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Development finance institutions support key bank in Serbia

€120 million equity investment in Komercijalna Banka ad Beograd

Belgrade, Serbia, December 17, 2009 - The EBRD, IFC Capitalization Fund founded by IFC and the Japan Bank for International Cooperation, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH and Swedfund International AB are strengthening the banking sector in Serbia with a new joint investment in Komercijalna Banka ad Beograd (KB). A total of 11.4 billion Serbian Dinars (approximately €120 million) will be invested in a new class of non-voting preference shares, convertible after 3 years into ordinary shares of KB.

This transaction, part of the development finance institutions' crisis response in Serbia, will strengthen a systemic bank in the country, equipping KB with a capital buffer that will support the bank during the current economic downturn. The capital increase will help Komercijalna Banka expand its relationships with clients and partners, and will assist the bank in its future growth plans.

The EBRD is investing 4.6 billion Serbian Dinars (equivalent of approximately €48 million), IFC Capitalization Fund will contribute 4.1 billion Serbian Dinars (approximately €42 million), DEG is contributing up to 1.8 billion Serbian Dinars (approximately €19 million) and Swedfund is participating with a contribution of up to 0.9 billion Serbian Dinars (approximately €10 million). The EBRD is already a shareholder in Komercijalna Banka, having purchased a 25 per cent stake in the bank in 2006.

The project will enable Komercijalna Banka, which has the Serbian government as its largest shareholder, to continue to develop into a proven attractive asset to be privatised according to a timetable agreed between the investors and the Serbian government.

The investment is supported by €1.9 million in technical assistance grant funds from the Canada-EBRD Technical Cooperation Fund for the south-east Europe Action Plan, the EBRD Western Balkans Fund and the EBRD's Shareholder Special Fund.

"This transaction will help Komercijalna Banka to reinforce its position as a leading bank in Serbia and in the region and will support its further development, preparing the institution for privatisation in the post-crisis period. The EBRD will continue to support Komercijalna Banka with new financing facilities in the future," said Nick Tesseyman, EBRD Business Group Director for Financial Institutions.

Shahbaz Mavaddat, IFC Director for Southern Europe and Central Asia, said: "This investment demonstrates our joint commitment to the banking sector of Serbia in a time of global financial crisis. The investment, which is made through the IFC Capitalization Fund, will help the bank bolster its financial services to Serbian enterprises and individuals, supporting economic activity and job protection."

Andreas Zeisler, First Vice President and Head of Financial Institutions at DEG, said: "This investment will strengthen Komercijalna Banka to continue its financing business for small and medium-sized enterprises, a focus of DEG's business. Given the current challenging environment, the cooperation of the EBRD, IFC, Swedfund and DEG underlines our special responsibility as development finance institutions."

Karin Isaksson, Director of Investment Operations at Swedfund, said: "This is Swedfund's first direct investment in Serbia and underscores our commitment to increasing our presence in the region."

Ivica Smolić, President of Komercijalna Banka's executive board said, "This capital increase reinforces the capital position of Komercijalna Banka and creates new potential for further development in markets where we operate. It will allow Komercijalna Banka to strengthen its position in the Serbian market."

To date the EBRD has committed close to €1.8 billion in the Serbian economy, mobilising additional investments worth more than another €1.7 billion.

IFC, a member of the World Bank Group, has invested US\$1 billion in the IFC Capitalization Fund, while the Japan Bank for International Cooperation, the international wing of Japan Finance Corporation, has invested US\$2 billion.

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The EBRD, owned by 61 countries and two intergovernmental institutions, is supporting the development of market economies and democracies in countries from central Europe to central Asia. www.ebrd.com

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. Our new investments totalled \$14.5 billion in fiscal 2009, helping channel capital into developing countries during the financial crisis. For more information, [visit www.ifc.org](http://www.ifc.org).

Japan Bank for International Cooperation (JBIC) is the international wing of the Japan Finance Corporation (JFC), Japan's policy-based financing institution established on October 1, 2008. It succeeded International Financial Operations of former JBIC and will continue to use the name of JBIC to maintain international trust and confidence it has gained. JBIC provides policy-based finance with a mission to contribute to the sound development of the Japanese and international economy, including finance responding to disruptions in financial order in the international economy. For more information, visit www.jbic.go.jp.

DEG, member of KfW Bankengruppe (KfW banking group), finances investments of private companies in developing and transition countries. As one of Europe's largest development finance institutions, it promotes private business structures to contribute to sustainable economic growth and a lasting improvement in the living conditions of the local population. www.deginvest.de

Swedfund is Sweden's bilateral Development Finance Institution. Swedfund offers competence and capital for investments in Eastern Europe (outside EU), Asia, Latin America and Africa. Swedfund's mission is to develop profitable companies and thereby contribute to sustainable economic development in emerging markets. www.swedfund.se