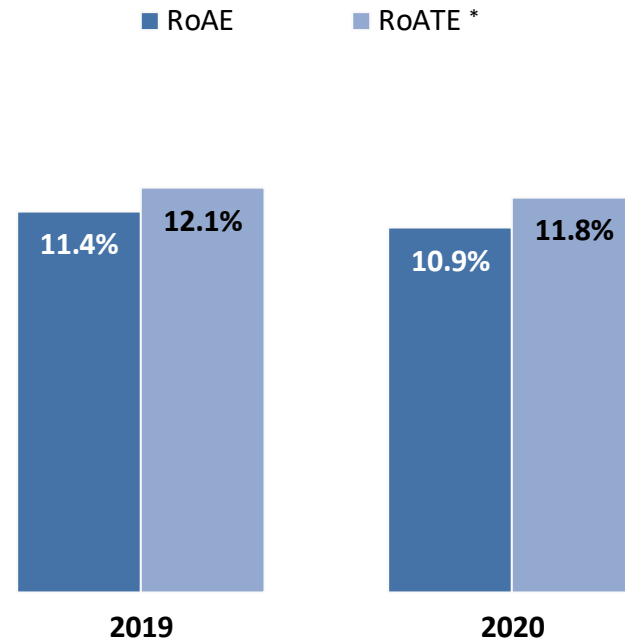
(*) Includes subordinated debt of USD 1.9 bn and TL 2.3 bn as of 2019, and USD 2.7 bn and TL 2.3 bn as of 2020

Profitability Ratios

Return on Assets



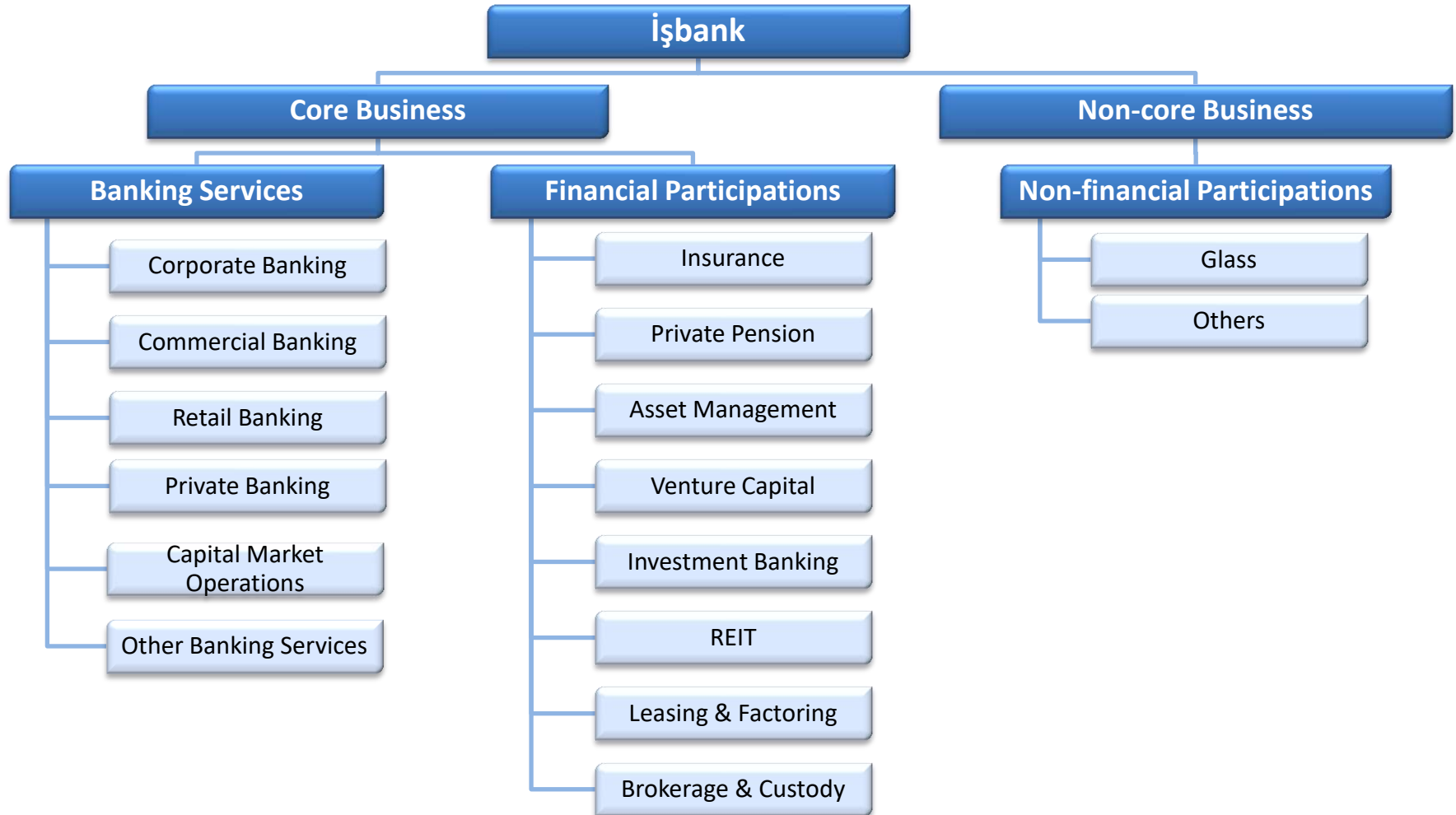
Return on Equity



(*) 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.

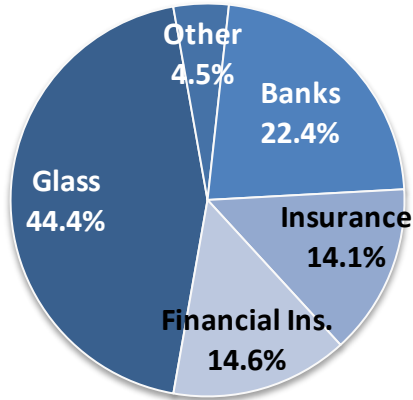
İşbank and Its Participations

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



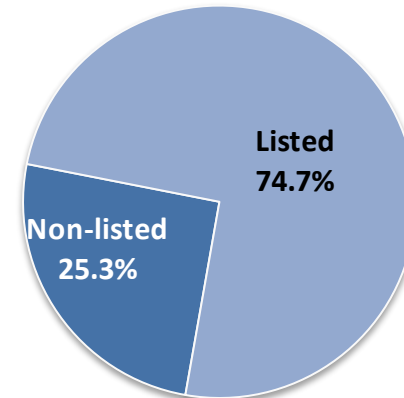
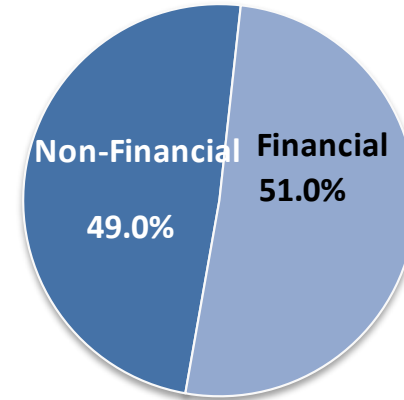
A Diversified Equity Participation Portfolio

Sectoral Breakdown*



- As of December 2020,
 - İşbank has 16 participations.
 - Share of participations in total assets is 4.4%.
- Since 2002, a total of 43 participations has been divested.

Participation Mix*



(*) According to the book values, as of 31.12.2020.

General Information

- A leading flat glass, glassware, glass packaging, glass fiber, natural soda ash and chromium chemicals producer in the domestic market.
- Backed by its vision, Şişecam expands its production operations into neighbouring countries.
- 50.93% share of Şişecam is held by İşbank.

Production (14 countries 43 facilities)



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.



Financial Information(Con., IFRS)

USD (Million)	2020/12*	2019/12
Total Assets	5,989	6,579
Shareholders' Equity (includes non-controlling interests)	3,045	3,248
Net Sales	2,890	3,066
International Sales **	1,728	1,916
Gross Profit	902	998
EBITDA	811	827

*Merger of Anadolu Cam, Trakya Cam, Soda Sanayii, Paşabahçe Cam and Denizli Cam under Türkiye Şişe ve Cam Fabrikaları A.Ş. has been completed as of 30.09.2020.

**Includes exports and sales from production abroad.

Market/Production Shares(%)*

	Turkey	Europe	World
Flat Glass	67.0	22.5	3.9
Glassware	74.9	19.0	8.8
Glass Packaging	57.8	7.3	2.8
Soda Ash	47.5	15.6	3.1
Chromium Chemicals	77.0	46.0	33.0

*As of 31.12.2020.

Market shares are in terms of tonnage except Glassware.

Glassware market share is in terms of unit in Turkey and based on revenue in Europe and World.

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	47.23	50.92	6,969,040	826,616	13.3	Total Assets
İşbank AG ⁽²⁾	Banking	100.00	100.00	2,062,447	253,178	N/A	
JSC İşbank	Banking	100.00	100.00	157,611	57,413	N/A	
JSC Isbank Georgia	Banking	100.00	100.00	100,194	25,504	N/A	
Anadolu Anonim Türk Sigorta Şirketi	Insurance	-	64.31	1,635,190	380,552	11.8	Premium Income
Anadolu Hayat Emeklilik A.Ş.	Life Insurance & Private Pension	62.00	83.00	4,883,835	214,118	18/ 11.7 ⁽³⁾	Private Pension Funds Under Management / Life Premium Income
Milli Reasürans T.A.Ş. ⁽²⁾	Reinsurance	87.60	87.60	683,225	314,468	6.1 ⁽⁴⁾	Premium Income
İş Yatırım Menkul Değerler A.Ş. ^{(2) (5)}	Brokerage House	65.65	70.69	1,000,870	238,243	9.67	Transaction Volume
Yatırım Finansman Menkul Değerler A.Ş. ^{(2) (5)}	Brokerage House	-	98.42	169,337	19,484	2.7	Transaction Volume
İş Yatırım Ortaklığı A.Ş. ⁽²⁾	Trust Company	-	38.66	31,518	31,322	39.1	NAV
İş Portföy Yönetimi A.Ş.	Portfolio Mngt.	-	100.00	25,730	22,921	16.83	Funds Under Management
İş Finansal Kiralama A.Ş. ⁽⁵⁾	Leasing	27.79	58.24	1,727,910	232,593	11.4 ⁽²⁾	Lease Receivables
İş Faktoring A.Ş.	Factoring	-	100.00	629,003	64,532	10.8 ⁽²⁾	Factoring Receivables
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	REIT	50.51	63.89	707,570	559,371	4.5	Market Value
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Risk Venture	-	57.67	36,791	36,238	-	
Efes Varlık Yönetim A.Ş. ⁽²⁾	Asset Management	-	100.00	29,785	4,227	-	
TOTAL				20,850,056	3,280,780		

(1) As of December 31, 2020

(2) As of September 30, 2020

(3) As of December 31, 2020; total amount of funds (including state contribution and auto enrollment) managed within private pension system is TL 170 billion while Anadolu Hayat Emeklilik accounts for %18 of this figure. The company's market share in life insurance market is %11.7 as of the same date.

(4) Milli Reasürans T.A.Ş. has approximately %6.1 of premiums transferred to reinsurance by local insurance 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⁽¹⁾ **69%**
(As of 31.12.2020)

Strong rights contributing to employee satisfaction (As of 31.12.2020)

Unionized employees **98%**

Turnover rate **1.6%**

Return from maternity leave **99.7%**

Female employees⁽²⁾ **55%**

Female managers⁽³⁾ **45%**

(1) Cash + Non-cash loans

(2) Excluding private security personnel

(3) Positions including and superior to II. Manager

Ratings

FitchRatings (February 26, 2021)

	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	5
Support Rating Floor	B-
Senior Unsecured Notes	B+/B
Subordinated Debt Notes	B-

MOODY'S (December 10, 2020)

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

S&P Global (February 16, 2021)

	Rating*
FC Issuer Credit	B+ / Stable / B
LC Issuer Credit	B+ / Stable / 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 Corporates, Small and Medium Enterprises (SMEs) and individuals. 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 is 64 as of YE 2020. The share of expatriates is 5%; the composition per gender is: male - 36%, female - 64%, staff with higher education - 95%.
- **In 2018** the bank started cooperation with International Finance Institutions (IFIs) and signed Loan Agreement with Black Sea Trade and Development Bank (**BSTDB**). **In 2020** the Loan Agreement was signed with International Finance Corporation (**IFC**).

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 Goals:

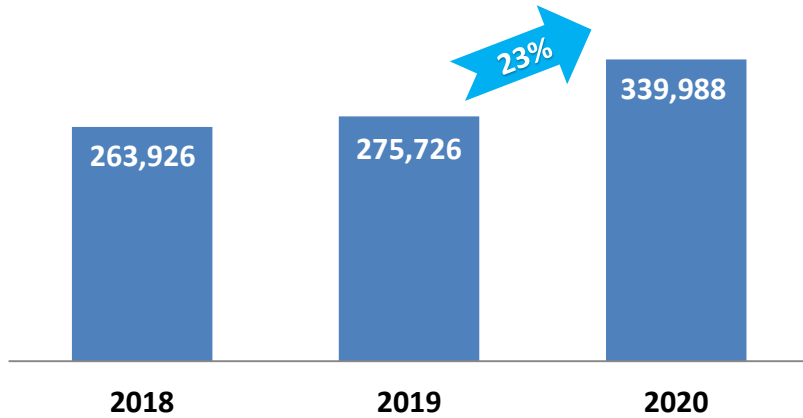
- Strong and sustainable financial performance;
- Effective risk management;
- Flawless customer experience;
- Happy and productive human resources;
- Ethical and responsible banking, that is compassionate towards people, society and environment;
- Enhance shareholder value consistently;
- Continuously improve the business model in synergy with our group companies and all our business partners in the period of technological transformation.

3. Our Strategy and Business Plan

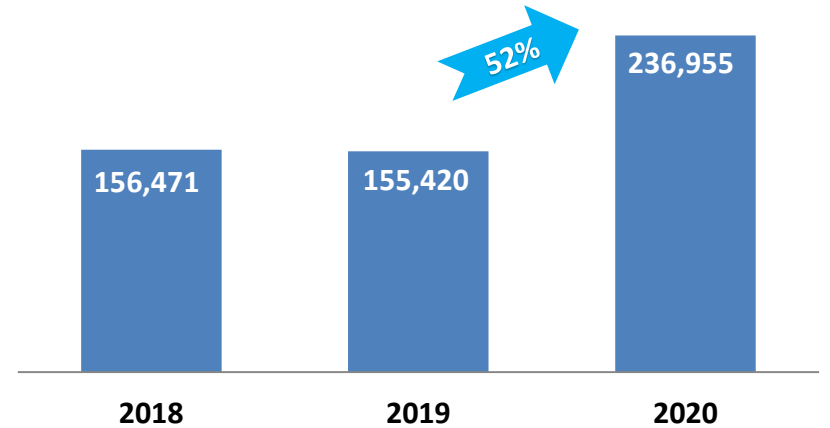
- Increase and diversify the client base as well as loan portfolio and deposits from customers;
- Continue targeting large companies and provide financing, including through syndication/risk participation with other local and foreign banks;
- Target Small and Medium Enterprises (SMEs), including through efficient utilization of the funds obtained from International Financial Institutions and other FIs;
- Increase off-balance sheet portfolio and gain share in Trade Finance, benefiting from the large trade flows between Georgia and Turkey;
- Develop digital banking.

Growth Performance

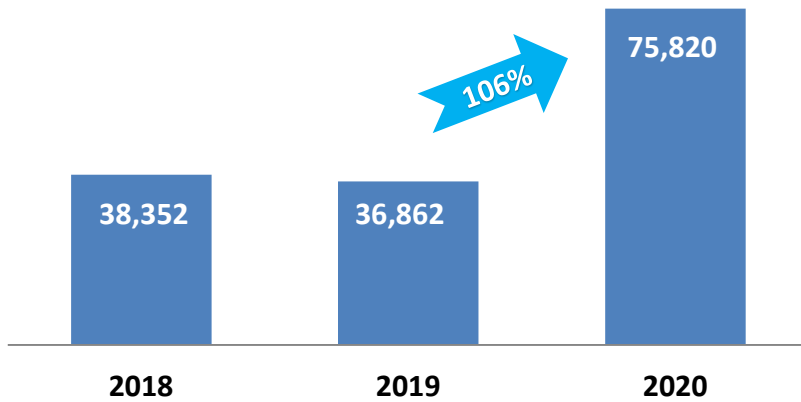
Total Assets (000'GEL)



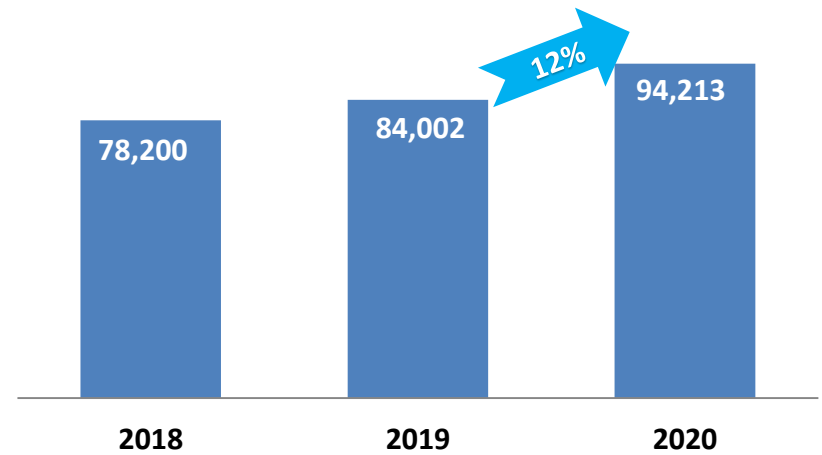
Total Gross Loans (000'GEL)



Customer Deposits (000'GEL)



Shareholders' Equity (000'GEL)

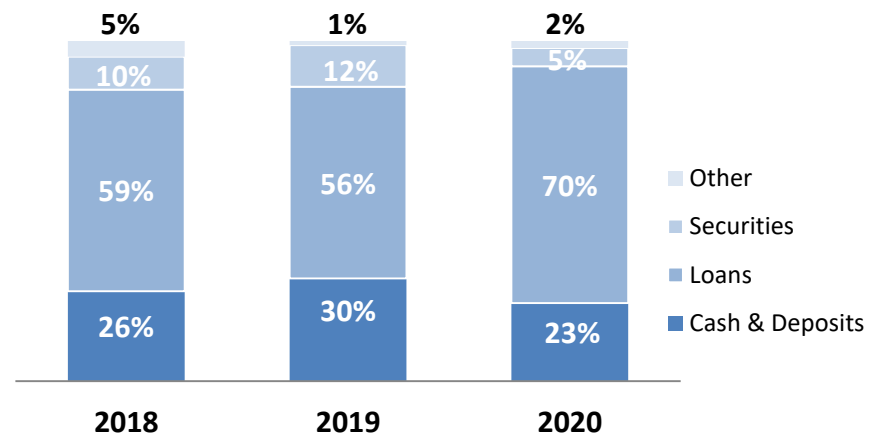


Asset Structure

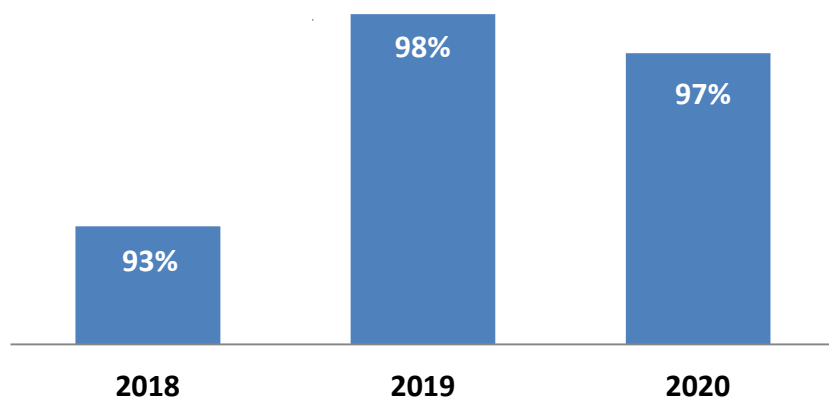
Main Balance Sheet Items

(000'GEL)	2018	2019	2020
Cash& Deposits	69,753	83,248	77,892
Securities	25,461	33,704	18,038
Loans	156,471	155,420	236,955
Fixed Assets	984	2,541	2,354
Other Assets	11,257	812	4,749
Total Assets	263,926	275,726	339,988

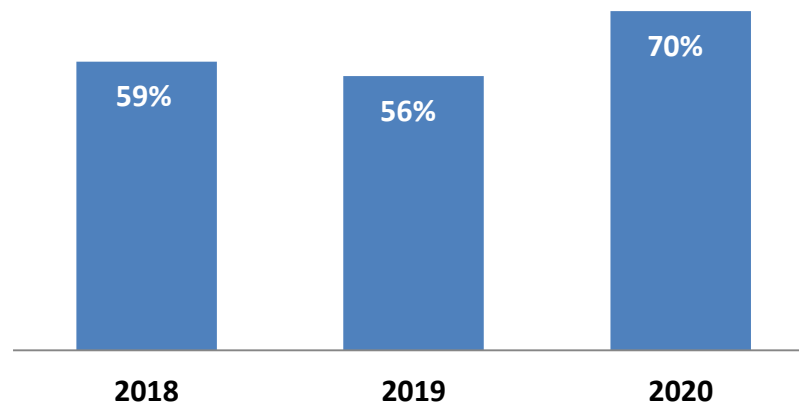
Asset Composition



Interest Earning Assets / Total Assets

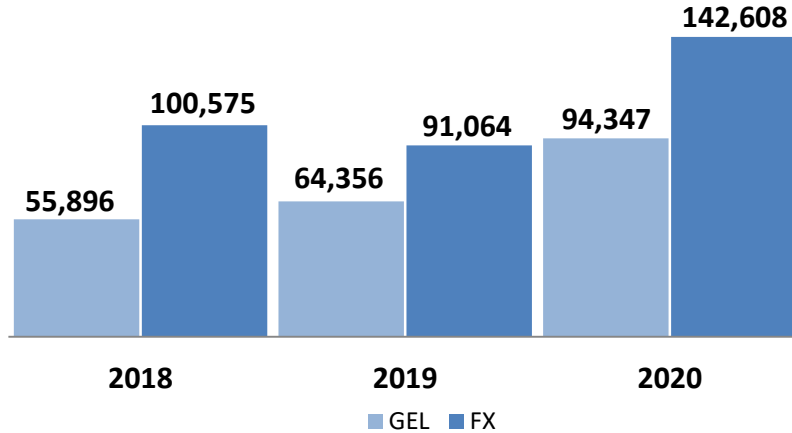


Loans /Assets

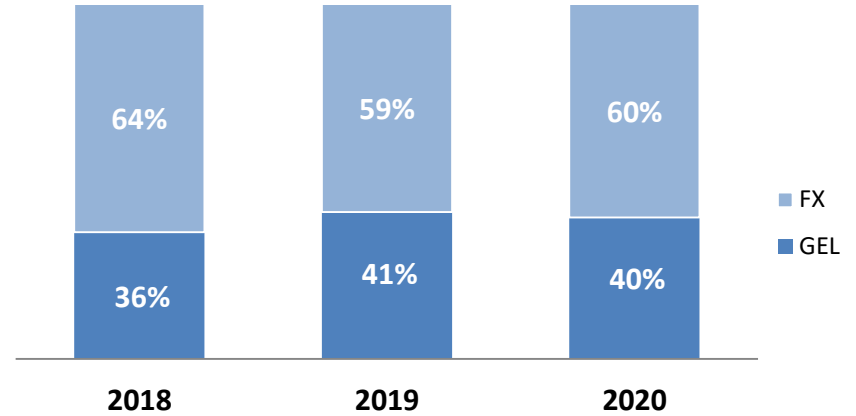


Loan Portfolio Structure

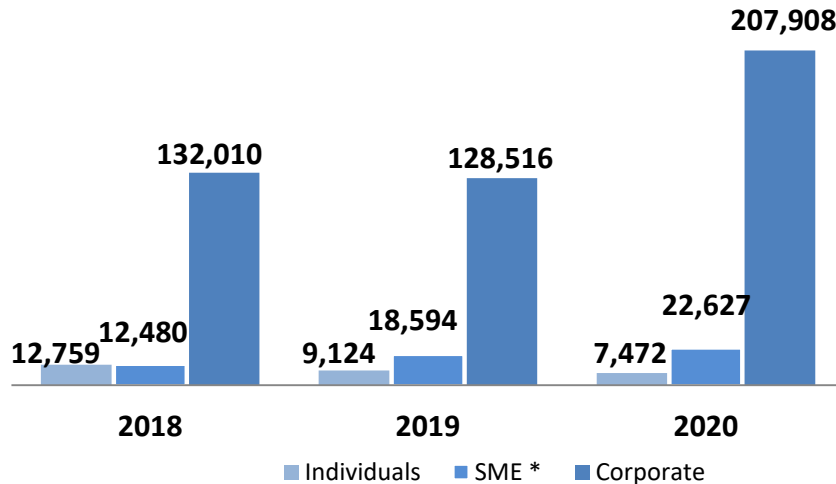
Loan Portfolio (000'GEL)



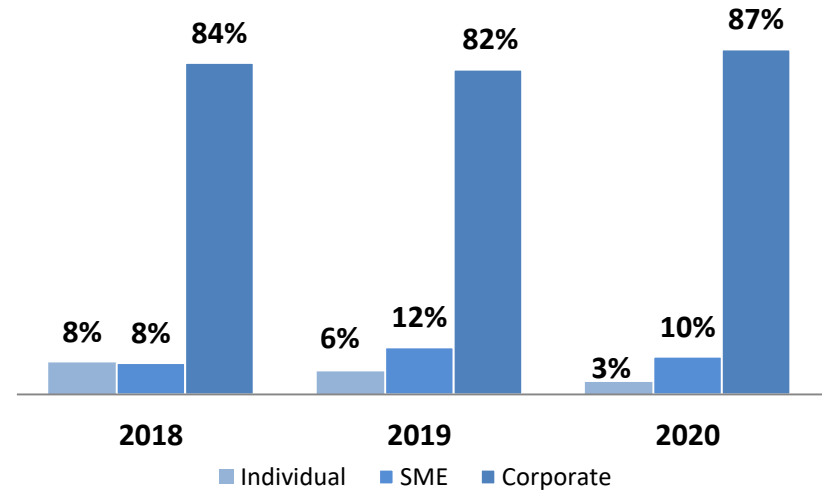
GEL / FX Mix of Loans



Loan Portfolio Segments (000'GEL)



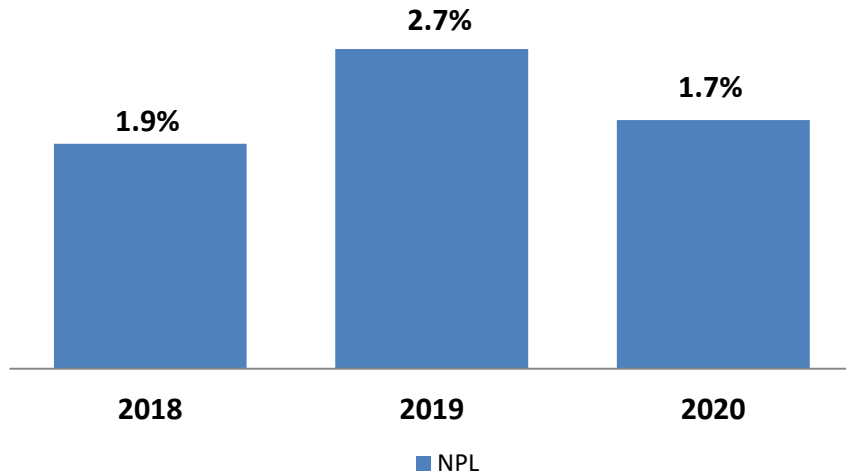
Loan Portfolio Segments (%)



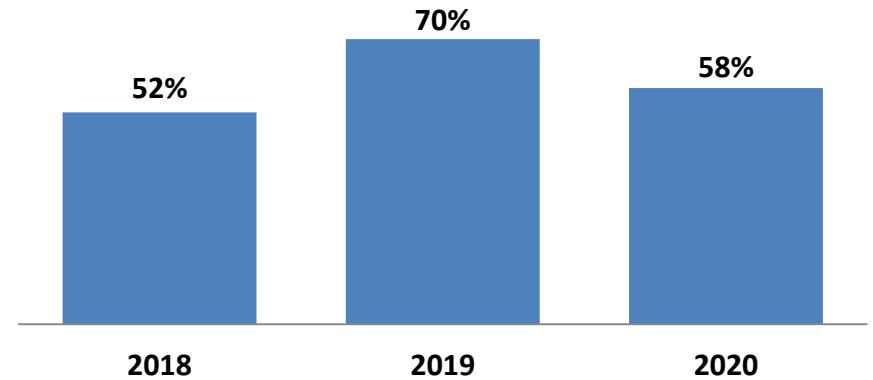
*SMEs include companies with annual Turnover less than GEL 7 mln and total Exposure less than GEL 2.5 mln

Loan Quality

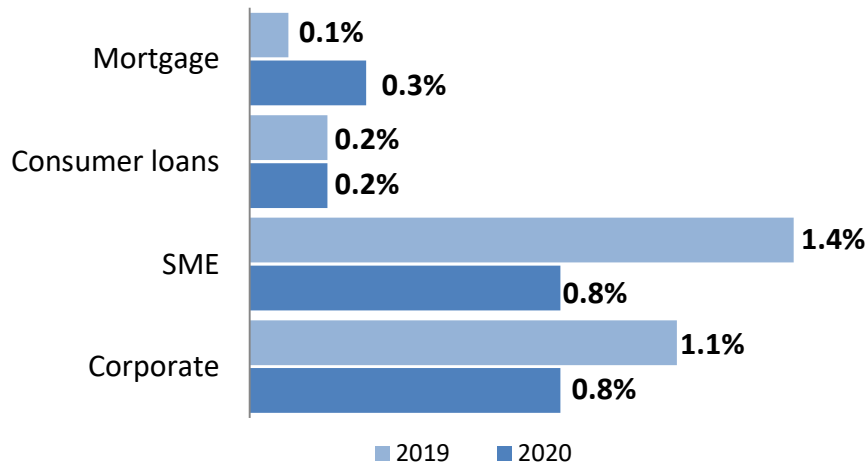
NPL / Total Portfolio



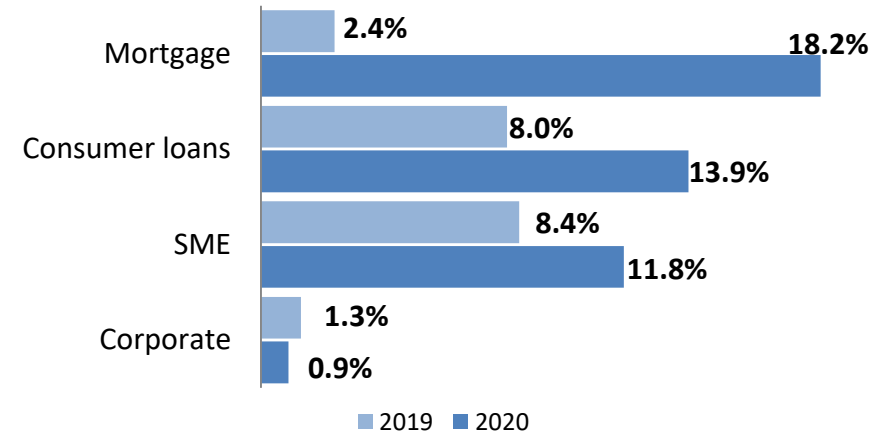
NPL Coverage Ratio



Total NPL Breakdown by Segments



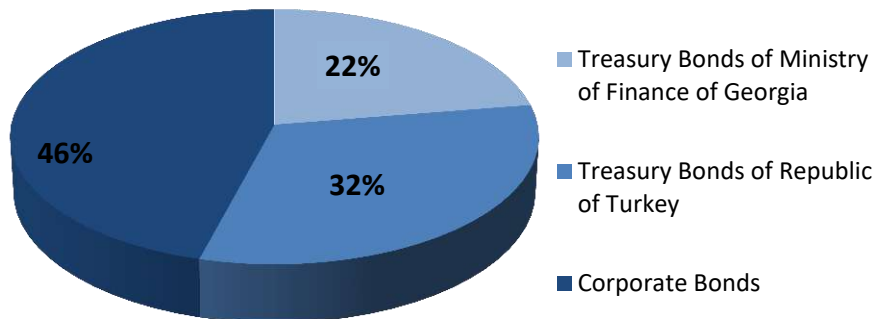
NPL Share in each Segment



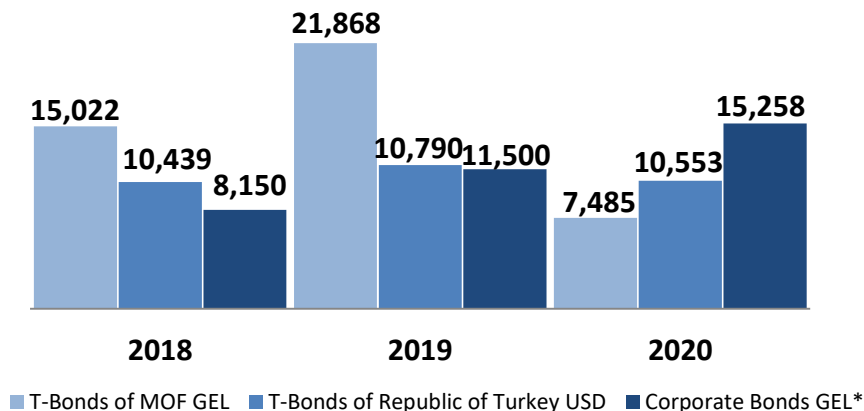
NPL covers exposure which is **overdue with 90 days or more plus exposure which has been restructured** due to the underlying borrower's inability to service the loan as per its original schedule.

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 5% 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:

- 1.5 years for GEL Securities
- 3 years for FX Securities

Weighted YTM:

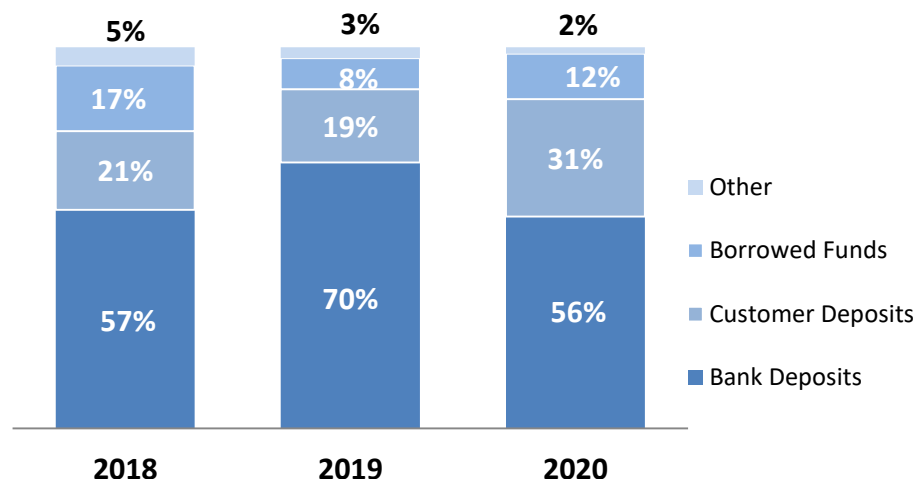
- 11.3% for GEL Securities
- 4.4% for FX Securities

Liabilities Structure

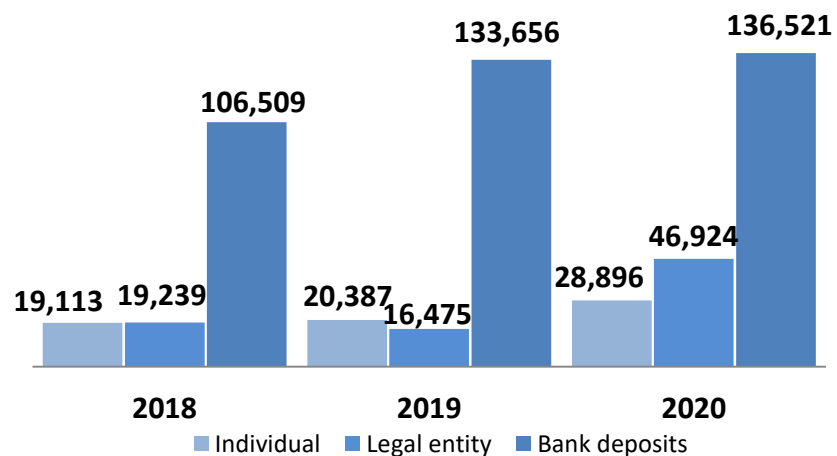
Main Balance Sheet Items

(000'GEL)	2018	2019	2020
Bank Deposits	106,509	133,656	136,521
Customer Deposits	38,352	36,862	75,820
Borrowed Funds	31,916	15,674	29,188
Sub. Loan	-	-	-
Other Liabilities	8,949	5,512	4,246
Total Liabilities	185,726	191,704	245,775

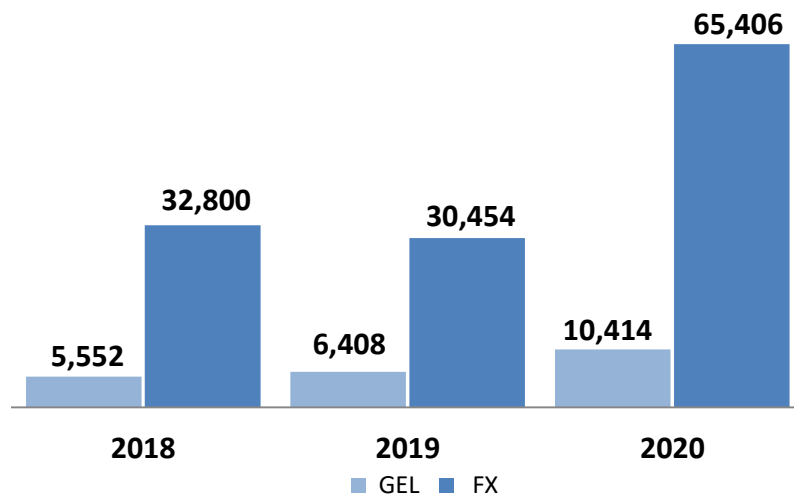
Liabilities Composition



Deposits Breakdown (000'GEL)

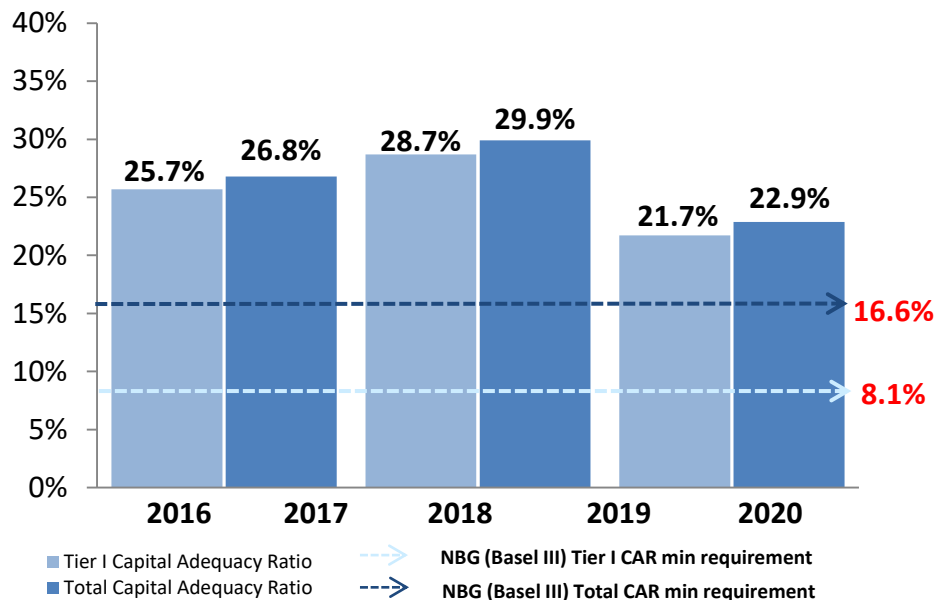


Customer Deposits (000'GEL)

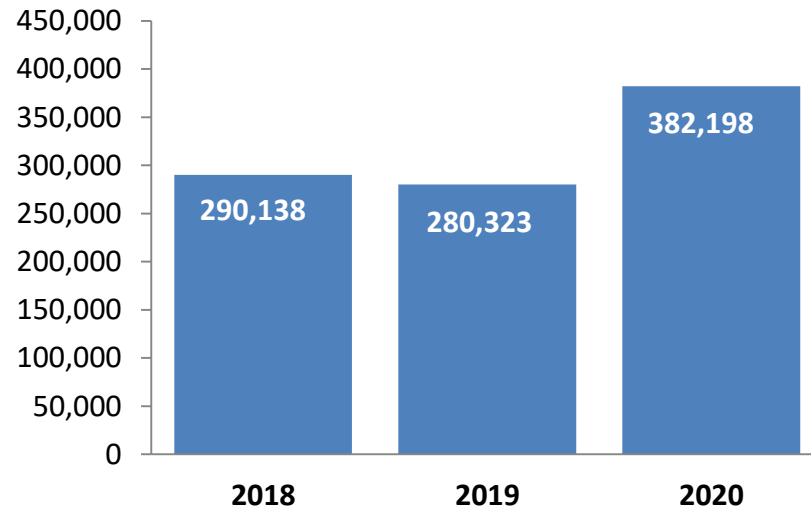


Capital Adequacy Position

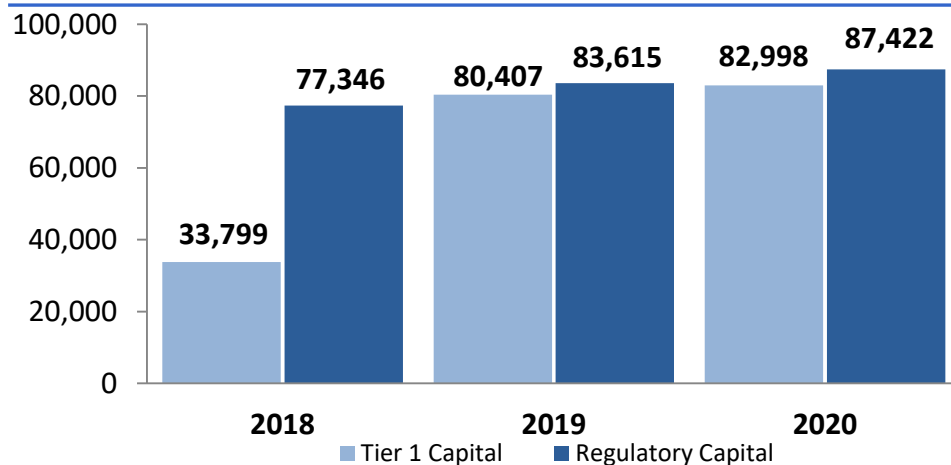
Capital Adequacy Ratios



Risk Weighted Assets (000'GEL)



Tier I and Regulatory Capital (000'GEL)



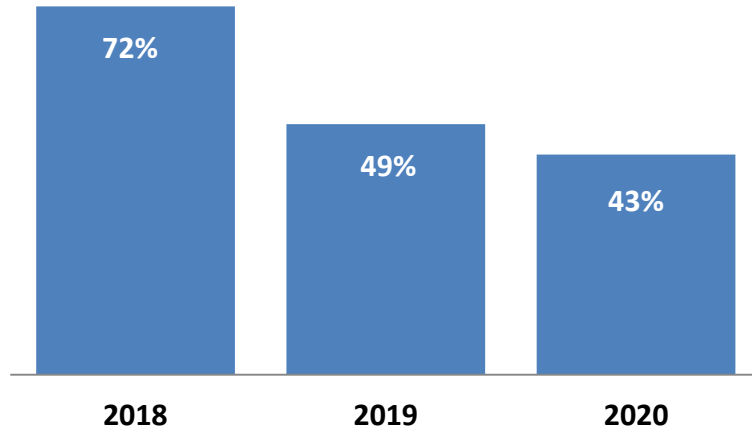
In Dec 2017 NBG introduced new capital framework in accordance to Basel III, where capital requirements are divided into Pillar 1 requirements and additional buffers under Pillar 1 and Pillar 2;
As at 31 Dec 2020 the minimum requirements for Isbank Georgia are:

- Common Equity Tier 1: 6.07%;
- Tier 1: 8.10%;
- Regulatory: 16.63%.

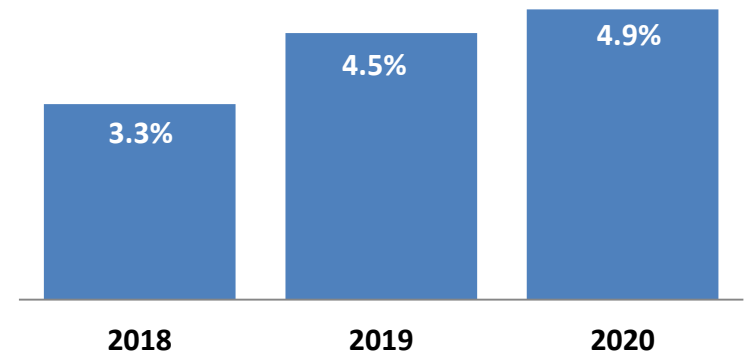
*2016 figures are as per Basel I; 2017 -2020 – Basel III

Cost Management & Profitability

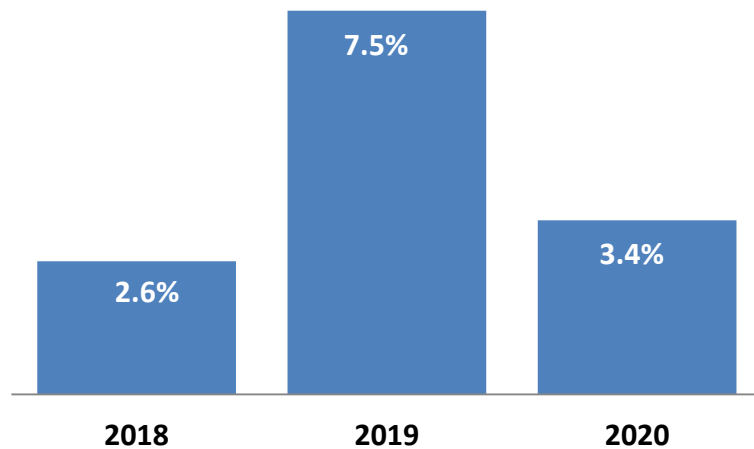
Cost / Income



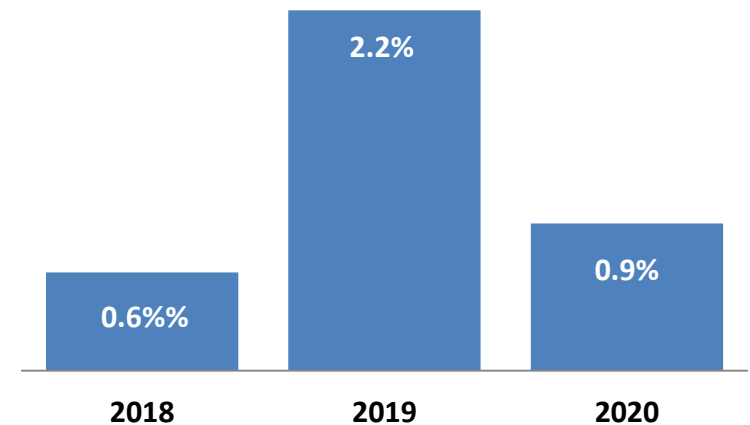
Net Interest Margin



ROE



ROA



Income Statement

000'GEL	Audited Figures		
	2018	2019	2020
Interest income	14,672	17,003	19,388
Interest expense	(6,284)	(4,542)	(4,203)
Net interest income	8,388	12,461	15,185
Fee and commission income	1,457	2,559	2,846
Fee and commission expense	(1,365)	(1,149)	(1,055)
Net Fee and commission income	91	1,410	1,791
Net foreign exchange income	1,748	898	827
Operating income	10,227	14,769	17,803
Credit loss (expense) / reversal	443	(210)	(254)
Personnel expenses	(4,635)	(4,555)	(4,850)
Other expenses	(2,808)	(2,548)	(2,646)
Profit before income tax	3,227	7,456	10,053
Income tax expense	(677)	(1,394)	(378)
Profit for the year	2,550	6,062	9,675
Net change in fair value and expected credit loss for debit securities	(621)	(282)	608
Income tax effect on other comprehensive income	94	42	(91)
Total comprehensive income for the year	2,023	5,822	10,192

Balance Sheet

000'GEL	Audited Figures		
	2018	2019	2020
ASSETS			
Cash and cash equivalents	38,031	57,013	32,485
Amounts due from Banks	5,155	1,627	9,190
Mandatory reserves at NBG	26,567	24,609	36,217
Securities	25,461	33,704	18,038
Loans to customers	156,471	155,420	236,955
Property, equipment and intangible assets	984	2,541	2.354
Other assets	11,257	812	4,749
Total Assets	263,926	275,726	339,988
LIABILITIES			
Amounts due to banks	106,509	133,656	136.521
Amounts due to customers	38,352	36,862	75,820
Other borrowed funds and subordinated debt	31,916	15,674	29,188
Deferred tax liability	649	1,013	1.264
Other liabilities	8,300	4,499	2,982
Total Liabilities	185,726	191,704	245,775
EQUITY			
Share capital	69,162	69,162	69,162
Fair value reserve for investment securities	(404)	(644)	(127)
Retained earnings	9,442	15,504	25,178
Total equity	78,200	84,022	94,213
Total liabilities and equity	263,926	275,726	339.988

Financial Institutions Contact Details

Khatia Babukhadia

Head of Financial Institutions Division
Phone : +995 322 44 22 44 (ext.) 6531
Fax : +995 322 310 516
E-mail : Khatia.Babukhadia@isbank.ge
Isge.fi@isbank.ge

Ucha Saralidze

Chief Financial Officer
Phone : +995 322 44 22 44 (ext.) 6510
Fax : +995 322 310 516
E-mail : Ucha.Saralidze@isbank.ge
Isge.finance@isbank.ge

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