



National Bank of Serbia

# **Macroeconomic Developments and Financial Sector Movements in Serbia**

**March 2026**

- The average inflation in 2025 was 3.8% and in December it amounted 2.7%. Since the beginning of this year, inflation has slowed down further and is hovering around 2.5%. According to our February projection, we expect inflation to continue to move within the target range of  $3 \pm 1.5\%$  this year, as well as in the medium term, with it being around the central value of the target by September this year, and then, due to the low base effect, primarily in food prices, it will amount to around 4% by the end of this year. We expect inflation to move at a similar level, i.e. slightly below 4%, in the year 2027.
- According to the SORS data, real GDP growth in Q4 2025 amounted to 2.2% y/y and thus real GDP in whole 2025 amounted to 2.0%. Our February GDP growth projection for 2026 stands at 3.5%, while a further acceleration to 5.0% is projected for 2027, the year in which the specialized international exhibition “Expo” will be held.
- In 2025, the current account deficit amounted to EUR 4.3 billion, i.e. 4.9% of GDP. High growth in 2025 was also recorded by exports of goods and services (7.6%) and imports (7.4%). This year, the share of the current account deficit in GDP will be at a slightly higher level (5.4%), driven by investment needs and growth in disposable income, and then in 2027, as a result of higher exports of services due to the EXPO, it will be reduced to about 4.0%.
- Thanks to production and geographical diversification and predominantly export-oriented investments, Serbia's exports of goods showed resilience despite the decline in demand from the EU and the region, and in 2025 grew at rate of 8.7%, led by exports of the manufacturing industry (19 out of 23 branches recorded growth), where exports of branches related to the automotive industry stand out in particular.
- Foreign exchange reserves amounted to EUR 29.8 billion at the end of February 2026 and were significantly above the criteria determining their adequacy, with the share of gold reaching a record of 25%.
- Formal employment decreased by 0.3% y/y in January 2026 (decrease of about 7 thousand persons). According to the Labor Force Survey, the unemployment rate in Q4 2025 was 8.9%, the employment rate was 50.5%, with a participation rate (age 15-64) of 72.7%. Real average wage growth in the year 2025 was 7.4%.
- In 2025, the general government budget recorded a deficit 2.4% of GDP, with maintained high level of capital expenditures (6.9% of GDP). In January 2026, general government fiscal deficit amounted to RSD 41.7 billion. The downward trajectory of public debt share in GDP also continued to 41.6% for the general government at the end of January 2026 (central government 41.3% of GDP) and was lower by 3.1 pp compared to the end of 2025, thanks to higher nominal GDP for 2026 and lower original currencies debt.
- The National Bank of Serbia kept the key policy rate unchanged at 5.75% in March, considering the current and expected inflation in the coming period, as well as the factors influencing its movement. The Executive Board emphasized that it would continue to pursue a cautious monetary policy, primarily taking into account that geopolitical tensions and conflicts in the Middle East are affecting the growth of world prices of energy and other primary products, uncertainty indicators, while due to the unpredictable scope and duration of this supply-side shock, it is difficult to assess its effects on inflation.
- Banking sector stability has been preserved - the NPL indicator in December 2025 was at historical minimum of 2.11%.

# Inflation in February stands at 2.5% y/y; Inflation Expectations Anchored Within the Target Range of $3 \pm 1.5\%$

Chart 1 CPI developments

(y/y rates, %) and contributions (pp)

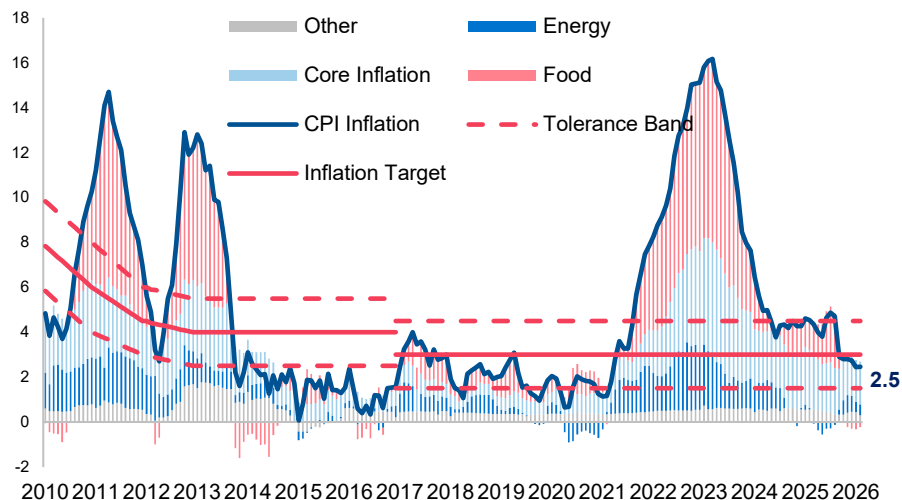
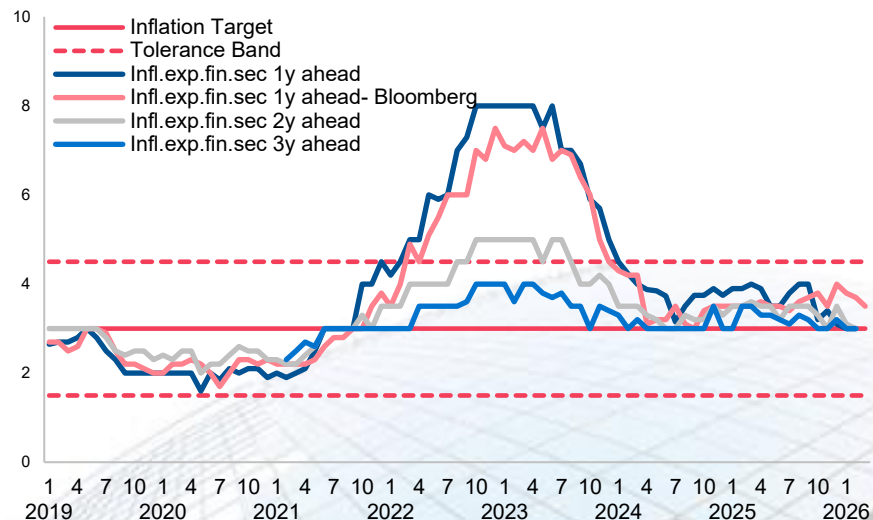


Chart 2 Inflation expectations of financial sector

(%)

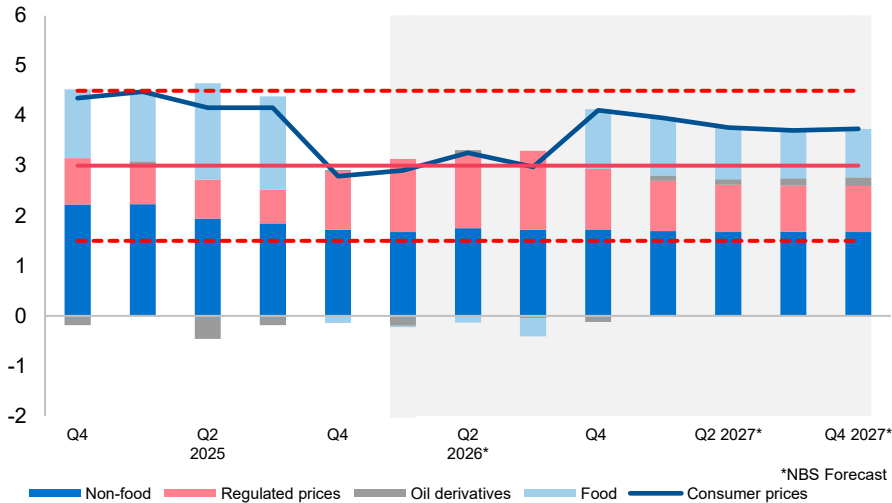


- The average inflation in 2025 was 3.8% (December 2.7%).
- Inflation has slowed further since the beginning of this year, moving around the level of 2.5% y/y in January and February.
- Compared with the end of 2025, the contributions of processed food prices and petroleum product prices decreased (by 0.3 pp each), while the increase in the contribution of vegetable prices acted in the opposite direction.
- The implementation of the Decree limiting wholesale and retail margins to 20% has had an impact on the dynamics of food price growth, whose y/y growth has been in negative territory since November (-0.7% y/y in February).

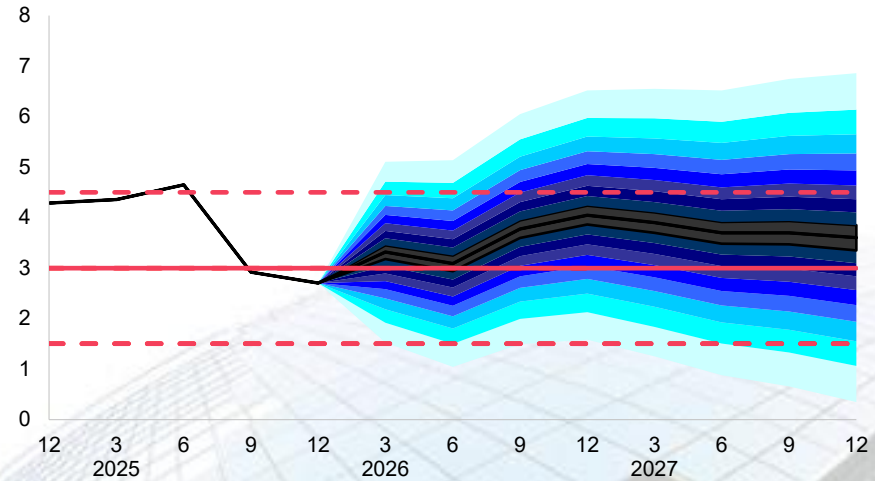
- Core inflation has been relatively stable at around 4% since late 2025 and in February amounted to 4.2%, with around 80% of the contribution coming from service prices.
- Since the beginning of 2024, financial sector inflation expectations have been anchored within the target range and in February 2026, according to Ninamedia survey, stood at 3.0% a year ahead, while expectations according to the March Bloomberg survey were 3.5% (in February 3.7%).
- Medium-term financial sector expectations in the past year range from 3.0% to 3.5%.

# According To February Projection Inflation Will Remain Within the Target Tolerance Band by the End of the Projection Period

**Chart 3 Inflation projection** (February 2026 IR)  
(average y/y rates in % per quarter and contributions in pp)



**Chart 4 Inflation projection** (February 2026 IR)  
(y/y rates, in %)



- Y/y inflation will continue to move around the central value of the target until September 2026, and after that, due to the low base from September 2025 (when the regulation on margin limitation came into force), inflation will move around the level of 4%.
- The continued restrictive monetary policy, low cost-pressures from the international environment and low import inflation, as well as the arrival of a new agricultural season, assuming it is average, will have a disinflationary effect. The growth of real wages will act in the opposite direction, but on this basis, no greater inflationary pressures are expected, as well as the termination of the regulation, with the enactment of an appropriate legal framework that will improve market regulation and prevent the emergence of unfair trade practices, will contribute to preventing trade margins from returning to the level before the enactment of the regulation.

- Core inflation should remain relatively stable, at around 4.0% throughout the projection horizon.
- The risks to the projection largely relate to geopolitical tensions, exacerbated by the outbreak of conflict in the Middle East, which will affect the movement of energy prices, other primary, and thus global inflation. In addition, current global developments may further affect supply chains, investment and consumer confidence, as well as flows of goods and capital, which were already under pressure due to the strengthening of protectionism in the world's largest economies even before the outbreak of the latest crisis.
- Among domestic risks, key factors include the characteristics of the upcoming agricultural season and the pace of domestic demand growth.

# Despite the Challenges in the Manufacturing Industry, We Expect the Positive Dynamics of Real GDP Growth to Remain in Q1

Chart 5 Contributions to the GDP growth rate, production side  
(y/y rates in % and contributions to growth, in pp)

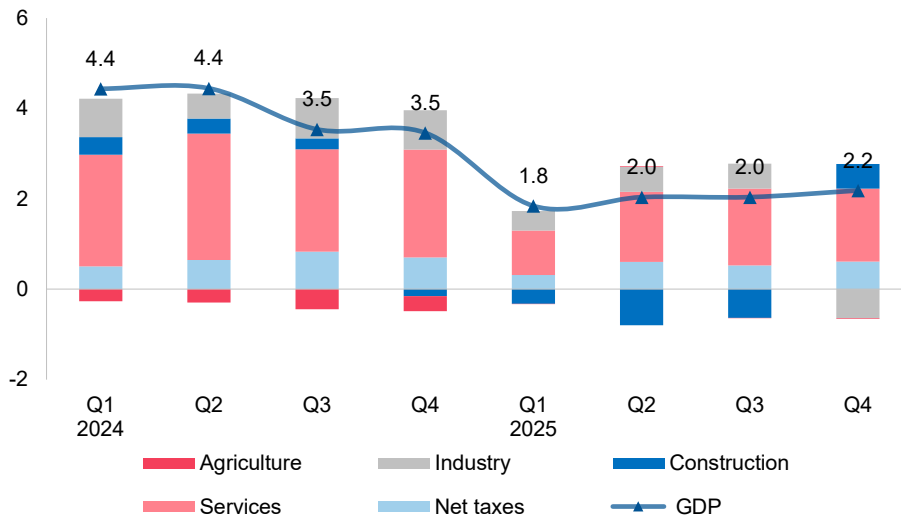


Table 1 Movements of some macroeconomic indicators  
(y/y rates in %)

	2025				2026
	Q1	Q2	Q3	Q4	January
Industrial production	2.4	2.9	2.8	-3.8	-9.1
- Mining	4.9	3.1	6.6	4.2	-2.3
- Manufacturing	3.8	3.8	1.5	-4.3	-12.4
- Energy sector	-5.7	-1.7	9.2	-5.9	-0.8
Retail trade	1.6	3.8	3.2	8.0	5.5
Tourist arrivals	-0.2	-4.3	0.1	-3.2	0.1
Import of consumer goods	17.6	9.3	9.1	1.7	-8.3
Values of work done	-5.3	-16.1	-12.3	10.6	-

- According to SORS data, real GDP growth in Q4 2025 amounted to 2.2% y/y, while real GDP growth in 2025 amounted to 2.0%.
- The slight acceleration was achieved despite the decline in industry of 3.4% y/y in Q4, which occurred due to the decline in electricity production and oil derivatives after the sanctions imposed on NIS. On the other hand, the positive trends of the automotive industry continued.
- In Q4, GDP growth was driven by developments in the service sectors, while after four consecutive quarters of decline in construction, growth of 10.6% y/y. was achieved in Q4.
- On the expenditure side, GDP growth was driven by final consumption, but also by the recovery of fixed investments, while the negative contribution came from net exports.

- Due to difficulties in the operation of the oil refinery, unfavorable monthly trends in industrial production continued in January (total decline of 9.1%), but with a monthly s.a. growth achieved thanks to the renewed production of oil derivatives at the end of the month.
- Real growth in retail trade turnover amounted to 5.5% y/y, while the number of tourist arrivals increased by 0.1% y/y, and overnight stays by 0.4% y/y.
- With the expected continuation of growth in the construction sector, as well as the contribution of agriculture in accordance with the annual projection, we estimate a slight acceleration of GDP growth in Q1 compared to Q4 2025.

# In 2026 We Expect GDP to Speed Up to 3.5%, and in 2027 to 5%

Chart 6 GDP developments  
(y/y growth rates in % and contributions in pp)

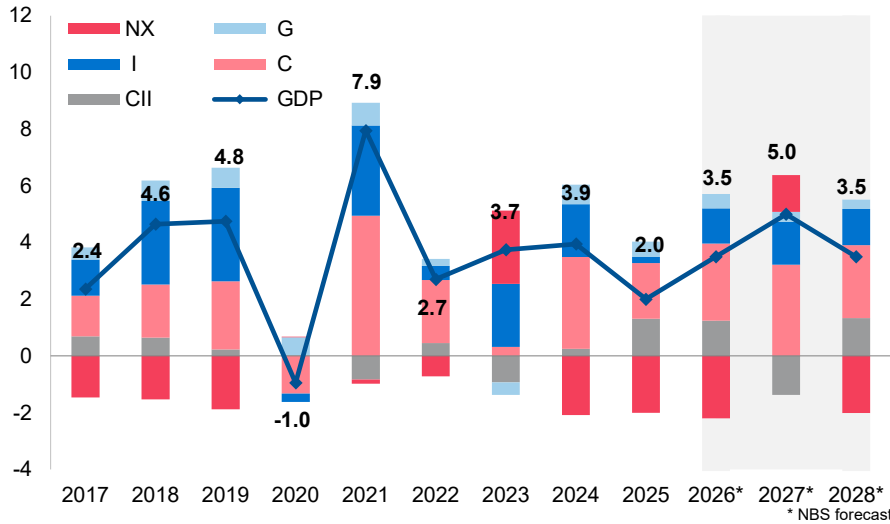
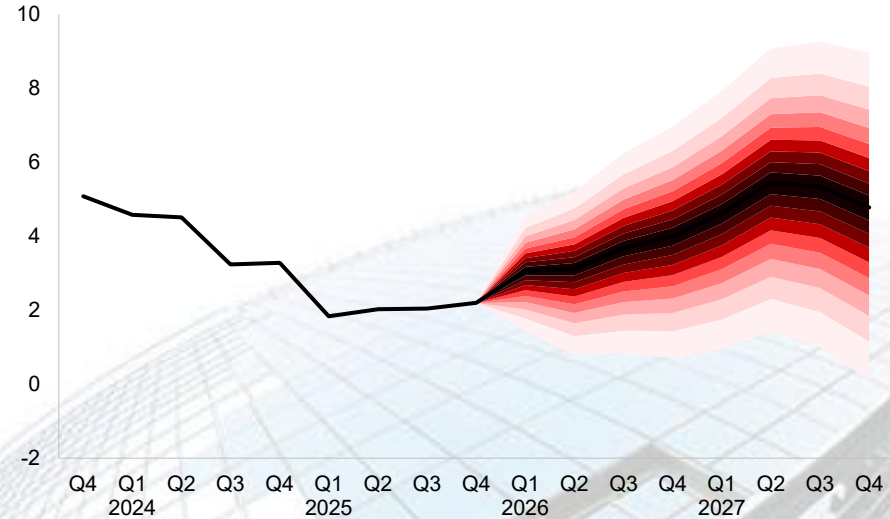


Chart 7 GDP growth projection (from February IR)  
(y/y growth rates in %)



- The February GDP growth projection for 2026 stands at 3.5%, while a further acceleration of growth to 5.0% is expected in 2027, followed by a slowdown to 3.5% in 2028 under the impact of the base effect.
- GDP growth will be primarily driven by domestic demand, with a positive contribution from both consumption and investment, supported by higher disposable income due to wage and pension increases, as well as more favorable financing conditions and the realization of planned capital projects.

- In 2026, we expect a negative contribution from net exports, due to faster real growth of imports than exports, driven by the increase in private consumption and investment. In 2027, we expect a positive contribution from net exports as a result of hosting the “Expo 2027”, when a significant increase in services exports is anticipated (particularly in tourism and business services).
- The risks to the realization of our new projection continue to relate to pronounced geopolitical tensions among leading global powers, rising protectionism, and uncertain trade policies. Among domestic risks, the pace of growth in domestic demand and the characteristics of the domestic agricultural season are particularly important.

# Serbia's External Position is Sustainable

Chart 8 Current account balance by component

(EUR bn)

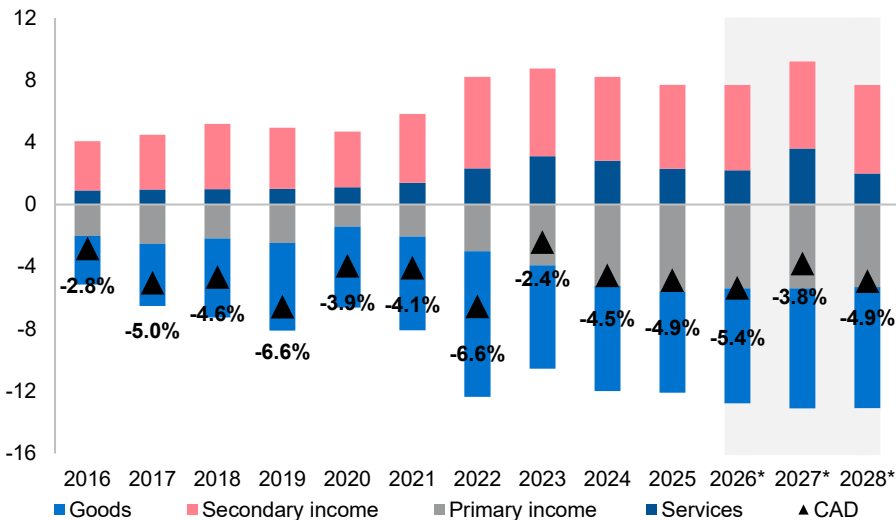
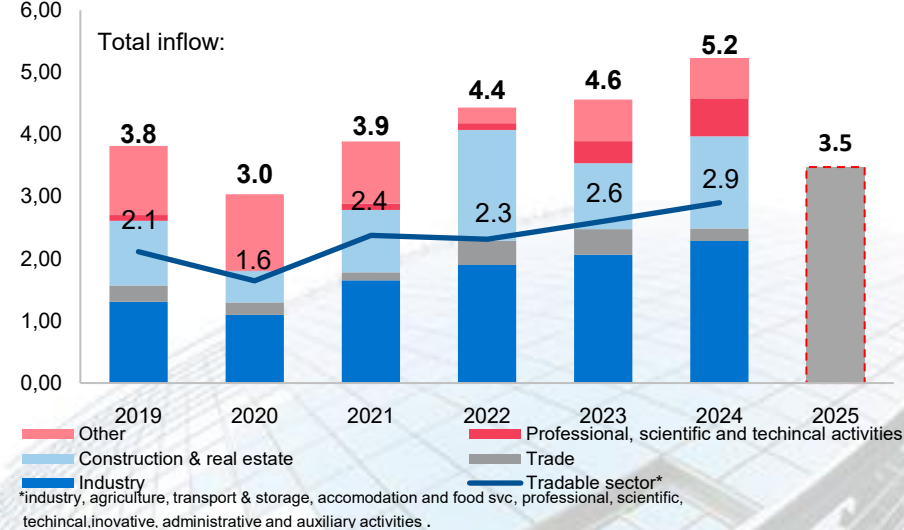


Chart 9 Sector structure of FDI

(EUR bn)



- In 2025, the current account deficit amounted to EUR 4.3 billion (-4.9% of GDP), representing an increase of around EUR 514 mn compared to 2024, largely due to a smaller surplus on the services account and larger deficit in primary income account, while a smaller goods deficit and a higher surplus on the secondary income account acted in the opposite direction.
- In January 2026, a current account surplus of EUR 418.7 million was recorded (EUR 304 million higher y/y).
- According to our projection, due to the continuation of the investment cycle and growth in disposable income, the current account deficit this year will amount to 5.4% of GDP, while its reduction in 2027 to 3.8% of GDP will be influenced by higher exports of services due to the holding of the Expo exhibition.

- Out of a total FDI of EUR 28.4 bn in the period 2018–2024, nearly 60% was directed toward tradable sectors, including approximately EUR 7.7 bn into the manufacturing, and as of 2024, participation in activities with higher added value (scientific, technical and innovative activities) has been growing.
- FDI are geographically diversified, with the largest share coming from the EU, as well as an increasing share from Asian countries.
- In 2025, FDI inflow amounted to EUR 3.5 bn, while net inflow reached EUR 2.3 bn due to increased resident investments abroad.

# Export Growth will be Driven by Past Investments; While Import Growth by the Investment Cycle and Higher Disposable Income

Chart 10 Exports of goods and services  
(EUR bn)

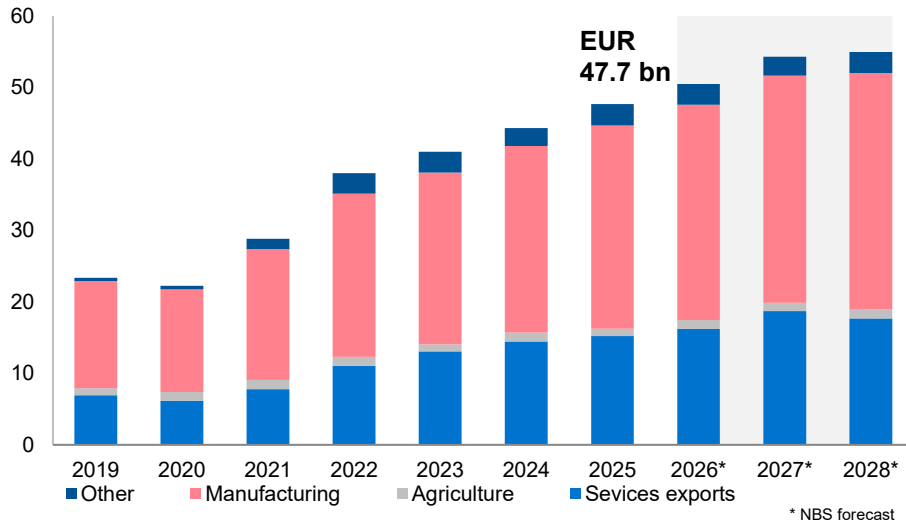
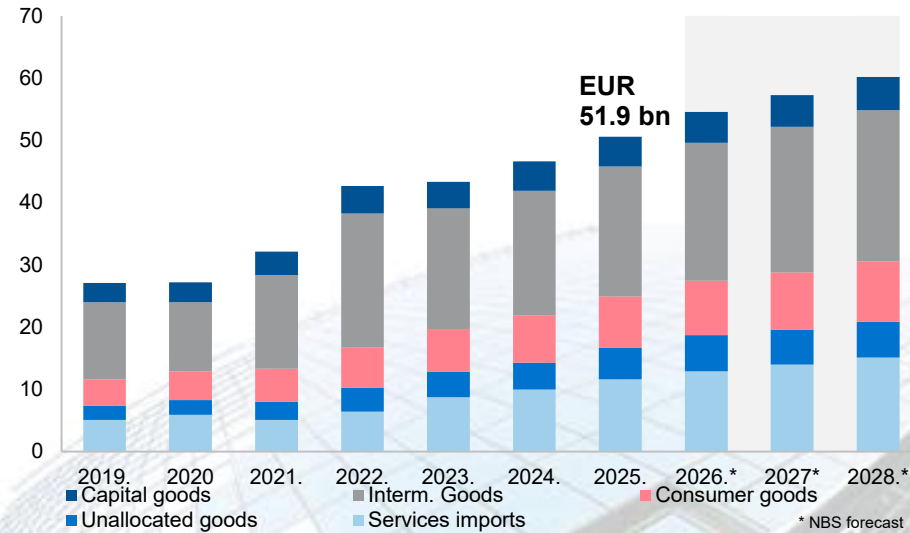


Chart 11 Imports of goods and services  
(EUR bn)



- Exports of goods accelerated to 8.7% in 2025, driven by the growth of the manufacturing exports, within which the automotive industry had the largest contribution, where exports of motor vehicles in 2025 increased by 32.5%, and exports of rubber and plastic products by 16.5%, which also increased the share of the auto cluster in total exports, from 12.9% in 2024 to 15.7%.
- Services exports in 2025 increased by 5.3%, driven by the increase in the export of ICT services (10.2%).
- The resilience of exports is also confirmed by the fact that for the third year in a row, the share of the trade in goods and services deficit in GDP was below 5%, which is significantly below the multi-year average of around 9%.

- In 2025, imports of goods recorded a growth of 6.3%, with the largest contribution coming from imports of intermediate and consumer goods, and to a lesser extent from the import of equipment.
- Imports of services grew by 10.9% in 2025, mostly due to the growth in imports of tourist services (23.2%), as a result of the growth in disposable income.
- Lower exports of goods in January (-4.2% y/y) continued to be affected by lower production of petroleum products, while exports of motor vehicles continued to grow strongly. Lower imports of goods (-12.4% y/y) were largely due to lower imports of reproduction goods.

# Sustainable Real Wage Growth; Coverage of the Consumer Basket by the Average Wage is Almost Total

Chart 12 **Nominal and real net wages** (y/y growth rates in %)

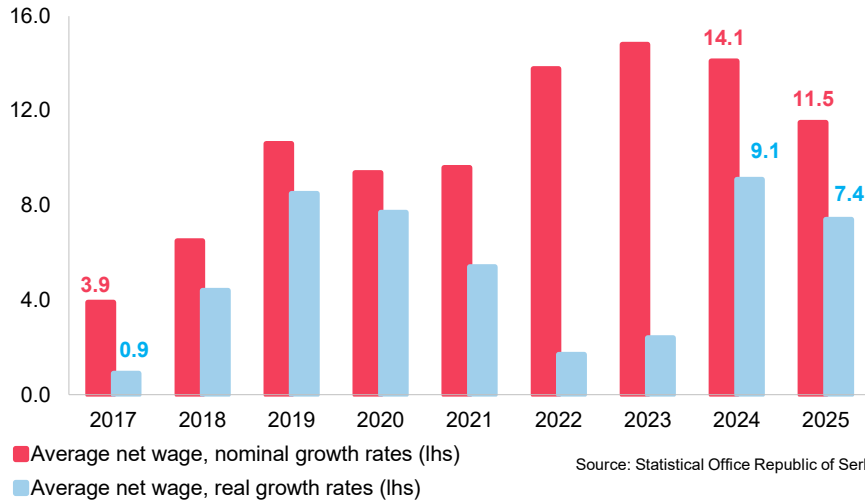
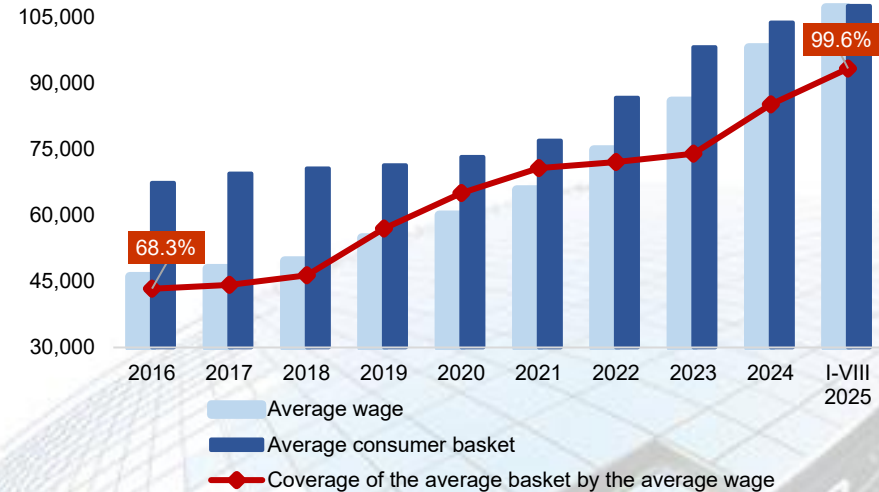


Chart 13 **Average wage, average consumer basket, and coverage of the average basket by the average wage** (in RSD)



- The average nominal net wage in 2025 was 109,462 dinars (934 euros) and is 11.5% higher than in the previous year (and the real growth is 7.4% higher than in the previous year).
- Average wage growth was accompanied by an increase in the minimum wage, which was raised twice in 2025 – by 13.7% in January and 9.4% in October – with the aim of improving the living standards of citizens with the lowest incomes, and another minimum wage increase of 10.1% was recorded in January 2026.
- Real wage growth is also reflected in the growth in the coverage of the average consumer basket by the average wage.
- In the period January-August 2025, which is the latest available data for the amount of the consumer basket, the coverage of the average basket by the average wage was 99.6%.
- In addition, the coverage of the minimum basket by the minimum wage also increased, reaching 95.3% over the same period.

# According to LFS, the Average Unemployment Rate for 2025 is 8.7%

Chart 14 Labour market indicators according to the Labour Force Survey\* (in %)

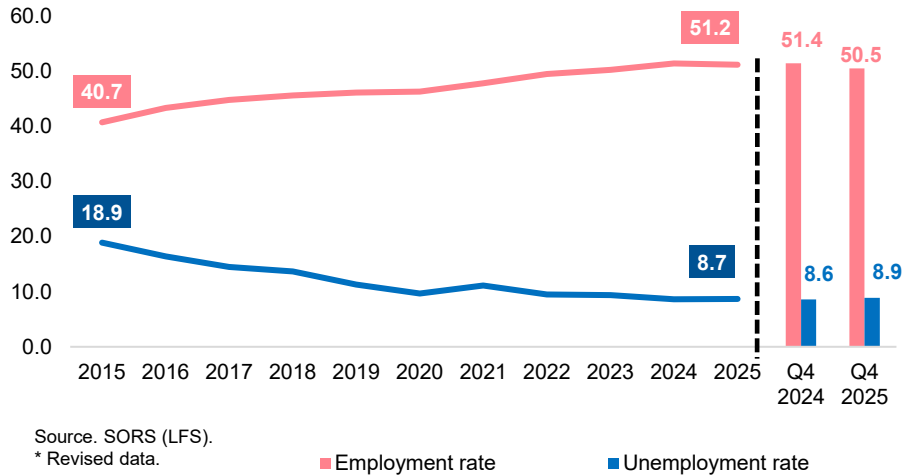
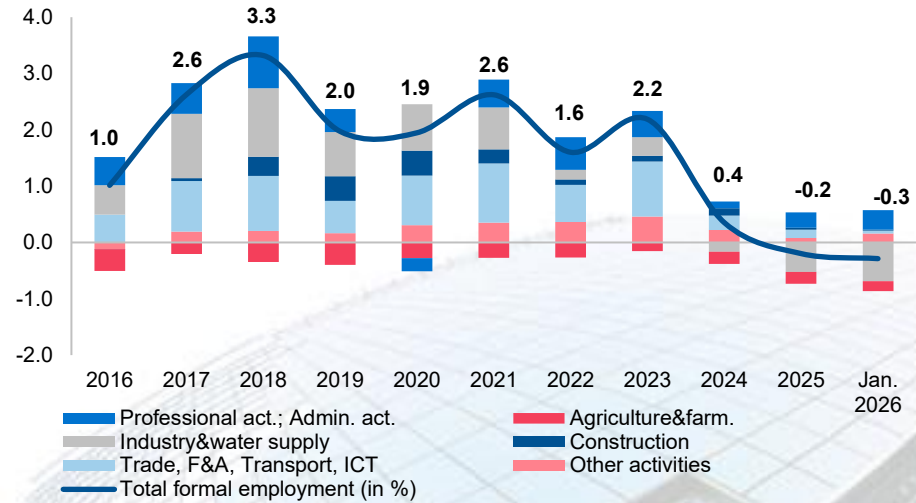


Chart 15 Contribution to y-o-y growth in total formal employment by economic sector (period average, in pp)



- According to the Labor Force Survey, the unemployment rate in Q4 2025 was 8.9%, while the employment rate was 50.5%, and its decrease was largely due to a decrease in the number of active persons due to their exit from the labor market.
- Throughout 2025, the average unemployment rate was 8.7%, making it practically unchanged from the previous year, despite the slowdown in economic activity growth.

- According to CROSO data, total formal employment in January 2026 decreased by 0.3% y/y and amounted to about 2.356 million persons. Number of employees in the private sector was at the level of about 1.745 million persons (-0.3% y/y).
- The decline in employment is recorded in 9 out of 19 activities and is driven by a decrease in the number of employees in the manufacturing and in trade. On the other hand, employment growth primarily comes from service activities.

# In 2026, a Fiscal Deficit of 3.0% of GDP is Planned, Alongside a Continued Downward Trajectory of Public Debt

Chart 16 General government fiscal balance and primary fiscal balance

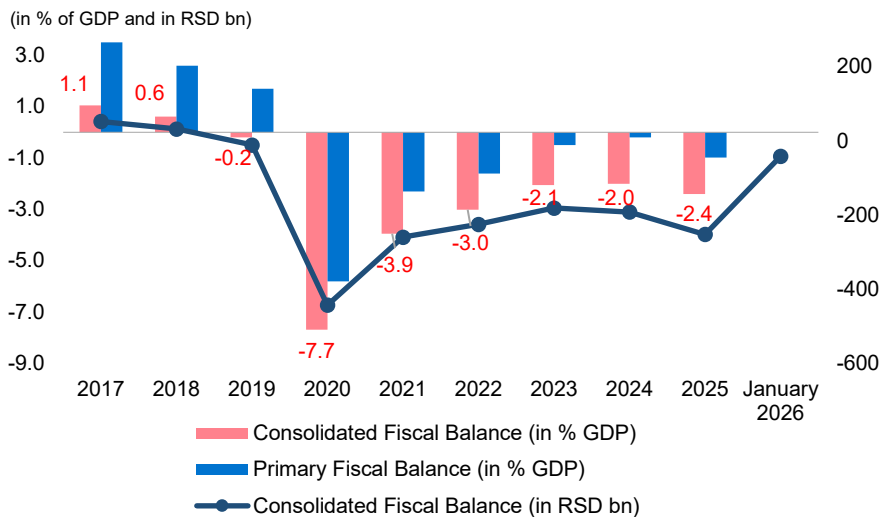
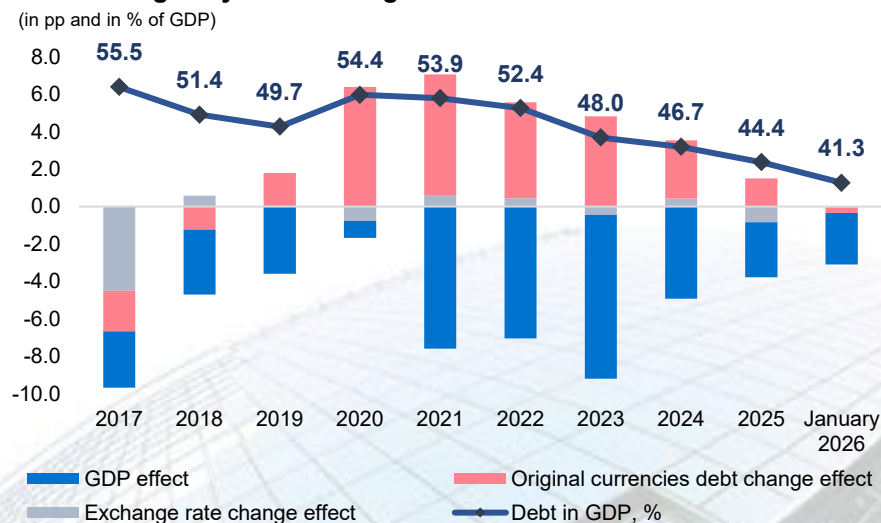


Chart 17 Central government public debt and a breakdown of debt changes by contributing factors.



- In 2025, the general government recorded a deficit of RSD 252.3 billion (2.4% of GDP), which is RSD 62 billion less than planned in the revised Fiscal Strategy (3.0% of GDP), with capital expenditures amounting to RSD 715 billion and remaining relatively high (6.9% of GDP).
- In January 2026, a fiscal deficit of 41.7 billion dinars was recorded. Public revenues were higher by 6.2% y/y and expenditures by 27.6% y/y, influenced by higher capital expenditures and higher expenditures for wages and pensions, in line with the growth of wages and pensions since January.

- The share of central government public debt in GDP is on a declining path and is within the Maastricht criteria.
- At the end of January 2026, the share of central government debt in projected GDP was 41.3%, which is 3.1 pp less than at the end of 2025, influenced by higher nominal GDP for 2026 and lower debt in original currencies.
- According to the *Revised fiscal Strategy for 2026 with projections for 2027 and 2028*, fiscal deficit in the period 2026-2027 will amount to 3.0% of GDP, and in 2028 to 2.5% of GDP. This should ensure a continued slight decrease in the share of the state sector's public debt in projected GDP to 44.1% at the end of 2028.



# The Key Policy Rate kept unchanged at 5.75% in March

Chart 18 Interest rates (in %)

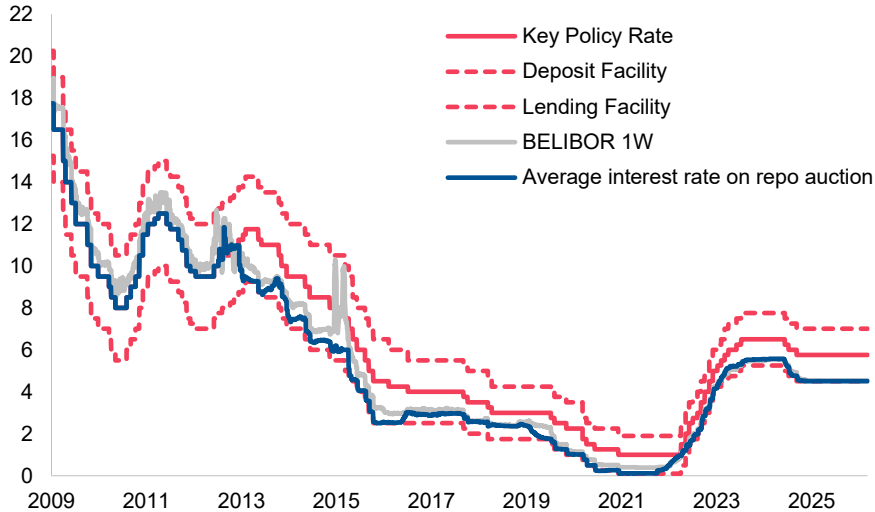
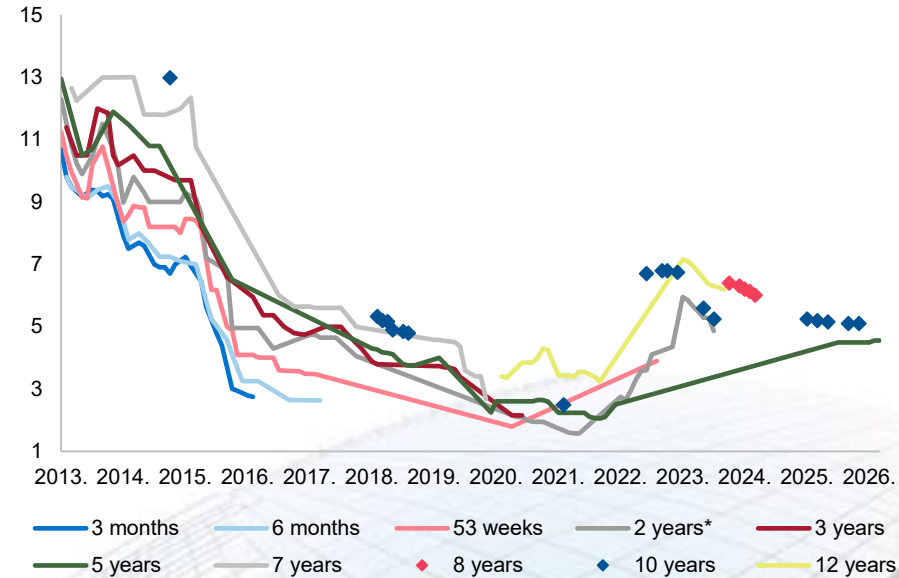


Chart 19 Interest rates in the primary market of government securities (p.a. in %)



Source: Ministry of Finance.

\* Excluding coupon securities with the rate linked to the NBS key policy rate.

## In making such decision, the Executive Board primarily took into account the following factors:

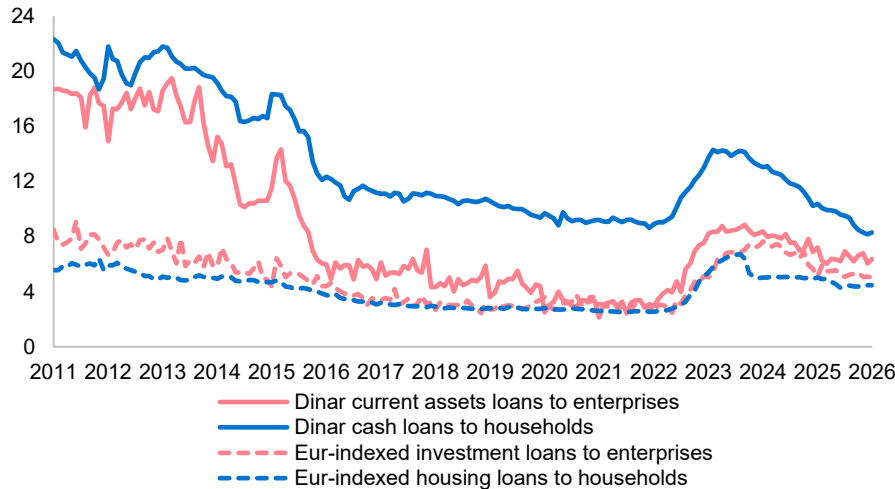
- achieved and expected inflation movements within the monetary policy horizon,
- the necessary caution in conducting monetary policy, primarily due to pronounced geopolitical tensions and conflicts in the Middle East, which affect the growth of energy prices and other primary products, and could also affect supply chains, investment and consumer confidence, as well as flows of goods and capital that were already under pressure due to increasing protectionism;
- that the effects of the previous easing of monetary policy provided significant support to economic activity through easing private sector financing conditions and significant growth in credit activity.

- The entire portfolio of dinar government securities consists of long-term securities (5+ years).
- During 2025, multiple successful auctions of dinar-denominated government securities were held on the primary market, achieving record levels of sales volume and demand, with yields that continued to decline.
- In January, February, and March 2026, reopenings of the July 2025 auction of 5-year dinar-denominated government securities were held, with a total nominal amount of RSD 70.2 billion sold at yields of 4.49%, 4.55% and 4.55%, respectively.
- Five RSD bonds issued so far are included in the J.P. Morgan Government Bond-Emerging Market Index (GBI-EM).

# More Favorable Borrowing Conditions and Growth in Credit Activity to the Private Sector

Chart 20 Interest rates on loans – new business

(p.a. in %)



\* From September 2010 to December 2014, "Other loans" of the household sector included cash loans and other loans. From January 2015, "Cash loans" are shown separately.

Chart 21 Bank lending to enterprises and households

(y/y rates, constant exchange rate 30 September 2024, in %)



- The easing of monetary policy by the NBS and the ECB is reflected in more favorable borrowing terms for corporates and households. In January 2026:

- The interest rate on dinar loans to the corporates equaled to 6.9%, and for euro loans to 5.1%;
- The interest rate on dinar loans to households equaled to 8.3% and for euro loans to 4.6%.

- The decrease in the interest rate on dinar loans to households by 1.1 pp in the period September 2025 - January 2026 was contributed by the implementation of the NBS supervisory expectations, which enabled more favorable lending to citizens with lower incomes.

- Interest rate on housing loans of 4.5% in January was below the capped rate (5.88% for loans with variable rate and 5.18% for loans with fixed rate), which was also contributed by the realization of favorable loans under the state program "Mortgage Loans for Youth".

- Lending activity accelerated further to 15.8% y/y in January, with loans to households accelerating to 19.8% y/y and loans to corporates to 11.4% y/y.

- Household lending was driven by the growth in cash and housing loans, that accelerated to 22.8% y/y and 19.3% y/y respectively in January, which is also supported by the implementation of the "Mortgage Loans for Youth" program and NBS measures aimed to provide borrowing at more favorable terms for citizens with lower incomes.

- Within corporate loans, the growth of investment loans (13.6% y/y in January) and liquidity and working capital loans (11.5% y/y in January) stand out.

# Serbia Received an Investment Grade Rating in October 2024, as a Result of Strengthening Macroeconomic Fundamentals

Table 2 Changes in Credit Ratings and Outlooks

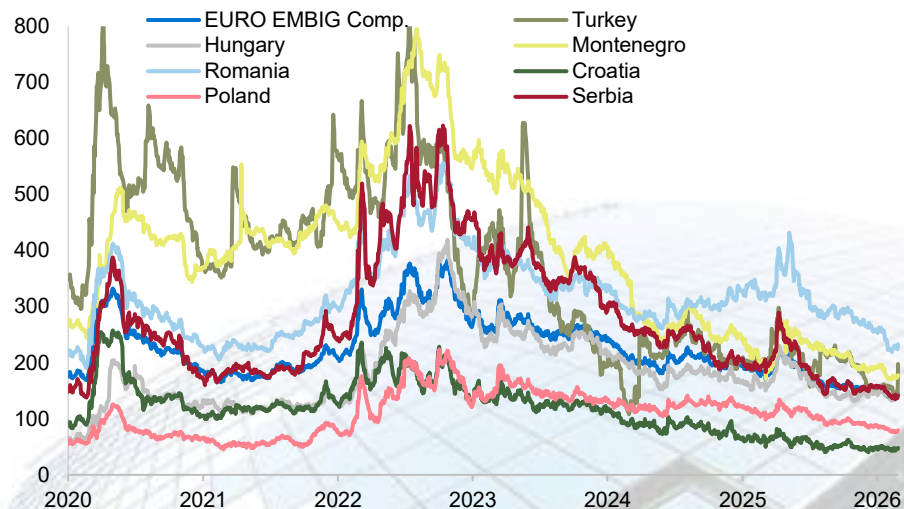
	2021	2022	2024	2026
S&P	BB+ /positive <sup>7)</sup>	BB+ /stable <sup>4)</sup>	BB+ /positive <sup>3)</sup>	<b>BBB- /stable<sup>6)</sup></b>
Fitch			BB+ /positive <sup>5)</sup>	
Moody's	Ba2 /stable <sup>2)</sup>		Ba2 /positive <sup>5)</sup>	Ba2 /stable <sup>1)</sup>

Source: NBS.

<sup>1)</sup> February, <sup>2)</sup> March, <sup>3)</sup> April, <sup>4)</sup> June, <sup>5)</sup> August, <sup>6)</sup> Октобар, <sup>7)</sup> December.

Note: There was no change in rating/outlook in 2023 and 2025.

Chart 22 Risk premium indicator for euro-denominated debt – EURO EMBIG  
(basis points, daily values)



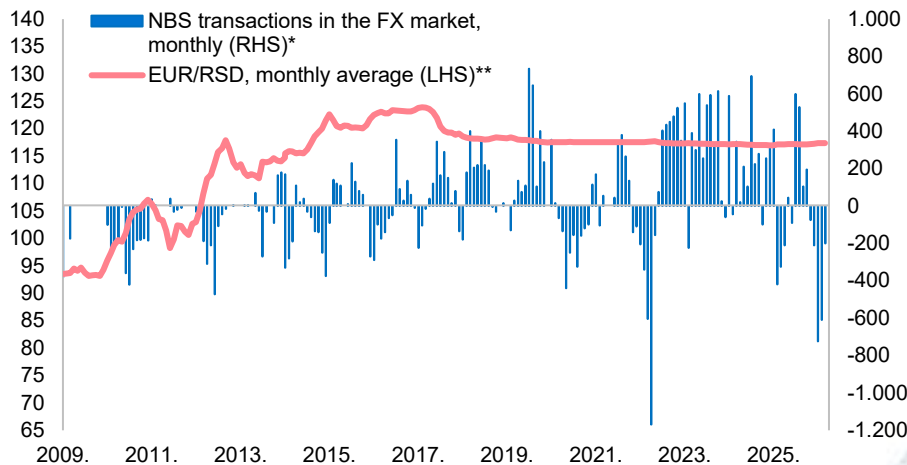
- **Standard & Poor's assigned Serbia an investment grade credit rating (BBB-) in October 2024, with a stable outlook.** Fitch confirmed Serbia's credit rating at BB+ in January 2026, with a positive outlook, while Moody's maintained Serbia's credit rating at Ba2 in February 2026, changing the outlook from positive to stable.
- Key factors contributing to the favorable credit rating include higher GDP per capita compared to countries with the same rating level, a high level of foreign exchange reserves, a significant reduction in the share of public debt in GDP, as well as the responsible management of monetary and fiscal policies.

- Serbia's risk premium moved in line with other countries in the region during 2025, except at the end of the year, when its temporary increase was influenced by the introduction of sanctions against NIS.
- Compared to the end of 2025, Serbia's risk premium on euro-denominated debt was lower by 18 basis points at the end of February, amounting to 141 bp.

# Relative Stability of Exchange Rate Has Been Preserved, With FX Reserves at High and Adequate Levels

Chart 23 Exchange rate developments and NBS transactions in the FX market

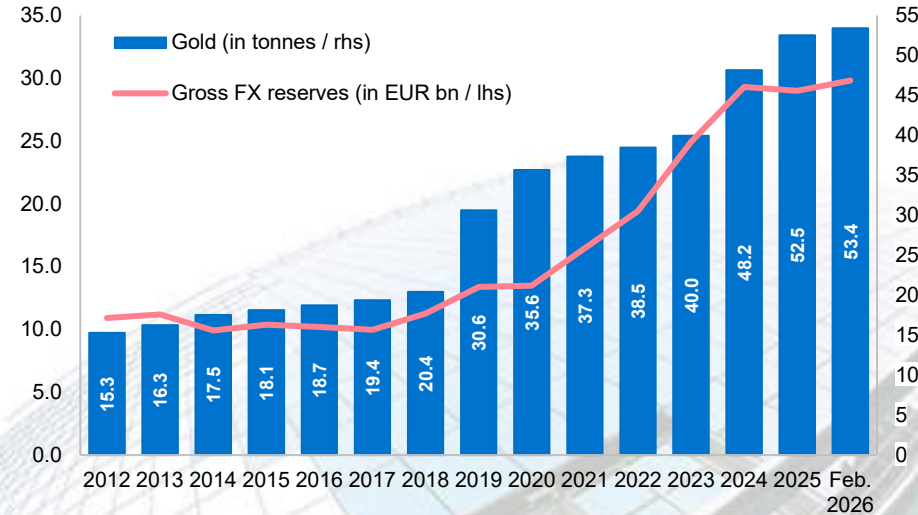
(EUR/RSD lhs, in mm EUR rhs)



\* + net purchase; - net sale.  
\*\* EUR 1 in RSD.

Chart 24 NBS FX reserves

(in EUR bn, in tonnes)

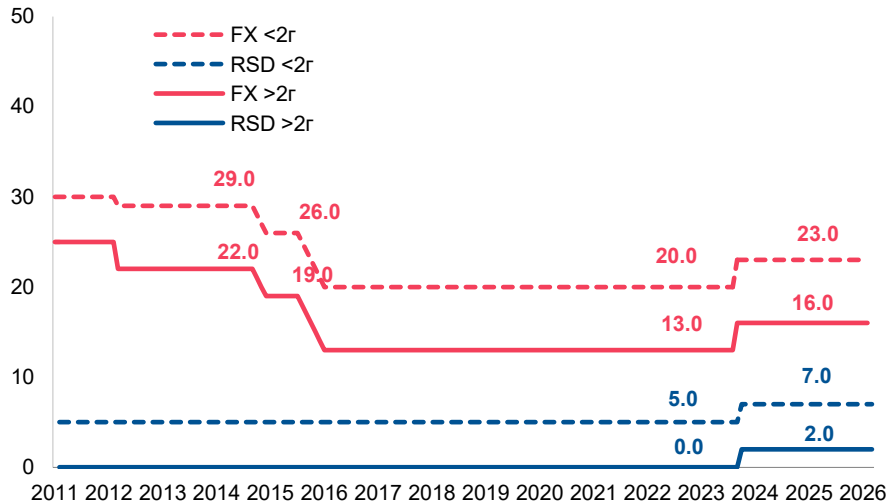


- The dinar weakened against the euro by 0.2% in 2025, due to depreciation pressures that were dominant in Q1 and in November and December and were fueled by seasonal factors and uncertainty related to resolving the NIS issue. In other months appreciation pressures prevailed.
- Observed at the 2025 level, the NBS was a net seller of foreign exchange in the amount of EUR 580 million.
- In February depreciation pressures that were weaker than in the two previous months, mostly reflected elevated FX demand of residents.
- In the first two months of 2026 the NBS sold EUR 810 million in the IFEM, while dinar lost 0.1% against the euro.

- In end-2025 foreign exchange equaled to EUR 29.0 billion, while in February they reached record high EUR 29.8 billion, supported by the increase in quantity and price of gold in FX reserves.
- Such level of FX reserves covers slightly less than seven months' worth of goods and services imports and around 170% of M1 money supply, which is far above the adequacy standards.
- Since 2012 the quantity of gold has been increased by over three times to 53.4 tonnes in February, while the value exceeded 25% of total FX reserves.

# Dinarisation of the Financial System on an Upward Trajectory

Chart 25 Reserve requirement ratios (in %)

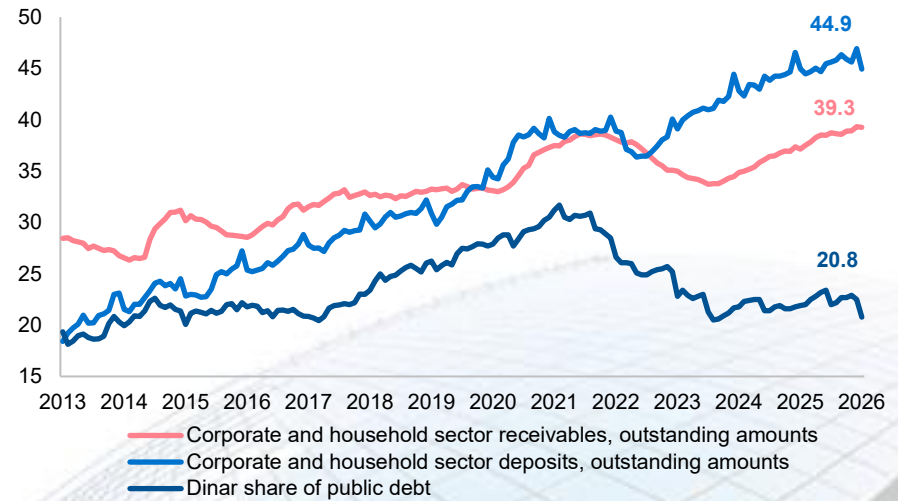


NBS stimulates the dinarisation process by delivering low and stable inflation in medium-term, preserving relative exchange rate stability and using other measures to stimulate dinar sources of finance.

**NBS increased required reserves (RR) last time in September 2023:**

- FX RR rates by 3 pp (to 23%/16% for liabilities with the contracted maturity of below and over 2Y, respectively), while increasing dinar allocations of FX RR by 8 pp (to 46%/38%, depending on maturity of liabilities).
- the RSD RR rate by 2 pp each (to 7% and 2%, depending on maturity of liabilities).

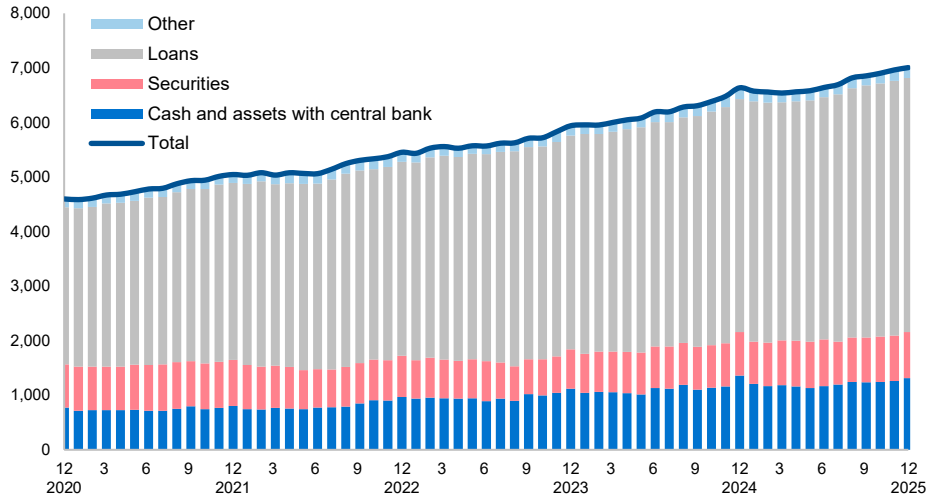
Chart 26 Dinarisation of the corporate and household sector receivables and deposits, and dinar share of public debt (in %)



- The dinarisation of household receivables showed a pronounced upward trend – from 35.1% in 2012 to 56.2% in January 2026, which also led to an increase in the dinarisation of total receivables to the corporate and household sectors to 39.3% in January 2026 (11.3 p.p points higher compared to end-2012).
- Dinar savings increased during 2025 by almost 8%, and in the first two months of this year by RSD 5.4 bn, reaching RSD 212 bn. With the share of dinar deposits in the corporate sector at 61%, the dinarisation of deposits of corporates and households increased by 25.6 p.p compared to end-2012 and amounted to 44.9% in January 2026.

# Traditional Banking is Mostly Financed by Domestic Deposits

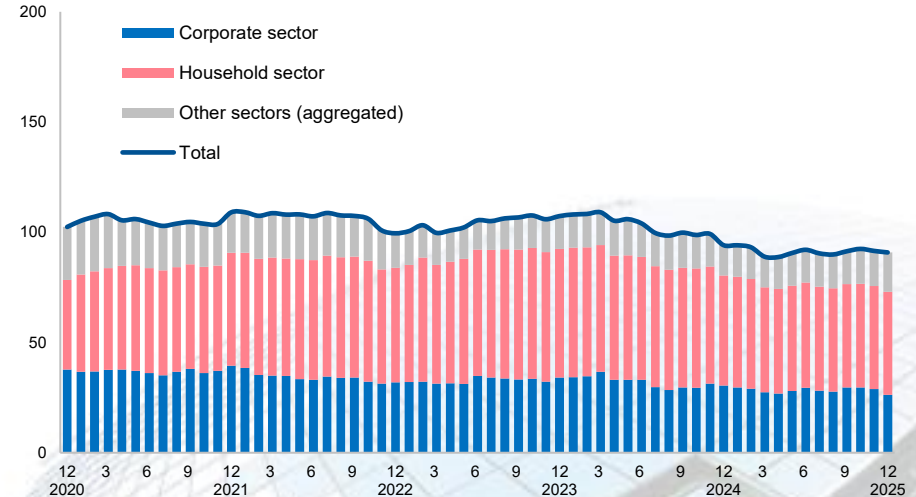
Chart 27 Structure of banking sector assets (RSD bn)



Source: NBS

- Risk aversion during the earlier periods' crisis led to intensified banks' investments in low-risk government securities. The share of securities in total net assets of the banking sector was 12.1% at the end of December 2025.
- The shares of retail and corporate deposits in total liabilities are stable and at the end of December 2025 were 45% and 32%, respectively.
- There is currency matching of assets and liabilities, given that the net open foreign exchange position accounts for only 1.7% of regulatory capital at the end of December 2025.

Chart 28 Asset quality – Non-performing loans (NPL) (RSD bn)

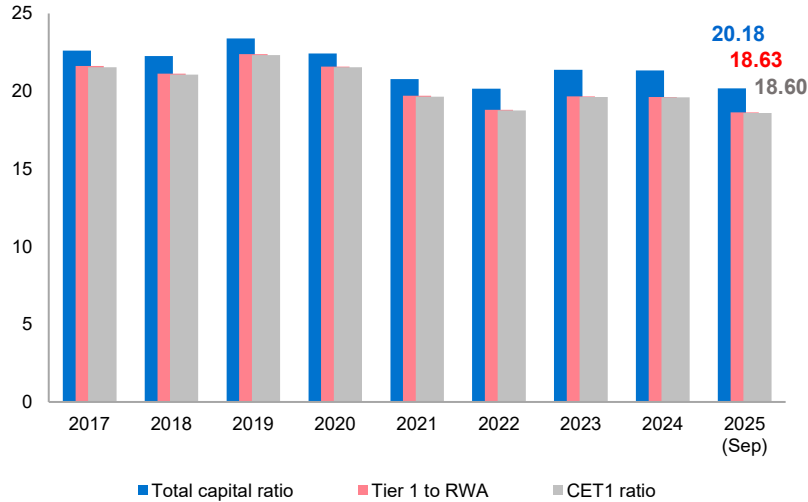


Source: NBS

- Successful implementation of NPL Resolution Strategy and other measures led to a significant decrease of NPL stock in bank's portfolios and reduced NPL ratio to its historical minimum of 2.1% at the end of December 2025.
- The largest portion of outstanding gross NPLs related to the household sector (51.5%) and corporate sector (28.9%).
- The main channels of NPLs' reduction are repayment, write-off, and transfer (sale) to third parties.

# Conservative Framework Contributed to the Banking Sector Resilience to Shocks

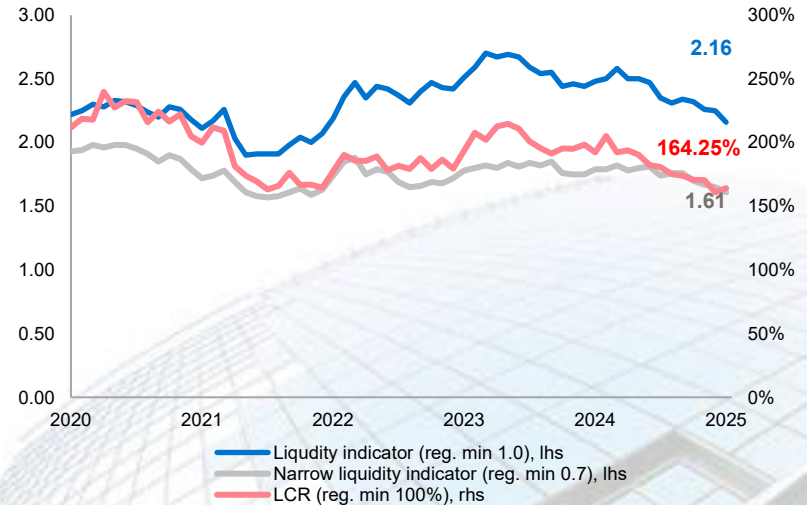
Chart 29 Capitalization of the Serbian banking sector (%)



Source: NBS

- High banking sector capitalization is a result of strong prudential measures.
- Banks have built significant capital reserves which enable them to successfully cover risks even in the case of worst-case stress scenario.
- The highest quality CET1 capital makes more than 90% of total banking sector regulatory capital.
- The high solvency of the banking sector is also indicated by the leverage ratio which was 10.1% at the end of December 2025.

Chart 30 Liquidity indicators of the Serbian banking sector

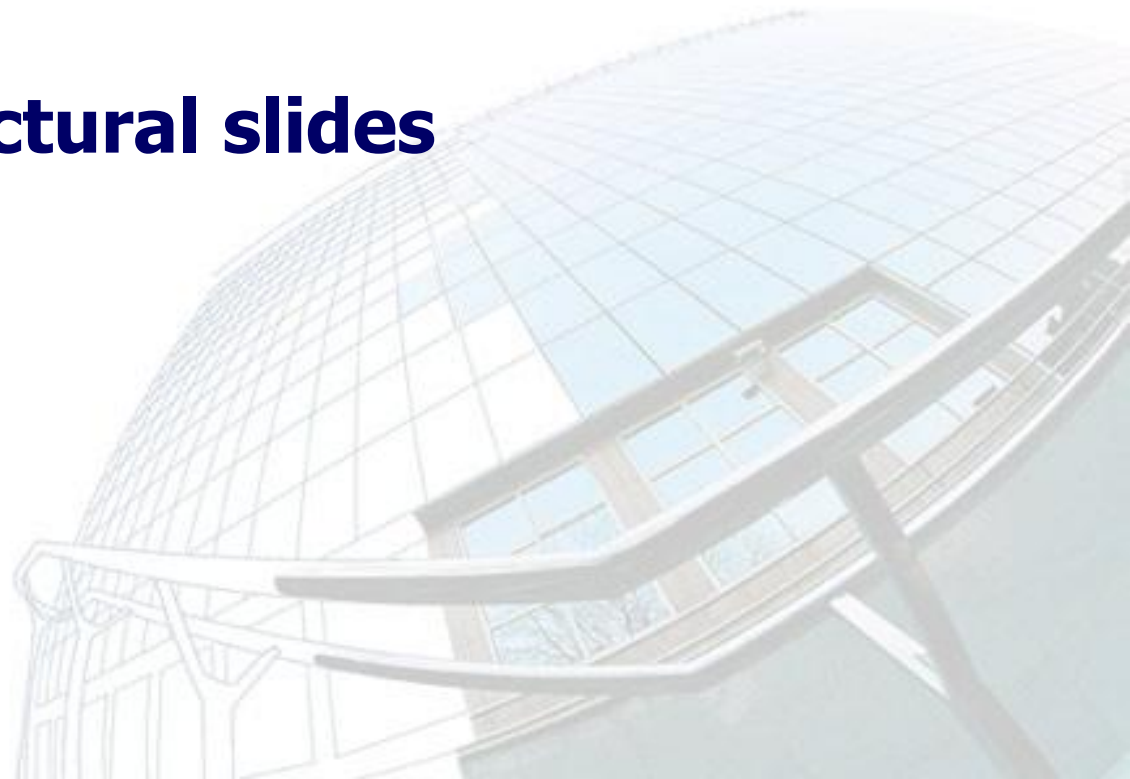


Source: NBS

- Serbian banking sector is highly liquid - all relevant liquidity indicators are at levels significantly higher than the prescribed minimums.
- Liquid assets made 40.3% of the total net assets of the banking sector in December 2025.
- The loan to deposit ratio for non-financial customers was 81.6% at the end of December 2025, which is another indicator of the stable funding structure and banking sector's liquidity.



# Structural slides



# Geographic Structure of Foreign Trade

Chart 31 Goods exports by country in 2025 / 2024  
(EUR mn and % of total)

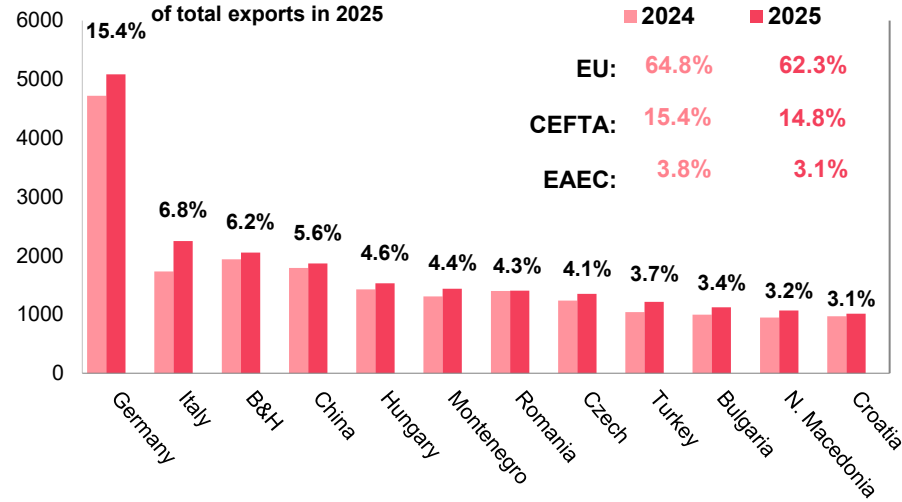


Chart 32 Goods imports by country in 2025 / 2024  
(EUR mn and % of total)

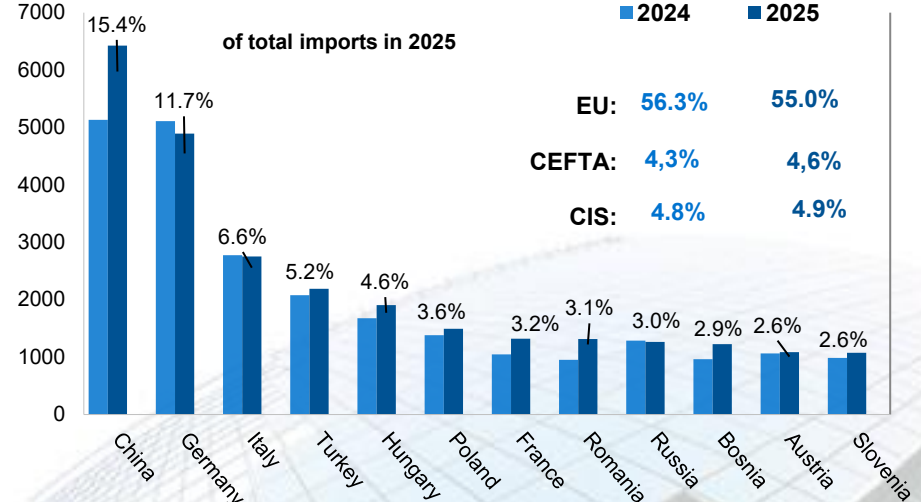


Chart 33 Services exports by country in 2025 / 2024  
(EUR mn and % of total)

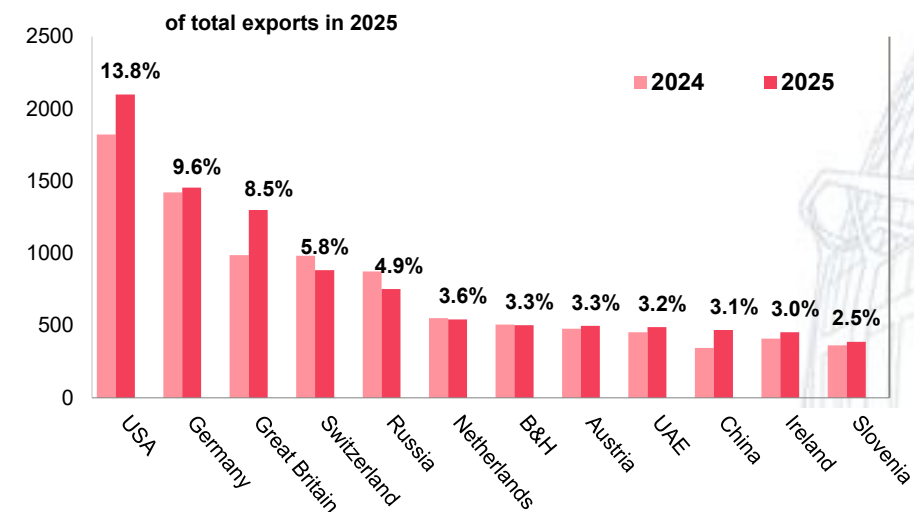
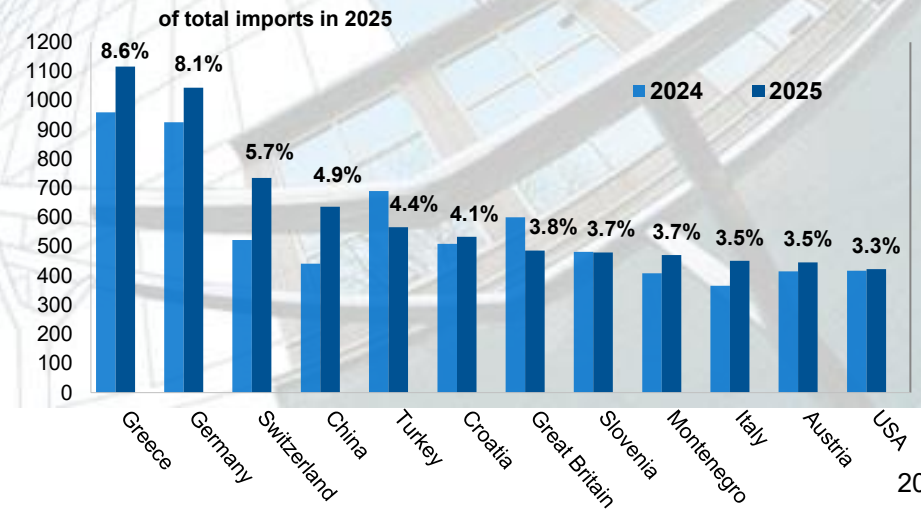


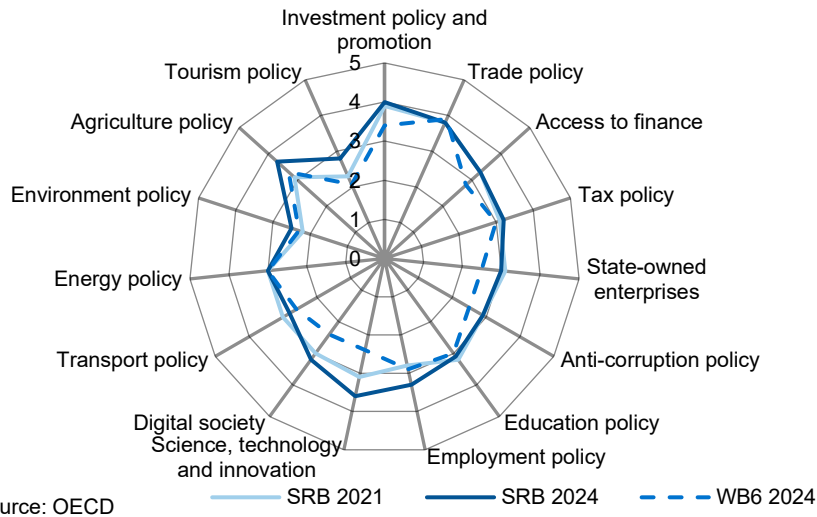
Chart 34 Services imports by country in 2025 / 2024  
(EUR mn and % of total)



# Serbia Competitiveness According to International Institutions

Chart 35 OECD Western Balkans Competitiveness Outlook 2024

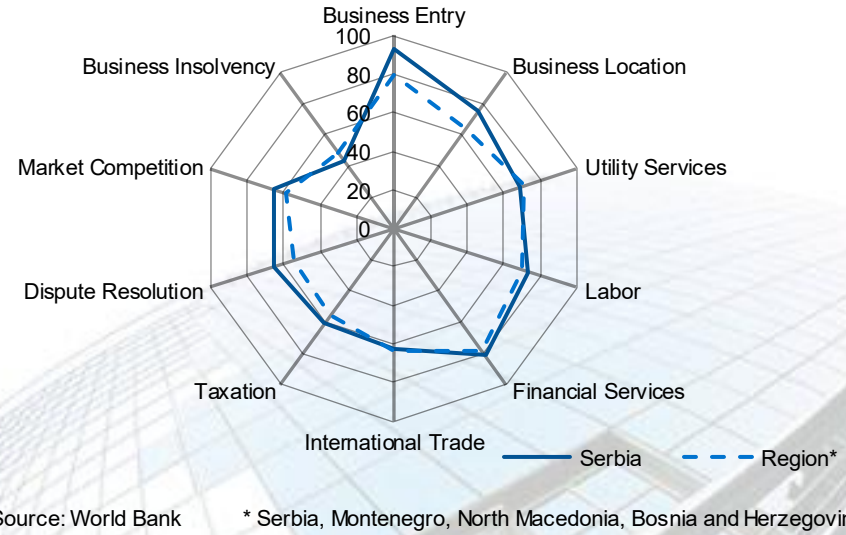
(scores, 5 is the highest)



- The rise in Serbia's competitiveness is confirmed by OECD Western Balkans Competitiveness Outlook 2024.
- Comparing to 2021 report Serbia made progress in 8 out of 15 policy dimensions.
- Serbia made the biggest improvements in policy dimensions of agriculture, science, technology and innovation and employment.
- Serbia is outperforming the average of Western Balkans across 13 policy dimensions.

Chart 36 World Bank Business Ready 2025

(scores, 100 is the highest)



- According to the World Bank's Business Ready 2025 report, Serbia is ranked among the nine economies in the top quintile in two of the three pillars in which business criteria are grouped.
- Serbia has the best scores in the regulatory framework and operational efficiency criteria (18th and 19th out of 101).
- In more detailed areas, Serbia ranks 4th (out of 101) in starting a business, and in four other areas within the business life cycle it is among the top 20 countries.

# New Law on the Protection of Financial Service Consumers limited interest rates on loans to natural persons

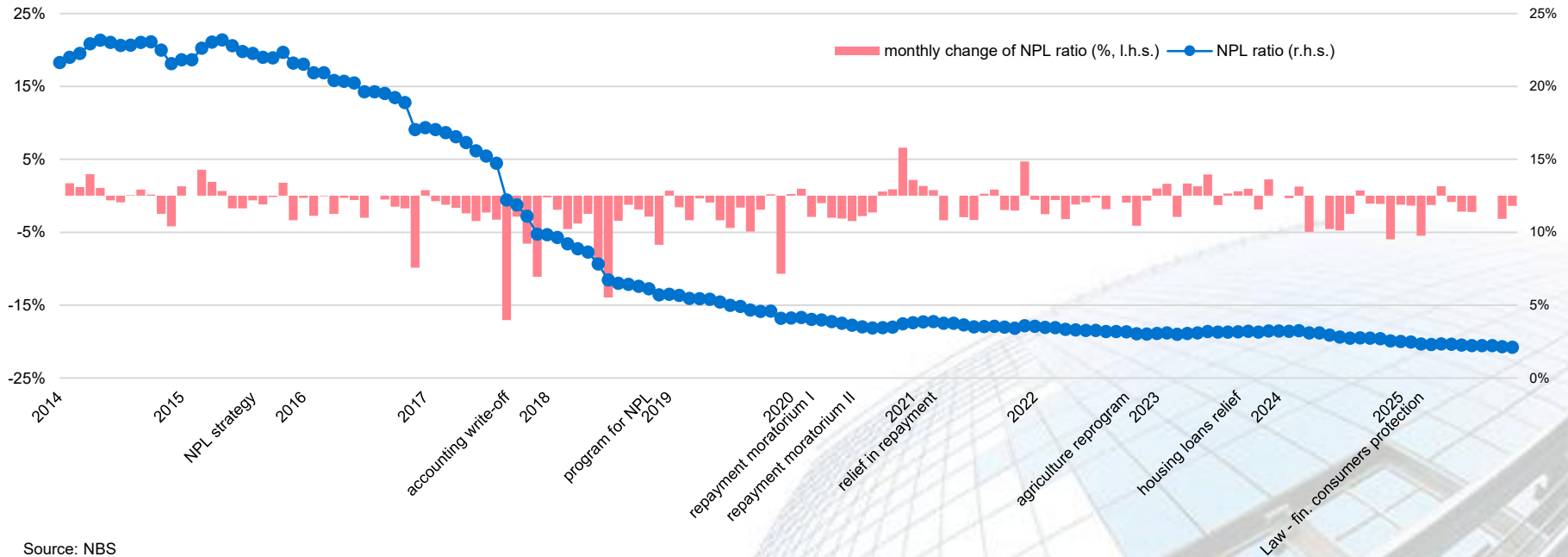
- **Housing loans:**
  - **from 1 January 2026 to 31 December 2027:** A nominal interest rate higher than the **weighted average** interest rate for **existing** housing loan agreements with a **variable** interest rate in the same currency (indexation) **increased by 1/5** may not be **applied** to housing loans with a **variable** interest rate. A nominal interest rate higher than the **weighted average** interest rate for **new** housing loan agreements with a **fixed** interest rate in the same currency (indexation) **increased by 1/5** may not be **contracted** with respect to housing loans with a **fixed** interest rate.
  - **as of 1 January 2028:** A nominal interest rate higher than the **weighted average** interest rate for **existing** housing loan agreements with a **variable** interest rate in the same currency (indexation) **increased by 1/4** may not be **applied** to housing loans with a **variable** interest rate. A nominal interest rate higher than the **weighted average** interest rate for **new** housing loan agreements with a **fixed** interest rate in the same currency (indexation) **increased by 1/4** may not be **contracted** with respect to housing loans with a **fixed** interest rate in the same currency (indexation).
  - At the time of **concluding** the housing loan agreement, the **EIR** may not exceed the **default interest rate referred to in Art. 11** of the Law **reduced by 2.5 p.p.**
- **Other loans:** In the case of loans with a **variable** interest rate, a nominal interest rate higher than the **weighted average** interest rate for **existing** contracts of the same type, in the same currency (indexation) **increased by 1/4** may not be **applied**. At the time of **concluding** these agreements, the **EIR** may not exceed the **default interest rate referred to in Art. 11** of the Law **increased by 4 p.p.**
- **Credit cards:** At the time of **concluding** the contract, the **EIR** may not exceed the **default interest rate referred to in Art. 11** of the Law **increased by 6 p.p.**, while the **nominal** interest rate on contracts **concluded before the beginning of the application of Art. 76** of the Law may not exceed the **default interest rate referred to in Art. 11** of the Law **increased by 6 p.p.**
- **Overdrafts:** At the time of **concluding** the contract, the **EIR** may not exceed the **default interest rate referred to in Art. 11** of the Law **increased by 8 p.p.**, while the **nominal** interest rate on contracts **concluded before the beginning of the application of Art. 76** of the Law may not exceed the **default interest rate referred to in Art. 11** of the Law **increased by 8 p.p.**

# Regulatory assumptions created for numerous loan payment reliefs

- ❑ **By amending the regulations within its competence, the NBS has enabled the implementation of the state program of housing loans for young people**
  - ✓ When approving loans under this program, the banks can apply an LTV (loan to value) limit of 99% (client participation in financing purchase of real estate from a loan can be 1%), as well as a lower risk weight of 35% on the total exposure based on a housing loan that is approved within the program of state support for young people for the purchase of their first residential real estate, with the state guarantee covering 20% of the bank's insured portfolio in the first ten years of repayment.
  
- ❑ **Payment reliefs for first home buyers**
  - ✓ From 15 September 2025, the banks offer loans for the first home buyers with an income of up to 100,000 dinars, with nominal interest rate by up to 0.5 p.p. lower than the average interest rate on loans approved by the bank under its standard offer in July 2025.
  - ✓ Permanent relief: lower risk weight for housing loans for first home buyers if the amount of the loan is up to 90% of the value of the mortgaged real estate, which helps our citizens to buy their first home.
  
- ❑ **Relief for cash, consumer and other loan beneficiaries**
  - ✓ From 15 September 2025, the banks offer cash and consumer loans up to one million dinars, as well as loans for refinancing cash and consumer loans, for citizens whose monthly income is up to 100,000 dinars, with a nominal interest rate by 3 p.p. lower than the average interest rate on loans approved by the bank within its standard offer in July 2025.
  - ✓ From 16 August 2025, consumer loans in dinars may be approved upon a signed debtor's statement on employment and earnings if the loan is of small value (loan amount up to 150,000 dinars with a maturity of up to three years with an effective interest rate of 0%) and low risk (the share of non-performing loans in total loans of the same type and characteristics of less than 0.5%).
  - ✓ Permanent relief: one restructuring by extension of repayment period for cash, consumer and other general-purpose loans to individuals up to nine years (11 years for consumer loans for purchasing motor vehicles) without consequences for the bank's capital.

# NPL Indicator

Chart 37 **NPL Ratio (%)**



Source: NBS

- The decrease in NPL ratio by 21.07 p. p., from record high of 23.18% in May 2015 to record low of 2.11% in December 2025 is the result of a systematic approach, timely implementation of adequate measures and sustainability of achieved results.
- The most prominent measures and regulations that contributed to NPL reduction were:
  - *Strategy for NPL Resolution* (for the period 2015-2018)
  - *Decision on accounting write-off of the bank's balance sheet assets* (in force since September 2017)
  - *Program for NPL Resolution* (for the period 2018-2020)

# Capital Buffers – Implementation of Macroprudential Policy Measures

- Capital buffers increase the resilience of banks to losses, reduce excessive or underestimated exposures and restrict the distribution of capital.
- These macroprudential instruments should limit systemic risks in the financial system, which can be cyclical (capital conservation buffer and countercyclical capital buffer) or structural (capital buffer for a systemically important bank and systemic risk buffer).
- The following capital buffers are used in the Republic of Serbia:
  - Capital conservation buffer;
  - Countercyclical capital buffer, in order to mitigate and prevent excessive credit growth;
  - Capital buffer for a systemically important bank, with the objective to limit the systemic impact of misaligned incentives in terms of favoring certain financial institutions;
  - Systemic risk buffer, introduced to limit the risk of euroisation, one of the key structural non-cyclical systemic risks to the stability of the financial system of the Republic of Serbia.
- The capital conservation buffers may consist only of Common Equity Tier 1 capital equal to 2.5% risk-weighted assets for capital conservation buffer, 1% or 2% risk-weighted assets for capital buffer for systemically important banks, depending on the systemic importance level and 3% of total foreign currency and foreign currency-indexed placements of a bank approved to corporates and households in the Republic of Serbia for systemic risk buffer. Countercyclical buffer rate is set at 0.5% which will be applied from 15 December 2026.
- Capital buffers apply as of 30 June 2017.

\*NBS projection

Serbia	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*
<b>Real GDP, y-o-y %<sup>8</sup></b>	-0.4	0.5	-1.8	1.3	3.0	2.4	4.6	4.8	-1.0	7.9	2.7	3.7	3.9	2.0	3.5
<b>Private consumption, in %</b>	-2.2	-1.8	-0.3	-0.4	1.9	2.1	2.8	3.7	-2.1	7.7	3.5	0.5	5.2	3.1	4.2
<b>Government consumption, in %</b>	2.0	-2.7	-0.9	-4.2	-1.7	2.3	3.8	3.7	3.4	4.1	1.3	-2.4	3.9	3.1	2.9
<b>Gross fixed investment, in %<sup>8</sup></b>	13.9	-12.1	-3.5	5.4	5.5	7.6	16.8	16.9	-1.4	14.7	2.2	9.7	7.7	0.8	5.0
<b>Exports, in %</b>	2.9	18.0	4.3	9.0	10.9	7.9	9.0	7.3	-4.6	20.4	17.0	2.7	5.2	5.6	4.2
<b>Imports, in %</b>	1.5	7.2	5.1	6.8	6.4	10.3	11.1	9.8	-4.0	17.7	16.1	-1.4	8.0	8.0	6.9
<b>Unemployment Rate, in %<sup>4</sup></b>	25.9	24.0	20.6	18.9	16.4	14.5	13.7	11.3	9.7	11.1	9.5	9.4	8.6	8.7	
<b>Nominal Wages, in %<sup>5</sup></b>	9.0	6.2	1.4	-0.2	3.7	3.9	6.5	10.6	9.4	9.6	13.8	14.8	14.1	11.5	
<b>Money Supply (M3), in %<sup>6</sup></b>	9.4	4.6	7.6	6.6	11.6	3.6	14.5	8.4	18.1	13.3	6.9	12.7	13.5	9.6	
<b>CPI,<sup>2</sup> in %</b>	7.3	7.9	2.1	1.4	1.1	3.2	2.0	1.9	1.6	4.0	11.9	12.1	4.6	3.8	3.3
<b>National Bank of Serbia Key Policy Rate,<sup>3</sup> in %</b>	11.25	9.5	8.00	4.50	4.00	3.50	3.00	2.25	1.00	1.00	5.00	6.50	5.75	5.75	
<b>Current Account Deficit BPM-6 (% of GDP)</b>	-10.5	-5.5	-5.4	-3.3	-2.8	-5.0	-4.6	-6.6	-3.9	-4.1	-6.6	-2.4	-4.5	-4.9	-5.4
<b>General Government Deficit (% of GDP)<sup>7</sup></b>	-6.2	-4.9	-5.9	-3.3	-1.1	1.1	0.6	-0.2	-7.7	-3.9	-3.0	-2.1	-2.0	-2.4	-3.0

<sup>1</sup> Excluding the effect of change in inventories

<sup>2</sup> Average inflation in corresponding year.

<sup>3</sup> Latest data

<sup>4</sup> Labour Force Survey. Revised data from 2011. The estimate for 2025 is average of four quarters 2025.

<sup>5</sup> Since 2018, nominal wages published according to the new methodology.

<sup>6</sup> June data

<sup>7</sup> Ministry of Finance projection for 2026.

<sup>8</sup> Data for 2025 is sum of four quarters 2025



# Banking Sector Overview

Serbia	2018	2019	2020	2021	2022	2023	2024	2025
<b>Number of banks<sup>1</sup></b>	<b>27</b>	<b>26</b>	<b>26</b>	<b>23</b>	<b>21</b>	<b>20</b>	<b>20</b>	<b>19</b>
<b>Employees</b>	<b>22,830</b>	<b>23,087</b>	<b>22,823</b>	<b>22,550</b>	<b>21,995</b>	<b>21,899</b>	<b>22,286</b>	<b>21,816</b>
<b>Branches</b>	<b>1,598</b>	<b>1,598</b>	<b>1,576</b>	<b>1,515</b>	<b>1,371</b>	<b>1,341</b>	<b>1,337</b>	<b>1,288</b>
<b>HHI Assets</b>	<b>779</b>	<b>800</b>	<b>786</b>	<b>867</b>	<b>936</b>	<b>986</b>	<b>983</b>	<b>1,029</b>
<b>Share of foreign banks, %</b>	<b>75.4</b>	<b>75.7</b>	<b>86.0</b>	<b>87.0</b>	<b>83.6</b>	<b>76.9</b>	<b>77.5</b>	<b>77.2</b>
<b>Assets (net), EUR m</b>	<b>31,931</b>	<b>34,731</b>	<b>39,132</b>	<b>42,931</b>	<b>46,500</b>	<b>50,705</b>	<b>56,705</b>	<b>59,735</b>
<b>Capital, EUR m</b>	<b>5,725</b>	<b>6,002</b>	<b>6,098</b>	<b>6,120</b>	<b>6,138</b>	<b>6,981</b>	<b>7,890</b>	<b>8,203</b>
<b>Loans (gross), EUR m</b>	<b>19,406</b>	<b>21,111</b>	<b>23,439</b>	<b>25,938</b>	<b>28,142</b>	<b>28,534</b>	<b>31,787</b>	<b>36,682</b>
<b>Of which gross NPL, EUR m</b>	<b>1,105</b>	<b>862</b>	<b>871</b>	<b>927</b>	<b>848</b>	<b>916</b>	<b>804</b>	<b>774</b>
<b>Gross NPL ratio, %</b>	<b>5.7</b>	<b>4.1</b>	<b>3.7</b>	<b>3.6</b>	<b>3.0</b>	<b>3.2</b>	<b>2.5</b>	<b>2.1</b>
<b>IFRS impairment of NPLs</b>	<b>60.2</b>	<b>61.5</b>	<b>59.0</b>	<b>56.3</b>	<b>58.1</b>	<b>60.5</b>	<b>62.3</b>	<b>61.5</b>
<b>Deposits, EUR m</b>	<b>23,115</b>	<b>25,197</b>	<b>28,984</b>	<b>32,483</b>	<b>35,504</b>	<b>38,389</b>	<b>43,555</b>	<b>46,144</b>
<b>Pretax Income, EUR m</b>	<b>640.6</b>	<b>575.6</b>	<b>391.9</b>	<b>458.1</b>	<b>849.1</b>	<b>1,179</b>	<b>1,507</b>	<b>1,612</b>
<b>CAR, %</b>	<b>22.3</b>	<b>23.4</b>	<b>22.4</b>	<b>20.8</b>	<b>20.2</b>	<b>21.4</b>	<b>21.3</b>	<b>20.2</b>
<b>CET1 ratio, %</b>	<b>21.1</b>	<b>22.3</b>	<b>21.5</b>	<b>19.7</b>	<b>18.8</b>	<b>19.6</b>	<b>19.6</b>	<b>18.6</b>
<b>Leverage, %</b>	<b>12.6</b>	<b>13.6</b>	<b>12.4</b>	<b>11.1</b>	<b>10.3</b>	<b>10.3</b>	<b>9.9</b>	<b>10.1</b>
<b>Liquidity ratio</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.2</b>
<b>Liquidity coverage ratio, %</b>	<b>213.3</b>	<b>199.3</b>	<b>211.8</b>	<b>199.8</b>	<b>177.5</b>	<b>193.7</b>	<b>192.4</b>	<b>164.3</b>
<b>FX ratio, %</b>	<b>4.5</b>	<b>1.5</b>	<b>1.0</b>	<b>1.0</b>	<b>1.8</b>	<b>1.2</b>	<b>1.8</b>	<b>1.7</b>
<b>ROA, %</b>	<b>2.1</b>	<b>1.7</b>	<b>1.1</b>	<b>1.1</b>	<b>1.9</b>	<b>2.4</b>	<b>2.8</b>	<b>2.8</b>
<b>ROE, %</b>	<b>11.3</b>	<b>9.8</b>	<b>6.5</b>	<b>7.5</b>	<b>13.8</b>	<b>18.0</b>	<b>20.3</b>	<b>20.1</b>
<b>Net interest margin<sup>2</sup>, %</b>	<b>3.6</b>	<b>3.3</b>	<b>3.0</b>	<b>2.7</b>	<b>2.9</b>	<b>4.0</b>	<b>4.1</b>	<b>3.7</b>

<sup>1</sup> The NBS revoked operating licence from Univerzal banka Beograd on 31 January 2014 and from Jugobanka Jugbanka Kosovska Mitrovica on 2 April 2018. The NBS issued operating licence to Mirabank on 16 December 2014 and the bank started its operations in April 2015. The NBS issued operating licence to Bank of China Srbija on 20 December 2016. The Findomestic banka w as merged to Direktna banka on 1 July, 2017. Jubanka ad Beograd w as merged to AIK banka on 23 Decembar, 2017. Piraeus bank w as merged to Direktna banka on 26 October 2018. Vojvođanska banka w as merged to OTP banka on 25 April 2019 (under Vojvođanska business name). OTP banka w as merged into Vojvođanska banka on 29 April 2021 (under OTP business name). Mts bank w as merged to Banka Poštanska Štedionica on 30 June 2021. Direktna banka w as merged to Eurobank under the Eurobank Direktna business name on 10 December 2021. NLB banka w as merged to Komercijalna banka on 29 April 2022 under the NLB - Komercijalna banka business name. Naša AIK banka w as merged to AIK banka on 01 December 2022. RBA banka w as merged to Raiffeisen banka on 29 April 2023. On 28 March 2025, Eurobank Direktna akcionarsko društvo Beograd w as merged w ith AIK banka a.d. Beograd (w hich changed its business name to AikBank akcionarsko društvo Beograd), as of w hich date there are 19 banks operating in the banking sector of the Republic of Serbia.

<sup>2</sup> Net interest margin to average total assets