

Governor of the National Bank of Georgia

Resolution

March 13, 2019

N 25

Tbilisi

On the approval of the ratio of loans of the National Bank of Georgia to the assets eligible as a collateral for these loans

Based on the subparagraph “g” of the first paragraph of article 15, subparagraph “e” of the third paragraph and the fifth paragraph of the article 17 of the Organic Law of Georgia on the “National Bank of Georgia”, and in accordance to the protocol decision N11 as of December 25, 2018 of the Monetary Policy Committee of the National Bank of Georgia:

1. Minimum credit rating for the debt securities issuers acceptable for the monetary operations of the National Bank of Georgia is defined as the lowest among the publicly available ratings assigned by the following international credit rating agencies: Standard & Poors (S&P), Moody’s, Fitch and Scope Ratings;
2. Approved the Ratio of the Refinancing Loan, One Month Open Market Instrument (1MOMI), Overnight Loan and interest accrued on them and/or the Intraday Loan to the nominal value of the collateralized assets according to the following table:

| | Assets eligible as a collateral for the loans of the NBG | Long term credit rating of the securities issuer | | Ratio of the Refinancing Loan, One Month Open Market Instrument, Overnight loan and interest accrued on them and/or the intraday loan to the nominal value of the collateralized assets according to the residual maturities (year) of these assets | | | Rating Code in GSSS (Georgian Securities Settlement System) |
|---|--|--|------------------------|---|-------------------------|-------------------|---|
| | | S&P, Fitch and Scope Ratings scale | Moody's scale | Less than 2 years | From 2 years to 5 years | More than 5 years | |
| 1 | Lari denominated debt securities issued either by the Government of Georgia and by the NBG | - | - | 95% | 95% | 95% | A1 |
| 2 | Lari denominated debt securities issued by the International Financial Institutions | AAA, AA+, AA, AA- | Aaa, Aa1, Aa2, Aa3 | 95% | 95% | 95% | A1 |
| | | A+, A, A-, BBB+, BBB | A1, A2, A3, Baa1, Baa2 | 90% | 90% | 90% | A2 |
| 3 | Lari denominated debt securities: a) issued as a public offering in accordance with the “Law of Georgia on Securities Market” by the resident and non-resident legal entities and b) issued as a private placement till January 1, 2018. | AAA ≤ BBB- | AAA ≤ Baa3 | 90% | 85% | 80% | B1 |
| | | BB+ ≤ BB- | Ba1 ≤ Ba3 | 85% | 80% | 75% | B2 |
| | | B + | B1 | 80% | 75% | 70% | B3 |
| 4 | Loan Assets of Commercial Banks | - | - | 80% | 80% | 80% | C1 |
| 5 | FX Deposits at NBG | - | - | 80% | 80% | 80% | C2 |

3. In case of using FX Deposits as of collateral for NBG loan, the Margin Call point shall be +/- 10%.
4. Maximum amount of Commercial Banks Loan Assets eligible as a collateral for NBG Refinance Loans, One Month Open Market Instrument (1MOMI), Overnight Loan and Intraday Loan is equal to 35% of High Quality Liquid Assets (NBG Certificate of Deposits, Treasury Bills and Treasury Notes of Government of Georgia, Lari denominated Bond issues by International Financial Institutions) owned by each Commercial Banks as of previous day of pledging.

5. Debt securities issuers - International Financial Institutions (IFI) acceptable for the monetary operations of the NBG are considered such IFIs which are defined by the Government of Georgia.
6. Not more than 30% before September 1, 2019, and not more than 25% after September 1, 2019, of debt securities issued by one issuer and held by single commercial bank are acceptable for the monetary operations of the NBG. This limit is assigned to the debt securities issued in accordance with the "Law of Georgia on Securities Market" by the resident and non-resident legal entities and debt securities issued as a private placement till January 1, 2018, denominated in Lari.
7. The securities issued by such issuers, whose long term credit rating defined by Standard&Poors, Fitch and/or Scope Ratings is B and B- and accepted as eligible collateral for NBG monetary operations before April 1, 2019, can be used as eligible collateral for NBG monetary operations after April 1, 2019, till their total redemption.
8. The securities issued by such issuers, whose long term credit rating defined by Standard&Poors, Fitch and/or Scope Ratings is B and B-, and which are accepted by NBG as a eligible collateral for its monetary operations before April 1, 2019, can be used as a collateral with NBG till total redemption of those securities.
9. NBG Presidential Resolution as of December 28, 2018, N 143 is declared invalid.
10. This Resolution shall enter into force from April 1, 2019.

Governor of the NBG

K. Gvenetadze