

## PUBLIC DEBT

Balance of Public Debt as of October 31, 2016 is 10,736.28 MLN GEL, thus being 78% of the total Public Debt. Bulk of the referred credit resources have been obtained from multilateral and bilateral donor agencies and partner countries for the financing of priority infrastructure projects. External Public Debt portfolio is concessional and mainly consists of long-term loans – contracted weighted maturity of the portfolio is 21.2 years, average weighted maturity is about 9.87 years, while the average weighted interest rate of public debt is 2.01%.

### PUBLIC DEBT STRUCTURE AS OF OCTOBER 31, 2016

As of October 31, 2016 fixed interest rate bearing loans constitute to 71% of External Public Debt Portfolio. This fact leads to the protection of public debt service parameters from exogenic fluctuations of interest rates and ensures the maintenance of debt service cost at low level. Due to the large share of the International Monetary Fund (IMF), World Bank and Asian Development Bank (ADB) exposure, 43% of external public debt of Georgia is denominated in Special Drawing Rights (SDR).

### EXTERNAL PUBLIC DEBT STRUCTURE AS OF OCTOBER 31, 2016

Creditor	Currency	Balance (Thousands)		Interest Rate	Interest Rate 30.10.2016	Weighted Interest Rate
		USD	GEL			
<b>External Public Debt</b>		<b>4,456,554</b>	<b>10,736,284</b>			
<b>Multilateral Creditors</b>		<b>3,172,468</b>	<b>7,642,793</b>			
International Development Association (WB - IDA)	SDR	913,523	2,200,769	0.75%	0.75%	0.154%
		261,223	629,311	2.00%	2.00%	0.117%
		9,405	22,658	2.15%	2.15%	0.005%
International Development	USD	197,961	476,908	LIBOR + Variable Spread	1.19%	0.053%
		52,384	126,197		1.39%	0.016%

Creditor	Currency	Balance (Thousands)		Interest Rate	Interest Rate 30.10.2016	Weighted Interest Rate
		USD	GEL			
Association (WB - IBRD)		33,870	81,596		1.47%	0.011%
		11,156	26,877		1.48%	0.004%
		95,548	230,185		1.51%	0.032%
		114,484	275,804		1.59%	0.041%
		350	843		1.75%	0.000%
		120,000	289,092		1.77%	0.048%
		6,650	16,020		1.81%	0.003%
		32,336	77,900		1.86%	0.013%
		723	1,741		2.16%	0.000%
	International Fund of Agriculture Development (IFAD)	SDR	20,413	49,177	0.75%	0.75%
1,813			4,369	2.00%	2.00%	0.001%
5,364			12,921	(SDR LIBOR + IBRD Variable Spread)/2	0.67%	0.001%
International Monetary Fund (IMF PRGF,NBG)	SDR	5,770	13,901	0.00%	0.00%	0.000%
International Monetary Fund (SBA)	SDR	109,908	264,779	SDR Rate of Charge	1.05%	0.026%
European Union (EU)	EUR	10,908	26,278	0.52%	0.52%	0.001%
European Bank for Reconstruction and	EUR	88,126	212,306	EURIBOR+ 1%	0.80%	0.016%

Creditor	Currency	Balance (Thousands)		Interest Rate	Interest Rate 30.10.2016	Weighted Interest Rate
		USD	GEL			
Development (EBRD)		64,405	155,157	Fix	1.00%	0.014%
		360,458	868,380		1.50%	0.121%
	SDR	52,795	127,189		1.60%	0.019%
		126,757	305,370		2.00%	0.057%
Asian Development Bank (ADB)	EUR	21,697	52,271	EURIBOR + Fixed Spread	0.00%	0.000%
		16,000	38,546		1.30%	0.005%
		35,516	85,562		1.31%	0.010%
	USD	75,000	180,683	LIBOR + Fixed Spread	1.48%	0.025%
		36,469	87,857		1.51%	0.012%
		10,930	26,331		1.57%	0.004%
		17,974	43,302		1.73%	0.007%
		2,083	5,019		1.88%	0.001%
European Investment Bank EIB)	EUR	9,110	21,946	Fix	0.86%	0.002%
		21,816	52,556		0.87%	0.004%
		10,908	26,278		1.65%	0.004%
		25,334	61,033		1.69%	0.010%
		21,816	52,556		1.94%	0.009%

Creditor	Currency	Balance (Thousands)		Interest Rate	Interest Rate 30.10.2016	Weighted Interest Rate
		USD	GEL			
		96,375	232,176	EURIBOR+0.75%	0.61%	0.013%
		6,757	16,278	EURIBOR + 0.81%	0.64%	0.001%
		43,266	104,232	EURIBOR + 0.82%	0.65%	0.006%
		21,816	52,556	EURIBOR + 0.505%	0.51%	0.002%
		3,272	7,883	EURIBOR + 0.858%	0.86%	0.001%
<b>Bilateral Creditors</b>		<b>782,000</b>	<b>1,883,916</b>			
Austria	EUR	11,922	28,722	1.00%	1.00%	0.003%
Azerbaijan	USD	9,937	23,939	3.00%	3.00%	0.007%
Turkmenistan	USD	211	508	4.00%	4.00%	0.000%
Turkey	USD	19,016	45,812	3.00%	3.00%	0.013%
Iran	USD	7,728	18,618	3.00%	3.00%	0.005%
Russia	USD	80,813	194,685	4.00%	4.00%	0.073%
Armenia	USD	11,596	27,936	3.00%	3.00%	0.008%
Uzbekistan	USD	228	549	3.00%	3.00%	0.000%
Ukraine	USD	208	501	3.00%	3.00%	0.000%
Kazakhstan	USD	27,774	66,910	4.00%	4.00%	0.025%
China	CNY	2,655	6,396	0.00%	0.00%	0.000%
Germany (KfW)	EUR	136,093	327,861	0.75%	0.75%	0.023%
		1,349	3,249	1.65%	1.65%	0.000%

Creditor	Currency	Balance (Thousands)		Interest Rate	Interest Rate 30.10.2016	Weighted Interest Rate
		USD	GEL			
		98	237	1.90%	1.90%	0.000%
		40,127	96,669	2.00%	2.00%	0.018%
		17,970	43,291	2.20%	2.20%	0.009%
		8,243	19,858	5.70%	4.20%	0.008%
		46,358	111,682	5.70%	5.70%	0.059%
		16,858	40,613	6.68%	6.68%	0.025%
Japan	JPY	22,801	54,931	0.01%	0.01%	0.000%
		146,477	352,878	0.65%	0.65%	0.021%
		2,261	5,447	1.30%	1.30%	0.001%
		6,526	15,721	1.40%	1.40%	0.002%
		28,383	68,376	2.30%	2.30%	0.015%
Kuwait	KWD	14,595	35,161	3.00%	3.00%	0.010%
Netherlands	EUR	182	437	4.20%	4.20%	0.000%
		1,035	2,492	5.10%	5.10%	0.001%
USA	USD	421	1,015	1.50%	1.50%	0.000%
		9,288	22,376	2.00%	2.00%	0.004%
		6,879	16,573	2.25%	2.25%	0.003%
		9,189	22,136	2.50%	2.50%	0.005%
France	EUR	7,288	17,558	0.17%	0.17%	0.000%

Creditor	Currency	Balance (Thousands)		Interest Rate	Interest Rate 30.10.2016	Weighted Interest Rate
		USD	GEL			
		23,425	56,432	1.10%	1.10%	0.006%
		30,139	72,607	1.41%	1.41%	0.010%
		21,920	52,808	EURIBOR + 1.8%	1.80%	0.009%
		8,144	19,620	EURIBOR + 2.1%	2.10%	0.004%
		3,865	9,312	EURIBOR + 2.2%	2.20%	0.002%
<b>Securities</b>		<b>500,000</b>	<b>1,204,550</b>			
EuroBonds 2021	USD	500,000	1,204,550	6.875%	6.875%	0.771%
<b>Credits with Sovereign Guarantees</b>		<b>2,086</b>	<b>5,025</b>			
Germany (KfW)	EUR	2,086	5,025	0.75%	0.75%	0.000%
<b>Average Weighted Interest Rate</b>						<b>2.01%</b>

Draft State Budget for 2017 envisages the disbursement of long-term investment loans allocated to Georgia by international financial institutions (IFIs) and governments of foreign countries in the volume of 922,715.0 thousand GEL. Also, Development Policy Measures of the World Bank envisages 435,000.0 thousand GEL, while the Macroeconomic Support of the European Union - 35,000.0 thousand GEL.

Draft State Budget of Georgia for 2017 envisages 685,000.0 thousand GEL for servicing and repayment of external public liabilities, out of which 431,000.0 thousand GEL is the repayment of the principal, while 254,000.0 thousand GEL –repayment of the interest.

#### SERVICE AND REPAYMENT OF EXTERNAL PUBLIC DEBT IN 2017 (PROJECTIONS)

Thousand GEL

Creditors	Debt Repayment	Interest	Total in 2017
Total	431,000.00	254,000.00	685,000.00

Creditors	Debt Repayment	Interest	Total in 2017
Austria	-	300	300
Kuwait	4,700	1,300	6,000
Japan	6,400	4,900	11,300
Germany	51,000	18,800	69,800
USA	6,900	1,400	8,300
Armenia	3,200	800	4,000
Azerbaijan	2,400	700	3,100
Iran	1,900	600	2,500
Kazakhstan	9,200	6,200	15,400
Netherlands	400	100	500
Russia	22,200	7,800	30,000
Turkey	4,500	1,500	6,000
Ukraine	100	10	110
Uzbekistan	100	20	120
France	24,000	3,700	27,700
China	1,100	-	1,100
IDA	144,700	29,900	174,600
IBRD	27,400	38,000	65,400
IFAD	2,700	900	3,600
EBRD	25,800	3,900	29,700
EIB	16,500	14,000	30,500
ADB	58,900	29,400	88,300
IMF	16,900	3,100	20,000
EU	-	410	410
CEB	-	260	260
Euro Bonds	-	86,000	86,000

Ministry of Finance of Georgia issued Treasury Bills with a maturity of 12 months and Treasury Bonds with a maturity of 2, 5 and 10 years. As of October 31, 2016 average weighted interest rate quoted at recent auctions of Treasury Bills and Bonds were as follows: for 12 months 6.9%, for 2 years - 6.8%, for 5 years - 7.7%, for 10 years - 9.6%.

As a result of the public securities issuance, domestic debt balance amounted 2 428.4 MLN GEL as of October 31, 2016 (unrecovered volume of state securities in the nominal - 2 468.3 MLN GEL), out of which 1 918.5 MLN GEL was the balance within the Treasury Bills and Bonds, while 509.8 MLN GEL – within the state bonds for NBG and Open Market Transactions.

**VOLUME OF UNRECOVERED STATE SECURITIES IN NOMINAL BROKEN DOWN BY  
MATURITIES AND TYPES AS OF OCTOBER 31, 2016**

	<i>Thousand GEL</i>
<b>Total</b>	<b>2,468,266</b>
<b>State Securities</b>	<b>1,958,420</b>
Treasury Bills with a Maturity of 12 Months	600,000
Treasury Bonds with a Maturity of 2 Years	558,898
Treasury Bonds with a Maturity of 5 Years	634,522
Treasury Bonds with a Maturity of 10 Years	165,000
<b>Other State Securities</b>	<b>509,846</b>
State Bonds for NBG	360,846
State Bonds for Open Market Transactions	149,000

Draft State Budget for 2017 envisages an expected reduction of domestic liabilities in the volume of 967,000 thousand GEL, out of which the repayment of principal of Treasury Bills and Bonds - 932,000 thousand GEL and repayment of the principal of state securities (debt towards NBG) - 35,000 thousand GEL, in line with the Agreement concluded by and between the Government of Georgia (GOG) and NBG on May 15, 2006 on amendments to the Agreement on Measures for Repayment of Liabilities of GOG to NBG dated March 20, 2006. Treasury Bonds and Bills were issued in 2017 in volumes that meet the gap between the budget revenues and repaid principals not exceeding 400,000 thousand GEL by taking into account the interest rates quoted at the primary state securities market.

External and domestic debt parameters defined in the Draft State Budget of 2017 ensure the maintenance of public debt sustainability in a medium term.

**PROJECTED THRESHOLD FOR PUBLIC DEBT BY END-2017**

		<i>Thousand GEL</i>
<b>Creditor</b>		<b>Projected Balance 31.12.2017</b>
<b>Total Threshold of External Borrowings by State and Under Sovereign Guarantees</b>		<b>12,346,680</b>
<b>From Multilateral Creditors</b>		<b>9,125,916</b>
1	World Bank (WB)	5,104,045
2	International Fund of Agriculture Development (IFAD)	73,096
3	International Monetary Fund (IMF)	254,045



4	European Bank for Reconstruction and Development (EBRD)	285,069
5	Asian Development Bank (ADB)	2,538,428
6	European Investment Bank (EIB)	806,271
7	European Union (EU)	60,962
8	Council of Europe Development Bank (CEB)	4,000
<b>From Bilateral Creditors</b>		<b>1,964,863</b>
1	Austria	28,970
2	Azerbaijan	22,160
3	Turkmenistan	528
4	Turkey	42,497
5	Iran	17,104
6	Russia	176,725
7	Armenia	25,093
8	Uzbekistan	446
9	Ukraine	408
10	Kazakhstan	60,286
11	China	5,425
12	Germany	657,704
13	Japan	526,027
14	Kuwait	45,056
15	Netherlands	2,372
16	USA	56,580
17	France	297,483
<b>Other External Liabilities</b>		<b>1,251,300</b>
1	Euro Bonds	1,251,300
<b>Loans with Sovereign Guarantees</b>		<b>4,601</b>
1	Germany	4,601
<b>Threshold Volume of Domestic Debt</b>		<b>3,562,700</b>
1	Annually Replenished State Bond Designed for NBG	320,846
2	Various Term State Bonds for Open Market Transactions	147,000
3	Treasury Bills of the Ministry of Finance of Georgia	679,067
4	Treasury Bonds of the Ministry of Finance of Georgia	1,743,462
5	Historic Debt	672,325
<b>Total State Debt Threshold Volume</b>		<b>15,909,380</b>

Note: exchange rate - 1 USD equals 2.5 GEL