



Investor Presentation

Ministry of Finance of Georgia
April 2021



Table of Contents

I Country Overview

II Impact of COVID-19

III Pillars of Georgia's Credit Strength

1 *High Growth Potential*

2 *Commitment to Reform*

3 *Sound Macroeconomic Policies*

4 *Robust International Support*

IV Transaction Highlights



Government of Georgia

Disclaimer

IMPORTANT: You must read the following before continuing. The following applies to this document, the oral presentation of the information in this document by the Government of Georgia ("Georgia") or any person on behalf of Georgia and any question-and-answer session that follows the oral presentation (collectively, the "Information"). In accessing the Information, you agree to be bound by the following terms and conditions.

The Information has been prepared by Georgia and has not been independently verified.

This document is an advertisement and does not constitute a prospectus for the purposes of the Prospectus Directive (as defined below). The Information does not constitute or form part or all of, and should not be construed as, an offer of, an invitation to sell or issue, or a solicitation of an offer to purchase, subscribe for, underwrite or otherwise acquire, or a recommendation regarding, any securities of Georgia, nor shall or may it or any part of it or the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or commitment whatsoever or any investment decision. The Information is confidential and is being provided to you solely for your information and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any purpose.

Neither this document nor any part or copy of it may be published, directly or indirectly, in the United States. The distribution of this document in certain jurisdictions may be restricted by law, and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions. By reviewing this presentation, you represent and agree that (i) you are located outside the United States and that you are permitted under the laws of your jurisdiction to receive this presentation or (ii) you are located in the United States and are a "qualified institutional buyer" (as defined in, and pursuant to, Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")). This presentation is not an offer to sell or a solicitation of any offer to buy the securities of Georgia in the United States. Georgia's securities have not been and will not be registered under the Securities Act.

In the European Economic Area (the "EEA"), the Information is only addressed to and directed at persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended) ("Qualified Investors"). In the United Kingdom, the Information is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (as amended), which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, who are also: (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (C) are other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (B) and (C) together being "Relevant Persons"). The Information must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons and (ii) in any member state of the EEA by persons who are not Qualified Investors. Any investment activity to which the Information relates (i) in the United Kingdom is available only to, and may be engaged in only with, Relevant Persons; and (ii) in any member state of the EEA is available only to, and may be engaged only with, Qualified Investors.

The Information is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer securities in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The securities referred to herein have not been and will not be registered in Russia and are not intended for "placement" or "circulation" in Russia (each as defined in Russian securities laws) unless and to the extent otherwise permitted under Russian law.

The Information has not been independently verified and no responsibility is accepted, and no representation, undertaking or warranty is made or given, in either case, expressly or impliedly, by Georgia or any of its public officials, officers or advisers as to accuracy, reliability or completeness of the Information or as to the reasonableness of any assumptions on which any of the same is based or the use of any of the same.

Goldman Sachs International, ICBC Standard Bank and JP Morgan (the "Joint Lead Managers"), acting in connection with the offering of the securities, are acting exclusively for Georgia and no one else and will not be responsible for providing advice in connection with the Information to any party. Subject to applicable law, neither of the Joint Lead Managers accepts any responsibility whatsoever or makes any representation or warranty, express or implied, for the contents of the Information, including its accuracy, completeness or verification or for any other statement made, or purported to be made, in connection with, or in respect to, Georgia, and no information may be relied upon as a promise or representation in this respect, whether as to the past or the future. Georgia, its officers and the Joint Lead Managers accordingly disclaim all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred above) which any of them might otherwise have in respect of the Information or any such statement. The statements contained in the Information are made as at the date of this presentation, unless another time is specified in relation to them, and delivery of the Information shall not give rise to any implication that there has been no change in the facts set forth in the Information since that date. Save as otherwise expressly agreed, none of the above persons shall be treated as being under any obligation to update or correct any inaccuracy contained herein or otherwise liable to you or any other person in respect of any such information.

Nothing contained in this presentation shall be deemed to be a forecast, projection or estimate of Georgia's future economic performance.

This presentation contains forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements are statements that are not historical facts and include statements about Georgia's beliefs and expectations. These statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. Although Georgia believes that the beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will be realised.

The information and opinions contained in the Information are provided as at the date of this presentation or as at the other date if indicated and are subject to change without notice. No reliance may be placed for any purpose whatsoever on the Information or on assumptions made as to its completeness.

By accepting the Information, you will be deemed to acknowledge and agree to the matters set forth above.

THIS DOCUMENT DOES NOT DISCLOSE ALL THE RISKS AND OTHER SIGNIFICANT ISSUES RELATED TO AN INVESTMENT IN THE SECURITIES/THE TRANSACTION. PRIOR TO TRANSACTING, POTENTIAL INVESTORS SHOULD ENSURE THAT THEY HAVE REVIEWED THE PRELIMINARY PROSPECTUS AND THE PROSPECTUS FOR THE TRANSACTION AND FULLY UNDERSTAND THE TERMS OF THE SECURITIES/TRANSACTION AND ALL ASSOCIATED RISKS.



Government of Georgia

Representatives from the Government of Georgia



Lasha Khutsishvili
The Minister of Finance of Georgia

Mr. Lasha Khutsishvili was appointed Minister of Finance in April 2021. He has 15 years of experience in public finance management and taxation. From 2014, he held the position of the Deputy Minister of Finance of Georgia. In 2016, he was Elected as a Member of the Steering Group of the OECD/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting) and held this position until 2020

From 2013 to 2014, he also was the Head of the Revenue Service of the Ministry of Finance. From 2008 to 2013, he worked for Ernst & Young in the field of taxation and law. He is a graduate of the Free University Business School (ESM) and the University of Preston (Business Administration)

He is fluent in English and Russian Languages



Nikoloz Gagua
Deputy Minister of Finance of Georgia

Mr. Nikoloz Gagua is the Deputy Minister of Finance of Georgia. He was Minister of Finance of Georgia from June 2018 to July 2018. Previously, he served in various positions including as Deputy Minister, Ministry of Sustainable Economic Development of Georgia; Head of Department, Department of Macroeconomic Analysis and Forecasting, Ministry of Finance of Georgia and Deputy Executive Director, National Statics office of Georgia

Prior to this, he was a Deputy Executive Director at the National Statistics office of Georgia and Director of Public Sector Finance Management Reform Support Project. Additionally, he has held various positions in the Municipal Development Fund of Georgia (MDF). He holds a MS in Economics from Williams College, US

He is fluent in English, Russian, German



Archil Mestvirishvili
Vice-Governor and Board member of the National Bank of Georgia (NBG)

Mr. Archil Mestvirishvili is a Vice-Governor and Board member of the National Bank of Georgia (NBG). His main responsibilities are Monetary Policy design and implementation, Financial Markets, Macroeconomic Research, Financial and External Sector Statistics, International Reserves Management and Payment Systems. He started working for the NBG in 2002 as a Researcher and then as head of Economic Research division and next as a head of Macroeconomics Department. He became deputy Governor in 2009 and was re-elected in 2016 for the second term. Prior to this, he was working for the Georgian Parliament Budget Office; for the Administration of the President and for Tbilisi City Hall

He holds a MA from Tbilisi State University in Mathematics (1994) and MA in Economics from Temple University, Philadelphia, PA, USA (2002)



Government of Georgia

01

Country Overview



Country Overview



Georgia is located east of the Black Sea. By virtue of its geographic position, it controls much of the Caucasus Mountains and the routes that run through them. Georgia has a land area of 69,700 square kilometres. Georgia is bordered by Russia to the north, Azerbaijan to the east, Armenia and Turkey to the south and the Black Sea to the west.

Source: Geostat, Ministry of Finance

¹ World Bank Life Expectancy as of 2018. ² World Bank as of 31 December 2017.

³ Motorcars are predominantly re-exports



Government of Georgia

Area	■ 69,700 square kilometers
Capital City	■ Tbilisi
Population	■ 3.7 million (2020)
Life Expectancy	■ 74 ¹
Currency (code)	■ Georgian Lari (GEL)
Official Language	■ Georgian
Literacy	■ 99.36% ²
<i>Ratio of population with higher education</i>	■ 26.7%
<i>Ratio of population with a professional education degree</i>	■ 17.4%
<i>Ratio of population that achieved the general education (secondary education) level</i>	■ 36.7%
Unemployment	■ 18.5%
Real GDP (2020)	■ US\$12,160m
GDP Real Growth Rate (2020)	■ (6.2)%
Average Real Growth Rate (2009 – 2019)	■ 4.9%
Nominal GDP per Capita 2020 (US Terms)	■ US\$4,274
GDP per Capita (PPP, US\$)	■ 14,918
Inflation Rate 2020 (period average)	■ 5.2%
10 year Average Inflation (2010-2019)	■ 3.6%
External Debt to GDP 2020	■ 47.5%
Gross Official Reserves (US\$)	■ US\$3.91bn (as of December 2020)
Ratings and Outlook	■ Ba2 (Moody's – Stable) BB (S&P – Negative) BB (Fitch – Negative)
Key Exports	■ Copper ores and concentrates, motorcars ³ , ferro-alloys, wine, hazelnuts and other nuts, waters, natural or artificial mineral and aerated waters and medicaments in measured doses
Key Natural Resources	■ Forests, hydropower, manganese deposits, iron ore, copper and coal
Membership in International and Regional Organizations	■ AA with EU, UN, IMF, World Bank, the Council of Europe, EBRD, WTO, OSCE, ADB, AIIB

02

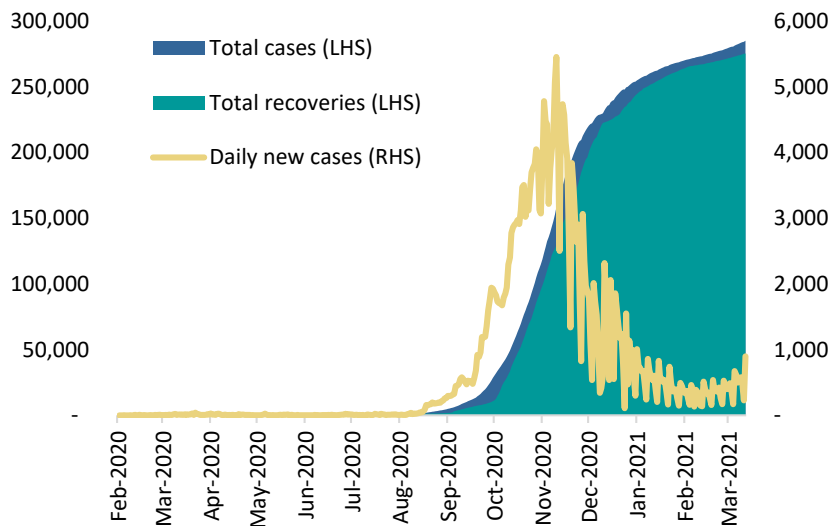
Impact of COVID-19



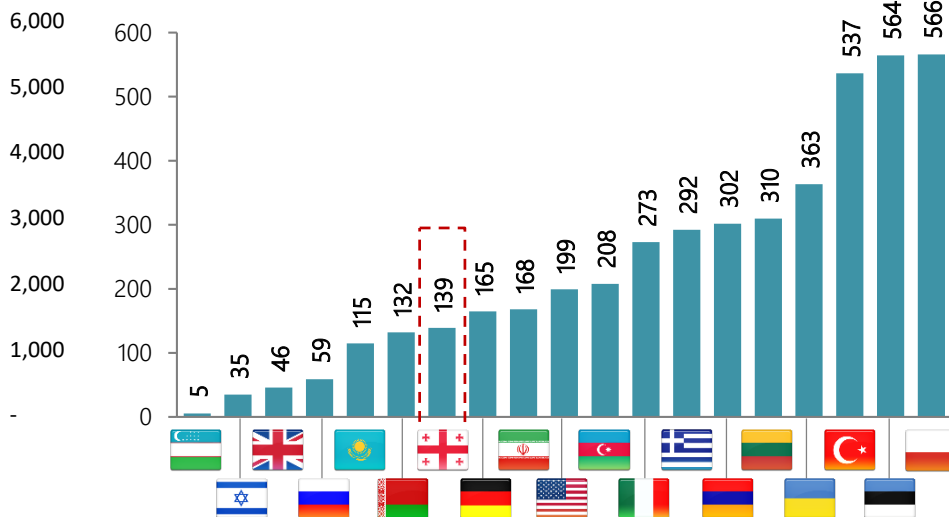
COVID-19 | High Recovery Rate & Decrease in Daily New Cases

Relative to other countries, Georgia's active cases are lower and new case trajectory is on the decline

COVID-19 Statistics in Georgia, Persons



Daily New Confirmed COVID-19 Cases (per million)



Source: NCDC, as of 01-Apr-2021. Active Reported Johns Hopkins University Center for Systems Science and Engineering. Population data from World Bank and United Nations as of 07-Apr-2021

Government of Georgia

COVID-19 | Lockdown Measures & Path Forward

Georgia introduced a number of measures aimed at containing the COVID-19 pandemic and a state of emergency was declared in March 2020 that resulted in the suspension of most international air, maritime and land travel, restriction of gatherings as well as specific national and regional restrictions

31 Mar 2020 – 22 May 2020

Nationwide Measures

- Nationwide curfew in effect from 9:00pm – 6:00am
- Suspension of all public transport
- Prohibition of gatherings of more than 3 people including pharmacies and food markets
- Suspension of certain economic activities except essential services and industries
- Screening via special checkpoints
- Exit and entrance into two municipalities

28 Nov 2020 – 31 Jan 2021

- Announcement of two month restriction plan
- Nationwide curfew in effect from 9:00pm – 5:00am with exception of New Year's and Orthodox Christmas night
- Closure of restaurants and other food facilities except for takeaway, delivery and drive in services
- Closure of gyms and swimming pools
- Conferences, training and cultural and entertainment events being required to be online
- Cessation of activities of sport, art and cultural clubs

28 Nov 2020 – 1 Feb 2021

Regional Measures
(8 cities & ski resorts)

- Shops / shopping malls required to switch to remote trade except for essentials
- Outdoor and indoor marketplaces, except for agrarian markets, required to close
- Suspension of all municipal and intercity transportation
- Closure of private and public nursery schools
- Remote tuition or secondary, vocational schools and universities
- Hotels in winter resorts permitted to be used for quarantine purposes and ski lifts and trails were shut

Path Forward

- Georgia is moving ahead with steps to resume economic activities and announced plans for the gradual easing of restrictions that commenced on 1 February 2021. The only remaining material restriction is the nationwide curfew from 9:00pm to 5:00am and restrictions on maritime and land entry to Georgia
- Georgia's national COVID-19 vaccination plan was approved by the government on 21 January 2021 by government decree #67. Georgia requires a total of 3,979,327 doses to cover approximately 60% of the adult population
- Georgia has a guarantee to receive 1,484,400 vaccine doses from the COVAX platform during 2021. An additional 2,494,927 doses are expected to come from alternative sources



Source: Ministry of Finance

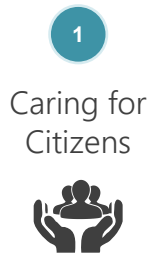
Government of Georgia

COVID-19 | Economic & Social Measures to Combat Impact of Pandemic

Georgia began to fight against the pandemic on 28 January 2020 and a state of emergency was declared on 21 March 2020. The government combatted the pandemic on two fronts:

- 1 **Caring for Citizens** | Protecting the health and saving the lives of citizens
- 2 **Caring for the Economy** | Enacting measures to save the Georgian economy

- ♦ 1.035bn GEL – Caring for citizens and providing them with social support
- ♦ 2.11bn GEL – Caring for the economy and supporting entrepreneurs
- ♦ 350m GEL – Strengthening the healthcare system & fighting the pandemic



STAGE 1

- **Citizens' utility bills were financed** for three months
 - Electricity, water and waste management bills finance for more than 1.2m families; natural gas bill financed for more than 670k families
- The state **insured** the nine main food products against **price spikes** and contracts were signed with major importer companies
- Citizens were provided with the opportunity to **defer loan payment** for 3 months (600k citizens have utilized this concession)

- **Deferral of property and income tax payments** for business entities connected with the tourism industry (deferred for 4,500 businesses)
- **Subsidization of 80% of six months bank loan interest** expenses for small hotels (850 hotels registered)
- 90-day Period of Car Customs Clearance for Vehicle Importers deferred (38,000 importers have benefitted)
- All legal entities were given the opportunity to **restructure their loans**
- **State insured construction materials** for all infrastructural projects against price strikes

STAGE 2

- **Targeted social assistance** to hired employees who lost their jobs or are on unpaid leave
- **Disbursement of state subsidies** to employers for every retained job
- **Assistance provided to families** whose social rating score is between 65,000 & 100,000; between 0 and 100,000 with three or more children under age of 16 and persons with severe disabilities and disabled children
- Introduction of **pension indexation**
- **Automatic VAT refund** mechanism
- Commercial banks provided with 600m GEL in **long-term resources**
- Introduction of **Credit Guarantee scheme**
- **Grants** of up to 30,000 GEL for villages, agriculture, regional development
- **Agrocredit** – financing of annual crops and full financing of loan interest
- Full exemption from **amelioration fees** for 2020 for villages, agriculture, regional development



Source: Prevention of Coronavirus Spread in Georgia – Government of Georgia "The Anti-Crisis Economic Plan <https://stopcov.ge/en/Gegma>

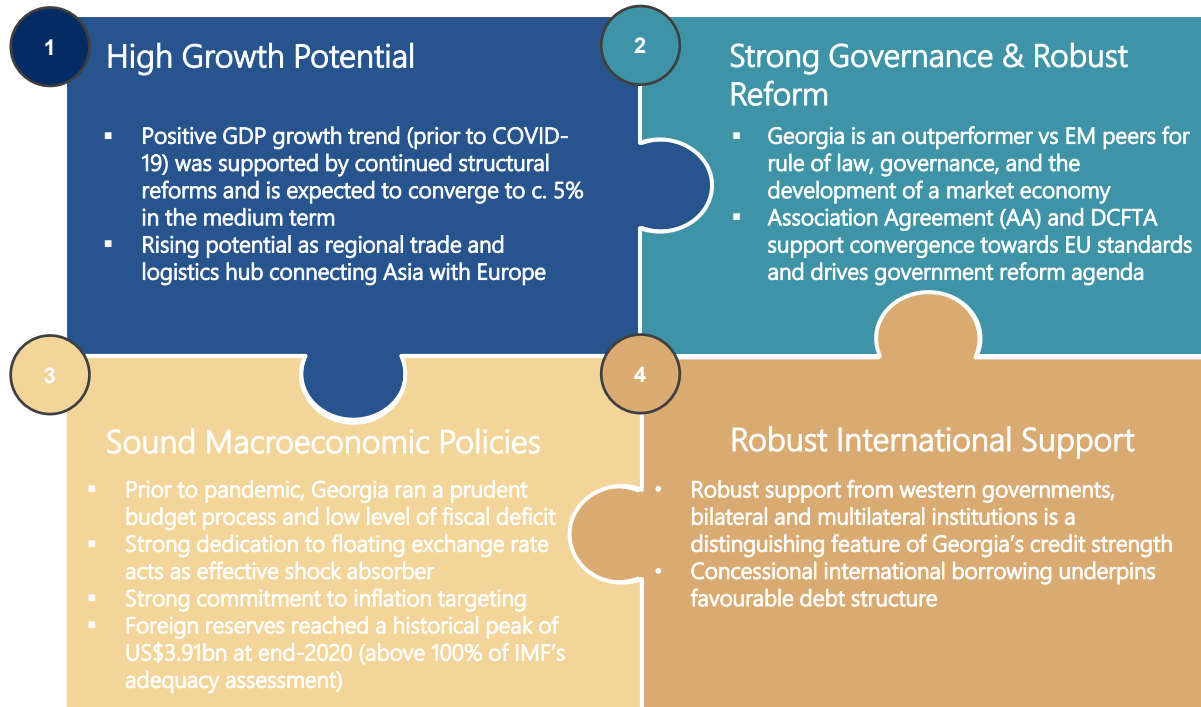
Government of Georgia

03

Pillars of Georgia's Credit Strength



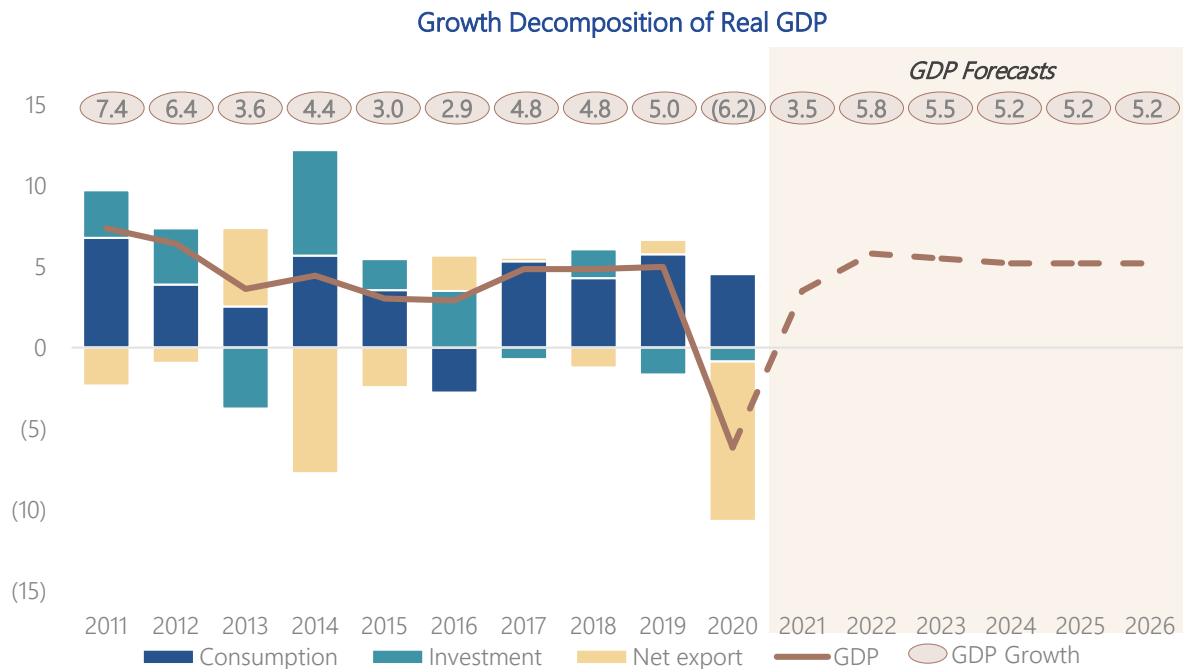
Pillars of Georgia's Credit Strength



Government of Georgia

High Growth Potential | Recent Growth History

- Georgia's growth trajectory was very positive in the 5 years prior to COVID-19
- This positive and endogenous growth has been driven by the following:
 - Solid macroeconomic framework and policies
 - Georgia's strong commitment to reform
 - Robust trajectory of tourism
- COVID-19 had a significant impact on Georgia's growth trajectory which fell into negative territory at (6.2)%
- According to IMF projections, Georgia's GDP will rebound materially with 2021 GDP growth expected to be 3.5%



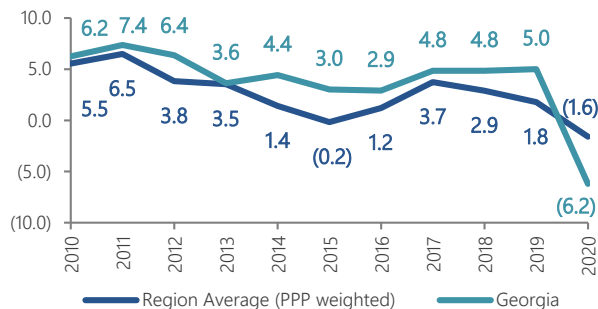
Source: Geostat. IMF forecasts as Apr-2021, Ministry of Finance

Government of Georgia

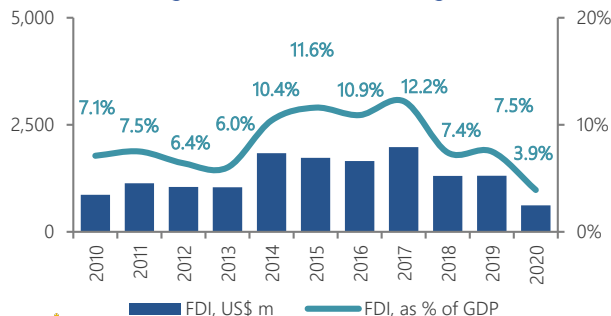
1

High Growth Potential | Drivers of Sound Macroeconomic Policies, Infrastructure Spending and Structural Reforms

Endogenous Long-Term Growth Path



High Level of FDI in Georgia



Source: Ministry of Finance

Government of Georgia



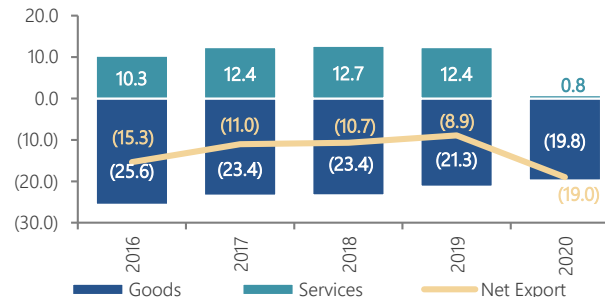
- Georgia's 5.0% long-term growth path is mostly endogenous and supported by:

- Strong macroeconomic management
- Reform commitment
- Growth-friendly tax policy
- Strong business environment
- Attractive investment destination

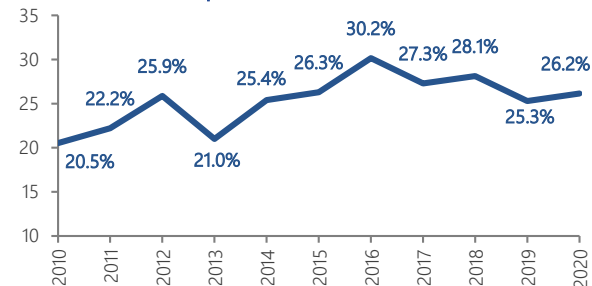
- Georgia's structural strength is reflected in:

- Improving net exports (both goods and services)
- High level of domestic Investment
- High level of FDI

Improving Net Exports



Gross Capital Formation (to GDP)



1

High Growth Potential | Supported by Georgia's Strategic Positioning in the Region & Extensive Trade Agreements

Georgia is an open economy and has FTAs with major economic powers which bolsters Georgia's growth potential. As noted below, Georgia is still in discussions with several nations regarding FTAs underscoring the opportunity for additional upside from establishment of additional agreements

Simple and service-oriented custom policy and administration

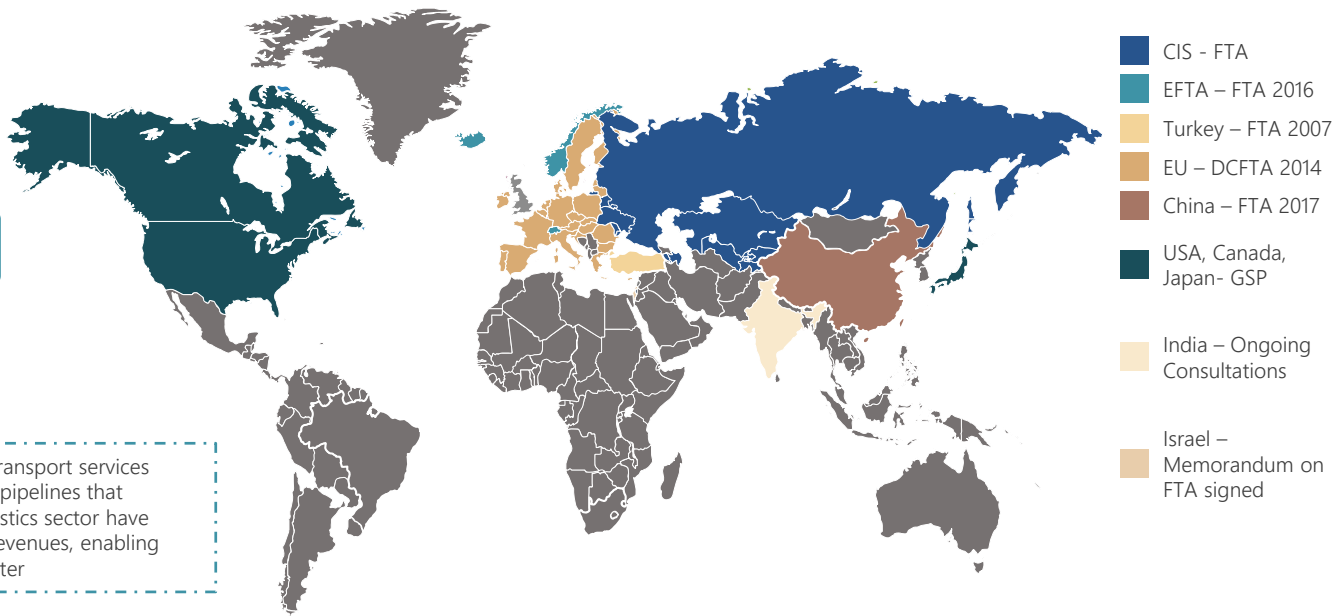
Tariff and quota-free trade policy

80% of commodities are free from import duty

Most Favored Nation (MFN) since 2000



Due to Georgia's geographic location, transport services (including transit fees generated by the pipelines that traverse Georgian territory) and the logistics sector have been a significant generator of export revenues, enabling Georgia to become a net services exporter



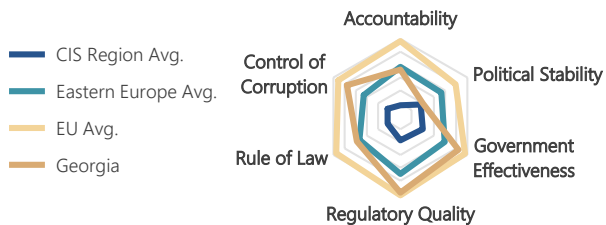
Source: Ministry of Finance

Government of Georgia

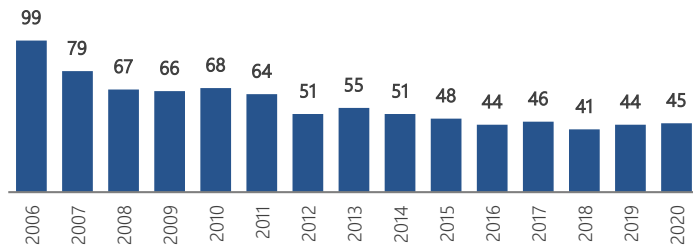
Strong Governance & Robust Reform | Georgia's Governance Indicators Outperform those of Regional Peer Countries

Georgia is an attractive destination for foreign direct investment due to its reputation for transparency and ease of doing business. Georgia was ranked seventh (second in Europe and Central Asia) in the World Bank-IFC Doing Business Report for Ease of Doing Business 2020

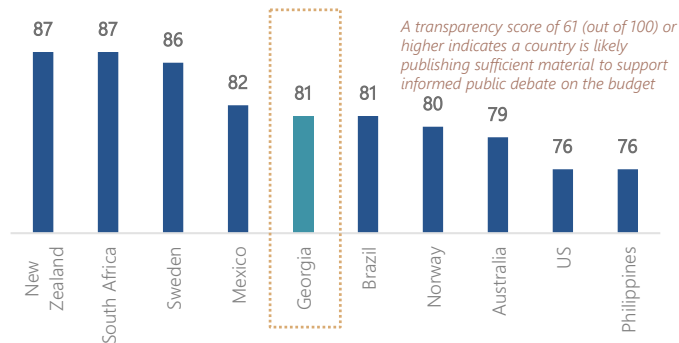
World Governance Indicators*



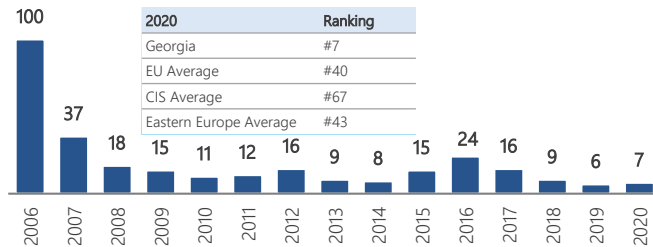
Corruption Perception Index



Budget Transparency Score 2019 (Open Budget Index) – Top 10



World Bank-IFC Doing Business Ranking*



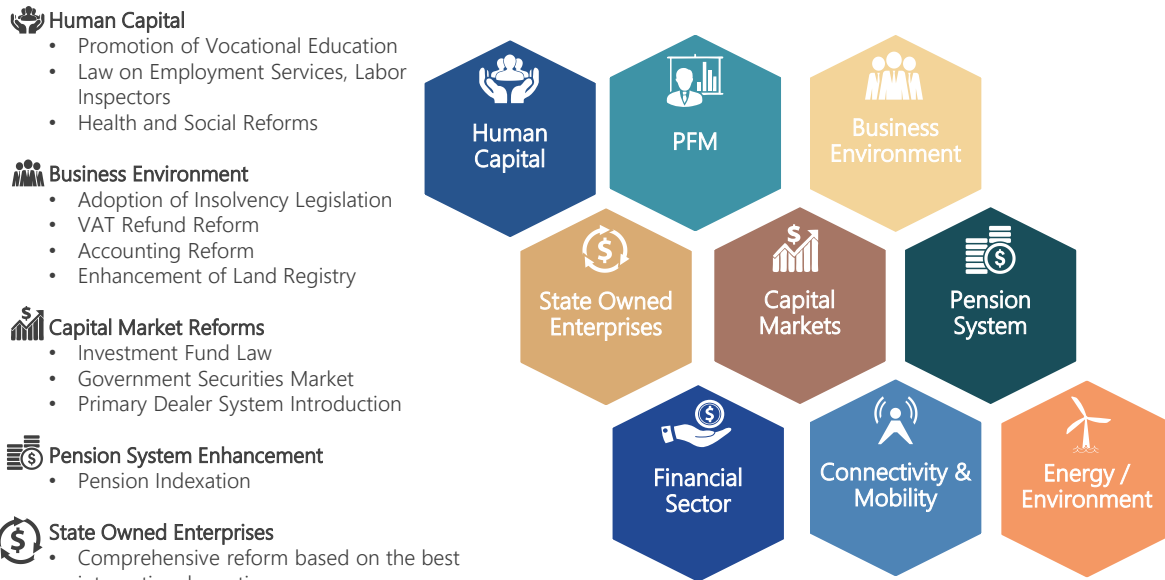
Source: Ministry of Finance. Open Budget Index Survey 2019 <https://www.internationalbudget.org/open-budget-survey/country-results>. *EU countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden. CIS countries: Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan, Ukraine, Afghanistan, Mongolia | Eastern Europe: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine



Government of Georgia

Strong Governance & Robust Reform | Reform Agenda 2020 - 2021

Georgia has a robust and homegrown commitment to structural reforms. These are reinforced by its continued engagement with the IMF and its efforts toward EU accession



Energy/Environment reforms

- Laws on Energy, Energy Efficiency and Water
- Electricity Market Development
- National Energy Efficiency Action Plan (NEEAP) Strategy

Connectivity and Mobility

- Development of Roads Infrastructure and Full Highway Spinal Network
- Broadband Development Strategy

PFM Reform

- Public Investment Management Reform
- Implementation of Various Fiscal Rules and Enhanced Fiscal Risk Analysis (SOE risks, ESG risks)
- Full introduction of IPSAS
- Establishment of Public Procurement Dispute Resolution Body
- Enhancement of Macro and Fiscal Forecasting E-Governance

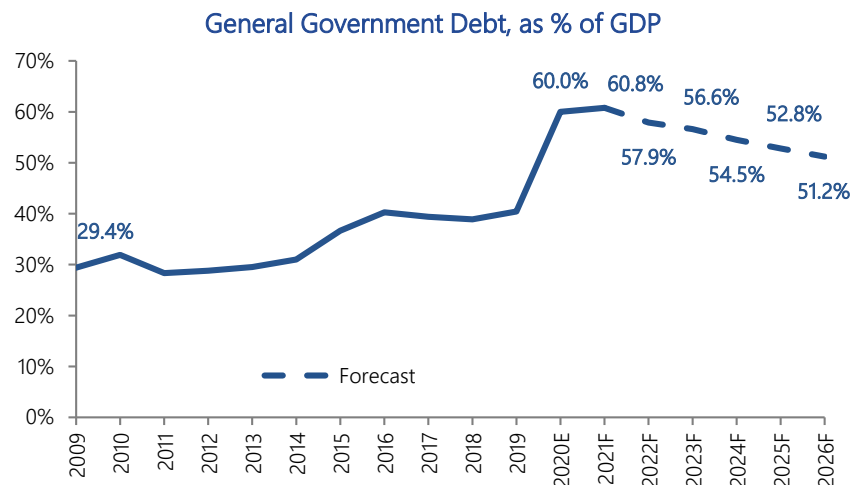
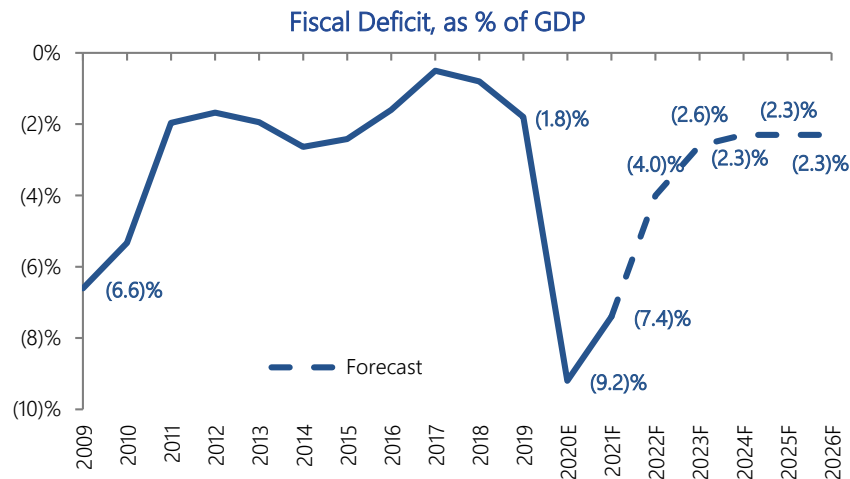
Financial Sector Reform

- Implementation of Deposit Insurance
- Banking Resolution Framework
- Introduction of Several De-Dollarization Reforms



Source: Ministry of Finance

Government of Georgia



- In the aftermath of the regional economic crisis of 2014-2016, the Government introduced fiscal reforms quickly, including fiscal repair measures and fiscal buffers
- Georgia has historically committed to low deficit and will continue structural fiscal consolidation under IMF program in the next 3 to 4 years
- Government's expenditure in connection with COVID-19 related measures amounted to GEL 3.6bn in 2020
- In 2021, COVID-19 related measures expected to amount to GEL 1.3bn

- In 2020, government's total debt increased to 60.0% of GDP according to preliminary data
- Georgia has a debt rule capped 60% of nominal GDP for the relevant year with 2 escape clauses for exceptional circumstances. This ceiling was breached in 2020 as a consequence of COVID-19 and extraordinary needs
- Returning fiscal parameters to pre-pandemic levels in the medium term is a government priority

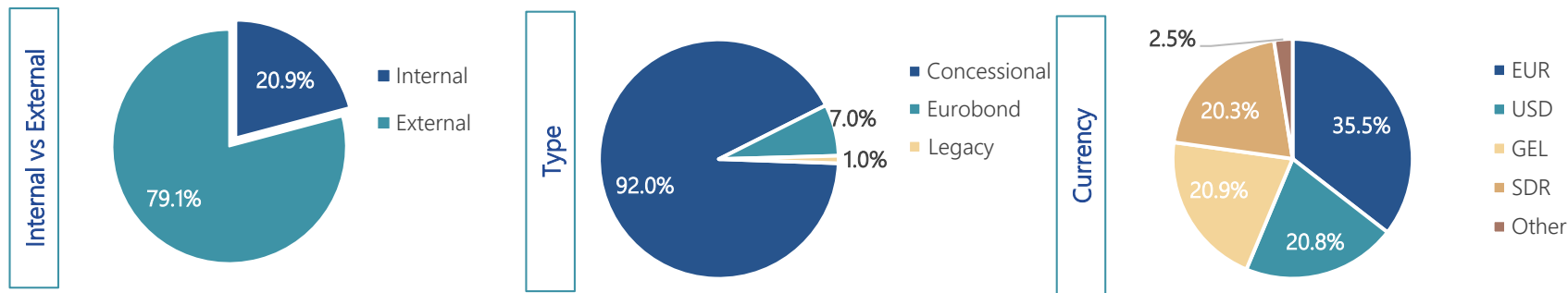
Sources: Ministry of Finance; and IMF Fund Staff Estimates. General government debt excludes domestic legacy debt amounting to 1.2 percent of GDP. Fiscal deficit figures represent Augmented Net lending / borrowing (Program definition) = Net lending / borrowing - Budget lending per IMF definition.

Government of Georgia



Sound Macroeconomic Policies | Debt Composition - Highly Concessional Interest and Maturity Terms

Government Debt Portfolio Breakdown



Weighted Average Interest Rate (%)

Total Government Debt	2.84
Internal Debt	8.58
Eurobond (External)	6.88
Legacy (External)	3.52
Concessional (External)	0.88

Average Time to Maturity (Years)

Total Government Debt	7.52
Internal Debt	3.07
Legacy (External)	2.30
Concessional (External)	9.40



Source: Ministry of Finance

Government of Georgia

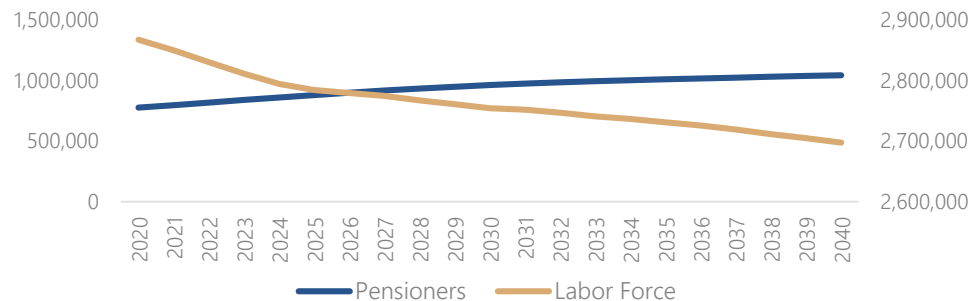
- In 2020, Georgia introduced a basic pension indexation mechanism, which has applied since January 2021
- Pension Indexation is a part of strategy to enhance the pension system and address long term aging related pension system risk
- For pensioners below 70, the pension is indexed on inflation (minimum GEL 20)
- For those above 70, the pension is indexed on inflation + 80% of real economic growth
- The reforms stabilize pension expenditures despite demographic trends and maintains the replacement rates



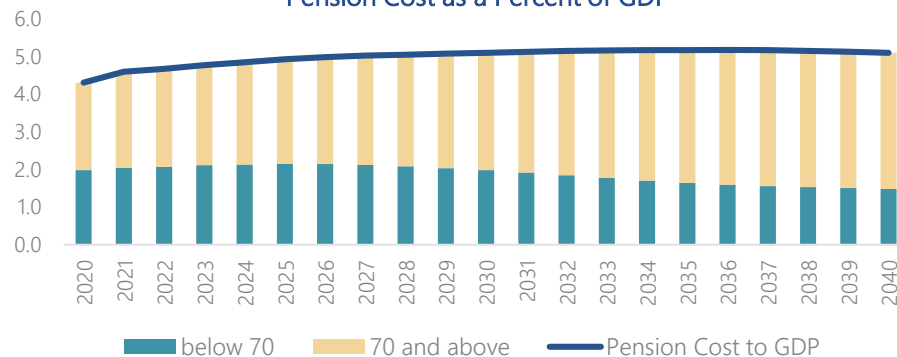
Source: Ministry of Finance

Government of Georgia

Pensioners vs Labour Force

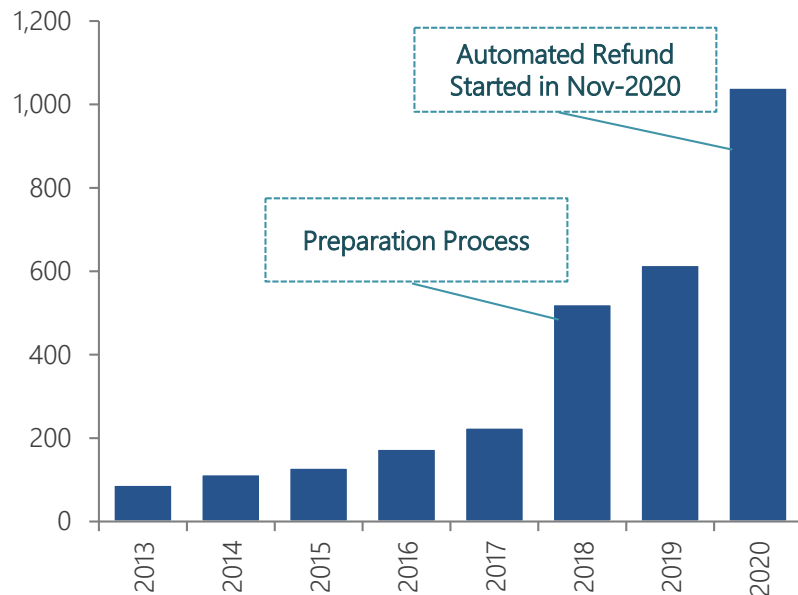


Pension Cost as a Percent of GDP



- Another important reform in the area of tax policy that was implemented recently is the automated VAT refund system
- Every VAT declaration now proceeds to a fully automated risk scoring system without any human intervention, with 90% of declarations being automatically checked and any tax credit being refunded within days.
- Without clear and easy VAT refund, the tax system penalizes export and limits income convergence process
- To address this issue, a fully automated VAT refund system has been introduced
- During the first month, more than 10,000 taxpayers benefited from the automatic refund system and more than GEL 165mm was refunded
- The new system provides the access to the hundreds of millions GEL resources for businesses and its economic impact is close to the profit tax reform

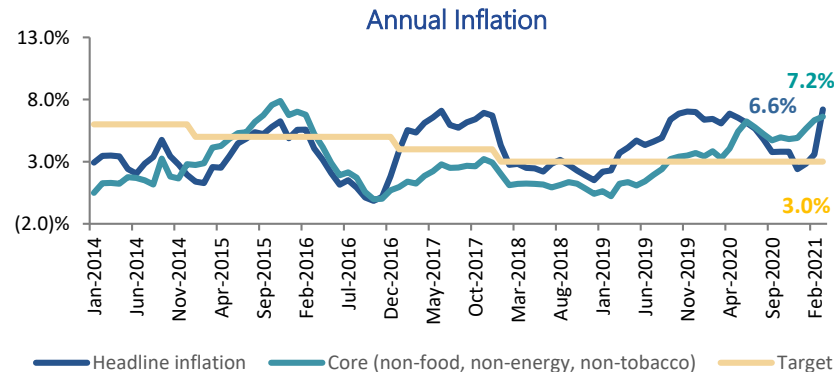
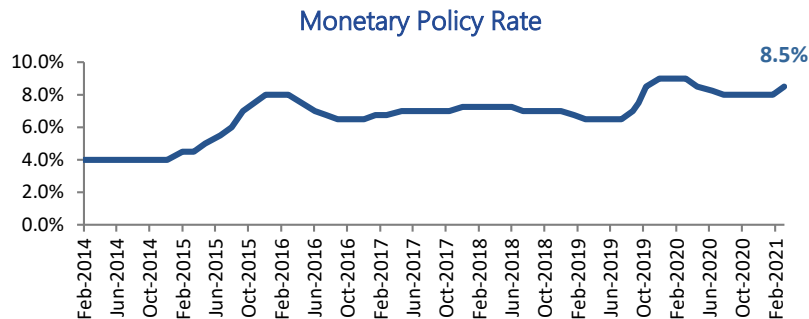
VAT Refunds GEL Millions



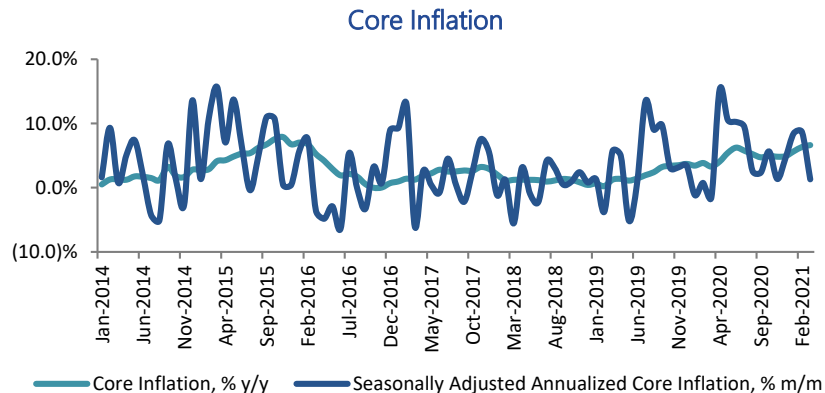
Source: Ministry of Finance

Government of Georgia

Sound Macroeconomic Policies | Inflation Targeting Regime and Prudent Management of Monetary Policy Rate



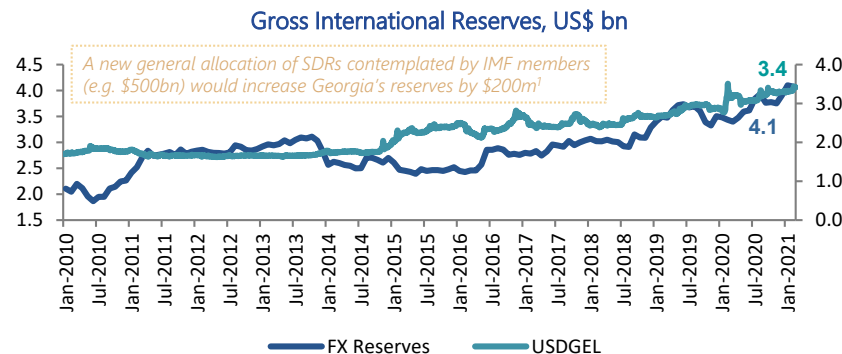
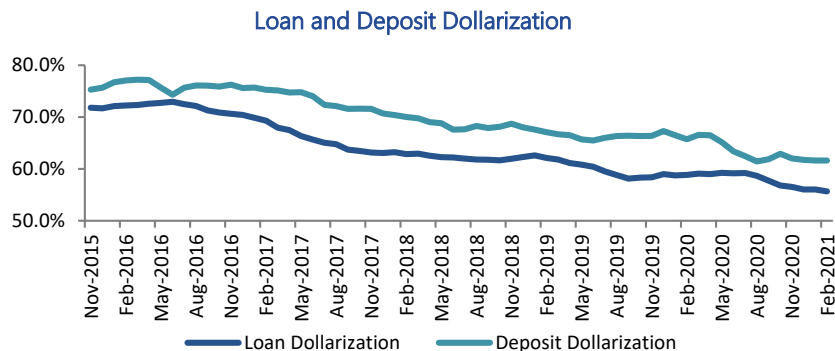
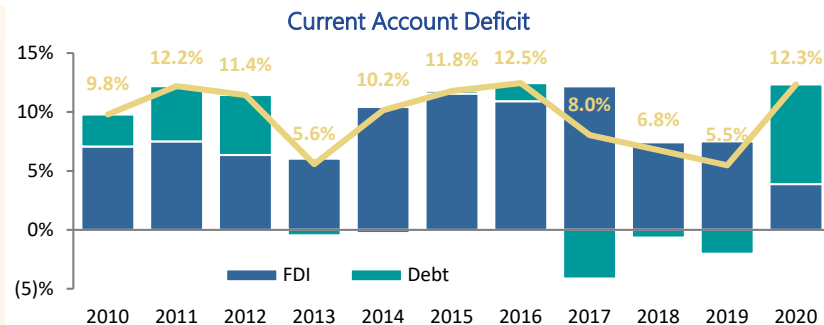
- NBG reduced the monetary policy rate by 100 basis points to 8.0% during April-August 2020. However, on 17 March 2021, the NBG decided to increase its policy rate by 0.5 percentage points to 8.5% due to increased inflation risks stemming from price increases in the international commodity markets, higher production pandemic related costs and the persistence of a depreciated Lari exchange rate



Source: Geostat, Ministry of Finance, NBG

Government of Georgia

- The COVID-19 crisis resulted in several significant vulnerabilities, however, these deteriorations are anticipated to be temporary with recovery bolstered by resumption of tourist activity
- Current Account Deficit** | In 2019 the CAD was 5.5% of GDP, a decrease of 56% as compared to 2016, mainly driven by the growing tourism industry and an improved trade balance. In 2020, it increased by 104.9%, due to reduced economic activity, reduced exports and a significant reduction in revenues from tourism
- De-Dollarization** | Georgia has achieved significant success with de-dollarization measures implemented in 2017. While de-dollarization is a long term process, positive dynamics have already been observed. In February 2021, dollarization of loans and deposits in the banking sector decreased by 10.2 percentage points and 9.7 percentage points to 55.2% and 61.6%, respectively
- Gross International Reserves** | Georgia's gross international reserves are at historical highs at \$4.1bn (above 100% of IMF's Assessing Reserves Adequacy metric)



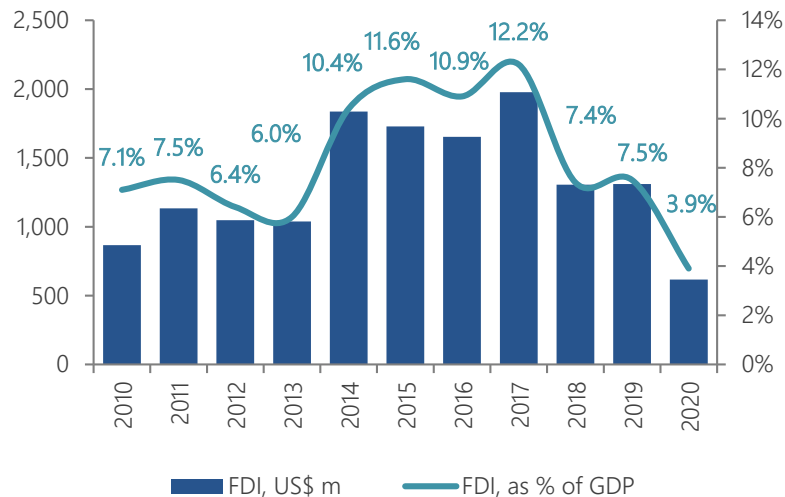
Source: Ministry of Finance, Bloomberg as of 09-Apr-2021. ¹ Fitch as of 18-Mar-2021

Government of Georgia

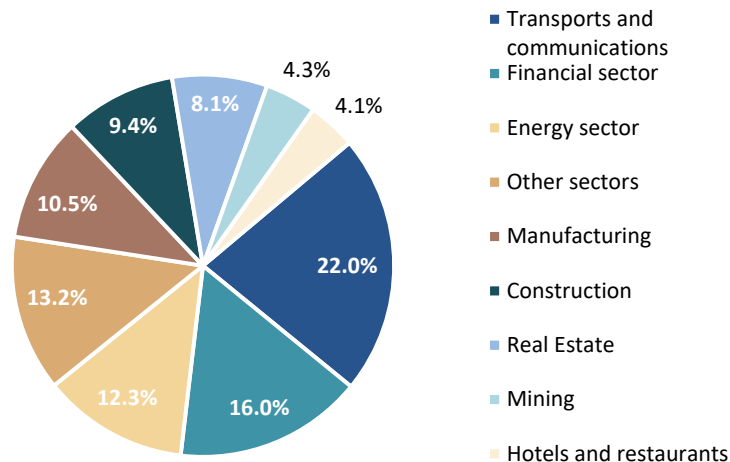
Sound Macroeconomic Policies | Strong FDI Growth Historically

- FDI has been supported by the full convertibility of the Lari since 1997 and has been an important source of financing for the Georgian economy since the Rose Revolution. Since 2016, there has been a relatively high level of reinvestment as a percentage of total FDI, which shows that Georgia's economic policy and improved business environment are positively perceived by investors

Foreign Direct Investment in Georgia



FDI by Sector in 2010-2020, Share in Total

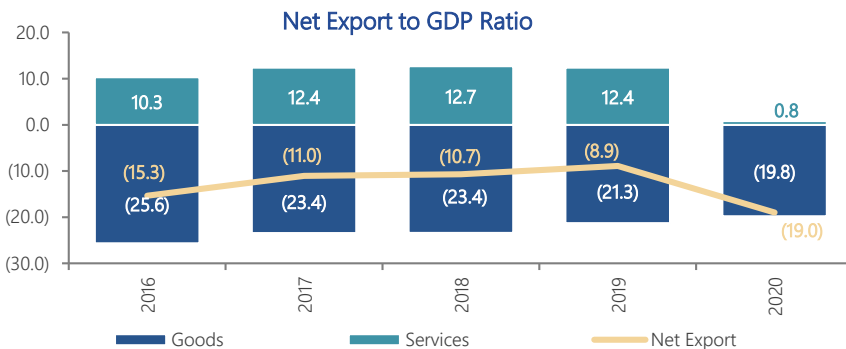


Source: Ministry of Finance

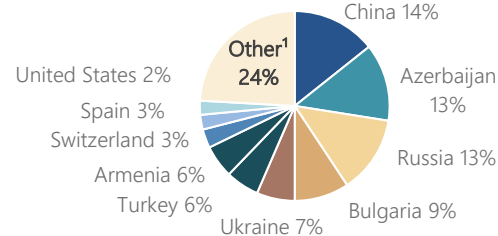
Government of Georgia

Sound Macroeconomic Policies | Insulated from Shocks Given Diversity of Export Partners

- The acceleration of growth in regional economies since 2017 has supported strong growth in exports and remittances
- Real GDP growth was negative 6.2% in 2020. A decline in exports contributed in this reduction in the amount of 20.9%, mainly due to a decline in exports of services of approximately 65.0%

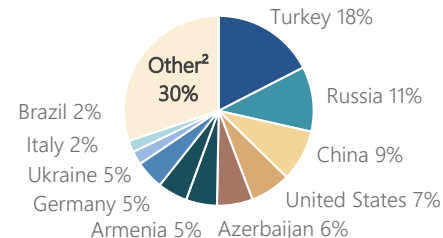


Breakdown of Exports of Goods by Country of Destination



Exports 2020 Total: 100.0

Breakdown of Imports by Country of Origin



Imports 2020 Total: 100.0

Source: Geostat; Ministry of Finance ¹ Other Says¹ Uzbekistan, Germany, Kazakhstan, Belarus, Lithuania (Lietuva), Italy, France, United Arab Emirates, Iran, Poland.

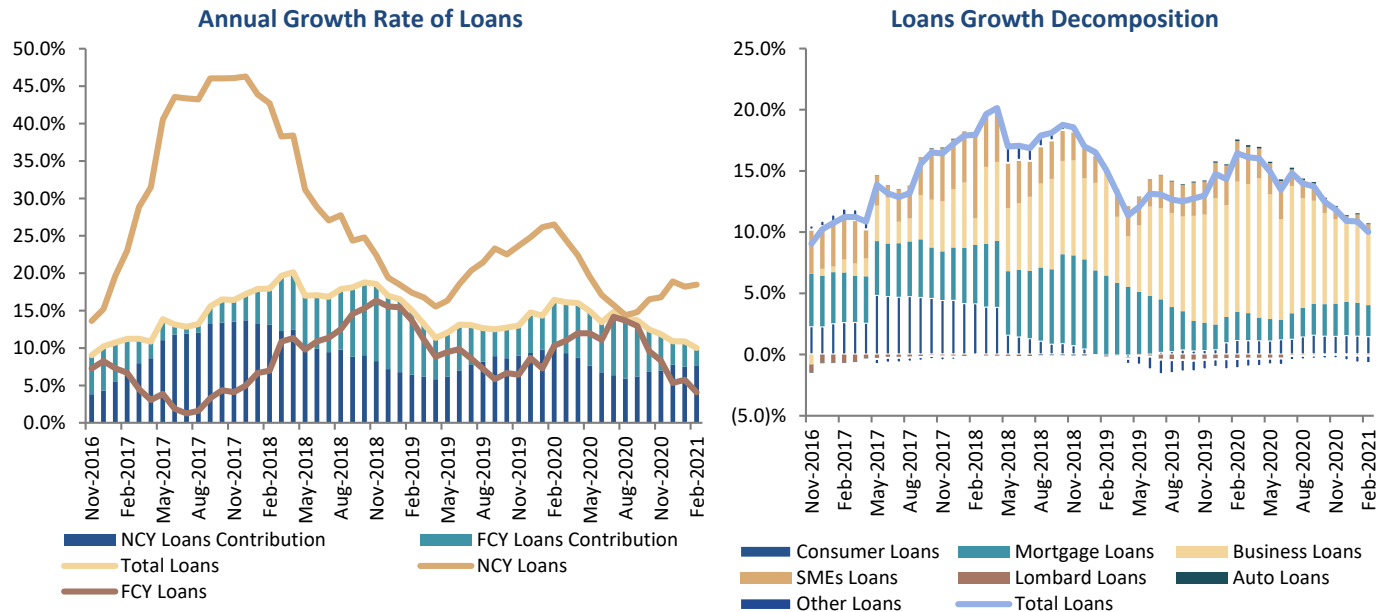
² Other Says² Japan, Netherlands, France, Poland, Romania, Bulgaria, United Arab Emirates, Spain, Belgium, Chad



Government of Georgia

Sound Macroeconomic Policies | Total Loan Growth Remained Moderate through 2020

- Foreign currency loan growth declined in 2020 vs 2019; domestic currency-denominated lending is less exposed to exchange rate fluctuations
- Loan growth in 2020 driven predominantly by business loans



Source: Ministry of Finance, NBG <https://www.nbg.gov.ge/index.php?m=715&lng=eng>. Loan growth data is calculated net of exchange rate. FX distortion is thereby removed.

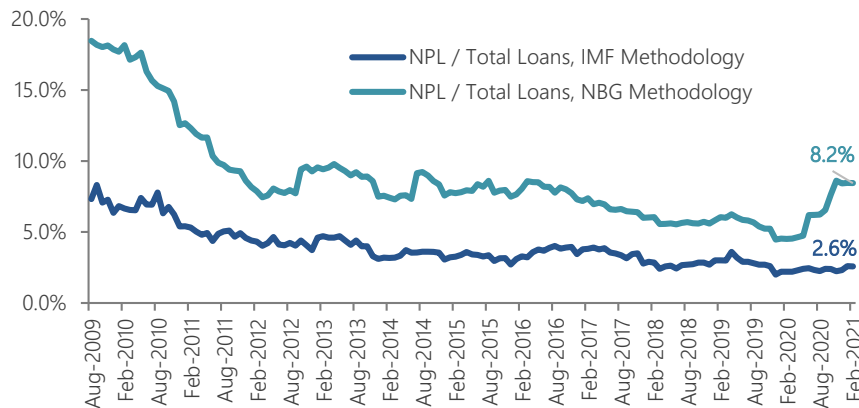
Government of Georgia

Sound Macroeconomic Policies | Banks Remained Well-Capitalized throughout the Pandemic despite Uptick in NPLs

- Non-performing loans ("NPLs") increased in 2020 from GEL 1,414 million as at 31 December 2019 to GEL 3,203 million as at 31 December 2020, an increase of 126.5%. This increase was due to the adverse impact of the COVID-19 pandemic on the Georgian economy, as well as related Lari depreciation. The ratio of NPLs to total loans was 8.0% as at 31 December 2020 compared to 4.0% as of 31 December 2019

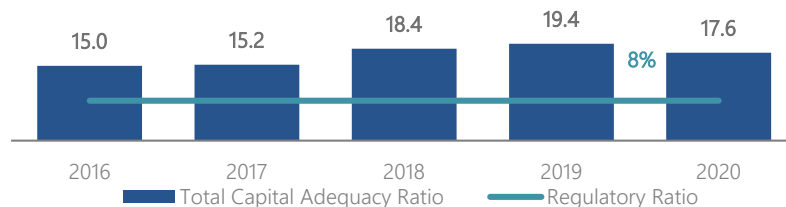
- The NBG adopted a Basel III compliant capital adequacy framework for commercial banks in 2013. In 2017, the NBG introduced significant changes to Georgian regulatory capital regulations. These amendments were intended to bring Pillar 1 minimum requirements in Georgia in line with the framework established by the BCBS and to implement additional capital requirements under Pillar 2 of Basel III

Non-performing Loans (NPL) / Total Loans (%)



NBG Capital Adequacy Requirements

- Common Equity Tier 1 Capital adequacy ratio of at least 4.5%
- Tier 1 Capital adequacy ratio of at least 6.0%
- Total Regulatory Capital adequacy ratio of at least 8.0%



Source: Ministry of Finance, NBG. By IMF's methodology, NPLs are loans when payments of principal and interest are past due by 90 days or more, while NBG considers 30 days or more overdue

Government of Georgia

International Partnerships | Long-Standing & Close Relationships with Multilateral Organizations

- Georgia benefits from long-standing and close relationships with a broad base of multilateral and bilateral development organisations, including the IMF, the World Bank, Asian Development Bank the Asian Infrastructure Investment Bank ("AIIB"), the Council of Europe Development Bank, the European Bank for Reconstruction and Development (the "EBRD"), KfW Development Bank and Agence Française de Développement
- Loans from multilateral and bilateral development organisations account for a significant portion of Georgia's total borrowings underpinning the country's favourable debt structure
- Alongside this financial assistance, Georgia benefits from a high level of expert assistance from multilateral and bilateral development organisations throughout project implementation cycles
- During 2020, U.S.\$2298.8 million was raised from bilateral and multilateral organisations, of which 45% bears a fixed interest rate

Financial Resources from Development Organizations
During Covid-19 (in U.S. \$ million)

2020	Budget Support Loans	Investment Loans	Total
ADB	490.4	41.48	531.88
AFD	208.68	68.13	276.81
AIIB	52.77	99.95	152.72
EU	176.73	0	176.73
EBRD	0	192.77	192.77
IBRD	100.38	182.32	282.7
KfW	312.34	171.57	483.91
IMF	201.28	0	201.28
TOTAL	1542.58	756.22	2298.8



History of credible fiscal policy

Successful program and strong initial conditions

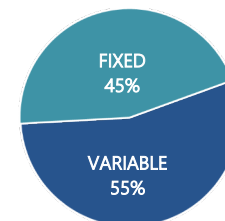
High credibility of authorities



Source: Ministry of Finance

Government of Georgia

The fixed / floating
composition of existing
concessional debt

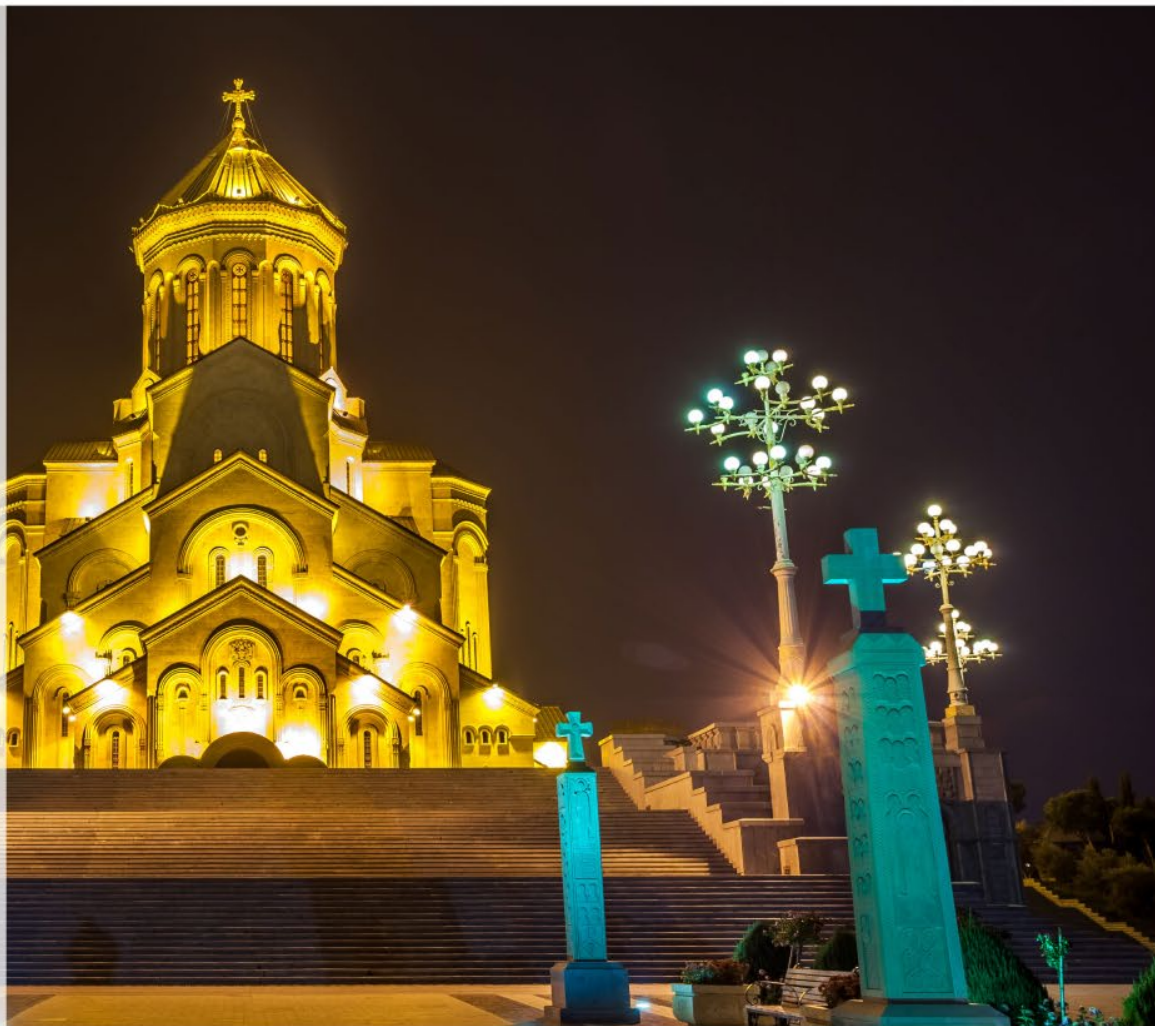


Average Interest Rate
0.55 %

Average Interest Rate
EURIBOR+0.88 %

04

Transaction Highlights



Transaction Highlights

Issuer	Georgia, acting through the Ministry of Finance of Georgia
Issuer Ratings	Moody's: Ba2 (Stable Outlook) / S&P: BB (Negative Outlook) / Fitch: BB (Negative Outlook)
Format	144A / Reg S
Status	Senior Unsecured
Currency	US Dollar
Size	500m
Tenor	5-year
Use of Proceeds	General Budgetary Purposes
Listing	London Stock Exchange Regulated Market
Minimum Denominations	Denominations of US\$200,000 and integral multiples of US\$1,000
Governing Law	English Law
Joint Bookrunners	Goldman Sachs International*, ICBC and JP Morgan*
Co-Managers	Galt & Taggart and TBC Capital



** Global Coordinators*

Government of Georgia