


CURRENT ACCOUNT DEFICIT NARROWS SEQUENTIALLY IN Q3 2008

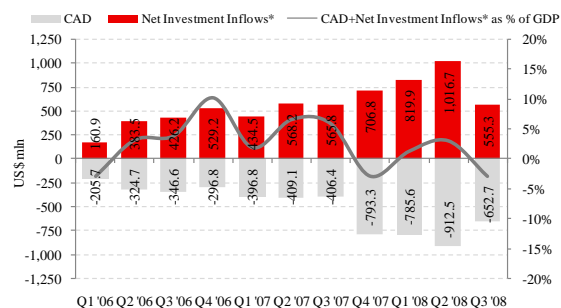
 GEL/US\$: 1.6680 GEL/EUR: 2.2833
 Galt & Taggart Index: 197

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

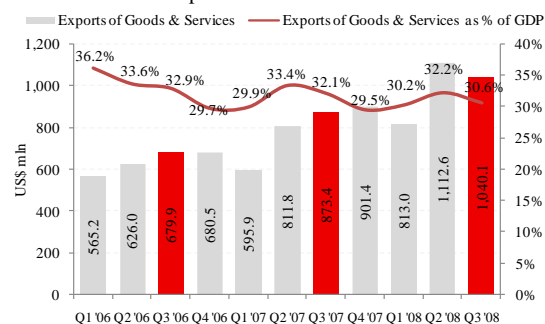
Balance of Payment (US\$ mln)	Q3 '08	Q2 '08	Growth q-o-q	9m '08	9m '07	Growth y-o-y
Current account	-652.7	-912.5	-28.5%	-2,351.8	-1,212.2	94.0%
Goods	-842.4	-970.2	-13.2%	-2,711.9	-1,862.6	45.6%
Credit	717.1	758.0	-5.4%	2,006.4	1,482.5	35.3%
Debit	-1,559.5	-1,728.2	-9.8%	-4,718.2	-3,345.2	41.0%
Services	-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

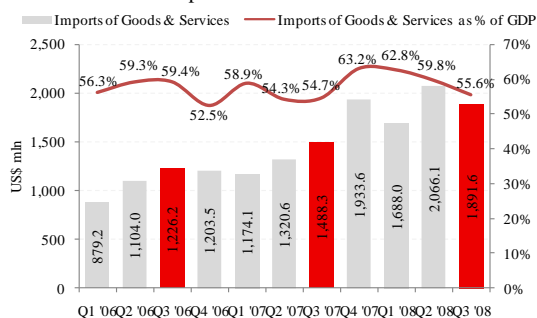
Current Account



Exports of Goods & Services



Imports of Goods & Services

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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