



Economy

Loan portfolio grew by 13.8% y/y in Oct-22

In Oct-22, the banking sector loan portfolio growth was 13.8% y/y (+0.5% m/m), excluding FX effect, after a 14.4% y/y growth in previous month. In unadjusted terms, loan portfolio increased by 3.7% y/y (flat m/m) to GEL 43.2bn (US\$ 15.6bn), after growing by 5.4% in September. By sector, corporate loans increased by 9.4% y/y (+10.0% y/y in previous month, exc. FX effect) and retail loans increased by 17.9% y/y (+18.7% y/y in previous month). The mortgages growth also slowed to 13.8% y/y in October after growing by 14.7% y/y in previous month. In Oct-22, loan dollarization reduced to 44.6% (-6.70ppts y/y and -0.54ppts m/m) and NPLs stood at 1.8% (-0.29ppts y/y and -0.04ppts m/m).

Contrary to loans, deposits growth accelerated further, up by 28.0% y/y (+1.6% m/m, exc. FX effect) to GEL 42.3bn (US\$ 15.2bn) in Oct-22, after a 26.6% y/y growth in previous month. By currency, in October, GEL deposits growth slowed to 26.7% y/y (+28.4% y/y in previous month), while FX deposits (exc. FX effect) growth accelerated to 28.7% y/y (+25.5% y/y in previous month). The deposit dollarization increased slightly to 57.3% (-3.49ppts y/y and +0.32ppts m/m).

Producer price index retreated significantly to 5.6% y/y in Oct-22

Annual PPI for industrial goods retreated significantly to 5.6% in Oct-22, after a 9.2% growth in previous month. Price changes in manufacturing (+9.8% y/y) and mining (-19.2% y/y) contributed most to the overall index change in October.

Exports growth slowed to 9.2% y/y in Oct-22

In Oct-22, exports growth slowed to 9.2% y/y reaching US\$ 448.8mn, after a 40.0% y/y growth in previous month. Meanwhile, Imports growth accelerated by 20.1% y/y to US\$ 1.1bn in October, after 14.5% y/y growth in September. As a result, the trade deficit increased by 28.6% y/y to US\$ 675.7mn, after 1.9% y/y reduction in September.

The top 5 exported commodities were copper (+5.9% y/y), cars (+101.8% y/y), wine (+23.0% y/y), ferro-alloys (-73.8% y/y) and nuts (-23.0% y/y) in Oct-22. A 23.3% of exports were directed to the EU (+11.5% y/y), 50.9% to the CIS (+20.8% y/y) and 25.7% to other countries (-9.6% y/y).

The top 5 imports were petroleum (+50.1% y/y), cars (+30.9% y/y), copper (+58.5% y/y), pharmaceuticals (-20.5% y/y) and telephones (+78.6% y/y) in Oct-22.

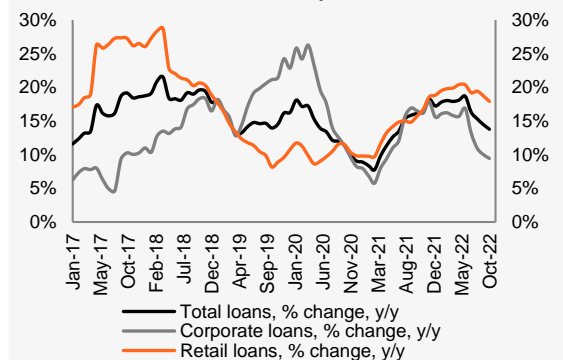
Overall, in 10M22, trade deficit was up by 32.7% y/y to US\$ 6.1bn, as exports increased by 34.0% y/y to US\$ 4.5bn, and imports were up by 33.3% y/y to US\$ 10.7bn.

Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.5%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,023
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%	49.7%
Fitch/S&P/Moody's*	BB/BB/Ba2	

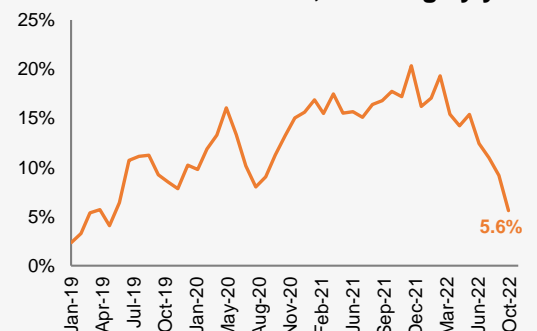
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Banking sector loan growth (exc. FX effect)



Source: NBG

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-Bills:

5-year GEL 90.0mn (US\$ 33.1mn) Benchmark bonds were sold at the auction held at NBG on November 22, 2022. Total demand was 2.2x higher and the weighted average yield was fixed at 8.992%, down by 0.244ppts from previous auction held in Oct-22.

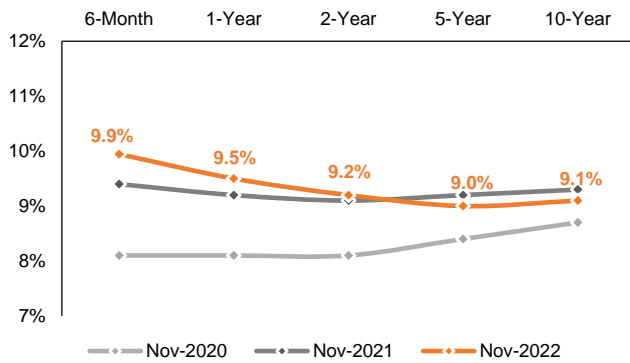
The nearest treasury security auction is scheduled for December 6, 2022, where GEL 20.0mn nominal value 6-month T-bills and GEL 80.0mn nominal value 2-year Benchmark bonds will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	220	20	120
1-year	265	30	295
2-year	820	80	1,380
5-year	980	90	3,402
10-year	200	100	1,396
Total	2,485	320	6,593

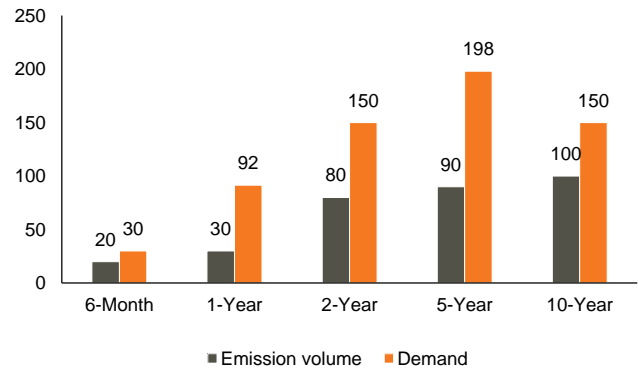
Source: MoF
*As of October 2022

T-bills / T-notes, yield curve



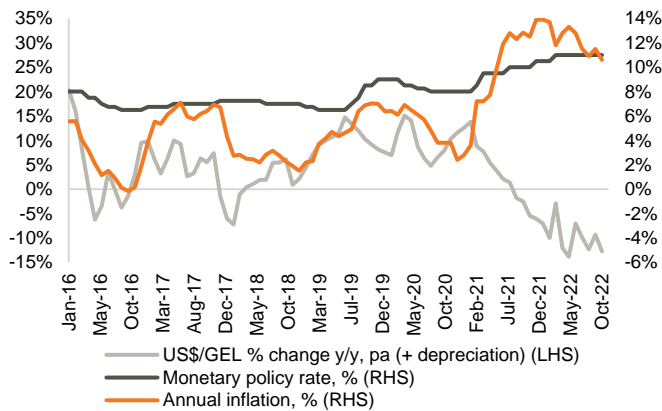
Source: NBG

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



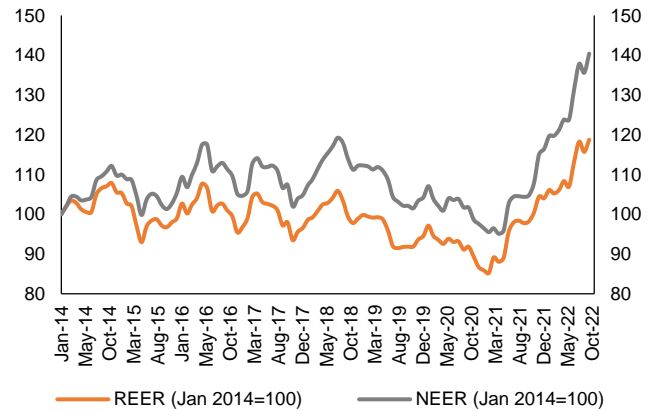
Source: NBG

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

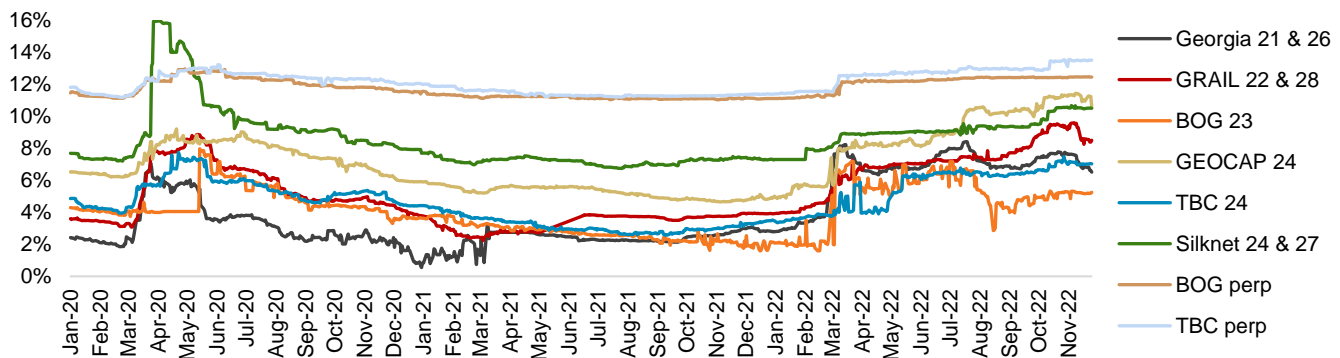
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 5.26% yield, trading at 100.50 (-0.04% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.79 (+0.53% w/w), yielding 10.58%.

Georgian Railway Eurobonds (GRAIL) traded at 80.37 (+0.52% w/w), yielding 8.51%.

Georgian Sovereign Eurobonds (GEORG) closed at 88.67 (+1.13% w/w) at 6.52% 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	88.67	6.52	254.46
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	80.37	8.51	485.98
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	100.50	5.26	45.68
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-	99.57	12.47	669.49
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	94.79	10.58	576.78
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	92.90	10.52	665.17
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.13	7.04	230.10
TBC PERP	USD	125	10.775%	n/a	B-/-	93.57	13.53	1,026.75

Georgian local bonds performance

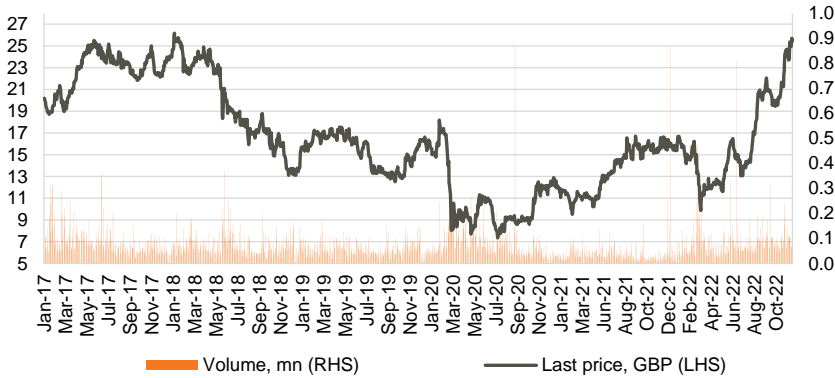
KTW	USD	10	9.00%	Dec-22	-/-/-	99.88	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.90	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.49	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	97.35	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.65	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

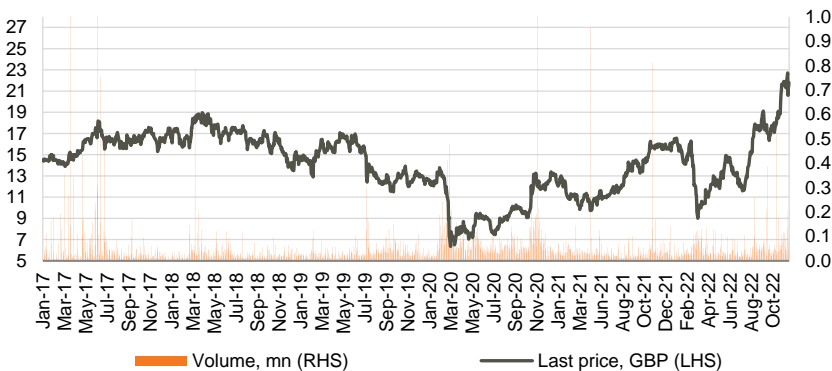
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 25.40/share (+0.20% w/w and +17.32% m/m). More than 528k shares traded in the range of GBP 24.60 - 25.90/share. Average daily traded volume was 113k in the last 4 weeks. The volume of BGEO shares traded was at 1.08% of its capitalization.

Source: Bloomberg

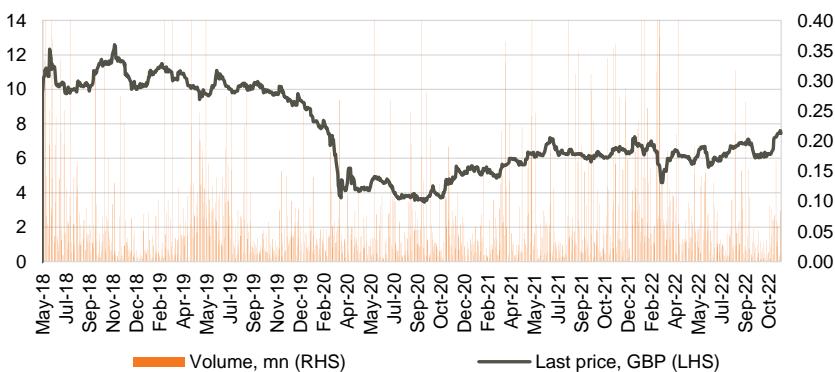
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 21.80/share (unchanged w/w and +14.26% m/m). More than 497k shares changed hands in the range of GBP 19.66 - 22.70/share. Average daily traded volume was 76k in the last 4 weeks. The volume of TBCG shares traded was at 0.90% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 7.44/share (-0.13% w/w and +20.39% m/m). More than 193k shares traded in the range of GBP 7.40 - 7.68/share. Average daily traded volume was 55k in the last 4 weeks. The volume of CGEO shares traded was at 0.42% 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	25.40	1,249	72.8%	54.9%	52.3%	4.58x	4.54x	4.57x	1.06x	1.06x	0.90x
TBC	TBC	GBP	21.80	1,202	52.4%	36.8%	32.1%	4.75x	4.44x	4.06x	1.04x	0.93x	0.79x
Halyk Bank	HSBK	USD	10.52	2,869	10.6%	-36.6%	-36.2%	2.60x	2.40x	2.93x	0.76x	0.71x	0.60x
Akbank	AKBNK	TRY	16.82	87,464	105.9%	145.9%	133.6%	6.04x	1.54x	2.22x	0.96x	0.61x	0.55x
Garanti	GARAN	TRY	26.38	110,796	78.8%	124.7%	134.1%	7.12x	1.92x	2.69x	1.20x	0.75x	0.64x
Isbank	ISCTR	TRY	10.25	46,125	123.9%	228.6%	216.7%	2.87x	0.86x	1.06x	0.99x	0.68x	0.54x
PKO	PKO	PLN	28.86	36,075	-9.3%	-35.1%	-35.8%	6.63x	9.24x	6.02x	0.86x	1.06x	0.91x
PEKAO	PEO	PLN	86.28	22,646	-6.4%	-28.7%	-29.3%	9.22x	6.85x	6.09x	0.84x	0.98x	0.86x
Millennium	MIL	PLN	4.75	5,762	2.8%	-40.0%	-42.0%	na	2.24x	3.06x	0.81x	1.14x	0.78x
Mbank	MBK	PLN	322.60	13,673	20.7%	-36.7%	-25.5%	na	8.47x	8.95x	0.83x	1.17x	0.96x
BRD	BRD	RON	13.10	9,129	2.3%	-28.8%	-26.0%	6.06x	7.01x	6.48x	0.81x	1.41x	1.10x
Banca Transilvania	TLV	RON	19.30	121,811	-11.5%	-14.3%	-16.1%	na	na	na	1.24x	1.31x	1.17x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	11.88x	11.01x	0.65x	0.70x	0.67x
Komerčni	KOMB	CZK	731.50	139,021	1.3%	-16.7%	-21.8%	11.10x	8.35x	9.22x	1.14x	1.11x	1.07x
Mean								6.34x	5.37x	5.26x	0.94x	0.97x	0.82x
Median								6.06x	4.54x	4.57x	0.91x	1.02x	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	7.44	347	20.0%	12.7%	4.3%	1.80x	4.06x	3.08x	0.41x	na	na
Tinc Comm	TINC	EUR	12.34	449	-7.4%	-9.3%	-8.2%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	40.20	82,024	99.8%	196.7%	203.9%	5.61x	2.20x	3.30x	1.31x	0.96x	0.71x
Deutsche Beteiligungs	DBAN	EUR	27.25	512	-7.2%	-30.4%	-31.6%	2.57x	na	7.96x	0.68x	1.00x	0.85x
Eurazeo	RF	EUR	61.45	4,868	-13.3%	-19.1%	-20.0%	2.91x	13.88x	9.69x	0.72x	0.69x	0.66x
Carlyle Group	CG	USD	29.28	10,433	-19.8%	-48.8%	-46.7%	3.34x	6.72x	7.12x	1.87x	2.41x	1.78x
Wendel SE	MF	EUR	88.55	3,962	-2.7%	-17.2%	-16.0%	3.45x	7.36x	7.27x	1.35x	1.39x	1.22x
HgCapital Trust	HGT	GBP	3.66	1,666	-8.2%	-13.0%	-13.0%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.25	709	6.9%	-10.5%	-12.2%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.29	766	7.9%	11.6%	2.5%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	8.94	618	-22.3%	-35.0%	-38.1%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.46	238	-5.3%	4.3%	12.1%	1.78x	na	na	0.45x	na	na
Mean								4.27x	6.85x	6.40x	0.92x	1.29x	1.04x
Median								3.10x	6.72x	7.20x	0.72x	1.00x	0.85x

Source: Bloomberg, S&P Capital IQ

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