

EFSE partners with PJSC Kredobank by investing in SME-dedicated local-currency bonds

Luxembourg and Lviv, August 6, 2018 – The European Fund for Southeast Europe (EFSE) has provided financing in Ukrainian hryvnia (UAH) equivalent to EUR 10 million to the Lviv-based PJSC Kredobank. This includes a UAH 250 million (equivalent to EUR 8.2 million) investment in local bonds issued by the bank, making it the largest non-government bond investment in Ukraine in 2018.

With a strong presence in Western Ukraine, Kredobank stands out as a top provider of micro and small enterprise (MSE) financing with a special focus on serving agricultural businesses. The dedicated funding provided by EFSE will enable the bank to offer longer-term financing to MSEs in local currency and will support the bank in increasing its outreach nationwide.

EFSE Board Chairman Christoph Tiskens said: “With this inaugural bond investment, we are pleased to further expand our operations in Ukraine with our new partner, Kredobank. Continuing EFSE’s role as successful local currency provider in Ukraine, we are committed to further supporting the economic development of the country while promoting the principles of responsible finance.”

“We are happy to start this cooperation with EFSE and benefit from the dedicated funding that will allow us to expand financing to our core segment of small and medium enterprises, and to offer much-needed longer-term financing in local currency,” says Grzegorz Szatkowski, Chairman of the Board of Kredobank. “It is also worth noting that EFSE’s investment in Kredobank’s bonds is an additional confirmation of the attractiveness of this financial instrument for investors.”

About the bonds

Kredobank’s 5-year bonds, amounting to a total of UAH 500 million, were registered by Ukraine’s National Securities and Stock Market Commission in November 2017. Bonds were issued in two equal series of UAH 250 million each. A public offering of A-series bonds began in December 2017; the later B-series bonds offering started in February 2018 and was fully subscribed by EFSE in July 2018. Any individual or legal entity may purchase bonds; the notional value of one bond is UAH 1,000. Kredobank will use the proceeds from the bonds to finance small and medium enterprises.

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, EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing. The funding EFSE provides as long-term finance is channelled to loan customers – primarily micro and small enterprises (MSEs), but also private households for home improvement – through local partner lending institutions. Supporting 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 programs under its management, 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), and Deutsche Bank.

Hauck & Aufhäuser Fund Services S.A., Luxembourg, acts as EFSE's Fund Manager and Finance in Motion GmbH, Germany, as Advisor.

For more information about the European Fund for Southeast Europe, please visit www.efse.lu
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About PJSC Kredobank

PJSC Kredobank, founded in Lviv in 1990, is the largest bank in Western Ukraine and the largest Polish investment in the banking system of Ukraine. It belongs to the group of banks of foreign banking groups according to the NBU classification, and its strategic investor is Poland's largest bank, PKO Bank Polski S.A. The bank offers a full range of services for retail clients and for small, medium, and large

enterprises in 22 oblasts in Ukraine and Kyiv. In 2018, rating agency “Standard-Rating” confirmed the highest rating on its scale, ua.1, for Kredobank’s deposits. The bank’s short-term credit rating also achieved the highest level, uaK1, as did the bank’s credit rating on the national scale: uaAAA with a stable forecast. In October 2017, Kredobank took second place in the “SME Support” category of the 2017 Financial Oscars held by Business magazine. In February 2018, the bank received first prize in the Prostobank Awards in the categories “Mortgage loans for real estate in the secondary market”, “Blank Overdrafts”, and “Deposits for business”. In March 2018, it received second place in the reliability rating of large retail banks by Money magazine and fifth among Ukrainian banks in terms of stability from the financial portal MinFin. In April 2018, Kredobank placed third in the category “Car Loans” and “Mortgage Credit” and sixth in the categories “Internet Banking” and “Small and Medium Enterprise Loans” of the Financial Club Agency’s annual “50 largest banks of Ukraine” ratings.

For more information, visit: www.kredobank.com.ua

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