Credit Conditions Survey

III Quarter, 2025

საქართველოს ეროვნული ბანკი
National Bank of Georgia

The National Bank of Georgia has been conducting a quarterly credit conditions survey since 2013. The survey is conducted through an online platform, and the respondents include senior managers of the banking sector. The purpose of the survey is to obtain information from respondents on current and future trends in lending. In particular, the survey includes questions about demand for loans and changes in interest and non-interest terms of lending to individuals and legal entities, as well as questions about the factors causing these changes.

The questionnaire consists of only qualitative questions and does not require quantitative evaluation by respondents. In order to convert the information into quantitative units, the methodology of balance sheet statistics is used. The index ranges from -100 to 100. 100 indicates that 100% of respondents perceive a significant improvement in the trend, while the index value of -100 indicates that 100% of respondents perceive a significant deterioration. 0 means that the trend has not changed compared to the previous quarter. When calculating the index, the answers of the respondents are given equal weight, regardless of the size of the bank.

Based on the analysis of the survey results, a report is prepared, which is published quarterly. In addition to the final results of the survey, this report includes official statistical information on lending trends.

The expectations presented in this report reflect only the assessment of the respondents of the credit conditions survey on the future trend of lending and do not represent the expectations of the representatives of the National Bank of Georgia.

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Summary

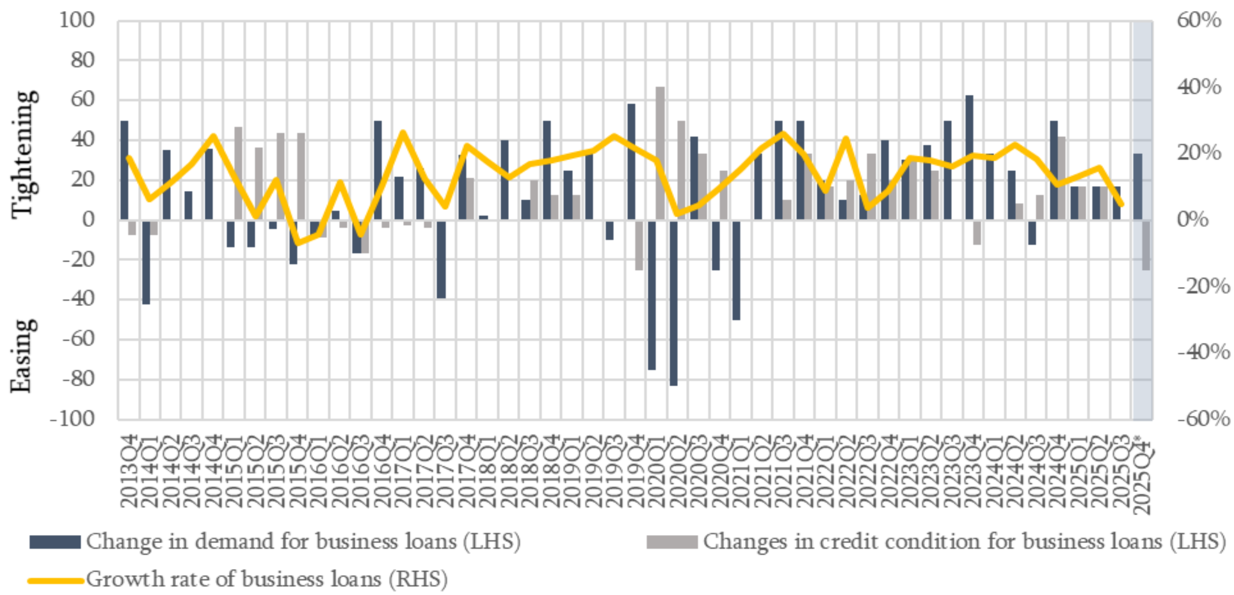
According to the credit conditions survey, in the third quarter of 2025, the demand for business loans increased slightly compared to the previous quarter. Representatives of the banking sector anticipate an increase in demand for business loans in the next quarter. According to the survey, in the third quarter of 2025, credit conditions for business loans have not changed compared to the previous quarter. The representatives of the banking sector expect slight loosening in credit conditions in the next quarter. Moreover, the respondents of the survey do not anticipate changes in interest rates for business loans in the next quarter.

According to the credit conditions survey, in the third quarter of 2025, compared to the previous quarter, demand for retail loans increased. In the next quarter, an increase in demand for retail loans is also expected. According to the survey, credit conditions for the retail loans did not change and the respondents do not expect changes in credit conditions in the next quarter. In addition, representatives of the banking sector anticipate a slight decrease in interest rates for mortgage loans in the next quarter.

Credit conditions and trends for business loans

According to the credit conditions survey, in the third quarter of 2025, the demand for business loans increased slightly compared to the previous quarter. Representatives of the banking sector anticipate an increase in demand for business loans in the next quarter. According to the data available to the National Bank, in the third quarter of 2025, the annualized Q-o-Q growth rate[1] of the business loan portfolio amounted to 4.8%. The growth of the business loan portfolio was mainly driven by foreign currency loan growth. From sectoral perspective, the growth of business loans was primarily driven by an increase in loans issued to construction sector. According to the survey, in the fourth quarter of 2025 an increase in demand for business loans is expected (see Figure 1).

Figure 1. Changes in demand for business loans and credit conditions [2]



Source: Credit conditions Survey, NBG.

In the third quarter of 2025, credit conditions for business loans have not changed compared to the previous quarter. According to the respondents, the tightening of the credit conditions was primarily driven by increased cost of funds, whereas the loosening of it was driven by increased competition on the market. Overall, credit conditions did not change (see Figure 2). According to the data available to the National Bank, the maturity slightly declined for loans issued in domestic currency and in euro, while it increased

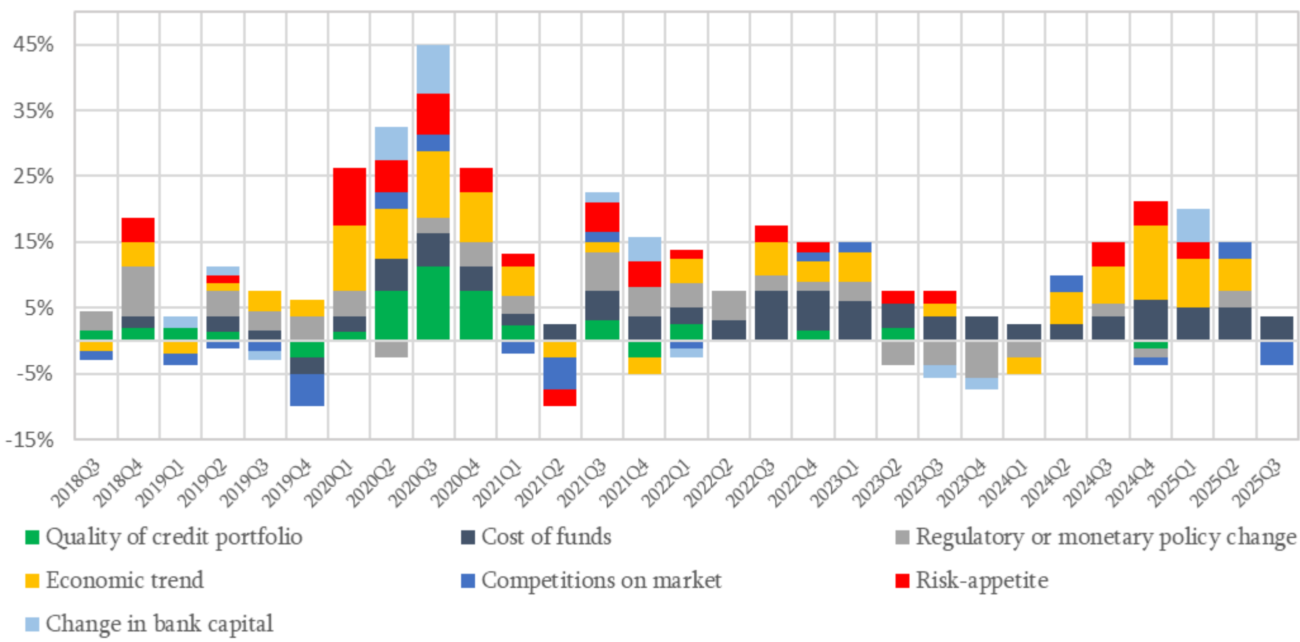
[1] The data reflects the annualized growth of seasonally adjusted loans, excluding the exchange rate effect.

[2] The index of change in credit conditions and demand ranges from -100 to 100. 100 indicates that 100% of respondents perceive a significant improvement in the trend, while the Index -100 indicates that 100% of respondents perceive a significant deterioration. 0 means that the trend has not changed compared to the previous quarter. 2025Q2* indicates the expectations over the second quarter of 2025 of representatives of the banking sector.

slightly for loans issued in USD (see Figure 3). Representatives of the banking sector expect credit conditions to be loosened in the next quarter.

According to the data available to the National Bank, in September, compared to June, the interest rate on large business loans issued in national currency within the month did not change and amounts to 13.9%. As for the foreign currency loans, in June, compared to March, the interest rate for corporate loans issued in euro increased by 0.2 pp to 8.3%, while for loans issued in USD it declined by 0.1 pp to 9.9%. For SME loans, the interest rates on national currency loans increased by 0.1 pp to 14.2%. For the SME loans issued in euro interest rate did not change and amounts to 8.0%. While, for USD-denominated loans, interest rate increased by 0.1 pp to 9.3% (see Figure 3). According to the survey, interest rates for fixed-rate loans issued in local and foreign currency decreased slightly. Representatives of the banking sector do not expect changes in interest rates for business loans in the next quarter.

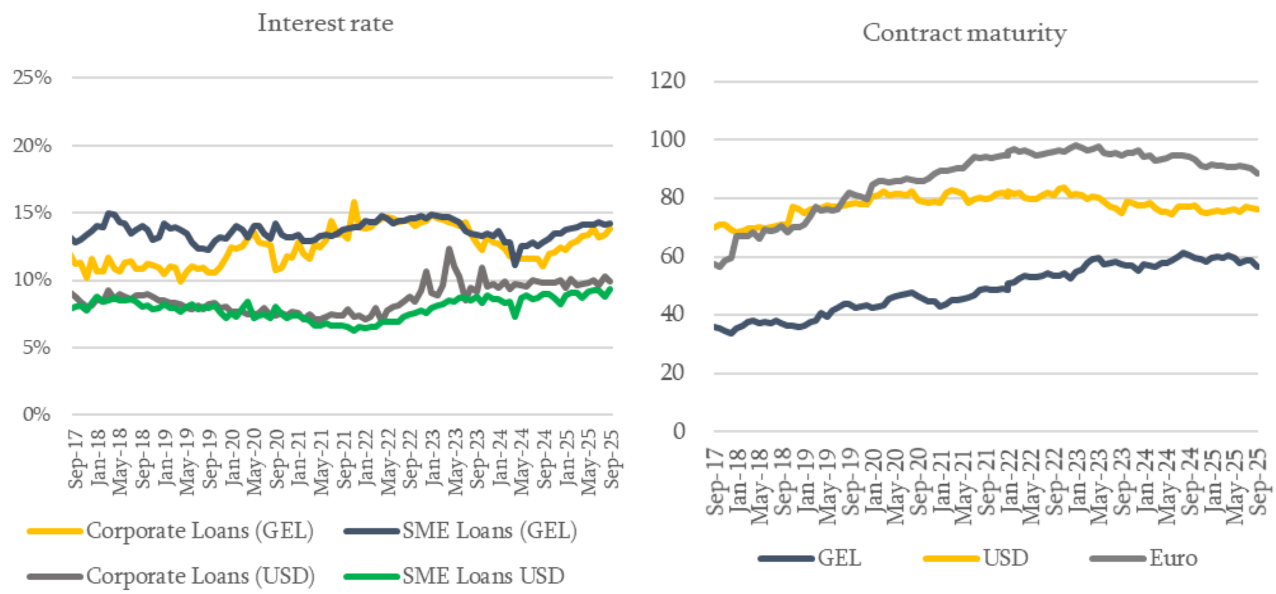
Figure 2. Factors affecting changes in the credit conditions for business loans [3]



Source: Credit conditions survey

[3] The figure shows the share of each factor in the change in credit conditions. The positive share indicates the share of the factor in tightening, while a negative one indicates a share in easing.

Figure 3. Interest rates and contract maturity for business loans [4]



Source: NBG.

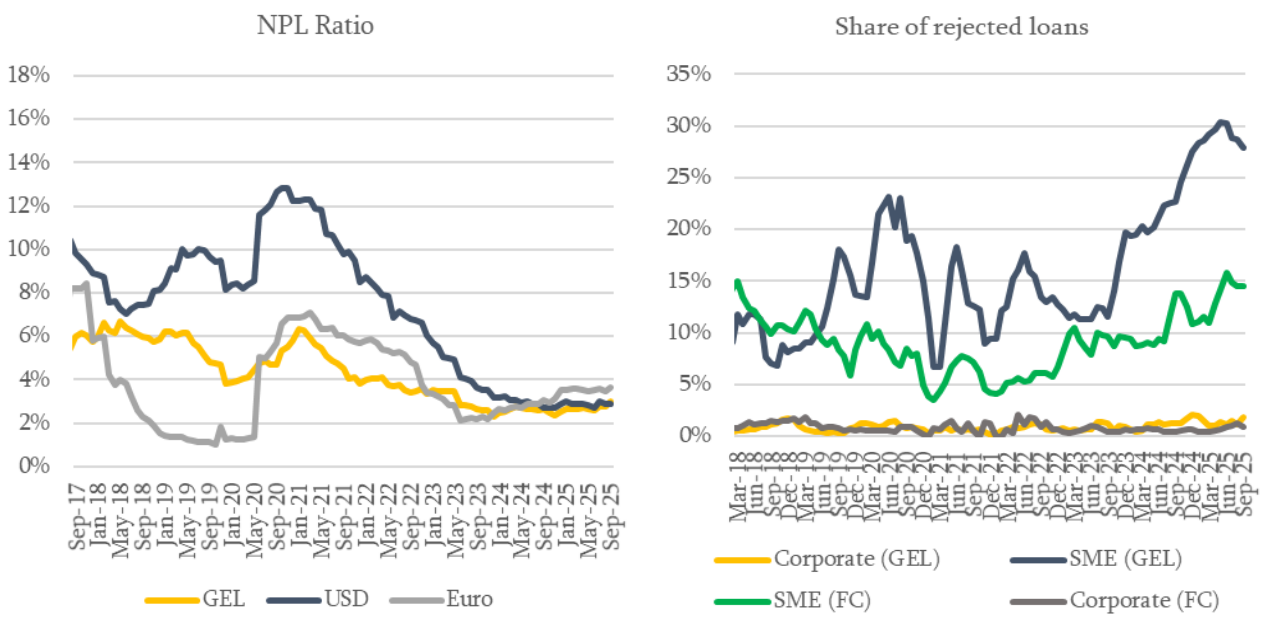
In the third quarter of 2025, compared to the previous quarter, the share of non-performing loans (NPL) in business loans increased slightly.[5] In the second quarter, compared to the previous quarter, the overall share of NPLs in business loans decreased to 3.08%. In terms of currencies, the share of NPLs in business loans issued in national currency increased slightly to 3.01%, while in USD it increased by 0.2 pp and is near 2.9%. For euro-denominated loans NPLs did not change and equals to 3.6% (see Figure 4). According to the credit conditions survey, representatives of the banking sector expect slight decrease in the share of NPLs in business loans in the next quarter.

In the third quarter of 2025, compared to the previous quarter, the share of rejected loans in corporate slightly increased, while it declined in SME loans. In the third quarter, compared to the previous quarter, the share of rejected loans in SME loans issued in national currency declined by 2 pp and amounted to 28%. While for foreign currency SME loans, it declined by 1.3 pp and amounted to 14.5%. For corporate portfolio, the share of rejected loans issued in national currency increased by 0.6 pp and amounted to 1.8%, while, in foreign currency it increased by 0.1 pp to 0.9% (see Figure 4).

[4] Interest rates on SME and large business loan flows issued within a month.

[5] Starting from June 2023, the third-quarter report includes credit quality indicators calculated using the IFRS-9 approach.

Figure 4. Share of NPL[6] and Rejected loans in business loans



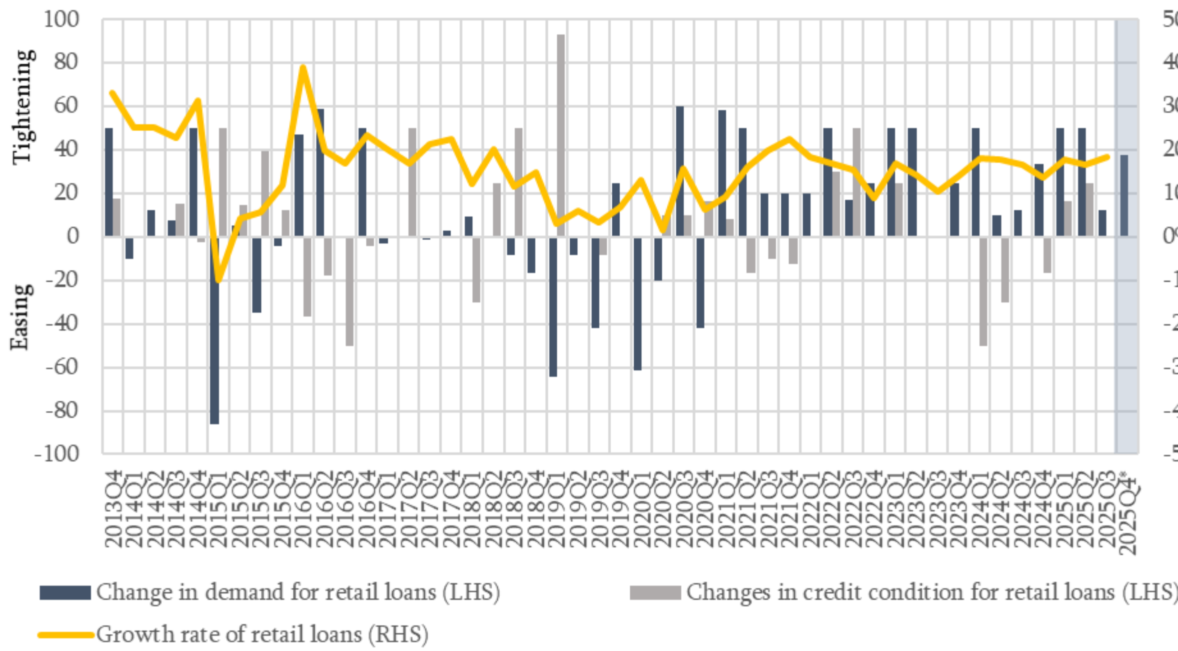
Source: NBG.

[6] The graph displays NPL ratios calculated according to the NBG's methodology until June 2023, while data from June 2023 onwards reflects calculations based on the IFRS 9 methodology.

Credit conditions and trends for retail loans

According to the credit conditions survey, in the third quarter of 2025, compared to the previous quarter, demand for retail loans increased. In the next quarter, an increase in demand for retail loans is also expected. In particular, according to the data available to National Bank of Georgia, in the third quarter, the annualized Q-o-Q growth rate[7] of the retail loans amounted to 18.3% (see Figure 5). In terms of currencies, the growth of retail loan portfolio was mainly driven by domestic currency loans. Representatives of the banking sector expect an increase in demand for retail loans in the next quarter.

Figure 5. Changes in demand for retail loans and credit conditions [8]



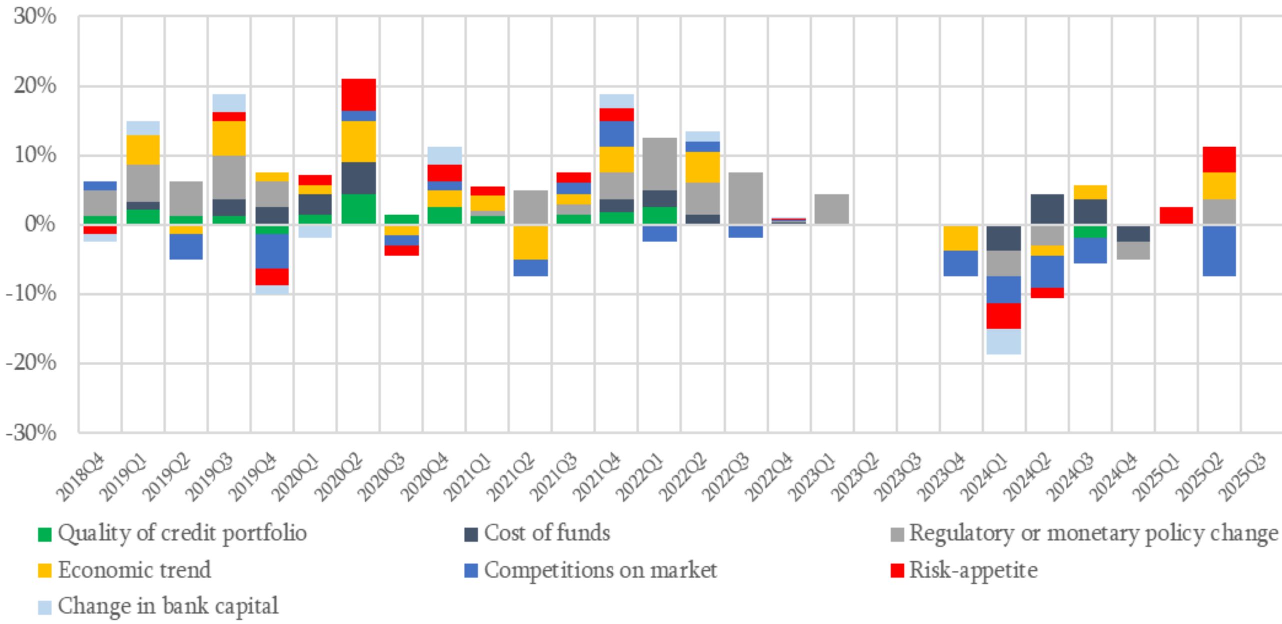
Source: Credit conditions Survey, NBG.

In the third quarter of 2025, credit conditions for the retail loans did not change. According to the data available to the National Bank, in the third quarter of 2025, loan maturity for mortgage loans did not change compared to the previous quarter. Additionally, according to the distribution of loan-to-value ratio (LTV), the share of loans for which LTV is more than 50% declined slightly, compared to the previous quarter. For PTI distribution, the share of loans for which PTI is more than 50% slightly increased. Overall, based on the respondent responses, we can conclude that credit conditions did not change (see Figures 6-8). Respondents do not anticipate credit conditions to be changed in the next quarter.

[7] This data reflects the annualized growth of seasonally adjusted loans, excluding the exchange rate effect.

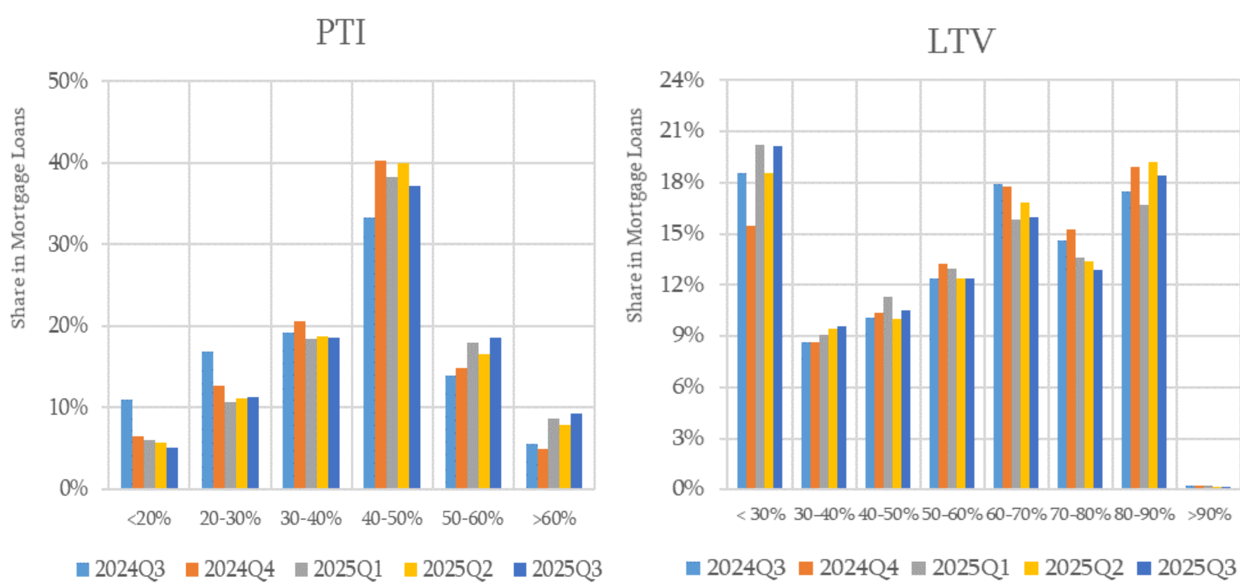
[8] For further details please refer to footnote 2.

Figure 6. Factors affecting changes in the credit conditions for retail loans [9]



Source: Credit conditions Survey

Figure 7. Distribution of payment-to-income (PTI) and loan-to-value (LTV) ratios

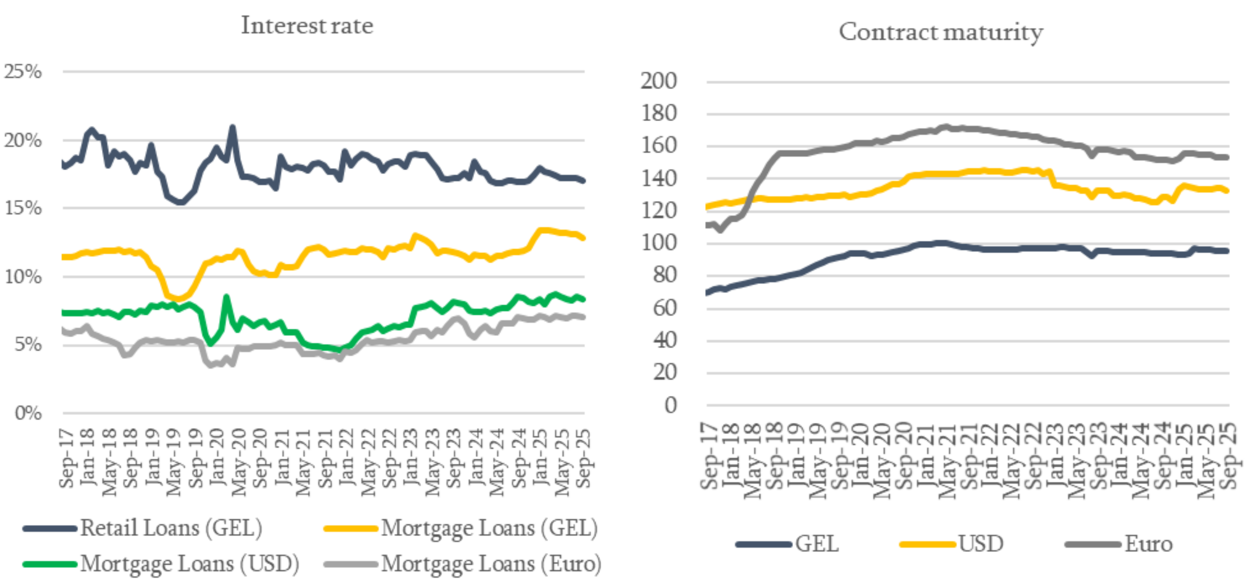


Source: NBG

[9] See notes of Figure 2.

Interest rates for retail loans declined slightly. In particular, in September, interest rates for consumer loans issued in domestic currency decreased by 0.2 pp and is around 17.1%. For mortgage loans issued in national currency, interest rates declined to 12.9%. Whereas for foreign currency dominated loans, interest rate for mortgage loans issued in USD declined by 0.1 pp and equals to 8.3%, while for mortgages issued in euro interest rate is around 7.1% (see Figure 8). Respondents to the survey anticipate a slight decrease in interest rates for mortgage loans in the next quarter.

Figure 8. Interest rates and contract maturity for retail loans[10]



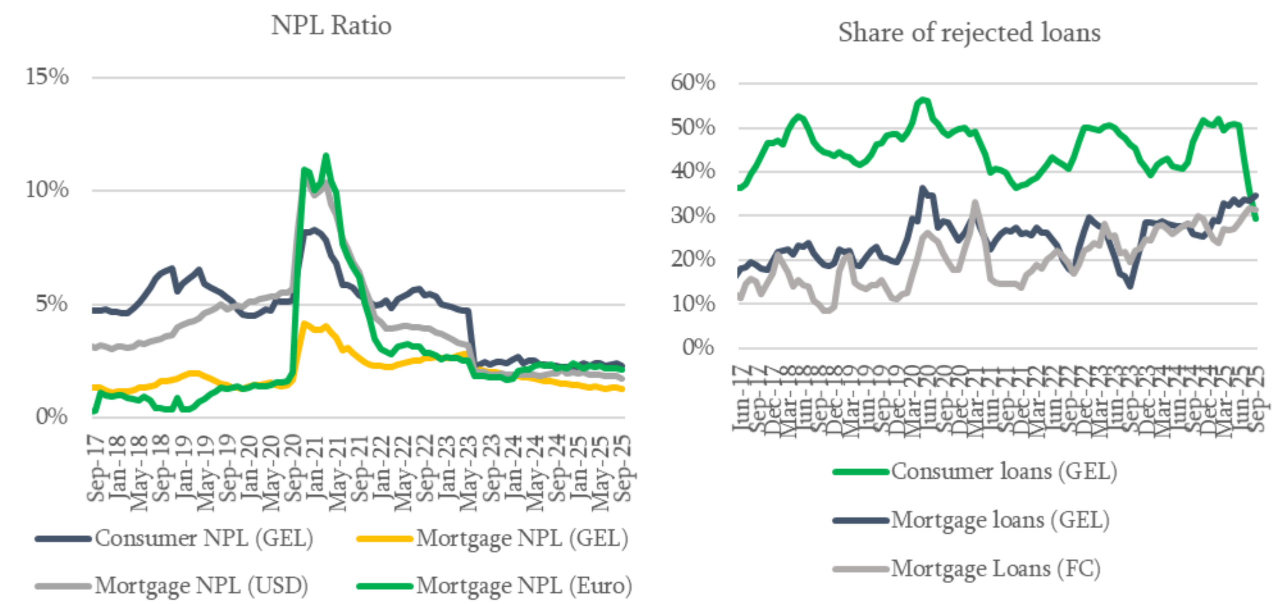
Source: NBG

In the third quarter of 2025, compared to the previous quarter, the share of non-performing loans (NPL) did not change significantly. In particular, according to the data available to the National Bank, the share of NPLs in mortgage loans is still near 1.5%, while it did not change and amounts to 2.4% in consumer loans. In terms of currencies, the share of NPLs in euro-denominated mortgage loans declined to 2.1%, while in USD it is around to 1.8%. The share of NPLs in mortgage loans issued in GEL is near 1.3% (see Figure 9). Representatives of the banking sector do not anticipate changes in NPL ratio for consumer loans in the fourth quarter of 2025.

In the third quarter of 2025, the share of rejected loans decreased. In the third quarter of 2025, the share of rejected consumer loans issued in domestic currency declined to 29% compared to the previous quarter. Meanwhile, for mortgage loans issued in domestic the share of rejected loans is around to 35%, and it increased to 31% in foreign currency (See Figure 9).

[10] Interest rates on retail loan flows issued within a month.

Figure 9. Share of NPLs[11] and Rejected loans in retail loans



Source: NBG

[11] The graph displays NPL ratios calculated according to the NBG's methodology until June 2023, while data from June 2023 onwards reflects calculations based on the IFRS 9 methodology.

Disclaimer

The report was prepared by the Financial Stability Analysis and Macro-Financial Modeling Division of the Financial Stability Department of the National Bank of Georgia. The expectations presented in this report reflect only the assessment of the respondents of the credit conditions survey on the future trends of lending and not the expectations of the representatives of the National Bank. The statistics presented in the report on the current trends of lending are intended for current analytical purposes only, as some of the data presented here may be subject to periodic review and, consequently, they may contain measurement errors. Although every effort is made to ensure their timeliness, correctness, and completeness, the full accuracy of the data is not guaranteed by the National Bank of Georgia. Some data published in the report may differ from those published on the official website of the National Bank website because supervisory data is used in the calculations.

Data are presented as of 30/09/2025.

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