


CURRENT ACCOUNT DEFICIT NARROWS SEQUENTIALLY IN Q3 2008

GEL/US\$: 1.6680 GEL/EUR: 2.2833

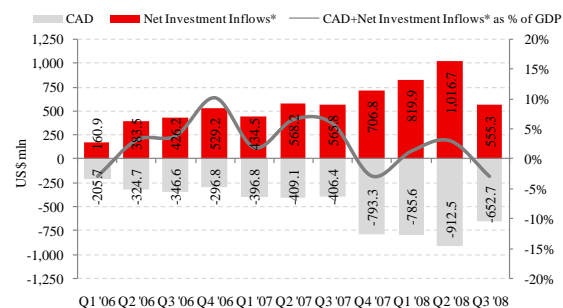
Galt & Taggart Index: 197

National Bank of Georgia reported that, in Q3 2008, the current account deficit (CAD) narrowed by 29% q-o-q to US\$653 mln (up 60.6% y-o-y). In Q3 2008, CAD as percent of Q3 2008 GDP fell to 19.2% from 27% in Q2 2008. Exports of goods and services declined by 6.5% q-o-q in Q3 2008 to US\$1 bn (up 19.1% y-o-y). In 9m 2008, exports of goods and services increased by 30% y-o-y to US\$3 bn. In Q3 2008, imports of goods and services fell to US\$1.9 bn, down 8.4% q-o-q and up 27.1% y-o-y. In 9m 2008, imports of goods and services reached US\$5.6 bn, up 41.7% y-o-y. Total foreign capital and financial inflows in Q3 2008 amounted to US\$690.7 mln, down 25.1% q-o-q and up 78.1% y-o-y. In 9m 2008, total foreign capital and financial inflows grew by 47.4% y-o-y to US\$2.5 bn. In Q3 2008, net FDI decreased by 77.6% y-o-y to US\$116 mln, whereas portfolio investment amounted to US\$11.2 mln, down 97.7% q-o-q. In 9m 2008, net FDI declined by 3.5% y-o-y to US\$1.1 bn, while portfolio investment increased by 2962.3% y-o-y to US\$646.9 mln

Balance of Payment (US\$ mln)	Q3 '08	Q2 '08	Growth q-o-q	9m '08	9m '07	Growth y-o-y
Current account	-652.7	-912.5	-28.5%	-2,351.8	-1,212.2	94.0%
Goods	-842.4	-970.2	-13.2%	-2,711.9	-1,862.6	45.6%
Credit	717.1	758.0	-5.4%	2,006.4	1,482.5	35.3%
Debit	-1,559.5	-1,728.2	-9.8%	-4,718.2	-3,345.2	41.0%
Services	-9.1	16.7	-154.4%	30.9	160.7	-80.8%
Credit	323.0	354.6	-8.9%	958.3	798.4	20.0%
Debit	-332.1	-337.9	-1.7%	-927.4	-637.7	45.4%
Income	-24.4	-129.0	-81.1%	-234.6	36.6	-741.1%
Credit	129.6	120.8	7.3%	361.4	352.0	2.7%
Debit	-154.0	-249.8	-38.3%	-596.0	-315.4	88.9%
Current transfers	223.2	170.0	31.3%	563.7	453.1	24.4%
Credit	244.1	189.5	28.8%	624.2	513.7	21.5%
Debit	-21.0	-19.5	7.3%	-60.5	-60.6	-0.2%
Capital and financial account	690.7	922.4	-25.1%	2,455.4	1,665.9	47.4%
Capital account	24.1	17.9	34.7%	59.3	96.9	-38.8%
Credit	24.2	17.9	34.7%	59.4	97.2	-38.9%
Debit	0.0	0.0	45.4%	-0.1	-0.3	-59.1%
Financial account	666.6	904.5	-26.3%	2,396.2	1,569.0	52.7%
Direct investment	116.0	518.7	-77.6%	1,051.3	1,089.4	-3.5%
To abroad	-34.0	0.0	<i>nmf</i>	-40.7	-74.5	-45.4%
From abroad	150.0	518.7	-71.1%	1,092.0	1,163.9	-6.2%
Portfolio investment	11.2	482.4	-97.7%	646.9	21.1	2962.3%
Assets	-2.2	-42.7	-94.9%	-43.2	-10.1	325.5%
Liabilities	13.4	525.2	-97.5%	690.1	31.3	2106.5%
Financial derivatives, net	0.6	0.5	25.2%	2.2	0.5	343.8%
Assets	0.0	2.0	-100.4%	2.6	0.7	256.0%
Liabilities	0.6	-1.5	-141.0%	-0.4	-0.2	75.7%
Other investment	428.1	15.6	2640.1%	695.8	458.0	51.9%
Assets	34.8	-419.1	-108.3%	-331.7	-176.0	88.5%
Liabilities	393.3	434.7	-9.5%	1,027.4	634.0	62.1%
Reserve assets	110.8	-112.8	-198.2%	-26.7	-505.2	-94.7%
Net errors and omissions	-38.0	-9.8	285.8%	-76.9	51.6	-249.2%

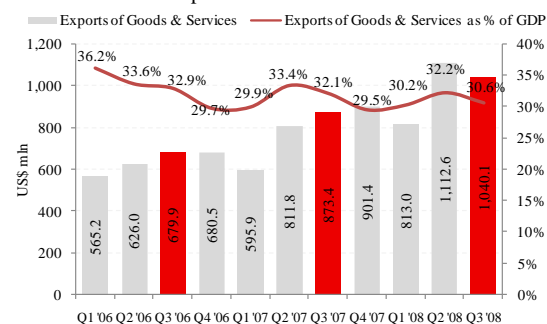
Source: National Bank of Georgia

Current Account



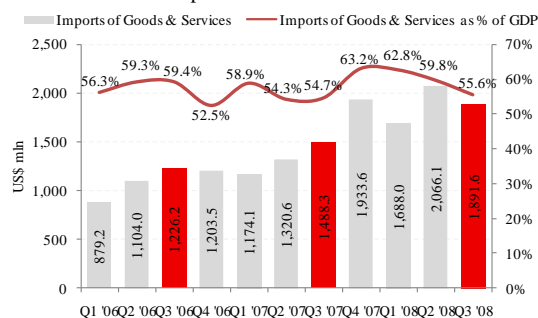
Q1 '06 Q2 '06 Q3 '06 Q4 '06 Q1 '07 Q2 '07 Q3 '07 Q4 '07 Q1 '08 Q2 '08 Q3 '08

Exports of Goods & Services



Q1 '06 Q2 '06 Q3 '06 Q4 '06 Q1 '07 Q2 '07 Q3 '07 Q4 '07 Q1 '08 Q2 '08 Q3 '08

Imports of Goods & Services



Q1 '06 Q2 '06 Q3 '06 Q4 '06 Q1 '07 Q2 '07 Q3 '07 Q4 '07 Q1 '08 Q2 '08 Q3 '08

Source: National Bank of Georgia
*Direct, Portfolio and Other investment

Georgia: Key Economic Data	2004A	2005A	2006A	2007A
Nominal GDP (GEL mln)	9,824.3	11,621.0	13,783.9	16,998.6
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.3%
GDP per Capita (US\$)	1,187.2	1,478.4	1,758.7	2,315.2
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%
Net FDI (US\$ mln)	483	542	1,076	2,014.8
Current Account Deficit as % of GDP	-6.6%	-10.7%	-14.9%	-18.9%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33
Galt & Taggart Index (e-o-p)	194	320	790	1,041

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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