



Economy

Real GDP growth accelerated in Apr-24

Georgia's real GDP growth accelerated, up by 11.8% y/y in Apr-24, after growing by 8.2% in previous month. Cumulatively, real GDP growth reached 9.0% y/y in 4M24. The manufacturing, construction, ICT, transport, professional & scientific activities and trade sectors were the primary drivers of growth in April. In contrast, the energy sector contracted during the same period. We maintain our real GDP baseline growth forecast at 6.0% for 2024 (see updated macro forecasts [here](#)).

Bank lending increased by 18.4% y/y in Apr-24

In Apr-24, the banking sector loan portfolio increased by 18.4% y/y (+1.7% m/m), excluding FX effect, after a 17.3% y/y growth in previous month. In unadjusted terms, loan portfolio rose by 21.8% y/y (+1.4% m/m), reaching GEL 54.5bn (US\$ 20.3bn), after growing 20.0% y/y in Mar-24. By sector, corporate loans increased by 21.7% y/y (exc. FX effect) in April and retail loans were up 15.8% y/y. Loan dollarization stood at 44.7% (+0.63ppts y/y and -0.06ppts m/m) in Apr-24.

Bank deposits increased by 17.7% y/y (exc. FX effect) to GEL 52.3bn (US\$ 19.5bn) in Apr-24, after growing by 16.7% y/y in previous month. In terms of currency breakdown, GEL deposits increased by 29.1% y/y and FX deposits (exc. FX effect) were up 6.9% y/y. As a result, the level of deposit dollarization reduced to 48.3% (-3.05ppts y/y and -1.41ppts m/m) in Apr-24.

NBG sold US\$ 48.7mn

On May 28, 2024, the NBG intervened in the FX market and sold US\$ 48.7mn out of offered US\$ 60mn to curb GEL volatility. Notably, the NBG is a net buyer of c.US\$ 150mn year-to-date by our estimates.

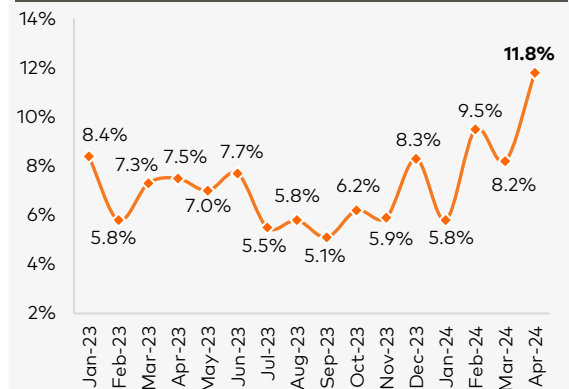
Key macro indicators

	2023	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	23,344	24,648
GDP per capita (US\$)	8,210	8,616
Population (mn)	3.7	3.7
Inflation (average)	2.5%	3.0%
Gross reserves (US\$ bn)	5.0	4.8
CAD (% of GDP)	4.3%	5.6%
Fiscal deficit (% of GDP)	2.5%	2.5%
Total public debt (% of GDP)	39.2%	38.4%
Fitch/S&P/Moody's*	BB/BB/Baa2	

Source: Official data, Rating agencies, Galt & Taggart

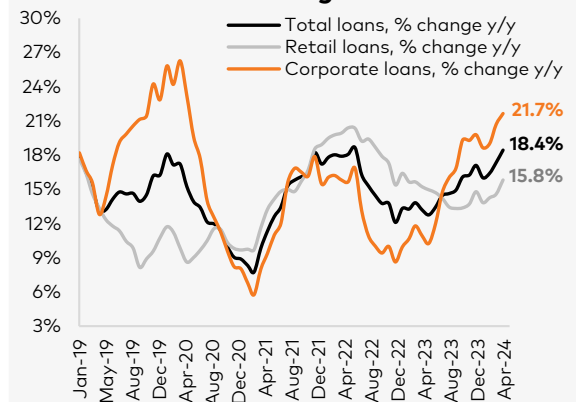
*Latest sovereign credit ratings

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 70.1mn (US\$ 25.3mn) Benchmark bonds were sold at the auction held at NBG on May 28, 2024. Total demand was 1.5x higher and the weighted average yield was fixed at 8.880%, up by 0.556ppts from previous auction held in Apr-24.

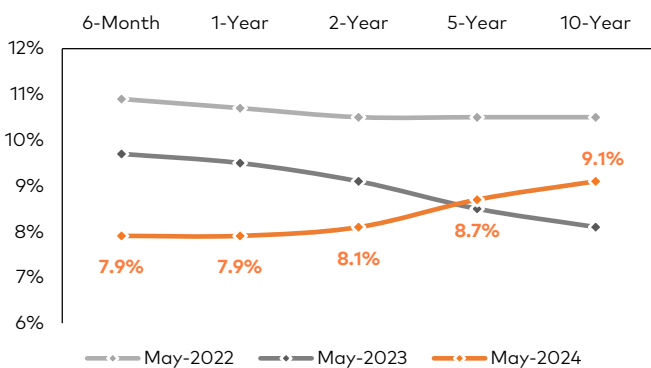
The nearest treasury security auction is scheduled for June 4, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 2.6-year Benchmark Bonds will be sold.

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)	250	280	410
Long-term (over 1-year)	1,340	2,005	8,165
Total	1,590	2,285	8,575

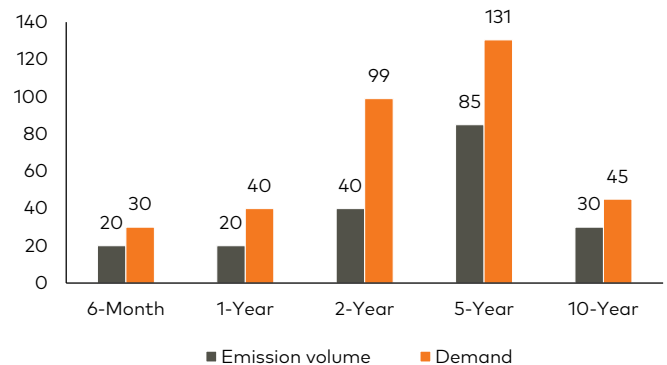
Source: MoF
*As of April 2024

T-bills / T-notes, yield curve



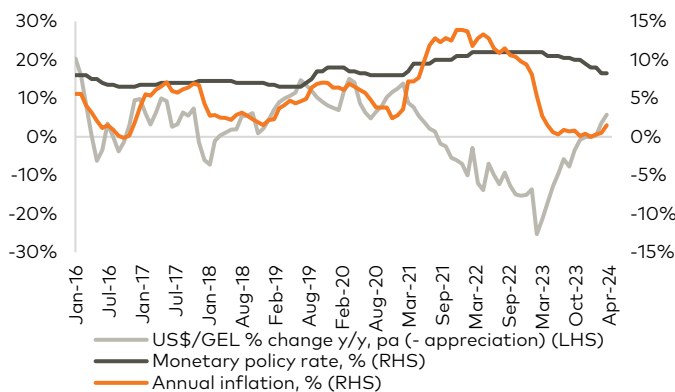
Source: NBG

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



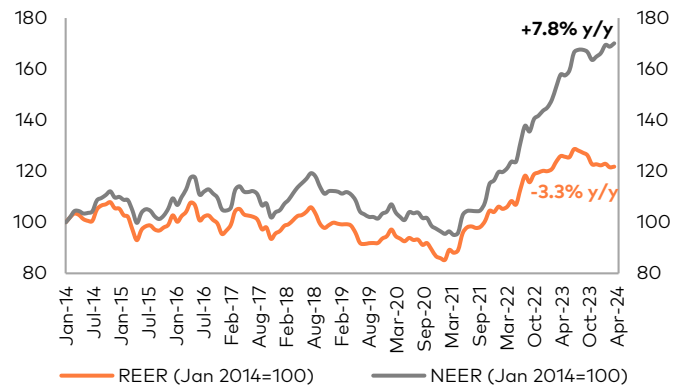
Source: NBG

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	91.39	7.75	291.97
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	88.57	7.32	293.22
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-	99.88	12.34	n/a
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	98.00	10.01	568.23
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/B1	99.89	8.42	377.93
TBC 10.775 PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-	99.87	10.26	563.72
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	95.72	10.77	614.60
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	98.67	10.57	618.90

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

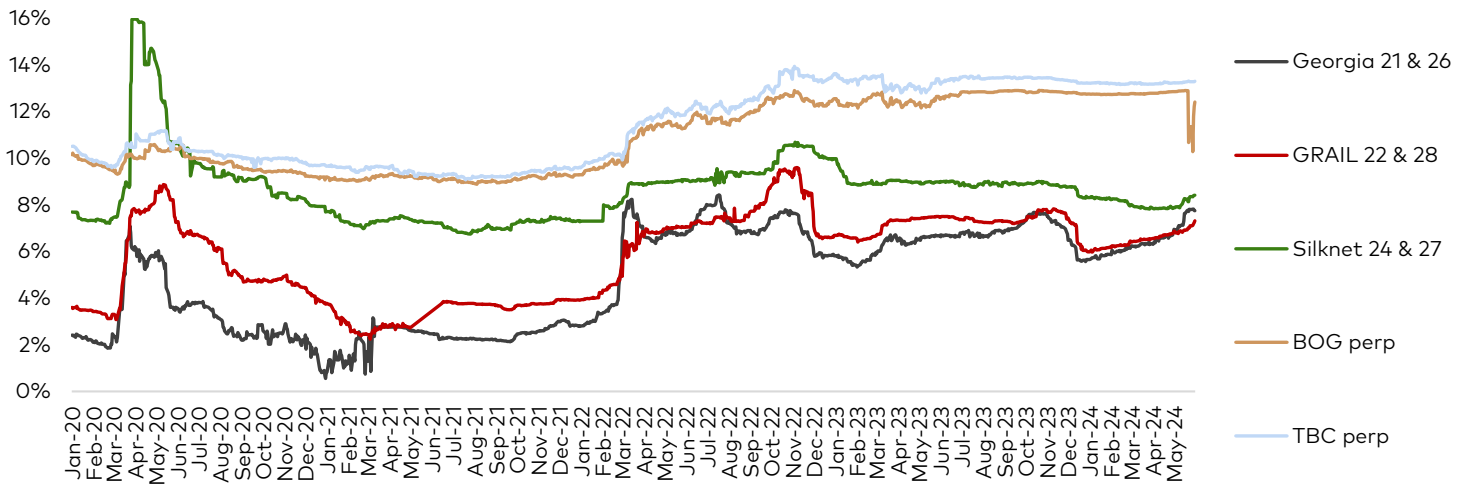
Georgian local bonds performance

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	-/-/-	99.87	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-21	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

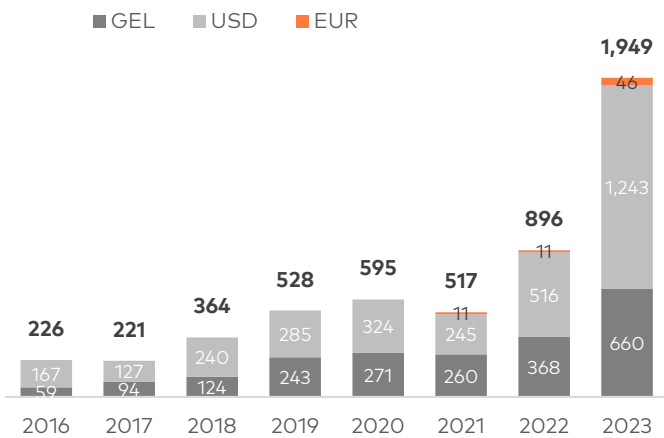
Fixed income

Georgian Eurobonds, YTM



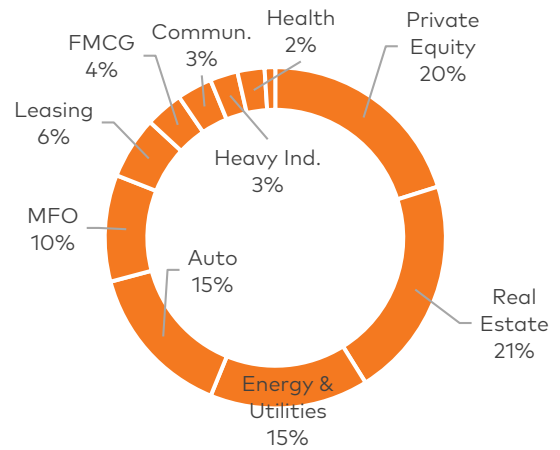
Source: Bloomberg

Georgian corporate public bonds outstanding, GEL mn



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

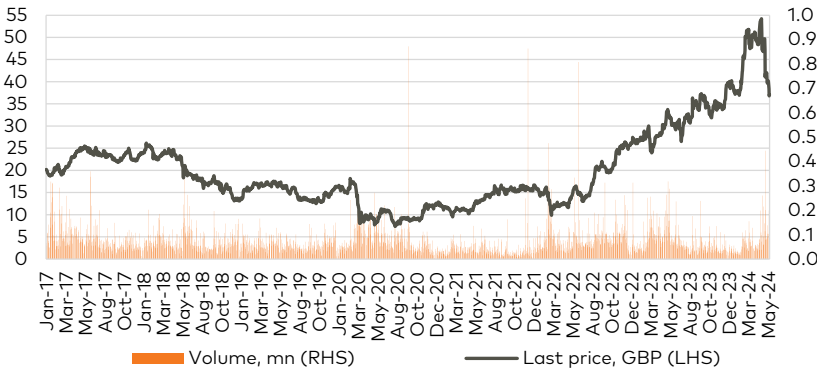
Georgian corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

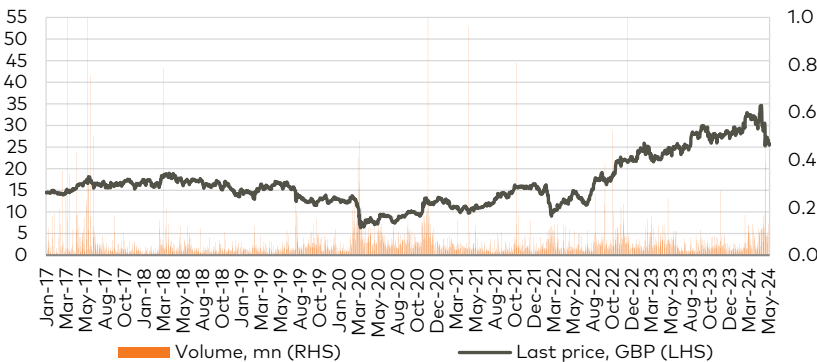
Bank of Georgia Group (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 37.10/share (-7.60% w/w and -31.04% m/m). More than 784k shares traded in the range of GBP 36.70 - 40.30/share. Average daily traded volume was 149k in the last 4 weeks. The volume of BGEO shares traded was at 1.72% of its capitalization.

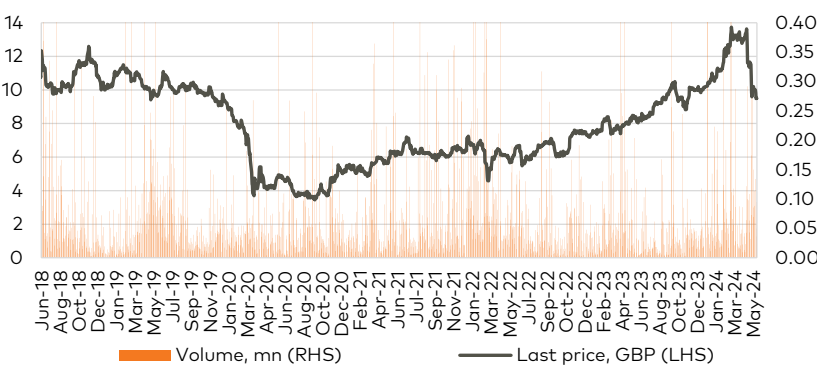
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 25.50/share (-4.14% w/w and -26.30% m/m). More than 430k shares changed hands in the range of GBP 25.10 - 26.85/share. Average daily traded volume was 142k 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 9.50/share (-5.00% w/w and -30.35% m/m). More than 315k shares traded in the range of GBP 9.36 - 10.02/share. Average daily traded volume was 112k in the last 4 weeks. The volume of CGEO shares traded was at 0.74% 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	37.10	1,691	7.5%	23.1%	-6.7%	4.36x	3.48x	3.52x	1.19x	na	na
TBC	TBC	GBP	25.50	1,413	-8.3%	10.9%	-9.9%	4.78x	4.05x	3.35x	1.15x	na	na
Halyk Bank	HSBK	USD	17.90	4,881	23.4%	39.4%	18.1%	2.57x	2.82x	2.78x	0.72x	0.86x	0.73x
Akbank	AKBNK	TRY	66.40	345,280	97.4%	320.3%	81.8%	2.86x	4.81x	3.18x	0.90x	1.33x	0.96x
Garanti	GARAN	TRY	107.80	452,760	99.4%	302.5%	84.7%	2.84x	5.06x	3.53x	1.00x	1.54x	1.16x
Isbank	ISCTR	TRY	16.11	402,750	87.8%	261.2%	72.4%	3.23x	4.51x	3.02x	0.87x	1.32x	0.87x
PKO	PKO	PLN	59.36	74,200	24.9%	85.0%	18.0%	11.44x	7.15x	7.25x	1.39x	1.45x	1.35x
PEKAO	PEO	PLN	160.00	41,995	13.8%	66.2%	5.2%	6.07x	6.78x	7.29x	1.32x	1.34x	1.26x
Millennium	MIL	PLN	8.98	10,887	13.0%	101.5%	7.4%	17.78x	4.23x	5.15x	1.47x	1.43x	1.20x
Mbank	MBK	PLN	626.00	26,583	11.0%	77.4%	17.0%	na	5.34x	6.27x	1.65x	1.57x	1.29x
BRD	BRD	RON	19.00	13,241	14.5%	57.0%	6.0%	7.62x	9.05x	9.34x	1.42x	1.40x	1.31x
Banca Transilvania	TLV	RON	31.20	24,918	35.8%	86.4%	28.6%	7.76x	8.58x	8.15x	1.82x	1.73x	1.49x
Komercni	KOMB	CZK	778.00	147,858	12.5%	17.6%	7.4%	8.76x	9.88x	9.32x	1.09x	1.17x	1.15x
Mean								6.67x	5.83x	5.55x	1.23x	1.38x	1.16x
Median								5.43x	5.06x	5.15x	1.19x	1.40x	1.20x

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)