



BANK OF GEORGIA

# Bank of Georgia Group PLC

## TRADE & SUPPLY CHAIN FINANCE

June 04, 2020



საქართველოს ბანკი

# CONTENT

**BANK OF GEORGIA PLC GROUP OVERVIEW**

**COUNTRY AND BANK RESPONSES TO COVID-19 OUTBREAK**

**POST-COVID19 CHALLENGES AND OPPORTUNITIES -TRADE & SUPPLY  
CHAIN FINANCE**

# BANK OF GEORGIA GROUP AT A GLANCE

3



**BANK OF GEORGIA  
GROUP PLC**

**RETAIL  
BANKING**

**CORPORATE AND  
INVESTMENT  
BANKING**



**WEALTH  
MANAGEMENT**

**BNB  
(BANK IN BELARUS)**

## A LEADING BANKING GROUP IN GEORGIA

- Top Systemically important financial institution in Georgia
- A leading market position by assets, loans and deposits
- **Strong brand name recognition and retail banking franchise:** Offers the broadest range of financial products to the retail market through a network of 228 branches, 939 ATMs, 3,183 Express Pay Terminals and more than 2.5 million customers as of 31 March 2020
- **Sustainable high profitability with average ROAE of more than 20% over** the last four years on the back of solid NIM, low cost of credit risk and stringent cost control
- **Resilient credit profile:** Well-capitalised, diversified and high quality loan book and strong liquidity profile
- **High standards of transparency and governance:** The first entity from Georgia listed on the premium segment of the Main Market of the London Stock Exchange (LSE:BGEO) since February 2012. LSE listed through GDRs since 2006
- The Group has been included in the **FTSE 250** and **FTSE All-share** Index Funds since 18 June 2012
- The Group continues to be included in the global responsible investment index **FTSE4Good**

## BANK OF GEORGIA'S CREDIT RATINGS

Agency	Rating	Outlook
	Ba3/Ba2	Stable
	BB-	Negative

# STRONG INSTITUTIONAL INVESTORS SUPPORT



**BANK OF GEORGIA**  
GROUP PLC

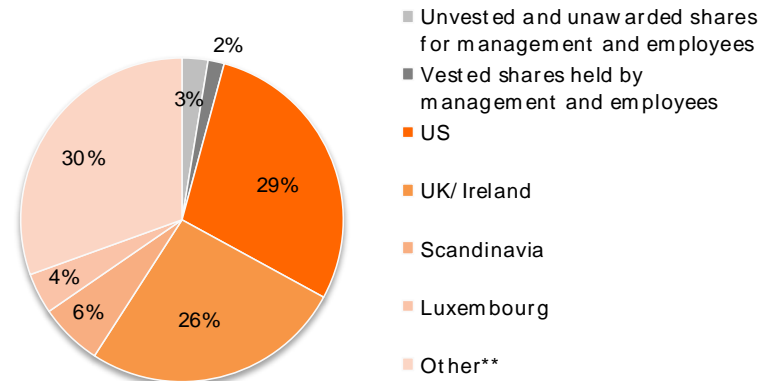
## TOP SHAREHOLDERS

As of 31 March 2020

Rank	Shareholder name	Ownership
1	JSC Georgia Capital*	19.90%
2	Harding Loevner LP	4.85%
3	JP Morgan Asset Management (UK) Ltd	4.08%
4	Dimensional Fund Advisors (DFA) LP	2.96%
5	Van Eck Global	2.92%
6	Vanguard Group Inc	2.69%
7	Norges Bank Investment Management	2.65%
8	GLG Partners LP	2.54%
9	Jupiter Asset Management	2.43%
10	Grandeur Peak Global Advisors LLC	2.35%

## SHAREHOLDER STRUCTURE

As of 31 March 2020



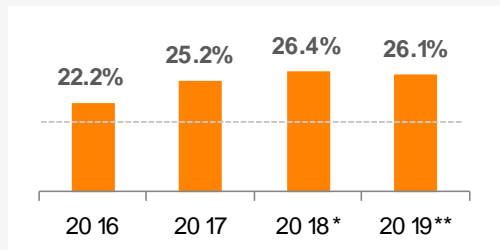
\* JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group Shareholders, as long as JSC Georgia Capital's percentage holding in Bank of Georgia Group PLC is greater than 9.9%

\*\* Includes 19.9% shareholding of JSC Georgia Capital

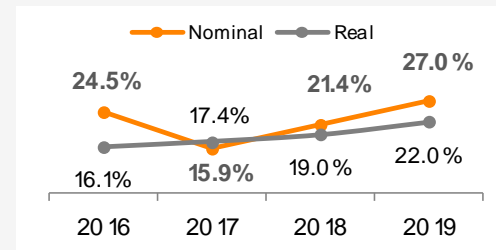
# TRACK RECORD OF DELIVERING STRONG RESULTS

— Key medium to long-term targets remain unchanged

ROAE  
**20%+**



Loan book growth  
**15-20%**



## ROBUST CAPITAL MANAGEMENT TRACK RECORD

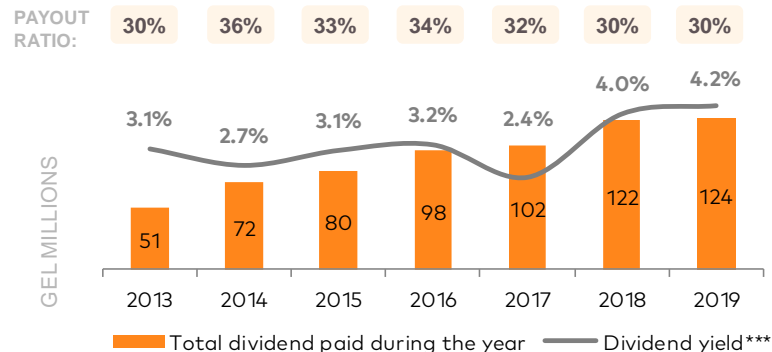
- **Capital position:** We aim to maintain **+200bps buffer** for CET1 and Tier 1 capital ratios over minimum regulatory requirement
- **Maintain regular dividend payouts:** Aiming **25-40%** dividend payout ratio
- **GEL 648mln+** cash dividend paid during 2013-2019, within the targeted **payout range** over past 7 years

\* Adjusted for GEL 30.3mln demerger related costs, GEL 8.0mln demerger related corporate income tax gain, GEL 30.3mln one-off impact of re-measurement of deferred tax balances and GEL 3.9mln (net of income tax) termination costs of the former CEO

\*\* Adjusted for GEL 14.2mln (net of income tax) termination costs of the former CEO and executive management

\*\*\* Dividend yield is calculated based on the closing price of shares immediately prior to ex-dividend date

## REGULAR DIVIDENDS



# GEORGIA HAS TAKEN DECISIVE STEPS TO CONTAIN THE COVID-19 PANDEMIC AND LIMIT ITS ECONOMIC IMPACT



## GOVERNMENT SAFETY MEASURES

- All international flights banned since 18 March 2020
- Full lockdown introduced on 21 March 2020 and state of emergency declared in the country, which is now in place until 22 May 2020
- 14-day mandatory quarantine period imposed on citizens returning to Georgia
- Educational process suspended; educational institutions now on distance learning. Georgia is considered one of the best examples of distance learning according to the OECD report
- All public transportation closed; except for vehicles and taxis operating with regulatory approval
- All economic activities, other than grocery stores, pharmacies, food and pharmacy delivery services, gas stations, banks, post offices, restricted entirely
- The Government maintains an informational website that provides live statistics on the spread of the virus in Georgia – [www.stopcov.ge](http://www.stopcov.ge)

## COVID-19 STATISTICS IN GEORGIA

Source: [www.stopcov.ge](http://www.stopcov.ge)  
at 15:00, 13 May 2020

**647**  
Confirmed cases

**372**  
Active cases

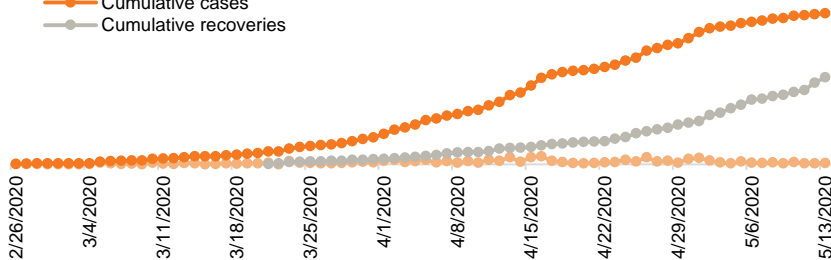
**4,461**  
Under quarantine

**394**  
Under hospital supervision

## COVID-19 STATISTICS IN GEORGIA, PERSONS

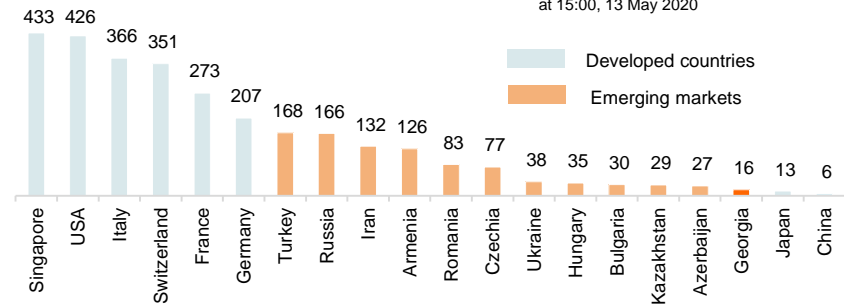
Source: NCDC  
at 15:00, 13 May 2020

- Daily new cases
- Cumulative cases
- Cumulative recoveries



## COVID-19 CASES PER 100,000 PERSONS

Source: Johns Hopkins, Worldometers  
at 15:00, 13 May 2020



# GOV AND REGULATOR'S ANTI-CRISIS STIMULUS PLAN TO COVID-19 PANDEMIC AND LIMIT ITS ECONOMIC IMPACT

7



## GEORGIAN GOVERNMENT

The Government announced a series of support measures designed to mitigate the negative economic impact of COVID-19. The anti-crisis plan was presented by the Prime Minister of Georgia on 24 April 2020 and includes a social assistance package for individuals, as well as tax exemptions and various funding mechanisms for businesses. A total of GEL 3.5 billion (7% of GDP) will be allocated for implementing the economic stimulus plan, of which GEL 1.035 billion will be used to support citizens, GEL 2.11 billion to support businesses, and GEL 350 million will be spent to enhance the country's healthcare system.



National Bank of Georgia

## NATIONAL BANK OF GEORGIA

In March 2020, NBG introduced an updated Supervisory Plan for the banking sector with immediate effect, aimed at alleviating the negative financial and economic challenges created by the global COVID-19 pandemic. The measures were mainly focused on capital adequacy and liquidity initiatives that allow banks to use existing regulatory capital buffers to support customers in the current financially stressed circumstances, to continue normal business activities as far as possible, and to support the economy through ongoing lending operations.:

# BANK OF GEORGIA'S BUSINESS CONTINGENCY PLAN – COVID-19

8



The Group has introduced a number of resilience protocols and a comprehensive Business Continuity Plan (“BCP”) aimed at curbing the spread of COVID-19 in Georgia and mitigating the negative impact on our business and the community. We started developing the BCP at the end of January 2020, such that all of our operations would be successfully adapted to the new operating environment, while establishing the health and safety of all our staff and customers as the number one priority.

Our BCP is focused on three main pillars: Operating efficiency (employees, customers and community), capital, and liquidity and funding positions.

## SAFETY MEASURES

- The Bank's main branches remain open with additional security measures introduced. We reduced the physical presence of bankers in the Bank's service centres. Two-week shifts have been introduced in front offices and other service areas throughout the business, to ensure ongoing availability of team members
- Most Express branches remain open, however, the Bank has initiated the temporary closure of the customer service support areas of these branches, with only the self-service terminals and ATM areas remaining open
- Banking services, where possible, are conducted exclusively via call centres, which is operating remotely, with employees working from home with significantly increased capacity since March 2020
- A three-month grace period on principal and interest payments has been introduced on all retail loans in order to significantly reduce the requirement for customers to physically visit Bank branches
- We have further increased focus on our digitalisation strategy and introduced various initiatives to incentivise the transfer of our customers' activity to digital channels
- In the Bank's back office environments, the majority of staff are now working from home
- Additional safety measures have been introduced in our locations. Glass barriers have been installed for our teller/operators to ensure secure interaction with customers; all employees are required to wear gloves and face masks and are equipped with hand sanitisers. The Bank's premises, as well as ATMs and self-service terminals, are sanitised twice a day, and all employees and customers entering the Bank premises have to undergo mandatory body temperature checks. Maximum of three customers are allowed to enter the branch at the same time. Cash center is split in two locations and operating in two-week shifts, where employees have to follow even stricter protocols and procedures in order to minimise the infection risk due to direct interaction with cash





# Post-Covid19 Challenges and Opportunities Trade & Supply Chain Finance

**HOW POST-PANDEMIC WORLD COULD BE SHAPED IN TERMS OF TRADE?!**



# BANK OF GEORGIA'S TRADE & SUPPLY CHAIN WITH COVID-19

10

## TRADE & SUPPLY CHAIN FINANCE



Trade and Supply Chain finance services offered by the Bank:

### — Documentary Business

Documentary Letter of Credit (L/C)  
Bank Guarantee  
Standby Letter of Credit (SBLC)  
Documentary Collection

### — Financing

Pre and Post Export Financing  
Post Import Financing  
L/C Discounting, Long Term and Mid Term Import Financing  
of Equipment & Machinery

### — Factoring & SCF

Domestic Factoring  
International/Cross Border Factoring (FCI)  
Invoice Discounting  
Reverse Factoring

### — ECA Financing

## IMMEDIATE RESPONSES & MEASURES



- Implemented E-signatures for Trade & Supply Chain Finance Products
- Electronic documents (temporary waive for wet-ink signatures; Acceptance of internet bank or designated e-mail queries; electronic signatures e.g. Adobe Sign.)
- Expanded existing digital channels (Internet Bank; SCF Digital Platform)
- Evolved its digital catalogues for Trade Finance Transactions
- Implemented new business processes and controls

### Supplementary Mitigants & Controls

- ✓ Call back mechanisms (bank teams actively calling corporates, beneficiaries and local/international transacting parties)
- ✓ PDF documents (when accepted) accompanied by authenticated SWIFT messages
- ✓ Alternative arrangements with transacting parties when documents cannot be delivered

# TRADE & SUPPLY CHAIN POST COVID-19

11



## ● EXPECTED INCREASED DEMAND FOR TRADE FINANCE PRODUCTS

Uncertainties created by the pandemic will result in increased demand for trade finance products over the medium term—as use of these products by businesses tends to increase proportionate to perceived commercial risks. It is anticipated that this effect will be greater than following the global financial crisis owing to the broader and deeper economic effects of COVID-19.\*

## ● RAPID GLOBAL DIGITAL ACTIONS TOWARDS TRANSITION TO PAPERLESS TRADING

Due to the necessary public health measures taken in response to the pandemic (such as “social distancing” or teleworking), banks face growing difficulties processing paper-based transactions which, by their very nature, require significant levels of in-person “back office” staffing.

Facilitating fast-track adoption of the UNCITRAL Model Law on Electronic Transferable Records

## ● REVISIT THE APPLICATION OF BASEL III TO TRADE ASSETS

Reducing the risk weights for TRADE FINANCE PRODUCTS - to adjusting risk calculations for key products, as appropriate, in line with the established low-risk profile of this asset class and benchmarked against performance data in the ICC Trade Register.



BANK OF GEORGIA

 **THANK YOU**

**See more at:** [www.bankofgeorgiagroup.com](http://www.bankofgeorgiagroup.com)

June 04, 2020