



Republic of Serbia  
Autonomous Province of Vojvodina  
PROVINCIAL GOVERNMENT

# AUTONOMOUS PROVINCE OF VOJVODINA THE FIFTH BOND EMISSION FACT SHEET

*Novi Sad, November 2015*



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**INFORMATION ON SECURITIES OFFERED TO THE INVESTORS WHO WIL PAY THE MINIMUM  
AMOUNT OF DINAR EQUIVALENT OF 50 000 EUROS FOR REGISTERED SECURITIES PER  
INVESTOR**

**(THE AUTONOMOUS PROVINCE OF VOJVODINA FIFTH BOND ISSUE FACT SHEET)**

## **1. Basic Information on the Offered Securities**

### **1.1 Description of the Type and Class of the Securities that are Subject to the Offer**

Securities, issued pursuant to Article 12 Paragraph 1 Item 3 of the Law on the Capital Market ("Official Gazette of the RS", no. 31/2011), for which there is no obligation to publish a prospectus, and which are the subject to the offer and shall be subscribed in the Central Securities Registry, Depository and Clearing house JSC Beograd (the Central Registry), shall have the following important elements:

1.	Symbol of the type of the financial instrument	<i>Debt security/bonds;</i>
2.	The Issuer identification data	<i>Autonomous Province of Vojvodina, Provincial Government Company registration number 08068615, VAT 103762102 e-mail: pokrajinskavlada@vojvodina.gov.rs contact telephone: + 381 21 487 42 60;</i>
3.	Number of units	<i>3.000 units;</i>
4.	Bond currency	<i>Dinar bonds indexed to a foreign currency - Euro;</i>
5.	Nominal value	<i>100.000,00 RSD;</i>
6.	Total nominal amount of the bonds	<i>300.000.000,00 RSD;</i>
7.	coupon	<i>4.60% annually, with semi-annual coupon calculation;</i>
8.	Maturity date of the Issuer's obligations	<i>Semi-annual coupon fixed maturity (principal amount is paid in full on the maturity date), where the Issuer is given the opportunity to demand the redemption price under previously determined terms;</i>
9.	Bond maturity	<i>six (6) years;</i>
10.	guarantees	<i>uninsured/unguaranteed – the Issuer– the Autonomous Province of Vojvodina, Provincial Government, is responsible for fulfilment of the obligations that arise from the bond emission, with full responsibility;</i>
11.	Form of the bond	<i>personalised and shall be registered in the Central Registry.</i>

The emission price equals nominal value of a bond and amounts to 100.000,00 RSD per unit. The emission price of each bond shall be converted to foreign currency – euro, and the determined amount in the mentioned currency shall be converted according to the National bank of Serbia official average exchange rate on the date of ownership subscription in the Central Registry.

## **1.2 Bonds Characteristics**

Bonds are long term debt securities, which – pursuant to Article 12 Paragraph 1, Item 3 of the Law on the Capital Market – are offered to the investors (Buyers) who will pay the amount of minimum 50,000.00 EUR for subscribed securities, in dinar countervalue per investor for each single offer.

Bond emission is performed pursuant to Article 12 Paragraph 1 Item 3 of the Law on the Capital Market, and there is no obligation to publish a prospectus.

Bonds are offered in the form of dematerialised financial instrument, registered in the form of electronic record in the financial instrument account and are made out to the legal holder.

Bonds are issued in dinar currency with currency clause in Euros.

## **1.3 Status of Bonds**

Bonds represent direct, unconditional and priority, unsecured Issuer's obligation, equal and equivalent to all other present and future unsecured Issuer's obligations, except from the obligations which – according to the imperative regulations – may have priority over bonds.

## **1.4 Description of the Rights Obtained by Bonds**

Legal bondholders are entitled to the following rights:

- Right to payment of the nominal value of the principal amount;
- Right to payment of interest according to the priority known fixed rate of 4.60% per annum;
- Right to payment of the value of matured interest and/or principal amount, along with the default interest in case the Issuer made late payment;
- Right to dispose of the bonds and right to transfer the ownership over bonds to the third parties in accordance with the current regulations;
- Right to create pledge and other actual burden on the bonds;
- as well as other rights stipulated by law.

The bondholders are entitled to receive default interest pursuant to the law, in case of late payments of interest or the principal.

The principal amount and the interest shall be paid through the Central Registry, in accordance with the procedures stipulated by the Central Registry operating rules and the user's guide in effect and in use during the time of the payment. Mutual rights and obligations of the Issuer and a member of the Central Registry, in terms of the operative performance of cash assets payments to the bond rights holder, have been regulated by the above - mentioned acts

The Issuer shall pay the cash assets on the cash account of the Issuer's issuing agent in the Central Registry, pursuant to the Regulations on the Central Registry time schedule, on the bond or the interest coupons' maturity date. A member of the Central Registry – the Issuer's agent/ issuing agent is obliged to submit a request for bond payment within maturity period, or the interest coupons, and to confirm the payment through the Central Registry user's application.

The bonds bear the right of the Issuer to redeem the bonds before the maturity date, under the pre – determined conditions. In case the Issuer decides to use the right, they are obliged to inform the legal holder about the activation of the call option in writing, at least thirty days prior to the redemption date. It is only possible to execute premature redemption on the coupon maturity date.

The Issuer shall settle obligations arising from the principal on the premature redemption date.

The bonds are freely transferable, thus the holder has the right to dispose of them, which includes the establishment of the right of pledge.

There are not any limits to the execution of the bonds rights that are subject to the offer.

## 1.5 Interest Rate

This emission's bonds bear interest on the principal based on the fixed rate of 4.60% per annum. The interest rate is calculated as an annual bond interest rate on principal, divided by annual bond interest payment frequency.

The interest is calculated by proportional method, through the application of 30/360 day count convention.

The Issuer shall pay interest semi-annually, that is, in 14 interest coupons – in accordance with the payoff plan, starting from the sixth month following the day the bonds are issued and up to and including with the seventh year, in dinars, according to the following formula:

$$K = (4.60\% * P) * (180/360)$$

K – six month interest, payable in RSD;

P – bond value expressed in EURO.

Coupon value calculation shall be done by issuing agent, on the coupon maturity date.

Dinar equivalent of the interest rate value expressed in euros shall be calculated according to the National bank of Serbia average exchange rate, in effect on the calculation date. The calculation and payment of the interest shall be on the coupon maturity date. Should the maturity date fall on non-working day (Saturday, Sunday, state or religious holiday), the payment deadline shall be the first following working day.

The coupon maturity plan expressed in EURO, shall be delivered to the Buyers, following announcement of the National bank of Serbia average exchange rate in effect on the date of the bond issuance.

Bond obligations shall be paid by the Issuer from the Autonomous Province of Vojvodina budget funds.

In case of delay in coupon payment, the legal bondholders are entitled to the coupon value payment increased by the legal default interest calculated for the period from the coupon maturity date to the payment date.

## **1.6 Ways and Methods of the Bond Depreciation**

Bond has fixed maturity, that is, there is not a depreciation plan, but the entire principal amount is paid at once, on the maturity date. The Issuer shall pay the Buyers the nominal value in RSD, as a dinar equivalent to the bond value expressed in EURO, calculated according to the National bank of Serbia average exchange rate, in effect on the maturity date.

## **1.7 Yield and Description of Cash Flow Calculation Method**

The bonds are offered at nominal value of 100.000,00 RSD per bond with the interest rate of 4.60% per annum, with semi-annual coupon payoff and the principal payoff on maturity date.

The emission price is the same as the bond nominal value and amounts to 100.000,00 RSD per unit. The emission price for each bond shall be converted to foreign currency – Euro, and the amount determined in the mentioned currency shall be converted according to the National bank of Serbia official average exchange rate on the date the bonds are issued in the Central Registry.

Bond obligation on coupon maturity date shall be multiplied with the National bank of Serbia official average exchange rate for EURO on that date and shall be paid in RSD, and at the end of the calculation period the principal shall be multiplied on the maturity date with the National bank of Serbia official average exchange rate for euro on that date and shall be paid in RSD.

The legal holder shall bear all the costs related to the opening and maintaining of their financial instruments' account where the bonds shall be entered.

The interest rate for bonds shall amount to 4.60% per annum, and accordingly the annual bond yield expressed in EURO shall equal the interest rate of 4.60%. Yield of 4.60% expressed in EURO shall be achieved by means of bond purchase during the primary offer and holding the bonds until their maturity.

The bond yield, expressed in EURO, may be lower (in case of a discount) or higher (in case of a premium) than 4.60% per annum, should the Buyer decide to sell the bonds prior to the maturity, which shall depend on the conditions of the secondary market at the time of selling.

## **1.8 Decision on Issuing New Securities**

The Provincial Government has been authorised by the Provincial Assembly Decision on Initiating and Method of Conducting the Borrowing Procedure by Means of Emission of Long-Term Securities for the Purpose of Financing Procurement of the Equipment for the "Kamenica 2" Facility (The Assembly Decision), to determine – following the assessment of the AP Vojvodina public interest, and according to the solvent budget potential and the market conditions - the condition for the bond emission, date of emission, the bonds nominal value, maturity date, coupon and other necessary elements for realisation of the emission pursuant to the law and other acts that regulate the capital market.

In case several individual decisions on bond emission are made, the Provincial Government shall adjust each individual emission to the market potential and payment demand dynamic, primarily related to the equipment for the Vojvodina Oncology Institute, Vojvodina Institute of Cardiovascular diseases and Vojvodina Institute for Pulmonary Diseases, in terms of conditions for bond emission and other bond elements stated in the aforementioned Assembly Decision.

## **1.9 Anticipated Date of New Emissions**

New bond emissions are anticipated to take place during the current budget year until the final implementation of the Provincial Assembly Decision on Initiating and Method of Conducting the Borrowing Procedure by Means of Emission of Long-Term Securities for the Purpose of Financing Procurement of the Equipment for the “Kamenica 2” Facility.

## **1.10 Description of Possible Limits Related to the Bond Transfer**

There are not any limits related to the bond transfer.

## **1.11 Data on the Issuer’s Tax Obligations in Terms of Securities**

The undermentioned tax treatment of the ownership over bonds is based on the laws and other regulations of the Republic of Serbia that are in effect at the time of the document adoption.

All possible future amendments to the regulations, interpretations, court or administrative decision may amend hereby stated text and pose tax consequences for the bondholder. The Issuer shall not amend this document nor inform the bondholders on potential subsequent amendments to the regulations.

Each future bondholder is obliged to be informed on their tax obligations that may arise from the ownership over bonds, or any bond disposal. It is also necessary for the bondholder to be informed on the tax regulations of the Republic of Serbia, and on the relevant international treaties for the avoidance of double taxation – in case of the bondholders non-residents, as well as to follow amendments of the regulations, which would cause the changes to the tax obligations based on the ownership over the bonds.

### Interest Taxation

#### Natural person

Pursuant to Article 65 of the Individual Income Tax Law (“Official Gazette of RS”, no. 24/2001, 80/2002, 80/2002 – other law, 135/2004, 62/2006, 65/2006 – corrigendum, 31/2009, 44/2009, 18/2010, 50/2011, 91/2011 – Decision of the CC, 7/2012 – appropriated fees in RSD, 93/2012, 114/2012 – Decision of the CC, 8/2013 – appropriated fees in RSD, 47/2013, 48/2013 – corrigendum, 108/2013, 6/2014 – appropriated fees in RSD, 57/2014, 68/2014 – other law and 5/2015 – appropriated fees in RSD), debt securities, the issuer of which is the Republic of Serbia, the Autonomous Province, a self-government unit or the National Bank of Serbia, are exempt from taxation for natural persons.

#### Legal person

Income – accrued by a residential tax payer through the interest on debt securities issued, according to the law, by the Republic of Serbia, the Autonomous Province, a self-government unit or the National Bank of Serbia – does not constitute the tax basis.

Withholding tax shall not be charged for the income accrued by a non-residential tax payer, or non-residential legal person from the jurisdiction with preferential tax system, from the interest made on debt securities issued, pursuant to the Law on Capital Market, by the Republic of Serbia, the Autonomous Province, a self-government unit or the National Bank of Serbia.

### Principal Taxation

Pursuant to the relevant regulations, bond principal payment is not subject to taxation.

### Capital Gain Taxation

Capital gain is a difference between the bond selling price and its purchase price. The capital gain is the yield accrued by the Investor by means of selling or other transfer of bonds that is performed with compensation.

Pursuant to Article 72a of the Individual Income Tax Law ("Official Gazette of RS", no. 24/2001, 80/2002, 80/2002 – other law, 135/2004, 62/2006, 65/2006 – corrigendum, 31/2009, 44/2009, 18/2010, 50/2011, 91/2011 – Decision of the CC, 7/2012 – appropriated fees in RSD, 93/2012, 114/2012 – Decision of the CC, 8/2013 – appropriated fees in RSD, 47/2013, 48/2013 – corrigendum, 108/2013, 6/2014 – appropriated fees in RSD, 57/2014, 68/2014 – other law and 5/2015 – appropriated fees in RSD), the capital gain shall not be determined nor taxable for the income accrued by transfer of debt securities issued by the Republic of Serbia, the Autonomous Province, local self-government unit or the National Bank of Serbia.

Pursuant to Article 27 Paragraph 1 Item 3 of the Corporate Profit Tax Law ("Official Gazette of the RS", no. 25/2001, 80/2002, 80/2002 – other law, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 – other law and 142/2014), tax shall not be determined for the capital gain accrued by sales of the debt securities issued in accordance with the law, by the Republic of Serbia, the Autonomous Province, local self-government unit or the National Bank of Serbia.



## **2. Requirements of the Public Offer, Information about the Offer, Time Frame and Offer Acceptance Procedure**

### **2.1 Requirements for the Public Offer of Bonds**

The Issuer shall present the offer through the investment company in charge of providing the services pertaining to the offer and sales of financial instruments without the obligation to purchase.

The efficiency threshold of the offer is defined in the Decision on Issuing the 5th Emission of Bonds of the Autonomous Province of Vojvodina, without the obligation to publish prospectuses, which shall be 50%, i.e. the emission shall be considered efficient if a minimum of 50% of the offered bonds is subscribed and paid within the given time frame for subscription and payment.

### **2.2 Total Scope of Emission**

Within this emission of bonds, the total of 3,000 pieces of bonds shall be offered, whose nominal value shall be 100,000.00 RSD per one piece, thus the total nominal value of the offered emission shall be 300,000,000.00 RSD.

The information about the total amount of the paid and subscribed bonds shall be available on the following web page of the Issuer: [www.vojvodina.gov.rs](http://www.vojvodina.gov.rs)

### **2.3 Period of the Open Offer**

The time frame for subscription and payment of bonds shall be twelve (12) days from the date of entering into force of the Decision on the 5th Issuance of Bonds of the Autonomous Province of Vojvodina, Without the Obligation to Publish Prospectuses, passed by the Provincial Government.

### **2.4 Details on the Specified Minimum/Maximum Number of Bonds that May Be Subscribed**

The minimum nominal amount of bonds that may be subscribed shall not be below 50,000.00 EUR in the RSD equivalent at the middle rate of the NBS effective on the day of payment, while the maximum nominal amount shall not exceed 300,000,000.00 RSD, or 3,000 pieces of bonds.

An option to withdraw the accepted offer has not been stipulated.

### **2.5 Reduction of the Number of Subscribed Bonds and Recovery of Overpayment**

In case of subscribing and paying more bonds and funds than the amount emitted, the distribution of the greater number of subscribed and paid-in bonds compared to the offered number of bonds, shall be carried out by proportionally reducing the number of the subscribed and paid-in bonds, while the surplus of funds shall be returned to the buyers' accounts, which shall be specified by them in the book-entry.

## **2.6 Manner and Time Frame for Subscription and Payment of the Subscribed Bonds**

The time frame for subscription and payment of bonds is stipulated in Article 9 of the Decision on the 5th Issuance of Bonds of the Autonomous Province of Vojvodina, without the obligation to publish prospectuses.

Subscription of financial instruments in the Central Registry shall be carried out by subscribing them to the emission account of the Issuer and transferring them to the accounts of legal holders of financial instruments. Subscription is carried out according to the Issuer's request and the list of persons who have purchased the bonds.

The request to subscribe the emission and request to transfer securities to the accounts of legal holders, in conformity with the Law on the Capital Market, shall be submitted by the Issuer through a member of the Central Registry, within five days from termination of the public offer.

The Central Registry shall carry out the subscription and transmission of securities to the accounts of legal holders within three days from the date of receiving a duly submitted request.

## **2.7 Manner and Time Frame for Announcing the Results of the Offer**

Results of the offer shall be available within three work days from the date of transmitting the bonds to legal holders.

Results of the offer shall be published on the web page of the Issuer: [www.vojvodina.gov.rs](http://www.vojvodina.gov.rs)

## **2.8 Precedence in Subscription, Transferability of Subscription Rights and Treatment of Unused Subscription Rights**

There shall be no procedure whatsoever for the use of any precedence right when subscribing securities.

There shall be no transferability of subscription rights for securities.

The unused subscription right for securities shall cease to be valid upon expiry of the subscription deadline.

## **2.9 Bonds Distribution and Allocation Plan**

### **2.9.1 Categories of Potential Investors Who Are Offered Bonds**

The Issuer shall carry out the offering procedure without the obligation to publish prospectuses, in conformity with Article 12 Paragraph 1 Item 3 of the Law on the Capital Market. Bonds in this emission shall be offered to the investors who pay for the subscribed securities not less than 50,000 EUR in the RSD equivalent per investor for each individual offer.

The Issuer shall remind of the fact that each subsequent sale of these bonds shall be considered a special offer, so the Offerer shall be obliged, in cooperation with the Issuer, to obtain the approval for publishing the prospectuses, if the provisions of the Law on the Capital Market stipulate the obligation to publish the prospectuses for such offers.

### **2.9.2 Procedure for Notifying the Investor on the Quantity of Sold Securities**

Within three work days, the Issuer shall notify the legal holder in writing, on the transfer of bonds from the Issuer's emission account to his/her proprietary account.

The notification on the quantity of sold bonds shall be published on the web-page of the Issuer: [www.vojvodina.gov.rs](http://www.vojvodina.gov.rs)

Bonds may be traded in the OTC (over the counter) market, in conformity with the law and other regulations.

### **2.9.3 Pricing**

The price of bonds in primary offer is established at the level of its nominal value, amounting to 100,000.00 RSD. The emission price of each bond shall be indexed to a foreign currency – EURO, based on the official middle exchange rate of the National Bank of Serbia on the date of registering the proprietorship in the Central Registry.

### **2.9.4 Price at Which Bonds Shall Be Offered**

The price of bonds in primary offer is established in Article 5 of the Decision on Issuing the 5th Emission of Bonds of the Autonomous Province of Vojvodina, without the obligation to publish prospectuses, at the level of the nominal value amounting to 100,000.00 RSD per bond.

In conformity with the tax regulations currently in force, there shall be no obligation to pay the tax on these bonds.

### **2.9.5 Implementation of the Offer**

The offer of long-term bonds shall be implemented through the broker-dealer company "Convest" a.d. (JSC), Novi Sad, 7 Zlatne Grede St. (investment company shall be the emission agent and shall not be obliged to purchase the remaining amount of bonds), in conformity with the Agreement on Purchase of Service/Services of the Agent for the 2<sup>nd</sup> emission of Long-Term Securities Predominantly for Financing the Procurement of the Equipment for the "KAMENICA 2" Facility, NP number: 102-404-286/2015-02Y.

### **2.9.6 Name and Address of Institutions Implementing the Offering Procedure with Obligation to Purchase (Underwriting)**

The emission shall be conducted without underwriting.

### **2.9.7 Business Name and Address of the Institution through which the Issuer Shall Carry Out Obligations from the Offer**

The Issuer shall carry out their financial obligations towards the legal holder of bonds through their emission agent, the Central Registry, Depository and Clearing of Securities, as depository institutions based in Belgrade, 14 Dečanska Street.

### 3. Inclusion of Bonds into Trading on Regulated Market and/or Multilateral Trading Platform (MTP)

At the time of preparation of this Information Booklet, there was no decision by the Issuer on including the bonds in the organised market and/or Multilateral Trading Platform (MTP).

#### 3.1 Data on the Securities of the Same Type Already Issued by the Issuer

In the previous period the Issuer had already issued three emissions of long-term securities, not included in the regulated market, and/or the MTP.

- 1) Emission of long-term securities, number 422-12/2012, containing the following components:

Emission amount	4,003,540,000.00 RSD
Nominal value	10,000.00 RSD per one piece
Emission date	11 June 2012
Maturity date	11 June 2022
Coupon	2.00% per year
Type of bond	Amortisation bond indexed to a referenced index of the consumer price, with a two-year grace period.
CFI code	DBVTAR
ISIN number	RSAOBJD 31607

- 2) Emission of long-term securities, number 422-12/2013, containing the following components:

Emission amount	4,970,320,000.00 RSD in EURO equivalent on the emission date
Nominal value	1,000.00 EUR per one piece
Emission date	6 April 2013
Maturity date	6 April 2018
Coupon	7.00% per year
Type of bond	Amortisation bond with a fixed coupon
CFI code	DBFTAR
ISIN number	RSAPVJD90819

3) Emission of long-term securities on issuance of the 3rd (third) emission of bonds without the obligation to publish prospectuses:

Emission amount	300,000,000.00 RSD
Nominal value	100,000.00 RSD per one piece
Emission date	3 August 2015
Maturity date	3 August 2020
Interest rate	4.50% per year
Type of bond	Long-term RSD bond, indexed to a foreign currency – EURO, with fixed maturity (the principal is fully paid off on the maturity date), coupon payment in six months and a possibility for the Issuer to request purchase prior to maturity date.
CFI code	DBFUGR
ISIN number	RSAPVJD38560

4) Emission of long-term securities on issuance of the 4th (fourth) emission of bonds without the obligation to publish prospectuses:

Emission amount	1,260,000,000.00 RSD
Nominal value	100,000.00 RSD per one piece
Emission date	8 October 2015
Maturity date	8 October 2020
Interest rate	4.80% per year
Type of bond	Long-term RSD bond, indexed to a foreign currency – EUR, with fixed maturity (the principal is fully paid off on the maturity date), coupon payment in six months and a possibility for the Issuer to request purchase prior to maturity date.
CFI code	DBFUGR
ISIN number	RSAPVJD94464

## 4. Glossary

**DEBT AMORTISATION** – is the procedure of debt payoff and payment of the accompanying interests. Debts are amortised according to the amortisation plan, agreed upon when establishing the loan relationship. Debts may be amortised on a one-time or multiple basis. Different annuity models may be combined in amortisation on a multiple basis.

**ANNUITY**– the amount of money payable on a certain date, paid to the lender annually or in shorter periods, for the purpose of loan payoff. The annuity comprises two parts: the accompanying interest and the debt principal.

**FOREIGN EXCHANGE RATE** – the value of one country's currency expressed in the currency of another country. By the foreign exchange rate, a link is established between prices in the country and those in a foreign country.

**DEBT SECURITIES** – are bonds and other transferable securitised debt instruments, except the securities which are equivalent to the company shares or which, if converted or if rights arising from them are exercised, will provide the entitlement to acquire shares or securities equivalent to shares.

**EFFECTIVE INTEREST RATE** – a decursive interest rate calculated annually, using the compound interest account – calculation via compound (interest) method, in which the discounted receipts are made equal to discounted expenditures for the received deposits, or granted loans.

**EMISSION OF SECURITIES** – issue of short-term and long-term securities based on the Issuer's decision, stipulating the main components of securities.

**EMISSION ACCOUNT FOR SECURITIES** – the account opened at the Central Registry, Depository and Clearing of Securities for the purpose of recording the financial instruments.

**INVESTOR** – a term denoting the existing owner of a security, as well as any potential buyer, either a legal entity or natural person.

**INVESTMENT COMPANIES** – companies that provide investment services as part of doing business with other market stakeholders or are professionally engaged in investment activities. The investment services include: receipt and transfer of the client's order in respect of sales and purchase of financial instruments, execution of securities purchase and sales orders on behalf of the client, trading on their own behalf, portfolio management, investment consultation, along with provision of underwriting regarding the offer and sales of financial instruments with an obligation to purchase, study and financial analysis in the field of investment or other forms of general recommendations regarding financial instrument transactions and other services stipulated by the law.

**ISIN number** – *International Securities Identification Number* – the international identification code for securities, assigned by national agencies (in the Republic of Serbia it is the Central Securities Registry).

**ISSUER OF SECURITIES** – is a domestic or foreign legal entity issuing securities and other financial instruments or proposing their issue; in case of certificates of deposit, the person issuing securities that represent these certificates of deposit is considered the Issuer.

**PUBLIC OFFER OF SECURITIES** – is any notification provided in any form or by any media, which specifies sufficient information on the terms of the offer and securities being offered, in order to allow the investor to decide on the purchase or subscription of these securities; the public offer will also include the offer and sales of securities via financial brokers, i.e. underwriters and agents.

**INTEREST** – is the amount charged for temporary lending of money or the compensation expressed as a percentage (price), paid by the borrower (debtor) to the lender (creditor, trustee) for temporary use of the money lent or capital.

**CALL OPTION** – an agreement which entitles the Issuer (but does not oblige him/her) to buy bonds or other security at a specific price and time period.

**SECURITIES COMMISSION** – an independent and autonomous institution of the Republic of Serbia, responsible for monitoring the enforcement of the Law on the Capital Market, Law on Takeover of Joint-Stock Companies and Law on Investment Funds.

**CORPORATIVE AGENT** – investment company (member of the Central Registry) providing services, in the name of/on behalf of the client, pertaining to issue of financial instruments and other activities defined in the Central Registry Operating Rules.

**COUPON** – is the amount of the interest received by the investor as the bondholder. Typically the interest rate is generally paid once or twice a year, by a coupon calculated on the basis of the nominal value of the bond.

**MTP** – Multilateral Trading Platform is a multilateral system organised and/or managed by the market organiser or investment company, which enables and facilitates the merging of interests of third parties for purchase and sales of financial instruments, in compliance with their binding rules and for the purpose of concluding agreements, in conformity with the Law on the Capital Market.

**NON-RESIDENT** – a natural person with permanent legal residence abroad; legal entity incorporated abroad.

**NOMINAL VALUE OF BOND** – is the amount in which a single bond is emitted; the accompanying interest is added to this amount.

**BOND** – a security emitted by a legal entity for the purpose of borrowing cash assets for a specific period of time, which is why it is classified as a debt security.

**OVER THE COUNTER MARKET** – is a secondary market for trading in financial instruments which does not require a market organiser and whose trading system relies on negotiations between the seller and buyer of financial instruments, for the purpose of concluding a transaction.

**TRANSFERABLE SECURITIES** – are all types of securities that may be traded on the capital market, except the payment instruments.

**PRIMARY MARKET** – denotes the first sales of the issued securities; the interested buyers buy securities from the Issuer who has issued them, at the price determined by the Issuer in the Decision on Emission.

**YIELD** – the profit gained by the owner of security from owning the security. The dividend and capital gain is the yield from shares, while the interest and/or capital gain is the yield from bonds.

**COMMISSION** – is a fee for brokering in a particular business, expressed as the percentage of the transaction value. Bank commissions are the costs for provision of banking services.

**UNDERWRITER** – is an investment company providing the services of underwriting pertaining to the offer and sales of financial instruments with the obligation to purchase.

**PORTFOLIO OF SECURITIES** – is the overall collection of securities (shares, bonds etc.) managed by the portfolio manager on his/her own behalf or behalf of the client who has handed his/her securities to the manager for keeping and handling them.

**RESIDENT** – a natural person with permanent legal residence in the country; a legal entity registered in the domicile country.

**SECONDARY MARKET** – any subsequent sales of securities (resale) following the primary trading. The secondary trading is organised on a stock exchange.

**CAPITAL MARKET** – is a meeting place of the capital supply and demand, i.e. of different forms of long-term financial instruments with the maturity date exceeding one year.

**CENTRAL REGISTRY, DEPOSITORY AND CLEARING OF SECURITIES** – the institution keeping unique records of holders of all securities emitted in the territory of the Republic of Serbia. In addition, it represents a clearing house in charge of clearing and settlement of liabilities and claims in securities and cash.

**CFI code** (*Classification of Financial Instruments*) – the international identification code for securities; **CFI code** determines the type of securities.

**MEMBER OF THE CENTRAL SECURITIES REGISTRY** – a stock exchange broker, bank authorised for broker-dealer activities, custody bank and foreign legal entities responsible for clearing and settlement of securities.