1. Republic of Serbia – Overview

2. Macroeconomic Background

3. Banking Sector

4. Fiscal Policy and Debt Management Strategy
Serbia at a Glance

Resilient economy on the path to full integration with Europe

Key Facts

- Form of Government: Parliamentary Republic
- Territory: 88,361 sq. km
- Capital: Belgrade
- Population: 7.2 million
- GDP per capita: EUR 4,778
- Nominal GDP: EUR 34.1bn
- Credit ratings: BB-/BB-/B1
- Currency: Serbian Dinar (RSD)
- Current exchange rate: EUR/RSD = 123.4723
  USD/RSD = 117.1353

1 National Statistics Office, Ministry of Finance as of 2016, 2 Excluding Kosovo and Metohija, 3 NBS as of 30 December 2016

Recent Milestones and Progress to EU accession

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>EU membership application</td>
</tr>
<tr>
<td>2011</td>
<td>EU candidate status awarded</td>
</tr>
<tr>
<td>2012</td>
<td>Serbia started EU accession negotiations</td>
</tr>
<tr>
<td>2013</td>
<td>Serbia reached IMF agreement</td>
</tr>
<tr>
<td>2014</td>
<td>Serbia opened chapters 23 and 24 in the process of EU accession</td>
</tr>
<tr>
<td>2014</td>
<td>Formation of new Government</td>
</tr>
<tr>
<td>2015</td>
<td>Serbia opened chapters 32 and 35 in the process of EU accession</td>
</tr>
<tr>
<td>2016</td>
<td>Serbia opened chapters 5 and 25 in the process of EU accession</td>
</tr>
<tr>
<td>2016</td>
<td>Formations of new Government</td>
</tr>
</tbody>
</table>
Serbia’s Rating In Comparative Perspective

<table>
<thead>
<tr>
<th></th>
<th>Dec-16</th>
<th>Dec-15</th>
<th>Change</th>
<th>Dec-16</th>
<th>Dec-15</th>
<th>Change</th>
<th>Dec-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>BB-</td>
<td>BB-</td>
<td>No Change</td>
<td>BB-</td>
<td>B+</td>
<td>↑</td>
<td>B1</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>BB+</td>
<td>BB+</td>
<td>No change</td>
<td>BBB-</td>
<td>BBB-</td>
<td>No change</td>
<td>Baa2</td>
</tr>
<tr>
<td>Croatia</td>
<td>BB</td>
<td>BB</td>
<td>No change</td>
<td>BB</td>
<td>BB</td>
<td>No change</td>
<td>Ba2</td>
</tr>
<tr>
<td>Hungary</td>
<td>BBB-</td>
<td>BB+</td>
<td>↑</td>
<td>BBB-</td>
<td>BB+</td>
<td>↑</td>
<td>Baa3</td>
</tr>
<tr>
<td>Romania</td>
<td>BBB-</td>
<td>BBB-</td>
<td>No change</td>
<td>BBB-</td>
<td>BBB-</td>
<td>No change</td>
<td>Baa3</td>
</tr>
<tr>
<td>Latvia</td>
<td>A-</td>
<td>A-</td>
<td>No change</td>
<td>A-</td>
<td>A-</td>
<td>No change</td>
<td>A3</td>
</tr>
<tr>
<td>Lithuania</td>
<td>A-</td>
<td>A-</td>
<td>No change</td>
<td>A-</td>
<td>A-</td>
<td>No change</td>
<td>A3</td>
</tr>
</tbody>
</table>

Credit Rating History

- **Standard and Poor's** – In December 2016, the S&P affirmed Serbia’s credit rating at BB-, while outlook revised to positive from stable. Main factors which contributed to revision are Serbia’s improved fiscal performance and the prospects for further gains. The improved result comes from better collections of VAT and excise taxes revenues and higher non-tax revenues. This credit rating agency emphasizes improvement of Serbia’s CAD, and it is expected that the FDI net inflows will fully finance the CAD. The Serbian economy saw a continued recovery throughout 2016, with real GDP expected to grow by 2.7%.

- **Fitch Ratings** – In December 2016, the Fitch ratings affirmed the Republic of Serbia credit rating at level ‘BB-’. The outlook is stable. The affirmation of credit rating reflects the view that Serbia will continue to implement fiscal consolidation and structural reform program, as well as to continue EU accession negotiations and implement further the IMF reform program. The government of the Republic of Serbia continues resolving structural issues in conditions of economic growth based mainly on investments, public enterprises restructuring and FDI attraction. Fitch Ratings also emphasizes that the Serbia’s CAD has been fully covered by FDI inflows since 2015, leading to a gradual decline in net external debt.

- **Moody’s** – In March 2016, Moody’s Investor Service has changed Serbia’s credit rating outlook to positive from stable and affirmed Serbia’s credit rating at B1. Moody’s decision to raise Serbia’s credit rating outlook reflects primarily the successful implementation of the fiscal consolidation program and structural reforms, as well as enhancements to the quality of Serbia’s institutions and improved economic growth prospects.
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Exports Have Been A Major Driver Of Economic Growth

- In 2015 the Republic of Serbia marked 0.8% growth, while estimated growth for 2016 and 2017 is revised up to 2.7% and 3.0% respectively.
- In Q1 2016, GDP grew by 3.5% primarily on the basis of better construction and industrial performance, while real economic growth in Q2 2016 was 2.0%. In Q3 2016, real GDP increased by 2.5% in comparison to the corresponding period of the previous year, while in Q4 increased by 2.5%.
- The GDP growth in 2016 was dominantly based on investments in fixed assets 6.4% (Y-o-Y).
- In 2016 exports of goods increased by 11.5% compared to 2015, while imports of goods increased by 6.1% (in EUR terms).
- Exports of motor vehicles in 2016 kept the leading 14.3% share followed by processed food products with 11.1% share, electrical equipment 8.4% share and basic metals 7.6% share in total exports (in EUR terms).
- In 2016 the export-import ratio was on the level of 77.2%, while in 2015 was 73.5%.

> Real GDP Growth 2011 – 2016 (Y-o-Y)

Source: Eurostat
*Preliminary Data

> Exports of Goods – Nominal Growth (Y-o-Y)

Source: National Statistics Office, National Bank of Serbia
• At the end of December 2016 Serbia had a level of FX reserves at EUR 10.2bn (about 6 months of imports coverage) and net reserves at EUR 8.4bn which provide a good cushion for the Serbian external position.

• At the end of September 2016 external debt stood at EUR 25.3bn, including private sector external debt of EUR 10.4bn.

• During 2015 and 2016 EUR/RSD exchange rate showed limited volatility. In 2015 and 2016 the average exchange rate EUR/RSD was 120.7 and 123.1 respectively.

Source: National Bank of Serbia
• Current account deficit in 2015 reached historical minimum level of 4.8% of GDP, while estimated CAD in 2016 was planned at level of 4.2% of GDP

• In the first eleven months of 2016, CAD was about 17.5% less compared to the same period last year mainly due to strong growth of exports of goods and services

• The significant growth rates in 2016 were recorded in tobacco products (+48%), electrical equipment (+32%), chemical products (+22%) and computer and electronic products (+20%) comparing to last year

Source: National Statistics Office, National Bank of Serbia
Serbia’s Exports and Imports in 2016

Export of Goods

- EU: 66%
- CIS: 17%
- MEDA: 10%
- Other: 7%

Source: National Statistics Office

Import of Goods

- EU: 63%
- CIS: 17%
- MEDA: 7%
- Other: 10%

Source: National Statistics Office

Export of Goods

- Italy: 48%
- Germany: 16%
- Bosnia and Herzegovina: 13%
- Romania: 8%
- Russian Federation: 5%
- Montenegro: 5%
- Others: 5%

Source: National Statistics Office

Import of Goods

- Italy: 52%
- Germany: 13%
- Russian Federation: 10%
- China: 8%
- Hungary: 8%
- Poland: 4%
- Others: 5%

Source: National Statistics Office
…And By Types Of Products

- Serbia’s exports are reasonably diversified, covering the full range of products from intermediate inputs, to consumer and capital goods.
- This confirms that Serbia is already being integrated into the European trade system and is able to export goods to multinational companies operating in the global supply chain.
- Intermediate and capital goods have been the fastest growing export product categories in period 2011-2016, one of the positive results of the direct foreign investment that Serbia has attracted in recent years due to the Government of Serbia subsidy program.

**Export 2016 (FOB)**

- Energy: 25%
- Intermediate goods: 35%
- Capital goods: 5%
- Durable consumer goods: 24%
- Non durable consumer goods: 9%
- Unclassified by MIG destination: 2%

**Import 2016 (CIF)**

- Energy: 20%
- Intermediate goods: 22%
- Capital goods: 14%
- Durable consumer goods: 9%
- Non durable consumer goods: 2%
- Unclassified by MIG destination: 33%

**External Trade as % GDP**

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>27.6%</td>
<td>35%</td>
</tr>
<tr>
<td>2013</td>
<td>32.1%</td>
<td>33%</td>
</tr>
<tr>
<td>2014</td>
<td>45.1%</td>
<td>46%</td>
</tr>
<tr>
<td>2015</td>
<td>46.8%</td>
<td>49%</td>
</tr>
<tr>
<td>2016</td>
<td>51.0%</td>
<td>39%</td>
</tr>
</tbody>
</table>

All data sourced from National Statistics Office.
Foreign Direct Investments

- NFDI’s in 2015 reached the level of above EUR 1.8bn and fully covered CAD. The biggest FDIs were in manufacturing sector (rubber production, motor vehicles, food production), financial sector, construction, retail trade sector, telecommunication and IT sector.
- In the first eleven months of 2016 NFDI’s were EUR 1.6bn, while estimated level of NFDI’s in whole 2016 is revised up to EUR 1.8bn.
- FDI projection for the coming years also envisages full coverage of CAD.
- Air Serbia improved performance of the Belgrade Airport Nikola Tesla which became very attractive to potential investors.
- Serbia improved the position on the World Bank’s Doing Business List 2017 and ranked at the 47th position in comparison to previous 54th in 2016.

### Net Foreign Direct Investment (EUR mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Value</th>
<th>Value</th>
<th>Value</th>
<th>Value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,133</td>
<td>500</td>
<td>100</td>
<td>1,350</td>
<td>1,350</td>
<td>1,350</td>
</tr>
<tr>
<td>2011</td>
<td>3,320</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>2012</td>
<td>753</td>
<td>753</td>
<td>753</td>
<td>753</td>
<td>753</td>
<td>753</td>
</tr>
<tr>
<td>2013</td>
<td>1,298</td>
<td>1,298</td>
<td>1,298</td>
<td>1,298</td>
<td>1,298</td>
<td>1,298</td>
</tr>
<tr>
<td>2014</td>
<td>1,236</td>
<td>1,236</td>
<td>1,236</td>
<td>1,236</td>
<td>1,236</td>
<td>1,236</td>
</tr>
<tr>
<td>2015</td>
<td>1,804</td>
<td>1,804</td>
<td>1,804</td>
<td>1,804</td>
<td>1,804</td>
<td>1,804</td>
</tr>
<tr>
<td>Nov-16</td>
<td>1,794</td>
<td>1,794</td>
<td>1,794</td>
<td>1,794</td>
<td>1,794</td>
<td>1,794</td>
</tr>
</tbody>
</table>

Source: National Statistics Office, National Bank of Serbia

*2012 data affected by Telekom Srbija’s buyback of its Treasury shares from OTE (EUR 380m)
Inflation in the Target Band in the first half of 2017

- Inflation has been moving below the target tolerance band since March 2014 mainly due to movements in food and oil prices.
- According to the NBS estimate, y-o-y inflation is expected to rise moderately and to enter the target tolerance band in the first half of 2017.
- During 2015, the NBS gradually reduced its key policy rate (KPR) by 350 bps and at the end of December 2015 KPR was at the level of 4.50%, meanwhile in 2016 NBS reduced KPR for additional 50 bps to the level of 4.00% in July 2016.
- NBS reduced inflation target to the level of 3.00% ± 1.50% (starting from January 2017).

### Contribution of CPI Components to Y-o-Y Inflation (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Unprocessed Food</th>
<th>Processed Food</th>
<th>Industrial Goods Excluding Food and Energy</th>
<th>Energy</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>12.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** National Bank of Serbia

### Y-o-Y Inflation eop

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7.0%</td>
</tr>
<tr>
<td>2012</td>
<td>12.2%</td>
</tr>
<tr>
<td>2013</td>
<td>2.2%</td>
</tr>
<tr>
<td>2014</td>
<td>1.7%</td>
</tr>
<tr>
<td>2015</td>
<td>1.5%</td>
</tr>
<tr>
<td>2016</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

**Source:** National Bank of Serbia

### Key Policy Rate and Money Supply

**Source:** National Bank of Serbia
1. Republic of Serbia - Overview

2. Macroeconomic Background

3. Banking Sector

4. Fiscal Policy and Debt Management Strategy
Banking Sector Overview

Consolidated Balance Sheet of the Banking Sector

<table>
<thead>
<tr>
<th>Assets</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Dec-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Foreign Assets</td>
<td>35.7%</td>
<td>36.2%</td>
<td>35.2%</td>
<td>34.1%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Of which NBS</td>
<td>31.4%</td>
<td>32.8%</td>
<td>28.9%</td>
<td>29.3%</td>
<td>27.8%</td>
</tr>
<tr>
<td>II. Domestic credit</td>
<td>56.6%</td>
<td>56.0%</td>
<td>56.9%</td>
<td>58.1%</td>
<td>58.5%</td>
</tr>
<tr>
<td>of which Government</td>
<td>7.3%</td>
<td>8.6%</td>
<td>10.9%</td>
<td>12.4%</td>
<td>14.0%</td>
</tr>
<tr>
<td>of which Companies</td>
<td>28.1%</td>
<td>25.7%</td>
<td>23.2%</td>
<td>22.9%</td>
<td>22.1%</td>
</tr>
<tr>
<td>of which Households</td>
<td>16.4%</td>
<td>17.1%</td>
<td>17.3%</td>
<td>17.5%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Others</td>
<td>4.8%</td>
<td>4.6%</td>
<td>5.5%</td>
<td>5.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>III. Other Assets</td>
<td>7.8%</td>
<td>7.8%</td>
<td>7.8%</td>
<td>7.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Total Assets (EUR bn)</td>
<td>35</td>
<td>34.4</td>
<td>34.6</td>
<td>35.7</td>
<td>37.2</td>
</tr>
</tbody>
</table>

Source: National Bank of Serbia

Asset Structure

- Loans and receivables from clients
- Financial assets available for sale
- Currency and deposits with the central bank
- Loans and receivables from banks and other financial organisations
- Fixed assets

Liabilities and Capital Structure

- Deposits to banks, OFO and the central bank
- Deposits to other customers
- Subordinated liabilities
- Share capital and other capital
- Reserves and unrealised losses
- Profit
- Other

Source: National Bank of Serbia

I. Foreign Liabilities          | 18.8% | 14.7% | 10.5% | 9.1%  | 7.8%   |
II. Government deposits         | 4.9%  | 7.3%  | 8.0%  | 7.3%  | 6.6%   |
III. Currency in circulation    | 2.8%  | 3.1%  | 3.1%  | 3.2%  | 3.5%   |
IV. RSD deposits                | 9.3%  | 10.8% | 11.6% | 13.0% | 14.2%  |
V. FX deposits                  | 29.2% | 29.7% | 29.9% | 29.9% | 30.4%  |
VI. Other Liabilities           | 35.0% | 34.4% | 37.0% | 37.5% | 37.5%  |
Total Liabilities (EUR bn)     | 35    | 34.4  | 34.6  | 35.7  | 37.2   |

Source: National Bank of Serbia

*latest available comparable data
A Strong Capital Cushion Offsets Relatively High NPLs

- At the end of September 2016 CAR stands at high level of 21.2%, mainly due to recapitalization, higher reserves from capital and lower capital requirements for credit risk
- NPLs are fully covered by balance sheet loan loss reserves. IFRS provision (66.5% in October 2016) cover more than half of NPLs. Among others, NBS regulatory measures allow the sale of NPLs to non financial entities and better tax treatment on restructured debt
- The share of NPLs has a downward trend - at December 2016 it stood at 17.03%, 4.5 pp lower compared to December 2015
- Liquidity ratio of the banking system is higher than the regulatory limit (2.1 in November 2016) and liquid assets represent 36.0% of total assets at the end of November 2016
- The loan to deposit ratio for the banking sector remains on a conservative low level 0.92 in November 2016

Credit Growth Y-o-Y

Banking Sector Ownership by Assets (Q3, 2016)
1. Republic of Serbia - Overview
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Fiscal Policy Measures – New IMF Agreement

Fiscal consolidation measures and structural changes for 2017:

- Reform of tax administration and public revenue system
- Reform of public enterprises
- Public administration reform and rightsizing
- Improvement of capital expenditure planning and realization
- Business environment improvement

• Central Government budget surplus 0.1% GDP and General Government budget deficit 1.4% GDP in 2016
• Six successful IMF program reviews during 2015 and 2016

Consolidated Fiscal Balance (% of GDP)

Source: Ministry of Finance

Tax Revenues (as % of GDP)

Source: Ministry of Finance

Central Government Budget (RSD bn)

Source: Ministry of Finance
* projected
The IMF completed the first review of Serbia’s economic performance under the SBA on 26 June 2015
- The economy has stabilized, inflationary pressures remained subdued, the external position has strengthened and credit growth remained slow

The IMF completed the second review of Serbia’s economic performance under the SBA on 23 October 2015
- The economic growth has remained positive despite the significant fiscal tightening, the current account deficit has narrowed to a sustainable level, confidence has improved and gradual easing of monetary policy by the NBS has been appropriate in view of still low inflation

The IMF completed the third review of Serbia’s economic performance under the SBA on 18 December 2015
- The economy has continued to recover on the back of efforts to strengthen public finances, address structural weaknesses and improve the business climate

The IMF completed the fourth and fifth reviews of Serbia’s economic performance under the SBA on 31 August 2016
- Serbia’s economic recovery has exceeded expectations, supported by efforts to strengthen public finances, advance structural reforms and boost investment confidence, while authorities indicated their intention to continue treating the arrangement as precautionary

The IMF completed the sixth review of Serbia’s economic performance under the SBA on 16 December 2016
- Serbia’s economy continues to strengthen, supported by the efforts to improve public finances and address structural weaknesses. Employment is rising, inflation remains firmly under control, and public debt has started to decline. Significant progress has been made on fiscal consolidation, on account of strong revenue and on-going expenditure control
Active Debt Management Has Produced Stable Funding Base

**Public Debt**

- **Public Debt (in RSD bn)**
  - 2011: 1547.5
  - 2012: 2014.8
  - 2013: 2309.0
  - 2014: 2753.2
  - 2015: 3018.6
  - Dec-16: 3064.8

- **Public debt (% of GDP)**
  - 2011: 45.4%
  - 2012: 56.2%
  - 2013: 59.6%
  - 2014: 70.4%
  - 2015: 76.0%
  - Dec-16: 72.9%

Source: Ministry of Finance

**Description of the Debt Structure**

(As of 31 December 2016)

- **Total foreign debt**
  - 64%
  - IMF, 2%
  - IDA, 2%
  - Paris Club, 5%
  - IBRD, 8%
  - Other 1%
  - Eurobonds, 20%
  - T-bills and T-bonds, 33%

- **Total domestic debt**
  - 36%

Source: Ministry of Finance

**Public Debt Service (RSD bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal (RSD bn)</th>
<th>Interest (RSD bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>501</td>
<td>125</td>
</tr>
<tr>
<td>2016*</td>
<td>537.2</td>
<td>128.0</td>
</tr>
<tr>
<td>2017*</td>
<td>686.4</td>
<td>134.0</td>
</tr>
<tr>
<td>2018*</td>
<td>608.0</td>
<td>132.5</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance

*In accordance with the Fiscal Strategy for 2017 with projections for 2018 and 2019

**Development of the Currency Structure**

<table>
<thead>
<tr>
<th>Year</th>
<th>Other (%)</th>
<th>SDR (%)</th>
<th>USD (%)</th>
<th>EUR (%)</th>
<th>RSD (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>51.0%</td>
<td>45.9%</td>
<td>31.5%</td>
<td>32.9%</td>
<td>33.7%</td>
</tr>
<tr>
<td>2013</td>
<td>51.0%</td>
<td>45.9%</td>
<td>31.5%</td>
<td>32.9%</td>
<td>33.7%</td>
</tr>
<tr>
<td>2014</td>
<td>51.0%</td>
<td>45.9%</td>
<td>31.5%</td>
<td>32.9%</td>
<td>33.7%</td>
</tr>
<tr>
<td>2015</td>
<td>51.0%</td>
<td>45.9%</td>
<td>31.5%</td>
<td>32.9%</td>
<td>33.7%</td>
</tr>
<tr>
<td>Dec-16</td>
<td>51.0%</td>
<td>45.9%</td>
<td>31.5%</td>
<td>32.9%</td>
<td>33.7%</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance
Debt Mix and Currency Structure

Internal vs External Debt

Source: Ministry of Finance, as of 31 December 2016

Currency Breakdown

Source: Ministry of Finance, as of 31 December 2016

Interest Rate Mix

Source: Ministry of Finance, as of 31 December 2016

Public Debt Residual Maturity Structure

Source: Ministry of Finance, as of 31 December 2016
The improvement in fiscal position of the Government decreased the level of gross financing needs in 2016.

Total financing needs in 2017 are EUR 6.8bn of which EUR 1.6bn for buy-back operations while in 2016 were EUR 4.0bn, due to significantly lower budget deficit than initially planned.

Financing plan for 2017:

- EUR 4.7bn government securities domestic market, of which:
  - EUR 3.1bn denominated in dinars
  - EUR 1.6bn denominated in euros
- EUR 1.0bn Eurobond
- EUR 0.4bn IBRD
- EUR 0.4bn Abu Dhabi Emirate concessional loan
- EUR 0.3bn other sources

February and July 2016, 3Y RSD and 7Y RSD 110bn benchmark bonds issued

Improved secondary market trading of government dinar securities due to benchmark size issues in February and July 2016, 3Y RSD and 7Y RSD 110bn

New dinar benchmark RSD bond issues planned in 2017

Central Government budget surplus 0.1% GDP and General Government budget deficit 1.4% GDP in 2016

Maturity Distribution of Local Currency Government Securities (As of 31 December 2016)

Maturity Distribution of EUR Denominated Government Securities (As of 31 December 2016)