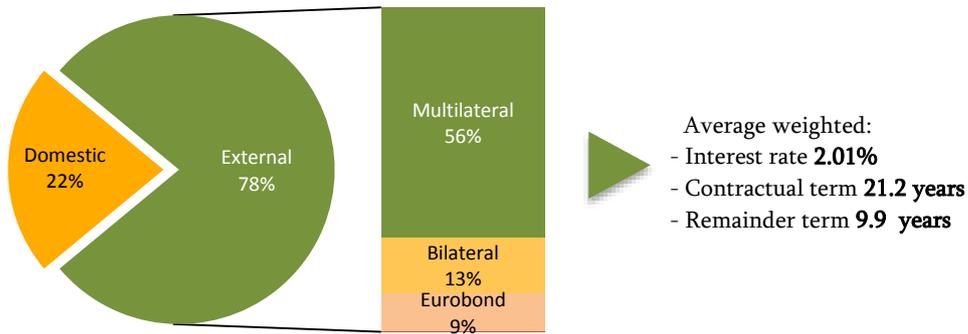


State Debt

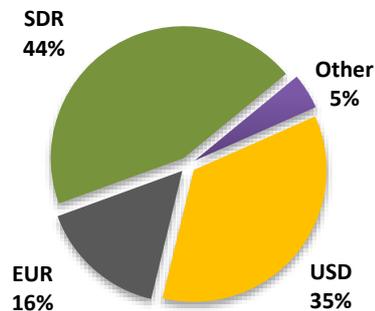
The balance of the state external debt as of 30 September, 2016 comprises of 10,394.48 million GEL, which is 78% of the gross state debt. A great part of these credits comes from multilateral and bilateral donors/partners for funding the priority infrastructural projects of the country. Portfolio of the state external debt is concessional and consists of long-term loans – the contracted weighted timeframe of the portfolio is 21.2 years, the average weighted remainder term is about 9.9 years, while the average weighted interest rate of the state external debt comprises of 2.01%.

State Debt Structure as of 30 September, 2016

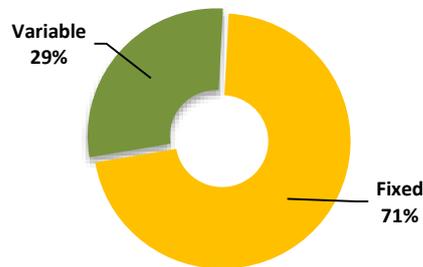


As of 30 September, 2016, 71% of the portfolio of the state external debt consists of fixed-rate credits. This situation contributes to the protection of the parameters of the state external debt service from the exogenous fluctuations of interest rate and ensures maintenance of debt service expenses at lower level. 44% 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 30 September, 2016

Creditor	Credit Currency	Balance (in thousands)		Interest rate	Interest Rate 30.09.2016	Weighted Interest Rate
		In USD	In Gel			
State External Debt		4,461,727	10,394,485			
Multilateral Creditors		3,190,590	7,433,118			
International Development Association (WB-IDA)	SDR	930,482	2,167,743	0,75%	0,75%	0,156%
		266,124	619,989	2,00%	2,00%	0,119%
		9,556	22,262	2,15%	2,15%	0,005%
International Bank for Reconstruction and Development (WB-IBRD)	USD	197,961	461,190	LIBOR + Variable Spread	1,19%	0,053%
		52,384	122,038		1,39%	0,016%
		33,022	76,932		1,47%	0,011%
		11,156	25,991		1,48%	0,004%
		93,978	218,941		1,51%	0,032%
		112,823	262,843		1,59%	0,040%
		350	815		1,75%	0,000%
		120,023	279,616		1,77%	0,048%
		5,150	11,998		1,81%	0,002%
		32,336	75,332		1,86%	0,013%
	700	1,631	2,16%	0,000%		
International Bank for Agriculture Development (IFAD)	SDR	20,739	48,316	0.75%	0.75%	0.00%
		1,507	3,511	2.00%	2.00%	0.00%
		5,449	12,695	(SDRLIBOR+IBRD variable Spread)/2	0,67%	0,001%
International Monetary Fund (IMF PRGF, NBG)	SDR	7,817	18,210	0,00%	0,00%	0,000%
International Monetary Fund (SBA)	SDR	111,665	260,146	SDR Rate of Charge	1,05%	0,026%
European Union (EU)	EUR	11,217	26,132	0,52%	0,52%	0,001%
European Bank for Reconstruction and Development (EBRD)	EUR	89,622	208,792	EURIBOR+1%	0.80%	0,016%
Asian Development Bank (ADB)	SDR	65,434	152,442	Fix	1,00%	0,015%
		365,730	852,041		1,50%	0,123%
		53,640	124,964		1,60%	0,019%
		128,783	300,027		2,00%	0,058%
	EUR	22,312	51,980	EURIBOR+Fixed Spread	0.00%	0.00%
	USD	16,000	32,275	LIBOR+ Fixed Spread	1,30%	0,005%
		34,842	81,170		1,31%	0,010%
		75,000	174,728		1,48%	0,025%
36,469		84,961	1,51%		0,012%	

		10,930	25,463		1,57%	0,004%
		17,974	41,875		1,73%	0,007%
		2,083	4,854		1,88%	0,00%
European Investment Bank (EIB)	EUR	9,368	21,825	Fix	0,86%	0,002%
		11,217	26,132		1,65%	0,004%
		26,052	60,694		1,69%	0,010%
		22,434	52,264		1,94%	0,010%
		100,836	234,917	EURIBOR+0.75%	0,61%	0,014%
		6,948	16,187	EURIBOR+0.81%	0,64%	0,001%
		44,680	104,090	EURIBOR+0.82%	0,65%	0,007%
		22,434	52,264	EURIBOR+0.505%	0,51%	0,003%
		3,365	7,840	EURIBOR+0.858%	0,86%	0,001%
Bilateral creditors		768,992	1,791,520			
Austria	EUR	12,260	28,562	1,00%	1,00%	0,003%
Azerbaijan	USD	9,937	23,150	3,00%	3,00%	0,007%
Turkmenistan	USD	211	492	4,00%	4,00%	0,000%
Turkey	USD	19,016	44,302	3,00%	3,00%	0,013%
Iran	USD	7,728	18,004	3,00%	3,00%	0,005%
Russia	USD	80,813	188,269	4,00%	4,00%	0,072%
Armenia	USD	11,596	27,016	3,00%	3,00%	0,008%
Uzbekistan	USD	228	531	3,00%	3,00%	0,000%
Ukraine	USD	208	485	3,00%	3,00%	0,000%
Kazakhstan	USD	27,774	64,705	4,00%	4,00%	0,025%
China	CNY	2,701	6,292	0,00%	0,00%	0,000%
Germany (KfW)	EUR	139,949	326,039	0.75%	0.75%	0,024%
		41,264	96,132	2,00%	2,00%	0,018%
		65,008	151,448	5,96%	5,96%	0,087%
		7,639	17,796	4,20%	4,20%	0,007%
		18,479	43,050	2,20%	2,20%	0,009%
		1,387	3,231	1,65%	1,65%	0,001%
		101	235	1,90%	1,90%	0,000%
Japan	JPY	29,450	68,609	2,30%	2,30%	0,015%
		22,459	52,324	0,01%	0,01%	0,000%
		151,985	354,081	0,65%	0,65%	0,022%
		2,346	5,465	1,30%	1,30%	0,00%
Kuwait	KWD	14,702	34,251	3,00%	3,00%	0,010%
The Netherlands	EUR	187	435	4,20%	4,20%	0,001%
		1,064	2,478	5,10%	5,10%	0,000%
United States of America	USD	6,879	16,027	2,25%	2,25%	0,003%
		421	981	1,50%	1,50%	0,000%
		9,189	21,407	2,50%	2,50%	0,005%
		10,046	23,405	2,00%	2,00%	0,005%
France	EUR	24,088	56,119	1,10%	1,10%	0,006%
		9,131	21,273	1,41%	1,41%	0,003%
		5,855	13,641	0,17%	1,17%	0,000%
		8,375	19,511	EURIBOR+2,1%	2,10%	0,004%
		3,975	9,260	EURIBOR+2,2%	2,20%	0,002%
		22,541	52,515	EURIBOR+1,8%	1,8%	0,009%
Securities		500,000	1,164,850			

Eurobonds 2021	USD	500,00	1,164,850	6875%	6875%	0,770%
Guaranteed Credits		2,145	4,997			
Germany (KfW)	EUR	2,145	4,997	0,75%	0,75%	0,000%
Average weighted interest rate						2,01%

During January-September 346,562.55 thousand GEL was spent from the draft state budget for 2016 to cover the state foreign liabilities and services, out of which 221,282.07 thousand GEL was for covering the principal amount and 125,280.49 thousand was for covering the interest rate.

Service and Repayment of State Foreign Liabilities in January-September of 2016

Thousand GEL

Creditors	Debt Repayment	Interest Rate	Total in 2016
Total	221,282.07	125,280.49	346,562.55
Austria	-	211.14	211.14
Kuwait	3,230.85	951.37	4,182.23
Japan	6,166.98	3,680.39	9,847.38
Germany	19,839.30	8,217.26	28,056.57
USA	1,909.28	409.10	2,318.38
Armenia	1,988.03	712.10	2,700.13
Azerbaijan	1,790.11	681.59	2,471.70
Iran	1,375.09	513.41	1,888.50
The Netherlands	188.27	83.98	272.24
Russia	14,098.30	6,920.55	21,018.84
Turkey	3,437.65	1,434.90	4,872.55
Ukraine	30.05	7.45	37.50
Uzbekistan	32.90	8.14	41.04
France	15,107.99	1,967.66	17,075.65
China	1,033.50	-	1,033.50
IDA	83,699.65	23,880.61	107,580.26
IBRD	26,095.91	13,095.45	39,191.36
IFAD	2,521.77	503.86	3,025.63
EBRD	15,463.68	1,788.33	17,252.01
EIB	3,448.59	4,040.45	7,489.04
ADB	19,824.17	14,343.40	34,167.56
IMF	-	2,076.76	2,076.76
EU	-	131.95	131.95
Eurobonds	-	39,620.63	39,620.63

The Ministry of Finance implements emission of 12-months treasury bills and a 2-year, 5-year and 10-year treasury bonds. As of 30 September, 2016 at the last auction for treasury bills and bonds, the average weighted interest rate amounted: for 12 months - 6.5%, for a 2-year - 6.9%, for a 5-year - 7.6% and for a 10-year - 9.6%.

As of September 30, 2016 the State domestic debt amounts to 2 338.2 million GEL (the nominal cost of the government securities to be covered comprises of 2 375.3 million GEL), out of this 1 828.4 million GEL is the balance of the section of the treasury bills and bonds, while 509.8 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 30 September, 2016

	<i>Thousand GEL</i>
Total	2,375,266
Treasury Securities	1,865,420
12 months Treasury Bills	560,000
2-year Treasury bonds	525,898
5-year Treasury bonds	614,522
10-year Treasury bonds	165,000
Other government securities	509,846
State Bond for NBG	360,846
State Bonds for Open Market Operations	149,000

As of 30 September, 2016 decrease of domestic liabilities amounted 693,244.3 thousand GEL, including the repayment of principal amount of treasure liabilities and treasury bonds 665,244.3 thousand GEL, as well as the repayment of principal amount of the state bonds (NBG debt) 28,000 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 the third quarter of 2016 as a result of the issue of treasury liabilities and treasury bonds the planned growth of domestic liabilities comprised of 876,224.2 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.

State External Debt Total Volume as for 30 September,2016

Thousand GEL

Creditors		Balance 30.09.2016
Total External Credit Volume Taken by the State and by the State Guarantees		10,394,485
From Multilateral Creditors		7,414,908
1	World Bank (WB)	4,347,322
2	International Bank for Agriculture Development (IFAD)	64,523
3	International Monetary Fund (IMF)	260,146
4	European Bank for Reconstruction and Development (EBRD)	208,792
5	Asian Development Bank (ADB)	1,931,781
6	European Union (EU)	26,132
7	European Investment Bank (EIB)	576,212
From Bilateral Creditors		1,791,520
1	Austria	28,562
2	Azerbaijan	23,150
3	Turkmenistan	492
4	Turkey	44,302
5	Iran	18,004
6	Russia	188,269
7	Armenia	27,016
8	Uzbekistan	531
9	Ukraine	485
10	Kazakhstan	64,705
11	China	6,292
12	Germany	637,931
13	Japan	480,479
14	Kuwait	34,251
15	The Netherlands	2,913
16	USA	61,819
17	France	172,319
Other External liabilities		1,164,850
1	Eurobonds	1,164,850
Credits taken by State Guarantees		4,997
1	Germany	4,997
International Monetary Fund (National Bank)		18,210
Volume of Domestic Debt		3,010,574
1	A one-year annually renewable state bonds intended for the National Bank of Georgia	360,846
2	Various time limit government bonds for open market operations	149,000
3	Ministry of Finance Treasury Bills	516,072
4	Ministry of Finance Treasury Bonds	1,312,331
5	Historic Debt	672,325
Total volume of State Debt		13,405,059

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.