

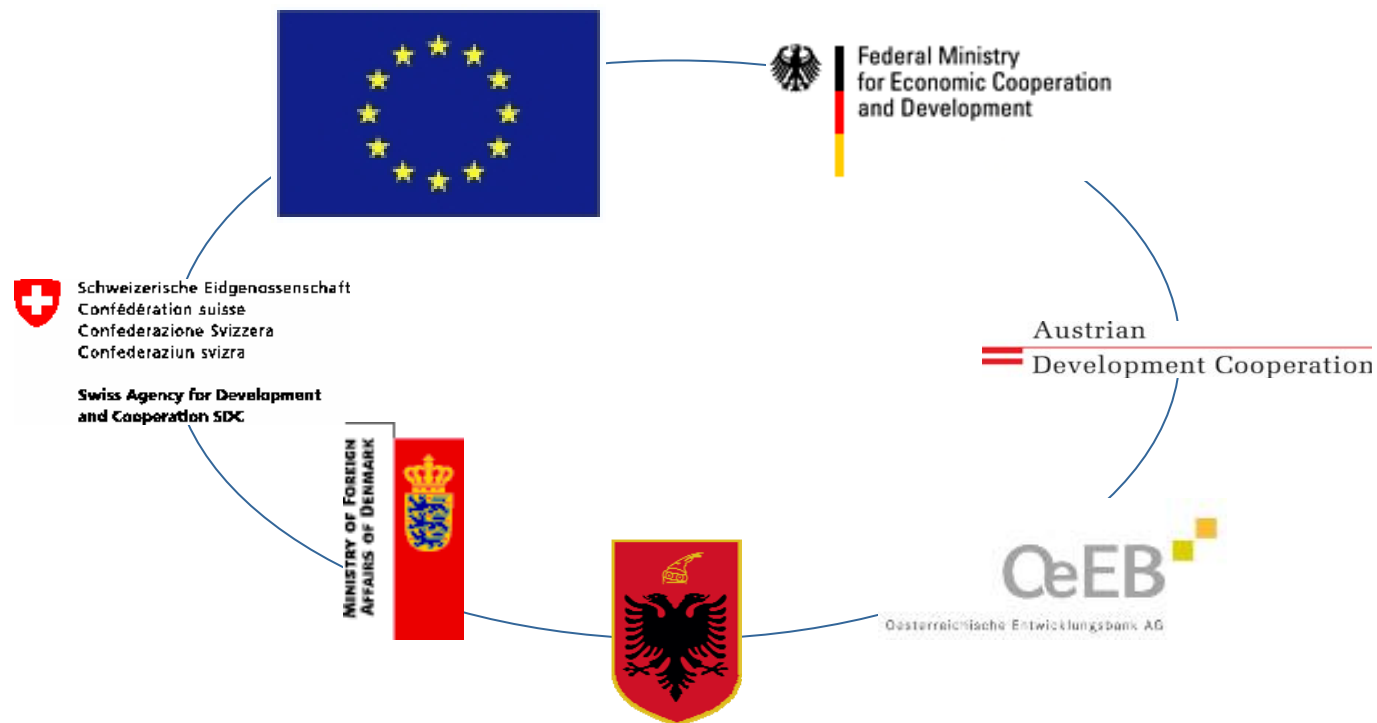
EFSE Annual Meeting 2009

Structure and Performance of EFSE



NOVI SAD, SERBIA
27 MAY 2009

EFSE - A development finance initiative supported by:



Overview

1. **EFSE - Background**
2. **Overall fund performance**
3. **Development performance**
4. **EFSE Development Facility**
5. **EFSE - Outlook**

1. EFSE - Background

Mission statement

The Fund aims to foster economic development and prosperity in the Southeast Europe region through the sustainable provision of additional development finance, notably to **micro and small enterprises ("MSEs")** and to **private households**, via qualified financial institutions.

- ➡ Income generation
- ➡ Job creation
- ➡ Providing housing finance
- ➡ Strengthening local financial markets



1. EFSE - Background

Services offered to partner lending institutions

Financial instruments:

- Medium to long-term loans
- Subordinated loans
- Term deposits
- Subscriptions to bond issues
- Co-investments (syndicated loans)
- Stand-by letters of credit
- Guarantees
- Equity and quasi-equity participations

Complementary non-financial services through the EFSE Development Facility:

- Technical assistance
- Training
- Research projects and studies
- EFSE Annual Development Impact Study



1. EFSE - Background

Investors and shareholders

Public Investors



International Finance Institutions



Private and Institutional Investors

SAL. OPPENHEIM

Deutsche Bank

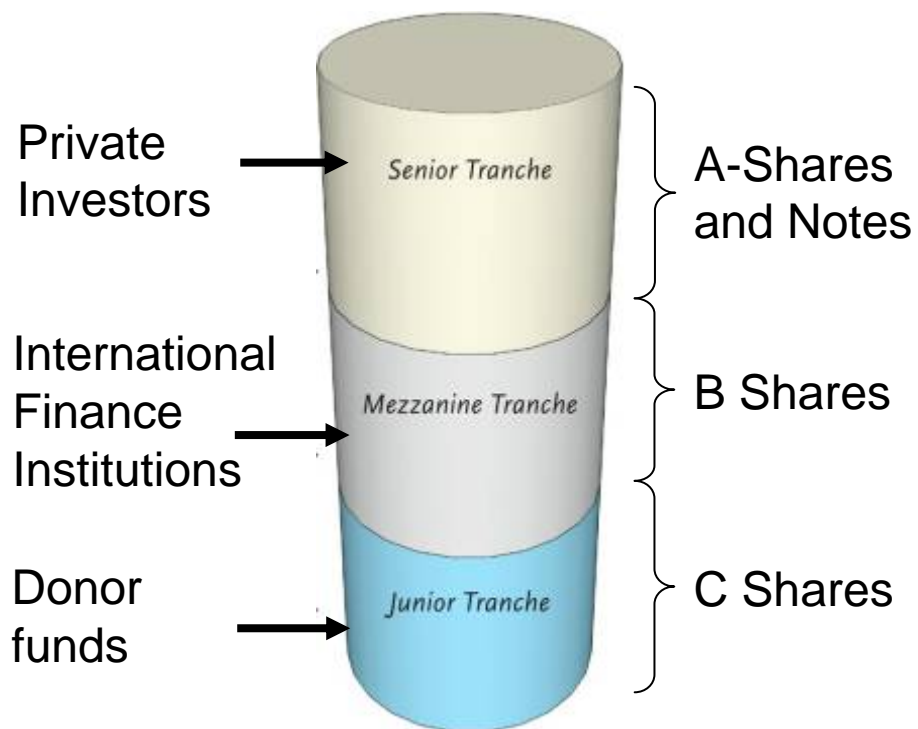


OMIDYAR-TUFTS
MICROFINANCE FUND



1. EFSE - Background

Leverage of funds



Fund Volume in EUR million			
	12/05	12/08	Target 2011
A-Shares and Notes	20	371	430
B Shares	60	90	100
C Shares	66	179	269
Σ	148	640	799

EFSE pursues a Tiered Funding Strategy

1. EFSE - Background

EFSE: Flagship initiative in Development Finance

- **Contribution to regional integration and cooperation**
- **Efficient use of public funds:** Scarce public funds are used in a revolving manner and are used as a risk-cushion to **leverage private capital** for development finance
- **Incorporation of local stakeholders** through the Advisory Group (representatives of local central banks)
- **Implicit coordination platform** for private and public investors
- **Transparent decision-making processes and professional management**
- **„Responsible Banking“:** EFSE invests responsibly and promotes social values and high standards of business ethics (e.g. environmental standards, client services)

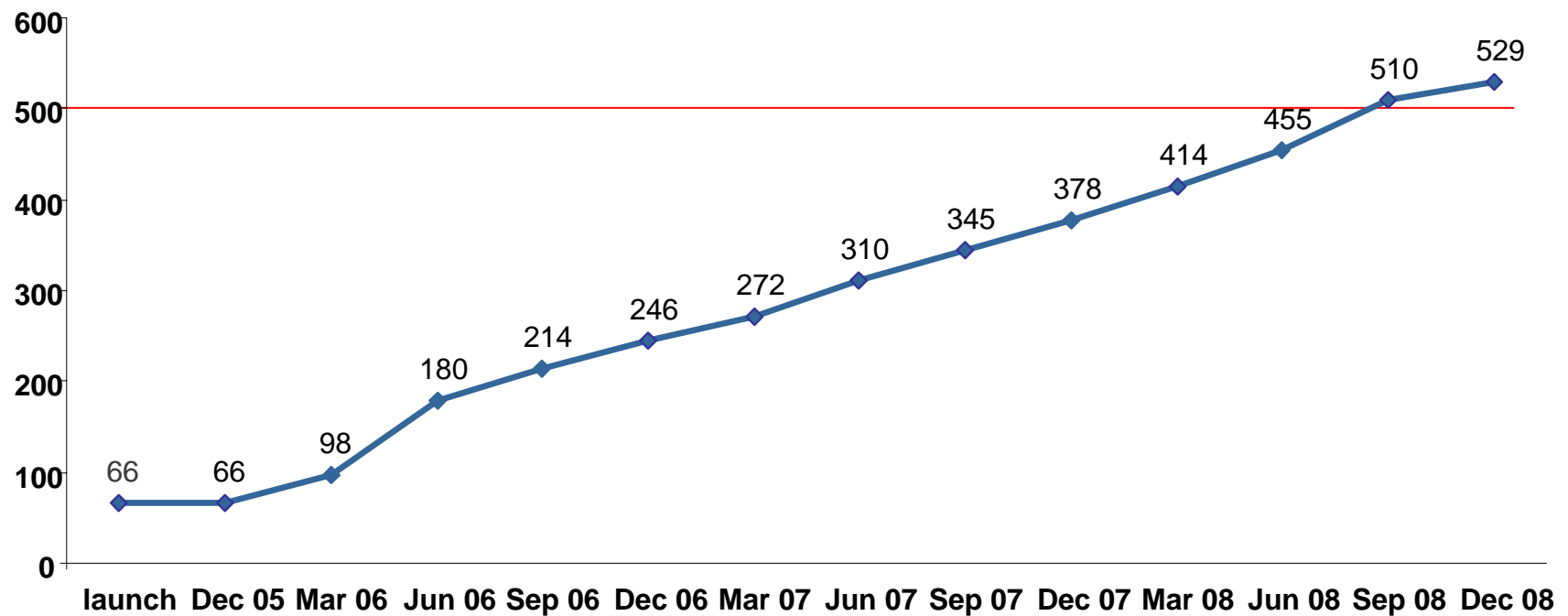
2. Overall fund performance

EFSE – Highlights of the year 2008

- **EUR 195 million investments (disbursed)** – more than in any other year (17% increase from 2007)
- **EUR 500 million milestone surpassed in September** – 2 years earlier than target
- Despite unfavourable financial environment, **no need for asset impairment provisions**
- **First Southeast European government, Albania,** committed investment
- **First public fund, BN&P Good Growth Fund,** undertakes investment
- As the first investor **OeEB undertakes vertical investment in all risk classes**
- **Establishment of local teams in Macedonia and Ukraine**

2. Overall fund performance

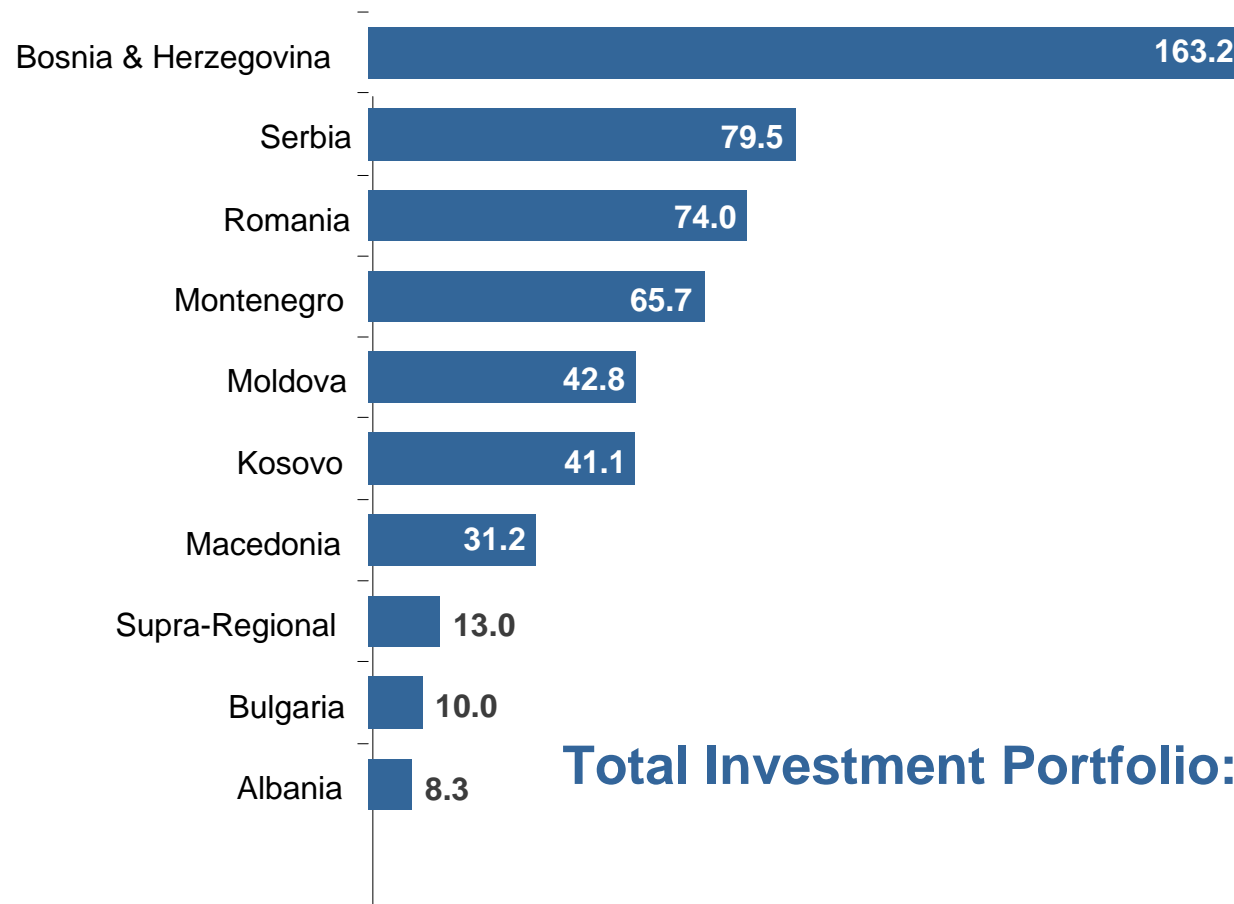
Investment portfolio development *EUR million*



2. Overall fund performance

Investment portfolio by market (as of Dec 2008)

EUR million

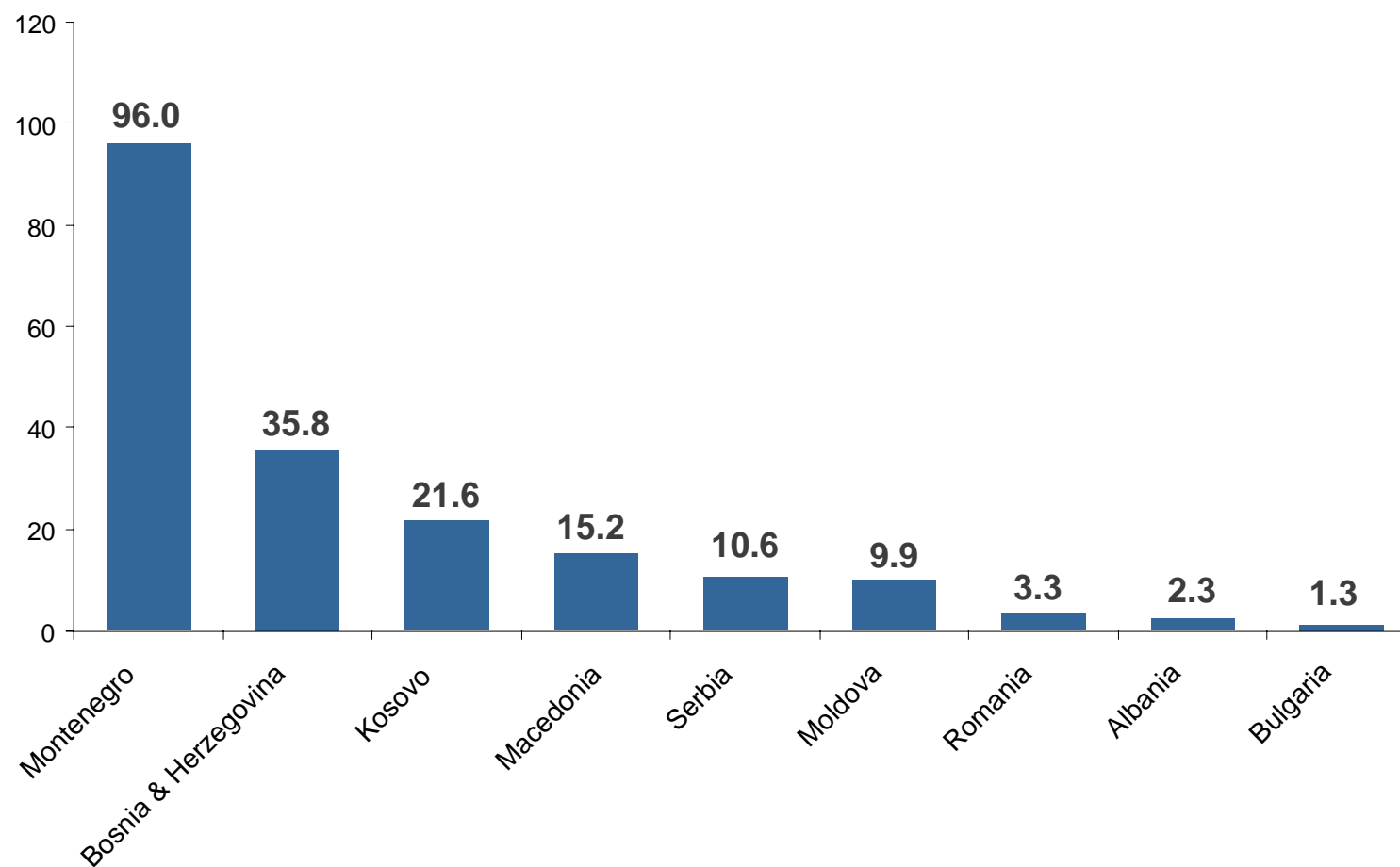


Total Investment Portfolio: EUR 528.8 million

2. Overall fund performance

Investment portfolio per capita (as of Dec 2008)

EUR



3. Development performance

Outreach to end-borrowers (as of Dec 2008)

Number of active end borrowers

98,087

Sub-loan portfolio

EUR 442 million

Average sub-loan size outstanding

EUR 4,506

Number of sub-loans disbursed since inception

148,037

Amount of sub-loans disbursed since inception

EUR 767 million

Average sub-loan size disbursed since inception

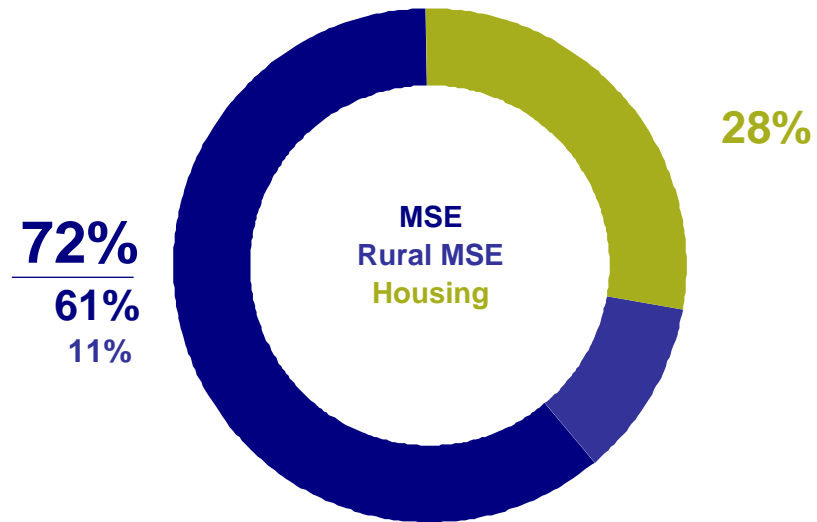
EUR 5,182

92% of MSE loans below EUR 10,000

3. Development performance

Sub-loan portfolio by product (as of Dec 2008)

Based on loan amount

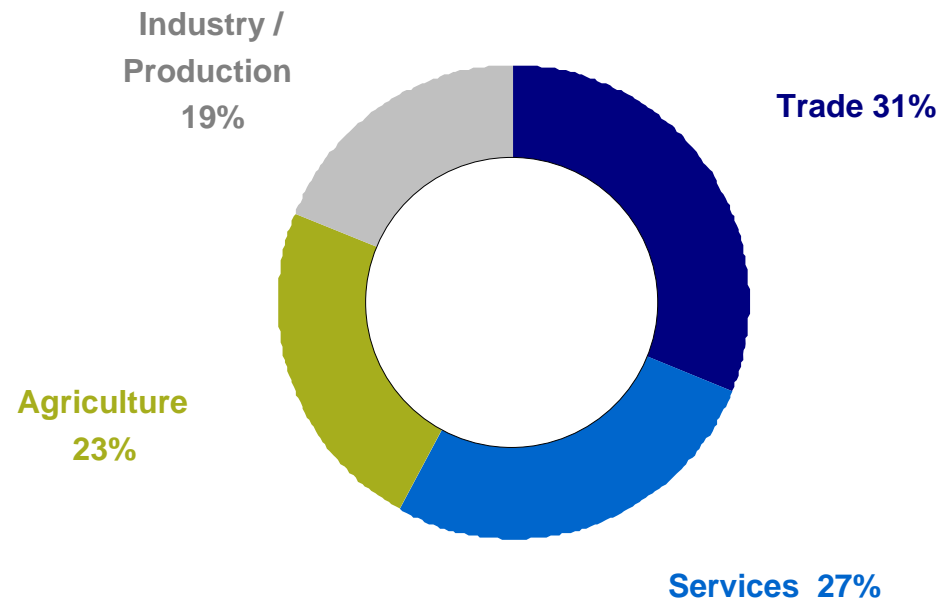


3. Development performance

Sub-loans to MSEs/rural MSEs by economic sector (as of Dec 2008)

Based on loan amount

Sub-loan disbursements during 2008

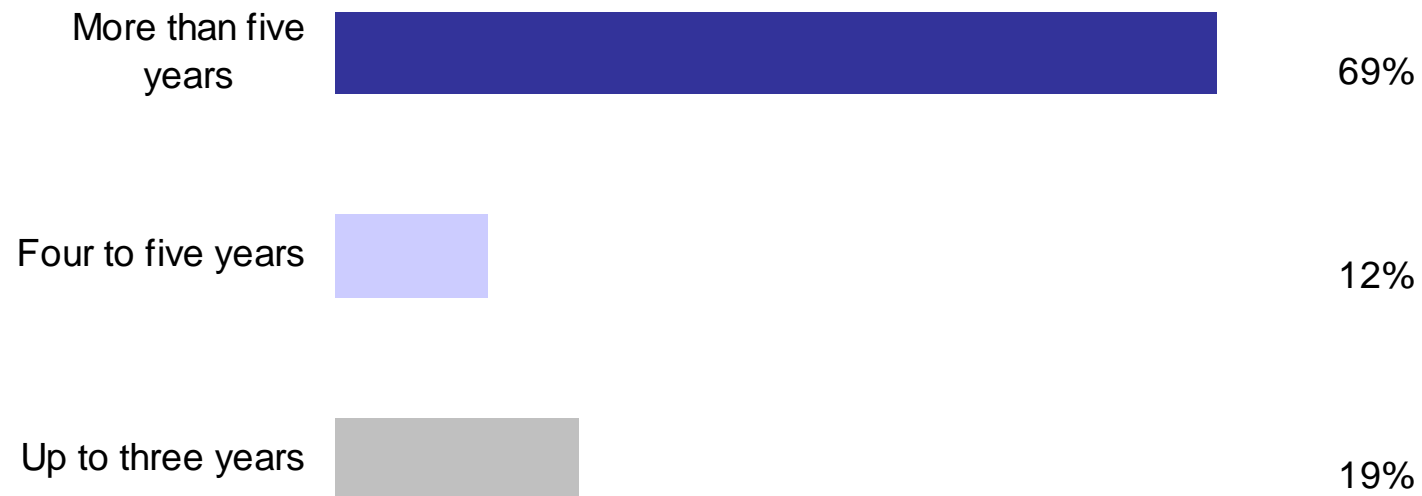


3. Development performance

Maturity of housing sub-loans (Dec 2008)

Based on loan amount

Sub-loan disbursements during 2008



4. EFSE Development Facility

Enriching partnerships through non-financial assistance

Mission: Strengthen internal capacity of EFSE's partner lending institutions to increase the outreach to the final target group.

What does the EFSE Development Facility stand for?

- **High-quality technical assistance** focusing on key areas or processes in the partner institutions
- **Quickly respond to the needs** of EFSE's partner lending institutions
- **Joint project design** and consultant selection



4. EFSE Development Facility

At a glance (2006 - 2008)

- Total project volume **EUR 3.54 million**
- Number of projects approved **87**
- Number of partner institutions supported **29 microcredit organisations and microfinance banks, 12 commercial banks**
- Beneficiaries **approx. 500 staff, 40% female**
- Average project size **EUR 40,600**
- Partner institutions cost share in total costs **30%**



5. EFSE - Outlook

Perspectives

- **Crisis-response:** increased technical assistance
- **Roll-out in Albania and start in Ukraine**
- **Focus on Rural Finance:** Specific impact and country studies and development of strategy
- Particular support to the **consolidation of the microfinance sector**
- **Investment portfolio 2011: EUR 760 million**
- **Number of MSE and housing sub-loans disbursed by 2011: 390,000**
- **Contributed to the creation of more than 400,000* jobs by 2011**



* Estimacion according to the EFSE Annual Development Impact Study



SAL. OPPENHEIM

Deutsche Bank



OMIDYAR-TUFTS
MICROFINANCE FUND



Thank you for your Attention!

www.efse.lu