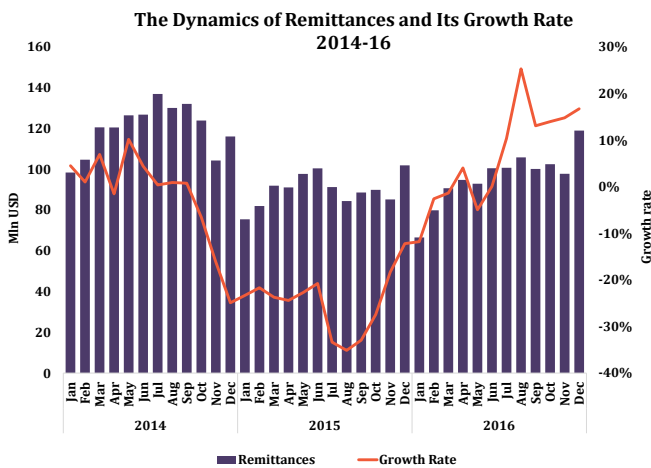


In 2016, compared to 2015:

- The volume of remittances increased by 6.6% and amounted to 1.1 bln USD;
- Remittances from Russia, the leading source country, makes up 34.3% of total remittances, a decrease of 8.8%.
- The United States moved from fourth to second place, reaching 11.1% of total remittances;
- United States is in the first position in terms of remittances per migrant and is 1.2 times higher than remittances per migrant from Russia.



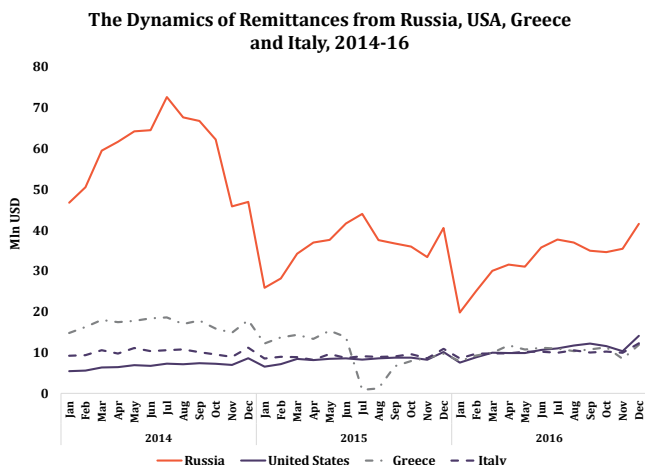
In 2016, compared to 2015, the volume of remittances increased by 6.6% (by 71.3 mln USD) and amounted to 1.1 bln USD. In the first quarter, compared to the corresponding period of the last year, remittances decreased by 4.9% (-12.3 mln USD), and it also declined in the second quarter by 0.4% (-1.1 mln USD). However, in the last two quarters remittances increased, in the third quarter by 16% (42.4 mln USD), and in the fourth quarter by 15.2% (42.2 mln USD).

It should be noted that the highest volume of remittances (119 mln USD) was recorded in December, which is 16.7% higher than in December 2015.

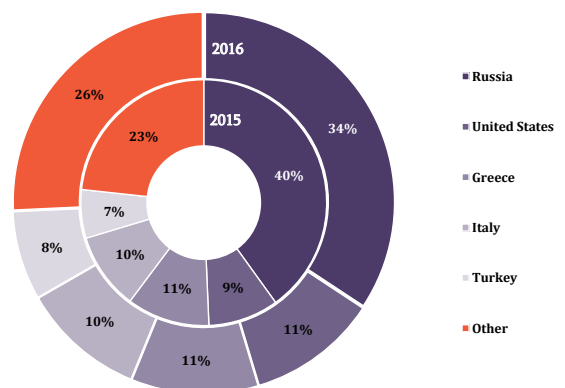
Source: National Bank of Georgia

In the first three-quarters of 2016, compared to the same period of 2015, the volume of remittances from Russia decreased by 15.1% (-13.4 mln USD), 15.4% (-17.8 mln USD) and 7.4% (-8.7 mln USD) respectively. Only in the fourth quarter was there an increase and this was by 1.6% (1.7 mln USD). Remittances from the United States increased in all four quarters of 2016 by 18.9% (4.2 mln USD), 20.7% (5.2 mln USD), 36.5% (9.3 mln USD) and 32.8% (8.9 mln USD) respectively.

In the first two quarters of 2016, compared to the corresponding period of the previous year, the volume of remittances from Greece decreased by 32.7% (-13.2 mln USD) and 20.7% (-8.8 mln USD) respectively. However, it increased in the third quarter (269%, 23.4 mln USD) and fourth quarter (20.5%, 5.4 mln USD). In all four quarters of 2016, the volume of remittances increased from Italy by 6.5% (1.7 mln USD), 13.9% (3.7 mln USD), 12.7% (3.4 mln USD) and 11.4% (3.3 mln USD) respectively.



The Structure of Remittances by Countries, 2015-16

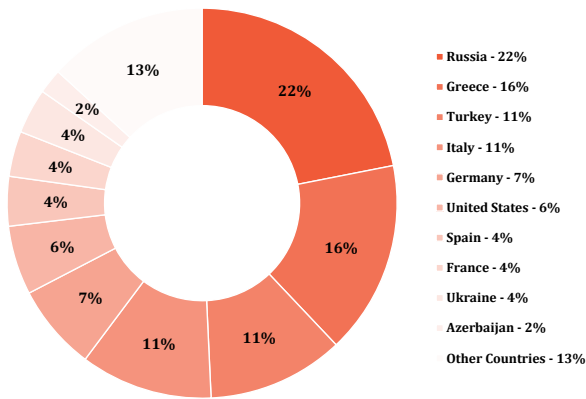


Source: National Bank of Georgia

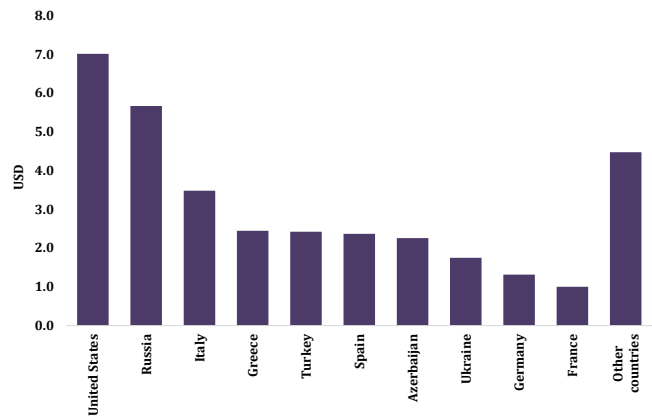
In 2016, the structure of remittances by country was as follows: 34.3% of total remittances come from Russia (394.5 mln USD), 11.1% (127.7 mln USD) from the United States, 10.8% (124.6 mln USD) from Greece, 10.5% (121.2 mln USD) from Italy and 7.6% (87.1 mln USD) from Turkey.

In 2016, the highest volume of remittances was from Russia, however, its volume decreased by 8.8% (-38.2 mln USD), compared to 2015. In the same period, the United States changed its position from fourth to second place in terms of remittances and increased by 27.6% (by 27.6 mln USD) compared to the corresponding indicator of the last year. Meanwhile, the volume of remittances increased from Greece (5.8%, 6.8 mln USD), Italy (11.2%, 12.2 mln USD) and Turkey (26.3%, 18.1 mln USD).

The Structure of Migrants by Countries



The volume of Remittances per Migrant (Assumption: 1 migrant sends 1 USD from France)



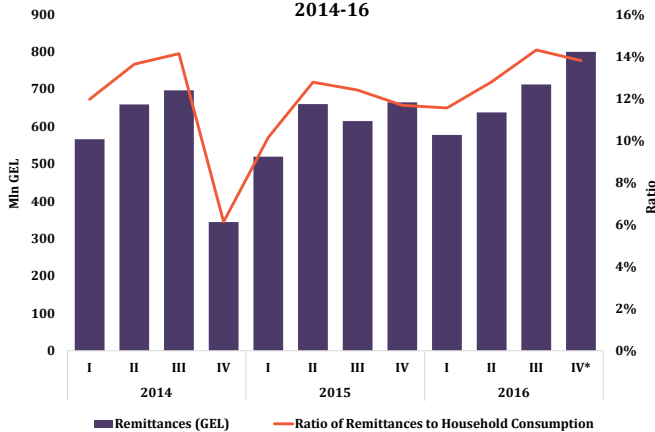
Source: National Statistics Office of Georgia
National Bank of Georgia

According to the Census 2014, most Georgian emigrants live in Russia (22% of the total number of emigrants). Greece (16%), Turkey (11%), Italy (11%) and Germany (7%) are the others in the top five countries in terms of remittances.

It should be noted that only 5.7% of Georgian emigrants live in the United States, even though the United States has the highest volume of remittance per migrant. If we assume that 1 migrant sends 1 USD from Greece on average than one migrant sends 7 USD (7 times more) from the USA on average, that is approximately 1.2 times higher than the average volume of remittances per migrant from Russia (5.7 USD).

The average volume of remittances per migrant from Italy (3.5 USD) is 1.4 times higher than the same indicator for Greece (2.4 USD). The average volume of remittances per migrant from Germany is low (1.3 USD) which can be explained by the fact that most of them are students.

The Ratio of Remittances to Household Consumption, 2014-16



Source: National Statistics Office of Georgia
National Bank of Georgia

In 2016, the total volume of remittances is approximately 8.2% of preliminary GDP, and the ratio to household consumption is approximately 13%*. In the first and third quarters of 2016, the ratio of remittances to consumption increased by 1.4 and 1.9 percentage points and equaled 11.5% and 14.3% respectively. In the second quarter, the indicator did not change, compared to the same period of 2015 and equaled 12.8%.

According to a preliminary estimation in the fourth quarter of 2016, the ratio of remittances to household consumption is 13.8% which is 2.1 percentage points higher than the same period in 2015.

* Based on inflation and preliminary real GDP growth (1.2%), in the fourth quarter of 2016 household consumption is almost 5.8 bln GEL, so its ratio to remittances will be 13.8%.

Basic Economic Indicators	2014	I 2015	II 2015	III 2015	IV 2015	2015	I 2016	II 2016	III 2016
Nominal GDP (Mln USD)	16528.5	3325.0*	3407.6*	3545.0*	6682.3*	13959.9*	3018.8*	3650.9	3767.3
Per Capita GDP (USD)	3680.8	884.5*	913.4*	950.5*	994.7*	3743.1*	811.4*	981.3	1012.6
GDP Real Growth (%)	4.8%	3.2%*	2.5%*	2.5%*	2.9%*	2.8%*	2.6%*	3.0%*	2.3%*
Inflation	3.1%					4.0%			
Foreign Direct Investment (Mln USD)	1 758.4	175.3*	354.7*	489.0*	267.9*	1 351.1*	376.4*	446.0*	463.3
Unemployment Rate (%)	12.4%					12%			
External Government Debt (Mln USD)	4200	3989	4181	4195	4315	4315	4396	4404	4461
Poverty Level (Relative)	21.4%					20.1%			

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

<http://comtrade.un.org/data/>

Forecast*