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# Georgia Is 'A Walk In The Park' For HSBC - Compared With Iraq

By Patrick Hosking  
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Timing is everything. Eight weeks ago HSBC opened the doors of a swanky new operation in downtown Tbilisi. Georgia's promising economic prospects, its political stability and its pro-Western attitudes had persuaded Britain's biggest bank to extend its empire a little further into the Caucasus.

"We believe that Georgia offers some of the best growth opportunities in the entire CIS [Commonwealth of Independent States] region," Tony Turner, a veteran HSBC man and chief executive of the new venture, told local reporters and TV crews at the time. The bank's decision to sink \$17 million (£9.1 million) of start-up capital into the venture, alongside minority Armenian investors, and hire an initial staff of 56 people was soon going to pay dividends, he believed.

Seven weeks later, last weekend, Mr Turner was listening to Russian bombs raining down on military installations on the edge of the city and wondering whether it was safe for his wife and three teenage children to remain with him.

As the bangs intensified, his 17-year old son, visiting for the holidays and studying for his physics A-level, remarked that it was statistically improbable that a bomb would fall directly on them.

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HSBC opened its doors as usual for most of the week, although there was an enforced bank holiday on Tuesday, the better to enable Georgians to rally in a show of support for President Saakashvili. Three of Mr Turner's local staff were called up as reservists.

"It has been slightly surreal," Mr Turner told The Times, "and occasionally scary. In other parts of Georgia it's been just horrible, but there have been no heroics from bank managers in Tbilisi."

On Tuesday, at the height of the alarm, Mr Turner called head office and spoke to Dyfrig John, HSBC's chief for Europe. The decision was made to stay, but to be ready to temporarily shut down if conditions became worse.

So far, that has not been necessary.

Nor has HSBC been particularly targeted as a symbol of the West, which many Georgians believe betrayed them by not responding more immediately and more emphatically to Russian aggression. There has been "some disappointment", Mr Turner concedes.

HSBC, which operates in 85 countries, is no stranger to instability and violence. Three of its staff were killed and 47 injured when al-Qaeda sympathisers bombed its Istanbul headquarters in 2003. Its Argentina chief was machine-gunned in the leg while foiling a kidnap attempt in 2000.

HSBC has an office in the Baghdad green zone. "The last few days in Tbilisi have been a bit of a walk in the park compared with that," says Mr Turner, 48, who has been with HSBC for 25 years, and served in Brazil, Brunei, Bahrain and Armenia.

As for Georgia's prospects now, Mr Turner says that it is much too early to say. Economic growth had been galloping along at 10 per cent or more a year for five years. Foreign investment inflows had tripled to \$1.56 billion in the space of three years.

But all bets are off as a result of the invasion. At best, new foreign investment in the country is likely to be shelved until stability returns.

Hotel developments on the Black Sea are certain to be delayed, he says.

But Mr Turner is not unduly concerned. HSBC invests for the long term and is in the business of risk-taking. While business may be thinner than previously forecast, the margins in the Caucasus are five or ten times as big as in the West.

HSBC rarely quits a country, though it was forced out of Shanghai by the communists in 1949. Short of a dramatic revival in hostilities, HSBC is in Georgia for good. Mr Turner adds: "It is very rare for the group to turn its back on a place for any reason at all."

The best-laid plans . . .

What HSBC said at the launch in June . . .

"Georgia is one of the most dynamic economies in the former Soviet Union"

"With GDP growth last year in excess of 10 per cent, we believe that Georgia offers some of the best growth opportunities in the entire CIS region"

"There is a new breed of Georgian who are increasingly global in outlook and expect nothing less from their bank" "Plans for a second branch are already well under way" . . . and this week

"It has been slightly surreal and occasionally scary. In other parts of Georgia it's been just horrible but there have been no heroics from bank managers in Tbilisi" - Tony Turner, pictured left

"We will not be going anywhere. It is very rare for the group [HSBC] to turn its back on a place for any reason at all"

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