

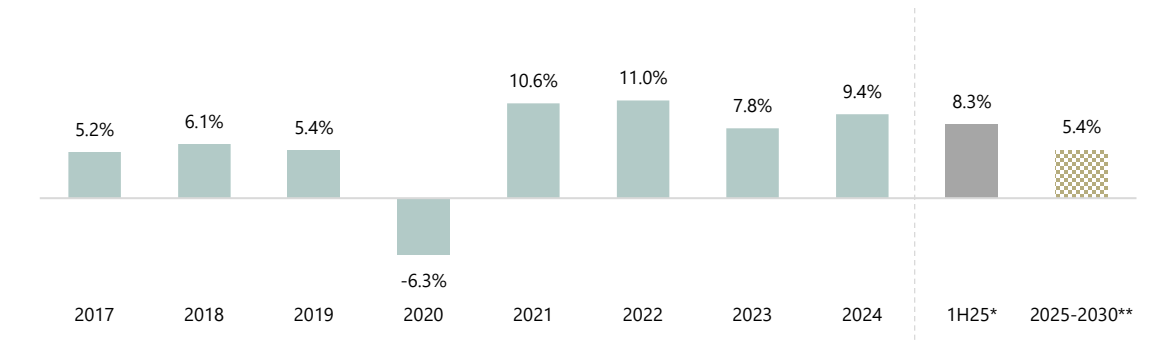
MACROECONOMIC OVERVIEW

2Q25 & 1H25 RESULTS

ECONOMIC GROWTH REMAINED RESILIENT DESPITE UNCERTAINTIES

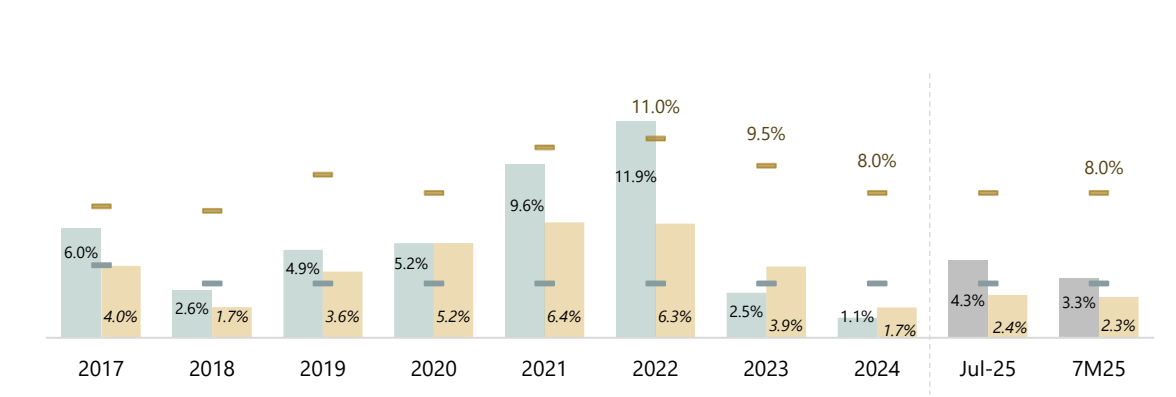


GEORGIA'S ECONOMY CONTINUED TO EXPAND IN 2025, WITH PRELIMINARY ECONOMIC GROWTH AT 8.3% Y-O-Y IN 1H25, DRIVEN BY THE STRONG SERVICE SECTOR PERFORMANCE



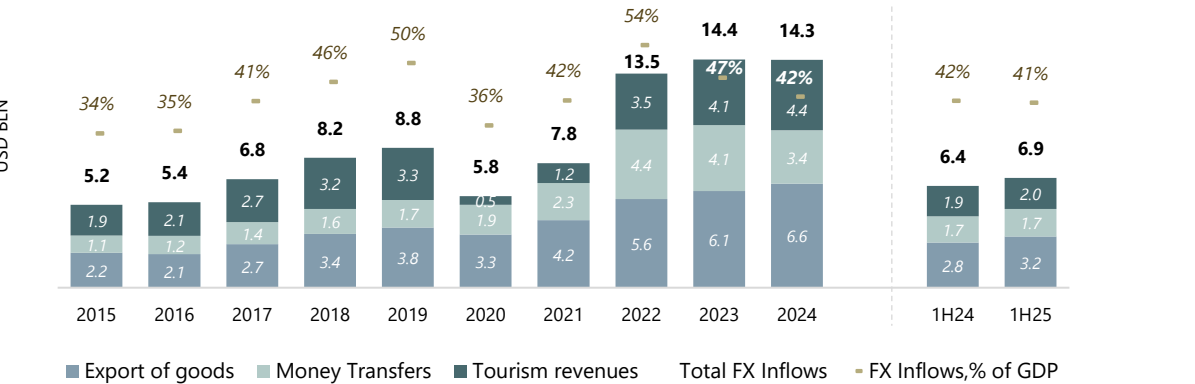
* Preliminary estimate
**IMF forecast

INFLATION REACHED 4.3% Y-O-Y IN JULY 2025, REMAINING ABOVE THE TARGET SINCE MARCH 2025, MAINLY DRIVEN BY RISING FOOD PRICES



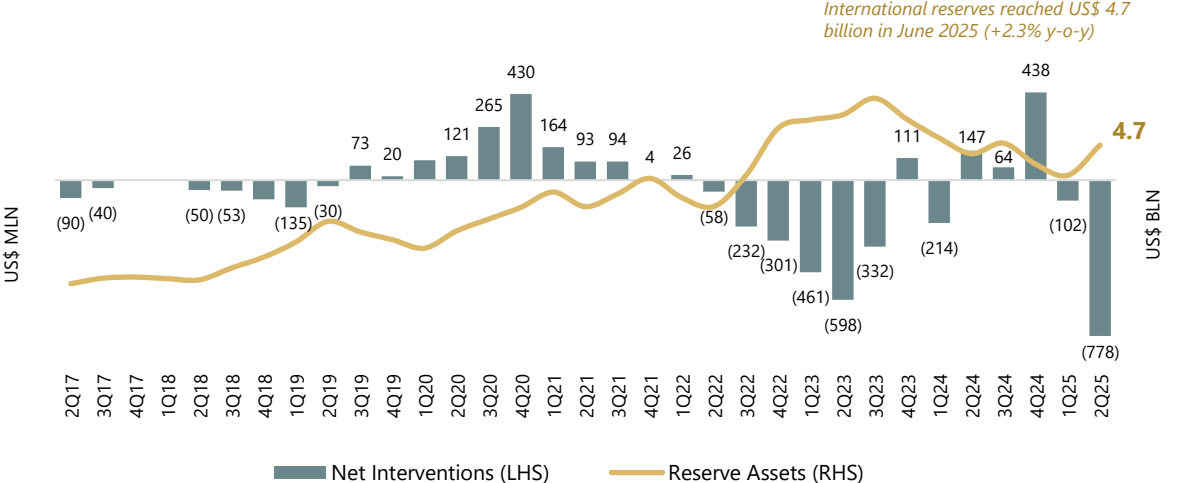
Headline Inflation Core Inflation Target End of Period Monetary Policy Rate

TOTAL FX INFLOWS INCREASED BY 8.1% Y-O-Y AND AMOUNTED TO US\$ 6.9 BILLION IN 1H25



Export of goods Money Transfers Tourism revenues Total FX Inflows FX Inflows,% of GDP

THE NBG RE-ENTERED THE FX MARKET IN MARCH 2025, PURCHASING US\$ 879 MILLION TO ADD TO ITS FOREIGN EXCHANGE RESERVES



Net Interventions (LHS) Reserve Assets (RHS)

SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



Key Ratings Highlights			
Rating Agency	Rating	Outlook	Affirmed
MOODY's	Ba2	Negative	March 2025
S&P Global	BB	Stable	February 2025
FitchRatings	BB	Negative	May 2025

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

General Facts

- Area: 69,700 sq. km
- Population (2025): 3.7 million
- Capital: Tbilisi;
- Life expectancy: 74.9 years
- Official language: Georgian
- Literacy: 100%
- Currency (code): Lari (GEL)

Economy
<ul style="list-style-type: none">Nominal GDP (Geostat) 2024: GEL 91.9 billion (US\$ 33.8 billion)Real GDP growth rate 2024: 9.4%Real GDP ten-year annual average growth rate: 5.6%GDP per capita 2024 (PPP, international dollar) IMF: 28,258Annual inflation 2024: 1.1%General Government external debt to GDP 2024: 25.2%

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\$ 4.1 billion in 2023 and US\$ 4.4 in 2024.

Strong FDI

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

- FDI stood at US\$ 1.3 billion (3.9% of GDP) in 2024.
- FDI has averaged 7.7% 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.

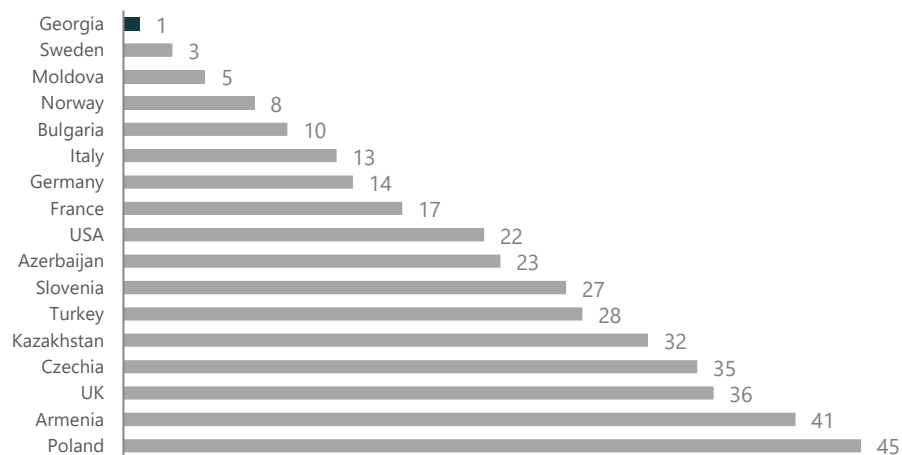
Stable political environment

- 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 2024, Russia accounted for 10% of Georgia's exports and 11% of imports, as economic dependence has declined over the years.

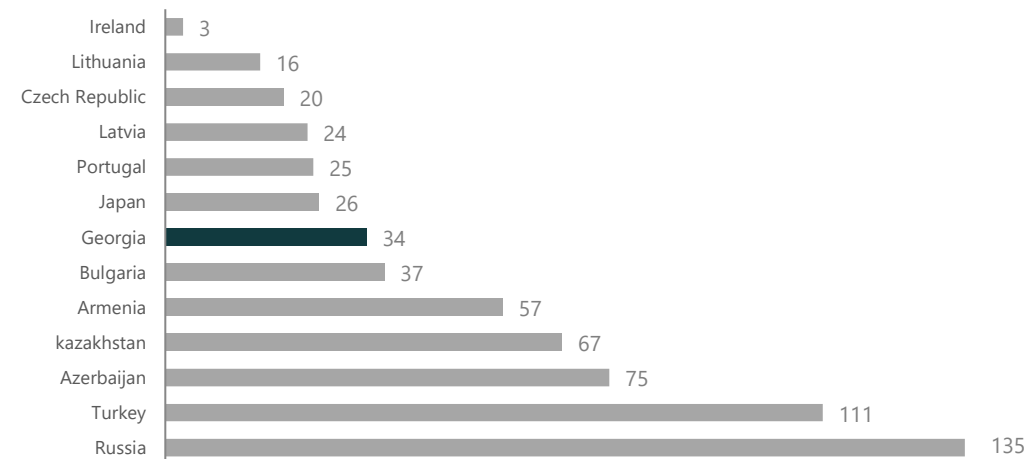
INSTITUTIONAL ORIENTED REFORMS



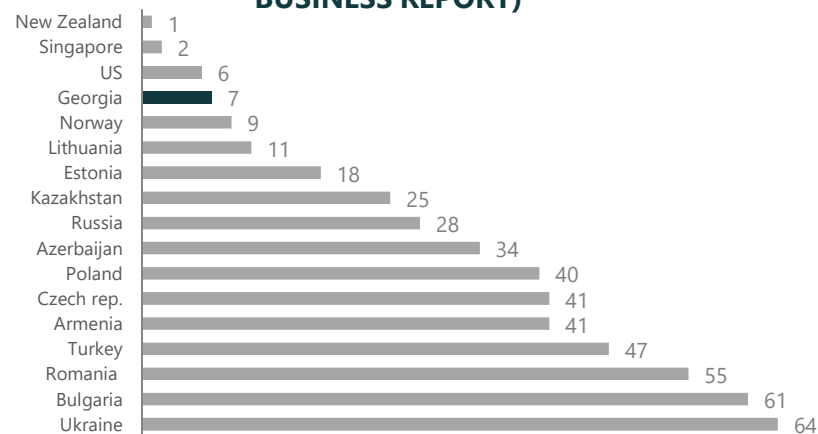
OPEN BUDGET INDEX, 2023 | INTERNATIONAL BUDGET PARTNERSHIP (BUDGET TRANSPARENCY)



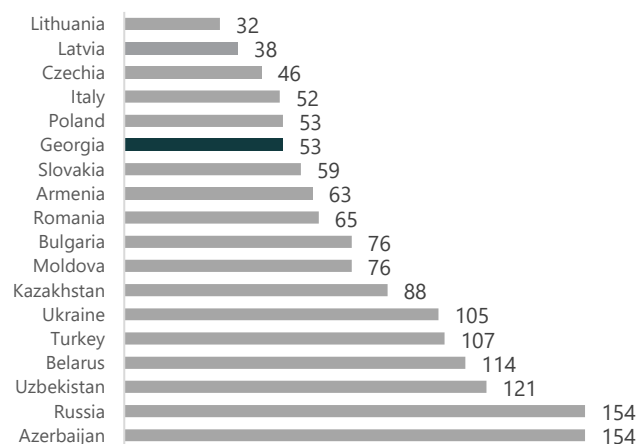
ECONOMIC FREEDOM INDEX | 2025 (HERITAGE FOUNDATION)



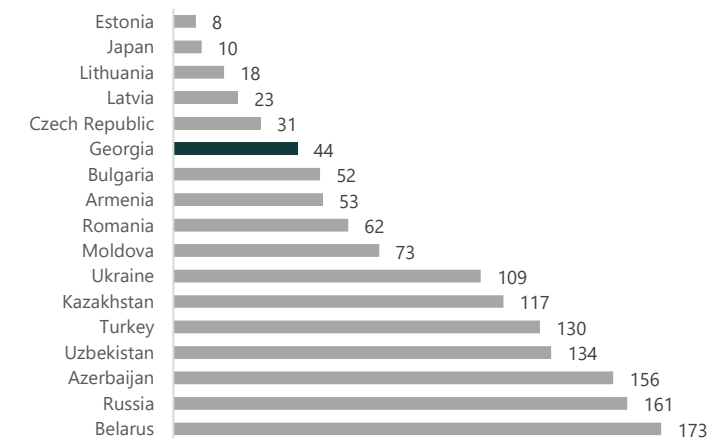
EASE OF DOING BUSINESS | 2020 (WB DOING BUSINESS REPORT)



CORRUPTION PERCEPTION INDEX | 2024 (TI)

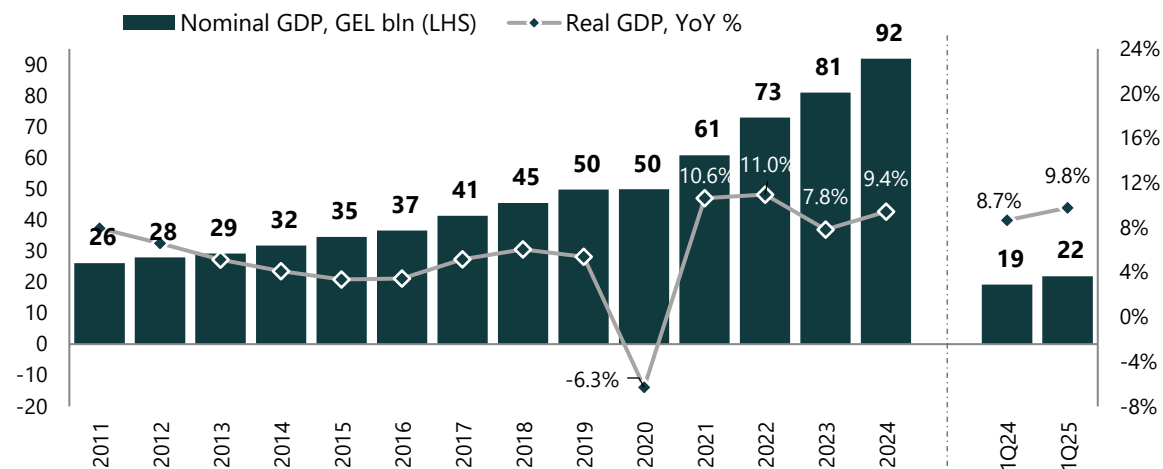


BUSINESS BRIBERY RISK, 2024 | TRACE INTERNATIONAL

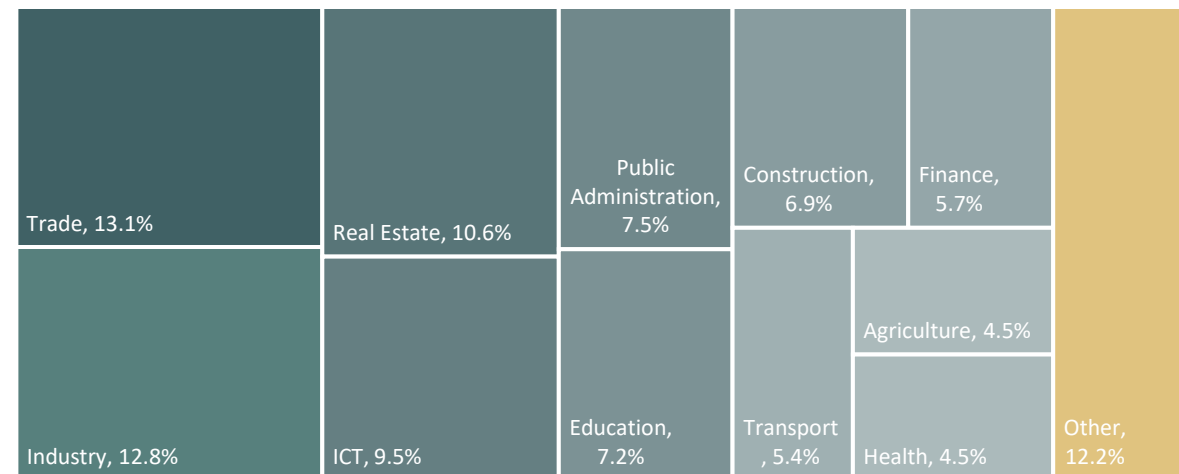


ECONOMIC GROWTH CONTINUING AT PACE

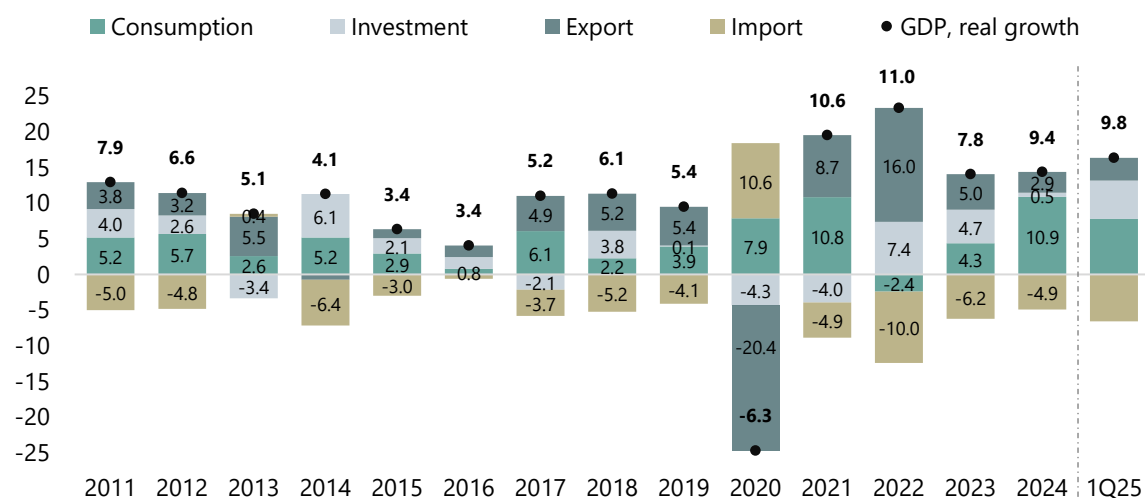
GROSS DOMESTIC PRODUCT



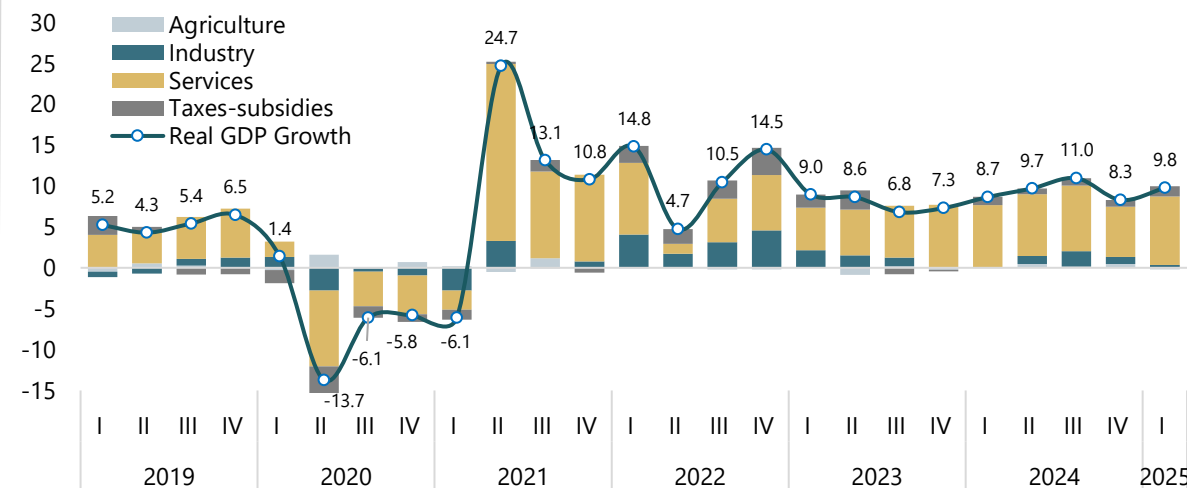
NOMINAL GDP STRUCTURE, 1Q25



GDP GROWTH DECOMPOSITION BY CATEGORIES OF USE, %



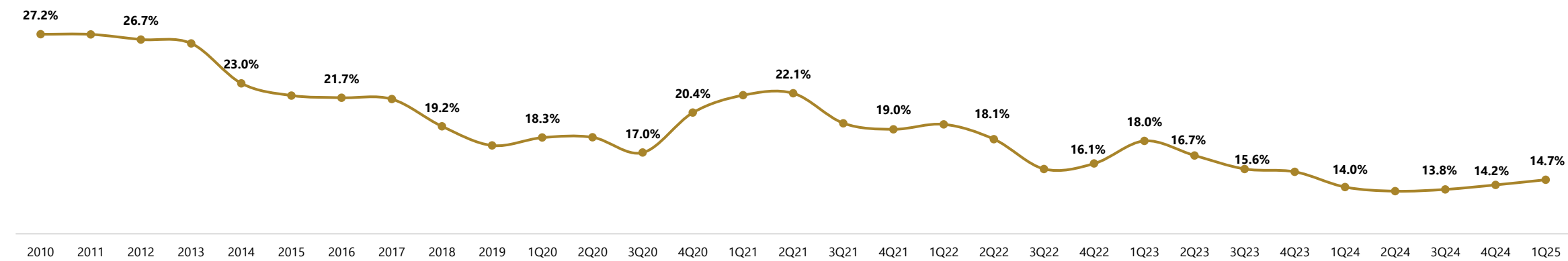
GDP GROWTH DECOMPOSITION BY SECTORS, % GROWTH DRIVEN MOSTLY BY SERVICE-RELATED SECTORS



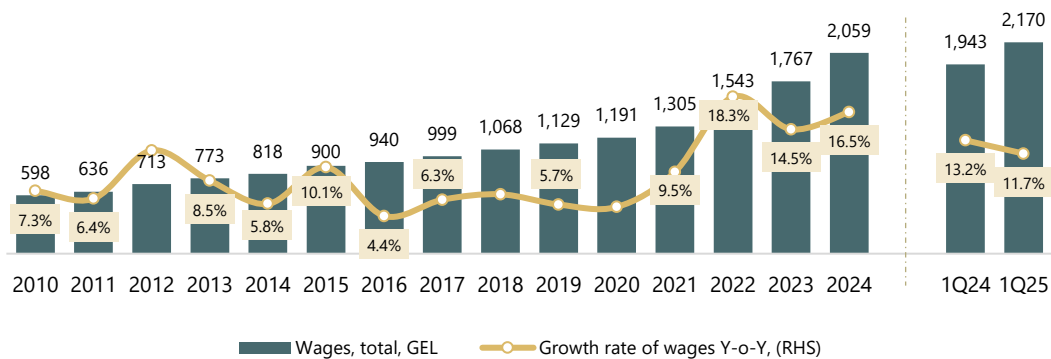
UNEMPLOYMENT RATE AT HISTORICAL LOWS



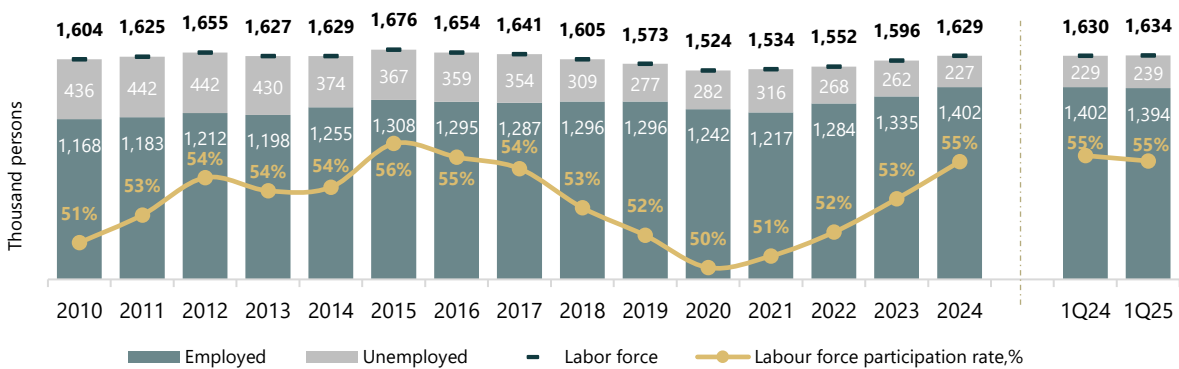
UNEMPLOYMENT RATE AT HISTORICAL LOWS, DOWN TO 13.9% IN 2024 FROM 16.4% IN 2023



AVERAGE MONTHLY NOMINAL EARNINGS OF EMPLOYEES AMOUNTED TO GEL 2,059 IN 2024



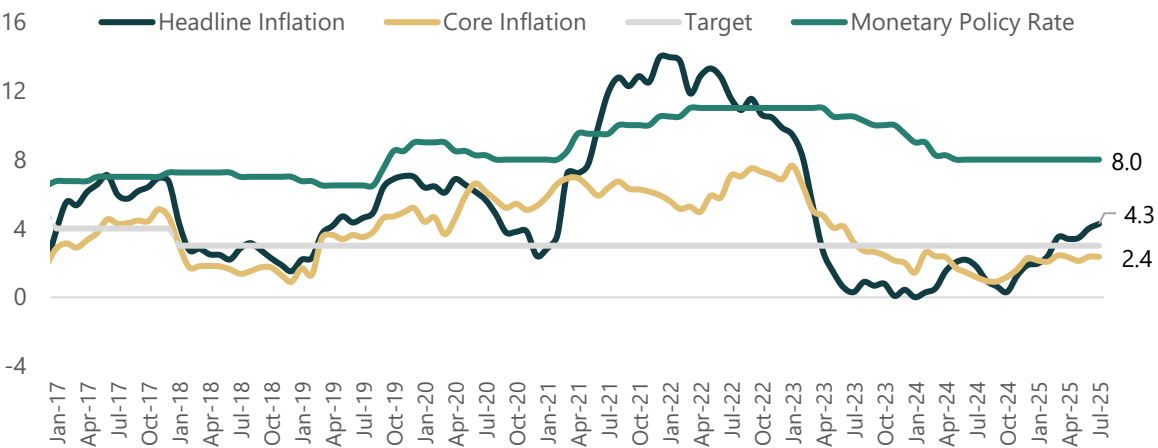
LABOR FORCE STRUCTURE



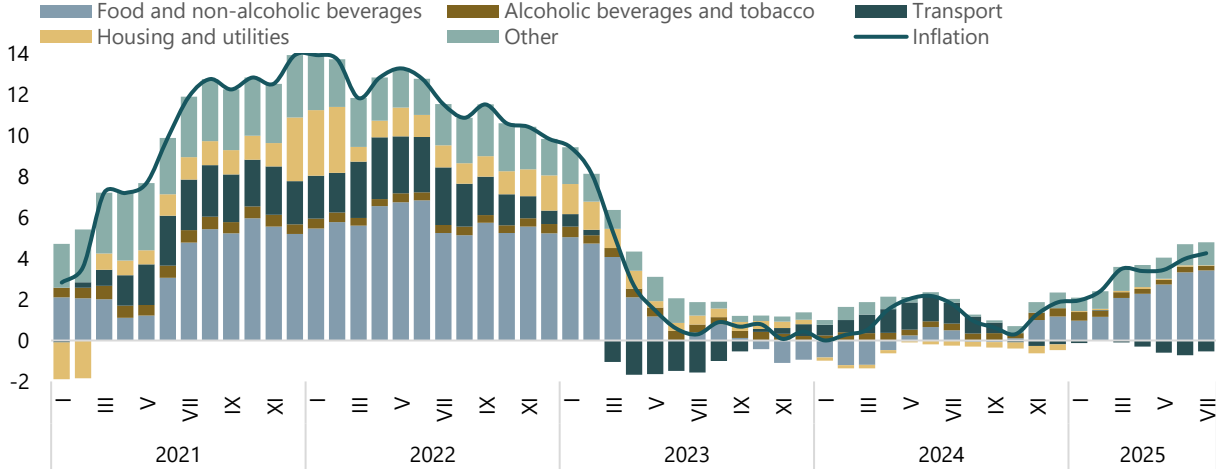
INFLATION HAS EXCEEDED THE TARGET AFTER THE TWO YEARS BELOW



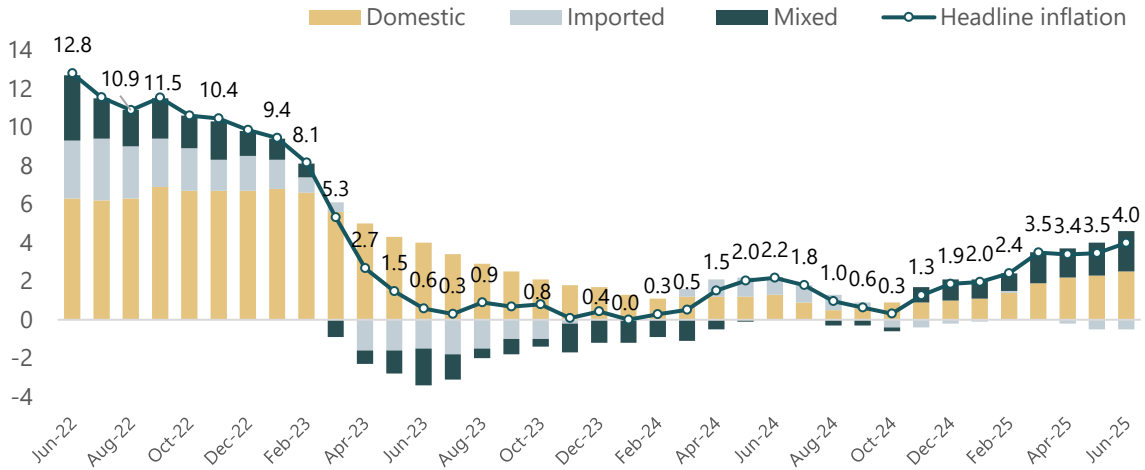
INFLATION Y-O-Y VS. INFLATION TARGET



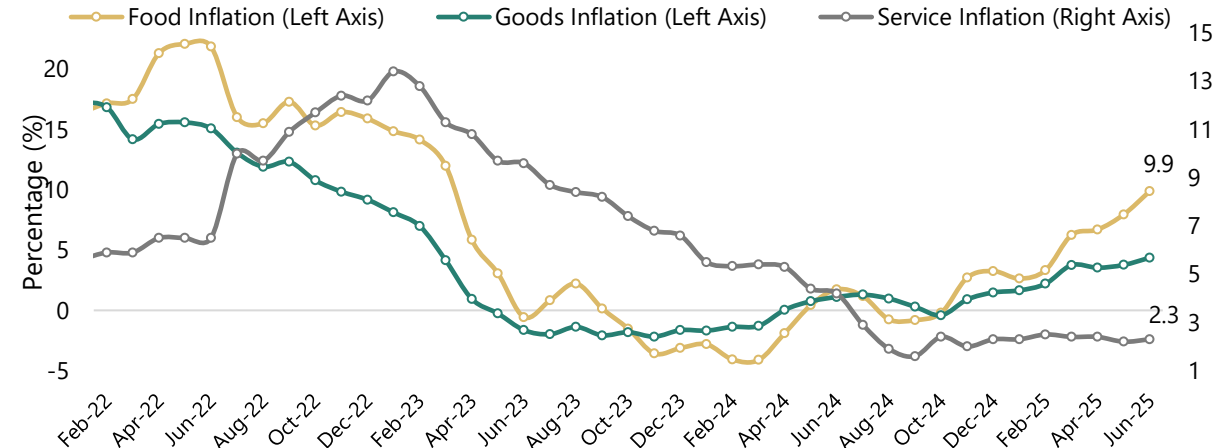
INFLATION COMPONENTS



DECOMPOSITION OF INFLATION



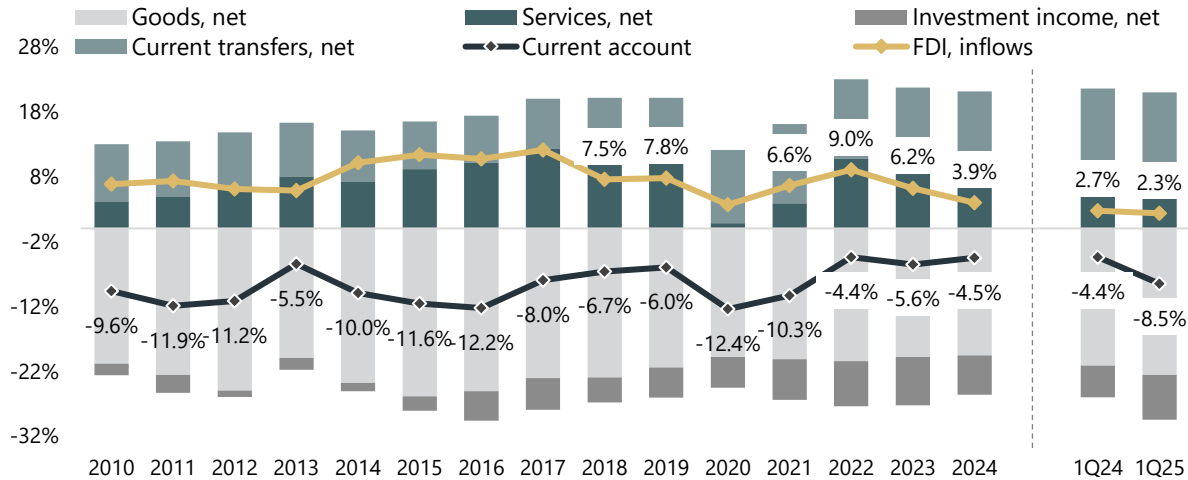
FOOD INFLATION PICKED UP IN MARCH , WHILE SERVICE INFLATION REMAINED RELATIVELY STABLE



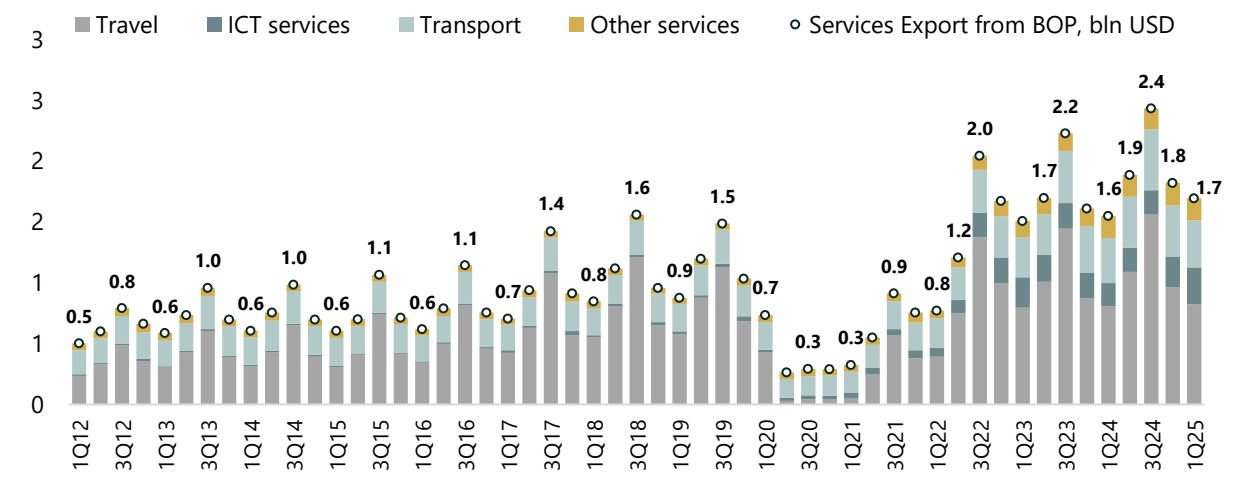
CURRENT ACCOUNT BALANCE SUPPORTED BY INCREASING SERVICE EXPORTS



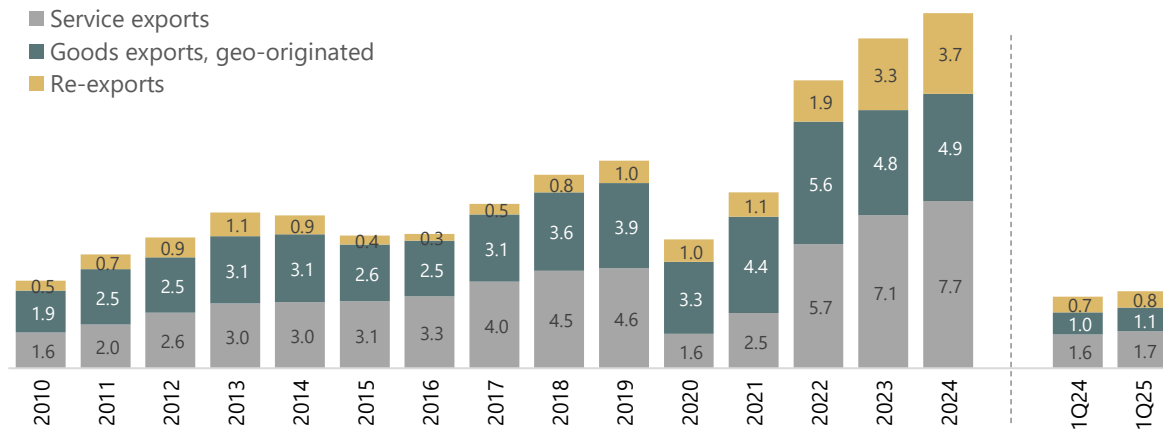
CA DEFICIT WIDENED TO -8.5% OF GDP IN 1Q25, DRIVEN BY A 10% INCREASE IN GOODS IMPORTS AND A RISE IN THE NEGATIVE BALANCE OF THE PRIMARY INCOME ACCOUNT



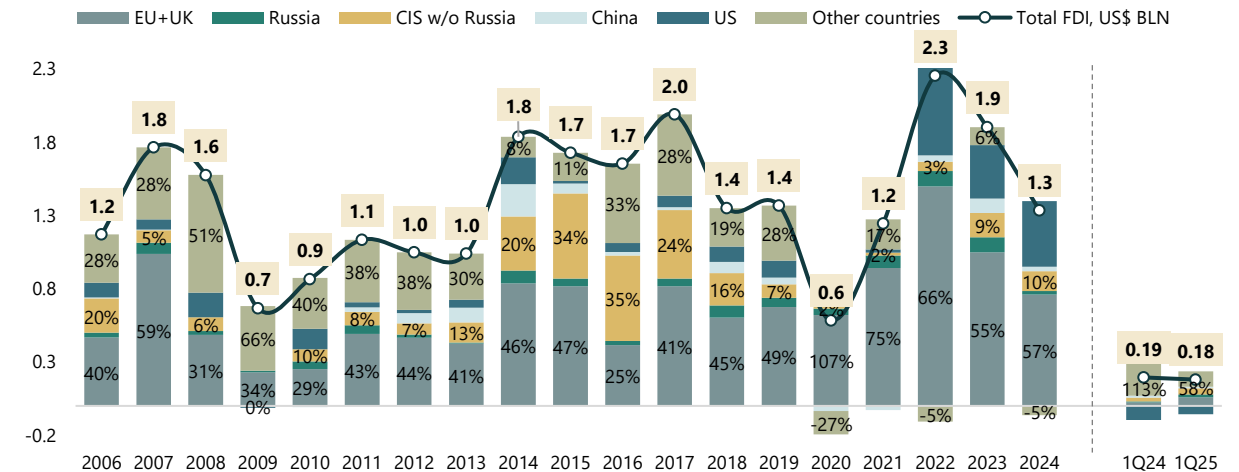
EXPORT OF SERVICES INCREASED TO US\$ 1.7 BILLION IN 1Q25 (+9% Y-O-Y), MAINLY DUE TO THE INCREASING ICT SERVICES EXPORT (57% Y-O-Y)



EXPORTS AND RE-EXPORTS, US\$ BILLION



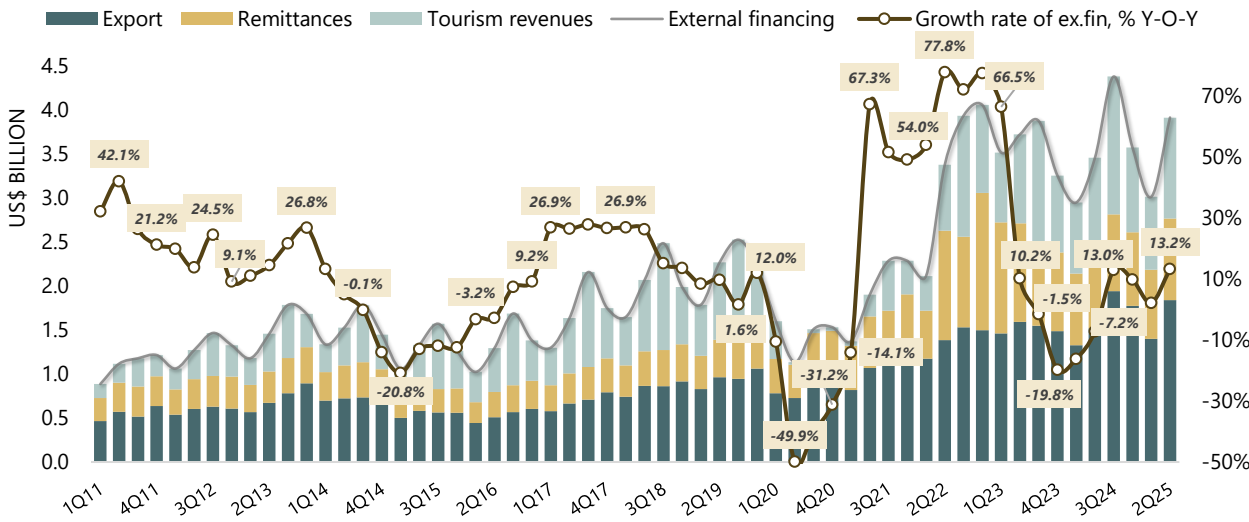
FDI STRUCTURE BY COUNTRIES



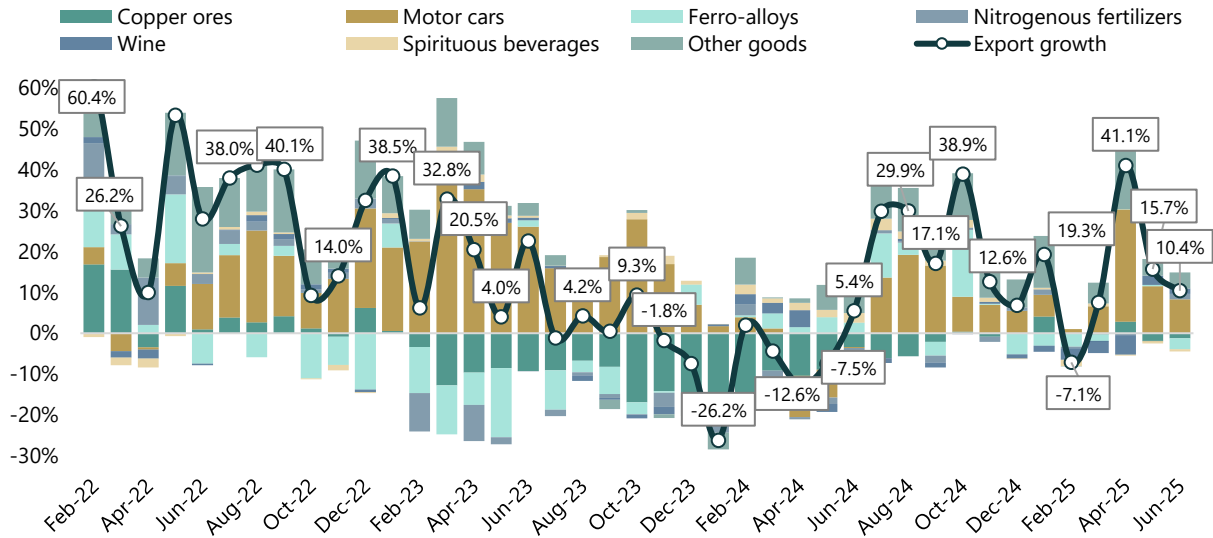
DIVERSIFICATION OF THE EXTERNAL EARNINGS ENHANCES RESILIENCE



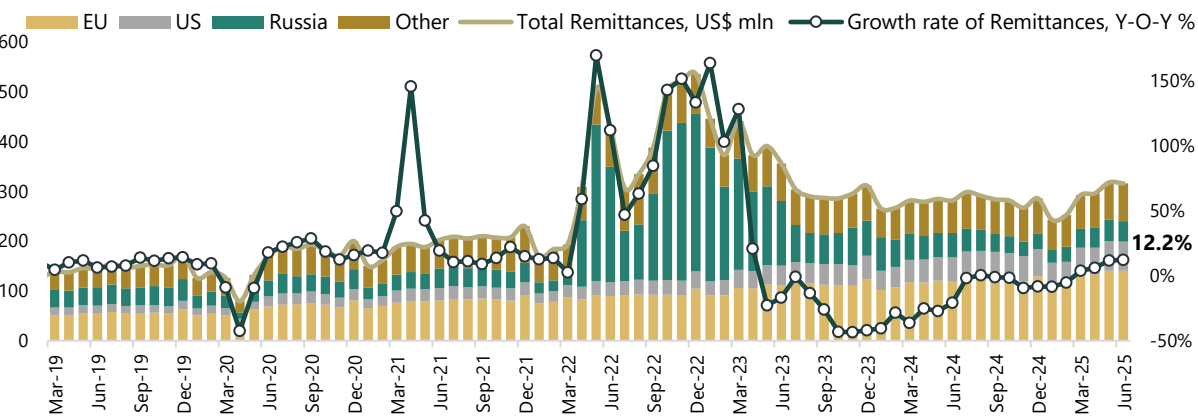
FX INFLOWS REBOUNDED IN RECENT QUARTERS DRIVEN BY THE BASE EFFECT



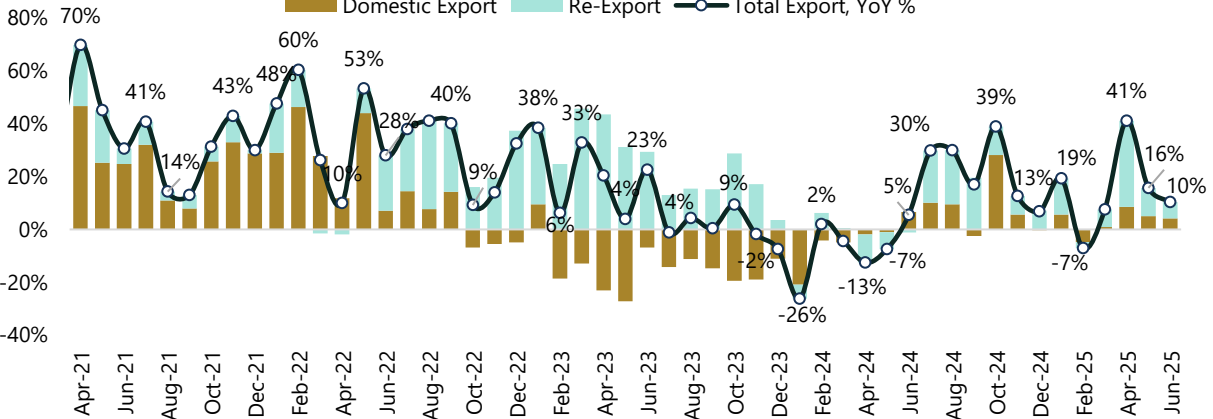
RE-EXPORTED MOTOR CARS CONTRIBUTING MOST TO THE SURGING EXPORT IN THE LAST QUARTERS



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



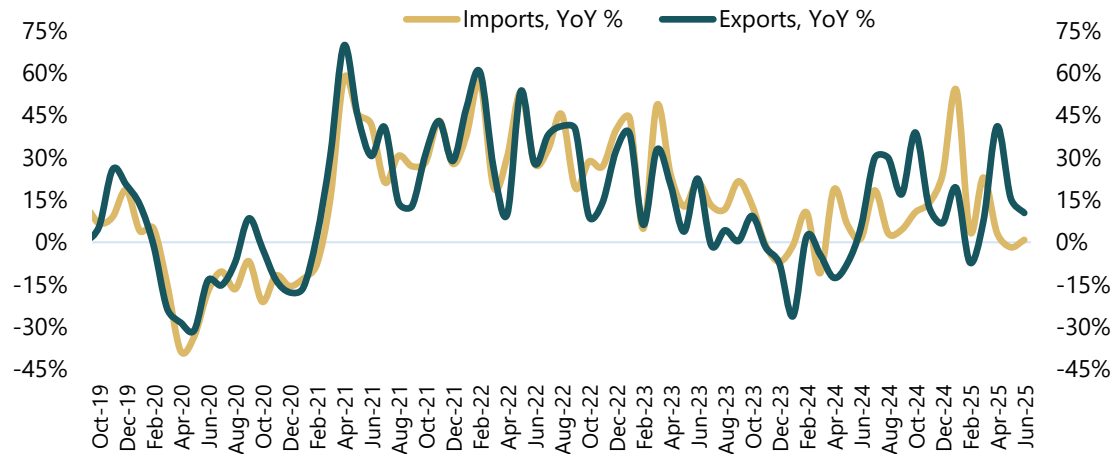
DOMESTIC EXPORTS CONTRIBUTION HAVE NOW TURNED POSITIVE IN Y-O-Y TERMS IN RECENT MONTHS



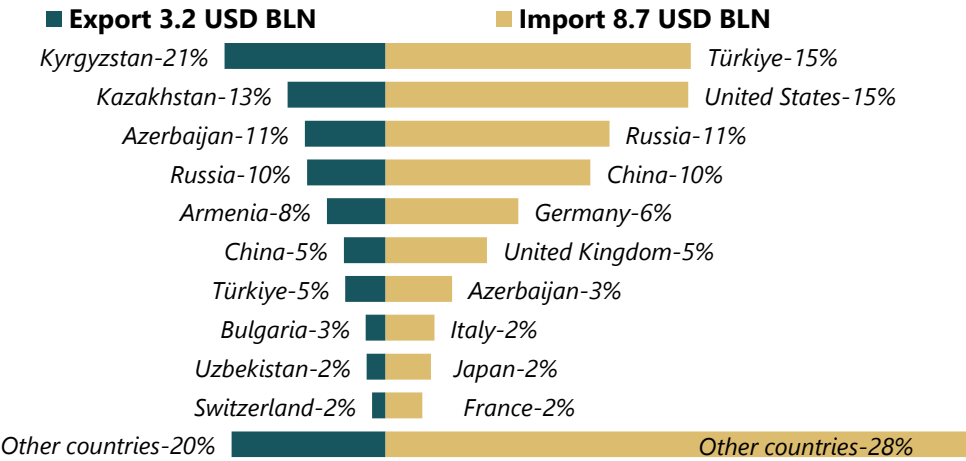
WHILE TRADE HAS BECOME MORE DIVERSIFIED ACROSS COUNTRIES, EXPORT CONCENTRATION REMAINS EVIDENT, WITH MOTOR CARS ACCOUNTING FOR A SIGNIFICANT SHARE



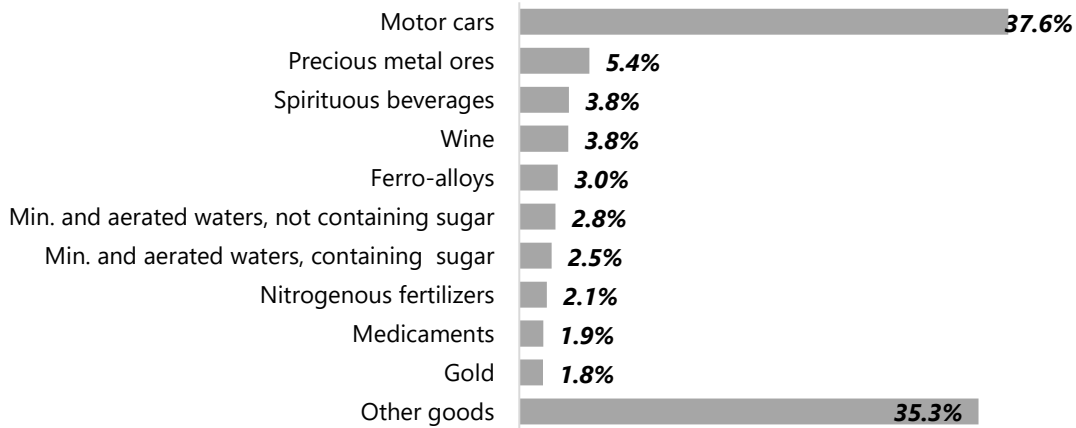
EXPORTS AND IMPORTS OF GOODS, Y-O-Y %



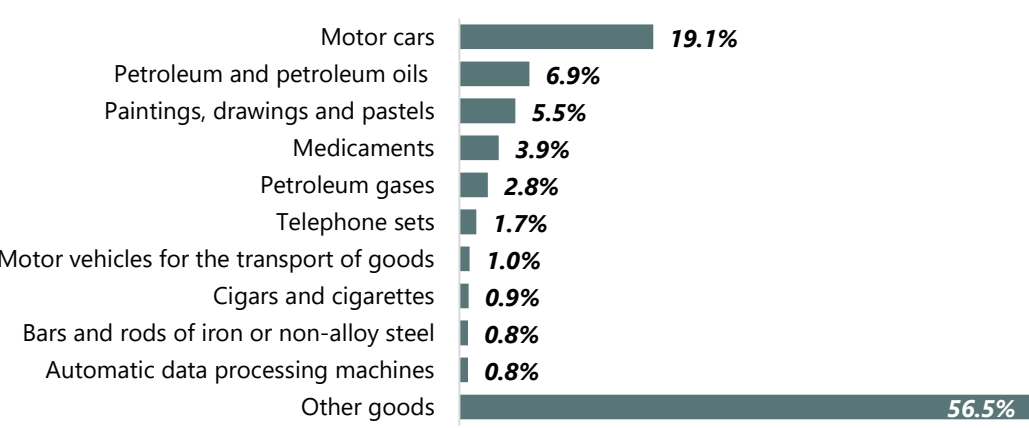
EXTERNAL TRADE BY COUNTRIES, 1H25, SHARE IN TOTAL



EXPORT BY MAJOR GOODS, 1H25, SHARE IN TOTAL



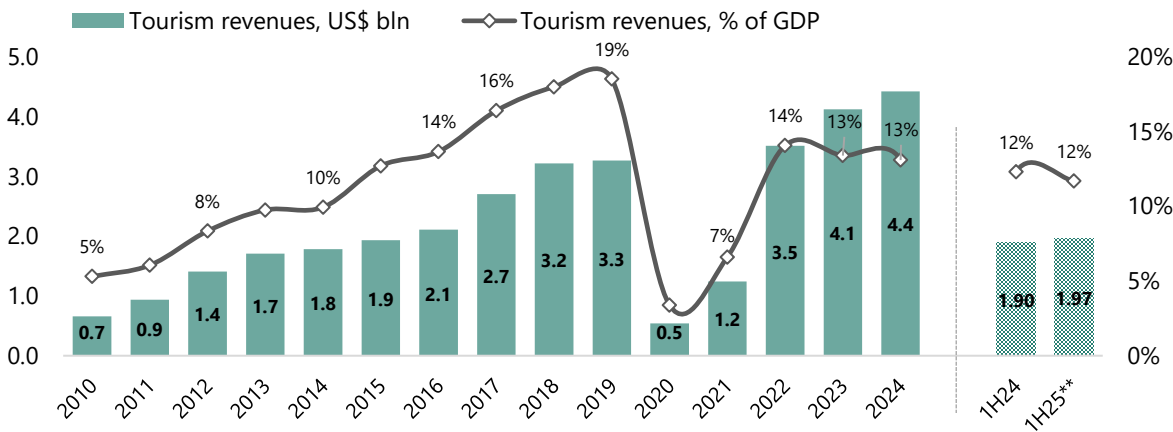
IMPORT BY MAJOR GOODS, 1H25, SHARE IN TOTAL



TOURISM REVENUES HAVE INCREASED SOMEWHAT, ACCOMPANIED BY A SHIFT TOWARD NEW MARKETS

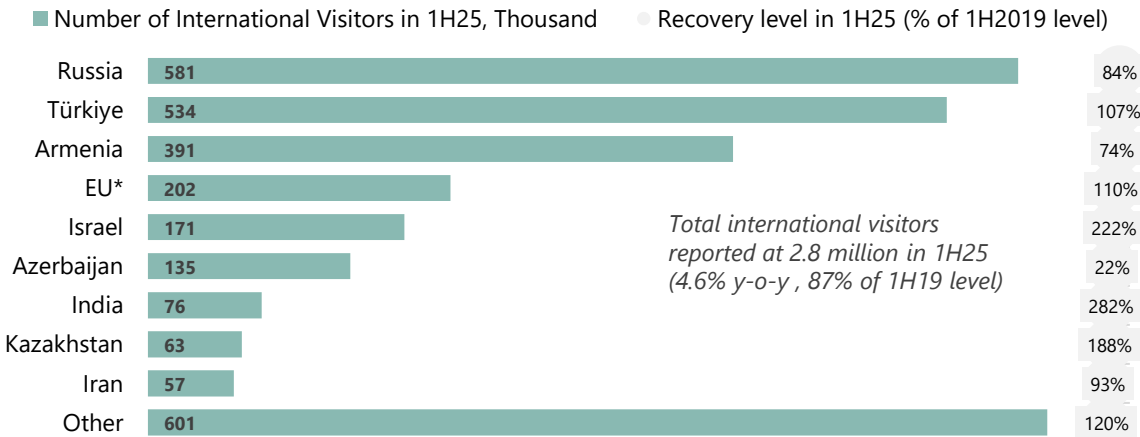


TOURISM REVENUES TO GDP

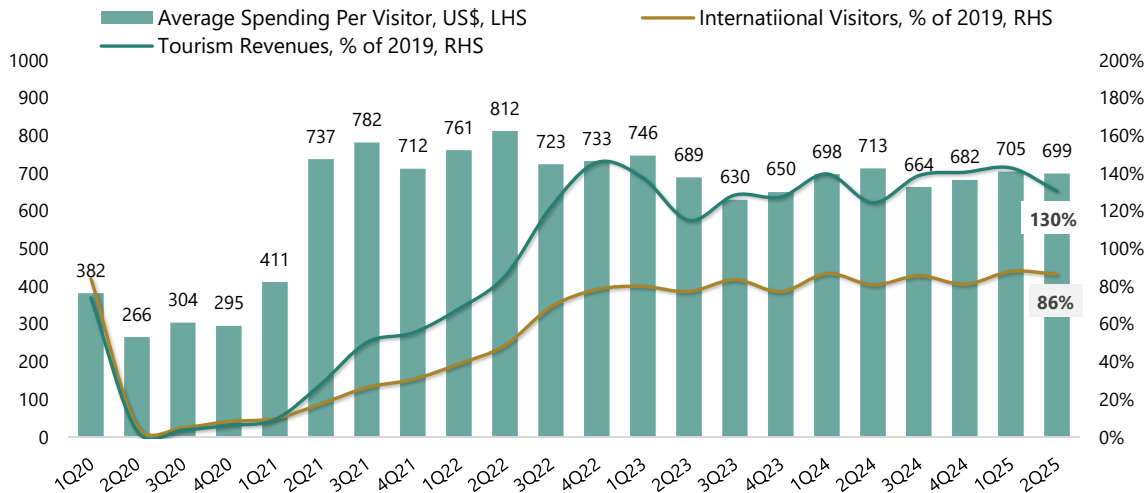


** Preliminary estimated 1H25 GDP.

INTERNATIONAL VISITORS BY COUNTRY

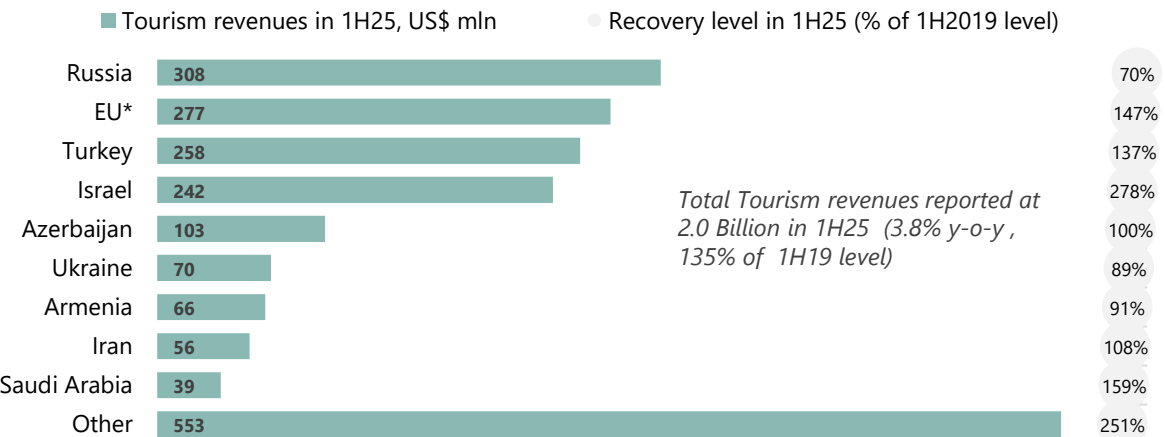


AVERAGE SPENDING PER VISITOR



Georgia Capital PLC | Source: NBG, GNTA, Geostat

TOURISM REVENUES BY COUNTRY

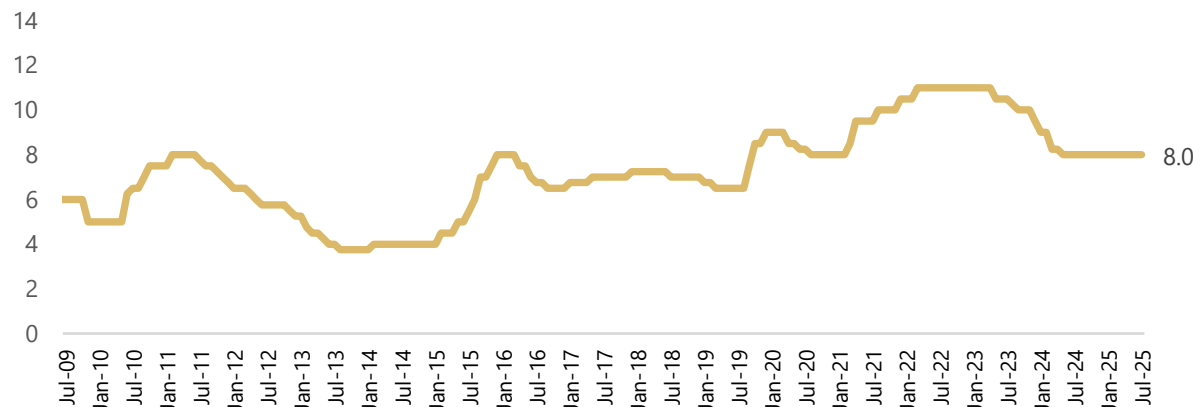


* EU contains EU countries and Great Britain.

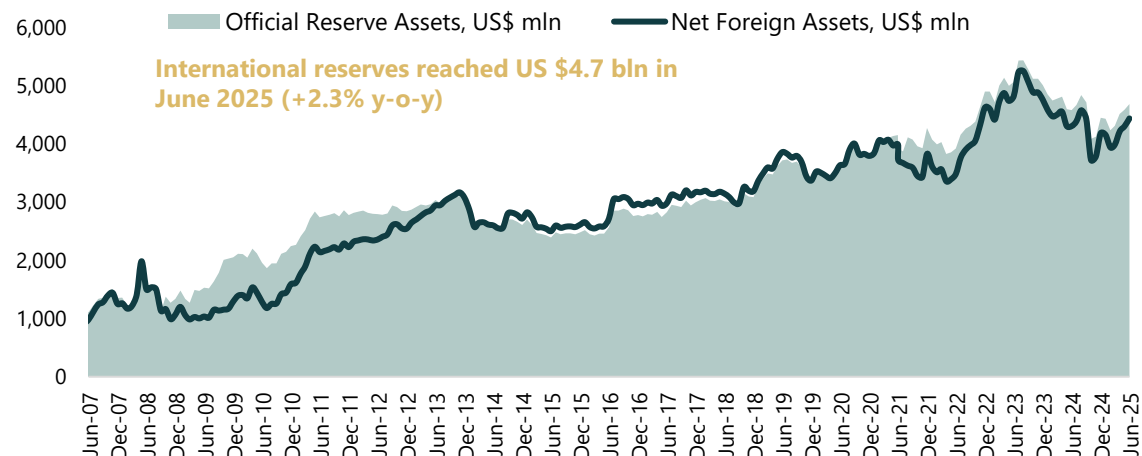
THE NBG RE-ENTERED THE FX MARKET IN MARCH 2025, PURCHASING US\$ 879 MILLION TO ADD TO ITS FOREIGN EXCHANGE RESERVES



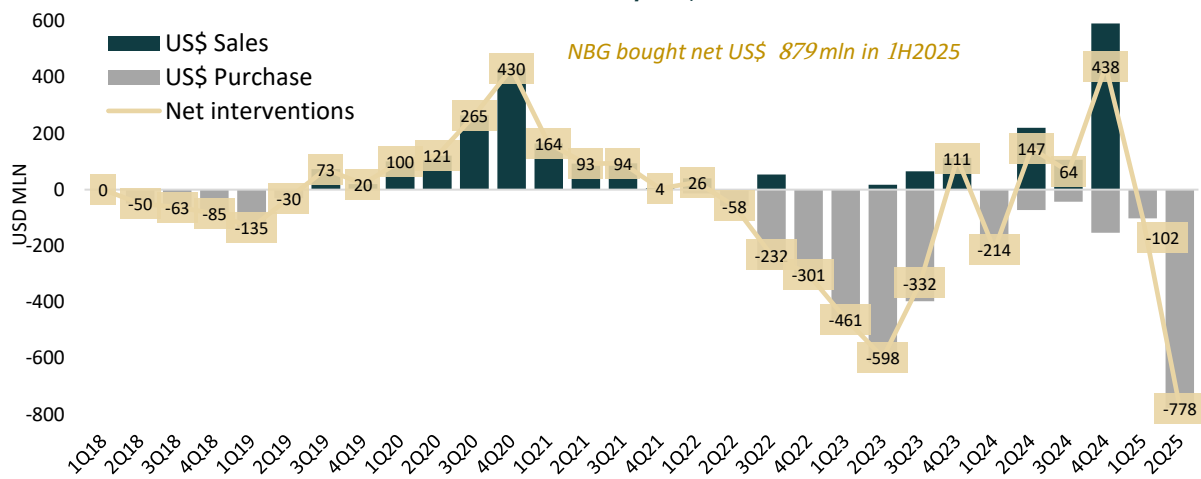
THE NBG HAS KEPT MONETARY POLICY RATE STEADY AT 8.0% SINCE MAY 2024



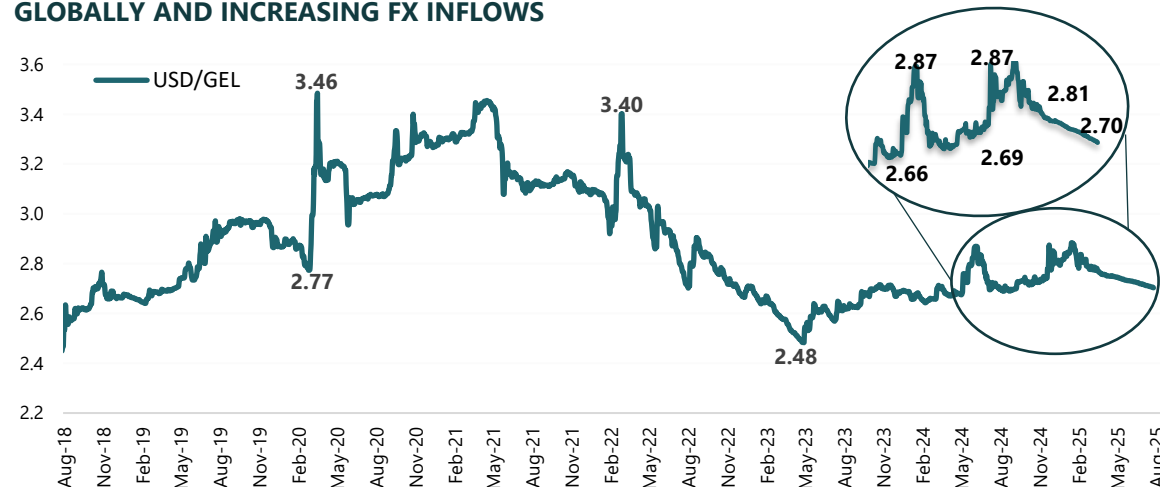
INTERNATIONAL RESERVES



FOREIGN EXCHANGE MARKET INTERVENTIONS, US\$ MILLION



THE GEL HAS APPRECIATED BY 4.1% YTD, PRIMARILY DUE TO A WEAKER DOLLAR STANCE GLOBALLY AND INCREASING FX INFLOWS



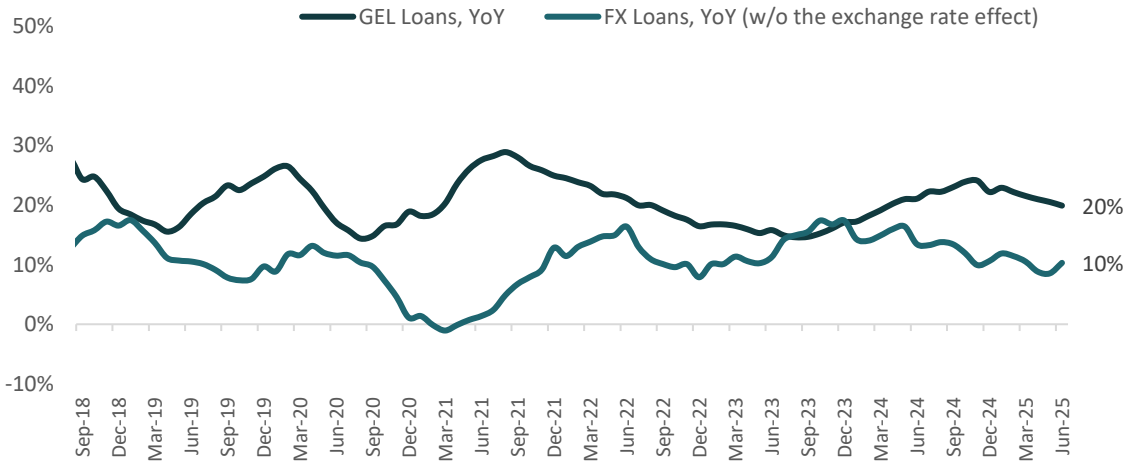
*Data from 2020Q2 contains information about Bmatch platform interventions.

Georgia Capital PLC | Source: NBG

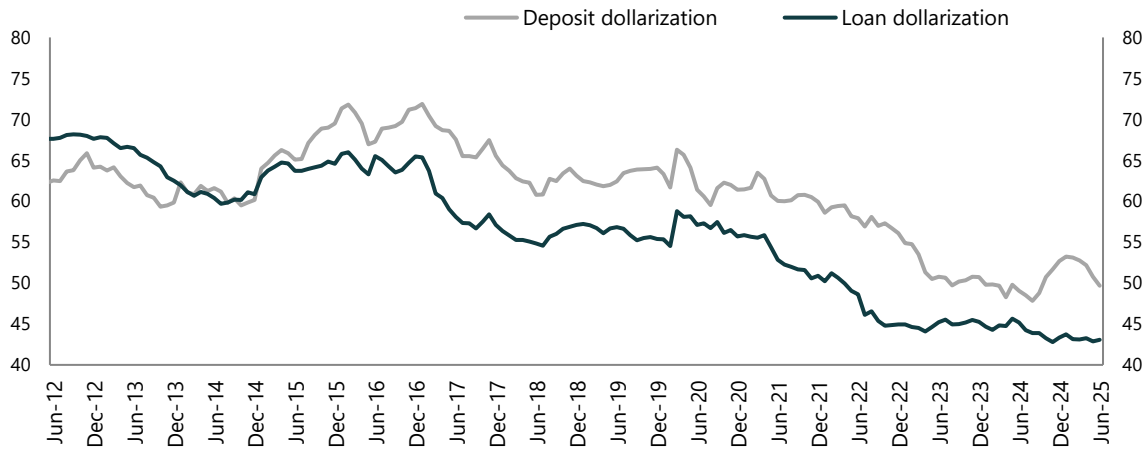
ROBUST CREDIT GROWTH REMAINS ONE OF THE KEY DRIVERS OF THE ECONOMIC ACTIVITY



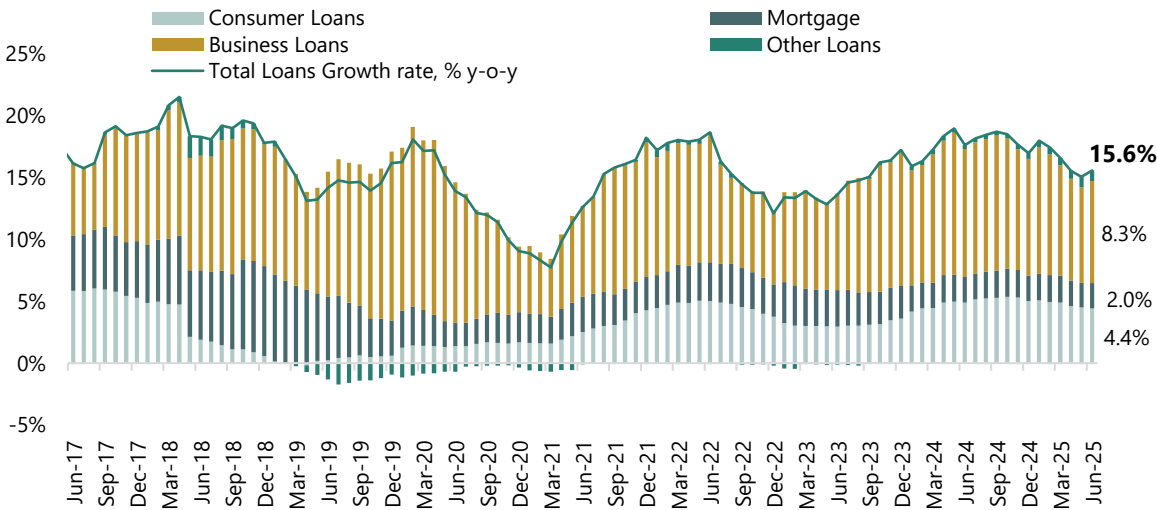
LOANS BY CURRENCIES



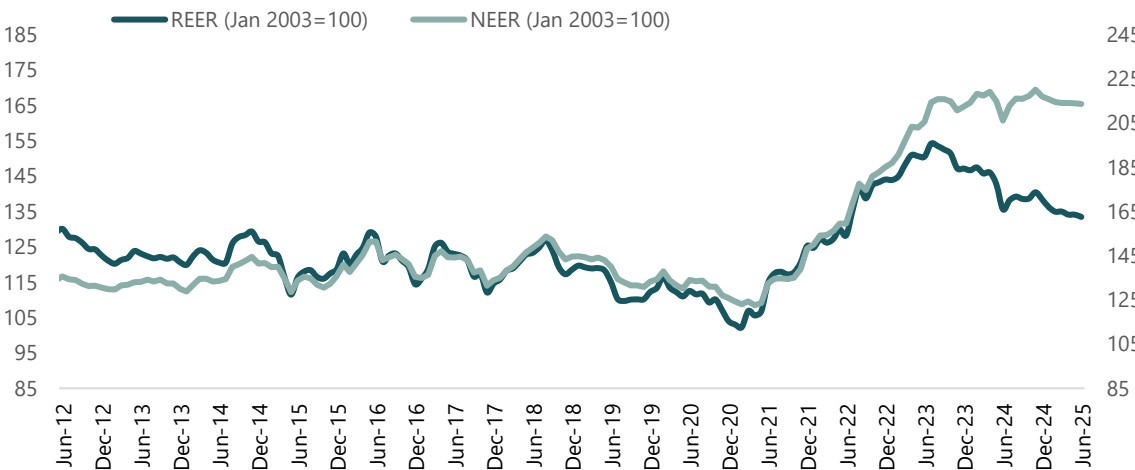
DOLLARIZATION RATIOS



LOANS GROWTH DECOMPOSITION BY PURPOSE (ON A CONSTANT CURRENCY BASIS)



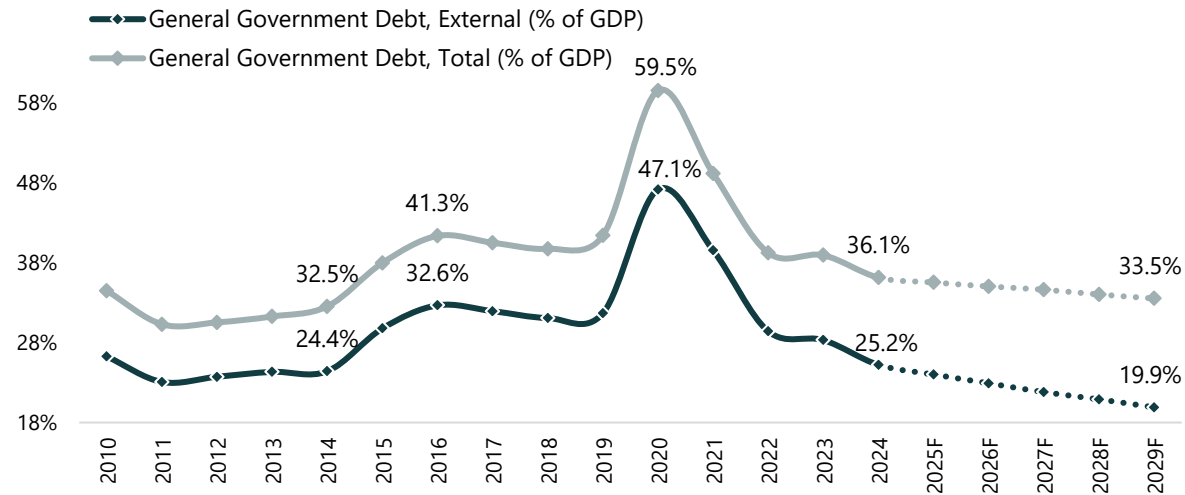
REAL (REER) AND NOMINAL (NEER) EFFECTIVE EXCHANGE RATES



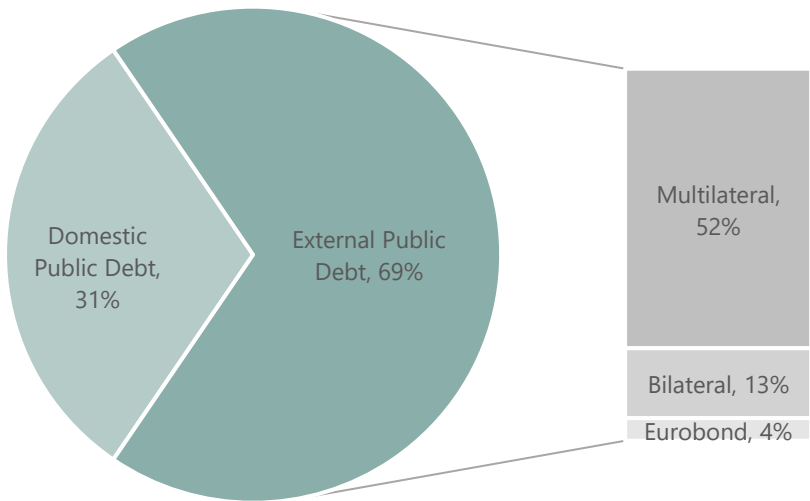
GENERAL GOVERNMENT TOTAL DEBT (% OF GDP) LOWEST SINCE 2014 AMID SOLID GROWTH AND EXCHANGE RATE GAINS



IN 2024, GENERAL GOVERNMENT DEBT AS A PERCENT OF GDP REACHED ITS LOWEST LEVEL SINCE 2014

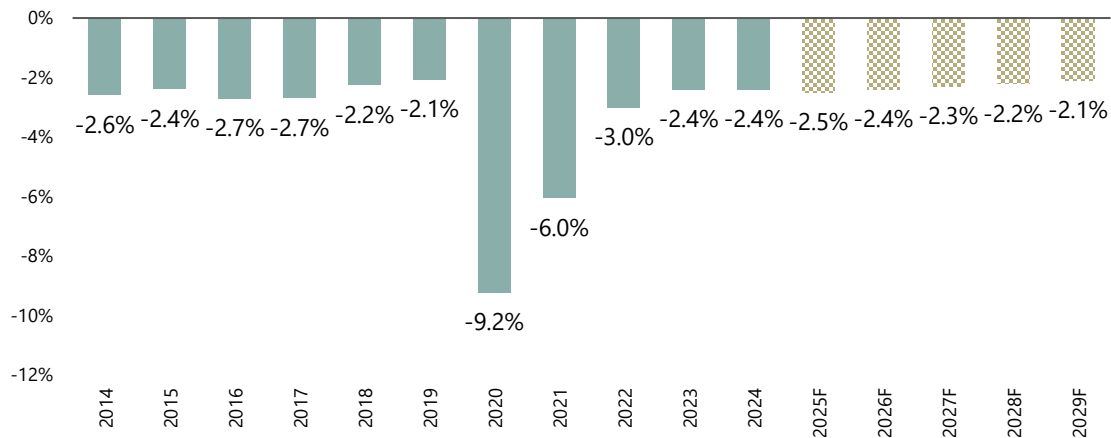


GENERAL GOVERNMENT DEBT STRUCTURE



47% of external debt consists of fixed rate credits; Average weighted interest rate was 2.79%, while remaining maturity totaled 9.0 years as of 30 June 2025

FISCAL DEFICIT*, % OF GDP



* IMF modified

GENERAL GOVERNMENT FISCAL EXPENSES

