



Weekly Market Watch

Weekly Market Watch | Georgia
August 30, 2021

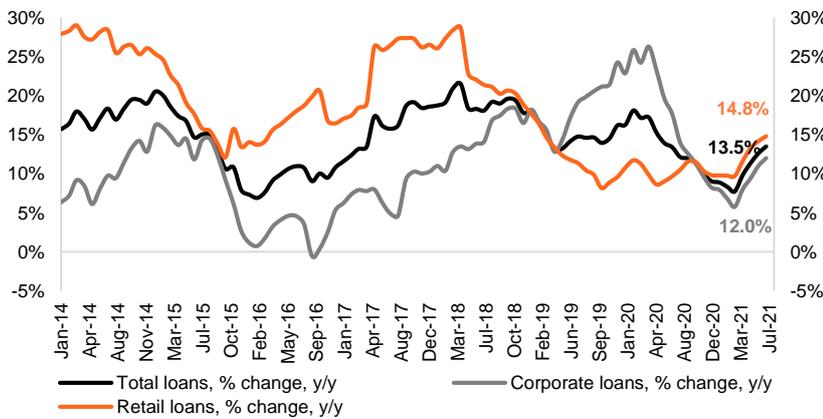
Economy

NPLs at 2.2% in July 2021

In July 2021, the banking sector loan portfolio growth was 13.5% y/y (+1.6% m/m), excluding FX effect, after a 12.6% y/y growth in previous month. In unadjusted terms, loan portfolio was up 14.8% y/y (+1.0% m/m), amounting to GEL 39.6bn (US\$ 12.7bn). By sector, corporate and retail loan growth came in at 12.0% y/y and 14.8% y/y, respectively (exc. FX effect) in July. Notably, newly issued mortgages increased by 26.5% y/y, bringing mortgages stock growth to 12.8% y/y, after a 13.0% y/y growth in previous month (exc. FX effect). In July 2021, loan dollarization reduced to 51.9% (-4.74ppts y/y and -0.48ppts m/m) and NPLs stood at 2.2% (-0.03ppts y/y and flat m/m).

Bank deposits grew by 13.7% y/y (+2.4% m/m, exc. FX effect) to GEL 35.1bn (US\$ 11.2bn) in July 2021, with GEL deposits up 6.7% y/y and FX deposits up 11.7% y/y (exc. FX effect). The deposit dollarization stood at 60.0% (-0.57ppts y/y and flat m/m).

Bank loan portfolio growth dynamic (exc. FX effect)



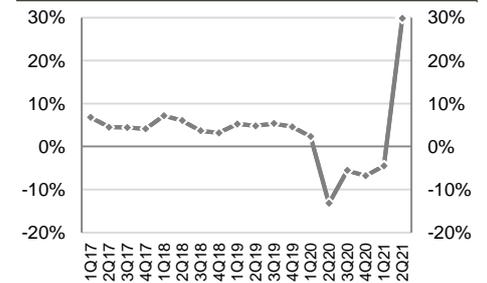
Source: NBG

Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.5%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

- Ease of Doing Business # 7 (Top 10)
- Economic Freedom Index # 12 (mostly free)
- Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB Negative Affirmed Feb-2021	 Ba2 Stable Affirmed May-2021	 BB Stable Affirmed Aug-2021
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Source: Rating agencies

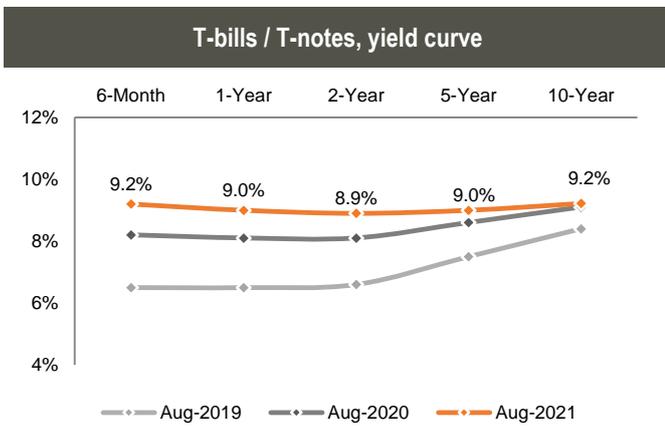
Money market

Ministry of Finance Benchmark Bonds: 5-year GEL 35.0mn (US\$ 11.2mn) Benchmark bonds were sold at the auction held at NBS on August 24, 2021. Total demand was c.3.0x higher and the weighted average yield was fixed at 9.421%, up by 0.400ppts from previous auction held in July, 2021. The nearest treasury security auction is scheduled for September 7, 2021, where GEL 15.0mn nominal value 6-month T-bills and GEL 20.0mn nominal value 2-year Benchmark bonds will be sold.

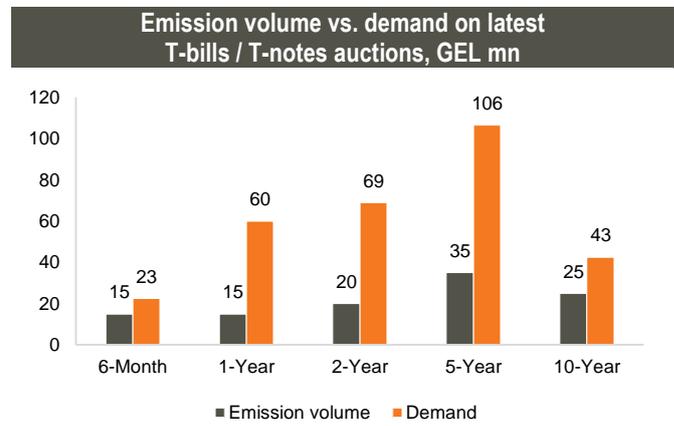
T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	90	60	75
1-year	90	60	325
2-year	120	80	940
5-year	295	140	2,448
10-year	69	25	1,306
Total	664	365	5,093

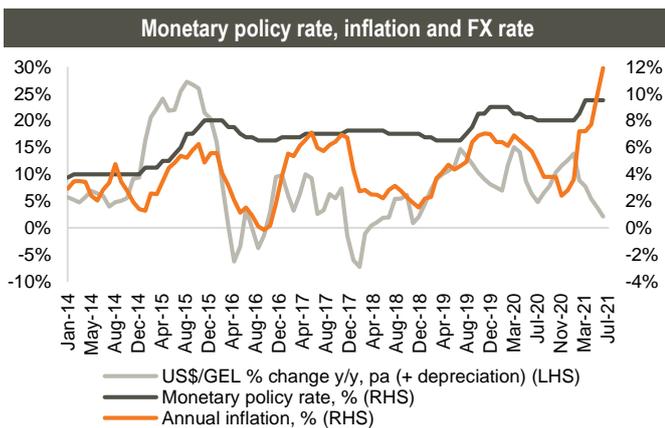
Source: MoF
Note: * As of 31 July 2021



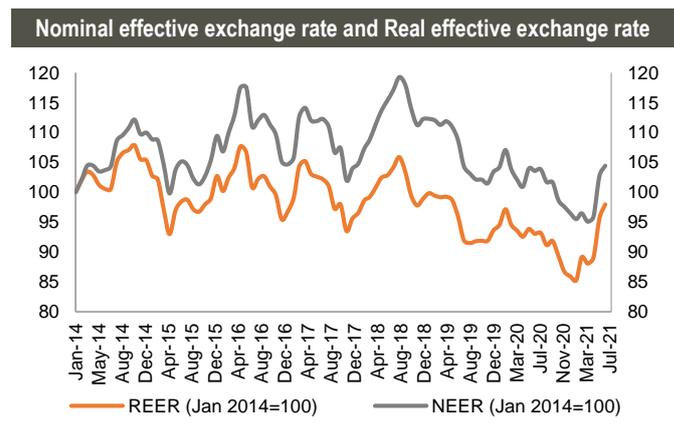
Source: NBG



Source: NBG



Source: NBG, Geostat



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



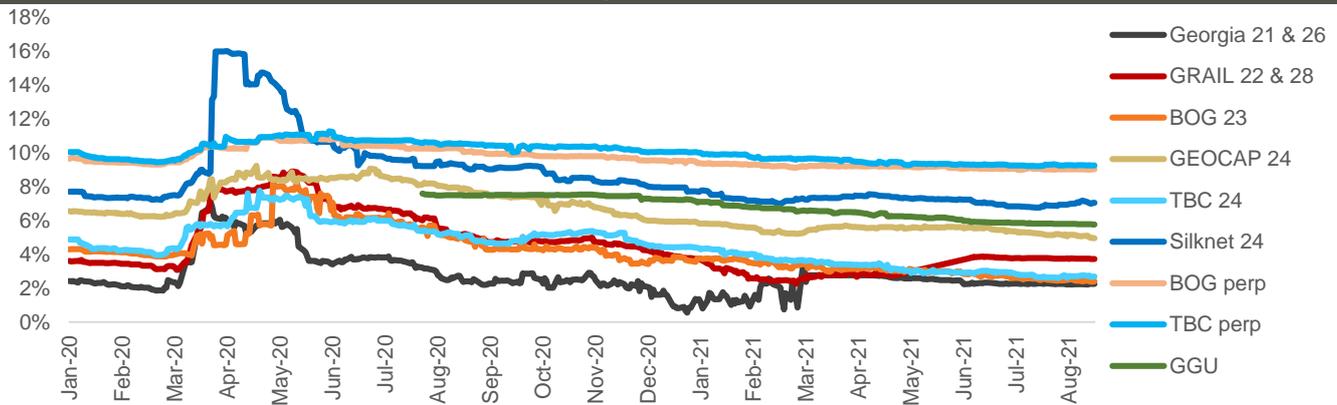
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.40% yield, trading at 106.66 (-0.07% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.77 (+0.29% w/w), yielding 4.94%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.63 (+0.07% w/w), yielding 3.73%.

Georgian Sovereign Eurobonds (GEORG) closed at 102.23 (-0.05% w/w) at 2.24% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian bonds performance

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	102.23	2.24	142.51
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	101.63	3.73	268.28
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.66	2.40	212.08
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.15	9.02	662.02
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	102.77	4.94	452.81
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.24	7.03	409.74
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.24	2.68	220.12
TBC PERP	USD	125	10.775%	n/a	B-/B-	110.44	9.24	643.39
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.92	5.75	400.48

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B/Ba2	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
GLC 07/23	USD	12	5.75%	Jul-23	-/-/-	n/a	n/a	n/a
GLC 07/23	EUR	3	4.75%	Jul-23	-/-/-	n/a	n/a	n/a
SILKNET 04/24	GEL	34	12.50%	Apr-24	B+/B/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/-/BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B/-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a

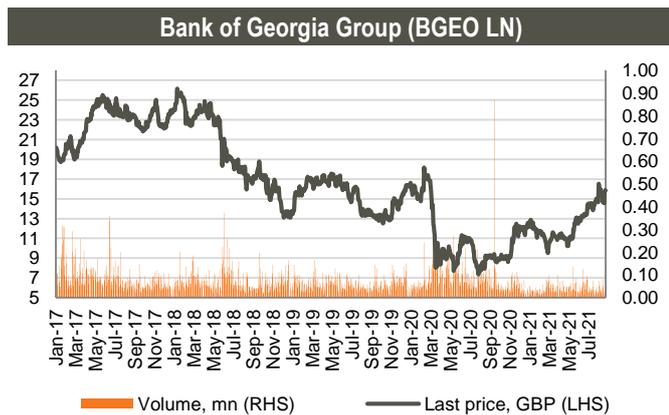
Source: Bloomberg

Equities

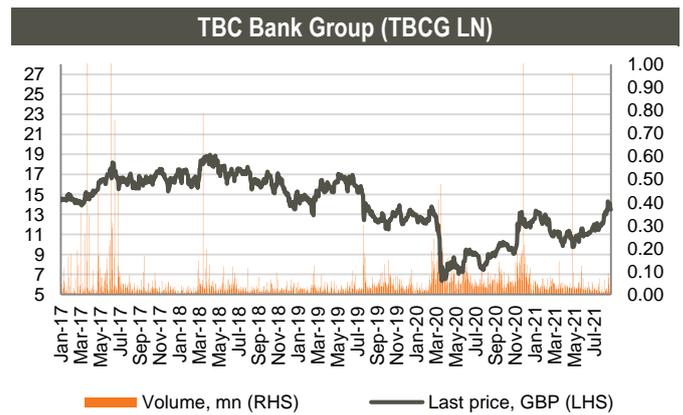
Bank of Georgia Group (BGEO LN) shares closed at GBP 15.88/share (+7.59% w/w and +8.03% m/m). More than 108k shares traded in the range of GBP 14.52 - 16.14/share. Average daily traded volume was 34k in the last 4 weeks. The volume of BGEO shares traded was at 0.22% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.26/share (+0.16% w/w and -3.10% m/m). More than 447k shares traded in the range of GBP 6.15 - 6.30/share. Average daily traded volume was 83k in the last 4 weeks. The volume of CGEO shares traded was at 0.93% of its capitalization.

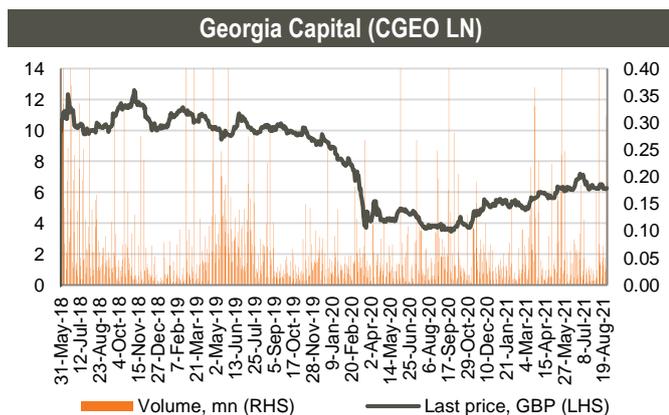
TBC Bank Group (TBCG LN) closed the week at GBP 13.46/share (-4.54% w/w and +13.11% m/m). More than 66k shares changed hands in the range of GBP 13.04 - 14.18/share. Average daily traded volume was 25k in the last 4 weeks. The volume of TBCG shares traded was at 0.12% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E		P/B	
								2021F	2022F	2021F	2022F
Bank of Georgia	BGEO	GBP	15.88	781	59.1%	75.7%	30.2%	5.26x	5.04x	1.08x	0.99x
TBC	TBC	GBP	13.46	742	23.9%	48.4%	7.7%	4.78x	4.54x	0.89x	0.79x
Sberbank	SBER	USD	17.63	95,144	21.6%	46.6%	21.4%	6.40x	6.15x	1.22x	1.10x
Halyk Bank	HSBK	USD	17.10	5,025	31.0%	46.2%	46.8%	4.78x	4.89x	1.22x	1.17x
VTB Bank	VTBR	USD	1.33	8,593	39.8%	45.7%	38.9%	2.51x	2.99x	0.42x	0.39x
Akbank	AKBNK	TRY	5.73	29,796	-5.4%	13.9%	-17.3%	3.49x	2.71x	0.42x	0.37x
Garanti	GARAN	TRY	9.56	40,152	7.2%	36.8%	-7.8%	3.74x	3.17x	0.55x	0.47x
Isbank	ISCTR	TRY	5.64	25,380	-1.6%	10.6%	-19.4%	3.00x	2.23x	0.34x	0.29x
PKO	PKO	PLN	40.78	50,975	35.3%	85.0%	42.0%	11.08x	10.74x	1.15x	1.10x
PEKAO	PEO	PLN	104.60	27,454	54.3%	93.8%	71.2%	14.30x	12.02x	1.05x	1.00x
Millennium	MIL	PLN	6.55	7,939	58.6%	120.4%	100.2%	9.41x	8.73x	1.00x	0.95x
Mbank	MBK	PLN	358.80	15,201	61.9%	88.8%	100.2%	12.13x	11.15x	0.92x	0.87x
BRD	BRD	RON	18.88	13,158	30.7%	62.8%	27.1%	11.54x	10.97x	1.53x	1.37x
Banca Transilvania	TLV	RON	3.03	17,385	40.9%	47.8%	34.7%	10.38x	9.67x	1.67x	1.55x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	7.71x	7.41x	0.62x	0.54x
Komerčni	KOMB	CZK	821.50	156,125	21.2%	53.0%	25.0%	15.02x	12.97x	1.30x	1.30x
Mean								7.84x	7.21x	0.96x	0.89x
Median								7.05x	6.78x	1.02x	0.97x

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	
								2021F	2022F	2021F	2022F
Georgia Capital	CGEO	GBP	6.26	300	24.0%	66.0%	15.9%	na	na	na	na
Tinc Comm	TINC	EUR	12.68	461	3.1%	-3.9%	-2.1%	na	na	na	na
Sabancı Holding	SAHOL	TRY	10.40	21,220	-0.8%	29.2%	-9.2%	3.77x	3.11x	0.46x	0.38x
Deutsche Beteiligungs	DBAN	EUR	37.05	557	6.1%	23.0%	18.9%	4.45x	7.56x	1.09x	1.00x
Eurazeo	RF	EUR	87.40	6,906	42.5%	95.0%	57.5%	10.13x	12.97x	1.14x	1.04x
Carlyle Group	CG	USD	47.99	17,016	40.1%	80.3%	52.6%	14.92x	13.54x	5.43x	5.47x
Mean								8.32x	9.29x	2.03x	1.97x
Median								7.29x	10.26x	1.11x	1.02x

Source: Bloomberg, S&P Capital IQ

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