



ANNUAL REPORT 2025



Belgrade, February 2026.



1. BACKGROUND

The Serbian Entrepreneurship Foundation (SEF) was established in December 2019 by KfW (the German Development Bank) and the Serbian Chamber of Commerce and Industry (Privredna komora Srbije- PKS), under the Law on Endowments and Foundations, with the registration number. The Foundation has its official office in Belgrade, Republic of Serbia, with a registered address at Vladimira Popovića No. 6, New Belgrade. The Foundation's official website is at www.sef.rs.

The objective of the Foundation is to enable and improve access to appropriate financial products for business starters (start-ups), micro, small and medium-sized enterprises (MSMEs), entrepreneurs and registered agricultural households, by encouraging banks and non-banking financial institutions, other service providers and development agencies to deliver financial and non-financial services to this segment of the economy. The Foundation's activities aim to maintain and/or increase employment, raise living standards, and alleviate poverty, thereby contributing to the sustainable growth of the Republic of Serbia.

The Foundation is managed by a professional team led by the Manager and supervised by the Board of Directors.

Members of the Board of Directors are:

Mr. John Khoury, independent member and Chairman of the Board of Directors

Mr. Darko Ivković, board member appointed by KfW

Ms. Jelena Cvijanović, board member appointed by the Serbian Chamber of Commerce and Industry

The Managing Director is Mr. Aleksandar Grabovac, appointed by the Board of Directors.

As of 31 December 2025 the Foundation has 5 employees and the Managing Director.

1. ACTIVITIES IN 2025

A) START-UP FACILITY

The primary aim of establishing the Serbian Entrepreneurship Foundation was to create a permanent, sustainable legal structure to continue the initiative of KfW and the Government of the Republic of Serbia. The initiative, aligned with SEF objectives, was launched in a Pilot phase to determine the need for access to finance through financial intermediaries and to further develop and refine financial products to support a specific market segment: start-ups. Initially, business starters were defined as legal entities, entrepreneurs, and registered agricultural households that, at the time of submitting a loan application with a commercial bank, had been operating for less than 2 years. In order to broaden coverage and increase the number of potential candidates for the Start-Up Facility, and taking into account the definitions of start-up used in programs implemented by European institutions in the Republic of Serbia, in November 2024, with the consent of KfW, the definition of a start-up was amended so as to include legal entities, entrepreneurs (sole proprietors) and registered agricultural households that, at the time of submitting a loan application with a commercial bank, have been operating for less than 3 years, or 4 years if a woman is the majority owner.

In September 2021, SEF received a grant in the amount of EUR 12,692,143.00, approved by KfW, to initiate the second phase (the so-called Roll-out phase) of the Entrepreneurship and Self-Employment Development Program by incentivizing financial institutions to finance business starters.

SEF's Start-Up Facility includes four components:

1. Training for start-ups in business plan development and financial literacy
2. Guarantees to commercial banks (up to 60% of the loan amount) that finance start-ups.
3. Non-repayable funds (grants) for start-ups that regularly repay their bank loans.
4. Training for bank staff handling loan applications from start-ups, as well as free mentoring for start-ups during the first year of loan use.

SEF guarantees cover bank loans approved for start-ups both for working capital (terms up to 36 months) and for investments (terms up to 60 months). The maximum loan amount per beneficiary is EUR 30,000.00 in dinar equivalent.

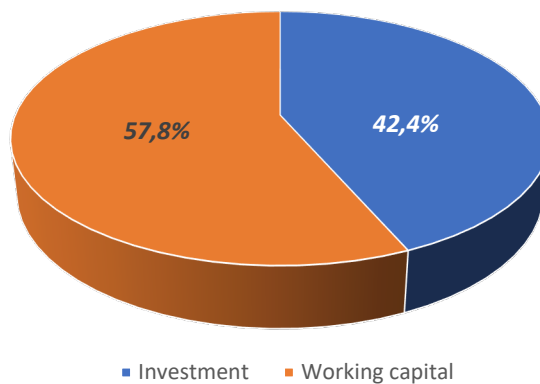
One of SEF's primary objectives — raising awareness of and the importance of financing start-ups by the banking sector in the Republic of Serbia — was successfully achieved in 2025. By the end of 2025 five banks were partners of SEF in implementing the Start-Up Program: Halkbank ad Belgrade, ProCredit Bank ad Belgrade, 3 Bank ad Novi Sad, ERSTE Bank ad and NLB Komercijalna banka ad. During 2025 negotiations were also launched with new banks that expressed interest in joining the program. SEF became recognized by the banking sector in the Republic of Serbia as an organization that plays a key role in promoting and facilitating access to finance for start-ups.

Since the onset of the program and up to 31 December 2025, SEF guaranteed 2,673 loans for start-ups, issuing guarantees totaling EUR 11,022,186, which directly supported EUR 18,370,310 in loans to start-ups.

In 2025 all five partner banks actively participated in the program and regularly submitted requests for guarantees.

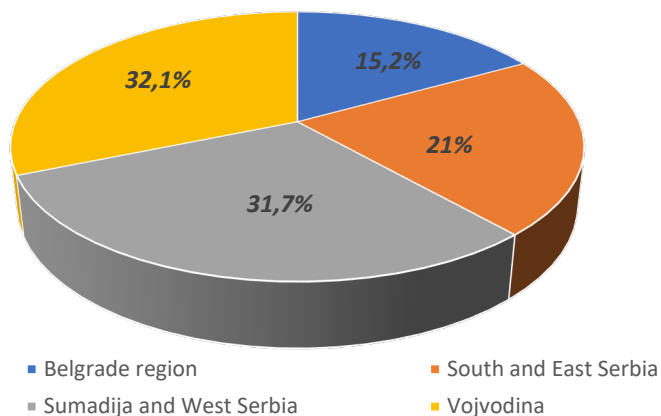
Start-ups used the majority of guaranteed loans for working capital.

Structure of Guarantees per Loan Purpose



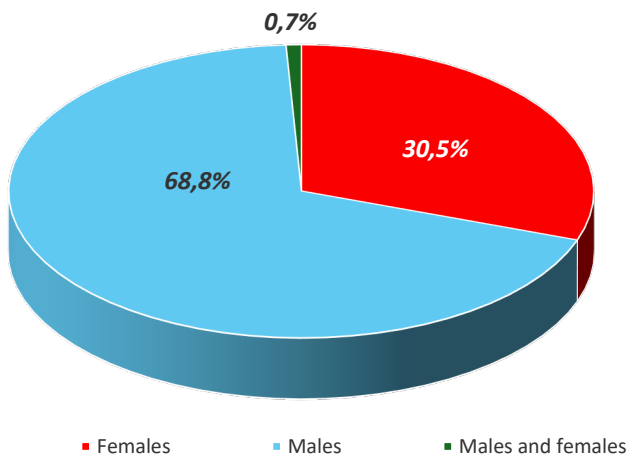
The largest number of guarantee beneficiaries comes from the regions of Vojvodina, as well as Šumadija and Western Serbia

Regional Distribution of Final Beneficiaries



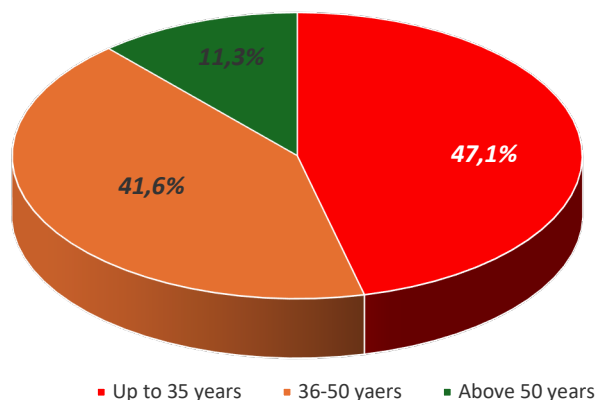
Almost one-third of issued guarantees are for entities owned by women:

Gender Structure of Final Beneficiaries



The largest share of beneficiaries are companies and entrepreneurs whose founders are under 35:

Age Structure of Final Beneficiaries



One of the most important components of this program is assuming the risk for start-up loans. Therefore, as of 31 December 2025, SEF made 73 payments under guarantees to partner banks in the amount of RSD 17,284,953.08.

Non-repayable funds (grants) for program participants who duly repaid their loans to partner banks became a more significant program component in 2025. For these purposes, SEF, as of 31 December 2025, paid out 690 grants in the amount of RSD 79,685,455.16.

Monitoring the program's effects on employment and overall economic development in the Republic of Serbia is of great importance to SEF. Through its guarantee mechanism, SEF directly contributed to creating new jobs in the Republic of Serbia. Start-ups for which SEF provided guarantees employed 4,236 people at the time of guarantee approval. Start-ups that successfully repaid loans guaranteed by SEF increased their number of employees by an average of 15.5%.

In 2025, negotiations were initiated with the Serbian Chamber of Commerce and Industry to organize training for start-ups in business plan development and financial literacy. These activities are planned to be implemented in 2026 for up to 800 participants.

The employee reward program for bank staff with the best performance in financing start-up clients from the SEF program continued in 2025. To promote start-up financing and raise awareness of its importance, SEF awarded three employees from 3 BANK in December 2025 for their outstanding performance in financing start-ups. In 2025, SEF also launched a reward program for employees of Erste Bank. SEF will extend this practice to other partner banks.



Awarding prizes to the employees of 3 BANK

B) COVID-19 INITIATIVE

As of 31 December 2023, SEF successfully completed its first implemented program, the COVID-19 Initiative, aimed at mitigating the effects of the COVID-19 pandemic. The focus was on clients from the most affected sectors (hotels, restaurants, transport, services). This initiative enabled bank clients to recover their businesses, maintain employment, and continue developing their operations by supporting investment activities

Four banks participated in this program: Halkbank a.d. Belgrade, Raiffeisen banka a.d. Belgrade, ADDIKO Bank a.d. Belgrade, and ProCredit Bank a.d. Belgrade.

Under the COVID-19 Initiative, SEF provided guarantees for 847 loans to MSMEs, entrepreneurs (sole proprietors), and registered agricultural holdings benefitting from this guarantee scheme. The beneficiaries included 250 registered agricultural holdings.

The total amount of guarantees issued by SEF under the COVID-19 guarantee scheme amounted to EUR 14,072,496, guaranteeing loans totaling EUR 22,752,839.

Since the purpose of this guarantee scheme was to share financing risk with partner banks for the target client group, and in accordance with the scheme's terms and conditions, by 31 December 2025 SEF made payments to partner banks for 35 guarantees in the amount of RSD 48,396,624.24.

Funds made available through regular loan repayments from this program were largely used (EUR 6.7 million) to launch a new SEF program: Support to Rural MSMEs. The remaining funds will be used as SEF's contribution to the EU-KfW Western Balkans Guarantee – Supporting Entrepreneurs' and MSMEs' Resilience program.

C) Program Support to MSMEs Operating Outside Major Urban Centers (Support to Rural MSMEs)

Following the successful implementation of the COVID-19 Initiative, and using funds from loan repayments from that program, SEF launched a new program in the last quarter of 2025 to support MSMEs operating outside major urban centers, i.e., outside the Belgrade and Novi Sad regions. The geographic targeting aligns with government policies and initiatives to facilitate economic activity, promote sustainable, productive employment, and create income opportunities in areas outside the regions with the highest concentration of business in the Republic of Serbia (the city of Belgrade and the city of Novi Sad). The new program covers more than 160 municipalities in Serbia. Through this program, SEF aims to contribute to balanced regional development in the Republic of Serbia.

The program is based on risk-sharing with partner banks that finance micro, small, and medium-sized enterprises operating in the targeted regions. SEF guarantees cover bank loans to this client group for working capital (terms up to 36 months) and for investments (terms up to 84 months). The maximum loan amount per beneficiary is EUR 150,000, in the dinar equivalent.

The partner banks for this program are ProCredit Bank and Halkbank



Contract signing with Halkbank

As of 31 December 2025, under this program, SEF had guaranteed 32 loans for eligible MSMEs, with issued guarantees totaling EUR 460,080, which directly supported EUR 1,537,184 in loans to MSMEs operating outside the cities of Belgrade and Novi Sad.

D) SME Hub Initiative

In July 2024, SEF and the Swiss Agency for Development and Cooperation (SDC) concluded an agreement on a credit guarantee scheme for selected manufacturing SMEs in Serbia. Through this agreement, SEF joined one of the leading projects of Swiss development cooperation in Serbia. This public-private initiative is designed to support small and medium-sized manufacturing enterprises by facilitating their access to finance and helping them align with international standards.

The concluded agreement provides EUR 2,100,000 in grant funding to implement the guarantee scheme, which is intended to enable domestic small and medium-sized enterprises to obtain financial support to meet the standards required to join the supply chains of large multinational companies. For this purpose, credit support of up to EUR 250,000 per enterprise is foreseen from SEF's partner banks.

Under this agreement, in August 2024, SEF received the first tranche of funds amounting to EUR 1,050,000 .

SEF's partner bank for implementing this guarantee scheme is ProCredit Bank, with which a partnership and guarantee agreement for this program was signed in December 2024.

In 2025, SEF worked intensively with partners on this program (SDC, SME Hub and ProCredit Bank), and in December 2025 the first guarantee under this program was issued.

E) EU-KfW Western Balkans Guarantee - Supporting Entrepreneurs' and MSMEs' Resilience

In December 2024 SEF joined the joint EU and KfW guarantee program for the Western Balkans to support entrepreneurs and small and medium-sized enterprises. The value of the agreement signed with KfW is EUR 10,133,000. The program aims to support manufacturing enterprises, businesses in rural areas and start-ups by providing adequate guarantee support to partner banks that lend to these client groups. The agreement also foresees technical assistance to SEF for program implementation.

This program will be highly significant for SEF's development, primarily through the possibility of leveraging existing funds, as it includes the option of an EU counter-guarantee to SEF for part of the risk SEF assumes from its partner banks that finance the target client groups. Additionally, through this program SEF will, for the first time, implement the concept of portfolio guarantees.

Implementation of this program is demanding, and throughout 2025, SEF worked to prepare the technical capacity for its delivery (drafting contractual documentation and adapting the Management Information System (MIS)), as well as to define products for potential partner banks. Banks' reactions to SEF's product for this program have been positive, and the inclusion of two to three banks in the program is expected in 2026.

In November 2025 a contract was signed with an implementation consultant for this program, who will provide technical assistance to SEF in implementing the program and will monitor its delivery.

3. FINANCING AND CAPITALIZATION

In 2025 SEF received funds under:

- The grant agreement for accompanying measures dated 25 October 2023, in the amount of EUR 156,548.13.

The Foundation in 2025 had funds based on:

1. Three grant agreements secured by the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany (BMZ) and channeled through the German Development Bank (KfW):
 - Grant for the COVID-19 Initiative in the amount of EUR 11,200,000.00. The grant was fully disbursed in 2020 and 2021.
 - Grant for the Start-Up program in the amount of EUR 12,914,693.00, of which a portion of EUR 172,550.00 was returned to KfW in accordance with the Grant Agreement to cover costs KfW incurred when establishing the SEF. The grant was fully disbursed in 2020 and 2021.
 - Grant for accompanying measures in the amount of EUR 500,000.00, of which EUR 314,722.36 was disbursed.
2. Contribution agreement for a credit guarantee scheme for selected manufacturing SMEs in Serbia concluded with the Swiss Agency for Development and Cooperation (SDC), with a contribution value of EUR 2,100,000.00, of which EUR 1,050,000.00 was disbursed in 2024.

The grant funds disbursed were used in 2025 exclusively for the purposes defined in the Grant Agreements.

In 2025, SEF fully covered its operating costs from its own revenues, which derived from: interest income on grant funds; fees for issued guarantees charged by the SEF to partner banks; and income from recoveries on loans repaid by banks for which the SEF had made payments under guarantees.

All guarantees payments made by the SEF to commercial banks in 2025 were made exclusively from the foundation's operating revenues.

4. PROMOTION OF THE FOUNDATION'S ACTIVITIES

The SEF team maintains regular communication with commercial banks in the Republic of Serbia, KfW, the Serbian Chamber of Commerce and Industry, the Ministry of Economy, the Swiss Development Cooperation (SDC) and potential donors. The purpose of these contacts is to keep current and future partners informed about the foundation's programs and results, as well as to explore new initiatives and programs aimed at the target groups for whom the SEF was established.

News about the foundation's activities is regularly updated on the foundation's official website and on the SEF LinkedIn account.

5. PLANNED ACTIVITIES FOR 2026

In 2026, SEF anticipates significant organizational changes, including amendments to the Foundation Statute and expansion of the number of board members to include independent members. Operationally, implementing the EU and KfW guarantee program for the Western Balkans to support entrepreneurs and small and medium-sized enterprises, by onboarding banks to the program, will be one of SEF's main priorities in 2026.

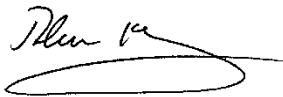
Support for start-ups in 2026 through the Start-Up Facility is planned to be expanded by implementing a training program on business plan development and financial literacy, in cooperation with the Serbian Chamber of Commerce and Industry.

The Foundation's report for the 2025 business year was prepared by the manager of the Serbian Foundation for Entrepreneurship and approved by the Chair of the SEF Board of Directors.

Prepared by:

Aleksandar Grabovac
Manager of SEF

Approved by:



John Khoury
Chairman of the SEF Board of Directors