



**TBC CAPITAL**

# TRACKING THE RECOVERY

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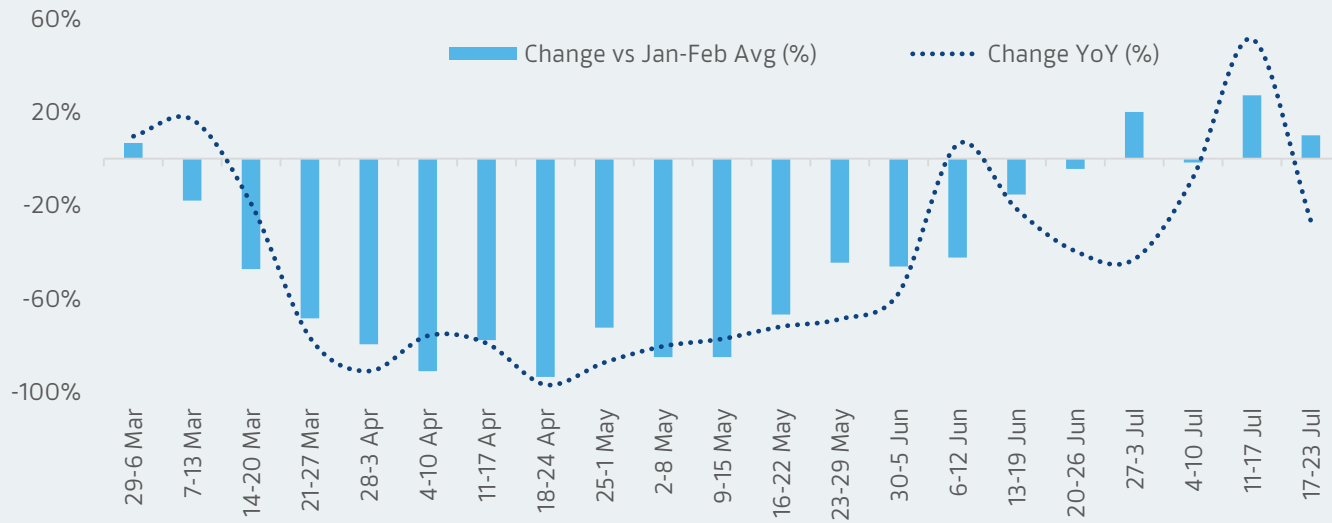


# KEY DEVELOPMENTS

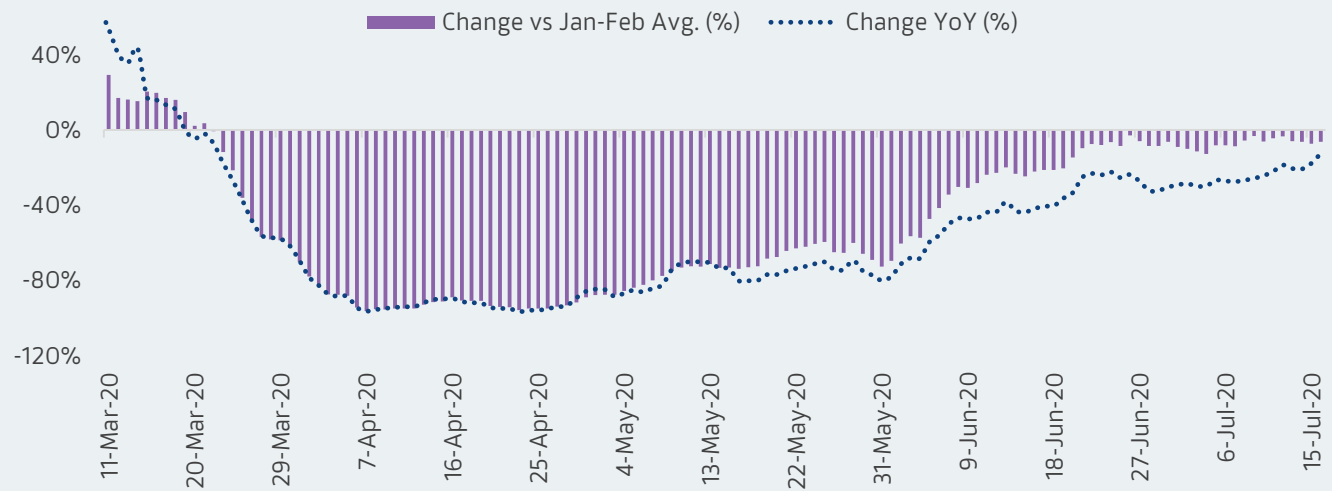
- **Slower week in mortgage issuance, while transaction registrations in Tbilisi keeps a slow trend of recovery**
- **Reservations for July indicate a 4% occupancy in Tbilisi, 13% in Batumi, 28% in Kakheti and 16% in other regions (including Kutaisi, Borjomi, Kazbegi)**
- **Occupancies are lower for SME hotels, although Kakheti leads the grid with 22%**
- **Non-cash spending in restaurant showing slight decreases for the past two weeks, with the growth standing at -30% in the third week of July**
- **Huge surge observed in non-cash spending on fitness, currently at -18% YoY compared to -63% the week before**
- **Remittances inflow in TBC remaining at positive growth territory at +18% YoY in the during 13-19<sup>th</sup> July**
- **Google mobility index mostly displays a recovery, except for working places and transit stations**

\*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

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



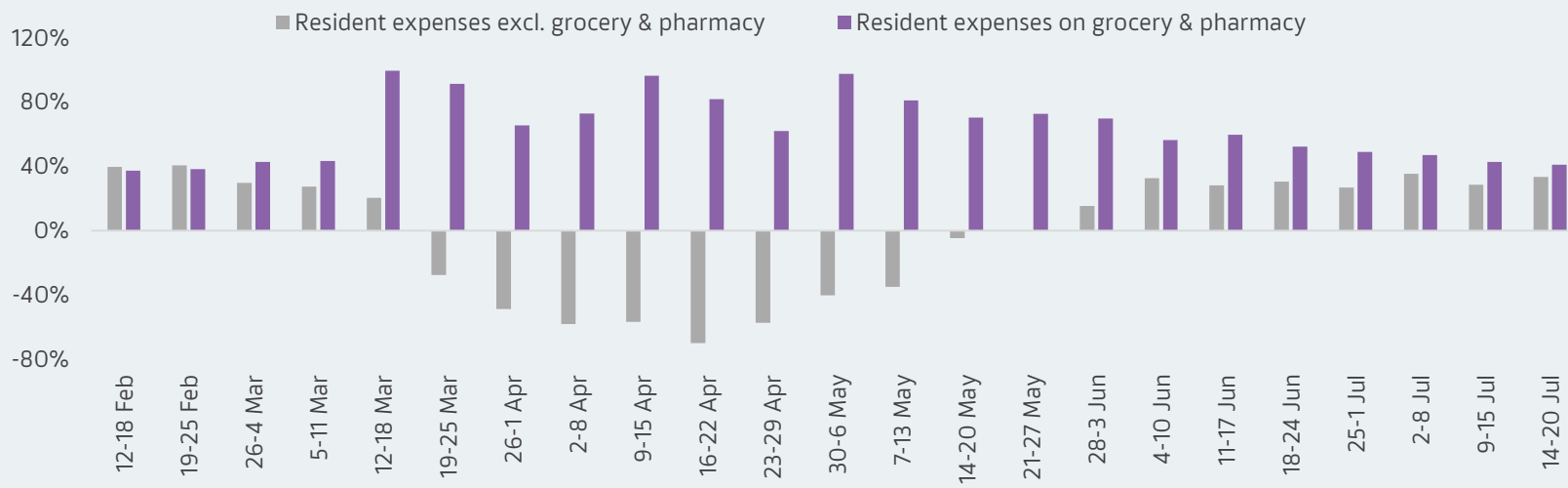
Dynamics of the number of apartments sold in Tbilisi (7 day MA, % Change)



Source: TBC Bank, NAPR

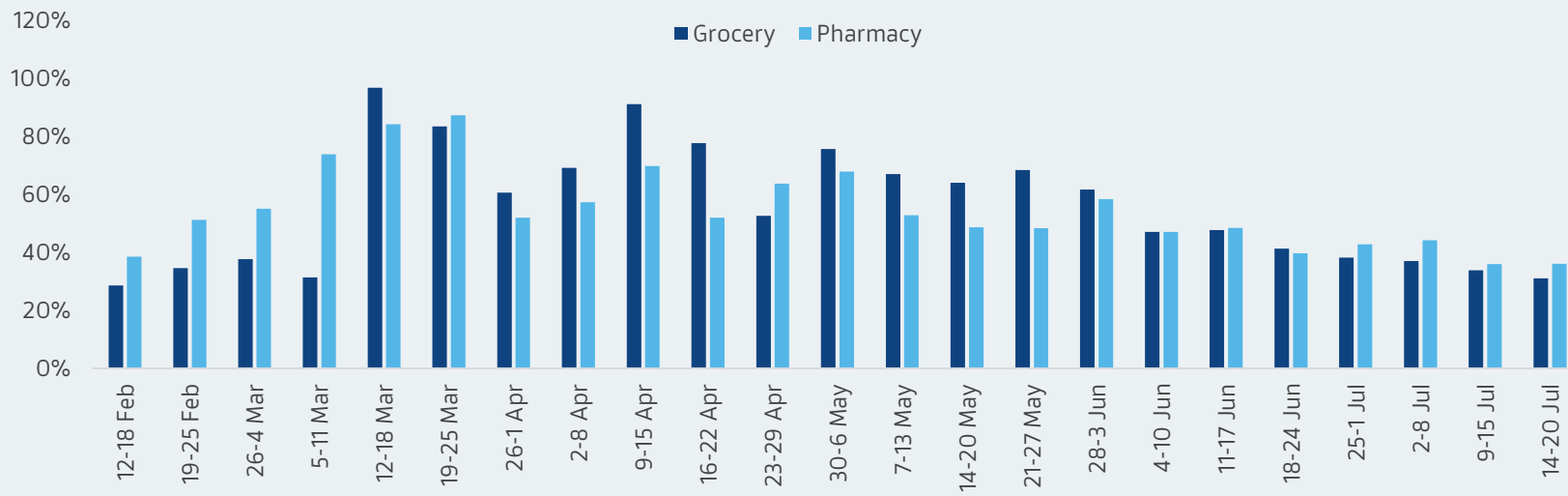
- A slower week in mortgages. YoY change stood at -22% in seven days ending on 23<sup>rd</sup> July, partly also due to a strong base at the end of July 2019. Growth was slower as compared to Jan-Feb average also, standing at 10% during the week
- The issuance of subsidized loans started from 6<sup>th</sup> July in TBC and as of 23<sup>rd</sup> of July, 29% of mortgages issued in this period benefited from the government program
- The 7 day moving average of the transaction registration in Tbilisi continues stable recovery and currently stands at -18% YoY, compared to -28% in the previous week

**Resident non-cash spending (YoY change)**



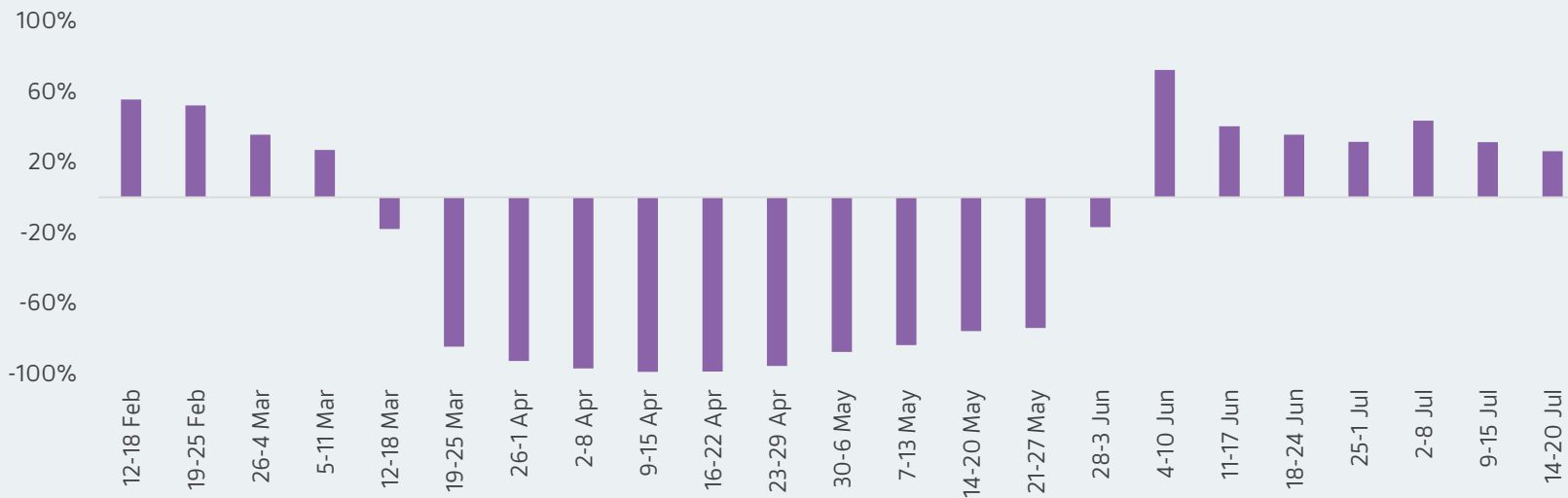
- Growth in resident non-cash spending on non-grocery & pharmacy items increased to 33% YoY
- Sizable growth observed in non-cash spending on grocery and pharmacy at 31% and 36% YoY, respectively

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



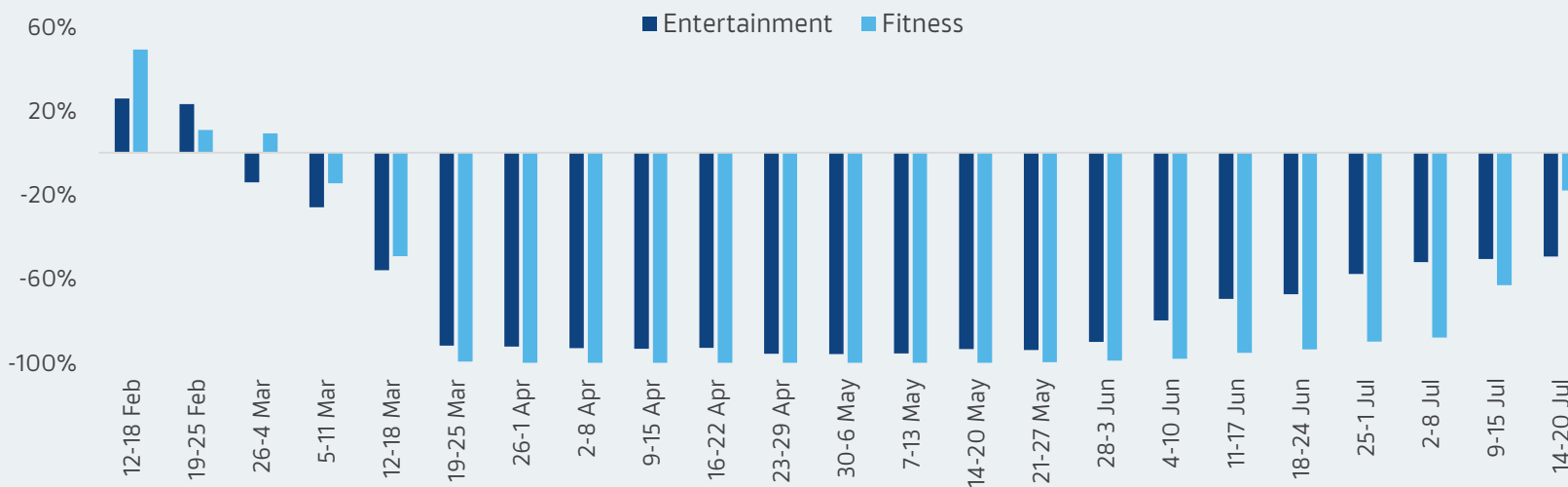
Source: TBC Bank

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



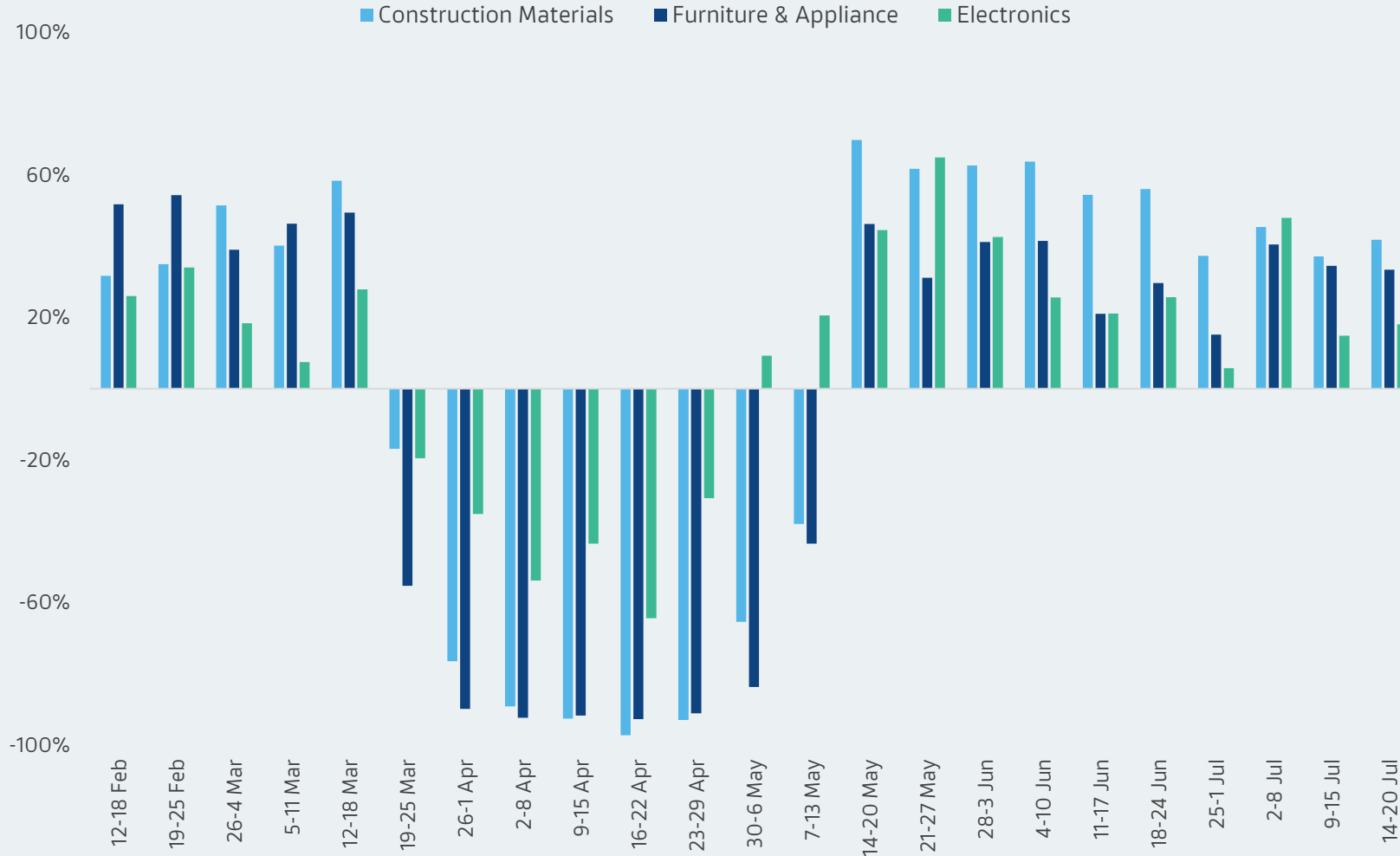
- The non-cash transactions in apparel showed a slight decrease from last week and stood at +26% YoY in the third week of July
- Change in spending on entertainment has showed a minor improvement, currently standing at -49% YoY
- Non-cash spending on fitness already reflects the ease of regulations and shows noticeable improvement at -18% YoY in the third week of July

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



# NONCASH PAYMENTS: CONSTRUCTION MATERIALS CONTINUING SOLID GROWTH; SURGE IN CONSUMER DURABLES REDUCED 6

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

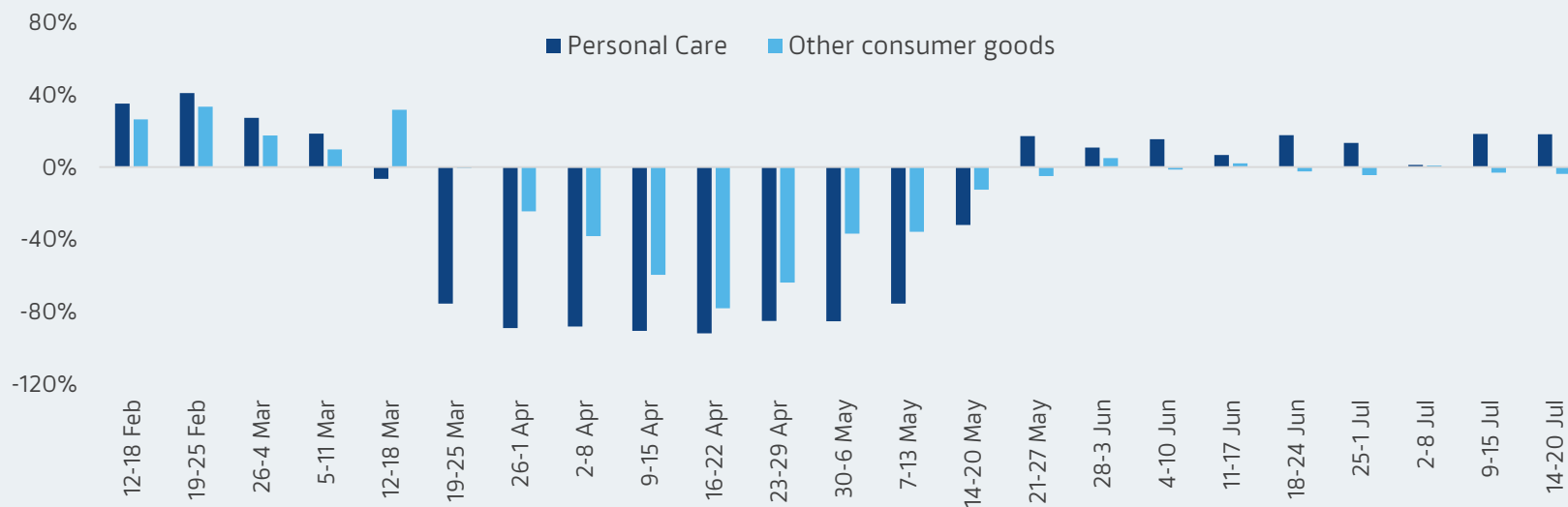


- Non-cash spending on construction materials maintains a solid growth rate at +42% YoY
- The week was slightly weaker for non-cash spending in furniture and appliances, standing at 33% YoY in the third week of July, compared to 34% last week
- Growth in non-cash spending on electronics up compared to last week, currently at 18% YoY



# NONCASH PAYMENTS: SPENDING ON PERSONAL CARE AND OTHER CONSUMER GOODS SHOWING NO NOTICEABLE CHANGE; 7 FUEL AND TRANSPORTATION SHOWING A MINOR DECREASE

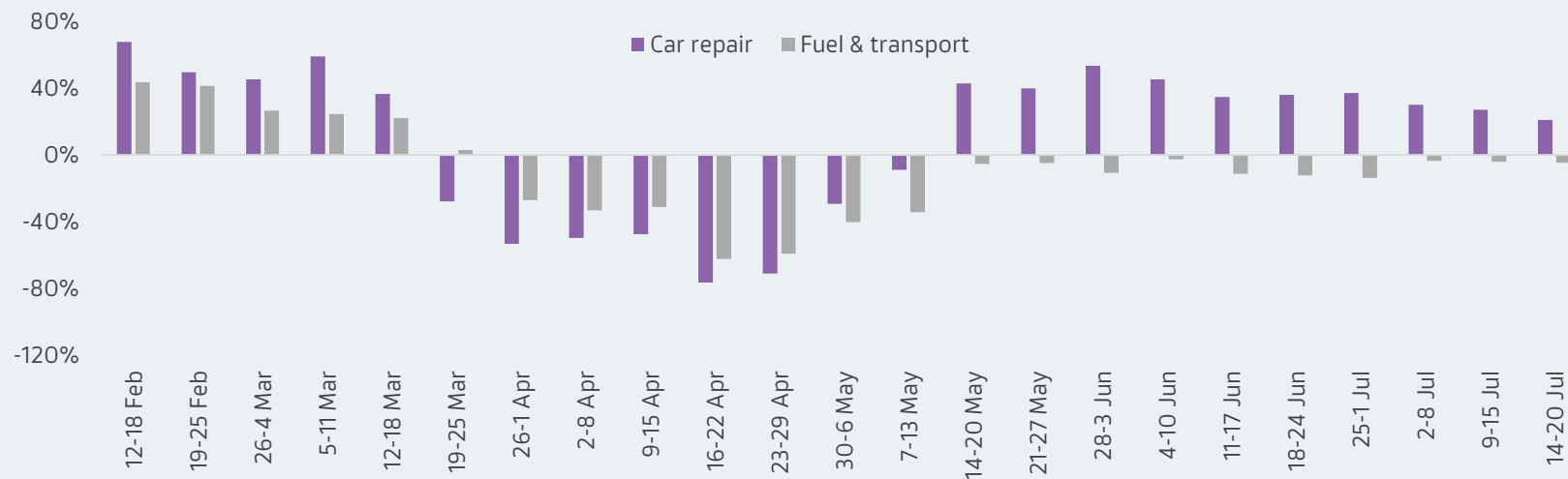
Non-cash spending on personal care and other consumer goods (YoY change)



- Growth of non-cash spending on personal care back on double digit growth at 18% YoY, while growth of spending on other consumer goods in the negative territory at -4% YoY

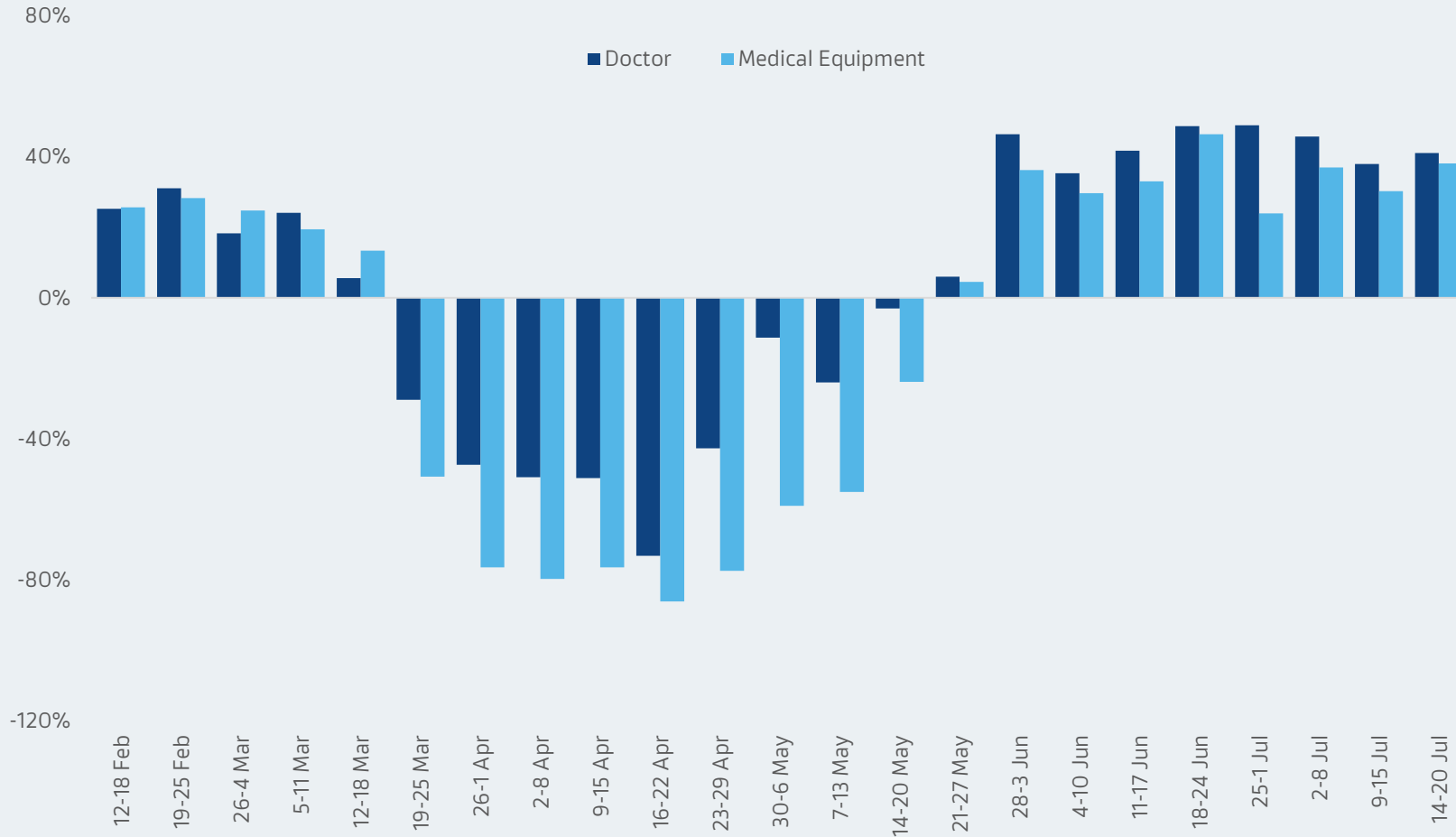
- Currently at +21% YoY, spending on car repair services maintains strong growth but has shown slight decreases for the past three weeks

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



- Non-cash spending on fuel at -5% YoY in the second week of July

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

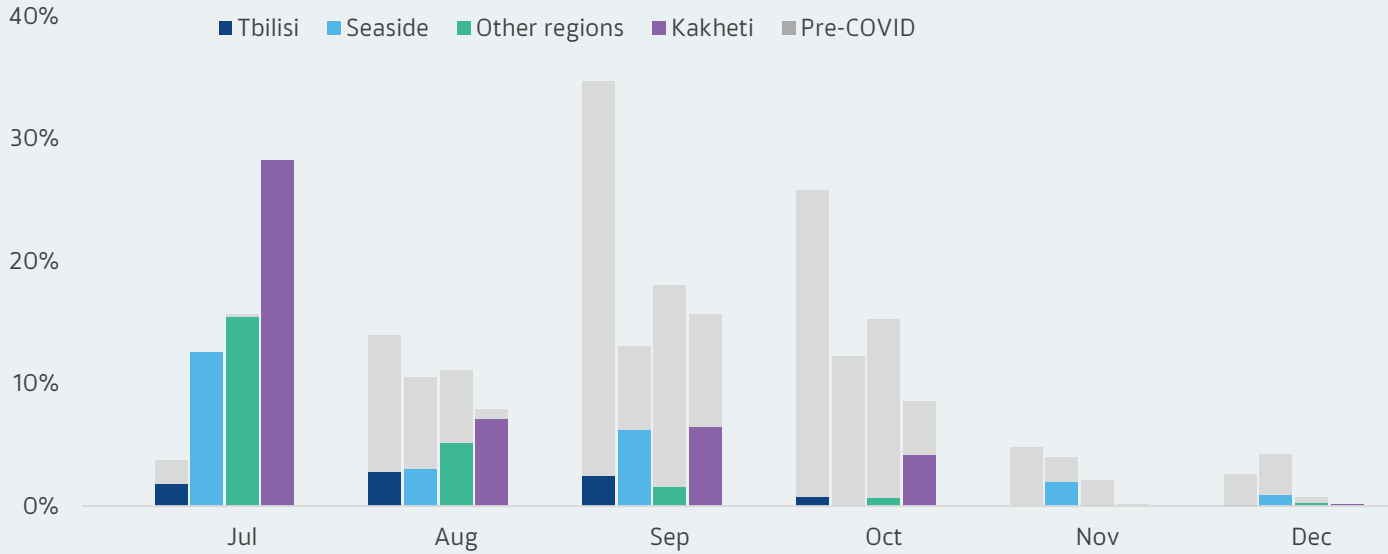


- Growth of non-cash spending on doctor visits has displayed strong growth at +41% YoY, a slight increase compared to last week

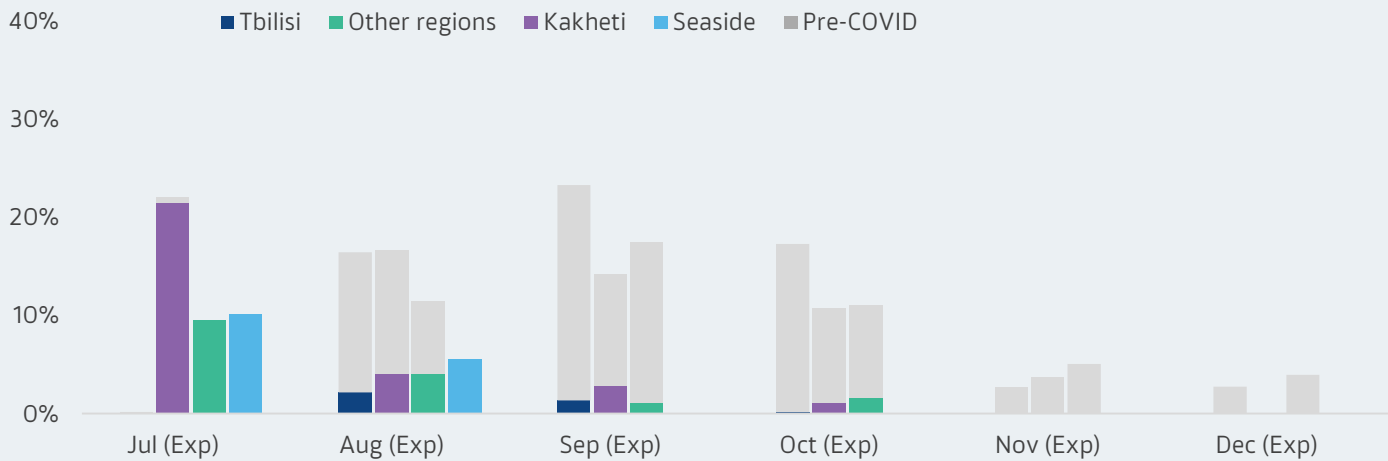
Source: TBC Bank



Forward occupancy rates (%) by current bookings in Corporate Clientele



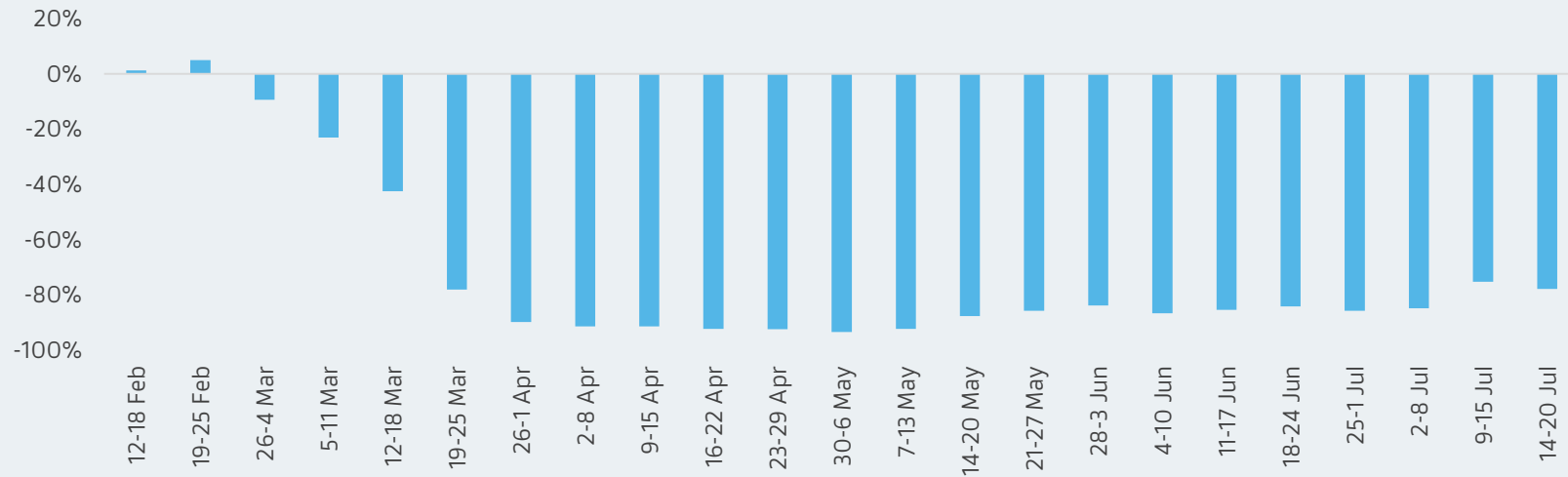
Forward occupancy rates (%) by current bookings in SME Clientele



- Current bookings:** Reservations for July indicate a 4% occupancy in Tbilisi, 13% in Batumi, 28% in Kakheti and 16% in other regions (including Kutaisi, Borjomi, Kazbegi). Occupancies are lower for SME hotels, although Kakheti leads the grid with 22%
- Change in occupancy:** As for the week's change in the occupancy\* for Corporate hotels, it has grown for Batumi (+2 p.p.), Kakheti (+6 p.p.) and other regions (+1 p.p.), remaining flat for Tbilisi
- Weekend occupancy:** As compared to the last weekend, occupancies remained stable averaging 41%, 18% and 21% for Kakheti, Other Regions, and Batumi respectively
- Price discounts:** Around 45% discounts in ADRs are observed in Kakheti in July, while other hotels offer relatively modest discounts. Price discounts in SME segment average -30% in July, ranging from -10% to -60%

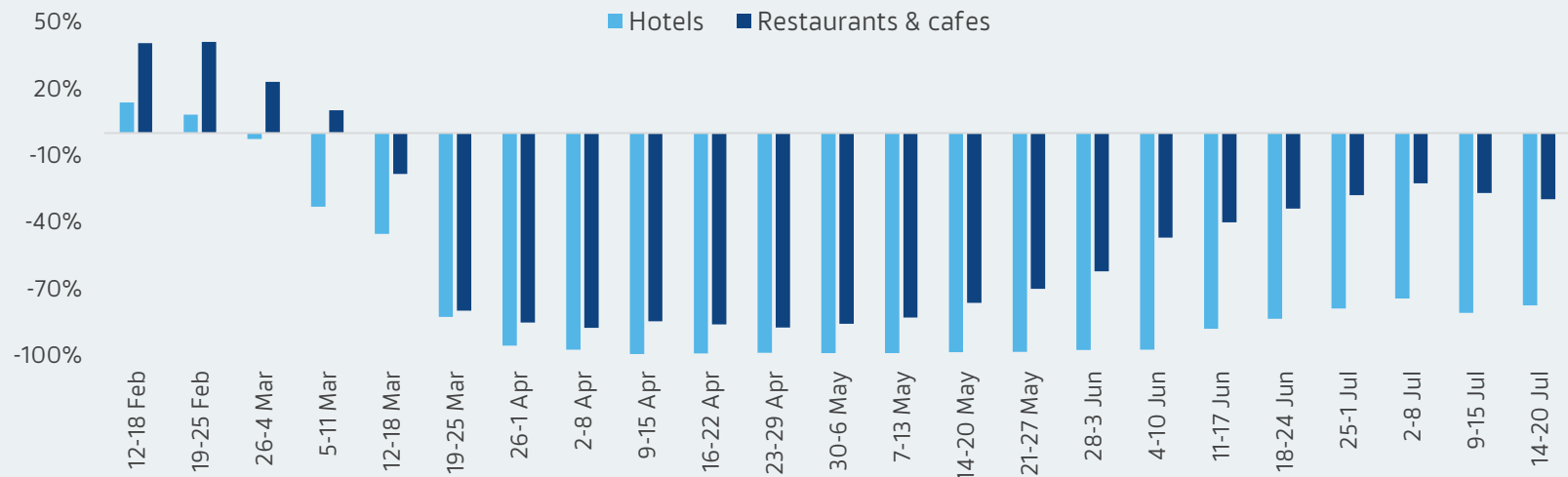
Source: Survey of 25 corporate and 20 SME hotels; \*same sample comparison; Note: Pre-COVID booking shares derived from somewhat smaller samples

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

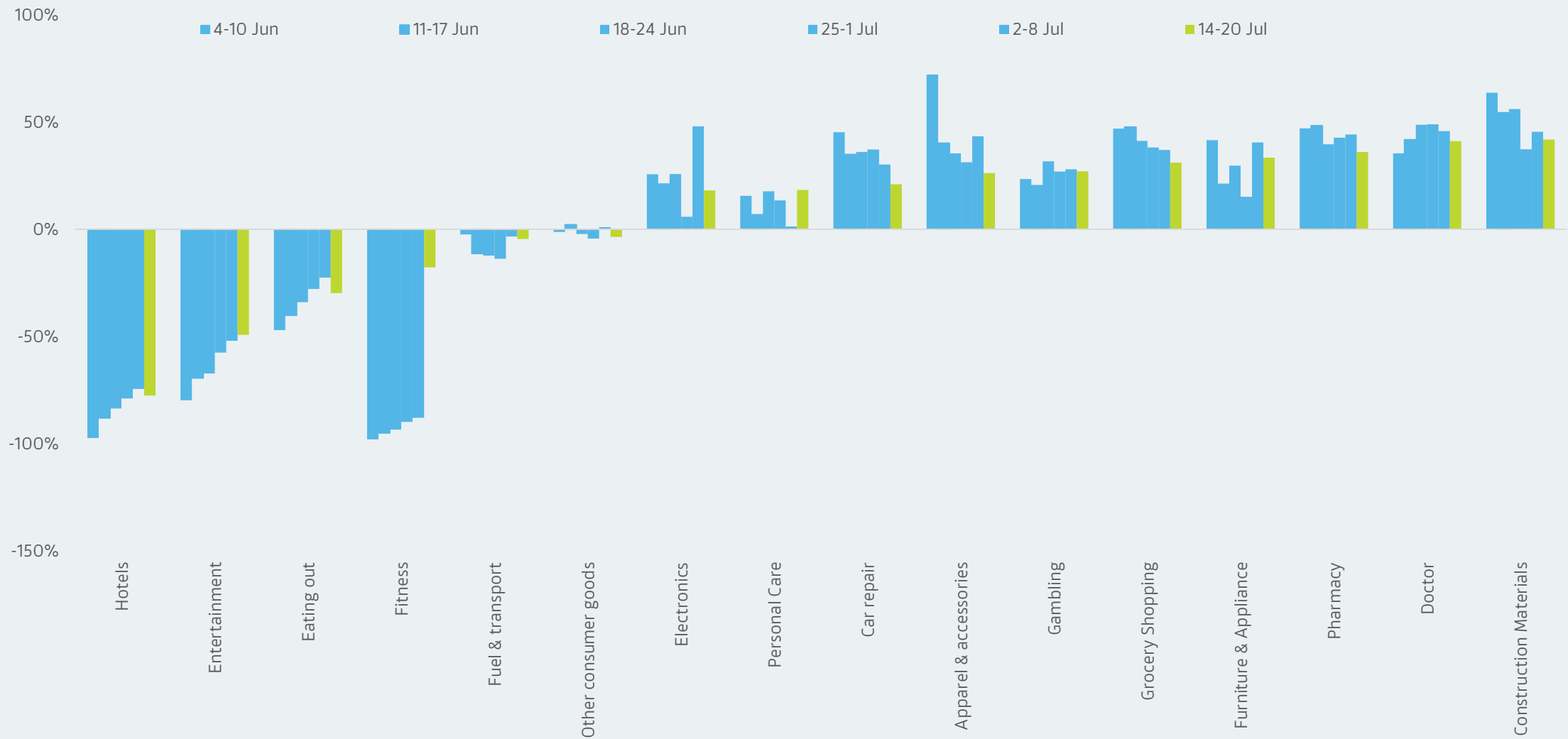


- A slight increase observed in the growth in non-cash spending in hotels at -78% YoY this week, compared to -81% YoY last week
- Non-cash spending in restaurant showing slight decreases for the past two weeks, with the growth standing at -30% in the third week of July

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

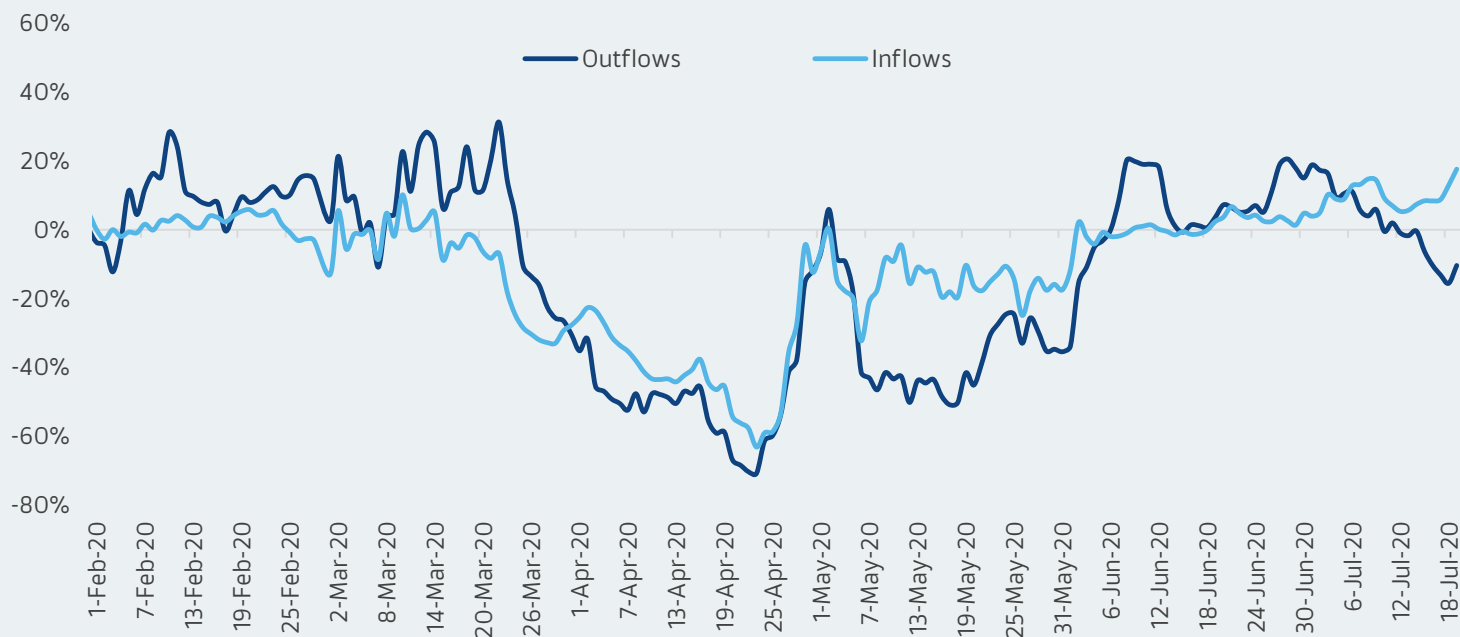


Dynamics of non-cash spending over the last six weeks as of 20<sup>th</sup> July (YoY change)



Source: TBC Bank

Dynamics of remittances – USD volumes (7 day MA)



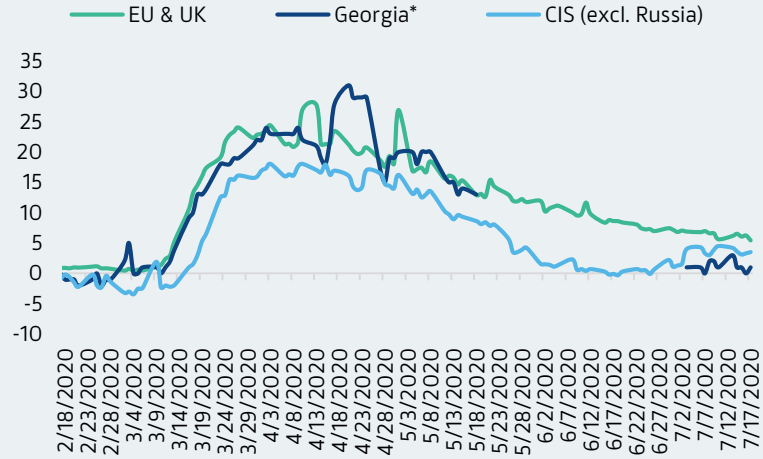
Dynamics of remittances by countries/regions – volumes

Country/Region	6-12 Jul	13-19 Jul
EU & UK	26%	32%
Middle east	-9%	10%
North America	20%	41%
Russia	-24%	-4%
Ukraine	222%	257%
Armenia	41%	152%
Azerbaijan	158%	236%
<b>TOTAL</b>	<b>5%</b>	<b>18%</b>

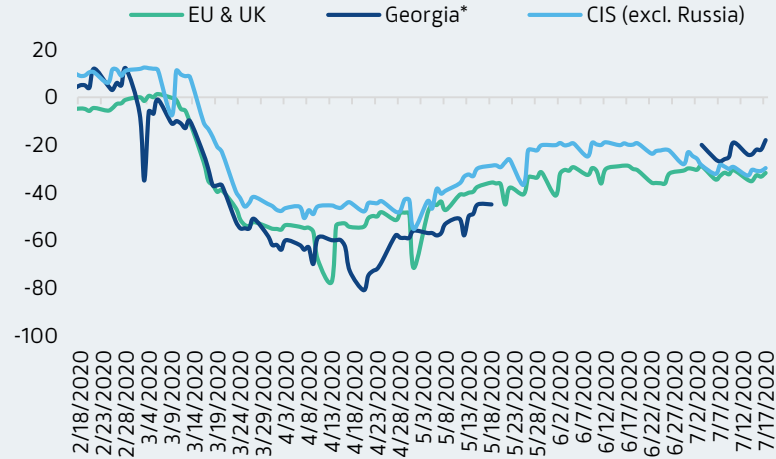
- The growth in total inflows stood at +18% YoY during the seven days ending on 19<sup>th</sup> July
- Inflows from Azerbaijan, Armenia and Ukraine display strong growth YoY. North America continue solid growth. The dynamic from Russia remains negative. Transfers from the Middle East (incl. Turkey) returned to a positive YoY growth
- Inflows from EU & UK, which make up the largest share in the remittances remain on the double digit growth territory



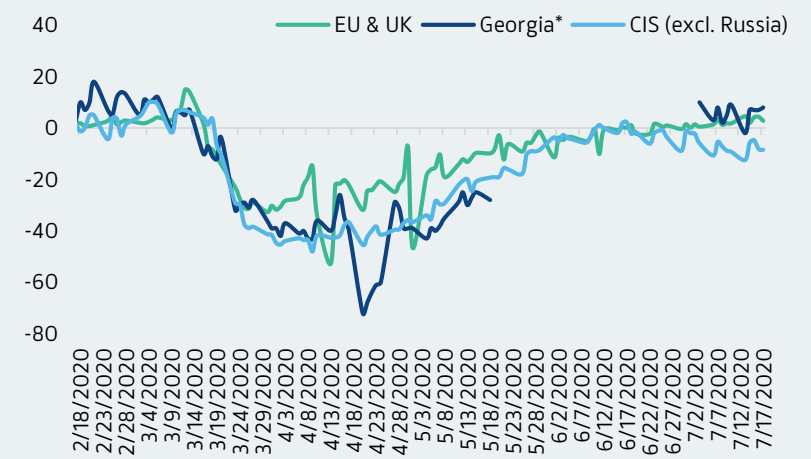
## Mobility in residential area (Change %)



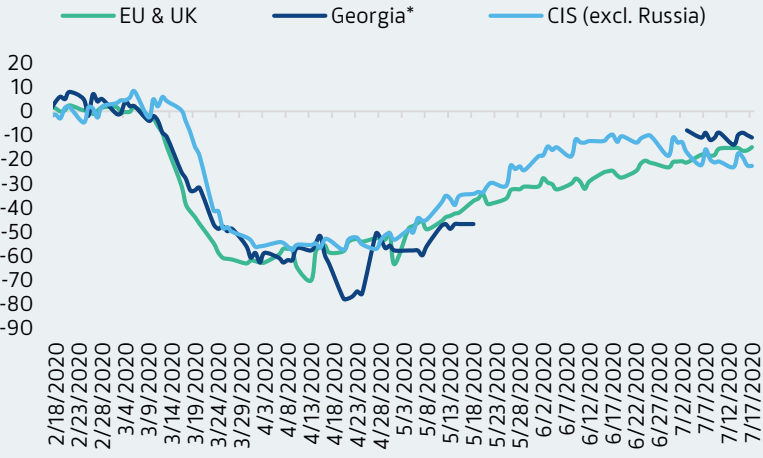
## Mobility in working places (Change %)



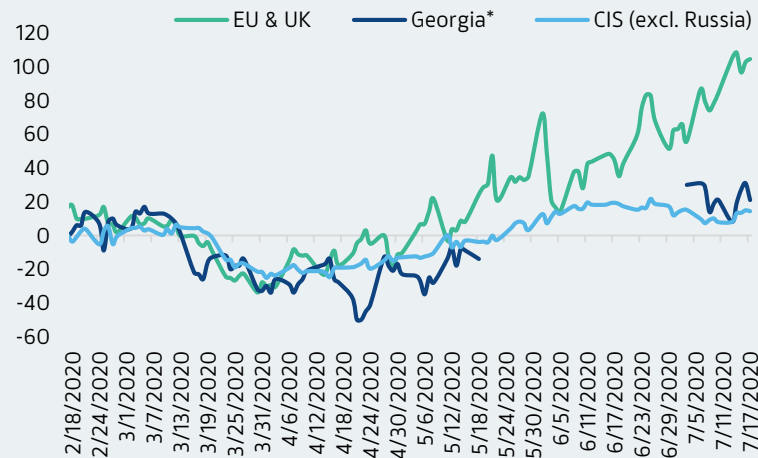
## Mobility in grocery and pharmacy (Change %)



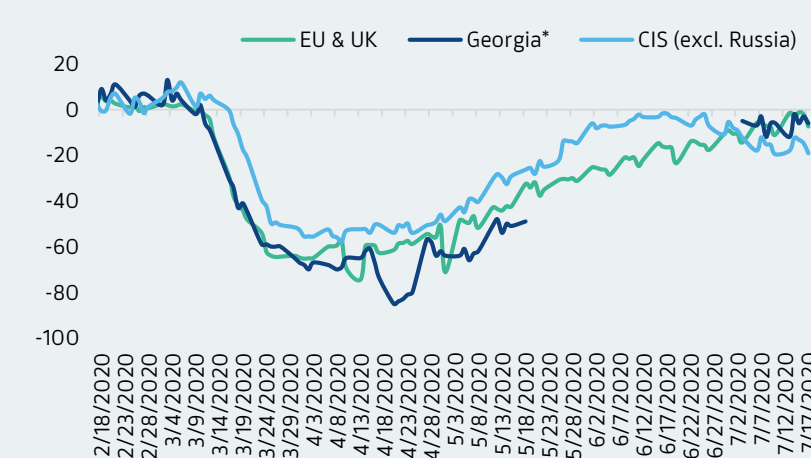
## Mobility in transit stations (Change %)



## 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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