

# Joint project of the Axis and Bank of Georgia

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In addition to regular mortgages, secured by pledging the clients existing real estate, the bank and Axis have developed an innovative mortgage structure, whereby a trilateral agreement between the bank, Axis and the client allow the bank to extend a mortgage secured by the condominium title/fractional ownership while the building will be pledged as mortgage collateral.

**Key terms of mortgage loan:**  
**Size of the loan – around 150 000 USD**  
**Refunding period– up to 10 years**  
**Fractional ownership – 30%**

“Through this innovative structure, we offer access to the booming residential real estate market to the average middle-class consumer with no existing real estate assets, thereby opening up an entirely new market segment for our partners at Axis. In addition to making mortgages more affordable, the clients benefit from the one-stop shopping experience thanks to the Service Desk we will operate at Axis’s sales premises” – noted Vasil Dzotsenidze, Deputy Director General of Bank of Georgia.

“I am delighted that Bank of Georgia is further strengthening its already strong franchise of real estate lending through bringing a new product to the market in coop-



eration with Axis, one of the best real estate developers in Georgia. In line with our philosophy of offering packaged products to our retail banking clients, the Axis mortgage loans will be enhanced by simplified access to additional consumer lending products to help clients renovate and equip their new homes. This cooperation is also significant for us as it pioneers the sales outlet

distribution model which we intend to replicate in several segments of consumer finance”, commented Lado Gurgenidze, Chief Executive Officer of Bank of Georgia.

“We applaud Bank of Georgia for its ability to think outside the box. The bank’s willingness to apply an integrated approach towards evaluating business and customer risk has unlocked the

additional potential of mutually beneficial cooperation of real estate developers and financial institutions. We believe that our joint product will put home ownership within reach of a significant number of people.

“What you would be able to buy in 10 years to come, you can get it today” - Alexander Mezhevizde, President of Axis said.

## Bank of Georgia Announces Launch of Hypo+, the First Ever Offset Mortgage in Georgia

Business Week Writer

For the first time in Georgia, “Bank of Georgia” presents new mortgage lending product “Hypo+”, which allows those willing to purchase or repair an apartment to define monthly interest rate of the payment themselves taking into account their credit history and financial conditions. With the purchase of “Hypo+” the client is provided with an automatic account, which he/she can use for placing or withdrawing savings. The higher the daily balance on the account is, the less the interest rate on mortgage loan gets.

According to bank representatives, “Hypo+” is a unity of products, which gives the clients opportunity to easily cope with financial difficulties connected with the purchase of an apartment. It also provides additional diverse banking services. “Hypo+” offers maximal amounts with small interest rates, simplified scheme for covering the loans and working ability, life and property insurance service.

Besides the main products,

owner of Hypo+ will receive additional products from the bank of Georgia: overdraft, debit and credit cards VISA or MasterCard, diverse packet of insurance from BCI, parallel consumer loan to furniture new apartment, etc. By offering additional products, the bank expresses its confidence in its clients and gives then opportunities for firm and long-term relations.

New product “Hipo+” is available for permanent residents of Georgia with stable income making at least \$400. Annual interest rate starts at 13%; maximal loan term is 10 years. New opportunities will assist the population in improving their living conditions.

Loan quantity and application: purchase/construction of apartments – \$3,000 - \$150, 000. Repair of apartments - \$ 3,000 – 75,000.

In order to receive mortgage loan from “Bank of Georgia” one should submit the following documentation: identity card, salary certificate together with the copy of the contract or appointment order, autobiography or CV.

When receiving income from the business: description of business activity, foundation documentation,

balance paper and short autobiographies of the main constituents.

Bank of Georgia Director General Lado Gurgenidze comments on new product:

“The new product has no analogy in Georgia and the CIS. Our bank is the first in Georgia to present the so-called “Offset” mortgage loans probated in the Western Europe. Offset mortgage loan is envisaged for clients willing to purchase, repair or construct apartment. Interest rate will be defined individually in accordance with the clients’ financial savings. This, in its turn, decreased long-term prospects of interest rate on mortgage loan”, Director General of Bank of Georgia Lado Gurgenidze stated.

“Through this innovation, the bank will be able to further increase its role in the fast growing real estate market of Georgia, as it makes the purchase of real estate more accessible to middle class consumers who are now given the opportunity to use their savings to full advantage,” commented Lado Gurgenidze.

## NEWS

### NB INTERNATIONAL CURRENCY RESERVES ACCOUNTS FOR \$387,2 MILLION

National Bank’s international currency reserves accounted for \$387,2 million according to the data of March 21 2005, BLACK SEA PRESS was told at the National Bank of Georgia.

According to NB data, in the first two months 2005 the NB increased international currency reserves by \$207 million mainly at the expense of means purchased on actions at Tbilisi Interbank Currency Exchange. In the period under review, NB allocated \$12,38 million for serving Georgia’s foreign debts.

Foreign debt service is the key priority of international currency reserve, NB noted.

### GEORGIA’S GOVERNMENT INFORMS DONORS ON PROSPECTS OF ENERGY IN GEORGIA

Georgia’s government conducted a meeting with representatives of donor organizations and countries supporting the country’s energy sector. EBRD, VVB, KfW, USAID and other donor representatives as well as energy company representatives attended the meeting.

The investors were handed out Georgia’s energy strategic development plan at the session. Georgia’s Energy Sector Development Program aims at provision of energy security in the country as well as improvement of economic and financial situation in the branch.

It was noted that this year energy sector received GEL 190-195 million from the state budget; in 2006 this figure will be – GEL 65-70 million. The participants expressed hope that different international organizations and donor countries would render financial assistance. At the close of the meeting premier Zurab Noghaideli told journalists that serious investments would be drawn in the sector. Moreover, regulation structure of Wholesale Energy Market will also be changed. It is expected that final version of the energy development plan will be adopted next week, stated the premier.

Zurab Noghaideli stated that energy units’ privatization would launch in the first quarter 2006 and would end in the middle of next year. This process will be carried out in an entirely new form. Namely, the units will be handed over in the possession of private investors while the means received through privatization will be used for the development and rehabilitation of the energy sector (not in the state budget).

Government of Georgia intends to hand over to investors a part of hydroelectric station and distribution companies that are in the state possession – Adjara energy distribution company and “United Distribution energy company of Georgia” (UEDC), which is headed by American company “PA Consulting.” Commenting on the given situation, Zurab Noghaideli noted that improvement of energy supply in the capital city or regions was not expected. Despite the launch of energy import from Russia through ETL “Salkhino” to Abkhazia (60 megawatt), as well as possible launch of the 3rd energy unit of TbilHES – power limits will still remain.

Zurab Noghaideli state that unfortunately works on diversification of energy import has started only recently and no agreement with Azerbaijan and Turkey mainly due to debt problems has been reached yet.

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