

MAIB – Touching new heights

MOLDOVA AGROINDBANK (MAIB), THE COUNTRY'S LARGEST FINANCIAL INSTITUTION, IS ENTERING A NEW ERA IN ITS DEVELOPMENT. IN AN EXCLUSIVE INTERVIEW FOR THE PROFIT MAGAZINE, GIORGI SHAGIDZE, WHO HAS BEEN SUGGESTED BY THE SUPERVISORY BOARD OF MAIB TO THE NATIONAL BANK OF MOLDOVA TO BE APPROVED AS THE CEO, SPOKE ABOUT THE MAIB'S DEVELOPMENT STRATEGY, THE NEW INITIATIVES HE AIMS TO ACHIEVE AND THE IMPLEMENTATION OF THE DIRECTIONS SET BY THE SUPERVISORY BOARD TO THE MANAGEMENT TEAM.

Alexander TANAS

Profit: Mr. Shagidze, what are the main reasons that led you to accept the challenge of running MAIB?

Giorgi SHAGIDZE: First of all, I would like to highlight that the Supervisory Board of the Bank has applied to the National Bank of Moldova to approve my candidacy and only after the approval is granted, I will become the CEO of the bank.

With regards to your question, the first reason was the great number of similarities between our countries. Moldova and Georgia are small states with a very similar past, and, I think, a similar future.

The second reason was that MAIB is a successful and dynamically developing Bank, which makes it possible for me to help the Bank's numerous clients to succeed in their lives and businesses, have a positive impact on the business environment in the country and overall investment climate.

These two reasons were very important for me when I accepted the Supervisory Board's offer to run MAIB. I'll say it again, Moldova has a lot in common with my country, Georgia, just as MAIB has with TBC Bank, where I worked before. That is why I am fairly certain that, together with the team, we will raise this leading Moldovan bank to a new and higher level of development.

Profit: Did you think for a long time before accepting the Board's offer?

Giorgi SHAGIDZE: No, I cannot say that I did. But, it is true, there is a formal process envisaged in such cases - the first, second, and third interviews, and finally, a meeting with the Supervisory Board.

I realized that MAIB was a successful company developing in a democratic country, which would allow me to personally contribute to the development of the overall Moldovan financial system. It is very difficult to refuse such an opportunity.

Profit: How would you describe the three main goals set for the Management team?

Giorgi SHAGIDZE: We are now in the process of coordinating new initiatives with the Management team and the Board. The purpose of this process is to discuss and agree on all the initiatives and proposals for the new Bank Development Strategy and to be approved as appropriate. However, at this stage, I would categorise these initiatives in four directions:

FIRST. Moving to a new level of customer experience. Customer will need to become the center of our attention. This will of course require harmonisation on many initiatives across employees, structure, culture, processes and all systems.

SECOND. Become orchestrator of digital financial ecosystems. Currently, MAIB holds good positions in digital banking products and services and they need to be taken to a higher level. There are many interesting initiatives and innovations. As a driver of digital ecosystems, MAIB needs to implement all the most advanced, modern and progressive approaches in order to be a leader in this area, satisfying the needs of different types of customers.

THIRD. In case shareholders approve it, MAIB is very well positioned to do an IPO on an international financial market. This is very im-



portant because it will be much more than the fair price of the shares and in general the cost of the Bank's capital. The shares' placement will have an impact on the entire business climate of the country, and in this regard, MAIB can become a flagship for the integration of Moldovan businesses into international financial markets and act as a gateway for bringing new investors into the country.

FOURTH. If we look at the long-term prospects for the development of the Bank, then we can discuss how MAIB can use its digital offering to expand into a region.

Profit: Did you implement any of these goals in TBC Bank?

Giorgi SHAGIDZE: TBC is a very successful company and was very successful before I joined it and will be successful after I left. However, during my decade of work for this Georgian bank, a lot changed and a lot was accomplished, including, in 2014, the placement of shares on the London Stock Exchange. Then, only two years later, TBC Bank moved to the premium sector of the Exchange.

"MAIB HAS A GREAT OPPORTUNITY TO BECOME THE FLAGSHIP FOR THE INTEGRATION OF MOLDOVAN BUSINESSES INTO INTERNATIONAL MARKETS. AFTER ALL, IF WE MANAGE TO FIND PROFESSIONAL INVESTORS WHO AGREE TO INVEST IN MAIB, THIS WILL MEAN THAT THEY HAVE OVERCOME THE RISKS AND ARE READY TO DIRECT INVESTMENTS INTO THE ASSETS OF OTHER MOLDOVAN COMPANIES".

GIORGI SHAGIDZE

TBC has also good practices in terms of ecosystems and traditional digital development. In 2019, Global Finance named TBC Mobile banking "The Best in the World" in two categories, which in itself says a lot.

Profit: What has most impressed you in MAIB?

Giorgi SHAGIDZE: First of all, I would like to highlight that we are waiting for the National Bank's approval and only after such approval is granted I can become the CEO of the Bank.

With regards to your question, I would like to start by saying that MAIB is a very strong bank, with good traditions and a close-knit team. It is a great honour for me to be a member of this team. I believe that everyone who worked before

me and is now working in the Bank can be proud of the results and achievements that MAIB has demonstrated over the last 30 years. I admire the high professionalism and invaluable experience of the former Chairmen - Grigore Furtuna, Natalia Vrabie and Serghei Cebotari, as well as Victor Miculet, who headed the Bank's Board for a long time. It is necessary to continue the good traditions of the Bank's development and bring them to a new, international level.

Profit: You had your first remote meeting with the Bank team. What did you feel, was there anything unexpected for you in communicating with the employees?

646.2 million lei
- MAIB profit in 2020

3 100 lei
- market value of MAIB shares

4 200 lei
- book value of MAIB shares

13.60%
-return on Equity (ROE)

2.27%
- return on assets (ROA)

2 134
- number of MAIB employees

Giorgi SHAGIDZE: I am grateful to the Bank employees for the high level of meeting organization. Despite certain restrictions due to the pandemic, primarily from the technical point of view, more than 1,000 employees took part in the meeting.

We will continue this kind of meetings and will introduce an open culture of corporate communication, without restrictions, difficulties and barriers, which should exclude any manifestation of bureaucracy. The next remote meeting will be held in an even better format. We will discuss the Bank's development plans soon. We intend to have open communication with the team so that everyone understands our targets and where we are today in achieving them, and where we will be tomorrow.

Profit: You have already become acquainted with the MAIB Shareholders structure: how would you characterize it?

Giorgi SHAGIDZE: Yes, I know that the Bank has over 3.5 thousand shareholders. This can only mean that we will need to establish a close, professional Shareholder Relationship function in the bank. We will introduce many initiatives to take communication to the next level, including quarterly calls and reports that will comprise detailed information on the bank's financial performance and plans.

The structure is further strengthened by large institutional shareholders. The fact that the shareholders include the European Bank for Reconstruction and Development, and the investment funds Horizon Capital (USA) and Invalda INVL (Lithuania), will greatly support us in implementing the goals set for the Bank. First, it will provide professional assistance when speaking about the further development of the Bank, and secondly, it will have a positive impact on the achievement of MAIB's new goals.

Profit: To what extent is the MAIB shareholder structure typical for a modern financial institution? Is it possible to draw parallels with the TBC Bank shareholder structure?

Giorgi SHAGIDZE: I must say that, once the bank's shares were listed on the London Stock Exchange, the number of institutional and retail investors in TBC Bank increased significantly. If MAIB shares are placed, there will be the same categories of international investors, including, of course, index funds.



Profit: Have you already figured out what to change in MAIB, and how quickly will this happen?

Giorgi SHAGIDZE: For this moment, I can just say what we are going to improve. First of all, the quality of customer service. The Management team will focus on digital technologies and MAIB products. We will significantly expand them and add new directions to those that have already been tested and exist at present.

For the next two years, all of our attention will be focused on MAIB customers.

Profit: In your opinion, what is MAIB's competitive advantage, and how can it be capitalized upon more?

Giorgi SHAGIDZE: I would like to note here, first of all, that MAIB is a Moldovan bank. All decisions are made in Moldova, which is very important for the client since the path from deciding on its practical implementation is shortened.

Another advantage of MAIB is that it is the largest bank in the country, including in terms of the capital and assets volume, which also dis-

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GIORGI SHAGIDZE

tinguishes it favourably from the point of view of the sufficiency of the resources to support our clients.

I can say that all the advantages of MAIB, the close-knit team of its managers and employees will be used in the interests of our numerous clients and shareholders.

Profit: You have already met with some corporate clients of MAIB... Do Moldovan corporate businesses think in a similar way to Georgian ones?

Giorgi SHAGIDZE: You know, I see many similar things. But there are also differences, for example, in MAIB, the agrarian business is more developed, while in Georgia, it is the tourism sector.

Profit: What will be your first message to the shareholders when you meet at the annual general shareholders meeting?

Giorgi SHAGIDZE: First of all, I will express my gratitude for the opportunity and trust to lead such a successful bank, and for the interaction between shareholders and the top management team, which is based on mutual trust and support.

The second, probably, will be the current situation in the bank, its financial position and results, reflecting the huge contribution of the bank's shareholders and the team over the past decades. And, of course, new directions in the development of the bank with a set of specific goals for the short and medium-term, which should ensure the sustainable and long-term development of the bank.

Profit: From your experience, how does the country rating of the securities' issuer affect the placement of shares on international markets?

Giorgi SHAGIDZE: You are right, the decision to invest in a bank of a particular country

largely depends on the risks of that country, especially when the country is small. I would say that, when an investor takes such a decision, the importance of the state is approximately 30-40%.

MAIB has a great opportunity to become the flagship for the integration of Moldovan businesses into international markets. After all, if we manage to find professional investors who agree to invest in MAIB, this will mean that they have overcome the risks and are ready to direct investments into the assets of other Moldovan companies.

When the shareholders decide to place MAIB shares on the international stock exchange, the bank will have to coordinate many steps with the government and the National Bank. When it comes to presenting a country, everything must be done at a high international level. We did all this with the placement of TBC Bank's shares, which have been quoted on the London Stock Exchange since 2014. And that can also be done with MAIB shares.

Profit: Based on the experience of TBC Bank, how long would it take to prepare and place an IPO?

Giorgi SHAGIDZE: I would like to underline that the decision related to IPO needs to be taken by the shareholders, only after that we can start preparing for it. The process itself does not take more than a year, although some initial work should be done in advance. I think in the medium term it is a very real possibility for MAIB.

Profit: Will the approximate price of the IPO placement be determined at the time of the investors' subscription to the shares?

Giorgi SHAGIDZE: You know, the price depends on many factors, but the main ones are the risk related to the country, the health of the banking system and strategic and financial health of the issuer (in this case MAIB), which should use the best international corporate governance practices, financial discipline and transparency. Of course, the price is also influenced by factors that are outside the issuer's control area, including the latest events in the world and the region. For example, at the moment the shares of many banks have fallen in price due to COVID-19. However, TBC Bank shares are trading very close to the so-called book value (book value of shares). And in good times, I mean, before the pandemic, stocks traded at one and a half to two book values.

BRIEF INFORMATION ABOUT

GIORGI SHAGIDZE

YEAR OF BIRTH: 1975

EDUCATION: Tbilisi State University, speciality - engineer-economist. MBA, University of Cambridge.

PROFESSIONAL EXPERIENCE: TBC Bank (Tbilisi), Barclays Bank (London and Dubai).

AVAILABILITY OF INTERNATIONAL CERTIFICATES: CFA.

MARITAL STATUS: Married. Three children - a daughter of 18 years old, twin sons - 11 years old.

THE CREDO OF GIORGI SHAGIDZE: Have a positive impact on business processes over the long-term.

SIGNIFICANT ACHIEVEMENTS OF FINANCIER GIORGI SHAGIDZE: Purchase of Bank Constanta, TBC Bank's subsidiary, from Soci t  G n rale in Georgia, as well as the Pay Me payment system in Uzbekistan.



When placing an IPO, it is very important to have a good story that convincingly tells why the company is placing an IPO and what the company is going to do with the money that will come from the placement of securities on the international market.

In any case, the benefit of IPO is not only to get the right price for the shares, but also the liquidity of the shares. This is crucial for any investor who has the shares. If you hold shares, you also need to understand that you can sell them when and if you decide.

Profit: How should small shareholders treat an IPO?

Giorgi SHAGIDZE: An IPO significantly improves the transparency of the bank, its corporate governance. I would say that an IPO is primarily aimed at minority shareholders who will get a company with the best corporate governance and transparency practices, a fair share price, as well as more liquidity and the practical possibility that if someone needs to sell shares, then this can be done very easily and simply at a fair and favourable price.

"I BELIEVE THAT EVERYONE WHO WORKED BEFORE ME AND IS NOW WORKING IN THE BANK CAN BE PROUD OF THE RESULTS AND ACHIEVEMENTS THAT MAIB HAS DEMONSTRATED OVER THE LAST 30 YEARS. I ADMIRE THE HIGH PROFESSIONALISM AND INVALUABLE EXPERIENCE OF THE FORMER CHAIRMEN - GRIGORE FURTUNA, NATALIA VRABIE AND SERGHEI CEBOTARI, AS WELL AS VICTOR MICULET, WHO HEADED THE BANK'S BOARD FOR A LONG TIME. IT IS NECESSARY TO CONTINUE THE GOOD TRADITIONS OF THE BANK'S DEVELOPMENT AND BRING THEM TO A NEW, INTERNATIONAL LEVEL".

GIORGI SHAGIDZE

That is why it is generally accepted that the main beneficiaries of a successful IPO are primarily small shareholders.

Profit: What will you miss from Georgia in Moldova?

Giorgi SHAGIDZE: During my short stay in Moldova, I managed to notice a lot in common between Georgians and Moldovans. First of all, this is great hospitality and goodwill on the faces of people. Although, when you leave home, you always miss something close and dear.

Profit: Thank you for the interview. ■