



# MONTHLY REPORT

Analysis of Public Debt  
and General  
Government Debt

May 2020

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Belgrade, May 2020  
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# INTRODUCTION

The monthly report of the PDA is the report presenting a comprehensive analysis of the status, structure and dynamics of the public debt of the Republic of Serbia, as well as the risk analysis related to the process of public debt management, aimed at raising the level of transparency and accurate and timely awareness of investors, state institutions and other entities interested in the public debt of the Republic of Serbia. The PDA Monthly Report is published aiming at the improvement of the activities of the Republic of Serbia in the field of public debt through its informative contents, in accordance with internationally acknowledged standards and good business practice, as well as enabling stakeholders to grasp public debt, being the field of the public finance, in an easy and accurate manner, i.e. the activities and goals of the PDA.

The creation and preservation of macroeconomic stability and the successful results that the Republic of Serbia continuously achieves, as well as the great confidence of investors in the reforms of the Government of the Republic of Serbia in the field of economy and public finances, have reduced public debt in previous years. Precisely because of that, the Republic of Serbia can support additional borrowing for the recovery of the economy from the negative impact of the pandemic.

Taking into account the expectations that the negative effects of the Covid-19 pandemic will be manifested mostly during the second quarter, while a moderate recovery is expected in the second half of the year, the state takes responsibility to create conditions in the new situation and prepare for the upcoming crisis and recovery.

To this end, it was necessary to put into operation all available resources, including financial resources, as well as to further strengthen financial stability, provide additional resources and additional financial resources for sufficient and unhindered financing of the fight to preserve human life and health and reduce consequences caused by the coronavirus pandemic on the economy and citizens.

On May 11, 2020, the Republic of Serbia entered the international financial market, among the first in the group of countries whose credit rating is just below the investment grade and caused huge attention of investors, and successfully sold government bonds in the amount of two billion euros. The bonds are listed on the London Stock Exchange, one of the largest and most representative markets in the world, and will mature in 2027. Serbia is also the only country in Europe that entered the international capital market during the Covid-19 pandemic, without the help of the European Central Bank in placing securities.

More than 300 investors from all over the world have shown interest in Serbian bonds. Respectable funds, insurance companies and banks expressed demand for over seven billion euros, which is almost four times more than the offered amount of the issue. The volume of sales of Eurobonds amounted to two billion euros, with a coupon rate of 3.125%, a yield rate of 3.375% and a maturity of seven years, despite the initial expectation of investors that the bond would be issued at a higher interest rate. However, due to the great interest, the interest rate has been significantly reduced.

Serbia welcomed this crisis in a much more favorable position than most other countries, with an economic growth rate of 4.2% in 2019, a growth rate of 5% in the first quarter of 2020, low and stable inflation, fiscal balance, as well as with never higher foreign exchange reserves.

According to preliminary data, the public debt of the central government in May 2020 when compared to April 2020 increased by 262.7 billion RSD (2.2 billion EUR) and amounts to 3,150.2 billion RSD (26.8 billion EUR). The share of central government public debt in GDP (ESA 2010 methodology) at the end of May 2020 was 57.2%. The percentage of public debt in foreign currency at the end of May was 72.3%, of which in EUR 47.6%, USD 17.5%, SDR 2.5%, CHF 0.4% and other foreign currencies 4.2% ( GBP, JPY, DKK, SEK, NOK, AED, KWD, CNY), while the percentage of public debt in RSD was 27.7%.

In May 2020, the total number of auctions amounted to 3, out of which all three were issued in RSD. Total receivings in May amount to 36,782,340,000 RSD, at par value. The share of non-residents in dinar government securities at the end of May 2020 amounted to 26.8%, i.e. 233,955,050,000 RSD.

In the first five months, the total number of auctions amounted to 17 (out of which 11 auctions in RSD and 6 auctions in EUR). Total receivings in this period amount to RSD 188,962,780,000 and EUR 353,773,000, at par value. In the same period, two Buy-Back auctions (auctions of early redemption of previously issued securities) were realized, with a total nominal value of RSD 10,194,520,000 (RSD 11,118,617,092 market value). Securities with original maturities of 3 years in the amount of RSD 5,194,520,000 (maturity January 2022) and 7 years in the amount of RSD 5,000,000,000 (maturity July 2023) were redeemed.

## I. GENERAL GOVERNMENT DEBT AND PUBLIC DEBT STOCK AND STRUCTURE AS OF MAY 31, 2020

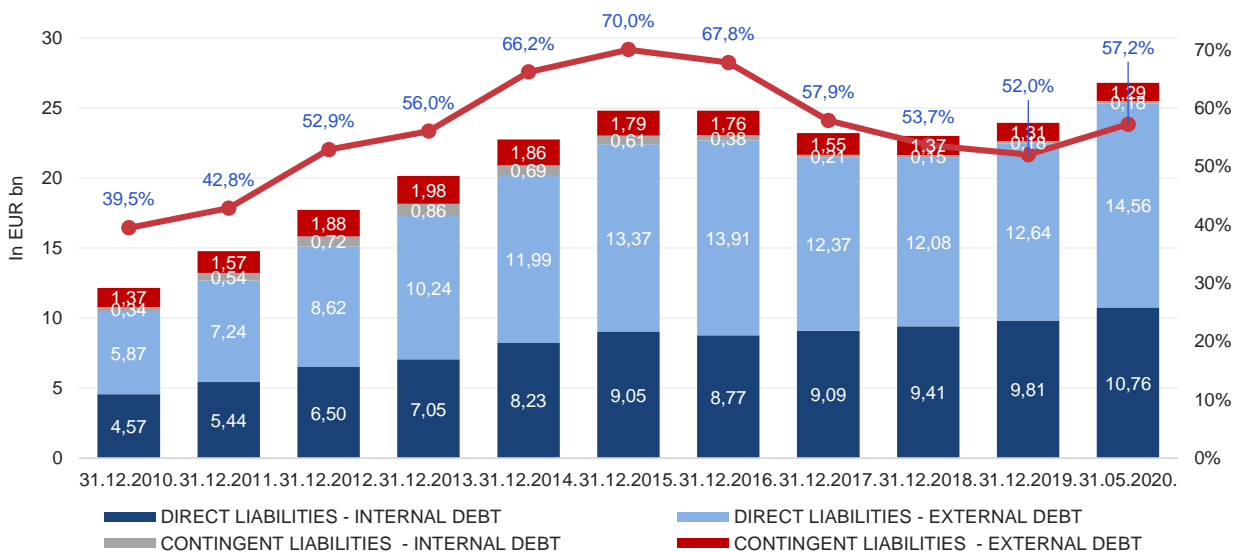
	EUR	USD	RSD	% GDP
<b>Direct Liabilities (A)</b>				
Internal Debt	10.761.939.281	11.945.747.523	1.265.472.763.816	23,0%
External Debt	14.564.350.807	16.166.422.522	1.712.589.969.842	31,1%
<i>Direct Liabilities in Total</i>	25.326.290.088	28.112.170.044	2.978.062.733.659	54,1%
<b>Contingent Liabilities (B)</b>				
Internal Debt	176.183.312	195.563.394	20.717.008.092	0,4%
External Debt	1.288.065.218	1.429.751.784	151.460.755.205	2,8%
<i>Contingent Liabilities in Total</i>	1.464.248.530	1.625.315.177	172.177.763.298	3,1%
<b>Non-Guaranteed Local Government Debt (C)</b>				
Internal Debt	231.248.476	256.685.699	27.191.999.564	0,5%
External Debt	91.631.599	101.711.032	10.774.758.180	0,2%
<i>Non-Guaranteed Local Government Debt in Total</i>	322.880.076	358.396.731	37.966.757.745	0,7%
<b>Non-Guaranteed Debt of Public Enterprise Putevi Srbije and Koridori (D)</b>				
	85.078.130	94.436.685	10.004.150.180	0,2%
<b>Central Government Public Debt (A+B)</b>	<b>26.790.538.618</b>	<b>29.737.485.222</b>	<b>3.150.240.496.956</b>	<b>57,2%</b>
<b>General Government Public Debt (A+B+C+D)</b>	<b>27.198.496.824</b>	<b>30.190.318.638</b>	<b>3.198.211.404.881</b>	<b>58,1%</b>

## II. OVERVIEW OF CENTRAL GOVERNMENT DEBT OF THE REPUBLIC OF SERBIA AS OF MAY 31, 2020.

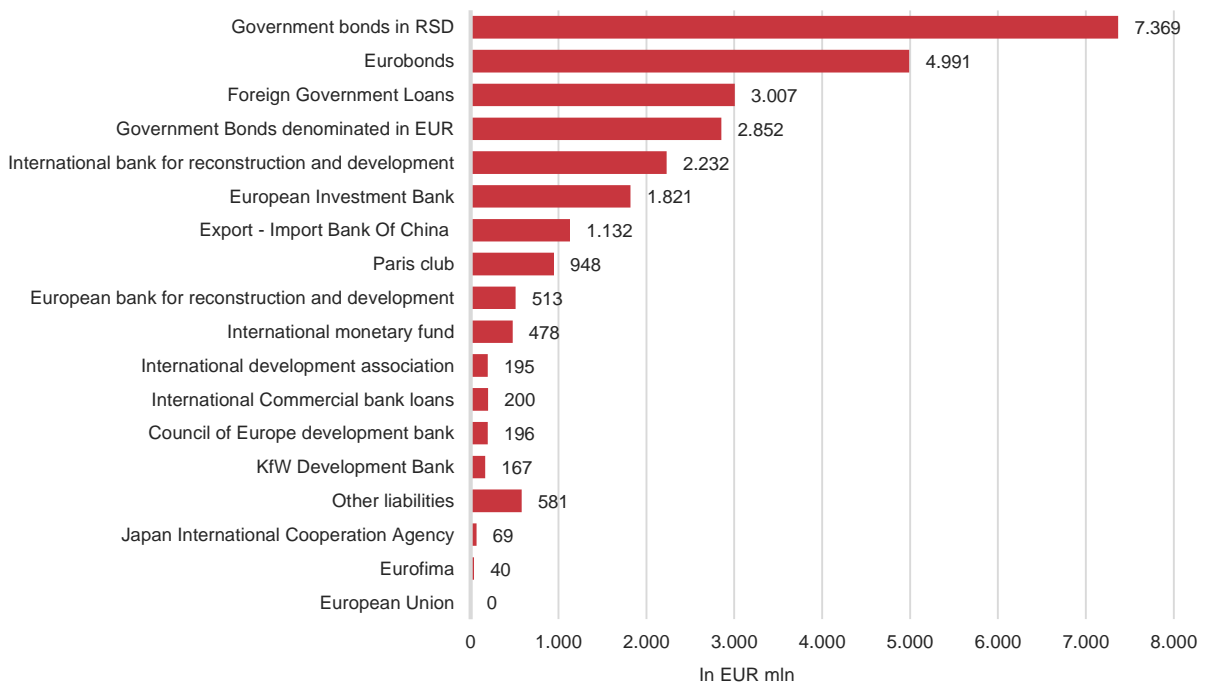
### 1. DIRECT LIABILITIES

1.1. INTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2020 in EUR (in 000)	Debt stock as of May 31, 2020 in USD (in 000)	Debt stock as of May 31, 2020 in RSD (in 000)
GOVERNMENT SECURITIES ISSUED IN THE DOMESTIC MARKET	10.221.107	11.345.424	1.201.877.473
RETAIL BONDS	17.928	19.900	2.108.125
OTHER LIABILITIES	522.904	580.424	61.487.166
<b>INTERNAL DEBT (direct liabilities 1.1.)</b>	<b>10.761.939</b>	<b>11.945.748</b>	<b>1.265.472.764</b>
1.2. EXTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2020 in EUR (in 000)	Debt stock as of May 31, 2020 in USD (in 000)	Debt stock as of May 31, 2020 in RSD (in 000)
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	2.231.771	2.477.265	262.429.061
INTERNATIONAL DEVELOPMENT ASSOCIATION	186.425	206.931	21.921.267
EUROPEAN INVESTMENT BANK	1.220.933	1.355.235	143.566.845
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	79.611	88.368	9.361.275
COUNCIL OF EUROPE DEVELOPMENT BANK	196.167	217.745	23.066.834
EXPORT - IMPORT BANK OF CHINA	1.132.386	1.256.948	133.154.784
EUROBONDS	4.991.442	5.540.498	586.932.690
KfW DEVELOPMENT BANK	68.510	76.046	8.055.891
PARIS CLUB CREDITORS	948.173	1.052.471	111.493.535
FOREIGN GOVERNMENT LOANS	2.991.146	3.320.171	351.722.302
EUROPEAN UNION	00	530.344	56.181.975
INTERNATIONAL MONETARY FUND	477.787	44.400	4.703.512
Other liabilities	40.000	2.477.265	262.429.061
<b>EXTERNAL DEBT (direct liabilities 1.2.)</b>	<b>14.564.351</b>	<b>16.166.423</b>	<b>1.712.589.970</b>
<b>TOTAL DIRECT LIABILITIES (1.1. + 1.2.)</b>	<b>25.326.290</b>	<b>28.112.170</b>	<b>2.978.062.734</b>
2. CONTINGENT LIABILITIES			
2.1. INTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2020 in EUR (in 000)	Debt stock as of May 31, 2020 in USD (in 000)	Debt stock as of May 31, 2020 in RSD (in 000)
COMMERCIAL BANK LOANS	176.183	195.563	20.717.008
<b>INTERNAL DEBT (direct liabilities 2.1.)</b>	<b>176.183</b>	<b>195.563</b>	<b>20.717.008</b>
2.2. EXTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2020 in EUR (in 000)	Debt stock as of May 31, 2020 in USD (in 000)	Debt stock as of May 31, 2020 in RSD (in 000)
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	433.759	481.473	51.004.813
EUROPEAN INVESTMENT BANK	599.631	665.590	70.509.305
KfW DEVELOPMENT BANK	98.069	108.857	11.531.719
TOTAL EUROPEAN COMPANY FOR THE FINANCING OF RAILROAD ROLLING STOCK - EUFOFIMA	40.213	44.637	4.728.585
INTERNATIONAL DEVELOPMENT ASSOCIATION	8.166	9.064	960.207
JAPAN INTERNATIONAL COOPERATION AGENCY - JICA	68.849	76.422	8.095.757
FOREIGN GOVERNMENT LOANS	15.604	17.320	1.834.805
INTERNATIONAL COMMERCIAL BANK LOANS	23.774	26.389	2.795.565
<b>EXTERNAL DEBT (direct liabilities 2.2.)</b>	<b>1.288.065</b>	<b>1.429.752</b>	<b>151.460.755</b>
<b>TOTAL CONTINGENT LIABILITIES (2.1. + 2.2.)</b>	<b>1.464.249</b>	<b>1.625.315</b>	<b>172.177.763</b>
<b>TOTAL INTERNAL DEBT (1.1.+ 2.1.)</b>	<b>10.938.123</b>	<b>12.141.311</b>	<b>1.286.189.772</b>
<b>TOTAL EXTERNAL DEBT (1.2.+ 2.2.)</b>	<b>15.852.416</b>	<b>17.596.174</b>	<b>1.864.050.725</b>
<b>TOTAL CENTRAL GOVERNMENT DEBT (1 + 2)</b>	<b>26.790.539</b>	<b>29.737.485</b>	<b>3.150.240.497</b>

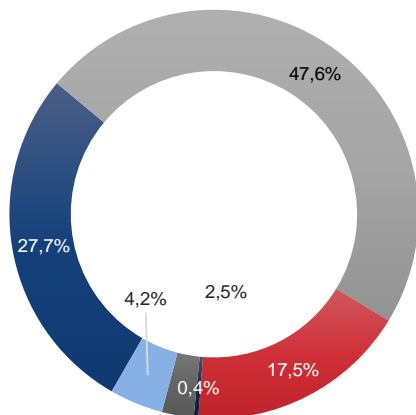
CENTRAL GOVERNMENT PUBLIC DEBT STOCK, STRUCTURE AND PUBLIC DEBT TO GDP RATIO, 31.12. 2010. - 31.05.2020.



CREDITORS OVERVIEW AS OF MAY 31, 2020

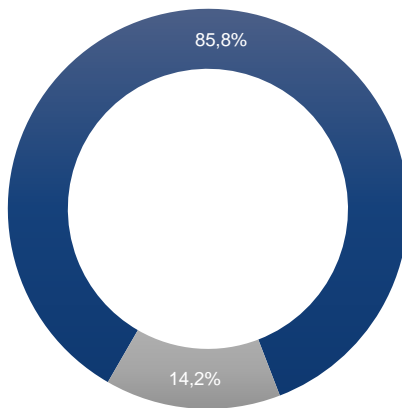


CENTRAL GOVERNMENT  
PUBLIC DEBT CURRENCY  
STRUCTURE AS OF MAY 31,  
2020



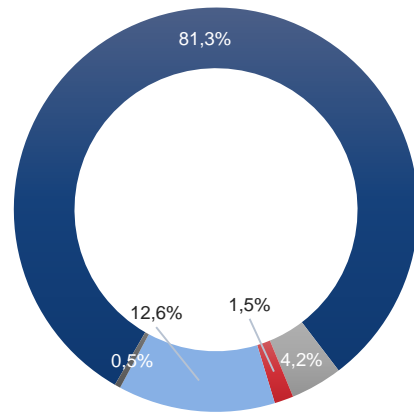
■ RSD ■ EUR ■ USD ■ CHF ■ SDR ■ Other

INTEREST RATE STRUCTURE  
AS OF MAY 31, 2020



■ Fixed Rates ■ Variable Rates

VARIABLE INTEREST RATES  
STRUCTURE  
AS OF MAY 31, 2020



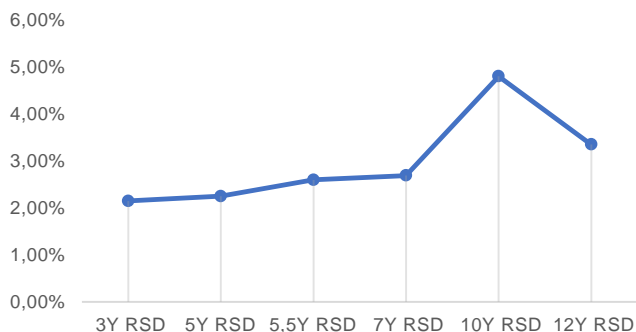
■ EURIBOR and LIBOR on EUR  
■ LIBOR USD  
■ LIBOR CHF  
■ SDR Interest rate  
■ Other

### III. OVERVIEW OF NON-MATURED GOVERNMENT SECURITIES ISSUED ON DOMESTIC MARKET

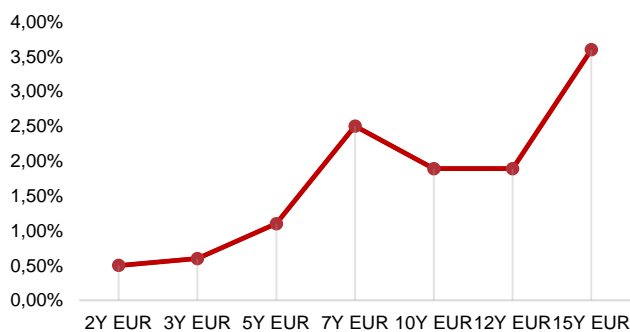
#### GOVERNMENT SECURITIES STOCK AS OF MAY 31, 2020

Maturity	Nominal value of debt stock	Last coupon rate	Last accepted rate
<b>Government Bonds Denominated in RSD</b>			
53W Government Bills	35.000.000.000,00	-	1,79%
2Y Government Bond with fixed coupon rate	33.882.340.000,00	1,70%	2,10%
3Y Government Bond with fixed coupon rate	143.477.950.000,00	2,00%	2,15%
5Y Government Bond with fixed coupon rate	137.801.088.250,00	4,00%	2,25%
5.5Y Government Bond with fixed coupon rate	337.083.600.000,00	3,00%	2,60%
7Y Government Bond with fixed coupon rate	110.882.410.000,00	4,50%	2,69%
10Y Government Bond with fixed coupon rate	34.832.930.000,00	5,88%	4,80%
12,5Y Government Bond with fixed coupon rate	33.614.770.000,00	4,50%	3,35%
<b>Total in RSD</b>	<b>866.475.088.250 RSD</b>		
<b>Government Bonds Denominated in EUR</b>			
2Y Government Bond with fixed coupon rate	245.200.000,00	0,50%	0,50%
3Y Government Bond with fixed coupon rate	498.842.000,00	1,25%	0,60%
5Y Government Bond with fixed coupon rate	839.566.000,00	1,00%	1,10%
7Y Government Bond with fixed coupon rate	65.129.000,00	2,50%	2,50%
10Y Government Bond with fixed coupon rate	632.371.000,00	3,25%	1,89%
12Y Government Bond with fixed coupon rate	99.367.000,00	2,00%	1,89%
15Y Government Bond with fixed coupon rate	321.882.000,00	3,50%	3,60%
20Y Government Bond with fixed coupon rate	150.000.000,00	3,50%	3,00%
<b>Total in EUR</b>	<b>2.852.357.000 EUR</b>		

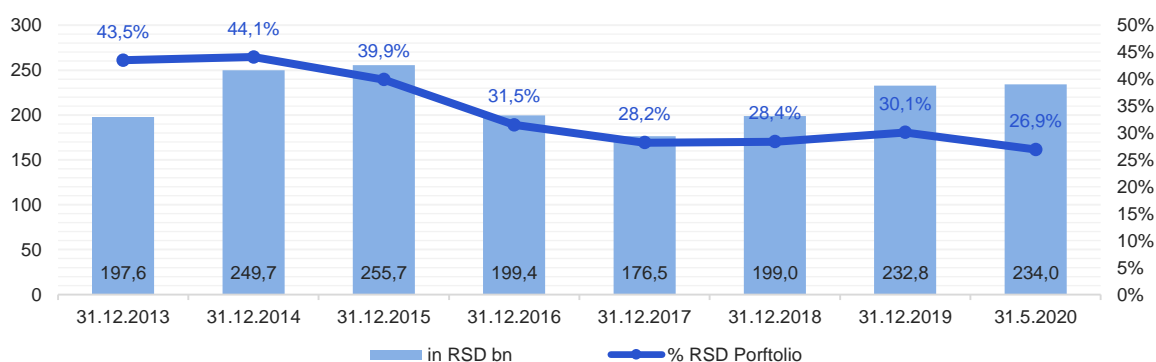
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN RSD AS OF MAY 31, 2020



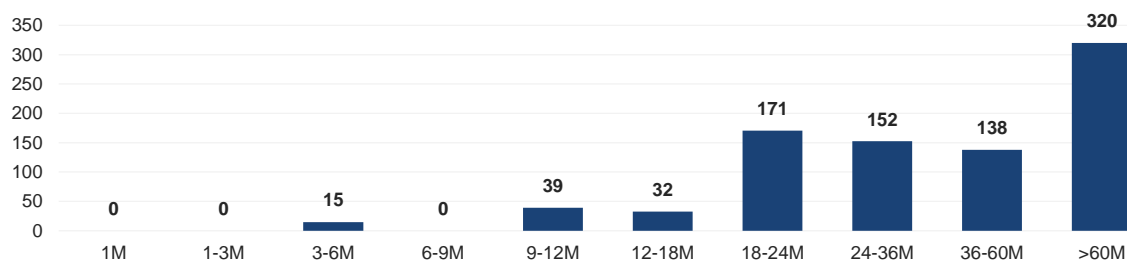
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN EUR AS OF MAY 31, 2020



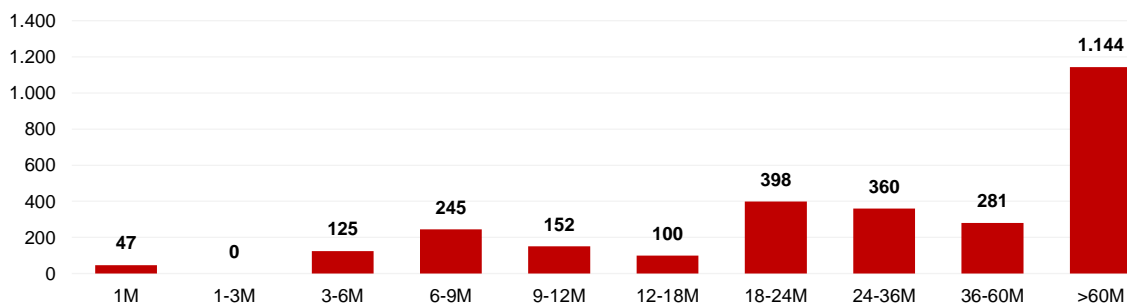
THE SHARE OF FOREIGN LEGAL ENTITIES IN RSD GOVERNMENT SECURITIES PORTFOLIO AS OF MAY 31, 2020



RESIDUAL MATURITY OF GOVERNMENT SECURITIES DENOMINATED IN RSD AS OF MAY 31, 2020



RESIDUAL MATURITY OF GOVERNMENT SECURITIES DENOMINATED IN EUR AS OF MAY 31, 2020



## OVERVIEW OF THE ISSUED EUROBONDS OF THE REPUBLIC OF SERBIA

Security name	Year	Currency	Issued Amount	Amount Outstanding	Issue Date	Maturity Date	Coupon (%)	Re-Offer Yield (%)	Issuance Price
SERBIA 7 1/4 09/28/21*	2011	USD	2.000.000.000	1.600.000.000 **	28.09.2011	28.09.2021	7,250	7,500/6,625	98,263/104,179
SERBIA 1 1/2 06/26/29**	2019	EUR	1.550.000.000	1.550.000.000	26.06.2019	26.06.2029	1,500	1,619/1,250	98,909/102,251
SERBIA 3 1/8 05/15/27	2020	EUR	2.000.000.000	2.000.000.000	15.05.2020	15.05.2027	3,125	3,375	98,464

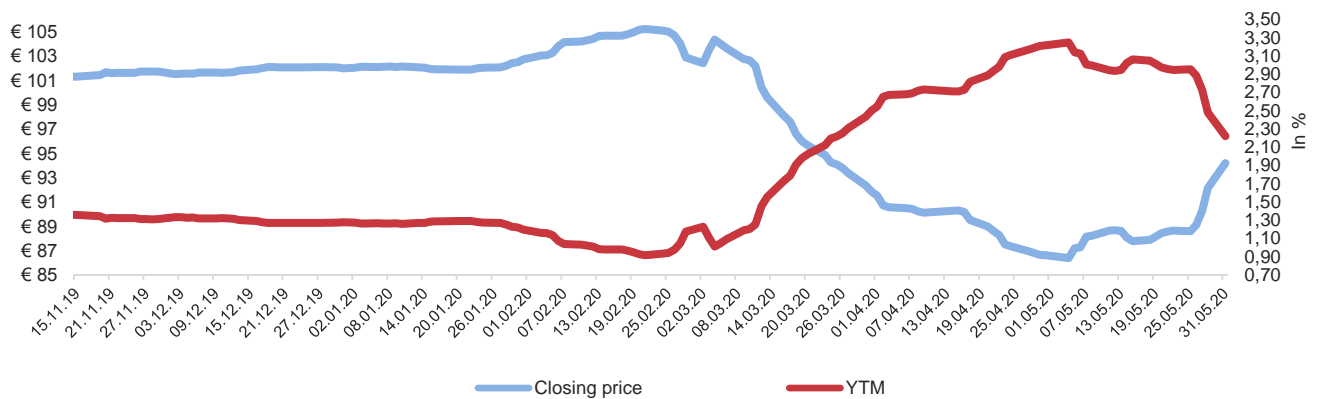
\*Table includes date for the Tap issuance of the Serbia 2021, from September 27, 2012 and the Serbia 2029, from 12 November 2019.

\*\* The data presented includes primary issue data and data from the reopening for the Eurobond 2029 (reopened on November 12, 2019)

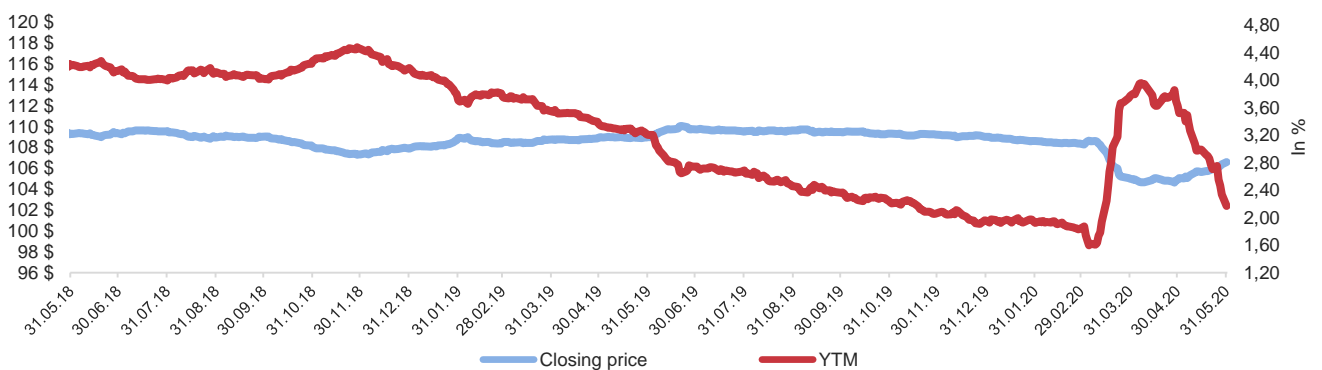
### YIELD/PRICE CURVE – EUROBOND 2027



### YIELD/PRICE CURVE – EUROBOND 2029

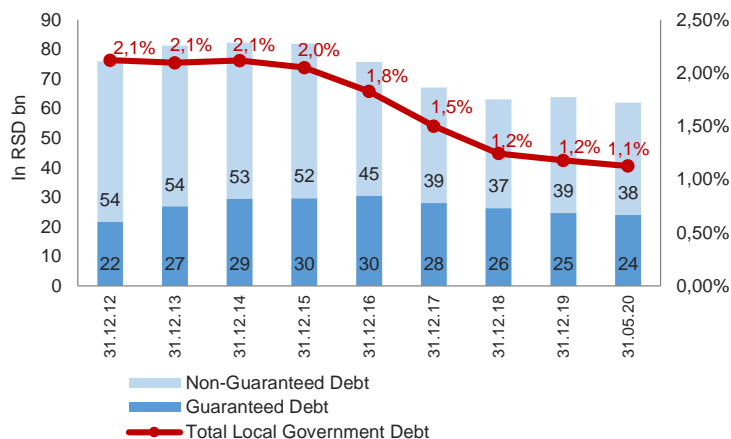


### YIELD/PRICE CURVE – EUROBOND 2021

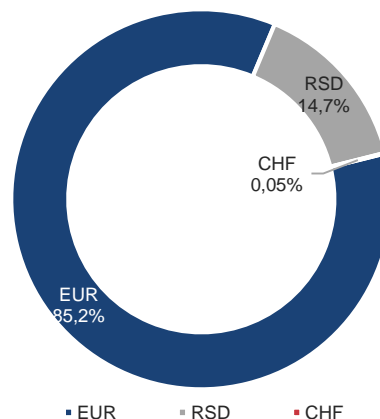


## IV. LOCAL GOVERNMENT DEBT ANALYSIS

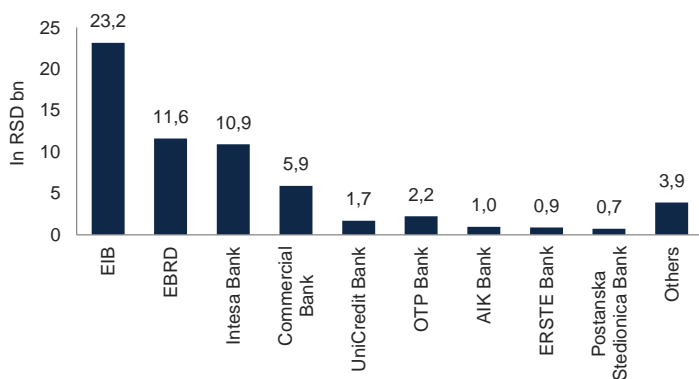
LOCAL GOVERNMENT DEBT DYNAMICS AS OF MAY 31, 2020



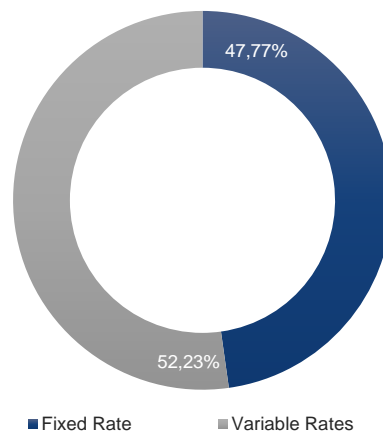
CURRENCY COMPOSITION AS OF MAY 31, 2020



CREDITORS OVERVIEW AS OF MAY 31, 2020



INTEREST RATE STRUCTURE AS OF MAY 31, 2020



Share of the top 5 Local Governments in total debt	78,5%
O/W Belgrade	58,8%
Debt maturing till the end of 2020	5.992.060.818
Debt maturing in 2021	9.203.482.731
Debt maturing in 2022	8.494.184.519
Maximum level of debt based on contracted amount	67.379.299.615
Interest Rate Risk	52,2%
FX Risk	85,3%
Local Government Debt to GDP	1,1%
O/W Non-Guaranteed Debt	0,7%
Maximum Debt Level to GDP	1,2%
Share of the top 10 Creditors in total Local Government Debt	93,7%
Share of Foreign Creditors in Total Local Government Debt	56,1%
Total Available Credit Potential	85.405.022.857
Share of the top 10 Local Governments with the highest available credit potential	41,0%
Share of Investment Project Loans in total Local Government Debt	99,0%

Local Government	Debt Stock as of May 31, 2020
Beograd	36.417.202.595
AP Vojvodina	5.859.563.041
Novi Sad	2.684.153.327
Kragujevac	2.584.259.723
Sabac	1.084.463.316
Nis	1.055.441.036
Subotica	838.233.749
Vranje	651.741.100
Sremska Mitrovica	522.741.009
Novi Pazar	490.724.749
<b>% of total</b>	<b>84,2%</b>

