

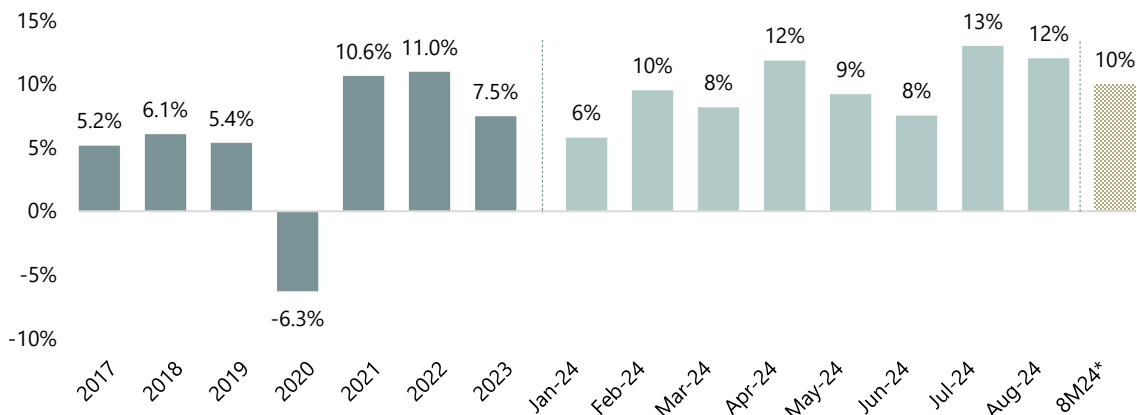
# MACROECONOMIC OVERVIEW

3Q24 & 9M24 RESULTS

# STRONG REAL GDP GROWTH IN 8M24, WITH INFLATION BELOW TARGET

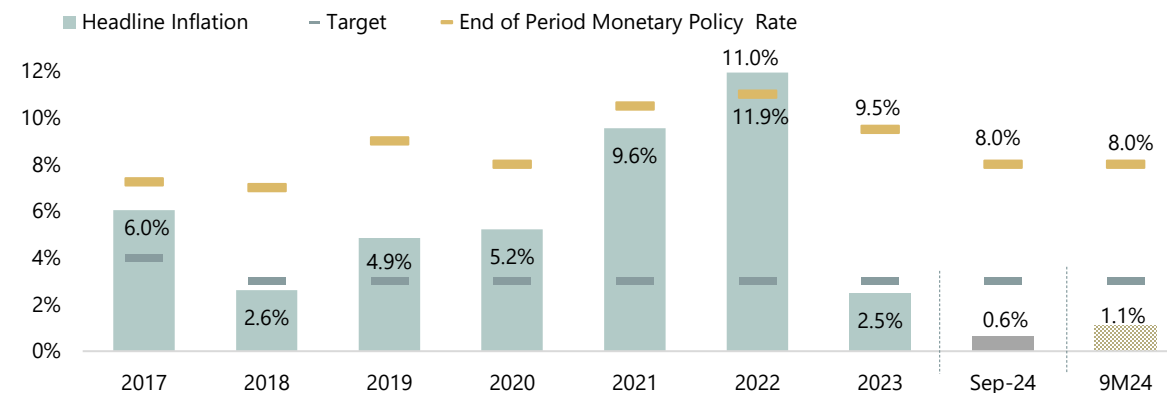


## GEORGIA'S ECONOMY CONTINUES TO EXPAND, WITH PRELIMINARY ECONOMIC GROWTH AT 10.0% Y-O-Y IN 8M24

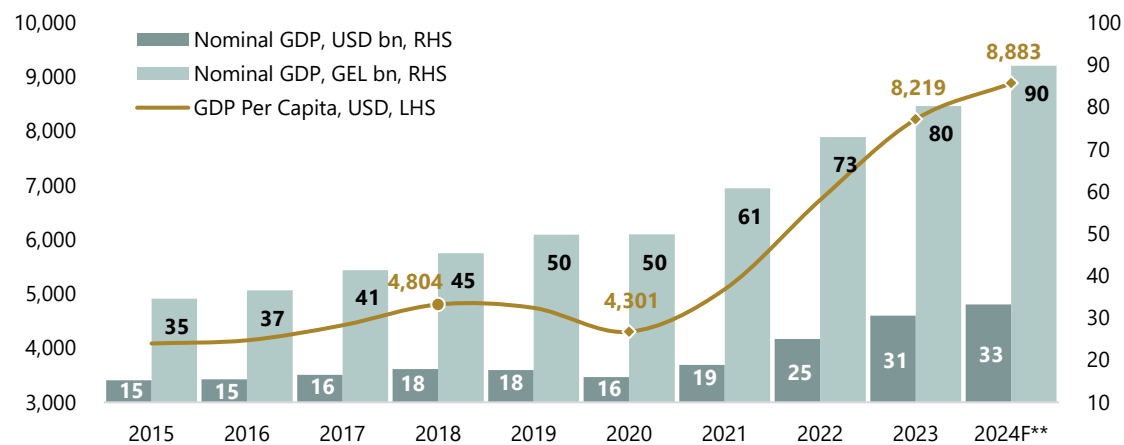


\* Preliminary estimate

## ANNUAL INFLATION BELOW THE 3% TARGET SINCE APRIL 2023, WITH SEPTEMBER 2024 INFLATION AT 0.6% Y-O-Y



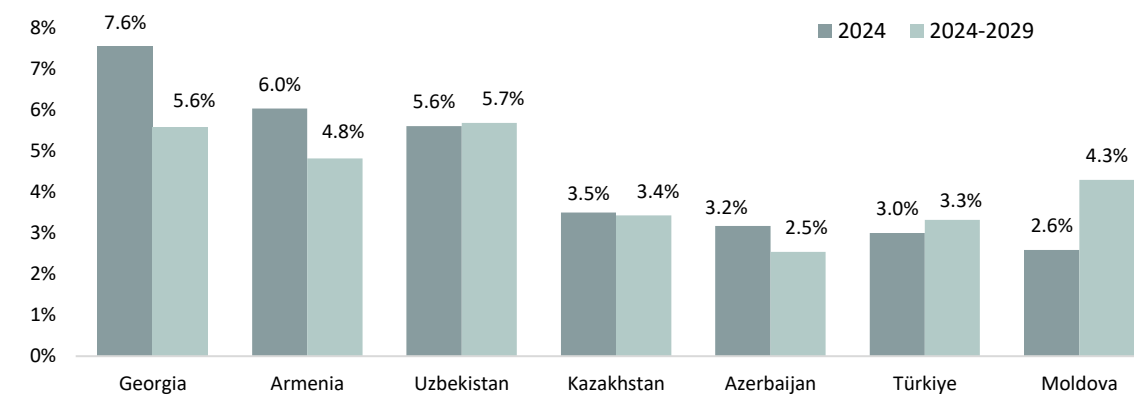
## NOMINAL GDP IN US DOLLARS IS EXPECTED TO EXCEED US\$ 33 BILLION IN 2024, MORE THAN DOUBLING FROM ITS 2020 LEVEL



\*\* IMF forecast

## GEORGIA CONTINUES TO BE ONE OF THE FASTEST GROWING ECONOMY IN OUR REGION | IMF (OCTOBER 2024)

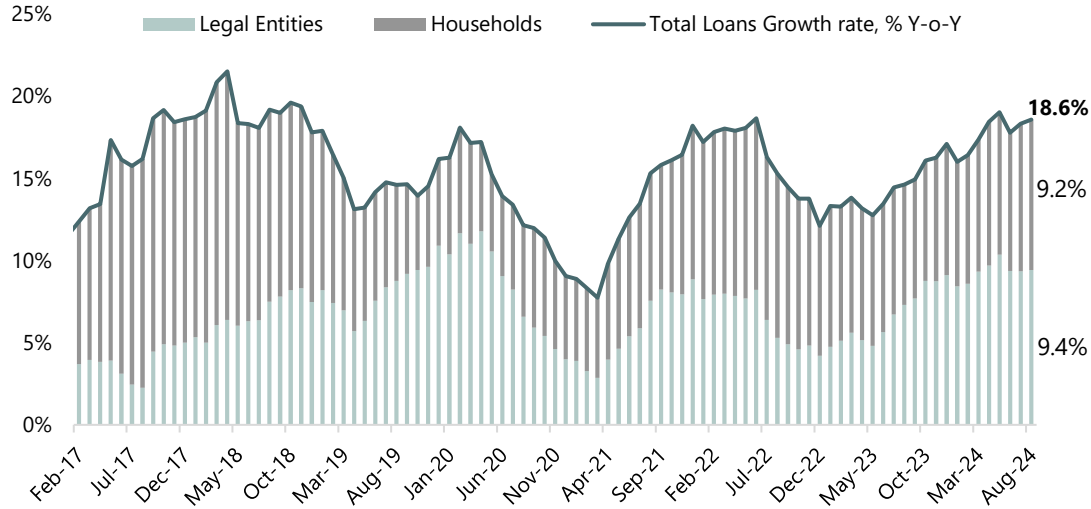
### Projected real GDP growth rates, % | IMF



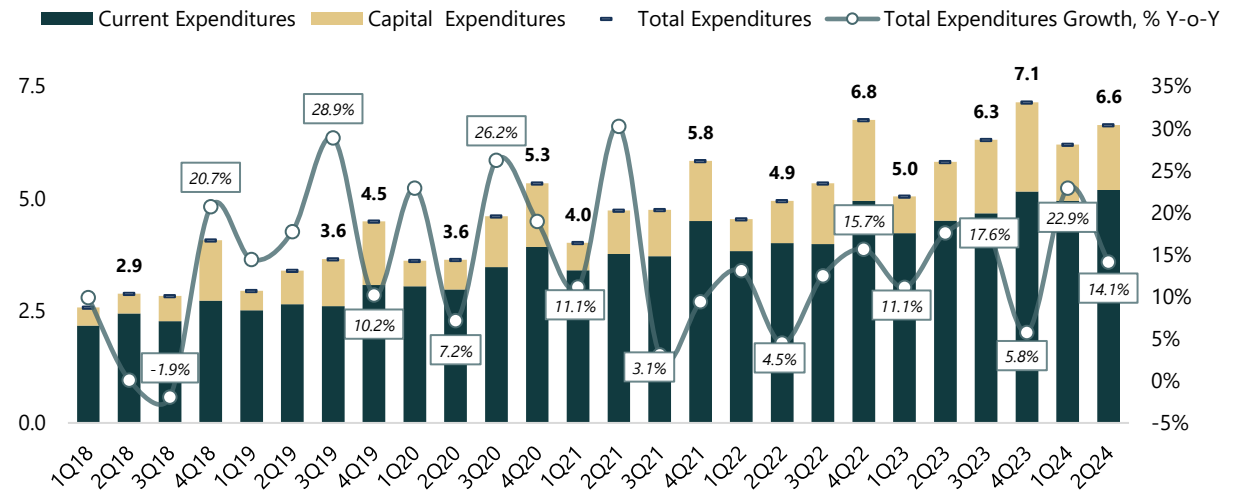
# STRONGER-THAN-EXPECTED ECONOMIC GROWTH IS SUPPORTED BY ROBUST DOMESTIC ACTIVITY AND RECOVERING EXTERNAL FLOWS



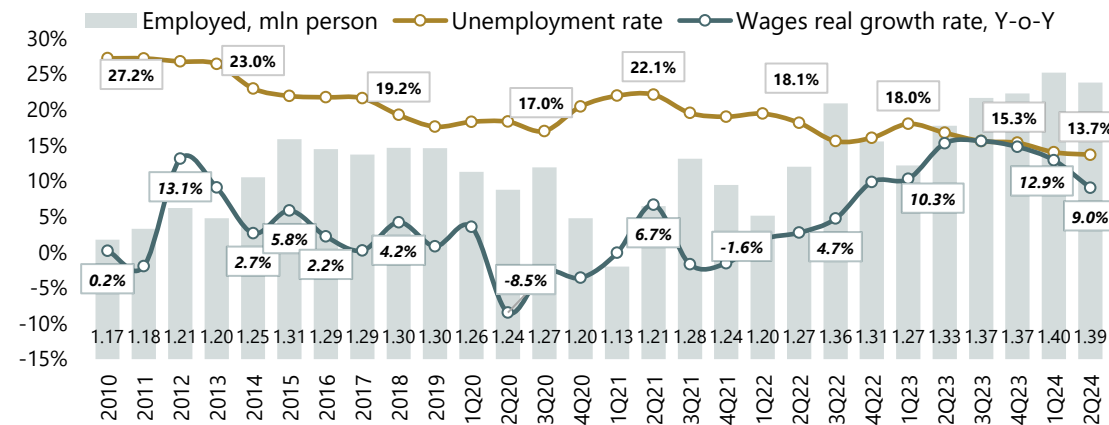
**LOANS GROWTH DECOMPOSITION BY SECTORS, (ON A CONSTANT CURRENCY BASIS)**



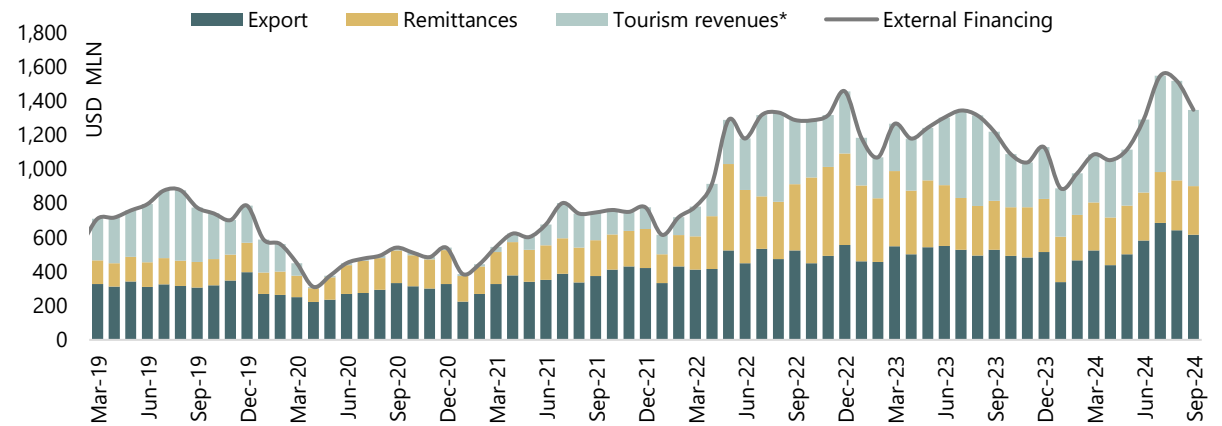
**GENERAL GOVERNMENT FISCAL EXPENSES, GEL BLN**



**THE UNEMPLOYMENT RATE REDUCED TO A RECORD LOW LEVEL OF 13.7% IN 2Q24, DRIVEN BY STRONG ECONOMIC GROWTH**



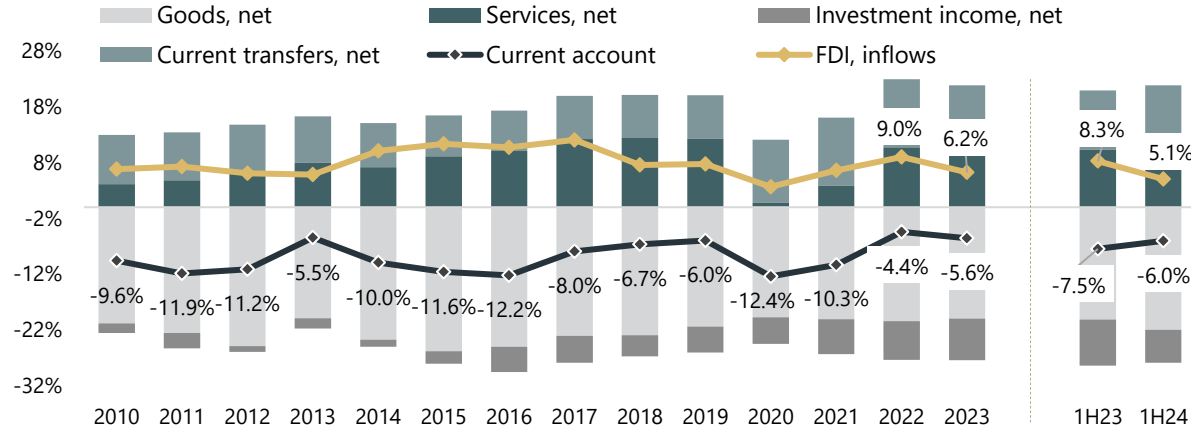
**FX INFLOWS REBOUNDED IN RECENT MONTHS DRIVEN BY THE BASE EFFECT**



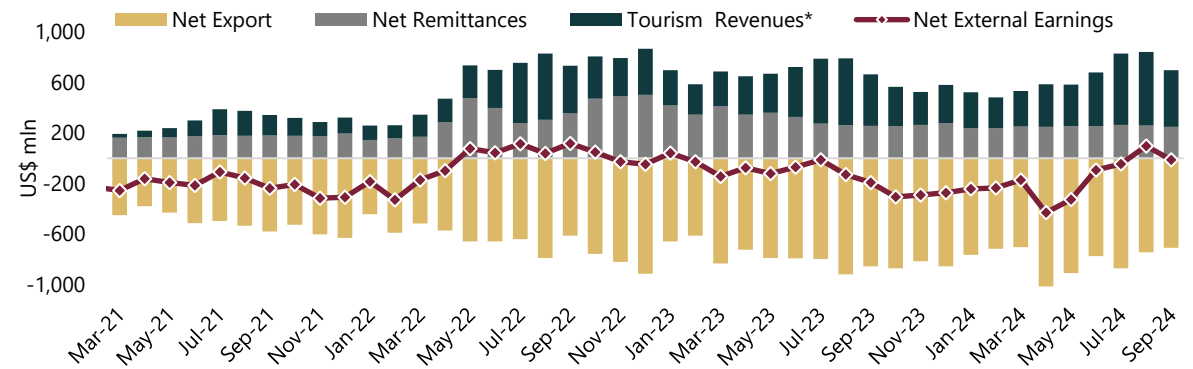
\*Quarterly Tourism data distribution between months since 3Q23 represents GCAP estimates. 3Q24 data of tourism revenue is estimated.

# DELEVERAGING UNDERWAY AS EXTERNAL BALANCE SHEET SHOWS SIGNIFICANT IMPROVEMENT

## CAB NARROWED TO -6.0% OF GDP, SUPPORTED BY GROWTH IN THE TRANSFER AND SERVICES BALANCE

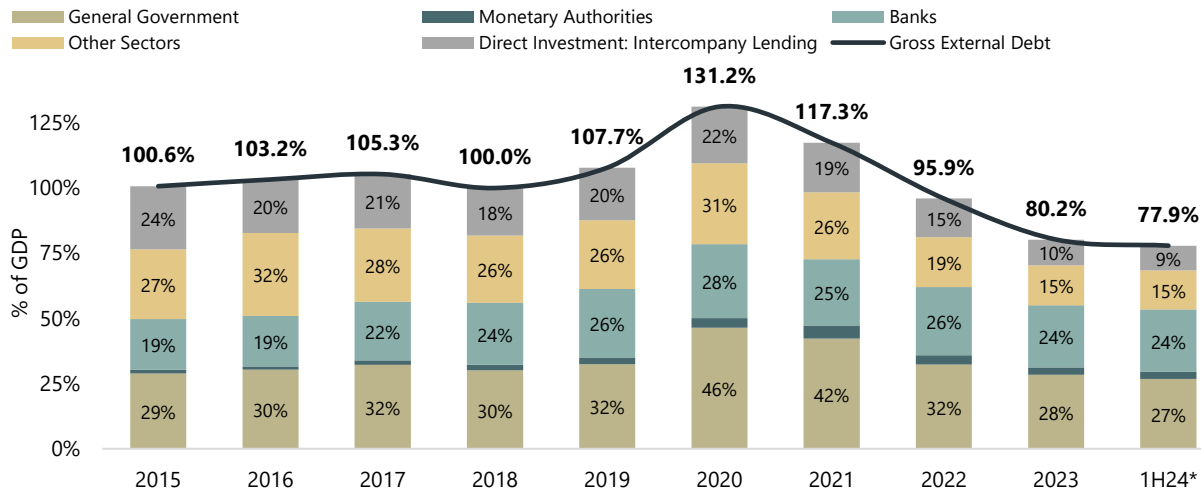


## NET EXTERNAL EARNINGS TURNED POSITIVE IN SUMMER AS SEASONAL FACTORS COME INTO PLAY



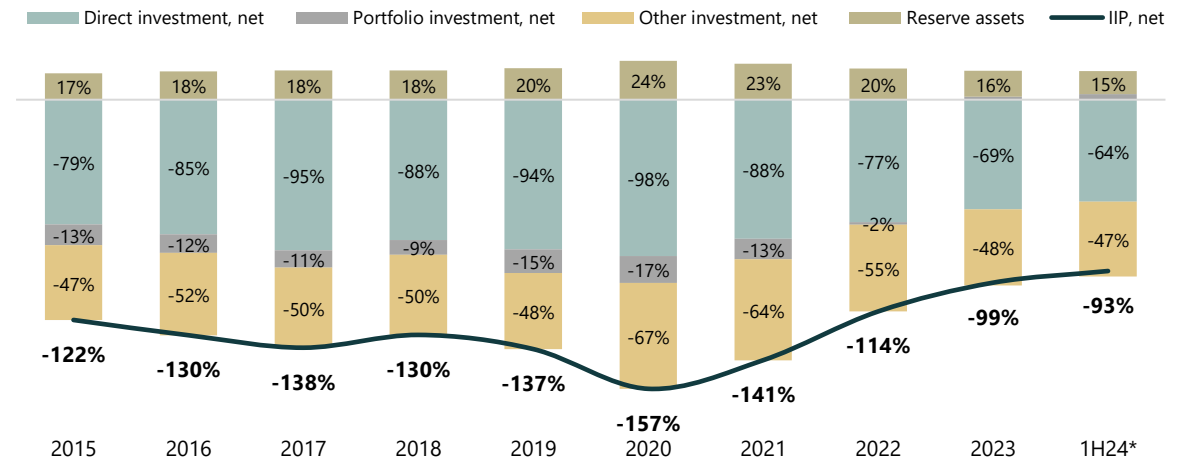
\*Quarterly Tourism data distribution between months since 3Q23 represents GCAP estimates. 3Q24 data of tourism revenue is estimated.

## GROSS EXTERNAL DEBT AS A PERCENT OF GDP REACHES ITS LOWEST LEVEL SINCE 2014



Georgia Capital PLC | Source: NBG, Geostat.

## INTERNATIONAL INVESTMENT POSITION (% of GDP) LOWEST SINCE 2012 ON THE BACK OF STRONG ECONOMIC GROWTH AND EXCHANGE RATE APPRECIATION



\* GDP data from the last four quarters is summed up to estimate the 1H24 indicator.

# OVERVIEW OF THE CONTINUED VOLATILITY IN MARKET SENTIMENT

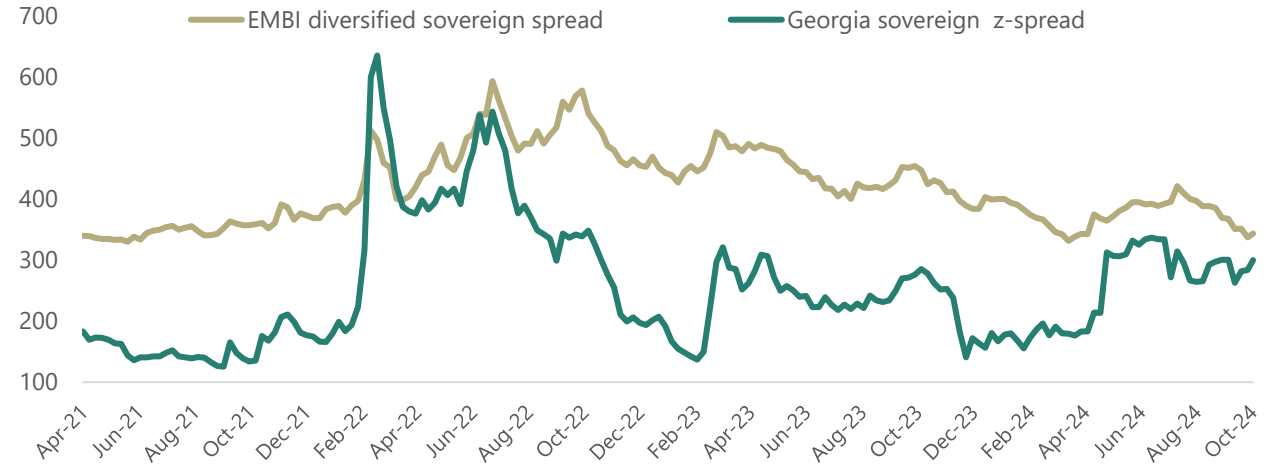


DESPITE RECENT DEPRECIATION, THE GEL HAS SINCE RECOVERED ITS VALUE, SHOWING ONLY 1.1% YTD DEPRECIATION

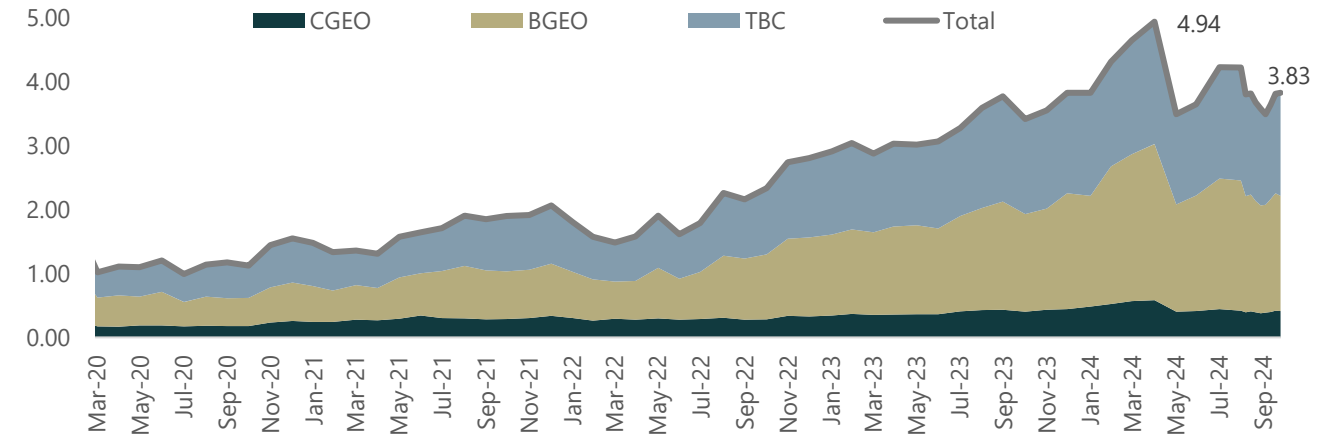


Georgia Capital PLC | Source: NBG, Bloomberg

## WIDENED SOVEREIGN SPREAD REFLECTS RECENT POLITICAL DEVELOPMENTS



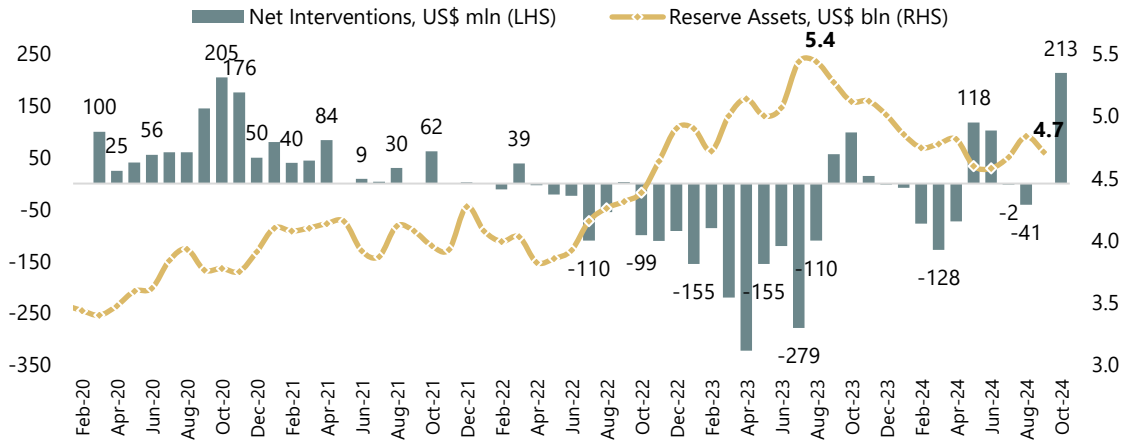
## POLITICAL DEVELOPMENTS ARE DRIVING VOLATILITY IN THE PRICES OF UK-LISTED GEORGIAN STOCKS



# MACRO POLICY STANCE CONTINUES TO BE APPROPRIATE

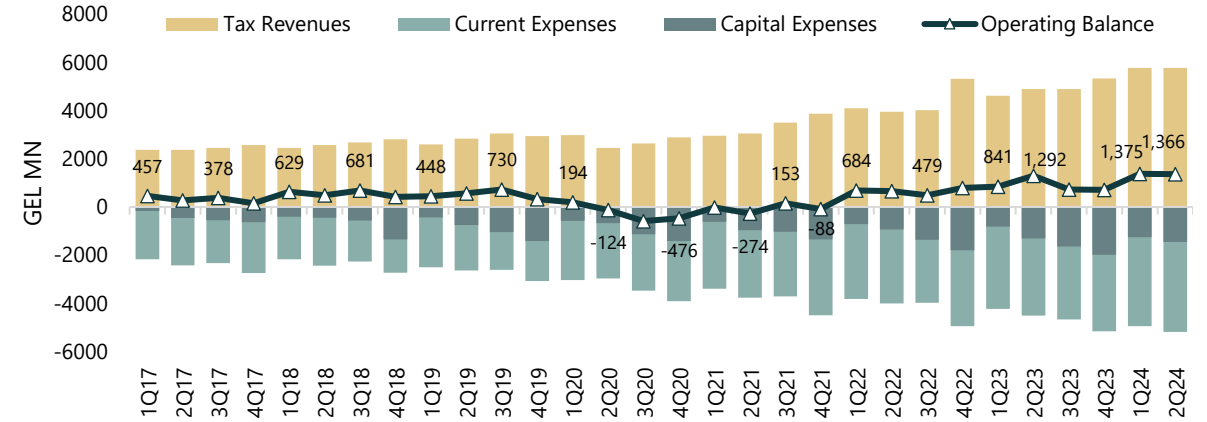


## NET NBG INTERVENTIONS ON THE FX MARKET AND OFFICIAL RESERVE ASSETS

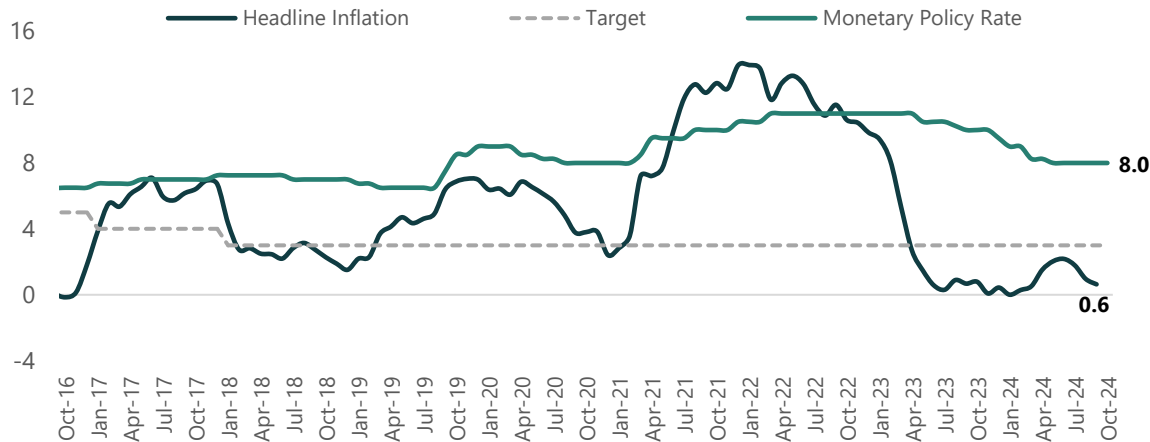


\* Sep-Oct-2024 data of net interventions doesn't include Bmatch platform interventions.

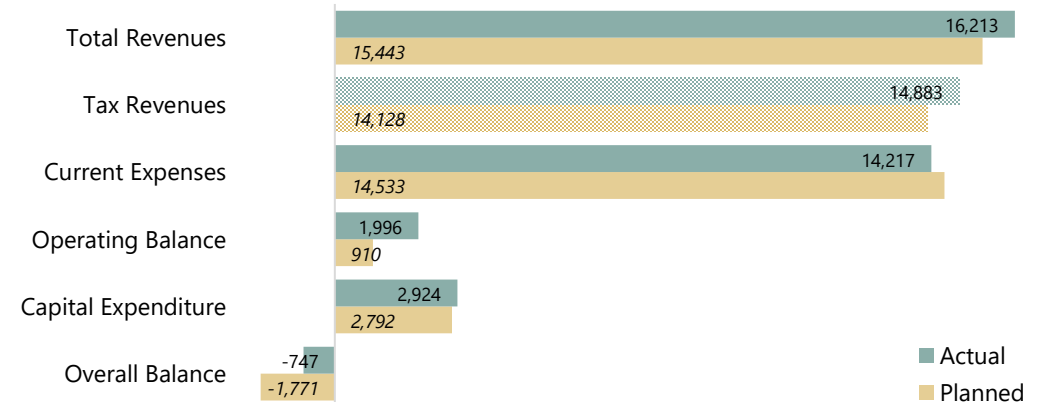
## THE OPERATING BALANCE SURGES DUE TO HIGHER-THAN-EXPECTED TAX REVENUE COLLECTION



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



## CENTRAL GOVERNMENT 9-MONTH BUDGET PERFORMANCE IN 9M24 (COMPARED TO THE PLANNED 9-MONTH BUDGET), GEL MLN





**MACROECONOMIC  
WRAP-UP**



**STRONG GDP PERFORMANCE**



**BELOW-TARGET INFLATION**



**EXTERNAL DEMAND IS SUPPORTING GROWTH AGAIN**



**ROBUST EXTERNAL BALANCE SHEET**



**MACROECONOMIC POLICY FRAMEWORK REMAINS  
APPROPRIATE**

# SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



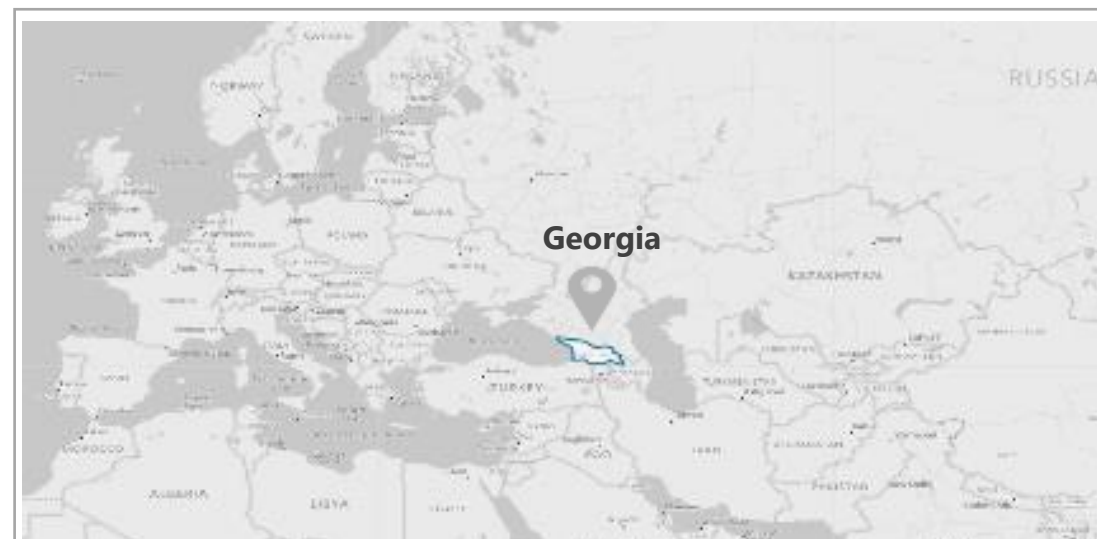
## Key Ratings Highlights

Rating Agency	Rating	Outlook	Affirmed
<b>MOODY'S</b>	Ba2	Stable	March 2024
<b>S&amp;P Global</b>	BB	Stable	August 2024
<b>Fitch Ratings</b>	BB	Stable	June 2024

## Georgia is favorably placed among peers

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

## General Facts



- Area: 69,700 sq. km
- Population (2024): 3.7 million
- Capital: Tbilisi;
- Life expectancy: 75.0 years
- Official language: Georgian
- Literacy: 100%
- Currency (code): Lari (GEL)

## Economy

- Nominal GDP (Geostat) 2023: GEL 80.2 billion (US\$30.5 billion)
- Real GDP growth rate 2023: 7.5%
- Real GDP ten-year annual average growth rate: 5.0%
- GDP per capita 2023 (PPP, international dollar) IMF: 23,237
- Annual inflation 2023: 2.5%
- General Government external debt to GDP 2023: 28.5%



# 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 has returned within the rule bounds, 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\$ 1.9 billion (6.2% of GDP) in 2023.
- FDI has averaged 8.0% 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

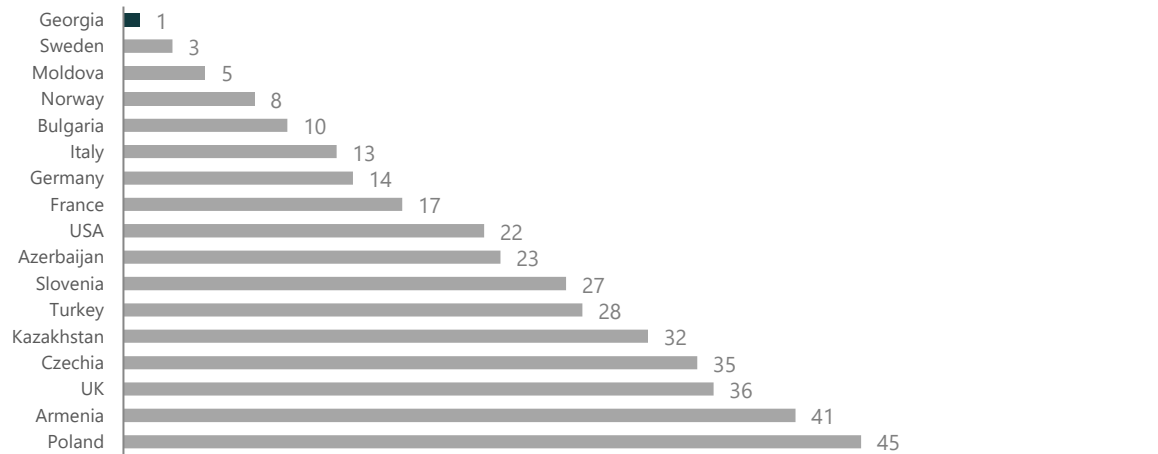
- Only 20% of hydropower capacity utilized; 155 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development.
- Georgia imports natural gas mainly from Azerbaijan.
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500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

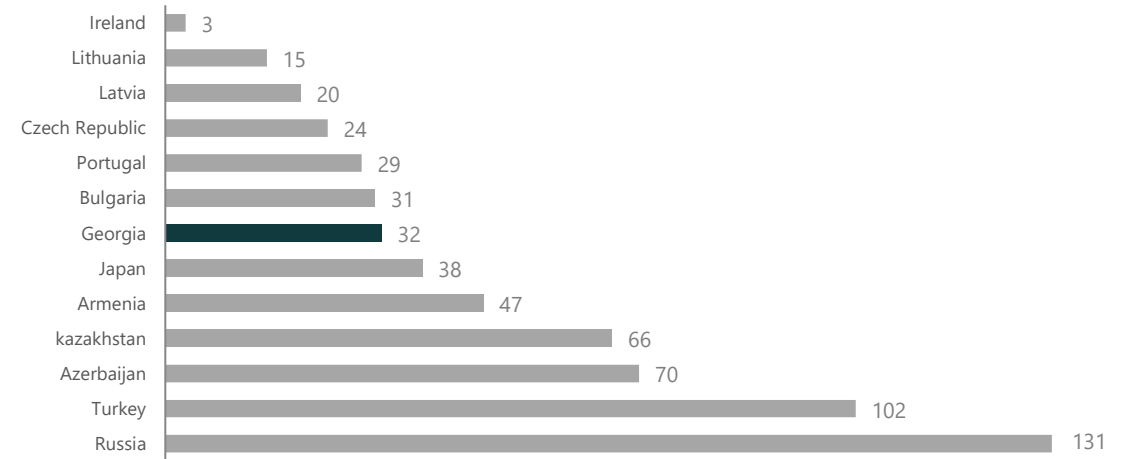
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU.
- New constitution amendments passed in 2013 to enhance 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

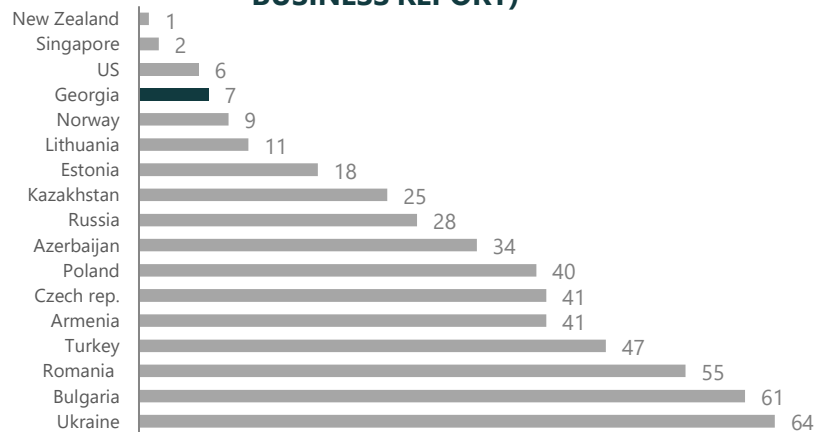
**OPEN BUDGET INDEX, 2023 | INTERNATIONAL BUDGET PARTNERSHIP  
(BUDGET TRANSPARENCY)**



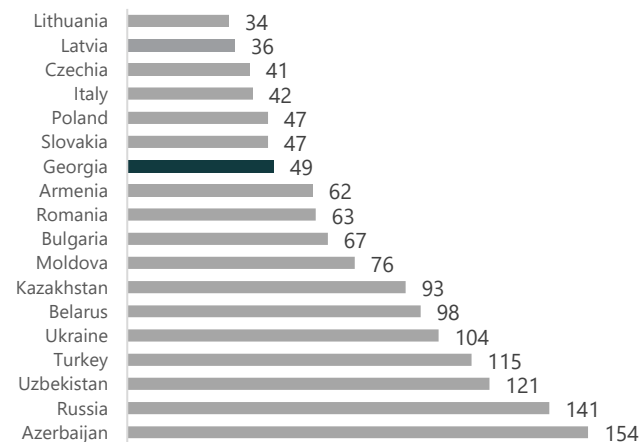
**ECONOMIC FREEDOM INDEX | 2024 (HERITAGE FOUNDATION)**



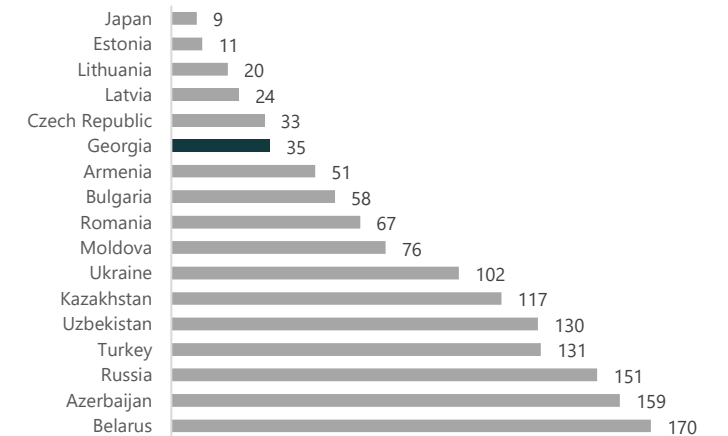
**EASE OF DOING BUSINESS | 2020 (WB DOING  
BUSINESS REPORT)**



**CORRUPTION PERCEPTION INDEX | 2023 (TI)**

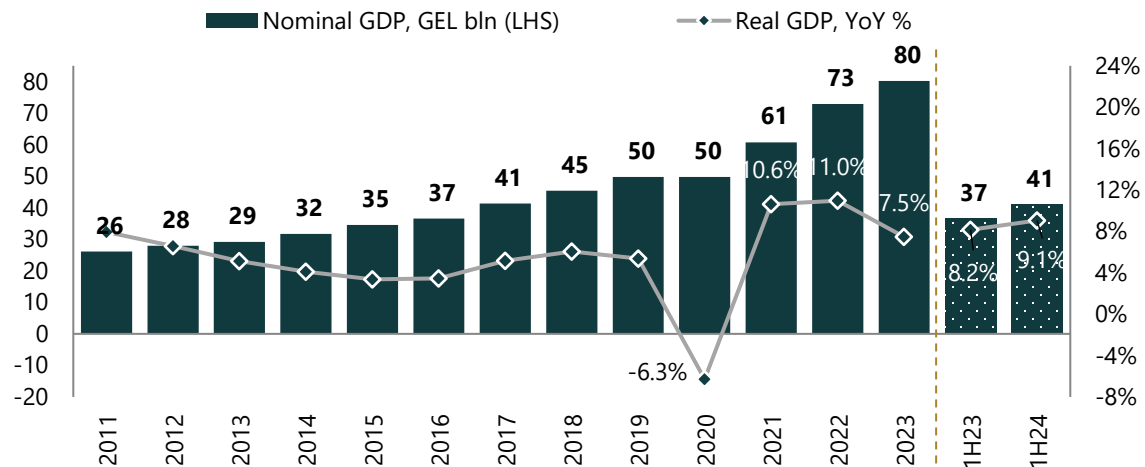


**BUSINESS BRIBERY RISK, 2023 | TRACE INTERNATIONAL**

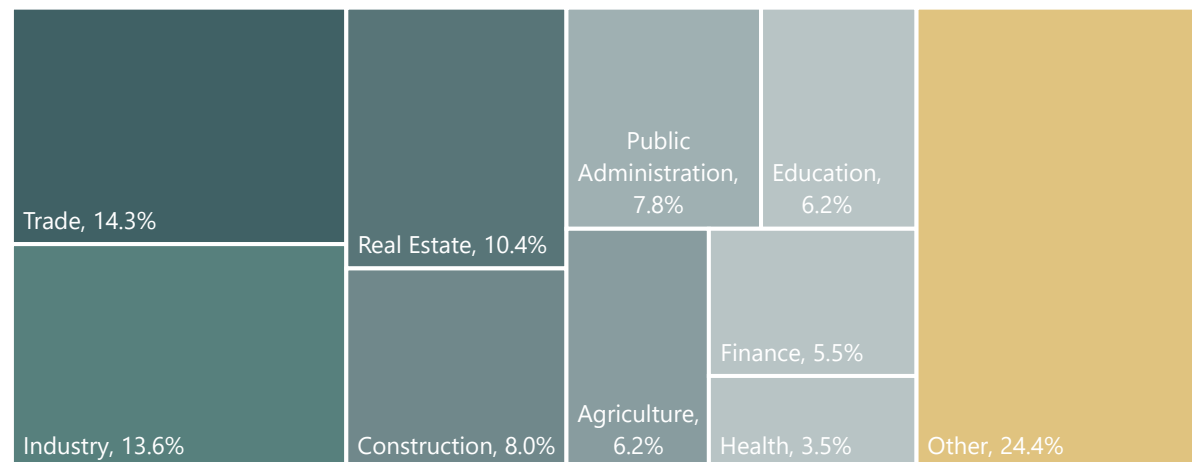


# ECONOMIC GROWTH CONTINUING AT PACE

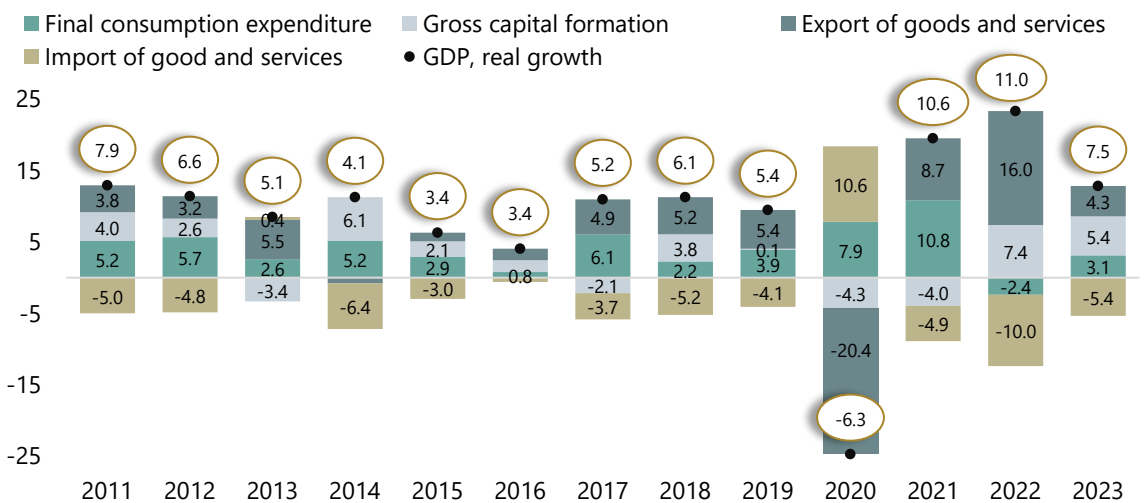
## GROSS DOMESTIC PRODUCT



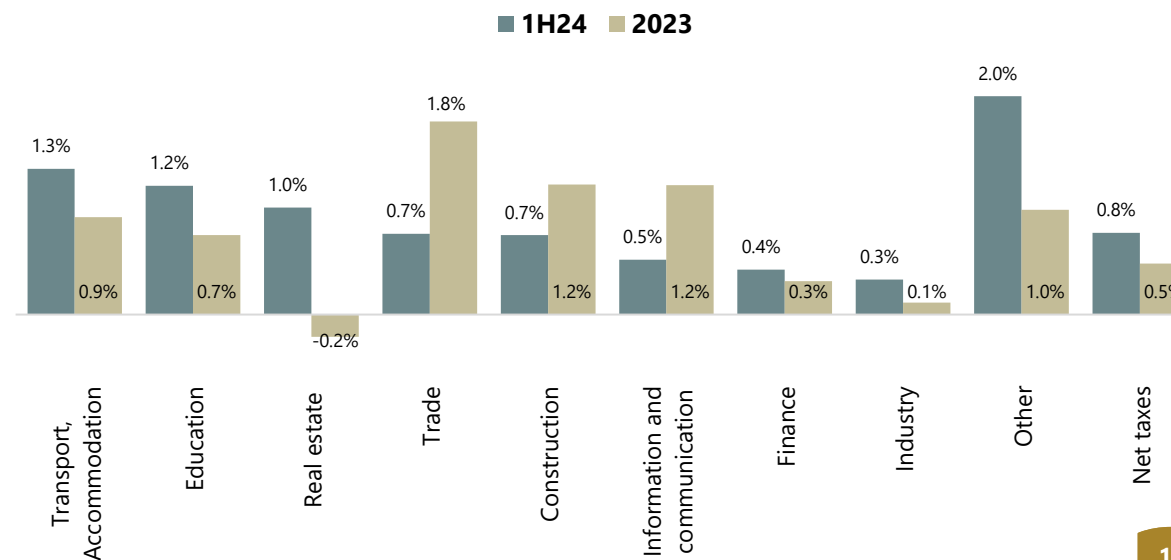
## NOMINAL GDP STRUCTURE, 1H24



## GDP GROWTH DECOMPOSITION BY CATEGORIES OF USE, %

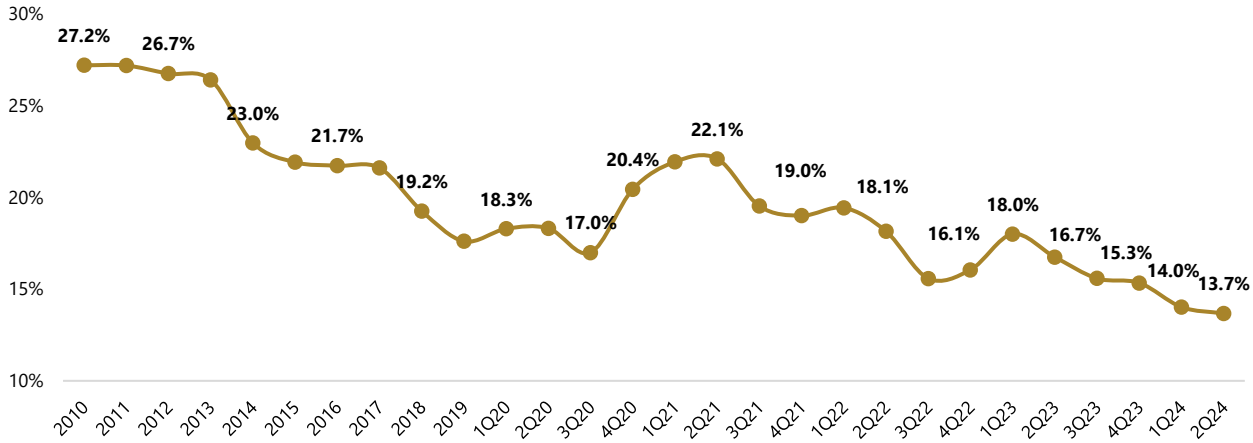


## GDP GROWTH DECOMPOSITION BY SECTORS IN 1H24 AND IN 2023

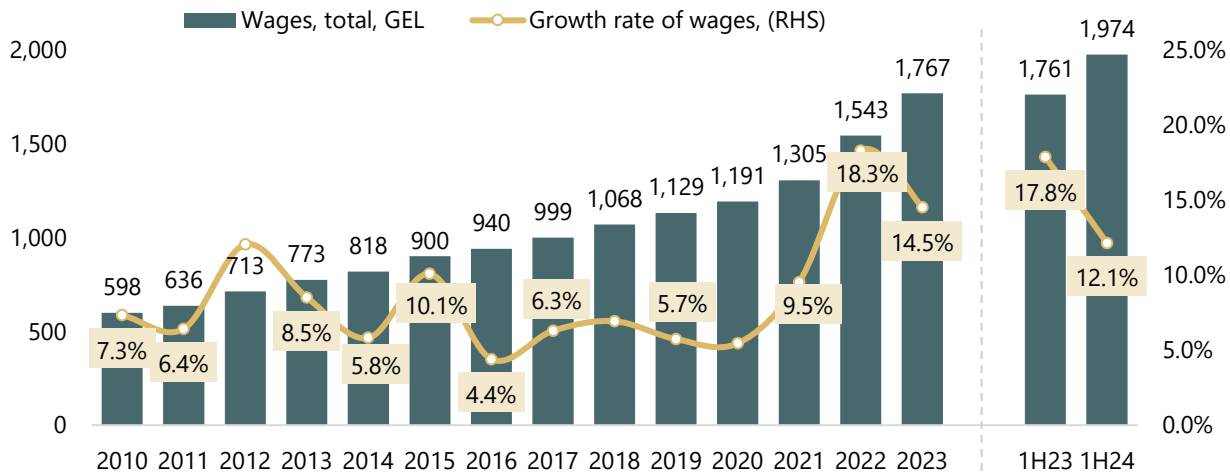


# UNEMPLOYMENT RATE AT HISTORICAL LOWS

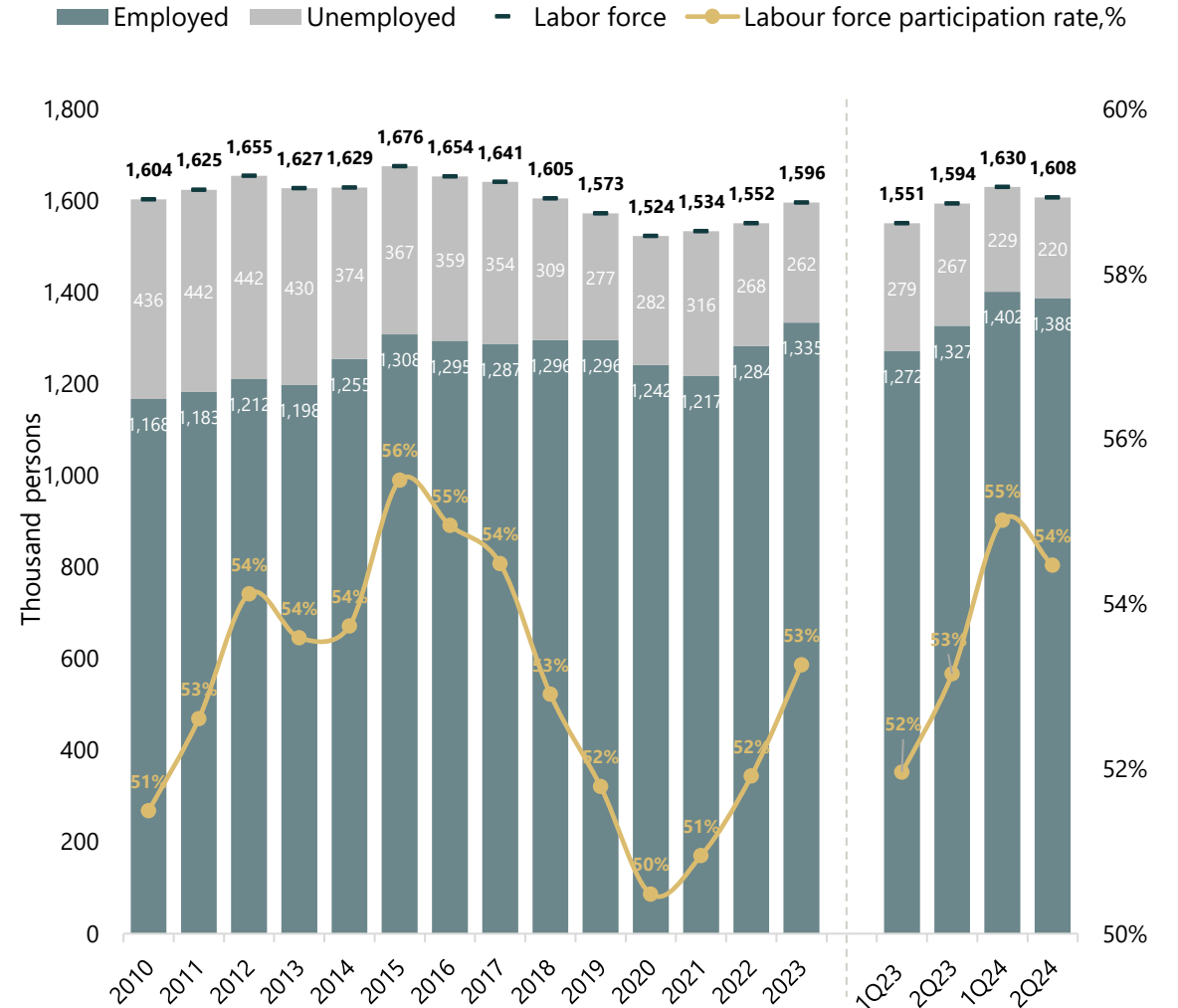
UNEMPLOYMENT RATE AT HISTORICAL LOWS, DOWN TO 16.4% IN 2023 FROM 17.3% IN 2022



AVERAGE MONTHLY NOMINAL EARNINGS OF EMPLOYEES AMOUNTED TO GEL 1,767 IN 2023



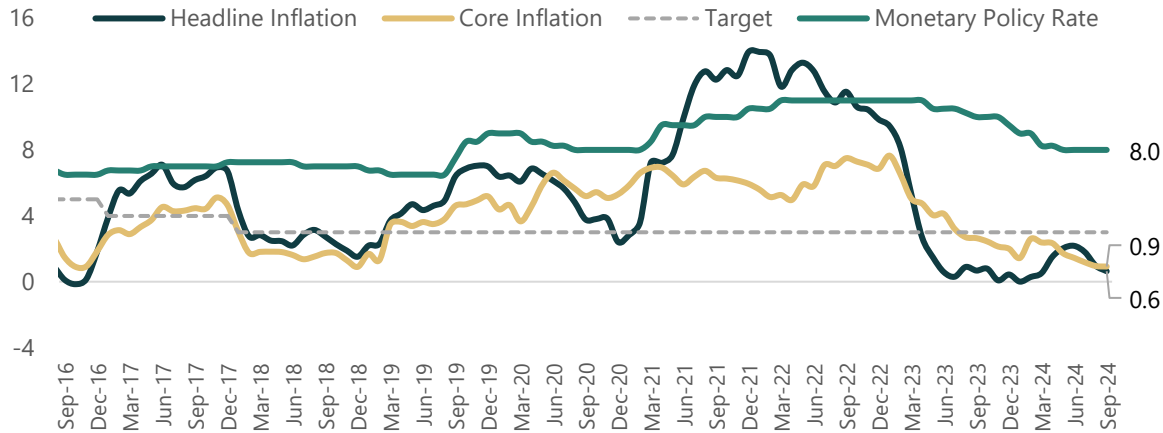
LABOR FORCE STRUCTURE



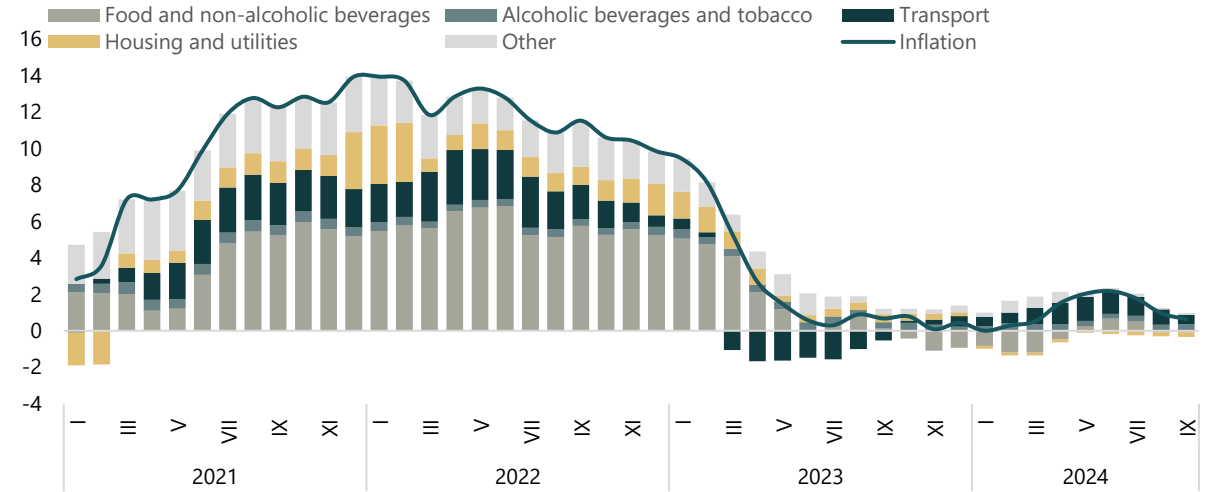
# INFLATION BELOW THE TARGET LEVEL SINCE APRIL 2023



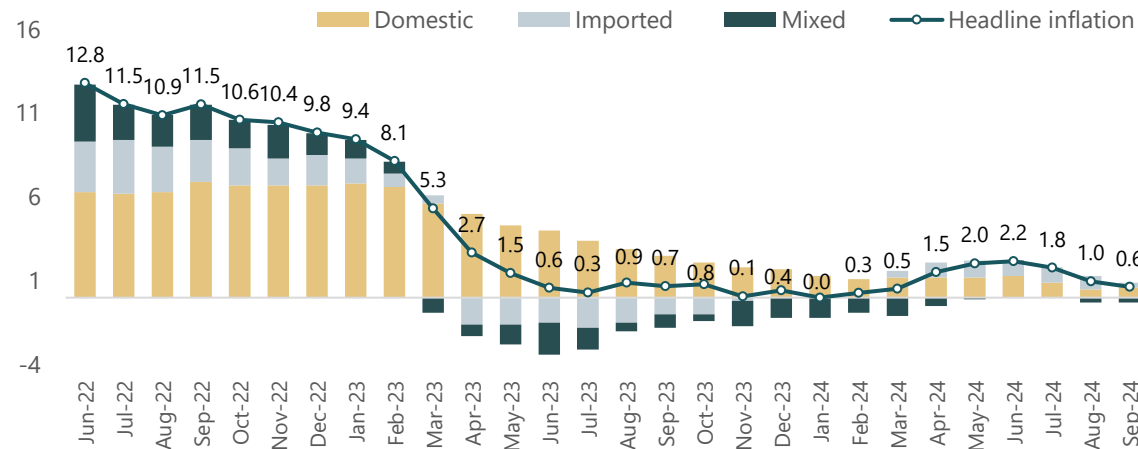
## INFLATION Y-O-Y VS. INFLATION TARGET



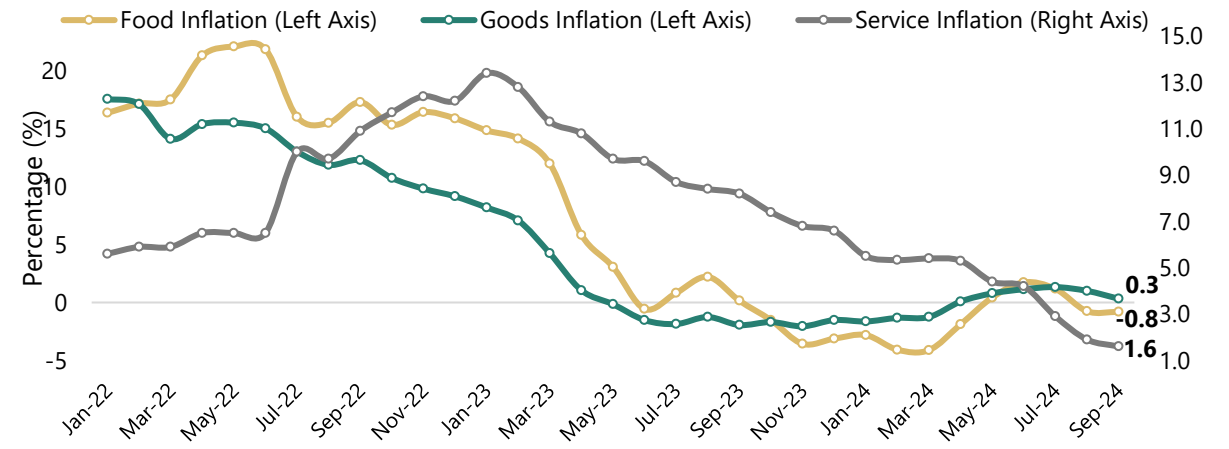
## INFLATION COMPONENTS



## DECOMPOSITION OF INFLATION



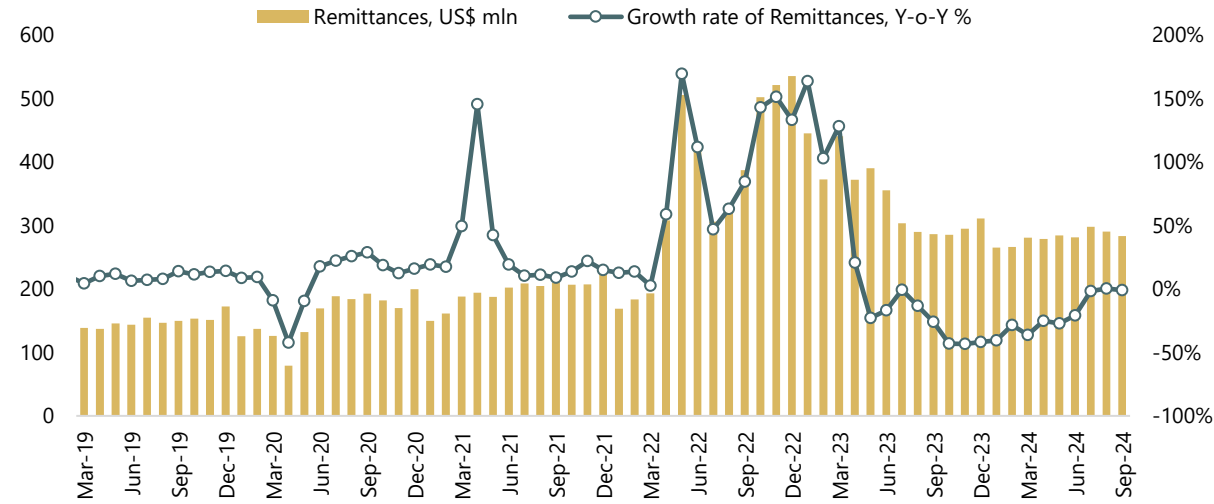
## SERVICE INFLATION SUPPORTS BELOW-TARGET INFLATION



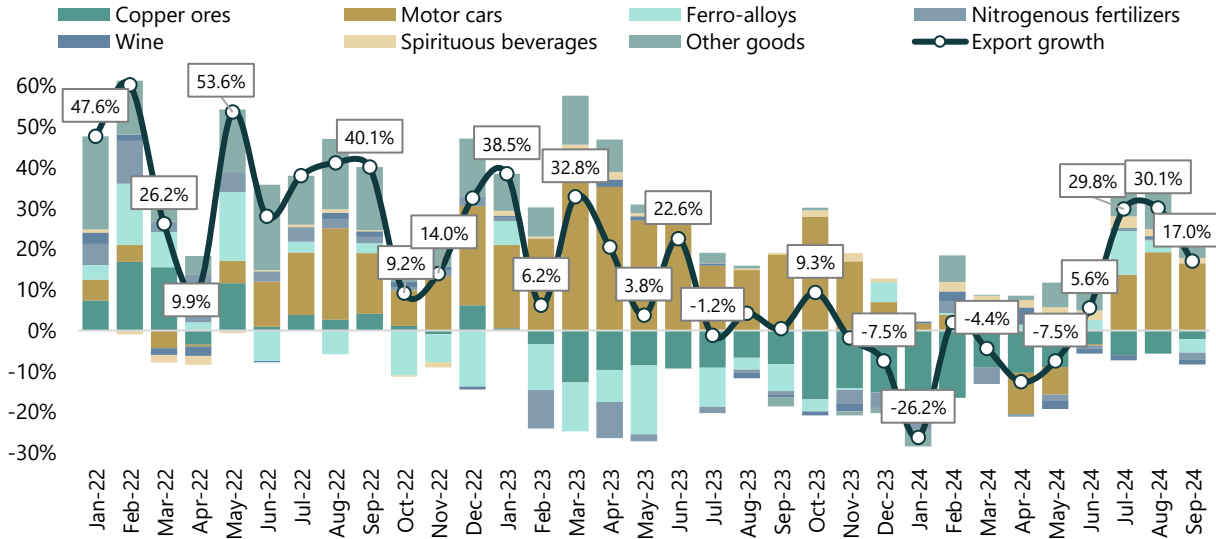
# EXPORTS HAVE REBOUNDED, SHOWING A SIGNIFICANT POSITIVE TREND IN THE DOMESTIC COMPONENT, WITH STRONG PERFORMANCE OF RE-EXPORTED MOTOR CARS



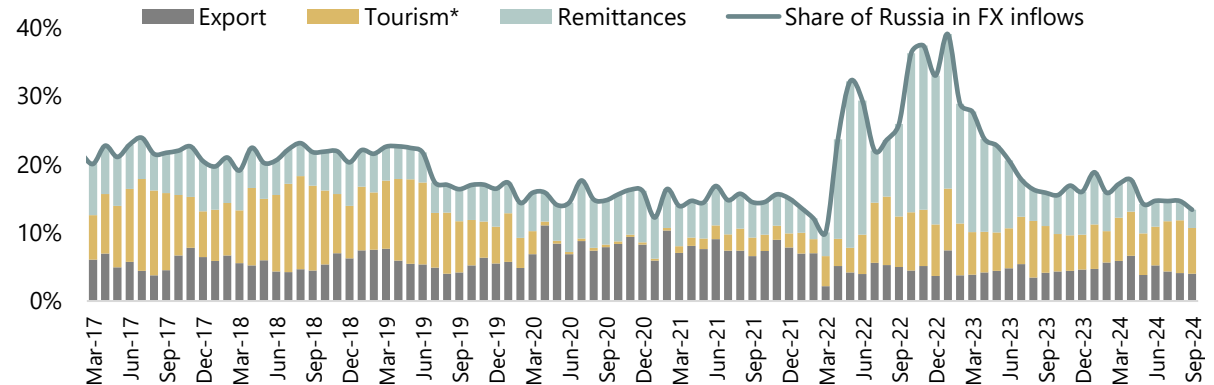
## REMITTANCES STABILIZING AS DECLINE FROM RUSSIA IS OFFSET BY INCREASING TRANSFERS FROM OTHER COUNTRIES



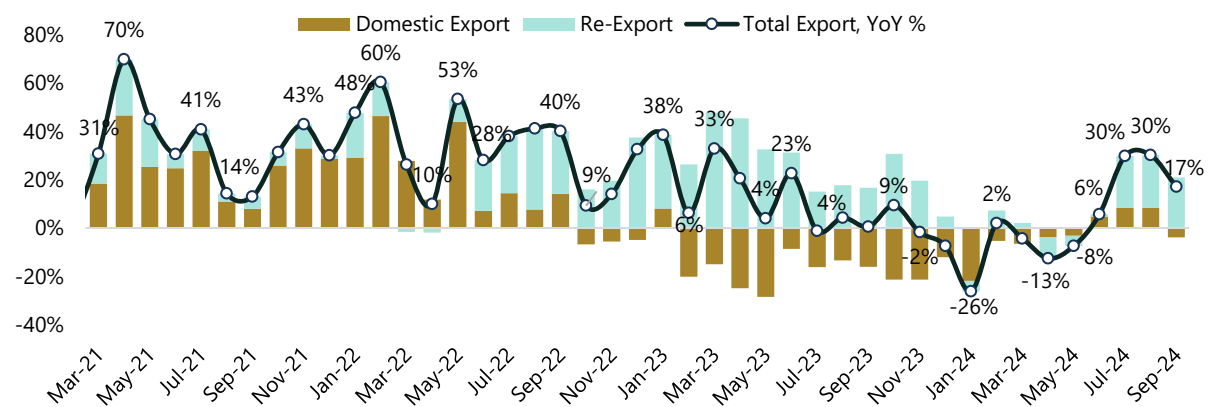
## RE-EXPORTED MOTOR CARS CONTRIBUTING MOST TO THE SURGING EXPORT IN THE THIRD QUARTER OF 2024



## THE SHARE OF RUSSIA IN FX INFLOWS IS RETURNING TO PRE-WAR LEVELS



## RE-EXPORTS HAVE BEEN MAJOR DRIVER FOR THE REBOUNDED EXPORT REVENUES IN THE RECENT MONTHS

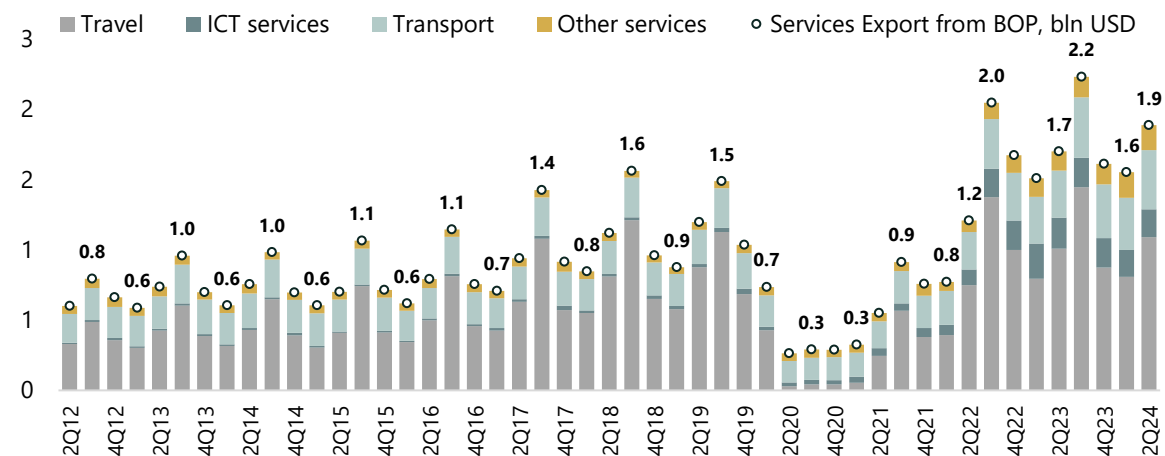


\*Quarterly Tourism data distribution between months since 3Q23 represents GCAP estimates.

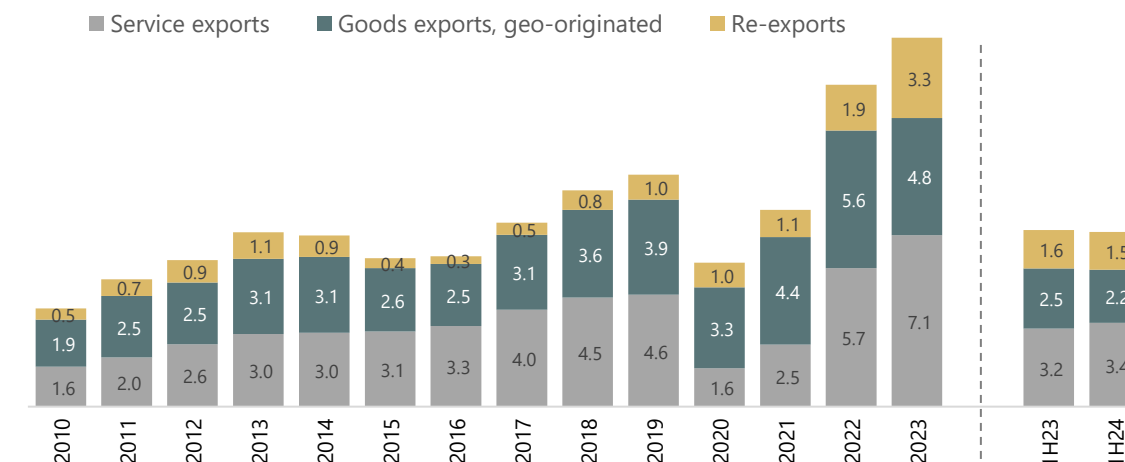
# DIVERSIFICATION OF THE EXTERNAL EARNINGS ENHANCES RESILIENCE



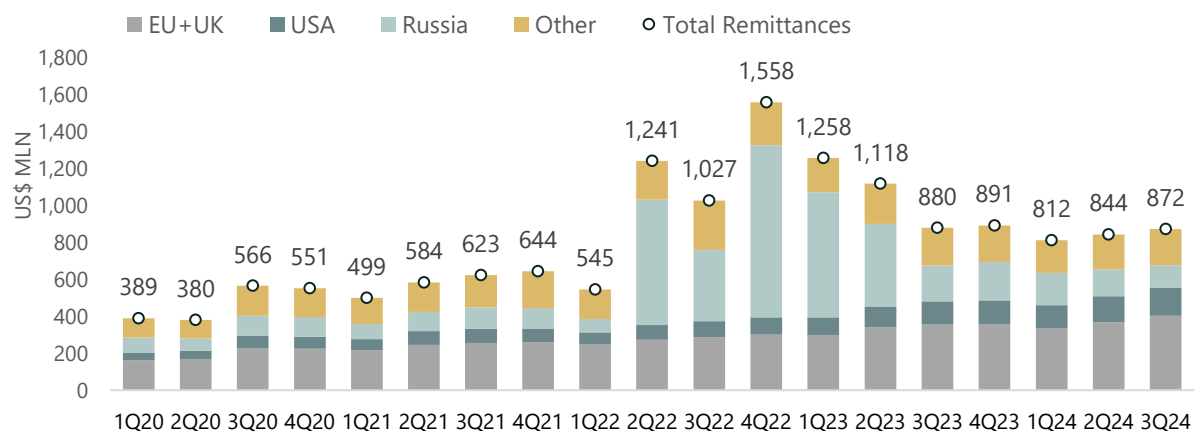
**SINCE 2022, THE EXPORT OF ICT SERVICES HAS INCREASED - IN 2023 ICT EXPORTS TOTALLED US\$ 892 MLN WITH A 49% Y-O-Y GROWTH RATE**



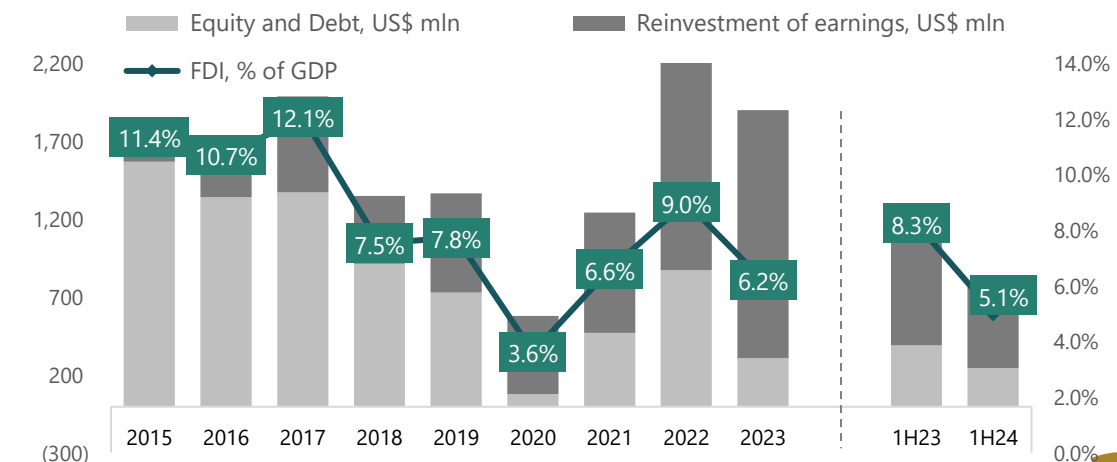
## EXPORTS AND RE-EXPORTS, US\$ BILLION



## REMITTANCES RETURNING TO NORMAL LEVELS

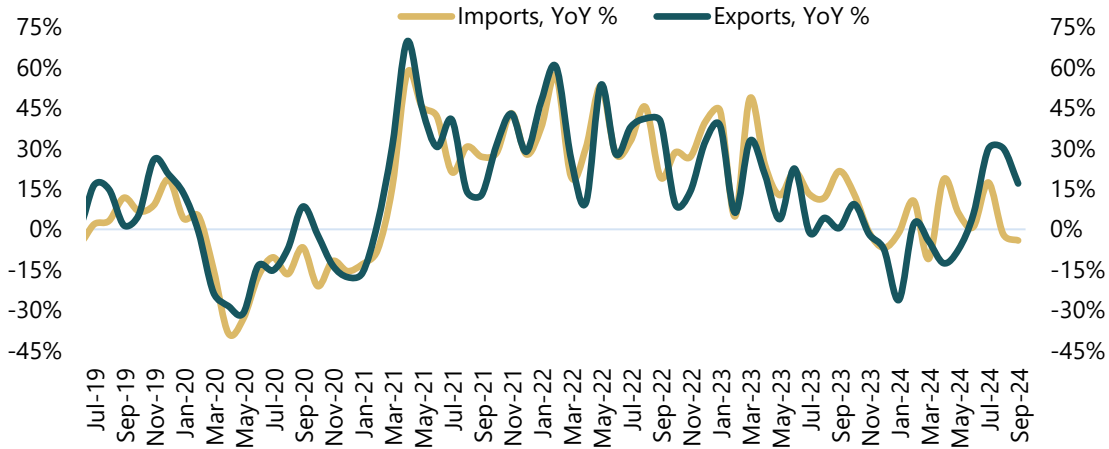


## FDI (COMPONENTS AND % OF NOMINAL GDP)

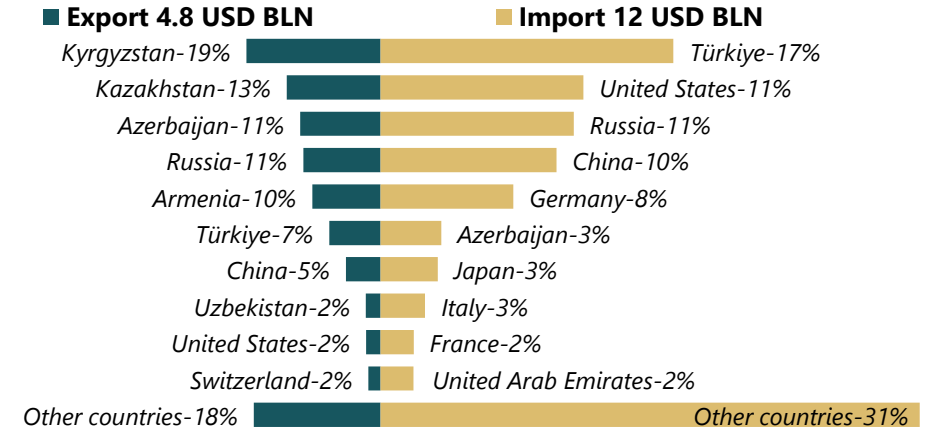


# DIVERSIFIED FOREIGN TRADE

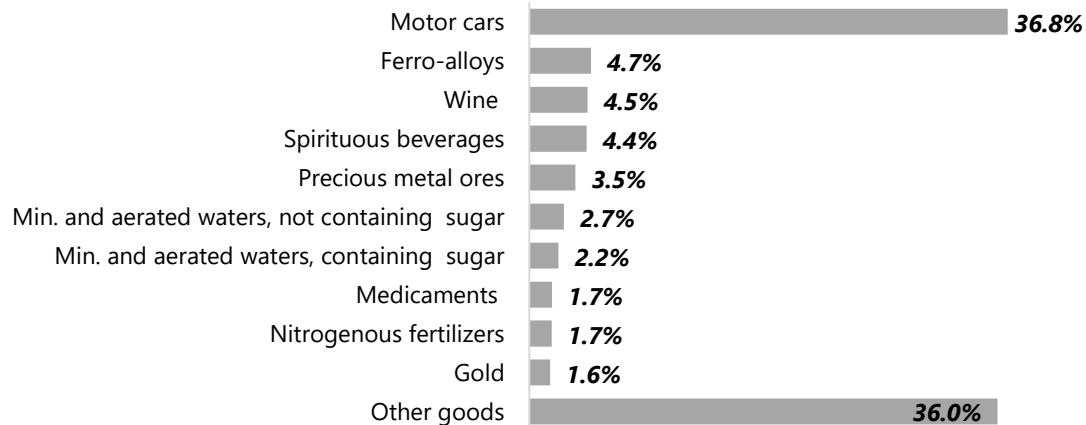
## EXPORTS AND IMPORTS OF GOODS, Y-O-Y %



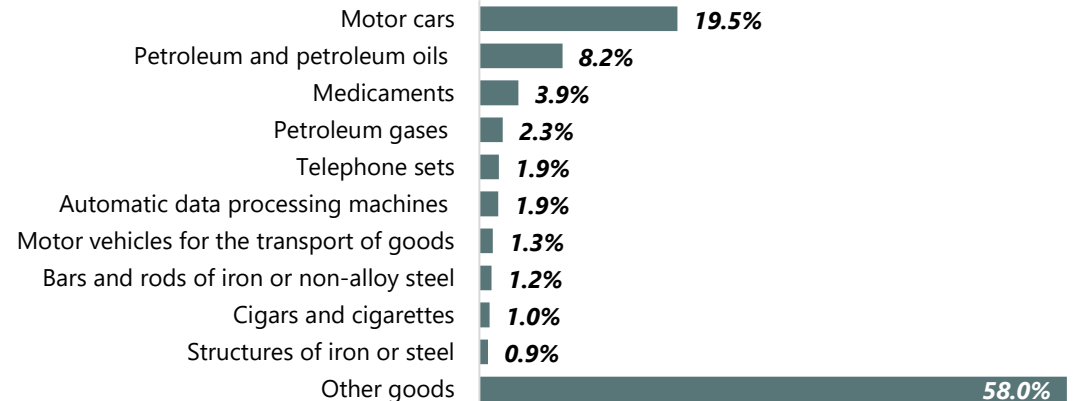
## EXTERNAL TRADE BY COUNTRIES, 9M24, SHARE IN TOTAL



## EXPORT BY MAJOR GOODS, 9M24, SHARE IN TOTAL



## IMPORT BY MAJOR GOODS, 9M24, SHARE IN TOTAL

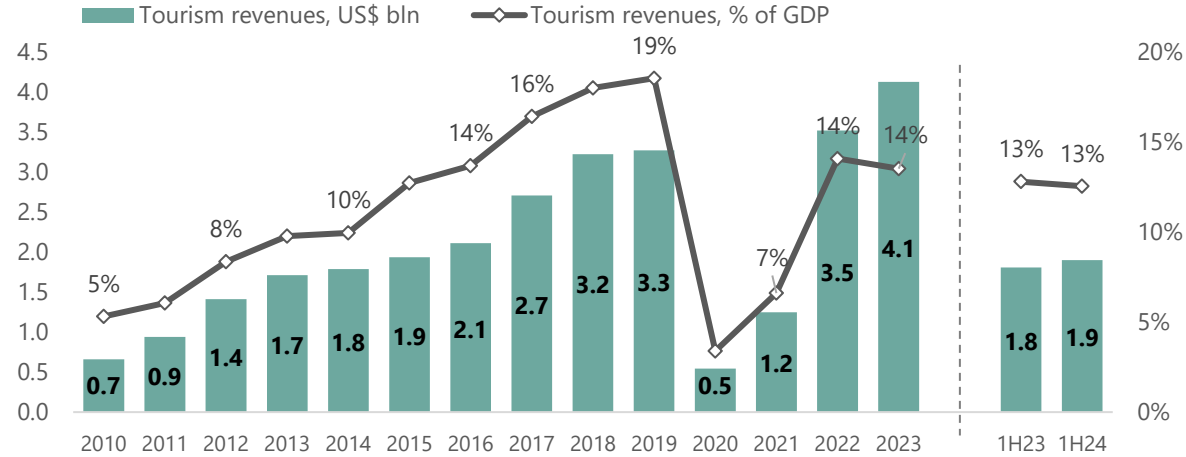




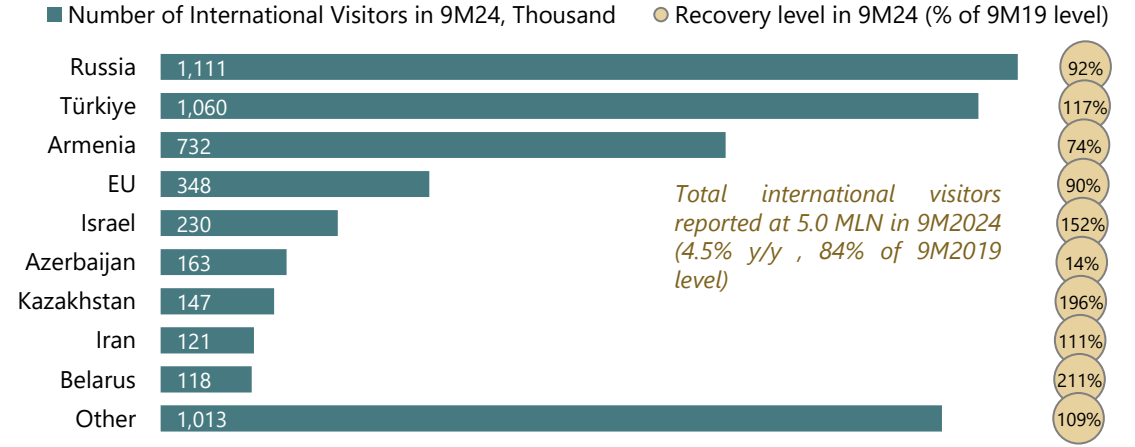
# TOURISM REVENUES BACK TO FULL STRENGTH, DESPITE LOWER NUMBER OF TRAVELERS COMPARED TO PRE-COVID LEVELS



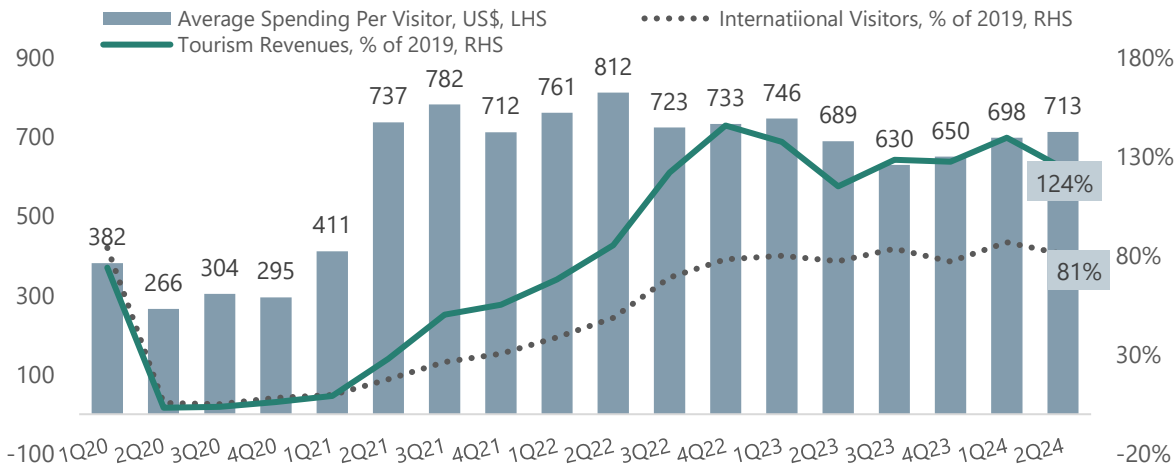
## TOURISM REVENUES TO GDP



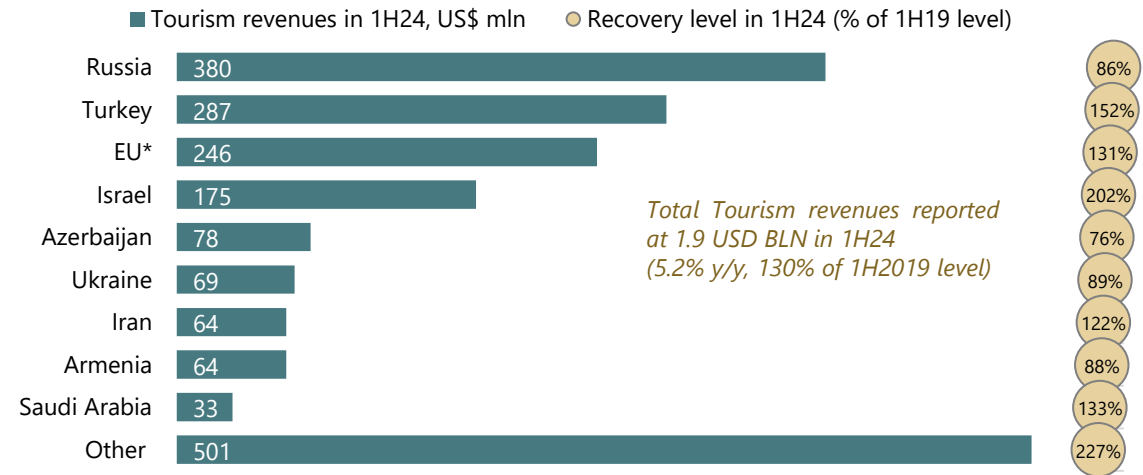
## INTERNATIONAL VISITORS BY COUNTRY



## AVERAGE SPENDING PER VISITOR



## TOURISM REVENUES BY COUNTRY

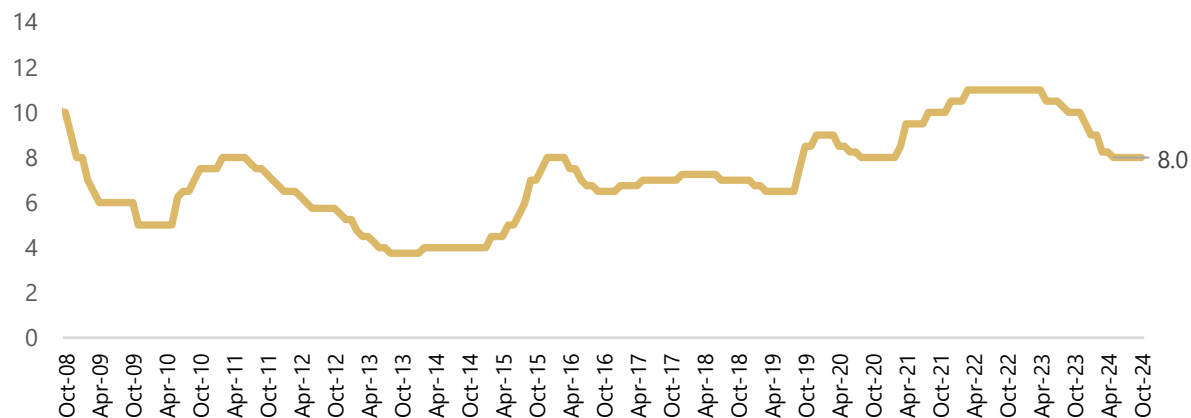


\* EU contains EU countries and Great Britain.

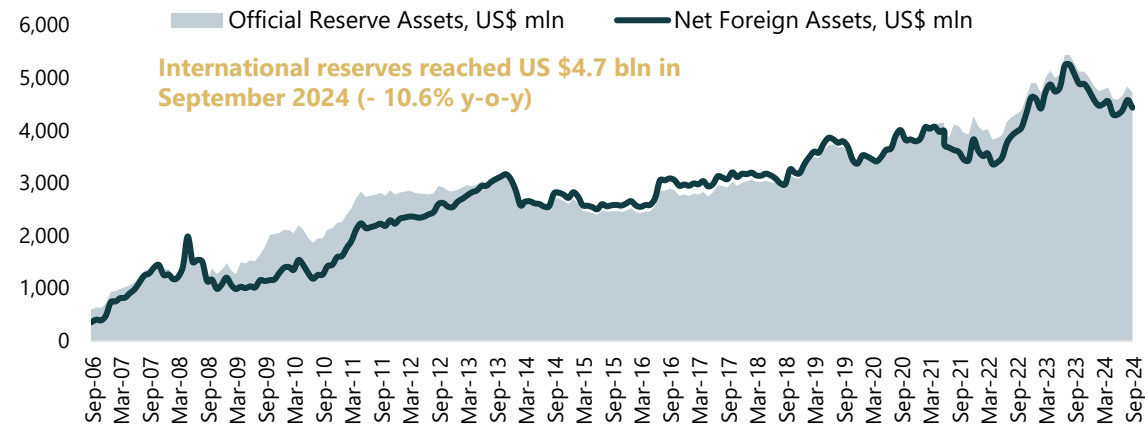
# APPROPRIATE MONETARY POLICY STANCE ENSURING MACROECONOMIC STABILITY



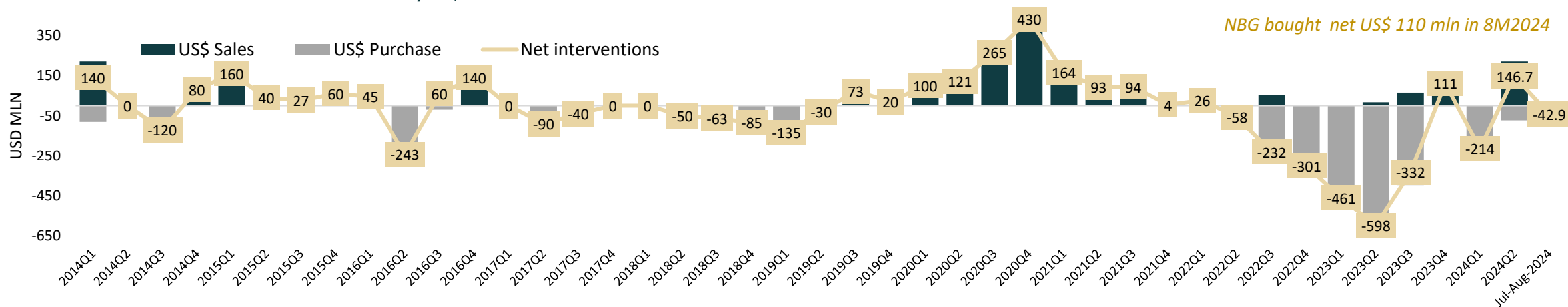
## THE NBG CONTINUED TO EASE ITS TIGHTENED MONETARY POLICY STANCE WITH 150 BPS CUT IN 1H24



## INTERNATIONAL RESERVES



## FOREIGN EXCHANGE MARKET INTERVENTIONS, US\$ MILLION

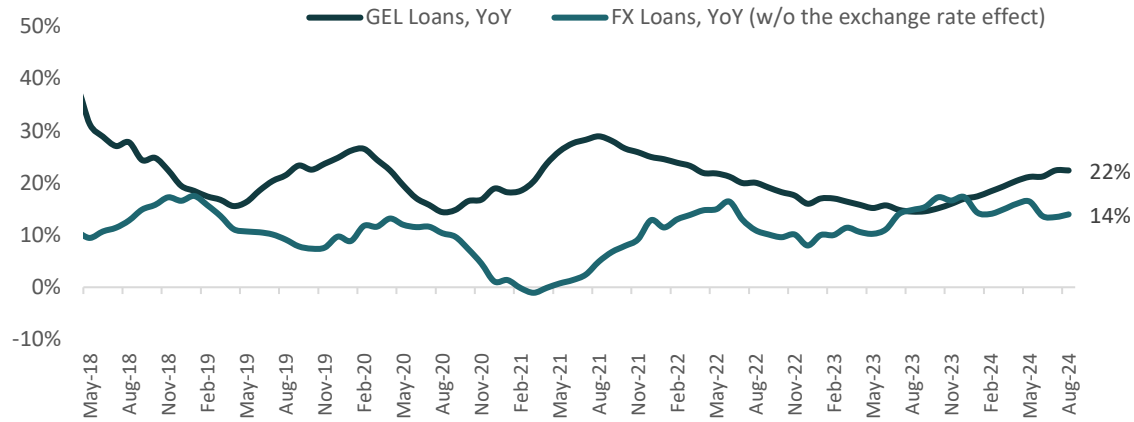


\*Data from 2020Q2 contains information about Bmatch platform interventions.

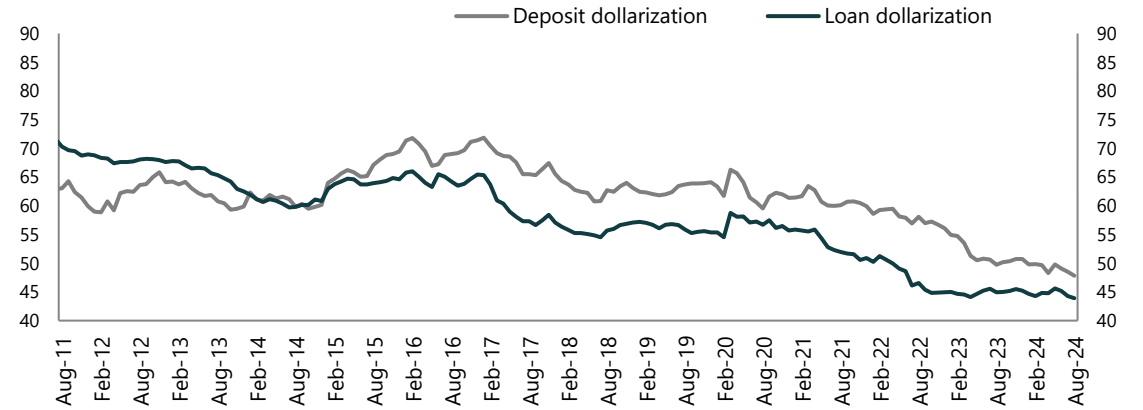
# STRONG CREDIT GROWTH SUPPORTING ECONOMIC ACTIVITY



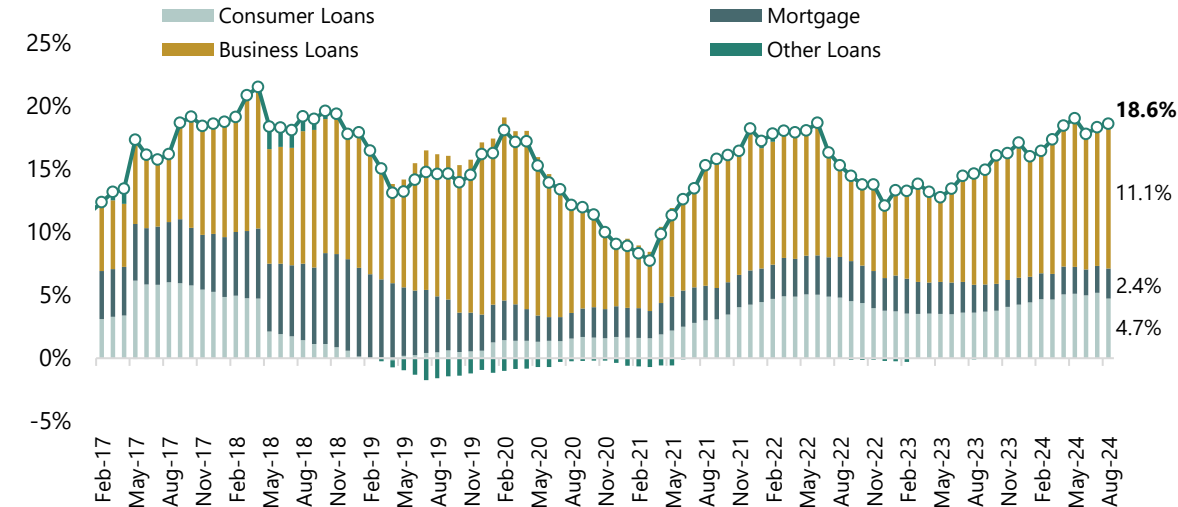
## LOANS BY CURRENCIES



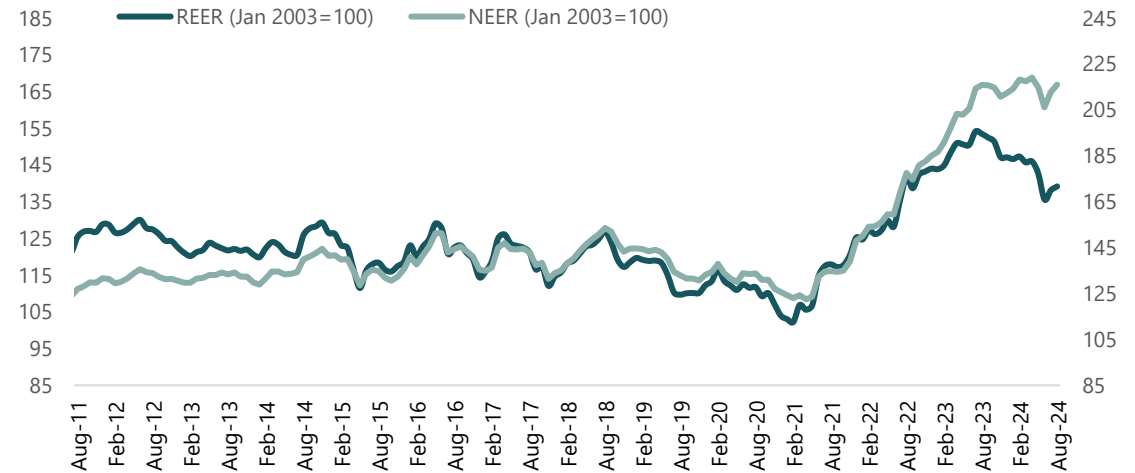
## DOLLARIZATION RATIOS



## LOANS GROWTH DECOMPOSITION BY PURPOSE (EXCHANGE RATE EFFECT EXCLUDED)



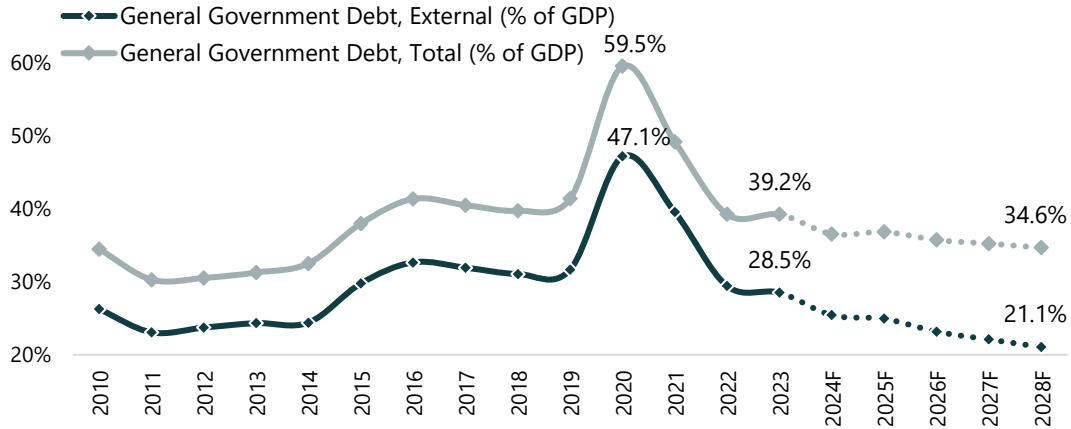
## REAL (REER) AND NOMINAL (NEER) EFFECTIVE EXCHANGE RATES



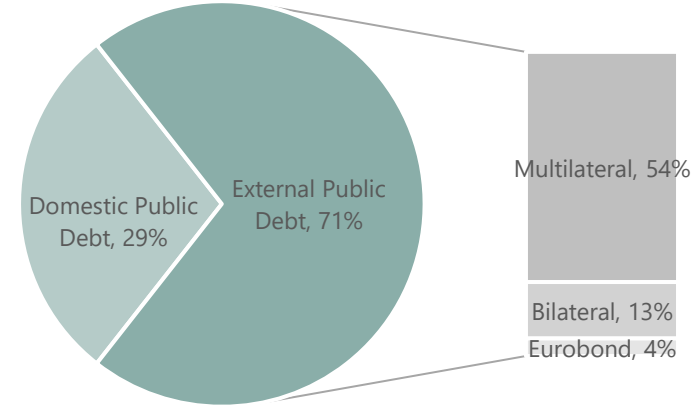
# GOVERNMENT BALANCE SHEET IMPROVING WITH EXTERNAL PUBLIC DEBT (% OF GDP) HITS ITS LOWEST LEVEL SINCE 2015 AND DEFICIT IS IN LINE WITH THE FISCAL RULE



## GENERAL GOVERNMENT DEBT AT PRE-PANDEMIC LEVELS

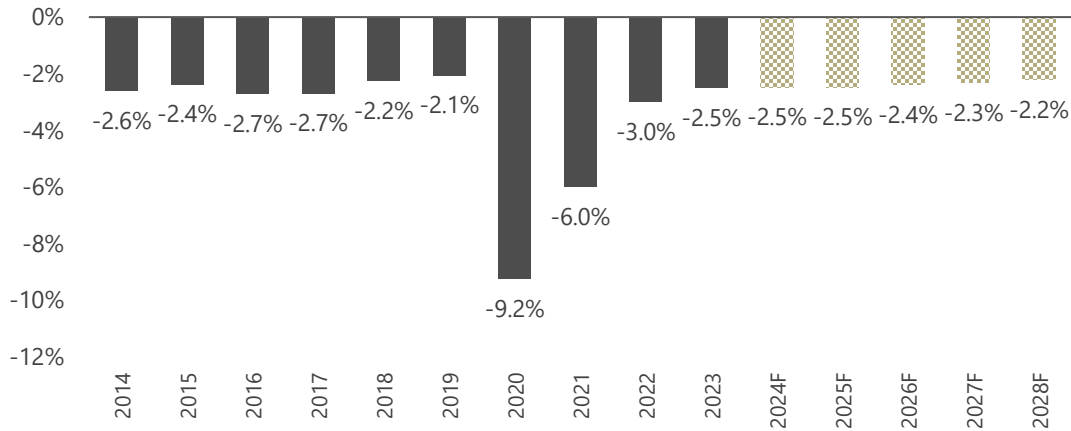


## GENERAL GOVERNMENT DEBT STRUCTURE



**48.4% of external debt consists of fixed rate credits; Average weighted interest rate was 3.39%, while remaining maturity totaled 9.4 years as of 31 August 2024**

## FISCAL DEFICIT\*, % OF GDP



\* IMF modified

## OPERATING BALANCE HAS SWITCHED TO A SURPLUS AGAIN

