



## Economy

### Real GDP growth was 9.2% y/y in May-24

Georgia's economy grew by 9.2% y/y in May-24, after growing by 11.8% in previous month. Cumulatively, real GDP growth reached 9.3% y/y in 5M24. The ICT, professional & scientific activities, financial & insurance, construction and transport were the primary drivers of growth in May. Considering stronger-than-expected growth in 5M24, we raised our real GDP growth forecast to 7.0% from 6.0% for the full-2024 year (see updated macro forecasts [here](#)).

### Bank lending increased by 19.0% y/y in May-24

In May-24, the banking sector loan portfolio increased by 19.0% y/y (+1.4% m/m), excluding FX effect, after a 18.4% y/y growth in previous month. In unadjusted terms, loan portfolio rose by 23.3% y/y (+3.4% m/m), reaching GEL 56.4bn (US\$ 20.2bn), after growing 21.8% y/y in Apr-24. Sector-wise, corporate loans saw a substantial rise of 23.2% y/y (excluding FX effect), while retail loans increased by 15.7% y/y. Loan dollarization rose to 45.6% (+0.97ppts y/y and +0.88ppts m/m) in May-24.

On the deposits side, there was a 12.2% y/y increase (excluding FX effect) to GEL 53.0bn (US\$ 18.9bn) in May 2024, following a robust 17.7% y/y growth in the previous month. In terms of currency breakdown, GEL deposits increased by 18.1% y/y and FX deposits (exc. FX effect) were up 6.3% y/y. As a result, the level of deposit dollarization reached 49.8% (-0.69ppts y/y and +1.54ppts m/m) in May-24.

### CA deficit reduced to 5.0% of GDP in 1Q24

The Current Account (CA) deficit decreased by 5.5% y/y to 5.0% of GDP in 1Q24, down from 5.8% in 1Q23, according to NBG. This improvement was driven by strong growth in the transfer balance increasing by 20.3% y/y to US\$ 875mn, followed by the service balance (+3.2% y/y to US\$ 690mn). The merchandise trade deficit, traditionally the major contributor to deficit creation, increased by 8.4% y/y to US\$ 1.5bn, as exports decreased by 9.8% y/y and imports were down 2.1% y/y. Notably, the positive balance in transfers and services fully offset the trade deficit in 1Q24.

We project CA deficit at 5.6% of GDP in 2024, up from 4.4% of GDP in 2023.

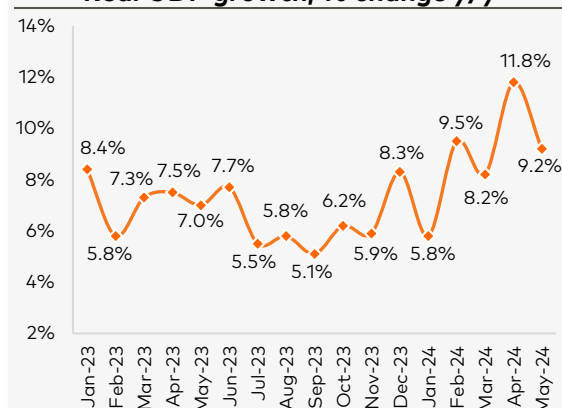
### Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	7.0%
GDP per capita (ppp)	23,344	24,870
GDP per capita (US\$)	8,210	8,693
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	4.4%	5.6%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	39.0%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

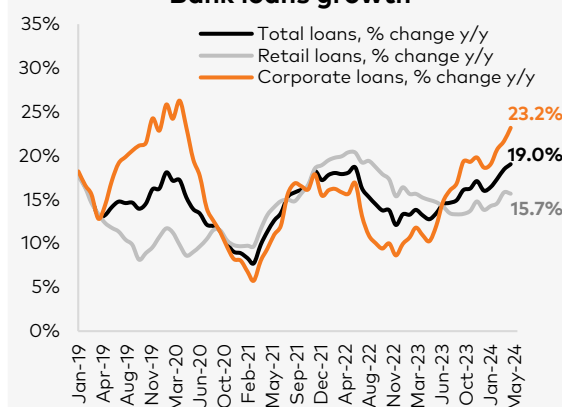
\*Latest sovereign credit ratings

### Real GDP growth, % change y/y



Source: Geostat

### Bank loans growth



Source: NBG



## Money market

### Ministry of Finance T-bills/T-notes:

5-year GEL 85.0mn (US\$ 30.0mn) Benchmark bonds were sold at the auction held at NBG on June 25, 2024. Total demand was 1.8x higher and the weighted average yield was fixed at 9.631%, up by 0.751ppts from previous auction held in May-24.

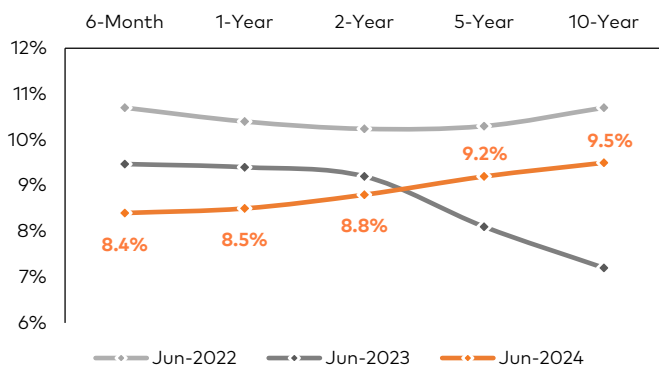
The nearest treasury security auction is scheduled for July 2, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 3.5-year Benchmark Bonds will be sold.

### T-bills / T-notes in 2024

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
Short-term (less than 1-year)	290	240	410
Long-term (over 1-year)	1,557	1,380	8,022
<b>Total</b>	<b>1,847</b>	<b>1,620</b>	<b>8,432</b>

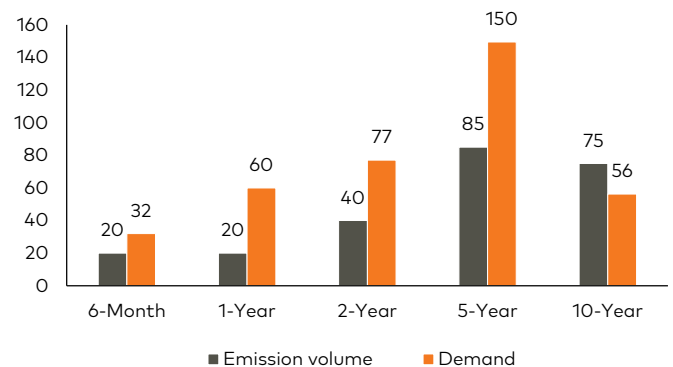
Source: MoF  
\*As of May 2024

### T-bills / T-notes, yield curve



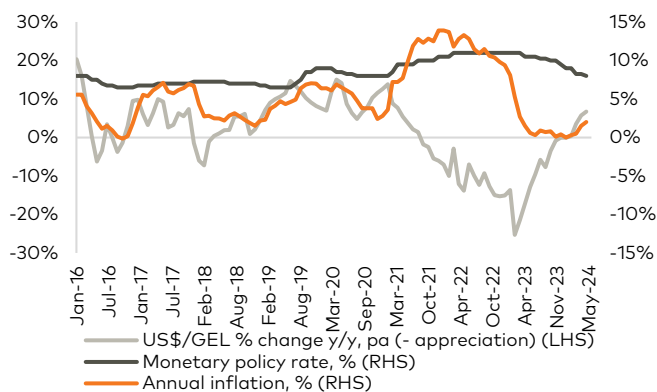
Source: NBG

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



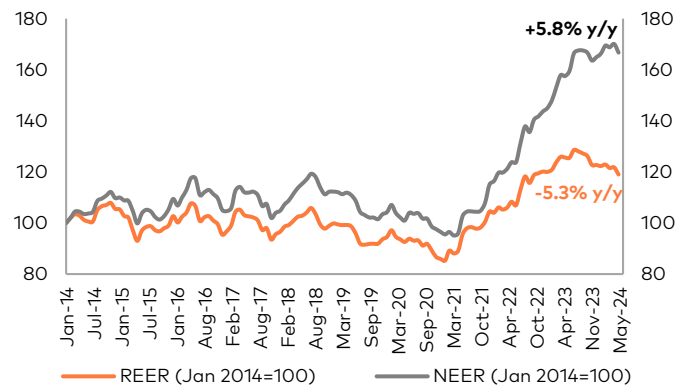
Source: NBG

### 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 performance

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	91.66	7.79	314.23
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	88.24	7.49	331.68
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	97.47	10.15	604.68
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	99.85	8.44	400.51
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/	99.98	10.57	522.39
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/	95.50	10.93	649.52
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.14	10.71	652.58

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

### Georgian local bonds performance

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
USD								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/B+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-/-	99.92	8.75
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	99.97	8.50
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-22	Oct-27	-/-/-/-	100.00	7.00
Lisi Lake Development	USD	10	8.50%	Dec-22	Dec-24	-/-/-/B+	99.99	8.50
Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-/-	99.99	9.00
Silk Real Estate	USD	20	9.00%	Apr-23	Apr-26	-/-/-/-	99.99	9.00
Tegeta Motors	USD	20	8.50%	Apr-23	Apr-25	-/-/-/BB-	99.77	8.75
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	8.19
Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-/-	100.91	8.63
Prime Concrete	USD	7.5	10.50%	Sep-23	Sep-27	-/-/-/-	n/a	n/a
Austrian-Georgian Development	USD	15	9.00%	Oct-23	Oct-25	-/-/-/-	n/a	n/a
MFO EuroCredit	USD	10	9.50%	Dec-23	Dec-27	-/-/-/-	n/a	n/a
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

#### EUR

Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/-/BB-	99.77	7.25
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	6.50
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-/-	99.60	7.25
Tegeta Motors	EUR	10	6.75%	May-24	May-26	-/-/-/BB-	n/a	n/a

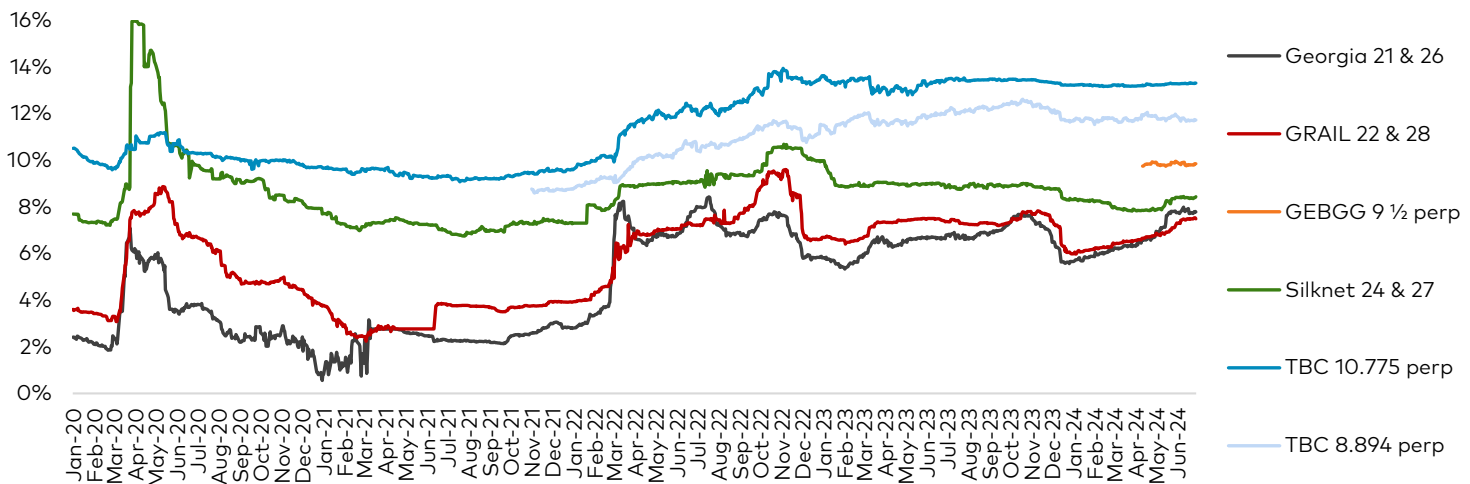
#### GEL

Vian (Evex)	GEL	50	Ref rate + 3.10%	Nov-19	Nov-24	-/-/-/BB	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/-/BB-	n/a	n/a
Nikora	GEL	35	TIBR3M + 3.50%	Nov-22	Nov-25	-/-/-/BB-	n/a	n/a
MFO MBC	GEL	15	TIBR3M + 4.50%	Dec-22	Dec-24	-/-/-/B	n/a	n/a
Tegeta Motors	GEL	150	TIBR3M + 3.50%	Dec-22	Dec-25	-/-/-/BB-	n/a	n/a
MFO Crystal	GEL	25	TIBR6M + 4.75%	Dec-22	Feb-25	B-/	n/a	n/a
MFO Rico Express	GEL	130	TIBR1D + 2.00%	Mar-23	Mar-26	-/-/-/B+	n/a	n/a
TBC Leasing	GEL	100	TIBR3M + 3.00%	Mar-23	Mar-26	BB-/	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	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-25	-/-/-/BB-	n/a	n/a

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

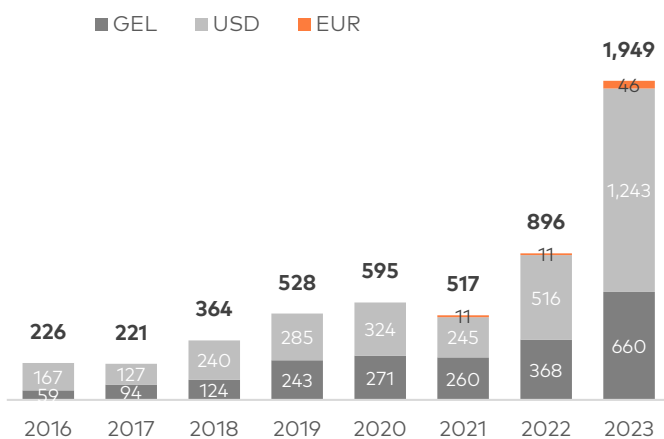
# Fixed income

### Georgian Eurobonds, YTM



Source: Bloomberg

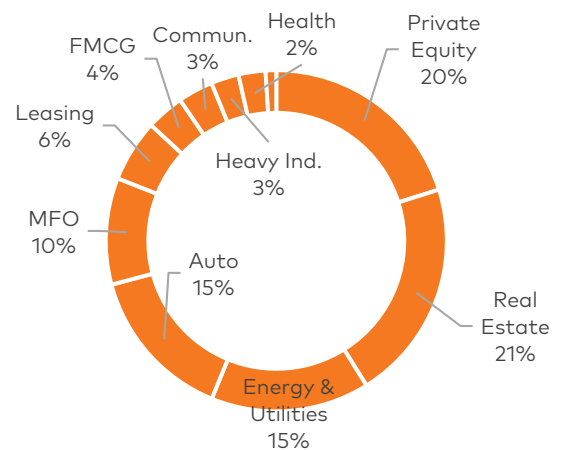
### Georgian corporate public bonds outstanding, GEL mn



Source: Galt & Taggart

Note: USD and EUR bonds are converted into GEL as of issuance date

### Georgian corporate public bonds outstanding by sector

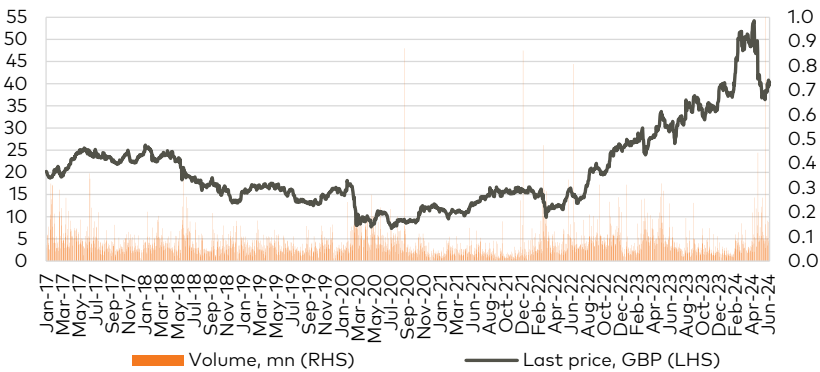


Source: Galt & Taggart



## Equities

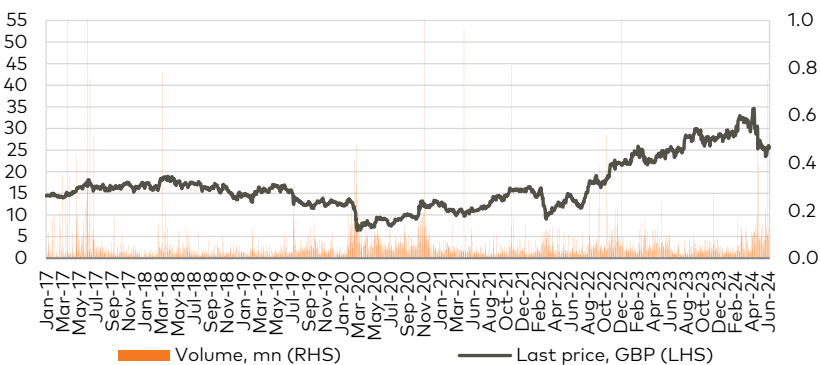
### Bank of Georgia Group (BGEO LN)



Source: Bloomberg

**Bank of Georgia Group (BGEO LN)** shares closed at GBP 40.35/share (+3.33% w/w and +2.80% m/m). More than 447k shares traded in the range of GBP 39.00 - 41.40/share. Average daily traded volume was 143k in the last 4 weeks. The volume of BGEO shares traded was at 0.98% of its capitalization.

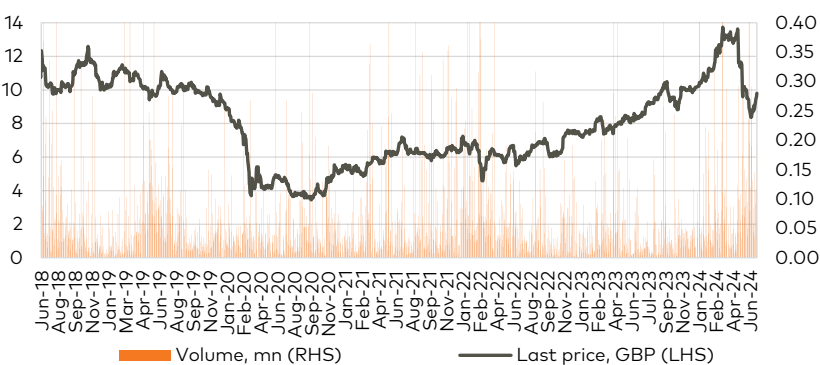
### TBC Bank Group (TBCG LN)



Source: Bloomberg

**TBC Bank Group (TBCG LN)** closed the week at GBP 25.70/share (+0.19% w/w and -0.58% m/m). More than 429k shares changed hands in the range of GBP 25.20 - 26.15/share. Average daily traded volume was 126k in the last 4 weeks. The volume of TBCG shares traded was at 0.78% of its capitalization.

### Georgia Capital (CGEO LN)



Source: Bloomberg

**Georgia Capital (CGEO LN)** shares closed at GBP 9.80/share (+10.11% w/w and -0.31% m/m). More than 581k shares traded in the range of GBP 8.98 - 9.88/share. Average daily traded volume was 168k in the last 4 weeks. The volume of CGEO shares traded was at 1.36% 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	2024F	2025F	2023	2024F	2025F
Bank of Georgia	BGEO	GBP	40.35	1,840	2.5%	28.1%	1.5%	4.36x	3.82x	3.86x	1.19x	na	na
TBC	TBC	GBP	25.70	1,424	-9.2%	2.0%	-9.2%	4.78x	4.16x	3.46x	1.15x	na	na
Halyk Bank	HSBK	USD	17.98	4,903	23.0%	27.2%	18.6%	2.57x	2.88x	2.74x	0.72x	0.86x	0.74x
Akbank	AKBNK	TRY	64.05	333,060	77.7%	217.1%	75.4%	2.86x	4.63x	3.03x	0.90x	1.27x	0.91x
Garanti	GARAN	TRY	112.40	472,080	99.6%	250.8%	92.6%	2.84x	5.19x	3.52x	1.00x	1.54x	1.11x
Isbank	ISCTR	TRY	15.85	396,250	75.3%	181.8%	69.6%	3.23x	4.47x	2.86x	0.87x	1.22x	0.85x
PKO	PKO	PLN	62.92	78,650	24.4%	76.6%	25.0%	11.44x	7.63x	7.76x	1.39x	1.54x	1.44x
PEKAO	PEO	PLN	168.00	44,095	9.9%	57.0%	10.5%	6.07x	7.03x	7.46x	1.32x	1.38x	1.31x
Millennium	MIL	PLN	9.38	11,378	12.3%	57.5%	12.3%	17.78x	4.30x	4.95x	1.47x	1.51x	1.29x
Mbank	MBK	PLN	637.00	27,050	16.7%	57.7%	19.1%	na	5.26x	6.09x	1.65x	1.80x	1.36x
BRD	BRD	RON	20.90	14,565	17.4%	63.0%	16.6%	7.62x	9.95x	10.27x	1.42x	1.53x	1.44x
Banca Transilvania	TLV	RON	32.00	25,557	33.9%	79.1%	31.9%	7.76x	8.60x	8.42x	1.82x	1.78x	1.52x
Komerční	KOMB	CZK	782.50	148,714	8.0%	19.4%	8.0%	8.76x	9.71x	9.38x	1.09x	1.19x	1.17x
<b>Mean</b>								<b>6.67x</b>	<b>5.97x</b>	<b>5.68x</b>	<b>1.23x</b>	<b>1.42x</b>	<b>1.19x</b>
<b>Median</b>								<b>5.43x</b>	<b>5.19x</b>	<b>4.95x</b>	<b>1.19x</b>	<b>1.51x</b>	<b>1.29x</b>

Source: Bloomberg, S&P Capital IQ

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**Galt & Taggart****Address:** 3 A. Pushkin Street, Tbilisi 0105, Georgia**Tel:** +995 32 2401 111**Research:** research@gt.ge

Tel: +995 32 2401 111 (4298)

**Brokerage:** sales@gt.ge

Tel: +995 32 2401 111 (4132)

**Investment Banking:** ib@gt.ge

Tel: +995 32 2401 111 (7457)