TBC CAPITAL

TRACKING THE RECOVERY

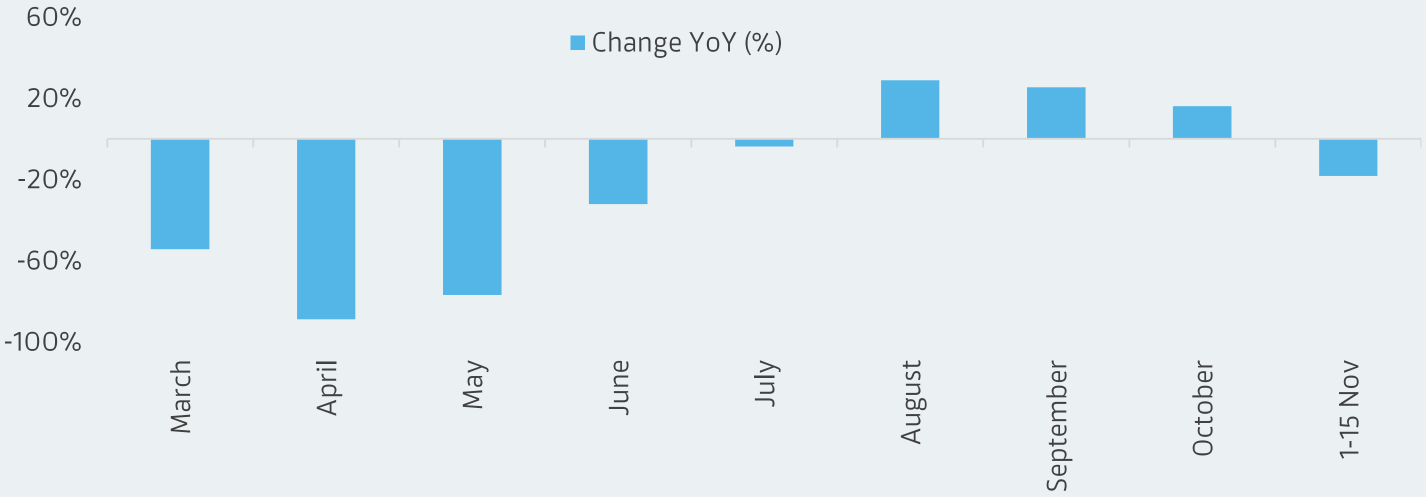
20.11.2020

KEY DEVELOPMENTS

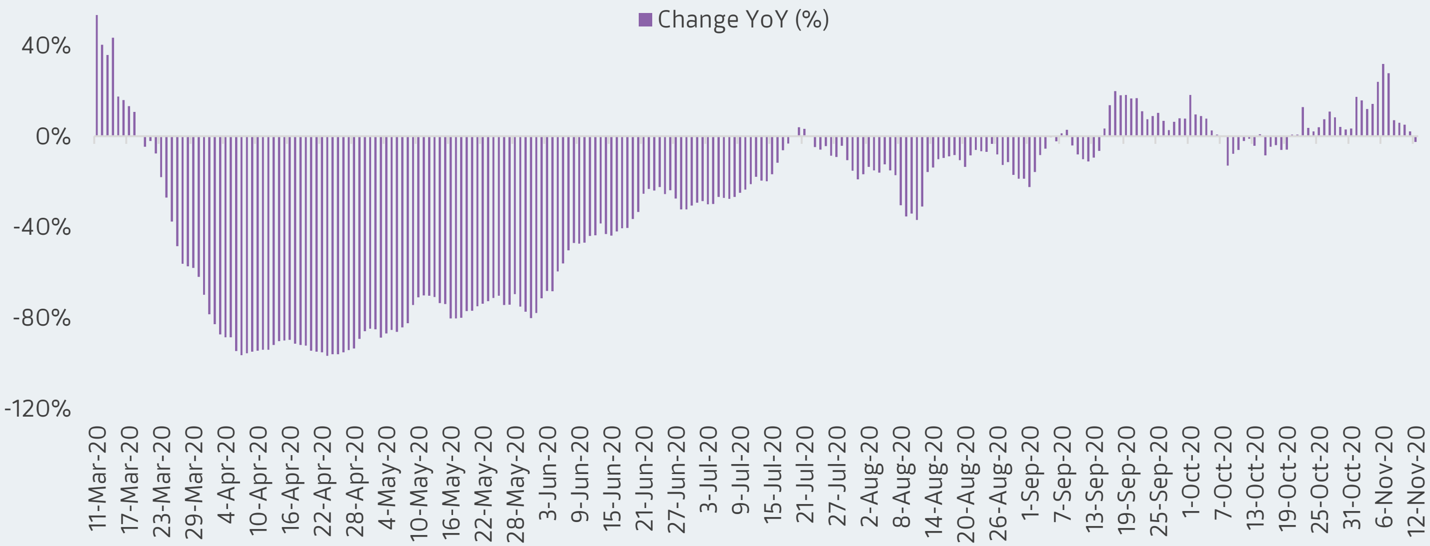
- The newly issued mortgages showed an 18% YoY decrease in the first half of November
- Of mortgages issued since 6th of July, 33.9% are beneficiaries of the state subsidy program
- Growth of 7-day MA of residential real estate transaction registrations in Tbilisi back on the negative growth territory at -2% YoY as of November 12th
- Growth in resident non-cash spending on categories excluding grocery & pharmacy remained stable following the downward sloping trend of the previous weeks
- Compared to the previous week, a marginal increase is observed in November forward occupancies due to domestic last minute reservations
- Non-cash spending in restaurants remaining at mid-June level in the November 11-17 period
- Remittances inflow in TBC shows a slight increase compared to the previous week, standing at +6% YoY in the seven days of 9-15th November

*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

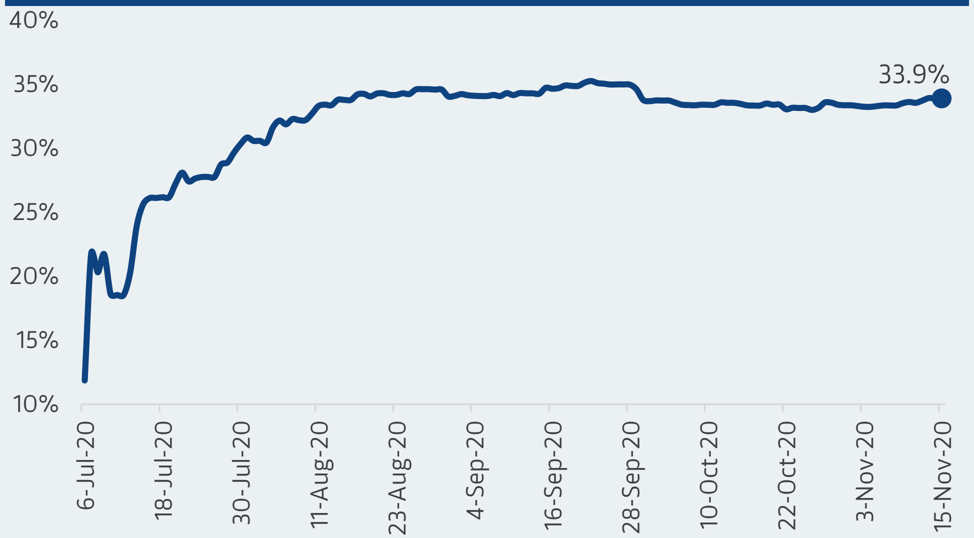
Dynamics of newly mortgages issued (% change, FX adjusted)



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



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

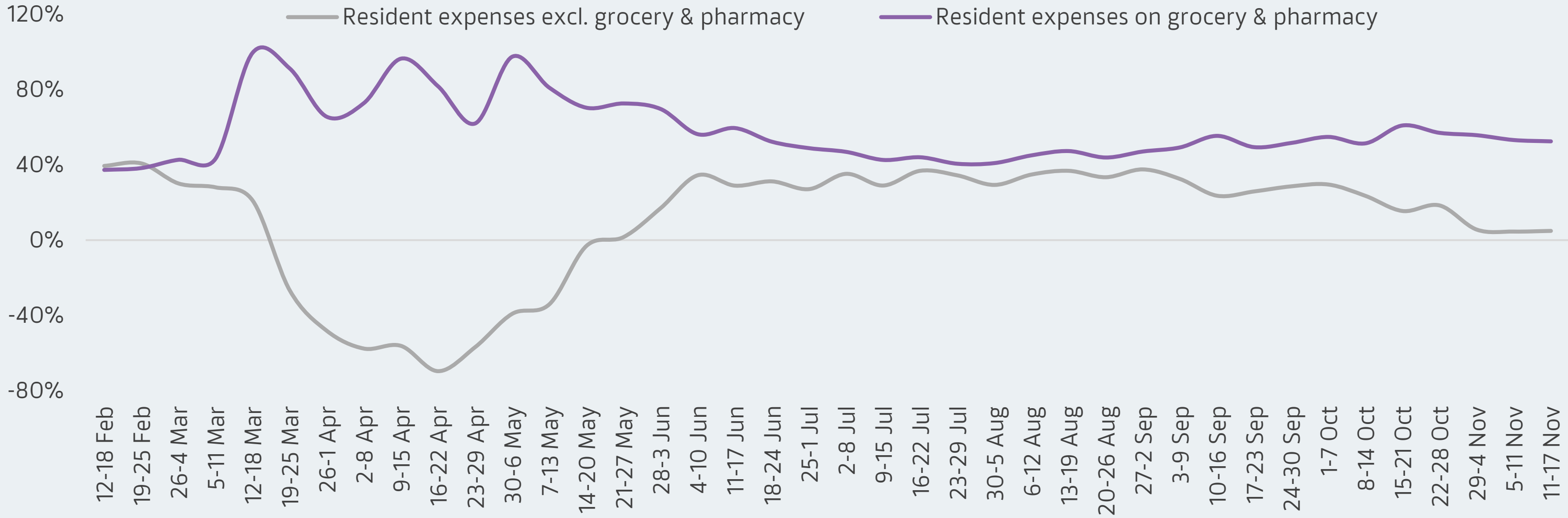


- The newly issued mortgages decreased by 18% YoY 1-15 November period
- Of mortgages issued since 6th of July, 33.9% are beneficiaries of the state subsidy program, +0.3pp compared to last week
- The 7 day moving average YoY growth rate of the transaction registrations in Tbilisi on the negative growth territory at -2% as of November 12th

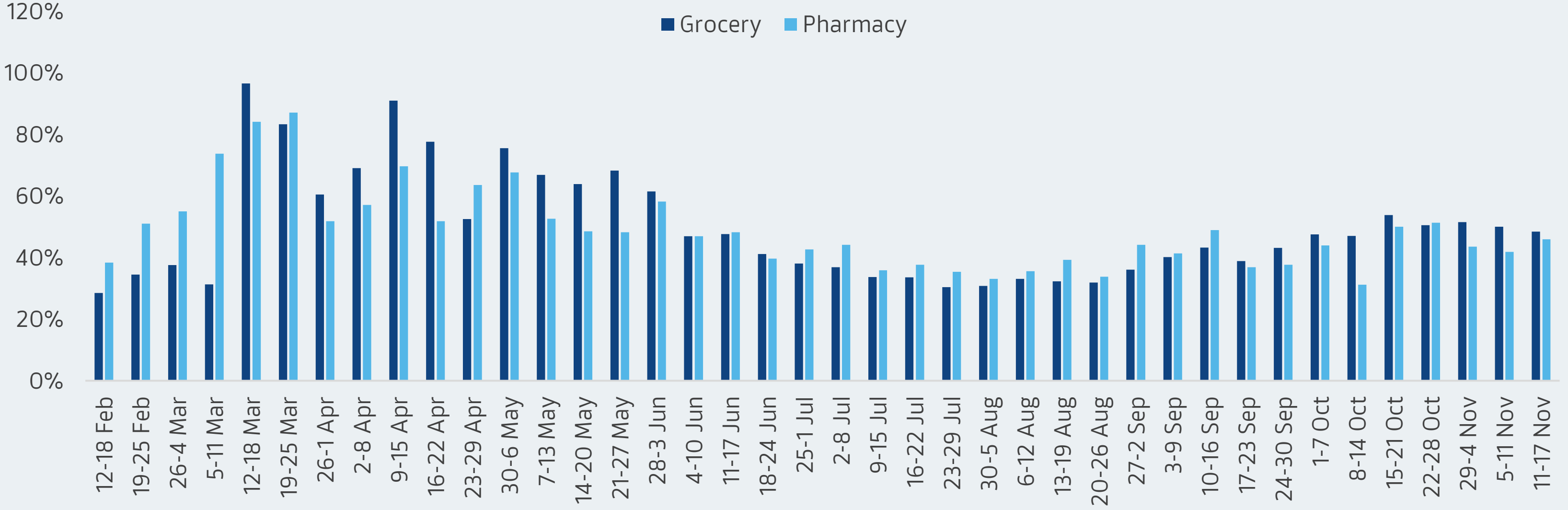
Source: TBC Bank, NAPR

NONCASH PAYMENTS: GROWTH OF NON-GROCERY SHOPPING AND NON-PHARMACY CATEGORIES REMAINS STABLE

Resident non-cash spending (YoY change)



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

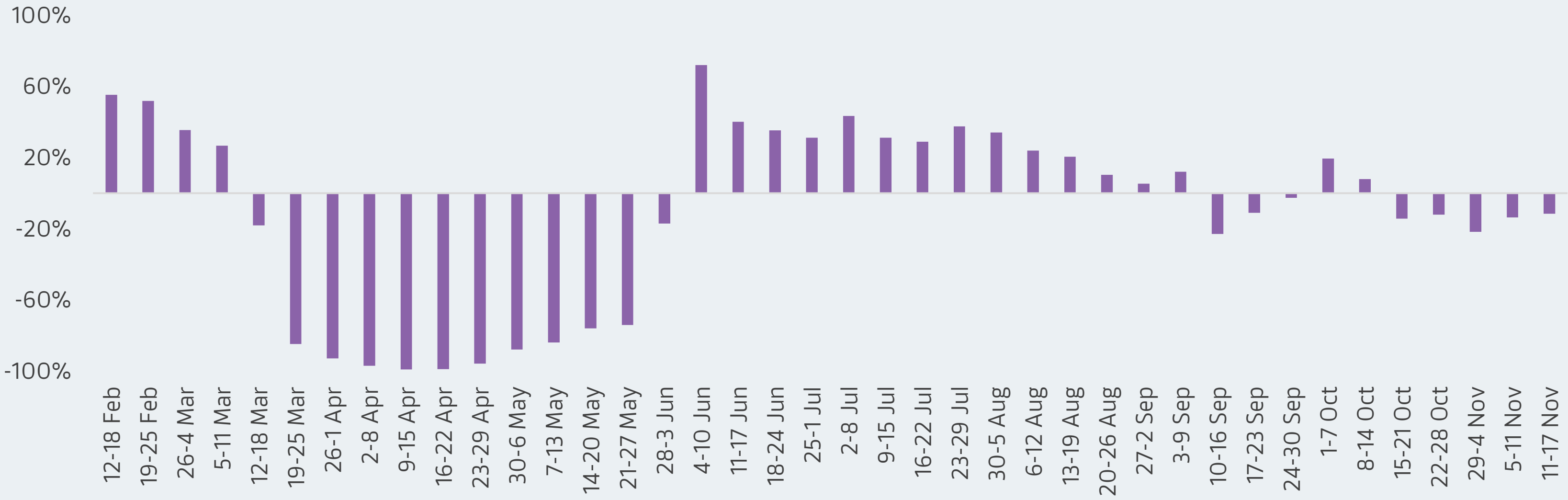


Source: TBC Bank

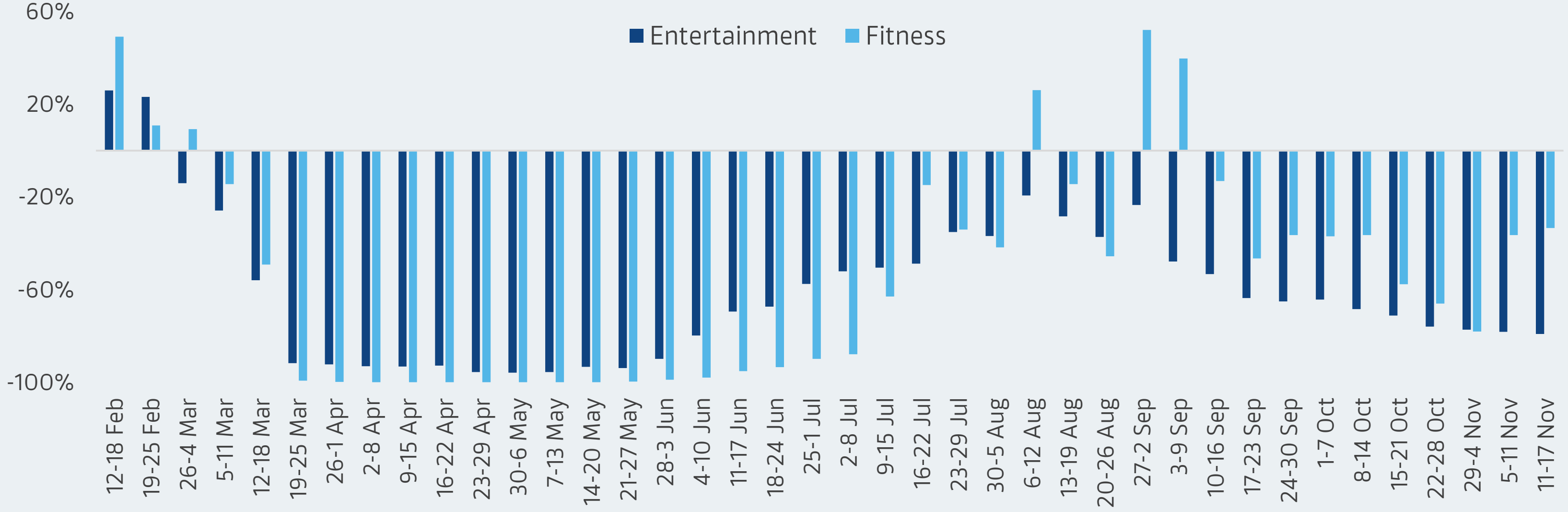
- At 5% YoY in the November 11-17 period, growth in resident non-cash spending on non-grocery & pharmacy remained stable following the downward sloping trend
- Growth remains sizable in non-cash spending on grocery and pharmacy at 48% YoY and 46% YoY, respectively

NONCASH PAYMENTS: SPENDING ON APPAREL REMAINS ON THE NEGATIVE GROWTH TERRITORY; SPENDING ON ENTERTAINMENT DOWN FROM LAST WEEK

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



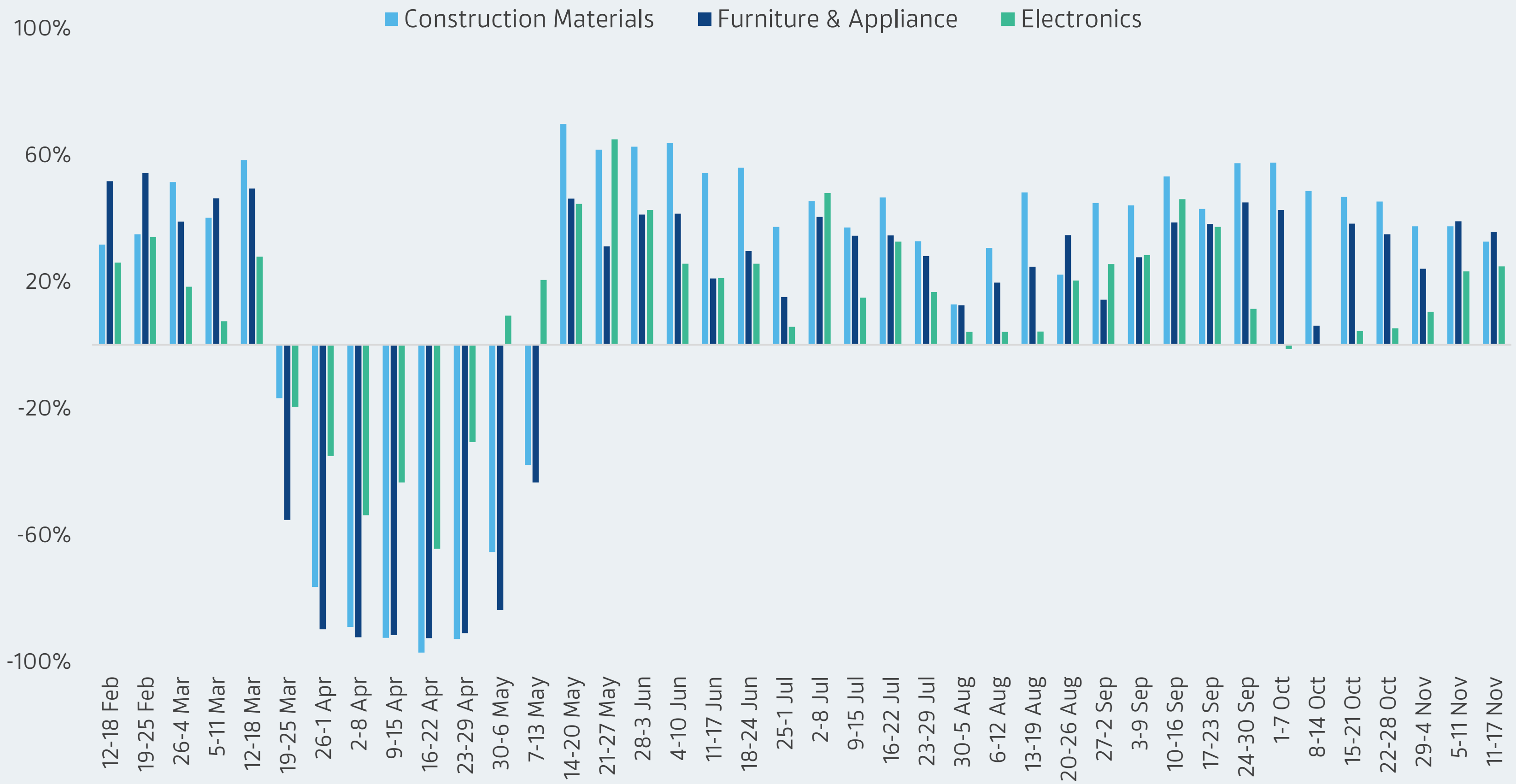
Non-cash spending on entertainment and fitness (YoY change)



Source: TBC Bank

- At -11% YoY in 11-17 November period, non-cash transactions in apparel remain on the negative growth territory
- Change in spending on entertainment marginally down compared to the previous week, currently standing at -79% YoY
- Change in non-cash spending on fitness on the negative growth territory, standing at -33% YoY in 11-17 November period

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

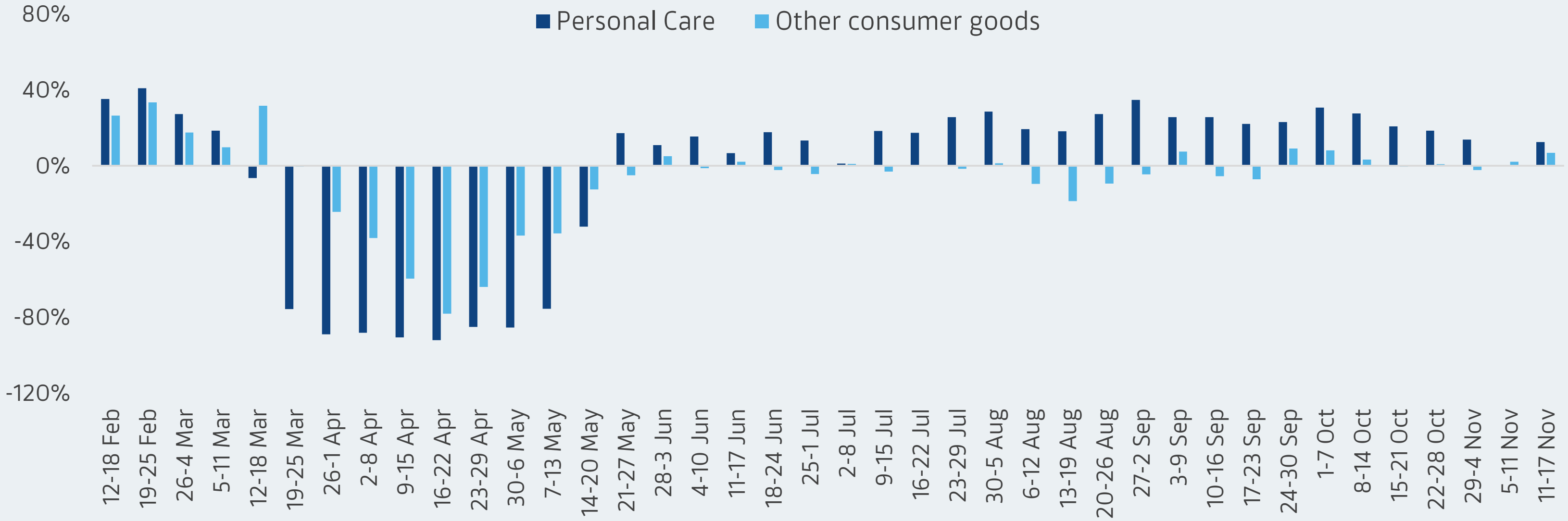


- Change in non-cash spending on construction materials slightly down compared to last week currently standing at +33% YoY
- Non-cash spending on furniture and appliances, stood at 36% YoY in the 11-17 November period, down compared to the previous week
- Growth in non-cash spending on electronics marginally increased compared to last week, currently at 25% YoY

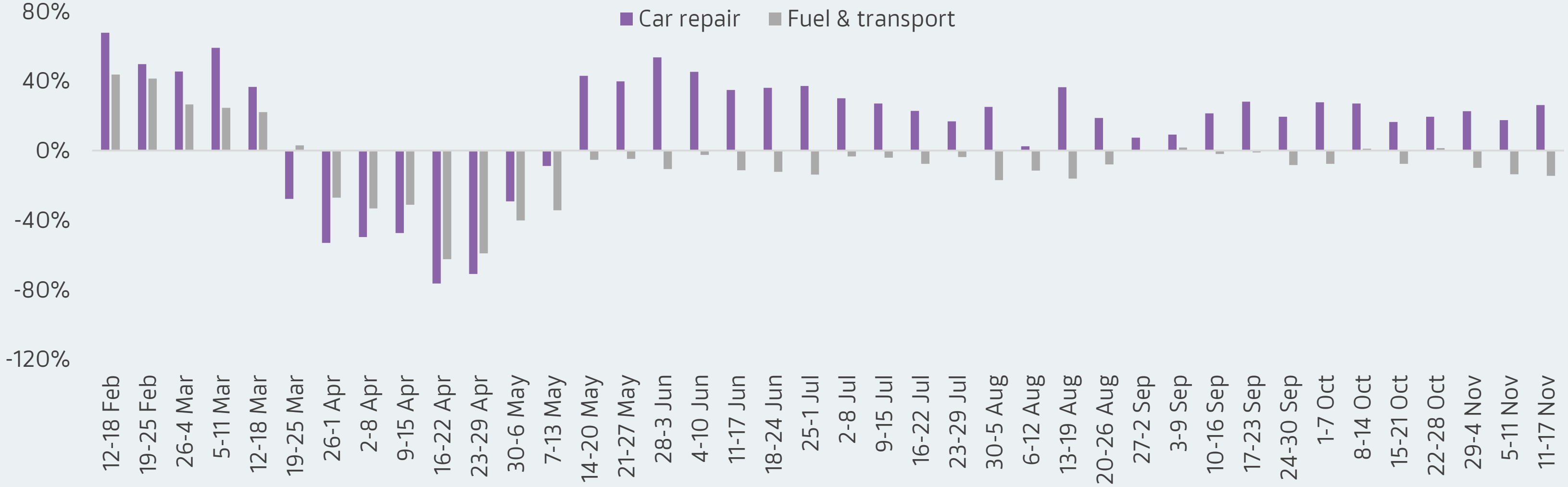
Source: TBC Bank

NONCASH PAYMENTS: GROWTH OF SPENDING ON PERSONAL CARE UP FROM THE PREVIOUS WEEK; SPENDING ON FUEL ON THE NEGATIVE GROWTH TERRITORY AGAIN

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



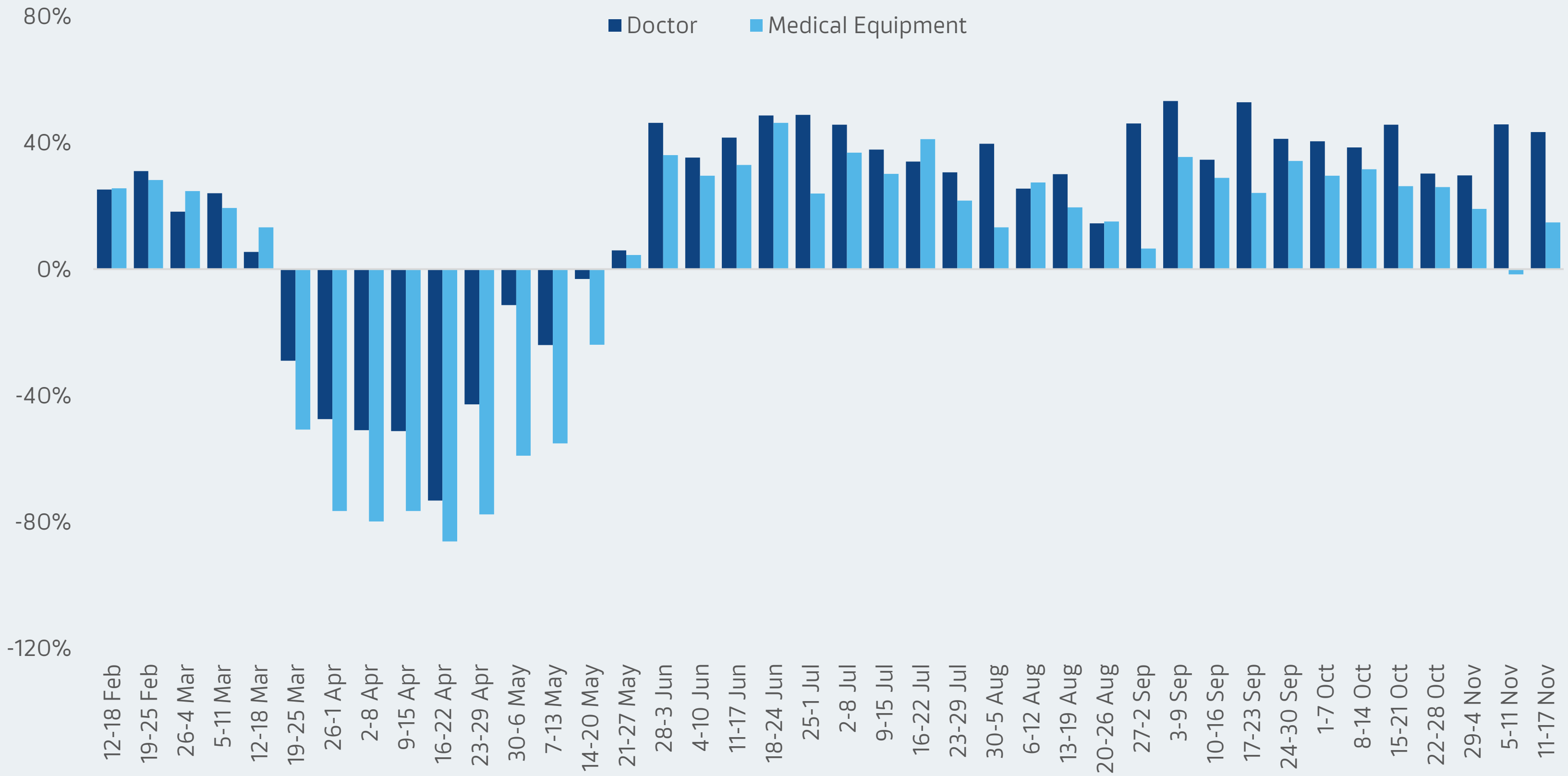
Non-cash spending on car repair and fuel & transport (YoY change)



Source: TBC Bank

- Growth of non-cash spending on personal care back on a double digit growth at 13% YoY, up compared to the previous week. Growth of spending on other consumer goods at +7% YoY in the 11-17 November period
- Currently at +26% YoY, spending on car repair services up from the week before
- Non-cash spending on fuel on the negative growth territory again, currently at -15% YoY

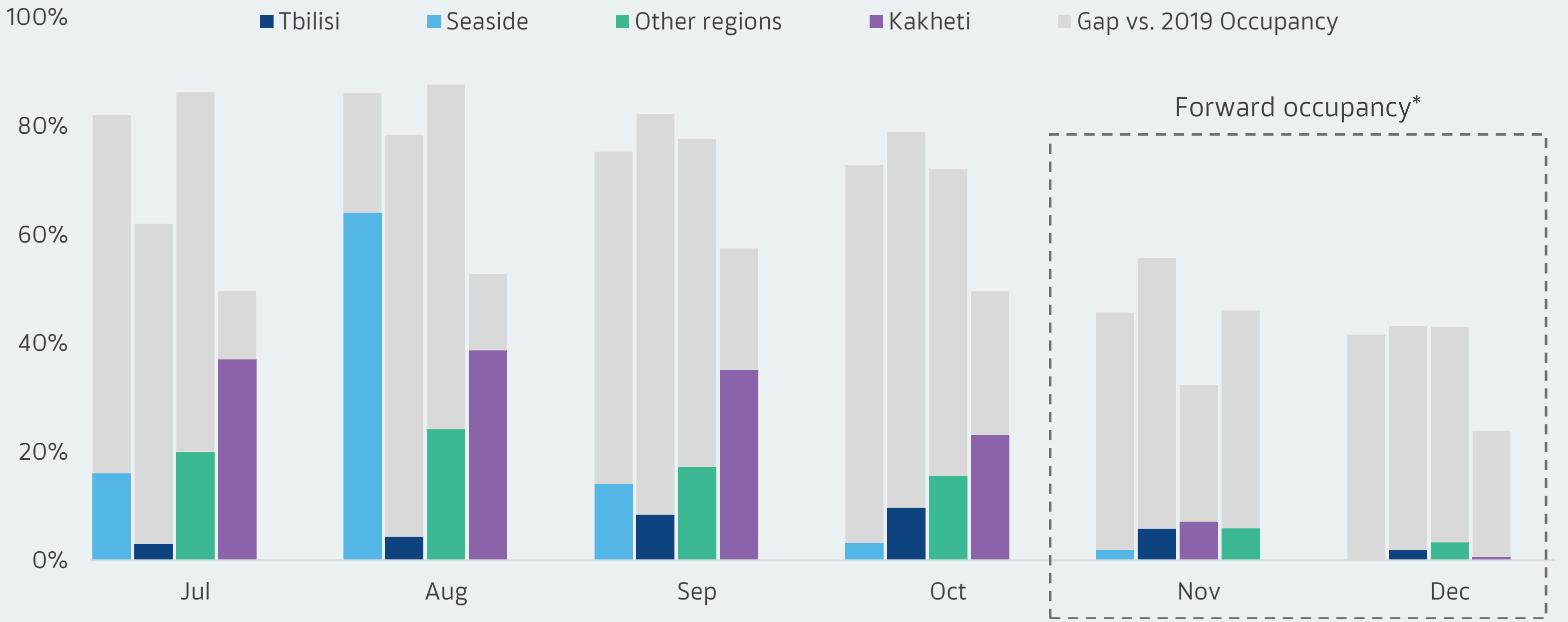
Non-cash spending on doctor visits and medical equipment (YoY change)



- Growth of non-cash spending on doctor visits displays marginally weaker growth compared to the previous week at +43% YoY in the 11-17 November period
- Non-cash spending on medical equipment back on the positive growth territory

Source: TBC Bank

Occupancy rates (%) – actual and by current bookings

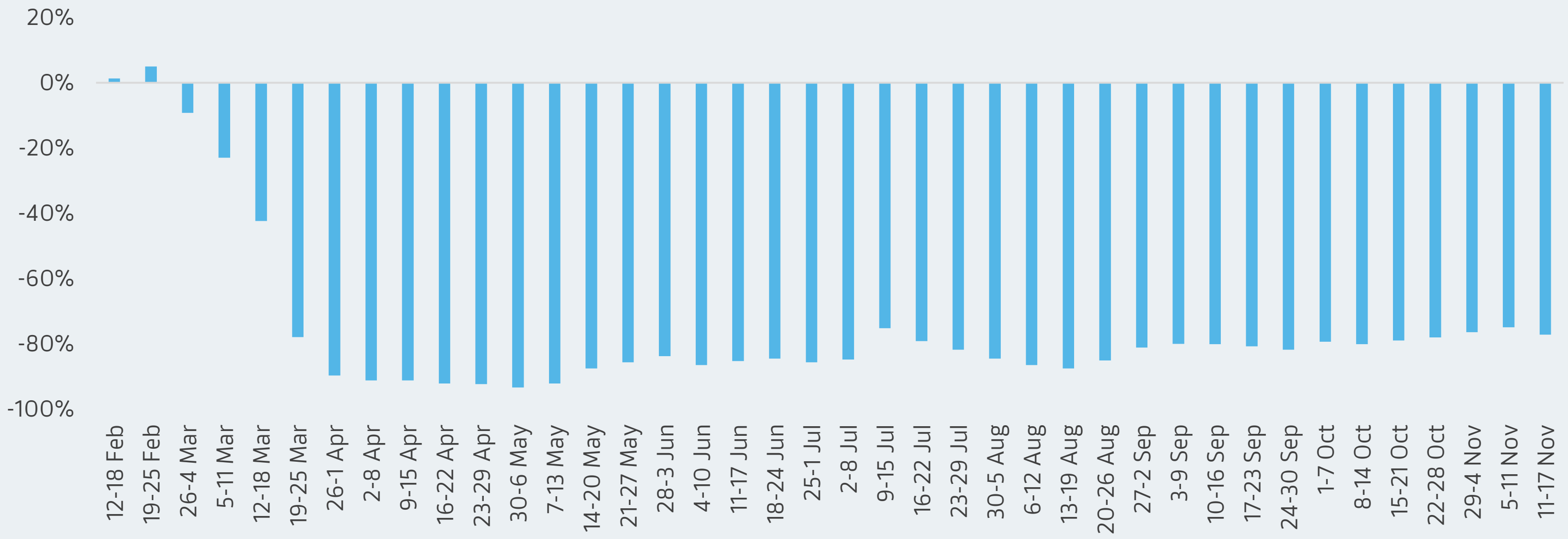


- **Forward occupancy rates for November** amount to 2% for seaside, 6% for Tbilisi and other regions, while current bookings indicate a 7% occupancy rate for Kakheti
- **Change in occupancy:** the week's change in the occupancy for November indicate a c. 1pp increase for the entire country
- **Weekend occupancy:** compared to the previous weekend, occupancies decreased in seaside, Kakheti and other regions, while it increased for Tbilisi and amounted to 2% in seaside, 8% in Tbilisi, while hotels in other regions and Kakheti displayed 14% and 31% 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

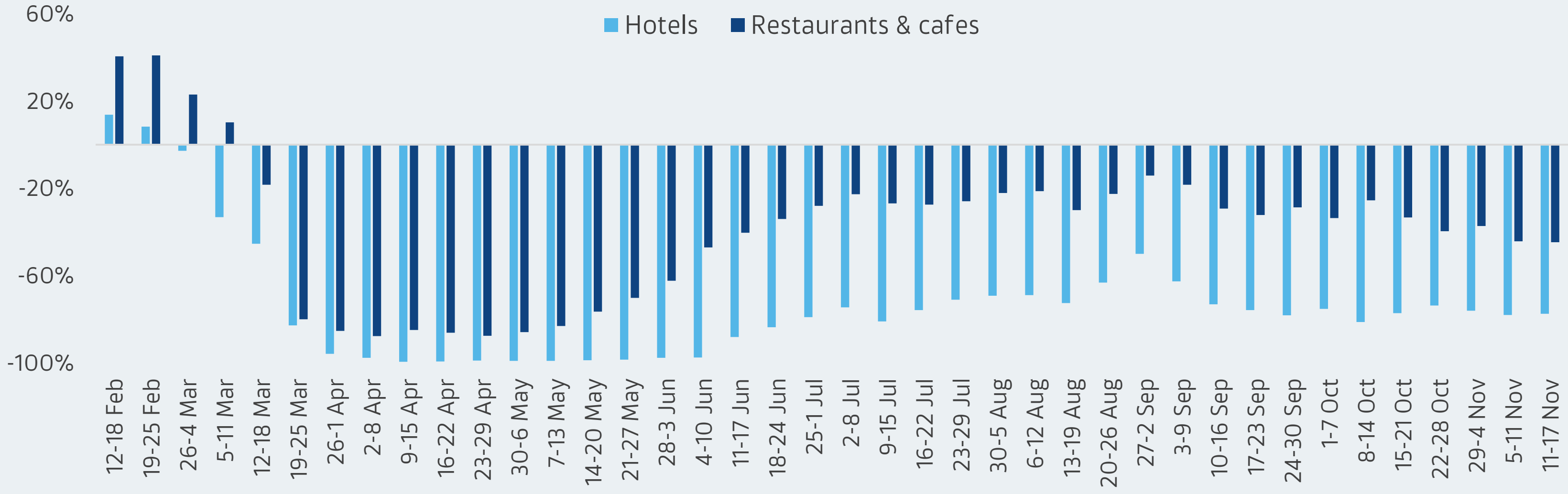
Source: Survey of 26 corporate hotels; Note: Pre-COVID booking shares derived from somewhat smaller samples; *Since domestic tourists do not tend to book hotels in advance, actual occupancies tend to be higher than forward occupancies

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

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



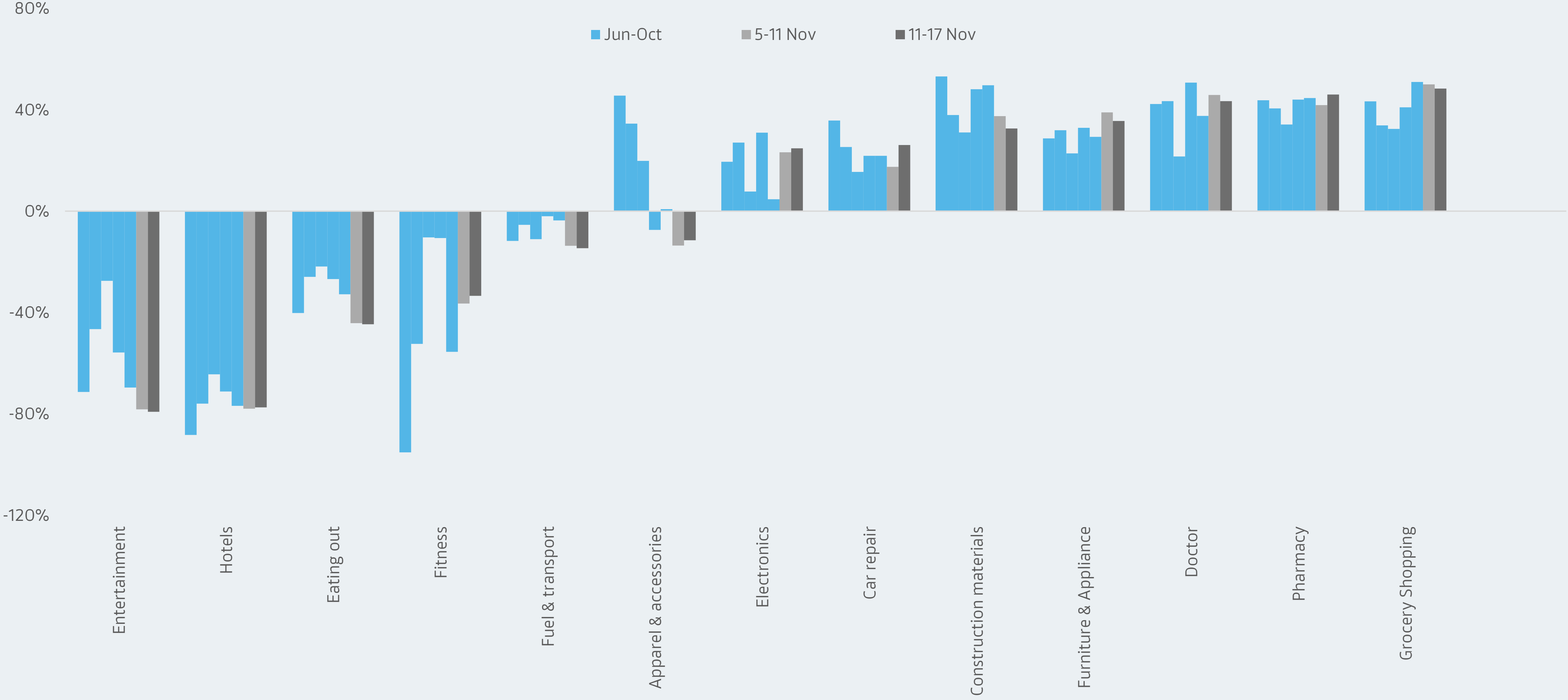
Non-cash spending on accommodation and eating out (YoY change)



Source: TBC Bank

- The growth in non-cash spending in hotels at -77% YoY this week, no change compared to the previous week
- Non-cash spending in restaurants down at -45% YoY in the 11-17 November period

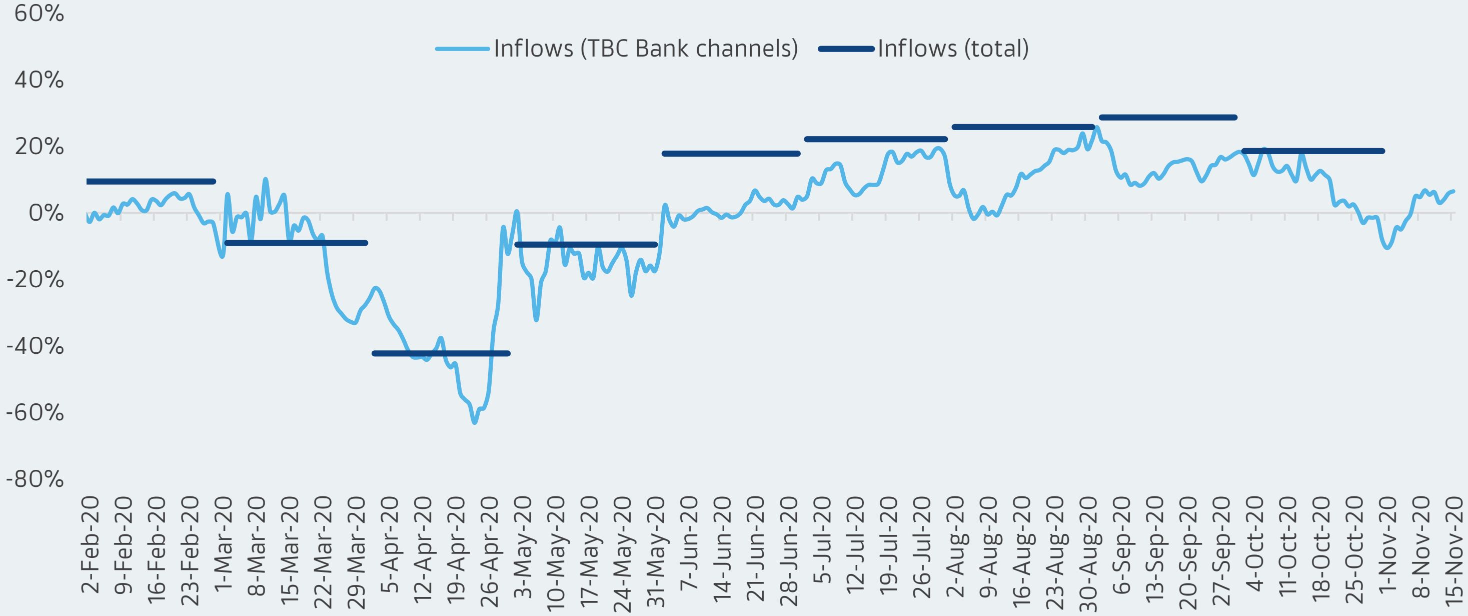
Dynamics of non-cash spending as of November 17th (YoY change)



Source: TBC Bank

REMITTANCES INFLOWS BACK ON THE POSITIVE GROWTH TERRITORY

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



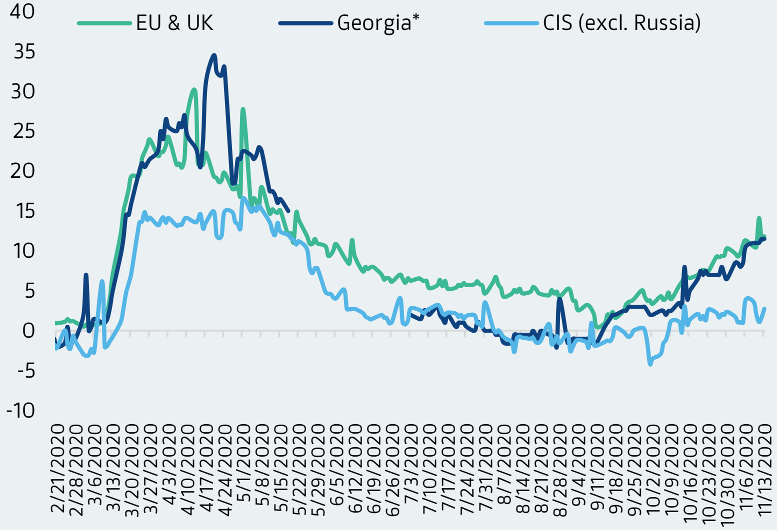
Dynamics of remittances by countries/regions (YoY %)

Country/Region	2-8 Nov	9-15 Nov
EU & UK	25%	17%
Middle East	18%	-6%
North America	39%	38%
Russia	-28%	-21%
Ukraine	95%	163%
Armenia	-14%	-18%
Azerbaijan	216%	203%
TOTAL	5%	6%

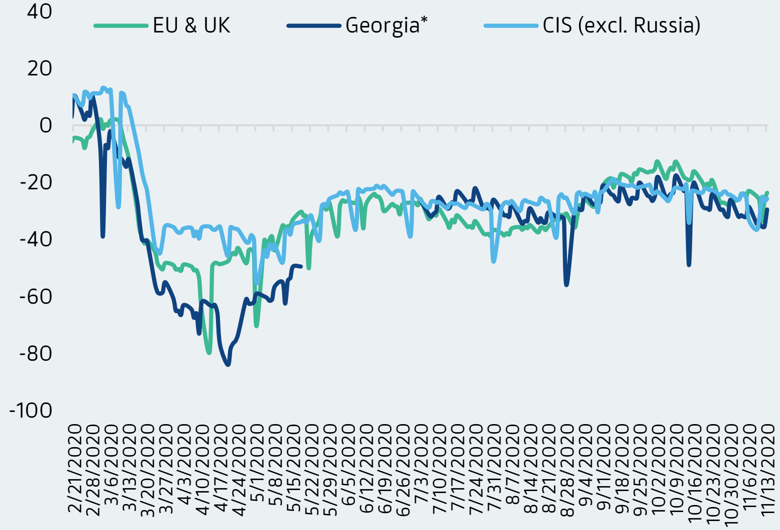
- The growth in total inflows, displayed a slight increase compared to the previous week, currently at +6% YoY during the 9-15 November period
- The largest YoY growths are still observed in inflows from Azerbaijan and Ukraine. North America continues solid growth. Inflows from Russia decreased by -21% YoY. YoY growth of transfers from the Middle East (incl. Turkey) turned negative in the 9-15 November period. Armenia on the negative growth territory once again, currently at -18% YoY
- Inflows from EU & UK remains positive growth

Source: TBC Bank; NBG

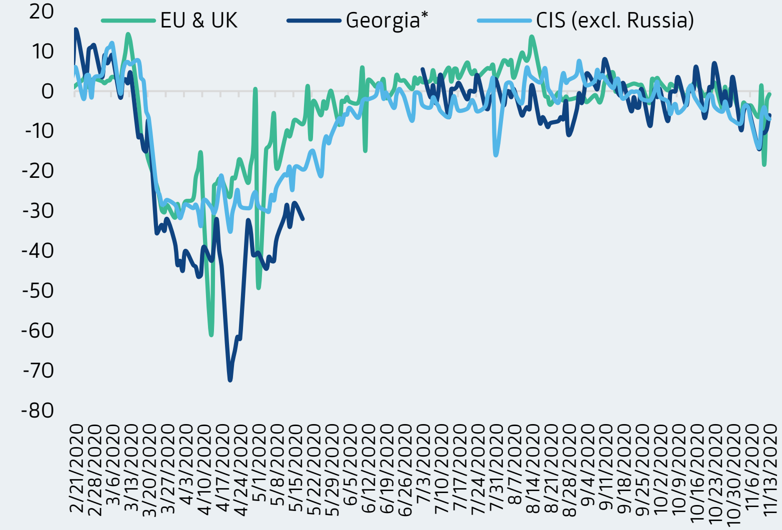
Mobility in residential area (Change %)



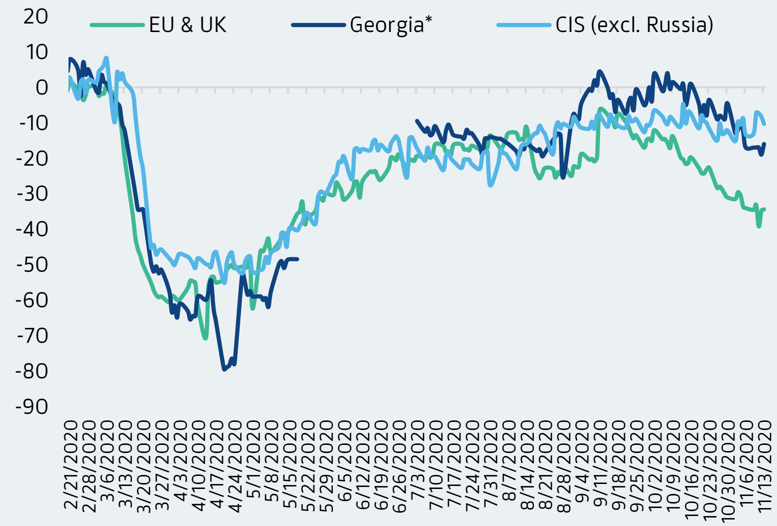
Mobility in working places (Change %)



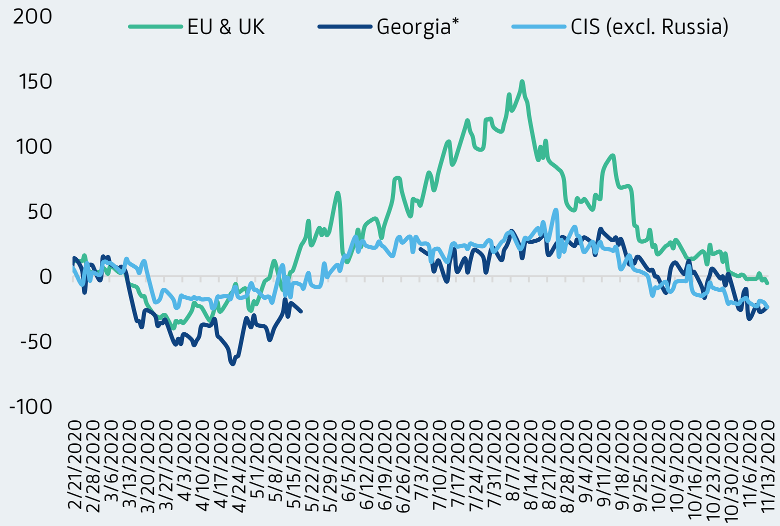
Mobility in grocery and pharmacy (Change %)



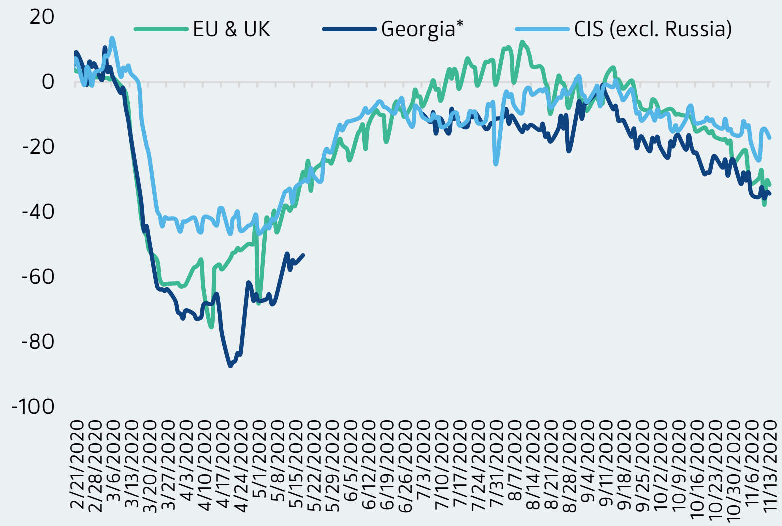
Mobility in transit stations (Change %)



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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