TBC CAPITAL

TRACKING THE RECOVERY

06.11.2020

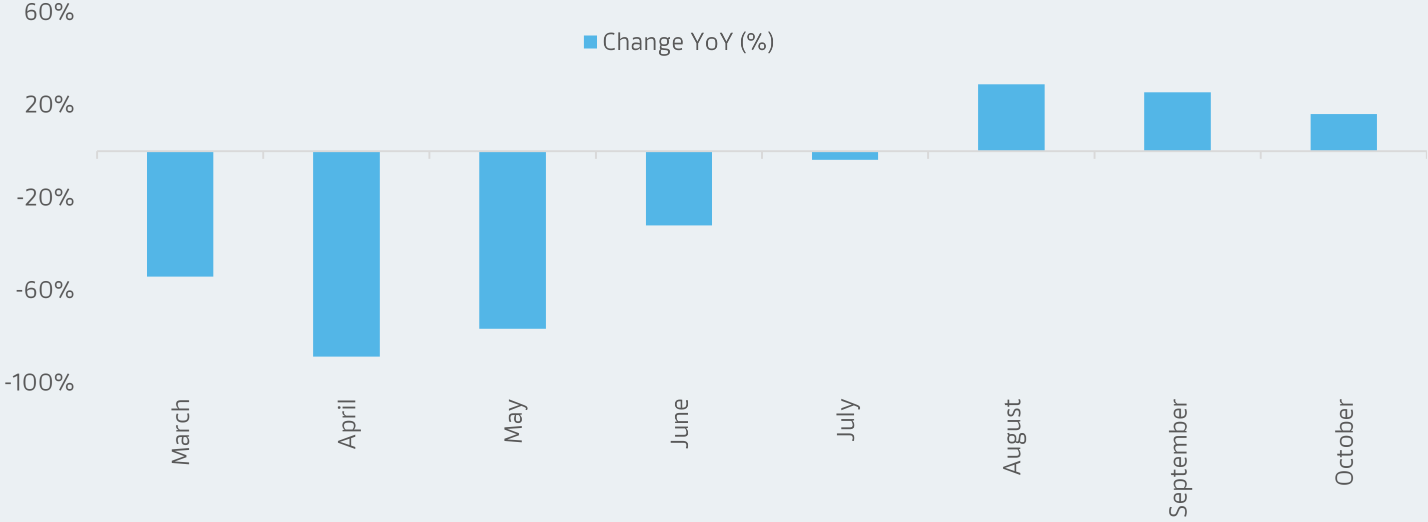
KEY DEVELOPMENTS

- YoY change in newly issued mortgages stabilized at +16% YoY in October. Of mortgages issued since 6th of July, 33.2% are beneficiaries of the state subsidy program
- Growth of transaction registrations in Tbilisi remains on the positive growth territory at +4% YoY
- Highest occupancy in October was observed in Kakheti at 23%, while seaside hotels were least occupied at 3%
- Compared to the previous weekend, occupancies decreased in Kakheti, seaside and other regions while it increased for Tbilisi and amounted to 4% in seaside, 15% in Tbilisi, while hotels in Kakheti and other regions displayed 36% and 28% occupancies, respectively
- Growth of non-cash spending on restaurants at mid-June level in the October 25-31 period
- Growth of remittances inflows through TBC channels shows a significant decrease compared to the previous week, now on the negative growth territory, standing at -8% YoY in the seven days of 25-31th October

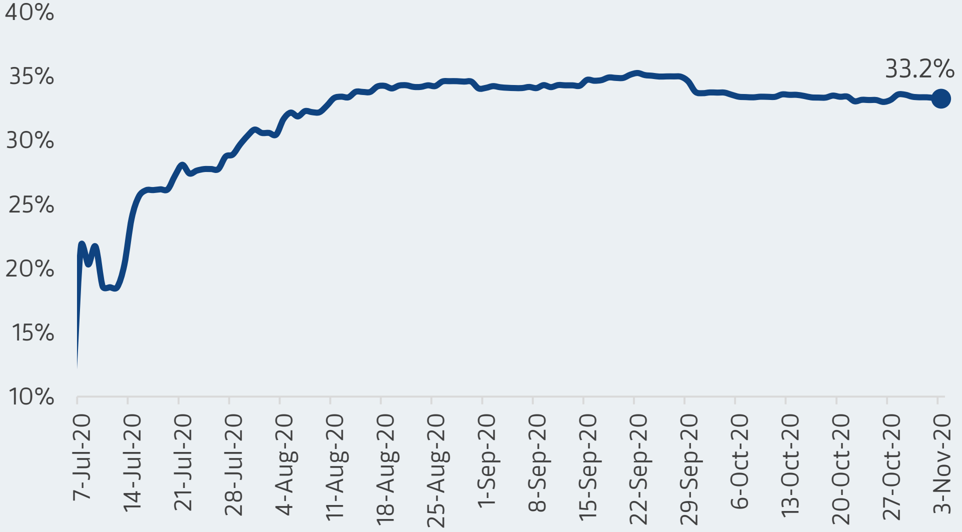
*Sector growth is based on POS and E-commerce payments through TBC channels; Growth rates may differ from total turnover dynamics due to the changing share of non-cash transactions and TBC market share

RESIDENTIAL REAL ESTATE: GROWTH IN NEWLY ISSUED MORTGAGES IN OCTOBER; TRANSACTION REGISTRATIONS IN TBILISI REMAIN ON THE POSITIVE GROWTH TERRITORY

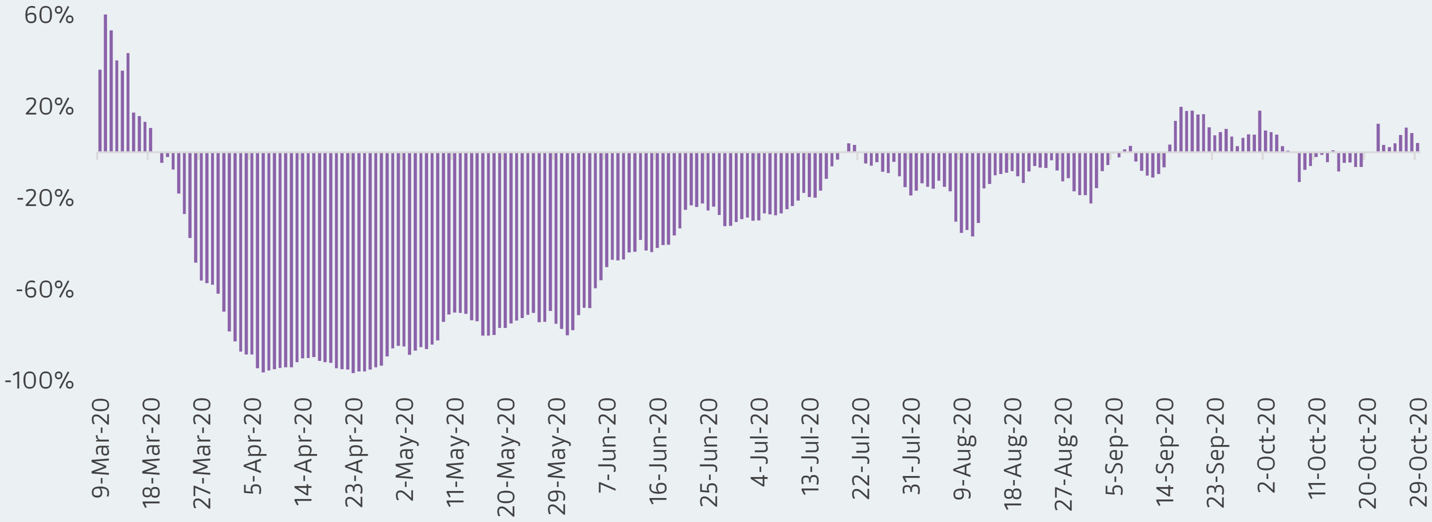
Dynamics of new mortgages issued (% Change, FX Adjusted)



Share of state subsidy beneficiaries in total new mortgage issuances* (%)



Dynamics of the number of apartments sold in Tbilisi (% Change YoY)

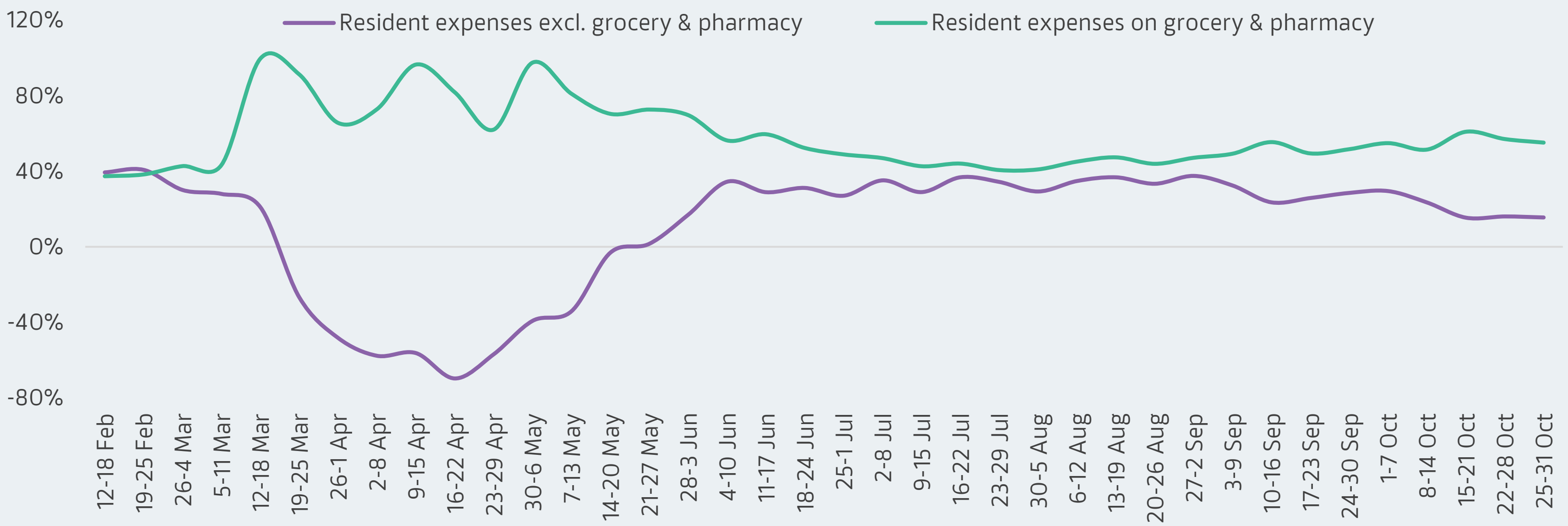


Source: TBC Bank, NAPR

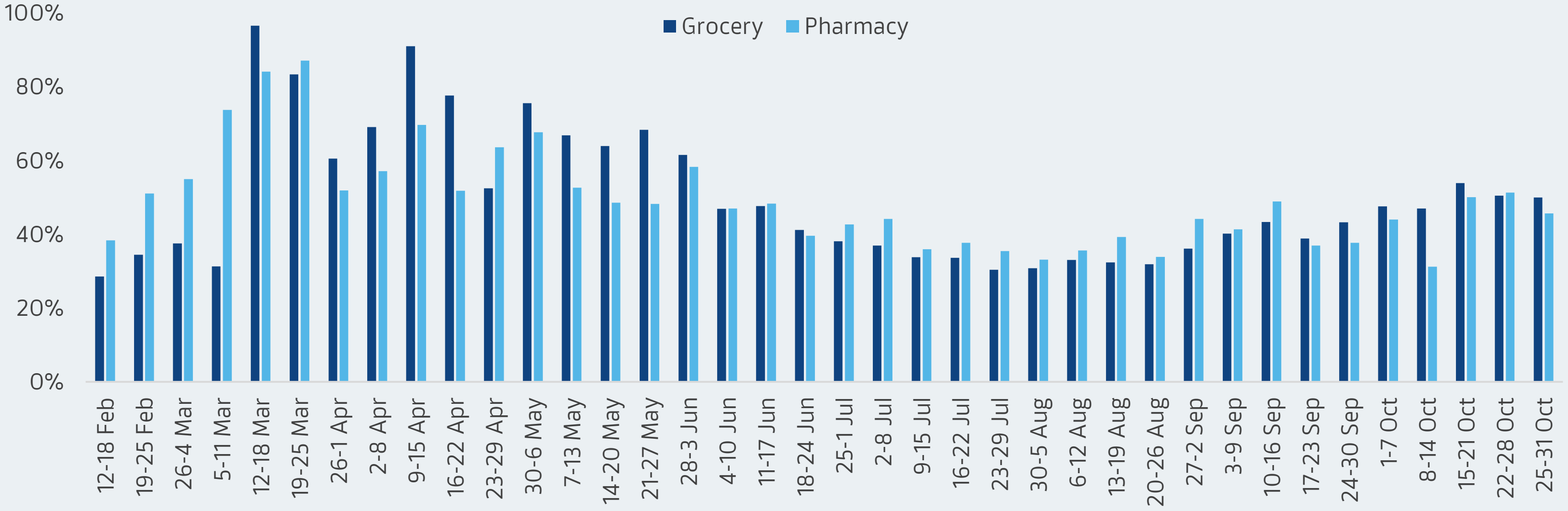
- The YoY change in newly issued mortgages stabilized at +16% in October
- Of mortgages issued since 6th of July, 33.2% are beneficiaries of the state subsidy program, +0.08pp compared to last week
- The 7-day moving average YoY growth rate of the transaction registrations in Tbilisi remains on the positive growth territory at +4% as of October 29th

NON-CASH PAYMENTS: GROWTH OF NON-GROCERY AND NON-PHARMACY CATEGORIES RELATIVELY STABILIZED BY THE END OF OCTOBER

Resident non-cash spending (YoY change)



Total non-cash spending on grocery shopping and pharmacy (YoY change)

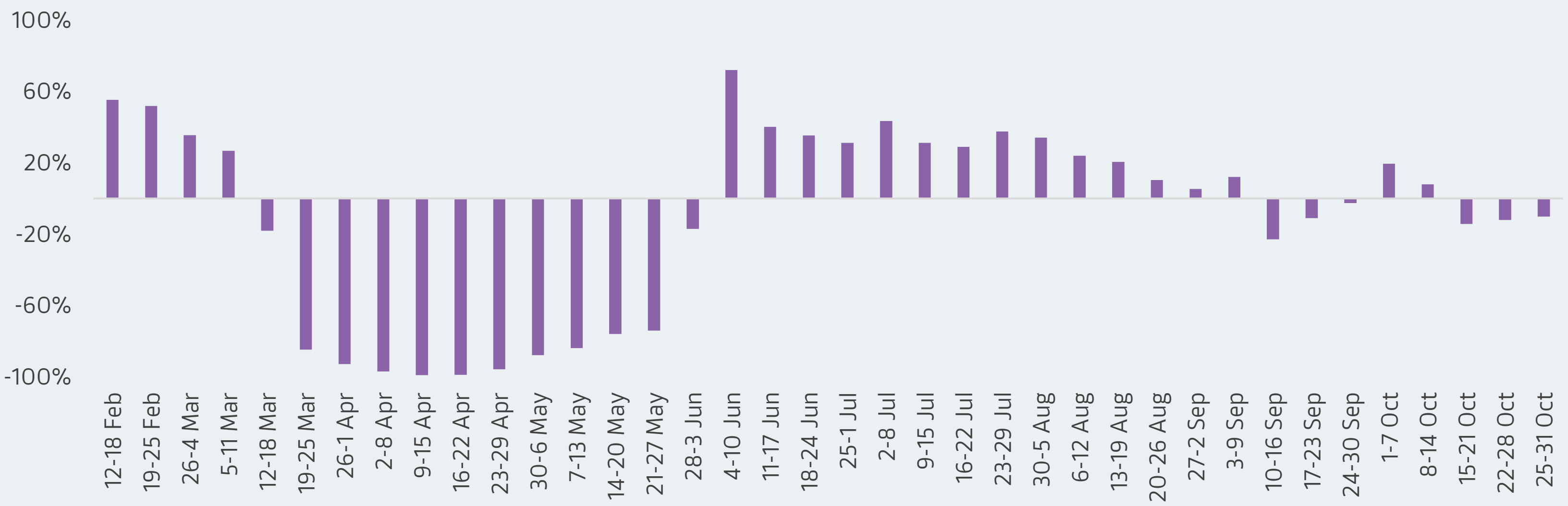


Source: TBC Bank

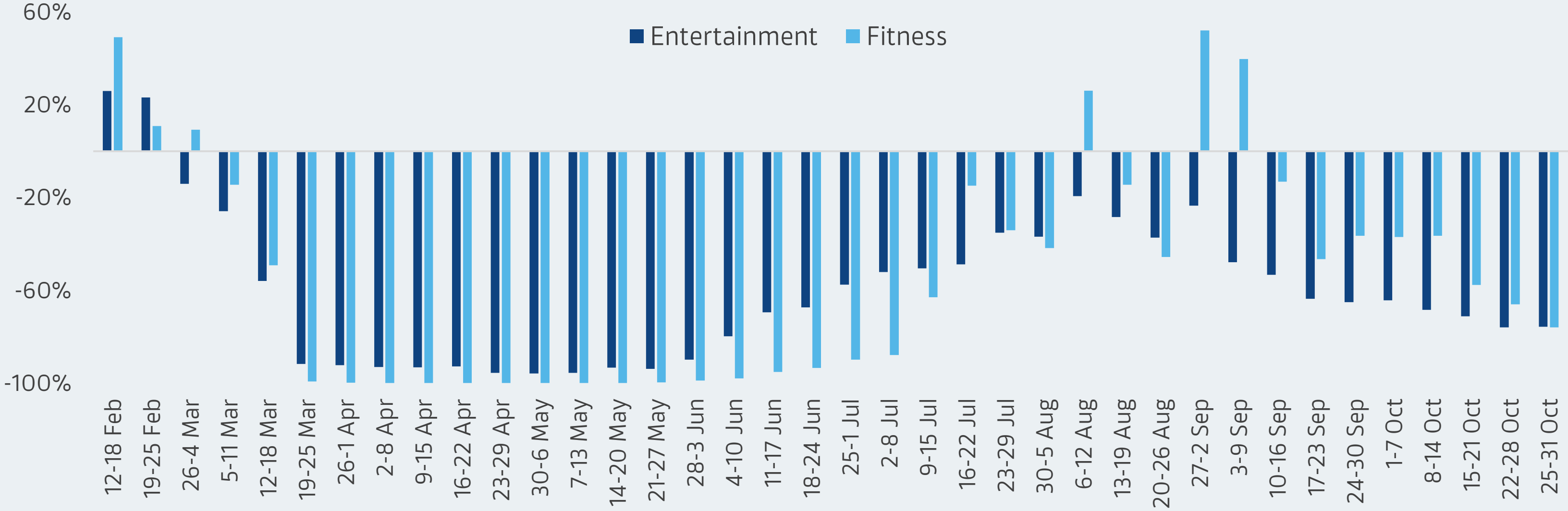
- At 16% YoY in the October 25-31 period, growth in resident non-cash spending on non-grocery & pharmacy relatively stabilized, following the weakening tendency
- Growth remains sizable in non-cash spending on grocery and pharmacy at 50% YoY and 46% YoY, respectively

NONCASH PAYMENTS: SPENDING ON APPAREL REMAINS ON THE NEGATIVE GROWTH TERRITORY; SPENDING ON FITNESS CONTINUES TO WEAKEN

Non-cash spending on apparel & accessories (YoY change)



Non-cash spending on entertainment and fitness (YoY change)

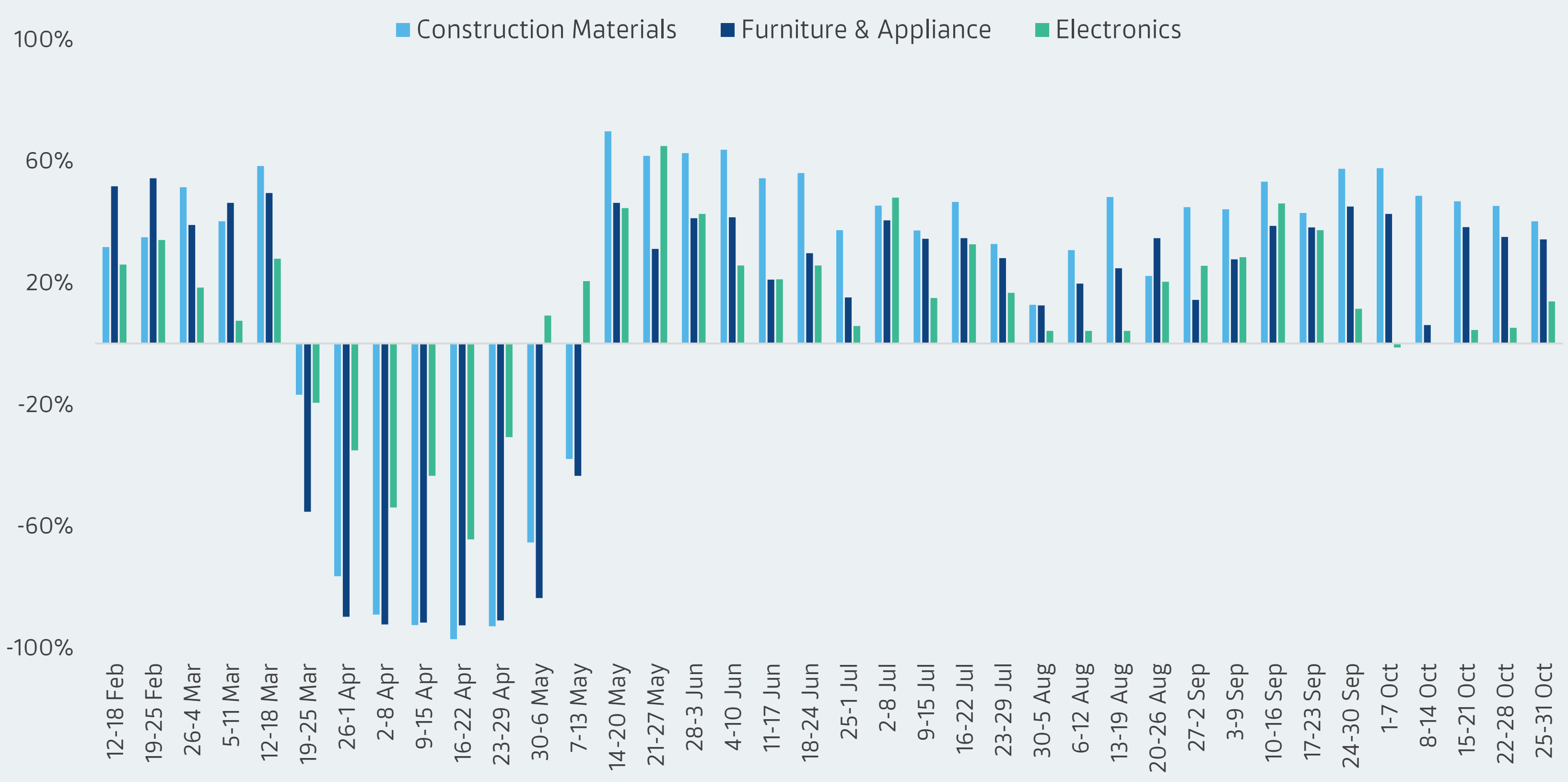


Source: TBC Bank

- At -10% YoY in 25-31 October period, non-cash transactions in apparel remain on the negative growth territory
- Change in spending on entertainment same as in the previous week, currently standing at -76% YoY
- Change in non-cash spending on fitness down compared to the last week, standing at -76% YoY in 25-31 October period

NONCASH PAYMENTS: ELECTRONICS DISPLAYING STRONGER GROWTH THAN IN THE PREVIOUS WEEKS; CONSTRUCTION MATERIALS AND FURNITURE SOMEWHAT DOWN

Non-cash spending on construction materials and consumer durables (YoY change)

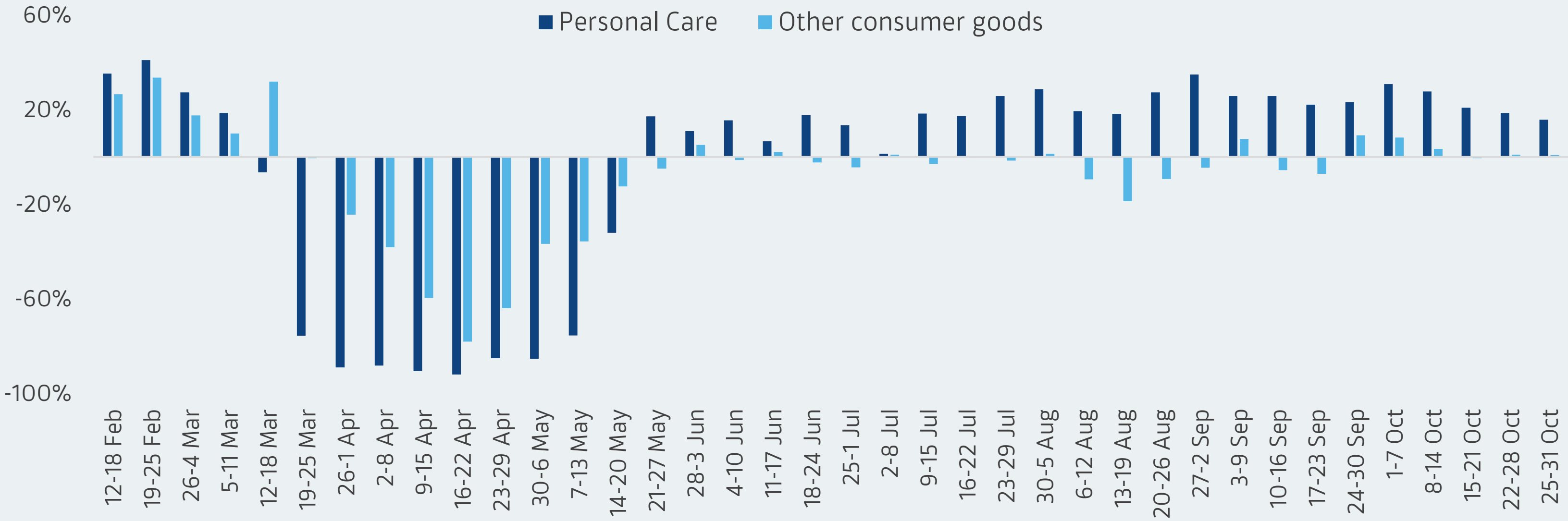


- Change in non-cash spending on construction materials slightly down compared to last week currently standing at +40% YoY
- Non-cash spending on furniture and appliances, stood at 34% YoY in the 25-31 October period, slightly down compared to the previous week
- Growth in non-cash spending on electronics picked up in the last week, currently at 14% YoY,

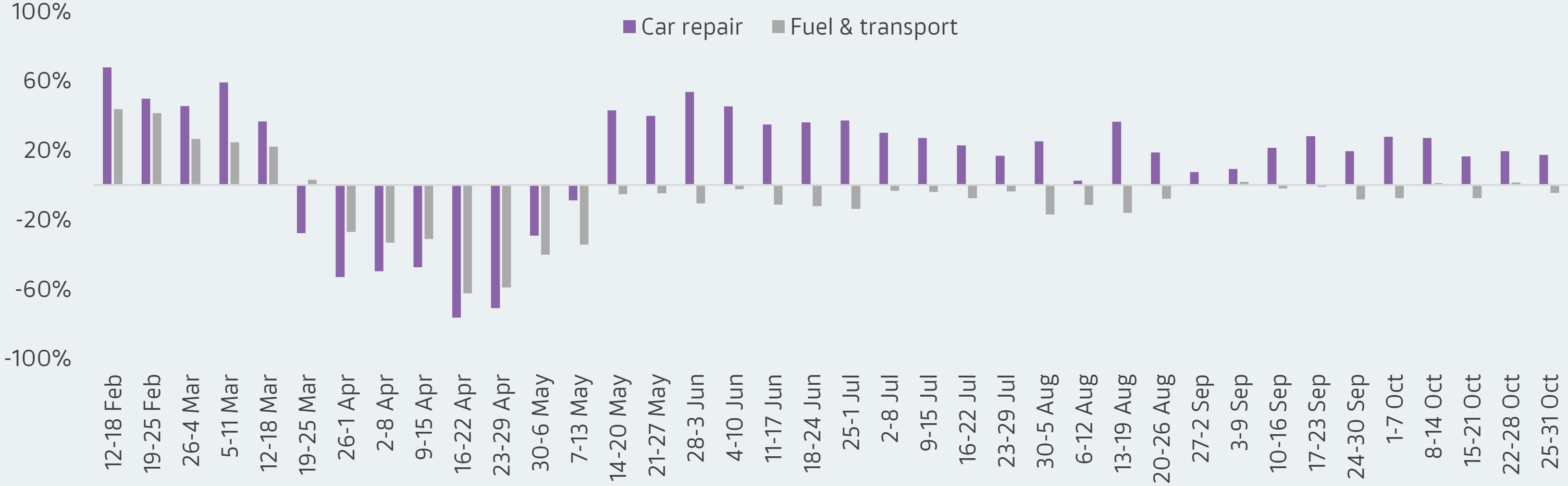
Source: TBC Bank

NONCASH PAYMENTS: SPENDING ON PERSONAL CARE MAINTAINING DOUBLE DIGIT-GROWTH; SPENDING ON FUEL REMAINS STAGNANT COUPLED WITH SLOWER GROWTH IN CAR REPAIR EXPENSES

Non-cash spending on personal care and other consumer goods (YoY change)



Non-cash spending on car repair and fuel & transport (YoY change)

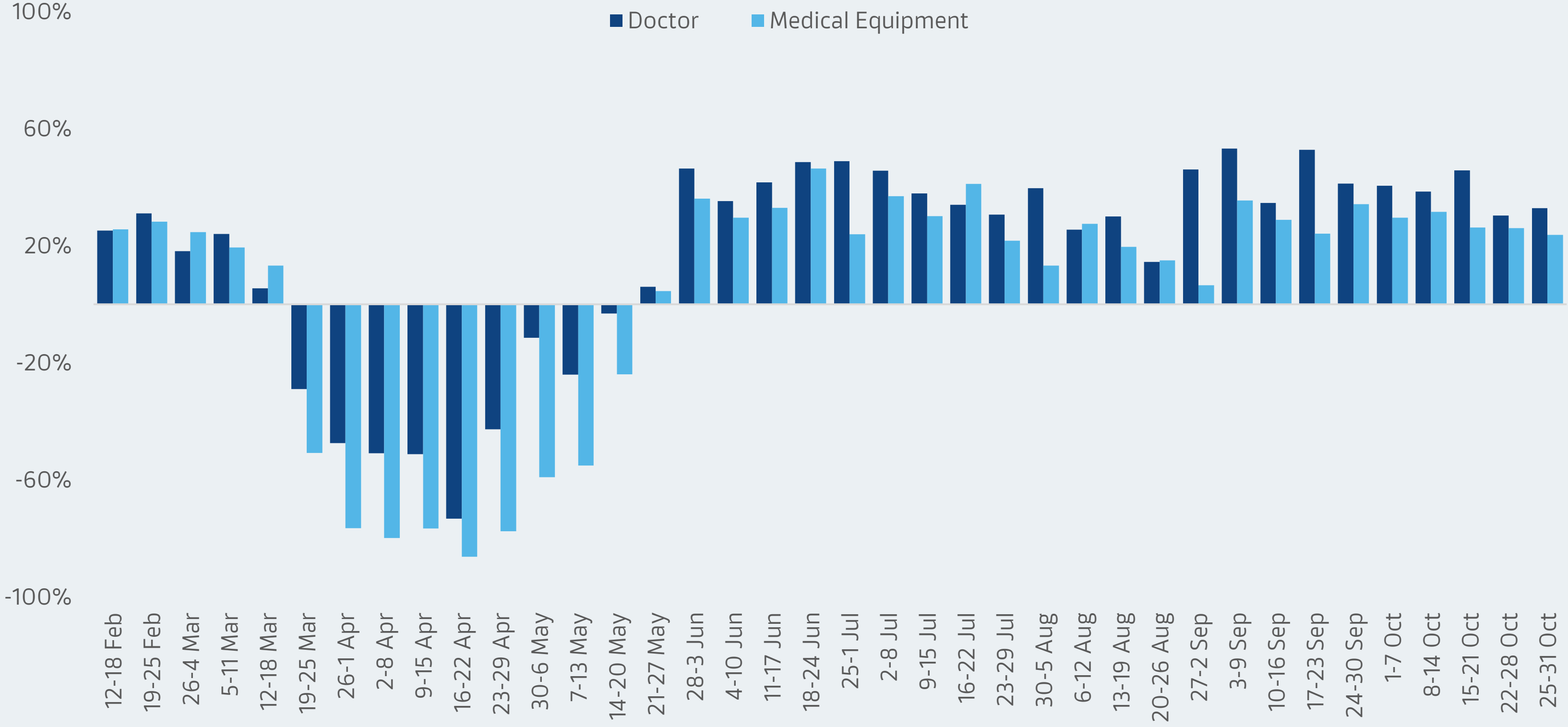


Source: TBC Bank

- Growth of non-cash spending on personal care remaining on a double digit growth at 16% YoY, slightly down compared to the previous week. Growth of spending on other consumer goods at +1% YoY in the 25-31 October period
- Currently at +17% YoY, spending on car repair services is slightly down from +19% in the previous week
- Non-cash spending on fuel on the negative growth territory again, currently at -5% YoY

NONCASH PAYMENTS: GROWTH STILL HIGH IN SPENDING ON DOCTOR VISITS

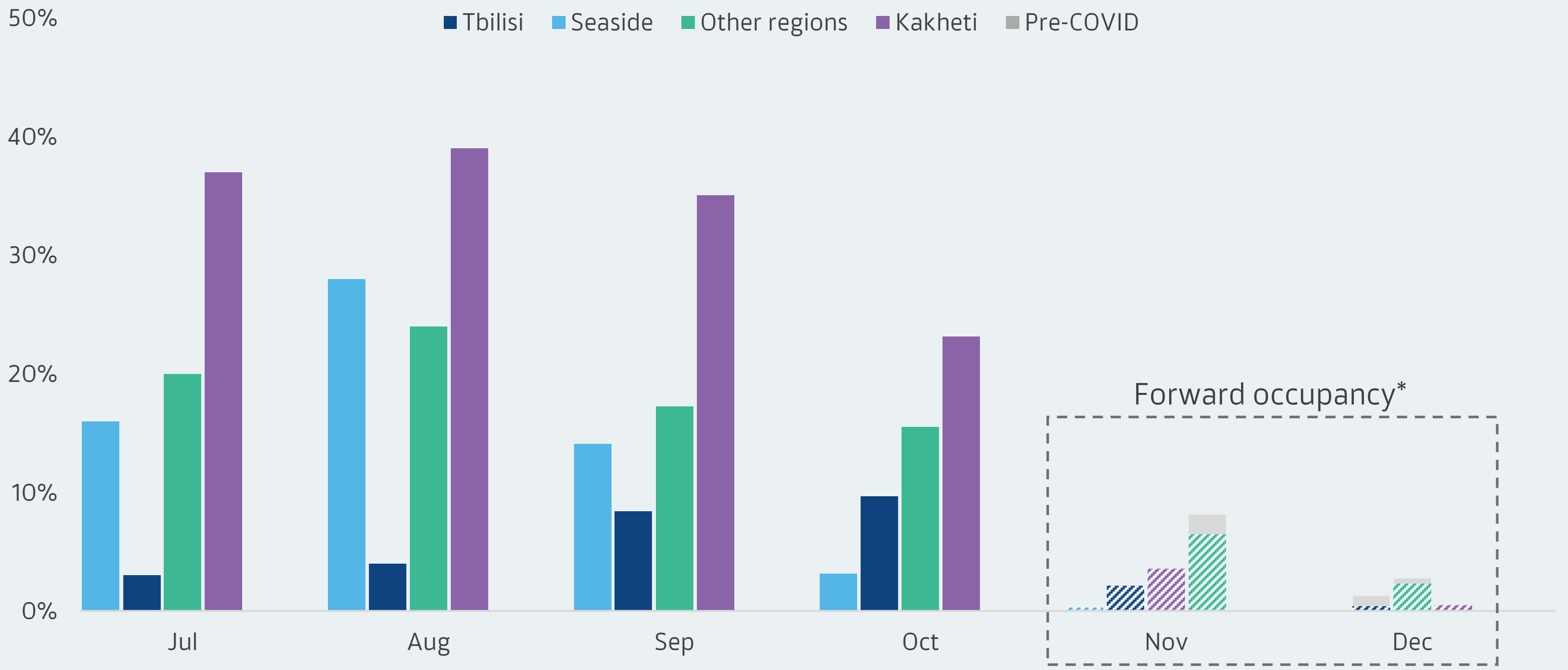
Non-cash spending on doctor visits and medical equipment (YoY change)



- Growth of non-cash spending on doctor visits displays stronger growth compared to the previous week at +33% YoY in the October 25-31 period

Source: TBC Bank

Occupancy rates (%) – actual and by current bookings

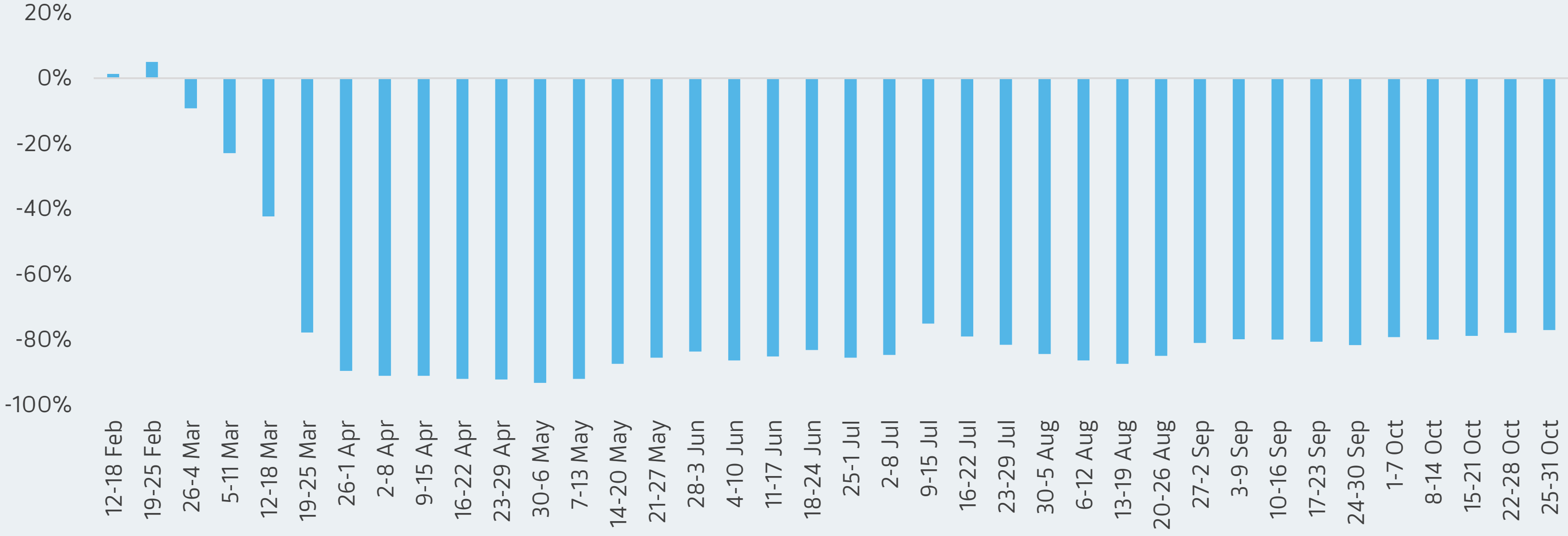


- **The actual occupancy rates for October:** highest occupancy was observed in Kakheti at 23%, while seaside hotels were the least occupied at 3%
- **Weekend occupancy:** compared to the previous weekend, occupancies decreased in Kakheti, seaside and other regions while it increased for Tbilisi and amounted to 4% in seaside, 15% in Tbilisi, while hotels in Kakheti and other regions displayed 36% and 28% occupancies, respectively
- **Price discounts:** by current bookings, the largest ADR discounts in October are observed in other regions, followed by Tbilisi and Kakheti. Seaside hotels offer relatively smaller discounts

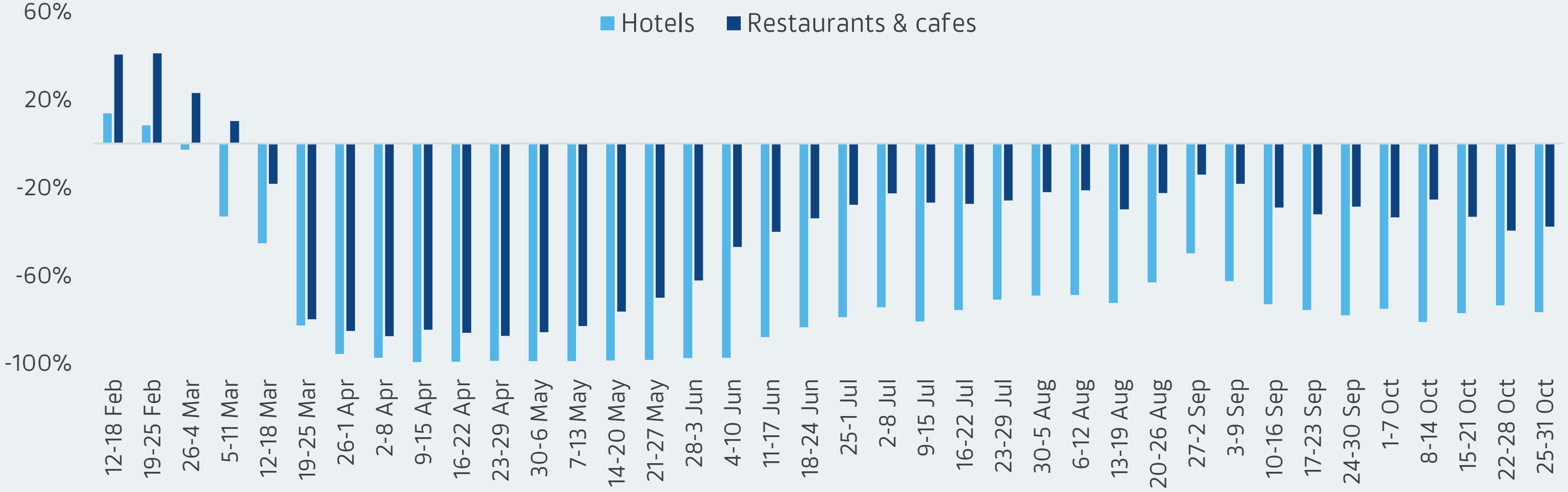
Source: Survey of 26 corporate hotels; Note: Pre-COVID booking shares derived from somewhat smaller samples; *Since domestic tourists do not tend to book hotels in advance, actual occupancies tend to be higher than forward occupancies

GROWTH OF NON-CASH SPENDING ON RESTAURANTS DOWN AT MID-JUNE LEVEL

Total non-cash non-resident expenses (YoY change)



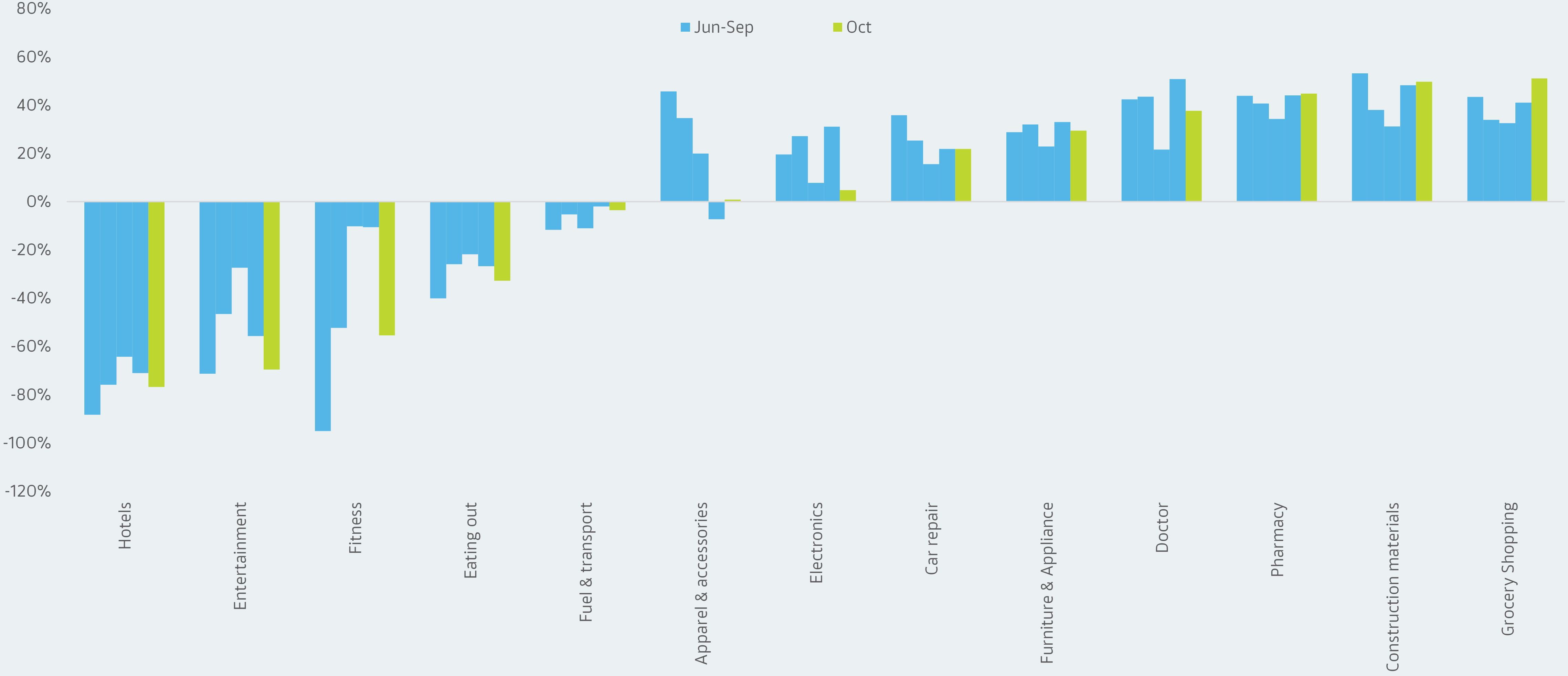
Non-cash spending on accommodation and eating out (YoY change)



Source: TBC Bank

- The growth in non-cash spending in hotels at -77% YoY this week, marginally up compared to last week
- Non-cash spending in restaurants down at -38% YoY in the 25-31 October period

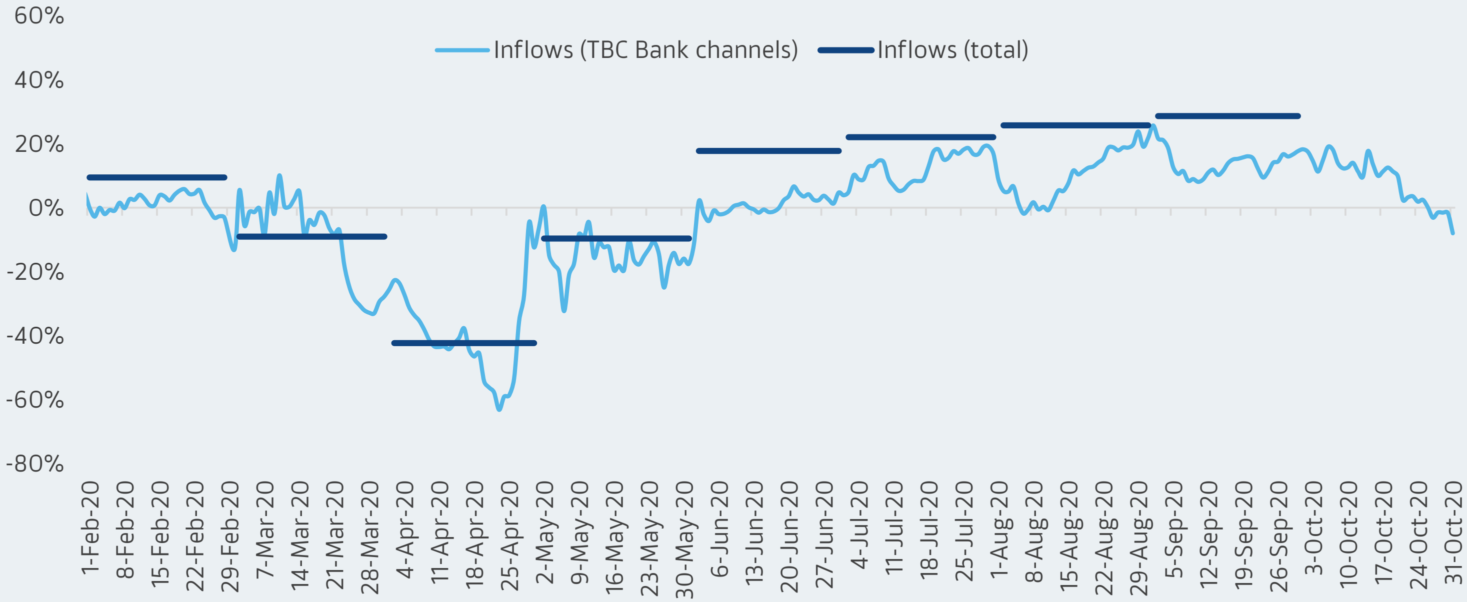
Dynamics of non-cash spending over the last five months as of 31th October (YoY change)



Source: TBC Bank

REMITTANCES INFLOWS ON THE NEGATIVE GROWTH TERRITORY LIKELY DUE TO TIGHTENING MOBILITY RESTRICTIONS IN MAJOR REMITTING ECONOMIES

Dynamics of remittances – USD volumes (7 day MA, YoY %)



Dynamics of remittances by countries/regions (YoY %)

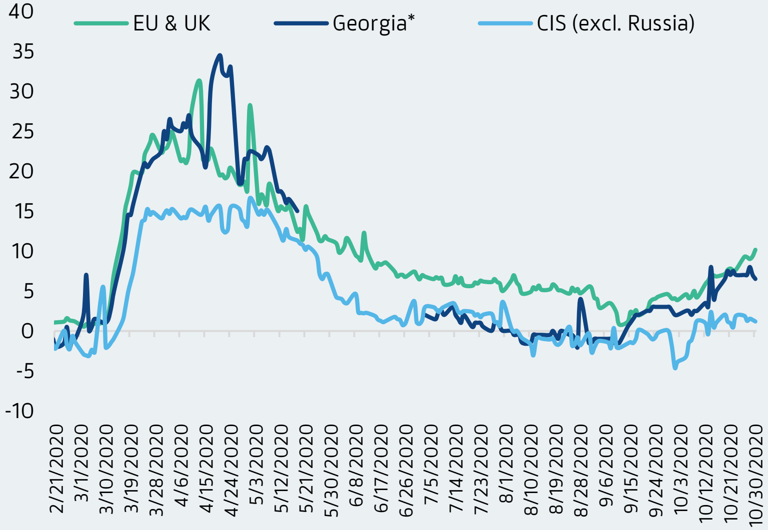
Country/Region	19-25 Oct	25-31 Oct
EU & UK	24%	9%
Middle East	19%	12%
North America	30%	19%
Russia	-24%	-29%
Ukraine	149%	62%
Armenia	-21%	-8%
Azerbaijan	60%	44%
TOTAL	3%	-8%

- The growth in total inflows, displayed a decrease compared to the previous week, now negative at -8% YoY during the 25-31 October period
- The largest YoY growths are still observed in inflows from Azerbaijan and Ukraine, but have shown drastic decreases compared to the previous week. North America continues solid growth. Inflows from Russia decreased by -29% YoY. YoY growth of transfers from the Middle East (incl. Turkey) remains positive in the 25-31 October period. Armenia on the negative growth territory once again, but improved compared to the previous week, currently at -8% YoY
- Growth of inflows from EU & UK, which make up the largest share in the remittances, remains positive, but down compared to the previous week

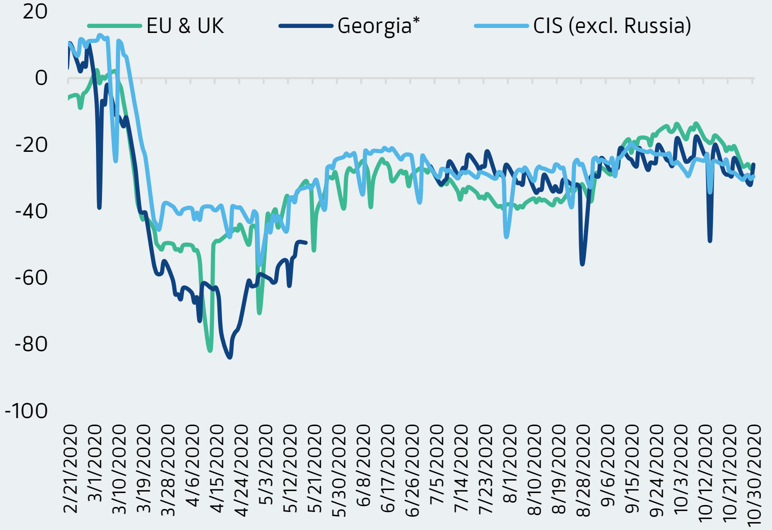
Source: TBC Bank

RESULTS OF INCREASE IN NEW CASES VISIBLE IN GOOGLE MOBILITY DYNAMICS

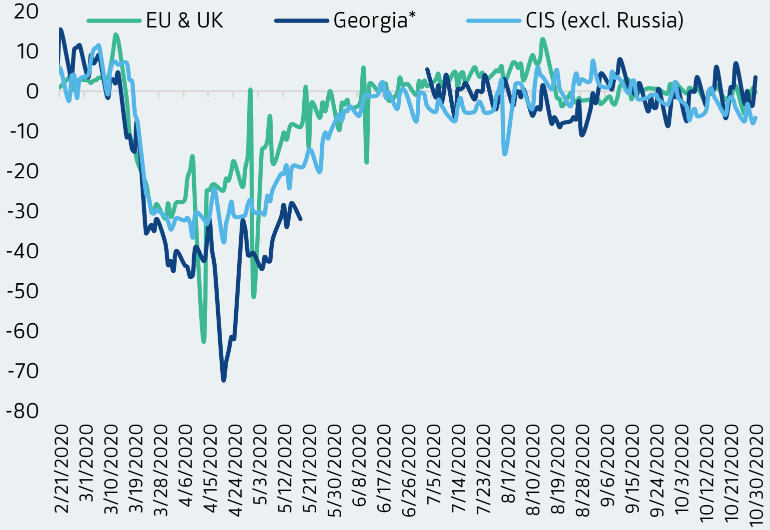
Mobility in residential area (Change %)



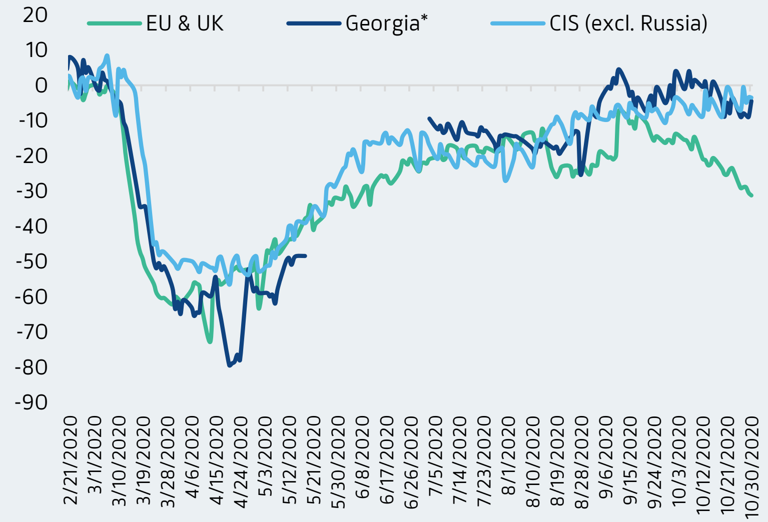
Mobility in working places (Change %)



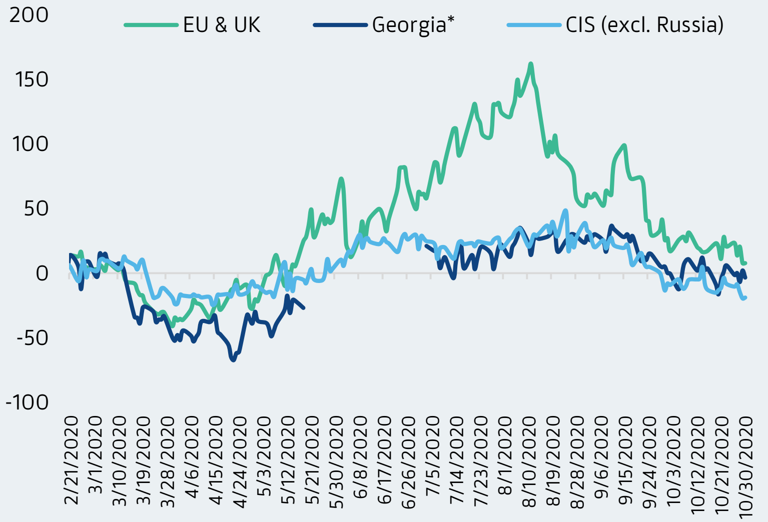
Mobility in grocery and pharmacy (Change %)



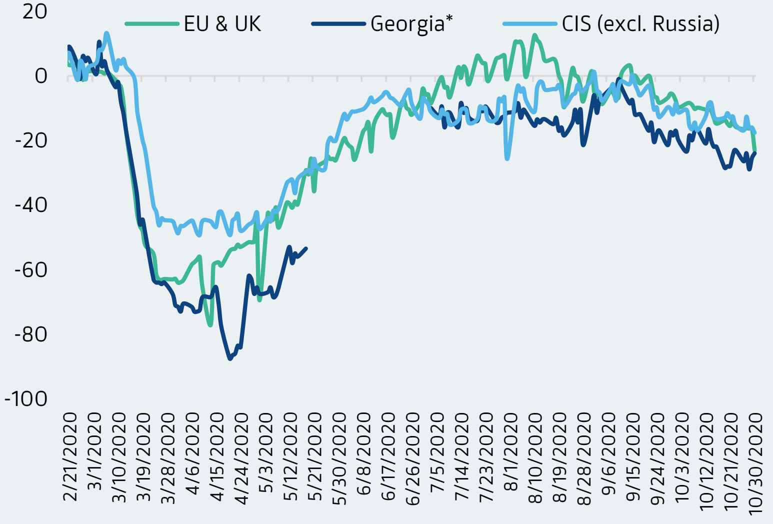
Mobility in transit stations (Change %)



Mobility in parks and recreational area (Change %)



Mobility in retail & recreation (Change %)



Source: Google; Note: Change compared to first 5 weeks of 2020, * Data for Georgia is unavailable from 5/19/2020 to 7/2/2020

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