Early Warning System

IFC-39651

BOG LC Bond DCM

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Quick Facts

Countries	Georgia
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2017-06-14
Borrower	Bank of Georgia JSC
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 70.00 million
Loan Amount (USD)	$ 70.00 million

Project Description

According to IFC website, IFC invested in a tradable Eurobond issued by Joint Stock Company Bank of Georgia (JSC BoG or the Bank), an IFC strategic partner in Georgia (the Project). BoG is a wholly owned subsidiary of Georgia-based JSC BGEO Group, whose parent BGEO Group PLC is incorporated in the United Kingdom and listed on the Premium segment of the London Stock Exchange (LSE). The issuance comprises new notes offered by JSC BoG in the amount of 500 million Georgian Lari (GEL), with a 3-year maturity (the Notes). Proceeds from the issuance of the Notes are being used by BOG to support GEL-denominated lending, primarily to retail banking clients, to finance existing liabilities and for other general working capital and corporate purposes. The Notes are listed on the Irish Stock Exchange under 144A/Reg S and were offered to qualified institutional buyers in the United States and to non-US persons elsewhere.

The development impacts of this projects are:
1. Demonstrate the ability of a Georgian entity to attract long-term funding in local currency from international investors through a market transaction during volatile economic times;
2. Increase financial inclusion in Georgia. By providing long-term financing to BoG IFC supported a systemically important lender in Georgia, heightening BoG’s role in diversifying the country's economic base, creating jobs, and fostering sustained economic growth. Banking sector penetration in Georgia remains low. In order to enlarge financial intermediation, it is essential to increase the flow of credit to individuals and MSMEs and the economy in general; and
3. Help increase the Bank’s capacity to expand lending in local currency, helping borrowers avoid risks related to borrowing in foreign currency

Investment Description

- International Finance Corporation (IFC)

BoG is a privately owned joint-stock company incorporated in Georgia. The holding company of the Bank is JSC BGEO Group, JSC BGEO is a fully owned subsidiary of the UK incorporated BGEO Group PLC. BGEO Group PLC is listed on the Premium segment of the London Stock Exchange and has a current market capitalization of approximately U$1.9 billion. Its top 10 institutional shareholders which, in aggregate, own about 36% of the Group's shares include Schroeder Investment Management PLC, Artemis Investment Management, Harding Loevner LP and Westwood International Advisors Inc.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- JSC Bank of Georgia (Financial Intermediary)
- JSC Bank of Georgia (Financial Intermediary) **is owned by** Bank of Georgia Group PLC (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/