

3/1/2023

GEORGIA BIWEEKLY MARKET REPORT

Weekly Highlights

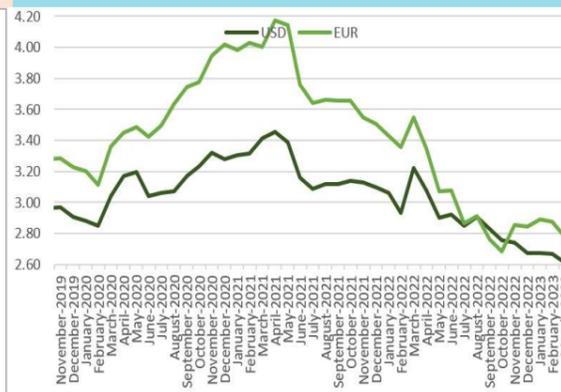
Unemployment rate reduced to 16.1% in 4Q22

The unemployment rate reduced by 3.0ppts y/y to 16.1% in 4Q22, amid strong economic growth. During the same period, the number of hired employed individuals increased by 5.1% y/y, accounting for 67.7% of total employment, while self-employed persons were up 4.5% y/y and accounted for 32.2% of total. Notably, the labor force participation rate increased by 1.5ppts y/y to 52.9% in 4Q22, surpassing the pre-pandemic level.

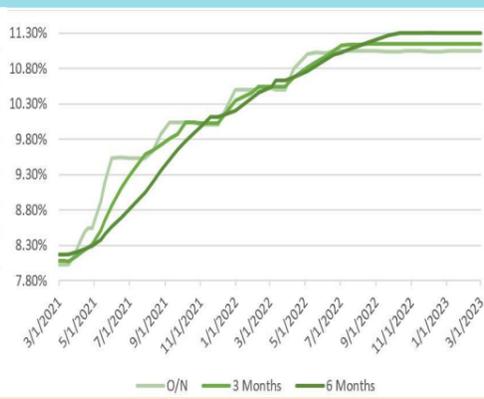
Tourism revenues stood at US\$ 300.0mn in Jan-23

According to Galt and Taggart's estimates, tourism revenues continued strong growth up by 163.1% y/y, reaching US\$ 300.0mn in Jan-23. Looking ahead, they remain optimistic about the industry's prospects and anticipate tourism revenues at US\$ 4.0bn (+15.0% y/y) in 2023.

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			
			11.50% Jul-22
			10.90% Aug-22
			11.50% Sep-22
			10.60% Oct-22
			10.40% Nov-22
			9.80% Dec-22
			9.40% Jan-23
GDP Growth			14.90% 2022(I)
			7.20% 2022(II)
			9.80% 2022(III)
			TBA 2022(IV)
Unemployment			19.50% 2021 (III)
			19.00% 2021 (IV)
			19.40% 2022 (I)
			18.10% 2022 (II)
			15.60% 2022 (III)
Foreign Trade Balance			\$ (0.63) Jul-22
USD bn +/-			\$ (0.79) Aug-22
			\$ (0.57) Sep-22
			\$ (0.67) Oct-22
			\$ (0.76) Nov-22
			\$ (0.82) Dec-22
FX Reserves			\$ 3.45 Jun-22
USD bn +/-			\$ 3.59 Jul-22
			\$ 3.80 Aug-22
			\$ 3.80 Sep-22
			\$ 3.90 Oct-22
			\$ 4.18 Nov-22
			\$ 3.41 Dec-22

IFI GEL Bonds

Issuer	Currency	Size of issue(mn)	Maturity	coupon rate	Rating (Fitch)	Coupon rate terms
ADB	GEL	30	15-Jul-24	10.05%	AAA	3m GEL CD NBG Rate + 20 bps => next fixing date 15/3/23
EBRD	GEL	92	20-Oct-26	11.15%	AAA	3m TIBR
EBRD	GEL	93	20-Jul-24	11.15%	AAA	3m TIBR

Perpetual Bonds

Georgian Issuer	Currency	Amount (mn)	First Reset Date	Current coupon	Rating (Fitch)	%	Z-Spread (bps)
TBC AT1	USD	125	3-Oct-24	10.775%	B-	13.25%	1079
BGEO AT1	USD	100	28-Jun-24	11.125%	B-	12.25%	662

Domestic GEL Bonds

Issuer	Currency	Amount (mn)	Maturity	Yield	Rating (Fitch)	Coupon	Z-spread (bps)
Geo. Beer Company	GEL	25	Dec-23	n/a	--	15.5%	n/a
EVEX	GEL	50	Nov-24	n/a	--	13.60%	n/a
Nikora trade	GEL	35	Nov-24	n/a	--	13.62%	n/a
TBC Leasing	GEL	58.4	Mar-23	n/a	--	13.37%	n/a

Domestic FX Bonds

Issuer	Currency	Amount (mn)	Maturity	Yield	Rating (Fitch)	Coup. rate	Z-spread (bps)
Georgia Real Estate	USD	35	Oct-22	7.50%	--	8.50%	n/a
GLC Georgia	USD	12	Jul-23	n/a	--	5.75%	n/a
GLC Georgia	EUR	3	Jul-23	n/a	--	4.75%	n/a
Lisi Lake Development	USD	12	Dec-23	n/a	--	8%	n/a
Nikora Trade	USD	35	Nov-24	n/a	--	13.60%	n/a
Evex Hospitals	USD	50	Dec-22	n/a	--	13.60%	n/a
KTW	USD	10	Dec-23	n/a	--	9.00%	n/a
IG Development	USD	15	Jan-24	9%	--	6.75%	n/a
IG Development	USD	15	Jul-24	8.60%	--	8.50%	n/a

Eurobonds

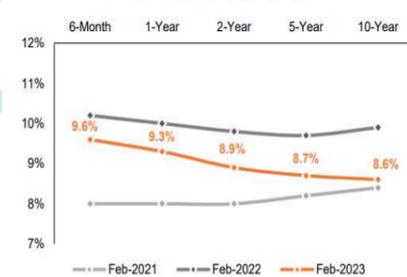
Georgian Issuer	Currency	Amount (mn)	Maturity	Mid yield	Rating (Fitch)	Coupon rate	Z-Spread (bps)
GEO Sovereign	USD	500	Apr-26	5.81%	BB	2.75%	158
GEORAIL	USD	500	Jul-28	6.67%	BB-	4.00%	303
Georgia Capital	USD	300	Mar-28	10.56%	-	6.13%	402
BGEO	USD	350	Jul-23	5.18%	BB-	6%	38
TBC	USD	300	Jun-24	6.99%	BB-	5.70%	215
Silknet	USD	300	Jan-27	9.96%	B	8.37%	522

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

Maturity	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	415	9.6	200
1-year	GEL		9.3	200
2-year	GEL		8.9	400
5-year	GEL	6254	8.7	990
10-year	GEL		8.6	600
Total		6669		2390

T-bills / T-notes, yield curve



Source: NBG

Bond market news

Ministry of Finance T-Bills:

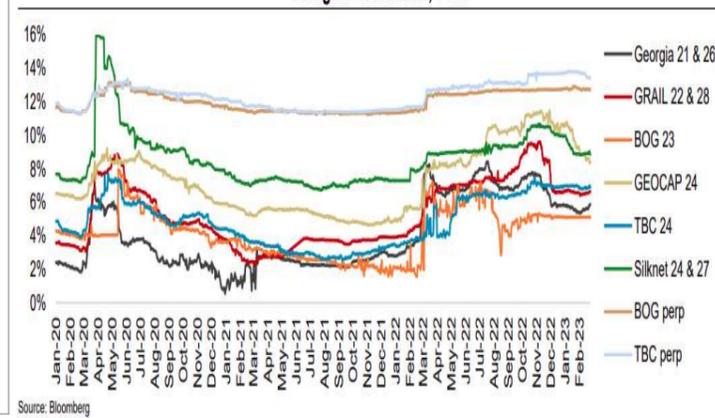
10-year GEL 60.0mn (US\$ 22.7mn) Benchmark bonds were sold at the auction held at NBG on February 21, 2023. Total demand was 1.6x higher and the weighted average yield was fixed at 8.651%, down by 0.161ppts from previous auction held in Jan-23.

Corporate Eurobonds:

Georgia Capital Eurobonds (GEOCAP) were trading at 97.81 (+0.24% w/w), yielding 8.38%. Georgian Railway Eurobonds (GRAIL) traded at 88.33 (-0.38% w/w), yielding 6.65%.

Georgian Sovereign Eurobonds (GEORG) closed at 91.11 (-0.69% w/w) at 5.88% yield to maturity

Georgian Eurobonds, YTM



Source: Bloomberg

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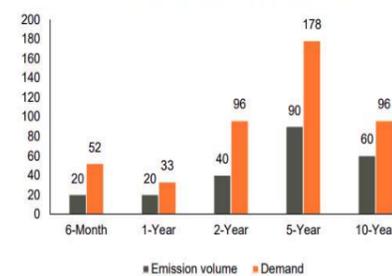
Producer price index up 1.8% y/y in Jan-23

Annual PPI for industrial goods rose by 1.8% in Jan-23 (mostly due to the last year's low base), up from 0.1% growth in previous month, according to Geostat. The price changes in manufacturing (+3.2% y/y) and mining (-9.8% y/y) sectors had the largest impact on the overall index change in January.

Exports soared by 38.5% y/y in Jan-23

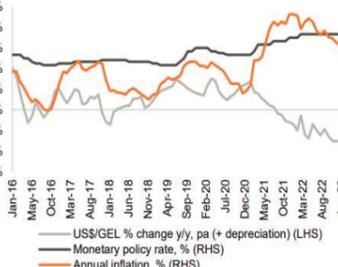
In Jan-23, exports experienced significant growth, expanding by 38.5% y/y to US\$ 459.0mn, after a 32.5% y/y growth in previous month. Imports, on the other hand, grew at a slower pace, with a 25.2% y/y increase to US\$ 1.0bn in January, compared to a 33.0% y/y rise in December. As a result, the trade deficit grew by 15.8% y/y to US\$ 543.9mn, following the 33.3% y/y growth rate seen in December. The top 5 exported commodities were cars (+186.6% y/y), copper (+2.7% y/y), ferro-alloys (+61.8% y/y), fertilizers (+18.1% y/y) and heavy vehicles (+US\$17.9mn y/y) in Jan-23. A 16.0% of exports were directed to the EU (-13.3% y/y), 60.3% to the CIS (+67.8% y/y) and 23.6% to other countries (+33.2% y/y). The top 5 imports were gases (+40.3% y/y), cars (-11.0% y/y), petroleum (+13.2% y/y), copper (+2,817% y/y) and telephones (+16.4% y/y) in Jan-23

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



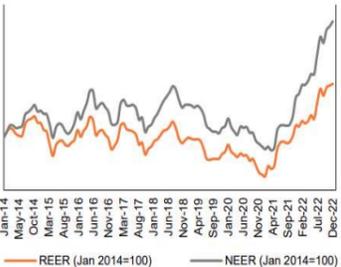
Source: NBG

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

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

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



How did banks share profit of 197.95 Million?

Commercial banks closed January with a profit. The net profit of 15 commercial banks was 197.95 million GEL. The annual profit of the banking sector is 14.7 million or 7.4%.

According to Bm.ge, 4 commercial banks were at a loss last month, among them the most loss-making sanctioned VTB subsidiary "VTB Bank Georgia". Its losses in January exceeded 1 million.

Commercial banks with profit / loss January 2023

- Bank of Georgia 87.484 million GEL
- TBC Bank 78.809 million GEL
- Credo Bank 8.056 million GEL
- Liberty Bank 6.055 million GEL
- Kartu Bank 4.944 million GEL
- BasisBank 4.073 million GEL
- Procredit Bank 3.849 million GEL
- Terra Bank 2.941 million GEL
- Ish Bank 1.808 million GEL
- Khalik Bank 0.736 million GEL
- Ziraat Bank 0.674 million GEL
- Peysera (-0.075 million GEL)
- Pasha Bank (-0.128 million GEL)
- Silk Bank (-0.289 million GEL)

• VTB Bank (-1,045 million GEL) As a reminder, the tax burden for the financial sector has increased since 2023. The profit tax of the financial sector increased from 15% to 20%, and the dividend tax was reduced. At the same time, accounting rules for banks are changing in the tax direction, which is related to the transition to international IFRS norms.



Global Equity Indexes			
Prev. Close	Div. Yield	Performance	Date
DJIA			
33,376.48	--	-3.05%	22-Dec-22
32,930.08	--	-1.36%	8-Jan-23
34,302.61	--	4.00%	17-Jan-23
34,156.69	--	-0.43%	9-Feb-23
32,656.70	--	-4.59%	1-Mar-23
DAX			
14,097.82	--	-1.94%	22-Dec-22
14,436.31	--	2.34%	8-Jan-23
15,187.07	--	4.94%	17-Jan-23
15,588.00	--	2.57%	9-Feb-23
15,365.14	--	-1.45%	1-Mar-23
MSCI EAFE			
	Div. Yield		
	from 05/29/2020		
1,978.88	2.85%	1.76%	22-Dec-22
1,961.42	2.85%	-0.89%	8-Jan-23
2,080.35	2.85%	5.72%	17-Jan-23
2,088.94	2.85%	0.41%	9-Feb-23
2,056.90	2.85%	-1.56%	1-Mar-23

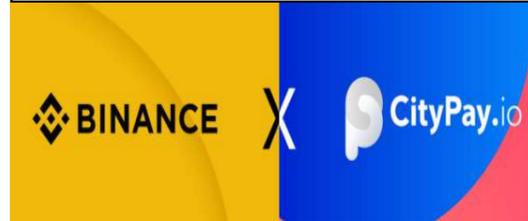
Binance became a partner of Georgian Citypay.io

The world's largest crypto exchange Binance has become a partner of the Georgian crypto payment system, CityPay.io. The payment system allows any type of business to accept international payments in various cryptocurrencies. And the user receives a convenient payment process both online and at physical locations with a POS terminal.

The partnership of the companies will give Georgian consumers a new opportunity to use crypto payments, they will have the opportunity to use digital assets in daily transactions and buy services and products through cryptocurrencies.

Binance aims to increase the number of crypto payments worldwide and facilitate the development of this process. In 2022, the number of Binance Pay users reached 22 million, and the volume of transactions made \$48 billion.

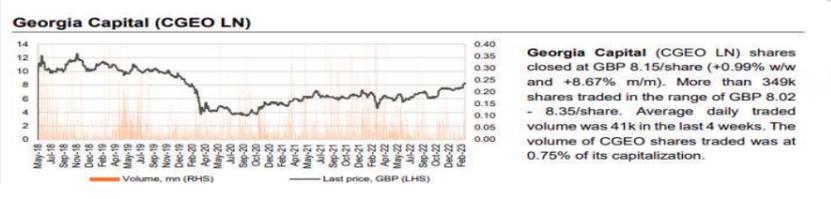
Crypto users can now use Binance Pay in Georgia and purchase everyday products with the help of CityPay.io POS terminals. This service can already be used in the following networks: Wendy's, Smart, Fresco, Radisson, Episode, 8000 harvest and others.
Source: www.bm.ge



Georgian Equities

Equities					
London StEx					
Issuer	Price (GBX)	MarkCap (£ mn)	Div. Yield	Rec.Date	Earnings per share
BGEO	2,790.00	£ 1,324.86	-	1-Mar-23	15.2
CGEO	817.0	£ 366.24	-	1-Mar-23	15.7
TBCG	2480.0	£ 1,353.25	-	1-Mar-23	14.7
Total Top 4					
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 €



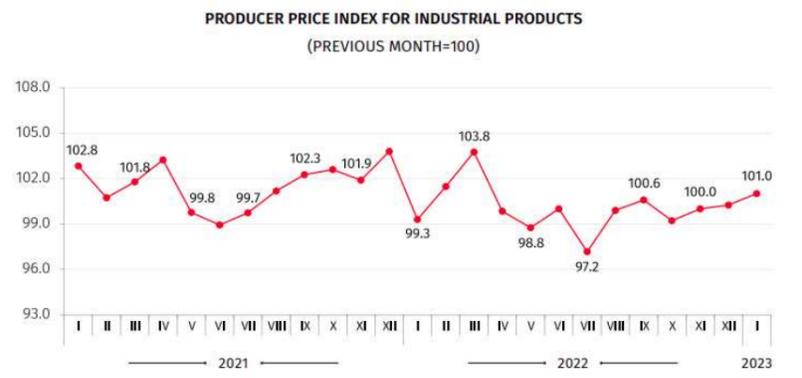
Producer Price Index for Transportation and Storage Services - GeoStat

In January 2023, the Producer Price Index for Industrial Products increased by 1.0 percent compared to the previous month, while compared to January 2022 the index growth amounted to 1.8 percent.

The prices for products from mining and quarrying increased by 1.5 percent compared to December 2022, resulting in a 0.09 percentage point contribution to the overall monthly PPI change. Within the group a noteworthy price increase was registered for metal ores (1.5 percent). In the same period the prices for manufactured products increased by 1.2 percent, contributing 0.96 percentage points to the monthly index change. Within the group a noteworthy price increase was registered for chemicals and chemical products (12.3 percent).

Besides, the prices increased for electricity, gas, steam and air conditioning by 0.3 percent, contributing 0.03 percentage points to the monthly index change. The annual PPI rate was mainly affected by price changes for the following products:

- Products from mining and quarrying: the prices were 9.8 percent lower, contributing -0.76 percentage points to the overall annual index change. Within the group the prices were lower for the subgroup of metal ores (-16.8 percent);
- Manufactured products: the prices increased by 3.2 percent, contributing 2.58 percentage points to the overall annual index growth. There was a notable increase in the prices for the following subgroups: food products (9.8 percent), wearing apparel (24.8 percent) and other nonmetallic mineral products (10.7 percent);
- Electricity, gas, steam and air conditioning: the annual price increase amounted to 1.6 percent, which contributed 0.13 percentage points to the annual index change;
- Water supply, sewerage, waste management and remediation services: the annual price decrease amounted to 6.0 percent, which contributed -0.16 percentage points to the annual index growth.



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