



Economy

Exports increased by 42.7% in November 2021

In November 2021, both exports and imports hit all-time high monthly figure of US\$ 429.8mn (up 42.7% y/y and up 23.7% vs. Nov-19) and US\$ 1.0bn (up 40.6% y/y and up 23.9% vs Nov-19), respectively. As a result, the trade deficit growth accelerated to 39.0% y/y to US\$ 584.1mn (up 24.0% vs. Nov-19), after a 19.8% y/y growth in previous month.

Overall, in 11M21, trade deficit was up 23.0% y/y (up 0.8% vs 11M19) to US\$ 5.2bn, as exports increased by 26.7%y/y (up 12.3% vs 11M19), while imports were up by 24.5% y/y (up 5.4% vs 11M19).

Money transfers increased by 22.0% y/y in November 2021

Money transfers increased by 22.0% y/y to US\$ 207.3mn in November 2021, according to NBG, after growing by 13.7% y/y in previous month. Notably, remittances were also up by 37.3% compared to November 2019 level. From major remitting countries, money transfers increased strongly from Italy (+26.6% y/y, 15.5% of total), USA (+22.1% y/y, 11.6% of total), Germany (+45.0% y/y, 5.2% of total), Israel (+23.7% y/y, 8.2% of total), Russia (+8.0% y/y, 16.6% of total) and Greece (+3.6% y/y, 9.1% of total). Meanwhile, from major remitting countries, money transfers declined from Turkey (-7.9% y/y) and Ukraine (-21.8% y/y). Overall, in 11M21 remittances stood at US\$ 2.1bn, up 25.7% y/y and up 35.8% vs. 11M19.

Tourism revenues at 55.0% of 2019 level in November 2021

Recovery in tourism strengthened in November 2021, with tourist arrivals (overnight stays) recovering to 44.7% of Nov-19 level, up from an average 40.9% recovery during Sep-Oct 2021. Notably, tourism revenues recovered faster, hitting 55.0% of Nov-2019 level. Meanwhile, same-day arrivals, accounting for c.30% of total international arrivals pre-Covid, remained weak, accounting for 7.4% of Nov-19 level. That said, 166.6 thousand international visitors (up 267.2% y/y, tourists and same-day arrivals combined) traveled to Georgia in Nov-21, with most visitors from Turkey (19.6% of total), followed by Russia (14.1% of total), and Armenia (11.6% of total). Most visitors traveled to Georgia via air (52.5% of total), followed by land (46.6% of total). Overall, in 11M21, international arrivals stood at 1.6mn persons (+6.6% y/y, 21.7% of 2019 level) and tourism revenues reached US\$ 1.1bn (+112.3% y/y, 36.7% of 2019 level).

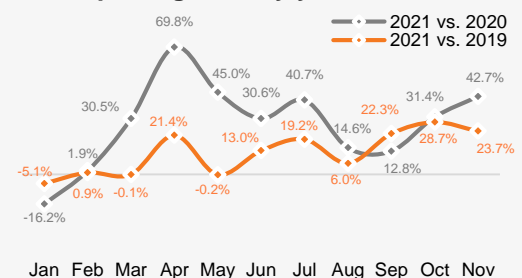
Key macro indicators

| | 2019 | 2020 |
|-----------------------------|------------|--------|
| Real GDP growth (% change) | 5.0% | -6.8% |
| GDP per capita (ppp) | 15,634 | 14,918 |
| GDP per capita (US\$) | 4,696 | 4,256 |
| Population (mn) | 3.7 | 3.7 |
| Inflation (eop) | 7.0% | 2.4% |
| Gross reserves (US\$ bn) | 3.5 | 3.9 |
| CAD (% of GDP) | 5.5% | 12.4% |
| Fiscal deficit (% of GDP) | 2.1% | 9.3% |
| Total public debt (% of DP) | 40.4% | 60.2% |
| Fitch/S&P/Moody's* | BB/BB/Baa2 | |

Source: Official data, Rating agencies, Galt & Taggart

*Latest sovereign credit ratings

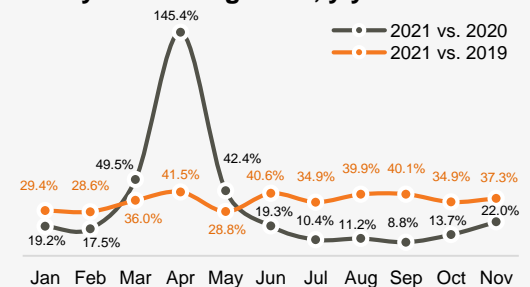
Exports growth, y/y and vs 2019



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

Source: Geostat

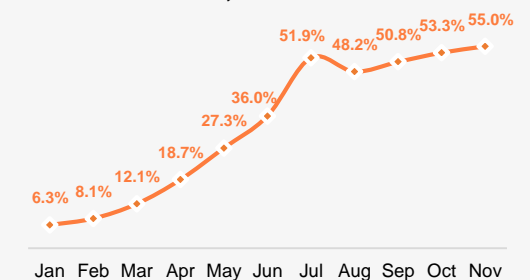
Money transfers growth, y/y and vs 2019



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

Source: NBG

Tourism revenues, 2021 as % of 2019 level



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

Source: NBG

Money market

Ministry of Finance T-Bills:

1-year GEL 30.0mn (US\$ 9.7mn) T-Bills were sold at the auction held at NBG on December 14, 2021. Total demand was c.2.0x higher and the weighted average yield was fixed at 9.963%, up by 0.919ppts from previous auction held in November, 2021.

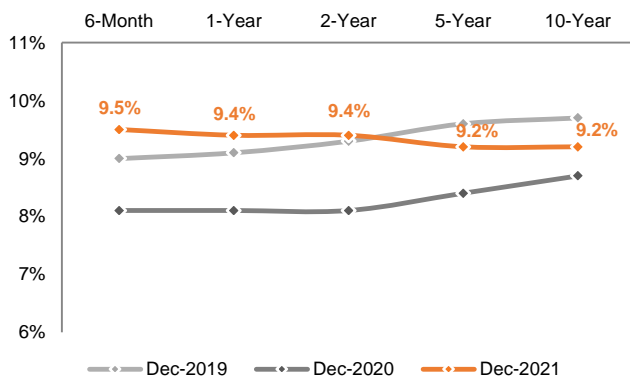
The nearest treasury security auction is scheduled for December 28, 2021, where GEL 85.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2021

| Maturity | YTD placements, GEL mn | Remaining placements, GEL mn | Outstanding amount, GEL mn* |
|--------------|------------------------|------------------------------|-----------------------------|
| 6-month | 165 | 0 | 100 |
| 1-year | 195 | 0 | 215 |
| 2-year | 290 | 0 | 1,080 |
| 5-year | 514 | 85 | 2,624 |
| 10-year | 94 | 0 | 1,331 |
| Total | 1,258 | 85 | 5,350 |

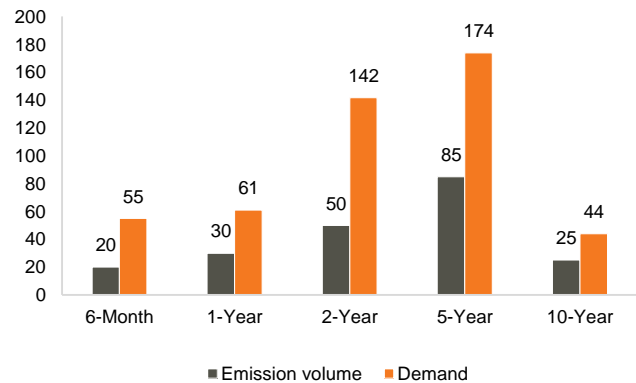
Source: MoF
 * As of 30 November 2021

T-bills / T-notes, yield curve



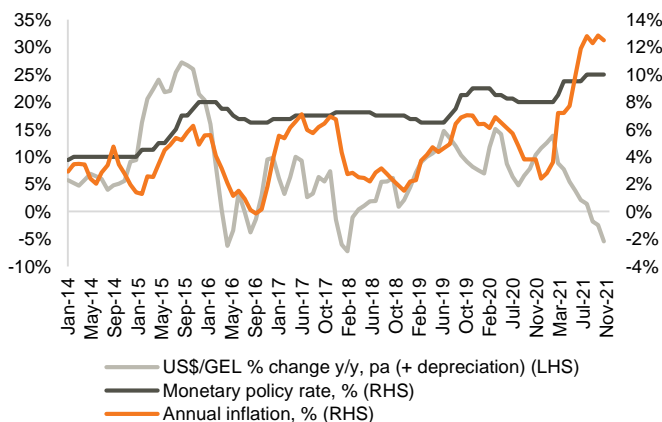
Source: NBG

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



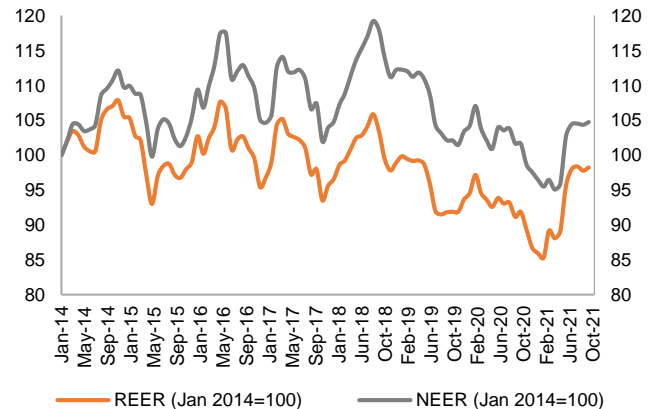
Source: NBG

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

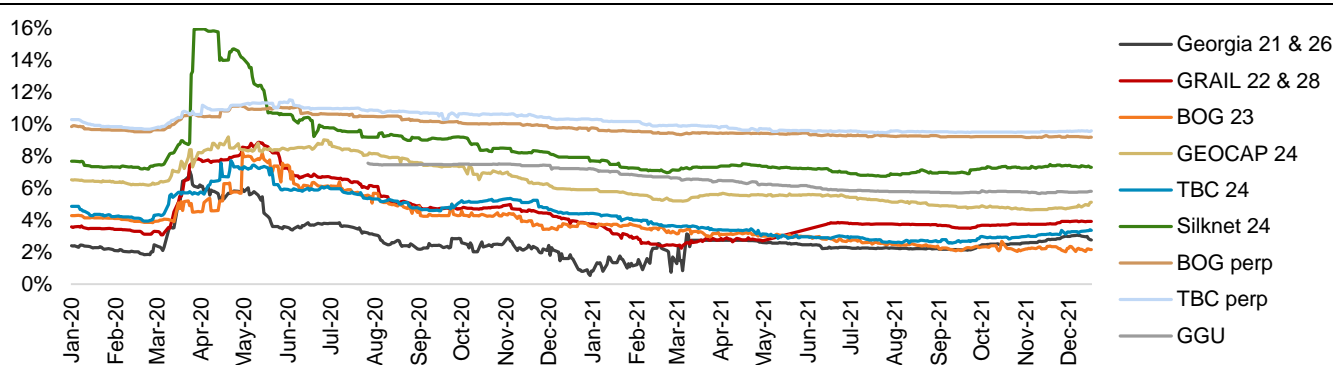
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.17% yield, trading at 105.98 (-0.03% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.06 (-0.61% w/w), yielding 5.13%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 100.42 (+0.14% w/w), yielding 3.93%.

Georgian Sovereign Eurobonds (GEORG) closed at 99.87 (+0.92% w/w) at 2.78% 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 | 99.87 | 2.78 | 180.99 |
| GRAIL 06/28 | USD | 500 | 4.000% | Jun-28 | BB-/B+/- | 100.42 | 3.93 | 286.60 |
| GEBGG 07/23 | USD | 350 | 6.000% | Jul-23 | BB-/B+/- | 105.98 | 2.17 | 163.99 |
| GEBGG 11 1/8 PERP | USD | 100 | 11.125% | n/a | B-/B- | 110.91 | 9.20 | 561.28 |
| GEOCAP 03/24 | USD | 300 | 6.125% | Mar-24 | -B/B2 | 102.06 | 5.13 | 442.11 |
| SILKNET 04/24 | USD | 200 | 11.000% | Apr-24 | B-/B1 | 107.58 | 7.32 | 318.85 |
| TBC 06/24 | USD | 300 | 5.750% | Jun-24 | BB-/B+/- | 105.65 | 3.37 | 260.15 |
| TBC PERP | USD | 125 | 10.775% | n/a | B-/B- | 109.62 | 9.60 | 610.42 |
| GGU 07/25 | USD | 250 | 7.750% | Jul-25 | B+/B- | 106.22 | 5.81 | 347.87 |

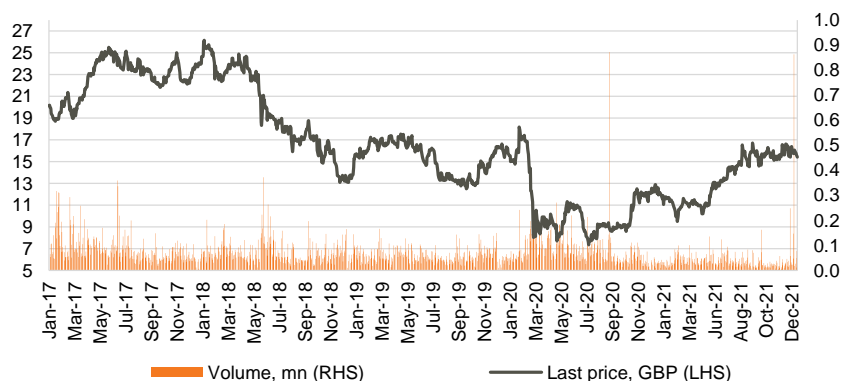
Georgian local bonds performance

| | | | | | | | | |
|----------------------|-----|----|--------|--------|---------|--------|------|-----|
| KTW 12/22 | USD | 10 | 9.00% | Dec-22 | -/-/- | n/a | n/a | n/a |
| Nikora Trade | GEL | 35 | 13.50% | Nov-24 | -/-/- | n/a | n/a | 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+/B1/- | n/a | n/a | n/a |
| Geo. Beer Company | GEL | 25 | 13.00% | Dec-23 | -/-/BB- | n/a | n/a | n/a |
| Tegeta 04/22 | GEL | 30 | 10.75% | Apr-22 | -/-/BB- | n/a | n/a | n/a |
| EVEX 11/24 | GEL | 50 | 12.10% | Nov-24 | -/-/BB | n/a | n/a | n/a |

Source: Bloomberg

Equities

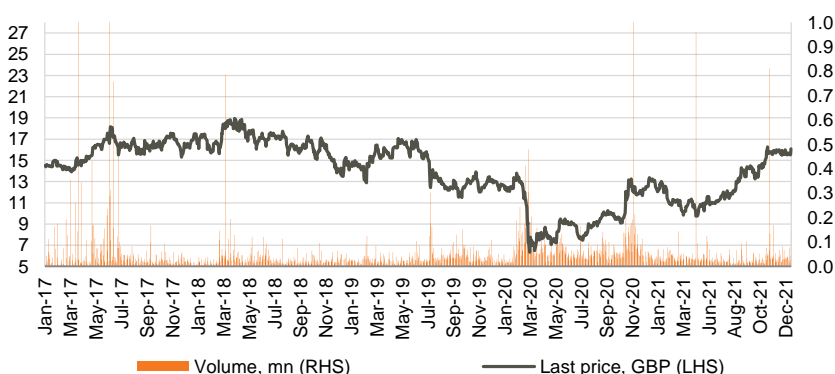
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 15.42/share (-3.99% w/w and -2.65% m/m). More than 186k shares traded in the range of GBP 15.42 - 16.14/share. Average daily traded volume was 91k in the last 4 weeks. The volume of BGEO shares traded was at 0.38% of its capitalization.

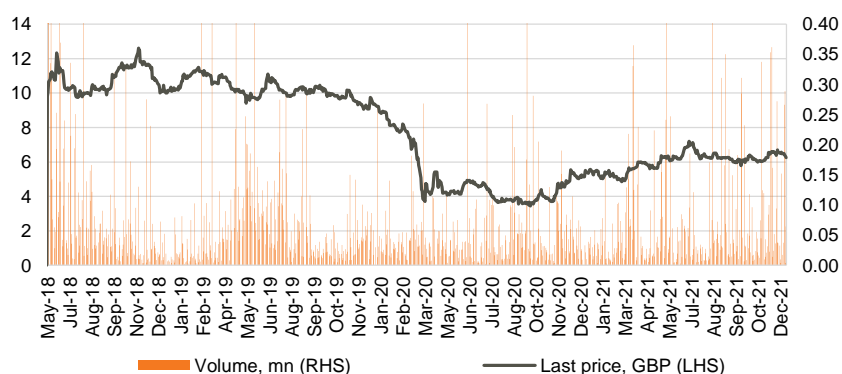
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 16.08/share (+2.55% w/w and +1.77% m/m). More than 305k shares changed hands in the range of GBP 15.44 - 16.14/share. Average daily traded volume was 43k in the last 4 weeks. The volume of TBCG shares traded was at 0.55% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.26/share (-3.40% w/w and -4.43% m/m). More than 661k shares traded in the range of GBP 6.26 - 6.60/share. Average daily traded volume was 98k in the last 4 weeks. The volume of CGEO shares traded was at 1.39% 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 | |
|--------------------|--------|----------|-------------|----------|--------|---------|---------|--------------|--------------|--------------|--------------|
| | | | | | | | | 2020F | 2021F | 2020F | 2021F |
| Bank of Georgia | BGEO | GBP | 15.42 | 758 | 16.8% | 27.0% | 26.4% | 4.46x | 4.70x | 1.02x | 0.93x |
| TBC | TBC | GBP | 16.08 | 887 | 45.7% | 32.7% | 28.6% | 4.90x | 4.99x | 1.01x | 0.90x |
| Halyk Bank | HSBK | US\$ | 15.82 | 85,349 | -8.8% | 1.3% | 8.9% | 5.24x | 5.08x | 1.09x | 0.98x |
| Sberbank | SBER | USD | 16.30 | 4,790 | 5.2% | 43.6% | 39.9% | 4.70x | 4.50x | 1.20x | 1.08x |
| VTB Bank | VTBR | US\$ | 1.23 | 7,971 | -9.3% | 22.0% | 28.9% | 2.29x | 2.35x | 0.44x | 0.34x |
| Akbank | AKBNK | TRY | 7.40 | 38,480 | 40.7% | 15.6% | 6.8% | 3.99x | 3.19x | 0.53x | 0.46x |
| Garanti | GARAN | TRY | 11.63 | 48,846 | 42.0% | 19.0% | 12.2% | 3.92x | 3.33x | 0.65x | 0.56x |
| Isbank | ISCTR | TRY | 8.01 | 36,045 | 55.5% | 19.6% | 14.4% | 3.74x | 2.80x | 0.48x | 0.41x |
| PKO | PKO | PLN | 41.95 | 52,438 | 4.0% | 47.3% | 46.1% | 11.00x | 9.87x | 1.23x | 1.14x |
| PEKAO | PEO | PLN | 113.80 | 29,869 | 15.1% | 88.7% | 86.3% | 14.21x | 11.23x | 1.15x | 1.09x |
| Millennium | MIL | PLN | 7.56 | 9,171 | 59.2% | 137.9% | 131.2% | 9.71x | 10.92x | 1.19x | 1.08x |
| Mbank | MBK | PLN | 399.20 | 16,914 | 33.5% | 124.8% | 122.8% | 14.48x | 12.13x | 1.01x | 0.94x |
| BRD | BRD | RON | 16.64 | 11,596 | -1.1% | 13.8% | 12.0% | 10.28x | 9.55x | 1.22x | 1.23x |
| Banca Transilvania | TLV | RON | 2.54 | 16,031 | 1.1% | 22.8% | 24.2% | 8.61x | 8.42x | 1.47x | 1.37x |
| OTP | OTPD | USD | 22.00 | 12,320 | 0.0% | -3.5% | -3.5% | 8.16x | 7.44x | 0.67x | 0.58x |
| Komerční | KOMB | CZK | 888.00 | 168,764 | 14.4% | 38.3% | 35.2% | 13.93x | 12.67x | 1.37x | 1.38x |
| Mean | | | | | | | | 7.73x | 7.07x | 0.98x | 0.90x |
| Median | | | | | | | | 6.70x | 6.26x | 1.05x | 0.96x |

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 | |
|-----------------------|--------|----------|-------------|----------|--------|---------|---------|--------------|--------------|--------------|--------------|
| | | | | | | | | 2020F | 2021F | 2020F | 2021F |
| Georgia Capital | CGEO | GBP | 6.26 | 297 | -1.1% | 24.0% | 15.9% | na | na | na | na |
| Tinc Comm | TINC | EUR | 13.42 | 488 | 6.5% | 5.3% | 3.6% | na | na | na | na |
| Sabancı Holding | SAHOL | TRY | 15.08 | 30,769 | 66.4% | 43.8% | 31.6% | 5.06x | 4.19x | 0.67x | 0.55x |
| Deutsche Beteiligungs | DBAN | EUR | 38.90 | 732 | 9.7% | 21.7% | 24.9% | 3.96x | 10.29x | 1.04x | 1.03x |
| Eurazeo | RF | EUR | 73.20 | 5,799 | -0.3% | 27.9% | 31.9% | 8.57x | 9.61x | 0.95x | 0.87x |
| Carlyle Group | CG | USD | 51.67 | 18,315 | 15.3% | 65.9% | 64.3% | 12.63x | 12.74x | 5.26x | 4.70x |
| Mean | | | | | | | | 7.55x | 9.21x | 1.98x | 1.79x |
| Median | | | | | | | | 6.81x | 9.95x | 0.99x | 0.95x |

Source: Bloomberg, S&P Capital IQ

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