

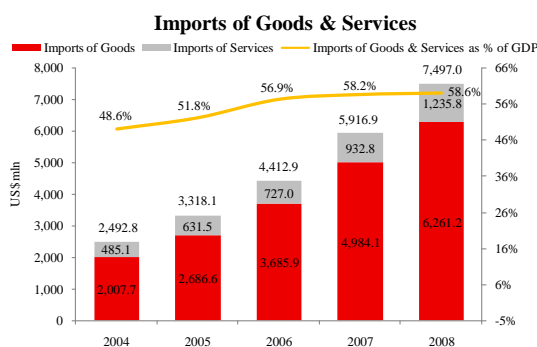
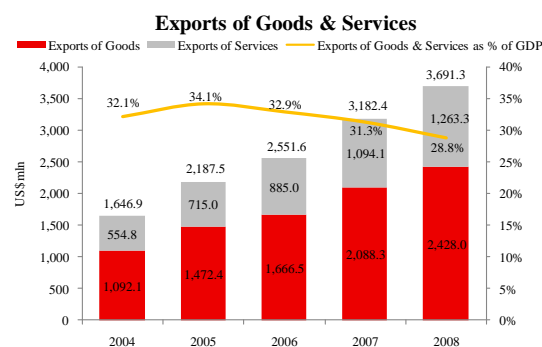
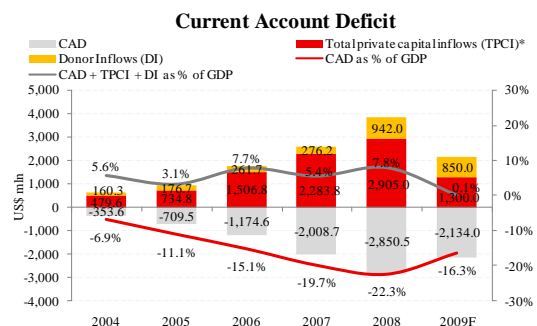

**2008 CURRENT ACCOUNT DEFICIT REACHED 22.3% OF GDP, FUNDED BY PRIVATE AND DONOR INFLOWS**

 GEL/US\$: 1.6600 GEL/EUR: 2.1945  
 Galt & Taggart Index: 200

National Bank of Georgia (NBG) reported that in 2008, the current account deficit (CAD) grew by 42% y-o-y to US\$2,850.5 million, or 22.3% of GDP. In 2008, exports of goods and services increased by 16% y-o-y to US\$3.7 billion, whereas imports of goods and services reached US\$7.5 billion, up 26.7% y-o-y. Total foreign capital and financial inflows in 2008 amounted to US\$2,774.2 million, up 46% y-o-y. Net FDI decreased by 26% y-o-y in 2008 to US\$1,238.7 million, whereas portfolio investment was US\$692.4 million. In 2008, other investments, partially comprising donor inflows that country has been receiving since October 2008, grew by 64.7% y-o-y to US\$966.1 million.

Balance of Payment (US\$ mln)	2008	Growth y-o-y	2007	Growth y-o-y	2006	Growth y-o-y	2005
<b>Current account</b>	<b>-2,850.5</b>	<b>41.9%</b>	<b>-2,008.7</b>	<b>71.0%</b>	<b>-1,174.6</b>	<b>65.5%</b>	<b>-709.5</b>
<b>Goods</b>	<b>-3,833.2</b>	<b>32.4%</b>	<b>-2,895.8</b>	<b>43.4%</b>	<b>-2,019.4</b>	<b>66.3%</b>	<b>-1,214.2</b>
Credit	2,428.0	16.3%	2,088.3	25.3%	1,666.5	13.2%	1,472.4
Debit	-6,261.2	25.6%	-4,984.1	35.2%	-3,685.9	37.2%	-2,686.6
<b>Services</b>	<b>27.5</b>	<b>-82.9%</b>	<b>161.3</b>	<b>2.1%</b>	<b>158.0</b>	<b>89.2%</b>	<b>83.5</b>
Credit	1,263.3	15.5%	1,094.1	23.6%	885.0	23.8%	715.0
Debit	-1,235.8	32.5%	-932.8	28.3%	-727.0	15.1%	-631.5
<b>Income</b>	<b>-106.0</b>	<b>-383.6%</b>	<b>37.4</b>	<b>-77.1%</b>	<b>162.8</b>	<b>162.2%</b>	<b>62.1</b>
Credit	488.6	1.4%	481.6	41.2%	341.1	29.6%	263.3
Debit	-594.5	33.8%	-444.2	149.1%	-178.3	-11.4%	-201.2
<b>Current transfers</b>	<b>1,061.2</b>	<b>54.1%</b>	<b>688.5</b>	<b>31.4%</b>	<b>523.9</b>	<b>45.9%</b>	<b>359.0</b>
Credit	1,142.8	48.7%	768.5	30.9%	587.0	42.0%	413.4
Debit	-81.7	2.1%	-80.0	27.0%	-63.0	15.8%	-54.4
<b>Capital and financial account</b>	<b>2,879.0</b>	<b>41.5%</b>	<b>2,034.3</b>	<b>64.2%</b>	<b>1,239.3</b>	<b>81.5%</b>	<b>682.8</b>
<b>Capital account</b>	<b>104.8</b>	<b>-17.9%</b>	<b>127.6</b>	<b>-25.5%</b>	<b>171.2</b>	<b>191.9%</b>	<b>58.6</b>
Credit	104.9	-18.0%	127.9	-25.7%	172.2	179.7%	61.6
Debit	-0.1	-54.5%	-0.3	-70.6%	-1.0	-64.5%	-2.9
<b>Financial account</b>	<b>2,774.2</b>	<b>45.5%</b>	<b>1,906.8</b>	<b>78.5%</b>	<b>1,068.1</b>	<b>71.1%</b>	<b>624.2</b>
<b>Direct investment</b>	<b>1,238.7</b>	<b>-26.0%</b>	<b>1,674.9</b>	<b>41.2%</b>	<b>1,185.9</b>	<b>118.7%</b>	<b>542.2</b>
To abroad	-41.6	-44.8%	-75.3	-575.8%	15.8	-82.3%	89.5
From abroad	1,280.3	-26.9%	1,750.2	49.6%	1,170.1	158.4%	452.8
<b>Portfolio investment</b>	<b>692.4</b>	<b>3180.3%</b>	<b>21.1</b>	<b>-85.0%</b>	<b>140.3</b>	<b>806.8%</b>	<b>15.5</b>
Assets	-2.3	-81.4%	-12.5	472.3%	-2.2	-116.8%	13.1
Liabilities	694.8	1965.6%	33.6	-76.4%	142.5	5814.4%	2.4
<b>Financial derivatives, net</b>	<b>7.8</b>	<b>631.8%</b>	<b>1.1</b>	<b>nmf</b>	<b>0.0</b>	<b>nmf</b>	<b>0.0</b>
Assets	11.1	793.1%	1.2	nmf	0.0	nmf	0.0
Liabilities	-3.3	1743.8%	-0.2	nmf	0.0	nmf	0.0
<b>Other investment</b>	<b>966.1</b>	<b>64.7%</b>	<b>586.7</b>	<b>225.0%</b>	<b>180.5</b>	<b>2.0%</b>	<b>177.1</b>
Assets	-270.8	33.8%	-202.3	290.5%	-51.8	219.9%	-16.2
Liabilities	1,236.9	56.8%	789.0	239.6%	232.4	20.2%	193.3
<b>Reserve assets</b>	<b>-130.8</b>	<b>-65.3%</b>	<b>-377.0</b>	<b>-14.0%</b>	<b>-438.6</b>	<b>296.7%</b>	<b>-110.6</b>
<b>Net errors and omissions</b>	<b>-28.5</b>	<b>11.0%</b>	<b>-25.6</b>	<b>-60.4%</b>	<b>-64.7</b>	<b>-342.6%</b>	<b>26.7</b>

Source: National Bank of Georgia

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\*Direct, Portfolio and Other investment

Georgia: Key Economic Data	2004A	2005A	2006A	2007A	2008A
Nominal GDP (GEL mln)	9,824.3	11,620.9	13,789.9	16,993.8	19,069.6
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.3%	2.1%
GDP per Capita (US\$)	1,187.6	1,483.5	1,763.5	2,314.6	2,920.3
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%	5.5%
Net FDI (US\$ mln)	483	542	1,076	2,014.8	1,293.7
Current Account Deficit as % of GDP	-6.6%	-10.7%	-14.9%	-18.9%	-22.3%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59	1.66
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33	2.34
Galt & Taggart Index (e-o-p)	194	320	790	1,041	197

Source: Department of Statistics, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

**Georgia has, as of the date hereof, the following sovereign credit ratings:**

Standard & Poor's	Sovereign Credit Rating	'B/ Stable/B'
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	'B+/ Negative /B/B+'

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