



Economy

FDI continued growth in 2Q22

FDI increased by 9.1% y/y to US\$ 351.8mn or 5.8% of GDP in 2Q22, according to Geostat's preliminary figures. Notably, in 2Q22 equity investments were up 2.3x y/y to US\$ 90.2mn, while reinvestments stood at US\$ 240.3mn (down 4.3% y/y). The energy sector was the largest FDI recipient at US\$ 76.6mn (up 14.5% y/y, 21.8% of total), followed by real estate at US\$ 75.6mn (up 178.9% y/y, 21.5% of total) and financial sector at US\$ 47.6mn (down 67.9% y/y, 13.5% of total).

UK topped the list of investors with US\$ 64.7mn (18.4% of total FDI), followed by the Netherlands at US\$ 44.8mn (12.7% of total) and Japan at US\$ 41.8mn (11.9% of total).

International reserves at US\$ 4.3bn in Aug-22

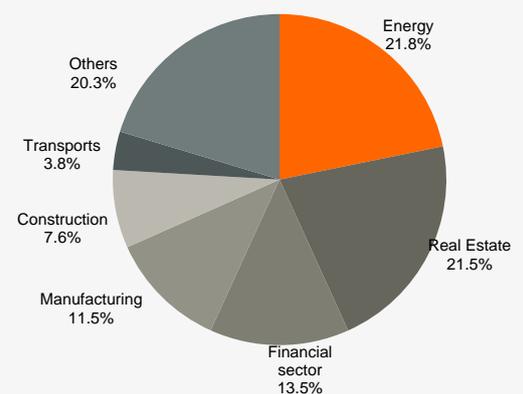
Gross international reserves increased by 3.5% y/y to US\$ 4.3bn in August 2022, according to NBG. On a monthly basis, the reserves were up by 2.5% (+US\$ 104.0mn). Changes in reserves were attributed to NBG's FX purchases, and/or the government and banking sector FX operations.

Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.4%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,015
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.5%	10.1%
Fiscal deficit (% of GDP)	9.3%	6.3%
Total public debt (% of GDP)	60.2%	49.5%
Fitch/S&P/Moody's*	BB/BB/Baa2	

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

FDI by sector, 2Q22



Source: Geostat

Money market

Ministry of Finance T-Notes/Bills:

2-year GEL 80.0mn (US\$ 27.8mn) Benchmark bonds were sold at the auction held at NBG on September 6, 2022. Total demand was c.2.5x higher and the weighted average yield was fixed at 9.554%, down by 0.292ppts from previous auction held in Aug-22.

6-month GEL 20.0mn (US\$ 6.9mn) T-Bills were sold at the auction held at NBG on September 6, 2022. Total demand was 3.2x higher and the weighted average yield was fixed at 10.195%, down by 0.195ppts from previous auction held in Aug-22.

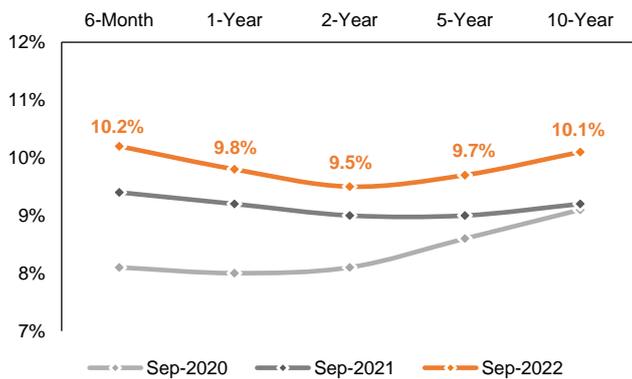
The nearest treasury security auction is scheduled for September 13, 2022, where GEL 30.0mn nominal value 1-year T-Bills will be sold.

T-bills / T-notes in 2022

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	180	60	120
1-year	175	120	265
2-year	660	240	1,140
5-year	675	360	3,206
10-year	75	25	1,396
Total	1,765	805	6,127

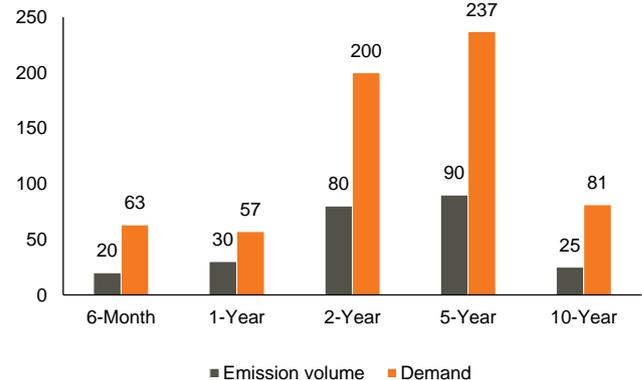
Source: MoF
*As of July 2022

T-bills / T-notes, yield curve



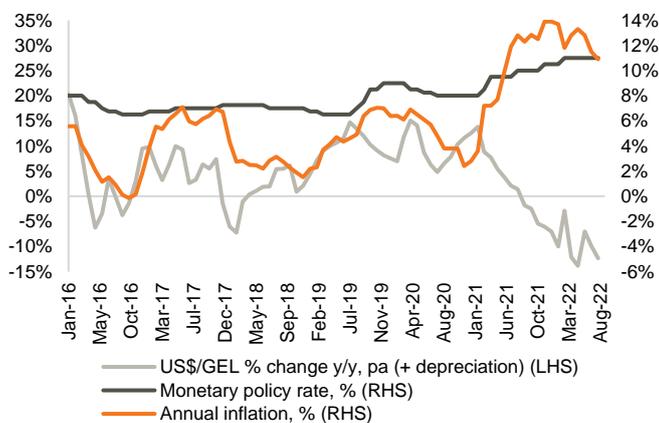
Source: NBG

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



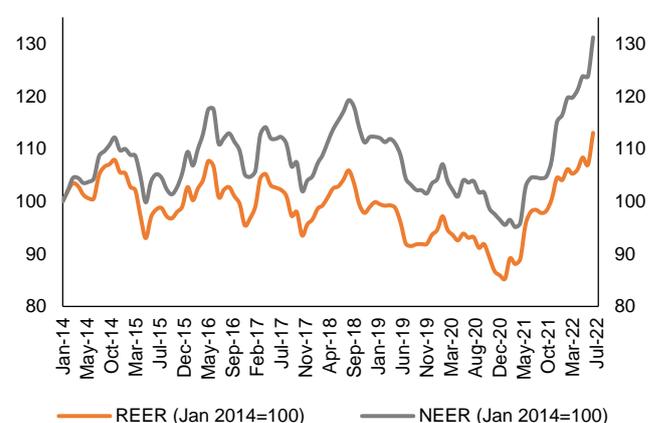
Source: NBG

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

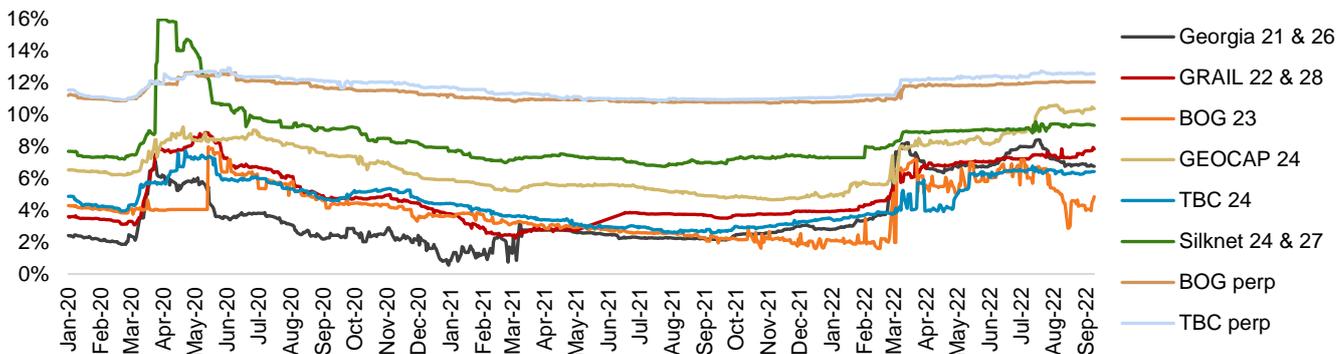
Fixed income

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 4.85% yield, trading at 100.99 (-0.65% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 94.27 (-0.01% w/w), yielding 10.38%.

Georgian Railway Eurobonds (GRAIL) traded at 82.46 (-0.51% w/w), yielding 7.84%.

Georgian Sovereign Eurobonds (GEORG) closed at 87.37 (+0.14% w/w) at 6.75% 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	87.37	6.75	342.09
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/B+/-	82.46	7.84	465.85
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/Ba2	100.99	4.85	114.51
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-	99.54	12.04	773.81
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	94.27	10.38	665.90
SILKNET 01/27	USD	300	8.375%	Jan-27	B-/B1	96.62	9.33	604.83
TBC 06/24	USD	300	5.750%	Jun-24	BB-/Ba2	98.87	6.43	277.31
TBC PERP	USD	125	10.775%	n/a	B-/-	97.36	12.56	865.22

Georgian local bonds performance

Georgia Real Estate	USD	35	7.50%	Oct-22	-/-/-	99.98	7.50	n/a
KTW	USD	10	9.00%	Dec-22	-/-/-	99.85	9.50	n/a
GLC	USD	12	5.75%	Jul-23	-/-/-	99.89	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.91	4.83	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.48	6.75	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	99.50	7.13	n/a
Geo. Beer Company	GEL	25	14.50%	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	13.96%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora	GEL	28	14.31%	Oct-22	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.89%	Mar-23	-/-/-	n/a	n/a	n/a

Source: Bloomberg

Equities

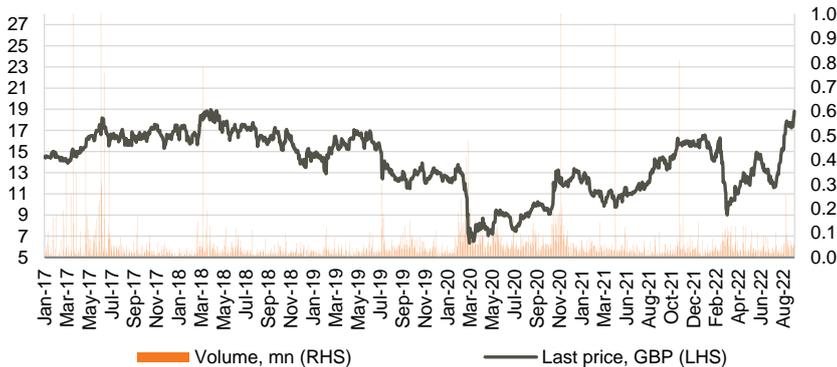
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 21.25/share (+2.66% w/w and +25.74% m/m). More than 367k shares traded in the range of GBP 20.30 - 21.50/share. Average daily traded volume was 99k in the last 4 weeks. The volume of BGEO shares traded was at 0.75% of its capitalization.

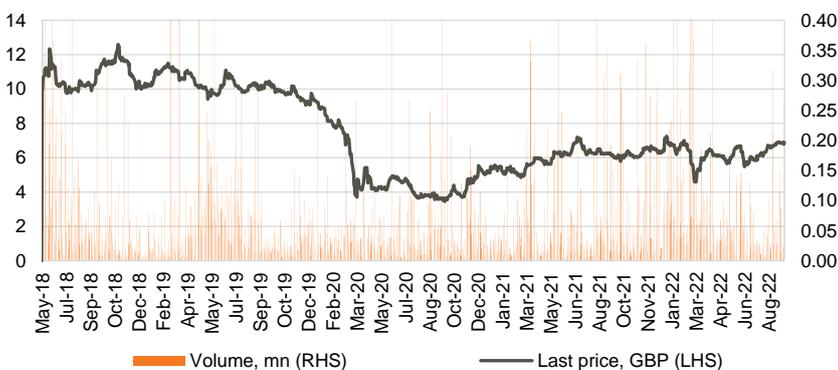
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 18.82/share (+8.04% w/w and +22.69% m/m). More than 235k shares changed hands in the range of GBP 17.16 - 19.08/share. Average daily traded volume was 64k in the last 4 weeks. The volume of TBCG shares traded was at 0.43% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 6.88/share (+0.58% w/w and +2.84% m/m). More than 334k shares traded in the range of GBP 6.78 - 6.95/share. Average daily traded volume was 83k in the last 4 weeks. The volume of CGEO shares traded was at 0.72% 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		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	21.25	1,045	87.1%	34.0%	27.4%	6.07x	4.70x	4.63x	1.36x	1.09x	0.93x
TBC	TBC	GBP	18.82	1,038	93.8%	29.8%	14.1%	5.45x	4.63x	4.25x	1.18x	0.93x	0.80x
Halyk Bank	HSBK	USD	9.83	2,681	2.4%	-44.0%	-40.4%	2.52x	2.36x	2.97x	0.74x	0.64x	0.54x
Akbank	AKBNK	TRY	15.92	82,784	124.2%	177.4%	121.1%	6.60x	2.32x	3.91x	1.05x	0.94x	0.89x
Garanti	GARAN	TRY	26.18	109,956	121.1%	173.8%	132.3%	7.89x	3.54x	4.51x	1.33x	1.20x	0.97x
Isbank	ISCTR	TRY	12.44	55,980	238.8%	399.0%	284.4%	3.99x	1.70x	2.26x	1.38x	1.31x	1.12x
PKO	PKO	PLN	24.29	30,363	-33.8%	-43.5%	-45.9%	6.28x	7.12x	5.67x	0.81x	1.05x	0.87x
PEKAO	PEO	PLN	68.58	18,000	-34.9%	-34.1%	-43.8%	8.34x	10.27x	5.61x	0.76x	0.91x	0.81x
Millennium	MIL	PLN	4.02	4,876	-36.5%	-40.8%	-50.9%	na	12.33x	3.33x	0.73x	1.21x	0.83x
Mbank	MBK	PLN	245.80	10,418	-30.7%	-35.6%	-43.3%	na	3.63x	4.44x	0.77x	0.90x	0.81x
BRD	BRD	RON	12.74	8,879	-33.6%	-32.4%	-28.0%	6.76x	7.49x	6.97x	0.90x	1.19x	1.12x
Banca Transilvania	TLV	RON	19.46	122,821	-11.3%	-21.2%	-15.4%	na	na	na	1.36x	1.41x	1.33x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	12.82x	11.72x	0.65x	0.72x	0.69x
Komercni	KOMB	CZK	638.00	121,251	-15.5%	-21.8%	-31.8%	9.70x	8.31x	9.18x	0.99x	1.09x	1.06x
Mean								6.58x	6.25x	5.34x	1.00x	1.04x	0.91x
Median								6.60x	4.70x	4.51x	0.95x	1.07x	0.88x

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	6.88	321	32.1%	11.9%	-3.5%	1.95x	na	na	0.44x	na	na
Tinc Comm	TINC	EUR	13.34	485	0.3%	1.7%	-0.7%	14.92x	na	na	1.01x	na	na
Sabanci Holding	SAHOL	TRY	28.56	58,274	82.6%	187.6%	115.9%	4.68x	6.61x	6.21x	1.09x	0.74x	0.68x
Deutsche Beteiligungs	DBAN	EUR	27.40	515	-0.7%	-28.1%	-31.2%	2.72x	na	9.01x	0.72x	1.06x	0.97x
Eurazeo	RF	EUR	58.90	4,666	-9.9%	-31.3%	-23.3%	2.95x	na	na	0.73x	0.73x	0.69x
Carlyle Group	CG	USD	33.13	11,805	-23.8%	-32.5%	-39.7%	3.97x	8.07x	7.19x	2.23x	2.62x	2.63x
Wendel SE	MF	EUR	78.75	3,524	-7.6%	-34.6%	-25.3%	3.35x	7.39x	7.30x	1.32x	1.40x	1.22x
HgCapital Trust	HGT	GBP	3.69	1,678	-12.5%	-6.2%	-12.4%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.30	711	1.2%	5.2%	-11.9%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.12	735	6.9%	16.9%	-1.7%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	11.25	778	-8.9%	-17.7%	-22.1%	4.35x	na	na	0.73x	na	na
Symphony International Holding	SIHL	USD	0.50	255	29.1%	18.3%	20.0%	2.08x	na	na	0.52x	na	na
Mean								4.55x	7.36x	7.43x	0.98x	1.31x	1.24x
Median								3.35x	7.39x	7.25x	0.73x	1.06x	0.97x

Source: Bloomberg, S&P Capital IQ

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