



Economy

FDI increased by 61.1% y/y to all-time high US\$ 2.0bn in 2022

FDI increased by 61.1% y/y to all-time high US\$ 2.0bn or 8.1% of GDP in 2022, according to Geostat's preliminary figures. Notably, reinvestments accounted for 64.5% of total FDI, while the equity component more than tripled to US\$ 686.3mn. The financial sector was the largest FDI recipient at US\$ 526.4mn (up 11.7% y/y, 26.3% of total), followed by real estate at US\$ 406.9mn (up 9.6x y/y, 20.3% of total), water supply at US\$ 197.0mn (up 526.7x y/y, 9.9% of total) and art, entertainment and recreation at US\$ 173.1mn (down 25.4% y/y, 8.7% of total). UK topped the list of investors with US\$ 428.3mn (21.4% of total FDI), followed by Spain (US\$ 367.0mn, 18.3% of total), and USA (US\$ 163.9mn, 8.2% of total).

Loan portfolio growth strengthened to 13.3% y/y in Jan-23

In Jan-23, the banking sector loan portfolio growth strengthened to 13.3% y/y excluding FX effect, after a 12.1% y/y growth in previous month. In unadjusted terms, loan portfolio increased by 5.5% y/y to GEL 44.5bn (US\$ 16.8bn), after growing by 3.9% in December. By sector, both corporate and retail loans growth accelerated to 10.0% y/y (+8.6% y/y in previous month, exc. FX effect) and to 16.4% y/y (+15.4% y/y in previous month), respectively. The mortgages increased by 13.2% y/y in January (+12.2% y/y in December). In Jan-23, loan dollarization increased slightly to 44.7% (-5.25ppts y/y and +0.41ppts m/m) and NPLs stood at 1.8% (-0.13ppts y/y and +0.17ppts m/m).

Bank deposits growth remained robust increasing by 29.2% y/y (excluding FX effect) to GEL 43.6bn (US\$ 16.5bn) in Jan-23, after a 29.6% y/y growth in previous month. By currency, GEL deposits increased by 29.3% y/y (+30.3% y/y in previous month) and FX deposits (exc. FX effect) by 29.1% y/y (same as in previous month). The deposit dollarization reduced further to 54.9% (-3.70ppts y/y and -1.22ppts m/m), the lowest level since March 1998.

International reserves stood at US\$ 4.7bn in February 2023

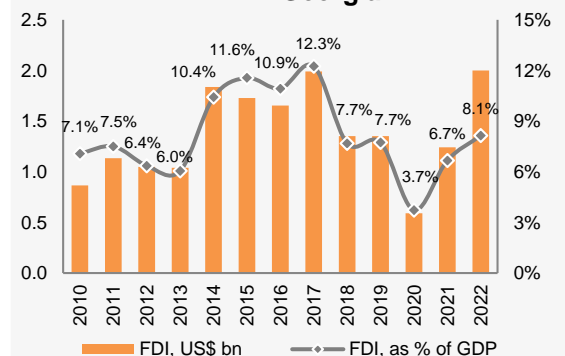
Gross international reserves increased by 18.2% y/y to US\$ 4.7bn in Feb-23, according to NBG. On a monthly basis, the reserves reduced by 3.7% (-US\$ 179.1mn). Changes in reserves were attributed to the government and banking sector FX operations.

Key macro indicators

	2021	2022E
Real GDP growth (% change)	10.5%	10.1%
GDP per capita (ppp)	16,937	19,456
GDP per capita (US\$)	5,023	6,656
Population (mn)	3.7	3.7
Inflation (eop)	13.9%	9.8%
Gross reserves (US\$ bn)	4.3	4.9
CAD (% of GDP)	10.4%	3.1%
Fiscal deficit (% of GDP)	6.1%	3.1%
Total public debt (% of GDP)	49.6%	39.8%
Fitch/S&P/Moody's*	BB/BB/Ba2	

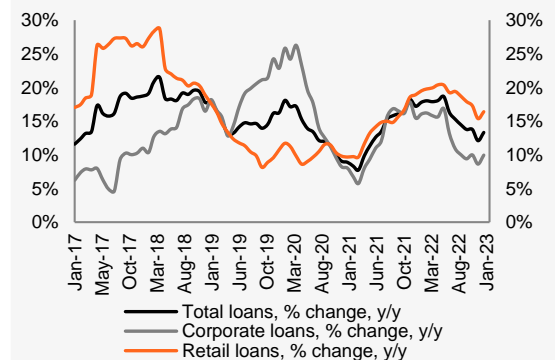
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

FDI in Georgia



Source: Geostat

Banking sector loan growth (exc. FX effect)



Source: NBG

Money market

Ministry of Finance T-Bills:

2-year GEL 40.0mn (US\$ 15.4mn) Benchmark bonds were sold at the auction held at NBG on March 7, 2023. Total demand was c.1.8x higher and the weighted average yield was fixed at 8.618%, down by 0.081ppts from previous auction held in Feb-23.

6-month GEL 20.0mn (US\$ 7.7mn) T-Bills were sold at the auction held at NBG on March 7, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 9.643%, up by 0.166ppts from previous auction held in Feb-23.

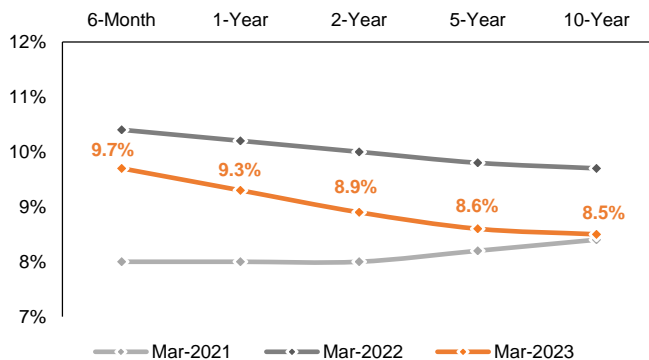
The nearest treasury security auction is scheduled for March 14, 2023, where GEL 20.0mn nominal value 1-year T-bills will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	60	180	415
1-year	40	200	
2-year	129	360	
5-year	198	900	6,254
10-year	120	900	
Total	547	2,540	6,669

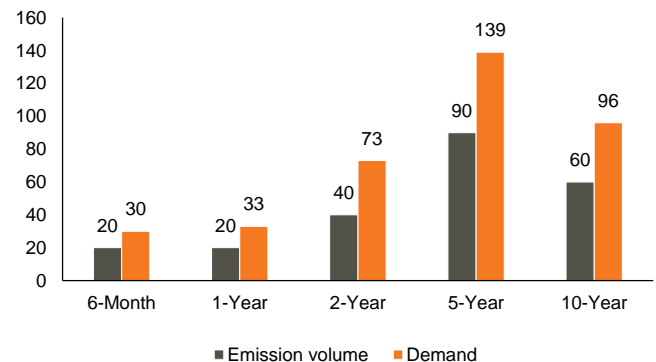
Source: MoF
*As of January 2023

T-bills / T-notes, yield curve



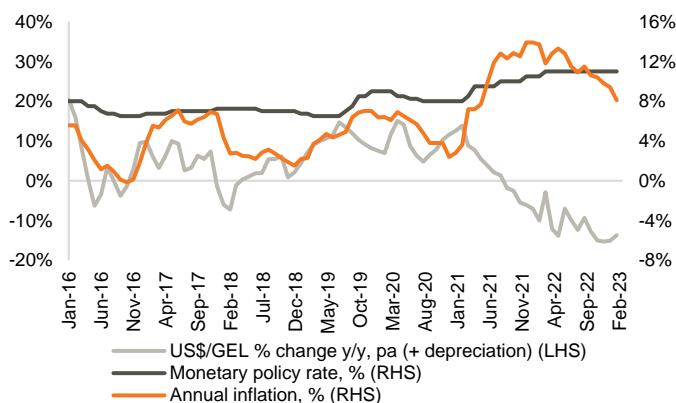
Source: NBG

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



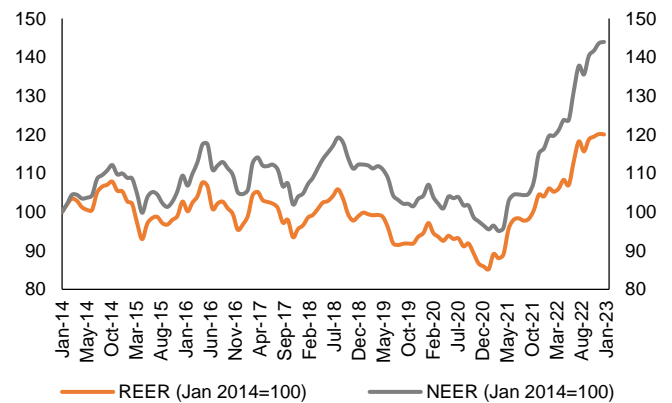
Source: NBG

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

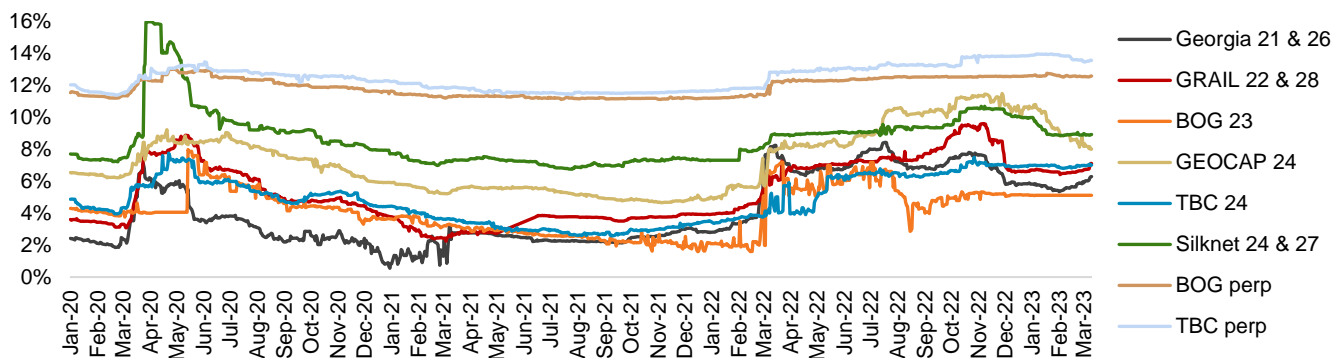
Fixed income

Corporate Eurobonds: Georgia Capital Eurobonds (GEOCAP) were trading at 98.25 (+0.22% w/w), yielding 8.00%.

Georgian Railway Eurobonds (GRAIL) traded at 86.53 (-1.69% w/w), yielding 7.11%.

Georgian Sovereign Eurobonds (GEORG) closed at 90.17 (-0.68% w/w) at 6.28% 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	90.17	6.28	204.75
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	86.53	7.11	332.37
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/-/Ba2	n/a	n/a	n/a
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	99.74	12.57	616.51
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	98.25	8.00	268.57
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.22	8.92	485.24
TBC 06/24	USD	300	5.750%	Jun-24	BB-/-/Ba2	98.49	7.01	185.11
TBC PERP	USD	125	10.775%	n/a	B-/-/-	96.18	13.55	853.70

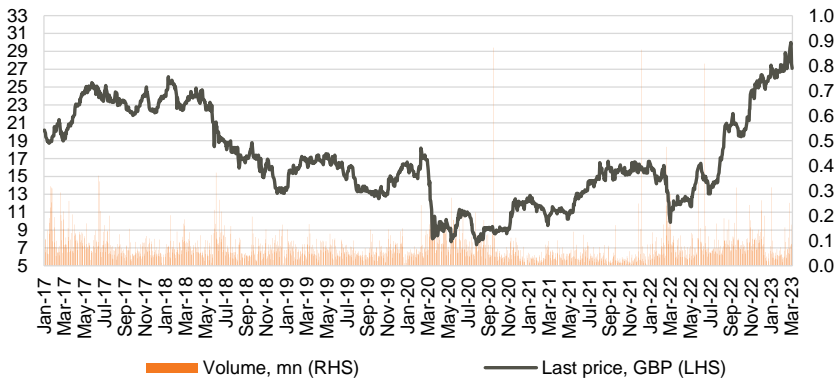
Georgian local bonds performance

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
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-	n/a	n/a	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
Geo Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	n/a	n/a	-/-/-

Source: Bloomberg

Equities

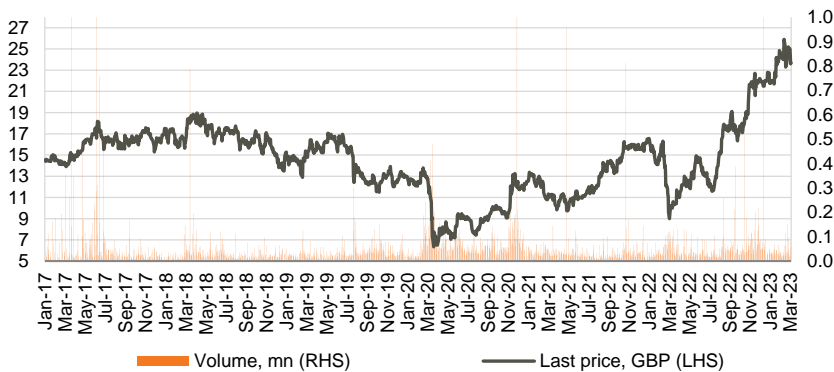
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 27.10/share (-7.67% w/w and +1.31% m/m). More than 527k shares traded in the range of GBP 26.20 - 30.30/share. Average daily traded volume was 84k in the last 4 weeks. The volume of BGEO shares traded was at 1.07% of its capitalization.

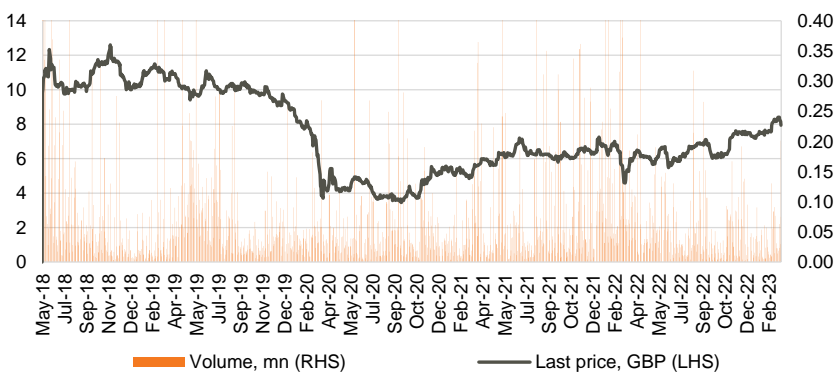
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 23.70/share (-3.85% w/w and -1.86% m/m). More than 217k shares changed hands in the range of GBP 22.65 - 25.25/share. Average daily traded volume was 51k in the last 4 weeks. The volume of TBCG shares traded was at 0.39% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 7.94/share (-5.48% w/w and +4.47% m/m). More than 392k shares traded in the range of GBP 7.94 - 8.50/share. Average daily traded volume was 54k in the last 4 weeks. The volume of CGEO shares traded was at 0.84% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	27.10	1,332	27.5%	138.6%	4.0%	4.58x	3.35x	4.10x	1.06x	1.05x	0.80x
TBC	TBC	GBP	23.70	1,307	25.9%	138.0%	4.4%	4.75x	4.40x	4.00x	1.04x	0.95x	0.91x
Halyk Bank	HSBK	USD	10.98	2,994	11.7%	26.8%	-1.1%	2.60x	2.90x	2.93x	0.76x	0.74x	0.62x
Akbank	AKBNK	TRY	19.52	101,504	22.6%	178.9%	-0.2%	6.04x	1.75x	2.47x	0.96x	0.79x	0.58x
Garanti	GARAN	TRY	28.46	119,532	8.7%	142.8%	-5.3%	7.12x	2.18x	2.81x	1.20x	0.89x	0.69x
Isbank	ISCTR	TRY	14.56	65,520	17.0%	299.9%	14.0%	2.87x	1.22x	1.43x	0.99x	0.70x	0.65x
PKO	PKO	PLN	29.78	37,225	22.6%	-17.2%	-1.7%	6.63x	10.52x	6.02x	0.86x	1.07x	0.95x
PEKAO	PEO	PLN	85.62	22,473	24.8%	-15.4%	-1.0%	9.22x	7.69x	6.04x	0.84x	0.98x	0.87x
Millennium	MIL	PLN	4.37	5,299	8.7%	-28.3%	-4.6%	na	2.21x	2.51x	0.81x	1.11x	0.89x
Mbank	MBK	PLN	304.20	12,893	23.8%	-10.4%	2.8%	na	na	13.26x	0.83x	1.03x	0.78x
BRD	BRD	RON	13.00	9,060	2.0%	-31.1%	0.0%	6.06x	6.99x	6.20x	0.81x	1.40x	1.19x
Banca Transilvania	TLV	RON	19.18	121,054	-1.4%	-8.5%	-3.7%	na	na	na	1.24x	1.27x	1.24x
Komerčni	KOMB	CZK	731.50	139,021	14.7%	-2.6%	11.7%	11.10x	8.42x	9.19x	1.14x	1.12x	1.05x
Mean								6.34x	4.69x	5.08x	0.94x	1.01x	0.86x
Median								6.06x	3.35x	4.05x	0.91x	1.03x	0.87x

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	7.94	370	15.4%	51.5%	8.8%	1.80x	na	na	0.41x	na	na
Tinc Comm	TINC	EUR	12.40	451	-7.0%	-6.1%	-0.8%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	44.74	91,288	56.7%	189.8%	-0.8%	5.61x	2.43x	3.74x	1.31x	0.96x	0.72x
Deutsche Beteiligungs	DBAN	EUR	27.55	518	0.5%	1.1%	-1.3%	2.57x	na	6.86x	0.68x	1.03x	0.82x
Eurazeo	RF	EUR	66.10	5,237	12.2%	-4.1%	13.8%	2.91x	14.90x	9.94x	0.72x	0.74x	0.71x
Carlyle Group	CG	USD	31.59	11,256	-4.5%	-26.1%	5.9%	3.34x	7.29x	7.95x	1.87x	2.72x	2.13x
Wendel SE	MF	EUR	101.50	4,542	28.9%	20.8%	16.4%	3.45x	8.43x	8.40x	1.35x	1.59x	1.41x
HgCapital Trust	HGT	GBP	3.37	1,534	-8.5%	-16.4%	-3.9%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.40	715	0.6%	2.5%	2.5%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.66	831	13.1%	16.4%	11.0%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.88	683	-12.2%	-18.7%	17.1%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.42	215	-15.7%	12.9%	-6.5%	1.78x	na	na	0.45x	na	na
Mean								4.27x	8.26x	7.38x	0.92x	1.41x	1.16x
Median								3.10x	7.86x	7.95x	0.72x	1.03x	0.82x

Source: Bloomberg, S&P Capital IQ

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