

Lado Gurgенidze *Investor, banker, free market advocate*




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Bio tiny.cc/LGbio

Fintech venture capital track record tiny.cc/LGfintech

Career Highlights

Investment banking background (1995-2004)

- A seasoned, cosmopolitan financier, with hands-on business experience in more than 20 emerging and developed markets in Europe, North America and Africa
 - Head of Europe, Putnam Lovell (now part of Jefferies), 2003-2004
 - Head of Technology Corporate Finance, ABN AMRO, 2001-2003
 - Head of M&A, Emerging Europe, ABN AMRO, 1998-2001

The most accomplished Georgian banker

- Built two banks – **Bank of Georgia** (Sep '04-Sep '07, cumulative Total Assets growth 855%) and **Liberty Bank** (Sep '09-Dec '16, cumulative Total Assets growth 481%), jointly comprising (as of 31 December 2016) 38.9% of the Georgian banking sector
- Led the first Georgian company to list on the London Stock Exchange – Bank of Georgia's US\$160 mln IPO in November 2006 at 3.7 x P/BV, 100+ bids, nearly 100% free float; the share price at the time of Lado's departure was up was up 69% since the IPO and 1,461% since Lado's arrival
- Led the first Georgian entity to issue Eurobonds – Bank of Georgia's US\$200 mln 9% 2012 issued in February 2007, 100+ bids
- Acquired and developed leading Georgian brokerage, wealth management, asset management, card processing, insurance and online businesses
- Due to Lado's investor relations efforts, approximately 300 international portfolio investors have discovered Georgia in 2004-2012 and have invested in Georgian equity and debt securities

Reformer

- As **Prime Minister of Georgia** in 2007-2008, led the country in the final stage of free market reforms, including tax cuts, financial sector reform and aggressive privatisation and liberalisation policies
- Negotiated a US\$750 mln IMF stand-by facility (230% of the quota)
- Led the effort to obtain US\$4.5 bn of donor funding commitments in October 2008 (approximately 35% of annual GDP)
- Record private capital inflows of almost US\$1.7 bn in 2008 (approximately 15% of annual GDP)
 - Landmark transactions:
 - Debut sovereign Eurobond (US\$500 mln, 7.5% 2013) issue in April 2008
 - Sale of 51% of JSC Poti Sea Port and ancillary assets to RAKIA for US\$90 mln
 - Jan-Oct 2008 record privatisation proceeds of US\$400 mln+

Moderniser of African Lenders

- Chairman of the Board of **Bank of Kigali** from October 2009 until October 2015
 - In Oct '09-Sep '15 the bank's total assets grew by 189%, reaching US\$736 mln
 - 9M 2015 annualised ROAA of 4.2% and annualised ROAE of 23.2%
 - In September 2011, Bank of Kigali placed US\$62.6 mln in an initial public offering on the Rwanda Stock Exchange at an approximately 1.96x pre-money P/BV multiple
 - The share price at the time of Lado's departure was up 124% since the IPO
- Chairman of the Board of **Bayport Management Limited**, an African and LatAm payroll and retail lender, in 2014-present
 - Helped develop the retail banking strategy and led the ongoing transformation of Bayport into a retail bank

Key Current Engagements

- Executive Chairman, Liberty Bank
- Chairman, Bayport Management Limited
- Angel/Early Stage Fintech Investor**
 - Has made 17 early-stage investments in fintech startups, including Coinbase, TransferWise and Raisin
 - See Lado's venture capital track record at tiny.cc/LGfintech

Selected Other Past Engagements

- Co-Chairman, International School of Economics at Tbilisi State University, 2012-2013
- Non-Executive Director, GeoProMining, 2011-2012
- Co-Chairman, the Emory Center for Alternative Investments, 2009-2010
- Chairman & founder, Galt & Taggart Securities, 2000-2007
- Board member, Georgian Stock Exchange, 2005-2007
- Host, the licensed Georgian version of *The Apprentice* TV show, 2006

Selected Honours & Awards



St. George's Victory Order (2008)



Presidential Order Of Excellence (2010)



The Banker Bank of The Year Award **Euromoney Award For Excellence**



2006

2007



2005

2006

2007



The Banker Bank of The Year Award



2009

2010

2011

2012

2014



Euromoney Award For Excellence



Euromoney Award For Excellence
Best M&A House in Russia (2001)



Emory University Sheth Distinguished International Alumni Award (2010)
Named as one of 175 Emory History Makers (2011)
Goizueta Business School Distinguished Achievement Award (2015)

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Building Bank of Georgia (2004-2007)



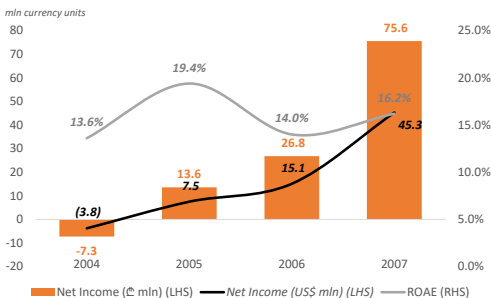
Starting Conditions (October 2004)

- No. 2 in the market, with an 18% declining market share
- Tired and uninspired brand
- Incompetent, Soviet-style management
- Very poor credit quality
- Weak balance sheet structure
- Narrow business model, no recognisable modern retail banking
- Undeveloped, legacy IT systems

Full turnaround in three years

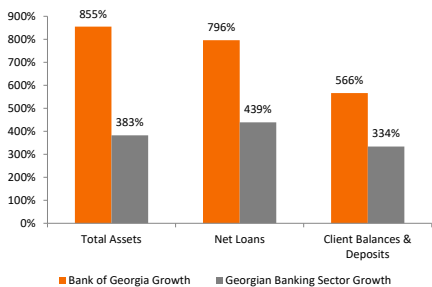
Branding	Updated the brand
Team	Assembled a team of repatriated Georgian veterans of leading western banks
Innovation	<p>2004 The first multi-currency current account Outcome: the market-leading payroll banking franchise</p> <p>2005 The first to embark on the branch/ATM expansion Outcome: achieved ubiquity of the retail footprint way ahead of the competition</p> <p>2005 The first to offer product packages Outcome: achieved an early lead in retail banking, unchallenged for many years</p> <p>2005 The first to offer modern private banking Outcome: the leading wealth management franchise and a significant source of funding</p> <p>2005 The first to consolidate the insurance market Outcome: leading insurance player, huge cross-selling synergies, eventual spinoff of GHG</p> <p>2005 The first to build a broker-dealer Outcome: major earnings contribution pre-crisis, largest market share, Euroclear</p> <p>2004-2006 The first coherent IR effort in the market Outcome: LSE listing, 95% free float</p> <p>2006 The first to be rated by all three rating agencies Outcome: unmatched access to debt funding, first-ever Eurobond issue</p> <p>2006 The first to list internationally Outcome: unmatched access to capital & investor recognition</p> <p>2007 The first Georgian entity to issue Eurobonds Outcome: further enhanced the competitive advantage in funding the balance sheet growth</p>

Net Income & Profitability



Note: the data in the chart above are full year numbers converted at annual average exchange rates

Cumulative Growth Sep '04 – Sep '07



Note: growth rates based on US\$ values
Source: company data

	2004	2007	Growth
₾/US\$ exchange rate, e-o-p	1.83	1.59	
₾/US\$ exchange rate, average	1.91	1.67	
	September 2004	November 2007	
Share price	US\$2.2	US\$34.5*	1,461%
MCap	US\$29 mln	US\$937 mln*	3,131%
	September 2004	September 2007	
Market share by total assets, %	18.2%	34.0%	+15.8 ppt
Market share by net loans, %	19.5%	30.9%	+11.4 ppt
Market share by deposits, %	20.3%	31.4%	+11.1 ppt
Total Assets	US\$152 mln	US\$1,450 mln	855%
Net Loans	US\$86 mln	US\$740 mln	769%
Deposits	US\$96 mln	US\$642 mln	566%
	2004	2007	
Revenue	US\$21.5 mln	US\$130.3 mln	507%
Net Income/(Loss)	US\$(3.8) mln	US\$45.3mln	NMF

Liquidity Event In 2006 US\$160 mln LSE IPO, Pre-money P/BV (Oct '06) of 3.7x

The bank today

- A FTSE 250 company
- Diversified beyond banking into real estate, energy, FMCG and healthcare
- Market capitalisation of US\$1,471 million (as at 2 February 2017**)
- Total Assets of US\$4.1 billion as at 30 September 2016

* Share price & market capitalisation as of 16 November 2007

**Converted at the £/US\$ exchange rate of 1.24

Building Liberty Bank (2009-2016)



Starting Conditions (September 2009)

- Insolvent, with negative CAR
- On liquidity “life support” by the central bank since 2008
- Fixed Assets, Investments & Intangibles 41% of Total Assets, roughly twice the “norm”
- Several problematic large legacy loan exposures comprising 20% of total assets (2/3 of the loan book)
- Completely discredited brand (People’s Bank) associated with poor quality service and weak balance sheet
- No. 7 in the market with 3.5% market share
- Demotivated and unqualified employees
- Unfinished HQ building, neglected branches in need of major upgrade
- Huge scope for potential fraud and corruption in the network

Full turnaround in six years

- Branding

Rebranded the bank (95% brand awareness, Brand of the Year 2010 award), completed the HQ building & began branch modernisation
- Team

Brought in a team of 25 experienced professionals, including several Bank of Georgia veterans and “new” imports from London, Moscow, Kyiv and elsewhere
- Innovation

2010 **Best-in-class current account, focus on payroll capture**

Outcome: became the 2nd largest payroll banking player

2010-2011 **Best-in-class savings account, first to offer market-tracking & event-driven deposits**

Outcome: evolved into the 3th largest player in retail deposits

2010-2012 **Aggressive expansion of the mass retail lending product line-up**

Outcome: evolved into the 3th largest player in retail lending

2010 **The first to launch mobile branches**

Outcome: extended the lead in the ubiquitous footprint and banking the unbanked

2012 **The first to launch agency banking**

Outcome: dramatic increase in rural footprint to almost 700 outlets overall

2011-2014 **Major innovations in electronic payments, online business & mass market lending**

 - PAY domestic payment system, H2H arrangements with other card processors
 - Native integration with the top domestic digital wallet
 - VISA virtual card
 - The first to launch a mobile banking application
 - The first to launch eID-based ATM transactions
 - The first & sole bank to use the USSD channel
 - The first bank to launch online & car title-backed loans
 - Embrace Your Client targeted client outreach (~1 mln individuals reached monthly)

Outcome: one third of the run-rate revenue is now accounted for by the new generation of mass market lending products

2010 **The first to issue Co-Cos in the region**

2014-2016 **The first retail placement of subordinated debt**

Outcome: efficient capital structure with full utilisation of Tier II capacity
- ## Net Income & Profitability
- | Year | Net Income (€ mln) | Net Income (US\$ mln) | ROAE (RHS) |
|------|--------------------|-----------------------|------------|
| 2009 | -3.7 | -5.1 | -45.9% |
| 2010 | 2.7 | 4.7 | 16.3% |
| 2011 | 4.6 | 7.6 | 15.2% |
| 2012 | 3.1 | 5.2 | 6.4% |
| 2013 | 18.1 | 18.1 | 17.1% |
| 2014 | 21.8 | 21.8 | 17.8% |
| 2015 | 32.1 | 32.1 | 24.1% |
| 2016 | 47.2 | 47.2 | 31.0% |
- ## Cumulative Growth Sep '09 – Dec '16
- | Category | Liberty Bank Growth | Georgian Banking Sector Growth |
|----------------------------|---------------------|--------------------------------|
| Total Assets | 481% | 283% |
| Net Loans | 697% | 292% |
| Client Balances & Deposits | 713% | 387% |
- Source: company data
Growth rates based on € values
- ## CAR (The current/legacy NBG methodology)
- | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-------|------|-------|-------|-------|-------|-------|-------|
| Tier I Ratio | -2.4% | 1.6% | 7.7% | 9.7% | 8.2% | 11.3% | 10.7% | 12.1% |
| Capital Adequacy Ratio | -7.2% | 2.8% | 10.9% | 12.3% | 13.5% | 15.1% | 19.5% | 23.4% |
- ## The bank in 2009 & today
- | Footprint | 2009 | 2016 |
|---------------------------------|-------------|-------------|
| # of ATMs | 136 | 468 |
| # of branches & service outlets | 177 | 697 |
| # of borrowers | <100K | 684k |
| # of depositors | <20K | 375k |
| GEL/US\$ exchange rate, e-o-p | 1.67 | 2.65 |
| GEL/US\$ exchange rate, average | 1.67 | 2.37 |
| Total Assets | US\$190 mln | US\$611 mln |
| Net Loans | US\$48 mln | US\$231 mln |
| Deposits | US\$145 mln | US\$478 mln |
| Equity | US\$6 mln | US\$70 mln |
| Revenue | US\$25 mln | US\$81 mln |
| Net Income/(Loss) | US\$(3) mln | US\$20 mln |
- | | |
|---|------------|
| Equity capital invested by the shareholders since 2009 | € 77.0 mln |
| Capital returned to shareholders through 2016 via dividends and share buyback | € 30.4 mln |
- Transforming banks and countries in frontier markets
- Lado Gurgendize
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Modernising Bank of Kigali (2009-2015)



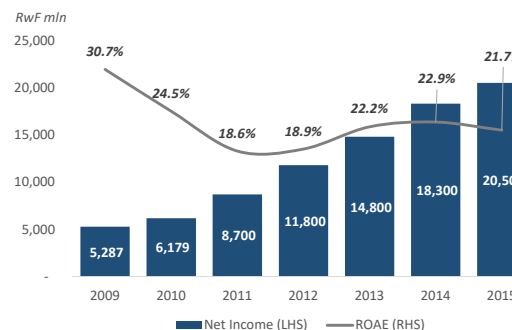
Starting Conditions (October 2009)

- Market share stagnating at 26%
- Anaemic growth
- Very small retail footprint
- Less than 30,000 individual clients
- Undeveloped electronic channels
- Shallow talent pool
- Lack of innovation
- Lack of vision/bold strategy

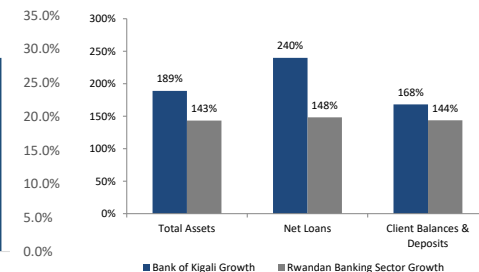
Full modernisation in six years

Branding	Rejuvenated the brand
Team	Middle management enhanced by recruiting 10+ western professionals
Innovation	2009 Aggressive branch expansion strategy adopted Outcome: footprint grew to 65 branches in four years, approaching ubiquity
	2010-2013 Aggressive investment in electronic channels Outcome: ATM footprint increased from 17 to 66 in four years, dominant position in merchant acquiring, USSD channel & mobile banking
	2010-2014 Renewed focus on payroll capture through corporate client coverage Outcome: dramatic increase in current accounts/retail client base
	2012-2014 Focus on consumer lending Launched credit cards Micro lending pilot Launched mobile branches Launched agency banking Outcome: dramatic improvement in rural reach and growing relevance to retail clients
	2011 The first to obtain long-term IFI funding Outcome: extended its lead in access to funding
	2011 The first bank IPO Outcome: unmatched access to capital with 36% of the banking sector's equity at the time

Net Income & Profitability



Cumulative Growth Sep '09 – Sep '15



Note: growth rates based on US\$ values
Source: company data

Liquidity Event In September 2011 **US\$62.6 mln RSE IPO, Pre-money P/BV 'YE 10 of 1.96x**

The bank in 2009 & 2015

	2009	2015
Branches	16	75
Mobibank mobile branches	0	9
Agents	0	1,043
ATMs	17	84
POS Terminals	97	801
Retail current accounts	~30K	312K
RwF/US\$ exchange rate, e-o-p	573	725
RwF/US\$ exchange rate, average	568	719
Total assets	US\$265 mln	US\$774 mln
Net loans	US\$134 mln	US\$433 mln
Deposits	US\$191 mln	US\$531 mln
Equity	US\$32 mln	US\$137 mln
Revenue	US\$28 mln	US\$88 mln
Net income	US\$9 mln	US\$28 mln

Transforming Bayport Into A Retail Bank (2014-2016)



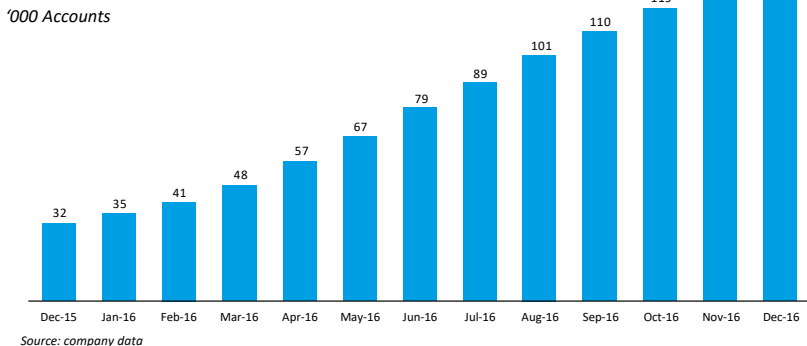
Starting Conditions (January 2014)

- Mono-product payroll deduction lender
- No transacting or deposit-taking capacity
- Little lending experience outside of the payroll deduction
- Weak soft collection capabilities
- No modern customer engagement channels

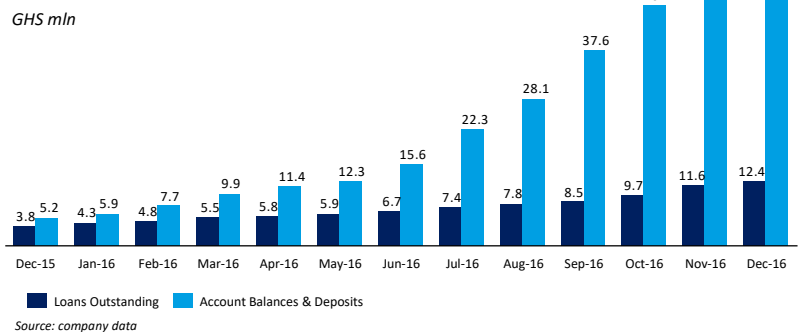
Progress in three years

Team	Redesigned the group-level executive remuneration policy to attract and retain top talent
Innovation	Helped launch Acquisition & Retention direct client outreach and engagement
	Helped design and launch MyMoney, a cloud-based/outsourced modern retail banking solution
	Recruited the group head of retail banking sharing the same philosophy and vision
	Helped launch non-payroll lending, using Ghana as the pilot market; best practices used: automated USSD-based verification, automated decision-engine, electronic disbursement (to mobile wallets) and soft collection
	Launched term deposits in Ghana and Zambia
	The first lender in Ghana to launch unsecured lending
	The first lender in Ghana to use automated services of the credit bureaus and automated score card/decision engine
	The first lender in Ghana to develop an automated score card
	The first lender in Ghana to build a successful soft collection team
	The first lender in Ghana to achieve 140% APR on a retail product while keeping the probability of loss at approximately 10%
	The first lender in Ghana to originate loans via Facebook
	The first lender in Ghana to originate loans via tablets (with the fully automated underwriting)
	The first lender in Ghana to originate loans via a combination of a USSD menu and automated credit bureau integration
	The first financial institution Ghana to launch cash payment terminals (payboxes)
	The first lender in Ghana to launch car title loans
	The first financial institution in Ghana to launch deposits with monthly interest payments
	Helped launch a parallel USSD-based automated lending pilot in Tanzania
Outcomes so far:	Run-rate current account client acquisition ~10K/month
	New-style lending run-rate of ~1,500 loans/month
	Run-rate deposit mobilisation ~US\$2.3 mln/month

of MyMoney Accounts (Ghana)



Loan Book & Account Balances & Deposits Outstanding (Ghana)



Bayport Today (as of September 2016)

- Lending to individuals in seven markets in Africa and two markets in Latin America
- Gross loan book of US\$1,019 mln
- Total Assets of US\$1,118 mln
- 9M 2016 Net Income of US\$5.3 mln
- Marquee institutional shareholders comprising the PIC (the largest asset manager in Africa), Helios, Kinnevik
- Borrowing relationships with the IFIs, including the IFC, OPIC, IDB and KfW
- Four senior unsecured and subordinated bond issues in the European markets since 2010, with the aggregate issuance volume of ~US\$500 million equivalent
- Securitisation programme in South Africa since 2011
- Local-currency bond issues and credit facilities