



## Economy

### Trade deficit reduced by 13.9% y/y in Feb-23

In Feb-23, exports increased by 6.2% y/y to US\$ 455.8mn from last year's high base (+60.3% y/y in Feb-2022). Meanwhile, imports declined by 5.5% y/y to US\$ 963.6mn in February, after a 27.3% y/y growth in January.

Consequently, the trade deficit decreased by 13.9% y/y to US\$ 507.9mn, after growing by 19.4% y/y in January.

Overall, in 2M23, trade deficit increased by a mere 0.8% y/y to US\$ 1.1bn, as exports increased by 20.3% y/y to US\$ 914.7mn, while imports were up by 9.0% y/y to US\$ 2.0bn.

### Money transfers increased by 103.0% y/y in Feb-23

According to the NBG, money transfers were up by 103.0% y/y to US\$ 372.3mn in Feb-23, after growing by 163.5% y/y in previous month. From major remitting countries, money transfers increased from Russia (+753.7% y/y and -30.0% m/m, accounting for 50.3% of total), followed by Italy (+18.0% y/y, 10.4% of total), USA (+44.3% y/y, 8.2% of total), Greece (+12.3% y/y, 4.7% of total), Israel (+16.4% y/y, 4.4% of total) and Germany (+29.0% y/y, 3.9% of total). Meanwhile, transfers reduced from Kazakhstan (-6.4% y/y, 3.5% of total). Overall, in 2M23 remittances increased by 132.0% y/y to US\$ 817.3mn.

### Average monthly nominal wages increased by 21.2% y/y in 4Q22

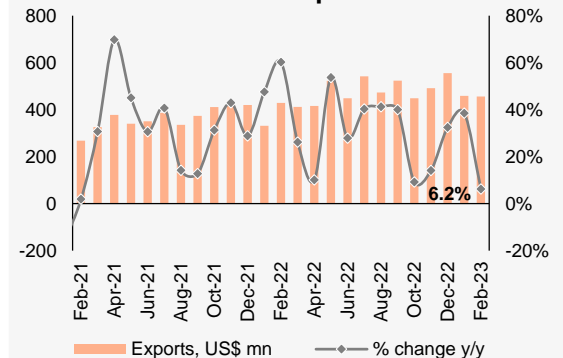
In 4Q22, average monthly nominal wages in Georgia increased by 21.2% y/y after 16.5% y/y growth in 3Q22, according to Geostat. By economic activity, the highest monthly average wages were observed in the following sectors: information and communication (GEL 3,673, +61.8% y/y), financial and insurance (GEL 2,727, +12.1% y/y), construction (GEL 2,536, +14.8% y/y), professional and scientific activities (GEL 2,455, +15.1% y/y) and mining (GEL 2,243, +18.2% y/y). The lowest average monthly wages were in education (GEL 1,006, +9.8% y/y), water supply (GEL 1,137, +9.1% y/y) and agriculture (GEL 1,179, 3.6% y/y) in 4Q22.

### 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/Baa2	

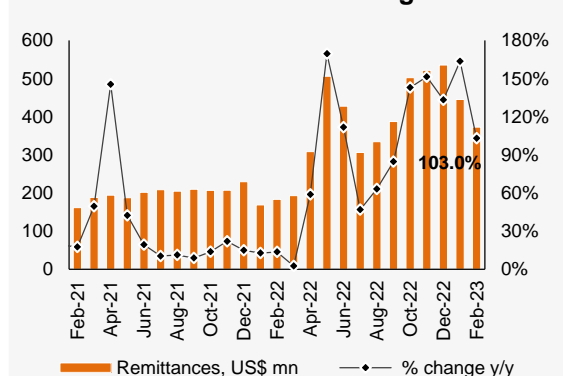
Source: Official data, Rating agencies, Galt & Taggart  
\*Latest sovereign credit ratings

### Goods exports



Source: Geostat

### Remittances in Georgia



Source: NBG

# Money market

## Ministry of Finance T-Bills:

1-year GEL 20.0mn (US\$ 7.7mn) T-Bills were sold at the auction held at NBG on March 14, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 9.615%, up by 0.221ppts from previous auction held in Feb-23.

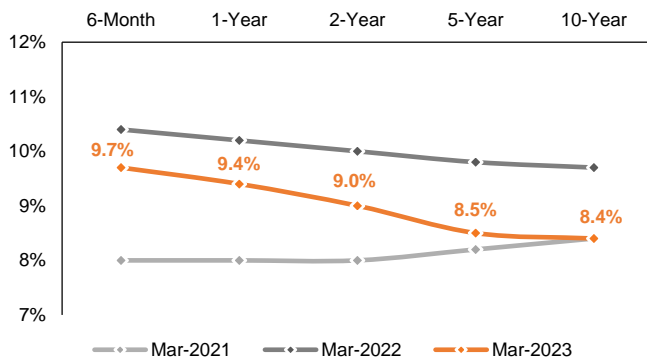
The nearest treasury security auction is scheduled for March 21, 2023, where GEL 60.0mn nominal value 10-year Benchmark bonds will be sold.

## 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	60	180	
2-year	129	360	
5-year	198	900	6,125
10-year	120	900	
<b>Total</b>	<b>567</b>	<b>2,520</b>	<b>6,540</b>

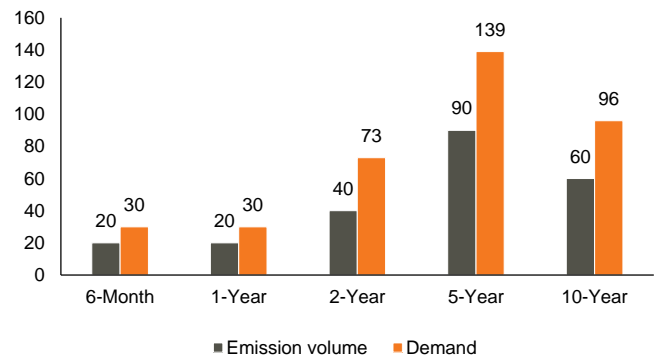
Source: MoF  
\*As of February 2023

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



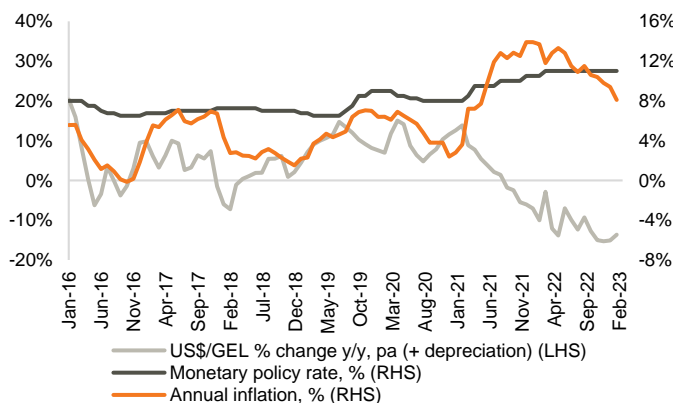
Source: NBG

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



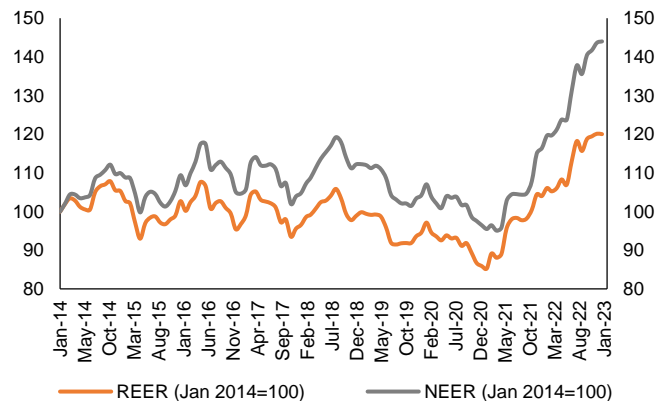
Source: NBG

## 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

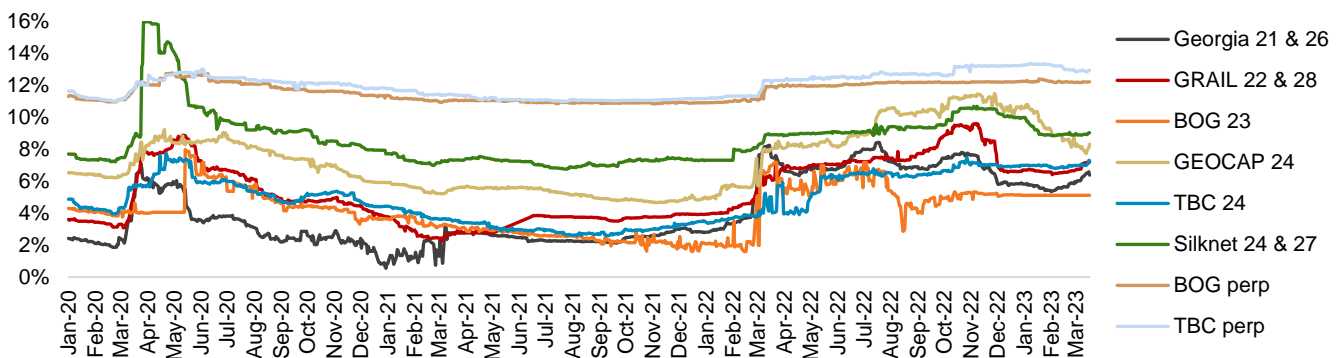
## Fixed income

**Corporate Eurobonds:** Georgia Capital Eurobonds (GEOCAP) were trading at 98.01 (-0.30% w/w), yielding 8.31%.

Georgian Railway Eurobonds (GRAIL) traded at 86.13 (-0.47% w/w), yielding 7.23%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 89.98 (-0.17% w/w) at 6.38% 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	89.98	6.38	274.10
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB/-	86.13	7.23	387.37
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-/-	99.78	12.21	698.81
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B+/B1	98.01	8.31	382.40
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	97.90	9.03	548.61
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.19	7.29	298.25
TBC PERP	USD	125	10.775%	n/a	B-/-	96.26	12.93	936.81

**Georgian local bonds performance**

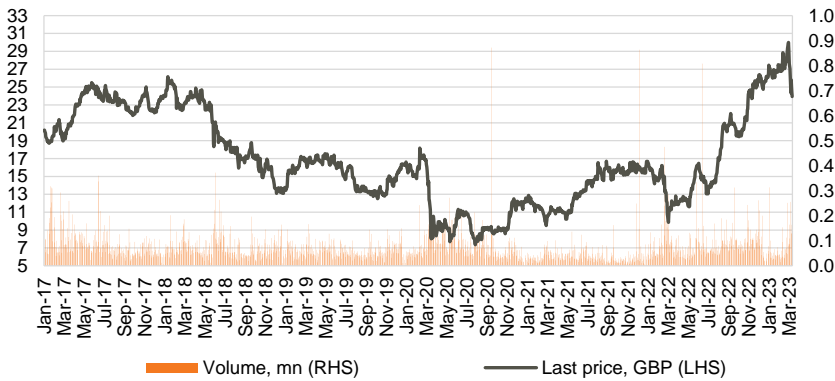
GLC	USD	12	5.75%	Jul-23	-/-/-	99.90	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.49	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	97.35	8.90	n/a
IG Development	USD	15	8.50%	Jul-24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

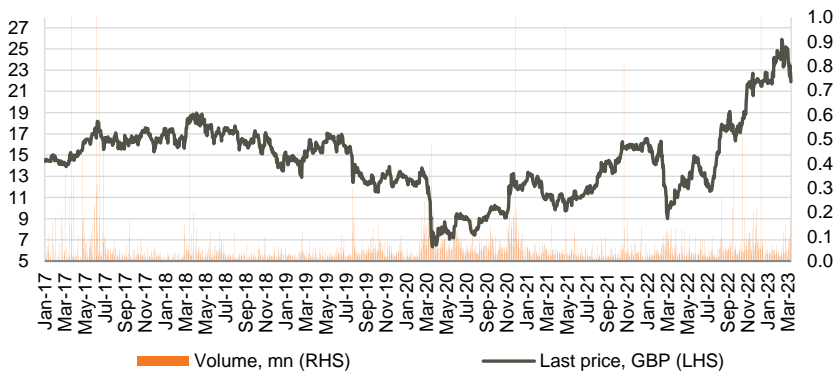
### Bank of Georgia Group (BGEO LN)



**Bank of Georgia Group (BGEO LN)** shares closed at GBP 23.95/share (-11.62% w/w and -16.98% m/m). More than 855k shares traded in the range of GBP 23.90 - 27.05/share. Average daily traded volume was 108k in the last 4 weeks. The volume of BGEO shares traded was at 1.74% of its capitalization.

Source: Bloomberg

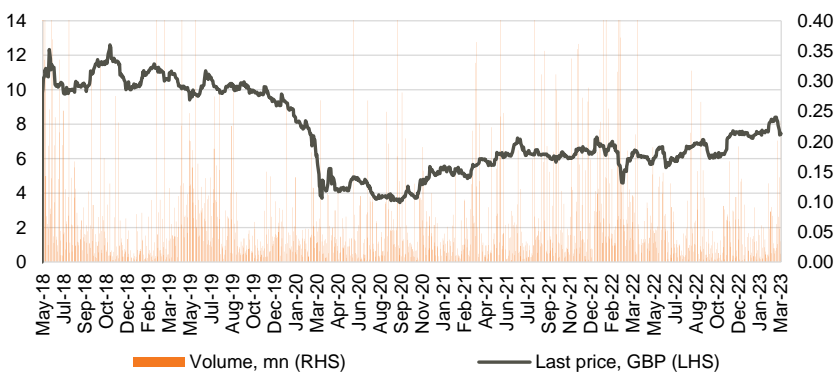
### TBC Bank Group (TBCG LN)



**TBC Bank Group (TBCG LN)** closed the week at GBP 21.90/share (-7.59% w/w and -15.44% m/m). More than 559k shares changed hands in the range of GBP 21.65 - 23.90/share. Average daily traded volume was 70k in the last 4 weeks. The volume of TBCG shares traded was at 1.01% of its capitalization.

Source: Bloomberg

### Georgia Capital (CGEO LN)



**Georgia Capital (CGEO LN)** shares closed at GBP 7.46/share (-6.05% w/w and -7.56% m/m). More than 477k shares traded in the range of GBP 7.25 - 8.02/share. Average daily traded volume was 66k in the last 4 weeks. The volume of CGEO shares traded was at 1.02% 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	23.95	1,178	14.9%	95.4%	-8.1%	4.58x	3.33x	4.05x	1.06x	1.05x	0.80x
TBC	TBC	GBP	21.90	1,208	26.3%	110.6%	-3.5%	4.75x	4.57x	4.14x	1.04x	0.95x	0.91x
Halyk Bank	HSBK	USD	11.34	3,092	16.9%	21.3%	2.2%	2.60x	3.00x	3.03x	0.76x	0.74x	0.62x
Akbank	AKBNK	TRY	18.21	94,692	49.4%	146.1%	-6.9%	6.04x	2.26x	3.20x	0.96x	0.79x	0.58x
Garanti	GARAN	TRY	25.56	107,352	17.4%	115.5%	-14.9%	7.12x	2.72x	3.52x	1.20x	0.89x	0.69x
Isbank	ISCTR	TRY	14.72	66,240	68.0%	276.0%	15.3%	2.87x	1.71x	2.02x	0.99x	0.70x	0.65x
PKO	PKO	PLN	26.46	33,075	11.8%	-34.5%	-12.6%	6.63x	10.24x	5.22x	0.86x	1.07x	0.95x
PEKAO	PEO	PLN	77.38	20,310	13.5%	-31.8%	-10.5%	9.22x	7.61x	5.43x	0.84x	0.98x	0.87x
Millennium	MIL	PLN	3.88	4,704	0.4%	-40.9%	-15.3%	na	2.15x	2.43x	0.81x	1.11x	0.89x
Mbank	MBK	PLN	272.80	11,563	8.4%	-26.6%	-7.8%	na	na	12.96x	0.83x	1.03x	0.78x
BRD	BRD	RON	12.46	8,683	-2.4%	-29.4%	-4.2%	6.06x	7.07x	6.47x	0.81x	1.40x	1.19x
Banca Transilvania	TLV	RON	19.40	122,443	1.0%	-14.7%	-2.6%	na	na	na	1.24x	1.27x	1.24x
Komerčni	KOMB	CZK	690.50	131,229	3.1%	-17.2%	5.4%	11.10x	8.19x	9.08x	1.14x	1.12x	1.05x
<b>Mean</b>								<b>6.34x</b>	<b>4.80x</b>	<b>5.13x</b>	<b>0.94x</b>	<b>1.01x</b>	<b>0.86x</b>
<b>Median</b>								<b>6.06x</b>	<b>3.33x</b>	<b>4.10x</b>	<b>0.91x</b>	<b>1.03x</b>	<b>0.87x</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		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	7.46	348	9.7%	31.1%	2.2%	1.80x	na	na	0.41x	na	na
Tinc Comm	TINC	EUR	12.18	443	-8.6%	-9.2%	-2.6%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	42.14	85,983	57.5%	148.5%	-6.5%	5.61x	3.18x	4.90x	1.31x	1.25x	0.94x
Deutsche Beteiligungs	DBAN	EUR	26.70	502	14.6%	-10.1%	-4.3%	2.57x	na	7.00x	0.68x	1.06x	0.84x
Eurazeo	RF	EUR	61.40	4,864	7.5%	-15.5%	5.7%	2.91x	14.70x	9.74x	0.72x	0.73x	0.70x
Carlyle Group	CG	USD	29.99	10,686	-2.9%	-36.4%	0.5%	3.34x	6.92x	7.55x	1.87x	2.58x	2.02x
Wendel SE	MF	EUR	94.80	4,242	23.5%	4.1%	8.7%	3.45x	8.36x	8.27x	1.35x	1.58x	1.39x
HgCapital Trust	HGT	GBP	3.40	1,546	-9.5%	-17.1%	-3.1%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	15.90	693	2.6%	-8.6%	-0.6%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.48	800	14.9%	9.0%	6.8%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	9.38	649	-18.4%	-25.0%	11.1%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.44	225	-13.1%	16.1%	-2.0%	1.78x	na	na	0.45x	na	na
<b>Mean</b>								<b>4.27x</b>	<b>8.29x</b>	<b>7.49x</b>	<b>0.92x</b>	<b>1.44x</b>	<b>1.18x</b>
<b>Median</b>								<b>3.10x</b>	<b>7.64x</b>	<b>7.55x</b>	<b>0.72x</b>	<b>1.25x</b>	<b>0.94x</b>

Source: Bloomberg, S&P Capital IQ

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