

REPORT ON THE CENTRAL GOVERNMENT DEBT AS OF 30 JUNE 2023

Total Central Government debt (deposits not included) as of 30 June 2023, was 4,024.47 million EUR or 62.42% of GDP¹. Total Central Government Debt, including deposits, as of 30 June 2023 was 3,751.25 million EUR or 58.19 % of GDP.

The foreign debt was 3,613.40 million EUR or 56.05% of GDP, while the domestic debt was 411,07 million EUR or 6.38% of GDP. On 30 June 2023, deposits were 273.22 million EUR including 38,447 ounces of gold (the value of the gold as of 30 June 2023 amounted 67.27 million EUR) or 4.24 % of GDP.

Table 1 Government debt stock, in million EUR per quarter

Creditor	31.12.2022.	31.03.2023.	30.06.2023.
International Bank for Reconstruction and Development (IBRD)	183.12	180.74	179.47
Member states of the Paris Club of Creditors	55.59	50.47	50.40
International Development Association (IDA)	11.89	11.43	9.15
European Investment Bank (EIB)	92.26	91.45	89.62
European Bank for Reconstruction and Development (EBRD)	59.18	60.54	57.74
Council of Europe Development Bank (CEB)	75.86	75.08	75.92
European Commission	60.00	60.00	60.00
Reconstruction Credit Bank (KfW) – Germany	38.79	39.89	36.48
Loan from the Government of Hungary	0.15	0.15	0.00
Loan from the Government of Poland	2.75	2.75	2.40
French loan – NATIXIS	0.48	0.43	0.14
China Exim Bank	701.99 ²	672.28 ³	719.38
Instituto del credito oficial (ICO)	1.13	1.13	0.91
Eurobond	1,750.00	1,750.00	1,750.00
International Fund for Development IFAD	3.05	3.05	3.02
Export Development Canada EDC	4.58	4.40	1.56
HAPOALIM - armoured vehicles	20.42	20.42	22.40
Rapid Financing Instrument - MMF	75.80	74.84	74.06
Deutsche bank	0.00	100.00	100.00
Syndicated loan - PBG	201.43	201.43	177.14
Syndicated loan - PBG 2	219.09	219.09	203.64
Total Foreign Debt	3,557.56	3,619.56	3,613.40
Old currency savings	10.24	10.17	10.17
Restitution obligations	81.59	82.23	83.07
Credit from commercial banks	156.24	150.64	138.88
Pension arrears	1.89	1.89	1.89

¹According to the forecasts of the Ministry of Finance, the GDP for 2023 will amount 6.447,10 mil. EUR

²The 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 the mentioned loan will be reported according to the contracted FX EUR/USD of 1,18, while the unhedged debt amount will be presented according to the FX published by the Central Bank of Montenegro

³ The same method of calculation described in footnote no.2

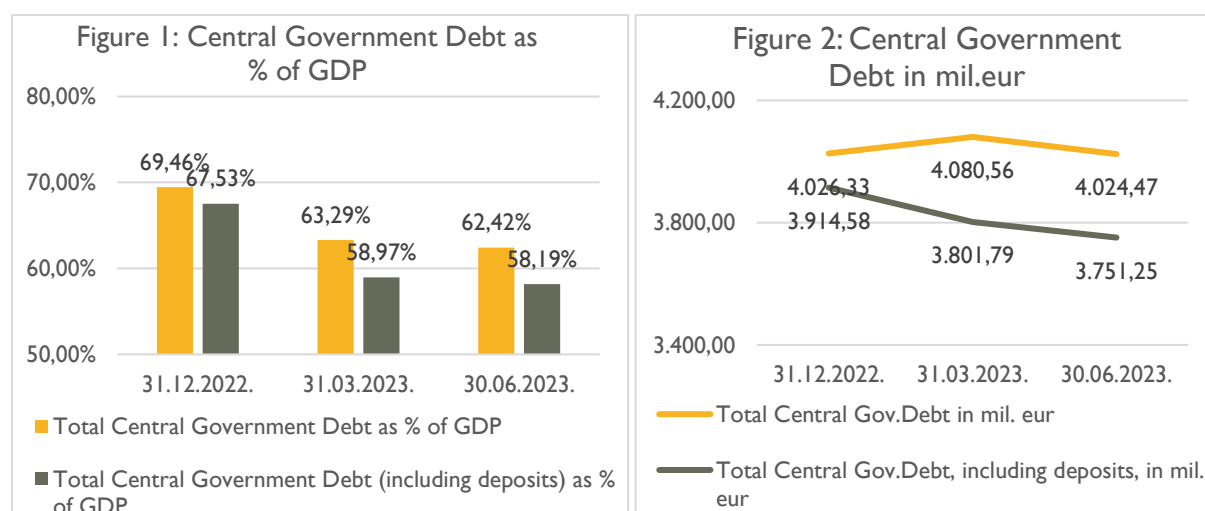
T bills	39.00	39.00	0.00
Domestic Bonds - GB24, GB26	142.44	142.44	142.44
Legal persons and business organizations	37.36	34.63	34.62
Total Domestic Debt	468.77	461.00	411.07
TOTAL CENTRAL GOVERNMENT DEBT	4,026.33	4,080.56	4,024.47
Deposits	111.75	278.78	273.22
TOTAL CENTRAL GOVERNMENT DEBT (including deposits)	3,914.58	3,801.79	3,751.25

Table 2: Central government debt as % of GDP

	31.12.2022.	31.03.2023.	30.06.2023.
Total Central Government Debt as % of GDP	69,46%	63,29%	62,42%
Total Central Government Debt (including deposits) as % of GDP	67,53%	58,97%	58,19%
Domestic Debt as % of GDP	8,09%	7,15%	6,38%
Foreign Debt as % of GDP	61,37%	56,14%	56,05%
Deposits as % of GDP	1,93%	4,32%	4,24%

During the second quarter of 2023, the central government debt decreased compared to the first quarter of 2023 by cca. 56 million EUR. The reduction of debt was mainly caused by the repayment of T-bills in the amount of EUR 39 million, as well as regular repayment of debt obligations.

For the implementation of projects in the field of utility activities, energy efficiency, improvement of road infrastructure etc, in the second quarter of 2023, cca. 12.53 million EUR was disbursed, while in the same quarter there were no new borrowings for the needs of budget financing.



The total principal repaid in the second quarter of 2023 amounted 115.84 million EUR, out of which 50.76 million EUR referred to repayment of debt to residents, while repayment of debt to non-residents amounted 65.08 million EUR. In the same period, interest has been repaid in total amount of 40.72 million EUR, out of which 7.18 million EUR referred to repayment of interest to residents, while 33.54 million EUR was paid to non-residents.

During the second quarter, after a detailed analysis of the possibilities related to the further implementation of the hedging arrangement and the conclusion of the Government, the Ministry of Finance terminated the hedging arrangement.

By terminating the transaction, the State earned about 64 million USD.

Due the termination of the hedging arrangement the EURO value of the debt to Exim China bank increased, having in mind that the USD debt will no longer be reported according to the FX from hedging (1.18) but according to the mid FX published by the Central Bank of Montenegro. This means that compared to the first quarter of 2023, in the second quarter the debt to the Exim China bank increased for 47.1 million EUR. The currency structure of the central government debt also suffered changes and, at the end of the second quarter, the share of euro debt in total government debt, compared to the end of the first quarter of this year, fell from 95.58 to 79.68%.

