



## Economy

### Exports increased by 28.8% y/y in December 2021

In Dec-21, exports increased by 28.8% y/y to US\$ 419.5mn after growing by 42.9% y/y in previous month. Imports increased by 26.3% y/y to all-time high of US\$ 1,038mn, after growing 41.0% y/y in previous month. Notably, exports and imports were also up compared to Dec-19 levels - exports up 5.9% and imports up 6.7%. As a result, the trade deficit widened by 24.6% y/y to US\$ 618.5mn (up 7.2% vs. Dec-19), after a 39.6% y/y growth in previous month. Overall, in 2021, trade deficit was up 23.8% y/y (up 1.9% vs 2019) to US\$ 5.8bn, as exports increased by 26.9% y/y (up 11.7% vs 2019), while imports were up by 25.1% y/y (up 5.8% vs 2019).

The top 5 exported commodities were copper (+25.0% y/y), ferro-alloys (+297.9% y/y), cars (-0.9% y/y), wine (-5.2% y/y) and fertilizers (+98.0% y/y) in Dec-21. A 17.7% of exports were directed to the EU (+9.2% y/y), 47.0% to the CIS (+20.2% y/y) and 35.3% to other countries (+58.1% y/y).

The top 5 imports were petroleum (+78.0% y/y), cars (-2.8% y/y), copper (+62.3% y/y), gases (+41.7% y/y) and pharmaceuticals (+2.4% y/y) in Dec-21.

### Money transfers increased by 14.9% y/y in December 2021

Money transfers increased by 14.9% y/y to all-time high of US\$ 229.5mn in Dec-21, according to NBG, after growing by 22.0% y/y in previous month. Notably, remittances were also up by 33.2% compared to Dec-19 level. From major remitting countries, money transfers increased strongly from Italy (+19.1% y/y, 16.5% of total), USA (+19.5% y/y, 11.6% of total), Israel (+13.8% y/y, 7.7% of total) and Kazakhstan (+368.4% y/y, 5.8% of total), while transfers declined from Greece (-8.6% y/y), Turkey (-17.9% y/y), Ukraine (-17.5% y/y) and Russia (-2.5% y/y). Overall, in 2021 remittances stood at US\$ 2.3bn, up 24.6% y/y and up 35.6% vs. 2019.

### Producer price index up 20.3% y/y in December 2021

Annual PPI for industrial goods increased by 20.3% in Dec-21 up from 17.2% in previous month, according to Geostat. Price changes in manufacturing (+24.9% y/y) and electricity, gas, steam and air conditioning (+9.4% y/y) contributed the most to the overall index change in December.

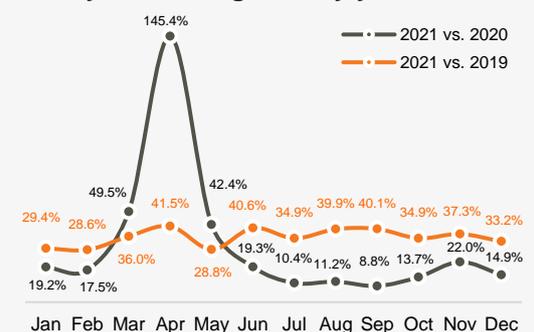
**Last week, JSC Silknet, a leading telecom operator in Georgia, priced US\$ 300mn 8.375% Eurobond due 2027.** Proceeds of the company's new bond will be used to fully refinance the existing indebtedness, including repayment of its outstanding US\$ 200mn 11% notes due April 2024, payment of premia/fees related with the tender offer, repayment of its unsecured local bonds, as well as general corporate purposes.

### Key macro indicators

	2020	2021E
Real GDP growth (% change)	-6.8%	10.5%
GDP per capita (ppp)	14,949	18,018
GDP per capita (US\$)	4,256	5,198
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.4%	9.1%
Fiscal deficit (% of GDP)	9.3%	6.4%
Total public debt (% of GDP)	60.2%	51.1%
Fitch/S&P/Moody's*	BB/BB/Baa2	

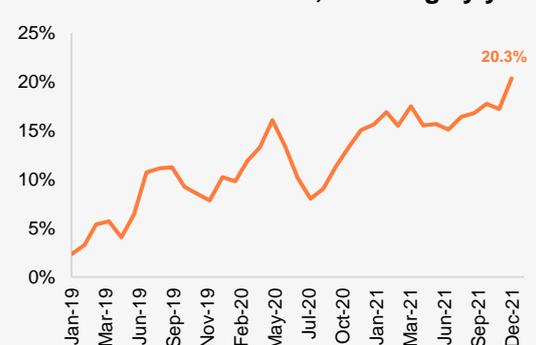
Source: Official data, Rating agencies, Galt & Taggart  
\*Latest sovereign credit ratings

### Money transfers growth, y/y and vs 2019



Source: NBG

### Producer Price Index, % change y/y



Source: Geostat

# Money market

## Ministry of Finance T-Bills:

10-year GEL 25.0mn (US\$ 8.1mn) Benchmark bonds were sold at the auction held at NBG on January 18, 2022. Total demand was c.1.7x higher and the weighted average yield was fixed at 9.833%, up by 0.585ppts from previous auction held in October, 2021.

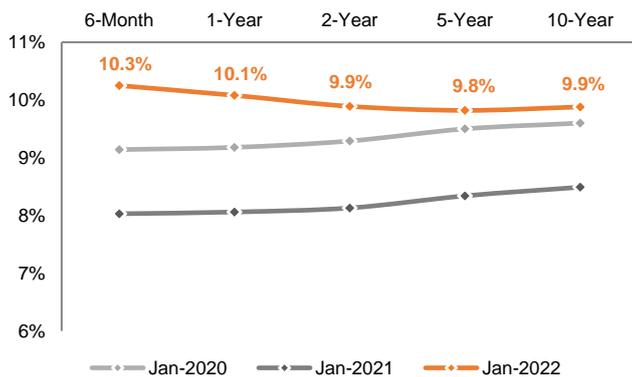
The nearest treasury security auction is scheduled for January 25, 2022, where GEL 80.0mn nominal value 5-year Benchmark bonds will be sold.

## T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	20	220	105
1-year	20	370	195
2-year	70	890	1,130
5-year	0	1,080	2,718
10-year	25	75	1,331
<b>Total</b>	<b>135</b>	<b>2,635</b>	<b>5,479</b>

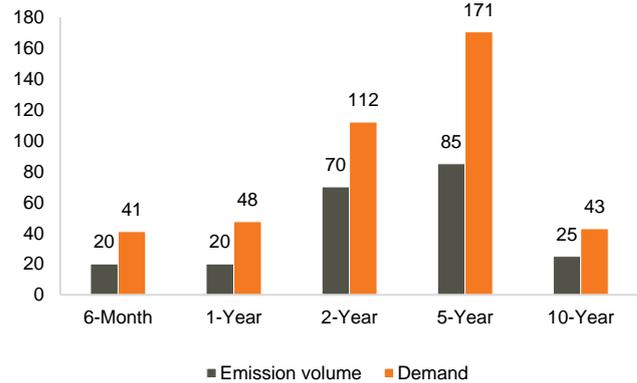
Source: MoF  
\*As of December 2021

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



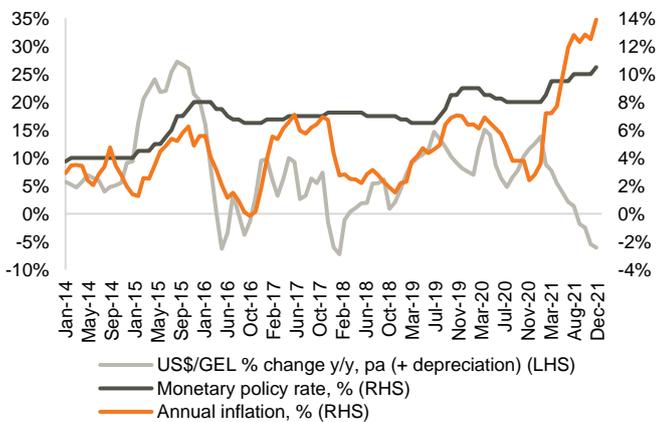
Source: NBG

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



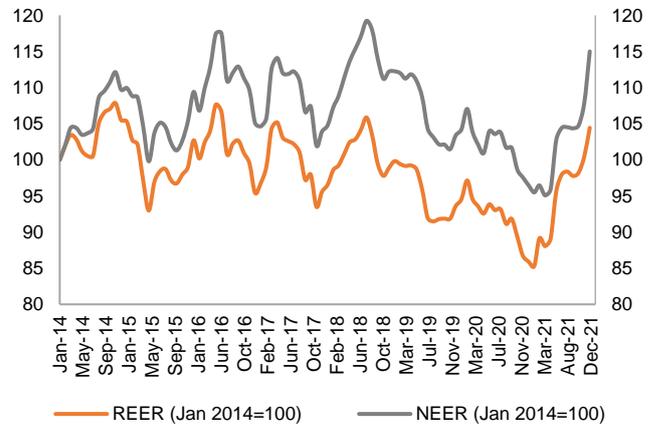
Source: NBG

## 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

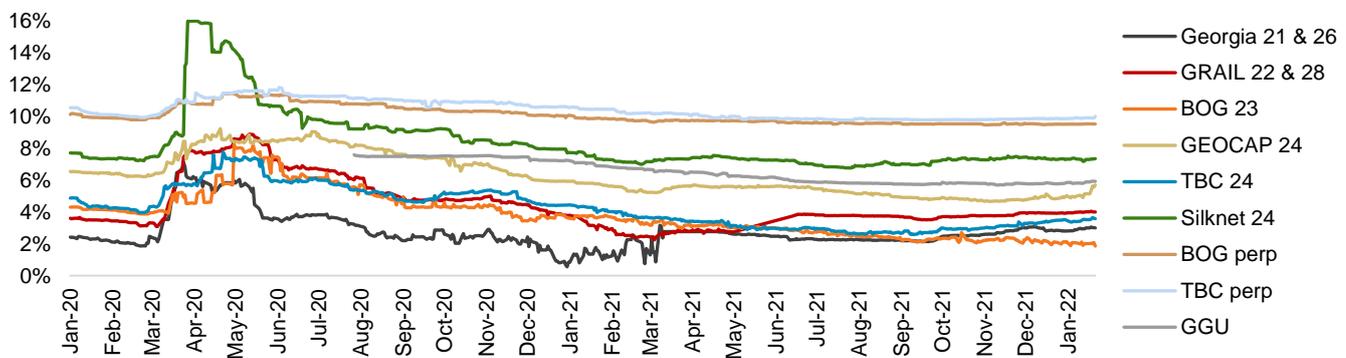
## Fixed income

**Corporate Eurobonds:** Bank of Georgia Group Eurobonds (GEBGG) closed at 1.86% yield, trading at 106.11 (+0.16% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 100.86 (-1.09% w/w), yielding 5.68%.

Georgian Railway Eurobonds (GRAIL) traded at a premium at 100.02 (+0.02% w/w), yielding 4.00%.

**Georgian Sovereign Eurobonds (GEORG)** closed at 99.04 (+0.02% w/w) at 2.99% 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	99.04	2.99	163.52
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	100.02	4.00	253.14
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	106.11	1.86	103.67
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	110.48	9.51	528.81
GEOCAP 03/24	USD	300	6.125%	Mar-24	-B/B2	100.86	5.68	464.99
SILKNET 04/24	USD	200	11.000%	Apr-24	B-/B1	107.26	7.33	127.17
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	104.95	3.58	246.80
TBC PERP	USD	125	10.775%	n/a	B-/-/-	108.31	9.99	615.41
GGU 07/25	USD	250	7.750%	Jul-25	B+*/B/-	105.75	5.92	354.36

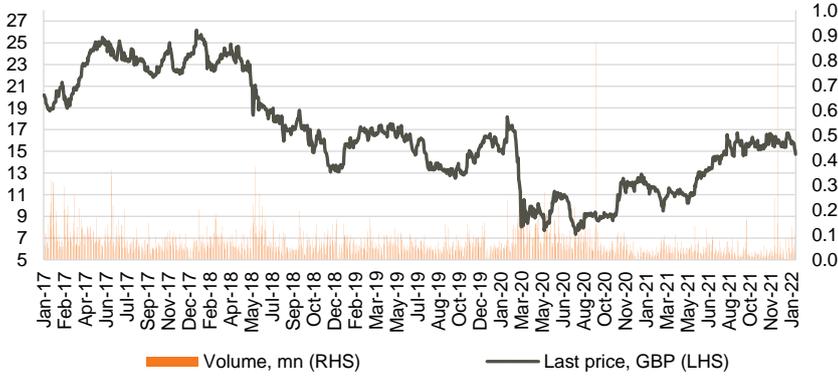
### Georgian local bonds performance

KTW 12/22	USD	10	9.00%	Dec-22	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.50%	Nov-24	-/-/-	n/a	n/a	n/a
M2RE 10/22	USD	35	7.50%	Oct-22	-/-/-	100.43	7.20	n/a
GLC 08/22	USD	10	7.50%	Aug-22	-/-/-	n/a	n/a	n/a
GLC 07/23	USD	12	5.75%	Jul-23	-/-/-	n/a	n/a	n/a
GLC 07/23	EUR	3	4.75%	Jul-23	-/-/-	n/a	n/a	n/a
SILKNET 08/22	GEL	34	12.50%	Aug-22	B+/-/B1/-	n/a	n/a	n/a
Geo. Beer Company	GEL	25	13.00%	Dec-23	-/-/BB-	n/a	n/a	n/a
Tegeta 04/22	GEL	30	10.75%	Apr-22	-/-/BB-	n/a	n/a	n/a
EVEX 11/24	GEL	50	12.10%	Nov-24	-/-/BB	n/a	n/a	n/a

Source: Bloomberg

# Equities

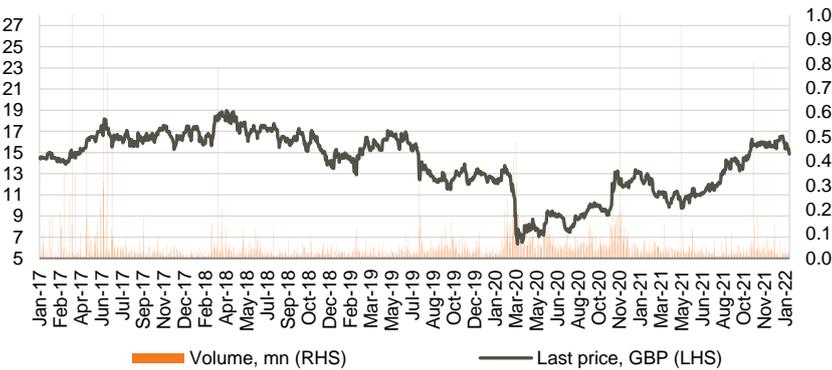
## Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 14.72/share (-6.95% w/w and -7.19% m/m). More than 278k shares traded in the range of GBP 14.50 - 15.88/share. Average daily traded volume was 56k in the last 4 weeks. The volume of BGEO shares traded was at 0.57% of its capitalization.

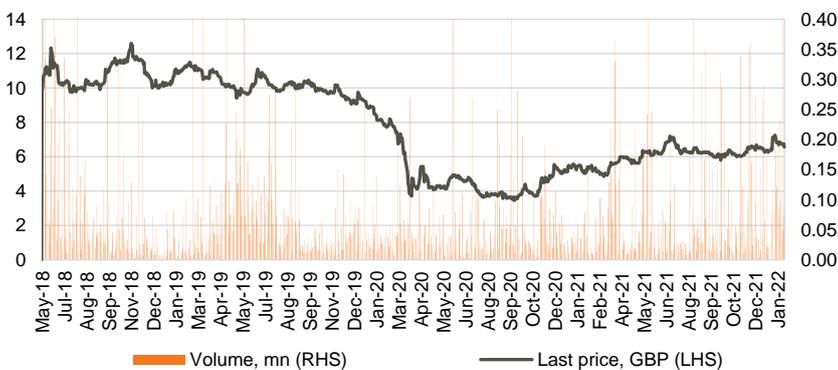
## TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 14.86/share (-6.31% w/w and -5.83% m/m). More than 116k shares changed hands in the range of GBP 14.84 - 15.92/share. Average daily traded volume was 26k in the last 4 weeks. The volume of TBCG shares traded was at 0.21% of its capitalization.

## Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 6.57/share (-3.24% w/w and +3.46% m/m). More than 750k shares traded in the range of GBP 6.56 - 6.87/share. Average daily traded volume was 130k in the last 4 weeks. The volume of CGEO shares traded was at 1.58% 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	
								2020F	2021F	2020F	2021F
Bank of Georgia	BGEO	GBP	14.72	724	1.5%	23.3%	-11.8%	4.35x	4.57x	0.97x	0.88x
TBC	TBC	GBP	14.86	820	26.1%	16.3%	-9.9%	4.90x	4.69x	0.97x	0.84x
Halyk Bank	HSBK	US\$	12.85	69,321	-19.1%	-14.0%	-20.0%	4.30x	4.29x	0.89x	0.83x
Sberbank	SBER	USD	12.82	3,767	-15.0%	0.5%	-22.3%	3.75x	3.55x	0.94x	0.85x
VTB Bank	VTBR	US\$	1.11	7,180	-10.9%	13.5%	-12.1%	2.08x	2.21x	0.34x	0.32x
Akbank	AKBNK	TRY	7.92	41,184	53.5%	14.6%	10.0%	4.10x	3.25x	0.55x	0.48x
Garanti	GARAN	TRY	11.93	50,106	44.3%	19.1%	5.9%	3.93x	3.26x	0.66x	0.55x
Isbank	ISCTR	TRY	8.23	37,035	61.1%	19.3%	14.5%	3.68x	2.76x	0.48x	0.41x
PKO	PKO	PLN	47.28	59,100	24.5%	57.9%	5.2%	12.35x	10.65x	1.37x	1.28x
PEKAO	PEO	PLN	134.10	35,197	43.9%	104.8%	9.9%	17.09x	12.78x	1.36x	1.28x
Millennium	MIL	PLN	8.38	10,165	80.2%	112.7%	2.3%	10.69x	12.10x	1.30x	1.25x
Mbank	MBK	PLN	446.00	18,896	41.9%	114.0%	3.0%	24.51x	14.21x	1.15x	1.08x
BRD	BRD	RON	19.14	13,339	9.1%	25.6%	8.1%	11.80x	10.99x	1.40x	1.41x
Banca Transilvania	TLV	RON	2.60	16,410	4.0%	23.3%	0.8%	8.98x	8.58x	1.52x	1.41x
OTP	OTPD	USD	22.00	12,320	0.0%	-3.5%	0.0%	8.16x	7.06x	0.67x	0.56x
Komercni	KOMB	CZK	955.00	181,497	23.9%	40.4%	2.1%	15.23x	12.89x	1.50x	1.47x
<b>Mean</b>								<b>8.74x</b>	<b>7.37x</b>	<b>1.00x</b>	<b>0.93x</b>
<b>Median</b>								<b>6.53x</b>	<b>5.88x</b>	<b>0.97x</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	
								2020F	2021F	2020F	2021F
Georgia Capital	CGEO	GBP	6.57	312	6.0%	20.3%	-7.9%	na	na	na	na
Tinc Comm	TINC	EUR	13.12	477	3.6%	2.1%	-2.4%	na	na	na	na
Sabancı Holding	SAHOL	TRY	15.43	31,483	71.8%	36.4%	16.6%	2.56x	3.80x	0.67x	0.57x
Deutsche Beteiligungs	DBAN	EUR	37.85	712	7.5%	7.7%	-5.0%	3.88x	10.02x	1.01x	1.01x
Eurazeo	RF	EUR	75.20	5,958	0.3%	29.7%	-2.1%	8.78x	9.87x	0.98x	0.89x
Carlyle Group	CG	USD	50.54	17,915	9.7%	48.2%	-7.9%	11.93x	11.84x	5.49x	4.96x
<b>Mean</b>								<b>6.79x</b>	<b>8.88x</b>	<b>2.04x</b>	<b>1.85x</b>
<b>Median</b>								<b>6.33x</b>	<b>9.95x</b>	<b>1.00x</b>	<b>0.95x</b>

Source: Bloomberg, S&P Capital IQ

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