



## Economy

### Loan portfolio accelerated, up 13.5% y/y in Jun-23

In Jun-23, the banking sector loan portfolio growth accelerated, up by 13.5% y/y (+2.7% m/m), excluding FX effect, after a 12.8% y/y growth in previous month. In unadjusted terms, loan portfolio increased by 8.4% y/y (+3.5% m/m) to GEL 47.3bn (US\$ 18.1bn), after growing by 6.1% in May. By sector, corporate loans growth accelerated to 12.0% y/y in June (+10.3% y/y in May, exc. FX effect) and retail loans growth slightly slowed to 14.7% y/y (+15.0% y/y in May). Notably, the mortgages growth stood at 11.8% y/y in June, showing no change compared to the previous month's growth rate. In Jun-23, loan dollarization stood at 45.0% (-3.34ppts y/y and +0.54ppts m/m) and NPLs at 1.7% (-0.17ppts y/y and -0.10ppts m/m).

Bank deposits increased by 29.2% y/y (+2.2% m/m, exc. FX effect) to GEL 46.8bn (US\$ 17.9bn) in Jun-23, after a 31.2% y/y growth in May. In terms of currency breakdown, GEL deposits growth came in at 43.1% y/y (+44.8% y/y in previous month) and FX deposits growth (exc. FX effect) slowed further to 19.1% y/y (+21.3% in previous month). As a result, the level of deposit dollarization stood at 50.8% (-7.16ppts y/y and +0.28ppts m/m) in Jun-23.

### International visitors at 1.5mn in 2Q23

In 2Q23, international visitors to Georgia increased by 58.7% y/y to 1.5mn persons. This growth was mainly driven by a 44.8% y/y increase in tourist arrivals (c.74% of total arrivals), followed by same-day arrivals (+119.0% y/y). Turkey was the top source country by international arrivals (25.0% of total), followed by Russia (21.9% of total) and Armenia (14.7% of total). Most visitors traveled to Georgia via land (68.9% of total), followed by air (30.4% of total). Overall, 2.5mn international visitors traveled to Georgia in 1H23, with tourist arrivals comprising 1.9mn individuals (90.8% of 1H19 level). Additionally, there were 0.6mn same-day arrivals, recovering at 54.3% of 1H19 level. This lower-than-expected recovery can be attributed to the continued restriction on border crossings from Azerbaijan.

### NBG's net purchases at US\$120.5mn in Jun-23

In Jun-23, NBG purchased US\$ 137.6mn through the BMatch platform, while also sold US\$ 17.1mn at the FX auction. Overall, in 1H23, NBG's net FX purchases reached US\$ 1.06bn.

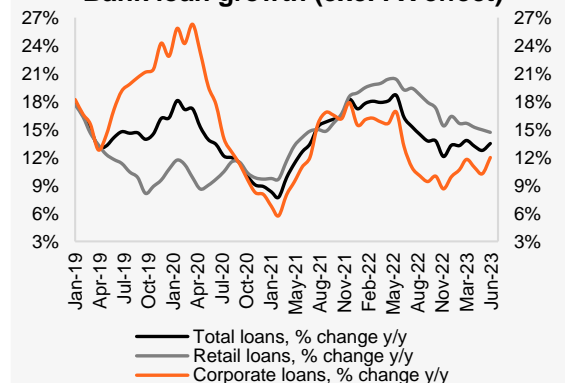
### Key macro indicators

	2021	2022
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,997	20,244
GDP per capita (US\$)	5,023	6,672
Population (mn)	3.7	3.7
Inflation (eop)	13.9%	9.8%
Gross reserves (US\$ bn)	4.3	4.9
CAD (% of GDP)	10.4%	4.0%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.7%	39.8%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

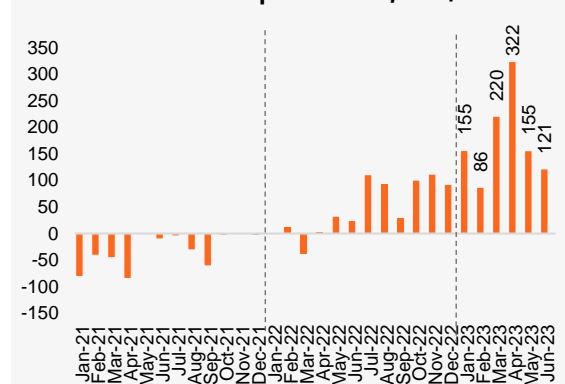
\*Latest sovereign credit ratings

### Bank loan growth (exc. FX effect)



Source: NBG

### NBG's net FX purchases, US\$ mn



Source: NBG



## Money market

### Ministry of Finance T-bills/T-notes:

5-year GEL 90.0mn (US\$ 34.6mn) Benchmark bonds were sold at the auction held at NBG on July 25, 2023. Total demand was 2.3x higher and the weighted average yield was fixed at 8.381%, down by 0.078ppts from previous auction held in Jun-23.

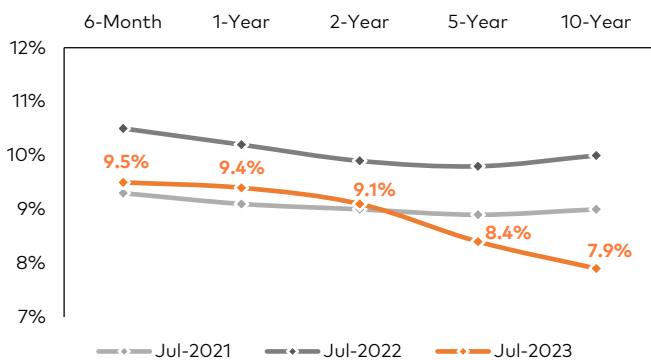
The nearest treasury security auction is scheduled for August 1, 2023, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 2-year Benchmark bonds will be sold.

### T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	140	100	420
1-year	140	100	
2-year	299	200	
5-year	672	450	7,021
10-year	445	575	
<b>Total</b>	<b>1,696</b>	<b>1,425</b>	<b>7,441</b>

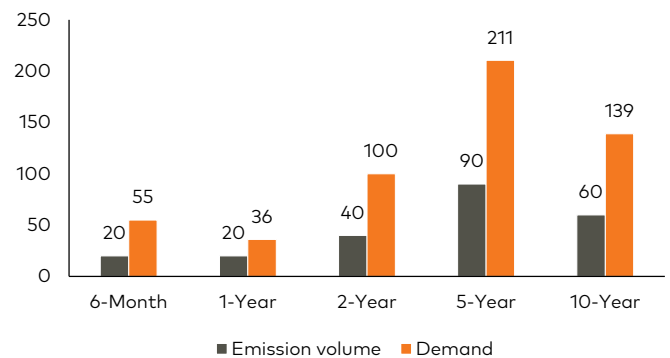
Source: MoF  
\*As of June 2023

### T-bills / T-notes, yield curve



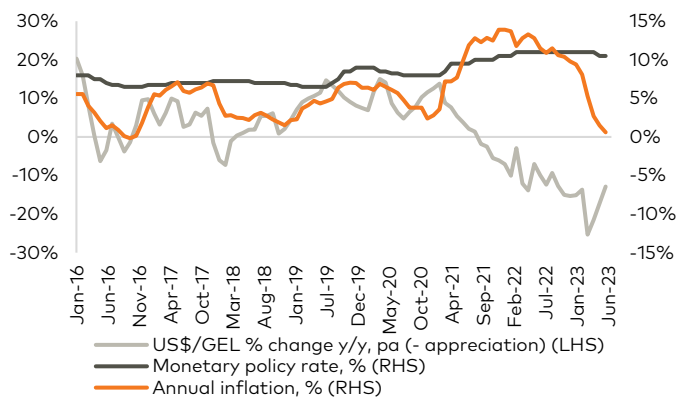
Source: NBG

### Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



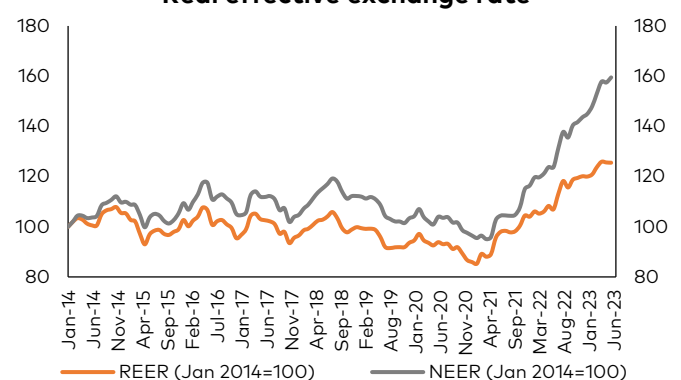
Source: NBG

### Monetary policy rate, inflation and FX rate



Source: NBG

### Nominal effective exchange rate and Real effective exchange rate



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate



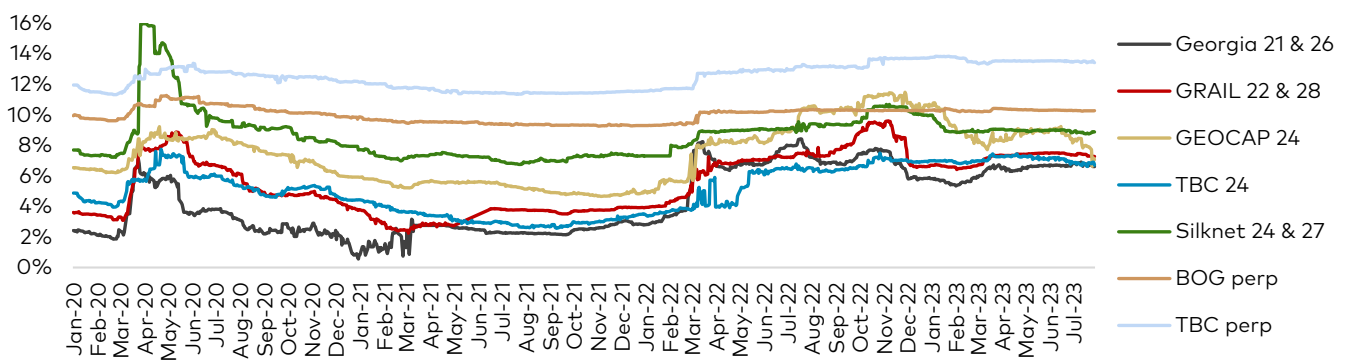
## Fixed income

**Corporate Eurobonds:** Georgia Capital Eurobonds (GEOCAP) were trading at 99.45 (+0.52% w/w), yielding 7.06%.

Georgian Railway Eurobonds (GRAIL) traded at 86.75 (+0.14% w/w), yielding 7.27%.

**Georgian Sovereign Eurobonds** (GEORG) closed at 90.53 (+0.24% w/w) at 6.60% yield to maturity.

**Georgian Eurobonds, YTM**



Source: Bloomberg

**Georgian Eurobonds performance**

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Mood y/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	90.53	6.60	210.61
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB/-	86.75	7.27	324.74
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B1	99.11	10.27	673.23
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	99.45	7.06	156.74
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.51	8.88	456.75
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B2	99.19	6.69	125.67
TBC PERP	USD	125	10.775%	n/a	B-/B1	97.08	13.42	823.25

Source: Bloomberg



## Fixed income

### Georgian local bonds performance

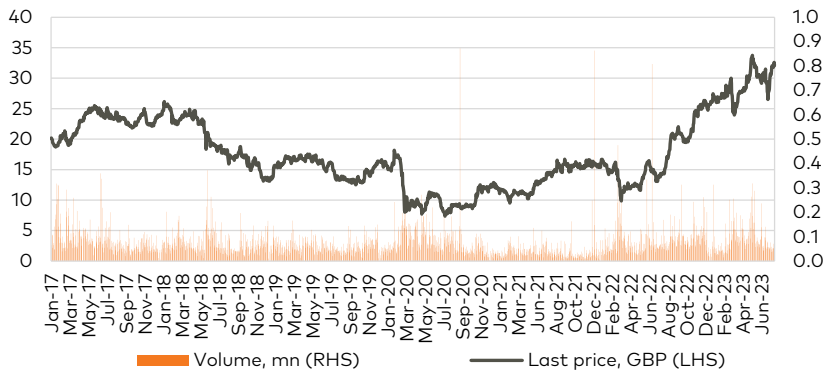
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-27	-/-/-/-	n/a	n/a	n/a
Energy Development Georgia	USD	10	8.50%	Jun-25	-/-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	Ref rate + 3.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a
Geo. Beer Company	GEL	25	Ref rate + 4.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-/-	99.98	8.50	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-/-	99.99	7.00	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-/-	100.00	9.00	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-/-	100.06	6.63	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-/-	99.75	8.65	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/-/B+	99.65	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-/B+	100.00	8.50	n/a
MFO Crystal	GEL	25	TIBR6M + 4.75%	Feb-25	B/-/-/-	n/a	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-24	-/-/-/B+	n/a	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-26	-/-/-/B+	n/a	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-25	-/-/-/B+	n/a	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-24	-/-/-/B+	n/a	n/a	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-/-	100.01	9.00	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-26	BB/-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-26	BB/-/-/-	n/a	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-25	-/-/-/BB-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/-/BB-	99.58	8.75	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/-/BB-	99.58	7.25	n/a
Tegeta Motors	GEL	20	TIBR6M + 3.50%	Dec-25	-/-/-/BB-	n/a	n/a	n/a

Source: Bloomberg



## Equities

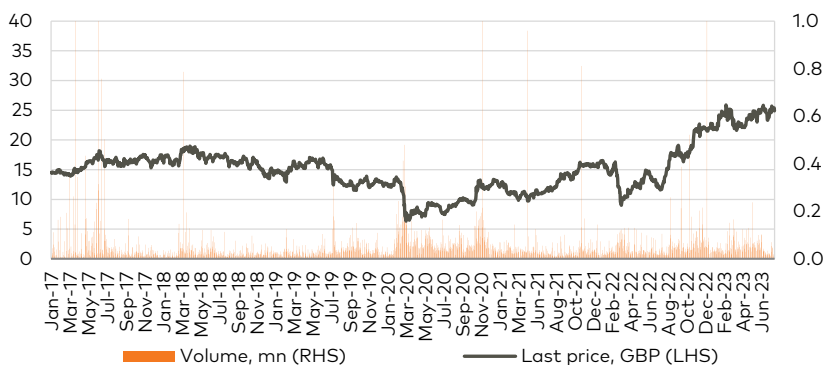
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 32.10/share (+1.10% w/w and +1.90% m/m). More than 266k shares traded in the range of GBP 31.40 - 33.20/share. Average daily traded volume was 55k in the last 4 weeks. The volume of BGEO shares traded was at 0.58% of its capitalization.

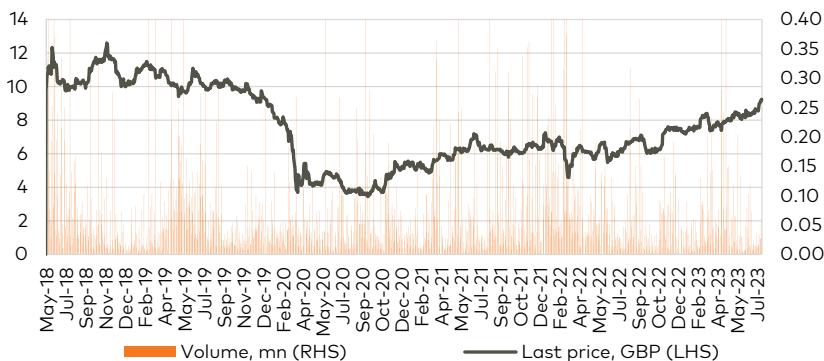
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 24.90/share (-0.80% w/w and -1.19% m/m). More than 72k shares changed hands in the range of GBP 24.55 - 25.60/share. Average daily traded volume was 26k in the last 4 weeks. The volume of TBCG shares traded was at 0.13% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 9.25/share (+3.01% w/w and +10.38% m/m). More than 164k shares traded in the range of GBP 8.95 - 9.27/share. Average daily traded volume was 20k in the last 4 weeks. The volume of CGEO shares traded was at 0.37% of its capitalization.



## Equities, continued

### Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	32.10	1,474	19.6%	122.9%	23.2%	2.74x	4.59x	4.29x	0.90x	0.91x	0.78x
TBC	TBC	GBP	24.90	1,373	5.5%	85.3%	9.7%	4.10x	4.55x	3.98x	1.04x	1.02x	0.87x
Halyk Bank	HSBK	USD	14.50	3,954	36.0%	53.6%	30.6%	2.69x	2.82x	2.52x	0.78x	0.76x	0.64x
Akbank	AKBNK	TRY	28.56	148,512	71.5%	235.6%	46.1%	1.40x	2.85x	3.02x	0.55x	0.75x	0.68x
Garanti	GARAN	TRY	42.76	179,592	79.5%	191.1%	42.3%	1.91x	2.97x	3.33x	0.73x	0.96x	0.79x
Isbank	ISCTR	TRY	15.05	150,500	38.2%	193.4%	17.9%	0.84x	2.94x	2.66x	0.60x	0.69x	0.56x
PKO	PKO	PLN	40.52	50,650	25.8%	58.1%	33.8%	10.98x	8.07x	7.79x	1.03x	1.19x	1.10x
PEKAO	PEO	PLN	118.05	30,985	29.0%	64.4%	36.5%	na	6.27x	7.20x	na	1.13x	1.06x
Millennium	MIL	PLN	6.60	8,006	37.9%	87.5%	44.1%	na	2.57x	3.52x	1.04x	1.22x	1.06x
Mbank	MBK	PLN	477.00	20,256	50.3%	126.7%	61.1%	na	4.56x	5.94x	1.10x	1.30x	1.13x
BRD	BRD	RON	14.12	9,840	3.4%	9.5%	8.6%	6.81x	6.57x	7.04x	1.31x	1.20x	1.16x
Banca Transilvania	TLV	RON	20.70	16,532	16.2%	16.8%	17.3%	na	7.07x	6.77x	1.60x	1.45x	1.30x
Komerční	KOMB	CZK	709.00	134,745	-2.2%	14.2%	8.2%	8.36x	8.88x	9.03x	1.21x	1.05x	0.99x
<b>Mean</b>								<b>4.42x</b>	<b>4.98x</b>	<b>5.16x</b>	<b>0.99x</b>	<b>1.05x</b>	<b>0.93x</b>
<b>Median</b>								<b>2.74x</b>	<b>4.56x</b>	<b>4.29x</b>	<b>1.04x</b>	<b>1.05x</b>	<b>0.99x</b>

Source: Bloomberg, S&P Capital IQ

### Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2022	2023F	2024F	2022	2023F	2024F
Georgia Capital	CGEO	GBP	9.25	405	22.5%	47.5%	26.7%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	12.40	451	0.0%	-6.5%	-0.8%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	57.75	117,833	44.7%	195.9%	28.1%	1.77x	3.48x	2.97x	0.77x	0.68x	0.57x
Deutsche Beteiligungs	DBAN	EUR	30.50	574	2.5%	10.7%	9.3%	na	5.34x	5.42x	1.00x	0.86x	0.76x
Eurazeo	RF	EUR	56.30	4,460	-14.0%	-17.4%	-3.1%	8.89x	11.20x	7.59x	0.78x	0.57x	0.52x
Carlyle Group	CG	USD	35.19	12,743	-0.7%	-6.2%	17.9%	8.50x	12.05x	8.50x	1.70x	3.37x	2.36x
Wendel SE	MF	EUR	90.25	4,008	-9.5%	2.1%	3.5%	6.63x	7.36x	7.26x	na	1.24x	1.12x
HgCapital Trust	HGT	GBP	3.86	1,767	4.9%	1.3%	10.1%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.60	680	-3.4%	-1.0%	-2.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.48	795	-1.4%	4.3%	6.7%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	10.35	716	12.0%	-8.4%	22.6%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.41	211	-7.8%	-12.6%	-8.3%	na	na	na	0.47x	na	na
<b>Mean</b>								<b>8.82x</b>	<b>7.88x</b>	<b>6.35x</b>	<b>0.84x</b>	<b>1.34x</b>	<b>1.06x</b>
<b>Median</b>								<b>8.50x</b>	<b>7.36x</b>	<b>7.26x</b>	<b>0.78x</b>	<b>0.86x</b>	<b>0.76x</b>

Source: Bloomberg, S&P Capital IQ



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