



^ FUTURE OF GEORGIAN  
CAPITAL MARKETS

June, 2019  
Capital Markets Development and Pension Reform Department  
Ministry of Economy and Sustainable Development of Georgia

> MACROECONOMIC TRENDS

The objective of Georgia is to become a multi-dimensional regional center for high quality services:

|

> MACROECONOMIC TRENDS

**Fitch**Ratings

**BB**

**STANDARD  
& POOR'S**

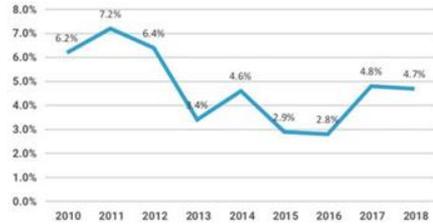
**BB- Stable**

**MOODY'S**  
INVESTORS SERVICE

**Ba2 Stable**

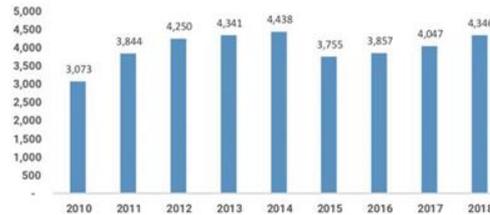
## > MACROECONOMIC TRENDS

### Real GDP Growth Rate, Y-0-Y (%)



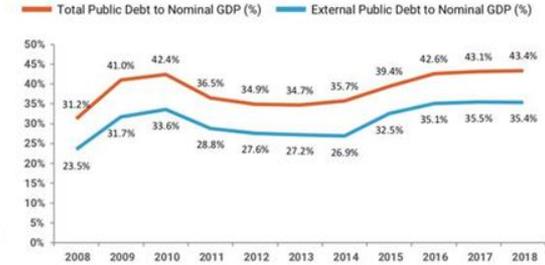
Source: Geostat

### Growing GDP Per Capita (USD)



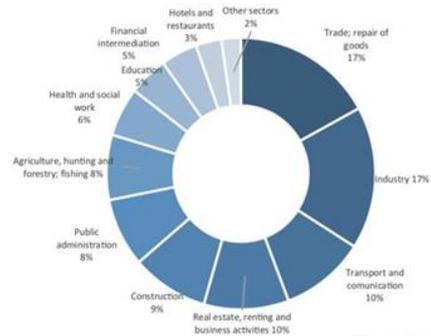
Source: Geostat, MOF

### Favorable Public Debt Situation



Source: Geostat, MOF

### Diversified Nominal GDP in 2018



Source: Geostat

## > MACROECONOMIC TRENDS

Figure 1.1 Headline CPI inflation

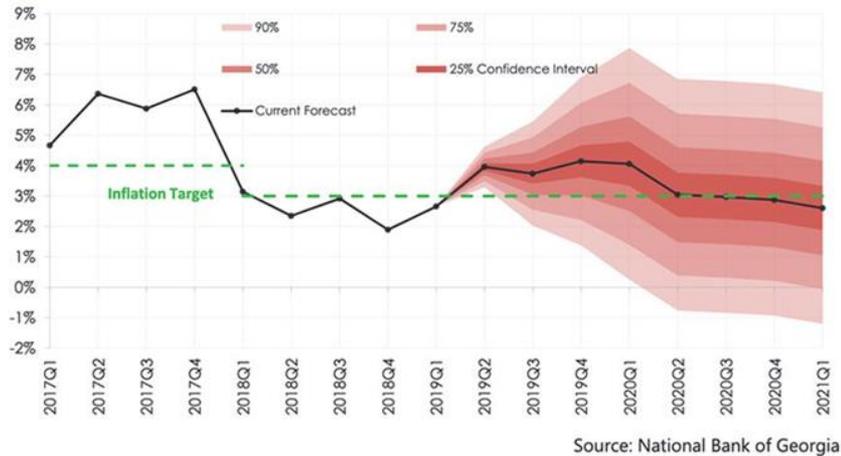
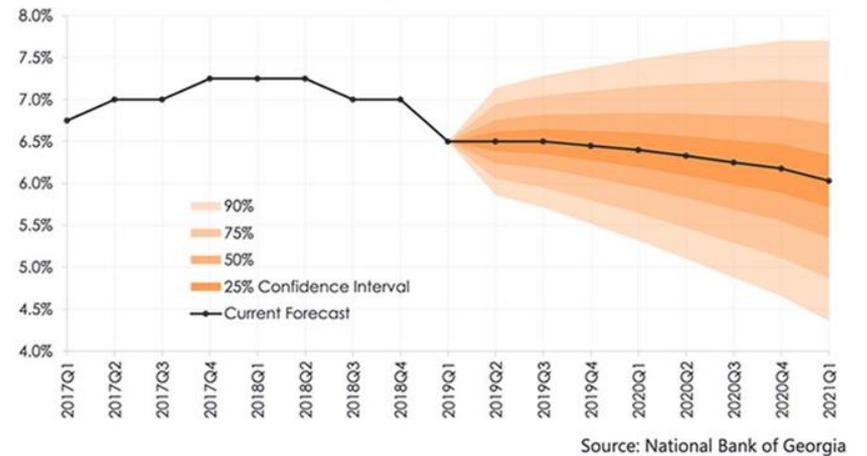
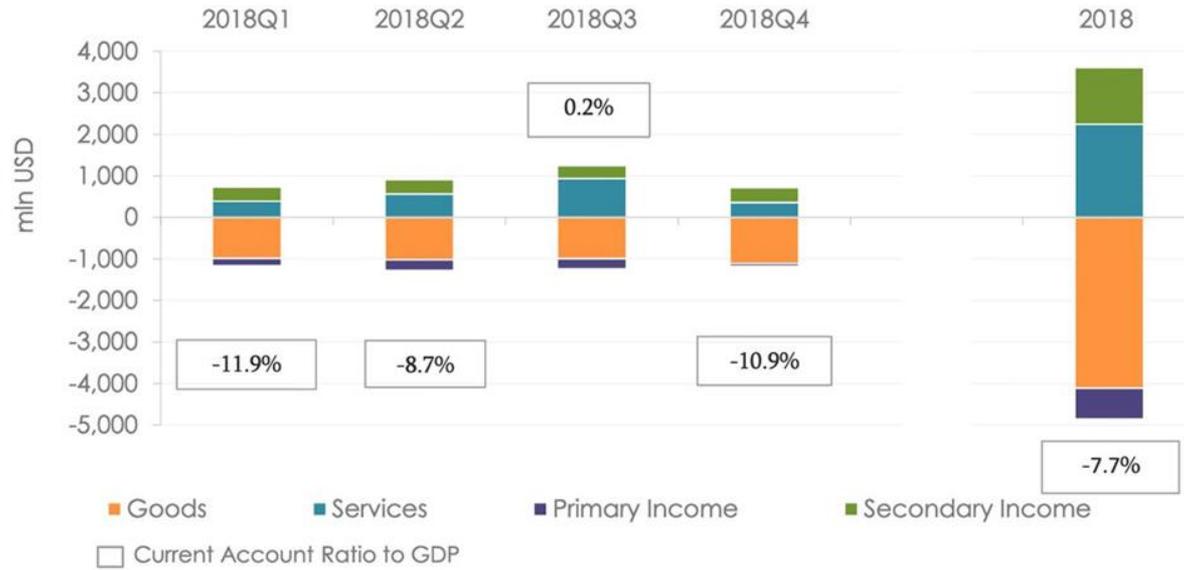


Figure 1.3 Forecast of the monetary policy rate



## > MACROECONOMIC TRENDS

Figure 7.8 The current account balance by components



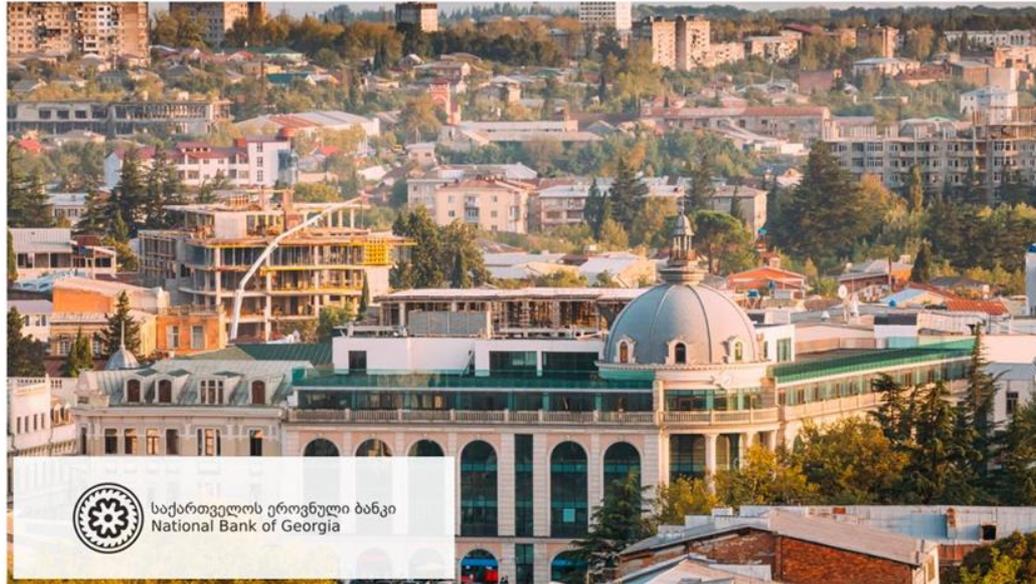
Source: National Bank of Georgia

## > MACROECONOMIC TRENDS



# The Rise and Rise of the Georgian Banking Sector

March 20, 2018 |



**The Georgian banking system is the most robust in the region, with its two largest banks now listed on the London Stock Exchange and included in the FTSE 250.**

## > STRUCTURAL TRANSFORMATION

- ^ 1: Long-Term Domestic Money Capital Formation
- ^ 2: Demand from Real Sector for Investments

## > CAPITAL MARKET REFORM

- ^ Determinant 1: Many and Diverse Investors Base
- ^ Determinant 2: Many and Diverse Issuers Base
- ^ Determinant 3: Rules of Justice
- ^ Determinant 4: Full-Service Intermediation
- ^ Determinant 5: Trading Infrastructure
- ^ Determinant 6: Risk Management (Derivatives) Infrastructure
- ^ Determinant 7: Governance Structure of Market Development

> DETERMINANT 1: DEEPEN INVESTOR BASE

- ^ Stage 1: Pension Reform, Insurance Reform,  
Sovereign Wealth Funds
- ^ Stage 2: UCITS, Alternative Investment Funds
- ^ Stage 3: VCs and Private Equity
- ^ Stage 4: Foreign Portfolio Investments

> DETERMINANT 2: DEEPEN ISSUER BASE

- ^ Stage 1: Government Bonds, Quasi-Government, Municipalities
- ^ Stage 2: State Owned Enterprises and Private Corporations
- ^ Stage 3: Economic Development Policies

> DETERMINANT 3: RULES OF JUSTICE

^ 1: **Institutional Framework** = Company law, Insolvency Law,  
Dispute Resolution Mechanisms

^ 2: **Capital Markets** = New Investment Fund Law, Securities  
Market Law, Securitization, IOSCO standards Approximation  
Design

> DETERMINANT 4: FULL SERVICE INTERMEDIATION

## Develop Full-Service Intermediation.

- ^ Brokerage & Advisory Services
- ^ Investment Banking
- ^ Dealership Services
- ^ Asset Management
- ^ Market Operators
- ^ + Bank Financings

> DETERMINANT 5: TRADING INFRASTRUCTURE

# DATA-DRIVEN INTEGRATED EXCHANGE INFRASTRUCTURE

Connect > Exchange > Clear > Settle > Collect > Reinforce

> DETERMINANT 6: RISK MANAGEMENT

# DERIVATIVE MARKET DEVELOPMENT POLICY

[See Strategic Document](#)

## > DETERMINANT 7: REFORM GOVERNANCE

- ^ Master Plan
- ^ Implementation Plan
- ^ Clear Development Mandates

> KEY TAKEAWAYS

Georgian Government's Degree of  
**Comittmenet** towards reform is  
higher than ever