Economy

Annual inflation rose to 5.9% in Apr-26

Annual inflation rose to 5.9% in Apr-26, up from 4.3% in previous month. The acceleration was mainly driven by increases in fuel and electricity tariff, which contributed a combined 2.3 percentage points to headline inflation in April (of which 1.3 percentage points represent the direct effect), based on our estimates. Core inflation, which excludes food, energy and tobacco prices from the basket, stood at 3.2% in Apr-26, compared to 2.4% in preceding month.

By categories, annual inflation in Apr-26 was largely driven by price increases in food and non-alcoholic beverages (+7.5% y/y, +2.58ppts), transport (+10.3% y/y, +1.20ppts), utilities (+6.5% y/y, +0.62ppts), alcoholic beverages & tobacco (+6.5% y/y, +0.41ppts), healthcare (+4.9% y/y, +0.41ppts) and hotels & restaurants (+7.5% y/y, +0.23ppts) categories. Meanwhile, deflation was recorded in communication (-4.0% y/y, -0.12ppts) and furnishings, household equipment & maintenance (-2.4% y/y, -0.13ppts).

We forecast average annual inflation at 4.8% for 2026.

NBG raised monetary policy rate to 8.25%

On 6 May 2026, the NBG's Monetary Policy Committee raised the policy rate by 25bps to 8.25%, aimed at keeping inflation expectations well-anchored amid elevated risks stemming from global energy markets. On the same day, the Joint Committee on Financial Stability and Monetary Policy reduced the upper bound of the reserve requirement on foreign currency liabilities by 5 percentage points, reverting it to its previous level, amid tighter global financial conditions linked to the Middle East conflict. Additionally, the Financial Stability Committee raised the threshold for unhedged foreign currency loans from GEL 750,000 to GEL 1,000,000, effective 1 July 2026, as part of the NBG's ongoing de-dollarization policy. The next monetary policy meeting is scheduled for 17 June 2026.

International reserves at US$ 6.5bn in Apr-26

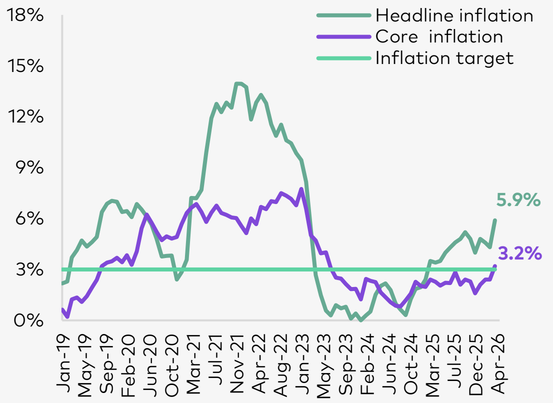
Gross international reserves increased by 43.2% y/y to US$ 6.5bn in Apr-26, according to NBG. On a monthly basis, the reserves grew by 2.4% (+US$ 154.2mn). Changes in reserves were attributed to the government and/or banking sector FX operations, and likely the NBG's FX trading via BMatch platform (information will be available on 25 May). Notably, as of Apr-26, monetary gold accounted for 16.4% of total international reserves.

Key macro indicators

	2025	2026F
Real GDP growth (% change)	7.5%	7.0%
GDP per capita (ppp)	29,329	32,260
GDP per capita (US$)	9,678	10,985
Population (mn)	3.9	3.9
Inflation (average)	3.9%	4.8%
Gross reserves (US$ bn)	6.2	7.0
CAD (% of GDP)	2.6%	3.2%
Fiscal deficit (% of GDP)	1.4%	2.2%
Total public debt (% of GDP)	34.2%	33.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

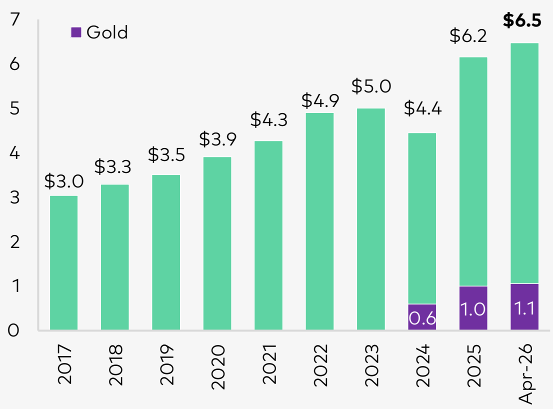
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Annual inflation



Source: Geostat, NBG

NBG's gross international reserves
US$ bn



Source: NBG

Money market

Ministry of Finance T-bills/T-notes
2.8-year GEL 40.0mn (US$ 14.9mn) treasury notes were sold at the auction held at NBG on May 5, 2026. Total demand was 2.8x higher and the weighted average yield was fixed at 8.345%, down by 0.040ppts from previous auction held in Apr-26.

6-month GEL 20.0mn (US$ 7.4mn) treasury notes were sold at the auction held at NBG on May 5, 2026. Total demand was 2.4x higher and the weighted average yield was fixed at 8.122%, up by 0.077ppts from previous auction held in Apr-26.

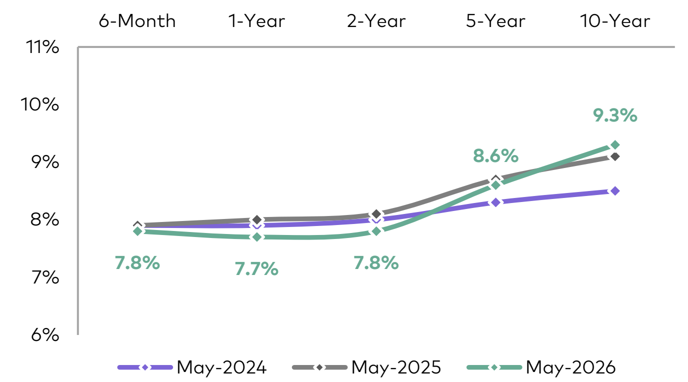
The nearest treasury security auction is scheduled for May 11, 2026, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10.3-year treasury notes will be sold.

T-bills / T-notes in 2026

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
Short-term (less than 1-year)	280	300	445
Long-term (over 1-year)	735	1,425	11,286
Total	**1,015**	**1,725**	**11,731**

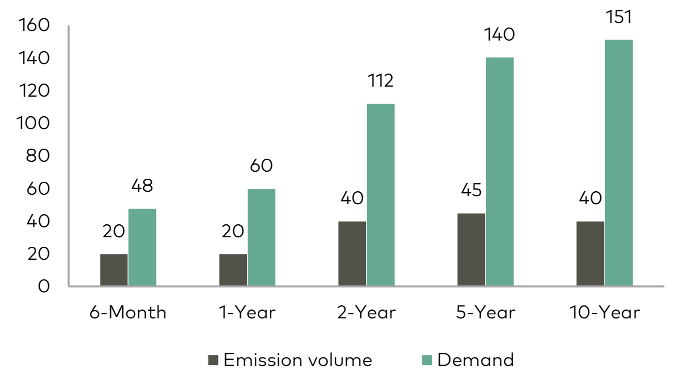
Source: MoF, Galt & Taggart
*As of March 2026

T-bills / T-notes, yield curve



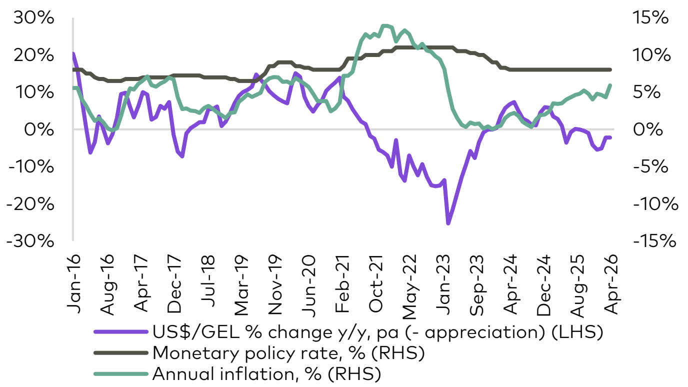
Source: NBG

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



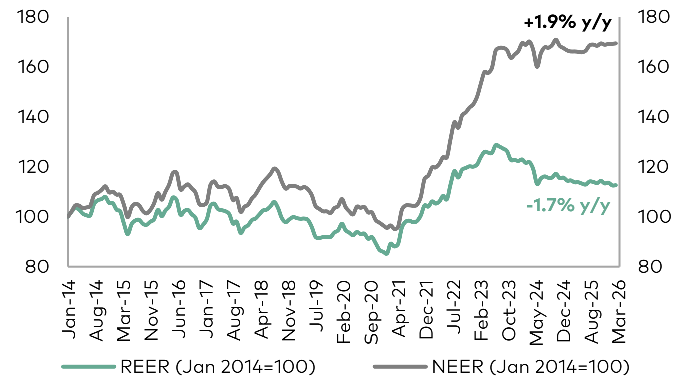
Source: NBG

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

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings Fitch/S&P/Moody	Mid price	Mid yield, %	Z-spread, bps
GEORG 01/31	USD	500	5.125%	Jan-26	Jan-31	BB/BB/Ba2	97.53	5.73	197.49
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	96.53	5.78	202.37
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	104.58	8.97	411.29
GEBGG 11/28	GEL	450	11.500%	Nov-25	Nov-28	-/-/Ba2	100.70	11.17	n/a
SILKRDH 09/30	USD	400	7.500%	Sep-25	Sep-30	BB-/-/B1	101.27	7.15	332.72
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	101.00	6.88	300.63
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	107.18	9.17	396.18
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	104.36	7.32	295.53

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

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings Fitch/S&P/Moody/ Scope	Mid price	Mid yield
				USD				
Geo. Renewable Power Oper.	USD	73	7.00%	Oct-22	Oct-27	-/-/-/-	100.00	7.00%
Georgia Capital	USD	50	8.50%	Aug-23	Aug-28	-/BB-/-/-	101.08	8.13%
Tegeta Motors	USD	5	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	8.63%
Tegeta Motors	USD	3.3	8.50%	Jun-24	Jun-26	-/-/-/BB-	n/a	8.63%
IG Development	USD	19.5	8.50%	Jul-24	Jul-26	-/-/-/-	n/a	8.63%
Tegeta Motors	USD	5	8.50%	Jul-24	Jul-26	-/-/-/BB-	n/a	n/a
MP Development	USD	5	8.75%	Jul-24	Jul-26	-/-/-/-	n/a	8.75%
JSC BasisBank	USD	20	7.00%	Aug-24	Aug-27	-/-/-/-	n/a	7.00%
Georgia Real Estate	USD	25	8.50%	Aug-24	Aug-26	-/-/-/-	n/a	8.50%
Chavchavadze 64B	USD	10	8.75%	Aug-24	Aug-26	-/-/-/-	n/a	8.75%
Tegeta Motors	USD	5	8.25%	Dec-24	Dec-26	-/-/-/BB-	n/a	n/a
MP Development	USD	17.7	8.50%	Apr-25	Apr-27	-/-/-/-	n/a	n/a
Tegeta Motors	USD	10	8.00%	Apr-25	Apr-27	-/-/-/BB-	n/a	n/a
Tegeta Motors	USD	10	8.00%	Apr-25	Apr-27	-/-/-/BB-	n/a	n/a
Energy Development Georgia	USD	10	8.50%	Jun-25	Jun-27	-/-/-/-	n/a	n/a
ALMA	USD	30	8.50%	Jul-25	Jul-27	-/-/-/-	n/a	n/a
Gudauri Lodge	USD	10	8.25%	Oct-25	Oct-27	-/-/-/-	n/a	n/a
IG Development	USD	25	7.75%	Dec-25	Dec-27	-/-/-/-	n/a	n/a
TBC Leasing	USD	30	7.25%	Dec-25	Dec-28	BB/-/-/-	n/a	n/a
TBC Leasing	USD	15	7.25%	Dec-25	Dec-28	BB/-/-/-	n/a	n/a
Bank of Georgia	USD	15	4.20%	Dec-25	Dec-26	-/-/-/-	n/a	n/a
Lopota	USD	1	7.75%	Apr-26	Apr-27	-/-/-/-	n/a	n/a
Bank of Georgia	USD	40	5.00%	Apr-26	Apr-27	-/-/-/-	n/a	n/a

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

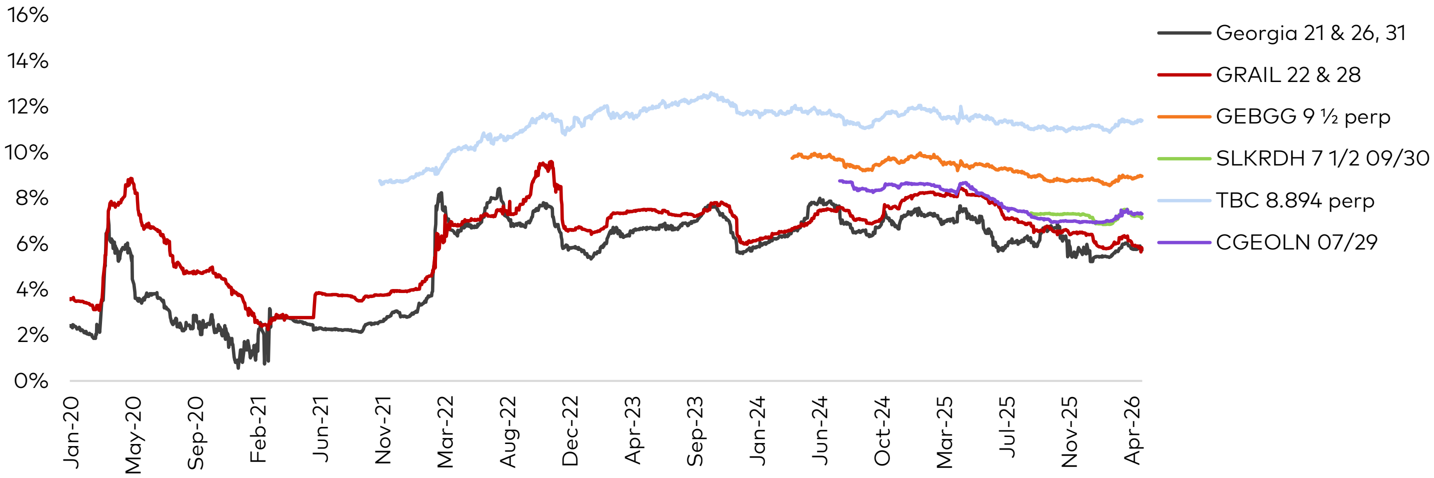
Fixed income

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Ratings Fitch/S&P/Moody/ Scope	Mid price	Mid yield, %
Georgian local bonds								
EUR								
MP Development	EUR	3	7.75%	Jul-24	Jul-26	-/-/-/-	n/a	7.75%
Chavchavadze 64B	EUR	3	7.75%	Aug-24	Aug-26	-/-/-/-	n/a	7.75%
ALMA	EUR	8.5	7.25%	Jul-25	Jul-27	-/-/-/-	n/a	n/a
IG Development	EUR	15	6.50%	Dec-25	Dec-28	-/-/-/-	n/a	n/a
GEL								
TBC Leasing	GEL	15	TIBR3M + 2.75%	Jun-23	Jun-26	BB/-/-/-	n/a	n/a
Cellfie	GEL	65	TIBR6M + 3.50%	Dec-23	Dec-26	-/-/-/BB-	100.00	12.33%
Tegeta Motors	GEL	10	13.50%	Jul-24	Jul-26	-/-/-/BB-	n/a	n/a
Tegeta Motors	GEL	15	13.50%	Aug-24	Aug-26	-/-/-/BB-	100.00	13.50%
Nikora Trade	GEL	60	TIBR3M + 3.25%	Oct-24	Oct-29	-/-/-/BB-	n/a	n/a
MFO MBC	GEL	30	TIBR3M + 4.25%	Dec-24	Dec-26	-/-/-/B+	n/a	n/a
MFO MBC	GEL	30	TIBR3M + 4.00%	Apr-25	Apr-27	-/-/-/B+	n/a	n/a
Nikora Trade	GEL	60	TIBR3M + 3.50%	Jul-25	Jul-30	-/-/-/BB-	n/a	n/a
Georgian Healthcare Group	GEL	350	TIBR + 3.75%	Sep-25	Sep-30	-/-/-/BB-	n/a	n/a
Nikora	GEL	60	TIBR3M + 3.50%	Sep-25	Sep-30	-/-/-/BB-	n/a	n/a
MFO MBC	GEL	30	TIBR3M + 4.00%	Oct-25	Oct-27	-/-/-/B+	n/a	n/a
MFO Rico Express	GEL	200	TIBR1D + 3.00%	Dec-25	Dec-30	-/-/-/B+	n/a	n/a
Tegeta Motors	GEL	260	TIBR6M + 3.00%	Dec-25	Dec-30	-/-/-/BB-	n/a	n/a
Nova	GEL	50	TIBR6M + 3.25%	Dec-25	Dec-30	-/-/-/-	n/a	n/a
TBC Leasing	GEL	160	TIBR3M + 3.00%	Mar-26	Mar-31	BB/-/-/-	n/a	n/a

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

Fixed income

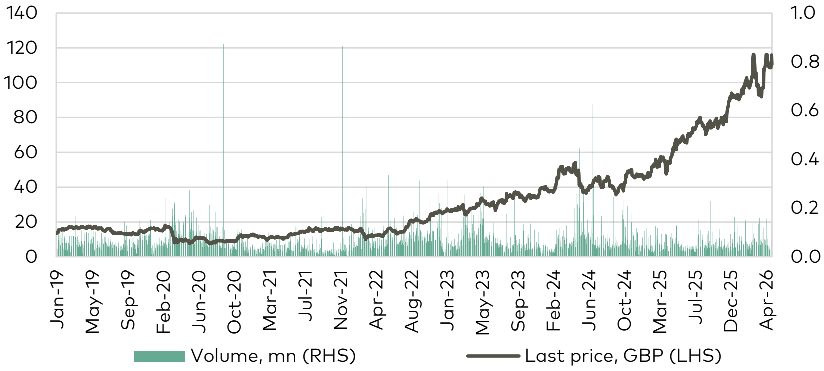
Georgian Eurobonds, YTM



Source: Bloomberg

Equities

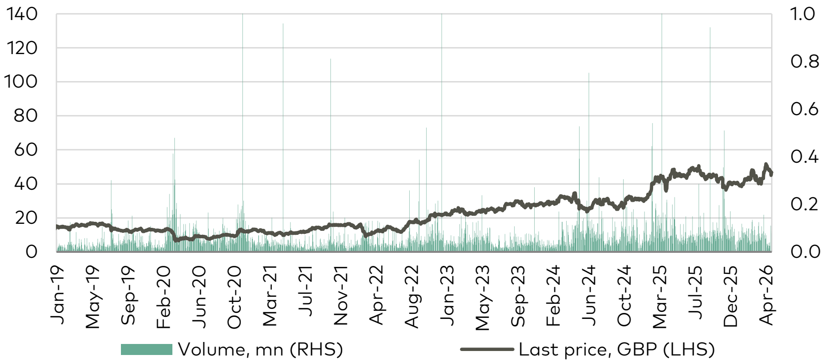
Lion Finance Group (BGEO LN)



Source: Bloomberg

Lion Finance Group (BGEO LN) shares closed at GBP 110.30/share (+1.66% w/w and +2.22% m/m). More than 353k shares traded in the range of GBP 105.70 - 117.40/share. Average daily traded volume was 62k in the last 4 weeks. The volume of BGEO shares traded was at 0.82% of its capitalization.

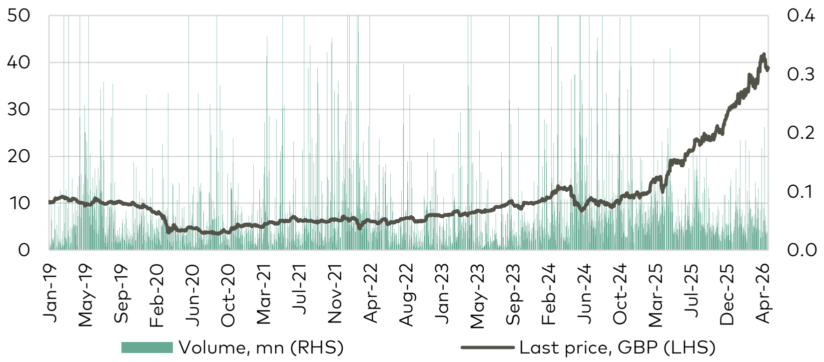
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 46.62/share (-2.18% w/w and -0.43% m/m). More than 303k shares changed hands in the range of GBP 45.06 - 48.74/share. Average daily traded volume was 47k in the last 4 weeks. The volume of TBCG shares traded was at 0.54% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 38.75/share unchanged w/w and -3.37% m/m). More than 253k shares traded in the range of GBP 37.95 - 39.50/share. Average daily traded volume was 63k 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 2026F	P/E 2027F	P/B 2026F	P/B 2027F
Lion Finance Group	BGEO	GBP	110.30	4,768	45.4%	74.9%	18.6%	7.26x	6.03x	1.65x	1.36x
TBC	TBC	GBP	46.62	2,598	21.7%	6.3%	14.8%	5.88x	5.13x	1.35x	1.17x
Halyk Bank	HSBK	USD	33.25	9,060	29.9%	46.5%	11.0%	4.35x	4.74x	na	na
Akbank	AKBNK	TRY	75.25	391,300	23.6%	50.7%	7.8%	4.04x	2.88x	0.94x	0.73x
Garanti	GARAN	TRY	137.30	576,660	2.8%	36.3%	-4.3%	3.63x	3.00x	0.93x	0.74x
Isbank	ISCTR	TRY	14.55	363,750	13.0%	41.4%	3.3%	3.43x	2.23x	0.68x	0.52x
PKO	PKO	PLN	94.65	118,313	25.7%	26.9%	11.1%	10.92x	9.05x	2.00x	1.84x
PEKAO	PEO	PLN	231.00	60,631	19.8%	35.1%	12.6%	10.16x	9.08x	1.66x	1.56x
Millennium	MIL	PLN	18.05	21,896	14.4%	28.2%	8.5%	16.20x	8.49x	2.03x	1.75x
Mbank	MBK	PLN	1,148.50	48,841	12.1%	44.6%	8.2%	10.51x	9.55x	2.11x	1.80x
BRD	BRD	RON	29.80	20,768	37.6%	66.5%	10.8%	12.36x	11.39x	1.77x	1.63x
Banca Transilvania	TLV	RON	38.18	41,628	31.6%	74.0%	26.4%	9.60x	8.95x	1.84x	1.67x
Komercni	KOMB	CZK	1,011.00	192,140	-11.9%	-0.6%	-13.0%	10.97x	10.16x	1.64x	1.54x
Mean								***8.41x***	***6.98x***	***1.55x***	***1.36x***
Median								***9.60x***	***8.49x***	***1.66x***	***1.55x***

Source: Bloomberg, S&P Capital IQ

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