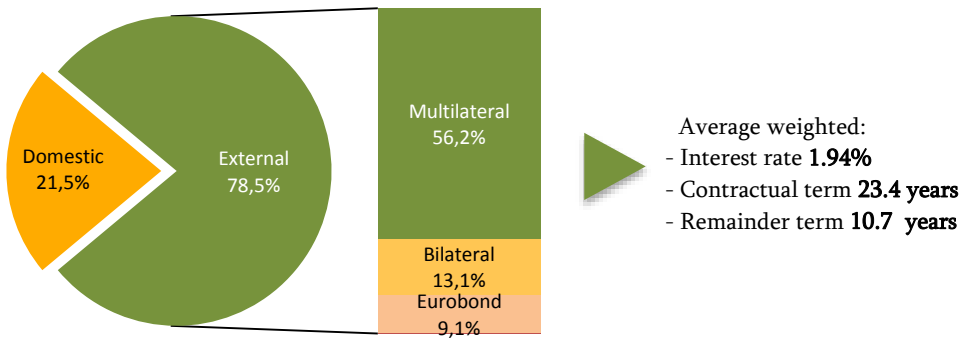


State Debt

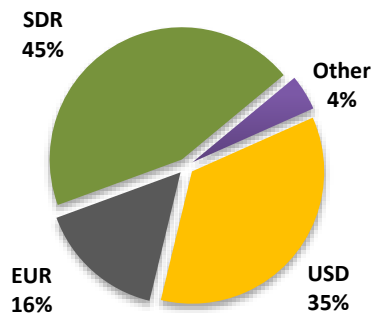
The balance of the state external debt as of December 31, 2015 comprises of 10,333.78 million GEL, which is 78,5% of the gross state debt. A great part of these credits comes from multilateral and bilateral donors/partners for funding the priority infrastructural projects of the country. Portfolio of the state external debt is concessional and consists of long-term loans – the contracted weighted timeframe of the portfolio is 23.4 years, the average weighted remainder term is about 10.7 years, while the average weighted interest rate of the state external debt comprises of 1.94%.

State Debt Structure as of December 31, 2015

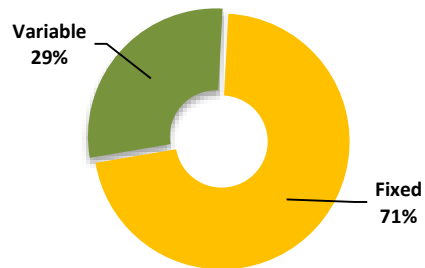


As of December 31, 2015, 71% of the portfolio of the state external debt consists of fixed-rate credits. This situation contributes to the protection of the parameters of the state external debt service from the exogenous fluctuations of interest rate and ensures maintenance of debt service expanses at lower level. 44.6% of the State external debt is denominated in SDR (Special Drawing Rights) due to a large share of financial resources of World Bank, International Monetary Fund and the Asian Development Bank.

Monetary structure



Type of Interest rate



Structure of the State External Debt as of December 31, 2015

Creditor	Credit Currency	Balance (in thousands)			Interest Rate	Interest Rate 31.12.2015	Weighted Interest Rate
		In Credit Currency	In USD	In GEL			
State External Debt			4,314,909	10,333,776			
Multilateral Creditors			3,090,441	7,401,297			
International Development Association (WB - IDA)	SDR	692,490	959,604	2,298,157	0.75%	0.75%	0.17%
		175,890	243,737	583,725	2.00%	2.00%	0.11%
		6,846	9,487	22,720	2.15%	2.15%	0.01%
International Bank for Reconstruction and Development (WB - IBRD)	USD	55,680	55,680	133,348	LIBOR + Variable Spread	1.23%	0.02%
		206,629	206,629	494,855		1.03%	0.05%
		42,336	42,336	101,389		1.09%	0.01%
		85,946	85,946	205,833		1.30%	0.03%
		7,897	7,897	18,912		1.15%	0.00%
		7,703	7,703	18,449		1.10%	0.00%
		101,809	101,809	243,822		1.43%	0.03%
		5,150	5,150	12,334		1.60%	0.00%
International Bank for Agriculture Development (IFAD)	SDR	120,000	120,000	287,388	(SDR LIBOR + IBRD Variable Spread)/2	1.37%	0.04%
		15,297	21,198	50,767		0.75%	0.00%
		1,080	1,496	3,583		2.00%	0.00%
International Monetary Fund (IMF PRGF, NBG)	SDR	4,742	6,571	15,736		0.58%	0.00%
International Monetary Fund (SBA)	SDR	14,000	19,400	46,462	0.00%	0.00%	0.00%
International Monetary Fund (SBA)	SDR	80,000	110,858	265,495	SDR Rate of Charge	1.05%	0.03%
European Union (EU)	EUR	10,000	10,927	26,169	0.52%	0.52%	0.00%
European Bank for Reconstruction and Development (EBRD)	EUR	76,084	83,137	199,105	EURIBOR+ 1%	0.87%	0.02%
Asian Development Bank (ADB)	SDR	226,120	313,341	750,420	1% during grace period 1.5% thereafter	1.00%	0.07%
		87,438	121,166	290,180		2.00%	0.06%
		38,429	53,252	127,533		1.60%	0.02%
		46,879	64,962	155,577		1.00%	0.02%
	EUR	19,892	21,735	52,054	EURIBOR + Fixed Spread	0.53%	0.00%
	USD	83,333	83,333	199,575	LIBOR + Fixed Spread	0.72%	0.01%
		26,769	26,769	64,108		1.15%	0.01%
		34,949	34,949	83,699		1.35%	0.01%
		4,389	4,389	10,512		1.23%	0.00%

		16,000	16,000	38,318		0.98%	0.00%
		17,709	17,709	42,411		1.00%	0.00%
European Investment Bank (EIB)		91,061	99,502	238,298	EURIBOR+0.75%	0.62%	0.01%
		6,194	6,769	16,210	EURIBOR + 0.81%	0.68%	0.00%
		40,000	43,708	104,676	EURIBOR + 0.82%	0.69%	0.01%
	EUR	23,226	25,379	60,780	1.69%	1.69%	0.01%
		20,000	21,854	52,338	1.94%	1.94%	0.01%
		10,000	10,927	26,169	1.65%	1.65%	0.00%
		23,000	25,132	60,189	EURIBOR + 0.858%	0.73%	0.00%
Bilateral Creditors			722,314	1,729,871			
Austria	EUR	10,930	11,943	28,603	1.00%	1.00%	0.00%
Azerbaijan	USD	10,695	10,695	25,613	3.00%	3.00%	0.01%
Turkmenistan	USD	211	211	505	4.00%	4.00%	0.00%
Turkey	USD	20,471	20,471	49,025	3.00%	3.00%	0.01%
Iran	USD	8,312	8,312	19,906	3.00%	3.00%	0.01%
Russia	USD	86,823	86,823	207,932	4.00%	4.00%	0.08%
Armenia	USD	12,447	12,447	29,809	3.00%	3.00%	0.01%
Uzbekistan	USD	242	242	581	3.00%	3.00%	0.00%
Ukraine	USD	221	221	530	3.00%	3.00%	0.00%
Kazakhstan	USD	27,774	27,774	66,516	4.00%	4.00%	0.03%
China	CNY	21,000	3,236	7,750	0.00%	0.00%	0.00%
Germany (KfW)	EUR	36,906	40,327	96,579	2.00%	2.00%	0.02%
		61,364	67,052	160,583	5.96%	5.96%	0.09%
		4,801	5,246	12,563	4.20%	4.20%	0.01%
		9,837	10,748	25,741	2.20%	2.20%	0.01%
		126,959	138,728	332,239	0.75%	0.75%	0.02%
Japan	JPY	3,248,200	26,965	64,577	2.30%	2.30%	0.01%
		2,118,809	17,589	42,124	0.01%	0.01%	0.00%
		15,193,185	126,125	302,056	0.65%	0.65%	0.02%
		264,515	2,196	5,259	1.30%	1.30%	0.00%
Kuwait	KWD	4,852	15,987	38,288	3.00%	3.00%	0.01%
The Netherlands	EUR	180	196	470	4.20%	4.20%	0.00%
		1,009	1,103	2,642	5.10%	5.10%	0.00%
USA	USD	7,644	7,644	18,306	2.25%	2.25%	0.00%
		459	459	1,100	1.50%	1.50%	0.00%
		9,189	9,189	22,006	2.50%	2.50%	0.01%
France	EUR	10,046	10,046	24,060	2.00%	2.00%	0.01%
		19,814	21,651	51,852	1.10%	1.10%	0.01%
		2,479	2,709	6,488	0.17%	0.17%	0.00%
		8,296	9,065	21,710	EURIBOR + 2.1%	2.10%	0.00%
		24,632	26,915	64,459	EURIBOR + 1.8%	1.67%	0.01%
Securities			500,000	1,197,450			
Eurobonds 2021	USD	500,000	500,000	1,197,450	6.88%	6.88%	0.80%

Guaranteed Credits			2,154	5,158			
Germany (KfW)	EUR	1,971	2,154	5,158	0.75%	0.75%	0.00%
Average weighted Interest rate							1.94%

543,800 thousand GEL was spent from the draft state budget for 2015 to cover the state foreign liabilities and services, out of which 369,506 thousand GEL was for covering the principal amount and 174,294 thousand was for covering the interest rate.

Service and Repayment of State Foreign Liabilities in 2015

Thousand GEL

Creditors	Debt Repayment	Interest Rate	Total in 2016
Total	369,506	174,294	543,800
Austria	-	281	281
Kuwait	4,227	1,132	5,359
Japan	4,473	2,587	7,060
Germany	37,427	15,711	53,138
USA	3,830	1,526	5,355
Armenia	2,437	927	3,365
Azerbaijan	1,881	778	2,659
Iran	1,504	606	2,110
The Netherlands	321	165	485
Russia	16,399	8,597	24,996
Turkey	3,570	1,613	5,184
Ukraine	57	17	74
Uzbekistan	63	18	81
France	14,933	4,235	19,168
China	1,106	-	1,106
IDA	100,480	25,350	125,830
IBRD	22,829	8,436	31,265
IFAD	1,971	459	2,430
EBRD	18,230	2,643	20,873
EIB	4,392	4,661	9,054
ADB	19,048	11,782	30,829
IMF	110,328	2,982	113,310
Eurobonds	-	79,786	79,786

The Ministry of Finance implements emission of 12-months treasury bills and a 2-year, 5-year and 10-year treasury bonds. As of 31 December, 2015 at the last auction for treasury bills and bonds, the average weighted interest rate amounted: for 12 months - 11.5%, for a 2-year - 13.2 %, for a 5-year - 14.2% and for a 10-year -13.8%.

Note: The volume of so-called "Historic debt" is approximate, because the most part of this category needs to be specified.

As of December 31, 2015 the State domestic debt amounts to 2 155.3 million GEL (the nominal cost of the government securities to be covered comprises of 2 187.2 million GEL), out of this 1 617.4 million GEL is the balance of the section of the treasury bills and bonds, while 537.8 GEL is in the section of the “State Bonds for NBG and Open Market Operations”.

The volume of uncovered Government securities in nominal terms and according to their type and time limit as of December 31, 2015

	<i>Thousand GEL</i>
Total	2,187,152
Treasury Securities	1,649,306
12 months Treasury Bills	409,000
2-year Treasury bonds	550,784
5-year Treasury bonds	554,522
10-year Treasury bonds	135,000
Other government securities	537,846
State Bond for NBG	400,846
State Bonds for Open Market Operations	137,000

As of December 31, 2015 decrease of domestic liabilities amounted 532,169.9 thousand GEL, including the repayment of principal amount of treasure liabilities and treasury bonds 497,169.9 thousand GEL, as well as the repayment of principal amount of the state bonds (NBG debt) 35,000 thousand GEL in accordance with the agreement signed between the Georgian Government and the National Bank of Georgia on 15 May, 2006 to make amendment to the agreement signed on 20 March, 2006 “On Measures Regarding the Debt Repayment to the NBG by the Government of Georgia”. During 2015 as a result of the issue of treasury liabilities and treasury bonds the planned increase of domestic liabilities comprised of 314,680.1 thousand GEL. Accordingly, as a result of issue of treasury bills and treasury bonds the change (net increase/decrease) of domestic liabilities is determined by 210,979.9 thousand GEL, out of which, in order to ensure the sustainable growth resources from the planned 100 million emissions in the first quarter of 2015, the amount is comprised of 99,996.0 GEL. Accordingly, the commercial banks had the sustainable financial resources to fund economic credits.

According to the paragraph 7 of the article 20 of the Law on “State budget 2015 of Georgia”, under the decree #29 of Georgian Government dated January 15,2015, in order to ensure sustainable financial resources to the growth of economy, the law on state securities issuance, circulations, accounting and funding was determined. Based on the above mentioned decree, for the purpose of ensuring sustainable financial resources to the economic growth, all active commercial banks in Georgia were eligible to buy state securities, as of the amount of their capital share in the bank sector dated by September 30, 2014.

By the end of 2015 the volume of the state debt in respect to the nominal GDP is comprised approximately 41,5%, out of which the state external debt is approximately 32.6%, and state domestic debt is approximately 8.9%.

State External Debt Total Volume as for December 31,2015

Thousand GEL

Creditors		Balance 31.12.2015
Total External Credit Volume Taken by the State and by the State Guarantees		10,333,776
From Multilateral Creditors		7,354,836
1	World Bank (WB)	4,420,932
2	International Bank for Agriculture Development (IFAD)	70,087
3	International Monetary Fund (IMF)	265,495
4	European Bank for Reconstruction and Development (EBRD)	199,105
5	European Union (EU)	26,169
6	Asian Development Bank (ADB)	1,814,388
7	European Investment Bank (EIB)	558,660
From Bilateral Creditors		1,729,871
1	Austria	28,603
2	Azerbaijan	25,613
3	Turkmenistan	505
4	Turkey	49,025
5	Iran	19,906
6	Russia	207,932
7	Armenia	29,809
8	Uzbekistan	581
9	Ukraine	530
10	Kazakhstan	66,516
11	China	7,750
12	Germany	627,705
13	Japan	414,016
14	Kuwait	38,288
15	The Netherlands	3,112
16	USA	65,472
17	France	144,508
Other External liabilities		1,197,450
1	Eurobonds	1,197,450
Credits taken by State Guarantees		5,158
1	Germany	5,158
International Monetary Fund (National Bank)		46,462
Volume of Domestic Debt		2,827,594
1	A one-year annually renewable state bonds intended for the National Bank of Georgia	400,846
2	Various time limit government bonds for open market operations	137,000
3	Ministry of Finance Treasury Bills	381,066
4	Ministry of Finance Treasury Bonds	1,236,356
5	Historic Debt	672,325
Total volume of State Debt		13,161,370

Note: The currency exchange rate used in the tables are presented by that date;
The volume of so-called "Historic debt" is approximate, because the most part of this category needs to be specified.

