

RETAIL BANKING OVERVIEW

Speaker: Mikheil Gomarteli, Head of RB, Bank of Georgia

BGEO Investor Day

22 November 2016

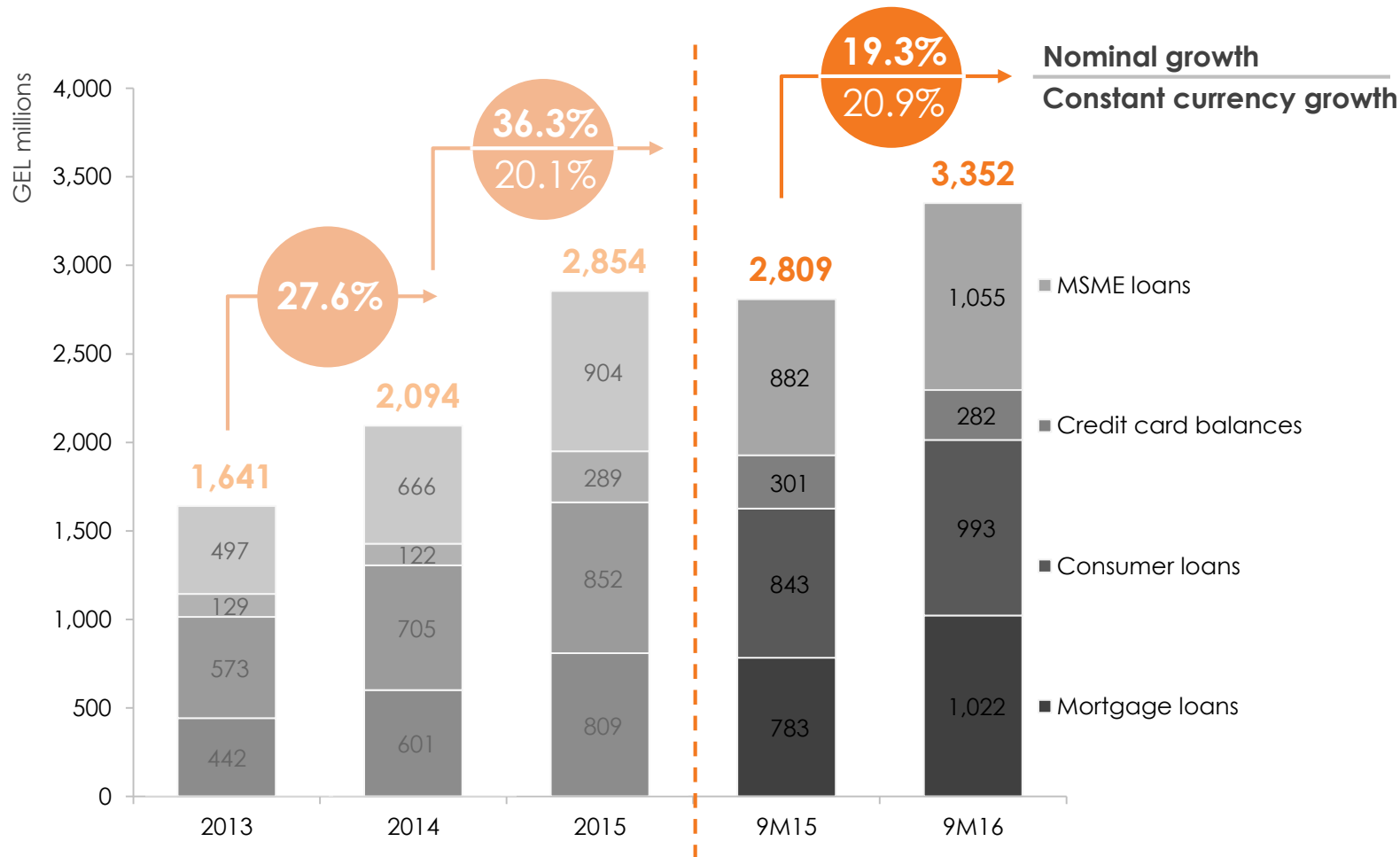
Tbilisi, Georgia

Retail Banking performance

Delivering on Retail Banking strategy

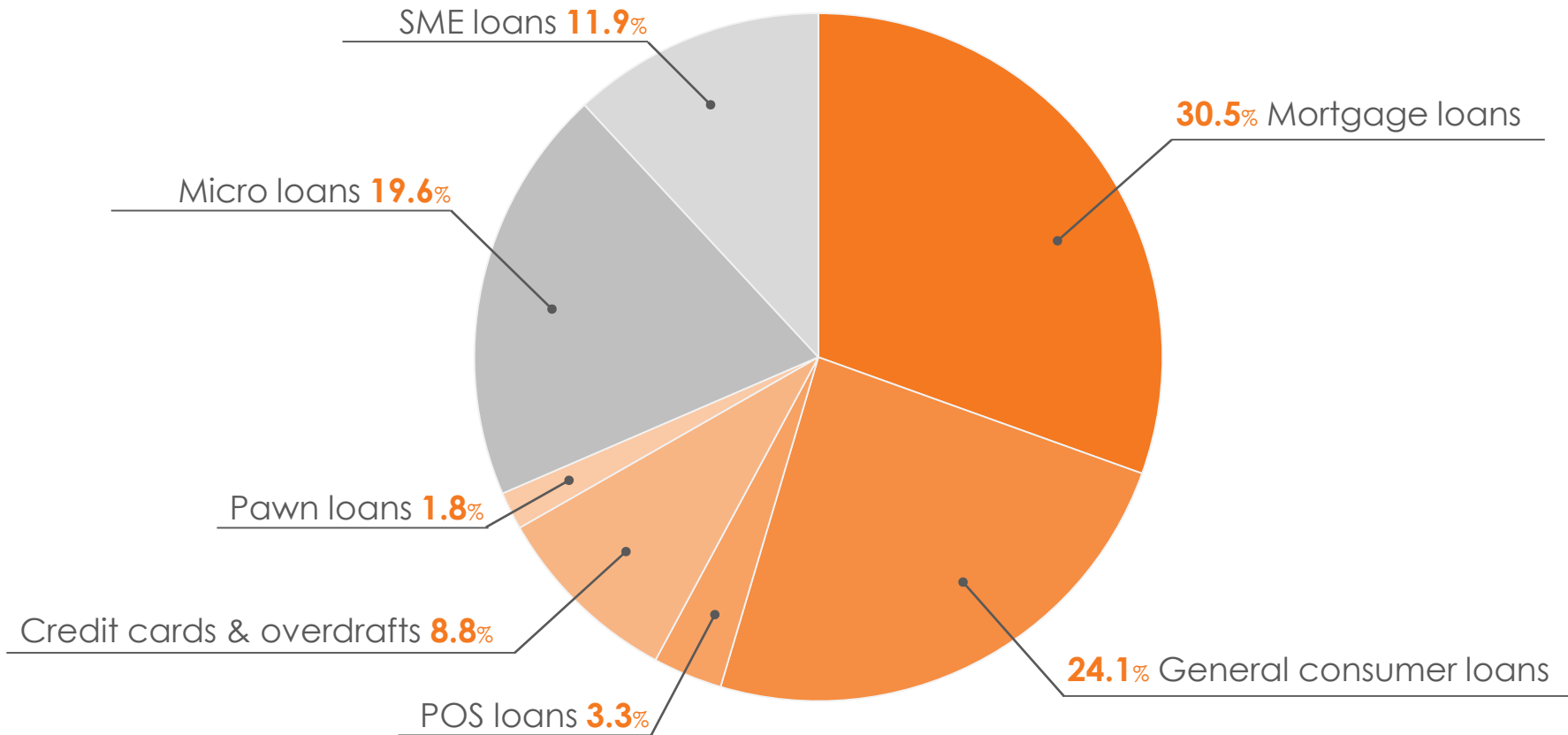
Q&A

RB GROSS LOAN BOOK

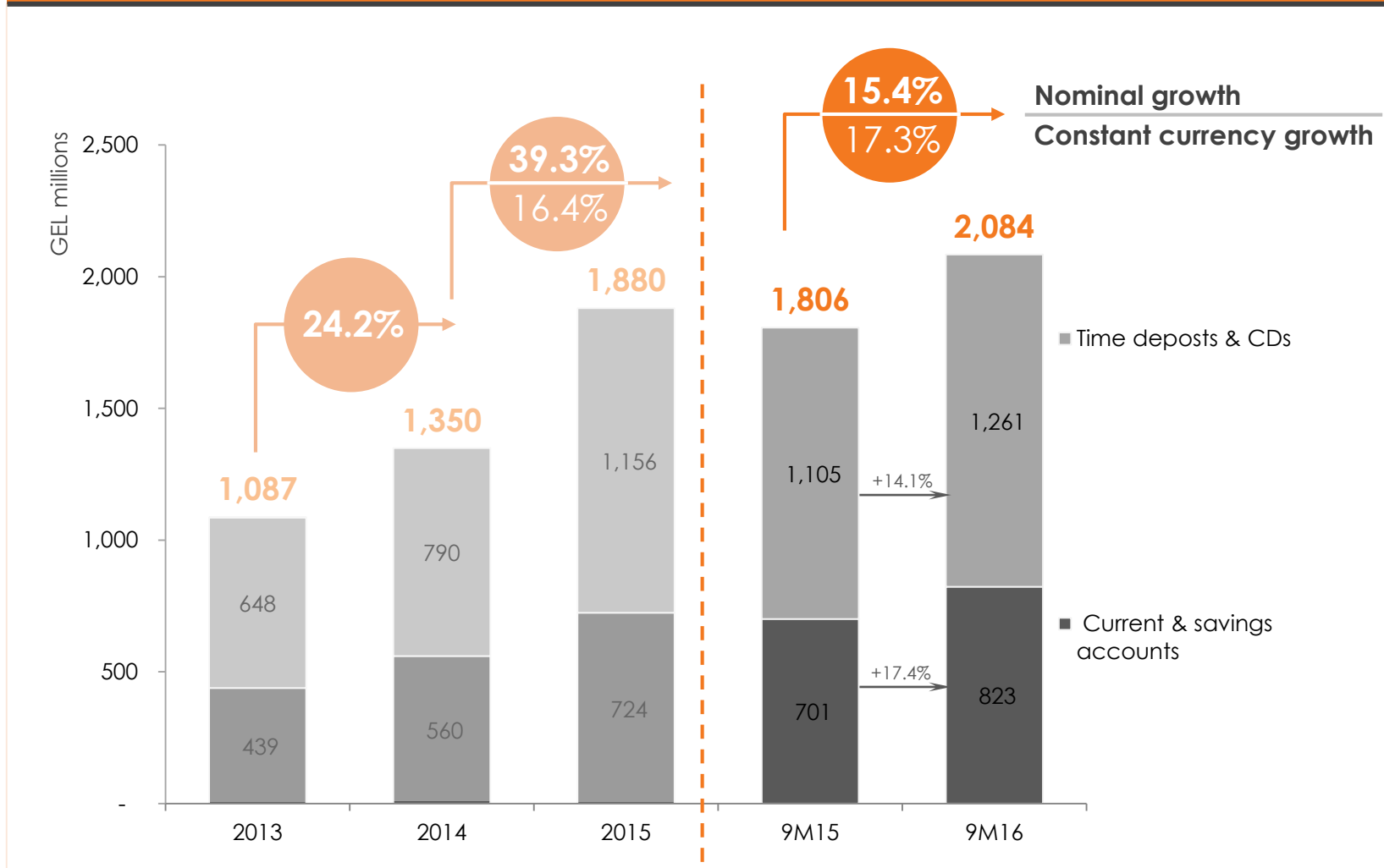


RB GROSS LOAN BOOK BY PRODUCTS

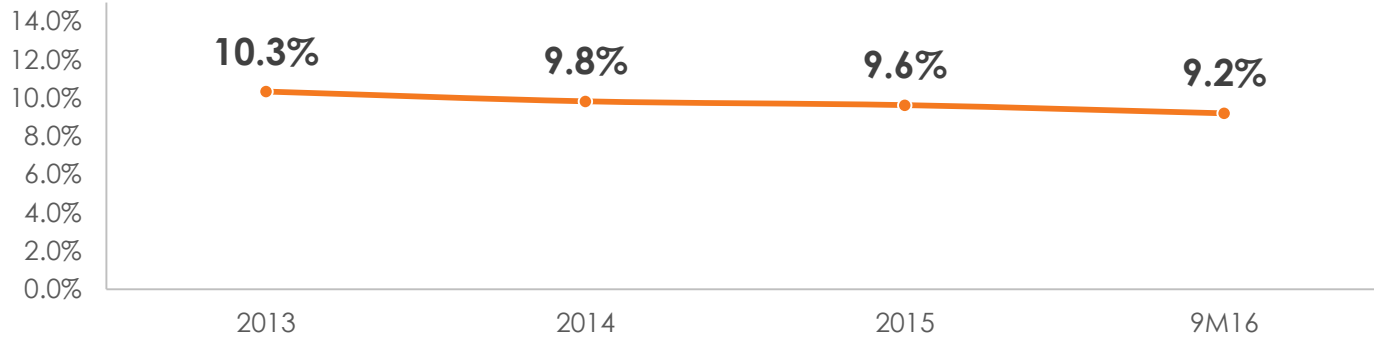
Total RB loans: GEL 3,352 million



RB DEPOSITS

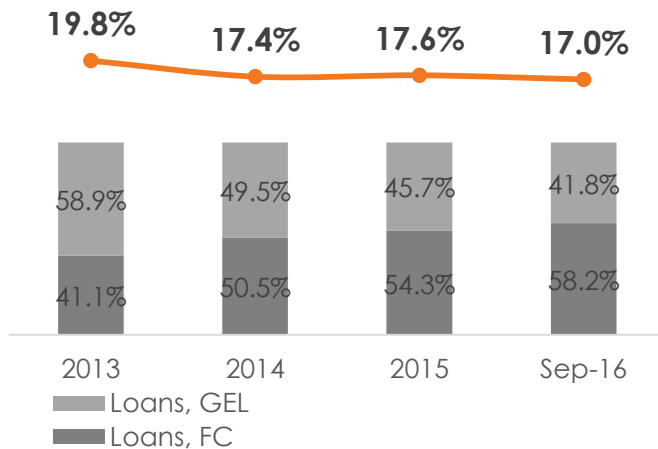


RB NIM



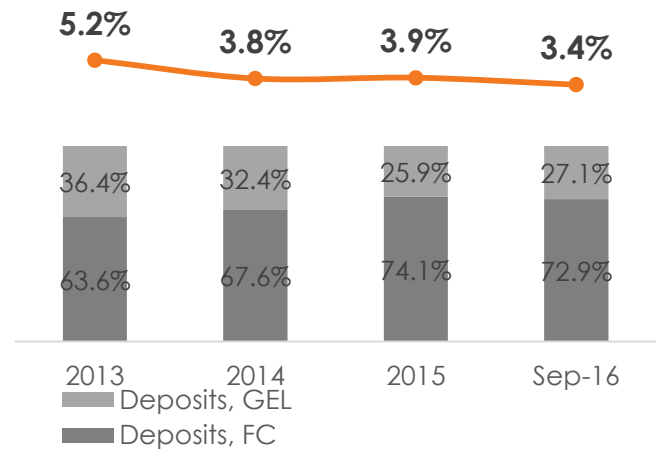
LOAN YIELDS

14% REDUCTION IN LOAN YIELDS SINCE 2013



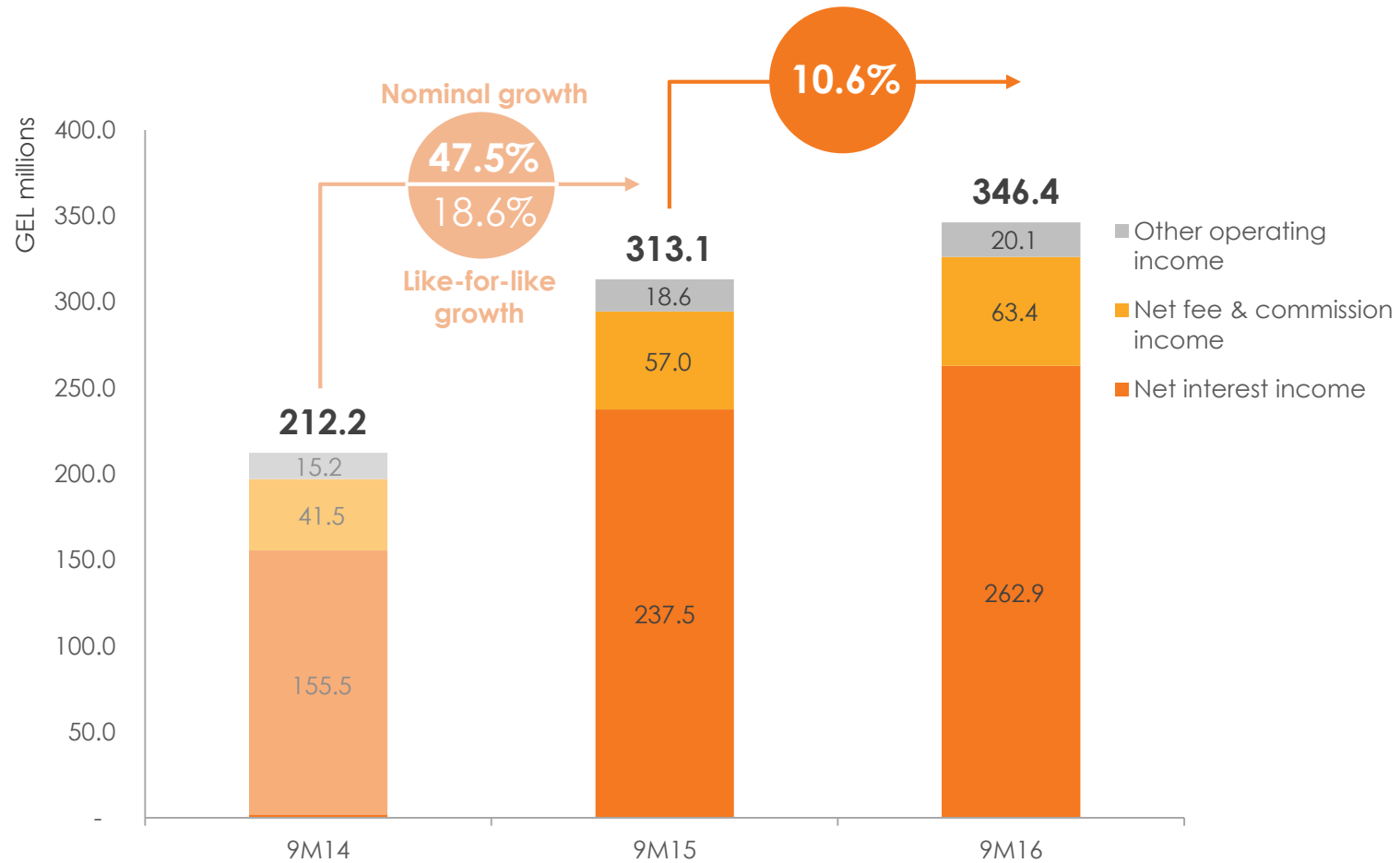
DEPOSIT COSTS

35% REDUCTION IN DEPOSIT COST SINCE 2013

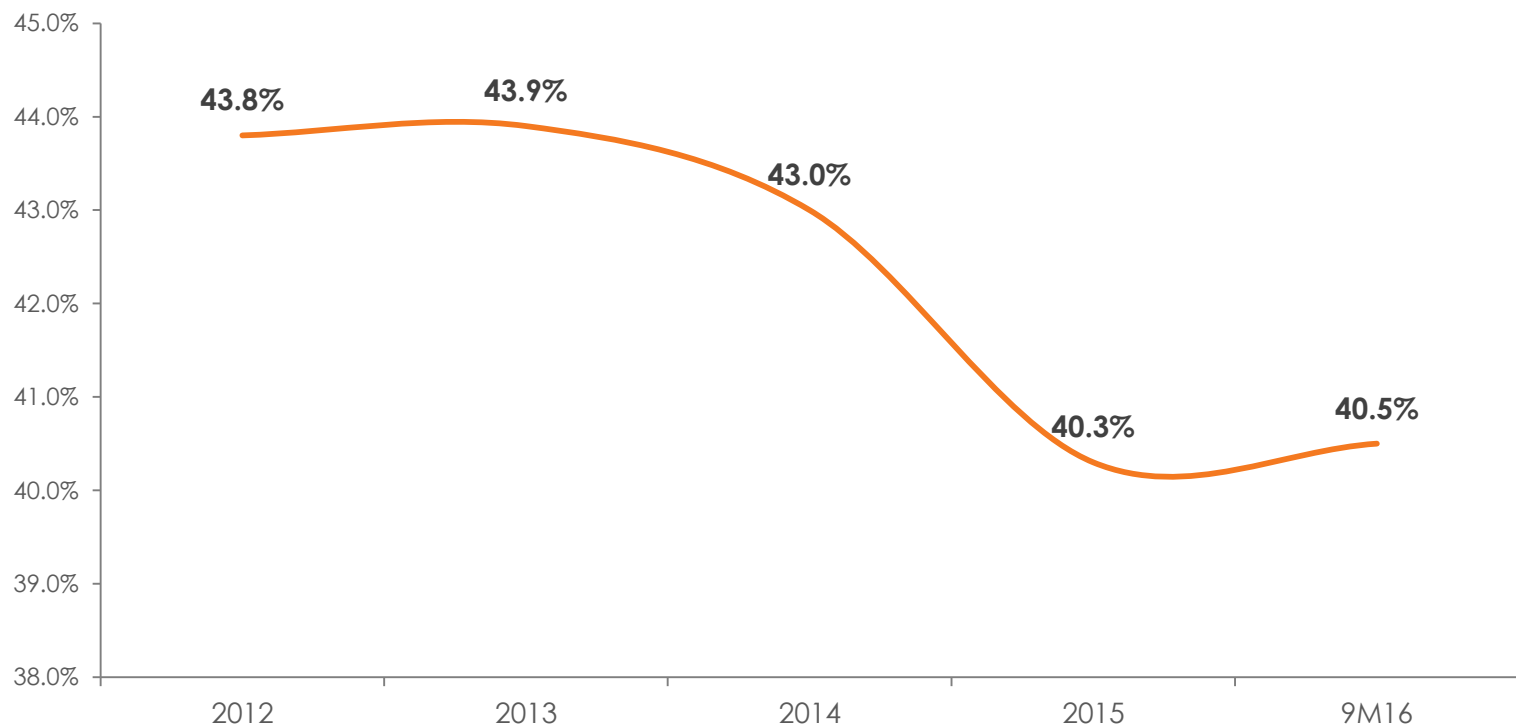


Note: 9M16 NIM is adjusted for excess liquidity. ProForma NIM is a hypothetical Net Interest Margin that would have been achieved, had liquidity amounts of GEL and FC balances in excess of 35% minimum been used to repay respective funding sources at respective costs and giving up respective liquid asset yields in the process

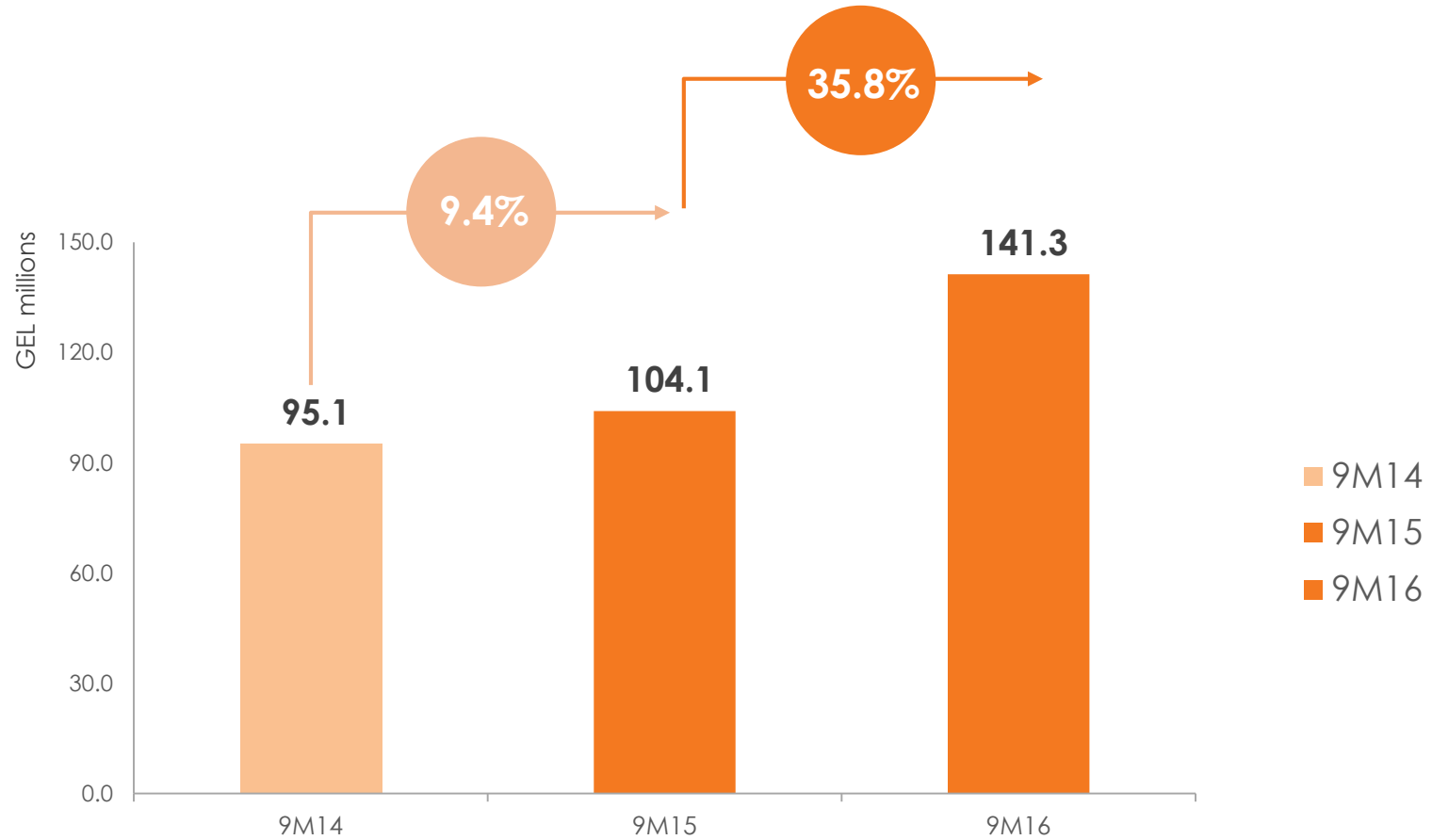
RB REVENUE



RB COST to INCOME



NET PROFIT



Retail banking segments

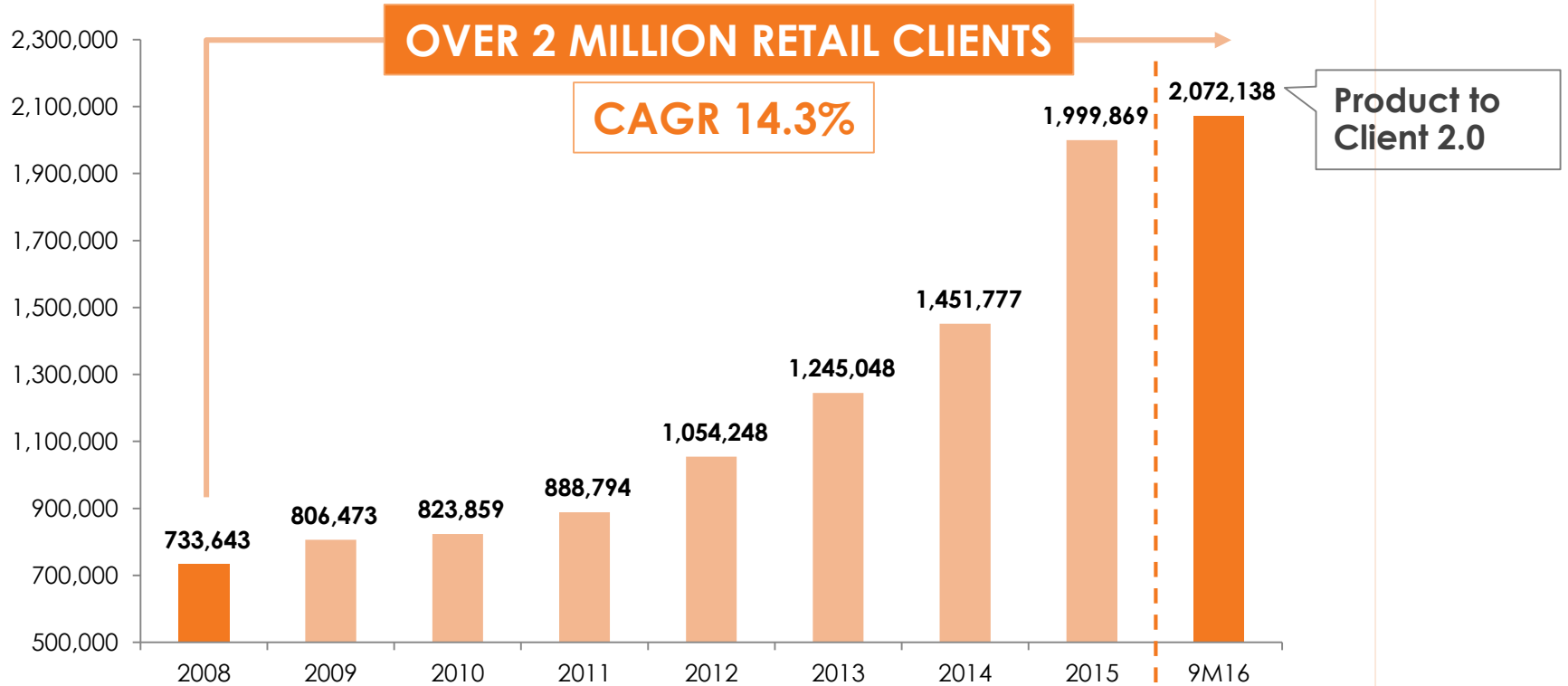
segments	1  Emerging Retail	2  Mass Retail	3  SOLO Mass Affluent	4 MSME Micro, Small and Medium Business
Clients	446.2 k	1,486.0 k	17.0 k	123.0 k
9m profit	GEL 18 mln +51.6% y-o-y	GEL 75 mln +26.9% y-o-y	GEL 17 mln +91.9% y-o-y	GEL 33 mln +58.9% y-o-y
Profit per client	GEL 54	GEL 61	GEL 1,606	GEL 373
P/C ratio	3.1	1.7	7.0	1.1
Branches	122	144	10	n/a

2-3 year targets & priorities



Over 2 million retail clients

NUMBER OF RETAIL BANKING CLIENTS



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

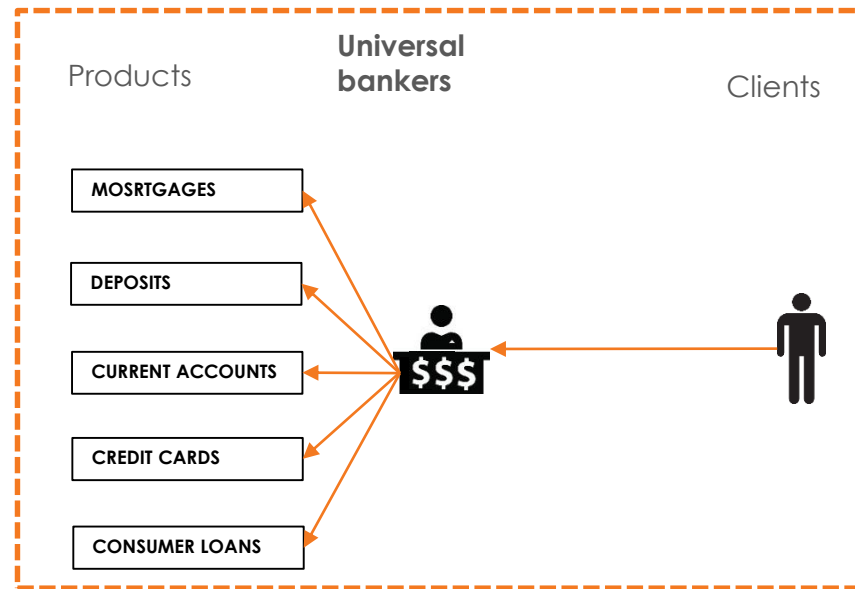
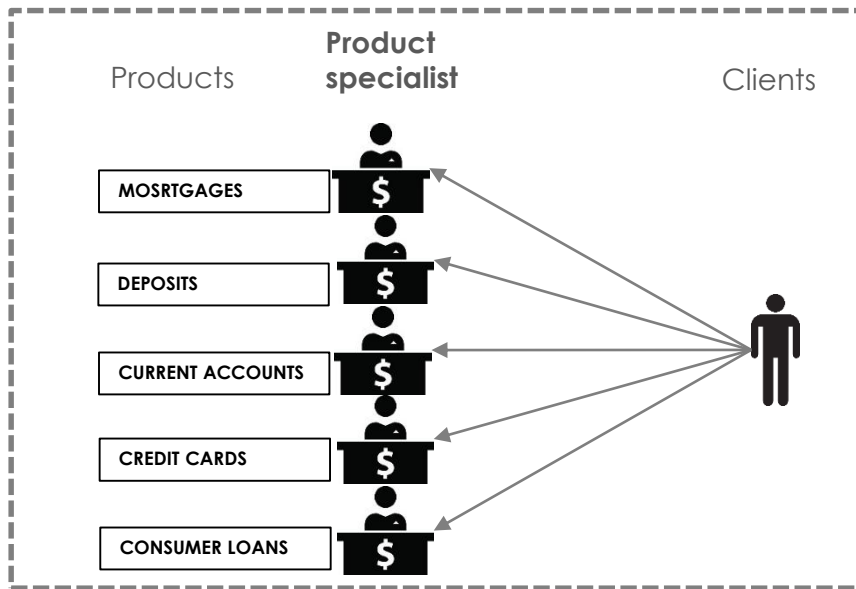
New way of thinking: Customer first!

..... From



SHIFT

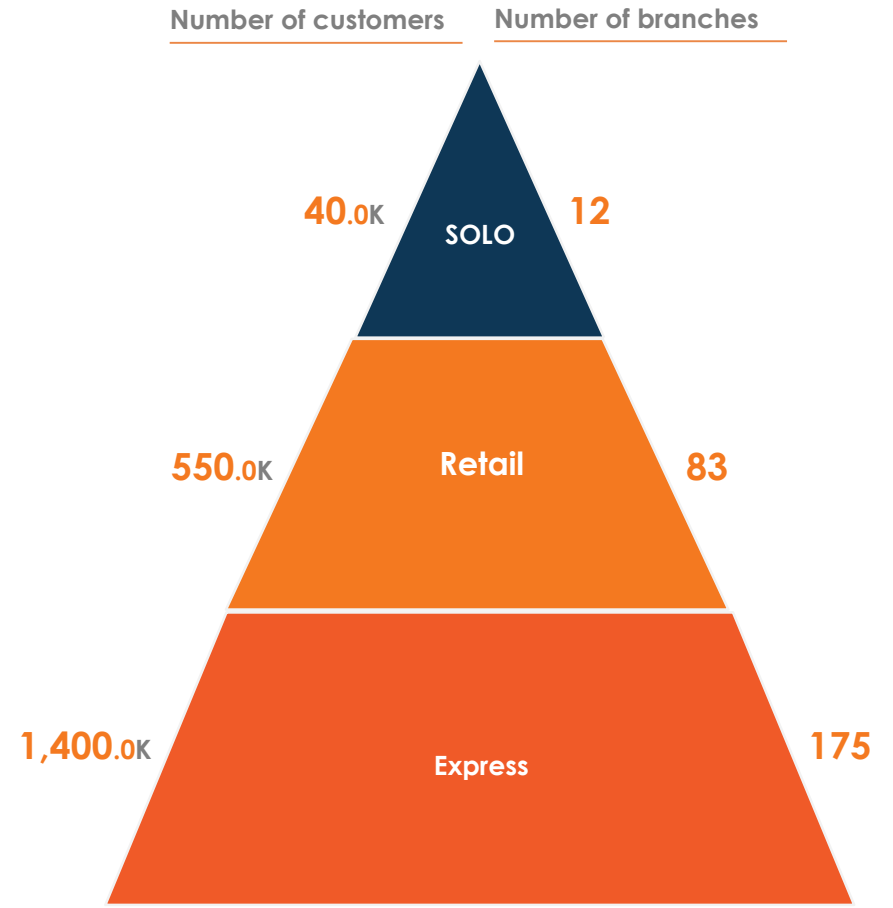
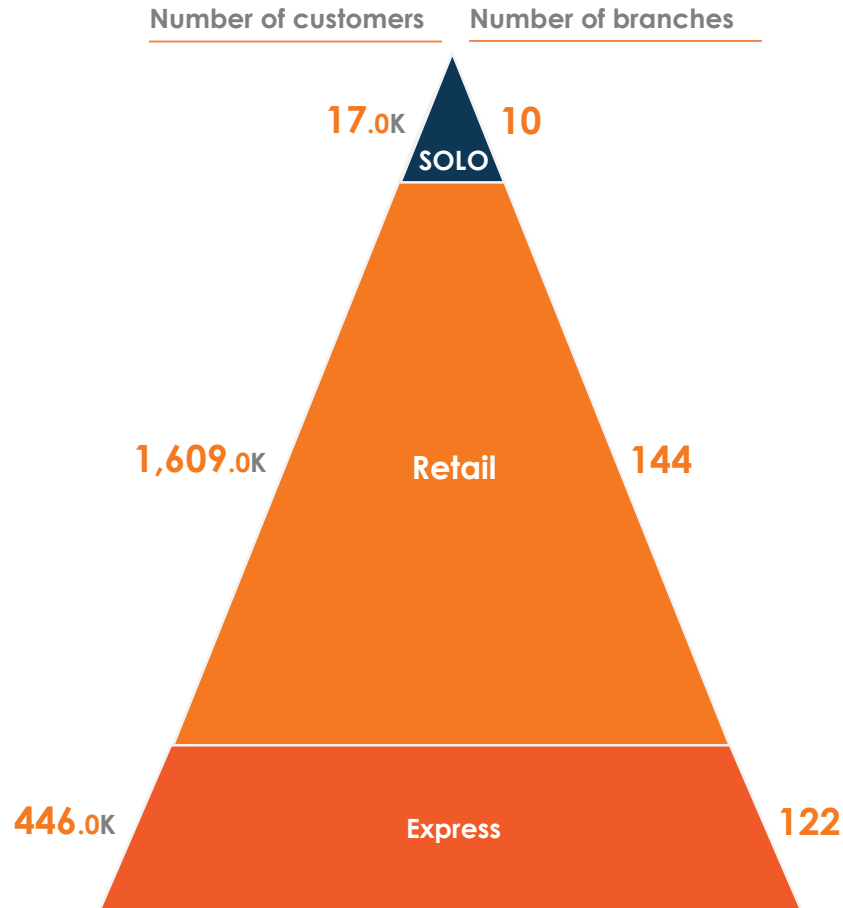
..... To



Customer segmentation

From ...

... Aiming TO



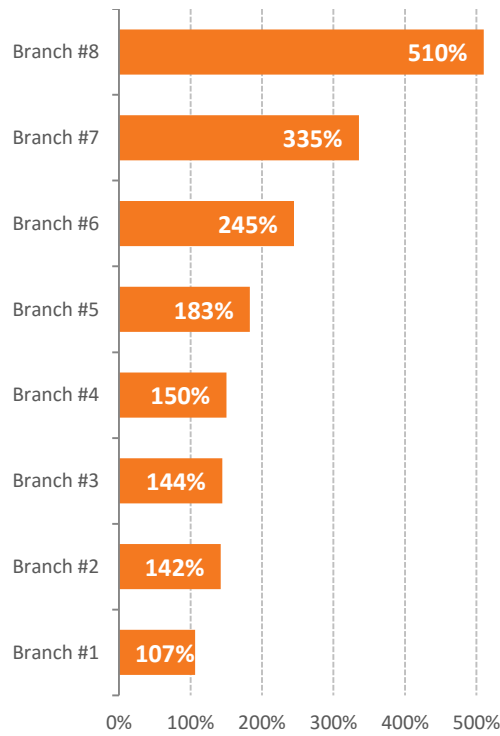
OUTSTANDING RESULTS of TRANSFORMATION

TRANSFORMING RETAIL SALES

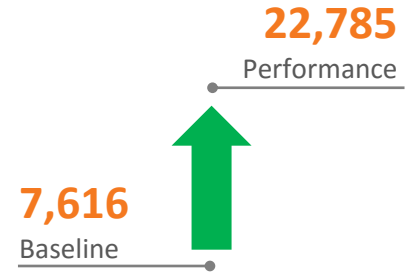
1. New roles based on customer needs to support strong sales focus
2. Migrate transactions to self-service/remote channels
3. Daily performance management tools
4. New motivation system

LIVE LABS

% growth in number of products sold, compared to the base-line



NUMBER OF PRODUCTS SOLD



TRANSFORMING BRANCHES



EXPRESS
BRANCH

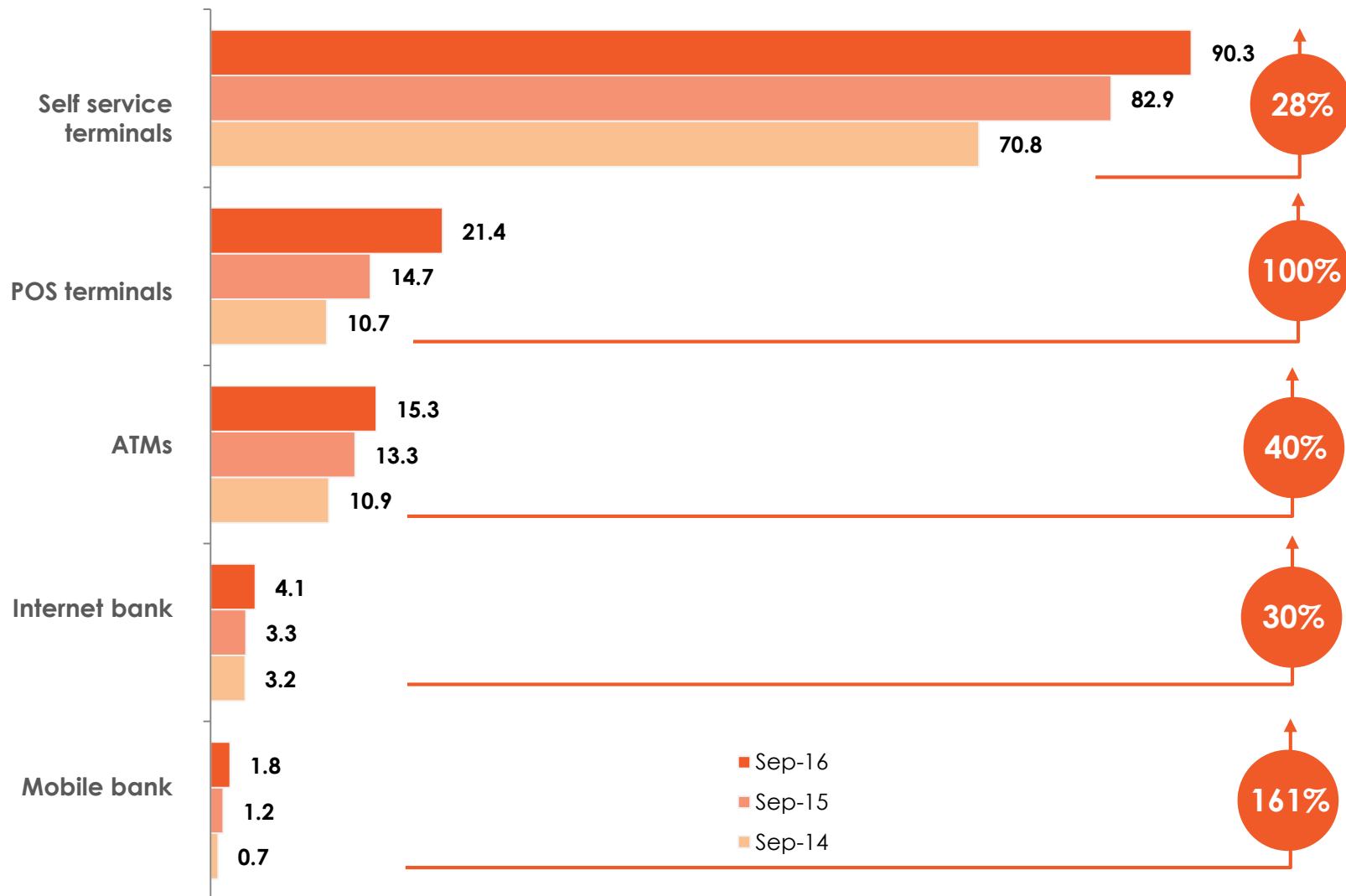


EXPRESS BUSINESS MODEL

- Focused on transactional banking
- Cheap to launch & operate
- Capex per branch: US\$ 50k
- Cost to Income: 35.0%
- Profit per client: GEL 54

Doubling number of transactions

NUMBER OF TRANSACTIONS (millions)



OFFER

Solo offers:

- Tailor made banking solutions
- New financial products such as bonds
- Concierge-style environment
- Access to exclusive products and events
- Lifestyle opportunities

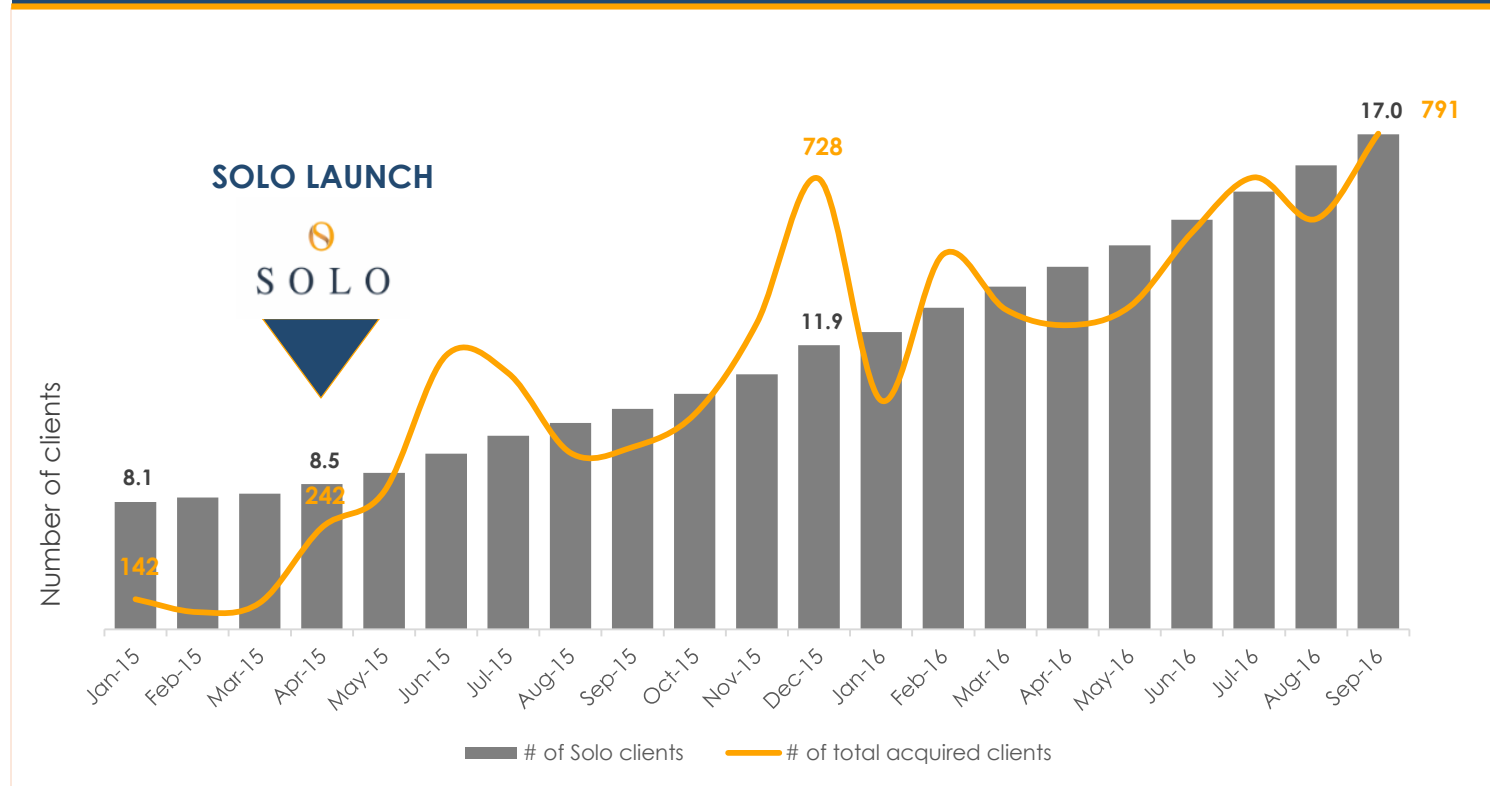
**3x more
new clients**
attracted per
banker,
compared to
same period
last year

LOUNGES

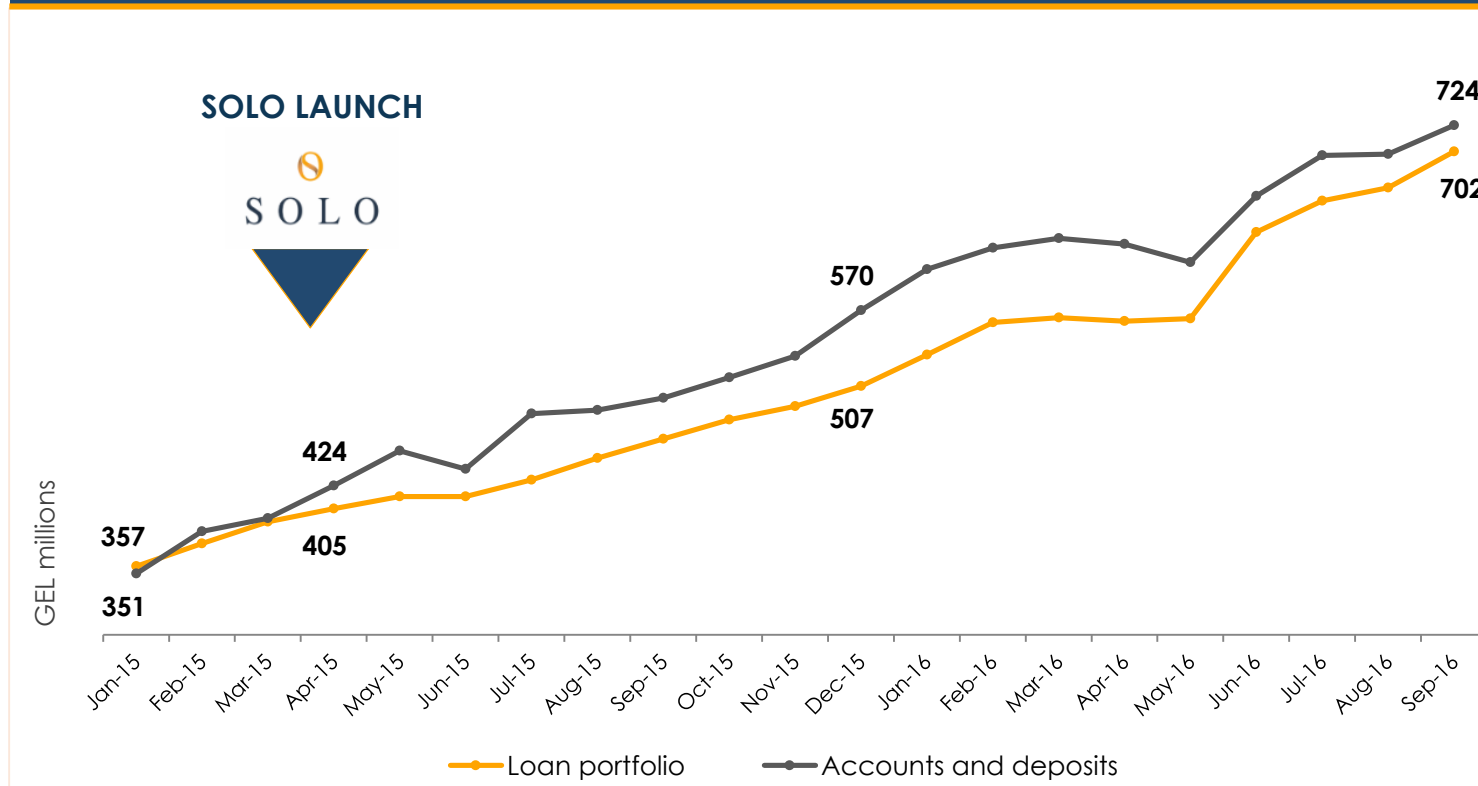


Growing client base to 40,000

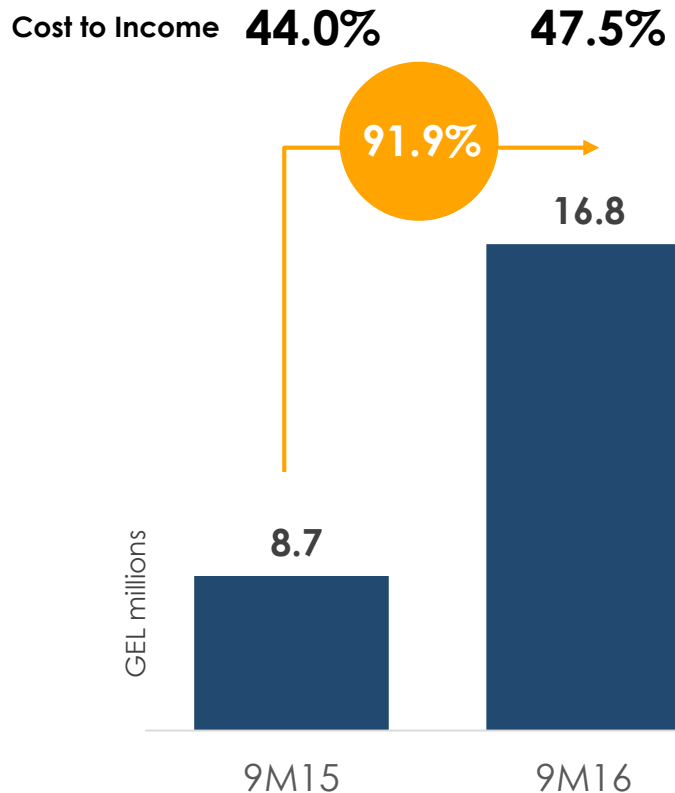
NUMBER OF SOLO CLIENTS: DOUBLED in 1 YEAR



SOLO LOANS & DEPOSITS: DOUBLED IN 1 YEAR

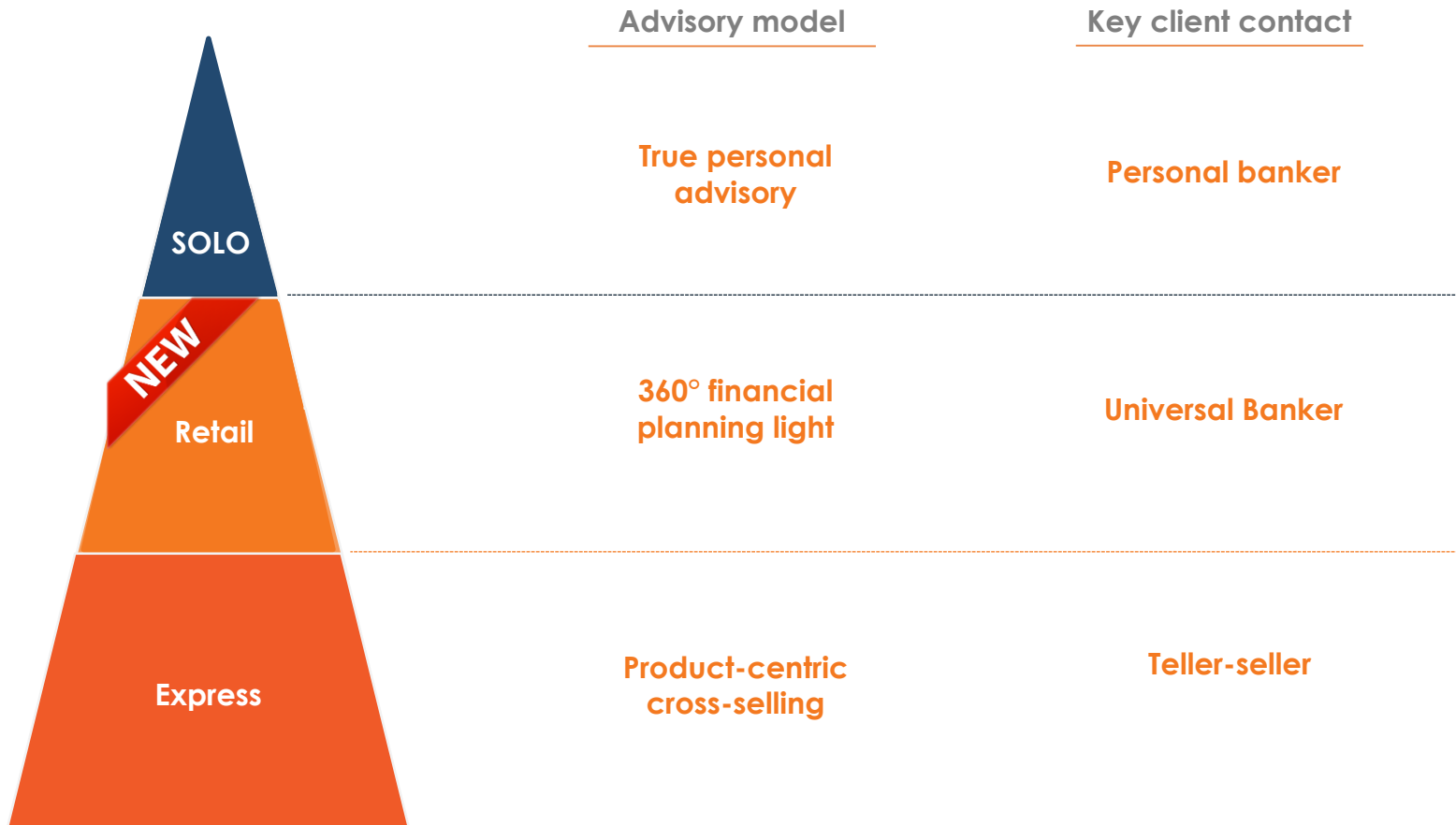


SOLO PROFITABILITY: PROFIT DOUBLED IN 1 YEAR



SOLO BUSINESS MODEL

- **Total investment:** US\$ 11.1 million
- **Number of Solo lounges:** 10, up from 2 a year ago
- **Number of clients:** 16,964
- **Profit per client:** GEL 1,606
- **Cost to Income:** 47.5%
- **Product to client:** 7.0



Questions?

BGEO investor day

22 November 2016

Tbilisi, Georgia

www.bankofgeorgia.ge

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