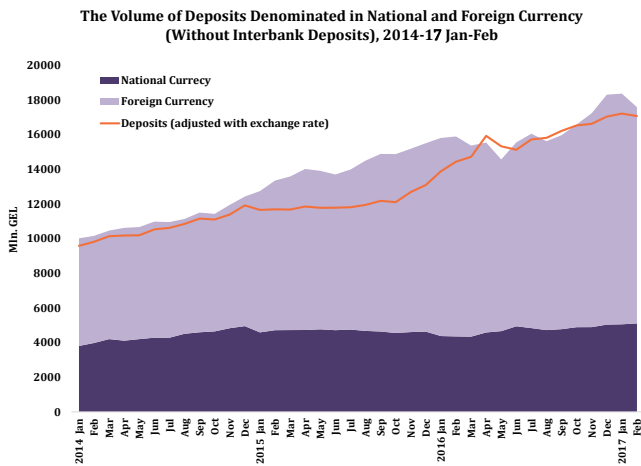
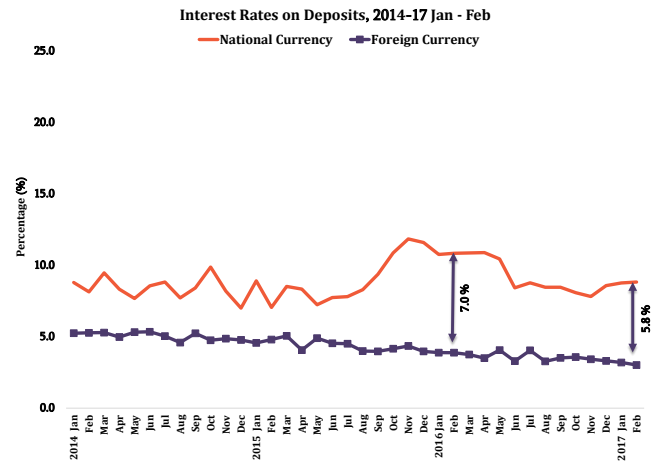


According to data for February 2017, compared to the corresponding period in 2016:

- The volume of deposits increased by 7.4%;
- The volume of loans to the national economy increased by 15.4%;
- The share of loans for construction in total loans increased significantly (2.2 percentage points), while the share of loans for trade decreased (-2.9 percentage points);
- The share of non-performing loans in total loans decreased (-0.6 percentage points).

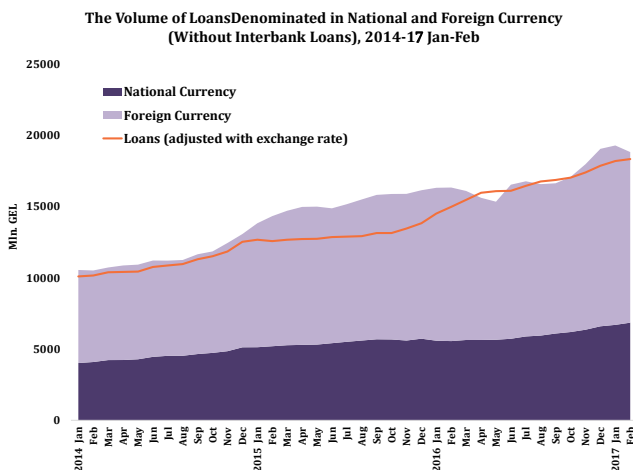


Source: National Bank of Georgia

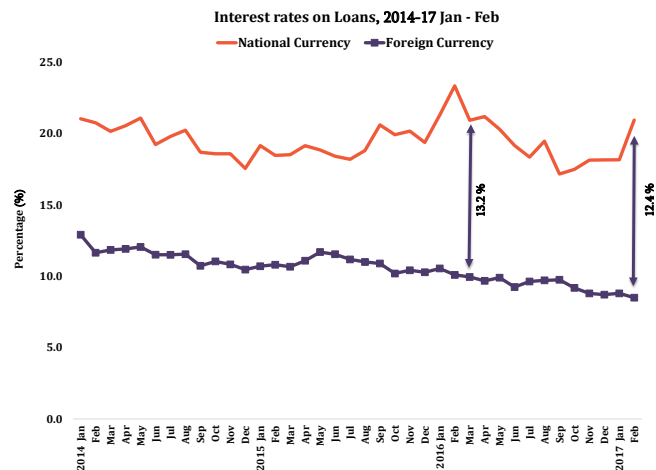


According to data for February 2017, compared to the corresponding period in 2016, the volume of deposits increased (7.4%)\*. There was a significant increase in the volume of deposits denominated in the national currency (17.2%), while the deposits in foreign currencies increased by 3.7%.

The interest rates on deposits denominated in the national currency have been characterized by more volatility compared to the interest rates on deposits denominated in foreign currencies. According to data for February 2017, the difference between interest rates on deposits denominated in national and foreign currencies reduced (-1.2 percentage points) and amounted to 5.8%. The average interest rate on deposits denominated in national currency was 8.8% while in foreign currencies it equaled 3.0%.



Source: National Bank of Georgia

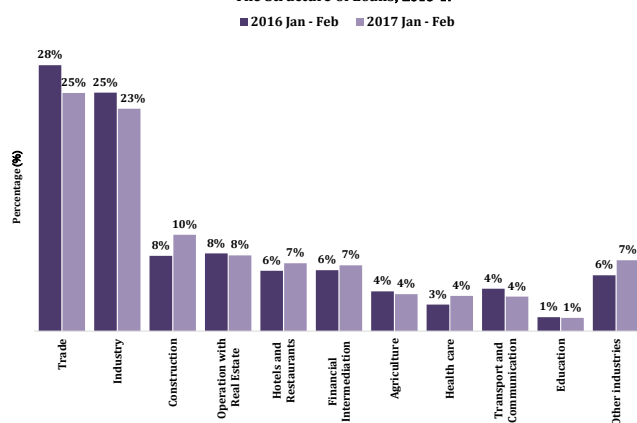


According to data for February 2017, compared to the corresponding period in 2016, the volume of loans increased significantly (15.4%)\*. This is mostly due to the significant increase of loans denominated in national currency (23.2%), while the loans denominated in foreign currencies increased by only 6.5%.

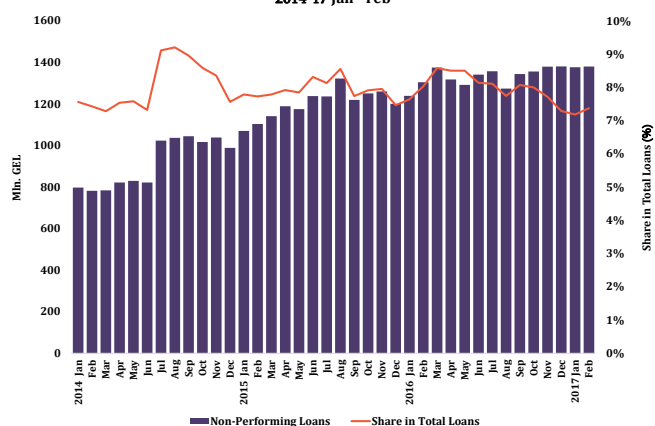
The interest rates on loans denominated in the national currency have been characterized by more volatility compared to the interest rates on loans denominated in foreign currencies. According to data for February 2017, the difference between interest rates on deposits denominated in national and foreign currencies reduced (-0.8 percentage points) and amounted to 12.4%. The average interest rate on loans denominated in national currency was 20.9% while in foreign currencies it equaled 8.4%.

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The volume of deposits as well as loans are adjusted according to the exchange rate (The base year is the corresponding period in the previous year).

The Structure of Loans, 2016-17



The Volume of Non-Performing Loans and the share in Total Loans 2014-17 Jan - Feb



Source: National Bank of Georgia

In the period of January-February 2017, the structure of loans by economic sector changed significantly. The share of trade (-2.9 percentage points) and industry (-1.7 percentage points) in total loans reduced. Meanwhile, the share of construction (2.2 percentage points), health care (0.9 percentage points) and hotels and restaurants (0.8 percentage points) in total loans increased.

Based on data for February 2017, the volume of non-performing loans increased (5.8%, 73 mln GEL) compared to the corresponding indicator in 2016, while the share of non-performing loans in total loans decreased (-0.6 percentage points) and amounted to 7.4%. This was mostly due to depreciation of the GEL. In this period, reserves covered 48% of total non-performing loans.

The Quantity of Loans Denominated in National and Foreign Currencies						
	National Currency			Foreign Currency (USD)		
	2016 (Jan-Feb)	2017 (Jan-Feb)	Change	2016 (Jan-Feb)	2017 (Jan-Feb)	Change
Up to 1,000	1,955,687	1,638,944	-316,743	27,152	32,857	5,705
1,000 - 5,000	181,579	228,921	47,342	4,267	1,958	-2,309
5,000 - 25,000	29,205	41,006	11,801	3,787	1,528	-2,259
25,000 - 100,000	2,032	6,501	4,469	2,073	1,979	-94
100,000 - 1,000,000	497	848	351	634	637	3
1,000,000 above	115	148	33	60	83	23

Source: National Bank of Georgia

In the period of January-February 2017, the quantity of loans up to 1,000 GEL decreased significantly (-316,743 units), while the loans of the same volume but denominated in foreign currencies increased by 5,705 units. In contrast, the quantity of loans in the range of 1,000-100,000 GEL increased by 63,612 units, while the loans with the same volume but denominated in foreign currencies decreased by 4,662 units. This reduction is mostly due to the larization program.

The quantity of loans exceeding 100,000 GEL increased in the national currency as well as in foreign currencies. However, the quantity of loans denominated in the national currency is significantly higher (15 times) than the quantity of loans denominated in foreign currencies.

Basic Economic Indicators	II 2015	III 2015	IV 2015	2015	I 2016*	II 2016*	III 2016*	IV 2016*	2016*
Nominal GDP (mln USD)	3407.6	3545.0	6682.3	13959.9	3018.8	3642.6	3767.3	3784.5	14332.8
Per capita GDP (USD)	913.4	950.5	994.7	3743.1	811.4	979.1	1012.6	1017.2	3852.5
GDP real growth (%)	2.5%	2.5%	2.9%	2.8%	2.6%	3.0%	2.3%	2.8%	2.7%
Consumer Price Index (annual average)				4.0%					2.1%
Foreign Direct Investment (USD)	354.7	489.0	267.9	1 351.1	376.4	445.3	463.3	330.3	1645.4
Unemployment Rate (%)				12%					
External Public Debt (mln USD)	4181	4195	4315	4315	4396	4404	4461	4515	4515
Poverty Rate (relative)				20.1%					

Source: National Statistics Office of Georgia  
National Bank of Georgia  
Ministry of Finance

\* preliminary data