



## Economy

### Real GDP growth accelerated in Feb-24

Georgia's real GDP growth accelerated, up by 9.5% y/y in Feb-24, after growing by 5.8% in previous month. Cumulatively, real GDP growth reached 7.7% y/y in 2M24. The manufacturing, construction, professional & scientific activities, ICT and transport sectors were the primary drivers of growth in February. In contrast, the energy and mining sectors contracted during the same period.

For 2024, we forecast real GDP to grow by 6.0% in our baseline scenario and by 7.0% in upside scenario (see latest macro forecast [here](#)).

### Moody's changes Georgia's outlook to stable from negative

On 26 March 2024, Moody's Affirmed Georgia's sovereign credit rating at Ba2 and changed the outlook to stable from negative. Moody's expects Georgia's economic growth to stabilize at 5.5% in 2024 and remain around 5-5.5% in the medium term.

### CA deficit at historically low level in 2023

Current account (CA) deficit stood at 6.7% of GDP in 4Q23, down from 7.4% of GDP in 4Q22, according to NBG. The annual reduction in the CA deficit in 4Q23 was supported by a 8.7% y/y decline in the goods trade deficit.

Overall, in 2023, CA deficit reached a historically low level of 4.3% of GDP (in line with our forecast), down from 4.5% of GDP in 2022. This improvement was fueled by robust growth in the services balance (+25.5% y/y), particularly in tourism (+17.3% y/y) and ICT services (+53.2% y/y), as well as a 9.1% y/y increase in the transfers balance. FDI remained the key funding source of the CA deficit, with net FDI at 4.3% of GDP. We forecast CA deficit at 4.7% of GDP in 2024.

### Bank lending increased by 16.4% y/y in Feb-24

In Feb-24, the banking sector loan portfolio increased by 16.4% y/y (+1.1% m/m), excluding FX effect, after a 16.0% y/y growth in previous month. In unadjusted terms, loan portfolio rose by 17.5% y/y (+0.7% m/m), reaching GEL 52.2bn (US\$ 19.6bn), after growing 16.7% y/y in Jan-24. By sector, corporate loans increased by 19.0% y/y (exc. FX effect) in February and retail loans were up 14.3% y/y. Loan dollarization reduced to 44.3% (-0.39ppts y/y and -0.40ppts m/m) in Feb-24.

Bank deposits increased by 14.8% y/y (exc. FX effect) to GEL 50.5bn (US\$ 19.0bn) in Feb-24, after growing by 15.3% y/y in previous month. In terms of currency breakdown, GEL deposits increased by 28.4% y/y and FX deposits growth (exc. FX effect) stood at 3.6% y/y. As a result, the level of deposit dollarization came in at 49.8% (-4.92ppts y/y and +0.06ppts m/m) in Feb-24.

### NBG purchased US\$ 77.5mn in Feb-24

In Feb-23, NBG purchased US\$ 77.5mn through the BMatch platform to build reserves. Overall, in 2M24, NBG's net FX purchases reached US\$ 85.6mn.

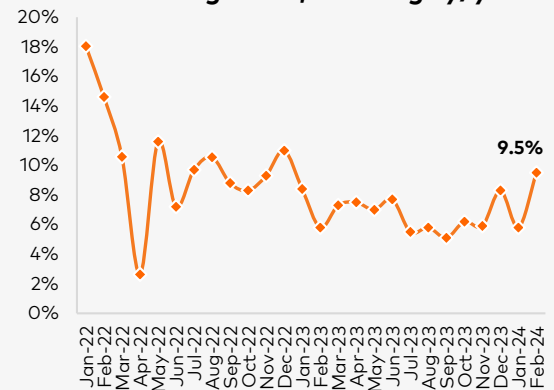
### Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	22,481	24,844
GDP per capita (US\$)	8,210	8,861
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	5.2
CAD (% of GDP)	4.3%	4.7%
Fiscal deficit (% of GDP)	2.4%	2.5%
Total public debt (% of GDP)	39.0%	38.0%
Fitch/S&P/Moody's*	BB/BB/Ba2	

Source: Official data, Rating agencies, Galt & Taggart

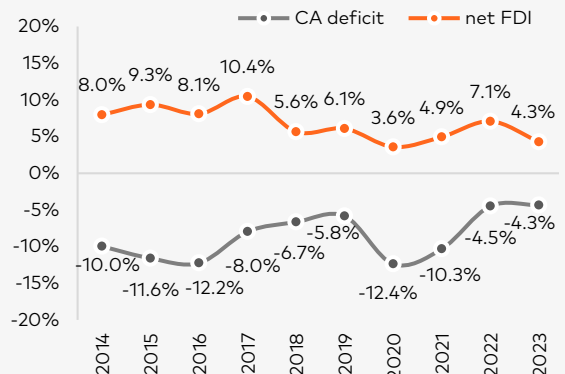
\*Latest sovereign credit ratings

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



Source: Geostat

### CA deficit and net FDI, as % of GDP



Source: NBG, Geostat

# Money market

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

5-year GEL 100.0mn (US\$ 37.0mn) Benchmark bonds were sold at the auction held at NBG on March 26, 2024. Total demand was 1.7x higher and the weighted average yield was fixed at 7.978%, down by 0.305ppts from previous auction held in Feb-24.

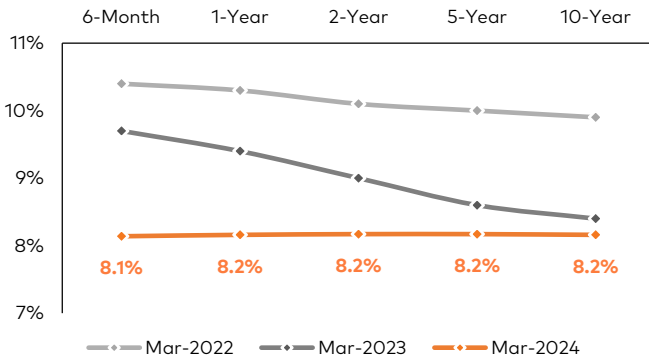
The nearest treasury security auction is scheduled for April 2, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 2.8-year Benchmark Bonds will be sold.

## 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)	170	360	410
Long-term (over 1-year)	890	2,465	7,752
<b>Total</b>	<b>1,060</b>	<b>2,825</b>	<b>8,162</b>

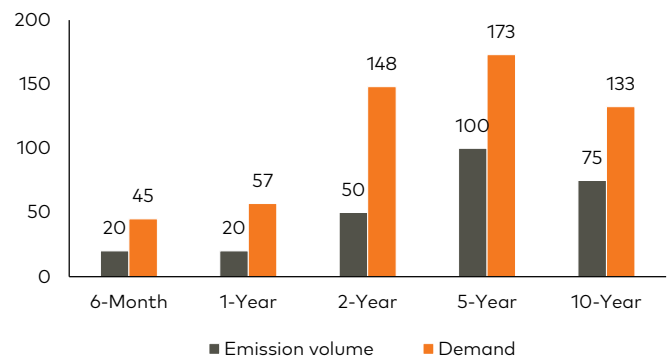
Source: MoF  
\*As of February 2024

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



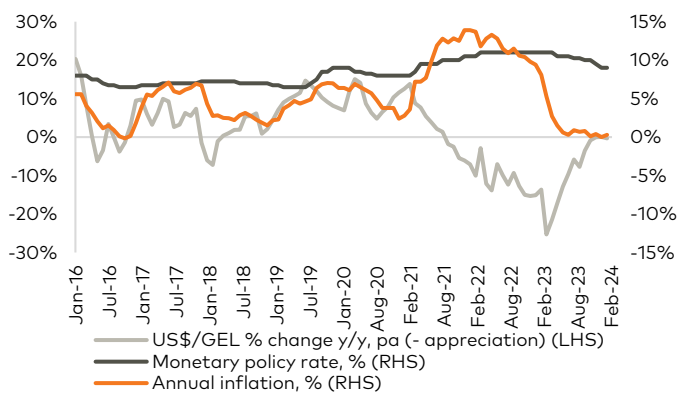
Source: NBG

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



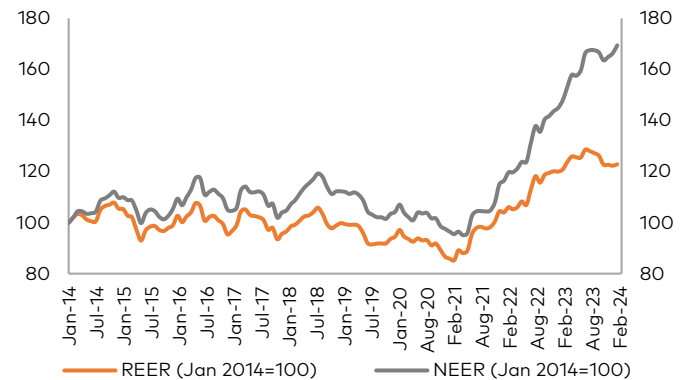
Source: NBG

## 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	93.18	6.34	181.07
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/-	90.77	6.54	246.14
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-	100.71	12.79	255.53
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1	101.16	7.90	302.81
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/-/Ba2	99.69	7.09	173.98
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	100.40	13.18	462.35

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

### Georgian local bonds performance

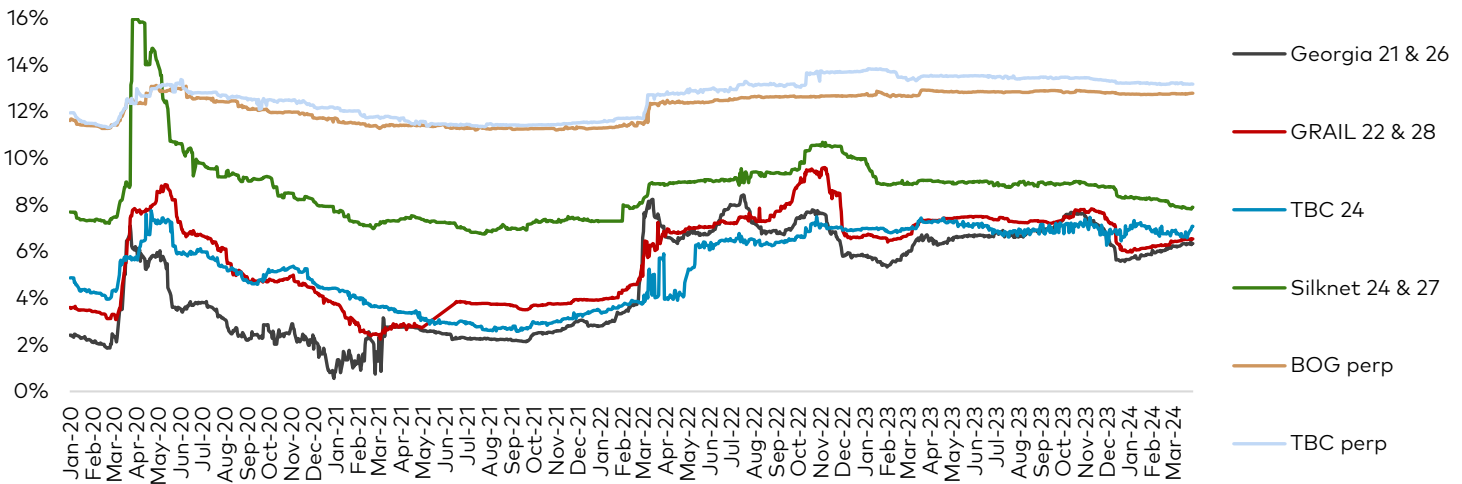
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/ Scope)	Mid price	Mid yield, %
<b>USD</b>								
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-/-	n/a	n/a
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-/B+	n/a	n/a
IG Development	USD	15	8.50%	Jul-22	Jul-24	-/-/-/-	99.87	8.75
Georgia Real Estate	USD	35	8.50%	Oct-22	Oct-24	-/-/-/-	99.98	8.50
Geo. Renewable Power Oper.	USD	80	7.00%	Oct-22	Oct-27	-/-/-/-	99.99	7.00
Lisi Lake Development	USD	10	8.50%	Dec-22	Dec-24	-/-/-/B+	100.00	8.50
Geosteel	USD	15	9.00%	Apr-23	Apr-25	-/-/-/-	99.98	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-	99.66	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-/-/-	101.17	8.19
Silk Real Estate	USD	20	9.25%	Sep-23	Sep-26	-/-/-/-	101.14	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	-/-/-/-	99.57	8.75
IG Development	USD	20	8.50%	Dec-23	Dec-25	-/-/-/-	99.56	8.75
<b>EUR</b>								
Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/-/BB-	99.67	7.25
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/-/BB-	99.57	7.25
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/-/BB-	100.43	6.50
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/-/-	99.55	7.25
<b>GEL</b>								
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-/-/B-	n/a	n/a
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB-/-/B-	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



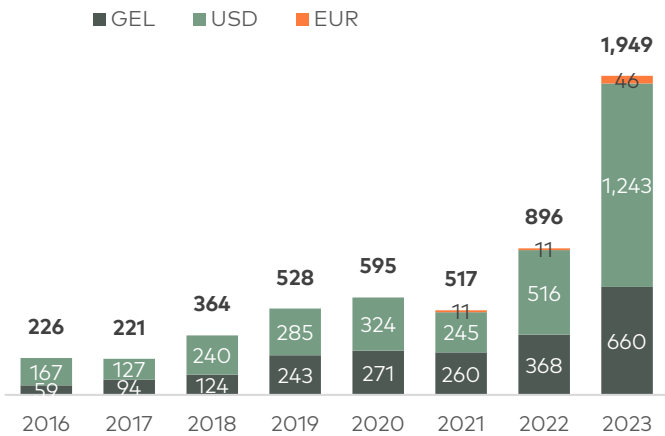
# Fixed income

**Georgian Eurobonds, YTM**



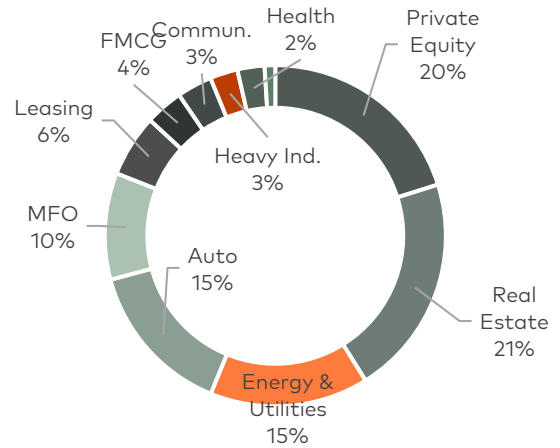
Source: Bloomberg

**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**

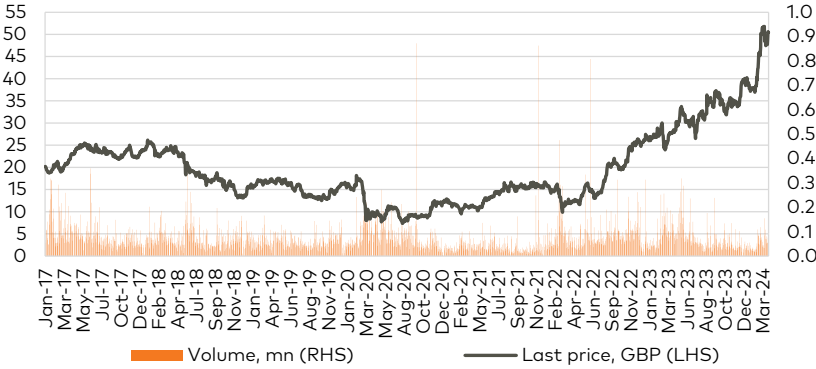


Source: Galt & Taggart



# Equities

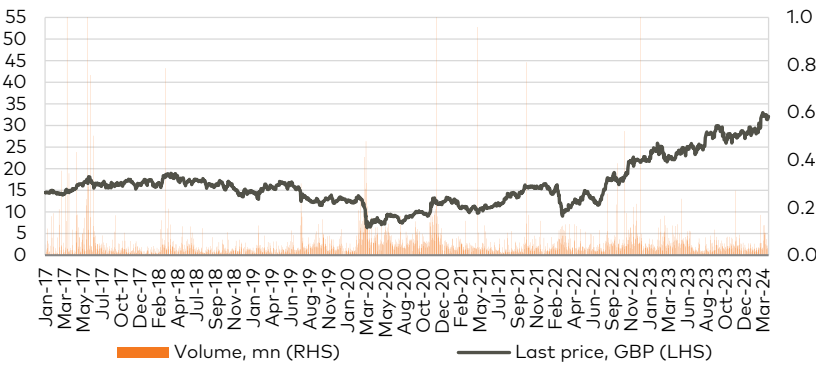
## Bank of Georgia Group (BGEO LN)



**Bank of Georgia Group (BGEO LN)** shares closed at GBP 50.50/share (+5.54% w/w and +7.22% m/m). More than 311k shares traded in the range of GBP 47.30 - 51.90/share. Average daily traded volume was 70k in the last 4 weeks. The volume of BGEO shares traded was at 0.68% of its capitalization.

Source: Bloomberg

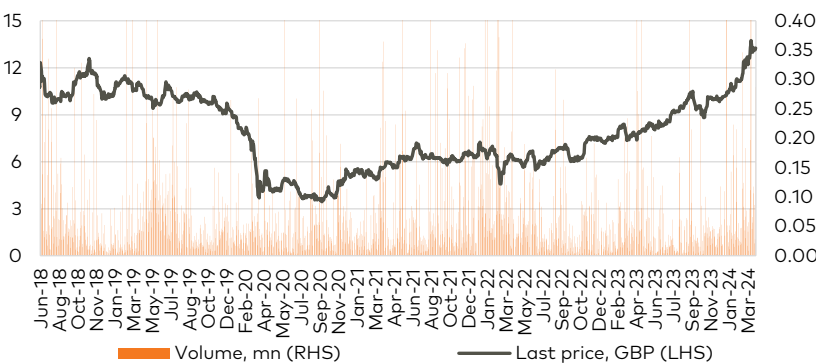
## TBC Bank Group (TBCG LN)



**TBC Bank Group (TBCG LN)** closed the week at GBP 32.15/share (+2.23% w/w and +8.61% m/m). More than 195k shares changed hands in the range of GBP 31.00 - 32.40/share. Average daily traded volume was 59k in the last 4 weeks. The volume of TBCG shares traded was at 0.35% of its capitalization.

Source: Bloomberg

## Georgia Capital (CGEO LN)



**Georgia Capital (CGEO LN)** shares closed at GBP 13.26/share (+1.07% w/w and +8.16% m/m). More than 423k shares traded in the range of GBP 12.16 - 13.30/share. Average daily traded volume was 123k in the last 4 weeks. The volume of CGEO shares traded was at 0.99% of its capitalization.

Source: Bloomberg

## 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	50.50	2,302	36.9%	88.4%	27.0%	4.36x	5.11x	4.92x	1.19x	na	na
TBC	TBC	GBP	32.15	1,781	7.7%	43.2%	13.6%	4.78x	4.91x	4.05x	1.15x	na	na
Halyk Bank	HSBK	USD	17.80	4,854	33.4%	54.8%	17.4%	2.57x	3.03x	2.90x	0.72x	0.85x	0.73x
Akbank	AKBNK	TRY	46.96	244,192	40.3%	151.8%	28.6%	2.86x	3.40x	2.28x	0.90x	0.91x	0.67x
Garanti	GARAN	TRY	68.95	289,590	29.5%	151.5%	18.2%	2.84x	3.97x	2.24x	1.00x	0.98x	0.74x
Isbank	ISCTR	TRY	11.37	284,250	10.4%	110.4%	21.7%	3.23x	3.49x	2.26x	0.87x	0.89x	0.65x
PKO	PKO	PLN	59.34	74,175	70.9%	111.6%	17.9%	11.44x	7.51x	8.01x	1.39x	1.46x	1.40x
PEKAO	PEO	PLN	181.85	47,730	80.1%	117.4%	19.6%	6.07x	7.78x	8.61x	1.32x	1.51x	1.45x
Millennium	MIL	PLN	10.32	12,519	81.1%	142.5%	23.5%	17.78x	4.47x	5.44x	1.47x	1.65x	1.36x
Mbank	MBK	PLN	740.20	31,433	87.3%	147.7%	38.4%	na	7.56x	7.07x	1.65x	1.91x	1.58x
BRD	BRD	RON	21.30	14,844	36.4%	77.8%	18.9%	7.62x	10.99x	10.81x	1.42x	1.54x	1.57x
Banca Transilvania	TLV	RON	27.84	22,235	26.0%	59.7%	14.8%	7.76x	8.52x	7.62x	1.82x	1.53x	1.31x
Komerčni	KOMB	CZK	840.00	159,641	25.0%	19.5%	15.9%	8.76x	10.80x	10.46x	1.09x	1.22x	1.20x
<b>Mean</b>								<b>6.67x</b>	<b>6.27x</b>	<b>5.90x</b>	<b>1.23x</b>	<b>1.31x</b>	<b>1.15x</b>
<b>Median</b>								<b>5.43x</b>	<b>5.11x</b>	<b>5.44x</b>	<b>1.19x</b>	<b>1.46x</b>	<b>1.31x</b>

Source: Bloomberg, S&amp;P Capital IQ

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