

Joint Press Release

For immediate release

EFSE and ProCredit Bank in Moldova sign agreement on synthetic local currency loan

Frankfurt am Main and Chisinau, December 7, 2010 – The European Fund for Southeast Europe (EFSE) is boosting the availability of local currency financing in the Republic of Moldova with a synthetic loan in Moldovan Leu (MDL) worth USD 7 million (equivalent to approximately EUR 5.5 million) to ProCredit Bank in Moldova for on-lending to local very small and small enterprises.

ProCredit Bank in Moldova is a member of the international financial group ProCredit, operating in 21 countries worldwide. The Bank has a wide geographical coverage in Moldova, including 25 representative offices all over the country.

Under the synthetic local currency loan, EFSE will provide ProCredit Bank in Moldova long term funding in MDL. It will allow the Bank to meet the growing demand for long-term local currency financing to very small and small businesses, which is in short supply in Moldova, and increase further its outreach to entrepreneurs in rural and remote areas. It is EFSE's second synthetic local currency loan. The loan follows the USD 2.5 million loan equivalent in MDL granted to ProCredit Bank in Moldova as part of a syndication worth USD 10 million arranged by the European Bank for Reconstruction and Development (EBRD) in December 2009.

“ProCredit Bank in Moldova is one of EFSE’s leading partners in Moldova and the Fund is pleased to provide through this transaction access to finance for approximately 2,000 Moldovan small and very small businesses which are at the heart of private sector growth in Moldova”, said Dr. Klaus Glaubitt, Chairman of the Board of Directors of EFSE. *“EFSE values ProCredit Bank’s commitment to responsible finance and client protection. By signing the synthetic local currency loan agreement with EFSE, the Bank will be able to expand its portfolio of longer-term loans in Moldovan Leu. As a result, this will enable the Bank to protect not only itself, but also its clients from foreign currency risks, and ultimately from the risk of over-indebtedness.”*

Kemal Seitveliiev, Deputy Chairman of the Management Board of ProCredit Bank noticed: *“We are glad the European Fund for Southeast Europe has granted us this loan, which will enable our Bank to support a larger number of new and existing businesses in the country. In the current environment, entrepreneurs from rural and agricultural areas need financial support even more than before, in order to develop further their businesses, helping the country to recover after the financial crisis. As well, this contributes to the fulfilment of the ProCredit’s strategic mission in Moldova: supporting local entrepreneurs and thus the overall development of the Moldovan economy.”*

About the European Fund for Southeast Europe (EFSE)

The European Fund for Southeast Europe (EFSE) is aimed at fostering economic development and prosperity in Southeast Europe, including: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia and Ukraine. It offers long-term funding instruments to local financial institutions for on-lending business loans to micro and small enterprises (MSEs) but also to medium-sized enterprises, as well as housing loans to low-income private households. The investment activities of EFSE are supported by the EFSE Development Facility, which provides funding for technical assistance, consulting and training to partner lending institutions as well as awareness raising and market enabling activities. Overall, since its inception in December 2005, EFSE has offered approximately EUR 922 million in financing to commercial banks, microfinance institutions and non-financial institutions, facilitating a total number of more than 247,000 MSE and housing loans. Initiated by KfW (The German Development Bank), EFSE is a Public-Private Partnership that combines funds from various private investors, European governments and international financial institutions, including: the European Commission, the Federal German Ministry for Economic Development and Cooperation (BMZ), the governments of Austria, Switzerland, Denmark and Albania, KfW, IFC, FMO Netherlands Development Finance Company, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), Oesterreichische Entwicklungsbank (OeEB), Deutsche Bank and Sal. Oppenheim. EFSE is privately managed with Oppenheim Asset Management Services S.à r.l., Luxembourg, as the fund manager and Finance in Motion GmbH, Frankfurt/Main, Germany, as the fund advisor.

For further information about EFSE, please visit: <http://www.efse.lu/>

About ProCredit Bank in Moldova

ProCredit Bank is the “house bank” for the very small, small and medium-sized enterprises, offering entrepreneurs a wide range of banking products and services. These businesses have an essential contribution to the development of the local economy creating jobs and stable economic growth. ProCredit Bank positions itself on the financial market as the “neighbourhood bank”, a socially responsible bank which offers a wide range of accessible and simple banking services and products. ProCredit Bank is an international bank which is wholly foreign-owned; its shareholders are ProCredit Holding AG, Germany (81.9244%), KfW, Germany (11.9883%) and DOEN Foundation, The Netherlands (6.0873%).

For further information about ProCredit Bank in Moldova, please visit: <http://www.procreditbank.md/>

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