



Economy

Loan portfolio growth slowed to 16.3% y/y in Jul-22

In Jul-22, the banking sector loan portfolio growth slowed to 16.3% y/y (-0.4% m/m), excluding FX effect, after a 18.7% y/y growth in previous month. In unadjusted terms, loan portfolio growth was 6.3% y/y (-3.6% m/m) to GEL 42.1bn (US\$ 15.2bn), after growing by 11.3% in June. The slowdown was mainly driven by corporate loan sector growing by 13.2% y/y (+16.9% y/y in previous month, exc. FX effect), while retail loans growth came in at 19.2% y/y (+20.4% y/y in previous month). The mortgages increased by 14.3% y/y in July after growing by 14.2% y/y in previous month. In Jul-22, loan dollarization reduced markedly to 45.8% (-6.15ppts y/y and -2.57ppts m/m) and NPLs stood at 2.0% (-0.30ppts y/y and +0.08ppts m/m).

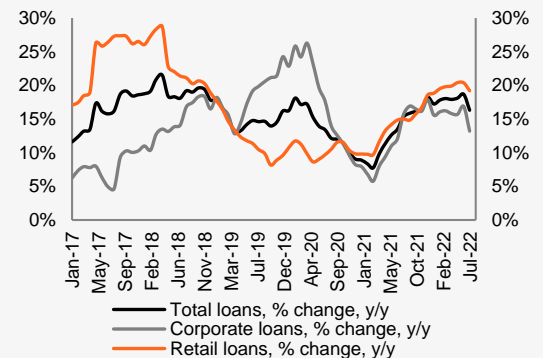
Contrary to loans, deposits growth accelerated further to 20.5% y/y (+5.0% m/m, exc. FX effect) to GEL 38.8bn (US\$ 14.0bn) in Jul-22, after a 17.4% y/y growth in previous month. By currency, in July, both GEL and FX (exc. FX effect) deposits growth accelerated, increasing by 18.9% y/y (from 16.6% y/y growth in previous month), and 21.6% y/y (from 17.9% y/y growth in previous month), respectively. The deposit dollarization reduced to 56.9% (-3.10ppts y/y and -1.02ppts m/m).

Key macro indicators

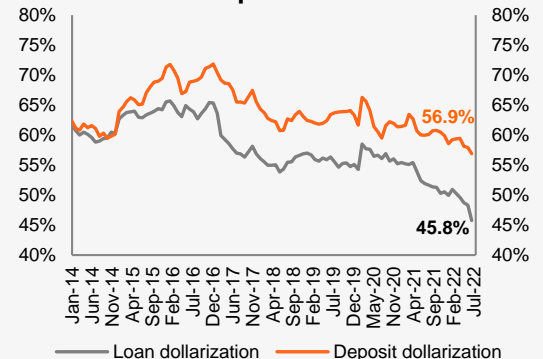
	2020	2021
Real GDP growth (% change)	-6.8%	10.4%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,015
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.5%	10.1%
Fiscal deficit (% of GDP)	9.3%	6.3%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Banking sector loan growth (exc. FX effect)



Loan and deposit dollarization



Money market

Ministry of Finance T-bills / T-notes:

5-year GEL 90.0mn (US\$ 32.3mn) Benchmark bonds were sold at the auction held at NBG on August 23, 2022. Total demand was c.2.6x higher and the weighted average yield was fixed at 9.683%, down by 0.149ppts from previous auction held in July 2022.

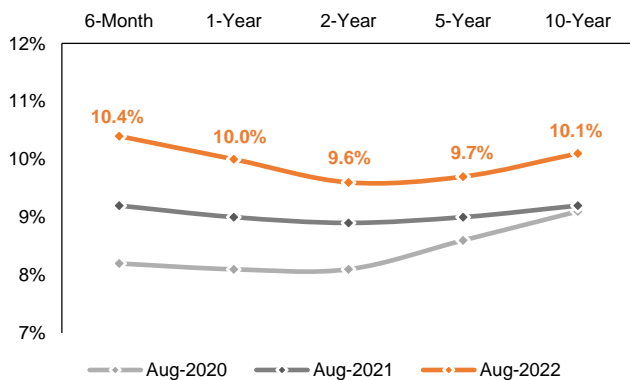
The nearest treasury security auction is scheduled for September 6, 2022, where GEL 20.0mn nominal value 6-month T-bills and GEL 80.0mn nominal value 2-year Benchmark bonds will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	160	80	120
1-year	175	120	265
2-year	580	320	1,140
5-year	675	360	3,206
10-year	75	25	1,396
Total	1,665	905	6,127

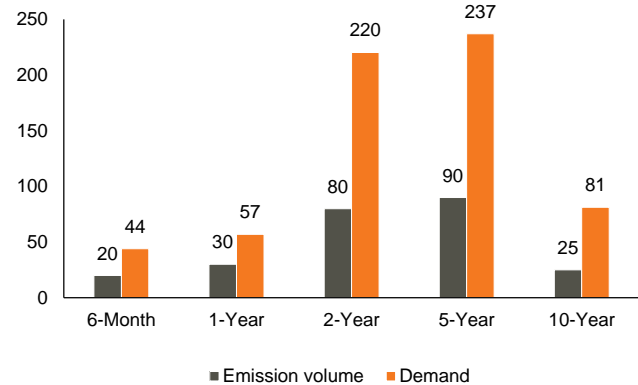
Source: MoF
*As of July 2022

T-bills / T-notes, yield curve



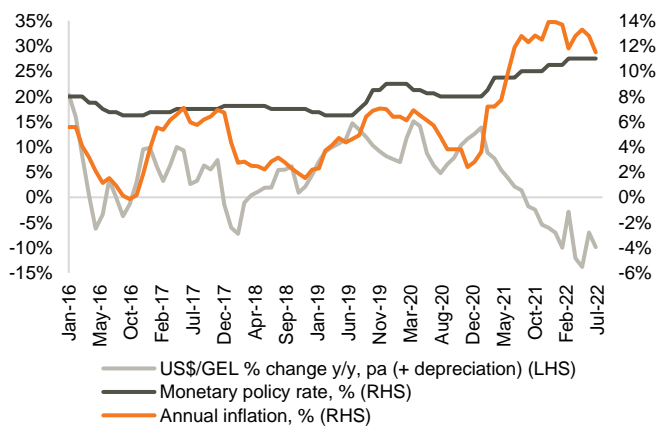
Source: NBG

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



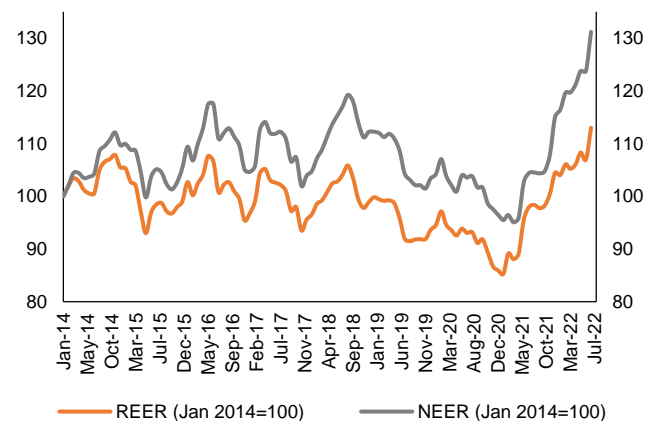
Source: NBG

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

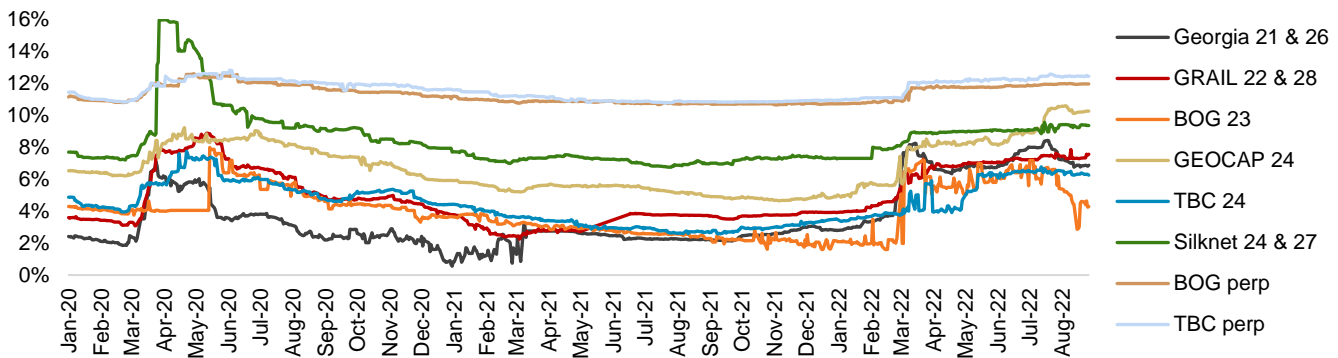
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 4.29% yield, trading at 101.50 (+0.26% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.30 (unchanged w/w), yielding 10.25%.

Georgian Railway Eurobonds (GRAIL) traded at 83.52 (-1.14% w/w), yielding 7.56%.

Georgian Sovereign Eurobonds (GEORG) closed at 86.90 (-0.06% w/w) at 6.88% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

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	86.90	6.88	360.97
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	83.52	7.56	450.42
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	101.50	4.29	74.47
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-	99.50	11.96	783.00
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	94.30	10.25	661.91
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	96.50	9.36	616.30
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	99.16	6.25	265.80
TBC PERP	USD	125	10.775%	n/a	B-/-	97.05	12.44	886.04

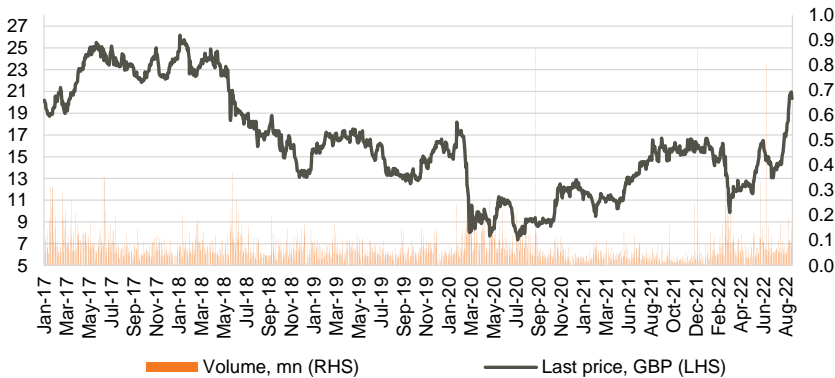
Georgian local bonds performance

Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.97	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.81	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.88	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.90	4.83	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.46	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.48	7.13	n/a
Geo. Beer Company	GEL	25	14.50%	Dec-23	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	13.60%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.96%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora	GEL	28	14.31%	Oct-22	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.89%	Mar-23	-/-/-	n/a	n/a	n/a

Source: Bloomberg

Equities

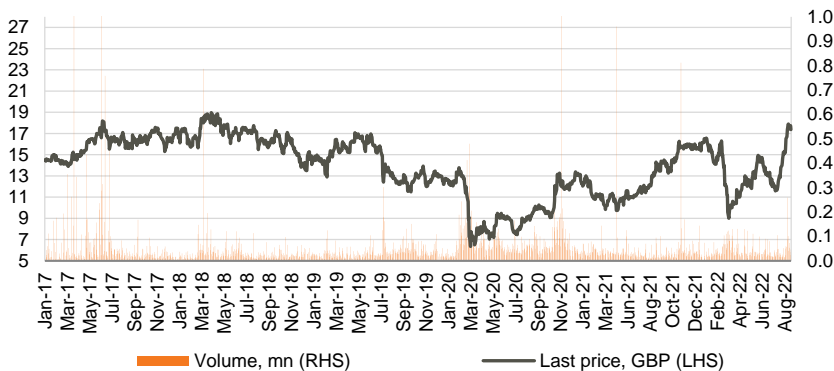
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 20.35/share (-1.45% w/w and +42.51% m/m). More than 492k shares traded in the range of GBP 20.15 - 21.25/share. Average daily traded volume was 82k in the last 4 weeks. The volume of BGEO shares traded was at 1.00% of its capitalization.

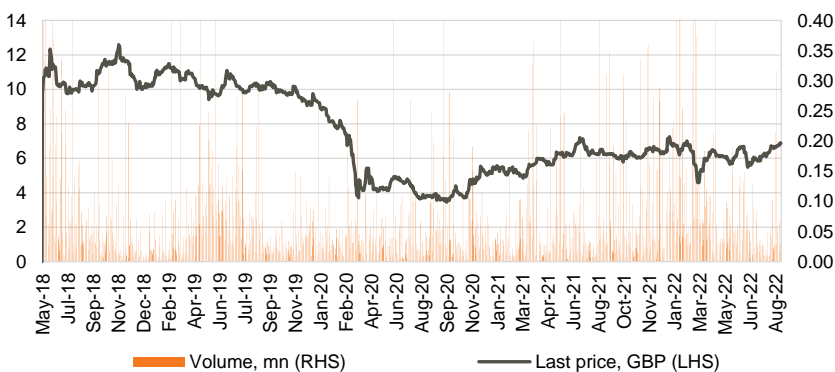
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 17.36/share (-3.02% w/w and +33.33% m/m). More than 232k shares changed hands in the range of GBP 17.06 - 18.00/share. Average daily traded volume was 53k in the last 4 weeks. The volume of TBCG shares traded was at 0.42% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.88/share (+1.93% w/w and +12.97% m/m). More than 209k shares traded in the range of GBP 6.70 - 6.95/share. Average daily traded volume was 60k in the last 4 weeks. The volume of CGEO shares traded was at 0.45% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	20.35	1,001	51.4%	28.1%	22.0%	5.82x	4.53x	4.46x	1.30x	1.03x	0.94x
TBC	TBC	GBP	17.36	958	42.3%	27.6%	5.2%	5.03x	4.29x	4.00x	1.09x	0.87x	0.75x
Halyk Bank	HSBK	USD	10.70	2,918	-1.8%	-37.4%	-35.2%	2.74x	2.57x	3.17x	0.81x	0.78x	0.67x
Akbank	AKBNK	TRY	11.98	62,296	67.1%	110.5%	66.4%	4.96x	1.74x	2.93x	0.79x	0.71x	0.67x
Garanti	GARAN	TRY	25.00	105,000	119.7%	164.8%	121.8%	7.54x	3.37x	4.57x	1.27x	1.14x	1.04x
Isbank	ISCTR	TRY	7.73	34,785	116.9%	206.7%	138.9%	2.48x	1.05x	1.40x	0.86x	0.81x	0.69x
PKO	PKO	PLN	23.56	29,450	-42.1%	-41.6%	-47.6%	6.09x	7.00x	5.58x	0.79x	1.03x	0.84x
PEKAO	PEO	PLN	67.14	17,622	-43.4%	-35.3%	-45.0%	8.16x	10.19x	5.61x	0.74x	0.91x	0.79x
Millennium	MIL	PLN	3.72	4,510	-49.3%	-41.9%	-54.6%	na	11.56x	3.13x	0.68x	1.14x	0.77x
Mbank	MBK	PLN	227.00	9,621	-41.7%	-36.2%	-47.6%	na	3.40x	4.16x	0.71x	0.84x	0.76x
BRD	BRD	RON	14.08	9,812	-30.5%	-23.5%	-20.5%	7.47x	8.26x	7.68x	1.00x	1.31x	1.24x
Banca Transilvania	TLV	RON	20.25	127,807	-13.3%	-16.7%	-12.0%	na	na	na	1.41x	1.46x	1.38x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	13.37x	11.26x	0.65x	0.77x	0.72x
Komercni	KOMB	CZK	604.00	114,790	-33.0%	-26.4%	-35.4%	9.19x	7.96x	8.46x	0.94x	1.05x	1.00x
Mean								6.20x	6.10x	5.11x	0.93x	0.99x	0.88x
Median								6.09x	4.53x	4.46x	0.83x	0.97x	0.78x

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		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	6.88	321	21.8%	10.6%	-3.5%	1.95x	na	na	0.44x	na	na
Tinc Comm	TINC	EUR	13.60	495	3.5%	7.4%	1.2%	15.21x	na	na	1.03x	na	na
Sabanci Holding	SAHOL	TRY	25.44	51,908	63.5%	147.2%	92.3%	4.17x	5.87x	5.51x	0.97x	0.93x	0.74x
Deutsche Beteiligungs	DBAN	EUR	27.75	522	-19.1%	-24.9%	-30.4%	2.76x	na	9.16x	0.73x	1.07x	0.99x
Eurazeo	RF	EUR	61.25	4,853	-10.4%	-29.6%	-20.2%	3.07x	na	na	0.76x	0.76x	0.72x
Carlyle Group	CG	USD	33.09	11,791	-29.8%	-32.4%	-39.7%	3.96x	8.02x	7.17x	2.23x	2.62x	2.63x
Wendel SE	MF	EUR	80.40	3,598	-11.0%	-33.9%	-23.7%	3.42x	7.58x	7.48x	1.34x	1.43x	1.25x
HgCapital Trust	HGT	GBP	3.75	1,705	-10.4%	-7.1%	-10.9%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.00	698	-0.9%	2.9%	-13.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.07	727	5.7%	15.6%	-2.7%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	11.30	781	-14.1%	-15.4%	-21.8%	4.37x	na	na	0.74x	na	na
Symphony International Holding	SIHL	USD	0.49	253	23.3%	20.2%	19.1%	2.07x	na	na	0.52x	na	na
Mean								4.55x	7.16x	7.33x	0.97x	1.36x	1.27x
Median								3.42x	7.58x	7.33x	0.76x	1.07x	0.99x

Source: Bloomberg, S&P Capital IQ

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