

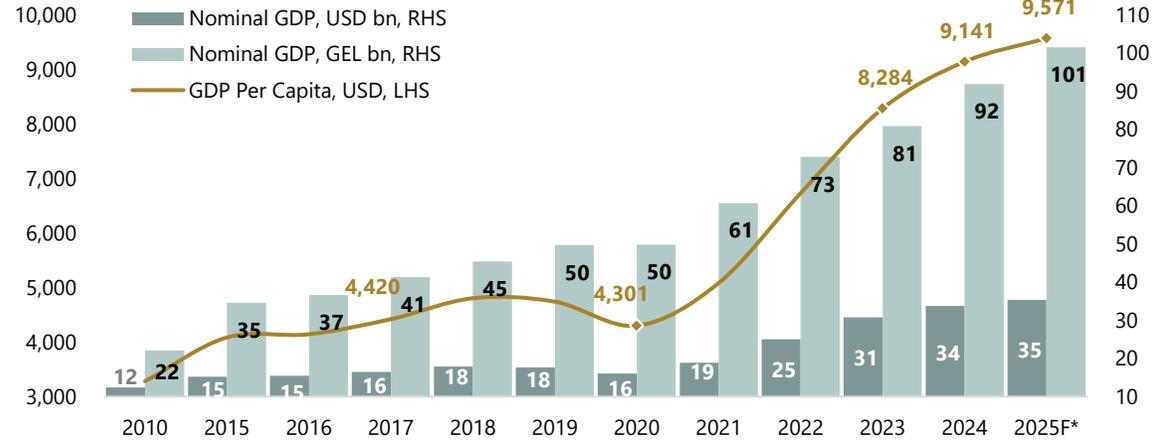
# MACROECONOMIC OVERVIEW

1Q25 RESULTS

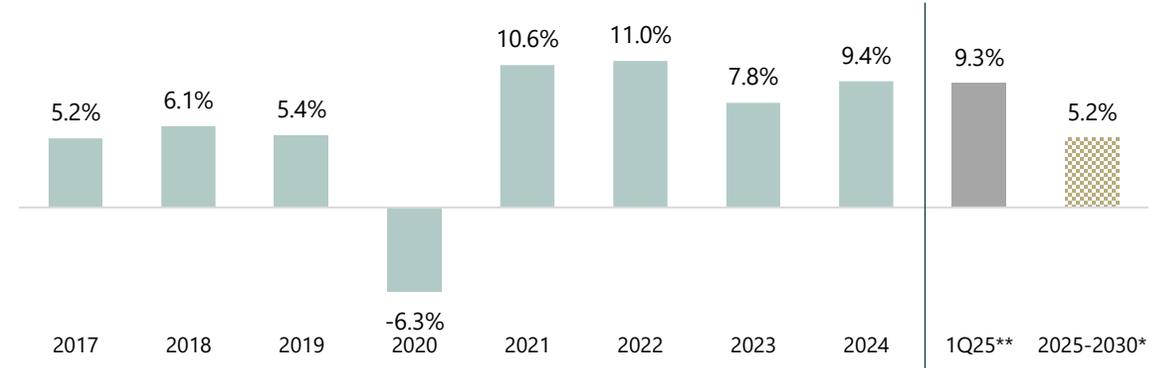
# GEORGIA'S ECONOMY IS ON AN UPWARD TRAJECTORY, WITH NOMINAL GDP PROJECTED TO EXCEED GEL 100 BILLION IN 2025



## NOMINAL GDP IS EXPECTED TO EXCEED GEL 100 BILLION IN 2025



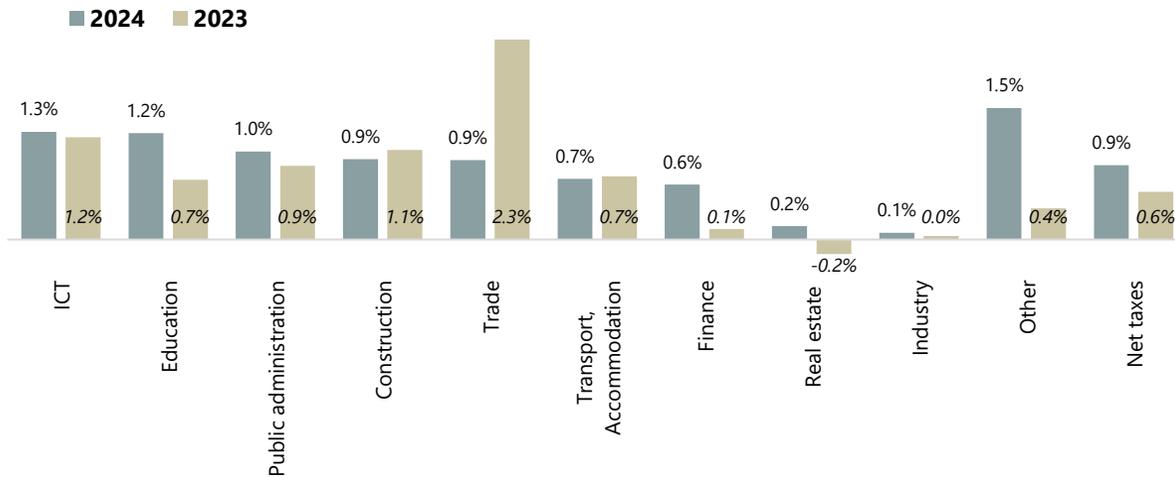
## GEORGIA'S ECONOMY CONTINUED TO EXPAND IN 2025, WITH PRELIMINARY ECONOMIC GROWTH AT 9.3% Y-O-Y IN 1Q25



\*IMF forecast

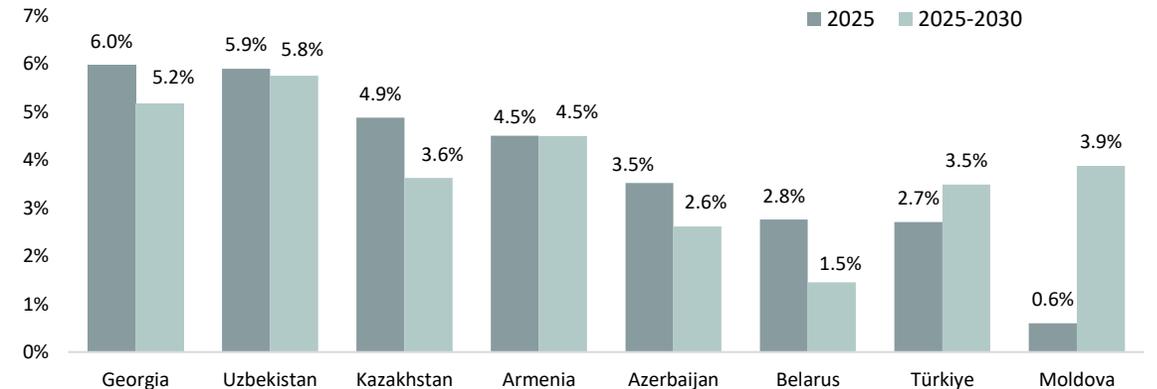
\*\* Preliminary estimate

## GDP GROWTH DECOMPOSITION BY SECTORS IN 2023-2024



## GEORGIA CONTINUES TO BE ONE OF THE FASTEST GROWING ECONOMY IN OUR REGION | IMF (APRIL 2025)

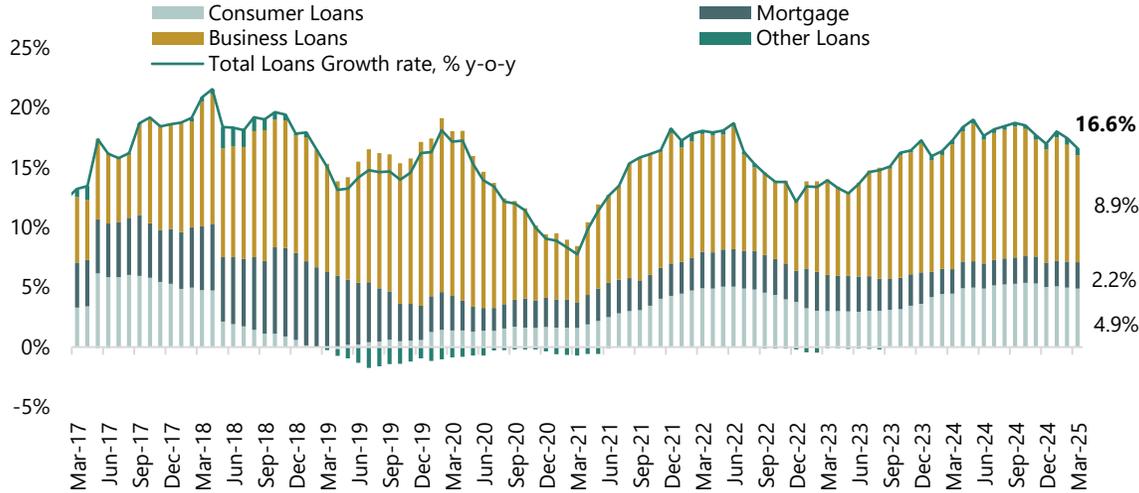
### Projected real GDP growth rates, % | IMF



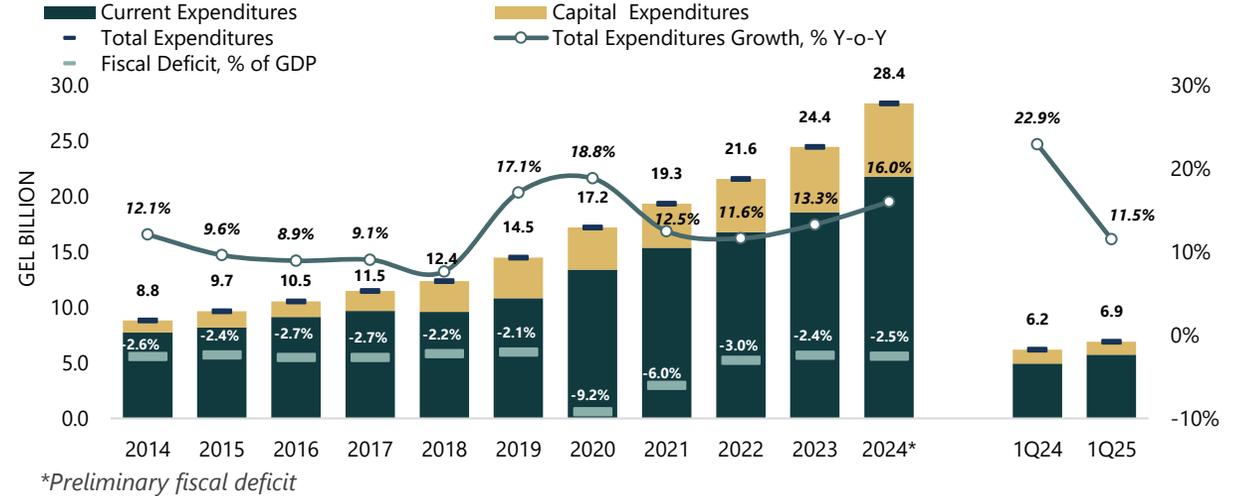
# STRONGER-THAN-EXPECTED ECONOMIC GROWTH IS SUPPORTED BY ROBUST DOMESTIC ACTIVITY AND EXTERNAL INFLOWS



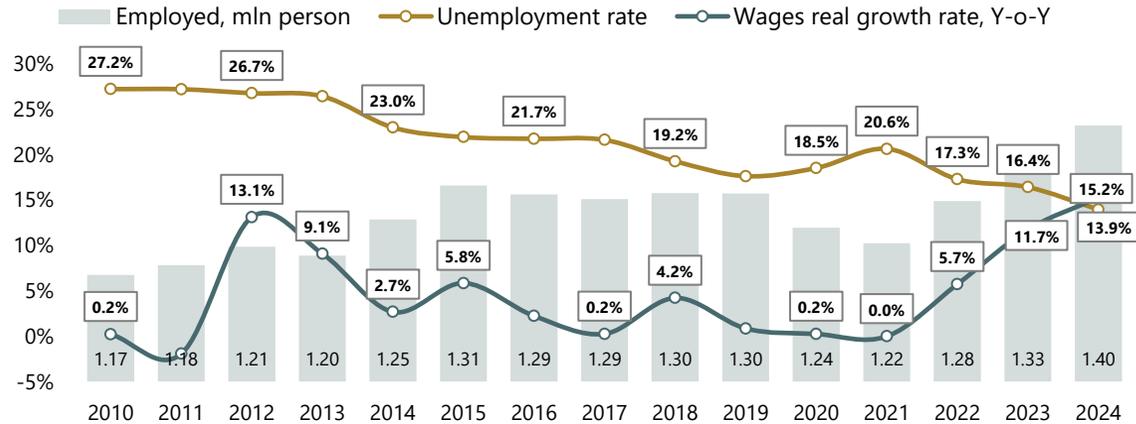
## LOANS GROWTH DECOMPOSITION BY PURPOSE (ON A CONSTANT CURRENCY BASIS)



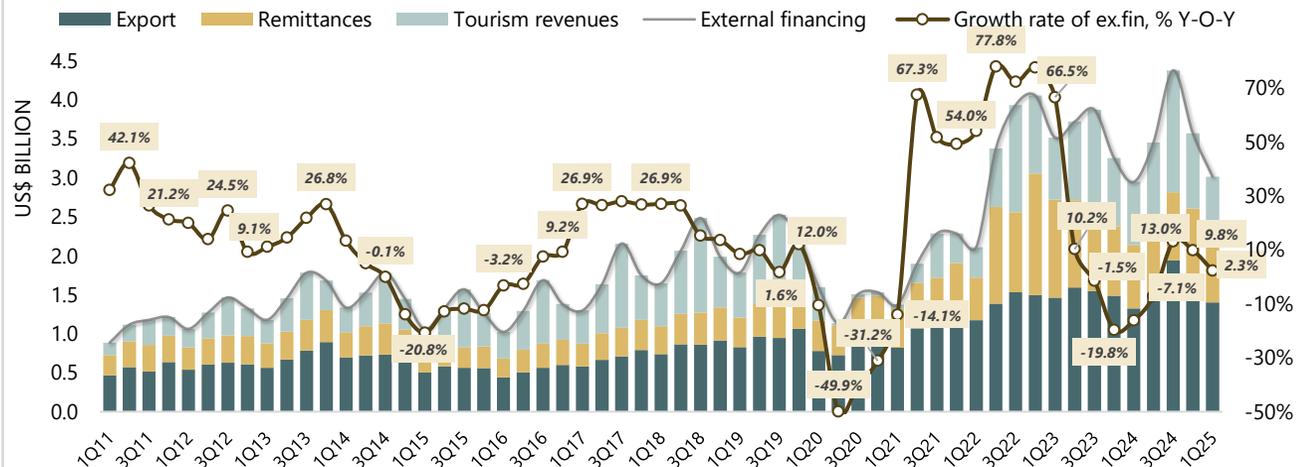
## GENERAL GOVERNMENT FISCAL EXPENSES AND FISCAL DEFICIT (IMF MODIFIED)



## THE UNEMPLOYMENT RATE FELL TO A RECORD LOW IN 2024, DRIVEN BY STRONG ECONOMIC PERFORMANCE



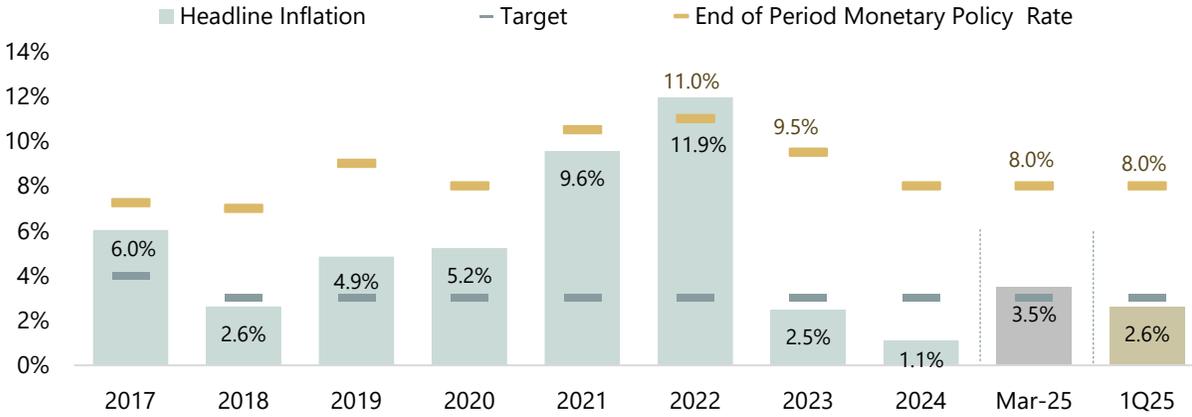
## FX INFLOWS REBOUNDED IN RECENT QUARTERS DRIVEN BY THE BASE EFFECT



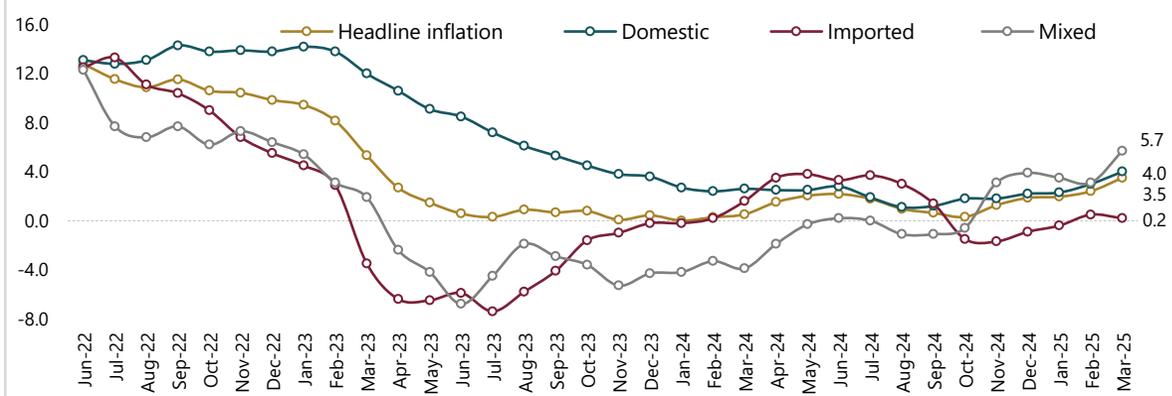
# PRICE PRESSURES HAVE RE-EMERGED, PUSHING INFLATION ABOVE 3% TARGET FOR THE FIRST TIME SINCE MARCH 2023



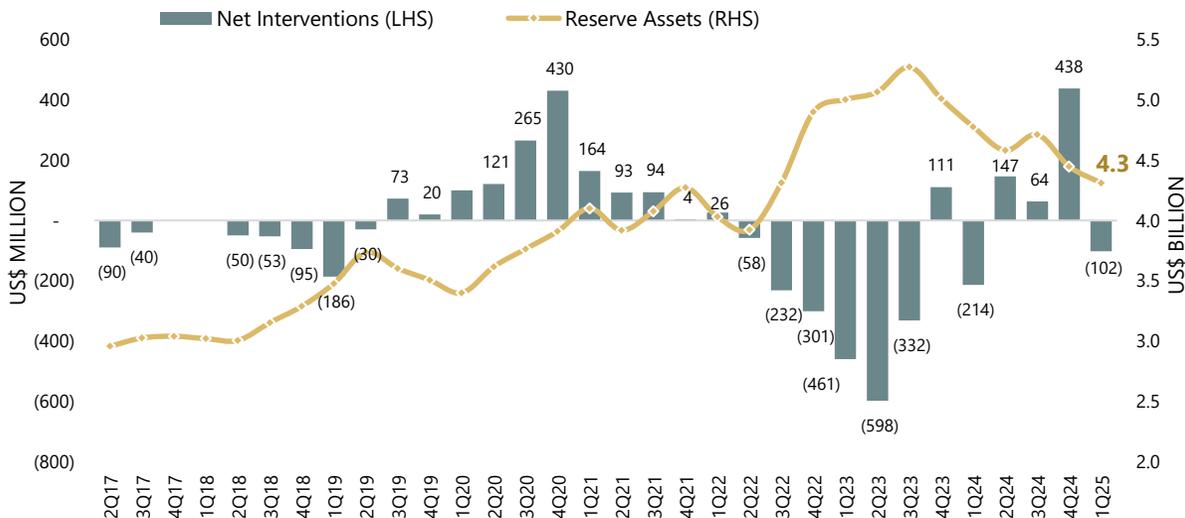
## INFLATION REACHED 3.5% Y-O-Y, EXCEEDING THE TARGET FOR THE FIRST TIME SINCE MARCH 2023



## MIXED INFLATION HAS BEEN PICKING UP THE MOST AMONG THE INFLATION COMPONENTS



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



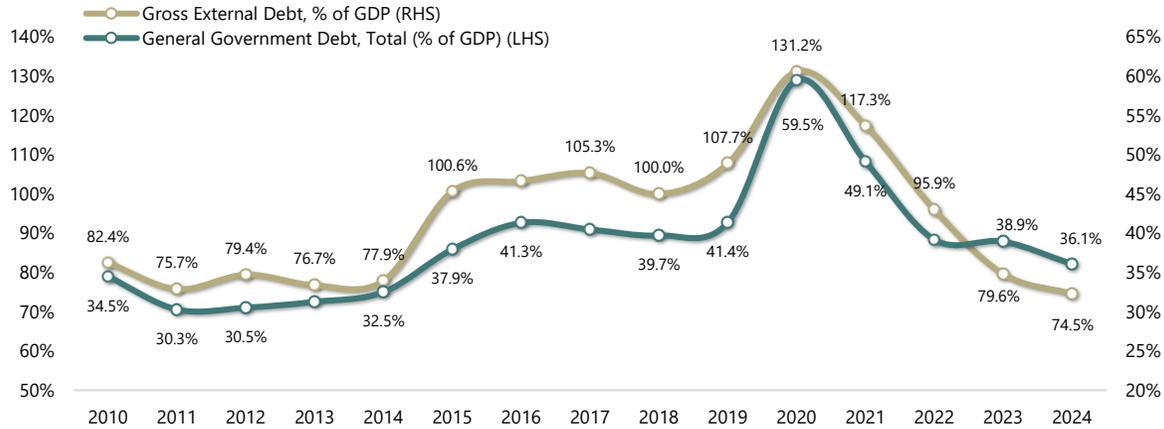
## THE GEL HAS APPRECIATED BY 2.3% YTD, MAINLY DUE TO THE WEAKER DOLLAR STANCE GLOBALLY



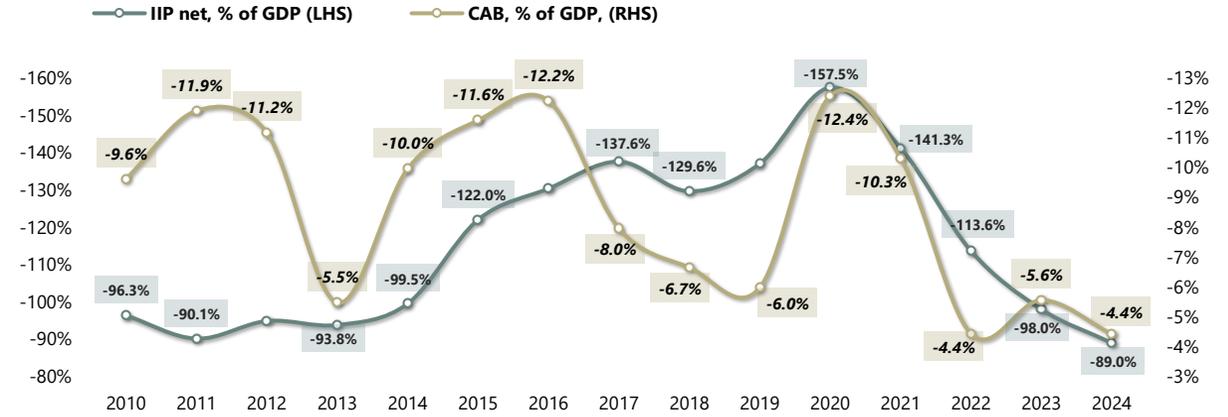
# STRONG GROWTH IN RECENT YEARS DRIVES SIGNIFICANT DELEVERAGING, BOOSTING RESILIENCE AND UNLOCKING INVESTMENT POTENTIAL



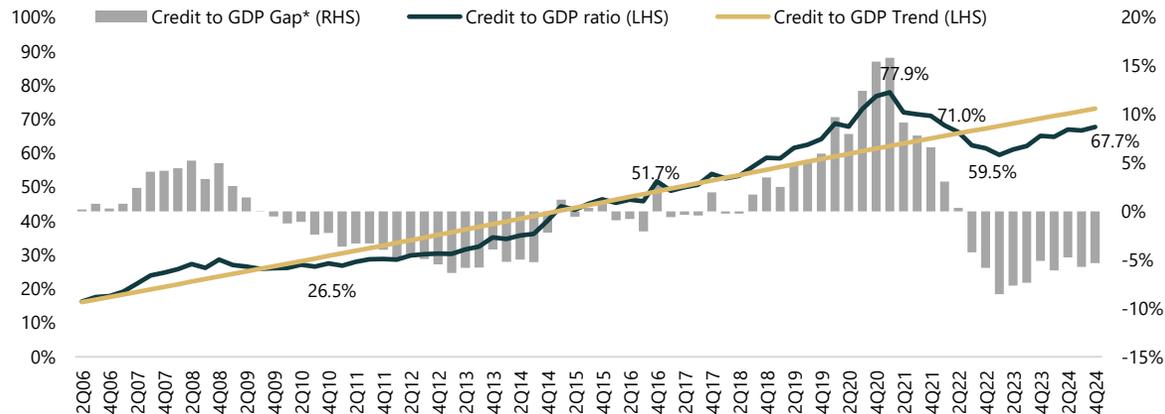
## GOVERNMENT DEBT AS A PERCENT OF GDP AT ITS LOWEST SINCE 2014, ON THE BACK OF STRONG ECONOMIC GROWTH AND EXCHANGE RATE APPRECIATION



## INTERNATIONAL INVESTMENT POSITION (% OF GDP) IMPROVED SIGNIFICANTLY, WHILE CURRENT ACCOUNT NARROWED TO -4.4% OF GDP IN 2024

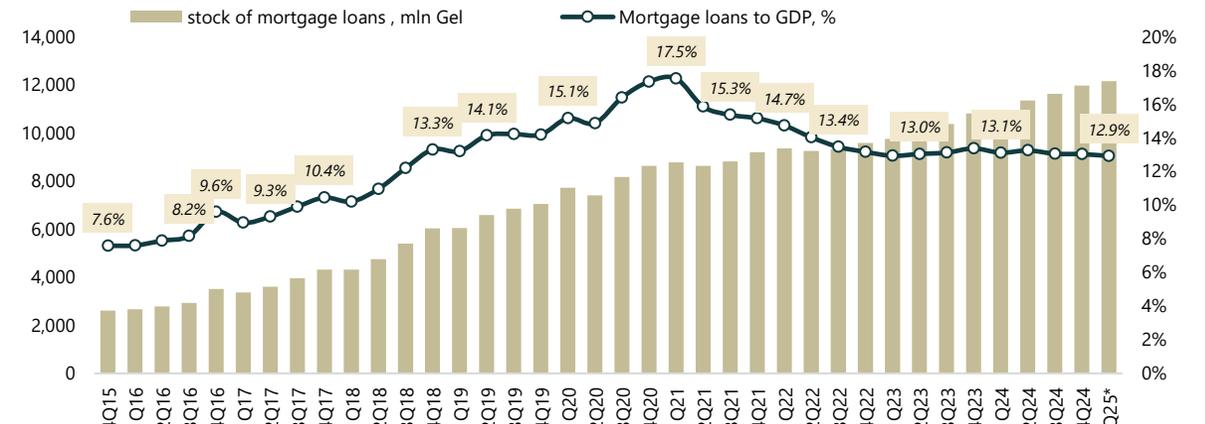


## DUE TO THE STRONG ECONOMIC GROWTH, CREDIT-TO-GDP RATIO REMAINS BELOW ITS LONG-TERM TREND



\* Credit-to-GDP gap is the deviation of Credit-to-GDP ratio from its long-run trend.

## MORTGAGE LOANS AS A % OF GDP DECLINES, AMID SOLID ECONOMIC GROWTH



\* Preliminary estimated 1Q25 GDP.



## MACROECONOMIC WRAP-UP



**STRONG GDP GROWTH – PROJECTED NOMINAL GDP TO SURPASS GEL 100 BILLION IN 2025**



**INFLATION HAS EXCEEDED THE TARGET FOR THE FIRST TIME IN TWO YEARS**



**NBG RE-ENTERED THE FX MARKET WITH A US\$ 102 MILLION PURCHASE IN MARCH**



**SIGNIFICANT DELEVERAGING, BOOSTING RESILIENCE AND UNLOCKING INVESTMENT POTENTIAL**

# SOVEREIGN RATINGS WITH FAVOURABLE MACRO FUNDAMENTALS



## Key Ratings Highlights

Rating Agency	Rating	Outlook	Affirmed
<b>MOODY'S</b>	Ba2	Negative	March 2025
<b>S&amp;P Global</b>	BB	Stable	February 2025
<b>Fitch Ratings</b>	BB	Negative	December 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>Negative</b>
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

- 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: 28,258
- Annual 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

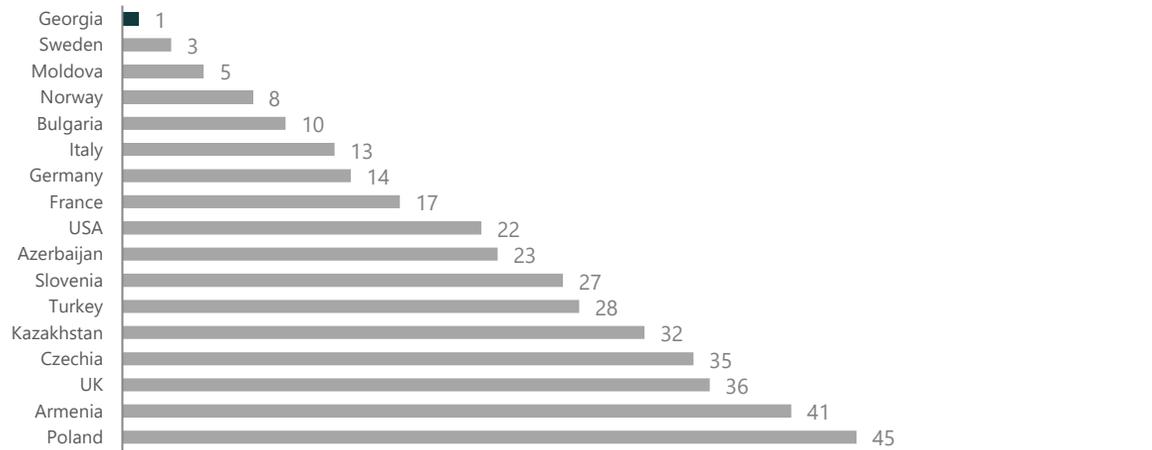
- Only 20% of hydropower capacity utilized; 155 renewable (HPPs/WPPs/SPPs) energy power plants are in various stages of construction or development.
- Georgia imports natural gas mainly from Azerbaijan.
- Significantly boosted transmission capacity in recent years, a new 400 kV line to Turkey and 500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

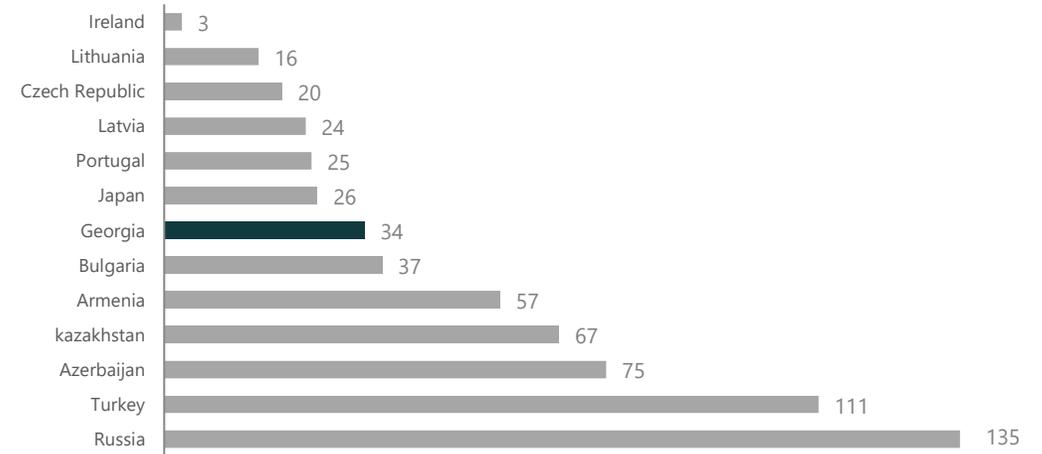
- Georgia underscored its commitment to European values by securing a democratic transfer of political power in successive parliamentary, presidential, and local elections and by signing an Association Agreement and free trade agreement with the EU.
- New constitution amendments passed in 2013 to enhance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

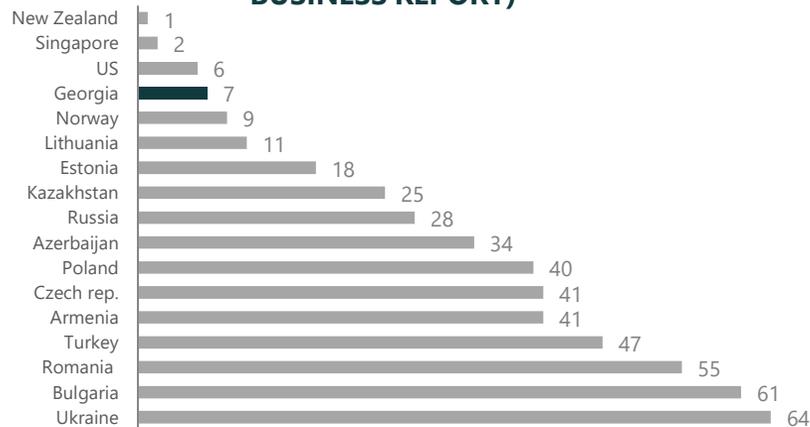
**OPEN BUDGET INDEX, 2023 | INTERNATIONAL BUDGET PARTNERSHIP  
(BUDGET TRANSPARENCY)**



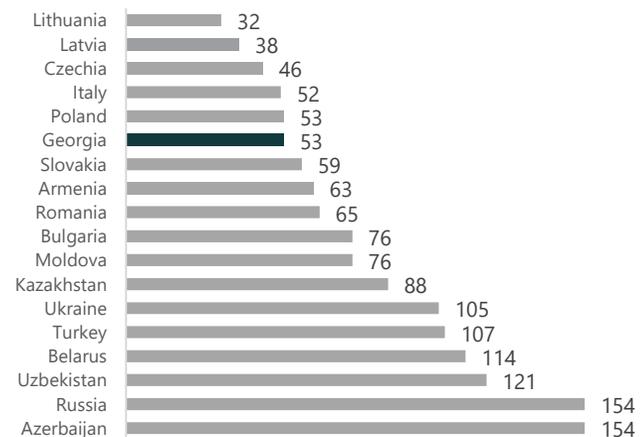
**ECONOMIC FREEDOM INDEX | 2025 (HERITAGE FOUNDATION)**



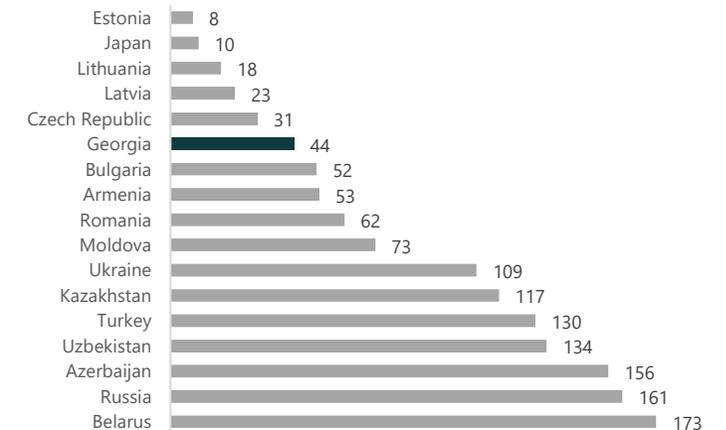
**EASE OF DOING BUSINESS | 2020 (WB DOING  
BUSINESS REPORT)**



**CORRUPTION PERCEPTION INDEX | 2024 (TI)**

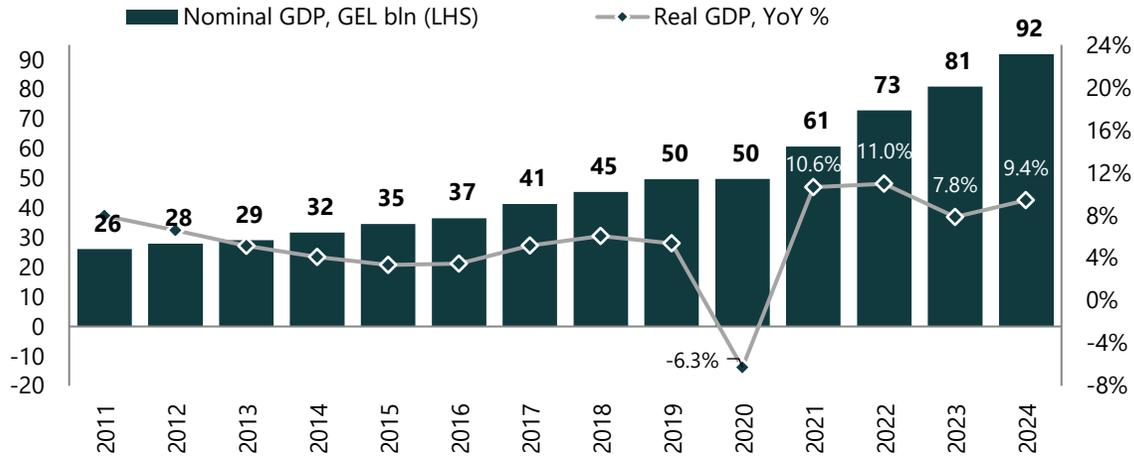


**BUSINESS BRIBERY RISK, 2024 | TRACE INTERNATIONAL**

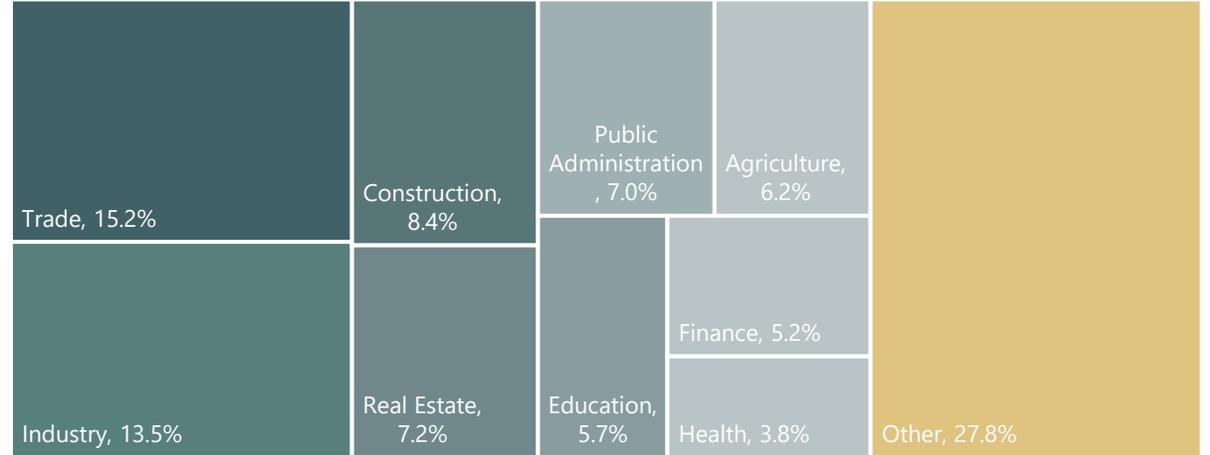


# ECONOMIC GROWTH CONTINUING AT PACE

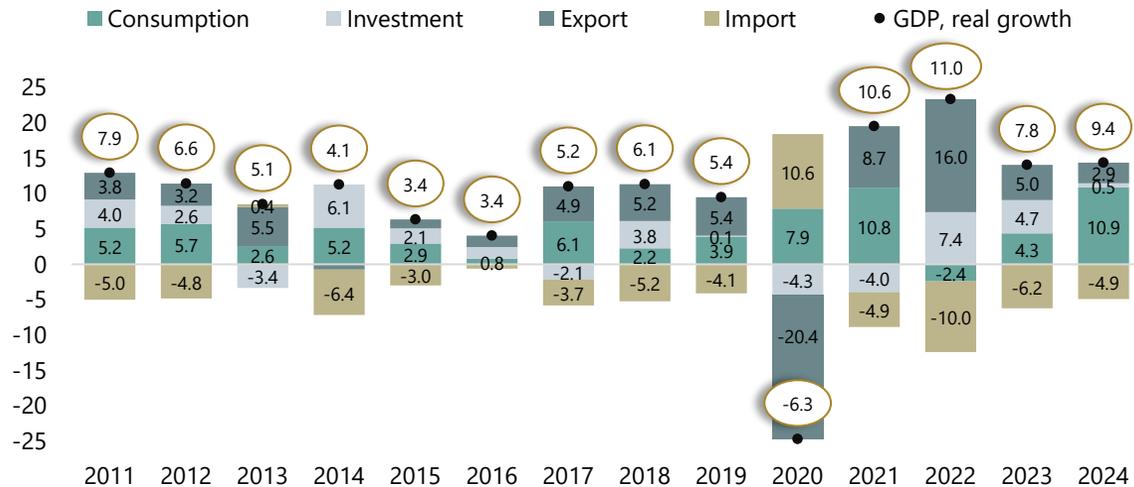
## GROSS DOMESTIC PRODUCT



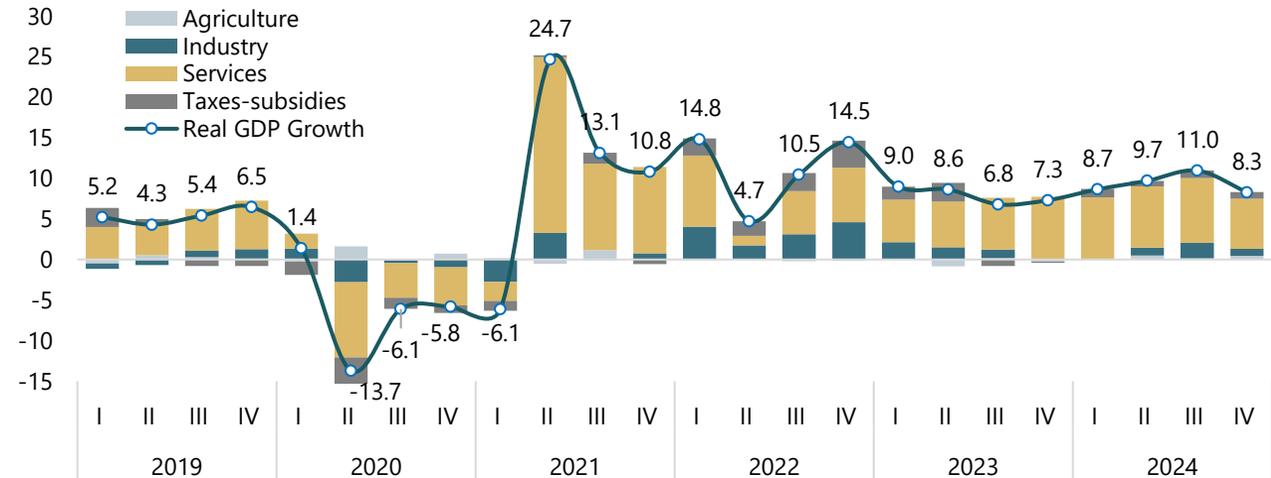
## NOMINAL GDP STRUCTURE, 2024



## GDP GROWTH DECOMPOSITION BY CATEGORIES OF USE, %

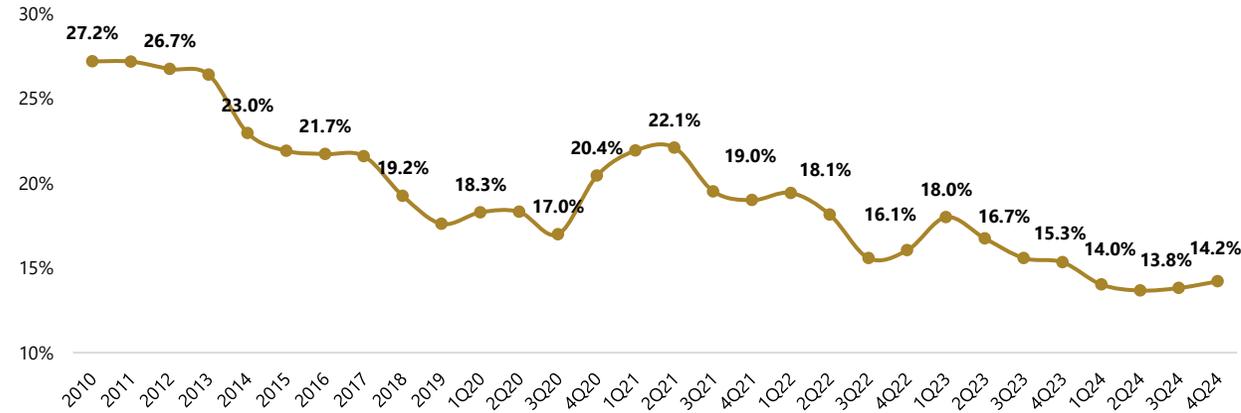


## GDP GROWTH DECOMPOSITION BY SECTORS, % GROWTH DRIVEN MOSTLY BY SERVICE-RELATED SECTORS

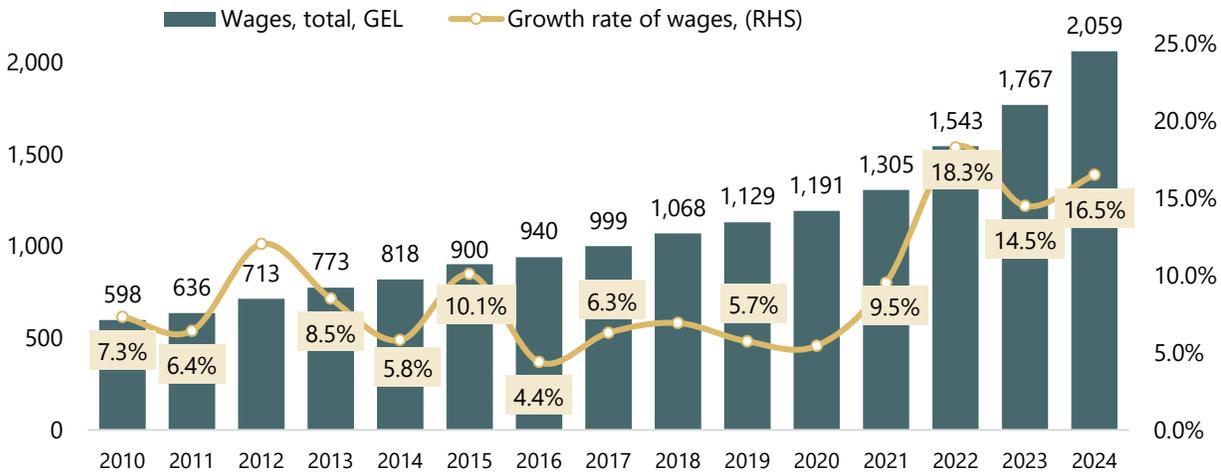


# UNEMPLOYMENT RATE AT HISTORICAL LOWS

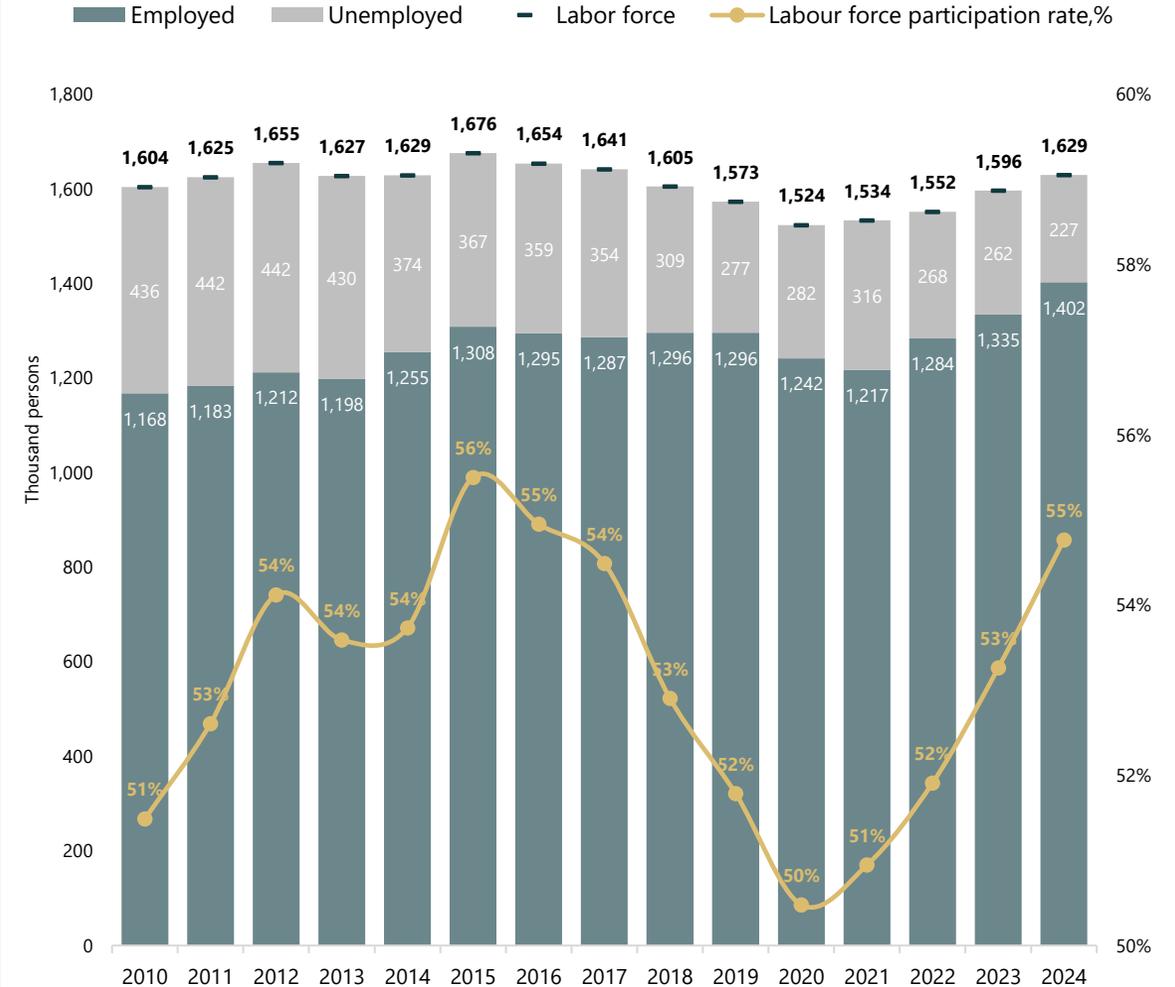
UNEMPLOYMENT RATE AT HISTORICAL LOWS, DOWN TO 13.9% IN 2024 FROM 16.4% IN 2023



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



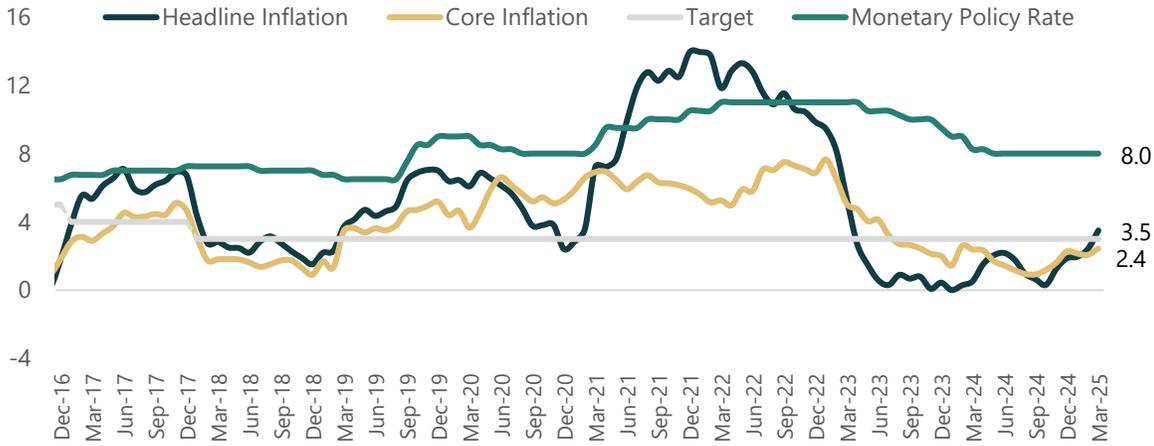
LABOR FORCE STRUCTURE



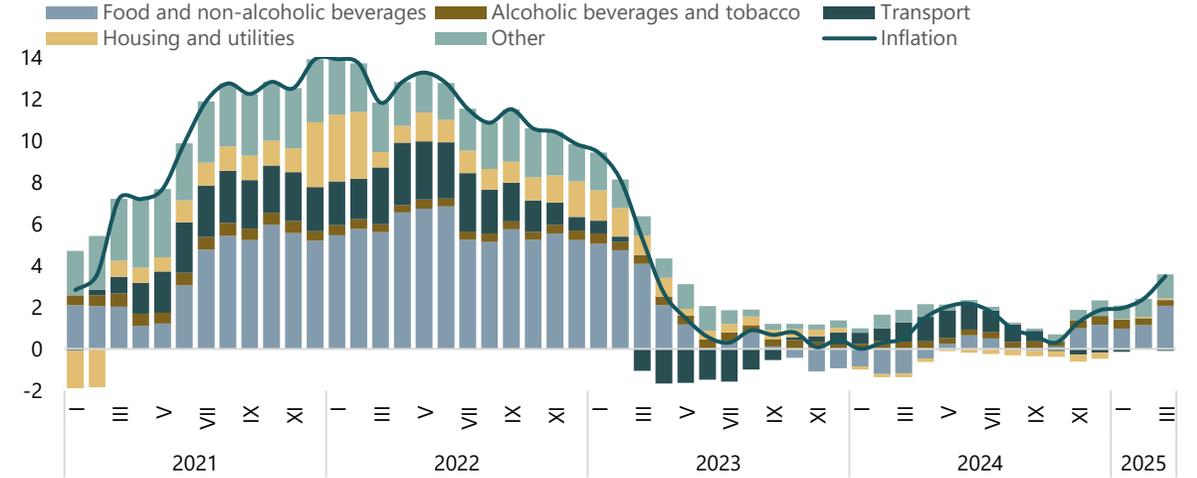
# INFLATION HAS EXCEEDED THE TARGET FOR THE FIRST TIME IN TWO YEARS



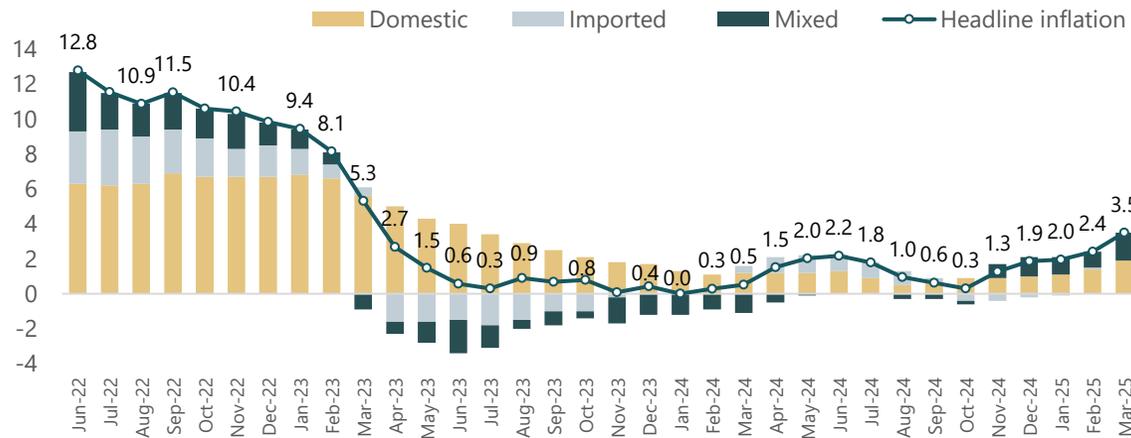
## INFLATION Y-O-Y VS. INFLATION TARGET



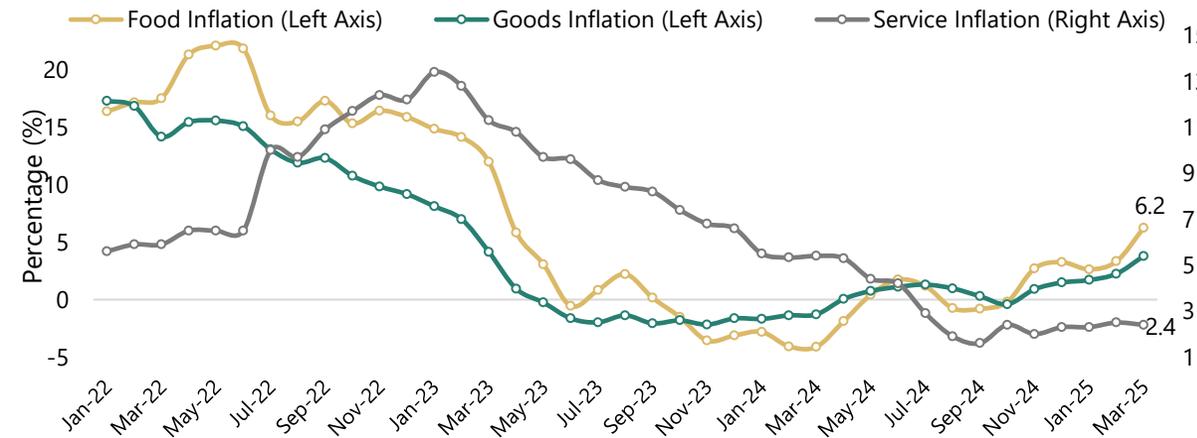
## INFLATION COMPONENTS



## DECOMPOSITION OF INFLATION



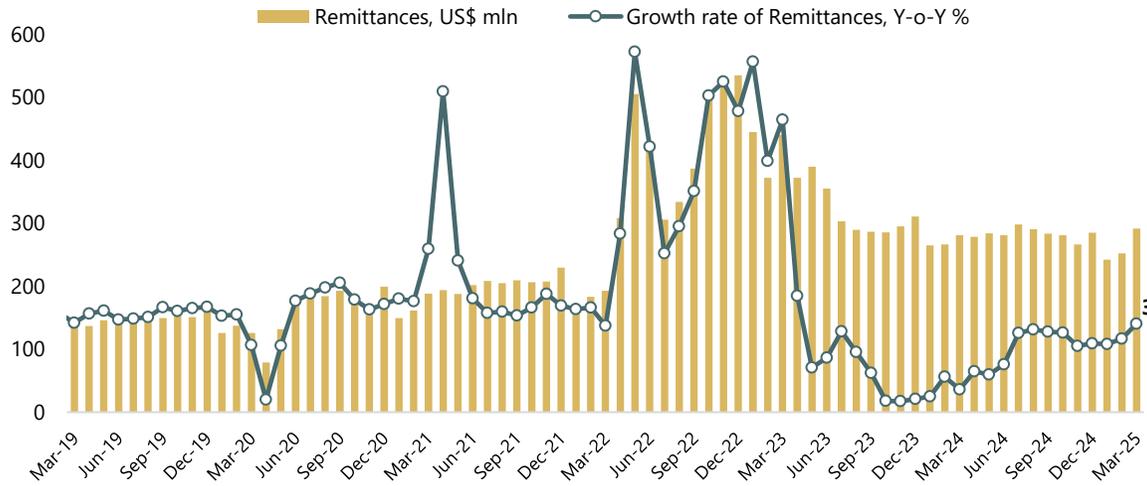
## FOOD INFLATION PICKED UP IN MARCH, WHILE SERVICES INFLATION REMAINED RELATIVELY STABLE



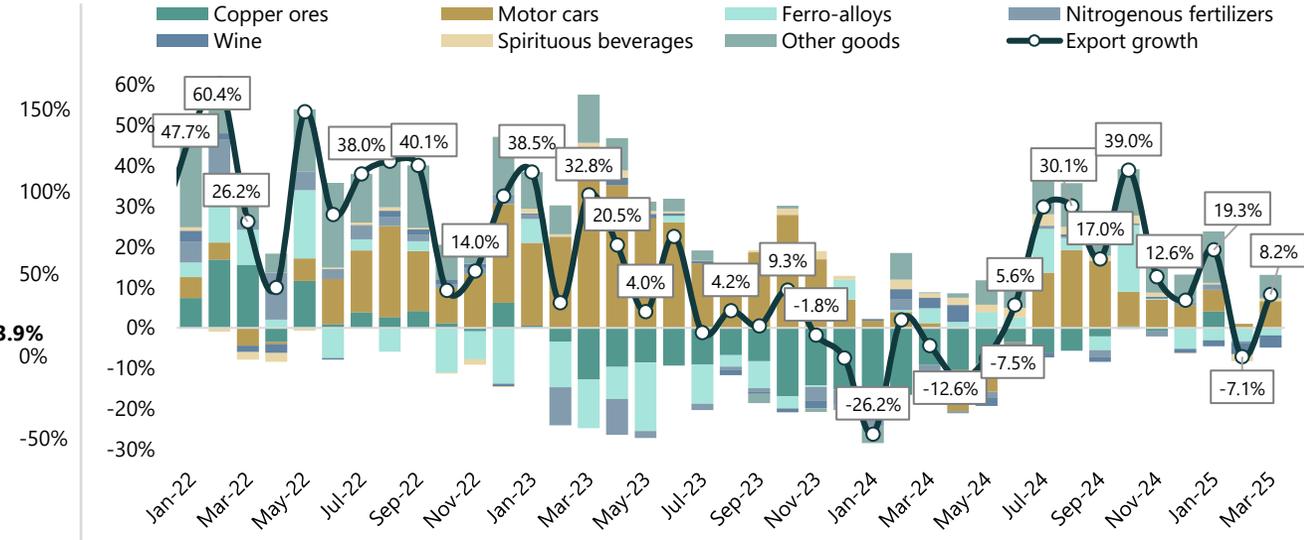
# EXPORTS HAVE INCREASED, DRIVEN BY CONTINUED STRENGTH IN RE-EXPORTED MOTOR CARS AND RECOVERY IN DOMESTIC GOODS



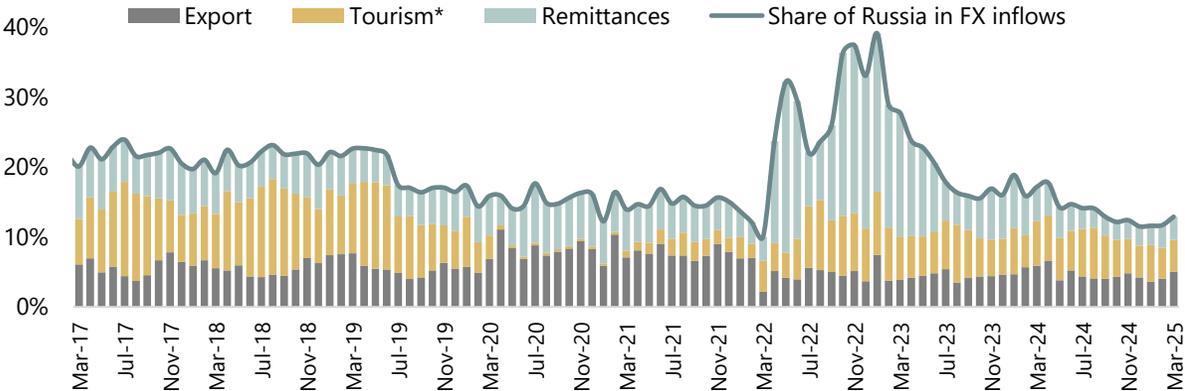
## REMITTANCES STABILIZING AS DECLINE FROM RUSSIA IS OFFSET BY INCREASING TRANSFERS FROM OTHER COUNTRIES



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

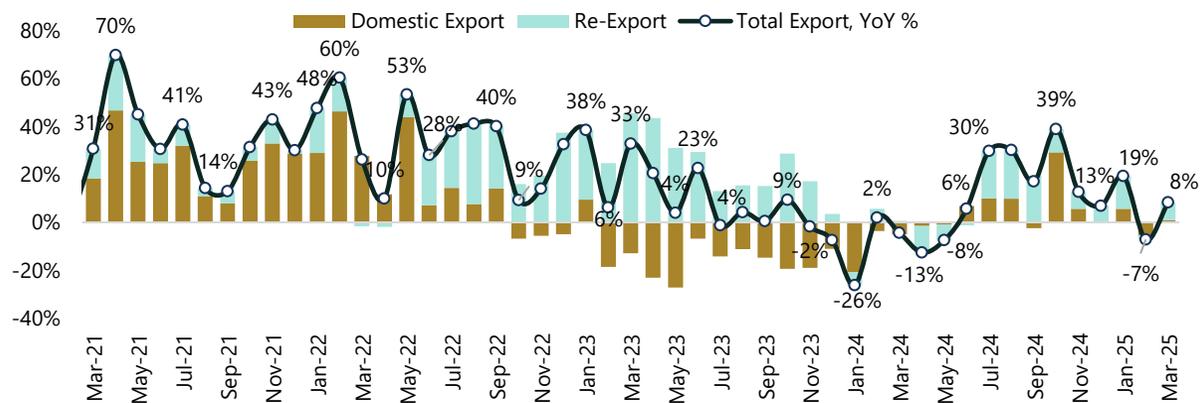


## THE SHARE OF RUSSIA IN FX INFLOWS IS RETURNING TO PRE-WAR LEVELS



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

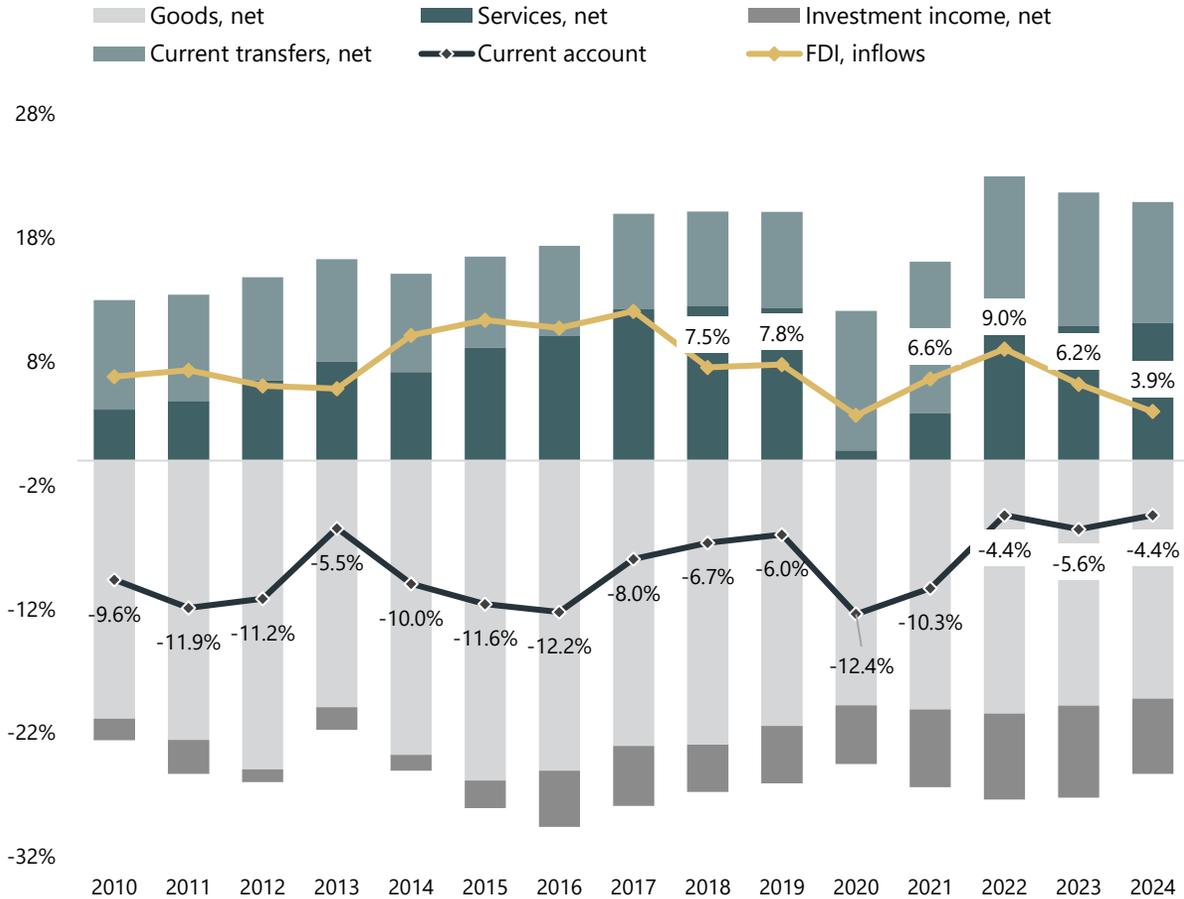
## DOMESTIC EXPORTS CONTRIBUTION HAVE NOW TURNED POSITIVE IN Y-O-Y TERMS IN RECENT MONTHS



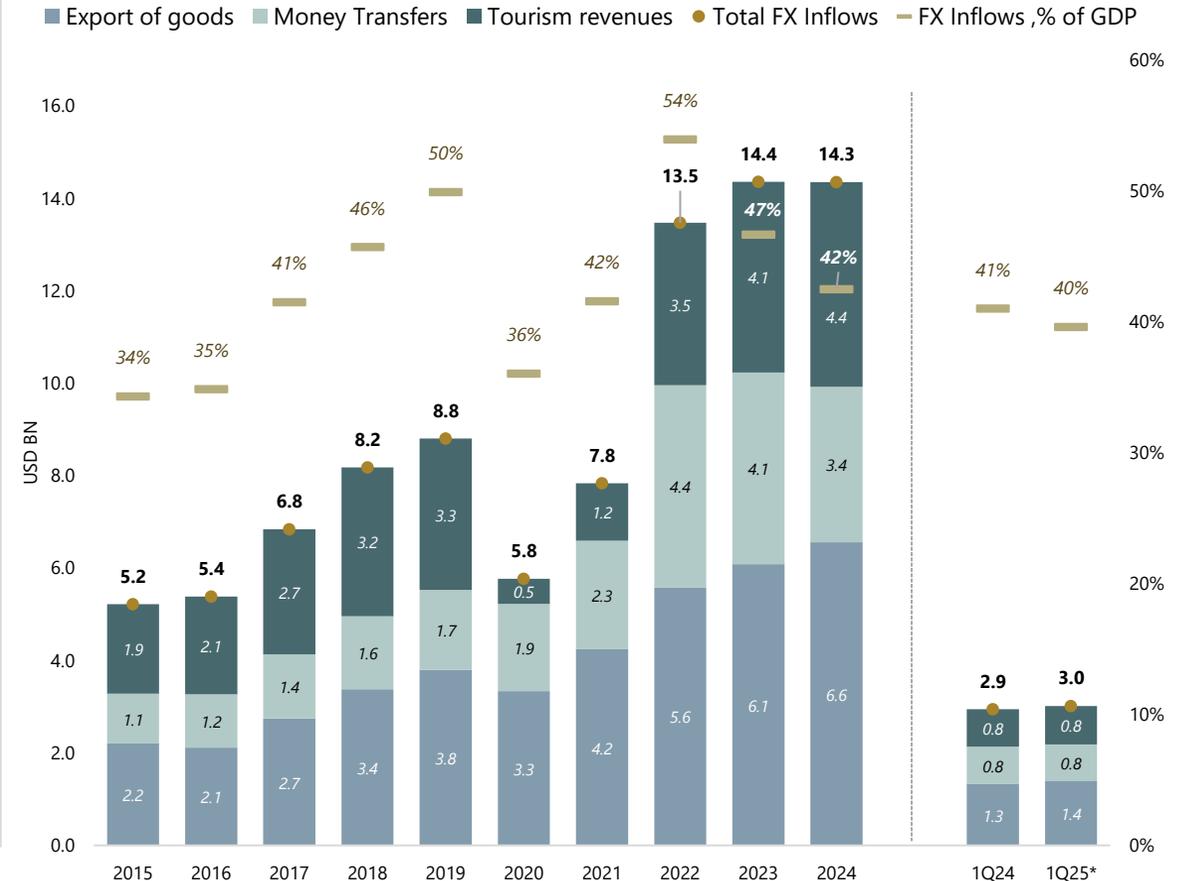
# CA DEFICIT HAS NARROWED MAINLY DUE TO THE IMPROVING SERVICES AND INCOME ACCOUNTS



CA DEFICIT HAS NARROWED TO -4.4% OF GDP, SUPPORTED BY TOURISM AND TRANSPORT SERVICES AND IMPROVING INCOME BALANCE



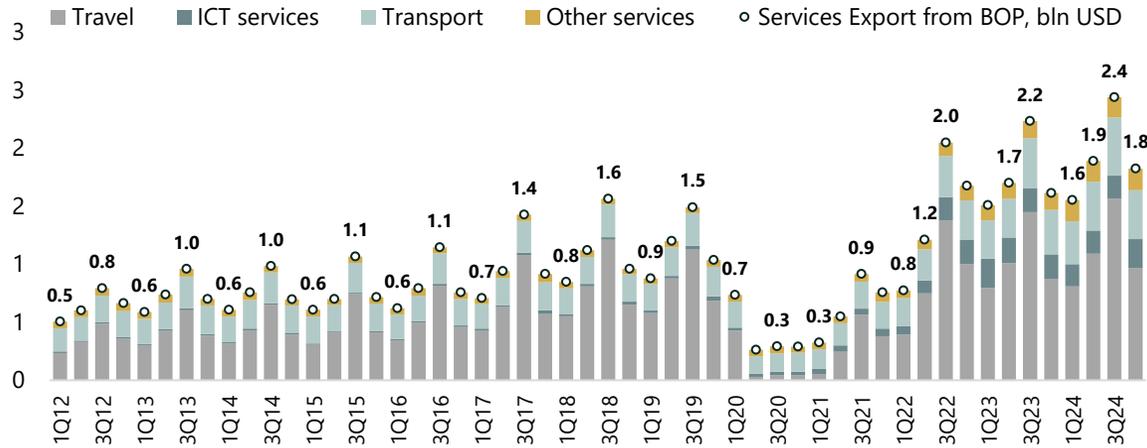
TOTAL FX INFLOWS INCREASED SLIGHTLY BY 2.3% Y-O-Y AND AMOUNTED TO US\$ 3.0 BLN IN 1Q25



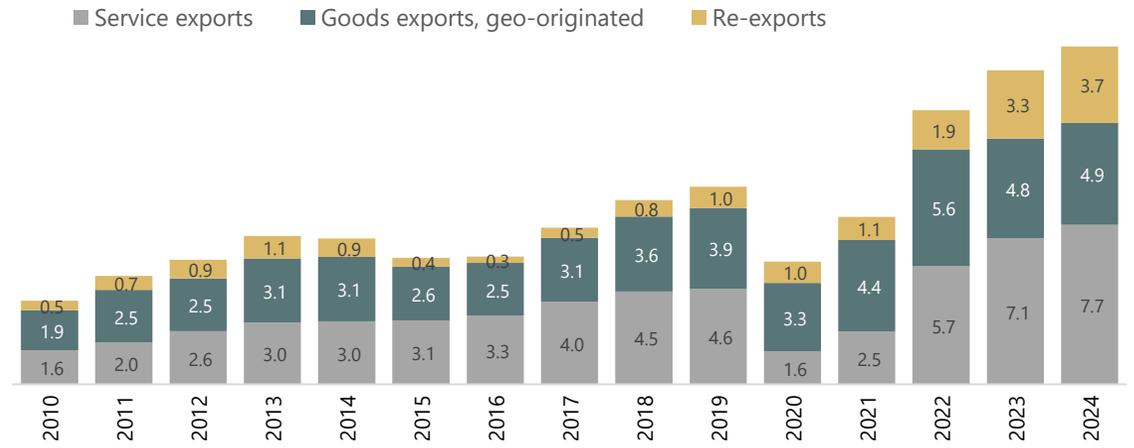
\* Preliminary estimated 1Q25 GDP

# DIVERSIFICATION OF THE EXTERNAL EARNINGS ENHANCES RESILIENCE

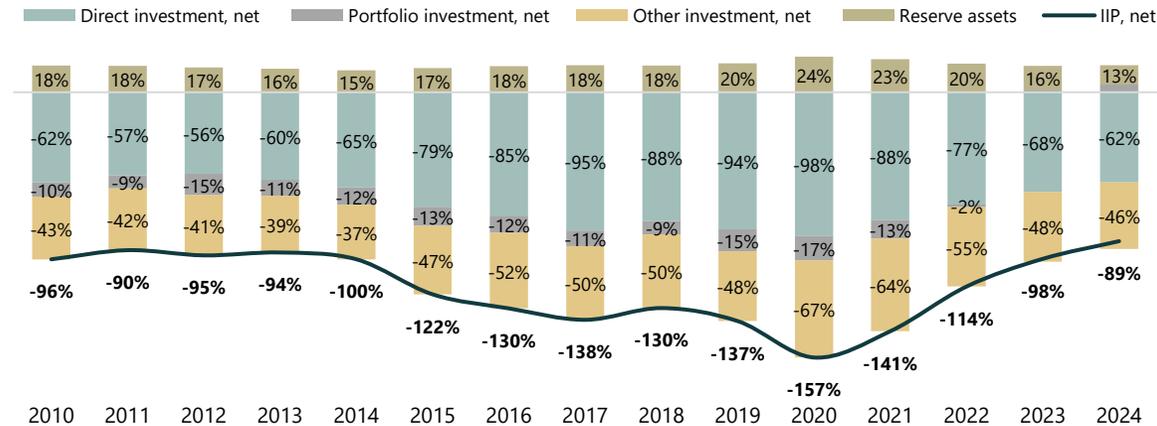
## EXPORT OF SERVICES INCREASED TO US\$ 7.7 BLN IN 2024 (+9% Y-O-Y), DUE TO THE INCREASING TRAVEL AND TRANSPORT SERVICES



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



## INTERNATIONAL INVESTMENT POSITION (% OF GDP) HAS IMPROVED SIGNIFICANTLY ON THE BACK OF STRONG ECONOMIC GROWTH AND EXCHANGE RATE APPRECIATION



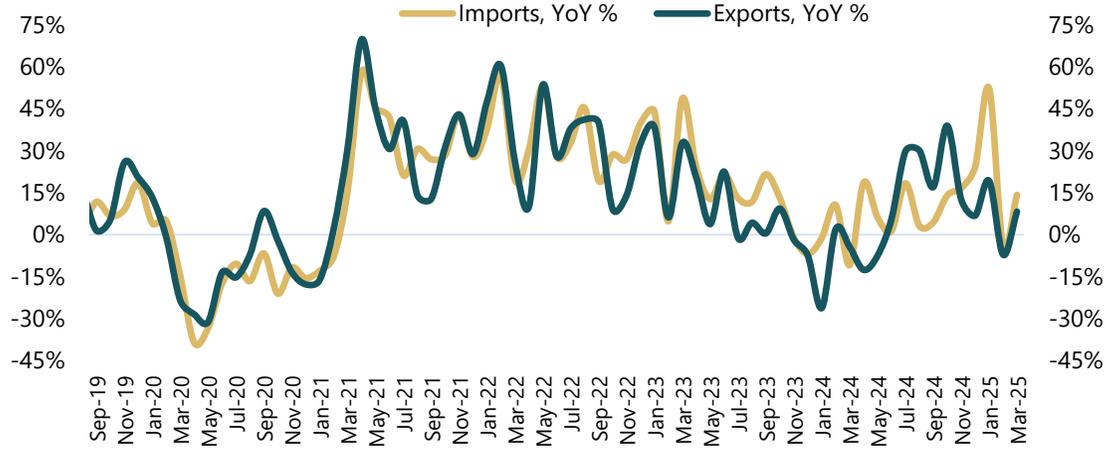
## FDI STRUCTURE BY COUNTRIES



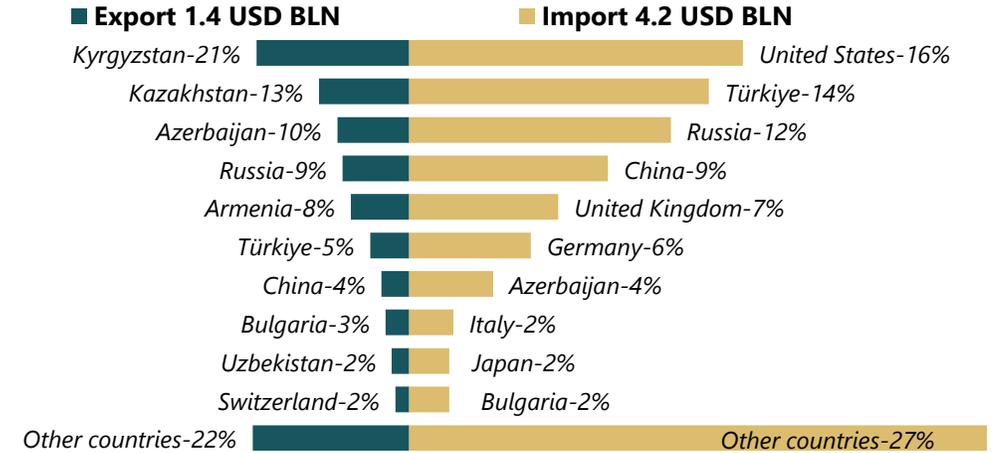
# WHILE TRADE HAS BECOME MORE DIVERSIFIED ACROSS COUNTRIES, EXPORT CONCENTRATION REMAINS EVIDENT, WITH MOTOR CARS ACCOUNTING FOR A SIGNIFICANT SHARE



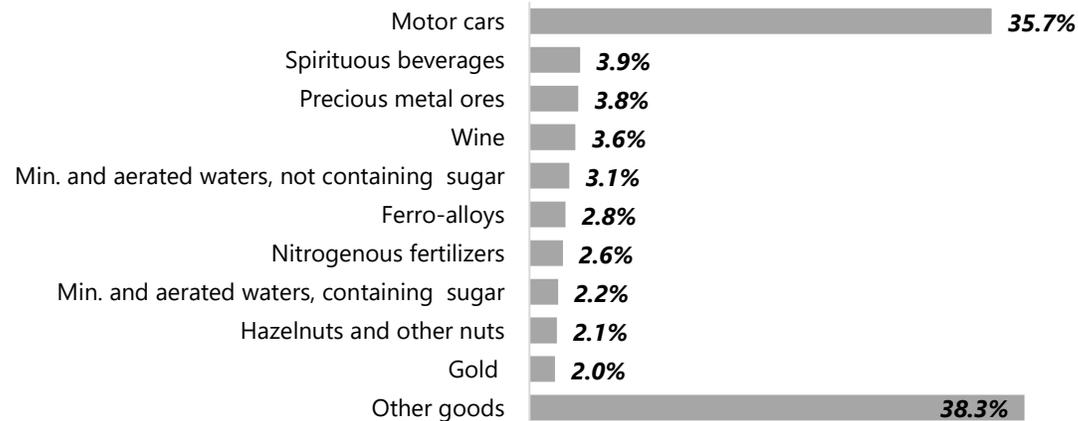
EXPORTS AND IMPORTS OF GOODS, Y-O-Y %



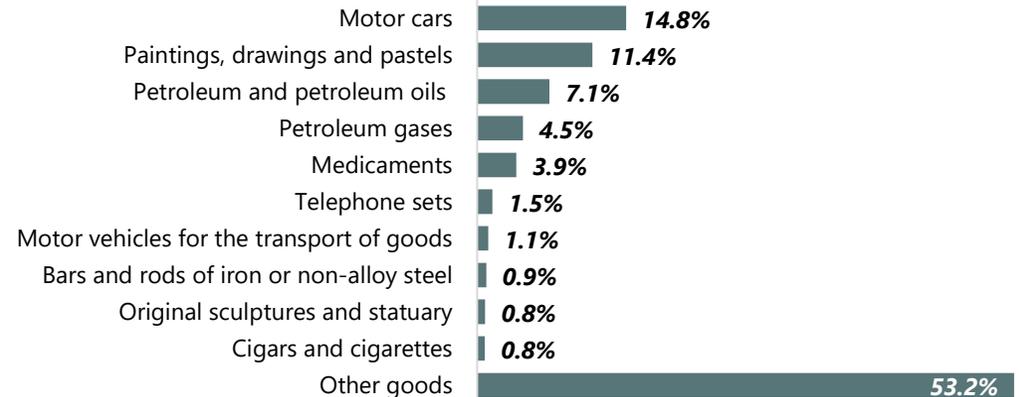
EXTERNAL TRADE BY COUNTRIES, 1Q25, SHARE IN TOTAL



EXPORT BY MAJOR GOODS, 1Q25, SHARE IN TOTAL



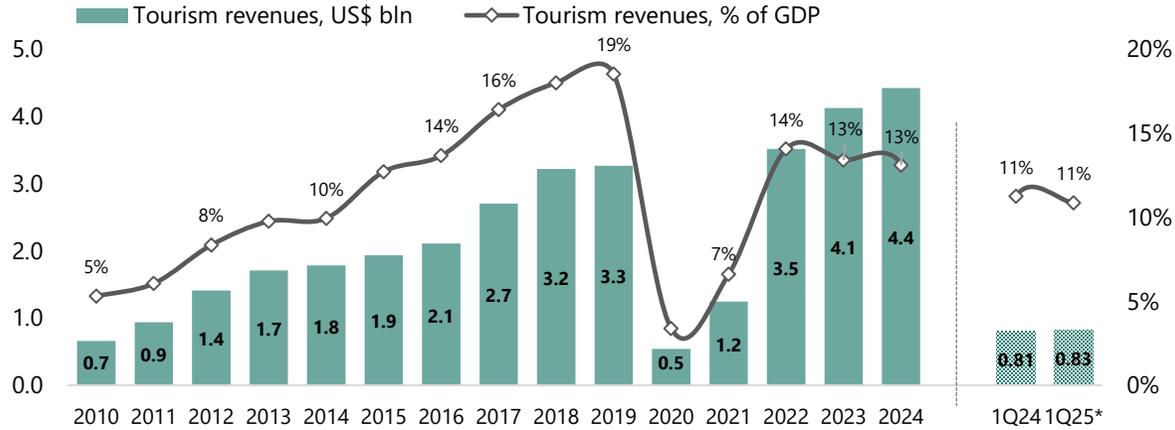
IMPORT BY MAJOR GOODS, 1Q25, SHARE IN TOTAL



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

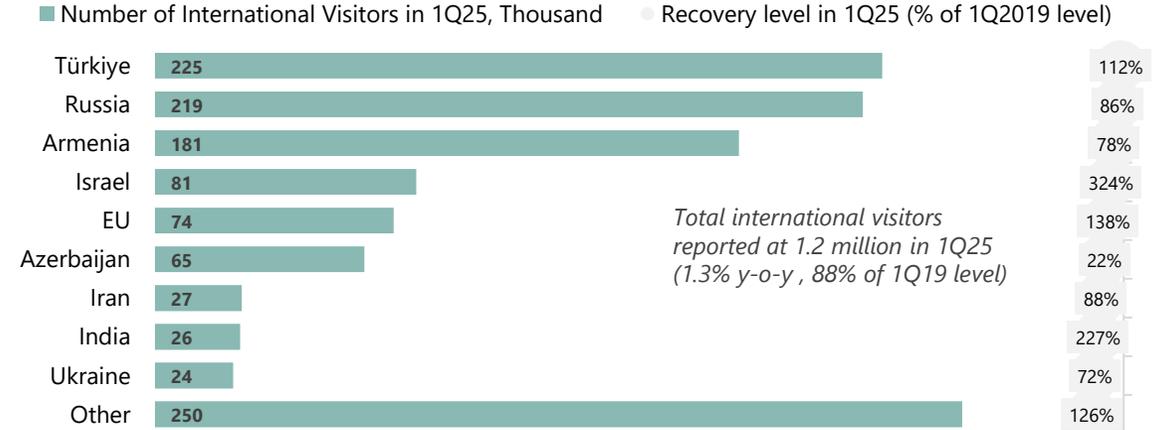


## TOURISM REVENUES TO GDP

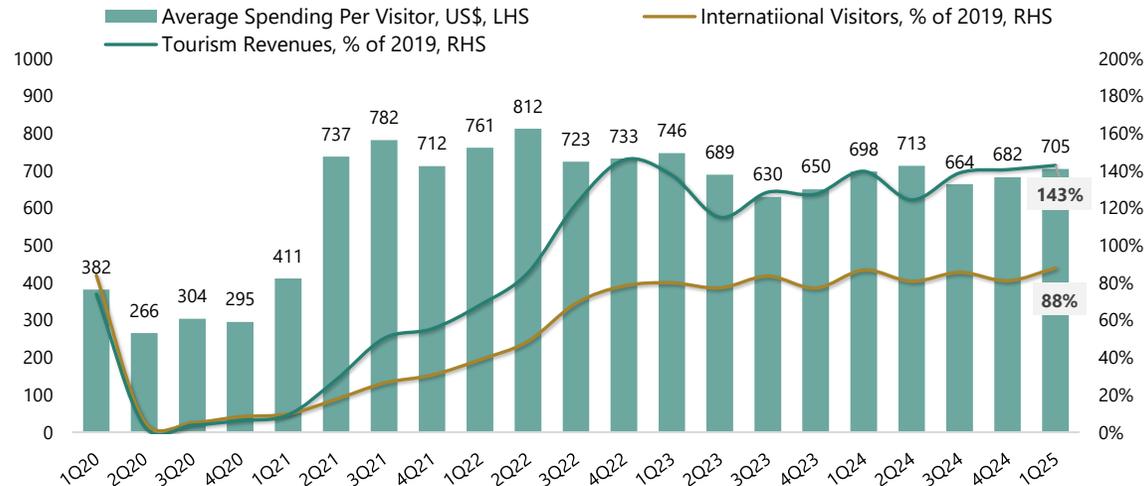


\* Preliminary estimated 1Q25 GDP.

## INTERNATIONAL VISITORS BY COUNTRY

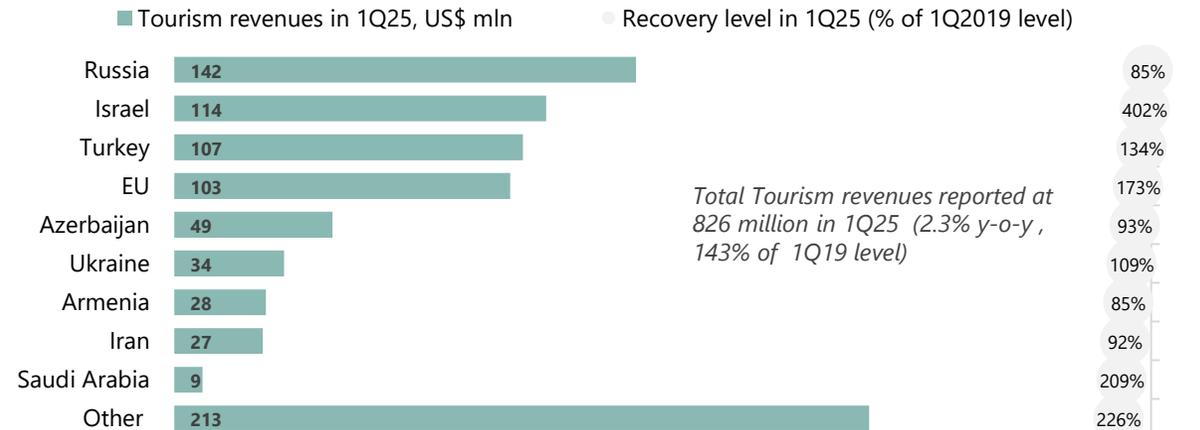


## AVERAGE SPENDING PER VISITOR



Georgia Capital PLC | Source: NBS, GNTA, Geostat

## TOURISM REVENUES BY COUNTRY

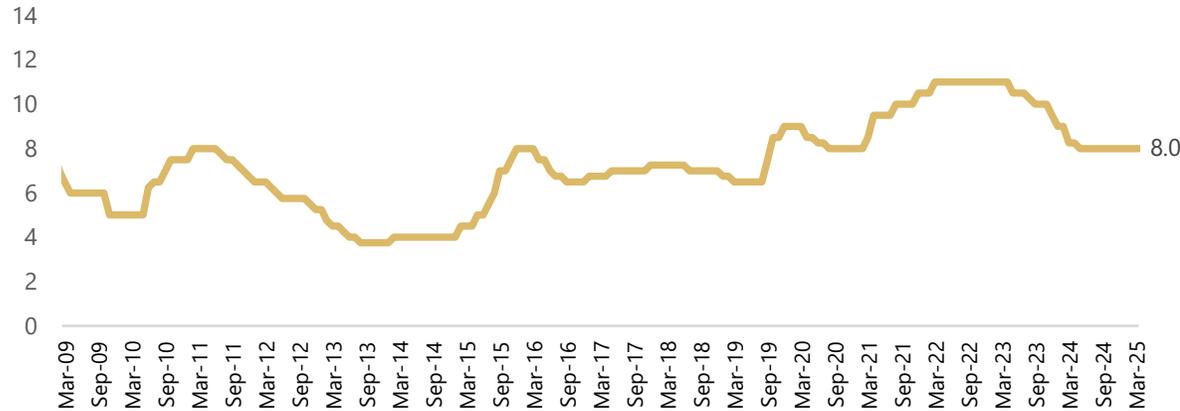


\* EU contains EU countries and Great Britain.

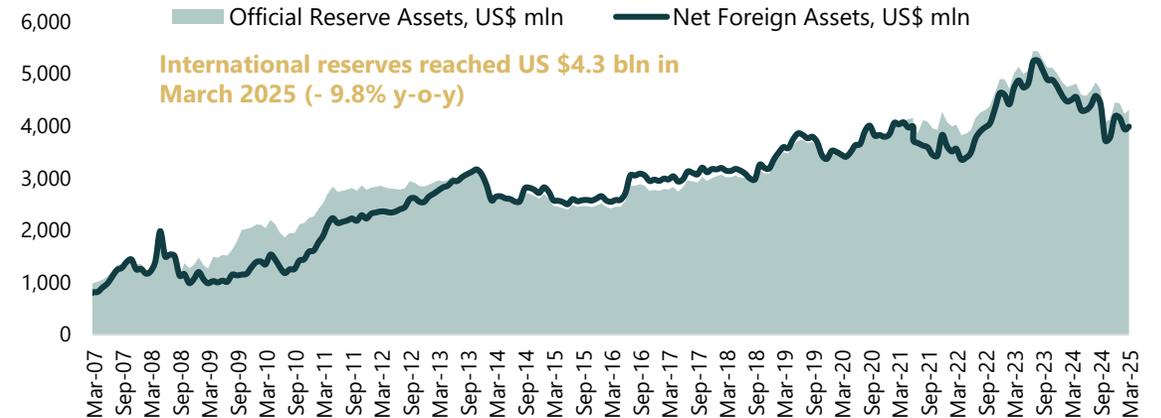
# THE NBG RE-ENTERED THE FX MARKET IN MARCH 2025, PURCHASING US\$ 102 MILLION TO ADD TO ITS FOREIGN EXCHANGE RESERVES



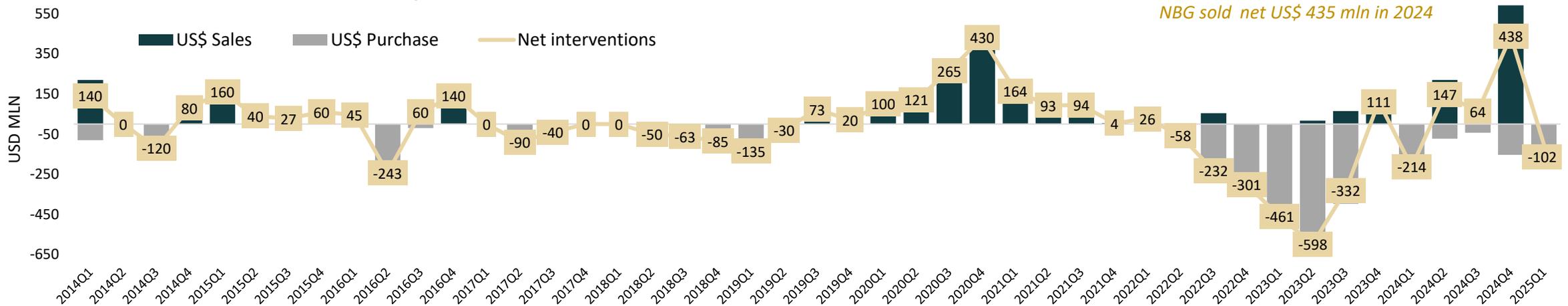
## THE NBG HAS KEPT MONETARY POLICY RATE STEADY AT 8.0% SINCE MAY 2024



## INTERNATIONAL RESERVES



## FOREIGN EXCHANGE MARKET INTERVENTIONS, US\$ MILLION

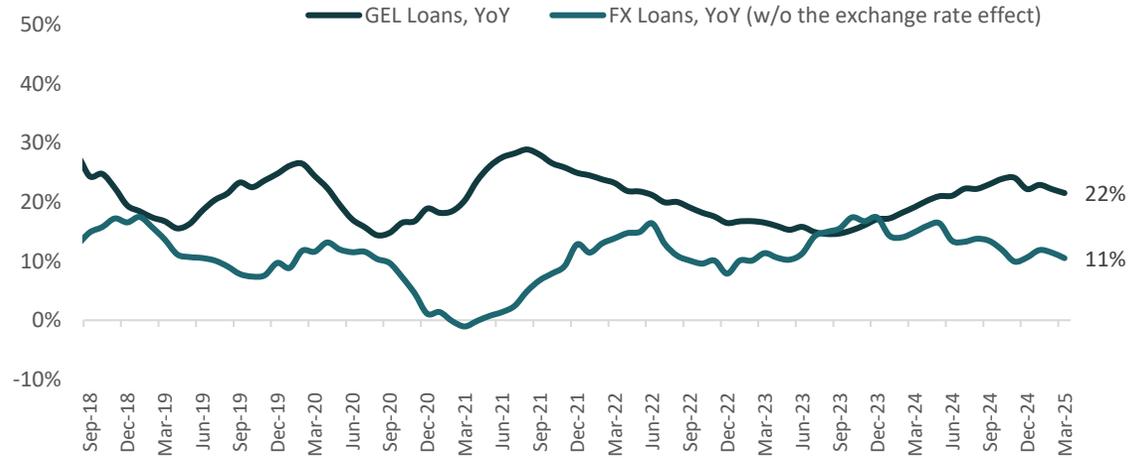


\*Data from 2020Q2 contains information about Bmatch platform interventions.

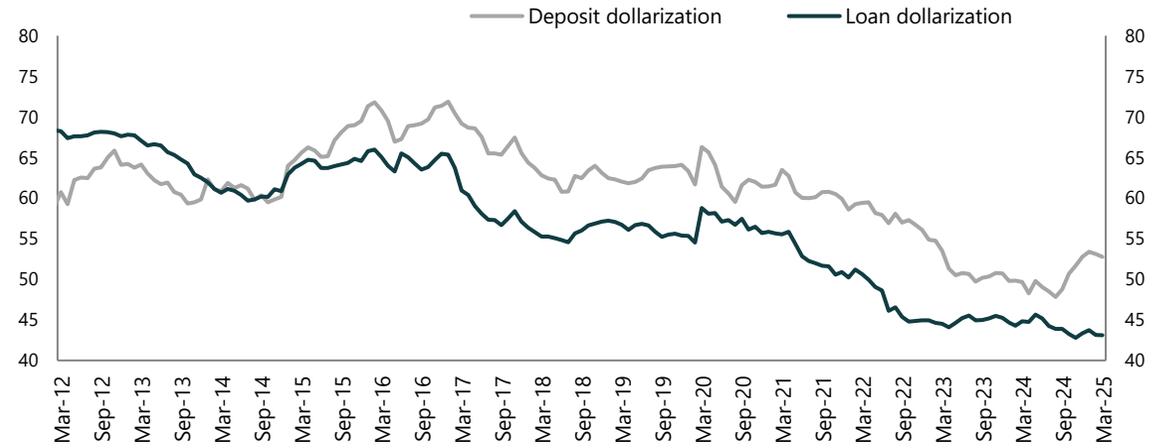
# ROBUST CREDIT GROWTH REMAINS ONE OF THE KEY DRIVERS OF STRONG ECONOMIC ACTIVITY



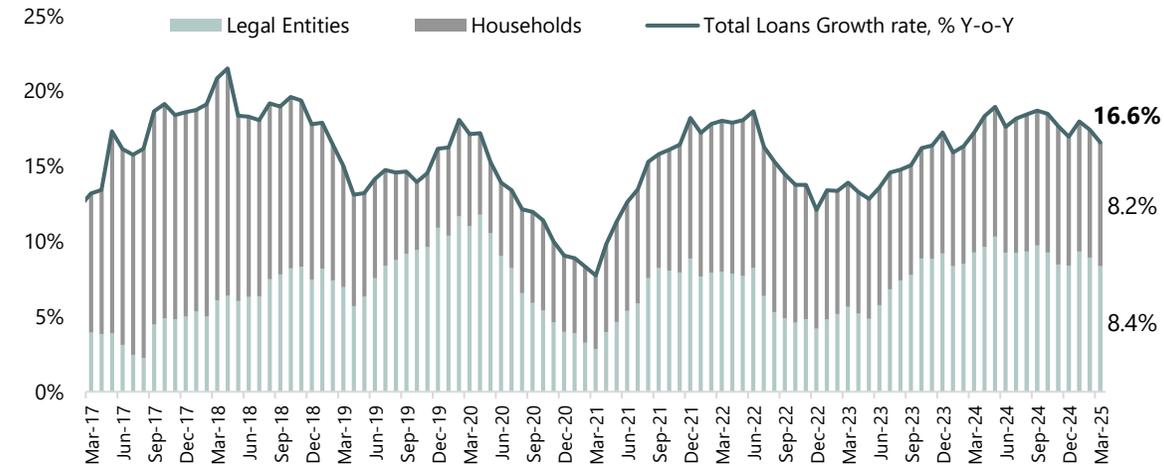
## LOANS BY CURRENCIES



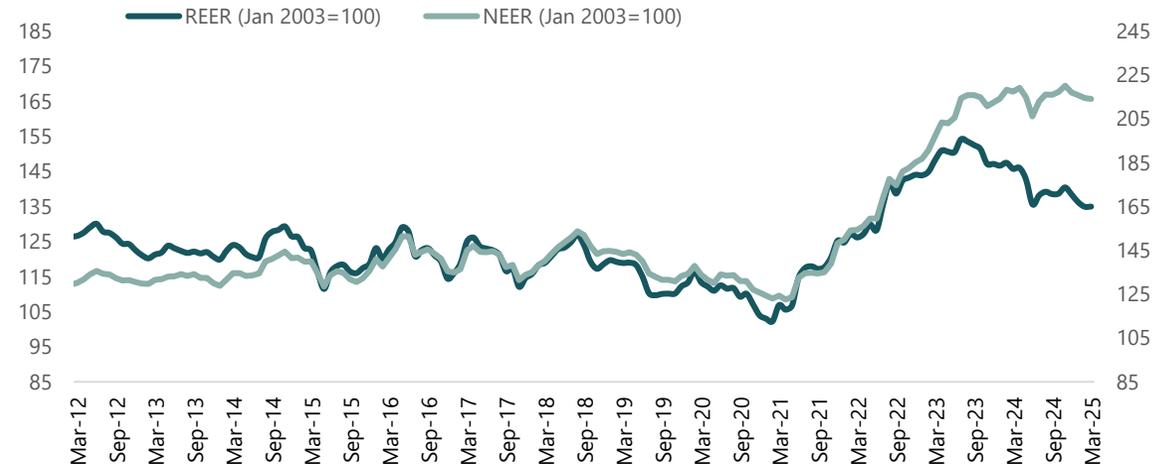
## DOLLARIZATION RATIOS



## LOANS GROWTH DECOMPOSITION BY SECTORS, (EXCHANGE RATE EFFECT EXCLUDED)



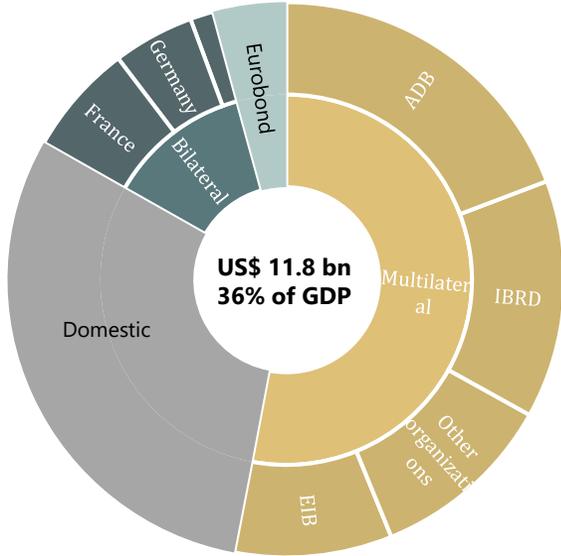
## REAL (REER) AND NOMINAL (NEER) EFFECTIVE EXCHANGE RATES



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

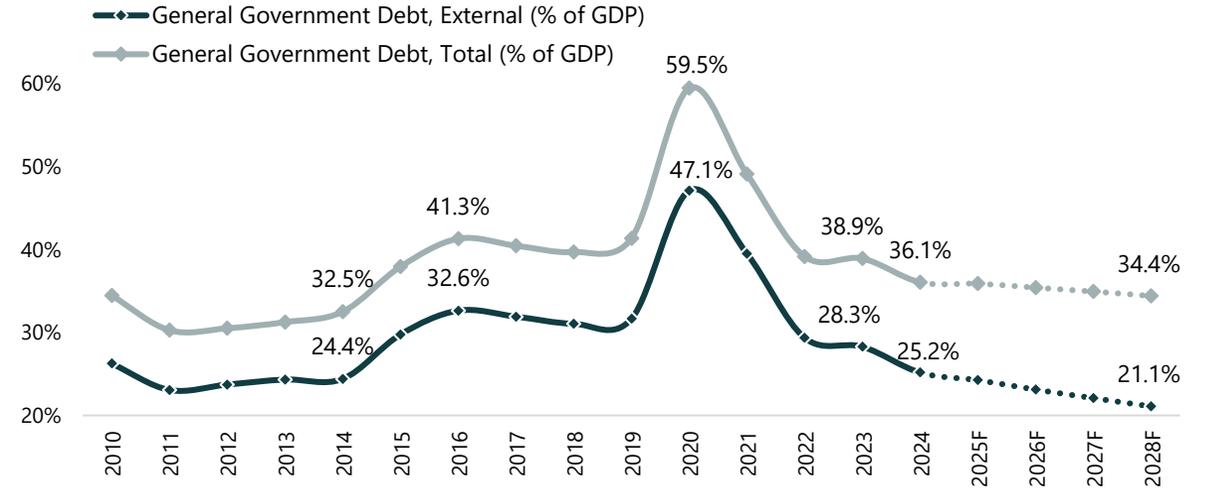


GENERAL GOVERNMENT TOTAL DEBT AT THE END OF 2024 AMOUNTED TO US\$ 11.8 BN (36% OF GDP)

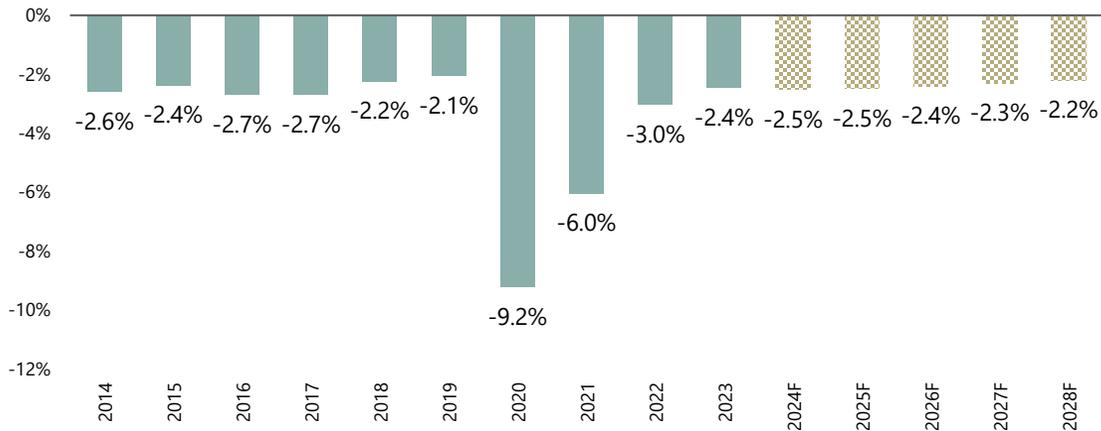


47% of external debt consists of fixed rate credits; Average weighted interest rate was 3.12%, while remaining maturity totaled 8.6 years as of 31 December 2024

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



## FISCAL DEFICIT\*, % OF GDP



\* IMF modified

## INCREASING OPERATING BALANCE ON THE BACK OF STRONG REVENUE COLLECTION

