

03.10.23

GEORGIA BIWEEKLY MARKET REPORT

Weekly Highlights

CA deficit at 4.9% of GDP in 2Q23

The Current Account (CA) deficit came in at 4.9% of GDP, up from 4.6% in 2Q22, mainly due to an increased negative income balance caused by a surge in reinvestments. The merchandise trade deficit, traditionally the major contributor to deficit creation, increased by 13.0% y/y to US\$ 1.2bn, as exports increased by 15.3% y/y and imports were up 14.4% y/y. Meanwhile, positive services balance grew significantly by 49.4% y/y to US\$ 788.9mn, driven by ICT (+138.9% y/y to US\$ 168.4mn) and tourism revenues (+34.8% y/y to US\$ 1.0bn). Net FDI remained the key funding source for the CA deficit, accounting for 6.3% of GDP in 2Q23. Notably, the NBG revised 1Q23 and 2022 CA deficit figures upwards to 5.9% of GDP (up from previous estimate of 3.2%) and 4.6% of GDP (up from 4.0%), respectively. Overall, in 1H23, CA deficit came in at 5.3% of GDP, down from 8.6% of GDP in 1H22. Galt and Taggart forecasts CA deficit at 4.5% of GDP in 2023, up from our previous forecast of 3.8%, reflecting revisions in official statistics for 1Q23 and 2022.

Perpetual Bonds

Issuer	Currency	Size of issue(mn)	Maturity	coupon rate	Rating (Fitc)	Coupon rate terms
ADB	GEL	30	15-Jul-24	10,05%	AAA	3m GEL CD NBG Rate + 20 bps
EBRD	GEL	92	20-Oct-26	11,15%	AAA	3m TIBR
EBRD	GEL	93	20-Jul-24	11,15%	AAA	3m TIBR

Domestic GEL Bonds

Georgian Issuer	Currency	Amount (mn)	First Reset Date	Current coupon	Rating (Fitc)	%	Z-Spread (bps)
TBC AT1	USD	125	3-Oct-24	10,775%	B-	12,88%	851
BGEO AT1	USD	100	28-Jun-24	11,125%	B-	13,45%	682

Domestic FX Bonds USD

Issuer	Currency	Amount (mn)	Maturity	Yield	Rating (Fitc)	Coupon	Z-spread (bps)
Geo. Beer Company	GEL	25	Dec-23	n/a	--	Ref rate + 4.0%	n/a
EVEX	GEL	50	Nov-24	n/a	--	Ref rate + 3.10%	n/a
Nikora trade	GEL	35	Nov-24	n/a	--	TIBR3M + 3.50%	n/a
Nikora	GEL	35	Nov-25	n/a	--	TIBR3M + 3.50%	n/a
TBC Leasing	GEL	100	Mar-26	n/a	BB	TIBR3M + 2.75%	n/a
TBC Leasing	GEL	15	Jun-26	n/a	BB	TIBR3M + 3.00%	n/a
Tegeta Motors	GEL	150	Dec-25	n/a	--	TIBR3M + 3.50%	n/a
Tegeta Motors	GEL	20	Dec-25	n/a	--	TIBR6M + 3.50%	n/a
MFO Crystal	GEL	25	Feb-25	n/a	B-	TIBR6M + 4.75%	n/a
MFO MBC	GEL	15	Dec-24	n/a	--	TIBR3M + 4.50%	n/a
MFO Rico Express	GEL	130	Mar-26	n/a	--	TIBR1D + 2.00%	n/a

Short Term Central Bank Facilities

Issuer	Currency	Amount (mn)	Maturity	Yield	Rating (Fitc)	Coup. rate	Z-spread (bps)
Bakhvi Hydro Power	USD	1,2	Nov-27	n/a	--	9.4%	n/a
Energy Development Ge	USD	10	Jun-25	n/a	--	8.5%	n/a
Georgia Real Estate	USD	35	Oct-24	8,50%	--	8.5%	n/a
Geo. Renewable Power	USD	80	Oct-27	7,00%	--	7.0%	n/a
Geosteel	USD	15	Apr-25	9,0%	--	9.0%	n/a
IG Development	USD	15	Jan-24	6,63%	--	6.75%	n/a
IG Development	USD	15	Jul-24	8,64%	--	8.5%	n/a
Lisi Lake Development	USD	12	Dec-24	6,75%	--	6.5%	n/a
Lisi Lake Development	USD	10	Dec-24	8,5%	--	8.5%	n/a
SRG Real Estate	USD	20	Apr-26	9,0%	--	9.0%	n/a
Tegeta Motors	USD	5	Apr-25	8,75%	--	8.5%	n/a

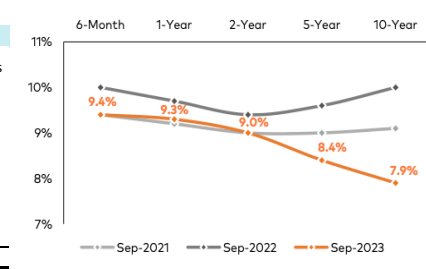
Eurobonds

Georgian Issuer	Currency	Amount (mn)	Maturity	Mid yield	Rating (Fitc)	Coupon rate	Z-Spread (bps)
GEO Sovereign	USD	500	Apr-26	6,87%	BB	2,75%	250
GEORAIL	USD	500	Jul-28	7,32%	BB-	4,00%	291
TBC	USD	300	Jun-24	6,65%	BB-	5,70%	131
Silknet	USD	300	Jan-27	8,89%	B	8,37%	432

Geo Ministry of Finance T-Bills

Maturity	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	400	9,4	60
1-year	GEL		9,3	60
2-year	GEL		9	120
5-year	GEL	7339	8,4	150
10-year	GEL		7,9	240
Total		7739		630

T-bills / T-notes, yield curve

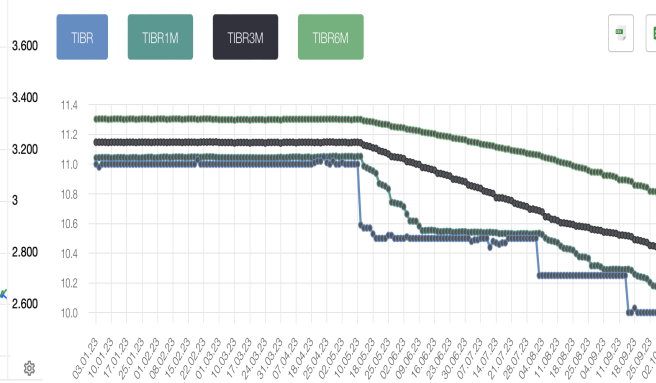


Source: NBG

Georgian Lari (GEL) spot FX rates



GEL Interbank Deposit Rates (TIBR)



Customer deposit rates

% p.a.	BGEO	TBC
GEL		
3 months	10,7	9,8
1 year	11,6	10,2
2 years	12,35	10,8
USD		
3 months	0,30	1,3
1 year	1,00	2
2 years	1,45	2,45
EUR		
3 months	0,00	0,5
1 year	0,45	0,7
2 years	0,00	0,9

Georgia Macro-Economic Data

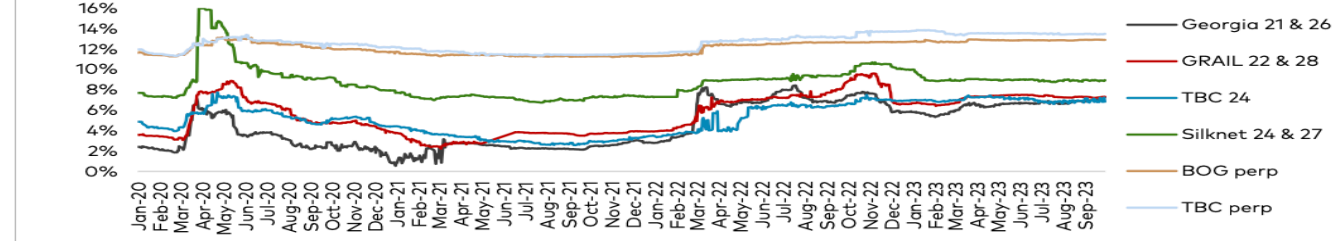
Inflation Rate	9,80%	Dec.22
	9,40%	Jan.23
	8,10%	Feb.23
	5,30%	Mar.23
	2,70%	Apr.23
GDP Growth	1,50%	May.23
	0,60%	Jun.23
	14,90%	2022(I)
	7,20%	2022(II)
	9,80%	2022(III)
Unemployment	9,70%	2022(IV)
	19,50%	2019
	19,00%	2020
	19,40%	2021
	18,10%	2022
15,60%	2023 Q1	
Foreign Trade Balance	\$ (0,66)	Jan.23
	\$ (0,61)	Feb.23
USD bn +/-	\$ (0,83)	Mar.23
	\$ (0,72)	Apr.23
	\$ (0,68)	May.23
	\$ (0,67)	Jun.23

Bond market news

Ministry of Finance T-bills/T-notes:

5-year GEL 90.0mn (US\$ 33.7mn) Benchmark bonds were sold at the auction held at NBG on September 26, 2023. Total demand was 1.5x higher and the weighted average yield was fixed at 8.264%, down by 0.050ppts from previous auction held in Aug-23. The nearest treasury security auction is scheduled for October 3, 2023, where GEL 20.0mn 6-month T-bills and GEL 40.0mn nominal value 2-year Benchmark Bonds will be sold.

Corporate Eurobonds:
Georgian Railway Eurobonds (GRAIL) traded at 86.97 (-0.15% w/w), yielding 7.32%.
Georgian Sovereign Eurobonds (GEORG) closed at 89.65 (-0.32% w/w) at 7.26% yield to



Source: Bloomberg

Weekly Highlights

Bank lending increased by 14.6% y/y in Aug-23

In Aug-23, the banking sector loan portfolio increased by 14.6% y/y (+0.9% m/m), excluding FX effect, after a 14.5% y/y growth in previous month. In unadjusted terms, loan portfolio rose by 11.1% y/y (+0.5% m/m), reaching GEL 48.0bn (US\$ 18.3bn), after growing 13.6% y/y in July. By sector, corporate loans accelerated further, up by 16.0% y/y growth in August (+14.7% y/y in July, exc. FX effect) and retail loans were up 13.5% y/y (+14.2% y/y in July). Notably, the mortgages growth slowed to 9.9% y/y in August (+11.3% y/y in July). In Aug-23, loan dollarization stood at 41.6% (+1.16ppts y/y and -0.84ppts m/m) and NPLs at 1.7% (-0.04ppts y/y and +0.01ppts m/m). Bank deposits increased by 20.1% y/y (+0.4% m/m, exc. FX effect) to GEL 48.1bn (US\$ 18.3bn) in Aug-23. In terms of currency breakdown, GEL deposits growth came in at 38.0% y/y (+41.2% y/y in previous month) and FX deposits growth (exc. FX effect) slowed to 7.2% y/y (+13.3% y/y in previous month). As a result, the level of deposit dollarization stood at 49.7% (-8.36ppts y/y and -0.91ppts m/m) in Aug-23.

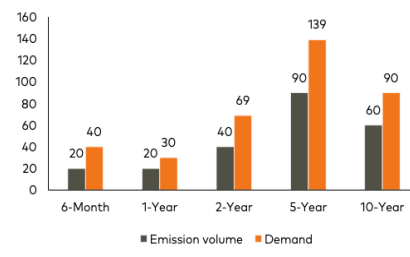
Government targets a 2.5% deficit in the 2024 draft budget

The government has submitted to the Parliament an initial draft of 2024 state budget, which sets economic growth at 5.2% and GDP deflator at 3.0% for 2024. Fiscal deficit planned at 2.5% of GDP for 2024 at consolidated level, representing an improvement compared to 2023E. Notably, tax revenues expected to increase by 9.4% y/y to 24.9% of GDP and privatization revenues are set at GEL 350mn. Total expenditures for 2024 budgeted at 30.5% of GDP, with capex accounting for 7.6% of GDP, down from 8.6% in 2023E. Total public debt to GDP is projected at 38.2% (2023E 38.4%), reflecting reduced share of external debt (2024F 26.6% of GDP vs. 2023E 27.7%) and an increased share of domestic debt (2024F 11.7% of GDP vs. 2023E 10.7%).

Real GDP growth was 5.8% y/y in Aug-23

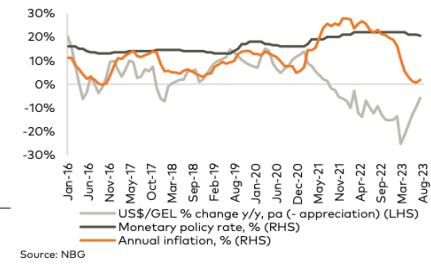
Georgia's economy expanded by 5.8% y/y in Aug-23, in line with our expectations. Cumulatively, real growth came in at 7.0% y/y in 8M23. The growth in August was driven primarily by

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



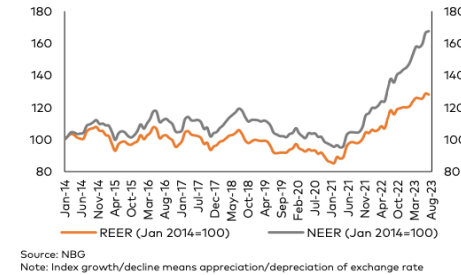
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal and real effective exchange rates



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate

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

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



Indebtedness vs GDPs of the G20 and Georgia 2022 data

Country	GDP in Billion US Dollar	Debt (% of GDP)	Country	DP in Billion US Dolla	Debt (% of GDP)
Argentina	633	85	Japan	4231,00	264
Australia	1675,00	22,3	Mexico	1414,00	49
Brazil	1920	72,87	Russia	2240,00	17,2
Canada	2140	107	Saudi Arabia	1108,00	30
China	17963	77,1	South Africa	406,00	67,4
France	2783	112	South Korea	1665,00	49,6
Germany	4072	66,3	Turkey	906,00	31,7
India	3385	89,26	UK	3071,00	101
Indonesia	1319	39,9	US	25463,00	129
Italy	2010	145	singapore	467,00	168
Netherlands	991	51	spain	1398,00	113

Country	GDP Bln \$	Debt %
Georgia	24,6	39,7

Global Equity Indexes

Index	Prev. Close	Div. Yield	Performance	Date
DJIA				
	32 432,08	--	-0,69%	28-Apr-23
	33 061,57	--	1,90%	5-Jun-23
	35 630,68	--	7,21%	2-Aug-23
	34 852,67	--	-2,23%	31-Aug-23
	33 002,38	--	-5,61%	3-Oct-23
DAX				
	15 141,14	--	-1,48%	28-Apr-23
	16 076,00	--	5,82%	5-Jun-23
	16 240,40	--	1,01%	2-Aug-23
	15 891,93	--	-2,19%	31-Aug-23
	15 085,21	--	-5,35%	3-Oct-23
MSCI				
		Div. Yield		
		from 05/29/2020		
	2 017,13	2,85%	-1,93%	28-Apr-23
	2 097,00	2,85%	3,81%	5-Jun-23
	3 003,00	2,85%	30,17%	2-Aug-23
	2 991,53	2,85%	-0,38%	31-Aug-23
	2 810,86	2,85%	-6,43%	3-Oct-23

In the Year 2022, the trade sector (including repair of motor vehicles and motorcycles) has the highest share (38.1 percent) in the total turnover in business sector, followed by arts, entertainment and recreation with 29.1 percent share, manufacturing – 9.4 percent, construction – 6.0 percent, transportation and storage – 5.1 percent, electricity, gas, steam and air conditioning supply – 3.1 percent and other

Turnover in business sector by kind of economic activities (2022)

BY KIND OF ECONOMIC ACTIVITIES - TOTAL	2021		2022		INCREASE RATE IN YEAR 2022 COMPARED TO YEAR 2021
	2021	2022	2021	2022	
Agriculture, forestry and fishing	773.7	915.5	118.3		
Mining and quarrying	1 218.8	1 411.7	115.8		
Manufacturing	14 760.9	17 030.0	115.4		
Electricity, gas, steam and air conditioning supply	4 865.8	5 662.0	116.4		
Water supply, sewerage, waste management and remediation activities	369.4	412.3	111.6		
Construction	8 250.7	10 913.7	132.3		
Wholesale and retail trade; repair of motor vehicles and motorcycles	54 678.9	69 244.6	126.6		
Transportation and storage	6 985.7	9 302.3	133.2		
Accommodation and food service activities	1 722.9	2 393.7	138.9		
including					
Accommodation	726.9	973.9	134.0		
Food service	996.0	1 419.8	142.5		
Information and communication	2 484.3	4 117.8	165.1		
Real estate activities	1 395.2	1 743.9	125.0		
Professional, scientific and technical activities	1 687.2	1 856.1	110.0		
Administrative and support service activities	990.9	1 421.1	143.4		
Education	505.9	620.8	122.7		
Human health and social work activities	1 465.3	1 589.2	108.5		
Arts, entertainment and recreation	48 086.2	52 904.1	110.0		
Other service activities	163.1	225.7	138.3		

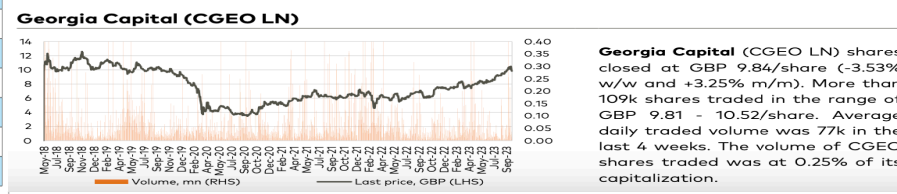
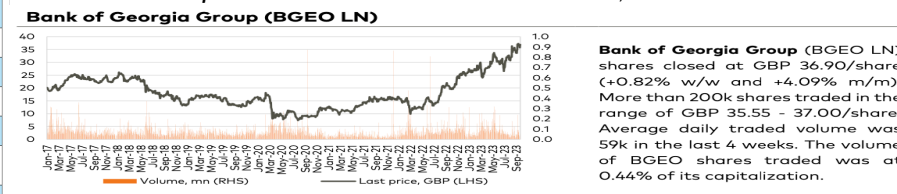
Georgian Equities

Equities		London StEx				
Issuer	Price (GBX)	MarkCap (£ mn)	Div. Yield	Rec.Date	Earnings per share	
BGEO	3 515	£ 1 613,00	-	4-Oct-23	15,2	
CGEO	942,0	£ 412,00	-	4-Oct-23	15,7	
TBCG	2890	£ 1 593,00	-	4-Oct-23	14,7	
Total Top 4						
		£ 3 618,00				

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

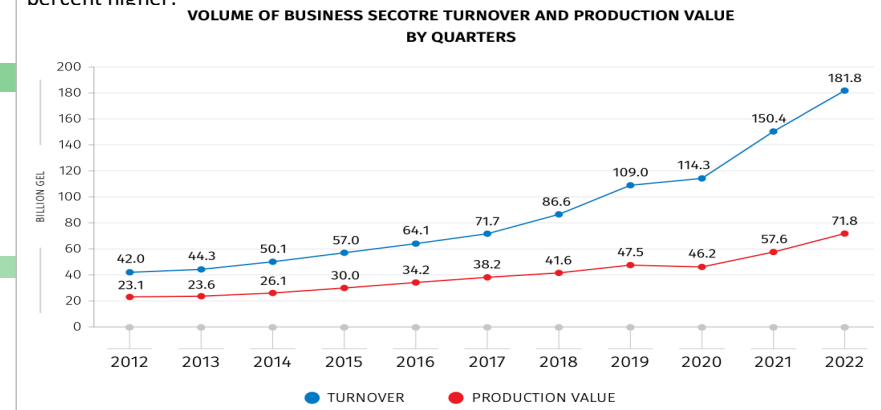
Admitted to Trading		
Issuer	volume (mn GEL)	MarkCap (mn GEL)
Telasi	112,429	224,858
Sarajishvili	1,8	11,661
Isani-Kartu	2,38	0,358
Khasuri Glass Tare	2,74	0,137
Tramssheni	0,9	1,450
VTB Bank Georgia	209,008	209,000

Total Stock Market Cap. 447,46 €



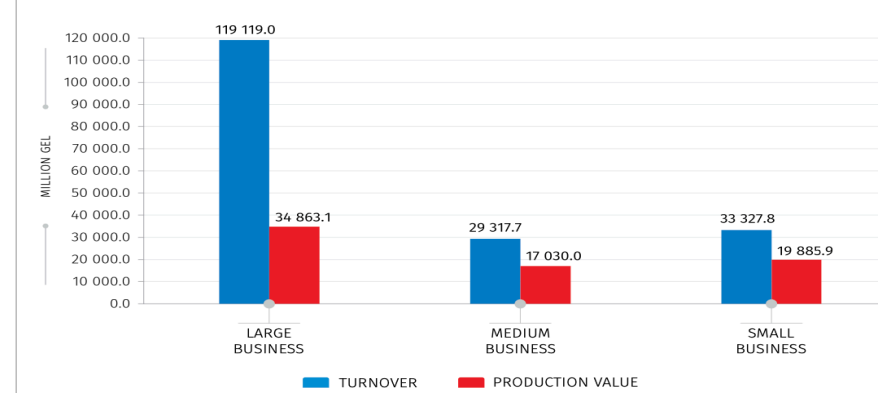
Activities of Enterprises in 2022 by GeoStat

In the Year 2022 compared to the previous year the volume of business sector turnover increased by 20.8 percent and amounted to 181.8 billion GEL. The production value of the business sector is characterized by the growth tendency. In the Year 2022, its volume equaled to 71.8 billion GEL, which is year-on-year 24.6 percent higher:



In the Year 2022, 65.5 percent of total turnover comes on large and 16.1 percent - on medium businesses while 18.3 percent is distributed to small business.

A small difference in case of total production value: 48.6 percent comes on large



LLC GeoHolding (c)
 31a Razmadze Str, 0179 Tbilisi, Georgia
 Email: Mariam.burdiladze@llcgeoholding.org
 michael.north@llcgeoholding.org

Website: <https://www.llcgeoholding.org/>
 LinkedIn: <https://www.linkedin.com/company/llc-geoholding/>
 Facebook: <https://www.facebook.com/llcgeoholding/>

This presentation is for information purposes only and does not constitute or form part of any offer to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. Certain statements in this presentation are forward looking statements. These forward looking statements are based on expectations and beliefs current as of the date of this presentation, and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performance and achievement to differ materially from any expected future results, performance or achievement expressed or implied by such forward looking statements. No representation, warranty or assurance (expressed or implied) is given or made by the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. The presentation disclaims any obligation or undertaking to disseminate any updates or revisions to any information contained in this presentation reflect any change in expectations, events, conditions or circumstances on which that information is based.

Disclaimer LLC GeoHolding (c)