

EFSE supports Komerčijalna banka's MSE business with EUR 20 million loan

Frankfurt and Belgrade, 24 October 2013 - The European Fund for South Eastern Europe (EFSE) – initiated by KfW Development Bank (KfW) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission – has strengthened its partnership with Serbian Komerčijalna banka by signing a EUR 20 million loan aimed at supporting medium and small enterprises (MSEs).

MSE lending, one of the core business areas of Komerčijalna banka, is seen as a future growth generator. With over 900,000 customers, Komerčijalna banka is Serbia's second largest commercial bank by total assets and has the country's largest network with more than 220 branches. Komerčijalna banka and the EFSE have been enjoying a fruitful cooperation in MSE financing since 2009.

“Due to its extensive network, Komerčijalna banka is one of our key partners in Serbia for fulfilling the EFSE's mission towards its target group of small and medium enterprises”, says Monika Beck, Chairperson of the Board of the EFSE. “The new loan facility should enable access to finance for more than 3,000 MSEs and small agricultural businesses.”

On the occasion of signing the loan agreement with the EFSE, the Deputy President of the Executive Board of Komerčijalna banka, Dragan Santovac said: “Komerčijalna banka AD Beograd initiated the negotiations for the implementation of this credit line after analysing the prevailing market conditions, with the intention of securing the best possible loan terms for its customers. The aim that has been achieved with this contract is to secure a credit line that will enable the Bank to prepare a product – a loan which, in terms of the key aspects of repayment period, interest rate, and purpose, but also other aspects as well, will be competitive with similar products of other banks that are present in this market segment.”

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, former Yugoslav Republic of Macedonia, Kosovo, Georgia, Moldova, Montenegro, Romania, Serbia, Ukraine and Turkey. As access to finance is a key success factor in developing the micro, small and medium enterprise segments, the EFSE

focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing. The funding the EFSE provides as long-term finance primarily for micro and small enterprises (MSEs) – but also for private households in the form of home improvement loans – is channelled to these loan customers through local partner lending institutions. Supporting the EFSE’s investment activities is the EFSE Development Facility, which provides partner lending institutions with technical assistance, consulting and training services to build operational capacities and professional management.

Initiated by KfW Development Bank (KfW) on 15 December 2005 from four multi-donor programs under its management, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance to leverage private funding for MSE finance in the target region. Capital is provided by donor agencies, international financial institutions and private institutional investors, including the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Commission (EC), the Government of Albania, Small and Medium Business Credit Support CJSC (SMBCS), a subsidiary of the Central Bank of Armenia, the Development Bank of Austria (Oesterreichische Entwicklungsbank - OeEB), the Swiss Agency for Development and Cooperation (SDC), the Danish International Development Agency (Danida), KfW as Lead Investor, the International Finance Corporation (IFC), the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), Sal. Oppenheim and Deutsche Bank.

Oppenheim Asset Management Services S.à r.l, Luxembourg, and Finance in Motion GmbH, Germany, are, respectively, the EFSE’s Fund Manager and Fund Advisor.

For more information about the European Fund for Southeast Europe, please visit: <http://www.efse.lu/>

About Komercijalna banka AD Beograd

In terms of total capital, Komercijalna banka AD Beograd is the second largest bank in Serbia. It has operated successfully for 43 years, continuously adjusting to the demands of modern business by introducing new banking products and using advanced data processing technology. The Bank’s business network is composed of 230 regional divisions and branches in Serbia, catering for 900,000 satisfied customers holding 1,300,000 accounts and savings of EUR 1,371 million.

The Bank is a 100% owner of subsidiaries in Montenegro and Bosnia and Herzegovina, with 40 regional divisions and branches serving 100,000 customers.

The Bank is equally successful in its dealings with retail customers and very large corporations both in Serbia and abroad, with a market share in the Serbian banking sector reaching 12%.

In 2012, in accordance with the strategic agreement between the Government of Serbia and the EBRD,

the Republic of Serbia increased the Bank's capital by EUR 102 million and retained its share of 42.6%. Shareholders of Komerčijalna banka include many internationally renowned institutional investors (e.g. IFC, Swed Fund, DEG), as well as a number of strong publicly and privately owned companies.

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