



Economy

Bank lending accelerated in Jul-23

In Jul-23, the banking sector loan portfolio showed a further acceleration, up by 14.5% y/y (+0.4% m/m), excluding FX effect, after a 13.5% y/y growth in previous month. In unadjusted terms, loan portfolio increased by 13.6% y/y (+1.0% m/m), reaching GEL 47.8bn (US\$ 18.1bn), after growing 8.4% y/y in June. By sector, corporate loans experienced a more pronounced acceleration, with a 14.7% y/y growth in July (+12.0% y/y in June, exc. FX effect) and retail loans slightly decelerated to 14.2% y/y (+14.7% y/y in June). Notably, the mortgages growth also slowed to 11.3% y/y in July (+11.8% y/y in June).

Bank deposits increased by 25.3% y/y (+1.6% m/m, exc. FX effect) to GEL 47.8bn (US\$ 18.1bn) in Jul-23, after a 29.2% y/y growth in June. In terms of currency breakdown, GEL deposits growth came in at 41.2% y/y (+43.1% y/y in previous month) and FX deposits growth (exc. FX effect) slowed to 13.3% y/y (+19.1% y/y in previous month). As a result, the level of deposit dollarization stood at 50.6% (-6.27ppts y/y and -0.13ppts m/m) in Jul-23.

Goods trade deficit increased by 2.8% y/y in Jul-23

In Jul-23, goods exports reduced by 0.7% y/y to US\$ 529.6mn, after a 22.7% y/y growth in previous month, explained mainly by last year's high base effect. Goods imports growth slowed to 1.2% to US\$ 1.2bn in July, after growing by 11.1% y/y in June. Consequently, the trade deficit increased by 2.8% y/y to US\$ 657.0mn, after a 3.2% y/y growth in June. The top 5 exported commodities were cars (+83.3% y/y), copper (-55.3% y/y), electricity (+139.9% y/y), wine (+13.9% y/y) and fruits (-13.4% y/y) in Jul-23. A 9.5% of exports were directed to the EU (-3.8% y/y), 65.4% to the CIS (+24.1% y/y) and 25.1% to other countries (-34.2% y/y).

The top 5 imports were cars (+25.4% y/y), petroleum (-21.0% y/y), pharmaceuticals (+11.8% y/y), telephones (+43.2% y/y) and copper (-73.8% y/y) in Jul-23.

Overall, in 7M23, trade deficit increased by 21.3% y/y to US\$ 4.9bn, as exports increased by 15.9% y/y to US\$ 3.6bn, while imports were up by 19.0% y/y to US\$ 8.5bn.

NBG purchased US\$ 278.5mn in Jul-23

In Jul-23, NBG purchased US\$ 278.5mn through the BMatch platform. Overall, in 7M23, NBG's net FX purchases reached US\$ 1.34bn.

Producer price index fell by 2.8% y/y in Jul-23

Annual PPI for industrial goods fell by 2.8% in Jul-23, after decreasing by 6.0% in previous month, according to Geostat. This decline was mainly driven by price reduction in manufacturing sector (-3.4% y/y).

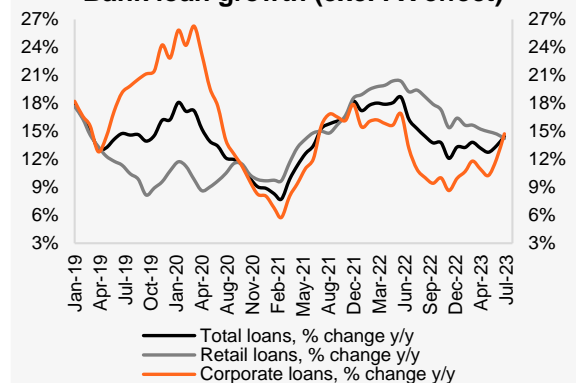
Key macro indicators

	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

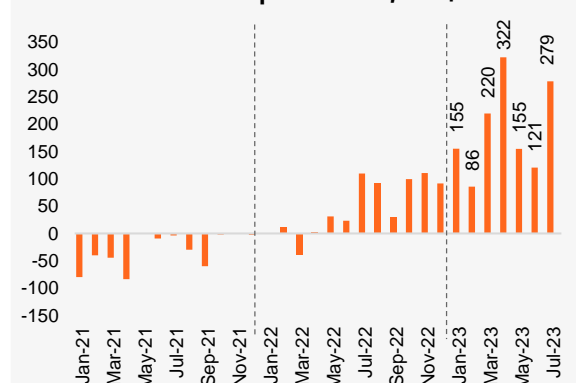
*Latest sovereign credit ratings

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\$ 34.4mn) Benchmark bonds were sold at the auction held at NBG on August 22, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 8.314%, down by 0.067ppts from previous auction held in Jul-23.

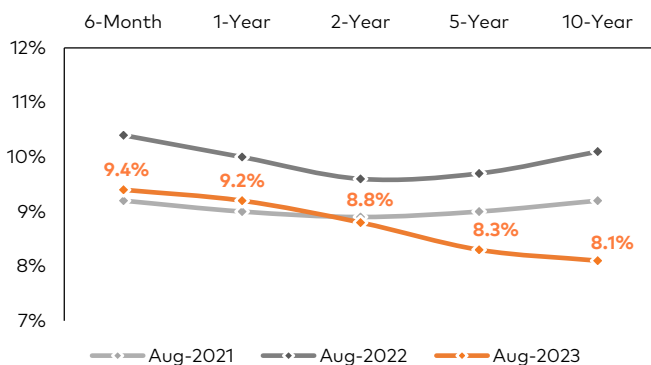
The nearest treasury security auction is scheduled for September 5, 2023, where GEL 20.0mn 6-month T-bills and GEL 40.0mn nominal value 2-year Benchmark Bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	160	80	410
1-year	160	80	
2-year	341	160	
5-year	771	360	7,181
10-year	530	490	
Total	1,962	1,170	7,591

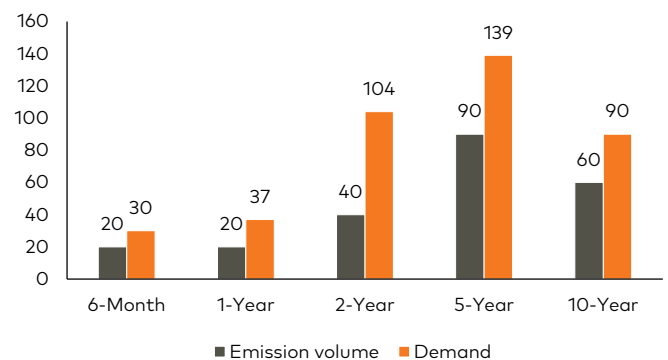
Source: MoF
*As of July 2023

T-bills / T-notes, yield curve



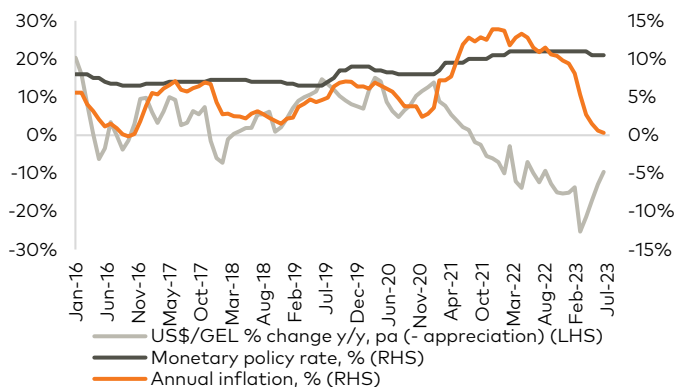
Source: NBG

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



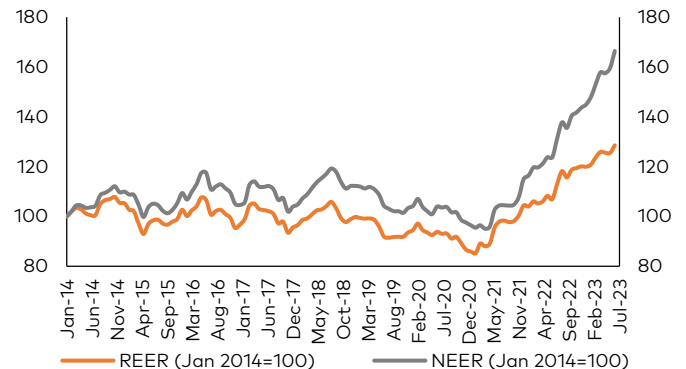
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal and real effective exchange rates



Source: NBG

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

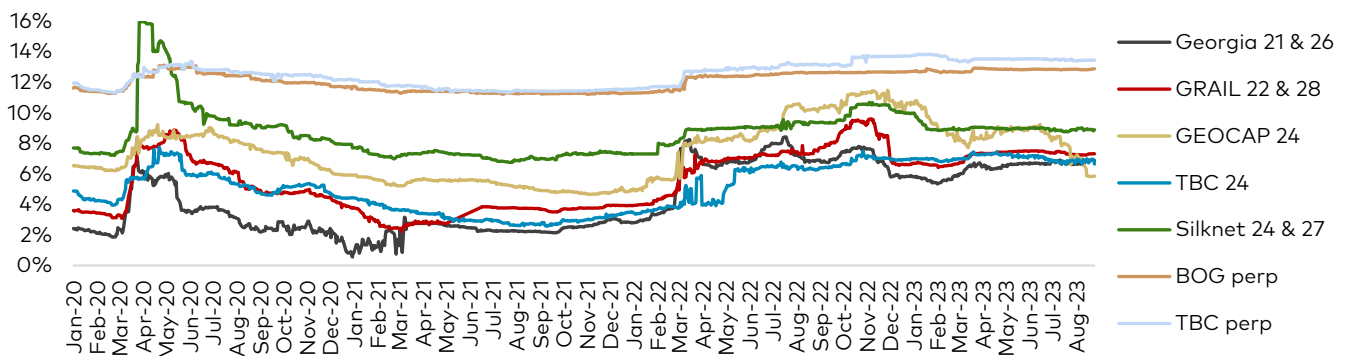
Fixed income

Corporate Eurobonds: Georgia Capital Eurobonds (GEOCAP) were trading at 100.13 (-0.02% w/w), yielding 5.86%.

Georgian Railway Eurobonds (GRAIL) traded at 86.76 (+0.04% w/w), yielding 7.32%.

Georgian Sovereign Eurobonds (GEORG) closed at 90.18 (+0.15% w/w) at 6.87% 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	90.18	6.87	220.13
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	86.76	7.32	306.22
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.01	12.88	683.23
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	100.13	5.86	-46.30
SILKNET 01/27	USD	300	8.375%	Jan-27	BB-/-/B1	98.51	8.89	437.65
TBC 06/24	USD	300	5.750%	Jun-24	BB-/-/Ba2	99.30	6.65	109.97
TBC PERP	USD	125	10.775%	n/a	B-/-/-	97.04	13.45	832.93

Source: Bloomberg



Fixed income

Georgian local bonds performance

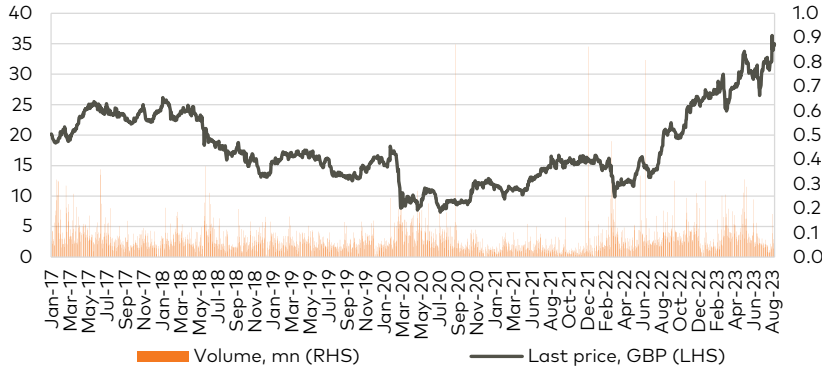
Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %	Z-spread, bps
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-27	-/-/-	n/a	n/a	n/a
Energy Development Georgia	USD	10	8.50%	Jun-25	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	Ref rate + 3.10%	Nov-24	-/-/BB	n/a	n/a	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	-/-/-	99.98	9.00	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.93	6.88	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-24	-/-/B+	99.68	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	-/-/-	99.99	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-	99.59	8.75	n/a
Tegeta Motors	EUR	5	7.00%	Apr-25	-/-/BB-	99.59	7.25	n/a
Tegeta Motors	GEL	20	TIBR6M + 3.50%	Dec-25	-/-/BB-	n/a	n/a	n/a
Georgia Capital	USD	150	8.5%	Aug-28	-/BB-/	99.99	8.50	n/a

Source: Bloomberg



Equities

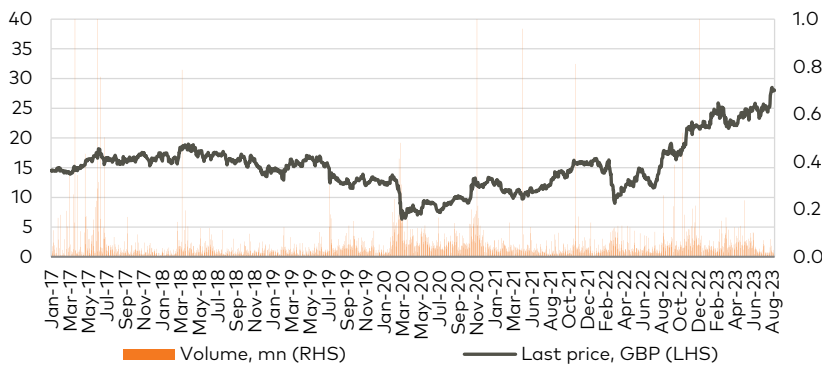
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 34.80/share (+2.35% w/w and +9.43% m/m). More than 229k shares traded in the range of GBP 33.05 - 35.85/share. Average daily traded volume was 47k in the last 4 weeks. The volume of BGEO shares traded was at 0.50% of its capitalization.

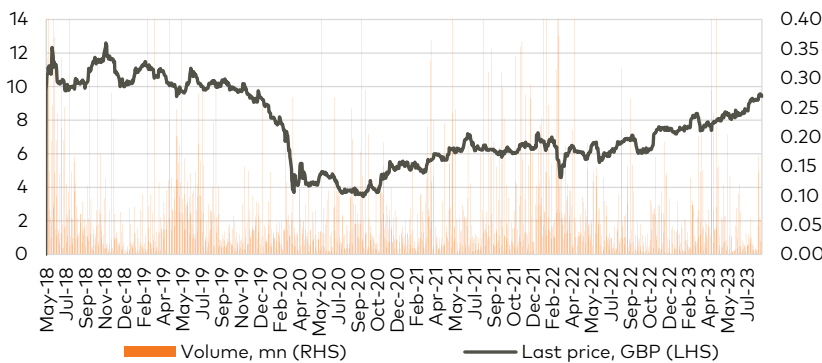
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.00/share (-0.53% w/w and +11.33% m/m). More than 92k shares changed hands in the range of GBP 27.65 - 28.75/share. Average daily traded volume was 23k in the last 4 weeks. The volume of TBCG shares traded was at 0.17% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 9.42/share (-0.84% w/w and +3.06% m/m). More than 112k shares traded in the range of GBP 9.40 - 9.61/share. Average daily traded volume was 32k in the last 4 weeks. The volume of CGEO shares traded was at 0.26% 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	34.80	1,598	26.3%	70.6%	33.6%	2.74x	4.25x	4.30x	0.90x	1.01x	0.86x
TBC	TBC	GBP	28.00	1,544	19.4%	58.0%	23.3%	4.10x	4.82x	4.24x	1.04x	1.11x	0.95x
Halyk Bank	HSBK	USD	14.54	3,965	27.3%	31.0%	31.0%	2.69x	2.84x	2.54x	0.78x	0.76x	0.64x
Akbank	AKBNK	TRY	29.94	155,688	87.6%	149.9%	53.1%	1.40x	2.98x	3.17x	0.55x	0.79x	0.71x
Garanti	GARAN	TRY	53.15	223,230	139.0%	106.3%	76.9%	1.91x	3.69x	4.14x	0.73x	1.19x	0.98x
Isbank	ISCTR	TRY	18.68	186,799	72.8%	138.3%	46.3%	0.84x	3.14x	2.92x	0.60x	0.79x	0.65x
PKO	PKO	PLN	37.13	46,413	21.3%	51.7%	22.6%	10.98x	7.56x	7.04x	1.03x	1.07x	1.00x
PEKAO	PEO	PLN	106.40	27,927	20.7%	53.1%	23.0%	na	5.48x	6.07x	na	1.02x	0.94x
Millennium	MIL	PLN	5.79	7,018	29.7%	50.4%	26.3%	na	2.25x	2.96x	1.04x	1.02x	0.93x
Mbank	MBK	PLN	413.80	17,572	30.3%	78.4%	39.8%	na	6.55x	5.31x	1.10x	1.14x	0.98x
BRD	BRD	RON	14.16	9,868	7.6%	2.5%	8.9%	6.81x	6.66x	7.27x	1.31x	1.26x	1.21x
Banca Transilvania	TLV	RON	20.40	16,293	17.2%	14.5%	15.6%	na	6.82x	6.55x	1.60x	1.43x	1.28x
Komercni	KOMB	CZK	711.00	135,125	-4.2%	20.4%	8.5%	8.36x	8.56x	8.92x	1.21x	1.02x	1.01x
Mean								4.42x	5.05x	5.03x	0.99x	1.05x	0.94x
Median								2.74x	4.82x	4.30x	1.04x	1.02x	0.95x

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	9.42	413	15.6%	36.5%	29.0%	na	na	na	0.38x	na	na
Tinc Comm	TINC	EUR	11.90	433	-3.3%	-11.9%	-4.8%	18.33x	na	na	0.99x	na	na
Sabancı Holding	SAHOL	TRY	59.50	121,404	46.6%	128.8%	32.0%	1.77x	3.46x	3.06x	0.77x	0.70x	0.58x
Deutsche Beteiligungs	DBAN	EUR	31.30	589	0.8%	10.6%	12.2%	na	5.47x	5.78x	1.00x	0.88x	0.79x
Eurazeo	RF	EUR	52.75	4,179	-16.7%	-14.8%	-9.2%	8.89x	8.37x	7.13x	0.78x	0.53x	0.43x
Carlyle Group	CG	USD	29.67	10,742	-14.5%	-14.4%	-0.6%	8.50x	9.74x	7.33x	1.70x	3.00x	2.05x
Wendel SE	MF	EUR	82.80	3,677	-18.7%	0.1%	-5.0%	6.63x	6.76x	6.66x	na	1.14x	1.02x
HgCapital Trust	HGT	GBP	3.67	1,678	2.5%	-1.5%	4.6%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.12	659	-6.1%	-4.9%	-5.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.47	794	-1.8%	9.6%	6.6%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	10.80	747	14.6%	-5.7%	28.0%	na	na	na	0.65x	na	na
Symphony International Holding	SIHL	USD	0.40	205	-0.5%	-12.1%	-10.9%	na	na	na	0.47x	na	na
Mean								8.82x	6.76x	5.99x	0.84x	1.25x	0.98x
Median								8.50x	6.76x	6.66x	0.78x	0.88x	0.79x

Source: Bloomberg, S&P Capital IQ

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