

# Bank of Georgia

## Powering Georgia's transformation

Over the past thirty years, Georgia has established itself as a global leader in economic reform, and now boasts one of the best business climates anywhere in the world. In the World Bank's Doing Business 2020 rankings, the country stands seventh internationally - ahead of the UK, Sweden, and Australia. The banking sector has been at the heart of this transformation, creating the basis for growth, supporting private sector expansion, as well as in technological development. A report by the European Investment Bank in 2019 noted that banking sector assets to GDP had reached an all-time high of 96%.

**B**ank of Georgia has been at the forefront of Georgia's economic transition and the development of an advanced, robust banking sector. One of the country's two dominant banks, it has a market share of around 35-40% in loans and deposits (as at 31 December, 2020) Its customer base totals upwards of 2.3m individual retail customers, and around 233,000 businesses, with two-thirds of its credit portfolio in the retail segment, including MSME, and the remaining third in the corporate segment. "Bank of Georgia has really played an instrumental role in forming this industry, and in many ways the corporate governance culture of Georgia," says Archil Gachechiladze, the bank's CEO.

The bank has become the natural partner for foreign investors in Georgia. It builds on a long history, having been founded in 1993. It started a new period of development in 2003, with a wave of new product offerings from credit cards to mortgage products. It was the first Georgian company to raise Eurobonds, and the first to be listed on a major stock exchange, with an initial public offering on the London Stock Exchange in 2006. This has made it a reliable and stable gateway to the fast-growing Georgian economy for international investors.

The bank managed to remain in profit in 2008-09, despite the global financial crisis and the impact of the Russo-Georgian War. Even in 2020, the bank achieved 13% return on equity.

This excellent performance in difficult times reflects the overall strengths both of the bank and the system overall, where the Bank of Georgia and another bank account for around 75% of total assets.

"Our banking system is stable, which

is very important for the functioning of the economy and its recovery when it enters cycles. Banks here comply with high standards of capital management," says Gachechiladze. "The reliability and resilience of the banking system with two major players have been tested for more than a decade. Bank of Georgia is a publicly traded company, with strong institutional investor base. We have been champions of shareholders' rights for the past twenty years, with high standards of transparency and exemplary corporate governance practices in place, which is unique for this part of the world. We are further increasing our focus on environmental, social, and governance issues, and continue to be at the forefront of how business is done in Georgia."

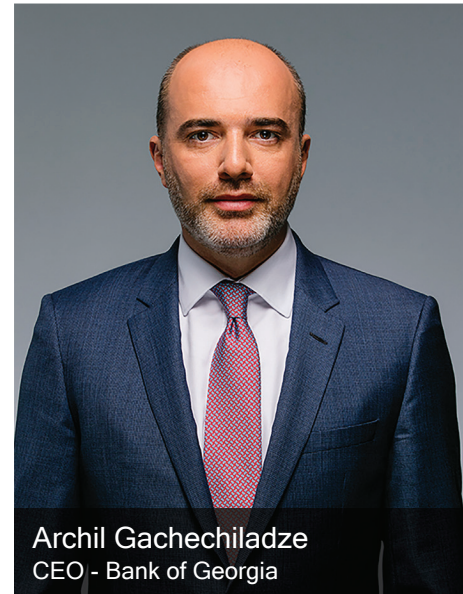
Bank of Georgia places the needs of its customers, shareholders, and staff at the centre of its business.

Transparency is important to the business, with feedback from customers and employees alike welcomed and integrated into company policies. This approach is not widespread in the former Soviet space.

"Focus on customer satisfaction and employee empowerment is key to the success of our business," says Gachechiladze. "Our brand is highly recognized. We are the most desired workplace for graduates and the most trusted and top of mind bank for customers."

Digitisation has played an essential part in the bank's drive to deliver more, and better. It aims to stay ahead of the curve as new technology emerges.

"This is the age of technology, and our agility and the culture of constant innovation make us special. Digitalization and data are changing the business," says



Archil Gachechiladze  
CEO - Bank of Georgia

Gachechiladze. "We continue to advance our digital and data analytics capabilities and fine-tune the digital platforms to provide seamless experiences and more relevant, personalized products and services to our customers. At the end of 2020, we had around 760,000 active digital users, a remarkable 33.6% year-on-year increase. With our market leading payments franchise and the popularity of our financial mobile app we have laid a strong groundwork for the bank of the future and sustainable value creation."

As Georgia bounces back, Bank of Georgia sees new opportunities to deliver for Georgia's businesses and households. Gachechiladze expects particular growth in areas that have been hit hardest over the past year: retailing, small and medium and micro enterprises, and the self-employed. Georgia's economy is expected to grow by 3.5% in 2021, rising to more than 5% in the medium term. The country's leading bank is perfectly-placed to support the next wave of economic growth, and support investors keen to participate in Georgia's growth story.

"As long as we keep commitment to free trade, low taxes, and transparency, Georgia will keep attracting FDI," says Gachechiladze. "Given the free trade agreement with the EU, the needed catch-up of Georgia's GDP per capita to Eastern European levels will happen. This is a chance for investors to come and participate in the process. Georgia can be a base to do business with a wider region. There are many different directions for businesses here to expand and thrive."



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