

Press Release

For immediate release

EFSE provides USD 10 million loan to Ukraine's MEGABANK

**The European Fund for Southeast Europe's first investment in Ukraine to
boost micro and small enterprises**

Kharkiv (Ukraine) and Frankfurt am Main (Germany), 8 October, 2009 – The European Fund for Southeast Europe (EFSE), the world's largest microfinance investment fund, and the Ukrainian commercial bank PJSC "MEGABANK" (MEGABANK), have signed today a subordinated loan agreement of USD 10 million. This long-term subordinated loan will increase MEGABANK's capital base, thereby paving the way for enlarging its capacity to provide access to finance for micro and small enterprises (MSEs). It is the first investment of the Fund in the Ukrainian market.

MEGABANK started its MSE lending activities in 2007. It is a full-fledged commercial bank offering a wide range of products to retail and corporate clients. Its branch network covers all major regions of Ukraine. MEGABANK closely cooperates with international finance institutions. Only recently, the European Bank for Reconstruction and Development (EBRD) and German Development Bank KfW decided to further support MEGABANK by taking equity in the Bank.

As a result of the financial crisis and liquidity constraints, most Ukrainian banks have stopped or significantly reduced the provision of finance to new customers, which has particularly affected small businesses.

"In the current economic environment, the subordinated loan to MEGABANK will mobilise much-needed funding to MSEs for the benefit of the whole economy, and will

improve confidence in the banking sector whilst contributing to the overall expansion and strengthening of the financial sector in Ukraine. MEGABANK sees a high potential in reaching micro and small enterprises. That is why we consider this partnership especially important”, said Dr. Klaus Glaubitt, Chairman of the EFSE Board of Directors during the signing ceremony with the Chairman of the Management Board of MEGABANK, Mrs. Olena Zhukova.

“EFSE and its investment strategy in Ukraine enjoy strong support from our shareholders, including the German Federal Ministry for Economic Cooperation and Development (BMZ), which has played a significant contribution in expanding EFSE’s outreach to the Ukrainian market. Together we are ready to share the responsibility of fostering economic development and prosperity in Ukraine”, Dr. Glaubitt added.

As Mrs. Olena Zhukova mentioned, MEGABANK pays much attention to supporting small and medium businesses, and therefore the investment of the EFSE is a considerable contribution to this work, since it will provide new opportunities for Ukrainian entrepreneurs. Additionally, in times of financial crisis this investment is very important because it confirms the reliability of MEGABANK toward its clients.

About the European Fund for Southeast Europe (EFSE)

EFSE was launched in December 2005 and represents the first public-private partnership of its kind. Established by KfW, EFSE is the largest microfinance investment fund in the world, with an investment portfolio of EUR 562 million. Aimed at fostering economic development and prosperity in Southeast Europe, EFSE offers long-term funding instruments to local financial institutions for on-lending to micro and small enterprises (MSEs) as well as to low-income private households. The Fund exhibits a strong shareholder and investor base of donors, international finance institutions and private institutional investors, including: European Commission, German Federal Ministry for Economic Cooperation and Development (BMZ), the governments of Austria, Switzerland and Denmark, KfW, International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), FMO

(Netherlands Development Finance Company), European Investment Bank (EIB), Oesterreichische Entwicklungsbank (OeEB), Sal. Oppenheim, Crédit Coopératif and Deutsche Bank. In addition, the first government from Southeast Europe, the Government of the Republic of Albania, has recently joined EFSE's family of shareholders. EFSE operates in Ukraine, Moldova, Bulgaria, Romania, Albania, FYR Macedonia, Bosnia and Herzegovina, Kosovo, Montenegro, and Serbia. EFSE is a privately managed Fund with Oppenheim Asset Management Services S.á r.l. acting as Fund Manager.

Across its target region in Southeast Europe, EFSE has committed over EUR 600 million to 57 commercial banks, microfinance institutions and non-bank financial institutions to facilitate more than EUR 900 million in over 180,000 loans to MSEs and low-income private households. This in turn has contributed to the creation of more than 245,000 jobs (EFSE Annual Development Impact Study). The average loan amount refinanced by EFSE is less than EUR 5,000 which is evidence of the Fund's mission to reach out to micro entrepreneurs and low-income households.

About PJSC “MEGABANK” (MEGABANK)

MEGABANK offers financial services to corporate and private clients, and has been operational in the banking market since 1990. The regional network of the bank comprises 191 branches in 25 regions of Ukraine. Through its branch network the bank provides services to 336,000 clients, including 85,000 pensioners and social aid recipients. As of 1 October 2009 assets of the bank amounted to UAH 2,966 million, loan and investment portfolio to UAH 2,420 million, capital to UAH 539 million. Profit for the current year was UAH 2,152 million.

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