

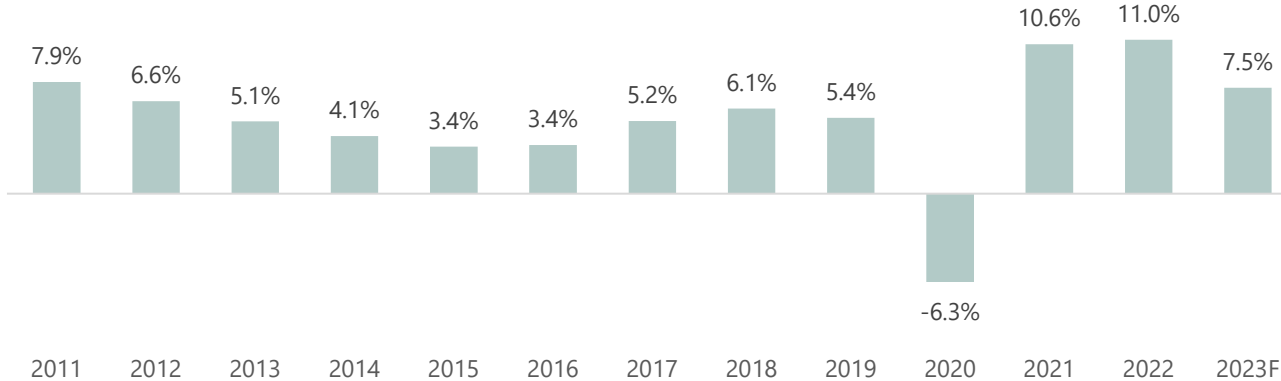
MACROECONOMIC OVERVIEW

4Q23 & FY23 RESULTS

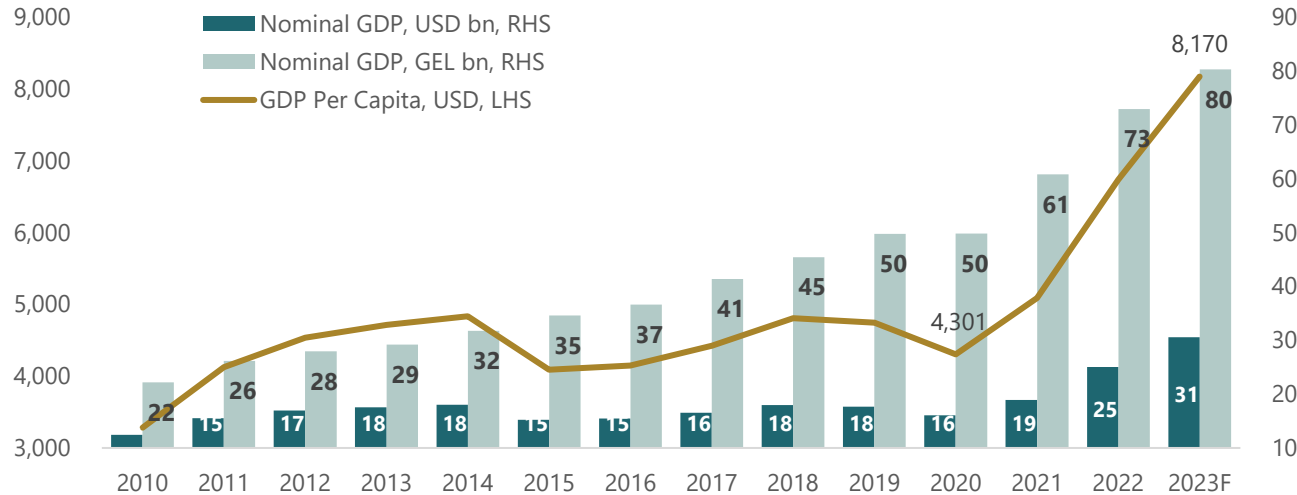
REAL GDP UP BY 7.5% IN 2023, WHILE INFLATION HAS FALLEN BELOW THE TARGET



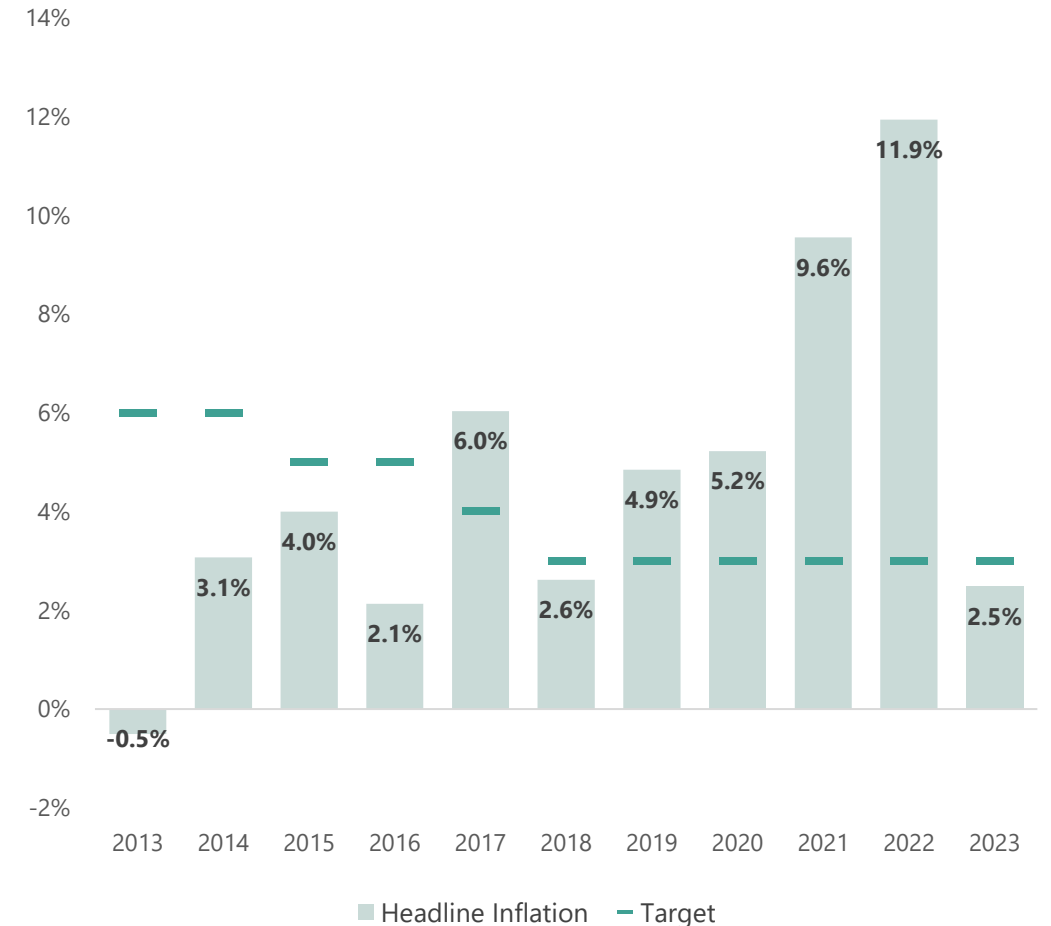
PRELIMINARY ECONOMIC GROWTH STANDS AT 7.5% Y-O-Y IN 2023, FOLLOWING TWO YEARS OF DOUBLE-DIGIT EXPANSION (10.6% AND 11.0% IN 2021-2022, RESPECTIVELY)



NOMINAL GDP IN US DOLLARS SURGES TO US\$ 31 BILLION, NEARLY DOUBLING OVER A THREE-YEAR SPAN

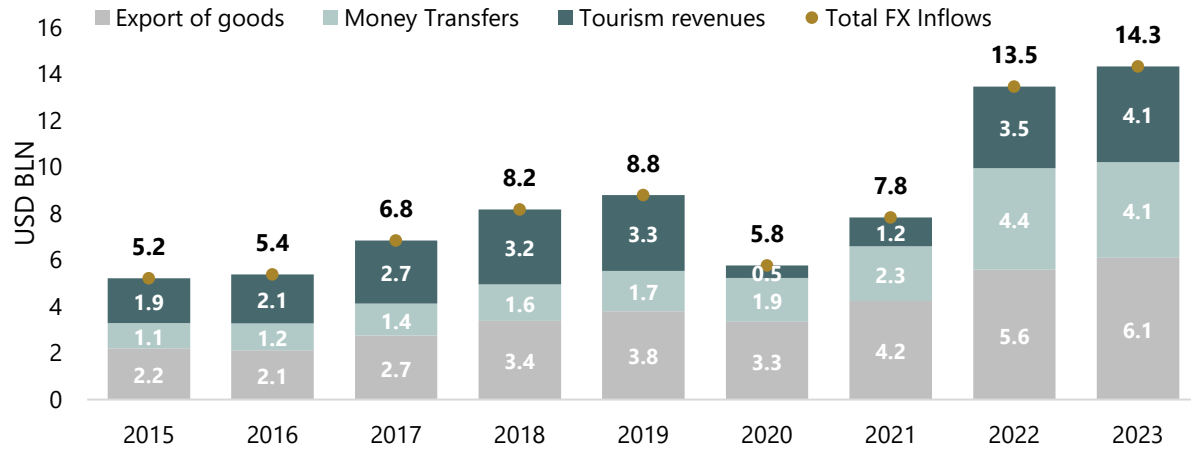


ANNUAL INFLATION STANDING BELOW THE 3% TARGET SINCE APRIL 2023, WITH JANUARY 2024 INFLATION REPORTED AT 0.0% Y-O-Y

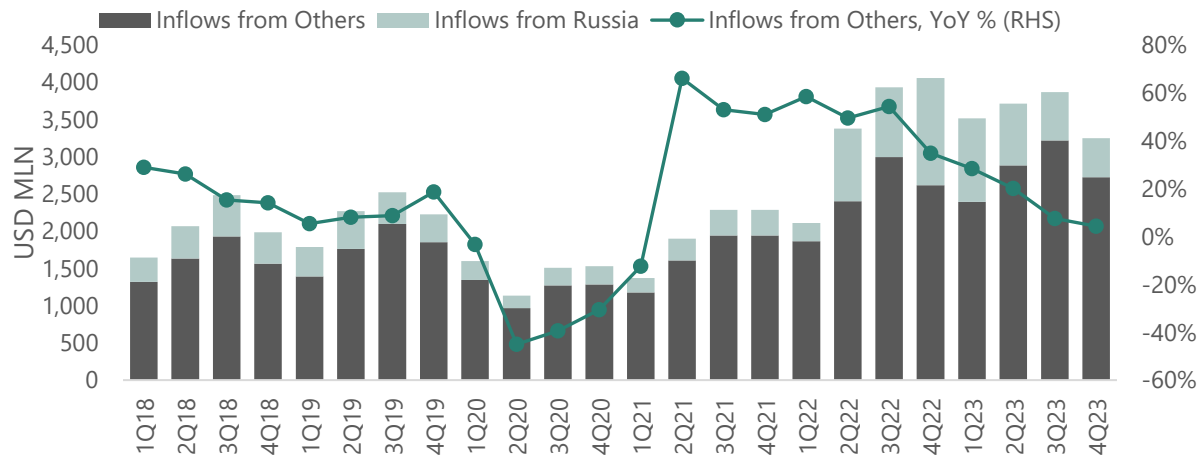


IMPROVED EXTERNAL POSITION

TOTAL FX INFLOWS INCREASED BY 6.4% Y-O-Y AND AMOUNTED US\$ 14.3 BLN IN 2023



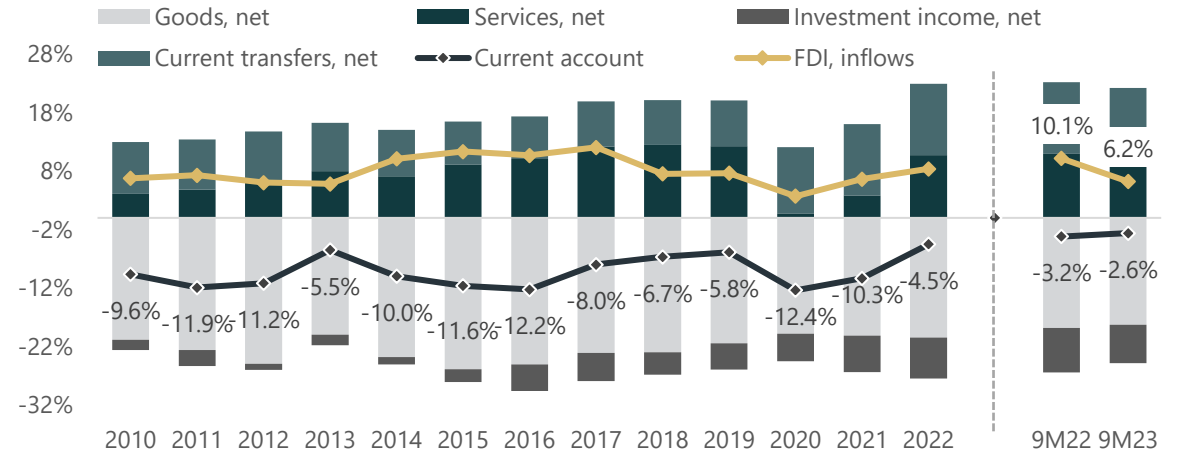
EXTERNAL INFLOWS* EXCLUDING RUSSIA CONTINUE TO INCREASE



*External inflows include merchandise exports, remittances and tourism inflows.

Georgia Capital PLC | Source: Geostat, NBG

CURRENT ACCOUNT DEFICIT HAS NARROWED SIGNIFICANTLY AS FDI CONTINUES TO FULLY FINANCE THE DEFICIT

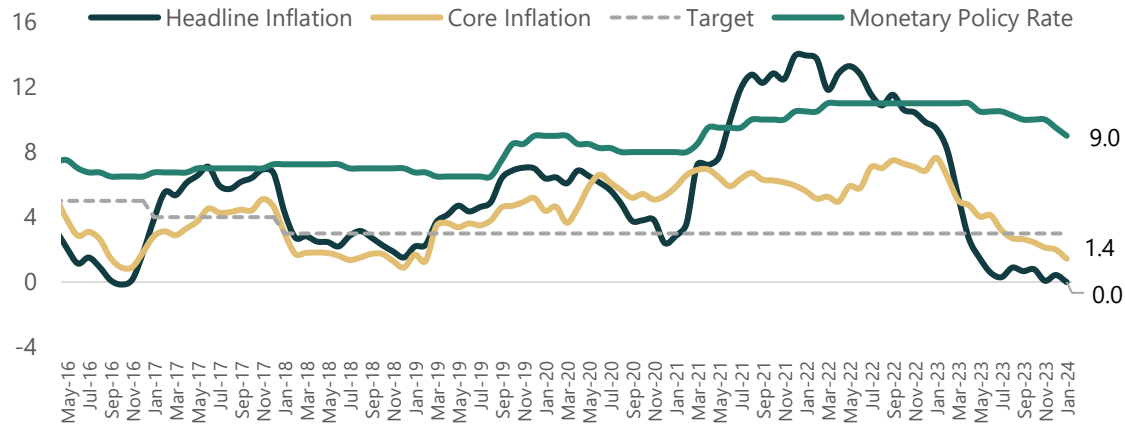


APPRECIATING SINCE MID-2021, BRIEFLY INTERRUPTED AFTER THE WAR, GEL HAS NOW STRENGTHENED TO ABOVE PRE-PANDEMIC LEVELS AGAINST US\$

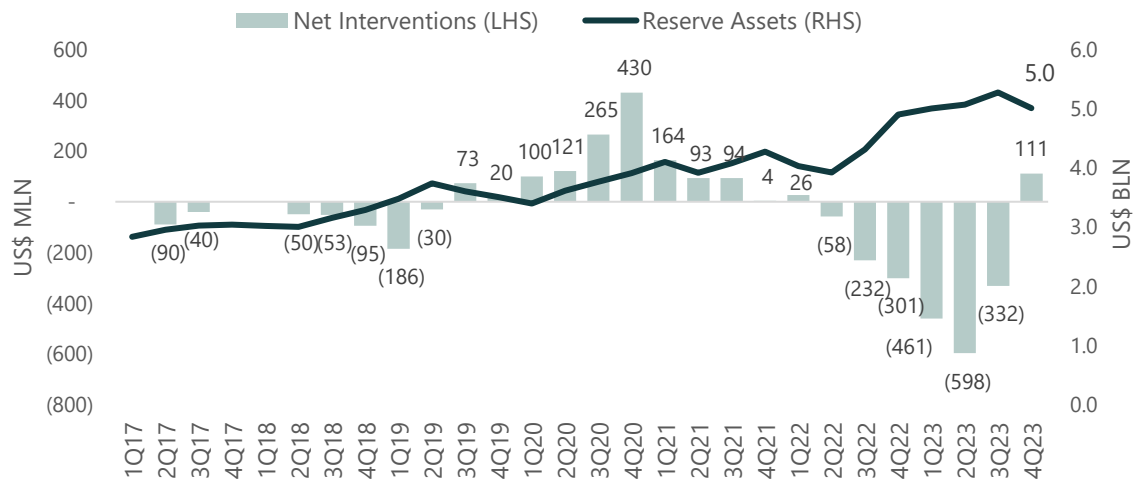


APPROPRIATE MACRO POLICY STANCE

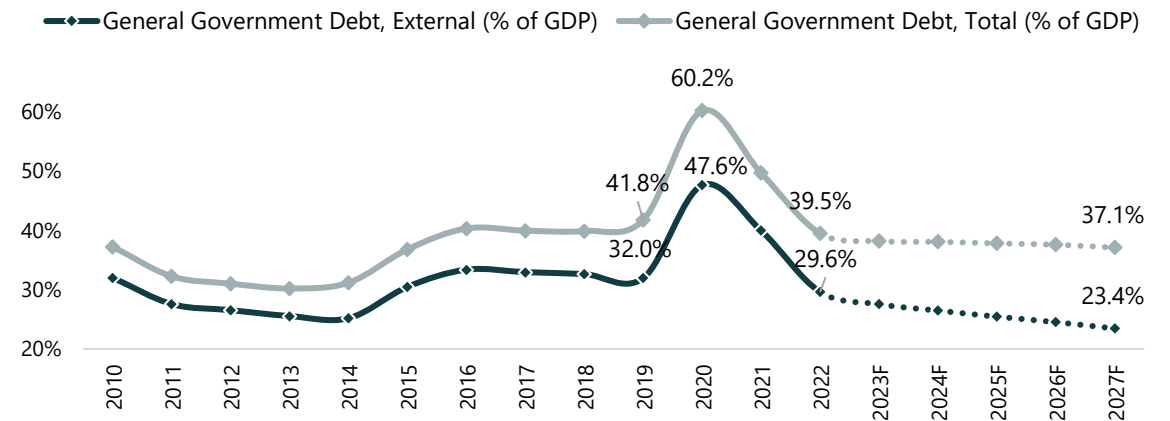
INFLATION Y-O-Y VS. INFLATION TARGET



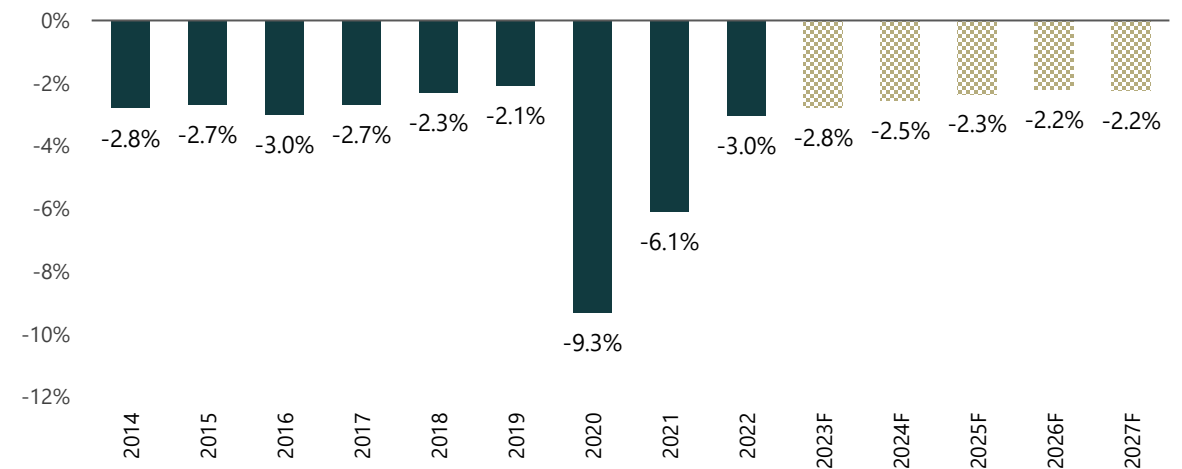
NET NBG INTERVENTIONS ON THE FX MARKET AND OFFICIAL RESERVE ASSETS



GENERAL GOVERNMENT DEBT (% OF GDP)



FISCAL DEFICIT*, % OF GDP

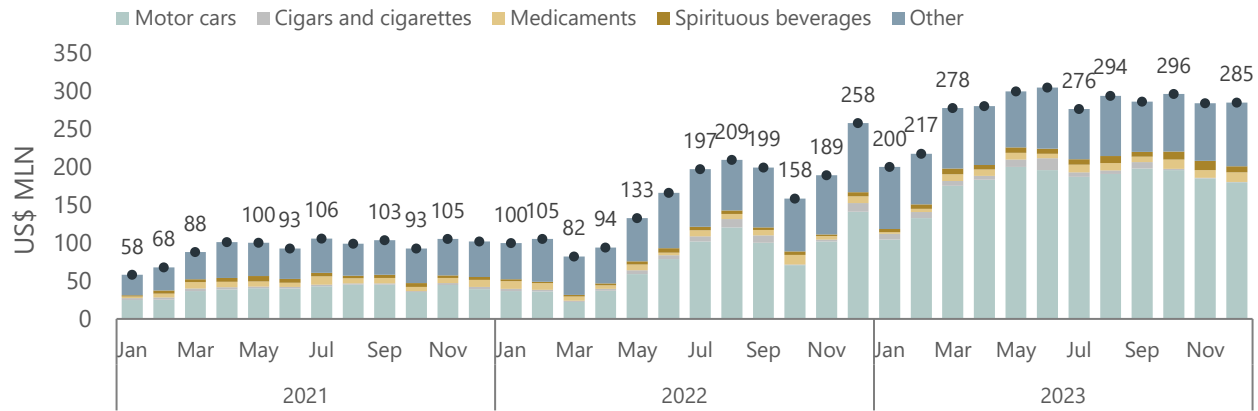


* IMF modified

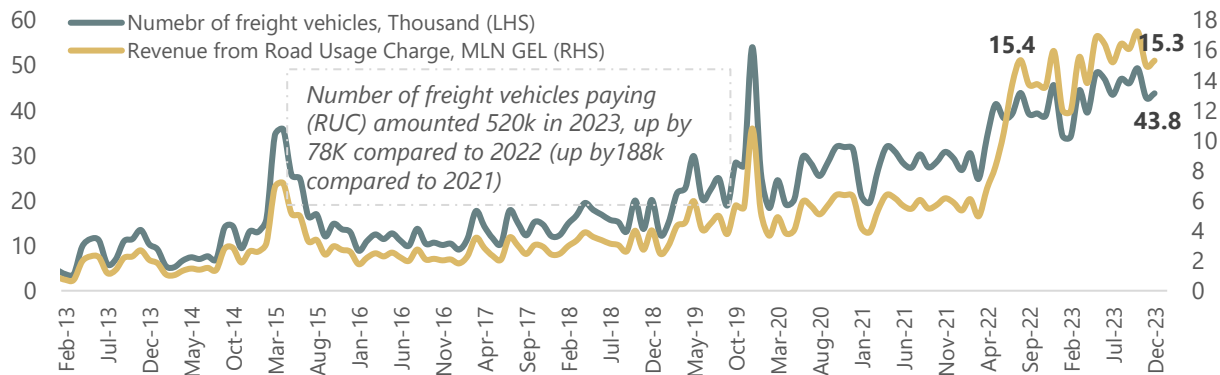
UNLOCKING NEW LONG-TERM OPPORTUNITIES: GEORGIA'S EU CANDIDACY AND THE RISING SIGNIFICANCE OF THE MIDDLE CORRIDOR



RE-EXPORT INCREASED BY 75% Y-O-Y IN 2023 AND BY 196% COMPARED TO 2021, PRIMARILY DUE TO THE INCREASED RE-EXPORT OF MOTOR CARS



REVENUES FROM ROAD USAGE CHARGE (RUC) INCREASED BY 42% Y-O-Y AND BY 174% COMPARED TO 2021



KEY MILESTONES IN EU-GEORGIA RELATIONS





MACROECONOMIC WRAP-UP



STRONG GDP PERFORMANCE



BELOW-TARGET INFLATION



ROBUST EXTERNAL BALANCE SHEET



GEL/US\$ ABOVE THE PRE-PANDEMIC LEVELS



SOUND MACROECONOMIC FRAMEWORK



**EU CANDIDACY & MIDDLE CORRIDOR: OPPORTUNITIES
FOR GEORGIA**

SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



Key Ratings Highlights			
Rating Agency	Rating	Outlook	Affirmed
MOODY'S	Ba2	Negative	April 2022
S&P Global	BB	Stable	February 2024
Fitch Ratings	BB	Positive	January 2024

Georgia is favorably placed among peers		
Country	Country Rating	Fitch Rating Outlook
Armenia	BB-	Stable
Azerbaijan	BB+	Positive
Czech Republic	AA-	Negative
Georgia	BB	Positive
Kazakhstan	BBB	Stable
Turkey	B	Stable
Uzbekistan	BB-	Stable

General Facts	
<ul style="list-style-type: none"> Area: 69,700 sq. km Population (2023): 3.7 million Capital: Tbilisi; 	<ul style="list-style-type: none"> Life expectancy: 73.7 years Official language: Georgian Literacy: 100% Currency (code): Lari (GEL)

Economy
<ul style="list-style-type: none"> Nominal GDP (Geostat) 2022: GEL 72.9 billion (US\$25.0 billion) Real GDP growth rate 2022: 11.0% Real GDP ten-year annual average growth rate: 4.8% GDP per capita 2022 (PPP, international dollar) IMF: 20,243 Annual inflation 2023: 2.5% General Government external debt to GDP 2022: 29.6%

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 favorable 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 and US\$ 4.1 in 2023.

Strong FDI

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

- FDI stood at US\$ 2.1 billion (8.4% of GDP) in 2022, highest ever in nominal terms.
- FDI has averaged 8.1% 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 on 14 December 2023, the European Council granted the candidate status to Georgia.
- Strong political support from NATO, EU, US, UN and member of WTO since 2000; Substantial support from DFIs, the US and EU.

Energy transit hub potential

Developed, stable and competitively priced energy sector

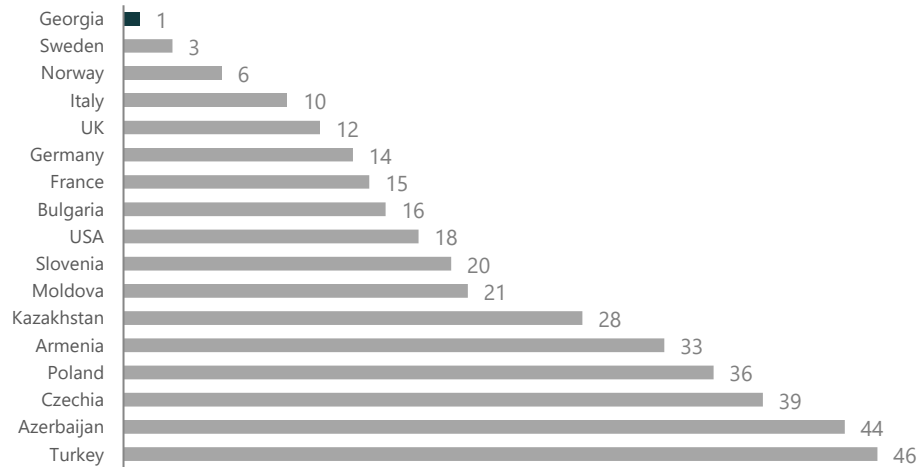
- Only 20% of hydropower capacity utilized; 155 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development.
- Georgia imports natural gas mainly from Azerbaijan.
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500 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

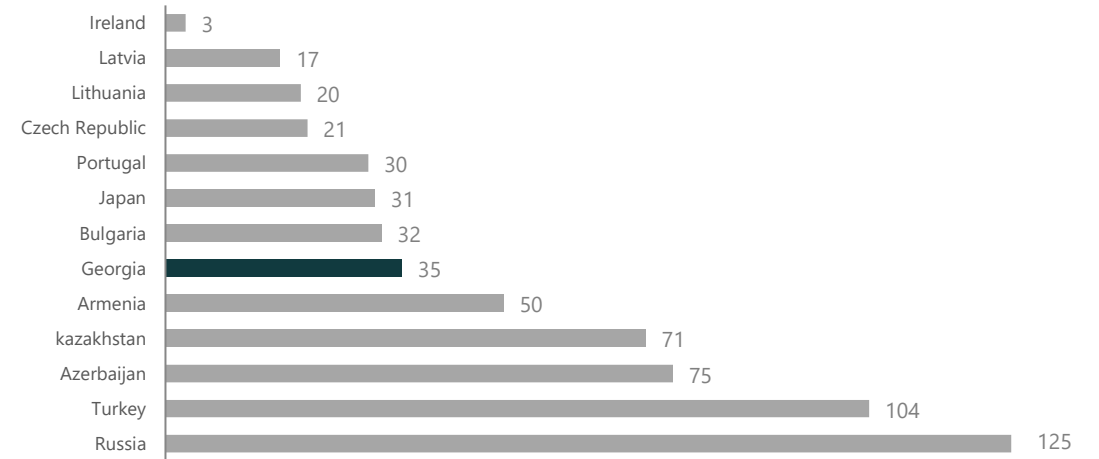
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU.
- New constitution amendments passed in 2013 to enhance 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.
- Starting from May 15, 2023, visa requirements eliminated as per a decree issued by Vladimir Putin. In addition, direct flight ban (introduced in July 2019 unilaterally) was lifted.
- Member of WTO since 2000, allowed Russia's access to WTO; In 2013 trade restored with Russia.
- In 2023, Russia accounted for 11% of Georgia's exports and 11% of imports, as economic dependence has declined over the years.

INSTITUTIONAL ORIENTED REFORMS

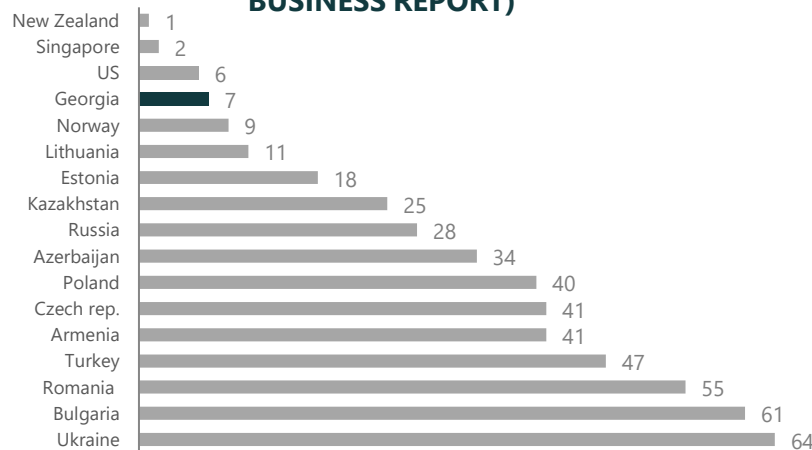
**OPEN BUDGET INDEX, 2021 | INTERNATIONAL BUDGET PARTNERSHIP
(BUDGET TRANSPARENCY)**



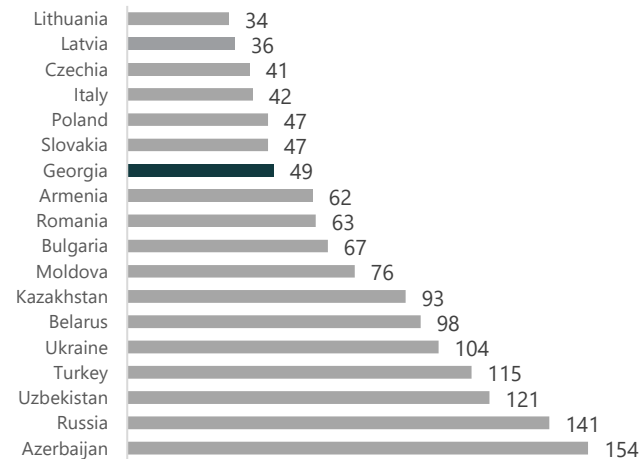
ECONOMIC FREEDOM INDEX | 2023 (HERITAGE FOUNDATION)



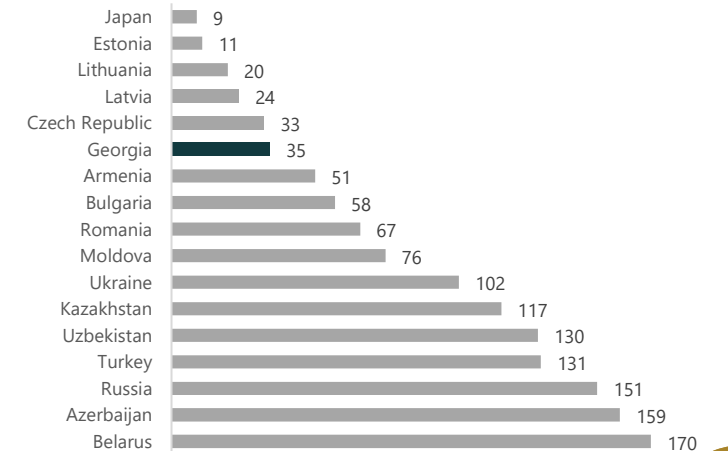
**EASE OF DOING BUSINESS | 2020 (WB DOING
BUSINESS REPORT)**



CORRUPTION PERCEPTION INDEX | 2023 (TI)

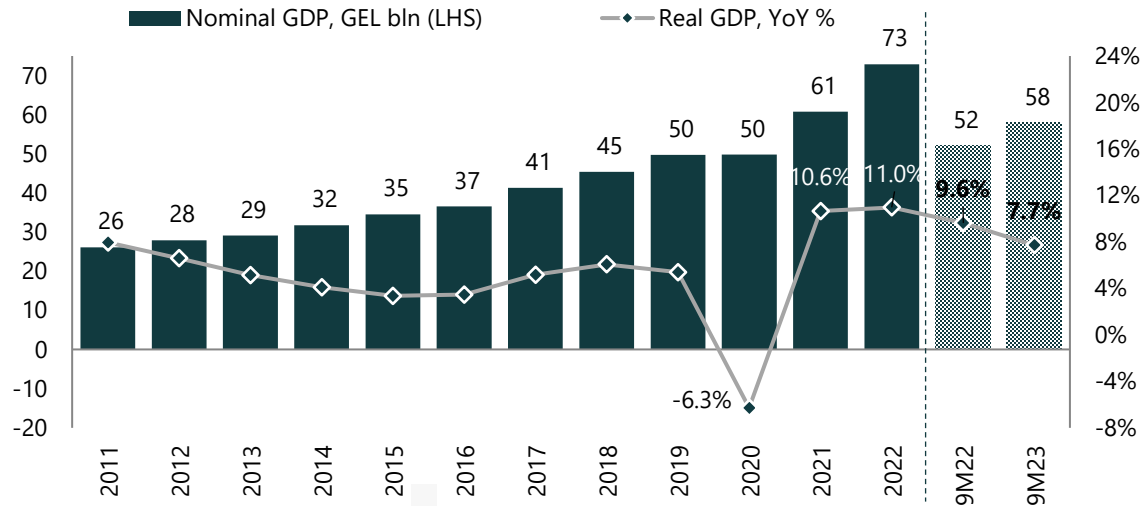


BUSINESS BRIBERY RISK, 2023 | TRACE INTERNATIONAL

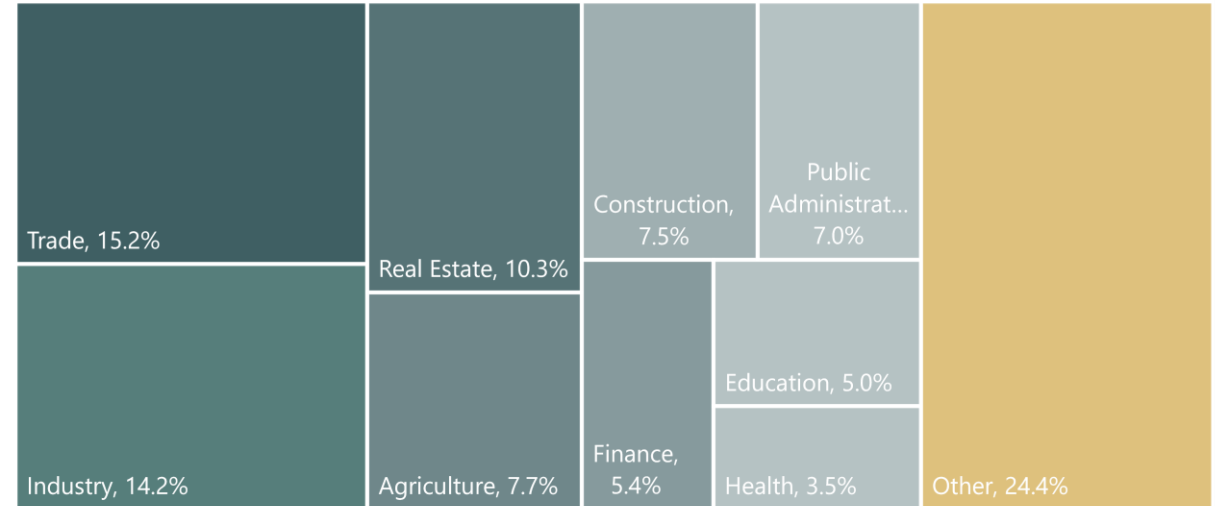


ECONOMIC GROWTH CONTINUING AT PACE

GROSS DOMESTIC PRODUCT

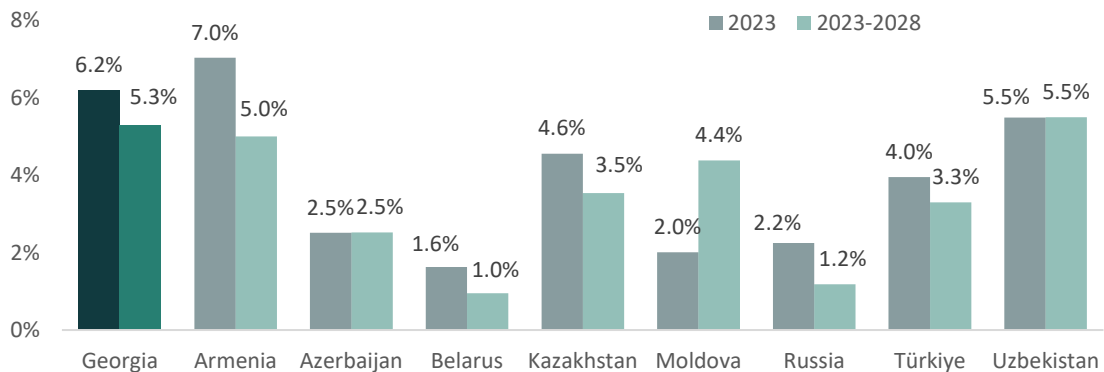


NOMINAL GDP STRUCTURE, 9M23



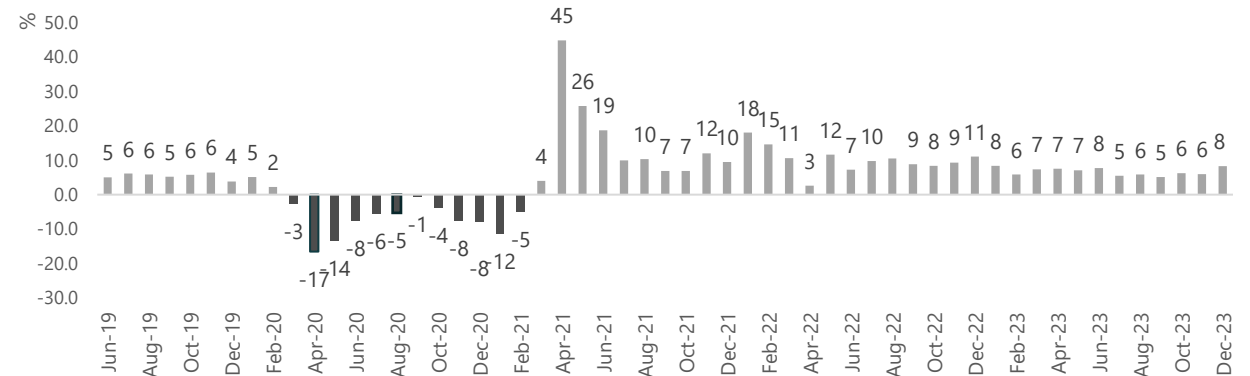
GEORGIA'S MEDIUM-TERM GROWTH RATE PROJECTED TO BE ONE OF THE HIGHEST AMONG PEERS BY IMF (OCTOBER 2023)

Projected real GDP growth rates, % | IMF



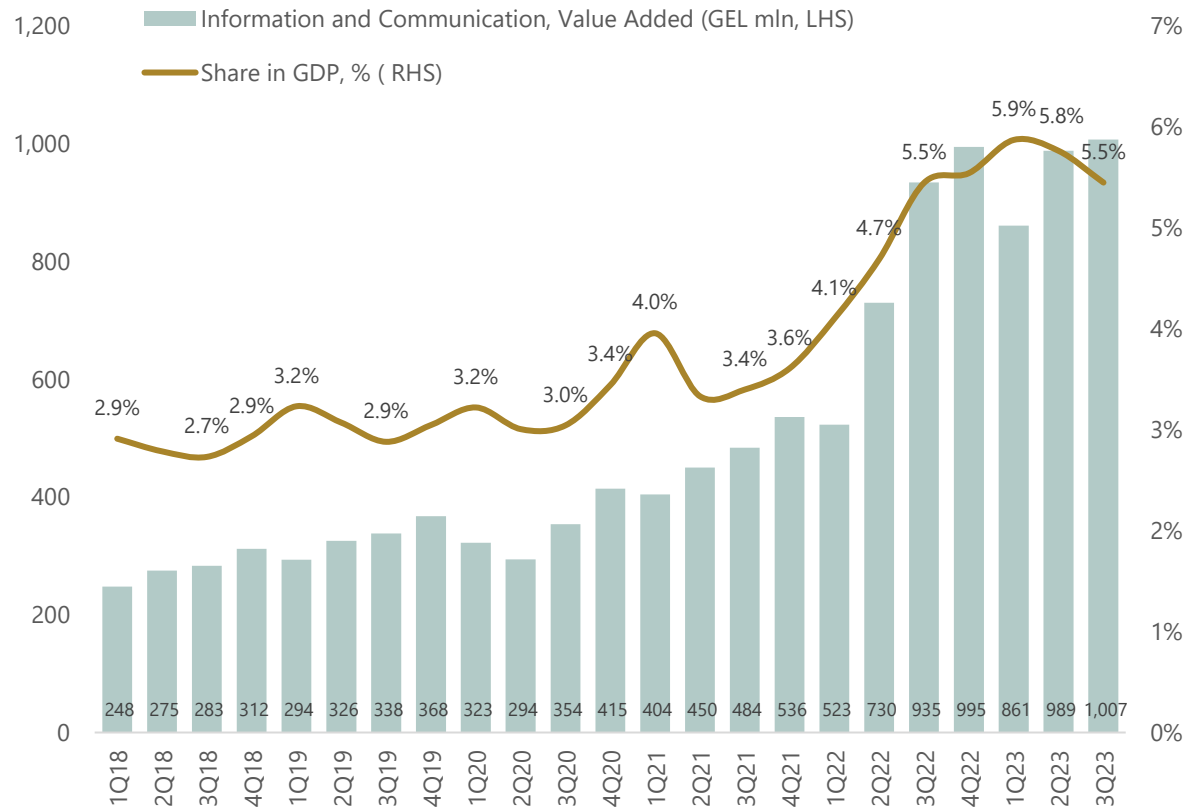
MONTHLY ECONOMIC ACTIVITY ESTIMATE, Y-O-Y GROWTH

Flash estimates show the economy growing by 7.0 y-o-y % in 2023

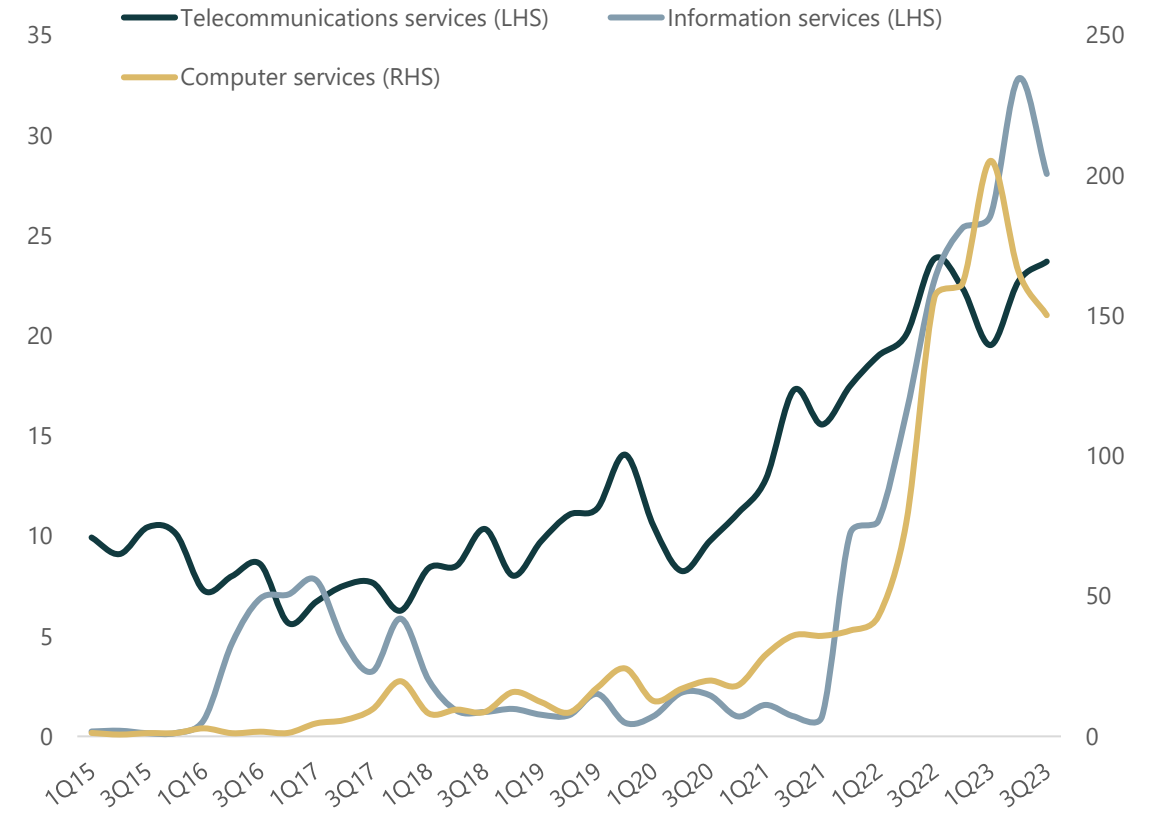


ICT SECTOR: BOOSTS GDP GROWTH AND EMERGES AS A NEW SOURCE FOR THE FOREIGN CURRENCY FLOWS

THE INFORMATION AND COMMUNICATION (ICT) SECTOR SHARE IN GDP STANDING AT 5.7% IN 9M23, AS OPPOSED TO 3.2% IN 2018-2021



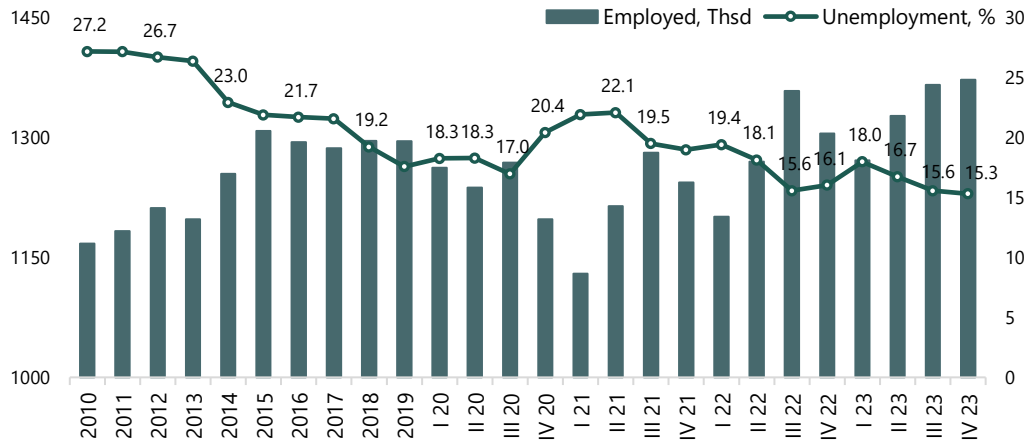
EXPORTS OF ICT SERVICES (US\$ MLN)



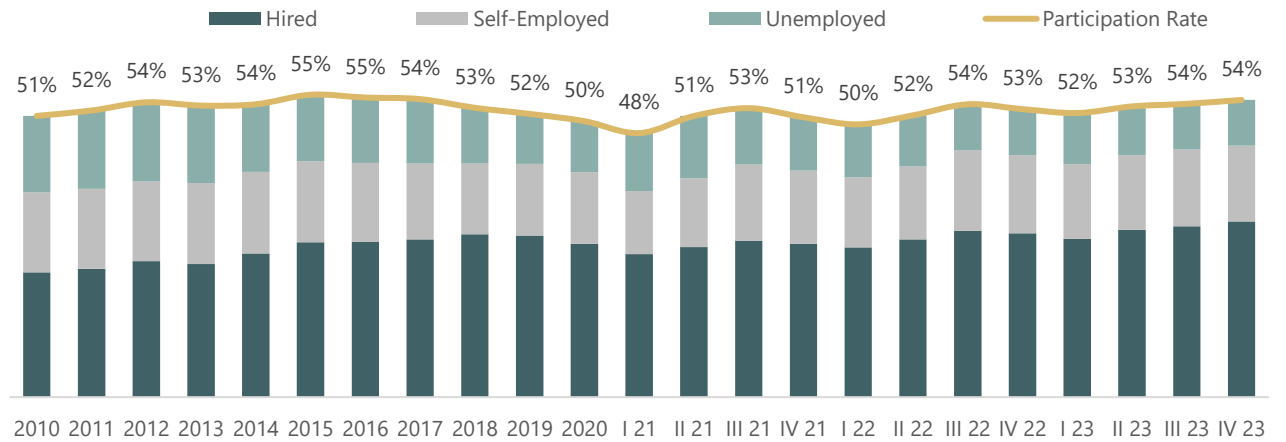
UNEMPLOYMENT DOWN AT HISTORIC LOWS



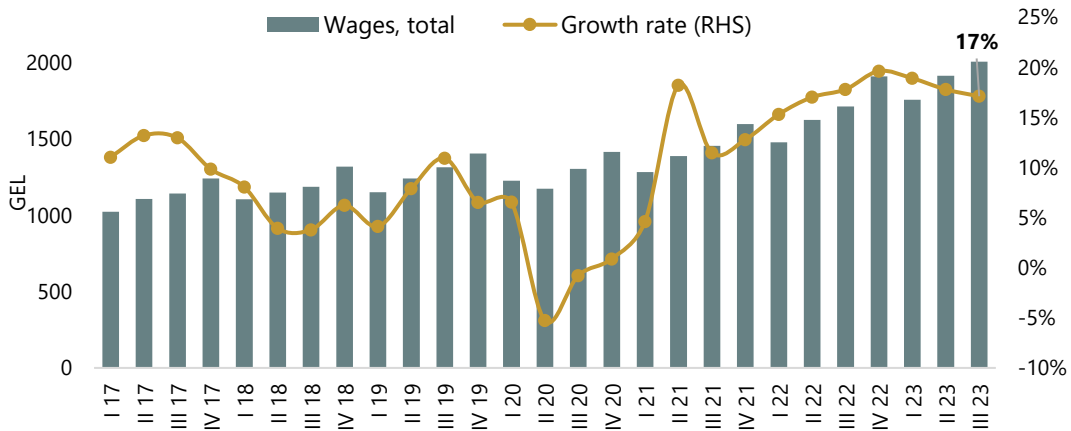
UNEMPLOYMENT RATE AT HISTORICAL LOWS



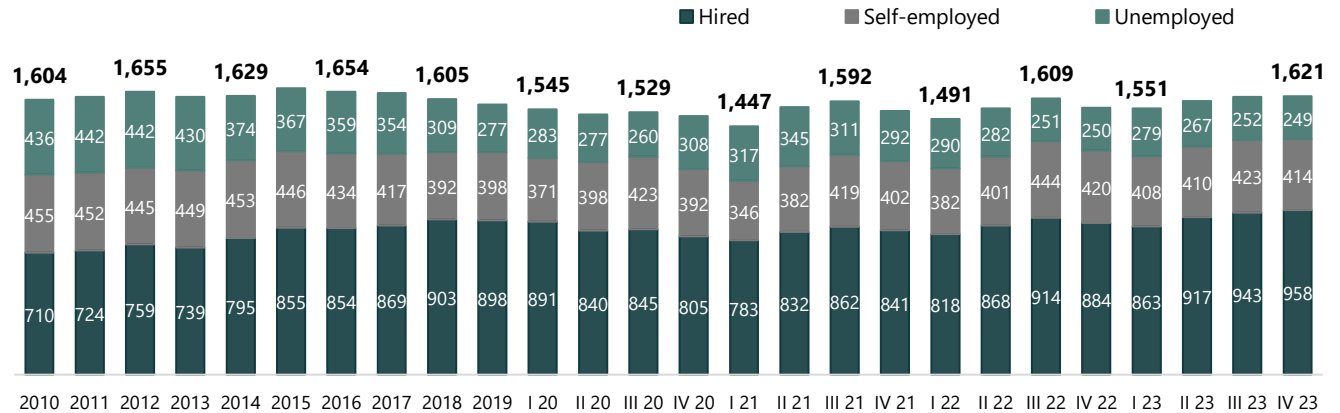
PARTICIPATION RATE IN TOTAL 15+ POPULATION



AVERAGE MONTHLY NOMINAL EARNINGS IN THE BUSINESS SECTOR



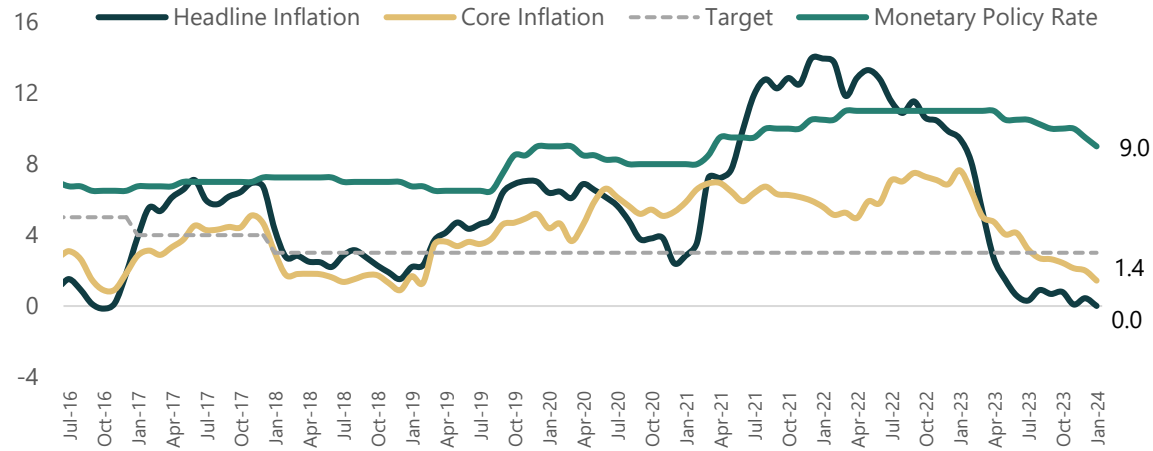
LABOUR FORCE DECOMPOSITION



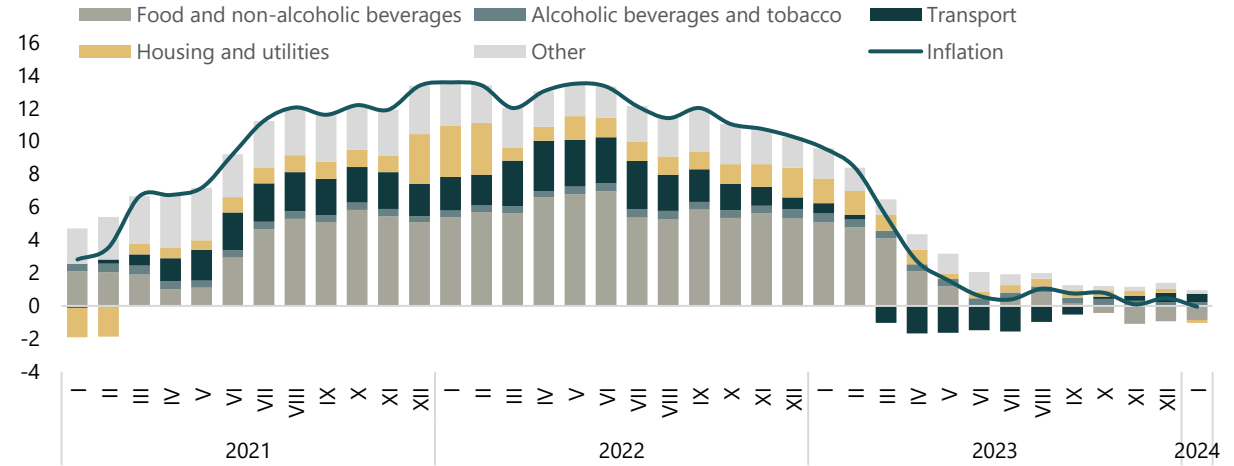
INFLATION BELOW THE TARGET LEVEL SINCE APRIL 2023



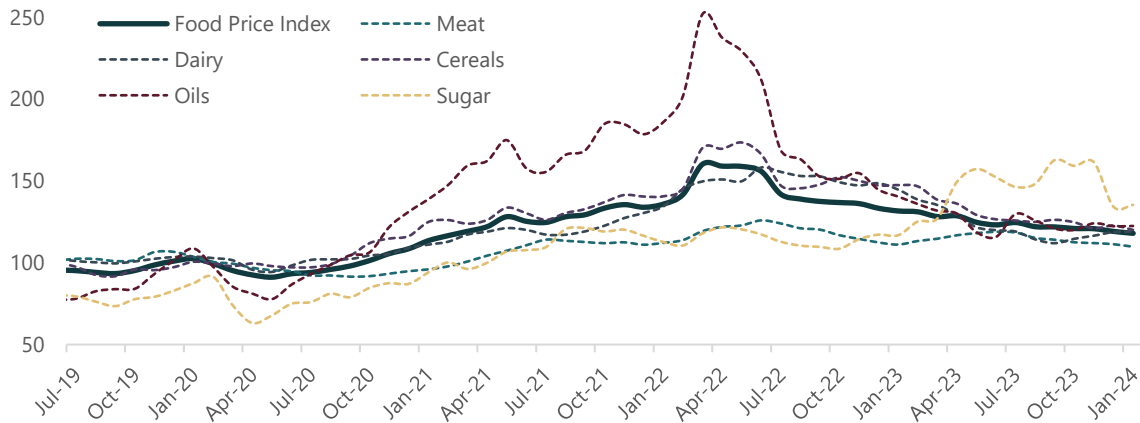
INFLATION Y-O-Y VS. INFLATION TARGET



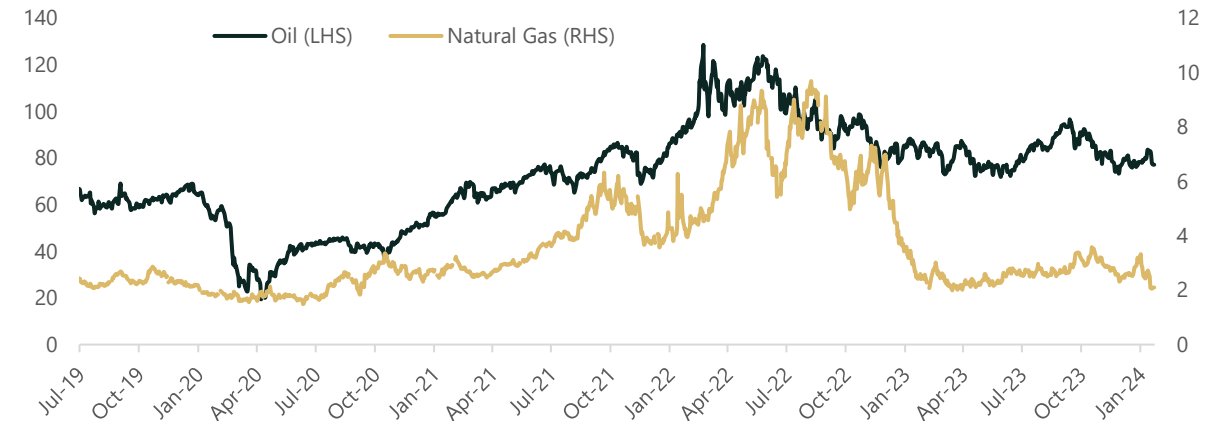
INFLATION COMPONENTS



FAO FOOD PRICE INDEX



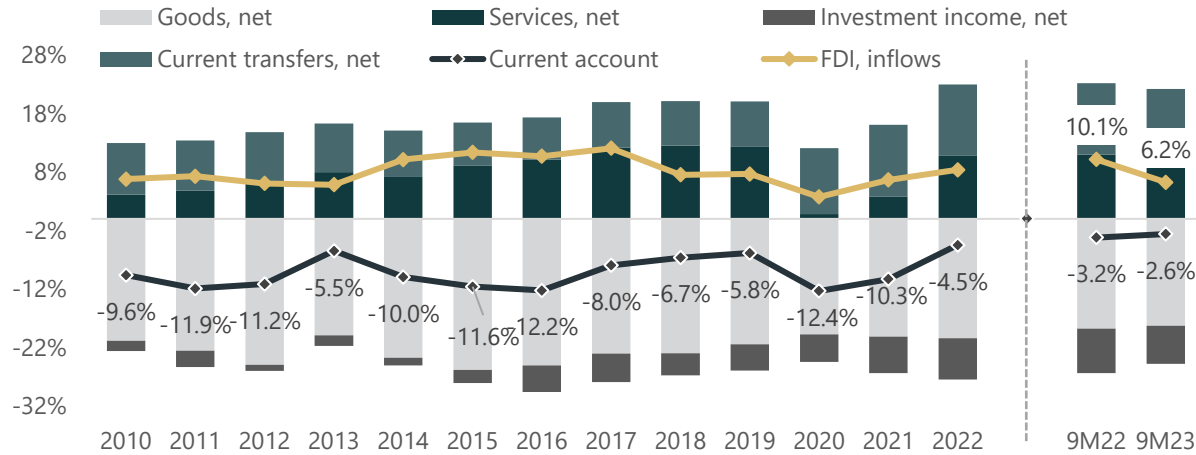
BRENT CRUDE OIL AND NATURAL GAS PRICES



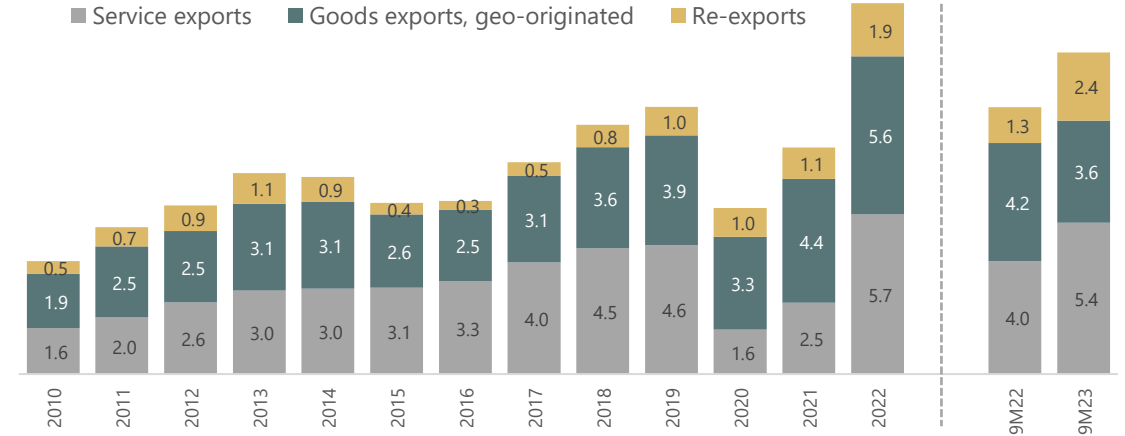
CURRENT ACCOUNT DEFICIT STANDING AT 2.6% OF GDP IN 9M23



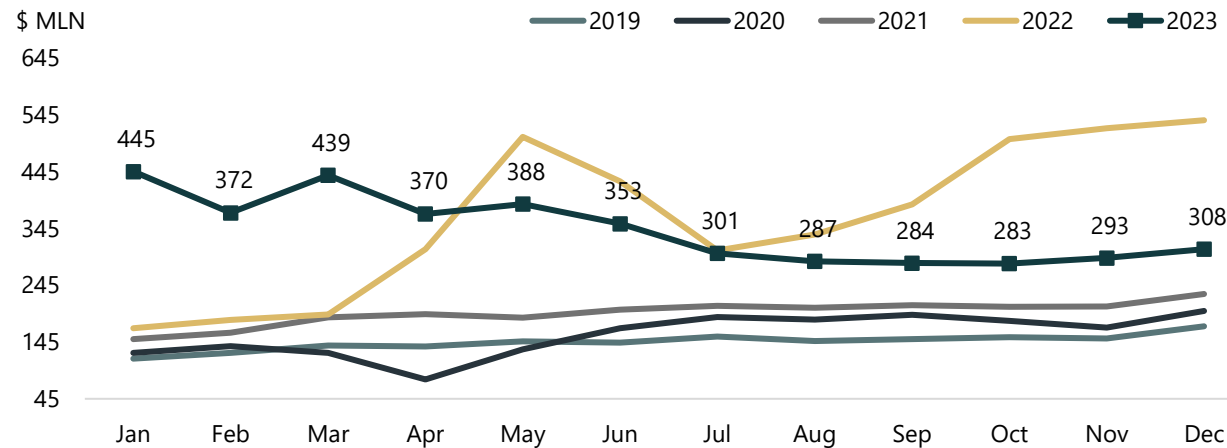
CURRENT ACCOUNT BALANCE (% OF NOMINAL GDP)



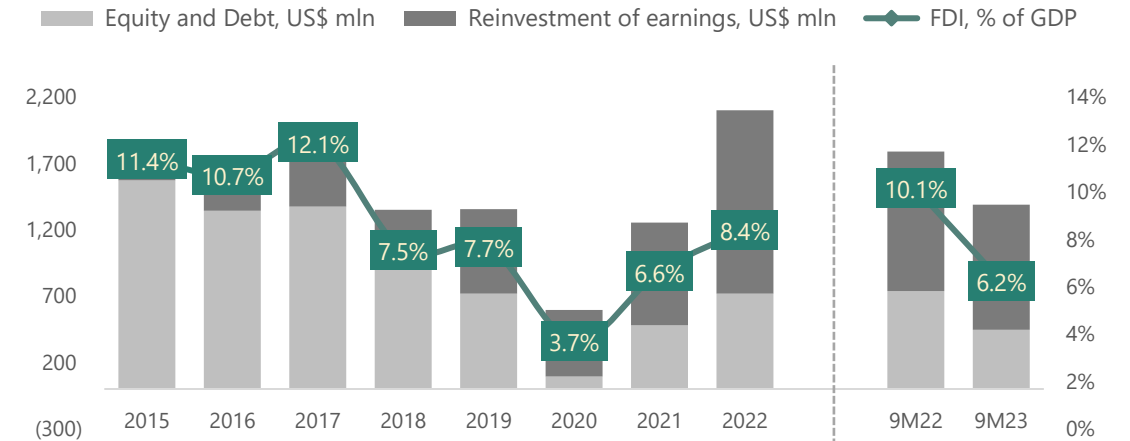
EXPORTS AND RE-EXPORTS, US\$ BILLION



REMITTANCES RETURNING TO NORMAL LEVELS

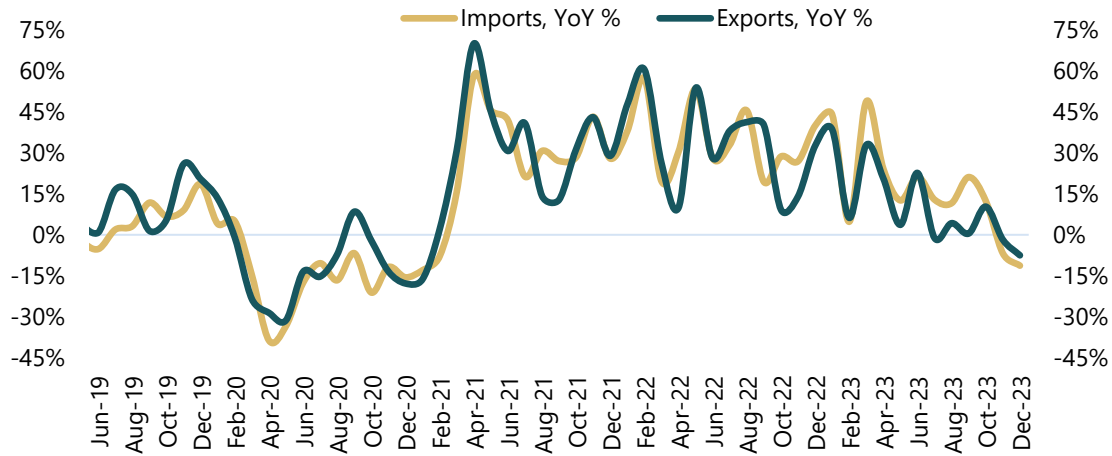


FDI (COMPONENTS AND % OF NOMINAL GDP)

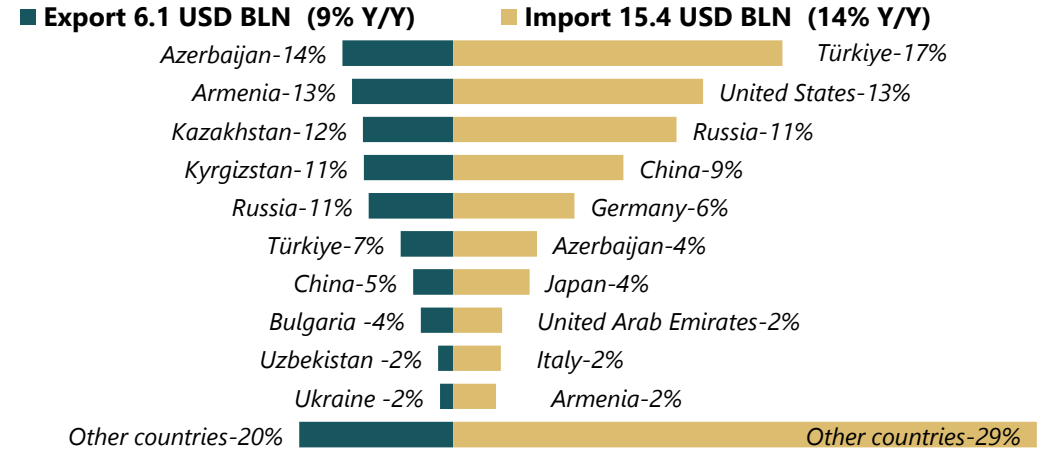


DIVERSIFIED FOREIGN TRADE

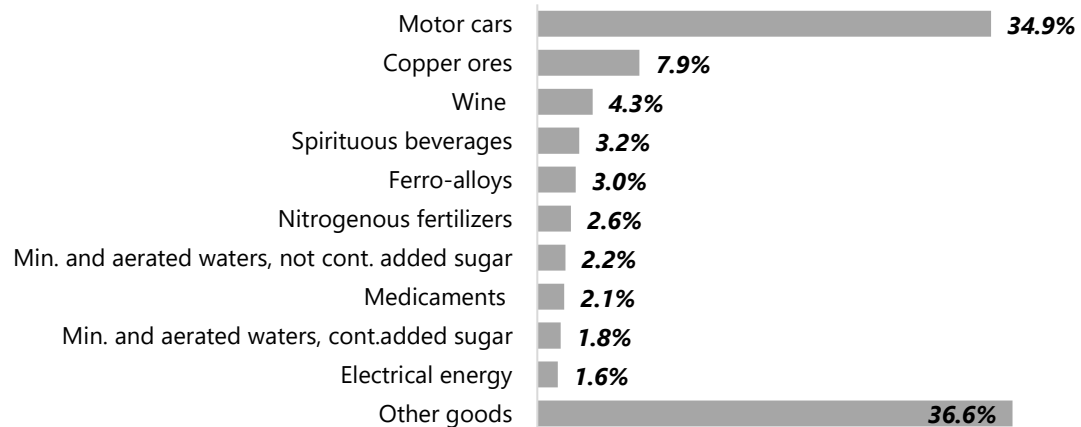
EXPORTS AND IMPORTS OF GOODS, Y-O-Y %



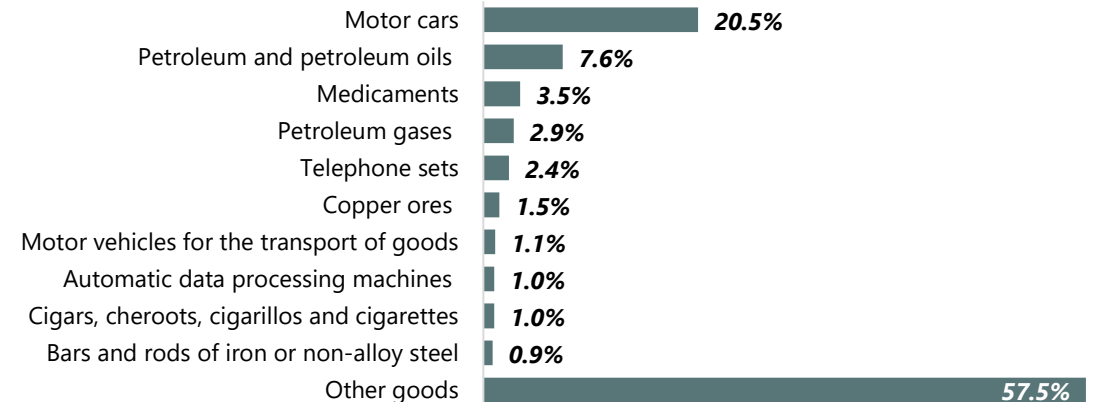
EXTERNAL TRADE BY COUNTRIES, 2023, SHARE IN TOTAL



EXPORT BY MAJOR GOODS, 2023, SHARE IN TOTAL



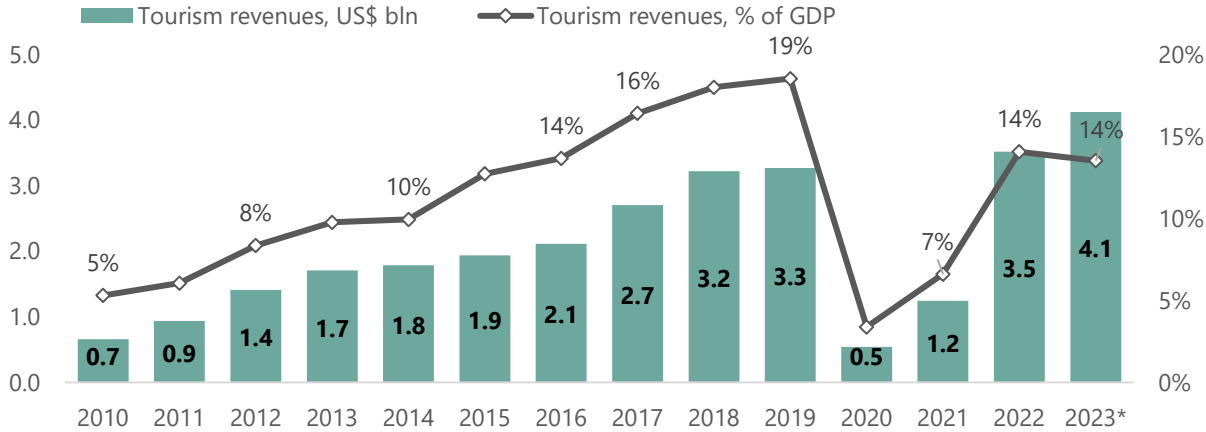
IMPORT BY MAJOR GOODS, 2023, SHARE IN TOTAL



TOURISM REVENUES BACK TO FULL STRENGTH, DESPITE LOWER NUMBER OF TRAVELERS COMPARED TO PRE-COVID LEVELS

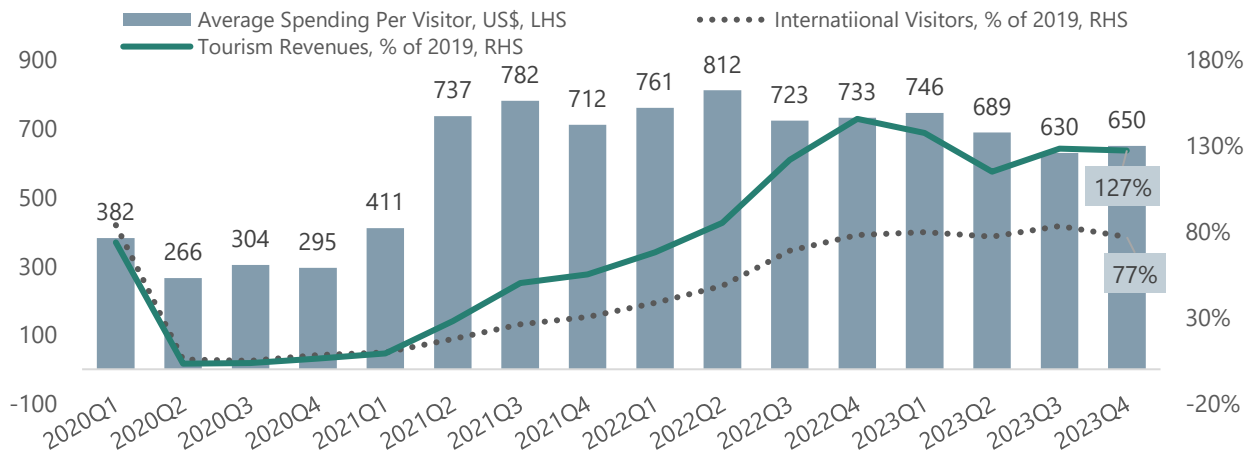


TOURISM REVENUES TO GDP

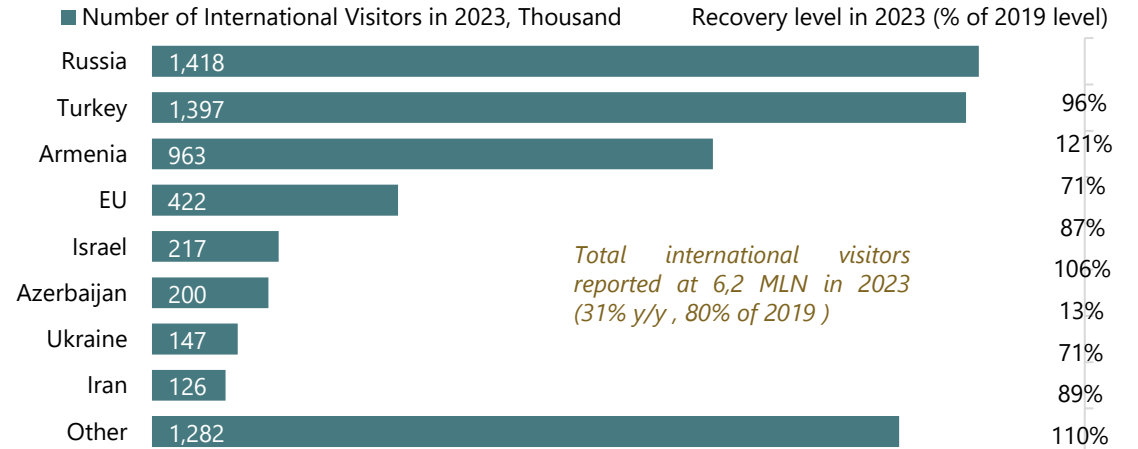


* 2023 data of Tourism revenues % of GDP is estimation.

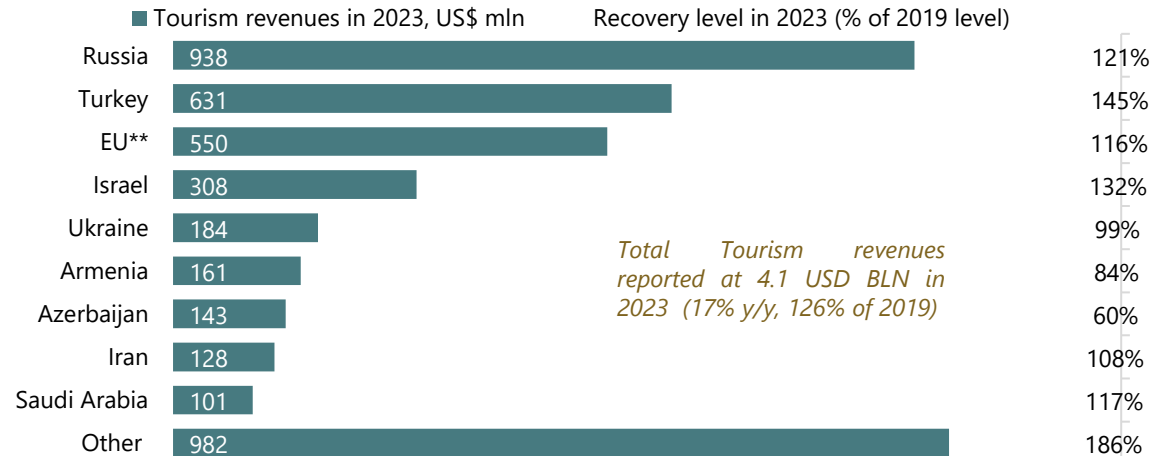
AVERAGE SPENDING PER VISITOR



INTERNATIONAL VISITORS BY COUNTRY, % OF 2019



TOURISM REVENUES BY COUNTRY, % OF 2019

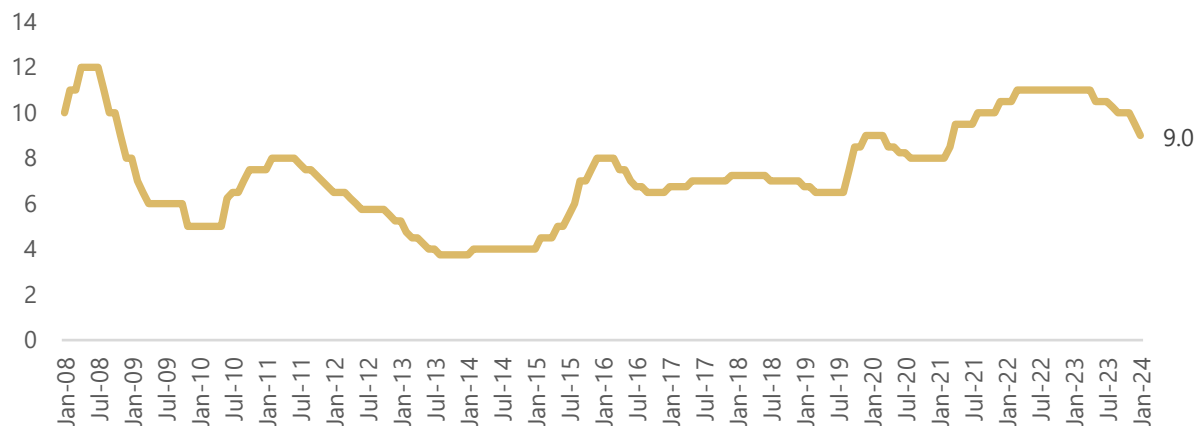


** EU contains EU countries and Great Britain.

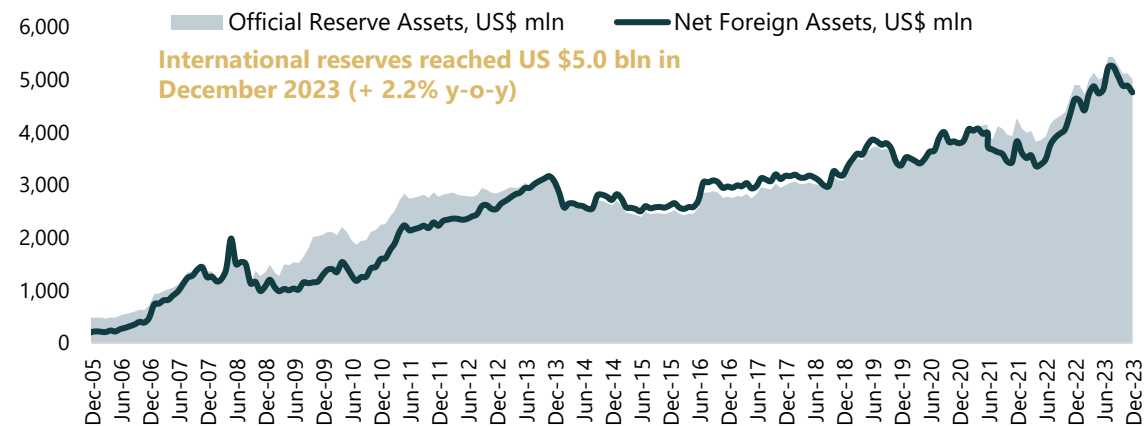
APPROPRIATE MONETARY POLICY STANCE ENSURING MACROECONOMIC STABILITY



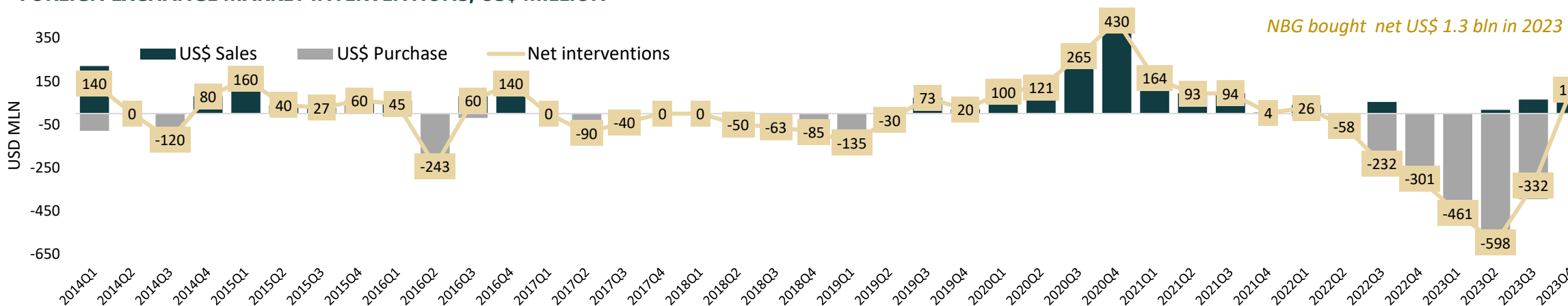
MONETARY POLICY RATE



INTERNATIONAL RESERVES



FOREIGN EXCHANGE MARKET INTERVENTIONS, US\$ MILLION

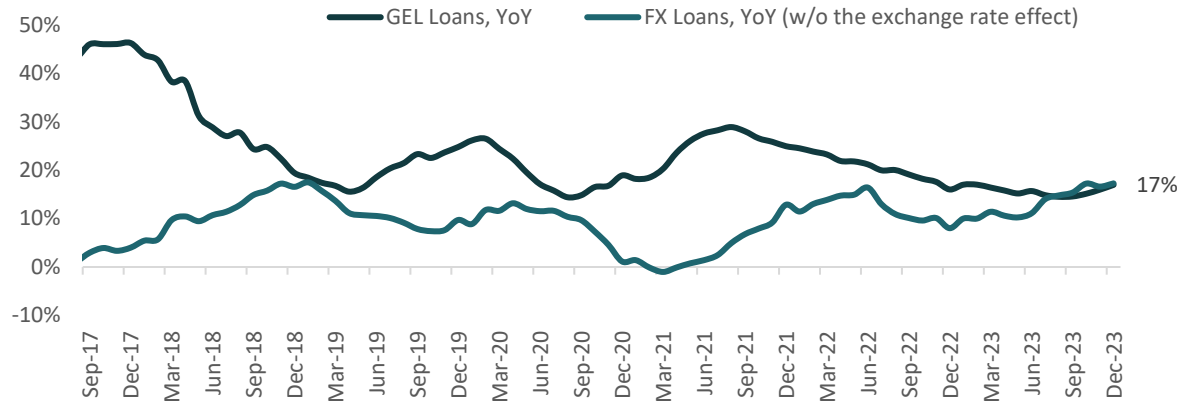


*Data from 2020Q2 contains information about Bmatch platform interventions

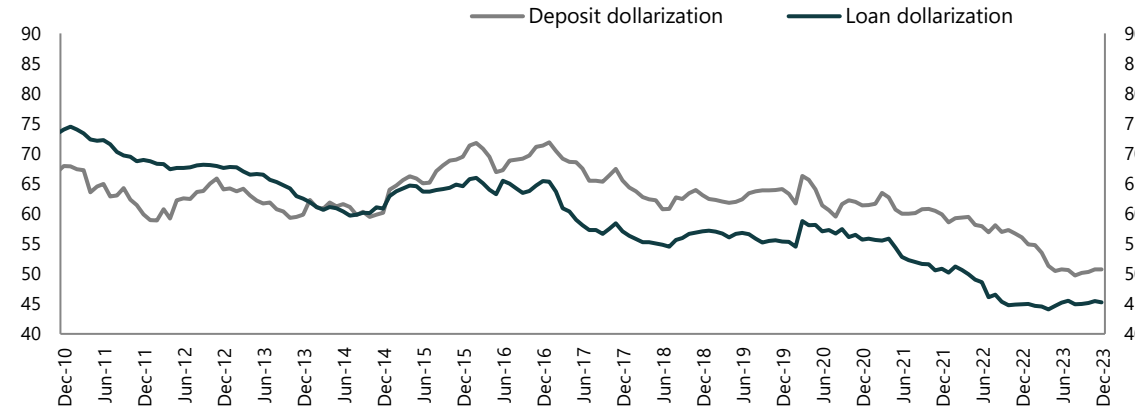
GEL APPRECIATING SINCE MID-2021 AND NOW ABOVE PRE-PANDEMIC LEVELS



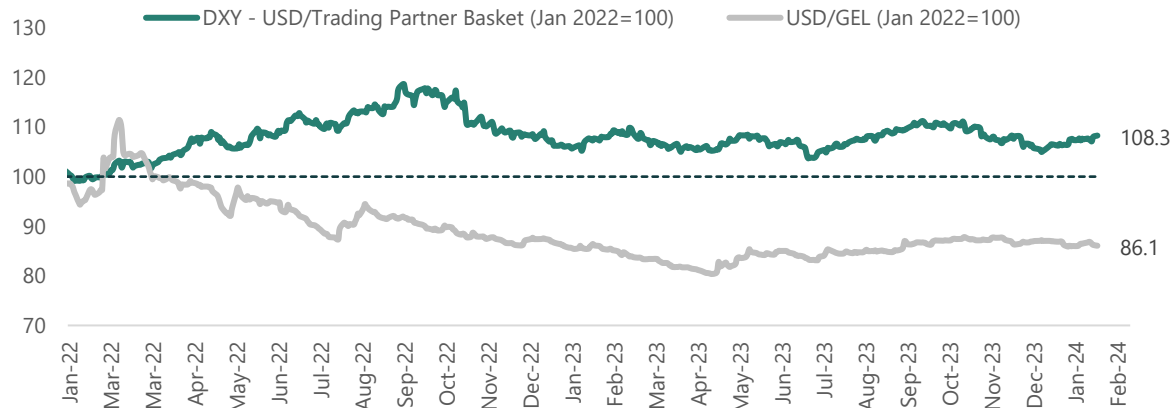
LOANS BY CURRENCIES



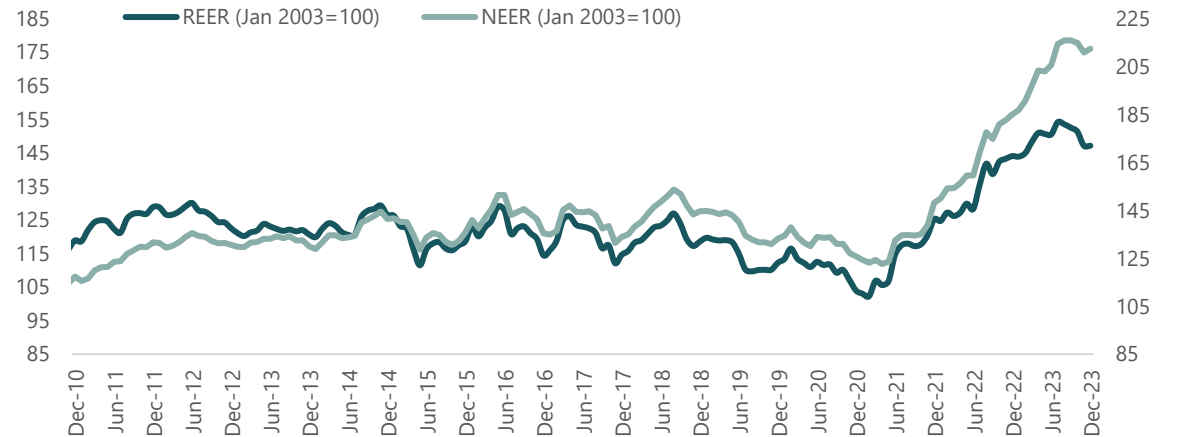
DOLLARIZATION RATIOS



EXCHANGE RATE INDICES



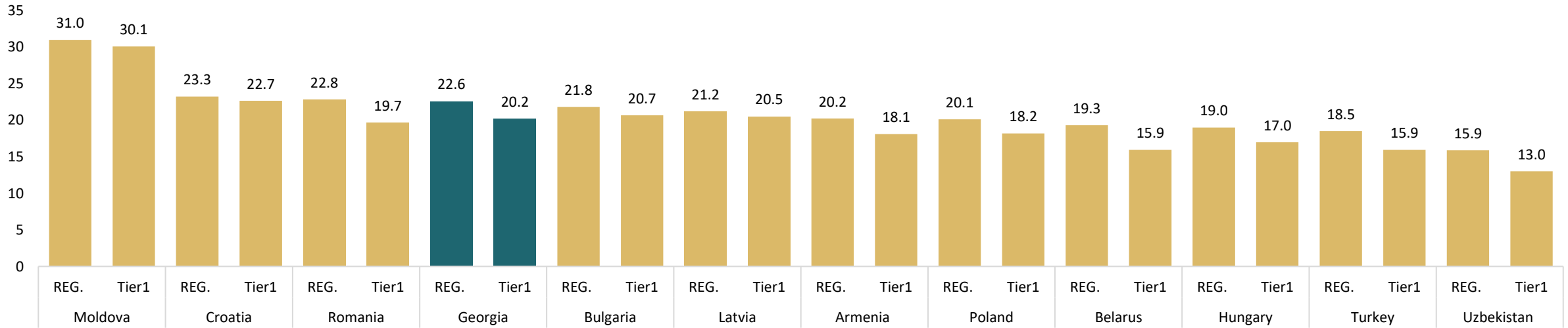
REAL (REER) AND NOMINAL (NEER) EFFECTIVE EXCHANGE RATES



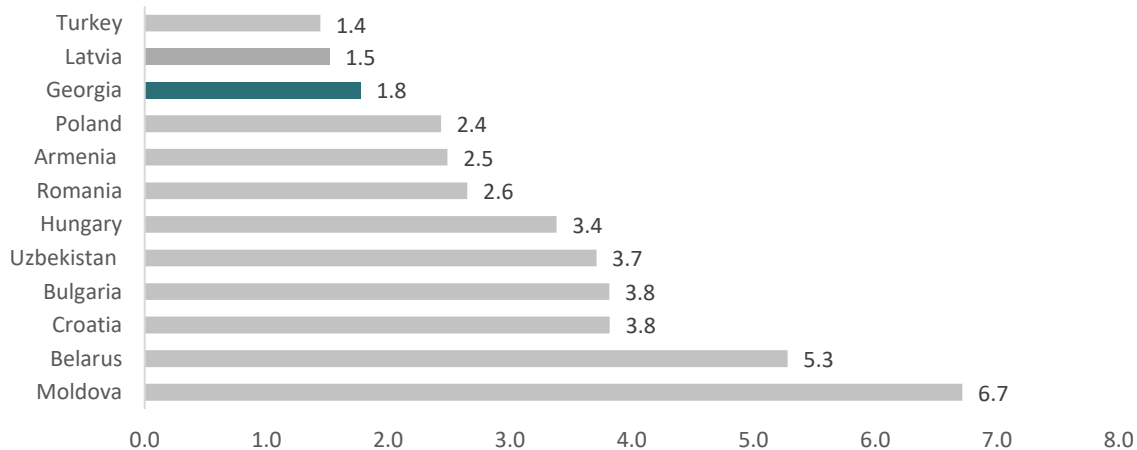
GEORGIAN BANKING SYSTEM REMAINS LIQUID AND WELL-CAPITALIZED



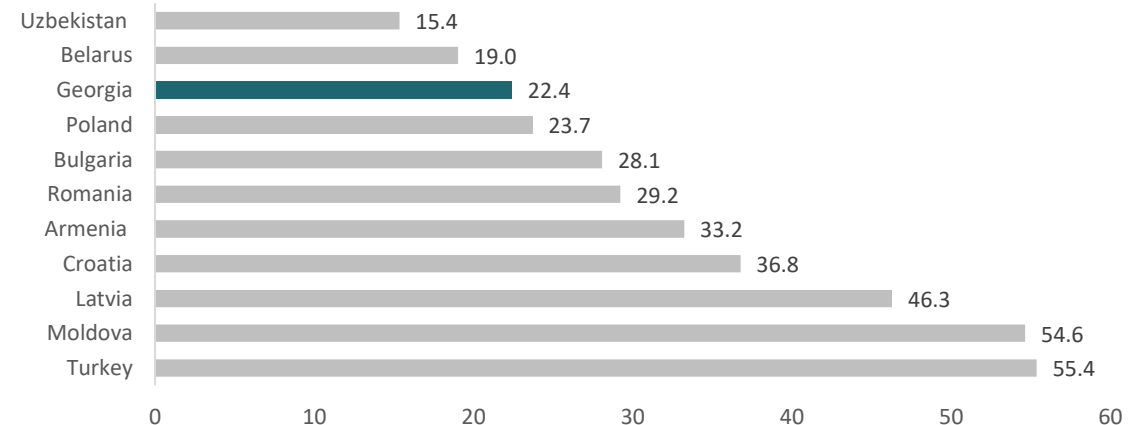
REGULATORY /TIER1 CAPITAL TO RISK-WEIGHTED ASSETS, % (LATEST 2023)



NONPERFORMING LOANS TO TOTAL GROSS LOANS, % (LATEST 2023)



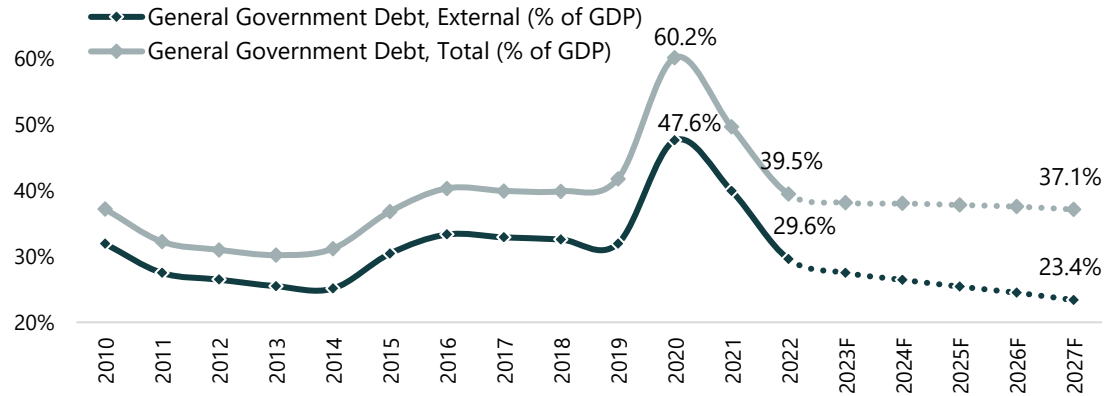
LIQUID ASSETS TO TOTAL ASSETS, % (LATEST 2023)



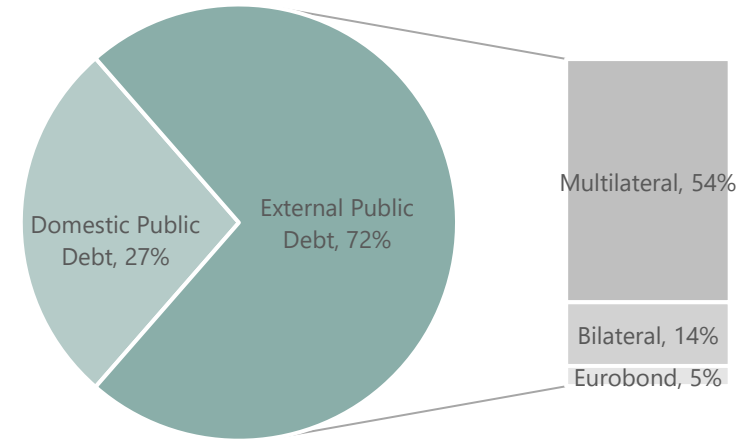
GOVERNMENT BALANCE SHEET IMPROVING WITH EXTERNAL PUBLIC DEBT (% OF GDP) HITS ITS LOWEST LEVEL SINCE 2015 AND DEFICIT IS IN LINE WITH THE FISCAL RULE



GENERAL GOVERNMENT DEBT AT PRE-PANDEMIC LEVELS

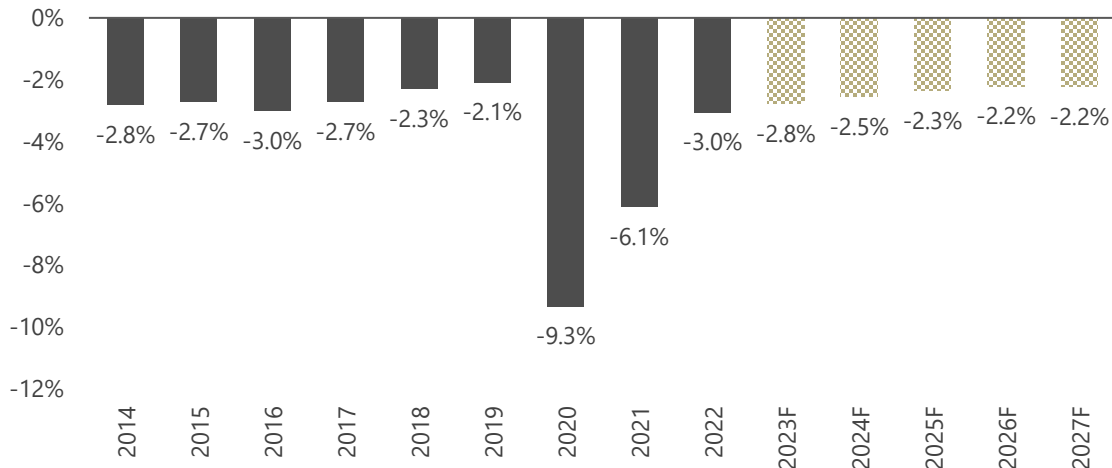


GENERAL GOVERNMENT DEBT STRUCTURE



Average weighted interest rate was 3.33%, while remaining maturity totaled 9.7 years as of 31 October 2023

FISCAL DEFICIT*, % OF GDP



* IMF modified

Georgia Capital PLC | Source: MOF

OPERATING BALANCE HAS SWITCHED TO A SURPLUS AGAIN

