

10/21/2021

Weekly Highlights

Exports and imports stayed solid in September 2021 In September 2021, both exports (at US\$ 373.6mn, up 12.8% y/y, up 22.3% vs Sep-19) and imports (at US\$ 925.8mn, up 23.4% y/y, up 15.1% vs Sep-19) remained solid, according to Geostat’s preliminary data, continuation of last three months trend. Notably, last year’s low base and higher world commodity prices markedly boosted imports, resulting trade deficit to widen by 31.8% y/y to US\$ 552.2mn (which is also up 10.7% vs Sep-2019). Overall, in 9M21, trade deficit was up by 19.9% y/y (down 0.5% vs 9M19) to US\$ 4.0bn, as economic recovery and higher world commodity prices boosted imports (up 21.6% y/y and up 3.3% vs 9M19), while exports were also solid (up 24.0% y/y and up 9.0% vs 9M19).

International reserves at US\$ 4.1bn in September 2021 Gross international reserves increased by 8.3% y/y to US\$ 4.1bn in September 2021 according to NBG. On a monthly basis, the reserves were down by 1.0% (-US\$ 40.0mn), reflecting sale of US\$ 60mn by NBG in September via FX auction. Other changes in reserves were attributed to the government and banking sector FX operations, and/or asset revaluation.

IFI GEL Bonds

| Issuer | Currency | Size of issue(mn) | Maturity | coupon rate | Rating (Fitch) | Coupon rate terms |
|--------|----------|-------------------|-----------|-------------|----------------|----------------------------------------------------------|
| ADB | GEL | 30 | 15-Jul-22 | 9.65% | AAA | 3m GEL CD NBG Rate + 20 bps => next fixing date 13/10/21 |
| ADB | GEL | 30 | 15-Jul-24 | 9.65% | AAA | 3m GEL CD NBG Rate + 20 bps => next fixing date 13/10/21 |
| EBRD | GEL | 92 | 20-Oct-26 | 10.03% | AAA | 3m TIBR |
| EBRD | GEL | 93 | 20-Jul-24 | 10.03% | 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- | 9.30% | 597 |
| BGEO AT1 | USD | 100 | 28-Jun-24 | 11.125% | B- | 9.10% | 605 |

Domestic GEL Bonds

| Issuer | Currency | Amount (mn) | Maturity | Yield | Rating (Fitch) | Coupon | Z-spread (bps) |
|---------|----------|-------------|-----------|-------|----------------|--------|----------------|
| GeoBeer | GEL | 25 | 21-Dec-23 | n/a | -- | 13% | n/a |
| Silknet | GEL | 34 | 18-Aug-22 | n/a | B+ | 12.50% | n/a |
| Tegeta | GEL | 30 | 30-Apr-22 | n/a | B- | 10.75% | n/a |
| EVEX | GEL | 50 | 1-Nov-24 | n/a | -- | 12.10% | n/a |
| GWP | GEL | 30 | 1-Dec-21 | n/a | -- | 12.50% | n/a |

Domestic FX Bonds

| Issuer | Currency | Amount (mn) | Maturity | Yield | Rating (Fitch) | Coup. rate | Z-spread (bps) |
|-------------|----------|-------------|-----------|-------|----------------|------------|----------------|
| GLC Georgia | USD | 10 | 21-Aug-22 | 7.50% | -- | 7.50% | n/a |
| GLC Georgia | USD | 12 | 22-Jul-23 | n/a | -- | 5.75% | n/a |
| GLC Georgia | EUR | 3 | 1-Jul-23 | n/a | -- | 4.75% | n/a |
| Lisi Lake | USD | 12 | 17-Dec-21 | n/a | -- | 8% | n/a |
| M2R | USD | 35 | 7-Oct-22 | 7.20% | -- | 7.50% | n/a |
| M2C | USD | 30 | 31-Dec-22 | 7.50% | -- | 7.50% | n/a |
| KTW | USD | 10 | 20-Dec-22 | n/a | -- | 9.00% | n/a |

Eurobonds

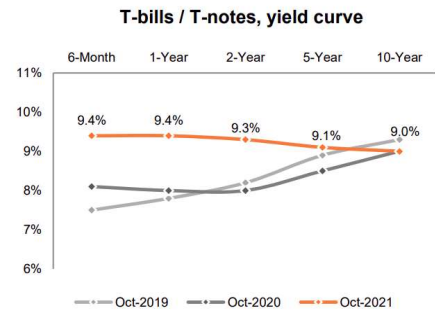
| Georgian Issuer | Currency | Amount (mn) | Maturity | yield | Rating (Fitch) | Coupon rate | Z-Spread (bps) |
|-----------------|----------|-------------|-----------|-------|----------------|-------------|----------------|
| GEO Sovereign | USD | 500 | 26-Apr-26 | 2.50% | BB | 2.75% | 141 |
| GEORAIL | USD | 500 | 11-Jul-28 | 3.70% | BB- | 7.75% | 240 |
| Georgia Capital | USD | 300 | 9-Mar-25 | 5.00% | - | 6.13% | 419 |
| BGEO | USD | 350 | 26-Jul-23 | 2.20% | BB- | 6% | 186 |
| GGU | USD | 250 | 30-Jul-25 | 5.80% | B+ | 6.70% | 396 |
| Silknet | USD | 200 | 2-Apr-24 | 7.30% | B+ | 11.00% | 486 |
| TBC | USD | 300 | 19-Jun-24 | 3.00% | BB- | 5.70% | 223 |

Short Term Central Bank Facilities

| Perpetual Bonds | 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

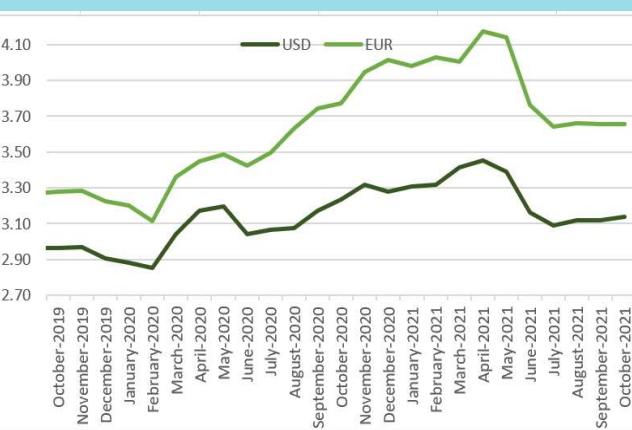
| Maturity | Currency | Outstanding amount | % | Remaining placements |
|----------|----------|--------------------|-----|----------------------|
| 6-month | GEL | 75 | 9.4 | 40 |
| 1-year | GEL | 255 | 9.4 | 60 |
| 2-year | GEL | 980 | 9.3 | 100 |
| 5-year | GEL | 2520 | 9.1 | 255 |
| 10-year | GEL | 1306 | 9 | 25 |
| Total | | 5136 | | 480 |



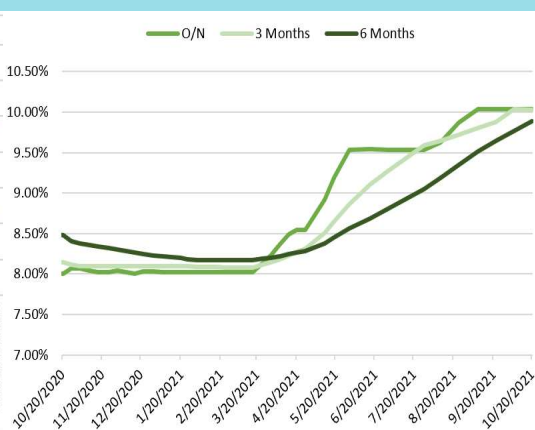
Source: NBG

GEORGIA BIWEEKLY MARKET REPORT

Georgian Lari (GEL) spot FX rates

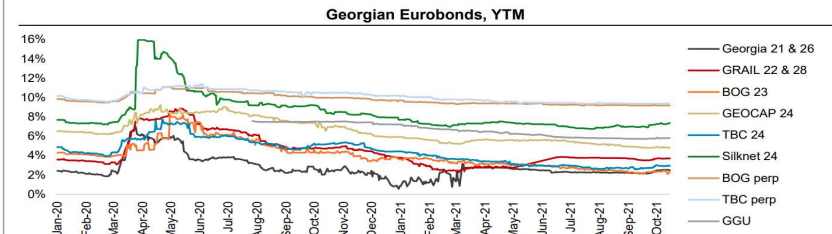


GEL Interbank Deposit Rates (TIBR)



Bond market news

Corporate Eurobonds: Bank of Georgia Group Eurobonds (GEBGG) closed at 2.30% yield, trading at 106.37 (+0.12% w/w). Georgia Capital Eurobonds (GEOCAP) were trading at 102.90 (+0.02% w/w), yielding 4.82%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 101.66 (- 0.16% w/w), yielding 3.72%. Georgian Sovereign Eurobonds (GEORG) closed at 101.04 (+0.06% w/w) at 2.51% yield to maturity.

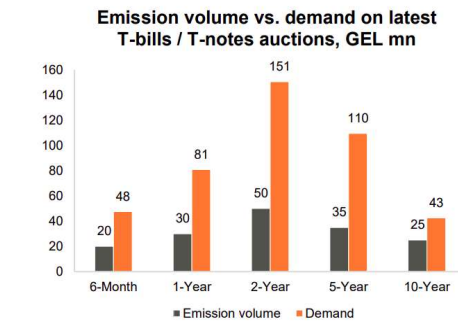


Ministry of Finance T-Bills: 1-year GEL 30.0mn (US\$ 9.6mn) T-Bills were sold at the auction held at NBG on October 12, 2021. Total demand was c.2.7x higher and the weighted average yield was fixed at 9.248%, up by 0.008ppts from previous auction held in September, 2021

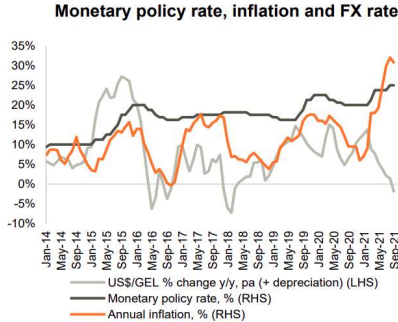
Weekly Highlights

IMF updates world economic outlook In October 2021, the IMF released updated world economic outlook. The IMF projects the global economy to grow by 5.9% in 2021 and 4.9% in 2022, 0.1 percentage point lower for 2021 than in the Jul-21 forecast. The downward revision for 2021 reflects a downgrade for advanced economies (in part due to supply disruptions) and for low-income developing countries (largely due to worsening pandemic dynamics). This is partially offset by stronger near-term prospects among some commodity-exporting emerging markets and developing economies. Based on the IMF, rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome and policy choices have become more difficult, with limited room to maneuver. According to the IMF, Georgia expected to be one of the growth leaders in the region with growth projected at 7.7% and 5.8% for 2021 and 2022, respectively.

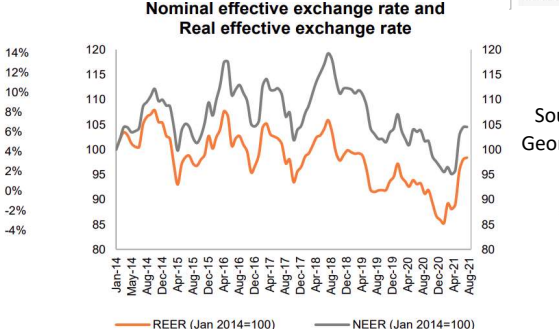
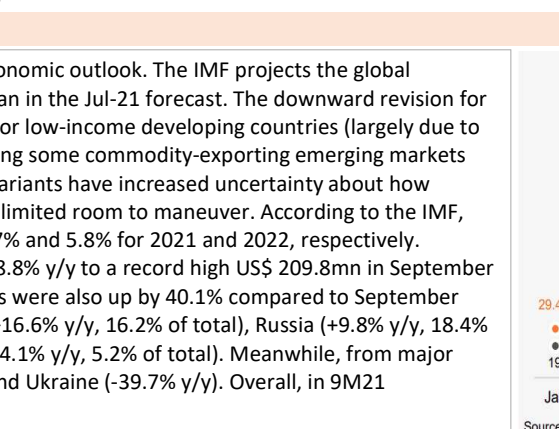
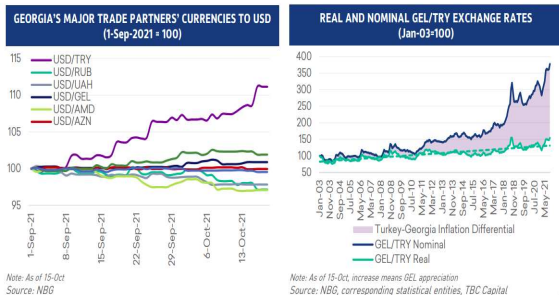
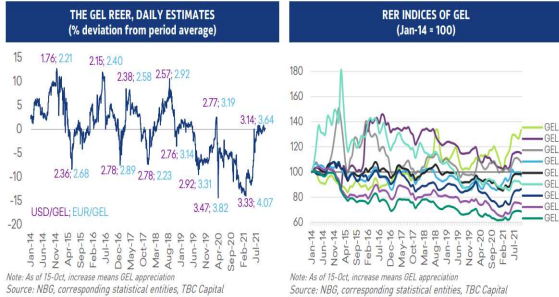
Money transfers hit a record high figure in September 2021 Money transfers increased by 8.8% y/y to a record high US\$ 209.8mn in September 2021, according to NBG, after growing by 11.2% y/y in previous month. Notably, remittances were also up by 40.1% compared to September 2019 level. From major remitting countries, money transfers increased strongly from Italy (+16.6% y/y, 16.2% of total), Russia (+9.8% y/y, 18.4% of total), USA (+8.2% y/y, 11.7% of total), Israel (+10.4% y/y, 7.4% of total) and Germany (+44.1% y/y, 5.2% of total). Meanwhile, from major remitting countries, money transfers declined from Greece (-6.8% y/y), Turkey (-6.6% y/y) and Ukraine (-39.7% y/y). Overall, in 9M21 remittances stood at US\$ 1.7bn, up 27.8% y/y and up 35.7% vs. 9M19.



Source: NBG



Source: NBG



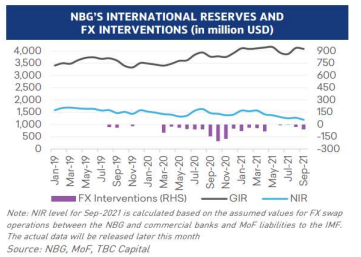
Source: NBG
Note: Index growth/decline means appreciation/depreciation of exchange rate

Customer deposit rates

| % p.a. | BGEO | TBC |
|----------|-------|-------|
| GEL | | |
| 3 months | 9.85 | 9.60 |
| 1 year | 10.45 | 10.20 |
| 2 years | 11.20 | 10.95 |
| USD | | |
| 3 months | 0.80 | 0.95 |
| 1 year | 1.25 | 1.60 |
| 2 years | 1.60 | 1.95 |
| EUR | | |
| 3 months | 0.00 | 0.00 |
| 1 year | 0.45 | 0.65 |
| 2 years | 0.75 | 1.05 |

Georgia Macro-Economic Data

| Inflation Rate | | Mar-21 |
|-----------------------|--|--------|
| | | 7.20% |
| | | 7.20% |
| | | 7.70% |
| | | 9.90% |
| | | 11.90% |
| | | 12.80% |
| | | 12.30% |
| GDP Growth | | -5.60% |
| | | -6.80% |
| | | -4.50% |
| | | 29.90% |
| Unemployment | | 18.30% |
| | | 17.00% |
| | | 20.40% |
| | | 21.90% |
| | | 22.10% |
| Foreign Trade Balance | | Mar-21 |
| USD bn +/- | | Apr-21 |
| | | May-21 |
| | | Jun-21 |
| | | Jul-21 |
| | | Aug-21 |
| FX Reserves | | Jan-21 |
| USD bn +/- | | Feb-21 |
| | | Mar-21 |
| | | Apr-21 |
| | | May-21 |
| | | Jun-21 |
| | | Jul-21 |



Money transfers in Georgia



Source: NBG

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

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



Georgian companies

ANOUKI is a Women’s Ready-To-Wear, Shoes & Accessories brand, based and produced in Tbilisi, since 2013. ANOUKI is a first Georgian brand to be included in the official schedule of Milan Fashion Week and presenting collections to the International audience. ANOUKI presents 4 seasonal collections each year – being first Georgian brand to produce pre-collections, since 2015. ANOUKI is one of the leading, most popular and successful fashion brands not only in Georgia but has already marked its success on the International market.

ANOUKI also produces a diffusion line MISS ANOUKI, created exclusively for the Georgian market, offering smart & casual pieces in affordable price range.

In 2019, ANOUKI has relaunched new e-commerce, ANOUKI.COM, which successfully operates and delivers orders worldwide.

In May 2021, ANOUKI has re-opened renovated flagship store in Tbilisi with a new concept, adding a books corner and the café in a same space

In 2018 ANOUKI stockists list reaches 60 and is represented on all continents around the world.

Website: <https://anouki.com/>

Total assets: 3,803,764 Gel

P/L: 1211761 Gel

Revenues: 1,495,564 Gel (2020)

ANOUKI

Georgian Equities

| Equities | | London StEx | | Geprgian companies | | |
|-------------|-------------|----------------|------------|--------------------|--------------------|--|
| Issuer | Price (GBX) | MarkCap (£ mn) | Div. Yield | Rec.Date | Earnings per share | |
| BGEO | 1600.0 | £ 770.09 | - | 21-Oct-21 | 10.5 | |
| CGEO | 615.0 | £ 291.36 | - | 21-Oct-21 | 16.5 | |
| TBCG | 1606.0 | £ 885.80 | - | 21-Oct-21 | 9.8 | |
| Total Top 4 | | £ 1,947.25 | | | | |

| 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 |
| Tramsmshehi | 0.9 1.450 |
| VTB Bank Georgia | 209.008 209.000 |

Total Stock Market Cap. 447.46 €

10 Georgian Brands at the International Fashion Showrooms

With the support of Enterprise Georgia's Export Direction and the German Government-funded project - Clusters 4 Development, [10 Georgian Fashion Brands](#) are participating in International 2022 Spring/Summer Fashion Weeks.

The collections from Georgian designers are present in the world's top 5 leading cities of the sector: Paris, Milan, Shanghai, London, Singapore.

These international showroom events are held four times a year, and around 100 000 companies and 130 000 potential customers with media representatives are attending annually.

1. More is Love

2. ANOUKI

3. KEBURIA

4. LALO

5. Nina Zarqua


6. Dalood

7. LIYA

8. SITUATIONIST

9. ESHVI

10. NeverNot



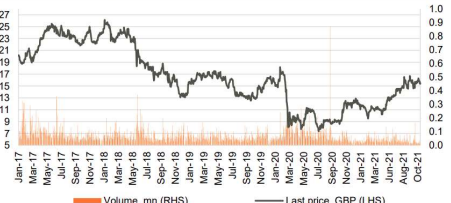
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Source: <http://www.enterprisegeorgia.gov.ge/en/News/georgian-brands-at-the-inte>

| Global Equity Indexes | | | | Article of the Week | |
|-----------------------|-----------------|-------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Prev. Close | Div. Yield | Performance | Date | <div>EIB Allocates 6 Million Euros for Microbusiness Lending to Terrabank</div> <div>The European Investment Bank (EIB) has provided a € 6 million loan to Terrabank to support lending to micro, small and medium-sized enterprises.</div> <div>According to the EIB, the loan helps to improve access to finance for micro, medium and small enterprises in Georgia by assisting small banks to provide customized services and products to their clients.</div> <div>"Financing for micro, small and medium-sized enterprises will be available in GEL, the national currency of Georgia. They can also benefit from grants under the Deep and Comprehensive Free Trade Agreement (DCFTA) program with the European Union.</div> <div>This will improve the access of Georgian enterprises to long-term available financing and at the same time protect them from the risks posed by exchange rate volatility. The European Investment Bank plans to add a technical assistance component to help Terrabank improve and expand its offer and make it accessible to small businesses," the EU Delegation to Georgia said in a statement.</div> <div>Source: Bm.ge</div> | |
| DJIA | | | | | |
| 35,366.26 | -- | 0.29% | 25-Aug-21 | | |
| 35,100.00 | -- | -0.76% | 9-Sep-21 | | |
| 33,919.84 | -- | -3.48% | 22-Sep-21 | | |
| 34,314.67 | -- | 1.15% | 7-Oct-21 | | |
| 35,457.31 | -- | 3.22% | 21-Oct-21 | | |
| DAX | | | | | |
| 15,905.85 | -- | 0.85% | 25-Aug-21 | | |
| 15,610.28 | -- | -1.89% | 9-Sep-21 | | |
| 15,348.53 | -- | -1.71% | 22-Sep-21 | | |
| 15,194.49 | -- | -1.01% | 7-Oct-21 | | |
| 15,522.92 | -- | 2.12% | 21-Oct-21 | | |
| MSCI EAFE | Div. Yield | | | | |
| | from 05/29/2020 | | | | |
| 2,338.26 | 2.85% | -0.32% | 25-Aug-21 | | |
| 2,398.71 | 2.85% | 2.52% | 9-Sep-21 | | |
| 2,318.03 | 2.85% | -3.48% | 22-Sep-21 | | |
| 2,262.25 | 2.85% | -2.47% | 7-Oct-21 | | |
| 2,329.60 | 2.85% | 2.89% | 21-Oct-21 | | |

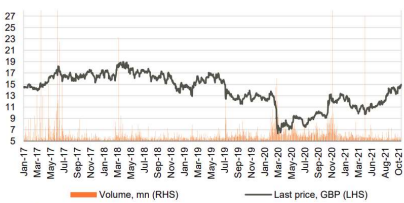
| Selected International Equities | | | | | |
|---------------------------------|-----------|-------|---------------------------|-----------|-------|
| Japan | | | China | | |
| | Div.Yield | P/E | | Div.Yield | P/E |
| Sony corp | 0.46% | 12.88 | Alibaba group holding | 0.00% | 21.6 |
| Panasonic corp | 1.55% | 12.69 | Sinopharm group corp | 3.93% | 7.07 |
| Nippon steel corp | 5.64% | 10.51 | China merchants bank corp | 2.35% | 12.78 |
| Itochu corp | 2.80% | 8.79 | Tencent holdings | 0.32% | 21.96 |
| Marubeni corp | 3.70% | 6.09 | China evergrande group | 7.32% | 1.93 |

Bank of Georgia Group (BGEO LN)



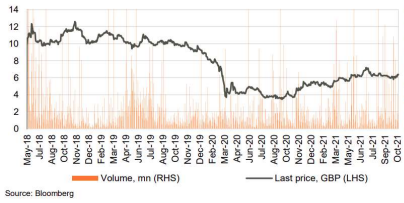
Source: Bloomberg

TBC Bank Group (TBCG LN)




Source: Bloomberg

Georgia Capital (CGEO LN)




Source: Bloomberg

Dynamics of new mortgages issued by TBC Bank (% change, FX-adjusted)




Number of residential properties sold in Tbilisi (% change)



In the period of 1-9 october, Tbilisi's Residential property transactions stand below the prepandemic level

- In the period of 1-12 October, the growth of new mortgage issuance slowed down and totaled 33% relative to 2019.
- During 1-9 October, Tbilisi's residential property transactions fall behind the 2019 level by 9%



LLC GeoHolding (c)

32 Razmadze Str, 0179 Tbilisi, Georgia

E-mail: sandro.dadiani@llcgeoholding.eu

mariam.burdiladze@llcgeoholding.eu

michael.north@llcgeoholding.eu

Website: <https://www.llcgeoholding.eu/>

LinkedIn: <https://www.linkedin.com/company/llc-geoholding/>

Facebook: <https://www.facebook.com/llcgeogolding/>

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