

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) LOCATED OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW)).

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE ATTACHED PRELIMINARY OFFERING CIRCULAR FOLLOWING THIS PAGE (THE "**OFFERING CIRCULAR**"), WHETHER RECEIVED BY E-MAIL, ACCESSED FROM AN INTERNET PAGE OR RECEIVED AS A RESULT OF ELECTRONIC TRANSMISSION, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE OFFERING CIRCULAR. IN ACCESSING THE OFFERING CIRCULAR, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS. THE ATTACHED DOCUMENT HAS BEEN PREPARED SOLELY IN CONNECTION WITH THE PROPOSED OFFERING TO CERTAIN INSTITUTIONAL AND PROFESSIONAL INVESTORS OF THE SECURITIES DESCRIBED HEREIN.

THE OFFERING CIRCULAR IS IN PRELIMINARY FORM AND IS SUBJECT TO SUBSTANTIAL AMENDMENT AND COMPLETION.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION WHERE THE OFFER, SALE OR SOLICITATION IS NOT PERMITTED. ANY SECURITIES TO BE OFFERED OR SOLD HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR ANY OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. YOU ARE NOT AUTHORISED TO, AND MAY NOT, FORWARD OR DELIVER THE ATTACHED DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON, OR REPRODUCE SUCH DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED TO ACCESS THE ATTACHED DOCUMENT.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, you must (i) be outside of the United States; or (ii) be a qualified institutional buyer ("**QIB**") (within the meaning of Rule 144A under the Securities Act). The Offering Circular is being sent at your request, and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that (1) you understand and agree to the terms set out in the Offering Circular; (2) in respect of securities being offered in an offshore transaction pursuant to Regulation S of the Securities Act, you are outside the United States, and that the e-mail address to which, pursuant to your request, the Offering Circular has been delivered by electronic transmission is not located in the United States for the purposes of Regulation S of the Securities Act; (3) in respect of securities offered and sold in reliance on Rule 144A, you are a QIB; (4) you consent to delivery by electronic transmission; (5) you will not transmit the Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of us; and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities.

The Offering Circular is being distributed to, and is directed only at, persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply (such persons being referred to as "relevant persons"). Any person who is not a relevant person should not act nor rely on the Offering Circular or any of its contents. Any investment activity (including, but not limited to, any invitation, offer or agreement to subscribe, purchase or otherwise acquire securities) to which the Offering Circular relates will only be available to, and will only be engaged with, persons who fall within the manufacturer target market described in the Offering Circular.

Manufacturer target market (MiFID II/UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No EEA PRIIPs key information document (KID) as not available to retail in EEA. No UK PRIIPs key information document (KID) as the Issuer is exempt from the UK PRIIPs Regulation.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of Georgia, acting through the Ministry of Finance of Georgia (the "**Issuer**") in such jurisdiction. The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Citigroup Global Markets Limited, ICBC Standard Bank Plc, J.P. Morgan Securities plc, Société Générale, JSC Galt & Taggart or TBC Capital LLC (together, the "**Joint Lead Managers**"), nor any person who controls any of them or any director, officer, employee or agent of any of them, the Issuer or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.



GEORGIA

(acting through the Ministry of Finance of Georgia)

U.S.\$500,000,000 5.125% Notes due 2031 **ISSUE PRICE: 98.917%**

The U.S.\$500,000,000 5.125% Notes due 2031 (the "Notes") to be issued by Georgia, acting through the Ministry of Finance of Georgia (the "Issuer" or "Georgia"), will mature on 28 January 2031 (the "Maturity Date") and, unless previously purchased and cancelled, will be redeemed at their principal amount on that date.

The Notes will bear interest from, and including, 28 January 2026 at the rate of 5.125% per annum payable semi-annually in arrear on 28 January and 28 July in each year, commencing on 28 July 2026.

This Offering Circular comprises neither a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) (the "FSMA"), a prospectus for the purposes of the Public Offers and Admissions to Trading Regulations 2024/105, nor listing particulars given in compliance with the listing rules made under Part VI of the FSMA by the UK Financial Conduct Authority (the "FCA") pursuant to the FSMA. Application has been made for the Notes to be admitted to the official list of the FCA (the "Official List") and to trading on the main market (the "Market") of the London Stock Exchange plc (the "London Stock Exchange").

The Notes are being offered (i) in offshore transactions in reliance on, and as defined in, Regulation S (the "Regulation S Notes") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and (ii) in the United States only to qualified institutional buyers ("QIBs") as defined in Rule 144A of the Securities Act ("Rule 144A") in reliance on, and in compliance with, Rule 144A (the "Rule 144A Notes").

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Georgia's long-term foreign currency debt has been assigned a rating of BB by S&P Global Ratings UK Limited ("S&P"), a rating of BB by Fitch Ratings Ireland Limited ("Fitch") and a rating of Ba2 by Moody's Investors Service Singapore Pte. Ltd. ("Moody's"). The Notes are expected to be assigned the same ratings.

S&P is not established in the European Union but the rating it has given to the Issuer is expected to be endorsed by S&P Global Ratings Europe Limited, which is established in the European Union and registered under Regulation (EC) No 1060/2009 (the "EU CRA Regulation"). Fitch is established in the European Union and registered under the EU CRA Regulation. Moody's is not established in the European Union but the rating it has given to the Issuer is endorsed by Moody's Deutschland GmbH, which is established in the European Union and registered under the EU CRA Regulation. Fitch is not established in the United Kingdom but the rating it has given to the Issuer is endorsed by Fitch Ratings Ltd, which is established in the United Kingdom and registered under the EU CRA Regulation as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation"). S&P is established in the United Kingdom and registered under the UK CRA Regulation. Moody's is not established in the United Kingdom but the rating it has been given to the Issuer is endorsed by Moody's Investors Service Ltd., which is established in the United Kingdom and registered under the UK CRA Regulation.

Any change in the rating of the Notes may adversely affect the price that a purchaser may be willing to pay for the Notes. A rating is not a recommendation to buy, sell or hold securities, and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in the Notes involves certain risks. See the section headed "*Risk Factors*" in this Offering Circular.

The Regulation S Notes will be represented by beneficial interests in a global unrestricted note certificate (the "Regulation S Global Note") in registered form without interest coupons attached, which will be registered in the name of a nominee for, and shall be deposited on or about 28 January 2026 (the "Issue Date") with a common depository for, and in respect of interests held through, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Beneficial interests in the Regulation S Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. The Rule 144A Notes will initially be represented by a global restricted note certificate (the "Rule 144A Global Note" and, together with the Regulation S Global Note, the "Global Notes") in registered form, without interest coupons attached, which will be deposited with a custodian (the "Custodian") for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company ("DTC") on or about the Issue Date. Beneficial interests in the Rule 144A Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "*Clearing and Settlement*". Except as described herein, definitive registered certificates evidencing holdings of Notes issued in exchange for beneficial interests in the Global Notes will be available only in certain limited circumstances. See "*Provisions Relating to the Notes while in Global Form*".

Joint Bookrunners and Joint Lead Managers

Citigroup

ICBC

J.P. Morgan

**Société Générale
Corporate & Investment Banking**

Joint Lead Managers

Galt & Taggart

TBC Capital

This Offering Circular is dated 26 January 2026

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best knowledge of the Issuer, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Joint Lead Managers nor any of their respective affiliates has authorised the whole or any part of this Offering Circular, and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Manager) in connection with the issue and offering of the Notes. None of the Joint Lead Managers nor any of their directors, affiliates, advisers and agents has made any independent verification of the information contained in this Offering Circular in connection with the issue or offering of the Notes (the "Offering"), and no representation or warranty, express or implied, is made by any of the Joint Lead Managers or their directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Offering Circular is, is to be construed as, or shall be relied upon as, a representation or warranty, whether to the past or the future, by any of the Joint Lead Managers or their respective directors, affiliates, advisers or agents in any respect.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes, other than as contained in this Offering Circular. Any other representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers. The contents of this Offering Circular are not to be construed, and should not be relied on, as legal, business or tax advice, and each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment.

Information included herein that is identified as being derived from information published by the Issuer or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Issuer. All other information herein with respect to the Issuer is included herein as a public official statement made on the authority of the Ministry of Finance.

Neither the delivery of this Offering Circular nor the Offering, sale or delivery of any Note shall, in any circumstances, create any implication that there has been no adverse change, or an event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Offering Circular and the Offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes and the admission of the Notes to the Official List and to trading on the Market. The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States other than any QIB to whom an offer has been made directly by one of the Joint Lead Managers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB, is prohibited.

Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of Georgia of acquiring, holding and disposing of the Notes and receiving payments of principal, interest and/or other amounts under the Notes.

Prospective investors must determine the suitability of an investment in the Notes in light of their own respective circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on their overall investment portfolios;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from its currencies;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for currency, economic, interest rate and other factors that may affect their investments and ability to bear the applicable risks.

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "**Stabilisation Manager**") (or any person acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made, and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of each UK manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration the UK manufacturers' target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the UK manufacturers' target market assessment) and determining appropriate distribution channels.

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point

(11) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer, within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling such Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA") AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018") – In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN APPROVED OR DISTRIBUTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

ENFORCEABILITY OF JUDGMENTS AND ARBITRAL AWARDS

The Issuer is a foreign sovereign state outside the United States and the United Kingdom, and a substantial portion of the assets of the Issuer are located outside the United States and the United Kingdom. As a result, it may not be possible for investors to effect service of process within the United States or the United Kingdom upon the Issuer or to enforce against the Issuer in or through courts located in the United States or the United Kingdom judgments obtained in courts located in the United States or the United Kingdom, respectively, or elsewhere, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

It may not be possible to enforce in the courts of Georgia any foreign court judgment (including a judgment obtained from a United States court or a court located in the United Kingdom) against Georgia that is predicated upon the laws of a foreign jurisdiction, such as English law, without a re-examination of the merits of such judgment in the Georgian courts, although a re-examination of the merits of a judgment is not conducted as a general rule. In addition, foreign court judgments against Georgia will not be recognised or enforceable in Georgian courts in certain circumstances.

Pursuant to Article 68.2 of the Law of Georgia on Private International Law, foreign court judgments will not be recognised and enforceable in Georgian courts if:

- the matter is within the exclusive competence of Georgia;
- there is a violation in the service of process or other procedures under the law of the country of the court that rendered the judgment;
- a dispute involving the same subject matter between the same parties has already been decided by a Georgian court or by a foreign court, judgment of which has been recognised in Georgia;
- the court rendering the judgment is not considered competent to adjudicate the dispute under Georgian legislation;
- the country whose court has rendered the judgment does not recognise judgments of Georgian courts;
- a dispute involving the same subject matter between the same parties is already being heard in a Georgian court; or
- the judgment of the foreign court contradicts fundamental principles of Georgian law.

No treaty exists between Georgia and many Western jurisdictions, including many EU jurisdictions, the United Kingdom and the United States, for the reciprocal enforcement of foreign court judgments.

In addition, the Terms and Conditions of the Notes are governed by English law and provide that disputes arising from, or in connection with, the Notes shall be settled by arbitration. Georgia is a party to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**"). Therefore, an arbitral award obtained in a country, which is also a party to the New York Convention, such as the United Kingdom, would be enforceable in Georgia, subject to the terms of the New York Convention and Georgian law.

Pursuant to Article 45.1 of the Law of Georgia on Arbitration (the "**Arbitration Law**"), arbitral awards against the Issuer, irrespective of the country in which they are rendered, may not be recognised and enforceable in Georgia if:

- (a) the party against whom the award is made proves before Georgian courts that:
- a party to the arbitration at the time of entering into an arbitration agreement lacked legal authorisation or was a beneficiary of support (a person lacking legal capacity) who had an appointed supporter in relation to issues under the arbitration agreement but did not receive relevant support, or the arbitration agreement is void or set aside pursuant to the law specified by the parties in the arbitration agreement or, in the absence of such, based on the laws of the place where the award was made;
 - a party was not duly informed about the appointment of the arbitrator or the arbitration proceedings, or was not otherwise able to present its position or defend its interests;
 - the arbitral tribunal issued the award on a subject matter which was not submitted to arbitration by the parties or the arbitral award goes beyond the scope of the claim of the parties in the arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award that contains decisions on matters submitted to arbitration may be recognised and enforced;
 - the composition of the arbitral tribunal or the procedure of the arbitration was not in accordance with the arbitration agreement, or, in the absence of such agreement, the arbitration was conducted in violation of the laws of the place of arbitration; or
 - the arbitral award has not yet become binding and/or has been set aside or suspended by the courts of the state in which, or under the laws of which, the award was made; or
- (b) the court establishes that:
- the subject matter of the dispute is not subject to arbitration under Georgian law; or
 - the recognition and enforcement of the award is contrary to public order.

Furthermore, the choice of English law as the governing law of the Terms and Conditions of the Notes and the transaction documents may not be given effect, and the recognition or enforcement of foreign court judgments and arbitral awards may be limited, by application of the Georgian law principle requiring compliance with mandatory provisions of the law of the country most closely connected to the transaction, including mandatory provisions of Georgian law. The nature and scope of such mandatory provisions are subject to a considerable degree of discretionary authority of the court in which recognition or enforcement of the judgment or arbitral award is being sought.

Georgia is a sovereign state. There is a risk that, notwithstanding the limited waiver of sovereign immunity by Georgia in connection with the Notes, a foreign court judgment or arbitral award would not be recognised in Georgia or enforced against certain assets of Georgia in certain jurisdictions, including Georgia (including the imposition of any arrest order or the attachment or seizure of such assets and their subsequent sale), without Georgia having specifically consented to such enforcement at the time when the enforcement is sought. See "*Risk Factors—Enforcement of Judgments, including Foreign Judgments and Arbitral Awards*".

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Offering Circular, as well as written and oral statements that Georgia and its representatives make from time to time in reports, filings, news releases, conferences, teleconferences, web postings or otherwise, are or may be deemed "**forward-looking statements**". Statements that are not historical facts, including, without limitation, statements about Georgia's beliefs and expectations, are forward-looking statements. These statements are based on current plans, objectives, assumptions, estimates and projections. Therefore, undue reliance should not be placed on them. Forward-looking statements speak only as at the date on which they are made, and Georgia undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Georgia cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements include, but are not limited to: (i) plans with respect to the implementation of economic policies and the pace of economic and legal reforms; (ii) expectations about the behaviour of the economy if certain economic and fiscal policies are implemented; (iii) the outlook for inflation, exchange rates, interest rates, foreign investment, trade and fiscal accounts; and (iv) estimates of debt repayment and debt service.

In addition to the factors described in this Offering Circular, including, but not limited to, those discussed under "*Risk Factors*", the following factors, among others, could cause future results to differ materially from those expressed in any forward-looking statements made herein: (i) the impact of ongoing regional and global conflicts; (ii) decisions of international organisations regarding the terms of their financial assistance to Georgia and accordingly the net cash flow to or from such international organisations; (iii) adverse external factors, such as changes in the credit rating of Georgia, higher international interest rates, low commodity prices or recessionary conditions or low growth in Georgia's trading partners or increases in world oil, gas and other commodities prices, which could each decrease Georgia's fiscal and foreign exchange revenues and in turn could negatively affect the current account, balance of payments and international reserves and cause or contribute to recession or low growth in Georgia; (iv) adverse domestic factors, such as recession, decline in foreign direct investment ("**FDI**") and portfolio investment, high domestic inflation, high domestic interest rates, exchange rate volatility, difficulties in borrowing in the domestic and foreign markets, reduced remittances, political uncertainty or lack of political consensus, any of which could lead to lower growth in Georgia and lower international currency reserves; (v) relations with neighbouring countries; (vi) relations with creditors; and (vii) political factors in Georgia, which may affect, inter alia, the timing and structure of economic reforms and the climate for FDI.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references in this Offering Circular to the "**Government**" or to the "**Parliament**" are to the central government or to the Parliament of Georgia, respectively; and references to the "**CIS**" are to the Commonwealth of Independent States.

References in this Offering Circular to "**GEL**" and "**Lari**" are to the currency of Georgia; references to "**U.S. Dollars**" and "**U.S.\$**" are to the currency of the United States; references to "**Euros**" and "**€**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union; and references to "**SDRs**" are to special drawing rights allocated by the International Monetary Fund (the "**IMF**").

Gross Domestic Product ("**GDP**") is a measure of the total value of final products and services produced in a country. "**Nominal GDP**" measures the total value of final production in current prices. "**Real GDP**" measures the total value of final production in constant prices, thus allowing historical GDP comparisons that exclude the effect of inflation. For the purposes of this Offering Circular, Real GDP figures are calculated by reference to 2019 prices. Unless otherwise stated, references in this Offering Circular to "**GDP**" are to Real GDP figures.

References to the "**State Budget**" are to the consolidated budget of the Government and references to the "**Budget**" include (i) the State Budget (which is the Budget of the Government), (ii) the budgets for the autonomous republics and (iii) all other budgets for local governments. References to "local governments" are to self-governments, as defined under applicable Georgian law.

References to laws, including the Budget, refer to such laws (and the Budget), as amended from time-to-time.

Unless otherwise stated, all annual information, including budgetary information for Georgia, is based on calendar years. Unless otherwise stated, all budgetary and statistical information as of, and for the ten months ended, 31 October 2025 is preliminary and subject to revision and amendment. Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary reflecting such rounding, and figures which are totals may not be the arithmetical aggregate of their components.

Statistical data appearing in this Offering Circular has, unless otherwise stated, been obtained from the National Statistics Office of Georgia ("**Geostat**"), the Ministry of Finance, the Ministry of Economy and Sustainable Development and the National Bank of Georgia (the "**NBG**").

Statistics are maintained by these sources in Lari, U.S. Dollars or Euros, as applicable. Certain statistics recorded in currencies other than Lari have been converted into Lari at the exchange rates indicated in this Offering Circular. Similar statistics may be obtained from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Although every effort has been made to include in this Offering Circular the most reliable and the most consistently presented data, no assurance can be given that such data was compiled or prepared on a basis consistent with international standards. However, as far as the Government is aware and is able to ascertain from the information published by these entities, the information has been accurately reproduced, and no facts have been omitted which would render the reproduced information inaccurate or misleading.

EXCHANGE RATE HISTORY

For ease of presentation, certain financial information included herein is presented as translated into U.S. Dollars and Euros.

The following tables set forth the exchange rate history for the periods indicated, expressed in Lari per U.S. Dollar and Lari per Euro, respectively, and not adjusted for inflation, as published by the NBG.

Lari to U.S. Dollar Exchange Rate History

	Low	High	Average	Period End
	<i>(Lari per U.S.\$1.00)</i>			
2026 (up to and including 6 January 2026).....	2.6963	2.6968	2.6964	2.6968
2025.....	2.6920	2.8834	2.7422	2.6951
2024.....	2.6432	2.8746	2.7208	2.8068
2023.....	2.4830	2.7152	2.6279	2.6894
2022.....	2.6646	3.4019	2.9156	2.7020
2021.....	3.0774	3.4548	3.2209	3.0976
2020.....	2.7735	3.4842	3.1097	3.2766
2019.....	2.6404	2.9808	2.8192	2.8677
2018.....	2.3912	2.7656	2.5345	2.6766

Source: NBG

Lari to Euro Exchange Rate History

	Low	High	Average	Period End
	<i>(Lari per €1.00)</i>			
2026 (up to and including 6 January 2026).....	3.1515	3.1646	3.1624	3.1515
2025.....	2.8736	3.2376	3.0960	3.1737
2024.....	2.8339	3.0991	2.9400	2.9326
2023.....	2.7295	2.9960	2.8416	2.9753
2022.....	2.6760	3.7360	3.0792	2.8844
2021.....	3.4813	4.1818	3.8140	3.5040
2020.....	3.0291	4.0304	3.5519	4.0233
2019.....	2.9778	3.3158	3.1553	3.2095
2018.....	2.8261	3.1766	2.9913	3.0701

As of 6 January 2026, the exchange rates published by the NBG were GEL 2.6968 = U.S.\$1.00 and GEL 3.1515 = €1.00, respectively.

The rates in the above tables may differ from the actual rates used in the preparation of the information appearing in this Offering Circular. The inclusion of these exchange rates is not meant to suggest that any amount of the currencies specified above has been, or could be, converted into the applicable currency at the rates indicated or at any other rate.

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OVERVIEW

The overview below describes the principal terms of the Notes and is qualified in its entirety by the more detailed information contained elsewhere in this Offering Circular. Capitalised terms used herein and not otherwise defined have the respective meanings given to them in the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**").

Issuer:	Georgia, acting through the Ministry of Finance of Georgia
Legal Entity Identifier:	2138007T8RLEVDMLQ257
Notes:	U.S.\$500,000,000 5.125 per cent. Notes due 2031
Issue Date:	28 January 2026
Maturity Date:	28 January 2031
Issue Price:	98.917 per cent of the principal amount of the Notes
Interest:	The Notes bear interest from 28 January 2026 at 5.125 per cent. per annum, payable semi-annually in arrear, on 28 January and 28 July in each year, commencing on 28 July 2026.
Redemption:	The Issuer will redeem the Notes at their principal amount on the Maturity Date. See " <i>Terms and Conditions of the Notes-5. Redemption and Purchase</i> ".
Denominations:	The Notes will be offered and sold, and may only be transferred, in minimum principal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000.
Status:	The Notes are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank <i>pari passu</i> , without preference among themselves, with all other unsecured Public External Indebtedness of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public External Indebtedness and, in particular, shall have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and <i>vice versa</i> , as further described under " <i>Terms and Conditions of the Notes-1. Form, Denomination, Title and Status</i> ".
Events of Default:	The Terms and Conditions of the Notes will permit the acceleration of the Notes following the occurrence of certain events of default. Holders of not less than 25% in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any such declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further force or

	<p>effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.</p> <p>See "<i>Terms and Conditions of the Notes-8. Events of Default</i>".</p>
Negative Pledge:	<p>So long as any Note remains outstanding (as defined in the International Fiscal Agency Agreement) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of the assets or revenues present or future of Georgia or the Government of Georgia or the Ministry of Finance of Georgia to secure any of its Public External Indebtedness, or any guarantee of or indemnity in respect of any Public External Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in Condition 11) of the Noteholders.</p> <p>See "<i>Terms and Conditions of the Notes-3. Negative Pledge</i>".</p>
Taxation:	<p>All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Georgia or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions set out in "<i>Terms and Conditions of the Notes-7. Taxation</i>".</p>
Modification and Amendment:	<p>The Terms and Conditions of the Notes may be modified as a single series of Notes or, in respect of other debt securities containing substantively similar aggregation provisions to those applicable to the Notes. Each such amendment will be binding on all Noteholders, whether or not they voted in favour of such amendment or at all.</p> <p>See "<i>Terms and Conditions of the Notes 11. Meetings of Noteholders, Written Resolutions</i>".</p>
Governing Law:	<p>The Notes will be governed by English law.</p>
Listing and Admission to Trading:	<p>Application has been made for the Notes to be admitted to the Official List and to trading on the Market of the London Stock Exchange.</p>
Ratings:	<p>Georgia's long-term foreign currency debt has been assigned a rating of BB by S&P, a rating of BB by Fitch and a rating of Ba2 by Moody's. The Notes are expected to be assigned the same ratings.</p>

Use of Proceeds:	The gross proceeds of the issue of the Notes will be U.S.\$ 494,585,000. The Issuer intends to use the gross proceeds of the Offering (i) to pay the purchase price and/or accrued interest for the Existing Notes (as defined below) the Issuer purchases pursuant to an invitation to holders of its U.S.\$500,000,000 2.750% Notes due 2026 (the “ Existing Notes ”) launched on 19 January 2026 to tender for purchase for cash any and all of the outstanding Existing Notes, subject to certain restrictions, and upon the terms and subject to the conditions set forth in a tender offer memorandum dated 19 January 2026, as may be amended or supplemented from time to time (the “ Tender Offer ”), (ii) to pay fees and expenses in connection with the Offering and/or the Tender Offer, as applicable; and (iii) for general governmental purposes including to repay the Existing Notes at maturity, if any Existing Notes remain outstanding following the Tender Offer. In addition, the Issuer will pay certain fees and expenses out of the State Budget.
Transfer Restrictions:	The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. Consequently, the Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. See " <i>Transfer Restrictions</i> ".
Risk Factors:	For a discussion of certain risk factors relating to the Issuer and the Notes that prospective investors should carefully consider prior to making an investment in the Notes. See " <i>Risk Factors</i> ".
Fiscal Agent, Exchange Agent, Transfer Agent and Paying Agent:	Citibank, N.A., London Branch
Registrar	Citibank Europe plc, Germany Branch
ISINs:	XS3262542155 (Regulation S Global Note) US373357AA08 (Rule 144A Global Note)
Common Codes:	326254215 (Regulation S Global Note) 328352265 (Rule 144A Global Note)
CUSIP:	373357 AA0 (Rule 144A Global Note)

RISK FACTORS

Investment in the Notes involves a high degree of risk. Potential investors should carefully review this entire Offering Circular and, in particular, should consider, among other things, all the risks inherent in making such an investment, including the risk factors set forth below, before making a decision to invest.

These risk factors, individually or together, could have a material adverse effect on Georgia's ability to repay principal of and make payments of interest and other amounts due on, the Notes. The value of the Notes could decline due to any of these risks, and prospective investors may lose some or all of their investment.

Georgia believes that the risk factors described below represent the principal risks in relation to Georgia and the Notes. Prospective investors should, however, note that there may be additional risks and uncertainties that Georgia currently considers immaterial or of which Georgia is currently unaware, and any of these risks and uncertainties could have similar effects as those set forth below or other adverse effects. Prospective purchasers of Notes should make such inquiries as they think appropriate regarding Georgia and the Notes.

Risk Factors Relating to Georgia

Difficult Global Economic and Political Conditions

Ongoing global and regional economic and political uncertainties including the adoption or escalation of trade restrictions or international sanctions, instability in global financial conditions, and heightened geopolitical tensions (such as further developments in Ukraine, the armed conflict between Israel and Hamas, and the Houthi attacks on Red Sea ships, amongst others) could have substantial political and macroeconomic ramifications globally, which could, in turn, have a significant impact on the Georgian economy. Further, any escalation or deterioration in the regional geopolitical situation may result in a reassessment of the country risks associated with Georgia, leading to sizable capital outflows. In this scenario, the Georgian Lari could depreciate significantly.

The Georgian economy may also suffer from the adverse effects of (i) increased volatility in global financial markets, resulting in decreased capital inflows into emerging market economies worldwide, (ii) global trade weakening, (iii) instability/decline of consumer goods prices, (iv) the external effects of the deterioration of Russia's economy and (v) a slowdown of China's economic growth. Further financial or political instability in emerging market economies could also have a material adverse effect on the capital markets and the Georgian economy more generally, as emerging market economies and markets are typically more sensitive to volatile macro-economic and political developments than more developed economies and markets. See "*Risk Factors Relating to Investments in the Emerging Markets- Higher Volatility, Risks of Downturns and "Contagion" Effect*" below.

Any slowdown or decline in economic growth or performance of Georgia or any return to high or sustained inflation, could cause trading in the Notes to be volatile and adversely affect the trading price of the Notes.

Regional Tensions and Disruptions in Neighbouring Markets

Georgia shares borders with Russia, Azerbaijan, Armenia and Türkiye and has two breakaway territories within its borders, Abkhazia and the Tskhinvali region/South Ossetia. Ongoing political tensions within the region have led to sporadic outbreaks of violence and the straining of diplomatic relations between Georgia and Russia. Russia imposed sanctions on Georgia in 2006, and conflict between the countries escalated in 2008 when Russian forces crossed the international border and a state of war was declared. Although an EU-brokered ceasefire was signed, calling for the withdrawal of Russian troops, Russia recognised the independence of the breakaway regions and tensions still persist. Russia is opposed to the eastward enlargement of the North Atlantic Treaty Organisation ("NATO"), including former Soviet republics such as Georgia. Therefore, Georgia's continued progression towards closer economic and political ties with the European Union (the "EU") and NATO may exacerbate tensions between Georgia and Russia. Developments, such as the introduction of a free trade regime between Georgia and the EU in September 2014, and the visa-free travel in the EU granted to Georgian citizens in March 2017, similarly contributed to such tensions. In July 2019, Russia banned direct flights to Georgia following mass anti-occupation demonstrations in Tbilisi. In May 2023, the ban was lifted, when Russia resumed direct flights to Georgia and introduced visa-free travel for Georgian citizens.

In February 2022, Russia invaded Ukraine, causing a humanitarian crisis in Eastern Europe. The invasion was preceded by strained relations between the two nations since Russia's annexation of Crimea in 2013. The war has changed the global security and economic landscape with major implications for the region. Western sanctions against Russia have led to re-routing of trade flows, while migration of the Russian labour force affected the labour markets of the regional economies. Despite ongoing international efforts to end the conflict,

the Russia-Ukraine war remains unresolved. Significant uncertainty persists regarding the duration of the war and the evolution of Western sanctions against Russia.

Further geopolitical tensions in the region, most notably between Azerbaijan and Armenia, may also affect Georgia. After two decades of relative stability, the territorial conflict between Armenia and Azerbaijan over Nagorno-Karabakh region escalated first in April 2016 and then again in late 2020. In 2023, Azerbaijan assumed full territorial control over the conflict region and the two countries started negotiating a peace agreement. In August 2025, Armenia and Azerbaijan issued a joint declaration for a potential peace agreement at the White House, pledging to respect each other's territorial integrity and to formally end nearly four decades of conflict. The agreement includes provisions for a new transit corridor and mutual non-aggression, but has not yet been fully implemented, as certain constitutional and border issues remain unresolved. While this development has improved the outlook for regional stability, the situation remains fragile and the risk of renewed tensions persists. Any escalation of conflict or deterioration in regional relations could have adverse effects on Georgia's political and economic environment.

The Georgian economy is diversified, with no significant dependency on a single country, although the EU, Türkiye, China, Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan and Russia are significant trading partners. In recent years economic growth has been adversely affected across the region, including in Georgia, due to several factors according to the International Monetary Fund (“IMF”). These include a number of geopolitical developments, such as: (i) low oil prices (a consequence of reduced import demand from Russia); (ii) the armed conflict between Russia and Ukraine; (iii) Russia being subject to international sanctions; (iv) the armed conflict between Azerbaijan and Armenia; and (v) the volatility of the Russian Ruble, Turkish Lira and other currencies in the region.

An increase in regional tensions and disruptions in Georgia's neighbouring markets could have a material adverse effect on the Georgian economy. Further geopolitical developments in the region could cause trading in the Notes to be volatile and adversely affect the trading price of the Notes.

Financial and Economic Instability

Georgia's economic activity rebounded in 2021 following the challenges caused by the COVID-19 pandemic and gained additional momentum in 2022 due to inbound migration and inflows of capital as a result of the war in Ukraine. In 2023, economic growth remained strong, supported by robust private consumption, a continued recovery in tourism, and sustained inflows from migrants and services exports, although external capital inflows moderated compared to 2022. In 2024, economic growth accelerated further, driven by increased investment, resilient export performance, and a stable macroeconomic environment, despite tighter global financial conditions. In the ten months ended 31 October 2025, the economy continued to grow at a solid pace, supported by strong domestic demand and steady revenues from tourism and services. According to Geostat, real GDP growth was 7.6%, 9.7%, 7.8% and 11.0% for the ten months ended 31 October 2025, and the years ended 31 December 2024, 2023 and 2022, respectively. Although Georgia has had a solid economic growth in the recent years, any market turmoil, economic deterioration and political instability in Georgia may cause consumer spending to decline and have a material adverse effect on Georgia's growth prospects.

Since the beginning of 2020, the Georgian economy has been affected by successive external shocks caused by, amongst others, the COVID-19 pandemic and the Russia-Ukraine war. The Georgian economy may be more vulnerable to external shocks due to its persistent current account deficits, large negative net international investment position (“NIIP”) and high (albeit declining) level of dollarisation. The current account deficit narrowed to 5.3% of GDP in the six months ended 30 June 2025, down from 7.0% in the same period of the previous year, supported by a higher service surplus and a smaller goods deficit. In recent years, the current account deficit has remained below pre-pandemic levels, standing at 5.4% of GDP in 2024, 5.5% in 2023 and 4.4% in 2022. Notably, net FDI inflows remained subdued at 3.4% of GDP in the six months ended 30 June 2025 – unchanged from 2024, but down from 5.3% in 2023 and 7.6% in 2022. There can be no assurance that the current account deficit will remain below its historical levels, or that FDI inflows will be sufficient to finance the deficit. Furthermore, the high level of dollarisation across the Georgian economy hinders the effectiveness of the NBG's monetary and exchange rate policies, which the NBG may employ to address instability or external shocks.

Any continuing or further economic disruptions or crises in Georgia's neighbouring markets may have a material adverse effect on Georgia's economy.

Exchange Rates and Inflation

Following the economic and political instability of the early 1990s and subsequent hyperinflation, the Georgian economy underwent a process of dollarisation, whereby the U.S. Dollar and other freely convertible currencies became the major means of payment and wealth accumulation in Georgia. See "*Monetary System—Dollarisation*" for more details.

There was significant instability in the Lari/U.S. Dollar exchange rate following the Russian financial crisis of August 1998, following the conflict with Russia in 2008 and following the regional economic slowdown due to the fall in oil prices in 2015. The Lari depreciated against the U.S. Dollar by 14.3% in 2020 as a result of the COVID-19 outbreak, which resulted in a sudden cessation and deterioration in the outlook for traditional sources of foreign exchange inflows such as tourism revenues and merchandise exports. In 2021, 2022 and 2023, the Lari gained 5.5%, 12.8%, and 0.5%, respectively, against the U.S. Dollar as the Georgian economy experienced a relatively robust post-COVID-19 pandemic recovery followed by an influx of foreign currency inflows triggered by the Russia-Ukraine war.

As of 31 December 2025, the Lari/U.S. Dollar exchange rate was 2.6951 Lari per U.S. Dollar, compared to 2.8068, 2.6894 and 2.7020 as of 31 December 2024, 2023, and 2022, respectively. The ability of the Government and the NBG to limit any volatility of the Lari will depend on a number of political and economic factors, including the NBG's and the Government's ability to control inflation, the availability of foreign currency reserves and FDI and other currency inflows. Any failure to do so, or any major depreciation or further depreciation of the Lari, could adversely affect Georgia's economy. For example, high credit dollarisation increases the risk of high debt service burden and eventually so-called balance sheet recession in case of a substantial depreciation of the Lari. At the same time, despite the gradual trend towards Lariisation, there remains relatively low confidence in the Lari, which results in noticeable volatility of deposits in terms of currency composition. In May and June 2024, following the adoption of the Law on Transparency of Foreign Influence (the "**Transparency Law**") and the subsequent nationwide protests, the Lari depreciated from approximately GEL 2.65 per U.S. Dollar to around GEL 2.81 per U.S. Dollar within a brief period. The NBG intervened by selling U.S.\$168.7 million, surpassing the total amount of U.S. Dollars sold in the entirety of 2023, to stabilise the exchange rate. Despite these efforts, international reserves diminished further during the pre-election period. In September and October 2024, the NBG executed a record foreign exchange intervention of approximately U.S.\$700.0 million, contributing to a sharp monthly reserve decline of around U.S.\$627.0 million in October 2024 alone, with reserves reaching their lowest level since July 2022. As domestic tensions relatively eased, the NBG has turned to a programme of active reserve replenishment, purchasing around U.S.\$153.0 million in November and December 2024, which has been scaled up substantially since March 2025 with the purchase of U.S.\$880.0 million between March and June 2025.

Although the Lari is a fully convertible currency, there is generally no market outside Georgia for the exchange of Lari, and the Lari conversion market in Georgia is limited in size. According to the NBG, the volume of trading in the Lari-U.S. Dollar and Lari-Euro markets (including activities of the NBG) amounted to U.S.\$125.6 billion and €57.3 billion in the ten months ended 31 October 2025, respectively. In 2024, the volume of trading in the Lari-U.S. Dollar and Lari-Euro markets (including activities of the NBG) amounted to U.S.\$132.2 billion and €55.2 billion, respectively, compared to U.S.\$127.7 billion and €68.1 billion in 2023 and U.S.\$105.5 billion and €48.9 billion in 2022, respectively. Excluding activities of the NBG, the total volume of trading turnover in the Lari-U.S. Dollar market amounted to U.S.\$123.8 billion in the ten months ended 31 October 2025 and U.S.\$131.8 billion in 2024 compared to U.S.\$126.1 billion in 2023 and U.S.\$104.8 billion in 2022. According to the NBG, it had gross international reserves of U.S.\$5.8 billion as of 30 November 2025 and U.S.\$6.16 billion as of 31 December 2025, compared to U.S.\$4.4 billion, U.S.\$5.0 billion and U.S.\$4.9 billion as of 31 December 2024, 2023 and 2022, respectively. According to the IMF and the NBG, the level of gross international reserves as of 30 November 2025 comprised around 100% of the IMF Assessing Reserve Adequacy (ARA) metric. While these reserves will be sufficient to sustain the domestic currency market in the short term, any foreign exchange market instability could slow down the development of Georgia's economy.

Any of foregoing could have an adverse impact on the Georgian economy, cause trading in the Notes to be volatile and adversely affect the trading price of the Notes.

Political Risk

Since its independence from the former USSR in 1991, Georgia has experienced an ongoing and substantial political transformation from a constituent republic in a federal socialist state to an independent sovereign democracy.

Georgia faces several challenges, one of which is the need to implement further economic and political reforms. However, business- and investor-friendly reforms may not continue or may be reversed or such reforms and economic growth may be hindered as a result of any changes affecting the continuity or stability of existing reform policies, or as a result of a rejection of reform policies by the President of Georgia (the "**President**"), the Government, the parliament or others.

Georgia has undertaken a number of initiatives intended to promote a business- and investor-friendly environment and, to date, has remained committed, in principle, to major economic and fiscal policies designed to liberalise and improve the Georgian economy. More recently, however, political instability has been escalating in Georgia after the reintroduction of the Transparency Law to the Georgian Parliament in April 2024 (having been previously withdrawn following mass protests against the bill in 2023). Following Georgia's adoption of the Transparency Law, on 6 June 2024, the U.S. State Department (under President Biden's administration) responded by implementing the first tranche of sanctions, imposing visa restrictions against Georgian individuals seen as responsible for or complicit in, or immediate family members of those seen as responsible for or complicit in, undermining democracy in Georgia, including members of the ruling Georgian Dream party, the Georgian Parliament, law enforcement and private citizens. On 9 July 2024, the leaders of EU member states responded by announcing that Georgia's EU accession process would be suspended.

Following the announcement of Georgia's parliamentary election results in October 2024, a string of protests against the election outcome re-emerged and later escalated when the Georgian Prime Minister announced in November 2024 the Government's decision to not request Georgia's EU accession negotiations until 2028 and to reject EU financial assistance until such date.

Georgia's 2024 parliamentary elections generated two complementary yet contrasting perspectives. On the one hand, the International Election Observation Mission ("**IEOM**") highlighted a solid legal and institutional framework, professionally managed preparations and extensive voter-information efforts accompanying the introduction of new voting technologies. The IEOM described the events on election day as orderly, transparent and efficiently administered, commending the Central Election Commission ("**CEC**") for proactive transparency, including livestreamed sessions, timely publication of documentation and broad-based training and outreach initiatives. Conversely, the Organisation for Security and Co-operation in Europe's ("**OSCE**") Office for Democratic Institutions and Human Rights ("**ODIHR**") Final Report of December 2024, expressed some reservations. They underscored concerns regarding the overall integrity of the election process, the handling of post-election complaints, and the authorities' assertive management of demonstrations. The report also stressed issues related to numerous arrests and Georgia's compliance with international standards governing freedom of peaceful assembly.

Since December 2024, a number of ruling Georgian Dream party leaders and their associates, including high-ranking officials, judges, prosecutors and law enforcement officers allegedly responsible for police violence, and their family members, have been sanctioned by the United States, the UK and various member states of the EU. In July 2025, the European Commission issued a number of recommendations (including for the reversal of repressive legislation) to the members of the Government and informed that, in case of persisting non-compliance, the European Commission could take appropriate measures to activate the visa-free suspension mechanism, in addition to the previously suspended visa-free travel for Georgian diplomatic and service passport holders in January 2025. The EU has also suspended the provision of technical assistance to Georgia. Various international organisations and EU member states have also called for the release of political prisoners, including activists, media representatives and political opponents, arrested during the months following the 2024 parliamentary elections. The local municipal elections in Georgia were held on 4 October 2025, with certain opposition parties boycotting the elections. As of January 2026, the Constitutional Court of Georgia continues to review a lawsuit filed by the ruling Georgian Dream party to ban three opposition groups. The case is built on findings from a parliamentary investigative commission that alleged these parties pose a real threat to the constitutional order, with a decision expected in the summer of 2026. The case has led to expressions of concern from both domestic opposition and international bodies such as OSCE and the Council of Europe (the "**CoE**").

Any of the foregoing, or any further political instability or additional sanctions from the international community, may have a material adverse impact on Georgia's economy, causing trading in the Notes to be volatile and adversely affect the trading price of the Notes.

Developing Legal System

Georgia's legal framework is still developing, with several fundamental civil, criminal, tax, administrative, financial and commercial laws having only recently become effective. The recent introduction of this legislation and the rapid evolution of the Georgian legal system have resulted in ambiguities and inconsistencies in its application, including in relation to such legislation's enforceability.

On 27 June 2014, Georgia entered into an association agreement with the EU (the “**EU Association Agreement**”) and established the Deep and Comprehensive Free Trade Area (“**DCFTA**”) (effective since 1 September 2014) with the EU, which envisages bilateral trade liberalisation with the EU with effect from 1 July 2016. The implementation of the EU Association Agreement and the DCFTA require Georgia to conform to EU trade-related and sector-specific legislation, which may be challenging, especially in the areas of environmental protection and customer safety, including product and safety information, among others.

Georgia has been gradually conforming its trade legislation to EU standards and practices. For example, in 2013, Georgia introduced amendments to the labour code to bring Georgian labour laws closer to commitments under the EU Association Agreement and the DCFTA. These amendments required employers to pay overtime, increased severance pay (from one to two months' salary), strengthened workers' rights to challenge employers' decisions in court, prohibited dismissal without clear cause and guaranteed basic working conditions. In September 2020, further major amendments were adopted to the labour legislation introducing a national institutional mechanism, the State Labour Inspectorate, to monitor the implementation and enforcement of the labour code outside of the judicial system, imposing administrative sanctions for the violation of labour law requirements, introducing mechanisms for protection of employees' rights in case of a transfer of undertaking and various other rules enhancing employee protection.

In December 2019, the Georgian Parliament adopted the Resolution Framework, widely known as the framework under the Bank Recovery and Resolution Directive (“**BRRD**”) and, in January 2020, the Law of Georgia on Financial Collateral Arrangements, Netting and Derivatives (the “**Derivatives Law**”) came into force. These legislative developments were consistent with Georgia's commitments under the EU Association Agreement to align its legislation with the relevant EU standards. In recent years, Georgia has also fully updated its regulatory framework for investment funds, aligning it with EU directives.

In August 2021, Georgia adopted a new Law on Entrepreneurs to improve the corporate governance and commercial regulation. The law introduced certain changes to enable a more flexible legal framework while establishing effective oversight mechanisms. The law has effectively incorporated the relevant EU regulations contemplated by the EU-Georgia Association Agreement.

In September 2022, the Law of Georgia on Payment Services and Payment Systems was amended to implement core elements of the EU's PSD2. The amendments introduced an open banking framework (with customer consent), created licensing and conduct regimes for account information and payment initiation service providers and mandated strong customer authentication and secure communications. They also strengthened consumer protection and incident reporting rules and reinforced the NBG's supervisory and system-oversight powers.

Further, in June 2023, the Georgian Parliament adopted the Law of Georgia on Personal Data Protection, superseding the previous law of the same name, to bring national standards closer to the EU General Data Protection Regulation (the “**GDPR**”). The law strengthened data-subject rights (such as rights to data access, rectification, erasure and objection) and introduced obligations such as privacy by design/default, data-protection impact assessments for high-risk processing, breach notification and clearer rules for international transfers. It clarifies controller/processor responsibilities, requires data protection officers in specified cases, and enhances the powers of the Personal Data Protection Service.

In June 2025, the Parliament of Georgia, adopted amendments to the Law of Georgia “On Labour Migration”, which will enter into force on 1 March 2026. The purpose of the amendments is to improve regulation of labour immigration. The amendments introduce a mandatory “right to work” permit for employed and self-employed foreigners, establish state monitoring and inter-agency data-exchange mechanisms, and revise sanctions by creating new and updated liability norms.

Other changes in governmental policy are expected, including changes in the implementation or approach of previously announced government initiatives. Notwithstanding the suspension of the EU accession process by EU leaders and the Government's decision to not request Georgia's accession negotiations until 2028, Georgia intends to continue updating its regulatory framework to align with EU standards. The implementation of the EU Association Agreement, however, may place a significant burden on regulatory bodies, divert their resources from ongoing reforms and slow their efficiency.

Moreover, despite systemic reforms in the last decade which improved overall judicial effectiveness, case backlogs persist within the judiciary. The number of civil filings increases annually, which in turn creates a risk of violating the statutory adjudication timelines.

Georgia's Credit Rating

Georgia's long-term foreign currency debt rating has been assigned a rating of "BB" with a stable outlook by S&P, a rating of "BB" with a stable outlook by Fitch and a rating of "Ba2" with a negative outlook by Moody's. The Notes are expected to be assigned the same ratings. These ratings are sub-investment grade. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any change in the rating of the Notes could adversely affect the price that a purchaser will be willing to pay for the Notes, cause trading in the Notes to be volatile and adversely affect the trading price of the Notes.

Legal Proceedings

Georgia is from time to time a party to a number of legal and arbitral proceedings, including claims against Georgia seeking potentially significant amounts. Such proceedings arise in the ordinary course of its governmental operations. Georgia believes that all such legal or arbitral proceedings against it existing as of the date hereof are without merit, and the Government rejects the claims forming the basis for such proceedings. Save as set out under "*Description of Georgia—Legal Proceedings*", the Government does not currently believe that any adverse judgment or arbitral award in connection with such proceedings would have a material adverse effect on its ability to make the relevant payments under the Notes. Nevertheless, if such proceedings are ultimately resolved against Georgia and result in material payment obligations, the trading price of the Notes may be adversely affected.

Climate Change and Weather Extremes

As a country with a forested and mountainous ecosystem and over 300 kilometres of coastline, coupled with its current reliance on fossil fuels, Georgia is potentially vulnerable to global warming and climate change, which could have a material impact on Georgia's economy, and in particular, the agriculture and energy sectors. Advances in energy production are at risk from climate impacts such as reduced river flows which impede hydropower productivity (a renewable power source that is utilised to meet Georgia's growing energy demands, particularly in the summer months). Climate-related events, including landslides, can also disrupt energy infrastructure and supply, highlighting the need for resilient and diversified energy systems. Climate change is expected to exacerbate the frequency, intensity and severity of natural disasters. Without effective remedial action, the projected rise in average temperatures is expected eventually to result in heat waves and droughts; a fall in river flows, lake levels and water supply; de-forestation, landslides and mudflows; frequent and intense forest wildfires; and increased flooding. This could be especially harmful to Georgia given its topography and geography, and taking into account the importance of agriculture to its economy. Rising temperatures and unpredictable seasonal rains have negative implications for Georgia's agricultural sector, which employs a significant portion of the population and is the livelihood of a majority of the country's poor. Accordingly, negative implications for the agricultural sector resulting from climate change may have a significant impact on the Georgian economy and may raise social tensions. Weather extremes, the frequency of which may be increasing due to global warming, can cause a sharp rise in food prices, inflation and hardship to the rural poor. Georgia's dependence on the tourism sector is also threatened by climate variability and change. The country's popular skiing, hiking and beach destinations are under increasing threat from natural disasters exacerbated by climate change. Any or all of the foregoing could have a material adverse effect on macroeconomic conditions in Georgia.

Risk Factors Relating to Investments in the Emerging Markets

Higher Volatility, Risks of Downturns and "Contagion" Effect

Investing in securities involving emerging markets, such as Georgia, involves a higher degree of risk than investments in securities of corporate or sovereign issuers of more developed markets. These higher risks include, but are not limited to, higher volatility, limited liquidity, a narrow export base, current account deficits and changes in the political, economic, social, legal and regulatory environment. Emerging economies, such as the Georgian economy, are subject to rapid change and are vulnerable to market conditions and economic downturns elsewhere in the world. Emerging markets may also experience more instances of corruption of government officials and misuse of public funds than more mature markets.

In addition, international investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect occurs, Georgia could be adversely affected by negative economic or financial developments in other emerging market countries. Georgia has been adversely affected by contagion effects in the past, including following the 2008-2009 global financial crisis, regional

turbulence in 2015 due to lower oil prices and since 2022 due to Russia-Ukraine war. No assurance can be given that it will not be affected by similar effects in the future.

As a consequence, an investment in Georgia carries risks that are not typically associated with investing in more mature markets. Tighter global financial conditions and lower capital flows to emerging market economies, weakness in global trade due to geopolitical fragmentation, elevated geopolitical risks, high volatility and large and sustained declines in commodity prices, wide-ranging spillovers from Russia's invasion of Ukraine and the slowdown of the global economy due to, among other things, high interest rates and slower productivity growth may have an adverse effect on Georgia's economy. These risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Georgia, including elements of information provided in this Offering Circular. See "*Statistical Information*". Prospective investors should also note that emerging economies such as Georgia's are subject to rapid change and that the information set out in this Offering Circular may become outdated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult with their own legal and financial advisers before making an investment decision.

Statistical Information

A range of ministries and institutions, including the Ministry of Finance, the NBG, Geostat and the Ministry of Economy and Sustainable Development, produce statistics relating to Georgia and its economy. Georgia subscribed to the IMF's Special Data Dissemination Standard in May 2010, but data improvements in certain areas are still being made. Since 2019, Geostat has implemented significant improvements including new internationally aligned methodologies, establishment of modern survey systems, expanded use of administrative data, and sophisticated data collection infrastructure. To ensure continued compliance with international best practices, Georgia's statistical system undergoes regular global assessments (strategic reviews) conducted by, among others, Eurostat, UNECE, and EFTA periodically, and Geostat consistently implements recommendations following such assessments to ensure high-quality statistics fully compatible with international standards.

Statistical data appearing in this Offering Circular has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, Georgia's official financial and economic statistics are subject to review and amendment as part of a regular confirmation process. Accordingly, financial and economic statistics may differ from previously published figures and may be subsequently amended, adjusted or revised. While Georgia seeks to ensure a high quality and transparent statistical system aligned with global best practices, any statistical weaknesses may impede the ability to assess accurately the level of indebtedness and the general economic condition of Georgia. In addition, these statistics may be more limited in scope and published less frequently than statistics published by other countries, which could result in difficulties with monitoring key fiscal and economic indicators.

Risk Factors Relating to the Notes

Enforcement of Foreign Judgments and Arbitral Awards

It may not be possible to effect service of process against Georgia in courts outside Georgia or in a jurisdiction to which Georgia has not explicitly submitted. Foreign court judgments against Georgia will not be recognised and enforceable in Georgian courts if: (i) the matter is within the exclusive competence of Georgia; (ii) there is a violation in the service of process or other procedures under the law of the country of the court which rendered the judgment; (iii) a dispute involving the same subject matter between the same parties has already been decided by a Georgian court or by a foreign court, judgment of which has been recognised in Georgia; (iv) the court rendering the judgment is not considered competent to adjudicate the dispute under Georgian legislation; (v) the country whose court has rendered the judgment does not recognise the judgments of Georgian courts; (vi) a dispute involving the same subject matter between the same parties is already being heard in a Georgian court; or (vii) the judgment of the foreign court contradicts fundamental legal principles of Georgia. No treaty exists between Georgia and many Western jurisdictions, including many EU jurisdictions, the United Kingdom and the United States, for the reciprocal enforcement of foreign court judgments.

The payment by the Issuer of judgments and arbitral awards against it may be delayed as a result of legal or other related ancillary procedures. Each year, in accordance with the Budget Code, the Budget Law envisages funds for enforcement of court decisions, covering all claims against the State or budget-funded organisations.

Therefore, claimants who have successfully brought actions against the Issuer may not immediately receive monetary compensation or may receive such compensation after some delays.

The official international reserves of Georgia are owned, stored, and managed by the NBG. The NBG is a legal entity of public law, established under the Constitution of Georgia and the Organic Law of Georgia on the National Bank of Georgia. Under the Constitution of Georgia, the NBG is independent in its activities and operates distinctly from the Government. In accordance with the Terms and Conditions of the Notes, property of the NBG will not be available to satisfy any claim or judgment in respect of the Notes.

In addition, the Terms and Conditions of the Notes are governed by English law and provide that disputes arising from or in connection with the Notes shall be settled by arbitration. Georgia is a party to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). Therefore, an arbitration award obtained in a country which is also a party to the New York Convention, such as the United Kingdom, would be enforceable in Georgia, subject to the terms of the New York Convention and compliance with Georgian civil procedure regulations and other procedures and requirements established by Georgian legislation. See "*Enforceability of Judgments and Arbitral Awards*".

Furthermore, the choice of English law as the governing law of the Notes and the transaction documents may not be given effect, and the recognition or enforcement of foreign court judgments and arbitral awards may be limited, by application of the Georgian law principle requiring compliance with mandatory provisions of the law of the country most closely connected to the transaction, including mandatory provisions of Georgian law. The nature and scope of such mandatory provisions are subject to a considerable degree of discretionary authority by the court in which recognition or enforcement of the judgment or arbitral award is being sought.

Georgia is a sovereign state. There is a risk that, notwithstanding the limited waiver of sovereign immunity by Georgia in connection with the Notes, a claimant will not be able to have the foreign court judgment or arbitral award recognised in Georgia or to enforce a court judgment/arbitral award against certain assets of Georgia in certain jurisdictions, including Georgia (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale), without Georgia having specifically consented to such enforcement at the time when the enforcement is sought. See "*Terms and Conditions of the Notes-Governing Law and Jurisdiction*". In addition, certain state-owned assets are statutorily exempt from court enforcement procedures within Georgia.

Change of law

The Terms and Conditions of the Notes are governed by, and shall be construed in accordance with, English law in effect as at the date of this Offering Circular. No assurances can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Modification

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Volatility of the Trading Market

The market for the Notes will be influenced by economic and market conditions in Georgia and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, United Kingdom, the Member States of the EU and elsewhere. There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that events in Georgia, in the region or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Notes or that economic and market conditions will not have any other adverse effect. If the Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, the financial condition of Georgia or other factors.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to the depreciation of the U.S. Dollar or appreciation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. Dollars would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Investors in the Notes must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

The Regulation S Notes will be represented on issue by a Regulation S Global Note that will be deposited with a nominee for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Regulation S Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Regulation S Global Note. While the Notes are represented by the Regulation S Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Rule 144A Notes will be represented on issue by a Rule 144A Global Note that will be deposited with a nominee for DTC. Except in the circumstances described in the Rule 144A Global Note, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Rule 144A Global Note. While the Notes are represented by the Rule 144A Global Note, investors will be able to trade their beneficial interests only through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg.

While the Notes are represented by the Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Any fluctuations in the credit ratings assigned to the Issuer or the Notes may cause trading in the Notes to be volatile and/or adversely affect the trading price of the Notes

Georgia's long-term foreign currency debt has been assigned a rating of BB by S&P, a rating of BB by Fitch and a rating of Ba2 by Moody's. The Notes are expected to be assigned the same ratings.

The Issuer cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Issuer has no obligation to inform Noteholders of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the Issuer or the Notes may cause trading in the Notes to be volatile or adversely affect the trading price of the Notes.

The credit ratings may not reflect the potential impact of the risks discussed above or of any other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of securities do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes will be U.S.\$494,585,000. The Issuer intends to use the gross proceeds of the Offering (i) to pay the purchase price and/or accrued interest for the Existing Notes (as defined below) the Issuer purchases pursuant to an invitation to holders of its U.S.\$500,000,000 2.750% Notes due 2026 (the “**Existing Notes**”) launched on 19 January 2026 to tender for purchase for cash any and all of the outstanding Existing Notes, subject to certain restrictions, and upon the terms and subject to the conditions set forth in a tender offer memorandum dated 19 January 2026, as may be amended or supplemented from time to time (the “**Tender Offer**”), (ii) to pay fees and expenses in connection with the Offering and/or the Tender Offer, as applicable; and (iii) for general governmental purposes including to repay the Existing Notes at maturity, if any Existing Notes remain outstanding following the Tender Offer. In addition, the Issuer will pay certain fees and expenses out of the State Budget.

DESCRIPTION OF GEORGIA

Introduction

Georgia has demonstrated strong resilience and sound economic performance despite external turbulence. Since the beginning of 2020, the Georgian economy has been affected by successive external shocks caused by, amongst other factors, the COVID-19 pandemic and the ongoing war in Ukraine. Georgia's economic activity recovered in 2021 and gained additional momentum in 2022 due to inbound migration and inflows of capital as a result of the war in Ukraine. In 2023, economic growth remained strong, supported by robust private consumption, a continued recovery in tourism, and sustained inflows from migrants and services exports, although external capital inflows moderated compared to 2022. In 2024, growth accelerated further, driven by increased investment, resilient export performance, and a stable macroeconomic environment, despite tighter global financial conditions. In the six months ended 30 June 2025, the economy continued to grow at a solid pace, supported by strong domestic demand and steady revenues from tourism and services. According to Geostat, real GDP growth was 7.6%, 9.7%, 7.8% and 11.0% for the ten months ended 31 October 2025, and the years ended 31 December 2024, 2023 and 2022, respectively.

Area and Population

Georgia is located to the 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 Türkiye to the south and the Black Sea to the west. Georgia's terrain is largely mountainous, with the Great Caucasus Mountains in the north and the Lesser Caucasus Mountains in the south. Kolkhetis Dablobi (the Kolkhida Lowland) opens to the Black Sea in the west, with the Mtkvari River Basin in the east. Georgia's natural resources include forests, hydropower, manganese, iron ore, copper and coal deposits, as well as insignificant oil deposits. In the west, Georgia's coastal climate and soils allow the growth of tea and citrus fruits in particular.

Georgia's capital city is Tbilisi. Georgia consists of nine regions divided into 69 municipalities. Adjara and Abkhazia, as autonomous republics, are separately administered. See "*Risk Factors—Risks Relating to Georgia—Regional Tensions*" and "*Description of Georgia—Conflicts over Abkhazia and the Tskhinvali region/South Ossetia*".

The following table sets forth a breakdown of Georgia's estimated population by age and gender as at 1 January 2025.

Georgia's Population ⁽¹⁾			
Age	% of Population	Gender	
		Male	Female
0-14	19.23	369,532	342,979
15-64	64.17	1,180,127	1,196,884
65 and over.....	16.60	230,916	384,068
Total	100.0	1,780,575	1,923,931

Note:

(1) In Government controlled territories of Georgia, i.e., excluding Abkhazia and the Tskhinvali region/South Ossetia.

Source: Geostat.

At the date of the last census in 2014, the majority (86.8%) of the population was ethnic Georgian. Minority ethnic groups in Georgia included Azeri (6.3%), Armenians (4.5%), Russians (0.7%) and others (1.7%). At the same date, the population was mainly comprised of Orthodox Christians (83.4%), together with Muslims (10.7%), Armenian-Gregorian (2.9%), Catholics (0.5%) and others (2.3%). The official language of Georgia is Georgian, whilst in Abkhazia, the official language is Abkhazian. As at the date of the last census in 2014, 26.7% of the population had a higher education, 17.4% had a professional education degree, and 36.7% had attained the general education (secondary education) level. As at 31 December 2024, the literacy rate for the population over the age of 15 was 99.68% (source: The World Bank).

History of Georgia

The history of the territory comprising the modern state of Georgia is marked by periods of invasion and subjugation by neighbouring empires. The first Georgian state emerged 2,800 years ago. In the eleventh and twelfth centuries, a powerful Georgian state controlled broad sections of the South Caucasus; however, from the

thirteenth century onwards, Georgia fragmented into several kingdoms and faced repeated invasions from the Ottoman, Persian and Mongol empires.

In the late eighteenth century, the Georgian monarchs began efforts to gain Russian protection from the Persians. Due to Georgia's weak position, the Russian Empire could dictate the terms of its protection and, from 1801, the Russian Empire gradually annexed Georgia's entire territory.

The overthrow of the Russian Czar in 1917 and the events leading up to the Bolshevik revolution of October 1917 resulted in the declaration of independence of the Georgian state on 26 May 1918. Georgian independence lasted until 1921, when the Red Army invaded Georgia and forced out the independent government. Georgia was annexed into the Soviet Union, from 1922 until 1936, as part of the Transcaucasian Soviet Federated Socialist Republic and, from 1936, as a separate Soviet socialist republic.

In the late 1980s, with the collapse of communism in Eastern Europe, a Georgian independence movement developed, particularly after Soviet soldiers used lethal force to disperse Georgian pro-independence protesters in April 1989 in Tbilisi. In his role as opposition leader, former President Gamsakhurdia formed a new nationalist, pro-independence political bloc in 1990 and, in October 1990, this coalition won elections to the newly-constituted Parliament.

By 1991, former President Gamsakhurdia had begun to assert Georgia's independence from Moscow. He took steps to bring the Georgian KGB and the Georgian Ministry of Internal Affairs (previously run from Moscow) under his control, refused to attend meetings called by Gorbachev to preserve the former Soviet Union and, rather than agreeing to Georgia's participation in Gorbachev's March 1991 referendum on preserving a federation of Soviet republics, organised a separate referendum on Georgian independence that was approved by 99% of Georgian voters. The Parliament passed a declaration of independence from the Soviet Union on 9 April 1991, and the Georgian people elected Mr Gamsakhurdia as President.

Former President Gamsakhurdia's political opponents joined in a coalition with paramilitary groups and demanded that former President Gamsakhurdia resign and call new parliamentary elections. Former President Gamsakhurdia refused to compromise. On 22 December 1991, intense fighting broke out in central Tbilisi. Gunfire and bombs severely damaged central Tbilisi and former President Gamsakhurdia fled the city in early January 1992 to seek refuge outside Georgia.

Although fighting was taking place in central Tbilisi in late 1991, at the same time, the Soviet Union was disintegrating and Georgia achieved widespread international recognition as an independent state. On 23 March 1992, the independence of Georgia as a sovereign state was recognised by EU countries and, on 31 July 1992, Georgia became the 179th member of the United Nations (the "UN").

After former President Gamsakhurdia was forced from office in early 1992, a military council made up of the political and paramilitary leaders of the opposition took control. In March 1992, Eduard Shevardnadze, former Foreign Minister of the Soviet Union, returned to Georgia at the invitation of the military council and a new legislative body, the State Council, was created until parliamentary elections were held in October 1992. The newly elected Parliament created the post of head of government for Mr. Shevardnadze, which was combined with his existing position as Chairman of the Parliament.

In early 1993, Mr. Shevardnadze called for extensive revisions of the constitution. This process led to the drafting of a new constitution and its adoption in August 1995. Mr. Shevardnadze was elected as President under the new constitution in November 1995. Although he was re-elected in April 2000, Mr. Shevardnadze resigned in November 2003 following the Rose Revolution.

President Saakashvili, who was the principal leader of the Rose Revolution that ousted former President Shevardnadze, was elected President in January 2004 by an overwhelming majority of the vote. President Saakashvili consolidated his position when his National Movement-Democratic Front won a Constitutional majority. President Saakashvili's key policies include fighting corruption, improving pay, pensions and living standards for average Georgians and steering Georgia towards NATO and European Union membership. He has also pledged to restore Georgia's territorial integrity by fully returning Abkhazia and the Tskhinvali region/South Ossetia to Georgian sovereignty.

On 27 April 1999, Georgia became the 41st member state of the CoE.

Notwithstanding the unexpected, accidental death of former Prime Minister Zhvania in early 2005, the first few years of President Saakashvili's term in office were marked by relative political stability and the introduction of policies oriented towards the acceleration of political and economic reforms.

In 2007, however, there were a number of high-profile incidents involving state privatisation issues and private property rights, where the Government evicted both commercial and residential tenants from properties in Tbilisi on the grounds of illegal construction or privatisation. In October 2007, there was a wave of popular protests against President Saakashvili. The formerly weak and fragmented opposition organised a series of anti-Government rallies across the country, which culminated in a mass demonstration in front of the Parliament in Tbilisi. Among other things, the opposition demanded electoral reform and that parliamentary elections should be brought forward to their originally anticipated date in spring 2008, rather than the new date in autumn 2008 as prescribed by a subsequent constitutional amendment. The opposition accused President Saakashvili of being authoritarian and of not taking sufficient action to alleviate poverty. The opposition leaders of the United National Council chose businessman Levan Gachechiladze, an unaffiliated member of the opposition, as their candidate for President.

On 7 November 2007, after five days of demonstrations blocking the main avenue outside the Parliament building, riot police broke up the demonstrations and a two-week state of emergency banning all privately-owned broadcast media and public gatherings was imposed. On 8 November 2007, President Saakashvili announced that early presidential elections would be called for 5 January 2008, thereby reducing his constitutional term by a year, and that a plebiscite would be held on rescheduling parliamentary elections for spring 2008. In November 2007, President Saakashvili made a number of changes to the cabinet before stepping down.

A number of international observers arrived in Georgia for the elections on 5 January 2008. On 6 January 2008, the IEOM, comprising the Office for Democratic Institutions and Human Rights, the OSCE parliamentary Assembly, the parliamentary Assembly of the CoE and the European Parliament, issued a joint Statement of Preliminary Findings and Conclusions. This statement reported that the process "was in essence consistent with most OSCE and CoE commitments and standards for democratic elections, but significant challenges were revealed which need to be addressed urgently".

Following the January 2008 election, the opposition party claimed irregularities and fraud, notably in regions inhabited by national minorities. On 13 January 2008, the CEC approved the final election results and announced that President Saakashvili had won 53.5% of the vote, sufficient for outright victory in the first round, against the 25.7% achieved by Gachechiladze. All other candidates received less than 10.0% each. In March 2008, the OSCE issued a final report, which is publicly available. The OSCE report concluded that, while the election was broadly consistent with most OSCE commitments and other international standards for democratic elections, the election suffered from shortcomings in relation to vote counting and tabulation, the investigation of complaints regarding irregularities and political polarisation in the run-up to the election.

The political environment of Georgia remained polarised. Although it appeared that the opposition suffered from increasing fragmentation, intermittent demonstrations led by certain opposition parties and leaders continued after the presidential election, largely as a result of constitutional amendments adopted on 12 March 2008, which amended the electoral system ahead of parliamentary elections on 21 May 2008. These demonstrations were largely peaceful, with certain opposition leaders negotiating with representatives of the political leadership on their demands for electoral reform.

In the parliamentary elections on 21 May 2008, President Saakashvili's United National Movement won 119 out of 150 seats. International observers have agreed with the OSCE's conclusion that the elections showed that the Government had made efforts to conduct the elections in line with OSCE and CoE commitments, but that compliance with such standards was uneven and incomplete. Half of the opposition boycotted the new Parliament, citing alleged voter intimidation, a lack of media balance and a lack of fair adjudication of complaints. Consequently, by-elections were held in Adjara and Tbilisi on 3 November 2008 and legislation was passed by the Parliament in autumn 2009 permitting those individuals who had previously boycotted the New Parliament to be seated in May 2008.

In December 2009, the Parliament also amended the Electoral Code of Georgia to provide for the direct election of Tbilisi's mayor and the expansion of the Tbilisi city council in the municipal elections held on 30 May 2010. Further amendments implemented in March 2010 modified certain candidacy requirements. The United National Movement's candidate was elected mayor of Tbilisi with 55.2% of the vote in the May 2010 elections. This election marked the first time in recent history that a major political contest in Georgia was conceded without argument or threat of protest. The United National Movement party won over two-thirds of the votes cast in the election outside Tbilisi. In its review of the municipal elections held on 30 May 2010, the OSCE concluded that evident progress towards meeting OSCE commitments and other international standards for democratic elections had been made, but that significant shortcomings remained, including deficiencies in the legal framework and its implementation, an uneven playing field and isolated cases of election-day fraud, despite efforts by the authorities and the election administration to address such problems.

In October 2010, the Parliament approved certain constitutional amendments that were intended to enhance the primary governing authority of the Parliament, to increase the powers of the Prime Minister, and to limit the scope of functions of the President. Parliament adopted certain constitutional amendments further limiting the powers of the President in March 2013.

In October 2011, the opposition political party, Georgian Dream, was established. In February 2012, the party formed a coalition with the Republican Party of Georgia, the Free Democrats, the National Forum and the Industry Will Save Georgia parties. In October 2012, Georgian Dream won 65 seats in Parliament and President Saakashvili admitted defeat, with the opposition forming a government. This was the first democratic transition of power in Georgia in the post-Soviet era. In November 2013, Giorgi Margvelashvili of the Georgian Dream coalition won the Georgian presidential election. Subsequently, a new constitution came into effect which devolved significant power from the President to the Prime Minister.

The next presidential election was held in October 2018. Following amendments to the constitution (as described below), these elections were the last presidential elections held by direct vote. In subsequent elections, the President will be elected by the College of Electors. Salome Zourabichvili was elected President, running as an independent with the support of the Georgian Dream party.

In October 2017 and March 2018, Parliament made numerous changes to the Constitution introducing, inter alia, the indirect election of the President by Parliament, a fully proportional electoral system of members of Parliament starting from 2024, special status for agricultural land, and raising the minimum age for members of Parliament and the President. The changes adopted in October 2017 and March 2018 entered into force in December 2018. Furthermore, following public demonstrations in June 2019 that began after certain Russian officials visited Parliament, the Government committed to switching to a fully proportional electoral system for the 2020 elections, instead of waiting until the 2024 elections. This commitment was not approved by Parliament, which led to protests by major political parties in Georgia. As a political consensus, which was reached with the involvement of foreign diplomats stationed in Georgia, it was agreed that, for the purposes of 2020 elections, 30 members of Parliament would be selected through a majoritarian system, while the remaining 120 members of Parliament would be selected through proportional representation with the electoral threshold of 1% of the votes. Although a political consensus was reached, relevant constitutional amendments were suspended after the Government declared a state of emergency on 21 March 2020 in relation to the spread of COVID-19. On 29 June 2020, however, Parliament voted to adopt the constitutional amendments. On 11 December 2025, the European Court of Human Rights ("**ECHR**") delivered a judgment in the case of *Tsaava and Others v. Georgia*, ruling that the Georgian authorities committed several human rights violations during the dispersal of the June 2019 protests mentioned above and recommending a range of actions including paying compensation amounting to over EUR 600,000 in aggregate to 26 protesters making application to the ECHR and mandating a series of reforms of, inter alia, the use of firearms in response to domestic protests.

Parliamentary elections were held in October 2020 to elect 150 members of Parliament under a mixed majoritarian and proportional system. The opposition contested the results, refused to take their seats, and demanded snap elections and the release of detainees from the June 2019 protests. Following Prime Minister Giorgi Gakharia's resignation on 18 February 2021 amid disagreements with the ruling party, Irakli Garibashvili became the Prime Minister. In March–April 2021, the EU mediated talks between the ruling party and the opposition parties, and an agreement was signed on 19 April 2021 aimed at ending the disagreements.

In 2022, Georgia applied for EU membership, and EU leaders set conditions for candidate status. On 8 November 2023, the Commission recommended candidate status, and on 14 December 2023 the European Council granted Georgia candidate status.

On 7 March 2023, the Parliament passed the first reading of the Transparency Law which prompted large-scale protests, and on 10 March 2023, the Parliament revoked the bill at the second reading. However, in April 2024, the bill was reintroduced and, in June 2024, it was passed into law (with the principal provisions coming into effect in August 2024). The Transparency Law obliges certain non-commercial legal entities (such as non-governmental organisations and civil rights groups) and media organisations, among others, receiving more than 20% of gross revenues in one calendar year from foreign powers (such as non-Georgian citizens and legal entities, as well as foreign state and governmental entities) to register as organisations pursuing foreign interests with the Georgian National Agency of Public Registry (the "**NAPR**"). The Transparency Law also requires such entities to provide financial disclosure by way of submission of a financial declaration with NAPR. The registry of organisations pursuing foreign power interests, as well as information submitted by such organisations, is public. The Transparency Law establishes ongoing oversight of organisations within its scope, including periodic monitoring and annual declaration requirements. Failure to comply with registration or information-disclosure obligations may lead to monetary fines. According to the state authorities, the Transparency Law is meant to ensure transparency on foreign funding in public affairs and strengthen internal resilience against any foreign

political influence, while the opposition expresses concerns that it could limit civil society activities and political competition.

On 6 June 2024, the U.S. Department of State responded by imposing visa restrictions on certain ruling party members, MPs, senior law enforcement officials and private citizens in Georgia for undermining democracy, and in July 2024, suspended U.S.\$95 million in assistance to Georgia. On 9 July 2024, EU leaders suspended Georgia's EU accession process in response.

The political landscape in Georgia continues to evolve following the 2024 parliamentary elections, which drew significant attention from the international community. Upon the official invitation of the Georgian authorities and in accordance with its mandate, the OSCE ODIHR deployed a full election observation mission ("EOM") to assess the elections' compliance with OSCE commitments, broader international obligations and national legislation. On the day of the election, the ODIHR EOM operated alongside delegations from OSCE Parliamentary Assembly, the Parliamentary Assembly of the CoE, the European Parliament and NATO Parliamentary Assembly, collectively forming a comprehensive IEOM. According to the IEOM, Georgia's legal and institutional framework provide a strong foundation for the conduct of democratic elections. Preparations were managed professionally, supported by extensive information and public awareness initiatives regarding the new voting technologies. The IEOM described the events on election day as orderly, transparent, and effectively administered, with Georgia's CEC livestreaming its sessions, promptly publishing all relevant documentation and implementing wide-ranging public outreach and training programmes. Following the announcement of Georgia's parliamentary election results in October 2024, a string of protests against the election outcome re-emerged and later escalated when the Georgian Prime Minister announced in November 2024 the Government's decision to not request Georgia's EU accession negotiations until 2028 and to reject EU financial assistance until that date.

Since December 2024, a number of ruling Georgian Dream party leaders and their associates, including high-ranking officials, judges, prosecutors and certain law enforcement officers and their family members, have been sanctioned by the United States, the UK and various member states of the EU. In July 2025, the European Commission issued a number of recommendations (including for the reversal of repressive legislation) to the members of the Government and informed that, in case of continuing non-compliance, the European Commission could take appropriate measures to activate a visa-free suspension mechanism, in addition to the previously suspended visa-free travel for Georgian diplomatic and service passport holders in January 2025. Various international organisations and EU member states have also called for the release of political prisoners, including activists, media representatives and political opponents, arrested during the months following the 2024 parliamentary elections. The local municipal elections in Georgia were held on 4 October 2025, with certain opposition parties boycotting the elections.

Conflicts over Abkhazia and the Tskhinvali region/South Ossetia

In 1991, Georgia's declaration of independence from the Soviet Union was followed by increased tensions in the autonomous regions of Abkhazia and Tskhinvali region/South Ossetia, both of which demanded full independence from Georgia.

Intensification of the separatist sentiments that led to an escalation of the conflict in 1992-1993 and armed hostilities between the Georgian and Abkhaz sides resulted in some 300,000 internally displaced persons ("IDPs") and refugees.

The 2008 Russia-Georgia War that started on 7 August 2008 led to the further displacement of 60,000 people from the Tskhinvali region/South Ossetia.

On 12 August 2008, an EU-mediated ceasefire agreement (the "**Ceasefire Agreement**") was signed between Russia and Georgia. Among other things, the Ceasefire Agreement obliged the parties to halt the hostilities immediately and withdraw their forces to their pre-war positions. Georgia has fully implemented its obligations under the Ceasefire Agreement.

Following the 2008 Russia-Georgia War, Georgia declared its withdrawal from the CIS. The withdrawal became effective in August 2009.

On 26 August 2008, Russia recognised the independence of Georgia's regions of Abkhazia and the Tskhinvali region/South Ossetia.

In late 2008, the Geneva International Discussions ("GID") were launched on the basis of the 12 August 2008 Ceasefire Agreement which is the only negotiations format between Georgia and Russia with participation of key international partners. The discussions were held with Co-Chairmanship of the EU, the

UN and the OSCE, and participation of Georgia, Russia and the United States. The main topics of the GID were implementation of the EU-mediated 12 August 2008 Ceasefire Agreement, and safe and dignified return of IDPs and refugees to their homes, as well as security and humanitarian problems stemming from Russian occupation. At the 4th round of GID, in February 2009, an agreement was reached on the establishment of an Incident Prevention and Response Mechanism (“IPRM”) in Gali and Ergneti for both the Abkhazia and the Tskhinvali regions. This IPRM aimed to discuss and respond to daily challenges on the ground, as well as to resolve specific incidents through a hotline created within its framework. The IPRM meetings in Gali were suspended in the summer of 2018 due to the actions of Russia and de facto occupation authorities supported by Russia, and despite the active efforts of the Georgian side, it has not yet been possible to resume the IPRM meetings.

In addition, the Government of Georgia continues to implement a peaceful conflict resolution policy and has undertaken concrete steps in this direction. Georgia remains in full compliance with the EU-mediated Ceasefire Agreement and has unilaterally reaffirmed the non-use of force commitment both at the executive (in 2010) and legislative (in 2013 and 2016) levels whilst adhering to its international obligations.

In addition to exploring diplomatic conflict resolution strategies, Georgia has also implemented a reconciliation and engagement policy which is geared towards the communities divided by the occupation line. The reconciliation and engagement policy is aimed at increasing confidence building between the communities affected by the 2008 Russia-Georgia War and facilitates person to person contacts across the divide. The reconciliation and engagement policy is aimed at improving the socio-economic conditions of conflict-affected people living in Abkhazia and the Tskhinvali region/South Ossetia by means of providing various services and sharing the benefits of Georgia's European integration and the DCFTA. In 2010, the Government of Georgia adopted the "State Strategy on Occupied Territories: Engagement through Cooperation" and a corresponding Engagement Action Plan, which have been endorsed by intergovernmental organisations, NGOs and certain international political leaders. This strategic policy and action plan seek to counter the isolation and division of Abkhazia and the Tskhinvali region/South Ossetia and create a favourable environment for increasing cooperation and person to person interaction within divided communities. In 2018, the Government of Georgia intensified efforts to achieve its goal of fulfilling the terms of the reconciliation and engagement policy by introducing a new peace initiative entitled "A Step to a Better Future".

The Constitution and the President

The Constitution of Georgia was adopted on 24 August 1995. Following an amendment to the Constitution in February 2004, the Prime Minister replaced the President as the Head of Government. The President of Georgia is the Head of State, responsible for representing Georgia in foreign relationships. Prior to the 2018 presidential election, the President was elected by popular vote for a five-year term and was eligible to serve for one additional five-year term. However, following amendments to the Constitution in October 2017 and March 2018, the method of electing the President changed from election by popular vote to election by the College of Electors starting in 2024. The President is elected for a five-year term and may serve no more than two consecutive terms, meaning they can be re-elected once. President Mikheil Kavelashvili was elected as a President by the College of Electors in 2024 and will serve as the President for a five-year term.

Legal acts of the President require the countersignature of the Prime Minister except for the cases specified for the Constitution. Political responsibility for countersigned legal acts lies with the Government.

The Government

The Government of Georgia is the supreme body of executive branch that implements the domestic and foreign policies of the country and is accountable to the Parliament.

The structure and internal operations of the Government, including the ministers, ministries, regional offices of the ministries and state sub-structural institutions, are regulated under the Law on the Structure, Authority and Rule of Activities of the Government of Georgia, adopted in February 2004.

The Government has the power under the Constitution to adopt decrees and resolutions. It is led by the Prime Minister, the ministers and the state ministers (who are ministers appointed to deal with acts of supreme state importance). The Prime Minister is nominated by the political party or coalition that wins the highest support in parliamentary elections. The Prime Minister appoints one of the members of the Government as Deputy Prime Minister.

The Parliament must then approve the Prime Minister and the proposed Government through a vote of confidence. The Government remains in office as long as it retains parliamentary confidence and there are no constitutional limits on the reappointment of the Prime Minister or Ministries.

As the head of the Government, the Prime Minister determines and organises the activities of the Government, exercises co-ordination and control over the activities of the members of the Government and signs the legal acts of the Government. The Prime Minister also has the power to appoint other members of the Government, as well as to dismiss members of the Government in accordance with the procedure and in circumstances envisaged by law.

Each minister can make decisions independently on the matters falling within his or her competence. Furthermore, ministers are authorised to issue orders to implement laws and resolutions of the Government.

The Parliament

According to the Constitution, the Parliament is the supreme representative body of Georgia. It exercises legislative power, determines the principal direction of domestic and foreign policy and exercises control over the activity of the Government. In 1995, the Parliament was established as a unicameral body with 235 members, each elected for a term of four years by popular vote. Constitutional amendments passed on 23 February 2005 provided for a reduction in the number of members of the Parliament to 150 members, with additional amendments in 2017 resulting in all members of the Parliament to be elected by a proportional system effective from 2024.

The Parliament is empowered to ratify, reject and annul international treaties and agreements, including those which by their terms require ratification and those which:

- provide for Georgia's accession to international organisations or intergovernmental union;
- are of a military character;
- pertain to the territorial integrity of the state or change of the state frontiers;
- are related to borrowing or lending by the state; or
- require a change in domestic legislation.

In addition, the President must sign bills adopted by the Parliament. The Chair of the Parliament has the authority to sign and pass a draft bill into law if the President fails to sign the law within a defined term. Under the Constitution, the President may dissolve the Parliament, in the circumstances envisaged by the Constitution.

The Parliament is empowered to hold a vote of confidence or vote of no-confidence in the Government, which is passed by a simple majority of the total number of members of the Parliament. The Prime Minister can also initiate a vote of confidence in the Government.

Judicial System

The common courts in Georgia consist of: (i) the district (city) courts, which are the courts of first instance; (ii) the appellate courts, which consider appeals from the district (city) courts; and (iii) the Supreme Court of Georgia, the final court of appeal, which has jurisdiction over civil, criminal and administrative matters. Specialised courts may be created only within the system of common courts. A military court may be created during martial law and only within the system of common courts. The creation of extraordinary courts is prohibited; however, in common courts, cases may be heard by juries, as prescribed under Georgian law.

The Constitutional Court is a separate judicial body of Georgia, exclusively dealing with matters concerning the Constitution of Georgia and the conduct of constitutional proceedings. It was established in 1996 and consists of nine judges. The nine judges, called the Plenum, adjudicate constitutional claims either sitting as the Plenum or, where permitted, using two boards. Each board consists of four judges and adjudicates on behalf of the entire nine-judge Constitutional Court on a case-by-case basis. The President appoints three members of the Constitutional Court, the Parliament elects three members, and the Supreme Court appoints three members. The term limit for members of the Constitutional Court is ten years. The Constitutional Court elects the President of

the Constitutional Court from among its members for a term of five years, and he may not be re-elected. The President of the Constitutional Court is responsible for:

- convening and presiding over the sittings of the Plenum of the Constitutional Court, while the smaller boards are presided over by the Vice Presidents of the Constitutional Court who sit thereon;
- signing the decisions passed by the Plenum;
- submitting the rules of the Constitutional Court to the Plenum for approval;
- maintaining general guidance over the functioning of the staff of the Constitutional Court; and
- appointing and dismissing staff members.

On 1 October 2010, Georgia introduced jury trials pursuant to the new Code of Criminal Procedures in an attempt to boost public confidence in the judicial system. The Code of Criminal Procedures has been amended in recent years to introduce provisions for prosecuting minors in line with best international practices, witnesses to be interrogated in the court and in front of a judge, as opposed to interrogation by investigative authorities, improving the mechanisms of adversarial process and empowering defence with additional procedural rights. Special provisions were incorporated to enable the relevant authorities to deal with domestic violence. In addition, a number of amendments were made to ensure that the criminal procedures are in compliance with the Constitutional amendments. The offences for which jury trials are available under the Code of Criminal Procedures cover three categories – less serious, serious and particularly serious, however jury trials are predominantly utilised in respect of serious and particularly serious crimes. The system was modelled on common law jurisdictions, and, accordingly, "not guilty" verdicts are not subject to prosecutorial appeal.

Regional Administration

Georgia's capital city is Tbilisi. Georgia consists of nine regions divided into 69 municipalities. Adjara and Abkhazia, as autonomous republics, are separately administered. In practice, the Georgian regional administration system consists of the administration of each of the regions and the administration of the autonomous republics of Abkhazia and Adjara and the self-governing systems of the administrative municipalities, including all cities, towns, villages and communities in those municipalities, and Tbilisi and six other major cities.

The main administrative body of Tbilisi is the City Council, the Sakrebulo, which is an elected body headed by its Chairman, who is appointed by the Council from among its members. The City Council has the power to approve the city budget and any changes to it and to set local taxes. The mayor, who is directly elected, is accountable to the City Council and can be recalled if a vote of no confidence against the mayor is passed by at least two thirds of the City Council members.

International Relations

As of 31 December 2025, Georgia has established diplomatic relations with 189 countries and has 67 diplomatic missions and 14 general consulates abroad. As of 31 December 2025, Georgia also has 42 foreign embassies and two embassy offices located in Georgia's capital, Tbilisi. Key embassies in Tbilisi include those from Western and Eastern Europe, Baltic and Nordic States, Gulf Countries, Central Asia, the United States, EU Delegation, China, Japan and India. Tbilisi also hosts numerous representations of international organisations including the UN Resident Coordinator's Office, NATO Liaison Office and CoE Office. Consulates General of Armenia, Azerbaijan, Iran and Türkiye are also operating in Batumi, Autonomous Republic of Adjara.

As of 31 December 2025, Georgia enjoys favourable visa regimes with 81 countries, including those within the EU, while Georgia has abolished visa requirements for citizens of more than 106 countries worldwide based on both national legislation and international agreements.

Georgia is a member of a number of international and regional organisations, including the UN, the IMF, the World Bank, the International Development Association, the CoE, the European Bank for Reconstruction and Development (the "EBRD"), the World Trade Organisation (the "WTO"), the Organisation for Democracy and Economic Development - GUAM ("GUAM"), and the OSCE. Georgia is also a party to a number of multilateral and bilateral treaties, including the New York Convention and the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

United States

Since regaining its independence, Georgia has developed a robust strategic partnership with the United States. Since the early 1990s, the United States has been a firm supporter of Georgia's sovereignty and territorial integrity, its democratic reforms, economic development and Euro-Atlantic integration. Beginning in 1996, American interest in Georgia increased substantially with the signing of the first of three international oil and gas pipeline deals. The Baku–Tbilisi–Ceyhan oil export pipeline and the South Caucasus Pipeline gas pipeline are considered to be crucial to supplying oil and gas from the Caspian Sea basin to Western Europe along routes that avoid both Russia and Iran.

Following the 2008 Russia-Georgia War, the United States provided a U.S.\$1 billion aid package for Georgia to meet the country's "pressing humanitarian need" and "to facilitate its economic reconstruction".

Relations between Georgia and the United States were founded upon the U.S.-Georgia Charter on Strategic Partnership (the "**Charter**"). The Charter provided an effective framework for facilitating cooperation in all priority areas identified within the Charter, including democracy, defence and security, trade and economy as well as person-to-person and cultural exchanges.

In May 2024, following reintroduction of the Transparency Law to Parliament, the US Secretary of State announced that the United States was reevaluating its relations with Georgia. As a result of that review, in July 2024, the United States paused more than U.S.\$95 million in assistance that directly benefitted the Government of Georgia. Since December 2024, a number of ruling Georgian Dream party leaders and their associates, including high-ranking officials, judges, prosecutors and certain law enforcement officers and their family members, have been sanctioned by the United States. On 30 November 2024, following suspension of EU accession talks, the US State Department (under the former President's administration) announced suspension of the Charter.

European Union

Soon after regaining its independence in 1991, Georgia embarked on building links with the EU. Consequently, in 1994 the EU and Georgia signed the Partnership and Cooperation Agreement, which entered into force in 1999. Following the 'big bang' enlargement of the EU in 2004, the relations between the EU and Georgia advanced within the European Neighbourhood Policy, which Georgia joined in 2004. In 2009, Georgia became a part of the EU's Eastern Partnership, which opened a whole range of significant opportunities for both EU and Georgia to further deepen and expand their relations. In 2014, Georgia signed the EU Association Agreement with the EU, which formalised Georgia's intent to build closer relations with the EU. The EU Association Agreement recognised Georgia's European aspirations, historical links and the commonality of values between Georgia and members of the EU. The EU Association Agreement has significantly decreased the political distance between the EU and Georgia and set the stage for Georgia's deep economic integration into the Union, pursuant to the DCFTA between the EU and Georgia, which allows for comprehensive legal and normative convergence of Georgia with the EU, and is ultimately intended to achieve gradual and far-reaching access to the EU's internal market for Georgia. The EU Association Agreement provides the core legal basis of EU-Georgia relations and serves as a roadmap for Georgia's reforms, guiding its transformation into a democratic, resilient and economically prosperous European country. Participation in EU framework programmes and enhanced cooperation with EU specialised agencies have further contributed to increased EU-Georgia sectoral cooperation and have offered incentives for Georgia's further legislative and institutional harmonisation with EU policies and standards.

In 2017, the EU and Georgia established a short-stay visa-free regime that allows Georgian citizens to travel in EU countries/Schengen area for 90 days within a period of 180 days. This has given a considerable boost to the mobility of businesses, students, scholars and artists from Georgia, who have travelled extensively in the EU during the last five years. This regime was preceded by the conclusion of visa facilitation and readmission agreements and the launch of the visa liberalisation dialogue in 2012, which laid the groundwork for important institutional and legislative reforms in areas such as human rights, border management, migration and public order.

In 2017, Georgia also became a full-fledged contracting party to the Energy Community, which enables Georgia to gradually integrate into the European energy market in legal and practical terms. Georgia's participation in the Energy Community also provides opportunities to discuss and propose energy related projects on a regional and European scale.

In 2018, the EU decided to extend its Trans-European Networks of Transport to Georgia. The extension of the European transport network to Georgia, combined with the implementation of the DCFTA, also have the

potential to boost trade relations. Since 2019, the EU and Georgia have been discussing issues of legal approximation and projects in the field of transport. The EU and Georgia have concluded a Common Aviation Area Agreement, which entered into force in 2020 and established conditions for the progressive liberalisation of air transport between the EU and Georgia. In 2022, Georgia was granted observer status in the Transport Community as a next step towards achieving greater convergence with the relevant EU legal framework and integrating with the EU transport market.

The EU plays a key role in promoting security and stability in Georgia, especially since the 2008 Russia-Georgia War, through the work of the EU Monitoring Mission, the EU's co-chairmanship of the Geneva International Discussions and the EU's non-recognition policy of the independence of Abkhazia and the Tskhinvali region/South Ossetia. In 2017, the EU and Georgia launched a high-level Strategic Security Dialogue to step up cooperation in the areas of foreign policy and security. Based on the Framework Participation Agreement signed with the EU in 2013. Georgia has contributed to EU crisis management missions and operations in Ukraine, Central African Republic and Mali since 2024.

Georgia applied for EU membership on 3 March 2022 and, on 14 December 2023, the European Council granted Georgia candidate status.

Shortly after the war between Russia and Ukraine broke out in February 2022, relations between the EU and Georgia started to deteriorate. Pursuant to the European Council conclusions in June 2024, the European Council expressed concern that recent developments in Georgia were effectively leading to a de facto halt of Georgia's accession process. On 28 November 2024, the Prime Minister of Georgia announced the decision not to raise the issue of starting the accession negotiations in its bilateral formats or dialogue with the EU until 2028, while at the same time reaffirming that Georgia will continue implementation of the AA/DCFTA to fulfil 90% of its commitments by that time. At the same time, the Prime Minister made it clear that the government is ready to reciprocate immediately should the EU decide to open accession negotiations.

NATO

NATO integration is a long-standing and constitutionally enshrined foreign and security policy priority of Georgia, supported by broad political consensus and sustained public backing. This policy has been maintained for decades and remains a key element of Georgia's foreign policy.

The history of Georgia's cooperation with NATO dates back to the early 1990s, when Georgia became a member of NATO's North Atlantic Cooperation Council ("NACC") and joined the Partnership for Peace ("PFP") programme. In 2002, at the NATO Prague Summit, Georgia made an official application for membership, thus starting the process of Georgia's integration into NATO.

Up to now, the most important milestone in Georgia's Euro-Atlantic integration process is the April 2008 Bucharest Summit, when the Allies agreed that Georgia will become a member of NATO. Georgia continues to pursue this objective through a structured, gradual and reform-driven approach, in close coordination with NATO.

Over the past decade, NATO-Georgia relations have developed steadily. Georgia is recognised by NATO as an aspirant country and a reliable partner, and participates actively in established cooperation frameworks, including the NATO-Georgia Commission, the Annual National Programme, the Individually Tailored Partnership Programme, and the NATO-Georgia Substantial Package.

These mechanisms support Georgia's ongoing defence reforms, compatibility with NATO standards, and contribution to regional and Euro-Atlantic security. Georgia engages with NATO in full transparency and in accordance with its international commitments. Georgia continues to maintain regular political dialogue and practical cooperation with NATO Allies, while prioritising domestic reforms aimed at strengthening institutions, resilience, and defence capabilities.

United Nations

Georgia has been a member of the UN since 1992 and is a member of several UN specialised agencies. Georgia participates in UN activities in the areas of security, human rights and sustainable development, including participation in all three aspects: economic, social and environmental. Georgia was a member of the UN Economic and Social Council during the period from 2014 to 2016, and the UN Human Rights Council during the period from 2016 to 2018 and from 2023 to 2025. Georgia was a member of the UN-Women Executive Board for the 2019 to 2021 term. Georgia is a member of the Executive Board of UNDP, UNFPA and UNOPS for the 2025 to 2027 term. Georgia will be a member of UNICEF Executive Board for the 2026 to 2028 term. A

number of UN programmes, funds and specialised agencies have a presence in Georgia, such as the United Nations Development Programme ("UNDP"), the United Nations Population Fund ("UNFPA"), the United Nations Children's Fund ("UNICEF"), UN-Women, the Office of the UN High Commissioner for Refugees, the Office of the UN High Commissioner for Human Rights and the United Nations Office for Project Services ("UNOPS").

Council of Europe

Georgia has been a member of the CoE since 1999. Georgia actively cooperates with the CoE by honouring its statutory obligations and specific commitments, in order to improve democracy, human rights and the rule of law in the country. The CoE's actions in Georgia cover a range of cooperation activities and mechanisms that evaluate Georgia's progress in fulfilling the standards of the organisation. Georgia has benefited from CoE cooperation programmes under Action Plans since 2013, which are focused on protecting and promoting human rights, including social rights ensuring justice, strengthening democratic governance, as well as developing confidence-building measures and countering corruption, money-laundering, cybercrime and manipulation of sports competitions. The CoE Office in Tbilisi has a presence in Georgia, coordinating the implementation of the Action Plans and other cooperation programmes.

OSCE

Georgia has been a member of the OSCE since 1992. Georgia is engaged in all three dimensions of the OSCE: Political-Military, Economic and the Environmental and Human Dimension. Georgia actively cooperates with OSCE institutions, including the ODIHR, the OSCE High Commissioner on National Minorities, and the OSCE Representative on Freedom of the Media, on issues related to security, human rights, the rule of law, democracy, media freedom, ethnic minorities, development, and refinement of legislation. Georgian legislators are actively represented and involved in the work of the OSCE Parliamentary Assembly.

Representation of Georgia at International Organisations

One of Georgia's foreign policy priorities is to increase its participation and representation at UN bodies and other international organisations. Between 2024 and 2025, several Georgian candidates were successfully elected to the following positions: in 2024, Sopio Kiladze was elected as a member of the Committee on the Rights of the Child for the 2025-2028 term and Kostantin Korkelia was elected as a member of the Human Rights Committee for the 2025-2028 term. Georgia was re-elected as a member of the Postal Operations Council of the Universal Postal Union ("UPU") for the 2026-2029 term at the elections held during the 28th UPU Congress on 18 September 2025. Irakli Sasania, First Deputy Minister of Internally Displaced Persons from the Occupied Territories of Georgia was elected to the Executive Board of the World Health Organisation ("WHO") at elections held on 29 October 2025.

Georgia's Foreign Aid

Georgia also seeks to advance further its role as a credible contributor to global development and to the regional stability, as well as to share its experience with partner countries in the areas of democratic transformation and resilience. In July 2025, the Ministry of Foreign Affairs of Georgia established the Foreign Aid Coordination Division under the Department of International Organisations. This division aims to serve as a mechanism to coordinate and monitor Georgia's aid to foreign countries, as well as to guide the decision-making process on the matter.

The establishment of the Foreign Aid Coordination Division marks an important step in advancing Georgia's international engagement. It creates a framework through which Georgia can better align its foreign assistance with national interests and global priorities, while also sharing its own democratic and developmental experience with partner countries.

Within the framework of Georgia's foreign aid in December 2025 the Ministry of Foreign Affairs of Georgia launched a new initiative, the Capacity Development Programme, for young civil servants from the countries of different regions.

Georgia has become an IDA donor at the WB group and has participated in two replenishments already, while also joining ADF under ADB as a donor in 2024.

World Trade Organisation and Other Trade Regimes

Georgia joined the WTO on 14 June 2000 and immediately entered a round of multilateral trade negotiations, as well as bilateral negotiations with the other member states.

After signing the Protocol on Accession to the Marrakesh Agreement establishing the WTO, Georgia joined WTO agreements and made commitments under the WTO Annexes to this Protocol. Since its accession to the WTO in 2000, Georgia has been working on reducing tariffs and non-tariff barriers to trade. In 2006, the Government abolished import tariffs on almost 80% of goods.

Georgia has most-favoured-nation trading relationships with all WTO members. In 2008, Georgia's Generalised Scheme of Preferences Plus (“GSP+”) privileges granted by Türkiye were replaced by a free trade agreement between Georgia and Türkiye, pursuant to which customs tariffs on industrial products have been fully eliminated, although a number of agricultural products are excluded by both parties. In June 2014, Georgia signed the EU Association Agreement and the DCFTA with the EU, followed by the signing of a Free Trade Agreement (“FTA”) between the EFTA and Georgia in 2016, to begin on 1 September 2017 for Georgia, Iceland and Norway, and 1 May 2018 for Switzerland and Liechtenstein. Georgia signed an FTA with China in 2017, with Hong Kong in 2018 and with the United Kingdom in 2019. In June 2024, a Comprehensive Economic Partnership Agreement (“CEPA”) between Georgia and the United Arab Emirates entered into force. Georgia and South Korea completed talks on the Comprehensive Economic Partnership Agreement completed in December 2024, and they intend to sign the free trade agreement in the first quarter of 2026.

Relationships with Regional Organisations

GUAM

GUAM, a regional platform consisting of Georgia, Ukraine, Azerbaijan and Moldova, was established in 1997 as a strategic alliance of its members with the aim of cooperating in the areas of energy, transport, trade and economy, information technology, culture, science and education, tourism and the fight against terrorism, organised crime and drug trafficking. In May 2006, through the adoption of a charter and other founding documents, GUAM has transformed into the fully fledged international Organisation for Democracy and Economic Development, with its permanent secretariat located in Kyiv, Ukraine. The priorities of the Organisation for Democracy and Economic Development are the strengthening of democracy, ensuring the supremacy of law, human rights and fundamental freedoms, stability and security in the region, combating international terrorism, separatism and extremism, deepening European integration, achieving sustainable development and improving the welfare of states.

Relationships with Neighbouring Countries

A key priority of Georgia's foreign policy is the development of a policy based on balanced and mutual cooperation in the South Caucasus and Black Sea region, based on the principles of sovereignty, territorial integrity and good neighbourliness. To that end, Georgia has maintained favourable relations with Armenia, Azerbaijan and Türkiye. By contrast, particularly in the periods leading up to and following the 2008 Russia-Georgia War, Georgia's relations with Russia have significantly deteriorated.

Armenia

Building on their historic relations, in recent years, Georgia and Armenia have increased their bilateral cooperation, especially in such areas as energy, transport, trade, education and culture. On 26 January 2024, Georgia and Armenia signed a joint declaration establishing a strategic partnership. High-level meetings between various branches of the two governments are regularly held, with specific issues of cooperation discussed within the framework of the intergovernmental Commission on Economic Cooperation between the Republic of Armenia and Georgia. Georgia and Armenia are also parties to an FTA. In addition, the neighbouring countries hold many programmes for cultural exchange.

Azerbaijan

Azerbaijan and Georgia have enjoyed almost three decades of strategic partnership. Georgia has continued to expand its strategic partnership with Azerbaijan, particularly in economic, energy, transportation and humanitarian matters. High-level visits between the leaders of the two countries are frequent. Georgia and Azerbaijan are also parties to an FTA.

Russia

Georgia's political relations with Russia have been strained since Georgia regained its independence following the break-up of the Soviet Union in 1991. Following the 2008 Russia-Georgia War, and Russia's recognition of the independence of Abkhazia and the Tskhinvali region/South Ossetia, on 2 September 2008, Georgia terminated diplomatic relations between the two countries. Following 12-year legal proceedings, in 2021, the European Court of Human Rights held Russia accountable for major human rights violations during the 2008 Russia-Georgia War and indicated that Russia continued to exercise "effective control" over Tskhinvali region/South Ossetia and Abkhazia after the 2008 Russia-Georgia War. See "*Risk Factors—Risk Factors Relating to Georgia—Regional Tensions and Disruptions in Neighbouring Markets*".

Despite the deterioration of political relations between the two states, a legitimate trade relationship between the two countries continues, while Georgia strictly follows the EU, UK and United States economic sanctions and prevents any sanctioned or high sensitivity priority code goods transit, export or re-export to Russia.

Türkiye

The Republic of Türkiye is a strategic partner to Georgia and has served as its main trading partner since 2007, with Georgia benefiting from GSP+ status from Türkiye. On 21 November 2007, Georgia's GSP+ privileges granted by Türkiye were replaced by an FTA between Georgia and Türkiye, pursuant to which customs tariffs on industrial products have been fully eliminated, although a number of agricultural products are excluded by both parties. Additionally, in 2017, Georgia and Türkiye signed the Declaration on Setting up a Joint Economic and Trade Commission to increase economic cooperation between the countries. Georgia and Türkiye have also abolished visa requirements for each other's citizens, cooperate on customs issues, with steps being taken to simplify and harmonise official procedures related to border crossings and the joint use of land at customs entry points.

Georgia is also cooperating closely with Türkiye and Azerbaijan on a number of energy and transportation projects to facilitate the connectivity of Central Asian and Caspian resources to the European markets. The Baku-Tbilisi-Kars Railway, Baku-Tbilisi-Ceyhan oil pipelines, Baku-Tbilisi-Erzurum gas pipeline, Southern Gas Corridor, Trans-Anatolian Pipeline ("**TANAP**") and Trans-Adriatic Pipeline ("**TAP**") and the Lapis Lazuli project are key projects that ensure Asia and the West maintain close links.

Legal Proceedings

Georgia is from time to time a party to a number of legal and arbitral proceedings, including claims against Georgia seeking potentially significant amounts. Such proceedings arise in the ordinary course of its governmental operations. Georgia believes that all such legal or arbitral proceedings against it existing as of the date hereof are without merit, and the Government rejects the claims forming the basis for such proceedings. Save for the proceedings set out below, the Government does not currently believe that any adverse judgment or arbitral award in connection with such proceedings would have a material adverse effect on its ability to make the relevant payments under the Notes.

ENKA Renewables LLC v. Government of Georgia

The dispute arose from ENKA Renewables LLC's (the "**Claimant**") termination of an agreement dated 25 April 2019 which granted the Claimant the exclusive right to build, own and operate a hydropower plant project.

On 13 November 2024, in an arbitration under the ICC Rules of Arbitration, the arbitral tribunal issued a final award, which found the Claimant's termination lawful, and ordered the Government of Georgia to pay compensation in an amount of approximately U.S.\$380 million plus interest (the "**Final Award**"). On 6 January 2025, the arbitral tribunal issued an addendum to the Final Award, correcting a typographical error in the dispositive section of the Final Award (together with the Final Award, the "**Awards**").

In January 2025, Georgia filed a petition with the Paris Court of Appeal to set aside the Awards. In March 2025, the Claimant filed a petition with that same Court to recognize and enforce the Awards. On 9 December 2025, the Paris Court of Appeal granted exequatur to the Awards but ordered a stay of their enforcement. As at 31 December 2025, the court proceedings for setting aside the Final Award are pending at the seat of the Paris Court of Appeal, and the hearing is scheduled for 7 July 2026.

On 16 January 2025, the Claimant filed a petition to the U.S. District Court for the District of Columbia (the "**D.C. Court**") to enforce the Awards against Georgia. On 1 October 2025, Georgia applied to the D.C. Court for dismissal of the petition, or, in the alternative, for a stay of this proceeding pending the outcome of its set-

aside proceedings in the Paris Court of Appeal. The parties completed briefing on this matter on 5 December 2025 and, as at the date of this Offering Circular, no ruling has been issued by the D.C. Court on this proceeding.

ECONOMY OF GEORGIA

Gross Domestic Product

Since early 2020, Georgia has navigated a series of external shocks stemming from, in particular, the COVID-19 pandemic and Russia's war in Ukraine. Economic activity rebounded in 2021 and strengthened further in 2022, supported by migration-driven demand and elevated capital inflows triggered by the war. Growth remained robust in 2023, underpinned by solid private consumption, a continued tourism rebound, and sustained migrant-related and services inflows, although external capital inflows eased from 2022 levels.

In 2024, growth accelerated again, driven by higher investment, resilient export performance, and a stable macroeconomic backdrop despite tighter global financial conditions. The momentum continued into the first half of 2025, supported by strong domestic demand and steady tourism and services revenues.

According to Geostat, real GDP growth reached 7.7% for the nine months ended 30 September 2025, 9.7% in 2024, 7.8% in 2023, 11.0% in 2022 and 10.6% in 2021. On average, the economy has been growing above 9% annually for the past five years.

The following table sets forth certain information about Georgia's GDP for the periods indicated:

	Year ended					Nine
	31 December					months
	2020	2021	2022	2023	2024	ended 30 September 2025
Nominal GDP (<i>GEL million</i>)	49,789	60,724	72,860	80,883	93,022	75,777
Nominal GDP (<i>U.S.\$ million</i>) ⁽¹⁾	16,011	18,853	24,989	30,779	34,189	27,560
Real GDP (<i>GEL million</i>) ⁽²⁾	46,598	51,558	57,208	61,689	67,660	47,363
Real GDP (<i>U.S.\$ million</i>) ⁽¹⁾	14,985	16,007	19,621	23,475	24,868	19,097
Real GDP growth – year-on-year (%) ⁽³⁾	(6.3)	10.6	11.0	7.8	9.7	7.7
Nominal GDP per capita (<i>U.S.\$</i>) ⁽⁴⁾	4,301	5,084	6,731	8,284	9,241	7,440
Nominal GDP per capita (<i>U.S.\$ PPP</i>)	16,817	18,814	22,604	24,952	28,299	N/A ⁽⁵⁾

Notes:

- (1) Converted to U.S. Dollars at the period average official exchange rate of the NBG.
- (2) Calculated on the basis of 2019 prices.
- (3) The Real GDP percentage change for a particular year indicates the percentage change from the previous year.
- (4) Calculated as Nominal GDP in U.S. Dollars divided by the estimated population.
- (5) This figure is only available on an annual basis, so there is no number for the nine months ended 30 September 2025.

Source: Geostat.

Final consumption expenditures remained the largest component of GDP in 2024. The gross capital formation share rose to 24.5% of GDP in 2024, slightly down from 24.6% of GDP in 2020. The share of service exports also increased sharply, reaching 22.6% of GDP in 2024 compared with 9.7% of GDP in 2020. In contrast, the share of goods exports declined from 27.2% of GDP in 2020 to 25.3% in 2024. As imports contributed a negative share to GDP, this negative balance narrowed over 2020 to 2024.

The following table sets forth the structure of Nominal GDP by expenditure for the periods indicated:

	Year ended 31 December					Nine
						months
	2020	2021	2022	2023	2024	ended 30 September er 2025
	<i>GEL million</i>					
Final Consumption Expenditures	47,043	58,036	62,420	67,633	77,512	63,165
Households	38,719	48,315	52,195	56,842	64,087	51,581
Non-profit institutions serving households (NPISH)	1,049	1,142	1,096	965	1,428	1,223
General government	7,275	8,578	9,129	9,826	11,997	10,360
Individual Goods and Services	2,785	2,910	3,443	4,254	5,515	4,924
Collective Services	4,490	5,668	5,685	5,573	6,482	5,436
Gross Capital Formation	12,251	12,557	17,535	20,220	22,790	16,575

Gross Fixed Capital Formation	11,069	12,605	14,390	17,357	19,830	14,984
Changes in Inventories	1,181	(48)	3,145	2,862	2,960	1,591
Exports of Goods and Services.....	18,372	25,914	38,236	39,849	44,479	36,312
Exports of goods.....	13,542	17,786	21,849	21,324	23,502	18,716
Exports of Services.....	4,831	8,128	16,387	18,524	20,977	17,596
Imports of Goods and Services.....	27,877	35,783	45,331	46,818	51,759	40,275
Imports of Goods.....	23,376	29,950	36,578	37,307	41,372	32,486
Imports of Services.....	4,502	5,833	8,753	9,511	10,387	7,788
GDP at market prices	49,789	60,724	72,860	80,883	93,022	75,777

Source: Geostat.

Share of Nominal GDP by Expenditure in Current Prices

	Year ended 31 December					Nine months ended 30 September
	2020	2021	2022	2023	2024	2025
	%					
Final Consumption Expenditures	94.5	95.6	85.7	83.6	83.3	83.4
Households	77.8	79.6	71.6	70.3	68.9	68.1
Non-profit institutions serving households (NPISH).....	2.1	1.9	1.5	1.2	1.5	1.6
General government	14.6	14.1	12.5	12.1	12.9	13.7
Individual Goods and Services.....	5.6	4.8	4.7	5.3	5.9	6.5
Collective Services.....	9.0	9.3	7.8	6.9	7.0	7.2
Gross Capital Formation.....	24.6	20.7	24.1	25.0	24.5	21.9
Gross Fixed Capital Formation.....	22.2	20.8	19.8	21.5	21.3	19.8
Changes in Inventories	2.4	(0.1)	4.3	3.5	3.2	2.1
Exports of Goods and Services.....	36.9	42.7	52.5	49.3	47.8	47.9
Exports of goods.....	27.2	29.3	30.0	26.4	25.3	24.7
Exports of Services.....	9.7	13.4	22.5	22.9	22.6	23.2
Imports of Goods and Services.....	56.0	58.9	62.2	57.9	55.6	53.1
Imports of Goods	46.9	49.3	50.2	46.1	44.5	42.9
Imports of Services	9.0	9.6	12.0	11.8	11.2	10.3
GDP at market prices.....	100.0	100.0	100.0	100.0	100.0	100.0

Source: Geostat.

Real GDP growth reached 9.7% in 2024. Final consumption expenditures and gross capital formation contributed 9.6 percentage points and 2.8 percentage points, respectively, while net exports made a negative contribution of 2.7 percentage points.

In the nine months ended 30 September 2025, real GDP expanded by 7.7% compared to the same period in 2024, led primarily by final consumption expenditures, which contributed 8.7 percentage points, while gross capital formation contributed negatively, causing a decrease by 1.2 percentage points.

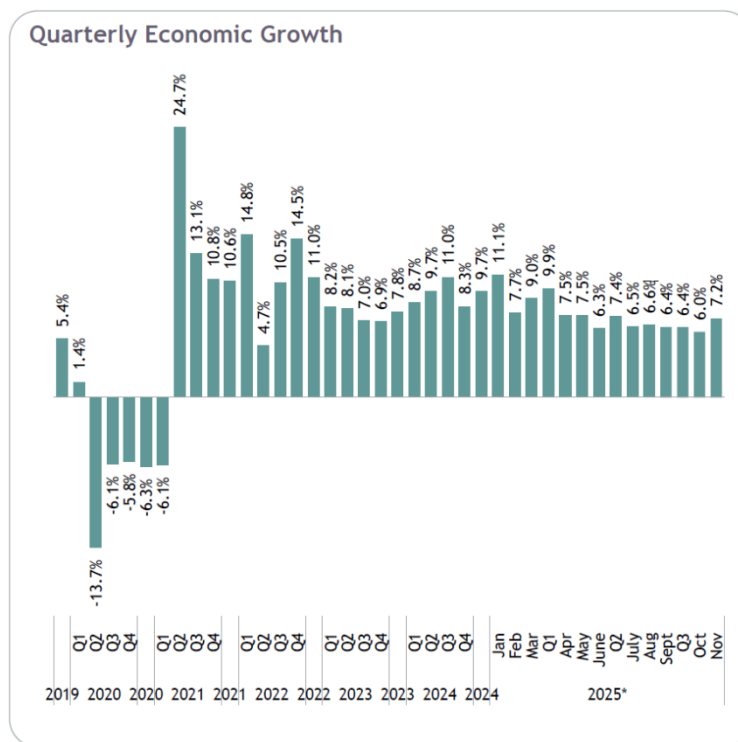
Real Growth

	Year ended 31 December					Nine months ended 30 September
	2020	2021	2022	2023	2024	2025
	%					
Final Consumption Expenditures	9.6	11.5	(2.5)	5.1	11.4	10.6
Households and NPISH.....	10.1	12.3	(2.8)	4.7	9.5	8.3
General government	6.6	7.1	(0.8)	7.5	22.9	23.3
Individual Goods and Services	3.3	(4.4)	7.0	19.1	29.7	28.9
Collective Services.....	8.7	14.2	-4.8	0.5	17.6	18.6
Gross Capital Formation.....	(15.9)	(16.1)	35.7	19.5	11.1	(5.0)
Gross Fixed Capital Formation.....	(13.1)	(4.8)	9.9	29.4	12.5	0.8
Exports of Goods and Services.....	(37.6)	23.5	37.4	9.5	5.5	5.4
Exports of goods.....	(13.8)	13.2	14.3	14.2	2.2	4.7
Exports of Services.....	(63.0)	52.4	87.9	3.2	9.2	6.2
Imports of Goods and Services.....	(16.6)	8.8	16.9	10.0	9.2	4.3

Imports of Goods	(11.1)	7.7	14.2	9.5	10.0	4.5
Imports of Services	(36.5)	14.5	31.2	12.1	6.4	3.3
GDP at market prices.....	(6.3)	10.6	11.0	7.8	9.7	7.7

Source: Geostat

The graph below sets forth Georgia's quarterly Real GDP growth for the periods indicated:



Source: GeoStat, *MOF estimations

Contribution to Real Growth

	Year ended 31 December					Nine months ended 30 September 2025
	2020	2021	2022	2023	2024	
	%					
Final Consumption Expenditures	7.9	10.8	(2.4)	4.3	9.6	8.7
Households and NPISH	7.0	9.8	(2.3)	3.4	6.8	5.8
General government.....	0.9	1.0	(0.1)	0.9	2.8	2.9
Individual Goods and Services.....	0.2	(0.2)	0.3	0.9	1.6	1.6
Collective Services.....	0.7	1.3	(0.4)	0.0	1.2	1.3
Gross Capital Formation.....	(4.3)	(4.0)	7.4	4.7	2.8	(1.2)
Gross Fixed Capital Formation.....	(3.1)	(1.1)	2.1	5.8	2.7	0.2
Exports of Goods and Services.....	(20.4)	8.7	16.0	5.0	2.7	2.6
Exports of goods	(3.9)	3.6	4.2	4.3	0.6	1.2
Exports of Services	(16.5)	5.1	11.8	0.7	2.1	1.5
Imports of Goods and Services.....	10.6	(4.9)	(10.0)	(6.2)	(5.4)	(2.4)
Imports of Goods	5.5	(3.6)	(7.0)	(4.8)	(4.6)	(2.0)
Imports of Services	5.0	(1.3)	(3.0)	(1.4)	(0.8)	(0.4)
GDP at market prices.....	(6.3)	10.6	11.0	7.8	9.7	7.7

Source: Geostat

Principal Sectors of the Economy

The economic growth in the post-pandemic period was supported in part by structural shifts that continue to underpin sustained medium-term growth. Driven by reforms and measures to strengthen private-sector competitiveness, Georgia's economic structure improved in recent years, with growth becoming more broad-based, diversified, and inclusive. Between 2021 and 2024, consumption, investment, and exports all contributed positively to overall growth. Nearly all major sectors supported this expansion, including manufacturing, construction, trade, transportation, information and communication, financial services, education, tourism, and related service industries.

The following table sets forth the composition of Georgia's Nominal GDP by economic activity for the periods indicated

Nominal GDP by Economic Activity

	Year ended 31 December					Nine months ended 30 September
	2020	2021	2022	2023	2024	2025
	<i>GEL million</i>					
Agriculture, forestry and fishing	4,141	4,389	4,832	4,866	5,103	4,226
Mining and quarrying	706	701	803	599	795	702
Manufacturing	4,694	6,021	7,084	6,758	7,848	6,024
Electricity, gas, steam and air conditioning supply	1,037	1,745	2,097	2,047	1,928	1,487
Water supply; sewerage, waste management and remediation activities.....	274	486	456	503	752	586
Construction	3,780	3,839	5,101	5,363	6,894	5,090
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	6,400	8,116	9,596	11,244	12,434	9,612
Transportation and storage	2,609	3,206	4,109	4,308	5,072	3,950
Accommodation and food service activities.....	1,168	1,732	2,398	2,691	3,228	2,765
Information and communication	1,385	1,875	3,183	4,208	5,160	5,469
Financial and insurance activities.....	2,089	2,619	3,151	3,503	3,959	3,479
Real estate activities	4,943	5,189	6,159	7,437	7,911	6,289
Professional, scientific and technical activities	1,026	1,127	1,219	1,609	1,968	1,549
Administrative and support service activities.....	355	505	647	765	925	806
Public administration and defence; compulsory social security	3,224	3,548	4,032	4,677	5,547	4,401
Education	2,149	2,491	2,835	3,465	4,551	4,222
Human health and social work activities.....	1,781	2,594	2,447	2,691	2,948	2,597
Arts, entertainment and recreation	1,329	2,146	2,575	2,772	3,059	2,724
Other service activities	305	447	602	740	801	590
Activities of households as employers; undifferentiated goods and services producing activities of household for own use	58	49	71	83	95	65
Nominal GDP at basic prices.....	43,453	52,826	63,397	70,329	80,979	66,634
Taxes on products.....	6,594	8,186	9,784	10,911	12,441	9,479
Subsidies on products.....	259	(288)	(321)	(357)	(398)	336
Nominal GDP at market prices	49,789	60,724	72,860	80,883	93,022	75,777

Source: Geostat

The following table sets forth the contribution of various economic sectors to Nominal GDP for the periods indicated:

Structure of Nominal GDP by Economic Activity

	Year ended 31 December					Nine months ended 30 September
	2020	2021	2022	2023	2024	2025
	<i>As % of nominal GDP</i>					
Agriculture, forestry and fishing.....	6.3	8.3	7.6	6.9	6.3	5.8
Mining and quarrying.....	7.4	1.3	1.3	0.9	1.0	1.1
Manufacturing.....	10.1	11.4	11.2	9.6	9.7	8.8
Electricity, gas, steam and air conditioning supply .	11.3	3.3	3.3	2.9	2.4	2.3
Water supply; sewerage, waste management and remediation activities.....	3.1	0.9	0.7	0.7	0.9	0.9
Construction.....	8.5	7.3	8.0	7.6	8.5	7.2
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	22.0	15.4	15.1	16.0	15.4	14.1
Transportation and storage.....	20.3	6.1	6.5	6.1	6.3	5.8
Accommodation and food service activities.....	10.1	3.3	3.8	3.8	4.0	3.7
Information and communication.....	12.3	3.5	5.0	6.0	6.4	8.7
Financial and insurance activities.....	13.4	5.0	5.0	5.0	4.9	5.3
Real estate activities.....	14.6	9.8	9.7	10.6	9.8	9.8
Professional, scientific and technical activities.....	11.8	2.1	1.9	2.3	2.4	2.3
Administrative and support service activities.....	3.5	1.0	1.0	1.1	1.1	1.2
Public administration and defence; compulsory social security.....	7.8	6.7	6.4	6.7	6.8	6.9
Education.....	12.9	4.7	4.5	4.9	5.6	6.9
Human health and social work activities.....	10.2	4.9	3.9	3.8	3.6	4.1
Arts, entertainment and recreation.....	8.0	4.1	4.1	3.9	3.8	4.1
Other service activities.....	5.0	0.8	1.0	1.1	1.0	0.9
Activities of households as employers; undifferentiated goods and services producing activities of household for own use.....	1.0	0.1	0.1	0.1	0.1	0.1
Nominal GDP at basic prices.....	100.0	100.0	100.0	100.0	100.0	100.0

Source: Geostat

The following table sets forth the real growth by sector for the periods indicated (based on 2019 prices):

Real Growth by Sector

	Year ended 31 December					Nine months ended 30 September
	2020	2021	2022	2023	2024	2025
	%					
Agriculture, forestry and fishing.....	6.7	2.3	(1.8)	(3.4)	13.5	-6.5
Mining and quarrying.....	27.8	0.2	(1.1)	(19.6)	1.5	-6.2
Manufacturing.....	(5.9)	7.1	13.4	3.0	3.9	3.2
Electricity, gas, steam and air conditioning supply	(0.6)	44.6	34.3	(2.5)	(10.5)	-4.1
Water supply; sewerage, waste management and remediation activities.....	(18.9)	75.4	(8.2)	6.1	37.5	4.6
Construction.....	(4.1)	(23.9)	15.9	15.0	12.2	0.1
Wholesale and retail trade; repair of motor vehicles and motorcycles.....	(5.1)	12.8	5.0	17.8	9.3	2.4
Transportation and storage.....	(4.4)	32.9	36.4	12.3	11.2	8.0
Accommodation and food service activities.....	(46.6)	34.7	18.3	1.5	4.9	6.2
Information and communication.....	3.9	32.6	58.5	27.5	24.6	31.6
Financial and insurance activities.....	(1.2)	23.6	11.7	2.9	8.8	14.3
Real estate activities.....	(0.6)	7.3	(4.5)	(2.0)	1.6	7.0
Professional, scientific and technical activities.....	(10.9)	2.0	(6.2)	23.6	19.8	8.6
Administrative and support service activities.....	(46.7)	34.4	12.9	8.5	18.9	16.0
Public administration and defence; compulsory social security.....	2.3	(0.9)	1.8	15.6	15.5	9.6
Education.....	6.3	8.8	5.4	18.0	28.2	27.5
Human health and social work activities.....	(5.9)	41.0	(13.7)	(4.6)	5.2	13.9

Arts, entertainment and recreation	(11.0)	44.0	10.0	4.9	8.0	11.5
Other service activities	(16.1)	33.2	29.2	12.1	4.3	(2.4)
Activities of households as employers; undifferentiated goods and services producing activities of household for own use	19.3	(18.0)	35.8	5.2	4.1	(17.4)
Nominal GDP at basic prices	(4.9)	12.2	9.8	8.4	10.3	7.6
Taxes on products	(15.2)	0.2	18.3	4.4	5.7	8.9
Subsidies on products	5.5	1.3	(0.8)	8.8	10.2	7.7
Nominal GDP at market prices	(6.3)	10.6	11.0	7.8	9.7	7.7

Source: Geostat

The following table sets forth contribution to real growth by sector in percentage points for the periods indicated (based on 2019 prices):

	Contribution to Real GDP by Economic Activity					Nine months ended 30 September 2025
	Year ended 31 December					
	2020	2021	2022	2023	2024	
	<i>Percentage points</i>					
Agriculture, forestry and fishing	0.5	0.2	(0.1)	(0.2)	0.8	(0.4)
Mining and quarrying	0.3	0.0	(0.0)	(0.2)	0.0	(0.1)
Manufacturing	(0.5)	0.7	1.3	0.3	0.3	0.3
Electricity, gas, steam and air conditioning supply	(0.0)	0.9	1.0	(0.1)	(0.3)	(0.1)
Water supply; sewerage, waste management and remediation activities	(0.1)	0.4	(0.1)	0.0	0.2	0.0
Construction	(0.3)	(1.8)	1.0	1.1	0.8	0.0
Wholesale and retail trade; repair of motor vehicles and motorcycles	(0.6)	1.6	0.7	2.3	1.3	0.3
Transportation and storage	(0.3)	1.7	1.9	0.7	0.6	0.4
Accommodation and food service activities	(2.2)	0.8	0.5	0.1	0.2	0.2
Information and communication	0.1	0.9	1.8	1.2	1.3	1.7
Financial and insurance activities	(0.1)	1.0	0.5	0.1	0.4	0.6
Real estate activities	(0.1)	0.7	(0.4)	(0.2)	0.2	0.6
Professional, scientific and technical activities	(0.2)	0.0	(0.1)	0.4	0.4	0.2
Administrative and support service activities	(0.6)	0.2	0.1	0.1	0.2	0.2
Public administration and defence; compulsory social security	0.1	(0.1)	0.1	0.9	0.9	0.6
Education	0.2	0.4	0.2	0.7	1.2	1.3
Human health and social work activities	(0.2)	1.5	(0.6)	(0.2)	0.2	0.4
Arts, entertainment and recreation	(0.3)	1.2	0.4	0.2	0.3	0.4
Other service activities	(0.1)	0.2	0.2	0.1	0.0	(0.0)
Activities of households as employers; undifferentiated goods and services producing activities of household for own use	0.0	(0.0)	0.0	0.0	0.0	(0.0)
Nominal GDP at basic prices	(4.3)	10.6	8.5	7.3	9.0	6.6
Taxes on products	(2.0)	0.0	2.5	0.6	0.8	1.2
Subsidies on products	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)
Nominal GDP at market prices	(6.3)	10.6	11.0	7.8	9.7	7.7

Source: Geostat

The Georgian economy has significantly relied on tourism and therefore has benefited from a swift recovery of international tourism inflows in the aftermath of COVID-19 since 2022. In early 2022, the influx of migrants and capital triggered by Russia's invasion of Ukraine provided an additional boost to Georgia's tourism revenues, remittances and real estate purchases. In addition, international IT and business process outsourcing ("BPO") companies and international students relocated to Georgia from war-affected regions, boosting IT and education service sectors. The 8% expansion in transportation and storage services in 2025, following an 11% increase in 2024, is particularly notable, as it reflects the rising significance of the Middle Corridor trade route and its substantial support to economic performance.

Although high foreign currency inflows started to normalise in mid-2023, economic activity remained strong, fuelled by robust domestic spending. Real GDP growth was 7.6%, 9.7%, 7.8%, 11.0% and 10.6% for the ten

months ended 31 October 2025 and the years ended 31 December 2024, 2023, 2022 and 2021, respectively. According to the latest forecasts of the IMF, real GDP growth in Georgia is expected to be 7.3% in 2025, 5.3% in 2026, 5.0% in 2027, 5.0% in 2028 and 5.0% in 2029. Economic growth during the periods under review mainly reflected a continued recovery in external sector inflows in the aftermath of the COVID-19 pandemic, resilient consumption spending and increased investment expenditure. Foreign direct investment was 4.6% of GDP in 2024, compared to 6.3% in 2023 and 8.9% in 2022.

After the full recovery to pre-pandemic (2019) levels in 2022, tourism revenues increased by 7.3% in 2024, amounting to U.S.\$ 4,425 million, while it increased by 35.4% in 2024 compared to 2019. In the nine months ended 30 September 2025, tourism revenues increased by 5.1% compared to the same period in 2024 amounting to U.S.\$ 3,638 million. Strong external sector inflows led to improvements in the current account deficit, to 5.3% of GDP in 2024, compared to 5.5% in 2023 and 4.4% in 2022.

The following table sets forth Georgia's tourism revenues for the periods indicated:

	Tourism Revenues						Nine months ended 30 September
	Year ended 31 December						
	2019	2020	2021	2022	2023	2024	2025
	<i>U.S.\$ million</i>						
Azerbaijan.....	237	49	43	100	143	168	169
Belarus.....	-	8	61	244	103	96	73
Turkey.....	435	101	122	399	631	612	454
Iran.....	118	15	10	91	128	151	99
Israel.....	234	27	119	271	308	436	430
Russia.....	776	98	152	891	938	850	560
Saudi Arabia.....	86	6	77	160	101	122	125
Armenia.....	193	31	30	156	161	157	127
Ukraine.....	186	33	164	282	184	149	114
EU countries and Great Britain.....	475	78	170	333	550	571	515
Other countries.....	529	95	298	589	879	1,111	970
Total tourism revenues.....	3,269	542	1,245	3,517	4,125	4,425	3,638

Source: NBG

The following graph sets out the recovery of Georgia's tourism revenues for the periods indicated:



Source: NBG

Growth during the periods under review has been due in part to structural reforms undertaken by the Government, which have been intended to make the economy more resilient by diversifying the economic base and external trade linkages, as well as reforms in the areas of education, pensions, finance and insolvency, which have served to improve the business environment. Despite its reliance on tourism, Georgia's economy is relatively well diversified and is not significantly dependent on commodities. In 2024, trade, manufacturing, real estate, construction, transportation and storage and agriculture accounted for 15.4%, 9.7%, 9.8%, 8.5%, 6.3% and 6.3% of gross value added, respectively. In the nine months ended 30 September 2025, these sectors contributed 14.4%, 9.0%, 9.4%, 7.6%, 5.9% and 6.3% to the nominal GDP, respectively.

The NBG has pursued an inflation-targeting regime since 2009, resulting in relatively stable levels of inflation. The inflation target of the NBG has been set at 3% since 2018. Over the past few years, Georgia's economy has demonstrated strong resilience amid a series of global disruptions. For more than two consecutive years, inflation in Georgia remained well below the target even as many countries, including Georgia's major trading partners, faced persistently high inflation. The average inflation rate in Georgia between 2010 and 2023 was 4.7%. In 2023, average inflation in Georgia stood at 2.6%, while in 2024 it declined further to 1.1%. A low-inflation environment was maintained during the period under review largely due to a consistent monetary policy. In 2025, due to low base effects from previous years and supply-side factors independent of monetary policy, inflation has again increased slightly. Nevertheless, conditions in the labour market, the cyclical position of the economy, and the relatively low-inflation environment of recent years have significantly mitigated the risk of a sharp rise in inflation expectations.

Georgia has a floating exchange rate regime and foreign currency interventions are used to accumulate foreign currency reserves and to smooth out excessive exchange rate volatility. Supported by strong currency inflows during 2022-2023, the NBG's gross international reserves increased, standing at U.S.\$4.9 billion at end-2022 and U.S.\$5.0 billion at end-2023. Reserves declined to U.S.\$4.4 billion by end-2024 partially driven by selling foreign currency interventions, due to exchange rate pressures. Notably, in 2024, following the NBG Board's decision on 1 March, the National Bank of Georgia acquired 7 tonnes of the highest quality (999.9) monetary gold, valued at U.S.\$500 million. Since the beginning of 2025, amid favourable foreign exchange market conditions and supported by strong macroeconomic fundamentals, the NBG resumed its foreign currency accumulations. International reserves reached a historically high level of U.S.\$5.8 billion as of 30 November 2025 (with monetary gold accounting for 16.5% (U.S.\$961.8 million)) and U.S.\$6.16 billion as of 31 December 2025.

Agriculture, Forestry and Fishing

In 2024, agriculture accounted for 6.3% of Georgia's nominal GDP, down from 6.9% in 2023. Despite the declining share in the overall economy, the sector expanded strongly, posting 13.5% real growth in 2024. In recent years, the agricultural sector has focused on improving access to finance, upgrading technology, and enhancing food product quality. However, structural challenges persist, and addressing them remains a priority within Georgia's development policy.

Georgia's main agricultural export commodities are wine, hazelnuts, mineral water, spirituous beverages, livestock, fruits (including citrus fruits), fruit and vegetable juices, vegetables and tea. The Government believes that Georgia has significant untapped agricultural potential and could significantly increase the size and value of its agricultural production. In this regard, the Government's agricultural policy seeks to promote FDI in the agricultural sector and provides incentives to develop agribusiness through purchases of land on concessional terms, privatisations, allocations for livestock breeding, agricultural machinery and irrigation infrastructure and the abolition of tax on transactions involving agricultural property.

The Government's objectives for the agriculture sector are to further diversify crop production, enhance competitiveness on international markets, expand export markets and support business representatives to ensure quality standards and address non-tariff barriers. The agriculture sector recorded average annual growth of 2.7% between 2021 and 2024. In 2024, export volumes increased across key product categories, with wine up 31.2%, mineral and aerated waters up 103.6%, and spirituous beverages up 118.1% in each case compared to 2020.

In addition, in order to help foster Georgia's food security, the Government supports the further development of production of both high-value crops for export and staples (such as grains and cereals) for the domestic market. The Government also provides technical support for the development, improvement and modernisation of the sector's infrastructure, including in relation to air cargo terminals, logistic centres and warehouses. Improvements in food safety measures and the use of modern equipment and processing facilities have also supported the growth of livestock production in recent years.

Manufacturing

In 2024, manufacturing accounted for 9.7% of Georgia's Nominal GDP, compared to 9.6% in 2023 11.2% in 2022 and 11.4% in 2021 as a result of high export demand. Average growth in the manufacturing sector in the period from 2021 to 2024 was 6.9%.

Georgia's manufacturing sector is dominated by food processing (including beverages), manufacturing of metals, non-metallic mineral products and chemical production.

The Georgian manufacturing sector is currently in the process of modernisation. Production facilities at many companies are being upgraded to conform to international standards in line with increased domestic and international demand.

As part of its state support programmes and new FDI strategy, the Government places particular emphasis on the development of pharmaceuticals production, durable electronics and instruments, food and beverage processing, furniture, textiles and apparel and the production of specialised building materials.

Cultivating the development of manufacturing opportunities presents an opportunity for near-term economic activity but also has an important role to play in bolstering the resilience of overall economy.

Construction

Construction accounted for 8.5% of Georgia's Nominal GDP in 2024, compared to 7.6% in 2023. In the period from 2021 to 2024, average real growth of construction value added was 4.8%. This was due in part to increasing public capital expenditures.

In 2020, approximately 70.6% of permits issued for new construction projects were for the construction of residential buildings, 5.8% of permits were for trade facilities, 4.5% were for industrial and warehouse facilities, 2.7% were for hotels and 1.4% were for administrative buildings. In 2024, over 3,604 construction projects were completed, and the number of permits issued for new construction projects significantly increased for sports buildings and grounds (by 750.0%), hotels (by 703.2%), industrial buildings and warehouses (by 116.9%), cafes and restaurants (by 61.5%), trade buildings (by 46.0%), administrative buildings (by 35.4%), refuelling stations (by 34.4%), car packings (by 29.4%), residential buildings (by 25.0%), cultural establishments (by 16.7%), health establishments (by 16.7%) and preschool establishments (by 12.7%) in each case compared to 2020.

Significant reforms have been carried out to simplify the system of issuing permits in the construction sector, and, as at 31 December 2025, construction businesses are permitted to use the technical regulations of 37 countries (who are members of the Organisation for Economic Co-operation and Development (the "OECD") and EU members) for their construction projects. The Government has also eliminated the need for construction licences and has simplified the process for the issuance of construction permits, and new rules for issuing construction permits and operating were approved by the resolutions of the Government of Georgia in 2019. See also "*Public Finance—Structural Policy—Economic Reforms*".

Significant progress has been made in aligning the Georgian construction sector with European standards through the adoption of Eurocodes and corresponding national parameters. The majority of Eurocodes, along with their national annexes, have been registered as Georgian standards, and it is planned to make their application mandatory. This transition from outdated SNiPs to harmonised, modern methodology-based norms will promote safer and more sustainable construction practices.

The rules governing the certification of architects and engineers have been developed and approved by a government decree. The certification requirements are designed to ensure that construction permit documentation is prepared and reviewed by highly qualified professionals, ultimately contributing to improved quality and reliability in the construction sector.

Transportation and Storage

Transportation and storage accounted for 6.3% of Georgia's Nominal GDP in 2024, compared to 6.1% in 2023. A significant decline was observed in air freight and passenger transportation in 2020, while overall cargo transportation increased by 1.3% and amounted to 42.9 million tonnes in 2020. In 2021-2024, average growth of real value added in the transportation and storage was 23.2%.

Georgia has significant potential for the development of transport services and communication systems. Located at the crossroads of Europe and Central Asia, Georgia is a bridge connecting several important economic regions, including the EU, the CIS, Türkiye and the Caucasus Region. It is a key link in the shortest transit route between Western Europe and Central Asia for the transport of oil and gas, as well as general cargo. Georgia's oil and gas pipelines, Black Sea ports, railway systems and airports are playing an increasingly important role in linking East and West.

The further integration of Georgia in European and international transport systems, global supply and logistics chains is a priority for the Government. Georgia intends to continue its active engagement in various transport connectivity initiatives and expects to contribute to increasing the competitiveness and reliability of transport routes linking Europe and Asia (including the Baku-Tbilisi-Kars Railway, Baku-Tbilisi-Ceyhan oil pipelines, Baku-Tbilisi-Erzurum gas pipeline, Southern Gas Corridor, TANAP, TAP, and the Lapis Lazuli project).

Particular attention is expected to be given to strengthening international cooperation on corridor digitalisation and smooth Black Sea connectivity.

Georgian Railway carried 13.7 million tonnes of cargo in 2024, which represented an increase of 1% from 13.6 million tonnes of cargo in 2023. Cargo transportation by road in Georgia was 33.3 million tonnes in 2024, which represented an increase of 1% from 32.9 million tonnes in 2023.

15.8 million tonnes of cargo were processed at Georgia's sea ports and terminals on the Black Sea in 2024, which was an increase of 10% compared to 14.4 million tonnes in 2023. Cargo was processed at Batumi Sea Port (4.6 million tonnes in 2024 and 4.3 million tonnes in 2023), Poti Sea Port (8.6 million tonnes in 2024 and 7.8 in 2023), Kulevi Sea Terminal (2.5 million tonnes in 2024 and 2.2 million tonnes in 2023) and Supsa Sea Terminal (0.1 million tonnes in both 2024 and 2023). Georgia's ports and terminals serve as key links in the transportation corridor between Asia, the Caucasus and Europe. Additionally, they contribute to the growth of the Georgian railway, since oil products originating in Central Asia and Azerbaijan and exported through the seaports are transported, inter alia, by rail across Georgia.

The following table sets forth cargo transportation by type for the periods indicated:

Cargo Transportation								
	2020	2021	2022	2023	2024	% change (2024) (1)	Ten months ended 31 October 2025	% change (October 2025)(2)
	<i>(millions of tonnes, except as otherwise noted)</i>							
Civil aviation...	0.02	0.02	0.02	0.02	0.02	32%	0.03	55%
Land.....	31.8	32.1	32.5	32.9	33.3	1%	26.8	1%
Railway.....	11.1	12.1	14.8	13.6	13.7	1%	11.0	(5%)
Total.....	42.9	44.3	47.3	46.5	47.0	1%	37.8	(1%)

Notes:

(1) Percentage change between 2023 and 2024.

(2) Percentage change between the ten months ended 31 October 2024 and the ten months ended 31 October 2025.

Source: Geostat, MOESD.

The following table sets forth processed cargo by port for the periods indicated:

Processed cargo								
	2020	2021	2022	2023	2024	% change (2024)(1)	Ten months ended 31 October 2025	% change (October 2025)(2)
	<i>(millions of tonnes, except as otherwise noted)</i>							
Poti Sea Port.....	7.4	7.1	7.9	7.8	8.6	10%	7.9	13%
Batumi Sea Port	3.5	3.9	4.7	4.3	4.6	8%	4.0	1%
Kulevi Terminal	1.7	1.9	1.9	2.2	2.5	16%	1.8	(18%)
Supsa Terminal.....	4.2	4.2	1.0	0.1	0.1	(40%)	-	-
Total.....	16.9	17.1	15.5	14.4	15.8	10%	13.7	3%

Notes:

(1) Percentage change between 2023 and 2024.

(2) Percentage change between the ten months ended 31 October 2024 and the ten months ended 31 October 2025.

Source: MOESD.

Georgian sea ports are linked with the ports of Ilyichevsk (Ukraine) by direct railway-ferry lines and with Burgas (Bulgaria) ports by direct Ro-Ro lines. In addition, Regular ferry service between the ports of Ukraine and Georgia has been suspended. Currently, two ferry lines operate between Georgia and the ports of Romania and Bulgaria. Each service is provided on a weekly basis. The routes are as follows: 1) Batumi port – Burgas Port; and 2) Poti port – Constanta Port. Georgia is currently in negotiations with Türkiye and other countries to establish direct ferry connections.

In 2024, 7.4 million passengers passed through Georgia's three main international airports, Tbilisi International Airport, Batumi International Airport and Kutaisi International Airport. In recent years, the interest of foreign airlines in Georgia has significantly increased and, as at 31 December 2025, 56 Passenger and Cargo air carriers operate in the Georgian aviation market, and direct air connections are available on 105 city pairs.

The following table sets forth passengers by type for the periods indicated:

Passengers						
	2020	2021	2022	2023	2024	% change⁽¹⁾
	<i>(millions, except as otherwise noted)</i>					
Civil aviation	0.8	2.5	4.4	6.0	7.4	24.0%
Road transport.....	304.5	271.0	404.0	414.9	426.1	2.7%
Railway	0.9	0.8	1.6	2.3	2.1	(9.0)%
Total	306.2	274.3	410.0	423.2	435.6	2.9%

Notes:

(1) Percentage change between 2023 and 2024.

Source: Geostat, MOESD.

In December 2010, Georgia signed the "Common Aviation Area Agreement between the EU and its Member States and Georgia", under which Georgia harmonised its legislation with European standards and implemented EU aviation rules in areas such as aviation safety, security, environment, consumer protection, air traffic management, economic regulation, competition issues and social aspects. There are direct flights between Georgia and 41 European cities as at 31 December 2025.

In addition, Georgia is a member of the European Civil Aviation Conference (which it joined in 2005) and EUROCONTROL (which it joined in 2012), which integrate Georgia in the European air navigation system and ensure that its national air control system is in line with European standards.

To improve the competitiveness of Georgia's transport and logistics sector, important reforms are underway. These include the implementation of a Maritime Single Window (already implemented) and a Port Community System in Georgian ports to support the digitalisation of maritime services; the restructuring and reform of the railway transport sector with the aim of introducing approaches based on modern and best European practices; and the harmonisation of road legislation and standards with those of the EU. In particular, set forth below are certain major infrastructure projects that are currently being developed.

Middle Corridor (Trans-Caspian International Transport Route)

The Middle Corridor, also known as the Trans-Caspian International Transport Route ("TITR") provides the shortest rail route connecting Europe and China. This enables Central Asia to capitalise on its geographic centrality and to transform development investment into a pathway for accelerated economic growth.

The TITR is the fastest and most direct route between Western China and Europe, bypassing both Russia's Northern Corridor and the Suez Canal including railways, integrated ports, customs systems, and digital transformations across several countries. Once goods cross the Caspian Sea, the Baku-Tbilisi-Kars ("BTK") Railway, facilitates seamless travel connecting Azerbaijan, Georgia and Türkiye. Cargo volume in the TITR has grown more than 300% since 2021, and forecasts suggest that by 2030, the route could handle between 10-15 million tonnes of cargo annually. Over the first 11 months of 2024, 4.1 million tonnes of cargo moved through the corridor, representing a 63% year-on-year increase.

The EU has committed to support the TITR including by committing EUR 12 billion at the first EU-Central Asia summit in April 2025 with investments targeted at developing infrastructure and transport to deepen cooperation on critical raw materials, digital connectivity and energy. Formal cooperation between Georgia and China, marked by a 2024 memorandum of understanding, focused on infrastructure, customs, and digital optimization alongside China's involvement in a joint venture with Georgia, Kazakh and Azerbaijani railways. There are multiple other investment initiatives supporting the development of the TITR, with support from development finance institutions such as the World Bank, EIB, EBRD and AIIB.

Other infrastructure projects

To support the growing volume of cargo and further strengthen Georgia's role within the Middle Corridor, the Government of Georgia is implementing several large-scale infrastructure investments across road, rail, and maritime sectors.

A key ongoing project is the modernisation of the East-West Highway. The East-West Highway modernisation will shorten transit times, reduce costs, and improve road safety, with over 72% of the planned 430-kilometre East-West Highway completed and fully operational as at 31 December 2025.

The Baku-Tbilisi-Kars ("**BTK**") railway, connecting Azerbaijan, Georgia, and Türkiye, is entering its final phase. The project is expected to be completed by 2026, after which the annual freight capacity of the BTK line is expected to increase threefold, significantly enhancing rail-based transit along the corridor.

In the maritime sector, the Anaklia Deep Sea Port project is a cornerstone investment aimed at strengthening Georgia's port infrastructure and international maritime connectivity. The Anaklia Deep Sea Port project is expected to further strengthen Georgia's maritime position, providing a minimum capacity of 600,000 TEU in its first phase. The port is expected to receive its first vessel by 2029 at the latest. As at 31 December 2025, the private partner selection process was ongoing, while preparatory works for the construction of the marine infrastructure officially commenced in September 2024. Following the selection, a concessionaire public-private partnership company will be established, in which the state-owned company will hold 51% of shares and the private partner 49%. The tentative capital investment for the project is estimated at U.S.\$645 million.

The new Tbilisi International Airport project at Vaziani is a strategic initiative aimed at bolstering the country's aviation capacity. The airport is designed to be capable of serving aircraft of all sizes and is intended to strengthen Georgia's role as a regional hub. The airport's development is poised to gradually increase capacity, eventually reaching 20 million passengers annually. As at 31 December 2025, necessary studies are planned to be conducted for the construction of the new Tbilisi International Airport. Construction is expected to be completed by around 2031.

The Black Sea Submarine Cable project aims to connect the South Caucasus Region directly to Eastern Europe via a submarine high-voltage and 1300 MW capacity transmission cable crossing the Black Sea, with an approximate length of 1,155 km. Development of the project is expected to contribute to the Energy Security of the EU and the Caucasus Region, support the development of the renewable energy sector, and increase transit or back-to-back trade opportunities between the EU and the South Caucasus Region. This initial phase is dedicated to identifying a suitable corridor for the Black Sea Submarine Cable. In May 2024, the World Bank approved a U.S.\$35 million loan for the first phase of the Enhancing Energy Security through Power Interconnection and Renewable Energy Programme for Georgia. It is estimated that 7-8 years will be required to complete the project after the start of the process.

Digital Strategy

By Resolution No. 49 dated 21 February 2025, the Government of Georgia adopted the "Strategy for the Development of the Digital Economy and Information Society of Georgia for 2025–2030 and the Action Plan for the Implementation of the Strategy for 2025–2027" (the "**Digital Strategy**") prepared by the Ministry of Economy and Sustainable Development of Georgia, with the World Bank's technical assistance. The Digital Strategy is still in draft form.

The Digital Strategy includes the following priorities: Digital Government Platforms, Digital Financial Services, Digital Business/ Entrepreneurship, Digital Skills, Digital Infrastructure and Legal/Regulatory Aspects. The Digital Strategy outlines coordination mechanisms for the digital economy and information society in Georgia, and it takes into consideration the EU's strategic documents, including the Digital Compass and the Digital Decade.

Tourism

The tourism sector is one of the key pillars of the Georgian economy and has demonstrated strong growth over the past decade. Following the COVID-19 pandemic, tourism revenues recovered rapidly, reaching U.S.\$3.5 billion in 2022 - 107.6% of the 2019 level - despite international visitor numbers reaching only 60.8% of their 2019 level.

Recovery strengthened further in 2024: international visitors reached 83.6% of the 2019 level, while tourism revenues rose by 7.3% year-on-year to U.S.\$4.4 billion, equivalent to 135.4% of the 2019 level. In 2024, international tourism revenues accounted for 59.0% of service exports and 12.9% of GDP.

This positive momentum continued in the first nine months ended 30 September 2025. International visitors increased by 5.6% to 5.3 million, and tourism revenues reached U.S.\$3.6 billion, which represents a 5.1% increase, in each case, compared to the same period in 2024.

The structure of tourism flows also improved. The share of tourist visits in total arrivals increased from 65.8% in 2019 to 80.9% in January-September 2025. The share of EU visitors rose from 6.3% in 2019 to 7.4% in January-September 2025, with EU arrivals up 13.3% compared to the same period in 2024. Meanwhile, the share of visitors from neighbouring countries declined from 71.4% in 2019 to 59.1% in the nine months ended 30 September 2025. Arrivals via air transport increased from 37.1% in the nine months ended 30 September 2024 to 41.2% in the same period of 2025.

Georgia continues to take steps aimed at ensuring the swift yet safe revival and long-term strengthening of both its domestic and international tourism industry.

Labour and Social Policies

Employment and Labour

In 2024, Georgia's labour force (population aged 15 and over) was estimated at about 1.6 million people, an increase of 6.2% compared with 2021. The unemployment rate declined to a historic low of 13.9% in 2024, down from 20.6% in 2021. Total employment reached 1.4 million in 2024, with hired employees accounting for 68.5% of total employment, while 31.5% were self-employed (27.1% of the labour force), mainly in agriculture, trade, and services.

The following table sets forth key estimated employment and unemployment indicators for the periods indicated:

	Employment Indicators ⁽¹⁾				
	2020	2021	2022	2023	2024
	<i>(in thousands of people, unless otherwise indicated)</i>				
Total population	3,019	3,010	2,989	2,997	2,975
Labour force	1,524	1,534	1,552	1,596	1,629
Average monthly earnings (GEL)	1,191	1,305	1,543	1,767	1,971
Average monthly earnings (U.S.\$)	397	405	529	672	724
Employed	1,242	1,217	1,284	1,335	1,402
Unemployed	282	316	268	262	227
Activity rate (%)	50.5	50.9	51.9	53.3	54.8
Population outside the labour force	1,495	1,477	1,437	1,401	1,346
Unemployment rate (%)	18.5	20.6	17.3	16.4	13.9
Unemployment rate by age (%)					
15-19 years	43.9	52.2	47.4	44.6	36.3
20-24 years	38.3	41.0	37.3	31.9	26.9
25-29 years	23.2	27.8	22.2	20.1	19.1
30-34 years	19.9	24.5	19.9	20.4	17.7
35-39 years	20.8	20.0	18.3	16.6	13.5
40-44 years	17.9	20.4	18.0	17.2	14.5
45-49 years	14.9	17.0	14.3	15.1	12.5
50-54 years	16.1	17.8	15.2	14.2	12.4
55-59 years	13.7	16.0	13.3	14.7	11.7
60-64 years	10.7	13.8	10.9	10.8	8.7
65 years and over	7.3	6.0	3.6	4.3	4.2

Notes:

- (1) Labour force aged 15 and over as a percentage of the population aged 15 and over.
- (2) 2025 figures are not available.

Source: Geostat.

The average nominal monthly wage in Georgia has grown over the last few years and reached GEL 1,971 in 2024, compared to GEL 1,305 in 2021, with 13.5% annual real growth rate on average over that period. Approximately 23.0% of the working population was employed by the Government in 2024.

The Parliament of Georgia, with the involvement of all relevant state agencies has developed a draft of amendments to the Law of Georgia “On Labour Migration”, which was adopted by the Parliament of Georgia in

June 2025 and will enter into force on 1 March 2026. The purpose of the amendments to Georgia's Law on Labour Migration was to improve regulation of labour immigration. The amendments introduce a mandatory "right to work" permit for employed and self-employed foreigners, establish state monitoring and inter-agency data-exchange mechanisms, and revise sanctions by creating new and updated liability norms.

Social Protection System

The Social Protection system has undergone a substantial transformation during recent decades. In 2006, the Parliament adopted the Law on Social Assistance, which is aimed at the provision of fair, targeted and effective assistance to the population through a streamlined system. This system is centred on a unified national database of vulnerable families, which assigns such families respective evaluation scores based on which families are eligible for graduated levels of assistance.

A targeted social assistance programme for families below the poverty line was introduced in 2005. The methodology for assessing the socio-economic status of households has been revised several times over the years. The last methodology review was conducted in 2015. A differentiated social assistance system and child benefit system were introduced. Under the current methodology, the lower the household welfare index, the more assistance the family receives from the state. Within the framework of the differentiated system, the amount of social assistance varies at present from 30 GEL to 60 GEL per family member (for families with a ranking score below 30,001, the subsistence allowance is 60 GEL per member; for families with a ranking score between 30,001 and 57,001, the allowance is 50 GEL per member; for families with a ranking score between 57,001 and 60,001, the allowance is 40 GEL per member; and for families with a ranking score between 60,001 and 65,001, the allowance is 30 GEL per member). The assessment methodology considers the needs of the family and the special status of the family members (e.g., people with a disability or chronic illness, pensioners, children). Child support has increased from GEL 10 in 2015 to GEL 200 in July 2023. In November 2025, 183,853 families (representing 706,552 persons) were receiving the subsistence allowance, among them 250,000 children.

Various vulnerable groups, including persons with disabilities, children with disabilities, survivors, victims of political repression, territorial integrity, freedom and independence of Georgia, as well as persons with disabilities, are provided with a monthly financial assistance package, the Social Package, which was introduced by the Government in 2012.

The Law of Georgia "On Social Assistance" introduced indexation of the social package for persons with disabilities from 2022. Accordingly, in 2025, the amount of the social package was GEL 425 for people with severe disabilities and children with disabilities and GEL 230 for persons with significant disabilities. In 2025, the number of recipients of the social package was 187,896 people in total, including 130,453 people with disabilities.

State Budget allocations for social benefits packages amounted to GEL 1.682 billion in 2024 and is estimated at GEL 1.808 billion in 2025, representing an increase of 7.4% between 2024 and 2025.

In recent years, Georgia has also taken steps to reform the child-care system. The process of deinstitutionalisation of large children's institutions has been completed. Some children have been reintegrated into their biological families, and some have been placed in foster care or small family-type homes where a family environment tailored to the needs of the child has been created. From 2005 to 2021, approximately 40 child care homes have been closed and approximately 5,000 children have been transferred to alternative services or have been returned to their biological families. From 2021-2025, two additional large institutions have been closed, and an additional 60 children have been transferred to alternative forms of care.

Pensioners above the retirement age (60 for women and 65 for men), of which there were 886,926,700 as at 30 November 2025, are provided with a state pension (Pillar 1), the amount of which gradually increased from GEL 80 per month in 2010 to GEL 350 (for pensioners under the age 70) and GEL 450 per month (for pensioners above the age 70) in 2025. From 2021, pension indexation has been introduced, as described below under "*Pensions*". Pensioners living in mountainous regions receive additional pension benefits. In 2025, the total actual funding of the State Pension amounted to GEL 4,292.4 million.

The Law on State Compensation and State Academic Stipends introduced social protection guarantees for representatives of law enforcement authorities, judges, high-ranking diplomats and other key workers, for special service to Georgia. Since 2013, the principles of compensation calculation have been changed and the compensation is automatically calculated based on the increase in the amount of state pensions. In 2024, the upper limit of compensation was increased to GEL 1,035, and for persons receiving compensation due to the death of a family member, the upper limit of compensation as set at GEL 1,235 GEL. As at 30 November 2025,

23,207 Georgians were receiving State compensations, at an estimated cost to the State Budget of GEL 190.0 million.

Following the COVID-19 pandemic, indicators are improving. According to Geostat, absolute poverty fell from 17.5% to 9.4% between 2021 and 2024.

Universal Health Care

To increase access to and quality of healthcare in Georgia, the Universal Health Care (“UHC”) Programme was launched in February 2013. The reform fundamentally transformed the health financing landscape by providing a guaranteed benefits package for all citizens who previously lacked state or private insurance coverage. As a result, UHC significantly improved financial protection and expanded access to both primary care and urgent outpatient and inpatient services across the country. As at 30 November 2025, more than 95% of the population is covered, and Georgia continues striving to ensure that health services do not create a financial burden for citizens.

Beyond UHC, the right to health is further supported through 23 disease-oriented state programmes, covering mental health, hepatitis, HIV/AIDS, tuberculosis, diabetes, and other priority conditions.

In parallel, Georgia has launched several systemic reforms aimed at strengthening efficiency, quality, and accountability within the UHC framework. Key reforms include:

- Introduction of Reference Pricing and Managed Entry Agreements (“MEA”) for pharmaceuticals, which has substantially increased affordability and access to essential medicines—particularly for chronic diseases and oncology. As at 30 November 2025, price ceilings have been set for 7,512 medicines across 313 active substances. To further reduce out-of-pocket payments, the annual limit for medicines used in the treatment of chronic diseases was removed in 2024, and programme coverage expanded to additional conditions, including glaucoma. As a result, 392,300 people benefited from the programme in 2024.
- Starting from 2024, all citizens of Georgia can receive oncological medicines (chemotherapy, hormone therapy, and immunotherapy) in full, without limits, based on a doctor’s prescription. In 2024, 25,203 patients received oncology medicines, while 28,724 patients received the full course of oncological services, including chemotherapy and radiation therapy.
- Transition to a Diagnosis-Related Group (“DRG”)–based hospital reimbursement model, moving away from fee-for-service and incentivising efficiency, enhanced quality, and more transparent cost structures. As a result, patients’ co-payments decreased from an average of 27% in 2023 to 12% by the end of 2024. The reform has improved measurability, transparency, and predictability of healthcare spending and created meaningful opportunities to enhance the quality of care.
- Comprehensive Primary Health Care (“PHC”) Reform, aimed at strengthening the family medicine model, enhancing NCD management, and improving continuity of care at the community level. Telemedicine and other digital tools are being introduced to improve care coordination and expand access in remote areas.
- Expansion of high-cost treatment programmes, including transplantation. Since 2022, the government has fully financed liver and bone marrow transplantation, without patient co-payment, including cases performed abroad. The programme also covers pre-transplant diagnostics, high-dose chemotherapy, and post-transplant management. In 2024, 57 bone marrow transplantations were performed (20 abroad), and 17 liver transplantations, with total financing exceeding GEL 11 million.
- Digital Health Transformation, including the phased implementation of the Central Electronic Medical Record (“C-EMR”) for outpatient providers, the development of national health data exchange standards, and introduction of the Patient Summary aligned with the European Health Data Space (“EHDS”).

Funding for the UHC Programme has steadily increased. In 2025, it is projected to reach GEL 1.5 billion, representing approximately 1.1% of GDP. The Government remains committed to advancing the UHC model through modernisation of the benefits package, improved purchasing mechanisms, expansion of financial protection, and strengthened quality oversight.

Pensions

Pillar 1 - Universal Pension System

In 2020, the Parliament approved an indexation rule for universal pensions which has been applied since January 2021. This was a very important reform, addressing ageing of the population, maintaining the replacement rate and removing pension decisions from the political process.

The age for entitlement to pensions is 60 years for women and 65 years for men. According to the new indexation rule, there are two grades of pensions: pensions for people below 70 years of age; and pensions for people 70 years of age and above. For pensioners below 70 years of age, pension entitlements are indexed to inflation (with the increase amounting to at least GEL 20 monthly). For pensioners 70 years of age and above, pension entitlements increase annually in line with inflation plus 80% of real economic growth (with the increase amounting to at least GEL 25 monthly). In 2024, the replacement rate was 16% and 24% for pensioners below 70 years of age and pensioners 70 years of age and above, respectively. The replacement rate for the pensioners from high mountain settlements for the same year amounted to 19% and 28%, for pensioners below 70 and of age 70 and above, respectively. As of 2025, the replacement rate is 18% and 26% for pensioners below 70 years of age and pensioners 70 years of age and above, respectively. For the high mountain settlements, replacement rate is about 21% and 31% for pensioners below 70 years of age and pensioners 70 years of age and above in 2025. The indexation formula mitigates the pressure of ageing on pension expenditure and maintains replacement rate more for those people with more limited working ability.

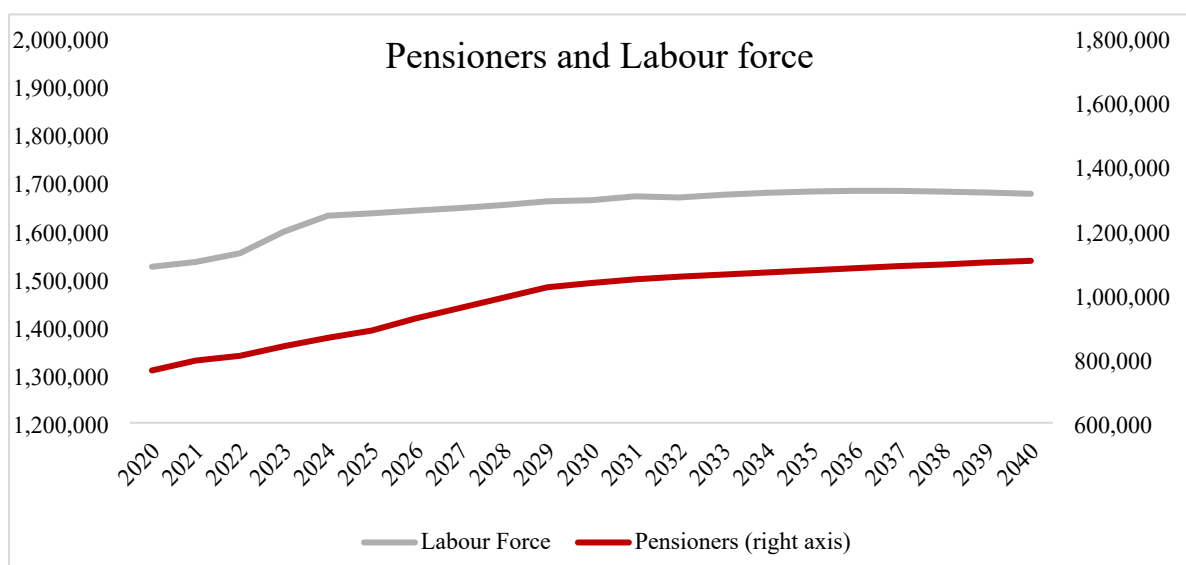
Pillar 2 - funded pensions

In order to address the ageing of the population, achieve a sustainable replacement rate and ensure the long-term sustainability of the pension system, in 2019, Georgia introduced a funded pension pillar. This is defined contribution system with the participation of employees, employers and the Government, who each contribute 2% of the employee's gross salary. Considering the tax deductibility of the contributions of the employee and the employer, the contributions are effectively 1.6%, 1.6% and 2.8% for the employee, employer and the Government, respectively.

The funded pension system has significant benefits not only for employees, but for employers and the entire Georgian economy. A Regulatory Impact Assessment has estimated a cumulative 4.2% acceleration of economic growth and a 2-percentage point reduction in the savings-investment imbalance as a result of the funded pension system, with the results expected to materialise within the next 5-10 years.

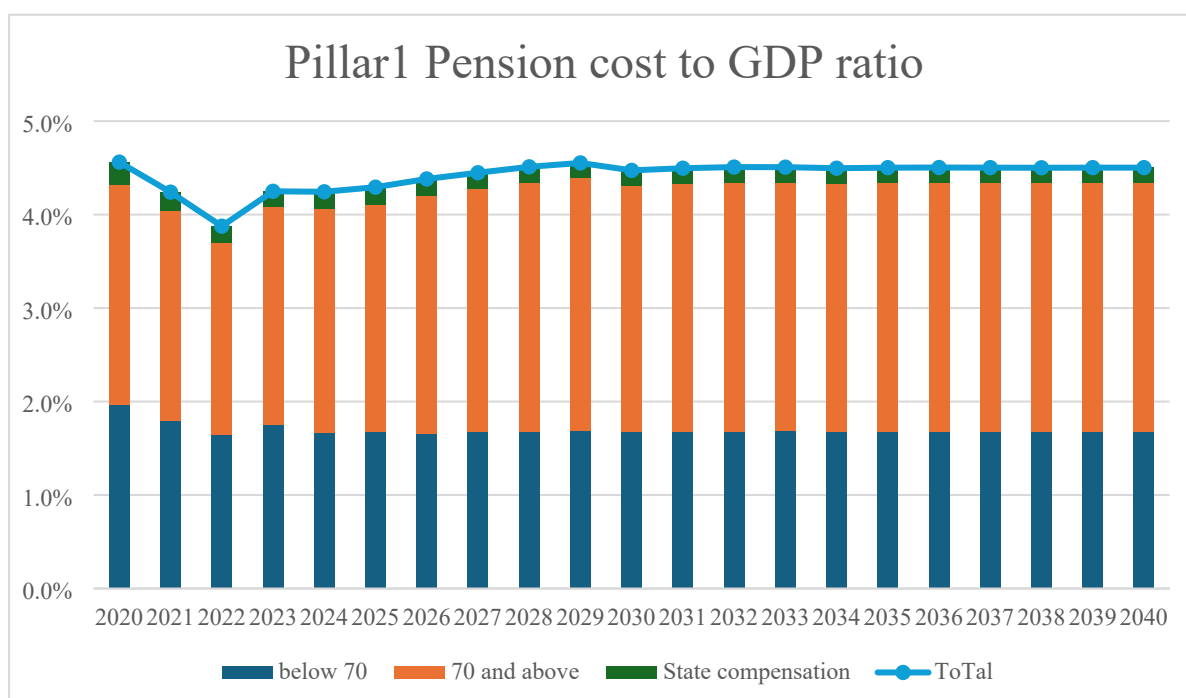
The Pension Fund of Georgia serves 1.4 million participants and over 140,000 employers nationwide as at 31 December 2025. Total pension assets have surpassed GEL 8 billion—equivalent to around 9% of GDP as of December 2025—including GEL 2.2 billion in accumulated investment profits, which corresponds to a 10.2% annualised nominal return since its inception on 1 January 2019. The Fund manages three portfolios—Conservative, Balanced, and Dynamic, with the Conservative Portfolio being the largest and representing approximately 98% of total assets as at 31 December 2025.

The following graph shows data on the number of pensioners and the labour force for the periods indicated:



Source: Labour force data for 2020–2024 is sourced from Geostat. Labour force projections for 2025–2040 are based on UN population statistics (15+) and assumptions regarding the labour force participation rate.

The following graph shows the Pillar 1 pension cost to GDP ratio for the periods indicated:



Note: State compensation covers pensions for specific groups like former military.

Pillar 3 – Voluntary Private Pensions

Georgia's government enacted a new Law on Voluntary Private Pensions in 2023, which came into force in January 2024, to enhance the country's multi-pillar pension system. The new legislation aims to encourage supplementary private savings for retirement by addressing previous shortcomings such as a lack of tax incentives and limited regulation. Participation in the scheme is voluntary and based on a contractual arrangement between the scheme founder and the contributor. Contributions can be made by individuals on their own behalf or by employers for the benefit of their employees. The regulatory authority overseeing voluntary pension providers, including insurers and asset managers, is the LEPL (Insurance State Supervision Service of

Georgia), which is responsible for ensuring compliance with applicable financial, prudential, and transparency requirements. Notably, as at 31 October 2025, the pension reserves (provisions) of voluntary pension schemes had reached GEL 62.6 million, out of which the state-owned enterprise LLC Sakaeronavigatsia (Air Traffic Control) held the majority (GEL 55 million).

EXTERNAL SECTOR

International Trade Policy

Georgia maintains a liberal trade regime. Georgia's trade policies are distinguished with relatively low tariffs, minimal customs barriers, streamlined procedures and wide access to global markets through multiple free trade agreements. Diversification of export markets as well as export products is among Georgia's top priorities. Georgia currently enjoys preferential trade agreements with 46 countries and one customs territory including the EU, EFTA, the United Kingdom, China, Hong Kong, the United Arab Emirates, CIS countries, Ukraine and Türkiye. Over 90% of Georgia's exports go to countries with which it has free trade agreements as at 31 December 2025. The overall coverage of Georgia's FTAs enables the products of Georgian origin enjoy preferential access to markets of over 2.3 billion consumers which is one-third of global market as at 31 December 2025.

On 27 June 2014, Georgia entered into the EU Association Agreement and established the DCFTA (provisionally effective since 1 September 2014) with the EU, which envisages bilateral trade liberalisation with the EU with effect from 1 July 2016. By entering into the EU Association Agreement Georgia benefits from the elimination of all customs duties for goods originating in Georgia being imported into the EU. In 2008, Georgia's GSP+ privileges granted by Türkiye were replaced by a free trade agreement between Georgia and Türkiye, pursuant to which customs tariffs on industrial products have been fully eliminated, although a number of agricultural products are excluded by both parties. Georgia also entered into a Free Trade Agreement between the EFTA and Georgia in 2016, that went into effect on 1 September 2017 for Georgia, Iceland and Norway, and 1 May 2018 for Switzerland and Liechtenstein. Georgia signed a Free Trade Agreement with China in 2017, and in 2018, it signed a Free Trade Agreement with Hong Kong. Georgia and the United Kingdom concluded negotiations on an agreement on Strategic Partnership and Cooperation on 21 October 2019, that went into effect on 1 January 2021. The Agreement is based on the EU-Georgia Association Agreement and aims to maintain continuity of the effects of the EU-Georgia Agreement in a bilateral context. On 10 October 2023, Georgia and United Arab Emirates signed a Comprehensive Economic Partnership Agreement eliminating customs tariffs for 97.5% of Georgia's export goods.

The talks between Georgia and South Korea on a Comprehensive Economic Partnership Agreement completed in December 2024. Parties intend to sign the free trade agreement in the first quarter of 2026. Additionally, Georgia completed feasibility studies on the formation of FTAs with both India and Israel, having signed the Memorandum on the commencement of negotiations. Furthermore, the initiation of FTA negotiations with Serbia and the Gulf Cooperation Council ("GCC") is intended to start in 2026.

In 2024, foreign trade turnover, exports and imports reached historic heights. Compared to 2020, trade turnover increased by 106% and exceeded U.S.\$23.4 billion. Exports amounted to U.S.\$6.56 billion, while imports grew by 110% and reached U.S.\$16.9 billion in 2024. In the ten months ended 31 October 2025, the trade turnover reached U.S.\$21.0 billion comprised of U.S.\$15.1 billion of imports and U.S.\$5.8 billion of exports.

The following table sets forth certain statistics relating to Georgia's foreign trade:

Georgia's Foreign Trade						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>					
Imports.....	(8,049)	(10,099)	(13,540)	(15,611)	(16,889)	(15,142)
Exports.....	3,340	4,242	5,582	6,086	6,558	5,836
Trade Turnover.....	11,389	14,341	19,122	21,697	23,447	20,978
Trade Balance	(4,709)	(5,857)	(7,958)	(9,525)	(10,331)	(9,307)

Source: Geostat.

Georgia's entry into the EU Association Agreement with the EU has had a favourable result on the volumes of trade with EU member states, which increased steadily since 2016. From 2016 to 2024, USD-denominated imports from EU countries increased by almost 120% and exports to EU countries, characterised by higher

volatility due to large share of metal ores, increased by 4.2%. Compared to 2020, Georgia's imports from the EU increased by 148%, while exports to EU countries increased marginally by 18%.

The following table sets forth certain statistics relating to Georgia's trade with the EU:

Trade with the EU						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>					
Imports.....	(1,846)	(2,308)	(3,060)	(3,829)	(4,576)	(3,843)
Exports.....	697	717	863	704	574	686
Trade Balance	(1,149)	(1,591)	(2,198)	(3,125)	(4,002)	(3,157)
	<i>(%)</i>					
Percentage of Total Imports	23	23	23	25	27	25
Percentage of Total Exports	21	17	15	12	9	12

Source: Geostat

The volume of trade with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (collectively, the “**Central Asian Countries**”) has increased robustly in recent years. Imports from the Central Asian Countries increased by 65% from 2020 to 2024. Exports to the Central Asian Countries increased 14 times between 2020 and 2024, As for the ten months ended 31 October 2025, export growth to the Central Asian Countries stood at 22%.

The following table sets forth certain statistics relating to Georgia's trade with the Central Asian Countries:

Trade with the Central Asian Countries						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>					
Imports.....	135	257	258	187	221	174
Exports.....	163	236	484	1,560	2,351	2,333
Trade Balance	29	(21)	226	1,373	2,130	2,161
	<i>(%)</i>					
Percentage of Total Imports	2	3	2	1	1	1
Percentage of Total Exports	5	6	9	26	36	40

Source: Geostat.

The volume of trade with the United Arab Emirates, Saudi Arabia, Bahrain, Oman, Kuwait and Qatar (collectively, the “**Gulf Countries**”) has seen substantial growth in recent years. Trade volume between Georgia and the Gulf Countries increased by 168% from 2020 to 2024. During the same period, imports from the Gulf Countries increased by 151%, while exports to the Gulf Countries increased by 47%. Exports to the Gulf Countries for the ten months ended 31 October 2025 decreased by 15% compared to the same period in 2024.

The following table sets forth certain statistics relating to Georgia's trade with the Gulf Countries:

Trade with Gulf Countries						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>					
Imports.....	(113)	(147)	(295)	(402)	(368)	(286)
Exports.....	54	54	55	83	79	59
Trade Balance	(59)	(93)	(240)	(319)	(289)	(227)
	<i>(%)</i>					

Percentage of Total Imports	2	2	2	3	2	2
Percentage of Total Exports	2	1	1	1	1	1

Source: Geostat.

The volume of trade with China has increased significantly in recent years and over the past five years, China has consistently been among Georgia's top five trading partners. Trade volume between Georgia and China increased by 61% between 2020 and 2024. In the same period, imports from China increased by 127%. Furthermore, following the entry into force of the Free Trade Agreement between Georgia and China on 1 January 2018, exports from Georgia to China increased by 50% in 2024, compared to 2017. Exports to the China for the ten months ended 31 October 2025 decreased by 4% compared to the same period in 2024.

The following table sets forth certain statistics relating to Georgia's trade with China:

Trade with China						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>					
Imports.....	(709)	(865)	(1,127)	(1,330)	(1,612)	(1,620)
Exports.....	477	616	737	311	303	247
Trade Balance	(232)	(249)	(390)	(1,019)	(1,309)	(1,373)
	<i>(%)</i>					
Percentage of Total Imports	9	9	8	9	10	11
Percentage of Total Exports	14	15	13	5	5	4

Source: Geostat.

As at 31 December 2025, Georgia has signed double taxation treaties with 58 states. See "*Public Finance—Taxation Policy—International Taxation and Liberalisation of Customs Procedures*".

Tariffs

Georgia has a liberal and competitive trade regime. Georgia does not apply quantitative restrictions or non-tariff barriers, except when justified by health, safety and environmental protection considerations. VAT and excise tax apply equally to imported and local products. Licensing requirements remain in effect for the import of certain medicine, weapons, explosive materials and radioactive products.

Pursuant to the Tax Code, an import tax (tariff) is applied to most agricultural products and certain construction materials produced in Georgia, with rates of 5% and 12% as at 31 December 2025. Import tariffs are abolished on about 80 % of goods as at 31 December 2025. Georgia's weighted average import tariff is among the lowest in the world. See "*Public Finance—Taxation Policy*".

International Trade Dynamics

Georgia is an open economy, and the value of foreign trade in goods and services represented 102.8% of GDP in 2024, compared to 93.3% of GDP in a pandemic-hit 2020 and 102.3% of GDP in 2021. In the six months ended 30 June 2025, the ratio stood at 100.4%. Georgia's trade balance has been characterised by a structural deficit, as a result of high prices for imported energy and commodities and the import of capital goods as Georgia re-industrialises with the benefit of increased private capital inflows. Georgia's external trade balance in services has been positive, supported by its growing transportation, ICT and tourism sectors which dropped off significantly in 2020 due to the impact of the COVID-19 pandemic, though recovered quickly and surpassed the pre-pandemic level already in 2022. The EU, Türkiye, Russia, the United States and China have been among Georgia's five largest trading partners over the past five years, followed by Azerbaijan and Armenia.

For balance of payment statistics, the NBG adjusts customs data based on the Balance of Payments—*5th and 6th Editions* (published by the IMF), which takes into account, inter alia, trade partners' mirror statistics, the cost of repairing goods, adding value of goods purchased in ports and shuttle trade and converting certain import data.

Exports

In the ten months ended 31 October 2025, Georgia's principal exports were motor cars (predominantly re-export), precious metal ores and concentrates, spirits and spirituous beverages, wine, ferro-alloys, waters and mineral waters, soft drinks, petroleum, nitrogenous fertilisers and medicaments. 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.

The following table sets forth the value of Georgia's exports of goods by product:

Exports of Goods by Value						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>					
Motor cars.....	401	457	906	2,127	2,427	2,287
Precious metal ores and concentrates	40	44	85	65	238	292
Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.....	132	156	139	196	289	230
Wine of fresh grapes.....	210	239	253	259	276	218
Ferro-alloys.....	247	477	460	181	322	175
Waters, natural or artificial mineral and aerated waters, not containing added sugar	117	142	113	132	164	145
Waters, mineral and aerated waters, containing added sugar.....	32	58	83	109	138	145
Hazelnuts and other nuts.....	94	118	103	90	106	116
Mineral or chemical fertilisers, nitrogenous	72	120	281	158	119	101
Medicaments put up in measured doses	99	99	110	127	130	101
Gold unwrought or in semi-manufactured forms, or in powder form.....	98	64	81	89	105	98
Copper ores and concentrates	781	816	1,024	479	94	78
Petroleum and petroleum oils	10	19	64	67	95	77
T-shirts and other vests, knitted or crocheted	40	64	75	67	71	64
Live bovine animals.....	28	33	58	80	55	63
Fruit, nuts and other edible parts of plants, otherwise prepared or preserved.....	12	15	16	24	43	60
Other fruit, fresh	13	16	20	33	38	52
Other manufactured tobacco and tobacco substitutes; tobacco extracts and essences	15	27	28	36	51	49
Cigars, cheroots, cigarillos and cigarettes	29	29	62	77	64	41
Apricots, cherries, peaches, plums and sloes, fresh.....	24	32	36	29	34	39
Cartons and other packing containers, of paper, paperboard or cellulose.....	8	14	20	26	40	37
Other	839	1,203	1,569	1,637	1,662	1,369
Total	3,341	4,242	5,583	6,086	6,559	5,836

Source: Geostat

The following table sets forth the value of Georgia's exports of goods, in percentage terms, by product for the periods indicated:

Breakdown of Exports of Goods by Value

	2020	2021	2022	2023	2024	Ten months ended 31 October 2025
			(%)			
Motor cars.....	12.0	10.8	16.2	34.9	37.0	39.2
Precious metal ores and concentrates	1.2	1.0	1.5	1.1	3.6	5.0
Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.....	4.0	3.7	2.5	3.2	4.4	3.9
Wine of fresh grapes.....	6.3	5.6	4.5	4.3	4.2	3.7
Ferro-alloys.....	7.4	11.3	8.2	3.0	4.9	3.0
Waters, natural or artificial mineral and aerated waters, not containing added sugar	3.5	3.3	2.0	2.2	2.5	2.5
Waters, mineral and aerated waters, containing added sugar.....	0.9	1.4	1.5	1.8	2.1	2.5
Hazelnuts and other nuts.....	2.8	2.8	1.8	1.5	1.6	2.0
Mineral or chemical fertilizers, nitrogenous	2.2	2.8	5.0	2.6	1.8	1.7
Medicaments put up in measured doses	3.0	2.3	2.0	2.1	2.0	1.7
Gold unwrought or in semi-manufactured forms, or in powder form.....	2.9	1.5	1.5	1.5	1.6	1.7
Copper ores and concentrates	23.4	19.2	18.3	7.9	1.4	1.3
Petroleum and petroleum oils.....	0.3	0.5	1.1	1.1	1.4	1.3
T-shirts and other vests, knitted or crocheted	1.2	1.5	1.3	1.1	1.1	1.1
Live bovine animals.....	0.8	0.8	1.0	1.3	0.8	1.1
Fruit, nuts and other edible parts of plants, otherwise prepared or preserved.....	0.4	0.4	0.3	0.4	0.6	1.0
Other fruit, fresh	0.4	0.4	0.3	0.5	0.6	0.9
Other manufactured tobacco and tobacco substitutes; tobacco extracts and essences	0.5	0.6	0.5	0.6	0.8	0.8
Cigars, cheroots, cigarillos and cigarettes.....	0.9	0.7	1.1	1.3	1.0	0.7
Apricots, cherries, peaches, plums and sloes, fresh.....	0.7	0.8	0.6	0.5	0.5	0.7
Cartons and other packing containers, of paper, paperboard or cellulose.....	0.2	0.3	0.4	0.4	0.6	0.6
Other	25.1	28.4	28.1	26.9	25.3	23.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Geostat.

The following table sets forth Georgia's exports of goods by country of destination for the periods indicated:

Exports of Goods by Country of Destination by Value

	2020	2021	2022	2023	2024	Ten months ended 31 October 2025
	<i>(U.S.\$ millions)</i>					
Kyrgyzstan.....	18	31	94	696	1,287	1,233
Kazakhstan.....	48	96	238	703	860	744
Russia.....	441	610	642	657	680	608
Azerbaijan.....	438	532	673	862	725	588
Armenia.....	187	256	584	787	618	443
Türkiye.....	191	323	435	409	459	271
China.....	477	616	737	311	303	246
Bulgaria.....	313	254	424	250	124	194
Uzbekistan.....	73	86	111	115	147	175
Tajikistan.....	11	12	23	37	34	132
Switzerland.....	107	81	97	94	112	89
Ukraine.....	217	307	233	101	103	86
Italy.....	35	58	61	37	54	73
United States.....	80	195	265	97	141	71
Netherlands.....	24	29	24	22	58	63
Germany.....	62	68	68	57	53	61
Spain.....	84	89	52	81	35	50
Turkmenistan.....	13	11	19	9	23	49
Iraq.....	18	17	35	71	47	48
United Arab Emirates.....	30	21	31	54	42	45
Other.....	473	552	738	637	655	564
Total.....	3,341	4,242	5,583	6,086	6,559	5,836

Source: Geostat

The following table sets forth Georgia's exports of goods by country of destination in percentage terms of total exports for the periods indicated:

Breakdown of Exports of Goods by Country of Destination by Value

	2020	2021	2022	2023	2024	Ten months ended 31 October 2025
	<i>(%)</i>					
Kyrgyzstan.....	0.5	0.7	1.7	11.4	19.6	21.1
Kazakhstan.....	1.4	2.3	4.3	11.6	13.1	12.7
Russia.....	13.2	14.4	11.5	10.8	10.4	10.4
Azerbaijan.....	13.1	12.5	12.0	14.2	11.0	10.1
Armenia.....	5.6	6.0	10.5	12.9	9.4	7.6
Türkiye.....	5.7	7.6	7.8	6.7	7.0	4.6
China.....	14.3	14.5	13.2	5.1	4.6	4.2
Bulgaria.....	9.4	6.0	7.6	4.1	1.9	3.3
Uzbekistan.....	2.2	2.0	2.0	1.9	2.2	3.0
Tajikistan.....	0.3	0.3	0.4	0.6	0.5	2.3
Switzerland.....	3.2	1.9	1.7	1.5	1.7	1.5
Ukraine.....	6.5	7.2	4.2	1.7	1.6	1.5
Italy.....	1.0	1.4	1.1	0.6	0.8	1.3
United States.....	2.4	4.6	4.7	1.6	2.2	1.2
Netherlands.....	0.7	0.7	0.4	0.4	0.9	1.1
Germany.....	1.9	1.6	1.2	0.9	0.8	1.0
Spain.....	2.5	2.1	0.9	1.3	0.5	0.9
Turkmenistan.....	0.4	0.3	0.3	0.1	0.3	0.8
Iraq.....	0.5	0.4	0.6	1.2	0.7	0.8
United Arab Emirates.....	0.9	0.5	0.6	0.9	0.6	0.8
Other.....	14.2	13.0	13.2	10.5	10.0	9.7
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

Source: Geostat

Over the period from 2020 to 2024, the value of Georgia's exports of goods increased significantly, from U.S.\$3,341 million in 2020 to U.S.\$6,559 in 2024, an increase of 96%. The overall increase over this period was principally due to the increased re-exports of motor cars (primary driver of re-exports), followed by domestic exports of more traditional products (including mineral waters, soft drinks, spirits and wine) and commodity exports encompassing precious and basic metal ores and products, ferro-alloys, petroleum and wood. In the ten months ended 31 October 2025, exports increased by 6.8% to U.S.\$5,836 million, compared to U.S.\$5,467 million in the corresponding period of 2024.

Export growth decomposition							
	2018	2019	2020	2021	2022	2023	2024
				(PP)			
Commodity.....	5.3	2.7	3.2	9.8	4.9	-14.7	-0.3
Traditional.....	0.4	1.9	-0.7	2.4	0.2	1.9	3
Re-export.....	15.2	9.4	-14.2	5.4	18.3	25.7	3.8
Other	2.2	-1.6	-0.2	9.2	8.2	-3.9	1.4
Total, %	23.1	12.4	-12.0	26.9	31.6	9.0	7.8

Source: Geostat, MoF

Imports

Georgian imports are primarily comprised of petroleum and petroleum products, motorcars, medicines, telephones and other consumer goods. Due to Georgia's status as a regional hub for trade, some of the goods imported into Georgia, such as motorcars and petroleum, are subsequently re-exported to neighbouring countries.

The following table sets forth the value of Georgia's imports of goods by product category for the periods indicated:

Imports of Goods by Value						
	2020	2021	2022	2023	2024	Ten months ended 31 October 2025
			(U.S.\$ millions)			
Motor cars.....	779	935	1,715	3,330	3,472	3,296
Petroleum and petroleum oils	499	823	1,335	1,165	1,303	1,098
Medicaments put up in measured doses	327	382	404	543	623	556
Paintings, drawings and pastels, executed entirely by hand	0	1	0	1	0	481
Petroleum gases and other gaseous hydrocarbons.....	315	342	458	445	436	321
Telephone sets, including telephones for cellular networks or for other wireless networks	165	226	324	375	333	264
Motor vehicles for the transport of goods	72	105	104	173	229	127
Cigars, cheroots, cigarillos and cigarettes	89	102	130	160	161	128
Automatic data processing machines and units thereof	65	148	184	159	255	121
Vaccines, blood and immune products.....	45	120	53	75	103	111
Structures and parts of structures of iron or steel.....	61	62	85	132	137	107
Other bars and rods of iron or non-alloy steel.....	50	74	119	136	212	103
Meat and edible offal, of the poultry, fresh, chilled or frozen	62	64	94	94	109	101
Wheat and meslin	108	93	65	58	76	98
Self-propelled bulldozers, graders, levellers, scrapers, tamping machines	47	60	97	124	115	97

Other furniture and parts thereof..	48	57	76	100	107	93
Chocolate and other food preparations containing cocoa	44	55	78	89	104	91
Bread, pastry, cakes and the like ..	37	46	67	81	93	87
New pneumatic tyres, of rubber....	68	75	93	87	95	80
Beauty or make-up preparations and preparations for the care of the skin.....	40	46	59	74	85	79
Other	5,131	6,283	8,001	8,210	8,840	7,703
Total	8,049	10,099	13,540	15,611	16,889	15,142

Source: Geostat.

The following table sets forth Georgia's imports of goods, in percentage terms, by product for the periods indicated:

Breakdown of Imports of Goods by Value						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
			(%)			
Motor cars.....	9.7	9.3	12.7	21.3	20.6	21.8
Petroleum and petroleum oils.....	6.2	8.1	9.9	7.5	7.7	7.3
Medicaments put up in measured doses	4.1	3.8	3.0	3.5	3.7	3.7
Paintings, drawings and pastels, executed entirely by hand	0.0	0.0	0.0	0.0	0.0	3.2
Petroleum gases and other gaseous hydrocarbons.....	3.9	3.4	3.4	2.9	2.6	2.1
Telephone sets, including telephones for cellular networks or for other wireless networks	2.0	2.2	2.4	2.4	2.0	1.7
Motor vehicles for the transport of goods	0.9	1.0	0.8	1.1	1.4	0.8
Cigars, cheroots, cigarillos and cigarettes.....	1.1	1.0	1.0	1.0	1.0	0.8
Automatic data processing machines and units thereof.....	0.8	1.5	1.4	1.0	1.5	0.8
Vaccines, blood and immune products.....	0.6	1.2	0.4	0.5	0.6	0.7
Structures and parts of structures of iron or steel.....	0.8	0.6	0.6	0.8	0.8	0.7
Other bars and rods of iron or non-alloy steel.....	0.6	0.7	0.9	0.9	1.3	0.7
Meat and edible offal, of the poultry, fresh, chilled or frozen	0.8	0.6	0.7	0.6	0.6	0.7
Wheat and meslin	1.3	0.9	0.5	0.4	0.5	0.6
Self-propelled bulldozers, graders, levellers, scrapers, tamping machines	0.6	0.6	0.7	0.8	0.7	0.6
Other furniture and parts thereof..	0.6	0.6	0.6	0.6	0.6	0.6
Chocolate and other food preparations containing cocoa	0.6	0.5	0.6	0.6	0.6	0.6
Bread, pastry, cakes and the like ..	0.5	0.5	0.5	0.5	0.5	0.6
New pneumatic tyres, of rubber....	0.8	0.7	0.7	0.6	0.6	0.5
Beauty or make-up preparations and preparations for the care of the skin.....	0.5	0.5	0.4	0.5	0.5	0.5
Other	63.8	62.2	59.1	52.6	52.3	50.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Geostat.

Imports by Country of Origin by Value

	2020	2021	2022	2023	2024	Ten months ended 31 October 2025
			<i>(U.S.\$ millions)</i>			
United States.....	556	648	1,014	2,056	2,049	2,344
Türkiye.....	1,408	1,829	2,374	2,575	2,775	2,269
China.....	709	865	1,127	1,330	1,612	1,621
Russia.....	888	1,023	1,835	1,744	1,849	1,538
Germany.....	404	481	664	974	1,294	1,067
Azerbaijan.....	513	598	640	655	584	506
United Kingdom.....	76	82	107	147	153	497
Italy.....	183	248	288	374	416	356
Japan.....	161	187	302	616	556	306
United Arab Emirates.....	109	143	283	385	335	278
France.....	153	196	213	276	307	276
Bulgaria.....	110	179	203	217	304	268
Romania.....	120	178	292	219	219	253
Poland.....	133	171	213	270	328	241
Netherlands.....	157	152	207	283	312	237
Ukraine.....	390	452	286	260	251	228
Spain.....	89	116	167	200	275	217
Iran.....	45	146	231	241	285	209
Armenia.....	422	418	614	337	237	184
Belgium.....	81	91	121	141	165	174
Other.....	1,339	1,896	2,358	2,311	2,583	2,075
Total.....	8,049	10,099	13,540	15,611	16,889	15,142

Source: Geostat.

The following table sets forth Georgia's imports of goods by country of origin, in percentage terms of total imports, for the periods indicated:

Breakdown of Imports by Country of Origin by Value

	2020	2021	2022	2023	2024	Ten months ended 31 October 2025
			<i>(%)</i>			
United States.....	6.9	6.4	7.5	13.2	12.1	15.5
Türkiye.....	17.5	18.1	17.5	16.5	16.4	15.0
China.....	8.8	8.6	8.3	8.5	9.5	10.7
Russia.....	11.0	10.1	13.6	11.2	10.9	10.2
Germany.....	5.0	4.8	4.9	6.2	7.7	7.0
Azerbaijan.....	6.4	5.9	4.7	4.2	3.5	3.3
United Kingdom.....	0.9	0.8	0.8	0.9	0.9	3.3
Italy.....	2.3	2.5	2.1	2.4	2.5	2.3
Japan.....	2.0	1.8	2.2	3.9	3.3	2.0
United Arab Emirates.....	1.4	1.4	2.1	2.5	2.0	1.8
France.....	1.9	1.9	1.6	1.8	1.8	1.8
Bulgaria.....	1.4	1.8	1.5	1.4	1.8	1.8
Romania.....	1.5	1.8	2.2	1.4	1.3	1.7
Poland.....	1.7	1.7	1.6	1.7	1.9	1.6
Netherlands.....	2.0	1.5	1.5	1.8	1.8	1.6
Ukraine.....	4.9	4.5	2.1	1.7	1.5	1.5
Spain.....	1.1	1.2	1.2	1.3	1.6	1.4
Iran.....	0.6	1.4	1.7	1.5	1.7	1.4
Armenia.....	5.2	4.1	4.5	2.2	1.4	1.2
Belgium.....	1.0	0.9	0.9	0.9	1.0	1.1
Other.....	17	19	17	15	15	14
Total.....	100	100	100	100	100	100

Source: Geostat.

Over the period from 2020 to 2024, the value of Georgia's imports of goods increased from U.S.\$8,048 million to U.S.\$16,889, an increase of 110%. The increase over the period was principally due to a significant increase in motor car imports as well as petroleum and medicines. Imports increased by 10.4% in the ten months ended 31 October 2025 to U.S.\$15,142 million, compared to U.S.\$13,714 million in the corresponding period of 2024.

At the same time, while consumption and intermediate imports have also been strong, investment imports (consisting of capital goods and machinery) have been the primary driver of Georgia's imports recently, underlining the strengthening of the economy's long-term capacity building.

Import growth decomposition							
	2018	2019	2020	2021	2022	2023	2024
	(%)						
Consumption.....	3.7	(1.0)	(4.9)	7.9	11.6	3.5	3.6
Intermediate.....	5.4	1.5	(3.4)	10.7	10.1	(3.6)	1.0
Investment.....	7.1	1.2	(7.0)	6.8	12.5	15.3	3.6
Total, %	16.2	1.7	(15.4)	25.5	34.1	15.3	8.2

Source: Geostat, MoF

Foreign Direct Investment

Net foreign direct investment has historically been one of the important streams of inflows for Georgia to cover its current account deficit. Foreign direct investment 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.

Net foreign direct investment inflows decreased by 56.4% in 2020 due to the impact of the COVID-19 pandemic and ownership transfers from non-resident to resident units in several companies, according to Geostat. This was followed by a 112.2% increase in 2021 as compared to 2020 and a further 75.8% increase in 2022 as compared to 2021, with total FDIs surging to an all-time high of U.S.\$2,224 million. In 2023, foreign investments decreased by 13.3% as compared to 2022, however, the drop was driven by reduced debt instruments as the sum of equity investments and reinvested earnings, with the latter being exempt from the profit tax in Georgia, amounted to a historical maximum of U.S.\$2,834 million. FDIs moderated from historical highs in following years, decreasing by 18.6% in 2024 as compared to 2023, followed by an increase of 11% in the nine months ended 30 September 2025 as compared to the corresponding period of 2024.

At the same time Georgia became a net creditor to the rest of the world with respect to portfolio investments since 2022, buying foreign bonds and executing buybacks of its own bonds with the stock of foreign assets purchased by Georgian residents standing at U.S.\$4,125 million or 11.7% of GDP as at 30 June 2025.

There are no restrictions on foreign ownership of property or assets in Georgia, except that there are certain restrictions on foreign ownership of agricultural land and shares in a Georgian registered legal entity owning such land. There are no restrictions on the repatriation of profits from Georgia, subject to compliance with applicable tax laws.

The following table sets forth the countries of origin of FDI into Georgia for the periods indicated:

FDI by Country of Origin								
	2018	2019	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(U.S.\$ millions)							
Türkiye.....	49	172	80	97	56	107	110	151
United States.....	105	116	99	21	179	186	71	142
United Kingdom	183	372	285	585	657	365	431	132
Azerbaijan.....	247	40	(16)	3	5	99	84	105
Malta.....	24	6	49	(3)	39	99	192	97
Czech Republic.....	78	18	(6)	81	85	15	15	88
Netherlands	213	88	211	163	200	367	231	82
Spain	3	3	3	14	360	21	(191)	74
Russia.....	83	63	43	88	109	117	71	57
United Arab Emirates	33	26	(14)	31	29	42	36	48
Germany	41	24	37	38	34	26	56	46
Israel	0	26	13	28	36	25	52	42

FDI by Country of Origin

	2018	2019	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	<i>(U.S.\$ millions)</i>							
Marshall Islands.....	2	34	7	19	38	36	36	38
Virgin Islands, British.....	42	55	(82)	(21)	14	24	4	36
Austria.....	17	18	(11)	(6)	23	32	39	25
Denmark	15	3	30	2	18	21	(4)	24
Switzerland	44	17	10	(2)	32	42	36	23
Ukraine	1	26	16	17	2	3	11	20
China.....	76	45	(35)	(28)	44	99	6	19
Other	93	216	(123)	136	267	203	282	49
Total	1,351	1,368	596	1,265	2,224	1,928	1,569	1,297

Source: Geostat.

The following table sets forth the countries of origin of FDI, in percentage terms of total FDI, into Georgia for the periods indicated:

Breakdown of FDI by Country of Origin

	2018	2019	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	<i>(%)</i>							
Türkiye	3.6	12.6	13.5	7.7	2.5	5.6	7.0	11.7
United States.....	7.8	8.5	16.6	1.7	8.0	9.7	4.5	11.0
United Kingdom	13.6	27.2	47.8	46.2	29.5	18.9	27.5	10.2
Azerbaijan.....	18.3	2.9	(2.7)	0.3	0.2	5.1	5.3	8.1
Malta.....	1.8	0.5	8.3	(0.2)	1.8	5.1	12.2	7.5
Czech Republic.....	5.8	1.3	(1.1)	6.4	3.8	0.8	0.9	6.8
Netherlands.....	15.7	6.4	35.5	12.9	9.0	19.0	14.7	6.3
Spain	0.3	0.2	0.5	1.1	16.2	1.1	(12.2)	5.7
Russia	6.2	4.6	7.2	6.9	4.9	6.1	4.5	4.4
United Arab Emirates.....	2.5	1.9	(2.3)	2.5	1.3	2.2	2.3	3.7
Germany	3.0	1.7	6.1	3.0	1.5	1.3	3.6	3.5
Israel	0.0	1.9	2.2	2.2	1.6	1.3	3.3	3.3
Marshall Islands.....	0.1	2.5	1.2	1.5	1.7	1.8	2.3	2.9
Virgin Islands, British	3.1	4.0	(13.8)	(1.7)	0.6	1.2	0.2	2.8
Austria	1.2	1.3	(1.9)	(0.5)	1.0	1.7	2.5	1.9
Denmark	1.1	0.2	5.0	0.2	0.8	1.1	(0.2)	1.9
Switzerland.....	3.3	1.3	1.7	(0.1)	1.4	2.2	2.3	1.8
Ukraine	0.1	1.9	2.8	1.4	0.1	0.2	0.7	1.5
China.....	5.6	3.3	(5.9)	(2.2)	2.0	5.1	0.4	1.4
Other.....	6.9	15.8	(20.7)	10.8	12.0	10.5	18.0	3.8
Total.....	100	100	100	100	100	100	100	100

Source: Geostat.

In the period from 1 January 2016 to 30 September 2025, 25.6% of FDI went in the financial sector, 11.9% went in the transportation and storage sector, 9.6% went in the energy sector, 9.4% went in the manufacturing sector, 8.8% went in the retail trade sector, 7.0% went in the real estate sector, 5.4% went in the entertainment sector, 5.4% went in the construction sector, 4.9% went in the information and communication sector, and 12.1% went in other sectors.

The state agency "Enterprise Georgia", which operates under the supervision of the Ministry of Economy and Sustainable Development, promotes FDI into Georgia by assisting foreign investors throughout the investment process cycle. "Enterprise Georgia" prepares investment proposals for priority sectors, selects potential investor

companies, engages in proactive outreach and plans meetings with target companies to present investment opportunities in Georgia.

“Invest in Georgia” is the investment promotion and facilitation arm of Enterprise Georgia. Its core mandate is to attract, enable and retain foreign direct investment by acting as a focal point and “one-stop shop” for investors. The agency provides clear, structured information on Georgia’s business environment and sectors, guiding investors through procedures, and connecting them with all relevant public and private stakeholders needed to realise projects in the country.

Invest in Georgia focuses both on new investments and expansions. It supports investors from the very first inquiry, helping them understand regulatory frameworks, available incentives and suitable locations, and then facilitates interaction with ministries, municipalities, regulators and utilities to support with any issues and shorten time to implementation.

Aftercare services are also part of the agency’s mandate. Once an investor is established, Invest in Georgia maintains ongoing communication, monitors needs and constraints, and works to resolve operational challenges through coordinated government engagement. The goal is to retain and grow existing FDI by supporting reinvestment decisions, expansions into new product lines or regions, and deeper integration into the local economy. In essence, Invest in Georgia’s role spans the full investment lifecycle: promotion, facilitation, implementation, aftercare and reinvestment, with FDI attraction and long-term partnership-building at its core.

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. In the World Bank's “Business Ready” (“B-READY”) 2024 ranking, Georgia is in the top three among 50 countries, along with Singapore and Estonia. In the B-READY ranking (which replaced the former “Doing Business” index), each indicator is evaluated in three main categories, which are "Regulatory Framework", "Public Services" and "Operational Efficiency". Georgia ranks 2nd in the world in "Operational Efficiency", 3rd in terms of "Regulatory Framework" and 14th for "Public Services". Georgia is among the world’s top 10 countries in 7 out of the 10 indicators in the B-READY ranking. In particular, Georgia is a leader and ranked 1st for the “Business Location” and “Labor” indicators, 2nd for “Dispute Resolution”, 6th for “Taxation” and “Business Insolvency”, 7th for “Financial Services” and 10th for “International Trade”. Georgia was also ranked in the OECD FDI Regulatory Restrictiveness Index 2023 and took 25th position out of 104 countries worldwide, as an open economy in the world in terms of attracting investments. Georgia’s ranking in Transparency International's 2024 Corruption Perception Index is also consistent with the rankings of EEA Member States, ranking 1st in the Eastern Europe and Central Asia region. In the World Bank's Worldwide Governance Indicators 2023 survey, Georgia is among the highest rated Eastern European (EU member and candidate) countries, especially for government effectiveness and control of corruption indicators. Additionally, Georgia ranked number 1 among the 125 countries in International Budget Partnership’s Open Budget Survey 2023, highlighting institutional efficiency. As noted above, Georgia is also party to FTAs with the EU, the United Kingdom, China, Türkiye and Hong Kong, as well as European Free Trade Association (“EFTA”) and a party to a CEPA with the United Arab Emirates. It also benefits from a Generalised System of Preferences with Japan.

Balance of Payments and External Debt

The following table sets forth certain information regarding Georgia's balance of payments for the periods indicated:

	Balance of Payments														Six months ended 30 June 2025	
	2018		2019		2020		2021		2022		2023		2024		(U.S.\$ millions)	(% of GDP) ⁽¹⁾
	(U.S.\$ millions)	(% of GDP) ⁽¹⁾	(U.S.\$ millions)	(% of GDP) ⁽¹⁾	(U.S.\$ millions)	(% of GDP) ⁽¹⁾	(U.S.\$ millions)	(% of GDP) ⁽¹⁾	(U.S.\$ millions)	(% of GDP) ⁽¹⁾	(U.S.\$ millions)	(% of GDP) ⁽¹⁾	(U.S.\$ millions)	(% of GDP) ⁽¹⁾		
Current account balance	(1,191)	(6.7)	(1,054)	(6.0)	(1,986)	(12.4)	(1,942)	(10.3)	(1,106)	(4.4)	(1,703)	(5.5)	(1,813)	(5.3)	(896)	(5.2)
Trade balance	(4,112)	(23.0)	(3,781)	(21.4)	(3,166)	(19.8)	(3,793)	(20.1)	(5,108)	(20.4)	(6,097)	(19.8)	(6,591)	(19.3)	(3,355)	(19.5)
Export.....	4,448	24.8	4,991	28.3	4,372	27.3	5,570	29.5	7,564	30.3	8,150	26.5	8,658	25.3	4,274	24.8
Import.....	(8,560)	(47.8)	(8,772)	(49.7)	(7,538)	(47.1)	(9,363)	(49.7)	(12,672)	(50.7)	(14,247)	(46.3)	(15,249)	(44.6)	(7,629)	(44.3)
Services (net).....	2,241	12.5	2,169	12.3	131	0.8	729	3.9	2,688	10.8	3,351	10.9	3,768	11.0	1,860	10.8
Exports	4,482	25.0	4,586	26.0	1,579	9.9	2,542	13.5	5,647	22.6	6,902	22.4	7,501	21.9	3,628	21.1
Imports	(2,241)	(12.5)	(2,418)	(13.7)	(1,449)	(9.0)	(1,813)	(9.6)	(2,960)	(11.8)	(3,551)	(11.5)	(3,733)	(10.9)	(1,768)	(10.3)
Factor income (net)	(684)	(3.8)	(818)	(4.6)	(760)	(4.7)	(1,182)	(6.3)	(1,740)	(7.0)	(2,285)	(7.4)	(2,363)	(6.9)	(1,109)	(6.4)
Transfers (net).....	1,364	7.6	1,376	7.8	1,810	11.3	2,304	12.2	3,053	12.2	3,329	10.8	3,373	9.9	1,708	9.9
Capital and financial account balance					2,078	13.0	1,964	10.4	1,090	4.4	1,738	5.6	1,772	5.2	886	5.1

	1,325	7.4	1,127	6.4												
Capital account	77	0.4	48	0.3	41	0.3	41	0.2	43	0.2	42	0.1	29	0.1	12	0.1
Financial account	1,248	7.0	1,080	6.1	2,036	12.7	1,924	10.2	1,047	4.2	1,696	5.5	1,743	5.1	874	5.1
Foreign direct investments	1,010	5.6	1,086	6.2	573	3.6	943	5.0	1,893	7.6	1,639	5.3	1,141	3.3	585	3.4
Portfolio investments	(48)	(0.3)	829	4.7	75	0.5	(311)	(1.7)	(1,608)	(6.4)	(731)	(2.4)	(1,092)	(3.2)	246	1.4
Financial derivatives	(1)	(0.0)	4	0.0	27	0.2	0.8	0.0	3	0.0	(48)	(0.2)	(34)	(0.1)	(75)	(0.4)
Other investments	565	3.2	(637)	(3.6)	1,667	10.4	1,744	9.2	1,524	6.1	883	2.9	1,108	3.2	108	0.6
Change of foreign exchange reserves increase	(278)	(1.6)	(202)	(1.1)	(305)	(1.9)	(453)	(2.4)	(765)	(3.1)	(47)	(0.2)	619	1.8	11	0.1

Notes:

(1) Calculated as a percentage of Georgia's Nominal GDP in U.S. Dollars.

Source: NBG, Geostat

As Georgia's current account deficit decreased by 8.7% from U.S.\$1,986 million in 2020 to U.S.\$1,813 in 2024, as a percentage of GDP, the deficit improved notably from 12.4% of GDP in 2020 to 5.3% of GDP in 2024. Due to reduced economic activity in the region as a result of the COVID-19 pandemic, reduced exports and a significant reduction in revenues from tourism, the nominal deficit surged by 88.4% in 2020, followed by 2.2% reduction in 2021, significant 43.0% reduction again in 2022 and then 53.9% and 6.5% increase in 2023 and 2024, respectively. Consequently, from 6.0% of GDP recorded in 2019, the deficit increased to 12.4% of GDP in 2020 and then, amid Georgia's strong economic performance in recent years, declined to 10.3% of GDP in 2021 and historically low levels of 4.4% of GDP in 2022, 5.5% of GDP in 2023 and 5.3% of GDP in 2024. The improvement was a result of growing exports of both goods and services, including net revenues from travel (tourism), transportation, ICT and remittances. In the six months ended 30 June 2025, current account deficit decreased by 14.6% compared to the corresponding period of 2024, lowering the half-year deficit to GDP ratio to 5.4% from 6.9% in the previous year.

In line with overall recovery of trade flows, the trade of goods deficit has increased by 108.2% in U.S.\$ terms from 2020 to 2024, while as a percentage of GDP, the trade deficit improved from 19.8% in 2020 to 19.3% in 2024, declining gradually in the years between. Trade of goods in the six months ended 30 June 2025 increased by 1.2% year-over-year to 19.6% of GDP compared to the six months ended 30 June 2024. Services (net) increased significantly by 2784% from 2020 to 2024, due to pandemic effect in 2020, while growth compared to 2021 stood at 417%, driven by increasing levels of tourism, ICT and transportation. At the same time, compared to pre-COVID-19 the increase stood at 73.8%, while the ratio of net service revenues to GDP moderated from 12.3% in 2019 to 11.0% of GDP in 2024, while still increasing from just 3.9% of GDP in 2021. In the six months ended 30 June 2025, net revenues from services increased by 16.9% compared to the same period in 2024, standing at 10.8% of GDP compared to 10.2% in the previous year.

As mentioned above, net foreign direct investment inflows recovered strongly after a drop in 2020, hitting all-time high level in 2022 and relatively moderating since. In this context, together with trade deficit, negative balance of primary income account, in which reinvested earnings of foreign entities are recorded as outflow due to being part of foreign company's revenues despite being spent in Georgia, has been nominally increasing in recent years, exaggerating the overall current account deficit. Excluding reinvestments, the current account deficit as percentage of GDP has been even lower, standing at 2.3% of GDP in 2024, compared to the headline level of 5.3%.

Current Account Dynamics

In 2024 the current account deficit was equal to 5.3% of GDP, 7.1 percentage points lower compared to 12.4% of GDP in 2020 and 6.9 percentage points lower compared to 12.2% of GDP in 2016. This improvement was mainly supported by improved trade balance, strengthening tourism and remittances.

	% of GDP											
	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Current account balance	(6.7)	(6.0)	(12.4)	(10.3)	(4.4)	(5.5)	(5.3)	(3.9)	(3.5)	(3.3)	(3.2)	(3.0)
Goods	(23.0)	(21.4)	(19.8)	(20.1)	(20.4)	(19.8)	(19.3)	(18.9)	(18.8)	(18.7)	(18.6)	(18.5)
Services	12.5	12.3	0.8	3.9	10.8	10.9	11.0	12.0	12.0	12.0	12.1	12.3
Income	(12.5)	(13.7)	(4.7)	(6.3)	(7.0)	(7.4)	(6.9)	(6.2)	(5.8)	(5.3)	(4.9)	(4.6)
Current Transfers ..	7.6	7.8	11.3	12.2	12.2	10.8	9.9	9.2	9.1	8.6	8.2	7.8

Source: NBG, Geostat, MoF

Structural Current Account Deficit

As a result of a relatively high negative international investment position ("IIP"), net investment income contributes almost 10% of GDP to the current account deficit, also exaggerated by reinvested earnings as noted before. Growing deficit in investment income reduces the visibility of adjustments in the current account balance, which, excluding investment income, has been positive since 2022, similarly to 2017-2019.

	% of GDP					
	2020	2021	2022	2023	2024	Six months ended 30 June 2025
Current account balance.....	(12.4)	(10.3)	(4.4)	(5.5)	(5.3)	(5.4)
Investment Income.....	(7.8)	(8.7)	(9.6)	(9.8)	(8.6)	(7.7)
Primary Current Account.....	(4.6)	(1.6)	5.2	4.3	3.2	2.3

Net External Debt

During the period from 2020 to 2024, Georgia experienced a sharp decrease in gross external debt, reducing from 131.2% of GDP to 74.5% of GDP. Net external debt was also reduced significantly from 79.4% of GDP in 2020 to 36.4% of GDP in 2024, predominantly as a result of post-pandemic recovery followed by strong economic growth as opposed to weaker net borrowing both in public and private sectors. The reduction in net external debt reflects the improvement in the current account balance. Structural changes in the economy have significantly reduced the current account deficit. In particular, the expansion of the services sector, together with moderated import growth as economic activity shifted toward less import-intensive sectors, has strengthened the external balance. At the same time, domestic private savings increased from 12.5% of GDP in 2020 to 13.8% of GDP in 2024 and is forecast to improve going forward, according to MoF projections. As a result, since 2022 the current account deficit has been maintained within its estimated norm of around 5 per cent. of GDP, which has supported a decline in net external debt ratios. According to the IMF projections, gross external debt is expected to have a declining trajectory. Namely, gross external debt to GDP ratio is expected to decrease around 10 percentage points between 2025 and 2030.

The following table sets forth Georgia's domestic investment and its financing sources as a percentage of GDP for the periods indicated below:

	Domestic Investment (as a % of GDP)											
	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Domestic private savings	16.1	16.4	13.3	9.8	14.5	14.3	13.8	15.3	16.1	16.1	16.2	16.4
Domestic government savings	5.2	4.8	(1.1)	0.6	5.2	5.2	5.4	4.3	3.9	3.8	3.7	3.8
Foreign equity (FDI).....	5.6	6.2	3.6	5.0	7.6	5.3	3.3	4.6	3.9	3.8	3.7	3.7
Foreign debt.....	1.0	(0.2)	8.8	5.3	(3.1)	0.2	2.0	(0.5)	(0.3)	(0.2)	(0.3)	(0.3)
Gross fixed capital formation	27.9	27.2	24.6	20.7	24.1	25.0	22.5	24.5	23.9	23.9	24.0	24.1

Source: MoF

The following table sets forth Georgia's external debt indicators as a percentage of GDP for the periods indicated below:

	External debt indicators (as a % of GDP)					
	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(%)					
Gross External debt.....	131.2%	117.4%	95.8%	79.5%	73.5%	74.2%
Foreign Currency Debt.....	121.1%	106.6%	85.8%	70.4%	65.0%	65.0%
Domestic Currency Debt.....	10.1%	10.8%	10.1%	9.1%	8.5%	9.2%

	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(%)					
Net External Debt	79.4%	71.7%	50.7%	40.4%	35.9%	35.4%
Public sector net external debt.....	36.3%	33.6%	22.8%	20.2%	18.7%	16.8%
Private sector net external debt	43.1%	38.1%	27.9%	20.2%	17.2%	18.6%

Source: NBG

Dependence on Other Countries

The following tables set forth certain information regarding Georgia's dependence on other countries, together with the sources from which the dependency relates:

EU						
	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(% of GDP)					
Tourism.....	0.5	0.9	1.3	1.8	1.7	1.9
Remittances.....	4.8	5.1	4.3	4.2	4.2	4.4
Export	4.4	3.8	3.5	2.3	1.7	2.2
Dependence	9.6	9.8	9.1	8.3	7.6	8.5

Russia						
	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(% of GDP)					
Tourism.....	0.6	0.8	3.6	3.0	2.5	2.0
Remittances.....	2.3	2.2	8.3	5.0	1.6	1.2
Export	2.8	3.2	2.6	2.1	2.0	2.0
Dependence	5.6	6.2	14.4	10.1	6.1	5.3

Türkiye						
	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(% of GDP)					
Tourism.....	0.6	0.6	1.6	2.0	1.8	1.6
Remittances.....	0.7	0.6	0.4	0.4	0.3	0.3
Export	1.2	1.7	1.7	1.3	1.3	0.9
Dependence	2.5	2.9	3.7	3.8	3.4	2.8

Azerbaijan						
	2020	2021	2022	2023	2024	Nine months ended 30 September 2025
	(% of GDP)					
Tourism.....	0.6	0.6	1.6	2.0	1.8	0.6
Remittances.....	0.7	0.6	0.4	0.4	0.3	0.1
Export	1.2	1.7	1.7	1.3	1.3	1.9
Dependence	2.5	2.9	3.7	3.8	3.4	2.6

Source: NBG, Geostat

In recent years, geographic diversification of the sources of external inflows into Georgia has increased, with the dependency on traditional trade partners such as the EU and Russia relatively falling from 2021 to 2024. Increased diversification is a result of emerging or strengthening sources such as Central Asian markets for exports, United States in remittances and Asian and Middle East markets such as Israel, India, China, Kazakhstan and Saudi Arabia in tourism.

Dependence on Remittances

The table below sets forth the source, by country, of net inflows of remittances into Georgia for the periods indicated:

Net Remittance Inflows								Nine months ended 30 September 2025⁽¹⁾
	2018	2019	2020	2021	2022	2023	2024	
	<i>(U.S.\$ millions)</i>							
United States of America...	155	174	215	280	312	443	559	491
Italy.....	189	235	293	379	423	512	552	448
Russian Federation.....	367	350	285	321	2,027	1,486	497	310
Germany.....	37	46	70	108	155	221	257	222
Greece.....	161	182	209	226	205	227	242	199
Israel.....	147	158	153	182	193	209	242	199
Kyrgyzstan.....	7	24	4	29	108	44	67	71
Spain.....	39	44	45	52	50	55	63	63
Ireland.....	8	9	14	20	25	48	64	52
Kazakhstan.....	11	20	14	54	137	187	101	51
France.....	17	23	25	33	38	46	52	44
United Kingdom.....	15	16	18	20	38	45	47	43
Türkiye.....	82	61	59	33	28	37	20	24
Canada.....	12	13	18	22	21	24	25	19
Poland.....	17	29	24	24	19	18	24	18
Other.....	86	111	192	249	250	188	173	136
Total.....	1,350	1,496	1,639	2,033	4,029	3,790	2,984	2,390
Net Remittances/GDP (%)⁽²⁾.....	7.5	8.5	10.2	10.8	16.1	12.3	8.7	8.7

Notes:

- (1) The figures in this table are comprised of remittances made by electronic money transfer operators. The NBG estimates that net remittances for balance of payments purposes, calculated according to *Balance of Payments—5th Edition* (published by the IMF), for the six months ended 30 June 2025 was U.S.\$1,764 million.
- (2) Calculated as a percentage of Georgia's Nominal GDP in U.S. Dollars.

Source: NBG, Geostat.

Net remittance inflows into Georgia maintained an increasing trajectory until 2023, including during the COVID-19 pandemic in 2020. Net remittances increased by 9.6% in 2020, then by 24.0% in 2021, followed by a 98.0% surge in 2022. The significant increase was almost fully driven by inflows from Russia that grew by more than six times compared to 2021 – a temporary spillover effect of Russia-Ukraine war. While the latter statistics depict instant money transfers tracked by it, the NBG also estimates remittance flows for Balance of Payments with the IMF methodology, according to which, increase in 2022 net remittances was significant though much lower than instant money transfers and stood at 39.6%. Money transfers from Russia started normalisation already from 2023, resulting in lowering total net remittances. Net remittance inflows decreased by 5.9% in 2023 and by 21.3% in 2024. Despite the negative impact of transfers from Russia, net remittances inflows in 2024 stood at U.S.\$2,984 million that was 46.8% higher than the figure of U.S.\$2,033 million in 2021. In 2025, the moderation trend overturned, and net remittances increased by 6.0% in the nine months ended 30 September 2025 compared to the same period in 2024. Excluding the temporary surge in flows from Russia, the significant increase in total remittances in recent years was largely driven by increased number and purchasing power of Georgian diaspora in mainly western countries such as the United States which became the top source of net money transfers in 2024, reaching a volume of U.S.\$559 million (18.7% share of net remittances) in 2024 and a volume of U.S.\$491 million (20.5% share of net remittances) in the nine months ended 30 September 2025, surpassing traditional leaders Russia and Italy. Collectively, the EU remains by far the largest source of remittances sent into Georgia, accounting for 45.5% of total inflows in 2024 and 47.5% of total inflows in the nine months ended 30 September 2025.

In line with higher volume, the share of remittances in current account payments has been gradually declining after peaking in 2020 when money transfers remained rigid amid significant drops in other sources of inflows due to the COVID-19 pandemic.

MONETARY SYSTEM

National Bank of Georgia

The NBG is the central bank of Georgia. The NBG is an autonomous public entity governed by the Organic Law on the National Bank of Georgia (the "**NBG Law**"), which was adopted in September 2009 and which replaced the previous Organic Law on the National Bank of Georgia adopted in June 1995. The NBG is independent of the Government and is accountable to the Parliament. The Georgian Constitution, along with the NBG Law, guarantees the independence of the NBG.

The NBG Law sets out the principal responsibilities of the NBG. The NBG's primary objective is to ensure price stability. Secondary objectives of the NBG under the NBG Law include ensuring the stability and transparency of the financial system and facilitating sustainable economic growth.

The NBG is responsible for implementing monetary and foreign exchange policies, supervising the banking sector, regulating other financial services (excluding insurance), as well as dealing with foreign reserves and acting as the fiscal agent and banker for the Government.

The supreme governing body of the NBG is a board, which consists of nine members. The President of Georgia proposes board candidates to the Parliament, and the Parliament endorses candidates for a seven-year term. The board then selects the governor of the NBG, whose appointment is subject to confirmation by the President of Georgia. The board of the NBG appoints three vice governors of the NBG upon nomination by the governor of the NBG.

Monetary Policy of the NBG

The NBG is responsible for the formulation and implementation of monetary policy. The Monetary Policy Committee (the "**MPC**"), established within the NBG, is responsible for the development and implementation of the NBG's monetary and foreign exchange policies. The MPC consists of the governor, three vice governors, the executive director and the heads of relevant divisions and departments. The MPC acts as an adviser to the governor of the NBG, who retains the power to make final policy decisions.

The MPC meets twice per quarter to discuss monetary policy and advise the governor of the NBG on the NBG's main policy rate. The main policy rate and the MPC's statement are published on the NBG website on the same day in Georgian and English. Over the past few years, Georgia's economy has shown resilience in the face of global disruptions. For more than two consecutive years, inflation in Georgia remained well below the target even during a period when high inflation was a major challenge globally and in Georgia's key trading partner economies. In 2024, average inflation stood at 1.1%. A low-inflation environment was maintained during the period under review largely due to a consistent monetary policy. In 2025, due to low base effects from previous years and supply-side factors independent of monetary policy, inflation has again increased slightly. Nevertheless, conditions in the labour market, the cyclical position of the economy, and the relatively low-inflation environment of recent years have significantly mitigated the risk of a sharp rise in inflation expectations. Moreover, the maintenance of a prolonged tight monetary policy stance has reduced the likelihood of the current shock being transmitted to inflation expectations. Since January 2009, the NBG's primary monetary policy objective is to ensure price stability and, in doing so, the NBG has the authority to determine appropriate inflation target indicators. Under the NBG Law, the NBG must submit each year to the Parliament its proposed monetary and foreign exchange frameworks, which contain an inflation target for the following three years. Upon adoption by the Parliament, the inflation target becomes binding on the NBG. The inflation target for 2026 to 2028 is 3%. In the event that Parliament does not adopt the NBG's proposals, the NBG can, nevertheless, work within the scope of its own targets.

Since early 2006, the NBG has taken active steps to modernise its monetary policy formulation and operations and has added several new monetary policy tools. The principal inflation-targeting instrument that the NBG employs is a short-term interest rate, the one-week refinancing rate for loans offered to commercial banks on auction basis (the "**Refinancing Rate**"). The Refinancing Rate was introduced by the NBG in September 2008 for NBG refinancing loans auctioned to supply short-term liquidity to the domestic banking system. The NBG's liquidity projection group meets once a week to make projections of shortages of liquidity in the banking sector, following which auctions are announced for the following day.

In addition to refinancing loans, the NBG uses other monetary policy instruments including, *inter alia*: (i) open market operations executed with NBG Certificates of Deposits ("**CDs**") and government securities; (ii) standing facilities (such as overnight loans and deposits); and (iii) minimum reserve requirements. The NBG provides overnight lending facilities to commercial banks in the form of overnight loans, provided that sufficient

correspondent eligible collateral is provided. Through the use of overnight loans and deposits, an interest rate corridor is set within the interbank market, which contributes to the reduction of interest rate volatility.

The NBG establishes minimum reserve requirements, which are determined separately in Lari and foreign currencies according to average attracted funds. As at 31 December 2025, the reserve requirements on funds with a remaining maturity up to one year and on all deposits attracted in Lari, was 5%. The reserve requirements on funds borrowed in a foreign currency are determined individually for commercial banks based on their deposit dollarisation: (1) for borrowed funds with remaining maturity up to 1 year, the reserve requirement is set between 10% and 25%; if deposit dollarisation is 70% or above, the reserve requirement is 25%; if deposit dollarisation is 40% or below, the reserve requirement is 10%; and, in between, it changes linearly based on dollarisation. (2) For borrowed funds with remaining maturity between 1 and 2 years, the reserve requirement is set between 10% and 15%; if deposit dollarisation is 70% or above, the reserve requirement is 15%; if deposit dollarisation is 40% or below, the reserve requirement is 10%; and, in between, it changes linearly based on dollarisation. Borrowed funds with a remaining maturity of over one year denominated in Lari, and over two years in a foreign currency, are exempt from the reserve requirements. Capital and funds equivalent to capital are exempt from reserve requirements. See "Regulation on Maintenance of Minimum Reserves Requirements by Commercial Banks".

In line with the global trend to reform domestic interest rate benchmarks, the NBG updated the Tbilisi Interbank Rate ("**TIBR**") in August 2018. In March 2019, the NBG, with the assistance of the EBRD and market participants, introduced new term TIBR indices using a backward-looking term rate compounding methodology linked to the historical TIBR index. The NBG publishes these money indices daily.

The NBG uses discretionary as well as rule-based foreign exchange interventions to sell or buy foreign currency on the interbank foreign exchange market in order to aid the achievement of price and financial stability objectives and to accumulate international reserves. In the spring of 2020, the NBG introduced a rule based intervention mechanism. The purpose of the interventions is to reduce the excess volatility in the foreign exchange market, which is important for the main goal, price stability. The BMatch system is appropriate for these types of intervention. The rule-based mechanism implies that when the exchange rate fluctuation exceeds a predetermined mark, the NBG intervenes. In case of low liquidity in the foreign exchange market, the NBG can reduce the excess fluctuations more effectively by the small amount interventions. Considering the market conditions, interventions are aimed at filling international reserves or smoothing excessive volatility to avoid inflationary expectations. International reserves are an important guarantee of a country's macroeconomic stability. Accordingly, the NBG's long-term policy is focused on accumulating international reserves and managing reserve assets effectively.

Liquidity and Credit Aggregates

The following table sets forth the liquidity and credit aggregates for the Georgian banking sector as at the dates indicated:

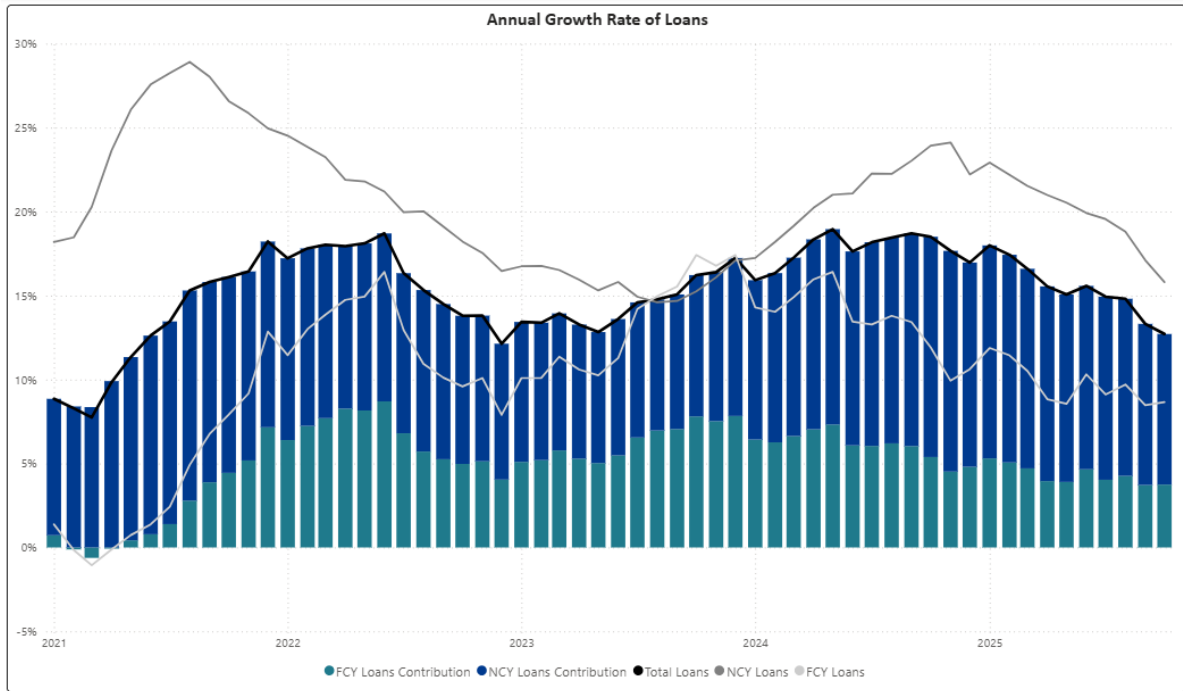
Liquidity and Credit Aggregates					Ten months ended 31 October 2025
	2021	2022	2023	2024	
			<i>(GEL millions)</i>		
Liquid Assets ⁽¹⁾	12,521	16,458	13,762	17,147	17,428
Short-term liabilities	47,652	39,191	43,963	52,255	55,330
Total loans	43,095	45,172	52,750	62,327	68,155
Loans to public sector	163	208	111	70	35
Loans to private sector (excluding interbank loans)	42,922	44,578	52,601	62,212	67,990
Interbank loans	10	386	38	45	129

Notes:

- (1) From 2021 onward, liquid assets and short-term liabilities are compiled according to the updated International Monetary Fund Financial Soundness Indicators (FSI) 2019 Methodology. Data for earlier years follow the previous FSI methodology and are not fully comparable.

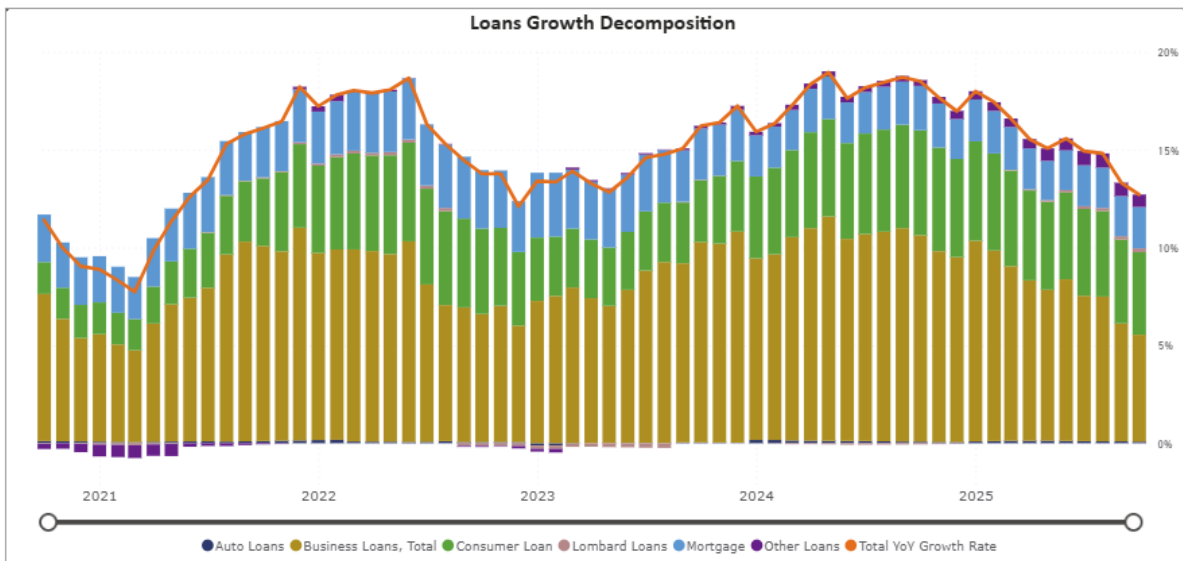
Source: NBG

The following graph shows NBG data on the annual growth rate of loans for the periods indicated:



Source: NBG

The following graph shows the NBG data on loans growth by type of loan for the periods indicated:



Source: NBG

Dollarisation

Following the economic and political uncertainties of the early 1990s and subsequent hyperinflation, the Georgian economy underwent a process of dollarisation, whereby the U.S. Dollar and other freely convertible currencies became the major means of payment and wealth accumulation in Georgia. This process was encouraged by the financial liberalisation of the mid-1990s, which allowed domestic financial intermediation to be conducted in both national and foreign currencies.

Dollarisation subsided with the stabilisation of the economy in 1995, only to increase again after the Russian financial crisis of 1998. The dollarisation rate declined between 2004 and 2008, with foreign currency deposits declining from 90.0% of all client deposits in January 2004 to 78.0% in December 2007, while loan dollarisation declined by 10.1 percentage points to 81.9% (excluding exchange rate effects). However, the dollarisation rate then increased as a result of the combined effects of the 2008 Russia-Georgia War and the global financial crisis.

Since 2009, dollarisation has generally been on a declining trend, although the rate of dollarisation has fluctuated due to market conditions. The de-dollarisation process accelerated from the beginning of 2017, when the NBG, together with the Government took measures to enhance de-dollarisation. While de-dollarisation is a long term process, positive dynamics have already been observed. In October 2025, dollarisation of loans and deposits in the banking sector decreased by 24.1 percentage points and 23.2 percentage points to 42.0% and 48.8%, respectively, in comparison with December 2016 (excluding exchange rate effects).

Monetary Aggregates

Monetisation of the Georgian economy, expressed as the ratio of broad money (M3) to Nominal GDP, was 68.0% in 2021, 51.6% in 2022, 53.6% in 2023 and 53.2% in 2024 and was estimated at 52.5% in 2025. The Georgian economy is a highly dollarised economy, as described above under "— Dollarisation". In November 2025, the M2 and M3 monetary aggregates increased by 18.8% and 10.3%, respectively compared to December 2024. The recent growth of M2 was supported by the ongoing de-dollarisation trend, reflected in the increasing share of national currency deposits, while developments in the exchange rate continued to influence M3 dynamics through the revaluation of foreign currency deposits.

The table below sets forth certain statistics relating to money aggregates at the end of the periods indicated:

Money Aggregates						Ten months ended 31 October 2025
	2020	2021	2022	2023	2024	
	<i>(GEL millions)</i>					
Currency in Circulation.....	2,999.3	4,589.0	5,040.5	5,934.1	6,617.0	7,113.6
Money Outside Banks (M0).....	2,371.7	10,377.9	11,982.6	12,019.2	13,700.2	14,281.8
Money Aggregate (M1).....	5,555.5	11,328.8	13,367.3	17,632.8	17,231.3	18,623.2
Money Aggregate (M2).....	6,526.6	16,107.5	19,766.2	25,227.3	27,786.7	31,640.5
Money Aggregate (M3).....	15,886.6	33,846.2	37,581.9	43,369.3	49,467.6	54,123.8
Money Aggregate (M3) year-on-year growth rate (%)	21.1	11.4	11.0	15.4	14.1	14.0
Money Aggregate (M3) share of GDP (%)..	44.3	55.7	51.6	53.6	53.2	52.5
Reserve Money.....	6,332.5	10,377.9	11,982.6	12,019.2	13,700.2	14,281.8
Reserve Money year-on-year growth rate (%)	28.0	(3.6)	15.5	0.3	14.0	13.7
Deposits in Lari	4,891.5	14,922.3	19,448.3	24,937.3	27,570.0	33,584.0
Deposits in foreign currencies.....	12,344.6	22,317.5	24,845.2	25,671.1	30,687.8	31,990.0
Loans in Lari	6,347.9	21,166.6	24,652.0	28,866.0	35,278.2	39,474.3
Loans in foreign currencies.....	11,134.8	21,918.5	20,134.3	23,845.9	27,003.7	28,551.3

Source: NBG.

Inflation and Interest Rates

CPI is used as a broad measure of inflation in Georgia. CPI statistics are collected and calculated on a monthly basis by Geostat and published on its website on the third business day of every month.

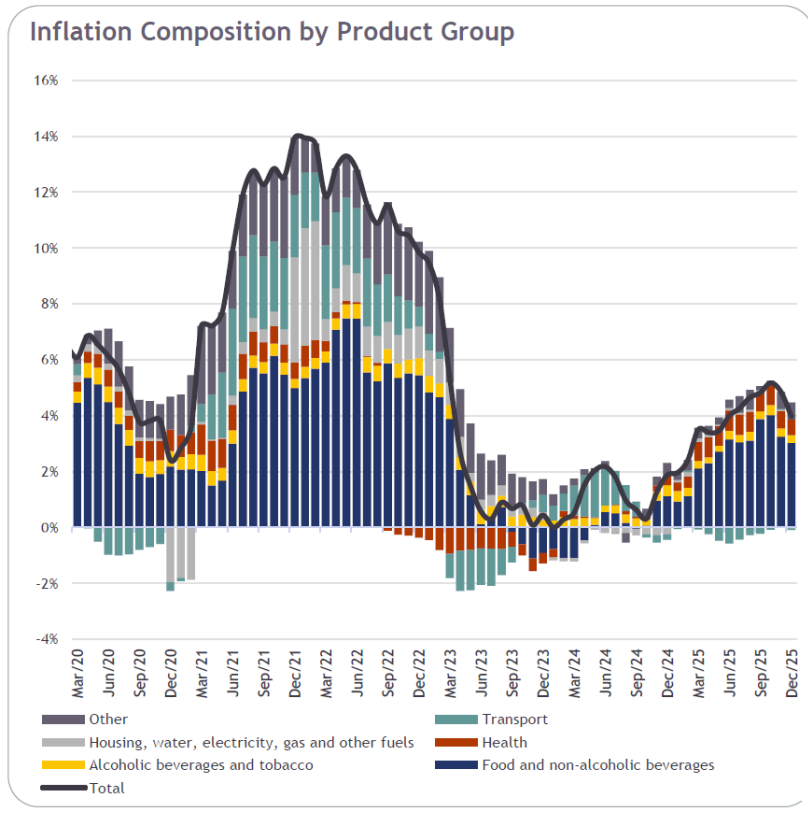
The following table sets forth certain CPI information for the periods indicated:

CPI Inflation Rates					Ten months ended 31 October 2025
	2021	2022	2023	2024	
	<i>(%)</i>				
CPI (period average)	9.6%	11.9%	2.6%	1.1%	3.9%
Food	11.1%	17.7%	3.7%	(0.4%)	8.3%
Non-Food	8.9%	9.4%	2.1%	1.8%	1.8%
Services	4.0%	9.0%	9.5%	3.6%	2.7%
CPI (end of period)	13.9%	9.8%	0.4%	1.9%	4.8%
Food	16.1%	15.9%	(3.1%)	3.3%	10.3%
Non-Food	13.1%	7.2%	2.0%	1.3%	2.3%

Services	5.7%	12.2%	6.6%	2.3%	2.6%
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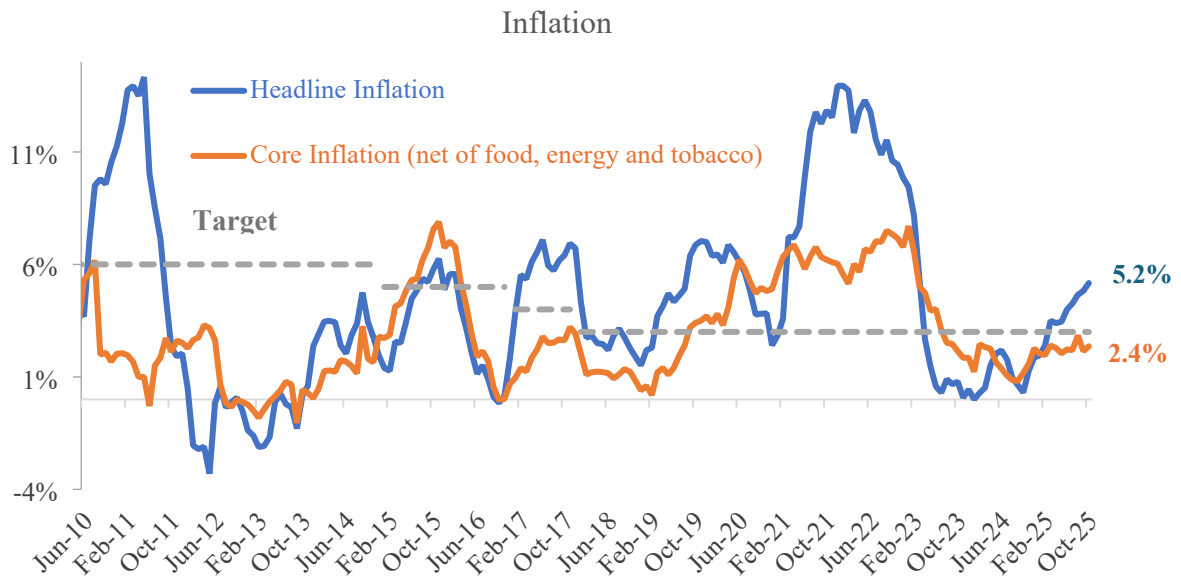
Source: Geostat.

The following graph shows inflation composition by product group for the periods indicated:



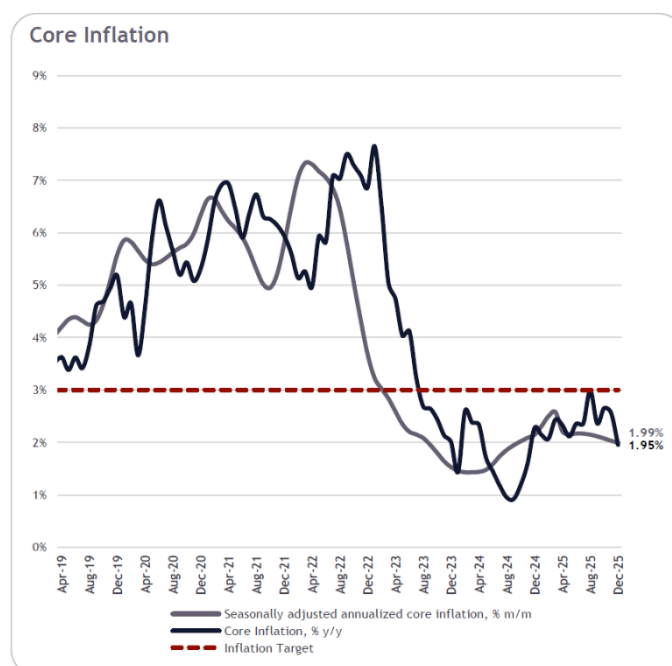
Source: Geostat, Ministry of Finance estimates.

The following chart shows core CPI data for the periods indicated:



Source: Geostat, Ministry of Finance estimates.

The following chart shows seasonally adjusted annualised core inflation, core inflation and inflation target data for the periods indicated:



Source: Geostat, Ministry of Finance estimates.

Inflation Trends

During the period of inflation-targeting regime, from 2009 to October 2025, inflation averaged 4.3%. At the beginning of inflation-targeting regime, the inflation target was set at 6% and then gradually decreased to 3%.

In 2025, inflation temporarily exceeded the target set. In October 2025, headline inflation equalled 5.2%. Inflation in 2024 averaged 1.1% and relatively high inflation in 2025 was generally anticipated. A significant contribution to inflation in 2025 was made by food and non-alcoholic beverages. Out of 5.2% inflation in October 2025, 3.9% came from food and non-alcoholic beverages. Inflation excluding food prices, as well as other measures of relatively sticky prices that better reflect long-term inflation expectations, have remained close to the target level of 3%. In particular, core inflation, which excludes from the consumer basket the most volatile components, such as food, energy, and tobacco, remained below the 3% target, standing at 2.4% in October 2025. At the same time, service sector inflation remained below the target, at 2.5%. Core inflation, which excludes volatile food, fuel and tobacco prices remains stable and averaged 2.3% in the first ten months of 2025. As the high inflation base effect fades away, the NBG expects gradual reduction of inflation to its target level by 30 June 2026.

Inflation Components

The following table sets forth the composition of the CPI and the relative weight of such components in calculating CPI for 2025:

Composition of the CPI		(%)
Food and non-alcoholic beverages	-----	34.4
Alcoholic beverages and tobacco	-----	6.4
Clothing and footwear	-----	4.7
Housing, water, electricity, gas and other fuels	-----	9.8
Furnishings, household equipment and routine household maintenance	-----	5.3
Health	-----	8.1
Transport	-----	11.0
Communication	-----	3.2
Recreation and culture	-----	3.8
Education	-----	5.4
Restaurants and hotels	-----	3.1
Miscellaneous goods and services	-----	4.7

Total **100.0**

Source: Geostat.

The following table sets forth the annual average inflation rates for the components of CPI in Georgia for the periods indicated:

	Inflation Rates of CPI Components				Ten months ended 31 October 2025
	2021	2022	2023	2024	
			(%)		
All items.....	9.6	11.9	2.6	1.1	3.8
Food and non-alcoholic beverages.....	10.9	17.9	3.9	0.0	8.3
Alcoholic beverages and tobacco.....	7.1	7.4	6.4	4.4	4.4
Clothing and footwear.....	2.0	(0.4)	0.1	(2.4)	(0.8)
Housing, water, electricity, gas and other fuels ..	7.6	18.3	6.7	(2.4)	0.8
Furnishings, household equipment and routine .	11.5	10.1	2.7	(1.9)	(2.0)
Health.....	10.7	1.3	(6.0)	0.7	8.2
Transportation.....	15.1	15.8	(4.4)	5.7	(2.2)
Communication.....	(0.3)	0.6	(2.8)	(6.8)	(9.0)
Recreation and culture	3.1	4.2	0.3	(1.4)	(0.4)
Education	2.7	4.5	5.9	3.9	4.4
Hotels, cafes and restaurants.....	10.0	14.4	9.8	7.1	6.6
Miscellaneous goods and services	7.0	8.8	12.1	6.4	5.9

Source: Geostat.

Interest Rates

The following table sets forth the average market interest rates for deposits in Georgian banks for the periods indicated:

	Market Interest Rates on Deposits ⁽¹⁾				
	2021	2022	2023	2024	2025
			(%)		
January.....	6.5	6.9	7.9	7.7	7.3
February.....	6.5	7.3	7.4	7.3	6.4
March.....	6.2	7.0	7.7	7.2	6.8
April.....	6.2	7.1	8.3	6.9	6.4
May.....	7.0	6.8	8.2	7.4	6.9
June.....	7.1	7.6	8.4	6.8	6.8
July.....	6.5	7.8	8.3	6.9	6.8
August.....	6.4	8.1	8.8	6.8	6.8
September.....	6.5	8.0	8.1	7.0	6.9
October.....	5.8	7.7	8.0	6.9	6.9
November.....	5.4	8.4	8.0	6.2	6.8
December.....	6.4	7.7	7.6	7.3	N/A ⁽²⁾

Note:

- (1) These figures include interest rates on deposits for both Lari and foreign currency deposits, as well as interest rates for both individual depositors in Georgian banks and institutional and corporate depositors.
(2) Not available as of 31 December 2025.

Source: NBG

Interest rates on deposits have historically varied, sometimes significantly, depending on the currency of the deposit and the identity of the depositor.

Exchange Rates and Exchange Rate Policy

Georgia's national currency, the Lari, was introduced in 1995 and was pegged to the U.S. Dollar. The NBG made the Lari fully convertible in 1997. At the end of 1998, the NBG abandoned the fixed exchange rate regime and moved to a managed floating exchange rate regime. Since 2009, NBG moved to inflation targeting framework with floating exchange rate regime. The official exchange rate of the Lari against the U.S. Dollar is determined

on each business day as the weighted average rate of interbank foreign exchange transactions recorded through the electronic trading system. The exchange rate of the Lari against other currencies is determined by way of a cross-rate calculation of the exchange rate of the Lari against the U.S. Dollar and the exchange rate of other foreign currencies against the U.S. Dollar at international foreign exchange markets. The official exchange rates are published on the NBG's website before 5:00 pm, Tbilisi time, each business day and are effective for the next day.

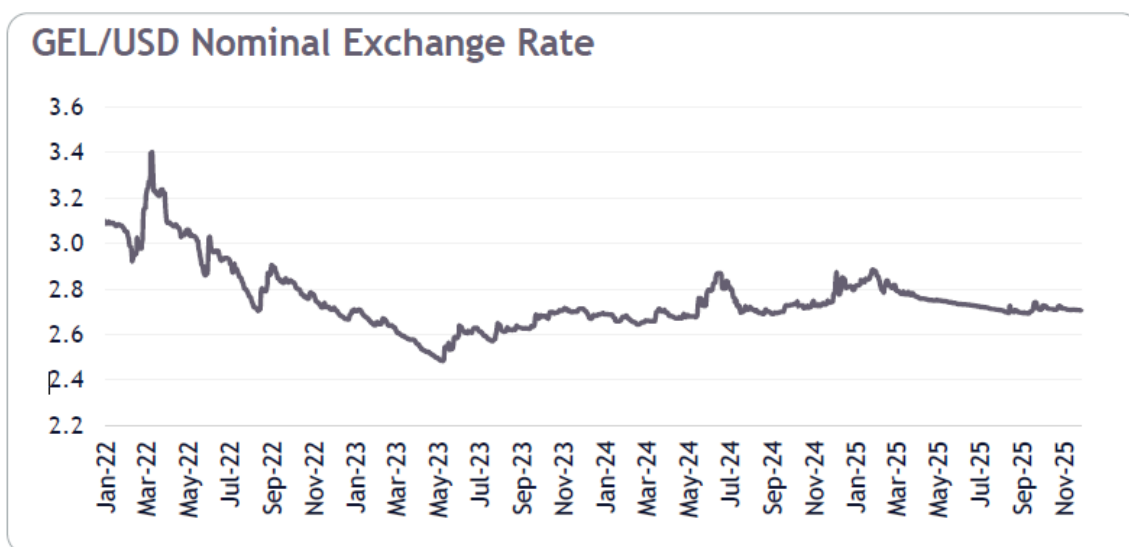
The following table sets forth the exchange rate history for the periods indicated, expressed in Lari per U.S. Dollar and not adjusted for inflation, as published by the NBG:

Lari to U.S. Dollar Exchange Rate History				
	Low	High	Average	Period End
			<i>(Lari per U.S.\$1.00)</i>	
2026 (up to and including 6 January 2026).....	2.6968	2.6964	2.6968	2.6968
2025.....	2.6920	2.8834	2.7422	2.6951
2024.....	2.6432	2.8746	2.7208	2.8068
2023.....	2.4830	2.7152	2.6279	2.6894
2022.....	2.6646	3.4019	2.9156	2.7020

Source: NBG

The Lari per U.S. Dollar exchange rate reported by the NBG on 6 January 2026 was GEL 2.6968 = U.S.\$1.00.

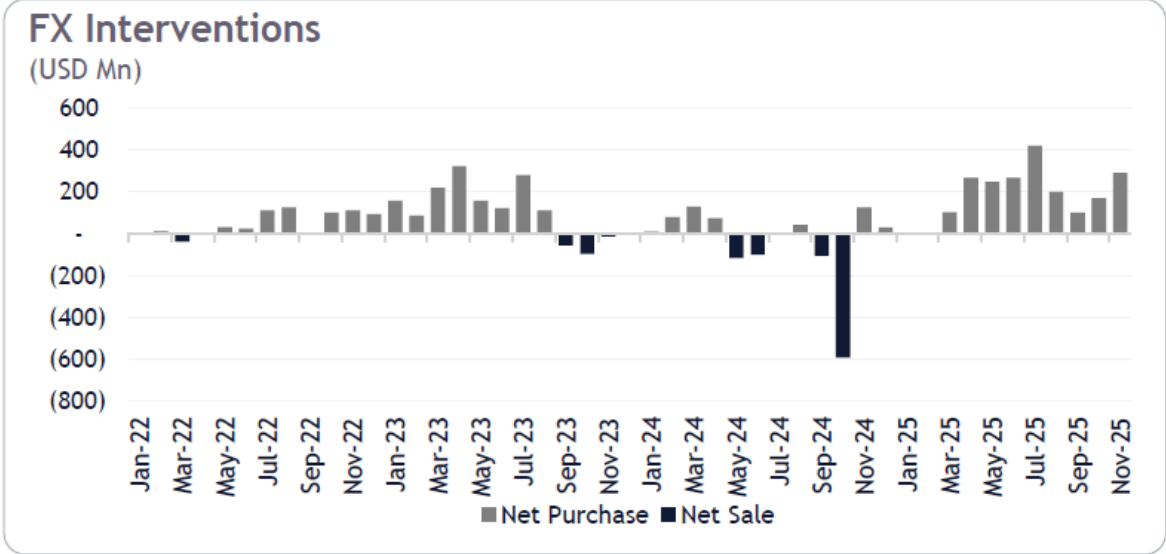
The following graph sets forth the Lari / U.S. Dollar nominal exchange rate history for the periods indicated:



Source: NBG.

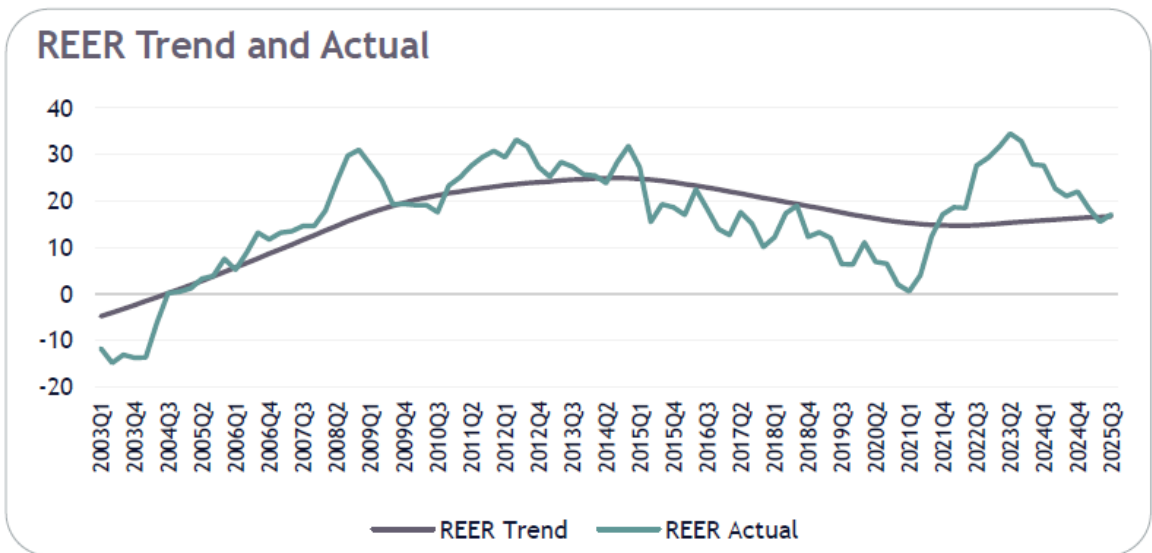
Amid favourable market conditions, the NBG has sustained foreign exchange purchases and reserve accumulation, of approximately U.S.\$2.1 billion in 2025. Supported by strong fundamentals, the Lari has remained stable against the U.S. Dollar, while the real effective exchange rate (“REER”) has depreciated toward equilibrium mostly through inflation differential.

The following graph sets forth the foreign exchange interventions for the periods indicated:



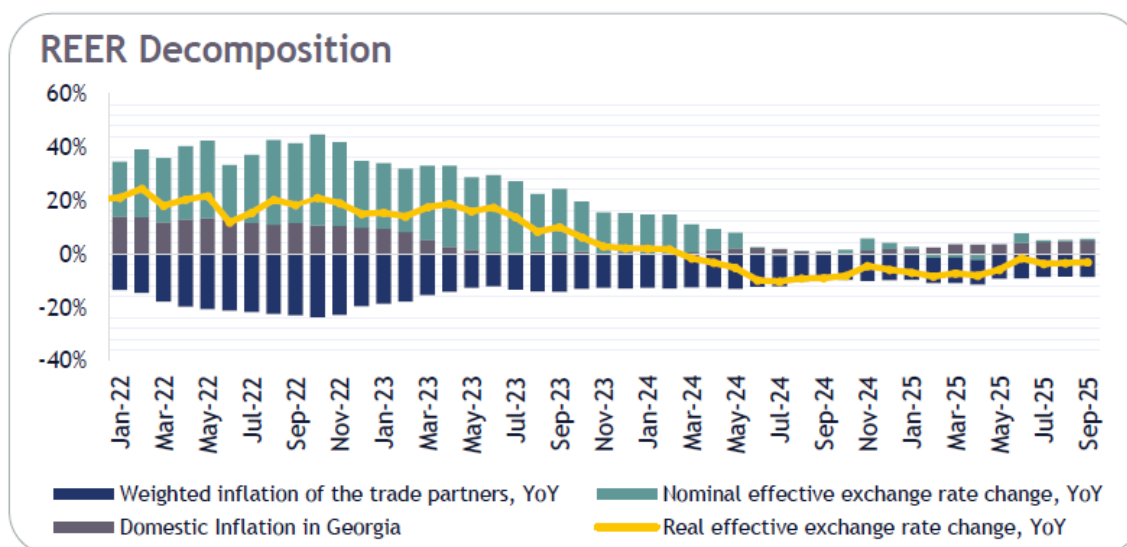
Source: Geostat, NBG.

The following graph sets forth the REER trend and actual numbers for the periods indicated:



Source: Geostat, NBG, NBG estimates.

The following graph sets forth the REER depreciation for the periods indicated:



Source: Geostat, NBG, NBG estimates.

Net Foreign Assets

The following table sets forth the net foreign assets of the NBG in Lari as at the end of each period indicated:

	Net Foreign Assets			
	Net Foreign Assets	Gross Official Reserves	Use of IMF Resources	Foreign exchange reserves ⁽¹⁾
				<i>(in months of imports of goods and services)</i>
		<i>(GEL millions)</i>		
Ten months ended 31 October 2025	12,956.72	15,205.82	901.07	3.74
2024	10,172.60	12,486.20	994.15	3.16
2023	11,100.69	13,472.82	1,092.49	3.85
2022	10,832.39	13,243.93	1,165.20	4.34
2021	10,288.35	13,234.65	1,447.20	5.08

Note:

- (1) Foreign exchange reserves are calculated as Gross Official Reserves excluding holdings of SDRs. The 2020 data is calculated using balance of payment data for the third quarter of 2020.

Source: NBG

The following table sets forth the net foreign assets of the NBG in U.S. Dollars as at the end of each period indicated:

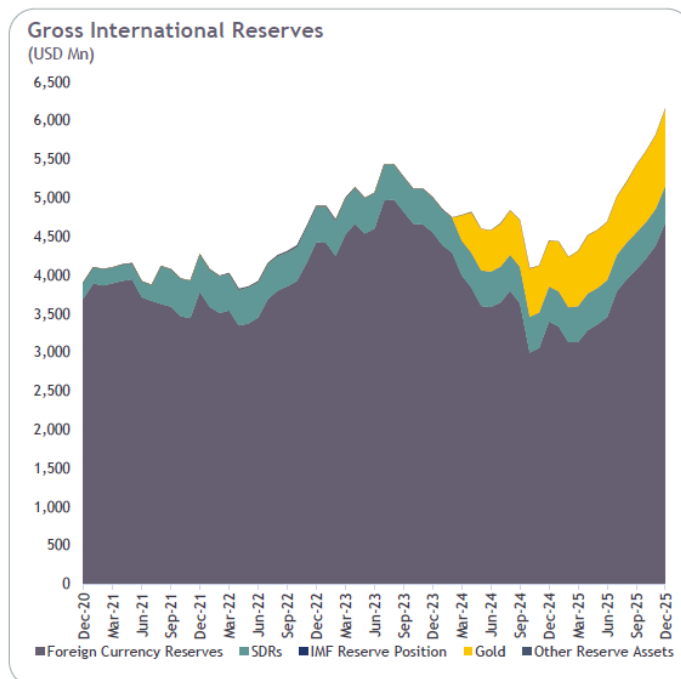
	Net Foreign Assets in U.S. Dollars		
	Net Foreign Assets	Gross Official Reserves	Use of IMF Resources
		<i>(U.S.\$ millions)⁽¹⁾</i>	
Ten months ended 31 October 2025	4,774.2	5,602.9	332.0
2024	3,624.3	4,448.6	354.2
2023	4,127.6	5,009.6	406.2
2022	4,009.0	4,901.5	431.2
2021	3,321.4	4,272.6	467.2
2020	3,331.1	3,910.6	372.0
2019	3,054.9	3,505.8	251.2
2018	2,920.3	3,288.8	167.2

Note:

(1) GEL amounts have been converted into U.S. Dollar amounts using the period-end exchange rate specified under the heading "Exchange Rate History".

Source: NBG

The following graph sets forth the net foreign assets of the NBG in U.S. Dollars as at the end of each period indicated:



Source: NBG, IMF.

The NBG's net foreign assets are predominantly comprised of foreign currency reserves, which are held in a mixture of foreign currencies, SDRs and reserves from the IMF.

Banking Sector

As at 31 December 2025, there were 17 commercial banks and two microbanks operating in Georgia, of which 16 had foreign capital participation. The Government of Georgia has no capital participation in the Georgian banking industry.

As at 31 October 2025, the total assets of the Georgian banking sector were GEL 104,716 million, compared to GEL 95,829 million as at 31 December 2024, an increase of GEL 8,886 million or 9.3%, which was primarily due to real growth in the loan portfolios and investment securities of Georgian banks. The majority of the assets of Georgian banks are comprised of loans, which accounted for GEL 68,813 million, or 65.7% of total assets, as at 31 October 2025. The share of foreign (non-resident) ownership in total assets and total capital of the system was 88.3% for assets and 87.6% for capital.

There are no restrictions under applicable Georgian law on the foreign ownership of banks. Georgia's two largest banks are listed on the Premium segment of the Main Market of the London Stock Exchange and have significant foreign ownership. The NBG believes that, in general, increasing foreign investment in the Georgian banking sector has supported the development of a competitive and resilient banking market.

Since 2021, Georgia's banking sector has demonstrated strong and sustained growth in both total assets and lending volumes, reflecting increased economic activity, rising credit demand, and improved financial intermediation. Following the COVID-19 pandemic, the sector experienced a significant surge in profitability. Notably, these elevated profitability levels have not been temporary; they have remained robust even in the post-pandemic normalisation phase, indicating the structural strength and resilience of the banking system. The NBG expects that the sector's positive performance will persist over the medium term and commercial banks will continue to generate high profitability due to stable macroeconomic conditions, sustained credit growth, and effective supervisory policies. This outlook suggests that the Georgian banking sector remains well-capitalised, liquid, and capable of supporting economic growth while maintaining financial stability.

The following table sets forth the aggregate balance sheet and certain key ratios of the Georgian banking sector as at the dates indicated:

Aggregate Balance Sheet and Key Ratios of Banking Sector in Georgia

	As at 31 December						As at 31 October	
	2018	2019	2020	2021	2022	2023 ⁽³⁾	2024	2025
	<i>(GEL millions)</i>							
Cash.....	1,429	1,770	1,985	2,178	2,722	2,542	2,593	2,422
Balances on Correspondent Accounts.....	6,080	7,073	9,062	7,884	11,362	10,722	10,680	12,529
Securities for Dealing Operations.....	0	0	12	39	142	54	194	83
Investment Securities ⁽¹⁾	4,162	4,383	6,059	5,338	8,402	9,603	14,878	15,402
Net Loans.....	25,291	30,610	35,793	41,094	43,368	52,760	62,485	68,813
Accrued Interest and Dividends.....	295	369	689	600	617	0	0	0
Equity Investments.....	174	201	206	219	218	234	476	471
Fixed Assets.....	1,327	1,757	1,732	1,783	2,012	2,260	2,506	2,857
Other Assets.....	926	1,022	1,332	1,437	1,509	1,856	2,016	2,139
Total Assets.....	39,683	47,183	56,871	60,568	70,352	80,032	95,829	104,716
	868	1,004						
Bank Deposits.....	9,674	11,304	797	814	1,731	1,772	2,247	1,952
<i>Demand Deposits.....</i>	<i>13,362</i>	<i>14,934</i>	<i>18,502</i>	<i>21,431</i>	<i>27,542</i>	<i>30,346</i>	<i>30,873</i>	<i>33,779</i>
<i>Time Deposits.....</i>	<i>23,036</i>	<i>26,239</i>	<i>16,126</i>	<i>15,754</i>	<i>16,732</i>	<i>20,255</i>	<i>27,444</i>	<i>31,980</i>
Non-Bank Deposits.....	206	240	34,628	37,185	44,274	50,601	58,317	65,759
	7,979	9,487						
Accrued Interest and Dividends Payable...	2,462	4,467	283	279	327	5	7	127
Borrowed Funds.....	34,551	41,438	11,509	11,367	12,355	13,238	19,585	19,263
Other Liabilities.....	1,018	1,042	3,805	3,192	2,412	2,179	1,471	2,197
Total Liabilities.....	1,145	1,129	51,023	52,837	61,099	67,796	81,628	89,298
	2,970	3,574						
Share Capital.....	5,132	5,745	1,042	1,028	1,064	1,153	1,142	1,203
Share Premium and Reserves.....	39,683	47,183	1,163	1,241	1,330	1,013	1,480	1,095
Retained Earnings.....	64	65	3,644	5,462	6,859	10,071	11,910	13,119
Equity.....	19	19	5,848	7,731	9,252	12,237	14,201	15,418
Total Liabilities and Equity.....	106	112	56,871	60,568	70,352	80,032	95,829	104,716
	110	117						
Key Ratios	69	66						
Net Loans/Total Assets (%).....	40	41	63	68	62	66	65	66
Liquid Assets ⁽²⁾ /Total Assets (%).....	23	23	19	17	20	17	14	14
Net Loans/Total Deposits (%).....	1,429	1,770	101	108	94	101	103	102
Net Loans/Non-Bank Deposits (%).....	6,080	7,073	103	111	98	104	107	105
Total Deposits/Total Liabilities (%).....	0	0	69	72	75	77	74	76
Demand Deposits/Total Deposits (%).....	4,162	4,383	52	58	62	60	53	51
Borrowed Funds/Total Liabilities (%).....	25,291	30,610	23	22	20	20	24	22

Notes:

- (1) "Investment securities" comprise local currency-denominated T-bills, T-bonds and the NBG's Certificates of Deposits, all of which are eligible as collateral for the NBG's refinancing facility as well as overnight and intraday loans. See "General Government Debt".
- (2) "Liquid Assets" is defined as cash, certain balances held with other financial institutions and certain securities in accordance with the NBG regulations.
- (3) Since 2023, the NBG requires commercial banks to use IFRS methodology for all reporting. Before 2023 reporting was based on local GAAP. Since 2023 reporting is done per IFRS.

Source: NBG

The following table sets forth the aggregate profit and loss statement and certain key ratios of the Georgian banking sector for the periods indicated:

Aggregate Profit and Loss Statement and Key Ratios of the Banking Sector in Georgia						
	Year ended 31 December					Ten months ended 31 October
	2020	2021	2022	2023⁽³⁾	2024	2025
	<i>(GEL millions)</i>					
Interest Income	3,980	4,819	5,745	7,154	8,463	8,323
Interest Expense	2,184	2,333	2,777	3,264	4,097	4,026
Net Interest Income	1,796	2,486	2,968	3,890	4,366	4,297
Non-Interest Income	902	1,195	1,790	1,600	1,884	1,427
Non-Interest Expense	1,288	1,524	1,899	1,712	2,252	2,108
Net Non-Interest Income	(386)	(329)	(109)	(112)	(368)	(680)
Net Profit (Loss)	99	2,082	2,087	2,716	3,098	2,690
Key Ratios						
Return on Average Assets (%)	0.2	3.6	3.2	3.6	3.5	2.7
Return on Average Equity (%)	1.4	30.7	24.6	24.0	23.4	18.2
Net Interest Margin (%)	3.5	4.2	4.5	5.1	5.0	4.3
Cost to Income ⁽¹⁾ (%)	47.8	41.4	39.9	31.2	36.0	36.8
Operational Profitability ⁽²⁾ (%)	2.8	3.2	3.7	4.1	3.9	3.1

Notes:

- (1) "Cost to Income" is defined as non-interest expense divided by the sum of net interest income and non-interest income and adjusted for gains or losses on dealing.
- (2) "Operational Profitability" is defined as pre-impairment income adjusted for gains or losses on dealing.
- (3) Since 2023, the NBG requires commercial banks to use IFRS methodology for all reporting. Before 2023 reporting was based on local GAAP. Since 2023 reporting is done per IFRS.

Source: NBG

Non-Performing Loans

Non-performing loans ("NPLs") increased in 2024 from GEL 1,815 million as at 31 December 2023 to GEL 1,926 million as at 31 December 2024, an increase of 6.1%. The ratio of NPLs to total loans was 3.1% as at 31 December 2024, 3.4% as at 31 December 2023, 4.1% as at 31 December 2022, 5.2% as at 31 December 2021 and 8.4% as at 31 December 2020. The ratio of NPLs to total loans was 3.2% as at 31 October 2025.

The following table sets forth certain statistics relating to NPLs as at the dates indicated:

	Non-Performing Loans							As at 31 October
	As at 31 December							
	2018	2019	2020	2021	2022	2023	2024	2025
NPLs ⁽¹⁾ (GEL millions)	1,480	1,414	3,203	2,255	1,838	1,815	1,926	2,216
Total outstanding loans (GEL millions)	26,602	31,957	38,235	43,097	45,167	52,868	62,525	68,271
NPLs ⁽¹⁾ /total loans (%)	6%	4%	8%	5%	4%	3%	3%	3%
Reserves for loan losses ⁽²⁾ /Total loans (%)	5%	4%	6%	5%	4%	5%	5%	5%
NPL coverage ratio ⁽³⁾	46%	44%	38%	42%	42%	49%	51%	51%
NPL coverage ratio ⁽⁴⁾	88%	95%	67%	86%	97%	112%	119%	120%
Equity/Net loans (%)	1,480	1,414	16%	19%	21%	23%	23%	22%

Note:

- (1) The NPL figures presented are calculated in accordance with the NBG's methodology.
- (2) Reserves for Loan Losses is calculated as the sum of Reserves for total loans and the CRA Buffer.
- (3) Reserves for NPLs divided by NPLs. In this calculation, NPL includes amount of foreclosed real estate; Reserves for NPLs include reserves on foreclosed real estate and amount of CRA Buffer on stage 3 loans.
- (4) Reserves for total loans divided by NPLs. In this calculation, reserves for total loans include reserves on foreclosed real estate and total amount of CRA Buffer.

Source: NBG

Banking Supervision

Key Prudential Requirements

The principal laws regulating the Georgian banking sector are the NBG Law, the Law on Activities of Commercial Banks of Georgia (the "**Banking Law**") and the Law on the Activities of Microbanks of Georgia (the "**Microbanking Law**"). The NBG supervises the banking sector. The mentioned laws (i) set out the list of permitted and prohibited activities for banks and microbanks, (ii) establish the framework for (x) the licensing of banks and microbanks in Georgia and (y) the regulation of banking activity supervision. In 2023, the Microbanking Law was adopted by the Parliament of Georgia, which was aimed to create a medium-sized, stable business model and a new financial institution with a high reputation in the financial sector, to promote lending of entrepreneurial and agricultural activities, to increase competition and reduce interest margins on credit products. As a result, a microbank was added to the list of supervised entities of the NBG.

In addition, Georgia's regulatory and supervisory framework now encompasses the concept of the so-called "digital banks". In particular, for the purpose of promoting the stability and development of the financial sector including the use of substantially new and innovative financial technologies in the local market and increasing consumer access to financial services, the NBG is authorised to issue a conditional license to a legal entity by temporarily simplifying the requirements established by the legislation of Georgia regarding minimum capital for commercial bank licensing. Furthermore, the NBG has published its guiding principles for digital bank licensing. The principles define how the business model may be qualified by the NBG as fit for conditional license and what additional requirements/conditions and stages relevant licensing process includes. As at 31 December 2025, there are three so-called digital banks (via conditional licenses) on the market.

The NBG supervises Georgian commercial banks and microbanks under risk-based supervision principles within the framework of a general risk assessment programme ("**GRAPE**"). GRAPE is a continuous cycle of risk-based supervision aimed at assessing the risk levels of commercial banks and developing relevant supervisory actions. Risk assessment is mainly based on the "CAMEL" assessment framework, the consultative documents on the Core Principles of Effective Banking Supervision by the Basel Committee of Banking Supervision (the "**BCBS**" or the "**Basel Committee**"), and other international best practices, including developments in the Supervisory Review and Evaluation Process guidelines. In 2022, the NBG published the General Risk Assessment Programme (GRAPE) Manual, which is designed to provide commercial banks, investors, depositors, and other interested parties with information on the National Bank's supervisory approaches, including risk assessment methodologies. This contributes to the development of sound expectations in the financial sector and to the prevention of pro-cyclical behaviour. Within the GRAPE framework, commercial banks' risk levels are assessed by the NBG according to the following risk categories: (i) credit risk; (ii) liquidity risk; (iii) market risk; (iv) operational and cyber risk; (v) business model and profitability risk; (vi) macroeconomic environment, (vii) group structure and (viii) corporate governance. The assessment involves evaluation of inherent risks and their mitigating factors in each risk category (except in relation to corporate governance risks), during which risk categories are assigned risk weights and risk scores.

After assessing these risks and their potential impact, the NBG determines the level of supervision necessary and puts into place appropriate measures to mitigate the risks identified. As part of such supervisory measures, the NBG can require a bank to increase the amount of resources allocated to mitigate significant risks. In addition, based on GRAPE assessments, banks may be required to hold additional capital as part of Pillar 2 requirements for risks which are not adequately covered in Pillar 1 of the capital adequacy framework described below. Within the GRAPE framework, the assessment covers an 18-month cycle, which means that after the completion of the assessment, a commercial bank is given one year to work on specific issues, after which the National Bank, over the following six months, re-assesses each commercial bank. Supervisory measures can be taken at any time the NBG deems such measures necessary, whether following a general assessment of a bank's risk profile, or after obtaining specific information which the NBG deems to warrant a specific measure.

Capital Regulations

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. The amendments also designated three commercial banks in Georgia as domestic systemically important banks ("**DSIBs**"). DSIBs are required to set aside more Common Equity Tier 1 Capital relative to risk weighted assets ("**RWAs**"). In December 2024 the regulation on establishing a systemic buffer for systemically important commercial banks was updated. To determine which banks should be considered as systemically important, the NBG's regulation is based on the BCBS's recommendations and the European Banking Authority's ("**EBA**") methodology. In addition, the

specific characteristics of the Georgian financial sector are taken into consideration. Those characteristics include the share of a bank's assets in the total banking system, its interaction with other banks, and its substitutability and complexity.

All commercial banks are required to have minimum regulatory capital of no less than GEL 50 million.

The minimum regulatory capital for a legal entity applying for a microbank license is GEL 10 million.

Pillar 1 requirements (including combined buffer requirements)

The 2017 amendments to the regulation on capital adequacy requirements for commercial banks made Pillar 1 minimum requirements in Georgia compatible with the Basel III framework established by the BCBS. The amendments included:

- the separation of the 2.5% capital conservation buffer, which was previously merged with minimum capital requirements (Common Equity Tier 1 Capital, Tier 1 Capital and Total Regulatory Capital). The minimum regulatory capital requirements are:
 - 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%; and
- the introduction of a requirement that banks hold an additional 'combined buffer' through Common Equity Tier 1 Capital, consisting of capital conservation, countercyclical and systemic buffers.

The rate for the capital conservation buffer has been set at 2.5% of RWAs. The countercyclical buffer can vary within the range of 0% to 2.5% and is reviewed quarterly based on the prevailing financial and macroeconomic environment. By the decision of the Financial Stability Committee in November 2023, banks are obliged to meet the positive neutral countercyclical capital buffer rate of 0.75% by 15 March 2026 and 1% by 15 March 2027. Separate capital conservation buffer requirements apply to DSIBs.

Pillar 2 requirements

In accordance with the Basel III framework, the NBG also introduced additional capital buffer requirements for commercial banks within Pillar 2 that are based on a supervisory review and assessment process and deal with bank-specific risks that are not sufficiently covered under Pillar 1, including: an unhedged currency-induced risk buffer ("CICR"), a credit portfolio concentration buffer ("HHI"), a net stress-test buffer, credit risk adjustment buffer ("CRA") and a net GRAPE buffer.

With effect from 1 January 2023, CRA was introduced as part of transitioning to IFRS with a view to reducing the credit risk caused by insufficient expected credit losses set up for assets, and determining an adequate capital buffer.

Capital buffers under Pillar 2 (except "CRA" and net stress-test buffers) should be proportionately incorporated in capital requirements (Common Equity Tier 1 Capital of 4.5%, Tier 1 Capital of 6.0% and Total Regulatory Capital of 8.0%). Therefore, 56% of the capital required under Pillar 2 (except for the net stress-test and CRA capital buffers) should be held through Common Equity Tier 1 Capital, while 75% of the capital should be held through Tier 1 Capital and 100% of the capital should be held through Total Regulatory Capital. Pursuant to the amendments adopted by the NBG in December 2022 and October 2023, the net stress-test and CRA buffers are required to be held 100% through CET 1 Capital. Commercial banks were given appropriate timeframes for the purposes of complying with Pillar 2 requirements, as the additional Pillar 2 buffers were originally planned to be implemented over a five-year transitional period, during which the required composition of the buffers would become more stringent by increasing the required proportions of Common Equity Tier 1 Capital and Tier 1 Capital. As of March 2023, all Pillar 2 buffers were fully phased in.

Capital framework is similar for microbanks, except systemic risk, CICR, HHI and net stress test buffers are not determined for microbanks because of their size and business model.

Pillar 3 requirements

In June 2017, the NBG adopted a Regulation on Disclosure Requirements for commercial banks under Pillar 3, requiring commercial banks to disclose qualitative and quantitative information about their regulatory capital

elements, RWAs, risk management, remuneration of senior management and other material issues, within the framework of Basel III. Pillar 3 quarterly and annual reporting forms are available on the official website of the NBG.

As of 2023, the same disclosure regime was extended also to institutions holding a microbank license. Under the regulation adopted by NBG in June 2023, microbanks must submit Pillar 3 reports, including the same categories of information as commercial banks.

Furthermore, the respective regulations were amended to require that information related to green/social/sustainable loans must be disclosed in the ESG reporting and disclosure form of the Pillar 3 annual report (for both, commercial banks and microbanks).

COVID-19 related relaxations follow-up

Capital buffers released at the beginning of the COVID 19 crisis began to restore on 1 January 2022. Banks were given a deadline of 1 January 2023 to restore the CICR buffer, and 1 January 2024 to meet the capital conservation buffer requirement. As of January 2024, all banks restored the buffer requirements. In addition, during 2023, banks were actively raising capital instruments, both in the form of Tier 2 capital and Additional Tier 1 capital instruments.

The following table sets forth certain statistics relating to capital adequacy ratios as at the dates indicated:

	As at 31 December							As at 31 October
	2018	2019	2020	2021	2022	2023 ⁽¹⁾	2024	2025
Equity/Total Assets	12.9	12.2	10.3	12.8	13.2	15.3	14.8	14.7
NBG Tier I Capital Adequacy Ratio	13.5	14.6	12.8	15.6	19.6	19.7	20.2	20.2
NBG Total Capital Adequacy Ratio	18.4	19.4	17.6	19.6	21.6	22.1	22.7	22.7

Note:

(1) From 2023, calculations are based on IFRS reporting.

Source: NBG

Provisioning

The transition of commercial banks' supervisory reporting to IFRS, as outlined in the 2020-2022 Supervisory Strategy, was a key step toward harmonising Georgia's regulatory framework with international standards. During this period, the NBG developed the transition concept and approved the Regulation on Identifying Risk Categories of Financial Instruments and Expected Credit Losses, which took effect on 1 January 2023. As a result, banks must now follow IFRS-based supervisory methodologies, bringing Georgia's reporting practices closer to those of advanced economies.

A guiding principle of the NBG during this transition was to maintain a neutral impact on the cost of regulatory capital, ensuring that changes in accounting standards would neither increase capital requirements nor weaken banks' capital positions. To achieve this, the NBG introduced the CRA buffer, included in the Pillar 2 capital buffer framework. The CRA buffer compensates for credit risk arising from insufficient expected credit loss provisions and supports adequate capital levels.

In 2022, to implement these reforms effectively, the NBG cooperated extensively with supervised institutions, the Bankers' Association, external auditors, public agencies, international organisations and foreign supervisory authorities.

Counterparty Credit Risk

In January 2025, the NBG adopted a new Regulation on Counterparty Credit Risk. The regulation introduces a risk-based standardised framework, replacing the previous principles-based approach, and aligns with Basel III requirements. Under the new framework, the calculation of Exposure at Default ("EAD") incorporates the counterparty's credit rating, the value of eligible collateral, the current replacement cost of derivative contracts, and the measure of future potential exposure. This methodology enhances the prudential treatment of derivative transactions and ensures that banks maintain adequate capital from the date of the regulation's entry into force.

Other Mandatory Prudential Ratios

Apart from mandatory capital adequacy ratios, the NBG is authorised to set other prudential ratios, including lending limits, leverage ratios and other economic ratios.

Bank Governance

In September 2018, the NBG adopted the Corporate Governance Code. The Corporate Governance Code implements internationally recognised practices, including the BCBS's guidelines on Corporate Governance Principles for Banks, OECD Principles of Corporate Governance, requirements of EU directives (CRD, CRR) and recommendations of the EBA. The Corporate Governance Code sets forth requirements in respect of composition of supervisory boards, which includes providing requirements on gender diversity in the board and a minimum number of independent board members. Namely, the supervisory board should be comprised of a sufficient number of members commensurate with the size and complexity of the bank. Additionally, no less than one-third of supervisory board members and at least two members should be independent. Furthermore, to improve gender diversity in supervisory boards and directorates of commercial banks amendments were made in "corporate governance code" in August 2022 for increasing gender diversity. Specifically, banks were required to have at least 33% representation of the underrepresented gender in their supervisory boards by 1 June 2023 and at least 40% by 1 June 2025. In addition, the Corporate Governance Code defines the standards for creating supervisory board committees, duties and responsibilities of the board of directors, risk management, internal audit and remuneration standards. The supervisory board retains primary responsibility for corporate governance within a commercial bank at all times. Similar corporate governance requirements apply to microbanks.

Regulation of Commercial Bank Directors/Management and Supervisory Board Members

Any administrator of a commercial bank or microbank, as well as any person holding a significant share, must meet the "fit and proper" criteria, as defined by laws and regulations.

The "fit and proper" compatibility criteria apply to the following persons: members of the supervisory board and the management board (executive board) of commercial banks/microbanks; and other persons who directly or indirectly have the authority and responsibility to plan, manage and/or control banking activities. The list of relevant positions is approved by the Supervisory Board of the bank.

Additionally, any person, or a group of jointly acting partners (shareholders) who directly or indirectly own more than 10 per cent. of the paid-up capital or authorised capital and/or voting shares of a commercial bank/microbank and/or the ability of a person or a group of jointly acting partners (shareholders) to exercise significant influence and/or control over a commercial bank/microbank, regardless of the amount of share capital and/or voting shares, must also meet the "fit and proper" criteria.

It should be mentioned that the fit and proper requirements of administrators in banks as well as rules/requirements for acquisition of qualifying holdings in banks are based upon and compliant with relevant EU legislation.

Resolution Framework

In December 2019, with the assistance and support of IMF technical experts the Georgian Parliament adopted the Resolution Framework, which is based on the highest international standards, including Financial Stability Board's ("FSB") standards and, in some respects, the BRRD applicable in the European Union. The Resolution Framework was adopted through amendments to the Banking Law and the NBG Law. In addition, relevant secondary normative acts were adopted within the resolution framework by the NBG and the Ministry of Finance (the "MoF"). The NBG and commercial banks in Georgia cooperated closely on the respective draft laws to ensure that the Georgian regulations reflect the principal traits of the BRRD and international best practice.

In the event of financial difficulties of a bank, the framework ensures early and effective responses and broad powers of the NBG to resolve or restructure that bank with the aim of protecting financial stability, depositors and critical functions of the bank while minimising the use of public funds for resolution purposes. The framework also protects the rights of senior creditors via the no creditor worse off ("NCWO") principle and no mandatory bail-in requirement during resolution.

The purpose of the Resolution Framework is to enable the NBG to resolve critical problems of commercial banks prior to mandating compulsory liquidation, and to ensure this is done in a swift and efficient manner while taking a hands-on approach, whilst also ensuring minimum distress to the commercial bank's clients, investors, and market.

Deposit Insurance

In June 2017, the Georgian Parliament adopted a new Law on System of Deposit Insurance, according to which deposits of individuals were subject to insurance coverage up to the amount of GEL 5,000 which was increased to GEL 15,000 from July 2020. From January 2024, that coverage limit was raised to GEL 30,000. Furthermore, according to the latest amendment, starting April 2026, the insured deposit coverage will be increased to GEL 50,000. Most provisions of this law became effective from 1 January 2018, except the provision regarding determination of specific percentage of a monthly premium by the Deposit Insurance Agency which entered into force on 1 January 2020. The insurance premium payable by commercial banks and microbanks consists of: (i) an initial premium of GEL 100,000; (ii) a monthly premium, which shall not exceed 0.067% of Lari-denominated deposits and 0.1% of foreign currency-denominated deposits, provided that the specific percentage of the premium for each commercial bank and microbank will be determined by the Deposit Insurance Agency on an annual basis through a risk-based assessment of the bank; and (iii) a special premium determined by the Deposit Insurance Agency if upon occurrence of an insurance event there are insufficient funds in the deposit insurance fund to compensate the insured deposits.

Operation of Clearing and Settlement Facility

The NBG is empowered to assist banks to organise facilities for the clearing and settlement of interbank payments and may establish procedures and issue such regulations relating thereto as it deems appropriate to ensure the efficient operation of the payment system.

Supervision and Licensing

Based on the NBG Law, the NBG is responsible for the supervision of the activities of commercial banks, microbanks, banking groups, non-bank depository institutions, microfinance organisations, independent securities registrars, brokerage companies (except insurance brokers), stock exchange, central depository, specialised depository, asset management companies, obliged entities, pension fund, foreign currency exchange units, investment funds, authorised securitisation special purpose entities, payment system operators, payment service providers, credit information bureau, loan issuing entities and virtual asset service providers.

To perform supervisory duties, the NBG shall be authorised to issue decrees and orders, implement relevant measures, give written instructions, set additional requirements and limitations, apply supervisory measures and/or sanctions, request and receive, within its authority, any information (including confidential information) from persons subject to the supervision of the NBG.

The NBG has the power to issue and revoke licenses and registrations (if applicable), carry out inspections, impose restrictions and sanctions and place banks and non-bank depository institutions (as well as certain other financial institutions) into temporary administration and/or resolution and/or liquidation.

Licensing requirements for commercial banks and microbanks are provided by the Banking Law and Microbanking Law respectively, as well as in relevant by-laws. Licensing requirements, fit and proper requirements of administrators in banks as well as rules/requirements for acquisition of qualifying holdings in banks are based on and compliant with relevant EU legislation.

Supervisory mandate, including specific basis for license revocation, measures and sanction by which NBG is empowered towards the commercial banks and microbanks are also determined by mentioned laws and respective regulatory framework.

According to the NBG Law, to carry out supervision of the banking groups (groups of legal entities comprising a commercial bank, microbank and its parent company/companies, subsidiaries, affiliated and joint enterprises of the commercial bank, microbank and its parent company/companies within and outside the country, which are meanwhile financial institutions and/or entities engaged in banking related activities and/or bank holding companies). The NBG has the power to: (i) audit a banking group on-site and remotely; audit accounting documents, reporting components and other materials individually and in consolidated manner; (ii) have full access to the data and documents relating to the supervisory board, management and staff of each member of the banking groups; (iii) assess the risk profile, risk management framework and internal control mechanisms of the banking groups; (iv) set requirements regarding formation of the banking groups' structures, including to request changes (simplifications) to the ownership structure and/or group structure if the existing structure hinders the implementation of effective supervision and/or threatens or may threaten the stability and healthy functioning of the commercial bank/microbank and/or financial sector; and (v) set capital adequacy, information disclosure, fit and proper persons criteria, corporate governance, reporting and/or other audit related requirements for each commercial bank/microbank/member within the group.

Within the framework of the EU Association Agreement between Georgia, the EU and the European Atomic Energy Community and their Member States to fulfil assumed obligations and to approximate with Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002. In 2023, the Parliament of Georgia adopted the Law of Georgia, “On Supplementary Supervision of Regulated Entities in a Financial Conglomerate”. The law provides that, independently of sectoral supervision regulations, additional supervision of regulated enterprises included in a financial conglomerate may be carried out using separate methods for calculating additional capital adequacy/solvency margin requirements. In addition, the law provides for the authority to issue a legal act on the aforementioned methods. The NBG, in cooperation with the State Insurance Supervision Service of Georgia, developed and approved the “Regulation on Calculating Additional Capital Adequacy/Solvency Margin Requirements for Regulated Enterprises Included in a Financial Conglomerate” by a joint Decree of the Governor of the NBG and the Head of the State Insurance Supervision Service of Georgia. As at 31 December 2025, there was no group to qualify as a conglomerate in Georgia.

In addition, NBG is working to elaborate framework for supervision of the banking groups on consolidated basis, mandate of which is provided by the NBG Law, as mentioned above.

Regulation of Reporting Rules and Capital Requirements

The NBG sets accounting and reporting rules and procedures for entities subject to its supervision, including commercial banks, microbanks and non-bank depository institutions and is entitled to carry out an audit of all of the relevant documents of such institutions and their subsidiaries. Starting from 2023, the NBG has transitioned its regulatory reporting to IFRS. As a result, commercial banks comply with regulatory requirements using IFRS based figures and approaches. The NBG has the power to determine minimum capital requirements, among others, for banks and non-bank depository institutions and to obtain information about sources of capital, as well as owners and beneficial owners of significant interests in commercial banks and microbanks. The NBG issues various regulations related to its supervisory functions.

Reporting

Not later than 1 October each year, the NBG submits a draft document on the main directions of the monetary and foreign exchange policy for the following three years to the Georgian Parliament for approval by the end of that year. If the Georgian Parliament fails to approve the draft document on the main directions of the monetary and foreign exchange policy by the end of the respective year, the NBG operates in accordance with its draft proposals. The draft document on the main directions of monetary and foreign exchange policy includes the targeted level of inflation, the main instruments of monetary policy used to attain the targeted inflation rate and a discussion of potential risks.

Within four months of the end of each fiscal year, the NBG submits a report on the implementation of its monetary and foreign exchange policies to the Georgian Parliament for its approval.

Insolvency Regime

The NBG is entitled to revoke the banking licence of any bank that becomes insolvent, as well as under certain other circumstances. Upon revocation of its licence, the bank is liquidated in accordance with the procedure set forth in the Banking Law and the Microbanking Law. If the liquidated commercial bank/microbank was a payment system operator or a settlement agent, upon appointment, the liquidator must settle transfer orders received by the system prior to his appointment, establish settlement positions of the system participants and execute settlement in accordance with the Payment Systems Law. Upon the liquidation of a commercial bank/microbank, creditors holding financial collateral are entitled to the preferential satisfaction of their claim secured by such financial collateral.

Bank Recovery and Resolution

In accordance with the new recovery and resolution framework the NBG has been mandated to resolve critical problems of commercial banks at an early stage of financial difficulties, to facilitate an alternative to resolution instead of mandatory liquidation and to ensure resolution is carried out in a swift and efficient manner while taking a hands-on approach and also ensuring minimum distress to the relevant commercial bank's clients, investors and the market generally. Moreover, the framework sets mandatory recovery planning for commercial banks, annually assessed and reviewed by the NBG's supervisory function. The plan includes a set of actions the bank would apply in case it encounters financial difficulties and overpasses certain thresholds to avoid a potential failure. Additionally, the NBG is authorised to put in place expanded supervisory measures and/or appoint a temporary administrator in the early stages of a bank's financial and/or operational difficulties. Should such recovery measures fail and the circumstances indicate that the bank is either still failing or likely to fail based on

the NBG's assessment, the NBG has the power to take over the management of the bank to resolve financial and/or operational difficulties. The grounds for resolution are the same as for license revocation.

Based on the Banking Law, commercial banks are required to adopt and submit and subsequently review their recovery plans annually and, if necessary, update them. The recovery plan must also be updated if the bank's activities, structure, risk profile, or the assumptions underlying the plan have changed significantly. Moreover, a commercial bank must submit to the NBG a recovery plan approved by its supervisory board. The NBG reviews and assesses the plan and may require the bank to make changes to address any material deficiencies that could jeopardise implementation of the plan.

The following resolution tools are available to the NBG: (i) merger of a commercial bank with another bank; (ii) sale of shares and/or assets of the bank to a third party; (iii) transfer of shares and/or assets of the bank to a bridge bank; (iv) recapitalisation of the bank by means of an issuance of new shares; or (v) a write-down or conversion of its obligations (bail-in). The proposed measures undertaken to resolve financial and/or operational difficulties are intended to ensure that: (i) no creditor incurs greater losses than would have been incurred if the bank had been wound up under liquidation proceedings; (ii) creditors of the bank bear losses after the shareholders in accordance with the order of priority of their claims under liquidation proceedings; (iii) creditors of the same class are treated in pari-passu manner; and (iv) the shareholders of the bank bear losses first.

Additionally, from December 2023, it became mandatory for the commercial banks to include the contractual clause of recapitalisation by means of a write-down or conversion of bank's liabilities (bail-in clause) in capital instrument contracts that are fully or partially subject to foreign regulations or legislation.

Furthermore, to promote financial stability, the NBG has established a Minimum Requirement for Own Funds and Eligible Liabilities (MREL) for DSIBs. The purpose of the MREL requirement is to ensure that banks pre-structure their balance sheets in a way that facilitates their recapitalisation and supports their resilience in times of stress. For DSIBs the MREL requirement has been set at (i) 10% from 1 January 2024, (ii) 15% from December 2025 and (iii) 20% from 31 December 2027. Starting from 2024, DSIBs are required to submit monthly MREL reports to the NBG. Additionally, in 2024, the NBG prepared amendments to the "Regulation on Disclosure Requirements For Commercial Banks Within Pillar 3", which stipulate that starting from 1 January 2025, banks must disclose information regarding their compliance with the MREL requirement in their Pillar 3 reports. This information must be published on a quarterly and annual basis.

Starting from 2025, commercial banks are required to make ex-ante contributions to the Resolution Fund to reach a legally defined target level, which amounts to 3% of insured deposits. Banks have been given an 8-year period to reach the 3% target. This period may be adjusted if the fund's resources are used or if the deposit insurance coverage limit is increased. Contributions by commercial banks are proportional to their share of assets in the system, taking into account their individual risk profiles. The ex-ante fund is administered by the NBG, which, under the law, has the authority to delegate its administration to the Deposit Insurance Agency.

It is noteworthy that the 2019 amendments authorise the MoF to provide temporary public funding to support the implementation of resolution actions when financial stability issues are still in place and no private solution is available, including fully exhausting the resources of the ex-ante Resolution Fund. Unlike the BRRD, which has a precondition of 8% bail-in of total liabilities and own funds for the access to the ex-ante Resolution Fund, the Georgian resolution framework does not contain such a precondition but, for flexibility purposes, it merely states that the ex-ante fund is accessible once all shares, and other regulatory capital instruments have been written-down and/or converted. Together with the NCWO principles, the NBG's approach represents a balanced model protecting creditors' interests, on the one hand, and the financial stability of the Georgian banking system, on the other hand.

Financial collateral, netting and derivatives

The Georgian Parliament, following consultation with the EBRD, passed the Derivatives Law. The Derivatives Law came into force in January 2020. The Derivatives Law is formulated based on international best practice (with a particular emphasis on Georgian market specifications), and will regulate the local financial markets together with amending Georgian capital market legislation. The EBRD was heavily involved in providing technical assistance to the NBG in drafting the Derivatives Law and assisted with drafting the package and capacity-building. The Derivatives Law project was also coordinated with, and supported by, the ISDA. An ISDA legal opinion on Georgia was issued in July 2020.

Capital Markets

The Georgian economy is highly bank-based, with around 90% of the financial sector assets concentrated in the banking sector. The capital markets are at an early stage of development. Plain vanilla bonds and ordinary shares are the most prevalent instruments of market-based financing.

Throughout the past few years, the domestic bond market has become significantly deeper and more active, with total outstanding volume reaching around 15.8% of GDP (most recent forecast) in 2025, including treasury bills and notes, bonds issued by corporations and bonds issued by international financial institutions (“IFIs”). Treasury bills and notes accounted for the largest share of the domestic bond market, at around 10.7% of GDP in 2025, followed by IFI bonds at about 2.8% of GDP, which are predominantly placed through private offerings and corporate bonds (public and private) at approximately 2.2% of GDP, the vast majority of which are listed on the Georgian Stock Exchange. In recent years, the public corporate bond segment in particular has expanded in terms of both the number of issuers and outstanding volume, reinforcing the role of the local bond market as a source of market-based funding for Georgian companies and an investment vehicle for domestic institutional and retail investors.

Publicly listed stocks on the Georgian Stock Exchange remain relatively limited in number, with shares of three companies admitted to trading on the exchange as at 31 October 2025, collectively representing a market capitalisation of approximately GEL 676 million (around U.S.\$249 million). Large initial public offerings (“IPOs”) of Georgian companies continue to be primarily carried out on foreign markets, with two banks and one private equity company listed on the London Stock Exchange, with an aggregate market capitalisation of approximately U.S.\$8.74 billion as at 31 October 2025.

The following table sets forth the evolution of corporate and IFI bonds outstanding from 2018 to October 2025:

	As at 31 December							As at 31 October
	2018	2019	2020	2021	2022	2023	2024	2025
	<i>(GEL millions)</i>							
Treasury Bills and Notes	2,818	3,766	5,792	5,486	6,832	8,292	9,822	11,101
IFI and Corporate Bonds	1,549	1,931	2,043	2,099	3,057	4,021	5,367	5,293
Public Corporate Bonds	379	540	644	519	864	1,901	2,053	2,247
Private Corporate Bonds	238	204	220	121	14	-	84	95
Public IFI Bonds	565	725	825	573	543	230	100	-
Private IFI Bonds ...	367	462	354	886	1,636	1,890	3,130	2,956
Dual Listings and Depository Notes	-	-	-	-	-	-	-	-
Dual Listings	-	1,792	2,048	1,936	1,148	1,143	-	-
Global Depository Notes	-	-	655	620	-	-	-	-

With respect to the asset management sector, as of 30 June 2025, ten asset management companies and 19 investment funds operated in Georgia with a combined AUM of GEL 224 million. This represents a significant increase from an AUM of zero and no investment funds existing at all in Georgia in 2020 due in large part to a lack of a legislative framework to support this at that time. The industry is predominantly fixed-income oriented: ten funds are fixed-income or corporate-debt funds and account for 87% of AUM. In 2024, the first authorised money market fund was established, fully allocating assets to GEL-denominated financial assets.

Capital Markets Reforms

Over the past few years, several important measures have been implemented to promote the development of the capital markets in Georgia. Since 2016, policy initiatives have been introduced under the formally approved capital markets development strategy. Some of the most significant accomplishments and incentives introduced by the NBG with the support of Government, private sector and IFIs are summarised below:

- *Policy and financial incentives:* Since 2014, corporate bonds have been accepted for repo transactions. Starting from 2022 through 2023, the EBRD implemented a Capital Markets Support Programme in Georgia, which has continued under the umbrella of the state agency Enterprise Georgia, funding issuance costs for prospective issuers. These initiatives triggered a rapid expansion of domestic bond issuance activity;

- *Special tax regime:* Since 2017, a zero-tax rate has applied on capital gains and income from listed corporate securities;
- *Pension reform:*
 - In 2019, a second pillar pension system was implemented, reaching nearly GEL 7.88 billion by the end of October 2025. This is expected to have a favourable effect on the development of the local capital markets. In June 2024, major amendments to the Law on Funded Pensions were adopted, entering into force in May 2025. The reform aligns the State Pension Fund's governance with international standards and expands the NBG's supervisory mandate. From 1 May 2025, the NBG oversees not only investment activities but also the Pension Fund's administrative, operational, and other functions, and sets fit and proper requirements for executive directors. To implement these changes, the NBG adopted Decree No. 51/04 (28 February 2025), approving a comprehensive regulation framework for the Pension Fund, covering governance, director qualifications and approval, committee functions, operational and investment standards, ethics, complaint handling, reporting, and special administration; and
 - Additionally, under the Law of Georgia on Voluntary Private Pension, NBG adopted Decree No. 322/04 (30 December 2024) on specialised depositories for voluntary private pension schemes and amended Decree No. 167/04 (22 September 2020) on asset management companies. These regulations set requirements for institutions acting as specialised depositories or managing private pension schemes and align with Directive (EU) 2016/2341 (IORP II). Both rules entered into force in January 2025;
- *IOSCO membership:* In 2021, NBG became an ordinary member of the International Organization of Securities Commissions ("**IOSCO**"). NBG is also a member of IOSCO European Regional Committee and Growth and Emerging Markets Committee;
- *Law on Derivatives:* In 2019, derivatives legislation was introduced based on international best practice (ISDA legal opinion on enforceability of close-out netting), with the aim of supporting diversification and standardisation of the derivatives market;
- *Upgraded capital markets infrastructure:* A unified and integrated Government Securities Clearing System ("**GCSS**") has been introduced, providing safe custody and settlement services for government and corporate securities in line with the highest international standards;
- *Primary Dealer System:* In 2020, a Primary Dealer System was introduced with the aim of enhancing growth and providing liquidity for the treasury market. See also "*Public Debt— General Government Debt Management Strategy 2025-2029—Primary Dealers*";
- *Capital markets legal and regulatory reforms dated 2020:* In 2020, a capital markets legal and regulatory reform was introduced, incorporating two important legal acts, the "Law of Georgia on Securities market" amendments adopted on 7 July 2020 and the "Investment Funds Law of Georgia" introduced on 14 July 2020 (effective as of 19 October 2021) and finalised by the updating and adoption of additional capital market regulations. These laws and regulations are in full compliance with the best international practices of securities market regulations and the IOSCO principles and are described below:
 - Amendments to the "Law of Georgia on Securities market" (the "**Securities Market Law**"): the amendments were focused on 1) improving the level of transparency among issuers of public securities by refining requirements regarding periodic and ongoing financial/non-financial information; and 2) updating the market abuse regime in line with the EU Market Abuse Regulation;
 - "The Law of Georgia on Investment Funds" is based on international principles and regulatory models, incorporating certain requirements of the Alternative Investment Fund Managers Directive (the "**AIFMD**") and UCITS (Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009). Along with this legislation, a special tax regime has been introduced based on best practices from leading countries such as Ireland and Luxembourg;
 - In February 2021, the Code of Ethics and Professional Conduct for Banking and Securities Market Participants was adopted. The principles and standards envisaged by the code are based on the CFA Institute's Code of Ethics and Standards of Professional Conduct. The code sets internationally recognized standards of ethics and professionalism and ensures the ethical conduct of commercial

banks, brokerage firms, asset management companies, and other affiliated parties in the financial market. Its adoption enhances the reputation of the banking sector and the capital markets, increases consumer confidence, and helps to guarantee the stable and efficient functioning of the market;

- The Corporate Governance Code for Issuers of Public Securities was adopted in December 2021. The code is based on international best practice and improves accountability for enterprises, ensures dynamic communication with stakeholders, and guarantees investor protection. The code is based on the approach: ‘comply or explain and provide an alternative’;
- On 29 November 2022, the Parliament of Georgia adopted the Law of Georgia on Mortgage Covered Bonds, establishing the country’s first comprehensive and EU-aligned covered-bond framework. The Law aims to expand commercial banks’ access to long-term and stable funding, diversify the domestic capital market, and support the development of a high-quality mortgage covered-bond segment in Georgia. The Law regulates the issuance of mortgage covered bonds, the supervision of issuers, and the management and protection of cover pools. It defines the structure and eligibility of cover-pool assets, sets clear segregation and investor-protection rules, introduces over-collateralization and liquidity requirements, formalises the role of the cover-pool monitor, and establishes a special administration regime ensuring programme continuity in case of issuer default. Further, to implement the Law, on 15 March 2023 the NBG adopted Decree N56/04 “On Approval of the Rule on Regulation of Mortgage Covered Bonds”. The Georgian legal framework reflects international best practice and is closely aligned with the EU Covered Bond Legislative Package;
- *Law on Dematerialised Securities:* In November 2023, additional regulations were introduced through the new Dematerialised Securities Ownership Law and associated amendments in the Securities Market Law. According to the new regulations, public securities are issued in Georgia in dematerialised form, recorded in the system of the central depository (instead of the securities registrar) as account record. The law defines the legal status and full lifecycle of dematerialized securities and clarifies the roles of issuers, the CSD, custodians, and intermediaries, bringing Georgia closer to EU standards and strengthening investor protection; and
- *Law on Securitisation:* The Law of Georgia on Securitisation was adopted in December 2023 and came into effect on 1 April 2024. The law aims to introduce a general legal framework for securitisation in Georgia. According to the law, entities will be able to securitise debt inter alia for risk management, balance sheet issues, and greater leverage of capital. The law establishes: requirements for establishing and managing special purpose vehicles; issuing and authorising securitised instruments; a ban on re-securitisation; and due-diligence, risk-retention and transparency requirements for parties involved in securitisation.
- In August 2025, the NBG adopted the Regulation on Approving of the Rule on Granting, Maintenance and Cancellation of Green, Social, Sustainable and Sustainability-linked Bond Status. The new regulation sets the conditions for obtaining, keeping and losing of the right to use the label of “Green Bond”, “Social Bond”, “Sustainable Bond”, or “Sustainability-linked Bond” by issuers offering debt securities publicly in Georgia. The new regulation also introduces the relevant transparency and reporting requirements. The new framework is based on the principles of the International Capital Market Association, taking into consideration Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds

Going forward, Georgia's capital markets development strategy for the coming years must address some of the key challenges faced by local capital markets of emerging economies of modest size, including challenges related to the depth of local institutional investor base (particularly focusing on development of investment funds), scale, foreign institutional investor participation on the local corporate securities market, and secondary market liquidity.

Payment Systems and Payment Services

The Law on Payment System and Payment Services (the “**Payment Systems Law**”) was adopted in June 2012. The law offers a list of payment services and explains which services are not covered by the Law on Payment System and Payment Services. The law defines the principles of regulation and supervision of the payment system and payment services. It explains the rights, obligations and responsibilities of payment system participants, parties involved in the payment service and payment service users. The law describes how payment orders are accepted and executed, what deadlines apply to these, and what happens if unauthorised payment transactions are performed. In September 2022, crucial changes were implemented to the law to align it with the

EU's PSD2. Among others, significant changes were made regarding the regulation of unauthorised operations. The list of permitted activities for payment service providers expanded, and more detailed requirements and additional responsibilities related to the execution of the payment order were defined. The Payment System and Payment System Operator Oversight Rule determine the requirements to be met by payment system operators depending on the category of payment system they operate. This Rule applies to payment system operators registered with the NBG and their systems, as well as to cash payment systems of licensed commercial banks.

Virtual Assets

In September 2022, in order to regulate virtual assets, the Parliament of Georgia made changes to the Law On the Activities of Commercial Banks of Georgia and the Organic Law on the National Bank of Georgia. As a result of the changes, commercial banks/microbanks are granted the authority to provide virtual asset services for the benefit of another person without the need to obtain an additional licence. In particular, following the changes, banks are allowed to engage in convertible virtual asset activities, including the exchange of a convertible virtual asset (including through a self-service kiosk) in local or foreign currency, another virtual asset or a financial instrument; the transfer and/or storage of a convertible virtual asset or an instrument necessary for its use; control over the virtual asset; and activities necessary to the provision of this service. The virtual asset service providers registered with the NBG are authorised to carry out all activities related to virtual assets as described above. Further, such registered entities are authorised to carry out the following activities: (i) management of a portfolio consisting of convertible virtual assets (except collective portfolio management); (ii) administration of a trading platform of convertible virtual assets; (iii) lending of a convertible virtual asset; and (iv) initial offering of a convertible virtual asset and/or services related to an initial offering.

AML Legislation

On 30 October 2019, the Georgian Parliament adopted the Law of Georgia on Facilitating Prevention of Money Laundering and Terrorism Financing (the "**AML Law**"). The AML Law repealed and replaced the Law of Georgia on Facilitating the Elimination of the Legalisation of Illegal Income, which was adopted in June 2003. The AML Law was adopted in line with recommendations of the Financial Action Task Force (the "FATF") and Georgia's commitments under the EU Association Agreement to implement the Fourth Money Laundering Directive 2015/849 of 20 May 2015 of the European Parliament and of the CoE "On Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing", and to bring national legislation in line with the Convention of the CoE "On Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism".

According to the AML Law, the Inter-Agency Commission (which was established by the Government) is charged with developing and monitoring the implementation of a National Risk Assessment Report and Action Plan. The Inter-Agency Commission is chaired by the Minister of Finance, including senior officials from all of the relevant government agencies.

The Financial Monitoring Service ("**FMS**") monitors and supervises anti-money laundering measures and issues orders setting out additional measures and reporting requirements. The FMS operates as an independent body under the auspices of the Government. The FMS conducts its activities in close cooperation with the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and Financing of Terrorism ("**MONEYVAL**"), which is the anti-money laundering body of the CoE, of which Georgia is a member, and in accordance with FATF recommendations and EU directives (although Georgia is not a member of the FATF or the EU).

Under the AML Law, financial institutions and other monitoring entities are required to undertake certain preventive measures when (i) establishing business relations; (ii) carrying out occasional transactions: (a) above GEL 15,000 or its equivalent in any other currency; or (b) that are wire transfers above GEL 3,000 or its equivalent in any other currency; and (iii) the monitoring entity has doubts about the veracity or adequacy of previously obtained customer identification data. Potential preventive measures include identifying customers and verifying customers' identity using reliable independent sources, identifying beneficial owners and taking reasonable measures to verify the identity of beneficial owners, identifying the purposes and nature of business relationships and conducting ongoing due diligence of business relationships. Furthermore, monitoring entities are required to apply enhanced preventive measures for specific customers, including politically exposed persons and customers from high-risk countries and activities.

Under the AML Law and applicable FMS regulations, financial institutions are obliged to monitor all suspicious transactions, irrespective of their value, and promptly report suspicious transactions to the FMS. If the FMS receives a report of a transaction that it believes may be related to the laundering of illicit income or financing

terrorism, the report must be forwarded to the appropriate departments of the relevant enforcement agencies. Since 2004, the FMS is a member of the Egmont Group and is actively involved in its activity.

The NBG is designated as the supervisory authority for financial sector representatives. It uses tailored supervisory tools and techniques for determining the frequency and intensity of anti-money laundering and combating the financing of terrorism ("AML/CFT") supervisory measures. Decisions regarding the utilisation of various supervisory means and effective allocation of resources are based on the supervisory principles stipulated in the Supervisory Framework of the National Bank of Georgia on Combating Money Laundering and Financing of Terrorism, adopted on 1 January 2019.

The NBG's tools for achieving its objectives in relation to the prevention of illicit income legalisation/terrorism financing include off-site supervision and on-site inspections of supervised financial sector representatives; assigning the appropriate level of supervisory attention to identify risks; executing relevant supervisory measures; and close communication with the supervised sector and competent authorities.

On 17 September 2020, MONEYVAL adopted the Fifth Round Mutual Evaluation Report of Georgia. The report underlines the effectiveness of the NBG's supervisory approach and outlines significant improvements after the previous MONEYVAL mutual evaluation process in 2011. According to the report:

- The NBG's supervisory approach is fully risk-based. The NBG has established an effective supervisory cycle and conducts a proportionate number of inspections given the size and materiality of the sectors under its supervision. The NBG has a comprehensive understanding of sectoral and individual institution risks; and
- the NBG has had a proven impact on the compliance of entities under its supervision. Due to the NBG's efforts, banks and core non-bank financial institutions assign high priority to AML/CFT compliance functions and have sophisticated AML/CFT internal controls.

The NBG is authorised to carry out on-site and off-site inspections of anti-money laundering issues arising in the financial sector and has dedicated budget resources and personnel to carry out such inspections. The NBG reports any breach of the AML Law or related regulations to the FMS.

PUBLIC FINANCE

Fiscal Policy

Fiscal Rules

The Organic Law on Economic Liberty defines the fiscal rules applicable to the Government, which are as follows: (i) the debt rule, which provides for a ceiling for consolidated General Government Debt (as defined in "General Government Debt"), combined with the present value of commitments made under general Government public-private partnerships ("PPP") at 60% of nominal GDP for the relevant year; (ii) the deficit rule, which caps the deficit at 3% of nominal GDP; (iii) the revenue rule, which provides that new general Government taxes may not be introduced or increased without a referendum agreement (other than excise taxes or increases that are temporary in nature). The Law requires that the budget is planned and set within these limits. There are two escape clauses under the Law, which permit the above limits to be breached: (i) a state of emergency is declared under Georgian legislation; and (ii) in the event of a recession, which is defined as real GDP growth declining by at least 2 percentage points in two consecutive quarters compared to average GDP growth over a 10-year period.

Revenues

Georgia's tax policy is aimed at fostering economic growth and stands as a core pillar of the state's overall fiscal strategy. This is achieved through maintaining competitive tax rates, ensuring a streamlined and transparent tax system, as well as introducing targeted measures to attract FDI. In the World Bank's 2024 Business Ready (B-READY) report, Georgia ranks in the top three among 50 assessed countries, along with Singapore and Estonia. Georgia ranks among the top ten globally in 7 out of 10 indicators. Each indicator is assessed across three key categories: "Regulatory Framework", "Public Services" and "Operational Efficiency". The country ranks 2nd worldwide in "Operational Efficiency", 3rd in "Regulatory Framework" and 14th in "Public Services".

Over the last decade, Georgia has implemented a series of reforms, including a new Corporate Income Tax regime (in 2017), a VAT reform (in 2020), new Customs Code (in 2019) and international tax standards introduced by the OECD. See "*Taxation Policy*" below for further details.

It is noteworthy that Georgia maintains a reasonable tax to GDP ratio, which was 25% in 2024, one of the highest in the region.

Georgia also started to conduct regular tax expenditure analysis from 2022. Focusing on the main areas where tax exemptions are applied and their inefficiencies is useful for suggesting areas for further reform. According to this analysis, reducing tax exemptions has been suggested as a measure for improving the growth friendliness of the Georgian economy while reducing distortions in the tax system.

Structure of Revenues

The Government's principal sources of revenue are taxes, grants from international institutions and agencies and other revenues, including transferred profits (dividends) from Government-owned entities and other sources of non-tax revenue. The Government also receives revenue in the form of grants.

Total revenues raised from GEL 22,124.2 million in 2023 to GEL 25,721.9 million in 2024, an increase of 16.3%. Total revenues grew during the period from 2020 to 2024, from GEL 12,407.0 million in 2020 to GEL 25,721.9 million in 2024, an increase of 107.3%. Total revenues increased year-on-year by 22.0% in 2021, 28.0% in 2022, by 14.2% in 2023, and by 16.3% in 2024. The overall growth in revenues from 2020 to 2024 was principally a result of higher tax revenues on individuals as well as higher taxes VAT receipts. In 2024, tax revenues accounted for 90.5% of total revenues. Tax revenues include personal income tax, profit tax, VAT, excise, import tax, property tax and tax on international trade. See "*Taxation Policy*".

Non-tax revenues are mainly comprised of transferred profits (dividends) from Government-owned entities, administrative fees, fines, penalties and forfeits, interest and dividend payments. Another source of general Government receipts is proceeds from the privatisation of non-financial state assets.

The following table sets forth the structure of revenues for the periods indicated:

	2018 actual	2019 actual	2020 actual	2021 actual	2022 actual	2023 actual	2024 actual	2025 forecast	2026 forecast	2027 forecast	2028 forecast	2029 forecast
Revenues.....	12,822.1	12,907.3	12,407.0	15,142.6	19,377.6	22,124.2	25,722.9	28,266.2	29,721.3	32,200.0	34,750.0	37,500.0
Taxes.....	10,506.3	11,417.8	10,964.4	13,380.0	17,385.9	19,732.6	23,290.0	25,505.0	27,040.0	29,600.0	32,100.0	34,800.0
Taxes on income, profit and capital gains	3,983.7	4,349.0	4,246.2	4,791.0	6,964.2	8,089.5	10,368.0	11,170.0	12,250.0	13,501.0	14,722.0	16,047.0
Payable by individuals	3,247.1	3,482.8	3,326.7	3,775.7	5,034.1	6,071.4	7,250.5	8,290.0	9,050.0	9,974.0	10,896.0	11,894.0
Payable by corporations	736.6	866.2	919.4	1,015.3	1,930.2	2,018.2	3,117.5	2,880.0	3,200.0	3,527.0	3,826.0	4,153.0
Taxes on property	441.2	474.3	433.7	510.7	603.5	648.3	697.7	790.0	825.0	875.0	914.0	954.0
Taxes on goods and services	5,892.6	6,745.7	6,456.6	7,898.3	9,463.1	10,657.5	11,819.9	12,820.0	13,630.0	14,864.0	16,072.0	17,372.0
General taxes on goods and services (VAT)	4,426.9	5,239.0	4,837.2	6,029.5	7,452.9	8,387.2	9,331.8	10,170.0	10,930.0	12,046.0	13,159.0	14,363.0
Excises.....	1,465.7	1,506.7	1,619.4	1,868.8	2,010.2	2,270.3	2,488.0	2,650.0	2,700.0	2,818.0	2,913.0	3,009.0
Taxes on international trade.....	73.4	79.1	74.4	86.4	126.0	151.2	138.9	145.0	150.0	165.0	180.0	197.0
Other taxes ⁽¹⁾	115.4	(230.3)	(246.4)	93.6	229.1	186.0	265.5	580.0	185.0	195.0	212.0	230.0
Grants.....	405.9	493.1	460.1	494.4	364.7	331.3	346.1	276.2	436.3	350.0	350.0	350.0
Other revenue	909.9	996.4	982.5	1,268.3	1,627.0	2,060.2	2,086.8	2,485.0	2,245.0	2,250.0	2,300.0	2,350.0
Revenues/GDP (%)....	26.1	26.0	24.9	24.9	26.6	27.4	27.7	27.1	26.0	26.0	25.9	25.8
Tax revenues/(GDP)...	23.2	23.0	22.0	22.0	23.9	24.4	25.0	24.4	23.7	23.9	23.9	23.9

Notes:

(1) Includes cash outflows due to tax credit refunds.

Source: Ministry of Finance

Expenditures

Despite ongoing fiscal consolidation efforts, the size of the consolidated budget has expanded significantly relative to 2021, reaching GEL 32.6 billion in 2025.

Irrespective of significant fiscal consolidation and bringing debt to GDP ratio from 59% of GDP to safely below 40% safe debt levels by end 2024 and declining the fiscal deficits from 9.2% to 2.5% (well below the fiscal rule threshold) capital spending has been maintained above 8% in the post-pandemic period to accommodate peaks in spending of the Highway Infrastructure construction and is expected to be kept approximately 7% of GDP in the medium-term to accommodate need for logistics, energy, road and municipal infrastructure in the medium-run. With the completion of major large-scale infrastructure projects (the East-West Highway), spending is redirected toward the construction and rehabilitation of additional road sections. Furthermore, significant investment resources are allocated to the development of educational, as well as tourism, water systems and other municipal and sports infrastructure.

Current spending is projected at 22.7% of GDP in 2025 and is expected to remain above 22.0% of GDP over the medium term. Pension and social benefit payments will follow the statutory indexation rules provided under the relevant legislation. Similarly, compensation of employees will continue to be adjusted in accordance with the legally mandated indexation mechanism. Social Spending for the past four years was around 8.8% and is expected to be kept at 8.5% on average in the medium-term. While compensation of employees amounts to 3.6% of GDP and is expected to be kept at around this threshold in the medium-term.

Since 2013, Georgia introduced a universal healthcare system, which is one of the pillars of the social safety net. Expenditures under the universal healthcare system are on average 1.3%-1.4% of GDP. Accessibility and coverage of the programme are increasing and improving, and one important dimension is the introduction of the DRG financing system. In addition to financing emergency outpatient services and inpatient care, the programme also covers oncology services—including radiation therapy, chemotherapy, and hormone therapy (with medications included)—as well as essential medicines for the treatment of chronic diseases for specific beneficiary groups, including socially vulnerable individuals, retirees, veterans, and others. Overall, the state budget spending on healthcare programmes is kept around 1.6%-1.7%.

In 2020, Georgia introduced a basic pension indexation mechanism, which has applied since January 2021. According to this mechanism, retirement benefits for citizens under the age of 70 increasing at the rate of inflation with a minimum increase of GEL 20 per month, whilst for citizens aged 70 and above retirement benefits increasing by inflation plus 80% of real economic growth with a minimum increase of GEL 25 per month.

Pension indexation is intended to achieve the long-term sustainability of the pension system. Compared to 2020, pensions for citizens under 70 increased by about 59% in 2025, and pensions for citizens over 70 increased by 80%. Pillar 1 Pension spending (as well as pensions for special groups such as former military) amount to 4.5% of GDP annually. Additionally, around 0.5% of GDP is spent on government financing of Pillar 2 pensions scheme.

As for the Targeted Social Assistance for vulnerable groups and other social packages (disability assistance, IDPs) around 1.6%-1.7% of GDP is spent by the central government. Social spending from local governments amounts to around 0.4% on average annually.

For providing preschool, secondary, vocational and tertiary education as well as the scientific research around 4% of GDP is spent on education through central and local governments. An overarching reform is underway in the education spending and spending is expected in the medium-term to be around 4%-4.5% of GDP.

Since 2023, a basic salary indexation system has been introduced under the Law on Remuneration. According to this system, the increase in the basic salary is determined by the percentage growth of the average nominal salary in the private sector over the last four quarters (as officially published by the National Statistics Office), compared to the corresponding period of the previous year. However, starting from 2023, the basic salary increases by half of this percentage, and beginning in 2026, by the full percentage. Since 2023, civil servants' salaries have risen by an average of 10% annually.

Structure of Expenses

Total expenditure has increased over the past five years, from GEL 19,361.5 million in 2021 to GEL 32,627.8 million in 2025, an increase of 69%. Total expenditure increased year-on-year by 10.9% in 2022, 16.7% in 2023, 16.1% in 2024 and in 14.6% in 2025. Over the medium-term period, current expenses are projected to account for an average of 23.8%, while capital expenditures are projected to account for an average of 6.7%. At the same time, maintaining capital expenditures at 7% of GDP remains challenging, given fiscal constraints and competing spending priorities.

	2021 actual	2022 actual	2023 actual	2024 actual	2025 forecast	2026 forecast	2027 forecast	2028 forecast	2029 forecast
<i>(GEL millions)</i>									
Total Expenditure.....	19,361.5	21,584.3	24,446.5	28,357.5	30,967.8	32,945.2	35,435.0	38,100.0	41,005.0
Expenses.....	14,769.9	15,616.1	17,913.6	20,692.2	23,747.5	25,251.6	27,535.0	29,800.0	32,005.0
Compensation of employees.....	1,984.5	2,214.4	2,679.1	3,149.6	3,707.4	4,187.3	4,600.0	5,060.0	5,560.0
Use of goods and services.....	2,202.6	2,379.7	2,760.3	2,987.9	3,267.2	3,586.5	3,880.0	4,170.0	4,460.0
Interest.....	799.7	761.1	1,195.1	1,483.8	1,660.0	1,843.0	2,005.0	2,115.0	2,435.0
External.....	283.7	236.4	516.7	718.1	720.0	768.0	770.0	815.0	870.0
Domestic.....	516.1	524.7	678.4	765.7	940.0	1,075.0	1,235.0	1,300.0	1,565.0
Subsidies.....	1,827.8	2,285.5	2,379.1	2,782.7	3,082.7	2,957.3	3,330.0	3,580.0	3,860.0
Grants.....	27.5	42.9	28.5	26.2	459.0	266.6	285.0	295.0	305.0
Social benefits.....	6,341.9	6,330.6	7,111.9	8,144.7	9,054.3	9,754.2	10,550.0	11,420.0	11,940.0
Other expenses ⁽¹⁾	1,585.9	1,601.9	1,759.6	2,117.4	2,516.9	2,656.8	2,885.0	3,160.0	3,445.0
Net acquisition of non-financial assets.....	4,170.0	5,532.6	6,099.3	7,106.1	6,700.3	7,343.6	7,550.0	7,950.0	8,650.0
Increase (capital spending).....	4,591.6	5,968.2	6,532.9	7,665.3	7,220.3	7,693.6	7,900.0	8,300.0	9,000.0
Decrease (privatisation proceeds).....	(421.7)	(435.6)	(433.5)	(559.2)	(520.0)	(350.0)	(350.0)	(350.0)	(350.0)
Current expenses/(GDP) (%)..	24.3	21.4	22.1	22.2	22.7	22.1	22.3	22.2	22.0
Capital spending ⁽²⁾ /GDP (%).....	7.9	8.8	8.5	8.6	7.1	7.1	6.7	6.5	6.4

Notes:

- (1) Includes wages and salaries in the education sector.
- (2) Includes increase in non-financial assets and budget lending.

Source: Ministry of Finance

Management of Fiscal Deficit

The Government has a track record of fiscal discipline and relatively low budget deficits. In the post-pandemic period, the Georgian economy has exhibited substantially stronger performance than initially projected. This robust recovery facilitated a rapid fiscal adjustment: the consolidated budget deficit, which had widened to 9.2% of GDP in 2020 amid the pandemic, returned to the statutory ceiling of 3% by the end of 2022. Since 2023, the deficit has stabilised at approximately 2.5% of GDP.

Government debt followed a similarly favourable trajectory. The debt-to-GDP ratio declined from 60% in 2020 to below the prudent threshold of 40% in 2022, with the downward trend continuing thereafter. By the end of 2024, government debt had decreased to 35.7% of GDP. During the next medium term period government debt is projected at average 33.2% to GDP.

The following table sets forth the general Government fiscal balance for the periods indicated:

General Government Fiscal Balance												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	actual	actual	actual	actual	actual	actual	actual	forecast	forecast	forecast	forecast	forecast
	(GEL millions)											
Net lending / borrowing.....	(364)	(907)	(4,559)	(3,797.1)	(1,771.1)	(1,888.8)	(2,076.4)	(2,181.6)	(2,873.9)	(2,885.0)	(3,000.0)	(3,155.0)
Net budget lending.....	657	111	55	42.1	341.1	92.0	67.7	(41.3)	(20.0)	100.0	100.0	50.0
Augmented net lending / borrowing (IMF program definition).....				(3,669.3)	(2,208.1)	(1,977.5)	(2,171.0)	(2,560.3)	(2,853.9)	(2,985.0)	(3,100.0)	(3,205.0)
Operating surplus	(1,021)	(1,019)	(4,615)	372.8	3,761.5	4,210.5	5,029.7	4,518.7	4,469.7	4,665.0	4,950.0	5,495.0
Net lending / borrowing / GDP (%).....	2,265	2,832	(538)	(6.3)	(2.4)	(2.3)	(2.2)	(2.1)	(2.5)	(2.3)	(2.2)	(2.2)
Augmented net lending / borrowing / GDP (%).....	(0.8)	(1.8)	(9.2)	(6.0)	(3.0)	(2.4)	(2.3)	(2.5)	(2.5)	(2.4)	(2.3)	(2.2)
Operating balance/GDP (%)	(2.3)	(2.1)	(9.3)	0.6	5.2	5.2	5.4	4.3	3.9	3.8	3.7	3.8

Source: Ministry of Finance

Budget Code of Georgia

The Budget Code of Georgia, adopted on 18 December 2009 (the "**Budget Code**"), defines the principles of the budgetary system and regulates the preparation of the Budget and the Budget's approval, execution, reporting and monitoring. The Budget Code establishes the Budget, which consolidates: (i) the State Budget (which is the budget of the central Government); (ii) the budgets for the autonomous republics of Abkhazia and Adjara; and (iii) budgets for the municipalities (local governments). It also defines the budgetary relations and responsibilities of the central Government, the governments of the autonomous republics and all local governments. See "*Description of Georgia—Regional Administration*". The Budget Code was updated further to include the PFM reform progress, including moving from traditional organisation-based budgeting to programme budgeting.

Since 2012, the State Budget and since 2013, the Budgets of Autonomous Republics and Municipal Budgets are planned programme based. The budgets of the autonomous republics and the local governments are independent from the State Budget and authorise expenditure with a regional or municipal scope. The major source of municipal own revenue since 2019 is shared VAT receipts (which replaced the equalisation transfer mechanism which previously applied), as well as property tax and local fees and levies. Municipalities receive capital transfers for investment projects through the State Budget Fund for Regional Infrastructure projects. Rules for allocating resources to municipalities for investment projects are defined by the Government.

The MoF supervises and coordinates the preparation, execution and reporting of the State Budget. The Minister of Finance is empowered to issue orders to ensure that the budget process at all levels of government is carried out in a uniform manner in compliance with the requirements of the Budget Code and other applicable laws. For

example, on 8 July 2011, Order No. 385 ("**Order No. 385**") was issued by the Minister of Finance. This instrument set forth the principles applicable to, as well as the methodology for, programme budgeting as described below under "*—Improving Budget Management*".

The Budget Code regulates the distribution of budget revenues. Generally, all taxes except property taxes and shared VAT (as referred to above) is directed to the State Budget. Receipts from non-financial assets are directed to the Budget of the governments the relevant property is owned by (in cases where the property is located on municipal or autonomous republic territory, the proceeds are shared pursuant to ratios defined by the Budget Code). Property taxes are allocated to the budgets of local governments. Since 2019, VAT is a shared tax among the state Budget and the municipal budgets. Municipalities received 19% of actually accumulated VAT (until 2025), which is distributed to municipalities according to the formula set forth in the Budget Code. According to the amendments to the Budget Code of Georgia and the relevant legislation, beginning in 2025, 20% of actually collected VAT is expected to be distributed to municipalities. This change ensures higher revenues and greater fiscal independence for municipalities, as the VAT share is classified as their own-source revenue under the law.

Local governments are not permitted to incur General Government Debt (as defined below) and can only borrow with the authorisation from the MoF, which is the exclusive prerogative of the Government (acting through the MoF). See "*General Government Debt*". Local governments are permitted to raise tax revenue only through limited property tax (ceiling set by the Tax Code), levies and fees. The Government also allocates funds to local governments. Local governments may take loans from the Government and/or other lenders only with the consent of the Government.

Budget Process

Georgia starts preparing for the next year's Budget and updated of the medium-term cycle from 1 March of each year. The Government issues a Decree which regulates the timeline, templates and other rules for updating the BDD Document (as defined below) and preparing for the submission of the Budget. From March to July, the MoF and the line ministries work on medium-term action plans and discuss preliminary ceilings. The MoF analyses macroeconomic projections and revenue forecasts, and the Government informs the Parliament regarding the Macro-Fiscal Framework. By early July of each year, the MoF prepares the draft updated BDD Document for the relevant year and sets spending ceilings for all spending agencies. Spending units submit their budget proposals to the MoF prior to 1 September. By 15 September of each year, the MoF submits to the Government the basic framework of the draft State Budget for the upcoming year. The Government then submits a full draft State Budget package to the Parliament before 1 October. Parliamentary committees prepare recommendations and discuss the recommendations from the State Accounting Office and return the package to the Government for further elaboration. The Budget package is submitted to the Parliament two more times and discussed at the plenary session. Pursuant to the Budget Code, the State Budget is required to be approved by the Parliament for each upcoming year by the third Friday of December but no later than 31 December of the preceding year.

After the COVID-19 pandemic, the Government has amended its annual State Budgets once within the same budget year in general as a result of higher-than-expected tax revenue, and better-than-expected economic performance of the Georgian economy. The timeline for the Parliament to discuss and amend the State Budget is regulated by the Budget Code.

No extra-budgetary revenues or expenses are permitted.

Improving Budget Management

Georgia has been implementing public finance management ("**PFM**") reforms since 2004. These reforms have been based on the framework set by the PFM Strategies and annual action plans. Georgia has been monitoring the progress of its reform through different international assessment tools and instruments, including Public Expenditure and Financial Assessment ("**PEFA**"), Fiscal Transparency Evaluation ("**FTE**"), Public Investment Management Assessment ("**PIMA**") and Open Budget Survey ("**OBS**").

Since 1 January 2008, the State Budget has been fully compliant with the new GFSM 2001 classification, on a cash basis. Since 2009, all the municipalities have followed the same standard. Georgia has updated its Budget classification further and starting from 2019, it is based on GFSM 2014. The GFSM based Budget classification is built into the PFM electronic system for Budget planning (e-Budget) and e- Treasury. Since 2015, all commercial bank accounts of municipalities as well as of legal entities of public law ("**LEPLs**") were transferred under a single treasury account, currently it already requires coverage of Budget Unit SOEs, Kindergartens and

Public Schools. This allows for real-time, accurate accounting for budget operations in line with GFSM 2014 standards.

In 2006, the Government introduced and adopted its first Basic Data and Directions Document (the "**BDD Document**"), which serves as the medium-term budgetary framework ("**MTBF**") and fiscal strategy document for Georgia's Budget system. The document covers the Budget year plus a three-year period and is updated annually on a rolling basis and distributed to the Government's ministries and agencies. The BDD Document provides not only data analysing the previous year's fiscal performance and the outline of the next year's financial plans, but also the Government's medium-term strategy and priorities for action for the upcoming years, along with the expected results and outcomes for that period. The document defines the macro-fiscal medium-term and approves ceilings for State Budget spending units for the medium term. This BDD Document is based on medium-term actions plans of the line ministries and serves as a basis for annual Budget planning. The medium-term planning laid out in the BDD Document is based on the Medium-Term Expenditure Framework principle (the "**MTEF**"), which was established in 2006. The BDD Document and MTBF provide the Government's ministries and agencies with a framework within which to operate and within which they can set out their priorities and a justification of those priorities, a needs assessment and the amount of funds requested, as well as expected outcomes and criteria for judging success and effectiveness. Line ministries are allowed to submit their Budget proposals to the MoF through the e-Budget system within the ceiling identified by the BDD Document and if needed request extra ceiling demands in the relevant templates.

In order to enhance the medium-term planning process across the line ministries, the Government issues a decree each year prior to 1 March setting forth templates, rules and procedures for preparing medium-term action plans and submitting funding needs to the MoF. The decree usually requires line ministries to create a working-group with the participation of all policy units and heads of subordinate institutions for the process of medium-term and annual budget planning. The decree also sets templates for differentiating the funding demands for the continuation of existing policies and the introduction of new policies or policy changes.

From the 2012 Budget, programme budgeting was introduced, with the budget reflecting the medium-term priorities of the Government and programmes of Ministries and spending agencies and funding for the programmes targeted at achieving those priorities based on the Programme Budget Methodology approved by Order No. 385. The methodology also includes instructions on Capital Budget and Performance Reporting forms. The programme budget templates are also built into the electronic system for Budget planning (e-Budget). The programme budget methodology has undergone major amendments since its first approval in 2011.

Georgia initiated Public Investment Management ("**PIM**") reform in 2016 as a further layer of PFM reform. The World Bank and other international partners have supported the Government in preparing the necessary methodological guidance and implementing the system. Building upon practical experience gained over the following years, the country formally introduced a New PIM Methodology in 2023. The PIM methodology was approved by the Government of Georgia in 2023 (Decree N65, 16.02.2023) in alignment with the Budget Code. According to the Budget Code, all new public investment projects should go through the project life-cycle stages (pre-selection, selection, budgeting, implementation, monitoring, and ex-post evaluation) as per the PIM methodology, using assessment criteria and scoring prior inclusion into the relevant budget. The PIM methodology groups projects into three categories: small (<GEL 5 million), medium (GEL 5-10 million), and major (> GEL 20 million). Major projects require financial and economic cost-benefit analyses, while medium-sized projects only require financial analyses. The methodology applies to all new investment/capital projects regardless of the source of funding.

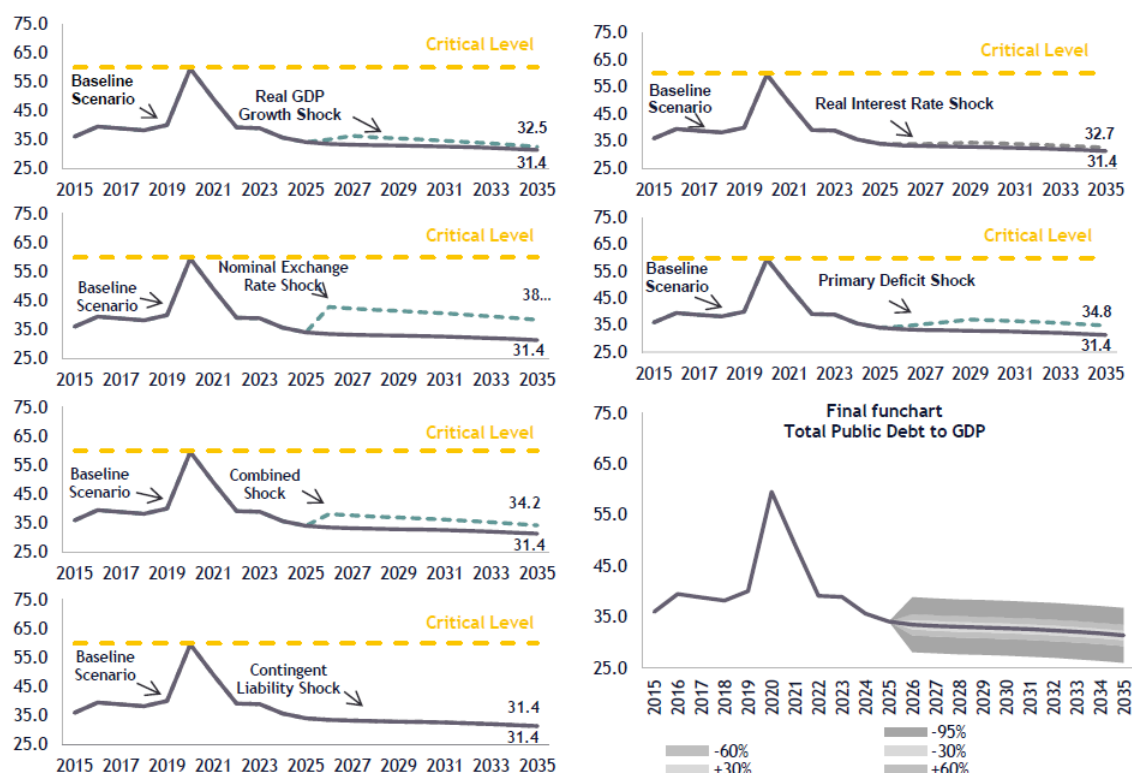
The coordination mechanism of the PIM working group under the MoF oversees public investment projects. Major projects are submitted to the Economic Council, chaired by the Prime Minister, for final decision. Public investment projects are evaluated using scoring criteria adopted by the MoF (MoF Decree N433, 22.11.2023).

The e-Public Investment Management ("**e-PIM**") system was successfully launched across Georgia in 2025 as a key component of the PFM reform agenda. As all new capital/investment projects are assessed through the e-PIM system integrating the Project Concept Notes ("**PCN**") and Cost-Benefit Analysis ("**CBA**") modules along with the assessment criteria and scoring system.

Within the framework of the Public Finance Management reform to strengthen the linkages between the budget and policy directions, the "tagging" tool was incorporated into the e-budget system. The "Policy Classifier" component within this tool enables all spending units to link their programmes/sub-programmes with the relevant policy classifier, including Sustainable Development Goals, Equality between women and men, Climate Change (adaptation/mitigation), Sectoral Strategies, and others. The information about these linkages is reflected in the Programme Budget.

The scope of the Budget package has expanded significantly due to these reforms. In addition to the draft Budget law the package includes many annexes, including a Debt Sustainability Analysis (“DSA”); public debt information; fiscal risk assessments; reconciliations of medium-term projections and compliance with fiscal rules, programme budget annex, capital budget annex, tax expenditure analyses report etc.

The Government of Georgia regularly conducts a DSA, which assesses the debt to remain sustainable under various macroeconomic shocks. Even in case of 30% GEL/USD depreciation, the debt level stays below the 60% debt rule threshold. As part of the IMF’s and Georgia’s regular DSA updates, Georgia’s government debt is similarly assessed to be sustainable and the overall risk of sovereign debt distress assessed to be low. Public debt is expected to remain broadly stable around 34-36% of GDP with prudent fiscal policy and robust economic growth under the baseline scenario. The IMF has also highlighted how Georgian authorities are pursuing prudent debt management policies aimed at reducing exchange rate risk, managing borrowing costs and ensuring long-term sustainability. In 2025, the IMF’s DSA concluded that Georgia’s public debt is stable.



Source: MoF Estimates, IMF Article IV July 2025

Transparency and citizen participation have also been key focuses as part of PFM reform. Georgia publishes all Budget related documentation, making it available to the public. Citizen's guides are prepared and published on the MoF official website. In 2019, a special portal, www.EBTPS.mof.ge, was created with the assistance of international donors and was launched in 2020. The portal provides a questionnaire survey for citizens interested in the budgeting process and also provides access to all Budget related public information.

Georgia monitors its progress through different international instruments. The Government conducts regular self-assessments with PEFA methodology which are validated by the PEFA secretariat. This methodology is also used for assessing the municipalities. IMF instruments such as the Fiscal Transparency Code and PIMA were conducted, and action plans were agreed and followed. Georgia has been scoring impressively high on OBS and has been ranked number 1 for the past two assessments with extensive open budget information availability.

Fiscal Risk Management

Georgia started the implementation of mechanisms for identifying and evaluating fiscal risks in 2014 through reporting financial data for major state-owned entities (“SOEs”). The MoF also introduced a Fiscal Risk Management Unit in 2017. In addition to macroeconomic risks, SOEs and PPP projects continue to be one of the main sources of fiscal risks for the country. The Government has taken concrete steps to address the challenges faced by SOEs, primarily by focusing on improving fiscal transparency. Substantial progress has been

made in disclosing fiscal risks arising from SOEs in the Government's Fiscal Risks Statement (“FRS”). Within the FRS, the coverage of fiscal risks analysis has been expanded. To further strengthen macro-fiscal stability and ensure sound fiscal risk management practices, the MoF is enhancing its institutional capacity to develop effective mechanisms for identifying, managing, and mitigating fiscal risks, while broadening the overall scope of fiscal risk analysis. The FRS 2025 provides a transparent and comprehensive assessment of long-term fiscal risks, focusing on climate change, demographic trends—including health and pension risks—and other major risk sources such as natural disasters, legal claims, and exposures from SOEs and public-private partnership projects (“PPPs”).

The MoF initially undertook the SOE sectorisation exercise in the second quarter of 2020, in line with GFSM 2014 standards. By Order No. 45 of the Minister of Finance of Georgia dated 15 February 2023, an updated register of SOE sectorisation was approved, expanding the coverage of SOEs and refining the sectoral classification of several enterprises. The sectoral classification registers were most recently updated by Order No. 32 of the Minister of Finance of Georgia dated 7 February 2025, which laid the groundwork for ongoing and forthcoming SOE sector reforms.

Under the IMF’s Stand-By Arrangement, Georgia has made progress in implementing SOE reforms. Key achievements include piloting shared ownership between the MoF and the MOESD for three SOEs and strengthening the MoF’s financial oversight of the seven largest SOEs – accomplishments recognised in the IMF’s recent Article IV consultation.

The Government has adopted Decree #1012, dated 10 June 2022, which empowers the MoF with financial oversight responsibilities over seven key state-owned enterprises, including approval authority over their statements of corporate intent and major contractual and investment decisions, thereby strengthening fiscal risk management and control. The Ministry is prioritising strengthening of the legal framework for financial oversight of state-owned enterprises, in close coordination with development partners, to enhance governance, accountability, and fiscal risk management.

By Decree No. 573 dated 14 December 2022, the Government adopted an overarching SOE reform strategy along with its accompanying action plan. The decree also introduced a pilot implementation of the action plan and established a dual ownership model, in particular, since June 2023, the MoF has exercised the authority of a shareholder/partner in three state-owned enterprises—JSC “Georgian Railway,” LTD “Georgian Gas Transportation Company,” and LTD “United Airports of Georgia”—alongside the Ministry of Economy and Sustainable Development of Georgia.

Building on lessons learned from these pilot initiatives, a comprehensive SOE reform roadmap will be developed in 2026 to further enhance SOEs performance. Key priorities include clearly separating the state’s roles as shareholder, regulator, and policymaker to avoid conflicts of interest; strengthening corporate governance frameworks; clarifying board responsibilities; enhancing board independence and strategic capacity; and refining board nomination and remuneration practices.

Furthermore, the MoF is expanding general government coverage by incorporating SOEs classified as general government units into official GFS. Since 2023, the MoF has been collecting quarterly SOE data through detailed questionnaires and integrating them into budget execution reports. Following amendments to the Budget Code, major SOE accounts are gradually being brought under the Treasury Single Account. As of 2025, 114 SOEs were covered, with full integration expected by January 2027.

In the second quarter of 2020, PPP value for money (“VFM”) Guidelines were adopted, which are intended to assist in assessing fiscal risks and the availability of public finance for PPP projects. The PPP model has supported Georgia’s infrastructure development, particularly in the energy sector, while long-term fiscal obligations require careful monitoring to prevent contingent liabilities from reaching macro-critical levels. In the post-pandemic period, budgetary liabilities arising from power purchase agreements (“PPAs”) have declined significantly, as Georgia no longer provides PPAs to power producers, helping contain contingent liabilities. Market-based support schemes, including Contracts for Difference (“CfDs”), have played an important role in mitigating fiscal risks. Two CfD auctions held in 2023 to 2024 covered a wide range of renewable energy projects, including hydro, wind and solar, representing a successful shift from unsolicited bids to competitive auctions and demonstrating the early effectiveness of CfD framework.

Relationship with the IMF

Georgia joined the IMF on 5 May 1992 and, since then, 10 lending arrangements (5 SBAs, 4 ECFs, 1 EFF) have been signed. The total amount agreed through these programmes amounted to SDR 2,241.70 million, from which SDR 1,482.85 million was drawn. The most recent was the three-year Stand-By Arrangement approved on 15

June 2022, with access to SDR 210.4 million (100% of quota). The programme focused on rebuilding fiscal buffers, strengthening fiscal frameworks, reducing external vulnerabilities and inflation, maintaining financial sector resilience and fostering stronger and more inclusive growth. The funds sourced via the arrangements were used to finance the homegrown reforms; nevertheless, the latest programme was treated as precautionary by the Government, resulting in no actual drawdown for budget purposes during the period. Georgia has a good record of achieving targets and meeting structural benchmarks, with IMF programmes. Even though the most recent IMF programme expired without review, all the macro, fiscal and monetary benchmarks have been overperformed and cooperation on the structural issues that caused the programme to go on hold (SOE and NBG Governance) is underway with the IMF, through its recent and upcoming technical assistances.

Regular Article IV missions are conducted on an annual basis and the most recent Article IV report (1) highlights “the country's resilience in the face of domestic and geopolitical uncertainties, noting strong economic growth, near-target inflation, and moderate debt levels”.

To identify and enhance the specific areas of public finance, Georgia undergoes IMF assessments regarding: fiscal transparency with Fiscal Transparency Evaluation (FTE, latest evaluation conducted in April-May 2023); tax administration performance with Tax Administration Diagnostic Assessment Tool (TADAT, latest assessment undertaken in September-October 2020); and infrastructure governance with the Public Investment Management Assessment (PIMA, assessment conducted in May 2018 and 2022) framework.

Over the years, Georgia has received substantial technical assistance (“TA”) from the IMF, focusing on: enhancing treasury functions; public financial management; tax policy; revenue administration; government finance statistics and public sector debt statistics; designing, drafting and implementing domestic and international tax law.

The most recent, ongoing and planned TAs are covering the following areas:

- *State Treasury*: implementation of the International Public Sector Accounting Standards with particular focus on standards related to financial instruments; overview and assistance in potential changes to the current methodological regulations on financial accounting; implementation of Artificial Intelligence-based solutions in transaction processing, which was successfully accomplished on 15 March 2025.
- *Fiscal Risk Management Department*: expansion of the coverage of fiscal reporting to include SOEs operating on a non-market basis; implementation of SOE reforms aimed at improving SOE performance and strengthening ownership and governance practices; assistance in drafting regulations to strengthen the MoF’s financial oversight of SOEs; further strengthening fiscal reporting as the upcoming mission visit is planned for April 2026.
- *Revenue Service*: Modernising the current control procedures as the project implementation is scheduled for 2025-2026.
- *Monetary Policy*: Upcoming mission of Governance Issues scheduled early 2026.

Structural Policy

B-READY

According to the World Bank's "B-READY 2024" report, Georgia ranks 3rd, 14th and 2nd among 50 countries in regulatory framework (Pillar I), public services (Pillar II) and Operational Efficiency (Pillar III), respectively. The Pillar I consists of the rules and regulations firms must follow as they open, operate (or expand) and close (or reorganise) a business. The Pillar II covers the facilities that governments provide to support compliance with regulations, and the institutions and infrastructure that enable business activities. The Pillar III captures the ease of compliance with the regulatory framework and the effective use of public services directly relevant to firms. It is also significant to note that, according to the report mentioned above, Georgia has a favourable business environment in terms of business location, labour, financial services, international trade, taxation, dispute resolution and business insolvency.

World Bank "Worldwide Governance Indicators"

Georgia's governance indicators outperform those of regional peer countries. According to the World Bank "Worldwide Governance Indicators", in recent years, Georgia has achieved significant progress in all six indicators. In particular, substantial progress was made in the "Government Effectiveness" and "Regulatory Quality" indicators. According to the latest data, from 2023, Georgia ranks 38th in the "Regulatory Quality" indicator, with a score of 79.72. The indicator captures perceptions of the ability of the government to formulate

and implement sound policies and regulations that permit and promote private sector development. Georgia improved its ranking compared to 2018 in the "Government Effectiveness" indicator, ranking 42nd globally with a score of 77.83. This indicator assesses perceptions of the quality of public services, the quality of the civil service and the degree of independence from political pressures, the quality of policy formulation and implementation and the credibility of the government's commitment to such policies.

Economic Reforms

In recent years, Georgia enjoyed robust economic growth averaging above 9% annually over the 2021-2025 period, while marking the significant progress in strengthening all economic fundamentals and the institutional framework for private sector development. Georgia remains committed to continuing to introduce structural reforms and focusing on long-term development priorities.

Since Georgia was granted candidate status, Georgia was first invited to participate in the preparation process of the Economic Reform Programme ("ERP") at the end of 2023. Since then, Georgia has been required to submit an Economic Reform Programme for a subsequent three-year period to the European Commission, in accordance with the methodology established by the Commission. Consequently, in both 2024 and 2025, Georgia submitted its ERPs for the periods 2024–2026 and 2025–2027, respectively.

The Economic Reform Programme is fully based on the documents and strategies approved and endorsed by the Government of Georgia in line with the national regulations. In accordance with the methodology developed by the European Commission, the ERP presents medium-term macroeconomic and fiscal projections, and provides information on planned and ongoing structural reforms outlined in the government policy agenda. The document largely reflects the requirements set forth in the country's Basic Data and Directions Document ("BDD") for medium-term planning, which is part of the State Budget Law package submitted to the Parliament of Georgia, also based on the other annexes of the Budget — programme and capital budget annexes, macroeconomic projections and scenarios (baseline, pessimistic and optimistic) of the relevant medium-term period, which is derived from the strategic development framework "Vision 2030: Development Strategy of Georgia".

The document "Economic Reform Programme 2025-2027" prepared and submitted to the European Commission in 2025 also reflects the progress made in implementing the recommendations issued based on the assessment of Georgia's first "Economic Reform Programme 2024-2026", to candidate countries within the framework of the joint conclusions adopted by the European Commission on 14 May 2024.

In recent years, Georgia has made tangible progress in building strong economic fundamentals and an institutional framework for private sector development. While dealing with post-pandemic and geopolitical challenges caused by the Russia's war in Ukraine, Georgia remains committed to continuing to introduce structural reforms and focusing on long-term development priorities that, ultimately, are intended to sustain a durable and inclusive recovery.

Capital Markets

The Government is continuing efforts to support the development of the domestic capital markets, which has been a longstanding area of focus. Domestic capital accumulation as well as demand for long-term domestic capital has been increasing. The development of the domestic capital markets is expected to support Larisation, effectively reducing external vulnerabilities, advancing efficient mechanisms for savings allocation and promoting structural improvement of the economy. The range of capital market instruments and depth of capital market are gradually increasing, encouraged by improvements in regulatory as well as market infrastructure areas.

Since 2022, Georgia has continued comprehensive capital-market reforms, establishing modern legal frameworks for mortgage covered bonds, dematerialised securities, securitisation, and sustainable bonds. Together, these reforms align Georgia with internationally acknowledged standards, strengthen investor protection, expand long-term funding channels, enhance market transparency, and lay the foundation for a deeper, more resilient domestic capital market.

The State Capital Market Support Programme aims at enhancing access to finance for small and medium-sized business by incentivising the issuance of securities. The programme envisages the co-financing issuance related costs/fees for SMEs, while the technical assistance area is planned to be introduced in 2026.

The Capital Market Development Strategy was approved by the Government in December 2022 and covers the 2023-2028 period. The strategy stipulates the measures and corresponding actions to realise the objectives of improving the access to financing through capital market instruments and incentivising and mobilising capital

for local securities. The Strategy action plans cover two-year periods and track the progress of the activities on a semi-annual basis.

The MoF is continuing development of the Government securities market through the Primary Dealers Pilot Programme and benchmark building policy. Intending to boost secondary market activity, Primary Dealers are obliged to publish the two-way quotes for the programme designated Treasury bonds, classify the minimum required amount of the Treasury bonds in available-for-sale portfolio, making the “clickable price” available for the minimum required amounts, as well as they are expected to increase the awareness of the Government securities. Creating large benchmarks supports the market liquidity and represents a policy by which the MoF intends to reach the quantitative targets for Georgia’s inclusion in international bond indices. In order to achieve wider public inclusion and establish the savings culture, the MoF is planning to develop the retail market for Government securities via a dedicated programme.

In recent years, legislative progress included the adoption of the Law on Covered Bonds intended to deepen the capital market by enabling banks to issue covered bonds and diversify their funding base; the Law on Dematerialised Securities Holding; the Law on Securitisation, which establishes the legal framework for securitization activities and expands the range of structured financing instruments available in the Georgian market. Besides, Georgia has fully updated its regulatory framework for investment funds, aligning it with EU directives.

See "*Monetary System—Capital Markets—Development of the Capital Markets*" for more detail regarding these legislative and regulatory changes.

Insolvency

The new insolvency framework was fully enacted since 2021. Creation of an efficient insolvency framework has been a challenge for many years. To address this, the Government, in close cooperation with IFIs, implemented fundamental insolvency reforms. In September 2020, the Parliament approved a new insolvency law providing for a resilient framework that is intended to maximize recovery values, as well ensure adequate protection of creditors' rights, timely and efficient insolvency processes and an effective rehabilitation framework in line with best international practice. The reform has already demonstrated significant economic implications, including improved access to finance; support for business rehabilitation; enhanced transparency and predictability of the business environment; stronger investor protection and more efficient utilization of economic assets.

SOE Reform

In December 2022, the Government adopted an overarching SOE reform strategy, developed in close cooperation with international partner organisations. The reform framework is structured around five interconnected pillars — corporate governance, commercial orientation, ownership policy, competition and strategic management — and aims to enhance efficiency of public corporations through targeted institutional and legislative measures aligned with OECD best practices. The full-scale implementation of SOE reform remains a key policy priority.

IMF TA is supporting MoF and MOESD through further steps of the SOE reform.

PPP

The PPP framework, which has been fully operational since 2020, is aligned with international best practices and the recommendations of the International Monetary Fund. As an integral component of the reform, the VFM methodology has been incorporated into the PPP/VFM Guidelines. The objective of the revised PPP framework is to facilitate investment, strengthen collaboration between the public and private sectors, and promote private sector participation in the development of public infrastructure and works, thereby enhancing the efficiency and productivity of public infrastructure and service delivery.

Land Registration

Ongoing land registration continues to be important for rural and agricultural development. Land cadastres are important for protecting property rights, simplifying land transactions and providing collateral for borrowing. The Government has been assisting citizens in searching for property ownership documents and facilitating dispute resolution through mediation. The Government implemented a systematic land registration reform during 2022–2025, which resulted in the registration of ownership rights and the achievement of 95% cadastral coverage.

Energy

The Government is committed to continuing to promote energy savings and independence, security in energy supply and energy efficiency. It is committed to expanding Georgia's power generation capacity in a fiscally sustainable manner and promoting energy generation from renewable sources.

Georgia remains firmly committed to its strategic role as the reliable energy transit partner, a supplier of renewable energy and a key actor along the regional transport and energy corridors. Georgia's energy security and independence is expected to be significantly reinforced by the implementation of the Black Sea Submarine Cable, which aims to directly connect Georgia to the European market. This landmark project positions Georgia as a strategic partner in enhancing EU's energy diversification and security across the Caucasus and wider region. The Black Sea Submarine Cable project aims to connect the South Caucasus Region directly to the Eastern Europe via a sub-marine high-voltage and 1300 MW capacity transmission cable crossing the Black Sea, with an approximate length of 1,155 km. The project was nominated to the EU Commission, and the EU Commission included it in the EU's list of "Projects of Mutual Interest".

A central pillar of the energy reform is the Law of Georgia on Energy and Water Supply, adopted in 2019, which establishes the legal basis for unbundling, non-discriminatory network access, retail market opening, supplier switching and enhanced regulatory powers for the Georgian National Energy and Water Supply Regulatory Commission. This law is complemented by secondary legislation and market rules governing electricity and natural gas network codes, tariff methodologies, licensing, consumer protection and wholesale market operation. The new electricity market rules are expected to become operational in July 2027. Besides that, the Parliament of Georgia adopted the National Energy Policy and its annex National Energy and Climate Plan in the summer of 2024. The document contains ambitious targets for 2030 in renewable energy, energy efficiency and GHG reduction (agreed with the EU and Energy Community), as well as respective measures to achieve the targets

Georgia has also adopted legislation aimed at promoting renewable energy and energy efficiency, including a legal framework for competitive support schemes and measures for the energy performance of buildings and end-use efficiency. The framework provides for competitive procurement mechanisms, such as auctions or feed-in-premium type contracts, standardised offtake arrangements and grid access rules designed to integrate variable generation while maintaining system reliability.

Further Development of State Support Mechanisms

The Government of Georgia has prioritised small- and medium-sized enterprise ("SME") development, as this represents the main source of private sector growth, job creation and innovation. Developing new instruments, in line with best international practice, to support SMEs and improve access to finance is an uninterrupted and dynamic process.

Personal Data Protection

The Personal Data Protection Law, adopted on 14 June 2023, came into effect on 1 March 2024 (with certain provisions coming into effect on 1 January 2027), repealing the previous law of the same name dated December 2011. The Data Protection Law introduced various regulations, including in relation to processing of biometric data, bases for conducting audio monitoring, rights and protection guarantees for data subjects, recording of information related to data processing (inventory), obligation to report incidents, data protection impact assessment, criteria for obtaining the consent of data subjects and appointment of the personal data protection officer. Among other things, the Data Protection Law stipulates that direct marketing can only be conducted with the explicit consent of the data subject. The data controller shall record all operations performed in relation to electronic data, including information on any incidents. Additionally, under certain circumstances, a data controller must conduct a data protection impact assessment for each new process introduced.

Enterprise Georgia

Enterprise Georgia is a government agency operating under the Ministry of Economy and Sustainable Development of Georgia. The agency is dedicated to support private sector competitiveness, attracting investments, and promoting entrepreneurship by offering a comprehensive suite of support services for businesses at every stage of growth.

The agency provides financial assistance, advisory services, and business development tools to support local production, attract and facilitate foreign investments, and support businesses in accessing and expanding within international markets. The aforementioned is accomplished through three strategic directions:

Invest in Georgia acts as a “one-stop shop” for foreign investors, simplifying the investment process by providing essential information, permits, and connections to relevant stakeholders. It aims to create a supportive environment that encourages foreign direct investment and fosters long-term partnerships. "Enterprise Georgia" assists foreign investors before, during and after the investment process.

Trade with Georgia promotes Georgian products in international markets by helping local businesses expand their global footprint. Through participation in trade fairs, branding support, and networking opportunities, it aims to enhance the visibility and competitiveness of Georgian goods worldwide.

Produce in Georgia focuses on strengthening domestic production by supporting the establishment, expansion, and modernization of local enterprises. By providing financial incentives and technical assistance, it helps businesses improve productivity and sustainability, driving local industrial growth.

Enterprise Georgia's integrated approach ensures comprehensive support for businesses, from inception to international expansion, thereby fostering entrepreneurship, supporting local producers, and attracting investment to build a dynamic and resilient economy.

Taxation Policy

The aim of Georgia's tax policy is to design tax legislation that promotes economic growth, to create an attractive investment climate and to ensure compliance of tax legislation with the international standards.

Georgia has a favourable tax system, featuring low tax rates, transparent regulations and various incentives. There are only six taxes in Georgia, of which five (personal income tax, corporate income tax, value added tax, excise tax and import tax) are nationwide, and one (property tax) is a local tax.

Effective 1 January 2017, Georgia switched to a new corporate income tax system. Under this model companies are no longer taxed on retained (undistributed) profit. Corporate income tax (15%) is payable at the time of profit distribution (dividends and other distributions such as non-business expenses, free distributions or excessive representation costs). Certain sectors – banks, microfinance organisations and loan providers are taxed at 20% under the classical model of taxation.

In the period between 2020 and 2025, a series of significant amendments were introduced, aimed at simplifying the tax system and aligning it with international standards. Notably, among these were the introduction of the Common Reporting Standard (CRS) for the automatic exchange of financial account information for tax purposes, aimed at enhancing tax transparency; the transition of insurance organisations to the distributed-profit taxation model, to support the development of Georgia’s insurance sector; the retention of financial institutions under the so-called classical model of taxation with the objective of optimising the CIT rate and abolishing the tax on distributed dividends; and amendments to the special tax regime for small businesses, designed to promote oeno- and agrotourism. In addition, in 2025, significant amendments were introduced to the Law of Georgia on Innovations, establishing tax incentives and support mechanisms for innovative enterprises.

Taxation Rates

Tax rates in Georgia are generally low. The personal income tax rate is set at 20%. Withholding tax rates on interest and dividends are 5%. Individual entrepreneurs with an annual turnover of below GEL 500,000 may register as a small business and pay a 1% tax on their turnover. This rate increases to 3% if annual turnover exceeds GEL 500,000. Under the Tax Code, the corporate income tax rate is 15%. Georgia has 56 effective DTAs and pursuant to these treaties, withholding tax rates on interest and dividends paid to non-residents vary from 0% to 5%. VAT is at a rate of 18%. A VAT exemption is applied to various goods and services, inter alia, medical care, exports and education.

Customs Code of Georgia

The new Customs Code of Georgia came into force in September 2019. In accordance with the commitment made within the association agreement the new customs legislation has been approximated to the EU customs legislation. It regulates all matters relating to the movement of passengers, goods and vehicles across Georgia’s customs border, including the amount of payment of customs duties and the terms for their administration. As of 1 February 2025, Georgia acceded to the Common Transit Convention and the Convention on the Simplification of Formalities in Trade in Goods, as set out in Annex 13 of the Association Agreement with the European Union, and became part of the New Computerised Transit System. The accession allows the transport of goods between the EU and various countries party to the Common Transit Convention (the United Kingdom, Türkiye, Iceland, Norway, Serbia, Ukraine, Switzerland, and North Macedonia—a total of 36 countries) using a single transit declaration and a single guarantee submitted electronically to the Georgian Customs

Administration. This will enhance the country's transit capabilities, facilitating the safe, smooth, and rapid movement of goods/cargo. Moreover, it positions Georgia as a key participant in the system facilitating the movement of goods between the EU and other member states.

Administrative Reforms

Over the last decade, Georgia fully modernised its tax administration by eliminating bureaucratic hurdles, developing a culture of compliance and creating an efficient and fair tax administration. In 2020, IMF conducted a performance assessment of the Revenue Service of Georgia, using TADAT methodology. As a result, GRS was assessed at the highest level of performance for the following indicators: knowledge of the potential taxpayer's base; accessibility of information; time taken to respond to information requests; obtaining taxpayer feedback on products and services; use of electronic filing facilities; and the existence of an independent, workable and graduated dispute resolution process.

Georgia continues to advance its reform agenda through simplification, digitalisation and automation of administrative procedures. A wide range of electronic services are offered to all taxpayers. Interaction between taxpayers and the administration is almost entirely automated, with more than 95% of all services available online. Immediately after a business is registered, the taxpayer automatically receives access to the Revenue Service's online portal, without any additional applications or visits. Through this unified platform, companies can interact with the tax administration, as well as fulfil all tax obligations in one place.

In addition, all returns (CIT, PIT, VAT, property tax) as well as VAT invoices and waybills are submitted electronically and are subject to different electronic validation programmes, which have been constantly updated, contributing to targeted risk analysis. One of the major reforms in the field of tax administration was the implementation of the fully automated VAT refund system.

A dedicated VAT portal for digital services has been established to facilitate compliance by non-resident suppliers. Under this framework, foreign taxpayers providing digital services to Georgian consumers are required to register, declare and pay VAT online through the Digital Services VAT Portal—a specialised platform hosted on the official website of the Georgian Revenue Service.

International Taxation and Liberalisation of Customs Procedures

Georgia maintains an extensive network of double taxation agreements designed to facilitate cross-border economic co-operation and prevent fiscal evasion. To date, Georgia has in force 58 tax treaties on income and capital, including all EU member states, OECD countries and Georgia's key economic and trade partners.

On 16 June 2016, Georgia became an associate member of the OECD/G20 Inclusive Framework (IF) for the implementation of the Base Erosion and Profit Shifting (BEPS) minimum standards. Georgia has successfully implemented all four minimum standards. In addition, Georgia signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) on 7 June 2017, which came into force on 1 July 2019.

Since 2011, Georgia has been actively engaged in implementing international standards on transparency and exchange of information for tax purposes, becoming one of the first developing countries to join the Global Forum. Georgia has prioritised aligning its tax policy with internationally agreed standards and principles. As a result, Georgia successfully underwent the Global Forum Peer Reviews on Exchange of Information on Request (EOIR), with the first round launched in 2013 and the second round in 2023. On 28 March 2024, the Global Forum Peer Review Report on EOIR was published, according to which Georgia received the highest rating in eight out of ten elements, resulting in an overall rating of "Largely Compliant" for its compliance with international standards on the exchange of tax information.

In 2022, Georgia enhanced international tax cooperation by signing the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS MCAA). In September 2024, Georgia made its first exchange of information under the CRS MCAA framework.

Beneficial Tax Regimes

Georgian tax legislation also provides for the following beneficial tax regimes:

International Company

In 2020, Georgia introduced the new "International Company Status". An International Company in Georgia is an enterprise that operates exclusively in IT services or maritime commercial and maintenance services, and

performs all core activities within Georgia using local qualified staff. The company must demonstrate at least two years of relevant experience (directly or through its parent/owners). This status provides tax incentives, including a 5% corporate income tax, 0% tax on dividends, property tax exemption for assets used in permitted activities and a 5% personal income tax rate for employees.

Special Trading Company

A Special Trade Company is a company authorised to operate in a customs warehouse and benefit from corporate income tax exemptions on profits from permitted activities. It may re-export or supply foreign goods, purchase foreign goods for re-export, earn tax-exempt income and receive limited additional Georgian-source income. Profits from permitted activities are exempt from CIT, and the supply of foreign goods within a customs warehouse is VAT-exempt with the right to deduct. The status is granted for the current and following year, and can be cancelled upon request before the start of a new year.

Free Industrial Zones

A Free Industrial Zone (“**FIZ**”) is a designated area with a special economic and legal regime. Income received by a Free Industrial Zone Company from its permitted activities conducted in a Free Industrial Zone is exempt from profit tax. FIZ company is taxed with a 4% flat rate on the market price of goods supplied to or purchased from a person registered outside FIZ in mainland Georgia (excluding supply to another Free Industrial Zone Company). There is no withholding tax on interest and dividends, and transactions within the FIZ are exempt from VAT.

Innovative startups, Innovative SME's and R&D companies

In 2025, significant amendments were introduced to the Law of Georgia on Innovations, providing for tax incentives and support mechanisms for innovative enterprises. In particular, companies holding the legal status of Innovative Startup may benefit from personal income tax and corporate income tax rates ranging from 0% to 10%, differentiated by size of company's attractive investment; Innovative SMEs are eligible to deduct three times the amount of R&D expenses and, when profits are reinvested, may also access support mechanisms established under the Government Ordinance (cashback grants). Companies classified exclusively as R&D entities are subject to a reduced 5% rate on both PIT and CIT.

GENERAL GOVERNMENT DEBT

General

In accordance with the Organic Law of Georgia on Economic Freedom, general Government debt (the "**General Government Debt**") comprises (i) debt defined under the Law of Georgia on Public Debt, excluding the debt of NBG; and (ii) debt incurred as loans by budgetary organisations, except debt incurred from other budgetary organisations. General Government Debt is composed of internal general Government debt (the "**Internal General Government Debt**") and external general Government debt (the "**External General Government Debt**").

In accordance with the Organic Law of Georgia on Economic Freedom, the ceiling for total General Government Debt, combined with the present value of commitments made under PPP is set at 60% of nominal GDP for the relevant year. The ceiling is included in the annual budget law. Under the 2024 Budget Law, the ceiling for the General Government Debt was GEL 33,430.8 million, or 36.8% of nominal GDP, of which GEL 23,396.9 million (30.0% of the General Government Debt) was allocated to the External General Government Debt and GEL 10,033.9 million (70.0% of the General Government Debt) was allocated to the Internal General Government Debt. In factual terms, the debt-to-GDP ratio amounted to 35.7% at the end of 2024, and the Internal/External composition reached to 30.3%/69.7%. Under the 2025 Budget Law, the ceiling for the General Government Debt is GEL 35,590.1 million, of which GEL 24,008.8 million is allocated to the External General Government Debt and GEL 11,581.3 million is allocated to the Internal General Government Debt. The debt-to-GDP ratio for 2025 is estimated at 34.1%, while the Internal/External composition is estimated at 32.5%/67.5% by the end of 2025. Under the 2026 Budget Law, the ceiling for the General Government Debt is GEL 38,216 million, of which GEL 24,712 million is allocated to the External General Government Debt and GEL 13,504 million is allocated to the Internal General Government Debt.

The NBG owes debt only to the IMF. These obligations are used by the NBG for the sole purpose of replenishing its international reserves and are the exclusive liabilities of the NBG.

General Government Debt Management Strategy 2025-2029

The MoF produces and publishes the General Government Debt Management Strategy since 2019. The document aligns with the international best practice. The current strategy document covers the main areas and objectives of government debt management for 2025-2029 years. The strategy reflects the plan of the Government of Georgia, which should ensure the implementation of efficient debt management policies and achieve the objectives of debt management.

The main objectives of the General Government Debt Management Strategy are:

- *Maintaining the government debt to GDP ratio at a sustainable level.* This direction, through the adherence to the safe level of the government debt to GDP ratio (40-45%), defined within the Government Debt Management Strategy, focuses on the long-term debt sustainability and fiscal stability;
- *Maintaining the share of GEL-denominated debt in the government's debt portfolio at a healthy level.* The plan's emphasis is on gradually increasing the share of local currency debt to reduce foreign exchange exposure and strengthen resilience against foreign exchange fluctuations. As per General Government Debt Management Strategy, during the post-pandemic period, the goal was to reduce the External Debt (at 79.1% of total portfolio at the end of 2020) gradually to healthier levels, at around 65% of total debt in the medium-term. As of the end of October 2025, external debt was reduced to 68.1%, which shows that the strategy of diversifying debt portfolio composition is very well on track;
- *Increasing the focus on development-oriented external loans.* The priority is to finance projects that foster economic growth and structural transformation;
- *Optimisation of the cost and risk of the government debt portfolio.* This direction entails maintaining the general government debt at a sustainable level with minimal costs, considering refinancing, interest rate and exchange rate risks;
- *Development of the Treasury Securities Market.* The goal of this strategic direction is to further facilitate the growth of the domestic securities market by improving liquidity, building large benchmarks, active use of liability management operations, fostering the secondary market development and focusing on the expansion of the investor base.

General Government Debt

The following table sets forth certain key statistics with regard to Georgia's General Government Debt for the periods indicated:

	General Government Debt							Ten months ended 31 October 2025
	As at 31 December							
	2018	2019	2020	2021	2022	2023	2024	
	(U.S.\$ millions)							
General Government Debt	6,482	6,945	9,050	9,624	10,580	11,706	11,817	13,003
Internal General Government Debt	1,214	1,453	1,888	1,887	2,663	3,200	3,580	4,152
External General Government Debt	5,267	5,492	7,162	7,737	7,917	8,506	8,238	8,851
Interest payments	198	213	246	246	261	452	546	533
Internal General Government Debt	91	98	138	159	179	255	281	304
External General Government Debt	106	115	108	87	82	197	265	229
Total General Government Debt Service	947	1,018	1,048	1,572	1,116	1,458	1,770	1,368
Internal General Government Debt	559	579	648	689	702	862	1,049	746
External General Government Debt	388	439	400	882	414	596	721	622
Total General Government Debt/GDP (%)	38.9%	40.4%	59.6%	49.1%	39.2%	38.9%	35.7%	33.8%
Internal General Government Debt/GDP (%)	7.3%	8.5%	12.4%	9.6%	9.9%	10.6%	10.8%	10.8%
External General Government Debt/GDP (%)	31.6%	32.0%	47.1%	39.5%	29.4%	28.3%	24.9%	23.0%
Total General Government Debt/Budget Revenue	146.7%	154.3%	239.0%	196.9%	147.5%	142.3%	129.0%	124.7%
Total General Government Debt Service/Budget Revenue	21.0%	22.5%	27.7%	32.1%	15.6%	17.7%	19.3%	13.1%
External General Government Debt Service/Exports (%)	11.1%	13.0%	6.7%	10.9%	3.1%	3.9%	4.4%	4.2%

Source: Ministry of Finance

The General Government Debt to GDP ratio is on a decreasing trend since reaching the peak 59.6% in 2020, and, by the end of 2024, it stood at 35.7%. According to projections it is expected to maintain a downward trajectory in the coming years. The following table shows the projections of the General Government Debt to GDP ratio applying relevant assumptions regarding other variables.

	Projections				
	2025	2026	2027	2028	2029
	(%)				
Economic Growth.....	7.2	5.0	5.2	5.3	5.3
Deficit ⁽¹⁾ as % of GDP	2.5	2.5	2.4	2.3	2.2
Debt as % of GDP	34.1	33.5	33.2	33.1	32.9
Domestic Debt as a % of Debt.....	33	35	38	40	42
External Debt as a % of Debt.....	67	65	62	60	58

Notes:

(1) Augmented Deficit (IMF program definition)

Source: Ministry of Finance.

As at 31 October 2025, the ATM of the total portfolio was 7.5 years, with external debt at 9.3 years and internal debt at 3.7 years. The weighted-average interest rate of the aggregate portfolio was 4.68%, with external debt at 2.76% and internal debt at 8.85%.

General Government Debt Service

The following table sets forth the total General Government Debt service, as well as total borrowings as at the dates indicated:

General Government Debt Service							
	2020	2021	Period end 2022	2023	2024	As of 31 October 2025	
	(GEL millions)					(GEL millions)	(U.S.\$ millions) (²)
Internal General Government Debt Service							
.....	1,998	2,224	2,050	2,274	2,853	2,090	746
Principal	1,570	1,712	1,533	1,603	2,094	1,213	442
Interest	428	512	517	670	760	877	304
External General Government Debt Service ⁽¹⁾							
.....	1,239	2,937	1,208	1,565	1,957	1,711	622
Principal	902	2,653	971	1,049	1,239	1,082	394
Interest	337	284	236	517	718	628	229
Total General Government Debt service	3,233	5,123	3,243	3,823	4,888	3,801	1,368
Total Net Borrowing							
.....	6,296	2,709	2,699	2,557	1,741	1,249	455
Internal borrowing ⁽²⁾	2,026	(306)	1,346	1,459	1,521	1,271	460
External borrowing	4,270	3,016	1,352	1,098	220	(22)	(5)

Notes:

- (1) GEL amounts have been calculated using the exchange rate on the principal and interest payment dates.
- (2) U.S.\$ amounts for the Internal General Government Debt have been calculated using the exchange rate on the settlement/effective payment dates. U.S.\$ amounts for non-U.S.\$ foreign currency flows have been calculated using the exchange rate effective on the respective settlement date.

Source: Ministry of Finance.

External General Government Debt

The outstanding External General Government Debt of Georgia, as at 31 October 2025, was U.S.\$8,851 million and was comprised of: (i) multilateral debt of U.S.\$6,769 million; (ii) bilateral debt of U.S.\$1,582 million; and (iii) the U.S.\$500,000,000 2.750% Notes due 2026 issued in April 2021 (the "2021 Notes"). Approximately 94% of Georgia's External General Government Debt is owed to official development creditors (such as international financial institutions and bilateral creditors) in concessional terms with favourable interest rate and maturity periods, the remaining 6% represents the aggregate outstanding principal amount of the 2021 Notes. As at 31 October 2025, the weighted-average interest rate of Georgia's External General Government Debt was approximately 2.76% per annum and the average maturity was 9.26 years. As at 31 October 2025, approximately 46.5% of Georgia's External General Government Debt portfolio carried fixed interest rates, and the remainder carried floating rates.

The following table sets forth Georgia's External General Government Debt structure as at the dates indicated:

	Period end					As of 31
	2020	2021	2022	2023	2024	October
	(U.S.\$ millions)					
Multilateral creditors, of which:	5,010	5,578	5,815	6,393	6,256	6,769
Asian Development Bank	1,444	1,888	2,072	2,281	2,270	2,461
Asian Infrastructure Investment Bank	160	195	196	212	212	239
Council of Europe Development Bank	3	5	9	15	15	16
European Bank for Reconstruction and Development	199	237	237	238	216	226
European Investment Bank	740	816	920	1,144	1,079	1,182
European Union	163	150	142	147	139	154
International Bank for Reconstruction and Development	1,131	1,209	1,305	1,525	1,637	1,867
International Development Association	920	831	699	594	475	415
International Fund for Agriculture Development	36	38	37	37	35	38
International Monetary Fund	212	206	196	197	176	166
Nordic Environment Finance Corporation.....	3	2	2	2	3	5
Bilateral creditors, of which:	1,650	1,658	1,601	1,613	1,482	1,582
Armenia	5	4	3	2	1	-
Azerbaijan.....	5	4	3	2	1	-
Austria	19	16	14	13	10	10
China.....	0.9	0.5	-	-	-	-
France	580	699	736	786	766	845
Germany (KfW).....	731	677	626	628	558	598
Iran.....	4	3	2	2	1	-
Japan	217	187	157	139	118	116
Kazakhstan	9	5	4	2	1	-
Kuwait	9	11	12	11	9	7
Netherlands.....	0	0	0	0	0	-
Russia	40	29	25	15	8	-
Turkey.....	11	8	6	4	2	-
Turkmenistan.....	0	0	0	0	0	0
Ukraine	0	-	-	-	-	-
United States.....	16	13	11	9	6	5
Uzbekistan	0	-	-	-	-	-
2021 Notes	500	500	500	500	500	500
Guaranteed External General Government Debt ...	2	1	1	-	-	-
Total External General Government Debt	7,162	7,737	7,917	8,506	8,238	8,851
Limit of the Total External General Government Debt under the Annual State Budget Law	7,161	7,730	7,938	8,306	8,539	8,754

Source: Ministry of Finance.

The following table sets forth External General Government Debt by currency as at the dates indicated:

External General Government Debt by Currency					
	2020	2021	Period end		As of 31
			2022	2023	October
	(U.S.\$ millions or equivalents) ⁽¹⁾				
US Dollar	1,885	1,901	1,914	1,947	1,863
Euro.....	3,215	3,983	4,418	5,162	5,926
GEL.....	-	-	-	-	25
SDRs	1,834	1,654	1,416	1,247	914
Japanese Yen.....	217	187	157	139	116
Kuwaiti Dinar.....	9	11	12	11	7
Chinese Yuan	1	0	-	-	-
Total	7,162	7,737	7,917	8,506	8,851

Notes:

(1) Non-U.S. Dollar amounts have been converted into U.S. Dollar amounts using the period-end exchange rate.

Source: Ministry of Finance.

The following table sets forth External General Government Debt by interest rate type as the at the dates indicated:

External General Government Debt by Interest Rate Type

	2018	2019	2020	2021	2022	2023	2024	As of 31 October 2025
Fixed.....	60.7%	54.8%	52.5%	54.3%	52.0%	50.1%	47.4%	46.5%
Floating	39.3%	45.2%	47.5%	45.7%	48.0%	49.9%	52.6%	53.5%

In the ten months ended 31 October 2025, U.S.\$388.7 million was raised from bilateral and multilateral creditors. The following table shows mobilised resources by creditor:

Financial Resources Mobilised from Development Organisations During 2025

Financial Resources Mobilised from Development Organisations During 2025

	As of 31 October 2025		
	Budget Support Loans	Investment Loans	Total
		<i>(U.S.\$ millions)</i>	
ADB.....	52.62	73.39	126.01
AIIB.....		18.96	18.96
IFAD.....		2.67	2.67
EBRD		19.34	19.34
WB.....	108.41	74.19	182.60
KfW		27.61	27.61
EIB.....		0.53	0.53
NEFCO.....		1.69	1.69
France	1.00	8.29	9.29
Kuwait		0.02	0.02
Total.....	162.03	226.67	388.70

Internal General Government Debt

Internal General Government Debt, as at 31 October 2025, was comprised of: (i) outstanding Treasury securities, Treasury bills ("T-bills") and Treasury bonds ("T-bonds"), totalling GEL 11,101 million; (ii) the debt of the Government owed to the NBG that has been converted into marketable government securities ("Government Bonds"), totalling GEL 161 million; and (iii) loans of budgetary organisations, totalling GEL 6 million.

The following table sets forth the period-end composition of Georgia's outstanding Internal General Government Debt and the ceilings on Internal General Government Debt under the relevant State Budget Laws as at the dates indicated:

Internal General Government Debt

	Period End					As of 31 October 2025	
	2020	2021	2022	2023	2024	(GEL millions)	(U.S.\$ millions) ⁽¹⁾
			<i>(GEL millions)</i>				
Obligations to the NBG ⁽²⁾	353	313	273	233	193	161	59
Obligations under T-bills	723	279	383	334	338	339	125
Obligations under T-bonds	5,069	5,207	6,450	7,958	9,484	10,762	3,966
Loans of budgetary organisations	41	46	90	82	33	6	2
Total Internal General Government .	6,186	5,845	7,195	8,606	10,048	11,268	4,152
Internal General Government ceiling ⁽³⁾	5,971	5,843	7,100	8,454	10,034	11 581 ⁽⁴⁾	4,267 ⁽⁴⁾

Notes

- (1) GEL amounts have been converted into U.S. Dollar amounts using the period-end exchange rate.
- (2) Obligations to the NBG as at 31 October 2025 is comprised of marketable securities. Earlier figures shown consist of the non-marketable debt of the Government owed to the NBG and the debt of the Government owed to the NBG that has been converted into marketable government securities. The last conversion took place in March 2025.
- (3) As set in the annual budget laws.
- (4) Set for the end of 2025.

Source: Ministry of Finance.

The following table sets forth the marketable Internal General Government Debt securities (T-bills, T-bonds and Government Bonds) outstanding as at the dates indicated:

Marketable Internal General Government Debt Securities by Residual Maturity

		Period End					As of 31 October 2025	
		2020	2021	2022	2023	2024	(GEL millions)	(U.S.\$ millions) ⁽¹⁾
		(GEL millions)						
T-bills	6-month	115	100	114	115	116	116	43
	12-month	608	179	268	219	222	223	82
T-bonds and Government Bonds	0–1-year	879	1,116	851	1,285	794	633	233
	1–3-year	1,688	1,381	2,564	1,953	2,560	4,573	1,685
	3–5-year	1,614	1,719	1,772	3,637	3,779	2,971	1,095
	5+ years	1,041	1,143	1,415	1,235	2,503	2,746	1,012

Note:

(1) GEL amounts have been converted into U.S. Dollar amounts using the period-end exchange rate.

Source: Ministry of Finance.

As at 31 October 2025, the Government had issued GEL 490 million and GEL 2,347 million of T-bills and T-bonds, respectively. During 10-month period of 2025, the weighted-average T-bill yield was 7.47% and the weighted-average T-bond yield was 9.08%. For 2024, the weighted-average T-bill yield was 8.08% and the weighted-average T-bond yield was 8.58%. The weighted-average interest rate for the Treasuries' portfolio as at 31 October 2025 amounts to 8.85%, while the ATM stands at 3.71 years. The respective figures for the end of 2024 were 8.84% and 3.50 years. Aggregate outstanding T-bills and T-bonds amounted to GEL 10,991.4 million as at 31 October 2025.

The following table shows the weighted average interest rates of the Treasuries' securities by residual maturity as at the dates indicated.

Weighted Average Interest Rates of the Treasury Securities by Residual Maturity						
	6m	12m	4y	6y	9y	11y
As at 30 September 2025	7.393%	7.398%	9.088%	9.353%	9.800%	9.783%
As at 31 October 2025	7.397%	7.728%	8.975%	9.412%	9.803%	9.650%

Source: Ministry of Finance

The following table shows the issue and demand of the Treasuries' securities as at 31 October 2025.

Issuance and Demand of Treasury Securities						
As at 31 October 2025						
(GEL millions)						
	6m	12m	4y	6y	9y	11y
Issuance.....	20	20	54	65	60	30
Demand.....	60	45	126	118	110	68

Source: Ministry of Finance

Benchmark Bonds

In 2018, to enhance the liquidity of the government securities market, the MoF introduced the benchmark bonds on Treasury securities market. Starting from 2023, the MoF gradually reduced the number of outstanding benchmarks in order to foster the market liquidity and building the benchmark yield curve. Through the Treasury securities issuance plans, the MoF effectively maintains the major points on the yield curve reflecting the points of six and 12 months for T-bills, and three, five, seven and 10 years for T-bonds. Optimising the number of outstanding bonds allowed for greater portfolio concentration on medium- and long-term benchmarks, effectively increasing the Average Time to Maturity ("ATM") for Treasuries portfolio to 3.71 years as of 31 October 2025 from 2.8 years at the end of 2022.

Besides the aforementioned benefits, building the large benchmarks and increasing the overall market size enables the MoF to pursue the inclusion of Georgia in international bond indices, which is planned and stipulated

under the Government Debt Management Strategy. As of 31 October 2025, out of 9 benchmarks 5 are already exceeding the size of GEL 1 billion whose total amount reaches GEL 8.4 billion and 76.2% of the whole portfolio. As at the aforementioned date, the largest benchmark amounts to GEL 2.8 billion (exceeding U.S.\$1 billion).

Liability Management Operations

In order to reduce the peaks in the Internal General Government Debt maturity profile and strengthen the benchmark building policy, the MoF uses liability management operations (LMOs) – buybacks and switches – on a regular, monthly basis. LMOs enable the MoF to efficiently manage the refinancing risk, while contributing to improving the liquidity of government securities, forming the yield curve, extending the maturity profile and, hence, increasing ATM for the Treasuries' portfolio.

In 2024, a total (switches and buybacks) of GEL 560.0 million of two-year, five-year and 5.3-year (original maturity) Treasury bonds were repurchased, out of which 45.4% represents the 5.3-year Treasury bond issued in 2020, and these operations allowed the MoF to significantly reduce the outflow burden in May 2025. From the beginning of 2025 to the end of October 2025, May 2025-benchmark with the amount of GEL 250 million, January 2026-benchmark with the amount of GEL 190 million and January 2027-benchmark with the amount of GEL 80 million were redeemed via LMOs.

Primary Dealers

In November 2020, Georgia introduced a Market Making Pilot Programme in Debt Securities of the Republic of Georgia, which is intended as the first step in establishing a Primary Dealer system with the aim of lowering the cost of issuance while establishing a reliable yield curve and attracting new investors into the market. The deepening of the government securities market should contribute to the development of the whole financial market, encourage savings and enable the NBG to use indirect instruments of monetary policy.

Primary Dealers are expected to contribute to financial market development by acting as intermediaries between the issuer of the relevant securities and investors, by contributing to the process of diversification of the investor base and enhancing the secondary market liquidity via regular price quoting and the provision of appropriate trading and settlement infrastructure for every participant in the market.

To pave the way for the introduction of a fully-fledged Primary Dealer system, it was considered appropriate to start with a Market-Making Pilot Programme ("MMPP") with a narrower focus than a fully-fledged Primary Dealer system. Throughout the five-year period, six designated benchmark bonds have been included in the Programme, of which four are still outstanding. The pilot phase serves for the purpose to calibrate the system and gradually and seamlessly expand the coverage of outstanding Treasury securities. As of 31 October 2025, the programme size amounted to GEL 6.3 billion, accounting for 57.2 percent of the Treasury securities portfolio.

Multilateral and Bilateral Development Organisations

The Government benefits from long-standing and close relationships with a broad base of multilateral and bilateral development organisations, including the IMF, the World Bank Group ("WB"), Asian Development Bank ("ADB"), the European Investment Bank ("EIB"), the Asian Infrastructure Investment Bank ("AIIB"), the Council of Europe Development Bank, the EBRD, the International Fund for Agriculture Development ("IFAD"), the Nordic Environment Finance Corporation ("NEFCO"), 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. The Government enters into different types of instruments of loans from creditors: project loans, which are directly connected to particular investment projects; and programme loans, which support Government reforms, PfoRR/RBL type of loans when result-based financing supports sector development and reforms while using country systems for project implementation. These loans are used to finance vital state projects, such as highway modernisation, infrastructure rehabilitation, energy sector enhancement, support of agriculture sector and other projects in different sectors of the economy. Alongside this financial assistance, Georgia benefits from a high level of expert assistance from multilateral and bilateral development organisations throughout project implementation cycles.

While Georgia started as an IDA (WB) and ADF (ADB) beneficiary in the first years of its co-operation with the WB and ADB, currently Georgia has participated in IDA replenishments as a donor twice (IDA20, IDA21) and joined ADF under ADB as a donor in 2024.

See also "*Public Finance—Relationship with the IMF*".

Relationship with EBRD

To support the transition to a green economy and inclusive development, in July 2025, EBRD provided a U.S.\$65 million loan to Rustavi Azot, a Georgian fertiliser producer, to finance plant and energy efficiency upgrades at an existing facility. As of November 2025, EBRD had undertaken 316 projects in Georgia, with cumulative investments in the country exceeding EUR 5.7 billion. EBRD's current portfolio of active projects in Georgia comprises 79 initiatives, with a total value of EUR 1.4 billion as of September 2025. These projects aim to enhance private-sector competitiveness, develop local financial markets, and improve interregional connectivity, while also promoting renewable energy and energy security.

Relationship with ADB

As at 31 December 2024, ADB had provided 95 public sector loans, grants, and technical assistance totalling U.S.\$4 billion to Georgia. As at 31 December 2025, ADB's sovereign portfolio in Georgia included 15 loans valued at U.S.\$2.1 billion. In 2024, ADB approved a EUR 46.3 million policy-based loan to support the Georgian government in enhancing its healthcare system.

Relationship with AIIB

AIIB's work in Georgia is centred on sustainable development and regional connectivity. In 2025, AIIB made a GEL 40 million anchor investment in Georgia Healthcare Group's GEL 350 million social bond. In 2024, AIIB approved a U.S.\$125 million project to enhance urban mobility by procuring 111 new electric metro cars and strengthening institutional capacity through training and cybersecurity assessments.

Relationship with IFC

Georgia became a member and shareholder of the IFC in 1995. The IFC is anchoring a GEL 350 million (U.S.\$130 million) social bond for Georgia Healthcare Group. This initiative marks the first healthcare-focused social bond in the Caucasus and the largest corporate social bond in the region, with funds earmarked for expanding high-quality oncology care and improving overall healthcare access.

Relationship with EIB

The EIB has invested in over 20 projects in Georgia relating to infrastructure, the private sector and climate action. In 2023, the EU and the EIB committed EUR 16 million to finance physical improvements to the East-West Highway to enhance road safety in Georgia. To support small and medium-sized enterprises in Georgia, the EIB signed a EUR 50 million loan agreement with the Bank of Georgia in 2023 and a EUR 5 million loan agreement with the Bank of Georgia in 2024.

Sovereign Ratings

Since 2020, Georgia's sovereign ratings have reflected both pandemic-related pressures and the subsequent macroeconomic recovery. Fitch shifted Georgia's Outlook to BB / Negative in 2020, driven by the expected economic contraction and deterioration of macroeconomic indicators due to the pandemic. Fitch returned the Outlook to Stable in 2021, improved it to Positive in 2023, adjusted it back to Stable in June 2024, and revised it to Negative in December 2024. In November 2025, Fitch affirmed the BB rating and upgraded the Outlook to Stable, citing a substantial accumulation of international reserves, a faster-than-expected narrowing of the current account deficit and strong medium-term growth prospects (7.3% in 2025, 5.3% in 2026 and 5.0% in 2027).

Moody's kept Georgia at Ba2 / Stable during the pandemic, reflecting credit resilience despite external shocks. In 2022, the Outlook moved to Negative, driven by concerns around political developments and potential external spillovers. Moody's reaffirmed Ba2 / Negative in 2023, returned it to Stable in March 2024 as macroeconomic and fiscal performance strengthened, and again revised it to Ba2 / Negative in March 2025 due mainly to renewed political-risk considerations.

S&P lowered the Outlook to Negative in 2021, restored it to Stable in 2022, and maintained BB / Stable through 2023–2024, highlighting growth recovery, prudent fiscal management and improved reserve adequacy. In August 2025, S&P affirmed BB / Stable, noting sustained economic momentum, moderate public debt and continued access to external financing.

Alongside these rating actions, Georgia has recorded a series of positive credit developments. Growth has remained well above peers and is stabilising at a strong medium-term level, inflation has stayed low, dollarisation has continued to decline, external buffers have increased with foreign currency reserves reaching historic highs and the current account deficit has improved on a structural basis. Fiscal consolidation has brought public debt

back to pre-pandemic levels. Engagement with the IMF has been constructive, and the absence of national elections until 2027 supports policy continuity.

All three agencies' quantitative indicators now place Georgia above the levels implied by the current issuer ratings. Fitch's Sovereign Rating Model output has risen into investment-grade territory (BBB- before qualitative overlays), Moody's scorecard places Georgia within the Baa3–Ba2 range, and S&P's indicative rating is one notch above the final rating. These results reflect stronger growth, improving debt dynamics, rising reserves, and resilient fiscal and external metrics, and they indicate that the gap with assigned ratings is driven mainly by qualitative assessments of political or event risk rather than by underlying fundamentals.

TERMS AND CONDITIONS OF THE NOTES

The issue of the Notes is authorised pursuant to Article 2 of the Law of Georgia on State Debt, Decree of the Government of Georgia No 22, dated 9 January 2026. An international fiscal agency agreement dated 28 January 2026 (the "**International Fiscal Agency Agreement**") will be entered into in relation to the Notes between Georgia, acting through the Ministry of Finance of Georgia (the "**Issuer**"), Citibank, N.A., London Branch as fiscal agent and a paying and transfer agent, and Citibank Europe plc, Germany Branch as registrar. The fiscal agent, the paying and transfer agents and the registrar for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Paying and Transfer Agents**" and the "**Registrar**". The expression "**Paying and Transfer Agents**" shall include the Paying and Transfer Agents and the Fiscal Agent. The International Fiscal Agency Agreement includes the form of the Notes. Copies of the International Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying and Transfer Agents. The holders of the Notes (the "**Noteholders**") are deemed to have notice of all the provisions of the International Fiscal Agency Agreement applicable to them.

1. FORM, DENOMINATION, TITLE AND STATUS

- (a) **Form and denomination:** The Notes are in registered form, serially numbered and in principal amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an "authorised denomination").
- (b) **Title:** Title to the Notes will pass by transfer and registration as described in Condition 2. The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate in respect of it (other than a duly executed transfer thereof)), and no person will be liable for so treating the holder. For this purpose, "holder" shall mean the person in whose name a Note is registered in the Register (as defined in Condition 2(a)).
- (c) **Status:** The Notes constitute direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured Public External Indebtedness (as defined in Condition 3) of the Issuer, from time to time outstanding; provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public External Indebtedness and, in particular, shall have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

2. REGISTRATION AND TRANSFER OF NOTES

- (a) **Registration:** The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom, on which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of Notes.
- (b) **Transfer:** Notes may, subject to the terms of the International Fiscal Agency Agreement and to Conditions 2(c) and 2(d), be transferred in whole or in part in an authorised denomination by lodging the relevant Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying and Transfer Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will, within seven business days (as defined in Condition 6(c)), in the place of the specified office of the Registrar, of any duly made application for the transfer of a Note, deliver a new Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Note for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

- (c) **Formalities free of charge:** Any such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith; (ii) the Registrar being satisfied with the documents of

title and/or identity of the person making the application; and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar.

- (d) **Closed Periods:** Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 calendar days ending on and including the day immediately prior to 28 January 2031 (the "**Final Maturity Date**"); or (ii) during the period of seven calendar days ending on (and including) any Record Date (as defined in Condition 6(a)) in respect of any payment of interest on the Notes.

3. **NEGATIVE PLEDGE**

- (a) **Restriction:** So long as any Note remains outstanding (as defined in the International Fiscal Agency Agreement) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") (other than a Permitted Security Interest) upon the whole or any part of the assets or revenues present or future of Georgia or the Government of Georgia or the Ministry of Finance of Georgia to secure any Public External Indebtedness, or any guarantee of or indemnity in respect of any Public External Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in Condition 11(a)) of the Noteholders.

- (b) **Definitions:** For the purposes of this Condition:

- (i) "**Public External Indebtedness**" means any present or future indebtedness of Georgia or any other person (I) in the form of, or represented by, bonds, notes, debentures or other securities that are, for the time being, or are capable of being, quoted, listed or ordinarily dealt in or purchased and sold on any stock exchange, over-the-counter or other securities market; and (II) denominated or payable, or at the option of the holder thereof payable, in a currency other than the lawful currency of Georgia;
- (ii) "**Permitted Security Interest**" means (I) any Security upon assets created for the purpose of financing the acquisition of such assets; or (II) any Security existing on assets at the time of their acquisition; or (III) any Security arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or (IV) any Security created for the purpose of any Project Financing provided that such Security is upon (A) assets which are the subject of such Project Financing and (B) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such assets; or (V) the renewal or extension of any Security described in (I) to (IV) (inclusive) above, provided that (x) the principal amount of the Public External Indebtedness secured thereby is not increased, (y) such renewal or extension shall be no more restrictive than the original Security and (z) the Security has not been extended to any additional assets; and
- (iii) "**Project Financing**" means any arrangement for the provision of funds that are to be used solely to finance the acquisition, construction, development or exploitation of any assets, pursuant to which the persons providing such funds agree that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

4. **INTEREST**

Each Note bears interest from and including 28 January 2026 at the rate of 5.125% per annum payable semi-annually in arrear on 28 January and 28 July in each year (each an "**Interest Payment Date**"), commencing 28 July 2026. Each Note will cease to bear interest from and including the due date for redemption thereof unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) up to but excluding whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder and (b) the day that falls seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

If interest is required to be calculated for a period of less than an Interest Period, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual

number of days elapsed. The period beginning on and including 28 January 2026, and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date, and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

5. REDEMPTION AND PURCHASE

- (a) **Redemption:** Unless previously purchased and cancelled, the principal of the Notes will be redeemed at their principal amount on the Final Maturity Date.
- (b) **Purchase:** The Issuer may, directly or through any of its agencies or instrumentalities, at any time purchase Notes in the open market or otherwise at any price. Any Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for any other purpose pursuant to Conditions 8, 11 or 12.
- (c) **Cancellation:** All Notes purchased by or on behalf of the Issuer may be cancelled or held and resold, provided that any Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of Condition 11. Any Notes so purchased and cancelled may not be re-issued or resold.

6. PAYMENTS

- (a) **Method of payment:** Payment of principal in respect of the Notes will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Notes at the specified office of any Paying and Transfer Agent. Payments of interest will be made to the persons shown in the Register at close of business on the relevant Record Date. For this purpose, "**Record Date**" means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment. Each such payment will be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.
- (b) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (c) **Delay in payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day or (ii) if the holder is late in surrendering (where so required) the relevant Note(s).

In these Conditions "**business day**" means a day on which commercial banks and foreign exchange markets are open in the relevant city and (where such surrender is required by these Conditions) in the place of the specified office of the relevant Paying and Transfer Agent to whom the relevant Note is surrendered.

- (d) **Paying and Transfer Agents:** The initial Registrar and Paying and Transfer Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying and Transfer Agent and/or the Registrar and appoint additional or other Paying and Transfer Agents, provided that it will maintain (i) a Registrar and a Fiscal Agent, and (ii) Paying and Transfer Agents having specified offices in at least two major European cities.

7. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Georgia or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) **Other connection:** to a holder, or to a third party on behalf of a holder, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Georgia other than the mere holding of the Note; or
- (b) Surrendered for payment more than 30 days after the Relevant Date: surrendered for payment more than 30 days after the Relevant Date, except to the extent the holder of it would have been entitled to such additional amounts on surrender of such Note for payment on the last day of such period of 30 days.

In these Conditions "**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City by the Fiscal Agent as provided in the International Fiscal Agency Agreement on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts that may be payable under this Condition 7.

8. EVENTS OF DEFAULT

If any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) **Non-payment:** the Issuer fails to pay any amount of interest on any of the Notes when due, and such failure continues for a period of 10 days; or
- (b) **Breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes, which default is incapable of remedy or if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer (with a copy to the Fiscal Agent at its specified office) by any Noteholder; or
- (c) **Cross-acceleration:** (i) any Public External Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any Public External Indebtedness of the Issuer is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Public External Indebtedness of any other person, provided that the aggregate amount of such Public External Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Moratorium:** the Issuer declares a general moratorium on the payment of principal of, or interest in respect of, any Public External Indebtedness of the Issuer or any present or future guarantee given by the Issuer for, or indemnity given by the Issuer in respect of, any Public External Indebtedness or is unable, or officially admits its inability, to pay its Public External Indebtedness, or under any present or future guarantee given by the Issuer for, or indemnity given by the Issuer in respect of, any Public External Indebtedness, as it falls due or commences negotiations with one or more of its creditors with a view to the general rescheduling of all or part of its Public External Indebtedness or any present or future guarantee given by the Issuer for, or indemnity given by the Issuer in respect of, any Public External Indebtedness; or
- (e) **IMF:** the Issuer becomes ineligible to use the general resources, or ceases to be a member, of the International Monetary Fund ("**IMF**") or the IMF suspends the provision of any line of credit or any other facility granted by it to the Issuer the aggregate maximum principal amount of which, alone or together with other such lines of credit or facilities so suspended, if any, equals or exceeds U.S.\$25,000,000 (other than by mutual agreement as a result of which the Issuer's eligibility to use the general resources of the IMF is not affected); or
- (f) **Performance prevented:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the International Fiscal Agency Agreement or any of such obligations shall be or become unenforceable or invalid; or
- (g) **Repudiation:** the Issuer repudiates its obligations under the Notes or does any act or thing evidencing its intention to do so, or otherwise denies that the Notes or any of them constitute the legal, valid, binding and enforceable obligations of the Issuer; or

- (h) **Consents etc.:** any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer to perform its obligations under the Notes or the International Fiscal Agency Agreement or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which adversely affects any right or claim of any of the Noteholders in respect of any payment due pursuant to these Conditions,

then the holders of at least 25% in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer in accordance with Condition 14. If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any such declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent) in accordance with Condition 14, whereupon the relevant declaration shall be withdrawn and shall have no further force or effect. No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

9. PRESCRIPTION

Claims in respect of principal and interest shall be prescribed and will become void unless made within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. REPLACEMENT OF NOTES

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. MEETINGS OF NOTEHOLDERS, WRITTEN RESOLUTIONS

- (a) **Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions:**
- (i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the International Fiscal Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
 - (ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the International Fiscal Agency Agreement and described in Condition 11(i)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
 - (iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the International Fiscal Agency Agreement. If the International Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
 - (iv) The notice convening any meeting will specify, *inter alia*:
 - (A) the date, time and location of the meeting;
 - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

- (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
 - (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
 - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
 - (F) whether Condition 11(b), Condition 11(c) or Condition 11(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (H) such information that is required to be provided by the Issuer in accordance with Condition 11(f);
 - (I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 11(g); and
 - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) In addition, the International Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 11(a) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
 - (vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
 - (vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
 - (viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
 - (ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
 - (x) "**Debt Securities Capable of Aggregation**" means those debt securities that include or incorporate by reference this Condition 11 and Condition 12 or provisions substantially in these terms, which provide for the debt securities that include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.
- (b) **Modification of this Series of Notes only:**
 - (i) Any modification of any provision of, or any action in respect of, these Conditions or the International Fiscal Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

- (ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 11(a) by a majority of:
 - (A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or
 - (B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes.
 - (iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
 - (A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or
 - (B) in the case of a matter other than a Reserved Matter more than 50% of the aggregate principal amount of the outstanding Notes.
 - (iv) Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.
 - (v) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.
- (c) **Multiple Series Aggregation – Single limb voting:**
- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
 - (ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 11(a), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
 - (iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) that, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
 - (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
 - (v) The "**Uniformly Applicable**" condition will be satisfied if:

- (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (A) the same new instrument or other consideration or (B) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
 - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).
- (vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (vii) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 11(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (d) **Multiple Series Aggregation – Two limb voting:**
- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
 - (ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 11(a), as supplemented if necessary, which is passed by a majority of:
 - (A) at least 66²/₃% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
 - (iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) that, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
 - (A) at least 66²/₃% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

- (B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.
- (v) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 11(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (e) **Reserved Matters:** In these Conditions, "**Reserved Matter**" means any proposal:
- (i) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";
- (v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (vi) to change the definition of "**Uniformly Applicable**";
- (vii) to change the definition of "**outstanding**" or to modify the provisions of Condition 11(i);
- (viii) to change the legal ranking of the Notes set out in Conditions 1(c) and/or 3;
- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 8;
- (x) to change the law governing the Notes, the courts or arbitral tribunals to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken (including the obligation to maintain an agent for service of process in England) or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 17;
- (xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

- (xii) to modify the provisions of this Condition 11(e);
 - (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
 - (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Terms and Conditions as so modified than:
 - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or conversion; or
 - (B) if more than one series of other obligations or debt securities results from the relevant exchange or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.
- (f) **Information:** Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 11(b), Condition 11(c) or Condition 11(d), the Issuer shall publish in accordance with Condition 12, and provide the Fiscal Agent with the following information:
- (A) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
 - (B) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
 - (C) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
 - (D) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 11(a)(iv)(G).
- (g) **Claims Valuation:** For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 11(c) and Condition 11(d), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.
- (h) **Manifest error, etc.:** The Notes, these Conditions and the provisions of the International Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the International Fiscal Agency Agreement may agree to modify any provision hereof or thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, or it is not materially prejudicial to the interests of the Noteholders.
- (i) **Notes controlled by the Issuer:** For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any

Written Resolution, (b) Condition 11(a) and (c) Condition 8, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (A) **"public sector instrumentality"** means the National Bank of Georgia, any department, ministry or agency of the Government of Georgia, or any corporation, trust, financial institution or other entity owned or controlled by the Government of Georgia; and
- (B) **"control"** means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 12(d), which includes information on the total number of Notes that are, for the time being, held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer, and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office, and, upon reasonable request, will allow copies of such certificate to be taken.

- (j) **Publication:** The Issuer shall publish all Extraordinary Resolutions and Written Resolutions that have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 12(g).
- (k) **Exchange and Conversion:** Any Extraordinary Resolutions or Written Resolutions that have been duly passed and that modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

12. AGGREGATION AGENT; AGGREGATION PROCEDURES

- (a) **Appointment:** The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the International Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.
- (b) **Extraordinary Resolutions:** If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

- (c) **Written Resolutions:** If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.
- (d) **Certificate:** For the purposes of Condition 12(b) and Condition 12(c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 11(b), Condition 11(c) or Condition 11(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution:

The certificate shall:

- (A) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (B) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities that shall be disregarded and deemed not to remain outstanding as a consequence of Condition 11(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

- (e) **Notification:** The Aggregation Agent will cause each determination made by it for the purposes of this Condition 12 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.
- (f) **Binding nature of determinations; no liability:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders, and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (g) **Manner of publication:** The Issuer will publish all notices and other matters required to be published pursuant to the International Fiscal Agency Agreement including any matters required to be published pursuant to Condition 11, this Condition 12 and Condition 8:
- (i) through Euroclear Bank SA/NV, Clearstream Banking S.A. and The Depository Trust Company and/or any other clearing system in which the Notes are held;
- (ii) in such other places and in such other manner as may be required by applicable law or regulation; and
- (iii) in such other places and in such other manner as may be customary.

13. FURTHER ISSUES

The Issuer may, from time to time without the consent of the Noteholders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

14. NOTICES

All notices to Noteholders **shall** be mailed to them at their respective addresses appearing in the Register and shall be deemed to have been given on the fourth weekday (excluding Saturday and Sunday) after the date of mailing.

15. CURRENCY INDEMNITY

United States dollar (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency, other than (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer, shall only constitute a discharge to the Issuer to the extent of the Contractual Currency amount that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under any Note, the Issuer shall indemnify such recipient against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order, until paid in full.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17. GOVERNING LAW AND JURISDICTION

(a) **Governing law:**

The International Fiscal Agency Agreement and the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration**

Any dispute arising out of or in connection with the Notes (including any dispute as to their existence, validity or termination, or any non-contractual obligation arising out of or in connection with the International Fiscal Agency Agreement, the Notes or this Condition 17) (a "**Dispute**") shall be resolved by arbitration with seat (or legal place) in London, England conducted in the English language by three arbitrators pursuant to the rules of the London Court of International Arbitration ("**LCIA**") save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA.

(c) **Waiver of immunity:**

The Issuer hereby irrevocably waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever of any order, award or judgment made or given in connection with any Proceedings; provided, however, that immunity is not waived with respect to: (i) present or future "premises of the mission" as defined in the Vienna Convention on Diplomatic Relations signed in 1961, "consular premises" as defined in the Vienna Convention on Consular Relations signed in 1963 or otherwise used by a diplomat or consular mission of Georgia or any agency or instrumentality thereof (except as may be necessary to effect service of process); (ii) any other property or assets used solely for official non-commercial state purposes in Georgia or elsewhere; (iii) property of a military character or under the control of a military authority or defence agency; (iv) property located in Georgia and dedicated to

a public, governmental or cultural use (as opposed to a commercial use); (v) for the avoidance of doubt, (A) property of the National Bank of Georgia, whether or not held in a Georgian or a non-Georgian bank or any other financial institutions, or (B) property located in Georgia of any type covered by Article 2¹ of the Law of Georgia on Enforcement Proceedings; or (vi) any non-transferable national assets and national assets with priority importance as defined in, or in accordance with, applicable Georgian laws. Georgia reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes

The Notes will be evidenced on issue by the Regulation S Global Note (which will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg) and the Rule 144A Global Note (which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of DTC).

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Clearing and Settlement—Book-Entry Ownership*". By acquisition of a beneficial interest in a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not located in the United States.

Beneficial interests in the Rule 144A Global Note may only be held through DTC at any time. See "*Clearing and Settlement—Book-Entry Ownership*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it decides to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the International Fiscal Agency Agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the International Fiscal Agency Agreement, and with respect to Rule 144A Notes, as set forth in Rule 144A, and the Rule 144A Global Note will bear the legend set forth thereon regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note in denominations greater than or equal to the minimum denominations applicable to interests in the Rule 144A Global Note and only upon receipt by Citibank Europe plc, Germany Branch (the "**Registrar**") of a written certification (in the form provided in the International Fiscal Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note and in accordance with Regulation S.

A beneficial interest in the Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note will, upon transfer, cease to be an interest in the Regulation S Global Note and become an interest in the Rule 144A Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in the Rule 144A Global Note for as long as it remains such an interest. A beneficial interest in the Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note will, upon transfer, cease to be an interest in the Rule 144A Global Note and become an interest in the Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in the Regulation S Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of the definitive registered certificates ("**Note Certificates**"). No Notes will be issued in bearer form.

Legends

The holder of a Note Certificate may transfer the Notes evidenced thereby, in whole or in part, in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying and Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Note Certificate bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Note Certificate, the Issuer will deliver only Rule 144A Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Amendments to Terms and Conditions of the Notes

Each Global Note contains provisions that apply to the Notes that it evidences, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions.

Payments

Payments of principal and interest in respect of the Notes evidenced by a Global Note will be made to the person who appears at the relevant time in the Register as the holder of the Notes against presentation for endorsement by the Fiscal Agent and, if further payment fails to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Fiscal Agent or such other Paying and Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

Notices

Notices to Noteholders may be given by delivery of the notice to the relevant clearing systems for communication by them to entitled account Noteholders.

Meetings

The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each integral U.S.\$1,000 in principal amount of Notes.

Cancellation

Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

Exchange for Note Certificates

Exchange

The Regulation S Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Note Certificates if: (i) it is held by or on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or (ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 7 of the Terms and Conditions of the Notes that would not be suffered were the Notes in definitive form, by the Issuer giving notice to the Registrar and the Noteholders, in each case of its intention to exchange interests in the Regulation S Global Note for Note Certificates on or after the Exchange Date (as defined below) specified in the notice.

Each Rule 144A Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Note Certificates if: (i) DTC or its successor depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or is at any time unable to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary or (ii) the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 7 of the Terms and Conditions of the Notes which would not be suffered were the Notes in definitive form, by the Issuer giving notice to the Registrar and the Noteholders, in each case of its intention to exchange interests in the Rule 144A Global Note for Note Certificates on or after the Exchange Date (as defined below) specified in the notice.

"Exchange Date" means a day falling not later than 60 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the relevant Paying and Transfer Agent is located.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Note Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

Delivery

If any of the events described in "*Exchange*" above occurs, the relevant Global Note shall be exchangeable in full but not in part for Note Certificates and the Issuer will, free of charge to the Noteholders (but against such indemnity as the Registrar or any relevant Paying and Transfer Agent may require in respect of any tax or other

duty of whatever nature that may be levied or imposed in connection with such exchange), cause sufficient Note Certificates to be executed and delivered to the Registrar for completion and despatch to the relevant Noteholders. A person having an interest in the relevant Global Note must provide the Registrar with: (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Note Certificates and (b) in the case of the Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Except as otherwise permitted, Note Certificates issued in exchange for an interest in the Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the International Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Clearing Systems

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*–Book-Entry Ownership*" and "*–Settlement and Transfer of Notes*" below.

Investors may hold their interests in a Global Note directly through DTC, Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations that are accountholders therein.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through, or maintain a custodial relationship with, an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across that their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system or as Indirect Participants through organisations that are Direct Participants in such system.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Rule 144A Notes represented by the Rule 144A Global Note among Direct Participants on whose behalf it acts with respect to Rule 144A Notes and receives and transmits distributions of principal and interest on Rule 144A Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Independent Participants with which beneficial owners of Rule 144A Notes have accounts with respect to the Rule 144A Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their beneficial owners. Accordingly, although beneficial owners who hold Rule 144A Notes through Direct Participants or Indirect Participants will not possess Rule 144A Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Participants will receive payments and will be able to transfer their interest in respect of the Rule 144A Notes.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Provisions Relating to the Notes while in Global Form-Exchange for Note Certificates*", DTC will cause its custodian to surrender the Rule 144A Global Note for exchange for Note Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Payments through DTC

Payments of principal and interest in respect of a Global Note registered in the name of, or in the name of a nominee for, DTC will be made to the order of such nominee as the registered holder of such Note.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note evidencing Regulation S Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

DTC

The Rule 144A Global Note evidencing the Rule 144A Notes will have an ISIN, Common Code and a CUSIP number and will be deposited with the Custodian and registered in the name of Cede & Co. as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Note evidenced by a Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant common depository or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any other Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will, in turn, be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates evidencing their ownership interests in such Notes unless and until interests in any Global Note held within a Clearing System are exchanged for Note Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System, and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. As DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note (subject to the certification procedures provided in the International Fiscal Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the custodian of the Rule 144A Global Note will instruct the Registrar to: (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note and (ii) increase the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to the certification procedures provided in the International Fiscal Agency Agreement), the Euroclear or Clearstream, Luxembourg Participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will, in turn, transmit appropriate instructions to the common depository for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depository for Euroclear and Clearstream, Luxembourg will: (a) transmit appropriate instructions to the custodian of the Rule 144A Global Note who will, in turn, deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and (b) instruct the Registrar to: (i) decrease the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note

and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Notes among Participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent or any other Paying and Transfer Agent will have any responsibility for the performance by DTC, Euroclear, Clearstream, Luxembourg or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Settlement of Pre-issue Trades

It is expected that delivery of Notes will be made against payment therefor on the Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within one business day (T+1), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+1, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the relevant date of pricing and the Issue Date should consult their own advisers.

TAXATION

Georgian Tax

The following is a summary of certain Georgian tax considerations of issue, ownership and disposition of Notes for both residents and non-residents of Georgia pursuant to applicable Georgian legislation.

The following summary is included for general information only. Prospective investors should consult their own tax adviser as to the tax consequences under the laws of Georgia of the acquisition, ownership and disposition of the Notes. Such laws and regulations are subject to change or varying interpretations, possibly with retroactive effect. As with other areas of Georgian legislation, tax law and practice in Georgia is not as clearly established as that of more developed jurisdictions. It is possible, therefore, that changes may be made in the law or in the current interpretation of the law or current practice, including changes that could have a retroactive effect. Accordingly, it is possible that payments to be made to the holders of the Notes could become subject to taxation in ways that cannot be anticipated as at the date of this Offering Circular.

Tax on Issue of the Notes

No state duty or similar tax will be payable in Georgia upon the issue of the Notes.

Tax Implications for Residents and Non-Residents of Georgia

Tax on Interest Payments

Interest paid on state debt securities is exempt from corporate profit tax and personal income tax.

Tax on Payment of Principal

The principal amount received on redemption of the Notes by resident and non-resident legal entities and individuals will not be treated as their taxable income and, therefore, will not be subject to corporate profit or personal income taxation in Georgia to the extent that the redemption price at maturity does not exceed the original issue price. Income received from the sale of state debt securities is exempt from corporate profit tax and personal income tax.

Certain U.S. Federal Income Tax Considerations to U.S. Holders

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax consequences of purchasing, holding and disposing of Notes. This discussion is limited to U.S. federal income tax considerations relevant to a U.S. holder (as defined below) and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury regulations issued thereunder (the “**Treasury Regulations**”), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the “**IRS**”) have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder’s particular circumstances, including the impact of the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates and former long-term residents of the United States, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities or currencies or other persons that elect mark-to-market accounting for their securities holdings, U.S. holders engaged in a trade or business outside the United States, U.S. holders whose functional currency is not the U.S. Dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, persons liable for alternative minimum tax, a corporation that accumulated earnings to avoid U.S. federal income tax, U.S. holders who hold the Notes through non-U.S. brokers or other non-U.S. intermediaries, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States, persons holding the Notes as part of a “straddle,” “hedge,” “conversion transaction,” “constructive sale,” “wash sale”, or other integrated transaction, entities covered by the anti-inversion rules and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and

at their “issue price” (*i.e.* the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally for investment). This discussion does not address the tax consequences to holders of existing indebtedness of the Issuer that are repaid substantially contemporaneously with this offering and assumes that a substantial amount of the Notes will be sold for cash to persons other than such holders.

For purposes of this discussion, a “**U.S. holder**” is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding the Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, foreign or other tax laws.

Payments of Stated Interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder’s method of accounting for U.S. federal income tax purposes.

Original Issue Discount

The Notes may be issued with original issue discount (“**OID**”) for U.S. federal income tax purposes. In the event the Notes are issued with OID, U.S. holders of Notes generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of the Notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date).

In the event the Notes are issued with OID, the amount of OID with respect to a Note includible in income by a U.S. holder is the sum of the “daily portions” of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, *provided that* each accrual period is no longer than one year, and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note’s “adjusted issue price” at the beginning of such accrual period and its “yield to maturity,” determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

Interest income on a Note (and OID, if any) generally will constitute foreign source income and generally will be considered “passive category income” in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder’s adjusted tax basis in the Note.

A U.S. holder’s adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, increased by any OID previously accrued by such U.S. holder with respect to the Note.

Any gain or loss recognized upon the sale, exchange retirement, redemption or other taxable disposition of a Note generally will generally be U.S. source capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of stated interest or the accrual of OID, if any, on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a correct taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder’s U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax Return Disclosure Requirements

U.S. holders who are individuals and who own “specified foreign financial assets” with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE INVESTOR’S OWN CIRCUMSTANCES.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, ICBC Standard Bank Plc, J.P. Morgan Securities plc and Société Générale as Joint Bookrunners (the "**Joint Bookrunners**") and JSC Galt & Taggart and TBC Capital LLC (together with the Joint Bookrunners, the "**Joint Lead Managers**") have, in a subscription agreement dated 26 January 2026 (the "**Subscription Agreement**") and entered into between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, agreed severally to subscribe and pay for the Notes at their issue price of 98.917% of their principal amount, in the amounts as follows:

	Principal amount of Notes (U.S.\$)
Joint Lead Managers	
Citigroup Global Markets Limited.....	124,900,000
ICBC Standard Bank Plc.....	124,900,000
J.P. Morgan Securities plc.....	124,900,000
Société Générale	124,900,000
JSC Galt & Taggart	200,000
TBC Capital LLC	200,000
Total	500,000,000

The Issuer has agreed to pay to the Joint Lead Managers a fee in respect of their agreement to subscribe and pay for the Notes. The Joint Bookrunners and Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Joint Lead Managers have agreed, severally and not jointly, to offer the Notes for resale in the United States initially only to persons who they reasonably believe to be QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

The Notes are being offered and sold by the Joint Lead Managers outside the United States in accordance with Regulation S. The Subscription Agreement provides that the Joint Lead Managers may, through their respective U.S. affiliates, resell a portion of the Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the Securities Act.

ICBC Standard Bank Plc is restricted in its U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other underwriters in the United States. ICBC Standard Bank Plc shall offer and sell the Securities constituting part of its allotment solely outside the United States.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, the Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Lead Manager has represented and agreed:

- (a) that it has only communicated, or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Georgia

Subject to compliance with: (i) the administrative procedure applicable to issuance of foreign currency denominated securities by the State of Georgia and (ii) the regulations applicable to insider trade and market manipulation, under current securities laws in Georgia, there are no restrictions on the offer or sale of foreign currency denominated state bonds, such as the Notes.

Each Joint Lead Manager has represented and agreed that it has complied with and will comply with all applicable provisions of Georgian law with respect to anything done by it in relation to the Notes in, from or otherwise involving Georgia.

The Joint Bookrunners are not involved in and accordingly will accept no responsibility for any local offering of the Notes within Georgia.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of the Notes.

Hong Kong

Each Joint Lead Manager has represented and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. Each Joint Lead Manager will be required to represent and agree that the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, the Joint Lead Managers have represented and agreed that they have not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Dubai International Financial Centre

The Joint Lead Managers have represented and agreed that they have not offered and will not offer the Notes to any person in the DIFC unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA Rulebook**"); and
- (b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

General

No action has been taken by the Issuer or any Manager that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Each Joint Lead Manager has undertaken that it will comply, to the best of its knowledge and belief and in all material respects, with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular.

TRANSFER RESTRICTIONS

Each purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is: (a) a QIB; (b) acting for its own account, or for the account of a QIB; (c) not formed for the purpose of investing in the Issuer; and (d) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has the full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.
2. It understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except: (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any State or another jurisdiction of the United States.
3. The Issuer has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. person who is not a QIB.
4. It understands that the Rule 144A Notes, unless otherwise agreed between the Issuer and the Fiscal Agent in accordance with applicable law, will bear a legend to substantially the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**"), THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THE NOTES.

5. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.
6. It understands that the Rule 144A Notes will be evidenced by the Rule 144A Global Note. Before any interest in a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide a Paying and Transfer Agent with a written certification (in the form provided in the International Fiscal Agency Agreement) as to compliance with applicable securities laws.
7. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of the Regulation S Notes, by accepting delivery of this Offering Circular and the Notes, will have been deemed to have represented, agreed and acknowledged that:

1. It is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and: (a) that it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
2. It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except: (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs or (b) to a non U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that Regulation S Notes will be evidenced by a Regulation S Global Note. Before any interest in a Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note, it will be required to provide a Paying and Transfer Agent with a written certification (in the form provided in the International Fiscal Agency Agreement) as to compliance with applicable securities laws.
4. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

GENERAL INFORMATION

Authorisation

The issue of the Notes has been authorised pursuant to Article 2 of the Law of Georgia on State Debt, Decree of the Government of Georgia No 22, dated 9 January 2026.

Listing of Notes

An application has been made to admit the Notes to listing on the Official List and to trading on the Market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and to trading on the Market will be granted on or around the Issue Date, subject only to the issue of the Notes.

Litigation

Except as disclosed in the section headed "*Legal Proceedings*" of this Offering Circular, the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months that may have, or have had in the recent past, a significant effect on the Issuer's financial position.

No Significant Change

There has been no significant change in the tax and budgetary systems, General Government debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Issuer since 31 December 2025.

Documents available for inspection

So long as the Notes are listed on the London Stock Exchange, copies of the International Fiscal Agency Agreement may be inspected at the offices of the Issuer, as set forth on the back cover of this Offering Circular and the latest Law of Georgia "On the State Budget of Georgia" (in Georgian) will be available on the Internet site www.mof.ge. This Internet site does not form part of this Offering Circular, whether for the purpose of the approval or the listing of the Notes or otherwise.

Interested Persons

No person involved in the Offering has any interest in the Offering that is material to the Offering.

Delivery of Global Notes

The Global Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In respect of the Regulation S Notes, the ISIN is XS3262542155 and the common code is 326254215. In respect of the Rule 144A Notes, the ISIN is US373357AA08, the common code is 328352265 and the CUSIP is 373357 AA0.

The CFI and FISN will be set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the CFI or FISN.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 2138007T8RLEVDMLQ257.

THE ISSUER

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