

## **Press Release**

**For immediate release**

# **EFSE passes EUR 1 billion milestone in MSE and housing loan disbursements**

**Frankfurt am Main, 12 November, 2009** – The European Fund for Southeast Europe (EFSE), the world’s largest microfinance investment fund, announced today that it passed the EUR 1 billion milestone in micro and small enterprise (MSE) and housing loan disbursements. Since EFSE’s inception in December 2005, EFSE has disbursed through partner lending institutions (PLIs) a cumulative amount of EUR 1,012 million in 199,047 MSE and housing loans (used by end-borrowers for home improvement, purchase and construction) in the target region of Southeast Europe.

“We are proud of this significant milestone as it confirms EFSE’s position as a stable and as the most rapidly growing global development finance investment fund. It also gives us confidence that attaining our development goal for 2011 of cumulated 390,000 MSE and housing loans disbursed by our partner lending institutions to support the development of micro and small enterprises is within our reach”, said Dr. Klaus Glaubitt, Chairman of the EFSE Board of Directors.

### **Outstanding Subloan portfolio**

At 30 September, 2009, the outstanding sub-loan portfolio (the portfolio comprising loans on-lent by PLIs to EFSE’s final borrowers comprising MSEs and households) is EUR 444.7 million (EUR 376.2 million in the year-ago quarter). It comprises a total number of 113,700 active loans to MSEs and households (90,624 in September 2008).

MSE loans granted by PLIs to MSEs in both the urban and rural sectors have a share of 77% (72% in September 2008) in the outstanding subloan portfolio, while the remaining 23% (28% one year prior) has been on-lent for housing purposes.

The average amount of subloans outstanding is EUR 3,911 (EUR 4,152 in the third quarter 2008), well below the benchmark of EUR 10,000 for microfinance in Eastern Europe, reflecting also a pronounced downward trend compared to averages above EUR 4,000 in previous quarters.

A share of 35% of the loans refinanced by EFSE have been allocated to the trade (31% in September 2008), 20% to the services (29% one year prior), 21% to the agricultural (21% in the year-ago-quarter) and 24% to the industry/production sector (19% in the third quarter 2008)

### **Outstanding Investment Portfolio**

EFSE's outstanding investment portfolio (the amount invested in PLIs for on-lending to the Fund's target group of final borrowers) at the end of the third quarter 2009, totals EUR 559 million (up from EUR 510 million a year prior), comprising 6 PLIs. The largest portfolio share is in Bosnia and Herzegovina (28%), followed by Serbia (16%) and Romania (12%).

A share of 57% of the outstanding investment portfolio corresponds to commercial banks, with exposure almost equally distributed between larger and small/medium banks. Microfinance banks constitute a share of 19% in the outstanding investment portfolio (21% in September 2008). Microcredit organisations have a share of 19% (21% in the year-ago-quarter), but represent the largest group with a total number of 19 organisations. Non-bank financial institutions make up a share of 4% of the investment portfolio (2% one year prior). Overall, the average outstanding exposure per PLI amounts to EUR 9.8 million (EUR 9.5 million in the third quarter 2008).

A share of 78% of the outstanding investment portfolio is attributable to investments to be on-lent by PLIs to MSEs (71% one year prior), including those in the rural sector which take up 8% in this share (13% in the year-ago-quarter). The share of investments refinancing housing loans account for 22% of the outstanding investment portfolio (29% in September 2008).

At September 30, 2009, the total amount of investments approved by the Fund since inception of EFSE in 2005 sums up to EUR 667 million, which makes the average transaction EUR 4.5 million. The majority of investments have been senior loans.

### **Commitments by Investors**

At September 30, 2009, commitments from investors are EUR 676 million (EUR 628 million in the third quarter 2008).

Additional details about EFSE's development performance, investment portfolio and funding results can be obtained online by downloading the respective EFSE Quarterly Fact Sheets (PDF file) from the EFSE website at <http://www.efse.lu/publications/quarterly-fact-sheets.html>

### **About the European Fund for Southeast Europe (EFSE)**

With an investment portfolio of EUR 559 million (as of 30 September, 2009), invested in 56 financial institutions in Southeast Europe, EFSE is the world's largest microfinance investment fund. Aimed at fostering economic development and prosperity in Southeast Europe, the Fund offers long-term funding instruments to qualified local financial institutions for on-lending to micro and small enterprises (MSEs) and low-income private households. Since its inception in December 2005, the Fund has facilitated approximately 200,000 loans to MSEs and private households, totalling over EUR 1 billion. Besides the investment fund, EFSE has a Development Facility. By giving grants, it funds technical consulting and training measures to institutionally strengthen the partner finance institutions. Initiated by KfW, the EFSE is a closed-ended investment company organised under the laws of the Grand Duchy of Luxembourg in the form of a public limited company, qualifying as a société d'investissement à capital variable ("SICAV-SIF"). As the first Public-Private Partnership of its kind, combining public funding and private investment, the Fund has a strong investor base of donors, international finance institutions and private institutional investors, including: European Commission, Federal German Ministry for Economic Development and Cooperation (BMZ), the governments of Austria, Switzerland, Denmark and Albania, KfW, IFC International Finance Corporation, FMO Netherlands Development Bank, EBRD European Bank for Reconstruction and Development, EIB European Investment Bank, OeEB Oesterreichische Entwicklungsbank (Development Bank of Austria), Sal. Oppenheim, Deutsche Bank, Crédit Coopératif, BN&P Good Growth Fund and other private investors. EFSE is a privately managed Fund with Oppenheim Asset Management Services S.à r.l., Luxembourg, as the Fund Manager. EFSE is active in Bulgaria, Romania, Albania, Macedonia, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, Serbia, and Ukraine.

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