



Economy

NBG cut its key rate by 75bps to 8.25%

On March 13, 2024, the NBG's Monetary Policy Committee reduced its key rate by 75bps to 8.25% considering the low inflation environment along with reduced inflationary risks related to Red Sea tensions. The regulator also emphasized that local economic activity is gradually approaching its potential trend indicating the neutralization of demand-driven inflationary pressures. Based on NBG's estimate, inflation is expected to remain below the target of 3.0% at the beginning of 2024, while stabilizing close to it in the medium term. The next committee meeting is scheduled for 8 May 2024.

Goods exports increased by 1.9% y/y in Feb-24

In Feb-24, goods exports increased by 1.9% y/y to US\$ 464.6mn, after falling 26.2% y/y in previous month. Similarly, goods imports also increased by 3.6% y/y to US\$ 1.1bn in February, following a 7.5% y/y reduction in previous month. Consequently, the trade deficit increased by 4.9% y/y to US\$ 642.1mn in Feb-24.

Overall, in 2M24, trade deficit expanded by 5.3% y/y to US\$ 1.3bn, as exports decreased by 12.2% y/y to US\$ 803.2mn and imports were down by 2.0% y/y to US\$ 2.1bn.

Money transfers stood at US\$ 272.3mn in Feb-24

Money transfers were down by 26.9% y/y to US\$ 272.3mn in Feb-24, after falling by 40.5% y/y in previous month, due to the last year's high base and normalization in transfers from Russia. From top countries, transfers reduced from Russia (-66.8% y/y, accounting for 22.8% of total), Kazakhstan (-17.8% y/y, 3.9% of total) and Türkiye (-11.7% y/y, 2.8% of total). In contrast, there were substantial increases in remittances from EU (+15.0% y/y, 39.9% of total), followed by USA (+35.3% y/y, 15.1% of total) and Israel (+24.5% y/y, 7.5% of total).

Overall, in 2M24 remittances decreased by 34.5% y/y to US\$ 535.5mn.

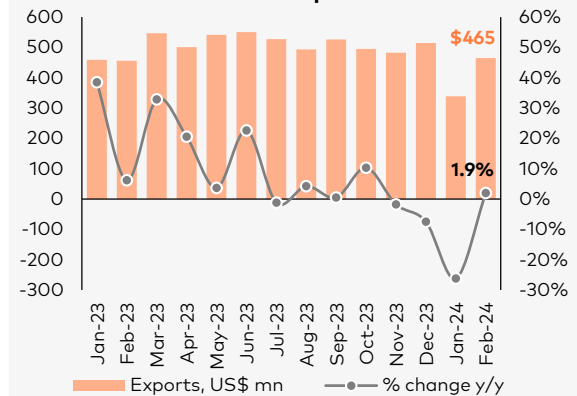
Key macro indicators

	2023E	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	22,371	24,969
GDP per capita (US\$)	8,170	8,906
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	5.2
CAD (% of GDP)	4.5%	4.7%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.1%	38.0%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

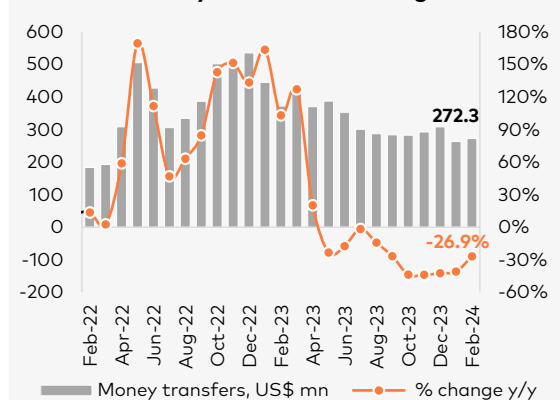
*Latest sovereign credit ratings

Goods exports



Source: Geostat

Money transfers in Georgia



Source: NBG

Money market

Ministry of Finance T-bills/T-notes:

10-year GEL 30.0mn (US\$ 11.3mn) Benchmark bonds were sold at the auction held at NBG on March 12, 2024. Total demand was 1.5x higher and the weighted average yield was fixed at 8.353%, up by 0.022ppts from previous auction held in Feb-24.

1-year GEL 20.0mn (US\$ 7.5mn) T-Bills were sold at the auction held at NBG on March 12, 2024. Total demand was 2.9x higher and the weighted average yield was fixed at 8.158%, down by 0.121ppts from previous auction held in Feb-24.

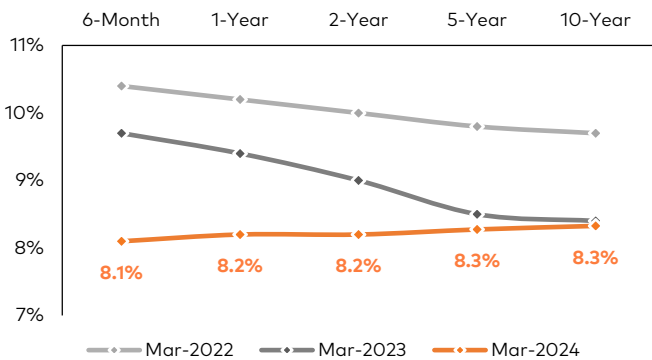
The nearest treasury security auction is scheduled for March 19, 2024, where GEL 75.0mn nominal value 7.3-year Benchmark Bonds will be sold.

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)	707	2,640	7,569
Total	877	3,000	7,979

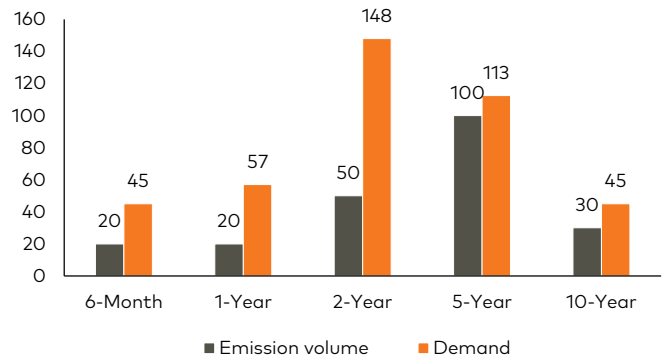
Source: MoF
*As of January 2024

T-bills / T-notes, yield curve



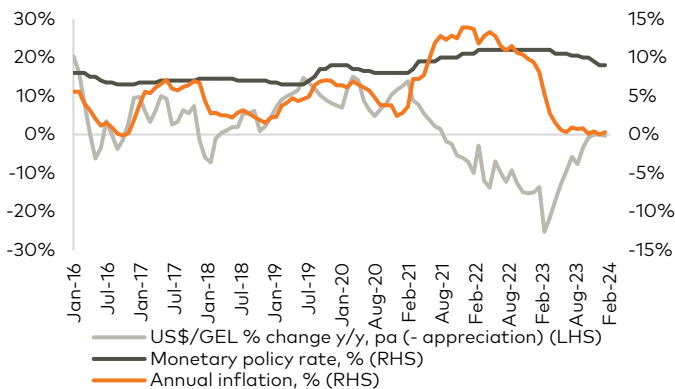
Source: NBG

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



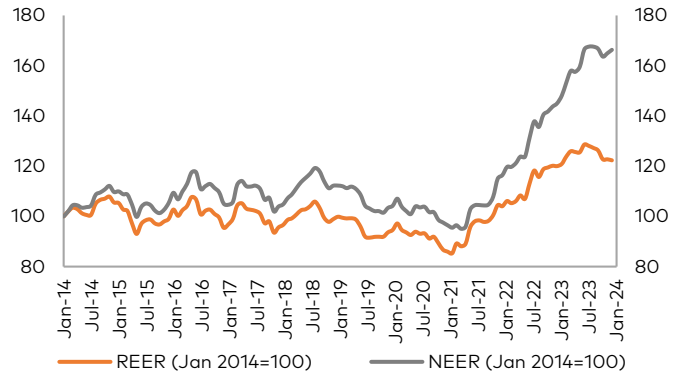
Source: NBG

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		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		93.07	6.34	174.99
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/-		90.79	6.52	234.35
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-		100.85	12.76	235.72
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/-/B1		101.11	7.93	301.90
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/-/Ba2		99.78	6.55	111.68
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-		100.25	13.19	490.60

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

Georgian local bonds performance

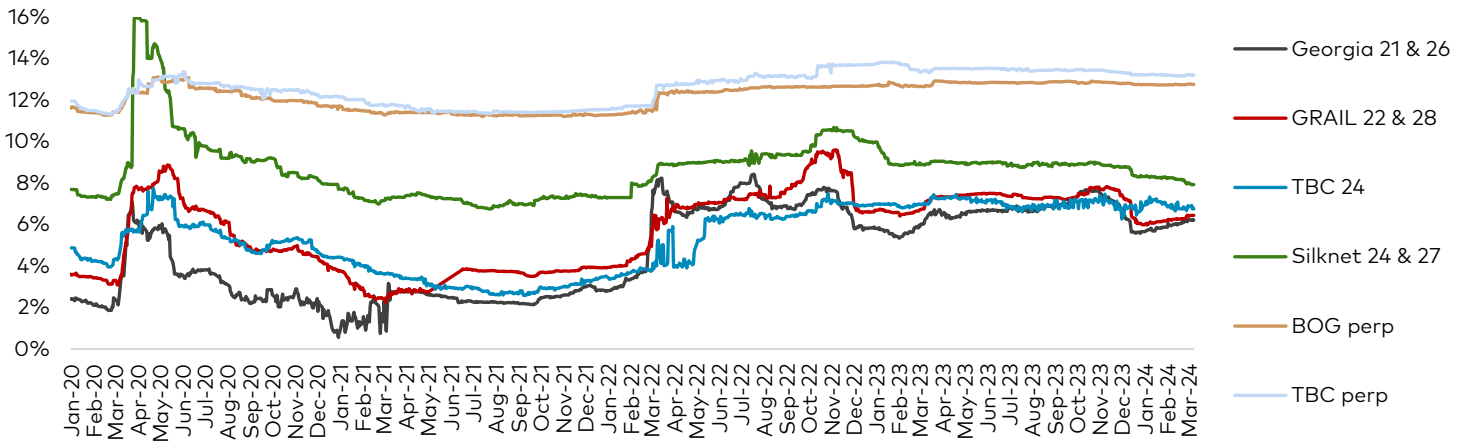
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings		Mid price	Mid yield, %	
						(Fitch/S&P/Moody/Scope)				
USD										
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-		n/a	n/a	
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/-B+		n/a	n/a	
IG Development	USD	15	8.50%	Jul-22	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	
EUR										
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	
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



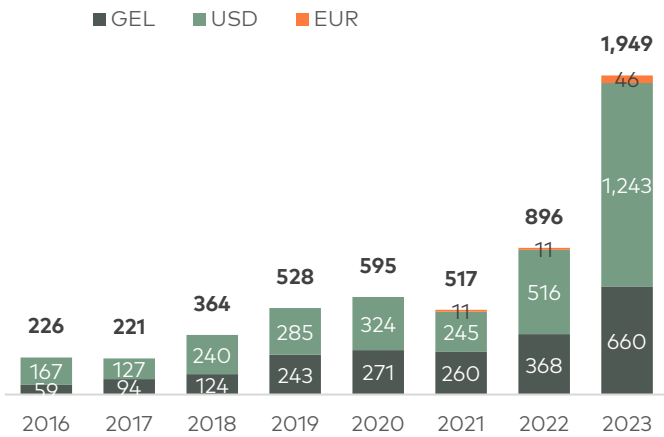
Fixed income

Georgian Eurobonds, YTM



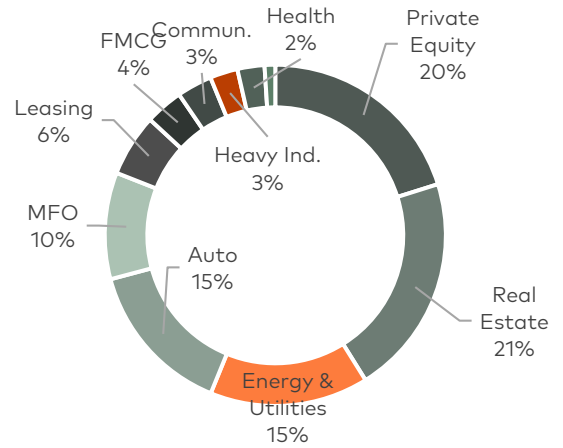
Source: Bloomberg

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

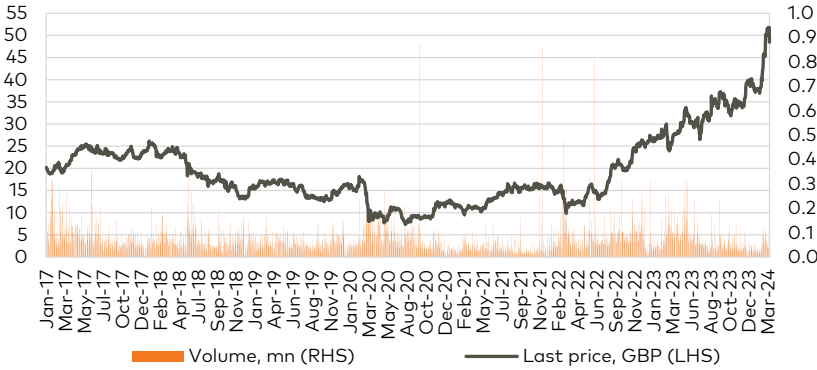


Source: Galt & Taggart



Equities

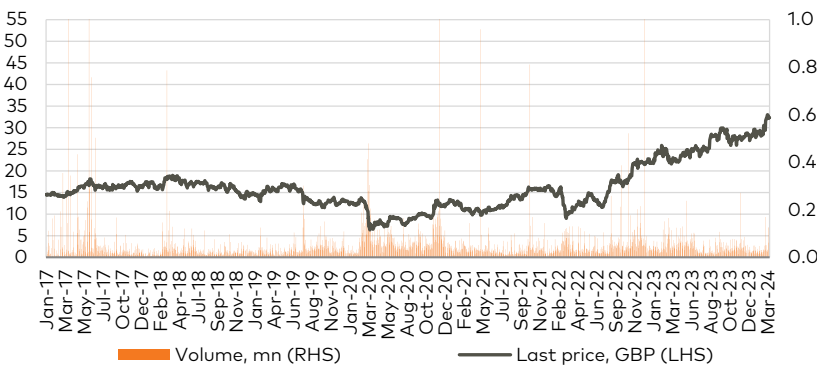
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 48.45/share (-6.10% w/w and +20.22% m/m). More than 350k shares traded in the range of GBP 47.35 - 53.10/share. Average daily traded volume was 72k in the last 4 weeks. The volume of BGEO shares traded was at 0.77% of its capitalization.

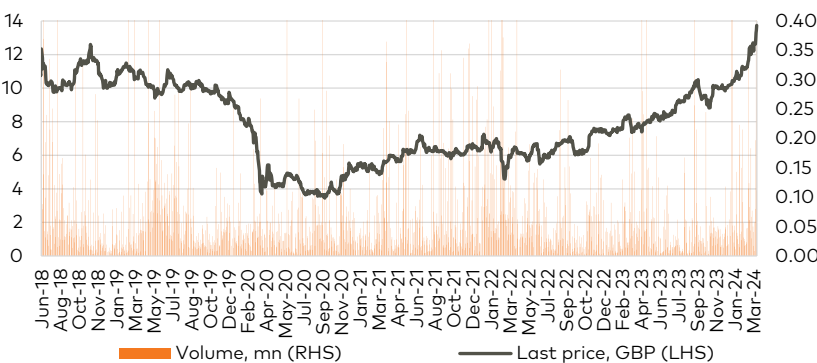
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 32.35/share (-1.97% w/w and +13.91% m/m). More than 493k shares changed hands in the range of GBP 31.85 - 33.00/share. Average daily traded volume was 55k in the last 4 weeks. The volume of TBCG shares traded was at 0.89% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 13.74/share (+9.05% w/w and +21.81% m/m). More than 1336k shares traded in the range of GBP 12.50 - 13.74/share. Average daily traded volume was 132k in the last 4 weeks. The volume of CGEO shares traded was at 3.13% 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	48.45	2,215	30.8%	93.4%	21.9%	4.36x	5.40x	5.17x	1.19x	na	na
TBC	TBC	GBP	32.35	1,792	12.7%	40.7%	14.3%	4.78x	4.87x	4.04x	1.15x	na	na
Halyk Bank	HSBK	USD	17.68	4,821	30.0%	56.2%	16.6%	2.57x	3.15x	2.97x	0.72x	0.85x	0.73x
Akbank	AKBNK	TRY	39.72	206,544	39.7%	113.5%	8.8%	2.86x	2.86x	2.01x	0.90x	0.92x	0.58x
Garanti	GARAN	TRY	60.90	255,780	21.8%	130.3%	4.4%	2.84x	3.51x	1.98x	1.00x	0.87x	0.65x
Isbank	ISCTR	TRY	10.24	256,000	18.6%	75.1%	9.6%	3.23x	3.15x	2.03x	0.87x	0.88x	0.59x
PKO	PKO	PLN	55.32	69,150	55.7%	97.8%	9.9%	11.44x	7.66x	7.70x	1.39x	1.36x	1.30x
PEKAO	PEO	PLN	174.30	45,749	71.4%	117.3%	14.6%	6.07x	7.90x	8.51x	1.32x	1.45x	1.40x
Millennium	MIL	PLN	10.51	12,749	84.1%	158.4%	25.8%	17.78x	5.07x	5.83x	1.47x	1.67x	1.40x
Mbank	MBK	PLN	723.80	30,736	77.5%	153.1%	35.3%	na	9.31x	8.14x	1.65x	1.87x	1.57x
BRD	BRD	RON	19.70	13,729	27.1%	56.6%	9.9%	7.62x	10.18x	10.02x	1.42x	1.43x	1.45x
Banca Transilvania	TLV	RON	26.90	21,484	23.5%	55.7%	10.9%	7.76x	8.04x	7.33x	1.82x	1.48x	1.27x
Komerčni	KOMB	CZK	816.50	155,175	18.8%	21.1%	12.7%	8.76x	10.37x	10.19x	1.09x	1.24x	1.17x
Mean								6.67x	6.27x	5.84x	1.23x	1.27x	1.10x
Median								5.43x	5.40x	5.83x	1.19x	1.36x	1.27x

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, advisers 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)