CFS Investment Bank

JSC Auto Finance
Asset Backed Securities

USD 600,000 senior 2-year putable 20% annual coupon payable monthly*

PUBLIC OFFERING

Investor Presentation

Issue Manager
CFS Investment Bank

ISIN: **GE000A0TX2J9**
State Registration № **GE2700603170**
Bloomberg Ticker: **GEOAF 2008-1**

** Issuer provides optional EUR / USD Currency hedge to bondholders*

2008

TRANSACTION IN BRIEF

USD 600,000 senior debt obligations issued by JSC Auto Finance (a special purpose company) are backed by a diversified portfolio of 100 individual cash receivables, with an average receivable of USD 6,000 and maturity of 2 months. Each receivable is secured by a car with a market value, on average, 2-times the receivable amount. The cash proceeds from receivables are used to pay monthly coupons on senior obligations and to purchase new receivables under similar terms, during the period of 22 months – the defined revolving period of the transaction. The following to the revolving period, is the 3 month accumulation period, during which, new receivables are not purchased and the cash is accumulated in a bank account to be used to repay senior debt obligations at their maturity. The senior-debt obligations are credit-enhanced by a cash reserve fund with an initial balance of USD 30,000. The excess cash during the transaction period will accumulate in the reserve fund. Bondholder has an option to hedge EUR/USD currency exchange rate risk, offered by the transaction manager – CFS Investment Bank.

MAIN CHARACTERISTICS OF BONDS

Summary of the Issue

Issuer:	JSC Auto Finance
Issue Manager:	CFS Investment Bank
Legal Adviser:	CFS Legal Guledani & Partners
Instrument:	Debt Obligation
Status:	Senior
Issue Volume:	600,000
Currency:	USD
Issue Date:	7 July 2008
Final Maturity Date:	7 July 2010
ISIN:	GE000A0TX2J9
Optionality:	Putable
Denomination:	100
Issue Price:	100%
Redemption:	100%
Interest:	20%
Interest Distribution:	Monthly
Offering / Placement:	Public Offering
Rating:	None
Form of the Notes:	Registered, Dematerialized
Secondary Market:	Admitted to the Georgian Stock Exchange
Taxation:	10% at the source*
Governing Law:	Georgian Law

* *As of January 1 2009 interest will not be taxed at the source if bonds will satisfy 25% free float test*

INTEREST AND EMBEDDED PUT OPTION

This is an opportunity for investors to invest in high yield USD bonds and receive fixed 20% annual interest payable monthly for the period of two years. The bondholder has an option to sell the bond at its par value to the issuer with two months prior written notice. No penalties or any other fees for exercising the put option apply.

LIQUIDITY AND TRADING AT GEORGIAN STOCK EXCHANGE

Liquidity of the bonds is provided in two ways. The bonds are admitted for trading at Georgian Stock Exchange (www.gse.ge) and the Issue Manager will provide market-making for the bonds. The Brokerage Services of the Issue Manager will post bid-ask quotes and the corresponding volumes during trading sessions on GSE. Bondholders will have an opportunity to trade the bonds at GSE. Furthermore, the bonds are putable. The bondholders have an option to sell the bonds at any time to the issuer.

CREDIT QUALITY

Due to limited scope of the issuer's operations, the credit quality of its bonds are determined only by the credit quality of the asset portfolio owned by the issuer as well as by the additional structural features of the transaction implemented for credit enhancement purposes.

The bonds are backed by a well diversified portfolio of about 100 individual cash receivables. Receivables are on average USD6,000 with 2 months maturity and are secured by imported cars with estimated value on average 2 times the cash receivables. The cars are insured and are not in use until cash receivables are received by the Issuer. The car titles as well as consignment documentation on the issuer's name are in possession of the issuer and will be released only after the corresponding cash receivables are actually received. If cash receivable defaults, originator of the cash receivable is obligated to buy back the receivable for its nominal value. Otherwise, the issuer has the right to sell the corresponding car to recover the asset in full. The portfolio is also geographically diversified: The cash receivable assets are originated through the services in 9 major cities of Georgia, as well as in Azerbaijan (Baku) and Armenia (Erevan).

Additional structural elements of credit enhancement include reserve fund and the senior status of the bonds, giving priority rights to the bondholders on cash-flows from the assets in the issuer's asset portfolio. The initial balance of the reserve fund is USD 30,000. The excess cash, which is the difference between the interest produced by the assets in the portfolio and the monthly interest (coupon) paid to bondholders as well as nominal operational expenses of the issuer will accumulate in the reserve fund. The issuer is prohibited from distributing any dividends until the principal amount of the bonds is fully redeemed at the final maturity of the bonds. Reserve fund will be used to cover cash deficiencies (if any) to ensure timely distribution of the interest and payment of the principal to the bondholders.

Special coverage tests are applied by measuring and benchmarking certain ratios of characteristics of the asset portfolio and other parameters of the transaction (*overcollaterization ratio*, *receivable/collateral ratio* and *interest coverage ratio*). The maintenance of these ratios at their predetermined minimum values is mandatory for the Issuer to minimize the risk of nonperformance on its obligations towards the bondholders. If the values of any of these ratios fall below acceptable levels, then the Issuer for the protection of bondholders' interests must start early partial (or full) amortization of bonds up until the values of the coverage ratios return to the acceptable levels.

OPTIONAL HEDGE OF EUR / USD CURRENCY RISK

The bondholders have a right (but not obligation) to request and arrange with the issuer EUR / USD currency hedge for the period up until the bonds final maturity date. Under this arrangement: a) the monthly coupon paid to the bondholder will increase by as many percentage points as the EUR/USD exchange rate increases (at the coupon payment date) as compared to the exchange rate at the commencement of the hedge arrangement; b) the principal amount of the bonds to be redeemed to the bondholder will increase by as many percentage points as the EUR/USD exchange rate increases (at the final maturity date) as compared to the exchange rate at the commencement of the hedge arrangement.

CFS INVESTMENT BANK

CFS Investment Bank participates in the transaction (www.caucasusfinancial.com) as Issue Manager, Placement Agent and Manager of the Issuer. The company was founded in 2005 and has a successful experience of introducing modern capital market products in Georgia. Under the General License (No 20046) issued by the National Securities Commission of Georgia, **CFS** Investment Bank is authorized to source, place and manage investment capital, provide investment advice, conduct commercial activities in the capital market, operate on stock exchanges, structure and implement issuance and placement of credit and equity securities on local and global capital markets, manage individual and institutional investment capital, manage investment funds, provide valuation and risk management services and more. **CFS** Investment Bank is a shareholder member of the Georgian Stock Exchange. **CFS** Investment Bank has a highly experienced and skilled professional stuff, some of which have long experience working at top investment banks on Wall Street. **CFS** Investment Bank was the Issue Manager and Placement Agent of the first corporate bond issued by a non-financial organization in Georgia:

Elit Electronics

- USD 2,000,000, 1-year notes, 15.5% annual
- USD 1,000,000, 3-year bonds, 16.75% annual

which were completed successfully in June, 2007.

ISSUER – JSC "AUTO FINANCE"

Issuer is a Joint Stock Company and was founded as a special (limited) purpose legal entity. The scope of activities of the company is limited to the following: purchasing of cash receivables from the originator; issuance of debt obligations collateralized by the cash receivable assets purchased; enter into the agreements related to the current transaction, described herein. Per terms of the issuance of the debt obligations, the issuer is prohibited from conduct of any other business up until the completion of the transaction and full redemption of the bonds at the final maturity to the bondholders, except the cases when this is explicitly allowed by the transaction documentation and / or authorized in writing by the bondholders or their representatives. Since its founding, the issuer has never conducted any business activity. The purpose of limitation of the issuer's activities is to segregate business and credit risks, that provide minimization of risks associated with the debt obligations.

Manager of the Issuer

The Issuer is managed by **CFS** Investment Bank, which administers issuer and its assets and liabilities under the management agreement.

Obligations

The issuer does not have any other senior obligations except the debt obligations described herein and nominal operational expenses. Therefore, the bondholders have priority rights on issuers assets.

Assets

The issuer's assets, portfolio of which serves as a collateral for the debt obligations described herein, consist of portfolio of cash receivables purchased at discount from the originator company by the Issuer (see Asset Portfolio), secured by cars and cash reserve. The initial balance of the cash reserve equals to the amount necessary for three-month coupon payments on debt obligations.

ORIGINATION OF ASSETS

The portfolio of assets is purchased from the originator company – Caucasus AutoImport, LLC (www.cai.ge), which serves its clients in 9 major cities of Georgia as well as in Azerbaijan (Baku) and Armenia (Yerevan) in purchasing used and new cars abroad (USA, Germany and Japan) and importing them to Georgia. Most of the clients at the time of purchasing the cars pay only part of the purchase price, transportation cost and service fees and pay the rest upon arrival of the purchased car to the Port Poti, Georgia. Caucasus Auto Import retains the title of the corresponding car up until the full amount due is paid by the client. Thus, each asset in the issuer's portfolio is a cash receivable, which the client has to pay to the owner of the asset in order to take the title of the car. By selling the portfolio of assets to the issuer, Caucasus AutoImport transfers the rights on cash receivables as well as the corresponding car title and consignment documentation on the name of the Issuer to the issuer. Most of the cars which secure the cash receivable assets are used cars and are very liquid.

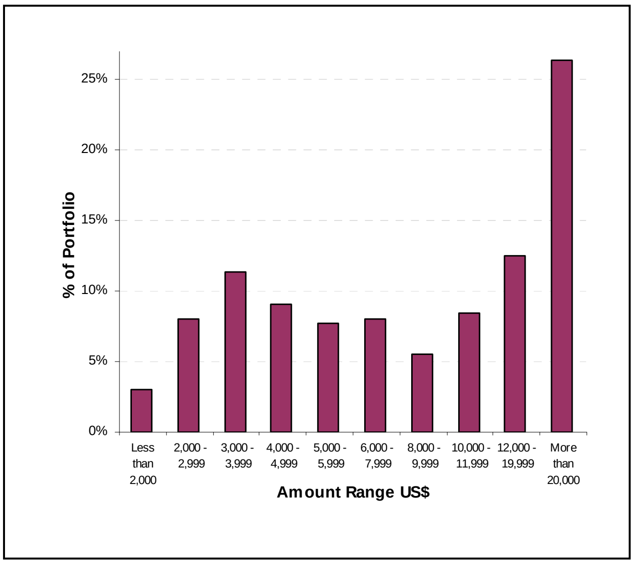
PORTFOLIO OF ASSETS

Portfolio of assets represent portfolio of cash receivables, which are obligations of around 100 different individuals and are secured by highly liquid assets. The receivables are secured by cars with the market value well over 2 (two) times the amount of the receivables

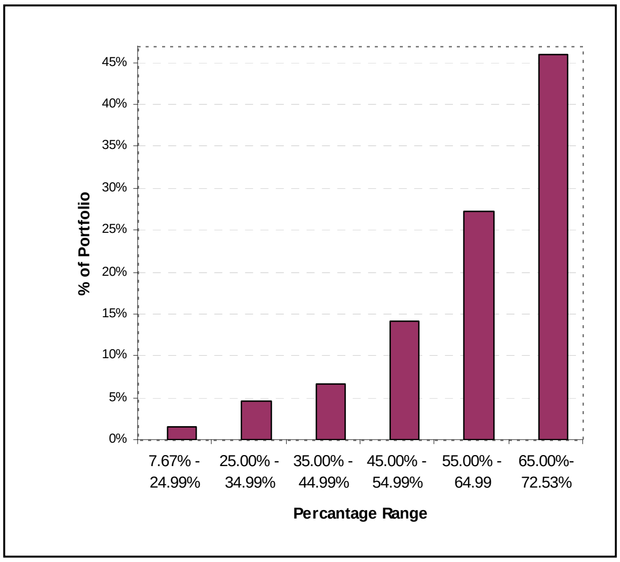
Table 1. Statistical Characteristics of the Asset Portfolio

Total Notional (USD)	638,766
Number of Assets	101
Average Notional of the Asset (USD)	6,324
Maximum Notional of the Asset (USD)	42,180
Minimum Notional of the Asset (USD)	1,105
Average Maturity of the Asset (weeks)	3.35

Distribution of Asset Notionals In the Portfolio



Distribution of the Ratio of Asset Notional and Automobile (self) cost in the Portfolio



Distribution of asset notionals has sizeable variance. For example, assets with the notionals between USD 3,000 – 4,000 consist 11% of the portfolio.

The distribution of the degree of how the cash receivables are secured is shown. For example, for the 27% of assets, the (self) cost of the corresponding automobiles are 1.8 – 1.5 times higher than the corresponding asset notionals.