



Economy

International reserves at US\$ 4.4bn in Oct-22

Gross international reserves increased by 10.8% y/y to US\$ 4.4bn in October 2022, according to NBG. On a monthly basis, the reserves were up by 1.7% (+US\$ 72.5mn). Change in reserves was attributed to the government and banking sector FX operations.

Construction permit issuance increased by 8.8% y/y in 9M22

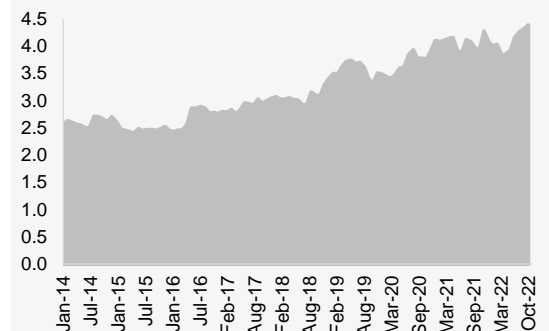
Number of issued construction permits increased by 8.8% y/y to 8,082 (5.4mn square meters) in 9M22, according to Geostat. The majority of permissions were issued for residential buildings (+14.5% y/y, 74.8% of total), followed by trade buildings (+9.4% y/y, 6.5% of total) and industrial buildings and warehouses (+5.6% y/y, 4.9% of total). Regarding the completion of construction buildings, 1,843 objects (up 7.9% y/y) of 1.9mn square meters were completed in 9M22, with 38.0% located in Tbilisi, 11.6% in Mtskheta-Mtianeti, 11.4% in Kakheti and 9.2% in Imereti.

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%	10.4%
Fiscal deficit (% of GDP)	9.3%	6.1%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

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

Gross international reserves, US\$ bn



Source: NBG

Money market

Ministry of Finance T-Bills:

1-year GEL 30.0mn (US\$ 11.0mn) T-Bills were sold at the auction held at NBG on November 8, 2022. Total demand was 3.1x higher and the weighted average yield was fixed at 9.493%, down by 0.237ppts from previous auction held in Oct-22.

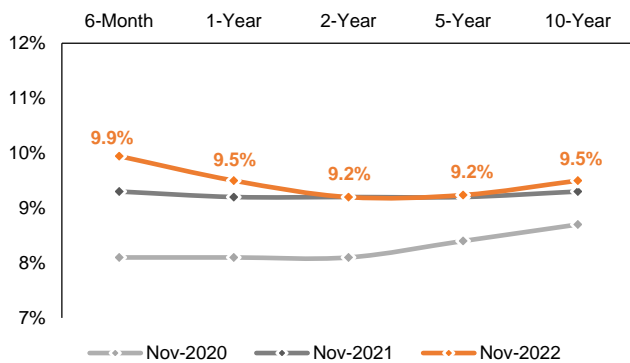
The nearest treasury security auction is scheduled for November 15, 2022, where GEL 100.0mn nominal value 10-year Benchmark bonds will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	220	20	120
1-year	265	30	295
2-year	820	80	1,300
5-year	882	180	3,307
10-year	100	200	1,371
Total	2,287	510	6,393

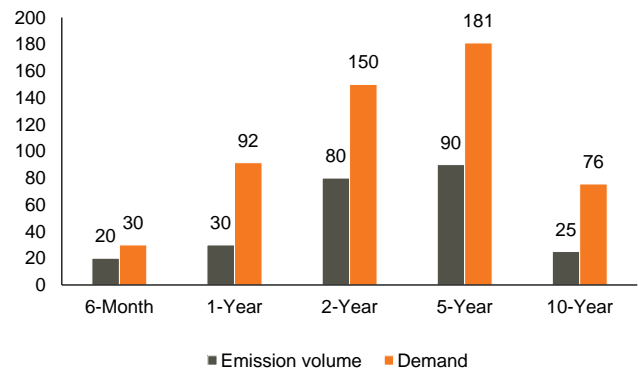
Source: MoF
*As of September 2022

T-bills / T-notes, yield curve



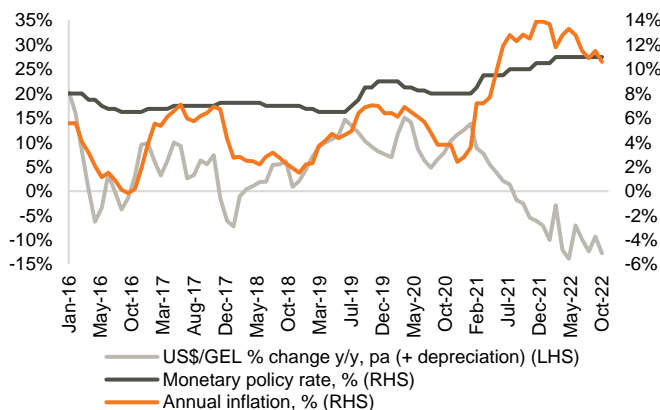
Source: NBG

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



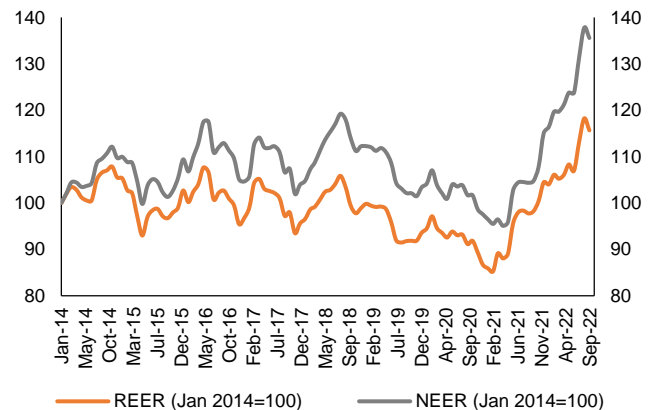
Source: NBG

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

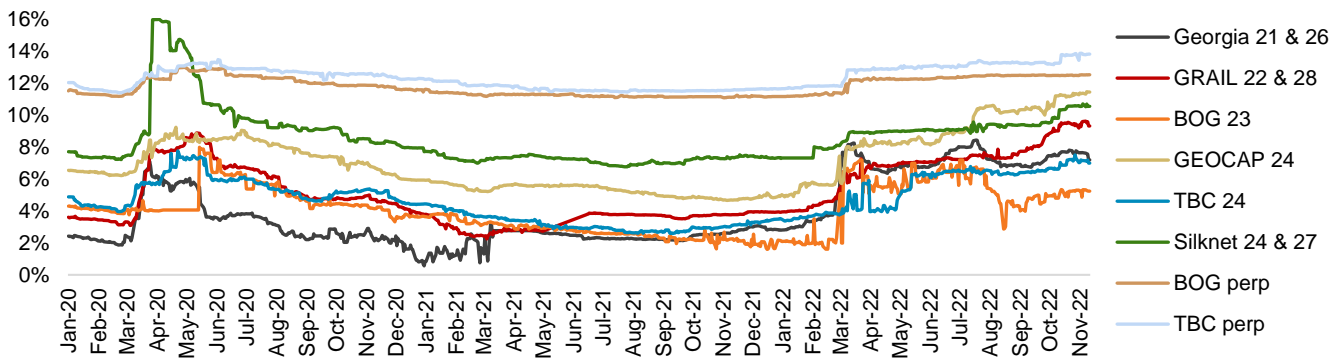
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.24% yield, trading at 100.51 (-0.28% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 93.67 (unchanged w/w), yielding 11.43%.

Georgian Railway Eurobonds (GRAIL) traded at 77.25 (+1.26% w/w), yielding 9.31%.

Georgian Sovereign Eurobonds (GEORG) closed at 86.70 (+1.56% w/w) at 7.19% 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	86.70	7.19	323.58
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	77.25	9.31	562.51
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	100.51	5.24	61.40
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-	99.45	12.51	694.19
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	93.67	11.43	679.35
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	92.75	10.54	668.54
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.17	6.98	242.72
TBC PERP	USD	125	10.775%	n/a	B-/-	93.59	13.81	1,033.24

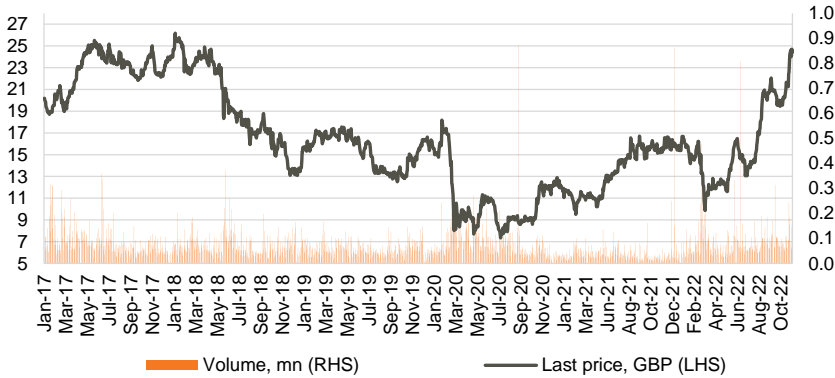
Georgian local bonds performance

KTW	USD	10	9.00%	Dec-22	-/-/-	99.88	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.90	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.49	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	97.35	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.73	8.65	n/a
Geo. Beer Company	GEL	25	15.50%	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	13.62%	Nov-24	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.37%	Mar-23	-/-/-	n/a	n/a	n/a
Geo Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	n/a	n/a	-/-/-

Source: Bloomberg

Equities

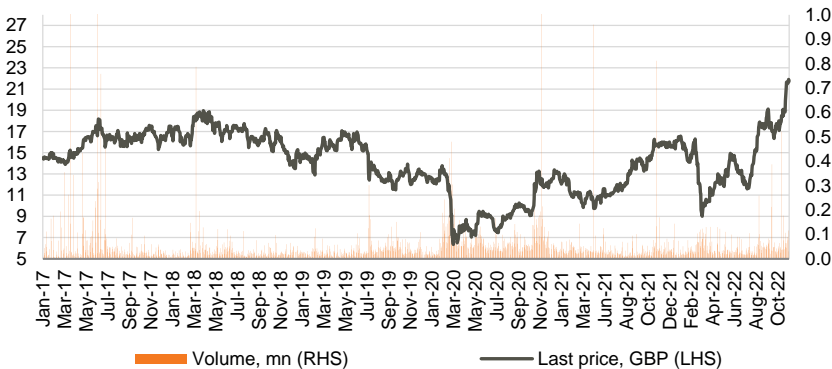
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 24.40/share (+0.83% w/w and +24.36% m/m). More than 455k shares traded in the range of GBP 23.75 - 25.25/share. Average daily traded volume was 98k in the last 4 weeks. The volume of BGEO shares traded was at 0.93% of its capitalization.

Source: Bloomberg

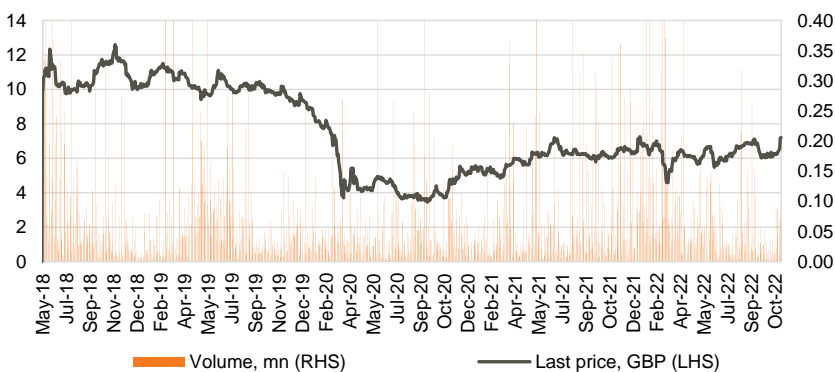
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 21.70/share (+0.23% w/w and +24.86% m/m). More than 425k shares changed hands in the range of GBP 21.05 - 22.30/share. Average daily traded volume was 90k in the last 4 weeks. The volume of TBCG shares traded was at 0.77% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 7.21/share (+13.54% w/w and +19.17% m/m). More than 303k shares traded in the range of GBP 6.36 - 7.25/share. Average daily traded volume was 34k in the last 4 weeks. The volume of CGEO shares traded was at 0.65% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	24.40	1,200	111.8%	54.4%	48.1%	4.58x	4.29x	4.32x	1.06x	1.02x	0.86x
TBC	TBC	GBP	21.70	1,197	79.5%	39.7%	32.7%	4.75x	4.35x	3.97x	1.04x	0.91x	0.78x
Halyk Bank	HSBK	USD	10.30	2,809	7.1%	-44.0%	-37.9%	2.64x	2.79x	3.08x	0.78x	0.67x	0.57x
Akbank	AKBNK	TRY	14.98	77,896	78.2%	141.1%	114.3%	4.58x	1.38x	2.12x	0.73x	0.54x	0.49x
Garanti	GARAN	TRY	24.44	102,648	66.5%	132.6%	121.5%	5.44x	1.81x	2.67x	0.92x	0.70x	0.60x
Isbank	ISCTR	TRY	9.18	41,310	96.3%	233.1%	190.5%	2.17x	0.77x	0.98x	0.75x	0.61x	0.48x
PKO	PKO	PLN	27.60	34,500	-7.5%	-41.5%	-38.6%	6.30x	7.20x	5.95x	0.81x	0.98x	0.85x
PEKAO	PEO	PLN	82.02	21,528	-5.6%	-35.1%	-32.8%	8.81x	9.37x	5.77x	0.80x	0.94x	0.82x
Millennium	MIL	PLN	5.03	6,102	9.3%	-40.8%	-38.6%	na	2.38x	3.25x	0.81x	1.21x	0.83x
Mbank	MBK	PLN	320.00	13,563	25.6%	-42.1%	-26.1%	na	6.45x	6.16x	0.88x	1.16x	0.95x
BRD	BRD	RON	12.76	8,892	-23.5%	-33.7%	-29.2%	6.24x	6.83x	6.46x	0.83x	1.37x	1.10x
Banca Transilvania	TLV	RON	19.52	123,200	-3.3%	-14.8%	-15.3%	na	na	na	1.25x	1.32x	1.21x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	12.99x	11.42x	0.65x	0.72x	0.68x
Komerčni	KOMB	CZK	772.00	146,718	3.4%	-18.6%	-18.4%	10.73x	8.82x	9.75x	1.10x	1.17x	1.13x
Mean								5.91x	5.34x	5.07x	0.89x	0.95x	0.81x
Median								5.44x	4.35x	4.32x	0.82x	0.96x	0.83x

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	7.21	336	26.4%	17.9%	0.8%	1.77x	3.87x	2.94x	0.40x	na	na
Tinc Comm	TINC	EUR	12.40	451	-7.6%	-10.1%	-7.7%	12.65x	na	na	0.86x	na	na
Sabancı Holding	SAHOL	TRY	36.20	73,863	80.0%	188.3%	178.9%	4.38x	3.65x	3.31x	1.02x	0.86x	0.64x
Deutsche Beteiligungs	DBAN	EUR	27.80	523	-2.7%	-30.6%	-30.9%	2.52x	na	8.12x	0.67x	1.01x	0.87x
Eurazeo	RF	EUR	60.95	4,829	-11.1%	-22.0%	-21.5%	2.78x	na	na	0.69x	0.62x	0.65x
Carlyle Group	CG	USD	29.84	10,631	-19.4%	-49.3%	-46.5%	3.57x	6.87x	7.17x	2.01x	2.16x	1.81x
Wendel SE	MF	EUR	86.30	3,862	-1.4%	-24.3%	-17.9%	3.35x	7.18x	7.09x	1.32x	1.36x	1.19x
HgCapital Trust	HGT	GBP	3.80	1,730	-3.8%	-11.7%	-12.0%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.30	711	14.3%	-8.4%	-11.4%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.15	741	-5.9%	0.9%	-4.9%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	8.22	568	-26.5%	-39.3%	-42.0%	2.90x	na	na	0.49x	na	na
Symphony International Holding	SIHL	USD	0.44	224	-17.3%	-4.0%	4.3%	1.83x	na	na	0.46x	na	na
Mean								3.97x	5.39x	5.73x	0.88x	1.20x	1.03x
Median								2.90x	5.37x	7.09x	0.69x	1.01x	0.87x

Source: Bloomberg, S&P Capital IQ

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