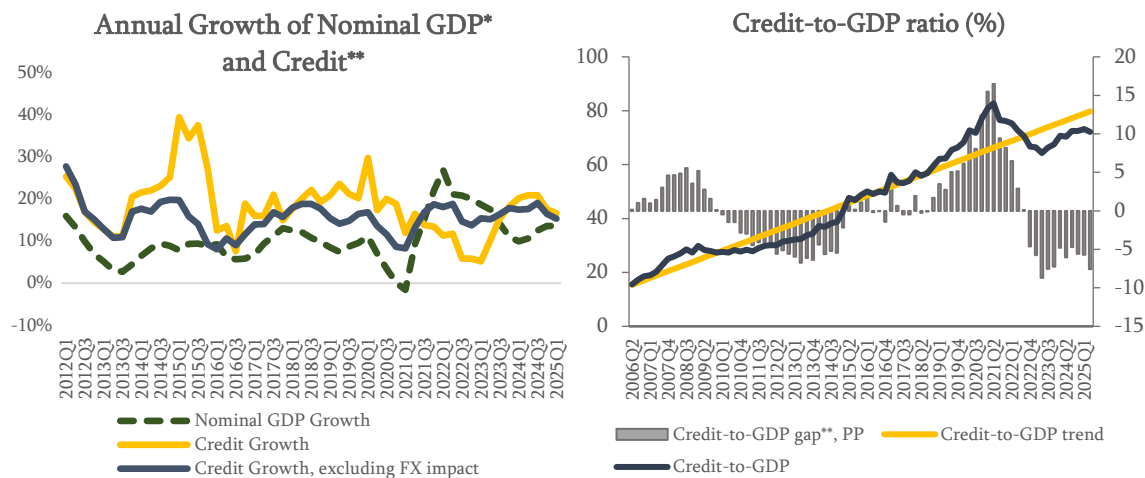




## Financial Stability Committee's Decision

**The financial sector remains resilient and continues smooth lending to the economy.** As of April 2025, banks maintain healthy capital and liquidity indicators. Compared to the previous year, credit activity gradually normalized and in April 2025, annual credit growth, excluding the exchange rate effect, amounted to 15.5%. The growth was, yet again, mainly driven by the growth in business loans. As of the first quarter of 2025, Credit-to-GDP ratio remains below its long-term trend. The strong economic growth observed in the first quarter, along with the normalization of credit activity resulted in widening of the negative Credit-to-GDP gap. According to the Committee's assessment, if the existing tendency of credit activity continues and GDP growth normalizes, the negative Credit-to-GDP gap is expected to close in 2025. Therefore, currently, there is no need to change the cyclical component of the countercyclical capital buffer. Commercial banks continue to gradually accumulate the neutral component of countercyclical capital buffer.



Source: NBG; Geostat

\* Nominal GDP growth reflects the YoY GDP growth of the last 4 quarters.

\*\* Credit includes loans directly issued by commercial banks and microfinance institutions as well as bonds issued domestically by the non-financial sector.

\*\*\* Credit-to-GDP gap is the deviation of Credit-to-GDP ratio from its long-run trend. The trend is estimated using HP filter in line with the Basel recommendations

**The NBG continues working on reducing the structural risks caused by the high level of financial dollarization.** Despite the significant positive developments, dollarization and related risks remain a significant challenge for the Georgian financial sector. In consistence with the NBG's policy, the National Bank of Georgia, in coordination with the banking sector, as well as taking into account the macroeconomic environment and risks, continues implementing the long-term strategy of de-

dollarization. According to the Financial Stability Committee's decision, the limit on unhedged foreign currency loans will increase from 500,000 GEL to 750,000 GEL, effective from August 1, 2025.

The National Bank of Georgia continues monitoring the country's financial stability and assessing domestic and foreign risks. If necessary, it will use all available instruments to minimize potential risks.

The Financial Stability Committee's next meeting will be held on October 1, 2025.