

IMPORTANT NOTICE

You must read the following before continuing. The following applies to the Base Offering Memorandum following this page, and you are therefore required to read this carefully before reading, accessing or making any other use of the Base Offering Memorandum. In accessing the Base Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE FOLLOWING BASE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS BASE OFFERING MEMORANDUM MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES AND WITHIN THE UNITED STATES TO “QUALIFIED INSTITUTIONAL BUYERS” (“QIBs”) AS DEFINED IN AND PURSUANT TO RULE 144A OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) (“RULE 144A”). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT TO QIBs PURSUANT TO RULE 144A.

Confirmation of your representation: In order to be eligible to view this Base Offering Memorandum or make an investment decision with respect to any securities, you must be a person who is outside the United States unless you are a QIB in the United States. By accepting the email and accessing this Base Offering Memorandum, you shall be deemed to have represented to the Arranger and Dealers named herein that you and any customers you represent, unless you are QIBs, are not in the United States; that the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia unless you are a QIB in the United States; and that you consent to delivery of such Base Offering Memorandum by electronic transmission.

You are reminded that this Base Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Base Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Base Offering Memorandum to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

This document is being distributed only to, and is directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as “**relevant persons**”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This Base Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, Arranger or Dealers named herein, any person who controls any such persons, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Memorandum distributed to you in electronic format and the hard copy version.



REPUBLIC OF SERBIA
(represented by the Government of the Republic of Serbia, acting by and through the Ministry of Finance)
Global Medium Term Note Programme

Under the Global Medium Term Note Programme described in this Base Offering Memorandum (the “**Programme**”), the Republic of Serbia (the “**Issuer**” or “**Serbia**”), represented by the Government of the Republic of Serbia acting by and through the Ministry of Finance of the Republic of Serbia, may from time-to-time issue notes (the “**Notes**”).

This Base Offering Memorandum does not comprise or constitute a base prospectus for the purposes of the Public Offers and Admissions to Trading Regulations 2024 (the “**POATRs**”) or the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the “**PRM**”). Applications may be made on an issue by issue basis (i) to the Financial Conduct Authority (the “**FCA**”) for Notes issued under the Programme to be admitted to the official list of the FCA (the “**Official List**”), and (ii) to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s main market (the “**Market**”). For the purposes of any such application, the Issuer is an exempt issuer pursuant to PRM 1.3. Accordingly, the Notes admitted to the Official List and admitted to trading on the Market will not be subject to the prospectus requirements of the PRM but will be issued in accordance with the listing rules of the London Stock Exchange. References in this Base Offering Memorandum to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of English law by virtue of the EUWA (“**UK MiFIR**”). Notice of the aggregate nominal amount of interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein that are applicable to, each Tranche (as defined in “*Overview of the Programme*”) of Notes will be set forth in a final terms document (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (the “**Drawdown Offering Memorandum**”) as described below in “*Final Terms and Drawdown Offering Memorandums*”, which, with respect to Notes to be admitted to the Official List and to be admitted to trading on the Market, will be delivered to the FCA and to the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Notes of each Series (as defined in “*Overview of the Programme*”) will be issued in registered form and may be offered and sold (a) outside the United States in reliance on Regulation S (“**Regulation S**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”) (the “**Unrestricted Notes**”) and represented by a registered global note certificate (each an “**Unrestricted Global Note**”) without interest coupons which may be deposited on the relevant issue date (i) in the case of a Series intended to be cleared through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), with a common depository (the “**Common Depository**”) and registered in the name of a nominee for such Common Depository, and (ii) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, or delivered outside of a clearing system, as agreed between the Issuer and the relevant Dealers, and/or (b) within the United States only to “qualified institutional buyers” (“**QIBs**”) (as defined in Rule 144A under the Securities Act (“**Rule 144A**”)) in reliance on Rule 144A (the “**Restricted Notes**”) and will be represented by one or more registered global note certificates (each a “**Restricted Global Note**”) and together with the Unrestricted Global Notes, the “**Global Notes**”), without interest coupons, which, as specified in the Final Terms, may be cleared through Euroclear and/or Clearstream, Luxembourg or through The Depository Trust Company (“**DTC**”) and which may be deposited on the relevant issue date with either a Common Depository (and registered in the name of a nominee for such Common Depository) or a custodian (the “**Custodian**”) for DTC (and registered in the name of Cede & Co. as nominee for DTC). Prospective purchasers are hereby notified that sellers of Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Interests in Restricted Global Notes will be subject to certain restrictions on transfer. See “*Transfer Restrictions*”. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. Except in the limited circumstances described herein, certificates for Notes will not be issued in exchange for beneficial interests in a Global Note.

The Issuer’s current long term foreign currency debt rating by S&P Global Ratings Europe Limited (“**S&P**”) is BBB- with a stable outlook, by Fitch Ratings Limited (“**Fitch**”) is BB+ with a positive outlook and by Moody’s Investors Service, Inc. (“**Moody’s**”) is Ba2 with a stable outlook. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche is to be rated, such rating will not necessarily be the same as the ratings assigned to the Issuer. Where a Tranche is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche will be (a) issued by a credit rating agency established in the European Economic Area (the “**EEA**”) and registered under Regulation (EC) No. 1060/2009 on Credit Rating Agencies as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”) or by a credit rating agency established in the United Kingdom (the “**UK**”) and registered under Regulation (EC) No. 1060/2009 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”), (b) issued by a credit rating which is not established in the

EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or by a credit rating agency which is not established in the UK but will be endorsed by a credit rating agency which is established in the UK and registered under the UK CRA Regulation, or (c) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation or by a credit rating agency which is not established in the UK but which is certified under the UK CRA Regulation, will also be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. S&P is established in the European Union (the “EU”) and registered under the CRA Regulation. Fitch is established in the UK and registered under the UK CRA Regulation. Moody’s is neither established in the EU nor the UK and has not applied for registration under the CRA Regulation or UK CRA Regulation. Accordingly, ratings issued by Fitch and Moody’s have been endorsed by Fitch Ratings Ireland Limited and Moody’s Deutschland GmbH, respectively in accordance with the CRA Regulation. Both Fitch Ratings Ireland Limited and Moody’s Deutschland GmbH are established in the EU and registered under the CRA Regulation. As such, the ratings issued by Fitch and Moody’s may be used for regulatory purposes in the EU in accordance with the CRA Regulation. Each of S&P, Fitch Ratings Ireland Limited and Moody’s Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) (last updated 10 July 2024) in accordance with the CRA Regulation. Similarly, ratings issued by S&P and Moody’s have been endorsed by S&P Global Ratings UK Limited and Moody’s Investors Service Ltd respectively, each in accordance with the UK CRA Regulation. Each of S&P Global Ratings UK Limited and Moody’s Investors Service Ltd is established in the UK and registered under the UK CRA Regulation. As such, the ratings issued by S&P and Moody’s may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. Any change in the rating of the Notes may adversely affect the price that a purchaser may be willing to pay for the Notes.

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a summary of certain restrictions on resale, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

This Base Offering Memorandum should be read and construed together with any amendment or supplement hereto. Further, in relation to any Series, this Base Offering Memorandum should be read and construed together with the relevant Final Terms.

As this Base Offering Memorandum does not constitute a base prospectus under the PRM, there is no obligation to supplement this Base Offering Memorandum in the event of significant new factors, material mistakes or material inaccuracies.

Investing in the Notes involves certain risks. See “*Risk Factors*”.

Amounts payable under the Notes may be calculated by reference to either LIBOR or EURIBOR, which are provided by ICE Benchmark Administration Limited (“ICE”) and the European Money Markets Institute (the “EMMI”), respectively. However, the Issuer does not intend to issue Notes that have a floating rate of interest based upon a benchmark rate. As at the date of this Base Offering Memorandum, EMMI (as administrator of EURIBOR) is included in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”). As at the date of this Base Offering Memorandum, ICE (as administrator of LIBOR) does not appear on ESMA’s register of administrators and benchmarks under Article 36 of the EU Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that ICE (as administrator of LIBOR) is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence). As at the date of this Base Offering Memorandum, both ICE and the EMMI are included in the FCA’s register of administrators under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”).

Arranger and Dealer

Deutsche Bank

Dealers

BNP PARIBAS

BofA Securities

Morgan Stanley

UniCredit

The date of this Base Offering Memorandum is 27 April 2026.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Offering Memorandum and the Final Terms and declares that, to the best of its knowledge, the information contained in this Base Offering Memorandum and the Final Terms is in accordance with the facts and the Base Offering Memorandum as completed by the Final Terms makes no omission likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Base Offering Memorandum in connection with the offering, issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer (each as defined in “*Overview of the Programme*”).

Neither the Arranger nor the Dealers have separately verified the information contained herein. None of the Arranger or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Offering Memorandum. Neither this Base Offering Memorandum nor any Final Terms are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Offering Memorandum or any Final Terms should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Offering Memorandum and any Final Terms and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arranger or the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Offering Memorandum and any Final Terms nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers.

Generally, investment in emerging markets such as Serbia is only suitable for investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Investors should also note that emerging markets such as Serbia are subject to rapid change and that the information set out in this Base Offering Memorandum may become outdated relatively quickly.

SUPPLEMENTS TO THIS BASE OFFERING MEMORANDUM

If, in connection with the admission of Notes to the Official List and the admission to trading of Notes on the Market or the admission of Notes to listing, trading and/or quotation by any other listing authorities, stock exchanges, regulated markets and/or quotation systems, there shall occur any adverse change affecting any matter contained in this Base Offering Memorandum or any change in the information set out under “*Terms and Conditions of the Notes*”, that is material in the context of an issuance of Notes under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Base Offering Memorandum or, as the case may be, publish a new Base Offering Memorandum, for use in connection with any such issue by the Issuer of Notes to be admitted to the Official List and admitted to trading on the Market or admitted to listing, trading and/or quotation on any other listing authorities, stock exchanges, regulated markets and/or quotation systems.

IMPORTANT NOTICES

None of the Issuer, the Arranger nor any of the Dealers accept any responsibility for any social, environmental and sustainable assessment of the Notes issued as Green, Social or Sustainable Bonds (as defined herein) or make any representation or warranty or assurance as to whether such Notes will meet any investor expectations or requirements regarding such “ESG”, “green”, “sustainable”, “social” or similar labels. The Arranger and the Dealers are not responsible for the use of proceeds for the Notes issued as Green, Social or Sustainable Bonds, the impact or monitoring of such use of proceeds nor the suitability or content of the Sustainable Finance Framework (as defined below) and none of the Arranger or the Dealers undertake to ensure that there are at any time sufficient Eligible Green Expenditures or Eligible Social Expenditures (each as defined below) to allow for allocation of a sum equal to the net proceeds of the issue of Green, Social or Sustainable Bonds in full.

If any Green, Social or Sustainable Bonds will be admitted to listing (including the listing or admission to trading thereof on any dedicated “green”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market), no representation or assurance is given by the Issuer, the Arranger or any of the Dealers that such listing or admission satisfies any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply or any future legal or industry standards for investment in assets with sustainability characteristics. No representation or assurance is given by the Issuer, the Arranger or the Dealers that such listing, inclusion or admission will be obtained or maintained for the lifetime of the Notes.

None of the Issuer, the Arranger nor any of the Dealers is responsible for any third party social, environmental and sustainability assessment of the Green, Social or Sustainable Bonds or the suitability of any second party opinion. Any second party opinion is not a recommendation to buy, sell or hold securities and is only current as of the date it was initially issued. As at the date of this Base Offering Memorandum, the providers of such opinions are not subject to any specific regulatory or other regime or oversight. Further, any second party opinion is for information purposes only and any second party opinion provider does not accept any form of liability for its content and/or any liability for loss arising from the use of any such second party opinion and/or the information contained therein. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. Investors should conduct their own assessment of the Notes from a sustainability perspective. The Arranger and the Dealers have not undertaken, nor are they responsible for, any assessment of the eligibility criteria for Eligible Green Expenditures or Eligible Social Expenditures (as defined herein), any verification of whether such projects or expenditures meet such criteria or the monitoring of the use of proceeds of any Green, Social or Sustainable Bonds (or amounts equal thereto).

For the avoidance of doubt, neither the Sustainable Finance Framework nor any second party opinion are, nor shall they be deemed to be, incorporated in and/or form part of, this Base Offering Memorandum and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. Prospective investors should seek advice from their independent financial adviser or other professional adviser regarding their purchase of any Notes or Green, Social or Sustainable Bonds to be issued under the Programme before deciding to invest. See also the risk factor in this Base Offering Memorandum headed “*Risk Factors – In respect of any Notes issued as Green, Social or Sustainable Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*”.

Neither the delivery of this Base Offering Memorandum or any Final Terms nor the offering, sale or delivery of any Note shall, under any circumstances, create any implication that the information contained in this Base Offering Memorandum is accurate subsequent to the date hereof or that there has been no change in the affairs of the Issuer since the date hereof or the date upon which the Base Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in the economic, fiscal and political condition of the Issuer since the date hereof or the date upon which the Base Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. This Base Offering Memorandum may only be used for the purpose for which it has been published.

The minimum specified denomination of any Notes issued under the Programme shall be EUR 100,000 (or its equivalent in any other currency as at the date of issue of the Notes). See Condition 3 of the Terms and Conditions of the Notes for further details regarding the minimum specified denominations of Notes issued under the Programme.

The distribution of this Base Offering Memorandum and any Final Terms and the offering, sale or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Memorandum or any Final Terms comes are required by the Issuer, the Arranger and the Dealers to inform themselves and to observe any such restriction. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Offering Memorandum and any Final Terms and the offering material relating to the Notes, see “*Subscription and Sale*”. In particular, the Notes have not been and will not be registered under the Securities Act and will be offered and sold outside the United States in reliance on Regulation S and sold in the United States to QIBs in reliance on Rule 144A. Prospective purchasers of

Notes are hereby notified that sellers of Notes may be relying on the exemption from registration requirements of Section 5 of the Securities Act provided by Rule 144A.

This Base Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes. In particular, this Base Offering Memorandum does not constitute an offer of securities to the public in the United Kingdom. Consequently, within the United Kingdom this document is being distributed only to, and is directed only at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order and other persons to whom it may be lawfully communicated falling within article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). Any person within the United Kingdom who is not a relevant person should not act or rely on this document or any of its contents.

Persons into whose possession this Base Offering Memorandum may come are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe such restrictions.

The Notes may not be suitable as an investment for all investors.

Potential investors must determine the suitability of an investment in the Notes in each Series in the light of their own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Offering Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact that such Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect such investor's investment and ability to bear the applicable risks.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Issuer is not required to effect equal or rateable payment(s) with respect to the Notes or any other unsecured obligations of the Issuer

Notes issued under the Programme will at all times rank at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to the Notes or any other unsecured obligations of the Issuer and, in particular, will have no obligation to pay such other unsecured obligations of the Issuer at the same time or as a condition of paying sums due on the Notes and *vice versa*. See Condition 5 (*Status*) of the Terms and Conditions of the Notes. As a result of the provisions of Condition 5 mentioned above, Noteholders should be aware that

(i) the Issuer may choose to prioritise payment obligations of other unsecured creditors of the Issuer as payments fall due, and (ii) there is no assurance that all unsecured creditors of the Issuer may be paid at the same time and in the same amount.

FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute “forward looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”); however, this Base Offering Memorandum is not entitled to the benefit of the safe harbour created thereby. Such statements, certain of which can be identified by the use of forward looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “could”, “would be”, “seeks”, “approximately”, “estimates”, “predicts”, “projects”, “aims” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. Such forward looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Therefore, undue reliance should not be placed on them. The Issuer has based these forward-looking statements on its current view with respect to future events and financial results.

Forward-looking statements speak only as at the date on which they are made and the Issuer undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to: (i) plans with respect to the implementation of economic policies and the pace of economic and legal reforms; (ii) expectations about the behaviour of the economy if certain economic and fiscal policies are implemented; (iii) the potential impact from economic disruption resulting from geopolitical developments, including the ongoing military conflict between Russia and Ukraine and heightened tensions and conflicts in the Middle East; (iv) the outlook for gross domestic product, public debt, inflation, exchange rates, interest rates, commodity prices, foreign investment, balance of payments, trade and fiscal balances; and (v) estimates of external debt repayment and debt service.

The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. In addition to the factors described in this Base Offering Memorandum, including, but not limited to, those discussed in the section entitled “*Risk Factors*”, the following factors, amongst others, could cause future outcomes to differ materially from those expressed in any forward-looking statements made herein:

- adverse external factors, such as changes in the credit rating of Serbia, higher international interest rates, low commodities prices, increases in world commodities prices, geopolitical tensions or conflicts affecting global trade (including the ongoing situation in the Middle East), energy markets or financial conditions or recession or low growth in Serbia’s trading partners, which could each decrease Serbia’s fiscal and foreign exchange revenues and could negatively affect the current account, balance of payments and international reserves and cause or contribute to recession or low growth in Serbia;
- adverse domestic factors, such as recession, decline in foreign direct investments (“**FDI**”) and portfolio investment, high domestic inflation, high domestic interest rates, difficulties in borrowing in the domestic and foreign markets, changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations), trade and political consensus, any of which could lead to lower growth in Serbia and lower international currency reserves;
- relations with creditors;
- expectations about EU accession;
- decisions of international financial institutions such as the International Monetary Fund (the “**IMF**”), the World Bank, the European Bank for Reconstruction and Development (the “**EBRD**”) and the European Investment Bank (the “**EIB**”) regarding the provision of funding for new or existing projects over the life of the Notes issued under the Programme; and

- political factors in Serbia, which may affect the timing and structure of economic reforms, the climate for FDI and the pace, scale and timing of privatisation.

The Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Base Offering Memorandum whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Base Offering Memorandum. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

EXCHANGE RATE HISTORY

For ease of presentation, certain economic and financial information included herein has been translated into U.S. Dollars or euros.

The following table sets out certain exchange rate data for the years 2021 to 2025 and for the period ended 24 April 2026, expressed as Serbian Dinar per U.S. Dollar, as published by the National Bank:

	Serbian Dinar to U.S. Dollar ⁽¹⁾			
	Low	High	Average	Period End
2026 (through 24 April 2026).....	98.1550	102.9805	100.6800	100.8380
2025	98.8413	114.5832	103.7860	99.9165
2024	104.5929	112.9371	108.1965	112.4386
2023	104.1443	111.9725	108.4143	105.8671
2022	102.4337	122.7711	111.8607	110.1515
2021	95.5592	104.8427	99.4925	103.9262

Source: National Bank

Note:

(1) Not adjusted for inflation.

The following table sets out certain exchange rate data for the years 2021 to 2025 and for the period ended 24 April 2026, expressed as Serbian Dinar per euro, as published by the National Bank:

	Serbian Dinar to Euro ⁽¹⁾			
	Low	High	Average	Period End
2026 (through 24 April 2026).....	117.6535	117.7937	117.7454	117.7788
2025	117.0479	117.4214	117.2026	117.2820
2024	116.9513	117.2377	117.0851	117.0149
2023	117.1504	117.3794	117.2513	117.1737
2022	117.2751	117.7627	117.4588	117.3224
2021	117.5496	117.5925	117.5733	117.5821

Source: National Bank

Note:

(1) Not adjusted for inflation.

The following table sets out certain exchange rate data for the years 2021 to 2025 and for the period ended 23 April 2026, expressed as U.S. Dollar per euro, as published by Bloomberg:

Year	U.S. Dollar to Euro			
	Low	High	Average	Period End
2026 (through 23 April 2026).....	1.0198	1.1974	1.1394	1.1694
2025	1.0244	1.1867	1.1304	1.1746
2024	1.0353	1.1192	1.0820	1.0353
2023	1.0467	1.1236	1.0816	1.1039
2022	0.9594	1.1455	1.0537	1.0705
2021	1.1199	1.2327	1.1828	1.1370

Source: Bloomberg

The exchange rates in the above tables may differ from the actual exchange rates used in the preparation of the information appearing in this Base Offering Memorandum. The inclusion of these exchange rates is not meant to suggest that any amount of the currencies specified above has been, or could be, converted into the applicable currency at the rates indicated or at any other rate.

STABILISATION

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of the Stabilising Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws, regulations and rules.

NOTICE TO PROSPECTIVE UNITED STATES INVESTORS

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES REVIEWED OR PASSED UPON OR ENDORSED THE MERITS OF THE NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Base Offering Memorandum is being furnished only to a limited number of investors in the United States who are persons reasonably believed to be QIBs and to investors outside the United States. Any reproduction or distribution of this Base Offering Memorandum, in whole or in part, in the United States and any disclosure of its contents or use of any information herein in the United States for any purpose, other than in considering an investment by the recipient in the Notes, is prohibited. Each potential investor in the Notes, by accepting delivery of this Base Offering Memorandum, agrees to the foregoing and each purchaser or holder of interests in Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain acknowledgements, representations and agreements as set out in “*Subscription and Sale*” and “*Transfer Restrictions*”.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend titled “MiFID II Product Governance” that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes (or beneficial interests therein) are appropriate. In those cases, any person or entity subsequently offering, selling or recommending such Notes (or beneficial interests therein) (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) will remain responsible for undertaking its own target market assessment in respect of such Notes (or beneficial interests therein) (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes (or beneficial interests therein) is a manufacturer in respect of such Notes (or beneficial interests therein), but otherwise none of the Arranger, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE/ TARGET MARKET

The Final Terms in respect of any Notes may include a legend titled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is

responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

FINAL TERMS AND DRAWDOWN OFFERING MEMORANDUMS

In this section the expression “necessary information” means, in relation to any Tranche, the information necessary to enable investors to make an informed assessment of the prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has endeavoured to include in this Base Offering Memorandum all of the necessary information except for information relating to the Notes which is not known at the date of this Base Offering Memorandum and which can only be determined at the time of an individual issue of a Tranche.

Any information relating to the Notes which is not included in this Base Offering Memorandum and which is required in order to complete the necessary information in relation to a Tranche will be contained either in the relevant Final Terms or in a Drawdown Offering Memorandum.

For a Tranche which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Offering Memorandum and must be read in conjunction with this Base Offering Memorandum. The terms and conditions applicable to any particular Tranche which is the subject of Final Terms are the Terms and Conditions of the Notes described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche which is the subject of a Drawdown Base Offering Memorandum will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Offering Memorandum. In the case of a Tranche which is the subject of a Drawdown Offering Memorandum, each reference in this Base Offering Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Base Offering Memorandum unless the context requires otherwise.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England against the Issuer without compliance with the Serbian enforcement procedure for foreign judgments. It may not be possible for investors to effect service of process upon the Issuer outside Serbia or to enforce against the Issuer in or through English courts or courts located in the United States judgments obtained in English courts or courts located in the United States or elsewhere, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

The Notes, the Deed of Covenant and the Fiscal Agency Agreement (each as defined below), and any non-contractual obligations arising out of or in connection with any of them, are governed by English law and the Issuer has agreed that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings arising thereunder (“**Proceedings**”). The Issuer has appointed the Ambassador of the Republic of Serbia to the Court of St. James’s or lacking such Ambassador, the chargé d’affaires at the Embassy of Serbia as its authorised agent to whom the process may be served in any Proceedings.

It may not be possible to enforce in the courts of Serbia any foreign court judgment (including a judgment obtained from an English court) against Serbia that is predicated upon the laws of a foreign jurisdiction, such as English law, without a re-examination of the merits of such judgment in the Serbian courts, although a re-examination of the merits of a judgment will generally not be conducted according to the applicable law.

Recognition and enforcement in the courts of Serbia of any foreign court judgment is conditional, amongst others, on reciprocity in judgment recognition and enforcement between Serbia and the country of origin of the foreign judgment. There is a legal presumption that such reciprocity exists and, according to the opinion of the Serbian Ministry of Justice, factual reciprocity with United Kingdom (England and Wales) exists on the date of this Base Offering Memorandum. In addition, it may not be possible to enforce a foreign court judgment if it is found by the Serbian court to be contrary to the “foundations of social order as determined in the Constitution” which is the Serbian version of the public policy exception to the recognition and enforcement of foreign judgments. The concept of public policy is defined rather broadly as comprising fundamental legal provisions of the Serbian legal system. There are no settled court practices or consistent legal writings publicly available which define the scope of Serbian public policy, and a precise list of criteria for determination of such public policy rules does not exist.

There is also a risk that the choice of English law as the governing law of the Notes might not be applied by the courts of Serbia in certain circumstances. Such circumstances may include Serbian courts finding that the effect of application of English law would be incompatible with the “foundations of social order as determined in the Constitution”.

There is a risk that, notwithstanding the limited waiver of sovereign immunity by Serbia in connection with the Notes, a foreign court judgment would not be recognised in Serbia or enforced against certain assets of Serbia in certain jurisdictions, including Serbia (including the imposition of any arrest order or the attachment or seizure of such assets and their subsequent sale), without Serbia having specifically consented to such enforcement at the time when the enforcement is sought. Specifically, Serbia has not consented to service or waived sovereign immunity with respect to actions brought against it under US federal securities laws or any state securities laws. In the absence of a waiver of immunity by Serbia with respect to such actions, it may not be possible to obtain a judgment in such an action brought in a court located in the United States against Serbia unless such court were to determine that Republic of Serbia is not entitled under the U.S. Foreign Sovereign Immunities Act of 1976 to sovereign immunity with respect to such actions.

In addition, certain state-owned assets are statutorily exempt from court enforcement procedures within Serbia. Specifically, Serbia has not waived any immunity in respect of present or future: (i) “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961, (ii) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963, (iii) assets that cannot be in commerce, (iv) military property or military assets and buildings, weapons and equipment designated for defence, state and public security, (v) receivables the assignment of which is restricted by law, (vi) natural resources, common use items, grids in public ownership, river basin land and water facilities in public ownership, protected natural heritage in public ownership and cultural heritage in public ownership, (vii) real estate in public ownership which is, partly or entirely, used by the authorities of Serbia, autonomous provinces or local self-government for the purpose of exercising their rights and duties; (viii) the state’s, autonomous province’s or local government’s stocks and shares in companies and public enterprises, unless the relevant entity consented to the establishment of a pledge over such stocks or shares, (ix) movable or immovable assets of health institutions, unless a mortgage was established based on the Government’s decision, (x) movable or immovable assets that are used by the authorities of Serbia for conducting their competencies, (xi) monetary assets and financial instruments determined as financial collateral in accordance with the law regulating financial collateral including monetary assets and financial instruments which are pledged in accordance with such law, or (xii) other assets exempt from enforcement by law or international treaties.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

All references in this Base Offering Memorandum to the “**Government**” and the “**Assembly**” are to the central government and the National Assembly of Serbia, respectively.

Unless otherwise specified or the context so requires, references in this Base Offering Memorandum to “**RSD**”, “**Dinar**”, “**dinar**” and “**Serbian Dinar**” are to the currency of Serbia, references to “**U.S. Dollars**”, “**USD**” and “**U.S.\$**” are to the currency of the United States, references to “**JPY**” are to the currency of Japan and references to the “**euro**”, “**euros**”, “**EUR**” and “**€**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on EU.

Gross Domestic Product (“**GDP**”) is a measure of the total value of final products and services produced in the country. Gross Value Added (“**GVA**”) is a measure of the total value of final products and services within a particular sector before taking into account taxes and subsidies. “**Nominal GDP**” or “**nominal GVA**” measures the total value of final products and services in current prices. “**Real GDP**” or “**real GVA**” measures the total value of final products and services in constant prices, thus allowing historical GDP or GVA comparisons that exclude the effect of inflation. For the purposes of this Base Offering Memorandum, real GDP or real GVA figures are calculated by reference to 2015 prices. Unless otherwise stated, references in this Base Offering Memorandum to “**GDP**” are to nominal GDP figures. References to the “**Budget**” are to the consolidated budget of Serbia passed by the Assembly in accordance with the Budget System Law (Official Gazette nos.: 54/2009, 73/2010, 101/2010, 101/2011, 93/2012, 62/2013, 63/2013, 108/2013, 142/2014, 68/2015, 103/2015, 99/2016, 113/2017, 95/2018, 31/2019, 72/2019, 149/2020, 118/2021, 138/2022, 92/2023 and 94/2024).

References to laws, including the Budget, refer to such laws (and the Budget), as amended or supplemented from time to time. The Agreement on Regional Representation and Cooperation (as defined below) provides for the use of an asterisk in respect of Kosovo* in line with UN Resolution 1244 (as defined below) and the ICJ Opinion (as defined below), which states that the designation of “**Kosovo***” is without prejudice to Serbia’s position on Kosovo’s status of independence. Accordingly, the term “**Kosovo**” should be construed on this basis, and it is used throughout this Base Offering Memorandum in the context of regional initiatives and programmes carried out under the auspices of the EU. In addition, whilst the city of Priština is the administrative centre of the Autonomous Province of Kosovo and Metohija, as defined under the Constitution of Serbia and UN Resolution 1244 (as defined below), the designation of Priština in the context of this Base Offering Memorandum will hereinafter denote the administrative centre of the so-called Republic of Kosovo (hereinafter referred to as “**so-called Kosovo**”).

Unless otherwise stated, all annual information, including budgetary information for Serbia, is based on calendar years. **All statistical information, including budgetary information, as at and for year-end or interim periods is subject to future revision and amendment for comparative purposes in the event that the methodology used to compile such information is changed in the future, following an introduction of new data sources, improvements to the existing ones, changes to classifications, or establishment of new principles, regulations and international recommendations that represent a basic methodological framework.**

Certain figures included in this Base Offering Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary reflecting such rounding and figures that are shown as totals (including those presented in tables) may not be an arithmetic aggregation of their components.

Statistical data appearing in this Base Offering Memorandum have, unless otherwise stated, been obtained from the Office of Statistics of Serbia (the “**Office of Statistics**”), the Ministry of Finance, the Government, the Assembly and the National Bank. Similar statistics may be obtained from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of

* The designation is without prejudice to positions on status, and is in line with the UN Resolution 1244 and the ICJ Opinion on the Kosovo declaration of independence.

when such data is produced. Although every effort has been made to include in this Base Offering Memorandum the most reliable and the most consistently presented data, no assurance can be given that such data was compiled or prepared on a basis consistent with international standards. However, as far as the Government is aware and is able to ascertain from the information published by these entities, the information has been accurately reproduced, and no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect.

Certain statistical information contained herein is provisional or otherwise based on estimates that Serbia and/or its agencies believe to be based on reasonable assumptions. Specifically, the relevant interim period in 2026 for which, and/or the relevant date in 2026 as at which, data is presented may differ depending on the most recent information available from the Issuer. All such data is provided as at and in respect of the period most recently available. Accordingly, such financial and economic information for periods of 2026 set out in this Base Offering Memorandum may be subsequently adjusted or revised when the actual results or annual estimates are published and may differ from previously published financial and economic information. Whilst Serbia does not expect such revisions to be material, no assurance can be given that material changes will not be made. See *“Risk Factors – Risks Associated with Serbia’s Economy – Official economic data may be subject to some degree of uncertainty and could be revised”*.

Information included in this Base Offering Memorandum and identified as being derived from information published by Serbia or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Republic Serbia. All other information herein with respect to Serbia is included herein as a public official statement made on the authority of the Ministry of Finance.

Unless otherwise stated, all statistical data appearing in this Base Offering Memorandum (save in relation to public expenditures for employees, purchase of goods and services and social welfare and transfers and the number of public sector employees) has been prepared on a basis which excludes the relevant data in respect of the Autonomous Province of Kosovo and Metohija (hereinafter referred to as (**“Kosovo and Metohija”**)). In addition, the number of public sector employees includes public sector employees in the municipalities of Kosovska Mitrovica, Zubin Potok, Leposavic, Zvecan, Gracanica, Gnjilane and Strpce in Kosovo and Metohija. According to the latest data provided by the Office for Kosovo and Metohija, the total number of elected and appointed persons and employees in the administrative bodies, organisations and institutions of local government from the territory of Kosovo and Metohija is around 4.7 thousand.

The last census in Serbia was performed between 1 to 31 October 2022 (the **“2022 Census”**). For further information, see *“Description of Serbia – Geography and Population”*.

Data Dissemination

Serbia has been a participant in the General Data Dissemination System (the **“GDDS”**) of the IMF since May 2009. IMF member countries through GDDS commit voluntarily to improve the quality of the data produced and disseminated by their statistical systems over the long run to meet the needs of high-quality macroeconomic analysis. In 2015, the IMF replaced the GDDS with the enhanced GDDS (**“e-GDDS”**) with the objective to upgrade the data transparency and encourage statistical development. In June 2018, Serbia implemented the e-GDDS system and launched the National Summary Data Page (**“NSDP”**). By introducing the new NSDP, Serbia provides national and international data users, including the investors and the rating evaluation service agencies, access to the information that the IMF recognises and identifies as the data of crucial importance in respect of its economic status and economic policies. By ensuring such single and simultaneous access to the updated information, Serbia has further enhanced its data transparency. The NSDP is regularly updated to reflect the most recent available data across macroeconomic, fiscal, financial and external sector indicators. The establishment of the e-GDDS and the NSDP represents the commitment of the Government to implement international statistical standards.

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OVERVIEW

The following is an overview of certain information contained in this Base Offering Memorandum. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Base Offering Memorandum. Prospective investors should also carefully consider the information set out in the section entitled “Risk Factors” in this Base Offering Memorandum prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as elsewhere in this Base Offering Memorandum. See “Description of Serbia”, “Economy of Serbia”, “External Sector”, “Monetary System”, “Public Finance” and “Public Debt” for a more detailed description of the Issuer.

Overview of the Republic of Serbia

General

Serbia is located in the central part of the Balkan Peninsula and occupies an area of approximately 88,361 square kilometres. By virtue of its geographic position, it controls some of the major land routes between Western Europe and Türkiye and the Near East. Serbia is bordered by eight other countries: to the East by Bulgaria, to the North East by Romania, to the North by Hungary, to the West by Croatia, Montenegro and Bosnia and Herzegovina and to the South by Albania and North Macedonia.

Serbia consists of 29 administrative districts and two autonomous provinces, Vojvodina in the north and Kosovo and Metohija in the south. Belgrade is the capital city and the administrative, economic and cultural centre of Serbia, and is where the Government and its agencies are located.

As of January 2023, Serbia had a total population of 6.64 million. Based on the final results of the 2022 Census, Serbia has a total population of approximately 6.6 million (excluding Kosovo and Metohija as this is treated as a separate statistical area according to UN Resolution 1244, as defined below). As at 31 December 2025, Serbia’s estimated population was approximately 6.57 million.

The Constitution divides power between (i) the executive branch, comprising the Government and the President, (ii) the legislative branch, and (iii) the judicial branch. The three branches have separate but equal powers and the judiciary is fully independent. The Government is led by the Prime Minister who has a mandate, subject to approval by a majority vote of the Assembly, to determine the composition of the Government. Đuro Macut was confirmed as Prime Minister on 15 April 2025, having been nominated by President Aleksandar Vučić on 6 April 2025, following the resignation of Miloš Vučević on 19 March 2025. The President is elected by direct elections for a five-year term and may not serve more than two terms. Aleksandar Vučić is the current President and the next presidential election is due by 31 December 2027. The Assembly is the unicameral parliament of Serbia and consists of 250 deputies elected in direct elections to serve four-year terms.

Economy

According to the Office of Statistics, in 2025, GDP rose by 6.4 per cent. in nominal terms and by 2.0 per cent. in real terms compared to 2024. On the production side, economic expansion was primarily supported by the services and construction sectors, whilst industrial growth was moderate and agricultural output remained subdued due to unfavourable weather conditions. Industrial activity added approximately 0.3 percentage points to overall GDP growth, whereas the energy sector contracted by 0.1 percentage points due to lower electricity generation. Construction grew by 3.0 per cent., contributing 0.4 percentage points to growth, supported by continued investment in infrastructure and real estate. Rising demand in services added about 1.0 percentage points, whilst agriculture declined by roughly 5.0 per cent., subtracting 0.2 percentage points from overall growth. Investments grew at a more moderate pace than in 2024, reflecting slower economic expansion. Real exports increased by around 3.0 per cent., whilst real imports grew by 4.5 per cent., reflecting sustained domestic demand for raw materials, investment goods and consumer products.

Going forward, the principal objectives of the Government include EU accession, further restructuring and reforming the public sector and state administration, developing sustainable retirement and disability system, further improving the judicial system, enacting labour market reforms and cultivating an improved overall business environment. Many of Serbia’s recent and planned reforms are designed to align and harmonise the local measures with the relevant EU standards.

Since late 2014, the Government and the National Bank have implemented a series of measures intended to alleviate the effects of the global financial and economic crisis and protect the Serbian economy, banking system and free market. The Government intends to continue to pursue appropriate fiscal and economic policies that facilitate the adoption of public sector reforms, foster the potential growth of the economy in order to increase exports and develop the country's infrastructure. The Government believes that sound monetary and fiscal policies will play a key role in the achievement of Serbia's development-related aims. In particular, reversing the inflation trajectory downwards and maintaining a low and stable inflation rate, further reducing unemployment, maintaining attractive conditions for FDI and exercising fiscal responsibility are important factors in the Government's approach.

The following selected economic information is qualified in its entirety by, and should be read in conjunction with, the detailed information appearing elsewhere in this Base Offering Memorandum:

	Year ended 31 December				
	2021	2022	2023	2024	2025
Domestic Economy					
Nominal GDP (EUR billions)	55.9	63.5	75.2	83.3	88.7
Real GDP growth (%)	7.9	2.7	3.7	3.9	2.0
Balance of Payments (EUR millions).....					
Balance of goods⁽¹⁾	(6,019.8)	(9,364.2)	(6,628.5)	(6,769.7)	(6,487.1)
Exports of goods	21,018.2	26,928.2	27,931.7	29,858.5	32,457.1
Imports of goods	27,037.9	36,292.3	34,560.1	36,628.2	38,944.1
Public Finance (RSD millions)					
Public Revenues	2,711,930.0	3,103,330.1	3,473,325.6	3,940,963.3	4,253,415.3
Public Expenditure	2,971,320.5	3,328,175.2	3,654,420.1	4,132,822.9	4,506,235.2
Consolidated Balance	(259,390.5)	(224,845.1)	(181,094.5)	(191,859.6)	(252,819.8)
Public Debt (RSD billions).....	3,543.2	3,909.9	4,236.1	4,548.9	4,614.5
Internal Public Debt.....	1,364.7	1,379.7	1,264.4	1,290.9	1,382.9
External Public Debt	2,178.5	2,530.2	2,971.8	3,258.0	3,231.5
Gross Public Debt (%. of nominal GDP)	53.9	52.4	48.0	46.7	44.4

Source: Office of Statistics; National Bank; Ministry of Finance.

Note:

(1) This data is obtained from NBS according to the BPM-6 methodology.

Overview of Risk Factors relating to the Issuer, the Market and the Notes

Risk Associated with Emerging Markets

- Investing in securities of emerging markets, including Serbia, involves a higher degree of risk than investing in more developed markets

Risk Associated with Serbia's Economy

- The ongoing conflict between Russia and Ukraine could negatively impact the Republic
- Serbia has historically relied on Russian energy imports, and whilst efforts are underway to diversify supply sources, any disruption in energy imports or failure to secure alternative energy sources could materially adversely affect Serbia's economy, fiscal position and financial stability
- Failure to address domestic challenges in the energy sector could impede economic growth and create a significant burden on the fiscus
- Serbia's economy may be impacted by global and domestic inflationary trends
- The Serbian economy is vulnerable to external shocks that may have a negative effect on the economic growth of Serbia and its ability to service its debt obligations
- There can be no assurance as to the timing of Serbia's EU accession
- The uncertainties surrounding the relations with so-called Kosovo may have a negative effect on political and economic conditions in Serbia
- The current account deficit may undermine foreign exchange liquidity and regular servicing of external debt

- Reduced revenues, together with higher expenses, may adversely affect Serbia's ability to repay principal and make payments of interest on the Notes
- Serbia is subject to natural disasters, including droughts and floods, which has negatively affected it in the past and may negatively affect it in the future
- Political instability or a change in government could have a negative effect on Serbia's economy
- A portion of Serbia's economy is not recorded
- There is no guarantee that the credit rating of Serbia will not change
- Official economic data may be subject to some degree of uncertainty and could be revised
- Sanctions imposed on certain persons could have an indirect adverse impact on Serbia's economy
- Corruption and money laundering may adversely affect economic and social conditions in Serbia, slow down or halt progress towards EU membership and have a material adverse effect on the Serbian economy

Risks Associated with Serbia's Public Debt

- Significant depreciation of the Dinar, if it occurs, may adversely affect Serbia's Public Debt and, in turn, impact its economy and public finances
- Any significant changes in levels of Public Debt and/or interest costs could have a material adverse effect on Serbia's economy and its ability to service its debt, including the Notes

Risks Associated with Serbia's Banking Sector

- Serbia's banking sector remains vulnerable to external shocks
- Foreign-owned banks may diminish or discontinue their support to their subsidiaries operating in Serbia

Risks Associated with Serbia's Judicial and Legal System

- The legal system of Serbia involves more risk and uncertainty compared to other developed legal systems
- A claimant may not be able to enforce a court judgment against certain assets of Serbia in certain jurisdictions
- Serbia is undertaking a number of reforms in its judicial system, some of which may not happen in the time period planned or may take longer than expected, which could impact economic and other reforms

Risks Related to the Notes Generally

Structure of a Particular Issue of Notes

- In respect of any Notes issued as Green, Social or Sustainable Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor
- If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return
- The Notes contain collective action clauses under which the terms of any one Series and/or multiple Series may be amended, modified or waived without the consent of all the holders of the Notes of that Series or all the holders of any other Series being aggregated, as the case may be
- The Terms and Conditions restrict the ability of an individual Noteholder to declare an event of default, and permit a majority of Noteholders to rescind a declaration of such a default

- Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if Definitive Note Certificates are subsequently issued
- Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders
- Notes subject to optional redemption by the Issuer

Risks Related to the Market Generally

- The secondary market
- Credit ratings may not reflect all risks
- Benchmark Uncertainty – the discontinuation of, changes or uncertainty in respect of benchmark rates may affect investors in floating rate Notes

OVERVIEW OF THE PROGRAMME

This overview does not purport to be complete and must be read as an introduction to this Base Offering Memorandum and any decision to invest in the Notes should be based on a consideration of this Base Offering Memorandum as a whole.

Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this overview.

Issuer The Republic of Serbia (represented by the Government of the Republic of Serbia, acting by and through the Ministry of Finance)

Legal Entity Identifier of the Issuer 254900W94OCY91V32O78

Website of the Issuer <http://www.javnidug.gov.rs/eng/default.asp?P=101>

Description and Size..... Global Medium Term Note Programme
The Programme is unlimited in amount

Arranger..... Deutsche Bank Aktiengesellschaft

Dealers..... BNP PARIBAS
Deutsche Bank Aktiengesellschaft

Merrill Lynch International

Morgan Stanley & Co. International plc

UniCredit Bank GmbH

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Offering Memorandum to “**Permanent Dealers**” are to those persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent, FX Agent and Calculation Agent..... Deutsche Bank AG, London Branch

Principal Paying Agent Deutsche Bank AG, London Branch

European Registrar and Transfer Agent..... Deutsche Bank Luxembourg S.A.

U.S. Paying Agent, Registrar and Transfer Agent Deutsche Bank Trust Company Americas

Method of Issue..... The Notes will be issued in series (each, a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series.

Each Series may comprise one or more tranches of notes (each, a “**Tranche**”) issued on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the

denominations, issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Final Terms or the Drawdown Offering Memorandum (as the case may be) which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Base Offering Memorandum and must be read in conjunction with this Base Offering Memorandum. The terms and conditions applicable to any particular Tranche are the Terms and Conditions of the Notes as supplemented, amended or replaced by the relevant Final Terms or the relevant Drawdown Offering Memorandum (as the case may be).

Further notes having the same terms and conditions as the Notes of a particular Series so as to form a single series with the Notes of the particular Series will be issued with a separate CUSIP and ISIN unless such further notes are fungible with the original Notes for U.S. federal income tax purposes.

Issue Price Notes may be issued at any price on a fully paid basis, as specified in the Final Terms. The price and amount of the Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Form of Notes Each Series will be issued in registered form only.

Restricted Notes will initially be represented by a Restricted Global Note and Unrestricted Notes will initially be represented by an Unrestricted Global Note. The Global Notes will be exchangeable for Definitive Note Certificates (as defined herein) in the limited circumstances specified in the Global Notes.

Clearing Systems Euroclear, Clearstream, Luxembourg and DTC, unless otherwise agreed, and such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

Currencies Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal, regulatory and central bank requirements.

Maturities Subject to compliance with all relevant laws, regulations, directives and/or central bank requirements, any maturity.

Under Serbian law, as at the date of this Base Offering Memorandum, no Notes may be issued under the Programme unless the minimum maturity thereof is at least two years as from the relevant date of issue. All references in this Base Offering Memorandum to the possibility of Notes having a maturity date of less than such minimum period shall (in the absence of a change in Serbian law allowing for a shorter maturity) be disregarded accordingly.

Denominations Notes will be issued in such denominations as may be specified in the relevant Final Terms (the “**Specified Denomination**”), provided that, subject to the below, the Specified Denomination(s) shall not be less than €100,000 or its equivalent in another currency. For so long as the Notes are represented by a Global Note, and the relevant clearing system(s) so permit, subject to the below, the Notes shall be tradeable only in the minimum authorised denomination of €100,000 or its equivalent in another currency and higher integral multiples of any smaller amount specified in the relevant Final Terms.

Interests in the Restricted Notes shall be held in amounts of not less than US\$200,000 or its equivalent in other currencies. Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) will have a minimum denomination of £100,000 (or its equivalent in another currency).

Interest..... Notes may be interest-bearing or non-interest-bearing (as set out in the relevant Final Terms). Interest (if any) may accrue at a fixed rate or a floating rate.

Redemption The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise would constitute a contravention of section 19 of the FSMA will have a minimum redemption amount of £100,000 (or its equivalent in the relevant currency).

Status of the Notes The Notes constitute direct, general, unconditional and (subject to Condition 6 (*Negative Pledge*)) unsecured obligations of the Issuer and the full faith and credit of the Issuer is pledged for the due and punctual payment of principal and interest on the Notes and for the performance of all obligations of the Issuer in respect of the Notes and the Deed of Covenant.

The Notes will at all times rank *pari passu* without preference amongst themselves and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law; *provided, however*, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other unsecured obligations of the Issuer and, in particular, shall have no obligation to pay other unsecured obligations of the Issuer at the same time or as a condition of paying sums due on the Notes and *vice versa*.

Negative Pledge..... The Notes will have the benefit of a negative pledge as described in Condition 6 (*Negative Pledge*).

Credit Ratings..... Where a Tranche is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche will be (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation or by a credit rating agency established in the UK and registered under the UK CRA Regulation, or (b) issued by a credit rating which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or by a credit rating agency which is not established in the UK but will be endorsed by a credit rating agency which is established in the UK and registered under the UK CRA Regulation, or (c) issued by a credit rating

agency which is not established in the EEA but which is certified under the CRA Regulation or by a credit rating agency which is not established in the UK but which is certified under the UK CRA Regulation, will also be disclosed in the relevant Final Terms. The list of credit rating agencies registered and/or certified under the CRA Regulation is available on the European Securities and Markets Authority's ("ESMA") website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) (last updated 10 July 2024).

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Taxation..... All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within Serbia or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

In that event, the Issuer shall pay such amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction has been required, subject to certain exceptions set out in Condition 12 (*Taxation*).

Governing Law English law.

Selling and Transfer Restrictions The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the countries specified in "*Subscription and Sale*".

The Notes have not been and will not be registered under the Securities Act or any State securities law. Consequently, the Notes may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. See "*Transfer Restrictions*".

EEA PRIIPs Regulation..... If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA, and no key information document under the PRIIPs Regulation will be prepared.

MiFID II Product Governance The Final Terms in respect of any Notes will include a legend entitled "*MiFID II product governance*", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate.

UK MiFIR Product Governance The Final Terms in respect of any Notes may include a legend entitled "*UK MiFIR product governance*", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate.

Listing and Trading Applications may be made for Notes issued under the Programme to be listed on the Official List and admitted to trading on the Market.

Notes may also be unlisted or may be listed or admitted to trading, as the case may be, on any further stock exchanges or markets as may be agreed

amongst the Issuer and the relevant Dealer(s) or (in the case of a direct purchase of Notes by an investor) the relevant Noteholder(s) in relation to each relevant Series.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Enforcement of Notes in Global Form In the case of Global Notes, individual investors' rights against the Issuer will be governed by a deed of covenant dated on or around 20 November 2020 (the "**Deed of Covenant**"), a copy of which is available for inspection at the specified office of the Fiscal Agent.

Risk Factors Investing in the Notes involves a high degree of risk, which investors should ensure they fully understand. These include: risks associated with emerging markets, risks relating to Serbia and risks relating to the Notes. See "*Risk Factors*".

Use of Proceeds Unless otherwise specified in the applicable Final Terms for a particular issue of Notes, the net proceeds from each issue of Notes will be applied by the Issuer toward funding its budget deficit.

Other use of proceeds that may be specified in connection with a specific issue of Notes include refinancing or repaying outstanding indebtedness, applying the proceeds for financing investment projects and funding other financing needs of the Issuer. The exact details of the application of any proceeds that are not used to fund the budget deficit will be set out in the relevant Final Terms.

In addition, the Final Terms relating to any specific Tranche may provide that the Issuer intends to allocate an amount equivalent to the net proceeds from an offer of those Notes specifically to finance and/or re-finance Eligible Green Expenditures or Eligible Social Expenditures (as applicable). See "*Use of Proceeds*".

RISK FACTORS

Investment in the Notes involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with the other information set out in this Base Offering Memorandum, before making a decision to invest in the Notes and should understand that the risks set forth below could, individually or in the aggregate, have a material adverse effect on the Issuer's ability to repay the principal of and make payments of interest on the Notes or otherwise fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur. Additional risks and uncertainties not currently known to the Issuer or which the Issuer currently deems to be immaterial may also materially affect the Issuer's economy and its ability to fulfil its obligations under the Notes. In any such case, investors may lose all or part of their investment in the Notes.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Risks Associated with Emerging Markets

Investing in securities of emerging markets, including Serbia, involves a higher degree of risk than investing in more developed markets

Investing in securities of emerging market countries, including Serbia, involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries, and carries in some cases significant legal, economic and political risks. Although progress has been made in reforming Serbia's political and judicial systems, the Serbian legislative and judicial framework is still not, in material respects, in line with the standards adopted, for example, by EU member states or the United States. Moreover, the increasing dependence on FDI to support its economic growth makes Serbia particularly susceptible to disruptions in other emerging markets and international capital markets. Net FDI, which has increased in recent years, continues to remain crucial to secure sustainable growth in the coming periods and fully finance Serbia's current account deficit, and such increasing reliance on FDI inflows is expected to increase Serbia's exposure to, and dependence on, global financial markets. Serbia's ability to attract FDI is, in some part, based on international perceptions of emerging markets as a whole and, as such, any factors that affect investor confidence, such as a decrease in credit ratings of emerging markets or changes in monetary policy in emerging or developed markets, could affect the availability of foreign investments in Serbia. Investors' reactions to events occurring in one emerging market or region could have a "contagion" effect, in which an entire region or class of investment is disfavoured. As a consequence, any increase in the perceived risks associated with investing in emerging economies may decrease foreign investments in Serbia.

Moreover, financial unrest or instability experienced in global financial markets and in one or more countries located in emerging markets could potentially have a negative impact on Serbia's economy. Key factors currently affecting the global economic environment include the timing and size of adjustments in interest rates in major economies such as the United States and the Eurozone, slowing growth in some advanced and emerging economies, and geopolitical conflicts and trade tensions that contribute to volatility in commodity, energy and financial markets. Developments in the United States, including trade policy shifts, tariff actions affecting European and other trading partners, and broader policy uncertainty in the context of the U.S. political cycle have at times contributed to market volatility and concerns amongst investors about the durability of international trade arrangements and fiscal policy direction. In addition, ongoing geopolitical conflicts – including the military conflict between Russia and Ukraine and the current conflict involving the United States, Israel and the Islamic Republic of Iran – continue to influence global energy and commodity prices, supply chain dynamics and investor sentiment. The ongoing Middle East conflict, which has disrupted oil flows through key routes such as the Strait of Hormuz and contributed to sharp increases in crude oil prices, has highlighted the sensitivity of global energy markets to regional hostilities and may cause heightened volatility in energy and financial markets and increased inflationary pressures globally. The combined effects of these factors have caused periodic disruptions in international economies and financial markets, the severity and duration of which remain dependent on numerous evolving and uncertain variables that are difficult to predict.

These events have affected investment sentiments in the past and resulted in irregular activities in the global markets and the resurgence of such adverse conditions could lead to the weakening of economic conditions, potentially causing a global recession, which could have a pronounced impact on emerging markets, including Serbia. Any material changes as a result of such events or developments may materially and adversely affect

the availability of foreign investments in Serbia and possibly exert adverse effects on Serbia's ability to grow its economy sustainably based on investments in fixed capital and net exports, including long-term infrastructure projects which are partially funded by FDI. See “ – *The ongoing conflict between Russia and Ukraine could negatively impact the Republic*”.

The Serbian economy may also be adversely affected by negative economic or financial developments in neighbouring countries, the European Union and Europe more broadly, as well as in emerging markets generally. Serbia's economy is closely linked to those of other countries in the Western Balkans and is therefore exposed to regional economic, financial and political risks. In addition, economic conditions in Europe and globally continue to be influenced by geopolitical developments, including the ongoing military conflict between Russia and Ukraine, which has affected trade flows, energy markets, supply chains and investor sentiment across the region.

More broadly, European and global economies have been affected by tighter financial conditions following several years of monetary policy tightening by major central banks, including the European Central Bank, aimed at addressing elevated inflationary pressures. Although inflation has moderated in some jurisdictions and interest rate paths may adjust over time, borrowing costs remain higher than in prior periods, which may constrain investment, increase refinancing risks and affect sovereign and private sector balance sheets.

Concerns regarding sovereign debt levels, fiscal sustainability and credit risk in certain European countries have, from time to time, resulted in heightened volatility, reduced liquidity and widening credit spreads in international capital markets. Periods of market stress – whether arising from geopolitical developments, fiscal concerns, monetary policy adjustments or broader macroeconomic shocks – could lead to increased risk aversion, reduced availability of financing and higher funding costs for issuers in emerging and frontier markets, including Serbia.

If adverse economic or financial conditions persist or intensify in the region, the Eurozone or globally, Serbia's ability to attract foreign investment, access international capital markets on favourable terms or sustain economic growth could be adversely affected. Accordingly, Serbia's economy, fiscal position and capacity to repay principal and/or interest on the Notes may be adversely affected by existing or future financial and economic crises, including those arising from a slowdown or stagnation in the Eurozone or a prolonged downturn in the global economy.

Investors should note that emerging economies such as Serbia's are subject to rapid change and the information set out in this Base Offering Memorandum may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging countries is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Investors are urged to consult their own legal and financial advisers before making an investment in the Notes.

Risks Associated with Serbia's Economy

The ongoing conflict between Russia and Ukraine could negatively impact the Republic

In February 2022, the Russian Federation commenced military operations in Ukraine. The conflict has continued since that time, and the United States, the European Union, the United Kingdom and other jurisdictions have imposed successive rounds of economic and financial sanctions on Russia. These measures have included, amongst others, trade and import restrictions, export controls on goods, services and technology, travel bans and asset freezes affecting designated individuals and entities, restrictions on access to international capital markets and payment systems, and limitations on certain Russian financial institutions and enterprises. In recent years, the sanctions regimes have continued to evolve, including the expansion and tightening of enforcement mechanisms and measures aimed at preventing circumvention.

Beyond its humanitarian consequences, the ongoing conflict has contributed to volatility in international capital markets, shifts in investor sentiment and disruptions in global commodity and energy markets. Whilst energy prices have moderated from the peaks observed in earlier phases of the conflict, they remain sensitive to geopolitical developments, supply constraints and policy actions. The conflict continues to pose downside risks to global and regional economic growth through its effects on trade flows, supply chains, inflation dynamics

and financial conditions. There remains a risk of further escalation or prolonged hostilities, which could result in additional sanctions or other restrictive measures.

Serbia remains exposed to risks related to developments in global oil and gas markets, including those arising from sanctions, price caps and other restrictions imposed on Russian crude oil and petroleum products. See *“Risk Factors – Risks Associated with Serbia’s Economy – Serbia has historically relied on Russian energy imports, and whilst efforts are underway to diversify supply sources, any disruption in energy imports or failure to secure alternative energy sources could materially adversely affect Serbia’s economy, fiscal position and financial stability”*. Serbia’s direct dependence on trade with Russia and Ukraine is low, which helps mitigate the direct spillover effect. However, the Serbian economy remains exposed to indirect effects of the conflict. The indirect effects of the conflict, including restrictions on energy supplies, changes in commodity trade patterns and persistent geopolitical uncertainty, may have a more pronounced impact on Serbia than direct trade linkages. These factors may continue to contribute to volatility in prices, uncertainty in planning and fragility in economic conditions. As in other countries, certain sectors of the Serbian economy, including construction and energy-intensive industries, have been particularly sensitive to higher input costs and supply constraints. In addition, prolonged uncertainty has adversely affected asset values and financial market conditions globally, with potential knock-on effects for households and businesses in Serbia.

Moreover, the uncertainty regarding the duration and intensity of the war and its impact on economic processes in Serbia pose a significant risk to the realisation of Serbia’s budget revenues and expenditures as it may suppress economic dynamics in Serbia beyond current expectations and lead to a deterioration in revenue performance. In addition to this, given the environment of rising prices, various measures to support households and businesses in Serbia were introduced, shifting the policy priorities of the Government once again to supporting the economy in order to preserve financial stability. However, the need to further expand policies to support the incomes of vulnerable social groups may result in an increase in the expenditure of the budget or lead to excessive budget spending, which could cause worsening of the budgetary position or require reprioritisation of current and capital spending. Such measures may lead to deterioration of Serbia’s public finances if Serbia is faced with greater spending pressures.

Further, Serbia has had bilateral loans with the Russian Federation since 2013 as part of its infrastructural co-operation. As at the date of this Base Offering Memorandum, Serbia is currently party to two facility agreements with Russia, concluded in 2018 and 2019 respectively, each maintained in full conformity with applicable international sanctions. Notwithstanding the measures Serbia has put in place to ensure the orderly and lawful repayment of these obligations, any actual or perceived breach of applicable laws and regulations could expose Serbia to regulatory action.

Accordingly, the continuation or escalation of the conflict between Russia and Ukraine, further sanctions, sustained geopolitical uncertainty or related economic disruptions could adversely affect Serbia’s economy, public finances and its ability to meet its obligations, including repayment of principal and interest on the Notes.

Serbia has historically relied on Russian energy imports, and whilst efforts are underway to diversify supply sources, any disruption in energy imports or failure to secure alternative energy sources could materially adversely affect Serbia’s economy, fiscal position and financial stability

Serbia imports a significant percentage of its energy requirements, including natural gas and crude oil. Preliminary data suggests that gas and oil (crude oil, feedstock and oil derivatives) accounted for approximately 15.8 per cent. and 25.6 per cent. of Serbia’s energy supply mix in 2024 and 2025, respectively. In 2025, approximately 89.2 per cent. of this in the case of gas and 91.6 per cent. in the case of oil (crude oil, feedstock and oil derivatives) was imported. Whilst Serbia has historically relied on Russia for natural gas and oil, direct crude oil imports from Russia ceased in late 2022 in line with EU sanctions, and in 2023, Serbia diversified its crude oil sources to include Iraq, Kazakhstan, Norway, Libya, Nigeria, Azerbaijan and Egypt. However, Serbia continues to rely on Russian natural gas. In 2025, 6.1 per cent. of gas was secured from domestic production, 8.3 per cent. originated from Azerbaijan, while the remaining 85.6 per cent. originated from the Russian Federation. As such, Russian natural gas continues to constitute a significant share of Serbia’s supply, and the country remains sensitive to potential disruptions in imports or significant price fluctuations.

As a result of the EU sanctions imposed on Russia in June 2022, the Serbian Government no longer imports crude oil from Russia. In 2025, Serbia imported crude oil from Kazakhstan (61.47 per cent.), Iraq (11.4 per cent.), Azerbaijan (8.82 per cent.), Nigeria (7.20 per cent.), Guyana (6.81 per cent.) and Libya (4.26 per cent.).

Serbia remains structurally dependent on imported natural gas, with the overwhelming bulk of consumption covered through imports, historically supplied by Russia. Whilst the country has taken steps to develop its import infrastructure and regional interconnections — including a gas interconnector with Bulgaria — diversification remains an ongoing process, and contractual, commercial, and geopolitical realities still anchor the present heavily to the Russian supply framework.

Geopolitical risks, including the conflict in Ukraine, sanctions imposed on Russia, Russia's retaliatory measures, and ongoing conflicts in the Middle East, continue to create uncertainty regarding energy supply and pricing. In particular, the ongoing instability in the Middle East has contributed to volatility in global oil prices by increasing concerns over potential disruptions to supply routes and production, which may in turn affect Serbia's import costs and broader energy market conditions. Given Serbia's continued reliance on Russian natural gas imports, the Government reached an agreement in December 2025 to extend natural gas supply from Russia until 31 March 2026, with a possible extension until 1 October 2026.

Diversification of sources and routes for supply of energy resources is a main priority of Serbia, and the Government considers energy security as an element of national security. Serbia is pursuing a number of key energy infrastructure projects in the fields of natural gas, electricity and related sectors, including the completion of the Serbia-Bulgaria gas interconnector in 2023, new planned gas interconnectors with North Macedonia and Romania to enhance regional integration, and expanded access to LNG terminals in Greece and Türkiye and stronger cooperation with Azerbaijan under its 2024-26 gas supply agreement. Serbia is further expanding its gas storage capacity domestically and through facilities in neighbouring countries in order to strengthen supply resilience. Whilst these initiatives support the Government's diversification strategy, they remain subject to various risks and uncertainties, including the need for significant investment, timely completion of infrastructure projects and prevailing market conditions. For now, Serbia has sufficient infrastructure capacity (entry points from Hungary and Bulgaria) to reach access to LNG. The extent to which such projects can be completed on schedule and at commercially viable terms cannot be assured, and there can be no assurance that Serbia will fully achieve its diversification objectives or secure uninterrupted and sufficient alternative gas supplies on favourable terms. Most recently, in February 2026, Serbia attended the Transatlantic Gas Security Summit in Washington D.C., signing a joint statement in which the signatory countries committed to enhancing the resilience of the natural gas market and ensuring a secure and affordable natural gas supply across Eastern and Central Europe.

Whilst the Government believes that the risk of dependence on one supplier is no longer an issue and despite the emphasis being placed on the proposed projects and new policies in the oil and gas industry, the said projects and policies remain vulnerable to internal and external shocks, including significant macroeconomic or political difficulties amongst its major trading partners or the surrounding region in general. Accordingly, deterioration in bilateral trade relations or restrictions on, or changes in, supplies of oil, natural gas or electricity to Serbia, or significant increases in prices of oil, natural gas or electricity, could adversely affect Serbia's economy.

Failure to address domestic challenges in the energy sector could impede economic growth and create a significant burden on the fiscus

Serbia's energy sector continues to face structural and operational challenges that could affect economic growth and public finances. Whilst Serbia remains broadly self-sufficient in net electricity generation through coal (63.0 per cent. in 2025) and hydropower (24.9 per cent. in 2025), electricity supply is complemented by imports in winter months, and natural gas is largely imported. Coal remains largely domestically sourced. The Government is actively working on promoting and supporting renewable energy projects, including the 1GW solar power project of Elektroprivreda Srbije ("EPS").

In 2025 and continuing into 2026, Serbia's energy sector experienced volatility following U.S. sanctions imposed on Naftna Industrija Srbije ("NIS"), the country's largest integrated oil refiner and distributor, due to its majority Russian ownership by Gazprom Neft and Gazprom. Although NIS has remained operational through a series of temporary waivers granted by the U.S. Office of Foreign Assets Control ("OFAC"), these sanctions have disrupted crude supply logistics, temporarily affected refinery operations and increased uncertainty regarding fuel market stability.

A binding agreement has been signed for Hungary's MOL Group to acquire the Russian-owned majority stake in NIS, with the participation of Abu Dhabi National Oil Company ("ADNOC") expected as a minority investor. On 17 April 2026, Serbia's Energy Minister confirmed that OFAC has granted NIS a further 60-day sanctions

waiver, allowing NIS to continue importing crude oil pending completion of the ownership transfer. As at the date of this Base Offering Memorandum, MOL's senior management and operational teams are scheduled to attend meetings in Belgrade to discuss the details of the transaction. Completion of the transaction remains subject to OFAC approval, and the negotiation period has extended until 22 May 2026. The Government is also expected to increase its ownership stake by approximately five percentage points, which would strengthen its influence over strategic investment and operational decisions.

Whilst these measures are intended to stabilise NIS and improve predictability in the sector, the final ownership restructuring remains subject to regulatory approval and implementation risk. Any further disruption in NIS operations, delays in completion of the ownership transfer, or non-renewal of OFAC waivers could affect Serbia's energy security, fuel supply continuity and financial stability.

The ongoing conflict in the Middle East, including military actions involving the United States, Israel and Iran, has contributed to sharp increases and volatility in global crude oil and refined product prices, which could increase Serbia's fuel and energy import costs, amplify inflationary pressures and place additional fiscal and operational strain on state-owned energy enterprises. Serbia maintains robust energy reserves, with diesel stockpiles equivalent to approximately 90 days of consumption and gas reserves of approximately 600 million cubic metres, representing approximately one-third of annual consumption. However, given Serbia's reliance on imported natural gas and refined petroleum products, any prolonged disruption or sustained price volatility could exacerbate existing structural challenges in the energy sector and materially affect the Government's ability to maintain stable electricity and fuel supplies.

The energy sector represents an important element of Serbia's economic development given its current contribution and additional potential for significant national development. The Government has identified the improvement of electricity generation, transmission and distribution infrastructure as being a critical element in meeting economic growth and development objectives. Reform of the energy sector is also the focus of the latest Policy Coordination Instrument with the IMF in 2025.

Furthermore, the Government is actively pursuing several reforms in the energy sector to restore reliable supply, enhance cost recovery and strengthen the financial sustainability of state-owned energy enterprises. In 2025, Serbia began implementing phased increases in regulated electricity tariffs and is planning further adjustments through 2026 and into early 2027 to improve the operational position of electricity SOEs and align regulated prices more closely with costs, whilst maintaining targeted support for vulnerable households. These reforms form part of Serbia's IMF-supported structural reform agenda, which also includes governance and regulatory improvements for energy companies, restructuring plans for state utilities and efforts to improve competitiveness and institutional frameworks.

Serbia has adopted an Integrated National Energy and Climate Plan (“INECP”) and a new Energy Development Strategy designed to guide the long-term development of the energy sector, including increased investment in renewable energy, improved energy efficiency and gradual decarbonisation through 2030 and beyond. In addition, Serbia adopted the Plan for a Just Energy Transition of the Republic of Serbia until 2030 and established a governance mechanism through an intersectoral working group – comprising more than 30 national and local institutions, companies, labour unions and NGOs – as well as an interministerial government committee. A dedicated budget line for the Just Energy Transition was also established. The Government is also pursuing diversification of gas supply sources and routes, including expansion of interconnector infrastructure with neighbouring countries and access to liquefied natural gas, in order to enhance energy security and reduce reliance on individual suppliers over time. See “– *Serbia has historically relied on Russian energy imports, and whilst efforts are underway to diversify supply sources, any disruption in energy imports or failure to secure alternative energy sources could materially adversely affect Serbia's economy, fiscal position and financial stability*”.

At the end of 2025, total installed solar and wind generation capacity in Serbia amounted to 1,147 MW. Whilst this represents a significant increase in renewable generation capacity, there can be no assurance that Serbia will meet its INECP targets on schedule, as deployment at the required scale will depend on sustained capital investment, a stable regulatory framework for permitting and the timely development of associated grid infrastructure.

However, the realisation of these objectives and planned reforms depends on a number of significant factors outside of the Government's control. Improving energy infrastructure, expanding renewable capacity and

completing diversification initiatives require substantial capital expenditure, long lead times, sustained regulatory support and co-operation with regional partners. There can be no assurance when or if planned reforms will be fully implemented or that expected benefits in terms of energy security, cost recovery and economic development will be realised within anticipated timeframes. If additional funding cannot be raised or if other sectors of the economy take priority, the Government may need to reduce the number and/or scale of its energy investments. The economic development predicated on the implementation of the INECP and related reforms is based on assumptions regarding global energy prices, demand forecasts, tariff adjustments and market conditions that may not materialise. In accordance with obligations set out under the Energy Community Treaty, Serbia will draft a new INECP in order to upgrade policies and measures for process of energy transition, by December 2027. The challenges the Government faces in the energy sector are complex. The occurrence of any of the developments mentioned above or a failure to successfully implement all or a part of the energy sector reforms and adequately address the significant deficiencies in the energy sector could lead to lower GDP growth, hamper the development of the economy and adversely affect the financial condition of Serbia and its ability to meet its debt obligations, including in relation to Notes issued under the Programme.

Serbia's economy may be impacted by global and domestic inflationary trends

Serbia has experienced material inflationary pressures over the past several years due to external shocks, including elevated global commodity prices, supply chain disruptions and the ongoing war in Ukraine. After inflation rates of 12.0 per cent. in 2022 and 12.1 per cent. in 2023, price growth moderated substantially over 2024 and 2025. Official data indicate that average annual inflation in 2025 slowed to approximately 3.8 per cent., with headline consumer prices rising by around 2.7 per cent. in December 2025 compared with the same month in the prior year.

Settling inflation around the NBS tolerance band of 3 per cent. ± 1.5 per cent. is expected to support further easing over 2026. Inflation is projected to rise slightly from 2.7 per cent. at the end of 2025 to approximately 4.0 per cent. by the end of 2026. Internationally, inflationary pressures are expected to continue moderating, which should limit the effect of imported price pressures on the Serbian economy. Domestically, with a return to more normal weather conditions and precipitation projected by the EU Copernicus programme in the first half of 2026, the agricultural season is likely to exert less pressure on food prices, which have historically been the largest contributor to headline inflation.

The Government is expected to continue active management of inflation. With parliamentary and presidential elections scheduled in 2027, the Government is likely to remain highly attentive to price growth, and the implementation of additional measures, including price caps, to curb inflation cannot be ruled out.

Nonetheless, persistent or renewed inflationary pressures – whether from global commodity markets, energy costs, supply disruptions or domestic factors – could erode household purchasing power, weaken consumer demand, and potentially prompt fiscal or monetary measures that may affect economic activity. Periods of elevated inflation could slow economic growth and, if accompanied by increased subsidies, price controls or tax adjustments, could lead to higher public expenditure. Such developments could materially adversely affect Serbia's economic performance and its ability to repay principal and make interest payments on the Notes.

The Serbian economy is vulnerable to external shocks that may have a negative effect on the economic growth of Serbia and its ability to service its debt obligations

The Serbian economy is vulnerable to external shocks and remains potentially exposed to deterioration in global economic conditions. In particular, Serbia faces risks from external shocks such as significant economic difficulties in its main trading partners, geopolitical volatility, as well as sharp increases in global commodity prices and sharp drops in global oil and commodities supply. For instance, any significant decline in the economic growth of Serbia's main trading partners as a result of the rising inflationary environment or otherwise, including the EU member states, or any other deterioration in Serbia's relationships with such trading partners, could have an adverse effect on Serbia's exports and adversely affect Serbia's economic growth. Serbia's exports are largely directed towards EU and countries of the region and are reliant on demands in those countries. Whilst global inflationary pressures have eased compared to their 2022–2023 peaks, external demand – particularly in parts of the EU – has moderated amidst slower industrial activity and tighter financial conditions. Although exports have continued to grow in absolute terms, growth has moderated compared to earlier post-pandemic years.

For the 2021–2025 period, the export of goods and services represented approximately 54.6 per cent. of the country’s GDP per annum, whilst import of goods and services represented approximately 61.3 per cent. of the country’s GDP per annum. During the 2021–2025 period, the EU procured approximately 63.6 per cent. of Serbia’s exported goods and provided 56.6 per cent. of its imports. Amongst the non-EU countries, CEFTA members as a group (mainly Bosnia and Herzegovina, Montenegro and Macedonia) remained a key trading partner of Serbia during that period. FDI inflows to Serbia originate primarily from countries in the EU, Asia Pacific and Middle East. In the period 2021 to 2025, European countries have been the most important contributors of FDI, with an average share of 69.6 per cent. of total FDI into Serbia. Consistent with the trends in the past, FDI inflows into Serbia are still primarily directed towards export-oriented enterprises such as manufacturing, particularly automotive, ICT and other tradable services, helping to strengthen and diversify Serbia’s export base and build up the National Bank’s foreign exchange reserve position. To the extent that countries in the Eurozone, or other major trading partners of Serbia, experience a weakening of their economies, it could cause declines in FDI inflows to, and exports of goods from, Serbia. However, any significant decline in the flow of investments into the Serbian economy could lead to lower growth, which may impair Serbia’s ability to sustain or limit the negative impact on its GDP growth or finance its current account deficit. See “– *Investing in securities of emerging markets, including Serbia, involves a higher degree of risk than investing in more developed markets*”.

Serbia was subject to U.S. tariffs of 35 per cent. on goods exported to the United States, the highest rate applied to any European country under measures introduced by the U.S. administration. In February 2026, the Supreme Court of the United States ruled that a 1977 emergency law did not justify many U.S. tariffs. The administration then imposed 10 per cent. tariffs on goods from much of the world under Section 122 of the 1974 Trade Act, due to expire in July 2026. Whilst Serbia’s direct trade with the U.S. is relatively limited, representing approximately 1.6 per cent. of Serbia’s GDP in 2024, these tariffs highlight Serbia’s vulnerability to external trade shocks. Whilst the direct impact on Serbian growth from these tariffs is expected to be modest, Serbia faces a significant secondary risk: potential disruptions in the EU-U.S. trade relationship, where supply chain linkages could transmit tariff-related slowdowns amongst more important trading partners to Serbia.

Serbia continues to depend on a broad network of international trade agreements to secure market access for its major exports. Its preferential trade regime includes membership in CEFTA, the EU-Serbia Stabilisation and Association Agreement (“SAA”) and multiple bilateral free-trade agreements with the European Free Trade Association (“EFTA”), the Eurasian Economic Union, Türkiye, the United Kingdom and China. These agreements provide tariff-free or preferential access for large parts of Serbia’s goods exports and are important to maintaining export competitiveness. As with previous years, any material impairment of access to these export routes – whether through changes in trade policy, geopolitical tensions or an economic slowdown amongst major partners – could adversely affect Serbia’s export performance and overall economic growth.

Despite diversification efforts, the concentration of infrastructure finance and trade ties exposes Serbia to external risks. China remains a major partner for large-scale projects, although specific bilateral loan totals vary by project and reporting period. There is no guarantee that existing bilateral co-operation and financing arrangements will continue under the same terms in the future. Accordingly, there can be no assurance that weaknesses in the global economy as a result of the present geopolitical or macroeconomic uncertainties, or any other future external economic crisis, will not have a negative effect on Serbia’s economy or its ability to repay principal and make payments of interest on the Notes.

There can be no assurance as to the timing of Serbia’s EU accession

Serbia remains fully committed to European Union membership as a key strategic objective. Serbia was granted EU candidate status on 1 March 2012. Accession negotiations formally commenced on 21 January 2014. Since 2020, the accession process has been conducted under the revised enlargement methodology, which groups negotiation chapters into thematic clusters and places particular emphasis on reforms relating to the rule of law, democratic institutions and public administration (the “Fundamentals” cluster).

In 2024 and 2025, the European Commission reaffirmed the EU’s enlargement perspective for the Western Balkans in the context of heightened geopolitical focus on the region. However, Serbia’s accession negotiations have continued at a measured pace. Whilst Serbia has achieved a certain level of preparation in many areas, further tangible and sustained reforms remain necessary, particularly in the areas of rule of law, judicial independence, media freedom, public procurement, state-owned enterprises, anti-corruption policy and public administration reform.

The timing of Serbia attaining full membership of EU will depend on a number of economic and political factors relating to both Serbia and the EU, including the ongoing dispute of the status of so-called Kosovo. For more information, please see *“The uncertainties surrounding relations with so-called Kosovo may have a negative effect on political and economic conditions in Serbia”*. In addition, Serbia is in the process of harmonising its current and future laws with the respective EU *acquis*, which may have short-term and/or long-term effects on the Serbian economy. As of the date of this Base Offering Memorandum, of the 35 chapters of the EU *acquis communautaire* which must ultimately be negotiated and closed as part of the accession process, 26 chapters have been opened, of which two have been provisionally closed, and the remaining chapters have not yet been opened. Under the revised methodology, progress under the “Fundamentals” cluster determines the overall pace of negotiations, and no chapter may be provisionally closed without sufficient progress in this area.

Alignment with the EU’s Common Foreign and Security Policy (“CFSP”) also remains an important consideration. Whilst Serbia has aligned with certain EU declarations and supported Ukraine’s territorial integrity in multilateral fora, Serbia has not imposed sanctions against the Russian Federation. Still, Serbia has been an important supplier of humanitarian aid to Ukraine. The European Commission has continued to note fluctuations in Serbia’s alignment rate with EU foreign policy positions and has emphasised that progressive alignment is expected as part of the accession process. Continued divergence from EU restrictive measures could represent an additional political obstacle in accession negotiations.

The EU has continued to provide financial assistance to Serbia under the Instrument for Pre-Accession Assistance (“IPA III”), the Economic and Investment Plan for the Western Balkans and, from 2024 onwards, the Growth Plan for the Western Balkans, under which disbursements are linked to reform milestones and policy commitments. Continued access to certain EU funding mechanisms is increasingly conditional upon measurable reform progress and policy alignment. Although the EU has reiterated its commitment to enlargement and has indicated that accession is merit-based, there can be no assurance as to the timing of Serbia’s accession or that Serbia will become a member of the EU in the near to medium term, or at all.

Any significant delay in opening or closing negotiation chapters, suspension or slowdown of the accession process, reduction or suspension of EU pre-accession or Growth Plan funding or deterioration in Serbia’s accession prospects could adversely affect investor confidence, FDI inflows, fiscal support and overall economic growth in Serbia. Such developments could in turn have a material adverse effect on Serbia’s economy and its ability to meet its obligations under the Notes. For further discussion, please see *“Description of Serbia – Foreign Relations – European Union”*.

The uncertainties surrounding relations with so-called Kosovo may have a negative effect on political and economic conditions in Serbia

Serbia maintains a firm stance on the status of its Autonomous Province of Kosovo and Metohija and remains committed to the legal and political defence of its sovereignty in Kosovo and Metohija. However, a number of states do not recognise Serbia’s position with respect to Kosovo and Metohija (see *“Description of Serbia – Historical Background”*).

The EU-facilitated and UN-supported Dialogue (the “**Dialogue**”) between Belgrade and Priština on normalising relations has been ongoing since March 2011. Throughout this process, Serbia has complied with almost all of its obligations arising from the agreements concluded with Priština within the Dialogue. Nevertheless, a series of setbacks over the years have led to repeated standstills in the talks, hindering continuation of effective dialogue. As a result, relations between Belgrade and Priština have remained strained and fragile. As of the date of this Base Offering Memorandum, the future of the negotiation process remains uncertain due to prolonged tensions, exemplified by an isolated clash between local Serbians and the so-called Kosovo Police, which took place in the village of Banjska, Municipality of Zvečan, in the north of Kosovo and Metohija on 24 September 2023 and by the exclusion of the Serbian dinar from payment transactions in Kosovo and Metohija at the end of 2023. Additionally, Priština compelled the only bank in its system licensed to conduct payment transactions in dinars (Komerčijalna Banka) to surrender its licence and cease operations of all branches in Serbian areas. Should the already complex relations between Belgrade and Priština continue to deteriorate or remain severally strained, it could disrupt or prevent the normalisation of relations between Belgrade and Priština in the long run. Throughout 2024 and 2025, EU-facilitated efforts to advance implementation of the Agreement on the Path to Normalisation and its Implementation Annex (agreed in 2023) continued intermittently. However, progress has remained limited and politically sensitive, particularly with respect to the establishment of the Association/Community of Serb-majority Municipalities and other implementation

steps. Periodic tensions in northern Kosovo and Metohija, including issues relating to municipal governance, security presence and institutional arrangements, have continued to affect the broader political climate.

The Government of Serbia remains committed to peace, stability and co-operation and the continued overall economic progress in the region; maintaining that lasting peace and stability in the region can be achieved through compromise-focused solutions resulting from constructive dialogue between Belgrade and Priština, backed by the EU-facilitated and US-supported efforts. However, any substantial deterioration in relations between Belgrade and Priština and/or between Serbia and the EU or the United States, due to differences over the future of the Dialogue and status of Kosovo and Metohija, could negatively impact the political and economic conditions in Serbia and on its international standing.

The current account deficit may undermine foreign exchange liquidity and regular servicing of external debt

Serbia's current account balance is significantly influenced by its trade balance, as well as net flows on primary and secondary income. In 2025, the current account deficit amounted to EUR 4.3 billion (4.9 per cent. of preliminary GDP) and represented an increase of EUR 514.4 million compared to 2024. This was mainly due to a smaller surplus in services (a decrease of 17.6 per cent.) and a larger primary income deficit (by 6.8 per cent.), whilst in the opposite direction, a smaller deficit in trade in goods had a positive impact (a decrease of 4.2 per cent.), as well as a higher secondary income surplus (by 1.0 per cent.). See "*External Sector – Balance of Payments*".

In 2023, total exports of goods amounted to EUR 27,931.7 million, an increase of EUR 1,003.5 million compared to 2022, driven by a 5.4 per cent. increase in manufacturing exports, with growth broadly diversified across 16 of 23 manufacturing branches, whilst total imports of goods amounted to EUR 34,560.1 million, a decrease of EUR 1,732.2 million compared to 2022, largely reflecting lower energy imports.

At the end of February 2026, Serbia held EUR 29.8 billion in foreign exchange reserves, representing 6.9 months of import coverage, reflecting a year-on-year increase of approximately 3.6 per cent. Given the openness of Serbia's economy, any slowdown in external demand from major trading partners, particularly the EU, could adversely affect Serbia's foreign trade and the current account balance. The trade deficit in goods is largely a consequence of significant investments into infrastructure and production capacities in recent years. Whilst over the medium term, the current account deficit is expected to remain broadly in line with historical patterns and be financed by net FDI and other capital inflows, there can be no assurance that such inflows will be sufficient to fully cover liabilities arising from external public debt. Any significant deterioration in the trade or current account balance could adversely affect Serbia's foreign exchange liquidity, external debt servicing capacity and its ability to meet obligations under the Notes.

Reduced revenues, together with higher expenses, may adversely affect Serbia's ability to repay principal and make payments of interest on the Notes

In the year ended 31 December 2025, a fiscal deficit of RSD 271.4 billion (representing 2.6 per cent. of GDP) was realised against the budgeted deficit of RSD 314.0 billion (being 3.0 per cent. of GDP) at the general government level set forth in the 2025 Budget. See "*Public Finance – Recent Developments*". However, various factors could affect the Government's spending and result in widening of the fiscal deficit with resulting negative implications in the future periods. Such factors include, but are not limited to, increased Government subsidies (specifically fiscal support for the energy sector as a result of soaring import prices), the dependence of Serbia's retirement and disability fund on transfers from the budget and the inability of the economy to utilise more labour force from the labour market. Social pressures, such as public support for increases in public sector wages, could also restrict the Government's ability to assign the same level of priority to maintain the public finances at stable levels.

During 2025, total expenditures at the general government level amounted to RSD 4,506.2 billion, representing 98.4 per cent. of projected total expenditures set forth in the 2025 Budget, with current expenditures increasing by 10.8 per cent. on the back of higher public wages, pensions, social support and costs for goods and services, and capital expenditures decreasing by 1.5 per cent. relative to 2024. In addition, subsidies grew by 9.9 per cent. in 2025 compared to the same period in 2024, reflecting ongoing support for strategic sectors such as energy. Serbia has committed capital expenditure of 6.7 per cent. of GDP in 2026, directed at improving infrastructure quality and enhancing Serbia's attractiveness as an investment destination, forming part of a broader forward-looking programme under the Serbia 2030 and Serbia 2035 strategic frameworks, which

prioritise EU integration alongside continued investment in energy, railways and general infrastructure, with a view to increasing wages and minimum wage levels.

In December 2025, Serbia successfully concluded the Second Review under the IMF Policy Coordination Instrument (“PCI”). Following the completion of the previous Stand-by Arrangement, in December 2024, the IMF approved a 36-month PCI with Serbia. Under the PCI, the fiscal programme is based on a fiscal deficit of no more than 3.0 per cent. of GDP during 2025-27 and 2.5 per cent. of GDP during 2028-29 and a public debt target of 45 per cent. of GDP at end-2025. Further progress with fiscal-structural and state-owned enterprise reforms, including in the energy sector, are crucial complements of the programme.

In the event that Serbia faces an unfavourable economic climate, such as a protracted period of slower growth, elevated inflation or adverse spillovers from geopolitical tensions, the Government may need to introduce further fiscal support measures. Such measures could include additional transfers, subsidies or liquidity support to state-owned enterprises – particularly in the energy sector – and may lead to deterioration of public finances, potentially impeding or constraining overall economic growth or limiting policy options for capital investment.

Fiscal risks also arise from the structure of Serbia’s retirement and disability system, in which state benefits are paid out of contributions from the current workforce. Since contributions do not cover all pension-related expenditures, the retirement and disability fund is subsidised by budget allocations. In 2025, approximately 20.3 per cent., or around EUR 2.1 billion (RSD 247 billion), of the fund’s total expenditure was financed by budget transfers, whilst the Government’s expenditure on public wages and pensions amounted to RSD 2,074.6 billion in 2025. Should Serbia experience protracted slow growth or labour market challenges, income from contributions could decline further, increasing the pressure on the budget to secure pension payments.

Additionally, whilst the privatisation process in Serbia has been ongoing since 2001, a number of public enterprises remain state-controlled and continue to receive substantial funding from the budget. If the Government is unable to privatise or restructure these enterprises, or if they are adversely affected by economic disruptions – including the spillover effects of geopolitical tensions or domestic energy sector challenges – they may require continued budgetary support, potentially leading to further deterioration of public finances. See “*Economy of Serbia – Social Insurance System – Pensions and Disability*” and “*Public Finance – Consolidated General Government Budget*”.

Looking forward, the Government has adopted the 2025 budget and the 2026 budget, both projecting fiscal deficits of around 3 per cent. of GDP and continuing efforts to balance macroeconomic stability with public investment and social spending priorities. The Government’s 2026 budget projects total revenues of RSD 2,414.7 billion and expenditures of RSD 2,751.7 billion, with a fiscal deficit of approximately 3 per cent. of GDP.

Whilst Serbia intends to maintain strong, sustainable and broad-based economic growth and to support fiscal discipline, there can be no assurance that external shocks – such as a slowing global economy, renewed inflationary pressures, or deterioration in major export markets – will not reduce revenues or necessitate additional spending. Any combination of reduced revenues and significant discretionary or compulsory expenditures would likely adversely affect Serbia’s public finances and could materially impair Serbia’s ability to repay principal and make payments of interest on the Notes.

Serbia is subject to natural disasters, including droughts and floods, which have negatively affected it in the past and may negatively affect it in the future

Natural disasters, including floods, are a threat to the Serbian economy. As a result, Serbia could increasingly be threatened by climate change. A global increase in the mean temperature is likely to lead to changed precipitation patterns and more frequent extreme weather events, such as prolonged droughts and flooding. Serbia’s economy is dependent on a number of climate sensitive sectors, such as agriculture, mining and tourism. A change in climate may have several consequences, including lower agricultural and mining productivity, fragile ecosystems, adverse impact on health and biodiversity, financial market disruption, lower GDP and altered migration patterns.

Expenditures associated with natural disaster relief efforts may adversely affect Serbia’s budgetary position and, as a result, may impair Serbia’s ability to service payments on the Notes. Separately, as agriculture, forestry and fisheries account for a significant portion of Serbia’s total GVA (being 10.4 per cent. of total GVA at current

prices in the year ended 31 December 2025), any natural disasters or other effects associated with climate change could have a material adverse effect on the Serbian economy.

Political instability or a change in government could have a negative effect on Serbia's economy

In recent years, Serbia's political landscape has been characterised by a high degree of political continuity and concentration of power under the leadership of President Aleksandar Vučić and the ruling coalition led by the Serbian Progressive Party ("SNS"). The current administration has pursued political, legal and economic reforms aimed at achieving macroeconomic stability, attracting foreign investment and supporting economic growth.

However, domestic political developments in Serbia since late 2024 have included public demonstrations and student-led protests sparked by the collapse of a roof canopy at a railway station in Novi Sad. Thirteen people, including former Construction Minister Goran Vesic, were charged in a criminal case over the collapse. The Novi Sad High Court has since dropped the charges against Vesic in December 2025. Protest activity was particularly visible during 2025, with public gatherings in Belgrade, Novi Sad and other cities, including rallies calling for increased governmental accountability, anti-corruption measures and broader reforms. Certain demonstrations were accompanied by temporary public disruptions and blockades. By late 2025, protest activity gradually subsided and the overall intensity and frequency of public demonstrations declined. Whilst protest activity and civil society mobilisation have persisted, there is no certainty regarding the scale, duration or direction of future demonstrations. Any renewed escalation or prolonged continuation of significant public protests could increase political risk, place pressure on the governing coalition and executive leadership, and potentially affect the timing or implementation of fiscal, economic or structural reforms. Such developments could also have adverse effects on investor confidence and economic activity. Sustained political uncertainty may divert government attention from policy priorities and structural reform implementation.

In February 2026, 62 members of the National Assembly of Serbia filed a motion of no confidence in the Government. Subsequent parliamentary sessions scheduled to consider the motion were adjourned for failure to achieve the required quorum. As at the date of this Base Offering Memorandum, no date for the vote has been confirmed, but the Government expects it may be scheduled at some point during May 2026. There can be no assurance as to the outcome of any such vote.

The next regularly scheduled parliamentary and presidential elections in Serbia are expected to take place in 2027.

A portion of Serbia's economy is not recorded

A portion of Serbia's economy comprises the informal, or shadow, economy. The informal economy is not fully recorded and is only partially taxed, resulting in less revenue for the Government, less reliable statistical information (including understatement of GDP and mismeasurement of sector contributions) and challenges in monitoring and regulating a segment of economic activity. Recent estimates suggest that the informal economy in Serbia remains substantial, although sustained digitalisation and tax administration reforms have contributed to a downward trend in informal activity in recent years. Efforts to tackle informality, including digital reporting systems and enforcement measures implemented through the National Programme for Countering the Shadow Economy (2023–2025), have reportedly reduced segments of informal employment and unregistered business activity through 2024. Nevertheless, there can be no assurance that such measures will adequately address the issue or bring the informal economy fully into the formal sector. Whilst growing the tax base remains a key priority for the Government, the persistence of the informal sector may continue to limit potential tax and other revenue, which could have negative effects on the economy and, as a result, may have a material adverse effect on Serbia's capacity to service its debt, including in respect of Notes issued under the Programme.

There is no guarantee that the credit rating of Serbia will not change

Serbia's credit ratings have been subject to action and affirmation by major international rating agencies in recent years. S&P upgraded Serbia's long-term foreign-currency rating to BBB- (investment grade) with a stable outlook on 4 October 2024, marking the first time Serbia achieved an investment-grade rating from a major agency. The latest affirmation of BBB- with a stable outlook occurred in October 2025. On 23 January 2026, Fitch Ratings reaffirmed Serbia's sovereign rating at "BB+" with a positive outlook. Moody's upgraded Serbia's rating from Ba3 to Ba2 with a stable outlook in March 2021 and revised the outlook to positive in

August 2024. On 27 February 2026, Moody's affirmed Serbia's Ba2 rating but revised the outlook from positive to stable, reflecting increased political and geopolitical risks despite Serbia's strong fiscal position and declining public debt trajectory.

Despite these affirmations and the S&P upgrade, there can be no guarantee that the Government will not experience credit downgrades or negative revisions to outlooks in the future. Deterioration in key economic indicators or the materialisation of any of the risks discussed herein may contribute to credit rating downgrades and, in particular, the geopolitical uncertainty over the duration and intensity of the military conflict in Ukraine and the ongoing instability in so-called Kosovo indicate that the ratings assigned by the independent rating agencies may be subject to changes based on future developments. Any adverse changes in an applicable credit rating or credit rating outlook could adversely affect the trading price of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning ratings organisation at any time. A credit rating is generally dependent on a number of factors, including public debt levels, past and future projected budget deficits and other considerations. Any adverse change in the credit ratings of Serbia could adversely affect the Government's ability to refinance its existing indebtedness.

Official economic data may be subject to some degree of uncertainty and could be revised

A number of government ministries including the Ministry of Finance, along with the National Bank and the Office of Statistics, have prepared statistical data, which appear in this Base Offering Memorandum. Certain of these statistics, particularly preliminary or estimated data, may be more limited in scope, less accurate, reliable and/or consistent in terms of basis of compilation between various ministries and institutions and published less frequently compared to existing members of the EU. In addition, standards of accuracy of some statistical data may vary from ministry to ministry or from period to period. Moreover, the existence of an unofficial or "grey" economy may affect the accuracy and reliability of Serbia's statistical information. The statistical data appearing in this Base Offering Memorandum has, unless otherwise stated, been obtained from public sources and government documents. The statistical information presented herein is based on the latest official information currently available from the stated source, including balance of payments data in accordance with the IMF's Balance of Payments Manual, 6th Edition and GDP data in accordance with ESA 2010. However, the development of statistical information relating to Serbia is an on-going process, and revised figures are produced on a continuous basis.

During 2024 and 2025, several significant revisions and updates illustrate this process. In 2024, the Statistical Office published a major revision of national accounts, incorporating improved methods, new data sources and alignment with EU standards, which revised previously published macroeconomic indicators. These revisions are part of the regular five-year revision cycle aimed at harmonising Serbia's national accounts with EU practices, supervised by Eurostat.

Moreover, certain statistical information contained in this Base Offering Memorandum are provisional or otherwise based on estimates Serbia and/or its agencies believe to be based on reasonable assumptions. However, there may be differences between preliminary or estimated statistical data set forth in the Base Offering Memorandum and actual results. Similarly, certain of these statistics contain projections based on the Issuer's current view with respect to future events and financial results. Whilst these statistics (although provisional or projections) contain an element of estimated economic performance of Serbia, which provides a reasonable basis for estimating key economic indicators, these figures may differ materially from the actual numbers, once published, as an element of this data is estimated and may change or continually be revised based on future developments. Accordingly, the financial and economic information set out in this Base Offering Memorandum may be subsequently adjusted or revised and may differ materially from previously published financial and economic information depending on the most recent information available to the Republic and/or its agencies. Consequently, prospective investors in the Notes should be aware that figures relating to Serbia's GDP and many other figures cited in this Base Offering Memorandum may be subject to some degree of uncertainty. Furthermore, these limitations on statistical information may make adequate monitoring of key fiscal and economic indicators more difficult. In this Base Offering Memorandum, data is presented as provided by the relevant ministry to which the data is attributed, and no attempt has been made to ascertain or reconcile such data to the data compiled by other ministries or by other organisations, such as the IMF and World Bank. Accordingly, prospective investors should be aware that none of the statistical information in this Base Offering Memorandum has been independently verified. As a result, investors may face difficulty in assessing the risks of investing in the Notes, which may adversely affect the liquidity and price of the Notes.

Sanctions imposed on certain persons could have an indirect adverse impact on Serbia's economy

On 11 July 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") imposed sanctions on Aleksandar Vulin, who served as one of the four Deputy Prime Ministers of Serbia from 2 May 2024 until 16 April 2025. The designation of Mr Vulin reflects the decision of the United States to hold accountable those they believe to be engaged in corrupt dealings at the expense of peace and stability in the Western Balkans. Furthermore, on 16 November 2023, OFAC also imposed sanctions on Nenad Popović, who has served as a minister without portfolio since 2 May 2024. The U.S. Department of State alleges that Mr Popović "owns numerous companies and holdings in Serbia and Russia and uses senior connections in the Kremlin to enrich himself ... and secure business". Whilst Serbia maintains independent diplomatic relationships with the U.S., its economic and political relations with the U.S. and other countries may be affected by any further sanctions which could also affect the ability of Serbia to facilitate its economic development, and those factors could in turn have a material adverse effect on Serbia, its economy and its ability to perform its obligations under the Notes. Neither Mr Vulin nor Mr Popović is an official of the Ministry of Finance, nor generally involved in any financings relating to Serbia as represented by the Ministry of Finance, and neither will receive any proceeds of Notes to be issued under this Programme, nor be directly or indirectly involved in this Programme or the execution, issue and delivery of Notes under this Programme.

Corruption and money laundering may adversely affect economic and social conditions in Serbia, slow down or halt progress towards EU membership and have a material adverse effect on the Serbian economy

As in many other emerging market jurisdictions, concerns relating to the level of corruption and money laundering remain a significant issue in Serbia. Fighting corruption and money laundering are key priorities for Serbia, and over the years, the Government has made steady progress in improving accountability, governance standards and the legislative framework in Serbia. However, in Transparency International's 2025 Corruption Perception Index survey of 180 countries, Serbia was ranked 116, down from 114 in 2024, indicating that a perception of public sector corruption within the country remains widespread.

Any such perception, allegations or evidence of corruption or money laundering involving the Government and/or members thereof, irrespective of whether such allegations prove to be factual or unfounded and whether honestly made or politically motivated, may create tensions between political parties, including parties within the governing coalition, otherwise destabilise the governing coalition and/or lead to early elections. Separately, any increase in perceived risk associated with corruption may have a negative impact on Serbia's economy and its reputation abroad, especially on its ability to attract foreign investment and could slow down or halt its progress towards EU membership. Also, whilst the Government has implemented several reforms with the aim of increasing the efficiency of its domestic measures, there can be no certainty that the ongoing reforms will produce the desired result or that the new strategies will prove successful. In addition, notwithstanding the significant progress recognised by the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("MONEYVAL") in its 2026 Sixth Round Mutual Evaluation Report, Serbia's anti-money laundering and counter-terrorism financing ("AML/CFT") framework has been identified as having specific areas requiring further improvement, including in respect of non-financial sector supervision, terrorist financing investigation and prosecution, non-profit organisation transparency and asset recovery. A combination of all or some of these factors may have negative effects on economic and social conditions in Serbia. See "*Economy of Serbia – Organised Crime, Corruption and Money Laundering*".

Risks Associated with Serbia's Public Debt

Significant depreciation of the Dinar, if it occurs, may adversely affect Serbia's Public Debt and, in turn, impact its economy and public finances

A significant share of Serbia's Public Debt (as defined in "*Public Debt*") is denominated in foreign currencies, particularly the Euro. In 2025, approximately 70 per cent. of Serbia's Public Debt was denominated in foreign currencies, and the proportion of Public Debt denominated in Dinar was approximately 30 per cent. Whilst Serbia has significantly improved the currency structure of its Public Debt in recent years, Serbia's debt to GDP ratio remains sensitive to exchange rate fluctuations, particularly given the recent increase in the share of foreign-currency denominated debt. Fluctuations in exchange rates, resulting in the devaluation of the Dinar against the Euro (which is the main foreign currency in use in Serbia), or other foreign currencies in which Serbia's Public Debt is denominated or payable, have resulted in the past, and may in the future result, in an increase in the debt obligations denominated or payable in other currencies and lead to an increase of Serbian

public funds required for debt servicing. Any such currency movements could reduce the amount of public funds available to fund public investment projects and service social benefits and other budget expenditures.

During 2025, pressures on the Dinar exchange rate remained limited, and exchange rate stability was maintained through the National Bank's presence in the domestic foreign exchange market, as necessary. The National Bank's participation in the foreign exchange market is aimed at mitigating excessive short-term fluctuations in the Dinar exchange rate against the Euro, which represents the principal foreign currency in use in Serbia. In 2025, the Dinar recorded only a marginal nominal depreciation against the Euro, whilst appreciating significantly against the U.S. dollar, largely reflecting global U.S. dollar movements. The foreign exchange reserves of the National Bank of Serbia amounted to EUR 29.8 billion at the end of February 2026, covering 6.9 months of imports and 169.7 per cent of money supply M1. Notwithstanding these developments, future external shocks – including heightened geopolitical tensions, volatility in global financial markets, shifts in U.S. dollar strength or adverse developments in the Euro area – could generate renewed pressure on the Dinar.

Any significant external pressure, including extensive capital outflows from Serbia or substantial sales of Dinar-denominated securities by foreign investors, could necessitate sizeable interventions by the National Bank in the domestic foreign exchange market, which could adversely affect the level of gross foreign exchange reserves. Gross foreign exchange reserves serve as an important financial buffer against potential external shocks. Although a key priority of the National Bank remains the preservation of relative exchange rate stability, any material future depreciation of the dinar - whether arising from geopolitical spillovers, global monetary tightening, shifts in investor sentiment, or other external factors - could negatively affect Serbia's economic performance, sovereign credit rating and/or its ability to service its debt. See "*Public Debt – Public Debt Currency Structure*".

Any significant changes in levels of Public Debt and/or interest costs could have a material adverse effect on Serbia's economy and its ability to service its debt, including the Notes

In 2025, Public Debt as a percentage of GDP decreased to 44.4 per cent., whilst the fiscal deficit amounted to 2.4 per cent. of GDP. Measured as a percentage of GDP, Public Debt decreased from 46.7 per cent. at the end of 2024 to 44.4 per cent. at the end of December 2025 at the central government level, whilst General Government Debt (as defined in "*Public Debt*") decreased from 46.9 per cent. to 44.7 per cent. over the same period. This decrease was mainly due to strong nominal GDP growth and prudent fiscal management, which resulted in GDP growth outpacing the increase in public debt. Any significant increase in future domestic or external borrowings beyond sustainable thresholds to finance the budget deficit, or provide financial support to the economy to mitigate the negative effect of the domestic challenges in the energy sector or limit the spillover effects from the conflict in Ukraine or otherwise, including the issuance of further External Public Debt (as defined in "*Public Debt*") in the international capital markets could elevate its debt burden and put significant strain on fiscal and debt sustainability in the coming years. Furthermore, the need to service such potentially elevated levels of Public Debt or interest cost associated with it may impact Serbia's ability to use available funds to make other capital investments needed for economic growth.

Moreover, an increase in the fiscal imbalances as a result of the stagnated growth, weak labour market and high public spending arising from or as a consequence of domestic challenges in the energy sector or military conflict in Ukraine or to fund any further challenges that have not been budgeted for, could potentially contribute to a rapid build-up of Public Debt and result in compounding the future possibility of debt distress. Accordingly, if the Government does not carefully manage its debt strategy in the coming periods, debt levels and interest costs may rise to an unsustainable level, which may negatively impact Serbia's sovereign credit rating and may impair its ability to service its debt, including the Notes. See "*– Reduced revenues, together with higher expenses, may adversely affect Serbia's ability to repay principal and make payments of interest on the Notes*".

Risks Associated with Serbia's Banking Sector

Serbia's banking sector remains vulnerable to external shocks

Serbia's banking sector continues to be stable owing to adequate capitalisation, high liquidity and profitability. Commercial banks are dominant market participants in Serbia, with a market share of around 90 per cent. as of December 2025. At the end of December 2025, the banking sector of Serbia consisted of 19 banks, of which 15 were majority owned by foreign shareholders, two were owned by domestic private individuals and two were state-owned. At the end of December 2025, there was a high level of concentration of foreign ownership in the

banking sector, with foreign-owned banks (from ten different countries) holding 77.19 per cent. of the banking sector's total assets, 78.80 per cent. of total loans and 76.22 per cent. of total deposits.

As of 31 December 2025, the banking sector in Serbia had a high level of loans and deposits denominated in EUR and other foreign currencies, giving rise to risks relating to currency fluctuations. As of 31 December 2025, foreign currency denominated loans constituted 59.66 per cent. of total loans in the banking sector and foreign currency denominated deposits represented 53.35 per cent. of the total deposit portfolio of the banking sector. This high (albeit declining) degree of Euroisation in the system continues to pose a risk. These factors in Serbia's banking sector may make the sector more susceptible to global credit market downturns and economic slowdowns, including those stemming from a further slowdown in world growth, tightening of global financial conditions or rising geopolitical tensions. In the year ended 31 December 2025, the banking system of Serbia remained well-capitalised and liquid. The National Bank's timely resolution of the local subsidiary of Russia's Sberbank, which fell under the international sanctions, helped preserve financial stability. As at the date of this Base Offering Memorandum, banks operating in Serbia which have Russian capital have a very insignificant share in the total banking sector, more precisely their share in net assets of the total banking sector is less than 1 per cent. In the same way, the credit and loan exposure of the banking sector to Russia is very minor since the number of customers who are directly affected by the crisis are very limited. Although the financial stability of the banking sector was maintained, external pressures may deteriorate confidence in the Serbian banking sector. A slowdown of global economic growth may challenge the borrowers' liquidity position, which in turn may affect borrowers' debt servicing capacity and lead to customers being unable to make timely payments on their debts, resulting in the deterioration of banks' credit portfolio quality.

Whilst the National Bank believes that the strong capitalisation and liquidity positions of the banking sector provide a significant buffer against external shocks, there remains some risk of deterioration in asset quality if economic conditions weaken in 2026. At the end of 2025, banks' capital adequacy ratios were well above regulatory minimums at 21.0 per cent., and the share of non-performing loans in total loans was at historically low level of 2.1 per cent. Nevertheless, an economic contraction, slower corporate revenue growth, higher borrowing costs or significant declines in household or business incomes could lead to a rise in non-performing loans. Such an increase in the share of NPLs in Serbian banks' portfolios could put downward pressure on profitability and capital buffers, particularly for lenders with greater exposure to vulnerable sectors or weaker borrowers. Whilst the banking system's strong fundamentals mitigate this risk, there can be no assurance that adverse macroeconomic developments will not negatively affect asset quality, lending activity and banks' earnings in 2026.

The Government and the National Bank have implemented policies to address liquidity pressures in the past. However, there can be no assurance that such policies will continue to be successful or that the successful implementation of such policies will limit the risk of the liquidity pressures in the Serbian banking system in the future. As a result, there can be no assurance that the Serbian banking system will not be subject to liquidity pressures, which may negatively affect the Serbian economy and, as a result, have an adverse effect on Serbia's ability to repay principal and make payments of interest on the Notes.

Foreign-owned banks may diminish or discontinue their support to their subsidiaries operating in Serbia

As at 31 December 2025, foreign-owned banks accounted for approximately 77.19 per cent. of total assets, 78.80 per cent. of total loans and 76.22 per cent. of total deposits in the Serbian banking system. See "*Monetary System – Banking Sector*". In particular, the Serbian banking sector remains significantly exposed to the banking systems of other European countries, as well as to the strategic priorities of foreign-owned parent groups. Such foreign banks may seek to rebalance their global activities or loan portfolios in a manner that adversely affects their Serbian subsidiaries as a result of events related or unrelated to Serbia. These could include renewed geopolitical tensions, volatility in global financial markets, economic disruptions in major economies, or changes in the operating and regulatory environment of parent banks.

In the event of unfavourable macroeconomic developments, foreign banks may reassess their activities in Serbia in ways that could constrain credit supply, reduce funding or change the terms on which funding is provided to subsidiaries operating in the Serbian market. Any such shift in strategy, including a decision by foreign banks to reduce the level of funding to their Serbian operations, could exert negative effects on the stability of the financial system and the value of the local currency, potentially leading to balance sheet mismatches with adverse implications for the Serbian economy and its ability to meet its financial obligations.

Risks Associated with Serbia's Judicial and Legal System

The legal system of Serbia involves more risk and uncertainty compared to other developed legal systems

Serbia has taken, and continues to take, steps aimed at developing a more mature legal system, comparable to the legal systems of EU countries. In recent years, various new laws have been introduced and revisions have been made in order to harmonise domestic legislations with EU *acquis*. These reforms have improved the independence, efficiency, impartiality and transparency of the judicial system. Nonetheless, Serbia's legal system remains in transition and may, therefore, be subject to certain risks and uncertainties unlike a more mature legal system. In particular, the new laws and revisions remain untested in courts and do not have a long history of interpretation and, consequently, may be subject to changing interpretations by the Serbian regulatory authorities and judiciary.

In early 2026, Serbia adopted amendments to key judicial and prosecutorial laws that reorganise decision-making authority within the judiciary and prosecution service, including changes to the structures of the High Prosecutorial Council and the appointment and oversight of court and prosecution leadership, raising concerns about judicial independence and legal certainty for investors.

Whilst the new laws are expected to provide greater certainty in Serbia's legal system, these factors that may impact Serbia's legal system make an investment in the Notes subject to risks and uncertainties than an investment in a country with a more developed legal system.

A claimant may not be able to enforce a court judgment against certain assets of Serbia in certain jurisdictions

It may not be possible to effect service of process against Serbia in courts outside Serbia or in a jurisdiction to which Serbia has not explicitly submitted. In addition, the choice of jurisdiction of a foreign court (including English courts) in contractual agreements may be held to be invalid by a Serbian court in certain circumstances. Such circumstances may include Serbian courts finding that such contractual arrangements are contrary to the "foundations of social order as determined in the Constitution", which is the Serbian version of public policy.

It may also not be possible to enforce foreign court judgments against Serbia in the courts of Serbia, including English court judgments, that are predicated upon the laws of foreign jurisdictions, such as English law, without a re-examination of the merits of such judgments in the Serbian courts, although a re-examination of the merits of a judgment would generally not be conducted according to the applicable law.

Recognition and enforcement in the courts of Serbia of any foreign court judgment is conditional on, amongst others, reciprocity in judgment recognition and enforcement between Serbia and the country of origin of the foreign judgment. There is a legal presumption that such reciprocity exists and, according to the opinion of the Serbian Ministry of Justice, factual reciprocity with United Kingdom (England and Wales) exists on the date of this Base Offering Memorandum. In addition, it may not be possible to enforce a foreign court judgment if it is found by the Serbian court to be contrary to the "foundations of social order as determined in the Constitution", which is the Serbian version of the public policy exception to the recognition and enforcement of foreign judgments. The concept of public policy is defined rather broadly as comprising fundamental legal provisions of the Serbian legal system. There are no settled court practices or consistent legal writings publicly available which define the scope of Serbian public policy, and a precise list of criteria for determination of such public policy rules does not exist. Whilst it is accepted that only fundamental mandatory provisions of Serbian law may be interpreted as public policy, the interpretation of which provisions fall under the scope of Serbian public policy is at the discretion of the competent Serbian courts and is decided on a case-by-case basis.

Whilst the Serbian courts generally apply the governing law of the applicable contract, there is a risk that the choice of English law as the governing law of the Notes or contractual documents might not be applied by the courts of Serbia in certain circumstances. Such circumstances may include Serbian courts finding that the effect of application of English law would be incompatible with the "foundations of social order as determined in the Constitution".

Serbia is a sovereign state and there is a risk that, notwithstanding the limited waiver of sovereign immunity by Serbia pursuant to the Conditions of the Notes, a claimant will not be able to enforce a court judgment against certain assets of Serbia (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale) in certain jurisdictions (including Serbia) without Serbia having specifically consented to

such enforcement at the time when the enforcement is sought. Furthermore, Serbia reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it under any United States federal or state securities law. In the absence of a waiver of immunity by Serbia with respect to such actions, it may not be possible to obtain a judgment in such an action brought in a court located in the United States against Serbia unless such court were to determine that Republic of Serbia is not entitled under the U.S. Foreign Sovereign Immunities Act of 1976 to sovereign immunity with respect to such actions. See “*Terms and Conditions of the Notes – Governing Law and Jurisdiction*”. As at the date of this Base Offering Memorandum, there is no existing bilateral or multilateral agreement between Serbia and the United States for the recognition and enforcement of judgments. Therefore, any opinions on the existence of reciprocity are made based on the legal conditions prescribed for the recognition and enforcement of foreign judgments in each individual state. As to factual reciprocity, it is presumed to exist until proven contrary.

In addition, certain state-owned assets are statutorily exempt from court enforcement procedures within Serbia. Specifically, Serbia has not waived any immunity in respect of present or future: (i) “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961; (ii) “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963; (iii) assets that cannot be in commerce; (iv) military property or military assets and buildings, weapons and equipment designated for defence, state and public security; (v) receivables the assignment of which is restricted by law; (vi) natural resources, common use items, grids in public ownership, river basin land and water facilities in public ownership, protected natural heritage in public ownership and cultural heritage in public ownership; (vii) real estate in public ownership which is, partly or entirely, used by the authorities of Serbia, autonomous provinces or local self-government for the purpose of exercising their rights and duties; (viii) the state’s, autonomous province’s or local government stocks and shares in companies and public enterprises, unless the relevant entity consented to the establishment of a pledge over such stocks or shares; (ix) movable or immovable assets of health institutions, unless a mortgage was established based on the Government’s decision; (x) movable or immovable assets that are used by the authorities of Serbia for conducting their competencies; (xi) monetary assets and financial instruments determined as financial collateral in accordance with the law regulating financial collateral, including monetary assets and financial instruments which are pledged in accordance with such law; or (xii) other assets exempt from enforcement by law or international treaties.

Serbia is undertaking a number of reforms in its judicial system, some of which may not happen in the time period planned or may take longer than expected, which could impact economic and other reforms

Serbia’s judicial system has been and is currently undergoing reform with the aim of: (i) improving the independence of the judiciary; (ii) improving the transparency and efficiency in the judicial process; (iii) improving efficiency of the investigation and prosecution of high-level corruption and organised crime; and (iv) implementing a broad anti-corruption framework within the Serbian justice system. For details on ongoing reforms, see “*Description of Serbia - Judicial Reform and Judicial System*”.

There can be no certainty that ongoing reform efforts will produce the desired results or that the new strategies will prove successful. If Serbia were unable to effectively and successfully implement its reform efforts or if existing reforms were to prove less effective than initially observed or contemplated, this would likely depress confidence in Serbia’s judicial system, which may have a materially adverse effect on the Serbian economy.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes:

Structure of a Particular Issue of Notes

In respect of any Notes issued as Green, Social or Sustainable Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

The Final Terms relating to any specific Tranche may provide that it will be the Issuer’s intention to apply the proceeds (or amount equivalent to the proceeds) from an offer of those Notes specifically for projects and activities that promote climate-friendly, social, sustainability and/or other environmental or social purposes, as well as contributing to the United Nations Sustainable Development Goals, in accordance with the Sustainable Finance Framework (such Notes, “**Green, Social or Sustainable Bonds**”). The Sustainable Finance Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or

withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Offering Memorandum. The Sustainable Finance Framework does not form part of, nor is incorporated by reference in, this Base Offering Memorandum.

Prospective investors in any Green, Social or Sustainable Bonds should have regard to the information in this Offering Memorandum and the applicable Final Terms regarding the use of the net proceeds of those Green, Social or Sustainable Bonds and should determine for themselves the relevance of such information for the purpose of any investment in such Green, Social or Sustainable Bonds together with any other investigation such investor deems necessary.

In particular, no assurance is given by the Issuer, the Arranger or the Dealers that the use of such proceeds for any Eligible Green Expenditures or Eligible Social Expenditures (as applicable) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules (including, in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “**EU Taxonomy Regulation**”) and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the “**EU Green Bond Regulation**”), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and any implementing legislation and guidelines, or any similar legislation in any jurisdiction) or investment portfolio mandates, in particular with regard to any direct or indirect environmental or sustainability impact of any projects or uses, the subject of or related to, any Eligible Green Expenditures or Eligible Social Expenditures (as applicable). There is also no requirement for any such projects and/or activities that promote climate-friendly, social, sustainability and other environmental or social purposes to have a maturity or lifespan matching the minimum duration of any Green, Social or Sustainable Bonds or any other liabilities, and any such mismatch shall not result in an obligation to redeem any Green, Social or Sustainable Bonds at any time.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label. The EU Green Bond Regulation was published in the Official Journal of the European Union on 30 November 2023, entered into force on 20 December 2023 and will apply from 21 December 2024. The EU Green Bond Regulation introduces a voluntary label (the “**European Green Bond Standard**”) for issuers of green use of proceeds bonds where the proceeds will be invested in economic activities aligned with the EU Taxonomy Regulation. It is not clear at this stage the impact the European Green Bond Standard, when implemented, may have on investor demand for, and pricing of, green use of proceeds bonds that do not meet such standard. It could reduce demand and liquidity for the Green, Social or Sustainable Bonds and their price.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green, Social or Sustainable Bonds and in particular, with any Eligible Green Expenditures or Eligible Social Expenditures (as applicable) to fulfil any environmental, social, sustainability and/or other criteria. For the avoidance of doubt, any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Offering Memorandum. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Arranger, the Dealers or any other person to buy, sell or hold any such Green, Social or Sustainable Bonds. Any such report, assessment, opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Green, Social or Sustainable Bonds. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein.

In the event that any such Green, Social or Sustainable Bonds are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently labelled segment of any stock exchange or

securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Expenditures or Eligible Social Expenditures (as applicable). Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Green, Social or Sustainable Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green, Social or Sustainable Bonds.

Whilst it is the intention of the Issuer to apply the proceeds (or amount equivalent to the proceeds) of any Notes so specified for Eligible Green Expenditures or Eligible Social Expenditures (as applicable) in, or substantially in, the manner described in “*Use of Proceeds*”, there can be no assurance that the relevant project(s) or use(s) will be the subject of, or related to, any Eligible Green Expenditures or Eligible Social Expenditures (as applicable) which will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that, accordingly, such proceeds will be totally or partially disbursed for such Eligible Green Expenditures or Eligible Social Expenditures (as applicable). Nor can there be any assurance that such Eligible Green Expenditures or Eligible Social Expenditures (as applicable) will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Neither the failure by the Issuer to allocate the proceeds of any Green, Social or Sustainable Bonds or to report on the use of proceeds or Eligible Green Expenditures or Eligible Social Expenditures (as applicable) as anticipated, nor a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green, Social or Sustainable Bonds, nor the failure of the Green, Social or Sustainable Bonds to meet investors’ expectations or requirements regarding any “green”, “sustainable”, “social” or similar labels will constitute an Event of Default or breach of contract with respect to any of the Green, Social or Sustainable Bonds. None of such failure will create an obligation or incentive on the Issuer to redeem the Green, Social or Sustainable Bonds, nor an option for the Noteholders to redeem the Green, Social or Sustainable Bonds.

A failure of any Green, Social or Sustainable Bonds to meet investor expectations or requirements as to their “green”, “sustainable”, “social” or equivalent characteristics, any such event or failure to apply or reallocate the proceeds (or amount equivalent to the proceeds) of any issue of Green, Social or Sustainable Bonds for any Eligible Green Expenditures or Eligible Social Expenditures (as applicable) as aforesaid, any failure by the Issuer to comply with its general environmental, social or similar targets (if any) and/or withdrawal of any such report, assessment, opinion or certification or any such report, assessment, opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on and/or any such Green, Social or Sustainable Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Green, Social or Sustainable Bonds and also potentially the value of any other Green, Social or Sustainable Bonds which are intended to finance Eligible Green Expenditures or Eligible Social Expenditures (as applicable) and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Green, Social or Sustainable Bonds are not linked to the performance of the Eligible Green Expenditures or Eligible Social Expenditures (as applicable) and do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes. The performance of the Green, Social or Sustainable Bonds is not linked to the performance of the relevant Eligible Green Expenditures or Eligible Social Expenditures (as applicable) or the performance of the Issuer in respect of any environmental, social or similar targets. The Issuer does not undertake to ensure that there are at any time sufficient Eligible Green Expenditures or Eligible Social Expenditures (as applicable) to allow for allocation of an amount equal to the net proceeds of the issue of such Green, Social or Sustainable Bonds in full. There will be no segregation of assets and liabilities in respect of the Green, Social or Sustainable Bonds. Consequently, neither payments of principal and/or interest on the Green, Social or Sustainable Bonds nor any rights of Noteholders shall depend on the performance of the relevant Eligible Green Expenditures or Eligible Social Expenditures (as applicable) or the performance of the Issuer in respect of any such

environmental, social or similar targets. Holders of any Green, Social or Sustainable Bonds shall have no preferential rights or priority against the assets of any Eligible Green Expenditures or Eligible Social Expenditures (as applicable) nor benefit from any arrangements to enhance the performance of the Notes.

If any of the above risks materialise, this may have a material adverse effect on the value of such Notes issued as Green, Social or Sustainable Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell such Notes as a result of such Notes not falling within the investor's investment criteria or mandate).

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes contain collective action clauses under which the terms of any one Series and/or multiple Series may be amended, modified or waived without the consent of all the holders of the Notes of that Series or all the holders of any other Series being aggregated, as the case may be

The Terms and Conditions of the Notes contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to reserved matters, multiple Series to be aggregated for voting purposes (*provided that* each such Series also contains the collective action clauses in its Terms and Conditions).

The Issuer expects that all Series issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of reserved matters across multiple Series. This means that a defined majority of the holders of such Series (when taken in the aggregate) would be able to bind all holders of Notes in all the relevant aggregated Series.

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to a single Series with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of such Notes, and to multiple Series with the consent of both (i) the holders of 66^{2/3} per cent. of the aggregate principal amount outstanding of all Series being aggregated and (ii) the holders of 50 per cent. in aggregate principal amount outstanding of each Series being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the Terms and Conditions of the Notes, any such modification or action relating to reserved matters may be made to multiple Series with the consent of 75 per cent. of only the aggregate principal amount outstanding of all Series being aggregated, without requiring a particular percentage of the holders in any individual affected Series to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk therefore that the Terms and Conditions of a Series may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different Series and as such, less than 75 per cent. of the Noteholders of the relevant Series would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple Series may make the Notes less attractive to purchasers in

the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

In the future, the Issuer may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Terms and Conditions of the Notes. If this occurs, then this could mean that any Series issued under the Programme would be capable of aggregation with any such future debt securities. The Terms and Conditions of the Notes also include a provision in respect of the establishment of a Noteholders' Committee, which may represent the holders of a single Series or multiple Series.

The Terms and Conditions restrict the ability of an individual Noteholder to declare an event of default, and permit a majority of Noteholders to rescind a declaration of such a default

The Terms and Conditions contain a provision which, if an Event of Default occurs, permits the holders of at least 25 per cent. in aggregate outstanding principal amount of the outstanding Notes of the relevant Series to declare all the Notes of that Series to be immediately due and payable by providing notice in writing to the Issuer (with a copy to the Fiscal Agent), whereupon the Notes of that Series shall become immediately due and payable, at their nominal amount with accrued interest, without further action or formality.

The Terms and Conditions also contain a provision permitting the holders of at least 50 per cent. in aggregate outstanding principal amount of the outstanding Notes of the relevant Series to notify the Issuer to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. The Issuer shall give notice thereof to the Noteholders, whereupon the relevant declaration shall be withdrawn and shall have no further effect. Noteholders should therefore be aware that the actions of at least 50 per cent. of the Noteholders will impact whether or not an Event of Default is cured, regardless of whether or not all Noteholders agree to such action.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if Definitive Note Certificates are subsequently issued

The Terms and Conditions do not permit the sale or transfer of Notes in such circumstances as would result in amounts being held by a Noteholder which are lower than the minimum Specified Denomination (as defined in the Terms and Conditions). However, in the event that a Noteholder holds a principal amount of less than the minimum Specified Denomination, such Noteholder would need to purchase an additional amount of Notes such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Notes. Noteholders should be aware that Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Noteholder holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time, such Noteholder may not receive a Definitive Note Certificate in respect of such holding (should Definitive Note Certificates be issued) and would need to purchase a principal amount of Notes such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Definitive Note Certificate.

If Definitive Note Certificates are issued, Noteholders should be aware that Definitive Note Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or may be deposited with a custodian for DTC (each as defined under "*Summary of Provisions Relating to Notes in Global Form*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. Whilst the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

Whilst the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Notes subject to optional redemption by the Issuer.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on such Notes. At those times, a Noteholder generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective Noteholders should consider reinvestment risk in light of other investments available at that time.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Credit ratings may not reflect all risks

The credit rating(s) assigned to the Notes at any time may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Further, other ratings (including confidential or unpublished ratings) may be assigned with respect to the Issuer or the Notes (now or in the future) which may differ (and which may be lower) from the ratings set out in this Base Offering Memorandum or any applicable Final Terms.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). This general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK

registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note that this is subject, in each case, to (x) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (y) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of a rating agency that is rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use such rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Offering Memorandum.

Benchmark Uncertainty – the discontinuation of, changes or uncertainty in respect of benchmark rates may affect investors in floating rate Notes

The Issuer confirms they will not issue any Floating Rate Notes with LIBOR as the reference rate. Although the Terms and Conditions include references to LIBOR, most LIBOR benchmarks have ceased to be published and are no longer representative. The FCA requires certain LIBOR benchmarks to be continued on a changed methodology (“synthetic”) basis for the time being. However, the three-month synthetic sterling LIBOR ceased permanently end-March 2024 and the one-month, three-month and six-month synthetic US dollar LIBOR settings are expected to cease permanently at the end of September 2024.

Additionally, the European Money Markets Institute (“EMMI”) has implemented a hybrid methodology for EURIBOR, having transitioned away from a quote-based methodology. The changes in the manner of administration of EURIBOR or any other benchmark could require an adjustment to the terms and conditions to reference an alternative benchmark, or result in other consequences, including those which cannot be predicted, in respect of any Notes linked to such benchmark. For Notes that reference EURIBOR, the regulatory authorities have identified €STR as the new euro risk-free rate and therefore €STR or a term rate based on €STR may be selected as the replacement rate in the event of the discontinuation of EURIBOR; however, there can be no guarantee that €STR or a term rate based on €STR would be selected as such time. Accordingly, in respect of any Notes referencing a relevant benchmark, such reforms and changes in applicable regulation could have a material adverse effect on the market value and return on such Notes (including potential rates of interest thereon).

Separately, on 11 May 2021, the euro risk-free rate working group for the euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 4 December 2023, the group issued its final statement, announcing completion of its mandate; however, ESMA will continue to monitor developments in the EU benchmarks landscape. The EU Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016, the provisions of which have applied since 1 January 2018. The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and, amongst other things: (a) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of “benchmarks”, and (b) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). In the same way, the UK Benchmarks Regulation, amongst other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK-supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register of credit rating agencies (or, if non-UK based, not deemed equivalent, recognised or endorsed). The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to, or referencing, a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, amongst other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (such as EURIBOR) becomes unavailable, or if any Paying Agent, Calculation Agent, the Issuer or other party is no longer permitted lawfully to calculate interest on any Notes by reference to such benchmark. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Reference Rate (each as defined in the Terms and Conditions of the Notes), and that such Successor Rate or Alternative Reference Rate may be adjusted (if required) in order to reduce or eliminate any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the original Reference Rate (as defined in the Terms and Conditions of the Notes), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark (all as further described in Condition 8.4 (*Benchmark Replacement*)). In certain circumstances, the ultimate fallback for the purposes of calculation of Rate of Interest for a particular Interest Period (as defined in the Terms and Conditions of the Notes) may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for floating rate Notes based on the rate which was last observed on the Relevant Screen Page (as defined in the “*Terms and Conditions of the Notes*”). In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Any of the matters noted above in this risk factor or any other significant change to the setting or existence of EURIBOR or any other benchmark rate might have a material adverse effect on the value or liquidity of, and the amount payable under, the applicable Notes. No assurance may be *provided that* relevant changes will not be made to any such benchmark rate and/or that any such benchmark rate will continue to exist. Investors should consider these matters when making an investment decision with respect to any Notes that have a floating rate of interest based upon a benchmark rate.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or information set out at the pages specified therein) shall be incorporated in, and form part of, this Base Offering Memorandum:

- The Terms and Conditions of the Notes contained in the Base Offering Memorandum dated 6 June 2024, pages 52 to 83 (inclusive) (at: <https://www.javnidug.gov.rs/static/uploads/Republic%20of%20Serbia%20-%20Base%20Offering%20Memorandum%20%286%20June%202024%29.pdf>);
- The Terms and Conditions of the Notes contained in the Base Offering Memorandum dated 18 January 2023, pages 54 to 85 (inclusive) (at: <https://www.javnidug.gov.rs/static/uploads/BOM.pdf>); and
- the Terms and Conditions of the Notes contained in the Base Prospectus dated 20 November 2020, pages 39 to 73 (inclusive) (at: https://www.javnidug.gov.rs/static/uploads/1538_Republic%20of%20Serbia%20-%20Base%20Prospectus%20dated%2020%20November%202020%20%28FINAL%29.pdf).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Offering Memorandum shall not form part of this Base Offering Memorandum.

Any part of a document referred to herein that is not incorporated by reference is either not relevant for an investor or is otherwise covered elsewhere in this Base Offering Memorandum.

This Base Offering Memorandum contains references to certain websites. No such website, nor any information contained on any such website, is incorporated in this Base Offering Memorandum, and such websites and information do not form part of this Base Offering Memorandum, except where that information has been incorporated by reference into this Base Offering Memorandum.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and as read in conjunction with the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. References in the terms and conditions to “Notes” are, unless the context requires otherwise, to the Notes of one Series only, not to all Notes that may be issued under the Programme.

1. Introduction

The Republic of Serbia (represented by the Government of the Republic of Serbia, acting by and through its Ministry of Finance) (the “**Issuer**”) has established a Global Medium Term Note Programme (the “**Programme**”) for the issuance of notes (the “**Notes**”). The Notes are constituted by, are subject to and have the benefit of a deed of covenant dated 20 November 2020 (as may be amended or supplemented from time to time, the “**Deed of Covenant**” executed by the Issuer for the benefit of holders of the Notes (“**Noteholders**” or “**holders**”) and are the subject of a fiscal agency agreement dated 20 November 2020 (as may be amended or supplemented from time to time, the “**Fiscal Agency Agreement**”) and made between the Issuer, Deutsche Bank Luxembourg S.A. as the European registrar (the “**European Registrar**”), Deutsche Bank Trust Company Americas as the United States registrar (the “**U.S. Registrar**” and, together with the European Registrar, the “**Registrars**” and each a “**Registrar**”, which respective expressions include any successor registrar(s) appointed from time to time in connection with the Notes), Deutsche Bank AG, London Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as the FX agent (the “**FX Agent**”, which expression includes any successor FX agent appointed from time to time in connection with the Notes) and the transfer agents, paying agents (including Deutsche Bank Trust Company Americas as the United States paying agent) and other agents named therein.

Notes issued under the Programme will be issued in series (each, a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may comprise one or more tranches of Notes (each, a “**Tranche**”) issued on the same or different issue dates. The specific terms of each Tranche (which will, save in respect of the denominations, issue date, issue price, first payment of interest and nominal amount of the Tranche, be identical to the terms of other Tranches of the same Series) will be set forth in the applicable Final Terms (the “**Final Terms**”), which should be read in conjunction with these terms and conditions. The terms and conditions applicable to any particular Tranche are these terms and conditions, as completed by the relevant Final Terms (together, the “**Terms and Conditions**”). In the event of any inconsistency between these terms and conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

All subsequent references in these Terms and Conditions to “**Notes**” are to the Notes of the same Series.

Certain provisions of these Terms and Conditions are summaries of the Fiscal Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement and the Deed of Covenant applicable to them.

Copies of the Fiscal Agency Agreement and the Deed of Covenant, and copies of any Final Terms in respect of Notes which are admitted to trading on a regulated market within the European Economic Area or the United Kingdom, are available for inspection on the website of the Issuer at <http://www.javnidug.gov.rs/eng/default.asp?P=101>. In addition, if and to the extent such documents are not available on the website of the Issuer, they shall be available for inspection by Noteholders during normal business hours at the Specified Offices of the Fiscal Agent, or by email from the Fiscal Agent.

2. Definitions and Interpretation

2.1 Definitions

Terms defined in the Fiscal Agency Agreement or the Deed of Covenant shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein. In these Terms and Conditions, the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Adjustment Spread**” means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) (in the case of a Successor Rate for which no such recommendation referred to in (a) above has been made or in the case of an Alternative Reference Rate) the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in a reasonable manner) (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (c) (if no such customary market usage is recognised or acknowledged as referred to in (b) above) the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in a reasonable manner) (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be);

“**Alternative Reference Rate**” means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in a reasonable manner) is most comparable to the relevant Reference Rate;

“**Applicable Law**” has the meaning given to it in the Fiscal Agency Agreement;

“**Benchmark Event**” means, in respect of a Reference Rate:

- (a) such Reference Rate ceasing to be published for a period of at least five London business days or ceasing to exist;
- (b) a public statement by the administrator of such Reference Rate that it has ceased or that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate);
- (c) a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued;
- (d) a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences;
- (e) a public statement or publication of information by the regulatory supervisor of the administrator of the Reference Rate, the central bank for the Specified Currency specified in the relevant Final Terms of the Reference Rate, an insolvency official with jurisdiction over the administrator of the Reference Rate, a resolution authority with jurisdiction over the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the

administrator of the Reference Rate has ceased or will cease to publish the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate);

- (f) the making of a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (g) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using such Reference Rate,

provided that the Benchmark Event shall be deemed to occur (i) in the case of sub-paragraphs (b), (c) and (e) above, on the date of the cessation of publication of such Reference Rate or the discontinuation of such Reference Rate, as the case may be, (ii) in the case of sub-paragraph (d) above, on the date of the prohibition of use of such Reference Rate and (iii) in the case of sub-paragraph (f) above, on the date with effect from which such Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**Broken Amount(s)**” has the meaning given in the relevant Final Terms;

“**Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Business Day**” means:

- (a) in the case of Euros, a TARGET Settlement Day;
- (b) in the case of a Specified Currency other than Euros, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; or
- (c) in the case of a Specified Currency or one or more Business Centre(s) specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar

month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that*:

- (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“Calculation Amount” has the meaning given in the relevant Final Terms;

“Clearstream” means Clearstream Banking S.A.;

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Terms and Conditions or the relevant Final Terms and:

- (a) if **“Actual/Actual (ICMA)”** is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **“30/360”** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y¹” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y²” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M¹” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M²” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D¹” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D¹ will be 30; and

“D²” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D¹ is greater than 29, in which case D² will be 30”;

- (f) if “**30E/360**” or “Eurobond Basis” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D¹ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**DTC**” means The Depository Trust Company;

“**Euro Exchange Date**” means the date on which the Issuer gives notice (the “**Euro Exchange Notice**”) to the Noteholders that replacement Notes denominated in Euros are available for exchange;

“**Euroclear**” means Euroclear Bank SA/NV;

“**External Indebtedness**” means all obligations, and Guarantees in respect of obligations, for money borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of the Issuer;

“**Extraordinary Resolution**” has the meaning given in Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*);

“**Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Guarantee**” means in relation to any indebtedness, any guarantee or indemnity given by the Issuer in respect of such indebtedness or any arrangement having the same or substantially the same effect;

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser of recognised standing and with appropriate expertise, in each case appointed by the Issuer at its own expense;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms;

“Issue Date” has the meaning given in the relevant Final Terms;

“London business day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are generally open for business in London;

“Margin” has the meaning given in the relevant Final Terms;

“Maturity Date” has the meaning given in the relevant Final Terms;

“Participating Member State” means a Member State of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty;

“Payment Business Day” means:

- (a) if the currency of payment is Euros, any day which is:
 - (i) a day on which banks and foreign exchange markets are open for business in the place in which the specified office of the relevant Registrar is located; and
 - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Financial Centre; or
- (b) if the currency of payment is not Euros, any day which is:
 - (i) a day on which banks and foreign exchange markets are open for business in the place in which the specified office of the relevant Registrar is located; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Financial Centre;

“Person” means any individual, company, corporation, firm, partnership, limited liability company, limited joint venture, association, joint stock company, unincorporated organisation, trust or other judicial entity, including, without limitation, ministry, department, any state or agency or political subdivision thereof or any other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (a) in relation to Euros, it means the principal financial centre of such Participating Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Public External Indebtedness” means External Indebtedness of the Issuer which is in the form of, or represented by, bonds, notes or other securities and which is, or may be, quoted, listed or ordinarily purchased and sold on any international stock exchange, automated trading system, over-the-counter securities market or other international securities market;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Terms and Conditions and the relevant Final Terms;

“Redemption Amount” has the meaning given in the relevant Final Terms;

“**Reference Banks**” means the four major banks selected by the Issuer or an appointed agent on its behalf in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the relevant Final Terms;

“**Reference Rate**” has the meaning given in the relevant Final Terms;

“**Regular Period**” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount plus any accrued interest having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Nominating Body**” means, in respect of a reference rate:

- (a) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the reference rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof;

“**Relevant Screen Page**” means the page, section or other part of a particular information service specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Reserved Matter**” has the meaning given to it in Condition 17.5 (Reserved Matters);

“**Restricted Notes**” means Notes offered and sold within the United States in reliance on Rule 144A under the Securities Act to persons who are qualified institutional buyers as defined in Rule 144A under the Securities Act;

“**Security Interest**” means any mortgage, charge, pledge, lien, or other security interest including, without limitation, anything having an equivalent effect to any of the foregoing under the laws of any jurisdiction;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Interest Payment Date**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Fiscal Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Successor Rate**” means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body;

“**TARGET System**” means the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System 2 or any successor thereto;

“**TARGET Settlement Day**” means any day on which the TARGET System is open;

“**Treaty**” means the Treaty establishing the European Communities, as amended; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

2.2 Interpretation

In these Terms and Conditions:

- (a) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Terms and Conditions;
- (b) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Terms and Conditions;
- (c) references to Notes being “outstanding” shall be construed in accordance with the Fiscal Agency Agreement; and
- (d) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

3. Form, Denomination and Title

The Notes are issued in registered form in the Specified Denomination(s) shown in the relevant Final Terms, without interest coupons, *provided that*:

- (a) the Specified Denomination(s) shall not be less than €100,000 or its equivalent in another currency;
- (b) interests in the Restricted Notes shall be held in amounts of not less than U.S.\$200,000 or its equivalent in other currencies; and
- (c) Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (as amended) will have a minimum denomination of £100,000 (or its equivalent in another currency).

Title to the Notes shall pass by registration in the relevant registers that the Issuer shall procure to be kept by the Registrars outside the United Kingdom in accordance with the provisions of the Fiscal Agency Agreement (each, a “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

4. Transfers of Notes

4.1 Transfer

One or more Notes may be transferred, in whole or in part in the Specified Denominations set out in the applicable Final Terms and subject to the minimum transfer amounts specified therein, upon the surrender (at the specified office of the relevant Registrar or any Transfer Agent) of the relevant Note or Notes, together with the form of transfer endorsed on such Note or Notes (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the relevant Registrar or the relevant Transfer Agent (as applicable) may reasonably require, including for the purposes of establishing title to the relevant Note, and the identity of the person making the request. In the case of a transfer of part only of a holding of a Note, a new Note shall be issued to the transferee in respect of the part transferred and a further new Note in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the relevant Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. A copy of the current regulations will be made available by the relevant Registrar or any Transfer Agent to any Noteholder upon request.

4.2 Delivery

Each new Note to be issued pursuant to Condition 4.1 (*Transfer*) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Note for exchange. Delivery of the new Note(s) shall be made at the specified office of the relevant Registrar or the relevant Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Registrar or the relevant Transfer Agent the costs of such other method of delivery and such insurance as it may specify. In this Condition 4.2, “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Registrar or the relevant Transfer Agent (as the case may be).

4.3 No Charge

Transfers of Notes shall be effected without charge by or on behalf of the Issuer, the Registrars or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and security as the relevant Registrar or the relevant Transfer Agent may require).

4.4 Restrictions on Transfer

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for redemption of, or payment of any interest amount in respect of, that Note.

5. Status

The Notes constitute direct, general, unconditional and (subject to Condition 6 (*Negative Pledge*)) unsecured obligations of the Issuer and the full faith and credit of the Issuer is pledged for the due and punctual payment of principal and interest on the Notes and for the performance of all obligations of the Issuer in respect of the Notes and the Deed of Covenant. The Notes will at all times rank *pari passu* without preference among themselves and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law, *provided however that* the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other unsecured obligations of the Issuer and, in particular, shall have no obligation to pay other unsecured obligations of the Issuer at the same time or as a condition of paying sums due on the Notes and *vice versa*.

6. Negative Pledge

So long as any Note remains outstanding the Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues, to secure (i) any of its Public

External Indebtedness or (ii) any Guarantee of any Public External Indebtedness of any other Person unless the Issuer shall, in the case of the creation of any Security Interest, at the same time or prior thereto, and in any other case, promptly, procure that all amounts payable in respect of the Notes and the Deed of Covenant are secured equally and rateably therewith or that such other security or other arrangement for the Notes is provided as may be approved by an Extraordinary Resolution or a Written Resolution or Electronic Consent (as defined in Condition 17 (*Meetings of Noteholders; Written Resolutions and Electronic Consents*)) in each case in accordance with Condition 17 (*Meetings of Noteholders; Written Resolutions and Electronic Consents*).

7. Fixed Rate Note Provisions

7.1 Application to Fixed Rate Notes

This Condition 7 is applicable to the Notes only if the relevant Final Terms specifies the Fixed Rate Note Provisions as being applicable.

7.2 Rate of Interest for Fixed Rate Notes

The Notes bear interest on the outstanding principal amount from the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on each Interest Payment Date in each year and on the Maturity Date if the Maturity Date does not fall on an Interest Payment Date, subject as provided in Condition 11 (Payments). The amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount(s) so specified.

7.3 Calculation of Interest Amounts for Fixed Rate Notes

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. In these Terms and Conditions “**sub-unit**” means, with respect of any currency other than the U.S. Dollar, the lowest amount of such currency that is available as legal tender in the country of such currency, and with respect to U.S. Dollars means one cent.

8. Floating Rate Note Provisions

8.1 Application to Floating Rate Notes

This Condition 8 is applicable to the Notes only if the relevant Final Terms specifies the Floating Rate Note Provisions.

8.2 Interest Payment Dates

The Notes bear interest on the outstanding principal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (a) the Specified Interest Payment Date(s) (each, an “**Interest Payment Date**”) in each year specified in the relevant Final Terms; or
- (b) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls in the number of months or other period specified as the Specified Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or, as the case may be, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

8.3 Rate of Interest for Floating Rate Notes

The Rate of Interest payable from time to time in respect of the Notes shall be determined in the manner specified in the relevant Final Terms.

(a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) (the “**Relevant Time**”) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations, provided, however that:

(x) if no Reference Rate appears on the Relevant Screen Page at the 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Reference Rates that each of the Reference Banks is quoting to leading banks in the Principal Financial Centre at the Relevant Time on the relevant Interest Determination Date, as determined by the Calculation Agent; and

(y) if paragraph (x) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Reference Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) in respect of a Calculation Amount of the Specified Currency that at least two out of five leading banks selected by the Issuer or appointed agent on its behalf in the Principal Financial Centre are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the relevant Interest Determination Date relating to the next succeeding Interest Period for a period equivalent to the duration of the relevant Interest Period (I) to leading banks carrying on business in Europe, or (if the Issuer or appointed agent on its behalf determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin or Maximum Rate of Interest or Minimum Rate of Interest applicable to the preceding Interest Period and to the relevant Interest Period).

(b) Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent

were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (c) Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the relevant Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Issuer or appointed agent on its behalf shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

8.4 Benchmark Replacement

In addition, notwithstanding the provisions above in Condition 8.3 (*Rate of Interest for Floating Rate Notes*), if the Issuer determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the relevant Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (a) the Issuer shall use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in a reasonable manner), and notify the Calculation Agent and the Fiscal Agent no later than ten London business days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the “**IA Determination Cut-off Date**”), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (b) if the Issuer (acting in a reasonable manner) is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in a reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (c) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8.4 (*Benchmark Replacement*)); provided, however, that if sub-paragraph (b) applies and the Issuer (acting in a reasonable manner) is unable to or does not determine a Successor Rate or an Alternative Reference Rate five Business Days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be determined using such Reference Rate last displayed on the Relevant Screen Page prior to the relevant Interest Determination Date) (subject, where

applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this subparagraph (c) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 8.4 (*Benchmark Replacement*));

- (d) if the Independent Adviser or the Issuer (acting in a reasonable manner) determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (acting in good faith and in a commercially reasonable manner) (as applicable), may also specify changes to these Terms and Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, business days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, if such changes are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in a reasonable manner) (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (acting in a reasonable manner) (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Fiscal Agency Agreement and these Terms and Conditions as may be required in order to give effect to this Condition 8.4 (*Benchmark Replacement*). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Fiscal Agent (if required); and
- (e) the Issuer shall no later than five London business days prior to the relevant Interest Determination Date, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Fiscal Agent and Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Terms and Conditions,

provided that the determination of any Successor Rate or Alternative Reference Rate, and any other related changes to the Notes, shall be made in accordance with Applicable Law.

Notwithstanding any other provision of this Condition 8.4, if in the Calculation Agent and the Fiscal Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 8.4, the Calculation Agent and the Fiscal Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent and the Fiscal Agent in writing as to which alternative course of action to adopt. If the Calculation Agent and the Fiscal Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent and the Fiscal Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

Such Benchmark Amendments shall not impose more onerous obligations on the party responsible for determining the Rate of Interest or expose it to any additional duties or liabilities unless such party consent.

8.5 Minimum and Maximum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

8.6 Calculation of Interest Amounts for Floating Rate Notes

The Calculation Agent will, as soon as reasonably practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, determine the Rate of Interest for the relevant Interest Period

and calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount outstanding of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.7 Calculation Agent

If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as reasonably practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

8.8 Notice

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Fiscal Agent and each listing authority, stock exchange and quotation system (if any) by which the Notes have than been admitted to listing, trading and quotation as soon as reasonably practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders by the Issuer in accordance with Condition 20 (*Notices*). The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

8.9 Notices Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Zero Coupon Note Provisions

9.1 Application for Zero Coupon Notes

This Condition 9 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

9.2 Redemption Amount Improperly Refused

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (a) the Reference Price; and
- (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment), as determined by the Fiscal Agent, or as the case may be, such other Calculation Agent as specified in the Final Terms.

10. Redemption and Purchase

10.1 Final Redemption

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms, subject as provided in Condition 11 (*Payments*).

10.2 Redemption at the option of the Issuer (Call Option)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice each as specified in applicable Final Terms to the Noteholders in accordance with Condition 20 (Notices) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) each as specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (the “**Redeemed Notes**”) will (i) in the case of Redeemed Notes represented by Definitive Note Certificates, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) (to be reflected in the records of Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by Definitive Note Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 20 (Notices) not less than 15 days prior to the date fixed for redemption.

10.3 Purchase

The Issuer may at any time purchase, or procure others to purchase for its account, Notes in the open market or otherwise and at any price. Notes so purchased may be held or resold (*provided that* such resale is outside the United States as defined in Regulation S under the United States Securities Act of 1933, as amended, or, in the case of any Notes resold pursuant to Rule 144A under that Act, is only made in accordance with that Rule and otherwise in compliance with all Applicable Law) or, at the option of the Issuer, surrendered for cancellation in compliance with Condition 10.4 (*Cancellation*). Any Notes so purchased, while held by or on behalf of the Issuer or any Person acting on behalf of the Issuer, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 17 (*Meetings of Noteholders; Written Resolutions and Electronic Consents*).

10.4 Cancellation

All Notes which are submitted for cancellation pursuant to Condition 10.3 (*Purchase*) will be cancelled and may not be reissued or resold. For so long as the Notes are admitted to listing and/or trading on any stock exchange or securities market and the rules of such exchange or market so require, the Issuer shall promptly inform such exchange or market of the cancellation of any Notes under this Condition 10.4 (*Cancellation*).

11. PAYMENTS

11.1 Payments

Payments of principal shall be made only to the person shown on the relevant Register at the close of business on the Record Date (as defined below) and subject to (provided that payment is made in full) surrender (or in the case of part payment only, endorsement) of Notes at the Specified Office of any Paying Agent by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is Euros, any other account to which Euros may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

11.2 Record Date

Payments of interest shall, subject to Condition 11.4 (*Payment Business Day*), be paid to the person shown on the relevant Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in the relevant currency by cheque drawn on a bank and mailed by uninsured post to the holder (or to the first named of joint holders) of such Note at its address appearing in the relevant Register. The holder of such Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of such Notes as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. Upon application by the holder to the specified office of any Paying Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

11.3 Payments Subject to Applicable Laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (Taxation). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

11.4 Payment Business Day

Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for payment not being a Payment Business Day or (ii) if the holder is late in surrendering (where so required) the relevant Definitive Note Certificate.

12. Taxation

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Serbia or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Serbia other than the mere holding of such Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts on surrendering such Note for payment on the last day of such period of 30 days; or
- (c) where (in the case of a payment of principal or interest on redemption) the relevant Note is surrendered for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by surrendering the relevant Note to another Agent in a Member State of the European Union or in the United Kingdom.

13. Events of Default

If any of the following events (each, an “**Event of Default**”) occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount in respect of the Notes when the same becomes due and payable and such failure continues for a period of 15 days; or
- (b) *Breach of other Obligations*: the Issuer defaults in the performance or observance of any of its other obligations under the Notes and such default is incapable of remedy or, if capable of remedy, remains unremedied for 45 days after notice of such default has been given to the Issuer (with a copy to the Fiscal Agent at its Specified Office) by any holder of Notes; or

- (c) *Cross-Acceleration:* (i) the maturity of any Public External Indebtedness of the Issuer is accelerated (other than by optional or mandatory prepayment or redemption), (ii) the Issuer defaults in the payment of any principal of or interest on any of its Public External Indebtedness when and as the same shall become due and payable and such default continues for more than the grace period, if any, originally applicable thereto or, in the case of interest where such grace period does not exceed 30 days, for more than 30 days, or (iii) the Issuer defaults in the payment when due and called upon of any guarantee or indemnity of the Issuer in respect of any Public External Indebtedness of any other Person and such default continues for more than the grace period, if any, originally applicable thereto or, if such grace period does not exceed 30 days, for more than 30 days; *provided that* the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned in this Condition 13(c) shall have occurred equals or exceeds €50,000,000 or its equivalent; or
- (d) *Moratorium:* The Republic of Serbia shall have declared a general moratorium on the payment of principal of, or interest on, all or any part of its Public External Indebtedness unless such moratorium expressly excludes the Notes; or
- (e) *Validity:* The Republic of Serbia or any of its political sub-divisions (on its behalf) repudiates or contests the validity of the Notes or it becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes or all or any of its obligations set out in the Notes shall be, or shall become, unenforceable or invalid; or
- (f) *IMF Membership:* The Republic of Serbia ceases to be a member, or becomes ineligible to use the resources, of the International Monetary Fund (IMF),

then the holders of not less than 25 per cent. in the aggregate outstanding principal amount of the Notes may, by written notice to the Issuer (with a copy to the Fiscal Agent at its Specified Office), declare the Notes due and payable immediately. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer. Upon any declaration of acceleration, the principal, interest and all additional amounts payable on the Notes will become immediately due and payable on the date the Issuer receives written notice of the declaration. No delay or omission of any Noteholder shall impair any such right or remedy or constitute a waiver of any such Event of Default.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate outstanding principal amount of the Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent at its Specified Office), whereupon the relevant declaration shall be withdrawn and shall have no further effect, but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Terms and Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

14. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

15. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Replacement Agent (as defined in the Fiscal Agency Agreement), subject to all Applicable Law and listing authority, stock exchange or quotation system requirements (if any), upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

16. Agents

16.1 Agents of the Issuer

In acting under the Fiscal Agency Agreement and in connection with the Notes, the Fiscal Agent and the other Agents act solely as agents of the Issuer. The Fiscal Agent does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

16.2 Requirements to Maintain Agents

The initial Fiscal Agent, Paying Agent, Transfer Agent, FX Agent and Registrars and their respective initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and to appoint a successor Fiscal Agent, Paying Agent, Transfer Agent, European Registrar, U.S. Registrar, FX Agent or Calculation Agent and additional or successor agents; provided, however, that:

- (a) the Issuer shall at all times maintain a Fiscal Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (c) if and for so long as the Notes are admitted to listing, trading or quotation, by any listing authority, stock exchange or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such listing authority, stock exchange or quotation system;
- (d) (in the case of any Notes the Specified Currency of which is not U.S. Dollars and all or some of such Notes are represented by a Global Note which has been deposited with a custodian for DTC) the Issuer shall at all times for so long as such Notes remain outstanding maintain a FX Agent; and
- (e) the Issuer shall maintain at least one Registrar whose Specified Office shall be outside the United Kingdom.

Notice of any change in any of the Agents or their respective Specified Offices shall promptly be given to the Noteholders.

17. Meetings of Noteholders; Written Resolutions and Electronic Consents

17.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

- (a) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Fiscal Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (b) The Issuer will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 17.9 (Notes controlled by the Issuer)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Fiscal Agent or the Issuer, as the case may be) setting out the purpose of the meeting. The Issuer will agree the time and place of the meeting promptly. The Issuer or the Fiscal Agent on behalf of the Issuer, as the case may be, will notify the Noteholders (with a copy to the Fiscal Agent or the Issuer, as the case may be) within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (c) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by the Issuer.

- (d) The notice convening any meeting will specify, inter alia:
- (i) the date, time and location of the meeting;
 - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
 - (iii) the record date for the meeting, which shall be no more than five London business days before the date of the meeting;
 - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
 - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
 - (vi) whether Condition 17.2 (Modification of this Series of Notes only), or Condition 17.3 (Multiple Series Aggregation – Single limb voting), or Condition 17.4 (Multiple Series Aggregation – Two limb voting) shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (viii) such information that is required to be provided by the Issuer in accordance with Condition 17.6 (*Information*);
 - (ix) the identity of the Aggregation Agent (as defined in Condition 18 below) and the calculation agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 17.7 (*Claims valuation*); and
 - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions and Electronic Consents. All information to be provided pursuant to paragraph (d) of this Condition 17.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.
- (f) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (j) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 17 and Condition 18 (*Aggregation Agent; Aggregation Procedures*) or

provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

17.2 Modification of this Series of Notes only

- (a) Any modification of any provision of, or any action in respect of, these Terms and Conditions, the Fiscal Agency Agreement and/or the Deed of Covenant in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (b) A “**Single Series Extraordinary Resolution**” means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) by a majority of:
 - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes held by Noteholders present in person or represented by proxy; or
 - (ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes held by Noteholders present in person or represented by proxy.
- (c) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
 - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
 - (ii) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

17.3 Multiple Series Aggregation – Single limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, *provided that* the Uniformly Applicable condition is satisfied.
- (b) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple

Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
- (e) The “**Uniformly Applicable**” condition will be satisfied if:
 - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert or substitute their debt securities, on the same terms, for (A) the same new instrument and/or other consideration or (B) a new instrument, new instruments and/or other consideration from an identical menu of instruments or other consideration; or
 - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).
- (f) It is understood that a proposal under paragraph (a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected Series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and, the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected Series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected Series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 17.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

17.4 Multiple Series Aggregation – Two limb voting

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:
 - (i) at least $66\frac{2}{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

- (c) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
- (i) at least $66\frac{2}{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.
- (e) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 17.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

17.5 Reserved Matters

In these Terms and Conditions, “**Reserved Matter**” means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest (other than any variation arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Notes) or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution, an Electronic Consent or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution”, “Electronic Consent” or “Multiple Series Two Limb Written Resolution”;
- (e) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (f) to change the definition of “Uniformly Applicable”;
- (g) to change the definition of “outstanding” as set out in the Fiscal Agency Agreement or to modify the provisions of Condition 17.9 (*Notes controlled by the Issuer*);

- (h) to change the legal ranking of the Notes;
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 13 (*Events of Default*);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of Proceedings, as set out in Condition 24 (*Governing Law and Jurisdiction*);
- (k) to modify the provisions of this Condition 17.5;
- (l) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; and
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Terms and Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Terms and Conditions as so modified being less favourable to the Noteholders which are subject to the Terms and Conditions as so modified than:
 - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

17.6 Information

Prior to or on the date that the Issuer proposes any Extraordinary Resolution, Written Resolution or Electronic Consent pursuant to Condition 17.2 (*Modification of this Series of Notes only*), Condition 17.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 18.8 (*Manner of publication*) and provide the Fiscal Agent with the following information:

- (a) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (c) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 17.1(d)(vii).

17.7 Claims valuation

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 17.3 (*Multiple Series Aggregation – Single limb voting*) and Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a calculation agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed calculation agent, promulgate the methodology in accordance with which such calculation agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a calculation agent is appointed, the same person will be appointed as the calculation agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

17.8 Manifest error, etc.

The Notes, these Terms and Conditions, the Deed of Covenant and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

17.9 Notes controlled by the Issuer

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) and (c) Condition 13 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means the National Bank of Serbia, any department, ministry or agency of the government of the Republic of Serbia or any corporation, trust, financial institution or other entity owned or controlled by the government of the Republic of Serbia or any of the foregoing; and
- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution or Electronic Consent, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 18.5 (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution or vote in respect of any Electronic Consent. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

17.10 Publication

The Issuer shall publish all Extraordinary Resolutions, Written Resolutions and Electronic Consents which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 18.8 (*Manner of publication*).

17.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions or Electronic Consents which have been duly passed and which modify any provision of, or action in respect of, the Terms and Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

17.12 Written Resolutions and Electronic Consents

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a Global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the “**relevant clearing system(s)**”), then the approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures:

- (a) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders; or
- (b) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:
 - (i) in respect of a proposal pursuant to Condition 17.2 (*Modification of this Series of Notes only*), the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;
 - (ii) in respect of a proposal pursuant to Condition 17.3 (*Multiple Series Aggregation – Single limb voting*), the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); or
 - (iii) in respect of a proposal pursuant to Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), (x) the persons holding at least $66\frac{2}{3}$ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of (i), (ii) and (iii), each an “**Electronic Consent**”) shall, for all purposes (including Reserved Matters) take effect as (A) a Single Series Extraordinary Resolution (in the case of (i) above), (B) a Multiple Series Single Limb Extraordinary Resolution (in the case of (ii) above) or (C) a Multiple Series Two Limb Extraordinary Resolution (in the case of (iii) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders (in the case of a proposal pursuant to Condition 17.2 (*Modification of this Series of Notes only*)) or holders of each affected Series of Debt Securities capable of Aggregation (in the case of a proposal pursuant to Condition 17.3 (*Multiple Series Aggregation – Single Limb Voting*) or Condition 17.4 (*Multiple Series Aggregation – Two Limb Voting*)) to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Consent Date**”) by which they must be received in order for such consents to be validly

given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Consent Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the “**Proposer**”) so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders (in the case of a proposal pursuant to Condition 17.2 (*Modification of this Series of Notes only*)) or holders of each affected Series of Debt Securities Capable of Aggregation (in the case of a proposal pursuant to Condition 17.3 (*Multiple Series Aggregation – Single Limb Voting*) or Condition 17.4 (*Multiple Series Aggregation – Two Limb Voting*)) that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders (in the case of a proposal pursuant to Condition 17.2 (*Modification of this Series of Notes only*)) or holders of each affected Series of Debt Securities Capable of Aggregation (in the case of a proposal pursuant to Condition 17.3 (*Multiple Series Aggregation – Single Limb Voting*) or Condition 17.4 (*Multiple Series Aggregation – Two Limb Voting*)) that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to Relevant Consent Date shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any Global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (d) of Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

18. Aggregation Agent; Aggregation Procedures

18.1 Appointment

The Issuer will appoint an aggregation agent (the “**Aggregation Agent**”) to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Terms and Conditions or the Deed of Covenant or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions and/or equivalent bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

18.2 Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Terms and Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

18.3 Written Resolutions

If a Written Resolution has been proposed under these Terms and Conditions to modify any provision of, or action in respect of, these Terms and Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

18.4 Electronic Consents

If approval of a resolution proposed under the terms of these Terms and Conditions to modify any provision of, or action in respect of, these Terms and Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

18.5 Certificate

For the purposes of Condition 18.2 (*Extraordinary Resolutions*), Condition 18.3 (*Written Resolutions*) and Condition 18.4 (*Electronic Consents*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 17.2 (*Modification of this Series of Notes only*), Condition 17.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution and, with respect to an Electronic Consent, the date arranged for voting on the Electronic Consent.

The certificate shall:

- (a) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 17.9 (*Notes controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

18.6 Notification

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 18 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

18.7 Binding nature of determinations; no liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 18 by the Aggregation Agent and any calculation agent appointed pursuant to Condition 17.7 (*Claims valuation*) will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or such calculation agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

18.8 Manner of publication

The Issuer will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 17 (*Meetings of Noteholders; Written Resolutions and Electronic Consents*), this Condition 18 and Condition 13 (*Events of Default*):

- (a) through Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) and/or any other clearing system in which the Notes are held;
- (b) in such other places and in such other manner as may be required by Applicable Law; and
- (c) in such other places and in such other manner as may be customary.

19. Further Issues and Consolidation

The Issuer may from time to time, without notice to or the consent of the Noteholders and in accordance with the Fiscal Agency Agreement, create and issue further notes having the same terms and conditions as the Notes of a particular Series in all respects (or in all respects except for the issue price, issue date and first payment of interest) so as to form a single series with the Notes of the particular Series, *provided that*, unless such further notes are fungible with the original Notes for U.S. federal income tax purposes, such further notes will be issued with a separate CUSIP and ISIN. The Fiscal Agency Agreement contains provisions for convening a single meeting of the Noteholders of a particular Series and the holders of Notes of other Series.

20. Notices

Notices required to be given to the Noteholders pursuant to these Terms and Conditions shall be mailed to them at their respective addresses in the relevant Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to Noteholders pursuant to these Terms and Conditions shall also be published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

21. Currency Indemnity

If any Noteholder receives or recovers any amount in a currency other than that in which the relevant payment is expressed to be due (the “**Contractual Currency**”) (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction) in respect of any sum expressed to be due to it from the Issuer that amount will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the relevant Noteholder under the Notes, the Issuer will indemnify such Noteholder against any loss sustained by it as a result on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to

the Specified Office of the Fiscal Agent or any Paying Agent. In any event, the Issuer will indemnify the relevant Noteholder against the cost of making any such purchase.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. Rounding

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in these Terms and Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 per cent., being rounded up to 0.00001 per cent), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up) and (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. Redenomination

23.1 Redenomination

This Condition 23 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.

23.2 Redenomination Date

If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Fiscal Agent and the Noteholders, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

23.3 Calculation of Redenominated Notes

Notwithstanding the other provisions of these Terms and Conditions, with effect from the Redenomination Date:

- (a) the Notes shall be deemed to be redenominated into Euros in the denomination of Euros 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euros at the rate for conversion of such currency into Euros established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); *provided, however, that*, if the Issuer determines, with the agreement of the Fiscal Agent that the then market practice in respect of the redenomination into Euros 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange or quotation system (if any) by which the Notes have then been admitted to listing, trading or quotation and the Fiscal Agent of such deemed amendments;
- (b) if Notes have been issued in definitive form:
 - (i) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 23) shall remain in full force and effect; and
 - (ii) new Notes denominated in Euros will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- (c) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub division of the Euros, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euros by cheque drawn on, or by credit or transfer to a Euros account (or any other account to which Euros may be credited or

transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.

23.4 Calculation of Interest on redenominated Definitive Note Certificates

Following redenomination of the Notes pursuant to this Condition 23, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount outstanding of the Notes held by the relevant holder.

23.5 Change of Interest Determination Date

If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

24. Governing Law and Jurisdiction

24.1 Governing Law

The Notes (including any non-contractual obligations arising out of or in connection with the Notes) are governed by, and shall be construed in accordance with, English law.

24.2 Jurisdiction

The Issuer agrees for the benefit of the Noteholders that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings arising out of or in connection with the Notes (“**Proceedings**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

24.3 Appropriate Forum

For the purposes of Condition 24.2 (*Jurisdiction*), the Issuer has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agreed not to claim that any such court is not a convenient or appropriate forum.

24.4 Service of Process

The Issuer agrees that the process by which any Proceedings are commenced in England pursuant to Condition 24.2 (*Jurisdiction*) may be served on it by being delivered to the Ambassador of the Republic of Serbia to the Court of St. James’s at 28 Belgrave Square, London SW1X 8QB, or lacking such Ambassador, the chargé d’affaires at the Embassy of the Republic of Serbia. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall appoint a further Person in England to accept service of process on its behalf.

24.5 Enforcement of Judgments; Waiver of Immunity

The Issuer agrees that any final judgment in any Proceedings commenced in a court to the jurisdiction of which the Issuer is or may be subject may be enforced in that or any other such court by appropriate proceedings and if and to the extent that the Issuer may in respect of any Proceedings be entitled to claim for itself or its assets immunity from jurisdiction, suit, enforcement, execution, attachment (whether in aid of execution of a judgment, before judgment or award or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Issuer irrevocably consents to the enforcement of any judgment or award and agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of the jurisdiction, subject to the provisions of Condition 24.6 (*Waiver of Immunity – Exclusions*). Notwithstanding the foregoing, the Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of, or in, the United States of America under any United States federal or state securities law.

24.6 Waiver of Immunity – Exclusions

Notwithstanding any of the provisions of Condition 24.5 (*Enforcement of Judgments; Waiver of Immunity*), the Issuer does not waive any immunity in respect of any present or future: (i) “**premises of the mission**” as defined in the Vienna Convention on Diplomatic Relations signed in 1961; (ii) “**consular premises**” as defined in the Vienna Convention on Consular Relations signed in 1963; (iii) assets that cannot be in commerce; (iv) military property or military assets and buildings, weapons and equipment designated for defence, state and public security; (v) receivables the assignment of which is restricted by law; (vi) natural resources, common use items, grids in public ownership, river basin land and water facilities in public ownership, protected natural heritage in public ownership and cultural heritage in public ownership; (vii) real estate in public ownership which is, partly or entirely, used by the authorities of the Republic of Serbia, autonomous provinces or local self-government for the purpose of exercising their rights and duties; (viii) the state’s, autonomous province’s or local government’s stocks and shares in companies and public enterprises, unless the relevant entity consented to the establishment of a pledge over such stocks or shares; (ix) movable or immovable assets of health institutions, unless a mortgage was established based on the Government’s decision; (x) movable or immovable assets that are used by the authorities of the Republic of Serbia for conducting their competencies; (xi) monetary assets and financial instruments determined as financial collateral in accordance with the law regulating financial collateral including monetary assets and financial instruments which are pledged in accordance with such law; or (xii) other assets exempt from enforcement by law or international treaties.

25. Rights of Third Parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [MiFID II] [Directive 2014/65/EU (as amended, “**MiFID II**”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification - In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Notes as [prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]/[].]²

Final Terms dated [●]

THE REPUBLIC OF SERBIA
REPRESENTED BY THE GOVERNMENT OF THE REPUBLIC OF SERBIA, ACTING BY AND
THROUGH THE MINISTRY OF FINANCE

Legal entity identifier (LEI): 254900W94OCY91V32078

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

² For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Part A
Contractual Terms

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base Offering Memorandum dated 27 April 2026 [and the supplement[s] to it dated [insert date of supplement] [and [insert date of supplement]]] ([together,] the “**Base Offering Memorandum**”). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Base Offering Memorandum [as so supplemented] in order to obtain all the relevant information. The Base Offering Memorandum has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base Offering Memorandum dated [6 June 2024/18 January 2023/20 November 2020] which is incorporated by reference in the Base Offering Memorandum dated 27 April 2026. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Offering Memorandum dated 27 April 2026 [and the supplement[s] to it dated [●] [and [●]]] ([together,] the “**Base Offering Memorandum**”) including the Conditions incorporated by reference in the Base Offering Memorandum. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Offering Memorandum. The Base Offering Memorandum has been published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

1	Issuer:	The Republic of Serbia, represented by the Government of the Republic of Serbia, acting by and through its Ministry of Finance
2	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount of Notes:	
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
	[(iii)] Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date].]
5	Issue Price:	[●] per cent., of the Aggregate Nominal Amount [plus accrued interest from [●]] (if applicable)
6	(i) Specified Denomination(s):	[●]
	(ii) Calculation Amount:	[●]
7	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	[[●]/Interest Payment Date falling on or nearest to [●]]

(Note: under Serbian law as at the date of the Base Offering Memorandum, no Notes may be issued under the Programme unless the

minimum maturity thereof is at least two years as from the relevant date of issue)

- 9 Interest Basis: per cent. Fixed Rate]
 +/- per cent. Floating Rate]
 Zero Coupon]

- 10 Payment Basis: [Redemption at par]
Redemption Amount:

- 11 Date approval for issuance of Notes obtained:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 12 Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Rate[(s)] of Interest: per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- Interest Payment Date(s): in each year [adjusted in accordance with /not adjusted]
- Fixed Coupon Amount[(s)]: per Calculation Amount
- Broken Amount(s): per Calculation Amount payable on the Interest Payment Date falling [in/on]
- Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
- Interest Determination Date(s): in each year
- 13 **Floating Rate Note Provisions:** [Applicable/Not Applicable]
- Specified Interest Period(s):
- Specified Interest Payment Dates:
- First Interest Payment Date:
- Business Day Convention: [FRN Convention/Floating Rate Convention/Eurodollar Convention/Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/Not Applicable]
- Business Centre(s):
- Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):

Screen Rate Determination:

- Reference Rate: EURIBOR
- Interest Determination Date(s): [•]
- Relevant Screen Page: [•]
- Reference Banks: [•]

ISDA Determination:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]

Margin(s): [+/-][•] per cent. per annum

Minimum Rate of Interest: [•] per cent. per annum

Maximum Rate of Interest: [•] per cent. per annum

Day Count Fraction: [Actual/365 / Actual/Actual(ISDA) / Actual/365(Fixed) / Actual/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / Actual/Actual(ICMA)]

Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long Interest Period*)]

14 Zero Coupon Note Provisions: [Applicable/Not Applicable]

Accrual Yield: [•] per cent. per annum

Reference Price: [•]

PROVISIONS RELATING TO REDEMPTION

15 Issuer Call Option: [Call Option Applicable]

[Issuer Residual Call Option Applicable – If, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Series issued, the Issuer may, having given not less than the minimum period of notice as specified in item 15(d) below (or, if none is so specified, ten days' notice) nor more than the maximum period of notice specified in item 15(d) below (or, if none is so specified, 60 days' notice) to the Noteholders in accordance with Condition 20 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes then outstanding on any Optional Redemption Date specified in item 15(a) below as being applicable to an Issuer Residual Call Option at par together,

if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date]

[Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): [Call Option: [●]]
[Issuer Residual Call Option: [Any day from and including the Issue Date to but excluding the Maturity Date/[●]]]
- (b) Optional Redemption Amount(s) of each Note: [[●]per Calculation Amount]
[Not Applicable]
(select not applicable if only Issuer Residual Call Option is applicable)
- (c) If redeemable in part (in respect of Call Option only): [Not Applicable]
(select not applicable if only Issuer Residual Call Option is applicable)
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (d) Notice periods: Minimum period: [●] days³
Maximum period: [●] days

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 16 Financial Centre(s): [Not Applicable/[●]]
- 17 Redenomination: [Applicable/Not Applicable]
- 18 Calculation Agent: [●]

LISTING AND ADMISSION TO TRADING APPLICATION

Application has been made to the London Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from [●]. These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange of the Notes described herein pursuant to the Global Medium Term Note Programme of the Republic of Serbia.

[THIRD PARTY INFORMATION]

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

³ A minimum of five business days' notice is required by the Clearing Systems from an operational perspective.

Signed on behalf of the Issuer:

Dated: [●]

By:

Duly authorised

**Part B –
Other Information**

1 LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UK Financial Conduct Authority and admitted to trading on the London Stock Exchange’s Main Market with effect from [●].

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading: [●]

2 RATINGS

Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[S & P: [●]]

[Moody’s: [●]]

[Fitch: [●]]

[Other: [●]]

[Not Applicable]

[A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The rating agenc[y/ies] above [has/have] published the following high-level description[s] of such rating[s]:

- A rating of [] by Moody’s is described by it as indicating [].
- A rating of [] by S&P is described by it as indicating [].
- A rating of [] by Fitch is described by it as indicating [].]

[[Each of]/[Insert credit rating agency] is established in the [European Union]/[United Kingdom] and is registered under Regulation (EC) No. 1060/2009 [(as amended or superseded) (the “**CRA Regulation**”)]/ [as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA**”

Regulation”)] (Amend / include further information as appropriate)]

or

[[Each of]/[Insert credit rating agency] is not established in the [European Union]/[United Kingdom] and has not applied for registration under Regulation (EC) No. 1060/2009 [(as amended or superseded) (the “**CRA Regulation**”)]/ [as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”)] (Amend / include further information as appropriate)]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4 REASONS FOR THE OFFER

Reasons for the offer:

[●] / [Green/Social/Sustainable Bonds: an amount equal to the net proceeds of the issue of the Notes will be used to finance and/or re-finance Eligible Green Expenditures or Eligible Social Expenditures]

See [“Use of Proceeds” in Base Offering Memorandum and the Issuer’s Sustainable Finance Framework]

[Fixed Rate Notes only – YIELD

Indication of yield:

[●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5 OPERATIONAL INFORMATION

ISIN Code (Reg S Notes):

[●]

ISIN Code (Rule 144A Notes):

[●]

Common Code (Reg S Notes):

[●]

Common Code (Rule 144A Notes):

[●]

CUSIP (Rule 144A Notes in DTC):

[●]

Any clearing system(s) other than [DTC,] Euroclear Bank SA/NV and Clearstream

[Not Applicable/give name(s) and number(s)]

Banking S.A. and the relevant identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

6 DISTRIBUTION

Method of distribution: [Syndicated/Non-syndicated]

If syndicated, names of Managers: [Not Applicable/*give names*]

Date of Subscription Agreement: [•]

Stabilising Manager(s) (if any): [Not Applicable/*give name*]

If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]

US Selling Restrictions: Regulation S Compliance Category 1; [Rule 144A]; TEFRA not applicable

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)

SUMMARY OF PROVISIONS RELATING TO NOTES IN GLOBAL FORM

The Global Notes

Each Series will be issued in registered form and evidenced on issue by a Global Note.

Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in an Unrestricted Global Note which will be deposited on issue with a Common Depository for Euroclear and/or Clearstream, Luxembourg and registered in the name of a nominee for a Common Depository in respect of interests held through Euroclear and Clearstream, Luxembourg.

Notes offered and sold in reliance on Rule 144A will be represented by interests in a Restricted Global Note which will be either (i) registered in the name of Cede & Co. as nominee for, and deposited with the Custodian for DTC, in respect of interests held through DTC or (ii) deposited on issue with a Common Depository for Euroclear and/or Clearstream, Luxembourg and registered in the name of a nominee for a Common Depository in respect of interests held through Euroclear and Clearstream, Luxembourg.

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the fiscal agency agreement dated 20 November 2020 relating to the Notes (as may be amended or supplemented from time to time, the “**Fiscal Agency Agreement**”) and, with respect to a Restricted Global Note, as set forth in Rule 144A and the Restricted Notes will bear the legends set forth thereon regarding such restrictions set forth under “*Transfer Restrictions*”.

Any beneficial interest in an Unrestricted Global Note that is transferred to a person who takes delivery in the form of an interest in a Restricted Global Note will, upon transfer, cease to be an interest in that Unrestricted Global Note and become an interest in the corresponding Restricted Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in that Restricted Global Note for as long as it remains such an interest. Any beneficial interest in a Restricted Global Note that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note will, upon transfer, cease to be an interest in that Restricted Global Note and become an interest in that Unrestricted Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes but the relevant Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes in definitive form (the “**Definitive Note Certificates**”).

The Notes are not issuable in bearer form.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that they represent, some of which modify the effects of the Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date.

The record date shall be:

- (i) except in the case of Notes cleared through DTC, on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January;
- (ii) in the case of Notes cleared through DTC where the Specified Currency is U.S. Dollars, on the DTC business day before the due date for payment thereof, where “**DTC business day**” means any day on which DTC and banking institutions in the city of New York, New York are open for business; and

- (iii) in the case of Notes cleared through DTC where the Specified Currency is a currency other than U.S. Dollars, on the fifteenth DTC business day before the due date for payment thereof.

Where a Restricted Global Certificate is deposited with a Custodian for DTC and payments are due in a Specified Currency other than U.S. Dollars, payments of principal and interest in respect of Notes registered in the name of, or in the name of a nominee for, DTC, will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions:

Holders of interests in the Restricted Global Certificate must, if they wish to receive payments in the relevant Specified Currency, make an election to such effect in accordance with DTC's procedures then in effect, by no later than the third DTC business day after the record date for the relevant payment, as specified in subparagraph (iii) above. Any such holder who makes such an election shall be paid the relevant Specified Currency amounts by wire transfer to a bank account in such Specified Currency which must be designated by such holder for such purpose.

Holders of interests in the Restricted Global Certificate who do not make an election to receive payments in the relevant Specified Currency as provided above shall in lieu of such Specified Currency payments instead receive an amount in U.S. Dollars determined in accordance with the following provisions:

- (i) the relevant Specified Currency amount shall be converted by the FX Agent into U.S. dollars in the manner provided in the Fiscal Agency Agreement; and
- (ii) the Fiscal Agent, after the FX Agent has converted amounts in such Specified Currency into U.S. Dollars in accordance with the Fiscal Agency Agreement, will cause the U.S. Paying Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment, all in accordance with DTC's procedures then in effect.

The FX Agent through its foreign exchange desk may exchange U.S. Dollars with the Specified Currency at a base rate adjusted by a spread, each component determined by the foreign exchange desk in its absolute discretion. The rate of exchange will be adjusted by local fees, taxes and forward points (if applicable).

Notices

So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices required to be given to the Noteholders pursuant to the Terms and Conditions may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Terms and Conditions of the Notes *provided however, that*, notices required to be given to Noteholders pursuant to the Terms and Conditions shall also be published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

Meetings

The holder of each Global Note will be treated as being one person for the purposes of any quorum requirements of, or have the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each 1,000 units of the currency in which the relevant Notes are denominated as comprise the principal amount of Notes for which the relevant Global Note may be exchangeable.

Purchase and Cancellation

Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

Exchange for Definitive Note Certificates

Exchange

Notes initially represented by an Unrestricted Global Note are exchangeable for Unrestricted Definitive Note Certificates, and Notes initially represented by a Restricted Global Note are exchangeable for Restricted

Definitive Note Certificates, in each case in whole, but not in part, and free of charge to the Holder, in the following circumstances:

- (i) in the case of a Restricted Global Note held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Note or ceases to be a “clearing agency” registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC, by the Holder giving notice to the relevant Registrar or a Transfer Agent;
- (ii) if the Unrestricted Global Note, or any Restricted Global Note not held by or on behalf of DTC, is held by or on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the Holder giving notice to the relevant Registrar or a Transfer Agent; or
- (iii) an Event of Default occurs.

The Issuer shall notify the Noteholders of the occurrence of any of the events specified above as soon as practicable thereafter.

On or after the Exchange Date (defined below), the holder of the relevant Global Note may surrender such Global Note to or to the order of the relevant Registrar. In exchange for the relevant Global Note, as provided in the Fiscal Agency Agreement, the relevant Registrar will deliver, or procure the delivery of, an equal aggregate amount of duly executed and authenticated Definitive Note Certificates in or substantially in the form set out in the relevant schedule to the Fiscal Agency Agreement.

The relevant Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Note Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

“**Exchange Date**” means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the relevant Registrar or a Transfer Agent is located.

Delivery of Definitive Note Certificates

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Note Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity and/or security as the relevant Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Note Certificates to be executed and delivered to the relevant Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the relevant Registrar with a written order containing instructions and such other information as the Issuer and the relevant Registrar may require to complete, execute and deliver such Notes and, in the case of a Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Note Certificates issued in exchange for a beneficial interest in a Restricted Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*”.

Legends

The holder of a Definitive Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the relevant Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Restricted Definitive Note Certificate bearing the legend referred to under “*Transfer Restrictions*”, or upon specific request for removal of the legend on a Restricted Definitive Note Certificate, the Issuer will deliver only Restricted Definitive Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the relevant Registrar such satisfactory

evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer and the relevant Registrar that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

USE OF PROCEEDS

General

Unless otherwise specified in the applicable Final Terms for a particular issue of Notes, the net proceeds from each issue of Notes will be applied by the Issuer toward funding its budget deficit.

Other use of proceeds that may be specified in connection with a specific issue of Notes include refinancing or repaying outstanding indebtedness, applying the proceeds for financing investment projects and funding other financing needs of the Issuer. The exact details of the application of any proceeds that are not used to fund the budget deficit will be set out in the relevant Final Terms.

Green, Social or Sustainable Bonds

Where the “Reasons for the offer” in Part B of the applicable Final Terms for a particular issue of Notes are stated to be “Green, Social or Sustainable Bonds: an amount equal to the net proceeds of the issue of the Notes will be used to finance and/or re-finance Eligible Green Expenditures or Eligible Social Expenditures (as applicable)”, an amount equal to the net proceeds from each such issue of Green, Social or Sustainable Bonds will be used as described below.

The Issuer has published a Sustainable Finance Framework dated 4 June 2024, which is available on the following website: <http://www.javnidug.gov.rs/eng/default.asp> (as updated, supplemented, amended or replaced from time to time, the “**Sustainable Finance Framework**”) in accordance with guidelines specified in the 2021 edition of the Green Bond Principles, the 2023 edition of the Social Bond Principles and the 2021 edition of the Sustainability Bond Guidelines, all published by the International Capital Market Association (“**ICMA**”), and the 2023 edition of the Green Loan Principles, the 2023 edition of the Social Loan Principles, both published by the Loan Market Association (“**LMA**”).

In accordance with the Sustainable Finance Framework, the Issuer intends to apply an amount equivalent to the net proceeds of any such issue of Green, Social or Sustainable Bonds to finance and/or re-finance new and existing expenditures aimed at promoting Serbia’s transition to a low-carbon, climate resilient and ecological economy as well as contributing to United Nations Sustainable Development Goals.

In order to be eligible, the expenditures must fall within at least one of the Green Categories (“**Eligible Green Expenditures**”), or the expenditures must fall within at least one of the Social Categories (“**Eligible Social Expenditures**”), set out in the Sustainable Finance Framework. The Green Categories currently comprise: (i) Renewable Energy; (ii) Energy Efficiency; (iii) Transport; (iv) Sustainable Water and Wastewater Management; (v) Pollution Prevention and Control and Circular Economy; and (vi) Protection of the Environment and Biodiversity and Sustainable Agriculture. The Social Categories currently comprise: (i) Access to Essential Services – Education, (ii) Access to Essential Services – Healthcare, (iii) Socioeconomic Advancement and Empowerment, and (iv) Food security and sustainable food systems.

Eligible Green Expenditures and Eligible Social Expenditures may include capital expenditures, operational expenditures, tax expenditures, subsidies and transfers. The Eligible Green Expenditures and Eligible Social Expenditures are considered in the budget of the Government of Serbia.

Reporting

The Issuer commits to publishing a report providing investors and the public with transparent disclosure on the allocation of proceeds to Eligible Green Expenditures or Eligible Social Expenditures, as well as on the results and positive environmental or social impact of those expenditures (the “**Sustainable Finance Report**”). The Sustainable Finance Report will be published on an annual basis, as long as there is outstanding Green, Social or Sustainable Bonds in issue, until the proceeds of each Tranche of Green, Social or Sustainable Bonds have been fully allocated. The Sustainable Finance Report will be published online at: <http://www.javnidug.gov.rs/>.

Assurance

Second Party Opinion (pre-issuance)

ISS ESG as an external reviewer has reviewed the Sustainable Finance Framework and provided an independent Second Party Opinion (“**SPO**”) to confirm its alignment with guidelines specified in the 2021 edition of the

Green Bond Principles, the 2023 edition of the Social Bond Principles and the 2021 edition of the Sustainability Bond Guidelines, all published by the ICMA, and the 2023 edition of the Green Loan Principles, the 2023 edition of the Social Loan Principles, both published by the LMA. The independent SPO is published online at: <http://www.javnidug.gov.rs/>.

The Sustainable Finance Framework and the SPO, and any of the above reports, verification assessments or contents of any of the above websites, are not incorporated in, and do not form part of, this Base Offering Memorandum, and none of them is a recommendation to buy, sell or hold any Notes.

Annual Audit (post-issuance)

The Issuer will engage an independent external verifier to provide assurance on the allocation reports in order to ensure sustainable conformity of the issued Green, Social or Sustainable Bonds with the Sustainable Finance Framework. Assurance will be sought annually until full allocation of proceeds, and the results will be published alongside the respective reporting. Assurance will be sought annually until full allocation of proceeds, and the results will be published alongside the respective reporting.

For more information see “*Risk factors – Risks related to the Notes Generally – In respect of any Notes issued as Green, Social or Sustainable Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*”.

DESCRIPTION OF SERBIA

Geography and Population



Serbia is located in the central part of the Balkan Peninsula and occupies an area of approximately 88,361 square kilometres. By virtue of its geographic position, it controls some of the major land routes between Western Europe and Türkiye and the Near East. The roads through its river valleys make up the shortest link between Western and Central Europe, on the one side, and the Middle East, Asia and Africa, on the other. Serbia is bordered by eight other countries: to the East by Bulgaria, to the North East by Romania, to the North by Hungary, to the West by Croatia, Montenegro and Bosnia and Herzegovina and to the South by Albania and North Macedonia.

Serbia consists of 29 administrative districts and two autonomous provinces, Vojvodina in the north and Kosovo and Metohija in the south. Belgrade is the capital city and the administrative, economic and cultural centre of Serbia, and is where the Government and its agencies are located.

As of 31 December 2025, Serbia has an estimated total population of 6.57 million, a decline of 0.6 per cent. from the estimated total population in 2024. Based on the final results of the 2022 Census, Serbia has a total population of approximately 6.6 million (excluding Kosovo and Metohija as this is treated as a separate statistical area according to UN Resolution 1244, as defined below). The highest population concentration is in Belgrade, with approximately 1.7 million people, representing approximately 25 per cent. of the national total, according to the final results of the 2022 Census. Other cities have much smaller populations.

The majority of the population in Serbia are ethnic Serbians, whilst the national minorities consist of Hungarians, Roma and Bosniaks. There are also a significant number of other nationalities and ethnic groups within Serbia, which include Slovaks, Croats, Montenegrins, Vlachs, Romanians, Macedonians, Bulgarians, Albanians and Bunjevci.

The official language of Serbia is Serbian, which uses the Cyrillic alphabet. A significant majority of the population speaks Serbian, with Albanian being spoken in Kosovo and Metohija and Hungarian being spoken in Vojvodina. The main religion in Serbia is Orthodox Christianity. The Serbian Orthodox Church became autocephalous in 1219 and has played a large role historically in the evolution of national Serbian identity. Romanians, Bulgarians and a majority of the Roma population are also Orthodox Christian, although other religious communities exist in Serbia, including Islamic, Catholic, Protestant and Jewish communities.

Historical Background

Serbia's statehood dates back to the early Middle Ages, reaching its medieval peak under Tzar Stefan Dusan in the 14th century. After centuries of Ottoman and Austro-Hungarian rule, Serbia began its modern statehood with the Serbian revolution in 1804, gaining autonomy in 1830 and international recognition as an independent state in 1878. Following territorial expansion in the late 19th and early 20th centuries, Serbia became part of

the Kingdom of Serbs, Croats, and Slovenes (later Yugoslavia) after World War I, and later a republic within socialist Yugoslavia after World War II.

The 1980s saw rising separatist and nationalist tensions in Yugoslavia. Between 1991 and 1992, Slovenia, Croatia, Bosnia and Herzegovina, and North Macedonia seceded, leaving Serbia and Montenegro to form the Federal Republic of Yugoslavia (“**FRY**”) in 1992. In 1997, the so-called Kosovo Liberation Army began armed actions seeking the secession of Kosovo and Metohija from the FRY, leading to armed conflict from 1998 to 1999. The North Atlantic Treaty Organisation (“**NATO**”) intervened with a 78-day bombing campaign (“**NATO bombing campaign**”) from March to June 1999, after which the United Nations Interim Administration Mission in Kosovo (“**UNMIK**”) was established under United Nations Security Council Resolution 1244 (“**UN Resolution 1244**”). Since June 1999, Kosovo and Metohija has been under interim international administration by UNMIK, with provisional self-government defined by UNMIK Regulation 2001/9, pending a final political settlement as provided by UNSCR 1244. This UN Special Representative of the Secretary-General, head of the UNMIK mission, pursuant to powers vested in him under the UNSCR 1244, promulgated Constitutional Framework for Provisional Self-Government in Kosovo (UNMIK Regulation 2001/9 of 15 May 2001), thereby clearly prescribing the scope and nature of the competences of the Provisional Institutions of Self-Government in Priština, to be in force up until the conclusion of a political agreement on the status of Kosovo and Metohija, as laid down in the UNSCR 1244. Prior to the NATO bombing campaign, many European countries severed relations with Serbia. However, relations were re-established with many of these countries after federal elections in 2000. On 5 October 2000, President Slobodan Milošević conceded defeat in federal elections, largely due to Serbian protests in support of the opposition alliance, the Democratic Opposition of Serbia, led by Vojislav Kostunica, who then became President, and Zoran Djindjić, who was elected Prime Minister in December 2000.

In 2002, the former FRY Government established a commission to assist in co-operation with the International Criminal Tribunal for the former Yugoslavia (“**ICTY**”) under Resolution 827 of the U.N. Security Council. The commission began serving arrest warrants for those seeking refuge in Serbia who had been indicted for war crimes during the Yugoslav conflict in the 1990s. See “*Description of Serbia – Foreign Relations – Co-operation with the ICTY*”.

In March 2002, each of Serbia and Montenegro signed the Belgrade Agreement, creating a joint State Union of Serbia and Montenegro (the “**State Union**”). The Belgrade Agreement provided for each of Serbia and Montenegro to hold a referendum on whether to maintain the State Union three years after its creation. In May 2006, Montenegro voted for full independence by a majority of 55.4 per cent. of participating voters. Montenegro declared its independence on 3 June 2006. Thereafter, the Assembly changed the name of the country to the Republic of Serbia. A referendum was held on 28-29 October 2006 to approve the new Constitution of Serbia (the “**Constitution**”), which came into force on 8 November 2006.

Acting in breach of the powers vested with them under the Constitutional Framework for Provisional Self-Government (“**PISG**”) in so-called Kosovo, on 17 February 2008, the Kosovo Albanian members of the assembly constituted in Priština pursuant to the Constitutional Framework for Provisional Self-Government in Kosovo (UNMIK Regulation 2001/9 of 15 May 2001) passed a declaration of independence from Serbia, purporting to establish a so-called Kosovo. On the following day, the Parliament of Serbia confirmed the Government’s decision to annul said Unilateral Declaration of Independence, reaffirming, inter alia, fundamental principles and norms of the UN Charter guaranteeing the sovereignty and territorial integrity of independent states within their internationally recognised borders, and the UNSCR 1244 explicitly stipulating that Kosovo and Metohija forms an integral part of Serbia, and “the commitment of all the states to its sovereignty and territorial integrity.”

On 15 August 2008, Serbia submitted a request to the UN General Assembly to adopt a resolution requesting the opinion of the International Court of Justice (“**ICJ**”) on the legality of the unilaterally declared independence in regard to the so-called Kosovo. On 8 October 2008, the UN General Assembly responded positively by adopting Resolution 63/3 and requested the ICJ to provide an advisory opinion. On 22 July 2010, the ICJ delivered an opinion (the “**ICJ Opinion**”) that the unilateral declaration of independence of 17 February 2008 did not violate any applicable rule of international law given that general international law contains no prohibition on declarations of independence, and moreover, since the declaration was not issued by the PISG (the local administrative bodies in Kosovo and Metohija established by UNMIK), nor was it an act intended to take effect, or actually taking effect, within the legal framework under which the PISG operated, its “authors”

were not bound by the same framework governing the PISG powers and responsibilities. The court explicitly did not address the legal consequences of the declaration, nor whether so-called Kosovo held the status of an independent state. On 9 September 2010, the UN General Assembly acknowledged the content of the advisory opinion of the ICJ and welcomed the readiness of the European Union to facilitate a process of the Dialogue between the parties “as a factor for peace, security and stability in the region, aiming to promote co-operation, progress on the path to the European Union and improvement of living conditions of the people”. The purpose and role of the EU and of the Dialogue is not to resolve the matter of status of Kosovo and Metohija, but to facilitate talks and contribute to stabilisation.

The Government of Serbia declared its commitment to legally and politically uphold and defend Serbia’s sovereignty in Kosovo and Metohija. The EU-facilitated and UN-supported Dialogue between Belgrade and Priština has taken place since March 2011. However, discussions were stalled and tensions heightened, in the wake of disputes in the autumn of 2011, and were next further delayed following Serbia’s 2012 elections. Belgrade and Priština resumed their Dialogue in the autumn of 2012, following which the then Prime Minister of Serbia and the PISG Prime Minister signed the agreement on behalf of Belgrade and Priština on 19 April 2013 setting out the principles for governing the normalisation of relations, The First Agreement Governing Normalisation of Relations between Belgrade and Pristina (the “**First Agreement**”). The First Agreement provides for the establishment of the Community of the Serbian Municipalities in the Serbian-majority municipalities of Kosovo and Metohija and lays down that the local elections in the northern municipalities would be conducted in line with international standards. It also establishes the framework for integrating the police forces, security structures and judicial authorities of Belgrade operating in the northern municipalities with the equivalent structures of the PISG. Similarly, it creates mutual obligations between Belgrade and Priština that neither side will block, or encourage others to block, the other side’s progress in their respective EU path. These points were reaffirmed in the Government’s report on the negotiations, ratified by the Serbian parliament on 26 April 2013. The Serbian government established a committee tasked with planning the implementation of the First Agreement. This plan was adopted by the Serbian government on 27 May 2013. During 2013, 2014 and 2015 agreements on civil protection and justice were agreed.

Since 2011, a total of 54 agreements have been reached between Belgrade and Priština. Starting from 2014, Serbia has been fulfilling all of its obligations as stipulated under the First Agreement, and other agreements concluded within the Dialogue, continuing to act as a reliable, co-operative and proactive party throughout the Dialogue.

However, a series of setbacks caused the talks between Belgrade and Priština to come to another standstill in October 2018. In particular, relations suffered after the PISG raised customs duties on goods from Serbia and Bosnia and Herzegovina to 100 per cent. Next, the tensions inflated when the assembly of so-called Kosovo unilaterally approved the transformation of the “Kosovo Security Force” into a “Kosovo Army” and established a “Defence Ministry”, in violation of the UNSCR 1244, the Military Technical Agreement, also known as the Kumanovo Agreement (1999) and also the First Agreement (2013), thus damaging relations and increasing the threat to regional stability.

Seeking to promote economic relations, in 2020, successful talks held between Belgrade and Priština with assistance of the United States, resulted in the signing of a commercial letter of intent on establishing a direct Belgrade-Priština special air route (to be operated by the German carrier Lufthansa) with the aim of extending opportunities for business and co-operation. Equally, on 14 February 2020, US-sponsored efforts resulted in the signing of the Statement of Intent to establish a Belgrade-Priština Rail Corridor, and the Statement of Intent to complete the Belgrade-Priština Highway, with the objective of restoring rail and road connections between Belgrade and Priština. However, on 15 March 2020, the PISG Assembly adopted a resolution authorising the PISG government to hold talks with Belgrade and ensure “mutual recognitions of Kosovo and Serbia, with a full guarantee of the territorial integrity of so-called Kosovo”.

Customs duties imposed in 2018 were partially lifted (for raw materials only) on 21 March 2020, after the United States suspended economic assistance to so-called Kosovo. This partial lifting was followed by the PISG’s decision passed on 2 April 2020, to abolish the 100 per cent. customs duties and instead introduce “reciprocal” measures on trading with central Serbia and Bosnia and Herzegovina. Soon after, so-called Kosovo further tightened and extended its barriers for goods and products coming from central Serbia. In response, the Serbian Government, as well as the US Special Presidential Envoy for the Serbia-Kosovo Peace Negotiations,

stated that these reciprocity measures simply represent the continuation of the previous tariff policy by other means, and called for the removal of these barriers to trade.

Following the annulment of the “reciprocal” measures on movements of goods from Serbia, and pursuant to the appointment of a new PISG government in Priština, the Dialogue between Belgrade and Priština resumed with high-level and technical (expert) meetings held in July and August 2020, followed by two rounds of the technical level discussions held on 5 and 6 September 2020. These discussions were mainly focused on economic co-operation and the Internally Displaced Persons (“IDPs”) and the missing persons. Another high-level meeting was held on 7 September 2020, to further discuss respective positions on the missing persons, IDPs and economic co-operation. At the same meeting, issues pertaining to financial claims, property assets and the Community of Serbian Municipalities (“CSM”) were also raised and discussed. Despite the previously agreed agenda that included presentation of the draft Statute of the CSM, Priština did not engage in any talks on this aspect. In the matters of property and financial claims, on 10 December 2020, another round of talks was held in Brussels, at the technical level. The positions of Belgrade and Priština, whilst more aligned in certain aspects, were not resolved, due to the divergence in the principles for their resolution.

In the area of energy industry, discussed within the Dialogue, on 20 April 2020, the European Network of Energy Transmission System Operators (“ENTSO-E”) approved an agreement between so-called Kosovo’s Transmission System Operator (“KOSTT”) and ENTSO-E (representing 39 electricity transmission system operators from 35 countries across Europe, including Serbia) (the “**KOSTT Connection Agreement**”). The grounds for objection were Priština’s non-observance of what had been agreed within the Dialogue and to issue operation licences to the Serbian company “Elektrosever”, in accordance with the First Agreement, the Energy Arrangement from 2013 and the Conclusions of the EU Facilitators from 2015. According to EMS, Priština had failed to comply with its share of obligations by undertaking the necessary steps to ensure implementation of all provisions of the arrangement and conclusions of EU facilitators, primarily those related to the registration, incorporation and licensing of the Serbian energy companies “Elektrosever” and “EPS Trade” for the business activities agreed within the EU-facilitated Dialogue. Following the conclusion of these agreements, Elektrosever began working intensively with legal entities and individual consumers in northern Kosovo and Metohija to expedite the signing of contracts with end users.

In September 2020, a decision was made by the authorities in Priština to change an earlier 2018 Administrative Instruction that allowed for the registration of vehicles with status-neutral “KS” licence plates. The new approach replaced these plates with “RKS” licence plates, which are not considered status-neutral. This move raised concerns regarding the adherence to the 2011 Agreement on Freedom of Movement, which was established in Brussels. Additionally, there have been instances where restrictions on the free movement of individuals, including pilgrims and other visitors intending to travel to Serbia’s southern province, have been reported. These restrictions have imposed bans on certain Serbian officials, without substantial justification. Priština is in violation of this agreement by regularly imposing bans on visits for certain Serbian officials without providing any rationale, even those with cultural or religious purpose, despite these visits being announced in a timely manner and in accordance with the procedures provided for in the agreement.

Similarly, in the area of judiciary, Priština refused to discuss or deal with its failure to comply with the agreement on harmonising the composition of the adjudicating panels sitting at the Special Division of the so-called Court of Appeals in Priština. Priština refuses to recognise and enforce all decisions of Serbian Courts that had previously functioned in Kosovo and Metohija until 16 September 2017, which was stipulated as a commitment for PISG in Priština under the Validity Appeal document of July 2013, agreed within EU-facilitated Dialogue.

The Dialogue between Belgrade and Priština was largely deadlocked during 2021, between February and June 2021 due to a change of the PISG in the Priština government in February 2021, following the parliamentary elections. Key posts in the PISG in the Priština executive branch were filled by politicians who hold an opposing stance regarding the Dialogue with Belgrade, which led to a standstill in the talks for a while. However, Priština’s position significantly shifted once the president of the PISG was elected, which was followed by the constitution of all of the executive bodies of the PISG in the province. Thereafter, Priština accepted participation in the resumed Dialogue.

The first meeting in 2021 took place on 15 June, following a standstill of over six months. During this initial session, both sides reached a preliminary understanding and began discussions on the fate of missing persons and ways to improve the security situation in Kosovo and Metohija. The security environment had significantly

deteriorated during the interim, adversely affecting Serbian citizens, the Serbian Orthodox Church and its property, as well as monuments of Serbian cultural and spiritual heritage.

Subsequent discussions on these issues continued at technical and high-level meetings held on 7 July and 19 July 2021. Throughout these meetings, Belgrade consistently emphasised the need for full implementation of all previously reached agreements within the dialogue, particularly those related to establishing the Community of Serb Municipalities (CSM). Additionally, Belgrade urged the EU facilitators to take immediate action to address the escalating ethnically-motivated violence against Serbs in Kosovo and Metohija – a trend that intensified following the assumption of power by Albin Kurti's government in Priština.

The initial reluctance of Priština to recognise the legitimacy of previously established agreements resulted in increased tensions. However, there was a notable shift in stance, and during a meeting on 7 July 2021, the delegation from Priština ceased to question the validity of the agreements made prior to 14 February 2021, acknowledging the importance of their implementation.

Progress was evident during the talks between Belgrade and Priština, which were facilitated by the United States and organised by US Special Presidential Envoy Richard Allen Grenell in Washington on 4 September 2020. At this meeting, both sides signed separate documents expressing their intention to pursue economic normalisation.

Under the 4 September 2020 Washington arrangements, Belgrade and Priština agreed to co-operate with the U.S. International Development Finance Corporation (DFC) and the U.S. Exim Bank on infrastructure and economic projects, including the Peace Highway, rail links between Priština–Merdare and Niš–Priština, and expanded SME financing, alongside opening a regional DFC office in Belgrade. They also committed to protecting religious freedom and sites, enforcing judicial decisions concerning Serbian Orthodox Church property, addressing missing persons cases and pursuing durable solutions for refugees and IDPs.

In December 2022, Belgrade, the EU, and the United States intensified diplomatic efforts to find a peaceful resolution to the crisis. In 2023, tensions escalated further as Priština continued unilateral actions, including refusal to implement the CSM, attempts to enforce vehicle re-registration, and the organisation of snap local elections in northern municipalities with a Serbian majority. These elections, held on 23 April 2023, saw a turnout of only 3.47 per cent. due to a Serbian boycott, yet Albanian representatives assumed power in these municipalities. These actions, combined with ongoing property disputes and restrictions on Serbian political participation, led to protests, clashes with special police forces and violent incidents, including an isolated incident with fatalities in Banjska.

In response to the escalating situation and numerous ethnically motivated incidents – such as arbitrary arrests, movement restrictions, and punitive economic measures – EU Member States issued a Joint Statement on 3 June 2023, calling for urgent de-escalation. Despite these appeals, Priština continued its unilateral measures, deepening insecurity amongst the Serbian population and contributing to the displacement of more than 20 per cent. of Serbs and other non-Albanian residents by the end of 2025.

Despite the ongoing tensions, some constructive measures were taken, such as agreements on energy distribution between Elektrosever and KEDS facilitated by the EU and Belgrade, and Belgrade's unilateral easing of vehicle movement into central Serbia. However, Priština maintained restrictive policies, including banning the use of the Serbian dinar and closing Serbian institutions, which undermined the implementation of previously agreed Dialogue frameworks. The situation in early 2024 remained tense, with Priština's policies continuing to impact the livelihoods and political representation of Serbs, whilst Belgrade and the EU emphasised the necessity of dialogue and compromise to achieve long-term stability and normalisation of relations.

Since 2024 and throughout 2025, relations between Serbia and the so-called Kosovo have remained tense, with EU-facilitated dialogue continuing intermittently but producing limited substantive progress. Core issues, including the establishment of the Community/Association of Serb-Majority Municipalities (CSM), and freedom of movement remain unresolved. However, thanks to Belgrade's commitment and its readiness to treat the issue of resolving the fate of missing persons primarily as a humanitarian matter, limited but important progress has been achieved in this area. As a result of such an approach, the Joint Commission on Missing Persons was established on 22 January 2026.

In 2025, the PISG authorities in Pristina repeatedly announced and postponed the introduction of unilateral measures related to new regulations on foreigners and vehicles, ultimately confirming their implementation as of 15 March 2026. These measures are expected to significantly worsen the situation for the Serbian and other non-Albanian populations in Kosovo and Metohija, further encouraging displacement from the region. The new regulations require all individuals whom Priština classifies as “foreigners” – namely, those without so-called Kosovo documents – to register their residence within the PISG system. Additionally, they impose restrictions on the use of motor vehicles with licence plates issued by Serbian authorities, even when such vehicles are used with the registered owner’s authorisation, affecting those who hold Kosovo documents as well.

These measures will directly impact more than 10,000 citizens of Serbia residing or working in Kosovo and Metohija, as well as over 250,000 internally displaced persons and their descendants who were forced to leave the province after the 1999 conflict.

The implementation of these policies would seriously disrupt daily life and essential public services. In particular, they would undermine the operation of Serbia-run healthcare and educational institutions, as well as the activities of the Serbian Orthodox Church. The functioning of the University of Priština (temporarily located in Kosovska Mitrovica), Serbian health centres and religious institutions would be jeopardised, and access to higher education would be restricted. These measures also risk separating families, undermining family life, violating fundamental human and civil rights, preventing the sustainable return of internally displaced persons and their descendants, and further deteriorating the security and demographic situation in the region.

Despite persistent tensions between the parties, the Serbian Government underscores that implementation of the First Agreement, particularly regarding the CSM, is essential for normalising relations, as the Community forms the backbone of most agreements reached through EU- and U.S.-supported dialogues. The Government maintains that lasting peace and stability in the region can be achieved only through dialogue, compromise and constructive engagement within the EU-facilitated and US-supported process. To this end, the Government remains committed to resolving all open issues and is convinced that compromise-based agreements would represent a positive step towards achieving lasting stability in the region. These uncertainties, including potential setbacks in Serbia’s EU accession prospects, remain key risk factors for the country’s political and economic stability. See *“Risk Factors – Risks Associated with Serbia’s Economy – Serbia may not become a member of the EU in the near to medium-term or at all”* and *“Risk Factors – Risks Associated with Serbia’s Economy – The uncertainties surrounding the relations with so-called Kosovo may have a negative effect on the political and economic conditions in Serbia”*.

The Constitution and Government Structure

The Constitution defines Serbia as an independent state and establishes the autonomy of its two autonomous provinces, Vojvodina and Kosovo and Metohija. The Constitution specifies the President as the Commander-in-Chief of Serbia’s armed forces and grants full independence to the National Bank. The Constitution divides power between (i) the executive branch, comprising the Government and the President, (ii) the legislative branch, consisting of the Assembly, and (iii) the judicial branch. The three branches have separate but equal powers and the judiciary is fully independent.

Executive Branch

The Government

The Government is led by the Prime Minister, who has a mandate, subject to approval by a majority vote of the Assembly, to determine the composition of the Government, which is made up of Deputy Prime Ministers and Ministers. Amongst its main roles, the Government proposes laws to the Assembly for adoption, expresses its opinion on laws proposed to the Assembly by other bodies, directs, co-ordinates and monitors the work of state administrative bodies, adopts regulations and other general acts necessary for the enforcement of laws and is responsible for the enforcement of law. The Government is accountable to the Assembly and is required to submit a report at least once a year, either upon the request of the Assembly or of its own initiative.

On 17 December 2023, Serbia held snap parliamentary elections, just 20 months after the last election. The elections brought the Serbian Progressive Party victory where the Serbian parliament is marked by the overwhelming majority of the ruling coalition with Serbian Progressive Party holding 129 seats, Socialist Party

of Serbia holding 65 seats and the national minority parties only holding 12 seats out of 250 seats in the Assembly. On 2 May 2024, a new Government of Serbia was formed, with the appointment of Miloš Vučević as Prime Minister. On 19 March 2025, Miloš Vučević resigned as Prime Minister following a sustained campaign of student-led demonstrations sparked by the collapse of a railway station canopy in Novi Sad in November 2024 which resulted in the death of 16 people. The protests, initially demanding accountability and safety reforms, broadened into wider criticism of government performance and calls for political change. On 6 April 2025, President Aleksandar Vučić nominated Đuro Macut as Prime Minister and his appointment was confirmed on 15 April 2025, when the National Assembly elected him to lead the new government following a parliamentary vote of confidence.

In February 2026, 62 members of the National Assembly of Serbia filed a motion of no confidence in the Government. Subsequent parliamentary sessions scheduled to consider the motion were adjourned for failure to achieve the required quorum. As at the date of this Base Offering Memorandum, no date for the vote has been confirmed, but the Government expects it may be scheduled at some point during May 2026. There can be no assurance as to the outcome of any such vote. See “*Risk Factor – Political instability or a change in government could have a negative effect on Serbia’s economy*”.

The following table lists the current principal officials of the current cabinet of the Government:

Name	Position
Đuro Macut	Prime Minister
Siniša Mali	First Deputy Prime Minister and Minister of Finance
Ivica Dačić	Deputy Prime Minister and Minister of the Interior
Sara Pavkov	Deputy Prime Minister and Minister of Environmental Protection
Adrijana Mesarović	Deputy Prime Minister and Minister of the Economy
Dragan Glamočić	Minister of Agriculture, Forestry and Water Management
Aleksandra Sofronijević	Minister of Construction, Transport and Infrastructure
Dubravka Đedović Handanović	Minister of Mining and Energy
Jagoda Lazarević	Minister of Domestic and Foreign Trade
Nenad Vujić	Minister of Justice
Snežana Paunović	Minister of Public Administration and Local Self-Government
Demo Beriša	Minister for Human and Minority Rights and Social Dialogue
Bratislav Gašić	Minister of Defence
Marko Đurić	Minister of Foreign Affairs
Nemanja Starović	Minister of European Integration
Dejan Vuk Stanković	Minister of Education
Zlatibor Lončar	Minister of Health
Milica Đurđević Stamenkovski	Minister for Labour, Employment, Veteran and Social Affairs
Jelena Žarić Kovačević	Minister for Family Care and Demography
Zoran Gajić	Minister of Sport
Nikola Selaković	Minister of Culture
Milan Krkobabić	Minister of Rural Welfare
Béla Bálint	Minister of Science, Technological Development and Innovation

Name	Position
Husein Memić	Minister of Tourism and Youth
Boris Bratina	Minister of Information and Telecommunications
Darko Glišić	Minister for Public Investment
Novica Tončev	Minister without portfolio
Đorđe Milićević	Minister without portfolio
Usame Zukorlić	Minister without portfolio
Nenad Popović	Minister without portfolio
Tatjana Macura	Minister without portfolio

Source: The Government.

The current cabinet consist of 31 ministers, including five ministers without portfolio.

The President

The President of Serbia is elected through direct elections, by secret ballot, for a five-year term and may not serve more than two terms under the Constitution. The President is the Commander-in-Chief of Serbia's armed forces and, following the election of a new Government, proposes a candidate for Prime Minister to the Assembly. The President has authority to: (i) with a written explanation, return a proposed law to the Assembly for further consideration if he deems that the law does not accord with the Constitution or conflicts with ratified international treaties or generally accepted rules of international law; that relevant law-making procedures were not followed; or that the law does not regulate the relevant matter in the appropriate manner; (ii) dismiss the Assembly, if proposed by the Government; (iii) declare laws by decree; (iv) post and recall ambassadors; (v) appoint, promote and dismiss officers of Serbia's armed forces; and (vi) grant amnesties and award honours. The most recent presidential election was held on 17 December 2023. The Serbian Progressive Party candidate, Aleksandar Vučić, won 41.6 per cent. of the total vote.

The next presidential election is due to be held by 31 December 2027.

Legislative Branch

The Assembly

The Assembly is the supreme representative body of the constitutional and legislative power in Serbia. The Assembly is the unicameral parliament of Serbia and consists of 250 deputies elected in direct elections to serve four-year terms. Under the Constitution, parliamentary elections are required to be called by the President 90 days before the end of the Assembly term, in order that the elections may be held within the following 60 days.

The Assembly elects the Government and is responsible for the following appointments: (i) the Governor and Vice-Governors of the National Bank and the Governor's Council; (ii) Serbia's Ombudsman (responsible for protecting the rights of citizens and monitoring administrative institutions, agencies and legal entities entrusted with public power); and (iii) one third of the Constitutional Court judges and other members of the judiciary. The Assembly makes a final decision on the election or dismissal of judges and public prosecutors, but it only acts upon the recommendation of the High Judicial Council and High Prosecutorial Council (see "*The Judiciary – Judicial reform*"), court presidents and public prosecutors. The Assembly also has the authority to proclaim a state of war. Amongst its other constitutional and legislative powers, the Assembly: (i) passes laws, amendments and addenda to the Constitution; (ii) approves the Budget and annual financial statements; (iii) approves the state security and defence strategy; (iv) maintains civil control over the armed forces and state security services; and (v) ratifies international agreements pursuant to the Constitution.

In order to propose a law, the proposing person or entity is required to submit the draft law in the form in which the law is intended to be adopted together with an explanation of the law and a statement certifying that (i) the draft law has been harmonised with EU legislation; (ii) there is no obligation to harmonise the draft law with EU legislation; or (iii) the draft law cannot be harmonised with EU legislation. In addition to this, an estimate

of the financial effects of any draft legislation submitted to the Assembly that may potentially increase the deficit is to be provided.

The following table shows the current composition of parliamentary groups in the National Assembly of the Republic of Serbia, as published on the official website of the National Assembly. The “Aleksandar Vučić – Serbia Must Not Stop” Parliamentary Group is the largest group, holding 110 seats in the 250-seat National Assembly. There are additionally 18 MPs who are not members of any parliamentary group.

Parliamentary Group	No. of seats	Share of total seats (%)
Aleksandar Vučić – Serbia Must Not Stop	110	44.00
Ivica Dačić – Socialist Party of Serbia (SPS)	12	4.80
Party of Freedom and Justice	12	4.80
People’s Movement of Serbia – New Face of Serbia	12	4.80
Green–Left Front – Don’t Let Belgrade D(r)own	10	4.00
New DSS and Monarchists – NADA	10	4.00
Democratic Party – DS	8	3.20
Serbia Centre – SRCE	8	3.20
Alliance of Vojvodina Hungarians	6	2.40
Movement of Free Citizens (PSG) – Party of Democratic Action of Sandžak (SDA Sandžak) – Party for Democratic Action (PDD)	6	2.40
PUPS – Solidarity and Justice	6	2.40
Social Democratic Party of Serbia	6	2.40
WE – Voice from the People	6	2.40
Dragan Marković Palma – United Serbia	5	2.00
Ecological Uprising	5	2.00
Healthy Serbia – Movement of Socialists	5	2.00
We – Power of the People – Prof. Dr Branimir Nestorović	5	2.00
MPs not members of any parliamentary group	18	7.20
Total	250	100

Source:

The

Assembly

The Judiciary

Judicial system

Serbia’s judiciary operates under a civil law system, with independence guaranteed by Article 4 of the Constitution and the separation of powers between the legislative, executive, and judicial branches. Courts are divided into general and specialised jurisdictions. General courts include the Supreme Court, Appellate Courts, High Courts, and Basic Courts. The Supreme Court, as the court of the highest instance, ensures the uniform application of laws, resolves jurisdictional conflicts, and acts as a court of cassation, reviewing appeals from the Appellate Courts. Appellate Courts, located in Belgrade, Niš, Novi Sad, and Kragujevac, hear appeals from High and Basic Courts and conduct joint sessions to harmonise case law. Basic Courts serve as courts of first instance for criminal offences punishable by fines or imprisonment up to ten years, civil litigation, enforcement, and non-litigious matters. High Courts review appeals from Basic Courts, handle conflicts of jurisdiction, conduct extradition proceedings, and enforce foreign court judgments.

Specialised courts include 16 Commercial Courts, the Commercial Appellate Court in Belgrade, 44 Misdemeanour Courts, one Misdemeanour Appellate Court with departments in Kragujevac, Niš, and Novi Sad, and the Administrative Court, with units in Belgrade, Novi Sad, Niš, and Kragujevac, which handles matters such as customs, taxes, elections, pensions, and market regulation. Serbia also has special departments for organised crime and corruption, as well as war crimes prosecution within the High Court in Belgrade. These departments address serious criminal offences, including money laundering, human trafficking, bribery, and crimes against the state, and were further strengthened by the 2016 Law on Organisation and Competence of State Authorities in Suppression of Organised Crime, Terrorism and Corruption.

The Constitutional Court, an independent and autonomous body, protects the Constitution, human and minority rights, resolves jurisdictional disputes between state bodies, and reviews the constitutionality of laws and other normative acts. Decisions of the Constitutional Court are final and binding, and the European Court of Human Rights recognises its redress as an effective remedy. The Constitutional Court is composed of 15 judges who conduct hearings in public sessions.

Serbia has undertaken comprehensive reforms to enhance judicial independence, transparency, efficiency, and professionalism. The 2021 constitutional amendments, together with the adoption of a complete set of judicial

laws in February 2023, improved the selection, appointment, promotion, transfer, and termination of judges and prosecutors, while guaranteeing their permanence and material independence. The High Judicial Council and High Prosecutorial Council oversee judicial independence, ethical conduct, and accountability, while the Judicial Academy provides initial and continuous training for judges and prosecutors.

Additional reforms include the introduction of mediators and public enforcement officers, which has strengthened enforcement procedures and reduced case backlogs. Digitalisation initiatives, including an electronic court bulletin board and the ICT System Development Strategy in the Judiciary, aim to improve efficiency, accessibility, and transparency. Reforms in infrastructure, alternative dispute resolution, and enforcement procedures, alongside continuous professional development, seek to strengthen impartiality, integrity, legal certainty, and access to justice in line with European standards.

Judicial reform

The Government of Serbia has undertaken comprehensive reforms to strengthen the independence, impartiality, expertise, and efficiency of the judiciary, enhancing legal certainty and the rule of law in line with European and international standards, including the protection of human and minority rights. The National Judicial Reform Strategy (“NJRS”) approved in 2013 led to a series of constitutional amendments reviewed by the Venice Commission, with the Assembly adopting the proposals in June 2021 and confirmation by referendum in January 2022. Following this, the Ministry of Justice, in coordination with domestic and international stakeholders, developed and finalised a full set of judicial laws, including the Law on Judges, Law on the Organisation of Courts, Law on the High Judicial Council, Law on Public Prosecution, and Law on the High Prosecutorial Council, which were adopted by the National Assembly in February 2023. These laws strengthened the independence and material security of judges and prosecutors, improved procedures for nomination, election, promotion, transfer, and termination of office, and established the High Judicial and Prosecutorial Councils as fully functional bodies in May 2023.

Reforms also targeted efficiency and accessibility, with the introduction and regular strengthening of notaries and public enforcement officers, digitisation of court procedures, and the development of an electronic court bulletin board. The Judicial Academy continues to provide initial and ongoing training to enhance judicial expertise, while ethics committees in the High Judicial and Prosecutorial Councils promote integrity and accountability. Measures for alternative dispute resolution, mediation, and improved enforcement procedures have further modernised the system. Strategic frameworks guiding these reforms include the National Judicial Development Strategy 2020–2025, the Human Resources Strategy in the Judiciary 2022–2026, and the National Strategy on the Rights of Victims and Witnesses of Crime 2020–2025, together with their respective action plans, ensuring continued alignment with EU accession objectives, enhanced access to justice, and the strengthening of the rule of law.

Regional Administration

Serbia consists of territories of local self-government units (municipalities and cities) and territories of autonomous provinces as special forms of autonomous territorial communities. Serbia has two autonomous provinces: Vojvodina in the north, and Kosovo and Metohija in the south. Vojvodina is composed of 37 municipalities and eight cities. The province has its own government, which together with other provincial authorities constitutes the executive branch of power as well as an assembly. It enjoys autonomy on matters such as infrastructure, agriculture, science, education, culture, spatial planning, traffic and development. The Kosovo and Metohija consists of 28 municipalities and one city, Priština. Whilst according to the Constitution it remains part of Serbia, since June 1999, Kosovo and Metohija has been governed by the UNMIK, established pursuant to UN Resolution 1244. Central Serbia, which has 81 municipalities and 19 cities, is neither an autonomous province nor an administrative district and it does not have a separate regional authority.

There are 29 administrative districts in Serbia, each of which consists of several municipalities and cities. These administrative districts are regional centres of state authority and do not have any form of self-government.

Local government is primarily administered at the municipal and city level. Each municipality and city (including the city of Belgrade) has its own president/mayor, assembly and council. Members of the municipal assembly are elected every four years through local elections. When the assembly is constituted, it elects the president/mayor and council.

Armed Forces

The Serbian Armed Forces defend the country from external armed threats and perform other missions and tasks in accordance with the Constitution and laws and principles of international law governing the use of force. At the strategic level, the Serbian Armed Forces are commanded and controlled by the President of the Republic, the Minister of Defence and the Chief of General Staff of the Serbian Armed Forces. Serbia's Armed Forces consist of two branches: (i) the air force and air defence; and (ii) the army. Under the Budget, the 2026 budget for the Ministry of Defence RSD 277 billion (approximately 2.5 per cent. of nominal GDP) and the 2025 budget for the Ministry of Defence has been set at RSD 275.5 billion (approximately 2.65 per cent. of nominal GDP), as compared to RSD 226.4 billion (approximately 2.32 per cent. of nominal GDP) in 2024.

The principal roles of Serbia's armed forces include: (i) deterring armed threats and other military challenges and risks; (ii) building and maintaining peace in the region and in the world; and (iii) supporting civil authorities and confronting security threats. Serbian armed forces constitute an essential part of the defence system, which protects the defensive interests of Serbia. The defensive interests of Serbia are: (i) maintaining the sovereignty, independence and territorial integrity of Serbia; (ii) building trust, safety and stability in the region; and (iii) maintaining co-operation and partnership with international security organisations and democratic state institutions.

Foreign Relations

European Union

EU accession process

One of Serbia's main foreign policy objectives is accession to the EU. The accession process follows formal steps presided over by the European Commission, with negotiations conducted between Serbia and EU member states. Alongside this, the Growth Plan for the Western Balkans has become increasingly significant given its direct link to financial support conditional upon the implementation of priority reforms.

Serbia signed the Stabilisation and Association Agreement (the "SAA") and the Interim Agreement with the EU on 29 April 2008, committing to harmonise its legislation with the EU Acquis. The SAA was ratified on 9 September 2008 and entered into force on 1 September 2013. The European Council granted Serbia candidate country status on 1 March 2012 and accession negotiations formally commenced on 21 January 2014. Serbia continues to align its legislation with the EU Acquis through successive revisions of the National Programme for the Adoption of the EU Acquis (the "NPAA"), most recently covering 2022–2025, with a government plan adopted in April 2025 to fulfil the most important accession obligations by end-2026. Serbia also participates in the European Semester "light" framework for the Western Balkans, preparing annual Economic Reform Programmes (each, an "ERP") to co-ordinate fiscal and structural reforms with EU policies, with the latest ERP covering 2026–2028. As of the 2025 European Commission Enlargement Package, Serbia has opened 22 chapters, with moderate overall preparation and continued commitment to further reform.

In November 2023, the European Commission adopted the Growth Plan for the Western Balkans, providing EUR 6 billion for 2024–2027 (EUR 2 billion in grants and EUR 4 billion in concessional loans) through the Reform and Growth Facility, disbursed in tranches conditional upon implementation of agreed reform steps under Serbia's Reform Agenda, with funds channelled partly as budget support and partly through the Western Balkans Investment Framework (the "WBIF").

Serbia has received two disbursements totalling EUR 77.96 million to date, with a further EUR 89.2 million in committed funds pending finalisation of WBIF project procedures. Priority projects cover transport, human resources and social development, digital infrastructure and energy.

Economic convergence is an essential element in getting the Western Balkan closer to the EU and the Growth Plan has the potential to double the size of the Western Balkan economies within the next 10 years. The Growth Plan incentivises the Western Balkans' preparations for EU membership and the need to accelerate reforms, by bringing forward some of its benefits which will directly benefit the citizens of the Western Balkans. This in turn should significantly accelerate the speed of the enlargement process and the growth of their economies. See "*Risk Factors – Risks Associated with Serbia's Economy – Serbia may not become a member of the EU in the near to medium term or at all*".

The timing of Serbia attaining full membership of EU will depend on a number of economic and political factors relating to both Serbia and the EU. Recently, the European Commission reaffirmed the EU's enlargement perspective for the Western Balkans in the context of heightened geopolitical focus on the region. Although it is difficult to predict the exact date of accession to the EU, the Government believes that it has made steady progress in opening negotiation chapters and has adopted a more proactive approach with the establishment of a high-level Operations team in 2026 for accelerating efforts in alignment with the EU Acquis and meeting the requirements and timelines of opening the rest of the negotiation clusters. In the enlargement process, the Growth Plan for Western Balkans, an initiative launched at the end of 2023 and was implemented in 2024, representing a significant step ahead to bringing Serbia and the region closer and more integrated with the EU, combining both reform efforts and financial support, and offering the additional benefit of integration of the region into the EU Single Market before full membership (such as SEPA – Single European Payment Area, ACAA- Assessment and Conformity Assessment agreements, green lines, digital single market, integration in industrial supply chains, etc.).

Instrument for Pre-Accession Assistance (“IPA”)

The IPA is the European Union's primary mechanism for providing financial and technical support to accession candidates, facilitating the political, economic, legal and institutional reforms required for EU membership. The initial framework, IPA I, entered into force in 2007, followed by IPA II covering 2014–2020, under which Serbia received approximately EUR 1.44 billion in annual allocations.

The current framework (“**IPA III**”), covering 2021–2027, continues to support Serbia's EU integration across governance, social, economic and energy sectors. Key agreements include the 2021 Annual Action Programme (EUR 122.1 million, signed 20 December 2022), the 2022 Annual Action Programme (EUR 162.2 million, signed 21 June 2023), the Multiannual Operational Programme on Environment and Energy (EUR 240 million, signed 8 July 2025) and the Multiannual Operational Programme on Employment, Skills and Social Inclusion (EUR 100 million, signed 29 August 2025). Cross-border co-operation (“**CBC**”) programmes under IPA III are also in place with neighbouring countries, with EU contributions of EUR 8.4 million each for Serbia–North Macedonia and Serbia–Montenegro, and EUR 14 million for Serbia–Bosnia and Herzegovina (plus national co-financing); all three programmes are currently in the contracting phase.

All agreements ensure continued support for Serbia's EU integration process and further alignment with EU legislation. Particular emphasis is placed on fostering an enabling environment for small and medium-sized enterprises, promoting local development, and advancing science and innovation at the local level. These efforts reinforce Serbia's ongoing pre-accession reform agenda, consolidate previous IPA support and ensure continuity in EU assistance across governance, social, economic and energy sectors.

Energy Support Package

On 3 November 2022, the European Commission adopted an Energy Support Package of EUR 1.0 billion for the Western Balkan partners. This package aims to address the immediate, short- and medium-term needs of the Western Balkans in the face of the ongoing energy crisis.

As part of the immediate measures, the European Commission committed up to EUR 500 million in budget support to the Western Balkans, of which EUR 165.0 million was allocated to the Serbian energy sector to mitigate the effects of the energy crisis on small and medium-sized enterprises and vulnerable households. In January 2023, the first tranche, representing 90 per cent. of the support, was transferred to Serbia following the adoption of the Roadmap for the EU Energy Support Package.

For the short- and medium-term measures, the European Commission committed a further EUR 500 million to the region through the Western Balkan Investment Framework (WBIF) to advance the energy transition and energy security of the Western Balkan partners. In July 2024, the European Investment Bank provided an EUR 80 million loan to Serbia to finance energy efficiency improvements in the electricity distribution system through the installation of smart meters. Ongoing EU-WBIF projects continue to support Serbia in renewable energy development, grid modernisation and climate resilience, complementing the immediate budgetary support measures.

The European Commission continues to monitor and co-ordinate the implementation of the package to ensure that Serbia and other Western Balkan partners advance towards long-term energy security and sustainable transition goals.

Co-operation with the ICTY

In 2002, the former FRY government established a commission to assist co-operation with the ICTY, including serving arrest warrants for those indicted for war crimes during the 1990s Yugoslav conflict. Co-operation improved following the assassination of Prime Minister Zoran Djindjic in 2003. Serbia subsequently extradited 45 of the 46 individuals requested by the ICTY – the sole exception having died prior to extradition – completing its obligations with the arrest of Ratko Mladic. Co-operation has continued with the ICTY’s successor, the International Residual Mechanism for Criminal Tribunals, since the end of 2017. The National Strategy for the Prosecution of War Crimes 2021–2026 and its accompanying Action Plan were adopted in October 2021.

United Nations

As a member of the UN, Serbia contributes to the work of the organisation through the activities of different bodies and a number of UN specialised agencies. Serbia also actively participates in the work of the UN General Assembly and its committees. Serbia is also actively seeking to achieve the Goals of Sustainable Development by 2030 under the UN 2030 Agenda for Sustainable Development (the “**Agenda**”). Similarly, Serbia has continually attached importance to the binding UN Resolution 1244 of the Security Council of the United Nations, passed under Chapter VII of the Charter of the UN, which affirms the sovereignty and territorial integrity of Serbia in the territory of Kosovo and Metohija.

The Sustainable Development Goals (“**SDGs**”) took effect in January 2016, and Serbia has actively participated since their inception, including as a member of key UN working groups. By December 2015, Serbia established national mechanisms for SDG implementation, such as an Inter-Ministerial Working Group, and in 2017, a parliamentary Focus Group. In July 2019, Serbia submitted its first Voluntary National Review, and in April 2023, published the 2022 Progress Report, demonstrating ongoing commitment and alignment with the SDGs.

On 9 February 2026, Serbia and the United Nations signed a Co-operation Framework covering the period 2026–30. The Framework defined as priorities the following areas: Green and resilient development, human capital and the strengthening of institutions forming the foundation of justice and security. This Framework builds on previous achievements and strengthens the partnership between Serbia and the UN to promote sustainable, inclusive and equitable development, further integrating the SDGs into national policy and strategic planning.

International financial institutions and banks

Serbia maintains active and productive partnerships with various international financial institutions, including the IMF, World Bank Group, European Bank for Reconstruction and Development, European Investment Bank, and Council of Europe Development Bank. Over the past two decades, Serbia has leveraged these collaborations to finance numerous projects spanning infrastructure, energy, small and medium enterprises (the “**SMEs**”), healthcare and to uphold overall macroeconomic and monetary stability. Since 2024–2025, IMF assessments, including the 2025 Article IV Consultation and reviews under Serbia’s Policy Coordination Instrument, have generally concluded that Serbia’s macroeconomic framework remains resilient and broadly sound, supported by prudent fiscal policy, a credible inflation-targeting regime, adequate foreign exchange reserves and a well-capitalised banking sector. Serbia remains actively engaged with the IMF, with a further IMF mission scheduled for April 2026. The budgetary process continues to operate in accordance with established frameworks.

World Trade Organisation

In 2005, Serbia began the process of joining the World Trade Organisation (“**WTO**”) on its own, after previously attempting to join alongside Montenegro within the framework of the State Union of Serbia and Montenegro (previously known as the Federal Republic of Yugoslavia) for four years.

From the outset, the IDEAS Centre provided support to the Serbian Government, starting with the initial phase of the project during 2003 to 2004, which included both Serbia and Montenegro. Following the dissolution of the State Union, the second phase of support ran from 2005 to 2009, exclusively focusing on Serbia. The third

phase initiated in October 2009, concluding in June 2014, with the fourth and final phase kicking off in November 2015 and concluding in November 2019. This ultimate phase was aimed at helping Serbia in the final steps of the accession process and in adjusting to the post-accession requirements.

The primary goal of these four phases of the project was to assist Serbia in reintegrating into the global trade system by securing WTO membership, ensuring alignment between its developmental needs and negotiation strategies. The project's objectives included training Serbian trade specialists on how to progress in the accession efforts and improving the country's trade policymaking and negotiation capabilities by providing both general and specific trade policy guidance. Assistance was specifically tailored to meet the Serbian Government's needs throughout the accession journey. Moreover, the project sought to heighten awareness amongst Serbian stakeholders about the benefits of joining the WTO and to establish frameworks that will enable Serbia to fulfil WTO membership commitments.

As at the date of this Base Offering Memorandum, Serbia has yet to join the WTO although it continues to work towards aligning its trade regulations towards global and EU standards.

The Council of Europe

Serbia has been a member of the Council of Europe since 3 April 2003. The Council of Europe, which consists of 47 member states across Europe, seeks to protect human rights, democracy and the rule of law. Numerous reforms have been implemented by Serbia, in co-operation with the Council of Europe, in the domains of legal and institutional organisation as well as in the fields of justice and others in which the Council of Europe is active.

NATO Partnership for Peace Programme

Serbia became a participant in the Partnership for Peace (the "PFP") programme in December 2006. This decision aligned with Serbia's security objectives, focusing on enhancing defence capabilities whilst maintaining a stance of military neutrality.

The initial cycle of the Individual Partnership Action Plan (the "IPAP") between Serbia and NATO for 2015–2016 was finalised on 15 January 2015. Subsequently, the procedures for the adoption of the second Serbia-NATO IPAP cycle covering the period 2019-2021 were concluded on 7 November 2019. These agreements facilitated structured dialogues on various mutual interests and streamlined bilateral co-operation with NATO members and partners, all within the framework of Serbia's established policy of military neutrality.

Serbia is in the process of transitioning to the new Individually Tailored Partnership Programme ("ITPP"), which offers an updated and customised framework tailored to each partner's specific objectives for their relationship with NATO.

The Armed Forces of Serbia are preparing for a joint military exercise with NATO, scheduled to take place in May 2026 in Serbia, as part of ongoing cooperation under the PFP framework. The exercise will take place at Serbia's Borovac Training Area, which the Serbian Armed Forces use extensively to prepare units for international missions, including United Nations peacekeeping operations.

Organisation for Security and Co-operation in Europe

Serbia has been a member of the OSCE since 10 November 2000 (as part of the FRY). As a country on the path towards EU membership, Serbia remains committed to co-operation with OSCE, particularly for achieving high standards of democracy, reconciliation in the region and resolving other issues. Serbia has been contributing to these efforts through partnership and successful co-operation, primarily with the two OSCE missions in its territory, the OSCE Mission to Serbia and the OSCE Mission in so-called Kosovo, as well as with other missions in the region.

Intergovernmental Agreement with the Republic of France

On 26 November 2020, an Intergovernmental Agreement was signed between the Government of Serbia and the Government of the Republic of France to co-operate on the implementation of key projects in Serbia. This agreement reflects France's support for the further development of Serbia, particularly in the areas of capital infrastructure and the energy sector. Under the agreement, France pledged financial resources totalling EUR 581 million for two strategic projects in Serbia: the Project for Modernisation of the Electricity Network (up to

a maximum of EUR 127 million) and Phase 1 of the Belgrade Metro Project (up to a maximum of EUR 454 million).

Bilateral engagement subsequently expanded beyond these two projects. In August 2024, Serbia and France exchanged additional agreements covering nuclear energy, strategic raw materials, the acquisition of French Rafale fighter jets, environmental protection, healthcare, the agricultural and food industries, tourism and infrastructure projects, complementing the 2020 Intergovernmental Agreement. In January 2026, the Serbian Parliament ratified a loan and financing protocol with France to further support high-performance computing, supercomputers, artificial intelligence (“AI”) and digital public administration services, reflecting deepening strategic co-operation.

Based on the strategic partnership between the two countries, co-operation in the AI sector has been announced. The French company Mistral AI will support the development of the AI sector in Serbia.

Interstate Agreement with DFC

In September 2022, DFC opened its first and only office outside the United States in Belgrade. Following the establishment of this regional office, the Ministry of Finance signed an Investment Incentive Agreement (the “**Interstate Agreement**”) on 21 January 2021 with the U.S. Ambassador of Serbia, Mr Anthony F. Godfrey, thereby enabling DFC to offer and deploy its full range of financial products (including guarantee schemes, debt financing, capital investments and political risk insurance) to businesses in Serbia in a more efficient manner. This Interstate Agreement also serves as a prerequisite to, and forms the basis for the realisation of a guarantee scheme from DFC in co-operation with other commercial banks in Serbia for the benefit of and to support the growth and development of SMEs. On 13 December 2022, the DFC in co-operation with the Ministry of Finance, launched a new guarantee scheme up to USD 400 million with four commercial banks in Serbia (i.e. Banca Intesa, Addiko Bank, ProCredit Banka and Raiffeisen Banka). Under the new guarantee scheme, DFC will provide up to USD 272 million as first credit line for SMEs in Serbia, including for farmers, women-owned enterprises and enterprises in rural areas. This guarantee scheme will provide companies in Serbia access to financing they need for growth, introduction of new technologies, design for new products and meeting the changing demands of both the domestic and international markets. Building on the initial agreements, additional transactions have been structured with OTP Banka and NLB, and the scheme continues to mobilise risk-sharing portfolios that enable Serbian lenders to increase credit to sectors that have traditionally faced financing constraints. This expanded utilisation highlights the ongoing co-operation between the Government of Serbia, the DFC, USAID, and commercial partners to support private sector growth, technological adoption, competitiveness, and regional economic inclusion.

Other regional relations

One of the most important priorities of Serbia’s foreign policy is to maintain good relations with neighbouring countries. The Government believes that such co-operation safeguards and strengthens stability in the region and is likely to enhance Serbia’s progress towards EU integration. Serbia participates, and will continue to participate, in several important regional initiatives and organisations discussed below.

Central European Free Trade Agreement (“CEFTA”)

Serbia has been a member of the CEFTA since signing the Agreement on the Amendments and Accession on 19 December 2006, which entered into force in 2007. CEFTA provides a regional framework for trade and investment liberalisation among Albania, Bosnia and Herzegovina, North Macedonia, Moldova, Montenegro, Serbia, and UNMIK on behalf of Kosovo* under UN Resolution 1244. Croatia withdrew following its EU accession in July 2013. CEFTA ensures complete liberalisation of industrial and agricultural products, diagonal cumulation of origin, gradual trade liberalisation in services, equal treatment of investors, open public procurement markets, intellectual property protection, and a dispute settlement system in line with WTO rules.

CEFTA activities were integrated into the Multi-annual Action Plan for a Regional Economic Area (MAP REA, 2017–2020) under the Berlin Process, which focused on trade integration, investment promotion, mobility of skilled labour, and digital integration in the Western Balkans Six (WB6). This framework facilitated key reforms, including the abolishment of roaming charges, the adoption of Additional Protocol 6 on trade in services in 2019, and enhanced recognition of professional qualifications. The MAP REA was subsequently replaced by the Common Regional Market (“CRM”) 2021–2024 Action Plan, which further strengthened

regional economic convergence, digital integration, and integration into European value chains. Under the CRM, Serbia contributed to establishing a Regional Trade Area based on the free movement of goods, services, capital, and people, and advanced the digital agenda, including e-commerce facilitation and cyber security enhancements.

In 2024, Serbia assumed the rotating CEFTA presidency, prioritising regional trade integration, investment promotion, digitalisation, and customs co-operation. The CRM 2025–2028 Action Plan, adopted under the Berlin Process Summit in October 2024, extended the previous framework to accelerate economic convergence and integration into European value chains. Key objectives include further improving the free movement of goods, services, capital, and people; recognising academic and professional qualifications for shortage occupations; strengthening digital integration; and aligning regional standards with the EU. Serbia also participated in initiatives to enhance trade facilitation and institutional capacity within CEFTA. The Second High-Level Customs Conference in 2025 promoted alignment with the EU Customs Code, expanded trade corridors, implemented real-time data exchange via SEED+, and reinforced recognition of Authorised Economic Operators. In December 2025, CEFTA established new working groups to address subsidies and food safety.

CEFTA remained Serbia's second-largest trading partner after the EU, accounting for 9.1 per cent. of total trade (EUR 6.8 billion) in 2025. Bosnia and Herzegovina was Serbia's largest CEFTA and WB6 partner, with bilateral trade of EUR 3.3 billion, including EUR 2.1 billion in exports (up 5.7 per cent.) and EUR 1.2 billion in imports (up 27.5 per cent.). Serbia recorded a trade surplus of USD 3,352.5 million with CEFTA, driven by exports of agricultural products (including cereals), road vehicles, beverages, oil and petroleum products, pharmaceuticals, food products, and electrical machinery. Exports totalled USD 5,512.0 million, while imports amounted to USD 2,159.5 million, yielding a coverage of imports by exports of 255.2 per cent. In euros, exports were EUR 4,879.7 million and imports EUR 1,921.6 million, with a surplus of EUR 2,958.1 million and import coverage of 253.9 per cent.

South-East European Co-operation Process (“SEECP”)

The SEECP was established in 1996 in order to promote stability, safety and co-operation in South-East Europe, and it consists of 13 “participants” from the region who also make up the board of the Regional Co-operation Council: Serbia, Romania, Bulgaria, Greece, Türkiye, Montenegro, Albania, Bosnia and Herzegovina, North Macedonia, Croatia, Slovenia, Moldova and Kosovo*. At the SEECP Summit held in Bucharest on 25 June 2014, Serbia agreed to the participation of Kosovo* in SEECP activities on equal footing, in accordance with the First Arrangement and the agreement on regional representation and co-operation signed between Belgrade and Priština in 2012 (the “**Agreement on Regional Representation and Co-operation**”). The above solution was indicated in the Declaration of the SEECP Summit. Belgrade has thus fulfilled its obligation that it would not prevent or block Priština in the EU integration process. In July 2025, Bulgaria assumed the chairmanship for a one-year term.

Regional Co-operation Council (“RCC”)

The RCC was established on 27 February 2008 as the successor to the Stability Pact for South Eastern Europe. The RCC works under the political guidance of SEECP. The main objectives of the RCC are development of regional co-operation through six priority areas (economic and social development, energy and infrastructure, justice and home affairs, security, building human capital and parliamentary co-operation) and identifying projects of common interest for the countries of the region and its connection with the programmes of the European Commission.

Amongst many other regional initiatives, the RCC has actively contributed to the adoption of the Regional Roaming Agreement, which was signed at the 2nd Western Balkans Digital Summit in Belgrade in April 2019. At the onset of COVID-19 epidemic when restrictions on travel were in place, the RCC, together with the Transport Community and CEFTA, convened meetings to agree on the launch of “Green Lanes” amongst the WB6 economies in order to ensure that cross-border transport of essential goods, such as food and medical supplies, remain uninterrupted amidst the epidemic. Following the conclusion of the EU-Western Balkans Zagreb Summit on 6 May 2020, support for the “Green Lanes” initiative was reinforced so as to continue facilitating unrestricted trade flow of essential goods, linking the EU and Western Balkans.

The RCC Secretariat has been facilitating the implementation of the CRM 2021–2024 Action Plan by supporting the implementation of actions which seek to increase the attractiveness of the region to foreign investors, integrate the Western Balkans into the pan-European digital area, upgrade the industrial base and innovation infrastructure and advance the free movement of people and capital.

The SEECP leaders tasked the RCC at the SEECP Summit held in 2019 to develop a long-term strategy for the South East European (“SEE”) region, following the successes and lessons learned from the previous SEE 2020 Strategy and based on the UN SDGs. The RCC has since developed the SEE 2030, with inputs from public authorities of all 13 SEECP participants, as well as their civil society, public sector and academia representatives. The aim is to achieve regionally sustainable economic growth in order to reduce poverty and inequalities, improve social inclusion, empower women, decelerate depopulation, enhance the overall quality of life for citizens and accelerate the green and digital transition without disrupting competitiveness and private sector development. Furthermore, it aims to complement the recovery of the region following the outbreak of the COVID-19 pandemic and contribute to strengthening the resilience of societies to external shocks and challenges. The SEE 2030 Strategy was adopted at the SEECP Summit in Antalya in June 2021. The RCC’s Strategy and Work Programme for 2023–2025 served as the primary mid-term framework guiding RCC activities in alignment with the goals of SEE 2030. Following the conclusion of that cycle, the RCC has transitioned to a new Strategy and Work Programme for 2026–2028, building on lessons learned and continuing to prioritise regional integration, economic development, and EU-aligned reforms across South East Europe.

Adriatic Ionian Initiative (“AII”)

The AII was established in 2000. Its member states are Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, North Macedonia, San Marino, Slovenia and Serbia. Its activities focus on tourism, culture and inter-university co-operation, transport and maritime co-operation, environmental protection and co-operation between small and medium-sized enterprises.

Southeast European Law Enforcement Centre (“SELEC”)

The SELEC was established in 1999. Signatory states to the SELEC convention are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, North Macedonia, Moldova, Montenegro, Romania, Serbia and Türkiye. Following the accession to the EU in July 2013, Croatia withdrew from the SELEC. The objective of SELEC, within the framework of co-operation amongst competent authorities, is to provide support for member states and enhance co-ordination in preventing and combating crime, including organised crime, terrorism and trafficking, where such crime involves or appears to involve an element of trans-border activity.

SELEC also provides assistance to the member states in order to align their respective law enforcement legislation with EU standards and requirements. SELEC ensures prompt and continued exchange of information amongst the member states relating to criminal investigation. It also supports their requests for operational assistance, as appropriate.

EU Strategy for the Danube Region (“EUSDR”)

EUSDR is a macro-regional strategy adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. The strategy was jointly developed by the European Commission with the Danube Region countries and stakeholders in order to address common challenges. The strategy represents a platform for co-operation and acceptance of the EU Acquis by candidate countries and aims to create synergies and co-ordination between existing policies and initiatives in the Danube region. The strategy is based on three basic thematic pillars: (a) connectivity and communications – transport, navigation, related infrastructure and energy; (b) environmental protection, risk prevention (protection against floods) and sustainable use of natural resources; and (c) social, economic and institutional development and strengthening regional co-operation.

Serbia has been designated by the EUSDR to co-ordinate two priority areas in the Danube: (a) improvement of mobility and intermodality: rail, road and air transport (together with Slovenia); and (b) society development: research, education and IT (together with Slovakia). On 22 October 2020, the 9th Annual Forum of the EUSDR was held and the implementation of the revised EUSDR Action Plan was endorsed as a strategy to achieve EU goals and to recognise the contributions of all stakeholders. In addition, the ministers responsible for the implementation of the EUSDR Action Plan also endorsed the process of embedding its objectives and measures into the Partnership Agreements and 2021–2027 European Structural and Investment Funds (“ESIF”)

programmes, which are the equivalent instruments for non-EU countries and other centrally managed EU programmes. The roles of the EUSDR, as well as other macro-regional strategies, were also endorsed during the 9th EUSDR Annual Forum as key facilitators of the European Green Deal, which is a blueprint for systemic modernisation across policy, society and economy.

EU Strategy for the Adriatic-Ionian Region (“EUSAIR”)

EUSAIR was adopted and launched at the international conference in Brussels on 18 November 2014. The EUSAIR member states are Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, North Macedonia, Montenegro, Serbia and Slovenia. The EUSAIR priorities include strengthening co-operation in the fields of blue economy, transportation and energy networks, environmental protection and sustainable tourism. Membership in the EUSAIR is based on geographical principle (access to the Adriatic or Ionian Sea) as well as international law, which was achieved in the case of Serbia, as a successor of the State Union. Serbia supports and actively contributes to the implementation of the EUSAIR. On 1 June 2019, Serbia assumed the rotating chairmanship of the EUSAIR for a one-year period. Such active participation continues to be of importance to the Government as Serbia’s participation in EUSAIR contributes towards its EU accession process. EUSAIR benefits from the long experience of intergovernmental co-operation within the Adriatic-Ionian Initiative, which created strong links between the participating countries and generated regional co-operation between cities, chambers of commerce, universities and national parliaments. Accordingly, EUSAIR ensures further integration of the internal market, fosters co-operation between EU and non-EU participating countries and assists non-EU participating countries in their EU accession process.

The 10th Annual Forum took place on 6–7 May 2025 in Georgioupolis, Crete, under the theme “Bridging Horizons: Strengthening Co-operation, Resilience and Cohesion in the Adriatic-Ionian Region”, marking a decade of implementation of the EUSAIR and seeing the submission of a revised EUSAIR Action Plan to the European Commission, with heightened emphasis on youth engagement and social cohesion alongside the existing pillars of blue growth, connectivity, environmental quality and sustainable tourism.

Berlin Process

The Berlin Process was launched in 2014 following a high-level summit in Berlin convened at the initiative of Angela Merkel, with the objective of strengthening regional co-operation in the Western Balkans, supporting reconciliation and accelerating alignment with EU standards through practical economic and connectivity initiatives. Since its launch, the Berlin Process has developed into a continuing intergovernmental framework involving the six Western Balkans participants, selected EU Member States, EU institutions and international financial institutions, with a principal focus on transport connectivity, energy integration, trade facilitation and regional mobility.

Among its principal institutional outcomes, the Process led to the adoption of the Multi-Annual Action Plan for a Regional Economic Area in 2017 and the signature of the Transport Community Treaty, under which the Permanent Secretariat of the Transport Community was established in Belgrade in 2019 as the first regional organisation headquartered in Serbia. Subsequent summits expanded the framework beyond transport to include regional trade, digital integration, investment facilitation and professional mobility.

At the 2020 Sofia Summit, the Western Balkans leaders adopted the Common Regional Market framework and signed the Sofia Declaration on the Green Agenda for the Western Balkans, under which Serbia committed to reforms across climate and energy policy, circular economy, depollution, sustainable agriculture and biodiversity, with implementation supported through EU financial instruments including IPA III and the Western Balkans Investment Framework. Later summits also produced agreements on mutual recognition of identity cards, higher education qualifications and certain professional qualifications, intended to facilitate labour mobility and regional economic integration.

At the 2024 summit held in Berlin, marking the tenth anniversary of the Berlin Process, participating states endorsed the Common Regional Market Action Plan 2025–2028 and signed an agreement on access to higher education and admission to higher studies, while also recording further progress under CEFTA aimed at reducing barriers to intra-regional trade.

The 2025 summit, hosted by the United Kingdom in London on 22 October 2025, placed greater emphasis on security, migration management and practical regional co-operation. Leaders agreed to strengthen operational

co-ordination on irregular migration, including participation in a Joint Migration Task Force, enhanced information sharing with border authorities and law enforcement bodies, and closer co-operation with Frontex. The summit also endorsed the Western Balkans Border Directors' Forum as a permanent Berlin Process mechanism for operational border co-ordination and reaffirmed support for regional economic integration, energy transition and continued convergence with EU standards.

The next summit under the Berlin Process is expected to be hosted by Montenegro in 2026.

“Brdo-Brioni” Process

The Republic of Slovenia and the Republic of Croatia together launched the idea of the “Brdo Process” during an informal meeting between the then Prime Ministers of the two countries, Borut Pahor and Jadranka Kosor, in Kranjska Gora, in January 2010. The aim of establishing this regional initiative was to strengthen the ties in the Western Balkans region so that the strengthened co-operation in the region would accelerate the European integration progress. The Brdo Process was formally initiated by the meeting of the Western Balkan leaders in Brdo near Kranj on 20 March 2010.

As an informal regional initiative, the process was initially called the “Brdo Process” and soon was renamed as the “Brdo-Briuni process”. This initiative places emphasis on mutual co-operation and mutual assistance in the region for Euro-Atlantic integration. So far, several meetings at the highest level under the “Brdo-Brioni” Process have been held: Summit in Dubrovnik (15 July 2014); the Ministry of Foreign Affairs' (the “MFA”) meeting on Brdo near Kranj (23 April 2015); Summit in Budva (7 to 8 June 2015); Extraordinary Summit in Zagreb (25 November 2015); Summit in Sarajevo (28 to 29 May 2016); Summit and meeting of MFAs at Brdo near Kranj (3 June 2016); Summit in Skopje (27 April 2018); and Summit in Tirana (8–9 May 2019). The “Brdo-Brioni” Process meeting was postponed in 2020 due to the COVID-19 pandemic. It resumed in Brdo pri Kranju (17 May 2021) and it was also where it held the meeting for 2022. On 11 to 12 September 2023, the meeting was held in Skopje, on 8 to 9 October 2024 the meeting was held in Tivat, Montenegro and on 5 to 6 October 2025 the meeting was held in Durrës, Albania. Serbia has continued to actively participate in this initiative since its establishment.

Open Balkan initiative

Since October 2019, Serbia, North Macedonia, and Albania have engaged in regular high-level meetings aimed at deepening economic integration within the Western Balkans. Early co-operation under the “Mini-Schengen” initiative included an online conference in November 2020, during which a Memorandum of Understanding on regional collaboration in the fight against COVID-19 was signed, alongside a bilateral agreement between Serbia and Albania on the free movement of citizens using identification cards. In June 2021, the leaders held another video-link meeting to discuss further regional co-operation, recognising its importance for the Western Balkans and EU integration. At the July 2021 summit in Skopje, the initiative was formally renamed “Open Balkan”, and the leaders signed agreements to facilitate trade, ensure free access to the labour market, and strengthen disaster protection. In December 2021, a Tirana meeting produced six additional agreements covering labour mobility, electronic identification systems, veterinary and food safety, accreditation co-operation and mutual recognition of authorised business entities.

The “Open Balkan” initiative continued to broaden its scope in 2022. At the June meeting in Ohrid, the three countries signed agreements extending co-operation to recognition of higher education diplomas, tourism, culture and tax administration. The eleventh meeting in Belgrade in September 2022, attended by observers from Montenegro, Bosnia and Herzegovina, Türkiye, and Hungary, resulted in further agreements and protocols addressing food security, film and audiovisual activities, civil protection, energy sector co-operation, electronic identification connectivity and customs recognition of authorised business entities. Collectively, these measures demonstrate a steadily expanding and institutionalised framework for regional collaboration, covering trade, mobility, governance, education, culture, security and energy.

The “Open Balkan” initiative is based on the concept of having a single economic space within the Western Balkans which is founded on the four key EU freedoms (free movement of goods, capital, services and people) in order to further strengthen regional co-operation. Accordingly, the main goal of the “Open Balkan” initiative is to serve as a catalyst for regional economic and trade integration in order to support the overall economic and social development of the WB6. The great advantage of this initiative is that it represents an indigenous process of co-operation in the region that does not depend on other factors and proves that co-operation in the area of

the Western Balkans is possible. The three leaders continue to place emphasis that the initiative is open to all participants in the WB6.

Since Albania's local elections in May 2023 and the subsequent general election in May 2025 – in which Prime Minister Edi Rama's Socialist Party secured a fourth consecutive term with an emphatic parliamentary majority – the country's internal politics have been undergoing a period of adjustment and reflection on the election outcomes. With new mayors assuming office, there's been a reorganisation of power in Tirana. However, the political focus shifted when Prime Minister Edi Rama announced Albania's departure from the Open Balkan initiative, which has created debates about the initiative's utility, historical significance, outcomes and Albania's role in regional political endeavours under the Open Balkan initiatives.

Other key bilateral relations

China

In terms of its foreign policy focus on Asia, Serbia regards the People's Republic of China as a principal political and economic ally. The political relationship is defined by a comprehensive strategic partnership, marked by an absence of unresolved issues. Significant advancements have been achieved across all areas of collaboration in recent years, alongside an intensified political dialogue, highlighted by a succession of high-level visits.

Recently, along with good bilateral political relations, the two countries have increased their economic co-operation, in particular in the areas of investments, and infrastructure and energy projects. China is Serbia's most important trading partner in Asia. The trade volume between the two countries in 2025 provisionally reached USD 9.4 billion, whereas the exports from Serbia amounted to USD 2.1 billion and the imports from China amounted to USD 7.3 billion. In 2024, trade volume between Serbia and China amounted to USD 7.5 billion (with exports at USD 1.9 billion and imports amounting to USD 5.6 billion).

In February 2022, Serbia launched an initiative with the aim to conclude a free trade agreement with China. Since then, the countries have held a series of online meetings and agreed on the scope of a potential free trade agreement as a starting point for conducting negotiations. Serbia adopted the Government's Conclusion on 1 December 2022, which fulfilled the formal preconditions for the start of negotiations. The negotiations started in 2023 and the agreement was signed in October 2023 and came into force on 1 July 2024.

In July 2025, Serbia and China conducted a ten-day joint military exercise in Hebei Province, strengthening bilateral security co-operation and reflecting the countries' broader strategic partnership.

Germany

The relations between Serbia and Germany continue to be well-developed and comprehensive, with an expectation of further improvement in political and economic relations. The political dialogue between the two countries is regular and constructive, focused on bilateral co-operation, further EU-integration, regional issues, NATO defence initiatives and implementation of the First Agreement.

Germany remains the most important foreign trade and economic partner of Serbia. Trade exchange of goods in 2025 provisionally amounted to USD 11.3 billion (of which exports amounted to USD 5.7 billion and imports amounted to USD 5.5 billion). In 2024, the trade exchange of goods amounted to USD 10.6 billion (with exports at USD 5.1 billion and imports amounting to USD 5.5 billion).

Italy

Italy is one of the most important economic and foreign trade partners of Serbia. Trade exchange of goods provisionally amounted to USD 5.7 billion in 2025 (of which exports amounted to USD 2.6 billion and imports amounted to USD 3.1 billion), and USD 4.9 billion in 2024 (of which exports amounted to USD 1.9 billion and imports amounted to USD 3.0 billion).

Russia

Serbia maintains a balanced foreign policy, fostering political and economic relations with Russia while also engaging with the EU, USA, and other international partners, and refrains from imposing EU or US sanctions on Russia despite condemning its actions in Ukraine. The country's energy ties with Russia remain significant, particularly in natural gas imports. The Russian-owned majority stake in NIS, Serbia's state-owned oil

company, is in the process of being divested. A binding agreement has been signed for Hungary's MOL Group to acquire that stake, with ADNOC expected to participate as a minority investor. Completion of the transaction remains subject to approval by the OFAC, with the negotiation period extended until 22 May 2026. For more information, see "*Risk Factors - Serbia has historically relied on Russian energy imports, and whilst efforts are underway to diversify supply sources, any disruption in energy imports or failure to secure alternative energy sources could materially adversely affect Serbia's economy, fiscal position and financial stability*". From 2020 to 2024, Russian FDI in Serbia totalled EUR 765.5 million, but Russian-owned banks and companies have a minimal presence in Serbia's financial and other key sectors. In recent years, the Russian Federation dropped out from Serbia's top ten trading partners. In 2025, exports to Russia amounted to EUR 757 million (a decrease of 14.8 per cent. year-on-year) and imports to EUR 1,268 million (a decrease of 1.5 per cent. year-on-year). The two countries have had a bilateral free trade agreement in place since August 2000. See "*External Sector –International Trade Agreements*".

United Arab Emirates

Since 2012, Serbia's relationship with the UAE has been rapidly evolving, particularly in the fields of economy and trade. A number of significant bilateral agreements have been signed between Serbia and the UAE, namely: an agreement on the promotion and protection of investments; an agreement on the avoidance of double taxation; an air traffic agreement; an agreement on co-operation to promote investment in various sectors (including infrastructure); and an agreement on the establishment of a joint committee, amongst others. In September 2022, Serbia and the UAE signed nine agreements, including one for comprehensive partnership and one for extending loan of US\$1 billion to Serbia at an interest rate of 3 per cent. On 13 February 2024, as part of the World Government Summit in Dubai, Serbia and the UAE signed a Memorandum of Understanding on the development and application of AI. In October 2024, Serbia and the UAE signed a Comprehensive Economic Partnership Agreement to pave the way for increased trade and investment flows and bilateral private sector collaboration. In December 2025, Serbia and the UAE signed a memorandum of understanding for political consultations between the respective foreign ministries.

In 2025, trade between the UAE and Serbia provisionally amounted to USD 113.4 million (of which exports amounted to USD 92.3 million, and imports amounted to USD 21.1 million), in 2024, USD 144.3 million (of which exports amounted to USD 98.8 million and imports amounted to USD 45.6 million), and in 2023, USD 158.8 million (of which exports amounted to USD 120.3 million, and imports amounted to USD 38.5 million). Companies from the UAE, including Al Dahra, Al Ravafed, Eagle Hills, Mulk Holding, Mirabank, P&O Ports and others, are working in Serbia and a number of Serbian companies are present in the UAE. In December 2025, Serbia agreed with the UAE to defer a USD 2 billion payment originally due in 2025 to 2026. The deferral was proposed by the UAE and is considered commercially favourable to Serbia, as the applicable fixed interest rate is below prevailing U.S. interest rates.

United Kingdom

Serbia and the UK have a good political relationship and their economic co-operation is improving with Serbia's increased efforts to attract foreign investments from the UK. The UK and Serbia have also maintained continued co-operation in the fight against organised crime and combating international terrorism. Bilateral consultations between Serbia and the UK in the fields of defence and security policy are held annually.

Considering the potential for co-operation between the two economies, trade in goods is relatively low, although the past few years have witnessed a growing trend in this regard. In 2025, trade between the two countries provisionally totalled USD 977.8 million (of which exports amounted to USD 539.1 million, and imports amounted to USD 438.7 million). In 2024, foreign trade between the two countries also totalled USD 956.0 million (with exports at USD 512.6 million and imports at USD 443.3 million).

Following its withdrawal from the EU, one of the UK's priorities for deepening its bilateral relations with Serbia was to reach an agreement which regulates trade relations between the two countries. This was achieved through the Partnership, Trade and Co-operation Agreement, which was signed on 16 April 2021 and has provisionally been applied since 20 May 2021. Defence and security, in particular, are perceived as key co-operation areas: the latest round of bilateral consultations in the field of security policy and defence between the UK and Serbia were held in London on 23 January 2024.

United States

Serbia is committed to the promotion of bilateral relations with the USA. Over the past few years, co-operation in all areas has gained momentum. In particular, the U.S. State Department continues to prioritise engagement with Serbian officials on topics of mutual importance, especially as regards both countries' shared interest in promoting regional security and stability. At the same time, high-level political dialogue has increased as a result of Serbia's reform agenda and political commitment in other areas. At present, both Serbia and United States are working to strengthen mutually shared interests in order to maintain peace in the Balkan region. The result of these endeavours is illustrated through the bilateral agreement signed between Serbia and the United States on 4 September 2020 relating to the normalisation of economic relations with Priština, alongside urging Priština to swiftly form the Association of Serbian Municipalities, as stipulated by the Brussels Agreement. In an effort to further strengthen bilateral relations, the U.S. International Development Finance Corporation opened a regional office in Belgrade on 22 September 2020. In September 2024, Serbia and the USA signed the Agreement on Strategic Co-operation in Energy, which enhanced opportunities for U.S. companies to invest in Serbia's energy sector. In September 2025, President Aleksandar Vučić met with acting U.S. Assistant Secretary of State Brendan Hanrahan and discussed the strategic partnership of the two countries and the development of co-operation in areas such as energy and AI. In December 2025, the Minister of Foreign Affairs, Marko Đurić, met with the Chairman of the Foreign Affairs Committee of the United States House of Representatives, Congressman Brian Mast, and discussed the possibility of improving relations and co-operation between the two countries.

Serbia expresses readiness to further strengthen bilateral relations with the U.S. by showing interest in promoting political contacts. These trends are accompanied by the rise in business and investment co-operation, as well as in the area of bilateral trade.

In terms of investments, the United States has significant investments in Serbia. Along with direct investments representing approximately US\$710.7 million (EUR 682.9 million) as at the end of 2024 (the most recent date for which information is available), trade in goods amounted to approximately USD 1.6 billion in 2025 (of which exports were USD 0.7 billion and imports were USD 0.8 billion), USD 1.5 billion in 2024 (of which exports were USD 0.7 billion and imports were USD 0.7 billion) and USD 1.2 billion in 2023 (of which exports were USD 0.6 billion and imports were USD 0.6 billion).

The USA is the largest export market in the world for the Serbian IT sector. In 2025, total exports of services to the USA reached \$2.4 billion, representing an annual growth of 20.7 per cent. During the same period, imports from the USA amounted to \$478.9 million, with an annual growth of 6.4 per cent. As a result, Serbia recorded a services trade surplus of \$1.9 billion with the USA in 2025, reflecting a year-on-year increase of 25.1 per cent.

Whilst the United States has not imposed sanctions on Serbia in connection with its decision not to align fully with sanctions against Russia following the invasion of Ukraine, it has imposed sanctions on NIS, Serbia's largest integrated oil company, due to the majority ownership interest held by Russian entities Gazprom Neft and Gazprom. The United States has consistently maintained that these measures are directed at a Russian-controlled company operating in Serbia rather than at Serbia itself. NIS has continued operating under a series of temporary licences issued by the OFAC pending completion of negotiations for the divestment of the Russian shareholding, and its proposed acquisition by Hungary's MOL Group. On 17 April 2026, OFAC granted NIS a further 60-day sanctions licence, allowing NIS to continue importing crude oil pending completion of the ownership transfer. As at the date of this Base Offering Memorandum, MOL's senior management and operational teams are scheduled to attend meetings in Belgrade to discuss the details of the transaction. The negotiation period has been extended until 22 May 2026, by which date completion of the sale remains subject to OFAC approval.

In September 2024, Serbia and the United States signed an Agreement on Strategic Cooperation in the Field of Energy, which entered into force in March 2025. The Agreement aims to accelerate the phase-out of coal, increase the deployment of clean energy technologies, and promote US private sector investment in Serbian energy projects. It also seeks to ensure that projects meet the highest standards in government procurement, project management, and environmental protection, and to advance shared energy security objectives.

Others

Serbia has strong political and economic relations with other countries such as France, India, Japan and Spain as well as neighbouring countries such as Croatia and Bosnia and Herzegovina, which are important bilateral partnerships for both foreign trade and infrastructure co-operation.

Cooperation with Israel is increasing, particularly in the defence industry and IT sector. Negotiations on a free trade agreement between Serbia and Israel are underway and are expected to be concluded by the end of 2026. In 2025, exports of goods to Israel amounted to USD 249.7 million, an annual increase of 70.9 per cent. Imports from Israel in 2025 totalled USD 74.1 million, reflecting an annual increase of 33.6 per cent.

On 25 October 2019, Serbia signed a free trade agreement with the Eurasian Economic Union (comprising Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan) (the “EAEU”). This agreement unifies the free trade regime that Serbia enjoys with Russia, Belarus and Kazakhstan and expands the trade regime to the other two member states. This new free trade agreement with the EAEU entered into force on 10 July 2021 and replaced the bilateral free trade agreements that Serbia had for a number of years with the Russian Federation, Belarus and Kazakhstan. The new free trade agreement provides for further trade liberalisation in goods with tariff rate quotas agreed in respect of a limited number of agricultural food products enabling the parties to use the new concessions in order to increase the mutual trade of primarily agricultural food products. The EAEU is traditionally a significant market not only for Serbian agricultural food sector (fresh and frozen fruit, cheese, etc) but also for a number of industrial products. In the past, a substantial number of foreign investors, mostly from EU countries, established production facilities in Serbia aimed at exporting primarily to Russia and thus benefiting from preferential market access granted by the free trade agreement. In 2023, the share of EAEU in the overall Serbian trade decreased to 5.1 per cent. mainly due to drop in prices and reduced quantity of imported energy, whilst the share of Serbian exports to the EAEU was 4.7 per cent. of the overall exports. In 2024, the share of the EAEU in the overall Serbian trade decreased to 4.3 per cent., mainly due to a reduced quantity of imported energy, whilst the share of Serbian exports to the EAEU was 3.6 per cent. of the overall exports. In 2025, the share of EAEU in the overall Serbian trade decreased to 4.1 per cent., mainly due to a drop in prices and reduced quantity of imported energy, whilst the share of Serbian exports to the EAEU was 3.1 per cent. of the overall exports. In recent years, the EAEU has signed free trade or preferential trade agreements with Iran, Indonesia, Mongolia (on a temporary basis) Singapore, the UAE and Vietnam.

In April 2022, Serbia aligned with the sanctions imposed by the European Union on Belarus due to its involvement in the Russian invasion of Ukraine. Although trade between Serbia and Belarus has grown in recent years and is subject to the terms of a free trade agreement signed in 2009, the closer economic partnership between the two countries will remain reduced until the conditions improve in Belarus.

On 23 November 2022, Serbia and Azerbaijan signed seven bilateral agreements in Belgrade when the President of the Republic of Azerbaijan made an official visit to Serbia. The Presidents of Serbia and Azerbaijan signed a joint statement, in which they confirmed common interests for deepening the strategic partnership between Serbia and Azerbaijan and affirmed the memorandum on the establishment of the Council for Strategic Partnership of Serbia and Azerbaijan. A Memorandum of Understanding was also signed between the Ministry of Construction, Transport and Infrastructure of Serbia and the Ministry of Digital Development and Transport of Azerbaijan on the recognition of authorisation in accordance with Regulation 1/10 of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978 (as amended).

In November 2023, Serbia signed a deal with Azerbaijan to purchase 400 million cubic metres of natural gas annually from 2024 to 2026 and there are plans to increase this amount in the coming years. On 11 January 2026, Serbia and Azerbaijan signed the Bilateral Military Co-operation Plan for 2026, reflecting ongoing efforts to expand defence ties, joint activities, and exchanges between their respective defence ministries.

Other documents that were signed include the Administrative Agreement for the Implementation of the Agreement between the Government of Serbia and the Government of Azerbaijan on Social Security, the Memorandum of Understanding between the Development Agency of Serbia and the Agency for the Development of Small and Medium Enterprises of Azerbaijan, and the Memorandum of Understanding between the Chamber of Commerce of Serbia and the Agency for the Promotion of Exports and Investments of Azerbaijan.

ECONOMY OF SERBIA

Overview

Over the past decades, Serbia faced significant challenges as it transitioned from a centrally planned economy to a market-led economy. In particular, the collapse of the former Yugoslavia and the subsequent closing of its markets in the early 1990s contributed to macroeconomic instability in Serbia. This instability manifested through a sharp contraction of GDP, high unemployment and hyper-inflation. In 2001, the Government started introducing broad reforms to the economic system, including liberalisation of markets, privatisation of ownership and restructuring of industries, along with initiatives to reduce the previously high levels of inflation. After the first few years of recession, the Serbian economy experienced a sustained period of growth from 2005 to 2008, reflecting the progress of its economic reforms, free trade and regional co-operation.

Real GDP grew by 3.7 per cent. year-on-year in 2023. During 2023 and the beginning of 2024, the economy has been affected by high food and energy prices, weaker growth of the most important trading partners and tightening of financing conditions. However, despite such challenges, the economy has displayed sufficient resilience, navigating through the macroeconomic problems and uncertainties. Observed from the production side, according to the SORS data, the increase in the created GVA in 2023 was recorded in all economic sectors. In 2023, the service sector played the role of the dominant carrier of economic activity growth. Growth was diversified and achieved in most service activities, and particularly strong in information and communication as well as technical and professional services. Despite the weaker external demand, the industry continued its positive dynamics during 2023 and recorded an increase of 1.9 per cent., primarily due to the activation of new production capacities, but also the recovery of electricity production. Growth was also recorded in construction of 10.5 per cent. as a result of increased private investment and continued investment in infrastructure projects, and partly due to a lower base in 2022. Agricultural production was above average and achieved a growth of 7.4 per cent. compared to the preceding dry year. From the expenditure side, GDP growth in 2023 was driven by net exports and further supported by growth in investments and private consumption. The activation of new production capacities resulted in a real growth of export activity of 2.7 per cent. despite reduced external demand. On the other hand, the drop in the import of energy products and lower import of raw materials resulted in a drop in real import activity of 1.4 per cent. The increase in wages, both in the private and in the public sector, higher employment and stable growth of pensions resulted in the continued growth of real private consumption, which was 0.5 per cent. Investment activity was higher by 9.7 per cent. as a result of the increase in production capacity of the economy, and it was additionally supported by the continuation of works on the implementation of infrastructure projects in the field of road and railway infrastructure, as well as significant investments in energy. In 2023, Serbia achieved the following fiscal and economic results:

- Serbia registered a real GDP growth of 3.7 per cent. and a nominal GDP of EUR 75.2 billion, which was 18.2 per cent. higher than in 2022;
- Unemployment rates decreased from 9.5 per cent. in 2022 to 9.4 per cent. in 2023, representing a 0.1 per cent. decrease from 2022;
- The ratio of General Government Debt to GDP decreased from 52.9 per cent. in 2022 to 48.4 per cent. in 2023; and
- Serbia realised a fiscal deficit of RSD 181.1 billion (representing 2.1 per cent. of GDP), against the budgeted deficit of RSD 227.5 billion (being 2.6 per cent. of GDP).

According to the Office of Statistics, GDP rose by 10.6 per cent. in nominal terms and by 3.9 per cent. in real terms compared to 2023. On the production side, economic expansion was primarily supported by the industrial, construction and services sectors, although agricultural output faced setbacks due to a poor season. Industrial activity added 0.6 percentage points to overall growth, whilst the energy sector slightly contracted (-0.1 percentage points) because electricity generation fell amidst drought conditions, reducing hydroelectric output. Construction grew by 4.0 per cent., consistent with a 7.7 per cent. real increase in total fixed investments. Rising demand in services also contributed positively to growth, whereas agriculture declined by 7.0 per cent. as a result of severe droughts. Investments recorded a growth of 7.7 per cent. The economy saw a real export growth of 5.2 per cent. and a real import growth of 8.0 per cent. in 2024 as a result of the increased needs of the economy

for raw materials and investments, but also of higher private consumption and imports of consumer goods. In 2024, Serbia achieved the following fiscal and economic results:

- Serbia registered a real GDP growth of 3.9 per cent. and a nominal GDP of EUR 83.26 billion;
- Unemployment rates decreased from 9.4 per cent. in 2023 to 8.6 per cent. in 2024;
- The ratio of General Government Debt to GDP decreased from 48.4 per cent. in 2023 to 46.9 per cent. in 2024; and
- Serbia realised a fiscal deficit of RSD 191.9 billion (representing 2.0 per cent. of GDP) against the budgeted deficit of RSD 263.0 billion (being 2.7 per cent. of GDP).

According to the Office of Statistics, GDP rose by 6.4 per cent. in nominal terms and by 2.0 per cent. in real terms compared to 2024. On the production side, economic expansion was primarily supported by the services and construction sectors, whilst industrial growth was moderate and agricultural output remained subdued due to unfavourable weather conditions. Industrial activity added approximately 0.3 percentage points to overall GDP growth, whereas the energy sector slightly contracted by 0.1 percentage points due to lower electricity generation. Construction grew by 3.0 per cent., contributing 0.4 percentage points to growth, supported by continued investment in infrastructure and real estate. Rising demand in services added about 1.0 percentage points, whilst agriculture declined by roughly 5.0 per cent., subtracting 0.2 percentage points from overall growth. Investments grew at a more moderate pace than in 2024, reflecting slower economic expansion. Real exports increased by around 3.0 per cent., whilst real imports grew by 4.5 per cent., reflecting sustained domestic demand for raw materials, investment goods and consumer products. In 2025, Serbia achieved the following fiscal and economic results:

- Serbia registered a real GDP growth of 2.0 per cent. and a nominal GDP of EUR 88.7 billion;
- The ILO unemployment rate remained broadly stable at 8.7 per cent., compared to 8.6 per cent. in 2024;
- The ratio of General Government Debt to GDP was 44.7 per cent. for 2025, compared to 46.9 per cent. in 2024; and
- Serbia realised a fiscal deficit equivalent to 2.4 per cent. of GDP, up from 2.0 per cent. in 2024.

In October 2024, Serbia became an investment-grade economy, being awarded a rating of BBB- by S&P. This reflected Serbia's favourable macroeconomic fundamentals and preserved financial stability.

Serbia will host EXPO 2027 in Belgrade, which is set to become the worldwide hub for education, culture and innovation, drawing representatives from numerous countries to the Serbian capital for the Expo exhibition. EXPO 2027 is expected to bring 4.1 million visitors to Serbia. As part of the broad investment plan, Serbia is expected to invest approximately EUR 18 billion into various sectors of the economy within the next three and a half years, with the ultimate aim of EXPO 2027 being to increase the Serbian economy, infrastructure and competitive environment. As of January 2026, a total of EUR 1.2 billion has already been invested for EXPO 2027. The EXPO development consists of constructing a new Belgrade fair, a national football stadium with 52,000 seats, in accordance with FIFA standards, an aquatics complex which includes an arena with indoor pools, modern technology for water sports competitions and a seating capacity of 4,000 and 1,500 apartments. As part of the EXPO, the construction of a new 18 km railway line, connecting the Prokop railway station with the new future National Stadium railway station, is planned. In addition, 9 km of new City boulevards with a connection to the Miloš Veliki highway are planned, with new public parking, as well as all accompanying elements of gas, sewage, telecommunication and energy infrastructure. A new wharf on the Sava River is a project of importance for this area, which will increase attraction to EXPO 2027 by providing access to future exhibition visitors from the water via river cruises and taxi boats. As of January 2026, 132 countries have confirmed their participation in EXPO 2027. There has been some public opposition concerning the costs, transparency and environmental impact of organising EXPO 2027, and there have also been some delays with the construction on parts of the EXPO 2027 site, including the National Stadium. The Government will continue to address such challenges that may arise.

The volume of the infrastructure investments planned for the construction of the EXPO and facilities and infrastructure related to EXPO is approximately EUR 1.2 billion. The funding sources are provided from the local capital market, loans and government local currency benchmark.

The following table shows key indicators of economic development for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
Nominal GDP (EUR billions) ⁽¹⁾	55.9	63.5	75.2	83.3	88.7
Real GDP growth (%)	7.9	2.7	3.7	3.9	2.0
End of year retail price increase (y-o-y) (%)	7.9	15.1	7.6	4.3	2.7
Balance of goods (% of GDP) ⁽²⁾	(10.8)	(14.7)	(8.8)	(8.1)	(7.3)
Current account deficit (per cent. of GDP)	(4.1)	(6.6)	(2.4)	(4.5)	(4.9)
Net FDI (EUR billions)	3.7	4.3	4.2	4.6	2.3
Net FDI (per cent. of GDP)	6.5	6.8	5.7	5.5	2.6
Average rate of employment (y-o-y) (%) ⁽³⁾	2.2	2.3	0.8	2.0	(1.0)
Real growth in average net wage ⁽⁴⁾ (%)	5.4	1.7	2.4	9.1	7.4
Labour productivity real growth (%)	4.8	0.9	1.3	3.4	2.0
ILO unemployment rate (persons of age 15 and over) (%) ⁽³⁾	11.1	9.5	9.4	8.6	8.7
ILO employment rate (persons of age 15 and over) (%) ⁽³⁾	47.8	49.5	50.2	51.4	51.2
General government fiscal balance (% of GDP)	(3.9)	(3.0)	(2.1)	(2.0)	(2.4)
Foreign debt (EUR billions)	36.3	41.6	44.2	48.8	51.1
Foreign debt (% of GDP)	64.8	65.5	58.7	58.6	57.6
Foreign debt/goods & services exports (%)	125.8	109.5	107.7	110.1	107.1

Source: Office of Statistics; National Bank.

Notes:

- (1) Recalculated by the Ministry of Finance based on the average EUR/RSD exchange rate, as relevant, for the relevant period. See “*Exchange Rate History*”.
- (2) Imports and exports of goods are presented as free on board (F.O.B.).
- (3) According to the International Labour Organisation Methodology. See “*Labour Market and Social Policy – Employment*” for a discussion of this methodology.
- (4) The Office of Statistics changed its methodology for calculation of net wages starting from 2021.

Macroeconomic Policy

The Government’s economic policies are focused on fulfilling Serbia’s requirements for EU membership, accelerating economic growth, attracting foreign investments, developing relations between the private and public sectors, especially in the infrastructure sector, improving the management and transparency of public enterprises, increasing labour market flexibility to support job creation, curbing corruption and reforming the public sector and banking system to make them more efficient. These reform plans are more specifically set out in Serbia’s Economic Reform Programme for 2026–2028, a three-year transformation plan that is prepared by the Government on a rolling basis for submission to the European Commission in connection with Serbia’s candidacy for EU membership. The programme sets out the Government’s broad economic growth strategies and contains a mid-term framework for its macroeconomic and fiscal policies as well as structural reform plans, which are designed to be implemented using a series of more detailed measures. These structural reforms were prepared in line with the priorities set out in Serbia’s medium-term fiscal strategy, the 2025 and 2026 Budget Law (as defined below), the PCI of the IMF, the NPAA and the New Growth Agenda of the World Bank, after taking into account the prevalent economic and fiscal indicators.

Economic Reform Programme for 2026–2028

Since 2015, Serbia has been participating on a yearly basis with EU institutions and EU member states for co-ordination of economic policies. In this respect, every year the Government publishes a strategic ERP for the following three-year period, aimed at further harmonising economic policy with the EU in connection with Serbia’s candidacy for EU membership.

The ERP for the period 2026 to 2028 was adopted on 26 December 2025 and submitted to the European Commission within the specified deadline (15 January 2026). The ERP for 2026 to 2028 is more concise than the previous ERPs and contains a medium-term framework outlining macroeconomic, fiscal and monetary policies for the upcoming three-year period, including an evaluation of external sustainability, the identification of major macroeconomic risks and the specification of economic policy measures designed to safeguard macro-fiscal stability. Maintaining fiscal responsibility remains central to Serbia’s economic strategy. The Government envisages a phased reduction of the fiscal deficit from 3.0 per cent. of GDP amidst the ongoing

investment cycle to 2.5 per cent. of GDP by 2028, thereby reinforcing the downward trajectory of public debt, which is estimated to decline to roughly 44 per cent. of GDP by the end of the medium-term period. At the same time, substantial public investment will continue, coupled with further improvements in the governance, transparency and effectiveness of capital spending. The ERP includes elements relevant to the Reform Agenda of Serbia 2024–2027, in line with the Western Balkans Growth Plan, adopted by the Government of Serbia on 3 October 2024. During 2026, the ERP 2026–2028 will be reviewed with the European Union at the Economic Dialogue under the ECOFIN Council, where joint recommendations for the Western Balkans will be adopted.

2023 Budget Law

On 9 December 2022, the Assembly adopted the 2023 Budget. Under the 2023 Budget:

- Total revenues and proceeds are budgeted at RSD 1,843.4 billion at the central government level (including indirect budget beneficiaries) and RSD 3,283.5 billion at the general government level, with tax revenues accounting for RSD 1,592.8 billion at the central government level and RSD 2,936.1 billion at the general government level;
- Total expenditures and outflows are budgeted at RSD 2,107.4 billion at the central government level (including indirect budget beneficiaries) and RSD 3,547.5 billion at the general government level; and
- The resulting budget deficit at the central government and general government level is assumed at RSD 264.0 billion, representing 3.0 per cent. of the expected GDP.

The 2023 Budget assumed real GDP growth of 2.5 per cent., average inflation of 11.1 per cent. and debt-to-GDP ratio of 56.1 per cent. It also contemplated an increase of 12.5 per cent. in public sector wages, together with an increase of 12.1 per cent. in pensions from January 2023.

Supplementary Budget

On 2 September 2023, the Assembly adopted the Bill on Amendments to the Budget Law for 2023. This Supplementary Budget introduced new and large expenditure measures, almost bringing the fiscal deficit and state borrowing back to the initially planned level. The main measures introduced are as follows:

- an increase in subsidies for agriculture, with payouts per hectare increased from 9,000 to 18,000 RSD, premiums for milk from 15 to 19 RSD per litre, and incentives for quality breeding dairy cows from 30,000 to 40,000 RSD per head, increasing the budget subsidies for agriculture in 2023 (and the following years) by about EUR 250 million;
- an extraordinary increase in pensions of 5.5 per cent.;
- an increase in wages for employees in education and the health sector; and
- a one-time payment of RSD 10,000 for each child up to 16 years of age, which was realised at the end of September 2023.

In addition to these measures, state officials announced a new payment to pensioners in 2023 of RSD 20,000 per person, amounting to EUR 285 million in total. This measure was made public two days after the Supplementary Budget for 2023 was adopted by the Parliament.

The macroeconomic targets have now been restated as follows:

- Total revenues are budgeted at RSD 1,904 billion at the central government level (including indirect budget beneficiaries) and RSD 3,445.5 billion at the general government level;
- Total expenditures are budgeted at RSD 2,131.5 billion at the central government level (including indirect budget beneficiaries) and RSD 3,673.0 billion at the general government level; and
- The resulting budget deficit at the central government level has decreased from 3.0 per cent. of the expected GDP to 2.6 per cent. of the expected GDP, whilst the revised target fiscal deficit is assumed at RSD 227.5 billion.

2024 Budget Law

On 5 October 2023, the Assembly adopted the 2024 Budget Bill. The proposed budget is focused on development, which implies the continuation of high investments in capital projects, the construction of highways, high-speed railways, schools, hospitals, the policy of increasing salaries and pensions, as well as building the country and protecting the living standards of citizens. Under the 2024 Budget:

- Total revenues are budgeted at RSD 2,040.9 billion at the central government level (including indirect budget beneficiaries);
- Total expenditures are budgeted at RSD 2,237.9 billion at the central government level (including indirect budget beneficiaries); and
- The resulting budget deficit at the central government level is assumed at RSD 197.0 billion, which is 2.0 per cent. of the GDP and which is lower than the planned deficit for 2023, which was projected at 2.6 per cent. of GDP by the budget revision.

2025 Budget Law

On 27 November 2024, the Assembly adopted the 2025 Budget Law. Under the 2025 Budget:

- Total revenues are budgeted at RSD 2,346.2 billion, whilst costs and expenditures are budgeted at RSD 2,660.2 billion;
- The GDP growth rate was projected at 4.2 per cent. and the budget deficit at 3 per cent. of GDP; and
- The public debt (general government) was projected at 47.5 per cent. of GDP.

The 2025 Budget also allocated funds for an 8 per cent. salary increase in the public sector, an 11 per cent. increase for teacher salaries starting next year, and a 10.9 per cent. increase for retirees, including pensioners.

2026 Budget Law

On 3 December 2025, the Assembly adopted the Law on the Budget of Serbia for 2026, according to which:

- Total revenues are budgeted at RSD 2,414.7 billion, 2.9 per cent. more than originally budgeted for this year;
- Total budget outlays are budgeted at RSD 2,715.7 billion; and
- The fiscal deficit is projected at RSD 337 billion (3 per cent. of GDP), with an economic growth rate of 3 per cent.

The 2026 Budget also allocates 6.7 per cent. of funds to capital investments, 5.1 per cent. to increasing public sector salaries, and 12.2 per cent. for increasing pensions starting in December 2025. The 2026 Budget also set aside funds for minimum wage increases from 1 January 2026 by 10.1 per cent.

The above targets and assumptions are based on the most recently available information and may be further adjusted, amended or revised, whether as part of regular review or otherwise, to take into account the prevalent economic and fiscal indicators, which are evolving based on numerous factors that are highly uncertain, rapidly changing and cannot be accurately predicted.

2026 Revised Fiscal Strategy

In the coming years, the Government intends to maintain strong, sustainable and broad-based economic growth. To achieve this objective, the 2026 Revised Fiscal Strategy of the Government sets out the economic outlook and projections for the period 2026 to 2028. In 2025, the global economy faced deep structural shifts and heightened uncertainty due to increasing trade tensions and geopolitical fragmentation. Escalating tariffs, the reconfiguration of global supply chains and evolving industrial policies in major economies have had significant impacts on trade flows, investment patterns and commodity and financial markets. Against this backdrop, safeguarding macroeconomic stability remains the key priority, with continuous risk monitoring and prompt policy adjustments in response to emerging developments. The 2026 Revised Fiscal Strategy also emphasises

the importance of continued European integration, deeper economic co-operation with the EU, and of Serbia's policy arrangements with the IMF to support structural reforms and policy predictability.

Serbia's GDP is projected to grow by about 3.0 per cent. in 2026. This is 1.2 percentage points lower than previous estimates, reflecting a more cautious outlook due to global and domestic risks. Total cumulative growth over the period is forecast at around 11.9 per cent., with an average annual growth rate of 3.8 per cent. Main growth drivers include domestic demand, rising real incomes, ongoing public and private investment and major development projects such as EXPO 2027. Global and domestic risks remain significant, including geopolitical pressures and energy price volatility. These risks justify the more cautious growth forecast. The government also plans to gradually reduce the general government deficit from about 3.0 per cent. of GDP in 2026 to around 2.5 per cent. by 2028. Public debt is expected to decline to approximately 44 per cent. of GDP by the end of the forecast period. High levels of public investment will continue with focus on transparency and efficiency.

The National Programme for the Adoption of the Acquis

In July 2014, the Government adopted the NPAA for the period 2014–2018, a detailed plan prepared for the alignment of Serbia's domestic legislation with the EU *acquis*. In March 2018, the Government adopted a third revision relating to the period 2018 to 2021. The EU *acquis* is divided into 35 chapters for the purpose of negotiations with the European Commission in respect of EU membership. In order to meet the EU accession criteria, the chapters are screened by the European Commission, following which negotiations with respect to the relevant chapters are opened and continued until the European Commission is satisfied with its completion. The NPAA is an instrument designed to monitor the implementation of these chapters. Apart from addressing the adoption of the EU legislation, the NPAA sets out the steps that need to be implemented by Serbia in order to meet the political and economic criteria of EU membership. More specifically, the NPAA defines the development and strategic objectives, on the one hand, and policy reforms and measures necessary for the implementation of these objectives, on the other hand. It also sets out a detailed plan, timetable and priorities for the adoption of these reforms along with the budget resources necessary for the implementation of such steps. The fourth revised NPAA for the period 2022 to 2025 was adopted on 21 July 2022, and the fifth and latest revised NPAA for the period 2024 to 2027 was adopted on 24 October 2024, with further updates and amendments enacted on 7 August 2025. In March 2024, the Government adopted and published monitoring reports on its 2022–2025 national plan for the adoption of the NPAA covering the period July 2022 to December 2023. The report noted that, in the reporting period, only 32 per cent. of planned NPAA actions were implemented.

Harmonising its laws with those of the EU *acquis* is a priority for the Government, which it plans to continue to pursue through an extensive amendment process aimed at domestic reforms, with particular focus on strengthening and adjusting the administrative capacities of its national institutions.

New Growth Agenda of the World Bank

The “Serbia New Growth Agenda” (“NWG”) published by the World Bank Group in December 2019 sets forth a new growth strategy to support Serbia in creating a competitive and inclusive economy in order to achieve EU integration. With the intention of maintaining fiscal sustainability and improving economic governance, on the one hand, and stimulating private sector growth and economic inclusion, on the other, the NWG identifies key sectors that need particular focus in the coming years and estimates the impact of selected reforms on GDP growth. The NWG identifies seven areas on the domestic front which require comprehensive, timely and sustained reforms: (i) providing improved financial assistance to the private sector; (ii) increasing public investments and facilitating private investments; (iii) enhancing the skills of the labour force; (iv) raising productivity to achieve higher value-added production, more jobs and higher wages; (v) promoting exports; (vi) strengthening governance and regulatory practices to enhance the business environment in both the private and public sectors; and (vii) increasing competition in product markets. All these areas are part of the priority measures within the framework of the structural reforms in the ERP.

Leap into the Future – Serbia 2027

The Leap into the Future agenda was presented in January 2024 and involves approximately EUR 17.8 billion of investments into 323 projects and various sectors, including EXPO 2027. Leap into the Future involves

various public infrastructure investment, alongside programmes to increase the standard of living and ensuring prudent fiscal management. The various projects proposed consist of:

- EXPO 2027: investments of approximately EUR 1.29 billion towards infrastructure for the new district area in Belgrade, an Aquatic centre, a railway from Zemun to the Belgrade Airport and the construction of a residential complex of 1,500 apartments, a new wharf on the Sava and a new national stadium. EXPO 2027 is embedded in a broader national investment programme of approximately EUR 17.8 billion across transport and urban infrastructure. Whilst the EXPO exhibition itself is not financed by EU funds, a significant number of related infrastructure projects, in particular in the field of railway infrastructure, are supported by EU funding. As of January 2026, a total of EUR 1.2 billion has already been invested in EXPO 2027.
- Infrastructure: investments of approximately EUR 11.4 billion towards the construction of new roads, water and air traffic infrastructure, railways (where Serbia plans to build and reconstruct over 2000 kilometres of regional railways), and other projects. The following projects are anticipated to be completed by the end of 2026: (i) the construction of the new Zemun Polje-Nikola Tesla Airport-National Stadium railway line (18.3 km), providing Belgrade citizens with a direct rail link to the airport; (ii) the construction of the Novi Beograd Railway Station complex, including the reconstruction of the bridge structure; (iii) the construction of access roads comprising parts of Airport Road, Nova 5 and Nova 8; and (iv) the reconstruction and modernisation of the Niš-Brestovac railway section.
- Investments of approximately EUR 3.3 billion.
- Urban modernisation: investments of approximately EUR 1.7 billion.
- Integral development and tourism: Investments of approximately EUR 0.12 billion.

The projects are to be funded by diversified sources, including loans, grants and the local capital market. All capital infrastructure projects of the Ministry of Construction, Transport and Infrastructure are funded in accordance with the Law on the Budget of Serbia for 2026, under which, of the total capital budget of the Ministry, general budget revenues account for 43.8 per cent., domestic and foreign loans represent 53.0 per cent. and EU donations and grants amount to 3.2 per cent.

Serbia has concluded infrastructure cooperation agreements with the People's Republic of China, Azerbaijan, Türkiye, Hungary, Spain and France. In accordance with the Agreement on Economic and Technical Cooperation in the Field of Infrastructure between the Government of Serbia and the Government of the People's Republic of China, concluded on 20 August 2009, and the Protocol for the Enhancement of that Agreement signed on 8 May 2024, 14 infrastructure projects have been funded through the Export-Import Bank of China and two projects have been funded through the Bank of China, with the total value of signed and ratified agreements amounting to EUR 4.5 billion.

National Development Plan – Serbia 2030

The Serbia 2030 national development strategy was publicly presented by President Vučić in early March 2026. It functions as a comprehensive strategic roadmap for Serbia's social, economic and institutional development through to 2030, set against a backdrop of long-term stability and European integration objectives. Total capital and public investments under the Serbia 2030 structure are estimated at approximately EUR 17 billion for the period to 2030, with a strong emphasis on growth, standard of living improvements, and structural economic reforms. The EUR 17 billion investment envelope is expected to be allocated across key sectors, with Transport Infrastructure representing the largest share at 46.2%, followed by Digitalisation, Education and Science at 20.0%, Energy at 11.2%, Water, Sewerage, Environment and Agriculture at 11.2%, Healthcare at 6.0%, Sports, Tourism and Culture at 3.2%, Economy at 1.8%, and Pronatalist Policy at 0.5%. Key focus areas consist of:

- Peace, Stability and EU Path: The strategy identifies preserving internal peace and stability as a foundational priority while advancing Serbia's EU accession process through sustained economic and institutional reforms.
- Macroeconomic Growth and Living Standards: Projections under the strategy include raising the average net wage to approximately EUR 1,320 by 2030, reflecting productivity and competitive improvements in the economy.

- **Infrastructure Development:** Significant infrastructure expansion – covering transport, energy and urban systems – is a core part of the plan, intended to strengthen Serbia’s connectivity and logistics role in the region.
- **Human Capital and Education:** Improving education systems, including investment in schools and a strong dual education framework, is highlighted to enhance workforce quality and skills relevant to the modern economy.
- **Technology and Digital Transformation:** Investments in digitalisation and emerging technologies, notably AI, robotics and broader information, communications and technology (“ICT”) infrastructure, are embedded in strategic goals to modernise public institutions and private sector competitiveness.
- **Public Services and Quality of Life:** The strategy envisages enhancements to healthcare, social services, and utilities to ensure equitable improvement in citizens’ standards of living.

The plan is structured around a EUR 17 billion investment envelope to 2030, supported by both public and private finance sources; a further phase stretching beyond 2030 is incorporated into Serbia 2035 (discussed below). Funding priorities are set in coordination with Serbia’s annual budget and long-term fiscal frameworks.

National Development Strategy – Serbia 2035

The Serbia 2035 strategy builds on the foundation laid by Serbia 2030, extending the investment horizon and broadening the scope of national planning. It was presented and discussed by government leadership in March 2026 as the largest and most ambitious long-term development plan in recent Serbian history, with a cumulative investment plan totalling approximately EUR 48 billion – including EUR 17 billion for 2026–2030 and an additional EUR 31 billion for 2030–2035. Core pillars include:

- **Economic Transformation and Growth Acceleration:** The strategy is designed to accelerate Serbia’s macroeconomic growth trajectory through large-scale capital investment, aiming to reinforce competitiveness and productivity across sectors.
- **Infrastructure as a Growth Backbone:** Continued large investments in highways, rail modernisation, energy transmission, and logistic hubs are positioned as key to connecting Serbia regionally and internationally.
- **AI and Technological Modernisation:** A distinctive feature of Serbia 2035 is the integration of AI and digital technologies across sectors such as healthcare, education, administration, and industry to support efficiency and innovation. This builds upon earlier AI strategy frameworks (e.g., national AI strategy for 2025–2030).
- **Human Capital and Social Investment:** The plan includes robust investment (approximately EUR 220 million) in education and skill development projects, including construction, reconstruction of schools and kindergartens, and dual education system expansion to nurture future workforce capabilities.

Projected outcomes include increases in average wages – with estimates of EUR 2,500 by the end of 2035 – and an overarching goal to transition Serbia towards higher value-added economic activities. The strategy also emphasises structural transformation in industrial sectors and labour markets.

Gross Domestic Product

Serbia’s trade system includes a broad concept of exports and imports, which covers all goods that are imported and exported except goods in transit and transactions involving temporary goods.

The following table shows Serbia's real and nominal GDP, as well as EUR/RSD and US\$/RSD exchange rates, for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
Nominal GDP (RSD billions).....	6,576.0	7,460.1	8,817.9	9,748.3	10,392.7
Nominal GDP (EUR millions) ⁽¹⁾	55,931	63,513	75,205	83,258	88,673
GDP per capita (EUR).....	8,184	9,530	11,355	12,641	13,545
Real GDP growth (%).....	7.9	2.7	3.7	3.9	2.0
EUR/RSD (end of period).....	117.58	117.32	117.17	117.01	117.28
EUR/RSD (period average) ⁽²⁾	117.57	117.46	117.25	117.09	117.20
US\$/RSD (end of period).....	103.93	110.15	105.87	112.44	99.92
US\$/RSD (period average) ⁽²⁾	99.49	111.86	108.41	108.20	103.79
EUR/US\$ (end of period).....	1.13	1.06	1.09	1.05	1.17
EUR/US\$ (period average) ⁽²⁾	1.18	1.05	1.08	1.08	1.13

Source: Office of Statistics; National Bank.

Notes:

- (1) Recalculated by the Ministry of Finance using average exchange rate for the period. See "Exchange Rate History".
(2) Calculation of average exchange rates is based on National Bank's daily data of exchange rates.

The following table shows contributions of expenditure (in percentage points) to real GDP growth for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(%)		
Household final consumption expenditure.....	4.9	2.2	0.4	3.2	1.9
NPISH* final consumption expenditure.....	0.1	0.0	0.0	0.1	0.0
Government final consumption expenditure.....	0.8	0.2	(0.4)	0.7	0.6
Gross fixed capital formation.....	3.1	0.5	2.3	1.8	0.2
Changes in inventories and acquisitions less disposals of valuables.....	(0.8)	0.5	(1.1)	0.1	1.0
Exports of goods and services.....	9.4	8.9	1.7	2.9	3.0
Imports of goods and services.....	9.6	9.6	(1.0)	4.8	4.7
Gross domestic product.....	7.9	2.7	3.7	3.9	2.0

Source: Ministry of Finance.

* Non-Profit Institutions Serving Households

The following table shows share of expenditure aggregates in GDP (in per cent.) for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(%)		
Household final consumption expenditure.....	63	65	62	61	61
NPISH* final consumption expenditure.....	1	1	1	1	1
Government final consumption expenditure.....	19	18	17	17	18
Gross fixed capital formation.....	23	23	23	24	23
Changes in inventories and acquisitions less disposals of valuables.....	2	2	1	1	1
Exports of goods and services.....	52	61	55	54	54
Imports of goods and services.....	60	71	59	58	59
Gross domestic product.....	100	100	100	100	100

Source: Ministry of Finance.

* Non-Profit Institutions Serving Households

The following table shows share of investments as a percentage of GDP for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(%)		
Investments.....	24.9	26.4	24.6	25.7	25.1
Gross fixed capital formation.....	23.1	23.9	23.4	23.8	23.4
Private investments.....	16.0	16.9	16.9	17.1	16.9
Public investments.....	7.1	7.1	6.4	6.7	6.6
Stock building.....	1.9	2.5	1.2	1.9	1.7
Private investment plus stocks.....	17.8	19.3	18.2	19.0	18.5

Source: Ministry of Finance

The following table shows contribution to the real GDP growth by sectors (in percentage points) for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(%)		
Agriculture.....	(0.1)	(0.4)	0.4	(0.3)	0.0
Industry ⁽¹⁾	1.2	0.8	0.4	0.8	0.2
Construction.....	0.9	(0.5)	0.5	0.2	(0.3)
Services ⁽²⁾	4.6	2.3	2.7	2.6	1.6
Net taxes.....	1.3	0.5	(0.2)	0.6	0.5
Gross domestic product (%).....	7.9	2.7	3.7	3.9	2.0

Source: Ministry of Finance; National Bank.

Notes:

(1) Mining, Manufacturing, Electricity and Gas, Water Supply.

(2) Trade, Transport, Tourism, Information and Communication, Financial and Insurance Activities, Other Service Activities.

In 2023, according to the Office of Statistics, the Serbian economy recorded a real GDP growth of 3.7 per cent. On the production side, all sectors contributed to growth, with the service sector serving as the primary driver, particularly information and communication, as well as technical and professional services. Industry continued its positive trajectory with a 1.9 per cent. increase, supported by the activation of new production capacities and recovery in electricity production, while construction expanded by 10.5 per cent. due to increased private investment and ongoing infrastructure projects. Agricultural production grew by 7.4 per cent. following an above-average season. From the expenditure side, GDP growth was underpinned by net exports, alongside increases in investment and private consumption. GDP per capita reached EUR 11,355, reflecting a 19.15 per cent. year-on-year increase. Export activity grew by 2.7 per cent., despite weaker external demand, while real imports declined by 1.4 per cent., reflecting reduced energy and raw material imports. Growth in wages, stable pension increases, and higher employment supported a 0.5 per cent. rise in real private consumption, while investment activity rose by 9.7 per cent., driven by both expanded production capacities and continued infrastructure and energy projects.

In 2024, GDP increased by 10.6 per cent. in nominal terms and 3.9 per cent. in real terms. Production growth was led by industry, construction, and services, though agriculture suffered from a severe drought, contributing to a 7.0 per cent. decline in agricultural output. Industrial production added 0.6 percentage points to growth, while the energy sector detracted 0.1 percentage points due to reduced hydroelectric generation. Construction grew by 4.0 per cent., aligned with a 7.7 per cent. increase in total fixed investments, and services expanded by 4.5 per cent. Growth from the expenditure side was primarily driven by domestic demand, with private consumption up 5.2 per cent. and investment rising 7.7 per cent., alongside stronger real growth in imports than exports.

Preliminary estimates for 2025 indicate real GDP growth of 2.0 per cent. for the year, reflecting domestic uncertainty and international tensions. Quarterly estimates show modest growth, with 1.8 per cent. in Q1 and 2.2 per cent. in Q4. The construction sector, highly sensitive to economic conditions, contracted by 5.5 per cent., while services grew by 2.7 per cent., led by information technology, financial, and professional services. Industrial production expanded by 1.1 per cent., supported by new capacities in automotive and rubber industries. Agricultural output declined due to adverse climatic conditions, particularly high temperatures and drought during the summer. On the expenditure side, private consumption grew by 3.1 per cent., supported by higher wages and pensions, while investment growth remained modest at 0.8 per cent., constrained by the decline in construction. Net exports contributed negatively to GDP growth, as imports, driven by household consumption and industrial input needs, outpaced exports.

Gross Value Added

Serbia measures the value of goods and services produced in a sector of the economy using the measure of GVA. As an aggregate measure of production, the sum of GVA of all economic sectors or institutional units, plus taxes on products and services and fewer subsidies, is equal to GDP. GVA is used to measure the growth in the output of each sector, as the information relating to taxes and subsidies on products and services is not available for individual sectors.

The following table shows GVA in current prices of the sectors in the Serbian economy for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025 ⁽³⁾
	<i>(RSD billions)</i>				
Agriculture, forestry and fishing.....	339.1	398.2	333.9	309.2	341.4
Industry ⁽¹⁾	1,260.7	1,524.9	1,655.6	1,756.4	1,836.2
Mining.....	150.1	242.0	250.2	285.6	-
Manufacturing.....	951.8	1,107.1	1,171.9	1,236.7	-
Electricity and gas.....	94.2	111.5	161.7	157.3	-
Water supply.....	64.6	64.4	71.7	76.7	-
Construction.....	342.8	356.6	441.0	492.7	482.8
Trade, transport and tourism.....	1,038.5	1,145.0	1,414.9	1,509.9	1,577.9
Trade.....	725.6	756.4	917.8	978.9	-
Transport.....	237.3	289.0	359.4	373.2	-
Tourism.....	75.6	99.6	137.7	157.8	-
Information and communication.....	411.0	524.6	721.2	826.8	904.9
Financial and insurance activities.....	186.7	218.7	354.6	515.0	550.0
Other ⁽²⁾	1,931.9	2,160.6	2,604.8	2,878.7	3,175.0
Total GVA	5,510.6	6,328.7	7,526.0	8,288.7	8,868.2
Taxes less subsidies for products.....	1,102.5	1,263.0	1,355.1	1,525.6	1,524.4
GDP	6,576.0	7,460.1	8,817.9	9,748.3	10,392.7

Source: Office of Statistics.

Notes:

- (1) According to the NACE rev 2 classification at A10 level this section includes water supply activities.
- (2) Includes: real estate activities, professional, scientific and technical activities, administrative and support service activities, public administration and defence, education, human health and social work activities, arts, entertainment and recreation, other service activities and activities of households as employers.
- (3) As of the date of this Base Offering Memorandum, the GVA information for 2025 is not yet available in respect of the industry subsectors and trade, transport and tourism.

The following table shows nominal GVA growth rates measured in current prices of the sectors in the Serbian economy for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025 ⁽³⁾
	<i>(%)</i>				
Agriculture, forestry and fishing	16.4	17.5	(16.2)	(7.4)	10.4
Industry⁽¹⁾	11.4	21.1	8.6	6.1	4.5
Mining.....	31.1	61.2	3.4	14.2	-
Manufacturing.....	11.2	16.3	5.9	5.5	-
Electricity and gas.....	(4.5)	18.5	45.0	(2.7)	-
Water supply.....	3.2	(0.4)	11.4	7.0	-
Construction	25.7	4.0	23.7	11.7	(2.0)
Trade, transport and tourism	20.1	10.3	23.6	6.7	4.5
Trade.....	19.5	4.3	21.3	6.7	-
Transport.....	17.7	21.8	24.3	3.9	-
Tourism.....	36.0	31.7	38.4	14.5	-
Information and communication	12.8	27.6	37.5	14.6	9.4
Financial and insurance activities	8.8	17.2	62.1	45.2	6.8
Other⁽²⁾	11.1	11.8	20.6	10.5	10.3
Total GVA growth rate	14.0	14.8	18.9	10.1	7.0
Taxes less subsidies for products.....	14.6	6.2	14.2	13.0	4.4
Total GDP growth rate	14.1	13.4	18.2	10.6	6.6

Source: Office of Statistics.

Notes:

- (1) According to the NACE rev 2 classification at A10 level this section includes water supply activities.
- (2) Includes: real estate activities, professional, scientific and technical activities, administrative and support service activities, public administration and defence, education, human health and social work activities, arts, entertainment and recreation, other service activities and activities of households as employers.
- (3) As of the date of this Base Offering Memorandum, the GVA information for 2025 is not yet available in respect of the industry subsectors and trade, transport and tourism.

The following table shows GVA in constant previous year prices, with the reference year being 2015, by economic sector for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025 ⁽³⁾
	<i>(RSD billions)</i>				
Agriculture, forestry and fishing	284.2	313.8	427.8	310.5	308.9
Industry⁽¹⁾	1,201.9	1,313.2	1,553.2	1,724.2	1,775.6
Mining.....	121.8	201.1	247.2	274.2	-
Manufacturing.....	736.4	962.0	1,116.9	1,225.7	-
Electricity and gas.....	168.7	93.5	126.3	153.8	-
Water supply.....	52.2	56.5	62.6	70.3	-
Construction	323.4	310.2	394.0	458.5	465.7
Trade, transport and tourism	990.9	1,038.1	1,209.1	1,493.2	1,517.8
Trade.....	681.3	698.1	786.4	974.3	-
Transport.....	235.8	252.6	306.3	371.5	-
Tourism.....	73.7	87.4	116.4	147.4	-
Information and communication	399.6	469.1	596.9	770.2	873.4
Financial and insurance activities	187.8	188.0	221.9	374.4	528.2
Other⁽²⁾	1,828.2	2,021.7	2,222.9	2,686.7	2,966.2
Total GVA	5,216.0	5,654.2	6,625.8	7,817.7	8,435.7
Taxes less subsidies for products.....	1,006.3	1,099.6	1,113.9	1,348.5	1,510.5
GDP	6,222.3	6,753.8	7,739.7	9,166.2	9,946.2

Source: Office of Statistics

Notes:

- (1) According to the NACE rev 2 classification at A10 level this section includes water supply activities.
- (2) Includes: real estate activities, professional, scientific and technical activities, administrative and support service activities, public administration and defence, education, human health and social work activities, arts, entertainment and recreation, other service activities and activities of households as employers.
- (3) As of the date of this Base Offering Memorandum, the GVA information for 2025 is not yet available in respect of the industry subsectors and trade, transport and tourism.

The following table shows real GVA growth rates of the sectors in the Serbian economy for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025 ⁽³⁾
	<i>(%)</i>				
Agriculture, forestry and fishing	(2.4)	(7.4)	7.4	(7.0)	(0.1)
Industry⁽¹⁾	6.2	4.2	1.9	4.1	1.1
Mining.....	27.3	34.0	2.2	9.6	-
Manufacturing.....	4.5	1.1	0.9	4.6	-
Electricity and gas.....	(0.7)	(0.7)	13.3	(4.9)	-
Water supply.....	1.8	(12.5)	(2.7)	(1.8)	-
Construction	18.6	(9.5)	10.5	4.0	(5.5)
Trade, transport and tourism	14.6	0.0	5.5	5.6	0.5
Trade.....	12.2	(3.8)	4.0	6.2	-
Transport.....	17.0	6.5	6.0	3.4	-
Tourism.....	32.6	15.6	16.9	7.0	-
Information and communication	9.7	14.1	13.8	6.8	9.4
Financial and insurance activities	9.5	0.7	1.5	5.6	6.8
Other⁽²⁾	10.7	10.6	10.0	20.9	3.1
Total real GVA growth rate	7.9	2.7	3.7	3.9	1.8
Taxes less subsidies for products.....	8.2	3.2	(1.5)	4.1	3.5
Total real GDP growth rate	7.9	2.7	3.7	3.9	2.0

Source: Office of Statistics.

Notes:

- (1) According to the NACE rev 2 classification at A10 level this section includes water supply activities.
- (2) Includes: real estate activities, professional, scientific and technical activities, administrative and support service activities, public administration and defence, education, human health and social work activities, arts, entertainment and recreation, other service activities and activities of households as employers.
- (3) As of the date of this Base Offering Memorandum, the GVA information for 2025 is not yet available in respect of the industry subsectors and trade, transport and tourism.

For 2025, the Office of Statistics estimates the most significant real growth in GVA in the fourth quarter was recorded in the construction sector (a growth of 10.6 per cent. compared to the same quarter of 2024) and in the professional, scientific and technical activities and administrative and support service activities (a growth of 5.3 per cent. compared to the same quarter of 2024). By contrast, the industry and water supply, sewerage, waste

management and remediation activities sector is estimated to have experienced a real fall in GVA of 3.4 per cent. Similarly, the agriculture, forestry and fishing sector experienced a real fall of an estimated 0.3 per cent. compared to the same quarter in 2024.

Agriculture, forestry and fishing

Serbia occupies approximately 88,361 square kilometres (including Kosovo and Metohija), of which 68.9 per cent. is arable land. Utilised agricultural land covers more than 5,000,000 hectares (0.69 hectares per capita, excluding Kosovo and Metohija). Agriculture is a cornerstone of the Serbian economy, supported by favourable land and climatic conditions, and Serbia remains a significant net exporter of agricultural products within Europe.

In 2023, the agriculture, forestry, and fishing sector accounted for 4.4 per cent. of total GVA at current prices, with GVA decreasing by 16.15 per cent. (RSD 64.3 billion) in current terms, while real growth increased by 7.4 per cent. due to above-average agricultural production. In 2024, the sector represented 3.7 per cent. of total GVA, with current-price GVA decreasing by 7.4 per cent. (RSD 24.7 billion) and a real-term decrease of 7.0 per cent. Preliminary estimates for 2025 indicate that the sector accounted for 3.8 per cent. of total GVA, with a 10.4 per cent. increase (RSD 32.2 billion) in current prices and a marginal real-term decline of 0.1 per cent. compared to 2024.

Agriculture remains a strategic priority for Serbia, reflected in the Strategy of Agricultural and Rural Development 2014–2024, supported by the National Programme for Agriculture and the National Programme for Rural Development. Structural reforms under this strategy include technological modernisation of agricultural production, land consolidation, harmonisation with European Union health and safety standards, and implementation of a comprehensive agricultural production support system. The Government also prioritises environmental protection, preparation for World Trade Organization accession, and reform of the corporative food production sector.

To ensure continuity in strategic planning, the Ministry of Agriculture, Forestry, and Water Economy established a working group in 2023 to coordinate the preparation of the Strategy for Agriculture and Rural Development 2025–2032. This group, in collaboration with the Food and Agriculture Organization and a World Bank-appointed team, prepared a project document and action plan outlining all activities, timelines, and deliverables for the new strategy. Key tasks include: (i) ex-post evaluation of the impact of the existing strategy and definition of the strategic framework, completed by June 2024; (ii) preparation of an ex-ante analysis in accordance with Public Policy Secretariat regulations; and (iii) drafting the strategy document with an action plan, completed by October 2024.

To support these initiatives, the Government has allocated RSD 136.5 billion in the 2026 Budget for agricultural subsidies, enabling the implementation of development measures aimed at strengthening production, accelerating agricultural growth, and supporting rural development. These measures are expected to enhance productivity, foster sustainable farming practices, and maintain Serbia's position as a leading agricultural exporter in Europe.

Industry

The industrial output of Serbia has increased overall in recent years through the growth of manufacturing industry, stronger investments and exports.

The principal components of the industrial sector are manufacturing, mining and electricity supply. Based on recent macroeconomic indicators, the Government remains committed to pursue the growth and development of the industrial sector, especially the manufacturing industry. The Government believes that strengthening medium and high-tech businesses (including the chemical industry, equipment production, traffic equipment production, the electronic industry and food production) in the manufacturing industry would provide higher value-added products and increase the contribution of the industry sector to GDP. Measures that have the potential to stimulate growth in the industrial output include diversification of production, sustained availability of foreign investments, technological improvements, privatisation of state and socially owned enterprises, and continuous private sector development.

Similarly, the Government intends to improve the position of its mining sector by enhancing safety measures, modernising its technologies and establishing conditions for a higher inflow of foreign capital for the

development of its mines. The mining sector represents an important element of Serbia's economic development given its current contribution, and additional potential for significant national and regional development. The opening of new mines, and the expansion of existing mines, is expected to contribute to long-term sustainable economic growth of Serbia. With this objective, the Government has been actively pursuing mining as a potential source of development with the assistance of foreign investors in the industry. Such efforts have contributed to, and resulted in, realisation of a strategic partnership with the company Zijin in the Serbia Zijin Copper d.o.o. Bor and implementation of projects such as the Čukaru Peki copper and gold projects (carried out by the Serbia Zijin Mining d.o.o. Bor). In 2023, Serbia Zijin Mining d.o.o. Bor produced 1.01 million tonnes of copper. Activities are currently being carried out to explore and open the lower zone of the Čukaru Peki deposit, where the annual capacity of 120,000 tons of concentrate with an average copper content of 23,000 tons per year is planned. As at the date of this Base Offering Memorandum, USD 6,783 million has been invested in the development of the Čukaru Peki mine. In addition, according to the Government, China's Zijin Mining Group has pledged to invest USD 3.8 billion (EUR 3.5 billion) into the development of the Čukaru Peki Lower Zone mine, for the Timok copper-gold project in eastern Serbia. This is equally important as the metal complex is expected to produce more than 120,000 tonnes, i.e. up to 200,000 tonnes of copper annually.

Energy

The Government of Serbia is committed to the development of its energy sector to increase efficiency, expand production capacity, diversify supply sources, integrate renewable energy, ensure environmental sustainability, and strengthen regional energy connectivity. Serbia's primary energy sources are coal, oil, and gas, with hydropower, biomass, and other renewables forming a growing share of the energy mix. In 2025, coal remained the largest contributor to Serbia's total energy supply, accounting for 42.5 per cent of the total energy mix, followed by oil at 25.9 per cent and gas at 13.9 per cent. Biomass accounted for 10.3 per cent of total energy supply, whilst hydropower contributed 6.8 per cent, with other renewable and energy sources making up the remaining 0.7 per cent. Taken together, hydropower, biomass and other sources collectively accounted for approximately 17.8 per cent of total supply.

Strategic initiatives include the construction of the Hungary–Serbia oil pipeline, launched in January 2026, as well as the establishment of a joint gas trading company with Hungary, and a contract for the storage of Serbian gas in Hungary. Serbia has harmonised key energy legislation with the EU, including the Law on Energy (2021), aligned with the EU Third and Fourth Energy Packages, and the Law on Efficient Use of Energy (2013), and maintains minimum oil reserves in line with EU Directive 2009/119/EC.

Recent reforms and strategic legislation aim to promote renewable energy, energy efficiency, decarbonisation, and investment in new technologies. This includes the Law on the Use of Renewable Energy Sources, amendments to the Law on Energy, the Law on Energy Efficiency and Rational Use of Energy, and the Law on Mining and Geological Research. Key programs and projects include:

- **Large-scale renewable energy projects**, including wind (+2,623 MW), solar (+1,680 MW), and hydro (+680 MW pumped storage) capacities by 2030; market premiums and corporate power purchase agreements have been introduced to attract investment.
- **Prosumer initiatives**, enabling citizens and businesses to produce and consume their own renewable electricity, including incentives for residential and industrial users.
- **Energy efficiency programs**, such as the Serbia Energy Efficiency Framework in Buildings (SEEF), supporting up to EUR 40 million in investments for public and residential buildings connected to district heating systems.
- **Energy Efficiency in Public Buildings and District Heating Project**, including the rehabilitation of the MMA (VMA) hospital, with a total project value of EUR 200 million, partially funded by KfW and grants.
- **Municipal Energy Efficiency and Management Project (MEEMP)**, financing rehabilitation of 14 public buildings across four municipalities, with EUR 9.7 million provided by the Swiss government.

- **Scaling Up Residential Clean Energy (SURCE)**, a USD 50 million World Bank-financed program providing incentives for residential energy efficiency, prioritising energy-vulnerable households.
- **Integrated National Energy and Climate Plan (INECP) 2030**, adopted July 2024, outlining decarbonisation measures, reduction of lignite use, GHG reduction targets, and renewable energy expansion; complemented by the Energy Development Strategy until 2040 and diagnostics of a Just Transition.

The INECP targets by 2030 include: at least 33.6 per cent. renewable energy in gross final consumption, 45.2 per cent. renewable electricity, reduction of GHG emissions by 40.3 per cent. compared to 1990, and primary energy consumption capped at 14.68 million tonnes of oil equivalent. Energy efficiency improvements are planned in electricity generation, district heating, and the transport sector, alongside the deployment of modern technologies such as renewable hydrogen and digitalised energy systems.

These projects collectively aim to ensure Serbia’s energy security, reduce environmental impact, accelerate the transition to a low-carbon economy, and strengthen regional and EU energy market integration. The Government’s efforts are designed to make Serbia an attractive environment for investment, support technological and economic development, and meet its commitments under the Paris Agreement, EU Green Agenda, and Energy Community Treaty.

The following table shows the projected annual trajectory of renewable energy sources share from 2025 to 2030:

	Year ended 31 December					
	2025	2026	2027	2028	2029	2030
Share of RES in GFEC (%).....	29.8	30.6	31.2	31.9	32.6	33.6
RES in Electricity (%).....	34.7	36.7	38.0	39.8	41.5	45.2
RES in Heating and Cooling (%).....	41.1	41.5	41.2	41.1	41.0	41.4
RES in transportation (%).....	1.8	2.1	2.3	2.6	2.9	3.2
Contribution of biofuels in the RES in transportation share (%).....	1.3	1.5	1.6	1.8	2.0	2.1

The following table shows the targeted installed capacity in GW for the period 2025 to 2050:

	Year ended 31 December					
	2025	2030	2035	2040	2045	2050
Hydro Plants.....	2.48	2.62	2.95	3.27	3.39	3.39
Wind.....	0.90	1.77	3.07	3.12	5.42	7.97
Solar.....	0.51	1.73	3.93	7.36	11.98	18.50

Serbia’s energy transition framework is principally governed by the Law on Energy, the Law on the Use of Renewable Energy Sources and related secondary legislation, which together align the domestic regulatory framework with relevant EU energy acquis, including renewable energy market principles and support mechanisms. In July 2024, Serbia adopted the Integrated National Energy and Climate Plan of the Republic of Serbia until 2030 with Projections until 2050, and in November 2024 the Government adopted the Energy Development Strategy of the Republic of Serbia until 2040 with Projections until 2050, establishing the principal strategic framework for decarbonisation, security of supply and long-term investment planning. These documents envisage a substantial increase in renewable generation capacity, continued grid modernisation, reduced reliance on coal over time, and possible future inclusion of nuclear generation as part of Serbia’s long-term energy mix. In August 2025, Serbia also adopted its Just Energy Transition Plan through 2030, intended to align decarbonisation measures, labour transition policy and investment planning across the electricity and mining sectors.

Under current Government projections, targeted installed renewable generation capacity is expected to increase materially by 2030 and thereafter, with hydro capacity projected at 2.62 GW, wind at 1.77 GW and solar at 1.73 GW by 2030, compared with 2025 targets of 2.48 GW, 0.90 GW and 0.51 GW respectively. Publicly available 2025 data indicate that renewable capacity growth continues, particularly in solar and wind, although implementation remains uneven across technologies and final 2025 target attainment figures are still being consolidated by the relevant authorities. Serbia continues to prioritise auctions, grid connection reforms and balancing market development in order to accelerate private renewable investment and improve integration of intermittent generation.

Serbia has continued major investment in electricity transmission infrastructure intended to support regional interconnection and renewable integration. Priority projects include the Central Balkan Corridor, the Pannonian Corridor and the North Continental South East Corridor, each designed to increase 400 kV transmission capacity, improve cross-border flows and enable additional renewable integration, particularly in Vojvodina, eastern Serbia and South Banat. The Trans-Balkan Electricity Corridor remains one of the principal transmission investments, with completed sections already operational and later sections under implementation or procurement, including the Obrenovac–Bajina Bašta and Bajina Bašta–Višegrad–Pljevlja sections, which are expected to strengthen interconnection with Romania, Bosnia and Herzegovina and Montenegro. Financing for these projects continues to be supported by a combination of state funding, EU grants, KfW financing and Western Balkans Investment Framework support.

In generation, Serbia continues simultaneously to expand renewable capacity and maintain certain conventional assets for security of supply. The 350 MW Kostolac B3 Thermal Power Plant remains one of the largest ongoing conventional generation projects and is intended to strengthen reserve capacity pending broader renewable integration. In parallel, the 66 MW Kostolac Wind Farm, financed principally through KfW-supported funding, is expected to become the first wind facility developed by EPS and forms part of Serbia’s broader state-led renewable investment programme.

Gas diversification also remains a strategic priority. The Bulgaria–Serbia Gas Interconnector, operational since late 2023, provides annual capacity of approximately 1.8 bcm and enables access to Azerbaijani gas and LNG via Greece, materially improving diversification of supply sources. In parallel, the Serbian section of the Balkan Stream remains operational and continues to support transit flows towards Hungary. Serbia is also proceeding with expansion of underground storage capacity at Banatski Dvor Underground Gas Storage, with first-phase expansion intended to increase capacity from approximately 450 million m³ to 750 million m³.

Serbia has also formally reopened the nuclear option within long-term energy planning. In December 2024, the National Assembly amended domestic legislation to remove the long-standing moratorium on construction of nuclear power plants, thereby permitting preparatory policy and technical work in this area. Preliminary technical studies commissioned by the Ministry of Mining and Energy from Électricité de France and Egis were completed in 2025. As part of Serbia’s long-term strategic vision, encompassing the Serbia 2030 and Serbia 2035 frameworks, Serbia has signed a Memorandum of Understanding with Électricité de France on a strategic partnership to establish a framework for long-term dialogue in the field of energy transition and low-carbon technologies. Serbia is also cooperating with international development finance institutions on preparatory activities related to a potential nuclear programme, including feasibility studies and capacity building, underscoring its commitment to energy diversification and long-term security of supply.

Electricity market integration also continues through the regional exchange platform SEEPEX and the Alpine-Adriatic Danube Power Exchange framework. Serbia continues legal and regulatory work necessary for future integration into EU day-ahead and intraday market coupling mechanisms, although full accession remains dependent on further harmonisation with Energy Community and EU network code requirements.

The following table shows the growth rate of industrial production (physical volume), mining, manufacturing and electricity, gas and steam for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(%)		
Industrial production, physical volume.....	6.6	1.9	2.7	3.2	0.9
Mining.....	28.5	25.9	0.0	7.4	4.7
Manufacturing.....	6.2	1.4	1.0	4.7	1.1
Electricity, gas, steam.....	0.7	(7.1)	12.6	(6.5)	(1.8)

Source: Office of Statistics.

The industry sector in Serbia, encompassing mining and quarrying, manufacturing, electricity, gas and steam supply, water supply, sewerage, waste management, and remediation activities, has shown steady growth over recent years, although its share of total GVA has gradually declined.

In 2023, the sector’s GVA increased by 8.6 per cent. in nominal terms (1.9 per cent. in real terms), representing 22.0 per cent. of total GVA, while manufacturing accounted for 15.6 per cent. of total GVA, with a nominal increase of 5.9 per cent. (0.9 per cent. in real terms). In 2024, industrial GVA grew 6.1 per cent. nominally (4.1

per cent. real), with its share of total GVA decreasing to 21.2 per cent.; manufacturing contributed 14.9 per cent. of GVA, increasing by 5.5 per cent. nominally (4.6 per cent. real).

In 2025, industrial GVA rose 4.5 per cent. in nominal terms (1.1 per cent. in real terms), while its share of total GVA fell to 20.7 per cent. Physical volume indicators show industrial production growth of 0.9 per cent., driven by manufacturing (+1.1 per cent.) and mining (+4.7 per cent.), offset by a decline in electricity production (−1.8 per cent.). The first quarter of 2025 saw a 2.1 per cent. year-on-year growth in industrial production, with manufacturing (+3.7 per cent.) and mining (+4.9 per cent.) as primary contributors, despite declines in electricity, gas and steam supply (−5.7 per cent.).

Early 2026 showed a slowdown, with industrial production in January declining by 9.1 per cent., driven by a sharp contraction in manufacturing (−12.4 per cent.), mining (−2.3 per cent.), and electricity production (−0.8 per cent.).

Overall, while Serbia's industry sector continues to expand in nominal terms and support the economy, performance varies across subsectors, with manufacturing and mining being the main growth drivers and electricity production contributing negatively during periods of adjustment or maintenance.

Construction

Over the years, the Government has prioritised transparency, reduced bureaucracy, and improved legislation in the construction sector to stimulate growth and attract investment. Supported by significant public infrastructure investment, the sector recorded strong growth in 2023, with GVA increasing by 23.7 per cent. in current terms (10.5 per cent. in real terms) and a share of 5.9 per cent. of total GVA. In 2024, growth continued at a slower pace, with GVA rising 11.7 per cent. in current terms (4.0 per cent. in real terms), while in 2025, the sector experienced a contraction of 2.0 per cent. in current terms (5.5 per cent. in real terms), representing 5.4 per cent. of total GVA. Construction activity in 2025 declined by 5.4 per cent. in real terms, and building permits fell by 2.4 per cent. year-on-year.

Major infrastructure projects are concentrated in the transport sector, particularly along the pan-European Corridors 10 and 11, with rehabilitation and construction of approximately 5,000 km of national roads and expansion of rail infrastructure. These projects are financed through a combination of international loans from institutions such as the EIB, EBRD, World Bank, and AFD, as well as bilateral loans from countries including China, Azerbaijan, Russia, Türkiye, and the UAE.

The real estate construction sector has also seen significant FDI, exemplified by large-scale developments such as the Belgrade Waterfront project, with an estimated investment value of EUR 3.0 billion, encompassing offices, hotels, apartments, public buildings, and retail space. Efforts to streamline permitting processes have further encouraged investment.

Public utility and environmental projects are also a key focus. For example, the construction of sewerage networks and wastewater treatment plants, such as the Leskovac WWTP project, is improving sanitation and public health. This project, funded through a combination of state budgets, international loans, and bilateral support, is expected to serve over 129,000 connections upon completion and process approximately 1.7 per cent. of Serbia's municipal wastewater.

Overall, while the construction sector faces short-term fluctuations, it remains a strategic driver of economic activity, supporting employment, enhancing infrastructure, and producing multiplier effects across the economy.

Wholesale and retail trade and repair of motor vehicles

As at the date of this Base Offering Memorandum, the trade sector consists of wholesale accounts, retail accounts and motor vehicle accounts, which represented 47.7 per cent., 43.7 per cent. and 8.6 per cent., respectively, of the total sector in 2024.

To reaffirm its commitment to the development of the trade sector, the Government is currently preparing the Strategy for Development of Trade in Serbia until 2025, which, amongst other things, includes the development of a new trade network structure, the internationalisation of trade, intensification of market competition, and measures for stabilisation and development of the domestic market. This strategy also envisages providing

support to small and medium enterprises and entrepreneurs, development of e-commerce, enhancement of consumer protection, and harmonisation of the legal framework with the EU standards. In 2023, this sector represented 12.2 per cent. of total GVA measured in current prices. This signifies a nominal growth of 21.3 per cent., or real growth of 4.0 per cent., compared to 2022. Retail trade, wholesale trade and motor vehicles each saw an increase in real terms of 6.1, 2.4 and 3.1 per cent., respectively. In 2024, the GVA of this sector grew by 6.7 per cent. in current terms, and by 6.2 per cent. in real terms compared to 2023. Retail trade experienced an increase of 5.3 per cent. in real terms, whilst motor vehicles and wholesale trade saw an increase of 9.9 and 6.3 per cent., respectively.

Since the GVA information for 2025 is not yet available in respect of the trade subsector, the aggregate data from the Office of Statistics has been used for identifying growth indicators. In 2025, the GVA of wholesale and retail trade, repair of motor vehicles and motorcycles, transportation & storage and accommodation & food services witnessed an increase, with nominal growth of 4.5 per cent. (RSD 68.0 billion) and real growth of 0.5 per cent. (RSD 6.0 billion) compared to 2024. The share of these sectors in the total GVA measured in current prices was 17.8 per cent. In 2025, the retail trade turnover increased by 6.8 per cent. in nominal terms and by 4.2 per cent. in real terms compared to 2024. Retail trade of non-food products recorded the highest real growth of 6.4 per cent. year-on-year, followed by 2.9 per cent. growth of food products, and 2.8 per cent. growth of automotive fuels.

In January 2026, retail trade turnover increased by 5.7 per cent. in nominal terms and by 5.5 per cent. in real terms compared to January 2025. Retail trade of non-food products recorded the highest real growth of 8.8 per cent. year-on-year, followed by 5.2 per cent. growth of food products, and decrease of automotive fuels by 1.8 per cent.

Transport

Serbia's strategic location at the intersection of major European transport routes connecting Western Europe, Türkiye, and the Middle East supports the development of its transportation sector. The Government aims to enhance the scope, quality, and efficiency of transport services by modernising infrastructure across road, rail, air, and inland waterway networks. Key projects include the reconstruction and modernisation of national roads, electrification and upgrading of Corridor X, and the Belgrade-Budapest high-speed railway which is expected to open later in 2026. Serbia is simultaneously expanding its motorway network, with nine new highways and motorways under development, including connections towards North Macedonia and Bulgaria. Since 2012, 216.32 km of new railway lines have been constructed and approximately 844 km reconstructed, with 203 km currently under works and an additional 944.65 km planned for 2026–2030.

The Belgrade Metro Project, comprising three lines with a total length of 69.4 km, is expected to be completed in phases between 2031 and 2035, with Phase I of Line 1 scheduled for completion by 2031. The Line 1 metro project consists of the Makiš Depot and a route 21.3km long route with 21 stations and 13 evacuation and ventilation shafts. It will connect the currently most traffic-heavy parts of the city. The Belgrade-Niš railway modernisation project, estimated at EUR 2.78 billion and partially funded by EIB and EBRD loans and EU grants, will enable train speeds of up to 200 km/h and improve passenger and freight efficiency. Other significant road projects include the Niš-Merdare "Peace Highway" (E-80), with Sector 1 (39.5 km) opened in July 2023, financed through WBIF grants, EIB and EBRD loans.

The Government has also reformed state railway companies and promoted private-sector access to infrastructure. Logistics hubs, including the Batajnica intermodal terminal, inland waterway projects, and airport concessions such as Belgrade's "Nikola Tesla" Airport, further enhance connectivity. Serbia is implementing the Trade and Transport Facilitation Project for Western Balkans, modernising transport logistics and introducing "Intelligent Transport Systems" to support regional integration. The Government has also purchased new electric multi-unit trains for the urban-suburban system in Belgrade, which will operate from Makiš, through Rakovica, Belgrade Centre-Prokop, Novi Beograd and Zemun Polje to the National Stadium.

The Transport Master Plan to 2027, prepared in co-operation with the EU, guides current infrastructure development, with preparation underway for the 2027–2034 National Transport Strategy and 2026–2030 National Public Railway Infrastructure Programme. Recent railway legislation, including the Law on Railways, the Law on Safety in Railway Traffic, and the Law on Interoperability of Railway Systems, aligns domestic law with the EU acquis to improve safety, transit flows, and sector growth.

In 2023, the transportation and storage sector accounted for 4.8 per cent. of total GVA, increasing by 24.3 per cent. in current terms and 6.0 per cent. in real terms compared to 2022. In 2024, the sector represented 4.5 per cent. of total GVA, increasing by 3.9 per cent. in current terms and 3.4 per cent. in real terms. Preliminary data for the first nine months of 2025 indicate a 4.9 per cent. increase in the physical volume of transport services, driven by air (12.4 per cent.), pipeline (30.0 per cent.), and inland waterway transport (6.8 per cent.), while passenger volumes declined by 7.2 per cent., primarily due to reductions in road (-8.5 per cent.) and railway (-5.5 per cent.) transport.

Information and communications

ICT exports grew from EUR 611 million in 2015 to more than EUR 4.5 billion in 2025, making it by far the largest net exporting industry in Serbia, generating a trade surplus of EUR 3.5 billion in 2025 and employing over 115,000 people. The sector is projected to reach 140,000 employees and EUR 10 billion in exports by 2028.

The information and communications sector in Serbia, comprising ICT, electronic communications, and associated infrastructure, accounted for 10.2 per cent. of total GVA in 2025, up from 10.0 per cent. in 2024 and 9.6 per cent. in 2023. GVA in this sector increased by 9.4 per cent. in current terms and 5.6 per cent. in real terms in 2025.

	Year ended 31 December										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ⁽¹⁾
GVA of ICT in EUR million.....	1,613	1,689	1,952	2,166	2,447	2,837	3,211	4,109	5,773	6,800	-
Share of ICT in total GVA (%).....	5.2	5.3	5.7	5.8	6.1	6.9	6.9	7.6	9.0	9.6	-
ICT Sector (services) Export in EUR million.....	611	740	899	1,135	1,422	1,439	1,857	2,696	3,436	4,133	4,552
Share in Total Export of Services (%).....	14.3	16.2	17.1	18.7	20.5	23.2	23.8	24.3	26.3	28.6	29.9
Number of Employees in ICT.....	43,547	44,810	49,369	53,885	57,439	63,780	71,738	82,501	95,625	100,317	103,719
Share in Total Employment (%).....	2.3	2.3	2.5	2.6	2.7	3.0	3.2	3.7	4.1	4.3	4.5

Source: Statistical Office of the Republic of Serbia (SORS), National Bank of Serbia

Note:

(1) As of the date of this Base Offering Memorandum, the GVA information for 2025 is not yet available.

The Government continues to prioritise the development and liberalisation of electronic communications and broadband infrastructure, with widespread access to computers and internet in households (73.4 per cent. with computers, 88.8 per cent. with broadband) and full digital adoption by companies, of which 85 per cent. utilise websites for business operations. There are 4,174 active companies in the ICT sector, including major international players such as Microsoft, Databricks, Perplexity, AWS, Asseco and Schneider Electric, with foreign IT companies including Adobe, Oracle, Google, HP, SAP, IBM, Siemens, Intel and Cisco having established development centres in Serbia or outsourcing services to local IT companies. Legislative reforms, including the 2017 Law on Electronic Document, the 2018 Law on eGovernment, the 2023 Law on Electronic Communication, and the forthcoming Law on Broadband Communications Infrastructure, aim to harmonise with EU *acquis* and support the digital economy.

The Government has initiated public consultation on amendments to the Law on Electronic Document, Electronic Identification and Trust Services in Electronic Business to align it with the amended EU Regulation on Electronic Identification and Trust Services (eIDAS 2.0), which introduces updated standards for digital identity and trust services across the EU internal market. These proposed amendments were subject to a public consultation process held from December 2025 to January 2026, with stakeholders invited to comment on the draft law to support harmonisation with EU digital identity and trust frameworks. This legislative update is intended to enhance legal certainty for electronic transactions, strengthen trust in electronic identification and credentials, and foster interoperability with EU standards, and it remains subject to the outcome of the consultation and adoption procedures.

Serbia is a regional leader in IT and AI. Serbia operates a TIER 4 state data centre in Kragujevac and is a regional leader in artificial intelligence. Serbia joined the Global Partnership on Artificial Intelligence (“GPAI”) in 2022 and assumed the role of GPAI Chair in 2025, reinforcing its position as an active international voice on responsible and human-centric AI. The Government adopted an AI Development Strategy for 2025–2030 and established the Institute for Artificial Intelligence and Development, accredited in 2022, comprising 53 researchers, 33 of whom hold PhDs, alongside 20 associates working across corporate, public-sector and international projects. Serbia’s broader research base encompasses 20,467 active researchers, supported by major university pipelines in Belgrade, Novi Sad, Kragujevac and Niš.

Serbia is developing a national AI platform and proprietary large language model (“LLM”) in cooperation with French company Mistral AI, expected to be completed before EXPO 2027. The LLM will be trained on local knowledge using sector-specific datasets, with the aim of creating a sovereign platform that can be expanded for use across the Serbian economy and the private sector. Serbia also plans to acquire the largest supercomputer cluster in South-East Europe by the end of 2026, as part of its strategic partnership with France. Dedicated infrastructure with advanced water-cooling systems has already been designed at the State Data Centre in Kragujevac, where existing and new supercomputers will be connected into a single unit. Serbia is also expected to host GITEX AI Serbia during EXPO 2027 Belgrade, providing a global showcase linking AI diplomacy, startup visibility and investment promotion.

Finance and insurance

At the end of December 2025, the banking sector of Serbia consisted of 19 banks, of which 15 were majority owned by foreign shareholders, two were owned by domestic private individuals and two were state-owned. At the end of December 2025, there was a high level of concentration of foreign ownership in the banking sector, with foreign-owned banks (from ten different countries) holding 77.19 per cent. of the banking sector’s total assets, 78.80 per cent. of total loans and 76.22 per cent. of total deposits.

In 2023, the finance and insurance sector’s GVA increased by 62.1 per cent. (RSD 135.8 billion) in current terms, or 1.5 per cent. (RSD 2.7 billion) in real terms compared to 2022. This sector represented 4.7 per cent. of the total GVA when measured in current prices. In 2024, the finance and insurance sector’s GVA increased by 45.2 per cent. (RSD 160.4 billion) in current terms, or 5.6 per cent. (RSD 10.7 billion) in real terms compared to 2023. This sector represented 6.2 per cent. of the total GVA when measured in current prices. According to the SORS preliminary estimate, in 2025 the finance and insurance sector’s GVA increased by 6.8 per cent. (RSD 78.1 billion) in current terms, or 2.6 per cent. (RSD 32.1 billion) in real terms compared to 2024. This sector represented 6.2 per cent. of the total GVA when measured in current prices.

Tourism

The tourism sector in Serbia has generally continued to grow year-on-year, with annual increases in the number of tourist arrivals and overnight stays. In 2016, the Strategy for Tourism Development 2016-2025 was adopted, in order to increase revenues from tourism services and establish conditions for increased employment in the tourism sector. In 2025, the total number of tourist arrivals in Serbia amounted to 4,346,691 (a decrease of 1.9 per cent. compared to 2024), of which domestic tourists made up 1,998,196 (a decrease of 2.4 per cent. compared to 2024), accounting for 46.0 per cent. of total tourist arrivals. The number of arrivals of foreign tourists was 2,348,495 (a decrease of 1.5 per cent. compared to 2024), which represents a share of 54.0 per cent. in total tourist arrivals.

Between 2021 and 2024, the number of total overnight stays increased by 55.1 per cent., from 8,162,430 to 12,662,151. During the period 2021 to 2024, domestic overnight stays increased by 14.5 per cent., whilst foreign overnight stays increased by 151.0 per cent. Foreign currency inflow from tourism increased to EUR 2,894.2 million in 2025, reflecting a 2.7 per cent. increase compared to 2024.

Other sectors

The largest sectors comprising the “other” category are activities in real estate, human health and social work; professional, scientific and technical activities; education and public administration; and defence.

In 2023, the other sector’s GVA recorded an increase, with nominal growth of 20.6 per cent. (RSD 444.2 billion), or real growth of 2.9 per cent. (RSD 58.7 billion) compared to 2022. As a result, the other sectors represented 34.6 per cent. of the total GVA when measured in current prices. In 2024, the other sector’s GVA

recorded an increase, with nominal growth of 10.5 per cent. (RSD 273.9 billion), or real growth of 3.2 per cent. (RSD 66.0 billion) compared to 2023. As a result, the other sectors represented 34.7 per cent. of the total GVA when measured in current prices. According to the SORS preliminary estimate, in 2025, the other sector's GVA recorded an increase, with nominal growth of 10.3 per cent. (RSD 296.3 billion), or real growth of 3.1 per cent. (RSD 65.8 billion) compared to 2024. As a result, the other sectors represented 35.8 per cent. of the total GVA when measured in current prices.

Labour Market and Social Policy

Wages

The following table shows the average gross wage and the average net wage in RSD and EUR for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
Average monthly gross wage (RSD)	90,784	103,316	118,599	135,403	151,086
Average monthly net wage (RSD)	65,864	74,933	86,007	98,143	109,462
Public sector employees, net (RSD)	72,674	77,951	88,332	100,570	112,711
Private sector employees, net (RSD)	63,276	73,677	85,068	97,166	108,165
Public sector employees (y-o-y) (%)	7.0	7.3	13.3	13.8	12.1
Private sector employees (y-o-y) (%)	11.0	16.4	15.4	14.2	11.4
Average monthly gross wage (EUR) ⁽¹⁾	772	880	1,011	1,156	1,289
Average monthly net wage (EUR) ⁽¹⁾	560	638	734	838	934

Source: Office of Statistics.

Notes:

(1) Calculated using the average EUR / RSD exchange rate for the relevant period. See "Exchange Rate History".

In 2023, the average net wage amounted to RSD 86,007, reflecting an increase of 14.8 per cent. in nominal terms and 2.4 per cent. in real terms compared to 2022, and an increase of 56.6 per cent. in nominal terms since 2019. In the same period, the average net wage per employee in the public and private sector amounted to RSD 88,332 and RSD 85,068, respectively. Real wage increases in the public sector amounted to 1.1 per cent., whilst the private sector-registered wage increased by 3.0 per cent. The greatest contribution to the growth of average earnings stemmed from the manufacturing industry, trade, state administration, defence and education.

In 2024, the average net wage amounted to RSD 98,143, reflecting an increase of 14.1 per cent. in nominal terms and 9.1 per cent. in real terms compared to 2023, and an increase of 49.0 per cent. in nominal terms since 2021. In the same period, the average net wage per employee in the public and private sector amounted to RSD 100,570 and RSD 97,166, respectively. Real wage increases in the public sector amounted to 8.8 per cent., whilst the private sector-registered wage increased by 9.2 per cent. The greatest contribution to the growth of average earnings stemmed from the manufacturing industry, trade and education.

In 2025, the average net wage amounted to RSD 109,462, reflecting an increase of 11.5 per cent. in nominal terms and 7.4 per cent. in real terms compared to 2024, and an increase of 66.2 per cent. in nominal terms since 2021. In the same period, the average net wage per employee in the public and private sector amounted to RSD 112,711 and RSD 108,165, respectively. Real wage increases in the public sector amounted to 8.0 per cent., whilst the private sector-registered wage increased by 7.3 per cent. The greatest contribution to the growth of average earnings stemmed from the manufacturing industry, trade and education.

Employment

Positive market trends in the labour market have persisted since 2014 and remained largely resistant to the slowdown in economic activity in 2022, primarily due to the macroeconomic stability established in the previous year. Therefore, positive developments continued in 2023 and are primarily reflected in the growth of employment and wages. Labour Force Survey data indicate that these trends largely continued in 2024 through declining unemployment and rising employment, whilst 2025 recorded a slight slowdown reflected in a marginal increase in unemployment and a decrease in total employment. A new National Employment Strategy for the period 2021 to 2026, along with the Action Plan for the period 2021 to 2023, were adopted in 2021. The overall goal of the National Employment Strategy for the period from 2021 to 2026 is to establish a stable and

sustainable growth of employment based on knowledge and dignified work. More specifically, the National Employment Strategy has the following key objectives:

- achieving growth of quality employment through cross-sectoral measures aimed at improvement of labour supply and labour demand;
- improving the position of unemployed persons in the labour market; and
- improving the institutional framework for employment policy.

The following table shows key employment statistics for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(period average, in thousands, unless otherwise indicated)</i>				
Labour force.....	3,099.0	3,114.8	3,137.8	3,169.3	3,141.9
Employed persons.....	2,754.8	2,818.5	2,842.0	2,897.5	2,869.5
Unemployed persons.....	344.2	296.3	295.8	271.8	272.5
Persons actively seeking employment ⁽¹⁾	512.8	448.6	405.0	371.2	346.5
Change in average rate of employment (y-o-y) (%).....	2.2	2.3	0.8	2.0	1.0
Participation rate (%).....	69.7	70.9	71.7	72.7	73.1
Employment rate (%).....	47.8	49.5	50.2	51.4	51.2
Unemployment rate (%).....	11.1	9.5	9.4	8.6	8.7
GDP / employed person (RSD).....	2,387,115	2,646,847	3,102,712	3,364,369	3,621,839
GDP / employed person (EUR).....	20,303	22,534	26,462	28,734	30,902

Source: Office of Statistics, National Employment Service.

Notes: Data from the National Employment Service on “persons actively seeking employment” relates to those persons who are actively seeking to change jobs or find employment.

Since 2014, Serbia’s Labour Force Survey (“LFS”) methodology has undergone continuous improvements to enhance data quality and international comparability. The methodology was updated in 2015 (continuous survey covering more households), refined in 2016 (introduction of calibrated weights), and aligned in 2021 with EU regulations, with a new standardised questionnaire capturing labour market trends more accurately.

Key labour market indicators (2023–2025):

	Year ended 31 December		
	2023	2024	2025
	<i>(period average, in thousands, unless otherwise indicated)</i>		
Average unemployment rate (%).....	9.4	8.6	8.7
Change in average unemployment rate (y-o-y) (%).....	(0.1)	(0.8)	0.1
Youth (15–24) unemployment (%).....	25.0	23.0	23.4
Change in youth (15–24) unemployment (y-o-y) (%).....	0.7	(2.0)	0.4
Employment rate (%).....	23.9	24.9	24.2
Change in employment rate (y-o-y) (%).....	(0.3)	1.0	(0.7)
Total employment change.....	23.5	55.5	28.0
Change in total employment change (y-o-y) (%).....	0.8	2.0	1.0
Formal employment change.....	34.2	61.6	(7.8)
Informal employment change.....	(10.8)	(6.0)	(20.2)

Source: Office of Statistics, National Employment Service.

Government Initiatives and Active Employment Measures (“AEP”)

The Government of Serbia has implemented a range of financial and non-financial AEP measures, aiming to improve employability, facilitate the transition from education to work, and support vulnerable groups. Key initiatives include:

Financial Measures:

- Internships for young people with higher education and unemployed with secondary education.
- Acquisition of practical skills and training for the labour market, including pilot voucher-based programs.
- Employer-requested training for unemployed and employed persons.
- Functional adult education.

- Subsidies for employment of “difficult-to-employ” categories.
- Support for self-employment and wage subsidies for persons with disabilities without work experience.
- Workplace adjustments and professional support for newly employed persons with disabilities.
- Public works programs targeting socially vulnerable populations in less-developed areas.

Non-Financial Measures:

- Training for active job search and self-efficacy.
- Job search clubs and employment fairs.
- Workshops addressing stress related to job loss.
- Entrepreneurship development programs.
- The “My First Salary” programme, providing initial work experience for young people.

Coverage in 2025:

- 17,604 unemployed persons (of whom 10,189 were women) benefited from financial AEP measures.
- Through technical cooperation with local governments and AP Vojvodina, an additional 1,562 unemployed persons were included.
- Share of women in total AEP coverage: 57.9 per cent.
- Share of Roma in total AEP coverage: 13 per cent.

Budget Allocation:

- Funding supports both continuation and expansion of AEP programs, particularly for vulnerable and hard-to-employ groups.

Strategic Focus

- The National Employment Strategy (2021–2023) guided the Employment and Social Affairs Programme, focusing on employable persons and private sector participation.
- Additional education and training measures prioritized youth employability and practical experience through internships.
- Self-employment support included financial aid, professional mentoring, and business training.
- Public works programs continued, emphasizing employment opportunities in less developed areas and for socially vulnerable groups.

The Government plans to continue pursuing labour market reforms and active employment initiatives, ensuring sustained positive trends in employment, youth integration, and formalisation of the workforce, while rationalising the public sector.

Social Insurance System

Unemployment

The Law on Employment and Unemployment Insurance in Serbia regulates employment, active labour policies, and unemployment insurance to promote employment and prevent long-term unemployment. The National Employment Service administers employment mediation, maintains records, and manages unemployment insurance, which provides monetary compensation as well as pension, health, and disability coverage for individuals insured for at least 12 months within the preceding 18 months, with interruptions of less than 30 days treated as continuous. Social insurance contributions are paid by employers, with the unemployment

insurance rate at 0.75 per cent. and the pension and disability contribution rate at 24 per cent. as of 2023. Monetary compensation is calculated based on calendar days, with a minimum gross payment of RSD 40,143 and a maximum of RSD 573,470 in 2024, adjusted annually according to the previous year's consumer price index.

Retirement and disability

The retirement and disability system in Serbia is regulated by the Law on Retirement and Disability Insurance, the latest amendments to which came into force on 15 September 2023. Serbia currently has a compulsory retirement and disability insurance system based on current financing, where the present employees pay contributions to the state fund, wherefrom the pensions are paid to the present pensioners. The national system offers insurance against the following risks: old age, occurrence of disability, incidence of death, and need for assistance and care by another person.

The conditions for old-age retirement in Serbia are 45 years of insurance coverage (for both sexes) or at least 15 years of insurance coverage for men with the age of 65 years, compared to 15 years of insurance coverage for women with the age of 63 years and 8 months (the requirement is for 2024, and it is to be gradually increased until it reaches 65 years in 2032). Whereas the conditions for early retirement in Serbia are a combination of age and insurance coverage, which includes 40 years of insurance coverage and 60 years of age for both sexes. However, in the case of premature old-age retirement, the calculated pension is permanently reduced by 0.34 per cent. for every month preceding the age criteria, subject to a maximum limit of 20.4 per cent.

As at the date of this Base Offering Memorandum, the contribution rate for retirement and disability insurance is 24 per cent. of gross salary deducted at source, with the employee and employer contribution rates being at 14 per cent. and 10 per cent., respectively.

The following table presents the retirement and disability fund finances for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			<i>(RSD millions)</i>		
Current revenues	723.59	777.13	933.33	1,088.35	1,225.67
Social contributions	605.47	666.08	734.96	848.67	965.05
Grants and transfers	117.03	110.46	199.56	239.92	260.28
Nontax revenue	1.09	0.58	(1.19)	(0.24)	(0.35)
Financing inflows	8.78	2.72	10.95	10.10	3.28
Current expenditures	713.59	770.17	928.56	1,075.32	1,211.07
Expenditures for employees	3.97	4.22	4.67	5.27	5.88
Purchase of goods and services	3.10	3.47	5.99	5.48	7.70
Interest payment	0.02	0.03	0.03	0.03	0.04
Social grants and transfers	705.76	761.62	916.72	1,063.20	1,196.11
Other current expenditures	0.75	0.83	1.17	1.34	1.34
Capital expenditures	2.45	3.20	3.62	4.71	5.71
Net lending	0.00	0.00	0.00	0.00	0.00
Financing outflows	8.66	2.30	10.92	10.00	2.80

Source: Ministry of Finance

The Government funds the retirement and disability insurance principally from income contributions. However, as the income contributions do not cover all the pension-related expenditures, the retirement and disability insurance fund is subsidised by allocations from the Budget. In 2025, 20.3 per cent. (RSD 247 billion) of the fund's total expenditure was financed by allocations from the Budget, compared to 21.2 per cent. (RSD 228.7 billion) in 2024 and 20.4 per cent. (RSD 189.8 billion) in 2023. Pension expenses in 2023 amounted to 8.8 per cent. of nominal GDP due to extraordinary pension adjustments, caused by a higher-than-expected inflation which led to extraordinary increases of pensions. Allocations from the Budget to the retirement and disability insurance fund were increased in 2023 for the purpose of securing regular payment of pensions and other entitlements. However, the allocations for pensions are still within the limits prescribed by the special fiscal rule.

In 2023, 20.4 per cent., or approximately EUR 1.61 billion (RSD 189.8 billion), of the fund's total expenditure was financed by allocations from the Budget. In 2023, the Government's expenditure on public wages combined with pensions from the Budget amounted to RSD 1,549.0 billion. As a result, the expenditure on public wages and pensions currently represents the largest single category of public expenditures in the Budget. See "*Risk Factors – Risks Associated with Serbia's Economy – Reduced revenues, together with higher expenses, may adversely affect Serbia's ability to repay principal and make payments of interest on the Notes*"

and “*Public Finance – Consolidated General Government Budget*”. In 2023, the transfers from the budget accounted for 20.3 per cent. of the total income of the Fund for Pension and Disability Insurance, and in 2024 they accounted for 21.0 per cent. of the total income of the Fund for Pension and Disability Insurance.

In October 2023, the 2024 Budget Bill was approved, projecting increased revenues and focusing on development initiatives. Total revenues are expected to reach RSD 136.9 billion, a 7.2 per cent. increase as compared to 2022. The budget prioritises investments in infrastructure, education, healthcare and the welfare of citizens, with a fiscal deficit of RSD 197 billion, equivalent to 2.2 per cent. of GDP. Economic growth is forecasted at 3.5 per cent., with public debt projected to remain below the Maastricht agreement limit of 60 per cent. The 2024 Budget Bill includes significant increases in pensions by 14.8 per cent., public sector wages by 10 per cent., and the minimum wage by 17.8 per cent., alongside measures to alleviate the impact on employers. Pursuant to the amendments to the Budget System Law adopted on 7 October 2019, a one-off allowance of RSD 5,000 was provided to pensioners. In 2020, a one-off allowance was paid twice, i.e. RSD 4,000 in April and RSD 5,000 in December. In September 2021, a one-off allowance of RSD 5,900 was paid, whilst a one-off allowance of RSD 20,000 was paid in February 2022, as well as in November 2023, to all pensioners. Additionally, from 1 January 2020, pension adjustments were made based on the Swiss formula, whereby payments are indexed 50 per cent. to the increase in wage growth (excluding applicable taxes and contributions) in the previous year and 50 per cent. to the increase in the consumer price index over the same period. In line with this approach, pensions were increased by 5.4 per cent. from 1 January 2020, by 5.9 per cent. from 1 January 2021 and 5.5 per cent. from 1 January 2022. In order to improve its medium-term fiscal discipline, the Government has adopted a new fiscal rules framework as a part of its amended Budget System Law. This new set of rules places special emphasis on the general rules related to the General Government Debt and fiscal deficit, which will be applied from 2025, and the special rules related to the sustainable level of expenditures for general government wages and pensions, which is applied from 2023. See “*Public Finance*” for more information relating to the new special fiscal rules. Based on this, pensions were regularly increased by 12.1 per cent. from January 2023, and by 14.8 per cent. from January 2024. In the meantime, due to higher-than-expected inflation growth, and in order to prevent the drop in purchasing power of the pension beneficiaries, the pensions were additionally and extraordinarily increased by 9 per cent. from November 2022, and by 5.5 per cent. from October 2023. The mentioned regular and extraordinary pension adjustments did not endanger the implementation of the special fiscal rule for pensions, and thus the expenditure for this purpose was kept at a sustainable level. The 2024 Budget foresees that, starting from 1 January 2024, pensions in Serbia will be higher by 14.8 per cent., wages in the public sector by 10 per cent. and the minimum wage by 17.8 per cent. Furthermore, in order to alleviate the full burden of the minimum wage increase on employers, the Government increased the non-taxable portion of the gross salary by 15.1 per cent., from RSD 21,712 to RSD 25,000, effective 1 January 2024. Accordingly, the long-term sustainability of the retirement and disability insurance system in Serbia depends upon the continued commitment of the Government to contain pension increases and maintain the pension expenses at a sustainable level.

Health insurance and allocations made to the Ministry of Health

The Law on Health Insurance in Serbia regulates the policy of compulsory health insurance and voluntary health insurance, rights and obligations of patients and activities of participants and institutions that provide healthcare services. Pursuant to the Law on Health Insurance, the Health Insurance Fund was established with the responsibility to co-ordinate the health insurance.

This fund is financed by the payment of compulsory health insurance contributions, paid by all income-generating citizens of Serbia. Health insurance contributions for citizens who do not generate income, and who cannot be insured as family members of persons paying such contributions, are paid by the Government. As of the date of this Base Offering Memorandum, the contribution rate for health insurance is 10.3 per cent. of gross income split equally between employees and employers. The Law on Health Insurance defines the list of categories of people who are entitled to health security from the Budget. This includes persons who are part of the groups of population with high risk of falling ill, persons for whom healthcare protection is necessary for prevention and diagnosis in early stages, persons with diseases of social and medical importance, and persons that belong to socially vulnerable categories of the population.

In 2023, revenues from health insurance amounted to RSD 515.4 billion and expenditures amounted to RSD 513.4 billion (a surplus of RSD 2 billion). Compared to 2022, revenues from health insurance increased by RSD 48.2 billion, whilst expenditures increased by RSD 40.8 billion due to mostly an increase in expenditures

for wages, medicines and equipment. In order to finance the costs of health insurance expenditures that were higher than the collected contributions, an amount of RSD 89.5 billion was transferred from the Budget to the Health Insurance Fund, which is RSD 5.3 billion lower than the amounts transferred in 2022. In 2024, revenues from health insurance amounted to RSD 574.7 billion and expenditures amounted to RSD 574.1 billion (a surplus of RSD 0.6 billion). In 2025, revenues from health insurance amounted to RSD 638.6 billion and expenditures amounted to RSD 638.2 billion (a surplus of RSD 0.2 billion). The Government has allocated RSD 31.6 billion (approximately 0.4 per cent. of nominal GDP) to the Ministry of Health under the Budget for 2024, as compared to RSD 36.1 billion (approximately 0.4 per cent. of nominal GDP) allocated under the 2023 Budget. In addition, the Budget for 2024 envisages a decrease in the transfer of funds to the Health Insurance Fund from RSD 89.9 billion (1.1 per cent. of GDP) allocated under the 2023 Budget to RSD 64.6 billion (0.7 per cent. of GDP). In the 2024 Budget, the Government approved amendments to the Law on health insurance, proposing that the elected doctors can assess temporary work incapacity for up to 30 days, instead of the previous 60 days. After this period, the determination of temporary incapacity shifts to the first-instance medical commission of the Republic Health and Disability Insurance Fund.

Privatisation Process

Serbia adopted the Law on Privatisation in August 2014, with 556 public sector companies and 90,000 employees in the portfolio, of which 17 state enterprises were protected from forced collection by creditors. As at the date of this Base Offering Memorandum, no company within the privatisation portfolio is protected from forced collection. Similarly, no company receives financial support from the Budget, except for the “Public Enterprise for Underground Exploitation of Coal Resavica”, which is financed from the Budget line of the Ministry of Mining and Energy. All companies within the privatisation portfolio are obliged to operate under market conditions and to service their liabilities regularly. Privatisation in Serbia is an ongoing process with a number of entities yet to be privatised. As at the date of this Base Offering Memorandum, 41 out of the initial 556 companies, with a total of around 13,800 employees, remain non-privatised.

On 9 September 2021, the Ministry of Economy announced a public invitation for the selection of a strategic investor for HIP Petrohemija. On 24 December 2021, a strategic partnership agreement was signed with NIS Jsc. Novi Sad (NIS), pursuant to which NIS will invest EUR 150 million throughout a five-year period and accordingly acquire up to 90 per cent. of the capital in HIP Petrohemija. The closing of this transaction occurred on 9 June 2023. Furthermore, six other privatisations were finalised in 2021 and the first three months of 2022 (VPD Smederevo, Minel koncern Belgrade, Jadran Nova Gajdobra, Severtrans Sombor, Krusik plastika Osecina and Institute Jaroslav Cerni Belgrade) pursuant to which the privatisation proceeds totalled EUR 10.1 million. In 2023 and the first quarter of 2024, another five privatisations were successfully finalised (Nedeljne novine Backa Palanka, Tehnohemija Sremska Mitrovica, IP Rad Belgrade, Slavija hotels Belgrade and Ager Djala) and privatisation proceeds amounted to EUR 27.5 million.

For a certain number of state-owned companies, either strategic partnerships or other privatisation models, i.e. the implementation of pre-packs, or bankruptcy, are being sought. Similarly, privatisation procedures are intended to be suspended in respect of companies where there are circumstances that prevent the sale of capital or assets. A tender for the equity sale of VPD Smederevo Ltd. (a water management company) was successfully completed in March 2021. Three companies were privatised in 2021 (Minel koncern Belgrade, Jadran Nova Gajdobra and Severtrans Sombor), whilst two privatisations initiated in 2021 were finalised in the first three months of 2022 (Krusik plastika Osecina and Institute Jaroslav Cerni Belgrade). Due to the elections, no privatisations were launched in 2022. In January 2024, Serbia sold Hotel Slavija in Belgrade to a meat processing company (Industrija Mesa Matijevic). This development comes three months after the Ministry of Economy advertised the sale of the hotel, setting an initial price tag of EUR 24.9 million. The Government plans to further privatise nine companies in 2024. These include Jugoslovensko rečno brodarstvo (a river shipping company), transport company Lasta, Energozelena (waste management company), Backa Sivac (agricultural company), Prehrana and Ribarsko gazdinstvo (retail sale companies), JAT apartments on Kopaonik mountain, RTV Kragujevac and NIP Borba (media).

As at the date of this Base Offering Memorandum, and since the adoption of the Law on Privatisation in 2014, the Government has announced 295 public invitations for the sale of equity and assets of certain state-owned companies, of which 266 invitations related to the sale of equity and 24 related to the sale of assets, whilst five public invitations were for strategic partnership. The Government expects that privatisation of the remaining

state-owned companies will improve the competitiveness and productivity of the economy and is, therefore, focused on completing the process.

The following table shows the results of the privatisation process for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
Number of sold companies.....	4	2	2	6	5
Number of employees	179	49	4	355	2,281
Sale price (EUR millions)	5.6	2.3	0.5	20.87	19.27

Source: Ministry of Economy

In the coming periods, the Government intends to consider all options for further privatisations, including joint ventures, sales to foreign investors and bankruptcies in order to complete the reform of large public enterprises, which were the source of huge fiscal costs in the past. The recently established Fiscal Risk Monitoring Department, which operates within the Ministry of Finance, monitors public enterprises through quarterly financial reporting and development of financial forecasts, thus ensuring greater transparency and accountability in the public sector. This additional state engagement further encourages the management of these companies to focus on financial performance and accelerate corporate restructuring where appropriate. In light of the predicted impact of the COVID-19 pandemic on the financial performance of the state-owned enterprises over the course of 2020, the Ministry of Finance requested public enterprises to review their forecasts for the financial year, and to propose cost-saving measures where this is appropriate. This was duly complied by all state-owned enterprises through reduction of 20 per cent. of their expenses. Separately, state-owned companies undergoing privatisation could avail favourable loans through the Serbian Fund for Development in order to minimise the effects the COVID-19 pandemic had on such companies. Alongside this, Serbia also compiled a comprehensive list of state-owned enterprises in accordance with the PCI concluded with the IMF. In collaboration with the ERBD, Serbia adopted a policy for its state-owned enterprises.

Recent strategies adopted by the Government for improving transparency of operations in these enterprises have largely been successful, but some companies are yet to be fully reformed. For instance, the process of corporate and financial restructuring, aimed at increasing efficiency, improving revenues and reducing costs, is being implemented in respect of PE Roads of Serbia (the state-owned company for maintenance and preservation of public roads) and EPS (the state-owned electric utility power company). These restructuring processes are being undertaken in co-operation with leading global financial institutions, (e.g. the IMF, the World Bank and EBRD) so that these companies are able to function in line with market principles and as a result are equipped to reduce any potential fiscal costs that may arise from their operations. The legal status of EPS has been changed; EPS is now a joint stock company.

The Government has also approved a plan for the separation of transportation and distribution activities of state-owned natural gas company Srbijagas. The implementation of the action plan for the operational unbundling of Srbijagas is still pending at this juncture.

Privatisation of state-owned banks

In May 2017, the Government of Serbia issued an executive act, on the manner and procedure of sale of shares in banks owned by Serbia, for privatisation of the state-owned shares in domestic banks. As at the date of this Base Offering Memorandum, Serbia has a direct interest in the capital of the following banking institutions:

- Banka Poštanska štedionica a. d. Beograd (78.85 per cent.); and
- Srpska banka a. d. Beograd (76.69 per cent.).

For the purpose of implementing its exit strategy, and with the aim of reducing fiscal risks, the Government has been actively pursuing reforms of the state-owned financial institutions.

The first business strategy for Banka Poštanska štedionica (“BPS”) was developed in 2016 with the support of the World Bank which focused on reorienting the bank’s business with its retail clients, entrepreneurs and micro and small enterprises. Furthermore, efforts were made to improve the bank’s internal organisation, internal compensations, corporate governance, risk management and IT infrastructure. All activities planned in this business strategy were successfully completed.

The next business strategy for the period 2026 to 2028 was approved by the Management Board of BPS in November 2025 and subsequently adopted by the Assembly of BPS in December 2025.

According to this business strategy, BPS will continue with the implementation of its activities with emphasis on further development and improvement in the following areas: (i) operations with retail clients, entrepreneurs, micro, small, medium enterprises, local self-government units, public enterprises founded by Serbia or autonomous provinces or local self-government units, and companies owned either by Serbia or autonomous provinces or a local self-government unit; (ii) internal organization aligned with the modernized IT system and corporate and risk management (iii) further development and implementation of digital banking channels as a mechanism for acquisition of younger and technologically active clients. Project of modernization of the IT system was successfully implemented by releasing a new modernized IT system in production. On the 18th of February 2025, the Bank continued with its regular operations in the new environment in the modernized IT system.

- The strategic goals of BPS for 2026 are as follows:
- Growth in the assets level, along with a structural transition from securities to commercial loans;
- Strengthening the capital base from the Bank's profits;
- Growth in the loan portfolio in the retail industry, micro, small, medium, enterprises and public sector;

Since 2019, Serbia has advanced its banking sector reforms by privatising Komercijalna Banka through a successful sale to Nova Ljubljanska Banka, using part of the proceeds to repay a loan from Azerbaijan; establishing a working group to transform Srpska Banka into a specialised financial institution for the defence industry; and making significant progress in resolving non-performing loans ("NPLs") by selling large portfolios through the Deposit Insurance Agency, with ongoing efforts to address remaining NPLs and further implement the government's dinarisation strategy to promote the use of the local currency in the banking system.

Air Serbia

Serbia increased its ownership in Air Serbia through two capital injections, resulting in the State holding 83.60 per cent. of shares and providing approximately EUR 115 million in total support following the COVID-19 pandemic. In 2023, Air Serbia repaid EUR 20 million to the Government under a recapitalisation agreement, and by the end of 2023, Etihad Airways was no longer a shareholder in Air Serbia. Air Serbia is a leading airline in Southeast Europe, carrying approximately 4.2 million passengers in 2025 and serving over 90 destinations across Europe, North America, Asia, and Africa. In 2025, the company reported record revenues of EUR 700 million and a net profit of EUR 41 million.

From its hub in Belgrade, the airline provides direct connectivity to four continents, including long-haul routes to destinations such as New York, Chicago, Shanghai, and Tianjin, reinforcing its strategic importance for regional connectivity and economic development.

Organised Crime, Corruption and Money Laundering

The Government of Serbia has prioritised combating organised crime, corruption, and money laundering by establishing specialised bodies, including the Public Prosecutor's Office for Organised Crime, the Agency for Prevention of Corruption (APC), and the Financial Intelligence Unit (APML). Since 2015, Serbia has implemented key reforms, notably the Law on Prevention of Corruption, which strengthened the APC's independence and powers, and the Law on Lobbying, which enhanced transparency and accountability in lobbying activities. The Criminal Code has been amended repeatedly to align with international standards, with specialised units created within law enforcement, prosecution, and the judiciary to address organised crime and corruption.

Additional measures include laws on whistle-blower protection and the origin of property, imposing high sanctions on unlawfully acquired assets. In September 2025, Serbia joined the Istanbul Anti-Corruption Action Plan (IAP) under the OECD's Anti-Corruption Network for Eastern Europe and Central Asia, reflecting its commitment to international anti-corruption standards and peer-reviewed reforms.

AML/CFT Framework

Serbia has made substantial progress in aligning its Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) framework with EU and international standards. The AML & CFT Law has been amended to comply with EU directives and FATF recommendations, supported by a national strategy and action plans. Key amendments in December 2024 and March 2025 include:

- Expanding obligations to trust and company service providers, asset managers, and high-value art transactions (EUR 10,000+).
- Restricting cash payments in real estate and lending sectors above EUR 10,000.
- Increasing maximum sanctions to RSD 600 million (≈EUR 5 million) or 10 per cent. of annual turnover.
- Introducing explicit personal liability for senior management and compliance officers.

Amendments to the Law on Freezing of Assets (November 2024) extended supervisory responsibilities to all sectoral authorities designated under the AML/CFT Law.

Serbia maintains ongoing risk assessments (e.g., the 2021 National Risk Assessment) and a Coordination Body to oversee AML/CFT measures. In December 2025, the MONEYVAL Sixth Round Mutual Evaluation Report (MER) rated Serbia as “compliant” or “largely compliant” with nearly all FATF recommendations, with no “non-compliant” ratings. Identified areas for improvement include:

1. Establishing a risk-based supervisory framework for lawyers.
2. Enhancing law enforcement and prosecutorial capacity in terrorist financing (FATF Recommendation 8 – Partially Compliant).
3. Strengthening operational capacity of the APML.
4. Improving asset recovery frameworks, including non-conviction-based confiscation and proactive cross-border asset recovery (FATF Recommendations 4 and 31 – Partially Compliant).
5. Addressing the impact of corruption and political interference on AML/CFT investigations.

GRECO Recommendations

Serbia is a member of GRECO, the Council of Europe’s anti-corruption monitoring body. In the Fourth Evaluation Round, GRECO found Serbia’s overall compliance “globally unsatisfactory” due to pending constitutional and legislative reforms. In response:

- A constitutional amendment package was adopted in November 2021 (confirmed by referendum in January 2022), focusing on judiciary and public prosecution independence.
- Judicial laws, including the Law on Judges, Law on the Organisation of Courts, Law on High Judicial Council, Law on Public Prosecution, and Law on High Council of Prosecution, were adopted in 2023.
- Legal alignment with EU standards was further reinforced through the Law on Public Information and Media and Law on Electronic Media (October 2023).

Additional reforms include:

- Code of Conduct for Members of Parliament.
- Revised Code of Ethics for Public Prosecutors.
- Amendments to the Law on Judges and Law on the High Judicial Council.
- Updates to the Law on Prevention of Corruption.

The Ministry of Justice adopted the National Anti-Corruption Strategy 2024–2028 and a comprehensive Action Plan with 143 activities in July 2024, incorporating broad consultation with the European Commission. GRECO acknowledged progress, concluding by end-2023 that Serbia had satisfactorily implemented 10 of 13 recommendations from the Fourth Evaluation Round, closing the compliance procedure.

In the Fifth Evaluation Round, GRECO issued 24 new recommendations addressing central government and law enforcement agencies. Serbia submitted its first compliance report in December 2023 and continues legislative reforms, including amendments to the Criminal Code, Criminal Procedure Code, and laws on seizure and confiscation of criminal proceeds, with further updates planned through 2024–2025.

Overall, Serbia’s strategic anti-corruption and AML/CFT reforms are largely aligned with EU accession benchmarks (Chapter 23) and GRECO recommendations, demonstrating a robust commitment to international standards and continuous improvement.

Investigations

During the period from 2024 to 2026, Serbia has seen publicly reported cases involving allegations of abuse of office and corruption, with formal proceedings initiated against various public officials. These include proceedings in the so-called ‘Generalštab’ case, in which charges have been brought against Minister of Culture Nikola Selaković on the basis of a charging proposal (optužni predlog); as at the date of this Base Offering Memorandum, those proceedings remain ongoing. Separately, investigations and criminal proceedings are underway in connection with the collapse of the canopy at Novi Sad railway station (the ‘canopy case’), in which charges have been brought against certain officials and responsible persons in relation to alleged failures in supervisory and official duties. Further cases have been initiated involving former local officials and representatives of public enterprises, particularly in connection with public procurement processes and administrative decision-making. All of the foregoing proceedings are ongoing and have not resulted in final judgments. They nonetheless reflect continued institutional efforts to address allegations of official misconduct.

Law on Public Procurement

In order to address deficiencies in its procurement procedure, the Government adopted the new Law on Public Procurement at the end of 2019 and was entered into force in July 2020, with the aim of harmonising domestic regulations with EU directives. The primary aim of the new Law on Public Procurement is to, on the one hand, increase efficiency and competition in public procurement procedures, by reducing the administrative burden and the costs of participating in procedures and, on the other hand, to increase transparency and efficiency in the implementation of public procurement.

These measures reflect the initiatives undertaken by the Government to eradicate corruption. Fighting corruption is one of the key priorities for Serbia. Over the years, the Government has made steady progress in improving the accountability, governance standards and the legislative framework in Serbia; however, corruption continues to remain an issue in Serbia, as it does in many other countries.

EXTERNAL SECTOR

Balance of Payments

The following table presents Serbia's balance of payments for the years 2021 to 2025:

	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
	<i>(EUR million)</i>				
Current account balance	(2,265.6)	(4,162.2)	(1,803.7)	(3,787.5)	(4,302.0)
Goods and services (net)	(4,621.3)	(7,049.9)	(3,524.8)	(3,949.7)	(4,164.1)
Goods (net)	(6,019.8)	(9,364.2)	(6,628.5)	(6,769.7)	(6,487.1)
Services (net)	1,398.5	2,314.3	3,103.7	2,820.0	2,323.0
Primary income (net)	(2,057.8)	(3,001.1)	(3,917.5)	(5,219.5)	(5,574.4)
Equity related income, net	(1,365.0)	(2,241.9)	(2,619.1)	(3,524.0)	(3,809.7)
Debt related income, net	(692.8)	(759.2)	(1,298.5)	(1,695.5)	(1,764.7)
Secondary income (net)	4,413.5	5,888.7	5,638.6	5,381.6	5,436.6
Capital account balance	(25.5)	(25.2)	1.3	145.6	163.3
Financial account balance	2,121.7	4,325.4	1,559.3	3,195.7	4,648.2
Direct investments (net)	3,656.9	4,328.2	4,261.6	4,602.5	2,278.2
Portfolio investments (net) ⁽²⁾	1,524.2	86.6	957.8	463.6	(843.9)
Other investments (net)	(440.0)	2,830.1	1,444.2	964.0	1,666.3
Reserves assets (net) (negative sign indicates increase)	(2,619.4)	(2,919.5)	(5,104.3)	(2,834.5)	1,547.7
Errors and omissions (net)	(169.4)	138.0	(243.2)	(446.3)	509.5

Source: National Bank.

Notes:

- (1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition (except sign convention in financial account items).
- (2) Including financial derivatives.

The following table represents Serbia's balance of payments as a percentage of nominal GDP for the years 2021 to 2025:

	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
	<i>(% of GDP)</i>				
Current account balance	(4.1)	(6.6)	(2.4)	(4.5)	(4.89)
Goods and services (net)	(8.3)	(11.1)	(4.7)	(4.7)	(4.7)
Goods (net)	(10.8)	(14.7)	(8.8)	(8.1)	(7.3)
Services (net)	2.5	3.6	4.1	3.4	2.6
Primary income (net)	(3.7)	(4.7)	(5.2)	(6.3)	(6.3)
Equity related income, net	(2.4)	(3.5)	(3.5)	(4.2)	(4.3)
Debt related income, net	(1.2)	(1.2)	(1.7)	(2.0)	(2.0)
Secondary income (net)	7.9	9.3	7.5	6.5	6.1
Capital account balance	(0.0)	(0.0)	0.0	0.2	0.2
Financial account balance	3.8	6.8	2.1	3.8	5.2
Foreign Direct investments (net)	6.5	6.8	5.7	5.5	2.6
Portfolio investments (net) ⁽²⁾	2.7	0.1	1.3	0.6	(1.0)
Other investments (net)	(0.8)	4.5	1.9	1.2	1.9
Reserves assets (net) (negative sign indicates increase)	(4.7)	(4.6)	(6.8)	(3.4)	1.7
Errors and omissions (net)	(0.3)	0.2	(0.3)	(0.5)	0.6

Source: National Bank of Serbia.

Notes:

- (1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition (except sign convention in financial account items).
- (2) Including financial derivatives.

In 2023, the current account deficit decreased to EUR 1,803.7 million, representing a decrease of 56.7 per cent. (or EUR 2,358.5 million) compared to a deficit of EUR 4,162.2 million in 2022 primarily due to improvement in the trade of goods and services. The import of goods (on an FOB basis) decreased by 4.8 per cent. compared to 2022, primarily due to the decline in imports of energy, whilst the export of goods (on an FOB basis) increased at a pace by 3.7 per cent. despite a slowdown in external demand. The largest contribution to the growth in exports stemmed from manufacturing, which grew by 5.4 per cent. (contribution to total exports growth of 4.6 percentage points), but more importantly growth was diversified, and 16 out of 23 manufacturing branches had exports growth. The decrease in the trade deficit of goods was compensated by the increase in surplus from the trade in services (by 34.1 per cent. compared to 2022). On the other hand, the deficit of the primary income account increased by 30.5 per cent. due to higher expenses related to paid interest and direct investments

income, where both reinvested earnings and dividend payments increased. The surplus of the secondary income account decreased by 4.2 per cent. compared to 2022. This decrease was primarily a consequence of lower inflows in official grants.

In 2024, the current account deficit widened to EUR 3,787.5 million, a significant increase from EUR 1,803.7 million in 2023. This deterioration was primarily driven by a larger deficit in the primary income account, which reached EUR 5,219.5 million, reflecting higher outflows related to both equity and debt income. The goods and services balance also contributed to the deficit, with a net outflow of EUR 3,949.7 million. Whilst the deficit in goods trade remained substantial at EUR 6,769.7 million, the surplus in services decreased slightly to EUR 2,820.0 million, indicating some softening in service exports. The secondary income surplus, at EUR 5,381.6 million, continued to provide important support, though it was marginally lower than the previous year. On the financial account, net inflows increased to EUR 3,195.7 million, largely due to robust direct investment and other investment inflows, partially offset by a decrease in portfolio investments. Net FDI inflows in 2024 were more than sufficient to cover Serbia's current account deficit, resulting in appreciation pressures on the dinar, with FDI well diversified both geographically and across tradeable sectors. Notwithstanding this, the current account deficit widened overall, reflecting increased income outflows and a moderation in the services surplus, despite continued resilience in secondary income inflows.

In 2025, the current account deficit further increased to EUR 4,302.0 million. The goods and services deficit widened to EUR 4,164.1 million, as the goods trade deficit remained high at EUR 6,487.1 million and the surplus in services declined to EUR 2,323.0 million, due to higher import demand (especially travel services). The primary income deficit also grew, reaching EUR 5,574.4 million, driven by continued high outflows in both equity and debt-related income. The secondary income surplus remained stable at EUR 5,436.6 million, continuing to offset some of the negative balances in other accounts. The capital account balance improved slightly to EUR 163.3 million. On the financial account, net inflows rose to EUR 4,648.2 million, supported by strong direct investment and other investment inflows, although portfolio investments turned negative. The overall balance of payments position in 2025 was characterised by persistent current account pressures, particularly from the primary income and goods accounts, partially mitigated by steady secondary income and robust financial account inflows.

Financial Account

	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
			<i>(EUR million)</i>		
Capital account balance	(25.5)	(25.2)	1.3	145.6	163.3
Financial account balance	2,121.7	4,325.4	1,559.3	3,195.7	4,648.2
Direct investments (net)	3,656.9	4,328.2	4,261.6	4,602.5	2,278.2
Portfolio investments (net) ⁽²⁾	1,524.2	86.6	957.8	463.6	(843.9)
Other investments (net).....	(440.0)	2,830.1	1,444.2	964.0	1,666.3
Reserves assets (net) (negative sign indicates increase).....	(2,619.4)	(2,919.5)	(5,104.3)	(2,834.5)	1,547.7
Errors and omissions (net)	(169.4)	138.0	(243.2)	(446.3)	509.5

Source: National Bank of Serbia

Notes:

- (1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition (except sign convention in financial account items).
- (2) Including financial derivatives.

During the period 2021 to 2025, the net inflow to the financial account (excluding foreign reserves) mainly consisting of FDI, amounted to approximately 7.9 per cent. of GDP on average. This inflow contributed to the increase of foreign reserves from EUR 16.5 billion in 2021 to EUR 29.0 billion in 2025, representing 32.7 per cent. of GDP.

In 2023, a net inflow of EUR 1.6 billion was recorded in the financial account, mainly as a result of the accumulation of foreign exchange reserves, reaching a record level of EUR 24.9 billion at the end of 2023, as compared to EUR 19.4 billion as at the end of 2022. Accumulation of reserves was mainly as a result of FDI inflows in Serbia that amounted to EUR 4.6 billion in 2023, which is 3.0 per cent. more than in 2022, with a net inflow of portfolio investments (including financial derivatives) of EUR 957.8 million. The stock of gross external debt stood at EUR 44.2 billion or 58.7 per cent. of GDP in 2023, representing a decrease of 6.8 percentage points compared to 2022.

In 2024, the financial account recorded a net inflow of EUR 3.2 billion, reflecting continued strong investor interest. Net FDI inflows remained robust at EUR 4.6 billion, whilst net portfolio investment inflows moderated to EUR 428.1 million (EUR 463.6 million including financial derivatives), indicating an increase in investment by Serbian residents in foreign securities. Other investment inflows contributed EUR 964.0 million, supporting the overall positive balance. At the same time, reserve assets increased by EUR 2.8 billion, further strengthening the country's external position. The capital account balance also improved, reaching EUR 145.6 million. These developments highlight the resilience of the financial account, despite a widening current account deficit and increased outflows in the primary income account. The stock of gross external debt stood at EUR 48.8 billion or 58.6 per cent. of GDP in 2024, remaining at almost the same level as in 2023.

In 2025, the financial account saw a further increase in net inflows, reaching EUR 4.6 billion. Foreign direct investment remained a key driver, with net inflows of EUR 2.3 billion, whilst other investment inflows rose to EUR 1.7 billion, reflecting favourable borrowing conditions for both the public and private sectors. However, net portfolio investments turned negative at EUR 881.0 million (EUR 843.9 million including financial derivatives), suggesting some volatility or profit-taking by foreign investors. Reserve assets decreased by EUR 1.5 billion, indicating a drawdown to support external financing needs. The capital account balance improved slightly to EUR 163.3 million. Overall, the financial account in 2025 demonstrated continued capacity to attract foreign capital, offsetting pressures from the current account and supporting macroeconomic stability.

Foreign Trade in Goods

The following table presents Serbia's trade balance in goods for the years 2021 to 2025:

	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
	<i>(EUR million)</i>				
Balance of goods	(7,077.3)	(11,408.6)	(8,225.7)	(8,540.9)	(8,791.4)
Exports of goods	21,858.0	27,605.9	28,635.1	30,503.4	33,068.0
Imports of goods	28,935.3	39,014.4	36,860.8	39,044.2	41,859.4

Source: Office of Statistics

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by Free on Board (FOB) parity and imports by Cost, Insurance and Freight (CIF) parity at Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).

The following table presents Serbia's trade balance in goods as a percentage of GDP for the years 2021 to 2025:

	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
	<i>(% of GDP)</i>				
Balance of goods	(12.7)	(18.0)	(10.9)	(10.3)	(9.9)
Exports of goods	39.1	43.5	38.1	36.6	37.3
Imports of goods	51.7	61.4	49.0	46.9	47.2

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).

Serbia continues to pursue export diversification across a broad range of industries, with increasing emphasis on higher value-added manufacturing and tradable sectors in order to reduce the trade deficit and improve resilience to external shocks. Historically, exports were concentrated in lower-value manufactured goods, but since 2012 increased foreign direct investment has contributed to a broader export base, particularly in automotive components, electrical equipment, machinery, chemicals and agri-food products. Following a reduction in the goods trade deficit in 2023, primarily due to lower energy import costs, external trade expanded further in 2024 and 2025. In 2024, exports of goods totalled EUR 30,503.4 million, of which EUR 18,926.6 million, or 62.0 per cent., were destined for the European Union, while imports totalled EUR 39,044.2 million, of which EUR 21,980.6 million, or 56.3 per cent., originated from the EU. In 2025, exports increased to EUR 33,068.0 million, with EUR 20,618.9 million, or 62.4 per cent., directed to the EU, while imports rose to EUR 41,859.4 million, of which EUR 23,019.6 million, or 55.0 per cent., came from the EU, reflecting continued trade expansion alongside Serbia's strong integration with EU supply chains.

Composition of trade in goods

Exports

The main sectors driving export growth in 2025 were machinery and transport equipment, manufactured goods classified chiefly by material, and chemicals and related products. The share of these products in total exports increased from 58.7 per cent. in 2021 to 62.3 per cent. in 2025. General sectors that drove export growth in 2025 were machinery and transport equipment, representing 31.2 per cent.; manufactured goods classified chiefly by material, representing 22.3 per cent.; and chemicals and related products, representing 8.8 per cent.

In 2023, total exports of goods amounted to EUR 28.6 billion, representing a 3.7 per cent. increase compared to 2022. The main contribution to the overall increase in exports during this period stemmed from machinery and transport equipment, which grew by 18.3 per cent., but more importantly growth remained diversified where 16 out of 23 manufacturing branches had exports growth. Within manufacturing exports, there were particularly significant increase in exports of motor vehicles, trailers and semi-trailers (of 21.1 per cent. year-on-year), electrical equipment (of 14.3 per cent. year-on-year), machinery and equipment (of 22.4 per cent. year-on-year) and fabricated metal products (of 20.0 per cent. year-on-year). On the other hand, Serbia recorded a decrease in exports of iron and steel (of 32.3 per cent. year-on-year), metalliferous ores and metal scrap (of 18.0 per cent. year-on-year) and cereals (of 21.7 per cent. year-on-year) in 2023. In 2023, Serbia's exports, split by segment into intermediate goods, capital goods, non-durable consumer goods, energy, durable consumer goods, and other, represented 41.2 per cent., 23.0 per cent., 20.4 per cent., 6.1 per cent., 5.0 per cent., and 4.3 per cent. of total exports, respectively.

In 2024, total exports of goods from Serbia reached EUR 30.5 billion, marking a 6.5 per cent. increase compared to 2023. The main driver of this growth was the machinery and transport equipment sector, which expanded by 6.1 per cent. year-on-year, contributing significantly to the overall export performance. Manufactured goods classified chiefly by material also saw robust growth, rising by 17.5 per cent., whilst chemicals and related products increased by 2.3 per cent. Export growth remained broad-based, with 16 out of 23 manufacturing branches recording positive results. Notably, the food and live animals category rebounded with a 12.4 per cent. increase, whilst beverages and tobacco exports continued their upward trend, growing by 7.7 per cent. Conversely, mineral fuels, lubricants and related materials experienced a decline of 33.5 per cent., reflecting volatility in global energy markets. The diversification of Serbia's export base continued to support resilience in external trade, with intermediate goods, capital goods and non-durable consumer goods maintaining substantial shares of total exports.

In 2025, Serbia's total exports of goods further increased to EUR 33.1 billion, representing an 8.4 per cent. rise compared to 2024. Machinery and transport equipment remained the leading export category, growing by 12.2 per cent. year-on-year and accounting for nearly one-third of total exports. Manufactured goods classified chiefly by material also posted strong growth of 10.2 per cent., whilst chemicals and related products rose by 13.8 per cent. The food and live animals segment remained stable, and beverages and tobacco exports increased by 2.9 per cent. Export growth was observed in 19 out of 23 manufacturing branches, underscoring the continued diversification and competitiveness of Serbia's industrial base. On the other hand, mineral fuels, lubricants and related materials showed a modest recovery, increasing by 7.5 per cent. after the previous year's decline. The ongoing expansion of export-oriented industries and favourable external demand conditions contributed to Serbia's robust export performance in 2025.

The following table presents the value of Serbia's exports by product category for the years 2021 to 2025:

Exports ⁽¹⁾ Groups of products ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(EUR million)</i>				
Food and live animals.....	3,055.9	3,398.4	3,144.0	3,533.3	3,483.4
Beverages and tobacco	666.3	845.0	1,017.2	1,095.2	1,127.4
Crude material (inedible), except fuels.....	1,423.6	2,391.6	1,978.2	2,197.0	2,544.9
Mineral fuels, lubricants and related materials.....	865.3	1,507.7	1,742.7	1,159.2	1,245.9
Animal and vegetable oils, fats and waxes.....	259.7	300.9	270.3	257.1	289.6
Chemicals and related products.....	2,230.4	2,784.6	2,496.3	2,553.0	2,904.5
Manufactured goods classified chiefly by material.....	4,839.0	5,832.2	5,700.1	6,698.7	7,383.7
Machinery and transport equipment.....	5,766.4	7,327.3	8,665.5	9,198.3	10,316.3
Miscellaneous manufactured articles.....	2,459.0	3,022.6	3,302.7	3,287.7	3,333.1
Commodities and transactions not specified.....	292.3	195.7	318.0	523.8	439.2
Total	21,858.0	27,605.9	28,635.1	30,503.4	33,068.0

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) Sectors and divisions of SITC – Standard International Trade Classification, Rev.4.

The following table presents the value of Serbia's exports by product category as a percentage of total exports for the years 2021 to 2025:

Exports ⁽¹⁾ Groups of products ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(Share of total export, %)</i>				
Food and live animals	14.0	12.3	11.0	11.6	10.5
Beverages and tobacco	3.0	3.1	3.6	3.6	3.4
Crude material (inedible), except fuels.....	6.5	8.7	6.9	7.2	7.7
Mineral fuels, lubricants and related materials.....	4.0	5.5	6.1	3.8	3.8
Animal and vegetable oils, fats and waxes.....	1.2	1.1	0.9	0.8	0.9
Chemicals and related products.....	10.2	10.1	8.7	8.4	8.8
Manufactured goods classified chiefly by material.....	22.1	21.1	19.9	22.0	22.3
Machinery and transport equipment.....	26.4	26.5	30.3	30.2	31.2
Miscellaneous manufactured articles.....	11.3	10.9	11.5	10.8	10.1
Commodities and transactions not specified.....	1.3	0.7	1.1	1.7	1.3
Total	100.0	100.0	100.0	100.0	100.0

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) Sectors and divisions of SITC – Standard International Trade Classification, Rev.4.

Imports

In 2023, imports of goods decreased in comparison to the exports of goods. Within imports, there were particularly significant decline in the imports of electricity (50.2 per cent.), petroleum and petroleum products (19.4 per cent.), gas (23.3 per cent.), plastics in primary forms (23.6 per cent.), fertilizers (40.6 per cent.), and iron and steel (12.9 per cent.), whilst the growth in imports of consumer goods continued. The Government expects imports to increase in the medium term, driven by planned investments in infrastructure projects associated with the Leap into the Future – Serbia Expo 2027 programme.

In 2024, Serbia's total imports of goods increased to EUR 39.0 billion, representing a 5.9 per cent. rise compared to 2023. The growth was primarily driven by higher imports of machinery and transport equipment, which expanded by 6.7 per cent. year-on-year, and food and live animals, which grew by 12.3 per cent. Manufactured goods classified chiefly by material also contributed, rising by 5.4 per cent. Whilst imports of mineral fuels, lubricants and related materials continued to decline by 11.8 per cent., reflecting ongoing adjustments in energy consumption and pricing, chemicals and related products saw a modest increase of 5.6 per cent. The share of machinery and transport equipment in total imports reached 24.6 per cent., underscoring Serbia's continued investment in infrastructure and industrial modernisation. The import structure remained diversified, with notable increases in consumer goods and commodities not specified elsewhere, which together accounted for over 20 per cent. of total imports.

In 2025, Serbia's imports of goods further increased to EUR 41.9 billion, marking a 7.2 per cent. growth compared to 2024. Machinery and transport equipment remained the largest import category, rising by 7.2 per cent. year-on-year and accounting for 24.6 per cent. of total imports. Food and live animals imports continued their upward trend, increasing by 9.5 per cent., whilst chemicals and related products grew by 8.4 per cent. Manufactured goods classified chiefly by material also saw a 5.5 per cent. increase. Mineral fuels, lubricants and related materials experienced a slight decline of 3.5 per cent., reflecting stabilisation in energy markets. The share of commodities and transactions not specified rose to 14.3 per cent., indicating greater diversification in import sources. Overall, the sustained growth in imports was supported by robust domestic demand, ongoing infrastructure projects, and Serbia's integration into regional and global supply chains.

The following table presents the value of Serbia's imports by product category for the years 2021 to 2025:

Imports ⁽¹⁾ Groups of products ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(EUR million)</i>				
Food and live animals	1,783.2	2,340.5	2,561.6	2,877.1	3,150.8
Beverages and tobacco.....	355.1	471.2	466.8	570.4	646.9
Crude material (inedible), except fuel	1,085.2	1,141.9	1,086.5	1,401.7	1,382.4
Mineral fuels, lubricants and related materials.....	2,933.1	6,851.0	5,147.9	4,538.6	4,377.8
Animal and vegetable oils, fats and waxes	83.0	116.5	107.3	101.3	109.0
Chemicals and related products	4,370.2	5,672.8	5,051.5	5,333.1	5,780.8
Manufactured goods classified chiefly by material	5,473.5	6,825.8	6,355.9	6,700.3	7,065.5
Machinery and transport equipment	7,286.8	8,656.7	9,004.4	9,606.1	10,296.7
Miscellaneous manufactured articles.....	2,286.2	2,577.3	2,657.3	2,903.4	3,093.3
Commodities and transactions not specified	3,279.1	4,360.8	4,421.4	5,012.2	5,956.1
Total	28,935.3	39,014.4	36,860.8	39,044.2	41,859.4

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) Sectors and divisions of SITC – Standard International Trade Classification, Rev.4.

The following table shows the value of Serbia's imports by product category as a percentage of total imports for the years 2021 to 2025:

Imports ⁽¹⁾ Groups of products ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(Share of total imports, %)</i>				
Food and live animals.....	6.2	6.0	6.9	7.4	7.5
Beverages and tobacco	1.2	1.2	1.3	1.5	1.5
Crude material (inedible), except fuel	3.8	2.9	2.9	3.6	3.3
Mineral fuels, lubricants and related materials.....	10.1	17.6	14.0	11.6	10.5
Animal and vegetable oils, fats and waxes.....	0.3	0.3	0.3	0.3	0.3
Chemicals and related products.....	15.1	14.5	13.7	13.7	13.8
Manufactured goods classified chiefly by material	18.9	17.5	17.2	17.2	16.9
Machinery and transport equipment	25.2	22.2	24.4	24.6	24.6
Miscellaneous manufactured articles.....	7.9	6.6	7.2	7.4	7.4
Commodities and transactions not specified	11.3	11.2	12.0	12.8	14.2
Total.....	100.0	100.0	100.0	100.0	100.0

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) Sectors and divisions of SITC – Standard International Trade Classification, Rev.4.

In 2025, Serbia's imports, split by segment into intermediate goods, capital goods, non-durable consumer goods, energy, durable consumer goods, and others, represented 33.8 per cent., 19.5 per cent., 17.1 per cent., 10.4 per cent., 2.2 per cent., and 17.0 per cent. of total imports, respectively.

Geographic diversification of trade in goods

The EU-27 ("EU-27") is Serbia's key trading partner, collectively accounting for approximately 63.2 per cent. (on average) of Serbia's total trade in goods during the period 2021 to 2025.

The share of exports to EU-27 markets, as a percentage of total exports, declined slightly from around 63.2 per cent. in 2023, 62.0 per cent. in 2024, before increasing to 62.4 per cent. in 2025, whilst the share of imports from EU markets, as a percentage of total imports, also declined slightly from 57.1 per cent. in 2021 to 55.0 per cent. in 2025. Serbia's exports to the EU are broadly diversified, with a greater share going to Germany, Italy, Romania and Hungary. However, in recent years, Serbia has reduced its exposure to Italy from 8.4 per cent. in 2021 to 6.8 per cent. in 2025. Over the same period (i.e. 2021 to 2025), the share of exports to other EU countries such as Czech Republic, Slovakia and Sweden have increased, with the share of exports to these countries rising by 0.7 percentage points, 0.6 percentage points and 0.1 percentage points, respectively.

In 2025 exports to Germany and Italy accounted for 35.6 per cent. of total exports to EU member states, followed by Hungary, Romania, the Czech Republic, Bulgaria, Croatia and Poland. In the same period, Serbia realised a surplus in trade with Bulgaria, Slovakia, Czech Republic, Sweden, Germany, Romania, Croatia, Cyprus, Finland, Latvia and Estonia. In 2025 imports from Germany and Italy accounted for 33.2 per cent. of total import from the EU, followed by Hungary, Poland and France.

The value of exports to EU-27 member states, as a percentage of total exports, amounted to 62.4 per cent. in 2025, representing a 0.4 percentage point increase compared to 2024, of which exports to Germany and Italy accounted for 35.6 per cent. of total exports to EU member states, followed by Hungary, Romania, the Czech Republic, Bulgaria, Croatia and Poland. In the same period, Serbia realised a surplus in trade with Bulgaria, Slovakia, Czech Republic, Sweden, Germany, Romania, Croatia, Cyprus, Finland, Latvia and Estonia. In 2025, imports from the EU-27 as a percentage of total imports amounted to 55.0 per cent., which represents a decrease of 1.3 percentage points compared to 2024. Compared to 2024, imports from Germany decreased to 21.3 per cent. (from 23.3 per cent. of total imports from EU-27), whilst imports from Hungary, Romania and France increased to 8.3 per cent. (from 7.6 per cent.), 15.7 per cent. (from 44.3 per cent.), and 5.7 per cent. (from 4.8 per cent.), respectively.

Serbia also has a significant amount of trade with CEFTA parties, which represented approximately 9.3 per cent. (on average) of its total trade in goods during the period 2021 to 2025. Although exports to CEFTA parties increased by 38.8 per cent. in 2025 compared to 2021, the share of exports to these markets accounted for 14.8 per cent. of Serbia's total exports in 2025, representing a decline of 1.3 percentage points relative to 2021. This decline was primarily due to the stronger growth of exports to other non-CEFTA markets (such as China), a sign of continued diversification in respect of Serbia's export markets. The total volume of imports from CEFTA parties increased by 37.8 per cent. between 2021 and 2025. The share of imports from CEFTA parties as a percentage of total imports also decreased from 4.8 per cent. in 2021 to 4.6 per cent. in 2025.

Serbia realised a surplus of EUR 3.0 billion in trade with the CEFTA region in 2025. Within CEFTA, a surplus was achieved with all parties. The above surplus stemmed from exports of cereals, electricity, beverages, road vehicles, medicinal and pharmaceutical products, petroleum and petroleum products as well as exports of electrical machinery. In 2025, imports from CEFTA parties represented 4.6 per cent. of total imports of goods, compared to 4.3 per cent. in 2024. Amongst the CEFTA parties, Bosnia and Herzegovina continues to be an important trade destination, accounting for 43.2 per cent. and 42.1 per cent. of Serbia's exports to the CEFTA parties in 2024 and 2025, respectively.

The following table presents the value of Serbia's exports of goods by destination and economic group for the years 2021 to 2025:

Exports ⁽¹⁾ Economic zones and countries ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(EUR million)</i>				
EU – 27	14,071.4	17,693.0	18,090.3	18,926.6	20,618.9
Germany	2,743.0	3,785.5	4,315.3	4,720.1	5,085.1
Italy	1,839.9	1,992.2	1,771.6	1,733.5	2,248.8
Romania	1,215.8	1,213.5	1,444.8	1,399.9	1,408.3
Hungary	1,135.3	1,501.7	1,562.4	1,426.2	1,533.7
Slovenia	695.9	738.9	719.4	702.8	732.1
Poland	757.1	914.8	889.4	904.5	927.1
Other	5,684.4	7,546.3	7,387.3	8,039.6	8,683.8
CEFTA⁽³⁾	3,516.0	4,387.5	4,417.6	4,499.6	4,879.7
Bosnia and Herzegovina	1,615.7	2,059.2	1,967.7	1,942.5	2,052.7
Montenegro	854.5	1,120.5	1,224.8	1,310.4	1,441.9
North Macedonia	833.3	970.4	957.6	950.0	1,069.4
Other	212.4	237.3	267.4	296.6	315.7
CIS⁽³⁾⁽⁴⁾	1,100.0	1,445.6	1,541.8	1,319.7	1,239.8
Russia	840.3	1,139.3	1,106.0	888.3	756.9
Ukraine	153.5	143.1	138.7	158.4	179.6
Other	106.1	163.2	297.0	273.0	303.3
Other Countries	3,170.7	4,079.8	4,585.5	5,757.5	6,329.7
China	799.4	1,100.7	1,146.0	1,794.7	1,867.3
USA	434.6	514.2	515.2	678.9	638.0
Türkiye	289.7	434.2	554.5	1,043.0	1,215.3
Other	1,646.9	2,030.6	2,369.7	2,240.8	2,609.0
Total	21,858.0	27,605.9	28,635.1	30,503.4	33,068.0

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) According to EUROSTAT classification.
- (3) Moldova is a member of CIS and CEFTA groups and has been included in CEFTA for the purpose of this table.
- (4) Ukraine has been included in CIS for illustrative purposes in this table and the disclosure contained elsewhere in this Base Offering Memorandum.

The following table presents the value of Serbia's exports by destination and economic group as a percentage of total exports for the years 2021 to 2025:

Exports ⁽¹⁾ Economic zones and countries ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(Share of total export, %)</i>				
EU – 27	64.4	64.1	63.2	62.0	62.4
Germany	12.5	13.7	15.1	15.5	15.4
Italy	8.4	7.2	6.2	5.7	6.8
Romania	5.6	4.4	5.0	4.6	4.3
Hungary	5.2	5.4	5.5	4.7	4.6
Slovenia	3.2	2.7	2.5	2.3	2.2
Poland	3.5	3.3	3.1	3.0	2.8
Other	26.0	27.3	25.8	26.4	26.3
CEFTA⁽³⁾	16.1	15.9	15.4	14.8	14.8
Bosnia and Herzegovina	7.4	7.5	6.9	6.4	6.2
Montenegro	3.9	4.1	4.3	4.3	4.4
North Macedonia	3.8	3.5	3.3	3.1	3.2
Other	1.0	0.9	0.9	1.0	1.0
CIS⁽³⁾⁽⁴⁾	5.0	5.2	5.4	4.3	3.7
Russia	3.8	4.1	3.9	2.9	2.3
Ukraine	0.7	0.5	0.5	0.5	0.5
Other	0.5	0.6	1.0	0.9	0.9
Other Countries	14.5	14.8	16.0	18.9	19.1
China	3.7	4.0	4.0	5.9	5.6
USA	2.0	1.9	1.8	2.2	1.9
Türkiye	1.3	1.6	1.9	3.4	3.7
Other	7.5	7.4	8.3	7.3	7.9
Total	100.0	100.0	100.0	100.0	100.0

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) According to EUROSTAT classification.
- (3) Moldova is a member of CIS and CEFTA groups and has been included in CEFTA for the purpose of this table.
- (4) Ukraine has been included in CIS for illustrative purposes in this table and the disclosure contained elsewhere in this Base Offering Memorandum.

The following table presents the value of Serbia's imports by country of origin and economic group for the years 2021 to 2025:

Imports ⁽¹⁾ Economic zones and countries ⁽²⁾	Year ended 31 December				
	2021	2022	2023 <i>(EUR million)</i>	2024	2025
EU – 27	16,533.3	21,396.7	20,989.8	21,980.6	23,019.6
Germany	3,770.9	4,453.5	4,821.1	5,111.7	4,894.6
Italy	2,304.5	2,586.4	2,683.2	2,772.4	2,754.2
Hungary	1,262.2	2,148.4	1,534.1	1,676.7	1,904.9
Poland	936.4	1,176.7	1,179.4	1,380.7	1,494.5
Romania	865.1	1,072.1	1,090.3	951.1	1,314.6
Slovenia	722.2	957.1	926.0	986.2	1,075.0
Other	6,672.0	9,002.5	8,755.6	9,101.7	9,581.7
CEFTA⁽³⁾	1,394.1	2,026.5	1,699.3	1,660.8	1,921.6
Bosnia and Herzegovina	873.3	1,218.4	1,026.5	962.1	1,227.2
North Macedonia	326.8	511.4	428.9	443.0	440.5
Montenegro	99.1	180.6	147.6	141.8	131.0
Other	94.9	116.1	96.3	113.9	122.9
CIS⁽³⁾⁽⁴⁾	2,097.1	3,256.6	2,259.3	2,514.4	2,508.2
Russia	1,534.0	2,930.4	1,598.4	1,286.4	1,267.5
Ukraine	227.6	177.3	165.0	164.9	212.2
Other	335.4	148.9	495.8	1,063.1	1,028.5
Other Countries	8,910.9	12,334.7	11,912.4	12,888.5	14,410.0
China	3,521.0	4,736.2	4,502.2	5,128.9	6,426.5
USA	406.8	688.4	544.2	683.7	749.0
Türkiye	1,442.1	2,021.5	1,731.2	2,077.6	2,188.8
Other	3,541.0	4,888.6	5,134.7	4,998.4	5,045.7
Total	28,935.3	39,014.4	36,860.8	39,044.2	41,859.4

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) According to EUROSTAT classification.
- (3) Moldova is a member of CIS and CEFTA groups and has been included in CEFTA for the purpose of this table.
- (4) Ukraine has been included in CIS for illustrative purposes in this table and the disclosure contained elsewhere in this Base Offering Memorandum.

The following table shows the value of Serbia's imports by country of origin and economic group as a percentage of total imports for the years 2021 to 2025:

Imports ⁽¹⁾ Economic zones and countries ⁽²⁾	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(Share of total import, %)</i>				
EU – 27	57.1	54.8	56.9	56.3	55.0
Germany	13.0	11.4	13.1	13.1	11.7
Italy	8.0	6.6	7.3	7.1	6.6
Hungary	4.4	5.5	4.2	4.3	4.6
Poland	3.2	3.0	3.2	3.5	3.6
Romania	3.0	2.7	3.0	2.4	3.1
Slovenia	2.5	2.5	2.5	2.5	2.6
Other	23.1	23.1	23.8	23.3	22.9
CEFTA ⁽³⁾	4.8	5.2	4.6	4.3	4.6
Bosnia and Herzegovina	3.0	3.1	2.8	2.5	2.9
North Macedonia	1.1	1.3	1.2	1.1	1.1
Montenegro	0.3	0.5	0.4	0.4	0.3
Other	0.3	0.3	0.3	0.3	0.3
CIS ⁽³⁾⁽⁴⁾	7.2	8.3	6.1	6.4	6.0
Russia	5.3	7.5	4.3	3.3	3.0
Ukraine	0.8	0.5	0.4	0.4	0.5
Other	1.2	0.4	1.3	2.7	2.5
Other Countries	30.8	31.6	32.3	33.0	34.4
China	12.2	12.1	12.2	13.1	15.4
USA	1.4	1.8	1.5	1.8	1.8
Türkiye	5.0	5.2	4.7	5.3	5.2
Other	12.2	12.5	13.9	12.8	12.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Office of Statistics.

Notes:

- (1) The data is presented in accordance with the foreign trade statistics methodology of the Office of Statistics, according to which valuation of exports is done by FOB parity and imports by CIF parity at the Serbia's border (rather than an FOB basis used under the IMF Balance of Payments Manual, 6th edition).
- (2) According to EUROSTAT classification.
- (3) Moldova is a member of CIS and CEFTA groups and has been included in CEFTA for the purpose of this table.
- (4) Ukraine has been included in CIS for illustrative purposes in this table and the disclosure contained elsewhere in this Base Offering Memorandum.

International trade in services

In recent years, Serbia has witnessed a significant increase in trade in services, with exports of services generally increasing at a faster pace than imports. As a result, Serbia's surplus from trade in services increased from 2.5 per cent. of GDP in 2021 to 3.4 per cent. of GDP in 2024. Key factors for such growth include the improvement of the business environment, the liberalisation of capital flows and visa liberalisation with many countries. In addition, the growth of the manufacturing industry and the inclusion of domestic production in the global value chain has supported the growth of processing services, whilst investments in telecommunication infrastructure and digitisation have propelled the growth of ICT and other business services.

In 2023, the surplus from trade-in services increased by 34.1 per cent. in comparison to 2022, mainly as a result of faster growth in exports than imports. The total export of services increased by 18.2 per cent. to EUR 13.1 billion in comparison to 2022. The largest growth in exports of services was noted in ICT services (of 27.4 per cent.) and other business services (of 22.9 per cent.). Despite the global economic contraction, exports of ICT services remained consistent in comparison to 2022, which led to an increase of 33.1 per cent. in surplus from ICT services. Imports of services increased by 13.9 per cent. in comparison to 2022. The largest decline was seen in travel (of 30.2 per cent.) and other business services (of 29.3 per cent.).

In 2024, Serbia's trade-in services continued its upward trend, with imports of services increasing at a faster pace than exports. The surplus from trade-in services remained substantial, driven by robust growth in telecommunications, computer and information services, as well as other business services. Total exports of services reached EUR 14.5 billion, reflecting ongoing investments in telecommunication infrastructure and the digitalisation of the economy. The largest growth in exports was recorded in ICT services and other business services, underscoring Serbia's expanding role in the global value chain. Imports of services rose to EUR 11.6 billion, with travel and transport services accounting for the largest share of imports. Despite the increase in imports, the surplus from trade-in services remained strong, highlighting the resilience and competitiveness of Serbia's service sector in the face of global economic challenges. This performance demonstrates the continued

positive impact of business environment improvements, capital flow liberalisation and integration with international markets.

In 2025, the surplus from trade-in services decreased by 17.6 per cent. in comparison to 2024, mainly as a result of faster growth in imports over exports. Exports of services increased by 5.3 per cent. to EUR 15.2 billion, whilst imports increased by 10.9 per cent. to EUR 12.9 billion. The largest positive contribution to the growth of services exports in 2025 came from ICT (10.2 per cent. year-on-year) and other business services (6.4 per cent. year-on-year). In the same period, the largest contribution to the growth of services imports came from travel (23.2 per cent. year-on-year) and transport services (6.2 per cent. year-on-year).

The following table presents the international trade in services of Serbia for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(EUR million)		
Services balance	1,398.5	2,314.3	3,017.3	2,820.0	2,323.0
Travel.....	223.6	118.0	(524.3)	(960.6)	(1,758.5)
Transport.....	(309.3)	(652.7)	(200.7)	(298.8)	(513.7)
Other business services.....	539.8	1,018.7	1,143.1	1,104.5	1,305.7
Telecommunications, computer and information services.....	1,317.3	1,963.6	2,614.0	3,231.8	3,529.2
Charges for the use of intellectual property.....	(310.2)	(404.6)	(447.7)	(650.7)	(671.2)
Personal, cultural and recreational services.....	67.6	177.5	213.6	230.3	202.5
Manufacturing services on physical inputs.....	218.7	241.6	261.1	264.5	281.5
Other ⁽¹⁾	(349.1)	(147.8)	44.5	(101.0)	(52.5)
Export	7,800.0	11,075.7	13,086.1	14,458.8	15,229.1
Travel.....	1,596.1	2,473.8	2,542.5	2,817.3	2,894.2
Transport.....	1,308.9	1,968.1	2,373.2	2,442.3	2,396.2
Other business services.....	2,051.9	2,733.2	3,360.5	3,579.3	3,808.7
Telecommunications, computer and information services.....	1,857.1	2,696.1	3,435.7	4,132.8	4,552.4
Charges for the use of intellectual property.....	118.8	201.3	190.0	202.2	229.9
Personal, cultural and recreational services.....	242.4	332.2	398.2	472.7	485.8
Manufacturing services on physical inputs.....	239.1	264.4	286.7	295.9	313.0
Other ⁽¹⁾	385.7	406.6	499.3	516.3	549.0
Import	6,401.5	8,761.4	9,982.4	11,638.9	12,906.1
Travel.....	1,372.4	2,355.8	3,066.9	3,777.8	4,652.7
Transport.....	1,618.2	2,620.8	2,573.9	2,741.1	2,909.8
Other business services.....	1,512.1	1,714.5	2,217.4	2,474.9	2,503.0
Telecommunications, computer and information services.....	539.8	732.5	821.7	901.0	1,023.2
Charges for the use of intellectual property.....	429.0	605.9	637.6	852.9	901.1
Personal, cultural and recreational services.....	174.7	154.7	184.6	242.4	283.3
Manufacturing services on physical inputs.....	20.4	22.8	25.5	31.3	31.5
Other ⁽¹⁾	734.9	554.4	454.8	617.4	601.5

Source: National Bank.

Note:

- (1) Other includes construction, maintenance and repair services, insurance and pension services, financial services, and government goods and services.

Trade Policy

Serbia's trade policy is focused on developing export-oriented and competitive industries, attracting foreign investment, and strengthening economic ties with regional and global partners. The Government has implemented tax incentives, infrastructure improvements, and measures to reduce the fiscal deficit, which are expected to improve the trade balance. Trade facilitation remains a major structural reform under the Economic Reform Programme, and the National Trade Facilitation Body, established in 2017, coordinates state institutions and the private sector to streamline customs procedures, reduce technical barriers, and implement the WTO Trade Facilitation Agreement. Serbia's alignment with TFA measures has steadily improved, reaching 85 per cent in 2023, with full compliance in institutional co-operation, and this progress has been recognised in successive UN Global Surveys on Digital and Sustainable Trade Facilitation.

In 2025, Serbia's exports of goods amounted to EUR 33.1 billion, representing an 8.4 per cent increase relative to 2024, driven primarily by the manufacturing sector, with 19 of 23 branches recording growth. Key contributors included motor vehicles and trailers, rubber and plastics, and food products, reflecting prior investments in export-oriented industries.

Serbia’s export destinations remain largely the EU, CEFTA countries, and the CIS, with the EU accounting for 62.4 per cent of total exports, CEFTA 14.8 per cent, and CIS 3.7 per cent in 2025. Exports to China also grew by 4.0 per cent in 2025. Imports were primarily from the EU and China, followed by the CIS and CEFTA, with imports from China increasing by 25.3 per cent relative to 2024, making China the second-largest source of imports after Germany. The Government continues to prioritise increasing the contribution of higher value-added tradable goods, including machinery, transport equipment, pharmaceuticals, and metals, to exports.

Serbia also aims to expand trade and economic relations with the former Yugoslav republics, the Middle East, Asia, and North Africa, while strengthening the business environment, supporting FDI in export-oriented sectors, and promoting knowledge of potential export markets for domestic producers. These policies are implemented in line with Serbia’s macroeconomic objectives, EU integration, the CRM 2025–2028 Action Plan, and the Open Balkan initiative, ensuring resilience to regional and global economic fluctuations and sustainable growth in trade.

International Trade Agreements

Serbia maintains an extensive network of free trade agreements with its principal trading partners, including the EU, CEFTA, the EFTA, Türkiye, the United Kingdom, the EAEU and China. In 2025, these partners accounted for 89.8 per cent of Serbia’s total foreign trade in goods and 91.9 per cent of total exports of goods, with the EU-27 and CEFTA representing 62.4 per cent and 14.8 per cent of total exports, respectively. Serbia continues to pursue further liberalisation through negotiations with the World Trade Organisation and bilateral market access discussions with selected WTO members, including the United States, in the areas of goods, agriculture and genetically modified food. The free trade agreement with the EAEU, signed on 25 October 2019 and effective from 10 July 2021, removed customs duties on 99 per cent of Serbian exports to member states and replaced prior bilateral agreements with Russia, Belarus, and Kazakhstan. Following EU sanctions on Belarus in April 2022, trade with Belarus has remained limited.

Serbia’s EU partnership remains a cornerstone of its trade policy. The Stabilisation and Association Agreement (“SAA”), fully effective in 2013, established a free trade area and allows preferential customs-free access for most exports, subject to quotas on certain sensitive products. Imports of industrial goods from the EU are largely duty-free, while some agricultural products remain protected. Through the Pan-Euro-Mediterranean (“PEM”) Convention, Serbia applies diagonal cumulation of origin, facilitating trade in goods produced across multiple economies. Additional agreements with EFTA, CEFTA, Türkiye, and the UK incorporate these principles to ensure continuity, legal certainty, and investment attraction, with the UK Partnership, Trade and Co-operation Agreement entering into force on 15 July 2021.

In 2025, Serbia recorded annual trade surpluses with CEFTA of EUR 3.0 billion and continued to expand its trade with EFTA, with exports rising 85.4 per cent since 2019 to represent 1.0 per cent of total exports, while imports grew 147.0 per cent to 2.0 per cent of total imports. Trade agreements with Türkiye (effective 2009, revised 2018) and China (signed 2023, effective July 2024) have liberalised industrial and agricultural products and services, while new agreements with Egypt (effective September 2025) and the United Arab Emirates (effective June 2025) further extend customs liberalisation, including phased full duty removal for industrial goods. Negotiations with the Republic of Korea under the KSEPA framework reached their final stage in December 2025, and Serbia is preparing to open FTA discussions with Israel, Georgia, and Ukraine in 2026. The adoption of the Common Regional Market Action Plan (CRM 2025–2028) aims to deepen regional integration, promote the free movement of goods, services, capital, and people, and enhance competitiveness and EU convergence. Collectively, these agreements and initiatives support Serbia’s export growth, strengthen economic resilience, diversify markets, and attract foreign investment in export-oriented sectors.

Foreign Direct Investment

The Government has announced and implemented several measures in recent years for creating a favourable environment for FDI. See “*External Sector– Trade Policy*”. FDI comprises equity capital, reinvested earnings and other capital inflows.

The following table shows the net FDI flows in Serbia for the years 2021 to 2025:

	Year ended 31 December ^{(1) (2)}				
	2021	2022	2023	2024	2025
Foreign Direct Investments, net, mln EUR.....	3,656.9	4,328.2	4,261.6	4,602.5	2,278.2

	Year ended 31 December ^{(1) (2)}				
	2021	2022	2023	2024	2025
Direct Investment abroad, mln EUR	(229.1)	(104.2)	(302.8)	(628.4)	(1,198.8)
Direct Investment in Serbia, mln EUR	3,886.0	4,432.5	4,564.4	5,230.9	3,476.9
Foreign Direct Investments, net, % of GDP	6.5	6.8	5.7	5.5	2.6
Direct Investment abroad, % of GDP	(0.4)	(0.2)	(0.4)	(0.8)	(1.4)
Direct Investment in Serbia, % of GDP	6.9	7.0	6.1	6.3	3.9
Coverage of current account deficit by FDI, per cent.....	161.4	104.0	236.3	121.5	53.0

Source: National Bank; Office of Statistics

Notes:

(1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition.

(2) Sign convention: positive sign indicates inflow of capital.

The recovery of macroeconomic stability, together with the improvement of the business environment, led to an overall increase in the inflow of FDI in the period 2021 to 2025, and turned it into the main source of finance to fully cover the current account deficits of Serbia.

During the period from 2021 to 2025, an increasing share of FDI inflows were directed to export-oriented sectors, primarily the manufacturing and mining sectors. Within the manufacturing sector, most FDI inflows were directed to companies involved in the production of automobile parts.

In Serbia, FDI inflows amounted to EUR 3.5 billion in 2025 (3.9 per cent. of GDP), EUR 5.2 billion in 2024 (6.3 per cent. of GDP) and EUR 4.6 billion in 2023 (6.1 per cent. of GDP). Net FDIs in 2025, 2024 and 2023 amounted to EUR 2.3 billion, EUR 4.6 billion and EUR 4.3 billion.

The following table shows the inflow of FDI in Serbia by sectors for the years 2021 to 2025:

Foreign Direct Investments	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
			(EUR million)		
Foreign Direct Investments in Serbia.....	3,886.0	4,432.5	4,564.4	5,230.9	3,476.9
Tradeable sectors	2,296.1	2,133.5	2,226.1	2,253.5	1,440.5
Share of tradable sectors in FDI (%).....	59	48	49	43	41
Manufacturing	1,488.9	1,532.3	1,181.3	573.0	770.2
Mining and quarrying.....	118.7	264.0	714.7	1,455.0	697.4
Agriculture, forestry and fishing.....	42.6	11.4	36.5	73.5	36.2
Supply of electricity, gas, etc.	45.6	103.1	168.0	257.0	5.9
Water supply	99.4	52.0	50.4	14.1	(22.6)
Transportation and storage.....	499.6	147.4	62.6	(119.2)	(69.6)
Accommodation and food service activities	1.3	23.3	12.5	0.1	23.0
Non-tradeable sectors	1,540.3	2,279.4	2,321.7	2,961.9	2,028.8
Share of non-tradeable sectors in FDI (%)	40	51	51	57	58
Financial activities	95.7	(175.8)	323.2	425.6	173.5
Trade	128.1	390.2	413.3	204.5	472.4
Construction	863.4	1,444.5	852.0	1,379.8	556.4
Real estate activities.....	139.6	339.8	209.8	103.1	0.2
Professional, and technical activities	103.8	106.3	352.8	607.3	643.4
Information and communication	108.1	34.1	78.5	133.4	6.5
Other.....	101.6	140.4	92.0	108.2	176.5
Not allocated	49.6	19.5	16.7	15.5	7.6

Source: National Bank.

Notes:

(1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition.

In 2025, according to the National Bank of Serbia, the percentage of FDI by sector was skewed to Manufacturing (22.5 per cent.), Mining and Quarrying (20.1 per cent.), Professional, Scientific and Technical Activities (18.5 per cent.), Construction, (16.0 per cent.), and Wholesale and Retail Trade (13.6 per cent.).

The following table shows the inflow of FDI in Serbia by country of origin for the years 2021 to 2025:

Foreign Direct Investments	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
	<i>(EUR million)</i>				
Direct Investments in Serbia⁽²⁾	3,886.0	4,432.5	4,564.4	5,230.9	3,476.9
Europe	2,966.4	2,581.4	2,973.0	3,195.6	3,026.0
European Union (EU-27)	1,762.4	1,393.7	2,240.4	2,049.5	2,510.1
<i>of which:</i> Germany	409.5	282.3	223.0	18.9	147.7
France	48.9	(36.6)	26.8	(181.5)	87.6
Italy	33.6	(54.6)	83.7	66.4	44.7
Netherlands	532.4	148.4	770.4	1,062.1	1,274.9
Austria	186.7	245.4	307.7	144.6	109.3
Russia	39.9	463.7	163.1	43.3	(49.5)
Switzerland	663.8	202.2	83.3	217.5	128.8
Türkiye	86.6	60.3	15.6	17.1	10.4
Other European Countries	413.7	461.6	470.6	868.2	426.1
Asia	763.8	1,671.6	1,529.5	1,825.5	279.0
United Arab Emirates	21.4	21.7	13.5	48.9	(6.0)
China (including Taiwan and Hong Kong)	630.4	1,378.5	1,374.3	1690.9	(2.5)
Other Asian Countries	112.0	271.4	141.7	85.7	287.6
The Americas	139.4	177.3	57.6	249.7	179.2
Other countries	16.4	2.2	4.4	(40.0)	(7.3)

Source: National Bank.

Notes:

- (1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition.
- (2) Certain figures included in the above table have been subject to rounding adjustments; accordingly, figures that are presented as totals may not be an arithmetic aggregation of their components.

The table below shows the FDI inflow to Serbia, by country of origin, for the years 2021 to 2025 as a percentage of the total FDI inflow:

	Year ended 31 December ⁽¹⁾				
	2021	2022	2023	2024	2025
	<i>(% share in FDI in Serbia)</i>				
Direct Investments in Serbia	100.0	100.0	100.0	100.0	100.0
Europe	76.3	58.2	65.1	61.1	87.0
European Union (EU-27)	45.4	31.4	49.1	39.2	72.2
<i>of which:</i> Germany	10.5	6.4	4.9	0.4	4.2
France	1.3	(0.8)	0.6	(3.5)	2.5
Italy	0.9	(1.2)	1.8	1.3	1.3
Netherlands	13.7	3.3	16.9	20.3	36.7
Austria	4.8	5.5	6.7	2.8	3.1
Russia	1.0	10.5	3.6	0.8	(1.4)
Switzerland	17.1	4.6	1.8	4.2	3.7
Türkiye	2.2	1.4	0.3	0.3	0.3
Other European Countries	10.6	10.4	10.3	16.6	12.3
Asia	19.4	37.7	33.5	34.9	8.0
United Arab Emirates	0.6	0.5	0.3	0.9	(0.2)
China (including Taiwan and Hong Kong)	16.2	31.1	30.1	32.3	(0.1)
Other Asian Countries	2.9	6.1	3.1	1.6	8.3
The Americas	3.6	4.0	1.3	4.8	5.2
Other countries	0.4	0.0	0.1	(0.8)	(0.2)

Source: National Bank.

Notes:

- (1) The data is prepared in accordance with the IMF Balance of Payments Manual, 6th Edition.

FDI inflows to Serbia originate primarily from countries in the EU, Asia Pacific and Middle East. During 2025 the majority of investments originated from European countries (87.0 per cent. of total investments), whose share increased compared to 2024 (61.1 per cent. of total investments), while the share of investments from Asian countries decreased to 8.0 per cent. of total investments (compared to 34.9 per cent. during the same period in 2024).

FDI continues to be an important driver of Serbia's economic growth, export diversification and industrial upgrading, particularly in manufacturing, mining, energy and infrastructure. A number of major foreign investors have continued implementation or expansion of previously announced projects, including Linglong Tire, Zijin Mining, Mei Ta Europe, Toyo Tire Corporation, ZF Friedrichshafen, Brose Fahrzeugteile and Kyungshin, particularly in automotive components, tyres, mining and export-oriented industrial production. In recent years, FDI inflows have remained concentrated in tradable manufacturing sectors, including automotive supply chains, electrical equipment, rubber and plastics, as well as mining, renewable energy and logistics. The

Government continues to prioritise the attraction of export-oriented FDI through investment incentives, industrial zone development, tax measures and administrative reforms intended to improve the business environment, with particular focus on manufacturing, energy, transport infrastructure, digital infrastructure and agriculture. Continued investment from European and Asian investors remains an important contributor to Serbia's external financing position, labour market development and medium-term export growth.

Savings and Investment Balance

In 2023, despite the good realisation of tax revenues, the state, through the increase of salaries and pensions and financial support to certain categories of the population, also increased expenditures, so that the state's gross domestic savings continued to be negative and amounted to 1.7 per cent. of GDP. However, the private sector's savings share increased to 22.0 per cent. of GDP, driven by slower growth in private consumption relative to overall GDP, thereby decreasing the private consumption share. Concurrently, gross national private investment slumped to 18.0 per cent. of GDP, whilst public investment decreased slightly to 6.4 per cent. of GDP, and the current account deficit narrowed to 2.4 per cent. of GDP (representing a change of 4.2 percentage points from 2022). Overall, gross national savings totalled 22.0 per cent. of GDP in 2023, representing a solid increase of approximately 2.3 percentage points compared to 2022. Conversely, gross domestic investments fell out from 26.2 per cent. in 2022 to 24.4 per cent. in 2023.

In 2024, the investment cycle continued and government investments accelerated reaching a record high of 7.2 per cent. of GDP. This resulted in the widening of the current account deficit to 4.6 per cent. of GDP (from 2.4 per cent. of GDP) due to greater import demand for equipment and intermediate goods. However, government gross national savings remained almost unchanged at 2.0 per cent. of GDP in deficit as a result of higher tax income. On the other hand, private investments and private national savings decreased to 17.5 per cent. of GDP and 22.2 per cent. of GDP respectively, on account of rising disposable income fuelling private consumption which led to increased imports of consumer goods and tourism services.

In 2025, similar trends continued. The saving investment balance widened slightly to 4.9 per cent. of GDP in deficit. Gross domestic investments decreased by 0.5 percentage points, to 24.3 per cent. of GDP reflecting reduced investment confidence due to external uncertainties and the partial postponement of some projects. Gross national savings also decreased slightly to 19.4 per cent. of GDP, whilst gross domestic savings remained relatively unchanged supported by some restraint in consumption.

During the period 2021 to 2025, workforce remittances (often being countercyclical in nature) represented a major component of private sector transfers and the overall secondary income account. During this period, workforce remittances represented an average share of approximately 82.2 per cent. of private sector transfers and approximately 69.1 per cent. of overall secondary income account.

The table below presents the saving and investment balance expressed as a percentage of GDP for the years 2021 to 2025:

	2021	Year ended 31 December			2025
		2022	2023 (% of GDP)	2024	
GDP.....	100.0	100.0	100.0	100.0	100.0
Domestic demand.....	107.7	110.4	104.3	104.6	105.1
Final consumption.....	82.7	84.1	79.7	79.5	79.8
Private consumption.....	64.0	65.7	62.6	62.0	62.1
Government final consumption.....	18.8	18.4	17.1	17.5	17.8
Gross domestic savings.....	17.3	15.9	20.3	20.5	20.2
Private gross domestic savings.....	20.8	18.6	22.0	21.6	21.7
Government gross domestic savings.....	(3.5)	(2.6)	(1.7)	(1.1)	(1.5)
Net transfers.....	3.4	3.7	1.8	(0.2)	(0.7)
Private net transfers.....	3.9	4.1	2.1	0.6	0.2
Government net transfers.....	(0.4)	(0.4)	(0.4)	(0.8)	(0.9)
Gross national savings.....	20.7	19.7	22.0	20.2	19.4
Private gross national savings.....	24.7	22.7	24.1	22.0	21.8
Government gross national savings.....	(3.9)	(3.0)	(2.1)	(2.0)	(2.4)
Gross domestic investment.....	24.8	26.2	24.4	24.8	24.3
Private investments ⁽¹⁾	17.7	19.2	18.0	17.5	17.4
Government investments.....	7.1	7.1	6.4	7.2	6.9
Total savings – investment balance.....	(4.1)	(6.6)	(2.4)	(4.5)	(4.8)
Private savings – investment balance.....	7.0	3.5	6.1	4.6	4.5
Government savings – investment balance.....	(11.0)	(10.1)	(8.5)	(9.2)	(9.3)

Source: National Bank

Notes:

- (1) This includes the residual that occurs during the calculation of the savings and investment balance and may have slight differences compared to private investments from the National Accounts.

Bilateral Cooperation on Infrastructure Projects

Serbia has bilateral agreements with the governments of a number of other countries for the implementation of infrastructure projects in Serbia and promoting co-operation and investment in infrastructure. These include, amongst others, China, Azerbaijan, Russia, the United Arab Emirates, Türkiye, Kuwait, Hungary and the United States.

Membership of Serbia in the Asian Infrastructure Investment Bank

In December 2018, the Board of Governors of the Asian Infrastructure Investment Bank approved the membership application of Serbia. The Assembly ratified the articles of the Asian Infrastructure Investment Bank by passing the relevant law on confirmation, which came into force on 12 April 2019. On 15 August 2019, Serbia became a non-regional member of the Asian Infrastructure Investment Bank.

MONETARY SYSTEM

The National Bank of Serbia

The National Bank is the main monetary authority in Serbia. The Law on the National Bank of Serbia (the “NBS Law”) regulates the status, organisation, mandate and functions of the National Bank, and the relationship between the National Bank and other Serbian governmental bodies and international institutions.

The National Bank is independent and autonomous in fulfilling its functions as stipulated by the NBS Law as well as other related legislation. The National Bank is accountable for its work to the Assembly. The primary objective of the National Bank is to achieve and maintain price stability. Without prejudice to the primary objective, the National Bank contributes to maintaining and strengthening the stability of the financial system. The governing bodies of the National Bank consist of the Executive Board, the Governor and the Council of the Governor. During the negotiation process of Serbia’s accession to the EU, the independence and autonomy of the National Bank has been positively assessed. Negotiations have been opened on Chapter 17 (*Economic and Monetary Policy*), which relates to full independence of central bank, the prohibition of monetary financing of the public sector and the prohibition of privileged access by public authorities to financial institutions.

National Bank Procedure and Functions

The National Bank’s responsibilities include, amongst other things, the following functions:

- determining and implementing monetary and foreign exchange policies;
- managing foreign exchange reserves;
- establishing and implementing activities and measures under its remit, relating to the preservation and strengthening of financial stability;
- granting and revoking operating licences, supervising bank solvency and legality of operations and performing other activities in line with the Law on Banks;
- granting and revoking operating licences and/or authorisations to insurance companies, supervising these companies and performing other activities in line with the Law on Insurance;
- granting and revoking operating licences to payment institutions, e-money institutions and payment system operators, supervising these institutions and performing other activities in line with the Law on Payment Services;
- granting and revoking operating licences to voluntary pension fund management companies, supervising these companies and performing other activities in line with the Law on Voluntary Pension Funds;
- granting and revoking operating licences to financial leasing companies, supervising these companies and performing other activities in line with the Law on Financial Leases;
- granting and revoking authorisations to entities that perform exchange operations, supervising these entities and performing other activities in line with the Law on Foreign Exchange Operations;
- granting and revoking licences for providing virtual currency services and supervising the operations of the providers of these services and performing other activities in accordance with the Law on Digital Assets;
- protecting the rights and interests of consumers in respect of services performed by banks, financial leasing companies, insurance companies and voluntary pension fund management companies, pursuant to the Law on the Protection of Financial Services Consumers;
- issuing banknotes and coins and managing cash flows;
- regulating, controlling and promoting the smooth functioning of the payment system, domestically and abroad; and

- other matters prescribed under Serbian law or by treaties.

The Executive Board consists of the Governor and Vice-Governors. The Executive Board establishes measures and activities pertaining to the National Bank's remit for the purpose of maintaining and strengthening financial stability, as well as measures for maintaining bank liquidity. The Executive Board determines monetary and foreign exchange policies. In particular, the Executive Board determines: the conditions applicable to and the method for issuing National Bank securities, the terms and manner in which the National Bank carries out open market operations and discount operations, the short-term lending policy, the Dinar exchange rate policy, the foreign currency reserves management policy, the key policy rate and other interest rates of the National Bank, the base for calculating required reserves and the reserve requirement ratio. The Executive Board also makes decisions on the granting and revocation of operating licences for financial institutions and adopts regulations for supervision of financial institutions in line with the NBS Law and sectorial laws.

Acting on proposals made by the Executive Board, and with the consent of the Government, the Council of the Governor establishes the Dinar exchange rate regime, adopts the risk management strategy of the National Bank, and monitors its implementation. The Council of the Governor adopts the strategy of foreign reserves management on proposal of the Executive Board. Additionally, the Council of the Governor decides on membership of international financial institutions and organisations, adopts the financial plan and annual financial statements of the National Bank, appoints the external auditor and discusses the auditor's report. The Council of the Governor also supervises the National Bank's financial reporting system, assesses the adequacy of its accounting policies and procedures, supervises and adopts the annual internal audit plan and appoints the manager of the organisational unit in charge of internal audit. In addition, the Council of the Governor submits to the Assembly a report on its operations, at least twice a year, as well as the annual statement of accounts along with the certified auditor's report, for information purposes, by no later than 30 June of the following year.

Monetary Policy

Overview

Serbia's monetary policy during recent years has focused on maintaining a low and stable inflation rate and maintaining the stability of the domestic foreign exchange markets and the country's financial system. The implementation of an inflation-targeted regime has played an important role in ensuring sustainable price stability, anchoring inflation expectations and strengthening the credibility of monetary policy, allowing the monetary policy to adjust to the requirements of the domestic economy. In 2017, the National Bank lowered its inflation target to 3 per cent. \pm 1.5 percentage points and this target is expected to be kept at the same level until the end of 2026, taking into account the National Bank's Memorandum on Inflation Target until 2028, which was adopted on 11 December 2025.

The National Bank seeks to achieve the targeted rate of inflation mainly by changing its key policy rate, i.e. the interest rate applied in main open market operations. Given the structural excess liquidity in the Serbian banking sector, the National Bank applies the model of liquidity-absorbing repo auctions (reverse repo transactions, i.e. repo sale of securities with a maturity of one week).

Amidst the continuing global cost-push pressures and rising imported inflation, especially following the outbreak of the war in Ukraine, the Executive Board of National Bank decided to increase the key policy rate mainly to contain the second-round effects of rising food and energy prices on other prices in the domestic market. This was also done with the aim to reverse the inflation trajectory downwards so that it returns within the target tolerance band by the end of the projection horizon. The National Bank was also able to contain the spillover effects of rising import prices on domestic prices by maintaining the relative stability of the dinar exchange rate against the euro. The weighted average repo rate was at the level of 5.57 per cent. in May 2024, which is an increase of 546 basis points compared to October 2021, when the National Bank of Serbia started monetary policy tightening.

Since August 2023 until June 2024, the key policy rate was kept unchanged. Between June and September 2024, the National Bank cut the key policy rate cumulatively by 75 basis points, to 5.75 per cent. The National Bank has kept the key policy rate at 5.75 per cent. as at the date of this Base Offering Memorandum.

The deposit and credit (lending) facility rates have followed the easing of the key policy rate, declining in line with the cumulative cuts implemented between June and September 2024 and currently stand at 4.50 per cent. and 7.00 per cent., respectively. The National Bank has maintained its interest rates unchanged since September 2024.

Since May 2024, the weighted average repo rate has eased toward levels around 4.5 per cent. consistent the overall monetary stance. Since 2024, the National Bank has continued to use one-week repo sale auctions to withdraw excess liquidity, with significant amounts still absorbed in 2025; however, the relative volume of liquidity withdrawn has moderated from earlier peaks, and the weighted average repo rate in these operations has declined in line with the easing of monetary policy. Monetary policy easing was passed on to money market and other interest rates, so the transmission mechanism remained efficient.

Serbia continues to face elevated uncertainty from international factors, including geopolitical tensions, trade policy shifts, and global commodity price volatility, as well as domestic risks related to agricultural output. The NBS remains committed to maintaining price and financial stability through a flexible, data-driven approach to monetary policy. Strong macroeconomic fundamentals and ample foreign exchange reserves of EUR 29.8 billion as of February 2026 (covering 6.9 months of imports and 169.7 per cent. of M1) provide a buffer against external shocks, including the ongoing energy crisis and global financial market volatility. In coordination with the Government, the NBS will continue to take measures to safeguard macroeconomic stability and support sustainable economic growth and investment.

Implementation of Serbia's Monetary Policy

The instruments currently used by the National Bank to implement Serbia's targeted inflation monetary policy and to maintain price stability are divided into four categories: (i) open market operations; (ii) reserve requirements; (iii) lending and deposit facilities (standing facilities); and (iv) interventions in the domestic foreign exchange market.

Open market operations

The National Bank uses open market operations in order to regulate dinar liquidity in the banking system and signal its monetary policy stance to market participants. The main operations in the open market are one-week reverse repo transactions (repo sales of securities that withdraw dinar liquidity from the banking system). This allows the National Bank to react in the interbank money market in a timely manner in order to maintain the relative stability of short-term interest rates.

In 2025, the average stock of repo-sold securities stood at RSD 413.3 billion, which is RSD 41.2 billion lower than in 2024. At the end of 2025, the stock of reverse repo-sold securities amounted to RSD 290.0 billion, which is RSD 100.0 billion lower than the level of reverse repo-sold securities at the end of 2024.

In mid-2024 the NBS took advantage of the full flexibility of its monetary policy framework and decided to gradually reduce the ratio between the offered amount at reverse repo auctions and the estimated demand of banks. The ratio was reduced from 98 per cent. in the preceding year, to between 75 per cent. and 90 per cent. in the second half of 2024. Since mid-September 2024, the ratio has been kept unchanged at approximately 85 per cent.

These decisions, together with the key policy rate cuts, led to a reduction in the weighted average repo rate to 4.50 per cent. at the end of 2024, representing a decrease of 107 basis points compared to the level at the start of the monetary policy easing cycle in June 2024. This decline exceeded the reduction in the key policy rate over the same period (0.75 percentage points).

Since October 2024, the weighted average repo rate has moved within a very narrow range (4.50 per cent. – 4.55 per cent.) and has remained largely stable at auctions in 2025, averaging 4.51 per cent. At the last repo auction in January 2026, the weighted average repo rate stood at 4.50 per cent.

From the end of February 2022, the National Bank has been providing additional dinar liquidity to banks through bilateral repo purchases of dinar government bonds (with a short-term maturity and to a limited extent). With the intent to facilitate liquidity management, the National Bank has been mediating in interbank repo transactions in 2022 pursuant to which it redistributes the excess dinar liquidity amongst banks in the absence of sufficient amounts of interbank limits and contributes to the maintenance of stability in the interbank money

market. In these transactions, the National Bank was conducting repo sale transactions of its bills with banks that had excess dinar liquidity, whilst simultaneously conducting repo purchases of dinar government securities with banks that needed additional liquidity, which ultimately caused a neutral effect on the total banking sector's dinar liquidity.

From the end of February until the end of 2022, the National Bank provided the banking system with additional liquidity in the total amount of RSD 170.2 billion by conducting bilateral repo buy transactions, whilst the total outstanding amount of repo purchased securities at the end of 2022 amounted to RSD 30.8 billion. After those transactions matured during 2022 and 2023, the National Bank has not subsequently provided additional dinar liquidity to banks through the repo purchases of dinar government bonds, due to a significant increase in dinar liquidity in the banking system, primarily caused by the net purchases of foreign exchange in the domestic interbank FX market.

Reserve requirements

By changing the reserve ratio, the National Bank affects the ability of commercial banks to lend and, thus, influences the liquidity of the market. The reserve requirement is also an important macro-prudential tool, which is used to promote the use of the dinar and financial sector stability.

The main characteristics of the reserve requirements are:

- (a) reserve requirement rates are applied to the reserve requirement base (being the daily carrying average of liabilities in the prior calendar month) to calculate the reserve requirement. The reserve requirement rates are set relatively low for dinar liabilities, in order to promote banks to use dinar as stable sources of funding. As at the date of this Base Offering Memorandum, the applicable rates for dinar liabilities are 7 per cent. and 2 per cent., for liabilities with maturities up to, and over two years, respectively. For foreign currency liabilities, the rates are higher, at 23 per cent. and 16 per cent., for liabilities with maturities up to, and over two years, respectively. For dinar liabilities with a foreign-currency clause, the National Bank applies the special reserve requirement rate of 100 per cent., in order to support the dinarisation process;
- (b) banks are obliged to allocate the average amount of calculated reserve requirement over the maintenance period. According to the currency structure of allocation, 46 per cent. or 38 per cent. of required reserves calculated on foreign currency denominated liabilities (depending on their maturity), is required to be allocated in dinars. As for the foreign currency component, the banks are allowed to allocate in euros or exceptionally in U.S. Dollars; and
- (c) to support local currency funding, the National Bank remunerates reserve requirements allocated in dinars (currently set at 0.75 per cent.). In July 2020, the National Bank introduced a "preferential" dinar remuneration rate (currently set at 0.5 percentage points higher than the regular rate) in order to support dinarisation and provide additional impetus to economic growth. This "preferential" remuneration rate is applicable to a portion of required reserves allocated in dinars in respect of, or against the amount of dinar loans extended under the State Guarantee Schemes (as defined below) at an interest rate of at least 0.5 percentage points lower than the maximum rate envisaged by the State Guarantee Schemes (at the end of January 2026 the remaining amount of those loans is negligible). Concurrent with gradual tightening of monetary conditions in 2022, the National Bank increased the remuneration rate on dinar reserve requirements in three steps (in April, May and June 2022), by 65 basis points in cumulative terms, to 0.75 per cent. The National Bank does not remunerate reserve requirements in foreign currency.

Standing facilities (liquidity loan and deposit facilities)

Standing facilities involve the use of collateralised loans to maintain daily liquidity and depositing banks' excess liquid balances with the National Bank. The National Bank extends daily liquidity loans against the collateral of eligible dinar securities (not indexed to a foreign currency), based on liquidity loan agreements with banks. Banks may access intraday liquidity loans (i.e. interest-free loans repaid on the same business day), or overnight loans (repaid by 11 a.m. on the following business day, including interest equal to the key policy rate plus 1.25 percentage points).

Deposit facilities provide banks an option to transfer excess daily liquidity to a special account of the National Bank, with an interest rate equal to the key policy rate reduced by 1.25 percentage points.

The interest rates on standing facilities set the floor and ceiling of other money market rates. In order to limit interest rates fluctuations on money markets, alongside key policy rate cuts, the National Bank has over the years gradually narrowed the interest rate band, from ± 2.5 percentage points in 2013 to ± 0.90 percentage points below and above the key policy rate in December 2020. In April 2022 with an increase in the key policy rate, the interest rate corridor was broadened to ± 1.0 percentage points and as of March 2023, the interest rate corridor was broadened further to the current ± 1.25 percentage points in relation to the key policy rate.

Operations in the Domestic Foreign Exchange Market (FX interventions and FX swap auctions)

Another important instrument in the implementation of the monetary policy of the National Bank is the ability to intervene in the domestic foreign exchange market in order to mitigate fluctuations in the dinar exchange rate against the euro, as well as to preserve the stability of prices and financial system and maintain an adequate level of foreign exchange reserves.

In 2023, the National Bank intervened in the domestic foreign exchange market with net purchase of EUR 3,940 million which was a record annual amount of net purchases of foreign currency (also, in years in which net sales of foreign currency were realised, the amounts were significantly lower). The dinar strengthened against the euro in nominal terms (0.1 per cent.). In 2023, the NBS was net seller of foreign exchange only in January and November (EUR 225 million and EUR 60 million, respectively) due to the short-term depreciation pressures, whilst in the rest of the year, in each month, the NBS was net buyer of foreign exchange as the result of strong appreciation pressures. Appreciation pressures were mostly the result of the favourable balance of payment movements and high foreign exchange inflows coming from, at that time, the record high FDI, but also from exports, tourism, remittances. Due to those inflows significant supply of foreign exchange was coming from the domestic companies which were for the first time net sellers of foreign exchange at the year level. Also, factors on the supply side were net purchase of foreign cash by banks from citizens and official exchange bureaus, extending of banks' position based on the use of payment cards, increase in net indexed assets of banks.

In 2024, the National Bank intervened in the domestic foreign exchange market with net purchase of EUR 2,725 million. The dinar strengthened against the euro in nominal terms by 0.1 per cent.

Appreciation pressures, similar to those seen in 2023, were primarily driven by favourable balance of payment developments and robust foreign exchange inflows. These inflows stemmed from record-high FDI (surpassing 2023 levels), as well as strong performance in exports, tourism and remittances. As a result, domestic companies provided a significant supply of foreign exchange, acting as net sellers for the second consecutive year. Additional supply-side factors included net purchases of foreign cash by banks from citizens and official exchange bureaus, the extension of banks' positions through increased use of payment cards, and a rise in banks' net indexed assets.

In 2025, the National Bank intervened in the domestic foreign exchange market with a net sale of EUR 580 million – the first such intervention since 2020. The dinar depreciated against the euro by 0.2 per cent. in nominal terms. Despite the largest annual increase in banks' indexed assets on record (EUR 2.1 billion), strong foreign exchange demand persisted. Notably, for the first time, foreign cash – traditionally net purchased by banks from exchange offices and individuals – contributed to demand rather than supply. This shift was partly due to heightened uncertainty regarding NIS sanctions, which triggered psychological effects and panic demand for foreign cash, particularly in December, including increased demand via mobile and electronic banking. The situation stabilised following National Bank measures, including foreign exchange selling interventions, public communications and actions to ensure the smooth operation of the foreign cash supply channel.

Other demand-side factors in 2025 included increased foreign exchange purchases by residents (domestic companies, especially energy importers, and citizens, mainly through digital channels in December) and non-residents, who have traditionally been net buyers. Profit payouts from 2024 to foreign owners further boosted demand for both groups. Non-residents also purchased foreign currency when exiting dinar-denominated bonds or to hedge dinar investments against foreign exchange risk.

Despite these pressures, the dinar's relative stability against the euro was maintained, supported by high foreign exchange reserves, which reached EUR 29 billion at the end of December 2025 and EUR 29.8 billion at the end of February 2026.

In January 2026, the National Bank intervened again, selling EUR 610 million in the domestic foreign exchange market. The dinar weakened further against the euro by 0.1 per cent. in nominal terms. These depreciation pressures were mainly due to seasonal factors, such as increased foreign exchange demand from domestic energy importers and reduced supply from other domestic companies that usually appear as net sellers, alongside a smaller rise in banks' net indexed assets. Foreign exchange reserves stood at EUR 29.8 billion at the end of February 2026.

The Serbian dinar remained broadly stable against the euro in nominal terms, and the National Bank reiterated its readiness to employ foreign exchange interventions as required to limit excessive exchange rate volatility, preserve price and financial stability and maintain adequate foreign exchange reserves. The National Bank continues to use bilateral foreign exchange swap transactions as a supplementary instrument for dinar and foreign currency liquidity management in the banking sector. In 2023, the National Bank concluded 114 bilateral swap transactions with banks, through which it swap-purchased EUR 563 million and swap-sold EUR 563 million. In 2024, the volume of such operations increased to 320 bilateral swap transactions, through which it swap-purchased EUR 1,257 million and swap-sold EUR 1,257 million. In 2025, the National Bank concluded 474 bilateral swap transactions, through which it swap-purchased EUR 1,907 million and swap-sold EUR 1,907 million, reflecting increased use of short-term liquidity management instruments in the domestic banking market.

In 2026, the National Bank continued to conduct bilateral foreign exchange swap transactions with a neutral effect on dinar and euro liquidity in the banking sector, while using open market operations to regulate overall liquidity conditions.

Credit Aggregates

The following table shows the liquidity and credit aggregates for the Serbian banking sector as at 31 December in each of the years 2021 to 2025 and as at 31 January 2026:

	As at 31 December					As at 31
	2021	2022	2023	2024	2025	January
			<i>(RSD million)</i>			2026
Liquid assets (core) ⁽¹⁾	731,691	900,345	1,042,559	1,269,468	1,209,738	1,223,780
Liquid assets (broad measure) ⁽²⁾	776,191	1,010,365	1,447,615	1,659,477	1,499,747	1,543,820
Short-term liabilities	1,150,421	1,153,225	1,424,348	1,681,859	1,774,063	1,676,371
Total loans	3,785,568	3,929,137	3,934,932	4,340,223	4,969,395	4,909,775
Loans to public sector	1,032,859	1,024,362	978,605	1,089,689	1,224,656	1,157,996
Loans to private sector (excluding loans to other financial institutions)..	2,721,511	2,860,644	2,910,449	3,178,402	3,673,816	3,683,482
Loans to households.....	1,374,207	1,457,510	1,473,847	1,624,751	1,941,473	1,958,880
Loans to companies.....	1,346,778	1,402,687	1,436,234	1,553,211	1,731,313	1,723,573
Loans to non-profit and other organisation.....	526	448	367	441	1,031	1,029
Loans to other financial institutions..	31,198	44,131	45,879	72,131	70,923	68,296

Source: National Bank.

Notes:

- (1) Core liquid assets include currency, deposits and other financial assets that are available either on demand or within three months or less.
- (2) The broad measure of liquid assets includes: (i) currency; (ii) deposits and other financial assets that are available either on demand or within three months or less; and (iii) securities that are traded in liquid markets (including repo markets) that can be readily converted into cash with insignificant risk of change in value under normal business conditions.

Lending activity in Serbia's banking sector remained subdued in 2023 before strengthening materially in 2024 and 2025 as monetary conditions eased and credit demand recovered. In 2023, total domestic loans (comprising dinar and foreign currency, including foreign currency-indexed claims of banks on the private and public sectors, including non-profit organisations) amounted to RSD 3,934.9 billion, broadly unchanged from the previous year, reflecting growth of 0.1 per cent. compared with 3.8 per cent. in 2022. Loans to the private sector increased by 1.7 per cent. to RSD 2,910.4 billion, as higher lending rates, tighter credit standards and the maturity of state guarantee scheme loans weighed on credit expansion, while loans to the public sector declined by 4.5 per cent. to RSD 978.6 billion. Corporate lending remained concentrated in liquidity and investment loans, while household lending was led by cash loans, although housing loan balances were temporarily affected by the accounting treatment associated with the interest rate cap introduced by the National Bank of Serbia.

In 2024, lending activity rebounded, with total domestic loans increasing by 10.3 per cent. to RSD 4,340.2 billion. Private sector lending rose by 9.2 per cent. to RSD 3,178.4 billion, supported by lower interest rates, easing credit standards and stronger loan demand, while public sector lending increased by 11.4 per cent. to RSD 1,089.7 billion. Household lending expanded at a double-digit rate, while corporate lending also accelerated, particularly in dinar-denominated lending following regulatory measures encouraging dinarisation. Investment and liquidity loans remained the principal categories of corporate credit, while household growth was led by cash loans and housing loans.

In 2025, lending accelerated further, with total domestic loans increasing by 14.5 per cent. to RSD 4,969.4 billion. Private sector loans rose by 15.6 per cent. to RSD 3,673.8 billion, while public sector loans increased by 12.4 per cent. to RSD 1,224.7 billion. Growth was driven by continued easing of lending conditions, lower borrowing costs, stronger household demand and corporate investment needs. Household lending increased by 19.5 per cent., supported by wage growth, employment gains, subsidised housing loans and targeted measures aimed at lower-income borrowers, while corporate lending increased by 11.5 per cent., led principally by working capital and investment loans. Cash loans and housing loans remained the dominant categories of household lending, while SME lending continued to account for approximately 60 per cent. of total corporate loans.

Monetary Aggregates

The following table shows certain statistics relating to monetary aggregates as at 31 December for the years 2021 to 2025 and as at 31 January 2026:

	As at 31 December			As at 31 January		
	2021	2022	2023	2024	2025	2026
	<i>(RSD million, unless otherwise indicated)</i>					
Narrow money (M1).....	1,401,097	1,435,715	1,751,528	2,038,281	2,176,988	2,056,339
Broad money (M2)	1,767,998	1,876,546	2,280,993	2,685,365	2,871,503	2,735,771
Broad money (M3)	3,778,049	4,037,175	4,548,227	5,163,237	5,499,124	5,448,843
Broad money (M3) year-on-year growth rate (per cent.)	13.3	6.9	12.7	13.5	6.5	7.4
Broad money (M3) share of GDP ⁽¹⁾ (%)	57.5	54.1	51.6	53.0	52.9	
Reserve money	1,074,875	1,263,772	1,452,173	1,717,528	1,702,016	1,685,187
Reserve money, year-on-year growth rate (%)	6.5	17.6	14.9	18.3	-0.9	
Deposits in RSD	1,472,687	1,565,672	1,911,625	2,285,725	2,441,551	2,327,122
Deposits in foreign currencies	2,010,052	2,160,629	2,267,234	2,477,872	2,627,621	2,713,072
Loans in RSD ⁽²⁾	1,126,362	1,098,153	1,089,493	1,274,167	1,548,878	1,543,954
Loans in foreign currencies ⁽³⁾	1,814,463	2,032,525	2,073,011	2,136,971	2,388,165	2,387,905

Source: National Bank

Notes:

- (1) Calculated as a percentage of nominal GDP. In 2024 SORS revised GDP data for the period 1995-2023, which led to a change in the share of macroeconomic indicators in GDP.
- (2) Includes claims on public non-financial corporations, other non-financial corporations and individuals.
- (3) Loans in foreign currencies comprise of foreign exchange-indexed claims and foreign exchange claims.

The increase in demand and time dinar deposits resulted in an increase of the broad money aggregate (M2) which increased, by 21.6 per cent. to RSD 2,281 billion as at the end of 2023 compared to the end of 2022. Owing to the rise of the most liquid dinar components, as well as foreign currency deposits, which were driven by the increase in household savings, other financial corporations and corporate deposits, the broad money aggregate (M3) increased by 12.7 per cent. to RSD 4,548 billion as at the end of 2023 compared to the end of 2022. Dinar household savings registered constant growth during 2023, even reaching record levels from the second half of the year, which was mainly influenced by the rise of interest rates and supported by the maintained financial stability and the stability of the RSD against the EUR. As at the end of 2023, dinar savings reached a record high of RSD 136.5 billion, which was also the case for foreign currency savings, as they reached their highest level yet of EUR 13.4 billion, reflecting a rise of RSD 40.8 billion for dinar savings and an increase of EUR 571.8 million for foreign currency savings, compared to the end of 2022. Lending activity continued to rise, although at a much slower pace mainly due to higher interest rates on loans in line with the tightening of monetary policies of the NBS and ECB, as well as a consequence of stricter credit standards of commercial banks, and the maturing of loans from the State Guarantee Schemes. Dinar loans to corporates decreased, whilst dinar loans to households continued to rise at a mild pace in 2023. In total, the dinar loans to public and private non-financial corporations and households decreased by RSD 8.7 billion, whilst foreign currency loans increased by RSD 40.5 billion in 2023. Dinar loans to public and private non-financial corporations and households amounted to RSD 1,089 billion and in foreign currency RSD 2,073 billion, as at the end of 2023.

In 2024 the narrow money (M1) increased by 16.4 per cent. to RSD 2,038.3 billion as at the end of year, driven by the rise of demand deposits of households and corporates. That along with rise in time dinar deposits resulted in an increase of the broad money aggregate (M2) of 17.7 per cent. to RSD 2,685.4 billion as at the end of 2024. The growth in time dinar deposits of non-monetary sectors was led by household and corporate deposits, primarily in construction, followed by rise other financial organisations deposits. Same sectors (and in the same order) drove the foreign currency deposits further up. That, along with the rise in dinar money, resulted in the broad money aggregate (M3) increase of 13.5 per cent. to RSD 5,163.2 billion as at the end of 2024.

Dinar household savings continued growth during 2024, reaching record levels throughout the year. Constant rise in dinar savings is partly the result of higher interest rates and a more favourable tax treatment of dinar compared to foreign exchange savings. As at the end of 2024, dinar savings stood at a record high of RSD 187.5 billion, which was also the case for foreign currency savings, as they reached their highest level yet of EUR 14.3 billion, reflecting a rise of RSD 51.0 billion for dinar savings and an increase of EUR 947.5 million for foreign currency savings, compared to the end of 2023. Lending activity rebounded in 2024, supported by easing of credit standards, increased loan demand and more favourable costs of borrowing. Lending to both sectors increased, with more pronounced increase of dinar loans. In total, the dinar loans to public and private

non-financial corporations and households increased by RSD 184.7 billion, whilst foreign currency loans increased by RSD 64 billion in 2024. Dinar loans to public and private non-financial corporations and households amounted to RSD 1,274.2 billion and in foreign currency RSD 2,137 billion, as at the end of 2024.

Money aggregates decelerated growth in 2025, with all money aggregates rising at similar pace. The narrow money (M1) increased by 6.8 per cent. to RSD 2,177 billion as at the end 2025, whilst the broad money aggregate (M2) increased by 6.9 per cent. to RSD 2,871.5 billion. Demand deposits increased mostly due to rise in corporate and household deposits. Same sectors, along with other financial organisations, led the increase in demand and time dinar deposits. Foreign currency deposits continued up as well, predominantly on the back of household savings, followed by other financial organisations deposits, whilst corporate deposits remained almost unchanged. That, along with the rise in dinar money, resulted in the broad money aggregate (M3) increase of 6.5 per cent. to RSD 5,499.1 billion as at the end of 2025.

Both dinar and foreign currency household savings continued rising and reached new record highs of RSD 203.4 billion and EUR 15.4 billion, respectively at end 2025, reflecting a rise of RSD 15.9 billion for dinar savings and an increase of EUR 1 billion for foreign currency savings, compared to the end of 2024. Lending activity accelerated in 2025, supported by easing of credit standards, increased loan demand and lower interest rates, whilst in households segment it was also aided by promotional bank offers, subsidised housing loans under the youth support programme, and rising wages and employment. Dinar and foreign currency loans increased for both sectors, with somewhat higher rise of dinar loans. In total, the dinar loans to public and private non-financial corporations and households increased by RSD 274.7 billion, whilst foreign currency loans increased by RSD 251.2 billion in 2025. Dinar loans to public and private non-financial corporations and households amounted to RSD 1,548.9 billion and in foreign currency RSD 2,388.2 billion, as at the end of 2025.

Inflation and Interest Rates

Inflation policy and trends

The following table shows the year-on-year percentage change in consumer prices by type of product or service for the years ended 31 December 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(% change)		
Fruit and vegetables	19.0	19.0	12.9	6.2	(4.6)
Regulated prices	4.7	7.0	10.9	4.2	7.0
Electricity	8.2	10.7	23.2	0.0	9.6
Gas for households	0.0	8.8	33.5	0.0	0.0
Utilities	3.5	8.2	11.9	10.7	8.3
Social welfare services	0.7	20.2	0.4	0.7	0.4
Transport services (regulated)	1.9	2.8	(24.5)	2.8	0.7
Postal and telecommunications services	0.2	0.0	0.6	0.3	2.5
Cigarettes	6.6	5.8	7.4	7.8	7.5
Medications	0.2	(0.1)	2.9	0.8	7.1
Other	4.0	0.6	8.7	5.6	4.3
Petroleum products	23.5	9.1	0.8	1.2	0.2
Core inflation ⁽¹⁾	3.5	10.1	6.5	5.3	4.0
Total average inflation (CPI)	7.9	15.1	7.6	4.3	2.7

Source: National Bank.

Note:

(1) Core inflation is an indicator for measuring market-determined prices which do not display high volatility. It is calculated by excluding the prices of energy, food, alcohol and cigarettes from the CPI.

Since 2009, the National Bank has operated an inflation-targeting monetary policy framework, which has contributed to medium-term price stability and anchored inflation expectations. Between 2012 and 2016, the inflation target was set at 4.0 ± 1.5 per cent., and since 2017 the target has remained at 3.0 ± 1.5 per cent., a level expected to remain unchanged through the end of 2026.

Headline inflation declined materially during 2023 following the peak reached in early that year, supported by tighter monetary policy, easing imported price pressures and slower growth in food and core consumer prices. At the end of 2023, year-on-year inflation stood at 7.6 per cent., compared with significantly higher levels at the end of 2022, while average annual inflation remained elevated at 12.1 per cent. Inflation decelerated further in 2024, with headline inflation declining to 4.3 per cent. year-on-year at year end and average inflation falling

to 4.6 per cent., reflecting broad-based moderation in food, industrial goods and energy prices, alongside the lagged effects of monetary tightening and relative exchange rate stability.

In 2025, inflation moved fully within the target tolerance band, with year-on-year inflation at 2.7 per cent. at the end of December and average inflation declining further to 3.8 per cent. Inflation followed a declining path during the first half of the year before temporarily rising during the summer due principally to food price pressures associated with unfavourable weather conditions. From September 2025, inflation moderated again following implementation of Government measures capping wholesale and retail margins on certain food products, which contributed to a marked slowdown in food price growth. Core inflation remained broadly stable at around 4 per cent. during the final months of 2025, with services continuing to account for most underlying price pressures.

Serbia's annual inflation rate, as measured by the CPI, stood at 4.5 per cent. in February 2025, with the principal contributors to the overall rate being food at 1.3 per cent., services at 1.8 per cent., industrial products (excluding food and energy) at 1.4 per cent. and energy at 0.1 per cent.

By February 2026, annual CPI had declined markedly to 2.5 per cent., reflecting a significant easing of price pressures across most components over the intervening twelve-month period. The moderation in inflation was broad-based, with services contributing 1.6 per cent. and industrial products (excluding food and energy) contributing 0.7 per cent. to the overall rate, whilst energy contributed 0.5 per cent. and food exerted a modest downward drag of 0.2 per cent.

Interest Rates

The following table shows the monthly weighted average interest rates for total new dinar deposits in Serbian banks for each month for the years ended 31 December 2021 to 2025⁽¹⁾:

	2021	2022	2023	2024	2025
January	1.51	1.59	5.80	5.38	4.26
February	1.33	1.64	5.73	5.18	4.10
March	1.36	1.86	5.89	5.14	4.06
April	1.28	2.82	5.88	4.93	4.09
May	1.29	2.88	5.74	4.87	4.21
June	1.35	3.93	5.80	5.08	4.19
July	1.31	4.85	5.92	4.86	4.44
August	1.30	5.27	5.60	4.68	4.48
September	1.39	5.39	5.75	4.39	4.24
October	1.45	5.76	5.73	4.25	4.28
November	1.44	5.60	5.73	4.21	4.37
December	1.75	6.17	5.69	4.43	4.43

Source: National Bank.

Note:

(1) These figures include interest rates on new deposits for dinar deposits, for both individual depositors and institutional and corporate depositors.

The following table shows the monthly weighted average interest rates for total new foreign currency deposits in Serbian banks for each month for the years ended 31 December 2021 to 2025⁽¹⁾:

	2021	2022	2023	2024	2025
January	0.86	0.56	2.24	3.32	2.49
February	0.73	0.57	2.31	3.19	2.56
March	0.75	0.67	2.47	3.01	2.45
April	0.66	0.57	2.22	3.03	2.56
May	0.68	0.66	2.43	2.54	2.45
June	0.73	0.94	2.85	2.74	2.32
July	0.63	1.20	2.95	2.80	2.38
August	0.62	1.25	3.00	2.64	2.42
September	0.64	1.72	3.35	2.89	2.43
October	0.58	1.58	3.38	2.78	2.51
November	0.67	2.20	3.60	2.87	2.83
December	0.65	2.39	3.48	2.72	2.99

Source: National Bank.

Note:

(1) These figures include interest rates on new foreign currency deposits, for both individual depositors and institutional and corporate depositors.

Interest rates in Serbia increased materially during 2022 and 2023 following the tightening cycle implemented by the National Bank, before declining again in 2024 and 2025 as monetary conditions eased. After several

years of declining borrowing costs, the weighted average interest rate on dinar loans to the private sector rose to 10.0 per cent. at the end of 2022 and further to 10.5 per cent. at the end of 2023, reflecting higher policy rates and tighter financial conditions. At the end of 2023, dinar-denominated corporate loans were extended at an average rate of 8.3 per cent. and household loans at 12.5 per cent., while euro and euro-indexed loans stood at 7.1 per cent. for corporates and 6.3 per cent. for households, reflecting both domestic and euro area monetary tightening.

In 2024, borrowing costs declined as the National Bank began monetary easing in June 2024, with successive policy rate reductions lowering the key policy rate to 5.75 per cent. by September 2024. By December 2024, the weighted average interest rate on dinar loans to the private sector had declined to 8.7 per cent., with dinar-denominated corporate loans priced at 6.9 per cent. and household loans at 9.9 per cent. Euro and euro-indexed lending rates also declined, to approximately 5.6 per cent. for corporates and 5.5 per cent. for households, supported by monetary easing by the ECB.

In 2025, lending rates continued to decline while the National Bank maintained the key policy rate unchanged at 5.75 per cent. throughout the year. By December 2025, dinar-denominated corporate loans averaged 6.2 per cent., while household lending rates declined further to 8.1 per cent., supported by earlier monetary easing and targeted temporary measures for lower-income borrowers. Euro and euro-indexed loan rates declined further to 4.8 per cent. for corporates and 4.6 per cent. for households, reflecting lower euro area rates, temporary caps on certain housing loan rates and subsidised housing loan programmes. Deposit rates also moderated from their 2022–2023 peaks, although dinar deposit rates continued to remain above foreign currency deposit rates, supporting the ongoing dinarisation of the financial system.

Exchange Rates and Exchange Rate Policy

The National Bank operates a managed floating exchange rate regime under which the dinar is determined by supply and demand in the domestic foreign exchange market, with interventions undertaken as necessary to limit excessive short-term volatility, preserve price and financial stability and maintain adequate foreign exchange reserves. Since 2012, the National Bank has maintained relative stability of the dinar against the euro despite periodic external and domestic market pressures.

In 2023, the National Bank recorded net foreign exchange purchases of EUR 3,940 million, comprising gross purchases of EUR 4,545 million and sales of EUR 605 million, while the dinar strengthened by 0.1 per cent. against the euro in nominal terms. Appreciation pressures reflected strong balance of payments performance, supported by record FDI inflows, exports, tourism receipts and remittances, which generated substantial foreign exchange supply in the domestic market.

In 2024, the National Bank continued to support exchange rate stability, with net foreign exchange purchases of EUR 2,725 million and nominal appreciation of the dinar against the euro of 0.1 per cent. Continued strong FDI inflows, exports, tourism and remittances sustained favourable foreign exchange market conditions, while Serbia's first investment-grade sovereign rating from S&P Global Ratings further supported confidence.

In 2025, the National Bank intervened with a net sale of EUR 580 million, representing the first annual net sale of foreign exchange since 2020, while the dinar remained broadly stable against the euro, with only a 0.2 per cent. nominal change over the year. Market pressures intensified during parts of the year owing to stronger foreign exchange demand, including temporary uncertainty associated with sanctions-related concerns affecting NIS, higher resident and non-resident demand for foreign currency and profit repatriation flows. Gross foreign exchange reserves stood at EUR 29.8 billion at end-February 2026.

In January 2026, the National Bank sold a further EUR 610 million in the domestic foreign exchange market as seasonal demand for foreign currency increased, particularly from energy importers. The dinar weakened by 0.1 per cent. against the euro in nominal terms during the month, while foreign exchange reserves increased to EUR 29.8 billion at end-February 2026.

The following table shows the exchange rate history for the years 2021 to 2025 expressed in dinars per euro and not adjusted for inflation:

	Dinar to Euro ⁽¹⁾			
	Low	High	Average	Period End
2025.....	117.0479	117.4214	117.2026	117.2820
2024.....	116.9513	117.2377	117.0851	117.0149
2023.....	117.1504	117.3794	117.2513	117.1737
2022.....	117.2751	117.7627	117.4588	117.3224
2021.....	117.5496	117.5925	117.5733	117.5821

Source: National Bank

Note:

(1) Not adjusted for inflation.

The following table shows the exchange rate history for the years 2021 to 2025 expressed in dinars per U.S. Dollar and not adjusted for inflation:

	Dinar to US\$ ⁽¹⁾			
	Low	High	Average	Period End
2025.....	98.8413	114.5832	103.7860	99.9165
2024.....	104.5929	112.9371	108.1965	112.4386
2023.....	104.1443	111.9725	108.4143	105.8671
2022.....	102.4337	122.7711	111.8607	110.1515
2021.....	95.5592	104.8427	99.4925	103.9262

Source: National Bank.

Note:

(1) Not adjusted for inflation.

On 31 December 2025, the exchange rate of EUR to RSD was 117.2820, whilst the average exchange rate of EUR to RSD for the last three months of 2025 was 117.2747. On 31 December 2025, the exchange rate of USD to RSD was 99.9165, whilst the average exchange rate of USD to RSD for the last three months of 2025 was 100.7110.

Dinarisation Strategy

Serbia's financial system remains significantly euroised, with approximately 55 per cent. of deposits and 60 per cent. of loans denominated or indexed in foreign currency, predominantly euro-denominated, reflecting the legacy of earlier periods of macroeconomic instability and long-standing depositor preference for foreign currency savings. To reduce foreign currency exposure and strengthen monetary policy transmission, the National Bank of Serbia and the Government adopted a formal dinarisation strategy in 2012, renewed in 2018, focused on preserving macroeconomic stability, developing the domestic dinar securities market and expanding hedging instruments against foreign exchange risk.

Since implementation of this strategy, most dinarisation indicators have shown a sustained upward trend. In January 2026, dinar-denominated receivables to households and corporates represented 39.3 per cent. of total receivables, an increase of 11.3 percentage points compared with end-2012. Dinar deposits reached 46.9 per cent. of total household and corporate deposits at end-2025 before moderating seasonally to 44.9 per cent. in January 2026, compared with 25.6 per cent. at end-2012. Dinar savings have increased substantially over the past decade and reached a record RSD 211.5 billion at end-February 2026, while the share of dinar savings in total savings rose to approximately 10 per cent., compared with 1.9 per cent. at end-2012. The dinar share of public debt also increased to 22.7 per cent. as of 30 September 2025.

The National Bank continues to support dinarisation through prudential and monetary measures, including preferential reserve requirement treatment for dinar funding, lower capital requirements for dinar exposures and progressively stricter capital treatment for new foreign currency and foreign currency-indexed lending above prescribed thresholds. These measures, which came fully into effect from 2025, require banks gradually to reduce the share of new foreign currency-indexed lending to the non-financial private sector, with applicable limits declining through 2027. The Government also supports dinarisation through favourable tax treatment of dinar savings and continued development of the domestic dinar bond market, including through the inclusion of Serbian dinar government securities in JPMorgan Chase emerging market bond indices and settlement access through Clearstream.

Foreign Assets

The following table shows the foreign assets of the National Bank as at 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	<i>(EUR million, except where otherwise indicated)</i>				
Net foreign assets.....	13,704	15,426	20,785	24,693	24,636
Gross foreign exchange reserves	16,455	19,416	24,909	29,295	29,008
Use of IMF resources.....	-	986	200	0	0
Gold	1,931	2,105	2,393	3,884	6,196
Foreign exchange reserves (months of imports) ⁽¹⁾	6.3	5.2	6.7	7.3	6.8

Source: National Bank.

Note:

(1) Calculated as gross foreign exchange reserves excluding holdings of SDRs, in months of imports of goods and services.

At the end of February 2026, the gross foreign exchange reserves of the National Bank of Serbia stood at EUR 29,818.1 million, representing an increase of EUR 809.8 million compared with end-December 2025. The rise in reserves since the beginning of 2026 was primarily driven by a 21.2 per cent. increase in the international price of gold, contributing EUR 1,397.7 million, as well as by the allocation of banks' foreign exchange reserve requirement in the net amount of EUR 238.2 million, partly offset by net foreign currency sales through the National Bank's interventions in the domestic market, amounting to EUR 525.0 million.

Gross foreign exchange reserves recorded significant growth over the previous years, reaching EUR 24,909.1 million at end-December 2023, EUR 29,294.5 million at end-December 2024 and EUR 29,008.3 million at end-December 2025. The 2023 increase of EUR 5,493.4 million reflected primarily net purchases of foreign currency (EUR 4,015.0 million), inflows from government securities (EUR 1,631.5 million), loans to Serbia (EUR 1,300.7 million) and donations (EUR 442.8 million), partly offset by repayments to foreign creditors (EUR 1,935.5 million). In 2024, the EUR 4,385.4 million increase was driven by net foreign currency purchases (EUR 2,715 million), government securities issuance including a USD 1.5 billion Eurobond (EUR 1,589.2 million), and loan disbursements (EUR 1,141.7 million). In 2025, gross reserves decreased slightly by EUR 286.2 million, largely due to net repayments of foreign-currency government obligations and FX interventions, partially offset by positive market effects, including a 65 per cent. rise in the gold price.

The gross foreign exchange reserves provide substantial coverage of external obligations, equating to over six months of imports of goods and services, and support the National Bank's ability to maintain exchange rate stability, implement monetary policy, and safeguard financial stability.

Banking Sector

Overview

Commercial banks are dominant market participants in Serbia, with a market share of around 90 per cent. As at 31 December 2025, the banking sector of Serbia consisted of 19 banks, of which 15 were majority owned by foreign shareholders, two were owned by domestic private individuals and two were state-owned. As of 31 December 2025, there remained a high level of concentration of foreign ownership in the banking sector, with foreign-owned banks (from ten different countries) holding approximately 77.2 per cent. of the banking sector's total assets, with Italian banks remaining the single largest foreign ownership group in the Serbian banking system. Total banking sector assets reached RSD 7,005.8 billion (approximately EUR 60 billion) as of December 2025, representing year-on-year growth of 5.6 per cent., whilst the banking sector continued to record strong profitability, with pre-tax profit of RSD 189.0 billion in 2025.

The following table shows a balance sheet of Serbia's banking sector and indicates the foreign ownership of the banks by country as at 31 December 2025:

	Pre-tax result	Assets (net) <i>(RSD millions)</i>	Equity (book value)	Loans	Deposits <i>(% of sector total)</i>	Number of employees
Italian banks.....	62,001	26.2	26.3	25.9	25.6	19.9
Austrian banks.....	43,766	18.9	20.7	18.0	19.0	19.2
Hungarian banks.....	23,686	14.2	13.6	16.5	13.5	12.5
Slovenian banks.....	20,570	10.1	10.8	11.0	10.7	9.9
Serbian banks.....	26,731	22.8	19.3	21.2	23.8	26.1

Source: National Bank.

Note:

- (1) Other countries include Germany, Türkiye, Czech Republic, China, the Russian Federation and the United Arab Emirates. As of 1 April 2022, Raiffeisen banka ad Beograd acquired 100 per cent. ownership in Crédit Agricole banka Srbija ad Novi Sad, and since that date there are no banks with major shareholders from France. On 2 November 2023, AIK banka ad Beograd acquired 100 per cent. ownership in Eurobank Direktna ad Beograd and since that date there are no more banks whose major shareholders are from Greece.

In 2025, Serbia's banking sector remained resilient, well-capitalised, and liquid. As of 31 December 2025, total sector assets amounted to RSD 7,006 billion (EUR 59.7 billion) and capital to RSD 962 billion (EUR 8.2 billion). The sector operated 1,288 business units and employed 21,816 staff. Loans and receivables comprised 66.5 per cent. of net assets. Foreign currency-denominated loans accounted for approximately 59.7 per cent. of total loans, while foreign currency deposits represented 53.3 per cent. of total deposits.

As of 31 December 2025, the total regulatory capital to risk-weighted assets (RWA) ratio stood at 20.2 per cent., well above the regulatory minimum of 8 per cent., while the Tier 1 capital to RWA ratio was 18.6 per cent. Sector concentration remains moderate, with Herfindahl-Hirschman Index (HHI) values of 1,029 for assets, 1,092 for loans, and 1,029 for deposits. The top five banks held 62.0 per cent. of assets, 64.8 per cent. of loans, and 61.4 per cent. of deposits; the top ten banks accounted for over 92 per cent. across these categories.

Liquidity levels remained strong, supported by National Bank measures. The average monthly liquidity ratio in December 2025 was 2.16, well above the regulatory minimum of 1.0. Liquid assets represented 36.1 per cent. of total assets and 45.8 per cent. of short-term liabilities.

The sector reported a net profit before taxes of RSD 189.0 billion (EUR 1.6 billion) for 2025, with a return on assets of 2.77 per cent. and return on equity of 20.05 per cent. Seventeen banks were profitable, while two banks recorded minor losses, representing 0.86 per cent. of the sector's total balance sheet.

Ownership changes have continued in recent years, including domestic and foreign acquisitions and mergers. In 2025, no new bank acquisitions were approved, and one merger by acquisition received consent. Whilst there have been no bank IPOs in the near term, Serbian banks are beginning to develop the domestic corporate bond market, with further capital market development work ongoing in collaboration with the World Bank. Overall, the sector remains stable with diverse ownership and moderate market concentration.

Non-performing loans

Serbia classifies NPLs as loans where: (i) payments are overdue by 90 days or more; (ii) at least 90 days of interest have been capitalised, refinanced, or delayed by agreement; or (iii) payments are overdue by less than 90 days but there are other reasons to doubt full repayment.

The joint efforts of the Government, the National Bank, and other authorities led to the adoption of the NPL Resolution Strategy in August 2015, supported by subsequent action plans. The strategy aimed to remove obstacles to timely NPL resolution, strengthen banks' capacity, develop the NPL market, encourage out-of-court debt restructuring, and improve the court framework for debt recovery. Complementary legislative and regulatory measures addressed collateral management, accounting standards, asset quality reporting, and insolvency procedures.

Following the strategy, Serbia achieved a significant reduction in NPLs. The gross NPL ratio declined from 22.25 per cent. in August 2015 to 2.11 per cent. by December 2025, while the absolute stock of gross NPLs fell

by 78.7 per cent., from RSD 427.3 billion to RSD 90.8 billion. The share of NPLs in corporate loans decreased to 1.6 per cent., and in household loans to 2.7 per cent. by end-2025.

This improvement reflects sustained economic, prudential, and monetary policy measures, alongside the continued implementation of the NPL Resolution Strategy. The sector's strong financial fundamentals, including high capitalisation, robust liquidity, and profitability (ROA 2.8 per cent., ROE 20.1 per cent.), supported financial stability despite geopolitical uncertainty and global market volatility.

The following table provides an overview of the change in NPLs in the Serbian banking sector in the period following the adoption of the NPL Resolution Strategy until 31 December 2025:

	As at 31 August 2015	Gross NPLs As at 31 December 2025 <i>(RSD billions)</i>	% Change	As at 31 August 2015	Gross NPL Ratio As at 31 December 2025 <i>(%)</i>	Percentage Point Change
Sector breakdown.....						
Total.....	427.3	90.8	(78.7)	22.2	2.1	(20.1)
Corporate.....	210.2	26.3	(87.5)	26.0	1.6	(24.4)
Households.....	74.6	46.8	(37.3)	11.2	2.7	(8.6)
Other sectors.....	142.5	17.8	(87.5)	31.8	2.0	(29.8)
NPLs in relation to ownership structure.....						
State owned.....	66.4	6.2	(90.7)	26.2	1.9	(24.3)
Privately held.....	36.0	12.6	(64.9)	35.3	2.1	(33.2)
Foreign owned.....	324.9	72.0	(77.8)	20.8	2.1	(18.6)
NPLs in relation to country of origin.....						
Italy.....	84.3	25.8	(69.3)	17.5	2.3	(15.2)
Austria.....	60.7	15.8	(73.9)	20.7	2.1	(18.6)
Hungary.....	17.0	17.8	4.8	42.1	2.5	(39.6)
Slovenia.....	8.9	5.4	(38.8)	40.5	1.2	(39.4)
Other foreign countries ⁽¹⁾	154.1	7.1	(95.4)	21.2	2.3	(18.9)
Serbia.....	102.4	18.8	(81.6)	28.9	2.1	(26.8)
NPL of corporate sector (privately owned) – industry breakdown.....						
Agriculture.....	9.5	1.0	(89.1)	16.0	1.1	(14.9)
Manufacturing.....	62.6	15.7	(74.9)	21.8	3.1	(18.7)
Trade.....	63.2	5.2	(91.8)	24.6	1.2	(23.4)
Construction.....	35.9	1.9	(94.6)	47.9	1.0	(46.9)
Other.....	39.1	2.4	(93.8)	30.0	0.6	(29.4)
Total.....	210.2	26.3	(87.5)	26.0	1.6	(24.4)
NPLs of retail products.....	90.0	52.3	(41.9)	12.1	2.7	(9.4)
Cash loans.....	22.5	35.2	56.6	10.6	3.8	(6.8)
Credit cards.....	5.4	1.0	(81.1)	14.8	3.0	(11.6)
Overdrafts.....	4.3	2.1	(51.0)	15.7	10.8	(4.9)
Consumer loans.....	3.8	0.1	(96.7)	23.9	1.2	(22.7)
Mortgage loans.....	33.5	7.8	(76.8)	9.8	1.0	(8.8)
NPLs coverage overview (per cent. covered).....						
NPL IFRS provisions.....	-	-	-	56.4	61.5	5.1
Total IFRS provisions	-	-	-	60.5	112.4	51.9

Source: National Bank.

Notes:

- (1) Other foreign countries include Cyprus (only in 2015 data), Germany, France (only in 2015 data), Greece (only in 2015 data), the Czech Republic, the Russian Federation, Türkiye, the United Arab Emirates and the United States of America (only in 2015 data). As of 1 April 2022, Raiffeisen banka ad Beograd acquired 100 per cent. ownership in Crédit Agricole banka Srbija ad Novi Sad, and since that date there are no banks with major shareholders from France. On 2 November 2023, AIK banka ad Beograd acquired 100 per cent. ownership in Eurobank Direktna ad Beograd and since that date there are no more banks whose major shareholders are from Greece.

The following table provides an overview of the change in Gross NPLs and Gross NPL ratio across sectors at 31 December for the years 2021 to 2025:

	Gross NPLs (As at 31 December)				
	2021	2022	2023	2024	2025
	<i>(RSD billions)</i>				
Total.....	109.01	99.51	107.30	94.11	90.83
Corporates.....	39.50	31.88	34.10	30.43	26.29
Households.....	51.15	52.06	58.33	49.93	46.76
Other sectors.....	18.36	15.57	14.86	13.75	17.78

Source: National Bank.

	Gross NPL Ratio (As at 31 December) ⁽¹⁾				
	2021	2022	2023	2024	2025
Total	3.57	3.01	3.21	2.53	2.11
Corporates	2.99	2.32	2.43	2.02	1.58
Households.....	4.12	3.97	4.41	3.42	2.67
Other sectors	3.76	2.52	2.40	1.84	2.02

Source: National Bank.

Note:

(1) The data represents the ratio of gross non-performing loans to total gross loans.

Despite of significant write-offs and sales, the NPL coverage ratio continued to remain at relatively high level. In December 2025, 61.5 per cent. of NPLs were covered by their respective IFRS provisions.

The financial stability of the banking sector was maintained in 2025, with asset quality continuing to improve, as the share of NPLs in total loans declined. This confirms that the measures taken by the National Bank were well-timed and adequate. The National Bank continues to closely monitor global economic conditions and their potential effects on banks' asset quality. Although geopolitical tensions and global market fragmentation persist, the strong capitalisation of the banking sector – with a capital adequacy ratio of 20.2 per cent. at the end of December 2025, above the regional average – provides a meaningful buffer against the risk of an increase in NPLs.

The following table shows selected banking sector performance indicators as at 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
Capital Adequacy					
Regulatory capital to risk-weighted assets (%)	20.77	20.15	21.38	21.32	20.18
Tier 1 capital to risk weighted assets (%).....	19.70	18.80	19.67	19.63	18.63
Balance sheet capital to balance sheet assets (%)	14.26	13.20	13.77	13.91	13.73
Leverage (%)	11.07	10.28	10.33	9.91	10.05
Asset Quality					
Gross NPL/total gross loans (%).....	3.57	3.01	3.21	2.53	2.11
IFRS provisions /gross NPLs (%)	56.32	58.09	60.49	62.33	61.53
Profitability					
Profit before tax (RSD billions)	53.87	99.62	138.16	176.28	189.01
Return on assets (%).....	1.12	1.90	2.42	2.80	2.77
Return on equity (%)	7.50	13.84	17.97	20.25	20.05
Net interest margin to average balance sheet assets (%).....	2.68	2.85	3.99	4.09	3.66
Net interest margin to gross operating income (%)	65.91	58.37	71.63	70.48	67.21
Operating expenses to gross operating income (%)	66.73	52.32	47.77	46.08	46.60
Operating expenses to average balance sheet assets (%).....	2.71	2.56	2.66	2.68	2.54
Personnel expenses to operating expenses (%)	35.91	36.37	36.67	38.01	39.28
Liquidity and Foreign Exchange Risk					
Average monthly liquidity ratio	2.11	2.19	2.51	2.48	2.16
Average narrow liquidity ratio	1.72	1.74	1.78	1.79	1.61
Liquid coverage ratio (%).....	199.82	177.50	193.66	192.39	164.25
Liquid assets to total assets (%).....	37.67	37.51	40.96	40.82	36.13
Liquid assets to short-term liabilities (%)	49.62	48.69	54.01	52.63	45.78
Liquid assets (core) to total assets (%).....	32.35	33.31	33.90	34.42	31.56
Liquid assets (core) to short-term liabilities (%)..	42.61	43.25	44.70	44.38	39.99
Loans to deposits (non-financial sector) (%).....	83.46	82.81	75.59	73.26	81.56
Sensitivity to Market Risk					
Net open FX position (overall) to regulatory capital (%)	1.01	1.79	1.17	1.81	1.71

Source: National Bank.

Banking Supervision

In February 2015, the National Bank implemented several reforms for banking operations in Serbia, primarily through amendments to the NBS Law and the Law on Banks, with the aim of improving the framework for bank

recovery and restructuring in accordance with the principles and rules as set out in EU Directive 2014/59 on establishing a framework for bank recovery and restructuring (the “**Bank Recovery and Resolution Directive**” or “**BRRD**”).

The National Bank is the body in charge of restructuring in the Serbian banking sector. Organisational separation of supervision activities and bank restructuring activities is a requirement of the BRRD, and accordingly, a special organisational unit within the National Bank has been established for these tasks. In addition, the Banking Law introduced a number of preventive mechanisms, such as recovery plans and early intervention measures, to be facilitated by the preventive action of the banks themselves, as well as the early reaction of the National Bank as a supervisor, in order to prevent the increase of the problem in a timely manner and preserve financial stability.

In addition to the above changes, the National Bank has implemented a number of changes in the framework for the operations of banks, including:

- abolishing separate (individual and aggregate) limits for persons associated with the bank in order to further align with international standards;
- making changes in the term “affiliated persons” – instead of the participation of 5 per cent., a significant or controlling participation (more than 20 per cent.) is required to establish linkages; and
- strengthening control procedures by simplifying measures and expanding orders issuable by the National Bank, as well as provisions related to the financial penalties imposed on a bank and its management bodies.

Capital adequacy

At 31 December 2023 and 31 December 2024, the capital adequacy ratio was 21.4 per cent. and 21.3 per cent., respectively (with the most recently available figure being 20.2 per cent. as at 31 December 2025), in each case above the prescribed regulatory minimum in Serbia of 8.0 per cent. The Tier 1 ratio was 19.7 per cent. and 19.6 per cent. at 31 December 2023 and 31 December 2024, respectively, with the most recently available figure being 18.6 per cent. as at 31 December 2025.

The National Bank may set a higher capital adequacy ratio if it deems it necessary for maintaining the safety and soundness of a bank’s operations or the fulfilment of a bank’s obligations towards its creditors.

Implementation of Basel III standards

Serbia’s banking supervision framework is based on Basel III standards, applied at both individual bank and banking group levels since 30 June 2017. Key elements include:

- **Capital Adequacy:** Minimum capital adequacy ratio set at 8 per cent. (down from 12 per cent.), supplemented with capital buffers (conservation, countercyclical, systemic risk, and for systemically important banks).
- **Risk Coverage:** Capital requirements address market, operational, and credit risks, with favourable risk weights for exposures secured by mortgages on business real estate and dedicated provisions for trading portfolios.
- **Liquidity Standards:** The National Bank introduced the Net Stable Funding Ratio (“**NSFR**”) and aligned the Liquidity Coverage Ratio (“**LCR**”) with EU regulations, effective 30 June 2024. Daily liquidity reporting requirements were also updated.

Regulatory Developments & Harmonisation with EU Standards

- Guidelines for Identification of Default (2017) and updated capital calculation rules strengthened the prudential framework.
- In December 2019, the European Commission recognised Serbia’s supervisory and regulatory framework as equivalent to essential EU standards under Regulation (EU) No 575/2013.

- A GAP analysis in May 2023 confirmed that remaining variances are not materially significant. Harmonisation efforts continue, including updates to liquidity risk management, interest rate risk management in the non-trading book, and reporting requirements (amendments in 2025).
- Leverage Ratio: Serbia introduced a minimum leverage ratio of 3 per cent., with associated guidelines specifying calculation methods for total exposures.

Objectives and Outcomes

These reforms aim to:

- Strengthen resilience and capital quality of banks
- Improve liquidity risk management and supervisory reporting
- Enhance market discipline and transparency
- Align domestic regulations with EU and Basel III standards, while accounting for local conditions

The comprehensive framework ensures Serbia's banking sector operates under modern, internationally recognised prudential standards, supporting financial stability and alignment with EU accession requirements.

Macprudential policy – capital buffers

Capital buffers (capital conservation buffer, countercyclical capital buffer, systemic risk buffer and capital buffer for a systemically important bank) were established as part of the macroprudential policy. In March 2026, the capital buffer rates stood at:

- Capital conservation buffer: 2.5 per cent. of RWA;
- Countercyclical capital buffer (“CCyB”): 0.5 per cent. of RWA. At its meeting of 11 December 2025, the NBS Executive Board decided to raise the CCyB rate to 0.5 per cent. of a bank's RWA which will be applied as of 15 December 2026. At its meeting of 12 March 2026, the NBS Executive Board decided to keep the CCyB rate for the Republic of Serbia at 0.5 per cent. December 2025 data show that the share of total loans in GDP equalled 78.9 per cent, while the estimated credit-to-GDP gap was 4.7 per cent. The maintenance of the CCyB creates an additional layer of capital which may be released if certain risks materialise, thereby helping to preserve Serbia's banking sector resilience;
- Capital buffer for a systemically important bank: 1 to 2 per cent. of RWA, for banks identified as systemically important. As of 30 June 2025, four banks are obligated to maintain a capital buffer for systemically important banks equal to 2 per cent. of RWA and the other four banks maintain a capital buffer rate of 1 per cent. of RWA; and
- Systemic risk buffer: 3 per cent. of FX and FX indexed placements approved to corporates and households in Serbia. All banks whose share of foreign currency and foreign currency-indexed placements approved to corporates and households in Serbia in total placements of that bank approved to corporates and households in Serbia exceeds 10 per cent. are obliged to maintain the systemic risk buffer.

The macroprudential policy stance is adjusted on a regular basis. The countercyclical capital buffer rate was maintained at 0 per cent. during 2023, 2024 and 2025 to mitigate the consequences of the COVID-19 pandemic, the increased inflationary pressures, the tightening of monetary policy globally and the geopolitical tensions on local financing conditions for corporates and households and later to support the lending market in an environment of tightened global financial conditions. In December 2025, the Countercyclical capital buffer rate was raised to 0.5 per cent. which will be applied as of 15 December 2026. At its meeting of 12 March 2026, the NBS Executive Board decided to keep the CCyB rate for the Republic of Serbia at 0.5 per cent.

IFRS 9

Banks in Serbia started applying IFRS 9 from 1 January 2018. Application of IFRS 9 resulted in a change in the classification, valuation and calculation of the impairment of financial instruments as it introduced the concept of expected credit losses (in place of incurred credit losses).

Other Regulations

From 2021 onwards, Serbian banks implemented significant changes in response to evolving market conditions and NBS regulations. Following substantial increases in payment service fees, the NBS introduced in August 2022 a decision requiring banks to notify the regulator of planned changes to tariffs, ensuring transparency and enabling timely corrective action. To support agricultural borrowers facing adverse production conditions, temporary measures were introduced in October 2022 and extended in January 2023, allowing rescheduling of principal payments for six to twelve months, with interest paid during the grace period. Similar restructuring measures were applied to financially distressed natural persons, enabling extended repayment terms for consumer, cash, and housing loans, without affecting capital requirements. The NBS also introduced measures discouraging new foreign currency-indexed loans to non-financial and non-government borrowers, linking bank capital to adherence to prescribed limits, while facilitating increased dinar lending.

In September 2023, regulations were strengthened for outsourcing risk management, including specific requirements for critical services such as debt collection, and reporting obligations were enhanced. Concurrently, temporary measures were adopted to protect natural persons with housing loans from interest rate fluctuations, including freezing or capping variable rates, limiting bank margins, and allowing early repayments without fees, extended with gradual adjustments to capital calculations. In 2024, materiality thresholds for default classification were increased, aligning with EU and regional standards, and interest rate caps were introduced for housing, consumer, cash loans, credit cards, and authorised overdrafts.

Finally, the Law on Amendments and Supplements to the Law on Banks, adopted in March 2025, introduced a Bank Restructuring Fund, a minimum leverage ratio, enhanced supervisory powers, and improved corporate governance requirements. All supporting by-laws were adopted by the statutory deadline of 30 June 2025, establishing a comprehensive regulatory framework that strengthens consumer protection, risk management, and prudential oversight, while a new banking law is planned for finalization by the end of 2026.

Enforcement of financial regulation

The National Bank has broad authority to supervise and intervene in banks to ensure compliance with the Law on Banks, other applicable laws, prudential regulations, and standards of good corporate governance. If a bank acts contrary to these requirements or jeopardizes its safety, soundness, or the rights of clients, the National Bank may issue warnings, orders to rectify irregularities, or revoke the bank's operating licence. Early intervention measures include requiring management to implement or update recovery plans, adjust business strategies, restructure debt, convene assembly meetings, or explore potential changes in ownership. In cases of serious financial deterioration, the National Bank may remove or replace members of management or appoint temporary administrators, with specific objectives and tasks. Fines may also be imposed on the bank or its management, up to 10 per cent of annual revenue for banks and defined limits for individuals.

The National Bank may revoke a bank's operating licence under various circumstances, including failure to eliminate issues under temporary administration, unsuccessful resolution procedures, prolonged suspension of deposits or lending, critically strained liquidity, undercapitalisation, serious legal violations, or involvement in money laundering or terrorism financing. Licence revocation also applies if the bank's governance, ownership, or operational structure prevents effective supervision or external/internal audit. Upon revocation, all bank accounts are blocked, and the National Bank simultaneously prohibits the use of the bank's assets until the initiation of resolution or bankruptcy procedures.

Prevention of Money Laundering and Financing of Terrorism

The Administration for the Prevention of Money Laundering (the "**Administration**") is a financial intelligence unit which operates as an administrative body within the Ministry of Finance. The Administration performs the following financial information activities: collects, processes, analyses and transmits to the competent authorities information, data and documentation that it acquires whilst performing other activities related to the prevention and detection of money laundering and terrorist financing. The Administration is a member of the

international association of financial intelligence units called the Egmont Group, which ensures that, within its membership, it efficiently and safely exchanges financial intelligence with international partners, whereby the information provided to these partners is confidential and can only be used in the manner prescribed by law.

Pursuant to its legal mandate, the National Bank acts both as a regulator and a supervisor of a significant number of financial institutions in Serbia and therefore the National Bank plays an important role in the prevention of money laundering and the financing of terrorism.

The National Bank takes part in the preparation of relevant laws and by-laws aimed at reducing the possibilities for money laundering and terrorism financing. The role of the National Bank as a supervisor is also reflected in the procedure through which it monitors compliance and assesses the adequacy of the system for the prevention of money laundering and the financing of terrorism in financial institutions. If weaknesses are identified, the National Bank undertakes corrective measures or, if significant irregularities are identified, sanctions are imposed in accordance with the regulations. See “*Economy of Serbia – Organised Crime, Corruption and Money Laundering*” for discussion of the relevant regulations adopted by the Government.

In December 2025 plenary meeting, the Council of Europe’s Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism – MONEYVAL adopted Mutual Evaluation Report of Serbia, published on the website of Council of Europe in beginning of February 2026, which is the most favourable report to date for Serbia. According to the report, Serbia is rated as having a substantial level of effectiveness in seven of the 11 areas, whilst in the remaining four areas it is rated as having a moderate level of effectiveness (no areas were rated as having a low level of effectiveness). In terms of technical compliance, Serbia was found to be fully compliant with 13, largely compliant with 23, and partially compliant with four Recommendations (there were no Recommendations with which Serbia was found to be non-compliant), based on which, Serbia was placed in regular follow-up – the best outcome a country can achieve following a MONEYVAL mutual evaluation, which is currently achieved only by eight of the 33 MONEYVAL members. Highly favourable assessments were also given regarding the financial sector – both in terms of effectiveness, where the system was rated as having a substantial level of effectiveness, and in terms of technical compliance, where Serbia’s financial system was rated as compliant with 12 of the 15 Recommendations and largely compliant with the remaining three – a result achieved by almost no other MONEYVAL member state. MONEYVAL says in its report that all financial supervisors can articulate sectoral money laundering and terrorism financing risks, with the National Bank of Serbia demonstrating advanced understanding, especially of the banking sector.

Stock Market

The Belgrade Stock Exchange (the “**BSE**”) was established in 1894 as a closed joint stock company and is the only recognised stock exchange in Serbia. It existed until 1953, when it was formally abolished and was re-established in 1989. The BSE is organised as a joint-stock company that does not have the status of a public company and is the only stock exchange provided with a licence by the Securities Commission to act as the operator of the regulated market and the multilateral trading platform (“**MTP**”).

The following table shows certain statistics regarding trading on the BSE for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
Number of Trades at BSE.....	18,743	22,760	19,471	19,095	11,896
Average Number of Trades Per Month	1,562	1,897	1,623	1,591	991
Average Number of Trades Per Trading Session.	75	91	79	76	48
Securities Traded at BSE (millions of shares).....	28.7	498.5	721.0	1,139.3	1,292.9
Average Securities Traded Per Month (millions).	2.4	41.5	60.1	94.9	107.7
Average Trade Size (volume in no. of securities/no. of transactions).....	1,533	21,904	37,028	59,665	108,684
Trading Volume at BSE (RSD millions).....	41,231	38,297	20,896	36,401	24,630
Year-on-Year change (per cent.).....	(15.4)	(7.2)	(45.4)	74.2	(32.3)
Average Trading Volume Per Month (RSD millions).....	3,435.9	3,191.4	1,741.3	3,033.5	2,394.2
Average Trade Size (Total trading value in RSD/no. of transactions)	2,199,818	1,682,645	1,073,167	1,906,310	2,070,444
BSE Total Market Capitalisation (RSD millions)	533,342	409,577	424,958	480,714	508,168
Year-on-Year Change (per cent.).....	1.9	(23.2)	3.8	13.1	5.7
BSE Total Market Cap/GDP (per cent.).....	8.5	5.8	5.2	4.9	4.9
Number of Trading Sessions	251	250	248	251	248
Stocks Traded on the BSE.....	365	321	277	258	235
Year-on-Year Change (per cent.).....	(17.6)	(12.05)	(13.7)	(6.9)	(8.9)

Source: Belgrade Stock Exchange

The Law on Capital Market governs Serbia's capital markets, with supervision exercised by the Securities Commission over participants, including the BSE, Central Securities Depository, investment companies, broker-dealers, authorised banks, and public companies. In January 2023, a new Capital Market Law entered into force to harmonise Serbia's regulatory framework with EU standards and attract foreign investment, alongside the National Strategy for capital market development. Securities on the BSE are traded across regulated market segments—Prime, Standard, Smart Listing—or on the Open Market if they do not meet listing criteria. Serbia has gradually developed its capital markets, with the first initial public offering of shares by Fintel Energija a.d. in 2018 and ongoing trading of long-term government bonds since 2015. Despite these efforts, market liquidity remains relatively low, impacted by lingering effects of the 2008 global financial crisis, the COVID-19 pandemic, geopolitical tensions, inflationary pressures, and tight monetary policy.

Nevertheless, modest improvements were observed in recent years. By 2023, the number of trades on the BSE rose 21.4 per cent., BELEX15 gained 6.19 per cent., BELEXline 10.01 per cent., and overall market capitalisation increased by 3.8 per cent. In 2024, total annual turnover reached US\$342 million, a 74 per cent. increase over 2023, while Serbia achieved its first-ever investment-grade rating of BBB- from S&P in October 2024, supporting prospects for the sovereign bond market. Overall, the capital market continues its gradual recovery, though it remains vulnerable to domestic and external economic pressures, low liquidity, and cautious investor sentiment.

Insurance Sector

Overview

As at 2025, 20 insurance companies operated in Serbia, of which 16 engaged in insurance 31 December activities and four in reinsurance activities. Of the insurance undertakings, four were engaged in life insurance, whilst six companies dealt exclusively with non-life insurance and others were engaged in both life insurance and non-life insurance. The premium per capita in Serbia amounted to US\$281 in 2025, an increase compared to 31 December 2024 when it amounted to US\$249. As a percentage of GDP, the premium has remained at 1.8 per cent. since 2021.

Fifteen insurance companies were majority foreign-owned as at 31 December 2025. The foreign-owned companies have the prevailing market share, representing 84.7 per cent. and 83.3 per cent. of life insurance premiums, 60.1 per cent. and 60.1 per cent. of non-life insurance premiums and 70.1 per cent. and 68.5 per cent. of total assets as at 31 December 2024 and 31 December 2025, respectively.

Motor vehicle liability insurance accounts for the largest part of the total premiums, with a share of 28.6 per cent. as at 31 December 2024 and 31 December 2025.

The following table shows a breakdown of the total insurance premiums in Serbia by type of insurance for the years 2021 to 2024 and for the nine months ended 30 September 2024 and 2025:

	2021	2022	Year ended 31 December		2025
			2023	2024	
			(%)		
Property insurance.....	19.9	19.9	18.9	19.6	18.4
Motor vehicle insurance.....	10.1	10.5	10.7	11.2	12.0
Life insurance.....	22.7	21.4	19.7	18.5	17.8
Motor vehicle liability.....	30.9	29.1	29.8	28.6	28.6
Other non-life insurance.....	16.4	19.1	20.9	22.1	23.2
Total.....	100.0	100.0	100.0	100.0	100.0

Source: National Bank.

Balance sheet

The balance sum of insurance companies as at 31 December 2025 amounted to RSD 446.8 billion (EUR 3.8 billion or US\$4.5 billion) compared to RSD 417.3 billion (EUR 3.6 billion or US\$3.7 billion) at the end of 2024, which is an increase of 7.1 per cent. The balance sum of insurance companies at the end of 2024, compared to RSD 375.5 billion (EUR 3.2 billion or US\$3.5 billion) at the end of 2023, represented an increase of 11.1 per cent. Growth over the five-year period (2021-2025) averaged 7.3 per cent. per annum.

As at 31 December 2025, the largest component of the assets of insurance companies was debt securities (53.6 per cent.), followed by receivables (9.9 per cent.), technical reserves born by co-insurance, reinsurance and retrocessionaire (9.5 per cent.), cash and deposits (9.1 per cent.), and property, plant and equipment (7.5 per cent.). As at 31 December 2024, the assets of insurance undertakings comprised mostly debt securities (50.9 per cent.), followed by cash and deposits (11.0 per cent.), technical reserves born by co-insurance, reinsurance and retrocessionaire (10.9 per cent.), receivables (9.5 per cent.) and property, plant and equipment (7.6 per cent.). As at 31 December 2023, the largest component of the assets of insurance companies was debt securities (53.0 per cent.), followed by cash and deposits (11.3 per cent.), receivables (10.2 per cent.), technical reserves born by co-insurance, reinsurance and retrocessionaire (8.9 per cent.) and property, plant and equipment (7.7 per cent.). The share of technical reserves borne by co-insurance, reinsurance and retrocessionaire firms increased from 8.9 per cent. at the end of 2023 to 10.9 per cent. as at 31 December 2024 and decreased to 9.5 per cent. as at 31 December 2025. Debt securities continued to be the largest component of the assets of insurance companies; however, its share decreased from 53.0 per cent. at the end of 2023 to 50.9 per cent. as at 31 December 2024 and increased to 53.6 per cent. as at 31 December 2025.

At the end of 2023, technical reserves accounted for 68.2 per cent. of total liabilities, which amounted to RSD 256.0 billion (EUR 2.2 billion or US\$2.4 billion). As at 31 December 2024, technical reserves accounted for 68.5 per cent. of total liabilities, which amounted to RSD 285.9 billion (EUR 2.4 billion or US\$2.5 billion). This represented an increase compared to the year-end of 2023. As at 31 December 2025, technical reserves accounted for 66.7 per cent. of total liabilities, which amounted to RSD 297.8 billion (EUR 2.5 billion or US\$3.0 billion). This however represented an increase compared to 2024.

Performance indicators

The main capital adequacy indicator was 204.8 per cent. as at the end of 2023, 213.5 per cent. at the end of 2024 and 225.1 per cent. as at 31 December 2025. The liquidity indicator suggests sufficient liquidity for the settlement of short-term liabilities in the insurance sector.

As at the end of 2023, return on assets and return on equity were 2.7 per cent. and 13.5 per cent., respectively, a deterioration compared to 2019, when returns amounted to 3.9 per cent. and 17.4 per cent. respectively.

As at the end of 2024, return on assets and return on equity were 3.0 per cent. and 14.8 per cent., respectively, an improvement compared to 2023.

As at the end of 2025, return on assets and return on equity were 3.6 per cent. and 17.1 per cent., respectively, an improvement compared to 2024.

Financial Leasing Sector

Overview

Total balance sheet assets of the financial leasing sector increased by 7.2 per cent. on 30 September 2025, to RSD 217.7 billion compared to the end of 2024. The largest share stemmed from financial lease receivables (portfolio), which amounted to RSD 198 billion as at 30 September 2025 and represented 91.0 per cent. of total balance sheet assets, an increase of 9.4 per cent. compared to 31 December 2024.

Total balance sheet assets of the financial leasing sector increased by 23.9 per cent. at the end of 2024, to RSD 203 billion compared to the end of 2023. The largest share stemmed from financial lease receivables (portfolio), which amounted to RSD 181 billion as at 31 December 2024 and represented 89.2 per cent. of total balance sheet assets, an increase of 20.2 per cent. compared to 31 December 2023.

Total balance sheet assets of the financial leasing sector increased by 13 per cent. at the end of 2023 to RSD 163.8 billion compared to the end of 2022. The largest share stemmed from financial lease receivables (portfolio), which amounted to RSD 150.5 billion as at 31 December 2023 and represented 91.9 per cent. of total balance sheet assets, an increase of 14.1 per cent. compared to 31 December 2022.

Total capital amounted to RSD 16.9 billion as at 30 September 2025, an increase of 9.5 per cent. compared to 31 December 2024. Net profit as at 30 September 2025 amounted to RSD 1.5 billion.

Total capital amounted to RSD 15.4 billion as at 31 December 2024, an increase of 18.9 per cent. compared to 31 December 2023. Net profit at the end of 2024 amounted to RSD 1.8 billion.

Total capital amounted to RSD 13 billion as at 31 December 2023, an increase of 9.3 per cent. compared to 31 December 2022. Net profit at the end of 2023 amounted to RSD 1.4 billion. Out of the total 15 financial leasing companies, five financial leasing companies had a negative net result.

Structure of the portfolio of the financial leasing sector

In terms of lease assets, the financing of passenger vehicles accounted for the largest share (44.5 per cent.) as at 30 September 2025, followed by freight vehicles, minibuses and buses (35.8 per cent.) and construction machinery (7.5 per cent.). Other lease assets had a share of less than 5 per cent.

In terms of the structure of investment by sector, the most significant share in the total financial lease investment was that of transport, warehousing, information and communications, which accounted for 28.7 per cent., and trade, which accounted for 13.2 per cent. as at 30 September 2025. The construction industry accounted for 11.8 per cent., followed by manufacturing, mining, and water, electricity, gas and steam supply with 11.6 per cent. and other activities which accounted for 34.7 per cent. of investment.

Performance indicators

As at 30 September 2025, the rate of return on average assets was 1.20 per cent. and the rate of return on equity was 15.63 per cent.

As at 30 September 2025, the financial leasing sector had a relatively low share of non-performing assets in the total portfolio. At 30 September 2025, financial lease receivables past due more than 90 days accounted for 1.17 per cent. of gross financial lease receivables in this sector. The net carrying value of these receivables accounted for 0.14 per cent. of the total net portfolio.

Sector for Voluntary Pension Funds

General Overview

The voluntary pension fund market in Serbia includes four management companies, which manage the assets of seven voluntary pension funds. It also includes two custody banks with fund accounts, five brokerage banks and one insurance broker.

As at 31 December 2025, the total capital of the management companies amounted to RSD 1.2 billion, which is an increase of 7.4 per cent. compared to 2021 when the total capital of management companies amounted to RSD 1.1 billion.

The change in the value of net assets is influenced by net payments to funds, amounts disbursed from funds, and the profits earned by the funds from investment. As at 31 December 2023, the total net assets of the funds amounted to RSD 53.8 billion, as at 31 December 2024 it amounted to RSD 61.7 billion and as at 31 December 2025 it amounted to RSD 66.7 billion.

The following table shows the net assets of voluntary pension funds as at 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
Net assets (RSD billions).....	49.1	48.2	53.8	61.7	66.7

Source: National Bank.

As at 31 December 2025, 229,324 beneficiaries were in the accumulation phase, with a total of 318,944 voluntary pension fund membership contracts (which is 3,659 beneficiaries and 6,735 membership contracts more than at 31 December 2024). The average amount of accumulated funds in the accounts of the members who had paid the contributions for at least one year increased from RSD 270.8 thousand at the end of December 2024 to RSD 287.6 thousand at the end of December 2025. In 2023, total payments amounted to RSD 4.3 billion, representing an increase of 16.2 per cent. In 2024, total payments amounted to RSD 5.1 billion, representing an increase of 13.9 per cent. In 2025, total payments amounted to RSD 5.4 billion, representing an increase of 6.8 per cent.

Structure of the portfolio of the voluntary pension funds sector

Government bonds remain the dominant investment of pension fund assets. As at 31 December 2025, the share of government bonds in total VPF assets had increased to 68.5 per cent., with dinar-denominated bonds accounting for 64.7 per cent. and euro-denominated bonds for 35.3 per cent. of the government securities portfolio.

Valuations and other market indicators of individual class assets in which funds invest their assets (e.g. increased price volatility of the most liquid stocks on BSE, the growth of the average interest rate on government bonds of certain maturities and currencies, etc.), as well as general trends in the economy in 2022, influenced, to a certain extent, the revised investment focus of voluntary pension funds. From the beginning of 2022, funds have increased their aggregate exposure to the class of term bank deposits, whilst the participation of shares issued by legal entities in Serbia in the total assets of funds at the sector level has declined from 13.6 per cent. to 10.9 per cent. as at 31 December 2022. In 2023, funds have increased their aggregate exposure to the class of transaction accounts from 3.3 per cent. to 12 per cent., whilst the participation of government bonds and term deposits in the total assets of funds has declined from 85.8 per cent. to 75.9 per cent.

In 2024, the investment structure of voluntary pension funds continued to shift, with government bonds retaining their dominant position whilst their share declined from 70.1 per cent. to 62.0 per cent. of total VPF assets as at 31 December 2024. Balances in custody accounts increased to 19.2 per cent., whilst the participation of shares of domestic legal entities remained broadly stable at 11.1 per cent., and term deposits with banks decreased to 4.5 per cent. Funds also commenced investments in foreign markets, which accounted for 1.6 per cent. of total assets by year-end 2024. Net VPF assets grew by 14.8 per cent. over the course of 2024 to RSD 61.7 bn. As at 31 December 2025, the overall structure remained broadly consistent, with government bonds at 68.5 per cent., custody account balances at 5.9 per cent., shares of domestic legal entities at 11.2 per cent. and investments abroad rising to 5.3 per cent. of total VPF assets.

Other asset classes have retained their participation levels in fund portfolios, and the implementation of the usual investment policy is expected to be continued in the following period with potential rebalancing of certain asset classes in line with projections of global and local economic indicators.

The following table shows the structure of assets of voluntary pension funds as at 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
			(%)		
Shares	13.6	10.9	10.8	11.1	11.2
Government bonds and treasury bills.....	77.0	76.6	70.1	62.0	68.5
Corporate bonds	0.0	0.0	0.0	0.4	1.4
Other securities	0.0	0.0	0.0	0.0	0.0
Investment funds	0.1	0.0	0.9	0.8	0.8
Real estate	0.0	0.0	0.0	0.0	0.0
Term deposits.....	5.7	9.2	5.8	4.5	6.5
Investment abroad	0.0	0.0	0.0	1.6	5.3
Transaction accounts.....	3.5	3.3	12.0	19.2	5.9
Receivables	0.0	0.0	0.4	0.4	0.4

Source: National Bank.

The following table shows the currency composition of assets of voluntary pension funds as at 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
RSD.....	86.1	84.7	78.2	71.0	67.0
EUR.....	13.9	15.3	21.8	15.0	27.0
USD.....	0.0	0.0	0.0	14.0	6.0

Source: National Bank.

Performance indicators

The return on assets of voluntary pension funds measured by the FONDex index, which represents the movement in the value of investment units of all funds at an annual level, was 4.5 per cent. in 2025, 9.8 per cent. in 2024 and 8.1 per cent. in 2023. As at 31 December 2025, the investment return amounted to RSD 2.9 billion compared to RSD 0.6 billion in 2021.

Payment system

Legislation

Law on Payment Services

Since 2014, the National Bank has taken significant steps to improve Serbia's payment system.

In December 2014, Serbia adopted the Law on Payment Services, a legal framework for modern forms of payments in Serbia. The law creates conditions for further improvement and modernisation of domestic and international payment transactions, whilst at the same time it increases the protection of end-users and consumers. In order to increase competition in the payment services market, the law contains conditions for the reliable, secure and transparent operation of payment service providers, with supervision from the National Bank over the operations of participants in the payment services market.

In recent years, Serbia has seen increasing usage of electronic payment methods. The use of mobile banking applications to execute payment transactions has increased significantly from 25.1 million transactions in 2019 to 87.0 million transactions in 2023. According to data for 2023, mobile banking transactions increased by 29.2 per cent. in 2023 to 87.0 million from 67.3 million transactions in 2022. Electronic banking transactions increased by 5.3 per cent. in the last five years, from 137.8 million transactions in 2019 to 145.1 million transactions in 2023. According to data for 2023, a slight decrease in the number of electronic banking transactions was realised, from 158.3 million transactions in 2022 to 145.1 million transactions in 2023. The number of payment transactions executed using cards at POS terminals has more than doubled in the last five years, from 264.9 million transactions in 2019 to 564.4 million transactions in 2023, whilst the number of internet card purchases of goods and services in dinars increased by a factor of nearly six, from 7.0 million transactions in 2019 to 40.4 million transactions in 2023. According to data for 2023, 564.4 million of payment transactions were executed using cards at POS terminals in 2023, which was an increase of 21.1 per cent. compared to 466.1 million of payment transactions executed in 2022. At the same time, the number of internet

card purchases of goods and services in dinars increased by 33.3 per cent., from 30.3 million transactions in 2022 to 40.4 million transactions in 2023.

The upward trend in digital payments continued in 2024 and 2025. In 2024, mobile banking recorded its highest number of payments to date – 109.3 million, representing an increase of 25.7 per cent. compared to 2023 – whilst the number of registered mobile banking users reached 4.6 million by end-2024, up 13.9 per cent. from end-2023. Electronic banking payments stabilised at 142.5 million in 2024, a marginal decrease of 1.8 per cent. on 2023. Growth continued into 2025, with 272.9 million payments made through digital (mobile and electronic) banking instruments in 2025, an 8.3 per cent. increase year-on-year, and mobile banking users reaching 5.1 million by the end of 2025, up 11.3 per cent. compared to the same period in 2024.

Law on Amendments and Supplements to the Law on Payment Services

In June 2018, Serbia adopted the Law on Amendments and Supplements to the Law on Payment Services, and later adopted relevant secondary legislation in December 2018 in order to harmonise the domestic legal framework with the EU framework (i.e. Payment Accounts Directive). The three main objectives of the new legislation were: the regulation of access to the payment account with basic services; acceleration of the process of changing the payment account; and further improvement in transparency and comparability of fees associated with the payment account.

With the amendments and supplements to the Law on Payment Services, which were adopted on 31 July 2024 and entered into the force on 8 August 2024, provisions of Second Payment Services Directive (PSD2) were transposed into the national legislation. Upon the adoption of the necessary by-laws in December 2024, harmonisation with PSD2 which was in force at that time was completed, thereby ensuring full alignment of the payment services sector with the relevant EU acquis in this area.

Law on Multilateral Interchange Fees and Special Operating Rules for Card-based Payment Transactions

In 2018, Serbia adopted the Law on Multilateral Fees and Special Operating Rules for Card-based Payment Transactions. The legislation aims to promote further growth in non-cash payments, with its positive macroeconomic effects, through the adequate regulation of the payment card market, and to enable fair market competition by reducing the cost of accepting payment cards and increasing transparency and competitiveness in the market.

Being one of the key cost generators for card payments, this law focuses on interchange fees. Under the new legislation, inter-bank fees are limited to 0.2 per cent. for debit card transactions and 0.3 per cent. for credit card transactions. This law implements the EU directive on interchange fees (i.e. Interchange Fee Regulation) and has led to the expansion of the network of POS terminals, which as at the end of 2025, numbered over 184,600 terminals – an increase of 60.6 per cent. relative to five years ago and up by 14.8 per cent. from the end of 2024.

Serbia as a part of the SEPA payment schemes' geographical scope.

On 22 May 2025, Serbia officially became the 41st member of the Single Euro Payments Area (SEPA). The process of accession of payment service providers (PSP) from Serbia to the SEPA payment schemes is currently in progress. According to the European Payments Council calendar, the earliest Operational Readiness Date (ORD) for PSPs from Serbia is 4 May 2026.

Instant payments

On 22 October 2018, the National Bank, as the operator of the RTGS system, the Clearing System, the System of International and Interbank Clearing of Foreign Exchange Payments and the DinaCard Clearing System, implemented a new payment system for instant payments, i.e. the Instant Payments Serbia – National Bank of Serbia (“**IPS NBS**”). The IPS NBS system is the first instant payment system in the region, allowing payment users to make payments at any time of the day, with the recipient having available funds almost instantly.

The instant payment at points of sale, which became active at the end of February 2020, enables customers to pay at the point of sale through the mobile application of their payment service provider (using IPS QR codes). Instant payments can be made at points of sale using the IPS SCAN and IPS SHOW options. There are 11 banks providing the instant payment acquiring service at brick-and-mortar points of sale. The phase of expansion of the acceptance network is in progress and the number of POS's which accept instant payments is

constantly growing – today, at the beginning of the second quarter of 2024, the number of POS's which accept instant payments is over 6,000. This form of payment allows merchants to have money immediately available on their payment account. Pricing is a key factor influencing merchants' willingness to accept instant payments. Instant payments at points of sale generate lower costs for merchants compared to, for example, card payments. Low transaction processing costs and the price policy of the National Bank of Serbia ought to encourage even merchants with low margins and low average transaction value to offer this type of payment to their consumers. IPS Scan is the payment method which was implemented for the first time on internet points of sale in June 2020. At present, ten banks are providing the instant payment acquiring service at online points of sale. The acquiring banks have developed and implemented advanced solutions to enable fast and simple integration with the merchant's online store. Moreover, merchants can prepare solutions for accepting instant payments on their own, which they can certify in co-operation with the acquiring bank, free of charge. All the mentioned solutions are certified within a specialised laboratory environment – the "lab" unit – IPS Test lab of the National Bank of Serbia. At the moment, over 60 solutions for accepting instant payments have been certified. The NBS is actively collaborating with system participants to engage merchants in adopting instant payment solutions at points of sale (both brick-and-mortar and online). The Transfer service (Prenesi) is available in most banking apps in our country since 21 September 2021 and enables bank clients to transfer money, without knowing the payee's account number, in a simple way within no more than a few seconds, knowing only the recipient's phone number. If a user wants to receive funds on his account via Transfer service, all he needs to do is to register for the service in the m-banking or e-banking app. IPS payments at online points of sale include the possibility of scanning the IPS QR code and/or, from February 2022, the use of deep link technology, which enables payments on the internet via the IPS Scan method to be conducted through a single device-the website or m-commerce application is accessed with a device that has either an Android or IOS operating system.

Additionally, the system enables the execution of transactions through conventional channels such as scanning of NBS IPS QR codes. NBS introduced a generator and validator for the NBS IPS QR codes, which were made readily accessible on the National Bank of Serbia's Instant Payment System website, ensuring compatibility and ease of use within the NBS IPS framework. The NBS IPS QR code is mostly used for the payment of bills/invoices (TV, telecommunications, electricity, water, heating, etc.) and it is already included in these bills. NBS IPS QR codes are scanned by payers for the first time in February 2020.

By the end of January 2026, the NBS IPS system – which processed 9,734,859 payments in that month alone, with an average of 314,028 payments per day – has continued to demonstrate sustained growth, with the average time needed to execute a transaction standing at 1.0 second. The value of turnover was RSD 116.9 billion and the daily average RSD 3,770.8 million.

PUBLIC FINANCE

Introduction

The economic policy of Serbia is regulated by the Budget System Law, the Public Debt Law, the Law on Official Statistics and the NBS Law. The Budget System Law establishes fiscal accountability, fiscal rules and procedures to ensure medium-term to long-term fiscal projections are sustainable. The consolidated general government budget (the “**Budget**”) consists of: the central government budget, local government budgets (i.e. of municipalities, towns and the autonomous province of Vojvodina) and the financial plans of the mandatory social insurance organisations (the retirement and disability insurance fund, the national health insurance fund, the national employment service and the social insurance fund for military beneficiaries) as well as extra budgetary funds.

Budget Process

The integrity of the budget system is ensured through uniform budget classification, the use of budget documentation for the preparation of draft budgets and financial plans and the application of an appropriate accounting system, which consists of strict criteria for budget control and audit. The process of drafting and enacting the Budget is carried out in accordance with detailed budget calendars prescribed by Article 31 of the Budget System Law, which sets out key dates for adoption of the fiscal strategy and budget actions by central and local authorities, respectively. Under the latest budget calendar published by the National Assembly, the annual budget cycle begins on 15 February, when the Minister of Finance issues instructions to direct budget beneficiaries to propose priority financing areas for the upcoming budget year and the following two fiscal years. By 15 March, beneficiaries submit their proposals to the Ministry. The Minister then prepares the Report on Fiscal Strategy by 30 April, setting out macroeconomic and fiscal projections for the budget year and the subsequent two years. The draft Fiscal Strategy is forwarded to the Fiscal Council by 15 May, and the Council delivers its opinion by 15 June.

Between 1 and 15 July, the Minister submits the proposed Fiscal Strategy to the Government for adoption, after which the adopted strategy is forwarded to the National Assembly. On 1 August, the Minister issues instructions for drafting the national budget and circulates the adopted Fiscal Strategy to local authorities and mandatory social insurance organisations. These instructions contain the amount of funds which the draft financial plan may assume will be allocated, based on the medium-term scope of expenditures set by the fiscal strategy (with projections for the following two fiscal years). By 31 August, the National Assembly provides comments and recommendations on the Fiscal Strategy. The direct beneficiaries of the Budget prepare financial plans for the period of three years, whilst the Budget Law is passed annually. The expenditure ceilings and financial plans of the budget beneficiaries represent the baseline for the following budget cycle. The direct beneficiaries and social insurance organisations must submit their proposed medium-term and annual financial plans by 15 September. If necessary, the Government may adopt a revised Fiscal Strategy by 1 October and forward it to the National Assembly by 5 October. The draft Budget Law and draft decisions approving the financial plans of social insurance organisations are submitted to the Government by 15 October. The Government adopts the Budget Bill and submits it to the National Assembly by 1 November, and the National Assembly is required to adopt the Law on the Budget and approve the financial plans by 15 December.

General Government Finance Transparency

The Ministry of Finance publishes fiscal data on a monthly basis. The published fiscal data relates to:

- the Budget;
- the general government fiscal performance;
- the fiscal performance at each government level: local, Mandatory Social Insurance Organisations and extra budgetary funds (e.g. for the roads and corridors of Serbia); and

Public Debt (as defined in “*Public Debt*”) and General Government Debt (as defined in “*Public Debt*”).

Fiscal data at each government level cover the main categories of revenues and expenditures by economic classification. In addition, the Ministry of Finance publishes the Public Finance Bulletin, a monthly publication containing detailed fiscal data for each government level, as well as aggregate data for the general government

level. The Public Finance Bulletin is usually published within 60 days of expiration of the month covered by the bulletin. Such consolidated reports are preliminary in nature and are prepared on a cash basis, with the exception of the debt that is recorded on an accrual basis. Previously, such data did not cover fiscal data of indirect Budget beneficiaries. However, since 2017, the coverage of indirect Budget beneficiaries has been improved to include judicial bodies, cultural institutions, prisons and social welfare institutions and their data now constitutes an integral part of the monthly reporting.

Moreover, to ensure harmonisation with the best international practice, the Ministry of Finance publishes the Citizens' Guide to the Budget of Serbia. Separately, the Ministry of Finance prepares the draft Law on the Annual Financial Statement of the Budget and submits it to the Government. The Government furnishes the Proposed Law on the Annual Financial Statement to the Assembly for approval. Also, the rulebook on the accounting system and financial reporting in the Ministry of Finance defines the form and content of the reports that the Public Debt Administration, which is part of the Ministry of Finance, can publish. These reports include public debt data, public debt structure, currency structure and interest rate structure, public debt trends, public debt servicing costs during the observed period, the trend of public debt-to-GDP ratio, overview of securities issued, overview of guaranteed debt presented by beneficiaries and overview of the most important elements of loans, etc. Similarly, the Public Debt Administration publishes the calendar of auctions for government securities, public invitations, results of held auctions, prospectuses for investors, etc. Furthermore, the Public Debt Administration publishes monthly data on the guaranteed debt, as well as reports on the costs of servicing such guaranteed debt.

Fiscal Policy and Reform

The main objectives of Serbia's fiscal policy are, "zero tolerance" toward tax avoidance and non-payment, a more efficient system for paying taxes, ex ante control of tax revenues and more efficient control of expenditures. Furthermore, the primary objectives of Serbia's fiscal policy remain focused on ensuring fiscal discipline and strengthening public financial management. Key priorities include maintaining "zero tolerance" for tax avoidance and non-payment, creating a more efficient tax collection system, implementing ex-ante controls over tax revenues and improving the efficiency of public expenditure oversight. These measures aim to enhance transparency and accountability in fiscal management. In the aftermath of the COVID-19 pandemic, Serbia's fiscal policy has shifted toward a medium-term strategy focused on balancing public finances, whilst sustaining economic recovery. This balance involves a careful equilibrium between fiscal consolidation efforts and the flexibility in deficit targets for necessary investments in infrastructure, healthcare and strategic reforms. Serbia is also working in an accelerated manner to modernise its tax laws and administration, with the objective of completing reform prior to EU accession. The upgrade of tax administration is a top IMF priority, and Serbia has signed an agreement for the implementation of new U.S. tax administration software.

New General and Special Fiscal Rules

After exceptional circumstances, which increased the costs of budgetary support to the energy sector in 2022 and partly in 2023, the Government shifted its focus on improving its medium-term fiscal discipline with a new set of fiscal rules. Moving forward from the increased costs of budgetary support to the energy sector in 2022 and partly 2023, the Government adopted a new fiscal rules framework as a part of its amended Budget System Law. These rules include fiscal policy guidelines for the reduction of the fiscal deficit and public debt in the medium term. In order to preserve fiscal stability, the amended Budget System Law defined a new set of general and special fiscal rules and outlined special measures and consequences in case of non-compliance.

The general fiscal rules and framework came into effect in 2025, although significant flexibility has been incorporated regarding the General Government Debt and the fiscal deficit target of 1 per cent. In agreement with the IMF, Serbia has loosened its medium-term fiscal ceiling to a deficit of 3 per cent. of GDP until 2027 in order to accommodate the planned public investments under the 'Leap into the Future - Serbia 2027' programme. The implementation of the deficit component of the fiscal rule has as such been postponed from 2025 to 2029.

In November 2025, the government adopted the draft Law on the Budget for 2026, which was subsequently approved by Parliament on 3 December 2025. The 2026 budget envisages total revenues and receipts amounting to 2,414.7 billion RSD, representing an increase of 2.9 per cent., or 68.5 billion RSD, compared to the revenue amount projected in the original budget for 2025. The fiscal deficit is projected at 2.4 per cent. per cent. of GDP

comfortably within the initial 2025 target of 3.0 per cent., and consistent with the broader fiscal strategy for 2025–2027.

In summary, the new fiscal framework establishes the following general fiscal rules:

- General government debt, including restitution liabilities, must not exceed 60 per cent. of GDP.
- The medium-term target for the general government deficit is set at 0.5 per cent. of GDP.
- If the general government debt exceeds 60 per cent. of GDP, the fiscal position must be balanced, with the deficit not exceeding 0 per cent. of GDP.
- If the general government debt is between 55 per cent. and 60 per cent. of GDP, the deficit must not exceed 0.5 per cent. of GDP.
- If the general government debt is between 45 per cent. and 55 per cent. of GDP, the deficit must not exceed 1.5 per cent. of GDP.
- If general government debt is below 45 per cent. of GDP, the deficit must not exceed 3 per cent. of GDP.

The Revised Fiscal Strategy for 2026-28 also introduces special fiscal rules:

- The share of general government wages in GDP is capped at 10.6 per cent. of GDP.
- Pension indexation is determined based on the share of pension expenditures in GDP.

The share of general government wages in GDP may be revised upward if the coverage of the government sector expands or if additional entities are included in the government sector. Conversely, this share may be revised downward if an entity is excluded from the government sector. Any changes and the resulting new level of this share are announced and published in the Fiscal Strategy. In 2025, this share was estimated at 9.9 per cent.

Pension adjustments are determined as follows:

If total pension expenditures and the monetary increase in pensions are less than 10 per cent. of GDP, pensions will be adjusted in line with changes in the average wage (excluding taxes and contributions), as specified by the law governing pension and disability insurance.

If total pension expenditures and the monetary increase in pensions are at least 10 per cent., but less than 10.5 per cent. of GDP, pensions will be adjusted by the sum of half the percentage change in the average wage (excluding taxes and contributions) and half the percentage change in consumer prices, as defined by the relevant law.

If total pension expenditures and the monetary increase in pensions are 10.5 per cent. of GDP or higher, pensions will be adjusted in line with changes in consumer prices, as specified by the law governing pension and disability insurance.

The special fiscal rules also restrict the deficits that may be incurred by local governments. Under these rules, local government fiscal deficits can arise only where they are entirely a result of public investment. Where this is the case, local governments are permitted to run a deficit of up to 10 per cent. of their revenues for that year. Approval from the Ministry of Finance must be sought if a local government plans to run a deficit of greater than 10 per cent. of its revenue in any one year. The Ministry of Finance will only consider granting such approval if the planned deficit is proposed to be caused solely by the realisation of public investment.

The new special fiscal rules became effective with the 2023 Budget and the general fiscal rules became effective with the 2025 Budget. The path of fiscal recovery is determined in accordance with the new arrangement with the IMF via a 36-month Policy Coordination Instrument (“PCI”), which was approved in December 2024, as well as the fiscal rules regulating the level of expenditures for the general government salaries and pensions that entered into force together with the Budget Law for 2023. Deviation from these rules is possible only on exception and temporarily, and in cases of natural disasters and external shocks that affect people’s health, national security and a significant drop in economic activity. The 2026 Budget envisages a deficit of 3.0 per

cent., 3.0 per cent. and 2.5 per cent. for the years 2026, 2027 and 2028 respectively. The budget also foresees a decline in the public debt-to-GDP ratio from 44.0 per cent. at the end of 2026 to 43.6 per cent. at the end of 2028.

In light of easing inflation and heightened domestic and external challenges, the deficit for 2025 was also revised to a target of 3.0 per cent. This was part of a planned fiscal expansion focused on growth-enhancing investment to help cushion the near-term slowdown, whilst boosting medium-term growth. Throughout 2025, public officials also announced significant fiscal policy changes outside of the standard budget procedure and plans presented in the Strategy. These measures included:

- An extraordinary salary increase of 5.0 per cent. for teachers and other professional education staff effective from 1 March 2025.
- An extraordinary salary increase of 5.0 per cent. for teachers and healthcare staff effective from 1 October 2025.
- An extraordinary pension increase of 12.2 per cent. effective from 1 December 2025 (on top of the scheduled statutory indexation that came into force on 1 January 2024).
- An extraordinary salary increase of 5.1 per cent. for all public sector employees from 1 January 2026.

In addition to the above changes, some indirect measures were also announced, such as the issuance of additional 30,000 vouchers for tourism and government interventions in its domestic industries.

Public Financial Management Reform Program

In 2016, the Government adopted the Public Financial Management Reform Programme 2016-2020 (the “**PFM Programme**”) to provide a comprehensive and integrated framework for planning, co-ordinating, implementing and monitoring the progress of activities involving public finance with the aim of improving macroeconomic stability, ensuring the efficient and effective allocation and use of public resources and improving the services, transparency and overall functionality of the public administration of Serbia. After two and a half years of successful implementation of activities under the PFM Programme, the Ministry of Finance, in consultation with the European Commission, revised the existing PFM Programme and its action plan to cover the period July 2019 to December 2020. The revised PFM Programme for the period July 2019 to December 2020 was adopted by the Government on 26 September 2019.

In June 2021, the Government adopted a new Public Financial Management Reform Programme for the period 2021–2025 (the “**PFM Programme 2021-2025**”). The goal of the PFM Programme 2021-2025 was to achieve a sustainable budget with stable public debt relative to GDP through better financial management and control. The PFM Programme 2021-2025 set out reforms to strengthen the legal, strategic and institutional framework for managing public finances in Serbia, in line with EU and international standards. In December 2023, the Government adopted the Amendments and Additions of the PFM Programme 2021-2025 for the period 2023-2025. The amendments to the action plan for the period of 2023-2025 focused especially on areas such as management of capital projects and internal financial control in the public sector. These encompassed:

- Changes to deadlines for implementing specific activities, such as improving capital project management, strengthening fiscal risk monitoring, enhancing tax and budget revenue collection, modernising business processes within the Tobacco Administration, increasing inspection control efficiency and improving Financial Management and Control systems, internal audit functions and Public Internal Financial Control (“**PIFC**”) monitoring in public sector institutions. Additionally, modernising training in the PIFC domain was highlighted.
- Amendments and additions within the indicators at the level of the general objective, to achieve a sustainable budget with a stable ratio of public debt to GDP through better financial management and control, auditing and integration of budget planning with Government policies.
- Amendments and additions within the indicators at the level of a special objective to target efficient collection and management of budget funds.

- Amendments at the level of measures also touch upon improvements in medium-term planning, the system for managing capital projects, fiscal risk monitoring, tobacco administration processes, public debt management, online public procurement systems and the establishment of a strong foundation for auditing EU funds effectively. Moreover, there was a focus on managing EU funds more efficiently, modernising the training system in the PIFC field and improving the coverage of accounting data in line with international public sector accounting standards.

The PFM Programme 2021-2025 concluded at the end of 2025, with the latest Annual Report on the Implementation of the Programme for 2024 adopted by the Government of Serbia on 11 April 2025. In 2024, 16 activities of the PFM Programme 2021-2025 were successfully implemented, whilst nine activities were not realised within the prescribed timeframe. Both of the effect indicators at the overall objective level of the PFM Programme 2021-2025, related to real GDP growth and public debt, were achieved. Of the eight performance indicators at the level of specific objectives, five were achieved. Of the 30 result indicators at the measure level, 22 were achieved, five were not, and data for three are still unavailable.

In July 2025, the Ministry of Finance officially launched the drafting of a new Public Finance Management Reform Programme for the period 2026-2030 (the “**PFM Programme 2026-30**”). A Working Group for developing the new Programme was established in May 2025 and includes experts from the Ministry of Finance and other relevant institutions. During the drafting process, participants reviewed the results of the current PFM Programme 2021–2025, highlighting achieved goals and key lessons learned and examined the results of ex-ante analysis to ensure the new five-year Programme is more concise with standardised performance indicators. The draft Public Financial Management Reform Programme 2026-2030 and the accompanying Action Plan 2026–2028 were presented at a Policy Dialogue meeting on 17 November 2025, following public consultations conducted from 27 October to 5 November 2025. The new PFM Programme 2026-2030 is expected to be aligned with the priorities of the Reform Agenda and Serbia’s EU integration commitments, including the Growth Plan for the Western Balkans. As of the date of this Base Offering Memorandum, the PFM Programme 2026-2030 has not been formally adopted.

2023 Budget

On 9 December 2022, the Assembly adopted the 2023 Budget. Under the 2023 Budget:

- total revenues and proceeds were budgeted at RSD 1,843.4 billion at the general government level (including indirect budget beneficiaries) and RSD 3,283.5 billion at the general government level, with tax revenues accounting for RSD 1,592.8 billion at the central government level and RSD 2,936.1 billion at the general government level;
- total expenditures and outflows were budgeted at RSD 2,107.4 billion at the general government level (including indirect budget beneficiaries) and RSD 3,547.5 billion at the general government level; and
- the resulting budget deficit at the central government and general government level, was assumed at RSD 264.0 billion, representing 3.3 per cent. of the expected GDP.

The 2023 Budget assumed real GDP growth of 2.5 per cent., average inflation of 11.1 per cent. and debt-to-GDP ratio of 56.1 per cent. It also contemplated an increase of 12.5 per cent. in public sector wages, together with an increase of 12.1 per cent. in pensions from January 2023.

Supplementary Budget

On 2 September 2023, the Assembly adopted the Bill on Amendments to the Budget Law for 2023. This Supplementary Budget introduced new and large expenditure measures, almost bringing the fiscal deficit and state borrowing back to the initially planned level. The main measures introduced were as follows:

- an increase in subsidies for agriculture, with payouts per hectare increased from 9,000 to 18,000 RSD, premiums for milk from 15 to 19 RSD per litre and incentives for quality breeding dairy cows from 30,000 to 40,000 RSD per head, increasing the budget subsidies for agriculture in 2023 (and the following years) by about EUR 250 million;
- an extraordinary increase in pensions of 5.5 per cent.;

- an increase in wages for employees in education and the health sector; and
- a one-time payment of RSD 10,000 for each child up to 16 years of age which was realised at the end of September 2023.

In addition to these measures, state officials announced a new payment to pensioners in 2023, RSD 20,000 per person, amounting to EUR 285 million in total. This measure was made public two days after the Supplementary Budget for 2023 was adopted by the Parliament.

The macroeconomic targets were restated as follows:

- total revenues were budgeted at RSD 1,904 billion at the central government level (including indirect budget beneficiaries) and RSD 3,445.5 billion at the general government level;
- total expenditures were budgeted at RSD 2,131.5 billion at the central government level (including indirect budget beneficiaries) and RSD 3,673.0 billion at the general government level; and
- the resulting budget deficit at the central government level decreased from 3.3 per cent. of the expected GDP to 2.8 per cent. of the expected GDP, whilst the revised target fiscal deficit was assumed at RSD 227.5 billion.

The Budget assumed real GDP growth of 2.5 per cent., average inflation of 12.5 per cent. and debt-to-GDP ratio of 52.0 per cent. at the central government level and 52.3 per cent. at the general government level.

2024 Budget

On 5 October 2023, the Assembly adopted the 2024 Budget Bill. The proposed budget focused on development, which implies the continuation of high investments in capital projects, the construction of highways, high-speed railways, schools, hospitals, the policy of increasing salaries and pensions, as well as building the country and protecting the living standards of citizens. Under the 2024 Budget:

- total revenues were budgeted at RSD 2,040.9 billion at the central government level (including indirect budget beneficiaries) and RSD 3,735.9 billion at the general government level, with tax revenues accounting for RSD 1,758.6 billion at the central government level and RSD 3,330.5 billion at the general government level;
- total expenditures were budgeted at RSD 2,237.9 billion at the central government level (including indirect budget beneficiaries) and RSD 3,932.9 billion at the general government level; and
- the resulting budget deficit at the general government level was assumed at RSD 191.9 billion, which was 2.2 per cent. of the GDP and was lower than the planned deficit for 2023, which was projected at 2.8 per cent. of GDP by the budget revision.

The budget also projected GDP growth of 3.5 per cent. at the central and general government level. The Debt to GDP ratio was projected at 51.0 per cent. at the central government level and 51.7 per cent. at the general government level.

Supplementary Budget

On 30 September 2024, the Parliament adopted the Bill on Amendments to the Budget Law for 2024. This Supplementary Budget increased the 2024 fiscal deficit from the originally planned 2.2 per cent. of GDP to 2.9 per cent. of GDP. The main feature of the proposed supplementary budget was a strong surge in public expenditures, with their growth amounting to as much as RSD 198 billion (nearly EUR 1.7 billion) compared to the initial budget plan. The main measures and items within the revised budget were as follows:

- the largest increase in expenditure occurred under the item Investment, which can be almost entirely explained by two projects: EXPO 2027 including the construction of the National Stadium (costs in 2024 increased by about EUR 370 million from the initially planned EUR 340 million to EUR 710 million) and the purchase of Rafale fighter jets (investments of the Ministry of Defence went up by about EUR 450 million due to the payment of the first instalment for Rafale fighter jets and the preparation of infrastructure for the introduction of compulsory military service);

- after the initial reduction in agricultural subsidies by RSD 13 billion in the original budget for 2024 compared to 2023, their amount was increased by about RSD 18 billion in the supplementary budget;
- social benefits were increased in the supplementary budget by about RSD 26 billion for several reasons, including correction of a mistake in the original budget which did not take into account the additional costs of regular indexation of the amounts of benefits (by price and wage growth) and the long-term effects of previously adopted measures (parental allowance for the third and fourth child), as well as the Constitutional Court ruling to indemnify the beneficiaries of maternity leave benefits for the incorrect calculation of the benefits in the period from April 2019 to January 2024; and
- the increase in health care expenditures of RSD 20 billion (through transfers to the National Health Insurance Fund) was a consequence of higher allocations for medicines and medical devices (caused by the expanded scope of the insured persons' right to treatment with innovative drugs), and the planned rise in the number of health workers and surgical operations.

The macroeconomic targets were restated as follows:

- total revenues were budgeted at RSD 2,173.4 billion, an increase of RSD 132.5 billion, or 6.5 per cent., compared to the original budget;
- total expenditures were set at RSD 2,436.3 billion, up by 8.9 per cent.; and
- the resulting budget deficit at the central government level increased from RSD 197 billion (about EUR 1.7 billion) to RSD 263 billion (more than EUR 2.2 billion), with the budget deficit projected to go up in 2024 from 2.2 per cent. of GDP to 2.9 per cent. of GDP.

The Budget assumed real GDP growth of 3.8 per cent., up from the originally projected 3.5 per cent. The government revised down its projections for CPI inflation to 4.7 per cent. on average in 2024. Similarly, government projections predicted that public debt-to-GDP ratio will decline from 52.3 per cent. at the end of 2023 to below 52 per cent. at the end of 2024.

2025 Budget

On 27 November 2024, the Parliament adopted the 2025 Budget Law. Under the 2025 Budget:

- Total revenues were budgeted at RSD 2,346.2 billion at the central government level;
- Total expenditures were budgeted at RSD 2,660.2 billion at the central government level; and
- The resulting budget deficit was assumed at 3 per cent. of the expected GDP;

The 2025 Budget assumed real GDP growth of 4.2 per cent. The general government public debt was projected at 47.5 per cent. of GDP in 2025.

The budget also contemplated an 8 per cent. increase in public sector salaries, an 11 per cent. raise for teachers starting in 2025 and a 10.9 per cent. increase for retirees, starting with the pension for December 2024. A total of 7.4 per cent. of GDP, or RSD 761.7 billion, was allocated for capital investments, which was planned to be invested in expressways, high-speed railways, motorways, health care centres, schools and hospitals.

In February 2026, the Ministry of Finance reported that the country recorded a budget deficit of RSD 271.4 billion, representing 2.6 per cent. of the projected GDP, below the 3 per cent. target. Revenues amounted to RSD 2,278.4 billion, whilst expenditures totalled RSD 2,549.8 billion.

2026 Budget

On 3 December 2025, the National Assembly adopted the 2026 Budget with the votes of 144 MPs. Under the 2026 Budget:

- total revenues and receipts are budgeted at RSD 2,414.7 billion at the central government level, which is 2.9 per cent. or RSD 68.5 billion more compared to the revenue level planned in the original budget for 2025;

- tax revenues are planned at RSD 2,080 billion (an increase of RSD 126.6 billion) and non-tax revenues at RSD 303.3 billion;
- total budget expenditures and outlays are planned at RSD 2,751.7 billion; and
- the resulting budget deficit at the central government level is assumed at RSD 337 billion, representing 3 per cent. of the expected GDP.

The 2026 Budget assumed real GDP growth of 3 per cent., average inflation of 3.7 per cent. and debt-to-GDP ratio of 44.5 per cent. It also contemplated an increase of 5.1 per cent. in public sector wages from January 2026, together with an increase of 12.2 per cent. in pensions from December 2025.

The above targets and assumptions are based on the most recently available information and may be further adjusted, amended or revised, whether as part of regular review or otherwise, to take into account the prevalent economic and fiscal indicators, which are evolving based on numerous factors that are highly uncertain, rapidly changing and cannot be accurately predicted.

Budget Execution

In 2023, the Government realised a general government deficit of RSD 181.1 billion (or 2.1 per cent. of GDP). In 2024 and 2025, the Government achieved a general government deficit of RSD 191.9 billion (or 2.0 per cent. of GDP) and RSD 252.8 billion (or 2.4 per cent. of GDP), respectively. See “*Fiscal Developments in 2023*”, “*Fiscal Developments in 2024*” and “*Fiscal Developments in 2025*” for additional information.

The following table shows the actual revenues and expenditures of the consolidated general government budget for the years 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>(RSD millions)</i>				
Public Revenues (including Grants)	2,711,930.0	3,103,330.1	3,473,325.6	3,940,963.3	4,253,415.3
Current Revenues.....	2,692,620.4	3,087,123.2	3,430,629.2	3,919,725.7	4,238,598.7
Tax Revenues.....	2,420,134.3	2,759,703.4	3,078,748.4	3,497,379.3	3,782,747.0
Personal Income Tax	255,921.4	302,356.1	347,696.3	402,977.1	443,413.6
Corporate Income Tax	159,457.7	209,262.6	272,182.0	297,110.4	293,532.7
Value Added Tax.....	658,932.9	779,466.2	842,907.4	951,782.4	998,202.3
Excises	330,036.8	337,764.7	366,913.5	415,112.2	437,931.0
Customs	61,974.9	79,023.1	81,088.3	89,372.6	93,693.4
Other Tax Revenues	91,844.5	99,590.2	107,089.5	115,996.9	127,505.1
Social Contributions	861,966.2	952,240.6	1,060,871.3	1,225,027.8	1,388,468.9
Non-Tax Revenues	272,486.0	327,419.8	351,880.9	422,346.5	455,851.7
Grants.....	19,309.6	16,206.8	42,696.4	21,237.6	14,816.6
Total Public Revenues (including Grants)	2,711,930.0	3,103,330.1	3,473,325.6	3,940,963.3	4,253,415.3
Public Expenditures	2,971,320.5	3,328,175.2	3,654,420.1	4,132,822.9	4,506,235.2
Current Expenditures.....	2,445,538.3	2,578,745.4	2,988,617.6	3,379,297.1	3,743,187.0
Expenditures for employees	628,965.4	694,943.6	774,930.0	907,161.7	1,029,819.2
Purchase of goods and services	490,320.0	556,997.6	628,063.6	676,149.5	749,738.0
Interest payment.....	108,749.4	107,222.4	149,279.1	180,458.8	188,967.2
Subsidies	206,261.5	160,469.9	213,756.5	236,737.1	260,280.1
Social grants and transfers	850,025.3	926,249.6	1,098,642.2	1,260,189.7	1,386,434.6
of which: Pensions.....	608,693.8	637,795.4	774,034.6	929,618.8	1,044,796.5
Contributions for unemployed persons.....	11,536.6	7,381.5	8,295.6	8,696.2	10,381.6
Sick leave.....	15,246.8	20,025.1	21,681.2	25,473.7	31,217.5
Social assistance	169,275.3	190,647.1	217,887.2	244,127.9	241,759.2
Other transfers to households	45,272.8	70,400.5	76,743.6	52,273.2	58,279.8
Other current expenditures	161,216.6	132,862.2	123,946.1	118,600.2	127,948.0
Capital expenditures	466,630.6	526,117.5	568,646.5	704,649.0	715,380.2
Activated guarantees ⁽¹⁾	7,653.0	17,744.7	23,827.1	27,933.1	23,258.5
Net lending.....	51,498.5	205,567.6	73,328.9	20,943.7	24,409.4
Total Public Expenditures	2,971,320.5	3,328,175.2	3,654,420.1	4,132,822.9	4,506,235.2
Consolidated Balance	(259,390.5)	(224,845.1)	(181,094.5)	(191,859.6)	(252,819.8)
Financing Inflows	686,278.7	659,095.2	858,064.6	667,281.8	624,300.0
Privatisation Proceeds.....	1,194.1	5,834.5	343.2	4,316.4	3,797.8
Receipts from repayment of loans	26,168.1	15,419.7	40,208.2	45,609.7	22,228.2
Domestic borrowing ⁽²⁾	179,955.7	232,123.7	257,652.7	230,927.9	356,483.4
Foreign borrowing	478,960.9	405,717.3	559,860.6	386,427.9	241,790.6
Total Financing Inflows	686,278.7	659,095.2	858,064.6	667,281.8	624,300.0
Financing Outflows	335,850.3	342,257.6	550,270.8	388,485.9	438,906.9
Debt repayment to domestic creditors ⁽³⁾	167,472.8	239,342.6	388,416.4	194,371.5	266,044.6
Debt repayment to foreign creditors	153,722.2	98,474.1	121,723.1	159,683.1	166,419.4
Acquisition of financial assets	14,655.3	4,440.8	40,131.2	34,431.3	6,442.8
Total Financing Outflows.....	335,850.3	342,257.6	550,270.8	388,485.9	438,906.9

Source: Ministry of Finance

Notes:

- (1) The amount does not include activated guarantees for PE "Roads of Serbia" which are included in the category: "Debt repayment to foreign creditors".
- (2) The amount includes the repayment of frozen foreign currency savings and a loan for economic revival, as well as RSD 21.1 billion, which was used by PE "Roads of Serbia" in 2009 to repay the debt to suppliers from previous years.
- (3) The amount includes repayments of old foreign currency savings and loans for economic recovery (rehabilitation loan).

The following table shows the actual public revenues and expenditures against the central government budget for the years 2021 to 2025:

	2021		2022		2023		2024		2025	
	Budget	Executed	Budget	Executed	Budget	Executed	Budget	Executed	Budget	Executed
	<i>(RSD millions)</i>									
Public Revenues	1,488,453	1,465,372	1,516,851	1,680,292	1,843,364	1,889,099	2,040,874	2,141,590	2,346,200	2,278,376
Current Revenues.....	1,470,769	1,448,448	1,493,419	1,667,234	1,792,887	1,848,832	2,005,247	2,123,537	2,310,775	2,310,775
Tax Revenues.....	1,279,300	1,291,896	1,317,900	1,496,441	1,592,800	1,654,882	1,758,600	1,874,596	1,985,100	1,961,313
Personal Income Tax.....	81,100	82,444	87,700	100,177	107,800	113,380	122,800	130,038	138,400	142,063
Corporate Income Tax.....	143,000	145,633	132,000	187,129	188,400	236,042	230,000	272,277	258,800	272,467
Value Added Tax.....	654,000	658,933	684,100	779,466	865,000	842,907	908,000	951,782	1,056,000	998,202
Excises.....	329,200	330,037	337,600	337,765	332,100	366,914	395,000	415,112	420,000	437,931
Customs.....	59,000	61,975	63,200	79,023	86,000	81,088	88,000	89,373	95,300	93,693
Other Tax Revenues.....	13,000	12,875	13,300	12,881	13,500	14,551	14,800	16,013	16,600	16,956
Non-Tax Revenues.....	191,469	156,552	175,519	170,793	200,087	193,950	246,647	248,941	325,675	304,993
Grants.....	17,684	16,924	23,432	13,059	50,477	40,267	35,627	18,053	35,425	12,070
Total Public Revenues	1,488,453	1,465,372	1,516,851	1,680,292	1,843,364	1,889,099	2,040,874	2,141,590	2,346,200	2,278,376
Public Expenditures	1,792,953	1,751,449	1,717,051	1,915,460	2,107,364	2,068,414	2,237,874	2,353,613	2,660,200	2,549,826
Current Expenditures.....	1,377,037	1,321,030	1,281,698	1,291,262	1,537,460	1,534,775	1,696,073	1,732,084	2,002,108	1,915,784
Expenditures for employees.....	339,826	326,817	363,641	354,462	410,449	399,793	475,611	473,587	588,265	589,086
Purchase of goods and services.....	157,699	123,569	159,973	139,500	171,409	153,888	210,010	179,301	268,031	209,318
Interest payment.....	111,345	106,896	116,194	105,358	143,499	146,591	183,572	177,740	220,255	186,464
Subsidies.....	212,242	215,234	143,629	157,998	192,922	202,904	184,560	211,741	224,040	228,776
Social assistance and transfers from the budget	448,802	427,061	442,257	445,407	568,310	564,149	592,446	625,845	647,791	645,373
Other current expenditures.....	107,122	121,453	56,004	88,538	50,871	67,451	49,874	53,759	53,726	45,023
Capital expenditures.....	388,945	373,578	406,775	404,275	427,203	439,173	467,488	569,596	612,585	581,495
Net lending.....	18,741	49,188	13,379	202,178	117,201	70,639	29,500	24,001	22,054	29,289
Activated guarantees ⁽¹⁾	8,230	7,653	15,200	17,745	25,500	23,827	44,813	27,933	23,453	23,256
Total Public Expenditures	1,792,953	1,751,449	1,717,051	1,915,460	2,107,364	2,068,414	2,237,874	2,353,613	2,660,200	2,549,826
Fiscal Surplus/Deficit.....	(304,500)	(286,077)	(200,200)	(235,167)	(264,000)	(179,315)	(197,000)	(212,023)	(314,000)	(271,450)

Source: Ministry of Finance

Note:

(1) The amount does not include activated guarantees for PE "Roads of Serbia".

The following table shows year-on-year nominal changes in certain categories of revenues and expenditures of the general government budget for the years 2023 to 2025.

	Year ended 31 December		
	2023	2024	2025
	<i>(% change)</i>		
Public Revenues			
Current revenues.....	11.1	14.3	7.9
Tax revenues.....	11.6	13.6	8.2
Personal income tax.....	15.0	15.9	1.0
Corporate income tax.....	30.1	9.2	(1.2)
Value added tax.....	8.1	12.9	4.9
Excises.....	8.6	13.1	5.5
Customs.....	2.6	10.2	4.8
Other tax revenues.....	7.5	8.3	9.9
Non-tax revenues.....	7.5	20.0	7.9
Grants.....	163.4	(50.3)	(30.2)
Change in Public Revenues	11.9	13.5	7.9
Public Expenditures			
Current Expenditures.....	15.9	13.1	10.8
Expenditures For Employees.....	11.5	17.1	13.5
Purchase Of Goods And Services.....	12.8	7.7	10.9
Interest Payment.....	39.2	20.9	4.7
Subsidies.....	33.2	10.8	9.9
Capital Expenditures.....	8.1	23.9	1.5
Activated Guarantees ⁽¹⁾	34.3	17.2	(16.7)
Change in Public Expenditures	9.8	13.1	9.0
Net Lending	(64.3)	(71.4)	16.5

Source: Ministry of Finance

Note:

(1) The amount does not include activated guarantees for PE "Roads of Serbia".

The following table shows year-on-year real changes in certain categories of revenues and expenditures of the general government budget for the years 2023 to 2025:

	Year ended 31 December		
	2023	2024 (% change)	2025
Public Revenues			
Current revenues.....	(0.9)	9.2	4.2
Tax revenues.....	(0.5)	8.6	4.2
Personal income tax.....	2.6	10.8	6.0
Corporate income tax.....	16.0	4.4	(4.8)
Value added tax.....	(3.5)	8.0	1.0
Excises.....	(3.1)	8.2	1.6
Customs.....	(8.5)	5.4	1.0
Other tax revenues.....	(4.1)	3.6	5.9
Non-tax revenues.....	(4.1)	14.7	4.0
Grants.....	135.0	(52.4)	(32.8)
Change in Public Revenues	(0.2)	8.5	4.0
Public Expenditures			
Current Expenditures.....	3.4	8.1	6.7
Expenditures For Employees.....	(0.5)	11.9	9.4
Purchase Of Goods And Services.....	0.6	2.9	6.8
Interest Payment.....	24.2	15.6	0.9
Subsidies.....	18.8	5.9	5.9
Capital Expenditures.....	(3.6)	18.5	(2.2)
Activated Guarantees ⁽¹⁾	19.8	12.1	(19.8)
Change in Public Expenditures	(2.0)	8.1	5.0
Net Lending	(68.2)	(72.7)	12.3

Source: Ministry of Finance

Note:

(1) The amount does not include activated guarantees for PE "Roads of Serbia".

Fiscal Developments in 2023

In 2023, the Government achieved a fiscal deficit of RSD 181.1 billion, or 2.1 per cent. of GDP at the central government level. In 2023, total revenues (including grants) amounted to RSD 3,473.3 billion at the central government level (of which tax revenues accounted for RSD 3,078.7 billion), 105 per cent. of projected total revenues and grants set forth in the Supplementary-Budget for 2023. This result was 12.4 per cent. higher compared to the same period in 2022 due to higher tax revenues than planned by the Supplementary Budget and lower current expenditures. In 2023, total expenditures amounted to RSD 3,654.4 billion at the central government level (of which capital expenditures accounted for RSD 568.6 billion), representing 100.5 per cent. of projected total expenditures set forth in the Supplementary Budget for 2023. Current expenditures increased by 15.9 per cent. due to higher pensions, wages and social assistance, combined with higher agricultural subsidies, higher purchases of goods and services, combined with interest prices and high inflation related to these expenditures, whilst capital expenditures increased by approximately 8.1 per cent. and subsidies increased by 33.2 per cent., in each case as compared to the same period in 2022. The government debt to GDP ratio at the general government level was 52.3 per cent. (a change of 3.3 percentage points since 2022).

The central government level fiscal deficit was RSD 179.3 billion, also 2.1 per cent. of the GDP. Total revenues and income (including grants) amounted to RSD 1,889.1 billion (of which tax revenues accounted for RSD 1,654.9 billion). Total expenditures amounted to RSD 2,068.4 billion at the central government level. The government debt to GDP ratio at the central government level was 52.0 per cent., with public debt at EUR 36.2 billion for 2023, representing year-on-year growth of 8.5 per cent.

Fiscal Developments in 2024

In 2024, the Government achieved a fiscal deficit of RSD 191.9 billion, or 2.0 per cent. of GDP at the central government level. In 2024, total revenues (including grants) amounted to RSD 2,141.6 billion at the central government level, representing a better result than the revised plan which had projected revenues of approximately RSD 2,007 billion. This result was higher compared to 2023 due to higher tax revenues, particularly from VAT (an increase of RSD 52 billion) and corporate income tax (an increase of RSD 35.5 billion). In 2024, total expenditures amounted to RSD 2,353.6 billion at the central government level, representing strong growth driven by capital investments. The proposed supplementary budget increased expenditures substantially, with capital expenses rising from RSD 467 billion to RSD 570 billion, an increase

of more than EUR 850 million. This increase was primarily attributable to two major projects: EXPO 2027, with costs increasing by approximately EUR 370 million, and investments by the Ministry of Defence, which went up by approximately EUR 450 million due to the payment of the first instalment for Rafale fighter jets. Additionally, agricultural subsidies were increased by approximately RSD 18 billion, and social benefits increased by approximately RSD 26 billion. The government debt to GDP ratio at the general government level was 47.4 per cent. (a decrease of 0.6 percentage points since 2023).

Serbia's GDP growth in euro terms was projected to be nearly 10 per cent. in 2024 (from EUR 69.5 billion to EUR 76.4 billion), whilst the general government's public debt increased from EUR 36.4 billion to around EUR 39.1 billion. Consequently, the public debt-to-GDP ratio declined from 48.4 per cent. at the end of 2023 to 46.9 per cent. at the end of 2024.

In January 2024, Serbia announced its key national investment programme titled, "Leap into the Future – Serbia 2027". The initiative is a comprehensive development programme for Serbia covering 2024-2027, with a total investment of €17.8 billion across 323 projects. The programme aims to increase Serbia's GDP to €92.7 billion by 2027, raise average monthly salaries from €836 to €1,800, increase average pensions from €391 to €650 and reduce poverty from 20 per cent. to 16.7 per cent. The six key segments include:

- EXPO 2027 – Construction of a 250-hectare complex including 25 hectares of exhibition pavilions, 18 kilometres of railways, 12 kilometres of roads, a new National Football Stadium with 52,000 seats, an Aquatics Centre with 4,000-seat capacity, a residential complex of 1,500 apartments, the new Belgrade Fair, a dolphinarium, an aquarium and theme parks.
- Living Standards of Citizens – Reconstruction of maternity hospitals in Belgrade, Niš, Kragujevac and Novi Sad, increased the budgets for rare diseases and innovative medical drugs, and financial assistance for childbirth (RSD 500,000 for the first child, RSD 600,000 for the second).
- Infrastructure – Construction of 487 kilometres of new highways including the Fruška Gora Corridor, Danube Corridor, ring road around Novi Sad, and "Serbia Smile" route; construction and reconstruction of over 2,000 kilometres of railway infrastructure reducing travel time from Belgrade to Subotica and Niš; a new railway station in New Belgrade; and urban renewal of façades in 28 towns across Serbia.
- Industrialisation – Continued subsidies for companies with long-term investment plans; 70 per cent. increase in agricultural subsidies over four years with fastest growth for livestock farmers, milk and dairy products.
- Modernisation – €450 million investment in the BIO4 campus for healthcare and agriculture research; €70 million investment in artificial intelligence and €30 million for a new supercomputer; €150-200 million for science and technology parks in Niš, Kruševac, Čačak, Kragujevac, Belgrade and Novi Sad; growth of ICT sector exports from €3.5-3.6 billion to €10 billion by 2027 with employment increasing from 50,000 to 140,000 people.
- Integral Development and Tourism – Construction of reversible hydropower plant Djerdap 3, completion of thermal power plant Kostolac B3, self-balancing solar power plants, Kostolac wind farm, Serbia-Hungary oil pipeline, gas interconnection towards North Macedonia and energy repair of buildings.

The projects are funded by diversified sources, including loans and grants.

Fiscal Developments in 2025

In 2025, the Government achieved a fiscal deficit of RSD 252.8 billion, or 2.4 per cent. of GDP at the general government level, ahead of the RSD 314 billion, or 3 per cent. of GDP, which had been projected.

In 2025, total revenues amounted to RSD 4,253.4 billion at the general government level.

In 2025, total expenditures amounted to RSD 4,506.2 billion at the general government level. The 2025 general government plan allocated RSD 761.7 billion, for capital investments, of which RSD 715.4 billion was utilised. Key investments were injected into expressways, high-speed railways, motorways, health care centres, schools and hospitals.

The government debt to GDP ratio at the general government level improved significantly. The general government public debt was projected at 47.5 per cent. of GDP in 2025, though actual figures indicate further improvement, with Serbia's debt-to-GDP ratio narrowing to 44.7 per cent. in 2025. Additionally, the GDP growth rate for 2025 reached 2.0 per cent. which is below the projected GDP growth rate of 4.2 per cent.

Projects under EXPO 2027 progressed rapidly throughout 2025, with approximately around 4,000 workers and 1,000 machines currently engaged. Elsewhere, the EBRD delivered over €800 million of new investment in Serbia in 2025, surpassing that level for the third year in a row, 84 per cent. of that investment was directed to the private sector – with a particular focus on boosting the resilience and competitiveness of small and medium-sized enterprises.

PUBLIC DEBT

Overview

The general Government public debt of Serbia (the “**General Government Debt**”) consists of all direct and contingent liabilities incurred by the Government on the domestic and foreign markets (including guarantees issued for loans granted to local self-governments, public enterprises and other entities) and includes non-guaranteed debt of local self-governments and other legal entities (i.e. PE Roads of Serbia, Corridors of Serbia and Development Fund of Serbia). On the other hand, Serbia’s central Government public debt (the “**Public Debt**”) consists of all direct and contingent liabilities incurred or guaranteed by the Government on the domestic and foreign markets, including guarantees issued for liabilities of local self-governments, public enterprises and other entities. The Government may incur or guarantee debt on the domestic and foreign markets for the purposes of financing the Budget, refinancing outstanding debts, financing capital projects or settling liabilities arising out of guaranteed obligations. In managing Public Debt, the Ministry of Finance seeks to, amongst other things, secure sufficient liquidity for the Government in the medium and long-term to finance the fiscal deficit and service and refinance maturing debt more effectively; determine appropriate risk parameters for the currency mix, interest rates and maturity profile of Public Debt; support the development of the local Government debt market and “Dinarisation” of the economy; and maintain transparency and ensure continuity of the funding process.

In line with its fiscal accountability, the Government is undertaking appropriate measures to reduce the existing level of the General Government Debt. In 2023, Serbia’s General Government Debt and Public Debt declined to 48.4 per cent. of estimated GDP and 48.0 per cent. respectively, driven in part by the Government’s efforts to maintain its debt at stable levels, and an increase in expenditure in mid-2023, funded in part by Government debt, to include, amongst other things, agricultural subsidies and increases in pensions and wages. Continuing this trend, the share of central government public debt in GDP at the end of December 2024 was 46.7 per cent., and the share of general government public debt in GDP was 46.9 per cent. Finally, the same figures reached 44.4 per cent. and 44.7 per cent., as at the end of December 2025, respectively.

The Public Debt includes Serbia’s restitution commitments, on which, as per the current legislation, Serbia has made cash payments since 31 March 2022 and payments based on the Restitution Bonds since January 2023. The Law on Property Restitution and Compensation regulates the terms and conditions, method and procedure of Serbia’s restitution commitments to citizens whose properties were nationalised after World War II. Such properties have been and will continue to be returned in kind or by means of compensation in the form of Government bonds (“**Restitution Bonds**”) and cash. In December 2020, the Assembly of Serbia enacted changes to the Law on Property Restitution and Compensation (the “**Amended Law**”) to provide for the finalisation of the basic elements of the Restitution Bonds and to stipulate conditions for distribution and collection of such bonds. The Amended Law provided that the basic elements of the Restitution Bonds will be finalised and determined by the Government at the proposal of the Ministry of Finance no later than 30 September in each year based on decisions of compensations that become final in the period from 01 July of the previous year to 30 June of the current year (the “**final resolutions**”). Such Restitution Bonds resolved and finalised by the Government will be issued to the persons with final resolutions in January in the following year, whilst any advance payment of compensation (i.e. being 10 per cent.) based on the final resolutions will be paid by 31 March in the following year. In cases of compensations that do not exceed the amount of EUR 1,000 per applicant, the payment will be made exclusively in cash by paying the entire amount in dinars at the middle exchange rate of the National Bank on 31 March. Serbia’s total restitution commitments are expected to amount to approximately EUR 2 billion, calculated at an interest rate of 2 per cent. per annum. The Restitution Bonds will be issued once a year each January, with payments falling due in five, ten and 12 years in annual instalments. In January 2022, Serbia issued its first triple-tranche five-year (EUR 18.5 million), ten-year (EUR 8 million) and 12-year (EUR 50 million) Restitution Bonds totalling EUR 76.5 million, following the decisions of compensations that become final in the period between 1 July 2020 and 30 June 2021. The Government has also started making cash payments as of 31 March 2022 based on the decisions of compensations that become final in the period between 1 July 2020 and 30 June 2021.

In January 2023, the Government issued bonds worth approximately EUR 40.14 million with maturities of five, ten and to be 12 years. It also provided claimants with an initial cash advance as a form of compensation. This is expected to be done annually until the process is completed. Repayments based on the Restitution Bonds issued in January 2022 commenced in January 2023.

In January 2024, 2025 and 2026, the Government issued bonds in the total amounts of EUR 48 million, EUR 46.4 million and EUR 45.8 million, respectively, with maturities of five, ten and 12 years, following compensation decisions that became final in the periods between 1 July 2022 and 30 June 2023, 1 July 2023 and 30 June 2024, and 1 July 2024 and 30 June 2025, respectively. Based on the same final decisions, the Government has also started making cash payments as of 31 March 2024, 31 March 2025 and 31 March 2026, respectively. This is expected to be done annually until the process is completed. Repayments based on the Restitution Bonds issued in January 2023, 2024 and 2025 commenced in January 2024, 2025 and 2026, respectively. The following table shows Serbia's outstanding internal and external Public Debt, and such internal and external Public Debt as a percentage of nominal GDP, as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	<i>(RSD billions)</i>				
Public Debt	3,543.2	3,909.9	4,236.1	4,548.9	4,614.5
Internal Public Debt ⁽¹⁾	1,364.7	1,379.7	1,264.4	1,290.9	1,382.9
External Public Debt ⁽²⁾	2,178.5	2,530.2	2,971.8	3,258.0	3,231.5
	<i>(% of nominal GDP)</i>				
Public Debt	53.9	52.4	48.0	46.7	44.4
Internal Public Debt ⁽¹⁾	20.8	18.5	14.3	13.2	13.3
External Public Debt ⁽²⁾	33.1	33.9	33.7	33.4	31.1

Source: Ministry of Finance

Notes:

- (1) Internal Public Debt (as defined below) comprises direct and indirect liabilities originally issued, incurred or guaranteed by the Government on the domestic market, including debt obligations denominated or payable in other currencies.
- (2) External Public Debt (as defined below) comprises direct and indirect liabilities incurred or guaranteed by the Government to foreign investors and lenders.

As of December 2025, central government public debt stood at RSD 4,614.5 billion (44.4 per cent. of GDP). The composition of this debt by source was Eurobonds (26.2 per cent.), T-bonds (24.4 per cent.), foreign government loans (6.8 per cent.), EXIM China (7.1 per cent.), IMF (5.8 per cent.), International Commercial Loans (6.6 per cent.), IBRD (5.8 per cent.) and other (17.2 per cent.). According to preliminary data, as of February 2026, the share of central government public debt in GDP amounted to 41.5 per cent.

The medium-term fiscal framework envisages a decrease in the share of public debt to 44.1 per cent. of GDP in 2028. Projections of fiscal aggregates in the period from 2026 to 2028 are based on projections of macroeconomic indicators for the said period, the planned tax policy, which implies further harmonisation with EU laws and directives and fiscal and structural measures, including further reform of large public enterprises.

The following table shows Serbia's Public Debt and non-guaranteed debt of local self-governments and other legal entities (i.e. PE Roads of Serbia, Corridors of Serbia and Development Fund of Serbia) as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	<i>(RSD billions)</i>				
General Government Debt	3,581.8	3,945.8	4,266.6	4,576.5	4,648.7
Public Debt.....	3,543.2	3,909.9	4,236.1	4,548.9	4,614.5
Non-guaranteed Debt of local self-governments and other legal entities.....	38.5	35.9	30.4	27.6	34.2
	<i>(% of nominal GDP)</i>				
General Government Debt	54.5	52.9	48.4	46.9	44.7
Public Debt.....	53.9	52.4	48.0	46.7	44.4
Non-guaranteed Debt of local self-governments and other legal entities.....	0.6	0.5	0.3	0.3	0.3

Source: Ministry of Finance

The following table shows certain key statistics with regard to the Government's outstanding direct and indirect liabilities under Public Debt, and such direct and indirect liabilities as a percentage of nominal GDP, as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	<i>(RSD billions)</i>				
Public Debt	3,543.2	3,909.9	4,236.1	4,548.9	4,614.5
Direct liabilities, of which	3,380.7	3,728.5	4,023.4	4,334.5	4,410.9
Internal Public Debt	1,333.9	1,323.2	1,203.6	1,237.0	1,316.4
External Public Debt	2,046.8	2,405.3	2,819.8	3,097.5	3,094.5
Indirect liabilities⁽¹⁾, of which	162.5	181.4	212.8	214.4	203.6
Internal Public Debt	30.8	56.5	60.8	53.9	66.6
External Public Debt	131.7	124.9	152.0	160.5	137.0
	<i>(% of nominal GDP)</i>				
Public Debt	53.9	52.4	48.0	46.7	44.4
Direct liabilities, of which	51.4	50.0	45.6	44.5	42.4
Internal Public Debt	20.3	17.7	13.6	12.7	12.7
External Public Debt	31.1	32.2	32.0	31.8	29.8
Indirect liabilities⁽¹⁾, of which	2.5	2.4	2.4	2.2	2.0
Internal Public Debt	0.5	0.8	0.7	0.6	0.6
External Public Debt	2.0	1.7	1.7	1.6	1.3

Source: Ministry of Finance

Notes:

- (1) Serbia issues guarantees for loans to publicly owned enterprises and local Government. If the publicly owned enterprise or local Government is unable to repay the relevant loan, the Serbian Government is obligated to repay these obligations in their place. As at 31 December 2025, these guarantees amounted to EUR 1.7 billion (RSD 203.6 billion).

In 2023, the Government borrowed RSD 896.0 billion. In 2024, the Government borrowed RSD 639.8 billion. In 2025, the Government borrowed RSD 595.4 billion. Pursuant to the Budget Law for 2026, Serbia expects to borrow up to RSD 1,172.00 billion in 2026. Out of this, up to RSD 320.0 billion is expected to be raised through the issuance of Government securities in the domestic market and up to RSD 352.0 billion is expected to be raised through the issuance of bonds in international capital markets, which will be used to refinance existing debt and finance the Budget deficit. The remaining RSD 500.0 billion is expected to be raised from proceeds of local and foreign borrowings (including loans from international financial institutions and foreign governments), which will be used to repay existing debt, finance the Budget deficit and implement new projects. According to preliminary data, as of February 2026, the share of indirect liabilities in GDP amounted to 1.8 per cent.

The Government expects to reach a public debt-to-GDP ratio of 44.1 per cent. at the end of 2028. This projection is based on the most recently available information and may be further adjusted, amended or revised, whether as part of regular review or otherwise, to take into account the prevalent economic and fiscal indicators, which are evolving based on numerous factors that are highly uncertain, rapidly changing and cannot be accurately predicted. Accordingly, there can be no assurance that such projection in fact will be achieved or that public debt and/or GDP will not reach such levels.

In 2023, Serbia issued a guarantee amounting to EUR 350 million for Srbijagas. March 2022 also saw the first issuance of a 25-year government bond issued in euros. October 2023 saw the first issuance of an eight-year government bond issued in dinars. In January 2023 there were two Eurobond issues. In 2023, Serbia also issued a guarantee amounting to EUR 400 million for JSC Elektroprivreda Srbije Beograd "EPS". In January 2024, Serbia issued a US\$-denominated Eurobond (seven-year maturity) in international markets (approximately US\$1.5 billion equivalent). Proceeds were used to refinance maturing external debt and finance the budget deficit. Throughout 2024, Serbia continued to issue dinar-denominated government securities in the domestic market across the curve (including five-year, seven-year, ten-year and longer tenors) through regular auctions and reopenings of benchmark bonds. In September 2024, Serbia issued a sustainability-labelled euro-denominated sovereign bond in international capital markets under its sustainable-finance framework. In 2025, Serbia continued regular issuance of dinar-denominated government securities in 2025 in the domestic market and conducted periodic reopenings of outstanding domestic benchmark bonds.

Internal Public Debt

According to the Public Debt Law, internal Public Debt (“**Internal Public Debt**”) comprises direct and indirect liabilities originally issued, incurred or guaranteed by the Government on the domestic market, including debt obligations denominated or payable in other currencies.

The following table shows the composition of Serbia’s outstanding Internal Public Debt as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	<i>(RSD billions)</i>				
Internal Public Debt	1,364.7	1,379.7	1,264.4	1,290.9	1,382.9
Direct liabilities	1,333.9	1,323.2	1,203.6	1,237.0	1,316.4
Government securities.....	1,265.0	1,227.3	1,066.0	1,037.8	1,063.7
Bonds on account of citizens’ foreign currency savings.....	49.5	46.3	43.2	43.0	42.8
Other direct liabilities.....	19.5	41.4	82.5	138.8	189.0
Restitution bonds.....	-	8.1	11.9	16.1	19.6
Indirect liabilities	30.8	56.5	60.8	53.9	66.6

Source: Ministry of Finance

The share of government securities issued on domestic financial markets in RSD held by foreign investors was 12.2 per cent. as at the end of December 2025 (RSD 104.3 billion) and 15.8 per cent. (RSD 135.6 billion) as of 31 December 2024.

The following table shows the total nominal value of T-bills and T-bonds outstanding as of 31 December for the years 2021 to 2025:

	As at 31 December									
	2021		2022		2023		2024		2025	
	(%)	<i>(RSD billions)</i>	(%)	<i>(RSD billions)</i>	(%)	<i>(RSD billions)</i>	(%)	<i>(RSD billions)</i>	(%)	<i>(RSD billions)</i>
Treasury Bills										
3 month maturity	-	-	-	-	-	-	-	-	-	-
6 month maturity	-	-	-	-	-	-	-	-	-	-
12 month maturity	-	-	2.7	33	-	-	-	-	-	-
53-week maturity (RSD)	-	-	3.3	41.1	-	-	-	-	-	-
53-week maturity (EUR)	-	-	-	-	-	-	-	-	-	-
Treasury Bonds										
2-years amortising (RSD).....	-	-	-	-	-	-	-	-	-	-
2-year maturity (RSD)....	6.3	79.2	7.2	88.1	14.7	158.1	11.7	100.0	-	-
2-year maturity (EUR)....	0.9	11.8	1.9	23.5	2.6	27.8	2.4	4.4	-	-
2-year maturity (USD)....	-	-	-	-	-	-	-	-	-	-
2.5-year maturity (EUR)..	-	-	1.1	13.6	1.3	13.5	-	-	-	-
3-year maturity (RSD)....	9.4	118.4	4.4	54.2	-	-	-	-	-	-
3-year maturity (EUR)....	1.9	23.5	-	-	-	-	14.2	25.8	12.3	25.9
5-year maturity (RSD)....	9.8	123.9	10.1	123.8	2.2	23.3	-	-	4.1	35.0
5-year maturity (EUR)....	5.7	72.7	2.8	34.2	1.7	18.3	0.3	0.5	-	-
5.5-year maturity (RSD)..	8.4	106.4	8.7	106.4	10.0	106.4	12.4	106.4	-	-
7-year maturity (RSD)....	23.4	296.6	20.5	251.6	14.1	150.0	17.5	150.0	17.6	150.0
7-year maturity (EUR)....	0.6	7.7	0.6	7.6	0.7	7.6	4.2	7.6	-	-
8-year maturity (RSD)....	-	-	-	-	4.0	42.4	17.5	150.0	17.6	150.0
10-year maturity (RSD)..	9.6	121.0	11.8	146.0	15.4	164.3	18.1	155.0	18.1	155.0
10-year maturity (EUR)..	6.0	75.6	6.1	75.4	7.1	75.3	33.2	60.6	23.2	49.0
10.5-year maturity (RSD)	-	-	-	-	-	-	-	-	19.7	168.4
12.5-year maturity (RSD).....	11.5	145.3	11.8	145.3	18.3	195.3	22.8	195.3	22.9	195.3
12-year maturity (EUR)..	1.4	17.5	1.4	17.4	1.6	17.4	9.5	17.4	33.2	70.2
15-year maturity (EUR)..	3.0	37.8	3.1	37.8	3.5	37.7	20.7	37.7	17.8	37.8
20-year maturity (EUR)..	2.2	27.7	2.3	27.6	2.6	27.6	15.1	27.6	13.1	27.6
25-year maturity (EUR)..	-	-	0.1	0.8	0.1	0.8	0.4	0.8	0.4	0.8
Total	100.0	1,265.0	100.0	1,227.3	100.0	1,066.0	100.0	1,039.1	100.0	1,064.9

Source: Ministry of Finance

As of 31 December 2025, the outstanding amount of debt represented by T-bills and T-bonds increased to RSD 1,064.9 billion, compared to RSD 1,039.1 as of 31 December 2024 and RSD 1,066.0 as of 31 December 2023.

In 2023, the Government issued and reopened its two-year, eight-year, ten-year and 12.5 year local currency bonds in the local currency bonds in the amount of RSD 100 billion, RSD 110 billion, RSD 18.4 billion and

RSD 50 billion, respectively. The Government also issued Eurobonds valued at USD 1 billion and USD 750 million in January of 2023 at five and ten years maturity, respectively. It also issued euro-denominated bonds with maturities of two-years in the amount of EUR 100 million, respectively. In January, February and March 2024, the Government issued and reopened its eight-year local currency bonds in the additional amount of RSD 40 billion. It also issued new euro-denominated Government securities with a maturity of three-years, in a total amount of EUR 250 million in January 2024. In January 2025, a new ten-and-a-half-year dinar bond was issued with a volume of RSD 120 billion. The issuance volume of the ten-and-a-half-year bond (initially issued on 23 January 2025) was increased by RSD 60 billion in February. Amongst euro-denominated securities, 12-year bonds were issued.

The following table shows the weighted-average rate in RSD primary auctions as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	(%)				
3 month T-Bills.....	–	–	–	–	–
6 month T-Bills.....	–	–	–	–	–
12 month T-Bills.....	–	3.90	–	–	–
53-week T-Bills.....	–	–	–	–	–
2-year T-Bonds.....	1.58	2.99	5.66	–	–
2-year amortising T-Bonds.....	–	–	–	–	–
3-year T-Bonds.....	–	–	–	–	–
5-year T-Bonds.....	–	–	–	–	4.49
5.5-year T-Bonds.....	2.16	–	–	–	–
7-year T-Bonds.....	–	–	–	–	–
8-year T-Bonds.....	–	–	6.34	6.13	–
10-year T-Bonds.....	2.50	6.77	5.52	–	–
10.5-year T-Bonds.....	–	–	–	–	5.22
12-year T-Bonds.....	3.44	–	6.86	–	–

Source: Ministry of Finance

The following table shows the weighted-average interest rate on outstanding RSD securities as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	(%)				
3 month T-Bills.....	–	–	–	–	–
6 month T-Bills.....	–	–	–	–	–
12 month T-Bills.....	–	–	–	–	–
53-week T-Bills.....	–	–	–	–	–
2-year T-Bonds.....	1.72	2.41	4.17	5.00	–
2-year amortising T-Bonds.....	–	–	–	–	–
3-year T-Bonds.....	2.95	2.00	–	–	–
5-year T-Bonds.....	4.41	4.41	4.00	–	4.50
5.5-year T-Bonds.....	3.00	3.00	3.00	3.00	–
7-year T-Bonds.....	5.76	5.00	4.50	4.50	4.50
8-year T-Bonds.....	–	–	7.00	7.00	7.00
10-year T-Bonds.....	6.19	6.14	6.11	5.88	5.88
10.5-year T-Bonds.....	–	–	–	–	5.25
12.5-year T-Bonds.....	4.50	4.50	4.50	4.50	4.50

Source: Ministry of Finance

The following table shows the monthly weighted average interest rates for outstanding RSD securities for each month for the years ended 31 December 2021 to 2025:

	2021	2022	2023	2024	2025
January	4.72	4.54	4.21	4.98	5.09
February	4.73	4.22	4.23	5.09	5.09
March	4.65	4.21	4.31	5.10	5.09
April	4.74	4.21	4.48	5.10	5.09
May	4.67	4.33	4.50	5.10	5.10
June	4.60	4.34	4.50	5.10	5.10
July	4.59	4.33	4.37	5.10	5.34
August	4.59	4.18	4.55	5.10	5.34
September	4.50	4.20	4.55	5.10	5.34
October	4.50	4.21	4.61	5.06	5.34
November	4.51	4.21	4.61	5.06	5.34
December	4.50	4.21	4.68	5.06	5.34

Source: Ministry of Finance

The following table shows the weighted-average rate in EUR primary auctions and USD private placement transaction as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
			(%)		
53-week T-Bills	–	–	–	–	–
2-year T-Bonds	–	0.75	2.50	–	–
2.5-year T-Bonds	–	0.81	–	–	–
3-year T-Bonds	–	–	–	4.00	–
5-year T-Bonds	–	–	–	–	–
7-year T-Bonds	–	–	–	–	–
10-year T-Bonds	–	–	–	–	–
12-year T-Bonds	1.67	–	–	–	4.98
15-year T-Bonds	–	–	–	–	–
20-year T-Bonds	2.25	–	–	–	–
25-year T-Bonds	–	2.50	–	–	–
2-year T-Bonds (USD)	–	–	–	–	–

Source: Ministry of Finance

The following table shows the weighted-average interest rate on outstanding EUR securities as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
			(%)		
53-week T-Bonds	–	2.40	–	–	–
2-year T-Bonds	0.50	0.75	1.03	2.50	–
2.5-year T-Bonds	–	0.85	0.85	–	–
3-year T-Bonds	1.25	–	–	4.25	4.25
5-year T-Bonds	2.17	1.90	1.73	1.00	–
7-year T-Bonds	2.50	2.50	2.50	2.50	–
10-year T-Bonds	3.76	3.76	3.76	3.46	3.46
12-year T-Bonds	1.83	1.83	1.83	1.83	4.21
15-year T-Bonds	4.65	4.65	4.65	4.65	4.65
20-year T-Bonds	3.05	3.05	3.05	3.05	3.05
25-year T-Bonds	–	2.30	2.30	2.30	2.30
2-year T-Bonds (USD)	–	–	–	–	–

Source: Ministry of Finance

The following table shows the monthly weighted-average interest rates for outstanding EUR securities for each month for the years ended 31 December 2021 to 2025:

	2021	2022	2023	2024	2025
January.....	2.73	2.83	2.85	3.40	3.55
February.....	2.85	2.86	2.85	3.40	3.55
March.....	2.86	2.86	2.93	3.40	3.56
April.....	2.89	2.86	2.95	3.31	3.56
May.....	2.87	2.85	2.95	3.34	3.56
June.....	2.87	2.80	2.95	3.34	3.61
July.....	2.87	2.82	2.95	3.34	3.83
August.....	2.87	2.82	2.95	3.53	3.83
September.....	2.89	2.82	2.95	3.53	3.83
October.....	2.89	2.82	2.95	3.53	3.83
November.....	2.88	2.83	2.95	3.53	3.83
December.....	2.88	2.83	2.95	3.53	3.96

Source: Ministry of Finance

Serbia disbursed EUR 232.4 million under its Internal Public Debt related guarantees in 2025, compared to disbursements of EUR 39.0 million in 2024 and EUR 342.8 million and RSD 2.4 billion in 2023.

GBI-EM Global Diversified Index

On 5 March 2024, Serbia's RSD benchmark bonds with original maturity of eight years, maturing on 26 October 2031 (RSMFRSD58761) was included in the GBI-EM Global Diversified Index. Finally, on 31 March 2025, the new RSD benchmark bond maturing on 27 July 2035 (RSMFRSD34101) was included in the GBI-EM Global Diversified Index.

External Public Debt

According to the Public Debt Law, external Public Debt ("External Public Debt") comprises direct and indirect liabilities incurred or guaranteed by the Government to foreign investors and lenders.

The following table shows Serbia's External Public Debt structure as of 31 December for the years 2021 to 2025:

	As at 31 December				
	2021	2022	2023	2024	2025
	<i>(RSD billions)</i>				
Multilateral creditors.....	746.5	836.8	965.3	1,010.7	1,018.6
IBRD.....	263.2	260.9	253.3	259.3	268.1
EIB.....	209.1	217.6	218.9	215.7	218.9
Paris Club.....	87.5	70.4	48.3	36.5	34.0
EBRD.....	53.4	54.4	70.7	76.0	72.5
IMF.....	56.5	148.9	279.2	288.2	269.2
IDA.....	12.6	7.2	3.3	1.1	0.1
KfW.....	16.3	16.5	19.8	44.0	59.2
CEB.....	47.9	60.9	71.9	89.8	96.5
London Club.....	-	-	-	-	-
Bilateral creditors.....	508.5	689.9	714.6	768.8	698.7
China.....	189.0	260.2	314.0	364.1	329.2
UAE.....	103.9	110.2	105.9	261.8	215.0
Russia.....	87.6	97.2	81.4	81.7	72.0
EU.....	-	-	-	-	6.1
Other ⁽¹⁾	128.0	222.4	213.3	61.2	76.4
Eurobond.....	860.3	858.4	1,047.0	1,207.2	1,210.0
Long-term government securities (NSV Notes)					
.....	-	39.9	39.8	-	-
Other creditors⁽²⁾.....	63.2	105.2	205.1	271.3	304.3
Total external public debt.....	2,178.5	2,530.2	2,971.8	3,258.0	3,231.5
of which guaranteed external public debt ⁽³⁾	131.7	124.9	152.0	160.5	137.0

Source: Ministry of Finance

Notes:

(1) Other bilateral creditors comprise Kuwait, France, Libya, Poland, Azerbaijan and Algeria. The Abu Dhabi Development Fund and Agence Francaise de Development are also included as other bilateral creditors.

- (2) Other creditors comprise debt from commercial banks. EUROFIMA, Japan International Co-operation Organisation, T.C. ZİRAAT BANKASI A.Ş. and DENİZBANK A. Ş, JPMorgan Chase Bank and NLB Bank are also included as other creditors.
- (3) Serbia issues guarantees for loans to publicly owned enterprises and local Government.

As of December 2025, Eurobond holders accounted for the largest portion of the Government's debt, amounting to RSD 1,210.0 billion, or 26.2 per cent. of the total debt. This was followed by foreign government loans at RSD 311.5 billion, accounting for 6.7 per cent. of the total debt, international commercial loans at RSD 304.3 billion, accounting for 6.6 per cent. of the total debt, the Export-Import Bank of China at RSD 329.2 billion, or 7.1 per cent. of the total debt, the IMF at RSD 269.2 billion, accounting for 5.8 per cent. of the total debt, and the IBRD at RSD 268.1 billion, accounting for 5.8 per cent. of the total debt.

The Government's largest external creditors are Eurobond holders, accounting for EUR 1,210.0 billion, 37.4 per cent. of total External Public Debt as of 31 December 2025, followed by foreign government loans at EUR 311.5 billion, 9.6 per cent. of total External Public Debt, the Export-Import Bank of China, accounting EUR 329.2 billion, 10.2 per cent. of total External Public Debt and the IMF accounting for EUR 269.2 billion, 8.3 per cent. of total External Public Debt.

Serbia disbursed EUR 70.3 million under its External Public Debt related guarantees in 2025, as compared to EUR 381.0 million and JPY 30.0 million in 2024 and EUR 244.1 million and JPY 3.9 billion in 2023.

Public Debt Currency Structure

The following table shows the Public Debt of the Government, listed by currency as of 31 December for the years 2021 to 2025:

	As at 31 December									
	2021		2022		2023		2024		2025	
	(RSD billions)	%	(RSD billions)	%	(RSD billions)	%	(RSD billions)	%	(RSD billions)	%
EUR	2,044.3	57.7	2,180.5	55.8	2,443.9	57.7	2,619.7	57.6	2,746.8	59.5
US\$	384.0	10.8	559.2	14.3	567.9	13.4	630.5	13.9	548.1	11.9
RSD	1,010.2	28.5	983.5	25.2	917.8	21.7	991.6	21.8	1,039.2	22.5
Special Drawing Rights..	69.1	2.0	156.1	4.0	282.5	6.7	289.3	6.4	269.3	5.8
CHF	8.4	0.2	3.2	0.1	1.2	0.0	0.0	0.0	0.0	0.0
Other	27.3	0.8	27.4	0.7	22.8	0.5	17.8	0.4	11.1	0.2
Total	3,543.2	100.0	3,909.9	100.0	4,236.1	100.0	4,548.9	100.0	4,614.5	100.0

Source: Ministry of Finance

As of December 2025, the largest portion of the Public Debt was denominated in Euro (59.5 per cent.), followed by RSD (22.5 per cent.) and US Dollars (11.9 per cent.). Since the end of 2021, the share of euro-denominated debt in the total Public Debt has gradually increased, whilst the share of US Dollar-denominated debt has remained at similar levels.

As of December 2025, the share of euro-denominated debt in the total Public Debt amounted to 59.5 per cent., representing an increase of 1.8 per cent. from 57.7 per cent. of total Public Debt at the end of 2021. As dinar volatility is much lower to Euro than to US Dollars, the Government remains committed to reducing its US Dollar-denominated debt, the share of which is 11.9 per cent. of total Public Debt as of December 2025.

Public Debt Financing Structure

The following table shows the breakdown of the Public Debt of the Government in fixed rate and floating rate arrangements as of 31 December for the years 2021 to 2025:

	As of 31 December									
	2021		2022		2023		2024		2025	
	(RSD billions)	%	(RSD billions)	%	(RSD billions)	%	(RSD billions)	%	(RSD billions)	%
Fixed rate	3,068.4	86.6	3,217.8	82.3	3,075.4	72.6	3,261.8	71.7	3,078.1	67.0
Floating rate	474.8	13.4	692.1	17.7	1,160.7	27.4	1,288.0	28.3	1,536.3	33.0
Total	3,543.2	100.0	3,909.9	100.1	4,236.1	100.0	4,548.9	100.0	4,614.5	100.0

Debt Management

The Government's debt management strategy is governed by the following principles: cautious and prudent debt management with government expenditure taking a downward trend since 2020 and revenues remaining robust, transparent and predictive borrowing with a diversified portfolio, promotion of liquidity and broadening

of the Government securities investor base and development of an efficient infrastructure in the domestic market, and aiming for lower Government debt year on year since 2019. Budget Law determines the borrowing requirements (including the criteria) of the Government, whereas the debt management strategy is part of the fiscal strategy of Serbia. According to the debt management strategy, the Government intends, in the medium-term, to increase the percentage of RSD denominated debt in the overall Public Debt currency composition in order to extend the local yield curve.

As of 31 December 2025, the average time to maturity of the dinar denominated securities was five years, compared to three point eight years at the end of 2024 and three point nine years at the end of 2023.

The Government's debt management strategy for 2026 consists of four core principles: i) to ensure the financing of the fiscal deficit and regular servicing of obligations based on the public debt of Serbia; ii) to define an acceptable risk level that should be defined in terms of a targeted debt portfolio structure, including debt currency structure, interest rate structure, maturity structure and debt structure by the types of instruments; iii) to uphold the development of the market of government securities issued both in the domestic and international market, so as to help the reducing of the medium-term and long-term borrowing costs; and iv) to ensure the borrowing process is transparent and predictable.

The main strategic objectives to be pursued in the upcoming long-term period, in order to minimize the risks of increased indebtedness and public debt servicing costs, are: i) the share of dinar-denominated debt should be above 30 per cent. of the Public Debt in the mid-term (this was 22.5 per cent. as of 31 December 2025); ii) the share of euro-denominated debt should be at least 65 per cent. of foreign currency debt, including future borrowings and transactions (this was 76.8 per cent. as of 31 December 2025); iii) the share of floating interest rate debt should be 25 per cent. \pm 5 per cent. in the mid-term (this was 31.2 per cent. as of 31 December 2025); iv) the average time for re-pricing of Public Debt should remain at least above five years (this was four point one years as of 31 December 2025); v) the weighted average interest rate for Public Debt in domestic currency should not exceed 6.0 per cent. (this was 5.75 per cent. as of 31 December 2025); vi) the share of short-term debt with maturity up to a year should be less than 20 per cent. of Public Debt (this was 14.0 per cent. as of 31 December 2025); vii) the average time to maturity of Internal Public Debt should be at least five years in the mid-term (this was five point six years as of 31 December 2025); viii) the average time to maturity of External Public Debt should be at least eight years \pm 0.5 in the mid-term (this was seven point three years as of 31 December 2025).

Debt Service

Serbia's service payments in respect of Public Debt for the year ended 31 December 2025 totalled RSD 609.6 billion (compared to RSD 523.3 billion for the year ended on 31 December 2024).

The following table shows the historic Public Debt service payments with respect to principal and interest for the years ended as of 31 December 2021 to 2025:

	Year ended 31 December				
	2021	2022	2023	2024	2025
			(RSD billions)		
Principal Payments.....	314.6	342.8	523.7	345.8	423.3
Interest Payments ⁽¹⁾	106.8	105.3	146.5	177.5	186.4
Total	421.4	448.1	670.2	523.3	609.6

Source: Ministry of Finance

Notes:

(1) Interest payments include all commissions and discounts paid.

The following table shows the projected service payments with respect to principal and interest (before taking into account any payment obligations in respect of the issue of Notes described in this Base Offering

Memorandum) for the years 2026 to 2030 and for beyond the year 2030 based on the stock of Public Debt as of 31 December 2025:

	Years 2026 to 2030 and beyond 2030 ⁽¹⁾					
	2026	2027	2028	2029	2030	>2030
	<i>(RSD billions)</i>					
Principal Payments	671.8	562.5	583.3	411.1	343.6	2,042.2
Interest Payments.....	171.0	149.2	128.3	108.0	92.3	394.6
Total	842.8	711.7	711.6	519.1	435.9	2,436.8

Source: Ministry of Finance

Notes:

(1) This does not include future borrowings.

Bilateral and Multilateral Development Organisations

International Monetary Fund

A member of the IMF since 14 December 1992, Serbia commenced a Precautionary Arrangement with the IMF in February 2015 for SDR 935.4 million special drawing rights (“SDR”) (approximately EUR 1,222 million) to restore fiscal sustainability, bolster growth and boost financial sector resilience. The IMF completed the eighth and final review of Serbia’s economic performance under the Precautionary Arrangement in December 2017, and Serbia successfully completed the programme in February 2018. The IMF concluded that Serbia had made significant progress under the programme by reducing public debt and achieving a robust external position. However, the IMF cautioned that continued prudent policies and implementation of structural reforms, especially deeper institutional reforms, are critical to secure sustainable growth in the coming periods.

Following the conclusion of the Precautionary Arrangement, the IMF approved a 30-month PCI for Serbia in July 2018, aimed at maintaining macroeconomic and financial stability and advancing structural and institutional reforms to foster rapid and inclusive growth. The PCI does not involve the use of IMF financial resources. The first review under the PCI was completed in December 2018, the second review was completed in July 2019 alongside the consultation under Article IV of the IMF’s Articles of Agreement and the third review was completed in December 2019. This was followed by the fourth review which was completed in August 2020 and the fifth review which was conducted in October 2020 (with the final report published in January 2021).

On 18 June 2021, the IMF approved the 2021 PCI. The 2021 PCI builds on the previous PCI successfully completed in January 2021 and aims at supporting Serbia’s recovery from the COVID-19 pandemic, maintaining macroeconomic stability, and anchoring the medium-term fiscal policy framework, whilst pushing ahead with structural reforms to deliver a more inclusive and sustainable growth. In its report pursuant to the conclusion of Article IV consultation with Serbia on 18 June 2021, the IMF commented that Serbia had coped well with the COVID-19 pandemic, with fiscal policy appropriately focused on providing support to the economy and an accommodative monetary policy. However, the IMF also noted that high uncertainty surrounds Serbia’s prospects for an ongoing swift recovery and that further structural and institutional reforms are needed to underpin high, inclusive and greener growth, as well as accelerate income convergence with the EU.

The first review under the 2021 PCI was completed in December 2021, and the second review was concluded in June 2022. In the report published by the IMF in June 2022, pursuant to the second review under the 2021 PCI, it noted that the war in Ukraine and the resultant energy crisis has impacted the growth of Serbia and increased inflationary pressures amidst high uncertainty. It specifically recognised that Serbia near-term economic outlook remains highly uncertain as the downside risk are high, considering that the war in Ukraine could be potentially prolonged and add further pressures on energy and commodity prices, cause supply chain disruptions and lower external demand, as well as lead to continued production shortfalls in the energy sector.

On 2 November 2022, as part of the third review under the 2021 PCI, the IMF staff reached an agreement with Serbia on the SBA. The SBA was approved by the Executive Board of IMF on 19 December 2022. The SBA replaced the 2021 PCI and was built on the PCI reform agenda with appropriate modifications for recent policy challenges. Under the SBA, Serbia had access to SDR 1.9 billion, which was equivalent to approximately EUR 2.4 billion, which helped address the emerging external and fiscal financing needs of Serbia in the face of the challenging global economic environment and supported the Government’s macroeconomic policies and structural reform efforts, with a focus on the energy sector.

The first review of the SBA was completed in July 2023, the second review in December 2023, the third review in July 2024, and the fourth and final review in December 2024. Following the conclusion of the final review and cancellation of the SBA, the IMF approved a 36-month PCI with Serbia. It was recognised by the IMF that, under the SBA, Serbia pursued ambitious reforms, helping achieve strong macroeconomic outcomes and a first ever investment grade rating in October 2024. The first review of the PCI was completed in July 2025 and the second review was completed in December 2025.

In a report published in December 2025, the IMF indicates that Serbia's growth has slowed amidst rising domestic and external headwinds. It predicted Serbia's growth to reach 2 per cent. in 2025 and 3 per cent. in 2026. The report acknowledged that prudent macroeconomic policies and strong buffers are helping Serbia navigate this challenging period, fiscal discipline is being strictly maintained, and monetary policy remains cautious, preserving policy credibility. It was also recognised that, under the PCI, Serbia is advancing key structural reforms, including in public financial and investment management and energy sector.

Export-Import Bank of China

As of 31 December 2025, the total amount of outstanding debt under Export-Import Bank of China loans was EUR 2.8 billion, which is fully comprised of direct liabilities.

The funds disbursed under the loans from Export-Import Bank of China are mainly used to finance infrastructure projects managed by Electric Power Industry of Serbia, Roads of Serbia and Railways of Serbia.

International Bank for Reconstruction and Development ("IBRD")

In May 2022, the World Bank endorsed a new five-year Country Partnership Framework for Serbia for the period 2022-2026 (the "2022 CPF") which focuses on greener and resilient growth. In particular, the 2022 CPF aims to support Serbia in strengthening its institutions through two high level objectives by achieving: (i) resilient, green growth and (ii) more inclusive service delivery.

The outstanding debt to the IBRD as of 31 December 2025 was EUR 2.3 billion.

European Bank for Reconstruction and Development

As of 31 December 2025, the total amount of outstanding debt under EBRD loans was EUR 618 million, of which EUR 213 million comprised direct liabilities. The funds disbursed under EBRD loans are mainly used to finance infrastructure projects managed by Electric Power Industry of Serbia, Electric Networks of Serbia, Roads of Serbia and Railways of Serbia.

European Investment Bank

As of 31 December 2025, the total amount of outstanding debt under EIB loans was EUR 1.87 billion, of which EUR 1.55 billion comprised direct liabilities. The funds disbursed are mainly used to finance projects involving the construction and improvement of schools, hospitals, research centres, roads and railways.

Paris Club

As of 31 December 2025, the total amount of outstanding liabilities to Paris Club creditors was EUR 290 million (RSD 34 billion).

London Club

As of 31 December 2025, there were no outstanding liabilities to London Club creditors.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Offering Memorandum and is subject to any change in law that may take effect after such date.

Serbian Taxation

The following is a general summary of the Serbian tax consequences as at the date hereof in relation to payments made under the Notes and in relation to the sale or transfer of Notes. It is not exhaustive and purchasers are urged to consult their professional advisers as to the tax consequences of them holding or transferring Notes.

Tax Implications for Non-Residents of Serbia

Under existing Serbian laws and regulations, payments of principal and interest on the Notes to any individual or legal entity which is not resident or incorporated in Serbia will not be subject to taxation in Serbia and no withholding of any Serbian tax will be required on any such payments. In addition, Noteholders will not be subject to taxation in respect of any capital gains (determined as the difference between the sale price and the acquisition price) realised on the transfer outside the territory of Serbia of any Notes between non-residents.

Tax Implications for Residents of Serbia

Payments of interest under the Notes to any individual (natural person) who is resident in Serbia will not be subject to taxation and any such Noteholder will also not be subject to taxation in respect of any capital gains realised on the transfer of any Notes. Similarly, Noteholders which are legal entities resident in Serbia will not be subject to taxation in respect of any capital gains realised on the transfer of any Notes.

Additional Amounts Payable under the Notes

In the event that a payment of interest in respect of the Notes is subject to withholding or deduction for any Serbian taxation pursuant to Condition 12 (**Taxation**) of the Notes, the Issuer has agreed to pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, subject only to certain exceptions set out in the relevant Condition.

United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Notes by a holder thereof. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme and only applies to Notes held as capital assets for U.S. federal income tax purposes (generally, held for investment). It does not address any aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt entities, retirement plans, former citizens or long-term residents of the United States, dealers or traders in securities or currencies or to holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, investors using the accrual method of accounting for U.S. federal income tax purposes and who are required to recognise income for such purposes no later than when such income is taken into account in an applicable financial statement, U.S. citizens or lawful permanent residents living abroad, persons holding the Notes in connection with a trade or business outside the United States or U.S. Holders (as defined below) that have a functional currency other than the U.S. Dollar. This summary does not address any differing U.S. federal income tax consequences that may apply to holders that acquire Notes and hold outstanding indebtedness that is repaid or redeemed (including via repurchase) substantially concurrently in connection with the offering of Notes, and such holders should consult their own tax advisers regarding the consequences of the concurrent acquisition and repayment or redemption in their particular circumstances. Moreover, this summary does not

address the U.S. state and local tax, federal estate and gift tax, Medicare contribution tax or alternative minimum tax consequences of the acquisition, ownership or retirement of Notes and does not address the U.S. federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at their initial “issue price”, as defined in “–U.S. Holders – Original Issue Discount” below.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as at the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations, which could affect the tax consequences described herein. Any special U.S. federal income tax considerations relevant to a particular issue of the Notes may be provided in the relevant Final Terms or applicable supplement.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) an individual citizen or resident of the United States; (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control. If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to the consequences of acquiring, owning or disposing of Notes.

A Non-U.S. Holder is a beneficial owner of the Notes other than a U.S. Holder or a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

Prospective investors should consult their own tax advisers with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of Notes.

U.S. Holders

Interest

Except as set forth below, interest (including “qualified stated interest” as defined under “–Original Issue Discount” below) paid on a Note, whether payable in U.S. Dollars or a currency other than U.S. Dollars (a “foreign currency”), including taxes withheld (if any) and any additional amounts paid with respect thereto, will be includible in a U.S. Holder’s gross income as ordinary interest income in accordance with the U.S. Holder’s usual method of tax accounting. In addition, interest on the Notes will generally be treated as foreign source income for U.S. federal income tax purposes and generally will be treated as “passive category income” for U.S. foreign tax credit purposes. The creditability of non-U.S. income taxes is subject to limitations, including some that vary depending on a U.S. Holder’s circumstances. In addition, certain U.S. Treasury Regulations (the “Foreign Tax Credit Regulations”) require non-U.S. income tax laws to meet certain additional requirements in order for taxes imposed under such laws to be eligible for credit. The Issuer has not determined whether these requirements have been met with respect to Serbian withholding taxes. However, notices from the Internal Revenue Service (“IRS”) provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the Foreign Tax Credit Regulations as they previously existed (i.e., before the release of the current Foreign Tax Credit Regulations) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Prospective purchasers of Notes should consult their own tax advisers concerning the applicability of foreign tax credit and source of income rules attributable to the Notes if Serbian taxes are imposed.

Foreign Currency Denominated Stated Interest

Any interest paid in a foreign currency will be included in the gross income of a U.S. Holder in an amount equal to the U.S. Dollar value of the foreign currency, including the amount of any applicable withholding tax thereon and any additional amounts paid with respect thereto, regardless of whether the foreign currency is converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such

U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within each taxable year), or, at the accrual basis U.S. Holder's election, at either the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year) or the spot rate on the date of receipt, if that date is within five days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognise foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date the payment is received differs from the rate applicable to an accrual of that interest.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the "**pre-issuance accrued interest**"), a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest may be treated as a nontaxable return of the pre-issuance accrued interest. This discussion assumes that the first interest payment on Notes with pre-issuance accrued interest will be so treated, and references to interest elsewhere in this discussion exclude pre-issuance accrued interest. This discussion assumes that in determining the issue price of a Note, there will be excluded an amount equal to the pre-issuance accrued interest. Pre-issuance accrued interest not included in income should not form part of any amortisable bond premium (as described below under "*Notes Purchased at a Premium*"). A U.S. Holder's tax basis in a Note will be reduced by any nontaxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest, including in the case of foreign currency Notes, the potential recognition of exchange gain or loss upon receipt of amounts otherwise treated as a nontaxable return of pre-issuance accrued interest.

Original Issue Discount

U.S. Holders of Notes issued with an original issue discount ("**OID**") will be subject to special tax accounting rules, as described in greater detail below. U.S. Holders of Notes issued with an OID (including cash basis taxpayers) should be aware that, as described in greater detail below, they generally must include such OID in income for U.S. federal income tax purposes on an economic accrual basis, in advance of the receipt of cash attributable to that income. Notes issued with an OID will be referred to as "Original Issue Discount Notes". Solely for the purposes of determining for U.S. federal income tax purposes whether a Note has OID and the yield and maturity of a Note, the Issuer may, under certain circumstances, be deemed to exercise any call option that has the effect of decreasing the yield on the Note and the U.S. Holder may, under certain circumstances, be deemed to exercise any put option that has the effect of increasing the yield on the Note. If it was deemed for these purposes that any such option would be so exercised but it is, in fact, not exercised, then the Note would be treated, solely for purposes of determining yield and maturity, as if it were retired and then reissued on the deemed exercise date for an amount equal to its adjusted issue price on that date. The relevant Final Terms will so state when the Issuer determines that a particular Note will be an Original Issue Discount Note.

The following discussion does not address the U.S. federal income tax consequences of an investment in contingent payment debt instruments. In the event the Issuer issues contingent payment debt instruments the relevant Final Terms or a supplement to this Base Offering Memorandum will describe the material U.S. federal income tax consequences thereof.

Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. Dollar are described in "*Foreign Currency Discount Notes*" below.

For U.S. federal income tax purposes, a Note, other than a Note with a term of one year or less, will be treated as an Original Issue Discount Note if the excess of the Note's "stated redemption price at maturity" over its "issue price" equals or exceeds a *de minimis* amount (i.e. 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). The "stated redemption price at maturity" of a Note is the sum of all payments required to be made on such Note other than

“qualified stated interest” payments. The “issue price” of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, agent or wholesaler or similar persons or organisations acting in the capacity of an underwriter, broker, agent or wholesaler). The term “qualified stated interest” means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually (with certain exceptions for certain first or final interest payments) at a single fixed rate or, subject to certain conditions, based on one or more interest indices. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Notice will be given in the relevant Final Terms when it is determined that a particular Note will bear interest that is not qualified stated interest.

In the case of a Note issued with *de minimis* OID, the U.S. Holder generally must include such *de minimis* OID in income as stated principal payments on the Notes are made in proportion to the amount relative to the to the stated principal amount of the Note. Any amount of *de minimis* OID that has been included in income will be treated as capital gain.

U.S. Holders of Original Issue Discount Notes with a maturity upon issuance of more than one year must, in general, include OID in income on a constant yield method in advance of the receipt of some or all of the related cash payments. Under this method, the amount of OID includible in income by the initial U.S. Holder of an Original Issue Discount Note is the sum of the “daily portions” of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note (“**accrued OID**”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. The “accrual period” for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The “adjusted issue price” of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

In the case of an Original Issue Discount Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will be determined solely for purposes of calculating the accrual of OID as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index or if the principal amount of the Note is indexed in any manner. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant Final Terms and should consult their own tax advisers regarding the U.S. federal income tax consequences of the holding and disposition of such Notes.

Certain of the Notes may be redeemed prior to their maturity. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Final Terms and should consult their own tax advisers with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

Election to Treat All Interest as OID

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as

adjusted by any amortisable bond premium or acquisition premium. U.S. Holders should consult their own tax advisers about this election.

Short-Term Notes

In the case of Notes having a term of one year or less (“**Short-Term Notes**”), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of any stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-Term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price. In general, individuals and certain other cash method U.S. Holders of a Short-Term Note are not required to include accrued discount in their income currently unless they elect to do so (but will generally be required to include any stated interest in income as it is received). U.S. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short-Term Notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realised on the sale, exchange or retirement of the Short-Term Note will generally be ordinary income to the extent of the discount accrued through the date of sale, exchange or retirement. In addition, a U.S. Holder that does not elect to include currently accrued discount in income will generally be required to defer deductions for all or a portion of the U.S. Holder’s interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note at a “premium”. A U.S. Holder generally may elect to amortise the premium over the remaining term of the Note on a constant yield method as an offset to interest when includible in income under the U.S. Holder’s regular accounting method for U.S. federal income tax purposes. Special rules may limit the amortisation of bond premium with respect to Notes subject to early redemption. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency and amortisable bond premium will reduce interest income in units of the foreign currency. At the time amortised bond premium offsets interest income, foreign currency gain or loss (taxable as ordinary income or loss) is measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognised on disposition of the Note.

Foreign Currency Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined for any accrual period in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under “*–Foreign Currency Denominated Stated Interest*” above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt or on the date of disposition of the Note) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Benchmark Replacement

It is possible that a Benchmark Replacement could be treated as a significant modification of Notes held by a U.S. Holder. In such event, for U.S. federal income taxes purposes, such Notes would be treated as having been exchanged for new Notes (a “**deemed exchange**”). In addition, such new Notes may be treated as being issued with OID. However, recently released Treasury Regulations generally increase the number of circumstances in which the modification of the terms of a debt instrument to replace an IBOR-referencing rate will be a “covered

modification” and thus will not be treated as a taxable deemed exchange for U.S. federal income tax purposes. Prospective investors in the Notes are urged to consult with their tax advisers regarding the potential applicability of these rules to their particular situations.

Sale, Exchange or Retirement

A U.S. Holder’s tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by the amount of any OID included in the U.S. Holder’s income with respect to the Note and reduced by (i) the amount of any payments on the Note that are not qualified stated interest and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. Dollar cost of a Note purchased with a foreign currency generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement (less any accrued, but unpaid stated interest, which will be taxable as ordinary interest income) and the U.S. Holder’s adjusted tax basis of the Note. The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale, exchange or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale, exchange or retirement. Gain or loss recognised on the sale, exchange or retirement of a Note (other than gain or loss that is attributable to OID, or to changes in exchange rates, which will be treated as ordinary income or loss) will be capital gain or loss and will be long term capital gain or loss if the Note was held for more than one year. The deductibility of capital losses is subject to limitations. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss. A U.S. Holder will recognise foreign currency gain or loss on the principal amount of the Note equal to the difference between (i) the U.S. Dollar value of the U.S. Holder’s purchase price for such Note determined at the spot rate on the date of sale, exchange or retirement and (ii) the U.S. Dollar value of the U.S. Holder’s purchase price for the Note determined at the spot rate on the date the U.S. Holder acquired the Note. However, foreign currency gain or loss (including with respect to accrued and unpaid interest) is taken into account only to the extent of total gain or loss realised on the transaction. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note generally will be U.S.-source income or loss. Prospective investors should consult their tax advisers as to the foreign tax credit implications of such sale, exchange or retirement of Notes.

Sale or Other Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. Dollar value at the time such interest is received or at the time of such sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. Dollars) will be U.S.-source ordinary income or loss.

Multi-Currency Notes

U.S. Holders of Notes that are denominated in more than one currency or that have one or more non-currency contingencies and are denominated in either one foreign currency or more than one currency will be subject to special rules applicable to “multi-currency debt securities”. A U.S. Holder generally would be required to apply the “noncontingent bond method” in the multi-currency debt security’s denomination currency, which, for this purpose, would be the multi-currency debt security’s predominant currency as determined by the Issuer. A description of the principal U.S. federal income tax considerations relevant to holders of multi-currency Notes, including specification of the predominant currency, will be set forth, if required, in the relevant Final Terms or applicable supplement.

Other Notes

A description of the principal U.S. federal income tax considerations relevant to U.S. Holders of any other type of Note that the Issuer may issue under the Programme will be set forth, if required, in the relevant Final Terms or in a supplement to this Base Offering Memorandum.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in “reportable transactions” (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisers as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Foreign Financial Asset Reporting

Individuals and, to the extent provided by the U.S. Secretary of the Treasury in regulations or other guidance, certain domestic entities that hold an interest in a “specified foreign financial asset” are required to attach certain information regarding such assets to their income tax return for any year in which the aggregate value of all such assets exceeds the relevant threshold. A “specified foreign financial asset” includes any debt or equity of a non-U.S. entity, to the extent not held in an account at a financial institution, though accounts at non-U.S. financial institutions may themselves be “specified foreign financial assets”. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Holders are advised to consult their tax advisers regarding the potential reporting requirements that may be imposed on them by this legislation with respect to their ownership of the Notes.

Non-U.S. Holders

Under U.S. federal income tax law currently in effect, subject to the discussion below under “–U.S. Backup Withholding and Information Reporting”, payments of interest (including OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless such interest is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if a treaty applies, such payment is attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States).

Subject to the discussion below under “–U.S. Backup Withholding and Information Reporting”, any gain realised by a Non-U.S. Holder upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if a treaty applies, such payment is attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States), or (ii) in the case of any gain realised by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met. Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of owning Notes.

U.S. Backup Withholding and Information Reporting

Information reporting requirements apply to certain payments on the Notes of interest and accrued OID and to proceeds of the sale, exchange or retirement of Notes made within the United States or through certain U.S. paying agents, U.S. intermediaries or U.S.-related brokers, to certain holders of Notes (other than an “**exempt recipient**”). The payor will be required to backup withhold on such payments (including payments of the accrued OID) to a holder of a Note that is a U.S. person, other than an exempt recipient, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments of principal and interest, as well as accruals and payments of OID, as applicable, to a Non-U.S. Holder will not be subject to backup withholding and information reporting requirements if an appropriate certification is provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certification is incorrect. Backup withholding is not an additional tax. The amount of any backup withholding from a payment generally be allowed as a credit against a holder’s federal income tax liability or may entitle the holder to a refund, provided that the required

information is timely furnished to the IRS. The backup withholding rate under current law is 24 per cent. Holders of Notes should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission has published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transaction tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal is very broad in scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution and at least one party is established in a Participating Member State. A financial institution may be, or may be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a Participating Member State, or (ii) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT

Book Entry Procedures for the Global Notes

For each Series evidenced by a Restricted Global Note which is held by or on behalf of DTC, custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross market transfers of the Notes associated with secondary market trading. See “– *Book Entry Ownership*” and “– *Settlement and Transfer of Notes*”.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in Restricted Global Notes directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the relevant Restricted Global Notes as to which such Participant or Participants has or have given such direction. However, in the circumstances described under “*Exchange for Definitive Note Certificates*”, DTC will surrender the relevant Restricted Global Notes for exchange for individual Restricted Definitive Note Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book Entry Ownership

A Global Note representing the Notes will have an ISIN and a Common Code and (except for a Restricted Global Note held by or on behalf of DTC) will be registered in the name of a nominee for, and deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855 Luxembourg.

DTC

The Restricted Global Note representing Restricted Notes of any Series, unless otherwise specified in the applicable Final Terms, and unless held through Euroclear or Clearstream, Luxembourg, will have a CUSIP number and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system as the holder of a Note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg, DTC or such clearing system (as the case may be) for its share of each payment made by the Issuer to the holder of the Global Notes, and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such clearing system (as the case may be).

The Issuer expects that, upon receipt of a payment in respect of Notes evidenced by a Global Note, the Common Depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or account holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of the beneficial interests in any Global Note held through such Direct Participant in any clearing system will be governed by standing instructions and customary practices.

Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and such obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note, in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any Paying Agent will have responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within a clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for Definitive Note Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements amongst them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Restricted Global Note which is held by or on behalf of DTC to

pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Trading Between Euroclear and Clearstream, Luxembourg Participants

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading Between DTC Participants

Secondary market sales of book entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement system in same day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading Between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Restricted Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in an Unrestricted Global Note (subject to the certification procedures provided in the Fiscal Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Restricted Global Note will instruct the relevant Registrar to decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Note of the relevant class and increase the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Note. Book entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading Between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Restricted Global Note (subject to the certification procedures provided in the Fiscal Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depository for Euroclear and Clearstream, Luxembourg and the relevant Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depository for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Restricted Global Note who will in turn deliver such book entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the relevant Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by an Unrestricted Global Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by a Restricted Global Note.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes amongst participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent or any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their

respective Direct Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Pre Issue Trades Settlement

It is expected that the delivery of Notes will be made against payment therefor on the relevant closing date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two days prior to the relevant closing date will be required, by virtue of the fact that the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the relevant closing date should consult their own advisers.

TRANSFER RESTRICTIONS

The Notes are being sold in the United States only to qualified institutional buyers within the meaning of and in reliance on Rule 144A. Because of the following restrictions, purchasers of Notes sold in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

The Issuer is a foreign government as defined in Rule 405 under the Securities Act and is eligible to register securities on Schedule B of the Securities Act. Therefore, the Issuer is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

Each prospective purchaser of Notes in reliance on Rule 144A (a “**144A Offeree**”), by accepting delivery of this Base Offering Memorandum, will be deemed to have represented, agreed and acknowledged as follows:

- (i) such 144A Offeree acknowledges that this Base Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Base Offering Memorandum, or disclosure of any of its contents to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.
- (ii) such 144A Offeree agrees to make no photocopies of this Base Offering Memorandum or any documents referred to herein.

Each purchaser of Restricted Notes within the United States, by accepting delivery of this Base Offering Memorandum, will be deemed to have represented, agreed and acknowledged as follows (terms used herein that are defined in Rule 144A or in Regulation S are used herein as defined therein, as applicable):

- (a) the purchaser of the Notes (i) is a QIB, (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware, and each beneficial owner of such Notes has been advised, that the sale of the Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account;
- (b) the purchaser understands that such Restricted Notes are being offered or sold only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Restricted Notes have not been and will not be registered under the Securities Act or any other applicable State securities laws, the purchaser acknowledges that such Restricted Note is a “restricted security” (as defined in Rule 144(a)(3) under the Securities Act) and that (i) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Restricted Notes, such Restricted Notes may be offered, sold, pledged or otherwise transferred only (A) in the United States to a person that the seller reasonably believes is a QIB purchasing for its own account, or for the account or benefit of a QIB, in a transaction meeting the requirements of Rule 144A whom the seller has notified, in each case, that the offer, resale, pledge or other transfer is being made in reliance on Rule 144A, (B) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (D) to the Issuer or an affiliate of the Issuer (upon redemption thereof or a similar transaction); in each case in accordance with any applicable securities laws of any state of the United States and (ii) no representation can be made as to the availability at any time of the exemption provided by Rule 144 for the resale of the Restricted Notes;
- (c) the purchaser understands that such Restricted Notes, unless the Issuer and the relevant Registrar determine otherwise in compliance with Applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY

AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “**QIB**”), THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

THIS NOTE AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE REALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT;

- (d) it acknowledges that, prior to any transfer of Definitive Note Certificates or of beneficial interests in the Global Notes, the holder of Definitive Note Certificates or the holder of beneficial interests in Global Notes, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Fiscal Agency Agreement; and
- (e) the Issuer, the Arranger, the Dealers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in the Dealer Agreement dated 6 June 2024 (the “**Dealer Agreement**”), as amended or supplemented from time to time (including, if applicable, by any Subscription Agreement in relation to any issue of Notes under the Programme), between the Issuer and the Permanent Dealers, from time to time the Notes will be offered by the Issuer to the Permanent Dealers and the Permanent Dealers may agree to purchase such Notes. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are either jointly and severally or severally (and not jointly), as the case may be, underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they made to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche.

The Dealers are entitled in certain circumstances to be released and discharged from their obligations under any agreement they make to subscribe Notes prior to the closing of the issue of the Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the issuance of the Notes may not be completed. Investors will have no rights against the Issuer or Dealers in respect of any expense incurred or loss suffered in these circumstances.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and, subject to certain exceptions, may not be offered or sold within the United States.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that except as permitted by the Dealer Agreement it will offer the Notes for resale in the United States initially only to persons who they reasonably believe to be QIBs in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States in accordance with Regulation S. The Dealer Agreement provides that Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

An offer or sale of Notes within the United States by a Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A, or another available exemption from registration under the Securities Act.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than a year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes

other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Memorandum as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”) and any rules made under the SFO.

Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. Each Dealer has represented and agreed and each Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other

than in compliance with applicable securities laws of any province or territory of Canada. Each Dealer has agreed and each Dealer appointed under the Programme will be required to agree that it will offer, sell or distribute the Notes only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer, sale or distribution is made. Each Dealer has also represented and agreed and each Dealer appointed under the Programme will also be required to represent and agree that it has not and will not distribute or deliver this Base Offering Memorandum, or any other offering material in connection with any offering of Notes, in Canada other than in compliance with applicable securities laws.

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

In relation to offers of Notes in the provinces of Alberta, British Columbia and Ontario only, pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offerings of the Notes contemplated in this Base Offering Memorandum as completed by the Final Terms in relation thereto.

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because the Notes will have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Base Offering Memorandum does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes contemplated in this Base Offering Memorandum completed by the Final Terms in relation thereto.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of any of the Notes, or possession or distribution of this Base Offering Memorandum or any other offering materials or any final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed (and each further Dealer appointed under the Programme will be required to agree) that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Offering Memorandum, any other offering material or any Final Terms (in all cases at its own expense) and neither the Issuer nor any other Dealer shall have responsibility therefor. Other persons into whose hands this Base Offering Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or form which they purchase, order, sell or deliver Notes or possess, distribute or publish this Base Offering Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

GENERAL INFORMATION

1. Admission to Trading

It is expected that each Tranche which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the Market will normally be effected for delivery on the second working day after the day of the transaction.

2. Clearing of the Notes

It is expected that the Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg and/or DTC. Where relevant, the appropriate common code and the International Securities Identification Number and/or (where applicable) the CUSIP number in relation to each Series will be specified in the Final Terms relating thereto. The relevant Final Terms will specify any other clearing system as shall have accepted the Notes for clearance together with any further appropriate information.

3. Authorisations

The establishment of the Programme was authorised and approved pursuant to the Conclusions (*zaključci*) of the Government of Serbia dated 5 November 2020 and 19 November 2020, whilst the update of the Programme was authorised and approved pursuant to the Conclusions (*zaključci*) of the Government of Serbia dated 2 April 2026 and 27 April 2026. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with any future update of the Programme and the issue and performance of any Notes issued under the Programme from time to time.

4. No significant change

Save as disclosed in the “Overview”, “Risk Factors”, “Description of Serbia”, “Economy of Serbia”, “External Sector”, “Monetary System”, “Public Finance” and “Public Debt” sections of this Base Offering Memorandum, there has been no significant change in the tax and budgetary systems, gross Public Debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Issuer since 31 December 2025.

5. Litigation

There are no, nor have there been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 months preceding the date of this Base Offering Memorandum, which may have, or have had in the recent past, significant effects on the financial position of the Issuer.

6. Documents available for inspection

For so long as Notes may be issued pursuant to this Base Offering Memorandum, and for so long as any Notes remain outstanding under the Programme thereafter, the following documents will be available at the Issuer’s website at <http://www.javnidug.gov.rs/eng/default.asp?P=101>:

- (a) the Budgets of Serbia, including any supplementary Budgets, for the fiscal years, 2019, 2020, 2021, 2022, 2023, 2024 and 2025;
- (b) the Fiscal Agency Agreement;
- (c) the Deed of Covenant;
- (d) each Final Terms (save that Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note at the Specified Office of the Fiscal Agent and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of such Note and identity); and

(e) this Base Offering Memorandum and any supplements thereto.

This Base Offering Memorandum is and, the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be, published on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

7. **Third Party Information**

The Issuer confirms that where information included in the Base Offering Memorandum has been sourced from a third party the source is identified, and that information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

8. **Dealers Transacting with the Issuer**

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients or as principal in order to manage their exposure, their general market risk or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Dealers and/or their respective affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates routinely hedge their credit exposures to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer may apply all or part of the proceeds of any Notes issued pursuant to the Programme in repayment of all or part of any credit facilities extended by any Dealer(s) to the Issuer pursuant to the arrangements described above.

9. **Information on websites**

Except where such information has been incorporated by reference into this Base Offering Memorandum, the contents of the Issuer's website, any website mentioned in this Base Offering Memorandum or any website directly or indirectly linked to these websites have not been verified and do not form part of this Base Offering Memorandum and investors should not rely on such information.

THE ISSUER

The Republic of Serbia
(represented by the Government of the Republic of Serbia, acting by and through the Ministry of Finance)

20 Kneza Milosa Street
11000 Belgrade
Republic of Serbia

Public Debt Administration, Ministry of Finance, Republic of Serbia

Balkanska 53
11 000 Belgrade
Republic of Serbia

ARRANGER AND DEALER

Deutsche Bank Aktiengesellschaft

Taunusanlage 12
60325 Frankfurt am Main
Germany

DEALERS

BNP PARIBAS

16, boulevard des Italiens
75009 Paris
France

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

UniCredit Bank GmbH

Arabellastraße 12
81925 Munich
Germany

FISCAL AGENT, FX AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

Deutsche Bank AG, London Branch

21 Moorfields
London EC2Y 9DB
United Kingdom

EUROPEAN REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

2, Boulevard Konrad Adenauer
L-1 115 Luxembourg

U.S. PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Deutsche Bank Trust Company Americas

1 Columbus Circle, 4th Floor
New York, NY 10019
United States of America

LEGAL ADVISERS

*To the Issuer as to
English and U.S. law*

White & Case LLP

5 Old Broad Street
London EC2N 1DW
United Kingdom

*To the Issuer
as to Serbian law*

Ministry of Justice

Nemanjina 22-26
11000 Belgrade
Serbia

*To the Arranger and Dealers
as to English and U.S. law*

Linklaters LLP

20 Ropemaker Street
London EC2Y 9AR
United Kingdom

*To the Arranger and Dealers
as to Serbian law*

Moravčević Vojnović i partneri AOD in co-operation with Schoenherr

6-8 Bulevar Vojvode Bojovica
11000 Belgrade Serbia