



Economy

Goods exports increased by 30.0% y/y in Aug-24

In Aug-24, goods exports continued to grow robustly, rising by 30.0% y/y to US\$ 641.3mn, following a 29.9% y/y growth in previous month. In contrast, imports declined by 4.8% y/y to US\$ 1.3bn, after a 11.2% growth y/y in previous month. Consequently, the trade deficit decreased by 23.5% y/y to US\$ 702.7mn in Aug-24. Overall, in 8M24, trade deficit increased by 3.8% y/y to US\$ 6.4bn, as exports increased by 2.4% y/y to US\$ 4.2bn and imports were up by 3.3% y/y to US\$ 10.5bn.

FDI in Georgia stood at US\$ 574.3mn in 2Q24

FDI in Georgia increased by 10.3% y/y to US\$ 574.3mn, after falling by 69.9% y/y in 1Q24. The growth in FDI was primarily driven by a rise in equity investments and debt instruments. Meanwhile, reinvestments reduced by 8.9% y/y to US\$ 451.3mn, representing 78.6% of total FDI during the same period.

The financial sector was the largest FDI recipient at US\$ 300.1mn (+38.5% y/y), followed by trade at US\$ 79.2mn (-4.5% y/y), manufacturing at US\$ 55.5mn (+36.5% y/y) and real estate at US\$ 47.2mn (+143.0% y/y).

The UK topped the list of investors with US\$ 266.7mn (46.4% of total FDI), followed by Japan (US\$ 59.2mn, 10.3% of total) and Malta at US\$ 37.9mn, 6.6% of total).

Overall, in 1H24, FDI declined by 34.1% y/y to US\$ 768.6mn accounting for 5.1% of GDP.

NBG kept its key rate unchanged at 8.0%

On September 11, 2024, the NBG's Monetary Policy Committee decided to keep its key rate unchanged at 8.0%, despite the current low inflation environment. This cautious stance reflects the high level of global economic uncertainty, which could lead to inflationary pressures. Amid ongoing geopolitical tensions, disruptions in supply chains and international shipping continue. In this context, trends in oil and food prices on global markets remain highly uncertain, posing risks of increased imported inflation. Additionally, strong economic growth adds to inflationary concerns, stated by the regulator. Based on NBG's current forecast, low inflation is expected to persist throughout 2024, stabilizing at the target rate of 3.0% in the medium term. The next committee meeting is scheduled for 23 October 2024.

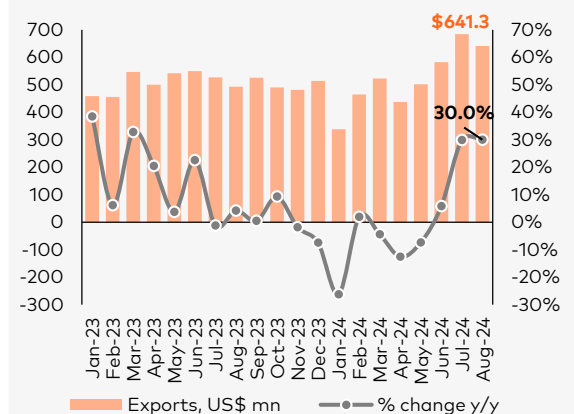
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	8.0%
GDP per capita (ppp)	23,344	25,373
GDP per capita (US\$)	8,210	8,869
Population (mn)	3.7	3.7
Inflation (average)	2.5%	2.0%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	4.4%	4.8%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	38.6%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

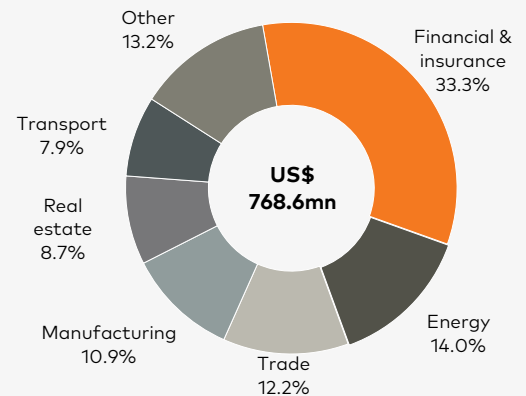
*Latest sovereign credit ratings

Goods exports



Source: Geostat

FDI by sector, 1H24



Source: Geostat

Money market

Ministry of Finance T-bills/T-notes:

10-year GEL 30.0mn (US\$ 11.1mn) Benchmark bonds were sold at the auction held at NBG on September 10, 2024. Total demand was 3.1x higher and the weighted average yield was fixed at 8.890%, down by 0.622ppts from previous auction held in Aug-24.

1-year GEL 20.0mn (US\$ 7.4mn) Benchmark bonds were sold at the auction held at NBG on September 10, 2024. Total demand was 3.5x higher and the weighted average yield was fixed at 7.738%, down by 0.060ppts from previous auction held in Aug-24.

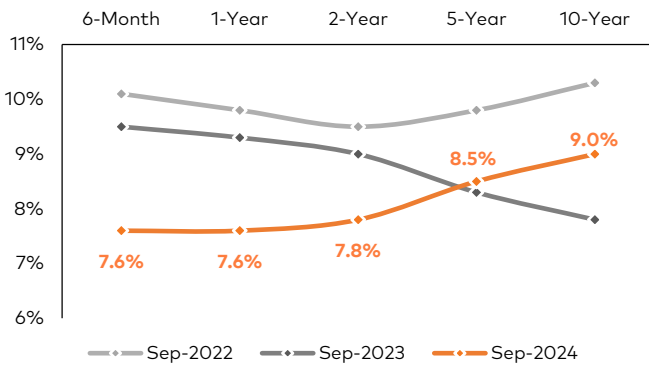
The nearest treasury security auction is scheduled for September 17, 2024, where GEL 75.0mn nominal value 6.8-year Benchmark Bonds will be sold.

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)	410	120	360
Long-term (over 1-year)	2,095	925	8,394
Total	2,505	1,045	8,754

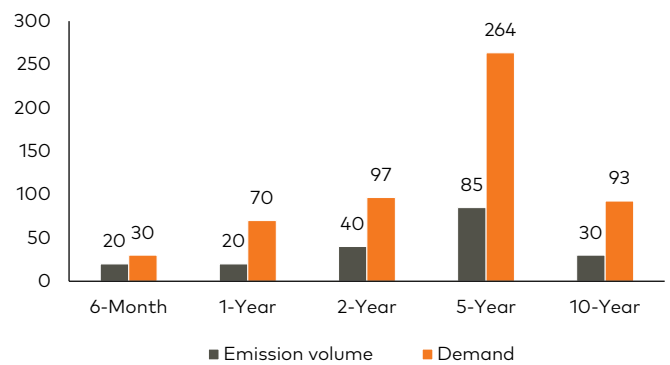
Source: MoF
*As of July 2024

T-bills / T-notes, yield curve



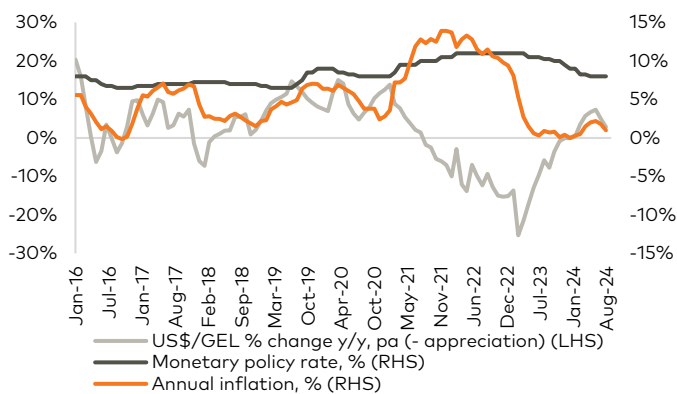
Source: NBG

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



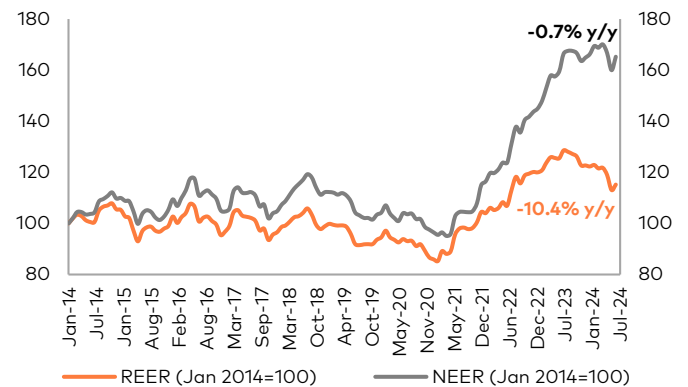
Source: NBG

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

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings		Mid price	Mid yield, %	Z-spread, bps
						(Fitch/S&P/Mood)	(y/Scope)			
GEORG 04/26	USD	500	2.750%	Apr-21	Apr-26	BB/BB/Ba2		94.29	6.57	301.55
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-		90.11	7.05	384.16
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2		97.90	10.06	687.20
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1		100.29	8.23	443.47
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-		100.23	13.34	n/a
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-		95.95	10.86	748.91
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2		98.47	10.64	734.96
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-		101.86	8.40	510.19

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

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings		Mid price	Mid yield	
						(Fitch/S&P/Moody/Scope)				
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	6.75%	
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	8.13%	
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%	
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%	

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

Fixed income

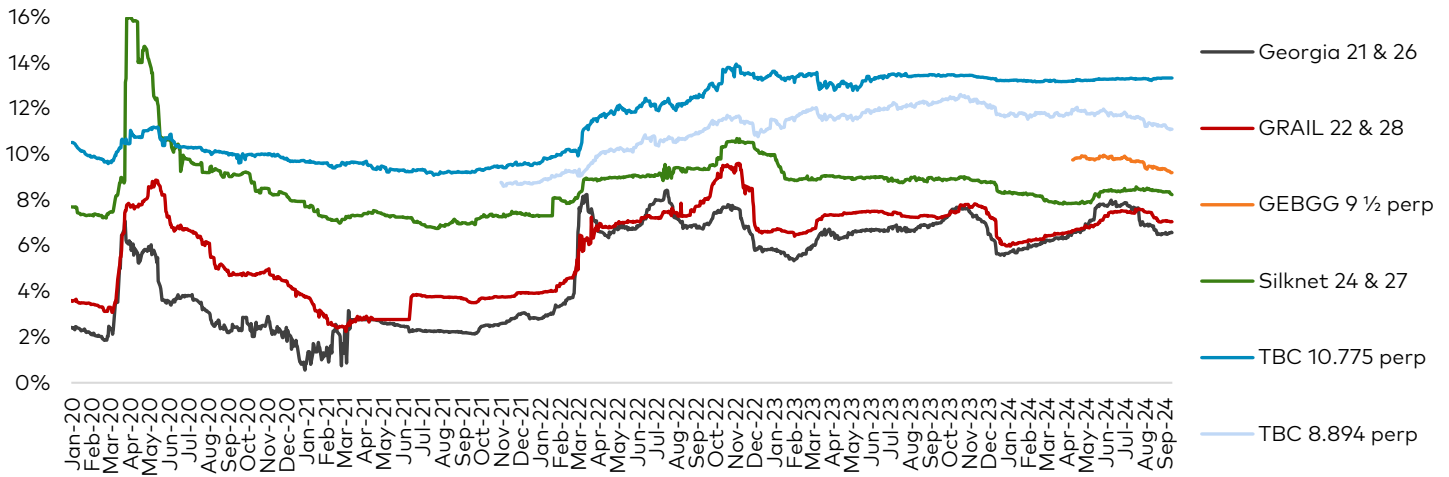
Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %
EUR								
Tegeta Motors	EUR	5	7.00%	Apr-23	Apr-25	-/-/BB-	99.77	7.00%
Tegeta Motors	EUR	4	7.00%	Dec-23	Dec-25	-/-/BB-	99.63	7.00%
Tegeta Motors	EUR	7	6.75%	Dec-23	Dec-25	-/-/BB-	100.37	6.75%
IG Development	EUR	5	7.00%	Jan-24	Jan-26	-/-/BB-	99.60	7.00%
Tegeta Motors	EUR	10	6.75%	May-24	May-26	-/-/BB-	n/a	6.75%
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 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	-/-/BB-	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-/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-25	-/-/BB-	n/a	n/a
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-	n/a	n/a
Nikora Trade	GEL	35	TIBR3M + 3.50%	Nov-21	Nov-24	-/-/BB-	n/a	n/a

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

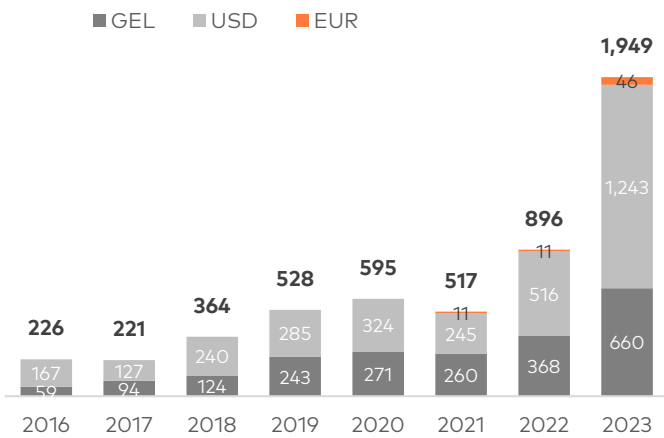
Fixed income

Georgian Eurobonds, YTM



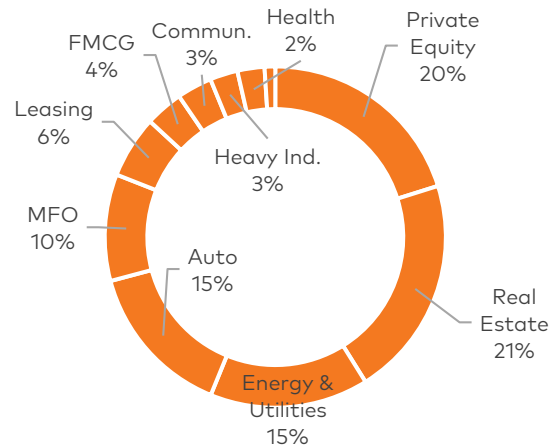
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



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

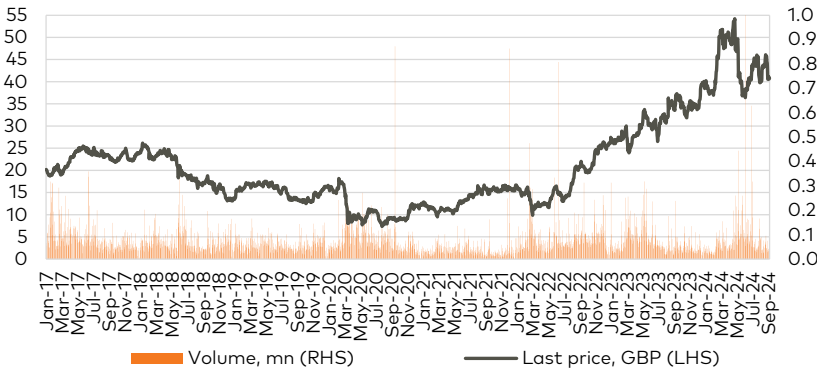
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

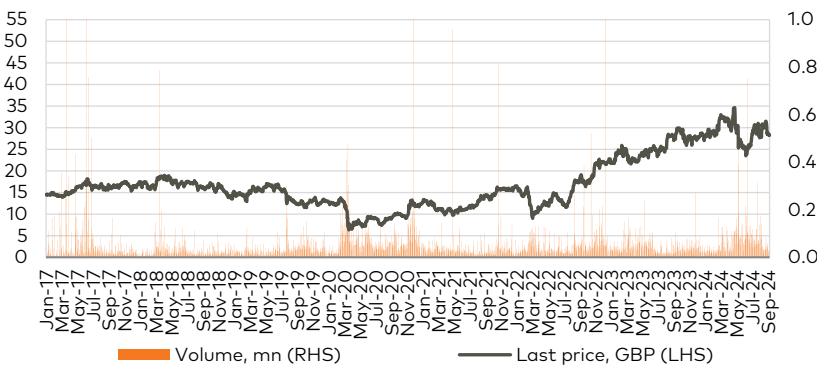
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 40.85/share (+0.74% w/w and +2.00% m/m). More than 175k shares traded in the range of GBP 40.05 - 42.00/share. Average daily traded volume was 48k in the last 4 weeks. The volume of BGEO shares traded was at 0.38% of its capitalization.

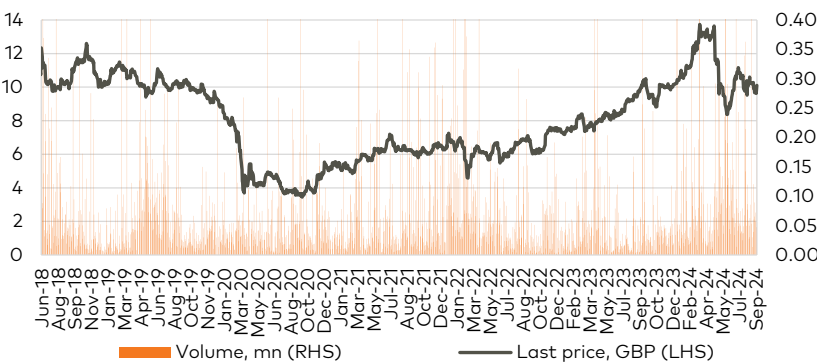
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 28.25/share (-0.53% w/w and +1.62% m/m). More than 163k shares changed hands in the range of GBP 27.95 - 29.15/share. Average daily traded volume was 39k in the last 4 weeks. The volume of TBCG shares traded was at 0.29% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 10.10/share (+4.45% w/w and +6.09% m/m). More than 490k shares traded in the range of GBP 9.61 - 10.20/share. Average daily traded volume was 118k in the last 4 weeks. The volume of CGEO shares traded was at 1.15% 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	40.85	1,862	-20.4%	17.6%	2.8%	4.36x	3.67x	3.73x	1.19x	na	na
TBC	TBC	GBP	28.25	1,565	-12.8%	3.5%	-0.2%	4.78x	4.52x	3.84x	1.15x	na	na
Halyk Bank	HSBK	USD	16.32	4,451	-7.5%	19.6%	7.7%	2.57x	2.60x	2.46x	0.72x	na	na
Akbank	AKBNK	TRY	56.60	294,320	35.4%	94.2%	55.0%	2.86x	4.35x	2.75x	0.90x	1.13x	0.80x
Garanti	GARAN	TRY	111.00	466,200	75.5%	125.8%	90.2%	2.84x	4.73x	3.20x	1.00x	1.43x	0.96x
Isbank	ISCTR	TRY	12.86	321,500	21.3%	49.3%	37.6%	3.23x	3.51x	2.21x	0.87x	0.96x	0.66x
PKO	PKO	PLN	57.18	71,475	1.6%	61.8%	13.6%	11.44x	6.56x	6.49x	1.39x	1.43x	1.31x
PEKAO	PEO	PLN	151.95	39,882	-13.7%	51.4%	-0.1%	6.07x	6.22x	6.65x	1.32x	1.27x	1.20x
Millennium	MIL	PLN	9.05	10,978	-13.4%	63.1%	8.3%	17.78x	4.03x	4.52x	1.47x	1.41x	1.23x
Mbank	MBK	PLN	638.80	27,127	-10.7%	56.9%	19.4%	na	6.25x	5.98x	1.65x	1.79x	1.36x
BRD	BRD	RON	20.20	14,077	3.6%	35.6%	12.7%	7.62x	9.65x	9.86x	1.42x	1.48x	1.38x
Banca Transilvania	TLV	RON	27.55	22,003	17.5%	38.7%	30.4%	7.76x	6.66x	6.71x	1.82x	1.56x	1.60x
Komerčni	KOMB	CZK	763.50	145,103	-5.9%	12.5%	5.4%	8.76x	9.37x	9.27x	1.09x	1.16x	1.16x
Mean								6.67x	5.55x	5.21x	1.23x	1.36x	1.17x
Median								5.43x	4.73x	4.52x	1.19x	1.42x	1.22x

Source: Bloomberg, S&P Capital IQ

Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisors or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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)