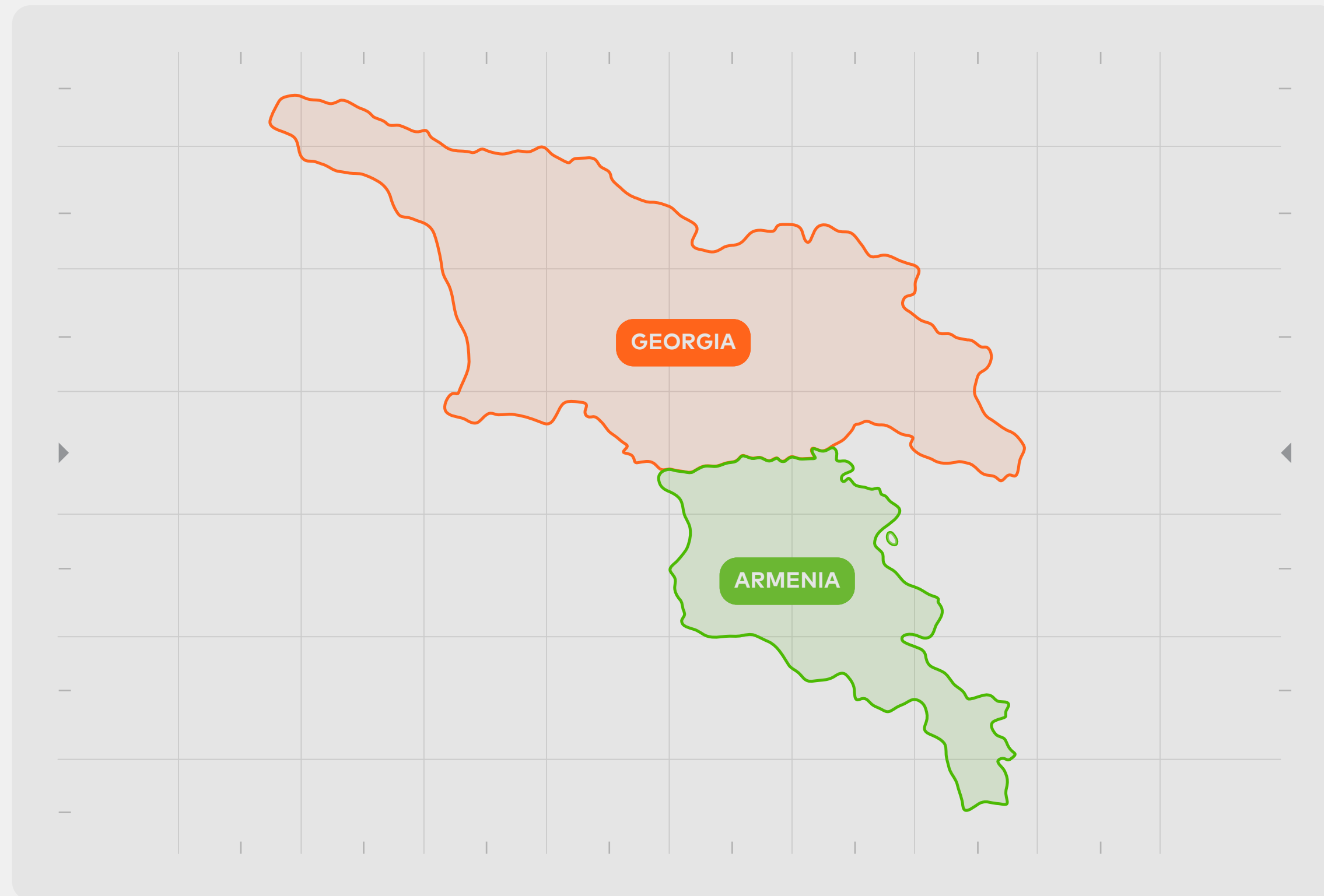


MACROECONOMIC OVERVIEW OF GEORGIA AND ARMENIA

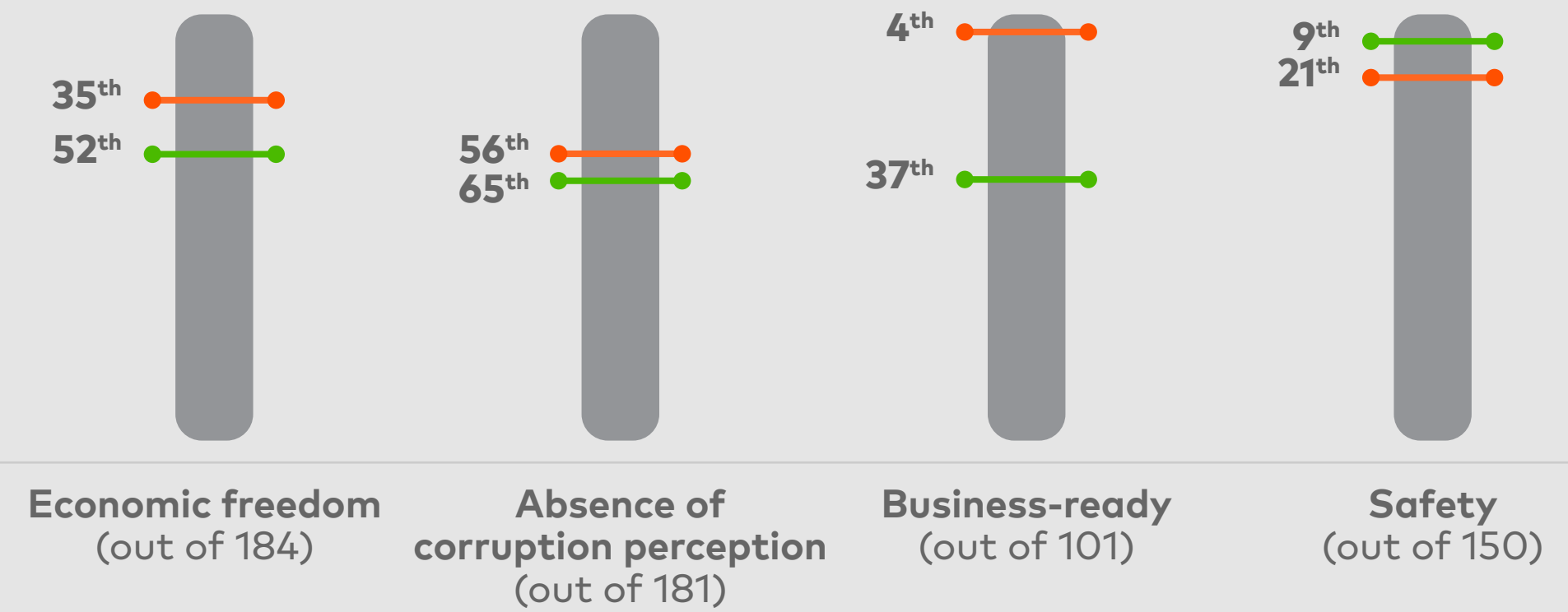
Akaki Liqokeli

Chief Economist
Lion Finance Group

Georgia and Armenia are small open economies, with investor-friendly business environment and prudent macroeconomic management



Business environment: latest country rankings



Sovereign credit ratings:

Georgia | **Armenia**

	Georgia	Armenia
Fitch Ratings	BB / Stable May-26	BB- / Positive Jan-26
S&P Global	BB / Stable Feb-26	BB- / Positive Feb-25
Moody's	Ba2 / Negative Mar-26	Ba3 / Stable Dec-25

		Georgia	Armenia
Population, persons	2025	3.9m	3.1m
Nominal GDP, USD	2025	38.1bn	29.3bn

Three pillars of macroeconomic soundness in Georgia and Armenia

Sustained stability



Robust growth

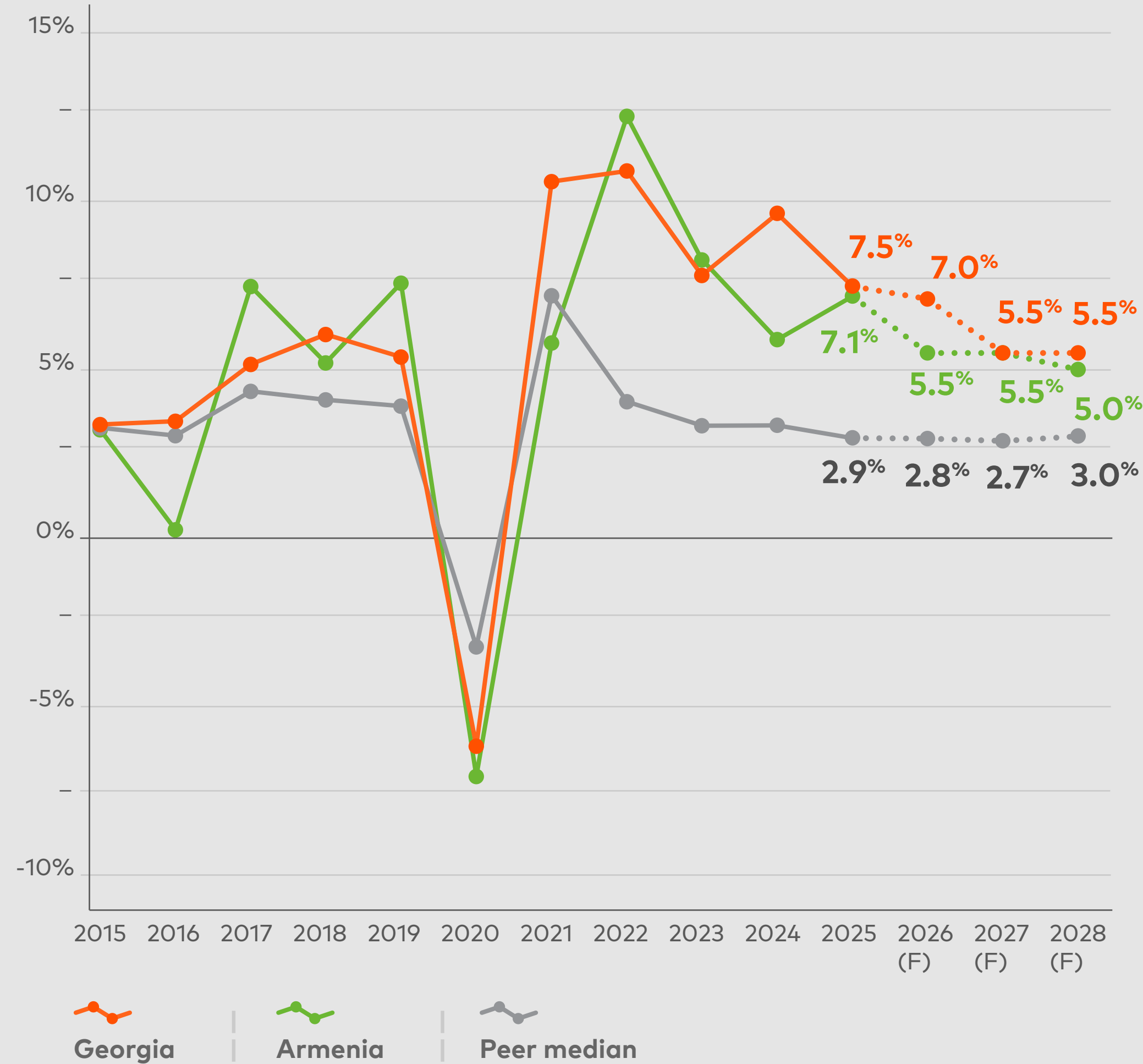


Improved resilience

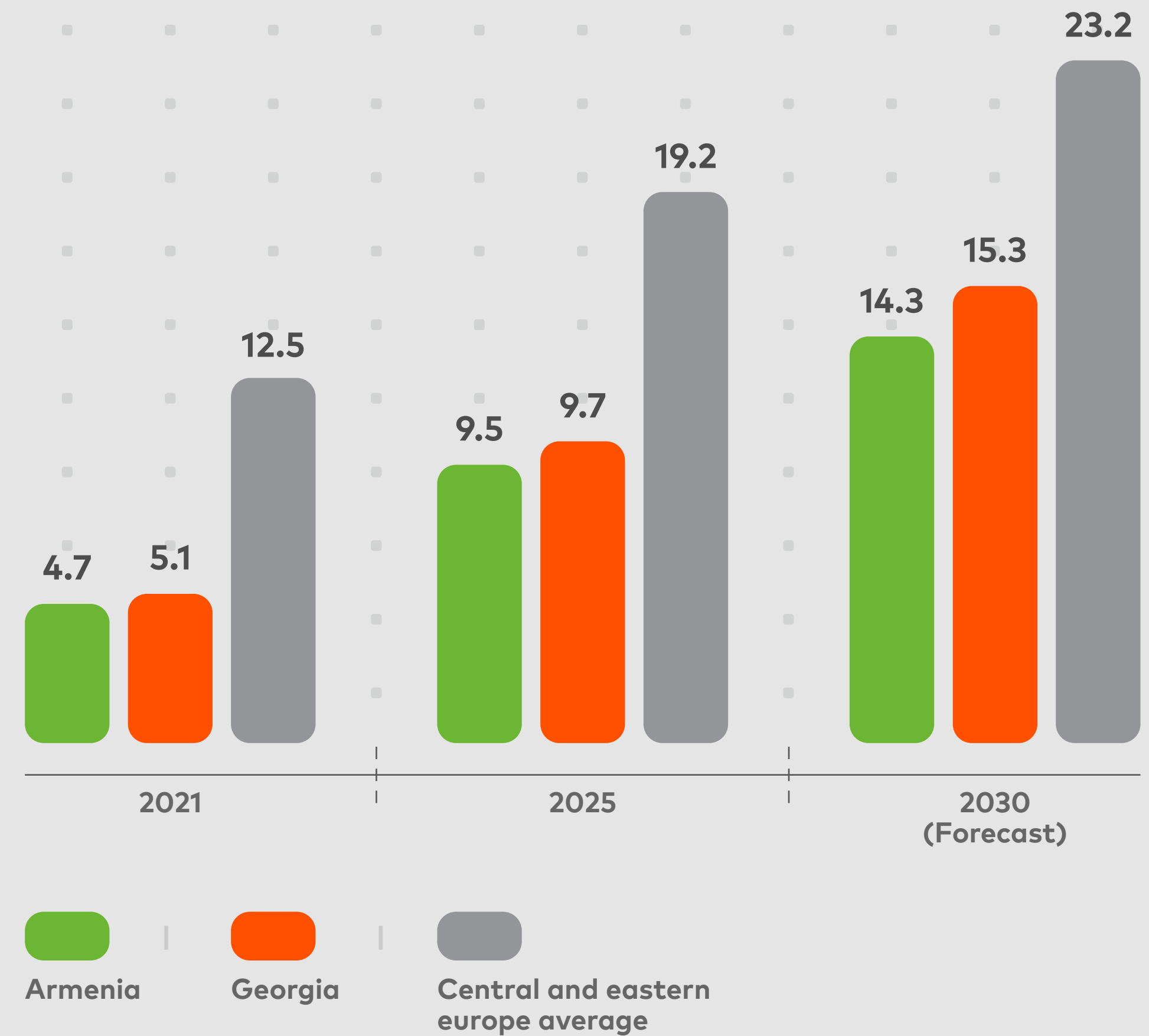


Georgia and Armenia continue to deliver strong growth, with more upside ahead

Real GDP growth, year-on-year



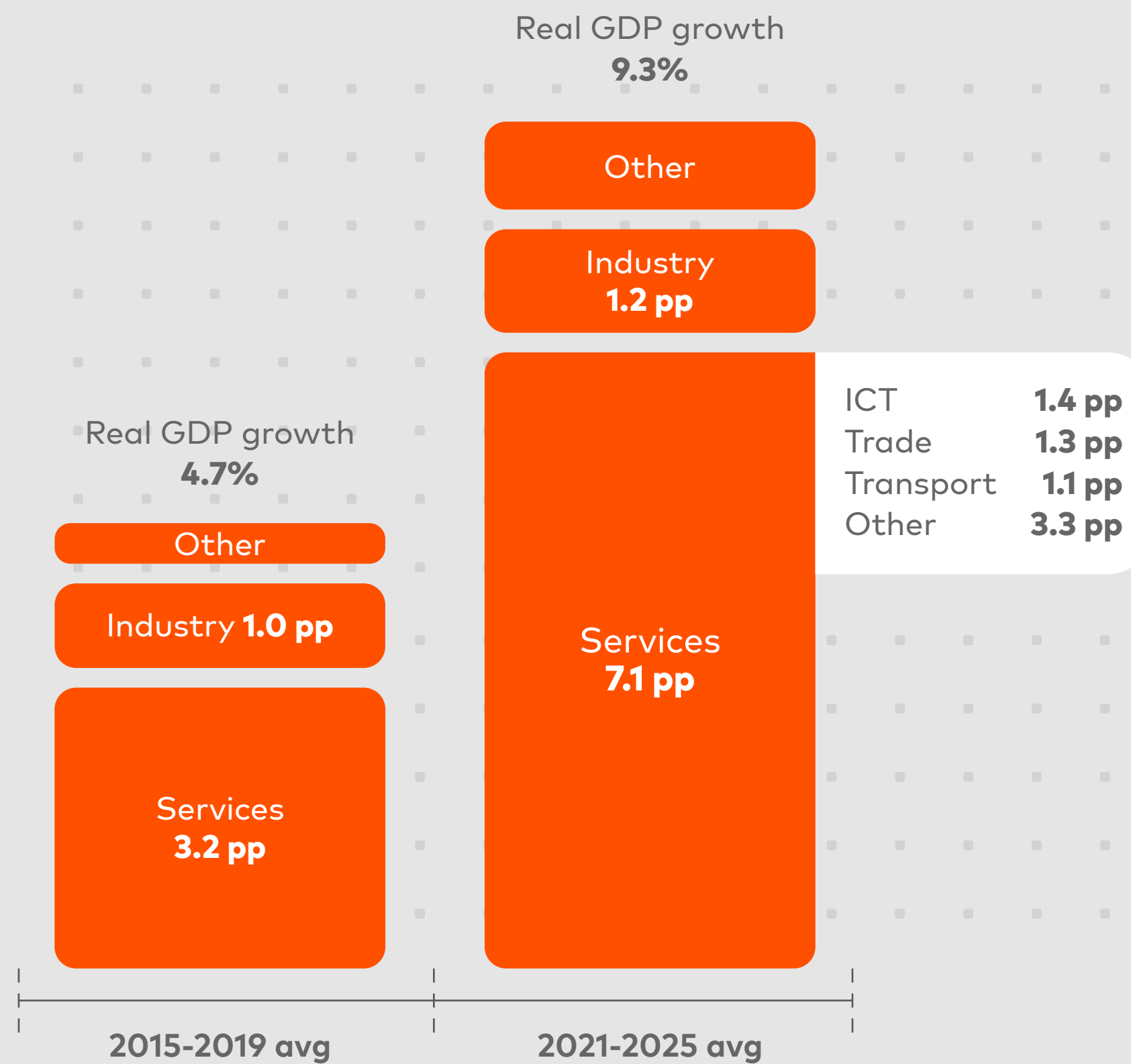
GDP per capita in '000 US\$



Over the past five years, stronger growth in Georgia and Armenia has been service-led, driven by both newly emerged and traditional sectors

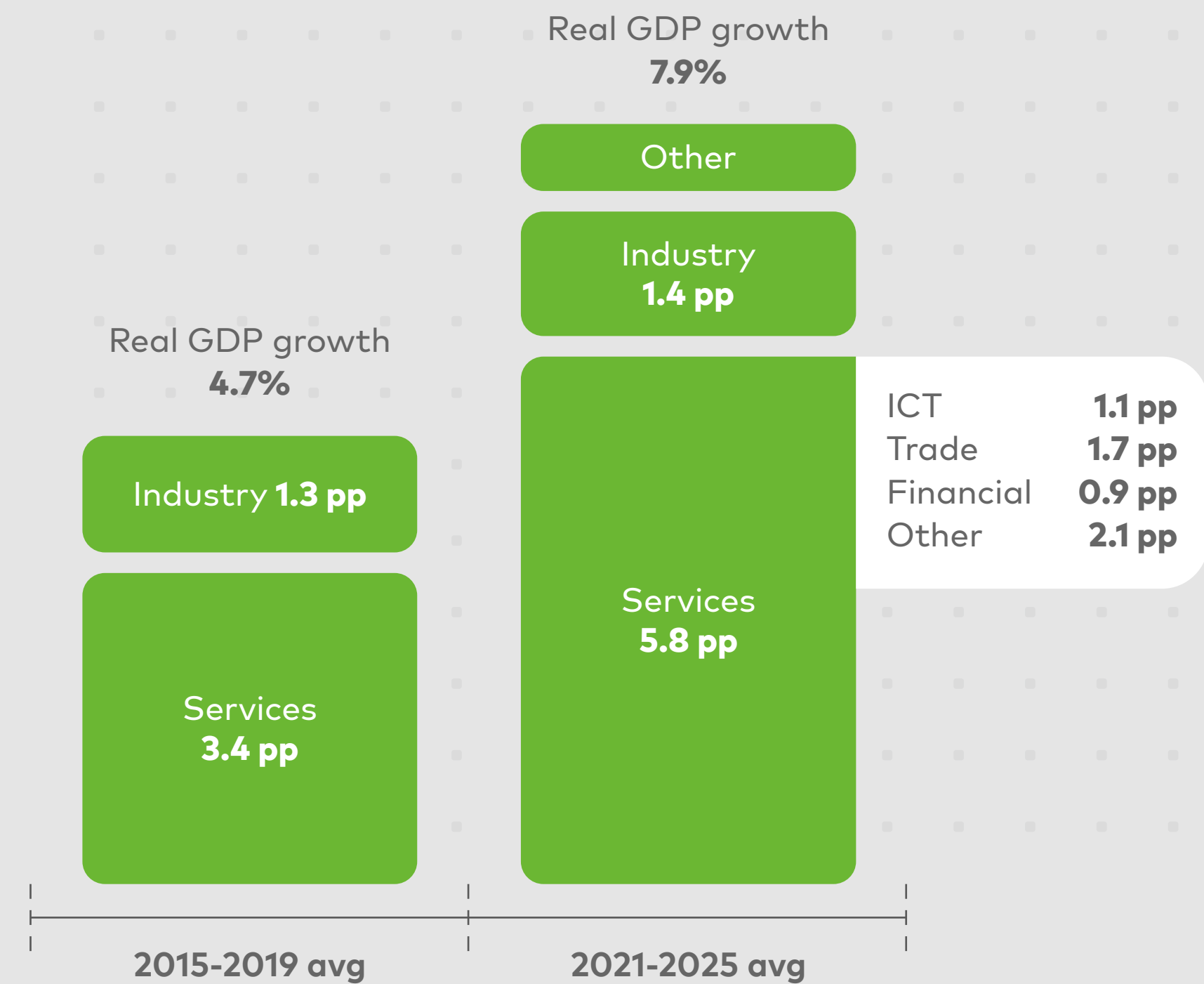
Sectoral composition of real GDP growth (percentage points)

Georgia



Sectoral composition of real GDP growth (percentage points)

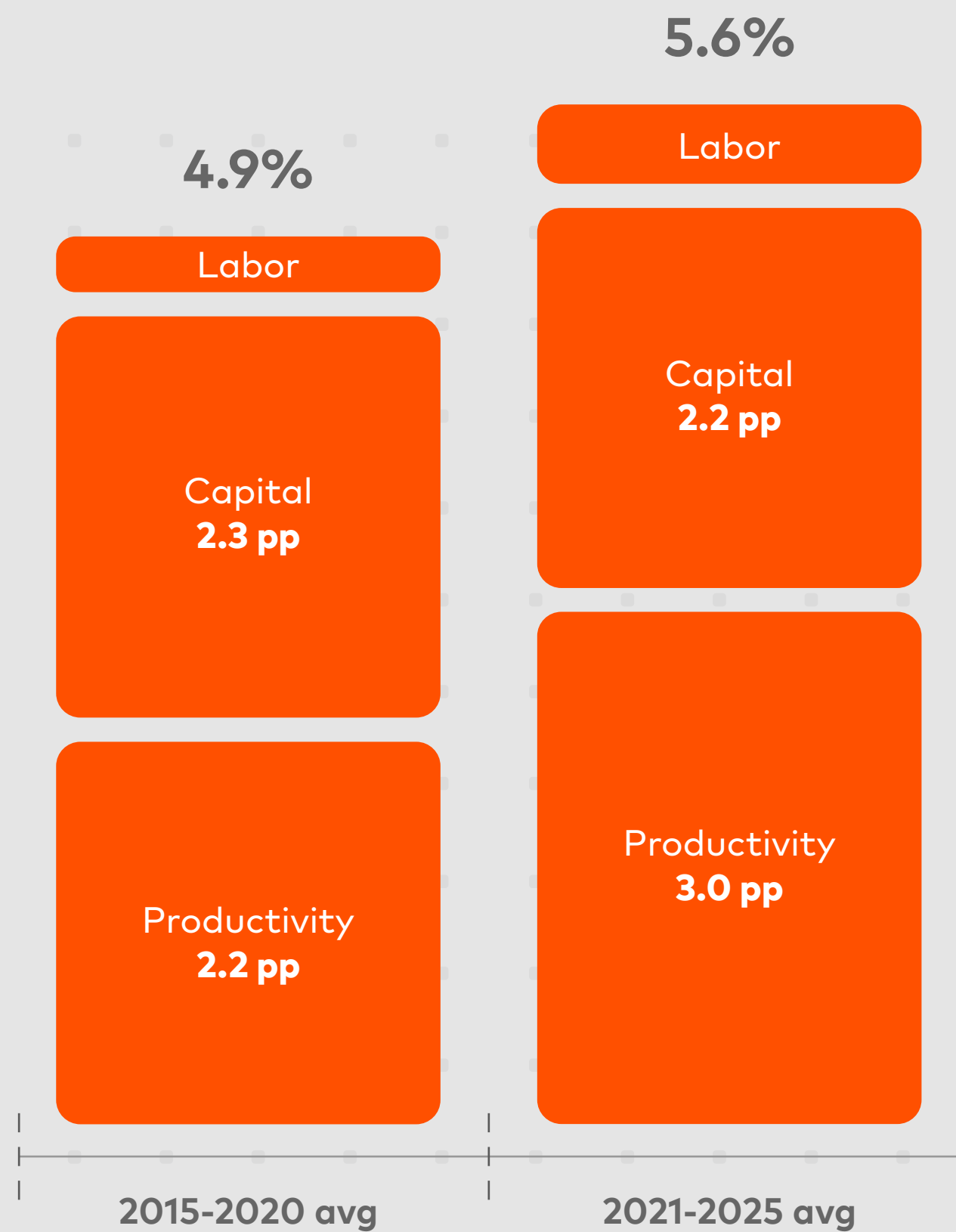
Armenia



The emergence of high-productivity, export-oriented services has boosted potential growth in both countries

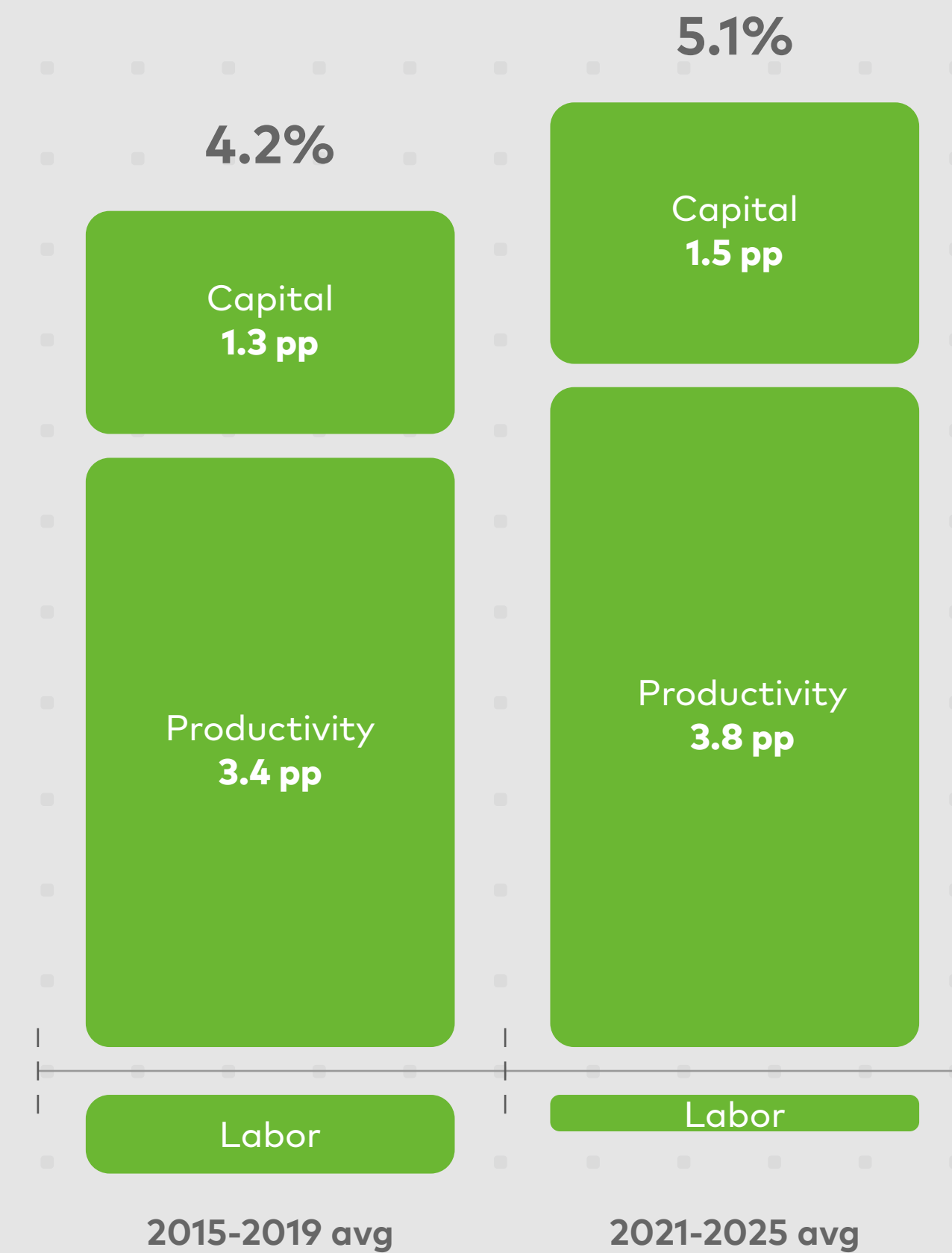
Decomposition of potential real GDP growth by factor inputs (percentage points)

Georgia



Decomposition of potential real GDP growth by factor inputs (percentage points)

Armenia



A strong pipeline of transformational projects supports fixed capital formation and strengthens growth potential

Ongoing and planned transformational investment projects

Georgia

 **Anaklia Deep Sea Port**


Public / Private
Multi-phase
Exp. completion: **2029**
Est. investment: **~\$2.5 bn**

 **New Tbilisi International Airport**

Public / IFI
Exp. completion: **2031**
Est. investment: **~\$1.3 bn**

 **EMAAR real estate development**

Public / Private
Multi-phase
Exp. completion: **TBD**
Est. investment: **~\$6.6 bn**

 **Renewable energy projects and Black Sea submarine cable**


Public / Private / IFI
Exp. completion: **TBD**
Est. investment: **~\$9.0 bn**

Ongoing and planned transformational investment projects

Armenia

 **North-south road corridor**

Public / IFI
Multi-phase
Exp. completion: **2032**
Est. investment: **~\$2.5 bn**

 **Firebird / Nvidia data center**

Private
Multi-phase
Exp. completion: **TBD**
Est. investment: **~\$4.4 bn**

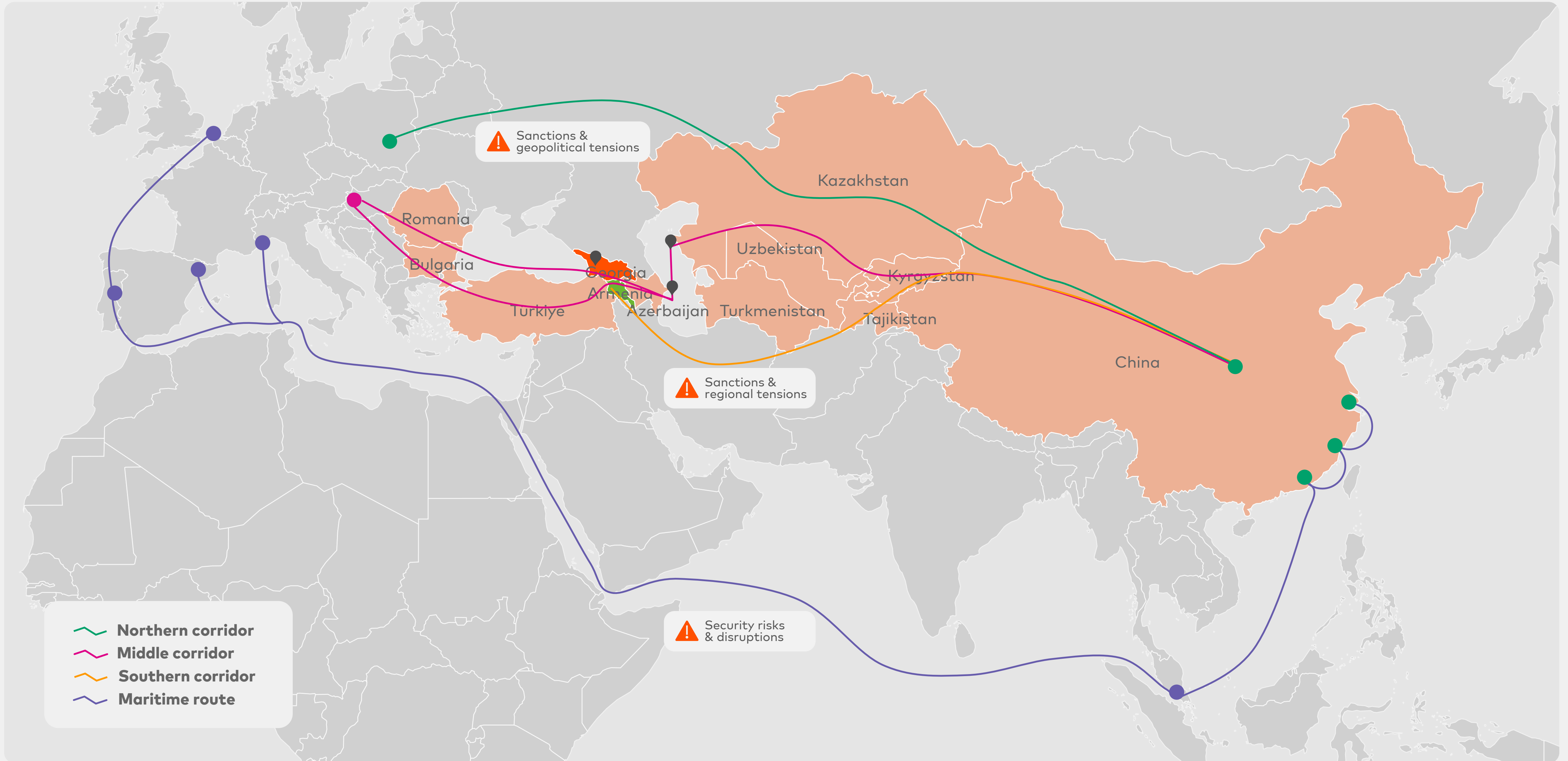
 **Yerevan downtown**

Private
Multi-phase
Exp. completion: **2037**
Est. investment: **~\$1.5 bn**

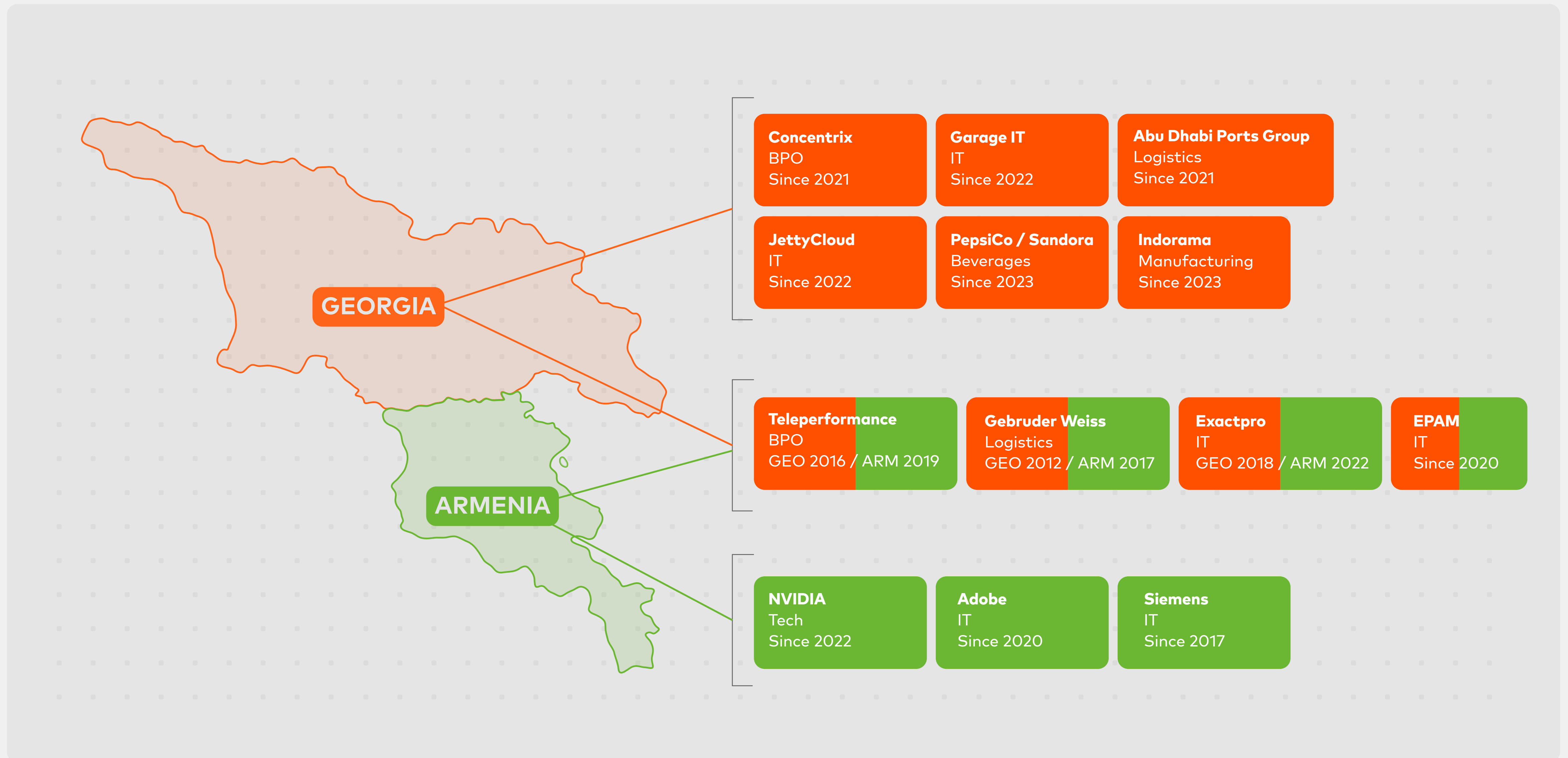
 **Yerevan Airport terminal 2**

Private
Exp. completion: **2032**
Est. investment: **~\$0.5 bn**

Large-scale investments are strengthening Georgia's and Armenia's positions along the Middle Corridor, which has gained strategic relevance amid geopolitical tensions

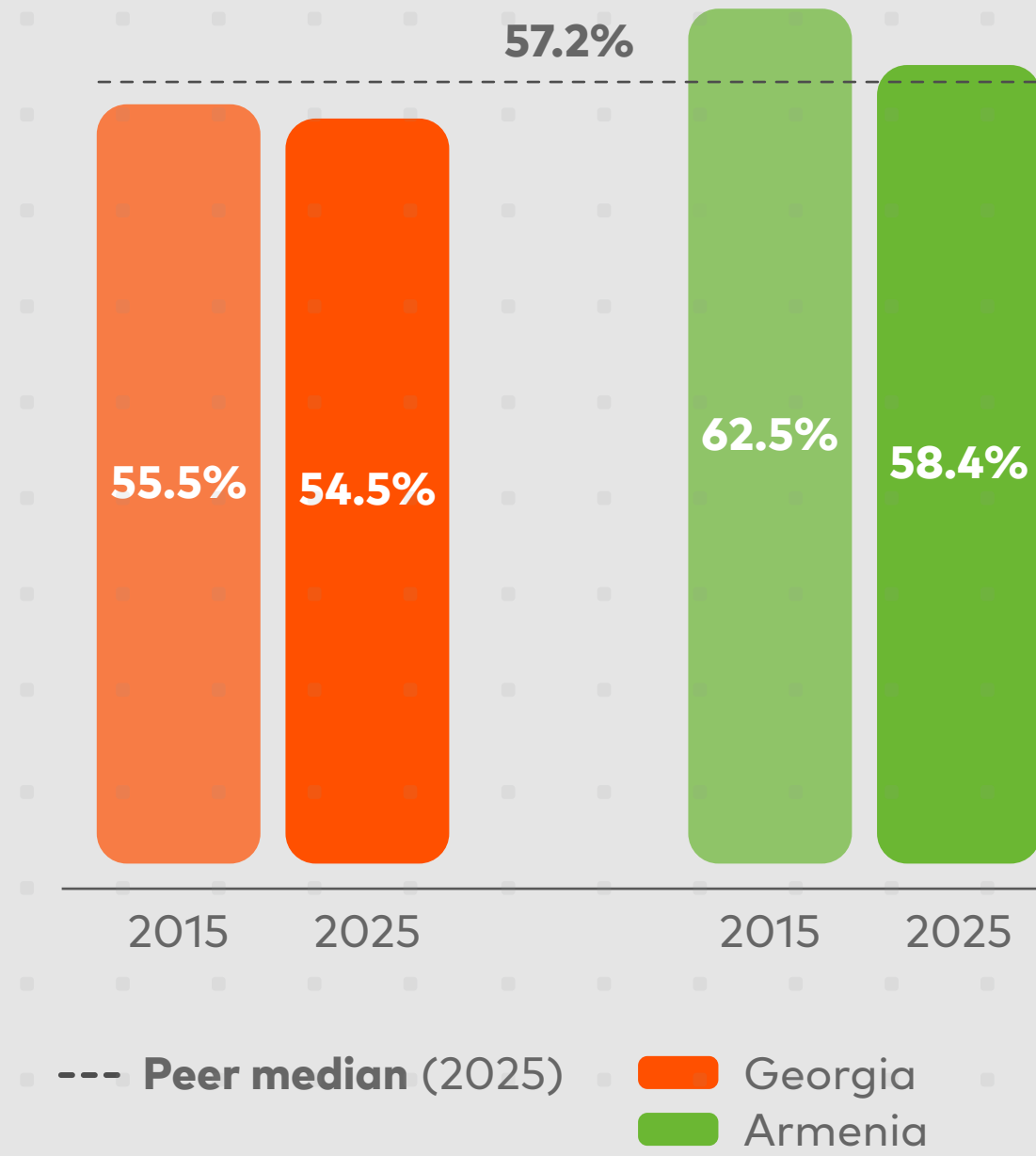


Georgia and Armenia are also becoming regional hubs for production, distribution and digital services

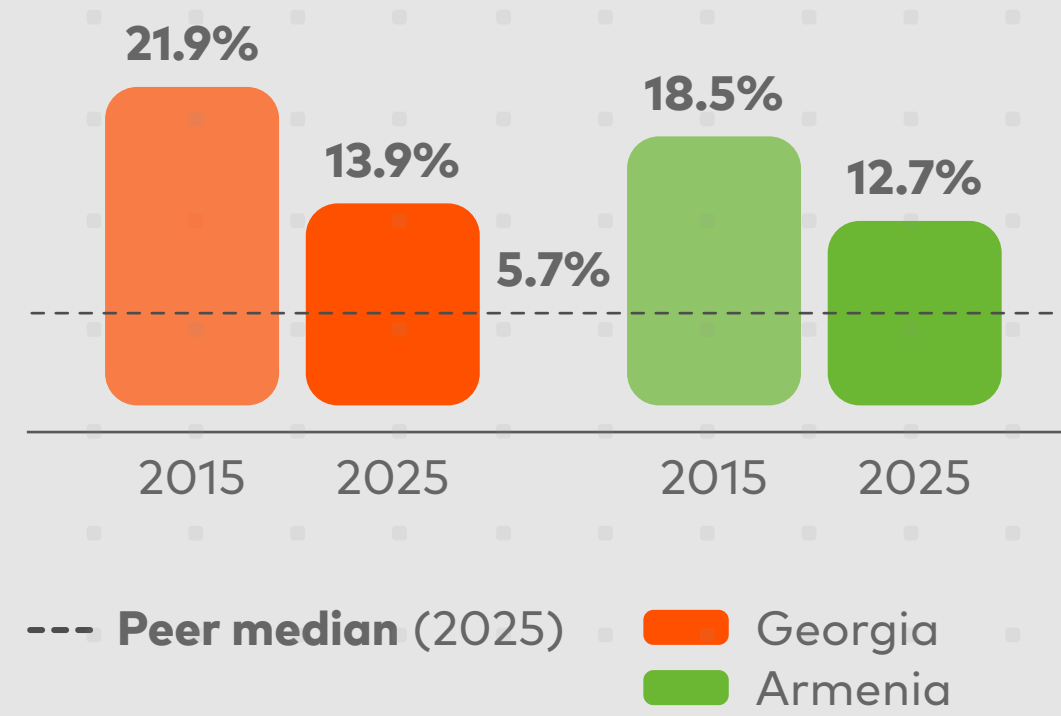


Weak labor contribution remains a key challenge to growth, although both countries have made progress in this area over the past decade

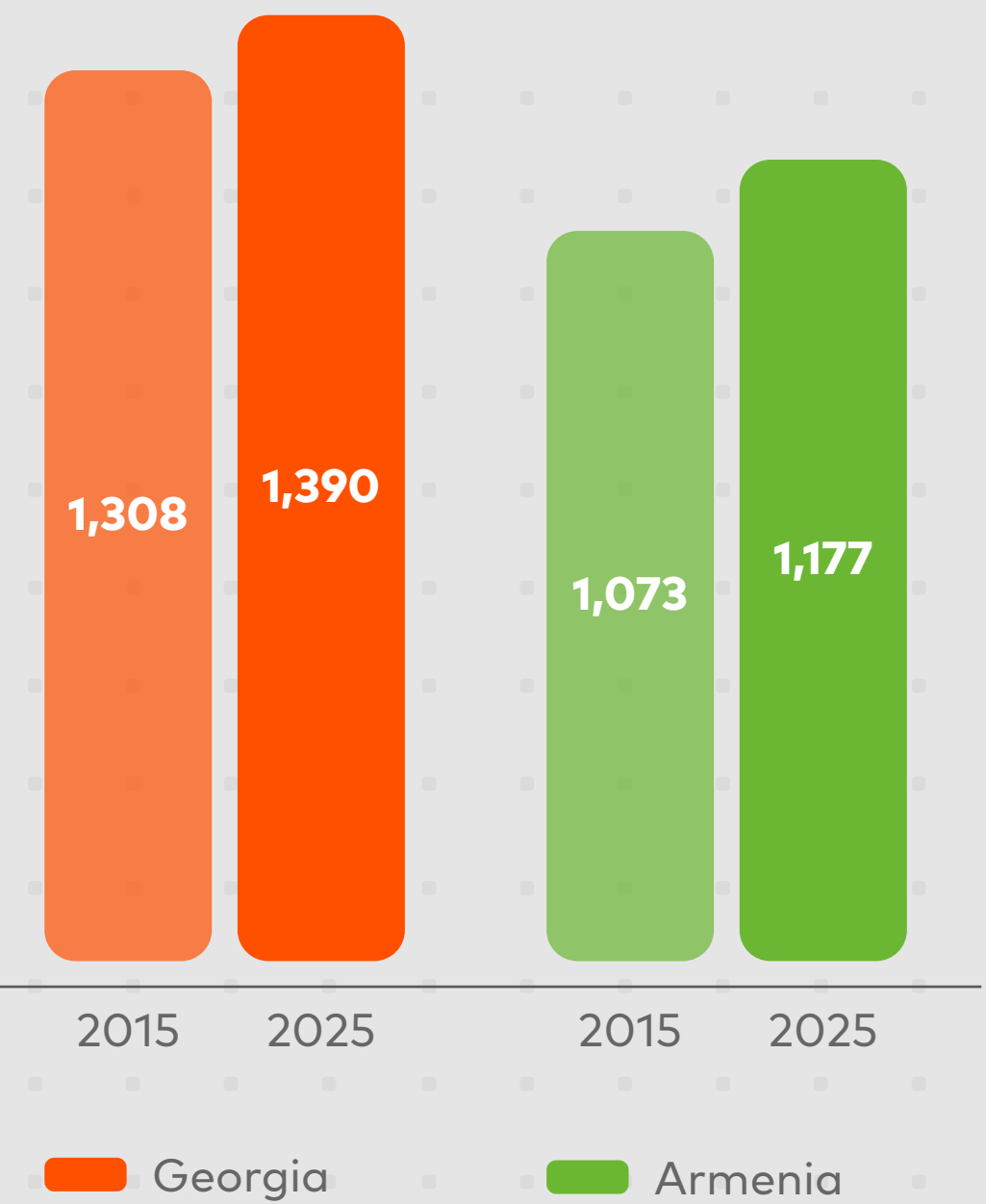
Labor force participation rate



Unemployment rate

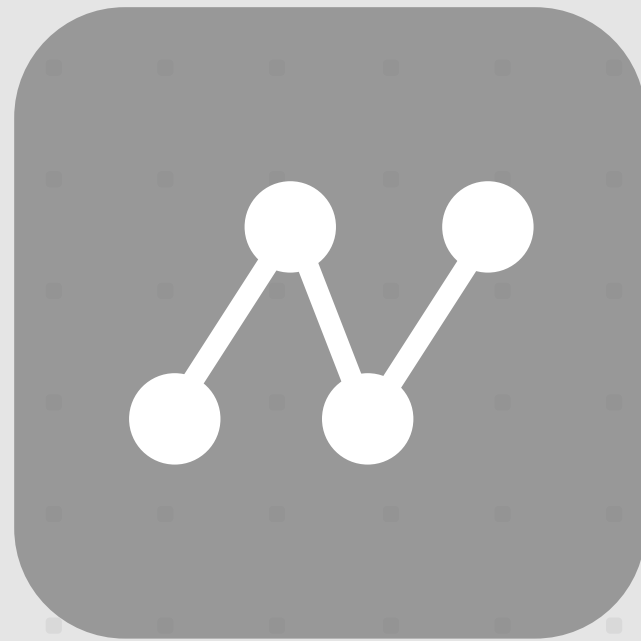


Number of employed ('000)



Three pillars of macroeconomic soundness in Georgia and Armenia

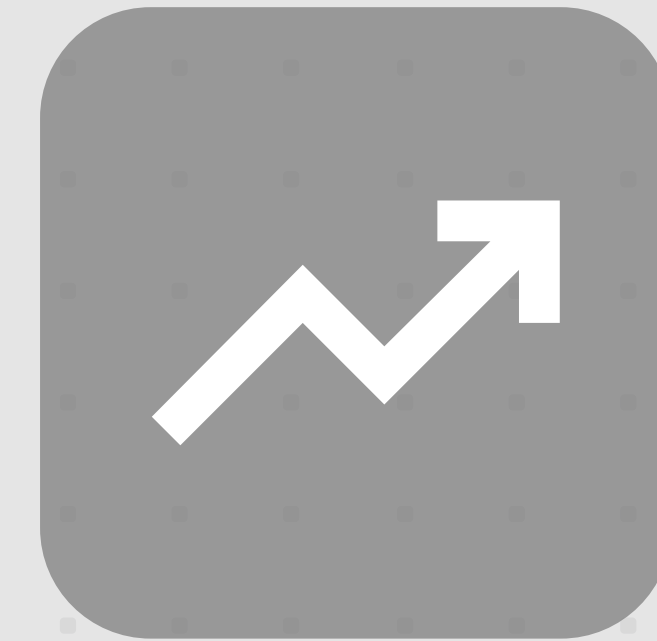
Sustained stability



Improved resilience



Robust growth

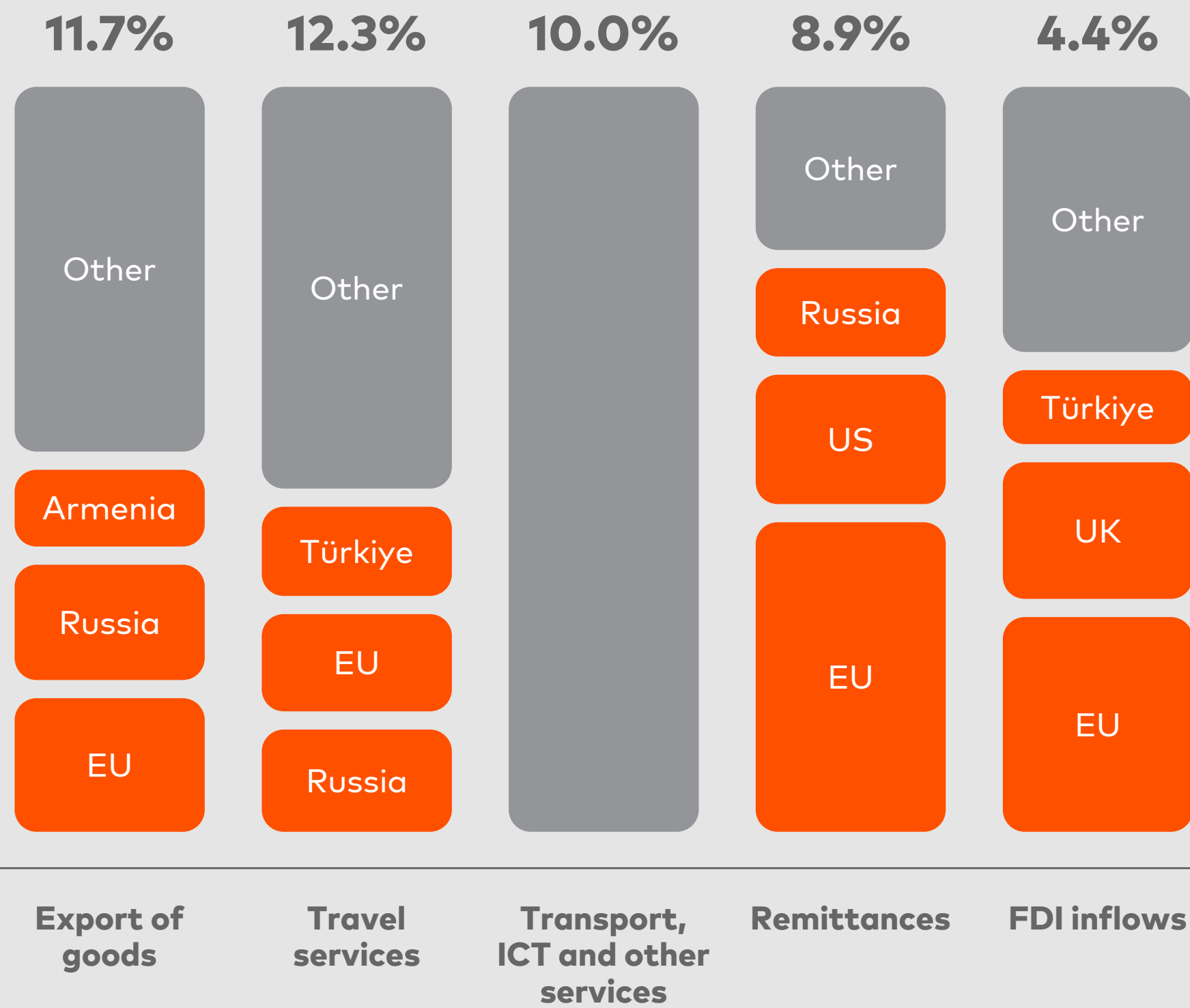


Diversified and resilient external inflows support growth and underpin local currency strength in both countries

Composition of external sector inflows in 2025

Total inflow as % of GDP

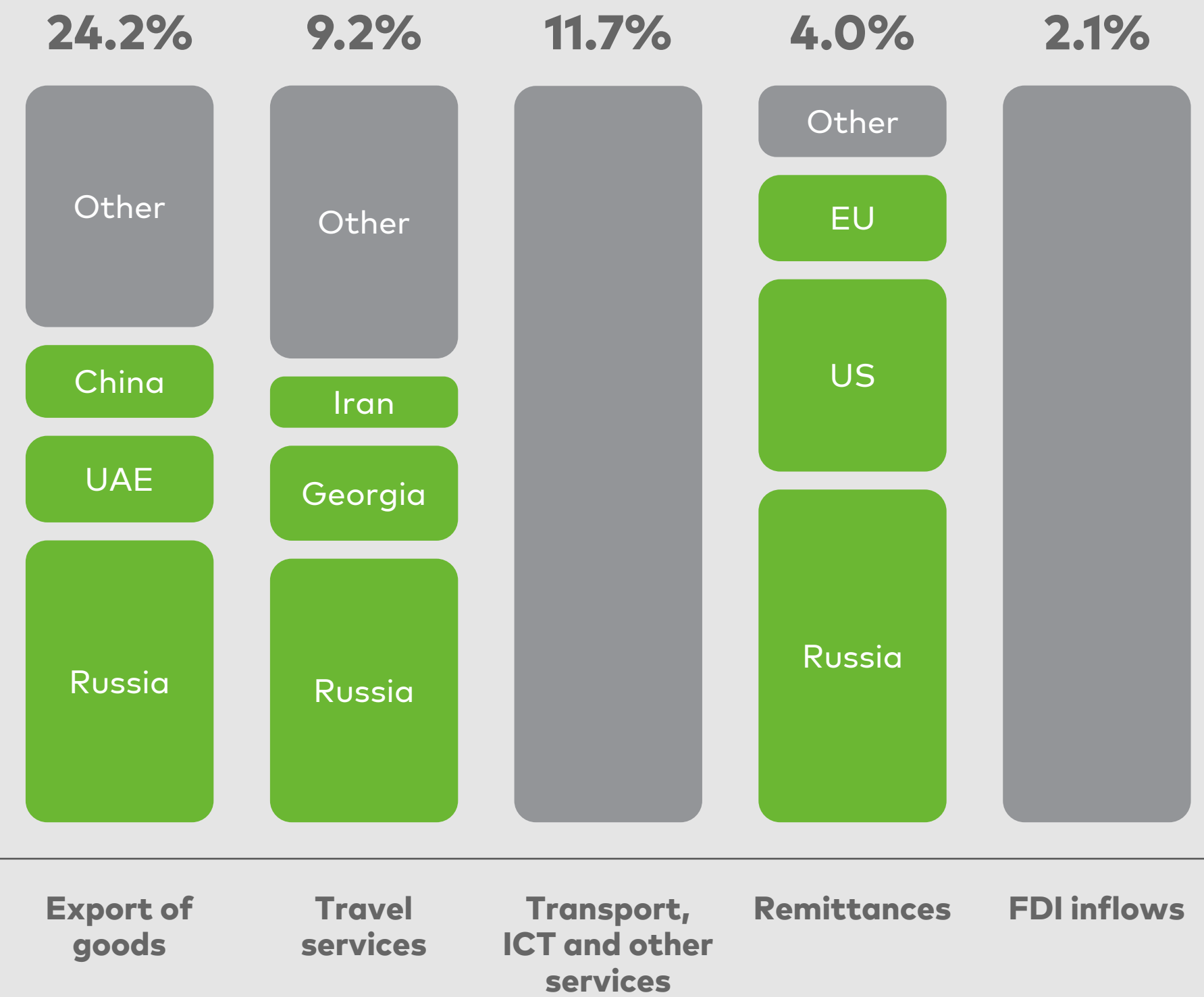
Georgia



Composition of external sector inflows in 2025

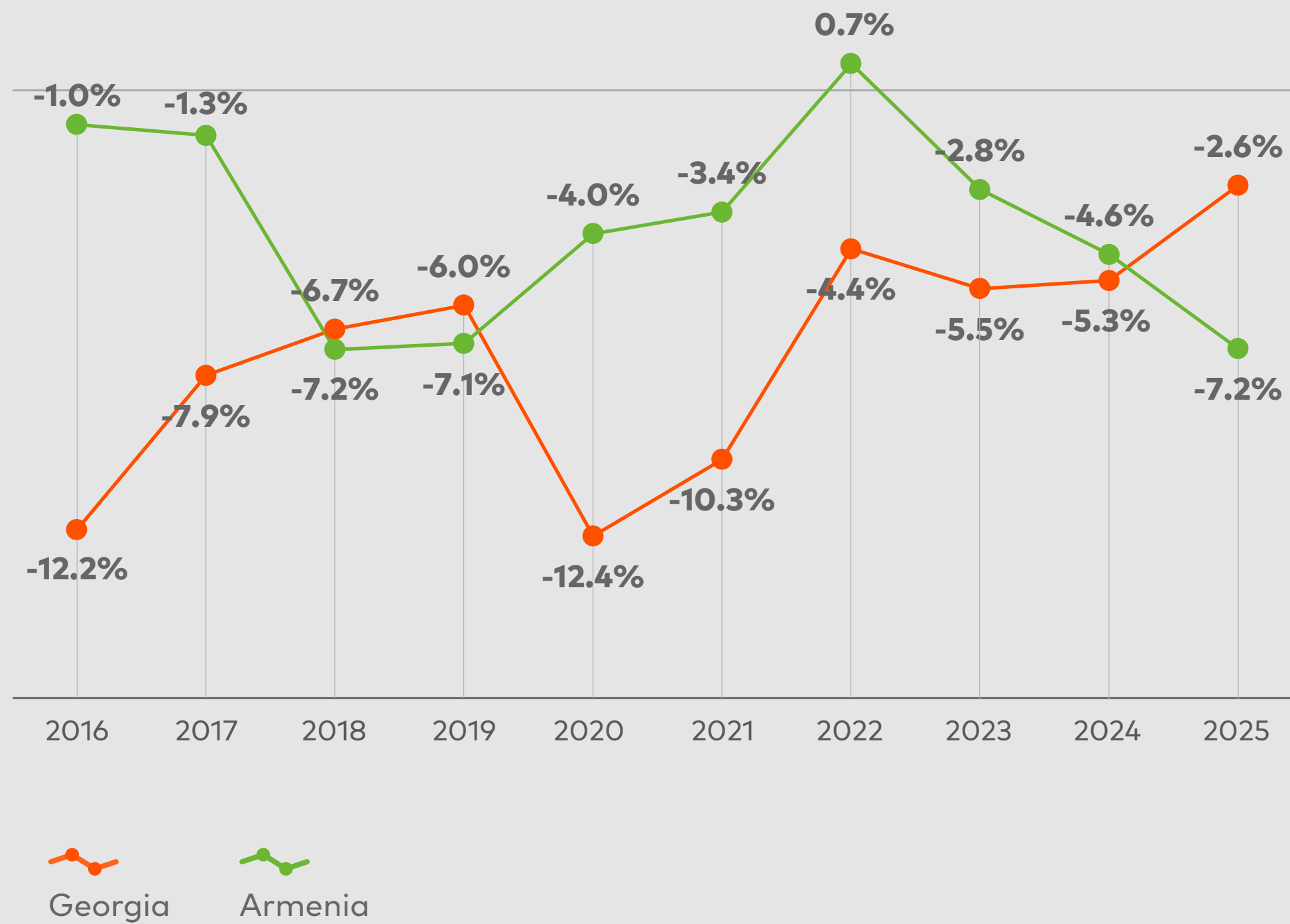
Total inflow as % of GDP

Armenia

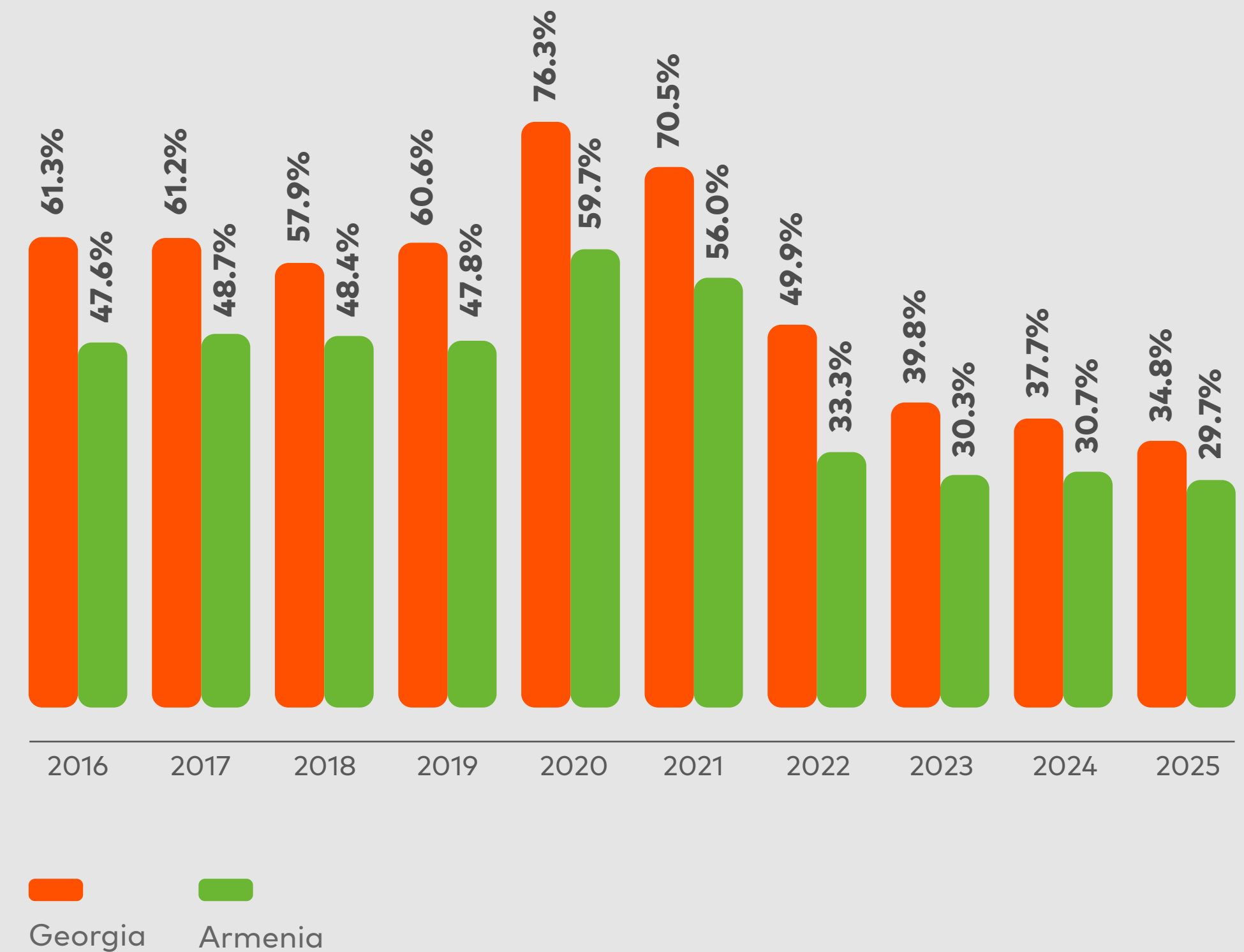


Improving external balances have driven significant deleveraging in both Georgia and Armenia over the past five years

Current account balance as % of GDP



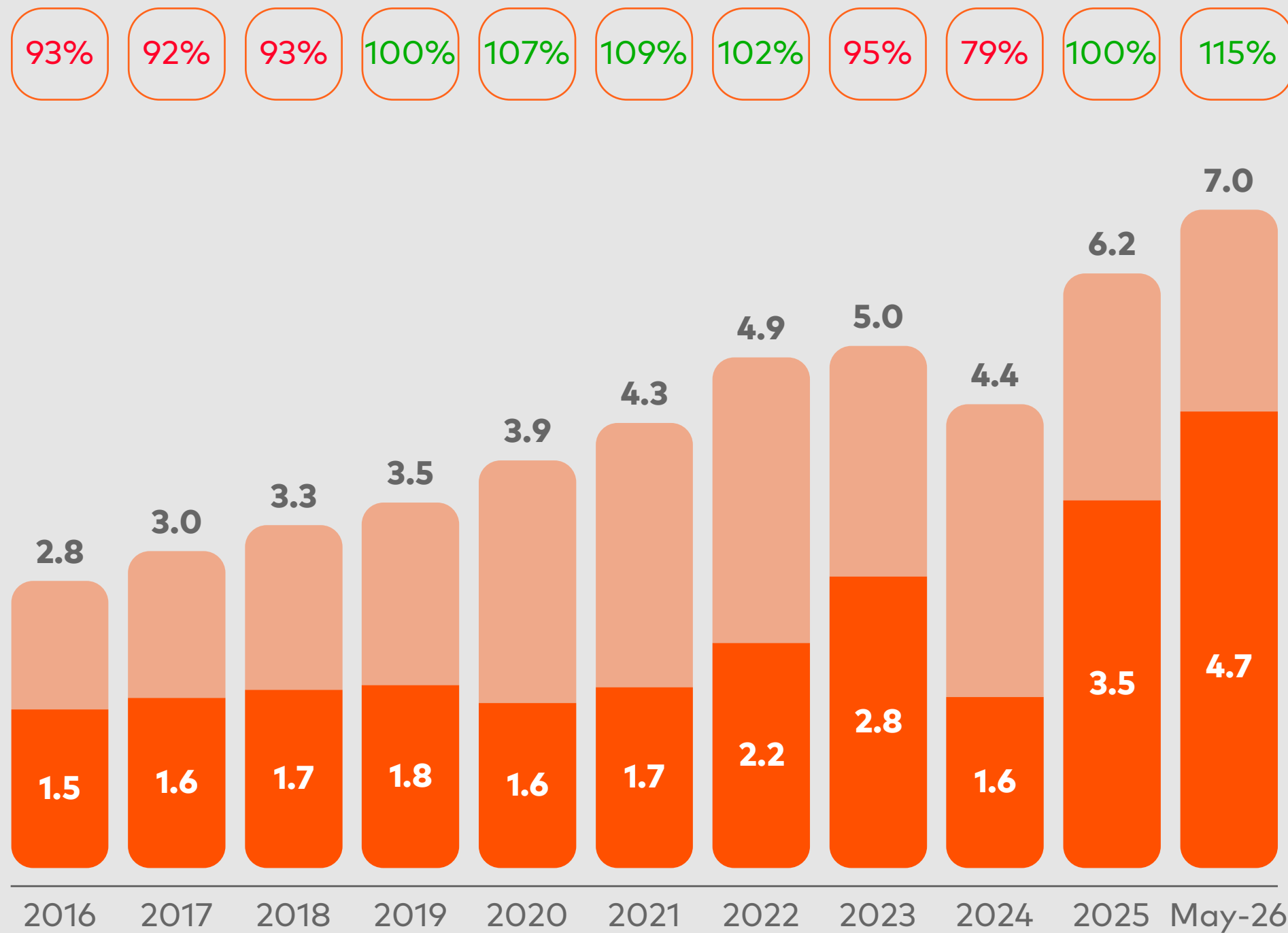
Net external debt as % of GDP, end-of-period



Central banks in Georgia and Armenia have lifted international reserves to record highs, strengthening external liquidity buffers

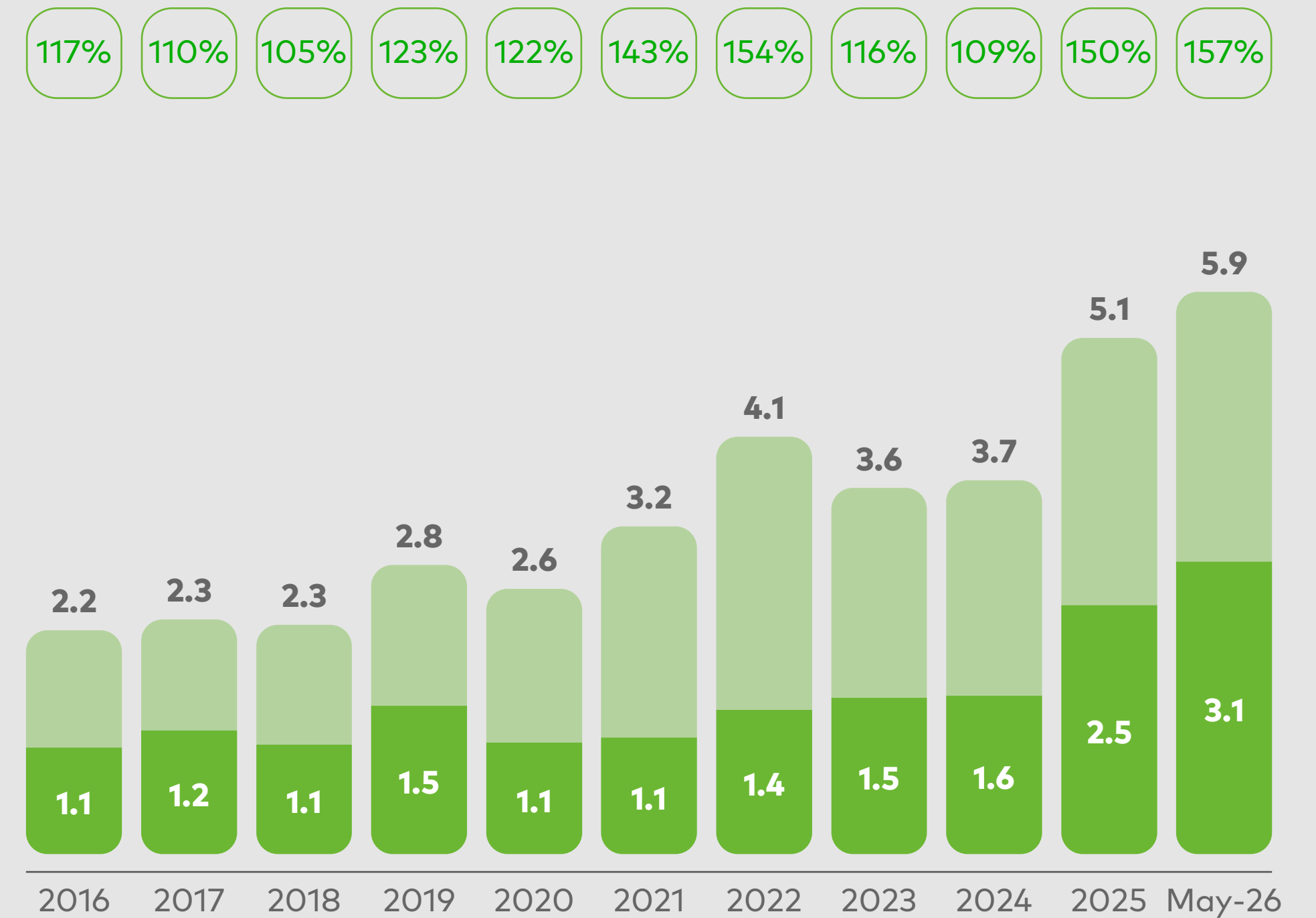
International reserves (end-of-period, US\$ bn) | Georgia

■ Gross international reserves Reserve adequacy ratio*
■ Net international reserves



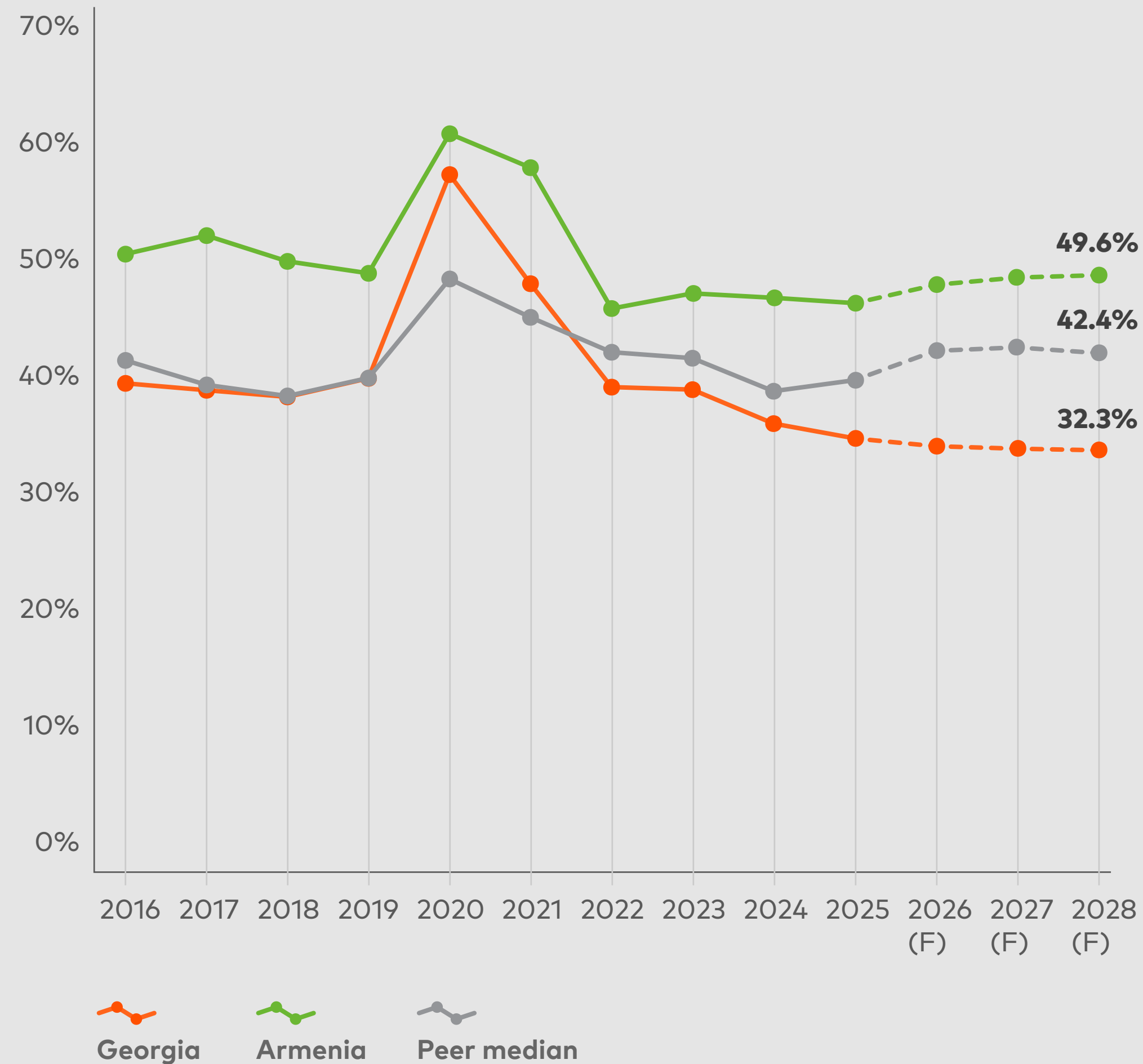
International reserves (end-of-period, US\$ bn) | Armenia

■ Gross international reserves Reserve adequacy ratio*
■ Net international reserves

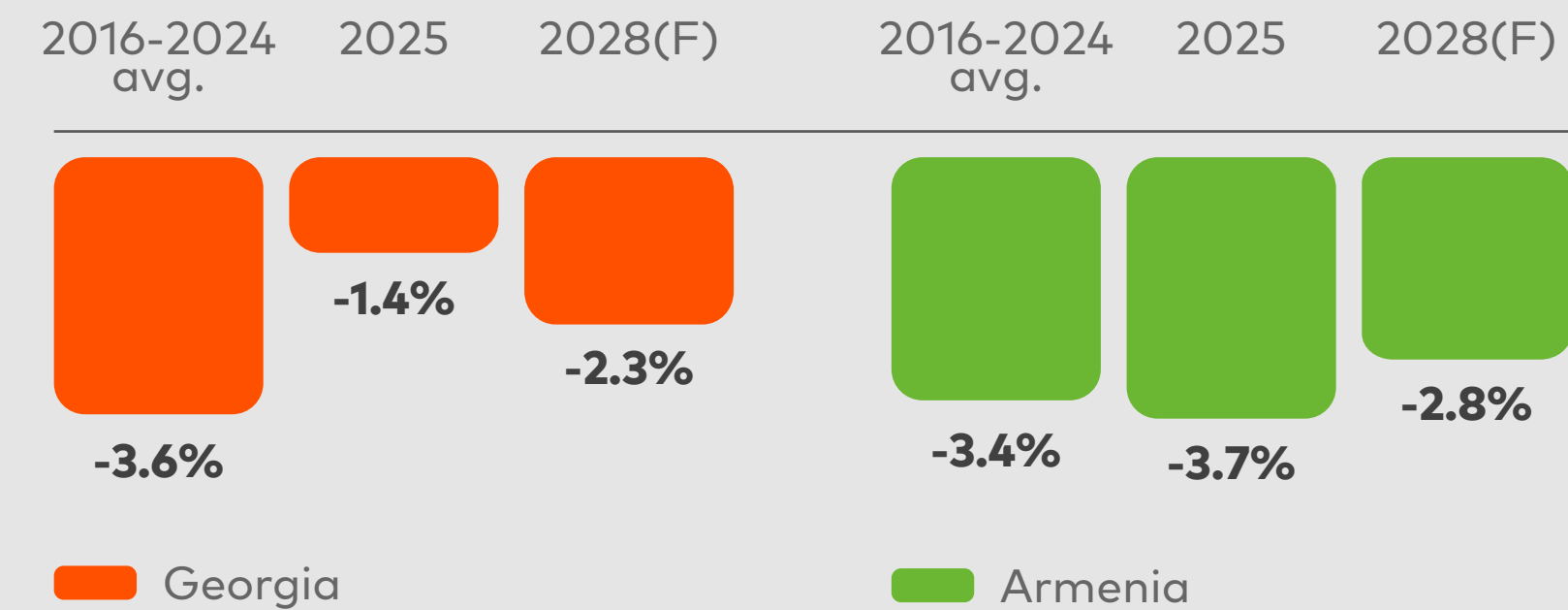


Public sector in Georgia actively deleveraging while Armenia successfully balancing spending needs with fiscal sustainability objectives

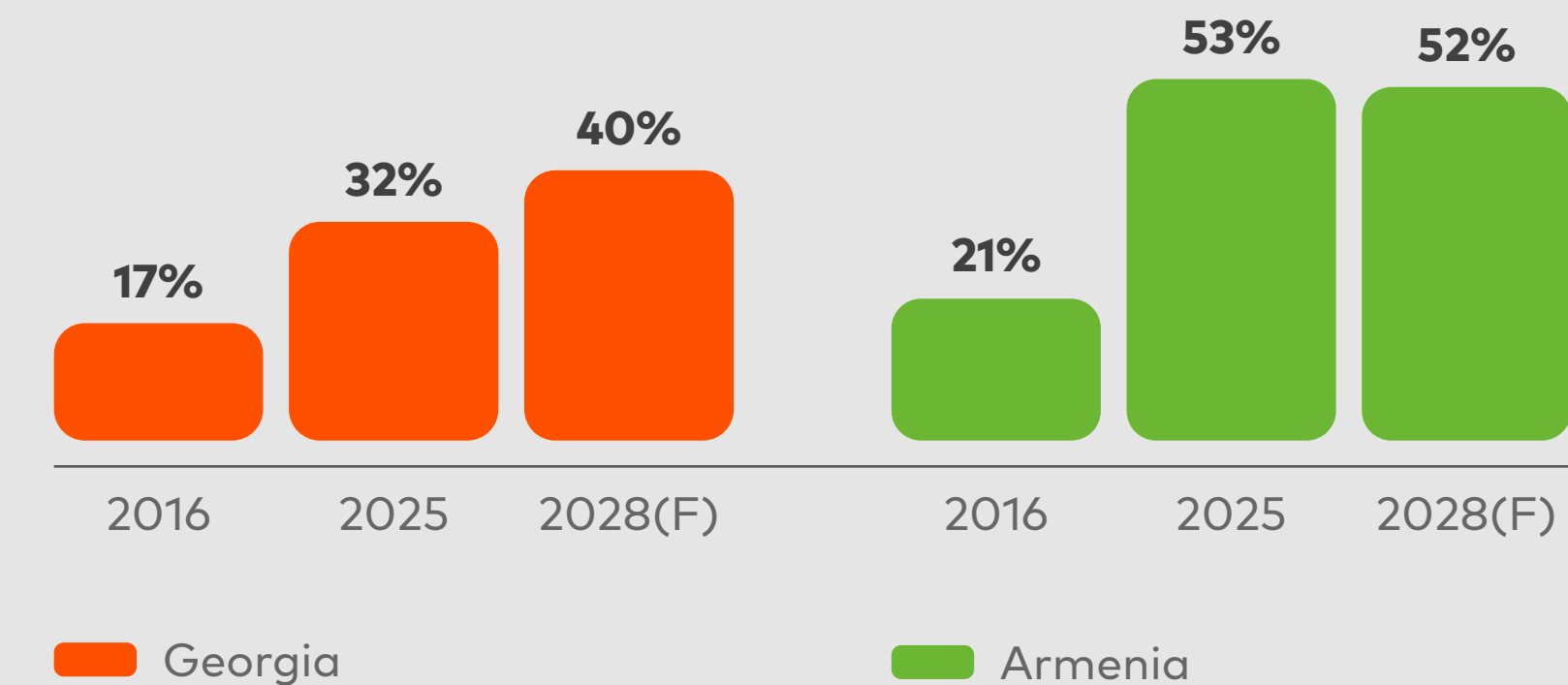
Total government debt, end-of period | % of GDP



Fiscal balance | % of GDP

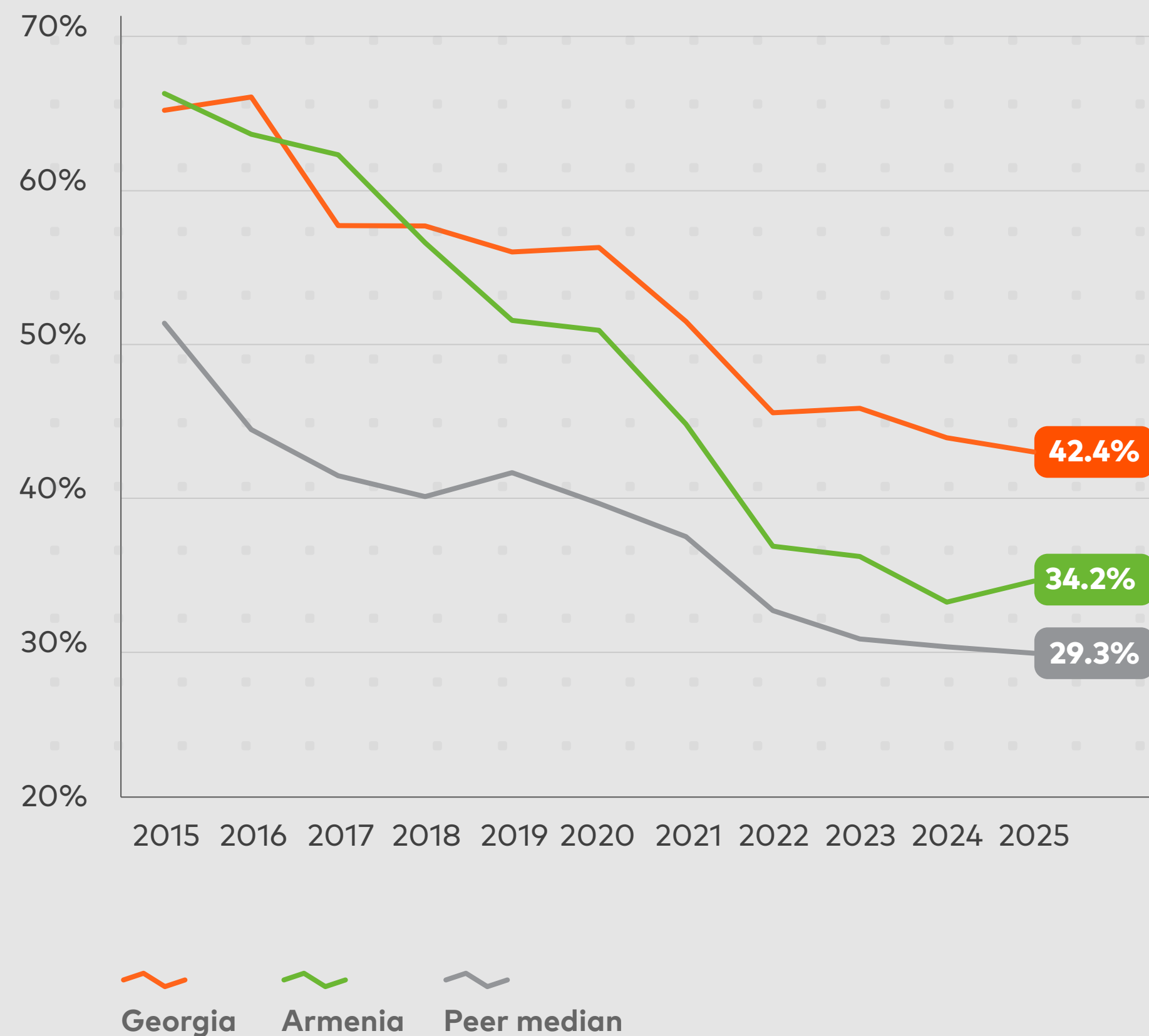


Share of domestic debt in total gov. debt

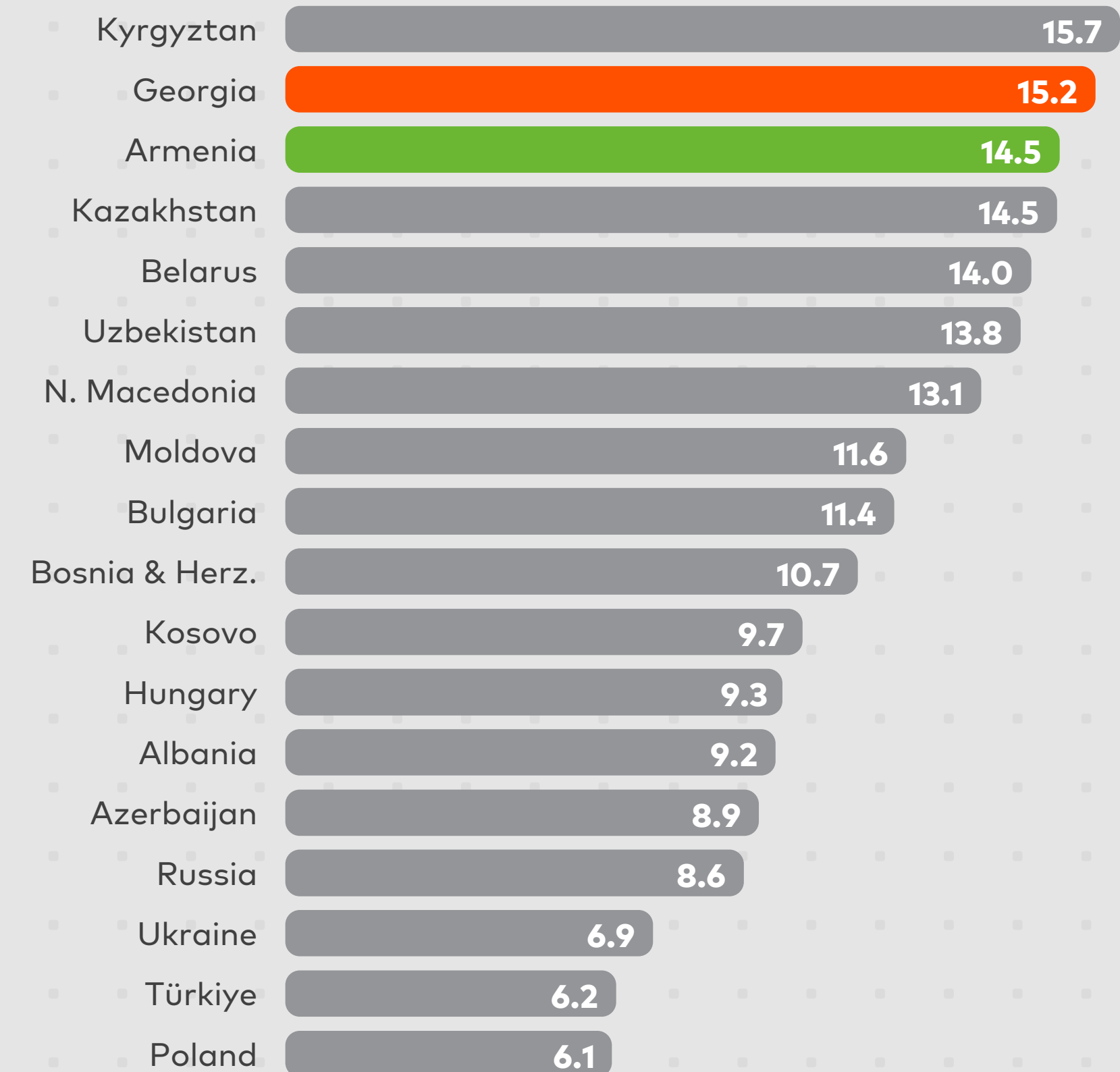


Declining dollarisation levels and strong capital buffers support financial sector soundness in Georgia and Armenia

Foreign currency loans in total bank loans, end-of-period



Tier 1 capital to assets (%)
Dec-2025 or latest available

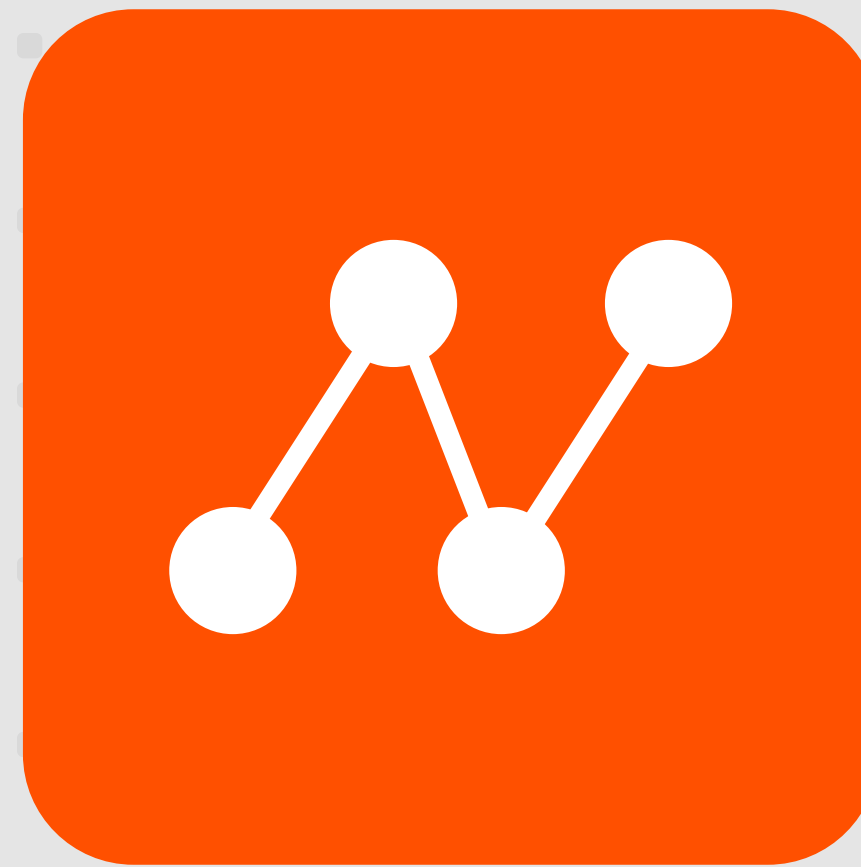


Three pillars of macroeconomic soundness in Georgia and Armenia

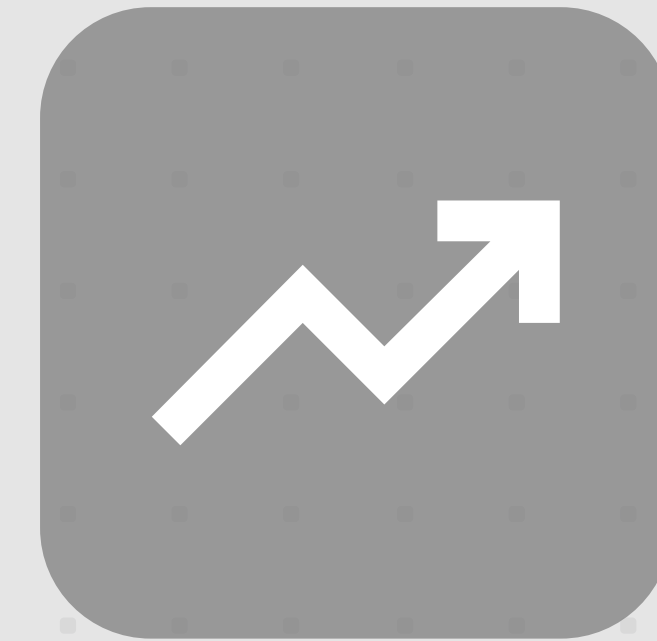
Improved resilience



Sustained stability

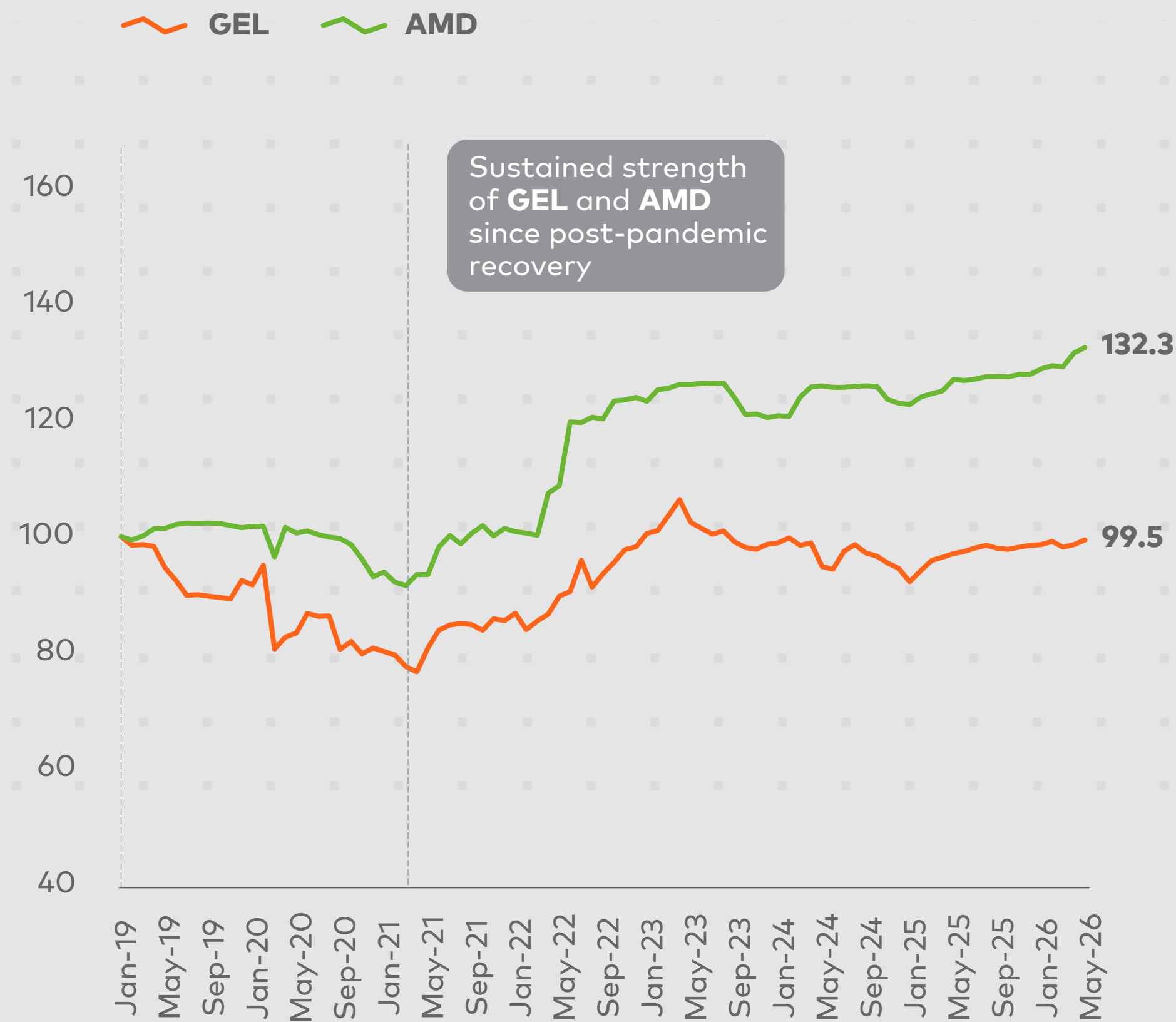


Robust growth

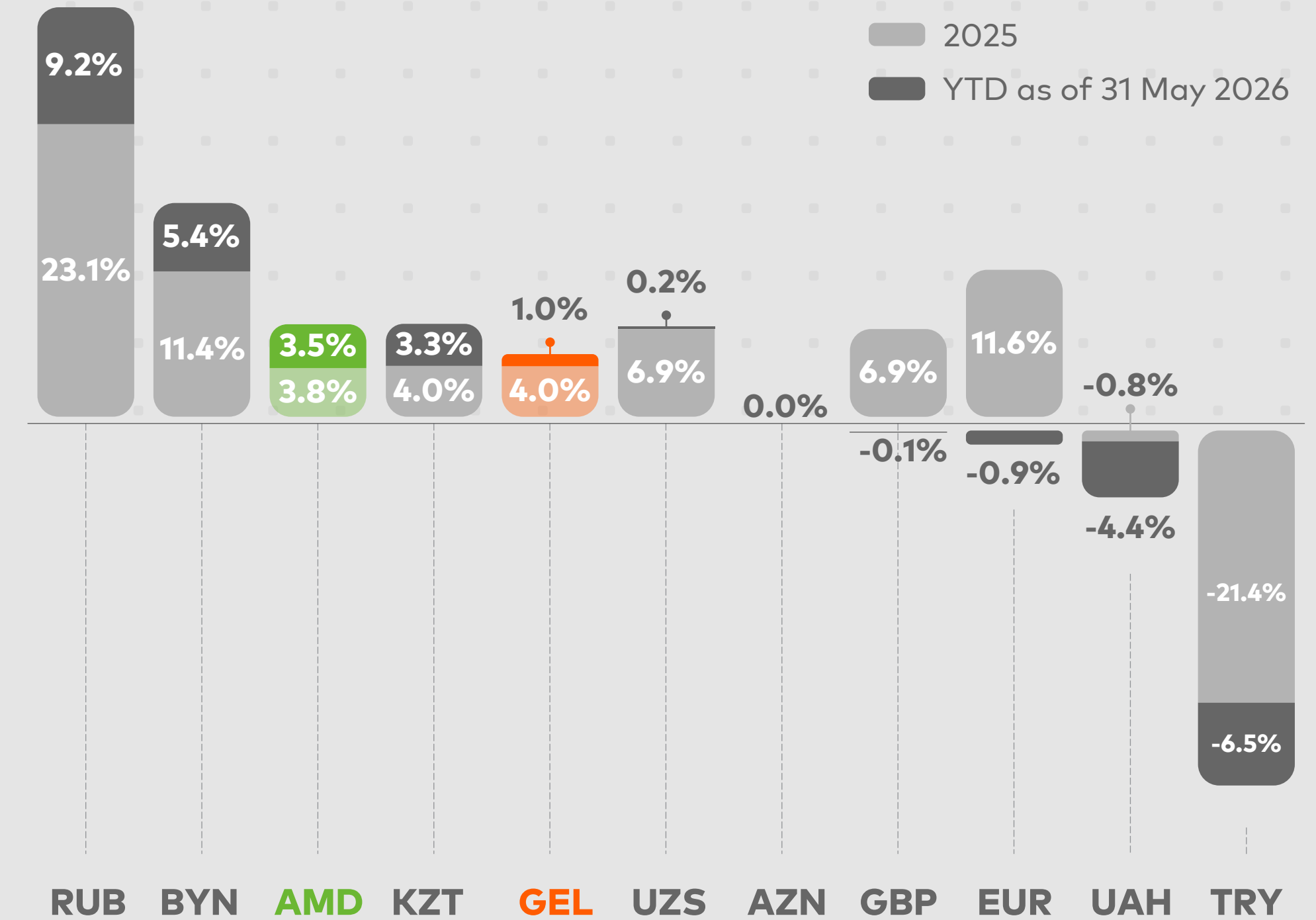


GEL and AMD have remained broadly stable vs. the USD in recent years, underpinned by sustained external inflows and sound macro policies

Currency movements against the U.S. dollar
(Jan-2019=100; appreciation shown as increase)

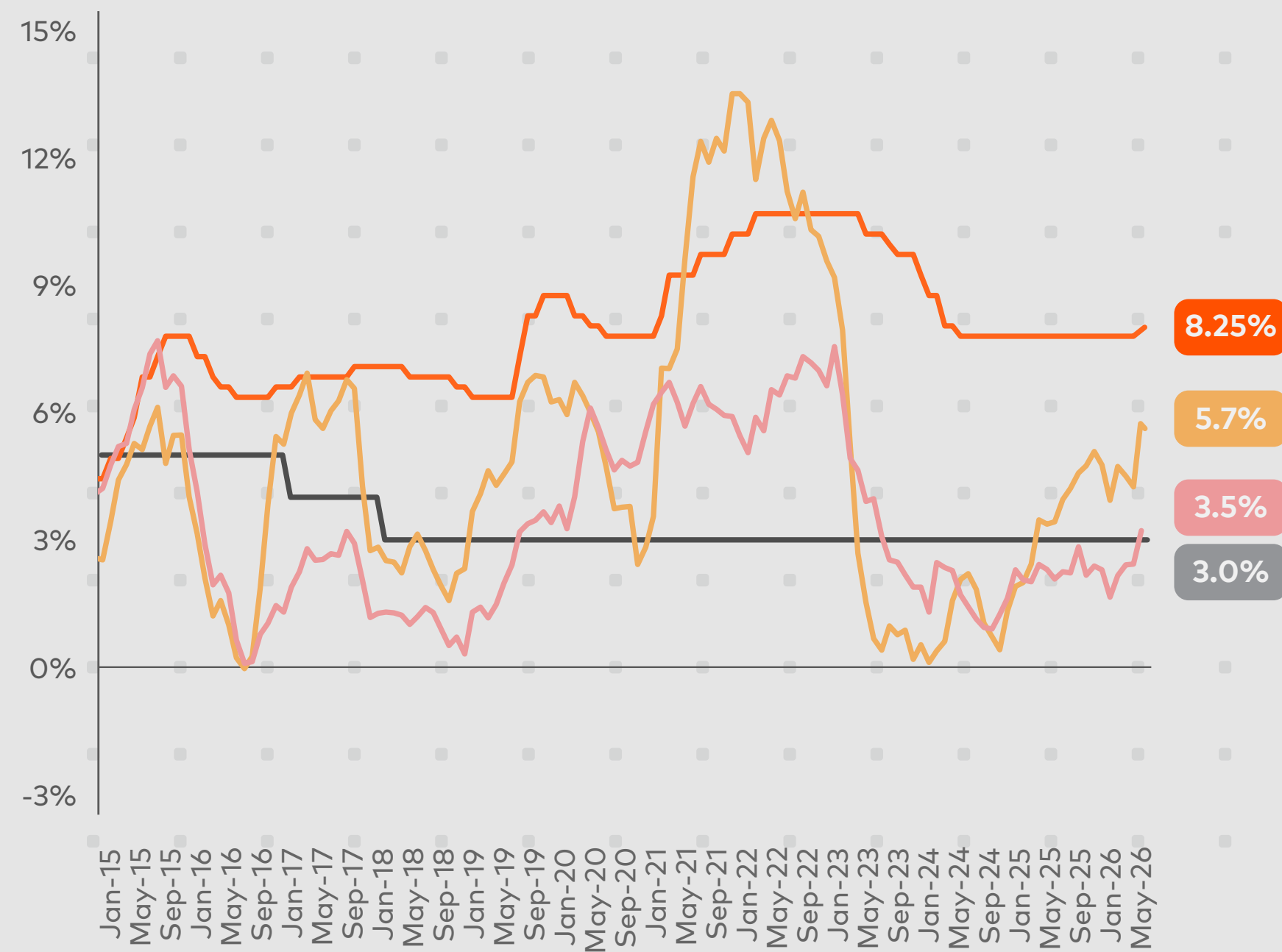


Currency movements against the U.S. dollar
(percent change; appreciation shown as increase)



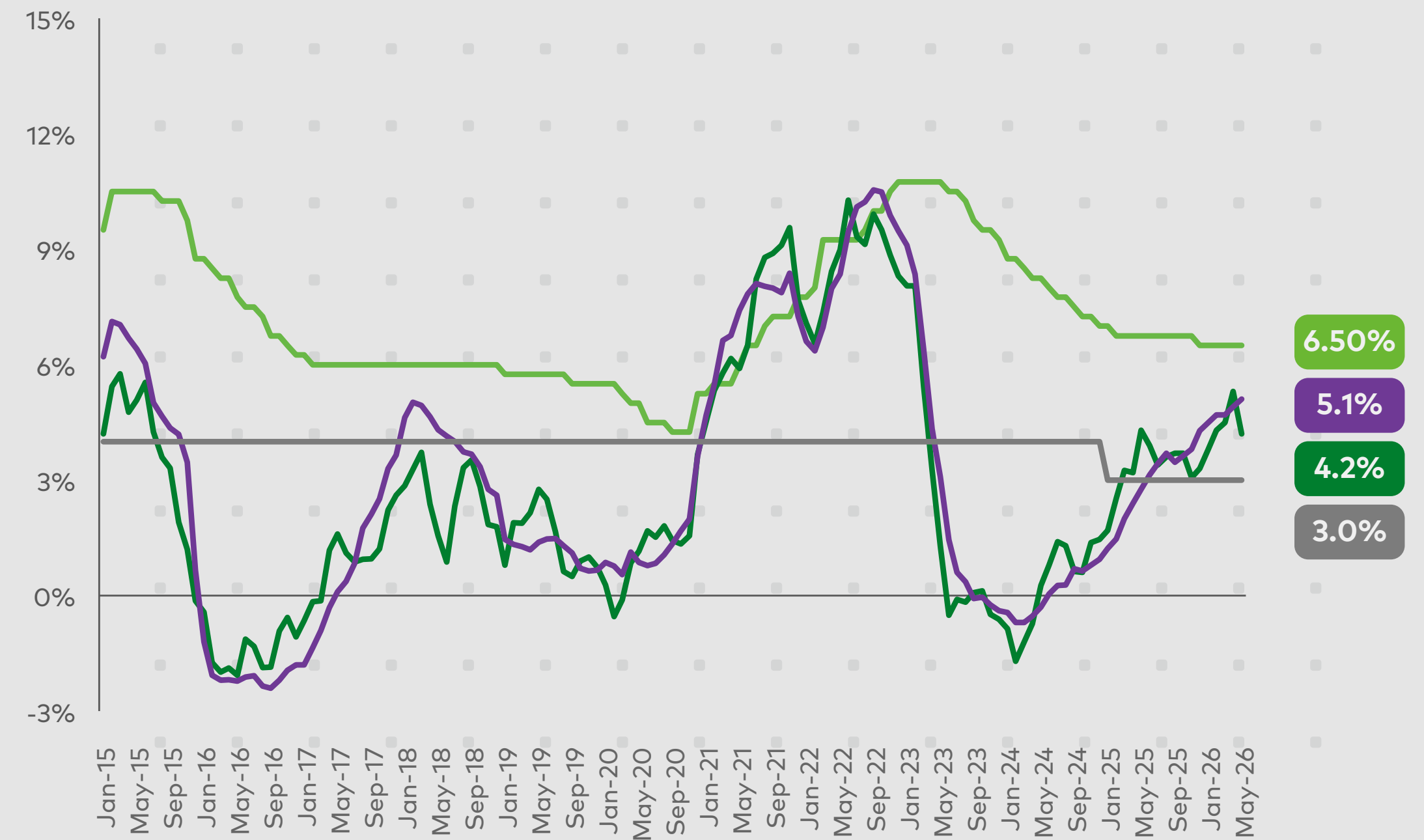
Recent inflation uptick in Georgia and Armenia has been driven by food and fuel prices, while inflation expectations remain well anchored by prudent monetary policy

Inflation and monetary policy in Georgia



- Monetary policy rate, end-of-period
- Headline CPI inflation, y/y
- Core CPI inflation, y/y
- Inflation target

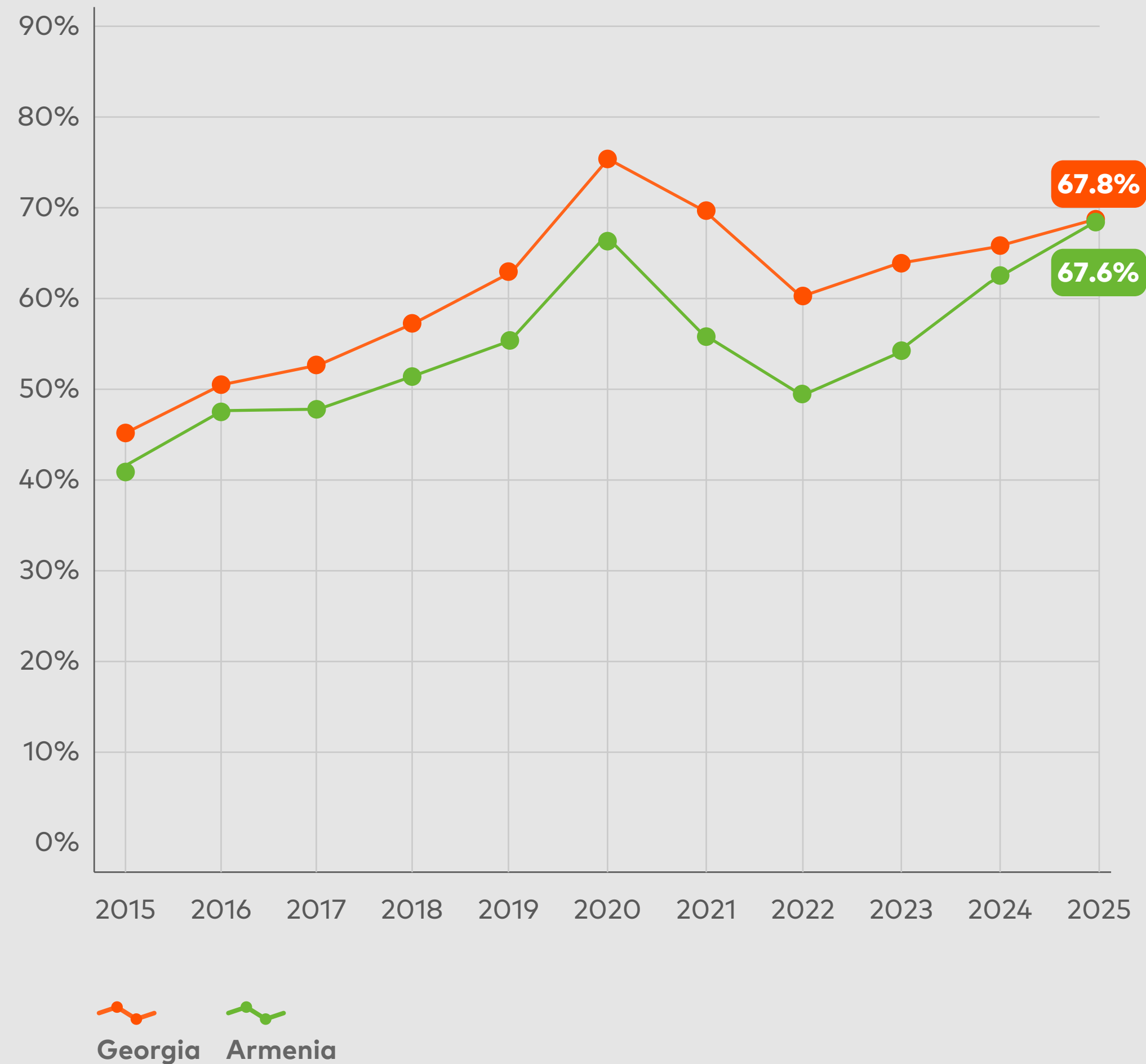
Inflation and monetary policy in Armenia



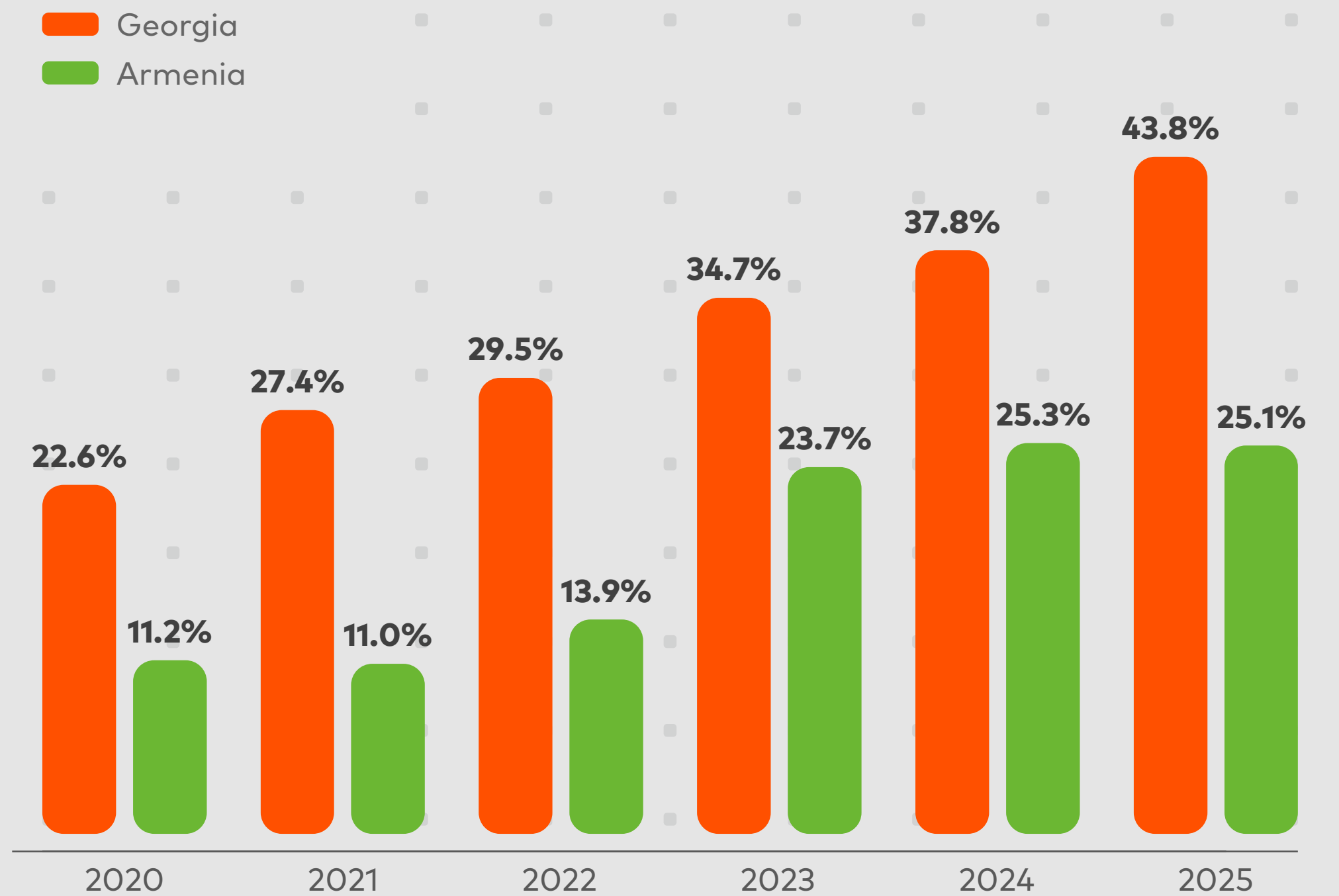
- Monetary policy rate, end-of-period
- Headline CPI inflation, y/y
- Core CPI inflation, y/y
- Inflation target

Rising credit and cashless payments penetration reflects ongoing financial deepening and offers significant growth upside in Georgia and Armenia

Bank loans as % of GDP, end-of-year



Cashless payments, as % of GDP

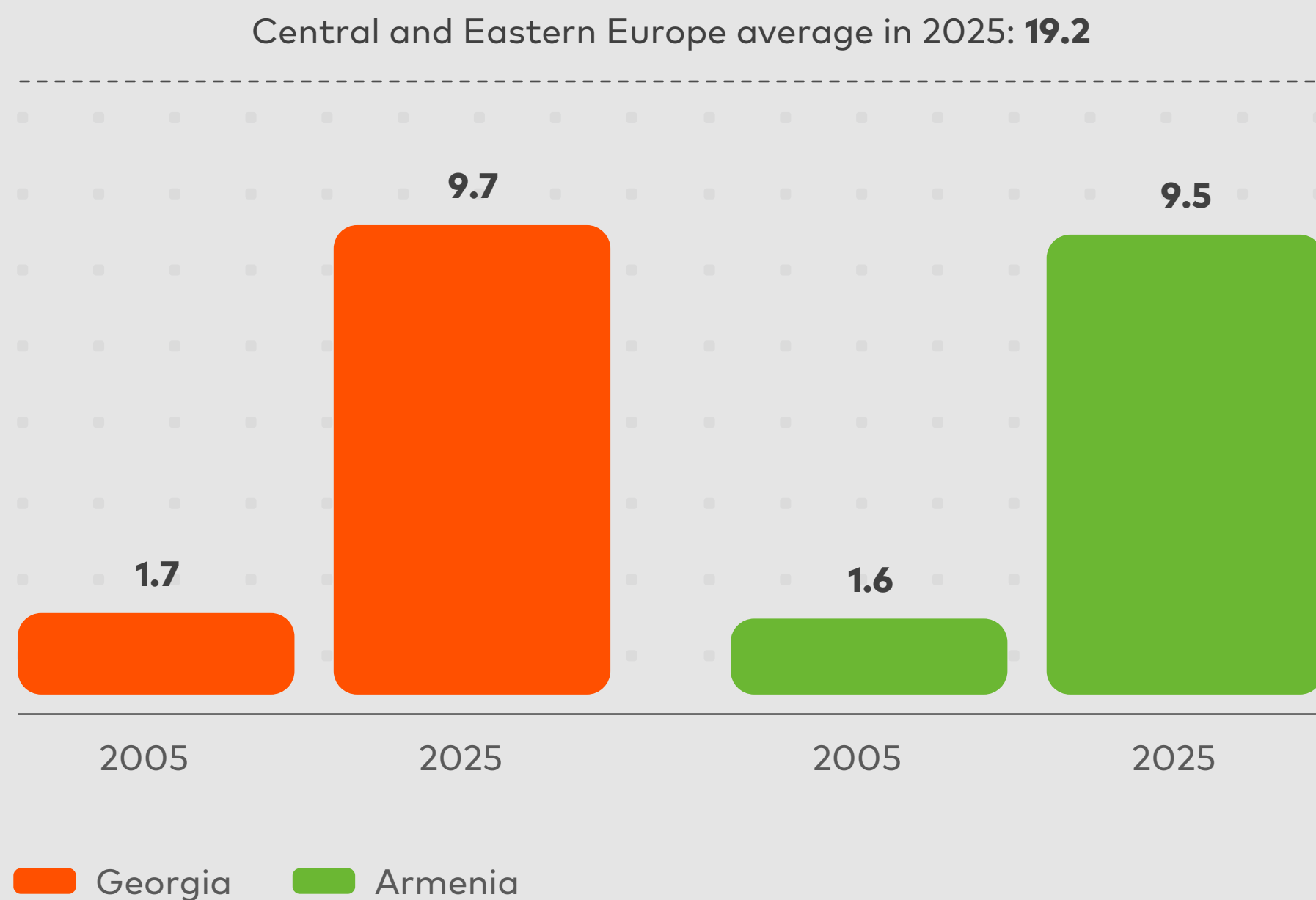


Georgia and Armenia enjoy investment-grade fundamentals, with ratings constrained by geopolitical risk

	Armenia BB-/Ba3	Georgia BB/Ba2	IG peer median BBB-/Baa3	
Growth and inflation				
Real GDP growth (2021-25 avg.)	8.0%	9.3%	4.1%	Outperforms IG peers
CPI inflation (2021-25 avg.)	4.3%	5.8%	5.4%	On par / IG peer reference
External position				
CA balance (% of GDP, 2021-25 avg.)	-3.4%	-5.6%	-1.5%	Underperforms IG peers
Net FDI inflows (% of GDP, 2021-25 avg.)	2.2%	5.0%	2.2%	On par / IG peer reference
Gross reserves (% of ARA metric, end-2025)	150.0%	100.0%	110.5%	On par / IG peer reference
Fiscal discipline				
Government debt (% of GDP, end-2025)	47.3%	34.2%	60.6%	On par / IG peer reference
Fiscal balance (% of GDP, 2021-25 avg.)	-3.2%	-3.3%	-4.4%	On par / IG peer reference
Banking sector soundness				
Non-performing loans (% of gross loans, end-2025)	1.2%	2.5%	2.9%	On par / IG peer reference
Tier 1 capital (% of assets, end-2025)	14.5%	15.2%	9.3%	On par / IG peer reference
Structural risks				
Unemployment rate (end-2025)	12.7%	13.9%	5.6%	Underperforms IG peers
Loan dollarisation (end-2025)	34.2%	42.4%	25.6%	Underperforms IG peers

Overall, Georgia and Armenia are well positioned for sustained growth, supported by income convergence and Middle Corridor opportunities

GDP per capita in '000 US\$



5%+

real GDP growth in both markets over the medium term enabled by:

- Productivity-led services
- Large-scale investment pipeline
- Resilient external inflows
- Sound macro buffers
- Ongoing financial deepening

THANK YOU



Disclaimer

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