

2/26/2024

Weekly Highlights

GDP recalculation – growth revised upwards

Geostat revised historical series of GDP and other macroeconomic indicators as recommended by international organizations such as the IMF and Eurostat. Based on this recalculation, real GDP growth, nominal GDP, and per capita GDP are higher in the new series compared to the old series for every single year from 2010 to 2023. The Real GDP growth rate was revised upwards to 7.5% in 2023 from the 7.0% recorded in the old series, with real GDP growth averaging 9.7% during 2021-23 in the new series compared to 9.3% in the old series.

Tourism revenues estimated at US\$ 300mn in Jan-24

Tourism revenues reached US\$ 300mn (+26.6% y/y, excluding migration effect) in Jan-24, according to our estimates. We forecast tourism revenues at US\$ 4.5bn (+10.0% y/y) for 2024, assuming that international visits to Georgia will fully recover to pre-pandemic levels.

IFI GEL Bonds

Issuer	Currency	Size of issue(mn)	Maturity	coupon rate	rating (Fitch)	Coupon rate terms 3m GEL CD NBG Rate + 20 bps
ADB	GEL	30	15-Jul-24	9.51%	AAA	
EBRD	GEL	92	20-Oct-26	10.28%	AAA	
EBRD	GEL	93	20-Jul-24	10.28%	AAA	

Perpetual Bonds

Georgian Issuer	Currency	Amount (mn)	First Reset Date	Current coupon	rating (Fitch)	%	Z-Spread (bps)
TBC AT1	USD	125	3-Oct-24	10.775%	B-	12.88%	846.40
BGEO AT1	USD	100	28-Jun-24	11.125%	B-	13.45%	631.63

Domestic GEL Bonds

Issuer	Currency	Amount (mn)	Maturity	Yield	Fitch Rating	Coupon	Z-spread (bps)
Cellfire	GEL	65	Dec-23	n/a	--	TIBR6M + 3.50%	n/a
EVEX	GEL	50	Nov-24	n/a	--	Ref rate + 3.10%	n/a
Nikora trade	GEL	35	Nov-24	n/a	--	TIBR3M + 3.50%	n/a
Nikora	GEL	35	Nov-25	n/a	--	TIBR3M + 3.50%	n/a
TBC Leasing	GEL	100	Mar-26	n/a	BB	TIBR3M + 2.75%	n/a
TBC Leasing	GEL	15	Jun-26	n/a	BB	TIBR3M + 3.00%	n/a
Tegeta Motors	GEL	150	Dec-25	n/a	--	TIBR3M + 3.50%	n/a
Tegeta Motors	GEL	20	Dec-25	n/a	--	TIBR6M + 3.50%	n/a
MFO Crystal	GEL	25	Feb-25	n/a	B-	TIBR6M + 4.75%	n/a
MFO MBC	GEL	15	Dec-24	n/a	--	TIBR3M + 4.50%	n/a
MFO Rico Express	GEL	130	Mar-26	n/a	--	TIBR1D + 2.00%	n/a

Domestic FX Bonds USD

Issuer	Currency	Amount (mn)	Maturity	Yield	Fitch Rating	Coup. rate	Mid Price
Bakhvi Hydro Power	USD	1.2	Nov-27	n/a	--	9.4%	n/a
Energy Development C	USD	10	Jun-25	n/a	--	8.5%	n/a
Georgia Real Estate	USD	35	Oct-24	8.50%	--	8.5%	100
Geo. Renewable Powe	USD	80	Oct-27	7.00%	--	7.0%	100
Geosteel	USD	15	Apr-25	9.0%	--	9.0%	100
IG Development	USD	15	Jan-24	6.88%	--	6.88%	99.94
IG Development	USD	15	Jul-24	8.75%	--	8.5%	99.80
Lisi Lake Development	USD	12	Dec-24	6.75%	--	6.5%	99.72
Lisi Lake Development	USD	10	Dec-24	8.5%	--	8.5%	100
Silk Real Estate	USD	20	Apr-26	9.0%	--	9.0%	100.01
Georgia Capital	USD	150	Aug-28	8.19%	--	8.5%	101.20
Silk Real Estate	USD	20	Sep-26	8.63%	--	9.25%	101.23
Prime Concrete	USD	7.5	Sep-27	n/a	--	10.5%	n/a
Austrian-Georgian Dev	USD	15	Oct-25	n/a	--	9.0%	n/a
Tegeta Motors	USD	20	Apr-25	8.75%	--	8.5%	99.64

Eurobonds

Georgian Issuer	Currency	Amount (mn)	Maturity	Mid yield	rating (Fitch)	Coupon rate	Z-Spread (bps)
GEO Sovereign	USD	500	Apr-26	7.63%	BB	2.75%	279.81
GEORAIL	USD	500	Jun-28	7.78%	BB-	4.00%	316.31
TBC	USD	300	Jun-24	6.78%	BB-	5.70%	128.55
Silknet	USD	300	Jan-27	8.98%	B	8.37%	423.89

Short Term Central Bank Facilities

	O/N	6 months	2 years	Issuer
GEL	9.00%	10.50%	10.50%	NBG
USD	5.30%	5.00%	4.46%	US FED
EUR	3.90%	3.60%	2.80%	ECB

Geo Ministry of Finance T-Bills

	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	390	9.3	40
1-year	GEL		9.1	40
2-year	GEL		8.8	80
5-year	GEL	7311	8.5	150
10-year	GEL		8.3	170
Total		7701		480

GEORGIA BIWEEKLY MARKET REPORT

Georgian Lari (GEL) spot FX rates



GEL Interbank Deposit Rates (TIBR)



Customer deposit rates

% p.a.	BGEO	TBC
GEL		
3 months	10.95	9.8
1 year	11.1	10.2
2 years	11.5	10.8
USD		
3 months	0.80	1.3
1 year	1.50	2
2 years	2.00	2.45
EUR		
3 months	0.00	0.5
1 year	0.40	0.7
2 years	0.60	0.9

Georgia Macro-Economic Data

	2023E	2024F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	22,371	24,349
GDP per capita (US\$)	8,170	8,685
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%	4.3%
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

Bond market news

Ministry of Finance T-bills/T-notes:

3-year GEL 50.0mn (US\$ 18.8mn) Benchmark bonds were sold at the auction held at NBG on February 6, 2024. Total demand was 1.9x higher and the weighted average yield was fixed at 8.210%, down by 0.082ppts from previous auction held in Janwill be sold.

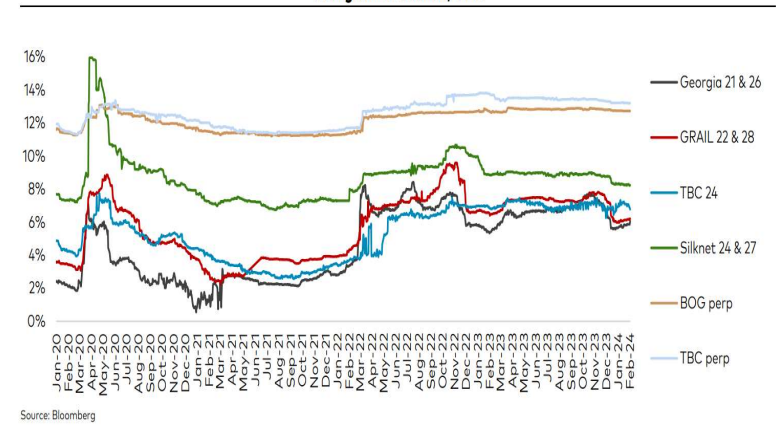
6-month GEL 20.0mn (US\$ 7.5mn) T-Bills were sold at the auction held at NBG on February 6, 2024. Total demand was 2.4x higher and the weighted average yield was fixed at 8.345%, down by 0.602ppts from previous auction held in Jan-24.

The nearest treasury security auction is scheduled for February 13, 2024, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10-year Benchmark Bonds will be sold.

Georgian corporate Eurobond market:

Silknet 27 was the best performer in Jan-24, with yield decreasing 8.6bps.

Georgian Eurobonds, YTM



Weekly Highlights

Georgia money market:

In Jan-24, GEL 314.7mn treasury notes and GEL 90mn treasury bills were sold. Interest rates decreased on all instruments m/m. The weighted average interest rates were as follows: 8.343% for 10-year notes, 8.346% for 5-year notes, 8.292% for 2-year notes, 8.857% for 1-year instruments, and 8.947% for 6-month instruments. Notably, non-residents' treasury holdings remained unchanged at GEL 234.0mn and the share of non-residents in total outstanding holdings stood at 2.9% in Jan-24.

NBG cut its key rate by 50bps to 9.0% On January 31, 2024,

the NBG's Monetary Policy Committee reduced its key rate by 50bps to 9.0% considering the current inflation trend. The regulator emphasizes that achieving EU candidate status has lowered Georgia's sovereign risk premium, potentially triggering a downward adjustment to the neutral rate of monetary policy. Given the geopolitical risks, the NBG will proceed a gradual normalization of monetary policy. The next committee meeting is scheduled for 13 March 2024. our estimates.

International reserves at US\$ 4.9bn in Jan-24

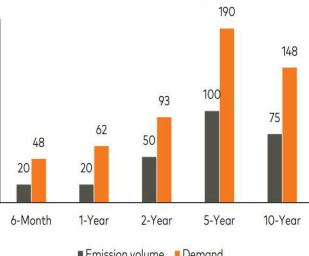
Gross international reserves decreased by 0.9% y/y to US\$ 4.9bn in Jan-24, according to NBG. On a monthly basis, the reserves reduced by 3.1% (-US\$ 156.4mn). Changes in reserves were attributed to the government and banking sector FX operations.

T-bills / T-notes, yield curve



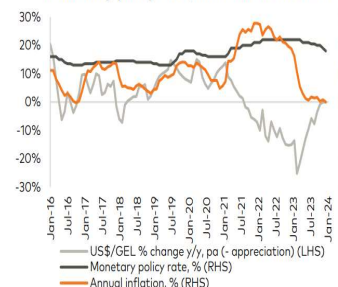
Source: NBG

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



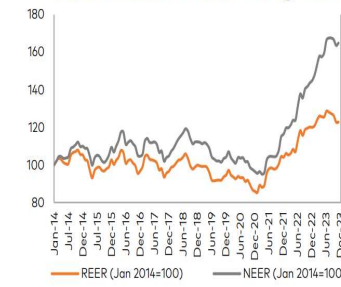
Source: NBG

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

Sources: TBC Capital, Galt & Taggart, Bank of Georgia, NBG, GEOSTAT, MarketWatch, Trading Economics...

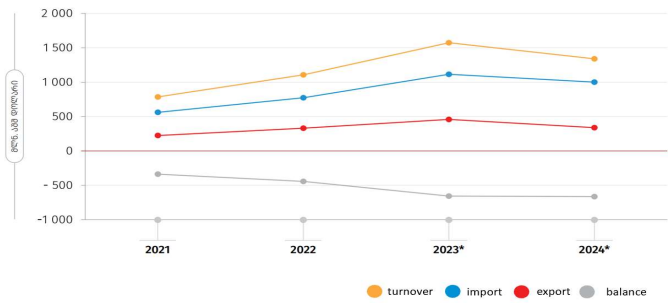
*n/a – currently not available, subject of further research



Foreign trade of Georgia January 2024 (express data)

Foreign trade turnover with goods in Georgia in January 2024 (without undeclared trade) amounted to 1,339.8 million US dollars, which is 14.9 percent less than the previous year's corresponding figure. From this, the export is 338.2 million US dollars (decreased by 26.3 percent), while imports amounted to 1,001.6 million US dollars (decreased by 10.2 percentage). The negative trade balance in January 2024 was 663.4 million US dollars which amounted to 49.5 percent of foreign trade turnover.

Foreign trade trends in Georgia In January 2021-2024



Source: Geostat

Global Equity Indexes

Index	Prev. Close	Div. Yield	Performance	Date
DJIA	37,683.06	--		7-Jan-24
	38,001.81	--	0.84%	21-Jan-24
	38,519.72	--	1.34%	4-Feb-24
	38,773.12	--	0.65%	16-Feb-24
	39,131.12	--	0.91%	26-Feb-24
DAX	16,716.47	--		7-Jan-24
	16,683.36	--	-0.20%	21-Jan-24
	16,617.29	--	-0.40%	4-Feb-24
	17,148.00	--	3.09%	16-Feb-24
	17,426.65	--	1.60%	26-Feb-24
MSCI		Div. Yield		
	3,153.62	2.85%		7-Jan-24
	3,189.10	2.85%	1.11%	21-Jan-24
	3,233.53	2.85%	1.37%	4-Feb-24
	3,296.29	2.85%	1.90%	16-Feb-24
	3,334.40	2.85%	1.14%	26-Feb-24

Selected International Equities

Global equity markets today showed mixed results: the S&P 500 fell by 1.37%, while Europe's STOXX 600 and the UK's FTSE 100 saw increases. Asian markets, like Japan's Nikkei 225, declined. Gulf markets gained despite U.S. inflation concerns affecting Federal Reserve rate decisions, highlighting the diverse impacts of regional and global factors on markets

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Georgian Equities

Equities	London StEx				
Issuer	Price (GBX)	MarkCap (£ mn)	Div. Yield	Rec.Date	Earnings per share
BGEO	4560.0	£ 2,084.00	-	26-Feb-24	15.2
CGEO	1236.0	£ 537.00	-	26-Feb-24	15.7
TBCG	3000.5	£ 1,692.28	-	26-Feb-24	14.7
Total Top 4					
		£ 4,313.28			

Georgian Stock Exchange Market

A Listing

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
GEB	Bank of Georgia JSC	Stock	27,993,660	43,308,125	GEL	43,308,125	GE1100000276

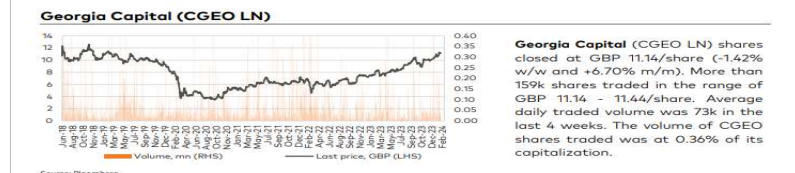
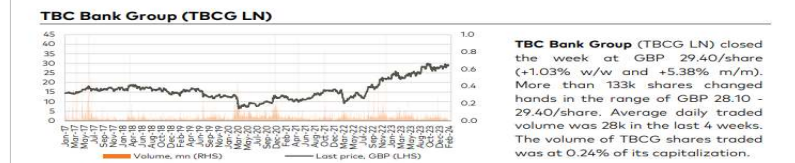
B Listing

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
BANK	Liberty Bank JSC	Stock	5,502,254,354	29,000,000,000	GEL	290,000,000	GE1100000300
GIOB	Green Insurance Georgia JSC	Stock	4,051,059	9,000,000	GEL		GE1100003965
MEHBB	Metro Euphoria Hotel Batumi JSC	Stock	54,476,929	54,476,929	GEL	60,529,922	GE1100003932

Admitted to Trading

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
AEST	Telasi JSC	Stock	112,429,418	112,429,418	GEL	112,429,418	GE1100000474
ENIS	Sarajshvili JSC	Stock	1,813,667	1,813,667	GEL	10,354,000	GE1100000482
TRMS	Tramsasheni JSC	Stock	970,400	970,400	GEL	970,400	GE1100001183
UGB	VTB Bank Georgia JSC	Stock	209,008,277	209,008,277	GEL	209,008,277	GE1100000209

Equities overview by Galt and Taggart



Tbilisi Residential Market Update

Figure 1. Number of sold properties ('000 units)

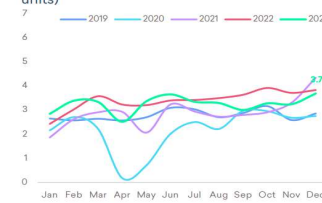


Figure 2. Average asking sale price (\$/SQM)

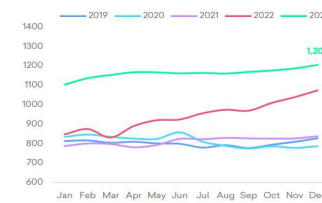


Figure 3. Average asking rent price (\$/SQM)

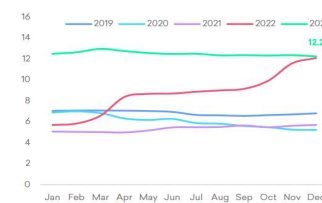


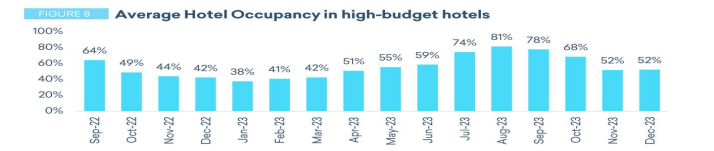
Figure 4. Rental yield and deposit rate dynamics



Source: NAR, NBG, TBC Capital
Note: changes in sale and rent prices are calculated using NBG data, while absolute values are based on myhome data

Hotels in Georgia - 2023

In 2023, high-budget hotels experienced a notable recovery, with the average occupancy rate reaching 58%, a 8 percentage point increase from 2022. The final quarter of 2023 saw heightened occupancy levels, surpassing those of the same months in the previous year. In 2023, the hotel industry experienced a remarkable recovery, with the average daily rate (ADR) in large hotels surpassing pre-pandemic 2019 levels by 3%. By the fourth quarter of 2023, the average room cost in high-budget hotels remained higher than 2022 levels, suggesting a sustained trend of increased room prices and continued industry resilience. High occupancy rates and elevated ADR indicated strong demand for hotel services, reflecting a positive trend in the sector's overall health.



LLC GeoHolding (c)
31a Razmadze Str, 0179 Tbilisi, Georgia
Email: irakli.dadiani@llcgeoholding.org
michael.north@llcgeoholding.org

Website: <https://www.llcgeoholding.org/>
LinkedIn: <https://www.linkedin.com/company/llc-geoholding/>
Facebook: <https://www.facebook.com/llcgeoholding/>