

REPORT ON THE CENTRAL GOVERNMENT DEBT AS OF 30 SEPTEMBER 2021

Total Central Government debt (deposits not included) as of 30 September 2021, was 4,076.25 million EUR or 82.99% of GDP¹. Total Central Government Debt, including deposits, as of 30 September 2021 was 3,555.62 million EUR or 72.39 % of GDP.

The foreign debt was 3,658.88 million EUR or 74.49% of GDP, while the domestic debt was 417.36 million EUR or 8.50% of GDP. At the 30 September 2021, deposits were 520.62 million EUR including 38,447 ounces of gold (amount of gold was EUR 57.95 million) or 10.60 % of GDP.

Table 1 Government debt stock, in million EUR

Creditor	31.03.2021	30.06.2021.	30.09.2021.
International Bank for Reconstruction and Development (IBRD)	186.09	185.06	186.97
Member states of the Paris Club of Creditors	66.46	66.24	62.62
International Development Association (IDA)	23.98	20.70	20.64
European Investment Bank (EIB)	108.88	105.73	104.58
European Bank for Reconstruction and Development (EBRD)	40.98	42.95	45.41
Council of Europe Development Bank (CEB)	30.38	29.84	59.84
European Commission	30.00	60.00	60.00
Reconstruction Credit Bank (KfW) – Germany	41.28	37.79	39.81
Loan from the Government of Hungary	1.22	1.07	0.59
Loan from the Government of Poland	4.15	3.80	3.80
French loan – NATIXIS	2.12	1.75	1.70
Steiermarkische Bank und Sparkassen AG	0.00	0.00	0.00
Credit Suisse Bank	42.11	30.00	30.00
China Exim Bank	681.28 ²	688.09 ³	674.29 ⁴
Instituto del credito oficial (ICO)	2.04	1.81	1.81
Austrian loan	0.33	0.33	0.00
Eurobond	1,750.00	1,750.00	1,750.00
Banka Intesa	10.00	10.00	6.67
Syndicated loan-OTP -Erste Group-Zagrebačka bank	24.30	24.30	16.20
International Fund for Development IFAD	3.11	2.95	2.95
Export Development Canada EDC	14.81	13.65	13.46
HAPOALIM - armoured vehicles	6.03	3.92	3.92
Rapid Financing Instrument - MMF	73.13	72.62	73.61
Syndicated loan - PBG	250.00	250.00	250.00
Syndicated loan - PBG 2	250.00	250.00	250.00
Total Foreign Debt	3,642.68	3,652.60	3,658.88
Old currency savings	10.33	10.33	10.29

¹ According to preliminary MONSTAT data, the GDP for 2021 amounts to 4,199.6 million EUR

² According to the exchange rate on 31.03.2021.

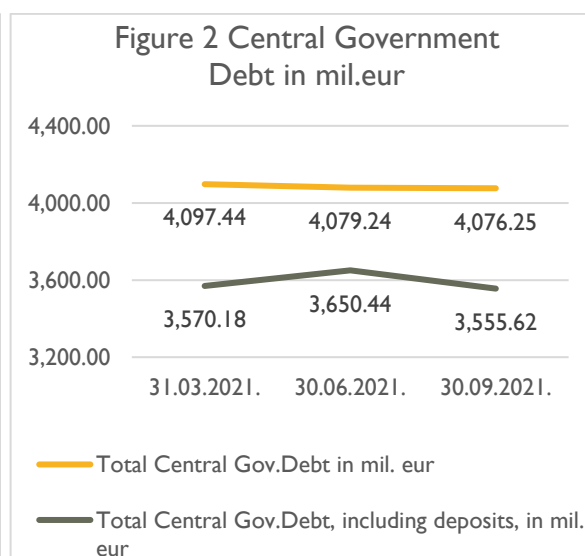
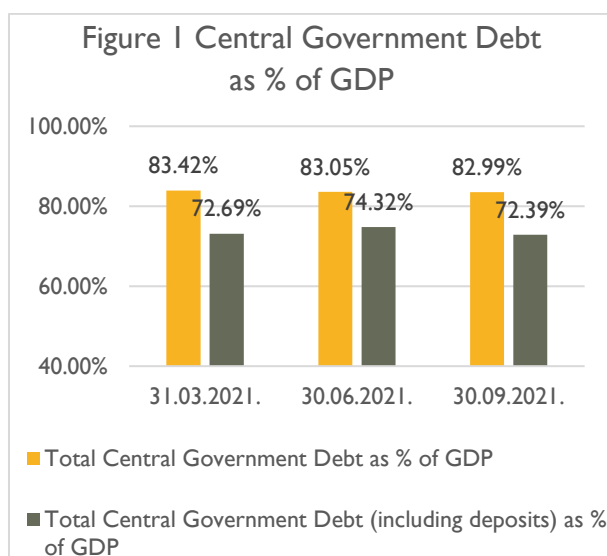
³ According to the exchange rate on 30.06.2021.

⁴ The hedging transaction has been concluded for the Exim China Bank loan, for the period of 14 years, with mandatory termination brake after two years. From the moment of entering into transaction by the end of second year the hedged debt stock related to this arrangement will be reported according to the contracted FX EUR/USD of 1,18, while the unhedged debt amount will be presented according to the mid FX published by the Central Bank of Montenegro

Restitution obligations	82.76	82.68	80.22
Credit from commercial banks	163.21	150.18	145.71
Pension arrears	1.90	1.90	1.90
T bills	15.00	0.00	0.00
Domestic Bonds - GB24	92.44	92.44	92.44
Domestic Bonds- GB 26	50.00	50.00	50.00
Legal persons and business organizations	39.12	39.11	36.81
Total Domestic Debt	454.76	426.63	417.36
TOTAL CENTRAL GOVERNMENT DEBT	4,097.44	4,079.24	4,076.25
Deposits	527.26	428.81	520.62
TOTAL CENTRAL GOVERNMENT DEBT (including deposits)	3,570.18	3,650.43	3,555.62

Table 2: Central government debt as % of GDP

	31.03.2021.	30.06.2021.	30.09.2021.
Total Central Government Debt as % of GDP	83.42%	83.05%	82.99%
Total Central Government Debt (including deposits) as % of GDP	72.69%	74.32%	72.39%
Domestic Debt as % of GDP	9.26%	8.69%	8.50%
Foreign Debt as % of GDP	74.16%	74.37%	74.49%
Deposits as % of GDP	10.73%	8.73%	10.60%



In the third quarter of 2021 the debt decreased compared to the second quarter 2021 mainly due to regular repayment of domestic and foreign debt.

During the third quarter the total amount of 45.09 million EUR has been drawn, of which 30.00 million EUR is related to the withdrawal of credit funds under the CEB loan to support small and medium enterprises, 6.55 million EUR ⁵ (7.63 million USD) is related to withdrawal of credit funds for construction of the priority section Smokovac – Uvač – Mateševo. For other infrastructure and development projects, for the needs of road construction, water supply, energy efficiency, social

⁵ According to the exchange rate on 30.09.2021.

housing, agricultural development, procurement of military equipment and similarly, the amount of 8.54 million EUR was withdrawn.

During the third quarter of 2021, there were no credit arrangements. However, during the third quarter of 2021, the Ministry of Finance and Social Welfare (MFSW) concluded a hedging transaction with four reputable international banks, in connection with a credit arrangement with Exim Kina Bank. On that occasion, the existing USD debt with Exim Kina Bank, in the amount of about 818 million US dollars, was converted according to the agreed EUR / USD exchange rate of about 1.18 (in average), with fixed average weighted interest rate of 0.88%.

The hedging arrangement is implemented by exchanging cash flows between banks and MFSW in a way that banks will submit to the MFSW the USD amount of principal and interest (calculated at a rate of 2% to the outstanding debt amount), while MFSW will pay to banks the principal of the loan in euros converted at the agreed exchange rate EUR / USD of 1.18, increased by the amount of euro interest calculated on the outstanding part of the euro debt at the rate of 0.88%. Upon receipt, the MFSW will forward the mentioned dollar amount to Exim Kina bank in accordance with the dynamics of repayment of the original loan. The hedging arrangement improved the currency structure of government debt by increasing the share of debt in euro from 80.38% of government debt at the end of the second quarter of 2021 to 97.08% at the end of the third quarter.

The hedging arrangement is concluded for a period of 14 years, with a mandatory termination after two years, when the MFSW and the banks, as contracting parties, will agree on the continuation or termination of the transaction. Accordingly, the balance of debt to Exim Kina bank will be presented in the euro equivalent at the EUR / USD exchange rate agreed in the hedging arrangement for the duration of the hedging arrangement.

During the third quarter of 2021, repayment of principal of the Central Government Debt was in the total amount of 49.67 million EUR, out of which 4.46 million EUR referred to repayment of debt to residents. Repayment of debt to non-residents was 45.21 million EUR. Interest has been repaid in total amount of 19.71 million EUR, out of which 0.84 million EUR referred to repayment of interest to residents, while 18.87 million EUR was paid to non-residents.

