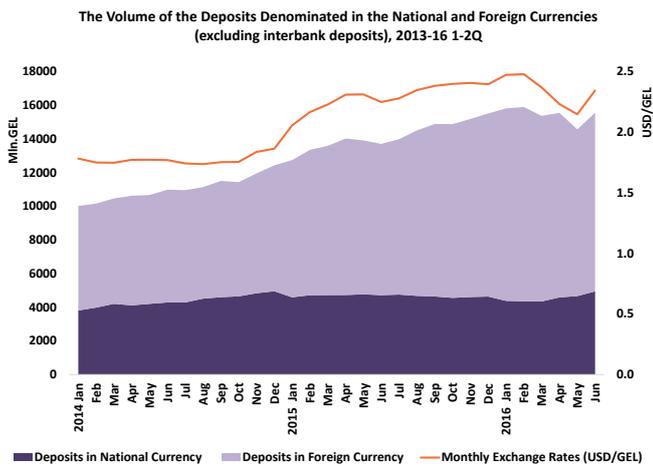


In June 2016 compared to the corresponding period in 2015:

- The volume of deposits (13.5%) and the volume of loans (11.2%) increased.
- Taking the effect of exchange rate into consideration, the volume of deposits increased by 10.4% while the volume of loans increased by 8.2%.
- There was a significant growth in the number of loans in construction (41.9%) as well as in the industrial sector (11.2%).
- The average annual interest rate on deposits (-0.4%) as well as on loans (-1.5%).
- The volume of non-performing loans increased by 8.4%.



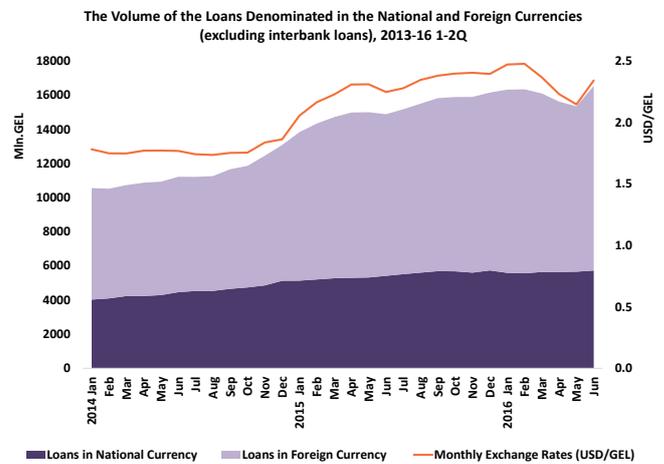
Source: National Bank of Georgia

In June 2016, the volume of total deposits, excluding interbank deposits, amounted to 15.6 mln GEL, which exceeds the indicator of 2015 by 13.5%. The volume of deposits denominated in the national currency increased by 4.8%, while the volume of deposits denominated in foreign currencies increased by 18.1%. However, taking exchange rates into consideration, the growth rate of deposits denominated in foreign currencies was actually only 13.4%.

In June 2016, the average interest rate on the deposits is 4.8% which is less than the corresponding indicator in 2015 by 0.4%. Average interest rates denominated in foreign currencies is 3.3%, which is lower (-1.2%) than the same indicator of the previous year. In this period, the average interest rate on the deposits denominated in the national currency increased (0.7%) and equalled 8.4%.

In June 2016, the volume of loans issued by commercial banks (excluding interbank loans) reached 16.5 mln GEL, which exceeds the corresponding indicator in 2014 by 11.2%. Here, the volume of loans denominated in the national currency increased by 5.7%, while the volume of the loans denominated in foreign currencies increased by 14.3%. However, taking exchange rates into consideration, the growth rate of the loans denominated in foreign currencies was actually only 9.7%.

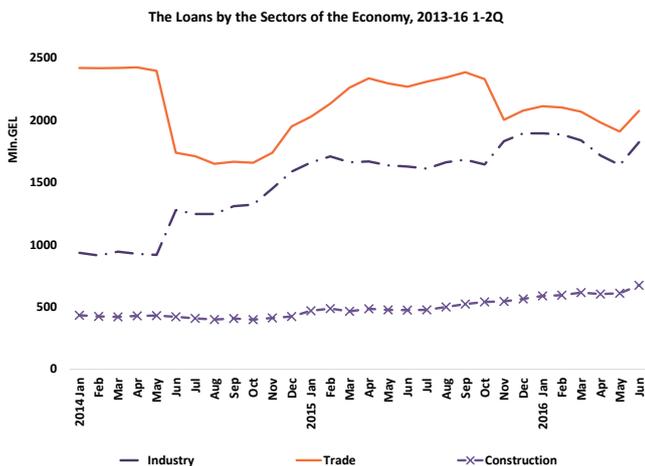
In June 2015, the average interest rate on the loans reduced and equals 13.5%. In the same month of this year, loans denominated in foreign currencies was 9.2%, which is 2.3% lower than the indicator of 2015. On the other hand, the average interest rate on loans denominated in the national currency increased by 0.8% and equalled 19.2%.



Source: National Bank of Georgia

In June 2016, the largest sectors by volume of loans to the economy are trade (12.5%), industry (11.0%) and construction (4.1%).

In this period, compared to June 2015, the volume of loans to the construction sector (41.9%; 199.1 mln GEL) and to industry (11.9%; 194.5 mln GEL) increased significantly, while loans declined to trade (-11.3%; 194.0 mln GEL).

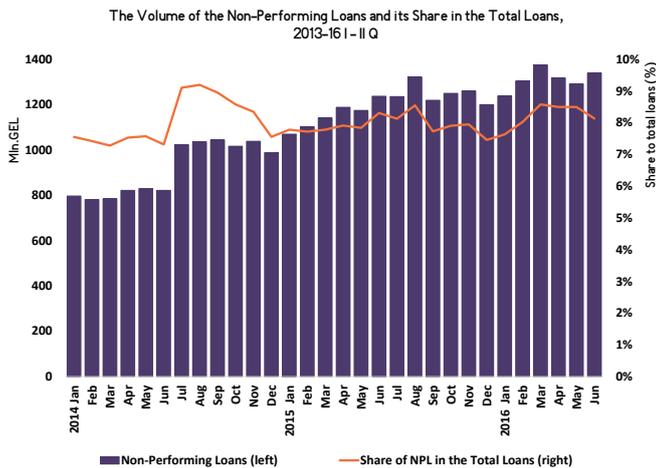


Source: National Bank of Georgia

In June 2016, the number of loans secured by real estate (53.5%) and consumer loans (29.4%) make up the largest share of household loans.

Overall, 79.4% of the consumer loans are denominated in the national currency, while 20.6% of this indicator are denominated in foreign currency. Loans secured by real estate have a different structure, with 84.3% denominated in foreign currencies, and 15.7% denominated in the national currency.

In June 2016, the volume of consumer loans increased by 1.8% while the volume of loans secured by real estate increased by 25.4%.



Source: National Bank of Georgia

In the first half of 2016, the income of commercial banks decreased (-13.7%; 250.5 mln GEL) compared to the corresponding period of 2015. Income from interest increased (10.1%; 105.8 mln GEL), while non-interest income reduced (-72.3%; 436.7 mln GEL).

In this period, in the category of interest income, the income from loans (8.6%; 83.3 mln GEL), from securities (33.3%; 25.5 mln GEL), from "nostro" accounts* (49.1%; 1.8 mln GEL), and there was also an increase from other sources (-22.7%; 3.9 mln GEL).

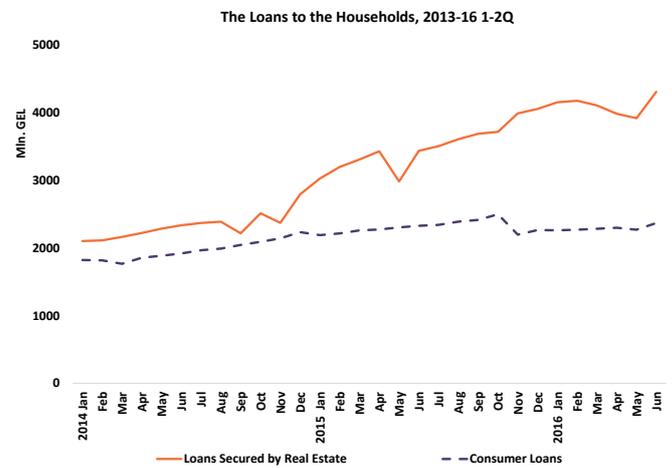
In the category of non-interest income, income from securities trading declined (-11.7 mln GEL) while other non-interest income (-72.3%; 436.7 mln GEL) declined, which includes dividends received, profit/loss from re-evaluation of currency resources and from property sales. On the other hand, income reduced from conversion operations (-2.7%; 76.3 mln GEL) from fees and commissions (13.6%; 15.8 mln GEL).

In the first half of 2016, the net profit of commercial banks increased by 19.6% compared to the previous year, amounting to 290.7 mln GEL.

Basic Economic Indicators	2012	2013	2014	I 2015	II 2015	III 2015	IV 2015	2015	I 2016
Nominal GDP (mln USD)	15846.8	16139.9	16528.5	3325.0*	3407.6*	3545.0*	6682.3*	13959.9*	3018.8*
Per capita GDP (USD)	3523.4	3599.6	3680.8	884.5*	913.4*	950.5*	994.7*	3743.1*	811.4*
GDP real growth (%)	6.4%	3.3%	4.8%	3.2%*	2.5%*	2.5%*	2.9%*	2.8%*	2.6%*
Consumer Price Index (annual average)	-0.9%	-0.5%	3.1%					4.0%	
Foreign Direct Investment (USD)	911.6	941.9	1 758.4	175.3*	354.7*	489.0*	267.9*	1 351.1*	376.4*
Unemployment Rate (%)	15%	14.6%	12.4%					12%	
External Public Debt (mln USD)	4739	4202	4200	3989	4181	4195	4315	4315	4396
Poverty Rate (relative)	22.4%	21.4%	21.4%					20.1%	

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

Forecasted *

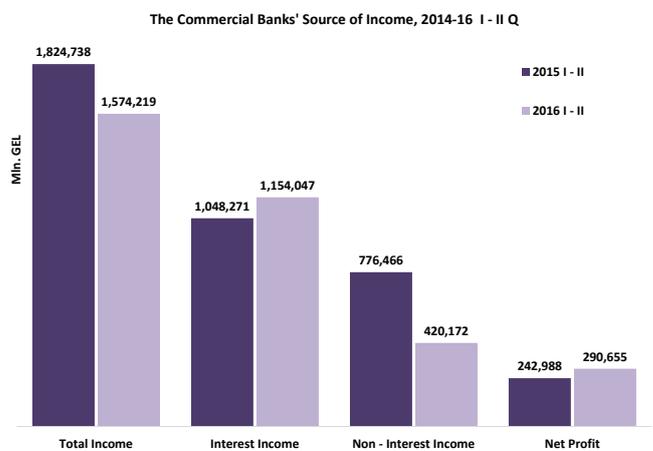


Source: National Bank of Georgia

The quality of the credit portfolio of a commercial bank is determined by its share of non-performing loans and overdue loans in the total loans.

In June 2016, the volume of the non-performing loans increased by 8.4% (103.5 mln GEL) compared to the previous year and amounted to 1340.9 mln GEL. The share of non-performing loans in the total loans declined by 0.2% and equalled 8.1%. In this period, the reserves of non-performing loans amounted to 50.3%.

In June 2016, the volume of overdue loans also increased (16.7%; 50.6 mln GEL). Its share (374.2 mln GEL) in the total loans equalled 2.3%.



Source: National Bank of Georgia

* Bank accounts at the corresponding bank on which interpayments are reflected.