

11/16/2022

Weekly Highlights

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

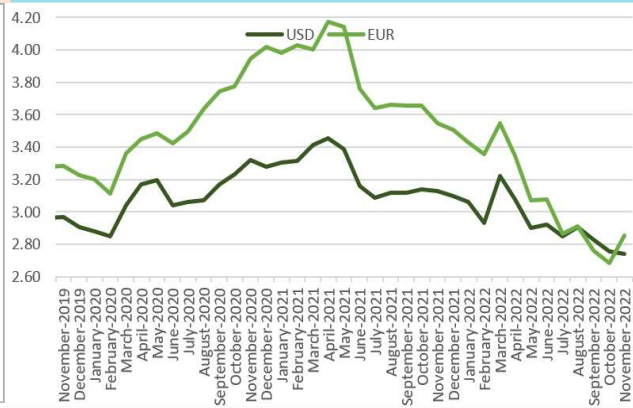
Gross international reserves increased by 10.8% y/y to US\$ 4.4bn in October 2022, according to NBG. On a monthly basis, the reserves were up by 1.7% (+US\$ 72.5mn). Change in reserves was attributed to the government and banking sector FX operations.

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 buddings, 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.

GEORGIA BIWEEKLY MARKET REPORT

Georgian Lari (GEL) spot FX rates



GEL Interbank Deposit Rates (TIBR)



Customer deposit rates

% p.a.	BGEO	TBC
GEL		
3 months	10.70	10.70
1 year	11.60	10.95
2 years	12.35	10.75
USD		
3 months	0.25	0.25
1 year	0.60	0.60
2 years	0.85	1.95
EUR		
3 months	0.00	0.00
1 year	0.45	0.00
2 years	0.00	0.00

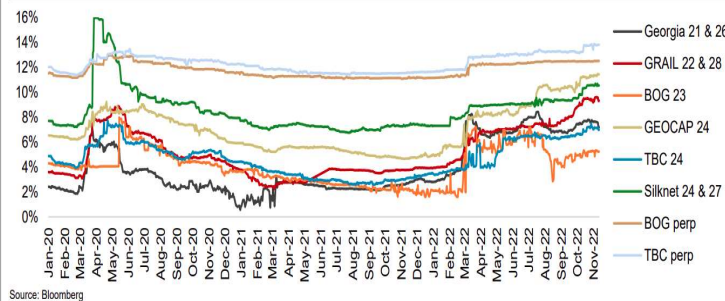
Georgia Macro-Economic Data

Inflation Rate	11.80%	Mar-22
	12.80%	Apr-22
	13.30%	May-22
	12.80%	Jun-22
	11.50%	Jul-22
	10.90%	Aug-22
	11.50%	Sep-22
GDP Growth	14.90%	2022(I)
	7.10%	2022(II)
		2022(III)
		2022(IV)
Unemployment	22.10%	2021 (II)
	19.50%	2021 (III)
	19.00%	2021 (IV)
	19.40%	2022 (I)
	18.10%	2022 (II)
Foreign Trade Balance	\$ (0.51)	Mar-22
USD bn +/-	\$ (0.58)	Apr-22
	\$ (0.66)	May-22
	\$ (0.66)	Jun-22
	\$ (0.58)	Jul-22
	\$ (0.74)	Aug-22
FX Reserves	\$ 3.51	Feb-22
USD bn +/-	\$ 3.54	Mar-22
	\$ 3.35	Apr-22
	\$ 3.37	May-22
	\$ 3.45	Jun-22
	\$ 3.59	Jul-22
	\$ 3.80	Aug-22

Bond market news

Ministry of Finance T-Bills: 2-year GEL 80.0mn (US\$ 28.8mn) Benchmark bonds were sold at the auction held at NBG on November 1, 2022. Total demand was c.1.9x higher and the weighted average yield was fixed at 9.205%, down by 0.218ppts from previous auction held in Oct-22. 6-month GEL 20.0mn (US\$ 7.2mn) T-Bills were sold at the auction held at NBG on November 1, 2022. Total demand was 1.5x higher and the weighted average yield was fixed at 9.973%, down by 0.103ppts from previous auction held in Oct-22. 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.

Georgian Eurobonds, YTM



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

Weekly Highlights

Real GDP growth was 8.8% y/y in Sep-22

The economic growth in Georgia eased to 8.8% y/y in Sep-22, after a 10.5% y/y growth in previous month, based on Geostat’s rapid estimates. Cumulatively, in 9M22, the real growth came in at 10.2% y/y. Growth in September was recorded in transport, IT services, construction, hospitality and industry sectors, while it reduced in real estate sector. Considering strong ongoing data, we revised 2022 growth projection upwards to 10.2%, from our baseline projection of 9.2% (see more here).

Inflation retreated to 10.6% y/y in Oct-22

Annual CPI inflation retreated to 10.6% in Oct-22 from a 11.5% inflation in previous month. Core inflation (non-food, non-energy, and non-tobacco) also retreated to 7.3% (-0.2ppts m/m) in October. By categories, annual inflation was mostly driven by price changes in food and non-alcoholic beverages (+15.8% y/y, 5.22ppts), transport (+11.6% y/y, 1.38ppts), housing, water, electricity, gas and other fuels (+13.5% y/y, 1.31ppts), and restaurants and hotels (+16.8% y/y, 0.71ppts) categories. On a monthly basis, there was a 0.5% inflation in Oct-22, driven by price changes in food and non-alcoholic beverages (+1.4% m/m) and transport (-2.0% m/m) categories.

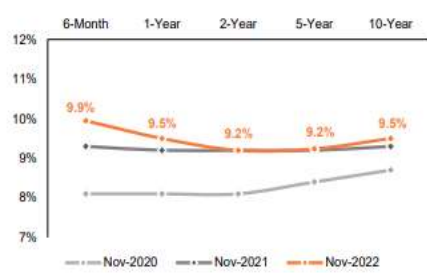
Short Term Central Bank Facilities

	O/N	6 months	2 years	Issuer
GEL	9.00%	9.10%	10.17%	NBG
USD	0.00%	0.21%	0.27%	US FED
EUR	n/a	-0.55%	-0.64%	ECB

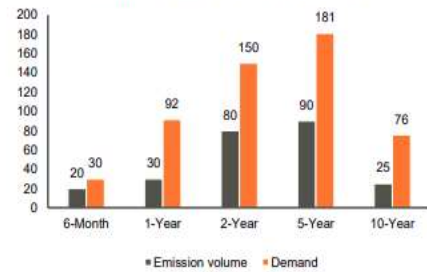
Geo Ministry of Finance T-Bills

Maturity	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	120	9.9	20
1-year	GEL	295	9.5	30
2-year	GEL	1300	9.2	80
5-year	GEL	3307	9.2	180
10-year	GEL	1371	9.5	200
Total		6393		510

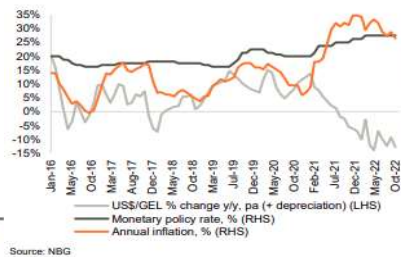
T-bills / T-notes, yield curve



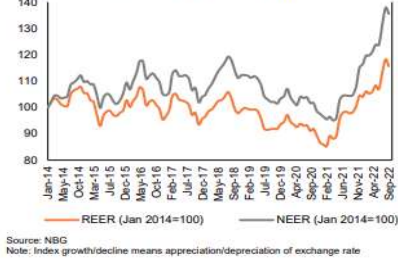
Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



Monetary policy rate, inflation and FX rate



Nominal effective exchange rate and Real effective exchange rate



Sources: TBC Capital, Galt & Taggart, Bank of Georgia, NBG, GEOSTAT, MarketWatch, Trading Economics...

*n/a – currently not available, subject of further research



The finalists of the Business Award 2022 are known

In TBC business support project Business Award 2022, the jury has identified the finalist companies. In total, 15 finalists were selected in 5 nominations.

1. The best product
- POSTED • Logimeter • ATOM Kids
2. The best innovative startup
- Kernelo • Calen Ai • Artistio
3. Outstanding social responsibility
- Lideri • University of Business and Technology (BTU) • Georgian strollers factory
4. Outstanding role in the development of the region
- Abbe Timeo • Station "Bahnhof Station" • Udabno
5. Outstanding customer experience
- Veli.Store • Pazza • Episode

This year, business award participants will have the opportunity to win 2 special awards - for gender equality and green initiatives. UN Women established a special award for gender equality, and GCPF (Global climate partnership fund) - for green initiatives.About 3,000 companies participated in the business award for 7 years, this year a record number of 412 companies expressed their desire to participate in the project. The goal of the project is to encourage small and medium-sized businesses, increase their awareness and promote the formation of a business society. There is only a short time left before the final award ceremony, which will be held in December.Project partners are VISA (main sponsor), EFSE Foundation and "Produce in Georgia".

Global Equity Indexes			
Prev. Close	Div. Yield	Performance	Date
DJIA			
32,283.40	--	-5.79%	30-Aug-22
30,076.68	--	-7.34%	24-Sep-22
29,202.88	--	-2.99%	12-Oct-22
30,333.59	--	3.73%	22-Oct-22
33,536.70	--	9.55%	16-Nov-22
DAX			
12,892.99	--	-5.69%	30-Aug-22
12,531.63	--	-2.88%	24-Sep-22
12,220.25	--	-2.55%	12-Oct-22
12,767.41	--	4.29%	22-Oct-22
14,378.51	--	11.20%	16-Nov-22
MSCI EAFE			
Div. Yield from 05/29/2020			
1,882.33	2.85%	-4.18%	30-Aug-22
1,734.01	2.85%	-8.55%	24-Sep-22
1,672.13	2.85%	-3.70%	12-Oct-22
1,698.33	2.85%	1.54%	22-Oct-22
1,913.56	2.85%	11.25%	16-Nov-22

Selected International Equities					
Russia			Ukraine		
	Div.Yield	P/E		Div.Yield	P/E
Gazprom	0.00%	0.46	Kernel holding	11.25%	0.74
Novatek	0.00%	7.01	MHP SE	0.00%	1.94
Sberbank	0.00%	0.18	Astartra holding	0.00%	1.9
Lukoil	0.00%	3.91	DTEK	0.00%	1
VTB	0.00%	0.91	Ferrexpo	11.19%	3.9

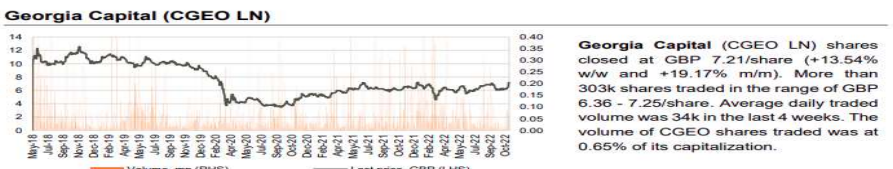
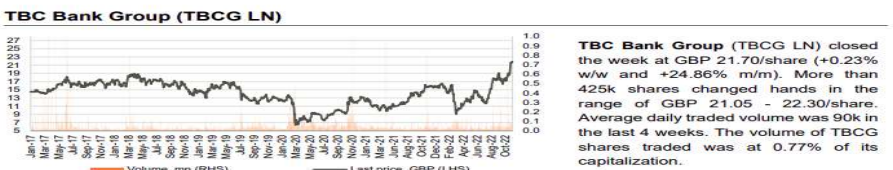
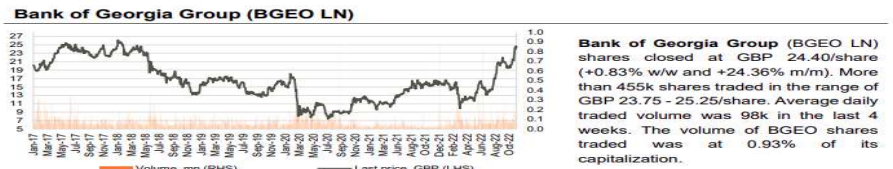
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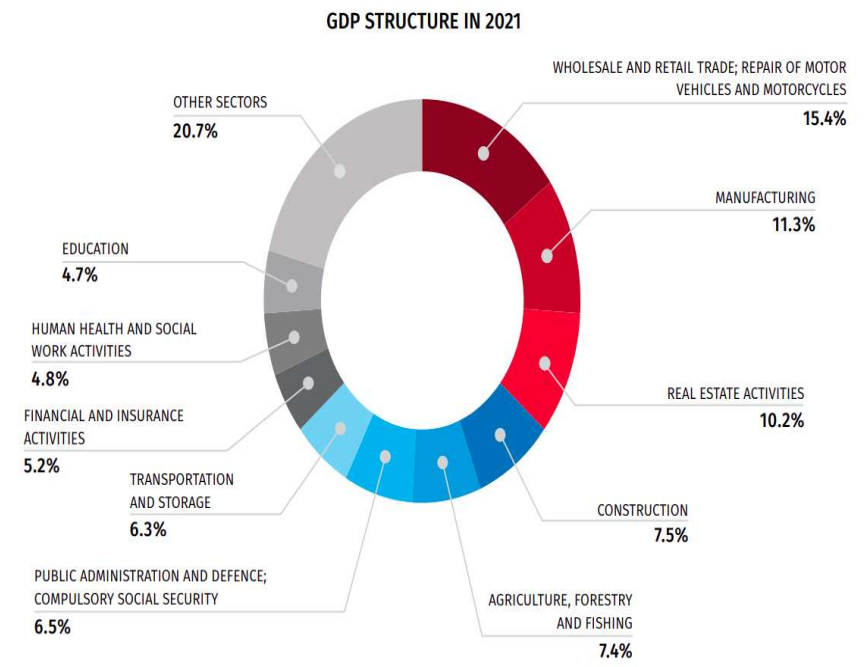
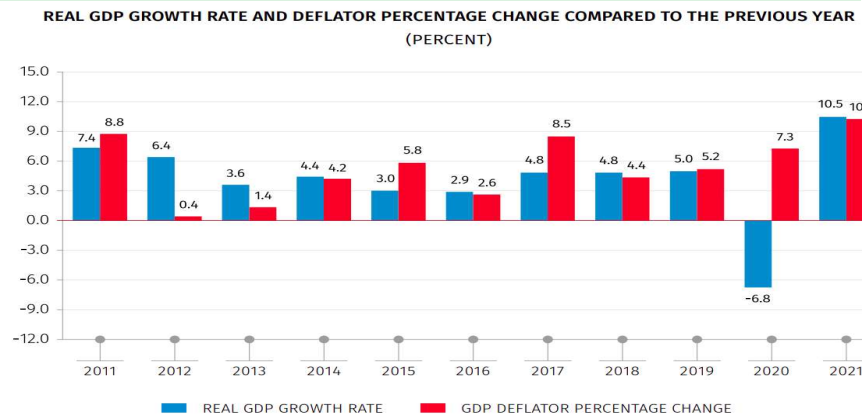
Georgian Equities

Equities	London StEx				
Issuer	Price (GBX)	MarkCap (£ mn)	Div. Yield	Rec.Date	Earnings per share
BGEO	2370.0	£ 1,133.19	-	16-Nov-22	15.2
CGEO	730.0	£ 327.24	-	16-Nov-22	15.7
TBCG	2145.0	£ 1,180.89	-	16-Nov-22	14.7
Total Top 4		£ 2,641.32			
GeoStEx					
Issuer	Size of Issue (GEL)	volume (GEL)			
BGEO	43,308,125	27,993,660			
Liberty Bank	29,000,000,000.00	5,502,254,354.00			
Green Insurance Georgia	9,000,000	4,000,944.00			
Metro Euphoria Hotel Batumi	54,476,929	54,476,929.00			
Admitted to Trading					
Issuer	volume (mn GEL)	MarkCap (mn GEL)			
Telasi	112.429	224.858			
Sarajishvili	1.8	11.661			
Isani-Kartu	2.38	0.358			
Khasuri Glass Tare	2.74	0.137			
Tramsmsheni	0.9	1.450			
VTB Bank Georgia	209.008	209.000			

Total Stock Market Cap. 447.46 €



GDP of Georgia in 2021



Note: Individual figures may not sum up to the total due to rounding.

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