

Press Release

For immediate release

EFSE, DEG and ABank enter into EUR 30 million subordinated loan agreement to support micro, small and medium enterprises in Turkey

Luxembourg, Cologne and Istanbul, December 30, 2011 – The European Fund for Southeast Europe (EFSE), DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbh and Alternatifbank A.Ş. (ABank) have entered into a syndicated subordinated loan agreement totalling EUR 30 million, with EFSE providing EUR 10 million and DEG EUR 20 million, to boost credit availability for micro, small and medium enterprises (MSMEs) in Turkey.

The investment on the part of the EFSE, the first in Turkey, was made possible with funding from the European Commission, one of the EFSE's main investors via the European Investment Fund as its Trustee. The EFSE was initiated in 2005 by the KfW Entwicklungsbank (The German Development Bank) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. Today, the EFSE is one of the world's largest development finance investment funds.

DEG has been active in providing funding to the private sector in Turkey for over 40 years with equity, mezzanine and long-term senior debt products. In supporting the development of finance institutions and private enterprises, DEG has grown a portfolio of approximately EUR 250 million that includes banks, leasing companies, renewable energy projects as well as manufacturing and agribusiness companies.

ABank is a medium-sized, private commercial bank with a predominant focus on small and medium enterprises (SMEs) and corporate customers. ABank will channel the funds made available through the loan agreement to the MSME segment in Turkey. Besides enhancing credit availability to the sector as a whole, one of the main purposes is to fund the investment and working capital needs of MSMEs with longer-term loans. This is especially important because access to long-term financing, which is hindered mostly by short customer deposit maturities, remains limited in Turkey. The joint loan agreement with the EFSE and DEG will help ABank to further diversify its funding base and expand its MSME loan portfolio.

Dr. Klaus Glaubitt, Chairman of the Board of Directors of the EFSE, said: *"We are pleased to announce the EFSE's commitment in Turkey with this loan to ABank. The subordinated nature of the loan and its 10-year maturity underscore the EFSE's confidence in ABank and in the Turkish banking sector. The loan will support ABank in expanding its credit supply to Turkish micro and small entrepreneurs, who are critical to economic development and instrumental in generating employment opportunities."*

Franz-Josef Flosbach, Director Europe, Middle East, Central Asia at DEG, added: *“DEG has established a strong track record in funding banks and other financial institutions to increase the availability of long-term financing, especially to SMEs. We are pleased to work with Anadolu Group, one of Turkey’s largest conglomerates and its financial institution, ABank, which has a clear focus on SMEs, one of DEG’s priority sectors. By providing a subordinated loan DEG will contribute to further growth for the bank and to increased funding for SMEs, the driving force of the economy.”*

“The support extended to ABank by DEG and EFSE demonstrates the Bank’s solid standing and also confirms its increasing penetration in the small and medium enterprise segment,” said Hamit Aydođan, CEO of ABank. *“The facility will further strengthen ABank’s capital base and support its ongoing growth strategy, while expanding its balance sheet.”*

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the European Eastern Neighbourhood Region (ENR), including Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia, Turkey and Ukraine. It provides long-term finance primarily for micro and small enterprises (MSEs) and private households in the form of home improvement loans channelled through local financial institutions. 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. 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. The EFSE was initiated by KfW Entwicklungsbank (The German Development Bank) 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 as the first EFSE shareholder from the EFSE’s target region, the Development Bank of Austria (Oesterreichische Entwicklungsbank - OeEB), the Swiss Agency for Development and Cooperation (SDC), the Danish International Development Agency (Danida), KfW Entwicklungsbank 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), and 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.

About DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbh

DEG, member of KfW Bankengruppe, is one of the largest European development finance institutions and has been financing and structuring the investments of private companies in developing and emerging market countries for nearly five decades.

DEG invests in profitable projects that contribute to sustainable development in all industries, from agribusiness to infrastructure and from manufacturing to services. The financial sector is another area DEG focuses on to facilitate reliable access to investment capital at the local level.

DEG's aim is to establish and expand private enterprise structures in developing and emerging countries, and thus create the basis for sustainable economic growth as well as lasting improvement of living conditions for the local population.

In order to better serve Turkey with its growing economy and long-term financing needs, DEG has a Representative Office in Istanbul.

About ABank

Alternatifbank A.Ş. (ABank) is a private sector commercial bank, predominantly serving small and medium enterprises. Founded in 1991, ABank began operations in February 1992, mainly in corporate, commercial and retail banking.

Following the vision of being the preferred bank on the strength of its competitive advantages, ABank has earned the reputation of an efficient and profitable bank that provides high quality services. ABank operates through a network of 63 branches, particularly in major industrial centres throughout Turkey, as well through alternative distribution channels, and a competent team comprising more than 1,100 employees.

ABank is part of the Anadolu Group, one of Turkey's leading industrial conglomerates with interests mainly in the beverage, automotive, financial services, retail and energy sectors among others. The Anadolu Group owns 96% of ABank; the remaining shares are publicly quoted on the Istanbul Stock Exchange.

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