

EFSE becomes first international lender to provide loan in Serbian dinar

The dinar 615 million loan to Opportunity Bank will support micro and small enterprises and rural areas

Luxembourg and Novi Sad, Serbia, 27 July 2017 - The European Fund for Southeast Europe (EFSE) has become the first international lender to provide a loan in Serbian dinars with a dinar 615 million (EUR 5 million) senior loan to Serbia's Opportunity Bank JSC (OBS), to support small businesses, especially in rural areas.

The local currency for the loan was provided to EFSE by the European Bank for Reconstruction and Development (EBRD) by way of dinar denominated notes. In December, the EBRD issued a three-year, dinar 2.5 billion bond, making the development bank the first international organisation to issue a Serbian dinar bond.

The loan will allow OBS to offer local currency financing to borrowers in rural areas, such as small farmers, that have limited access to finance. Dinar-denominated loans also eliminate the risks associated with foreign-currency financing such as shifting exchange rates. OBS provides one-third of Serbia's agricultural loans to small farmers, making it one of the leading lenders in this segment.

Speaking at the EFSE Meeting in Split, Croatia, EFSE Board Chairman Christoph Tiskens said: "We are extremely proud to be the first international lender to provide financing in Serbian dinars, but we are just as proud that the money will be used to support micro and small farmers and rural entrepreneurs in Serbia. OBS has been a dedicated fund partner over the years, and as one of the country's leading agricultural lenders, its ongoing work to spread financial inclusion in Serbia supports our mandate to promote economic development and prosperity in the regions we serve."

The President of Opportunity Bank's Executive Board, Vladimir Vukotic said on this occasion: "Continued support from the EFSE is very important for Opportunity Bank as the financial institution in Serbia that is most dedicated to financial inclusion, which is embedded in its mission – to serve clients who have either limited or no access to financial services, with the result that 65% of our clients live in the villages and rural areas of Serbia. These clients absolutely prefer loans in dinars as opposed to loans with a foreign

currency clause, due to the reliance of their local markets on the domestic currency. Hence, this joint pioneering endeavour of EFSE, EBRD and Opportunity Bank is extremely important as it will enable clients to take longer-term loans in the future. This loan will also facilitate Opportunity Bank's continuous effort to make its contribution to the dinarization of the Serbian banking system by further increasing the share of its dinar loan portfolio, which is currently close to 50%."

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) was 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. It 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 programmes 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 acts as the EFSE's Fund Manager and Finance in Motion GmbH, Germany as Advisor.



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

About Opportunity Bank

Opportunity Bank Serbia (OBS) is a Community Bank specialized in microfinance, providing micro, rural, agro and SME loans and other financial services to their clients in Serbia who cannot ordinarily access financial services from traditional banks. Opportunity Bank is active in Serbia since 2002, when it was first established as Opportunity Savings Bank which successfully transformed into a bank in 2007 with the license issued by the National Bank of Serbia. The Bank is member of “Opportunity International” – Network of Banks and microfinance organizations which was founded in Chicago in 1971. At the end of 2016, Opportunity International Network has 9.6 million clients in 22 countries.

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