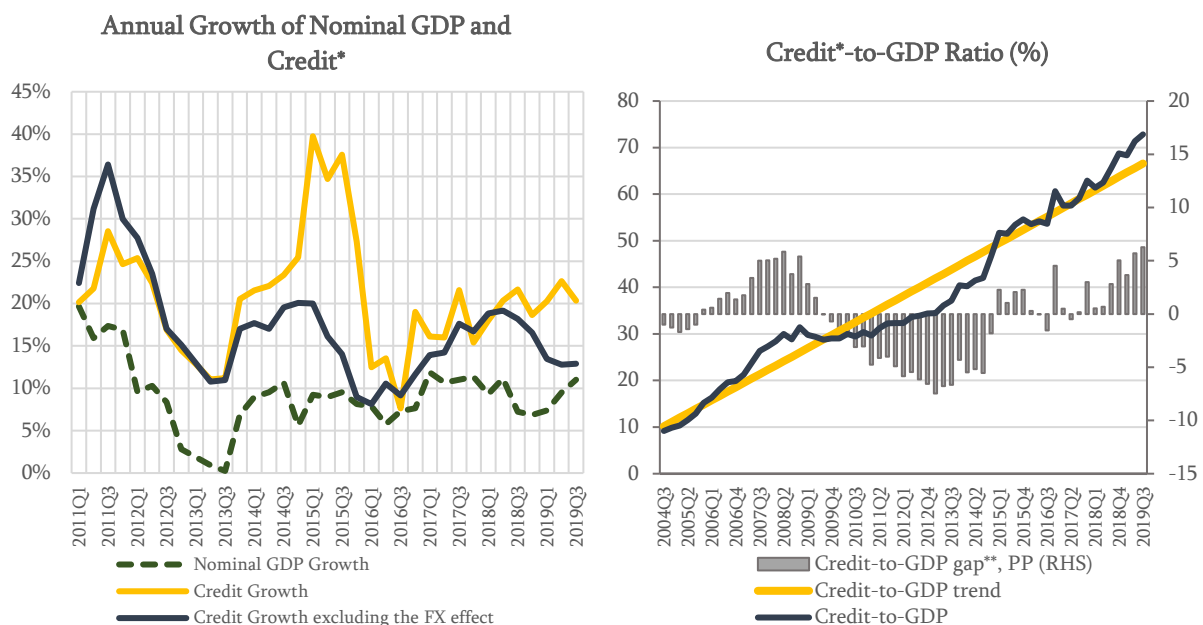




## Financial Stability Committee's Decision

27 November, 2019

Financial Stability Committee of the National Bank of Georgia made a decision to leave the countercyclical buffer unchanged, at 0%. Since the regulation of responsible lending to natural persons came into force in January 2019, the growth of loans has been following the expected tendency. The annual growth rate of credit portfolio in October 2019 amounted to 13.9%, excluding the exchange rate effect, which is mainly due to the growth of loans to legal entities. It should be noted that Credit-to-GDP ratio still exceeds its long run trend, mainly due to exchange rate effect and the excessive credit growth in past periods. According to the Committee's assessment, the lending growth will converge to its sustainable level in the medium term.



Source: NBG; Geostat

\* 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

**Georgian financial system remains resilience against potential shocks.** The banking sector is highly capitalized and liquid, and maintains high profitability indicators, while share of non-performing loans in total credit remains low. However, it should be noted that usually in the ascending credit cycle the share of non-performing loans decreases. Therefore, this indicator should not be interpreted too optimistically.

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



საქართველოს ეროვნული ბანკი  
National Bank of Georgia

The Financial Stability Committee's next meeting will be held on February 26, 2020.