



## Economy

### Loan and deposit growth accelerated in October 2021

In October 2021, the banking sector loan portfolio growth was 16.1% y/y (+1.1% m/m), excluding FX effect, after a 15.8% y/y growth in previous month. In unadjusted terms, loan portfolio was up 14.7% y/y (+1.7% m/m), amounting to GEL 41.7bn (US\$ 13.2bn). By sector, corporate loan growth slowed slightly to 16.5% y/y (exc. FX effect) in October, from a 16.9% y/y growth in previous month, while retail loan growth accelerated to 15.7% y/y from 14.8% y/y in previous month. In October 2021, loan dollarization came in at 51.3% (-4.37ppts y/y and -0.09ppts m/m) and NPLs stood at 2.1% (-0.21ppts y/y and -0.05ppts m/m).

Bank deposits growth accelerated to 14.2% y/y (+0.6% m/m, exc. FX effect) to GEL 36.4bn (US\$ 11.5bn) in October 2021, from 12.7% y/y in previous month. By currency, GEL deposits were up 17.0% y/y and FX deposits increased 12.4% y/y (exc. FX effect) in October. The deposit dollarization stood at 60.8% (-1.46ppts y/y and +0.05ppts m/m).

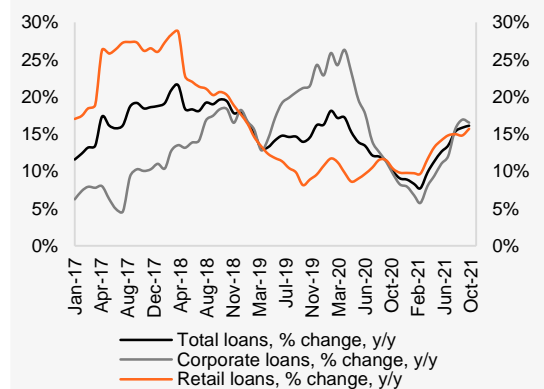
### Key macro indicators

	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%	60.0%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

\*Latest sovereign credit ratings

### Bank loan growth (exc. FX effect)



# Money market

## Ministry of Finance Benchmark Bonds:

5-year GEL 85.0mn (US\$ 27.3mn) Benchmark bonds were sold at the auction held at NBG on November 22, 2021. Total demand was c.2.0x higher and the weighted average yield was fixed at 9.154%, down by 0.057ppts from previous auction held in October, 2021.

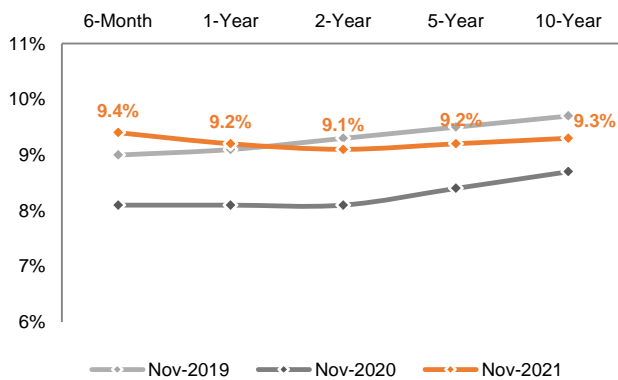
The nearest treasury security auction is scheduled for December 7, 2021, where GEL 20.0mn nominal value 6-month T-bills and GEL 50.0mn nominal value 2-year Benchmark bonds will be sold.

## T-bills / T-notes in 2021

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	145	20	80
1-year	165	30	235
2-year	240	50	1,033
5-year	514	85	2,533
10-year	94	0	1,331
<b>Total</b>	<b>1,158</b>	<b>185</b>	<b>5,209</b>

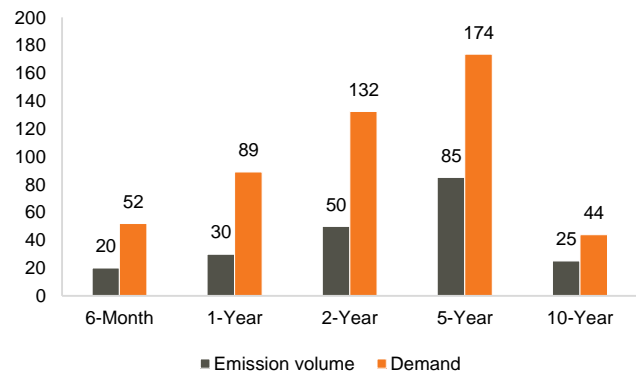
Source: MoF  
\* As of 31 October 2021

## T-bills / T-notes, yield curve



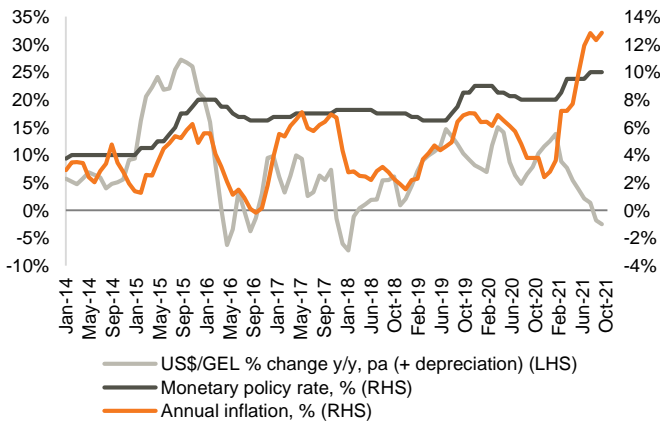
Source: NBG

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



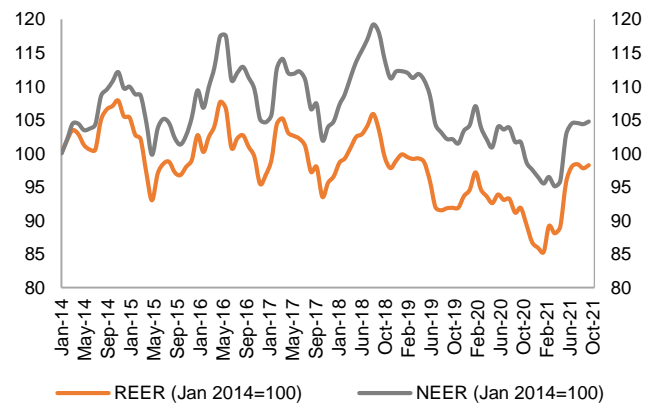
Source: NBG

## 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

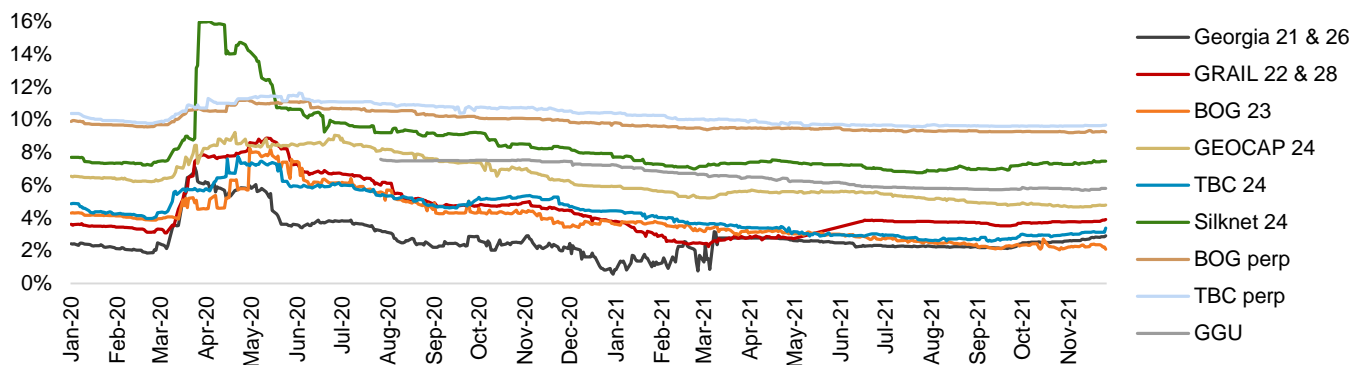
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 2.09% yield, trading at 106.32 (+0.36% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.87 (-0.09% w/w), yielding 4.77%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 100.52 (-0.72% w/w), yielding 3.91%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 99.40 (-0.33% w/w) at 2.90% 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	99.40	2.90	191.65
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	100.52	3.91	278.63
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/B/Ba2	106.32	2.09	170.47
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/B-	110.82	9.24	584.50
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B/B2	102.87	4.77	419.02
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	107.44	7.46	478.73
TBC 06/24	USD	300	5.750%	Jun-24	BB-/B/Ba2	105.74	3.38	272.31
TBC PERP	USD	125	10.775%	n/a	B-/B-	109.82	9.67	618.62
GGU 07/25	USD	250	7.750%	Jul-25	B+/B/-	106.38	5.79	365.07

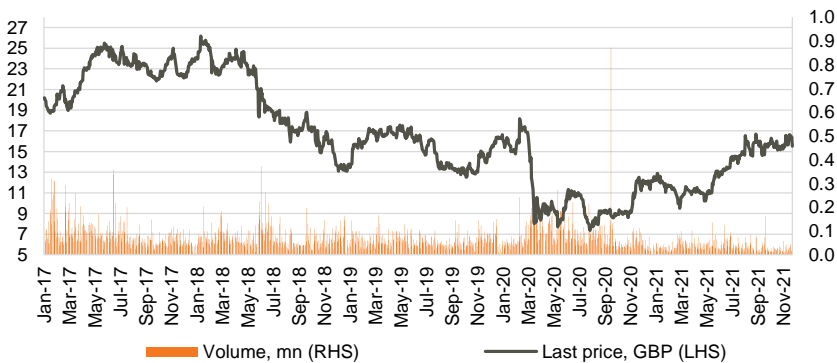
### Georgian local bonds performance

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/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 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
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
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

Source: Bloomberg

## Equities

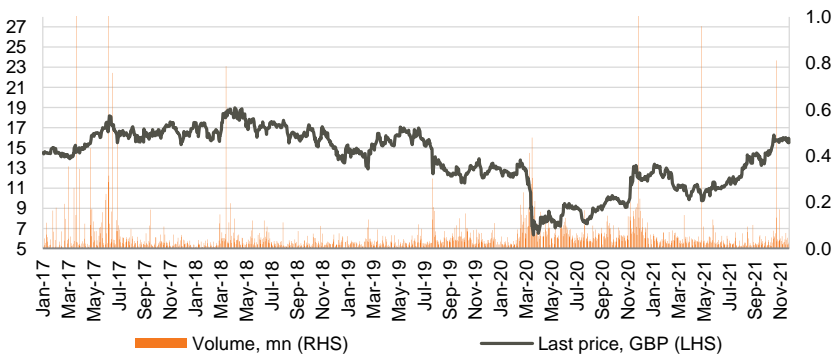
### Bank of Georgia Group (BGEO LN)



**Bank of Georgia Group (BGEO LN)** shares closed at GBP 15.52/share (-6.73% w/w and +0.13% m/m). More than 149k shares traded in the range of GBP 15.52 - 16.92/share. Average daily traded volume was 24k in the last 4 weeks. The volume of BGEO shares traded was at 0.30% of its capitalization.

Source: Bloomberg

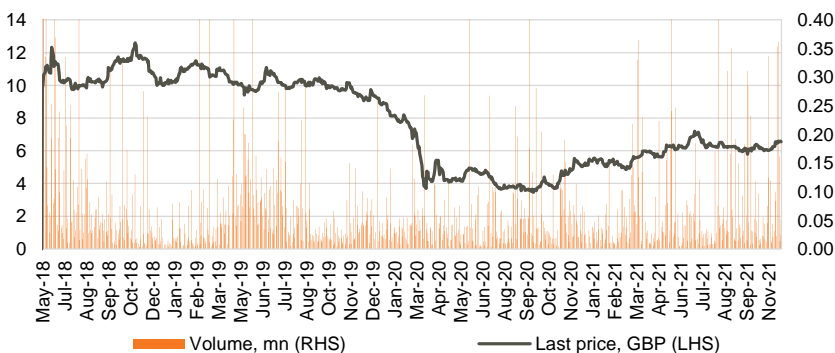
### TBC Bank Group (TBCG LN)



**TBC Bank Group (TBCG LN)** closed the week at GBP 15.50/share (-2.27% w/w and -1.90% m/m). More than 188k shares changed hands in the range of GBP 15.48 - 16.00/share. Average daily traded volume was 42k in the last 4 weeks. The volume of TBCG shares traded was at 0.34% of its capitalization.

Source: Bloomberg

### Georgia Capital (CGEO LN)



**Georgia Capital (CGEO LN)** shares closed at GBP 6.56/share (+1.71% w/w and +8.25% m/m). More than 612k shares traded in the range of GBP 6.48 - 6.60/share. Average daily traded volume was 100k in the last 4 weeks. The volume of CGEO shares traded was at 1.29% of its capitalization.

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	15.52	763	21.6%	29.3%	27.2%	4.48x	4.84x	1.03x	0.95x
TBC	TBC	GBP	15.50	855	41.7%	24.2%	24.0%	4.86x	4.92x	0.98x	0.87x
Halyk Bank	HSBK	US\$	16.06	86,645	-3.3%	17.4%	10.6%	5.38x	5.28x	1.12x	1.01x
Sberbank	SBER	USD	15.50	4,555	2.8%	33.0%	33.0%	4.47x	4.27x	1.12x	1.02x
VTB Bank	VTBR	US\$	1.20	7,776	-7.7%	25.4%	25.7%	2.38x	2.42x	0.37x	0.34x
Akbank	AKBNK	TRY	6.61	34,372	26.4%	2.5%	-4.6%	3.62x	2.93x	0.47x	0.42x
Garanti	GARAN	TRY	11.44	48,048	40.7%	22.5%	10.3%	3.86x	3.30x	0.64x	0.55x
Isbank	ISCTR	TRY	6.70	30,150	29.8%	-1.5%	-4.3%	3.09x	2.43x	0.39x	0.35x
PKO	PKO	PLN	41.90	52,375	10.0%	49.4%	45.9%	11.06x	9.94x	1.22x	1.13x
PEKAO	PEO	PLN	112.40	29,502	23.5%	88.2%	84.0%	14.13x	11.20x	1.14x	1.07x
Millennium	MIL	PLN	7.65	9,280	65.1%	166.4%	133.9%	10.70x	11.36x	1.20x	1.14x
Mbank	MBK	PLN	493.60	20,913	69.0%	197.0%	175.4%	21.87x	14.72x	1.26x	1.18x
BRD	BRD	RON	17.56	12,238	10.7%	33.6%	18.2%	10.97x	10.34x	1.31x	1.28x
Banca Transilvania	TLV	RON	2.47	15,589	-1.4%	25.2%	20.8%	8.71x	8.52x	1.49x	1.38x
OTP	OTPD	USD	22.00	12,320	-1.8%	-3.5%	-3.5%	8.32x	7.49x	0.68x	0.59x
Komercni	KOMB	CZK	852.50	162,017	10.1%	47.5%	29.8%	13.37x	12.21x	1.31x	1.33x
<b>Mean</b>								<b>8.20x</b>	<b>7.26x</b>	<b>0.98x</b>	<b>0.91x</b>
<b>Median</b>								<b>6.85x</b>	<b>6.38x</b>	<b>1.12x</b>	<b>1.02x</b>

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	6.56	312	7.0%	33.6%	21.5%	na	na	na	na
Tinc Comm	TINC	EUR	13.50	491	9.4%	3.8%	4.2%	na	na	na	na
Sabancı Holding	SAHOL	TRY	13.00	26,525	53.5%	26.8%	13.4%	4.36x	3.62x	0.55x	0.48x
Deutsche Beteiligungs	DBAN	EUR	37.80	711	9.9%	19.9%	21.3%	3.86x	10.16x	1.01x	0.96x
Eurazeo	RF	EUR	72.95	5,779	1.8%	39.9%	31.4%	8.53x	10.81x	0.95x	0.86x
Carlyle Group	CG	USD	54.30	19,247	25.9%	88.7%	72.7%	12.91x	13.02x	4.95x	4.19x
<b>Mean</b>								<b>7.42x</b>	<b>9.40x</b>	<b>1.87x</b>	<b>1.62x</b>
<b>Median</b>								<b>6.45x</b>	<b>10.49x</b>	<b>0.98x</b>	<b>0.91x</b>

Source: Bloomberg, S&P Capital IQ

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