



BANK OF GEORGIA

INVESTOR DAY 2019

Corporate and Investment Banking

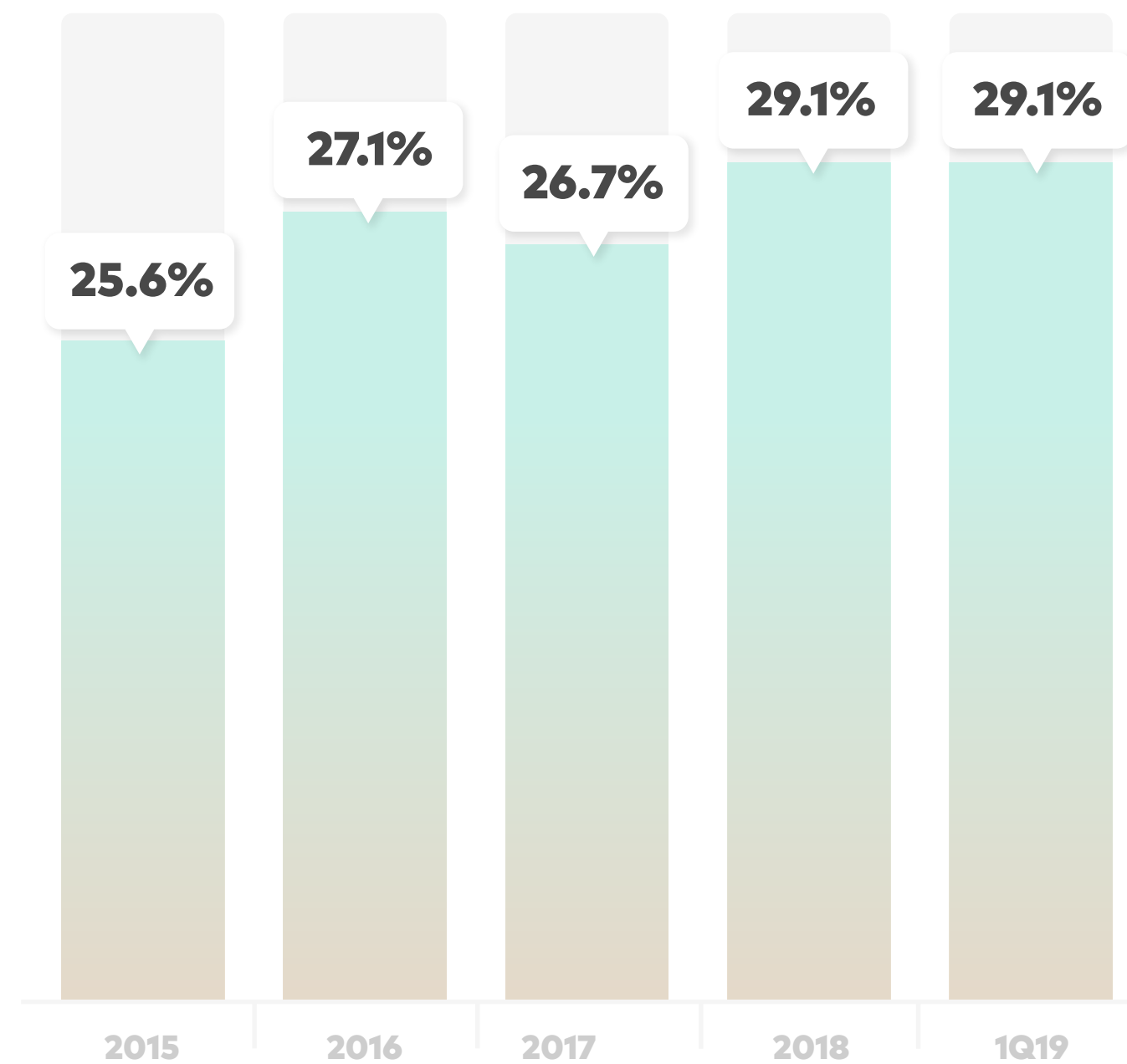
Speaker:

Giorgi Pailodze, Deputy CEO, CIB



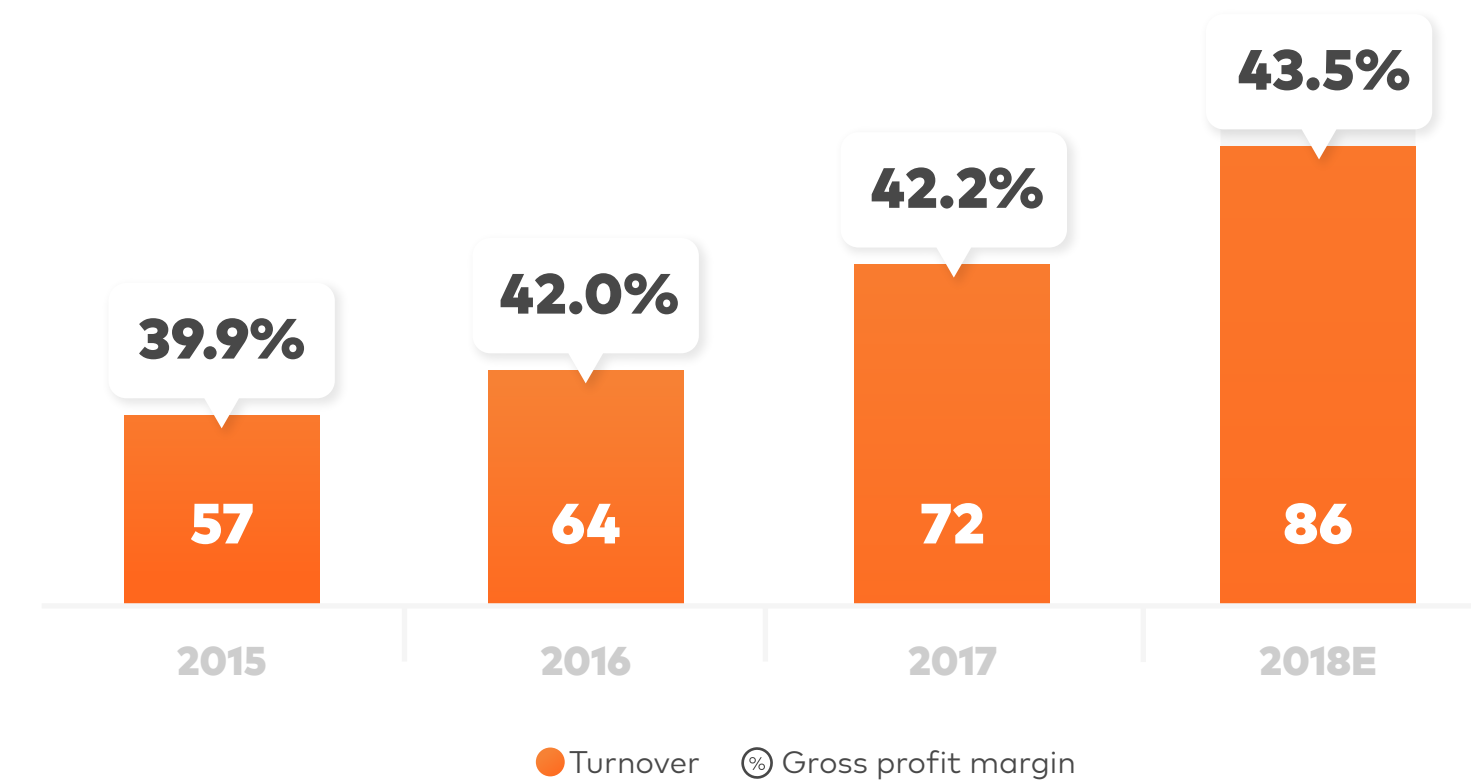
GEORGIAN CORPORATE MARKET HEALTH AND ECONOMIC GROWTH REMAINS SOUND TO SUPPORT SUSTAINED GROWTH IN CORPORATE LENDING

CORPORATE LOANS TO GDP - STEADY LEVELS

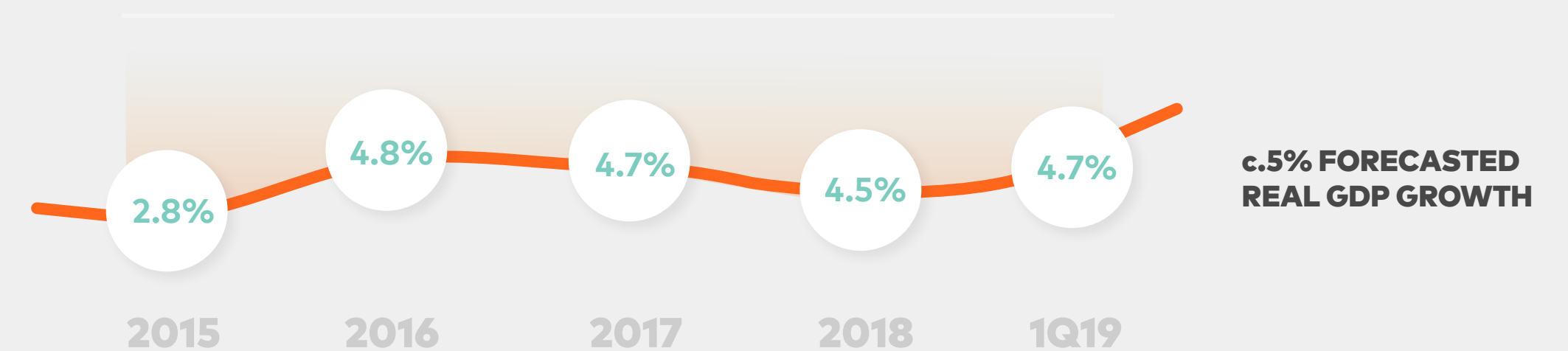


IMPROVING CORPORATE PROFITABILITY

GEL BILLIONS



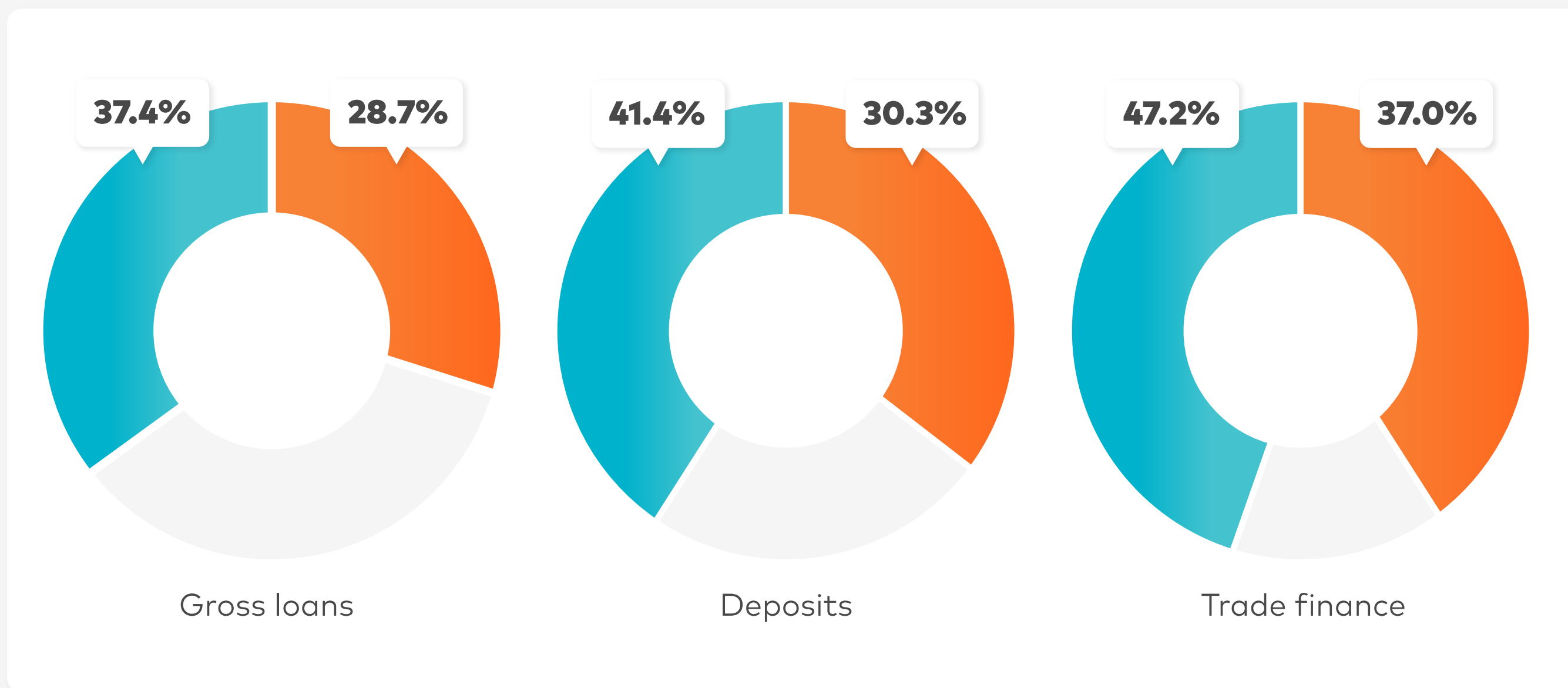
ROBUST REAL GDP GROWTH



CORPORATE AND INVESTMENT BANKING (CIB) AT A GLANCE

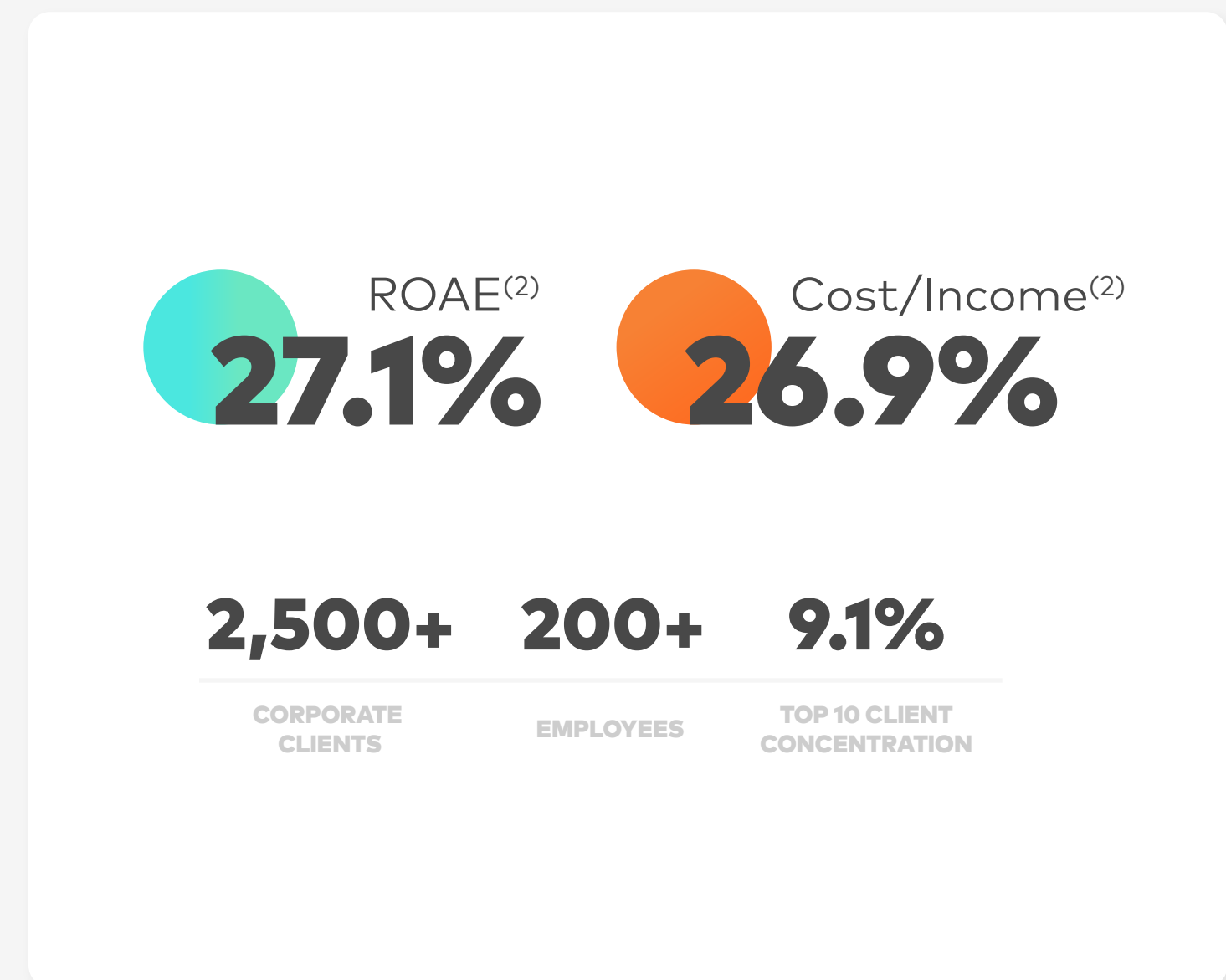
Leading market share with significant scale enables us to achieve best-in-class financial and operating metrics

MARKET SHARE⁽¹⁾



BOG TBC

KEY METRICS

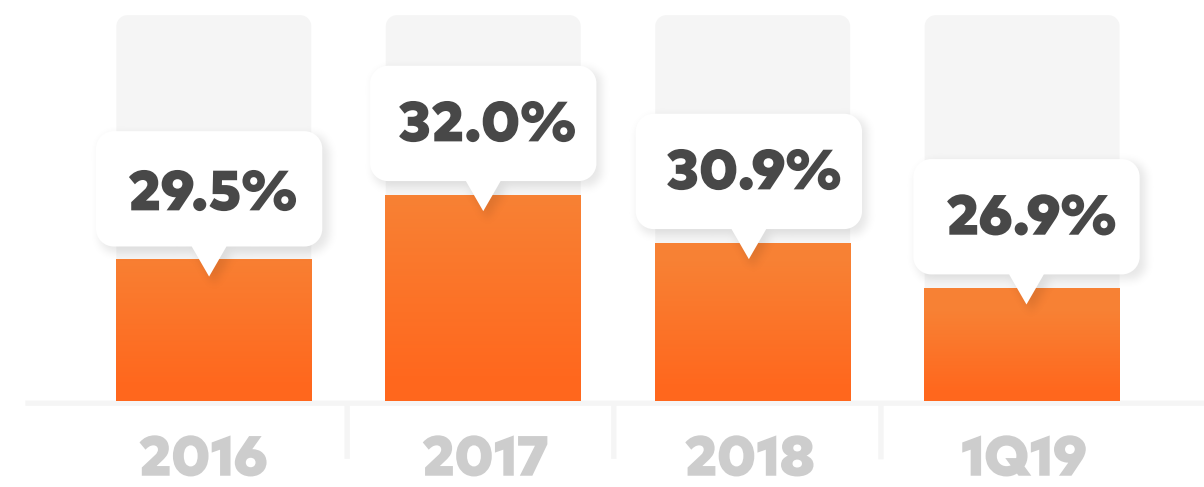


(1) Market share of legal entities as at 31 March 2019. Source NBG, GeoStat, G&T Research

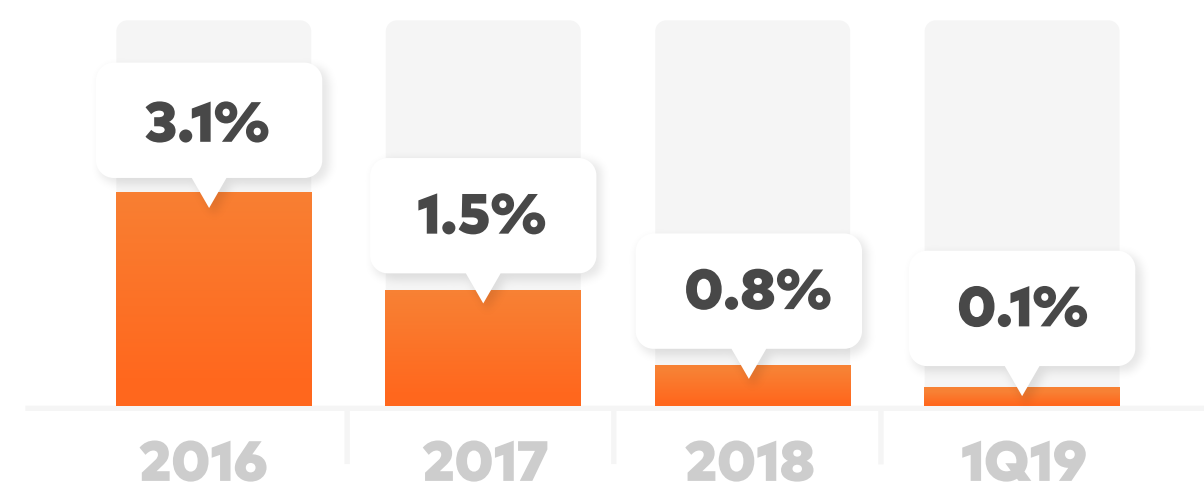
(2) ROAE and cost to income ratios are presented for 1Q19 and adjusted for one-off employee costs related to former CEO and executive management termination benefit

MARKET-LEADING EFFICIENCY METRICS AND RETURN ON EQUITY

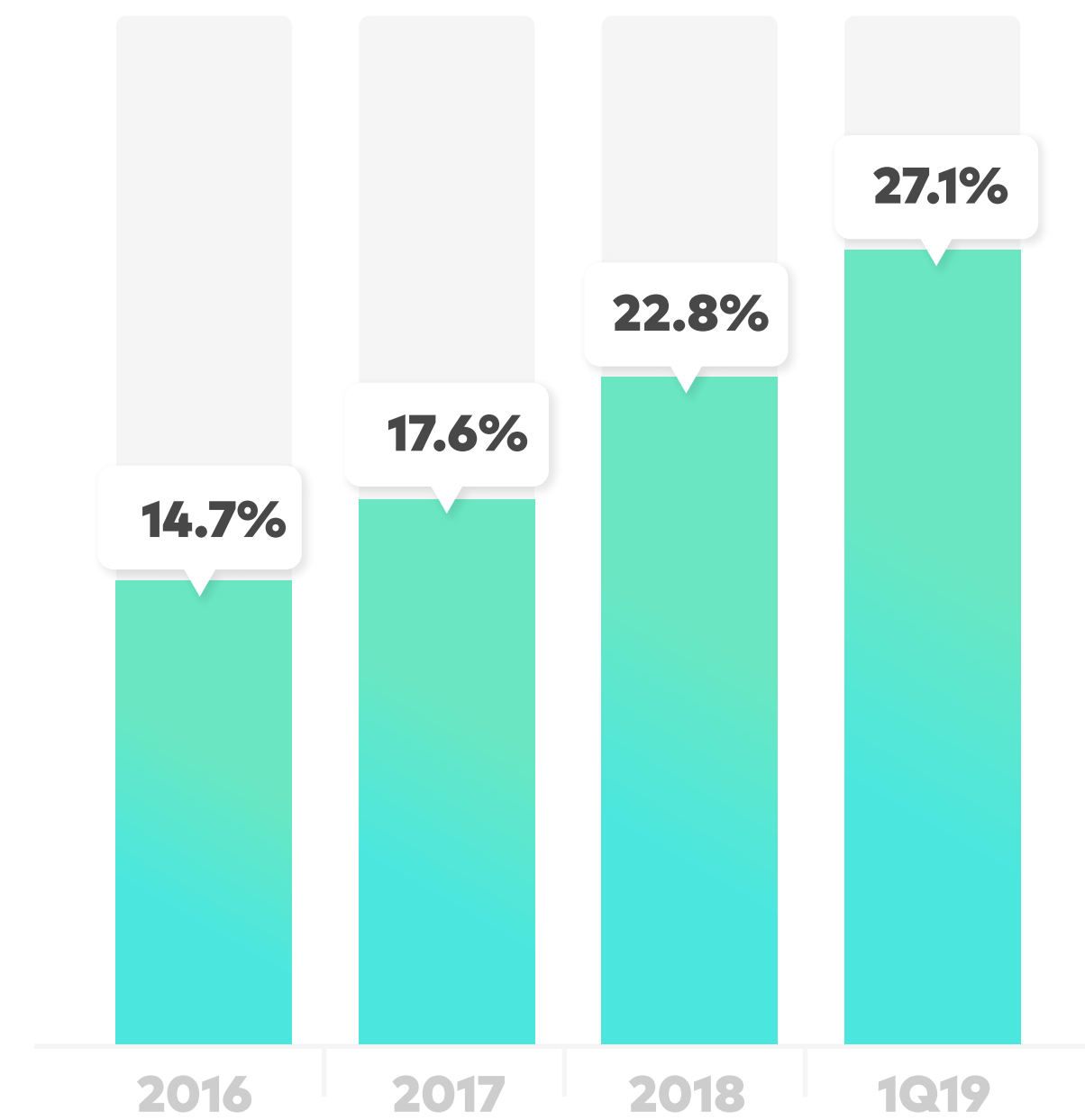
COST-TO-INCOME⁽¹⁾



COST OF CREDIT RISK



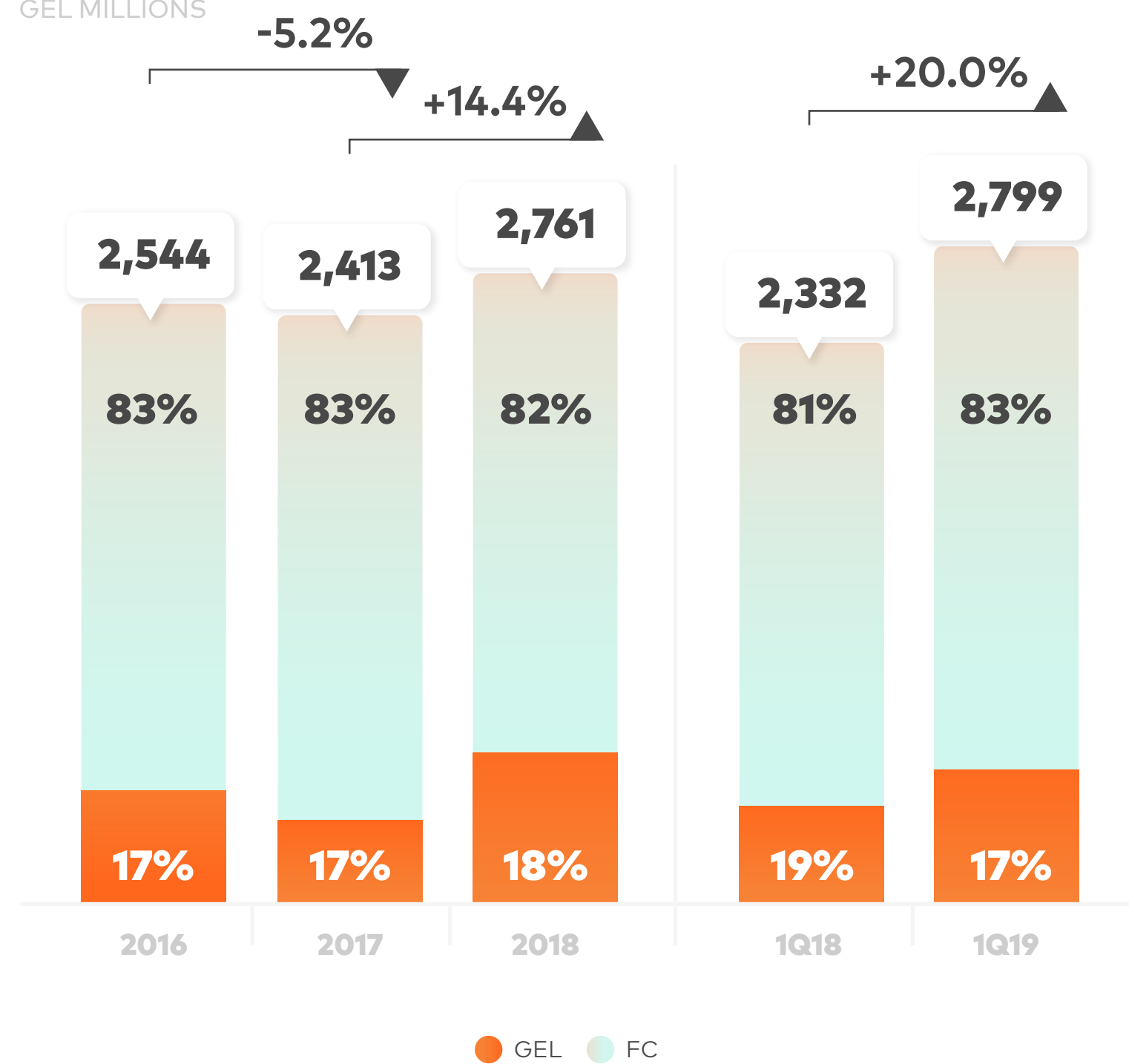
ROAE⁽¹⁾



⁽¹⁾1Q19 results adjusted for one-off employee costs related to former CEO and executive management termination benefits

CIB GROSS LOANS

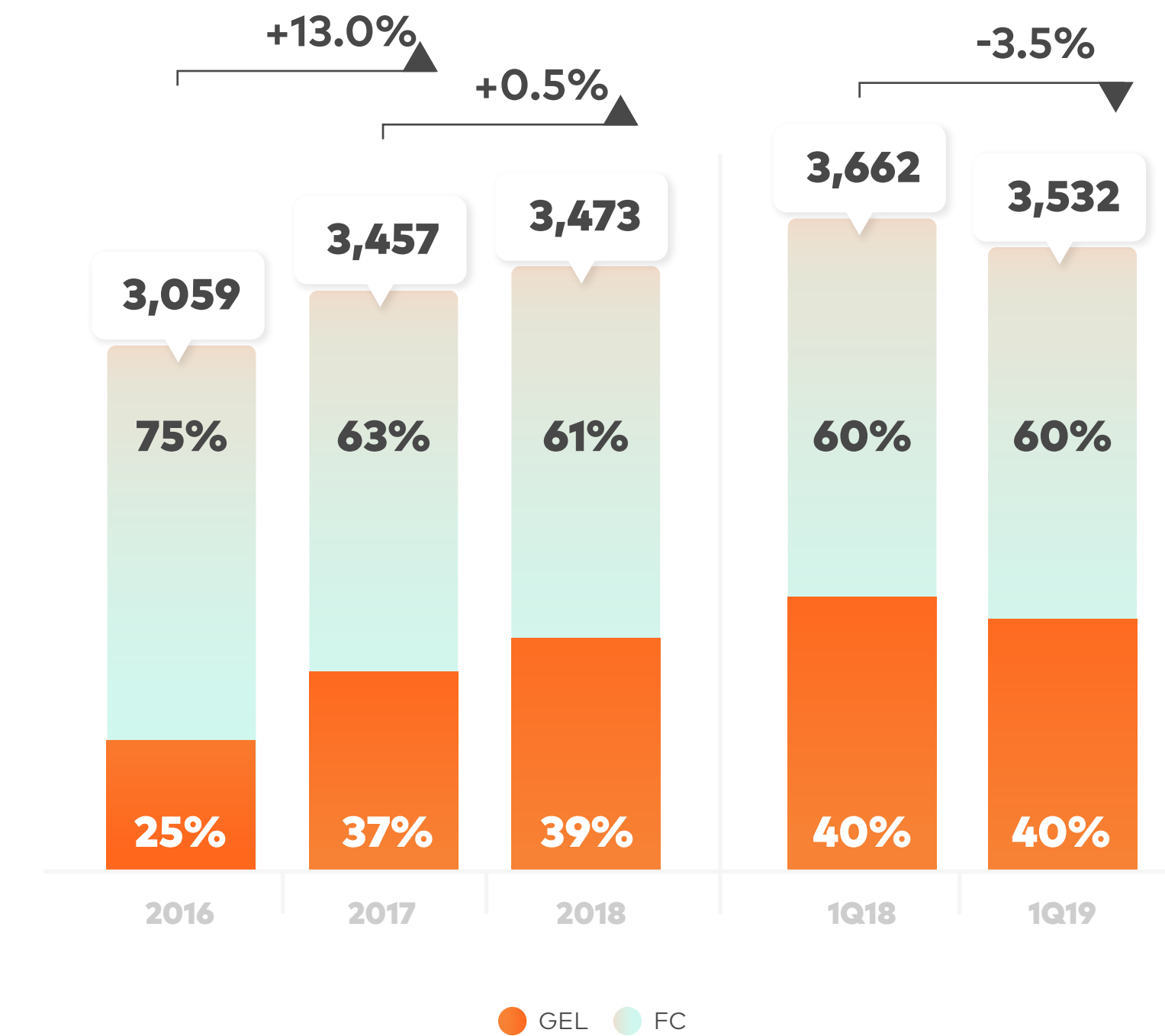
GEL MILLIONS



LOAN BOOK GROWTH HAS RESUMED AFTER COMPLETING DE-CONCENTRATION EFFORT

CIB DEPOSITS

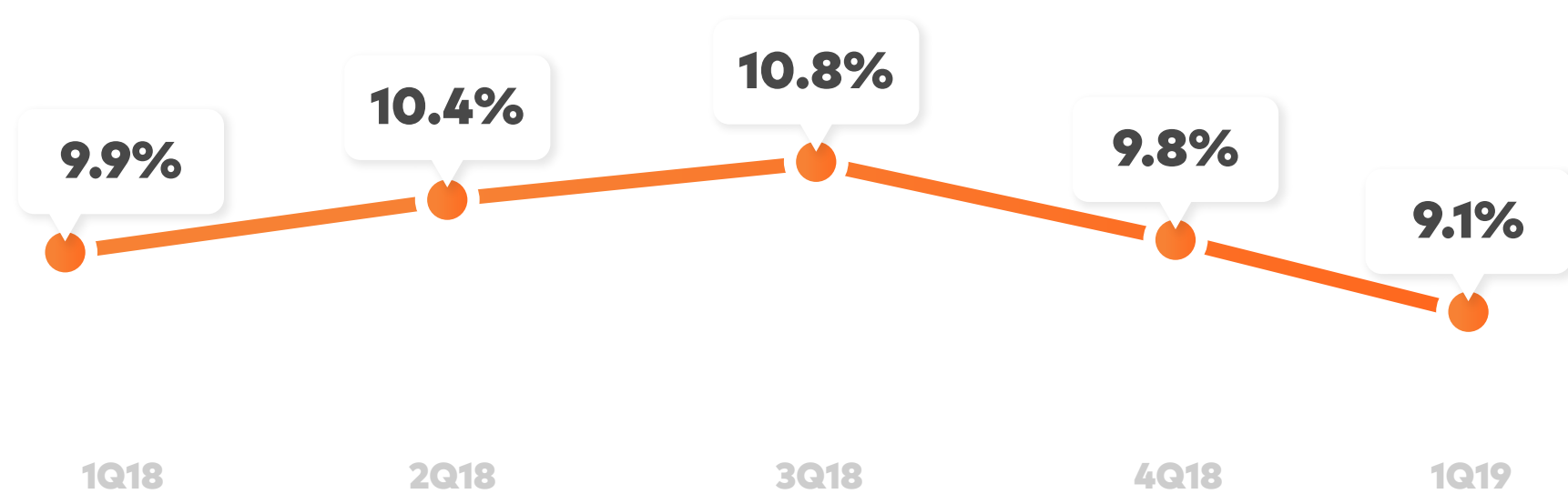
GEL MILLIONS



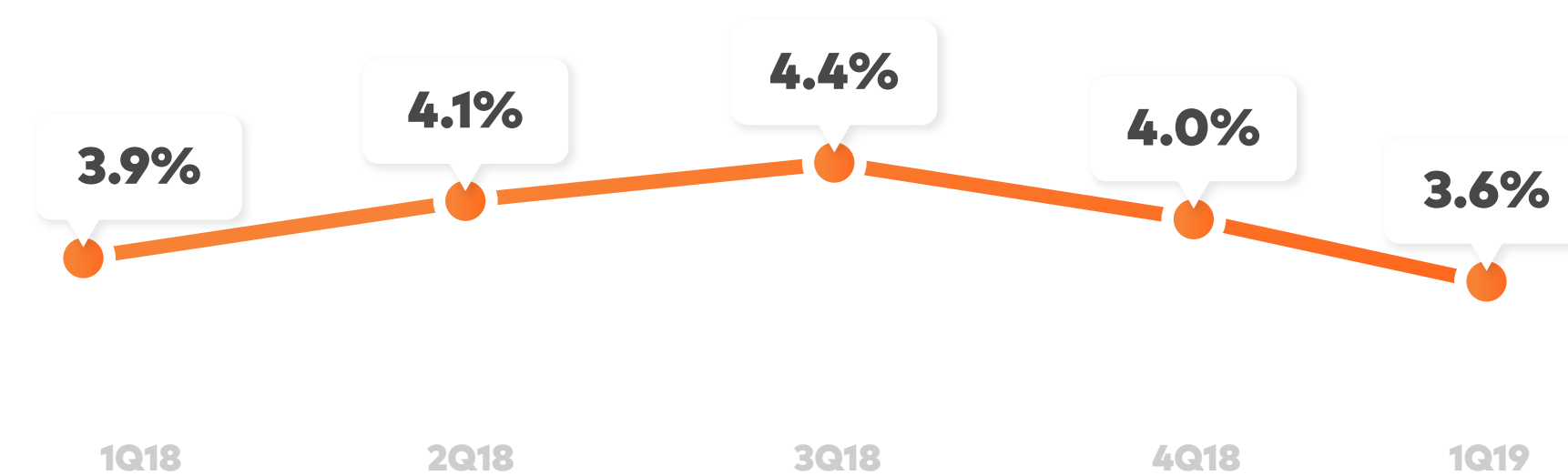
WELL-FUNDED BALANCE SHEET ALLOWS US TO REMOVE HIGHER YIELDING DEPOSITS TO OPTIMISE COST OF FUNDING

... AND RELENTLESS FOCUS TO MAINTAIN SOLID NET INTEREST MARGIN IN THE MARKET OF DECLINING YIELDS

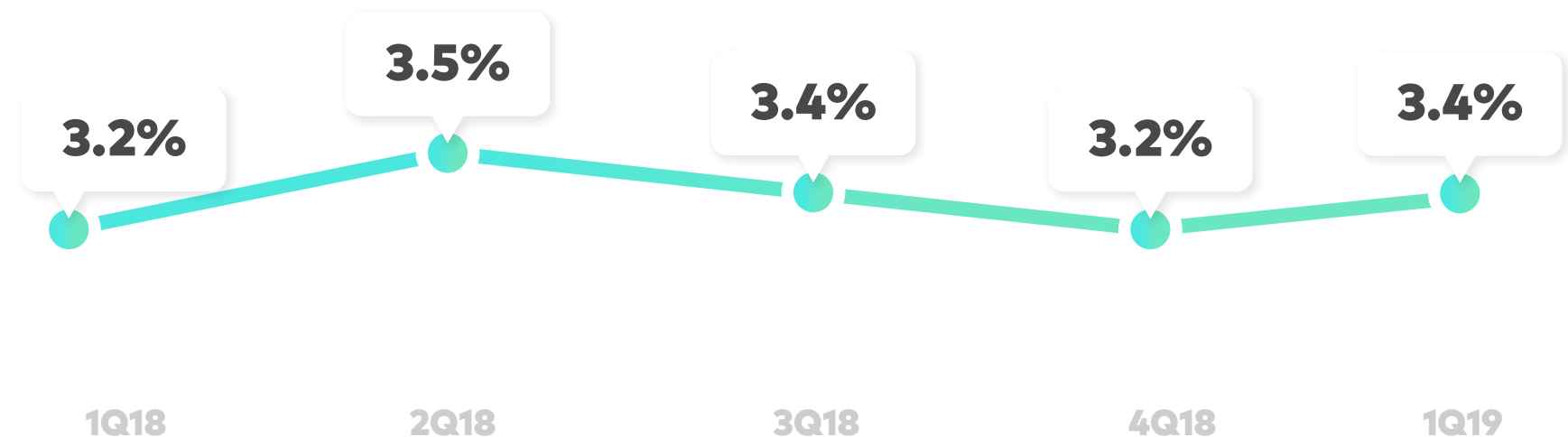
CIB LOAN YIELD



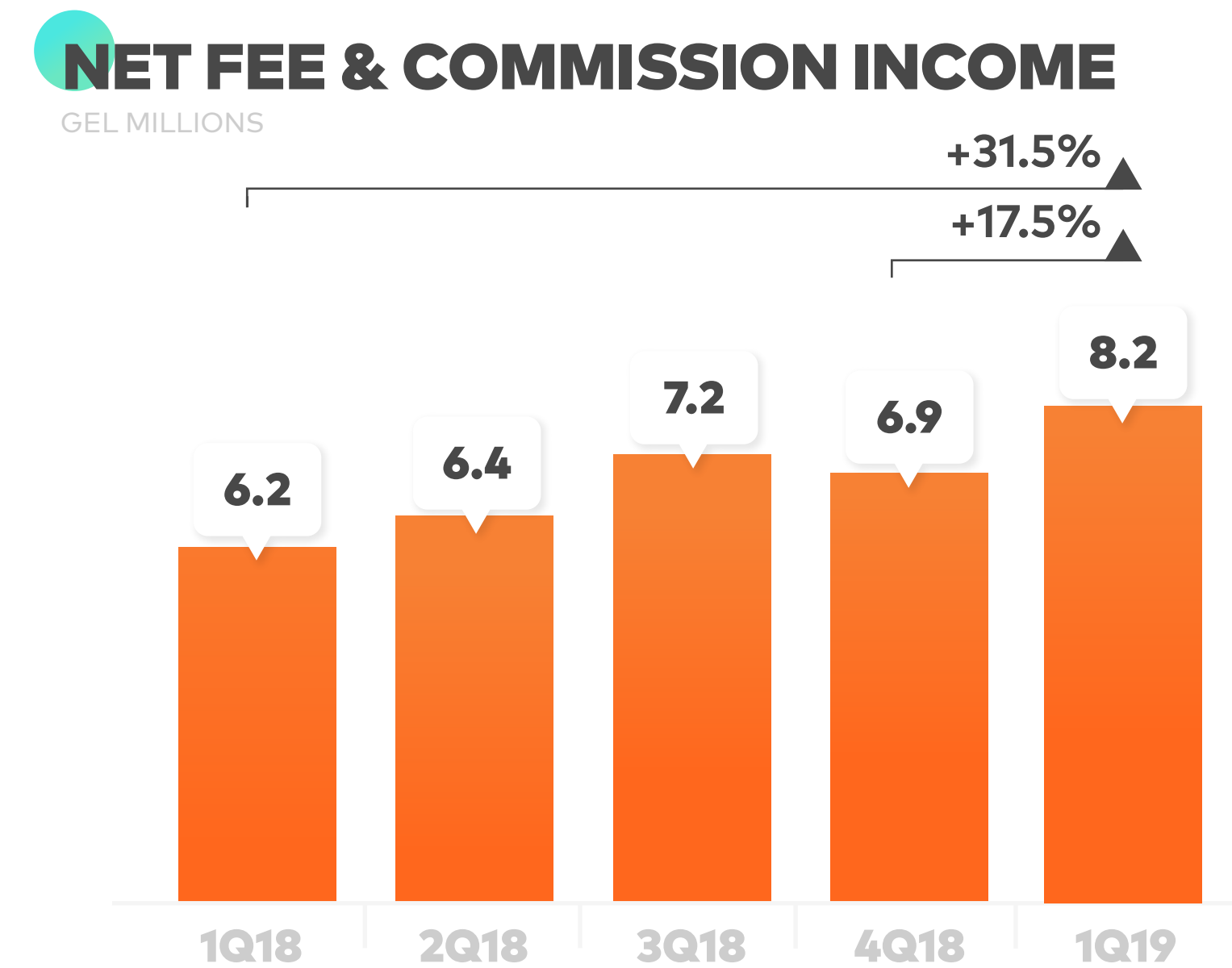
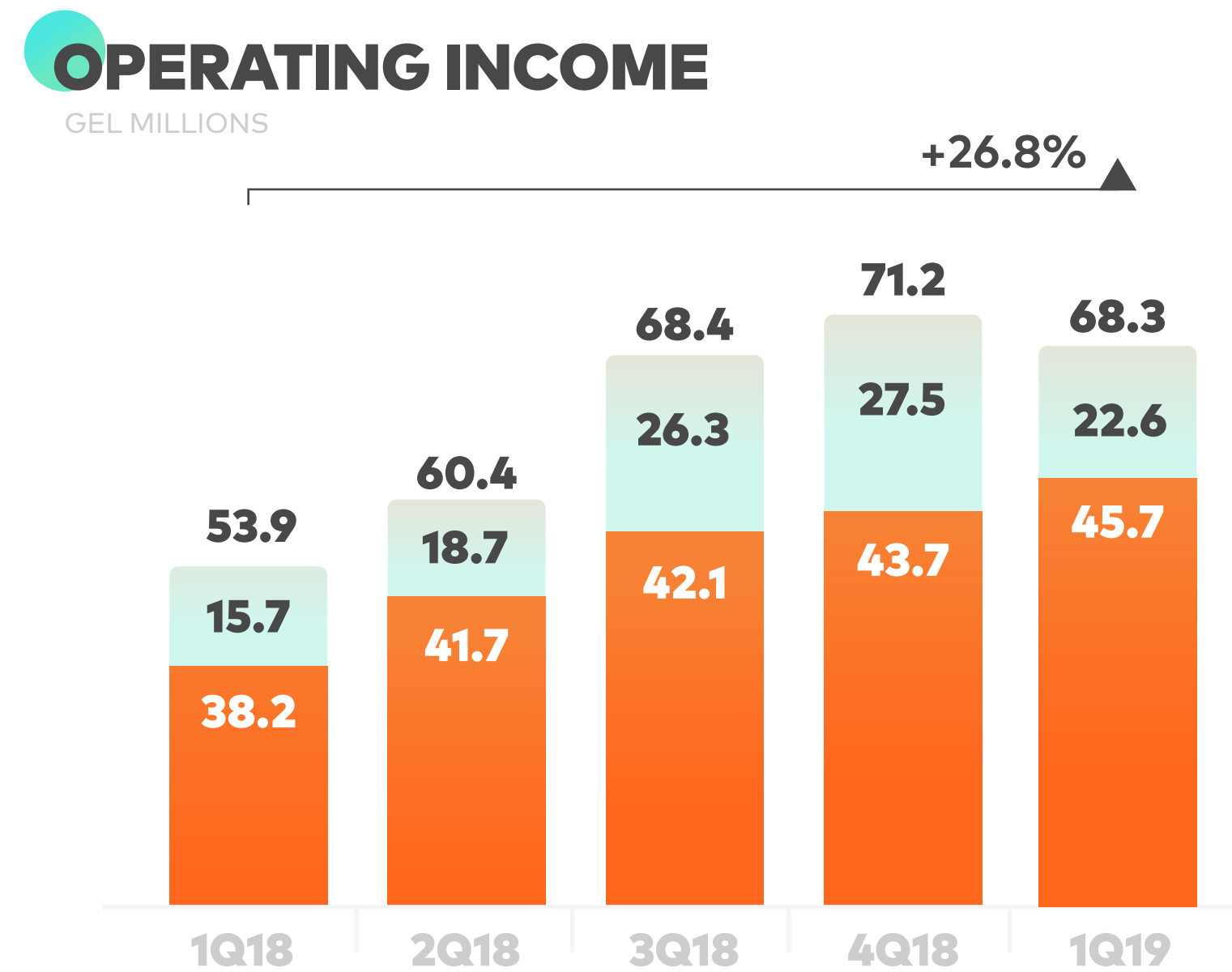
CIB COST OF DEPOSITS



CIB NIM



GOOD MOMENTUM IN CIB OPERATING INCOME SUPPORTED BY NET FEE AND COMMISSION INCOME GROWTH

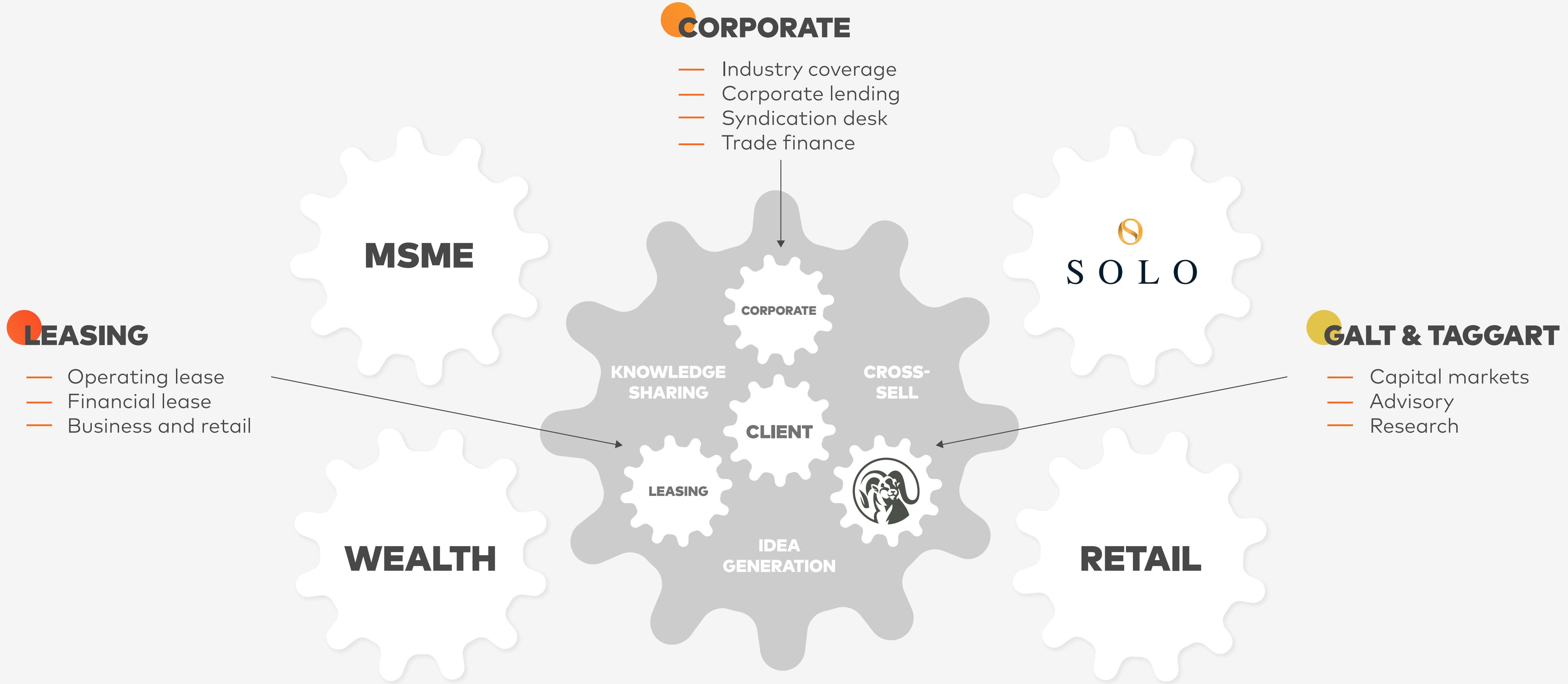


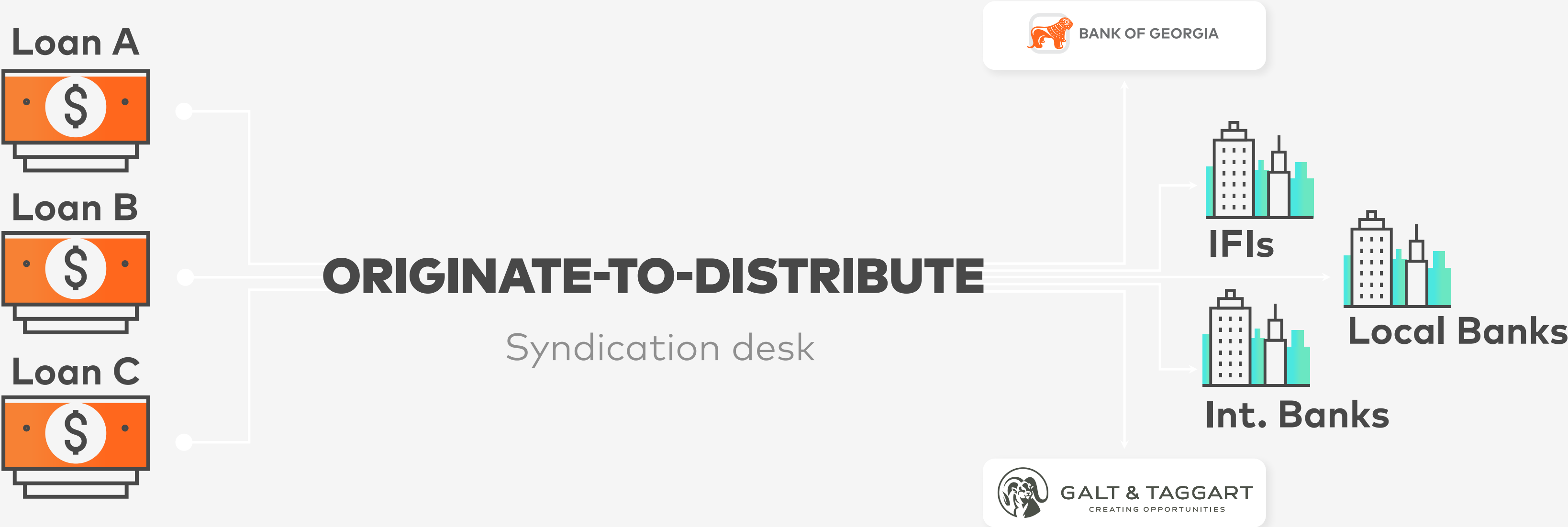
● Net interest income ● Net non-interest income

FOCUS ON NON-INTEREST INCOME

- Continued focus on capital-light non-interest income supports our ROAE given limited credit risk involved
- Strong performance supported by healthy growth in documentary business as well as guarantees
- Achieved 31.5% y-o-y 1Q19 growth in net fee and commission income in typically quiet first quarter

CIB PLATFORM WORKS TOGETHER WITH OTHER BUSINESS UNITS TO OFFER UNIVERSAL BANKING PLATFORM TO OUR CLIENTS





LENDING AND SYNDICATION STRATEGY

- Completed over GEL 380 million worth of syndication transactions over the past 3 years
- BOG syndication desk is being put in place to accelerate growth in this business
- The model enables us to improve portfolio risk/return by freeing up capital and supports growth in fee income

GALT & TAGGART AND WEALTH MANAGEMENT OFFER A MARKET LEADING ORIGINATION AND DISTRIBUTION PLATFORM

GALT & TAGGART

DEBT CAPITAL MARKETS

Most active DCM team in the Caucasus region

- Superior origination and execution platform that works closely with our corporate banking team
- Lead manager of choice for corporates as well as IFIs
- Successful track record of transactions on international market

BROKERAGE

The leading brokerage house in the region

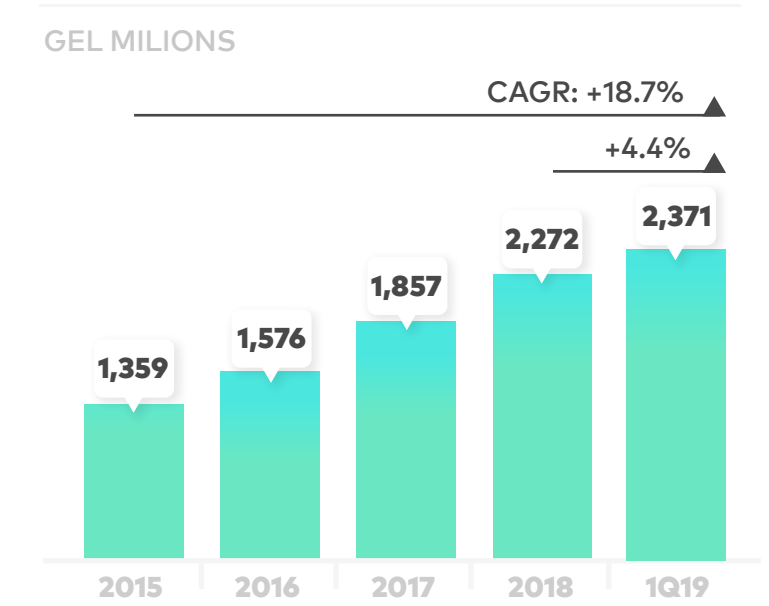
- The only international sub-custodian in the region
- Full product coverage and exclusive partner of SAXO Bank
- Exclusive asset management services
- AUM of more than GEL 1.1 billion

WEALTH MANAGEMENT

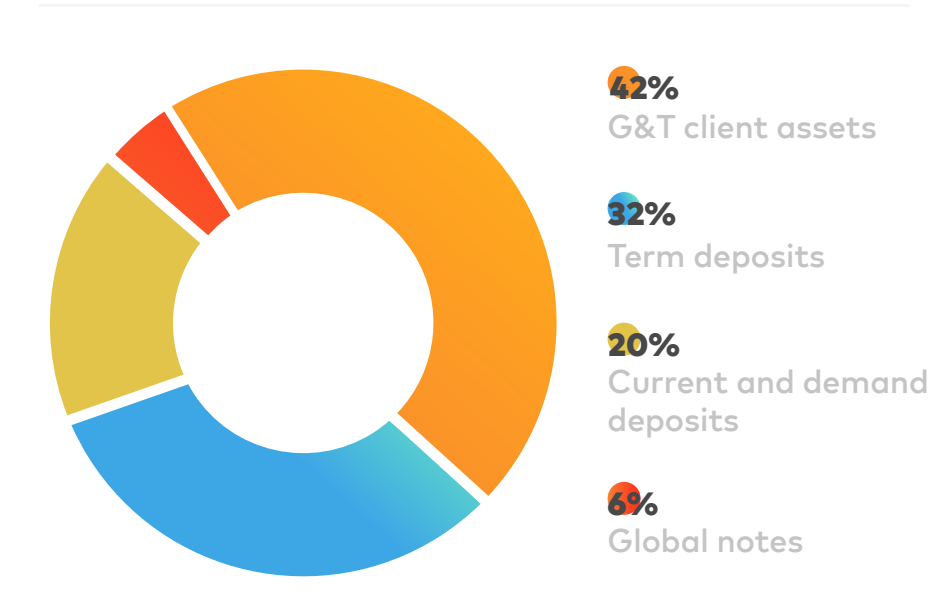
REGIONAL HUB FOR WEALTH MANAGEMENT

- Strong international presence and reach
- AUM of GEL 2.4 billion with funding sources shifting towards non-bank products (bonds, notes, etc.)
- Leading distribution platform in the region with unmatched scale to tap into diversified investor base

AUM



AUM MIX MAR-19



SUCCESSFUL TRACK RECORD

LOCAL CORPORATE BOND PLACEMENTS

 GEL 10 000 000 NBG REF Rate + 625 bps 2.5-Year Bonds Public Placement March 2019 	 GEL 15 000 000 NBG REF Rate + 400 bps 2-Year Bonds Public Placement January 2019 	 USD 30 000 000 7.5% 3-Year Bonds Public Placement December 2018 	 USD 5 000 000 6.5% 3-Year Bonds Public Placement June 2018 
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RATING ADVISORY

 Credit Rating Advisory Fitch Ratings November 2018 	 Credit Rating Advisory Fitch Ratings June 2018 
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INTERNATIONAL TRANSACTIONS

 USD 100 000 000 11.125% 5-Year Tier 1 Capital Public Placement March 2019   	 USD 300 000 000 6.125% 6-Year Bonds Public Placement March 2018    
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IFI BOND PLACEMENTS

 GEL 90 000 000 Three-month Tbilisi Interbank Interest Rate (TIBR3M) +20pbs 4-year bonds Private Placement March 2019 	 GEL 26 000 000 NBG 3 Month CD Rate 5-Year Bonds Private Placement March 2019 	 GEL 160 000 000 NBG 3 Month CD Rate 5-Year Bonds Public Placement July 2018 	 GEL 50 000 000 NBG 3 Month CD Rate 5-Year Bonds Public Placement June 2018 	 GEL 25 000 000 NBG 3 Month CD Rate 3-Year Bonds Public Placement March 2018 
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Note: Transactions in 2018-2019

GALT & TAGGART WORKS CLOSELY WITH OUR CORPORATE BANKING TEAMS TO DELIVER COMPLETE ADVISORY SOLUTIONS TO OUR CORPORATE CLIENTS

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G&T – IB ADVISORY

- M&A
- DCM/ECM advisory
- Rating advisory
- Valuation
- Restructuring
- Strategic advisory

CORPORATE BANKING PRODUCTS

- Corporate borrowings
- Project financing
- Asset-backed financing
- Trade finance solutions



CLIENT

G&T – RESEARCH

- Macroeconomic coverage
- In-depth sector coverage
- Fixed income market coverage
- Produced over 200 macro and sector reports since 2018

SECTOR COVERAGE

- Dedicated relationship bankers that solve client needs
- In-depth sector expertise
- Proactive client coverage

COMPLETE ADVISORY SOLUTIONS

- Solving the most complex financial issues for our clients
- Acting as a strategic advisor and a long-term partner on the journey
- Keeping clients up-to-date regarding the trends and opportunities in the sector
- Organised 5 industry conferences since 2018

CIB LOAN BOOK COMPOSITION LEAVES MAJOR SECTORS TO TAP INTO FOR FURTHER GROWTH

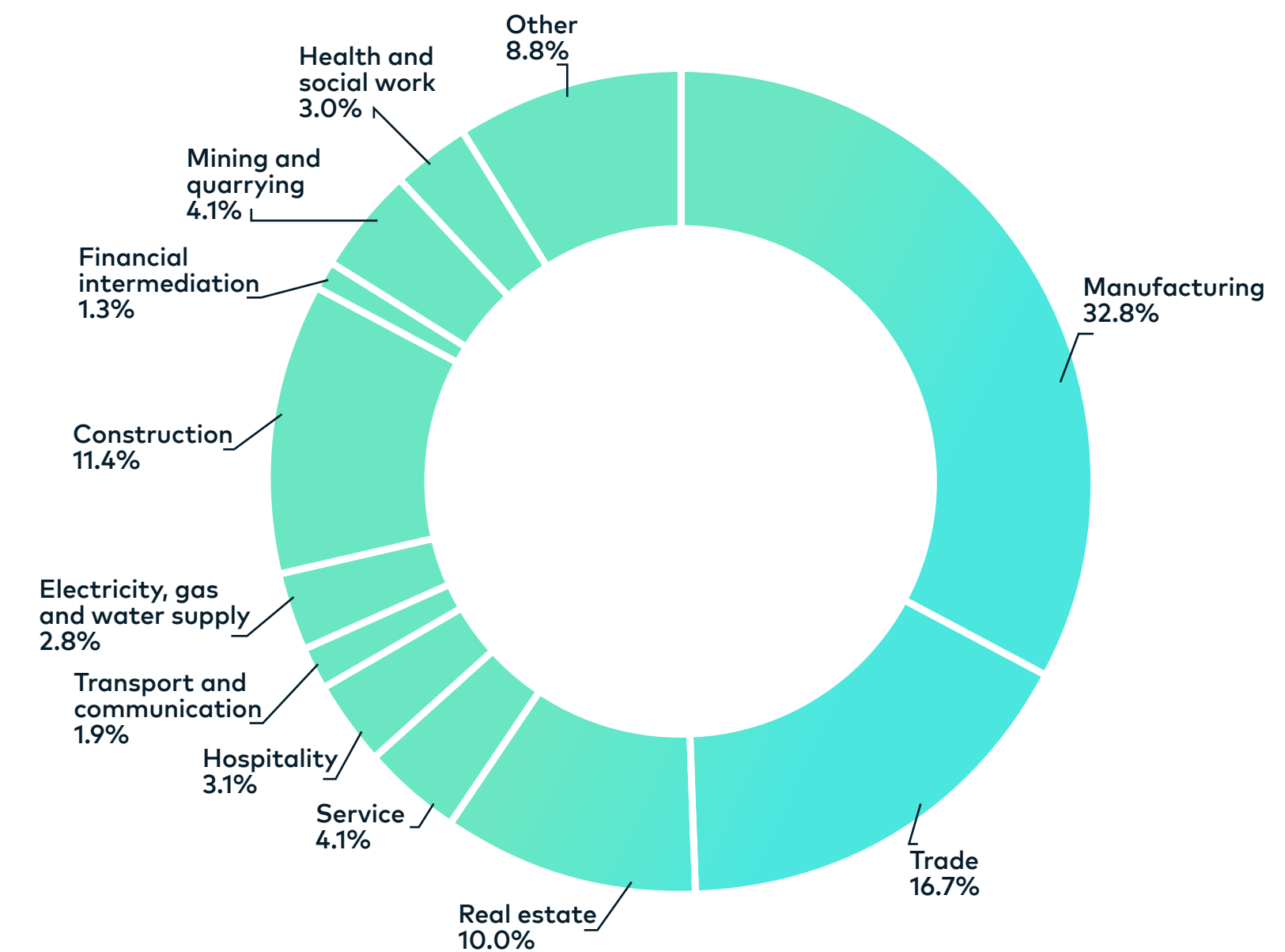
STRONGHOLD SECTORS

- Construction (infrastructure, building, development)
- Construction materials
- Food and beverages

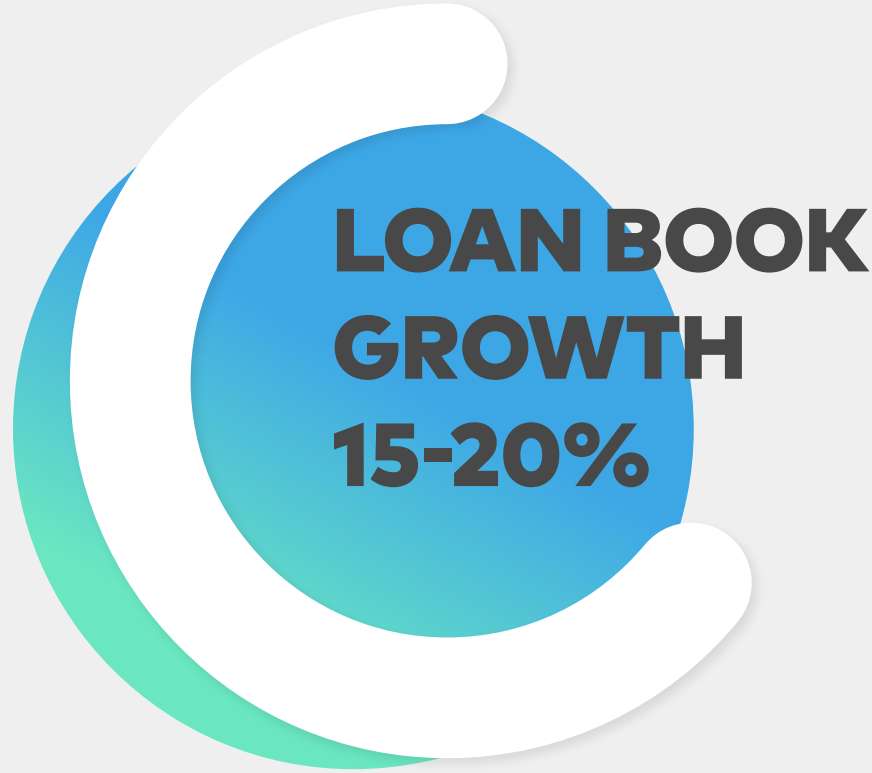
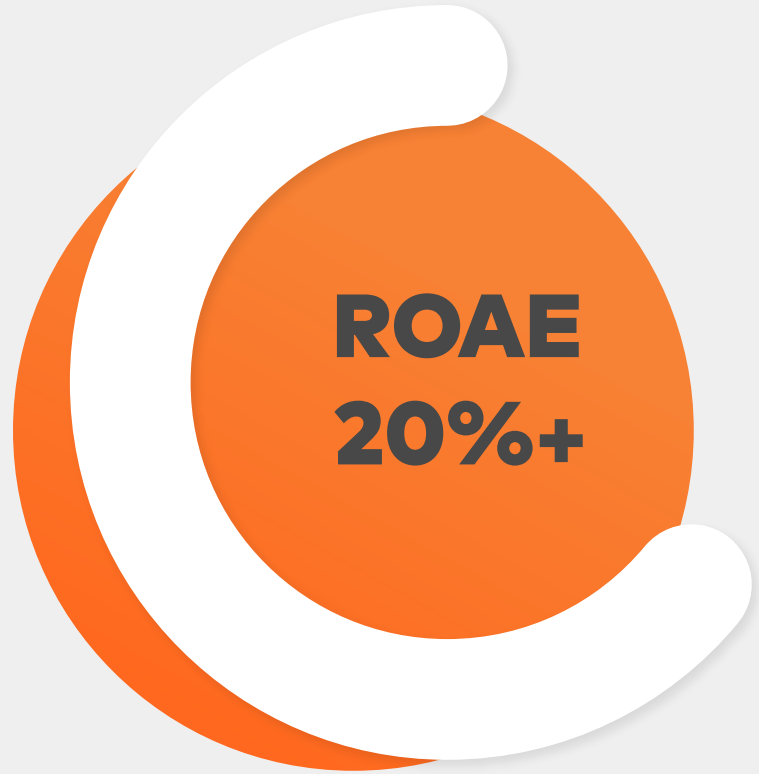
OPPORTUNITY AREAS

- Utilities
- Energy
- Healthcare
- Education
- Hospitality

CIB LOAN BOOK COMPOSITION - MAR-19



STRENGTHS AND OBJECTIVES OF CIB BUSINESS



SYNDICATIONS AND CAPITAL MARKETS POWERHOUSE

Syndications and debt capital markets expertise to allow corporates access new funding sources

TOP OF MIND ADVISOR

Value-added services, industry and product expertise to deliver differentiated advisory services to Georgian corporates

UNIVERSAL BANK OF CHOICE

Our scale and deep portfolio of banking products and services allows us to be the bank of choice for the largest corporate customers

ATTRACT BEST TALENT

Attracting the best talent and continuing to be the employer of choice remains a key success factor in achieving our objectives



QUESTIONS?

DISCLAIMER - FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; regional tensions and instability; loan portfolio quality; regulatory risk; liquidity risk; operational risk, cyber security, information systems and financial crime risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports of the Group, including the 'Principal Risks and Uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2018. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.