



საქართველოს ეროვნული ბანკი
National Bank of Georgia

Overview of Georgian Capital Market

Capital Market Supervision
Department

Capital Market Development and Research
Division

Q2, 2026

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Definitions

BIS -----	Bank of International Settlements
EBRD -----	European Bank for Reconstruction and Development
IFI -----	International Financial Institutions
NBG -----	National Bank of Georgia
GSE -----	Georgian Stock Exchange
MOF -----	Ministry of Finance of Georgia

GEORGIAN BOND MARKET

LOCAL TREASURY SECURITIES MARKET¹

ACTIVE TREASURY BOND MARKET IS ESSENTIAL FOR THE DEVELOPMENT OF THE CORPORATE BOND MARKET:

The treasury bond yield curve serves as a key benchmark for pricing corporate bonds.

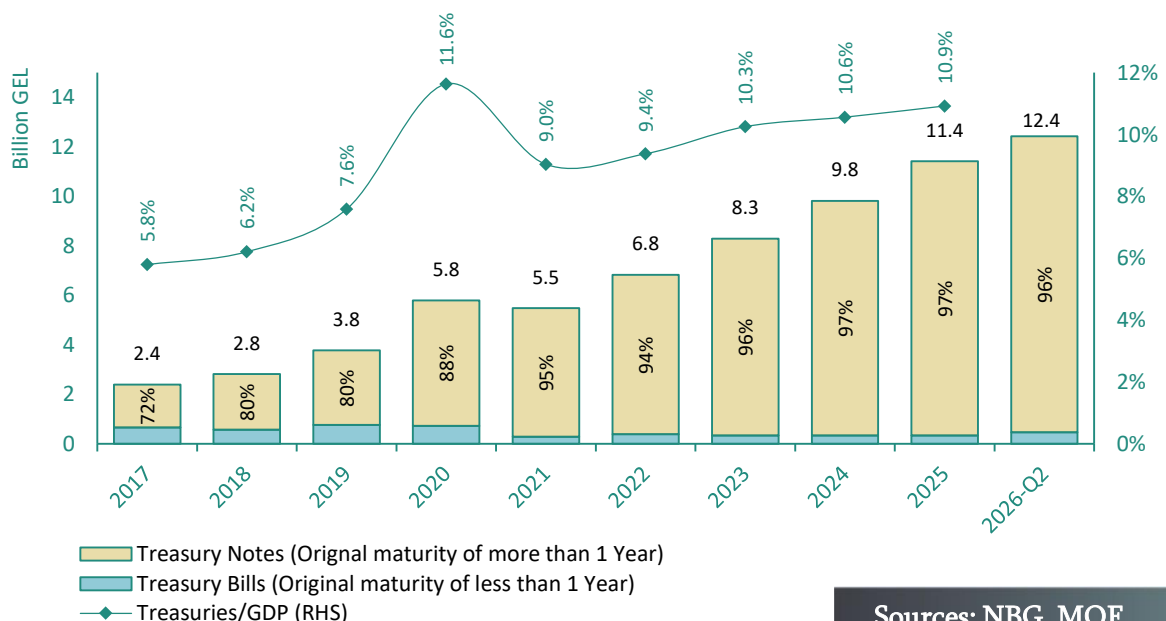
As the least risky securities in the country, treasury bonds are usually a primary financial alternative for investors, after bank deposits.

Generally, treasury bonds are the first to develop as an investment alternative, followed by the subsequent allocation of investor savings into riskier assets, such as the corporate bond market.

THE LOCAL TREASURY SECURITIES MARKET HAS EXPANDED SIGNIFICANTLY IN RECENT YEARS:

Outstanding local treasury bonds increased from GEL 11.4 billion at end-2025 to GEL 12.4 billion by end-Q2 2026. Relative to GDP, the market size stood at around 11% at end-2025 (See Figure 1).

FIGURE 1: Local Treasury Bond Market Outstanding



Sources: NBG, MOF

¹ Under this heading, only treasury bonds and bills issued in GEL on the local market are presented, excluding the USD 500 million Eurobond issued abroad.

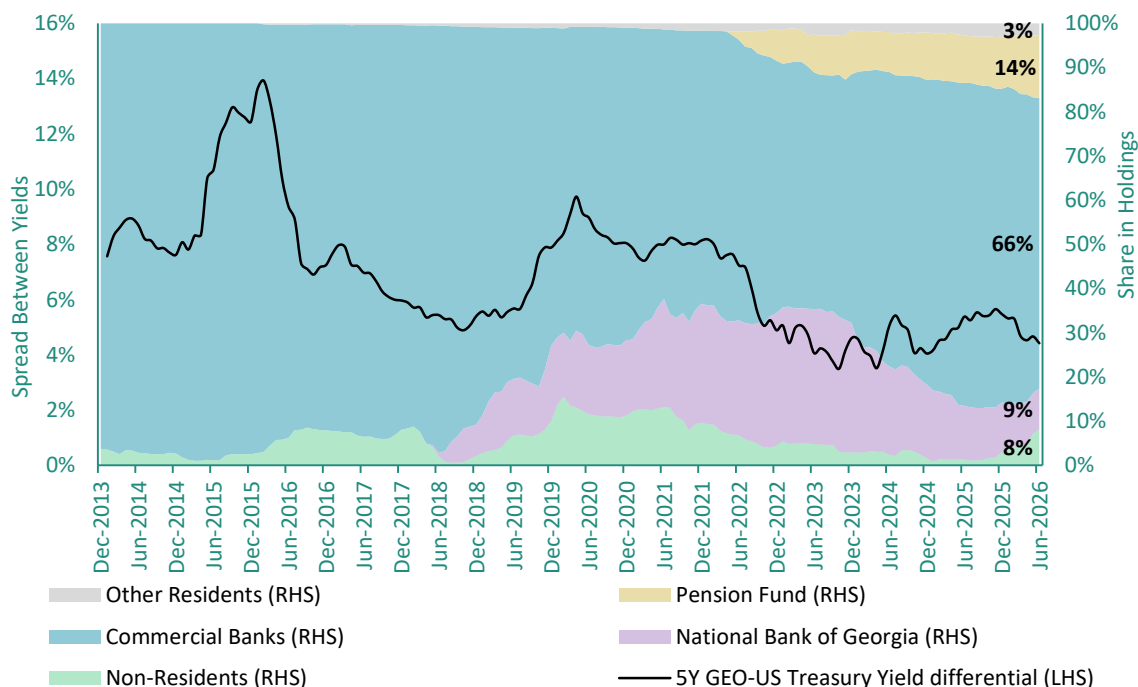
THE OWNERSHIP STRUCTURE OF TREASURY BONDS IS PRIMARILY COMPOSED OF INSTITUTIONAL INVESTORS, WITH A RECENT RISE IN THE SHARE HELD BY NON-RESIDENT INVESTORS:

The majority of treasury securities continue to be held by commercial banks, the National Bank of Georgia², and the Pension Fund of Georgia, which together accounted for around 89% of holdings at end-Q2 2026 (See Figure 2). These investors typically prefer to hold these bonds until maturity, contributing to limited secondary-market activity.

Consequently, this factor somewhat impedes treasury bonds' capacity to effectively serve as a benchmark for the market valuation of corporate bonds.

After declining through the end-Q2 2025 to around 1%, the share of non-resident investors increased significantly over the following year. Their share reached approximately 3% by end-2025 and rising further to around 8% by end-Q2 2026³.

FIGURE 2: Holders of Local Treasury Bonds



Sources: NBG, MOF

² From 2018 to 2023, the National Bank undertook the purchase of treasury bonds on the secondary market as part of its open market operations.

³ The increase in non-resident investors' share was partly attributable to the GEL 400 million bond issuance by the Ministry of Finance of Georgia through syndication in May 2026. However, the upward trend was already evident prior to the issuance, with the share reaching 5% by April.

LOCAL NON-GOVERNMENT BOND MARKET

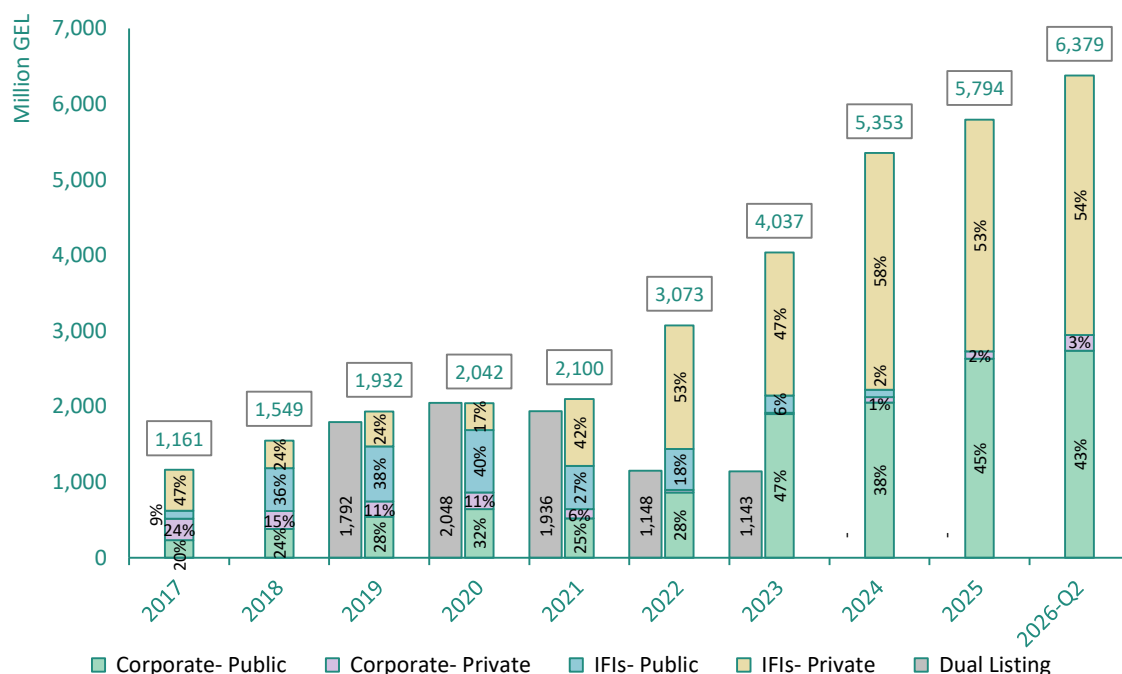
THE LOCAL NON-GOVERNMENT BOND MARKET EXPANDED SUBSTANTIALLY FROM GEL 106 MILLION IN 2014 TO GEL 6.4 BILLION IN 2025:

Public corporate bonds and IFI bonds together make up 97% of the non-government market (43% and 54%, respectively).

Inherent advantages for listed corporate bonds—tax-exemption, transparency, liquidity and others—tilt issuances away from private placements⁴.

Historically only three offerings—with primary listings in foreign markets—were dual-listed on the Georgian market in 2019, with an aggregate value of about GEL 1.8 billion.

FIGURE 3: Non-Government Bonds Outstanding



Sources: NBG

⁴ The data comprises only those Private Corporate Bonds that have ISIN assigned by NBG

LOCAL PUBLIC CORPORATE BOND MARKET

LOCAL CORPORATE BOND MARKET ENTERED AN ACTIVE GROWTH PHASE FROM THE SECOND HALF OF 2022:

In 2022–2023, the CMS⁵ program supported 7 issuers in placing corporate bonds totaling GEL 450 million.

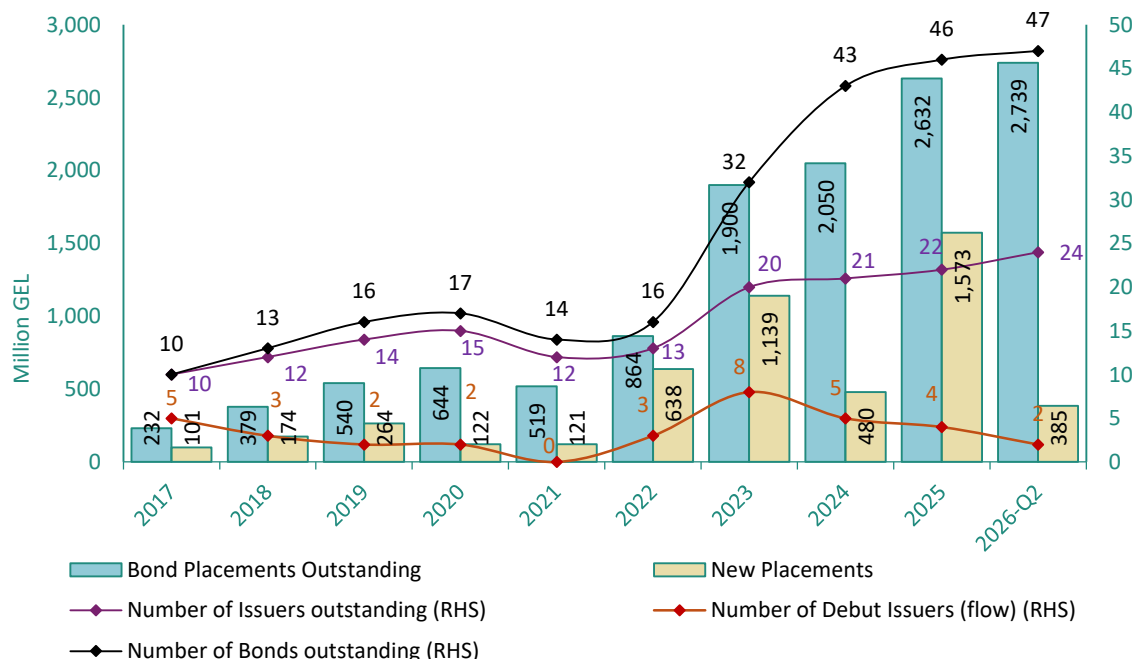
During the period, GEL 1.8 billion in bonds were publicly issued, bringing the outstanding market size to GEL 1.9 billion, equivalent to 2.3% of GDP, by end-2023 (See Figures 4 and 5).

NEW BOND ISSUANCE SLOWED IN 2024 FOLLOWING THE 2023 SURGE, BEFORE REBOUNDED TO A RECORD HIGH IN 2025:

2024: 21 new bonds were issued by 11 issuers, totaling GEL 480 million, of which GEL 236 (49%) was issued with the support of Enterprise Georgia's⁶ Capital Market Support State Program⁷.

2025: 20 new bonds were publicly issued by 14 issuers, totaling GEL 1.57 billion, of which around GEL 660 million (42%) was issued with the support of the same Program.

FIGURE 4: Local Public Corporate Bond market



Sources: NBG

⁵ Capital Market Support (CMS) program was co-initiated by the National Bank of Georgia and implemented by the EBRD with funding from the European Union. Under the program, underwriting costs were subsidized (including credit rating fees) and educational sessions were conducted (eight in total) aimed at enhancing issuer awareness.

⁶ As of May 22, 2026, JSC Georgian Economic Development Corporation is the legal successor to LEPL Enterprise Georgia.

⁷ Under this program, brokerage service fees payable by the issuer, as well as costs associated with obtaining a credit rating are subsidized.

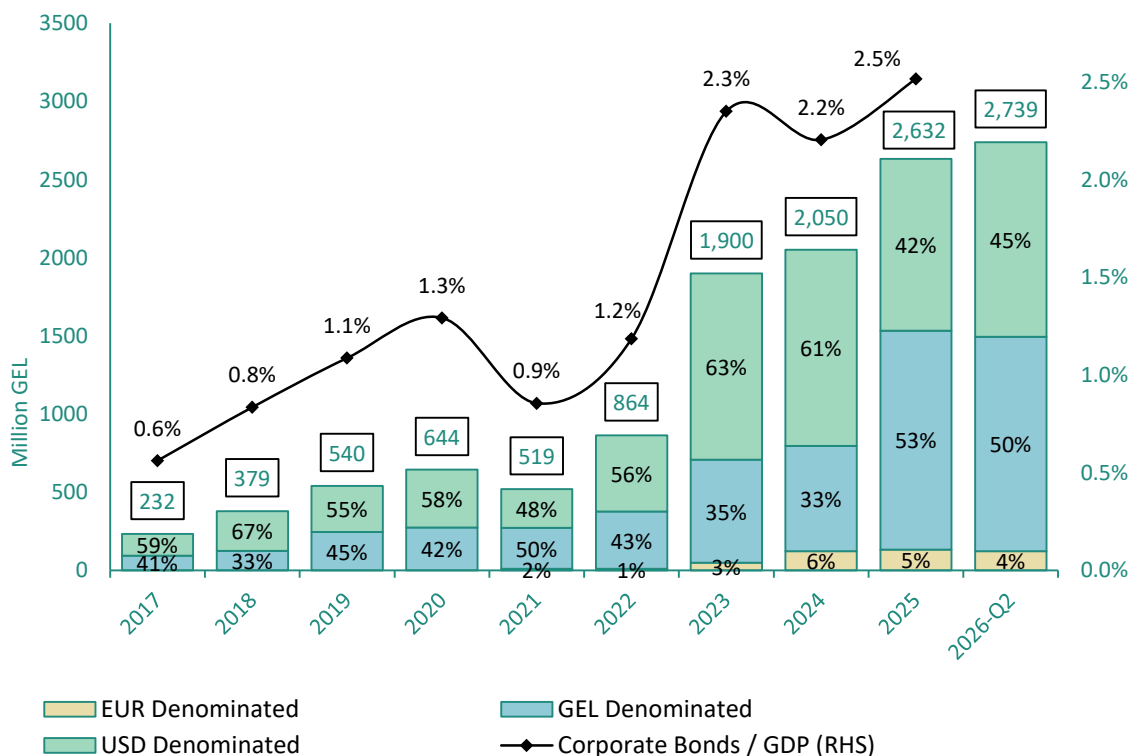
PUBLIC CORPORATE BOND MARKET CONTINUED TO EXPAND IN THE FIRST HALF OF 2026, REACHING GEL 2.74 BILLION:

In H1 2026, 5 issuers publicly offered 8 new bonds, raising GEL 385 million (See Figure 4) — around 2.6 times the GEL 150 million raised during the same period of 2025.

49% (by value) of new issues, around 190 million GEL, were offered with the support of Enterprise Georgia's⁶ program.

Compared with end-2025, outstanding bonds increased from GEL 2.63 billion to GEL 2.74 billion by end-Q2 2026, while the number of outstanding bonds increased from 46 to 47 and the number of issuers expanded from 22 to 24 (See figure 4).

FIGURE 5: Local Public Corporate Bonds Outstanding by Currency

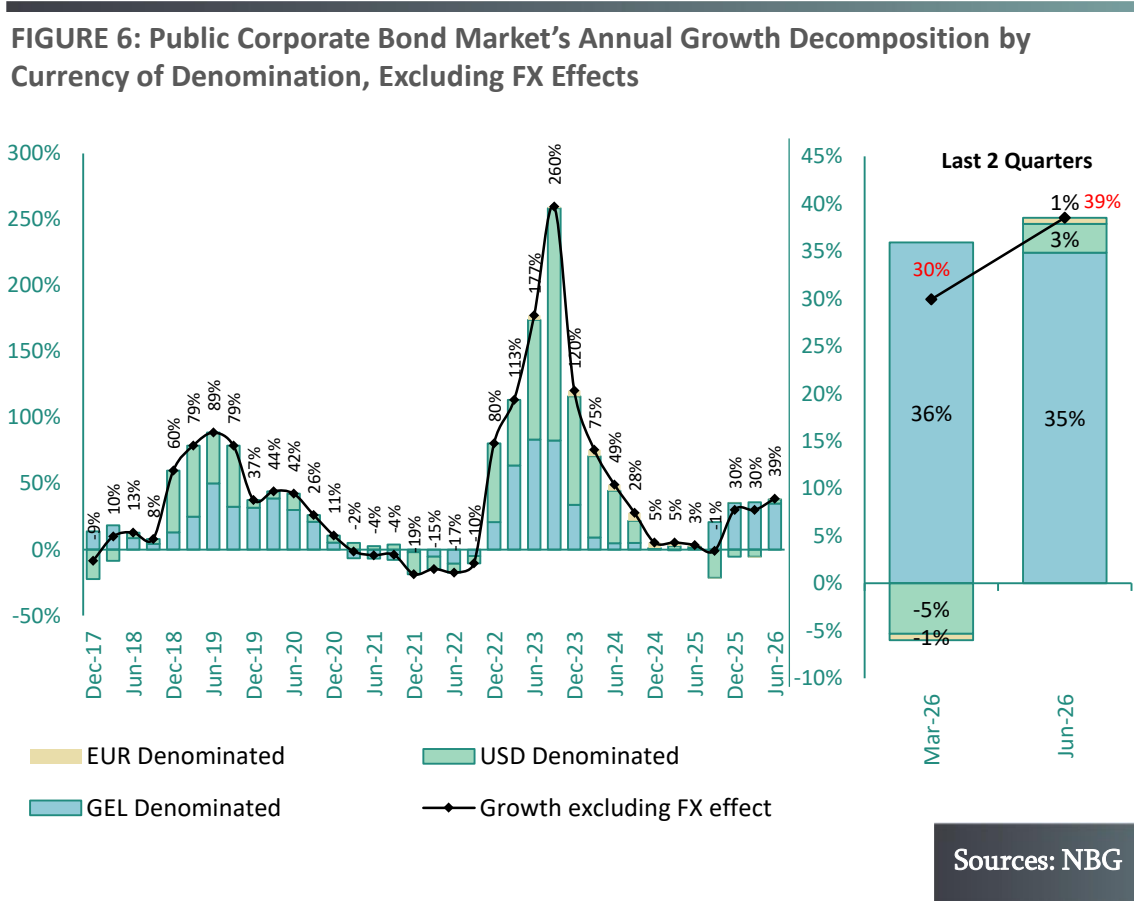


Sources: NBG

THE OUTSTANDING PUBLIC CORPORATE BOND MARKET GREW 39% YEAR-ON-YEAR IN Q2 2026, EXCLUDING FX EFFECTS, WHILE ITS CURRENCY COMPOSITION BECAME MORE BALANCED:

GEL-denominated bonds were the main driver, contributing around 35 p.p. to overall growth (See Figure 6).

By end-Q2 2026, GEL-denominated bonds accounted for 50% of the GEL 2.74 billion outstanding market, equivalent to around GEL 1.37 billion. (See Figure 5).



Additional Corporate Bond Market Characteristics:

Maturity Profile: varies significantly by currency:

- **Foreign currency denominated bonds:** characterized by relatively shorter-term issuances. (See Figure 7). It can be argued in general that there is a positive correlation between the share of short maturities in the market and market illiquidity. This is in line with the perception that in illiquid markets (p.19), illiquidity premia rise sharply with maturity—which can reinforce issuer preference for shorter tenors.
- **GEL-denominated bonds:** issuances are predominantly longer-term (see Figure 7), potentially reflecting the institutional investor–driven nature of this segment.

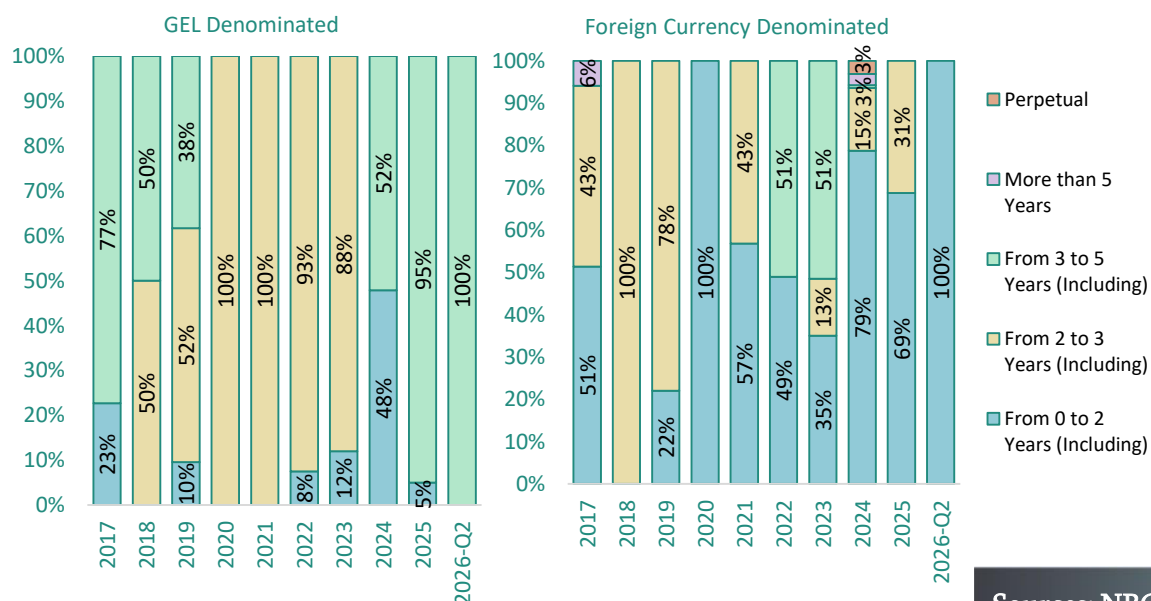
Credit Rating Profile: Rating is associated with additional costs; therefore, obtaining one is typically driven by investor demand.

- Issuers of **GEL-denominated** bonds are more likely to carry ratings (See Figure 9), since the investors—commercial banks and the Pension Fund of Georgia—tend to require them (e.g. to satisfy regulatory eligibility).
- **Foreign-currency bonds** have a more diversified investor base (See Figure 19); consequently, demand for credit ratings has historically been lower (See Figure 8).

In the first half of 2026, rated issuers accounted for 87% of foreign-currency bond issuance, largely reflecting issuance by two already-rated issuers that had previously issued GEL-denominated bonds as well. At this stage, no broader shift in the overall market trend is evident.

GSSS⁸ Label: GSSS-labeled bonds represent 42% of outstanding corporate bonds (See Figure 9)

FIGURE 7: Public Corporate Bonds' New Placements by Maturity Range



Sources: NBG

⁸ GSSS – Green, Social, Sustainable and Sustainability Linked

FIGURE 8: Public Corporate Bonds' New Placements by Issuers' Credit Rating

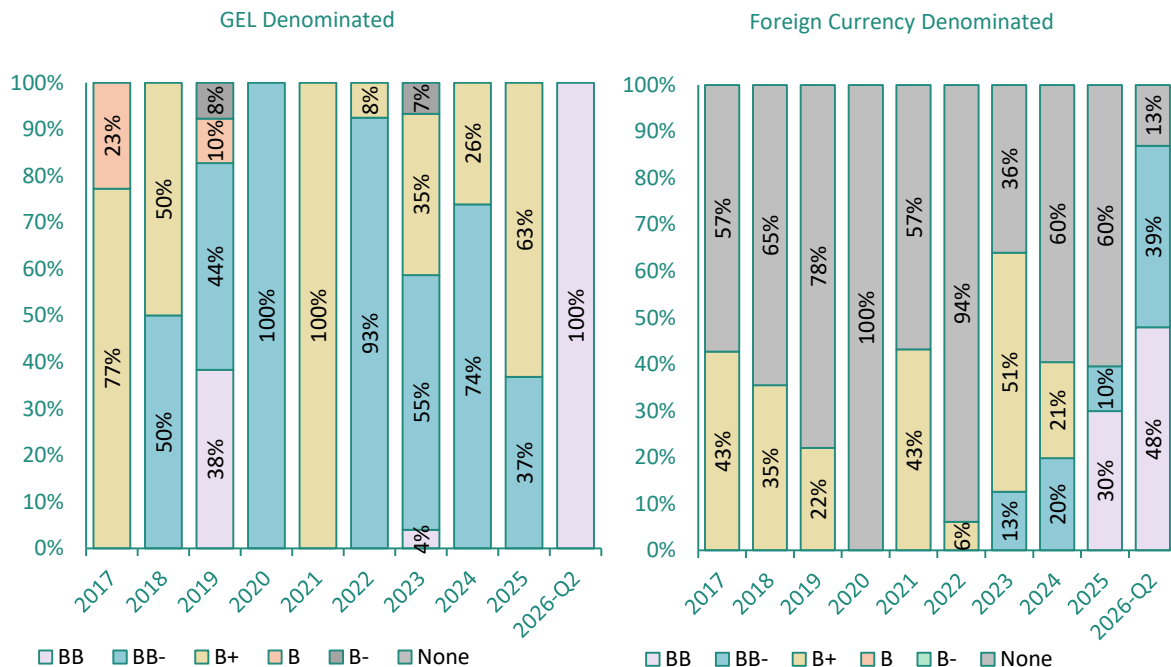
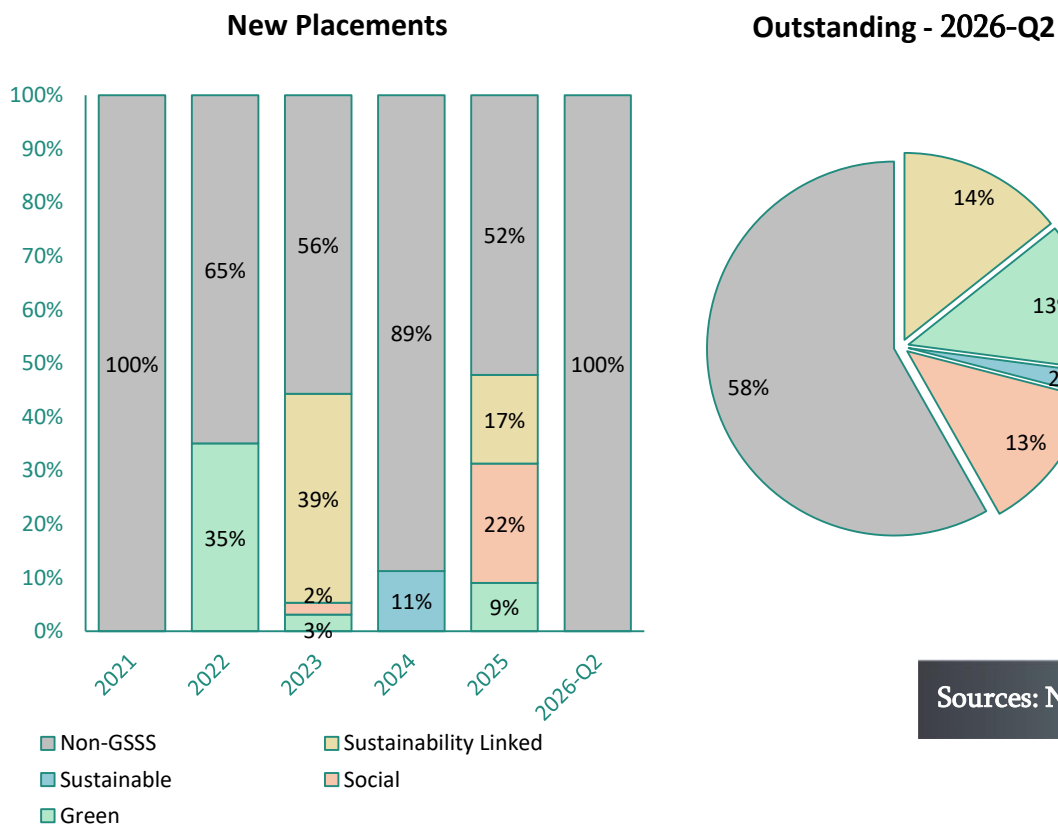


FIGURE 9: Public Corporate Bonds Labeled as GSSS



Sector Diversification: Market diversification by sector has consistently improved over time (See Figure 10)

- In 2018, bonds were issued across 4 economic sectors, rising to 6 sectors in 2022, and reaching 10 sectors by 2023.
- As of end-Q2 2026, bonds were outstanding across 14 sectors. The three largest—Other Financial Services, Automotive and Health Activities—accounted for around 47% of total outstanding market value.

Intended Use of Proceeds⁶: Loan refinancing and bond rollover remain the predominant uses of proceeds, which is typical of a growing bond market.

- At the same time, the share of issuance intended solely for business expansion and capital expenditure has increased since 2023, reaching 28% of new issuance by value in the first half of 2026 (See Figure 11).

Issuers' Revenue Category⁷: In most earlier years, Category II issuers (GEL 20–100 million) accounted for the largest share of new placements, while Category I issuers (>GEL 100 million) have dominated issuance by value since 2024. This partly reflects the relatively high cost and compliance burden of public issuance for smaller companies, including transparency, corporate governance, and ongoing disclosure requirements.

- In the first half of 2026, all five issuers were in Categories I or II: three were Category II and two Category I, while issuance value was almost evenly split between them at 49% and 51%, respectively (See Figure 12).

FIGURE 10: Public Corporate Bonds Sector Distribution

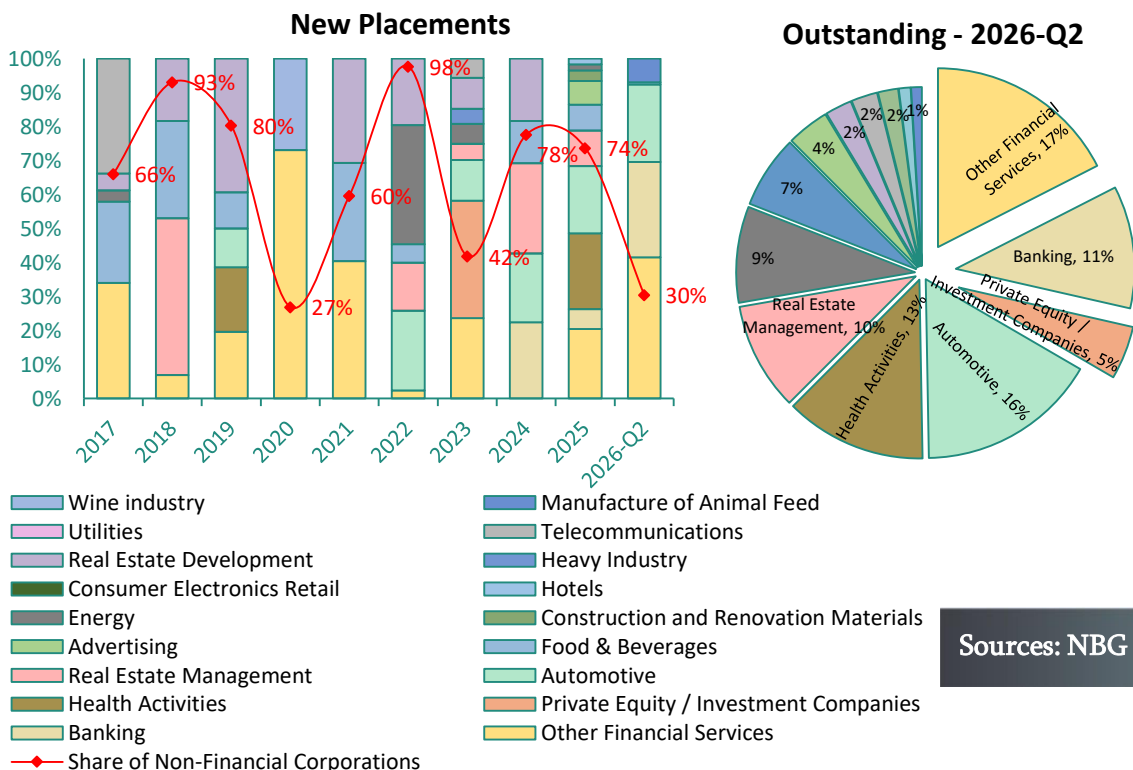
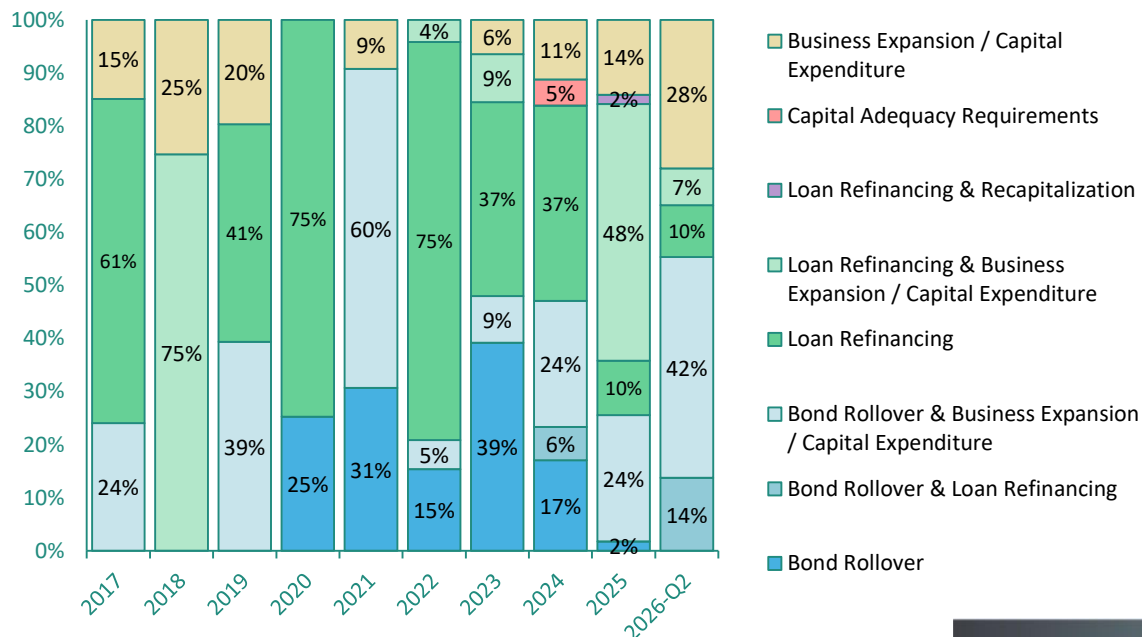
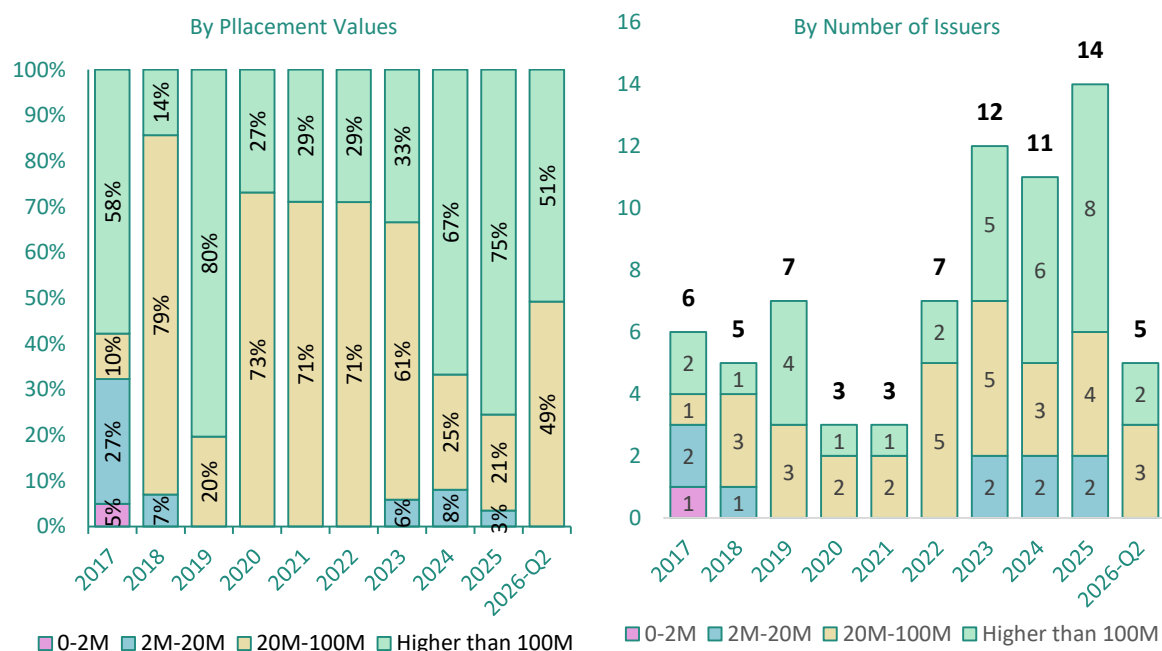


FIGURE 11: Public Corporate Bonds New Placements by the Intended Use of Proceeds⁹



Sources: NBG

FIGURE 12: Public Corporate Bonds New Placements by Issuers Core Revenues¹⁰



Sources: NBG

⁹ Use-of-proceeds reflects the intentions stated in bond prospectuses; the actual use of proceeds was not verified for the purposes of this report.

¹⁰ According to the latest available audited financial statements at the date of bond issuance.

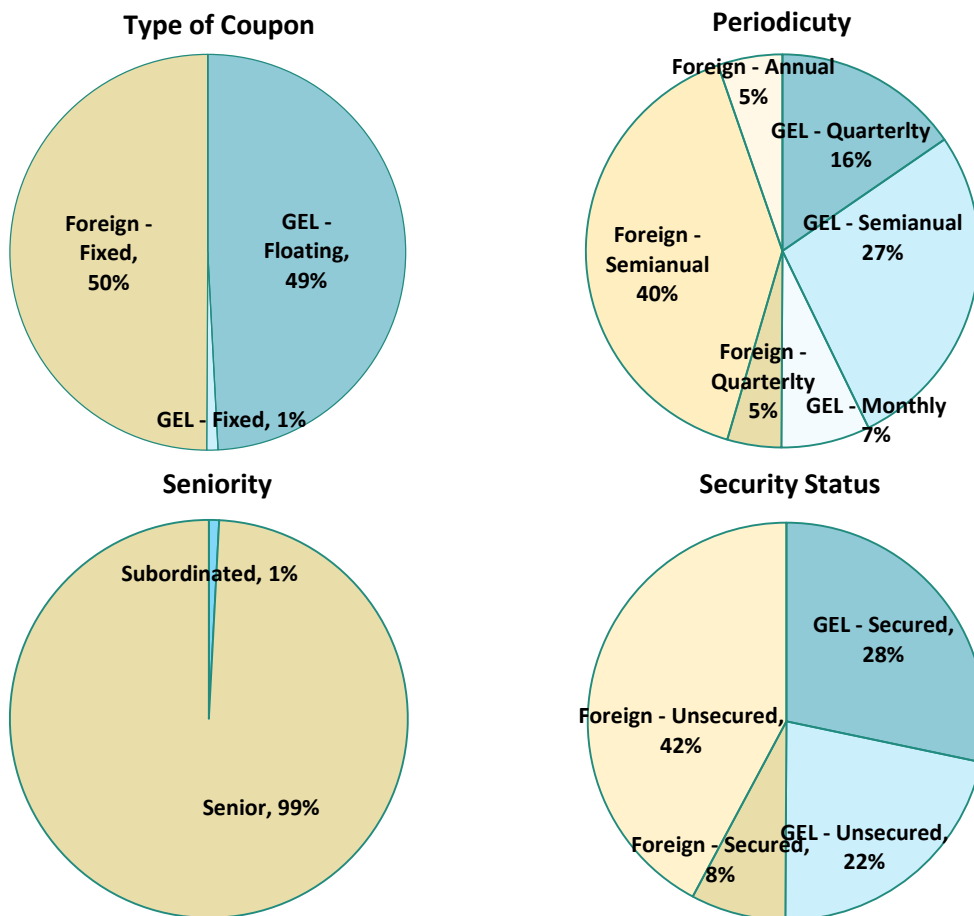
Coupon Type and Periodicity differs by currency of denomination:

- GEL-denominated corporate bonds are predominantly floating-rate and typically pay coupons semiannually or quarterly, while foreign-currency bonds are generally fixed-rate with semiannual coupon payments (See Figure 13)

Bond Class and security: Corporate bonds on the local market are almost entirely senior, while security status varies by currency:

- By end-Q2 2026, secured bonds accounted for 56.5% of outstanding GEL-denominated bonds and 15.5% of outstanding foreign-currency-denominated bonds.

FIGURE 13: Public Corporate Bonds' Characteristics. Outstanding at end-Q2 2026



Sources: NBG

CROSS-COUNTRY CAPITAL MARKET COMPARISON

BOND MARKET

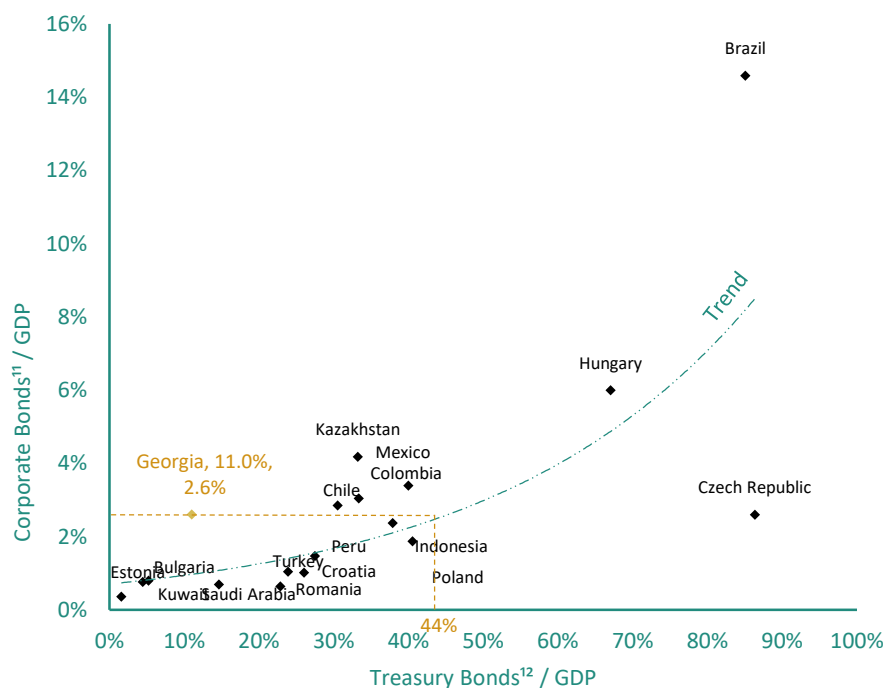
GEORGIAN TREASURY BOND MARKET DEMONSTRATES SIGNIFICANT GROWTH POTENTIAL:

A positive exponential relationship exists between the corporate and the treasury bond markets.

In most countries, treasury bond market is significantly larger than the corporate bond market.

Assuming that the relationship observed across emerging markets represents an optimal benchmark for the relative size of treasury and corporate bond markets, Georgia's treasury-bond-to-GDP ratio would have needed to be around 44% at end-2025 - approximately four times its actual level of 11% (See Figure 14).

FIGURE 14: Corporate Vs. Treasury Bonds (2025)



Sources: NBG, Bloomberg

¹¹ Publicly issued corporate bonds by local and foreign companies on the local market (excluding IFI and dual-listed bonds).

⁹ Treasury bonds include bills and bonds issued within a country by central and/or regional governments, regardless of the currency of issuance.

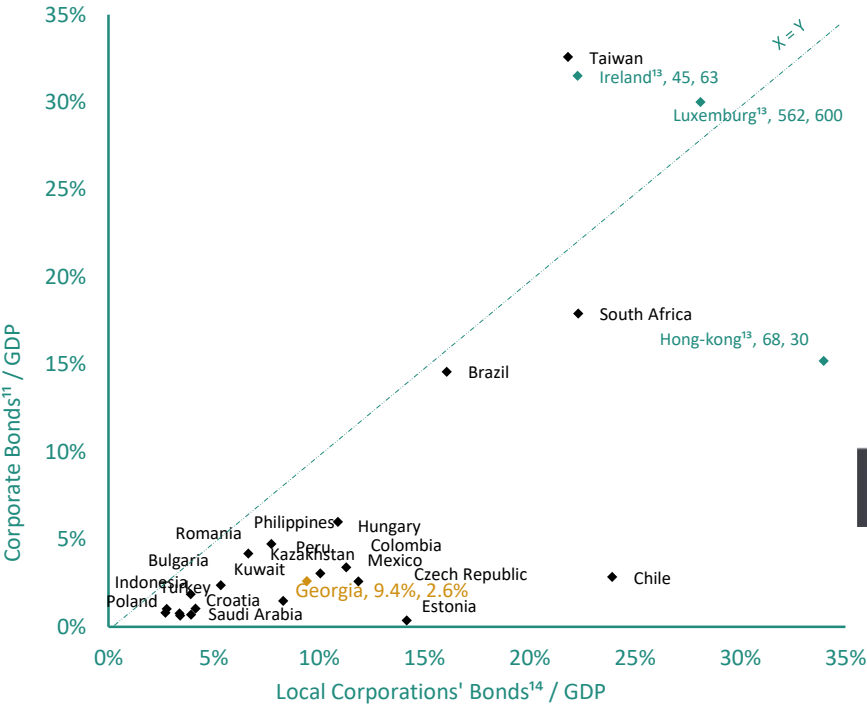
ALONGSIDE THE COUNTRY'S ECONOMIC GROWTH, THE REENTRY OF GEORGIAN COMPANIES INTO THE DOMESTIC CORPORATE BOND MARKET IS EXPECTED:

In emerging countries, the total value of bonds issued by local companies in both local and foreign markets significantly exceeds the size of the domestic corporate bond¹¹ market (See Figure 15).

Conversely, in regional hubs such as Ireland, Luxembourg, and Taiwan (positioned above the 45° axis), the domestic market attracts a greater value of foreign bond issuances than the amount issued abroad by local companies.

On Figure 15, Georgia is positioned below the 45° axis

FIGURE 15: Local Corporate Bond market Vs. Corporate Bonds of Local Companies (2025)



Sources: NBG, Bloomberg

¹³ For clarity, the data for Luxembourg, Ireland, and Hong Kong have been proportionally scaled down. Exact numbers are provided next to the country names on the chart.

¹⁴ Corporate bonds publicly issued by local corporations on both local and international markets in any currency.

STOCK MARKET

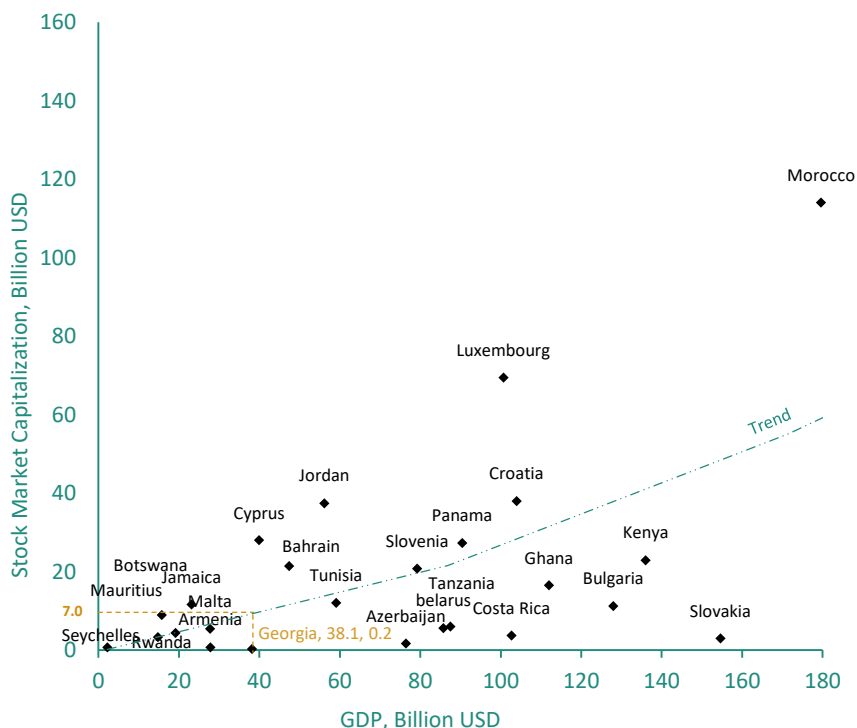
TOTAL MARKET CAPITALIZATION OF LISTED STOCKS ON THE GEORGIAN STOCK EXCHANGE IS SUBSTANTIALLY LOWER COMPARED TO THE SIZE OF THE NATIONAL ECONOMY:

By the end of 2025, shares of two companies were admitted for trading on the exchange, collectively representing a market capitalization of 631 million GEL (234 million USD)¹⁵.

A positive correlation exists between GDP and Stock market capitalization (See Figure 16).

Assuming that the relationship observed across 79 stock markets represents an optimal benchmark for the relative size of GDP and the stock market, given Georgia's GDP of USD 38.1 billion in 2025, the stock market would have needed to reach around USD 7 billion (GEL 18.9 billion)—approximately 30 times its actual size of USD 234 million.

FIGURE 16¹⁶: Stock Market Capitalization Vs. GDP (2025)



Sources: NBG, Bloomberg

¹⁵ Stock market capitalization was significantly lower than in the previous “Capital Market Overview” (Q2 2025), primarily due to the delisting of three companies during the second half of 2025.

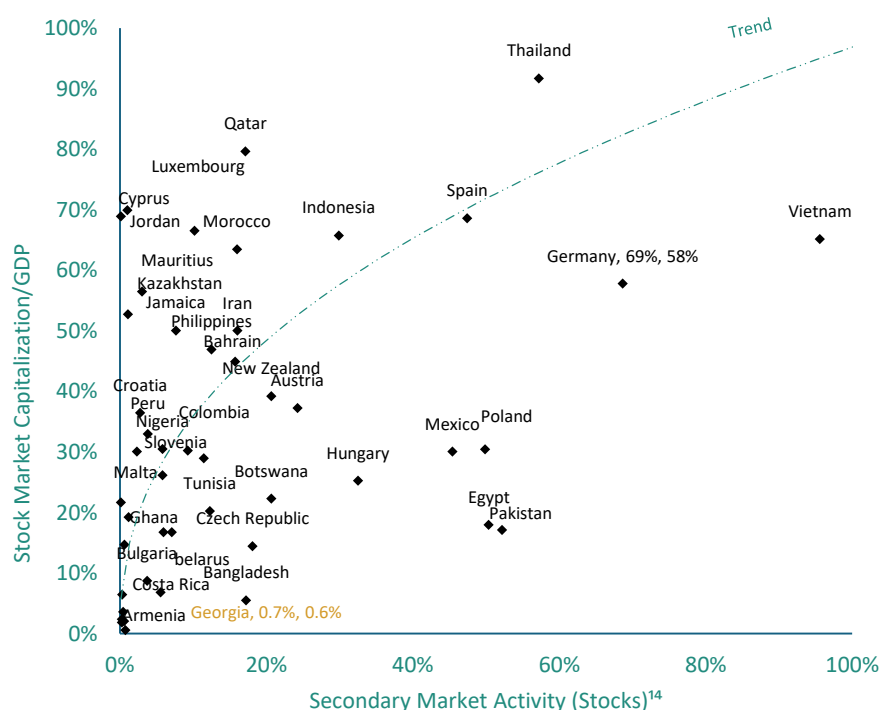
¹⁶ Figures 16 and 17 are based on data from 79 stock exchanges. For better visualization, the Figures are zoomed in and do not display every observation point; however, the trends are derived from the entire dataset.

GIVEN THE LIMITED SIZE OF THE STOCK MARKET, SECONDARY MARKET ACTIVITY SHOWS LITTLE GROWTH:

While there is a positive relationship between the size of a stock market and its secondary market activity, market activity shows minimal growth during the early stages of development.

The activity level¹⁷ in the Georgian secondary stock market accounts for only 0.7%, making it one of the lowest among the 79 stock markets analyzed (See Figure 17). However, given the market's small size, this is not unexpected.

FIGURE 17¹⁶: Stock Market Capitalization Vs. Secondary Market Activity¹⁷ (2025)



Sources: NBG, Bloomberg

¹⁷ Secondary market activity is measured by the ratio of transactions carried out during the year to the average market capitalization for 2024 and 2025..

INVESTOR BASE AND SECONDARY MARKET ACTIVITY

ACTIVITY IN THE SECONDARY MARKET OF BONDS IN GEORGIA VARIES SIGNIFICANTLY DEPENDING ON THE ISSUANCE CURRENCY AND THE TYPE OF ISSUER:

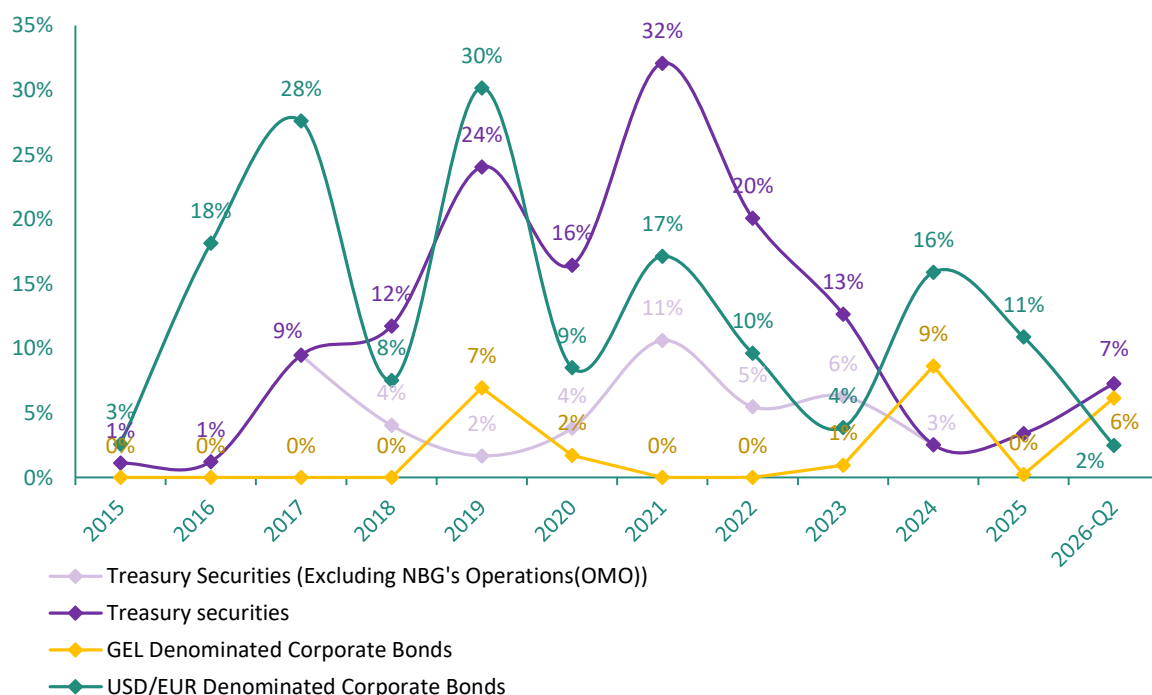
Corporate bonds issued in foreign currencies tend to show relatively higher levels of secondary market activity (See figure 18).

The treasury bond market, by contrast, generally experiences lower levels of activity.

Elevated secondary-market activity in treasury securities during 2018–2023 was largely driven by the NBG’s open market operations.

Corporate bonds issued in GEL are seldom traded on the secondary market, with high activity in 2024 and 2026 driven by a one-time transactions.

FIGURE 18: Georgian Secondary Bond Market Activity¹⁸



Sources: NBG, GSE, MOF

¹⁸ Activity Level is calculated as the ratio of total annual transactions to the average annual balance. For corporate bonds, the data includes both exchange-traded (both Georgian Stock Exchange and Tbilisi Stock Exchange) and OTC transactions. 2026-Q2 activity levels are annualized for better comparison.

DIFFERENCES IN LEVELS OF MARKET ACTIVITY ACROSS DIFFERENT MARKET SEGMENTS CAN BE TRACED BACK TO VARIATIONS IN OWNERSHIP STRUCTURES:

Diversification in the investor base for GEL-denominated corporate bonds strengthened further in the first half of 2026 (see Figure 19), driven by the increased participation of non-bank investor groups.

- Still, buy-and-hold investors continue to dominate the market.

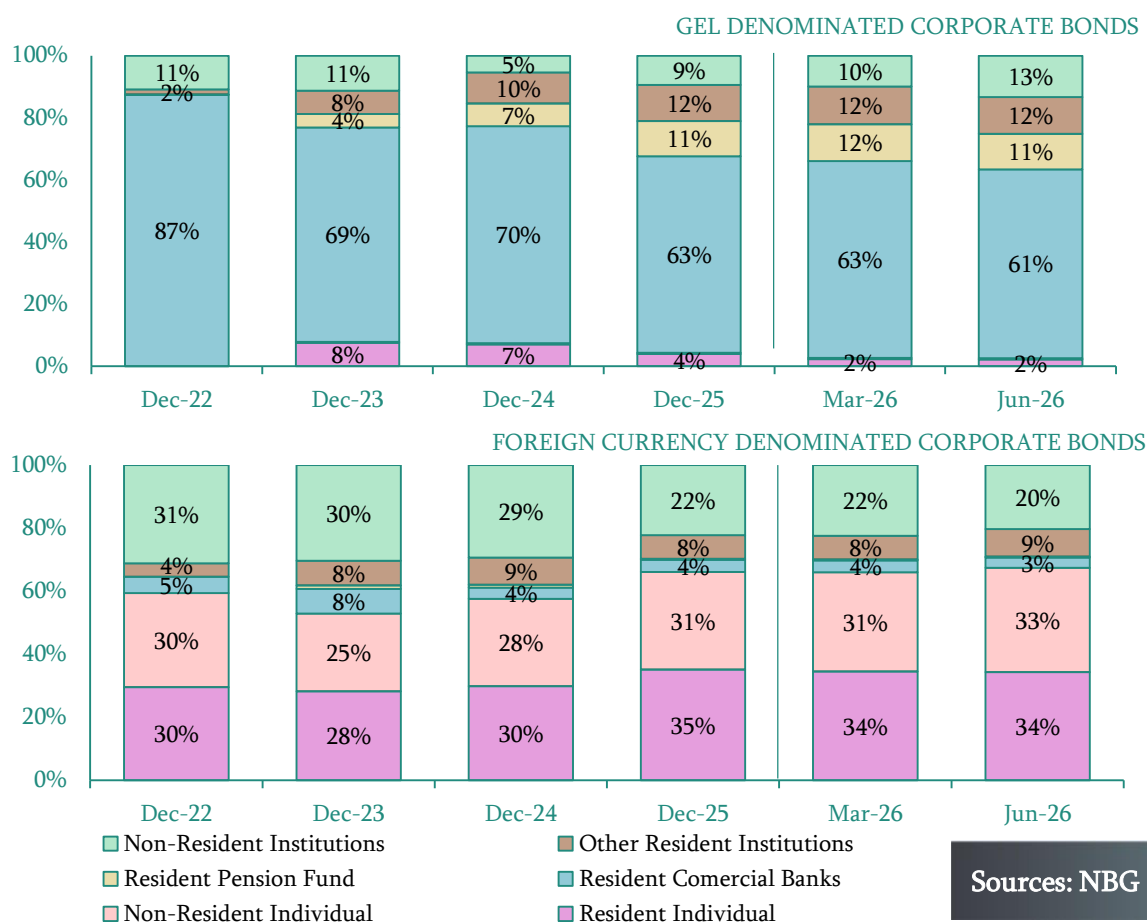
By contrast, holders of foreign currency-denominated bonds are more diverse, with a higher proportion of retail investors, which supports relatively greater secondary market liquidity.

Figure 2 illustrates the ownership structure of treasury bonds (Page 4).

CAUSALITY EXISTS BETWEEN RETAIL INVESTOR PARTICIPATION AND SECONDARY MARKET ACTIVITY:

In an inactive market, bid-ask spreads tend to be higher, discouraging both resident and non-resident retail investors. These markets are dominated by local, long-term investors employing a 'buy-and-hold' strategy.

FIGURE 19: Corporate Bonds' Holding Structure by Currency



GEL INTEREST RATE ENVIRONMENT

ALTHOUGH GEL DENOMINATED CORPORATE BONDS HAVE RELATIVELY HIGHER YIELDS, RETAIL INVESTORS HAVE SHOWN LIMITED INTEREST IN THEM:

POTENTIAL REASONS:

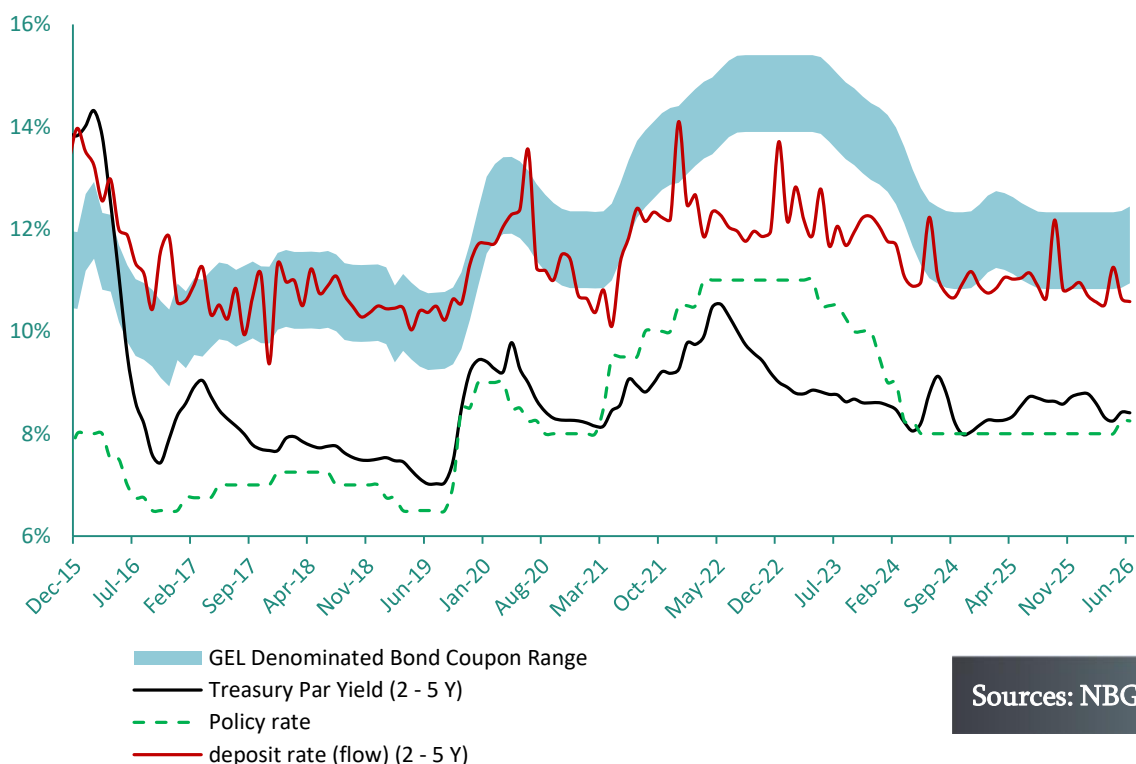
Despite the ongoing de-dollarization trend, the U.S. dollar remains the primary savings instrument for many households.

Limited financial literacy among the population.

The spread between bond and deposit yields may be insufficient to compensate for risk premium.

Taking into account the risk and liquidity premium, the spread between long term deposit rates and treasury bond yields is relatively high compared to other countries. This factor reduces retail investor interest in treasury bonds and negatively affects secondary market activity.

FIGURE 20: GEL Interest Rate Environment



HIGH SPREADS BETWEEN DEPOSIT RATES AND TREASURY YIELDS CAN BE A RESULT OF TWO MAIN FACTORS:

- Higher yields on GEL-denominated deposits, driven by the disparity in dollarization levels between loans and deposits.
- Lower yields on treasury bonds, caused by high demand from institutional investors such as commercial banks and the pension fund.

FIGURE 21: Spread between the returns on deposits¹⁹ and par yields on treasury bonds with comparable maturities

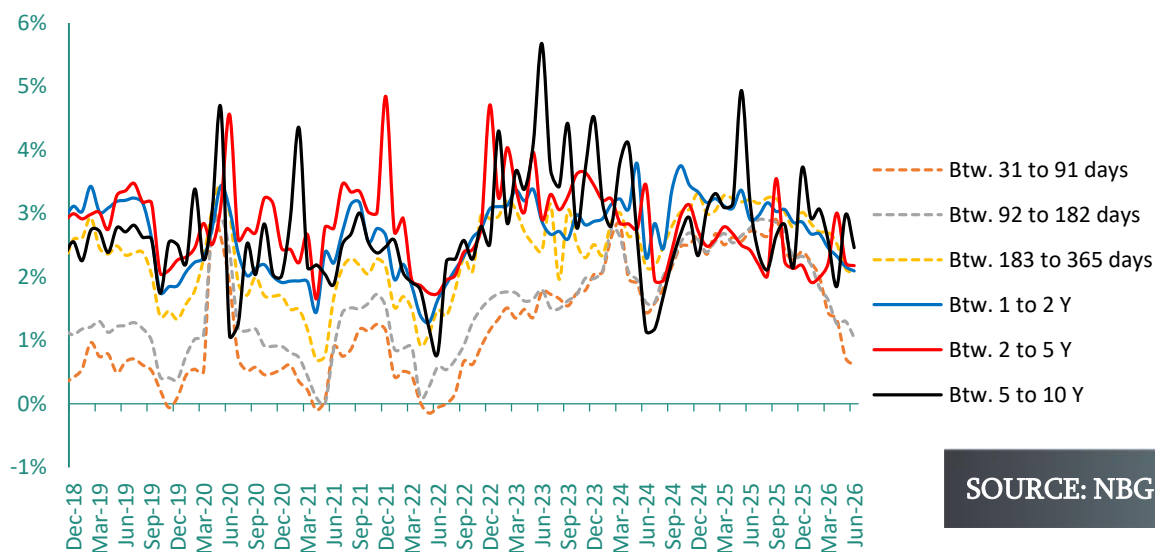
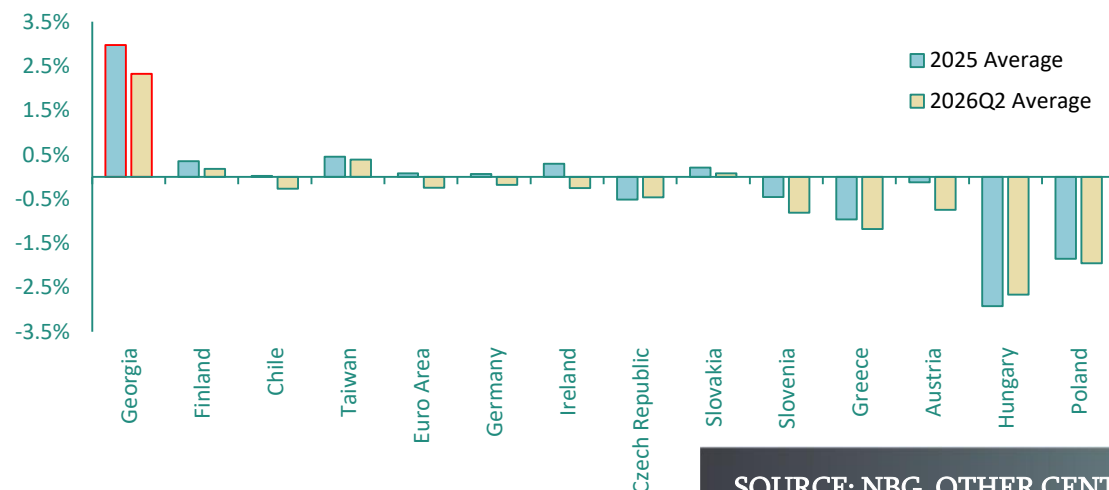


FIGURE 22: Spread between the returns on long-term deposits (with maturities exceeding one year) and the par yields on treasury bonds in other countries.



¹⁹ As we are examining the interest rate environment from the perspective of retail investors, the deposit rates considered include only GEL deposits (including CDs) newly placed by households in banks during the specified month. Longer-term deposits typically have a higher proportion of CDs.

FINANCIAL SECTOR²⁰

FINANCIAL SECTOR OVERVIEW

COMMERCIAL BANKS REMAIN THE LARGEST PLAYERS IN GEORGIA'S FINANCIAL SECTOR, THOUGH BANKS' ASSET SHARE IN THE SECTOR HAS BEEN ON A DOWNWARD TREND:

Banks' share of total financial-sector assets peaked at 95% in 2019.

Following the establishment of the Pension Fund of Georgia, the share has declined to 89% by end-Q2 2026 (See Figure 23).

After spiking to 114% during the pandemic, largely due to the 2020 GDP contraction, the commercial-bank assets-to-GDP ratio has returned to a normal growth trajectory.

FIGURE 23: Financial Sector Asset Distribution²¹



Sources: NBG

²⁰ For the purposes of this chapter, the “financial sector” includes only institutions that deploy funds at their own discretion (e.g., decide investment allocations or extend loans). Brokerages that act on a non-discretionary, client-directed basis are excluded.

²¹ The information on the 2026-Q2 assets of insurance companies, private pension funds and microfinance organisations is based on forecast estimates.

INVESTMENT FUNDS

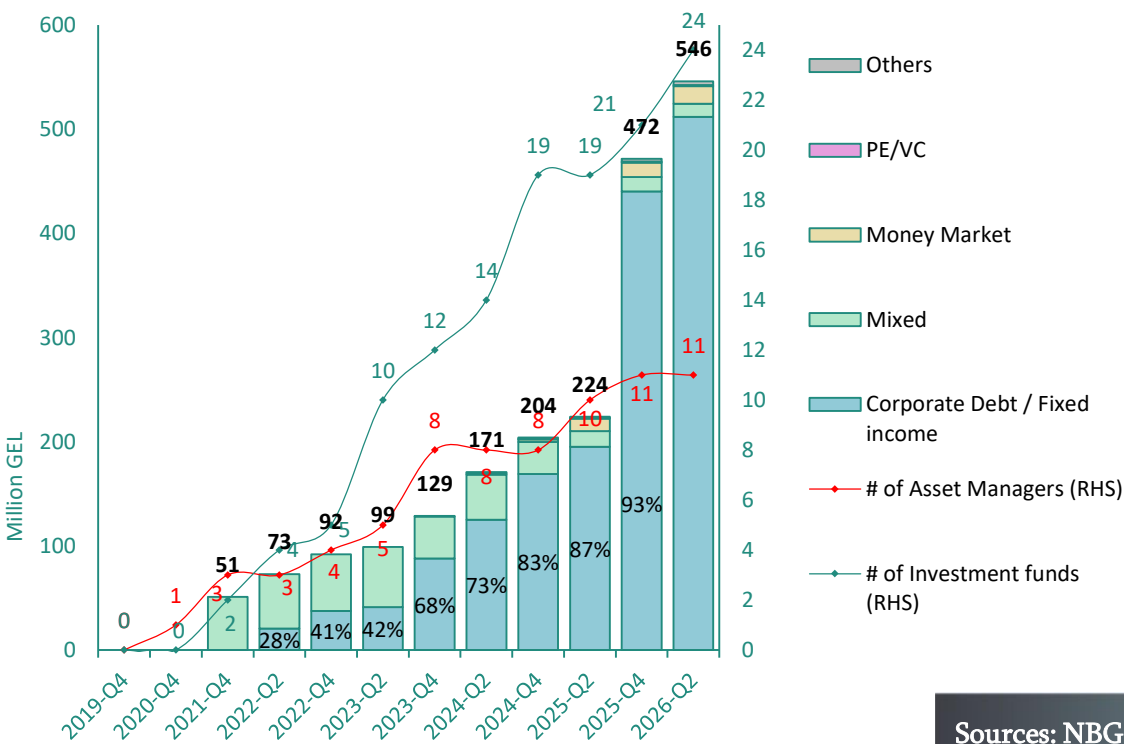
AS OF THE END-Q2 2026, THERE WERE 11 ASSET MANAGEMENT COMPANIES AND 24 INVESTMENT FUNDS OPERATING IN GEORGIA, WITH A COMBINED TOTAL OF 546 MILLION GEL IN ASSETS UNDER MANAGEMENT:

Of 24 investment funds, 11 are corporate-debt/fixed-income funds, and they account for 94% of total AUM (See Figure 24)

In 2024, the first public (authorized) GEL-denominated Money Market Fund (MMF) was established, followed by the first USD-denominated public MMF in 2026, with both funds fully investing in financial assets denominated in the respective currency

Investment funds promote savings by offering alternative investment options; they also stimulate demand for securities and support the market’s overall development.

FIGURE 24: Investment Funds Asset Allocation



Sources: NBG

PENSION FUND OF GEORGIA

AS OF THE END of JUNE 2026, THE PENSION FUND’S ASSETS STOOD AT 9.6 BILLION GEL, WITH TOTAL RETURNS REACHING 2.8 BILLION GEL:

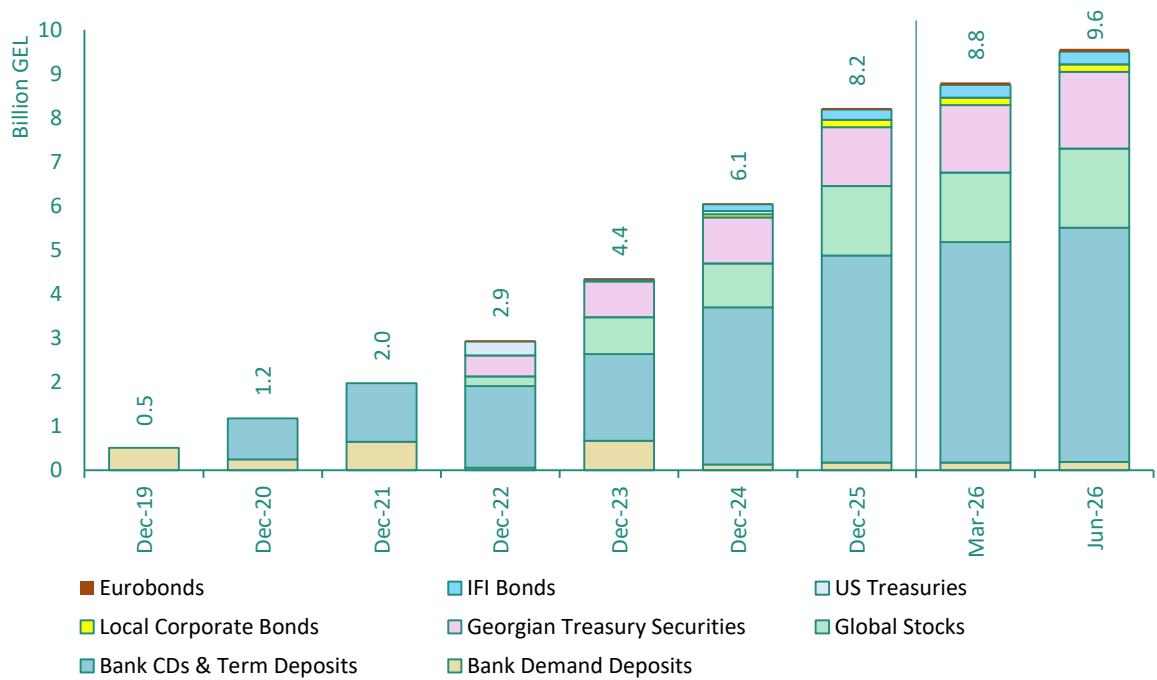
The largest - Conservative - portfolio which makes up 99% of total assets delivered an annualized net nominal return of 10.35% from inception to June 2026, corresponding to a real annualized return of 4.33%.

By the end of the Q2 2026, 1.7% of the pension fund’s total portfolio (160 million GEL) was allocated to GEL-denominated local corporate bonds (See Figure 25), accounting for 11.5% of the entire GEL-denominated corporate bond market (See Figure 19).

Allocation to the foreign-currency local corporate bonds was relatively modest: 5.3 million GEL, equal to 0.06% of the pension fund’s total portfolio and 0.3% of the foreign currency denominated corporate-bond market.

As a large, long-term institutional investor, the pension fund helps drive demand for GEL-denominated debt securities and fosters stronger corporate governance practices among issuers.

FIGURE 25: Asset Allocation of Pension Fund of Georgia



Sources: NBG

FUNDING SOURCES OF GEORGIAN NON-FINANCIAL CORPORATIONS

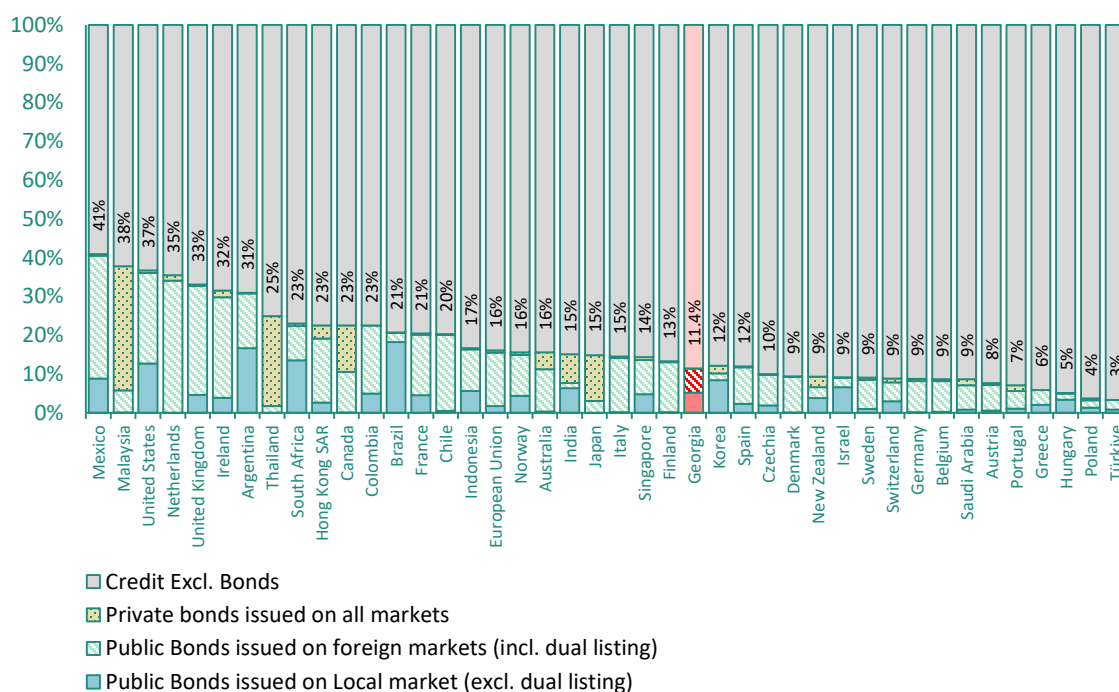
GEORGIAN NON-FINANCIAL CORPORATE BOND MARKET DEMONSTRATES SIGNIFICANT GROWTH POTENTIAL:

As of Q2 2026, non-financial issuers accounted for 67% of outstanding public corporate bonds in Georgia (See Figure 10).

As of the end of 2025, the share of all types of corporate bonds issued by Georgian non-financial companies (both public and private offerings, in local and foreign markets) constituted 11.4% of their total debt financing (5.2% - Local bonds).

Although the value of corporate bond issuances is on the rise, the gap with other markets remains notably large.

FIGURE 26: Debt Financing Sources of Non-Financial Corporations (2025)



Sources: NBG, BIS, Bloomberg

Disclaimer: *Current Capital Market Overview reflects information as of end-Q2 2026 and where applicable, may incorporate revisions and adjustments to previous-period data. Figures may therefore differ from those reported in earlier editions.*