



BANK OF GEORGIA

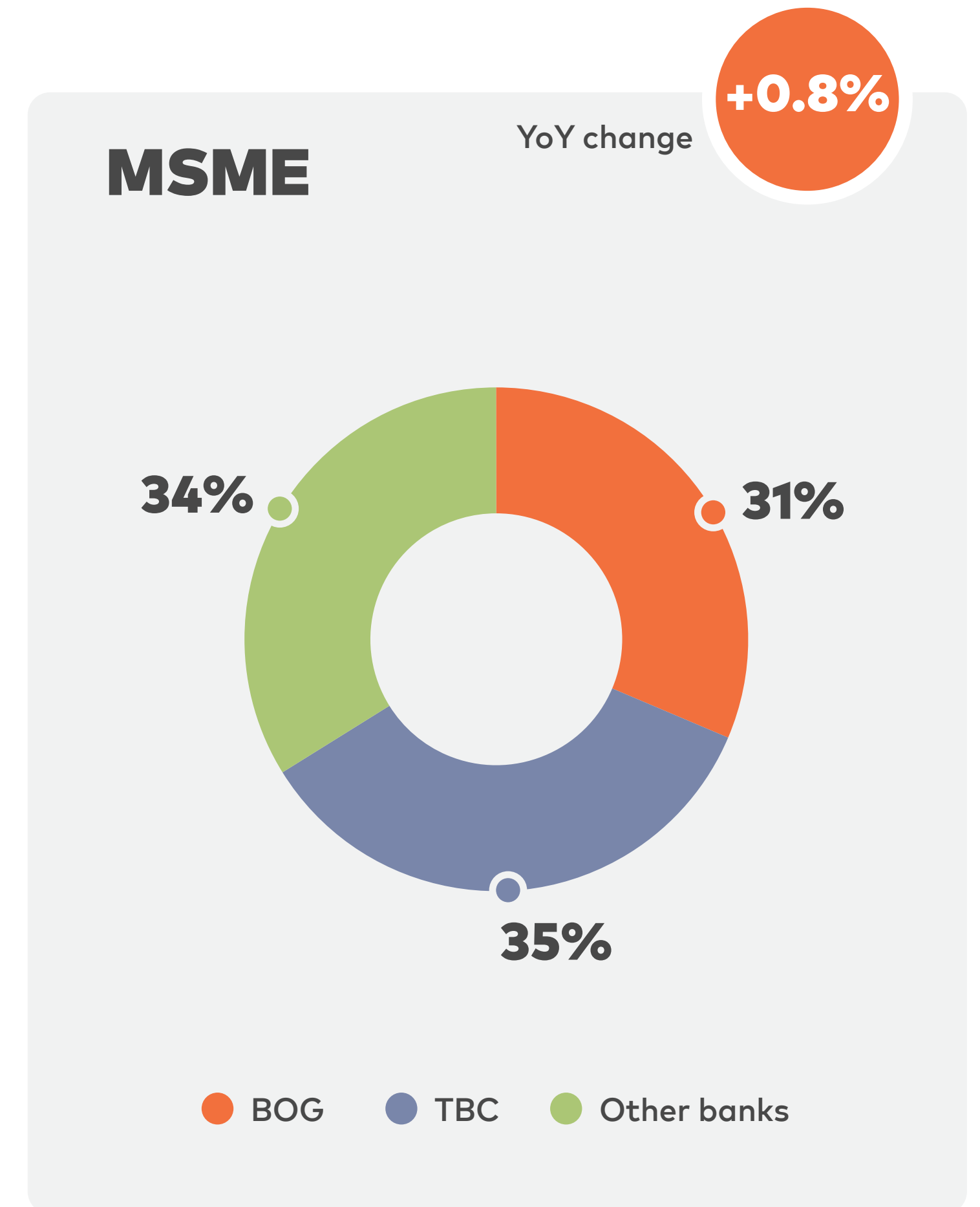
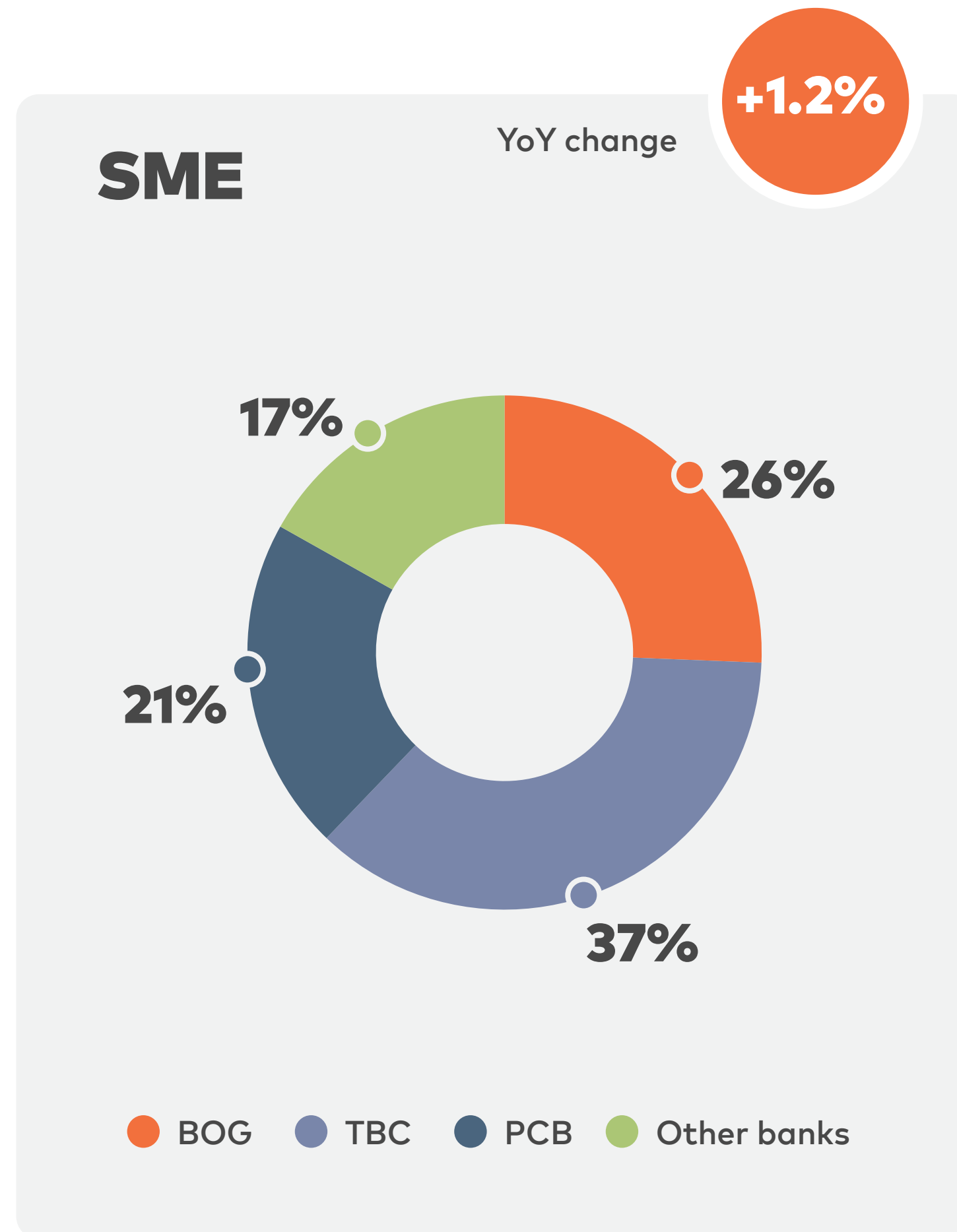
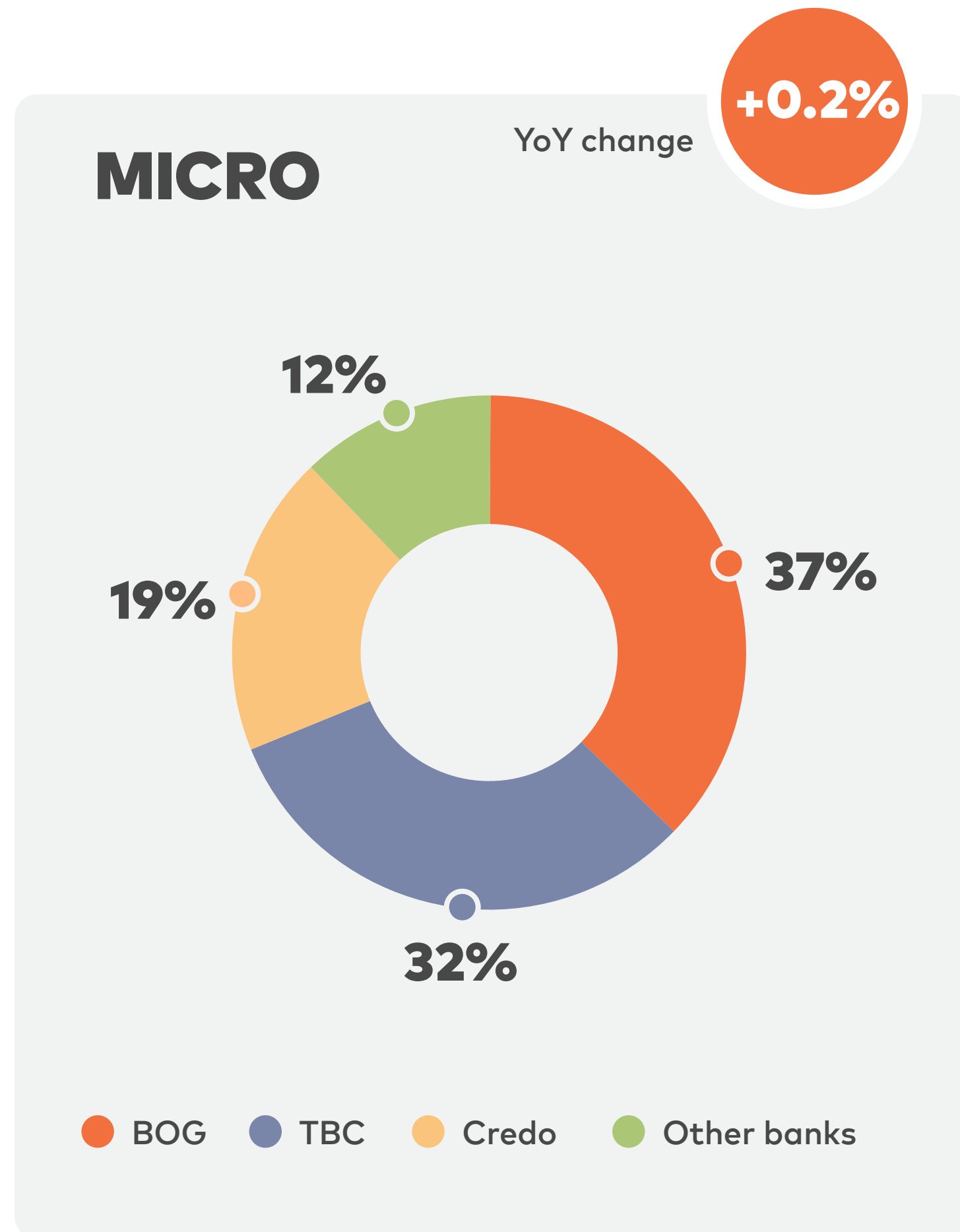
INVESTOR 20 DAY 20

Retail Banking - MSME

Speaker:

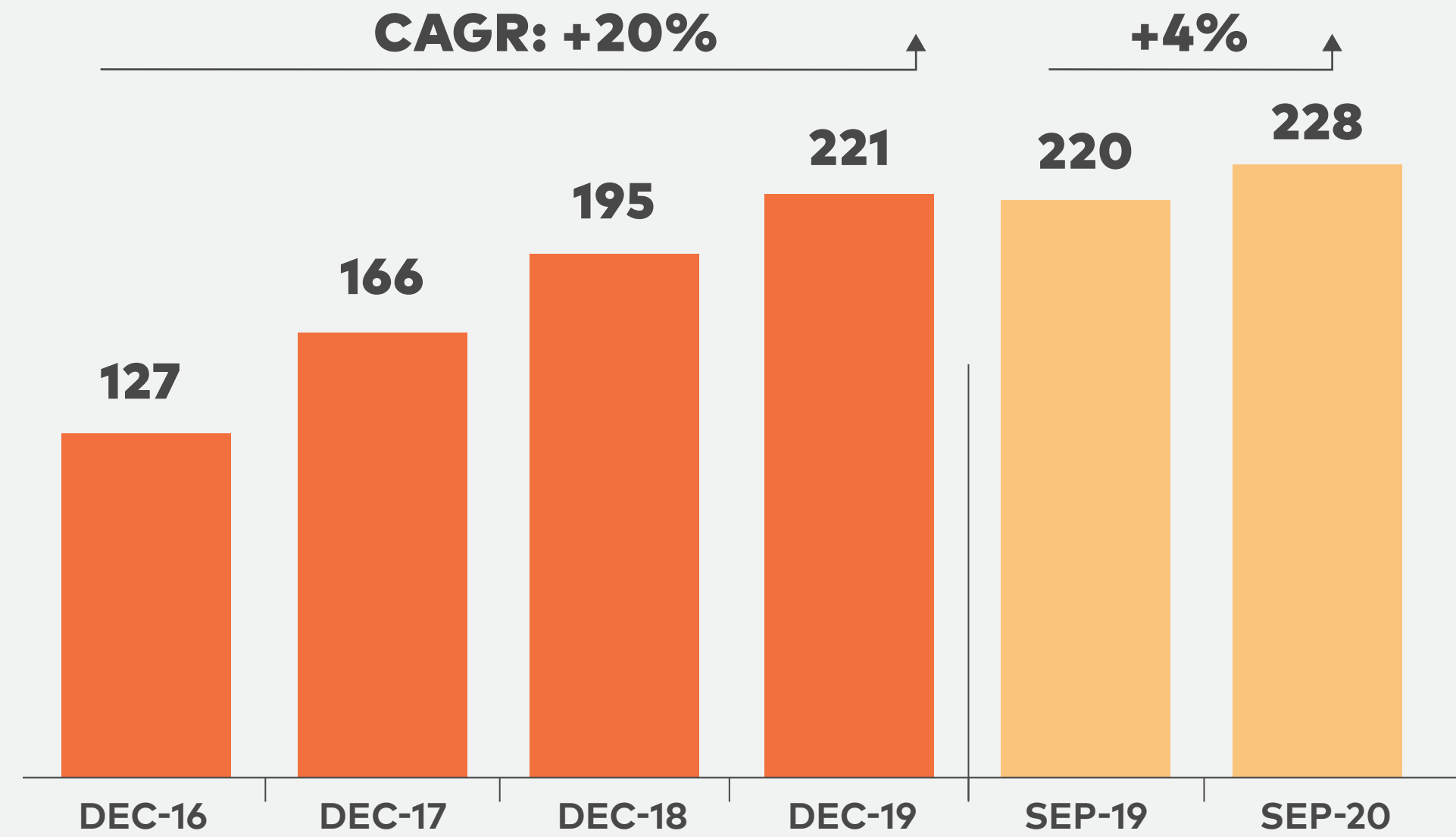
Zurab Masurashvili

Head of SME Banking



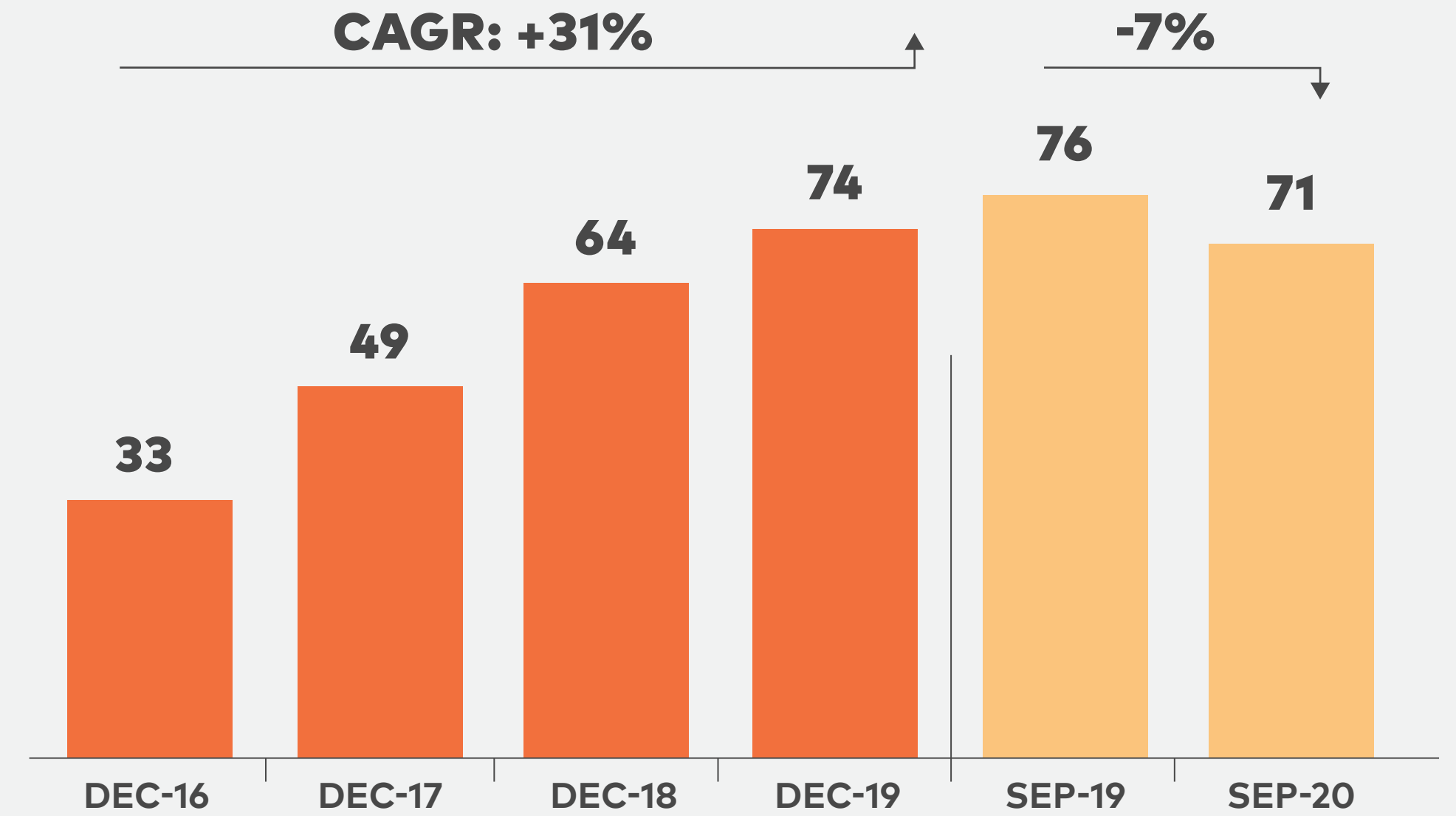
CUSTOMERS

Thousands



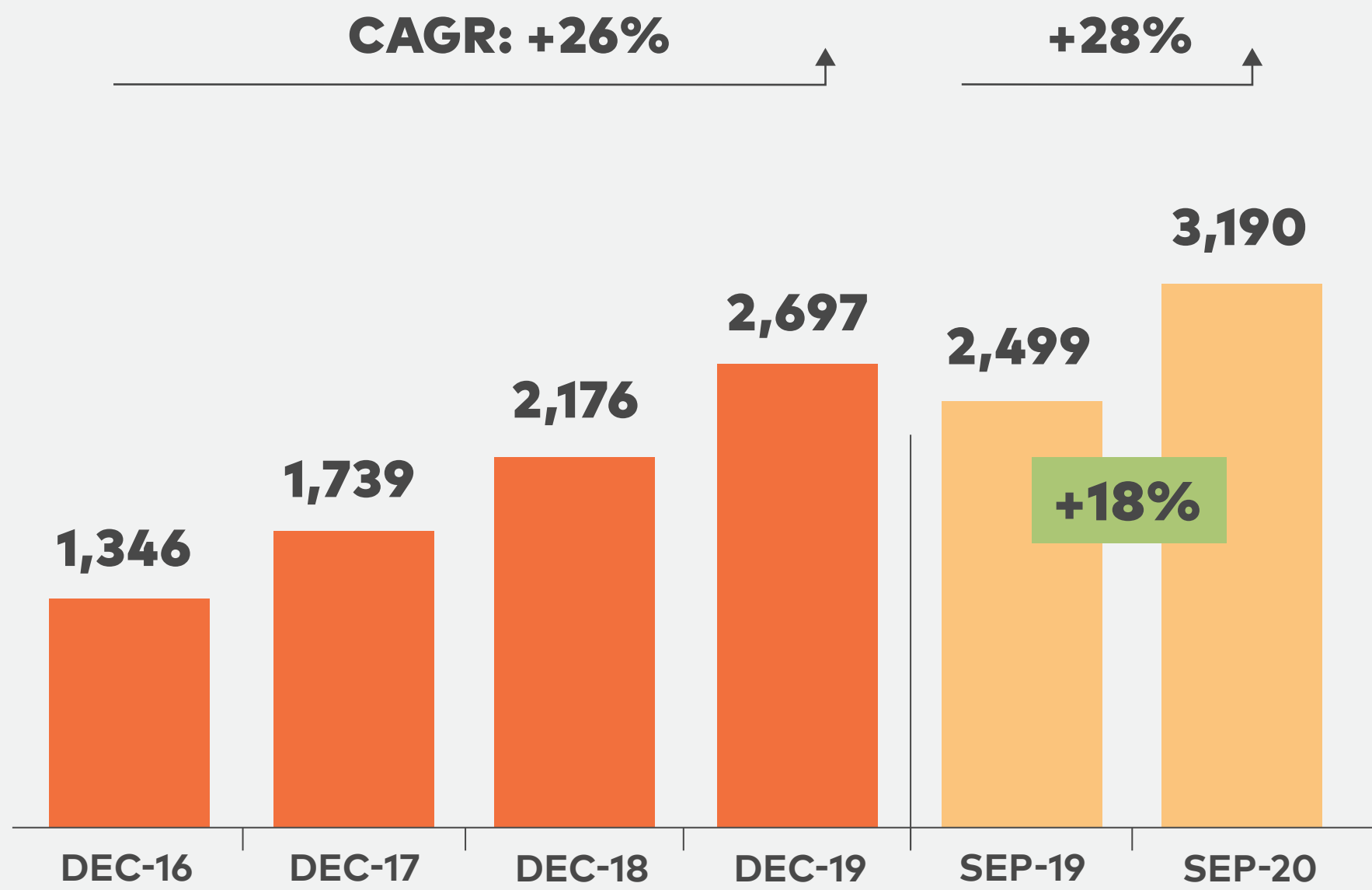
BORROWERS

Thousands



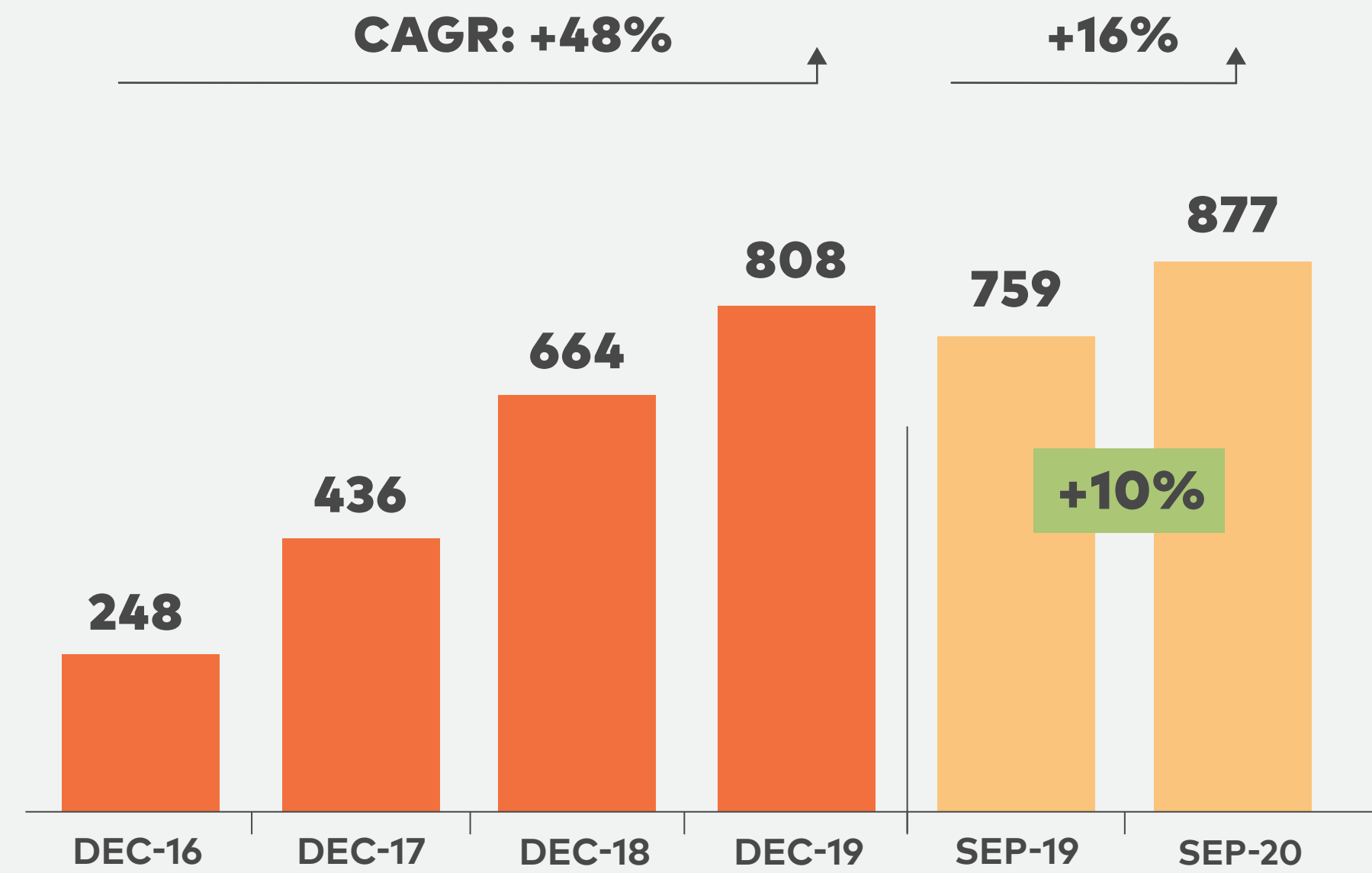
GROSS LOAN PORTFOLIO

GEL millions



DEPOSIT PORTFOLIO

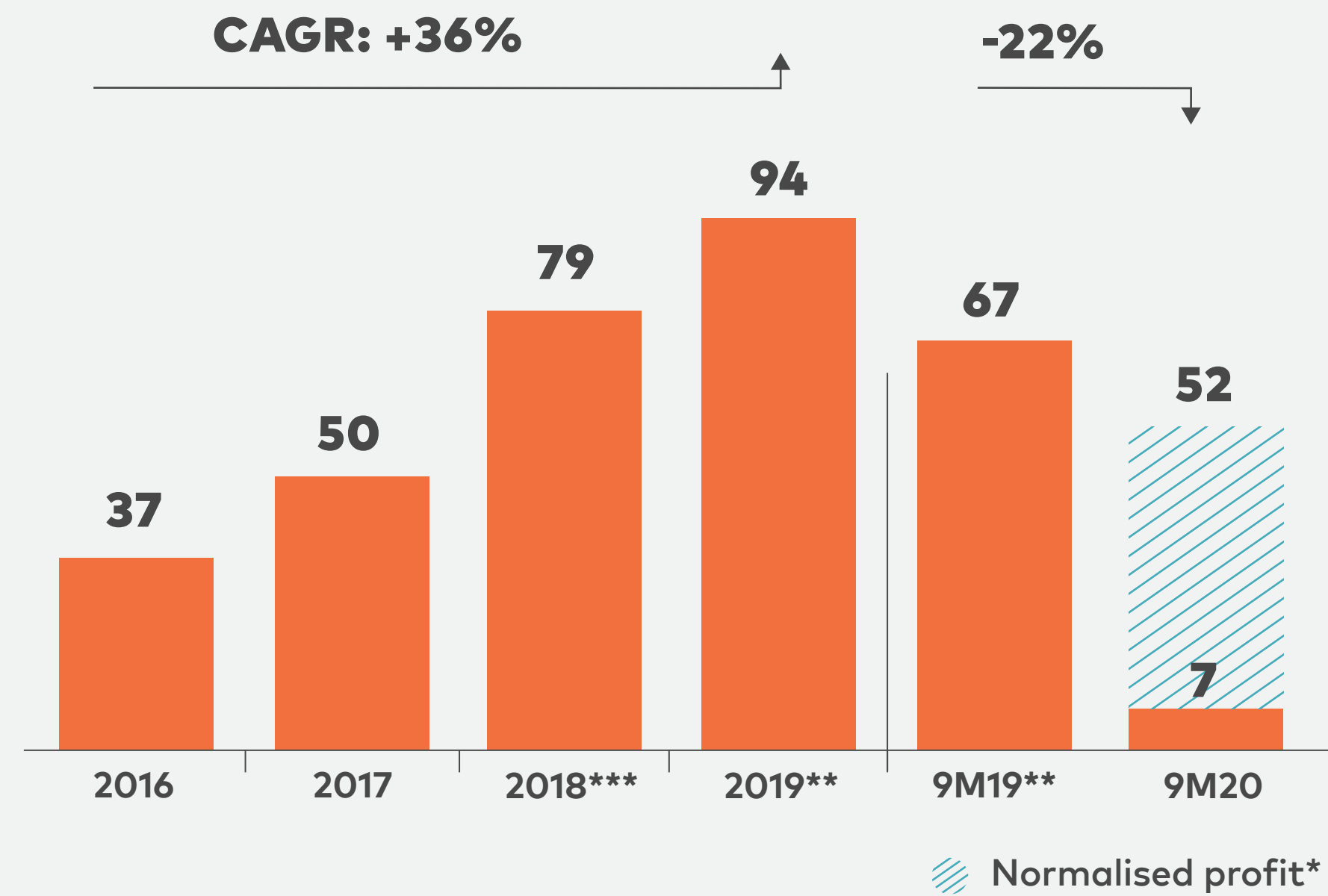
GEL millions



 Constant currency growth rate

PROFIT

GEL millions



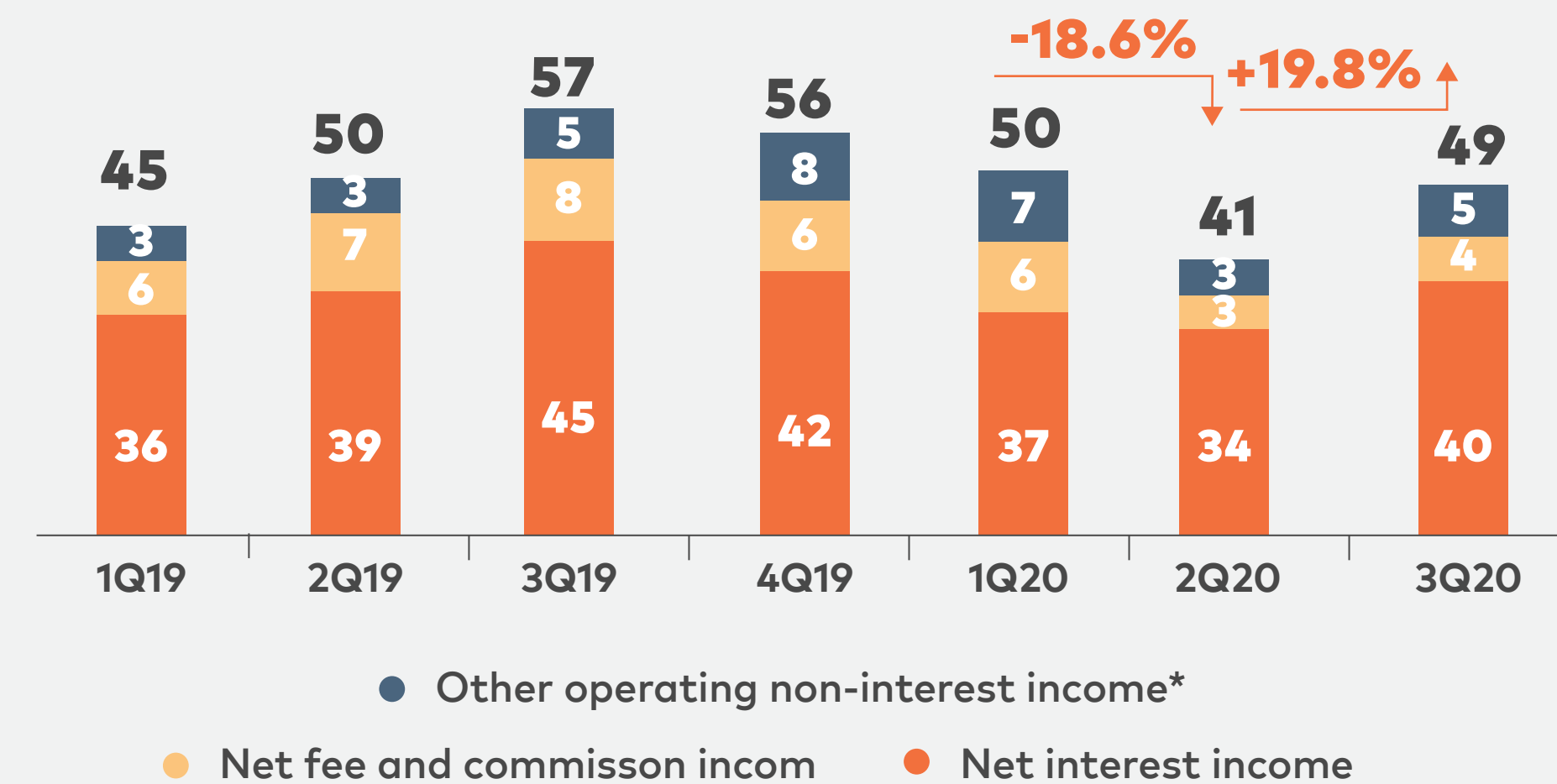
COVID-19 IMPACT ON PROFITABILITY

- Upfront provisions taken for the full economic cycle
- Slowdown of business activity resulting in decline of net interest and net non-interest income

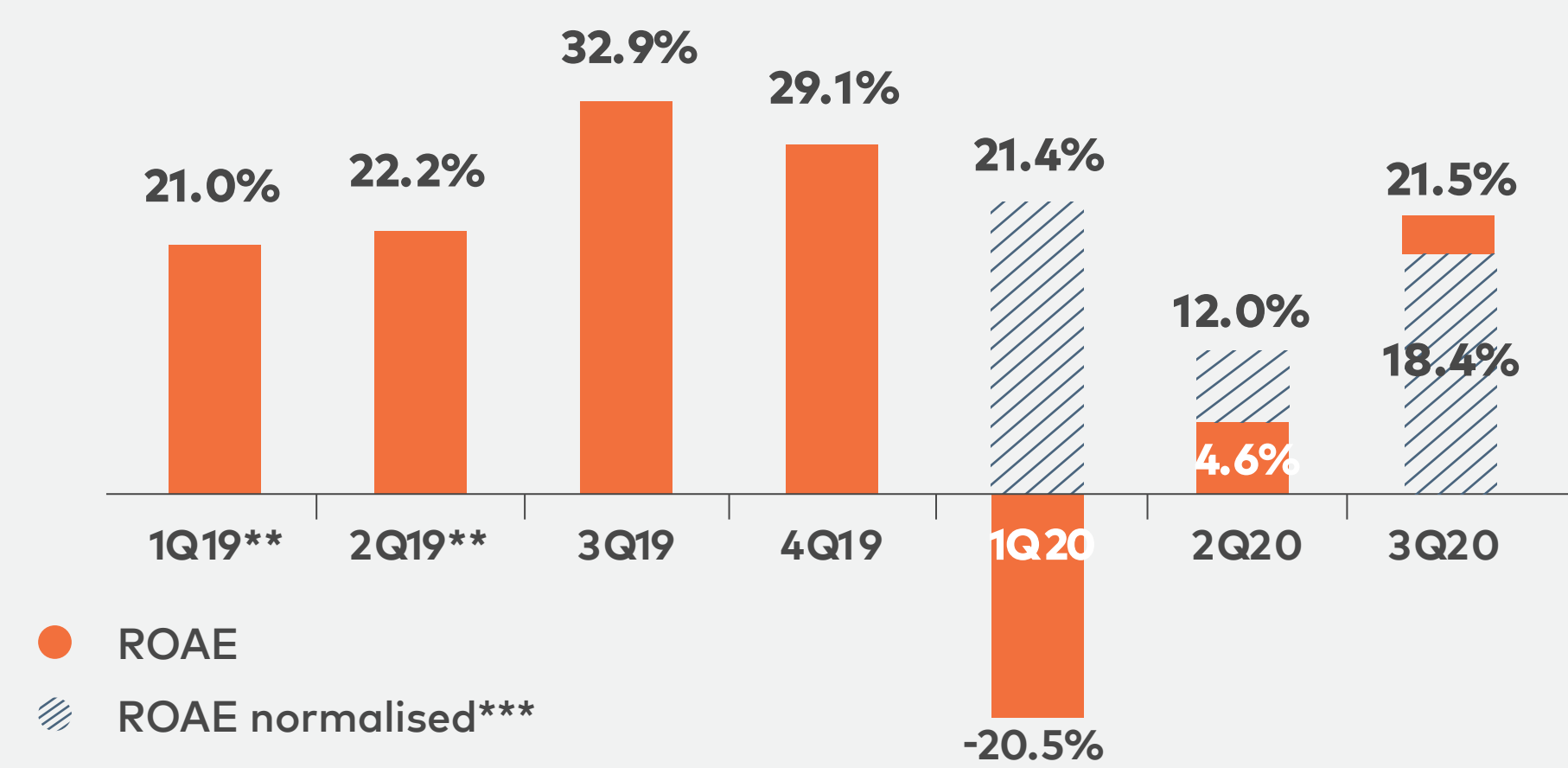
* Normalised for cost of credit risk, one-off modification loss incurred on loan restructurings, and other COVID-19 related one-off costs
 ** Adjusted for one-off termination costs of former CEO and executive management
 *** Adjusted for demerger related expenses, one-off impact of re-measurement of deferred tax balances, and one-off termination costs of former CEO

OPERATING INCOME

GEL millions



ROAE

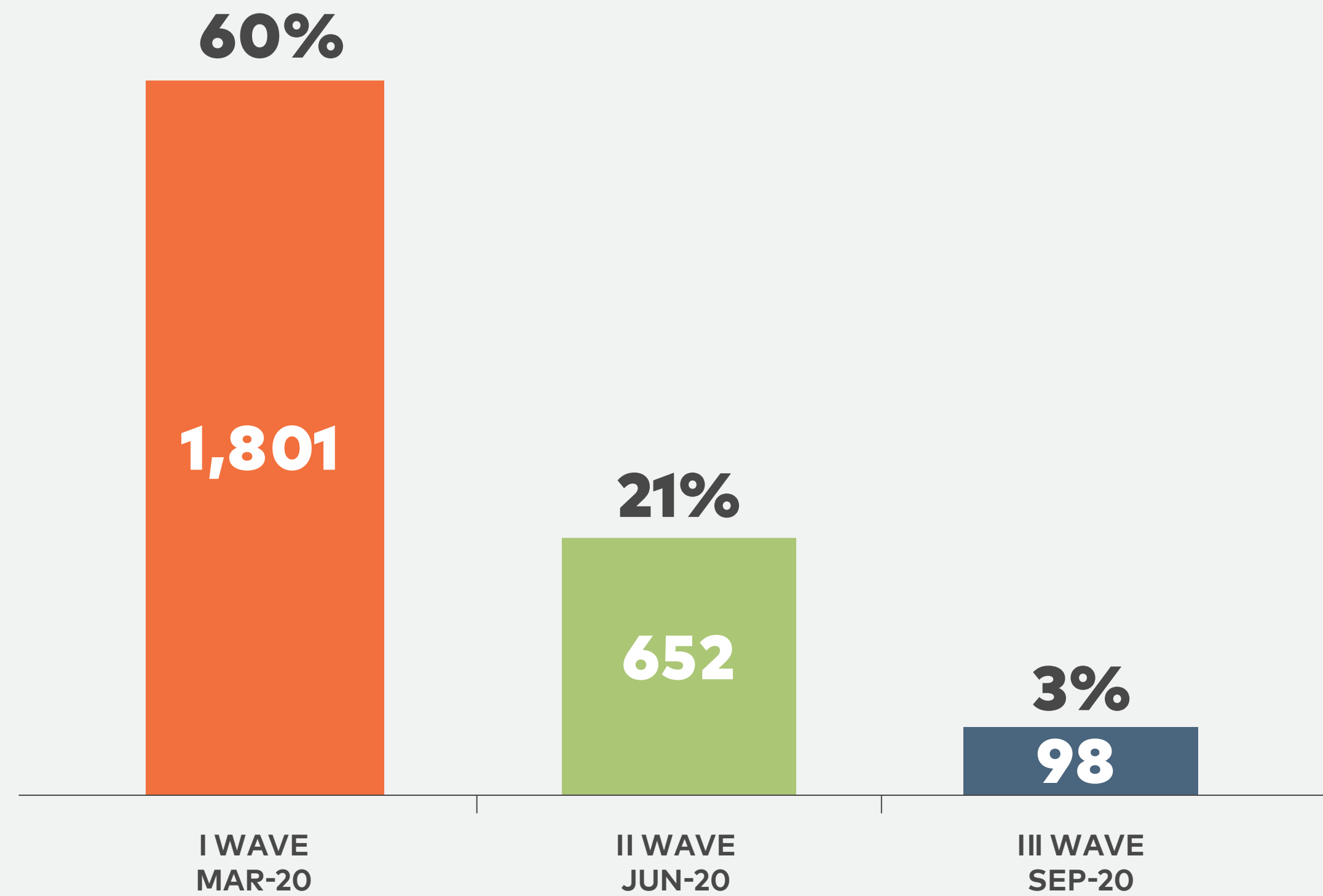


* Comprises net foreign currency gains and net other income

** Adjusted for one-off termination costs of former CEO and executive management

*** Normalised for cost of credit risk, one-off modification loss incurred on loan restructurings, and other COVID-19 related one-off costs

GEL millions



BUSINESS SUPPORT DURING THE PANDEMIC

- Loan restructurings
- Helping businesses manage the crisis and resume operations



WEBINARS

- Online sales
- Business process optimisation during the pandemic
- Managing employees
- Creating safe working environment
- Online export
- Potential of agro business

19 WEBINARS
3,000+ ATTENDEES



ENCOURAGEMENT CAMPAIGN AND PLATFORM

argacherde.ge (don't stop): setting up the platform to help businesses during lockdown generate income by selling vouchers in advance to loyal customers

150 REGISTERED BUSINESSES
1,126 VOUCHERS SOLD



ADAPTER PLATFORM

The platform, **adapter.ge**, has helped businesses in digital transformation and digital sales through the integration of Optimo, effective inventory and order management platform, with extra.ge, a digital marketplace

670 BUSINESSES CONSULTED



**CLIENT AT THE CENTER
OF EVERYTHING**



**DATA BEHIND
EVERY DECISION**



**SERVICE MODEL
TRANSFORMATION**



**LENDING
TRANSFORMATION**

Segments

Coverage model

CHAMPIONS

RELATIONSHIP
MANAGER

Relationship manager positioned as a value-added service provider to customers

Each relationship manager, with industry expertise, covers a portfolio of ~40-50 customers

ASPIRANTS

BUSINESS BANKER

Business banker in branches serving ~100-150 customers; in the mid-term, business bankers may be replaced by remote bankers

REMOTE BANKER

PARTICIPANTS

Consistently incentivising migration to digital channels

NEW

NEW APPROACH TO SEGMENTATION IN SME


- Value- and need-based segmentation
- Transformation of credit and non-credit bankers into relationship managers
- Centralisation of credit analysis

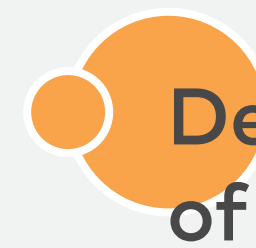



4B FOR CHAMPIONS - EXCLUSIVE SERVICE TO THE MOST VALUABLE SMES

Business branch and relationship banking as value-added services

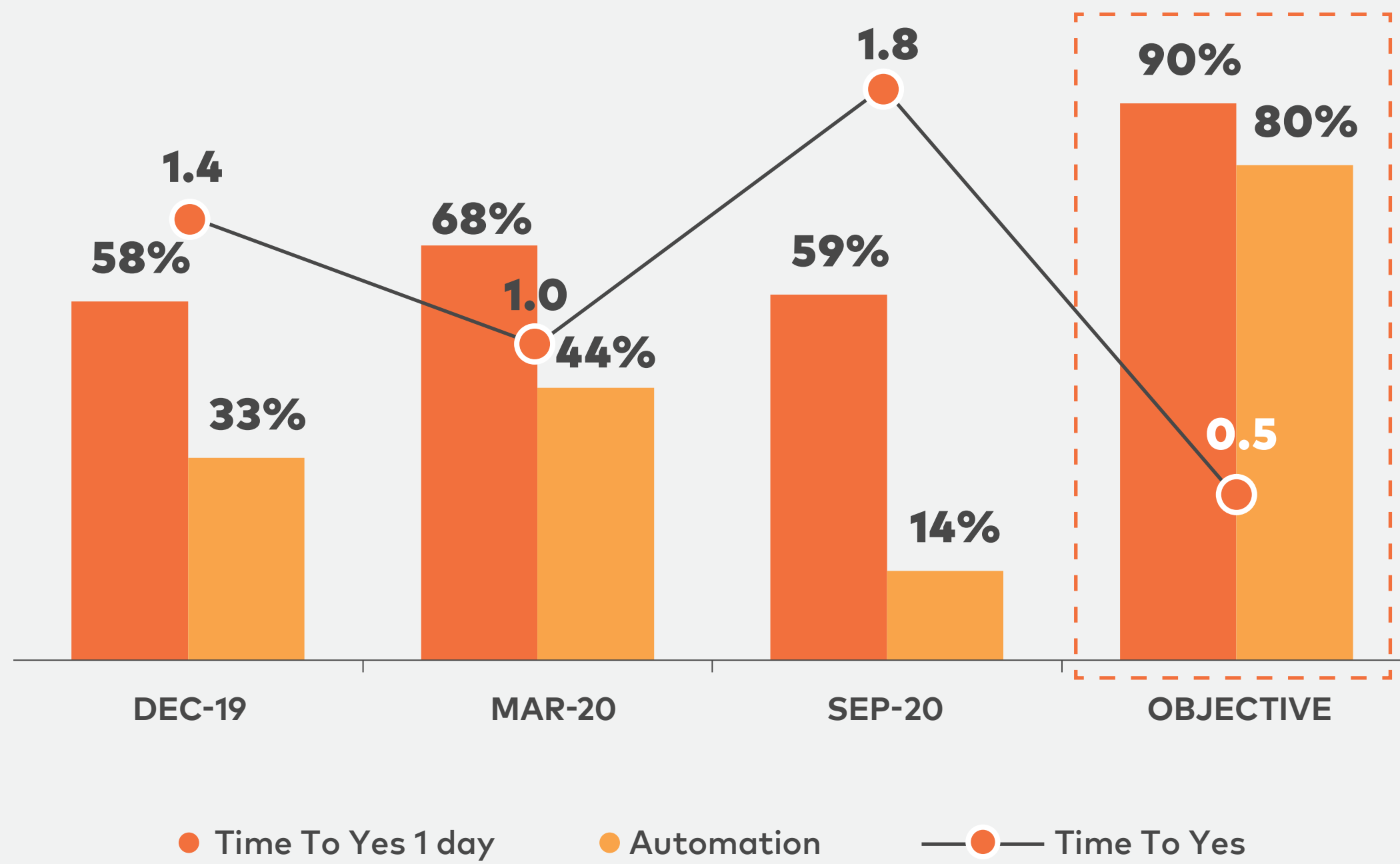
 The best bankers in Georgia

 Superior relationships

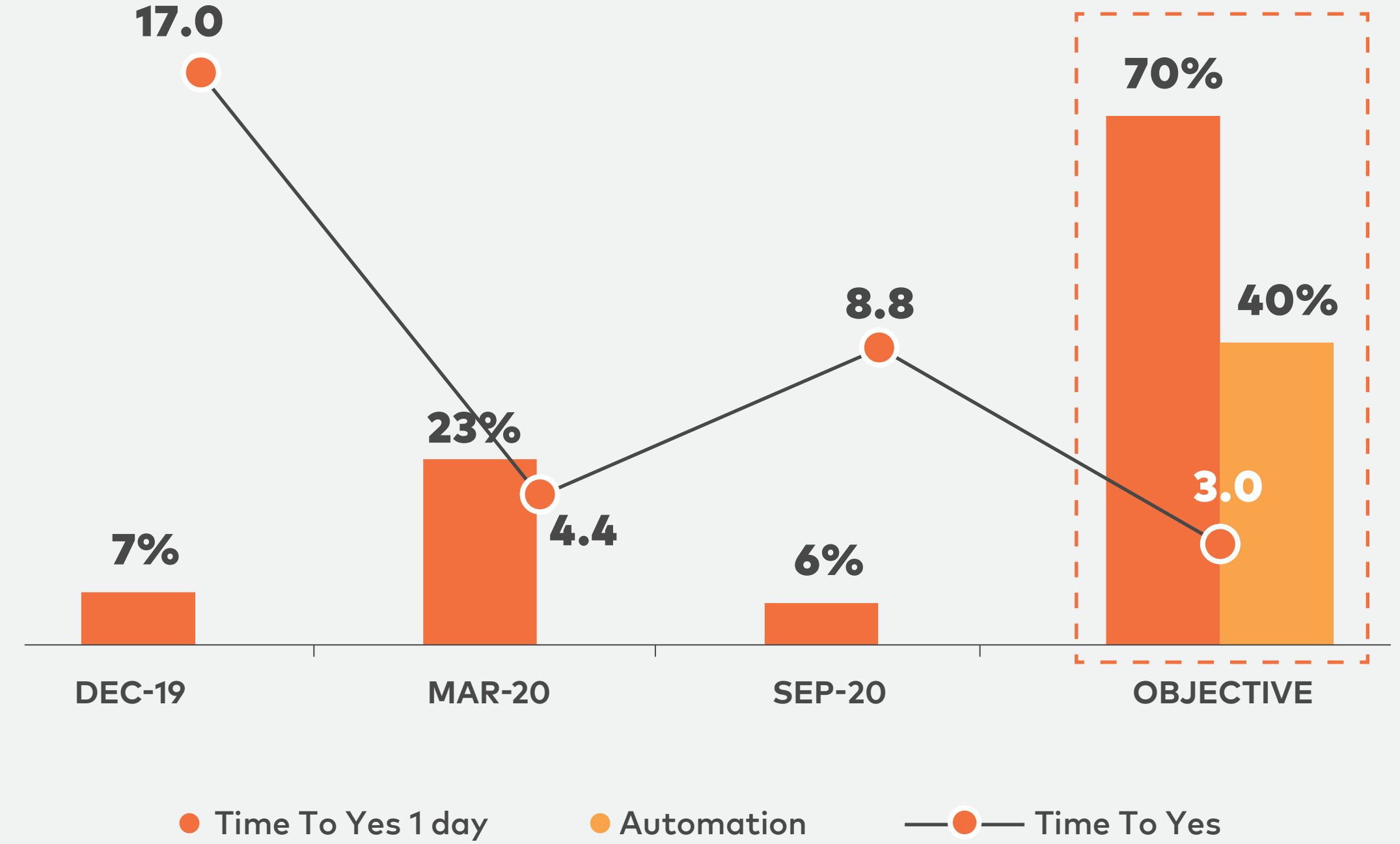
 Deep understanding of customers' needs

 Advisory services and networking

MICRO



SME



TACKLING SEVEN CRITICAL COMPONENTS OF THE LENDING JOURNEY TO ACHIEVE THE TARGET



- Process flow
- Workflow
- Credit decision engine
- Pricing engine
- Monitoring system

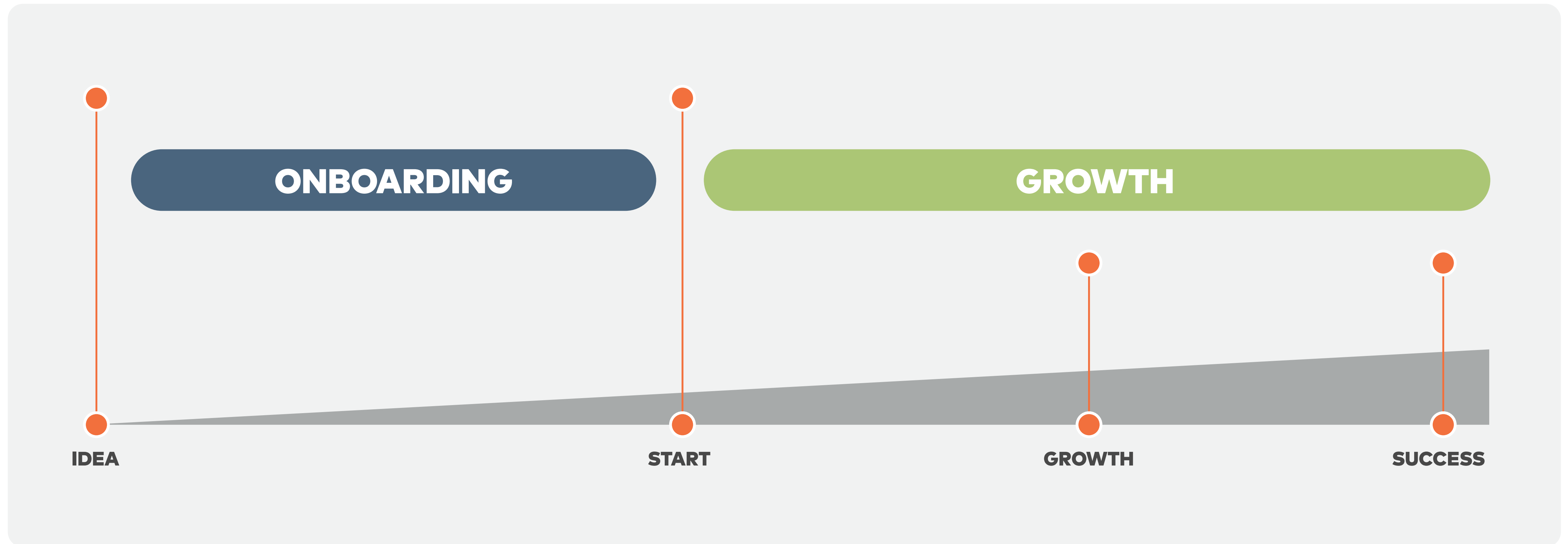
Implemented



- Data warehouse
- IT front-end, back-end, and digitisation

MVP launched

**WE BUILD THE ECOSYSTEM WHERE BUSINESSES
BENEFIT AT EACH PHASE OF THEIR DEVELOPMENT**



INNOVATIVE, DIGITAL ONBOARDING MVP **LAUNCHED**

AT BRANCHES: NOT REGISTERED COMPANIES CAN

- Register business
- Get TAX ID
- Get account package

NEW

DIGITAL ONBOARDING: ELIGIBLE COMPANIES CAN OPEN THEIR FIRST ACCOUNT ONLINE

**9% of eligible businesses
open accounts digitally**

INNOVATIVE SOLUTIONS **LAUNCHED**

NEW

INNOVATIVE PAYMENT SOLUTIONS

- Combined POS and cash terminal
- Mobile POS
- Tip POS payments
- E-commerce with installment

POS

NEW

INTERNET BANK WITH INNOVATIVE MODULES

- Payroll management module
- Business Finance Manager

IBANK

NEW

CASH MANAGEMENT SOLUTION

- Cash Box new infrastructure

CASH BOX

EDUCATION, INFORMATION AND PROFESSIONAL NETWORK – VALUE-ADDED SERVICES

BUSINESSHUB.GE

- Education
- Business support programmes
- Information about special projects

NEW

WEBINARS

- Building professional network
- Information about business and economic trends

SOON

E-LEARNING

- Online education tailored to the needs of MSMEs
- Practical courses
- Roadmaps to effective action

FACTORING DIGITAL PLATFORM **LAUNCHED**

NEW

FIRST IN GEORGIA

- The fastest way to finance working capital
- Market potential in Georgia – Several billions of GEL*
- First results: GEL 5.5 million financed in the first month

SUPPLY CHAIN FINANCE IN AGRO BUSINESS LAUNCHED

NEW

NEW APPROACH IN AGRO LENDING

- Almond production and livestock farming
- Involvement of sector professionals
- Supporting full agro cycle
- Minimising knowledge and process risks

EMPOWERING BUSINESSES – VALUE-ADDED SERVICES

WOMEN IN BUSINESS

Empowering women entrepreneurs with educational and coaching programmes

#ICREATE

Promoting ideas and businesses

ADVISORY SERVICES

NEW

Network of credible advisory service providers for businesses

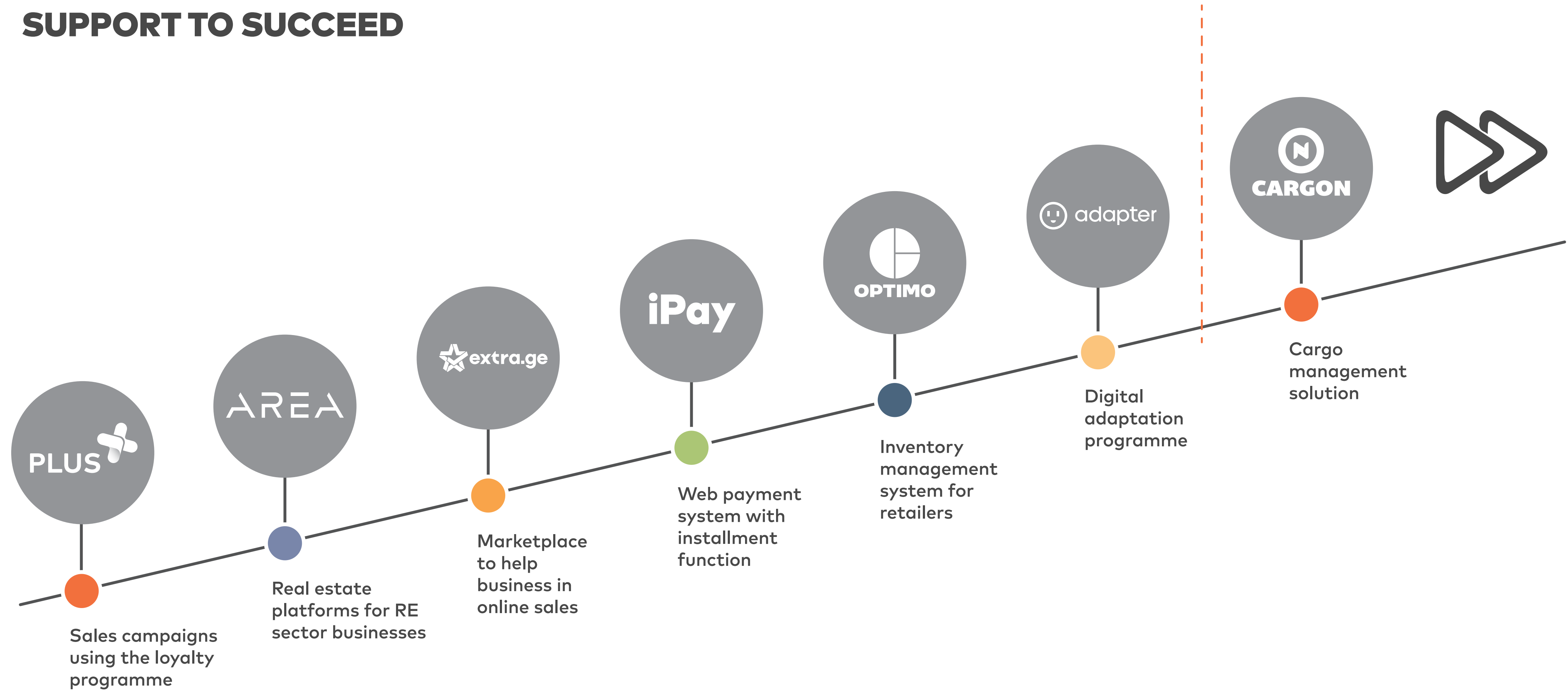
BUSINESS SUPPORT

NEW

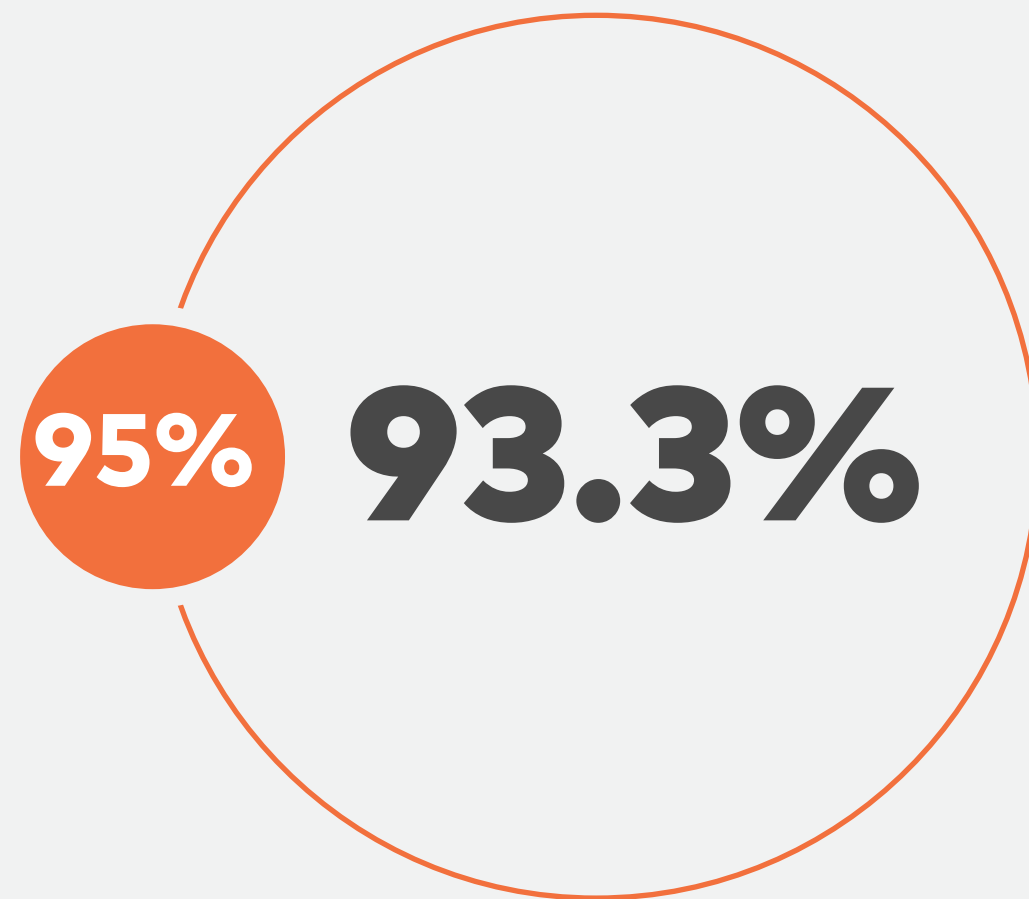
Programmes in:

- Sales
- Digitalisation
- Lean operations

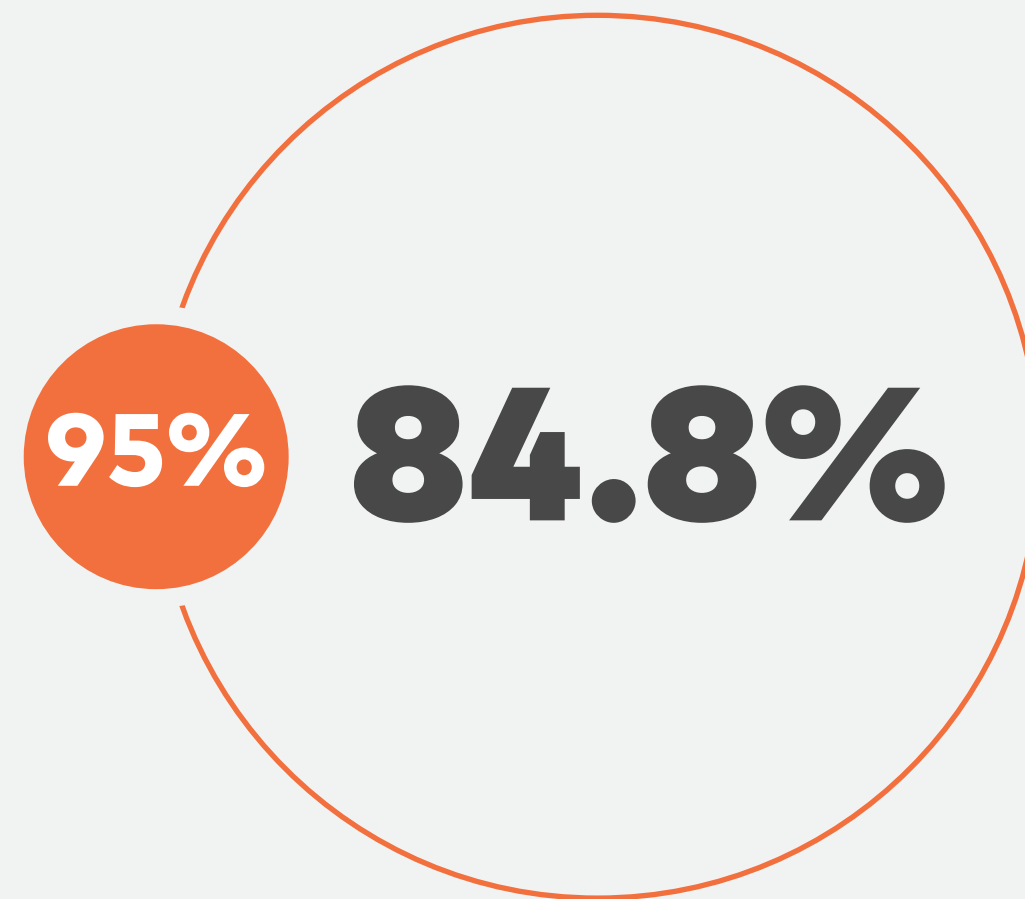
SUPPORT TO SUCCEED



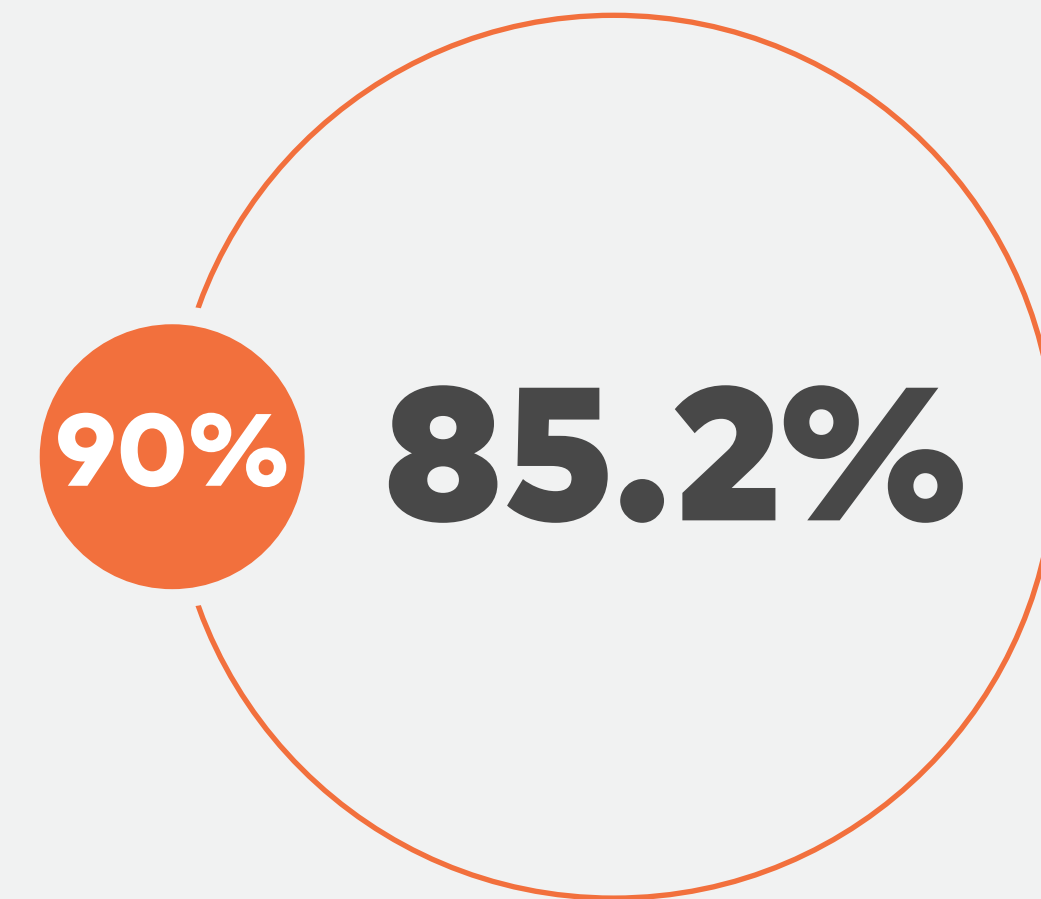
HIGH OFFLOADING RATE **ACHIEVED**



Share of digital transactions



Share of ATM transactions in all cash-out transactions



Share of cash-box and pay-box transactions in cash-in transactions

● Objective

AS OF SEP-20

BEST-IN-CLASS INTERNET BANK



Internet bank
Award winner - "Best Internet Banking for
Businesses in Central and Eastern Europe"
by Global Finance

SOON



mBusiness
Mobile application
to be launched in 4Q20

From ...

SEP-20

- NPS 70%*
- 31% MSME market share in loans to customers
- Normalised ROAE** – 17.2%

... to

MID-TERM

- Most preferred MSME bank
- MSME market share of 35%+ in loans to customers
- Keep 20%+ ROAE during growth

* Based on internal survey of BOG clients

** Normalised for cost of credit risk, one-off modification loss incurred on loan restructurings, and other COVID-19 related one-off costs

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: macroeconomic risk, including currency fluctuations and depreciation of the Georgian Lari; regional instability; loan portfolio quality; regulatory risk; liquidity and funding risk; capital risk; operational risk, cyber security, information systems and financial crime risk; COVID-19 pandemic impact risk; climate change 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 2019 and in 2Q20 and 1H20 results announcement. 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.

