

2/13/2024

GEORGIA BIWEEKLY MARKET REPORT

Weekly Highlights

Annual inflation was 0.3% y/y in Feb-24

In Feb-24, annual inflation came in at 0.3%, following zero inflation in previous month. The inflation observed in February was primarily driven, on one hand, by a 3.1% y/y decline in mixed goods prices and, on the other hand, by a 2.4% y/y inflation in domestically produced goods. However, the latter exhibits a deceleration trend. Notably, imported inflation turned positive in February (+0.2% y/y) for the first time since Feb-23. Core inflation, excluding volatile food, energy and tobacco stood at 2.4% y/y in Feb-24.

International reserves at US\$ 4.7bn in Feb-24

Gross international reserves increased by 0.6% y/y to US\$ 4.7bn in Feb-24, according to NBG. Meanwhile, on a monthly basis, the reserves reduced by 2.2% (-US\$ 106.9mn). Changes in reserves were attributed to the government and banking sector FX operations.

IFI GEL Bonds

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

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
EVEK	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

Term	Currency	Outstanding amount	%	Remaining placements
6-month	GEL	410	9.3	380
1-year	GEL		9.1	40
2-year	GEL		8.8	80
5-year	GEL	7,569	8.5	2670
10-year	GEL		8.3	170
Total		7979		3340

T-bills / T-notes, yield curve



Source: NBG

Georgian Lari (GEL) spot FX rates



GEL Interbank Deposit Rates (TIBR)



Customer deposit rates

% p.a.	BGEO	TBC
GEL		
3 months	10.95	10.25
1 year	11.1	10.8
2 years	11.5	11.5
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	24,969
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

Bond Market News

Ministry of Finance T-bills/T-notes:

2.9-year GEL 50.0mn (US\$ 18.8mn) Benchmark bonds were sold at the auction held at NBG on March 5, 2024. Total demand was 3.0x higher and the weighted average yield was fixed at 8.146%, down by 0.064ppts from previous auction held in Jan-24.

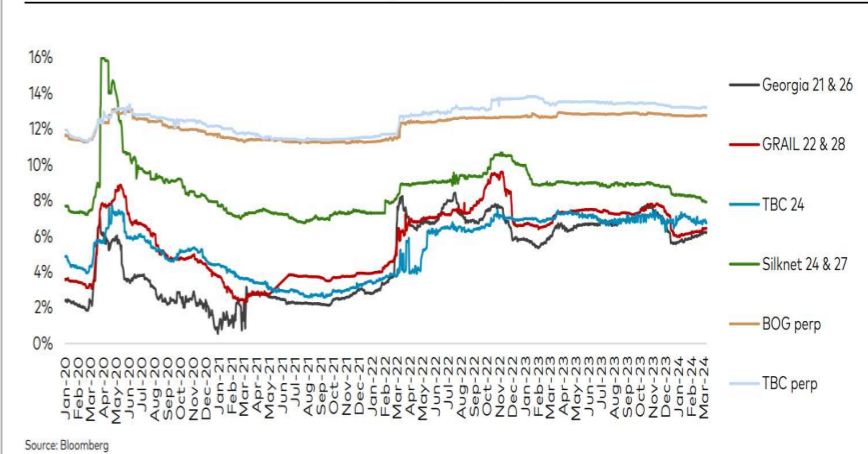
6-month GEL 20.0mn (US\$ 7.5mn) T-Bills were sold at the auction held at NBG on March 5, 2024. Total demand was 2.3x higher and the weighted average yield was fixed at 8.293%, down by 0.052ppts from previous auction held in Jan-24.

The nearest treasury security auction is scheduled for March 12, 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 Feb-24, with yield decreasing 21.4bps.

Georgian Eurobonds, YTM



Source: Bloomberg

Weekly Highlights

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

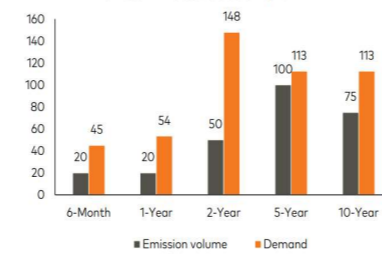
Bank lending increased by 15.9% y/y in Jan-24

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.

International reserves at US\$ 4.7bn

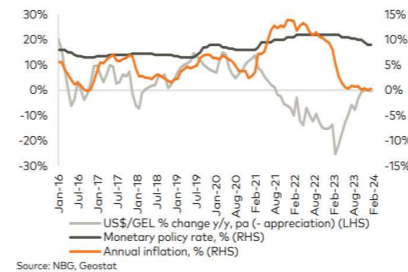
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Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



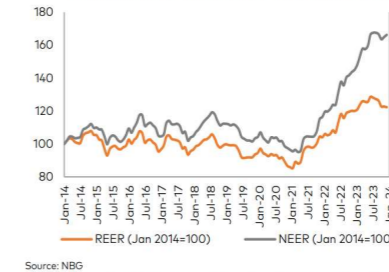
Source: NBG

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



Financial Times highlights Georgia's hospitality, wine, tourism potential

The Georgian National Tourism Administration on Tuesday highlighted Financial Times, a British daily business newspaper, publishing a 20-page article about Georgia's culture, traditions, tourism potential, winemaking, cuisine and hospitality.

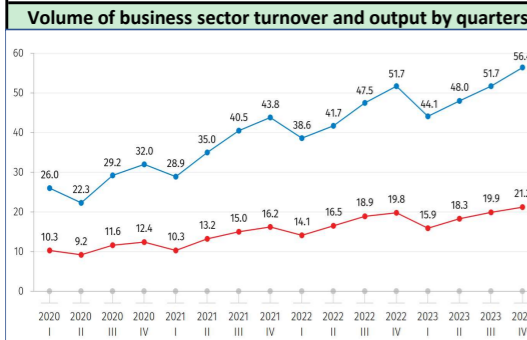
The Administration said the article, written by Georgian author Leo Vardiashvili, also described the country's hosting of sports events like the qualifying rounds for Freeride World Tour Pro, a series of sporting events for freeskiers and snowboard freeriders in the north-western highland Svaneti region.

The article said Georgia's past was marked by challenges due to its location on the crossroads of the Eurasian continent, and noted despite the almost 20 invasions of its capital Tbilisi throughout history, the "Georgian identity still persists".

The GNTA added the peace also highlighted the north-western highland town of Mestia, the northern village of Ushguli, Hatsvali and Tetnuldli mountain ski resorts in Svaneti region, north-eastern Tusheti highland and northern Kazbegi regions, western city of Kutaisi and eastern Kakheti region. See the [article](#)



Global Equity Indexes	Prev. Close	Div. Yield	Performance	Date
DJIA	38,001.81	--		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
	39,005.42	--	-0.32%	13-Mar-24
DAX	16,683.36	--		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
	17,954.15	--	2.94%	13-Mar-24
MSCI		Div. Yield		
		from 05/29/2020		
	3,189.10	2.85%		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
	3,398.58	2.85%	1.89%	13-Mar-24



Commodity price dynamics report by Galt&Taggart

Commodity	Price	Change, m/m	Change, YTD	Price change from January 2021 up to date
Ammonium Nitrate	215.0	0.0%	+19.4%	
Brent Oil	83.6	+2.3%	+8.5%	
Copper	8,401.5	-1.2%	-0.7%	
Ferrosilicon (China)	1,285.0	-3.7%	-3.7%	
Ferrosilicon (Europe)	1,512.0	-3.9%	+9.3%	
Gold	2,044.3	+0.2%	-0.9%	
Natural gas	27.2	-16.4%	-12.8%	
Wheat	212.0	-9.8%	-19.2%	

Source: Bloomberg
Note: prices as of 29 February, 2024

Georgian Equities

Equities	London STEx				
Issuer	Price (GBX)	MarkCap (£ mn)	Div. Yield	Rec.Date	Earnings per share
BGEO	5260.0	£ 2,367.73	-	13-Mar-24	15.2
CGEO	1302.0	£ 551.35	-	13-Mar-24	15.7
TBCG	3240.0	£ 1,780.91	-	13-Mar-24	14.7
Total Top 4		£ 4,699.99			

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

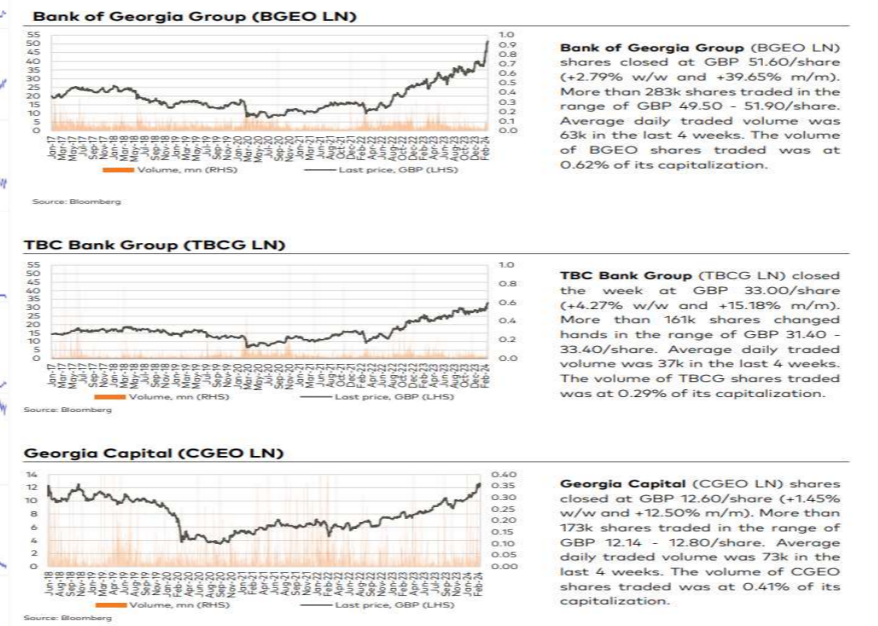
B Listing

Ticker	Issuer	Type of Security	Volume	Size of Issue	Trading Currency	Charter Capital	ISIN
BANK	Liberty Bank JSC	Stock	4,489,682,955	29,000,000,000	GEL	44,896,829.55	GE1100000300
GIGB	Green Insurance Georgia JSC	Stock	9,000,000	9,000,000	GEL	9,000,000	GE1100003965
MEHBB	Metro Euphoria Hotel Batumi JSC	Stock	54,476,929	54,476,929	GEL	54,476,929	GE1100003932

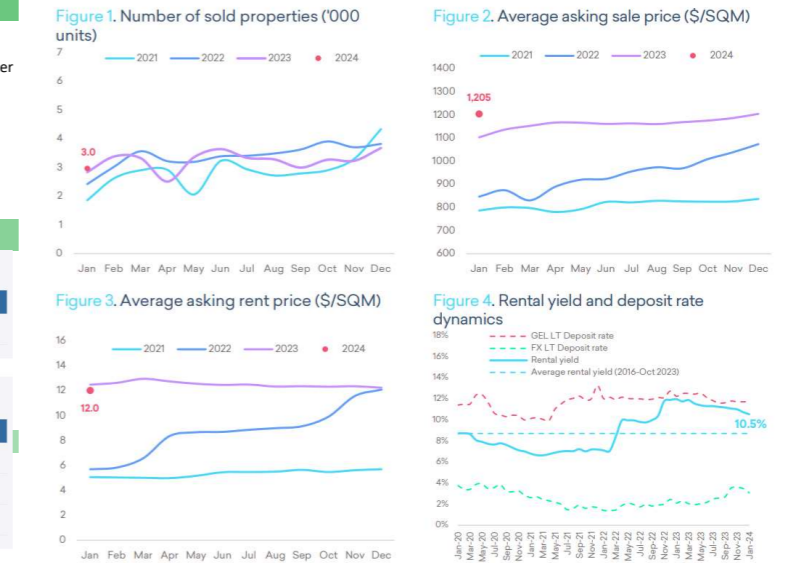
Admitted to Trading

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	Sarajishvili JSC	Stock	1,813,667	1,813,667	GEL	10,353,989.13	GE1100000482
UGB	VTB Bank Georgia JSC	Stock	209,008,277	209,008,277	GEL	209,008,277	GE1100000029

Equities overview by Galt and Taggart



Tbilisi Residential Market Update



"Tegeta" on international markets - a Georgian company with global plans

Tegeta Holding carries out international trade on four continents. The largest automotive company in the Caucasus and Central Asia offers its customers a full range of automotive ecosystem, which includes light, truck and construction, as well as commercial, passenger and industrial transport.

The company's priority, along with geographical development, is to deepen cooperation with the world's largest and leading brands. " Such as - MAZDA, VOLVO, PORSCHE, TOYOTA, GEELY ..Also, it is the largest importer of more than 300 leading automobile brands in the country - among them are MOTUL, MOBIL, SHELL and others. In the field of special equipment, the partners of the holding are: MAN, JCB, HINO, Liebherr, BOMAG and others. In addition to the main activity, Tegeta also exports knowledge to the region. This is evidenced by 50 international trainings hosted by Tegeta Academy last year.

Further development in international markets is one of the company's strategic priorities. In the process of realization of this plan, the beginning of 2024 was particularly important. Since January, Tegeta Motors has become the official representative of MOTUL in Azerbaijan. The products of the French brand are already available both in the company's representative office and through corporate and wholesale sales.
Source: www.bm.ge

თეგეტა მოტორსი
TEGETA MOTORS



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/>

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