



Economy

Loan portfolio up 13.2% y/y in Apr-23

In Apr-23, the banking sector loan portfolio grew by 13.2% y/y (+0.7% m/m), excluding FX effect, after a 13.8% y/y growth in previous month. In unadjusted terms, loan portfolio increased by 3.7% y/y (-0.2% m/m) to GEL 44.8bn (US\$ 17.9bn), after growing by 3.6% in March. By sector, corporate loans growth slowed to 10.9% y/y (+11.8% y/y in March, exc. FX effect) and retail loans growth stood at 15.2% y/y (+15.7% y/y in March) in April. Notably, the mortgages growth remained almost unchanged at 11.5% y/y in April. In Apr-23, loan dollarization reduced further to 43.9% (-5.71ppts y/y and -0.42ppts m/m) and NPLs stood at 1.8% (-0.19ppts y/y and +0.06ppts m/m).

Bank deposits growth slowed to 28.7% y/y (+0.9% m/m, exc. FX effect) to GEL 43.1bn (US\$ 17.3bn) in Apr-23, after a 30.4% y/y growth in March. In terms of currency breakdown, GEL deposits growth accelerated to 39.1% y/y (+33.7% y/y in previous month) and FX deposits growth (exc. FX effect) slowed to 21.5% y/y (+28.1% in previous month), hinting also on conversion of FX deposits into GEL. As a result, the level of deposit dollarization significantly decreased to 51.3% (-8.17ppts y/y and -2.21ppts m/m) in Apr-23, which is the lowest level observed since Sep-97.

NBG purchased US\$ 322.4mn in Apr-23

In Apr-23, NBG purchased US\$ 322.4mn through the BMatch platform, which is a record high monthly purchase. Overall, in 4M23, NBG's FX purchases reached US\$ 782.9mn.

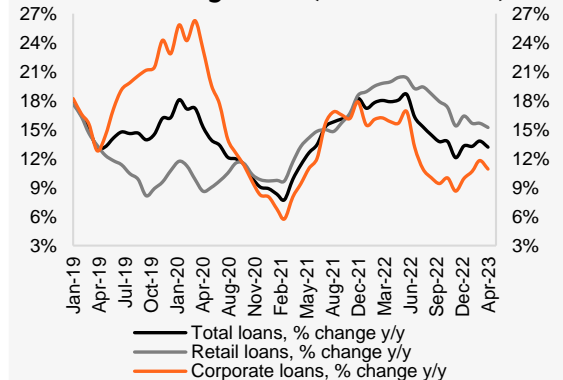
Key macro indicators

	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%	4.1%
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

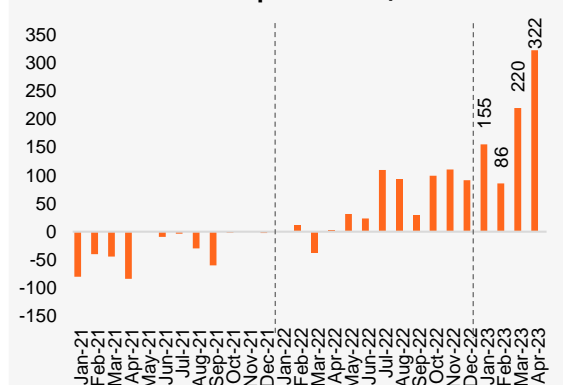
*Latest sovereign credit ratings

Bank loan growth (exc. FX effect)



Source: NBG

NBG's net FX purchases, US\$ mn



Source: NBG

Note: +/- means purchase/sale

Money market

Ministry of Finance T-bills/T-notes:

5-year GEL 90.0mn (US\$ 35.5mn) Benchmark bonds were sold at the auction held at NBG on May 23, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 8.635%, down by 0.091ppts from previous auction held in Apr-23.

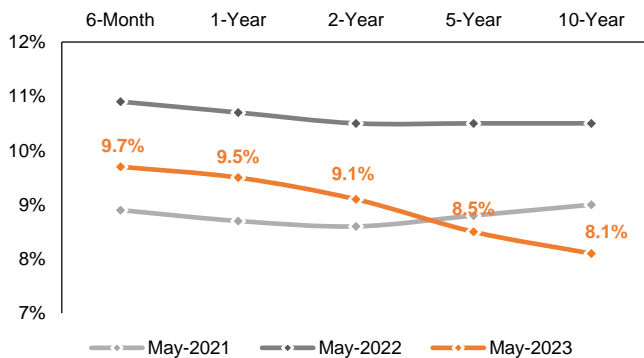
The nearest treasury security auction is scheduled for June 6, 2023, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 2-year Benchmark bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	100	140	420
1-year	100	140	
2-year	213	280	
5-year	483	630	6,624
10-year	300	720	
Total	1,196	1,910	7,044

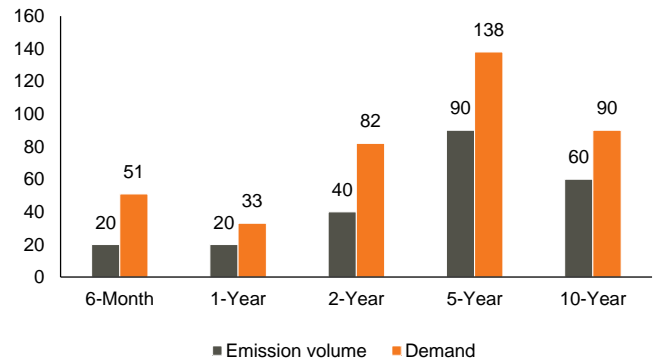
Source: MoF
*As of April 2023

T-bills / T-notes, yield curve



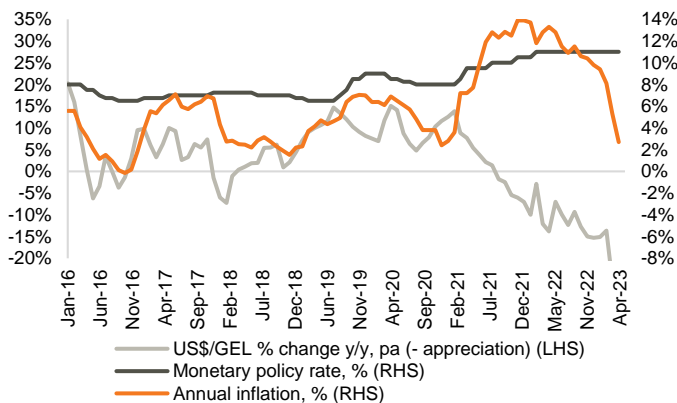
Source: NBG

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



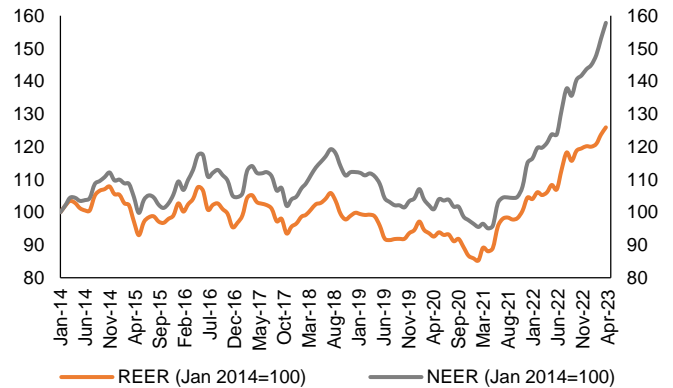
Source: NBG

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

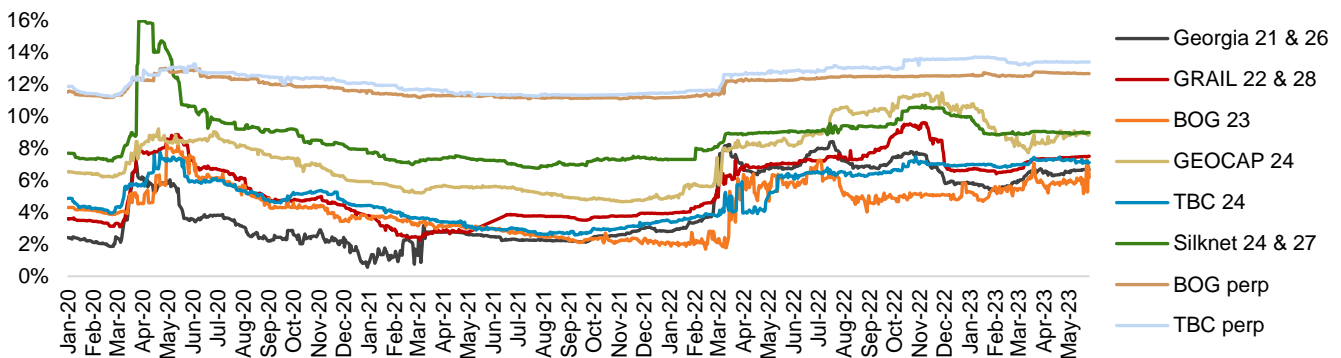


Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 6.19% yield, trading at 99.95 (-0.17% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 97.96 (+0.18% w/w), yielding 8.89%. Georgian Railway Eurobonds (GRAIL) traded at 85.49 (-0.05% w/w), yielding 7.51%.

Georgian Sovereign Eurobonds (GEORG) closed at 89.82 (+0.07% w/w) at 6.67% 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	89.82	6.67	255.54
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	85.49	7.51	375.06
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/BBa2	99.95	6.19	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.04	12.67	697.68
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	97.96	8.89	359.53
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.11	8.98	500.62
TBC 06/24	USD	300	5.750%	Jun-24	BB-/BBa2	98.65	7.10	197.93
TBC PERP	USD	125	10.775%	n/a	B-/-/-	95.84	13.41	933.38

Georgian local bonds performance

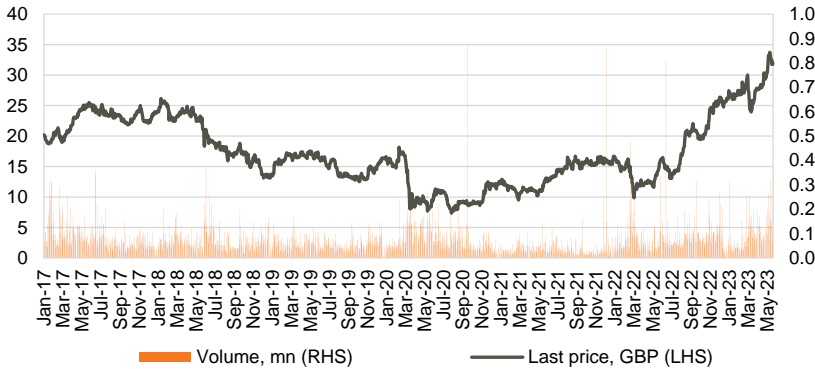
GLC	USD	12	5.75%	Jul-23	-/-/-/-	99.94	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/-/BB+	99.59	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-/BB+	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-/-	98.23	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-/-	99.80	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-/-	99.78	8.65	n/a
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-/-	99.04	7.25	n/a
SRG Real Estate	USD	20	9.00%	Apr-26	-/-/-/-	n/a	n/a	n/a
Geosteel	USD	15	9.00%	Apr-25	-/-/-/-	n/a	n/a	n/a
Tegeta Motors	USD	20	8.50%	Apr-25	-/-/-/BB-	n/a	n/a	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/-/BB-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	15.00%	Dec-23	-/-/-/BB-	n/a	n/a	n/a
Evex Hospitals	GEL	50	14.10%	Nov-24	-/-/-/BB	n/a	n/a	n/a
Nikora Trade	GEL	35	14.50%	Nov-24	-/-/-/BB+	n/a	n/a	n/a
TBC Leasing	GEL	58.4	14.25%	Mar-26	BB-/BBa2	n/a	n/a	n/a

Source: Bloomberg



Equities

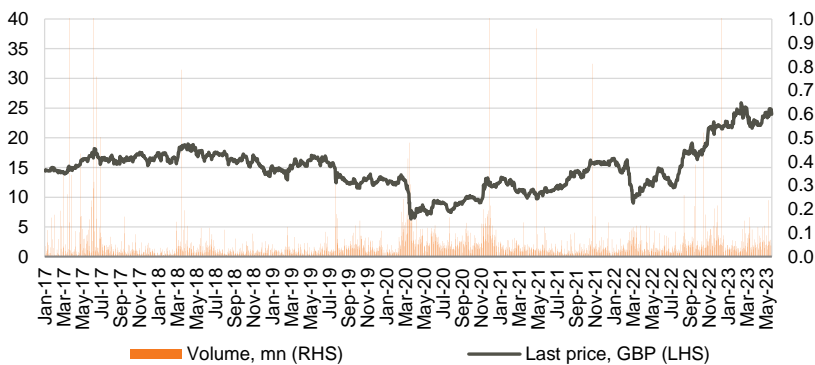
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 31.80/share (-2.75% w/w and +8.35% m/m). More than 683k shares traded in the range of GBP 31.25 - 33.50/share. Average daily traded volume was 150k in the last 4 weeks. The volume of BGEO shares traded was at 1.47% of its capitalization.

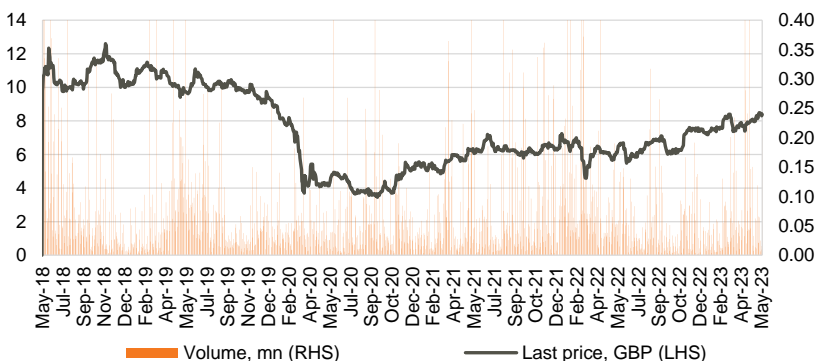
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 23.95/share (-3.82% w/w and +3.23% m/m). More than 270k shares changed hands in the range of GBP 23.75 - 25.00/share. Average daily traded volume was 69k in the last 4 weeks. The volume of TBCG shares traded was at 0.49% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 8.40/share (-1.06% w/w and +5.40% m/m). More than 260k shares traded in the range of GBP 8.21 - 8.50/share. Average daily traded volume was 50k in the last 4 weeks. The volume of CGEO shares traded was at 0.59% 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	31.80	1,478	25.2%	113.4%	22.1%	2.74x	4.77x	4.41x	0.90x	1.00x	0.86x
TBC	TBC	GBP	23.95	1,317	9.9%	61.6%	5.5%	4.10x	4.50x	3.94x	1.04x	1.01x	0.87x
Halyk Bank	HSBK	USD	14.02	3,823	33.3%	47.6%	26.3%	2.69x	2.84x	2.58x	0.78x	0.73x	0.62x
Akbank	AKBNK	TRY	14.51	75,452	-13.7%	77.2%	-25.8%	1.40x	2.60x	2.49x	0.55x	0.58x	0.51x
Garanti	GARAN	TRY	24.58	103,236	-6.8%	67.7%	-18.2%	1.91x	3.44x	2.92x	0.73x	0.81x	0.67x
Isbank	ISCTR	TRY	10.54	105,400	2.8%	131.4%	-17.5%	0.84x	3.11x	2.87x	0.60x	0.69x	0.56x
PKO	PKO	PLN	34.07	42,588	18.1%	6.0%	12.5%	10.98x	6.57x	7.02x	1.03x	1.06x	1.02x
PEKAO	PEO	PLN	103.00	27,034	19.4%	10.2%	19.1%	na	5.57x	6.65x	na	1.04x	0.98x
Millennium	MIL	PLN	4.75	5,760	0.0%	-0.5%	3.7%	na	2.87x	2.63x	1.04x	0.99x	0.88x
Mbank	MBK	PLN	378.00	16,040	17.2%	38.9%	27.7%	na	5.41x	6.17x	1.10x	1.15x	0.96x
BRD	BRD	RON	12.30	8,572	-6.1%	-7.5%	-5.4%	6.81x	6.07x	6.50x	1.31x	1.11x	1.07x
Banca Transilvania	TLV	RON	19.40	13,729	0.5%	-12.1%	-2.6%	na	6.33x	5.94x	1.60x	1.31x	1.18x
Komerčni	KOMB	CZK	670.00	127,333	-8.4%	-7.2%	2.3%	8.36x	8.60x	8.72x	1.21x	1.01x	0.97x
Mean								4.42x	4.82x	4.83x	0.99x	0.96x	0.86x
Median								2.74x	4.77x	4.41x	1.04x	1.01x	0.88x

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	8.40	370	12.9%	31.7%	15.1%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	12.10	440	-1.9%	-9.6%	-3.2%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	35.54	72,516	-11.6%	73.0%	-21.2%	1.77x	4.12x	2.78x	0.77x	0.61x	0.51x
Deutsche Beteiligungs	DBAN	EUR	28.35	533	4.2%	-5.0%	1.6%	na	5.61x	5.36x	1.00x	0.85x	0.76x
Eurazeo	RF	EUR	62.90	4,983	2.6%	-12.5%	8.3%	8.89x	10.74x	9.02x	0.78x	0.67x	0.62x
Carlyle Group	CG	USD	27.95	10,121	-4.9%	-27.6%	-6.3%	8.50x	9.70x	6.86x	1.70x	1.63x	1.33x
Wendel SE	MF	EUR	99.85	4,434	12.8%	7.2%	14.5%	6.63x	8.61x	8.49x	na	1.45x	1.31x
HgCapital Trust	HGT	GBP	3.97	1,815	8.3%	-1.5%	13.1%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.60	680	-4.0%	2.6%	-2.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.67	830	8.9%	18.5%	11.3%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.84	680	10.1%	-12.7%	16.6%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.43	219	-8.2%	-13.1%	-4.9%	na	na	na	0.47x	na	na
Mean								8.82x	7.76x	6.50x	0.84x	1.04x	0.90x
Median								8.50x	8.61x	6.86x	0.78x	0.85x	0.76x

Source: Bloomberg, S&P Capital IQ

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