REGIONAL FIXED INCOME MARKET OVERVIEW

MAY 2026

Rati Tsiklauri
Senior Analyst, Global Market Research

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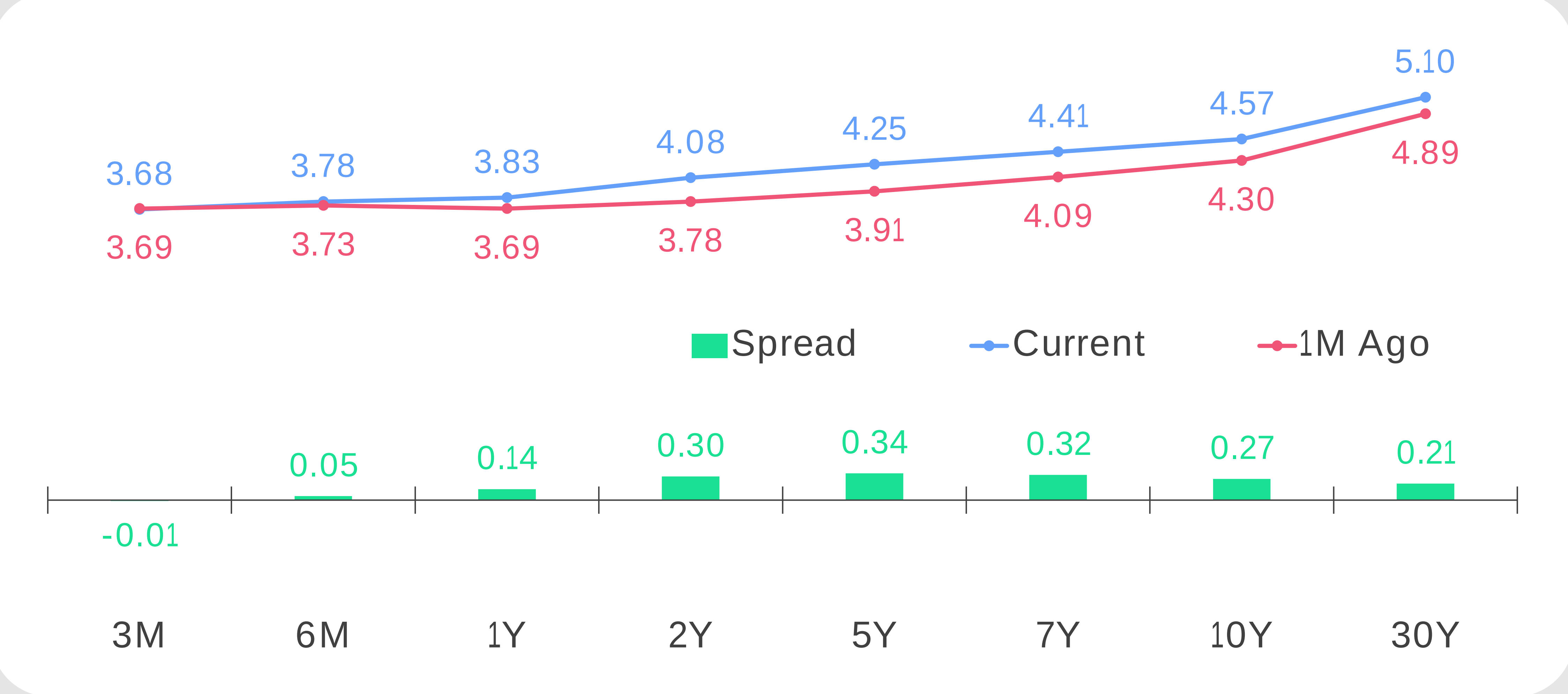
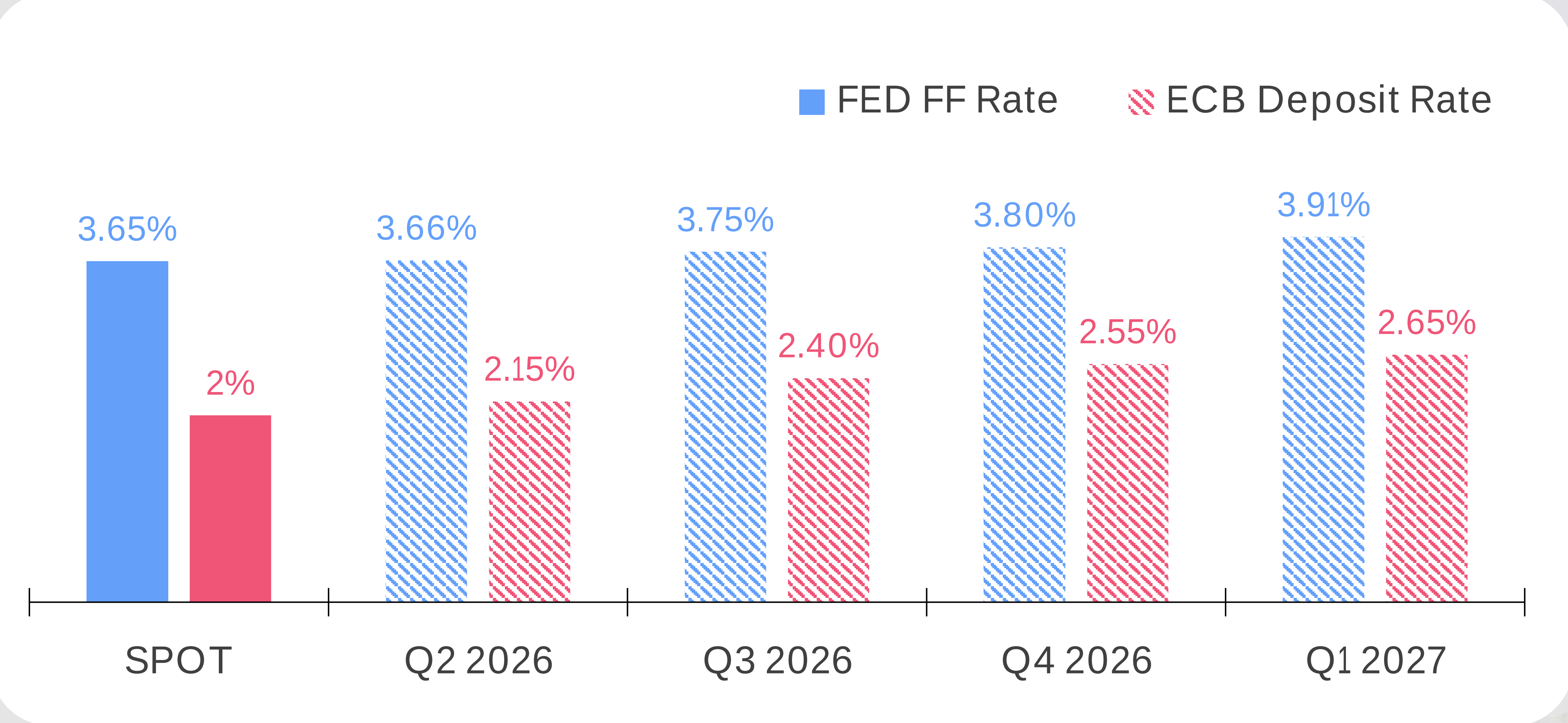
MARKET SNAPSHOT

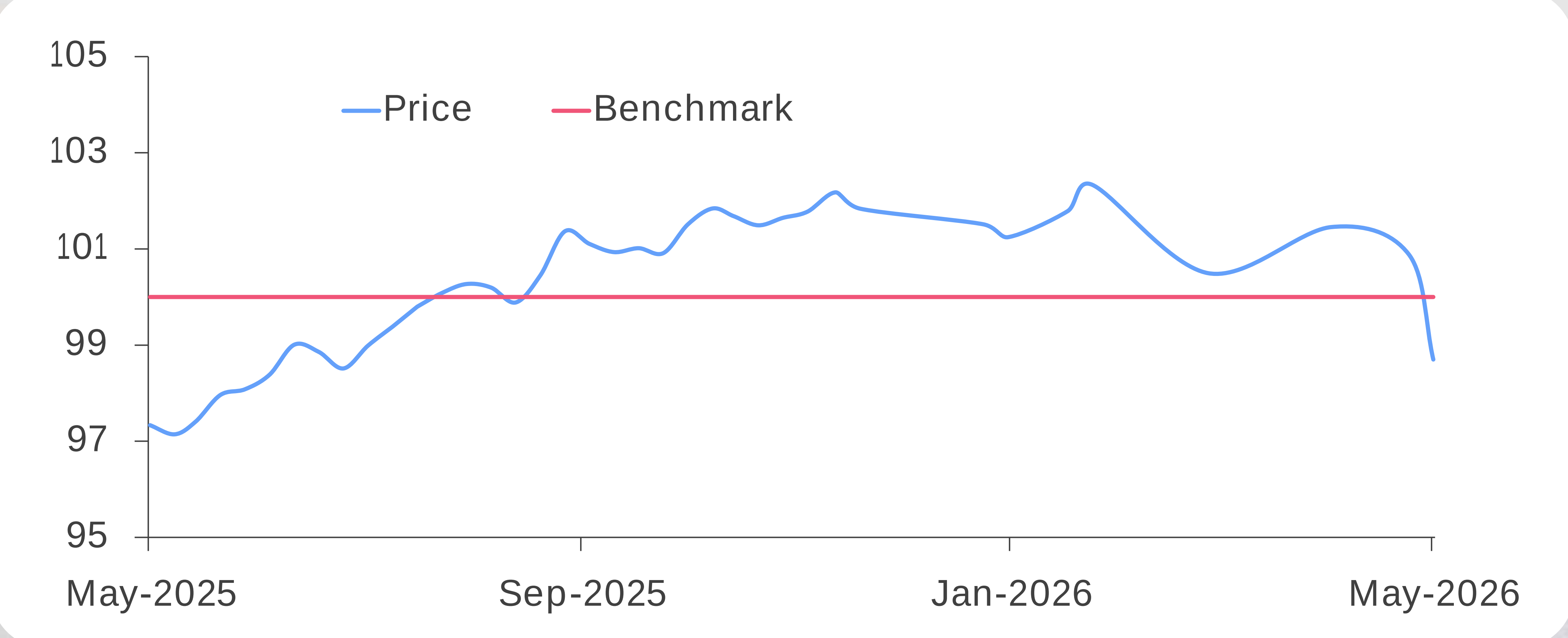
US YIELD CURVE, CURRENT VS 1M AGO



US AND EA MONETARY POLICY RATES FORECAST



TBCC REGIONAL SOVEREIGN BOND MARKET INDEX



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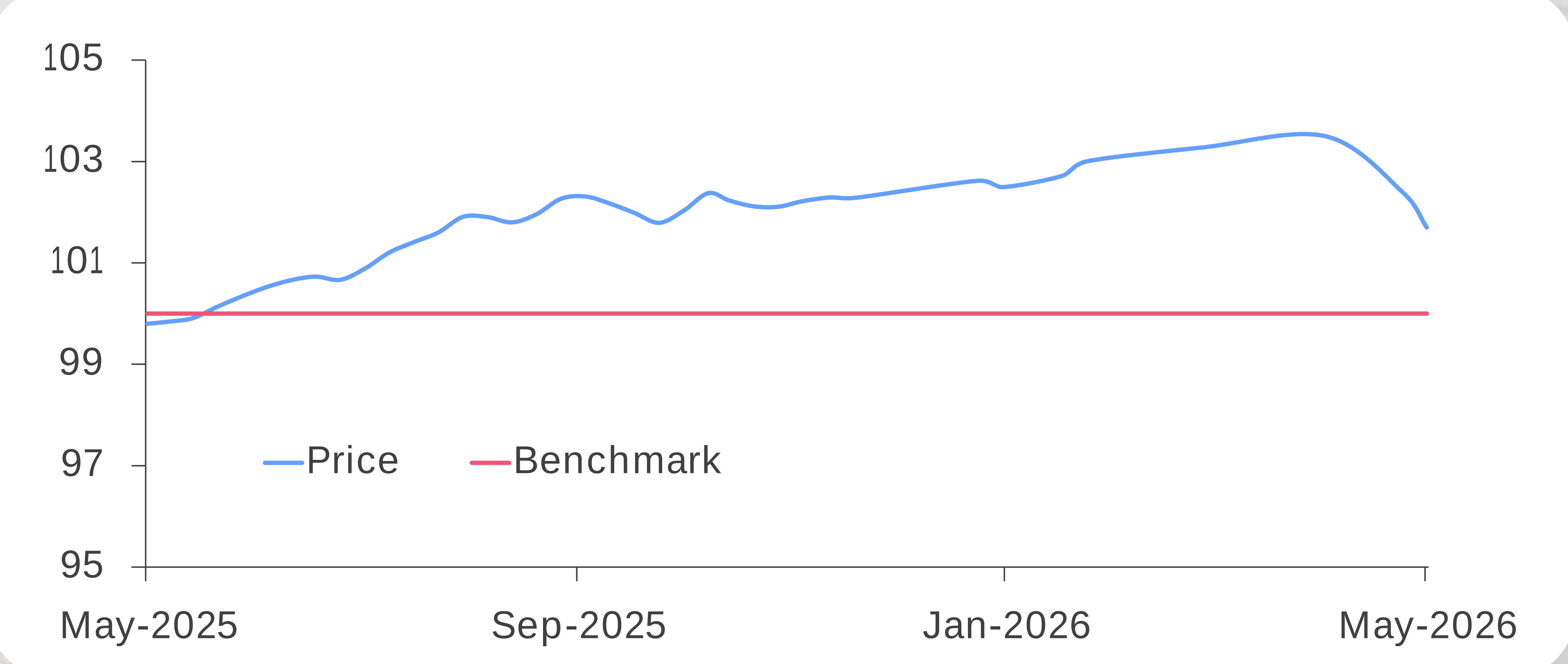
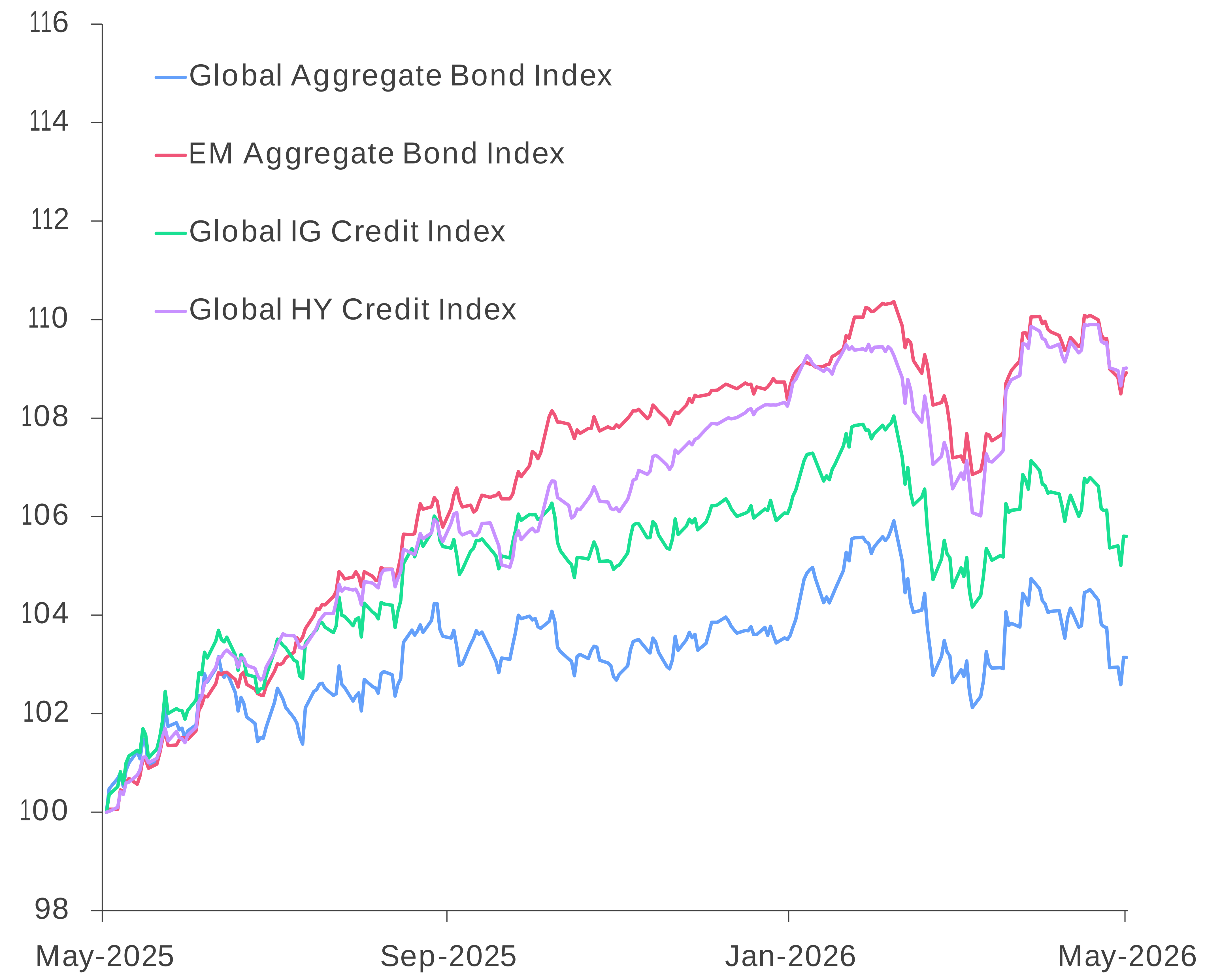


Global Markets

Global bonds sold off as US–Iran inflation risks and fiscal concerns pushed yields higher. The move remains mostly rates-driven, but oil prices, long-end yields and credit spreads remain key risks to watch..

BLOOMBERG GLOBAL BOND & CREDIT INDICES



Global bond markets have faced a broad selloff in May.The main issue is that investors are no longer looking at the US–Iran war only as a geopolitical risk event, but as a potential inflation shock. If the conflict keeps oil prices elevated or threatens energy supply routes, markets start pricing in higher future inflation, fewer rate cuts, and possibly higher-for-longer policy rates. That combination is negative for bonds: when expected inflation and policy-rate expectations rise, investors demand higher yields, and because bond prices move inversely to yields, bond indices fall.

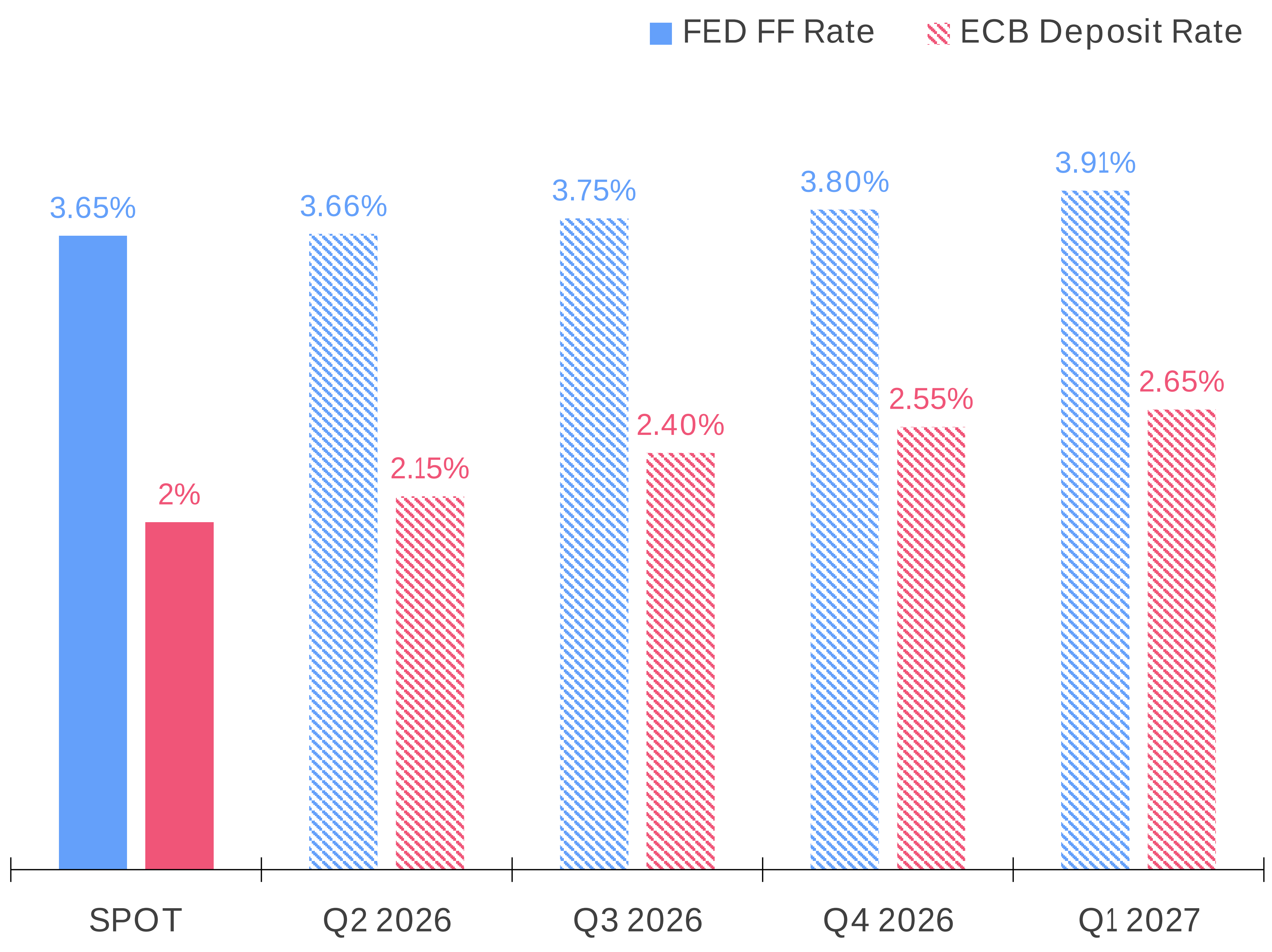
The second driver has been the bad fiscal and debt outlook, especially in the US and other large developed markets. Investors are becoming more sensitive to the fact that governments need to issue large volumes of debt while inflation risks are still present. This pushes up the "term premium" — the extra yield investors demand to hold longer-dated bonds. In simple terms, markets are saying that lending to governments for a long time now requires more compensation because inflation, fiscal deficits, and political uncertainty all look less comfortable than before.

This is visible in the chart: after a strong run earlier in the period, all major bond indices have recently rolled over. So far though, this looks more like a rates-driven bond selloff than a full credit-stress episode, because the main damage is coming from higher yields rather than a major blowout in credit spreads.

Source: Bloomberg

The Fed and ECB both kept rates unchanged, but the US-Iran war has revived energy-led inflation concerns, delayed rate-cut expectations and pushed bond markets toward a higher-for-longer policy outlook..

PAST AND FUTURE US-EA MONETARY POLICY RATES*



** Monetary policy rate forecasts represent the market consensus which is calculated as the weighted average of expected future rates by Bloomberg LP*

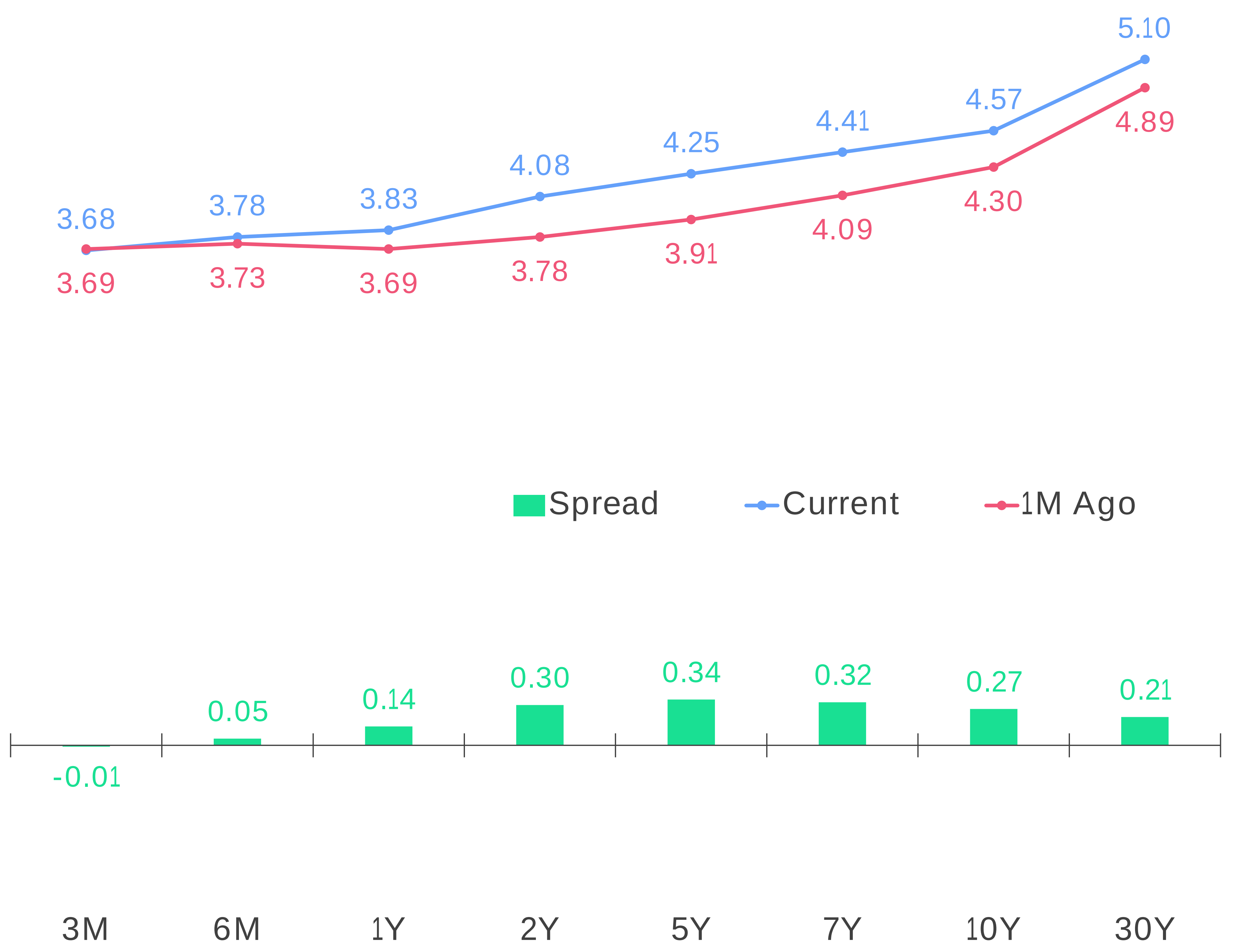
UNITED STATES: Over the past month, the Fed shifted into a more difficult higher-for-longer position as the US-Iran war turned the inflation outlook more threatening and reduced the room for near-term cuts. At the April 29 FOMC meeting, the Fed kept rates unchanged at 3.50%-3.75%, but the decision came against a much more complicated backdrop: higher energy prices, renewed inflation pressure and uncertainty over whether the shock will remain temporary or feed into broader expectations. Powell's final message was cautious rather than dovish, but the bigger development was his replacement by Kevin Warsh, which markets are treating as a major policy uncertainty: Warsh is politically associated with pressure for lower rates, but he is arriving at a moment when inflation risks are rising, not fading. The key watchpoint now is whether Warsh validates hopes for a softer Fed or whether war-driven inflation forces the new Fed leadership to maintain a hawkish stance.

EUROZONE: The ECB also became less dovish over the past month, as the US-Iran war created a clearer stagflation problem for Europe: weaker growth, higher imported energy costs and renewed inflation pressure. At the April meeting, the ECB kept rates unchanged, with the deposit rate at 2.00% and the main refinancing rate at 2.15%, but Lagarde emphasized that upside risks to inflation and downside risks to growth had both intensified. This is particularly important for Europe because the euro area is a major energy importer, meaning higher oil and gas prices quickly hit inflation expectations.

Source: Bloomberg

Ceasefire headlines briefly eased yields, but fragile peace talks, elevated oil risks and delayed Fed-cut expectations kept the market cautious and long-duration bonds under pressure..

US TREASURY YIELD CURVE, CURRENT VS 1M AGO, %



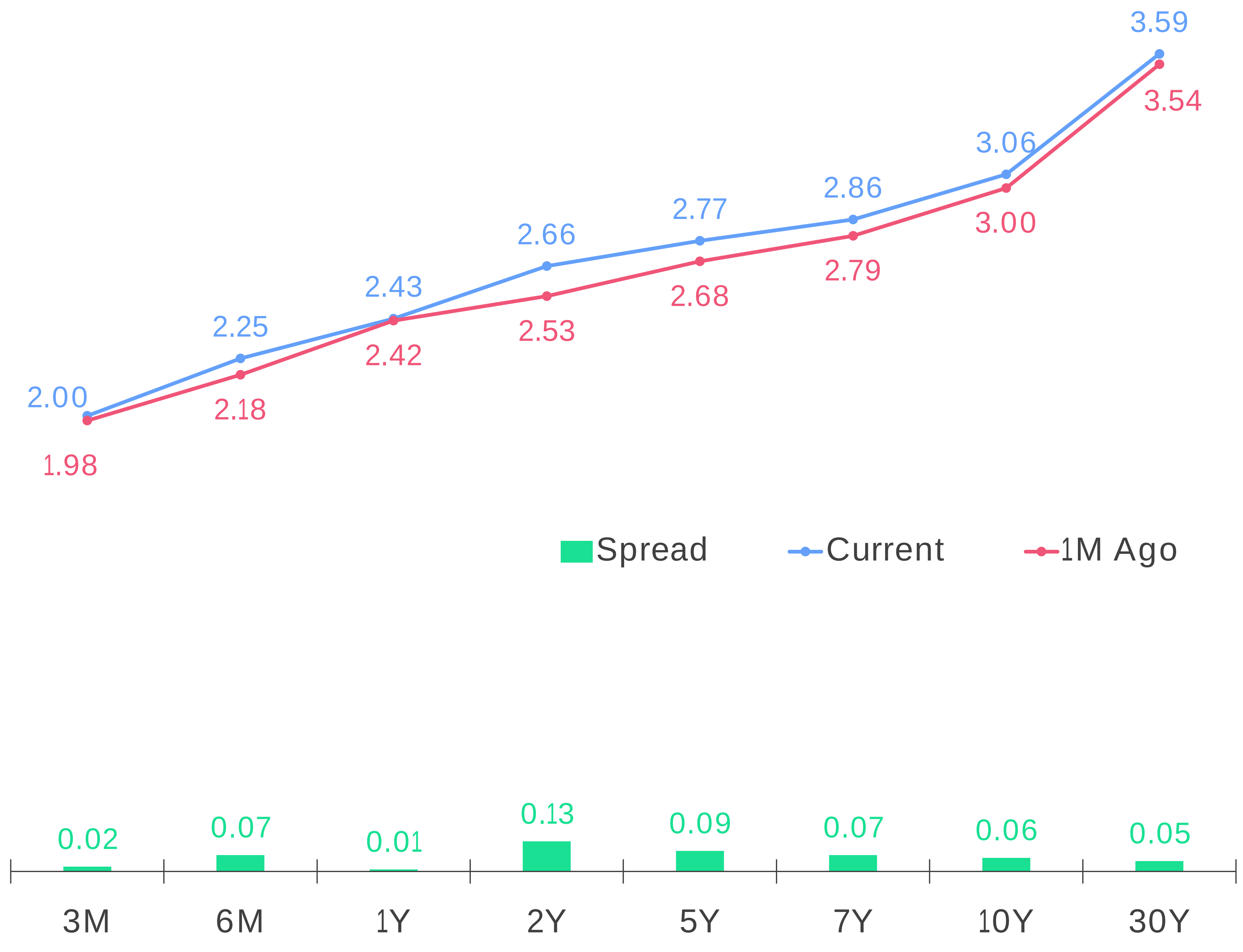
Source: Bloomberg

US Treasury market has been dominated by the US-Iran war and behaved less like a classic geopolitical safe-haven market and more like an inflation-shock market. Instead of yields falling on risk aversion, Treasury yields rose because investors focused on higher oil prices, possible Strait of Hormuz disruption, hotter CPI/PPI data and the risk that the Fed may need to stay restrictive for longer. The move was broad across the curve: the 10-year yield traded around 4.57% by May 22, up roughly 24bp over the month, while the 2-year was around 4.09% and the 30-year around 5.09%, also higher over the same period.

Ceasefire and peace-talk headlines brought some relief, but not a full reversal. When Trump suggested progress in negotiations and oil prices pulled back, yields eased from their highs because markets briefly reduced the probability of a deeper inflation shock. However, the rally remained fragile: talks through Pakistan, uncertainty over Iran's nuclear program and disagreements around Hormuz kept oil prices elevated and prevented investors from fully rebuilding duration exposure. Treasuries are now being driven by a mix of war-related inflation risk, Fed repricing, fiscal concerns and weak demand for long-duration bonds. The outlook is therefore still cautious: a credible peace deal could lower yields by reducing oil-led inflation fears, but if talks fail or energy disruptions persist, Treasuries may remain under pressure and the 10-year could stay closer to the upper end of its recent range.

Bunds came under renewed pressure as the Iran war turned **Europe's** safe-haven trade into an imported-inflation story; ceasefire hopes briefly lowered yields, but fragile peace talks and hawkish ECB repricing kept Bund yields elevated..

GERMAN SOVEREIGN YIELD CURVE, CURRENT VS 1M AGO, %



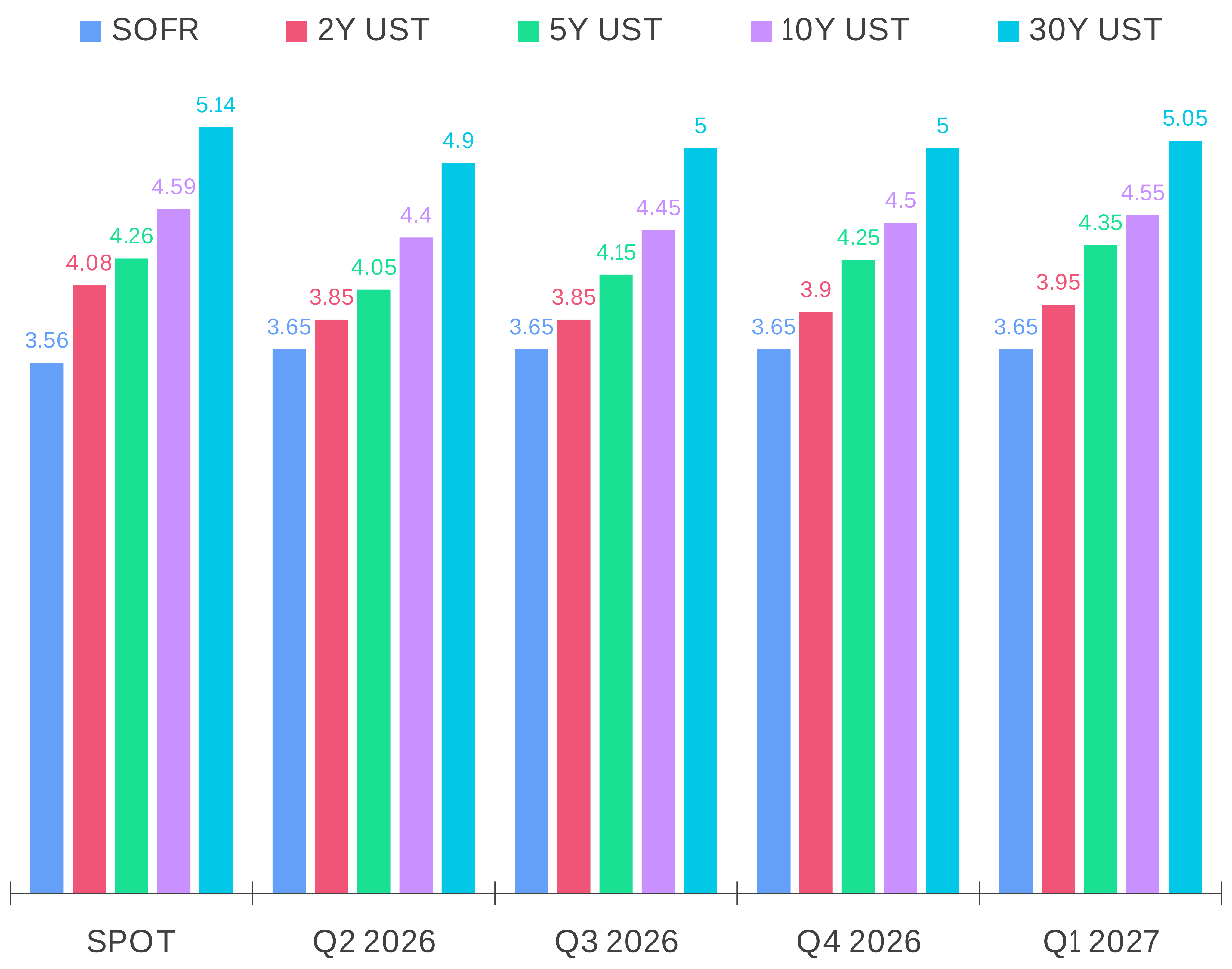
Source: Bloomberg

Over the month, Bunds traded under pressure as the US-Iran war turned Europe's bond-market story from "safe-haven support" into "imported inflation risk." Because the euro area is a major energy importer, higher oil and gas prices quickly fed into expectations that the ECB may need to stay restrictive for longer, or even hike if the shock becomes persistent. The 10-year Bund yield was around 3.06% on May 22, up roughly 5bp over the month, while the 2-year Schatz yield was around 2.65%, up about 10bp, showing that the front end of the curve was especially sensitive to ECB repricing. The 30-year Bund also remained elevated at around 3.59%, reflecting broader pressure on long-duration bonds.

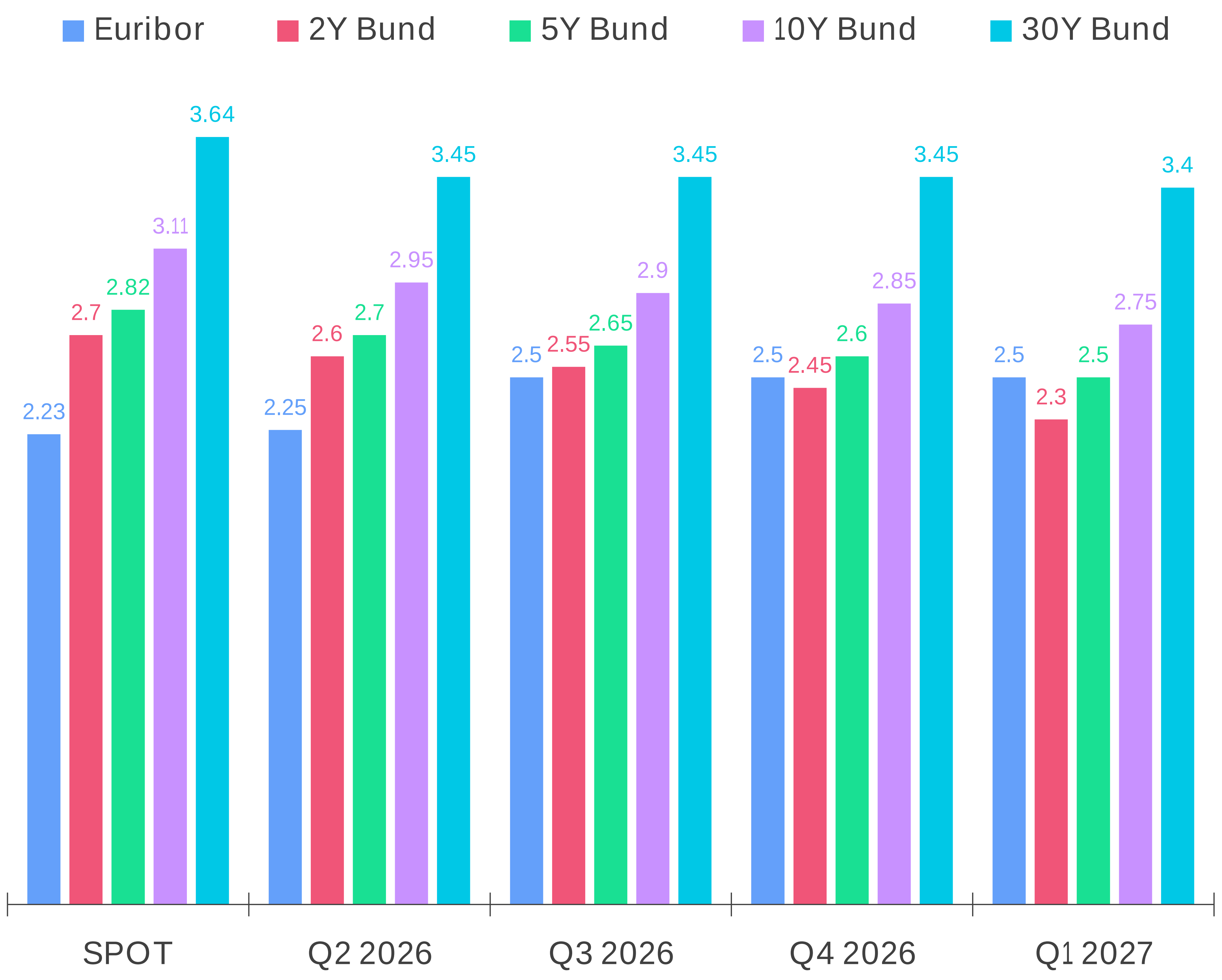
Ceasefire and peace-talk headlines brought some relief, but not a clean reversal. When investors saw signs of progress in US-Iran negotiations and oil prices fell, Bund yields eased alongside other global bond yields, as markets briefly reduced the probability of a larger energy-inflation shock. However, the rally stayed fragile because Pakistan-mediated talks have still not delivered a durable settlement, with disagreements remaining over Iran's uranium program and control of the Strait of Hormuz. Bunds are no longer trading only as a defensive asset: they are now being pulled between weaker European growth, which supports bonds, and higher imported inflation, which pushes yields higher.

We expect a higher-for-longer US path, with yields expected to remain elevated through early 2027 while European outlook is more benign, with yields expected to gradually decline as inflation pressure eases and policy becomes less restrictive..

US TREASURY INTEREST RATES FORECAST, %



EA BENCHMARK INTEREST RATES FORECAST, %

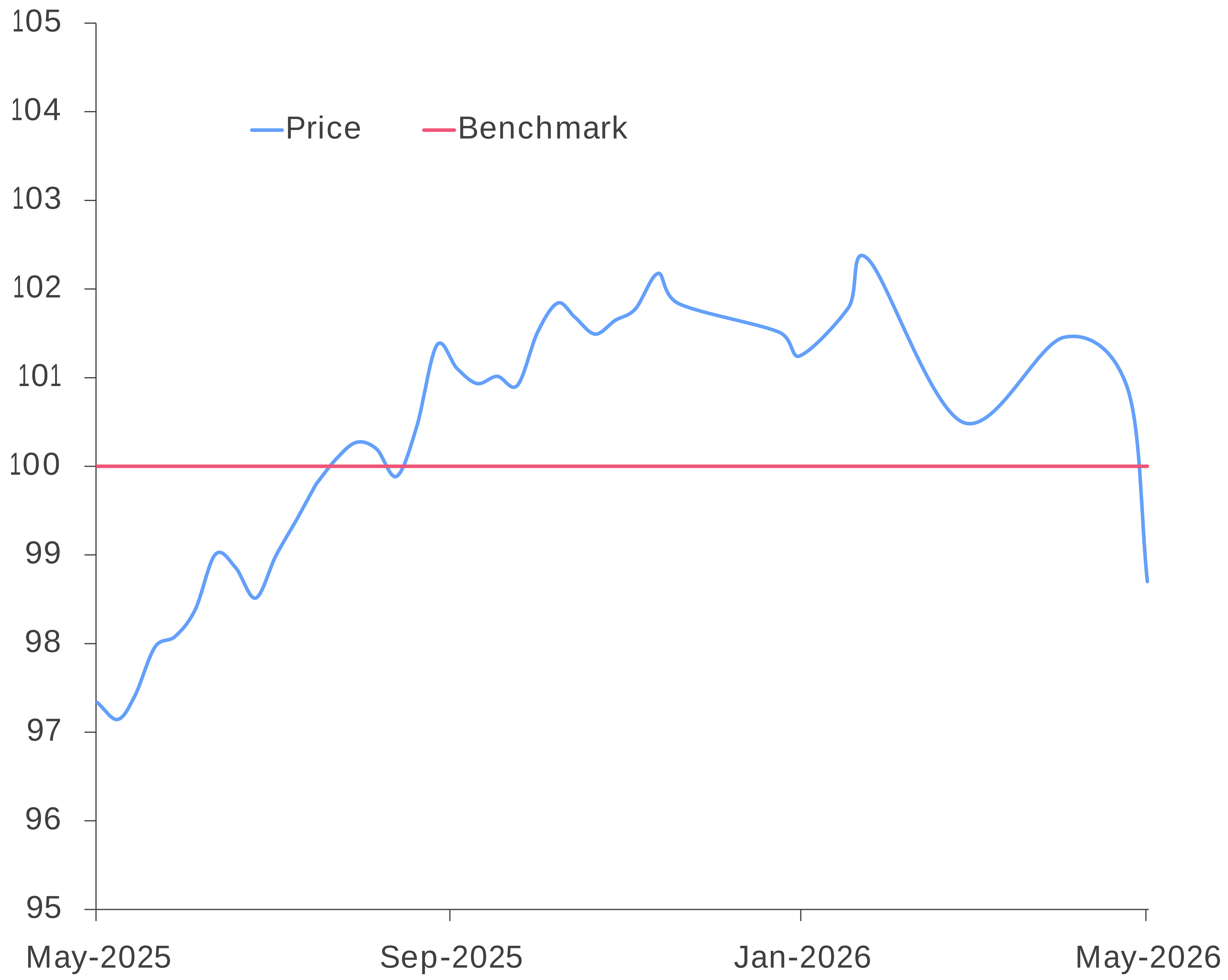


Source: JP Morgan

Regional Markets

TBCC sovereign Eurobonds stayed under pressure as higher global rates and US-Iran war inflation risks outweighed local issuance activity..

TBC CAPITAL REGIONAL SOVEREIGN BOND MARKET INDEX



Across the TBCC sovereign Eurobond universe, the past month was mainly driven by global rate pressure and US-Iran war inflation risk, rather than broad local issuance activity. Higher oil prices, Hormuz disruption fears and delayed Fed/ECB easing expectations pushed USD Eurobond yields higher and weighed on prices, especially for longer-duration bonds. EM debt sentiment did recover somewhat after the initial shock, but investors remain cautious: carry is still attractive, while price performance remains highly sensitive to UST yields, oil headlines and the credibility of the ceasefire/peace-talk process.

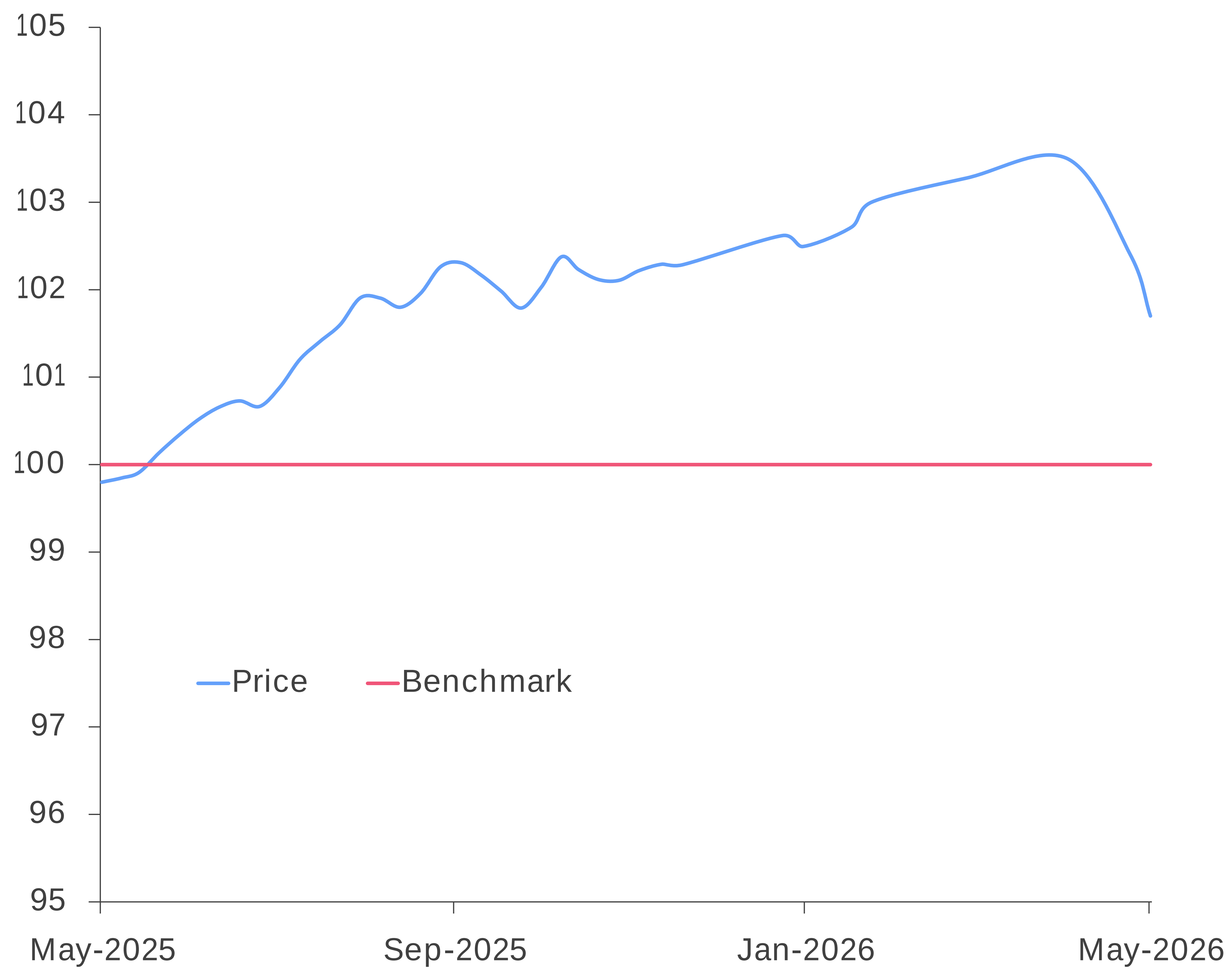
The main country stories were Türkiye and Romania. Türkiye preserved market access with a new USD Eurobond issue, but political volatility and renewed inflation concerns pressured sovereign bonds and CDS later in the month. Romania remained the key negative CEE story, with fiscal slippage, political uncertainty and higher energy/defence costs keeping downgrade risk in focus.

Elsewhere, the Baltics and Bulgaria remained more stable EU-anchored credits, while Armenia-Azerbaijan peace developments and Georgia's recent Eurobond transaction stayed important reference points for South Caucasus sovereign sentiment.

Source: Bloomberg, TBC Capital

Selective issuance in Kazakhstan, Uzbekistan and Türkiye showed that investor demand remains open for stronger names, although Turkish risk sentiment stayed more volatile..

TBC CAPITAL REGIONAL CORPORATE BOND MARKET INDEX



For corporate Eurobonds in the TBCC universe, the past month was mixed: higher US Treasury yields and the US-Iran war kept pressure on longer-duration bonds, but the primary market reopened selectively for stronger issuers. The key point is that investors did not fully abandon EM credit: EM debt flows recovered sharply in April, while corporate spreads were relatively resilient, with the CEMBI spread even trading near its tightest level since 2007 despite higher core yields. This means the main drag on corporate bond prices came more from the rates channel — higher UST yields and delayed Fed cuts — than from a broad credit panic.

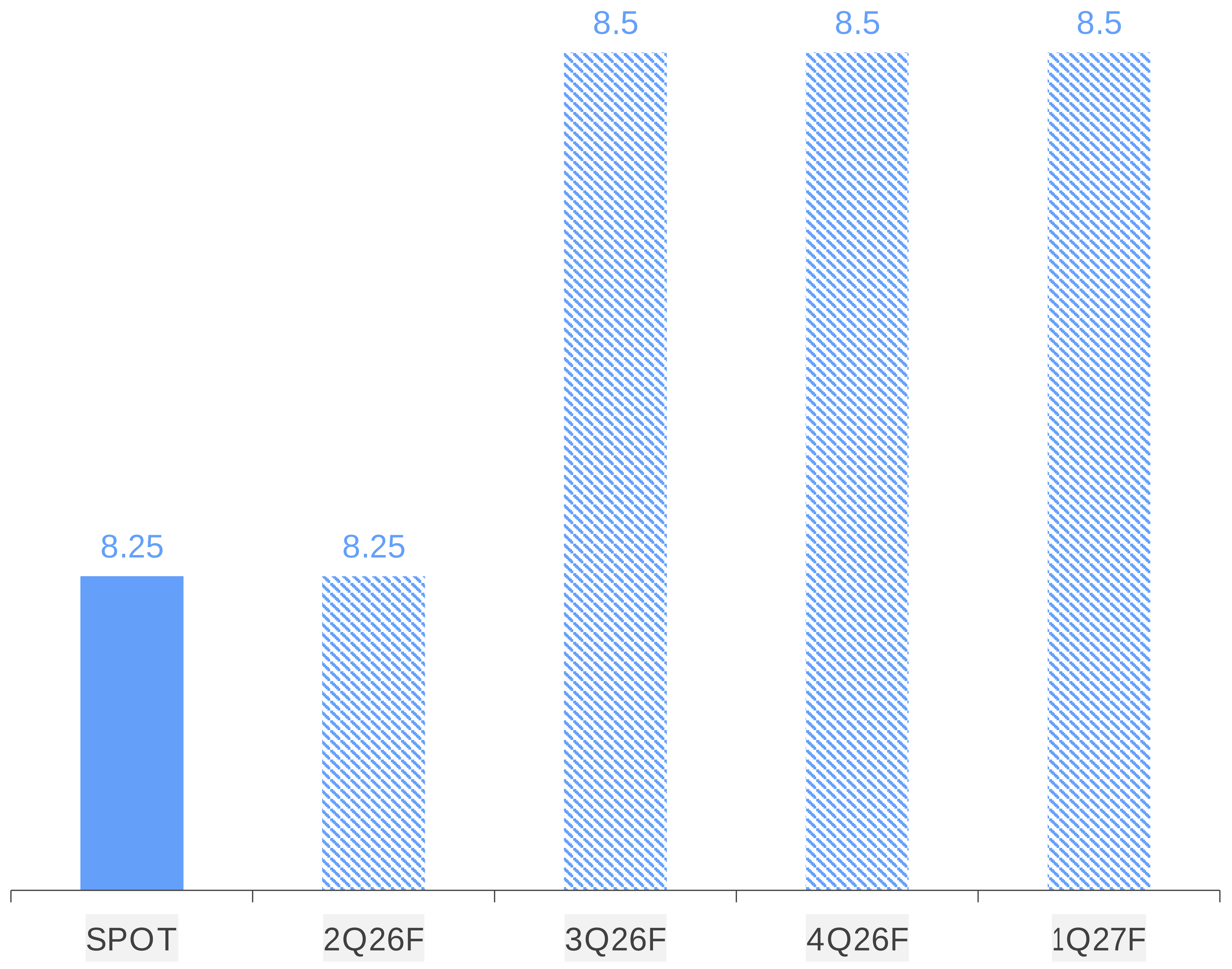
The most important activity came from Kazakhstan, Uzbekistan and Türkiye. In Kazakhstan, Kaspi.kz issued a $600mn 5.9% Eurobond due 2031, while Bank RBK placed a $300mn 7.7% five-year debut Eurobond, with demand remaining strong despite US-Iran uncertainty. In Uzbekistan, Aloqabank issued a $300mn 7.7% debut Eurobond, the country's first USD international bond transaction of 2026, with orders above $1bn, showing continued appetite for Uzbek financial names. Türkiye remained more volatile: Akbank completed a $500mn sustainability Eurobond at 7.5%, but Turkish corporate and bank risk sentiment was pressured later by renewed political stress, lira weakness, higher CDS and expectations that the central bank may need to hike again.

Source: Bloomberg, TBC Capital

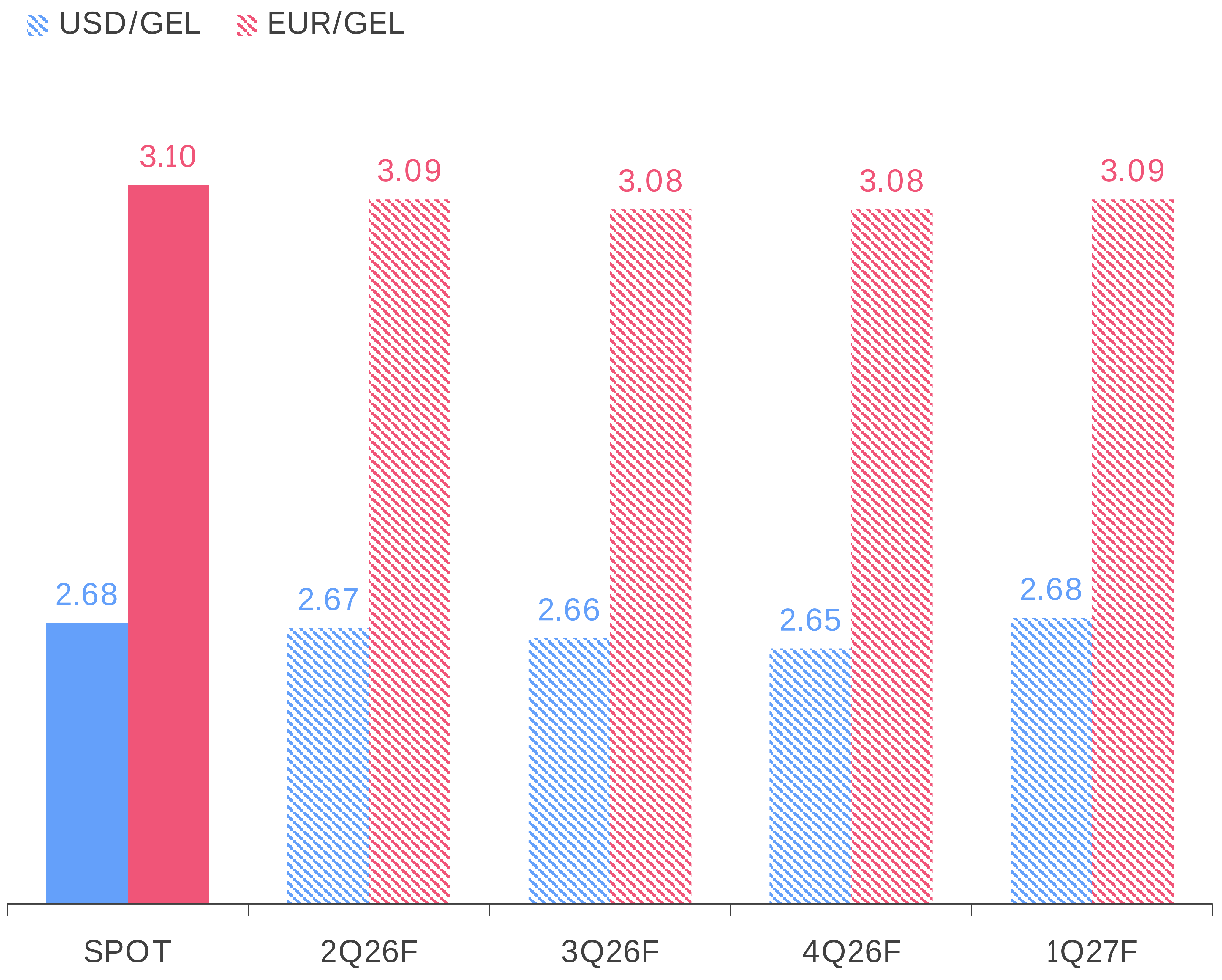
Georgian Market

We expect NBG to continue hiking rates by additional 25 bps after the May increase as inflationary pressures from the Iran war mount, while GEL is expected to remain moderately stable due to the increased foreign currency inflows and exports..

NBG MONETARY POLICY RATE, ACTUAL & TBCC FORECAST



USD/GEL & EUR/GEL ACTUAL AND TBCC-FORECASTED RATES

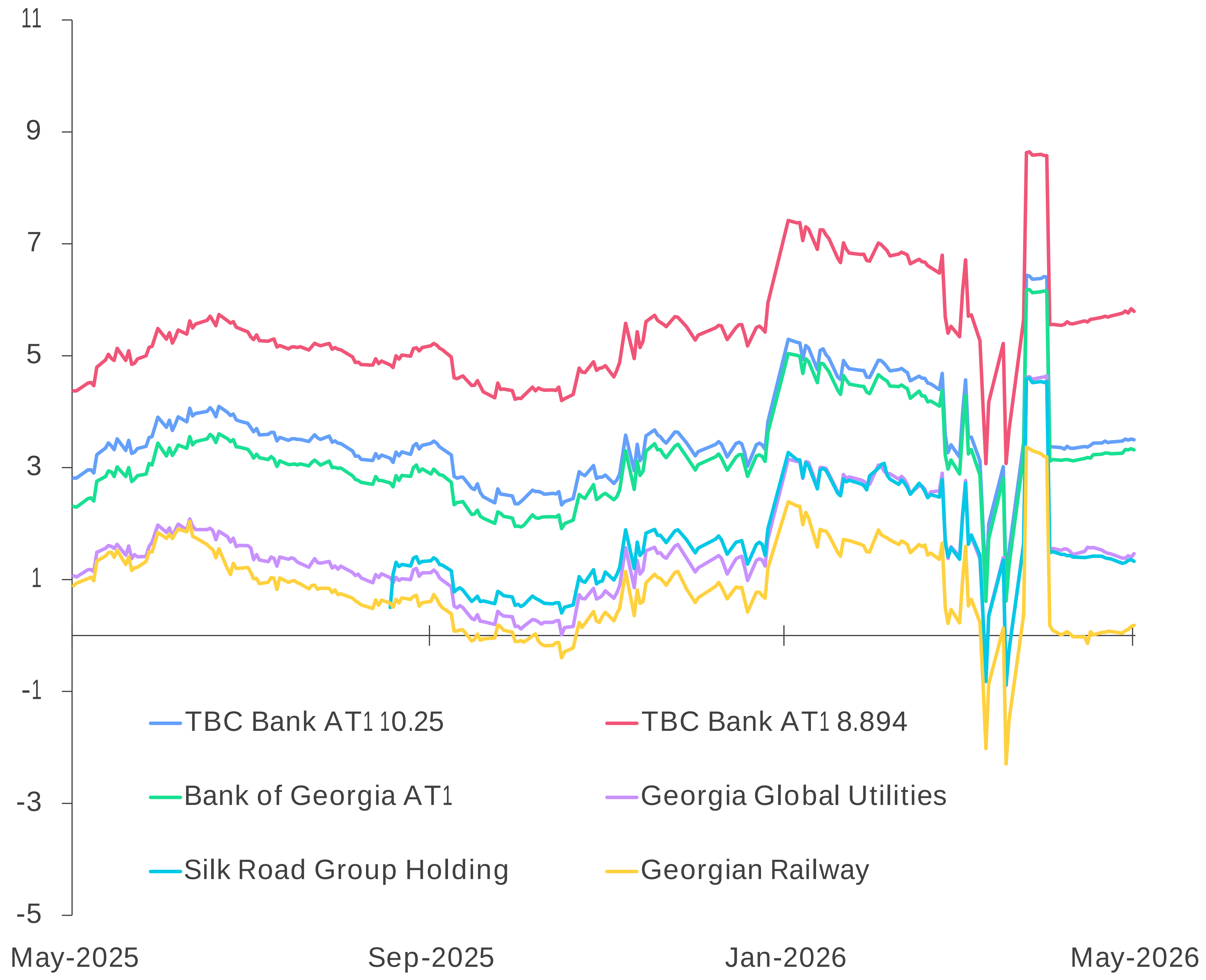


Source: TBC Capital, NBG

Georgia's sovereign spread continued to decrease by about 30 bps compared to the US Treasury yield in April as it currently remains historically low, especially compared to the broader EM backdrop..

GOG EUROBOND SPREAD TO USD BENCHMARK

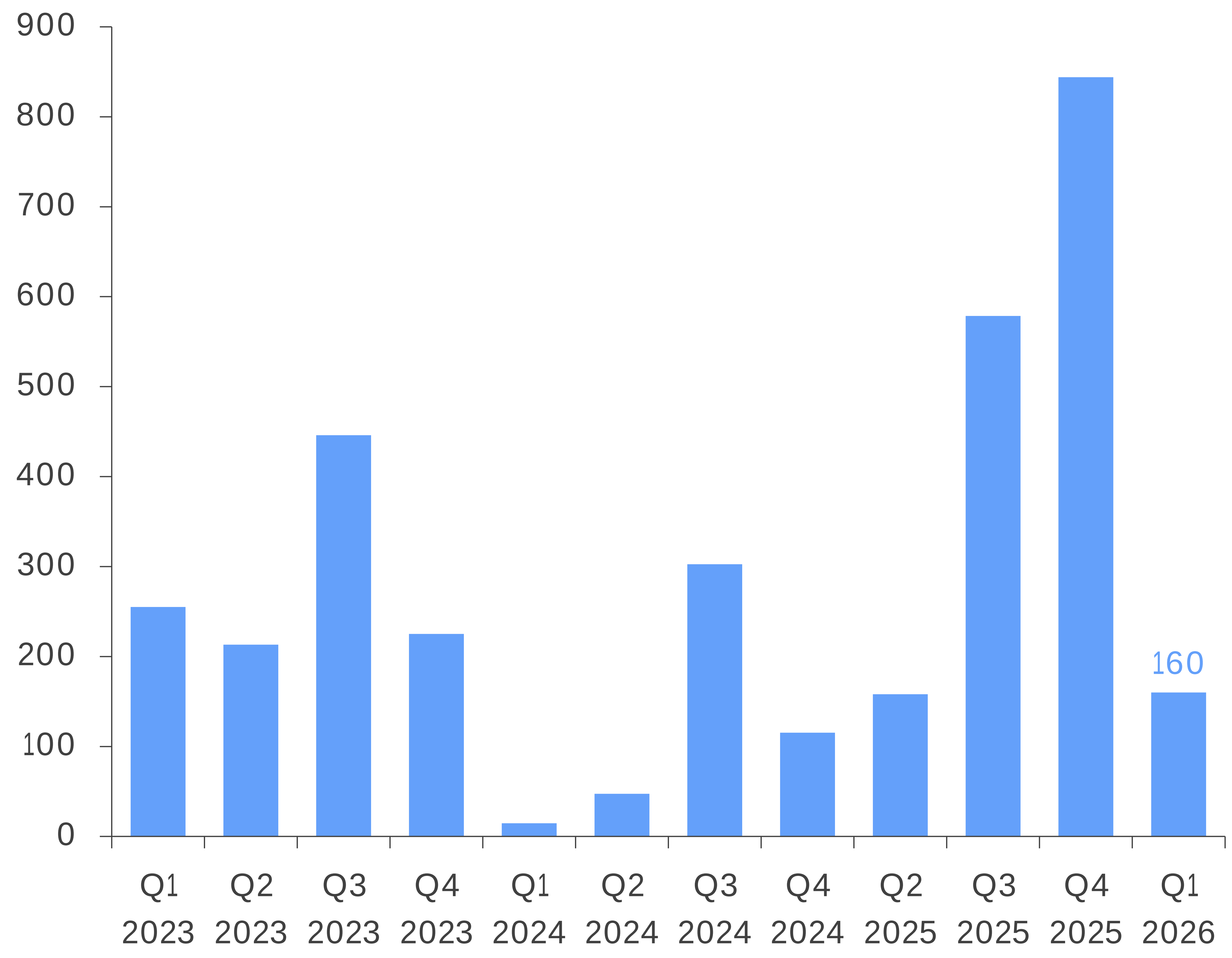
LOCAL CORPORATE EUROBONDS SPREAD TO GOG



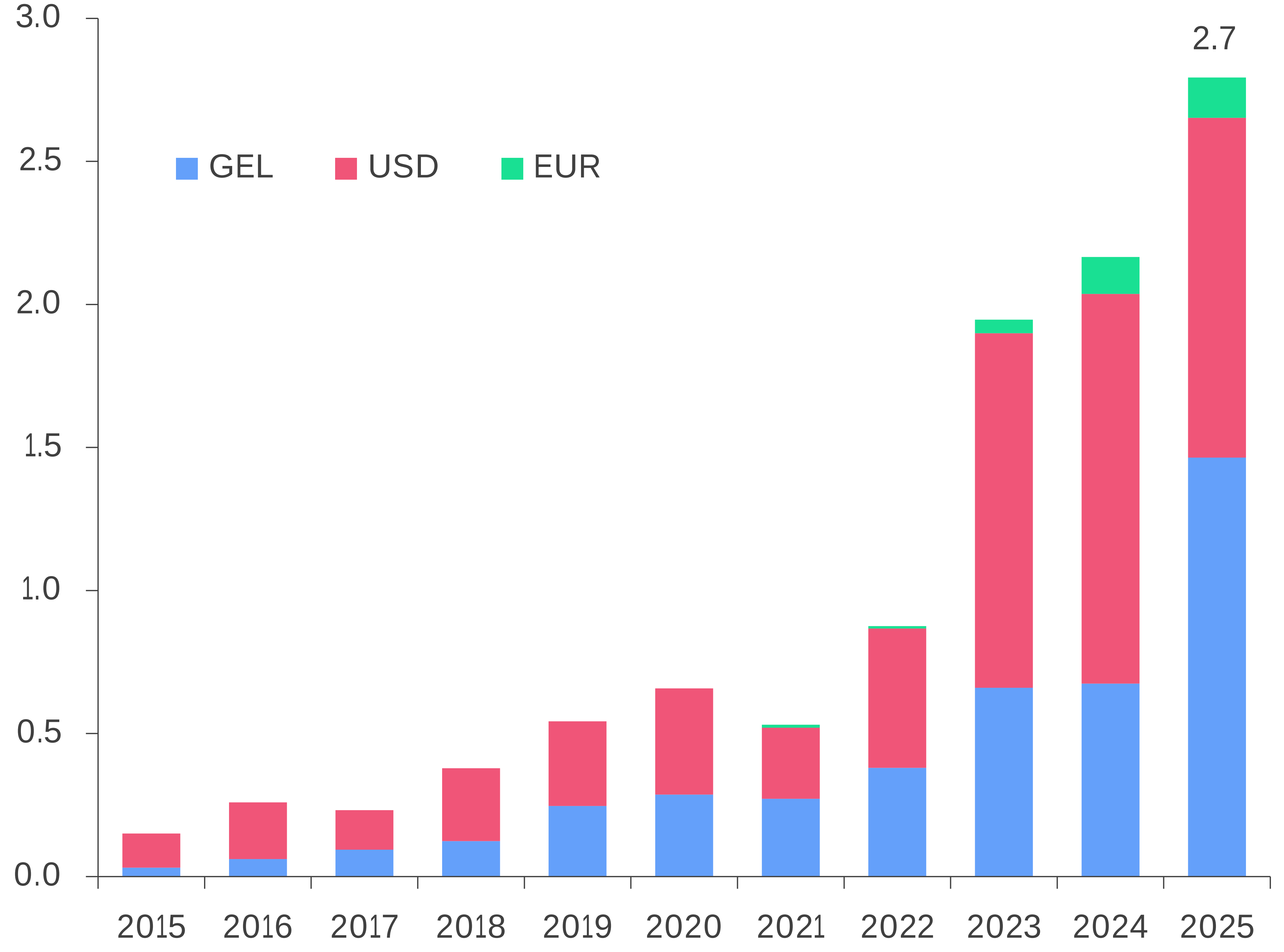
Source: Bloomberg, TBC Capital

Newly issued public corporate bonds amounted to GEL 160 MLN in Q1 2026, surpassing the same quarters of the previous two years while the outstanding amount of total corporate bonds is continuing to rise..

PUBLIC BOND ISSUANCES ON THE LOCAL CORPORATE MARKET, GEL MLN



OUTSTANDING BALANCES OF LOCALLY ISSUED PUBLIC CORPORATE BONDS, GEL BLN



Source: NBG, TBC Capital

GLOBAL MARKETS

Annex:
List of locally issued bonds

List of outstanding Georgian Eurobonds

Issuer	Sector	Maturity Type	Currency	Coupon	Amount, MLN	Issue Date	Maturity Date	Ask Price	Ask YTM/YTC*	Moody/S&P /Fitch
REPUBLIC OF GEORGIA	Sovereign	At Maturity	USD	5.125%	500	1/28/2026	1/28/2031	97.56	5.71%	Ba2 / BB / BB
TBC BANK JSC	Banks	Perpetual	USD	10.25%	300	4/30/2024	-	106.56	7.99%*	B2 / - / -
TBC BANK JSC	Banks	Perpetual	USD	8.89%	75	11/4/2021	-	101.31	6.73%*	- / - / B-
BANK OF GEORGIA JSC	Banks	Perpetual	USD	9.50%	300	4/16/2024	-	105.22	7.69%*	B2 / - / B-
GEORGIA GLOBAL UTILITIES	Water	Callable	USD	8.88%	300	7/25/2024	7/25/2029	104.95	7.18%	- / BB- / BB-
SILK ROAD GROUP HOLDING	Telecom	Callable	USD	7.50%	400	9/15/2025	9/15/2030	101.29	7.16%	B1 / - / BB-
GEORGIAN RAILWAY JSC	Transport	Callable	USD	4.00%	500	6/17/2021	6/17/2028	95.91	5.97%	- / BB- / BB-

Source: Bloomberg

List of locally issued Georgian bonds in USD

Issuer	Industry	Currency	Coupon Rate	Amount Outstanding	Issue Date	Redemption Date
Georgia Capital	Private Equity	USD	8.50 %	150,000,000	03 Aug 2023	03 Aug 2028
GRPO	Energy	USD	7.00 %	80,000,000	12 Oct 2022	12 Oct 2027
Alma	Advertising	USD	8.50 %	30,000,000	11 Jul 2025	11 Jul 2027
TBC Leasing	Financial Services	USD	7.25 %	30,000,000	12 Dec 2025	12 Dec 2028
GRE (m2)	Real Estate	USD	8.50 %	25,000,000	07 Aug 2024	07 Aug 2026
IG Development	Real Estate	USD	7.75 %	25,000,000	12 Dec 2025	12 Dec 2027
IG Development	Real Estate	USD	8.50 %	20,000,000	28 Dec 2023	28 Dec 2025
SRE	Hospitality	USD	9.00 %	20,000,000	13 Apr 2023	13 Apr 2026
SRE	Hospitality	USD	9.25 %	20,000,000	14 Sep 2023	14 Sep 2026
Basis Bank	Financial Services	USD	7.00 %	20,000,000	07 Aug 2024	07 Aug 2027
IG Development	Real Estate	USD	8.50 %	19,500,000	08 Jul 2024	08 Jul 2026
MP Development	Real Estate	USD	8.50 %	17,700,000	04 Apr 2025	04 Apr 2027
TBC Leasing	Financial Services	USD	7.25 %	15,000,000	15 Dec 2025	15 Dec 2027
Chavchavadze 64B	Real Estate	USD	8.75 %	10,000,000	22 Aug 2024	22 Aug 2026
Tegeta Motors	Automotive	USD	8.00 %	10,000,000	08 Apr 2025	08 Apr 2027
Tegeta Motors	Automotive	USD	8.00 %	10,000,000	28 Apr 2025	28 Apr 2027
Energy Development Georgia	Energy	USD	8.50 %	10,000,000	23 Jun 2025	23 Jun 2027
Gudauri Lodge	Hospitality	USD	8.25 %	10,000,000	03 Oct 2025	03 Oct 2027
Tegeta Motors	Automotive	USD	8.50 %	5,000,000	28 Jun 2024	28 Jun 2026
Tegeta Motors	Automotive	USD	8.50 %	5,000,000	19 Jul 2024	19 Jul 2026
MP Development	Real Estate	USD	8.75 %	5,000,000	24 Jul 2024	24 Jul 2026
Tegeta Motors	Automotive	USD	8.25 %	5,000,000	20 Dec 2024	20 Dec 2026
Tegeta Motors	Automotive	USD	8.50 %	3,300,000	28 Jun 2024	28 Jun 2026

Source: Bloomberg

List of locally issued Georgian bonds in EUR

Issuer	Industry	Currency	Coupon Rate	Amount Outstanding	Issue Date	Redemption Date
Tegeta Motors	Automotive	EUR	6.75 %	7,000,000	27 Dec 2023	27 Dec 2025
IG Development	Real Estate	EUR	7.00 %	5,000,000	16 Jan 2024	16 Jan 2026
Tegeta Motors	Automotive	EUR	6.75 %	10,000,000	02 May 2024	02 May 2026
MP Development	Real Estate	EUR	7.75 %	3,000,000	24 Jul 2024	24 Jul 2026
Chavchavadze 64B	Real Estate	EUR	7.75 %	3,000,000	22 Aug 2024	22 Aug 2026
Alma	Advertising	EUR	7.25 %	8,500,000	11 Jul 2025	11 Jul 2027
IG Development	Real Estate	EUR	6.50 %	15,000,000	12 Dec 2025	12 Dec 2027

Source: Bloomberg

List of locally issued Georgian bonds in GEL

Issuer	Industry	Currency	Coupon Rate	Amount Outstanding	Issue Date	Redemption Date
Rico Express	Financial Services	GEL	TIBR + 2.0%	130,000,000	17 Mar 2023	17 Mar 2026
TBC Leasing	Financial Services	GEL	TIBR3M + 3.0%	100,000,000	20 Mar 2023	20 Mar 2026
TBC Leasing	Financial Services	GEL	TIBR3M + 2.75%	15,000,000	27 Jun 2023	27 Jun 2026
Tegeta Motors	Automotive	GEL	13.500 %	10,000,000	03 Jul 2024	03 Jul 2026
Tegeta Motors	Automotive	GEL	13.500 %	15,000,000	02 Aug 2024	02 Aug 2026
Cellfie Mobile	Telecommunication	GEL	TIBR 6M + 3.5%	65,000,000	27 Dec 2023	27 Dec 2026
MBC	Financial Services	GEL	TIBR3M + 4.25%	30,000,000	27 Dec 2024	27 Dec 2026
MBC	Financial Services	GEL	TIBR3M + 4.0%	22,030,000	23 Apr 2025	23 Apr 2027
MBC	Financial Services	GEL	TIBR3M + 4.0%	30,000,000	07 Oct 2025	07 Oct 2027
Nikora Trade	FMCG	GEL	TIBR3M + 3.25%	60,000,000	17 Oct 2024	17 Oct 2029
Nikora Trade	FMCG	GEL	TIBR3M + 3.5%	60,000,000	30 Jul 2025	30 Jul 2030
Georgia Healthcare Group	Healthcare	GEL	C. TIBR + 3.75%	350,000,000	17 Sep 2025	17 Sep 2030
JSC Nikora	FMCG	GEL	TIBR3M + 3.50%	60,000,000	25 Sep 2025	25 Sep 2030
Tegeta Motors	Automotive	GEL	TIBR6M + 3.0%	260,000,000	16 Dec 2025	16 Dec 2030
Nova	Construction & Refurbishment	GEL	Coupon Missing	50,000,000	17 Dec 2025	17 Dec 2030

Source: Bloomberg

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