

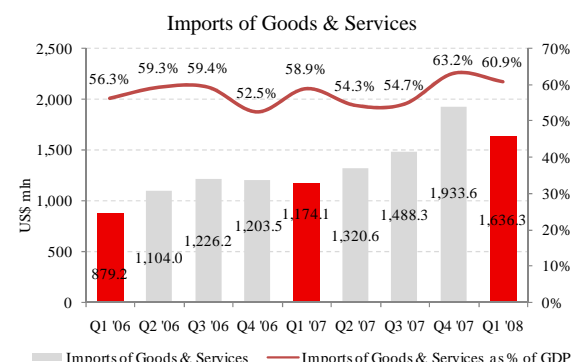
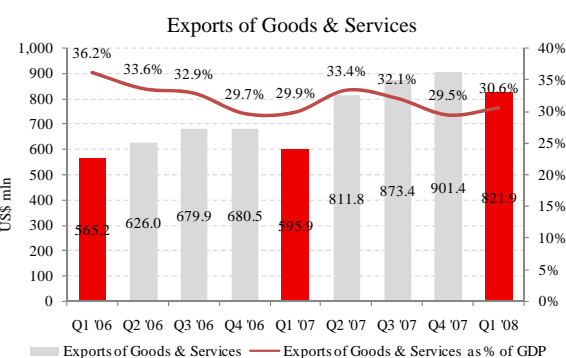
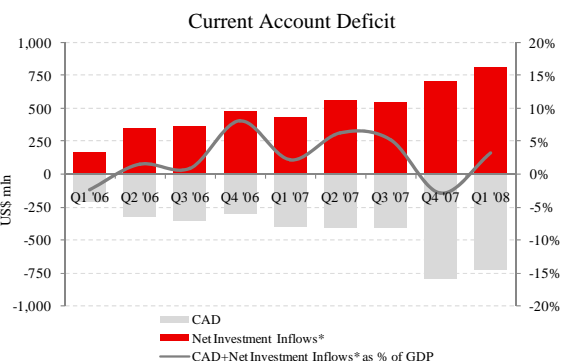

**Q1 2008 BALANCE OF PAYMENT RESULTS IN LINE WITH EXPECTATIONS**

 GEL/US\$: 1.4130    GEL/EUR: 2.2188  
 Galt & Taggart Index: 655

National Bank of Georgia reported that in Q1 2008, current account deficit declined by 8.8% q-o-q to US\$723.6 mln (up 82.4% y-o-y). Exports of goods and services grew by 37.9% y-o-y in Q1 2008 to US\$821.9 mln, an acceleration of growth from 32.4% y-o-y in Q4 2007. Imports of goods and services grew by 39.4% to US\$1,636.3 mln, a deceleration of growth from 60.7% y-o-y in Q4, 2007. Total foreign capital and financial inflows in Q1 2008 reached US\$787.4 mln, up 119.6% y-o-y. In Q1 2008, net FDI increased by 17.1% y-o-y to US\$385.6 mln, whereas portfolio investment reached US\$181.7 mln (the highest-ever quarterly level), compared to an outflow of US\$22.0 mln in Q1 2007.

Balance of Payment (US\$ mln)	Q1 '08	Q4 '07	Growth q-o-q	Q1 '07	Growth y-o-y
<b>Current account</b>	<b>(723.6)</b>	<b>(793.3)</b>	<b>-8.8%</b>	<b>(396.8)</b>	<b>82.4%</b>
<b>Goods</b>	<b>(846.7)</b>	<b>(1,033.1)</b>	<b>-18.0%</b>	<b>(599.2)</b>	<b>41.3%</b>
Export	535.8	605.7	-11.5%	389.0	37.7%
Import	(1,382.4)	(1,638.9)	-15.6%	(988.2)	39.9%
<b>Services</b>	<b>32.3</b>	<b>0.9</b>	<b>3451.5%</b>	<b>21.0</b>	<b>53.8%</b>
Export	286.1	295.6	-3.2%	206.9	38.3%
Import	(253.8)	(294.7)	-13.9%	(185.9)	36.5%
<b>Income</b>	<b>(80.9)</b>	<b>2.8</b>	<b>-2979.1%</b>	<b>48.1</b>	<b>-268.2%</b>
Credit	111.0	129.8	-14.5%	102.3	8.5%
Debit	(191.9)	(126.9)	51.2%	(54.2)	254.1%
<b>Current transfers</b>	<b>171.6</b>	<b>236.1</b>	<b>-27.3%</b>	<b>133.3</b>	<b>28.7%</b>
Credit	191.6	255.6	-25.0%	152.8	25.4%
Debit	(20.0)	(19.4)	2.9%	(19.5)	2.6%
<b>Capital and financial account</b>	<b>804.5</b>	<b>867.0</b>	<b>-7.2%</b>	<b>384.1</b>	<b>109.5%</b>
<b>Capital account</b>	<b>17.2</b>	<b>30.7</b>	<b>-44.0%</b>	<b>25.6</b>	<b>-32.8%</b>
Credit	17.2	30.7	-44.0%	25.7	-33.1%
Debit	0.0	(0.0)	-37.7%	(0.1)	-100.0%
<b>Financial account</b>	<b>787.4</b>	<b>836.3</b>	<b>-5.8%</b>	<b>358.5</b>	<b>119.6%</b>
<b>Direct investment</b>	<b>385.6</b>	<b>586.4</b>	<b>-34.2%</b>	<b>329.4</b>	<b>17.1%</b>
To abroad	(8.0)	0.0	-	1.0	-900.9%
From abroad	393.6	586.4	-32.9%	328.4	19.9%
<b>Portfolio investment</b>	<b>181.7</b>	<b>(0.2)</b>	<b>112992.1%</b>	<b>(22.0)</b>	<b>-925.9%</b>
Assets	1.7	(2.4)	172.5%	(20.2)	-108.5%
Liabilities	180.0	2.2	8027.9%	(1.8)	-10100.0%
<b>Financial derivatives, net</b>	<b>0.6</b>	<b>0.5</b>	<b>19.4%</b>	<b>0.0</b>	<b>-</b>
Assets	0.0	0.4	-101.9%	0.0	-
Liabilities	0.6	0.1	579.5%	0.0	-
<b>Other investment</b>	<b>244.0</b>	<b>121.4</b>	<b>101.1%</b>	<b>135.0</b>	<b>80.7%</b>
Assets	51.8	(24.7)	309.9%	(68.1)	-176.1%
Liabilities	192.3	146.0	31.7%	203.2	-5.4%
<b>Reserve assets</b>	<b>(24.6)</b>	<b>128.2</b>	<b>-119.2%</b>	<b>(83.9)</b>	<b>-70.7%</b>
<b>Net errors and omissions</b>	<b>(80.9)</b>	<b>(73.7)</b>	<b>9.8%</b>	<b>12.8</b>	<b>-732.0%</b>
<b>Total exceptional financing</b>	<b>20.7</b>	<b>84.1</b>	<b>-75.3%</b>	<b>34.0</b>	<b>-39.0%</b>

Source: National Bank of Georgia


 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%	12.4%
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+/B'	Stable
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	'BB-/B/BB-'	Stable

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