

MEDIA RELEASE

Banca Intesa and KfW sign credit lines for MSME sector, farmers and municipalities

46.5 million euros in support of economic development

Belgrade, December 17, 2015 – Banca Intesa and KfW - the Development Bank operating on behalf of the German Government - signed today agreements on three credit lines totaling 46.5 million euros that will be on-lent by Banca Intesa in the form of favorable loans for micro, small and medium-sized enterprises (MSMEs), registered farming households and local governments. The signing ceremony was attended by representatives of the Government of the Republic of Serbia and the Embassy of the Federal Republic of Germany.

“Sustainable economic development and enhancement of employment opportunities will remain a priority area of bilateral German development cooperation with Serbia. A newly established “German-Serbian Initiative for Sustainable Growth and Employment” shall address these priority areas, through credit lines that were signed today. These enable better access to finance for micro, small and medium enterprises as well as municipalities and by that stimulate investments and contribute to better living conditions through Serbia,” said Mr. Axel Dittmann, Ambassador of the Federal Republic of Germany.

MSMEs from rural areas, particularly those engaged in agricultural production, and registered farming households can benefit from a credit line worth 23.5 million euros. The credit facility comes with a seven-year repayment term and provides bank clients with finance for all investment projects and durable working goods over a longer period of time than what was available so far, with a more favorable repayment term and a longer grace period.

“Credit lines secured in cooperation with our long-time partner, KfW Development Bank and with support from the German Government, reaffirm Banca Intesa’s wish to provide an additional impetus to the further economic recovery through more favorable financing terms and therefore help create jobs. Being the leading bank in the Serbian market and the largest creditor of the domestic economy, we are confident that we can give substantial contribution to the further development of primarily agriculture and the MSME segment, but also create conditions for stable growth and development in the long run“, said Draginja Djuric, president of Banca Intesa Executive Board.

Registered farming households will also benefit from a credit line of 8 million euros that will be on-lent by Banca Intesa for financing working assets in crop production. As a special benefit, this innovative, one of a kind product in the market, will also include insurance of crops against basic risks for the investment amount.

“KfW’s partnership with Banca Intesa is characterized by creating innovations in the Serbian financial sector and providing an impetus for the development of new products. In this spirit, KfW developed the agri-insurance loan in cooperation with Banca Intesa a.d. Beograd and Generali. The loan is designed as a combination of a farmer loan with crop insurance with a single price. This new product will help Serbian farmers to get better access to finance and better cover their risks. This way, Serbian farmers can increase their productivity and competitiveness which will lead to the generation of growth particularly in rural areas,” said Arne Gooss, Director of the Office of KfW Development Bank in Serbia.

Local governments and public enterprises will be able to apply for loans under a credit line worth 15 million euros that will be allocated for financing infrastructure projects of municipalities and public enterprises. The loans will be disbursed with a repayment term of seven years and a grace period of three years.

Banca Intesa has signed a total of eight credit lines with KfW since they established cooperation in 2008. Along with the three lines signed today, the bank realized four lines for local governments and public enterprises in the cumulative amount of 100 million euros, as well as one for small and medium-sized enterprises worth 20 million euros.

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Banca Intesa ad Beograd, member of **INTESA**  **SANPAOLO**, is the leader in domestic market, reliable partner for 1.67 million clients, natural and legal entities. With net balance sheet amount of over 4.3 billion euros, total deposits of 2.7 billion euros and total placements of 2.3 billion euros, Banca Intesa Belgrade is leading the list of the biggest banks in Serbia. Owing to a developed business network of 171 branches across Serbia, the most developed network of ATMs and POS terminals and professional team of over 3,000 employees, the bank is recording stable results in all business areas. Banca Intesa is developing its business activities in retail and small business operations, corporate banking and local government operations.

German Financial Cooperation is channeled through **KfW**, which acts as implementing agency on behalf of the German Government. KfW Entwicklungsbank or KfW Development Bank is part of the KfW Bankengruppe, one of the largest banks in Germany. Financial commitments through KfW in Serbia reached about EUR 1.7 billion.