

# TBC Bank

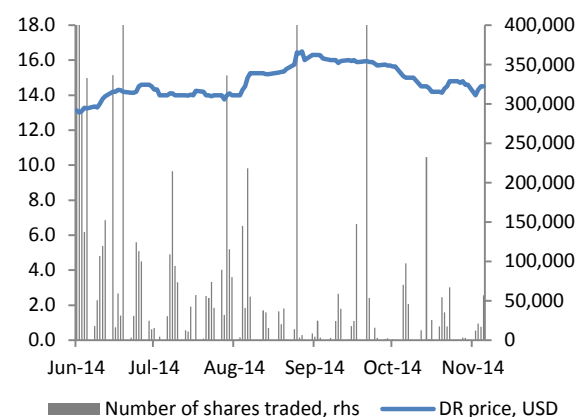
## 3Q and 9M14 results: 1st full post-IPO quarter surprises to the upside

Bloomberg ticker	TBCB LI
Recommendation (previous rec.)	Buy (Buy)
12-m target price (previous TP)	USD 19.9/DR (19.8)
Capitalization	USD 719 mln
Current price	USD 14.6/DR
Upside	36%
Number of shares	49,246,308
DR/share ratio	1 DR = 1 share
Free float	40%
Free float, value terms	USD 288 mln
Max/Min price / DR (since IPO)	USD 16.5 / 13.0 USD
P/B (2014E)	1.2x
P/E (2014E)	8.1x

Data as of Nov. 14, 2014

Sources: Bloomberg, Company

### TBC Bank DR performance



Sources: Bloomberg SP Advisors

TBC Bank reported record high quarterly net income of GEL 45.6 mln (+34% yoy) in 3Q14, taking 9M net income 33% yoy higher to GEL 118.4 mln (USD 67.6 mln). We believe the 9M result puts the bank on pace to deliver full-year earnings approximately 2-3% above the most bullish analyst's projection on Bloomberg (GEL 152 mln). The bank took full advantage of surging demand for credit, growing its loan book 26% yoy without compromising quality. The balance sheet expansion and strict cost control led to a record low C/I ratio of 44.8% in the 3Q (net of one-off expenses). We set our 12M target price at USD 19.9/DR (vs. USD 19.8/DR previously) and maintain our BUY recommendation.

### ROE little affected despite IPO-related boost in equity

The record 3Q net income helped keep ROE little changed (19.2% in the 3Q vs. 19.0% in the 2Q and 20% in the 1Q14) despite a substantial increase in equity (due to the bank's June IPO) and a related decrease in leverage (assets-to-equity ratio stood at 5.2x as of September vs. 6.1x as of March). The greater earnings-generating power stems from improved operating efficiency and a decline in the cost of risk.

### Asset growth still unabated, lending focus continues shifting to retail/SME

Assets grew by an impressive 5.1% qoq and 25.6% yoy and the loan book expanded even faster (+5.2% qoq and 25.8% yoy). TBC outpaced the sector's growth rate in the 3Q – its share in the total loan book advanced 0.3pp qoq to 27.0%. We expect loan origination will remain slightly stronger than the sector average for at least the next 6 months as the bank continues deploying IPO cash proceeds into new loans. On the downside, the pace of growth should decelerate – an uptick in lending rates in Georgia in 2014 follows a relatively weak 2013 (due to sluggish economic growth and political instability). We see loan portfolio growth leveling out at 17-18% over the next two quarters.

In-line with plans, TBC continued to focus on retail lending (gross loan book up 7.7% qoq in the segment) and SME lending (up 5.1%) while corporate loans added just 2.2% qoq. The share of corporate loans fell 0.9 pp qoq (-4.8 pp yoy) to 33.6% and is likely to keep shrinking further.

Deposits maintained their robust growth rate (+2.5% qoq, +14.9% yoy) and were the key source of funding for the bank. Facilities from credit institutions grew 15.2% qoq (represented mainly by borrowings from local banks) and were used for short-term liquidity management. TBC's loans-to-deposits ratio increased 2.3pp qoq (+8.9pp yoy) to 103% and we see this ratio rising further to 105% by end-2014. It's becoming abundantly clear that Georgian banks can't rely solely on internal funding if they hope to maintain the targeted pace of loan book growth (TBC Bank targets c. 20% p.a. in the mid-term).

### NIM to be watched closely, no concerns on C/I and cost of risk

Competition for new borrowers and deposits (to a lesser extent) is pushing the NIM down for TBC (8.3% in 3Q14 vs. 8.6% in 3Q13) and the whole banking sector. A further narrowing of the NIM is broadly expected and TBC management acknowledges it may contract by 0.5-1.5pp from the current level in the mid-term.

C/I in the current year is being affected by one-offs related to the IPO and the settlement of a dispute with former shareholders in Bank Constanta, TBC Bank's subsidiary. Normalized C/I (net of the Constanta fees) stood at a record low 44.8% in the 3Q (49.3% with one-offs included). Yet, management has hinted at a seasonal increase in operating expenses in the 4Q (including bonuses), which makes us downgrade our 2014E C/I ratio to 49% from 48% previously. The bank is certain to improve the ratio in 2015 (to 46.5-47.0%, by our estimates). While the completion of the merger with Constanta planned for 1Q15 will require higher operating expenses, they should be fully offset by revenue growth.

Cost of risk stood at a mere 0.7% in the 3Q, significantly below the normalized level, affected by reversal of provisions in corporate segment (related to improvement of financial health of certain borrowers) and SME (on reduction in overdue loans). Management reiterated its guidance for cost of risk over the mid-term in the range of 1.2-1.6%. We thus remain comfortable with our assumptions for cost of risk at 1.4-1.5% for both 2014 and 2015.

**Target price little changed, maintaining BUY recommendation**

TBC is on pace to outperform our initial expectations for 2014 net income as its loan book is expanding at a faster-than-expected rate. We upgrade our projection for average loan portfolio growth in 2014/15 to 18.1% from 17.2% previously. We keep estimate for 2014 NIM unchanged at 8.4% but decrease it by 0.5pp to 7.9% for 2015. This leads us to marginally downgrade our 2015E net income projection (to GEL 178 mln vs. GEL 184 mln previously). Accounting for these forecast updates, we leave our 12M TP virtually unchanged at USD 19.9/DR (vs. USD 19.8 previously) and maintain a BUY recommendation on the stock.

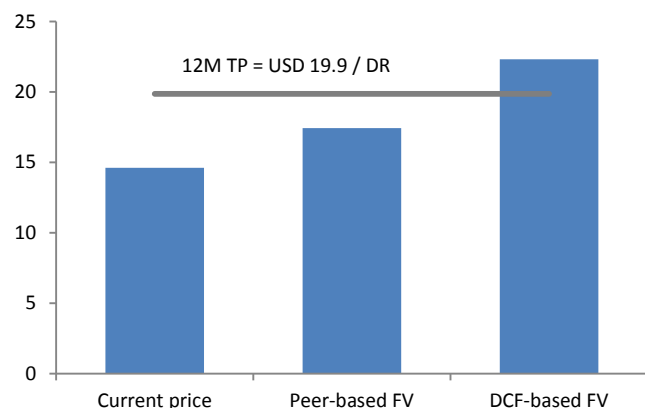
**The economy is broadly healthy, IMF program provides additional comfort**

The Georgian economy has maintained its robust growth – real GDP is up 5.9% yoy in 9M14 and we see this rate being maintained over the mid-term. Inflation accelerated to 3.4% yoy in October, driven primarily by prices for food staples, and will stay close to 5% (the NBG's new inflation target starting from 2015) next year, by our expectations. The exchange rate has remained stable in the range of GEL 1.72-1.77/USD in the 3Q even though the NBG has remained on the sidelines in terms of large-scale FX market interventions. The NBG's reserves recovered 8% in the 3Q to USD 2.7 bln (and stayed little changed in October). With an active IMF program on track, the government and the central bank have all the tools in hand to head off any possible macroeconomic shocks.

**Valuation summary**

We set the 12-month target price for TBC Bank at USD 19.9/DR, implying upside of 36%. Our price target is a simple average of fair values based on DCF and comparative valuation methodologies. We maintain a BUY recommendation on the stock.

Target price methodology, USD/DR



Source: SP Advisors

## DCF valuation

Our DCF valuation model yields a 12-month target price of USD 22.3/DR, implying 53% upside to the current price.

For modeling purposes we assume the value for shareholders is comprised of net income that the bank can distribute as dividends. Assuming the bank maintains a minimum Tier 1 capital ratio of 8.5% as required by the NBG under the new Basel 2-3 framework, a portion of net income has to be retained and is not available for shareholders. We nevertheless note that in reality TBC Bank will target a much higher minimum Tier 1 capital ratio of about 12.5%, as indicated by management's guidance.

We use a cost of equity of 15.5%, which is comprised of a sovereign Eurobond yield of c. 5.0%, corporate bond premium of 2%, equity risk premium of 6%, and company-specific premium of 2.5%. The company-specific premium reflects TBC's lack of a track record in terms of equity trading in public markets. This premium will be phased out in the future.

### DCF model, GEL mln, unless indicated otherwise

	2015E	2016E	2017E	2018E	2019E	2020E
Net income	178	214	258	305	353	405
Risk-weighted exposures (RWE)	6,659	7,657	8,820	10,169	11,728	13,490
Chg. in RWE	872	998	1,163	1,349	1,559	1,762
Targeted Tier 1 (marginal capital charge)	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Net income retention				-44	-158	-150
FCF to shareholders	178	214	258	261	195	255
Cost of equity	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
Discount factor		0.74	0.64	0.55	0.48	0.42
Discounted FCF to shareholders @ Nov-15		158	165	145	94	106
Terminal value						2,973
Sum of discounted FCF (Nov. 2015-2020)	687					
Discounted terminal value		1,236				
Equity fair value @ Nov-15	1,923					
Implied FV / 15E BV	1.7					
Value per share, GEL	39.0					
Value per share, USD	22.3					
<b>Terminal value assumptions</b>						
Perpetuity growth rate		5%				
COE in perpetuity		14%				

### Sensitivity of value per DR, USD

	WACC in perpetuity	Perpetuity growth rate				
		4.0%	4.5%	5.0%	5.5%	6.0%
15.0%		19.6	20.2	20.9	21.6	22.5
14.5%		20.1	20.8	21.6	22.4	23.3
14.0%		20.8	21.5	<b>22.3</b>	23.2	24.3
13.5%		21.4	22.2	23.2	24.2	25.3
13.0%		22.2	23.1	24.1	25.3	26.6

## Peer-based valuation

We estimate the fair value for TBC based on a median 2015E P/B multiple for the peer group (50% weight) and the same multiple for Bank of Georgia (50% weight). We arrive at an average fair value of USD 17.4/DR.

### Peer comparison details\*

	Country	MCap, USD mln	2013	P/B 2014E	2015E	2013	P/E 2014E	2015E
TBC Bank	Georgia	719	1.7	1.2	1.1	9.6	8.1	7.1
Premium/discount to peers median (excl. BoG)			70%	31%	29%	90%	2%	3%
Premium/discount to Bank of Georgia			-10%	-24%	-24%	-6%	-12%	-9%
			2013	P/B 2014E	2015E	2013	P/E 2014E	2015E
Bank of Georgia	Georgia	1,240	1.9	1.6	1.4	10.2	9.2	7.8
Sberbank	Russia	33,893	0.6	0.8	0.7	3.0	4.6	4.1
VTB Bank	Russia	12,006	0.4	0.5	0.5	3.8	12.7	7.5
TCS Group Holding	Russia	676	1.1	1.1	0.9	3.7	10.1	5.8
Bank St. Petersburg	Russia	316	0.2	0.3	0.3	1.5	3.0	2.5
Bank Vozrozhdenie	Russia	211	0.3	0.4	0.4	4.5	4.4	3.7
Halyk Savings Bank	Kazakhstan	2,448	0.5	1.0	0.9	5.2	4.3	4.7
Kazkommertsbank	Kazakhstan	1,265	1.0	0.7	0.6	3.7	5.4	4.6
Garanti Bank	Turkey	16,709	1.5	1.4	1.3	9.4	10.8	9.7
Akbank	Turkey	14,623	1.3	1.3	1.2	9.0	10.1	8.7
Yapi ve Kredi Bank	Turkey	9,562	1.1	1.1	1.0	5.0	10.6	8.6
Halk Bank	Turkey	8,260	1.2	1.1	1.0	5.5	7.9	7.1
Vakilar Bank	Turkey	5,387	0.9	0.8	0.7	6.2	7.9	6.7
Is Bank	Turkey	11,164	1.0	0.9	0.8	6.6	7.6	7.0
<b>Median</b>			<b>1.0</b>	<b>1.0</b>	<b>0.8</b>	<b>5.1</b>	<b>7.9</b>	<b>6.8</b>

\* Data as of Nov. 14, 2014

Sources: Bloomberg, SP Advisors

## TBC Bank financials, IFRS (GEL terms)

<b>Income statement, GEL mln</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>
Interest income	456.5	474.8	513.4	570.7	655.2	752.3	862.6	980.2	1113.3
Interest expense	-217.9	-192.1	-178.6	-203.7	-233.3	-262.0	-294.5	-330.9	-372.3
<b>Net Interest Income</b>	<b>238.7</b>	<b>282.7</b>	<b>334.8</b>	<b>367.0</b>	<b>421.9</b>	<b>490.3</b>	<b>568.1</b>	<b>649.3</b>	<b>741.0</b>
Net fees & commission income	39.3	42.2	48.9	60.8	75.6	87.0	98.8	112.2	127.4
Net other non-interest income	48.8	56.6	57.5	66.3	74.0	82.6	92.0	102.5	114.4
<b>Total Non-Interest Income</b>	<b>88.1</b>	<b>98.8</b>	<b>106.4</b>	<b>127.2</b>	<b>149.6</b>	<b>169.6</b>	<b>190.8</b>	<b>214.7</b>	<b>241.8</b>
<b>Total operating revenues</b>	<b>326.8</b>	<b>381.5</b>	<b>441.2</b>	<b>494.2</b>	<b>571.5</b>	<b>659.9</b>	<b>758.9</b>	<b>864.0</b>	<b>982.9</b>
Personnel costs	-92.3	-108.6	-120.6	-135.0	-152.6	-172.4	-196.6	-224.1	-255.4
Other operating expenses	-93.2	-90.0	-95.5	-95.1	-104.1	-110.5	-117.4	-124.6	-135.4
<b>Total operating costs</b>	<b>-185.5</b>	<b>-198.6</b>	<b>-216.0</b>	<b>-230.2</b>	<b>-256.7</b>	<b>-283.0</b>	<b>-313.9</b>	<b>-348.7</b>	<b>-390.8</b>
<b>Profit/(loss) before provisions</b>	<b>141.3</b>	<b>182.8</b>	<b>225.1</b>	<b>264.0</b>	<b>314.8</b>	<b>376.9</b>	<b>445.0</b>	<b>515.3</b>	<b>592.0</b>
Impairment charges	-28.9	-42.9	-45.0	-56.6	-66.3	-77.5	-90.2	-104.7	-121.6
<b>Pre-tax income/(loss)</b>	<b>112.3</b>	<b>139.9</b>	<b>180.1</b>	<b>207.4</b>	<b>248.5</b>	<b>299.5</b>	<b>354.7</b>	<b>410.6</b>	<b>470.5</b>
Income tax expense	-14.5	-15.7	-24.3	-29.0	-34.8	-41.9	-49.7	-57.5	-65.9
<b>Net income/(loss)</b>	<b>97.8</b>	<b>124.3</b>	<b>155.8</b>	<b>178.3</b>	<b>213.7</b>	<b>257.5</b>	<b>305.1</b>	<b>353.1</b>	<b>404.6</b>
<b>Balance sheet, GEL mln</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>
Cash and cash equivalents	398.6	390.5	495.4	561.5	698.7	752.6	813.8	866.8	868.7
Due from other banks	29.5	1.7	35.4	31.9	28.7	25.8	23.2	20.9	18.8
Mandatory cash balances with NBG	316.1	295.3	316.2	360.8	411.0	468.3	533.8	608.7	694.2
Loans to customers, net	2,370.2	2,801.7	3,313.3	3,910.3	4,595.0	5,393.9	6,285.0	7,319.9	8,523.2
retail loans (gross)	954.5	1,207.5	1,556.2	1,886.6	2,232.8	2,642.8	3,087.4	3,605.8	4,211.4
corporate loans (gross)	1,142.1	1,157.3	1,192.1	1,311.3	1,494.8	1,704.1	1,942.7	2,214.7	2,524.7
loans to SME, micro loans (gross)	440.1	593.7	728.3	878.8	1,037.0	1,220.2	1,431.5	1,679.6	1,970.8
reserve for loan losses	-166.5	-156.9	-163.1	-166.4	-169.7	-173.1	-176.6	-180.1	-183.7
Investment securities available for sale	407.7	500.7	585.8	609.2	639.7	703.6	809.2	930.5	1,070.1
Investment in finance leases	26.4	35.6	49.9	69.8	97.7	136.8	191.5	268.1	375.4
PPE	192.6	199.7	201.7	207.7	211.9	216.1	218.3	220.5	222.7
Other Assets	158.6	225.9	263.0	302.7	278.4	320.7	369.8	426.5	490.5
<b>Total Assets</b>	<b>3,899.7</b>	<b>4,451.1</b>	<b>5,260.6</b>	<b>6,053.7</b>	<b>6,961.0</b>	<b>8,017.9</b>	<b>9,244.5</b>	<b>10,661.9</b>	<b>12,263.6</b>
Due to credit institutions	627.1	565.8	803.4	980.2	1,176.2	1,411.5	1,693.8	2,032.5	2,540.7
Client deposits	2,486.9	2,886.9	3,162.3	3,602.3	4,104.0	4,676.2	5,329.0	6,073.7	6,811.7
Subordinated debt	115.1	168.3	181.7	199.9	219.9	241.9	266.1	292.7	307.3
Other liabilities	66.5	100.8	100.8	115.9	133.3	153.3	176.3	202.8	223.1
<b>Total liabilities</b>	<b>3,295.7</b>	<b>3,721.8</b>	<b>4,248.3</b>	<b>4,898.3</b>	<b>5,633.5</b>	<b>6,483.0</b>	<b>7,465.2</b>	<b>8,601.8</b>	<b>9,882.7</b>
<b>Total equity</b>	<b>604.0</b>	<b>729.3</b>	<b>1,012.3</b>	<b>1,155.4</b>	<b>1,327.5</b>	<b>1,534.9</b>	<b>1,779.3</b>	<b>2,060.2</b>	<b>2,380.9</b>
<b>Equity and liabilities</b>	<b>3,899.7</b>	<b>4,451.1</b>	<b>5,260.6</b>	<b>6,053.7</b>	<b>6,961.0</b>	<b>8,017.9</b>	<b>9,244.5</b>	<b>10,661.9</b>	<b>12,263.6</b>
<b>Financial ratios*</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>
<b>Growth</b>									
Assets	18.2%	14.1%	18.2%	15.1%	15.0%	15.2%	15.3%	15.3%	15.0%
Net loans	18.0%	18.2%	18.3%	18.0%	17.5%	17.4%	16.5%	16.5%	16.4%
Deposits	24.4%	16.1%	9.5%	13.9%	13.9%	13.9%	14.0%	14.0%	12.1%
Net income/(loss)	6.8%	27.1%	25.4%	14.5%	19.8%	20.5%	18.5%	15.7%	14.6%
<b>Profitability</b>									
ROE	18.2%	18.6%	17.9%	16.5%	17.2%	18.0%	18.4%	18.4%	18.2%
ROA	2.7%	3.0%	3.2%	3.2%	3.3%	3.4%	3.5%	3.5%	3.5%
Interest spread	8.6%	8.4%	8.3%	7.7%	7.6%	7.6%	7.5%	7.3%	7.1%
Net interest margin	8.3%	8.3%	8.4%	7.9%	7.8%	7.8%	7.8%	7.6%	7.5%
<b>Liquidity</b>									
Cash and securities for sale / total assets	20.7%	20.0%	20.6%	19.3%	19.2%	18.2%	17.6%	16.9%	15.8%
Net loans / total assets	60.8%	62.9%	63.0%	64.6%	66.0%	67.3%	68.0%	68.7%	69.5%
Net loans / client deposits	95.3%	97.0%	104.8%	108.6%	112.0%	115.3%	117.9%	120.5%	125.1%
Client deposits / total liabilities	75.5%	77.6%	74.4%	73.5%	72.9%	72.1%	71.4%	70.6%	68.9%
<b>Efficiency</b>									
Cost/income ratio	56.8%	52.1%	49.0%	46.6%	44.9%	42.9%	41.4%	40.4%	39.8%
Operating cost / average total assets	5.2%	4.8%	4.4%	4.1%	3.9%	3.8%	3.6%	3.5%	3.4%
<b>Asset quality</b>									
Cost of credit risk	1.0%	1.2%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
<b>Capital</b>									
Equity to assets	15.5%	16.4%	19.2%	19.1%	19.1%	19.1%	19.2%	19.3%	19.4%
NBG Basel 2-3 Tier 1 CAR	10.5%	10.7%	13.5%	13.8%	14.3%	14.7%	15.1%	15.5%	15.8%
<b>Per share</b>									
BPS, GEL	15.0	17.7	20.6	23.4	26.8	30.8	35.5	41.0	47.1
EPS, GEL	2.5	3.0	3.2	3.6	4.3	5.2	6.1	7.0	8.0
DPS, GEL	0.0	0.4	0.5	0.8	0.9	1.1	1.3	1.5	1.7

\* Ratios are based on annual data and may be different from ratios reported by TBC Bank for which more frequent observations are used

Sources: Company, SP Advisors

## TBC Bank financials, IFRS (USD terms)

Income statement, USD mln	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Interest income	276.5	285.4	293.4	326.1	374.4	429.9	492.9	560.1	636.2
Interest expense	-132.0	-115.5	-102.1	-116.4	-133.3	-149.7	-168.3	-189.1	-212.7
<b>Net Interest Income</b>	<b>144.5</b>	<b>169.9</b>	<b>191.3</b>	<b>209.7</b>	<b>241.1</b>	<b>280.2</b>	<b>324.6</b>	<b>371.0</b>	<b>423.5</b>
Net fees & commission income	23.8	25.4	28.0	34.8	43.2	49.7	56.4	64.1	72.8
Net other non-interest income	29.6	34.0	32.8	37.9	42.3	47.2	52.6	58.6	65.4
<b>Total Non-Interest Income</b>	<b>53.4</b>	<b>59.4</b>	<b>60.8</b>	<b>72.7</b>	<b>85.5</b>	<b>96.9</b>	<b>109.0</b>	<b>122.7</b>	<b>138.2</b>
<b>Total operating revenues</b>	<b>197.9</b>	<b>229.3</b>	<b>252.1</b>	<b>282.4</b>	<b>326.6</b>	<b>377.1</b>	<b>433.6</b>	<b>493.7</b>	<b>561.6</b>
Personnel costs	-55.9	-65.3	-68.9	-77.2	-87.2	-98.5	-112.3	-128.0	-146.0
Other operating expenses	-56.5	-54.1	-54.6	-54.4	-59.5	-63.2	-67.1	-71.2	-77.4
<b>Total operating costs</b>	<b>-112.4</b>	<b>-119.4</b>	<b>-123.5</b>	<b>-131.5</b>	<b>-146.7</b>	<b>-161.7</b>	<b>-179.4</b>	<b>-199.3</b>	<b>-223.3</b>
<b>Profit/(loss) before provisions</b>	<b>85.5</b>	<b>109.9</b>	<b>128.7</b>	<b>150.9</b>	<b>179.9</b>	<b>215.4</b>	<b>254.3</b>	<b>294.4</b>	<b>338.3</b>
Impairment charges	-17.5	-25.8	-25.7	-32.4	-37.9	-44.3	-51.6	-59.8	-69.5
<b>Pre-tax income/(loss)</b>	<b>68.0</b>	<b>84.1</b>	<b>102.9</b>	<b>118.5</b>	<b>142.0</b>	<b>171.1</b>	<b>202.7</b>	<b>234.6</b>	<b>268.8</b>
Income tax expense	-8.8	-9.4	-13.9	-16.6	-19.9	-24.0	-28.4	-32.8	-37.6
<b>Net income/(loss)</b>	<b>59.2</b>	<b>74.7</b>	<b>89.0</b>	<b>101.9</b>	<b>122.1</b>	<b>147.2</b>	<b>174.3</b>	<b>201.8</b>	<b>231.2</b>
<b>Balance sheet, USD mln</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>
Cash and cash equivalents	240.6	224.9	283.1	320.8	399.3	430.1	465.0	495.3	496.4
Due from other banks	17.8	1.0	20.2	18.2	16.4	14.7	13.3	11.9	10.8
Mandatory cash balances with NBG	190.8	170.1	180.7	206.1	234.8	267.6	305.0	347.8	396.7
<b>Loans to customers, net</b>	<b>1,430.7</b>	<b>1,613.6</b>	<b>1,893.3</b>	<b>2,234.4</b>	<b>2,625.7</b>	<b>3,082.2</b>	<b>3,591.4</b>	<b>4,182.8</b>	<b>4,870.4</b>
retail loans (gross)	576.1	695.5	889.2	1,078.0	1,275.9	1,510.2	1,764.2	2,060.4	2,406.5
corporate loans (gross)	689.4	666.6	681.2	749.3	854.2	973.8	1,110.1	1,265.5	1,442.7
loans to SME, micro loans (gross)	265.7	342.0	416.2	502.2	592.6	697.2	818.0	959.8	1,126.2
reserve for loan losses	-100.5	-90.3	-93.2	-95.1	-97.0	-98.9	-100.9	-102.9	-105.0
Investment securities available for sale	246.1	288.3	334.7	348.1	365.5	402.1	462.4	531.7	611.5
Investment in finance leases	15.9	20.5	28.5	39.9	55.8	78.2	109.4	153.2	214.5
PPE	116.2	115.0	115.2	118.7	121.1	123.5	124.7	126.0	127.2
Other Assets	95.8	130.1	150.3	173.0	159.1	183.3	211.3	243.7	280.3
<b>Total Assets</b>	<b>2,353.9</b>	<b>2,563.5</b>	<b>3,006.1</b>	<b>3,459.3</b>	<b>3,977.7</b>	<b>4,581.7</b>	<b>5,282.6</b>	<b>6,092.5</b>	<b>7,007.8</b>
Due to credit institutions	378.5	325.9	459.1	560.1	672.1	806.6	967.9	1,161.5	1,451.8
Client deposits	1,501.1	1,662.7	1,807.0	2,058.4	2,345.1	2,672.1	3,045.2	3,470.7	3,892.4
Subordinated debt	69.5	96.9	103.8	114.2	125.7	138.2	152.0	167.3	175.6
Other liabilities	40.2	58.1	57.6	66.3	76.2	87.6	100.8	115.9	127.5
<b>Total liabilities</b>	<b>1,989.3</b>	<b>2,143.5</b>	<b>2,427.6</b>	<b>2,799.0</b>	<b>3,219.1</b>	<b>3,704.6</b>	<b>4,265.8</b>	<b>4,915.3</b>	<b>5,647.3</b>
<b>Total equity</b>	<b>364.6</b>	<b>420.0</b>	<b>578.5</b>	<b>660.2</b>	<b>758.6</b>	<b>877.1</b>	<b>1,016.7</b>	<b>1,177.2</b>	<b>1,360.5</b>
<b>Equity and liabilities</b>	<b>2,353.9</b>	<b>2,563.5</b>	<b>3,006.1</b>	<b>3,459.3</b>	<b>3,977.7</b>	<b>4,581.7</b>	<b>5,282.6</b>	<b>6,092.5</b>	<b>7,007.8</b>
<b>Financial ratios*</b>	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>
<b>Growth</b>									
Assets	19.1%	8.9%	15.3%	14.4%	14.3%	14.6%	13.6%	14.2%	13.6%
Net loans	19.0%	12.8%	15.5%	18.9%	16.3%	16.3%	14.8%	14.8%	14.8%
Deposits	25.4%	10.8%	9.1%	15.1%	15.2%	14.6%	14.0%	14.0%	14.0%
Net income/(loss)	9.0%	26.1%	16.5%	20.8%	20.8%	16.9%	15.3%	14.0%	13.4%
<b>Profitability</b>									
ROE	18.2%	18.6%	17.4%	16.8%	17.6%	17.9%	17.8%	17.6%	17.4%
ROA	2.7%	3.0%	3.2%	3.3%	3.5%	3.6%	3.6%	3.6%	3.6%
Interest spread	8.6%	8.4%	8.4%	8.2%	8.1%	7.9%	7.7%	7.5%	7.3%
Net interest margin	8.3%	8.3%	8.4%	8.4%	8.3%	8.2%	8.1%	7.9%	7.7%
<b>Liquidity</b>									
Cash and securities for sale / total assets	20.7%	20.0%	20.1%	19.1%	18.3%	17.7%	17.3%	17.2%	16.7%
Net loans / total assets	60.8%	62.9%	63.0%	65.5%	66.7%	67.6%	68.4%	68.7%	69.4%
Net loans / client deposits	95.3%	97.0%	102.8%	106.1%	107.2%	108.8%	109.6%	110.3%	111.0%
Client deposits / total liabilities	75.5%	77.6%	76.4%	76.9%	77.7%	77.8%	78.4%	78.5%	79.0%
<b>Efficiency</b>									
Cost/income ratio	56.8%	52.1%	47.8%	45.7%	43.8%	42.5%	41.5%	40.8%	40.2%
Operating cost / average total assets	5.2%	4.8%	4.4%	4.2%	4.0%	3.9%	3.8%	3.7%	3.6%
<b>Asset quality</b>									
Cost of credit risk	1.0%	1.2%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
<b>Capital</b>									
Equity to assets	15.5%	16.4%	19.7%	19.8%	20.0%	20.1%	20.4%	20.6%	20.8%
NBG Basel 2-3 Tier 1 CAR	10.5%	10.7%	14.5%	14.8%	15.1%	15.4%	15.8%	16.0%	16.2%
<b>Per share</b>									
BPS, USD	9.0	10.2	11.8	13.4	15.3	17.6	20.3	23.4	26.9
EPS, USD	1.5	1.8	1.8	2.1	2.5	3.0	3.5	4.0	4.6
DPS, USD	0.0	0.2	0.3	0.5	0.5	0.6	0.7	0.9	1.0

\* Ratios are based on annual data and may be different from ratios reported by TBC Bank for which more frequent observations are used

Sources: Company, SP Advisors

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