

TBC Bank Contemplated acquisition of Bank Republic

September 2016



თიბონი ბანკი
T B C B A N K



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CONTENT



Key transaction highlights



Transaction impact on TBC Bank



Transaction structure and key next steps

THE ACQUISITION OF BANK REPUBLIC CREATES A NEW MARKET CHAMPION, BENEFITING TBC BANK'S SHAREHOLDERS

Key attractions of the transaction

- 1 Bank Republic is a large and financially sound institution, having maintained an RoAE of over 18% since 2013 and exceeding 21% in 2015;
- 2 The merger creates the largest bank in Georgia by both loans and deposits;
- 3 Bank Republic reinforces TBC Bank's position in all operating segments creating an undisputable leader in retail banking, including with affluent customers;
- 4 Attractive synergy potential and earnings accretion from the first year post closing;
- 5 Transaction structure provides opportunity for optimal capital deployment and minimizes shareholder dilution while providing a potential increase in the future free float;

BANK REPUBLIC IS A LARGE AND FINANCIALLY SOUND INSTITUTION, HAVING MAINTAINED AN ROAE OF OVER 18% SINCE 2013 AND EXCEEDING 21% IN 2015

Overview

- Bank Republic is a part of Societe Generale Group and one of the leading universal banks in Georgia offering private and corporate customers a wide range of banking services and products
- Bank Republic is primarily a retail bank with a focus on unsecured consumer and mortgage lending
- Established in 1991, 93.64% owned by Societe Generale and 6.36% by European Bank for Reconstruction and Development (EBRD)
- Serving over 333 thousand registered clients as for Dec-15
- 41 branches, 159 ATMs
- 972 employees

Key ranks and market shares (Jun-16)



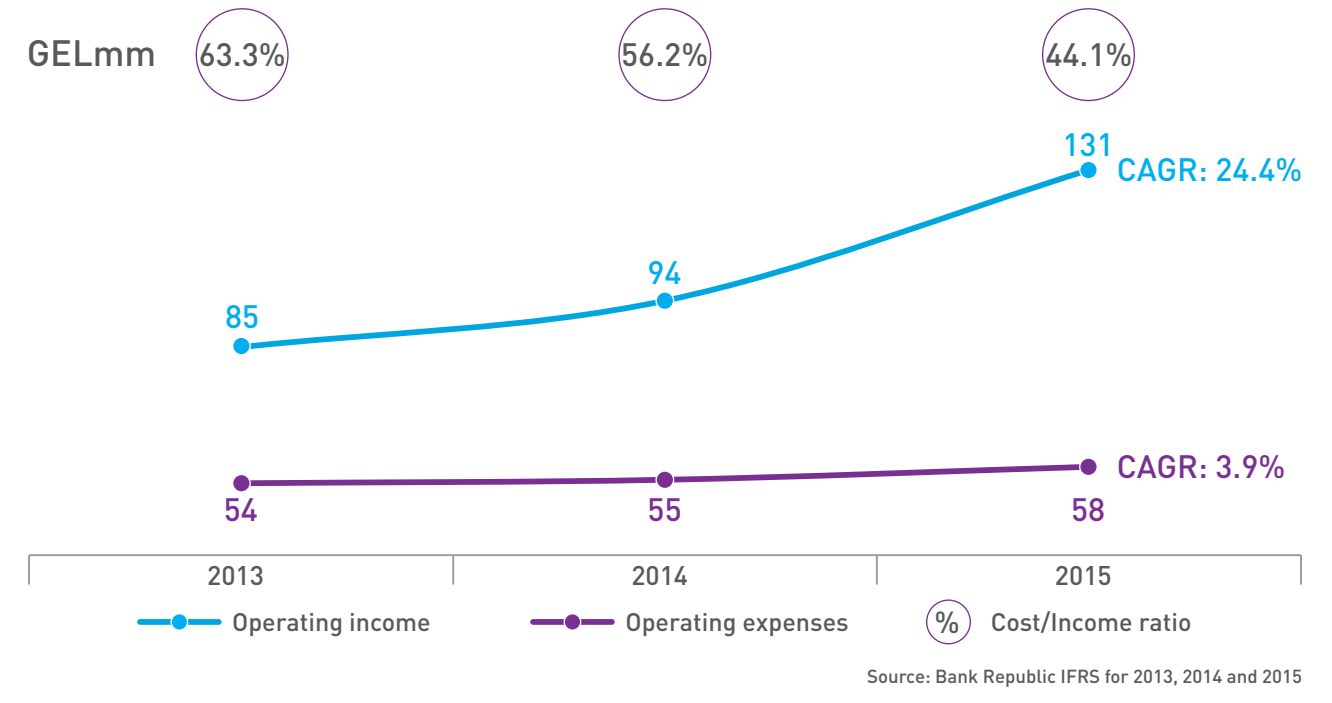
Source: National Bank of Georgia

Bank Republic shareholder structure

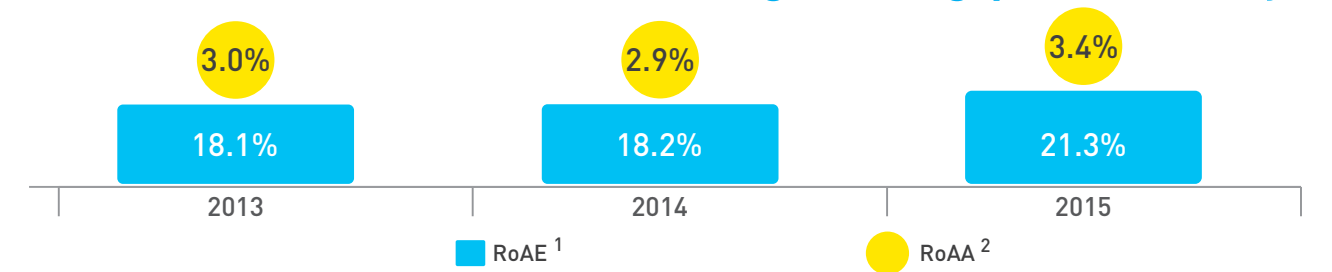


Source: Bank Republic disclosure

Strong revenue and efficiency gains...



...driving strong profitability



Source: Bank Republic IFRS for 2013, 2014 and 2015
Note: 1 Net Income divided by average shareholders' equity. 2 Net Income divided by average total assets

THE MERGER CREATES THE LARGEST BANK IN GEORGIA BY BOTH LOANS AND DEPOSITS

Pro forma market rankings



Total loans
Retail loans
Total deposits
Retail deposits



Total assets
Corporate loans
Corporate deposits

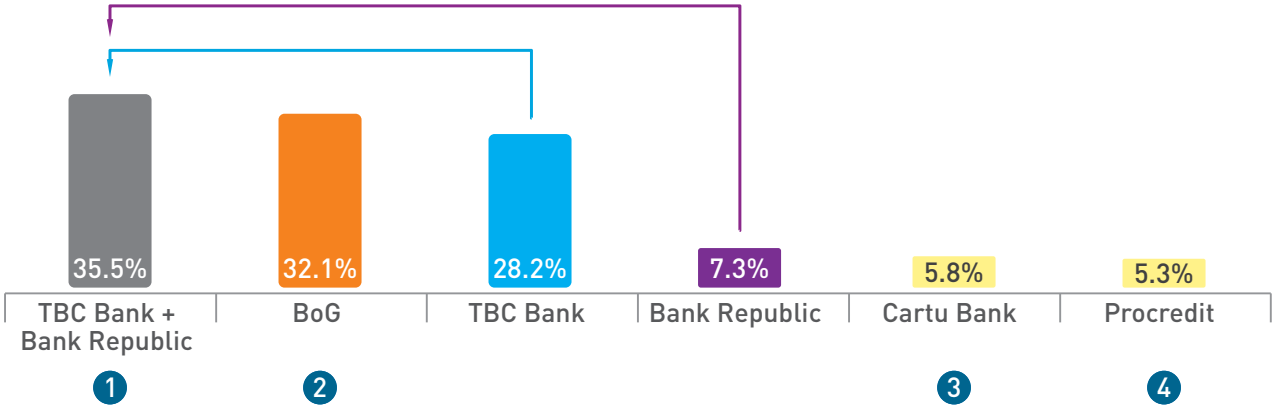


Branches

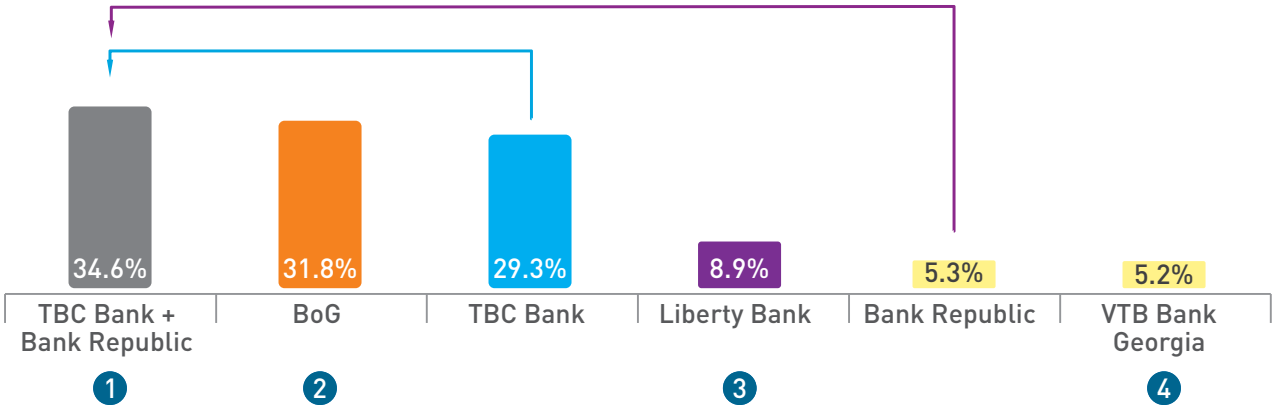
Source: National Bank of Georgia as of 1H 2016
Note: Ranking by # of branches is as of Dec-15

The combination of TBC Bank and Bank Republic will create a new market champion in Georgia in both loans and deposits with distinguished leadership in the attractive retail segment

Georgia loan market share decomposition (Jun-16)



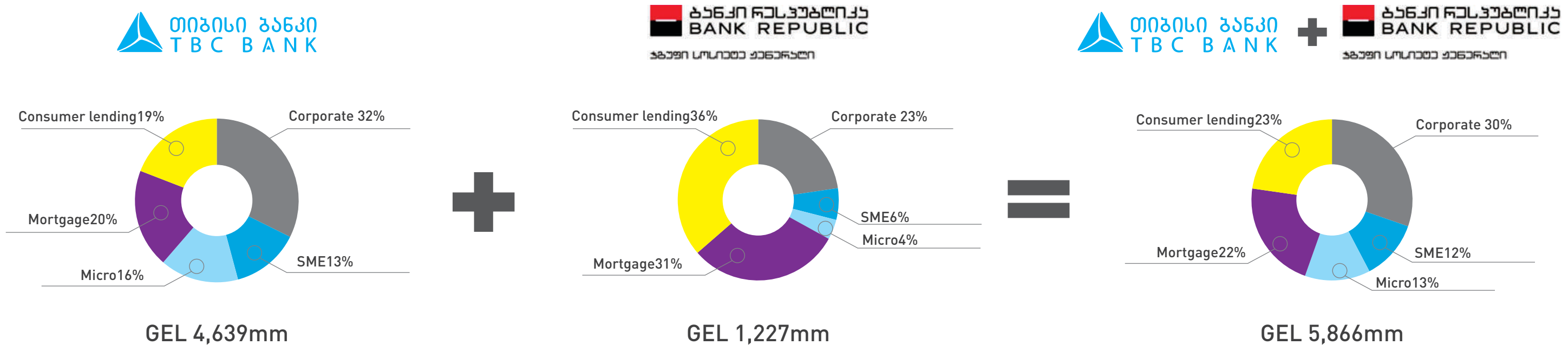
Georgia deposit market share decomposition (Jun-16)



Source: National Bank of Georgia as of 1H 2016
Note: TBC Bank and Bank Republic combined metrics are calculated as sum of the respective TBC Bank and Bank Republic metrics

BANK REPUBLIC REINFORCES TBC BANK'S POSITION IN ALL OPERATING SEGMENTS CREATING AN UNDISPUTABLE LEADER IN RETAIL BANKING, INCLUDING WITH AFFLUENT CUSTOMERS

Gross loan segmentation (Dec-15)



Source: TBC Bank and Bank Republic IFRS, TBC Bank Micro include Pawn Shops
 Note: TBC Bank and Bank Republic combined metrics are calculated as sum of the respective TBC Bank and Bank Republic metrics

Bank Republic's strong position with medium and high income clients also reinforces TBC Bank's position in all operating segments creating indisputable leader in retail banking

ATTRACTIVE SYNERGY POTENTIAL AND EARNINGS ACCRETION FROM THE FIRST YEAR POST CLOSING

		GELmm
Synergies	Personnel optimisation	15.1
	Branch rent costs savings	1.1
	Marketing and consulting costs savings	4.2
	Other savings	2.1
	Recurring costs	(1.9)
Expected total run-rate synergies post recurring costs		20.5

One-off costs	Related one-off costs to extract the estimated synergies stem from:	
	<ul style="list-style-type: none"> — Compensation for laid off personnel — Write off of renovation, furniture and intangibles — Advisory, legal and other merger associated costs — IT integration costs 	
Expected total one-off costs		(23.3)

Estimated cost synergies as % of Bank Republic's cost base **29%**

Estimated restructuring costs as % of synergies **114%**

TRANSACTION STRUCTURE PROVIDES OPPORTUNITY FOR OPTIMAL CAPITAL DEPLOYMENT AND MINIMIZES SHAREHOLDER DILUTION WHILE PROVIDING A POTENTIAL INCREASE IN THE FUTURE FREE FLOAT

Transaction structure summary

100% valuation of GEL 336mm

- Agreement reached with Societe Generale to acquire their 93.64% stake
- Negotiations with EBRD to acquire their 6.36% stake has already began

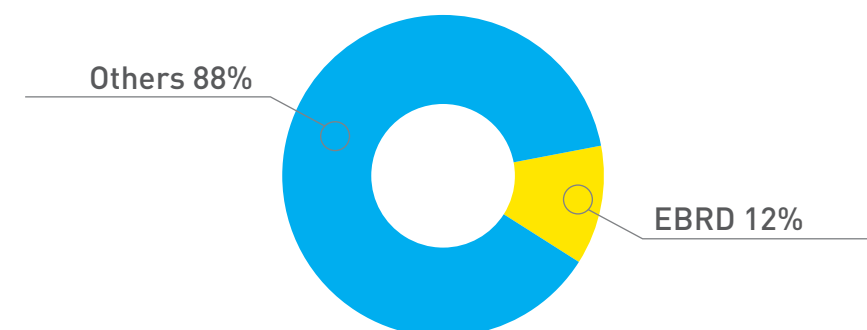
Price / Book Value multiple at closing of c.1.1x

70% payable in cash and 30% payable in newly issued TBC Bank shares

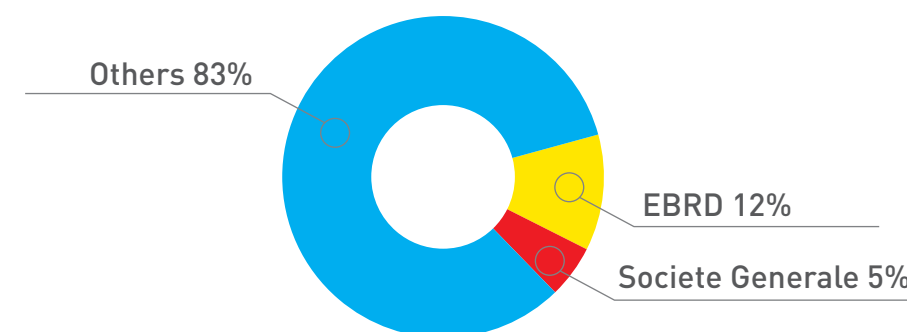
TBC Bank does not require any additional capital to consummate the transaction

Post closing of the transaction Societe Generale will have a 1-year lock up on 80% of the shares it has received at the discretion of TBC Bank

Current TBC Bank shareholder structure



Post transaction shareholder structure



Note: TBC Bank refers to TBC Bank Group PLC. Post transaction shareholder structure is calculated assuming acquisition of EBRD stake at the same terms that Societe Generale stake and share price of GEL 33.49 calculated as last 20 day average share price in GBP of 11.06 and converted to GEL at 20-day average GBP/GEL rate of 3.028

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BANK REPUBLIC TO CONTRIBUTE c.13-23% TO THE COMBINED ENTITY



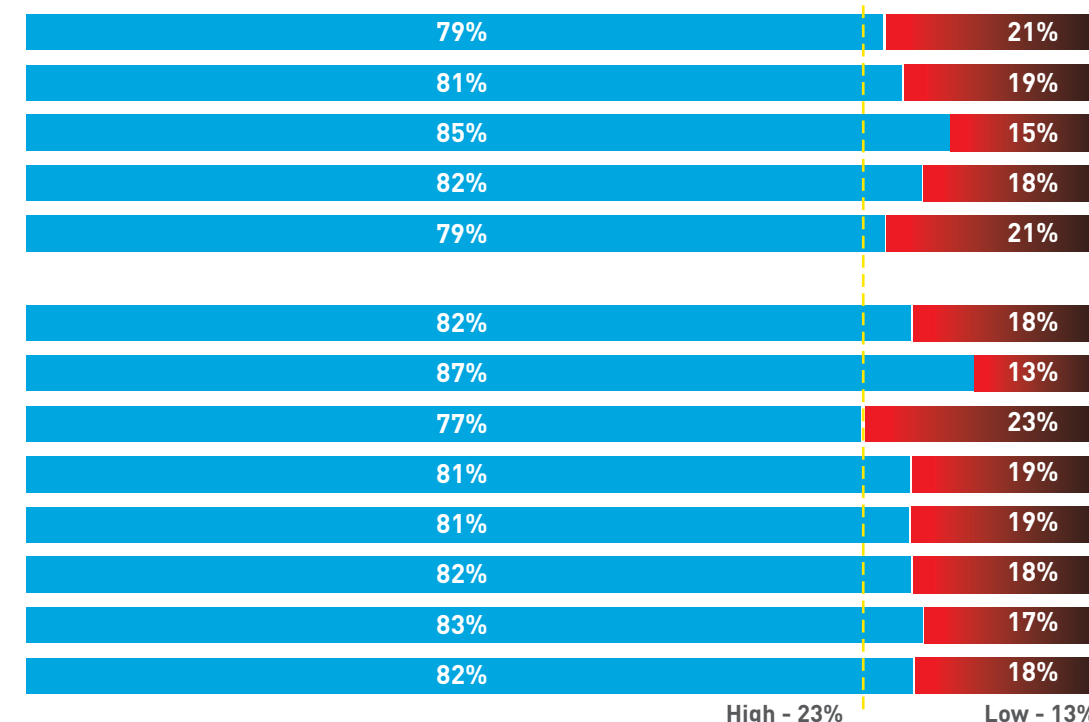
Pro forma
(w/o synergies)



Dec-15, GELmm

Net loans	4,445	1,184	5,629
Total assets	6,935	1,661	8,596
Total deposits	4,178	729	4,907
Shareholders' equity	1,211	257	1,468
Tangible Book Value	1,164	250	1,414
Risk weighted assets	7,476	1,962	9,438
Net interest income	412	93	505
Net fee income	72	10	83
Other income	93	28	120
Total operating income	577	131	708
Operating expenses	253	58	311
Pre-provision income	324	73	397
Loan-loss provisions	73	15	88
Net income	219	49	268

Net loans/deposits ratio	106.4%	162.4%	114.7%
Net interest margin	7.8%	8.0%	7.8%
F&C income/Op. income	12.5%	8.0%	11.7%
Cost/Income ratio	43.9%	44.1%	43.9%
Cost of risk	1.7%	1.4%	1.7%
RoAE	20.1%	21.3%	20.3%
RoAA	3.4%	3.4%	3.4%



The capital impact of the acquisition has been estimated as approximately 2% driven primarily by the consolidation of Bank Republic's risk weighted assets onto TBC Bank's balance sheet, resulting to the Tier 1 capital adequacy ratio of approximately 10.5% which is well above of minimum requirement

Source: TBC Bank and Bank Republic IFRS

Note: 1 Tangible book value; calculated as Shareholder's equity minus goodwill and other intangibles. 2 Net interest margin is calculated as net interest income divided by earning assets. 3 Cost of risk is calculated as loan loss provisions divided by average gross loans. The ratios for TBC Bank are calculated on monthly basis to make them consistent with TBC Bank reporting, Bank Republic ratios are calculated using 2015 YE IFRS Figures, combined ratios are derived based on the proportional share of each entity into the combined proforma financials before synergies

CONTENT



Key transaction highlights



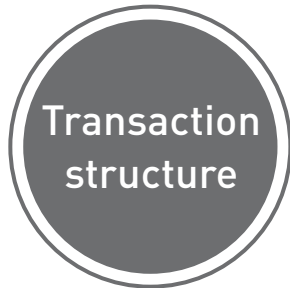
Transaction impact on TBC Bank



Transaction structure and key next steps

SUMMARY TRANSACTION STRUCTURE

Key aspects of the contemplated transaction



Acquisition of a 93.64% stake in Bank Republic from Societe Generale with subsequent integration within the TBC Bank Group PLC perimeter —TBC Bank has already entered into preliminary negotiations to acquire the remaining 6.36% stake owned by the EBRD

Consideration 70% payable in cash from own funds and 30% payable in newly issued TBC Bank Group PLC shares



Valuation of GEL 336mm on a 100% equity capital basis; GEL 315mm for the 93.64% stake
—Price / Book Value multiple at closing of c.1.1x
—Underlying Price / Earnings 2015 multiple of 6.9x



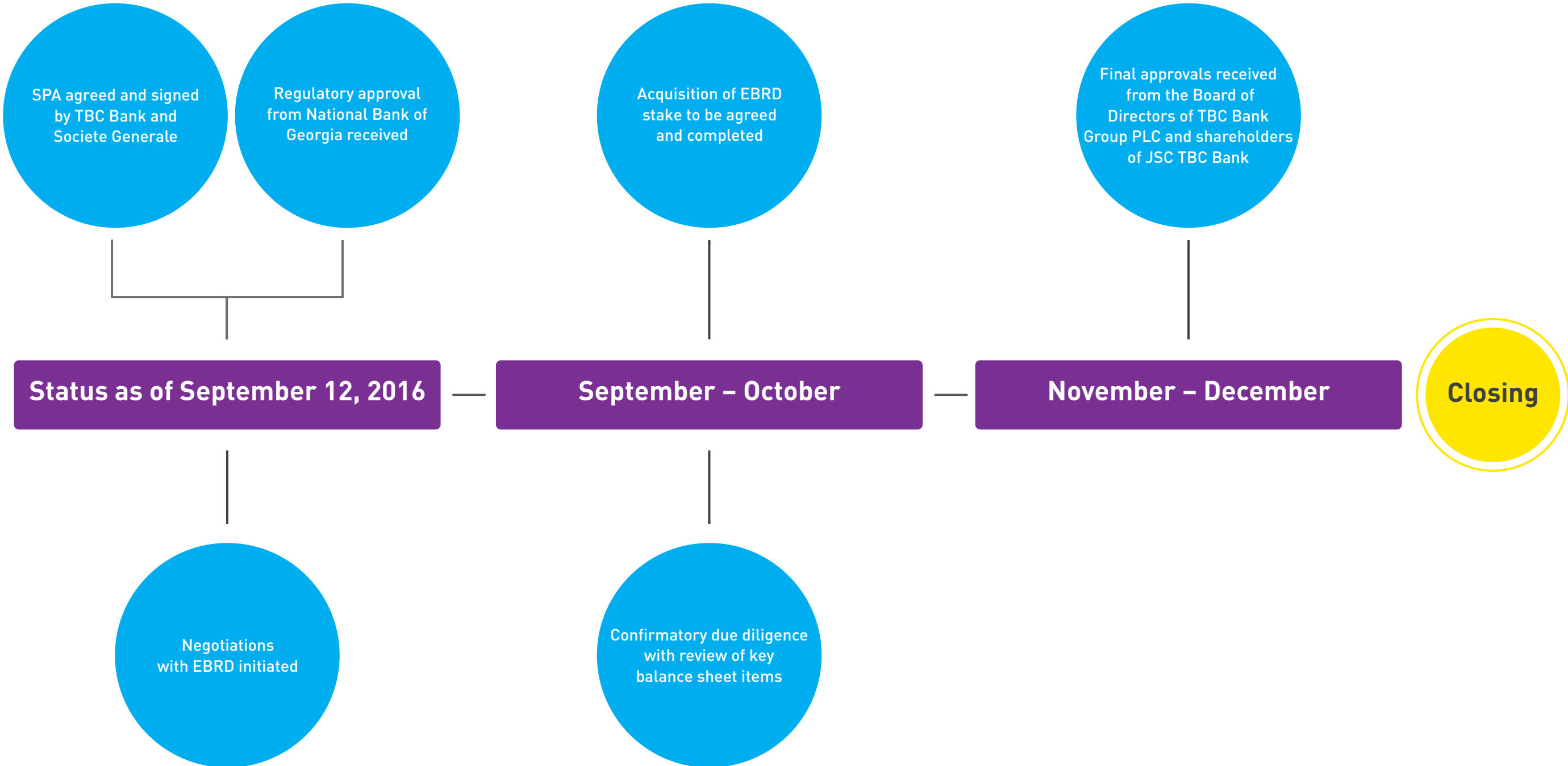
Financing currently received by Bank Republic from Societe Generale and International Financial Institution that is backed by a Societe Generale guarantee will be replaced by other sources post acquisition



80% of the shares granted to Societe Generale are subject to a one year lock-up period

No special rights granted to Societe Generale as a new shareholder of TBC Bank Group PLC

CONTEMPLATED TRANSACTION TIMELINE AND NEXT STEPS



CONCLUSION

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Thank You