



DEBT MARKET OVERVIEW

NATIONAL BANK OF GEORGIA

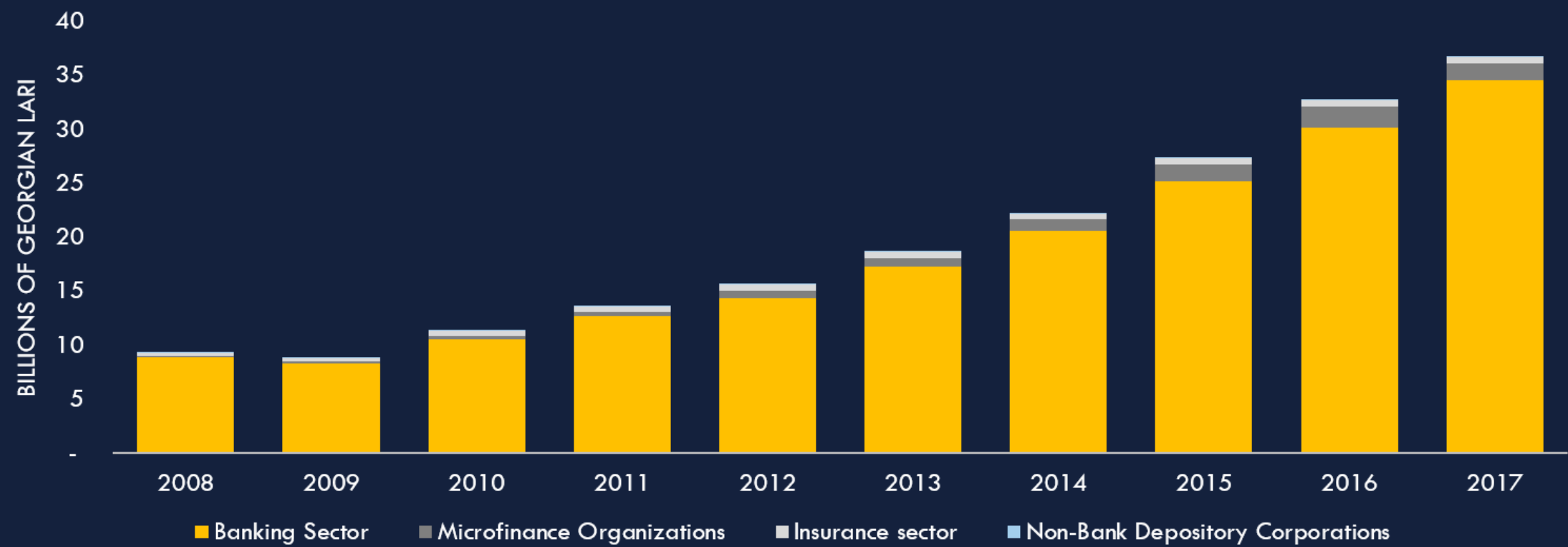


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August 2019

DEPTH OF FINANCIAL SECTOR

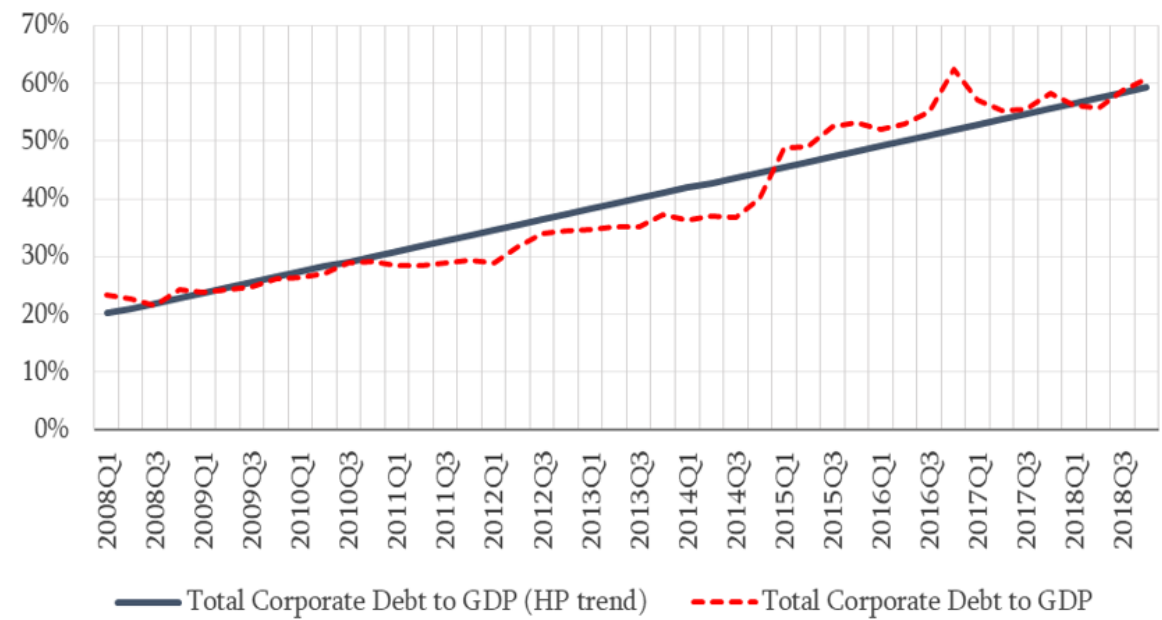
FINANCIAL SECTOR: TOTAL ASSETS BY SECTORS



Source: NBG

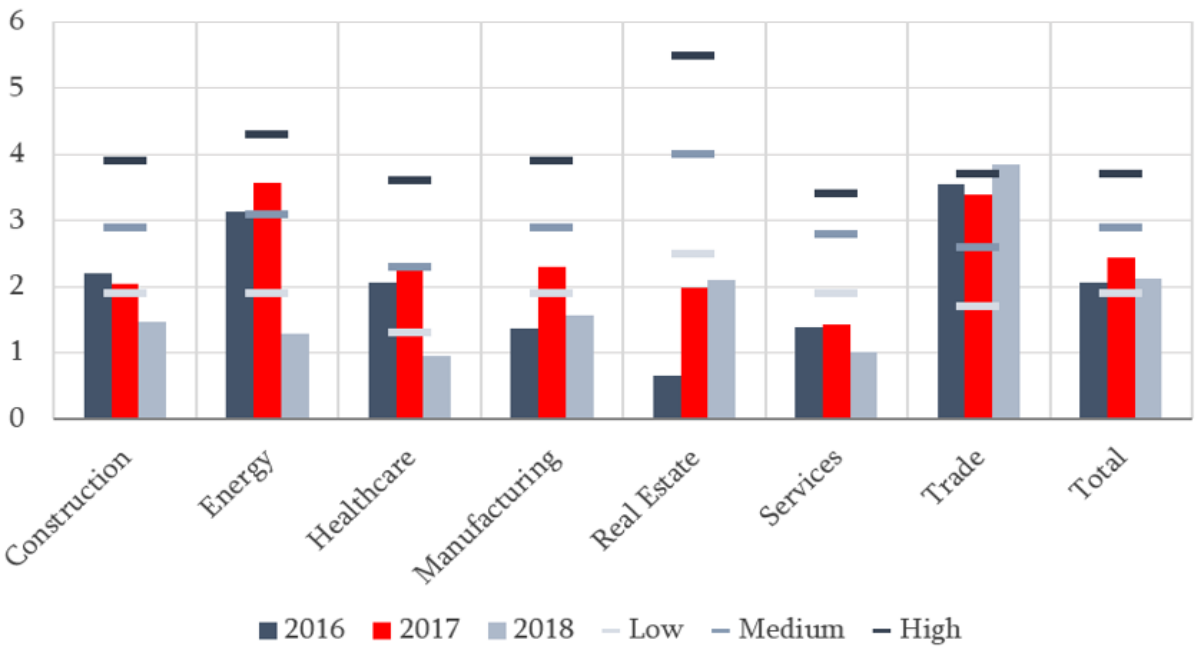
CORPORATE SECTOR OVERVIEW

SUSTAINABLE GROWTH RATE



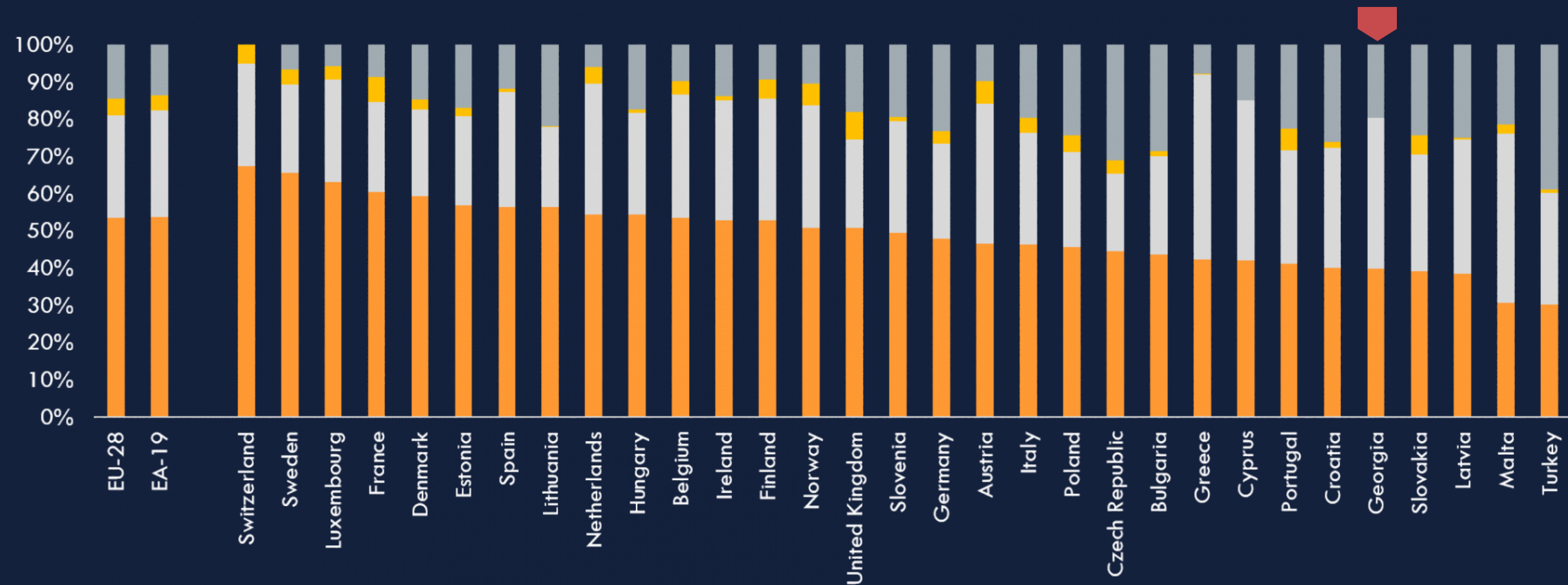
Source: NBG

DEBT BURDEN AT A SAFE LEVEL



Source: NBG

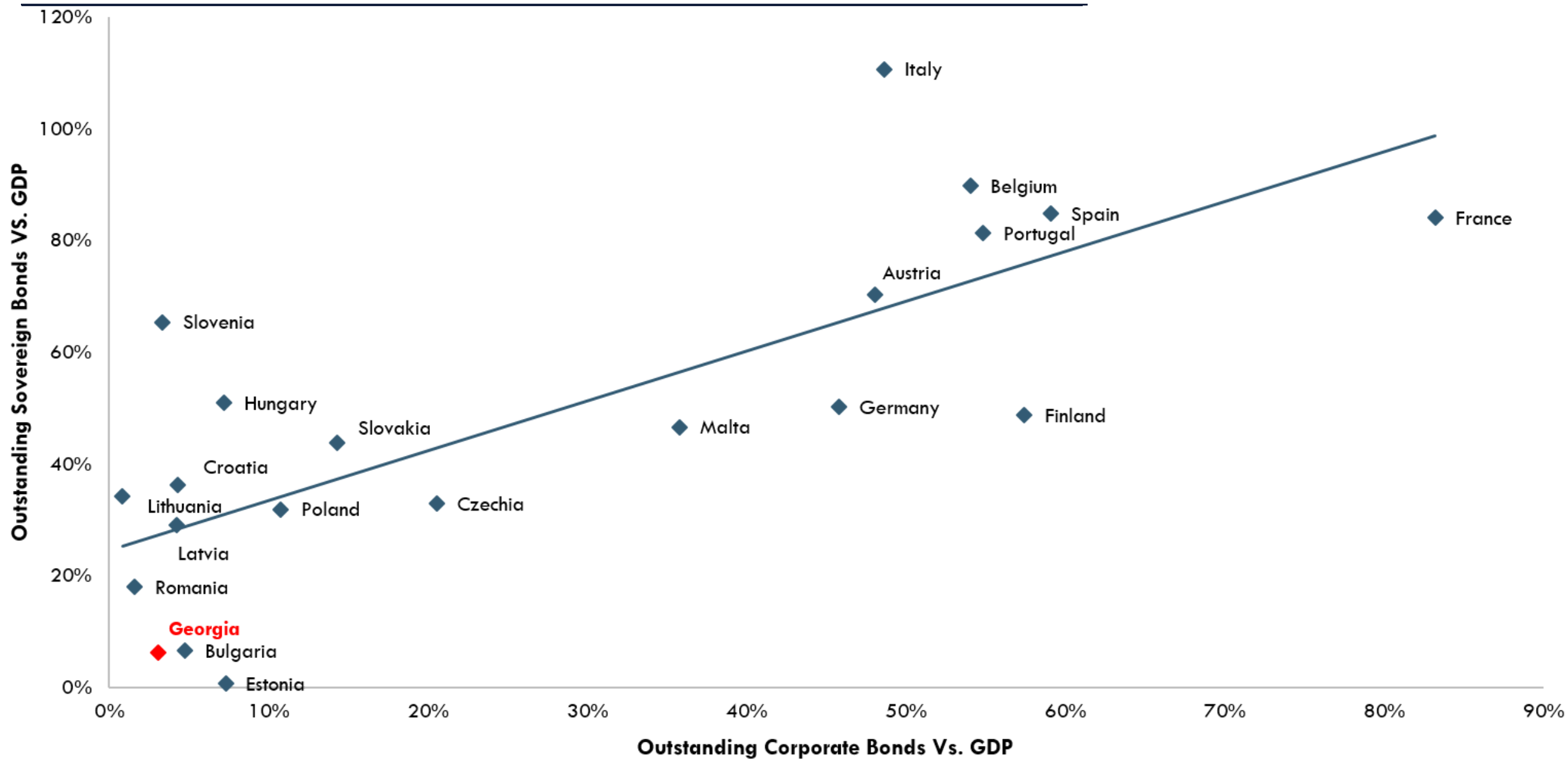
FINANCIAL DEPTH: CROSS-COUNTRY



Source: EUROSTAT database, SARAS (I/II Category, 2017Y Data)

Equity and investment fund shares Loans Debt securities Other Liabilities

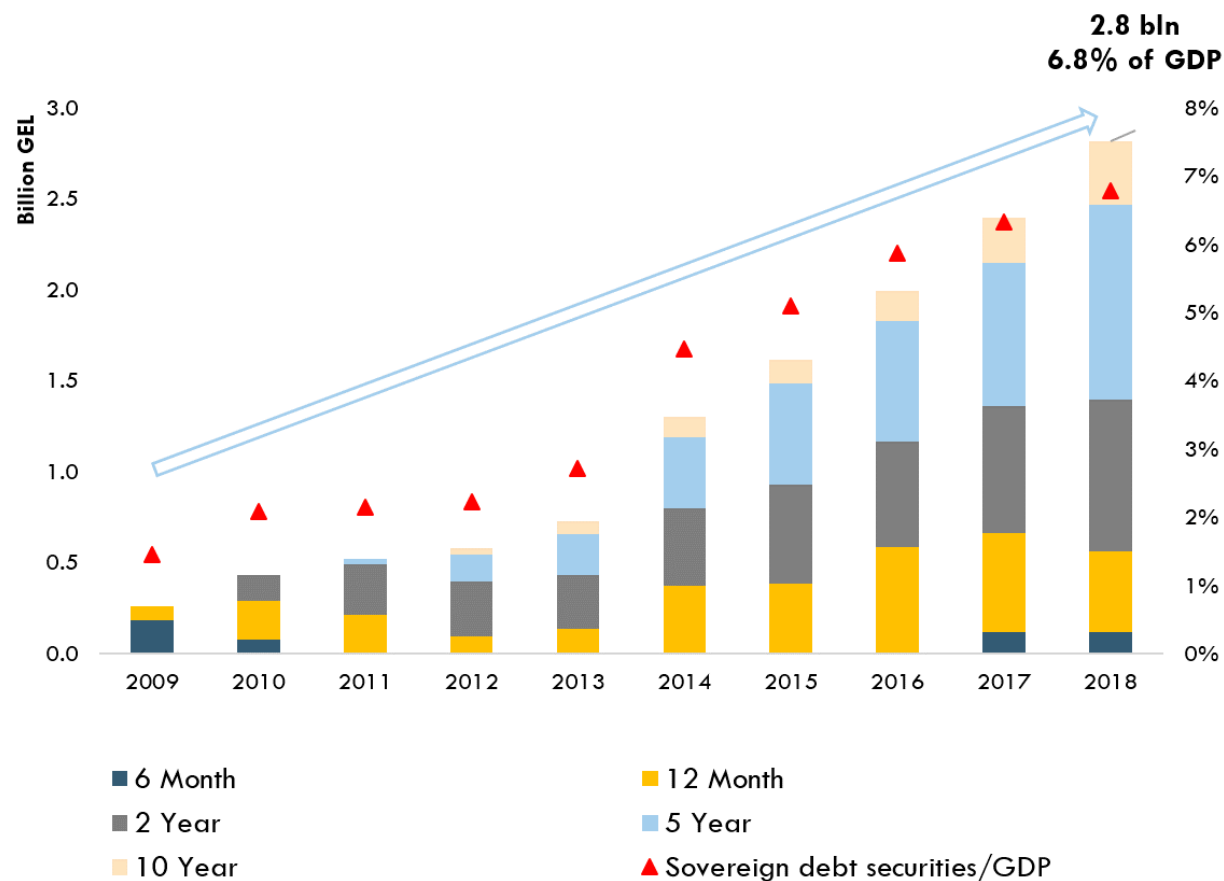
SOVEREIGN BOND MARKET VS. CORPORATE BOND MARKET



Source: ECB, Bloomberg, Country Data from relevant regulatory authorities (2017Y Data)

SOVEREIGN BOND MARKET DEVELOPMENT IN GEORGIA

OUTSTANDING SOVEREIGN DEBT SECURITIES



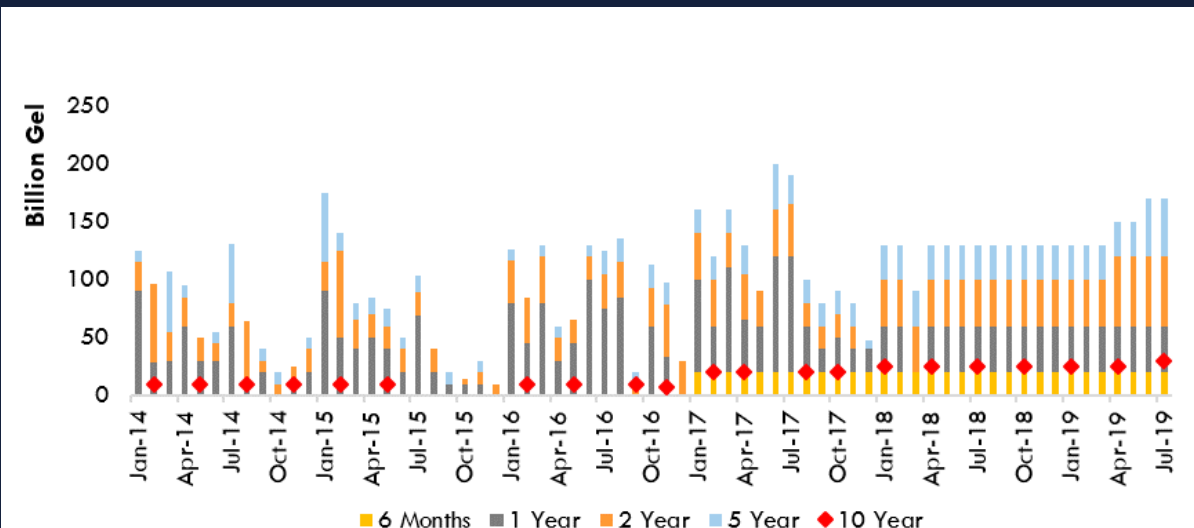
Source: Ministry of Finance of Georgia

POLICY INCENTIVES:

Further increase of “Benchmark” bonds up to 10% of GDP/refinancing of Eurobonds;

Launch of primary dealer system for improving secondary market liquidity;

TREASURY ISSUANCES BY MATURITY



Source: Ministry of Finance of Georgia

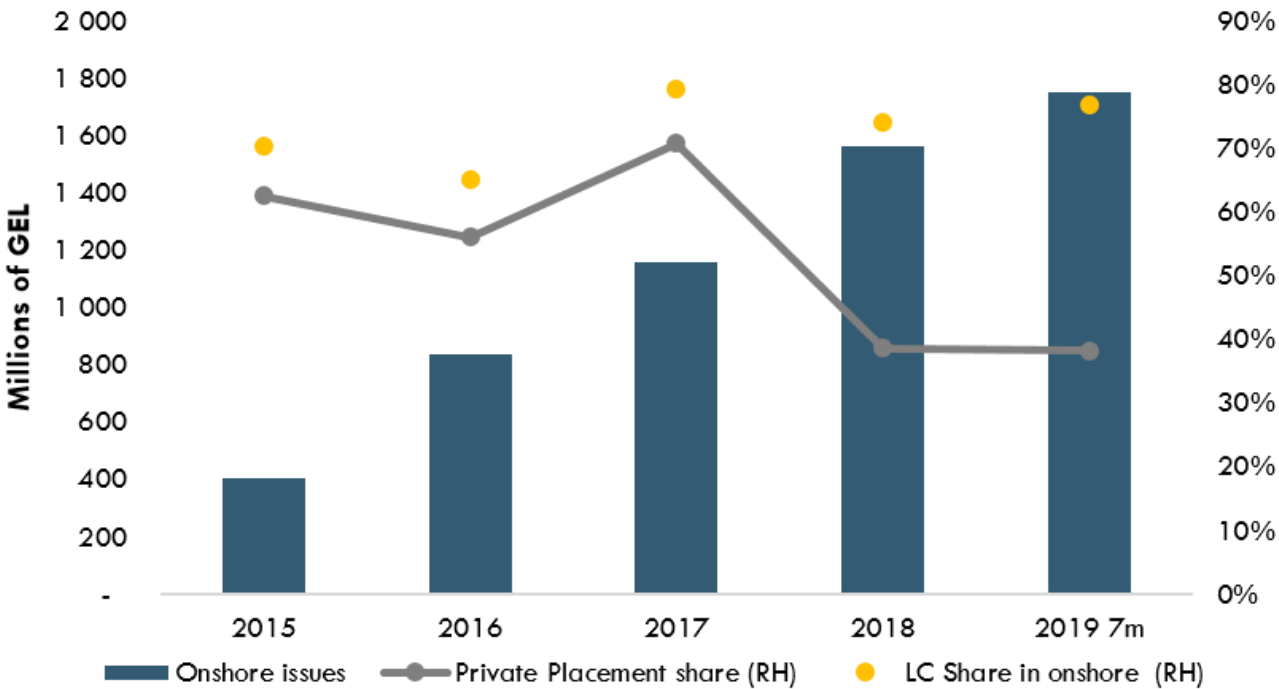
CORPORATE BONDS: ONSHORE (DOMESTIC) MARKET SIZE

The growth of LC public issues largely fueled by Monetary Policy incentives (Repo eligibility)



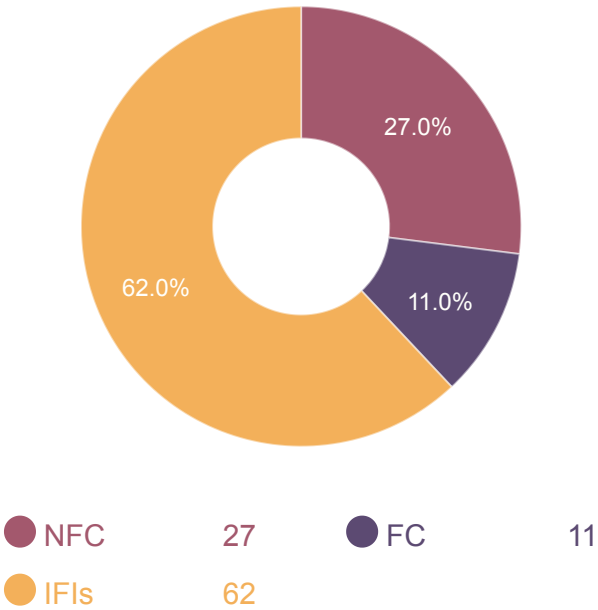
Average issue size

CORPORATE BONDS OUTSTANDING



Source: NBG, GSE
Including IFI Issuances

SECTORAL COMPOSITION BY ISSUER



Source: NBG, GSE (2019 7m Data)

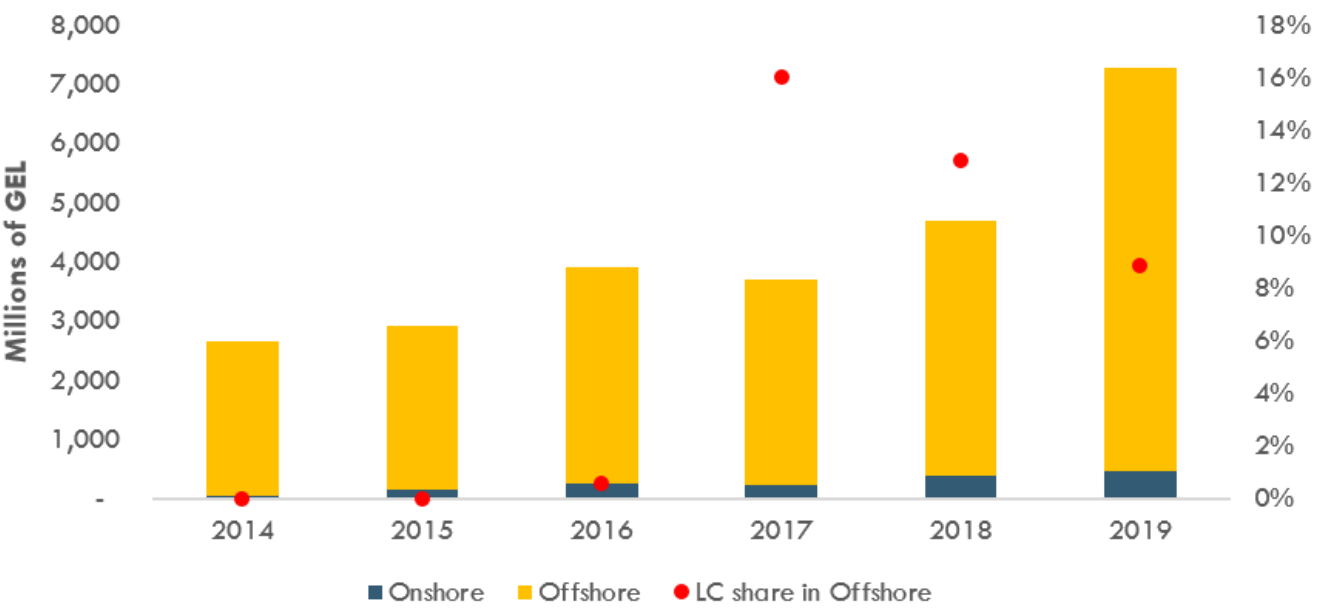
CORPORATE BONDS: OFFSHORE MARKET

80% of issuers represent Banks and SoEs



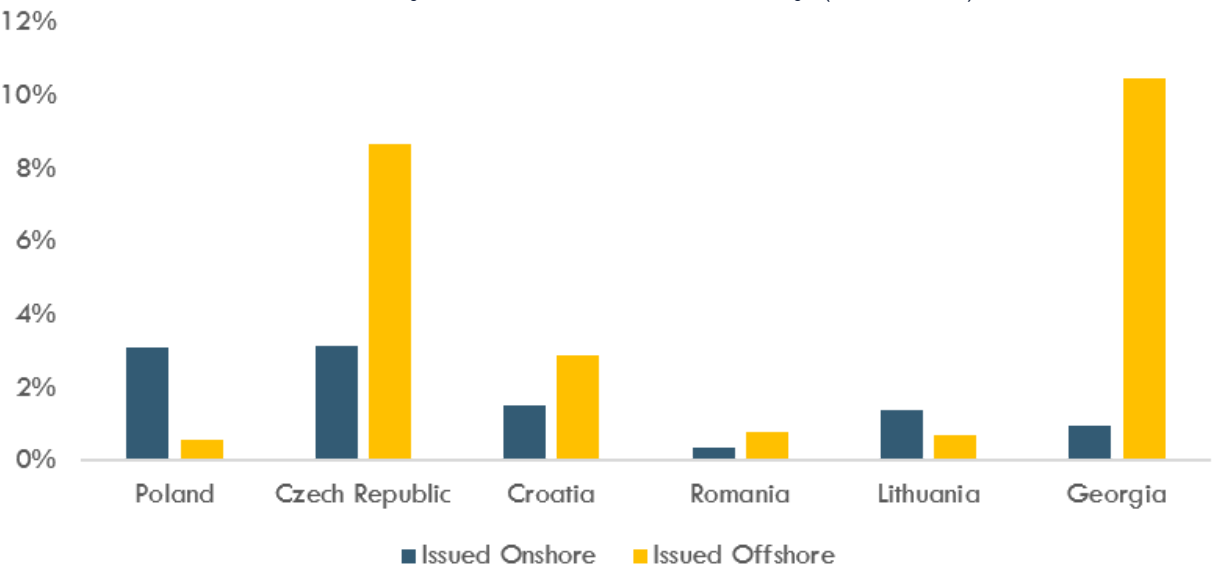
Average issue size

CORPORATE BONDS OUTSTANDING



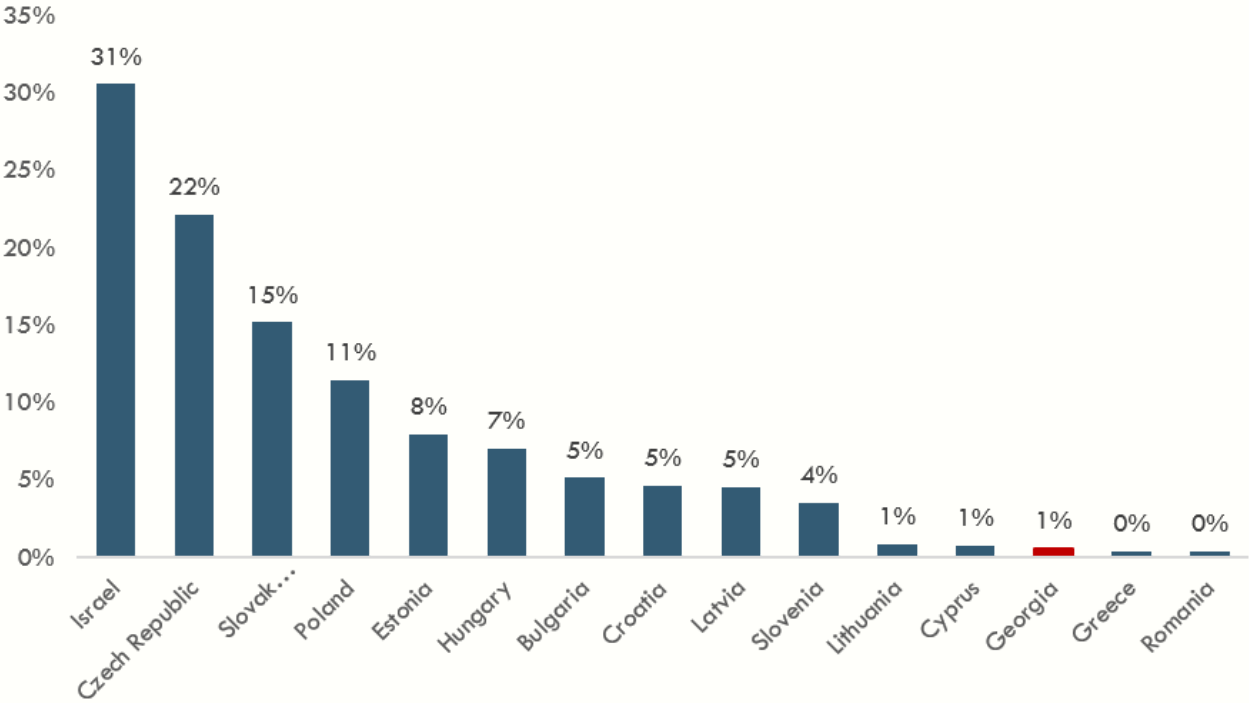
OUTSTANDING CORPORATE BONDS (% OF GDP)

issued by residents of the country (EoY2018)



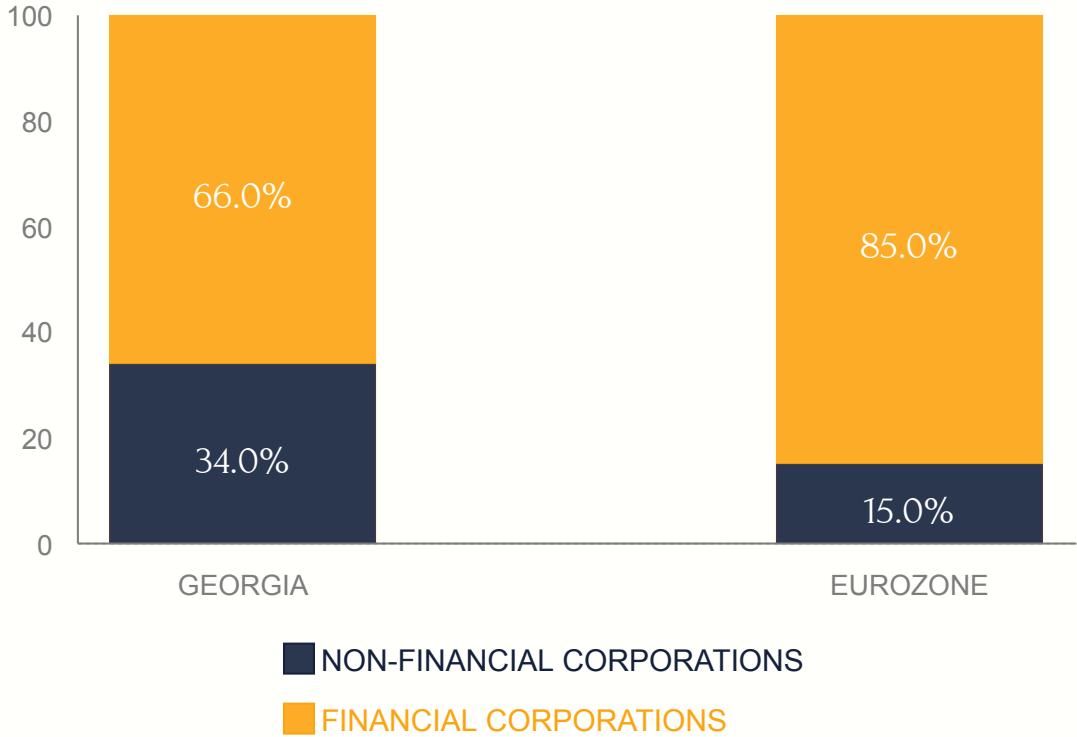
CORPORATE BOND MARKET SIZE: INTERNATIONAL PERSPECTIVE

RELATIVE SIZE OF CORPORATE BOND MARKET
(% OF GDP)



Source: NBG, GSE, ECB, Individual country's financial regulators and Stock exchanges (2017Y Data)

OUTSTANDING CORPORATE BONDS
BY ISSUER TYPE *

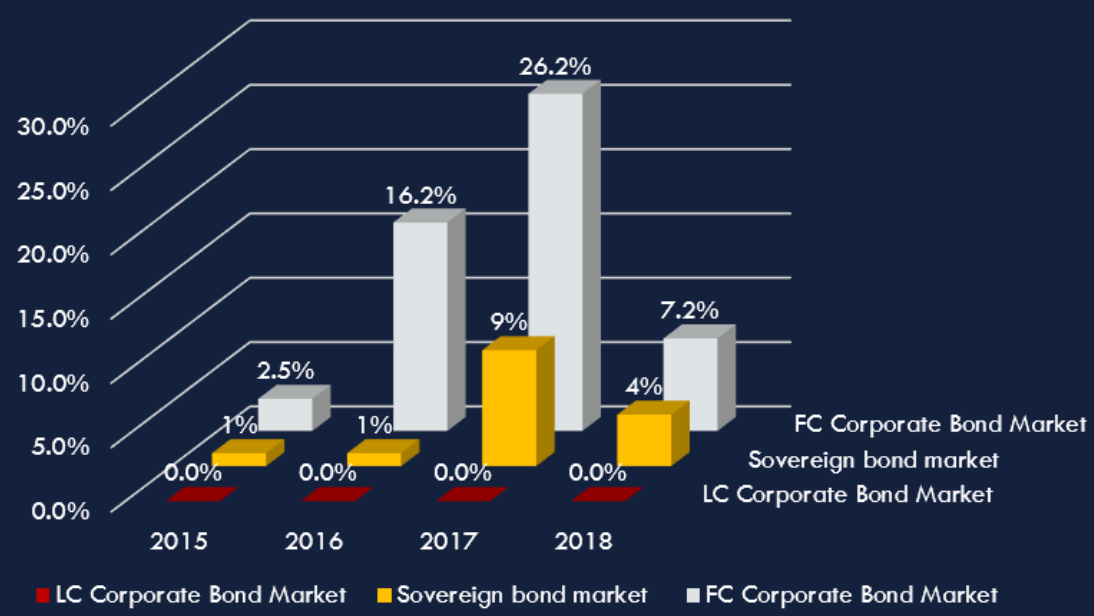


*Public Issuances, including IFIs

Source: NBG, GSE, ECB (2018Y Data)

SOVEREIGN BOND MARKET DEVELOPMENT IN GEORGIA

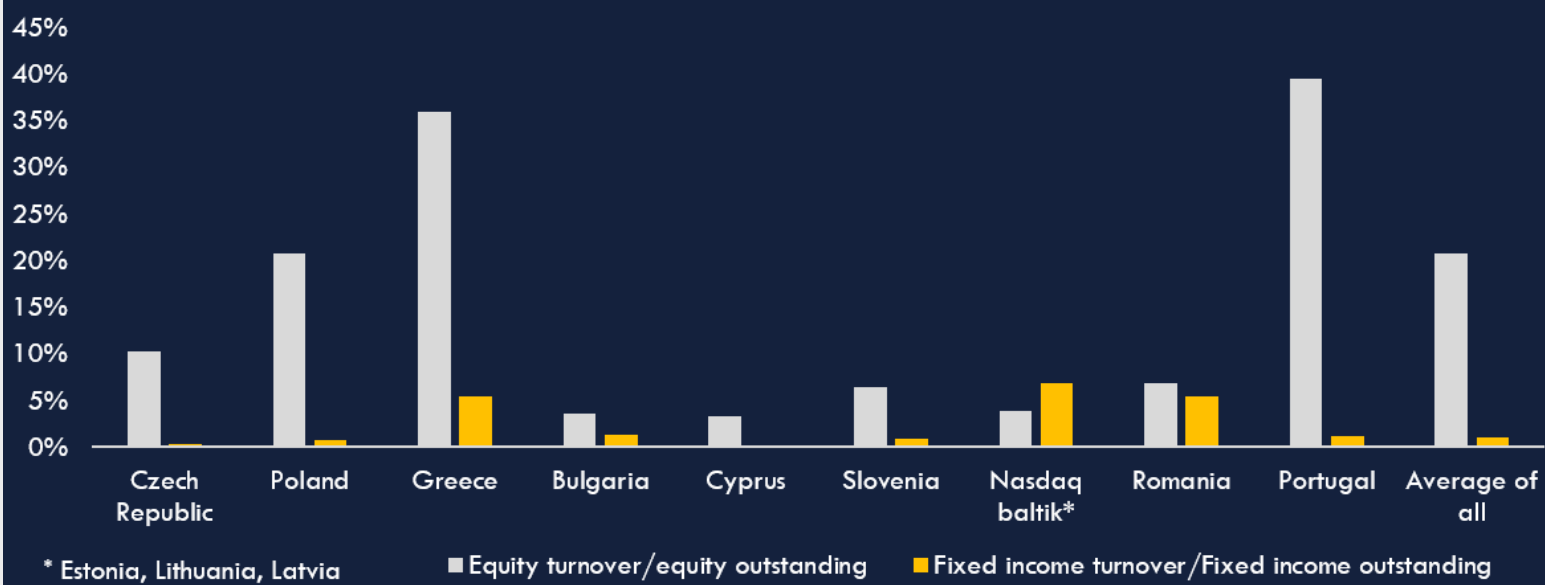
DOMESTIC BOND MARKET LIQUIDITY*



* Liquidity measured as Annual Turnover/ Average Outstanding

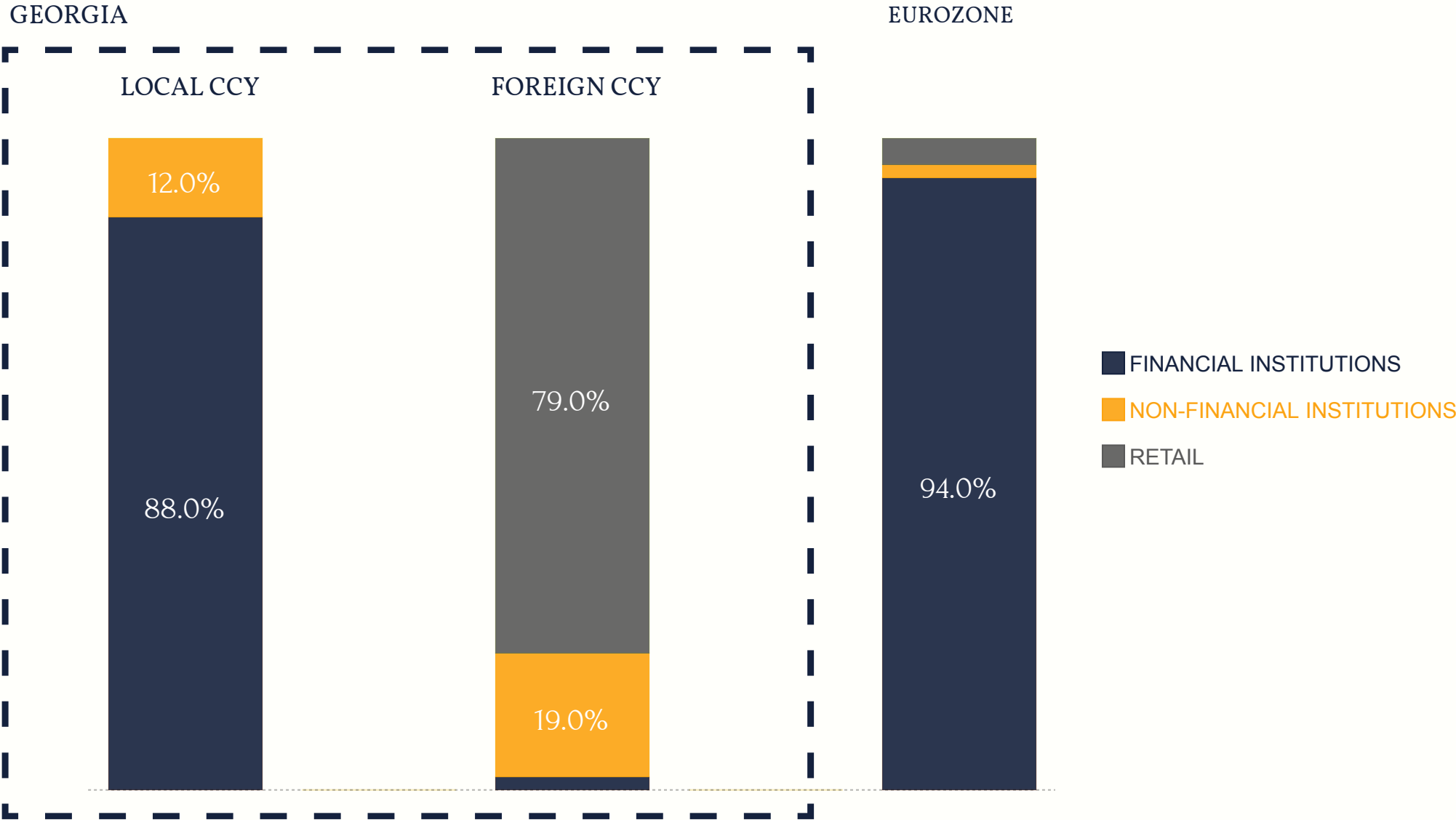
Source: NBG, GSE

ANNUAL TURNOVER/OUTSTANDING CROSS-COUNTRY: EOY 2017



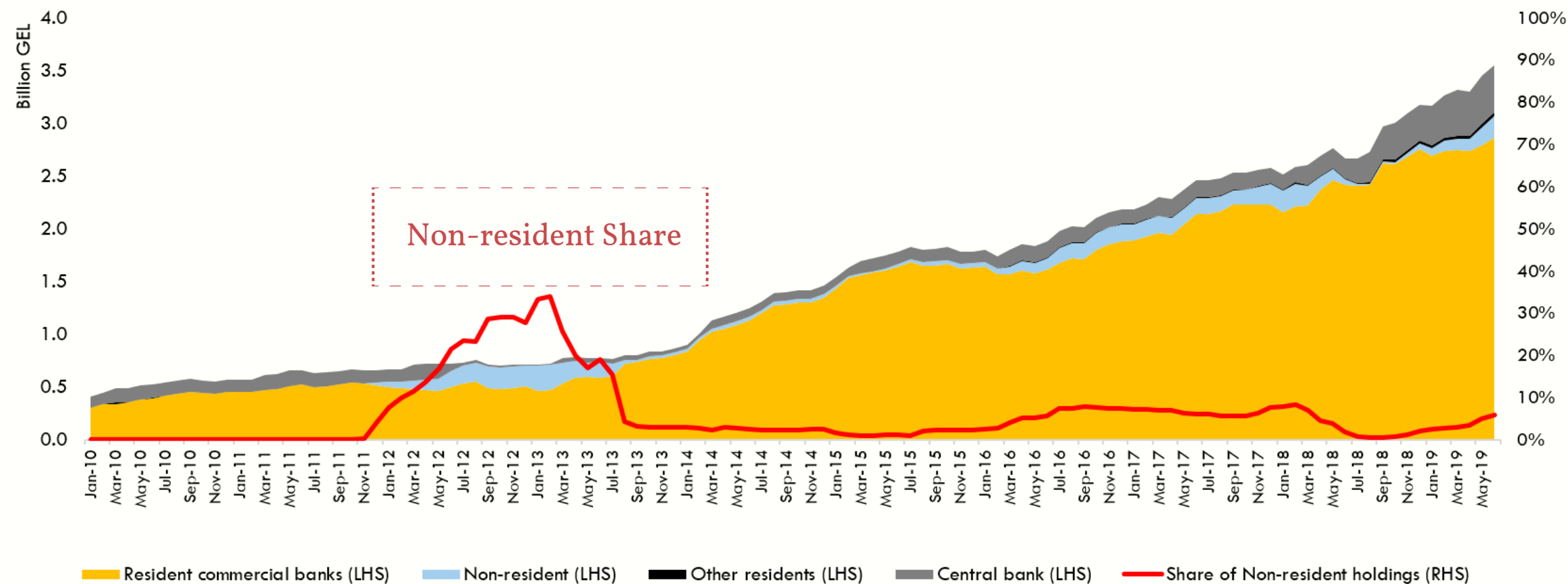
Source: Stock Markets of Individual Countries

INVESTOR COMPOSITION: CORPORATE (NFC) BOND MARKET



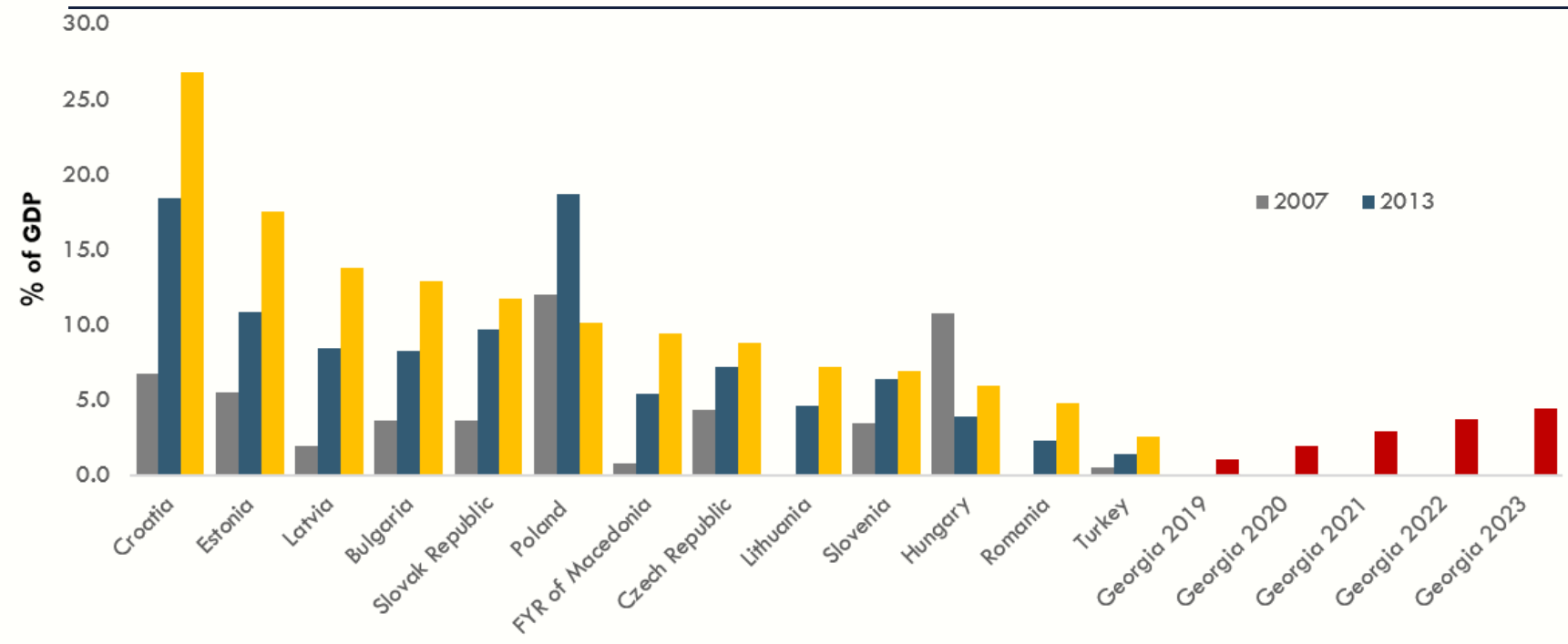
Source: NBG, Stock markets of individual countries (Georgia - 2018Y Data; EUROZONE - 2017Y Data)

INVESTOR COMPOSITION: SOVEREIGN BOND MARKET



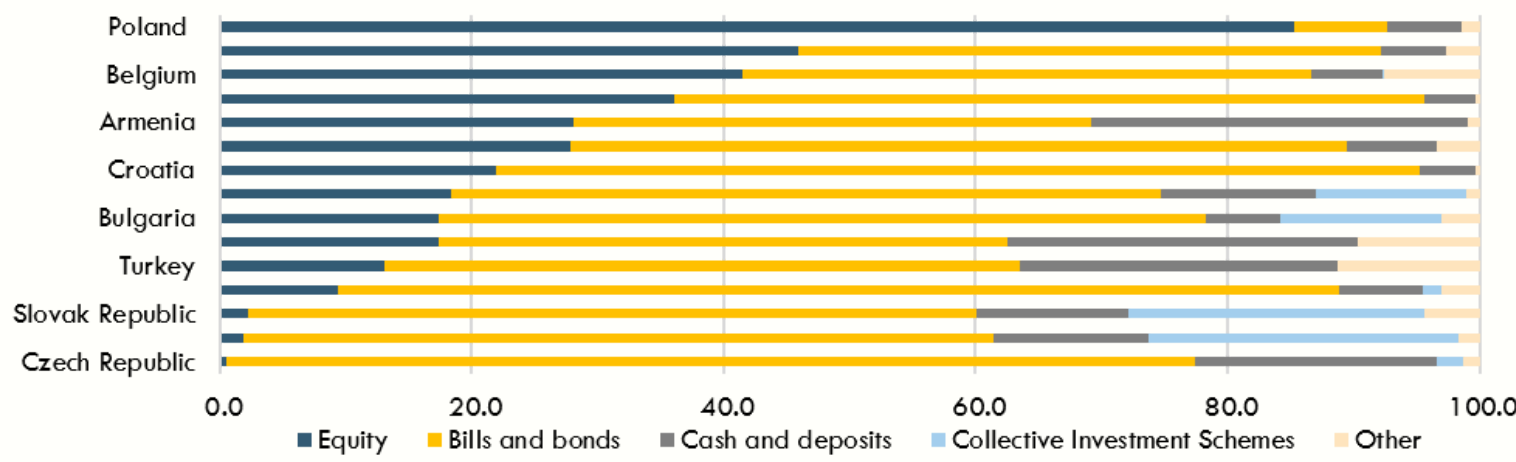
Source: NBG

INSTITUTIONAL INVESTOR BASE: LAUNCH OF PILLAR II PENSION REFORM



Projection For Georgia-
Approximately 1 billion USD at
the end of 2023

Source: OECD "Pension Funds in Glance"; NBG; Georgian Pension Agency



Source: OECD Global Pension Statistics: assessment of the amount of assets in funded and private pension plans (2018Y Data)

INFRASTRUCTURE, LEGAL & REGULATORY REFORMS



Listed securities fully tax exempt (exc. Dividend taxes) since 2017;

Upgrade of CSD system for government and corporate securities;

Other ongoing reforms:

- IOSCO associate member since 2018, progressing on regular membership;
- Transparency and market abuse regulation;
- Investment funds (legal, regulatory and tax framework);
- Securities holding legislation;
- Corporate and insolvency legislation;

CHALLENGES

Market size

Lack of Risk Management
Instruments
(IR, CCY Hedge Mechanisms)

THANK YOU

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