TBC CAPITAL

Macro Insights:
Stronger than 5.5% Baseline

10 May 2022

Otar Nadaraia
Chief Economist,
TBC Group

Ana Mjavanadze
Head of Macro-Financial
Analysis Division, TBC Bank

Tsotne Marghia
Analyst

Mamia Intskirveli
Intern

www.tbccapital.ge

Content

What could be the baseline?

On April 11, we published previous macro insights. Apparently, the latest dynamics are broadly in line with our expectations on the international level, however, the Georgian economy seems to grow even faster than implied in our earlier 5.5% scenario.

On the international level, this implies that even an uneasy peace returns only gradually throughout the year and large number of disagreements remain unsolved. Sanctions imposed on Russia remain harsh. Recently, EU decided to cut-off three additional Russian banks, including the biggest bank, Sberkbank, from the SWIFT. However, some commercial banks still remain unsanctioned, meaning that cut-off is not complete and there is still a room for international operations. In addition, the EU made a proposal, on which all countries yet need to agree, of banning import of Russian oil, which equals to 27% of oil-import to the EU. Even though, it will be important downside for Russian inflows, current account is still expected to improve on the base of higher prices for gas and partial redistribution of oil to other markets, implying the RUB positive, yet growth negative nature of imposed sanctions. In this scenario, the Russian economy contracts by around 8% in 2022 and the RUB against the USD is at around 80, while the Ukrainian economy contracts by around 30%. Brent oil prices remain elevated at around 105$ before declining to around 95$ by the end of the year and the EUR/USD should recover to around 1.08. Important to highlight that after Russia's invasion of Ukraine the growth outlook is not worsened for all countries. In particular, economies highly dependent on energy exports such as Azerbaijan, Kazakhstan, Saudi Arabia are expected to grow even faster.

Implications for the Georgian economy – stronger than 5.5% growth in 2022

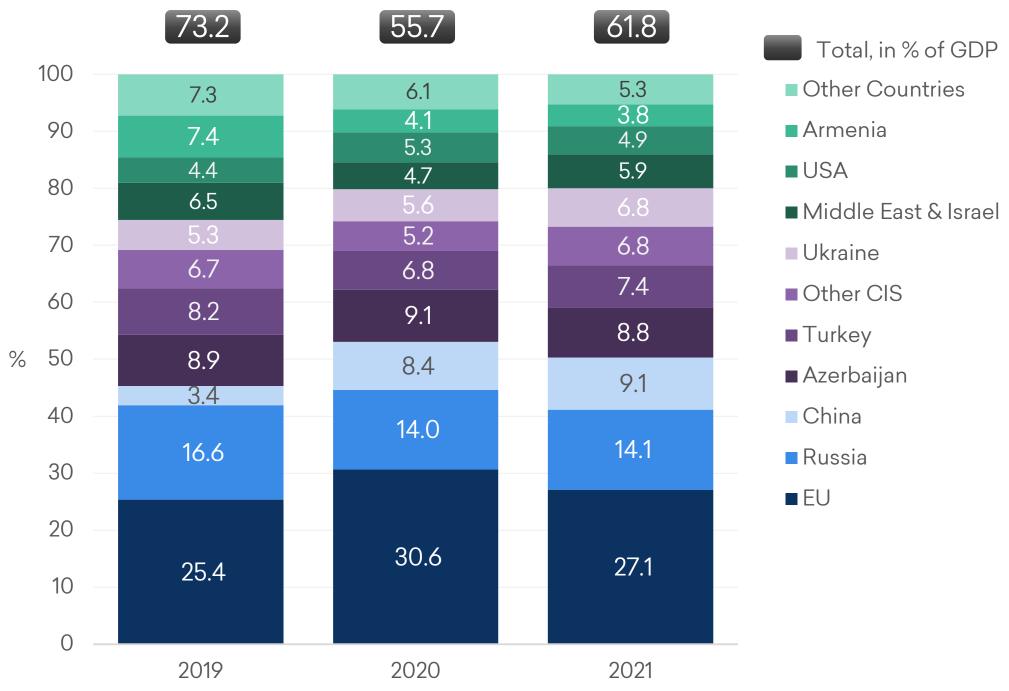
What has changed since our previous outlook a month ago? March growth estimate came in at 10.6% reflecting the increased activity in a broad range of sectors and being slightly higher than our assumption in the 5.5% scenario for the full year 2022. Notably, the seasonally adjusted monthly annualized GDP was at 6.7%. From the drivers, exports and tourism inflows supported by the migration impact were stronger than expected, remittances broadly in line with expectations, while imports and credit somewhat weaker. As for the fiscal stance, it was contractionary taking into account a surplus in the first quarter compared to a large deficit a year ago. Assuming around 4.5% deficit for the FY 2022, this implies higher fiscal stimulus in the remaining part of the year.

Definitely, uncertainties remain high, however recent data release at least may indicate to an even stronger than our already quite bullish outlook. This appears to be true especially when April available preliminary indicators, such as sectoral turnovers and tourism and remittances dynamics are taken into account. In particular, despite a very strong base effect a year ago, based on those inputs, our nowcasting model does not necessarily point to a large YoY drop in April. In fact, a moderate positive growth is not ruled out.

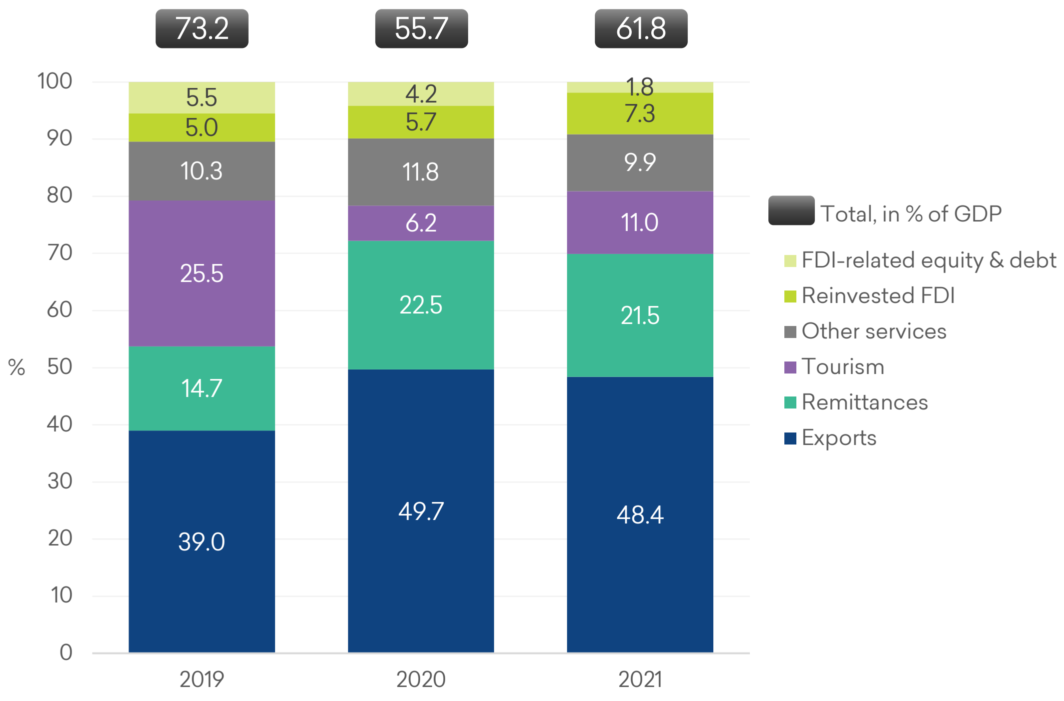
In the baseline scenario, we expect 2022 YE inflation at around 9.5% instead of earlier 8% mainly on the back of higher oil price projection and stronger than expected inflation in April. Nevertheless, monthly inflation rates are still expected to moderate in the second half of the year. On the GEL side, our best guess would be the NBG to keep policy rate unchanged, keeping in mind broadly neutral projection for the exchange rate.

Share of Ukraine & Russia in 2021 inflows is around 20%, though including more than a half share of re-exports as well as broadly similar size of import component of tourism, remittance and FDI inflows

Structure of external inflows by countries



Structure of inflows by types



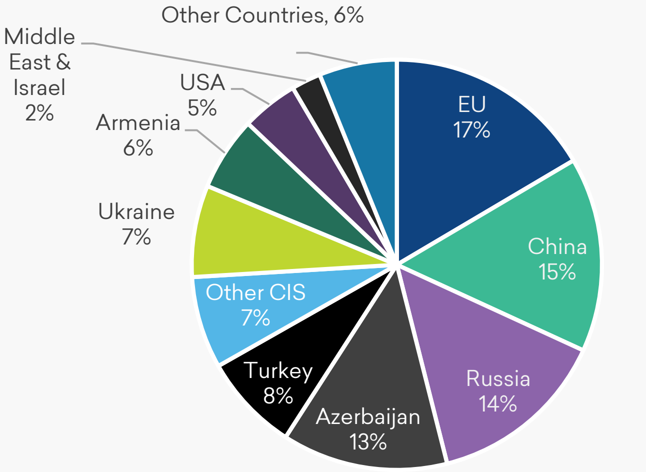
Note: Important to highlight that after Russia's invasion of Ukraine the growth outlook is not worsened for all countries. In particular, countries highly dependent on energy exports such as Azerbaijan, Kazakhstan, Saudi Arabia are expected to grow even faster

Note: 2020 FDI inflows are adjusted by one-time transaction of transferring of ownership from nonresident to the resident companies, without cash outflow, but still reducing FDI by around 295 m USD.

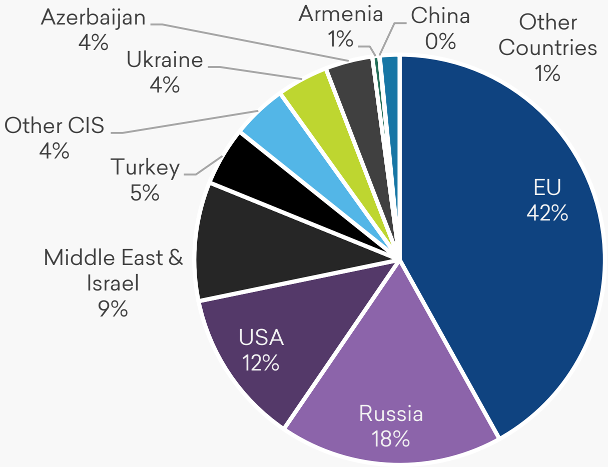
Source: Geostat, NBG, TBC Capital

The 20% share is on the back of material exposures in exports, remittances, and tourism, while FDI exposure is low and mainly represents reinvested earnings of already invested FDIs

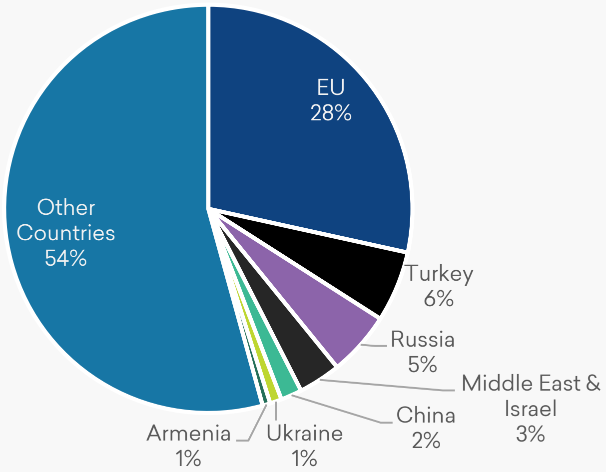
2021 export structure by countries



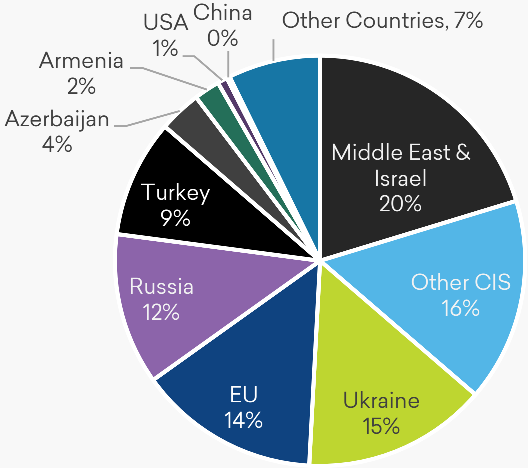
2021 remittances structure by countries



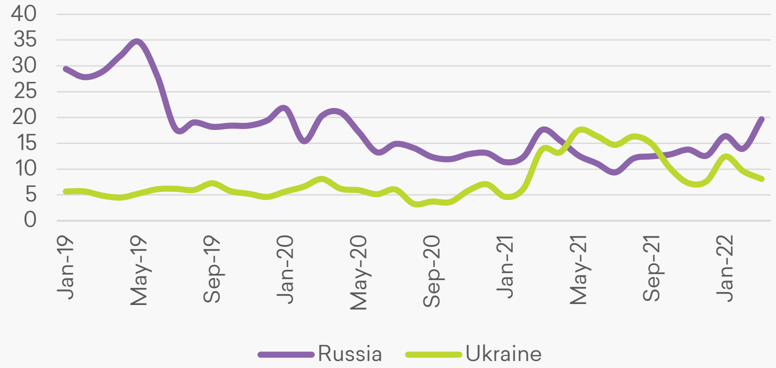
2021 GDI structure by countries



2021 tourism structure by countries



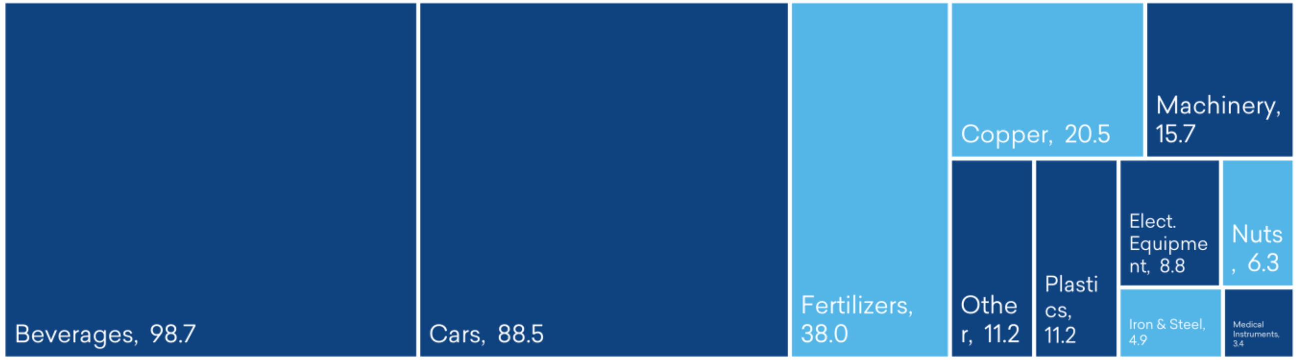
Share of Russia and Ukraine in tourism inflows (%, as of Mar-2022)



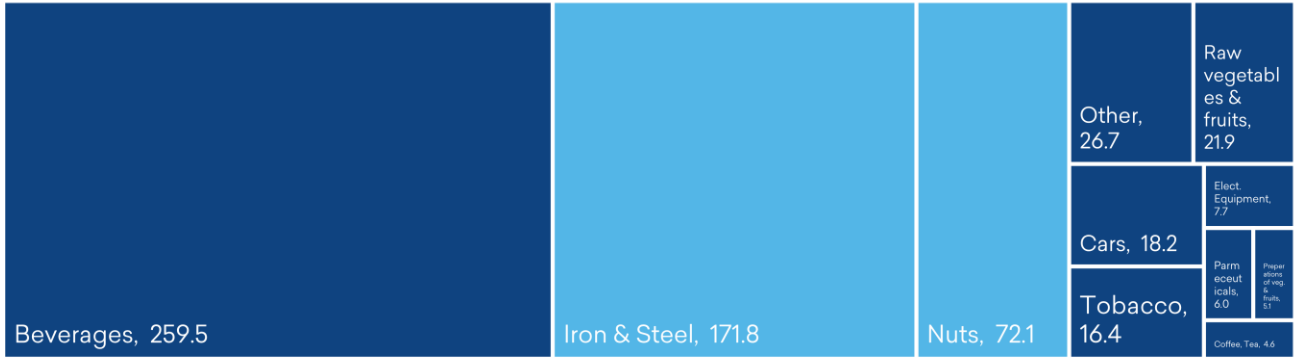
Source: Geostat, NBG, TBC Capital

Destination sensitive exports and commodities

2021 exports to Ukraine by products (million USD, total 307.3)



2021 exports to Russia by products (million USD, total 610.0)



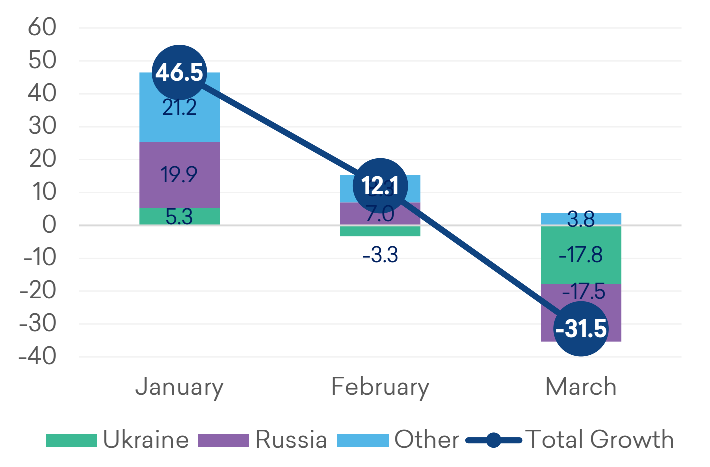
To estimate the impact on Georgian exports

- First, we split exports into destination demand sensitive and commodity categories, prices for the latter predominantly being set on the international markets. Therefore, finding substitute markets being relatively easy
- Second, for the remaining sensitive product we assume on average 55% import share. For example, in traditional export product like wine the import share is around 50%
- For the full year 2022, we assume destination-sensitive exports to Ukraine and Russia to decline by 70% and 50%, respectively

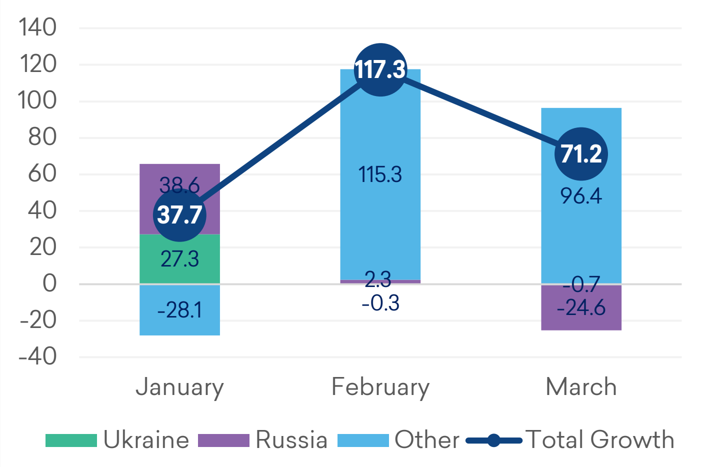
Source: Geostat, TBC Capital

As anticipated earlier, exports of the destination sensitive products were difficult to redirect in a short period of time, while non destination sensitive products such as commodities stayed resilient

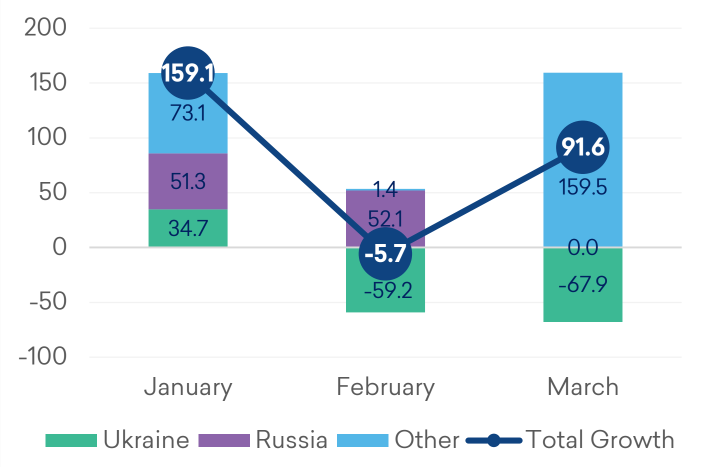
BEVERAGES (%, YoY)



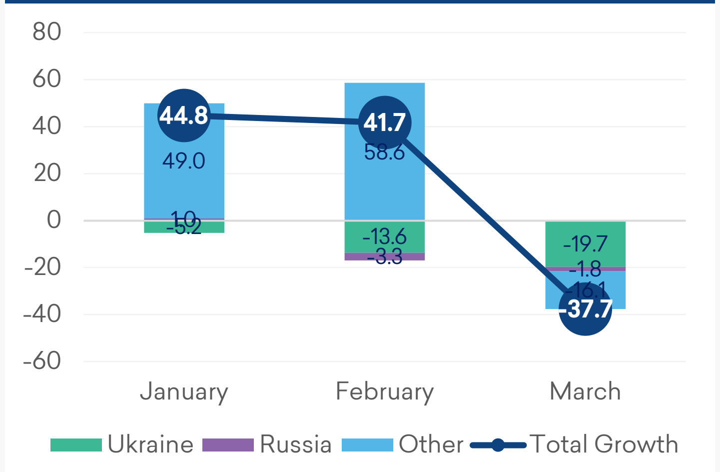
IRON AND STEEL (%, YoY)



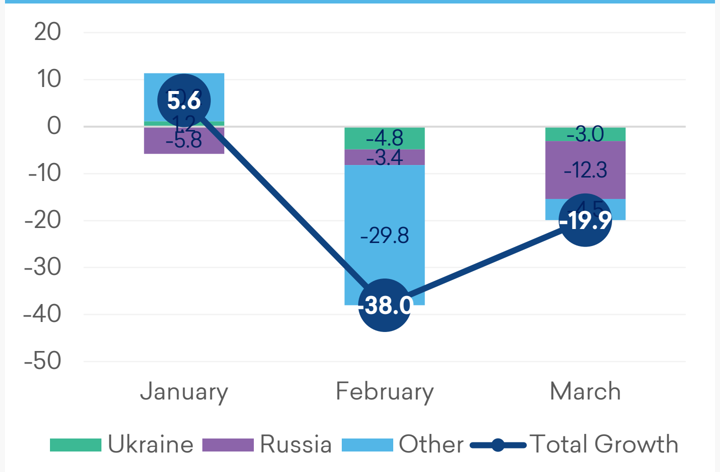
COPPER (%, YoY)



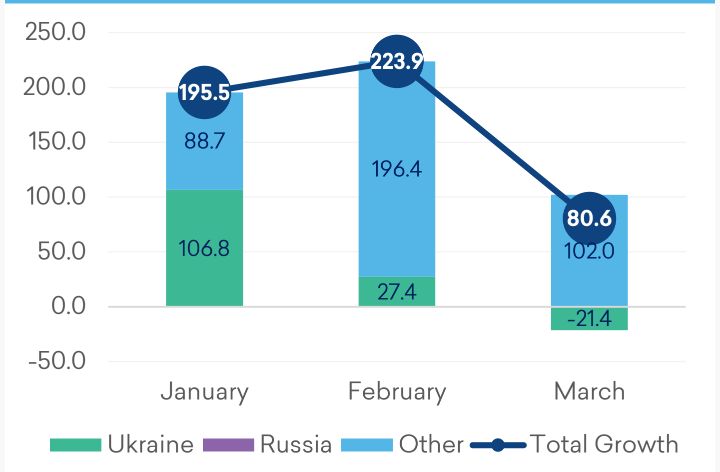
MOTOR CARS (%, YoY)



NUTS (%, YoY)



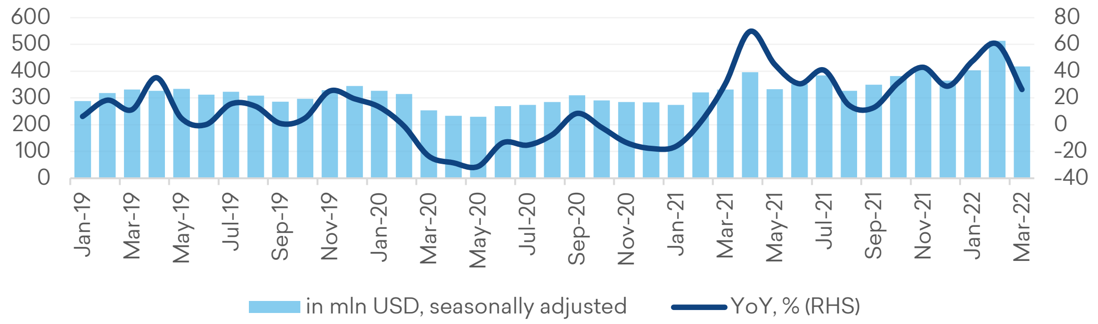
FERTILIZERS (%, YoY)



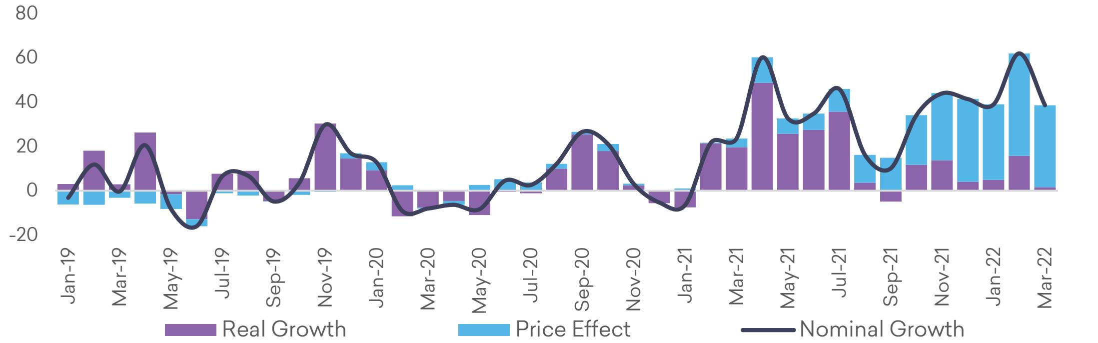
Source: Geostat, TBC Capital

The growth of export slowed down relative to the previous months, primarily due to lower exports to Ukraine (-93.1% YoY) and Russia (-55.8% YoY), though remained strong; The moderation was also impacted by the higher base effect

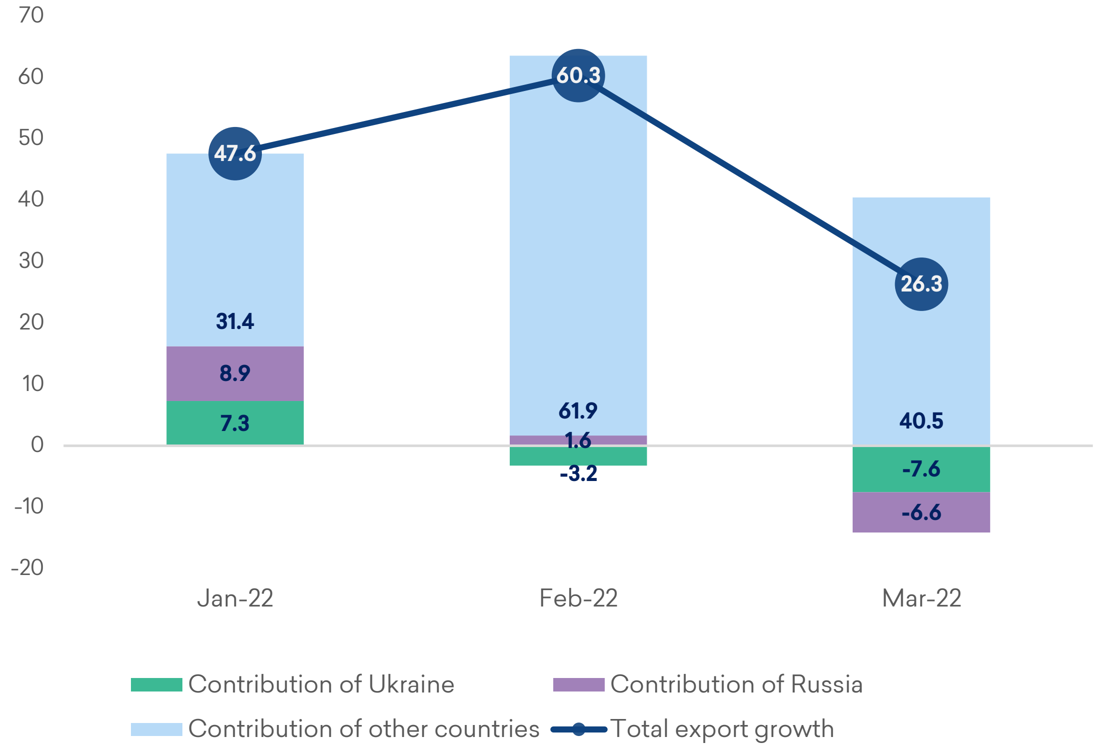
Exports of goods



Decomposition of annual change of domestic exports (%)



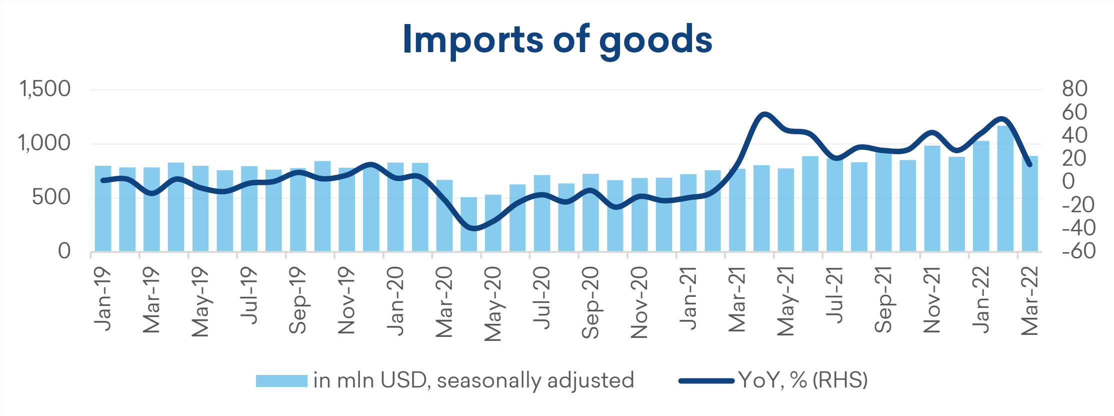
Export growth (%) and contribution of countries (pp)

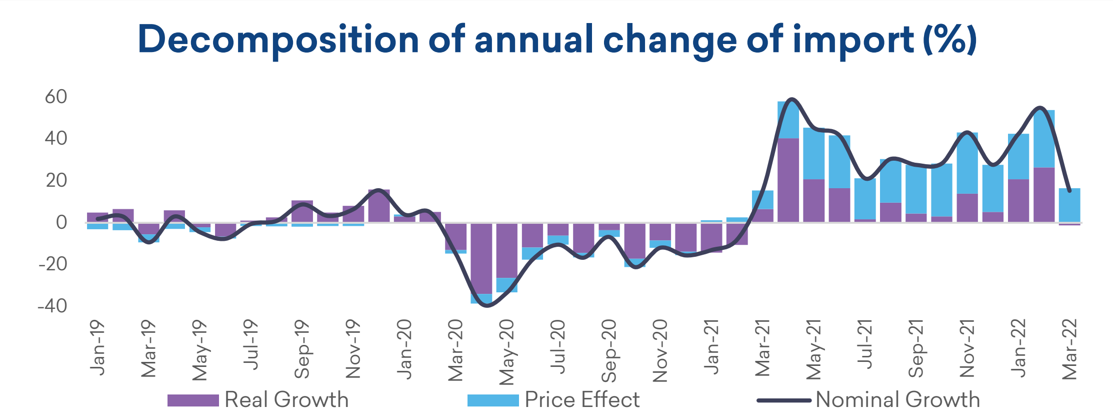


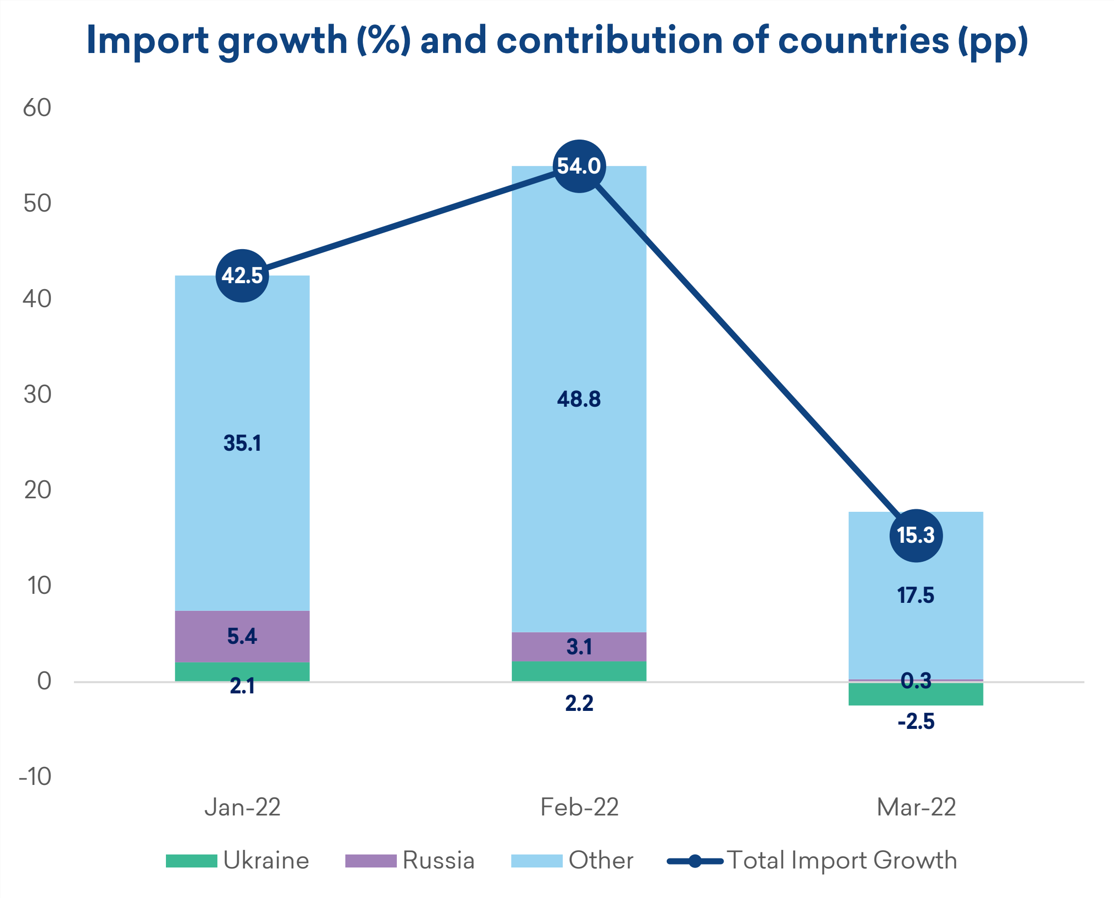
- We keep our earlier outlook of 23% growth for FY 2022 unchanged

Source: Geostat, TBC Capital

As for imports, the increase was also driven by higher prices, while real terms indicate to a slight decline



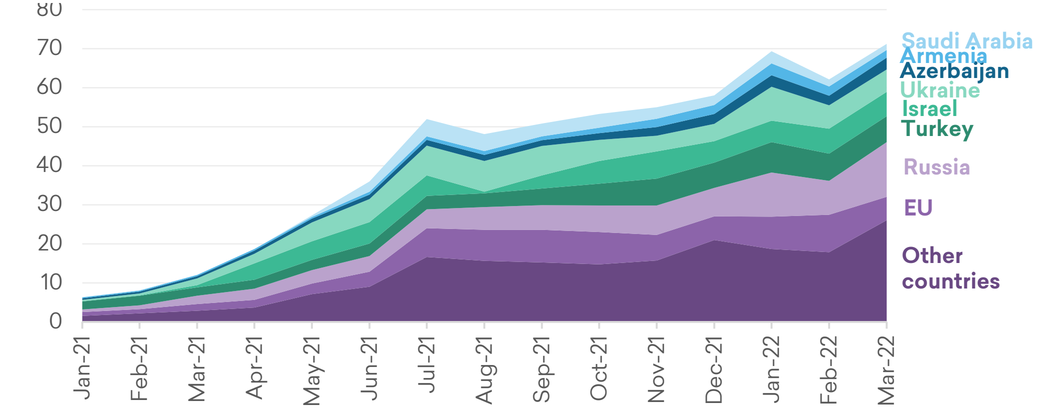




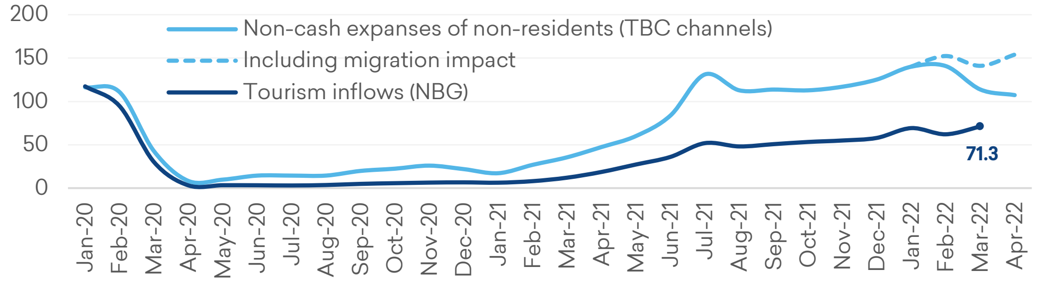
- We slightly increase our projection for the full year 2022 from 16.5% to 17%

Source: Geostat, TBC Capital

Tourism recovery even strengthened supported by the migration effect



Tourism inflows by countries (January 2022 / January 2020)	Growth, %	Contribution to growth, %
Ukraine	30	4
Saudi Arabia	45	2
Israel	-28	-4
Other	-14	-6
Iran	-66	-7
Armenia	-60	-9
EU	-37	-10
Azerbaijan	-76	-20
Turkey	-56	-20
Russia	-56	-29

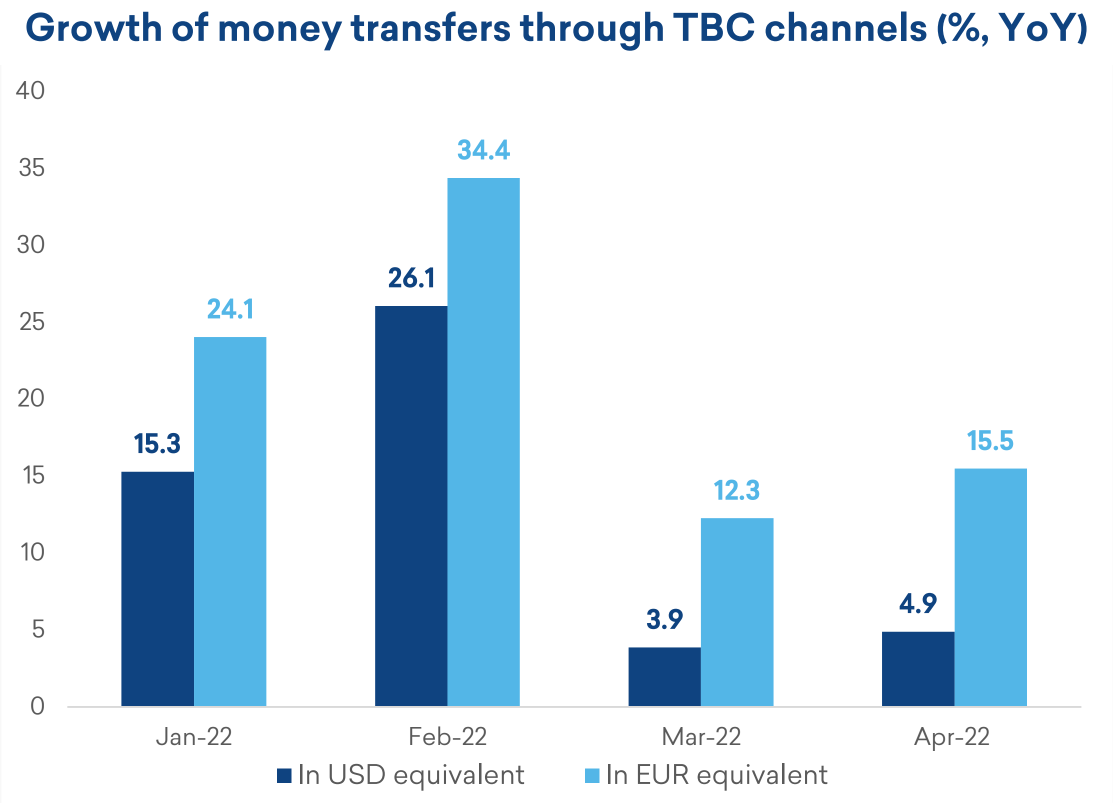


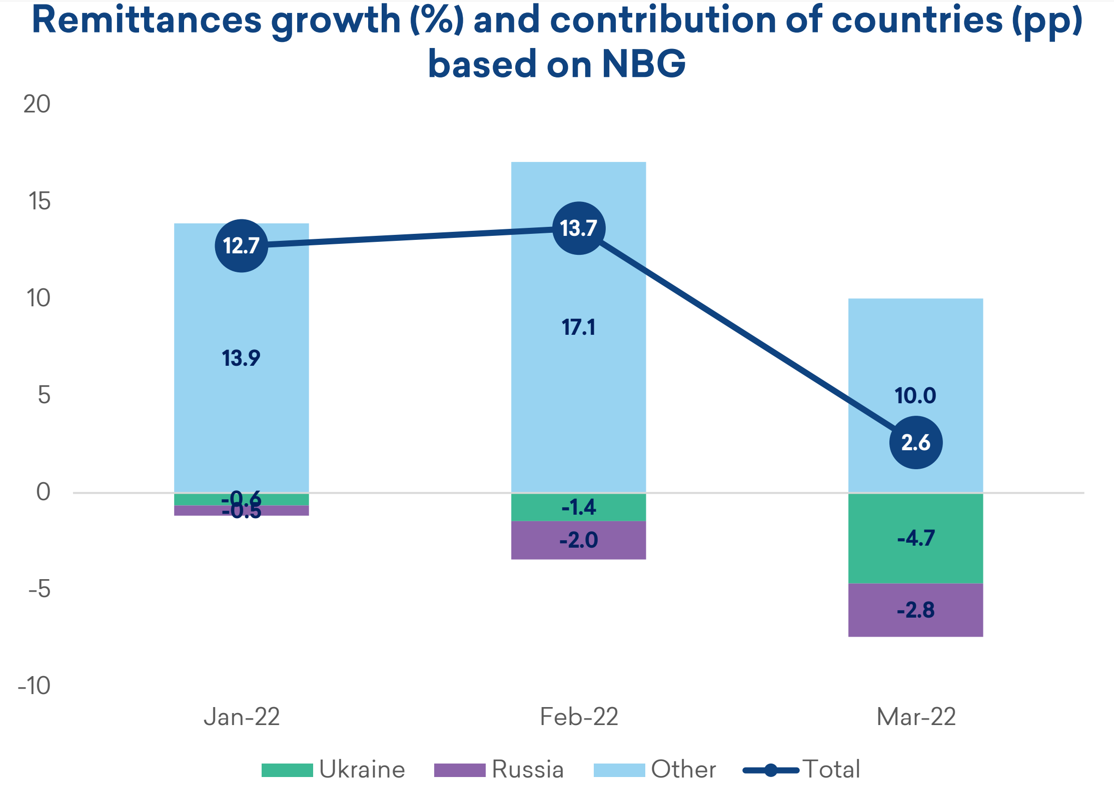
Note: Dynamics of TBC and NBG data may differ due to the changing share of non-cash transactions in tourism expenditure as well as TBC market share. Migration impact was assessed based on our analysis of various card transactions through TBC channels. March tourism inflows data released by the NBG is adjusted to the migration impact.

- Tourism recovery has slowed
- However, the migration effect from citizens of Russia, Belarus and also to some extent Ukraine should be taken into account. This is not evident in spending by non-residents via foreign cards as in case of Russia predominantly local cards are acquired
- Also, the closer neighborhood tourism still has to recover. In particular, in January 2022, only Armenia, Azerbaijan and Turkey made around 50% of shortfall in inflows compared with January 2020 as due to the lag in the vaccination closer neighborhood tourism was recovering at a slower pace
- Furthermore, low base effect in July-September 2019 due to the Russian flight ban should be taken into account
- For the full year 2022, we expect around 75% recovery compared with the 2019 level, including the migration effect instead of 70% projected earlier

Source: Geostat, NBG, TBC Bank, TBC Capital

Remittances remain resilient, though some part may be linked to the migration

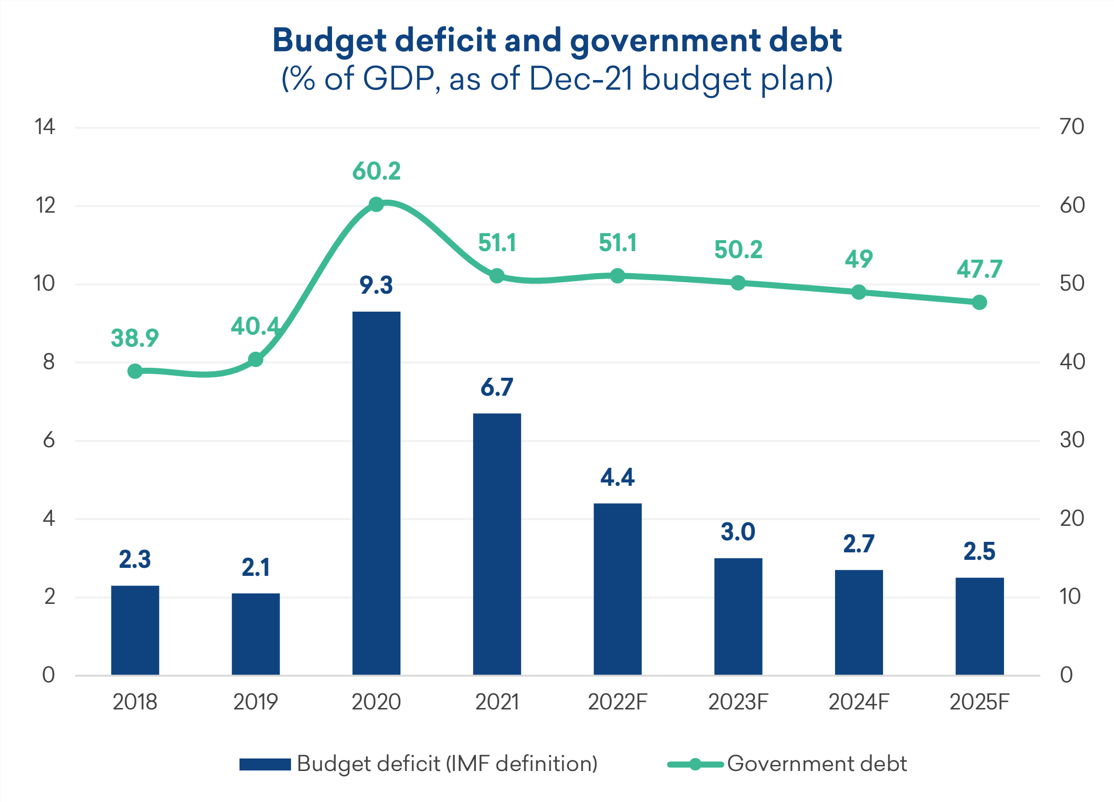


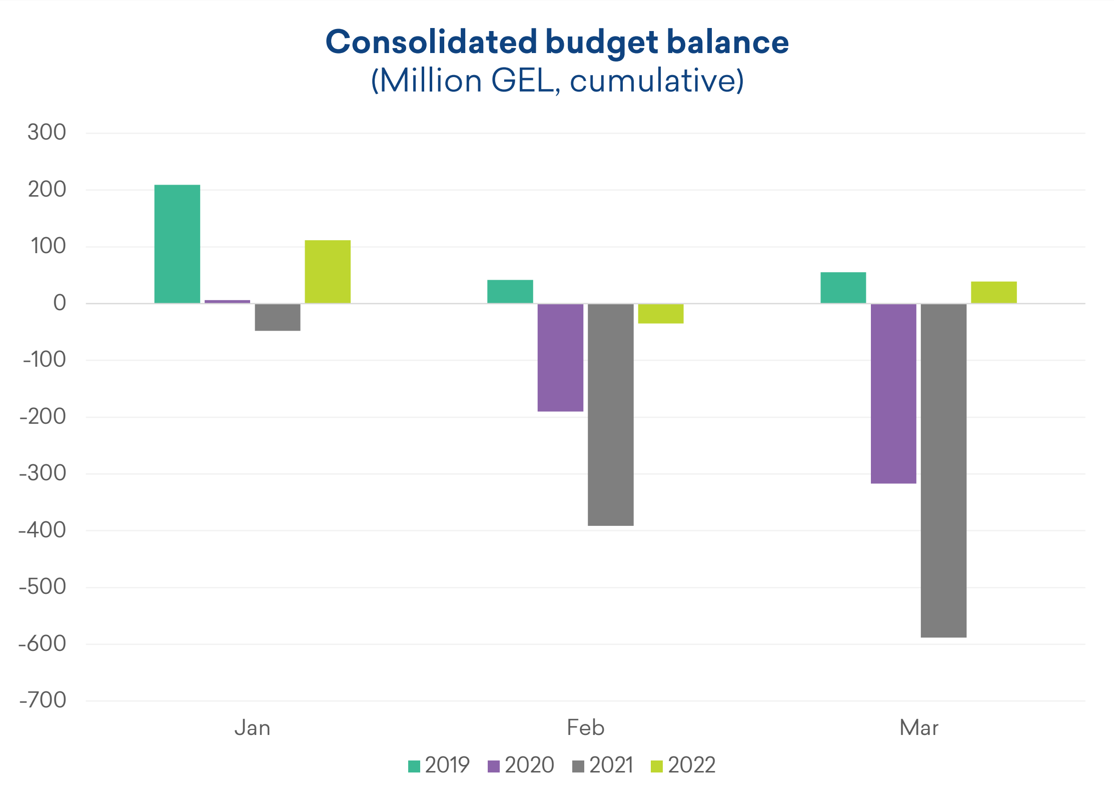


- In April, the positive contribution of remittances from Russia was sizable, which partially can be linked to the migration. We are in the process of looking at more details
- Meanwhile, due to this reason, despite strong April data, we keep our earlier projection of 1.4% growth for FY 2022 unchanged

Source: NBG, TBC Bank, TBC Capital

Fiscal stance is the first quarter is contractionary

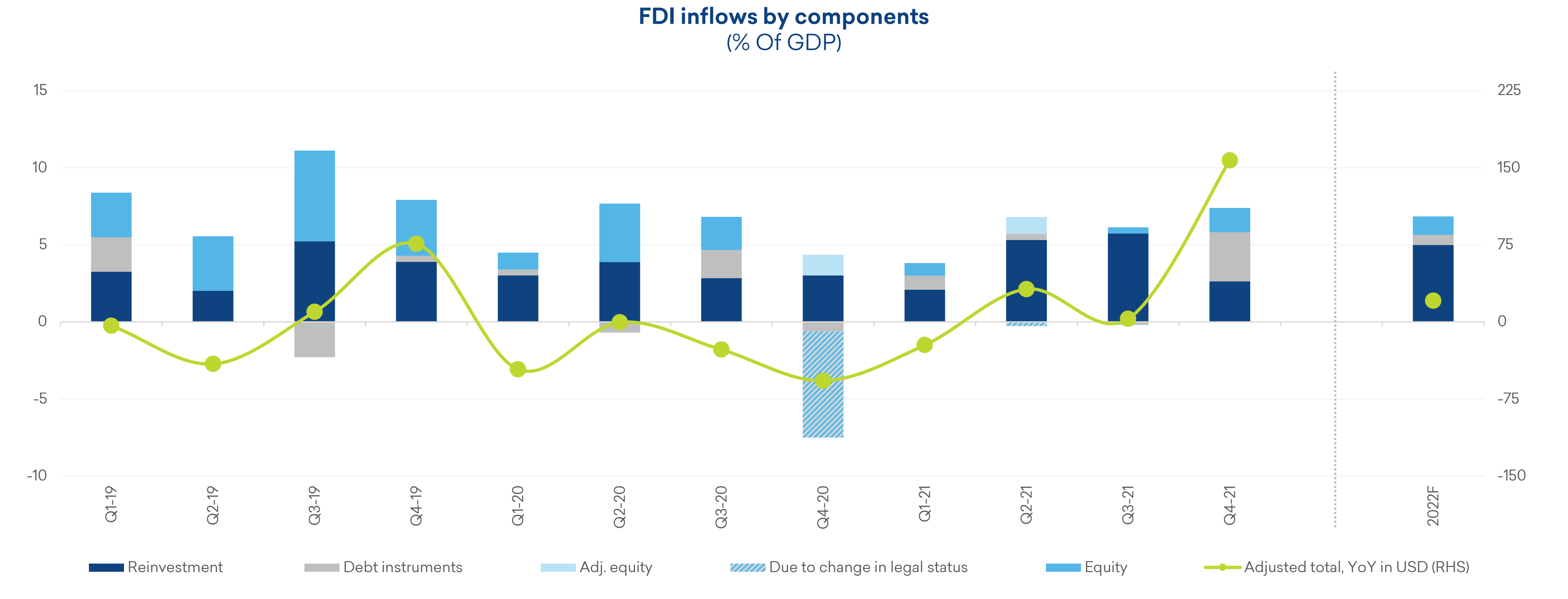




- Fiscal stance was contractionary taking into account a surplus in the first quarter compared to a large deficit a year ago
- Assuming around 4.5% deficit, instead of previously projected 5% for the FY 2022, this implies higher fiscal stimulus in the remaining part of the year

Source: MoF

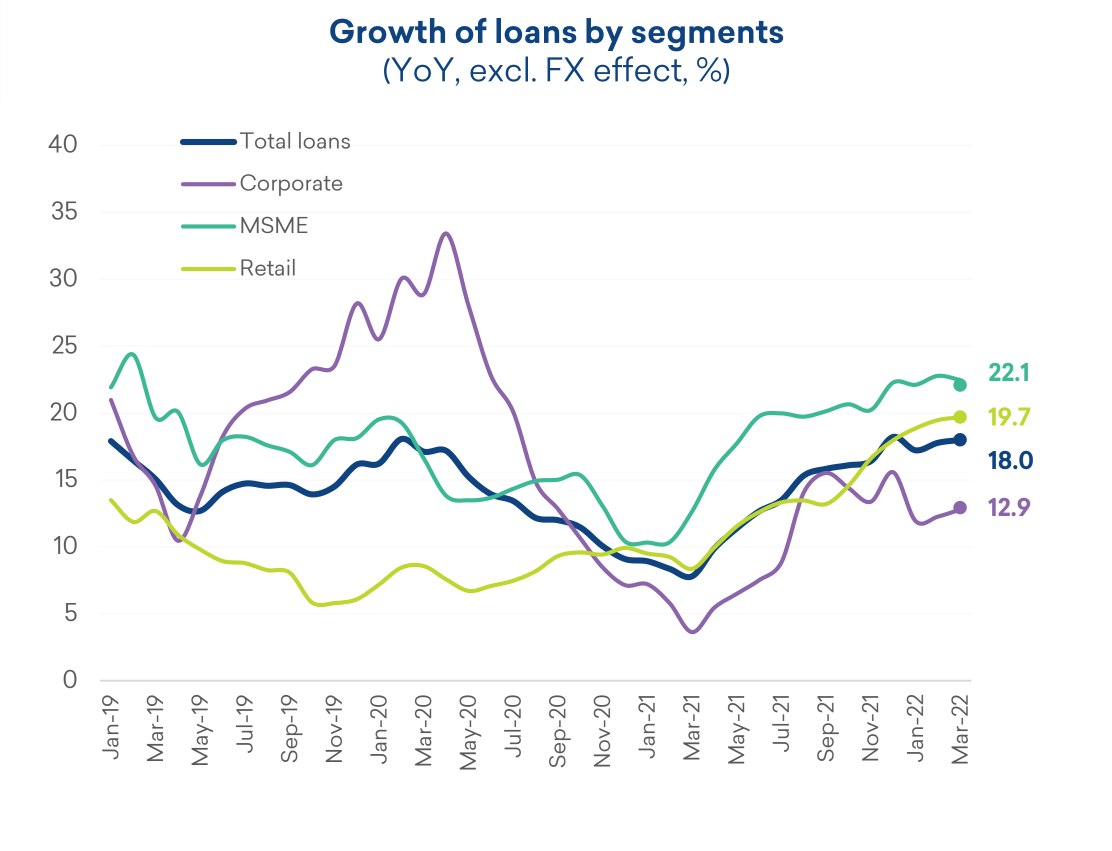
FDI equity and debt inflows likely to remain flat in 2022, while reinvested earnings are expected to increase further

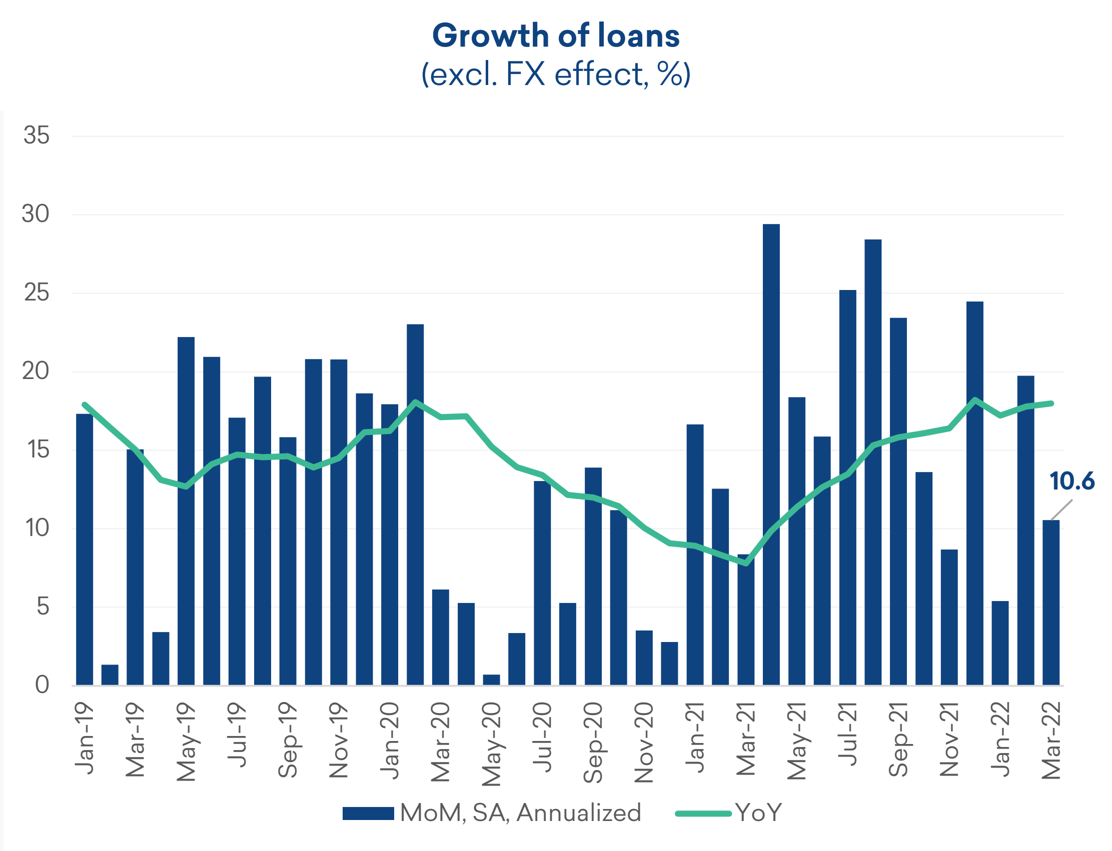


Note: In Q4 2020, the main reason for the decline of FDI was transferring of ownership from nonresident to the resident companies, without cash outflow, but still reducing FDI by around 295 m USD. Adjusted for this component equity investments had a positive value

Source: Geostat, TBC Capital

March YoY Credit growth remained solid, though cooled a bit MoM

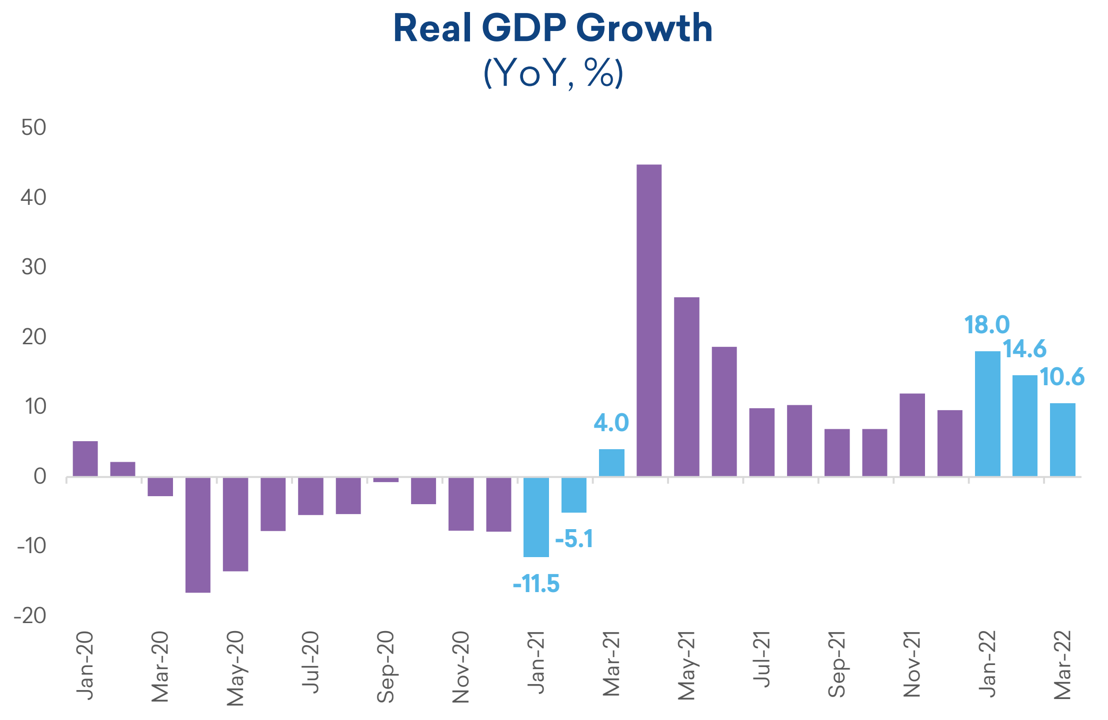


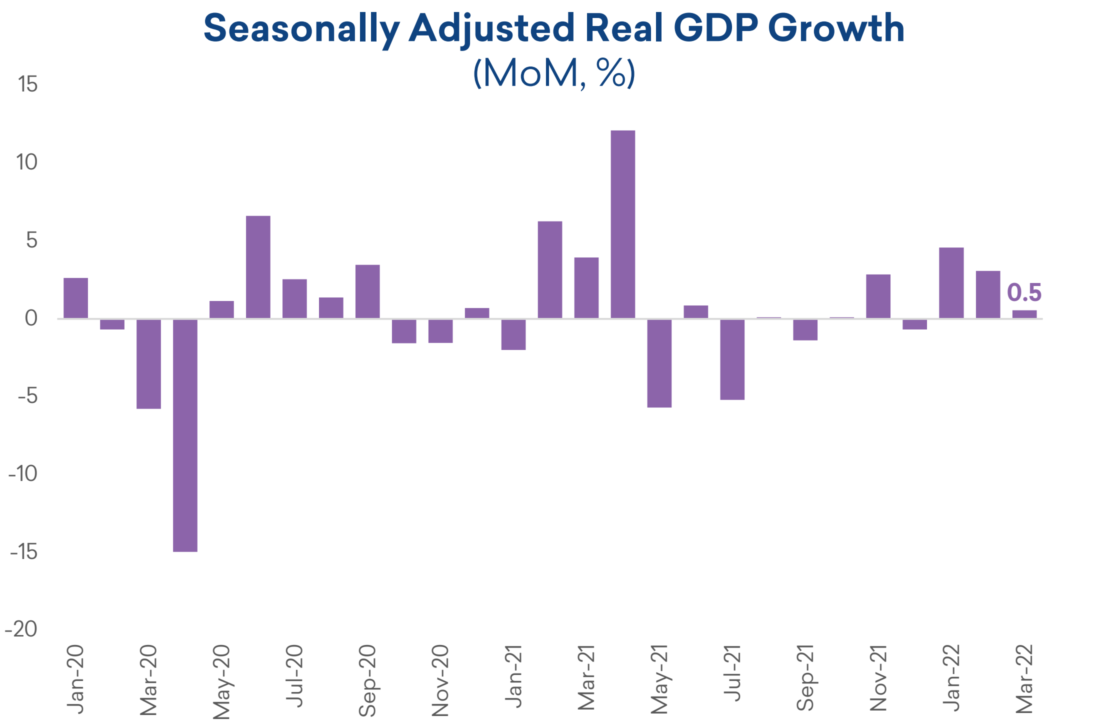


- March credit growth stood at 18.0% YoY, though monthly seasonally adjusted annualized growth stood at 10.6% only in March and at 11.8% YTD; this implies, the credit growth needs to be strengthened in the coming months to reach 15.5% for the FY 2022 assumed in the latest baseline, instead of 17% projected earlier
- At the same time, due to the stronger growth and inflation outlook in the baseline, we see more upsides than downsides for the latest credit outlook

Source: NBG, TBC Capital

March growth is slightly above compared to what 5.5% FY 2022 scenario would imply





Definitely, uncertainties remain high, however recent data release at least may indicate to an even stronger than our already quite bullish outlook. This appears to be true especially when April available preliminary indicators, such as sectoral turnovers and tourism and remittances dynamics are taken into account. In particular, despite a very strong base effect a year ago, based on those inputs, our nowcasting model does not necessarily point to a large YoY drop in April. In fact, a moderate positive growth is not ruled out.

Source: Geostat, TBC Capital

We project stronger than 5.5% growth for FY 2022

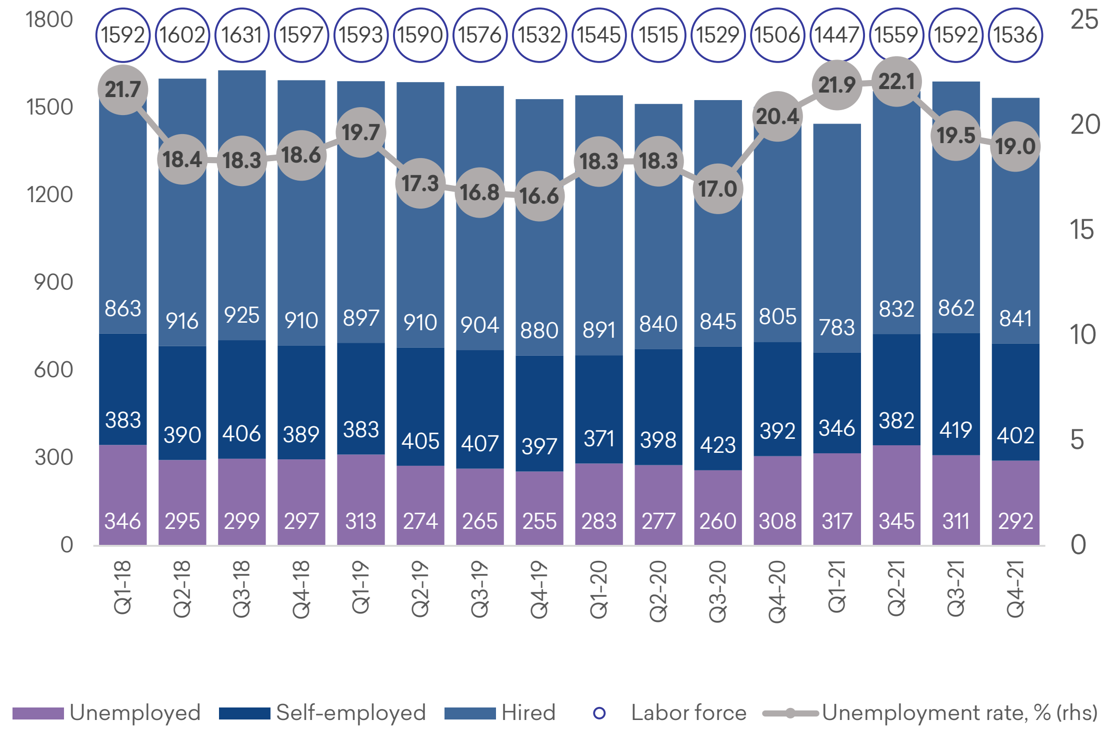
YoY, %	2020 Actual	2021 Actual	2022 11 April Baseline	2022 Updated Baseline
EXPORTS*	-12.0	+26.5	+23.0	+23.0
TOURISM (incl. migration impact)*	-83.4	-62.0% vs 2019	-30.0% vs 2019	-25.0% vs 2019
REMITTANCES*	+5.5	+25.5	+1.4	+1.4
FDI (incl. reinvested earnings)*	-30.5	+33.0	+20.6%	+20.6%
IMPORT OF GOODS AND SERVICES*	-19.3	+21.5	+16.5	+17.0
FISCAL DEFICIT**	9.3	6.7	5.0	4.5
BANK CREDIT***	+9.1	+18.3	+17.0	+15.5
GDP GROWTH	**-6.8%**	**+10.4%**	**+5.5%**	**>+5.5%**

*Growth in USD ** Ratio to GDP, as planned by the MoF, IMF methodology ***Year-end
For GDP estimation inflation adjusted period credit growth is used. Also, the calculation is based on the estimation of inflows in real terms in GEL, not in USD. Moreover, various other assumptions are used in terms of the impact of key macroeconomic variables on economic growth

Source: Geostat, NBG, MoF, TBC Capital

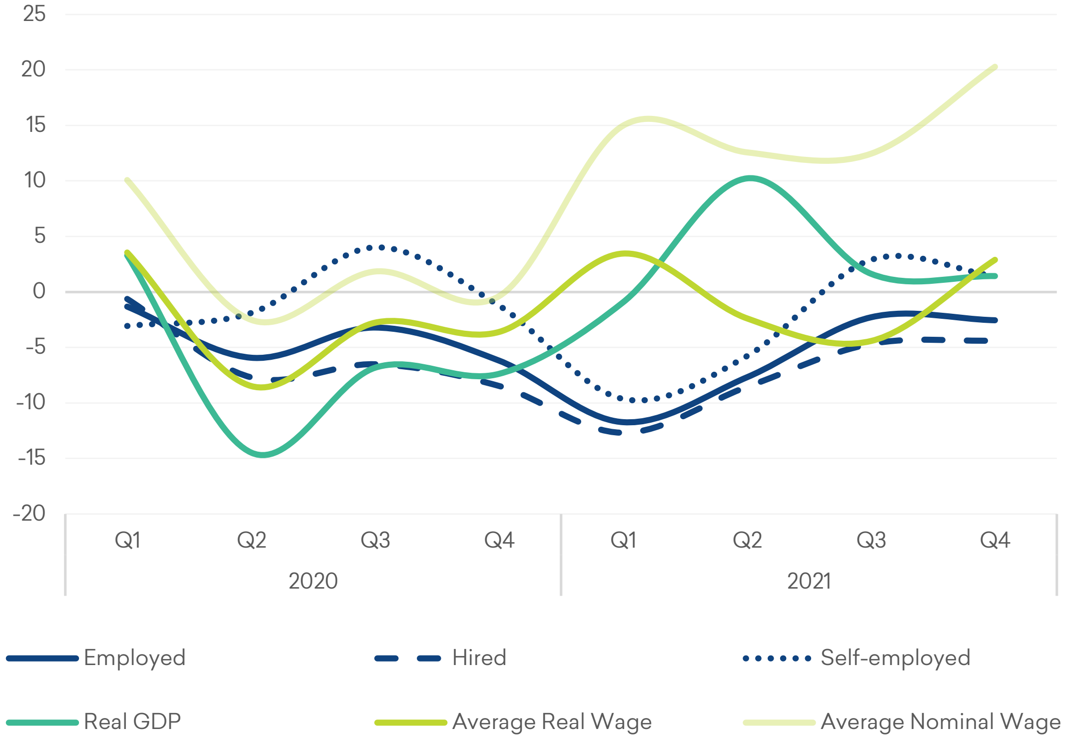
In line with expectations, the labor market recovers with a time lag; going forward, we do not expect large adverse impact on the labor market, however, low real wages still should be an issue in 2022

Indicators of the labor market



Employment, real GDP and wage dynamics

(%, compared to the same period of 2019)

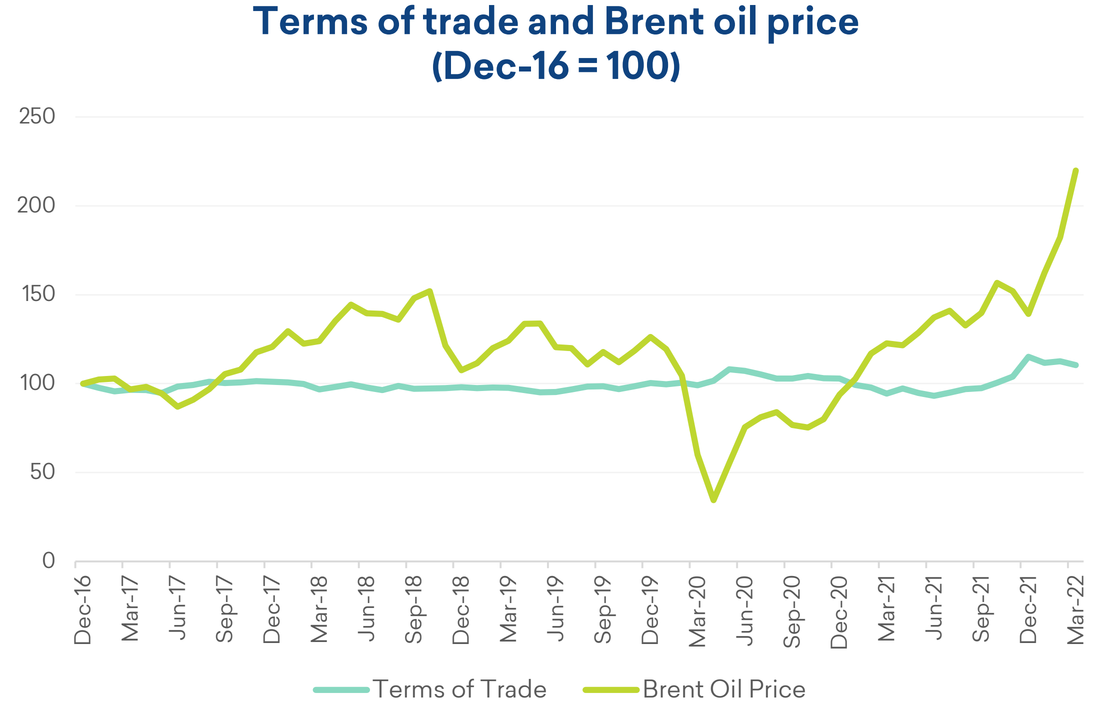


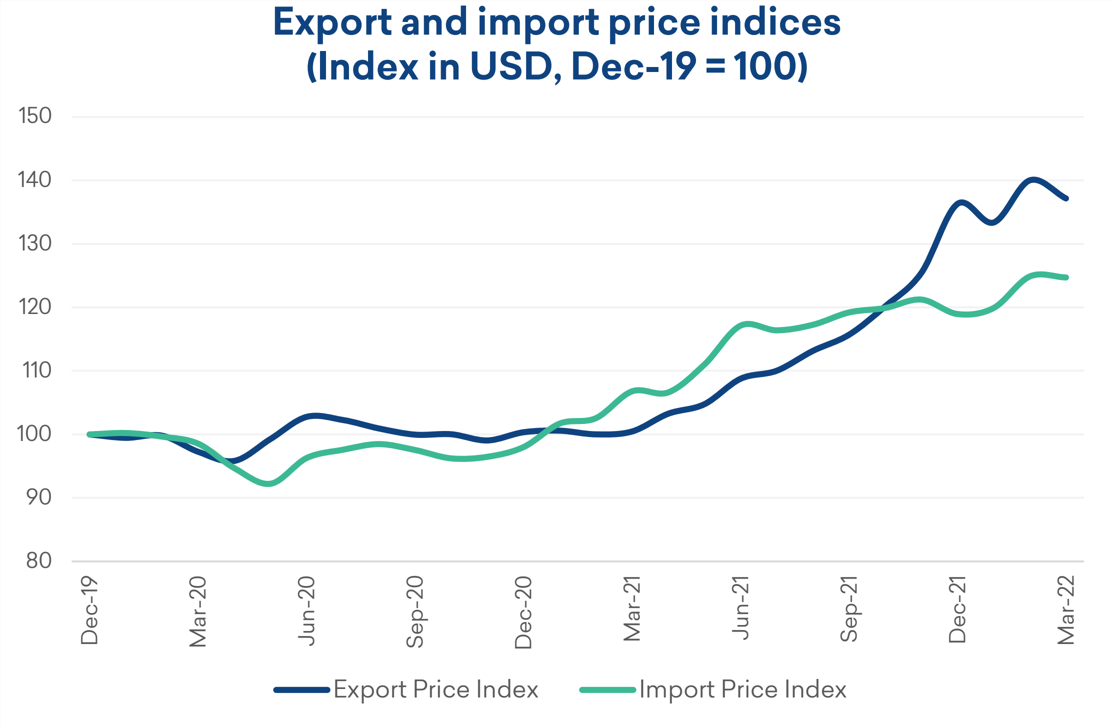
Source: Geostat, NBG, TBC Capital

GEL drivers – the three pillar approach

- **External inflow-outflow balance:** GEL positive projection
- **REER:** the assessment seems to be broadly neutral or slightly on the overvaluation side
- **Inflation:** outlook well above the target and, therefore, GEL positive

Terms of trade remains resilient



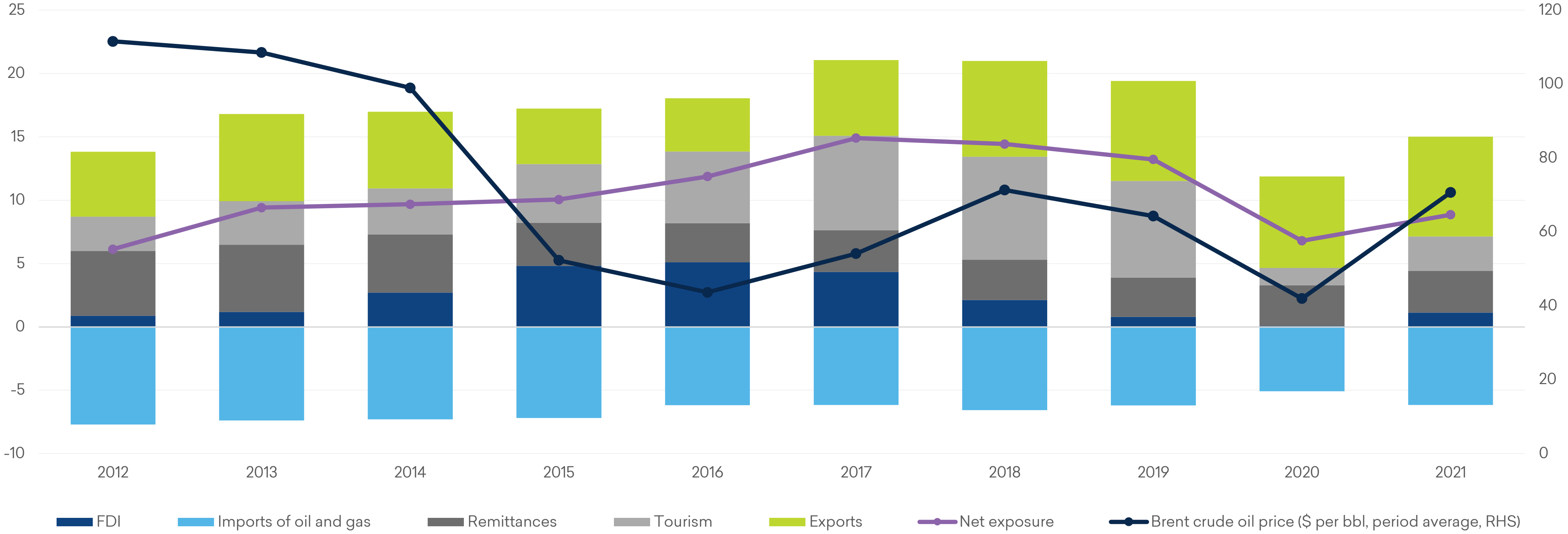


Despite recent surge in prices of oil and number of other import categories, the terms of trade, measured as export prices over import prices, appeared to be resilient

Source: Bloomberg, Geostat, TBC Capital

Georgia’s net exposure to oil prices appears to be broadly balanced

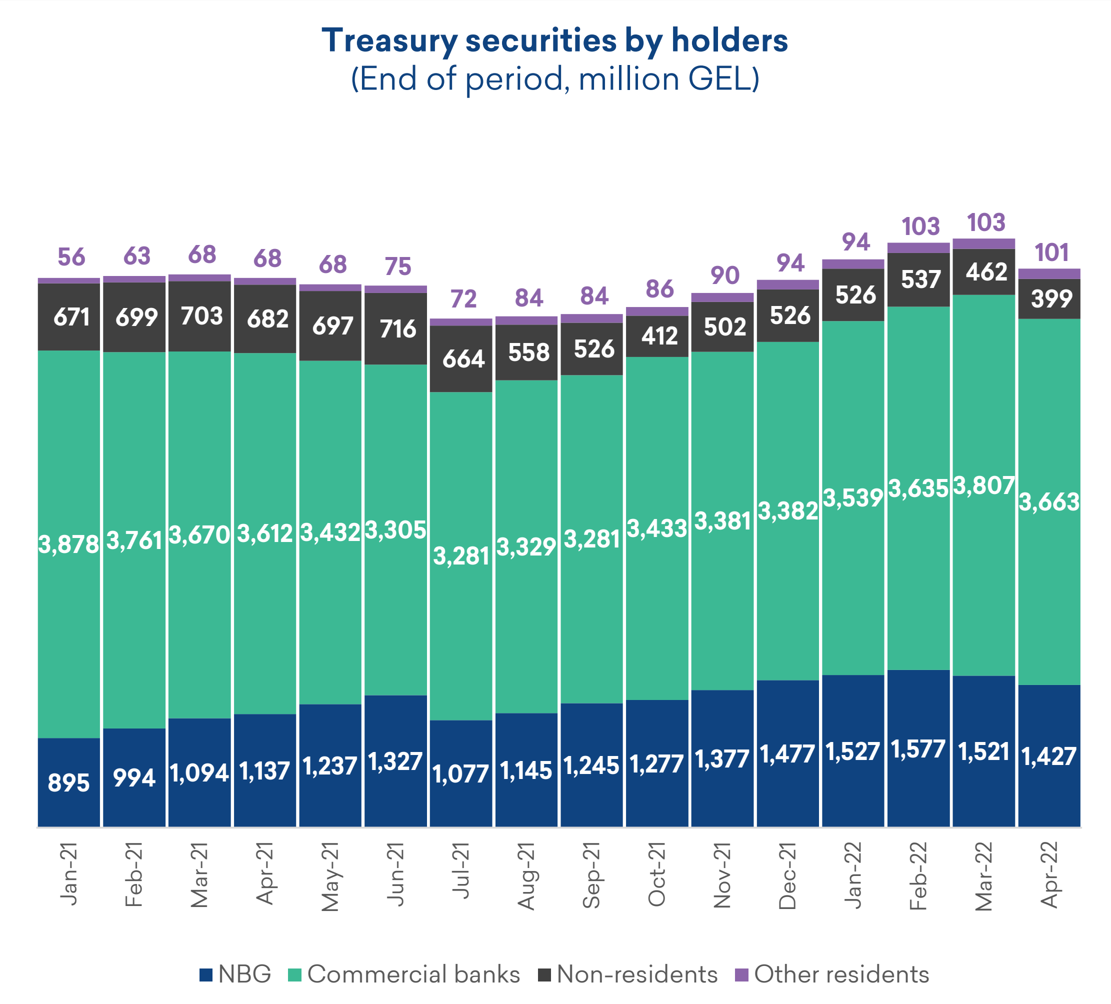
Imports of oil and gas and receipts from oil exporters and oil price (% of GDP)

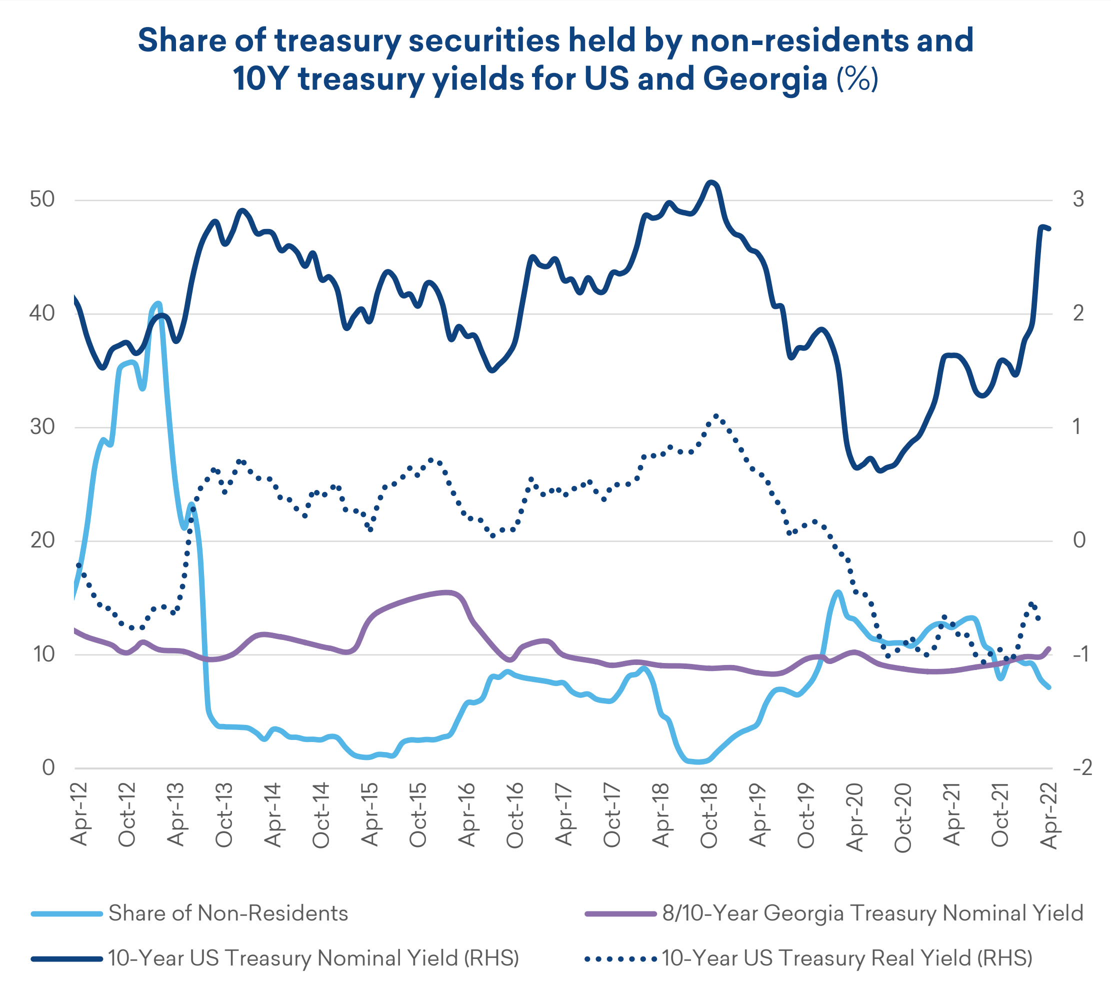


Note: Taking into account the different elasticities of currency inflows and imports of petroleum products against oil prices, the country's overall net exposure to oil prices appears to be reasonably balanced. For example, a possible drop in oil prices should have a greater proportional impact on petroleum imports than on tourism or export inflows. The impact also depends on the prices of oil, which is assumed in the state budgets of relevant countries

Source: Geostat, NBG, TBC Capital

In April, non-resident holdings of GEL securities went down further; going forward, we expect the holdings to stay broadly flat

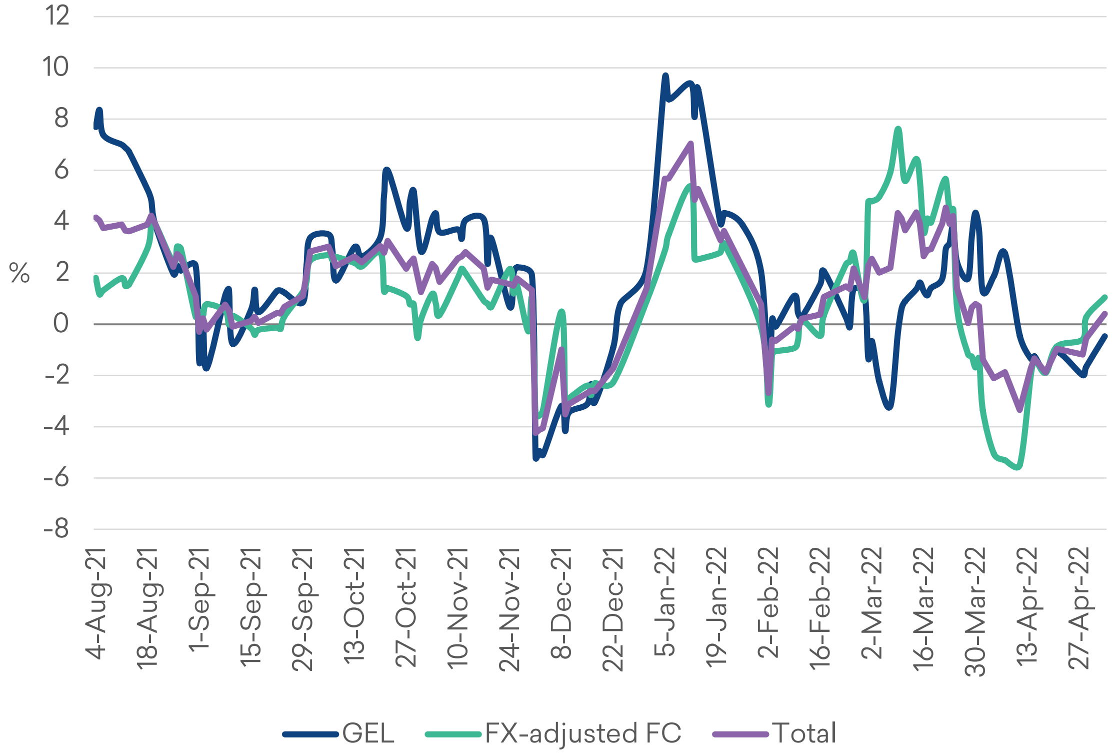




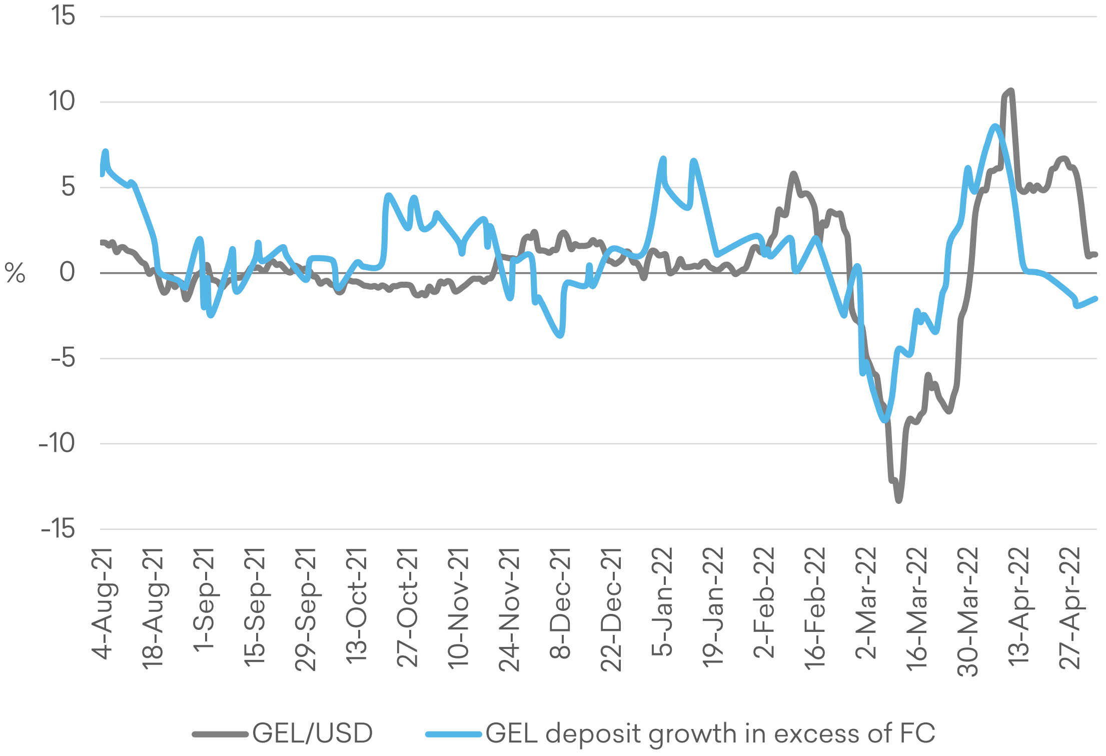
Source: NBG, FRED

Recently, the sentiments on the deposit side had a significant impact on the GEL; going forward, assuming broadly stable GEL, we project relatively higher growth of GEL deposits

Daily estimates of MoM deposit growth by currencies (seasonally adjusted, as of 4-May)

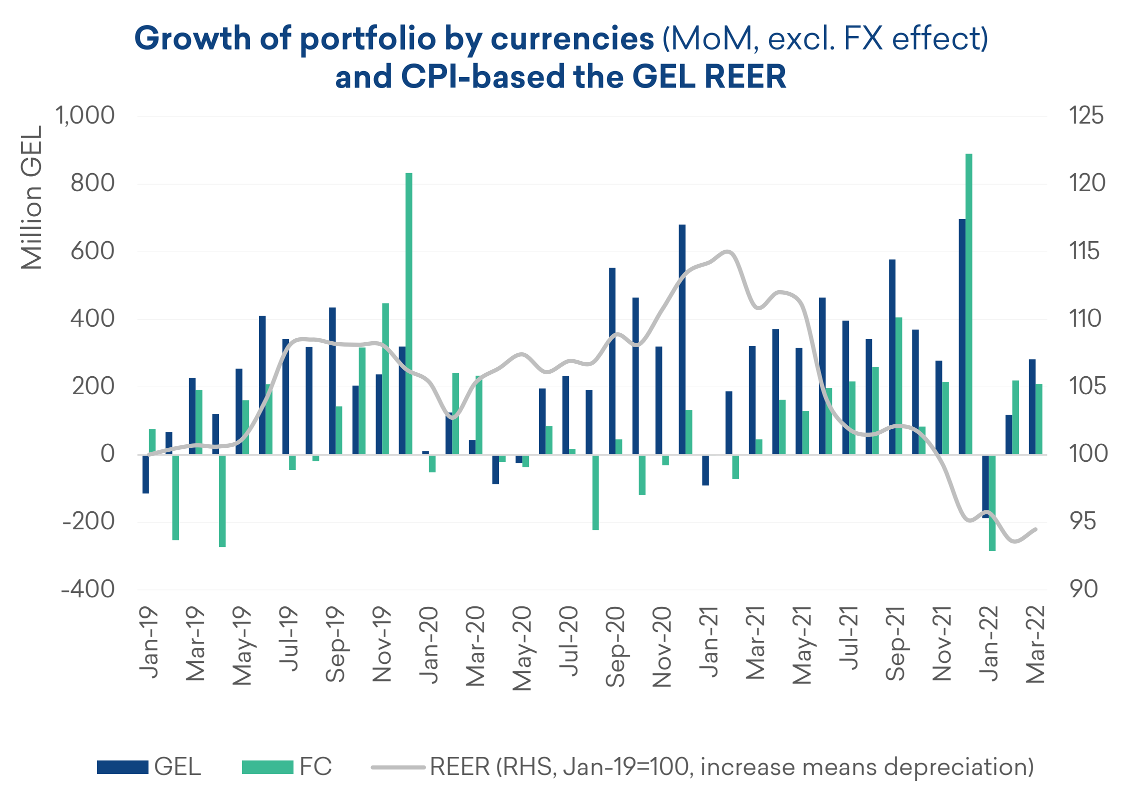


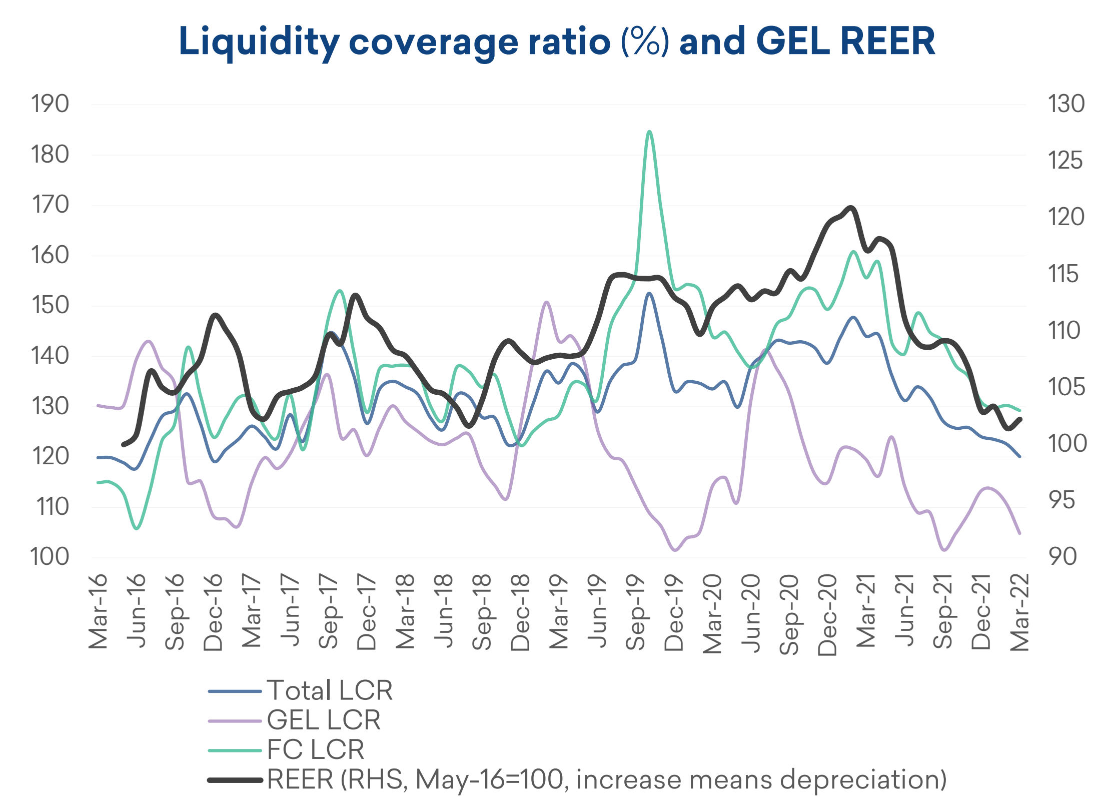
Daily estimates of deposit conversions and GEL/USD (MoM, seasonally & fx-adjusted, as of 4-May)



Source: NBG, TBC Capital

Continuing now slower, but still likely some further adjustment to back to normal of the banking system FC liquidity will further support the GEL



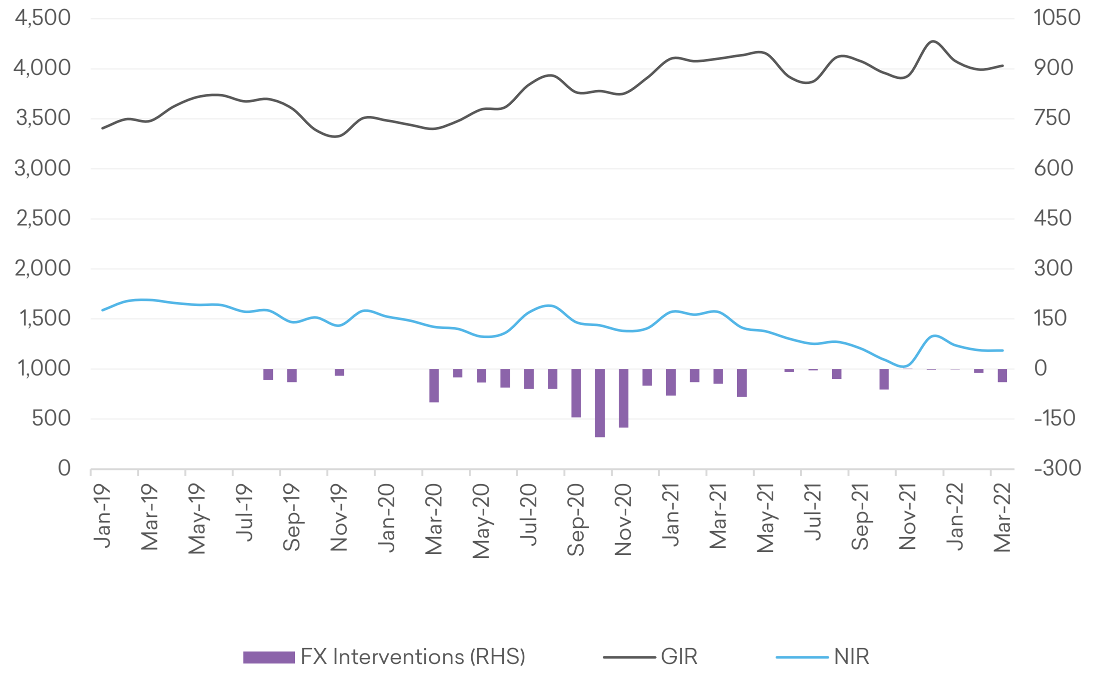


- Important pre-condition for normalization of FC liquidity is absence of strong depreciation expectations; otherwise, the shock will be amplified once again
- In the baseline we assume the increase in credit larization, though only moderately
- For the impact of FC liquidity on the GEL see the "shock amplifier" section of Thematic Insights: The Additional Fuel Behind the Restart

Source: NBG, TBC Capital

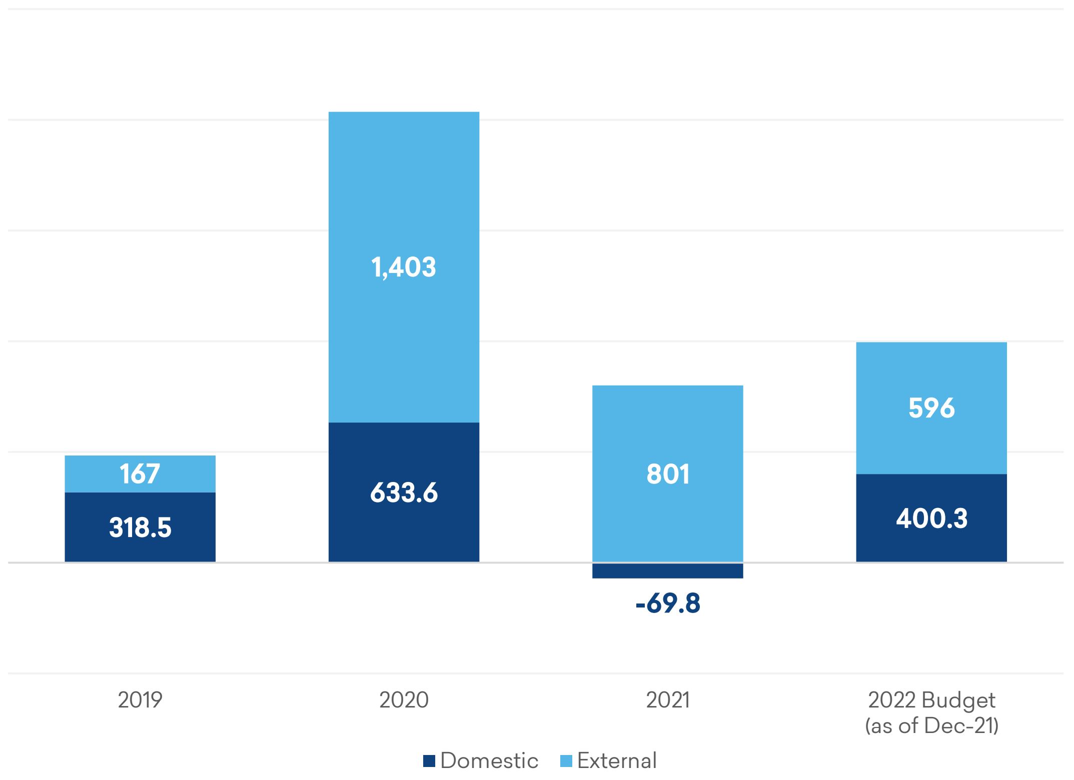
Although not in our baseline, if needed, there is a room for NBG FX interventions and additional government external borrowings

NBG gross and net international reserves and FX interventions
(Million USD)



Note: NIR level for Mar-2022 is calculated based on the assumed values for FX swap operations between the NBG and commercial banks and MoF liabilities to the IMF. The actual data as well as NBG's FX interventions without an auction for Mar-2022 will be released later .
Source: NBG, MoF, TBC Capital

Net change in government debt
(Million USD)



Source: NBG, MoF, TBC Capital

2022 baseline inflow-outflow balance is GEL supportive

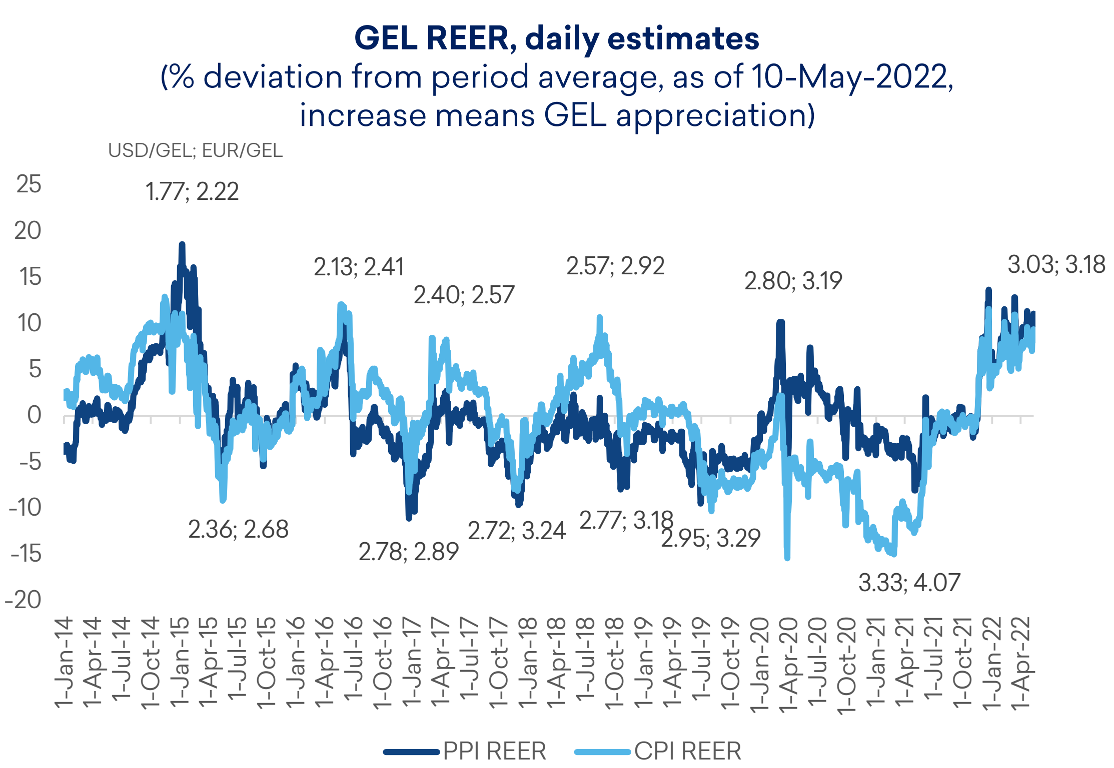
Selected items of balance of payments

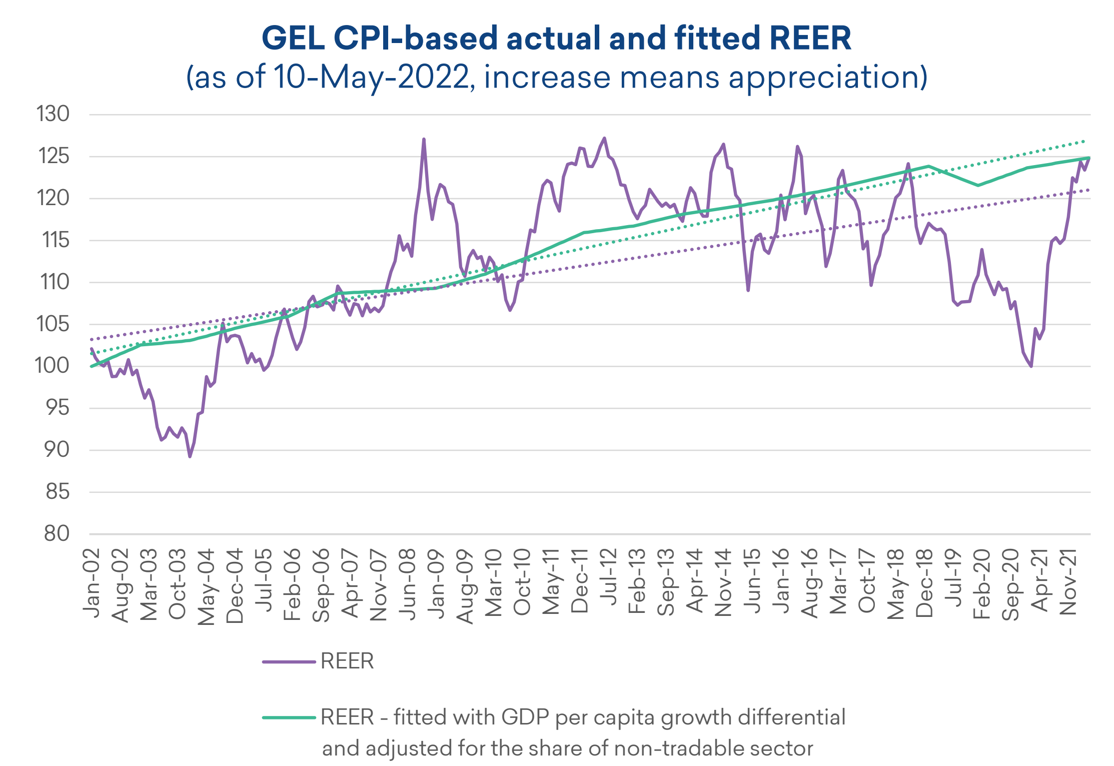
in USD billion	2017	2018	2019	2020	2021	2022 F
Export of goods	3.63	4.45	4.99	4.37	5.57	6.85
Net tourism (incl. migration impact)	2.24	2.70	2.61	0.36	1.06	2.06
Net remittances	1.45	1.63	1.73	1.91	2.42	2.45
Import of goods	7.43	8.56	8.72	7.54	9.33	10.92
Net	*-0.11*	*0.21*	*0.62*	*-0.90*	*-0.28*	*0.44*
Investment income	-1.42	-1.38	-1.58	-1.22	-1.57	-1.80
CA incl. other items	-1.31	-1.19	-0.96	-1.96	-1.84	-1.28
CA incl. other items in % of GDP	-8.0	-6.8	-5.5	-12.4	-9.8	-6.0
Net FDI, *out of which:*	1.71	0.97	1.05	0.55	0.83	1.01
Equity and FDI-related debt	1.35	0.81	0.65	0.31	0.36	0.36
Reinvested earnings	0.36	0.15	0.40	0.24	0.47	0.65
Government	0.45	0.29	0.47	1.53	1.29	0.60
Banks, external borrowings	0.18	0.02	0.18	0.02	0.12	0.10
Banks, FC holdings*	-0.14	0.31	-0.16	-0.17	0.15	0.15
Other private sector borrowings	-0.24	0.26	-0.12	0.15	-0.10	0.10
Pension fund*	0.0	0.0	0.0	0.0	0.0	-0.12
Gross international reserves*	-0.24	-0.28	-0.20	-0.31	-0.45	-0.38
Net	*1.72*	*1.57*	*1.22*	*1.78*	*1.83*	*1.46*
Other items	*-0.41*	*-0.38*	*-0.26*	*0.19*	*0.00*	*-0.19*

- In this table, we summarize the major GEL drivers from foreign currency inflow-outflow perspective in the form of analytical presentation of balance of payments
- While uncertainties are high and it is difficult to be precise on each item, we still believe that the outlook largely reflects the assumptions of our scenario

Source: Geostat, NBG, MoF, TBC Capital

From the GEL REER perspective, the assessment seems to be broadly neutral or slightly on the overvaluation side

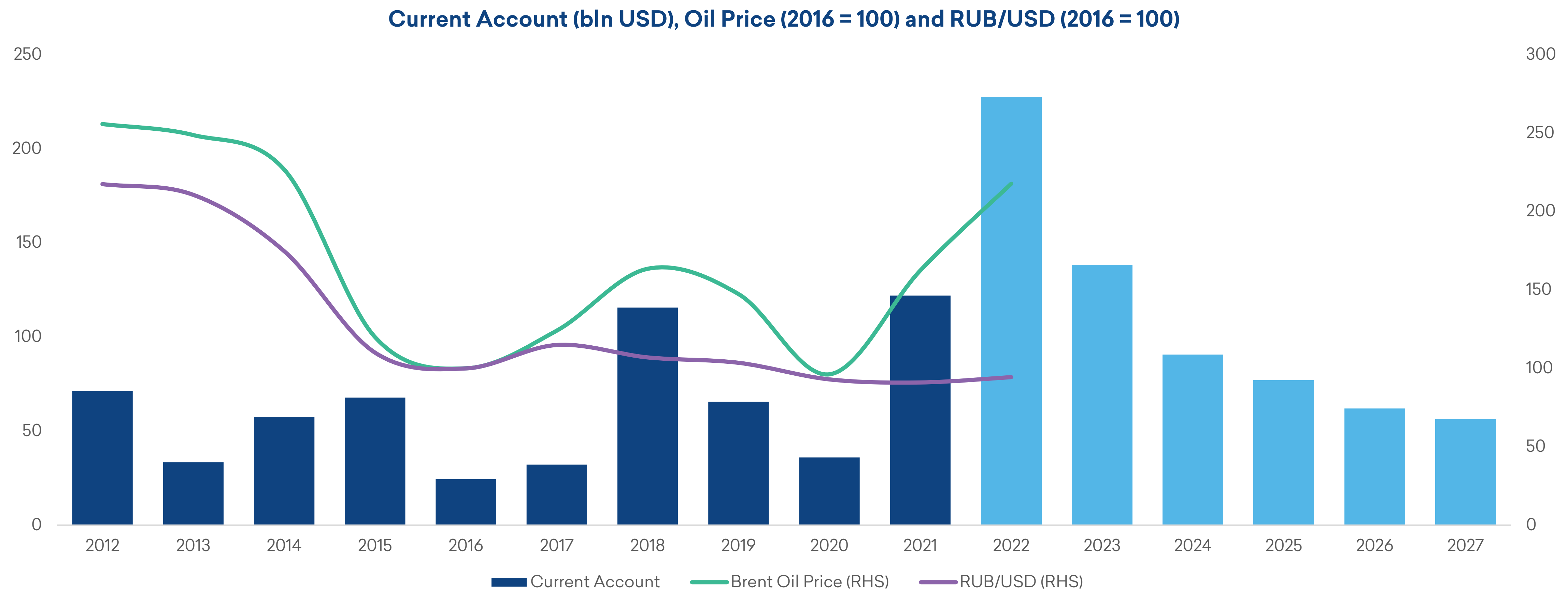




- The deviation from the period average is a simple measure of the GEL REER pillar. The GEL long-term trend is also important to consider, though besides other constraints, the large deviation in the short-term is also an issue
- Theoretically, the GEL REER with the time-lag should impact the inflow-outflow balance and the growth. In case of Georgia, at least strong relationship may be debatable. However, from the expectations perspective, significant movement in Georgia's economic partners' currencies not always, but often has an impact on the GEL

Source: NBG, Geostat, corresponding statistics offices, World Bank, TBC Capital

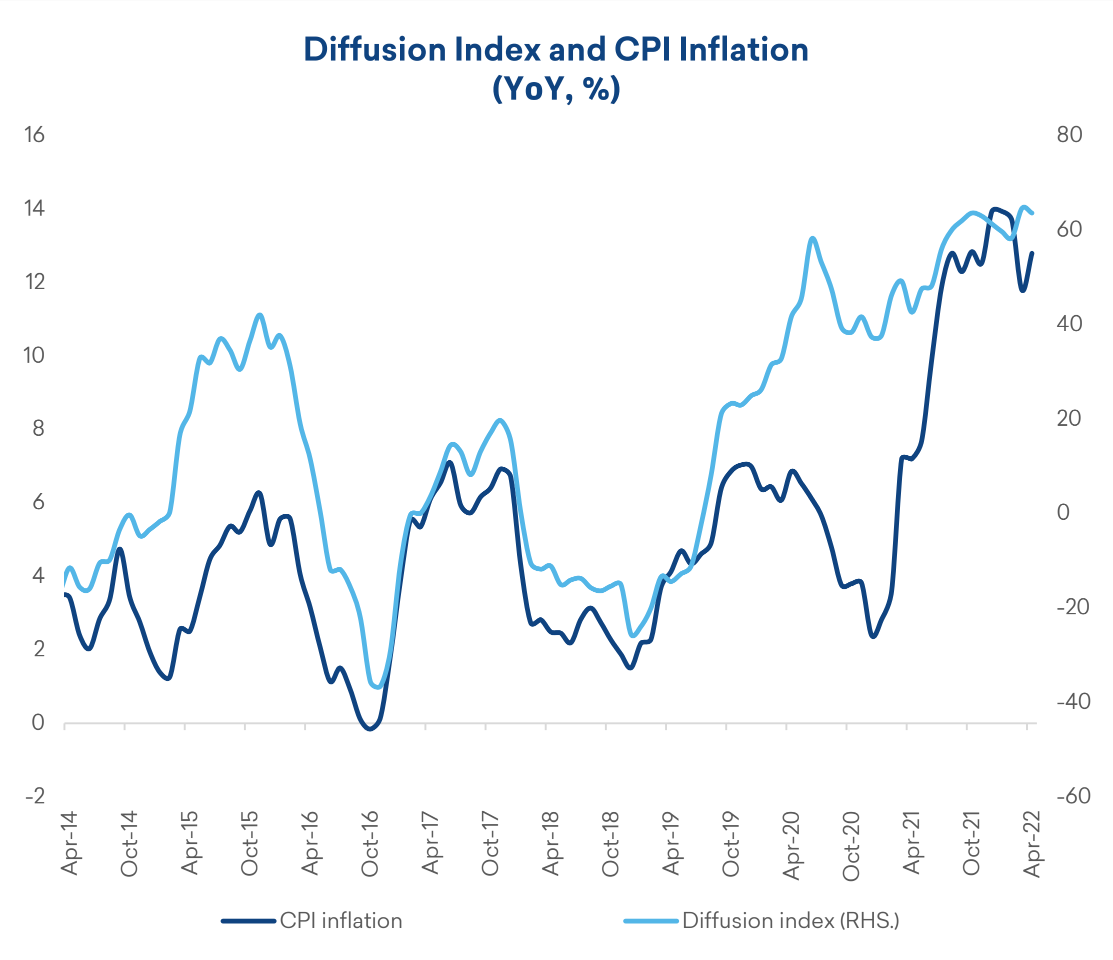
As anticipated earlier, sanctions imposed on Russia turn out to be growth negative, though RUB positive

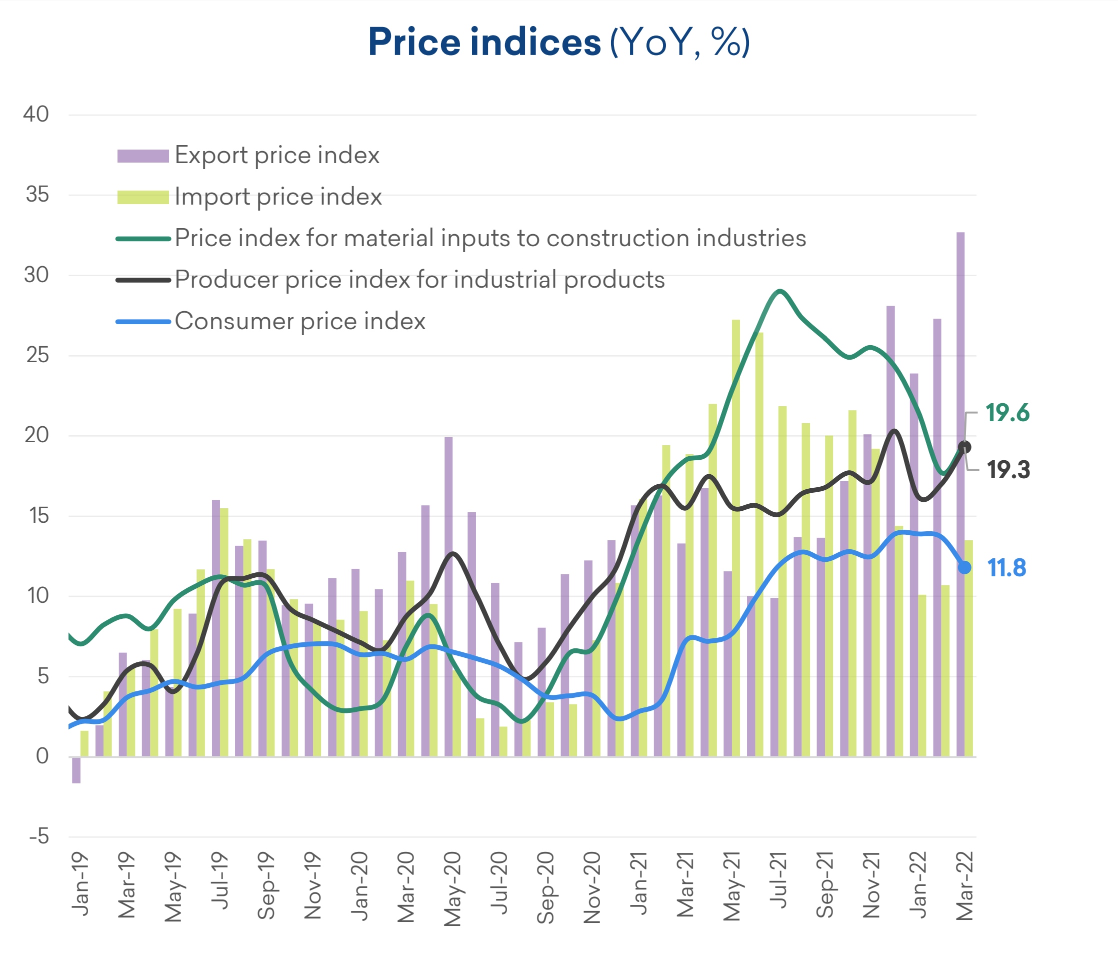


- If approved, new package of sanctions may reduce Russia's current account surplus, however it will likely remain elevated

Source: IMF, FRED, CBR

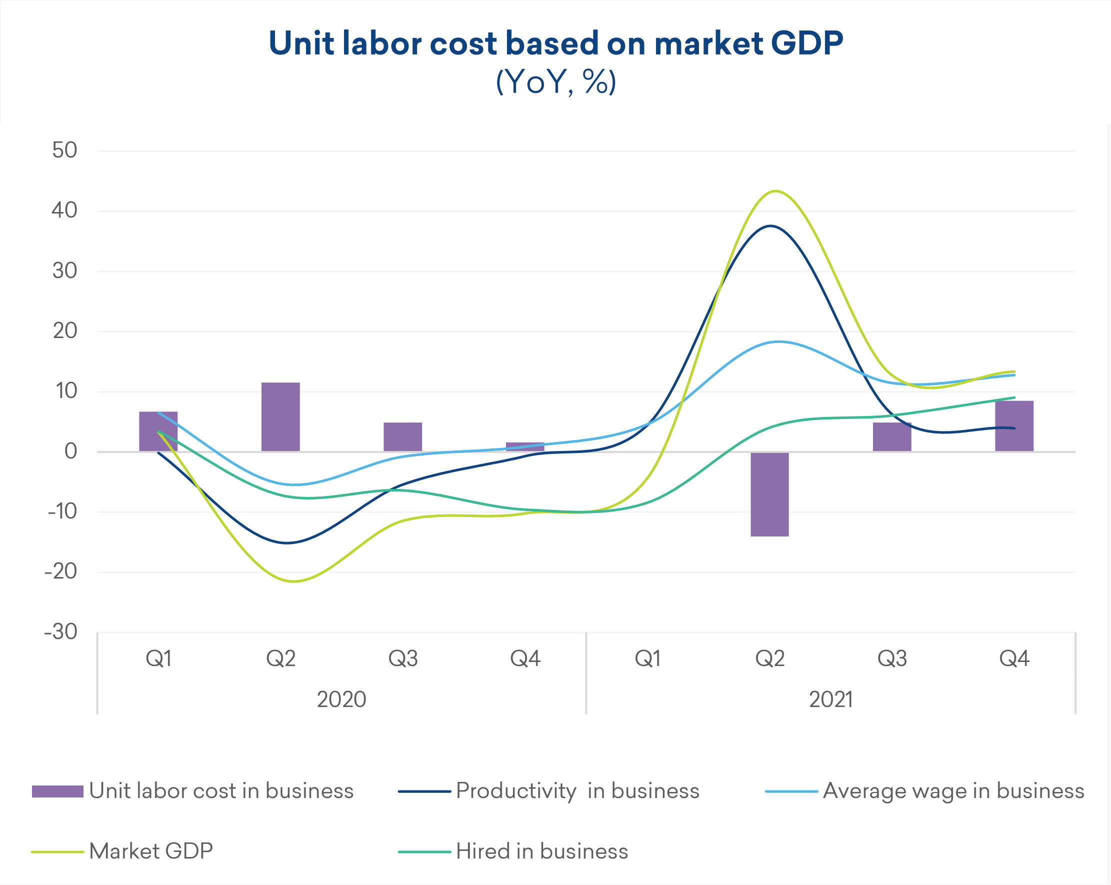
Producer Price Index is expected to stay elevated as well as import prices should pick up; Diffusion Index also adds to higher inflation perception

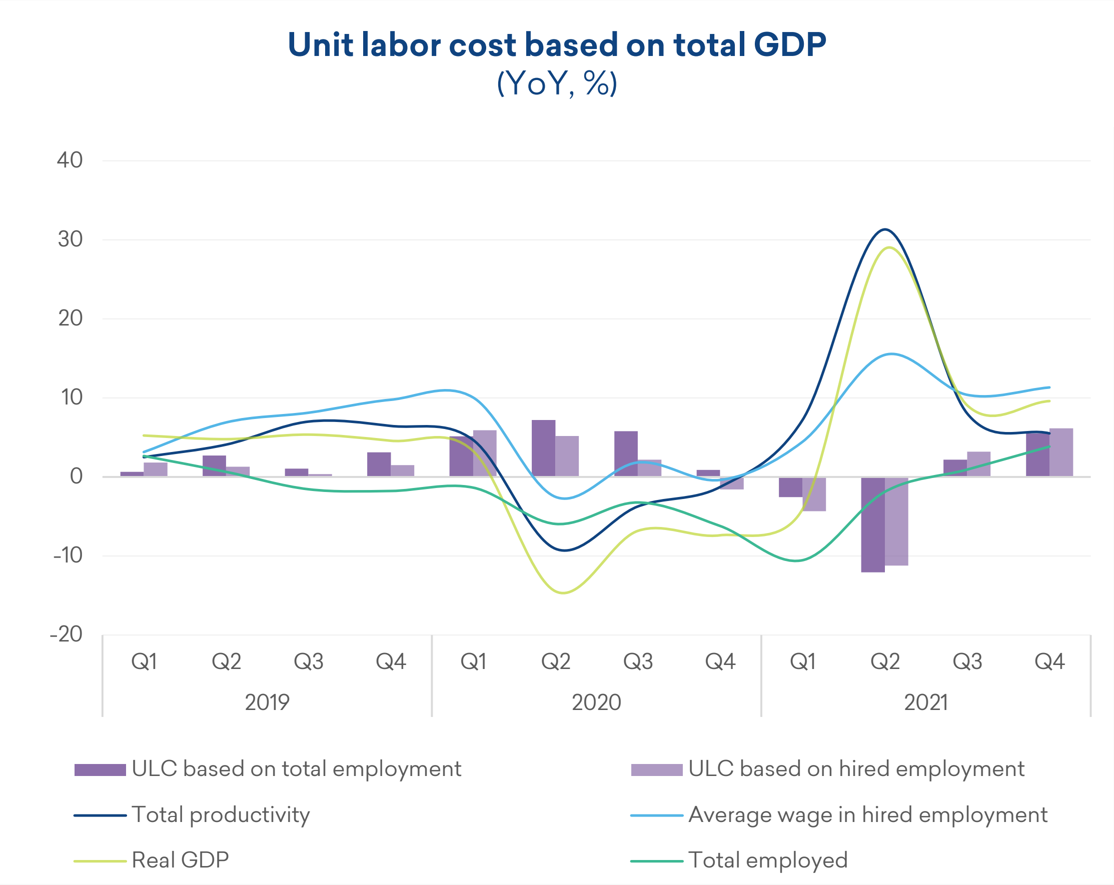




Source: Geostat, NBG, TBC Capital

Recently, higher unit labor costs also add to inflation pressures

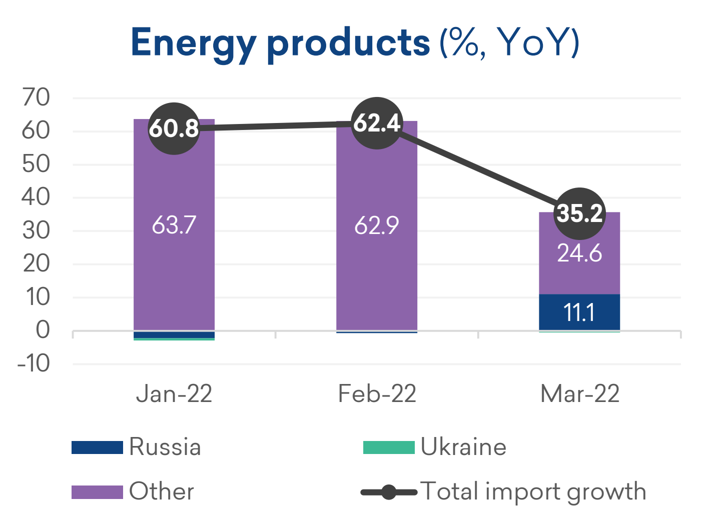


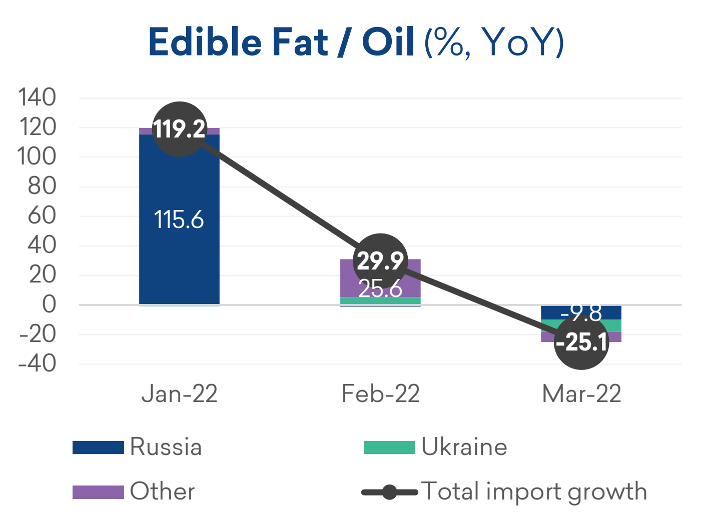


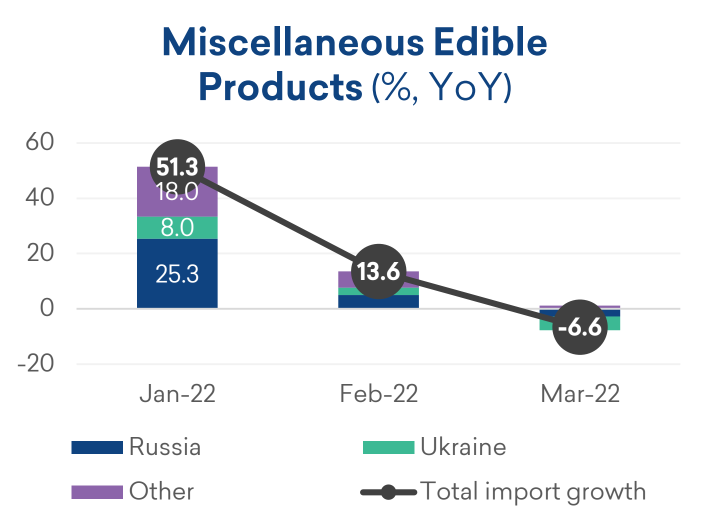
Note: Unit labor costs are measured as an increase in nominal average wages adjusted for the real per capita output

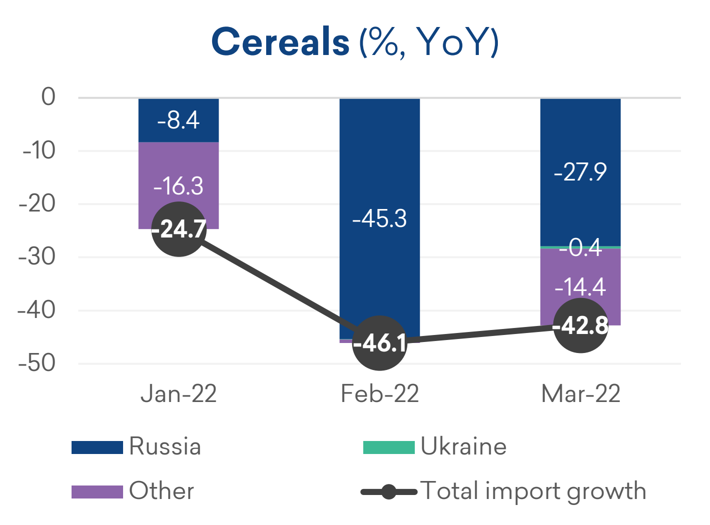
Source: Geostat, TBC Capital

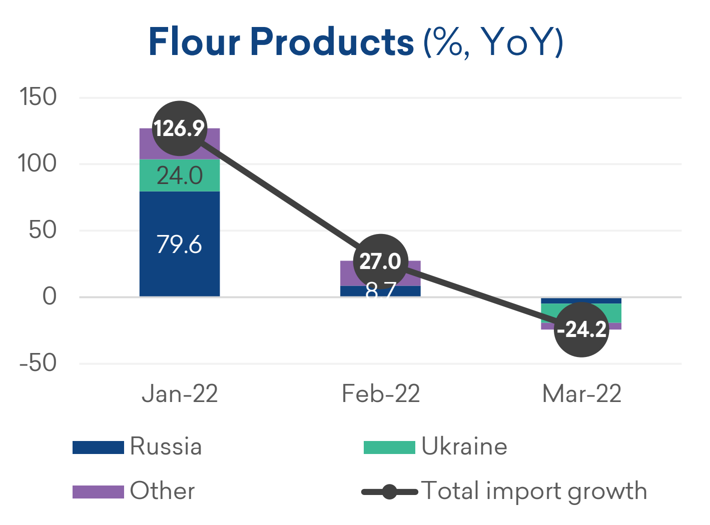
Also, we are having a more detailed look to the impact of imports being substituted from other, more expensive markets; yet the sales may, to some extent, be based on existing stocks

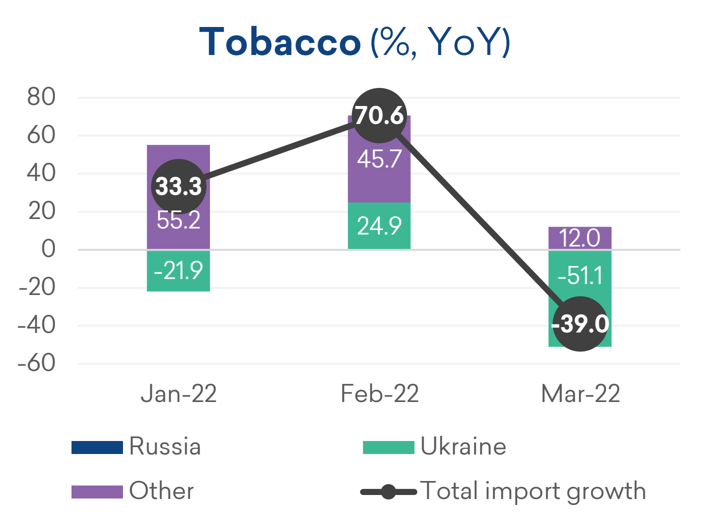








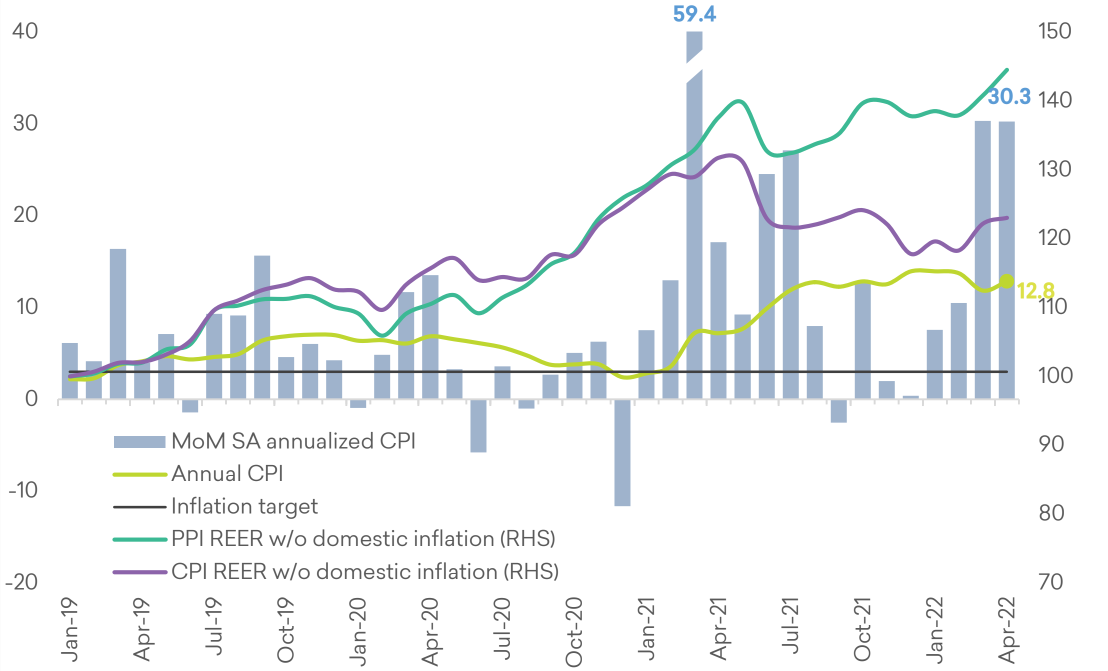




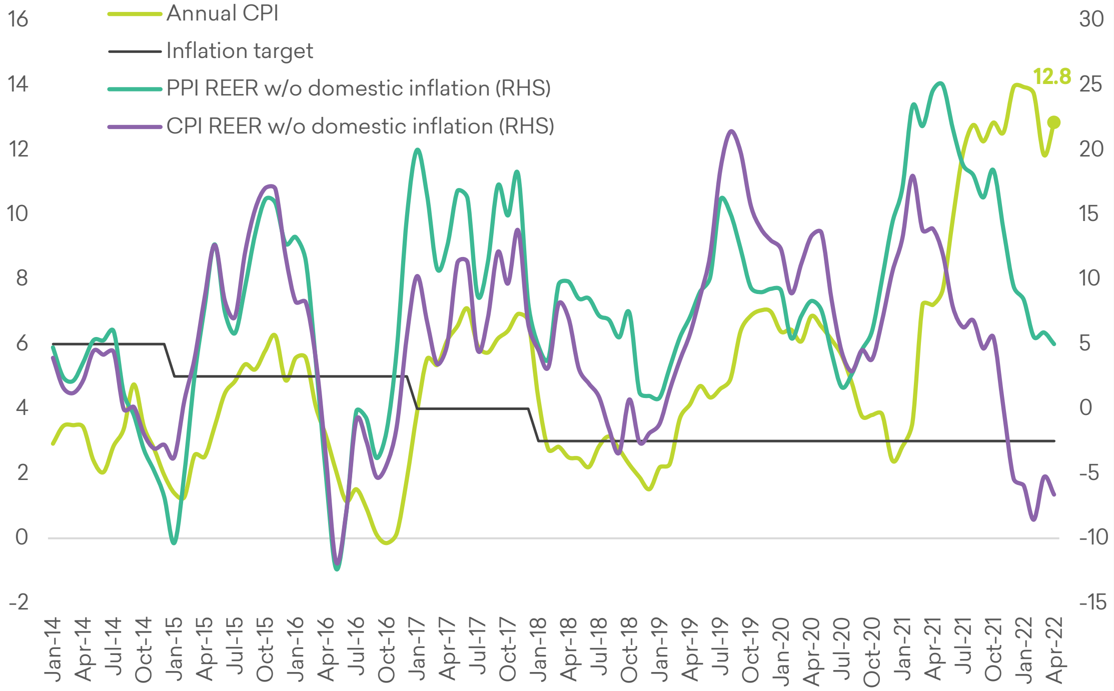
Source: Geostat, TBC Capital

In the baseline scenario, we expect 2022 YE inflation at around 9.5% instead of earlier 8% mainly on the back of higher oil price projection and stronger than expected inflation in April; monthly inflation rates are still expected to moderate in the second half of the year

Annual and seasonally adjusted monthly annualized inflation (%); **CPI/PPI-based REER** (Index, Jan-2019=100, as of 3 May, increase means GEL depreciation)



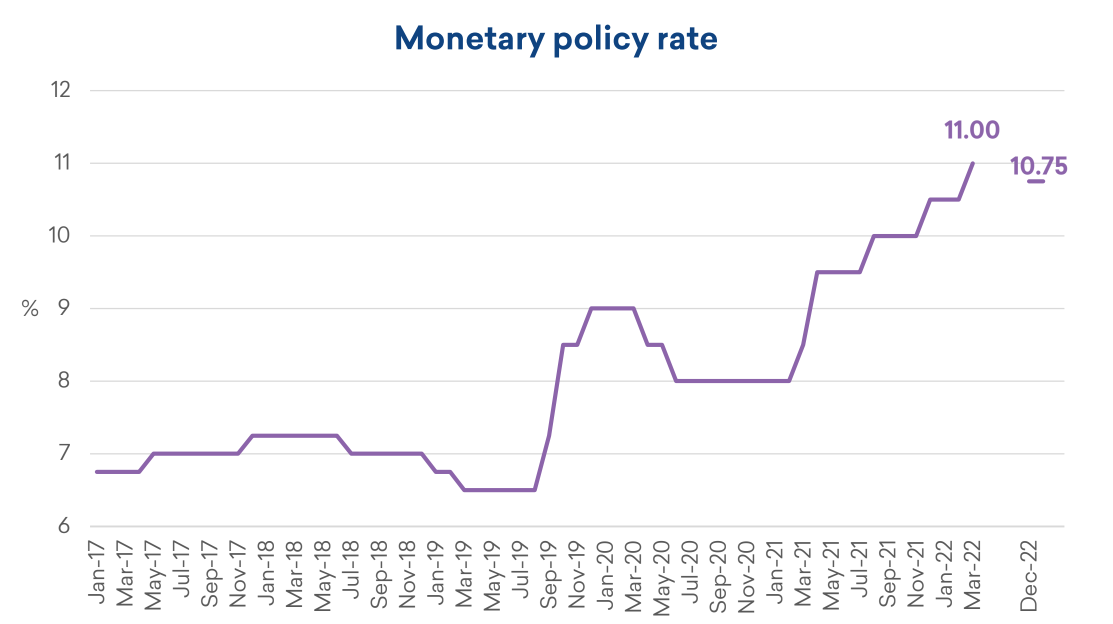
Annual inflation and CPI/PPI based REER
(YoY, %, as of May 3, increase means GEL depreciation)

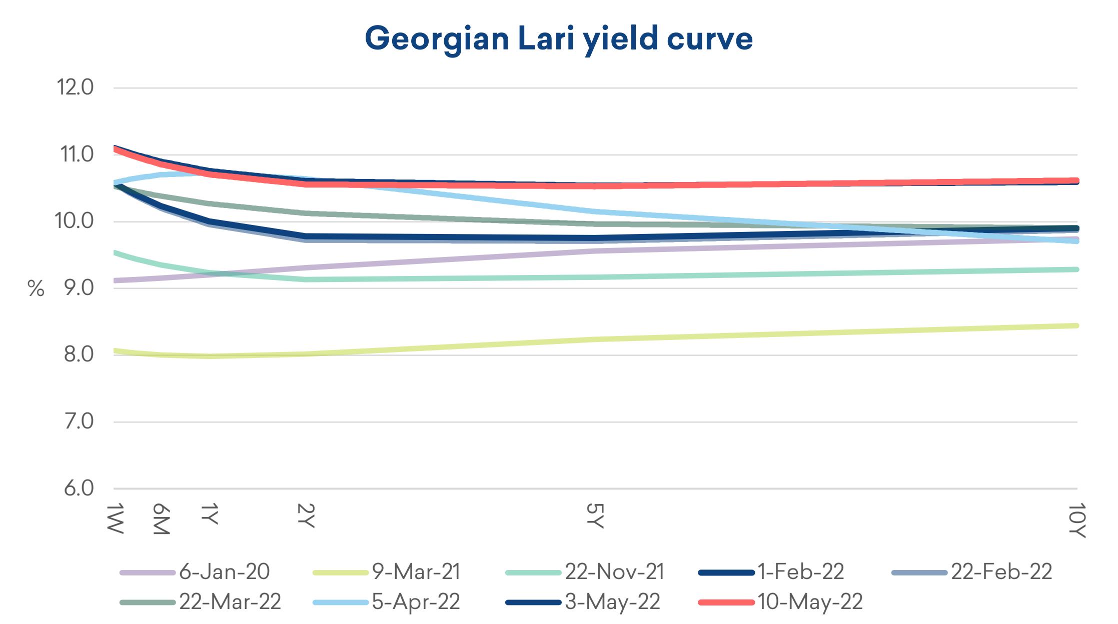


- Recently high commodity prices and the effect of subsidies led to less pronounced relationship of the GEL REER without domestic inflation and CPI inflation in Georgia. This is more evident in case of CPI based, rather than PPI based REER
- In the baseline scenario, we assume the GEL REER at broadly the same level throughout the year, oil prices to decline gradually to around Brent 95 USD (instead of earlier 85 USD) and other commodity prices to have approximately the same pace, GDP growth in Georgia at 5.5 percent and policy rate to decrease to 10.75 percent by the end of the year. We also assume imports of some goods from Russia and Ukraine to be substituted by relatively more expensive markets

Source: Geostat, NBG, TBC Capital

Our best guess would be the NBG to keep policy rate unchanged with even somewhat easing by the end of the year; the GEL yield curve remains inverted



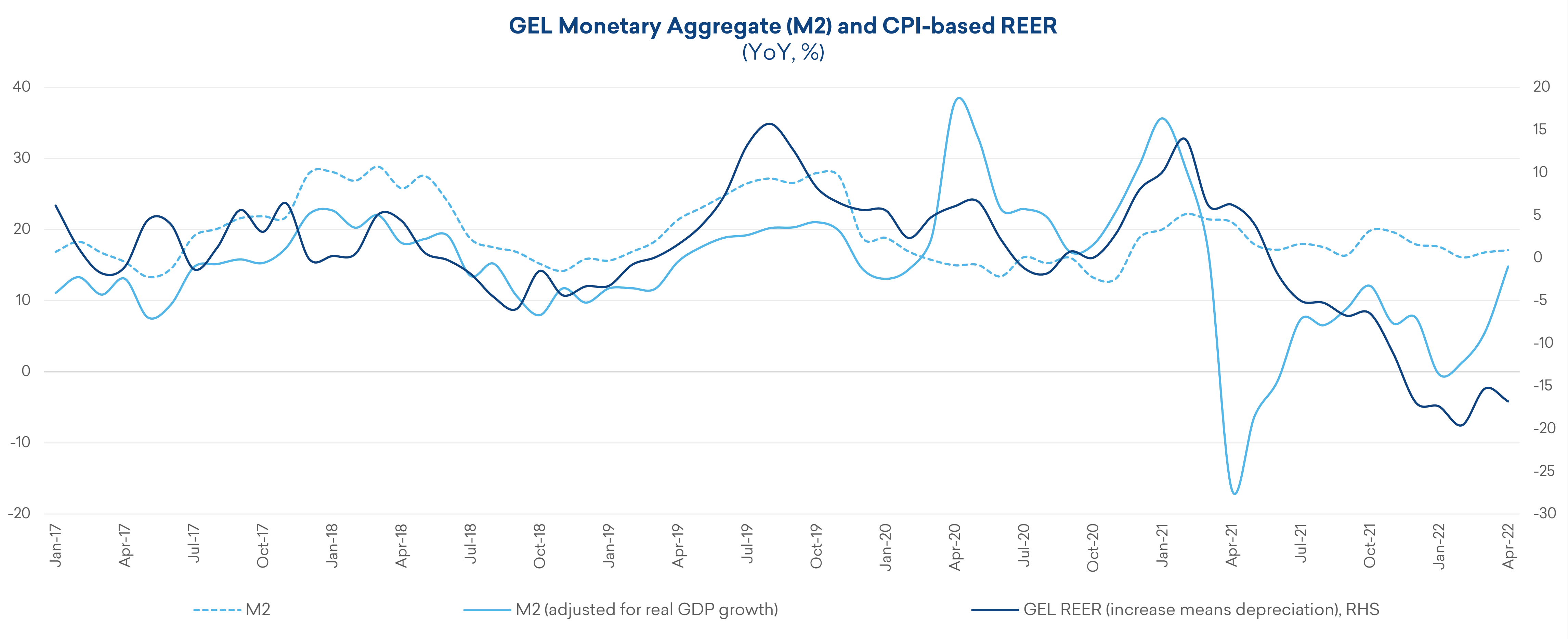


Note: see the yield curve methodology at the following link

- Despite high inflation pressures, our best guess would be the NBG to keep policy rate unchanged with even somewhat easing by the end of the year.
- Our judgment is based on the following arguments:
  - Net inflows are strong, supporting the GEL
  - While inflation is high, it's almost fully supply driven as a result of elevated prices on the international markets. Therefore, unless the GEL strengthens further, there is very little, if any, room for monetary policy to curb inflation pressures
    - Based on the GEL REER assessment, which always seems to be one of the top priorities in the NBG framework, we don't see room for material appreciation
  - Despite our bullish growth outlook, certainly there are no arguments that there is an overheating of the economy with above trend expansion.
  - The policy rate is already high, being well above its neutral rate of likely around 7 percent.
  - Furthermore, in the baseline we expect inflation to normalize in the second half of the year with year over year inflation still well above, but monthly inflation already around the target
- At the same time, we don't rule out moderate rate hikes the NBG to demonstrate its commitment to price stability. Though due to above mentioned arguments and assuming the stability of the GEL, this is not our most likely outlook.

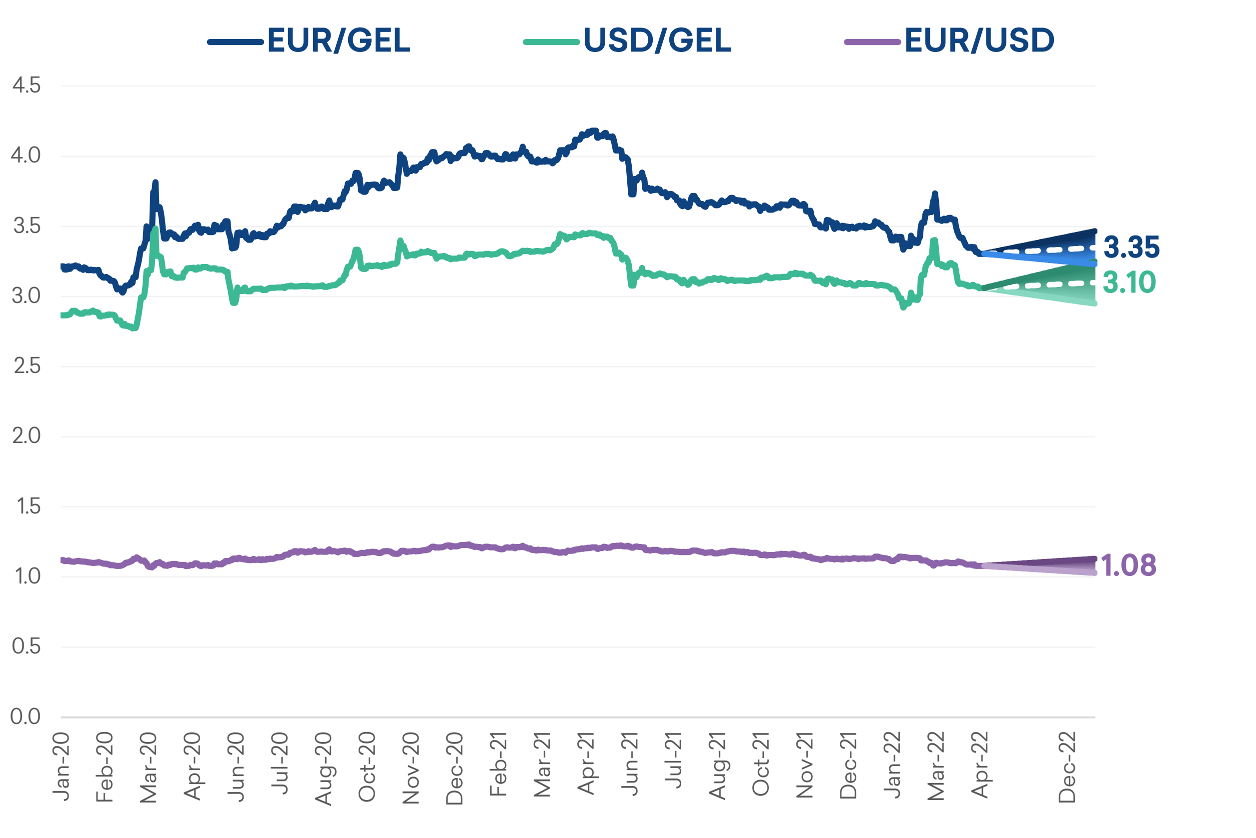
Source: NBG, TBC Capital

Based on preliminary April data, despite still tight monetary stance, the GDP growth adjusted GEL supply recently looks to recover, however the growth still remains relatively moderate



Source: NBG, TBC Capital

We remain broadly neutral on the GEL



Factors pushing GEL towards depreciation:

- War in Ukraine
- Slightly stronger GEL REER
- Local deposit conversions
- Weak Euro, Ruble and Lira
- Fed's stronger than expected rate hikes
- Resurgence of the pandemic

Factors pushing GEL towards appreciation

- Tourism recovery
- Still high government external borrowings
- Well above target inflation outlook
- Local deposit conversions
- Historically high GEL/USD differential
- Increased FX credit
- Still somewhat excess FC liquidity of the banking sector
- Weakening of US dollar
- GEL REER long-term appreciation trend

- From our three pillar analysis, the outlook of net inflows and inflation is GEL supportive, however, the GEL REER likely indicates to its same or somewhat weaker level
- The uncertainties remain high, especially likely on the RUB side, however supportive arguments do exist
- In the baseline, we project the USD/RUB at around 80 and the USD/TRY at around 15.3

Source: NBG, TBC Capital

Legal Notice

This publication (the “Publication”) has been prepared and distributed by TBC Capital LLC (“TBC Capital”) member of TBC Bank Group PLC (“Group”) for informational purposes only and independently of the respective companies mentioned herein. TBC Capital is operating and performing its professional services on the territory of Georgia and is duly authorized to prepare and distribute this Publication on the territory of Georgia. Nothing in this Publication constitutes or forms part of an offer or solicitation or invitation to an offer to buy, sell or subscribe for any assets or securities and nothing herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions. Since distribution of this Publication may be restricted by law in certain jurisdictions, persons into whose possession this Publication comes are required by TBC Capital to inform themselves about and to observe any and all restrictions applicable to them. As this Publication is not directed to or intended for distribution, directly or indirectly, to or use by any person or entity in any jurisdiction where such distribution, publication, availability or use would be contrary to the applicable law or which would require any registration or licensing within such jurisdiction, neither TBC Capital nor any member of the Group nor any of their respective director(s), partner(s), employee(s), affiliates, adviser(s) or agent(s) (“Representatives”) accept any direct or indirect liability to any person in relation to the publication, distribution or possession of this Publication in or from any jurisdiction. This Publication is not intended to provide any investment, business, tax and/or legal advice, and credit or any other evaluation. Recipients of this Publication are strongly required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. Any and all information contained in this Publication is subject to change without notice, and neither TBC Capital nor any member of the Group nor any of their Representatives are under any obligation to update or keep information contained in this Publication. Distribution of this Publication, at any time, does not imply that information herein is correct, accurate and/or complete as of any time after its preparation date or that there has been no change in business, financial condition, prospects, credit worthiness, status or affairs of the respective companies or anyone else since that date. Accordingly, this Publication should not be considered as a complete description of the markets, industries and/or companies referred to herein and no reliance should be placed on it. TBC Capital does not undertake to update this Publication or to correct any inaccuracies therein which may become apparent. The Publication may include forward-looking statements, but not limited to, statements as to future operating results. Any “forward-looking statements”, which include all statements other than statements of historical facts, involve known and unknown risks, uncertainties and other important factors beyond TBC Capital’s control that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment operating in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. No assurances can be given that the forward-looking statements in this document will be realized. TBC Capital does not intend to update such forward-looking statements. Opinions, forecasts, estimates and/or statements relating to expectations regarding future events or the possible future performance of investments represent TBC Capital’s own assessment and interpretation of information available to it currently. Information obtained from the third party sources believed to be reliable, but that there is no guarantee of the accuracy and/or completeness of such information. TBC Capital does and seeks to do and any member of the Group may or seek to do business with companies covered in this Publication. Thus, investors should be aware that TBC Capital may have a potential conflict of interest that could affect the objectivity of the information contained in this Publication. This Publication may not be reproduced, redistributed or published, in whole or in part, in any form for any purpose, without the written permission of TBC Capital, and neither TBC Capital nor any member of the Group nor any of their Representatives accept any liability whatsoever for the actions of third parties in this respect. TBC Capital makes no expressed or implied representation or warranty of usefulness in predicting the future performance or in estimating the current or future value of any security or asset, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this Publication. Without limiting any of the foregoing and to the extent permitted by law, TBC Capital or any member of the Group or any of their Representatives expressly disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this Publication or its contents (including without limitation to the accuracy and/or completeness of information therein) or otherwise arising in connection with this Publication or for any act or failure to act by any party on the basis of this Publication.

TBC CAPITAL

www.tbccapital.ge