

November 2012

# Monthly Report



Republic of Serbia  
Ministry of Finance and Economy  
Public Debt Administration

Belgrade 2012, # 8

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## Content

<i>INTRODUCTION</i>	2
<i>INTRODUTERY WORD</i>	2
<i>OF THE DIRECTOR</i>	2
<i>ORGANIZATION AND COMPETENCES</i>	4
<i>STRATEGIC GUIDELINES</i>	5
<i>LAW ON BUDGET, EXECUTION OF THE BUDGET</i>	6
<i>OF THE REPUBLIC OF SERBIA FOR THE YEAR 2012</i>	6
<i>GOVERNMENT SECURITIES ON DOMESTIC MARKET – INTERNAL PUBLIC DEBT</i>	6
<i>INTERNAL PUBLIC DEBT ANALYSIS</i>	11
<i>EXTERNAL PUBLIC DEBT – ISSUED GOVERNMENT SECURITIES</i>	13
<i>EXTERNAL DEBT ANALYSIS</i>	16
<i>PUBLIC DEBT ANALYSIS</i>	17
<i>LOCAL GOVERNMENT DEBT ANALYSIS</i>	19
<i>CREDIT RAITING OF THE REPUBLIC OF SERBIA – Default SWAP</i>	21
<i>LINKS</i>	22



## INTRODUCTION

The monthly report of the Public Debt Administration 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 Public Debt Administration 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 Public Debt Administration.

## INTRODUCTORY WORD OF THE DIRECTOR



The last quarter of the year 2012 was marked by the commencement of the implementation of fiscal consolidation measures. One of the basic goals in the following mid-term period is to influence the level of borrowing through the decrease in the budget deficit. Until fiscal consolidation measures have produced full results, the Public Debt Administration will assume the burden of providing the funds for regular execution of budget expenditures. The plan of borrowing, defined by the annual

budget in the scope of the mid-term strategic plan, should contribute to sustainability of public finance of the Republic of Serbia. As it was the case in the year 2012, the borrowing on domestic and international financial markets will be the main source for the financing of budgetary needs of the Republic of Serbia in the coming year. Prudent fiscal policy and borrowing operations in accordance with the fundamental strategic goal of the public debt management policy should present the backbone and the main factor of stability of the public finance system as well as the guarantee for macroeconomic stability. Ministry of Finance and Economy- Public Debt Administration continued introducing new debt instruments in the year 2012, which led to the extension of average maturity of dinar-denominated public debt and to the improvement of risk indicators. The Public Debt Administration has prepared the Public Debt Management Strategy 2013-2015, presenting an integral part of the Fiscal Strategy for the year 2013, with the projections for the years 2014 and 2015. The



Government adopted the said Strategy in November 2012. It defines an absolute decrease in the budget deficit and a relative decrease in public debt relative to GDP as two main fiscal objectives. According to the main document of the Government of the Republic of Serbia in the field of fiscal policy, it is expected that the budget deficit, presenting the main factor for defining the level of borrowing, will be reduced by half in the year 2013, *i.e.* it will reach the level of 3.6% of GDP. The budget deficit is expected to amount to 1% of GDP in the year 2015 owing to the positive effects of the implementation of fiscal measures, primarily through expenditure limits, considerable growth of real GDP based on the increase in net exports and the investments in fixed capital. A mid-term scenario defined in this manner should decrease the needs for borrowing and thus contribute to the drop in the relative indebtedness of the Republic of Serbia. At the end of 2015, the indebtedness ought to reach up to 58% of GDP.

The Ministry of Finance and Economy attained remarkable success owing to the issuance of five-year Eurobonds, Serbia2017 in the middle of November 2012. In addition to the deepening of budget imbalance, decrease in credit rating and postponement of the continuation of agreement with the International Monetary Fund, Eurobonds of the Republic of Serbia have been sold in the amount of USD 750 million, at a yield rate of 5.45% and coupon rate of 5.25%. The fact that is especially encouraging is that the demand was almost eight times higher than the initially offered amount. In addition, the base of investors having participated in the

purchase was significantly enlarged to over 160 investors primarily coming from the US, European and UK markets.

The Public Debt Administration is doing its best to make its capacities capable of public debt management and performing other activities as defined by the Public Debt Law, being the legal framework. Technical cooperation with the World Bank and IMF as well as with other international partners is rather significant in this respect. Nevertheless, understanding and support of relevant domestic institutions is necessary on that path.

New measures aimed at fiscal stabilization and relative decrease in public debt, as well as the latest issuance of Eurobonds prove that the liquidity of the state has been ensured and that there is trust relating to the sustainability of public finance in the medium and the long run.

Director

Branko Drcelic



## ORGANIZATION AND COMPETENCES

Owing to the increased indebtedness of the most of the European countries, public debt policy, presenting a branch of economic policy, is becoming increasingly important. In accordance with the international practise and proposals of the World Bank, Public Debt Administration was founded on 1 October 2009 presenting an administrative authority within the Ministry of Finance and Economy of the Republic of Serbia. The primary objective of the Public Debt Administration is the minimizing of borrowing costs having the acceptable level of risk, *i.e.* the establishment of their optimal relations.

According to the regulations defining the system of public finance, public debt servicing presents an absolute and unconditional obligation having the priority over all the remaining budgetary obligations. It is especially important to emphasize that the obligation referring to the repayment of due public debt does not cease even during the temporary suspension of the budget

execution. All of the above-mentioned data indicate the importance of the existence and efficient functioning of the Public Debt Administration, being the holder of public debt policy.

The legal basis for the establishment and functioning of the Public Debt Administration is provided under the Public Debt Law, the Law on Budget of the Republic of Serbia, the Budget System Law and other regulations.

In accordance with the Public Debt Law, the Public Debt Administration on behalf of the Republic of Serbia may borrow in country or abroad, *i.e.* on domestic or foreign market, in domestic and foreign currency, to finance budget deficit, to refinance the outstanding debt, to finance projects having general importance, as well as to perform other obligations defined by the Law.

On the other hand, the Budget System Law defines general and specific fiscal rules regulating fiscal discipline.



### STRATEGIC GUIDELINES

The current medium term strategy has been developed in cooperation with the World Bank experts, using the MTDS model (Medium Term Debt Strategy), which was implemented in practice in numerous countries all round the world. The document defines the following guidelines:

- 1) Ensuring the financing of fiscal deficit of the Republic of Serbia, within the meaning of short-term deficit (liquidity) and long-term deficit, being an integral part of the policy aimed at maintaining stability of the public finance system.
- 2) Defining an acceptable level of risk, in accordance with the targeted structure of public debt implying the structure of debt in terms of currency, structure of interest rates, structure of maturity and structure of debt with regard to the instruments.
- 3) Support to the development of the market of government securities issued on domestic and international market, with the aim of reducing medium-term and long-term borrowing expenses.
- 4) Raising the level of transparency and predictability of the process of borrowing.
- 5) The Public Debt Management Strategy ought to be supported and consistent with the general medium term framework of the Government.

On 30 November 2012, the share of debt denominated in dinars amounted to 18.3%. The share of the debt denominated in dinars is rather low, however it has been increasing in the last four years. Through the introduction of securities denominated in dinars having longer maturity (three-year and five-year maturity), the risk of refinancing, which is typical for securities denominated in dinars, is decreasing creating an adequate yield curve relating to domestic currency.

The objective of the Public Debt Management Strategy is to execute the most of the needs for the financing of the Republic of Serbia on domestic market, through the issuance in dinars, which is in accordance with the dinarization strategy.



*LAW ON BUDGET, EXECUTION OF THE BUDGET  
OF THE REPUBLIC OF SERBIA FOR THE YEAR 2012*

In accordance with the Public Debt Law (“Official Gazette of RS, No. 61/05 and 107/09), presenting the legal basis for borrowing of the Republic of Serbia, the Republic of Serbia may borrow in country or abroad, i.e. on domestic or foreign market, in domestic and foreign currency. The Republic of Serbia may borrow to finance current account deficit, to service the outstanding

debt (refinancing), and to finance investment projects.

Based on the above-mentioned, in addition to maintaining liquidity, borrowing, *i.e.* public debt has a developing role as well. Apart from direct borrowing, the Republic of Serbia may issue guarantees in favour of public enterprises and local self-government units.

In accordance with the above-stated Law, the public debt of the Republic of Serbia is as follows:

- 1) Debt of the Republic, based on agreements concluded by the Republic,
- 2) Debt of the Republic based on issuing securities,
- 3) Debt of the Republic based on contracts/agreements according to which obligations of the Republic, pursuant to previously concluded agreements, have been rescheduled,
- 4) Debt of the Republic, based on the guaranty issued by the Republic, and/or based on counter-guaranty issued by the Republic,
- 5) Debt of local government and legal entities founded by the state for which the Republic has issued guarantees.

*GOVERNMENT SECURITIES ON DOMESTIC MARKET – INTERNAL PUBLIC DEBT*

Table #1

Overview of Government securities issued on domestic market – Currency RSD

<b>T - BILLS 3M</b>							
Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
16.08.2012	15.11.2012	4.000.000.000	2.074.540.000	2.069.390.000	12,99%	9.682,08	51,73%
13.09.2012	13.12.2012	3.000.000.000	1.570.930.000	1.020.930.000	12,99%	9.682,08	34,03%
11.10.2012	10.01.2013	5.000.000.000	4.404.680.000	1.154.640.000	12,50%	9.693,71	23,09%
15.11.2012	14.02.2013	5.000.000.000	5.600.730.000	3.100.120.000	11,95%	9.706,79	62,00%
<b>T - BILLS 6M</b>							
Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
03.05.2012	01.11.2012	5.000.000.000	2.815.820.000	2.315.820.000	10,48%	9.496,84	46,32%
05.07.2012	03.01.2013	7.000.000.000	4.974.440.000	4.774.440.000	13,25%	9.372,19	68,21%
02.08.2012	31.01.2013	5.000.000.000	4.532.380.000	4.473.130.000	13,25%	9.372,19	89,46%
30.08.2012	28.02.2013	5.000.000.000	3.676.290.000	3.676.290.000	13,49%	9.361,55	73,53%
05.10.2012	05.04.2013	6.000.000.000	6.094.150.000	4.822.790.000	13,45%	9.363,32	80,38%
08.11.2012	09.05.2013	4.000.000.000	6.607.640.000	4.000.000.000	12,90%	9.387,76	100,00%
<b>T - BILLS 53W</b>							
Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
10.01.2012	17.01.2013	10.000.000.000	19.738.840.000	10.000.000.000	12,69%	8.843,47	100,00%
06.02.2012	13.02.2013	10.000.000.000	10.770.530.000	9.770.530.000	12,59%	8.851,54	97,71%
20.03.2012	28.03.2013	10.000.000.000	17.424.700.000	10.000.000.000	12,69%	8.843,47	100,00%
03.04.2012	11.04.2013	10.000.000.000	22.512.560.000	10.000.000.000	12,50%	8.858,81	100,00%
15.05.2012	23.05.2013	10.000.000.000	14.678.270.000	10.000.000.000	12,58%	8.852,35	100,00%
05.06.2012	13.06.2013	10.000.000.000	4.955.350.000	3.581.950.000	13,00%	8.818,56	35,82%
20.06.2012	28.06.2013	10.000.000.000	2.414.300.000	2.414.300.000	13,49%	8.779,46	24,14%
04.07.2012	12.07.2013	18.000.000.000	7.328.200.000	6.878.200.000	14,25%	8.719,50	38,21%
31.07.2012	12.07.2013	11.121.800.000	2.532.500.000	2.482.500.000	14,35%	8.794,13	22,32%
05.09.2012	13.09.2013	10.000.000.000	9.235.300.000	9.235.300.000	14,59%	8.692,95	92,35%
23.10.2012	31.10.2013	10.000.000.000	9.733.200.000	8.733.200.000	13,99%	8.739,92	87,33%
27.11.2012	05.12.2013	10.000.000.000	22.797.400.000	3.000.000.000	12,49%	8.859,62	30,00%
<b>T - BILLS 18M</b>							
Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
24.05.2011	22.11.2012	10.000.000.000	14.154.130.000	10.000.000.000	12,91%	8.362,59	100,00%
14.06.2011	13.12.2012	10.000.000.000	7.562.390.000	6.484.390.000	12,69%	8.385,99	64,84%
12.07.2011	10.01.2013	10.000.000.000	5.038.470.000	3.043.780.000	12,69%	8.385,99	30,44%
02.08.2011	10.01.2013	6.956.220.000	2.293.060.000	1.593.060.000	12,95%	8.411,46	22,90%
06.09.2011	10.01.2013	5.363.160.000	3.999.330.000	3.399.330.000	13,30%	8.467,20	63,38%
04.10.2011	04.04.2013	10.000.000.000	2.189.160.000	1.889.160.000	13,30%	8.321,43	18,89%
01.11.2011	04.04.2013	8.110.840.000	1.360.630.000	1.360.630.000	13,50%	8.373,46	16,78%
06.12.2011	04.04.2013	6.750.210.000	4.161.500.000	1.446.220.000	13,30%	8.485,78	21,42%
17.01.2012	04.04.2013	5.303.990.000	11.874.550.000	5.303.990.000	12,79%	8.645,45	100,00%
08.02.2012	09.08.2013	10.000.000.000	4.952.290.000	4.951.290.000	13,00%	8.353,06	49,51%
06.03.2012	09.08.2013	5.048.710.000	1.332.190.000	1.100.000.000	13,10%	8.411,43	21,79%
24.04.2012	24.10.2013	10.000.000.000	9.007.790.000	8.707.790.000	13,20%	8.331,94	87,08%
09.05.2012	08.11.2013	5.000.000.000	5.709.860.000	4.659.860.000	13,39%	8.311,99	93,20%
12.06.2012	12.12.2013	10.000.000.000	2.521.230.000	2.521.230.000	13,99%	8.249,59	25,21%
17.07.2012	12.12.2013	7.478.770.000	1.164.000.000	889.000.000	14,50%	8.293,12	11,89%
07.08.2012	12.12.2013	6.589.770.000	6.155.000.000	6.155.000.000	14,94%	8.310,13	93,40%
04.09.2012	06.03.2014	20.000.000.000	8.622.240.000	7.122.240.000	14,97%	8.149,66	35,61%
20.11.2012	22.05.2014	10.000.000.000	14.215.660.000	10.000.000.000	13,99%	8.249,59	100,00%
<b>T - BILLS 24M</b>							
Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
23.11.2010	22.11.2012	1.000.000.000	722.870.000	672.870.000	14,50%	7.732,62	67,29%
21.12.2010	20.12.2012	1.000.000.000	930.000.000	450.000.000	14,90%	7.684,56	45,00%
25.01.2011	24.01.2013	1.000.000.000	5.513.820.000	1.000.000.000	14,60%	7.720,55	100,00%
22.02.2011	21.02.2013	20.000.000.000	23.102.820.000	14.587.820.000	12,90%	7.931,05	72,94%
22.03.2011	21.02.2013	5.412.180.000	3.772.210.000	1.148.560.000	12,89%	7.995,91	21,22%
26.04.2011	25.04.2013	10.000.000.000	5.103.960.000	4.103.960.000	13,50%	7.855,46	41,04%
07.06.2011	25.04.2013	5.896.040.000	7.828.460.000	5.896.040.000	12,99%	8.015,83	100,00%
05.07.2011	04.07.2013	10.000.000.000	4.647.120.000	4.394.360.000	12,89%	7.932,32	43,94%
16.08.2011	04.07.2013	5.605.640.000	650.670.000	650.670.000	12,99%	8.015,83	11,61%
27.09.2011	04.07.2013	4.954.970.000	980.790.000	502.890.000	12,99%	8.114,40	10,15%
25.10.2011	04.07.2013	4.452.080.000	2.160.250.000	1.160.250.000	13,19%	8.158,63	26,06%
29.11.2011	04.07.2013	3.291.830.000	1.538.400.000	1.438.400.000	13,25%	8.238,32	43,70%
31.01.2012	30.01.2014	10.000.000.000	8.856.780.000	7.818.020.000	13,09%	7.906,96	78,18%
13.03.2012	13.03.2014	10.000.000.000	5.005.720.000	5.000.720.000	13,49%	7.856,71	50,01%
10.04.2012	13.03.2014	4.999.280.000	5.673.360.000	4.999.280.000	13,29%	7.946,49	100,00%

22.05.2012	22.05.2014	10.000.000.000	4.910.980.000	2.231.330.000	13,99%	7.794,79	22,31%
19.06.2012	22.05.2014	7.768.670.000	1.144.570.000	1.144.570.000	14,45%	7.806,57	14,73%

#### T - BONDS 3Y

Auction date	Maturity date	Offer	Bid	Par Value	Coupon (10% SA)	Yield	Accepted price	Realization rate
30.3.2011	1.4.2014	20.000.000.000	2.702.670.000	2.302.670.000	115.133.500	14,05%	9.035,97	11,51%
10.5.2011	1.4.2014	17.697.330.000	4.025.280.000	2.925.280.000	146.264.000	14,25%	9.103,64	16,53%
21.6.2011	1.4.2014	14.772.050.000	2.299.900.000	2.299.900.000	114.995.000	13,89%	9.299,35	15,57%
19.7.2011	1.4.2014	12.472.150.000	2.669.220.000	2.669.220.000	133.461.000	14,50%	9.235,76	21,40%
9.8.2011	1.4.2014	9.802.930.000	791.090.000	291.090.000	14.554.500	14,50%	9.292,51	2,97%
20.9.2011	1.4.2014	9.511.840.000	3.816.750.000	1.896.750.000	94.837.500	14,89%	9.320,69	19,94%
11.10.2011	1.4.2014	7.615.090.000	1.371.150.000	841.150.000	42.057.500	14,89%	9.036,81	11,05%
22.11.2011	1.4.2014	6.773.940.000	1.017.120.000	1.011.520.000	50.576.000	14,89%	9.152,19	14,93%
28.2.2012	1.3.2015	20.000.000.000	9.073.660.000	8.910.080.000	445.504.000	14,70%	8.891,86	44,55%
27.3.2012	1.3.2015	11.089.920.000	11.366.900.000	10.234.250.000	511.712.500	14,70%	8.988,35	92,28%
25.4.2012	27.4.2015	20.000.000.000	4.910.980.000	4.910.980.000	245.549.000	14,99%	8.828,71	24,55%
26.6.2012	27.4.2015	15.089.020.000	365.000.000	365.000.000	18.250.000	14,99%	9.047,56	2,42%
30.7.2012	27.4.2015	14.724.020.000	9.374.510.000	9.374.510.000	468.725.500	15,74%	9.019,40	63,67%
28.8.2012	27.4.2015	5.349.510.000	5.262.130.000	4.962.130.000	248.106.500	15,84%	9.108,94	92,76%
12.9.2012	14.9.2015	10.000.000.000	10.371.380.000	10.000.000.000	500.000.000	15,99%	8.615,24	100,00%
26.9.2012	28.9.2015	10.000.000.000	2.909.660.000	2.407.740.000	120.387.000	15,99%	8.615,24	24,08%
16.10.2012	18.10.2015	10.000.000.000	10.204.040.000	6.863.750.000	343.187.500	14,99%	8.828,71	68,64%

#### T - BONDS 5Y

Auction date	Maturity date	Offer	Bid	Par Value	Coupon (10% SA)	Yield	Accepted price	Realization rate
24.1.2012	26.1.2017	3.000.000.000	4.908.160.000	2.703.660.000	135.183.000	14,70%	8.375,83	90,12%
29.5.2012	31.5.2017	3.000.000.000	520.000.000	520.000.000	26.000.000	15,01%	8.280,94	17,33%
06.11.2012	08.11.2017	5.000.000.000	6.911.000.000	5.000.000.000	250.000.000	14,74%	8.363,51	100,00%

### Overview of Government Securities issued on domestic market – Currency EUR

#### T - BILLS 53W ISSUED IN EUR

Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
20.2.2012	27.2.2013	120.000.000 €	94.459.000 €	55.199.000	5,95%	942,22 €	46,00%
11.7.2012	19.7.2013	35.000.000 €	28.275.000 €	20.035.000	6,15%	940,40 €	57,24%
21.8.2012	29.8.2013	40.000.000 €	46.849.000 €	40.000.000	6,15%	940,40 €	100,00%
3.9.2012	11.9.2013	60.000.000 €	42.714.000 €	42.214.000	6,15%	940,40 €	70,36%
31.10.2012	8.11.2013	50.000.000 €	65.758.000 €	47.662.000	5,75%	944,06 €	95,32%

#### T - BILLS 18M ISSUED IN EUR

Auction date	Maturity date	Offer	Bid	Par Value	Discount rate	Discount price	Realization rate
4.7.2011	2.1.2013	150.000.000 €	183.789.000 €	149.745.000	5,40%	924,30 €	99,83%
23.5.2012	22.11.2013	100.000.000 €	132.418.000 €	100.000.000	6,19%	914,18 €	100,00%
25.6.2012	25.12.2013	100.000.000 €	108.613.000 €	99.113.000	6,30%	912,78 €	99,11%
13.11.2012	15.05.2014	40.000.000 €	44.295.000 €	38.480.000 €	5,85%	918,51 €	96,20%

#### T - BONDS 2Y ISSUED IN EUR

Auction date	Maturity date	Offer	Bid	Par Value	Coupon	Yield	Accepted price	Realization rate
26.3.2012	28.3.2014	50.000.000 €	58.053.000 €	50.000.000	5,75%	6,10%	993,50 €	100,00%
6.6.2012	8.6.2014	50.000.000 €	65.659.000 €	50.000.000	5,75%	6,25%	990,73 €	100,00%
24.7.2012	26.7.2014	60.000.000 €	11.984.000 €	11.984.000	5,75%	6,20%	991,66 €	19,97%

#### T - BONDS 3Y ISSUED IN EUR

Auction date	Maturity date	Offer	Bid	Par Value	Coupon	Yield	Accepted price	Realization rate
30.5.2011	1.6.2014	100.000.000 €	71.960.000 €	58.890.000	5,00%	5,00%	1.000,00 €	58,89%

#### T - BONDS 15Y ISSUED IN EUR

Auction date	Maturity date	Offer	Bid	Par Value	Coupon	Yield	Accepted price	Realization rate
14.2.2011	16.2.2026	200.000.000 €	97.351.000 €	97.351.000	5,85%	5,85%	1.000,00 €	48,68%
1.6.2011	16.2.2026	102.649.000 €	46.930.000 €	46.930.000	5,85%	5,85%	1.017,29 €	45,72%

### Amortizing and inflation indexed RSD Government Securities

**INFLATION INDEXED BONDS**

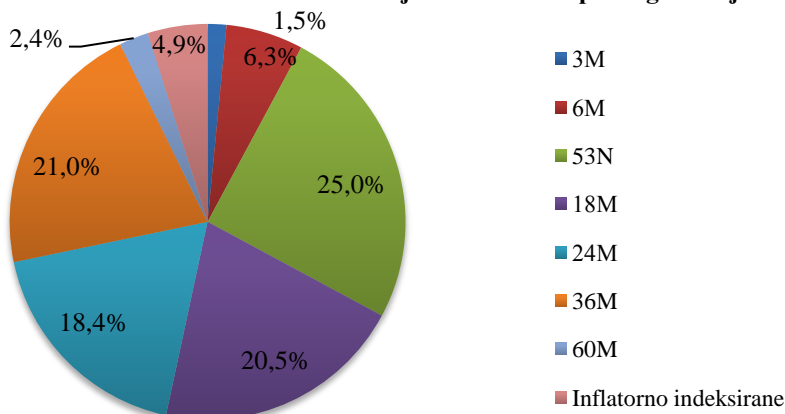
Auction date	Maturity date	Par Value	Nominal price	Coupon a. (CPI + fixed interest)	Realization rate
05.03.2012	05.03.2015	1.992.580.000	10.000	2,00%	100,00%
26.05.2012	26.05.2015	9.839.226.000	10.000	2,00%	100,00%
11.06.2012	11.06.2022	5.000.000.000	10.000	2,00%	100,00%

**AMORTIZING T - BONDS 2Y**

Auction date	Maturity date	Par Value	Nominal price	Coupon SA (NBS ref. rate + fixed interest)	Realization rate
01.08.2012	05.03.2015	6.682.000.000	10.000	4,00%	100,00%

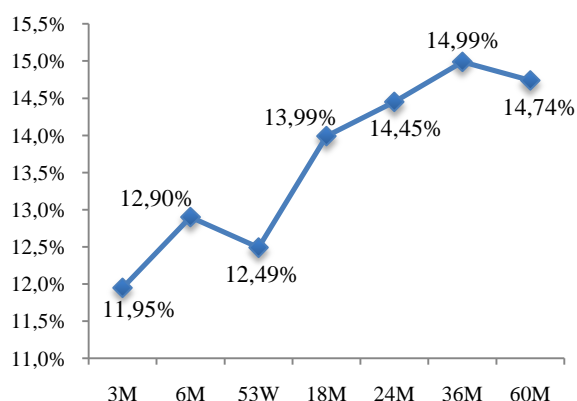
Graph # 1

**Struktura emitovanih hartija od vrednosti po originalnoj ročnosti**



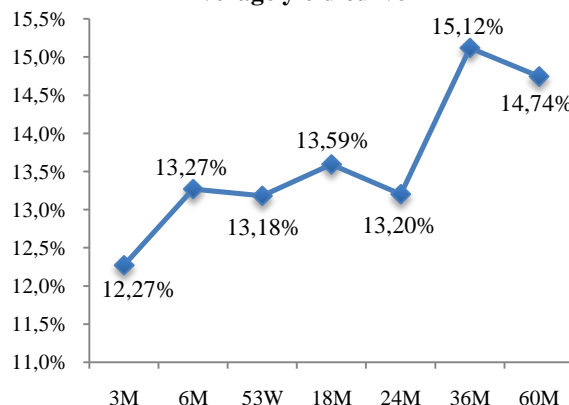
Graph # 2

**Yield curve of latest auctions**



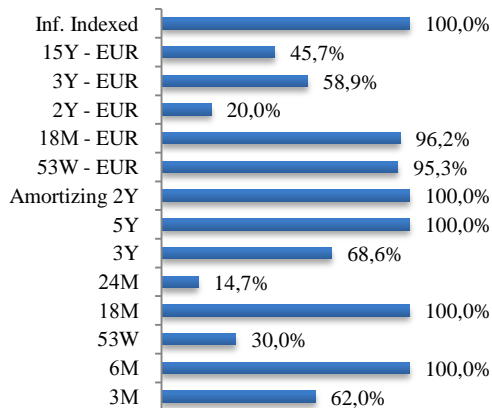
Graph # 3

**Average yield curve**



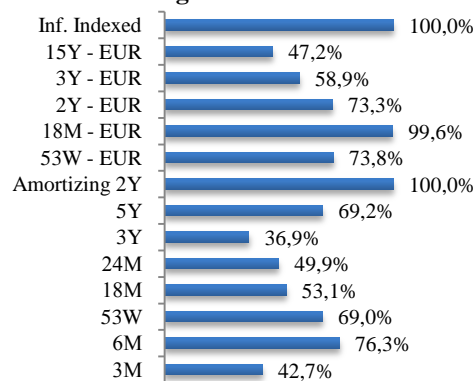
Graph # 4

**Last auction realization rate**



Graph # 5

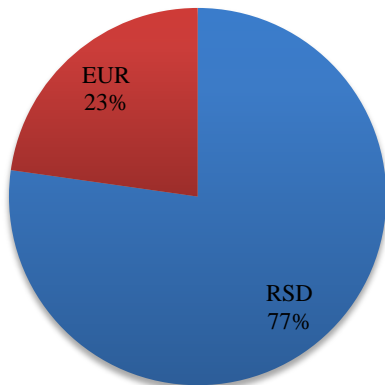
**Auctions average realization rate of outstanding Government Securities**





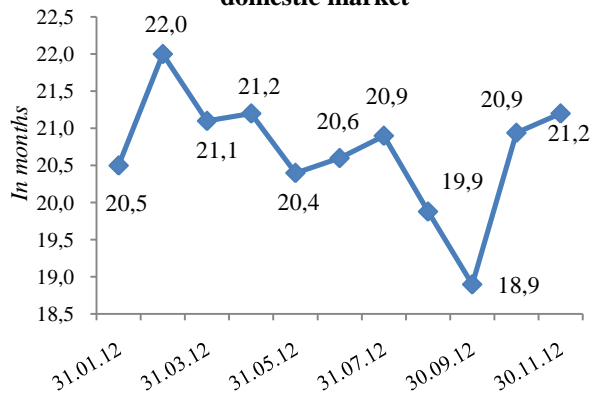
Graph # 6

**Currency structure of Government Securities issued on domestic market**



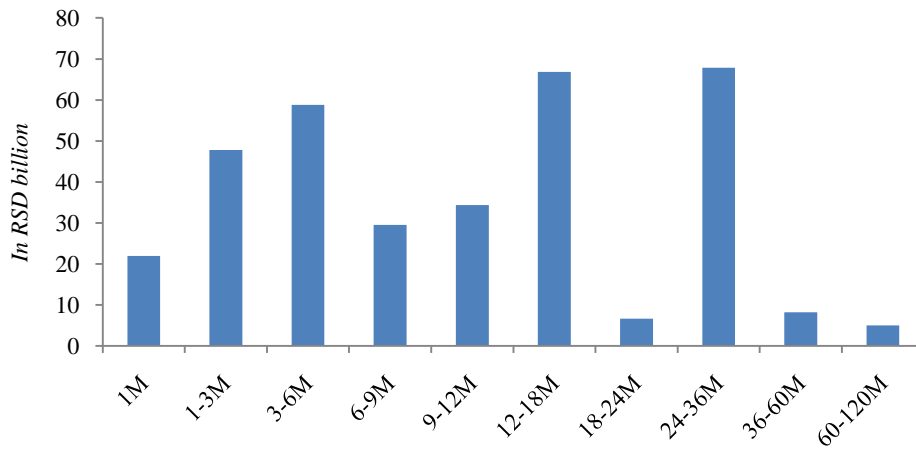
Graph # 7

**ATM of Government Securities on domestic market**



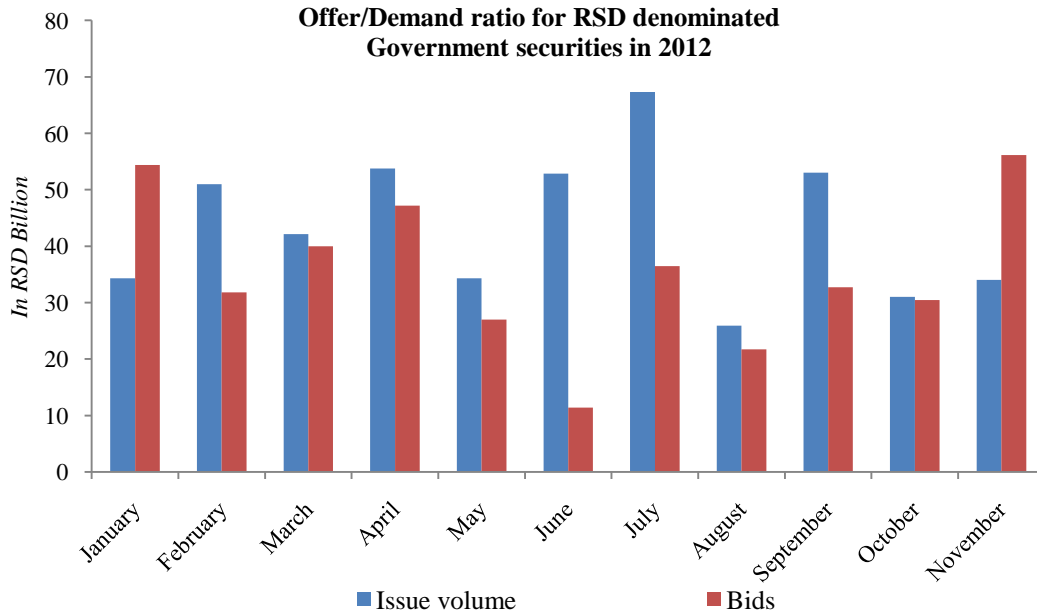
Graph # 8

**Residual maturity of Government securities denominated in RSD**



Graph # 9

**Offer/Demand ratio for RSD denominated Government securities in 2012**



INTERNAL PUBLIC DEBT ANALYSIS

Table #2

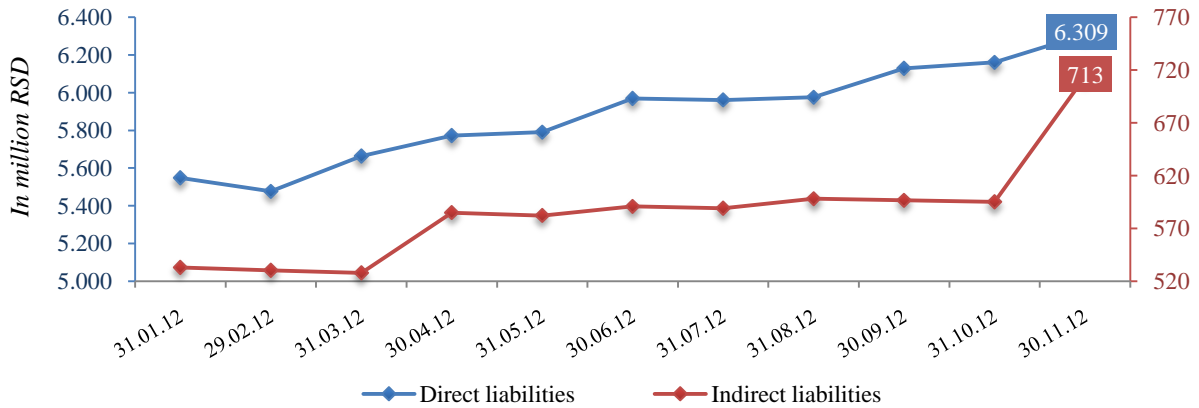
In thousands

Purpose of Internal Public Debt	Currency	Debt Stock in EUR	Purpose of Internal Public Debt	Currency	Debt Stock in EUR
Pensions - Agriculture	RSD	24.362	Путеви Србије - UniCredit Bank	EUR	30.630
Pensions - Employers Fund	RSD	6.469	Путеви Србије - Marfin Bank	EUR	24.490
Комерцијална банка - Embassy Brussels	EUR	9.821	ЈП Србијагас - Banca Intesa	EUR	50.000
Deposits - National bank of Serbia	RSD	2.597	ЈП Србијагас - Banca Intesa	EUR	120.000
Deposits - Citizens	EUR	1.869.811	ЈП Србијагас - Banca Intesa	EUR	45.000
Deposits - Banks	EUR	37.933	ЈП Србијагас - Societe Generale Bank	EUR	40.000
Economy Development Loan	EUR	7.846	ЈП Србијагас - Erste Bank	EUR	40.000
Нуро-Алпе Адриа Банка - Универзијада 2009	RSD	2.220	ЈП Србијагас - Комерцијална банка	EUR	20.000
Government Treasury Bills - Currency RSD	RSD	239.905	ЈП Србијагас - Нуро-Алпе-Адриа Банка	EUR	35.000
Government Treasury Bonds - Currency RSD	RSD	2.840.887	ЈП Србијагас - Unicredit Bank	EUR	30.000
Government Treasury Bonds - Currency EUR	EUR	907.603	ЈП Србијагас - Societe Generale Bank - Liquidity loan	EUR	10.000
Војвођанска банка - Budget deficit/1	EUR	10.000	ЈП Србијагас - Војвођанска - Liquidity loan	EUR	20.000
Alpha Bank - Budget deficit	EUR	15.000	ЈП Србијагас - UniCredit - Liquidity loan	EUR	10.000
Piraeus Bank - budget deficit	EUR	20.000	ЈП Србијагас - Volksbank - Liquidity loan	EUR	70.000
Eurobank EFG - Nuclear Facilities	USD	11.313	ЈП Србијагас - ОТП банка - Liquidity loan	EUR	10.000
Војвођанска банка - budget deficit/2	EUR	12.083	ЈП ЈАТ Airways - Unicredit Bank	EUR	20.000
Banca Intesa - budget deficit	EUR	34.031	ЈП ЈАТ Airways - Societe Generale Bank	EUR	20.000
Raiffeisen Bank - budget deficit	EUR	34.031	ЈП ЈАТ Airways - Unicredit Bank	EUR	4.750
Unicredit Bank - budget deficit	EUR	40.829	ЈП ЈАТ Airways - Societe Generale Bank	EUR	4.750
Societe Generale Bank - budget deficit	EUR	13.610	ЈП ЈАТ Airways - Unicredit Bank	EUR	1.000
Нуро Алпе Адриа - budget deficit	EUR	20.000	ЈП ЈАТ Airways - Societe Generale Bank	EUR	1.000
Eurobank EFG - budget deficit	EUR	17.500	Zubin Potok - Water supply	EUR	260
Војвођанска банка - budget deficit,/3	EUR	17.500	Zvesan - Water supply	EUR	130
KBC Bank - budget deficit	EUR	8.868	Kosovska Mitrovica - Water supply	EUR	130
Комерцијална банка - The First National Court	EUR	13.000	Комерцијална банка - " Степа Степановић "	EUR	12.808
Development Fund	RSD	49.675	Комерцијална банка - " Степа Степановић " - 3а	EUR	2.083
Consortium of banks - road infrastructure	RSD	41.992	Комерцијална банка - " Степа Степановић " - 3г	EUR	2.112
			Комерцијална банка - " Степа Степановић " - 3б	EUR	2.688
			Комерцијална банка - " Степа Степановић " - 3в	EUR	3.121
			Комерцијална банка - " Степа Степановић " - 3г, 3д, 3ђ, 3е	EUR	9.660
			Галеника ад. Београд - Societe Generale Bank	EUR	10.000
			Галеника ад. Београд - UniCredit Bank	EUR	30.000
			Галеника ад Београд - АИК банка	EUR	20.000
			ЈП ЈАТ Airways - Комерцијална банка	EUR	10.000
			ЈАТ Техника - Unicredit Bank	EUR	3.797
<b>Total Direct Liabilities</b>		<b>6.308.884</b>	<b>Total Indirect Liabilities</b>		<b>713.408</b>



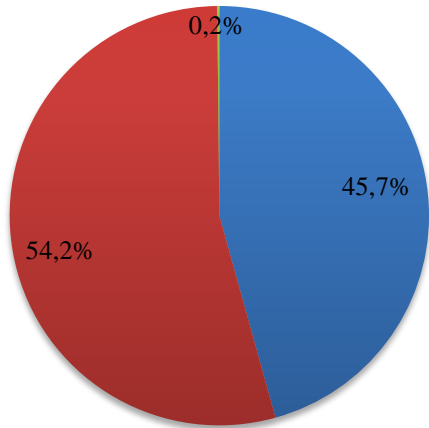
Graph # 10

**Internal Public Debt dynamics for period January - November 2012**



Graph # 11

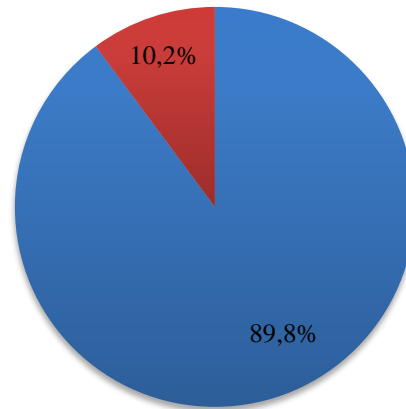
**Internal Debt currency structure**



■ RSD ■ EUR ■ USD

Graph # 12

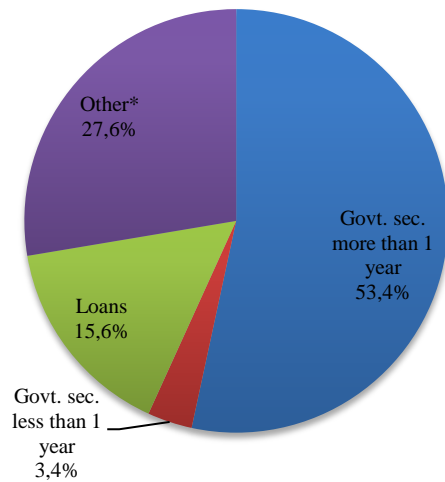
**Internal Public Debt structure**



■ Direct liabilities ■ Indirect liabilities

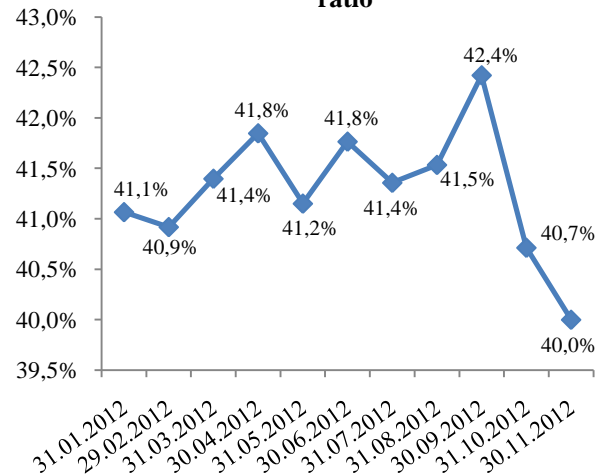
Graph # 13

**Indebtness structure**



Graph # 14

**Internal Public Debt/Total Public Debt ratio**



**EXTERNAL PUBLIC DEBT – ISSUED GOVERNMENT SECURITIES**

Table # 3

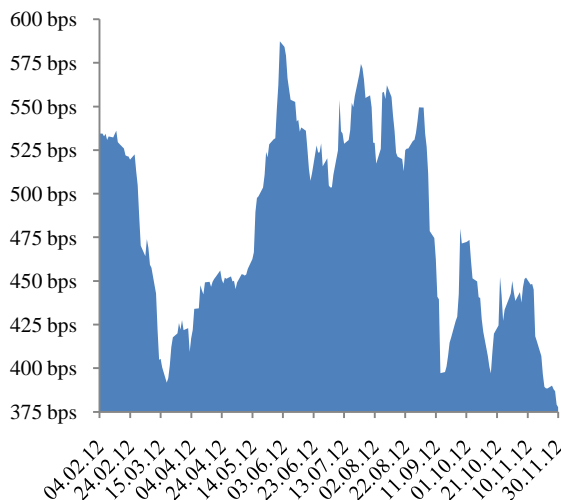
Republic of Serbia Eurobond 2021 - Tap
Issuer: Ministry of Finance and Economy of the Republic of Serbia
Ratings: BB- (S&P); BB- (Fitch)
Maturity: 28. september 2021
Coupon: 7.25% semi-annual
*Size: USD 2.0bn
**Re-offer yield: 6.625%
Re-offer price: 104.179
Spread to US Treasury Benchmark: 497.0 bps
Announcement date: 27. September 2012
Listing: London Stock Exchange
*Primary auction USD 1,0bn 21.9.2011.; Tap Issuance 27.9.2012. USD 1,0bn. **Tap Issuance re-offer yield.

Table # 4

Price/Yield				
Date	Closing Price	YTM	Monthly price change %	Monthly yield change %
30.11.2012	112,88	5,393	5,3%	-12,9%
31.10.2012	107,15	6,191	1,0%	-2,5%
28.09.2012	106,09	6,349	4,7%	-9,9%
31.08.2012	101,36	7,044	-0,5%	1,1%
31.07.2012	101,90	6,964	-1,1%	2,4%
29.06.2012	103,01	6,803	2,6%	-5,3%
31.05.2012	100,45	7,181	-4,9%	11,5%
30.04.2012	105,63	6,441	-0,1%	0,2%
30.03.2012	105,76	6,429	4,2%	-8,5%
29.02.2012	101,52	7,029	2,0%	-3,9%
31.01.2012	99,53	7,316	2,3%	-4,4%
30.12.2011	97,28	7,650		

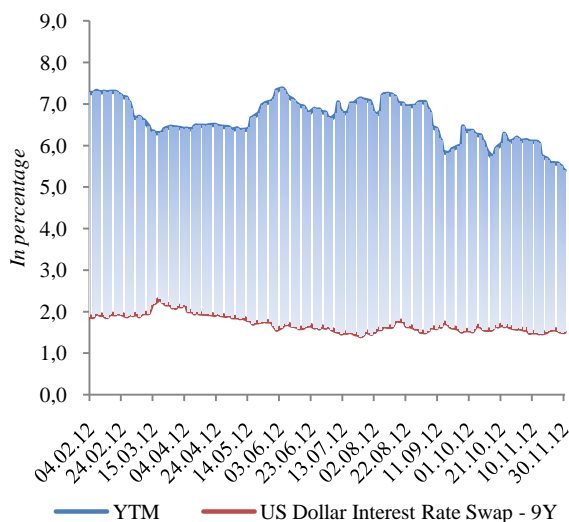
Eurobond 2021 Spread to Benchmark

Graph # 15



Eurobond 2021 Spread to US Dollar Swap Interest rate

Graph # 16



Graph # 17

Price/YTM Graph - Eurobond 2021

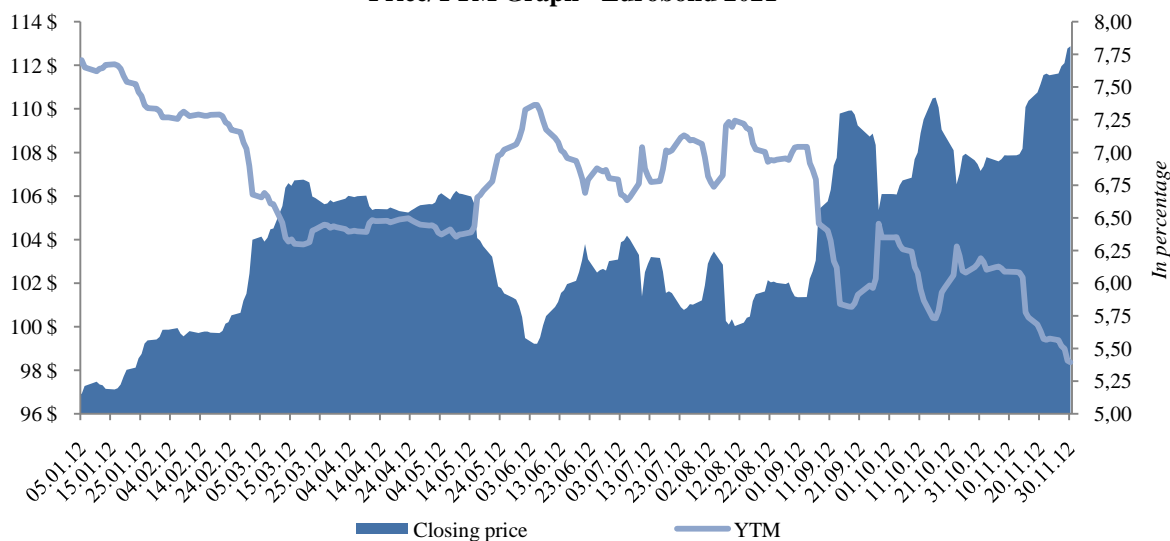




Table # 5

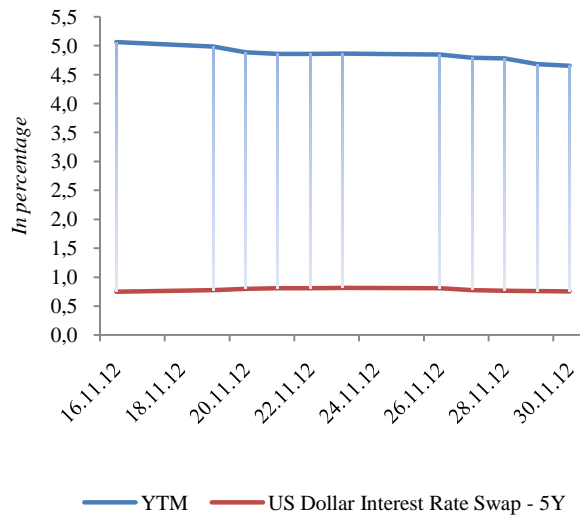
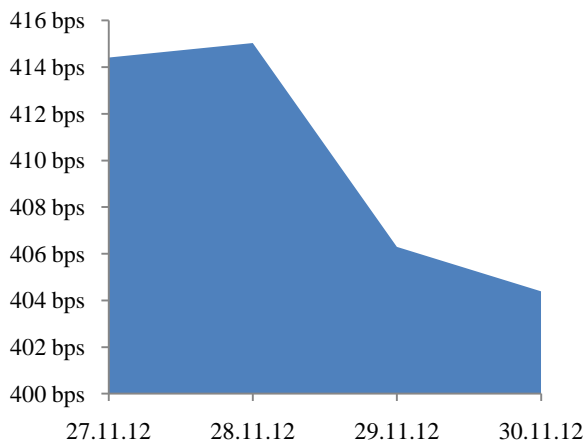
Republic of Serbia Eurobond 2017	
Issuer:	Ministry of Finance and Economy of the Republic of Serbia
Ratings:	BB- (S&P); BB- (Fitch)
Maturity:	21. November 2017
Coupon:	5.250% semi-annual
Size:	USD 750.0mln
Re-offer yield:	5.450%
Re-offer price:	99.135
Spread to US Treasury Benchmark:	482.5 bps
Announcement date:	14. November 2012
Listing:	London Stock Exchange

Eurobond 2021 Spread to Benchmark

Eurobond 2021 Spread to US Dollar Swap Interest rate

Graph # 18

Graph # 19



Graph # 19

Price/YTM Graph - Eurobond 2017

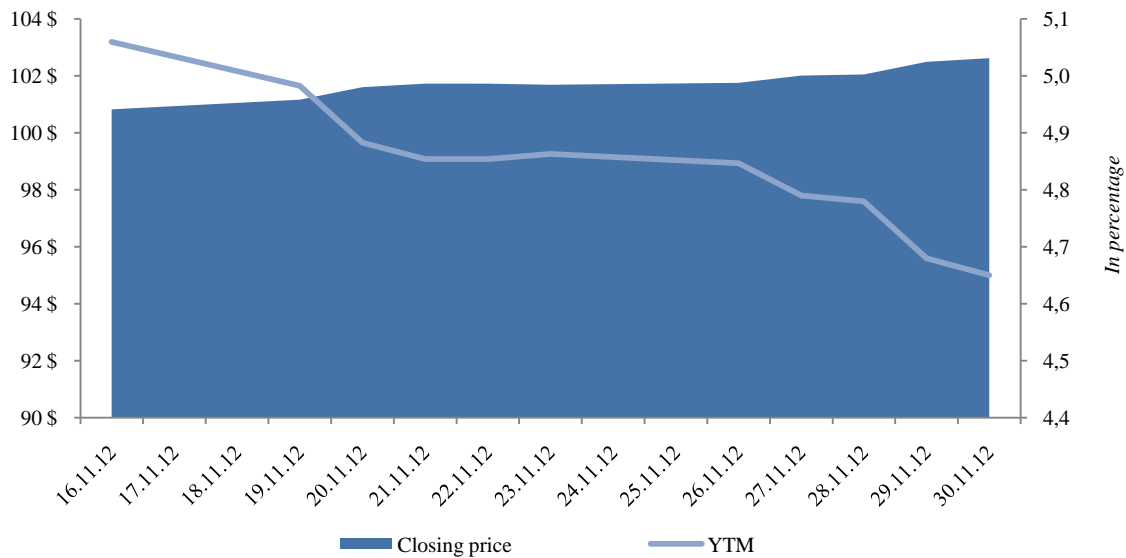




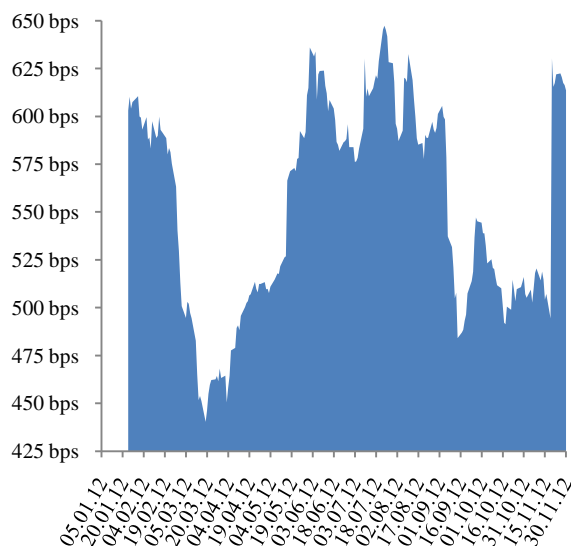
Table # 6

Amortizing bond - London Club 2024				
Auction Date	Maturity Date	Par Value	Market value	Coupon %
01.10.2004	01.11.2024	1.080.000.000	972.000.190	6,75%
Price/Yield				
Date	Closing Price	YTM	Monthly price change %	Monthly yield change %
30.11.2012	101,75	6,536	2,2%	-4,0%
31.10.2012	99,53	6,808	1,1%	-1,9%
28.09.2012	98,47	6,939	2,2%	-3,8%
31.08.2012	96,31	7,210	0,5%	-0,7%
31.07.2012	95,87	7,263	-0,7%	1,3%
29.06.2012	96,56	7,173	1,1%	-1,8%
31.05.2012	95,52	7,304	-3,1%	5,5%
30.04.2012	98,56	6,924	-1,0%	1,8%
30.03.2012	99,56	6,802	2,1%	-3,5%
29.02.2012	97,51	7,049	3,1%	-4,9%
31.01.2012	94,60	7,410	0,2%	-0,3%
30.12.2011	94,38	7,436		

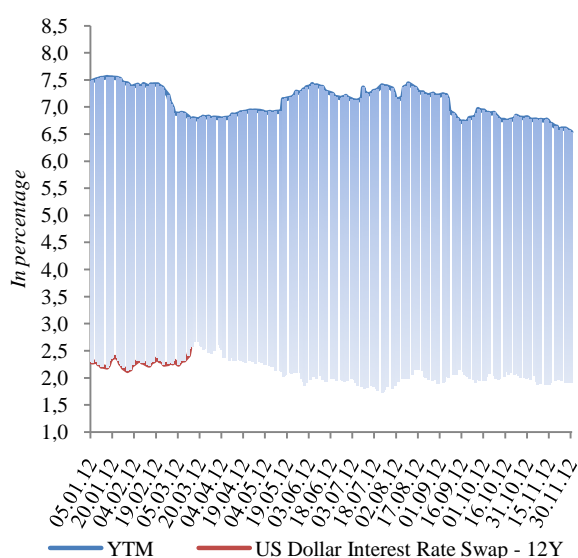
Graph # 20

Graph # 21

Amortizing Bond London club 2024 Spread to Benchmark

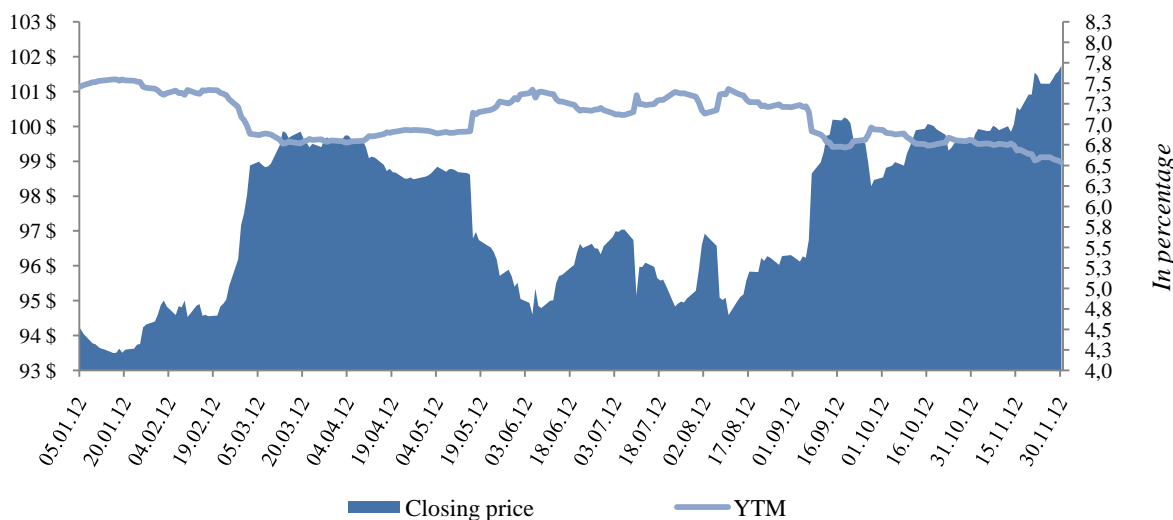


Amortizing Bond London club 2024 Spread to US Dollar Swap Interest rate



Graph # 21

Price/YTM Graph Amortizing Bond - London Club 2024



**EXTERNAL DEBT ANALYSIS**

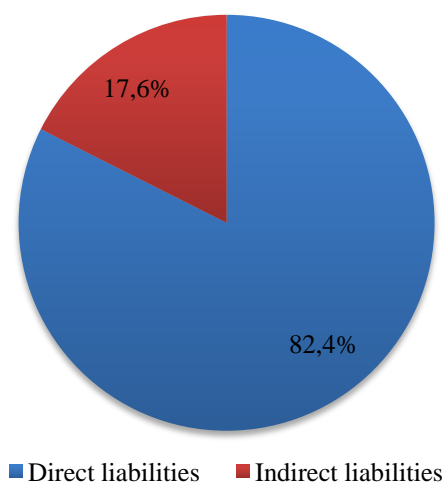
Table # 6

*In Thousands*

External Direct Debt Stock in EUR			External Indirect Debt Stock in EUR		
Creditor			Creditor		
1	EBRD	21.461	1	KfW	62.486
2	CEB	45.492	2	EUROFIMA	112.467
3	IMF	458.462	3	*Others	276.326
4	EIB	552.484	4	EU 225	179.037
5	IDA	527.517	5	EBRD	354.045
6	*Others	572.723	6	EIB	867.772
7	Foreign Government loans	774.878		<i>Total</i>	<i>1.852.132</i>
8	London Club	661.969			
9	EUROBOND	2.115.547			
10	IBRD	1.468.769			
11	Paris Club	1.487.796			
	<i>Total</i>	<i>8.687.098</i>			

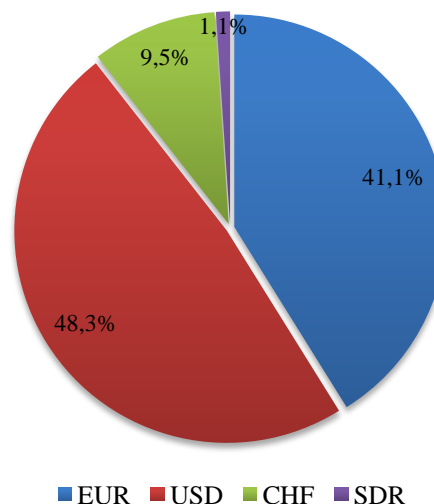
Graph # 22

**External Public Debt structure**



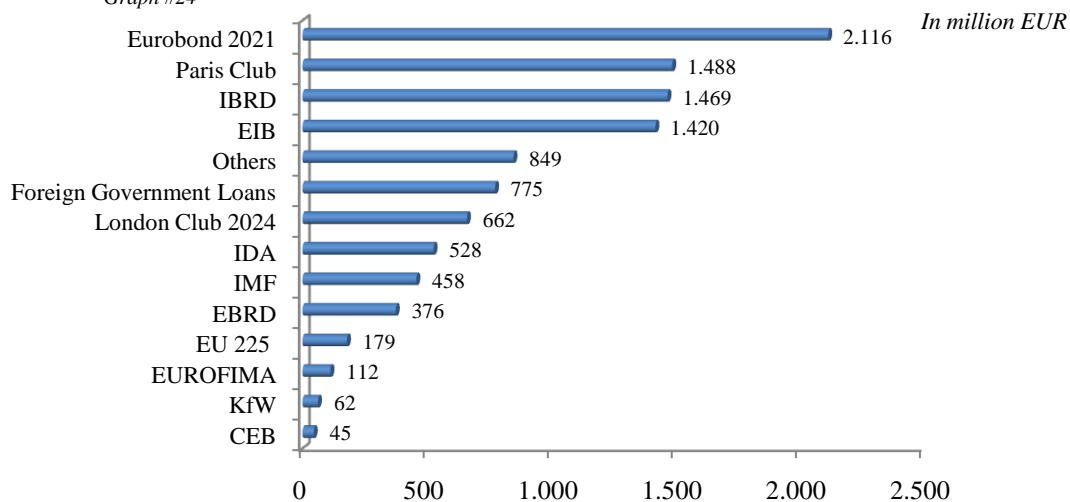
Graph # 23

**Extrenal debt currency structure**

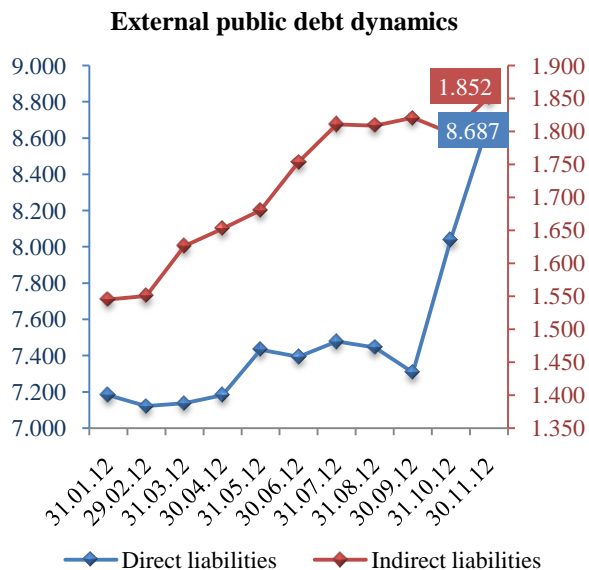


**Overview of Creditors**

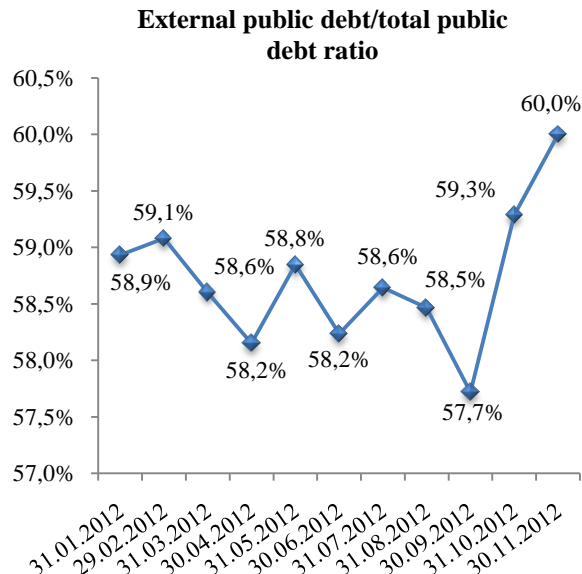
Graph #24



Graph # 25



Graph # 26



**PUBLIC DEBT ANALYSIS**

**Dynamics of Total Public Debt**

Table # 7

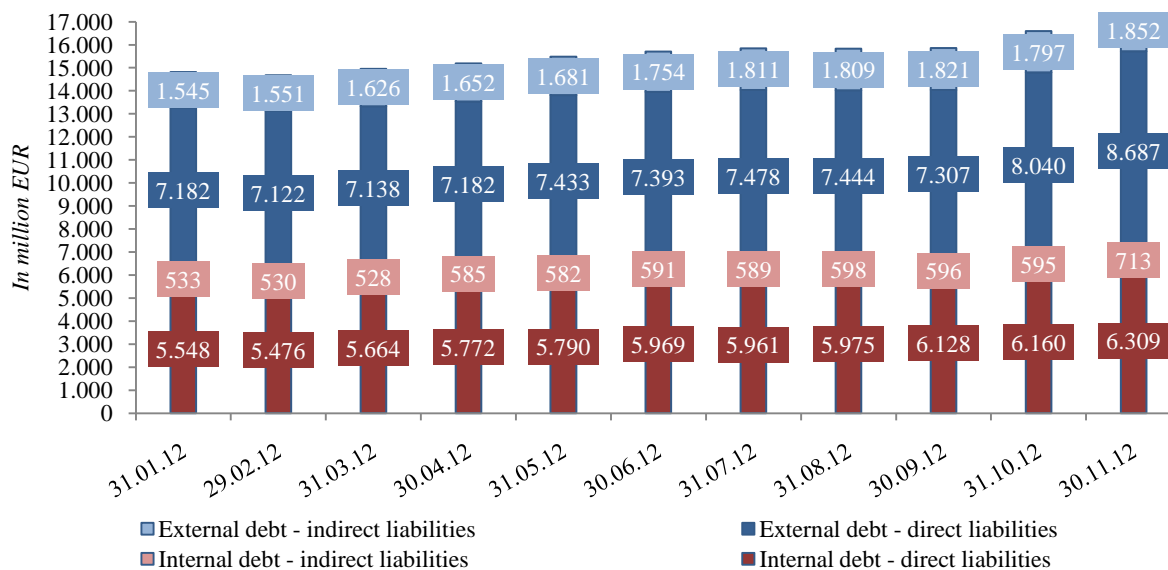
In millions EUR

Date	Internal Public Debt		External Public Debt		Total Public Debt
	Direct Liabilities	Indirect Liabilities	Direct Liabilities	Indirect Liabilities	
31.1.2012	429,6	-2,8	-57,0	-28,7	341,1
29.2.2012	-72,1	-2,8	-60,0	5,5	-129,3
31.3.2012	187,6	-2,5	16,5	75,6	277,3
30.4.2012	108,8	57,2	43,7	26,2	236,0
31.5.2012	17,8	-2,8	250,7	28,1	293,9
30.6.2012	179,2	8,6	-39,1	73,2	221,8
31.7.2012	-8,0	-1,7	84,2	56,9	131,4
31.8.2012	13,7	9,0	-33,6	-2,1	-13,0
30.9.2012	153,3	-1,5	-137,3	12,2	26,6
31.10.2012	31,8	-1,4	732,9	-23,3	740,1
30.11.2012	148,6	118,3	647,4	54,7	969,0

\*Monthly change

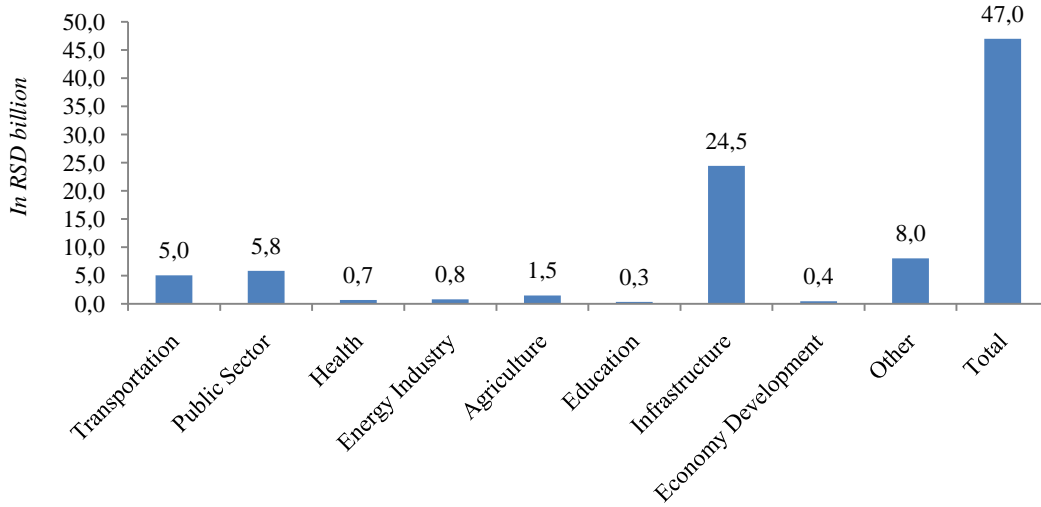
Graph # 27

**Stock and Structure of Public Debt**



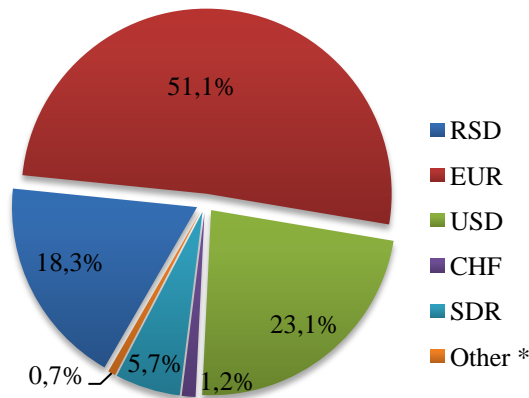
Graph # 28

**Project credit disbursement of Central Government in 2012**



*Public Debt currency structure*

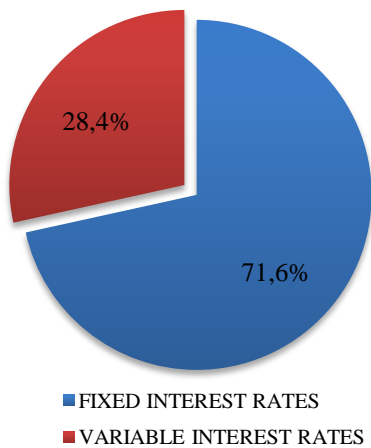
Graph # 29



*Public Debt interest rate structure*

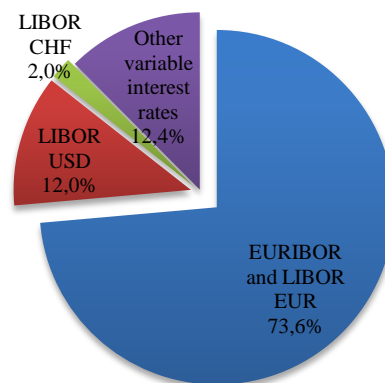
Graph # 30

**Interest Rate structure**



Graph # 31

**Variable interest rate structure**

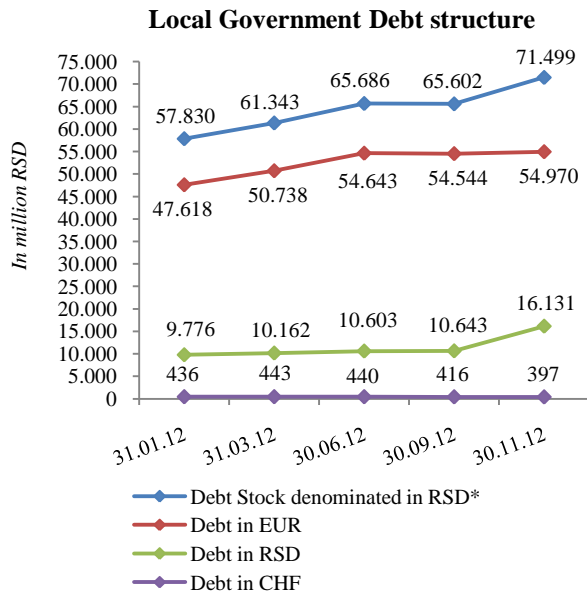




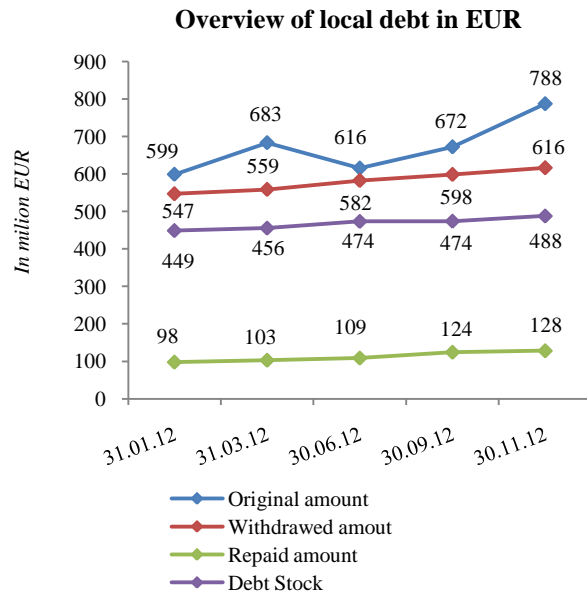
## LOCAL GOVERNMENT DEBT ANALYSIS

### Dynamics of Local Government debt structure

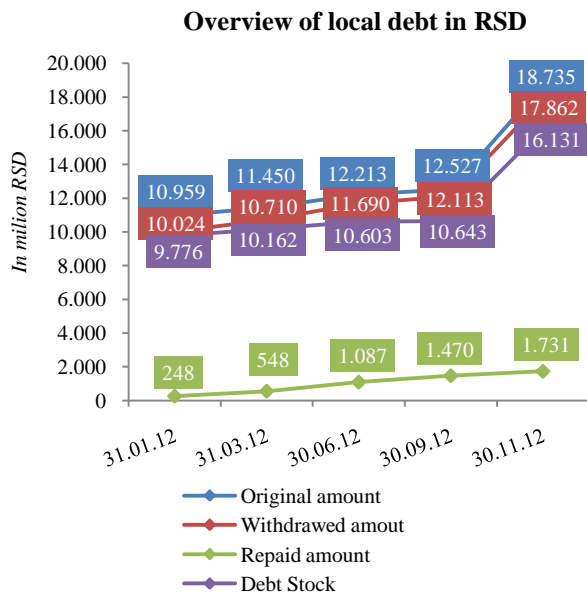
Graph # 32



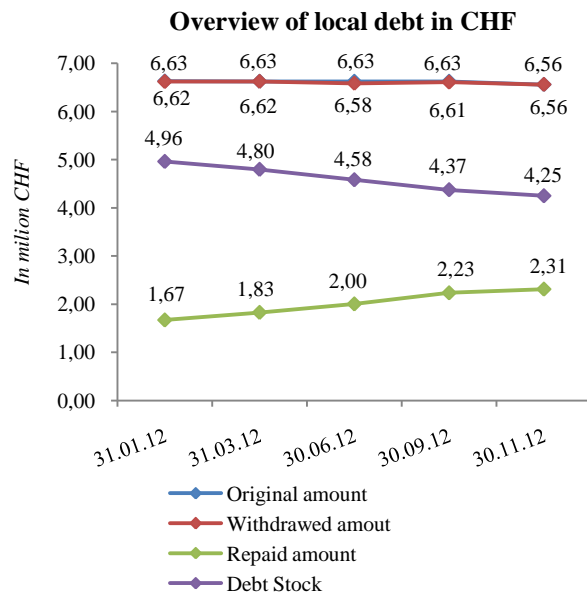
Graph # 33



Graph # 34

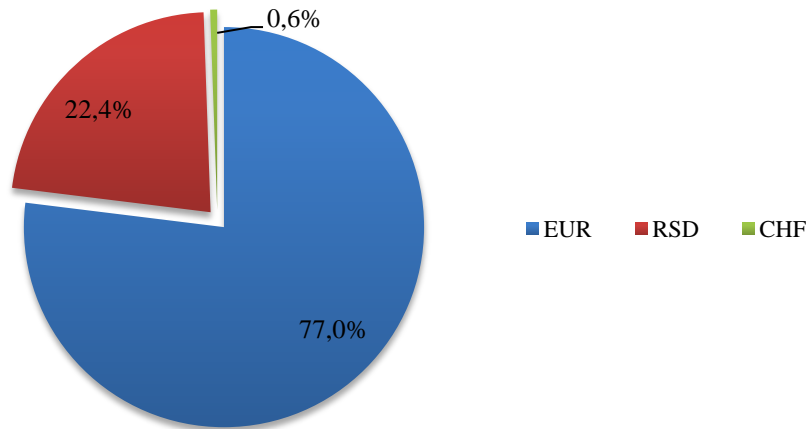


Graph # 35

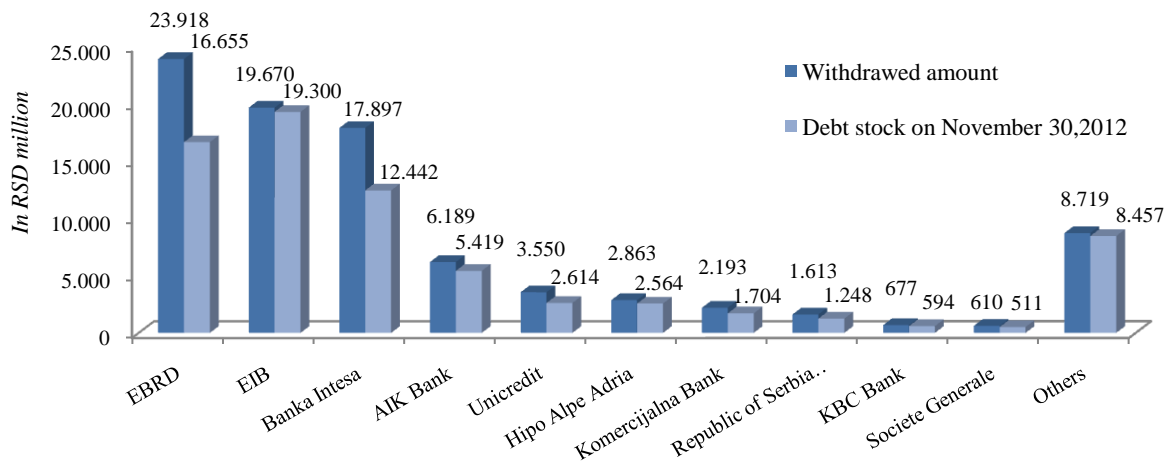




Graph # 36 Local Government debt - currency structure



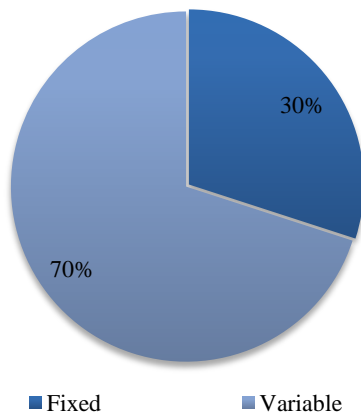
Graph # 37 Creditors Overview



Interest Rate Structure

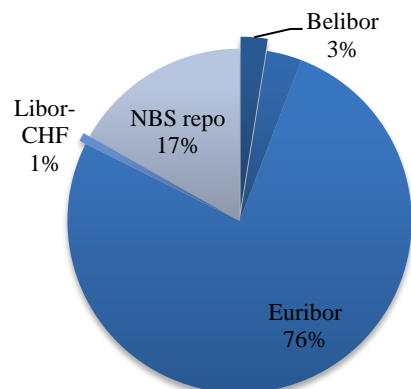
Graph # 38

Interest rate structure



Graph # 39

Variable rate interest structure

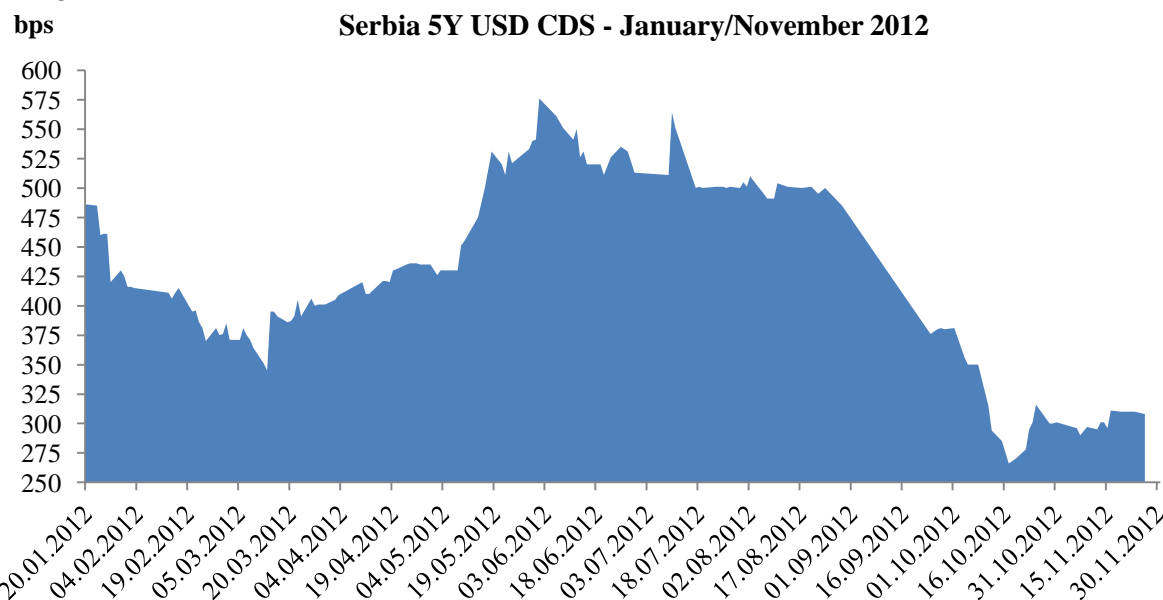


**CREDIT RAITING OF THE REPUBLIC OF SERBIA – Default SWAP**

Table # 8

CDS on the 30 <sup>th</sup> of November, 2012 for SOVX CEEMEA region countries								
Index	Rating (Moody's; S&P; Fitch)	Market Price	Bid	Ask	Daily changes	Weekly changes	6M changes	Yearly change
SOVX CEEMEA*	-	169	168	170	-	-8	-185	-181
SOVX Western	-	105	101	110	-	-8	-223	-251
<b>Country</b>								
Bulgaria	Baa2/BBB/BBB-	107	113	102	-2	-4	-274	-293
Czech Republic	A1/AA-/A+	68	70	66	-2	-6	-72	-107
Estonia	A1/AA-/A+	75	76	75	2	2	-45	-102
Croatia	Baa3/BBB-/BBB-	247	253	242	7	-6	-316	-298
Hungary	Ba1/BB+/BB+	291	297	284	1	-9	-338	-293
Kazakhstan	WR/BBB+/BBB	149	152	146	-1	-11	-131	-128
Lithuania	Baa1/BBB/BBB	106	110	103	-1	-8	-202	-239
Latvia	Baa3/BBB-/BBB-	119	124	114	1	-6	-211	-219
Poland	A2/A-/A-	85	88	83	0	-3	-194	-190
Romania	Baa3/BB+/BBB-	224	230	217	2	-5	-248	-221
Russia	Baa1/BBB/BBB	136	138	135	-1	-10	-144	-108
Slovakia	A2/A/A+	99	102	96	0	-3	-182	-191
Turkey	Ba1/BB/BB+	131	132	129	-1	-13	-172	-147
Ukraine	B2/BB/B	595	607	583	0	-64	-311	-255
South African Republic	A3/BBB+/BBB+	150	151	148	0	-14	-56	-48
<b>Serbia</b>	<b>NR/BB-/BB-</b>	<b>308</b>	<b>333</b>	<b>283</b>	<b>-2</b>	<b>-3</b>	<b>-68</b>	<b>-172</b>

Graph # 40



## CONTACT

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**Bloomberg page <RSMF> <GO>**

## LINKS

- National Bank of Serbia [www.nbs.rs](http://www.nbs.rs);
- Republic of Serbia Ministry of Finance and Economy [www.mfp.gov.rs](http://www.mfp.gov.rs);
- National Assembly of the Republic of Serbia [www.parlament.gov.rs](http://www.parlament.gov.rs);
- Government of the Republic of Serbia [www.srbija.gov.rs](http://www.srbija.gov.rs);
- Statistical Office of the Republic of Serbia [www.stat.gov.rs](http://www.stat.gov.rs);
- Belgrade Stock Exchange [www.belex.rs](http://www.belex.rs);
- Ministry of Finance – Treasury Administration [www.trezor.gov.rs](http://www.trezor.gov.rs);
- Fiscal Council of the Republic of Serbia [www.fiskalnisavet.rs](http://www.fiskalnisavet.rs)

