Economy

Georgia's economy grew by 8.8% y/y in Feb-26

Georgia's economy increased by 8.8% y/y in Feb-26, following 7.9% y/y growth in previous month. Overall, Georgia's economy grew by 8.4% y/y in 2M26. February's growth was mainly driven by strong activity in ICT, transport & storage, financial & insurance, manufacturing and mining, while construction and energy sectors contracted.

We maintain our 2026 real GDP growth forecast at 6.0%, supported by stronger-than-expected growth in 2M26. While the Iran escalation may create some headwinds in the near term, we expect demand to normalize in 2H26, keeping the full-year figure on track (see latest macro forecasts **here**).

Annual inflation eased to 4.3% in Mar-26

In March 2026, Georgia's annual inflation eased to 4.3% from 4.6% posted in previous month, largely due to the last year' high base effect. The moderation was mainly driven by a slowdown in domestic and mixed goods inflation to 6.0% y/y (from 6.5% y/y in Feb-26) and 4.9% y/y (from 6.2% y/y in Feb-26), separately. Meanwhile, imported goods prices increased by 0.5% y/y in March, following a -0.7% y/y decline in previous month. Notably, core inflation - excluding food, energy, and tobacco - remained unchanged at 2.4% y/y in Mar-26.

We have revised our average annual inflation forecast upward to 4.2% for 2026 (from an initial 3.0%), reflecting renewed cost pressures from higher global oil prices amid the Iran escalation, alongside increased electricity tariffs in Georgia (estimated to add an additional 0.7ppts to annual inflation from Apr-26 onward).

CA deficit narrowed to a record-low 2.6% of GDP in 2025

CA deficit narrowed to a record-low 2.6% of GDP in 2025, from a 5.3% posted in 2024. This improvement was driven by a strong services surplus (+21.2% y/y) - with ICT exports surging 53.4% y/y to US$ 1.3bn and tourism rising 6.0% y/y to US$ 4.7bn - alongside a 5.6% y/y increase to US$ 3.6bn in the transfers balance. Meanwhile, the goods trade deficit widened modestly by 4.4% y/y to US$ 6.9bn, as goods exports increased by 11.5% y/y and goods imports were up by 8.4% y/y. Net FDI of US$ 1.4bn (+21.8% y/y) covered the CA deficit 1.4x over in 2025. Notably, excluding reinvested earnings (recorded in both CA and its funding categories), Georgia posted a CA surplus of 1.0% in 2025 (a sharp swing from -1.4% of GDP in 2024).

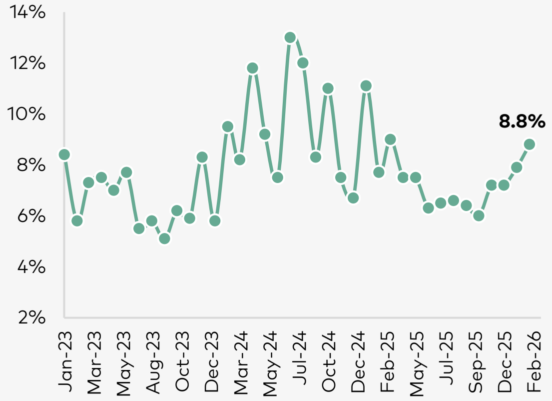
We forecast CA deficit at 3.2% of GDP in 2026.

Key macro indicators

	2025	2026F
Real GDP growth (% change)	7.5%	6.0%
GDP per capita (ppp)	31,613	35,243
GDP per capita (US$)	10,297	11,507
Population (mn)	3.7	3.7
Inflation (average)	3.9%	4.2%
Gross reserves (US$ bn)	6.2	7.0
CAD (% of GDP)	2.6%	3.2%
Fiscal deficit (% of GDP)	1.4%	2.5%
Total public debt (% of GDP)	34.2%	33.5%
Fitch/S&P/Moody's*	BB/BB/Ba2	

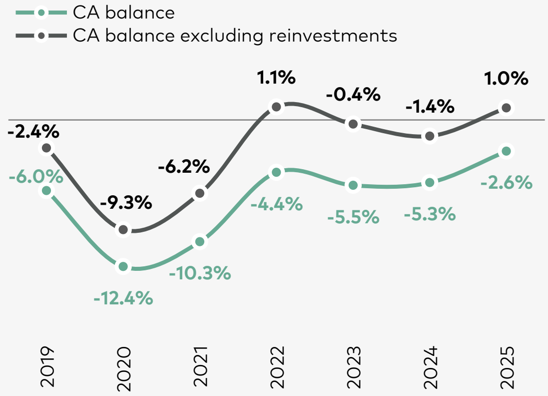
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Real GDP, % change y/y
Rapid estimates



Source: Geostat

Current account (CA) balance



Source: NBG, Geostat

Money market

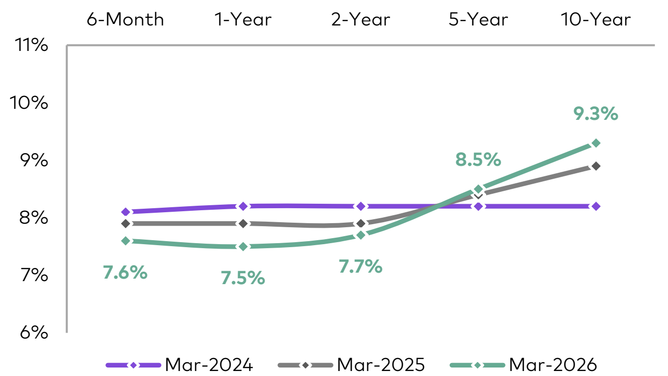
There was no treasury securities auction last week.
The nearest treasury security auction is scheduled for April 7, 2026, where GEL 20.0mn nominal value 6-month T-bills and GEL 40.0mn nominal value 2.9-year treasury notes will be sold.

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)	220	360	444
Long-term (over 1-year)	540	1,620	11,045
Total	**760**	**1,980**	**11,489**

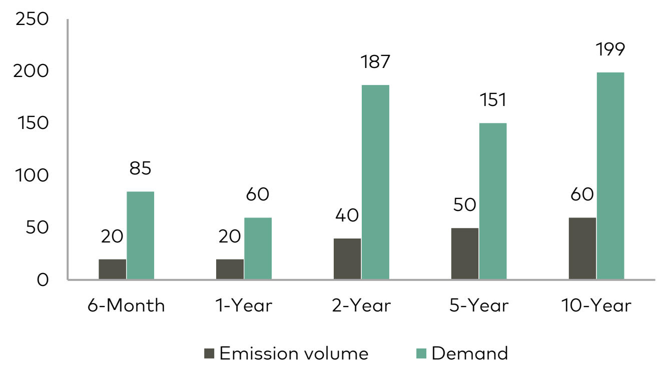
Source: MoF, Galt & Taggart
*As of February 2026

T-bills / T-notes, yield curve



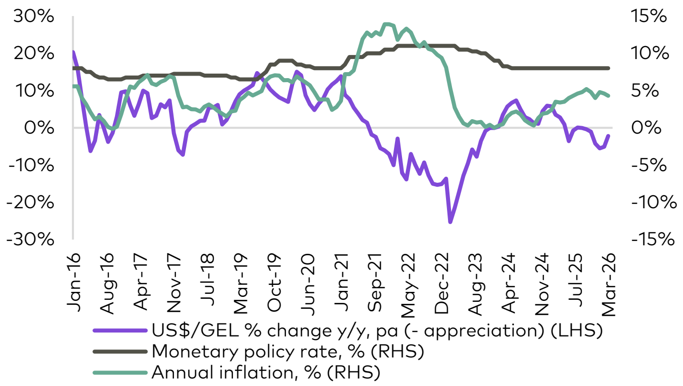
Source: NBG

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



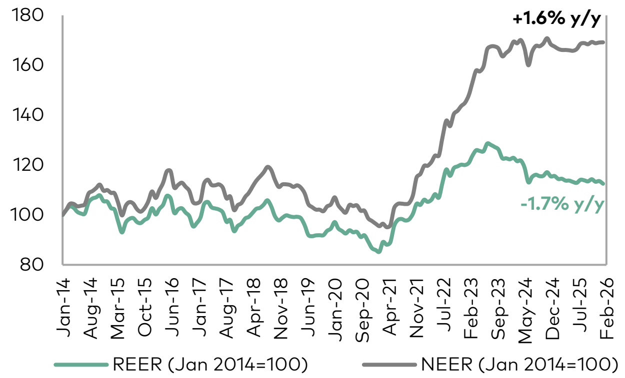
Source: NBG

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 04/26	USD	107	2.750%	Apr-21	Apr-26	BB/BB/Ba2	99.81	7.19	362.12
GEORG 01/31	USD	500	5.125%	Jan-26	Jan-31	BB/BB/Ba2	96.25	6.03	238.73
GRAIL 06/28	USD	500	4.000%	Jun-21	Jun-28	BB-/BB-/-	95.36	6.29	264.93
GEBGG 9 1/2 PERP	USD	300	9.500%	Apr-24	n/a	B-/-/B2	104.47	8.91	431.24
GEBGG 11/28	GEL	450	11.500%	Nov-25	Nov-28	-/-/Ba2	100.59	11.22	n/a
SILKRDH 09/30	USD	400	7.500%	Sep-25	Sep-30	BB-/-/B1	99.98	7.50	386.75
TBC 8.894 PERP	USD	75	8.894%	Nov-21	n/a	B-/-/-	100.33	8.06	454.39
TBC 10 1/4 PERP	USD	300	10.250%	Apr-24	n/a	-/-/B2	106.34	9.18	442.06
CGEOLN 07/29	USD	300	8.875%	Jul-24	Jul-29	BB-/BB-/-	104.19	7.42	322.89

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

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

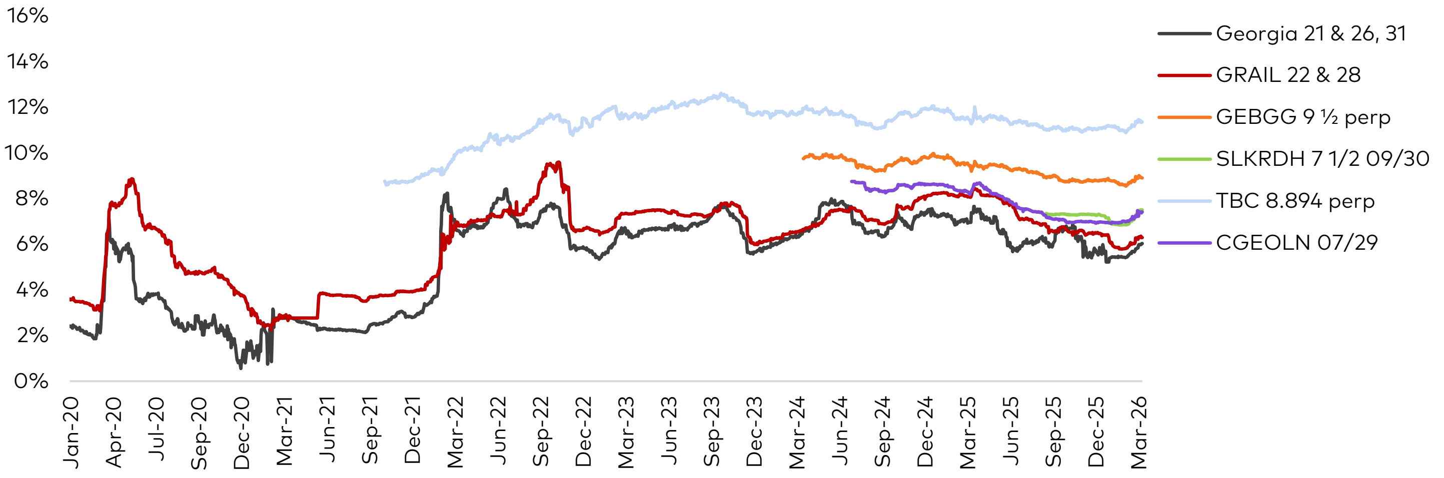
Fixed income

Georgian local bonds								
Issuer	**Currency**	**Amount, mn**	**Coupon**	**Issue date**	**Maturity date**	**Ratings Fitch/S&P/Moody/ Scope**	**Mid price**	**Mid yield, %**
				EUR				
Tegeta Motors	EUR	10	6.75%	May-24	May-26	-/-/-/BB-	n/a	n/a
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

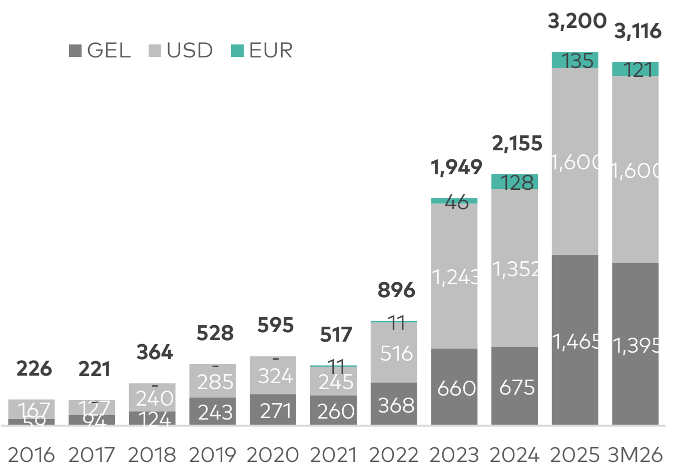
Fixed income

Georgian Eurobonds, YTM



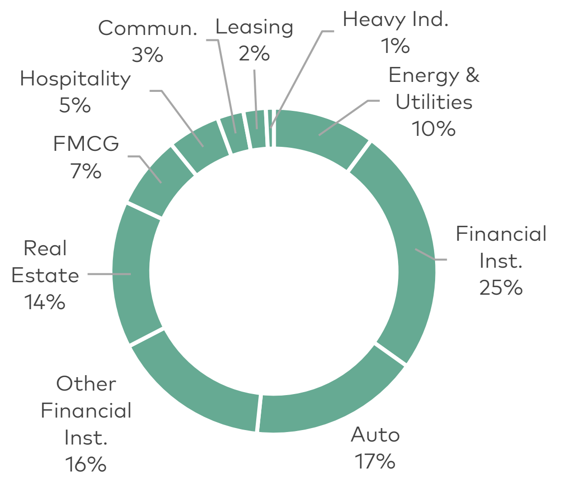
Source: Bloomberg

Georgian local corporate public bonds outstanding, GEL mn



Source: Galt & Taggart
Note: USD and EUR bonds are converted into GEL as of issuance date

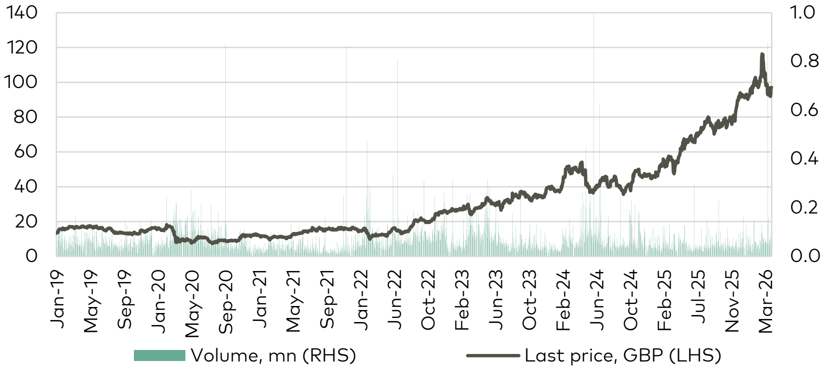
Georgian local corporate public bonds outstanding by sector



Source: Galt & Taggart

Equities

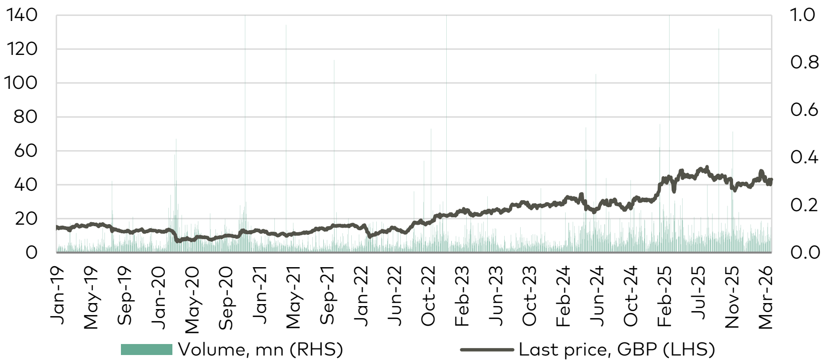
Lion Finance Group (BGEO LN)



Source: Bloomberg

Lion Finance Group (BGEO LN) shares closed at GBP 97.00/share (+4.02% w/w and -12.14% m/m). More than 294k shares traded in the range of GBP 90.85 - 97.15/share. Average daily traded volume was 114k in the last 4 weeks. The volume of BGEO shares traded was at 0.68% of its capitalization.

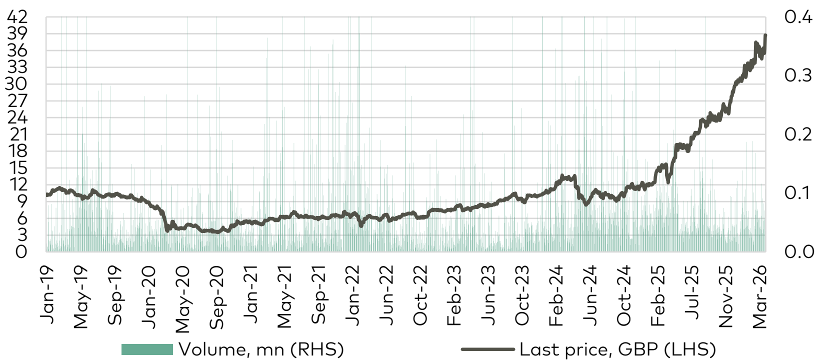
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 43.15/share (+5.50% w/w and -2.82% m/m). More than 319k shares changed hands in the range of GBP 39.70 - 43.45/share. Average daily traded volume was 66k in the last 4 weeks. The volume of TBCG shares traded was at 0.57% of its capitalization.

Georgia Capital (CGEO LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 38.75/share (+8.85% w/w and +5.73% m/m). More than 268k shares traded in the range of GBP 34.85 - 38.80/share. Average daily traded volume was 58k in the last 4 weeks. The volume of CGEO shares traded was at 0.78% 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	97.00	4,193	27.5%	83.4%	4.3%	6.16x	5.32x	1.47x	1.21x
TBC	TBC	GBP	43.15	2,405	-4.0%	6.9%	6.3%	5.45x	4.76x	1.19x	1.03x
Halyk Bank	HSBK	USD	32.05	8,733	24.2%	36.1%	7.0%	4.58x	4.57x	1.25x	na
Akbank	AKBNK	TRY	69.25	360,100	16.5%	31.8%	-0.8%	3.48x	2.63x	0.90x	0.69x
Garanti	GARAN	TRY	131.30	551,460	-3.2%	15.2%	-8.5%	3.47x	2.83x	0.94x	0.73x
Isbank	ISCTR	TRY	13.18	329,500	-0.4%	8.7%	-6.5%	2.66x	1.95x	0.62x	0.48x
PKO	PKO	PLN	90.00	112,500	22.1%	25.1%	5.7%	10.74x	8.89x	1.90x	1.75x
PEKAO	PEO	PLN	224.80	59,003	24.1%	30.0%	9.6%	10.19x	9.20x	1.62x	1.54x
Millennium	MIL	PLN	16.85	20,440	12.9%	20.4%	1.3%	10.12x	8.11x	2.06x	1.67x
Mbank	MBK	PLN	1,159.00	49,287	24.6%	45.6%	9.2%	11.28x	10.06x	2.18x	1.83x
BRD	BRD	RON	28.40	19,792	34.0%	55.4%	5.6%	12.07x	10.83x	1.74x	1.59x
Banca Transilvania	TLV	RON	36.16	39,426	28.8%	51.7%	19.7%	8.83x	8.45x	1.84x	1.66x
Komercni	KOMB	CZK	1,095.00	208,104	5.3%	2.8%	-5.8%	12.08x	11.27x	1.62x	1.53x
Mean								***7.78x***	***6.84x***	***1.49x***	***1.31x***
Median								***8.83x***	***8.11x***	***1.62x***	***1.53x***

Source: Bloomberg, S&P Capital IQ

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