

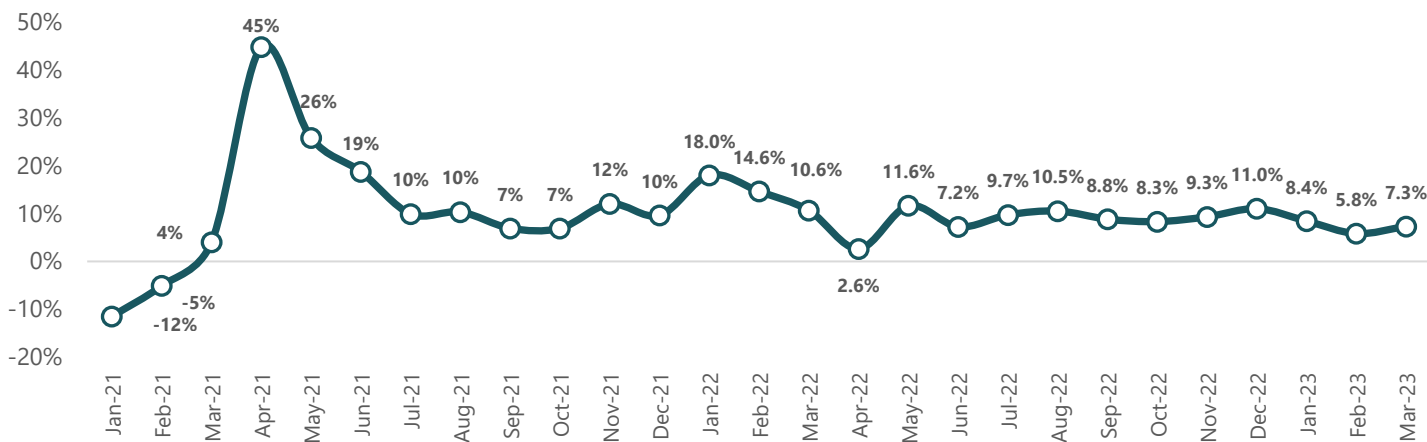
# MACROECONOMIC OVERVIEW

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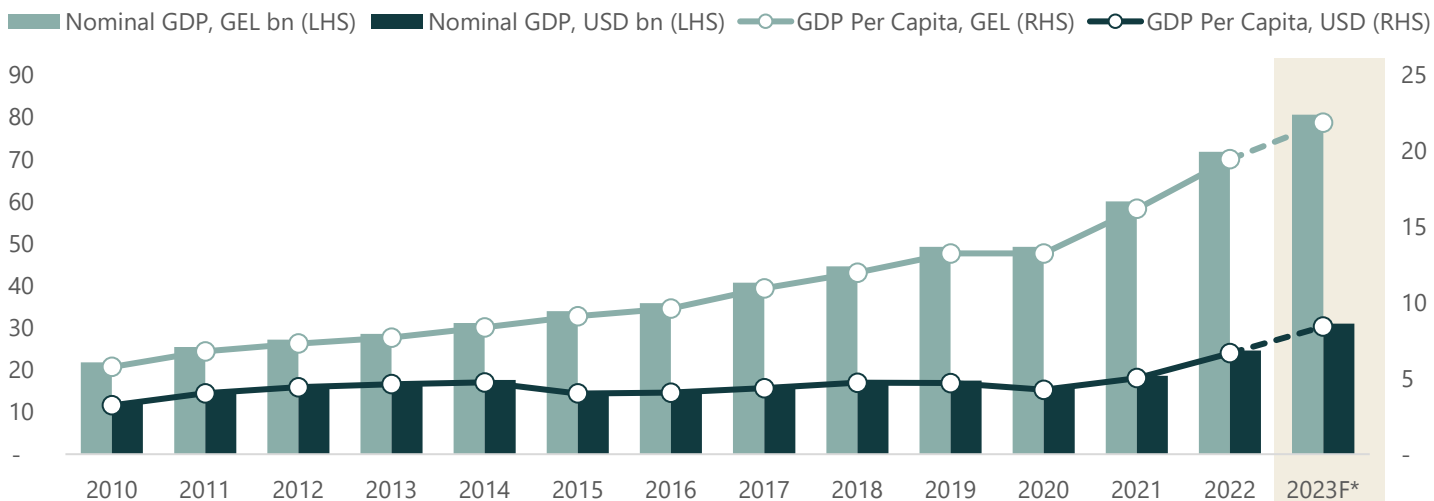
1Q23 RESULTS

# REAL GDP UP BY 7.2% IN 1Q23

PRELIMINARY ECONOMIC GROWTH STANDING AT 7.2% Y-O-Y IN 1Q23, FOLLOWING UP ON TWO YEARS OF DOUBLE-DIGIT EXPANSION (10.5% AND 10.1% IN 2021-2022 RESPECTIVELY)



## NOMINAL GDP IS EXPECTED TO CONTINUE ACCELERATING BOTH IN GEL AND USD TERMS



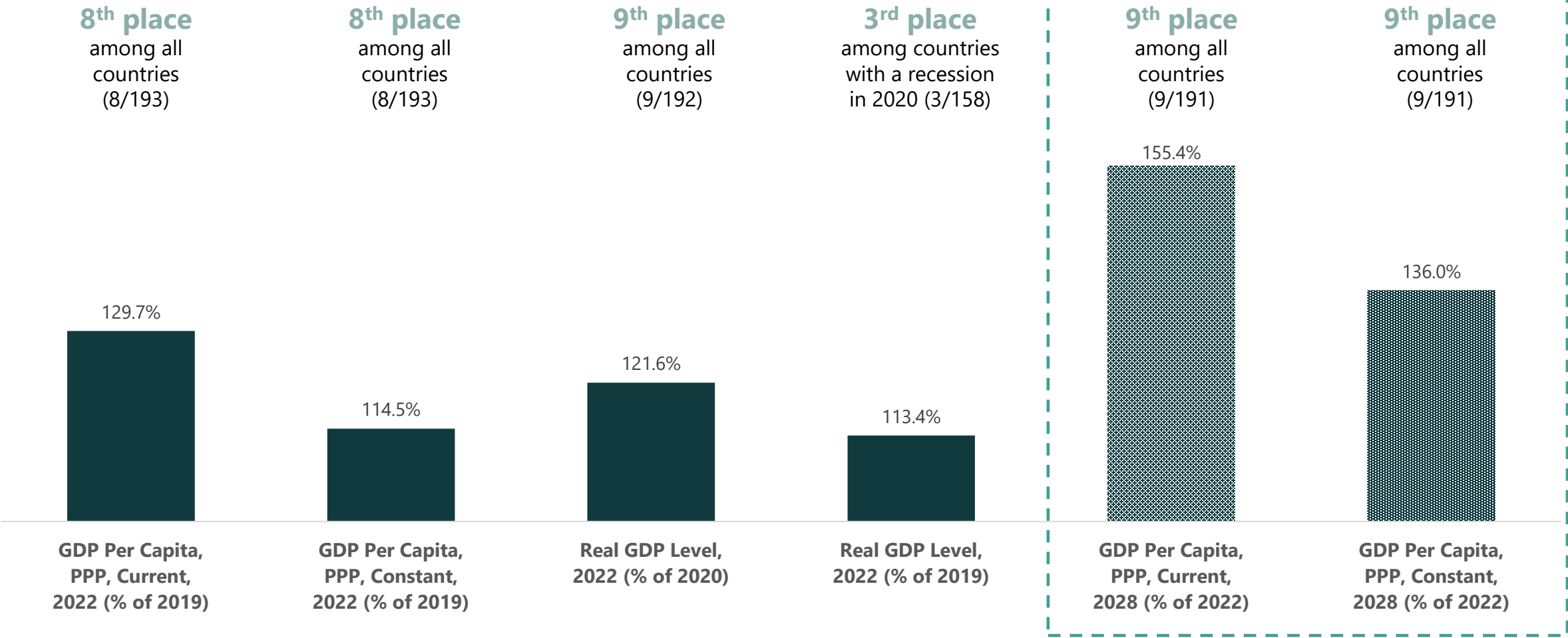
## ECONOMIC GROWTH REMAINS STRONG

- Strong external demand supplemented by the migration effect, as remittance inflows grew by 130% y-o-y in 1Q23, largely on the back of a surge in inflows from Russia, while merchandise exports increased by 25% y-o-y, and tourism revenues reached 138% of 2019 levels in 1Q23;
- Continued credit expansion (up 13.8% y-o-y in March w/o the exchange rate effect) both in retail and business sectors as well as both in GEL and foreign currency, despite the tight monetary stance and rising FX interest rates, aiding economic activity;
- Current expenditures growing by 10.6% y-o-y and capital expenditures rising by 14% y-o-y in 1Q23, facilitated by a 12.4% y-o-y growth in fiscal revenues;
- Strong business sentiment supporting spending and investment decisions;
- As a result of the improved macroeconomic environment, Fitch Ratings revised Georgia's sovereign credit rating outlook to positive from stable in January 2023.

# GEORGIA RANKS AMONG TOP 10 PERFORMERS IN THE WORLD WITH RESPECT TO VARIOUS ECONOMIC GROWTH INDICATORS



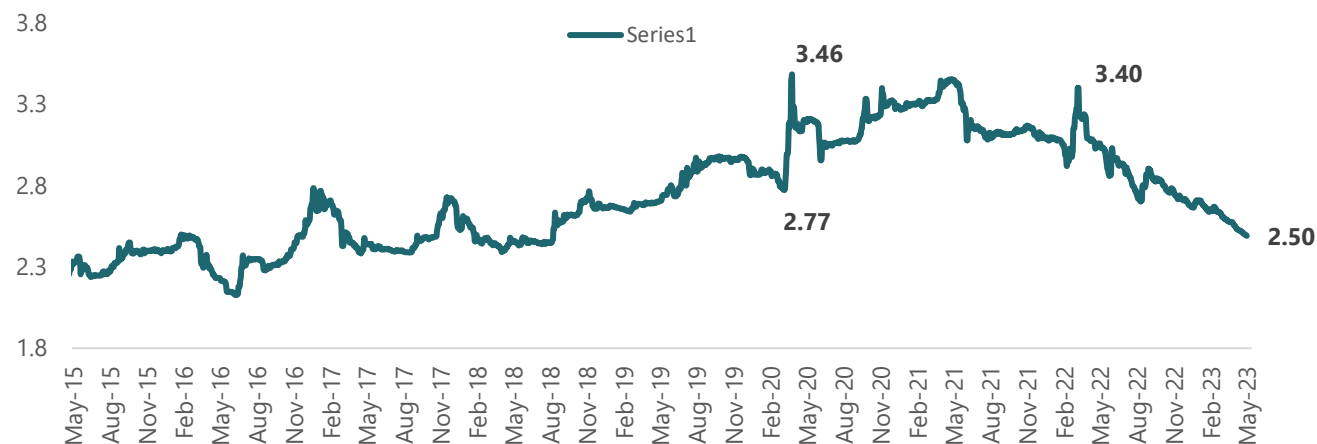
RECENT AND PROJECTED ECONOMIC GROWTH INDICATORS IN GEORGIA (IMF)



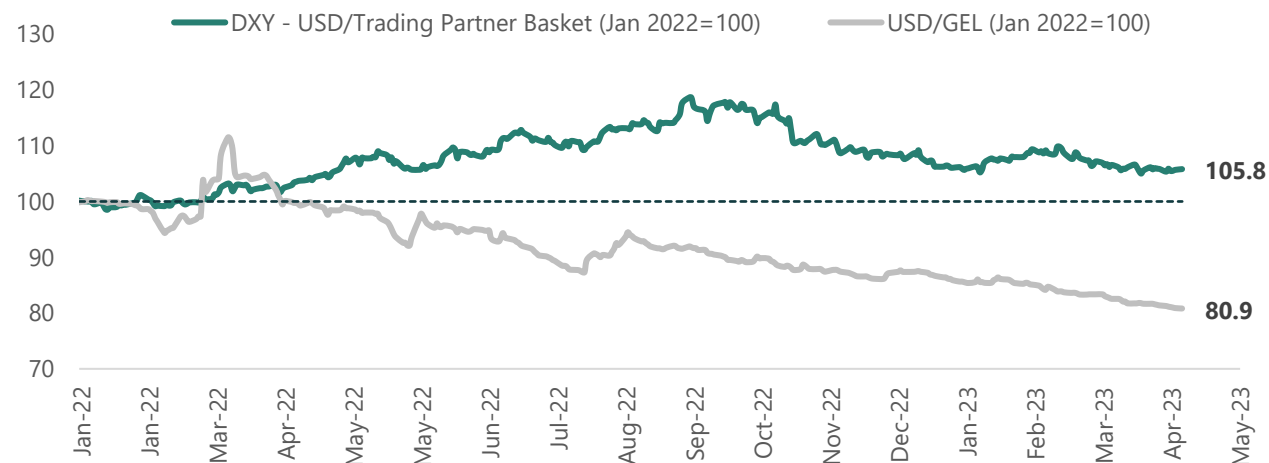
# GEORGIAN LARI – NOW ABOVE PRE-PANDEMIC LEVELS



APPRECIATING SINCE MID-2021, BRIEFLY INTERRUPTED AFTER THE RUSSIAN INVASION OF UKRAINE, GEL HAS NOW STRENGTHENED TO ABOVE PRE-PANDEMIC LEVELS AGAINST USD



## GEL HAS APPRECIATED AGAINST USD, DESPITE USD STRENGTHENING GLOBALLY



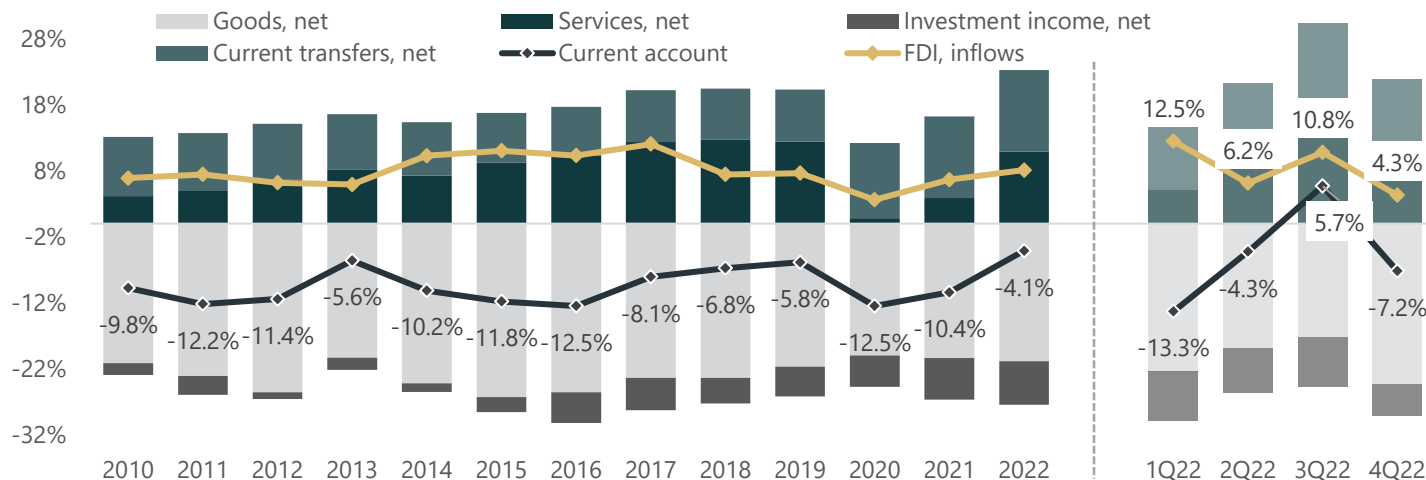
## GEL APPRECIATION DRIVERS

- Record-high remittance inflows, surging by 130% y-o-y in 1Q23;
- Continued robust performance in merchandise exports, growing by 25% y-o-y in 1Q23;
- Tourism revenues rebounding to 138% of 2019 level in 1Q23, reflecting the global resumption of travel as well as the migration effect;
- Tight monetary policy (cumulative hike of 300 basis points since March 2021 to 11% as of May 2023), supporting stronger GEL and curbing negative expectations;
- Ample FX liquidity in the banking sector, facilitating foreign currency lending (FX liquidity coverage ratio at an average of 137.4% in 2022 and 136.4% in 1Q23);
- Rebounding economic activity and significant interest rate differential aiding accelerated lending in foreign currency, as FX loan growth has remained resilient thus far despite rising FX interest rates, averaging 12.2% in 2022 and 10.5% in 1Q23 (w/o the exchange rate effect).

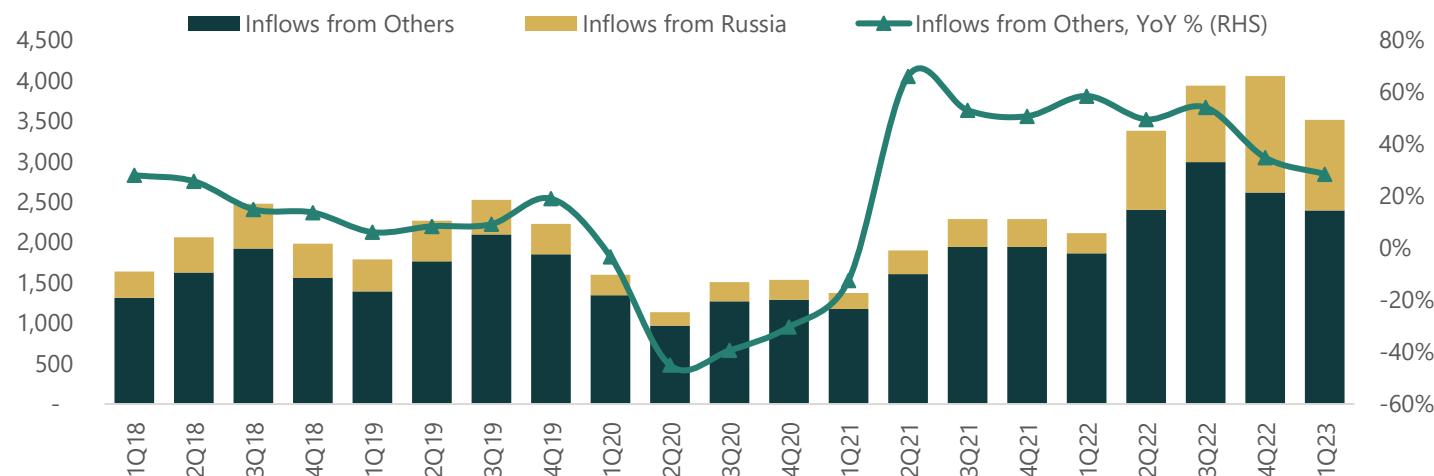
# CURRENT ACCOUNT DEFICIT AT A RECORD LOW OF 4.1% OF GDP IN 2022, ON THE BACK OF A RECORD-HIGH 5.7% SURPLUS IN 3Q22



## CURRENT ACCOUNT COMPONENTS AND FDI INFLOWS (% OF NOMINAL GDP)



## EXTERNAL INFLOWS\* (USD MN) FROM RUSSIA AND OTHER COUNTRIES



\*EXTERNAL INFLOWS INCLUDE MERCHANDISE EXPORTS, REMITTANCES AND TOURISM INFLOWS.

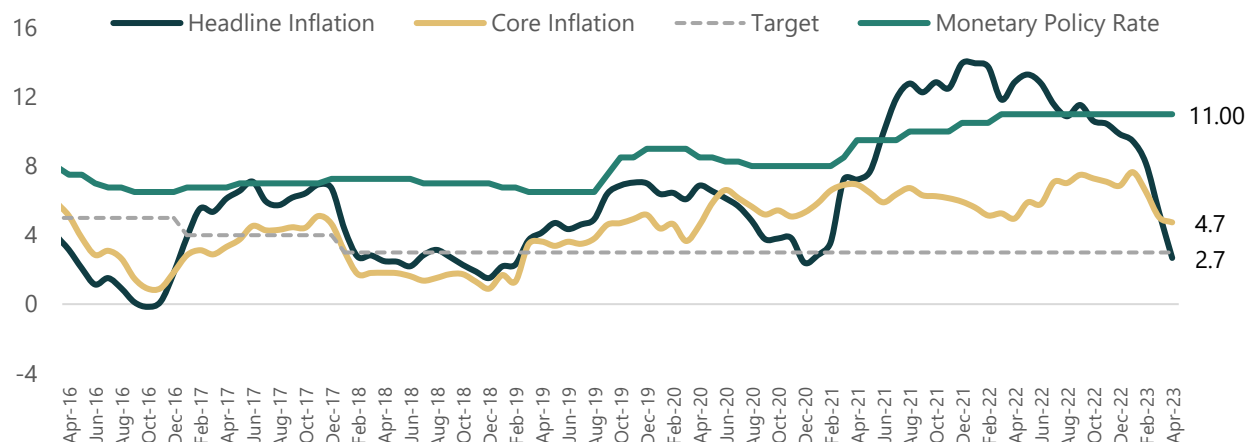
Georgia Capital PLC | Source: NBG, Geostat

## EXTERNAL INFLOWS AT RECORD-HIGH LEVELS

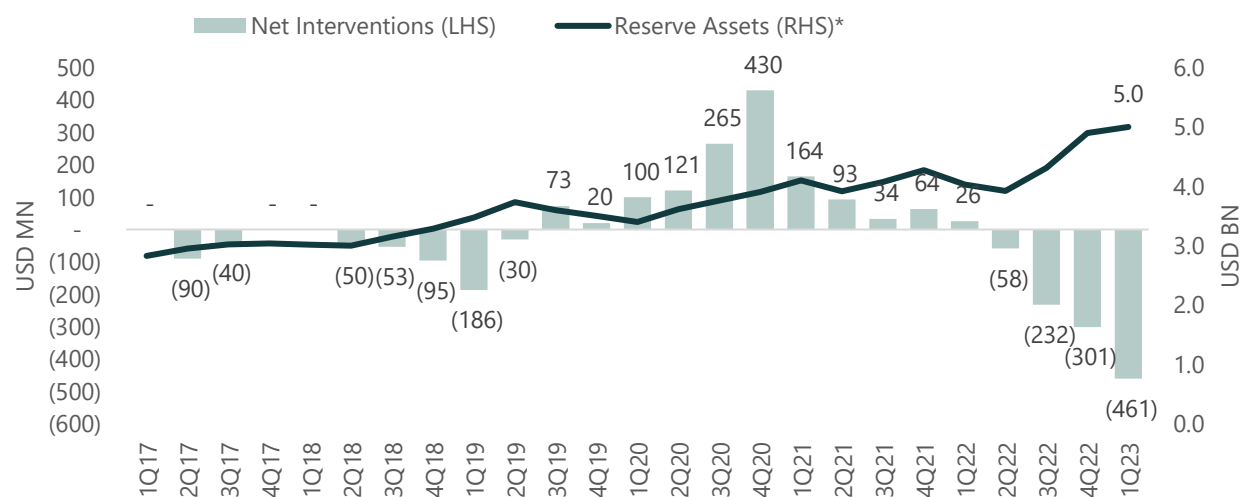
- The current account deficit reached \$1 bn in 2022, almost half of the 2021 deficit (\$1.9 bn) and lowest in nominal terms since 2013 (\$955 mn);
- The current account deficit to GDP ratio reached a record low of 4.1% in 2022, largely thanks to a record-high 5.7% surplus in 3Q22;
- The trade deficit (goods and services) made up 10% of GDP in 2022, posting a first trade surplus on record in 3Q22;
- The secondary income (transfers) surplus reached 12.4% of GDP in 2022, while the primary income deficit totaled -6.6% of GDP;
- Foreign direct investment (FDI) inflows grew by 61% y-o-y in 2022 and made up \$2 bn, highest ever in nominal terms, reaching 8.1% of GDP, highest since 2017;
- While inflows from Russia have been surging, so have been inflows from other countries, with overall external inflows\* reaching \$3.5 bn in 1Q23, o/w inflows from Russia equaled \$1.1 bn (up by 350% y-o-y) and inflows from other countries totaled \$2.4 bn (up by 28% y-o-y).

# INFLATION BELOW THE TARGET LEVEL IN APRIL 2023

## INFLATION Y-O-Y VS. INFLATION TARGET



## NET NBG INTERVENTIONS ON THE FX MARKET AND OFFICIAL RESERVE ASSETS (USD MN)



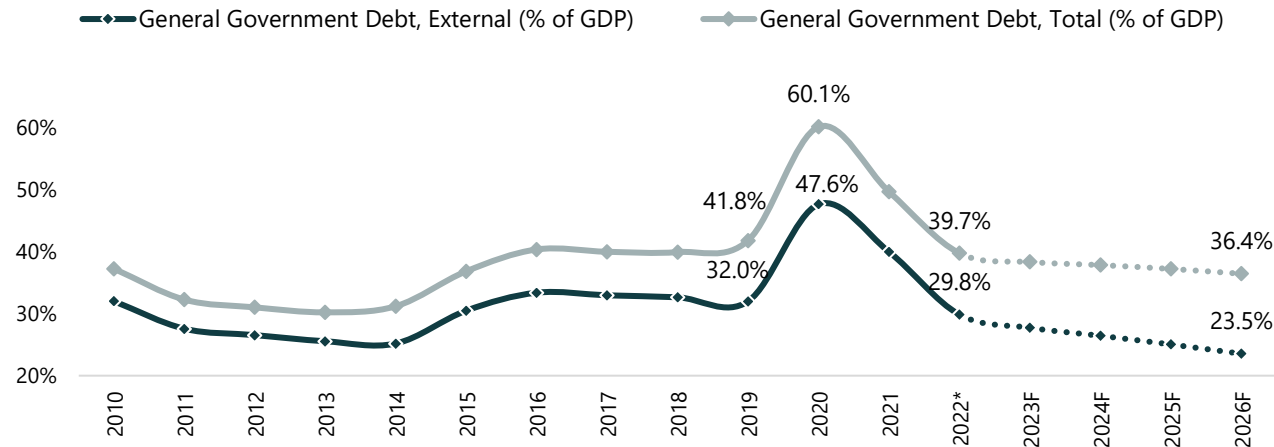
## SIGNIFICANT DISINFLATION UNDERWAY

- Annual inflation decelerated to 2.7% in April 2023, below the 3% target, decelerating significantly compared to previous months. The last time inflation was under the target was January 2021. While part of this disinflation can be attributed to the base effect, prices have been falling compared to the previous month since February 2023, averaging a 0.4% m-o-m deflation in Feb-Apr 2023;
- As GEL has strengthened and global price pressures have relatively eased, imported inflation has begun shrinking, driving overall disinflation. Imported inflation turned negative in March 2023, amounting to -3.5%;
- NBG has maintained a tight monetary stance with the refinancing rate standing at 11% since March 2022, with its latest forward guidance indicating that the stance will be eased once disinflationary pressures become evident in locally-produced goods' inflation as well;
- Apart from raising the refinancing rate, NBG has introduced various macroprudential measures in order to constrain credit activity and, subsequently, aggregate demand;
- NBG bought an additional \$461 mn in 1Q23, as international reserves reached a record-high \$5.0 bn at the end of March 2023.

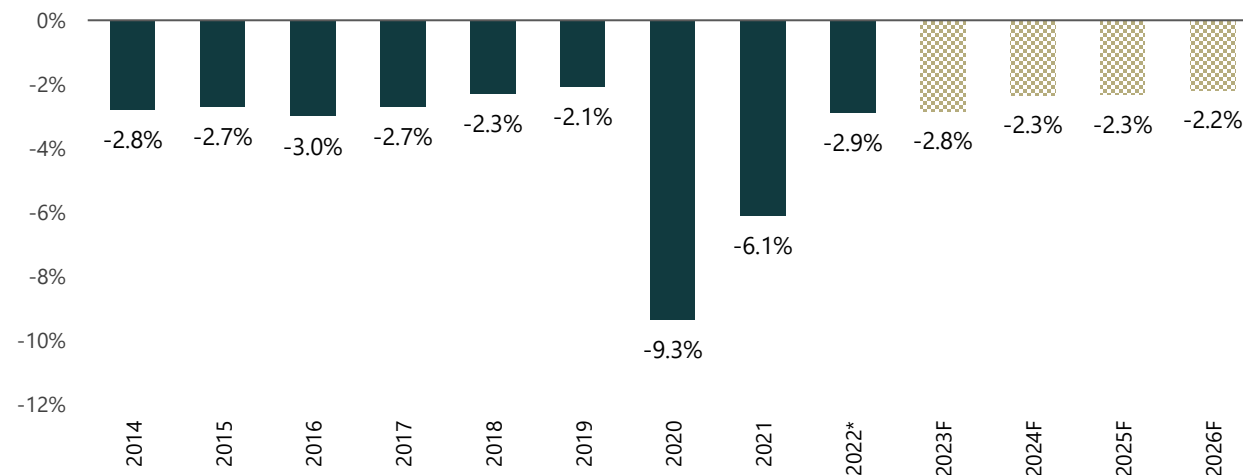
# PRELIMINARY ESTIMATES SHOW PUBLIC DEBT SHRINKING BELOW PRE-COVID LEVELS AND THE FISCAL DEFICIT FALLING UNDER 3% OF GDP IN 2022



## GENERAL GOVERNMENT DEBT (% OF GDP)



## OVERALL BALANCE (IMF MODIFIED)\*, % OF GDP



## FISCAL SUPPORT HAS CONTINUED MODERATING

- Fiscal support has continued moderating, as the overall fiscal balance (consolidated budget) posted a surplus of GEL 98 mn in 1Q23, up by 154% y-o-y;
- The operating surplus (difference between current expenditures and current revenues) reached GEL 840 mn, up by 23% y-o-y, in 1Q23;
- On the expenditure side, current expenses grew by 10.6% y-o-y and capital expenses increased by 14% y-o-y in 1Q23;
- On the revenue side, tax revenues grew by 12.7% y-o-y in 1Q23, facilitating a 12.4% growth in overall fiscal revenues;
- Preliminary estimates show the overall deficit (net borrowing) reaching 2.5% of GDP in 2022, with the IMF-modified deficit\* standing at 2.9%, below the 3% deficit rule;
- Government debt is estimated to have fallen to under 40% of GDP in 2022, lower than the pre-COVID level of 42% in 2019, with external debt falling to under 30% of GDP, down from 32% in 2019.

\*CALCULATED AS NET ACQUISITION OF FINANCIAL ASSETS SUBTRACTED FROM PRELIMINARY ESTIMATES OF NET BORROWING.

# SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



## Key Ratings Highlights

Rating Agency	Rating	Outlook	Affirmed
<b>MOODY'S</b>	Ba2	Negative	April 2022
<b>S&amp;P Global</b>	BB	Stable	February 2022
<b>FitchRatings</b>	BB	Positive	January 2023

## Georgia is favorably placed among peers

Country	Country Rating	Fitch Rating Outlook
Armenia	B+	Positive
Azerbaijan	BB+	Positive
Czech Republic	AA-	Negative
<b>Georgia</b>	<b>BB</b>	<b>Positive</b>
Kazakhstan	BBB	Stable
Turkey	B	Negative
Uzbekistan	BB-	Stable

## General Facts



- Area: 69,700 sq. km
- Population (2022): 3.7 million
- Capital: Tbilisi;
- Life expectancy: 73.5 years
- Official language: Georgian
- Literacy: 100%
- Currency (code): Lari (GEL)

## Economy

- Nominal GDP (Geostat) 2022: GEL 71.8 billion (US\$24.6 billion)
- Real GDP growth rate 2022: 10.1%
- Real GDP ten-year annual average growth rate: 4.2%
- GDP per capita 2022 (PPP, international dollar) IMF: 20,244
- Annual inflation 2022: 11.9%
- External public debt to GDP 2022: 29.8%



# GEORGIA'S KEY ECONOMIC DRIVERS



## Liberal economic policy

### Top performer compared to peers across a wide range of international rankings

- Liberty Act (effective January 2014) ensures a credible fiscal framework; Fiscal deficit/GDP capped at 3%; Public debt/GDP capped at 60%.
- Following the emergency clause activation after the COVID-19 shock, the fiscal framework will return within the rule bounds in three years, as specified in the Liberty Act.
- Business friendly environment and low tax regime (attested by favourable international rankings).

## Regional logistics and tourism hub

### A natural transport and logistics hub, connecting land-locked energy rich countries in the east and European markets in the west

- Access to a market of 2.8 billion customers without customs duties: Free trade agreements with EU, China, Hong Kong, CIS and Turkey and GSP with USA, Canada, Japan, Norway and Switzerland; FTA with Israel and India under consideration. Georgia's preferential trading regimes support the country's resilience to regional external shocks.
- The importance of Georgia's strategic location has grown further as a reliable logistics hub following Russia's war in Ukraine.
- Tourism inflows fell sharply to US\$ 542 million in 2020 from US\$ 3.2 billion in 2019 due to COVID-19, but have bounced back to US\$ 3.5 billion in 2022.

## Strong FDI

### An influx of foreign investors on the back of the economic reforms have boosted productivity and accelerated growth

- FDI stood at US\$ 2.0 billion (8.1% of GDP) in 2022, highest ever in nominal terms.
- FDI has averaged 8.2% of GDP since 2010.

## Support from international community

### Georgia and the EU signed an Association Agreement and DCFTA in June 2014, and Georgia was granted a European perspective in June 2022

- Visa-free travel to the EU is another major success in Georgian foreign policy. Georgian passport holders were granted free visa entrance to the EU countries from 28 March 2017.
- Georgia applied for EU membership together with Ukraine and Moldova in March 2022, and was granted a conditional European perspective, set to receive candidate status once specified conditions are satisfied.
- Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU.
- Enhancing linkages with the EU market will be further supported by EU's 2021 Economic and Investment plan, pledging to mobilize €2.3 bn in support of Eastern Partnership countries.

## Energy transit hub potential

### Developed, stable and competitively priced energy sector

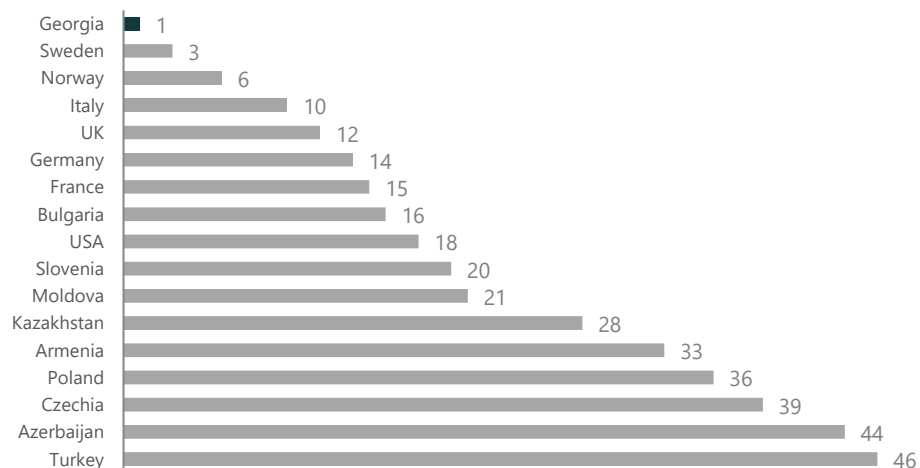
- Only 20% of hydropower capacity utilized; 155 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development.
- Georgia imports natural gas mainly from Azerbaijan.
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 kV line to Azerbaijan built, other transmission lines to Armenia and Russia upgraded.
- Additional 2,000 MW transmission capacity development in the pipeline, facilitating cross-border electricity trade and energy swaps to Eastern Europe.
- Georgia's energy transit hub role has become particularly crucial in light of energy diversification efforts from Western countries since the beginning of Russia's war in Ukraine.
- Significant recent projects include the Trans-Anatolian Pipeline (TANAP), inaugurated in November 2019, and the Black Sea underwater electric cable project, signed in December 2022, linking Azerbaijani energy resources with Europe through Georgia and Turkey.

## Stable political environment

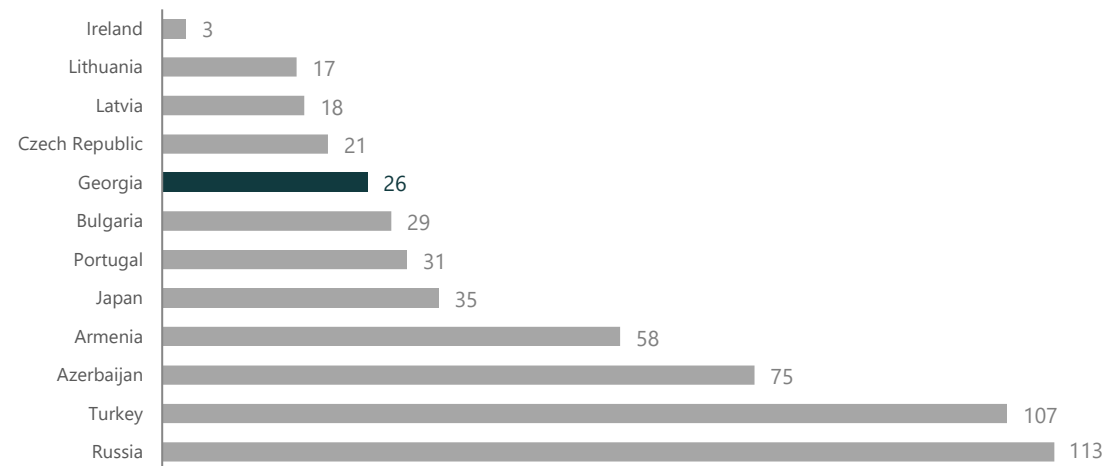
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU.
- New constitution amendments passed in 2013 to enhance governing responsibility of Parliament and reduce the powers of the Presidency.
- Russia began issuing visas to Georgians in March 2009; Georgia abolished visa requirements for Russians – Russia announced the easing of visa procedures for Georgian's citizens effective December 23, 2015.
- Direct flights between the two countries resumed in January 2010. However, they have been banned again since July 2019 following the decision from Russia.
- Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia.
- In 2022, Russia accounted for 12% of Georgia's exports and 14% of imports, as economic dependence has declined over the years.

# INSTITUTIONAL ORIENTED REFORMS

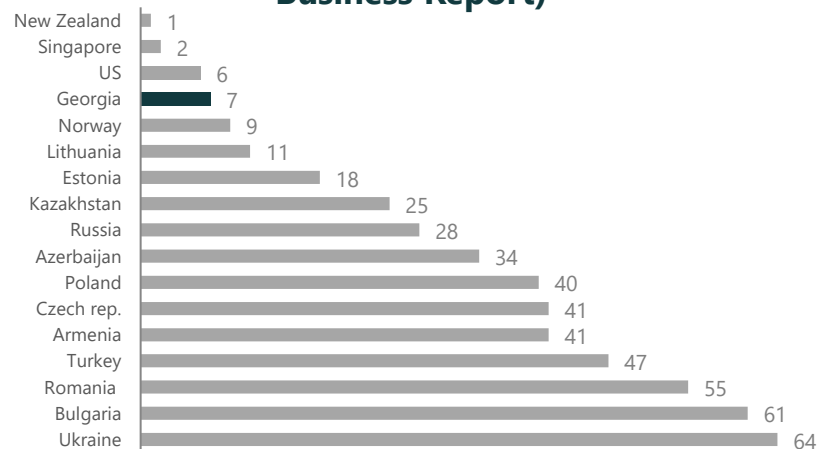
**Open Budget Index, 2021 | International Budget Partnership  
(Budget Transparency)**



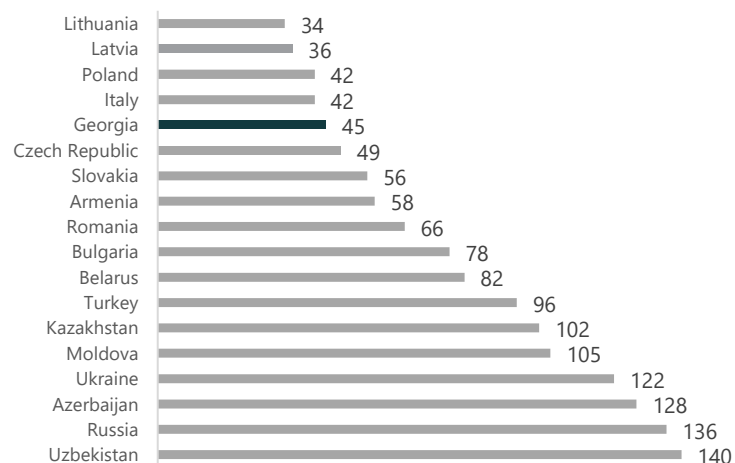
**Economic Freedom Index | 2022 (Heritage Foundation)**



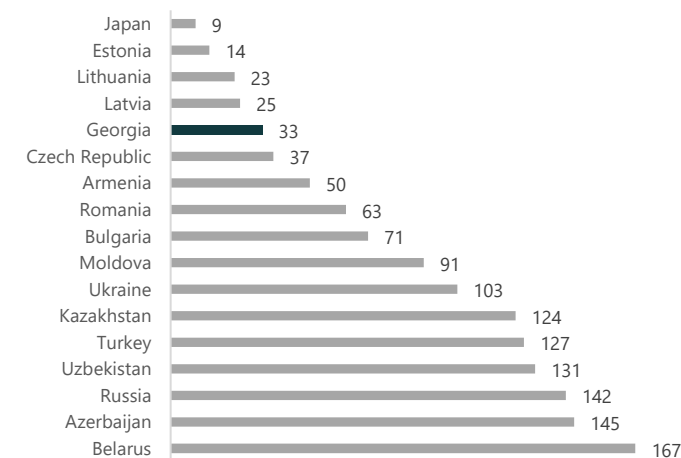
**Ease of Doing Business | 2020 (WB Doing  
Business Report)**



**Corruption Perception Index | 2021 (TI)**

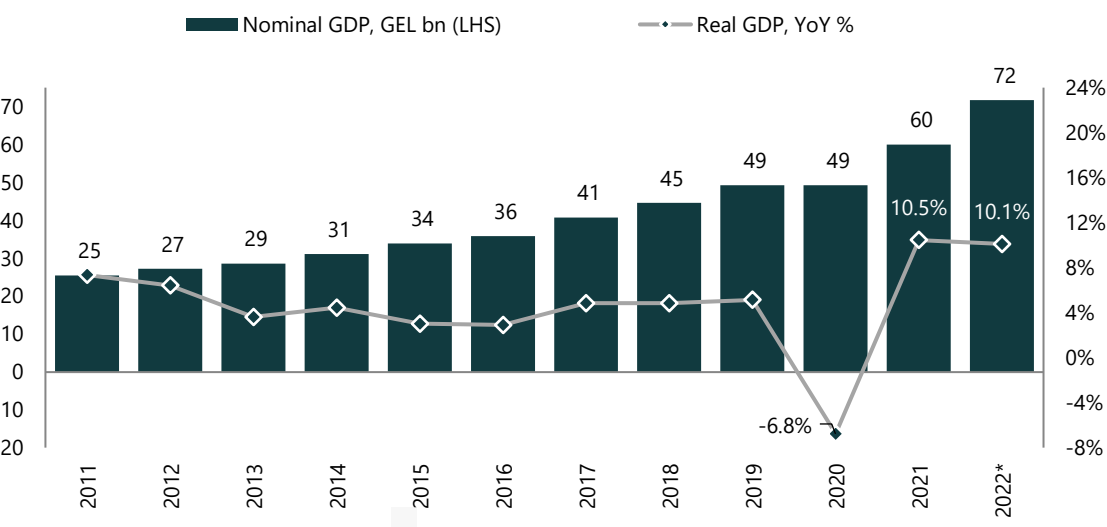


**Business Bribery Risk, 2022 | Trace International**

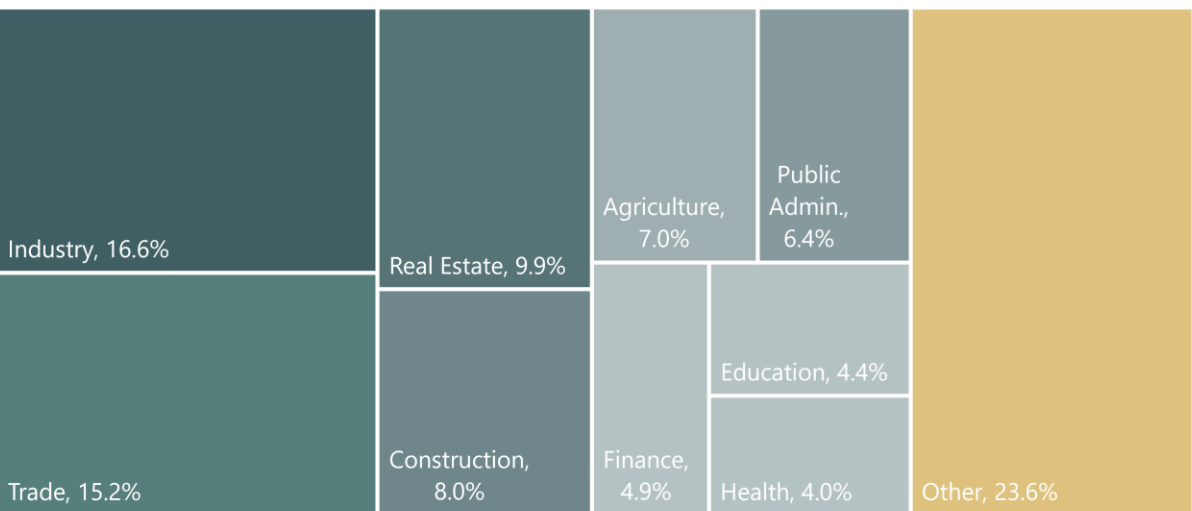


# ECONOMIC GROWTH CONTINUING AT PACE

## Gross domestic product

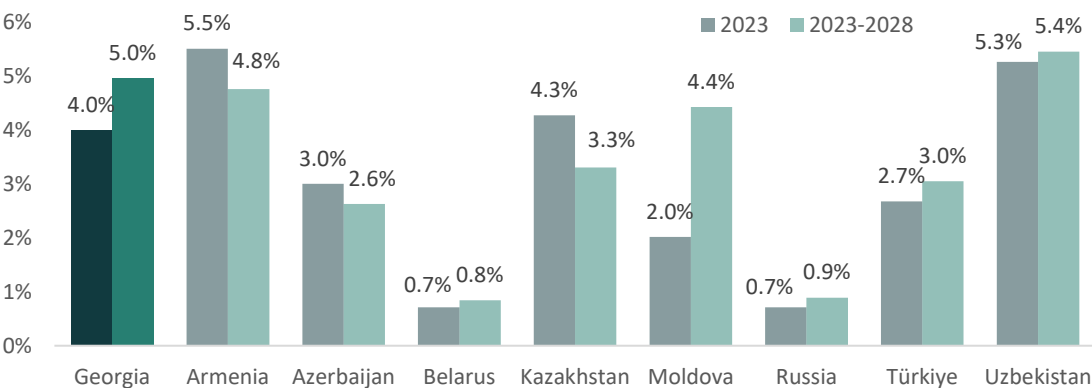


## Nominal GDP structure, 2022



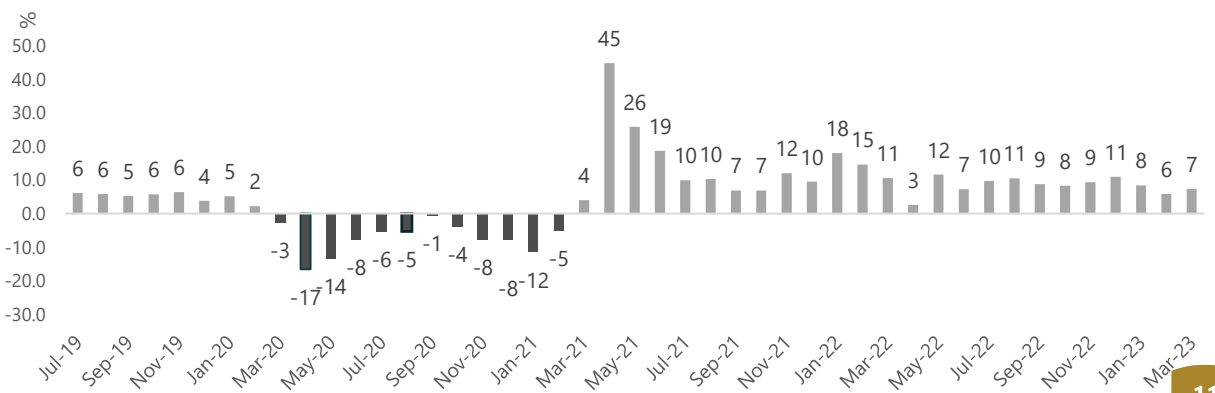
## Georgia's medium-term growth rate projected to be one of the highest among peers by IMF (April 2023)

Projected real GDP growth rates, % | IMF

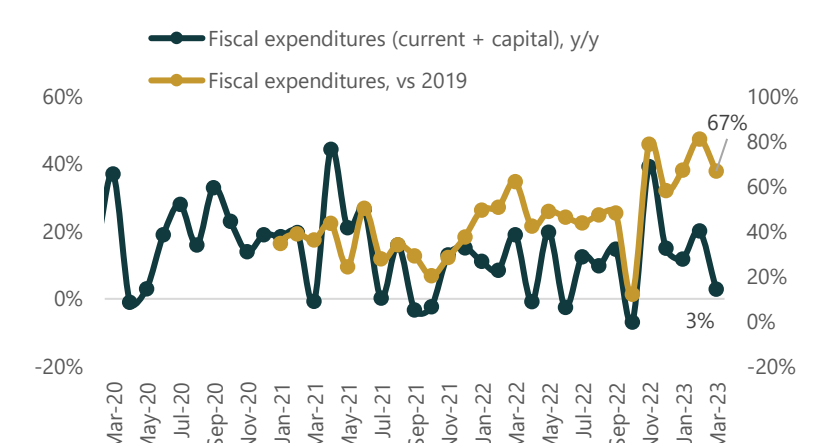
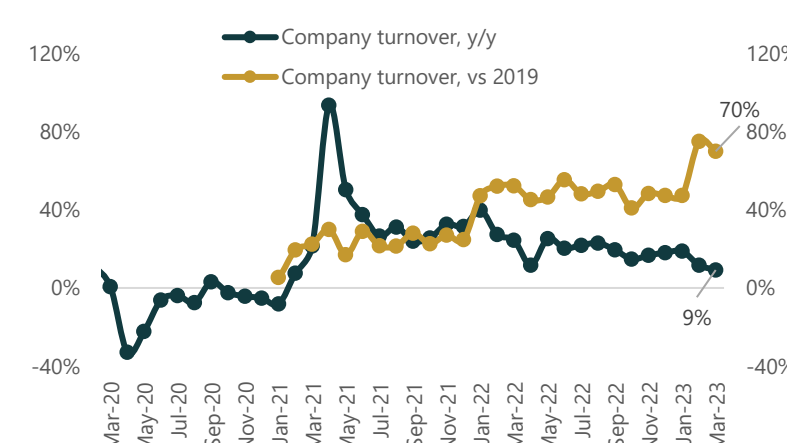
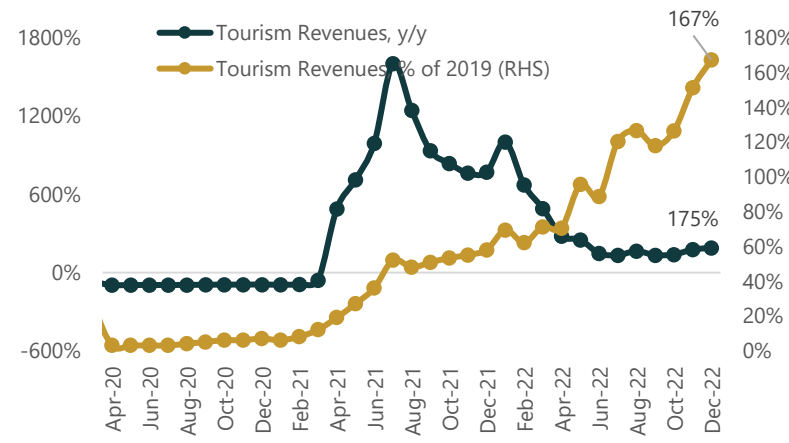
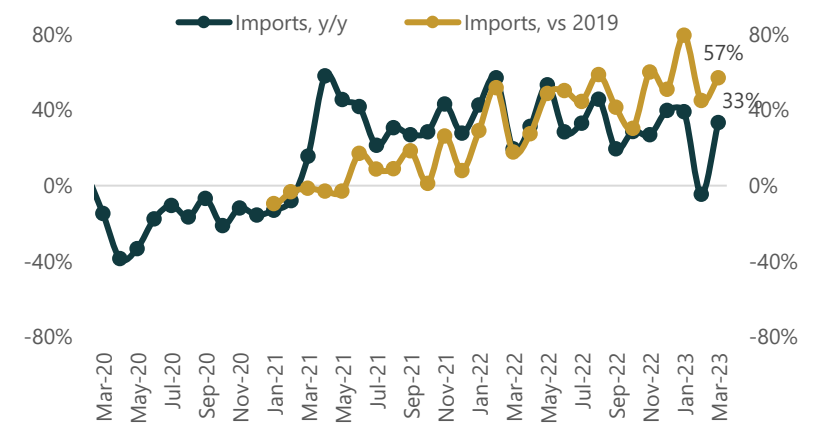
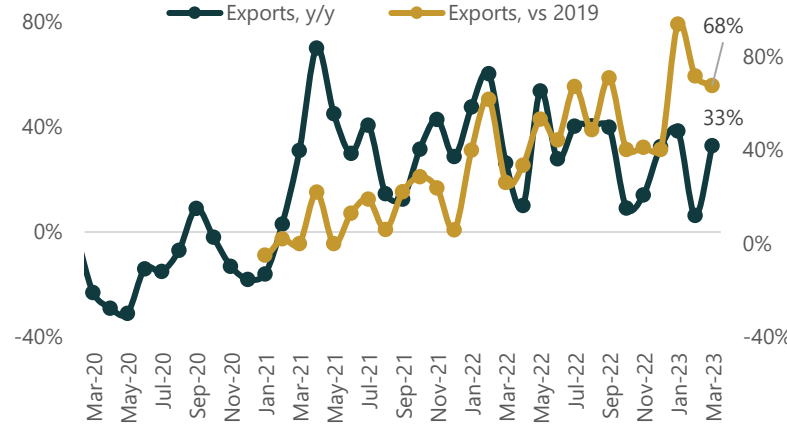
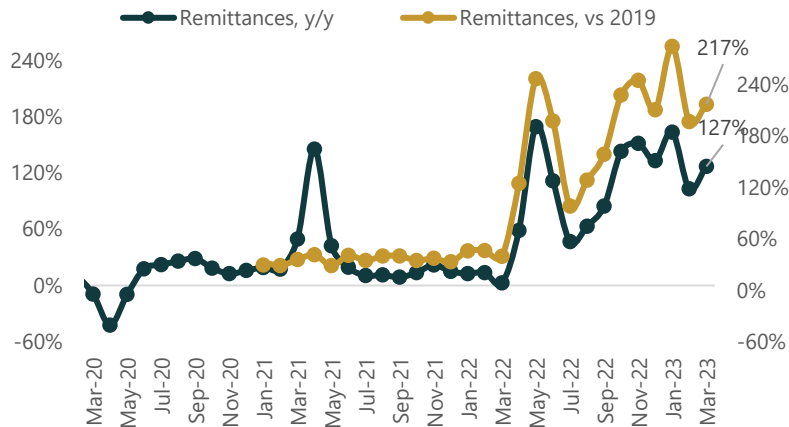


## Monthly Economic Activity Estimate, Y-o-Y growth

Flash estimates show the economy growing by 7.2 y-o-y % in 1Q23



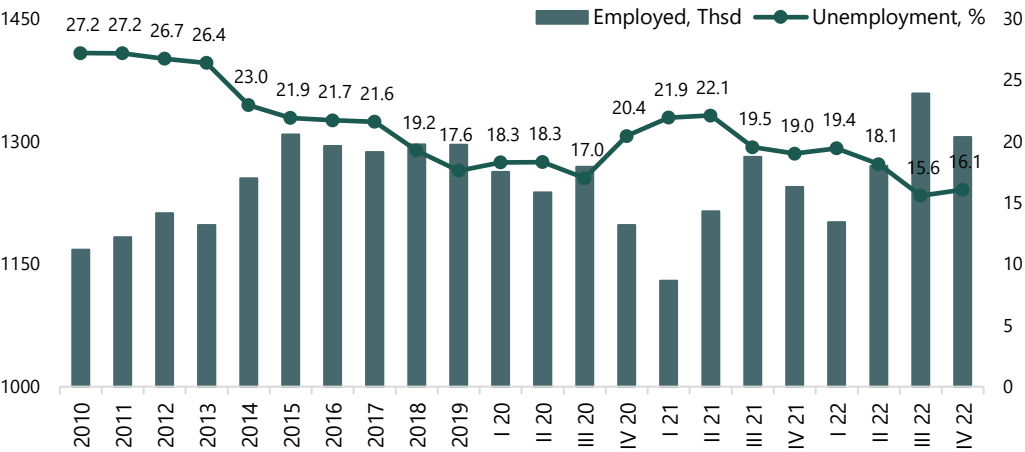
# STRONG EXTERNAL DEMAND EVIDENT IN ACCELERATING FX INFLOWS, WHILE DOMESTIC DEMAND ALSO REMAINS ROBUST DESPITE FISCAL SUPPORT MODERATING



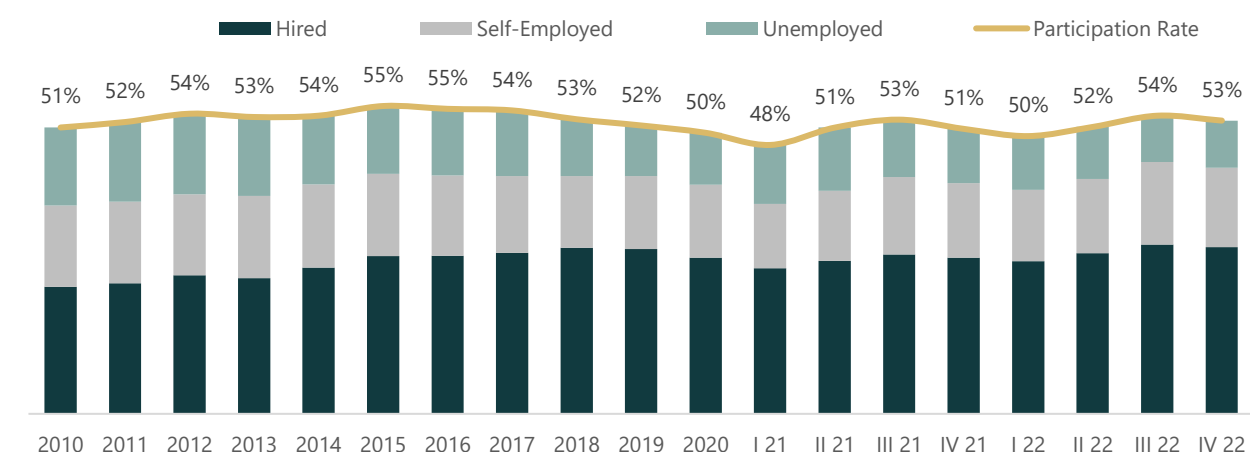
# UNEMPLOYMENT DOWN AT HISTORIC LOWS



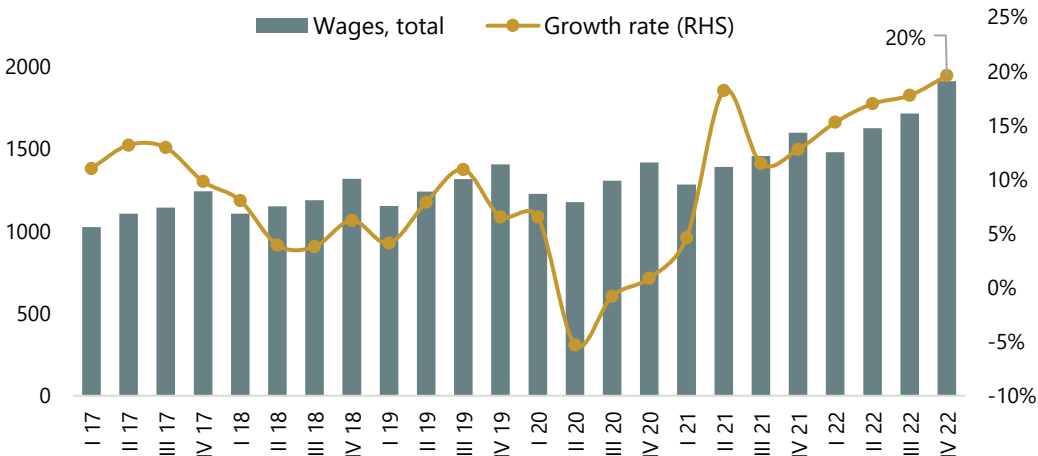
Unemployment rate at historical lows



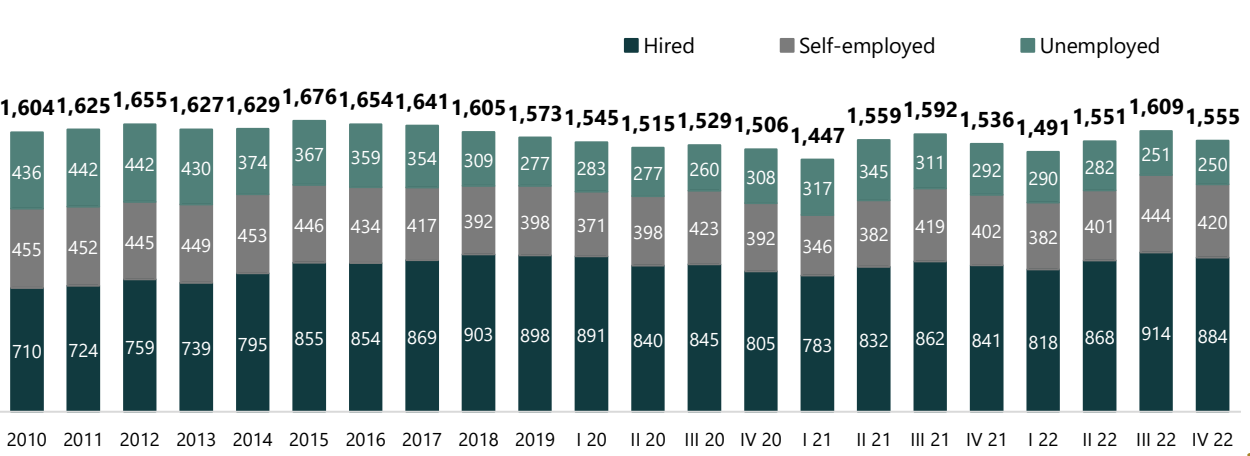
Labour force participation rate by contributions



Average monthly nominal earnings in the business sector



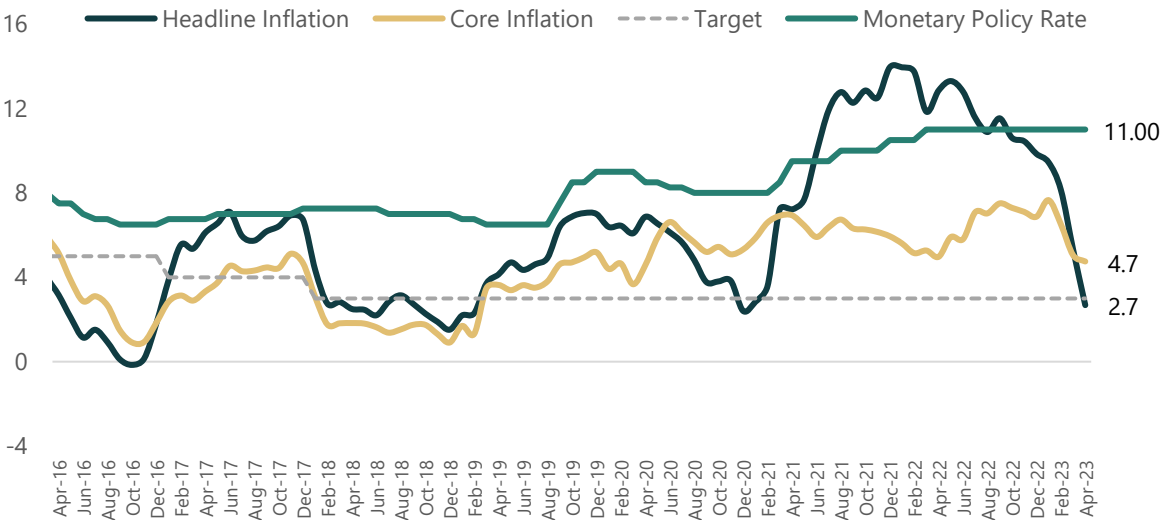
Labour force decomposition



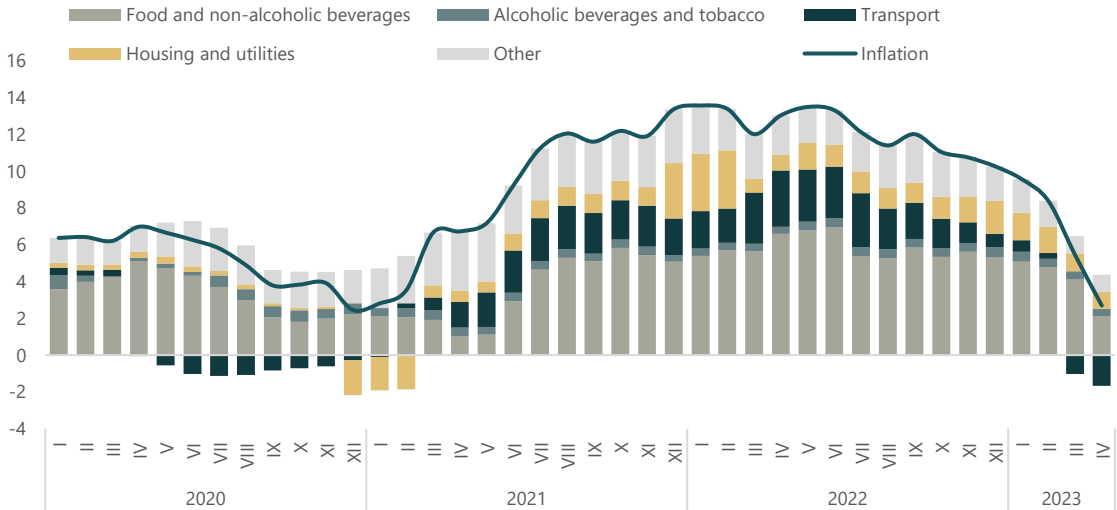
# INFLATION BELOW THE TARGET LEVEL IN APRIL 2023



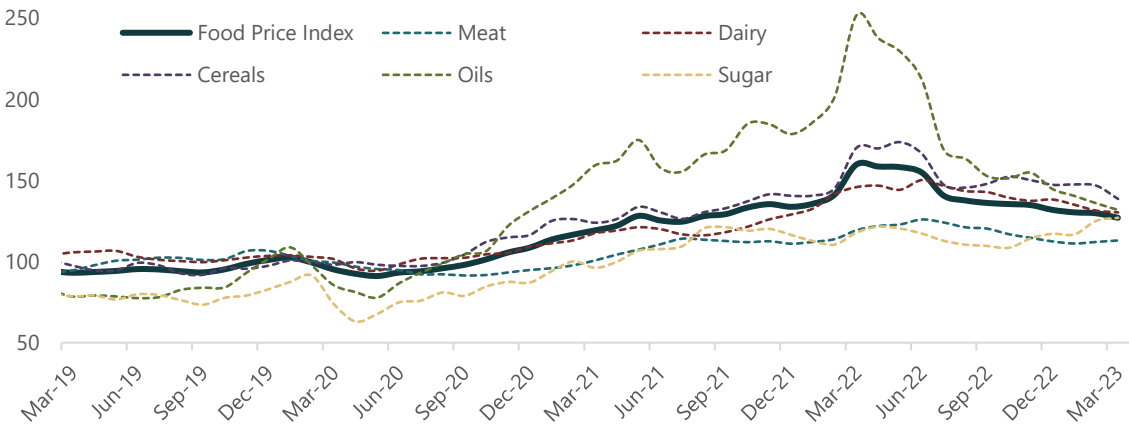
Inflation Y-o-Y vs. inflation target



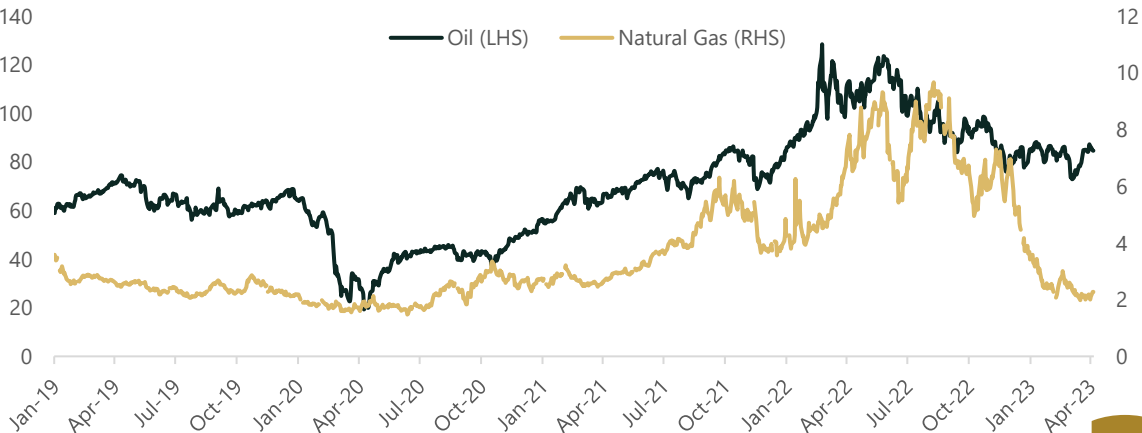
Inflation components



FAO food price index



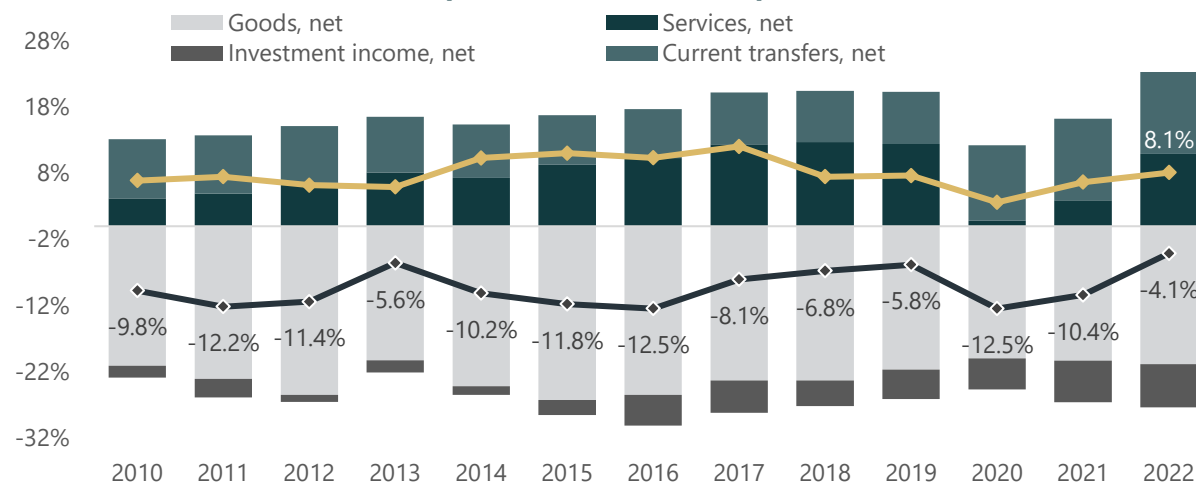
Brent crude oil and natural gas prices



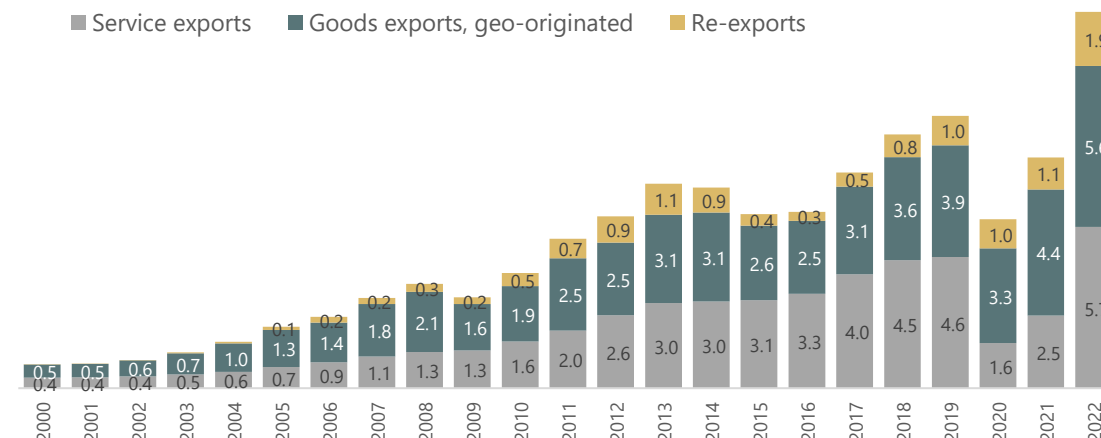
# CURRENT ACCOUNT DEFICIT AT A RECORD LOW OF 4.1% OF GDP IN 2022, ON THE BACK OF A RECORD-HIGH 5.7% SURPLUS IN 3Q22



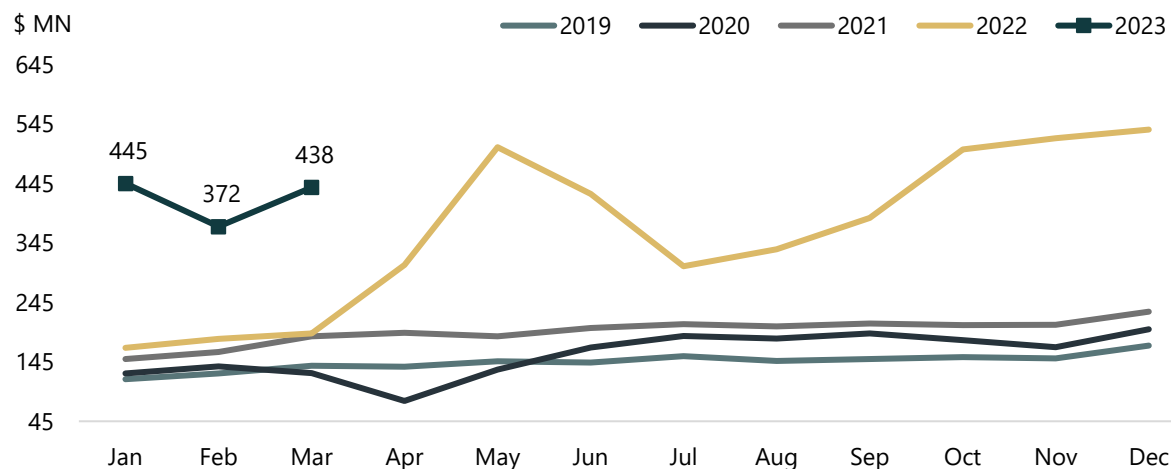
## Current account balance (% of nominal GDP)



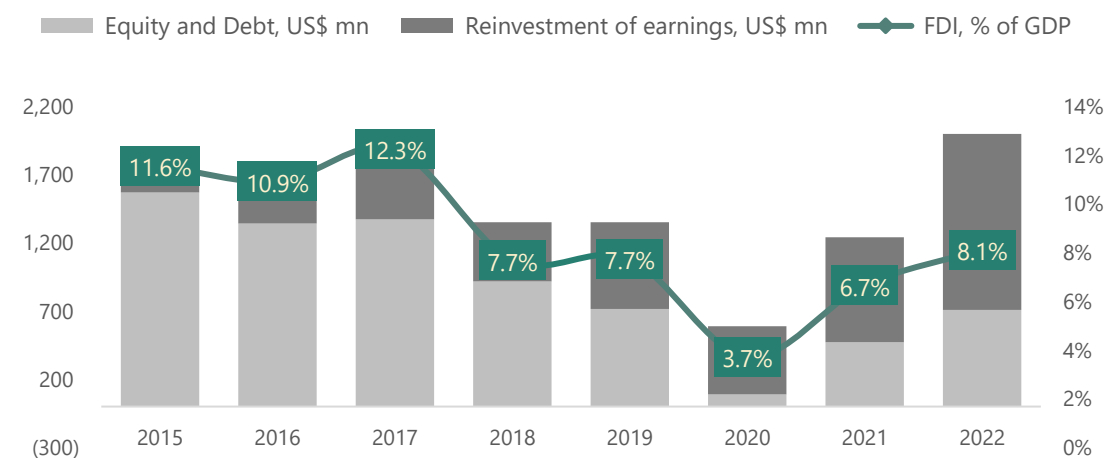
## Exports and Re-exports, US\$ billion



## Remittances at record high levels

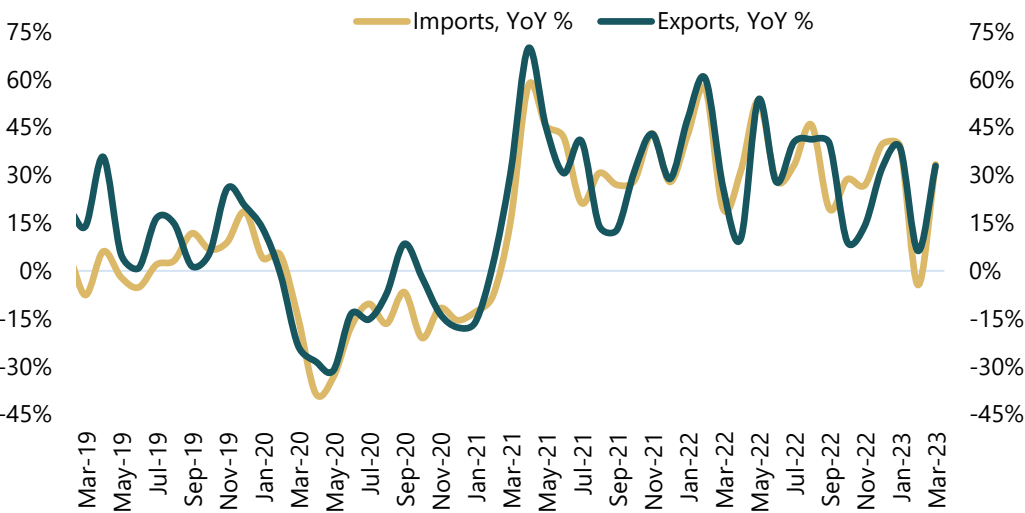


## FDI (components and % of nominal GDP)

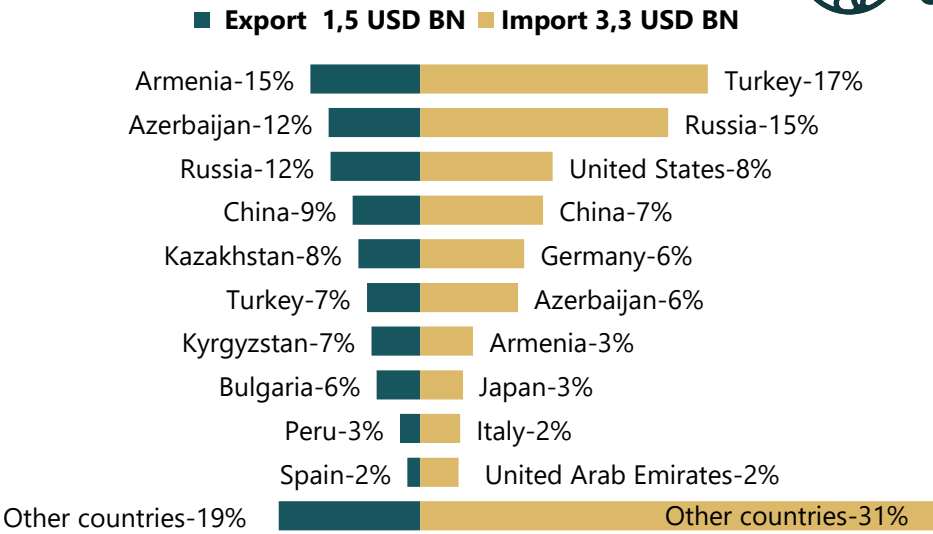


# DIVERSIFIED FOREIGN TRADE

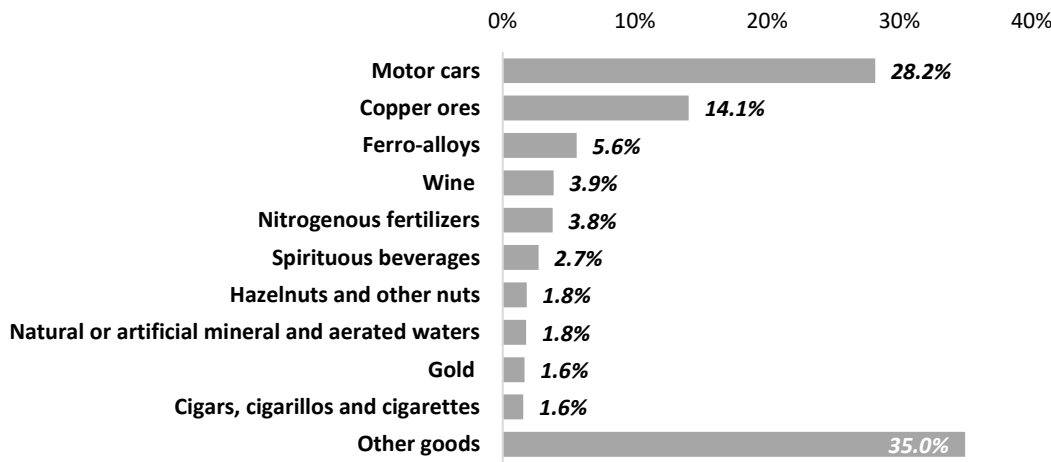
Exports and imports of goods, Y-o-Y %



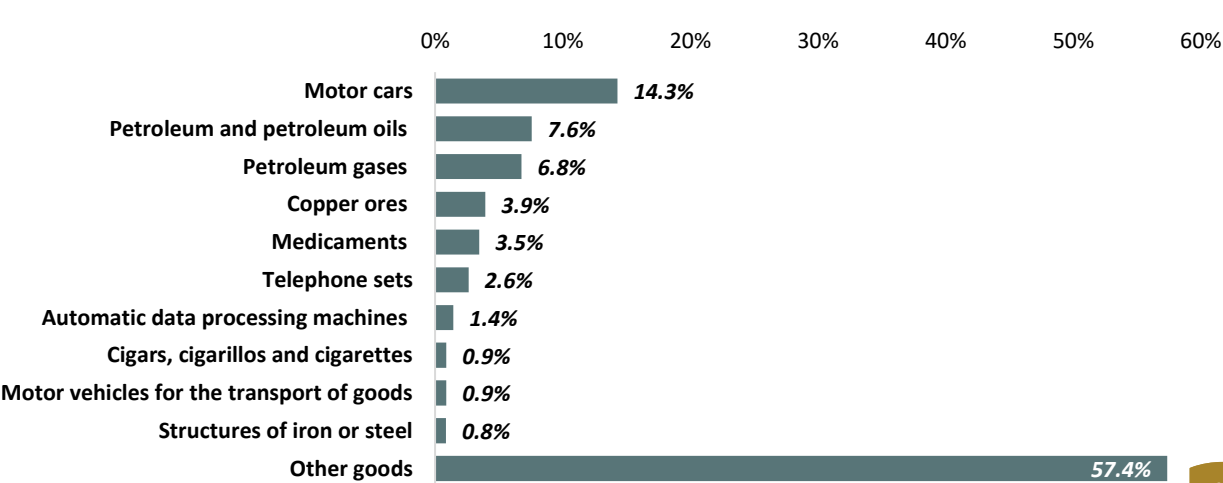
External trade by countries, 1Q23, share in total



Export by major goods, 1Q23, share in total



Import by major goods, 1Q23, share in total

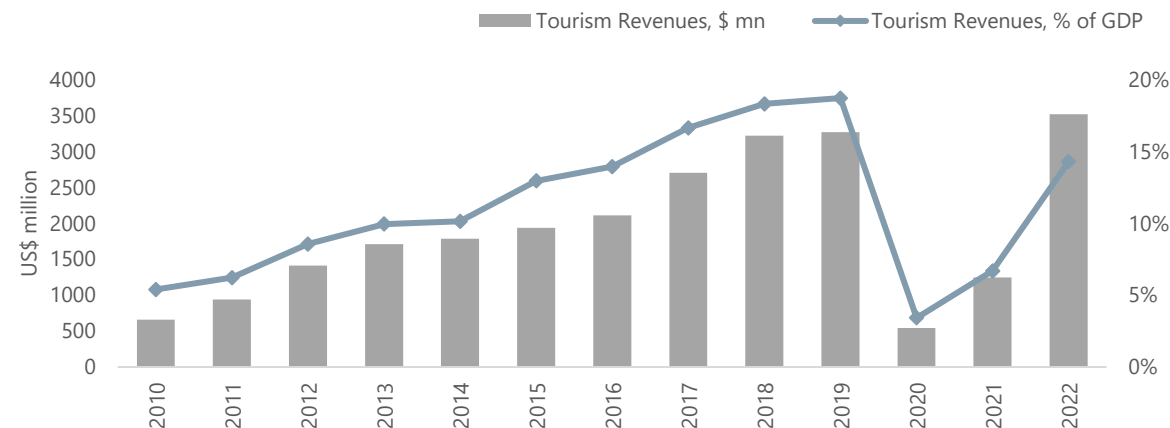




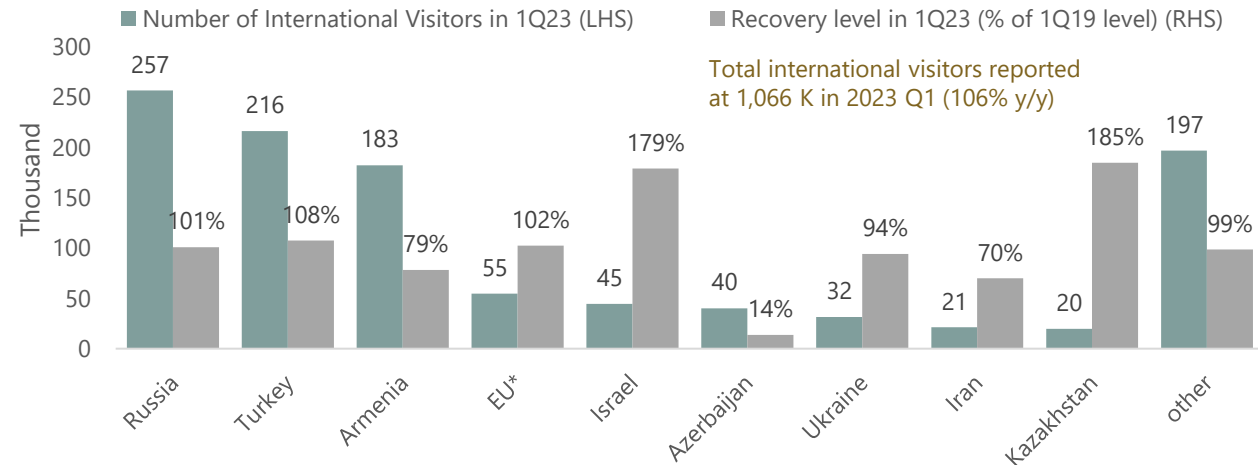
# REMITTANCES AT RECORD HIGH LEVELS DUE TO THE MIGRANT EFFECT AS TOURISM REVENUES ALSO BOUNCE BACK



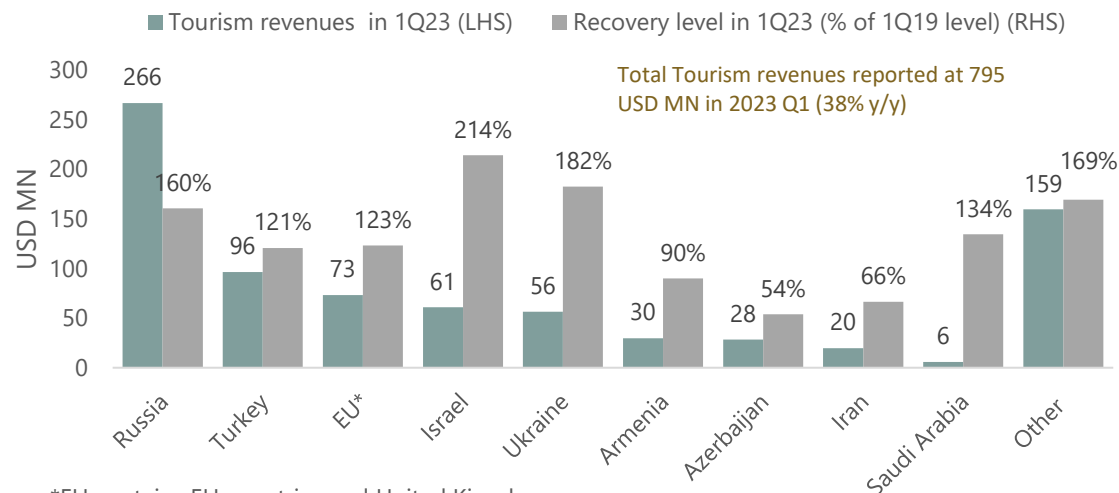
Tourism revenues to GDP



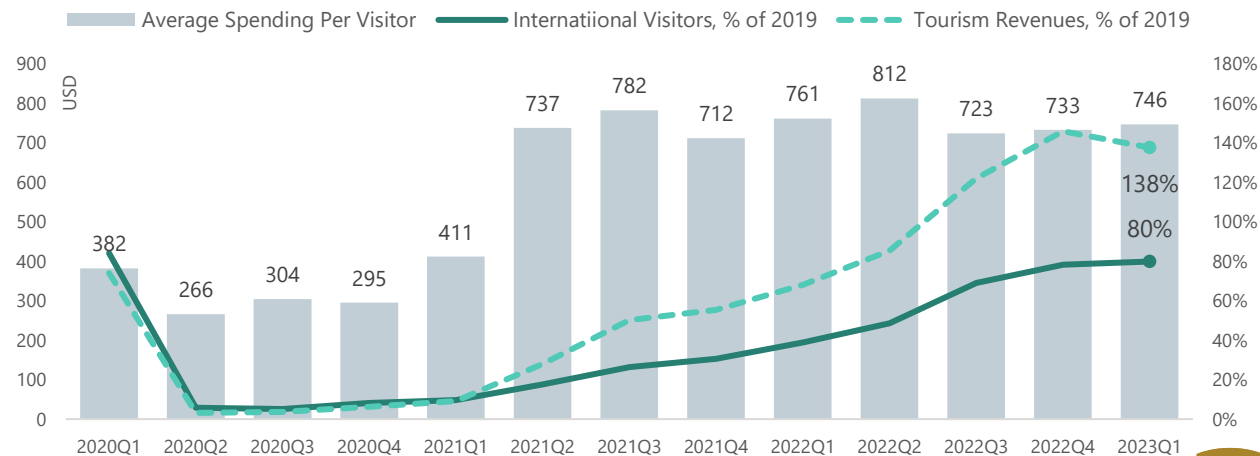
International Visitors by country



Tourism revenues by country



Tourism Statistics

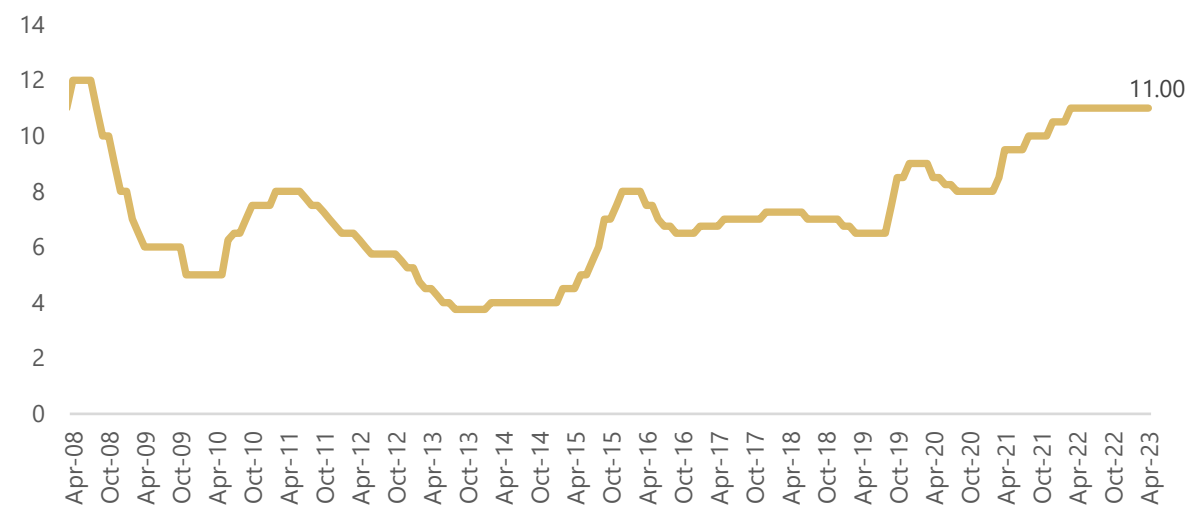


\*EU contains EU countries and United Kingdom.

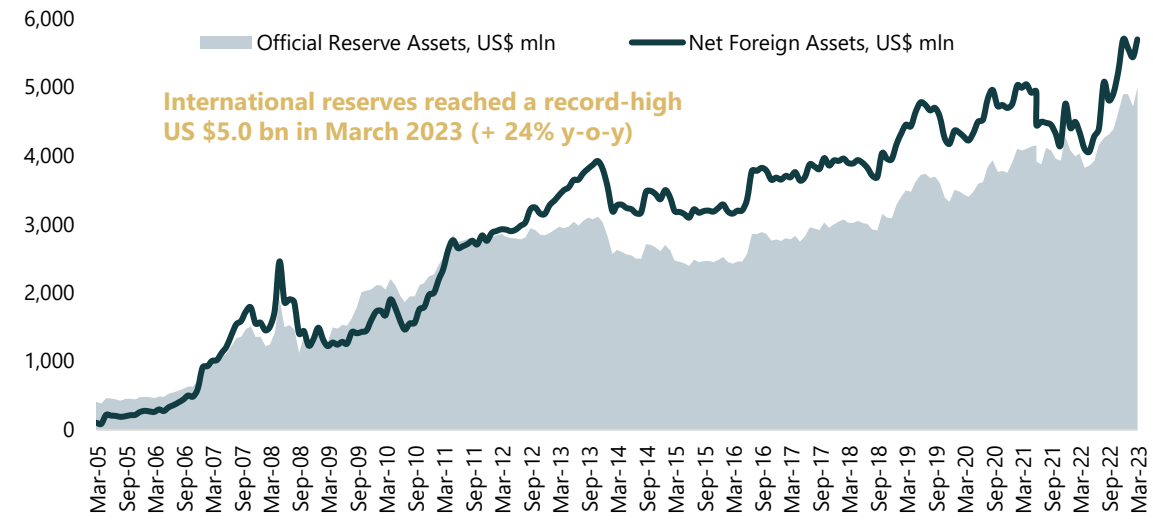
# APPROPRIATE MONETARY POLICY STANCE ENSURING MACROECONOMIC STABILITY



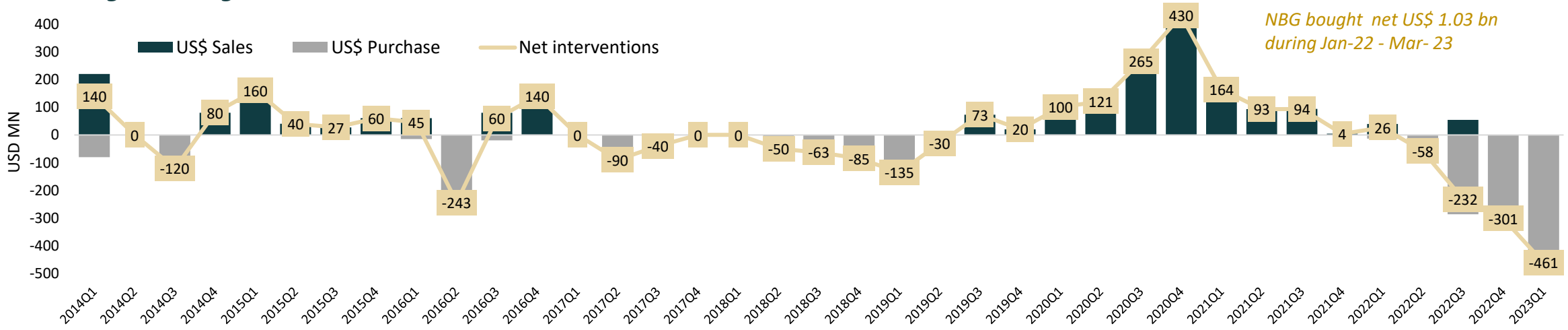
Monetary policy rate



International Reserves



Foreign exchange market interventions, \$US million

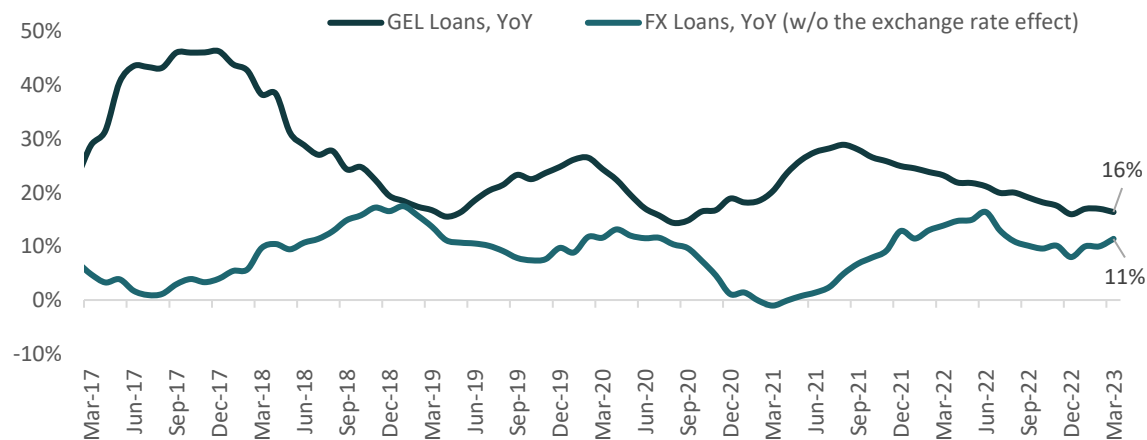


\*Data from 2020Q2 contains information about Bmatch platform interventions  
Georgia Capital PLC | Source: NBG

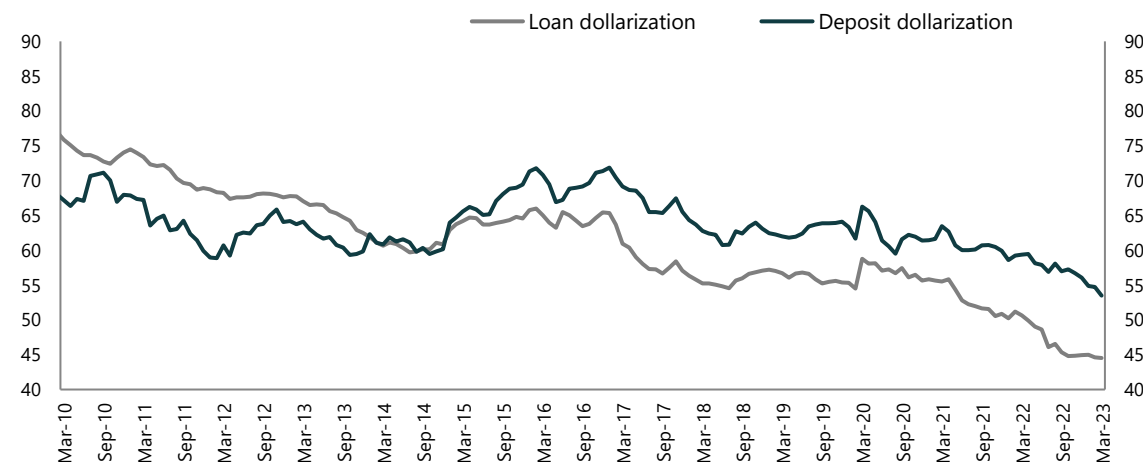
# GEL APPRECIATING SINCE MID-2021 AND NOW ABOVE PRE-PANDEMIC LEVELS



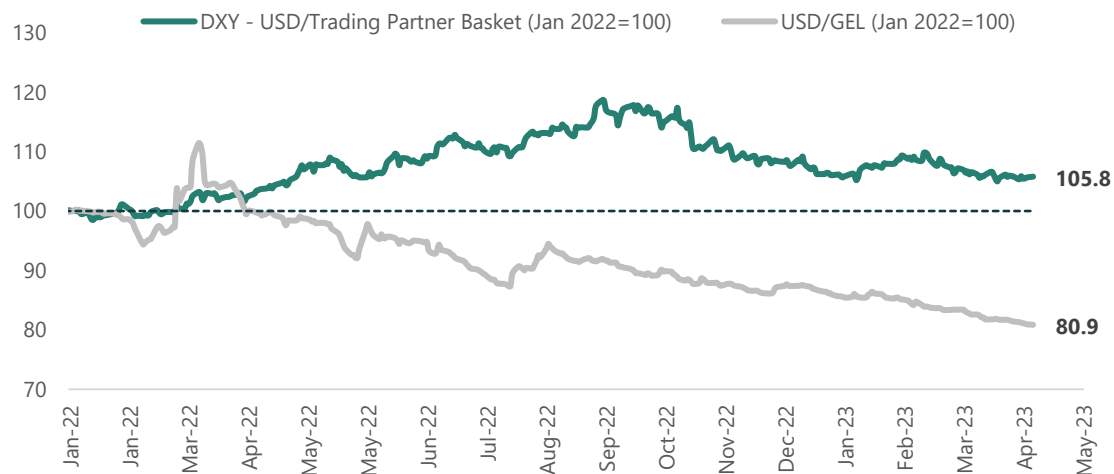
## Loans by currencies



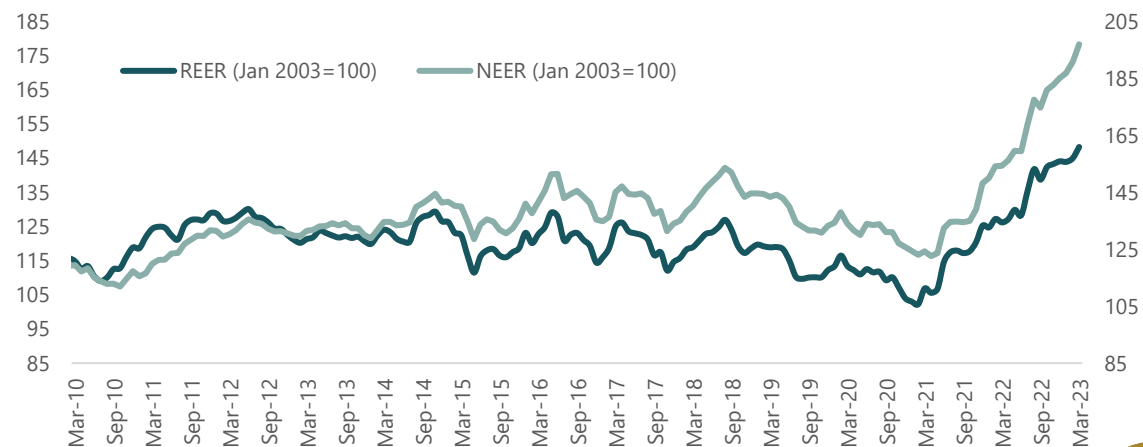
## Dollarization ratios



## Exchange rate indices



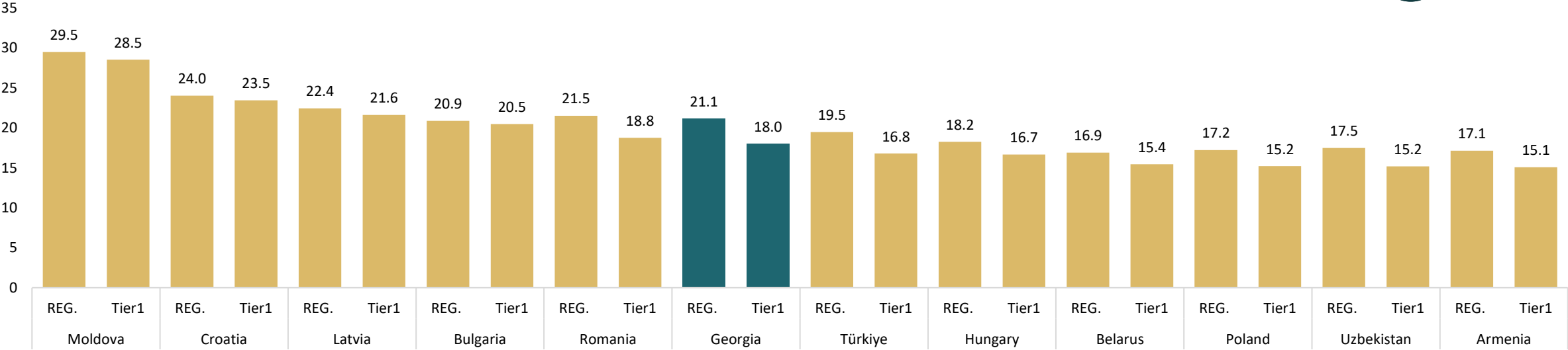
## Real (REER) and nominal (NEER) effective exchange rates



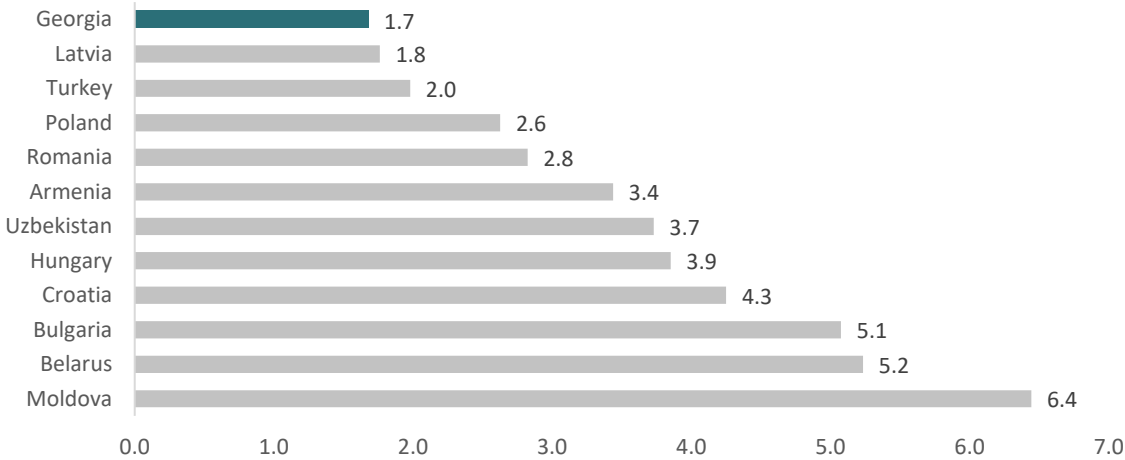
# GEORGIAN BANKING SYSTEM REMAINS LIQUID AND WELL-CAPITALIZED



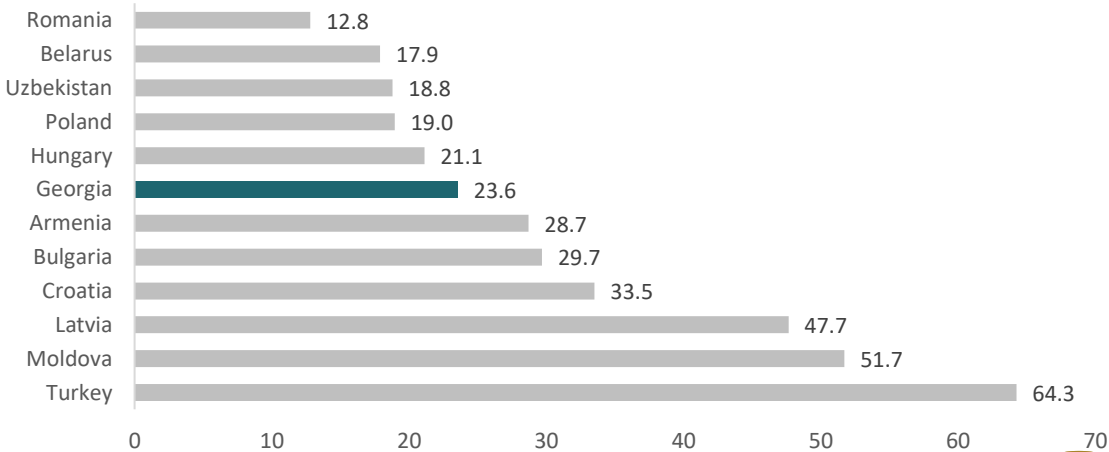
Regulatory /Tier1 capital to risk-weighted assets, % (latest 2023)



Nonperforming loans to total gross loans, % (latest 2023)



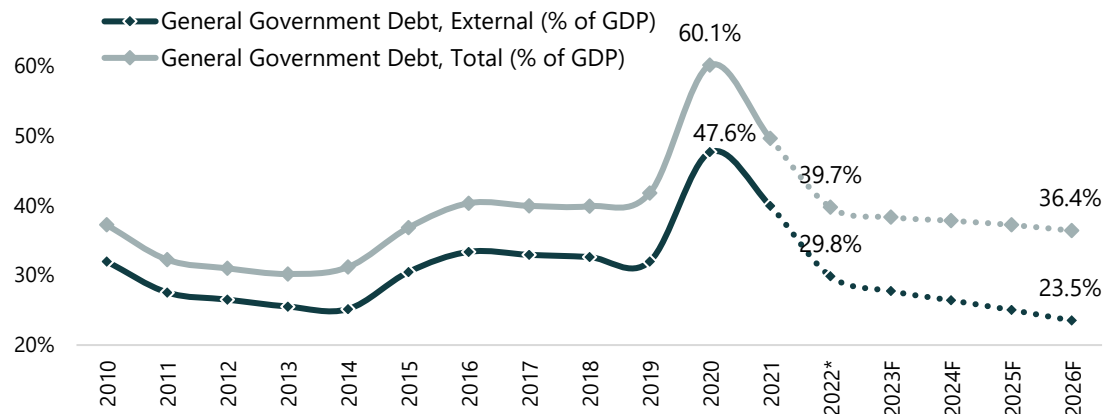
Liquid assets to total assets, % (latest 2023)



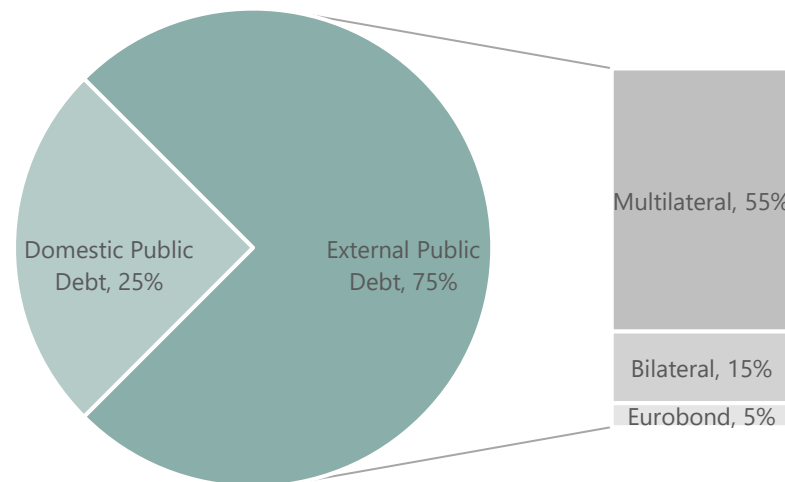
# PRELIMINARY ESTIMATES SHOW PUBLIC DEBT SHRINKING BELOW PRE-COVID LEVELS AND THE FISCAL DEFICIT FALLING UNDER 3% OF GDP IN 2022



## Public debt at pre-pandemic levels

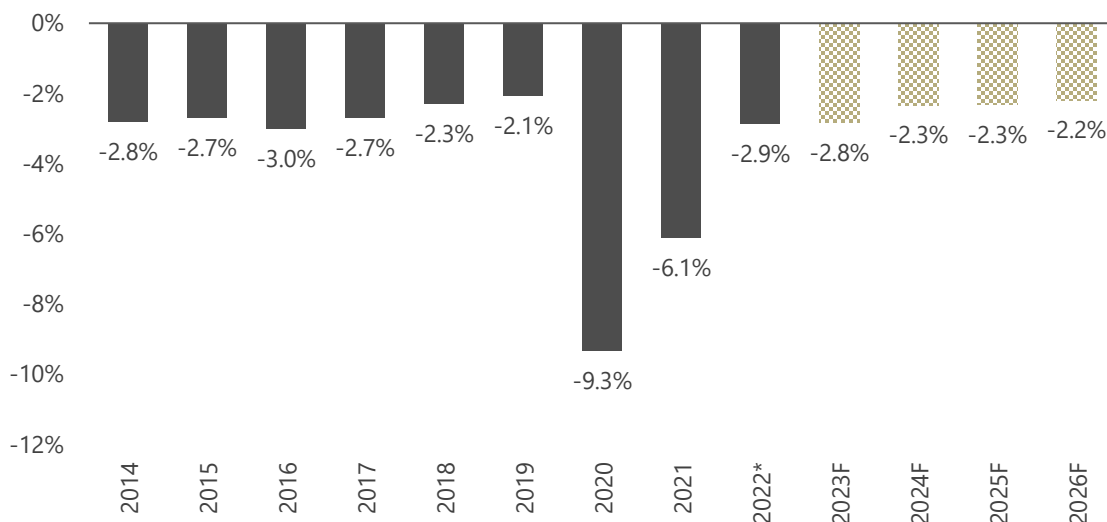


## Public debt structure

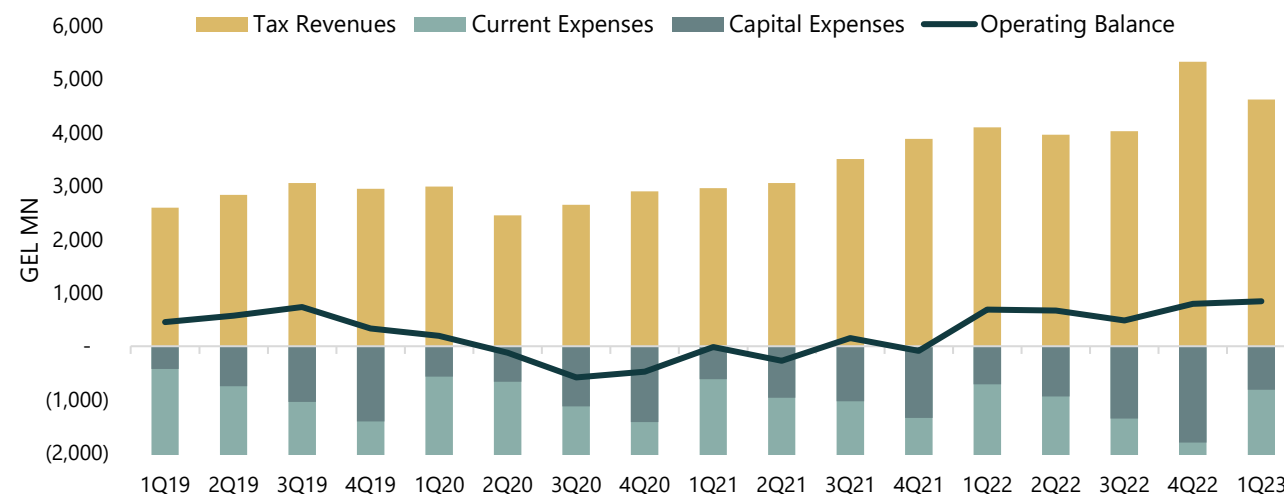


Average weighted interest rate was 2.23%, while remaining maturity totaled 9.0 years as of 31 December 2022

## Overall Balance (IMF Modified), % of GDP



## Operating balance has switched to a surplus again



# FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Georgia Capital PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: regional instability; impact of COVID-19; currency fluctuations, including depreciation of the Georgian Lari, and macroeconomic risk; regulatory risk across a wide range of industries; investment risk; liquidity risk; portfolio company strategic and execution risks; and other key factors that could adversely affect our business and financial performance, including those which are contained elsewhere in this presentation and in our past and future filings and reports and also the 'Principal Risks and Uncertainties' included in Georgia Capital PLC's Annual Report and Accounts 2022. No part of this presentation constitutes, or shall be taken to constitute, an invitation or inducement to invest in Georgia Capital PLC or any other entity and must not be relied upon in any way in connection with any investment decision. Georgia Capital PLC and other entities undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this presentation should be construed as a profit forecast.

## COMPANY INFORMATION

### Georgia Capital PLC

Registered Address

42 Brook Street

London W1K 5DB

United Kingdom

[www.georgiacapital.ge](http://www.georgiacapital.ge)

Registered under number 10852406 in England and Wales

### Stock Listing

London Stock Exchange PLC's Main Market for listed securities

Ticker: "CGEO.LN"

### Contact Information

Georgia Capital PLC Investor Relations

Telephone: +44 (0) 203 178 4052; +995 322 000000

E-mail: [ir@gcap.ge](mailto:ir@gcap.ge)

### Auditors

PricewaterhouseCoopers LLP ("PwC")

Atria One, 144 Morrison Street,

Edinburgh EH3 8EX

United Kingdom

### Registrar

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol BS13 8AE

United Kingdom

Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.

Investor Centre Web Address - [www.investorcentre.co.uk](http://www.investorcentre.co.uk).

Investor Centre Shareholder Helpline - +44 (0) 370 873 5866

### Share price information

Shareholders can access both the latest and historical prices via the website

[www.georgiacapital.ge](http://www.georgiacapital.ge)