



# Weekly Market Watch

Weekly Market Watch | Georgia  
Oct 29, 2018

## Economy

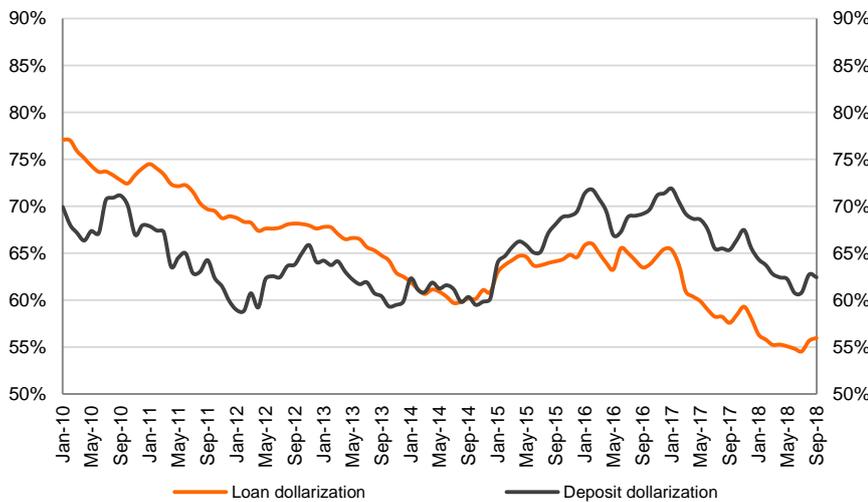
### NPLs at 2.7% in September 2018

In September 2018, the banking sector loan portfolio increased 18.8% y/y after growing 19.0% y/y in previous month, excluding the exchange rate effect. In unadjusted terms, loan portfolio was up 22.7% y/y and up 2.5% m/m to GEL 24.8bn (US\$ 9.5bn). Deposits were up 15.7% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 19.3% y/y and up 1.6% m/m to GEL 21.9bn (US\$ 8.4bn). Deposit dollarization stood at 62.4% (-2.9ppts y/y and -0.3ppts m/m) and loan dollarization was 55.5% (-0.8ppts y/y and flat m/m). NPLs stood at 2.7% in September 2018 (-0.4ppts y/y and +0.06ppts m/m).

### NBG keeps monetary policy rate unchanged at 7.0%

At its meeting on 24 October 2018, NBG's monetary policy committee decided to keep its key rate unchanged at 7.0%. Annual inflation was 2.7% in September, slightly below the 3.0% target. The committee does not expect a significant deviation of inflation from its target throughout 2018 despite increased macroeconomic risks due to high volatility on regional financial markets. The next committee meeting is scheduled for 12 December 2018.

### Loan and deposit dollarization



Source: NBG

### Key macro indicators

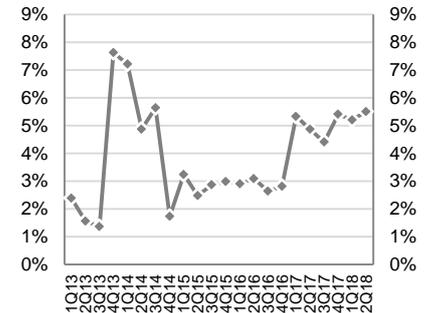
	9M18	2017	2016
GDP (% change)	4.8% <sup>(1)</sup>	5.0%	2.8%
GDP per capita (ppp)	...	10,742	10,065
GDP per capita (US\$)	...	4,068	3,857
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.7%	6.7%	1.8%
Gross reserves (US\$ bn)	3.2	3.0	2.8
CAD (% of GDP)	10.3% <sup>(2)</sup>	8.8%	13.1%
Fiscal deficit (% of GDP)	...	3.3%	2.9%
Total public debt (% of GDP)	...	44.6%	44.4%

Source: Official data, IMF

1) As of 8M18

2) As of 1H18

### Real GDP growth, %



Source: GeoStat

### International ranking, 2017-18

- Ease of Doing Business # 9 (Top 10)
- Economic Freedom Index # 16 (mostly free)
- Global Competitiveness Index # 66

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings

 <b>BB-</b> Stable Affirmed May-2018	 <b>Ba2</b> Stable Affirmed Sep-2018	 <b>BB-</b> Positive Affirmed Aug-2018
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Source: Rating agencies

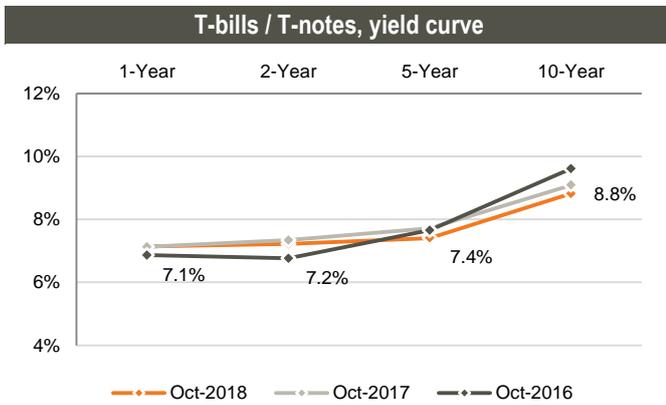


# Money market

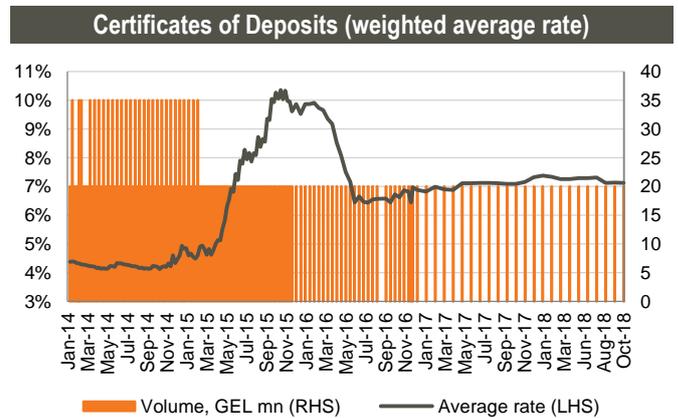
**Refinancing loans:** National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,190mn (US\$ 440.3mn).

**Ministry of Finance Benchmark Bonds:**

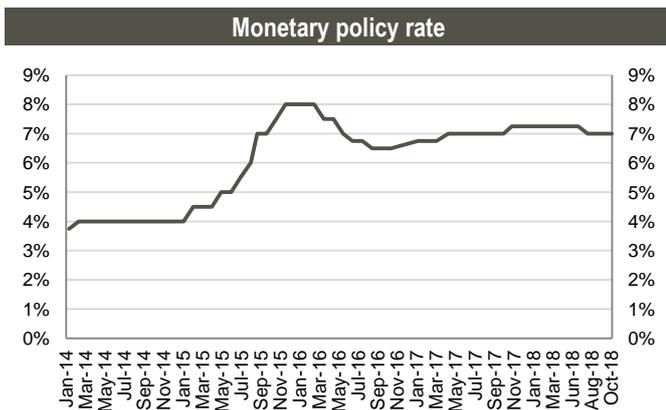
5-year GEL 30.0mn (US\$ 11.1mn) Benchmark Bonds of Ministry of Finance were sold at the auction held at NBG on October 24, 2018. The weighted average yield was fixed at 7.40%.



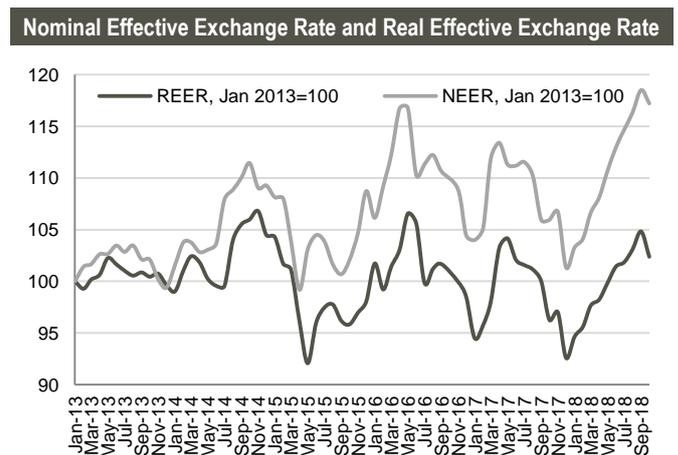
Source: NBG



Source: NBG



Source: NBG



Source: NBG

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

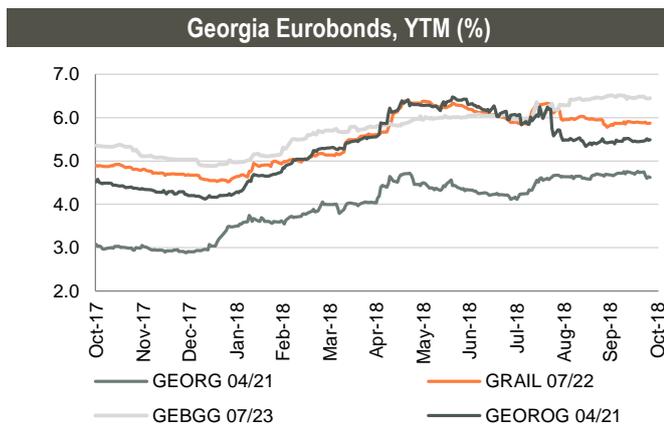


## Fixed income

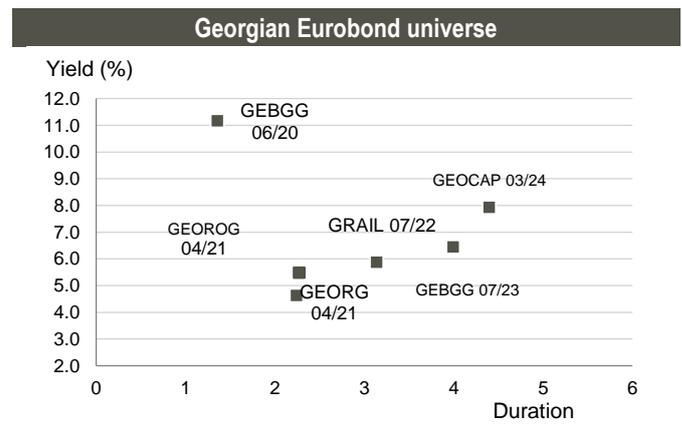
**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 6.4% yield, trading at 98.2 (+0.1% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 92.3 (unchanged w/w), yielding 7.9%.

GOGC Eurobonds (GEOROG) were trading at 102.9 (-0.1% w/w), yielding 5.5%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 106.2 (+0.1% w/w), yielding 5.9%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 105.2 (+0.3% w/w) at 4.6% yield to maturity.



Source: Bloomberg



Source: Bloomberg

### Georgia bonds performance

#### Georgia Eurobonds performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	105.16	4.62	159.43
GRAIL 07/22	500	7.750%	18/07/2022	B+/B+/-	106.16	5.87	281.68
GEOROG 04/21	250	6.750%	18/04/2021	BB-/B+/-	102.90	5.49	246.01
GEBGG 06/20	500*	11.000%	18/06/2020	BB-/Baa2	99.75	11.16	n/a
GEBGG 07/23	350	6.000%	18/07/2023	BB-/B2	98.19	6.45	338.72
GEOCAP 03/24	300	6.125%	18/03/2024	-/B+/B2	92.27	7.92	485.57

#### Georgia local bonds performance

GWP 12/21	30*	10.50%**	06/12/2021	BB****-/-	n/a	n/a	n/a
M2RE 10/19	25	7.500%	07/10/2019	B+/-	102.29	5.25	n/a
GLC 08/20	10	7.000%	29/08/2020	-/-	101.83	6.00	n/a
GLC 06/21	5	6.500%	22/06/2021	-/-	n/a	n/a	n/a
Nikora 06/19	10	9.000%	28/06/2019	-/-	n/a	n/a	n/a
Silknet 08/22	34*	10.50%**	18/08/2022	B+****-/-	n/a	n/a	n/a
Crystal 12/19	10*	11.50%***	28/12/2019	B/-	101.01	11.25	n/a

Source: Bloomberg

\*GEBGG 06/20 bonds, GWP 12/21 bonds, Silknet 08/22 and Crystal 12/19 bonds are in Georgian lari

\*\*Coupon rate 3.5% over the NBG's refinancing rate

\*\*\*Coupon rate 4.5% over the NBG's refinancing rate

\*\*\*\*Company ratings

#### Eastern European sovereign 10-year bond performance

Issuer	Amount, US\$ mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	105.2	4.6	159.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/-/Ba2	99.3	4.9	183.2
Bulgaria	323	5.000%	19/07/2021	BBB-/-	113.4	0.1	n/a
Croatia	1,250	3.875%	30/05/2022	BB+/BB+/Ba2	110.8	0.8	69.0
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	106.1	3.7	66.5
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	108.0	4.1	106.7
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	101.7	3.8	82.5
Turkey	2,000	5.625%	30/03/2021	BB+/-/Ba2	97.7	6.7	366.6

Source: Bloomberg



# Equities

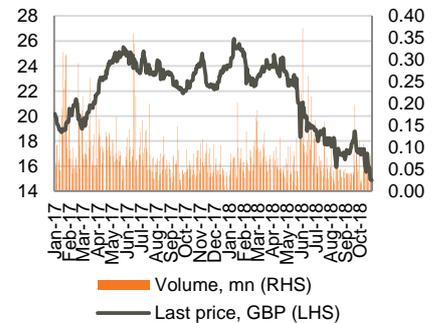
**Bank of Georgia Group (BGEO LN)** shares closed at GBP 14.87/share (-7.56% w/w and -14.07% m/m). More than 235k shares traded in the range of GBP 14.47 – 16.30/share. Average daily traded volume was 54k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 2.65% w/w and lost 10.47% m/m. The volume of BGEO shares traded was at 0.48% of its capitalization.

**Georgia Capital (CGEO LN)** shares closed at GBP 11.50/share (+0.35% w/w and +5.0% m/m). More than 335k shares traded in the range of GBP 11.39 – 11.70/share. Average daily traded volume was 56k in the last 4 weeks. The volume of CGEO shares traded was at 0.88% of its capitalization.

**TBC Bank Group (TBCG LN)** closed the week at GBP 15.74 (+3.69% w/w and -3.55% m/m). More than 98k shares changed hands in the range of GBP 14.72 – 15.94/share. Average daily traded volume was 23k in the last 4 weeks. The volume of TBCG shares traded was at 0.18% of its capitalization.

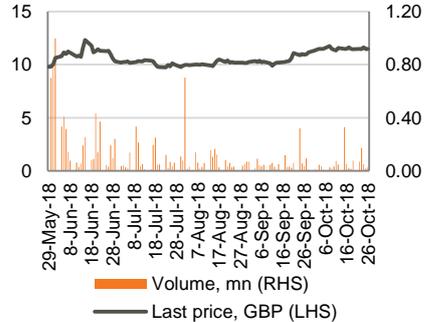
**Georgia Healthcare Group (GHG LN)** shares closed at GBP 2.40/share (+9.09% w/w and +7.38% m/m). More than 68k shares were traded in the range of GBP 2.21 – 2.50/share. Average daily traded volume was 25k in the last 4 weeks. The volume of GHG shares traded was at 0.05% of its capitalization.

## Bank of Georgia Group (BGEO LN)



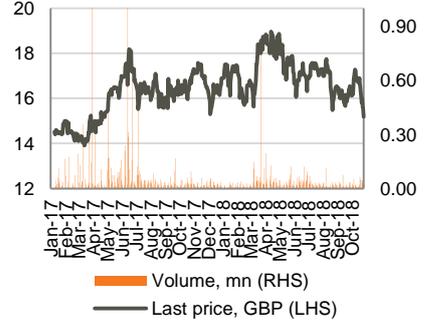
Source: Bloomberg

## Georgia Capital (CGEO LN)



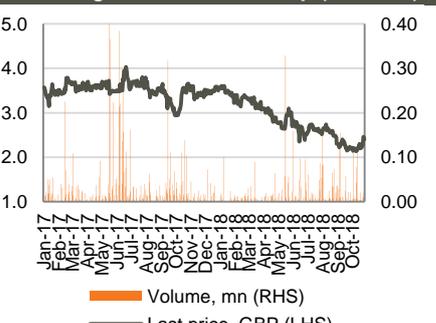
Source: Bloomberg

## TBC Bank Group (TBCG LN)



Source: Bloomberg

## Georgia Healthcare Group (GHG LN)



Source: Bloomberg

### Eastern European Banks

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Bank of Georgia	BGEO 14.866*	938	-14.1%	-18.5%	-37.1%	-38.2%	-38.1%
TBC	TBC 15.74*	1,095	-3.6%	-7.6%	-13.7%	-10.1%	-8.3%
Halyk Bank	HSBK 11.60	3,409	8.4%	-2.9%	-4.9%	17.4%	22.1%
KKB	KKB 0.68	712	0.0%	0.0%	0.0%	0.0%	0.0%
VTB Bank	VTBR 1.23	7,997	-8.0%	-20.0%	-33.5%	-32.6%	-41.2%
Vozrozhdenie	VZRZ 6.99	166	0.8%	19.4%	35.7%	-19.7%	-33.9%
Sberbank	SBER 11.12	59,985	-7.8%	-19.0%	-23.8%	-34.3%	-22.7%

Source: Bloomberg  
\*BGEO and TBC share prices traded and shown in GBP

### Investment Management Company Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
Georgia Capital	CGEO 11.5*	565	5.0%	13.5%	N/A	N/A	N/A
Creades	CREDA 28.88	237	-2.5%	-3.8%	-11.6%	-20.7%	-18.9%
CIE du Bois	COMB 413.31	697	-13.8%	-10.5%	-14.8%	-3.9%	-0.8%
Tinc Comm	TINC 13.66	373	-5.9%	-2.8%	-5.3%	-9.5%	-7.9%
Edify	EDIFY 63.19	307	-13.3%	-11.2%	-18.6%	-7.8%	0.6%

Source: Bloomberg  
\*CGEO share price traded and shown in GBP

### Healthcare Sector Peers

Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG	GHG 2.4*	405	7.4%	-6.6%	-17.2%	-32.4%	-32.5%
Mouwasat	MOUWASAT 20.55	2,055	-3.4%	-19.0%	-18.8%	1.8%	-4.1%
Fortis	FORH 1.77	916	-3.0%	-13.2%	-21.4%	-29.8%	-21.4%
Raffles	RFMD 0.77	1,392	-5.6%	-5.8%	-11.4%	-7.5%	-8.0%
IHH	IHH 1.15	9,491	-9.9%	-22.0%	-25.6%	-20.2%	-13.7%
Bangkok Chain	BCH 0.59	1,462	-4.9%	17.9%	3.0%	17.9%	19.4%
Netcare	NTC 1.60	2,355	-17.8%	-20.5%	-34.1%	-21.1%	-5.8%

Source: Bloomberg  
\*GHG share price traded and shown in GBP

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