

Weekly Market Watch

Weekly Market Watch | Georgia
May 31, 2021

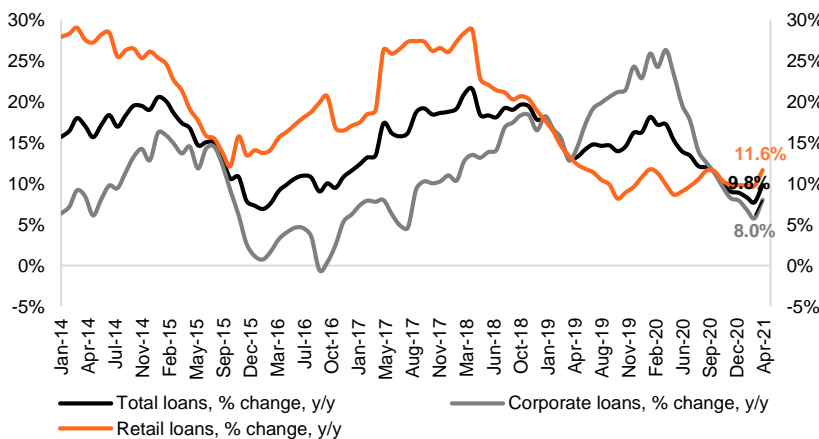
Economy

Bank loan growth accelerated in April 2021

In April 2021, the banking sector loan portfolio growth accelerated to 9.8% y/y (+1.4% m/m), excluding FX effect, after a 7.7% y/y growth in previous month. In unadjusted terms, loan portfolio was up 17.4% y/y (+2.9% m/m), amounting to GEL 40.1bn (US\$ 11.6bn). By sector, loan growth accelerated in both corporate and retail segments to 8.0% y/y and 11.6% y/y, respectively (exc. FX effect) in April. Notably, newly issued mortgages surged by 1,563% y/y, bringing mortgages stock growth to 11.3% y/y, after growing 9.8% y/y in previous month (exc. FX effect). In April 2021, loan dollarization stood at 55.4% (-2.29ppts y/y and +0.32ppts m/m) and NPLs stood at 2.3% (flat y/y and -0.11ppts m/m).

Bank deposits increased by 22.1% y/y (-2.2% m/m, exc. FX effect) to GEL 35.6bn (US\$ 10.3bn) in April 2021, after growing 21.7% y/y in previous month. By currency, GEL deposit growth accelerated to 40.2% y/y, while FX deposit growth slowed to 12.6% y/y (exc. FX effect). The deposit dollarization stood at 62.7% (-2.94ppts y/y and -0.75ppts m/m).

Bank loan portfolio growth (exc. FX effect)



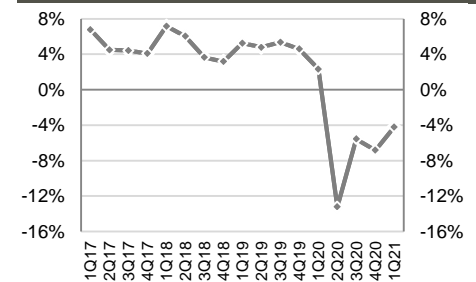
Source: NBS

Key macro indicators

	2018	2019	2020
GDP (% change)	4.8%	5.0%	-6.2%
GDP per capita (ppp)	14,584	15,613	14,918
GDP per capita (US\$)	4,722	4,696	4,275
Population (mn)	3.7	3.7	3.7
Inflation (eop)	1.5%	7.0%	2.4%
Gross reserves (US\$ bn)	3.3	3.5	3.9
CAD (% of GDP)	6.8%	5.5%	12.3%
Fiscal deficit (% of GDP)	2.3%	2.1%	9.3%
Total public debt (% of GDP)	38.9%	40.4%	60.0%

Source: Official data

Real GDP growth, %



Source: Geostat

International ranking, 2019-21

Ease of Doing Business # 7 (Top 10)
Economic Freedom Index # 12 (mostly free)
Global Competitiveness Index # 74

Source: World Bank, Heritage Foundation and World Economic Forum

Georgia sovereign credit ratings

 BB Negative Affirmed Feb-2021	 Ba2 Stable Affirmed Aug-2020	 BB Negative Affirmed Feb-2021
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Source: Rating agencies

Money market

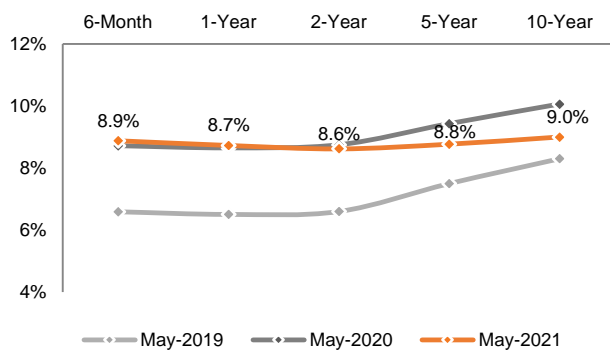
Ministry of Finance Benchmark Bonds: 5-year GEL 35.0mn (US\$ 10.6mn)
Benchmark bonds were sold at the auction held at NBG on May 25, 2021. Total demand was c.2.5x higher and the weighted average yield was fixed at 9.393%, up by 0.743ppts from previous auction held in April, 2021. The nearest treasury security auction is scheduled for June 1, 2021, where GEL 15.0mn nominal value 6-month T-bills and GEL 20.0mn nominal value 2-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	45	120	85
1-year	45	120	505
2-year	60	160	1,290
5-year	184	236	2,338
10-year	44	56	1,281
Total	378	692	5,499

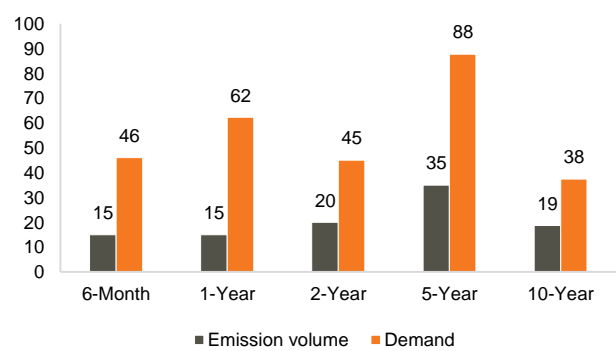
Source: MoF
Note: * As of 30 April 2021

T-bills / T-notes, yield curve



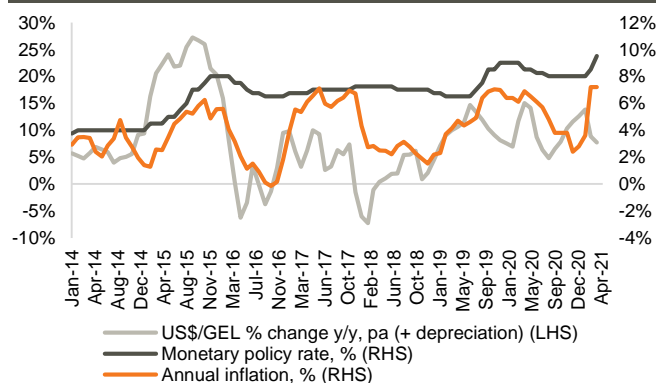
Source: NBG

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



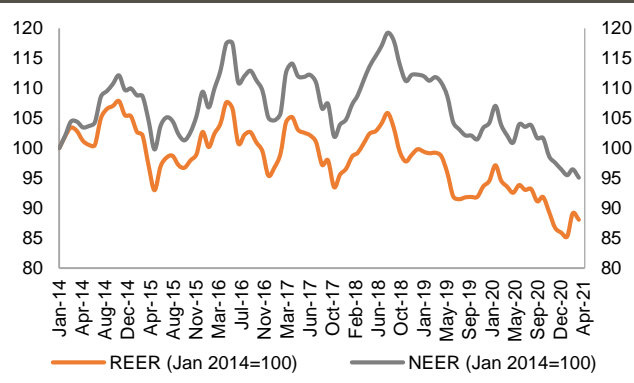
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



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



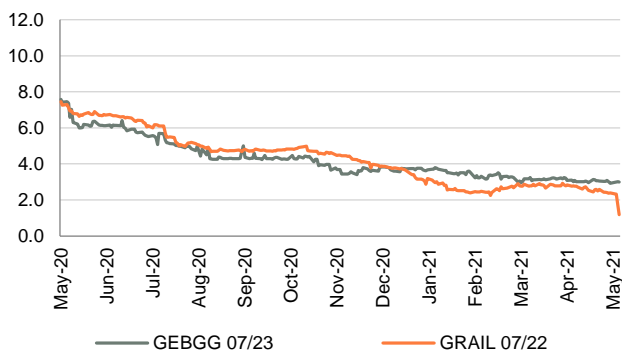
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.92% yield, trading at 106.37 (-0.05% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 101.35 (-0.03% w/w), yielding 5.59%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.27 (+1.26% w/w), yielding 1.13%.

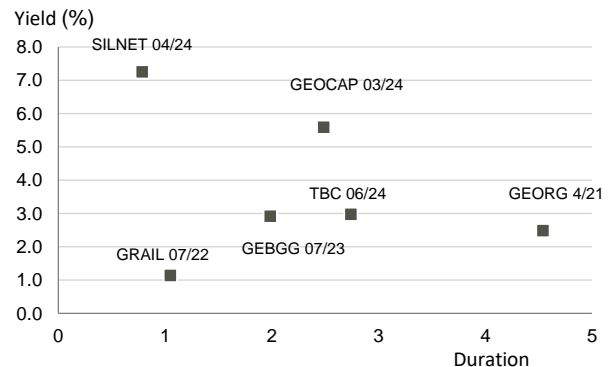
Georgian Sovereign Eurobonds (GEORG) closed at 101.22 (+0.23% w/w) at 2.48% yield to maturity.

Georgian Eurobonds, YTM (%)



Source: Bloomberg

Georgian Eurobond universe



Source: Bloomberg

Note: For Silknet duration calculation call date is taken as maturity.

Georgian bonds performance

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	101.22	2.48	164.37
GRAIL 07/22	USD	500	7.750%	Jul-22	BB-/B+/-	107.27	1.13	98.70
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.37	2.92	266.69
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	108.60	9.17	749.47
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	101.35	5.59	522.09
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	109.42	7.25	563.28
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	108.03	2.97	255.01
TBC PERP	USD	125	10.775%	n/a	B-/B-	109.58	9.28	699.69
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	105.70	6.17	530.50

Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
GWP 12/21	GEL	30	12.50%	Dec-21	BB-/B/-	n/a	n/a	n/a
M2CA 12/21	USD	30	7.50%	Dec-21	-/-/-	100.00	7.50	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 06/21	USD	5	6.50%	Jun-21	-/-/-	n/a	n/a	n/a
GLC 08/21	USD	10	7.50%	Aug-21	-/-/-	100.00	7.50	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
Nikora Trade 08/21	GEL	25	9.00%	Aug-21	-/-/B+	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
Lisi Lake Development	USD	12	8.00%	Dec-21	-/-/B+	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/BB-	n/a	n/a	n/a
Swiss Capital 09/21	GEL	10	14.25%	Sep-21	B-/B/-	100.00	14.25	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB-	n/a	n/a	n/a

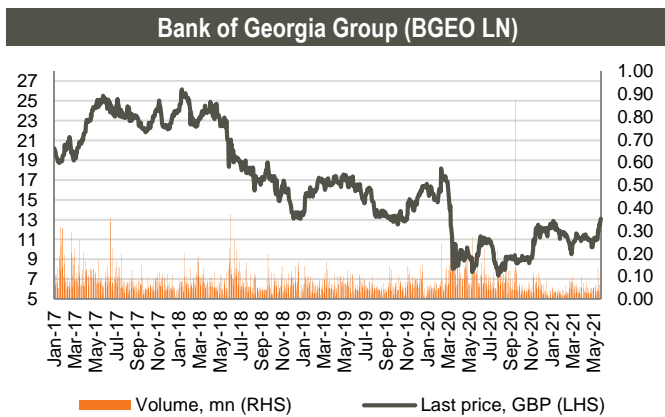
Source: Bloomberg

Equities

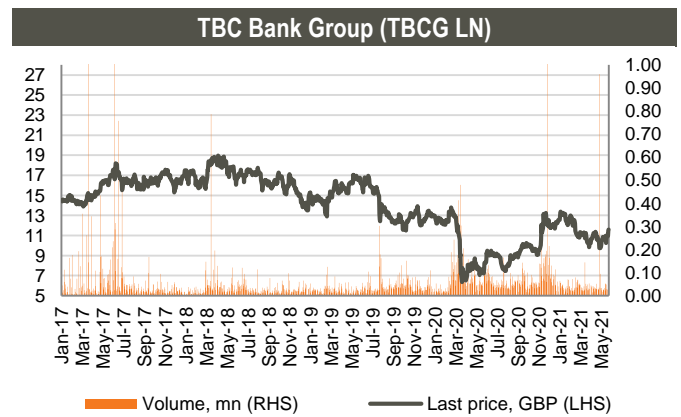
Bank of Georgia Group (BGEO LN) shares closed at GBP 13.10/share (+9.17% w/w and +21.07% m/m). More than 269k shares traded in the range of GBP 12.06 - 13.24/share. Average daily traded volume was 51k in the last 4 weeks. The volume of BGEO shares traded was at 0.55% of its capitalization.

Georgia Capital (CGEO LN) shares closed at GBP 6.10/share (-1.93% w/w and +8.35% m/m). More than 387k shares traded in the range of GBP 6.00 - 6.37/share. Average daily traded volume was 107k in the last 4 weeks. The volume of CGEO shares traded was at 0.81% of its capitalization.

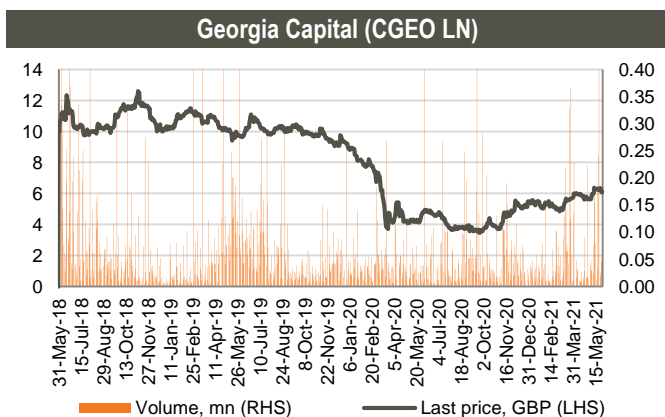
TBC Bank Group (TBCG LN) closed the week at GBP 11.60/share (+8.41% w/w and +11.32% m/m). More than 315k shares changed hands in the range of GBP 10.78 - 12.20/share. Average daily traded volume was 43k in the last 4 weeks. The volume of TBCG shares traded was at 0.57% of its capitalization.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



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	13.10	644	12.0%	37.6%	7.4%	9.56x	5.49x	1.15x	1.02x
TBC	TBC	GBP	11.60	640	-4.3%	40.9%	-7.2%	6.96x	5.05x	0.97x	0.85x
Sberbank	SBER	USD	16.88	91,070	24.4%	44.5%	16.2%	9.17x	6.70x	1.38x	1.29x
Halyk Bank	HSBK	USD	16.00	4,702	37.9%	53.8%	37.3%	6.42x	4.86x	1.31x	1.21x
VTB Bank	VTBR	USD	1.33	8,632	38.1%	34.8%	39.5%	8.93x	3.49x	0.46x	0.42x
Akbank	AKBNK	TRY	5.19	26,988	-18.7%	-8.3%	-25.1%	4.16x	3.70x	0.41x	0.40x
Garanti	GARAN	TRY	7.98	33,516	-13.1%	2.6%	-23.0%	4.60x	4.01x	0.49x	0.49x
Isbank	ISCTR	TRY	5.10	22,950	-25.0%	3.2%	-27.1%	3.16x	2.87x	0.32x	0.31x
PKO	PKO	PLN	39.80	49,750	42.2%	78.5%	38.6%	17.25x	9.65x	1.10x	1.17x
PEKAO	PEO	PLN	95.50	25,066	60.9%	78.8%	56.3%	20.73x	15.42x	0.99x	0.92x
Millennium	MIL	PLN	5.04	6,114	77.5%	85.4%	54.1%	85.99x	56.00x	0.67x	0.73x
Mbank	MBK	PLN	300.00	12,710	91.1%	41.5%	67.4%	51.04x	18.75x	0.74x	0.71x
BRD	BRD	RON	16.16	11,262	21.3%	32.9%	8.7%	13.90x	10.60x	1.23x	1.06x
Banca Transilvania	TLV	RON	2.71	15,549	23.5%	46.1%	20.4%	15.94x	9.52x	1.69x	1.44x
OTP	OTPD	USD	22.40	12,544	-1.8%	-1.8%	-1.8%	12.52x	9.18x	0.70x	0.61x
Komercni	KOMB	CZK	769.00	146,148	30.8%	46.5%	17.0%	18.12x	15.17x	1.28x	1.18x
Mean								18.03x	11.28x	0.93x	0.86x
Median								11.04x	7.94x	0.98x	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	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	6.10	292	28.0%	36.5%	13.0%	na	na	na	na
Tinc Comm	TINC	EUR	12.30	447	-5.4%	-6.5%	-5.0%	na	na	na	na
Sabancı Holding	SAHOL	TRY	8.63	17,609	-13.6%	0.6%	-24.7%	3.38x	3.31x	0.45x	0.41x
Deutsche Beteiligungs	DBAN	EUR	35.20	530	11.3%	26.6%	13.0%	na	6.83x	1.22x	1.09x
Eurazeo	RF	EUR	72.60	5,737	39.6%	58.7%	30.8%	34.61x	11.18x	1.03x	0.90x
Carlyle Group	CG	USD	43.35	15,369	51.4%	55.0%	37.9%	23.35x	17.40x	7.16x	4.82x
Mean								20.45x	9.68x	2.46x	1.80x
Median								23.35x	9.00x	1.13x	1.00x

Source: Bloomberg, S&P Capital IQ

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