

## Joint Press Release

For immediate release

# EFSE signs local currency loan agreement with ProCredit Bank Macedonia to back MSEs

**Tirana and Skopje, 7 June 2011** – During its Annual Meeting held today in Tirana, Albania, the European Fund for Southeast Europe (EFSE) signed a new loan agreement with ProCredit Bank Macedonia (the Bank). Under the agreement, the EFSE will provide EUR 2.5 million and the equivalent of EUR 2.5 million in Macedonian Denar to fund the Bank's core business of lending to very small and small enterprises in FYR Macedonia.

The loan will help the Bank to meet growing demand for long-term loans and further leverage its current very small and small enterprise (MSE) lending in local currency. In a drive to promote responsible finance in its countries of operations, the EFSE is setting the specific priority of reducing excessive dependency of users of financial services on foreign currency debt.

ProCredit Bank Macedonia has been operating since July 2003 and is a major player in providing finance to MSEs, serving over 38,500 business clients. The Bank operates via 30 branches and outlets throughout the country. Since its foundation, the Bank has disbursed nearly 92,000 business loans totalling over EUR 477 million.

The EFSE – initiated by 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 – and ProCredit Bank have been partners since 2007, when the Bank received EUR 2.5 million for MSE lending.

*“ProCredit Bank Macedonia has an excellent track record and commitment to financing MSEs, the most dynamic and important segment of the country's economic development”,* said Dr. Klaus Glaubitt, Chairman of the Board of Directors of the EFSE. *“The loan will help ProCredit Bank to expand its portfolio of long-term loans to MSEs, particularly in local currency, while protecting both itself and its customers from foreign currency risks”,* he added.

*“This loan is in line with ProCredit Bank's mission to provide banking services that will support long-term and sustainable development of the SME sector. Our cooperation with EFSE so far has had a significant impact on the development of our very small and small enterprise clients in particular. This loan will certainly further increase our capacity to support the business sector”,* said Valentina Nikovska, Member of the Managing Board of ProCredit Bank Macedonia.

Since the beginning of its operations in the country in 2006, the EFSE has provided financial institutions with credit facilities totalling EUR 33.5 million for on-lending to local MSEs, in addition to EUR 11 million for home improvement loans.

### **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, including Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia Bulgaria, 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 managed by the bank. 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, the European Commission, the Government of Albania as the first EFSE shareholder from the EFSE's target region, Oesterreichische Entwicklungsbank (OeEB, the Development Bank of Austria), 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.

For more information, please visit: <http://www.efse.lu>

### **About ProCredit Bank Macedonia**

ProCredit Bank is a development-oriented full-service bank, offering excellent customer service and a wide range of banking products. In its credit operations, ProCredit Bank Macedonia focuses on lending to very small, small and medium-sized enterprises, as these businesses create the largest number of jobs and make a vital contribution to the economies in which they operate. Unlike other banks, ProCredit Bank does not promote consumer loans. The Bank focuses instead on responsible banking by building a savings culture and long-term partnerships with the customers.

The shareholders of ProCredit Bank Macedonia are ProCredit Holding AG (Frankfurt) with 87.5 % of the capital and the EBRD (London) with 12.5% of the capital. ProCredit Bank Macedonia is part of an

international group of financial institutions, the ProCredit group – responsible banks for small businesses and ordinary people. The first ProCredit banks were founded more than a decade ago with the aim of making a significant development impact by promoting the growth of small businesses. The ProCredit group sought to achieve this by providing loans tailored to customer requirements and offering attractive deposit facilities that would enable and encourage low-income individuals and families to save. The group has shown strong growth over the years, and is today one of the leading providers of banking services to small business clients in most of the countries in which ProCredit operates.

For more information, please visit: <http://www.procreditbank.com.mk>

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