



Economy

Real GDP growth was 5.8% y/y in Jan-24

Georgia's real GDP growth came in at 5.8% y/y in Jan-24, after growing by 8.3% in previous month. The construction, financial and ICT sectors were the primary drivers of growth in January. In contrast, the trade, real estate and manufacturing 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

Bank lending increased by 15.9% y/y in Jan-24

In Jan-24, the banking sector loan portfolio increased by 15.9% y/y (-1.1% m/m), excluding FX effect, after a 17.1% y/y growth in previous month. In unadjusted terms, loan portfolio rose by 16.6% y/y (-1.6% m/m), reaching GEL 51.8bn (US\$ 19.3bn), after growing 17.6% y/y in Dec-23. By sector, corporate loans increased by 18.4% y/y (exc. FX effect) in January and retail loans were up 13.8% y/y. Loan dollarization reduced to 44.7% (-0.29ppts y/y and -0.54ppts m/m) in January.

Bank deposits increased by 15.3% y/y (exc. FX effect) to GEL 50.7bn (US\$ 18.9bn) in Jan-24, after growing by 14.1% y/y in previous month. In terms of currency breakdown, GEL deposits increased by 29.3% y/y and FX deposits growth (exc. FX effect) stood at 3.9% y/y. As a result, the level of deposit dollarization came in at 49.8% (-5.11ppts y/y and -0.95ppts m/m) in Jan-24.

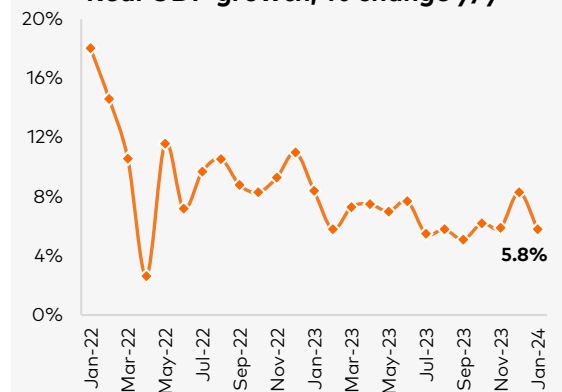
Key macro indicators

	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

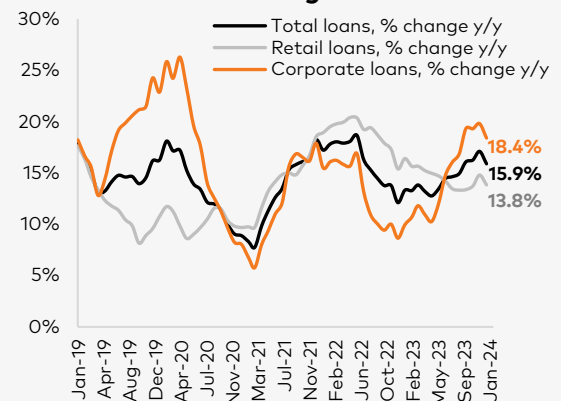
*Latest sovereign credit ratings

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 100.0mn (US\$ 37.7mn) Benchmark bonds were sold at the auction held at NBG on February 27, 2024. Total demand was 1.1x higher and the weighted average yield was fixed at 8.283%, down by 0.039ppts from previous auction held in the previous month.

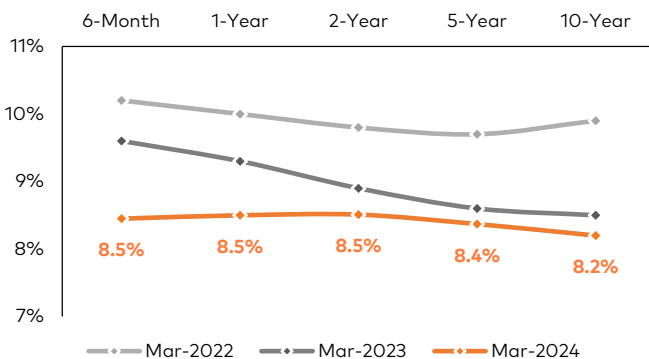
The nearest treasury security auction is scheduled for March 5, 2024, where GEL 20.0mn nominal value 6-month T-bills and GEL 50.0mn nominal value 2.9-year Benchmark Bonds will be sold.

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)	130	400	410
Long-term (over 1-year)	624	2,720	7,569
Total	754	3,120	7,979

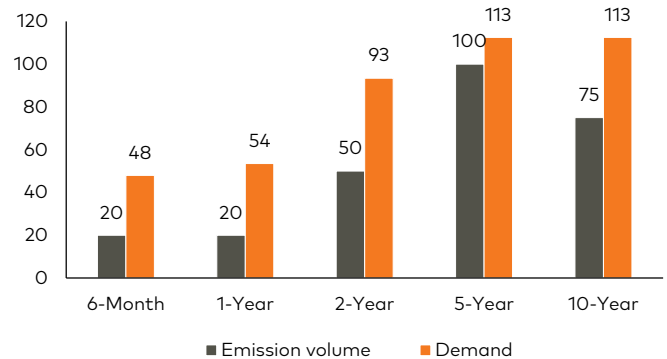
Source: MoF
*As of January 2024

T-bills / T-notes, yield curve



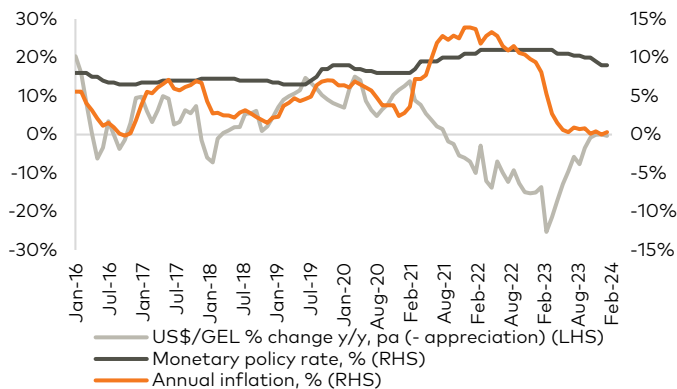
Source: NBG

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



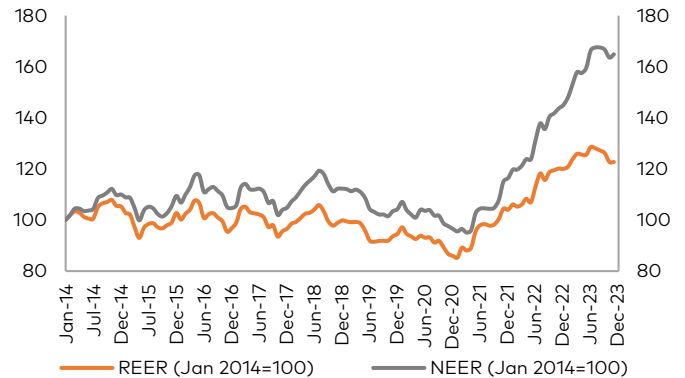
Source: NBG

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		93.34	6.13	169.09
GRAIL 06/28	USD	500	4.000%	Apr-21	Jun-28	BB-/BB-/-		91.04	6.43	239.01
GEBGG 11 1/8 PERP	USD	100	11.125%	Mar-19	n/a	B-/-/-		100.82	12.76	290.80
SILKNET 01/27	USD	300	8.375%	Jan-22	Jan-27	BB-/B1		101.14	7.93	315.91
TBC 06/24	USD	300	5.750%	Jun-19	Jun-24	BB-/Ba2		99.70	6.72	132.05
TBC PERP	USD	125	10.775%	Jul-19	n/a	B-/-/-		99.82	13.23	576.32

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

Georgian local bonds performance

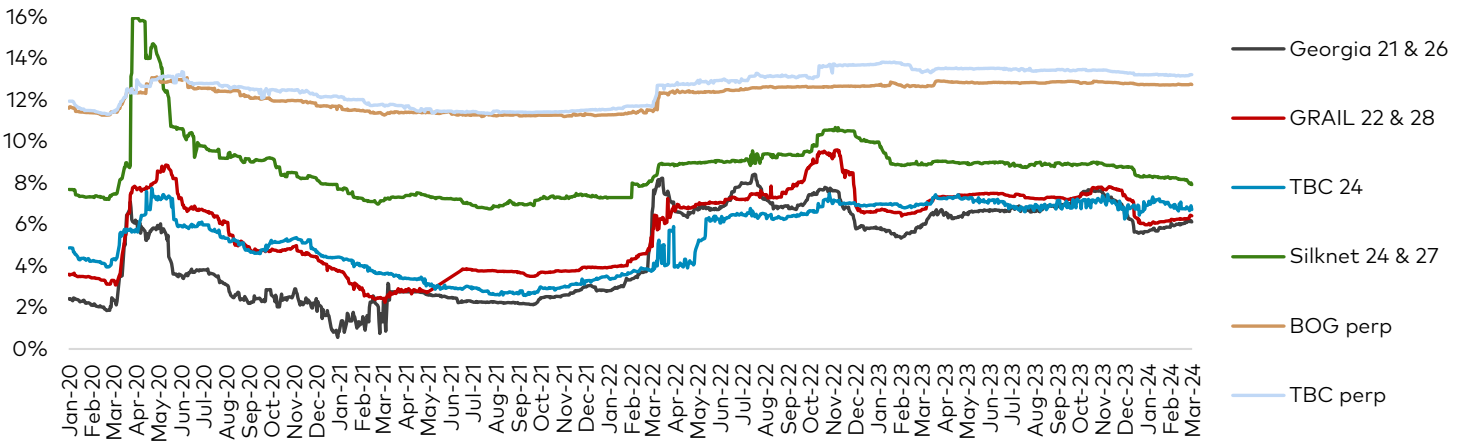
Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings		Mid price	Mid yield, %	
						(Fitch/S&P/Moody/Scope)				
USD										
Bakhvi Hydro Power	USD	1.2	9.40%	Nov-17	Nov-27	-/-/-		n/a	n/a	
Lisi Lake Development	USD	12	6.50%	Dec-21	Dec-24	-/-/B+		n/a	n/a	
IG Development	USD	15	8.50%	Jul-22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



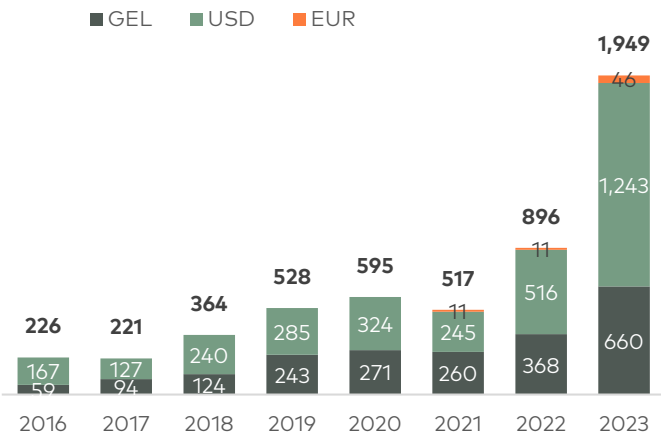
Fixed income

Georgian Eurobonds, YTM



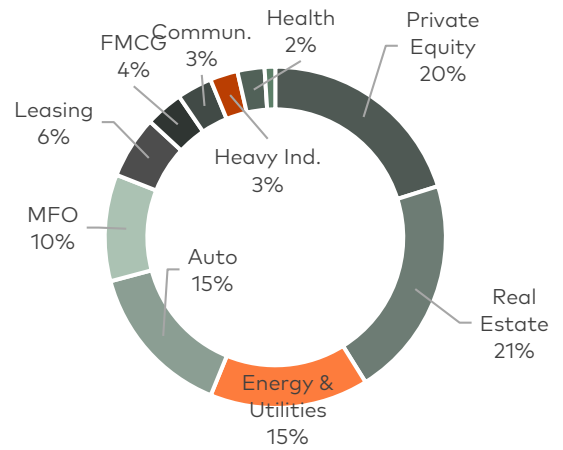
Source: Bloomberg

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

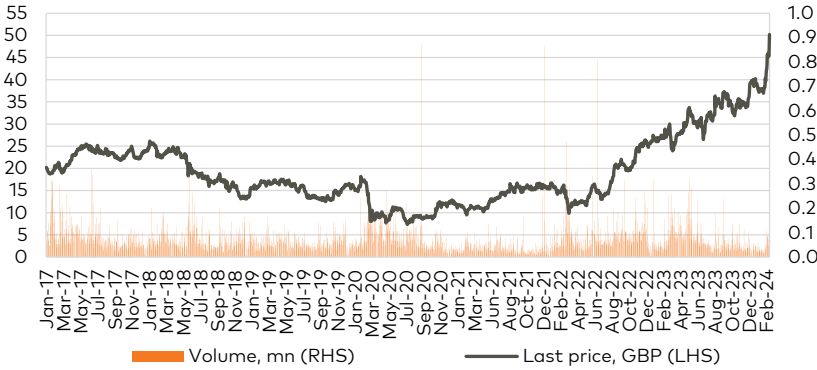


Source: Galt & Taggart



Equities

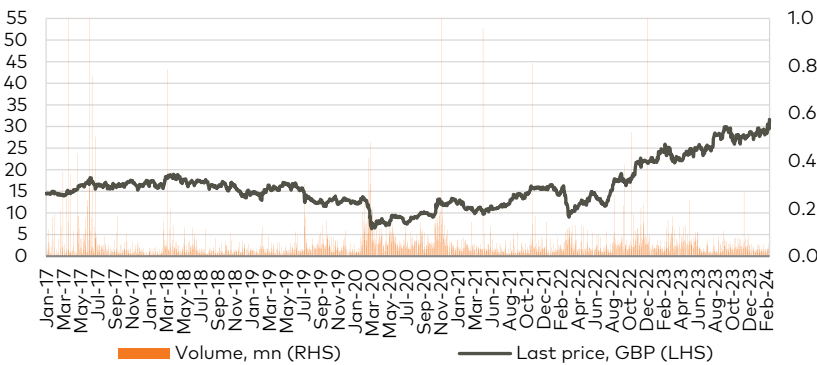
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 50.20/share (+10.09% w/w and +32.28% m/m). More than 393k shares traded in the range of GBP 45.20 - 50.20/share. Average daily traded volume was 54k in the last 4 weeks. The volume of BGEO shares traded was at 0.86% of its capitalization.

Source: Bloomberg

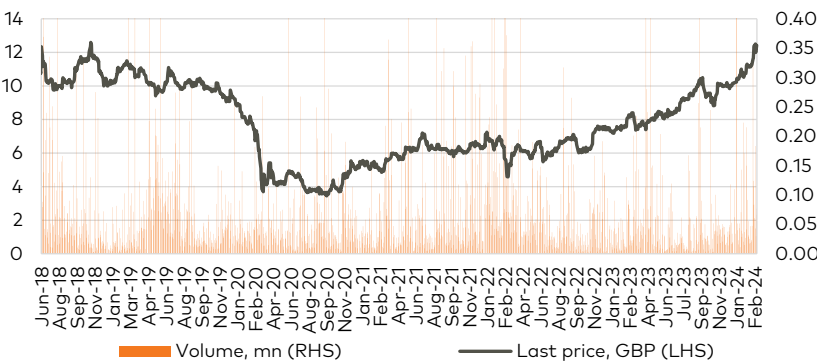
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 31.65/share (+3.60% w/w and +10.47% m/m). More than 331k shares changed hands in the range of GBP 28.95 - 31.65/share. Average daily traded volume was 35k in the last 4 weeks. The volume of TBCG shares traded was at 0.60% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 12.42/share (+0.49% w/w and +10.30% m/m). More than 400k shares traded in the range of GBP 12.00 - 12.62/share. Average daily traded volume was 72k in the last 4 weeks. The volume of CGEO shares traded was at 0.91% 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		
								2022	2023F	2024F	2022	2023F	2024F
Bank of Georgia	BGEO	GBP	50.20	2,303	44.9%	74.9%	26.3%	2.74x	5.87x	5.81x	0.90x	na	na
TBC	TBC	GBP	31.65	1,753	12.0%	27.4%	11.8%	4.10x	5.26x	4.71x	1.04x	na	na
Halyk Bank	HSBK	USD	17.10	4,663	22.3%	52.7%	12.8%	2.69x	2.92x	3.02x	0.78x	0.97x	0.82x
Akbank	AKBNK	TRY	40.30	209,560	37.2%	128.8%	10.4%	1.40x	2.99x	2.91x	0.55x	0.98x	0.94x
Garanti	GARAN	TRY	61.85	259,770	21.6%	162.5%	6.0%	1.91x	3.34x	3.57x	0.73x	1.06x	0.88x
Isbank	ISCTR	TRY	10.71	107,100	25.4%	130.0%	14.6%	0.84x	1.49x	1.32x	0.60x	1.08x	0.92x
PKO	PKO	PLN	56.24	70,300	48.5%	79.4%	11.8%	10.98x	8.59x	8.12x	1.03x	1.48x	1.41x
PEKAO	PEO	PLN	173.00	45,407	58.6%	92.9%	13.8%	na	7.02x	7.82x	na	1.50x	1.43x
Millennium	MIL	PLN	10.00	12,131	65.7%	119.1%	19.7%	na	3.78x	4.83x	1.04x	1.76x	1.59x
Mbank	MBK	PLN	687.00	29,174	60.5%	112.2%	28.4%	na	9.26x	8.86x	1.10x	2.10x	1.78x
BRD	BRD	RON	19.44	13,548	34.4%	48.4%	8.5%	6.81x	8.44x	10.06x	1.31x	1.68x	1.41x
Banca Transilvania	TLV	RON	26.40	21,085	24.9%	52.0%	8.8%	na	7.02x	7.90x	1.60x	1.63x	1.53x
Komerčni	KOMB	CZK	815.50	154,985	16.6%	9.0%	12.6%	8.36x	9.45x	10.37x	1.21x	1.13x	1.24x
Mean								4.42x	5.80x	6.10x	0.99x	1.40x	1.27x
Median								2.74x	5.87x	5.81x	1.04x	1.48x	1.41x

Source: Bloomberg, S&P Capital IQ

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