

# BANKING BUSINESS PERFORMANCE AND PRIORITIES

Speaker: Kaha Kiknavelidze, CEO, Bank of Georgia

## BGEO Investor Day

22 November 2016  
Tbilisi, Georgia

[www.bankofgeorgia.ge](http://www.bankofgeorgia.ge)

**Banking performance update – 3Q16 & 9M16**

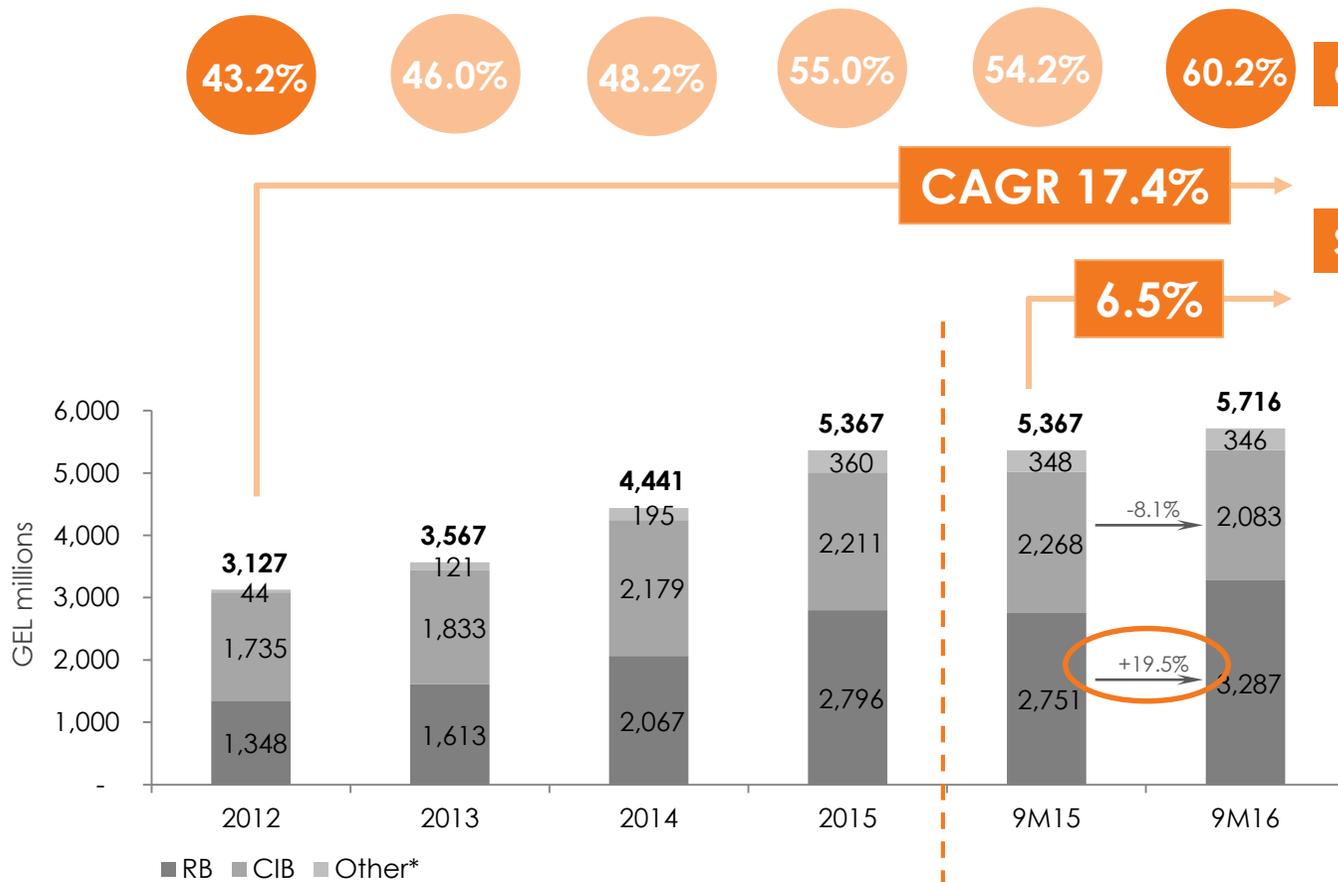
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**Banking priorities for next 3 years**

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**Q&A**

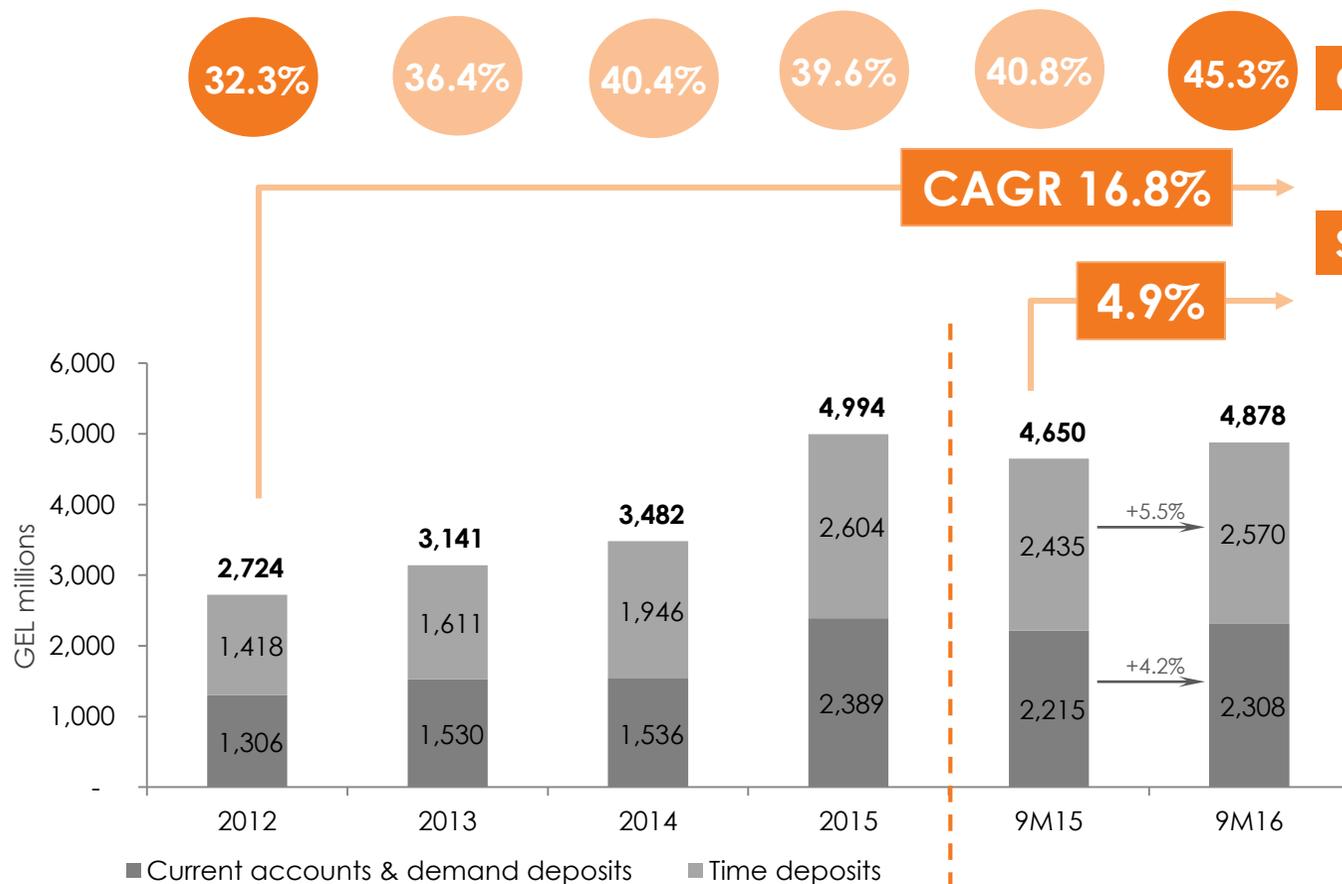
# LOAN BOOK



GROWING SHARE OF RB LOANS

STRONG GROWTH MOMENTUM

# DEPOSITS



GROWING SHARE OF RB DEPOSITS

CAGR 16.8%

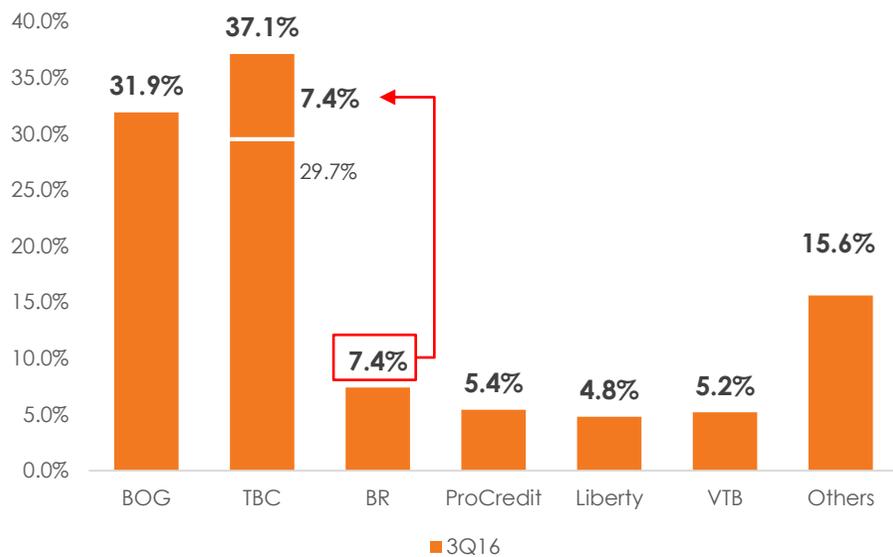
STRONG GROWTH MOMENTUM

4.9%

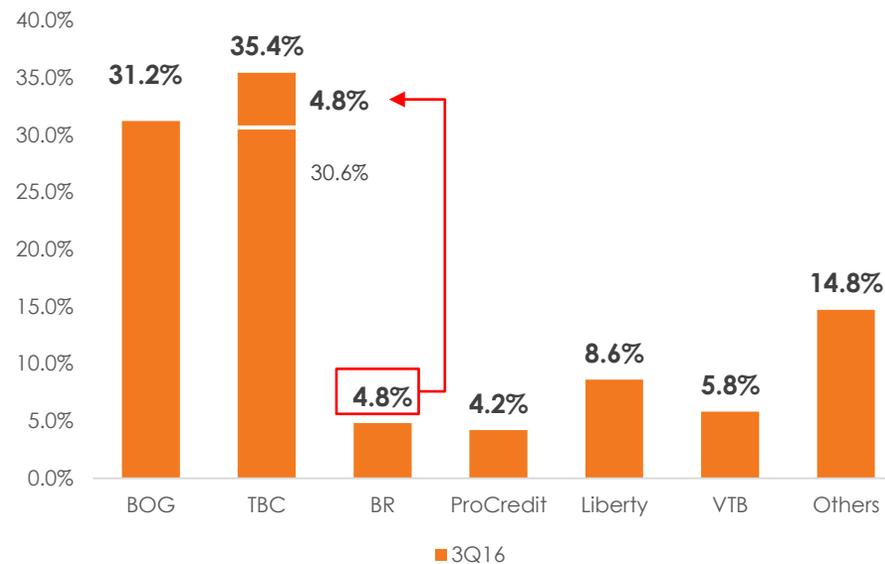
+5.5%

+4.2%

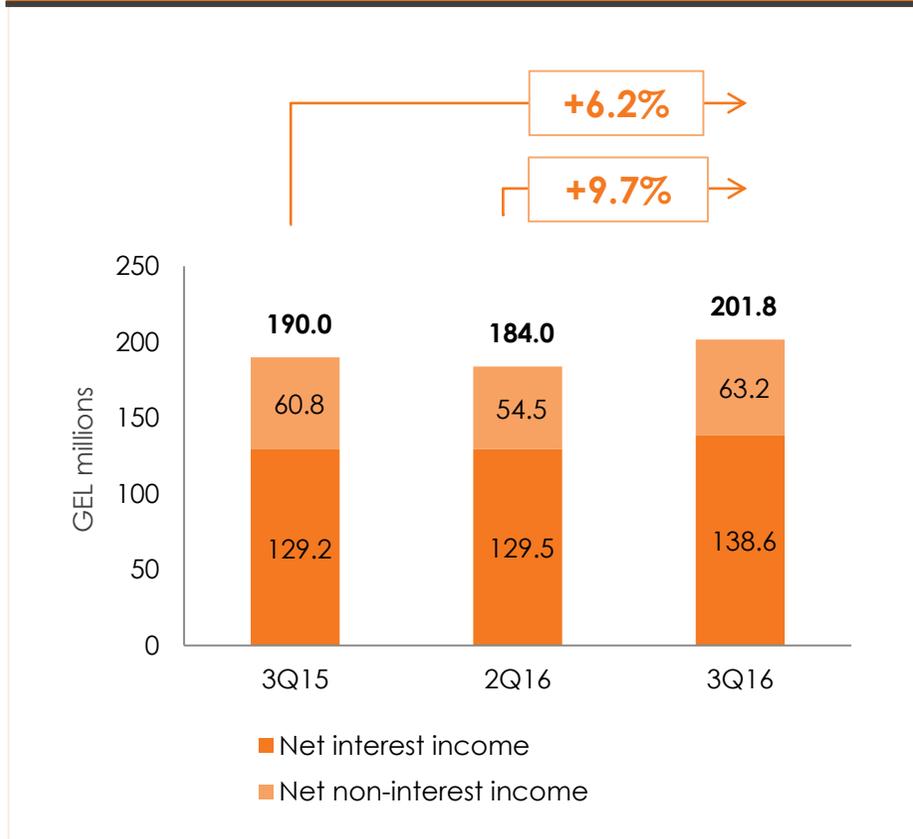
## Gross LOANS



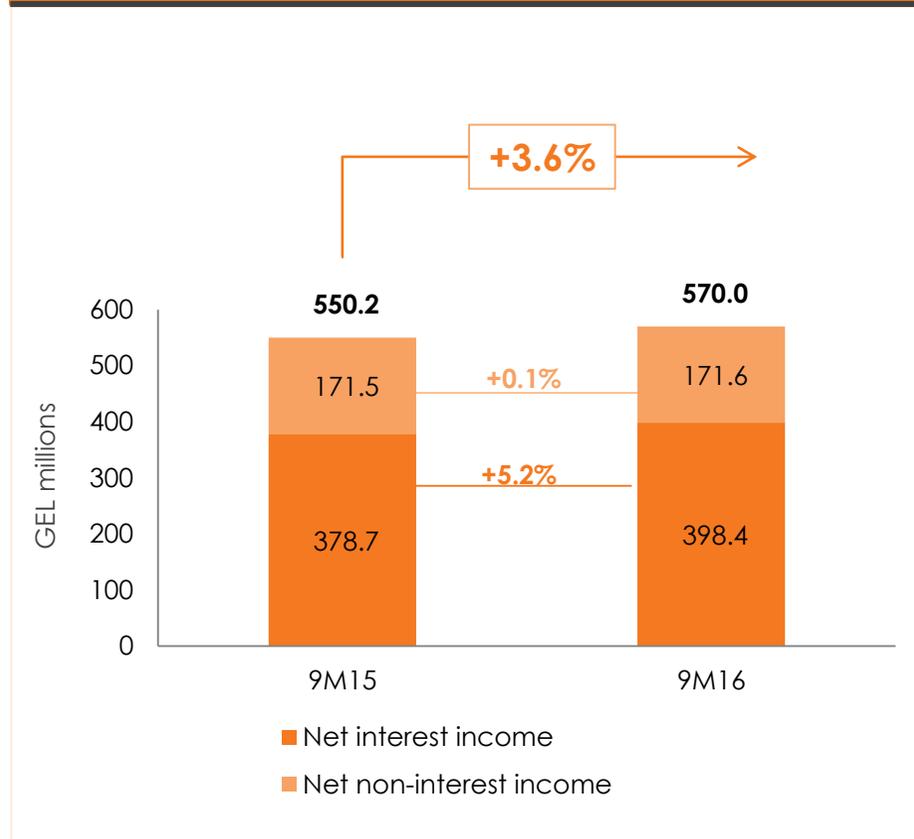
## Client DEPOSITS



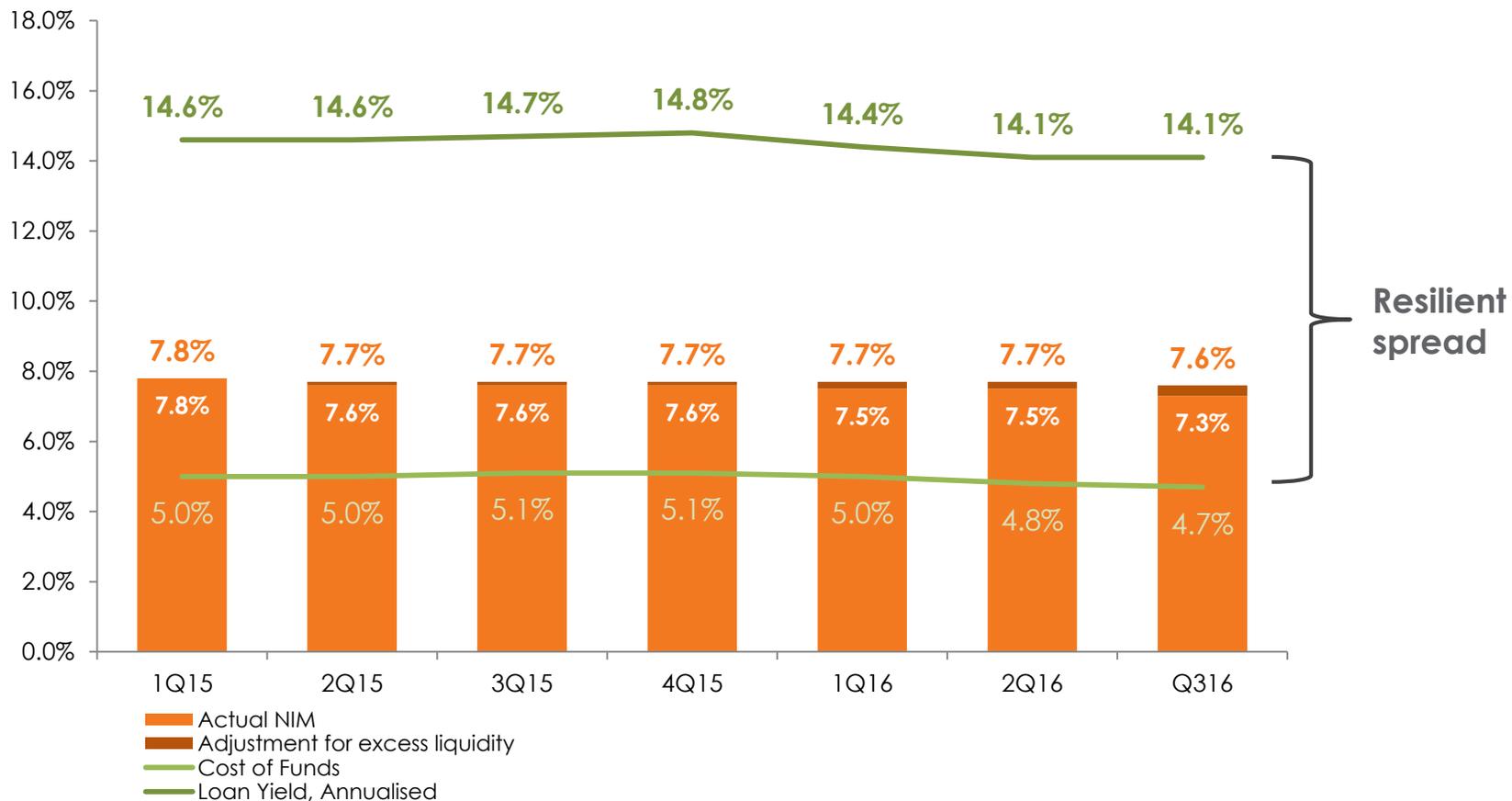
## REVENUE, QUARTERLY



## REVENUE, NINE-MONTH

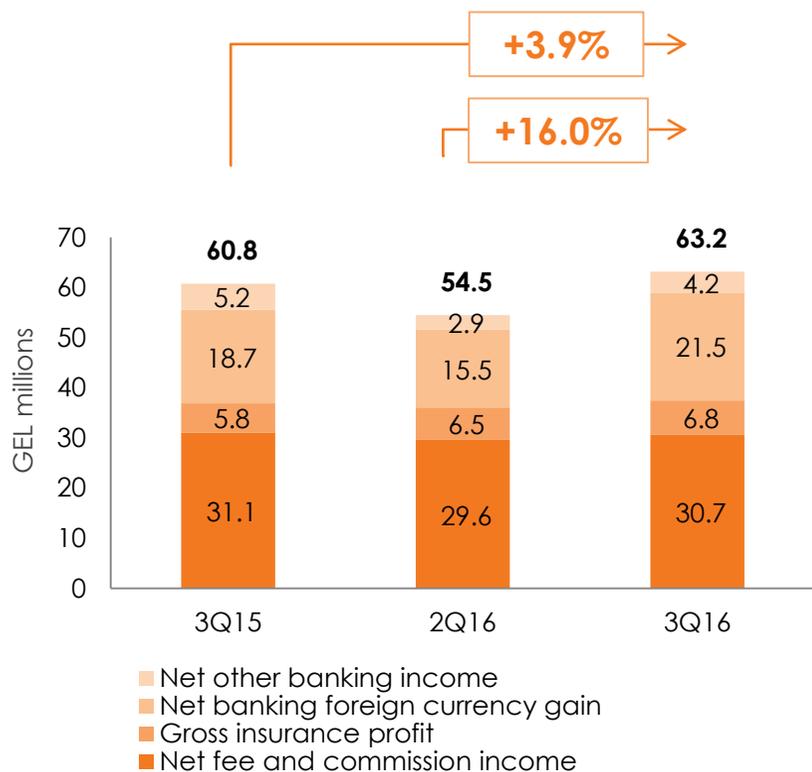


## NIM, LOAN YIELD & COST OF FUNDING

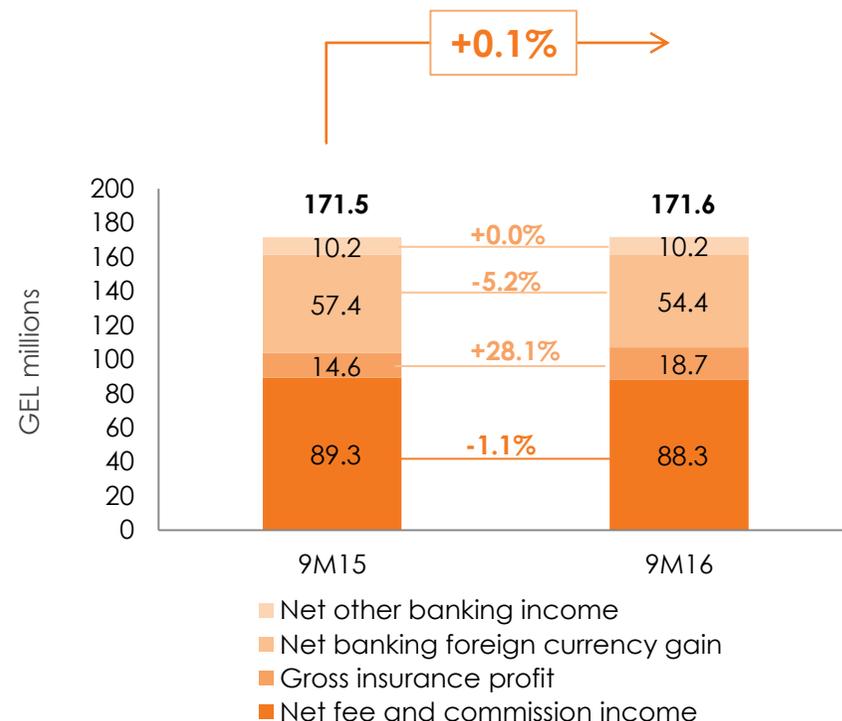


Note: NIM is adjusted for excess liquidity. ProForma NIM is a hypothetical Net Interest Margin that would have been achieved, had liquidity amounts of GEL and FC balances in excess of 35% minimum been used to repay respective funding sources at respective costs and giving up respective liquid asset yields in the process

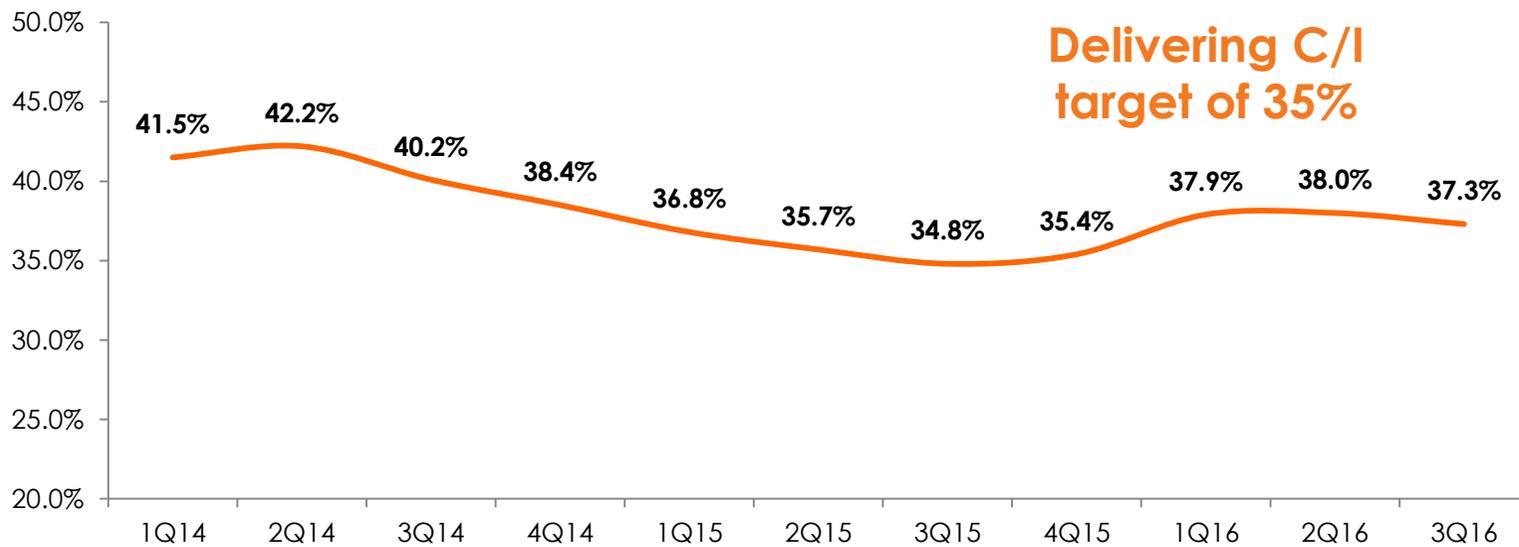
### NET NON-INTEREST INCOME, QUARTERLY



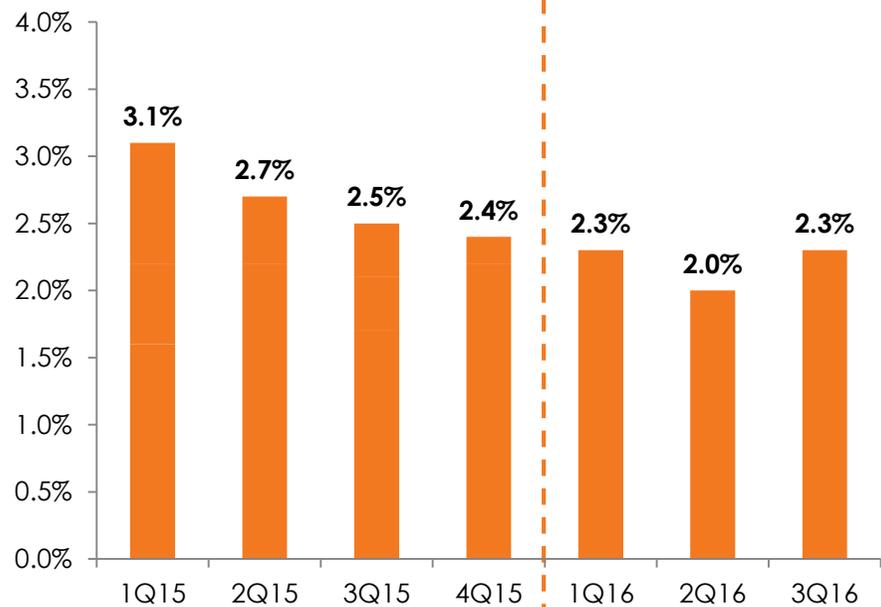
### NET NON-INTEREST INCOME, NINE-MONTH



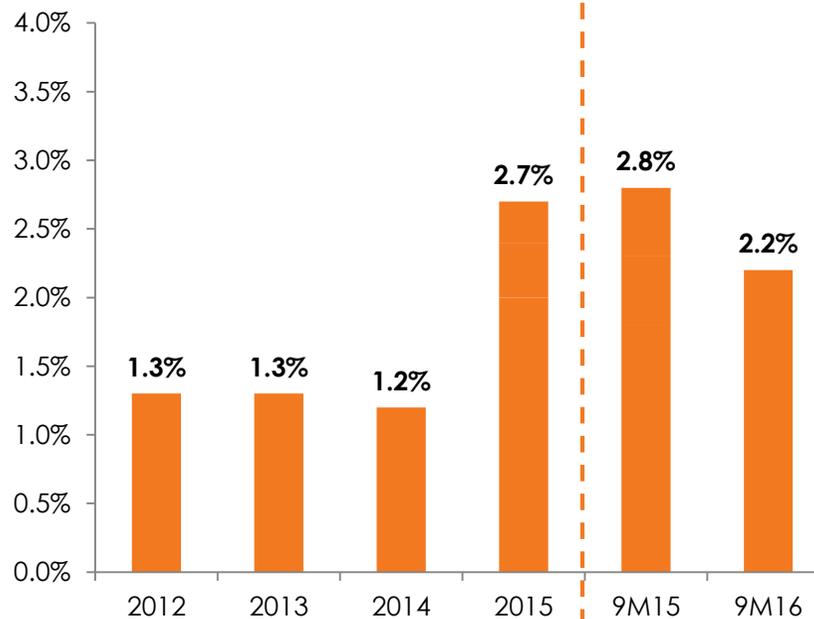
## COST / INCOME RATIO



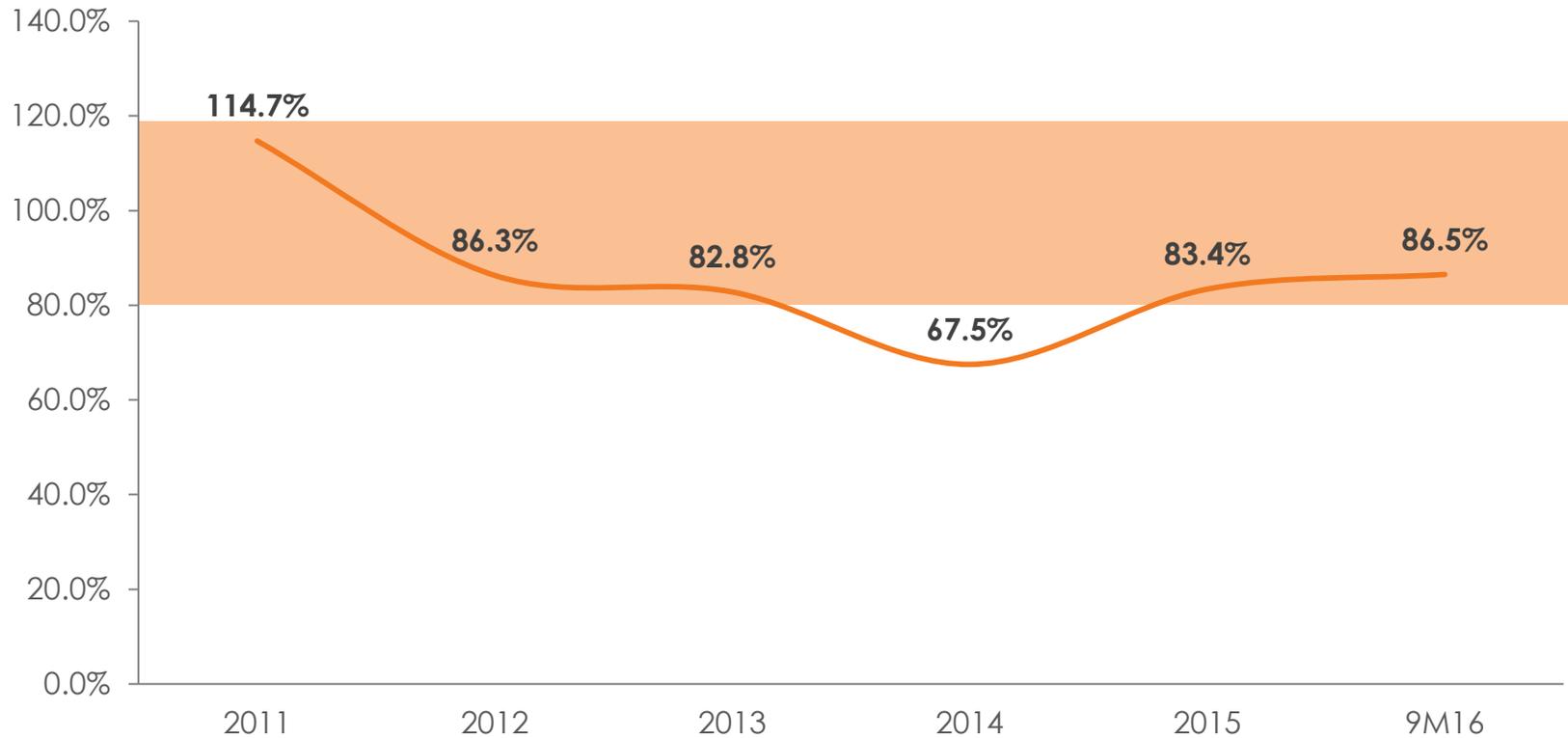
### COST OF RISK RATIO, QUARTERLY



### COST OF RISK RATIO, NINE-MONTH

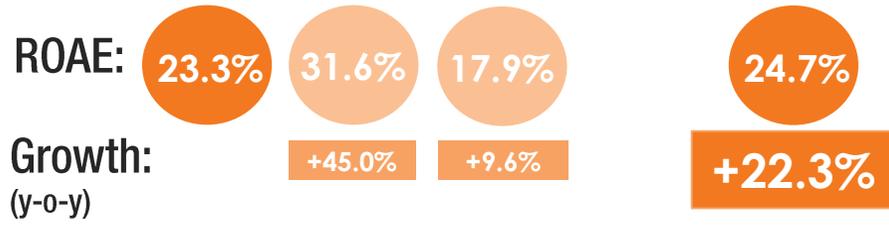


## NPL COVERAGE RATIO

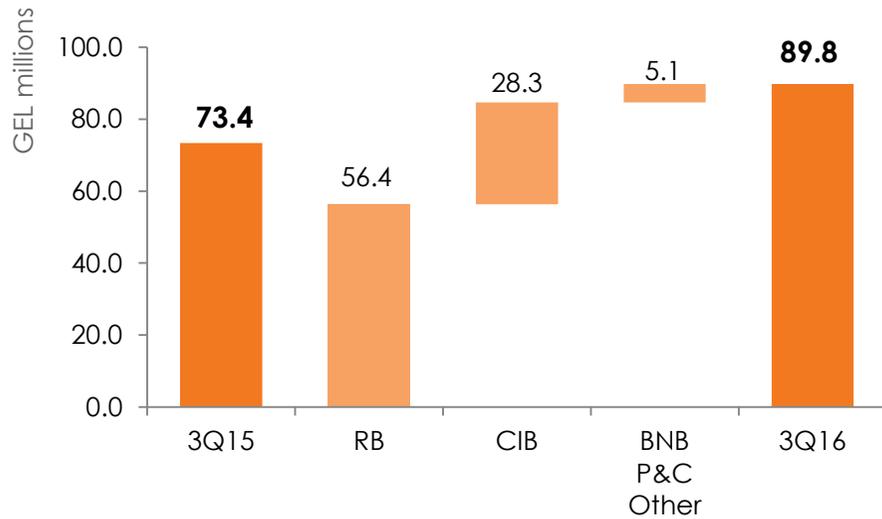


## PROFIT AND ROAE

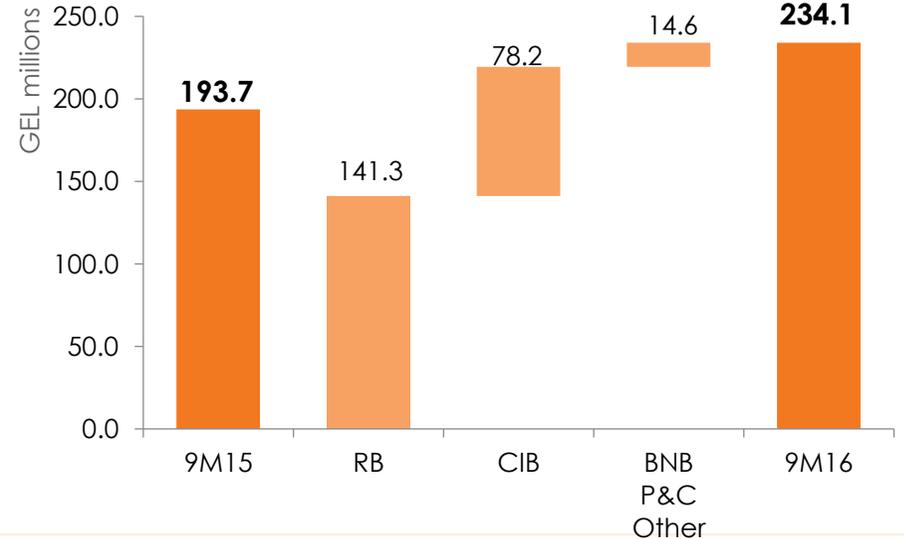
### quarterly



### PROFIT:

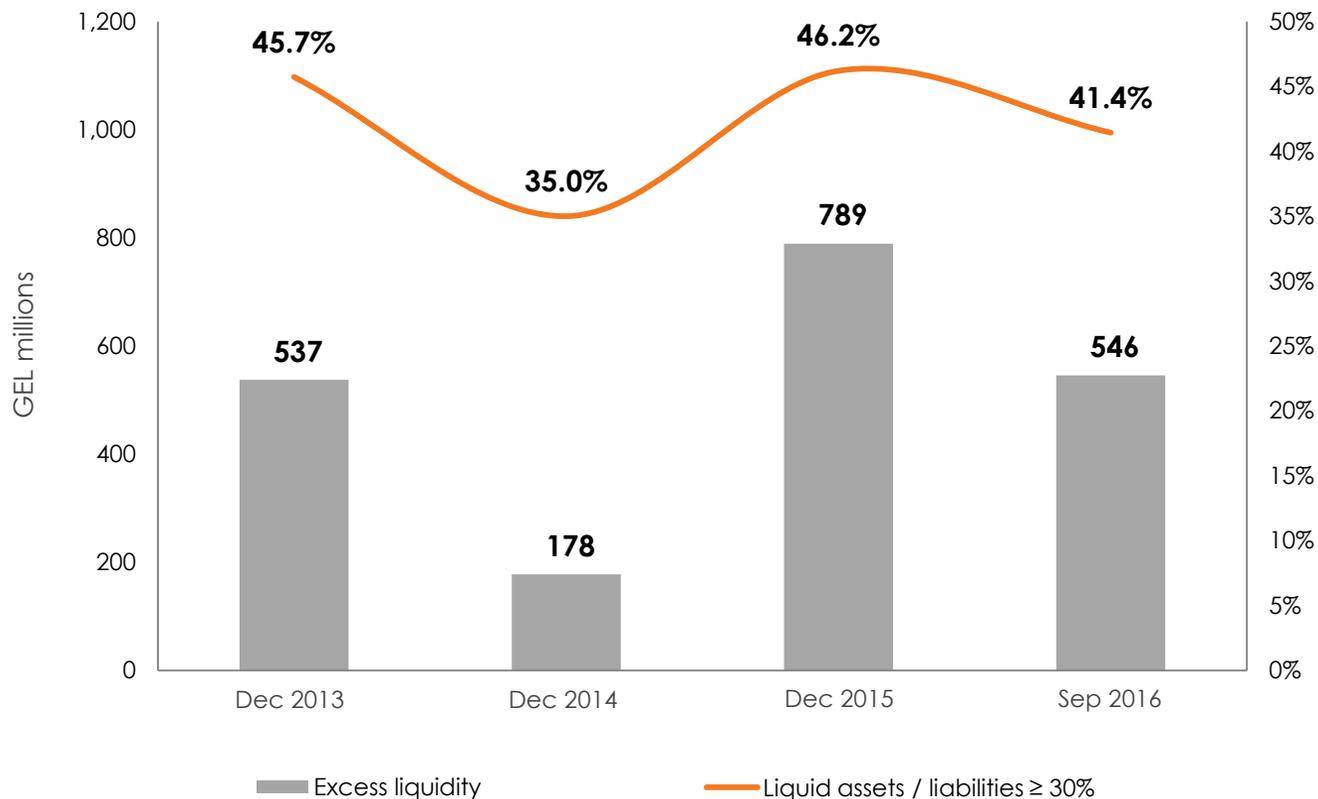


### nine-month



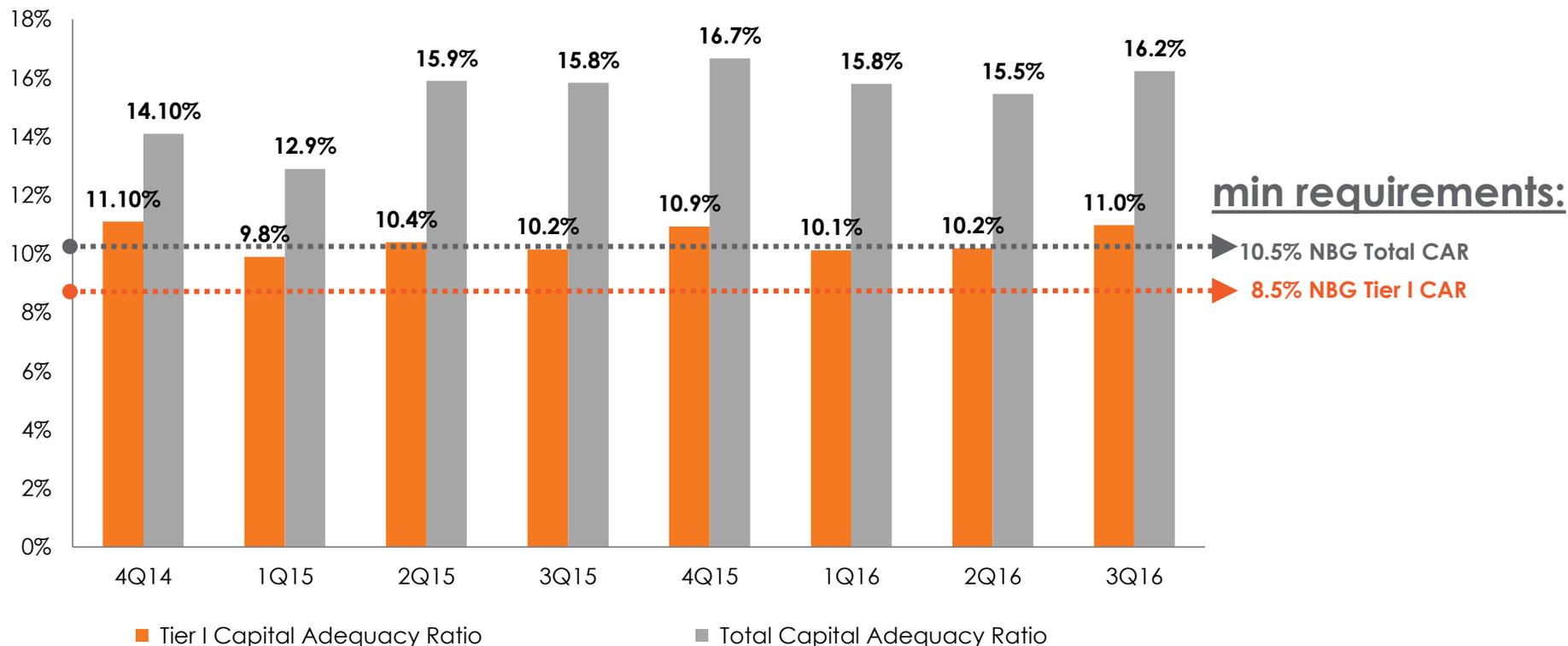
## LIQUIDITY RATIO

BOG Standalone



# CAPITAL ADEQUACY RATIOS

BOG standalone



**Banking performance update – 3Q16 & 9M16**

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**Banking priorities for next 3 years**

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**Q&A**

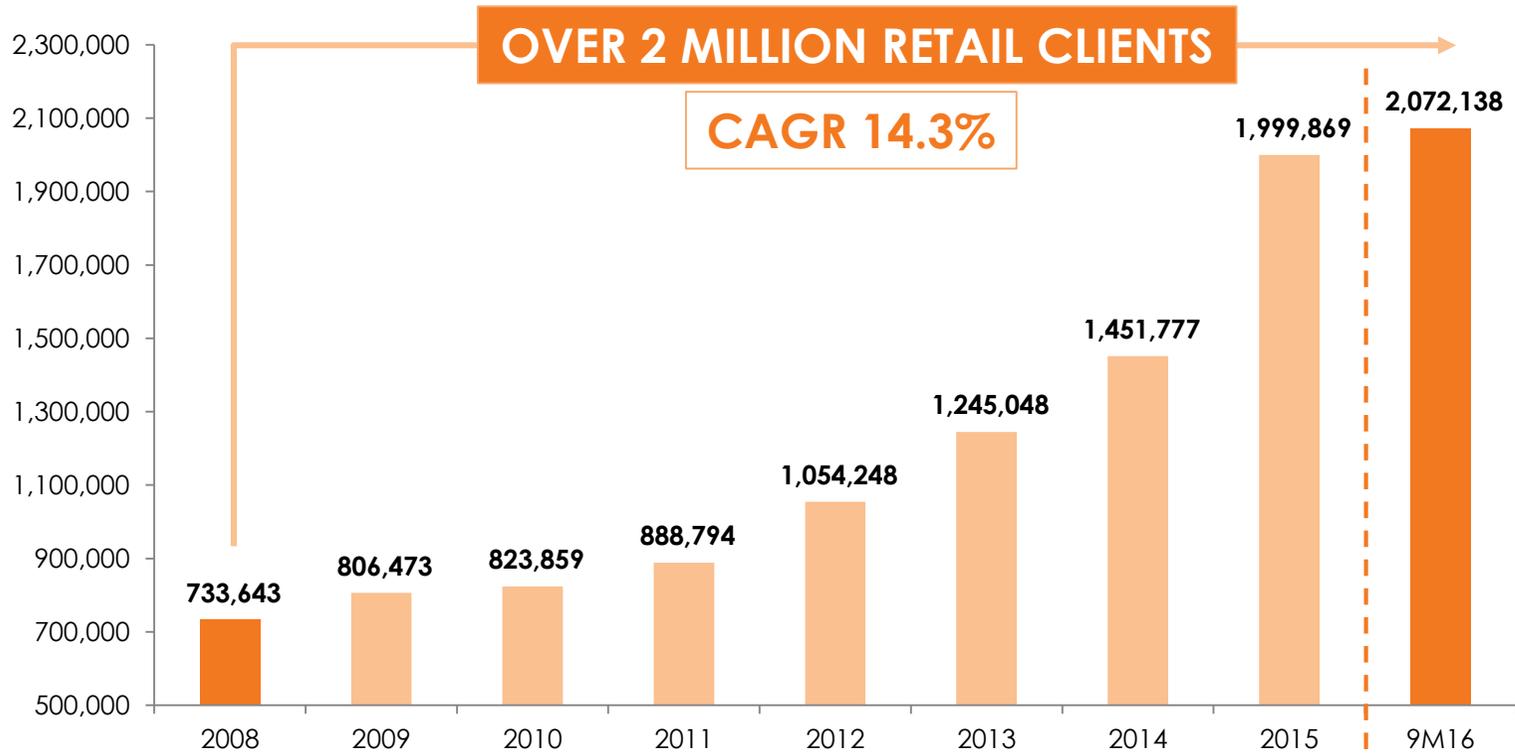
## TWO strategic targets

- 1** ROAE  
Target: 20%+  
9M16: 22.8%
- 2** Retail Banking Growth  
Target: 20%+  
9M16: 19.5%

## FIVE strategic priorities for next 3-years

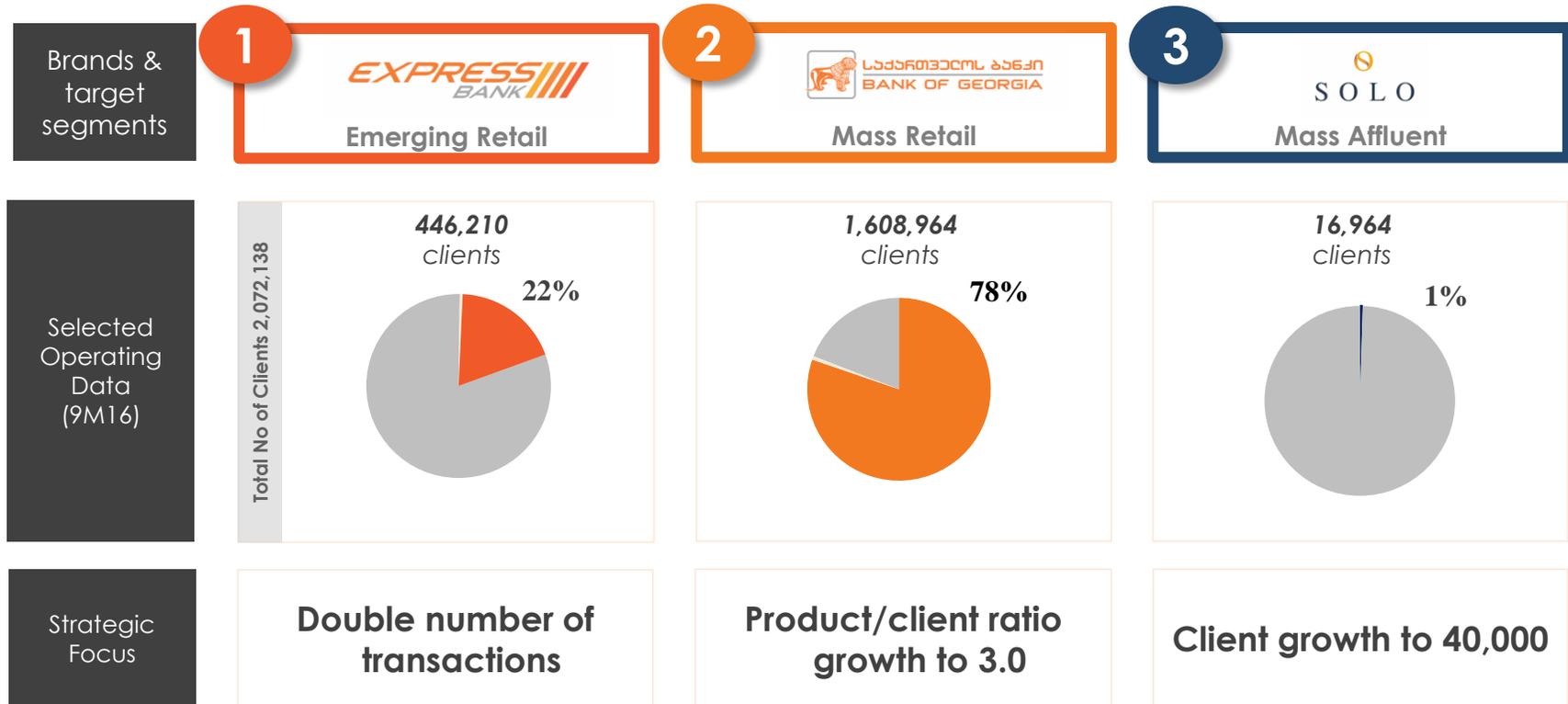
- 1** INCREASE PRODUCT TO CLIENT RATIO from 1.7 in 2015 to 3.0
  - ➔ CLIENT-CENTRIC MODEL
  - ✓ EXPRESS
  - ➔ DIGITAL BANKING
- 2** GROW SOLO & SME
- 3** DECONCENTRATE CIB
- 4** GROW FEE INCOME
- 5** REGIONAL PRIVATE BANKING HUB

## NUMBER OF RETAIL BANKING CLIENTS



**Aggressive client acquisition phase is over**  
**We target growth through increasing product to client ratio**

# Client-centric, Multi-brand strategy



## DIGITAL BANKING – VERY LOW PENETRATION



### ONLY:

- **7% of our clients** are active users of internet banking
- **47% of our clients** have digital banking access
- **47% of our transactions** go through the digital channels

GEORGIA and BOG well positioned for regional private banking hub

GEORGIA

- ✓ Onshore economy with offshore benefits
- ✓ No capital gains tax at source on the internationally traded securities
- ✓ No CRS accounts reporting liability
- ✓ High account safety
- ✓ Fast and easy way to open account and transfer in/out assets/funds

BANK OF GEORGIA



G&T TRADER



Trading and custody capabilities of international assets on all major international exchanges



Increase AUM from GEL 1.4bln currently to GEL 2.5bln

## Targets &amp; priorities

		Targets	9M16	9M15
KEY targets	1 ROAE	20%+	22.8%	20.6%
	2 Retail Banking Growth	20%+	19.5%	48.0%
PRIORITIES	1 Grow Retail share in loan book	65%	60%	54%
	2 Increase Product to Client Ratio	3.0	2.0	1.7
	3 Increase number of Solo clients	To 40,000	16,964	10,328
	4 De-concentrate Corporate Loan Book	Top 10 borrowers: 10%	11.9%	12.8%
	5 Become a regional private banking hub	AUM: GEL 2.5bln	GEL 1.4bln	GEL 1.3bln

# Long-term outlook

		Targets	9M16	9M15
Long-term outlook	1 NIM	7.25% - 7.75%	7.4%	7.7%
	2 Cost / Income	c. 35%	c. 38%	c. 36%
	3 NPL coverage ratio	80-120%	86.5%	82.1%
	4 Cost of Risk	c.2.0%	2.2%	2.8%

# Questions?

## BGEO investor day

22 November 2016

Tbilisi, Georgia

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