



# MONTHLY REPORT

Analysis of Public Debt  
and General  
Government Debt

December 2020

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Belgrade, December 2020  
#105

# 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.

This year, the Republic of Serbia successfully returned to the dollar securities market, after a seven-year break, due to the early redemption of bonds issued in 2011 in US dollars, which were issued at a yield of 7.50% and a coupon rate of 7.25%.

After the presentation of the achieved macroeconomic results of the Republic of Serbia to the international investors, as the country with the smallest economic decline in Europe this year and the largest expected growth in the next, on November 23, 2020, bids were launched for a new bond issue worth of USD 1.2 billion.

The new ten-year bonds were issued in the amount of USD 1.2 billion at a yield rate of 2.35%, a coupon rate of 2.125% and a coupon rate in euros, after the realization of the hedging transaction, of 1.066%. Demand of over six billion dollars was realized by more than two hundred respectable, primarily American and British funds, insurance companies and banks, which is five times more than the offered value of the issue.

The funds of the new issue prematurely repaid USD 900 million of bonds issued and sold in 2011, out of a total of USD 1.6 billion that matured in September 2021, so that now the value of the remaining bonds maturing on September 28, 2021 is USD 700 million.

Guided by the best international practice of active public debt management, the Ministry of Finance introduces for the first time a new hedging practice, ie the use of financial derivatives for the purpose of hedging against foreign exchange and interest rate risk, in accordance with ISDA (International Swaps and Derivatives Association) international standards. Currency swap transaction by which it converts liabilities based on the issued bond into euros at a significantly lower final coupon rate. The Republic of Serbia will pay its obligations based on the issue of bonds denominated in dollars in euros at a coupon rate of 1.066% to the nominal value of the issue after the conversion of EUR 1.016 billion.

The rating agency Standard and Poor's, in a report published on December 14, 2020, confirmed the rating of the credit rating of the Republic of Serbia at the level of BB+ and kept stable prospects for its further increase. Consistency in the implementation of responsible economic policy has yielded results, and thus Serbia remains in the group of rare countries whose credit rating has not been reduced in 2020. It is pointed out that the reduction of public debt in the previous period created enough fiscal space to be able to support additional borrowing for a package of economic support measures and economic recovery from the negative impact of the pandemic, which also slowed the economic decline of the Serbian economy..

According to preliminary data, the public debt of the central government in December 2020 when compared to the previous month increased by 1.6 billion RSD and amounts to 3,135.8 billion RSD (26.7 billion EUR). The share of central government public debt in GDP (ESA 2010 methodology) at the end of December 2020 was 57.4%. The share of general government debt in GDP (ESA 2010 methodology) at the end of December 2020 was 58.2%.

The percentage of public debt in foreign currency at the end of December was 69.8%, of which in EUR 49.6%, USD 13.2%, SDR 2.3%, CHF 0.3% and other foreign currencies 4.1% (GBP, JPY, DKK, SEK, NOK, AED, KWD, CNY), while the percentage of public debt in RSD was 30.5%.

The share of non-residents in dinar government securities at the end of December 2020 amounted to 26.27%\*, i.e. 249,0 billion RSD.

The total turnover of government securities in secondary trading, in the 2020, amounted to 494.7 billion dinars, of which 84.2%, is the turnover of dinar securities. In December 2020, the total turnover of dinar securities amounted to 51.8 billion dinars, while the turnover of euro-denominated securities in December amounted to 10.1 billion dinars. When compared to November, in December there was an increase in the total turnover of dinar securities in the amount of 22.8 billion dinars.

Seven-year benchmark bond maturing in July 2023 and Twelve-year benchmark bond maturing in August 2032, accounted for 42.8% of total turnover in December 2020.

**\*According to the Statistical Office of Serbia, GDP for 2020 amounted to RSD 5,463.5 billion RSD.**

*\*Including custody and omnibus accounts*

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

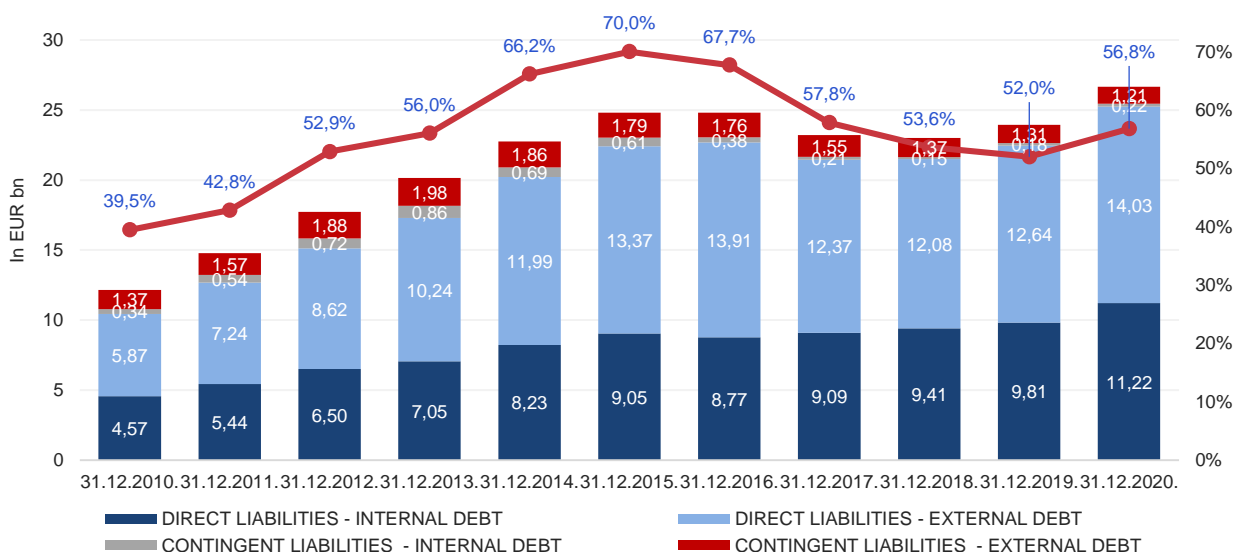
	EUR	USD	RSD	% GDP
<b>Direct Liabilities (A)</b>				
Internal Debt	11.217.692.874	13.787.660.018	1.318.978.571.693	24,1%
External Debt	14.028.483.523	17.242.401.227	1.649.471.898.292	30,2%
<i>Direct Liabilities in Total</i>	25.246.176.397	31.030.061.246	2.968.450.469.984	54,3%
<b>Contingent Liabilities (B)</b>				
Internal Debt	216.175.173	265.700.783	25.417.920.031	0,5%
External Debt	1.206.978.379	1.483.496.448	141.916.759.176	2,6%
<i>Contingent Liabilities in Total</i>	1.423.153.551	1.749.197.232	167.334.679.207	3,1%
<b>Non-Guaranteed Local Government Debt (C)</b>				
Internal Debt	212.800.031	261.552.398	25.021.070.148	0,5%
External Debt	88.999.338	109.389.036	10.464.559.913	0,2%
<i>Non-Guaranteed Local Government Debt in Total</i>	301.799.368	370.941.434	35.485.630.060	0,6%
<b>Non-Guaranteed Debt of Public Enterprise Putevi Srbije and Koridori (D)</b>				
	84.668.230	104.065.675	9.955.307.471	0,18%
<b>Central Government Public Debt (A+B)</b>	<b>26.669.329.948</b>	<b>32.779.258.477</b>	<b>3.135.785.149.191</b>	<b>57,4%</b>
<b>General Government Public Debt (A+B+C+D)</b>	<b>27.055.797.547</b>	<b>33.254.265.586</b>	<b>3.181.226.086.722</b>	<b>58,2%</b>

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

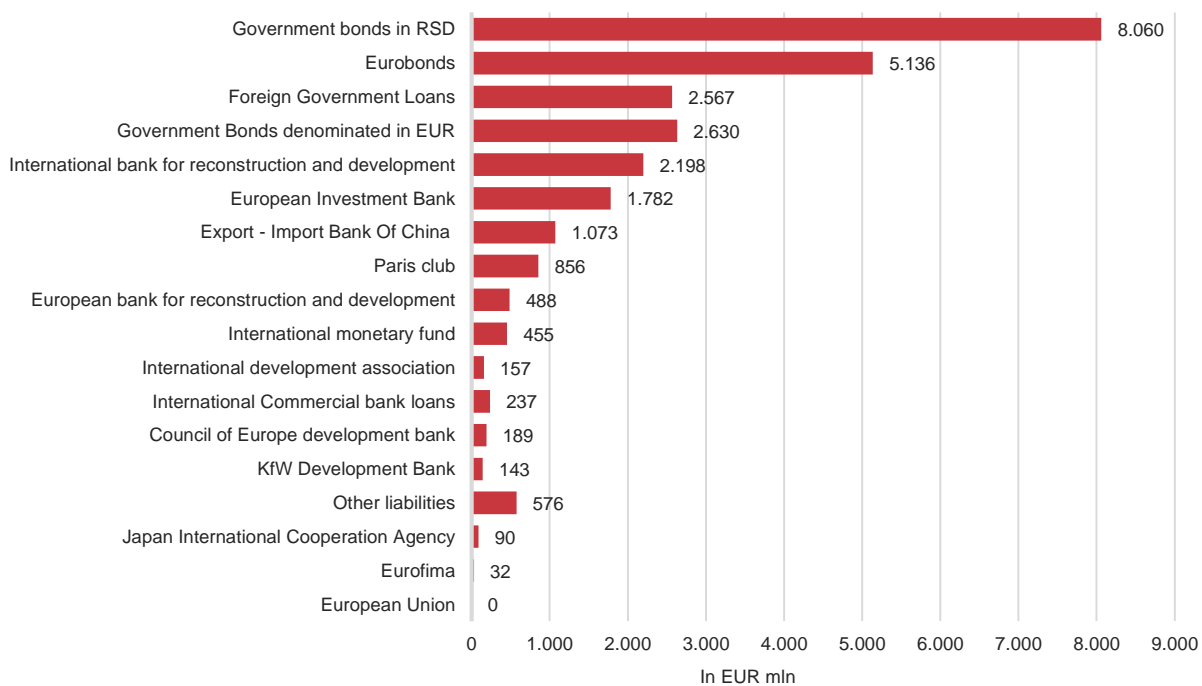
### 1. DIRECT LIABILITIES

<b>1.1. INTERNAL DEBT</b>			
Debt Description	Debt stock as of December 31, 2020 in EUR (in 000)	Debt stock as of December 31, 2020 in USD (in 000)	Debt stock as of December 31, 2020 in RSD (in 000)
GOVERNMENT SECURITIES ISSUED IN THE DOMESTIC MARKET	10.690.594	13.139.803	1.257.002.203
RETAIL BONDS	15.227	18.716	1.790.421
OTHER LIABILITIES	511.871	629.141	60.185.947
<b>INTERNAL DEBT (direct liabilities 1.1.)</b>	<b>11.217.693</b>	<b>13.787.660</b>	<b>1.318.978.572</b>
<b>1.2. EXTERNAL DEBT</b>			
Debt Description	Debt stock as of December 31, 2020 in EUR (in 000)	Debt stock as of December 31, 2020 in USD (in 000)	Debt stock as of December 31, 2020 in RSD (in 000)
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	2.197.603	2.701.072	258.394.543
INTERNATIONAL DEVELOPMENT ASSOCIATION	150.410	184.869	17.685.278
EUROPEAN INVESTMENT BANK	1.219.418	1.498.786	143.379.398
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	85.985	105.684	10.110.119
COUNCIL OF EUROPE DEVELOPMENT BANK	189.250	232.607	22.252.078
EXPORT - IMPORT BANK OF CHINA	1.073.194	1.319.062	126.186.370
EUROBONDS	5.135.955	6.312.599	603.886.616
KfW DEVELOPMENT BANK	62.603	76.945	7.360.868
PARIS CLUB CREDITORS	856.100	1.052.232	100.660.380
FOREIGN GOVERNMENT LOANS	2.553.871	3.138.961	300.284.645
EUROPEAN UNION	00	00	00
INTERNATIONAL MONETARY FUND	455.097	559.359	53.510.371
OTHER LIABILITIES	48.998	60.224	5.761.232
<b>EXTERNAL DEBT (direct liabilities 1.2.)</b>	<b>14.028.484</b>	<b>17.242.401</b>	<b>1.649.471.898</b>
<b>TOTAL DIRECT LIABILITIES (1.1. + 1.2.)</b>	<b>25.246.176</b>	<b>31.030.061</b>	<b>2.968.450.470</b>
<b>2. CONTINGENT LIABILITIES</b>			
<b>2.1. INTERNAL DEBT</b>			
Debt Description	Debt stock as of December 31, 2020 in EUR (in 000)	Debt stock as of December 31, 2020 in USD (in 000)	Debt stock as of December 31, 2020 in RSD (in 000)
COMMERCIAL BANK LOANS	216.175	265.701	25.417.920
<b>INTERNAL DEBT (indirect liabilities 2.1.)</b>	<b>216.175</b>	<b>265.701</b>	<b>25.417.920</b>
<b>2.2. EXTERNAL DEBT</b>			
Debt Description	Debt stock as of December 31, 2020 in EUR (in 000)	Debt stock as of December 31, 2020 in USD (in 000)	Debt stock as of December 31, 2020 in RSD (in 000)
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	401.875	493.944	47.252.510
EUROPEAN INVESTMENT BANK	562.340	691.172	66.120.073
KfW DEVELOPMENT BANK	80.653	99.130	9.483.151
TOTAL EUROPEAN COMPANY FOR THE FINANCING OF RAILROAD ROLLING STOCK - EUFOFIMA	31.785	39.066	3.737.235
INTERNATIONAL DEVELOPMENT ASSOCIATION	7.000	8.604	823.092
JAPAN INTERNATIONAL COOPERATION AGENCY - JICA	89.588	110.113	10.533.829
FOREIGN GOVERNMENT LOANS	12.943	15.909	1.521.870
INTERNATIONAL COMMERCIAL BANK LOANS	20.794	25.558	2.445.000
<b>EXTERNAL DEBT (indirect liabilities 2.2.)</b>	<b>1.206.978</b>	<b>1.483.496</b>	<b>141.916.759</b>
<b>TOTAL CONTINGENT LIABILITIES (2.1. + 2.2.)</b>	<b>1.423.154</b>	<b>1.749.197</b>	<b>167.334.679</b>
<b>TOTAL INTERNAL DEBT (1.1.+ 2.1.)</b>	<b>11.433.868</b>	<b>14.053.361</b>	<b>1.344.396.492</b>
<b>TOTAL EXTERNAL DEBT (1.2.+ 2.2.)</b>	<b>15.235.462</b>	<b>18.725.898</b>	<b>1.791.388.657</b>
<b>TOTAL CENTRAL GOVERNMENT DEBT (1 + 2)</b>	<b>26.669.330</b>	<b>32.779.258</b>	<b>3.135.785.149</b>

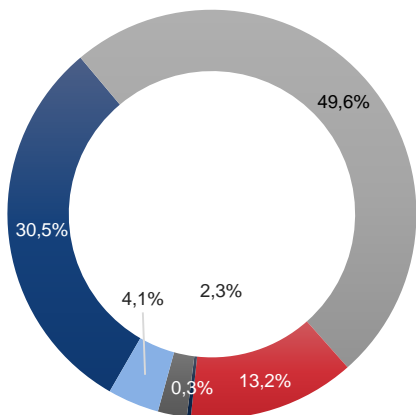
CENTRAL GOVERNMENT PUBLIC DEBT STOCK, STRUCTURE AND PUBLIC DEBT TO GDP RATIO, 31.12. 2010. - 31.12.2020.



CREDITORS OVERVIEW AS OF DECEMBER 31, 2020

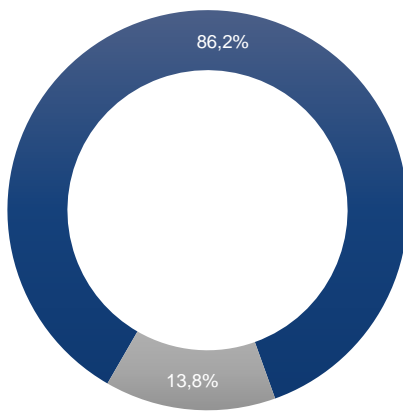


CENTRAL GOVERNMENT  
PUBLIC DEBT CURRENCY  
STRUCTURE AS OF  
DECEMBER 31, 2020



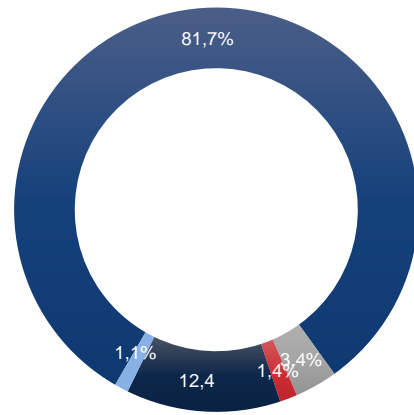
■ RSD ■ EUR ■ USD ■ CHF ■ SDR ■ Other

INTEREST RATE STRUCTURE  
AS OF DECEMBER 31, 2020



■ Fixed Rates ■ Variable Rates

VARIABLE INTEREST RATES  
STRUCTURE  
AS OF DECEMBER 31, 2020



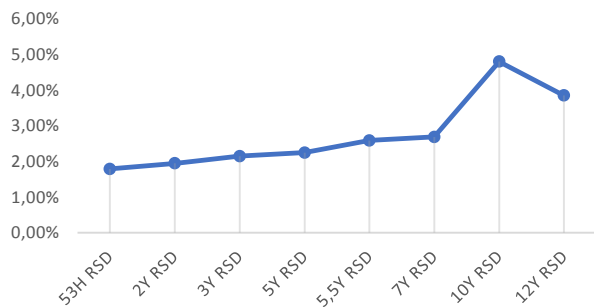
■ EURIBOR and LIBOR on EUR  
■ LIBOR USD  
■ LIBOR CHF  
■ SDR Interest rate  
■ Other

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

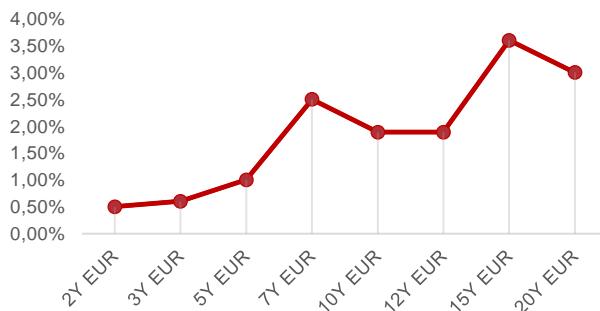
#### GOVERNMENT SECURITIES STOCK AS OF DECEMBER 31, 2020

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	49.233.670.000,00	1,70%	1,95%
3Y Government Bond with fixed coupon rate	145.947.580.000,00	2,00%	2,15%
5Y Government Bond with fixed coupon rate	123.813.688.250,00	4,00%	2,25%
5.5Y Government Bond with fixed coupon rate	63.132.050.000,00	3,00%	2,59%
7Y Government Bond with fixed coupon rate	336.408.840.000,00	4,50%	2,69%
10Y Government Bond with fixed coupon rate	110.882.410.000,00	5,88%	4,80%
12,5Y Government Bond with fixed coupon rate	83.309.120.000,00	4,50%	3,85%
<b>Total in RSD</b>	<b>947.727.358.250 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	326.616.000,00	1,25%	0,60%
5Y Government Bond with fixed coupon rate	789.766.000,00	1,00%	1,00%
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>2.630.331.000 EUR</b>		

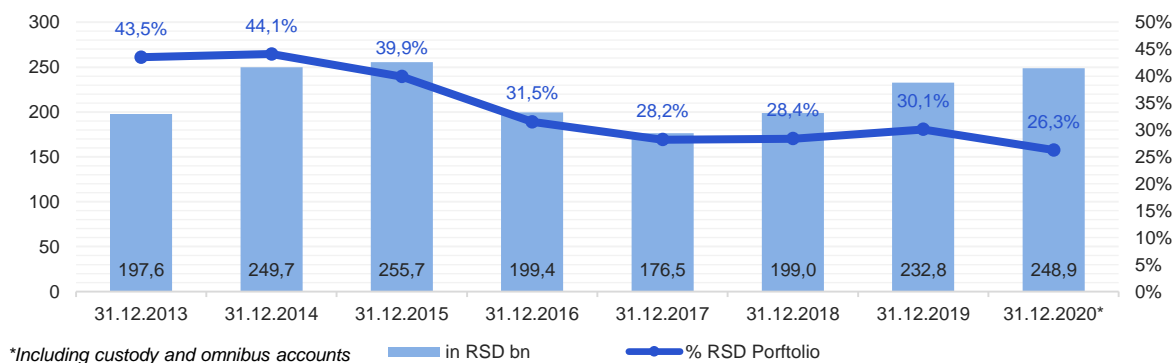
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN RSD AS OF DECEMBER 31, 2020



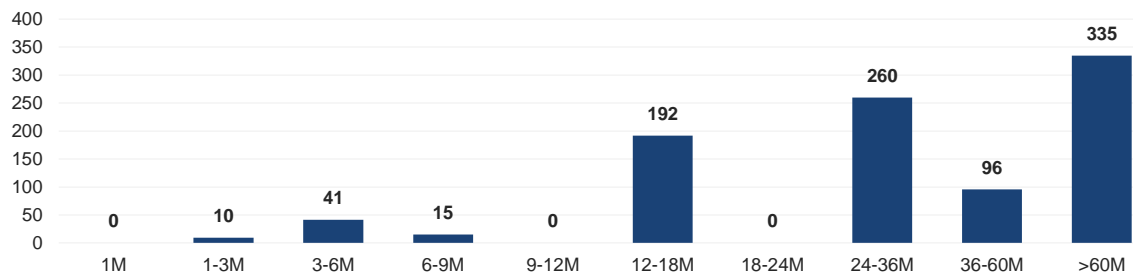
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN EUR AS OF DECEMBER 31, 2020



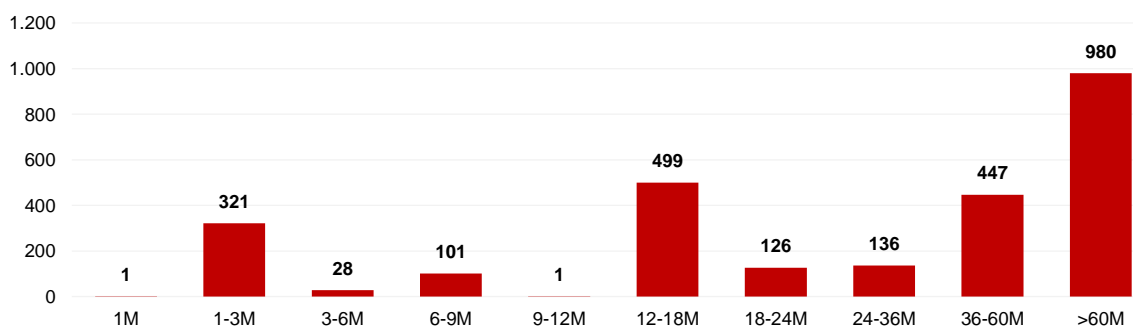
THE SHARE OF FOREIGN LEGAL ENTITIES IN RSD GOVERNMENT SECURITIES PORTFOLIO AS OF DECEMBER 31, 2020



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



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



## OVERVIEW OF THE ISSUED EURO BONDS 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	700.000.000	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
SERBIA 1 1/8 12/01/30	2020	USD	1.200.000.000	1.200.000.000	01.12.2020	01.12.2030	2,125	2,350	98,005

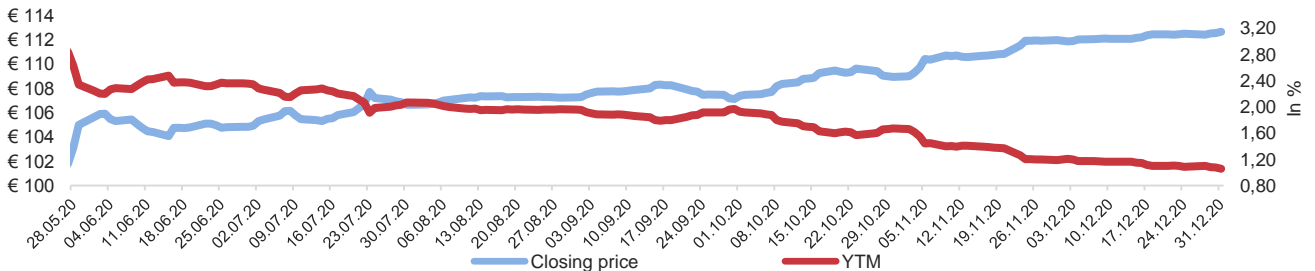
\*The data presented includes primary issue data and data from the reopening for the Eurobond 2021 (reopened on September 27, 2012)

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

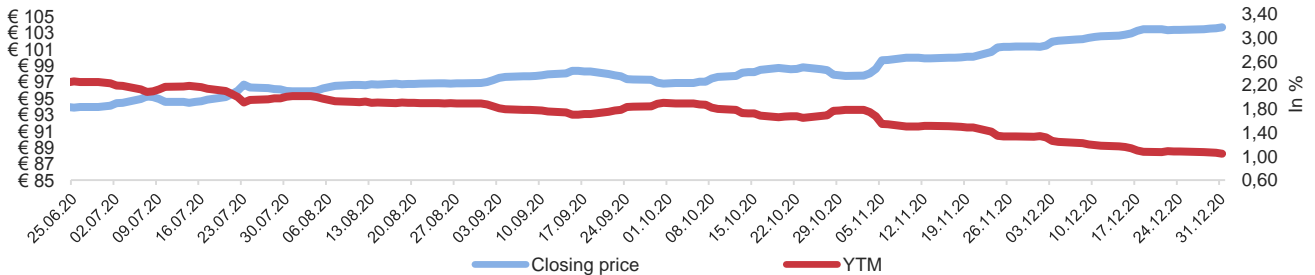
### YIELD/PRICE CURVE – EUROBOND 2030



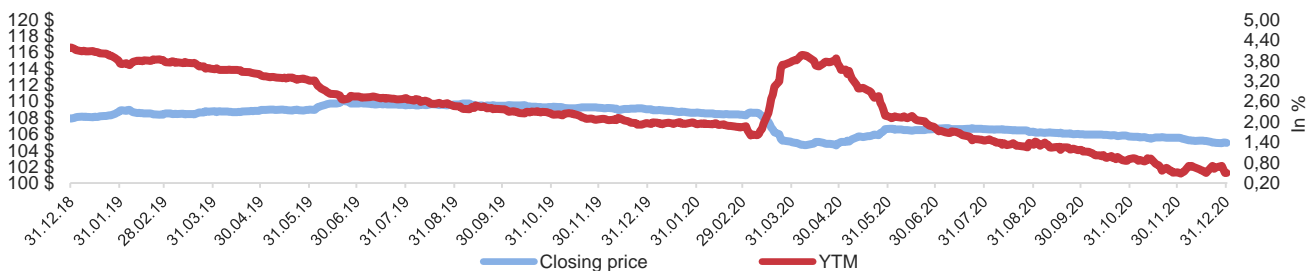
### YIELD/PRICE CURVE – EUROBOND 2027



### YIELD/PRICE CURVE – EUROBOND 2029

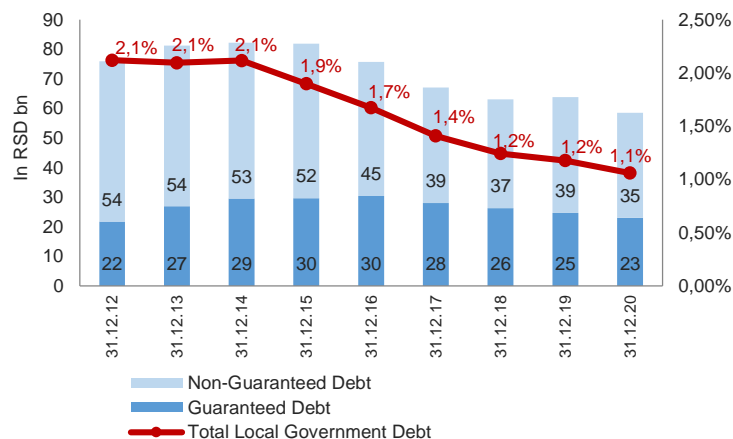


### YIELD/PRICE CURVE – EUROBOND 2021

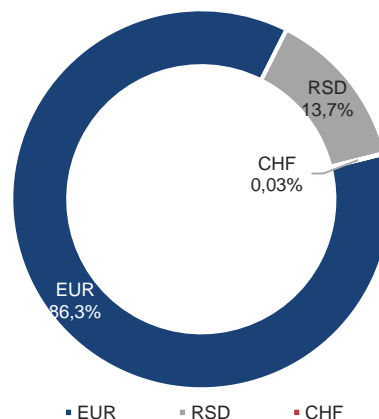


## IV. LOCAL GOVERNMENT DEBT ANALYSIS

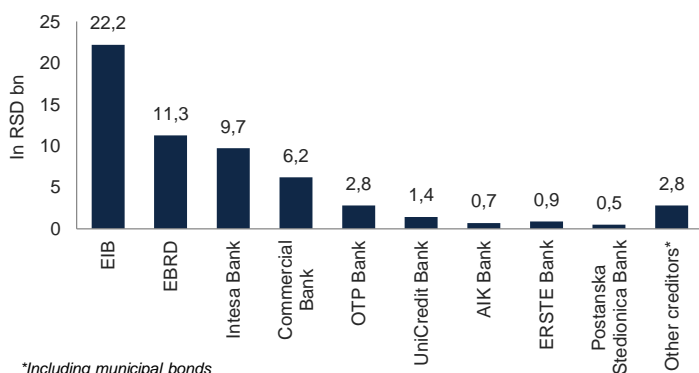
### LOCAL GOVERNMENT DEBT DYNAMICS AS OF DECEMBER 31, 2020



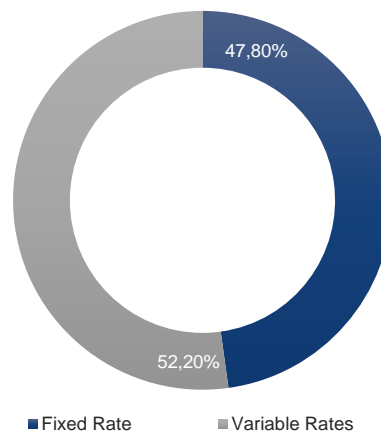
### CURRENCY COMPOSITION AS OF DECEMBER 31, 2020



### CREDITORS OVERVIEW AS OF DECEMBER 31, 2020



### INTEREST RATE STRUCTURE AS OF DECEMBER 31, 2020



Share of the top 5 Local Governments in total debt	79,3%
O/W Belgrade	60,3%
Debt maturing till the end of 2020	556.847.455
Debt maturing in 2021	9.393.574.384
Debt maturing in 2022	8.897.014.538
Maximum level of debt based on contracted amount	62.378.039.356
Interest Rate Risk	52,2%
FX Risk	86,3%
Local Government Debt to GDP	1,1%
O/W Non-Guaranteed Debt	0,6%
Maximum Debt Level to GDP	1,1%
Share of the top 10 Creditors in total Local Government Debt	95,2%
Share of Foreign Creditors in Total Local Government Debt	57,2%
<b>Total Available Credit Potential</b>	<b>82.996.711.855</b>
Share of the top 10 Local Governments with the highest available credit potential	43,5%
Share of Investment Project Loans in total Local Government Debt	99,8%

Local Government	Debt Stock as of December 31, 2020
Beograd	35.234.944.755
AP Vojvodina	5.337.783.034
Novi Sad	2.457.967.205
Kragujevac	2.357.672.403
Sabac	1.002.694.550
Nis	949.435.607
Subotica	792.671.689
Vranje	710.921.021
Indjija	481.636.437
Novi Pazar	439.088.640
<b>% of total</b>	<b>85,1%</b>

