Economy

Annual inflation eased to 5.7% in May-26

Annual inflation eased to 5.7% y/y in May-26 (in line with our expectation), from 5.9% y/y in Apr-26, mainly driven by a slowdown in food inflation. The slowdown was partially offset by a further rise in energy prices - gasoline (+26.3% y/y) and diesel (+48.0% y/y) together contributed c.1.3ppts to headline inflation. Core inflation, which excludes food, energy and tobacco from the basket, edged up to 3.5% y/y in May-26, from 3.2% y/y in the previous month.

By categories, annual inflation in May-26 was largely driven by price increases in food and non-alcoholic beverages (+5.2% y/y, +1.84ppts), transport (+15.1% y/y, +1.72ppts), utilities (+7.0% y/y, +0.66ppts), alcoholic beverages & tobacco (+7.2% y/y, +0.46ppts), healthcare (+5.1% y/y, +0.43ppts) and hotels & restaurants (+7.6% y/y, +0.24ppts) categories. Meanwhile, deflation was recorded in communication (-6.4% y/y, -0.20ppts) and furnishings, household equipment & maintenance (-1.3% y/y, -0.07ppts).

We forecast average annual inflation at 4.8% for 2026.

International reserves at record US$ 7.0bn in May-26

Gross international reserves increased by 52.7% y/y to a record US$ 7.0bn in May-26, according to the NBG. On a monthly basis, reserves grew by 8.2% (+US$ 531.2mn). The change was attributed to government and/or banking sector FX operations, as well as NBG FX purchases via the BMatch platform (details to be published on 25 June). Notably, monetary gold accounted for 14.9% of total reserves as of May-26.

Tourism revenues estimated at US$ 380mn in May-26

Tourism revenues rebounded in May-26, up 3.5% y/y to US$ 380mn, following two consecutive months of declines driven by reduced Middle Eastern visitors. Cumulatively, 5M26 tourism revenues stood at US$ 1.5bn (-2.1% y/y).

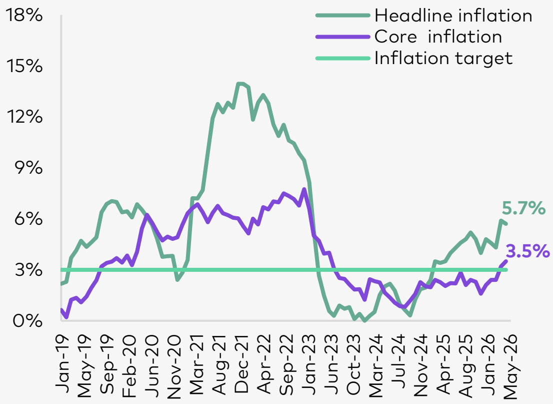
We forecast full-year 2026 tourism revenues at US$ 4.9bn.

Key macro indicators

	2025	2026F
Real GDP growth (% change)	7.5%	7.0%
GDP per capita (ppp)	29,329	32,354
GDP per capita (US$)	9,678	11,017
Population (mn)	3.9	3.9
Inflation (average)	3.9%	4.8%
Gross reserves (US$ bn)	6.2	7.7
CAD (% of GDP)	2.6%	3.2%
Fiscal deficit (% of GDP)	1.4%	2.0%
Total public debt (% of GDP)	34.4%	33.0%
Fitch/S&P/Moody's*	BB/BB/Ba2	

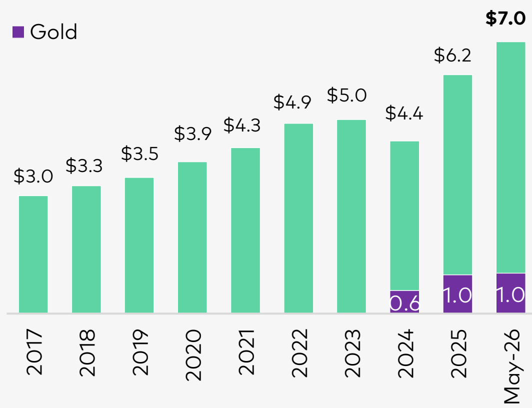
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

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$ 15.0mn) treasury notes were sold at the auction held at NBG on June 2, 2026. Total demand was 4.3x higher and the weighted average yield was fixed at 8.446%, up by 0.101ppts from previous auction held in May-26.

6-month GEL 20.0mn (US$ 7.5mn) treasury notes were sold at the auction held at NBG on June 2, 2026. Total demand was 3.2x higher and the weighted average yield was fixed at 8.239%, up by 0.117ppts from previous auction held in May-26.

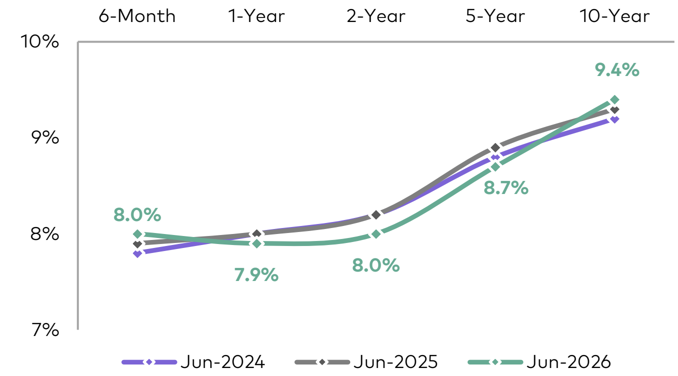
The nearest treasury security auction is scheduled for June 9, 2026, where GEL 20.0mn nominal value 1-year T-bills and GEL 30.0mn nominal value 10.3-year treasury notes will be sold.

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)	320	260	446
Long-term (over 1-year)	1,250	910	11,445
Total	**1,570**	**1,170**	**11,891**

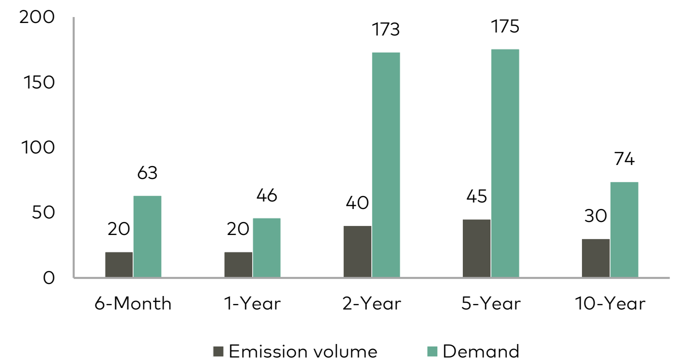
Source: MoF, Galt & Taggart
*As of April 2026

T-bills / T-notes, yield curve



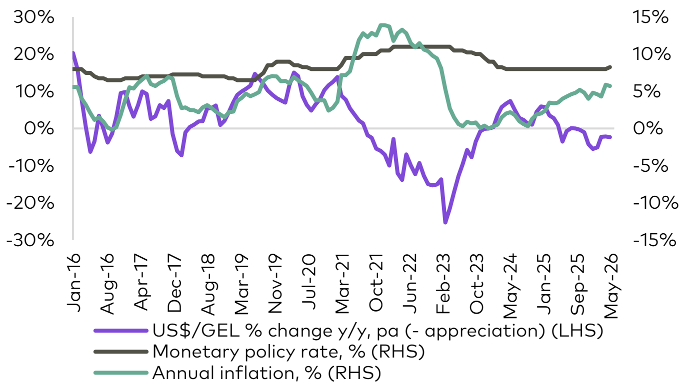
Source: NBG

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



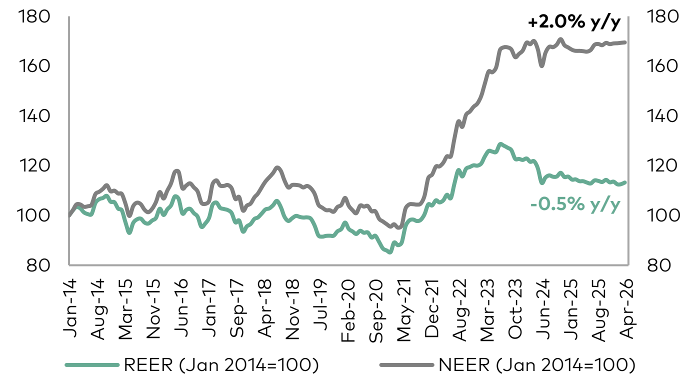
Source: NBG

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	97.37	5.78	175.40
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	96.45	5.89	185.33
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	105.13	9.07	358.83
GEBGG 11/28	GEL	450	11.500%	Nov-25	Nov-28	-/-/Ba2	100.73	11.14	n/a
GEBGG 06/31	USD	300	6.500%	Jun-26	Jun-31	-/-/Ba2	99.87	6.53	250.71
SILKRDH 09/30	USD	400	7.500%	Sep-25	Sep-30	BB-/-/B1	101.03	7.21	310.86
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	101.24	5.78	199.11
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	107.46	9.24	351.85
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	104.54	7.22	271.90

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

Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Issuer Credit Rating	Mid price	Mid yield
USD								
Geo. Renewable Power Oper.	USD	73	7.00%	Oct-22	Oct-27	n/a	100.00	7.00%
Georgia Capital	USD	50	8.50%	Aug-23	Aug-28	BB-	101.08	8.13%
Silk Bank	USD	1	12.50%	Apr-24	Apr-29	n/a	n/a	n/a
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	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	n/a	8.75%
JSC BasisBank	USD	20	7.00%	Aug-24	Aug-27	B+	n/a	7.00%
Georgia Real Estate	USD	25	8.50%	Aug-24	Aug-26	n/a	n/a	8.50%
Chavchavadze 64B	USD	10	8.75%	Aug-24	Aug-26	n/a	n/a	8.75%
Liberty Bank	USD	3.6	11.00%	Sep-24	Sep-31	B+	n/a	n/a
Liberty Bank	USD	4	13.50%	Dec-24	n/a	B+	n/a	n/a
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	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	n/a
ALMA	USD	30	8.50%	Jul-25	Jul-27	n/a	n/a	n/a
Gudauri Lodge	USD	10	8.25%	Oct-25	Oct-27	n/a	n/a	n/a
IG Development	USD	25	7.75%	Dec-25	Dec-27	n/a	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	BB	n/a	n/a
Lopota	USD	1	7.75%	Apr-26	Apr-27	n/a	n/a	n/a
Bank of Georgia	USD	40	5.00%	Apr-26	Apr-27	BB	n/a	n/a
Nutrimax	USD	10	8.50%	May-26	May-28	n/a	n/a	n/a

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

Fixed income

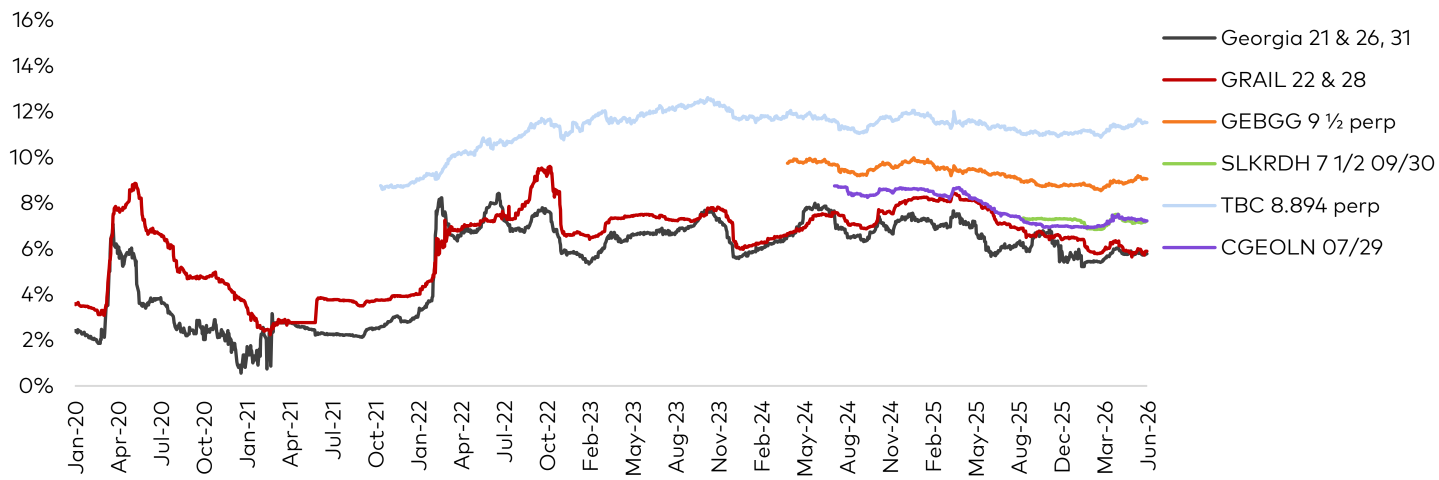
Georgian local bonds

Issuer	Currency	Amount, mn	Coupon	Issue date	Maturity date	Issuer Credit Rating	Mid price	Mid yield, %
EUR								
MP Development	EUR	3	7.75%	Jul-24	Jul-26	n/a	n/a	7.75%
Chavchavadze 64B	EUR	3	7.75%	Aug-24	Aug-26	n/a	n/a	7.75%
ALMA	EUR	8.5	7.25%	Jul-25	Jul-27	n/a	n/a	n/a
IG Development	EUR	15	6.50%	Dec-25	Dec-28	n/a	n/a	n/a
Tegeta Motors	EUR	7.5	6.25%	May-26	May-28	BB-	n/a	n/a
Tegeta Motors	EUR	3.5	6.25%	May-26	May-28	BB-	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	B+	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	B+	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: NBG

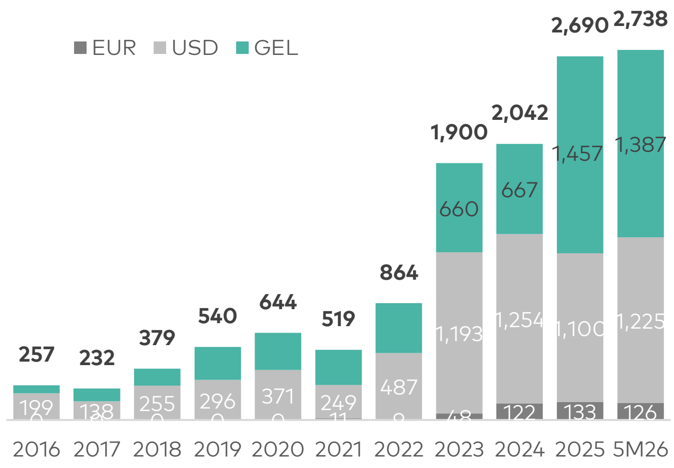
Fixed income

Georgian Eurobonds, YTM



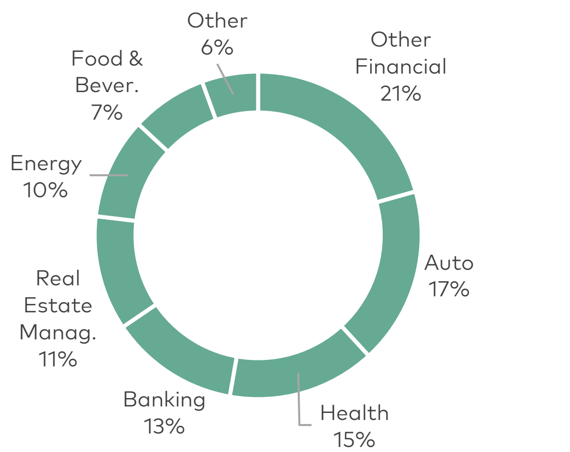
Source: Bloomberg

Georgian local corporate public bonds outstanding GEL mn



Source: NBG

Georgian local corporate public bonds outstanding by sector

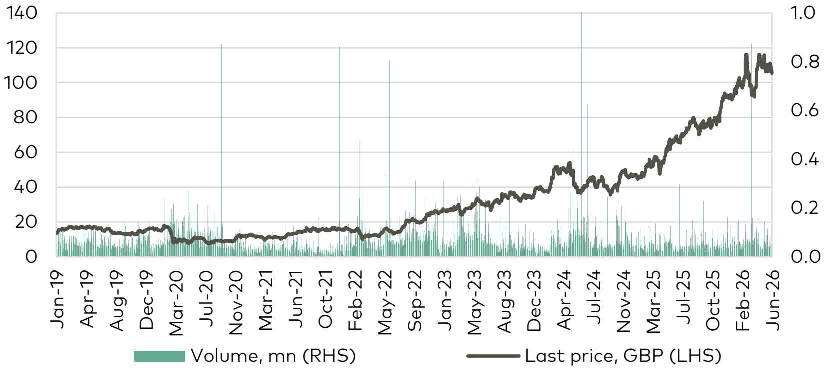


Source: NBG

Note: Source changed from Galt & Taggart estimates to official National Bank of Georgia data; Figures are not directly comparable with previous publications due to methodological differences.

Equities

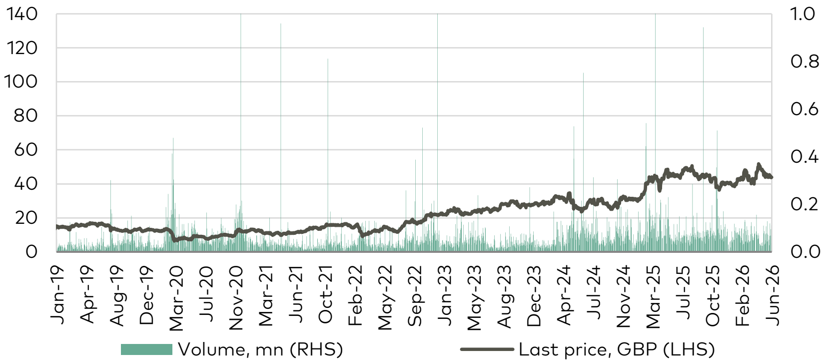
Lion Finance Group (BGEO LN)



Source: Bloomberg

Lion Finance Group (BGEO LN) shares closed at GBP 105.50/share (-5.04% w/w and -2.85% m/m). More than 258k shares traded in the range of GBP 105.50 - 111.10/share. Average daily traded volume was 59k in the last 4 weeks. The volume of BGEO shares traded was at 0.60% of its capitalization.

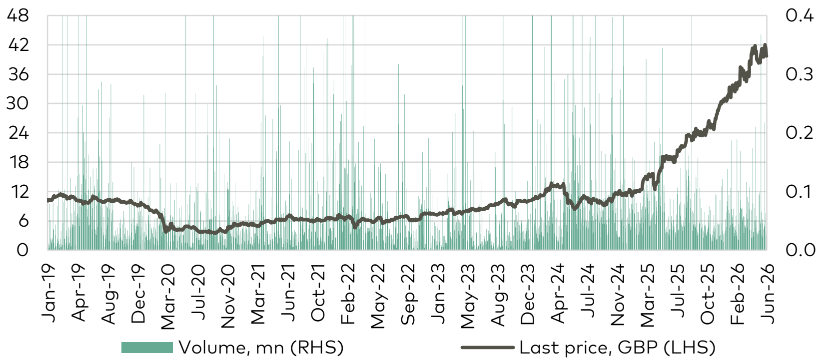
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 43.78/share (-2.75% w/w and -6.89% m/m). More than 393k shares changed hands in the range of GBP 43.00 - 45.34/share. Average daily traded volume was 72k in the last 4 weeks. The volume of TBCG shares traded was at 0.71% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 39.70/share (-5.59% w/w and +3.66% m/m). More than 176k shares traded in the range of GBP 39.30 - 42.40/share. Average daily traded volume was 67k in the last 4 weeks. The volume of CGEO shares traded was at 0.51% 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	105.50	4,560	15.0%	53.7%	13.4%	6.91x	5.93x	1.59x	1.32x
TBC	TBC	GBP	43.78	2,440	8.5%	-1.4%	7.8%	5.53x	4.83x	1.20x	1.04x
Halyk Bank	HSBK	USD	30.85	8,406	21.0%	35.6%	3.0%	4.04x	4.40x	na	na
Akbank	AKBNK	TRY	64.50	335,400	-3.7%	14.7%	-7.6%	3.43x	2.43x	0.83x	0.64x
Garanti	GARAN	TRY	125.00	525,000	-11.7%	7.7%	-12.9%	3.32x	2.63x	0.87x	0.69x
Isbank	ISCTR	TRY	13.19	329,750	-6.3%	15.5%	-6.4%	2.72x	1.98x	0.64x	0.48x
PKO	PKO	PLN	98.29	122,863	27.1%	39.5%	15.4%	11.49x	9.42x	2.04x	1.90x
PEKAO	PEO	PLN	230.80	60,578	17.9%	31.1%	12.5%	10.52x	9.25x	1.69x	1.58x
Millennium	MIL	PLN	18.82	22,824	26.9%	37.3%	13.1%	13.10x	9.23x	2.18x	1.90x
Mbank	MBK	PLN	1,272.00	54,093	26.9%	63.1%	19.8%	12.86x	10.52x	2.37x	2.02x
BRD	BRD	RON	30.50	21,255	27.9%	53.4%	13.4%	12.59x	11.61x	1.85x	1.71x
Banca Transilvania	TLV	RON	38.82	42,326	30.0%	43.2%	28.5%	9.77x	9.11x	1.97x	1.78x
Komercni	KOMB	CZK	997.00	189,479	-15.0%	-0.6%	-14.2%	11.20x	10.40x	1.47x	1.45x
Mean								***8.27x***	***7.06x***	***1.56x***	***1.38x***
Median								***9.77x***	***9.11x***	***1.64x***	***1.51x***

Source: Bloomberg, S&P Capital IQ

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Galt & Taggart
Address: 3 A. Pushkin Street, Tbilisi 0108, 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)