

# Weekly Market Watch

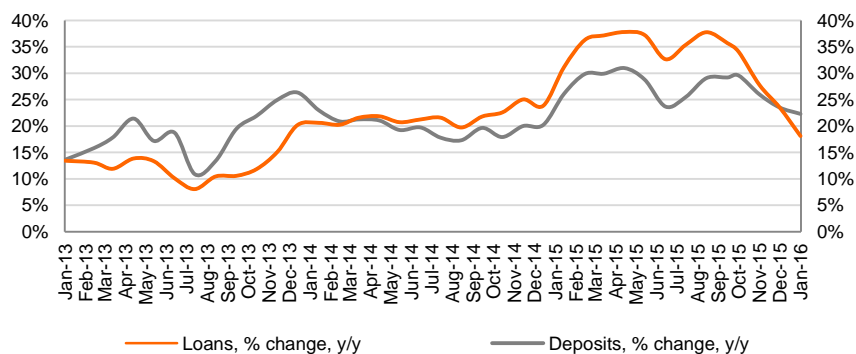
Weekly Market Watch | Georgia  
February 29, 2016

## Economy

### NPLs at 3.1% in January 2016

In January 2016, the loan portfolio grew 5.0% y/y excluding the exchange rate effect (+18.1% y/y and +1.1% m/m in unadjusted terms), to GEL 16.2bn (US\$ 6.5bn). Deposits grew 8.1% y/y excluding the exchange rate effect (+22.3% y/y and +1.4% m/m in unadjusted terms), reaching GEL 14.5bn (US\$ 5.9bn). NPLs remain under control at 3.1% in January 2016, down 0.1ppts y/y and up 0.4ppts m/m.

Loans/deposits growth y/y



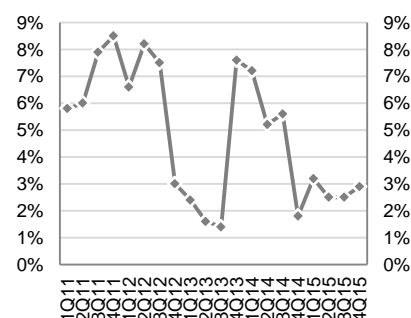
### Key macro indicators

	1M16	2015E	2014
GDP (% change)	...	2.8%	4.6%
GDP per capita (ppp)	...	9,566	9,209
GDP per capita (US\$)	...	3,765	3,676
Population (mn)	3.7*	3.7*	4.5
Inflation (eop)	5.6%	4.9%	2.0%
Gross reserves (US\$ bn)	2.4	2.5	2.7
CAD (% of GDP)	....	10.7%	10.6%
Fiscal deficit (% of GDP)	....	...	3.0%
Total public debt (% of GDP)	...	41.1%	35.5%

Source: Official data, IMF, G&T

\*Preliminary results of census, previous data is subject to recalculation

### Real GDP growth, %



Source: GeoStat

Note: 4Q15 figure based on rapid estimates

### International ranking of Georgia, 2016

Ease of Doing Business # 24 (regional leader)  
 Economic Freedom Index # 23 (mostly free)  
 Global Competitiveness Index # 66 (improving trend)

Source: World Bank, Heritage Foundation and World Economic Forum

### Georgia sovereign credit ratings

<b>STANDARD &amp; POOR'S</b>  <b>BB-</b> Stable Affirmed Nov-2015	<b>Moody's</b> INVESTORS SERVICE  <b>Ba3</b> Positive Affirmed Mar-2015	<b>FitchRatings</b>  <b>BB-</b> Stable Affirmed Oct-2015
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Source: Rating agencies



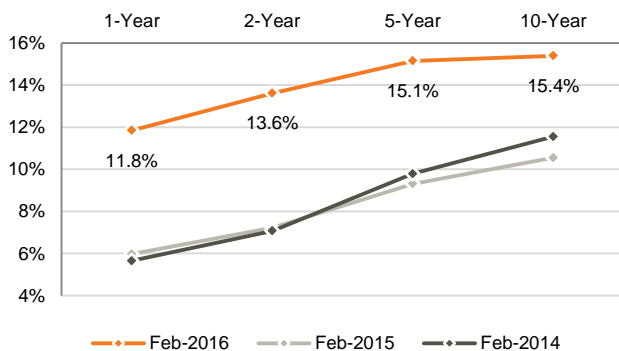
## Money market

**Refinancing loans:** National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 700mn (US\$ 281.7mn).

**Certificates of deposit:** NBG sold 92-day, GEL 20mn (US\$ 8.1mn) certificates of deposit, with an average yield of 9.74% (down by 13bps from previous issue).

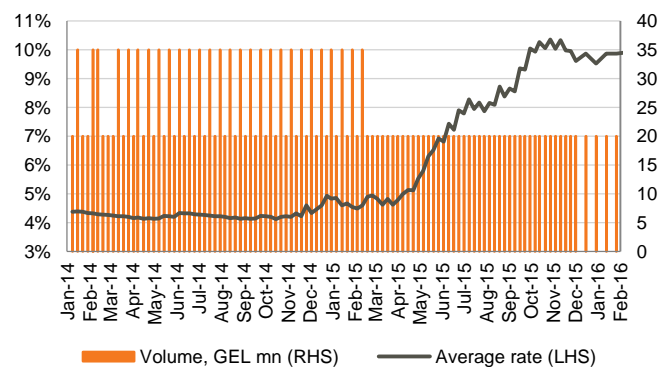
**Ministry of Finance Treasury Notes:** 10-year GEL 10.0mn (US\$ 4.0mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on February 24, 2016. The weighted average yield was fixed at 15.478%. The nearest treasury securities auction is scheduled for March 2, 2016, where GEL 40mn nominal value 1-year T-Bills will be sold.

T-bills / T-notes, yield curve



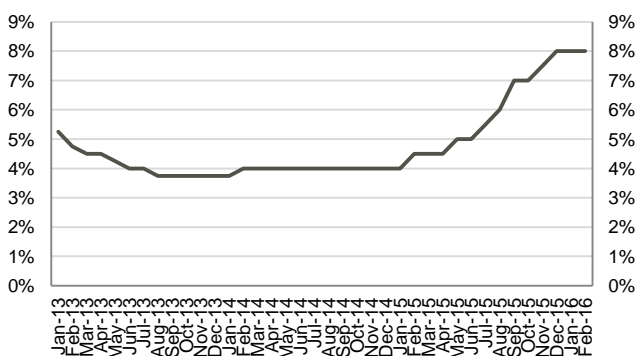
Source: NBG  
\*As of latest auction

Certificates of Deposits (weighted average rate)



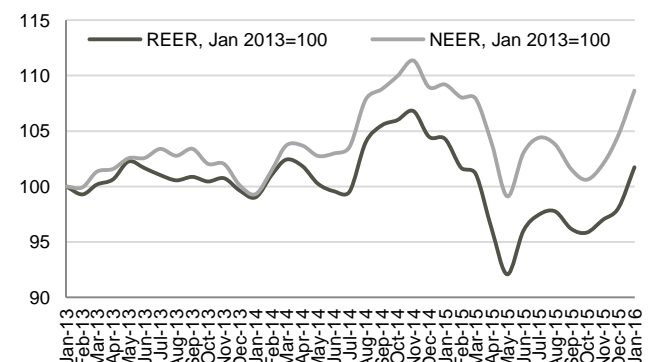
Source: NBG

Monetary policy rate



Source: NBG

Nominal Effective Exchange Rate and Real Effective Exchange Rate



Source: NBG

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

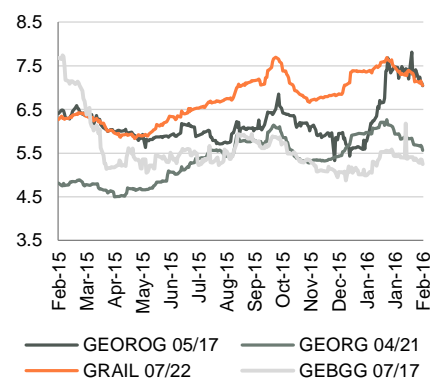


## Fixed income

**Corporate Eurobonds:** Bank of Georgia Eurobonds (GEBGG) closed at 5.0% yield, trading at 103.2 (-0.1% w/w). GOGC Eurobonds (GEOROG) were trading at 99.4 (+0.3% w/w), yielding 7.4%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 103.6 (+0.4% w/w), yielding 7.0%.

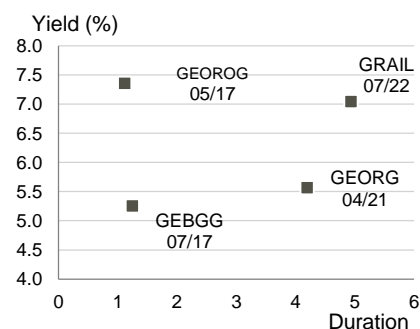
**Georgian Sovereign Eurobonds (GEORG)** closed at 105.8 (+0.6% w/w) at 5.6% yield to maturity.

**Georgia Eurobonds, YTM (%)**



Source: Bloomberg

**Georgian Eurobond universe**



Source: Bloomberg

	Local bonds				Eurobonds			
	GWP 11/17	M2RE 03/17	EVEX 05/17	GLC 09/17	GEOROG 05/17	GEBGG 07/17	GEORG 04/21	GRAIL 07/22
Amount, US\$ mn	6*	20	15	10	250	400	500	500
Issue date	11/15	03/15	05/15	09/14	May-2012	Jul-2012	Apr-2011	Jul-2012
Maturity date	11/17	03/17	05/17	09/17	May-2017	Jul-2017	Apr-2021	Jul-2022
Coupon, %	15.000**	9.500	9.500	8.750	6.875%	7.750%	6.875%	7.750%
Fitch/S&P/Moody's	BB-/	-/-	-/-	-/-	BB-/B+	BB-/BB-/Ba3	BB-/BB-/Ba3	BB-/BB-/
Mid price, US\$	100.0*	99.0	100	98.0	99.4	103.2	105.8	103.6
Mid yield, %	15.0	10.1	9.5	9.7	7.4	5.3	5.6	7.0
Z-spread, bps	n/a	n/a	n/a	n/a	641.8	538.1	434.4	583.9

Source: Bloomberg

\*GWP 11/17 bonds are in Georgian lari

\*\*Floating rate with 7.5% over the NBG's refinancing rate

**Eastern European sovereign 10-year bond performance**

Issuer	Amount, US\$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid price, US\$	Mid yield, %	Z-spread, bps
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba3	105.8	5.6	434.4
Azerbaijan	1,250	4.750%	18/03/2024	BBB-/Baa3	93.0	5.9	437.9
Bulgaria	323	5.000%	19/07/2021	BBB-/	120.3	1.1	-238.8
Croatia	1,250	3.875%	30/05/2022	BB/BB/Baa1	102.0	3.5	334.0
Hungary	3,000	6.375%	29/03/2021	BB+/BB+/Baa1	113.7	3.4	230.3
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	119.3	3.2	192.2
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Baa1	104.5	3.8	268.8
Turkey	2,000	5.625%	30/03/2021	BBB-/NR/Baa3	106.0	4.3	308.2

Source: Bloomberg

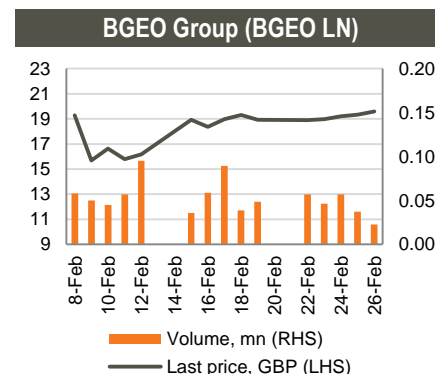
## Equities

**BGEO Group** (BGEO LN) shares closed at GBP 19.59/share (+2.40% w/w and +10.30% m/m). More than 220k shares traded in the range of GBP 18.63 – 19.68/share. Average daily traded volume was 53k in the last 4 weeks, less than in the previous month. FTSE 250 Index, of which BOGH is a constituent, gained 2.53% w/w and gained 2.40% m/m, respectively. The volume of BOGH shares traded was at 0.56% of its capitalization.

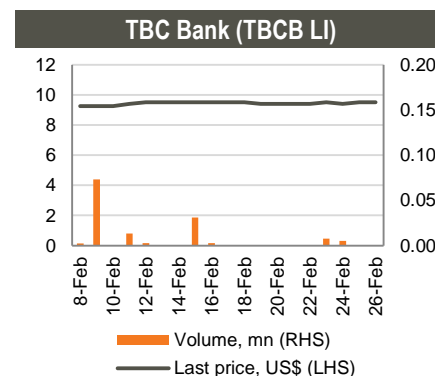
**TBC Bank** (TBCB LI) closed the week at US\$ 9.50 (+1.06% w/w and +4.86% m/m). More than 13k GDRs changed hands in the range of US\$ 9.40 – 9.90/GDR. Average daily traded volume was 8k in the last 4 weeks, less than in the previous month.

**Georgia Healthcare Group** (GHG LN) shares closed at GBP 1.53/share (-6.13% w/w and -12.07% m/m). More than 178k shares were traded in the range of GBP 1.45 – 1.63/share. Average daily traded volume was 17k in the last 4 weeks. The volume of GHG shares traded was at 0.14% of its capitalization.

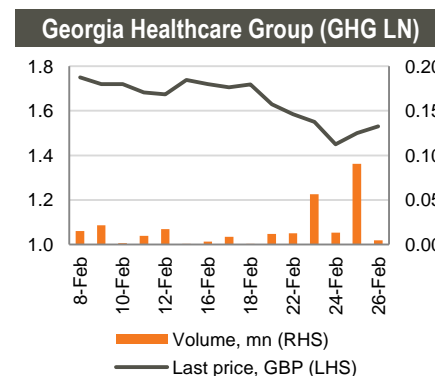
**On the Georgian stock exchange:** Liberty Bank shares were traded at GEL 0.017 (unchanged w/w). As a result, the G&T Index remained at 886.29.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

### Eastern European banks

Eastern European Banks									
	Ticker	Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg	
	BGEO*	BGEO	27.16	1,073	6.6%	-2.9%	5.5%	-16.0%	0.4%
	TBC	TBC	9.50	465	4.9%	11.5%	-4.0%	-24.6%	-19.5%
	Halyk Bank	HSBK	3.61	985	-13.0%	-40.8%	-43.4%	-57.5%	-42.8%
	KKB	KKB	0.84	335	-6.7%	-47.5%	-69.1%	-77.9%	-75.7%
	VTB Bank	VTBR	1.87	12,092	11.8%	-17.0%	-3.7%	-18.9%	-17.4%
	Vozrozhdenie Bank	VZRZ	6.86	163	3.5%	-29.1%	-2.2%	-7.0%	3.4%
	Sberbank	SBER	5.99	32,326	22.0%	-13.7%	40.4%	47.9%	16.5%

Source: Bloomberg

Note: \* BGEO is traded in GBP and is shown in US\$ equivalent

### Healthcare sector peers

Ticker		Share price, US\$	MCap, US\$ mn	1M, chg	3M, chg	6M, chg	YTD, chg	1Y, chg
GHG*	GHG	2.12	272	-15.0%	-20.5%	nm	nm	nm
Mouwasat	MOUWASAT	30.26	1,513	5.1%	-0.7%	-6.2%	-8.0%	-17.7%
Fortis	FORH	2.43	1,124	-6.9%	0.3%	-10.4%	38.1%	-1.6%
Raffles	RFMD	3.10	1,781	9.2%	3.5%	0.3%	5.5%	8.7%
IHH	IHH	1.55	12,756	1.5%	-0.2%	15.2%	12.7%	1.9%
Bangkok Chain	BCH	0.28	687	12.8%	18.0%	56.0%	14.7%	3.8%
Netcare	NTC	2.01	2,933	6.8%	-21.9%	-31.5%	-38.9%	-43.6%

Source: Bloomberg

Note: \* GHG is traded in GBP and is shown in US\$ equivalent



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