



Economy

Annual inflation was 3.5% in May-25

In May-25, Georgia's annual inflation edged up to 3.5% from 3.4% in previous month. The uptick was mainly driven by domestic inflation, which climbed to 4.9% y/y (Apr-25: 4.7%), and by mixed-goods inflation, which rose to 5.8% y/y (Apr-25: 5.0%). In contrast, imported inflation stayed in deflation, slipping to -2.0% y/y (Apr-25: -1.0%), thereby cushioning overall price pressures. Core inflation, excluding food, energy and tobacco, eased further to 2.0% y/y from 2.3% y/y in the previous month.

By categories, annual inflation in May-25 was largely driven by price increases in food and non-alcoholic beverages (+8.3% y/y, +2.82ppts), healthcare (+9.0% y/y, +0.75ppts), education (+4.9% y/y, +0.25ppts), alcoholic beverages & tobacco (+3.3% y/y, +0.22ppts) and hotels & restaurants (+6.0% y/y, +0.20ppts) categories. In contrast, as in previous month, the communication category recorded a deflation of -12.8% y/y (-0.47ppts), followed by transport (-4.5% y/y, -0.54ppts) and furnishings, household equipment and maintenance (-2.3% y/y, -0.13ppts) in May-25.

On a monthly basis, there was a 0.4% y/y inflation in May-25, mainly due to price changes in food and non-alcoholic beverages (+1.6% m/m, +0.51ppts) and transport (-1.1% m/m, -0.12ppts) categories. We forecast average annual inflation at 3.7% in 2025.

International reserves at US\$ 4.6bn in May-25

Gross international reserves decreased by 0.3% y/y to US\$ 4.6bn in May-25, according to NBG. Meanwhile, on a monthly basis, the reserves were up by 1.5% (+US\$ 66.7mn). Changes in reserves were attributed to the changes in government and/or banking sector FX operations, and likely also to NBG's FX purchases via BMatch platform (information will be available on 25 June). Notably, as of May-25, monetary gold accounted for 16.4% of total international reserves.

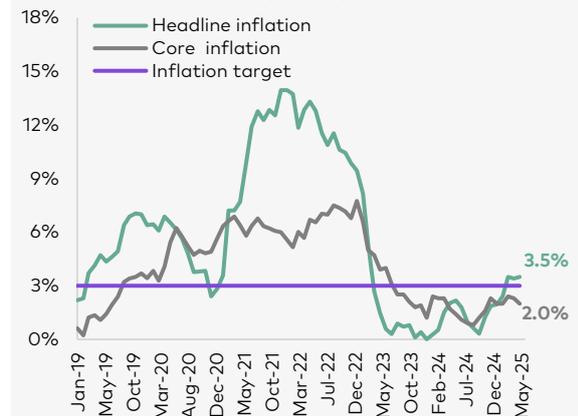
Key macro indicators

| | 2024 | 2025F |
|------------------------------|------------|--------|
| Real GDP growth (% change) | 9.4% | 6.8% |
| GDP per capita (ppp) | 28,258 | 31,601 |
| GDP per capita (US\$) | 9,141 | 9,836 |
| Population (mn) | 3.7 | 3.7 |
| Inflation (average) | 1.1% | 3.7% |
| Gross reserves (US\$ bn) | 4.4 | 4.9 |
| CAD (% of GDP) | 4.4% | 5.1% |
| Fiscal deficit (% of GDP) | 2.4% | 2.5% |
| Total public debt (% of GDP) | 36.1% | 34.7% |
| Fitch/S&P/Moody's* | BB/BB/Baa2 | |

Source: Official data, Rating agencies, Galt & Taggart

*Latest sovereign credit ratings

Annual inflation



Source: NBG, Geostat

NBG's gross international reserves US\$ bn



Source: NBG

Money market

Ministry of Finance T-bills/T-notes:

2.6-year GEL 40.0mn (US\$ 14.6mn) treasury notes were sold at the auction held at NBG on June 3, 2025. Total demand was 1.5x higher and the weighted average yield was fixed at 8.993%, up by 0.117ppts from previous auction held in May-25.

6-month GEL 20.0mn (US\$ 7.3mn) treasury notes were sold at the auction held at NBG on June 3, 2025. Total demand was 3.4x higher and the weighted average yield was fixed at 7.370%, down by 0.033ppts from previous auction held in May-25.

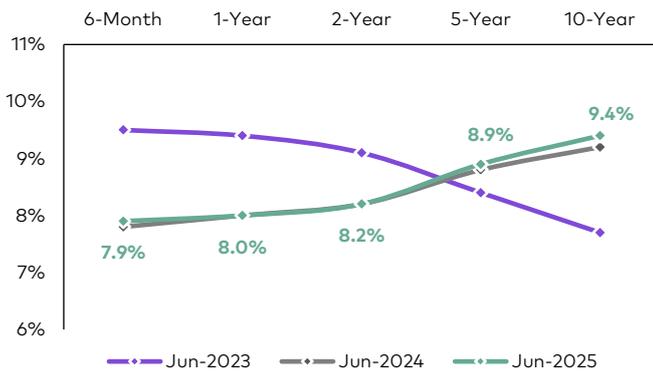
The nearest treasury security auction is scheduled for June 10, 2025, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 11.3-year treasury notes will be sold.

T-bills / T-notes in 2025

| Maturity | YTD placements, GEL mn | Remaining placements, GEL mn | Outstanding amount, GEL mn* |
|-------------------------------|------------------------|------------------------------|-----------------------------|
| Short-term (less than 1-year) | 310 | 260 | 450 |
| Long-term (over 1-year) | 1,017 | 1,380 | 10,002 |
| Total | 1,327 | 1,640 | 10,452 |

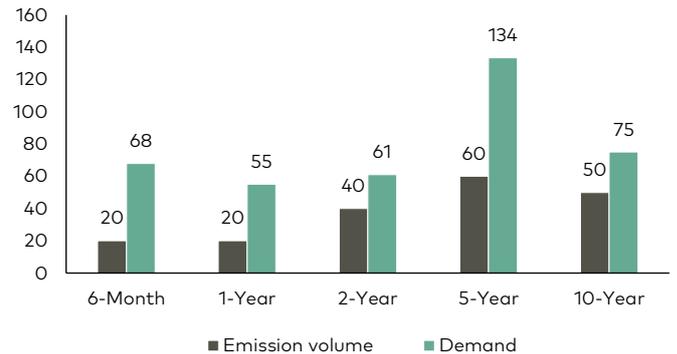
Source: MoF
*As of April 2025

T-bills / T-notes, yield curve



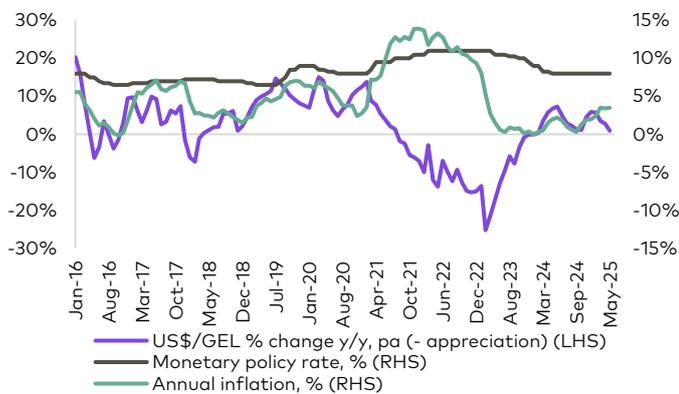
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



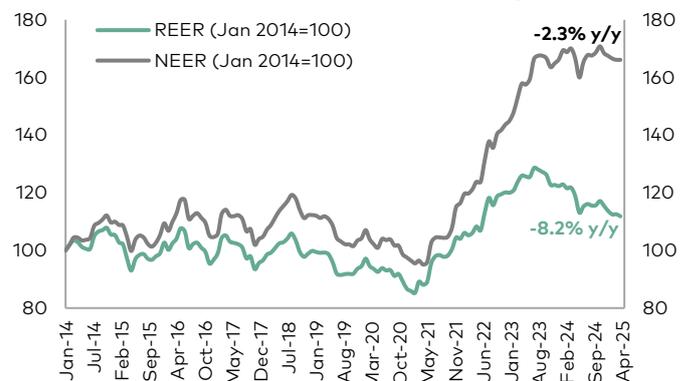
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG, Geostat

Nominal and real effective exchange rates



Source: NBG

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



Fixed income

Georgian Eurobonds

| Issuer | Currency | Amount, mn | Coupon | Issue date | Maturity date | Ratings (Fitch/S&P/Mood y/Scope) | Mid price | Mid yield, % | Z-spread, bps |
|------------------|----------|------------|---------|------------|---------------|--|-----------|--------------|---------------|
| GEORG 04/26 | USD | 500 | 2.750% | Apr-21 | Apr-26 | BB/BB/Ba2 | 96.91 | 6.47 | 231.00 |
| GRAIL 06/28 | USD | 500 | 4.000% | Jun-21 | Jun-28 | BB-/BB-/- | 89.45 | 8.00 | 424.87 |
| GEBGG 9 1/2 PERP | USD | 300 | 9.500% | Apr-24 | n/a | B-/-/B2 | 99.04 | 9.79 | 603.32 |
| SILKNET 01/27 | USD | 300 | 8.375% | Jan-22 | Jan-27 | BB-/-/B1 | 101.28 | 7.52 | 198.91 |
| TBC 8.894 PERP | USD | 75 | 8.894% | Nov-21 | n/a | B-/-/- | 97.60 | 10.50 | 659.05 |
| TBC 10 1/4 PERP | USD | 300 | 10.250% | Apr-24 | n/a | -/-/B2 | 99.44 | 10.42 | 666.50 |
| CGEOLN 07/29 | USD | 300 | 8.875% | Jul-24 | Jul-29 | BB-/BB-/- | 102.64 | 8.10 | 414.05 |

■ Galt & Taggart-led and/or co-managed deals
Source: Bloomberg

Georgian local bonds

| Issuer | Currency | Amount, mn | Coupon | Issue date | Maturity date | Ratings (Fitch/S&P/Moody/ Scope) | Mid price | Mid yield |
|----------------------------|----------|------------|--------|------------|---------------|--|-----------|-----------|
| USD | | | | | | | | |
| Geo. Renewable Power Oper. | USD | 80 | 7.00% | Oct-22 | Oct-27 | -/-/-/- | 100.00 | 7.00% |
| Silk Real Estate | USD | 20 | 9.00% | Apr-23 | Apr-26 | -/-/-/- | 99.99 | 9.00% |
| Energy Development Georgia | USD | 10 | 8.50% | Jun-23 | Jun-25 | -/-/-/- | n/a | n/a |
| Georgia Capital | USD | 150 | 8.50% | Aug-23 | Aug-28 | -/BB-/-/- | 101.08 | 8.13% |
| Silk Real Estate | USD | 20 | 9.25% | Sep-23 | Sep-26 | -/-/-/- | 100.91 | 8.63% |
| Geosteel | USD | 5 | 8.50% | Dec-23 | Dec-25 | -/-/-/- | 99.63 | 8.75% |
| IG Development | USD | 20 | 8.50% | Dec-23 | Dec-25 | -/-/-/- | 99.61 | 8.75% |
| Tegeta Motors | USD | 5 | 8.50% | Jun-24 | Jun-26 | -/-/-/BB- | n/a | 8.63% |
| Tegeta Motors | USD | 3.3 | 8.50% | Jun-24 | Jun-26 | -/-/-/BB- | n/a | 8.63% |
| IG Development | USD | 19.5 | 8.50% | Jul-24 | Jul-26 | -/-/-/- | n/a | 8.63% |
| Tegeta Motors | USD | 5 | 8.50% | Jul-24 | Jul-26 | -/-/-/BB- | n/a | n/a |
| MP Development | USD | 5 | 8.75% | Jul-24 | Jul-26 | -/-/-/- | n/a | 8.75% |
| JSC BasisBank | USD | 20 | 7.00% | Aug-24 | Aug-27 | -/-/-/- | n/a | 7.00% |
| Georgia Real Estate | USD | 25 | 8.50% | Aug-24 | Aug-26 | -/-/-/- | n/a | 8.50% |
| Chavchavadze 64B | USD | 10 | 8.75% | Aug-24 | Aug-26 | -/-/-/- | n/a | 8.75% |
| Tegeta Motors | USD | 5 | 8.25% | Dec-24 | Dec-26 | -/-/-/BB- | n/a | n/a |
| MP Development | USD | 17.7 | 8.50% | Apr-25 | Apr-27 | -/-/-/- | n/a | n/a |
| Tegeta Motors | USD | 10.0 | 8.00% | Apr-25 | Apr-27 | -/-/-/BB- | n/a | n/a |
| Tegeta Motors | USD | 10.0 | 8.00% | Apr-25 | Apr-27 | -/-/-/BB- | n/a | n/a |

■ Galt & Taggart-led and/or co-managed deals
Source: Bloomberg, Galt & Taggart



Fixed income

Georgian local bonds

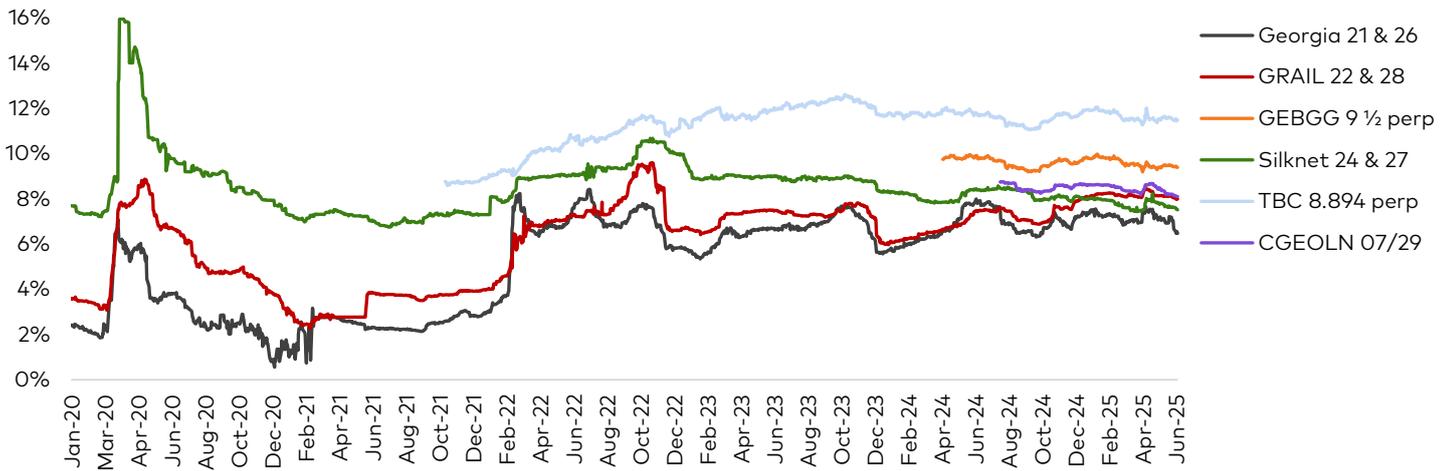
| Issuer | Currency | Amount, mn | Coupon | Issue date | Maturity date | Ratings (Fitch/S&P/Moody/Scope) | Mid price | Mid yield, % |
|------------------|----------|------------|----------------|------------|---------------|---------------------------------|-----------|--------------|
| EUR | | | | | | | | |
| Tegeta Motors | EUR | 4 | 7.00% | Dec-23 | Dec-25 | -/-/BB- | 99.63 | 7.25% |
| Tegeta Motors | EUR | 7 | 6.75% | Dec-23 | Dec-25 | -/-/BB- | 100.37 | 6.15% |
| IG Development | EUR | 5 | 7.00% | Jan-24 | Jan-26 | -/-/BB- | 99.60 | 6.15% |
| Tegeta Motors | EUR | 10 | 6.75% | May-24 | May-26 | -/-/BB- | n/a | n/a |
| MP Development | EUR | 3 | 7.75% | Jul-24 | Jul-26 | -/-/BB- | n/a | 7.75% |
| Silk Real Estate | EUR | 7 | 7.00% | Aug-24 | Aug-25 | -/-/BB- | n/a | 7.00% |
| Chavchavadze 64B | EUR | 3 | 7.75% | Aug-24 | Aug-26 | -/-/BB- | n/a | 7.75% |
| GEL | | | | | | | | |
| Nikora | GEL | 35 | TIBR3M + 3.50% | Nov-22 | Nov-25 | -/-/BB- | 100.00 | 11.58% |
| Tegeta Motors | GEL | 150 | TIBR3M + 3.50% | Dec-22 | Dec-25 | -/-/BB- | n/a | n/a |
| MFO Rico Express | GEL | 130 | TIBR1D + 2.00% | Mar-23 | Mar-26 | -/-/BB+ | n/a | n/a |
| TBC Leasing | GEL | 100 | TIBR3M + 3.00% | Mar-23 | Mar-26 | BB-/BB- | n/a | n/a |
| TBC Leasing | GEL | 15 | TIBR3M + 2.75% | Jun-23 | Jun-26 | BB-/BB- | n/a | n/a |
| Tegeta Motors | GEL | 20 | TIBR6M + 3.50% | Jun-23 | Dec-25 | -/-/BB- | n/a | n/a |
| Tegeta Motors | GEL | 20 | 14.5% | Dec-23 | Dec-25 | -/-/BB- | n/a | n/a |
| Cellfie | GEL | 65 | TIBR6M + 3.50% | Dec-23 | Dec-26 | -/-/BB- | 100.00 | 12.33% |
| Tegeta Motors | GEL | 10 | 13.50% | Jul-24 | Jul-26 | -/-/BB- | n/a | n/a |
| Tegeta Motors | GEL | 15 | 13.50% | Aug-24 | Aug-26 | -/-/BB- | 100.00 | 13.50% |
| Nikora Trade | GEL | 60 | TIBR3M + 3.25% | Oct-24 | Oct-29 | -/-/BB- | n/a | n/a |
| MFO MBC | GEL | 30 | TIBR3M + 4.25% | Dec-24 | Dec-26 | -/-/BB+ | n/a | n/a |
| MFO MBC | GEL | 30 | TIBR3M + 4.00% | Apr-25 | Apr-27 | -/-/BB+ | n/a | n/a |

■ Galt & Taggart-led and/or co-managed deals
Source: Bloomberg, Galt & Taggart



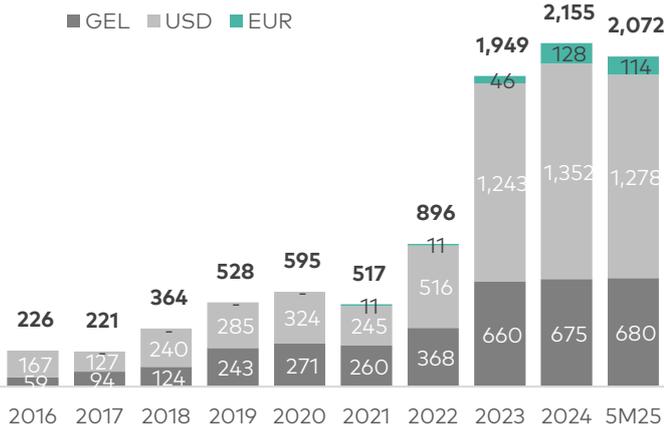
Fixed income

Georgian Eurobonds, YTM



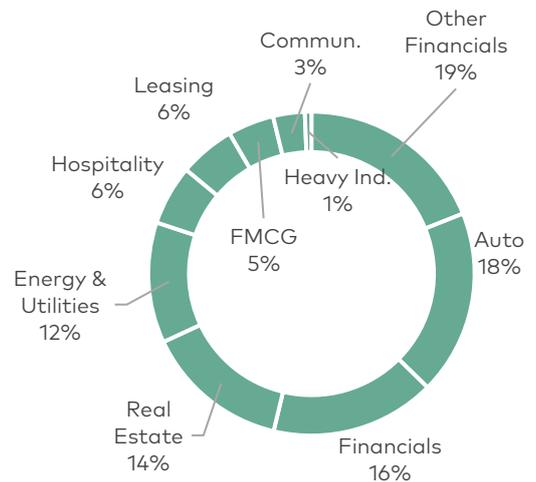
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



Source: Galt & Taggart
Note: USD and EUR bonds are converted into GEL as of issuance date

Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart



Equities

Lion Finance Group (BGEO LN)



Source: Bloomberg

Lion Finance Group (BGEO LN) shares closed at GBP 68.90/share (+3.14% w/w and +8.93% m/m). More than 156k shares traded in the range of GBP 66.10 - 68.90/share. Average daily traded volume was 53k in the last 4 weeks. The volume of BGEO shares traded was at 0.35% of its capitalization.

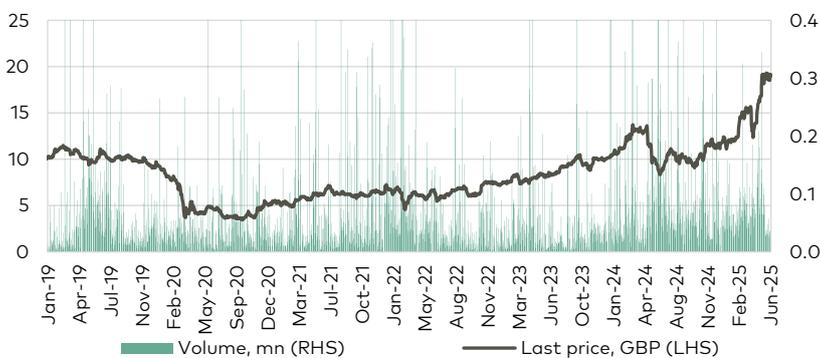
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 45.10/share (+1.01% w/w and -6.24% m/m). More than 214k shares changed hands in the range of GBP 43.45 - 45.65/share. Average daily traded volume was 59k in the last 4 weeks. The volume of TBCG shares traded was at 0.38% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 19.16/share (+2.24% w/w and +13.91% m/m). More than 163k shares traded in the range of GBP 18.46 - 19.30/share. Average daily traded volume was 50k in the last 4 weeks. The volume of CGEO shares traded was at 0.41% of its capitalization.

Equities, continued

Eastern European banks

| | Ticker | Currency | Share price | Mcap, mn | 6M chg | y/y chg | YTD chg | P/E | | | P/B | | |
|--------------------|--------|----------|-------------|----------|--------|---------|---------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | | | | 2023 | 2024 | 2025F | 2023 | 2024 | 2025F |
| Lion Finance Group | BGEO | GBP | 68.90 | 3,062 | 49.3% | 80.8% | 46.3% | 4.36x | 2.92x | 5.66x | 1.25x | 1.02x | 1.45x |
| TBC | TBC | GBP | 45.10 | 2,540 | 47.1% | 75.8% | 44.6% | 4.68x | 4.80x | 6.42x | 1.15x | 1.12x | na |
| Halyk Bank | HSBK | USD | 22.60 | 6,161 | 20.0% | 26.5% | 16.3% | 2.57x | na | 3.02x | 0.72x | na | na |
| Akbank | AKBNK | TRY | 56.25 | 292,500 | -13.9% | -8.0% | -13.3% | 2.86x | 7.96x | 4.16x | 0.9x | 1.4x | 0.96x |
| Garanti | GARAN | TRY | 116.10 | 487,620 | -9.7% | 13.0% | -6.7% | 2.84x | 5.73x | 4.32x | 1.00x | 1.58x | 1.13x |
| Isbank | ISCTR | TRY | 11.42 | 285,500 | -19.4% | -29.0% | -15.7% | 3.23x | 7.43x | 2.93x | 0.87x | 1.06x | 0.71x |
| PKO | PKO | PLN | 69.04 | 86,300 | 13.2% | 19.6% | 15.5% | 11.44x | na | 6.91x | 1.39x | na | 1.37x |
| PEKAO | PEO | PLN | 171.65 | 45,053 | 15.4% | 7.3% | 24.5% | 5.99x | 5.68x | 6.67x | 1.31x | 1.13x | 1.33x |
| Millennium | MIL | PLN | 13.61 | 16,511 | 54.0% | 56.5% | 52.9% | 17.78x | 15.08x | 6.23x | 1.47x | 1.39x | 1.92x |
| Mbank | MBK | PLN | 774.20 | 32,901 | 39.2% | 25.5% | 41.5% | na | 10.36x | 6.98x | 1.65x | 1.31x | 1.69x |
| BRD | BRD | RON | 19.94 | 13,896 | 9.0% | 0.7% | 7.0% | 7.62x | 8.52x | 9.15x | 1.42x | 1.38x | 1.33x |
| Banca Transilvania | TLV | RON | 32.16 | 29,487 | 16.3% | 13.1% | 19.1% | 6.69x | 4.86x | 7.70x | 1.46x | na | 1.68x |
| Komerčni | KOMB | CZK | 1,011.00 | 192,140 | 18.5% | 30.5% | 19.2% | 8.76x | 9.29x | 11.47x | 1.09x | 1.27x | 1.51x |
| Mean | | | | | | | | 6.57x | 7.51x | 6.28x | 1.21x | 1.27x | 1.37x |
| Median | | | | | | | | 5.34x | 7.43x | 6.42x | 1.25x | 1.29x | 1.37x |

Source: Bloomberg, S&P Capital IQ

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