

Press Release

For immediate release

EFSE continues to support rural finance through MCF EKI in Bosnia and Herzegovina

Tbilisi and Tuzla, 31 May 2012 – The European Fund for Southeast Europe (EFSE) – initiated by the 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 – is providing a new EUR 4.0 million loan to Microcredit Foundation EKI (MCF EKI), Tuzla, a responsible microfinance lender focused on rural areas. The loan is issued to enable EKI to expand its outreach to micro entrepreneurs in the rural areas of Bosnia and Herzegovina, where agriculture is an important business sector. The loan agreement was signed today during a ceremony at the EFSE's sixth Annual Meeting in Tbilisi, where more than 300 international experts and local participants from 30 countries were gathered.

MCF EKI is one of the leading microfinance institutions in Bosnia and Herzegovina specialising in lending to small scale and low-income entrepreneurs with particular expertise in lending to agribusinesses and home improvement.

MCF EKI will utilise the EFSE loan to disburse approximately 2,000 new loans to micro-agricultural entrepreneurs by 2015. This is the 12th loan the EFSE has granted for EKI for on-lending to micro entrepreneurs and private households for home improvement, respectively.

"We are pleased to continue our cooperation with EKI – a long-term partner of the EFSE that is sharing the Fund's mission of serving the low-income and small scale entrepreneurs in the rural areas of Bosnia and Herzegovina and addressing their financing needs in a responsible manner. The EFSE funding is expected to infuse long-term liquidity to support EKI's lending program and have a significant development impact on the country's micro agriculture sector," said Monika Beck, Chairperson of the Board of Directors of the EFSE.

"The funding received from the EFSE will allow EKI to increase lending to low-income rural clients, who form an underserved niche market in the less-developed regions of the country. The loan agreement with the EFSE is also proof of our development orientation and expertise in micro enterprise lending", said Sadina Bina, Director of MCF EKI.

This latest EFSE loan builds on the Fund's continuing support for MSEs and private households in the form of home improvement loans in Bosnia and Herzegovina. Since its start of operations in December 2005 and until 31 March 2012, the Fund has already extended a total of EUR 251.6 million to 17 partner lending institutions in the country, including commercial banks, microcredit organisations and specialised MSE banks. Overall, across its target region, the EFSE has committed more than EUR 1.0 billion to 74 financial institutions for on-lending to MSEs and private households, facilitating in the process approximately 300,000 MSE and home improvement loans totalling EUR 1.9 billion as of 31 March 2012.

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia, Turkey and Ukraine. The EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing for micro and small enterprises (MSEs) as well as for private households in the form of home improvement loans. The funding the EFSE provides is channelled to these loan customers through local partner lending institutions (PLIs). In addition to funding, the EFSE provides PLIs with technical assistance, consulting and training services to build operational capacities and professional management. Initiated by KfW Entwicklungsbank (The German Development Bank) in 2005, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance. The capital is provided by 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, the Danish International Development Agency (Danida), KfW Entwicklungsbank, the IFC, the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development, the European Investment Bank, 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 about EFSE, please visit: <http://www.efse.lu>

About Microcredit Foundation EKI

Microcredit Foundation EKI (MCF EKI) was established as a non-governmental organisation from the microcrediting programme of World Vision International (WVI) in 1996. In March 2001 it was registered as a microcredit organisation licensed to provide financial support to micro entrepreneurs in Bosnia and Herzegovina. Through its network of 62 branches and offices, MCF EKI serves approximately 34,500 clients across the country, both in urban and rural areas. For Q1 2012 2011, MCF EKI reported total assets of EUR 51,837 and a gross loan portfolio of 47,281 million.

For more information about MCF Eki, please visit: <http://www.eki.ba>

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